

Product Assessment

Report data as at 31 Oct 2018
Rating issued on 21 Nov 2018

Partners Group Global Value Fund (Wholesale)

VIEWPOINT

The Fund, managed by Zug based Partners Group Holding AG (Partners Group), provides investors with access to a diversified portfolio of private market investments with monthly liquidity. Zenith's retains high conviction in the underlying investment strategy, noting the quality of the investment team coupled with its ability to consistently generate competitive returns.

Partners Group is a global private markets investment management firm with over \$EUR 67 billion (as at 30 June 2018) in funds under management (FUM) in private equity, private debt, real estate and infrastructure. The Global Investment Committee (GIC) governs the firm's overall investment approach and oversees the final investment decisions for all private market investments. Zenith has met with a number of members of the GIC on multiple occasions and rates them highly given their extensive experience and track record in private market investing.

The GIC is supported by six Specialised Investment Committees (SIC) which are responsible for investment pre-selection in their respective private market segments i.e. primaries, directs and secondaries. Each SIC receives investment proposals from Specialist Investment Teams (SITs) who each specialise in the aforementioned sub-sectors. Zenith rates the Fund's underlying SITs, noting the breadth of investment talent across each of the teams.

The Fund invests in a mix of primary investments, secondary investments, direct deals and private debt. The investment process commences with the setting of a top-down asset allocation, which identifies the most attractive regions, sectors, private market segments and investment types. Based on these guidelines, the portfolio management team selects a range of underlying investments, ensuring the portfolio is appropriately diversified across sub-sectors, regions, industries, J curve profiles and vintage years.

Finally a capital commitment strategy is continuously implemented, to ensure the Fund can secure private markets capacity and at the same time, meet its capital call and liquidity requirements. Partners Group have developed a number of internal proprietary systems which support the steering of mandates and management of evergreen private equity funds.

To extract maximum value from each investment, Partners Group employs an Industry Value Creation (IVC) team which actively works with each company to drive value creation. The level of Partners Group's involvement is contingent on the opportunity for operational improvements, and can range from appointing an interim full-time executive to developing operational improvement plans with company management.

In Zenith's opinion, the IVC is a key point of differentiation, responsible for most of the firm's asset value creation. Zenith has observed a number of recent direct transactions where companies are acquired with the purpose of using them as a platform to facilitate further acquisitions and/or globalise revenues. Under this scenario, Zenith envisages a more diverse role for the IVC team, including a greater focus on identifying initiatives to internationalise businesses and overseeing complex business integrations.

Zenith notes that Partners Group continues to generate sound risk-adjusted returns, underpinned by a robust environment for private market investing. Notwithstanding this, we have observed increased competition for private equity assets, which has resulted in transactions being completed at higher earnings multiples. In our opinion, while Partners Group exercises strong financial discipline, there is a risk of more muted returns from the strategy going forward.

The Fund can invest in listed private equity investments and private equity funds, which may result in a possible double layer of fees and expenses for investors. Despite this, Zenith believes the overall fee structure for the Fund is reasonable given the unique nature of the Fund's strategy.

FUND FACTS

- Provides exposure to a diversified portfolio of private market investments
- Monthly liquidity (subject to 5% per quarter redemption limit at the Master Fund level)
- Currency is 70% hedged back to the \$A

APIR Code

ETL0276AU

Asset / Sub-Asset Class

Alternatives
Private Equity

Investment Style

Diversified

Investment Objective

To obtain returns and capital growth over the medium and longer-term by investing in the various forms of private equity. Partners Group expects that the net annualised returns for the Fund will be between 10% and 12%.

Zenith Assigned Benchmark

MSCI World ex Aust \$A (Hgd)

Net Returns (% p.a.)

	5 yrs	3 yrs	1 yr
Fund	12.62	9.25	11.28
Benchmark	10.10	9.21	2.41
Median	11.37	10.68	6.71

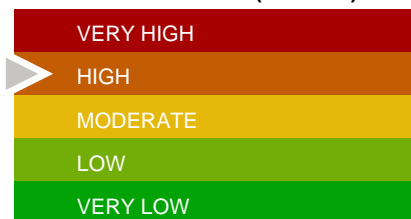
Income (% p.a.)

	Income	Total
FY to 30 Jun 2018	0.00	11.24
FY to 30 Jun 2017	0.00	10.07
FY to 30 Jun 2016	0.00	7.79

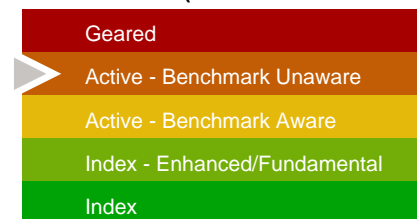
Fees (% p.a., Incl. GST)

Management Cost: 1.75%
Performance Fee: Applied within the underlying Fund on a deal-by-deal basis

ABSOLUTE RISK (SECTOR)



RELATIVE RISK (FUND WITHIN SECTOR)



INCOME DISTRIBUTIONS PER



INVESTMENT TIMEFRAME



APPLICATIONS OF INVESTMENT

PORTFOLIO APPLICATIONS

Zenith believes private market investing provide investors with a differentiated avenue of generating returns from investing in companies than from listed equity investments. Private market investing typically generates a return stream that offers diversification for an investment portfolio, given the low level of volatility inherent in private market returns, which historically have also been lowly correlated to the returns from listed equity investments.

Traditionally, private market investing has only been accessible to high-net-worth individuals and institutional investors because such investments typically have high minimum investment requirements and are offered in a structure which is highly illiquid. Conversely, the Fund provides retail investors with the ability to access private market investments, which requires lower initial investment amounts within a structure that provides greater liquidity. The latter is improved via the Fund's monthly liquidity facility, which Zenith believes is a key competitive advantage relative to traditional private market investments, which tend to be managed under more illiquid fixed term structures. However, Zenith notes that the monthly liquidity facility is subject to gating provisions which restricts redemptions to no more than 5% of the Master Fund's shares on issue at the end of the previous calendar quarter.

Zenith believes that the Fund may also be used to complement and diversify a global equities exposure within an investor portfolio. Given the nature of investing in private companies, Zenith views the Fund as a growth investment, thus it should be used within the growth component of an investor portfolio. Investors should consider this Fund with a minimum five year investment timeframe in mind.

The Fund utilises a feeder fund structure, where the Australian unit trust invests in the offshore Master Trust. Generally, realised gains (losses) and income (expenses) will be realised at the Master Trust level and likely retained within the Australian unit trust in the form of a unit price increase (decrease). The Fund is expected to only realise the capital movement in the unit price of the Master Trust; therefore, investors should anticipate that the Fund will not distribute a significant portion of returns in the form of income. Zenith recommends investors seeking advice regarding the tax implications of a feeder fund structure should see their tax specialist.

RISKS OF THE INVESTMENT

FUND RISKS

Zenith has identified the following key risks of the Fund. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

COMMITMENT STRATEGY RISK: The Fund aims to invest substantially all of its available funds as soon as practical which can lead the Fund into over-committing its cash on hand. The level of over-commitment will be determined in light of anticipated cash outflows of the portfolio (drawdowns, withdrawals) and anticipated cash inflows (distributions, applications). Zenith views Partners Group's commitment

strategy to be a relatively fair process for the Fund and is comfortable that Partners Group has built a robust system to ensure they manage this risk appropriately.

VALUATION RISK: Standards regarding accounting, auditing, reporting and legal conditions may be less stringent in countries where certain investments are acquired. This means that the reported value of such investments may deviate from that which would be reported in countries with more stringent standards.

LIMITED REDEMPTION RISK: The Responsible Entity can suspend withdrawals and the payment of withdrawal proceeds during periods where such an action is impossible or would impact existing unit holders. In addition, the Responsible Entity will restrict redemptions and applications when the calculation of NAV has been suspended by the Master Fund. Net redemptions from the Fund may also create a situation whereby Partners Group is forced to sell underlying investments resulting in the Fund becoming more illiquid for remaining investors.

LEVERAGE RISK: The Fund may establish credit lines to borrow up to 25% of its NAV, however, such borrowing is only permitted for the purpose of satisfying withdrawal requests. The increased investment exposure resulting from borrowing may increase the volatility of the Fund's unit price by potentially magnifying gains and losses. Zenith notes however, that Partners Group has not had to utilise this function since the inception of the Fund's strategy.

DILUTION RISK: The Fund invests in underlying unlisted investments of differing vintages through time. As the Fund receives new investor flow, the exposure of existing investors to previous vintages will be progressively diluted, whilst the new monies are invested into newer or other vintages. This aspect of the Fund's process may either be to the benefit or cost of Fund performance depending on the performance of the respective vintages.

QUALITATIVE DUE DILIGENCE

ORGANISATION

Partners Group Holding AG (Partners Group) was founded in 1996 in Switzerland and is headquartered in Zug. It was founded by ex-Goldman Sachs bankers Alfred Gantner, Marcel Erni, and Urs Wietlisbach. The firm was floated on the Swiss stock exchange in 2006 (PGHN:SIX).

Partners Group is a global private markets investment management firm with investment programs across private equity, private debt, private real estate and private infrastructure. The firm manages a broad range of limited partnerships and customised portfolios for institutional and high net worth investors.

In addition to its headquarters in Zug, Switzerland, Partners Group has offices in most of the major regional centres.

As at 30 June 2018, the firm manages \$EUR 67.1 billion and employs 1088 people. Partners Group's employees are the largest shareholder and effectively control the firm. Partners Group's third-party shareholders are predominantly large institutions.

As at 31 August 2018, Partners Group managed approximately

\$A 3.76 billion in FUM in the Global Value strategy, which includes \$A 975 million in the Australian Fund.

INVESTMENT PERSONNEL

Name	Title	Tenure
René Biner	Chairman - Global Investment Committee	19 Yr(s)
Dr Stephan Schali	Chief Investment Officer	19 Yr(s)
Andreas Baumann	Head of Private Equity Integrated Investments	14 Yr(s)
Walter Keller	Private Equity - Europe	20 Yr(s)
Christoph Rubeli	Co-Chief Executive Officer	20 Yr(s)
Dr. Michael Studer	Chief Risk Officer & Head of Portfolio Solutions	17 Yr(s)
Dr. Marcel Erni	Co-Founder & Member of the Board of Directors	22 Yr(s)
Alfred Gantner	Co-Founder & Member of the Board of Directors	22 Yr(s)

Partners Group's investment team is comprised of four separate groups, each responsible for a discrete part of the investment process.

The Global Investment Committee (GIC) governs the firm's overall investment approach and is informed of all investment opportunities from an early stage and oversees the final investment decisions for all private markets investments. The GIC is comprised of Partners Group's most senior investment personnel and is chaired by Rene Biner. Zenith has met with a number of members of the GIC on multiple occasions and rates them highly given their extensive experience and track record in private market investing.

The GIC is supported by six Specialised Investment Committees (SIC), which are responsible for investment pre-selection and deal development within their respective private market segments and for approving investments, subject to the type and size of the deal. Each SIC is comprised of the most senior investment professionals within each respective private market segment.

The GIC, as well as the SICs, meet on a weekly basis and are responsible for the Fund's compliance with Partners Group's top-down asset allocation and ensuring that the investment strategy, team composition, track record, relative market positioning, terms and conditions of potential investments have been checked and meet Partners Group standards.

Each SIC receives investment proposals from six respective investment teams that specialise in the various private market segments. These teams are referred to as Specialist Investment Teams (SIT). As at 30 September 2018, there were 240 investment professionals working across the six SITs. Partners Group intends to continue expanding the resourcing of the SITs, broadly in line with the growth in their level of FUM and in particular, are looking to build up their capability in direct private equity investments.

An Industry Value Creation (IVC) team is responsible for working with each company to drive revenue growth and implement cost-saving initiatives. The team is co-led by

Frederik Henzler and Christian Unger and is comprised of 33 investment professionals. While the background of the team is diverse, a common thread is the level of management consulting and/or industry experience. Zenith is highly supportive of the IVC structure, noting the level of industry experience as a key competitive advantage.

In addition, there is a portfolio and risk management team that is comprised of more than ten quantitative specialists and risk managers. The team conducts the implementation of approved investments independently from the SICs and SITs. The team is also responsible for the risk management process of the Fund and its adherence to its defined investment mandate.

Zenith notes that Partners Group has in place a strong succession planning framework. This is demonstrated through widely dispersed management responsibilities (mitigating key person risk), long-term equity participation initiatives (designed to align the interests of the investment team and the investors) and a dedicated recruitment and staff retention program. All investment staff have significant lock-in through vesting equity participation which is tied into the success of Partners Group. This also provides for an alignment of interests between the investment staff and investors.

Zenith rates the Fund's investment team highly and believes they possess the requisite specialised skills to fully implement and manage its various investment programs.

INVESTMENT OBJECTIVE, PHILOSOPHY AND PROCESS

The Fund's investment objective is to obtain returns and capital growth over the medium and long-term by investing in the various forms of private markets. More specifically, Partners Group expects the Fund to generate net returns of between 10% p.a. and 12% p.a. Partners Group invests the Fund's assets by allocating capital such that it is broadly diversified across the different types of private market investments.

The Fund invests across the various private market segments which are primary investments, secondary investments, direct investments and private debt. The Fund seeks to generate returns from investing across these broad segments whilst meeting the liquidity requirements for the Fund's monthly liquidity facility, which Zenith considers a key competitive advantage of the Fund relative to traditional private market investments, which tend to be managed under more illiquid fixed term structures.

Partners Group makes investment decisions using a three layer approach, which starts with a top-down allocation strategy, then a bottom-up, valuation investment selection process and finally a capital commitment strategy. The top-down process provides a mechanism for allocating the Fund's capital across geographic regions, industry sectors, private market investment types (primary, secondary and directs) and financing stages (buyouts, venture capital and special situations).

The bottom-up process aims to identifying private market investments within each segment that have sufficient quality and value to be included into the Fund's portfolio. The commitment strategy is a mechanism used to manage and control the use of cash and timing of making investments in the Fund. Partners Group considers commitments and the timings

of potential investments and the effect they have on the cash levels of the Fund in conjunction with meeting the liquidity requirements of the Fund.

SECURITY SELECTION

The investment process commences with the GIC defining investment priorities based on the global economic outlook, the status of financial markets and a qualitative assessment of the current private market landscape. This process is undertaken on a semi-annual basis and assists in identifying the opportunity set for the firm's various private market segments.

The relative attractiveness of primary, secondary, direct investments and private debt is analysed based on criteria such as availability, pricing and the potential of the opportunities within each segment. The GIC also discusses the attractiveness of different geographic regions and investment types. The output of the relative value analysis is then implemented through Partners Group's investment selection and due diligence process.

The investment selection and due diligence process is undertaken collectively by Partners Group's SICs and SITs. The six SICs and SITs that provide investment opportunities to the GIC are noted below:

1. Private equity primaries Asia, MENA & emerging markets;
2. Private equity primaries Europe;
3. Private equity primaries North America;
4. Private equity directs;
5. Private debt; and
6. Private equity secondaries

Each SIC and SIT follows a structured investment selection process across the globe which consists of five steps, some of which may proceed concurrently. The process starts with proactive deal generation and pre-selection, continues with a thorough two-step due diligence process, and concludes with the execution and subsequent monitoring of an investment.

Zenith believes that the sourcing of opportunities within private markets is a competitive advantage. We believe that Partners Group has a strong record of sourcing deals and due to its high profile within the industry, is often approached at early stages of a deal marketing program.

In its role as an investor and advisor to investments across the private market spectrum (primary, secondary, direct and private debt), Partners Group is well placed to gather and combine information from each of these sources. Through the benefits of vertical integration, Partners Group has access to proprietary private company information, which would not generally be available in the public domain. The private debt and bank markets are another source of information for a number of the underlying strategies. This information is stored in Partners Group's proprietary Navigator database where more than 7,000 private equity owned companies are closely monitored. Partners Group creates transaction ideas based on the information stored in the Navigator database.

The two step due diligence process involves a combination of qualitative and quantitative analysis and will generally be based on the following:

- Reports from third parties such as consultants, accountants, lawyers, and investment partners

- Meetings with the management team
- Onsite visits
- Reference calls with parties related and unrelated to the investment target (such as independent industry experts)
- Tax and legal analysis by internal and external experts

Proposed investments are presented to the GIC by each respective SIC and these are selected on the basis of relative value against other opportunities, projected cash flow and requirements. The execution of approved investments is conducted independently by the portfolio and risk management team. Post investment, each SIC and SIT continues to monitor the investment via a combination of update calls, visits, advisory board participation and benchmarking performance.

To extract maximum value from each investment, Partners Group employs an Industry Value Creation (IVC) team which actively works with each company to drive value creation. The IVC team consists of 33 professionals, each with management consulting and/or industry experience. The level of Partners Group's involvement is contingent on the opportunity for operational improvements, and can range from appointing an interim full-time executive to developing operational improvement plans with senior management.

In Zenith's opinion, the IVC is a key point of differentiation, responsible for most of the firm's asset value creation. Zenith has observed a number of recent direct transactions where companies are acquired with the purpose of using them as a platform to facilitate further acquisitions and/or globalise revenues. Under this scenario, Zenith envisages a more diverse role for the IVC team, including a greater focus on identifying initiatives to internationalise businesses and overseeing complex business integrations.

Zenith believes Partners Group's security selection process is well structured and detailed, taking full advantage of the deep resourcing of its investment team.

PORTFOLIO CONSTRUCTION

The Fund is managed in accordance with a Strategic Asset Allocation (SAA) which is determined by the GIC with input from the firm's investment professionals. In addition, Partners Group's macroeconomic research team regularly analyses long-term macroeconomic trends and correlations between different markets and their potential effects on the Fund.

The long-term target allocation weights for the Fund are:

- Investment Types: 60% in primaries, 20% in directs (equity or debt), 10% in secondaries and 10% in listed private equity
- Financing stages: 65% in buyout, 15% in venture capital and 20% in special situations
- Geographic Regions: 50% in Europe, 30% in North America and 20% in Asia and Rest of the World

While these are the long-term target allocations, Partners Group uses relative value analysis to identify areas (investment types, financing stages and geographic regions) with the greatest investment potential. As such, it is expected at any given point in time, the Fund's actual allocations may deviate from the long-term target.

Once the most attractive private market segments have been determined by the relative value analysis, Partners Group can

then allocate capital to particular investment opportunities within the established allocation ranges that are defined as per the Fund's SAA.

Zenith notes that Partners Group continues to generate sound risk-adjusted returns, underpinned by a robust environment for private market investing. Notwithstanding this, Zenith has observed increased competition for private equity assets, which has resulted in transactions being completed at higher earnings multiples. In our opinion, while Partners Group exercises strong financial discipline, there is a risk of more muted returns from the strategy going forward.

"Investment level steering" is a term that Partners Group uses to describe the continuous process of adjusting the commitment level (i.e. capital that the Fund is committed to deploying, either existing or in the future, for particular private market investments) of the Fund, with the view to maximising private markets exposure over time subject to liquidity considerations.

The portfolio and risk management team uses a sophisticated, proprietary model to forecast the cash flows associated with the firm's private markets investments. Based on this analysis, Partners Group estimates the expected risks of a private market investment and makes the necessary changes to manage the levels of those risks. In particular, the cash flow forecasting is used on a rolling 12-month basis to determine the amount of commitments and investments that are determined to be required to achieve the desired level of invested capital or "investment level."

This cash flow management strategy may involve a degree of over-commitment, which is typically necessary to build and maintain a full investment level. Over time, should there be any liquidity issues arising from an over-commitment strategy, these may be addressed through temporary credit facilities or a reduction of portfolio investments. Zenith notes that to date, Partners Group has not had to utilise any credit facilities since the inception of the Fund's strategy, reflecting the effectiveness of Partners Group's cash flow management strategy. In addition, it is the effective implementation of the Fund's cash flow management strategy that allows the Fund to be offered with monthly liquidity for investors.

The Fund is 70% hedged in \$A, with the hedge rolled on a quarterly basis by the portfolio and risk management team. Zenith notes that the hedge ratio of 70% is arbitrarily set and would prefer to see greater robustness in the setting of the hedge ratio.

Overall, Zenith believes Partners Group's portfolio construction approach follows a consistent and transparent process. We also note that the Fund's cash flow management strategy provides it with a distinct competitive advantage relative to traditional private equity investments.

RISK MANAGEMENT

Risk management is an integral part of the Fund's investment process and is addressed in a number of ways.

At the investment selection stage, the detailed level of research and due diligence undertaken by the SICs and SITs prior to investment serves to manage investment specific risk. The multi-committee decision making process also ensures that a wide range of issues are addressed and debated prior to any

investment decision. Post-execution, each investment is closely and regularly monitored.

The portfolio and risk management team is responsible for quantitative measurement and management of portfolio risks of the Fund to ensure adherence to investment guidelines. Partners Group's investment risk control activities are based on proprietary quantitative models and stringent control processes.

There are regular risk reports generated that are designed to monitor and evaluate risks associated with the underlying investments and the portfolio in general. Such reports include; views on regional allocations and concentration limit breaches.

Zenith views Partners Group's risk management practices as thorough and that it has appropriate systems in place to monitor exposures at both the portfolio and underlying investment level. We also hold a favourable view on the independence of the portfolio and risk management team and their integration within the overall investment process.

ADMINISTRATION AND OPERATIONS

The Master Fund may charge a redemption fee of 5%, which will be charged by the Fund's Responsible Entity via a 5% sell spread in exceptional circumstances. This 5% sell spread is not applied in the normal course of trading and has not been charged since the Master Fund's inception in May 2007.

The Master Fund provides a monthly liquidity facility subject to gating that restricts redemptions to no more than 5% of the Master Fund's shares on issue at the end of the previous calendar quarter.

The Responsible Entity may suspend withdrawals from the Fund should the Fund's assets become illiquid.

Operations

Partners Group has a capable team and written operational procedures with guidelines and control systems that ensures that trades/deals are correctly booked and accounted for.

The control system is monitored by the Partners Group's internal audit team.

Service Providers

The service providers to the Fund are:

Administrator

Link Fund Solutions

Custodian

JPMorgan Chase Bank, N.A. (Sydney Branch)

Responsible Entity

Equity Trustees Limited

Service Providers (Master Fund)

The service providers to the Master Fund are:

Investment Adviser

Partners Group AG

Custodian

MM Warburg

Auditor

PricewaterhouseCoopers

Legal Advisors

Elvinger, Hoss & Prussen

Zenith prefers simple structures, where the investment manager acts with the same fiduciary responsibility as a trustee. We recognise that this is not always practical but highlight that there are a number of parties involved in the operation of the investment objectives. There may be times when the interests of all those involved are not aligned.

Pricing

For the Master Fund, the value of each share is determined by the Administrator as of the close of the last business day of each calendar month and is usually available on the 25th calendar day of the next month. Different securities are valued according to the availability of pricing information. Cash and cash equivalents are brought into the books at the full amount. For listed securities, the closing mid-price is used.

For the more illiquid investments Partners Group has developed methods to perform valuations.

The Master Fund's holdings of direct investments are initially brought onto the books of the Master Fund at cost. Thereafter, valuations attributed to these assets are ascribed by Partners Group, in accordance to the valuation process mentioned below.

For self-valuations, Partners Group has established (and documented) a monitoring and valuation process based on fair valuation principles in accordance with International Financial Reporting Standards (IFRS) and United States Generally Accepted Accounting Principles (US GAAP), which is annually discussed and approved by the auditors of products managed by Partners Group. With regards to Partners Group external audit process, the external auditor for the Master Fund, PricewaterhouseCoopers S.à r.l, is responsible for performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation.

Zenith highlights the potential conflict of interests in a manager generating self-valuations. This is a blanket caution, but we consider the process at Partners Group to be sufficiently rigorous given its extensive track record, wide client base and the independent scrutiny from external auditors.

In the risk section we highlight the issue with valuations of companies and entities based in countries using different accounting standards. While the Fund and the Master Fund prepares accounts using IFRS and US GAAP, the inputs may not be to the same standard.

Transparency

Partners Group provided Zenith with the documentation that we have requested. This has included amongst other things

the provision of a completed due diligence questionnaire, offering documents and previous audited accounts. Zenith has also interviewed the Fund's senior management as part of this Fund review.

Personal trading

Partners Group has strong rules regarding allowing personal account transactions alongside client orders. Personal account trades must be approved by Compliance prior to execution to ensure that there is no conflict of interest with any Partners Group fund or client account.

Compliance

Partners Group has a compliance team to oversee and ensure compliance with the laws, regulations, and obligations applicable to Partners Group in various jurisdictions. Each Partners Group office has an appointed regional compliance officer who is responsible for compliance in the relevant regions. Partners Group's Head of Group Compliance is Tracy Diamond, senior legal counsel and senior vice president of the firm. She is responsible for overseeing general compliance matters. She leads a team of 12 regional compliance officers and reports her findings on compliance related matters directly to the firm's general counsel.

EQT has lodged a compliance plan with ASIC for the Fund, which describes the procedures used by EQT to comply with the Corporations Act and the Constitution of the Fund. Each year the compliance plan for the Fund is audited and the audit report is lodged with ASIC.

INVESTMENT FEES

The sector average management cost (in the table below) is based on the average management cost of all flagship Alternatives - Private Equity funds surveyed by Zenith.

The Fund charges a management cost of 1.75% p.a. There are no performance fees payable by the Fund, however, there are performance fees payable by the Master Fund on direct investments (15%) and secondary investments (10%), on a deal by deal basis, where an internal rate of return of at least 8% p.a. has been achieved. Direct debt investments have a 10% performance fee subject to a 4% p.a. hurdle

The Master Fund can invest in listed private equity investments and fund of private equity funds, which may result in a possible double or, in some instances, triple layer of fees and expenses for investors. Investors in the Fund will indirectly bear the management and advisory fees charged by the investment managers of the various private equity funds, funds of private equity funds and listed private equity investments in which the Master Fund invests.

Notwithstanding the above, Zenith believes the overall fee structure for the Fund is reasonable given the unique nature of the Fund's strategy and that the fees charged are on an invested funds basis as opposed to committed funds for traditional private market investments.

(The fees mentioned above are reflective of the flagship version only, fees may differ when the product is accessed through an alternate investment vehicle such as a platform.)

Fees Type	Fund	Sector Average (Wholesale Funds)
Management Cost	1.75% p.a.	1.34% p.a.
Description		
Performance Fee	Applied within the underlying Fund on a deal-by-deal basis	

PERFORMANCE ANALYSIS

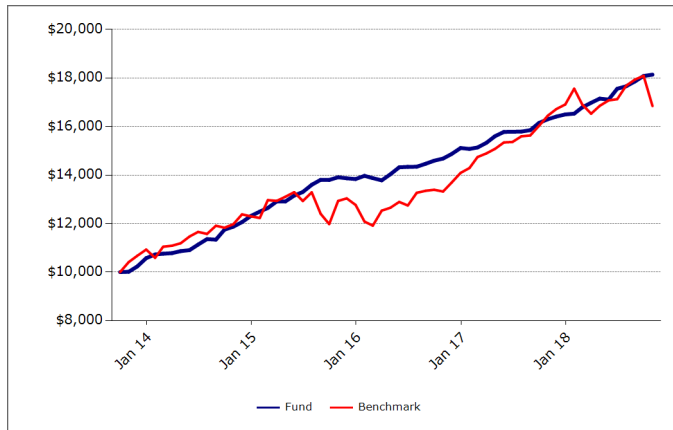
Report data: 31 Oct 2018, product inception: Jun 2012

Monthly Performance History (% , net of fees)

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	FUND YTD	BENCHMARK YTD
2018	0.19	1.57	1.13	1.01	-0.24	2.61	0.58	1.14	1.26	0.30			9.94	-0.39
2017	-0.25	0.39	1.28	1.78	1.13	0.03	0.05	0.37	1.87	0.95	0.68	0.53	9.16	20.02
2016	0.96	-0.69	-0.65	1.80	2.07	0.13	0.03	0.85	0.88	0.60	1.29	1.65	9.24	10.35
2015	1.46	1.19	2.12	-0.01	1.88	1.13	2.23	1.50	-0.03	0.80	-0.31	-0.22	12.35	3.82
2014	1.42	0.31	0.21	0.77	0.37	2.10	2.03	-0.20	3.63	1.06	1.58	2.10	16.45	12.52

Benchmark: MSCI World ex Aust \$A (Hgd)

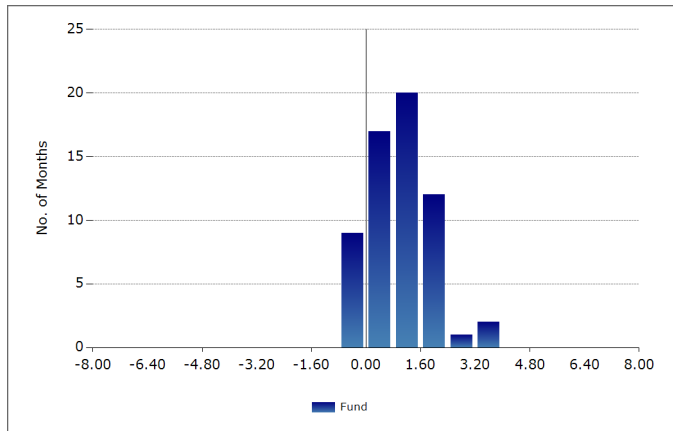
Growth of \$10,000



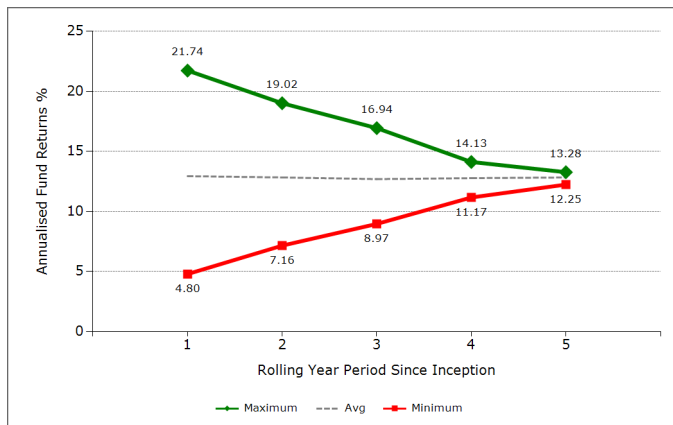
ABSOLUTE PERFORMANCE ANALYSIS

Return	Incpt.	5 yr	3 yr	1 yr
Fund (% p.a.)	12.27	12.62	9.25	11.28
Benchmark (% p.a.)	14.20	10.10	9.21	2.41
Median (% p.a.)	15.01	11.37	10.68	6.71
Ranking within Sector	Incpt.	5 yr	3 yr	1 yr
Fund Ranking	2 / 2	1 / 2	2 / 2	1 / 2
Quartile	2nd	1st	2nd	1st
Standard Deviation	Incpt.	5 yr	3 yr	1 yr
Fund (% p.a.)	3.33	3.22	2.73	2.46
Benchmark (% p.a.)	9.25	9.43	8.53	10.15
Median (% p.a.)	4.02	6.46	6.39	5.43
Downside Deviation	Incpt.	5 yr	3 yr	1 yr
Fund (% p.a.)	0.54	0.47	0.58	0.23
Benchmark (% p.a.)	4.98	5.44	5.40	7.23
Median (% p.a.)	0.84	3.05	3.12	2.96
Risk/Return	Incpt.	5 yr	3 yr	1 yr
Sharpe Ratio - Fund	2.97	3.25	2.68	3.81
Sortino Ratio - Fund	18.24	22.38	12.65	41.45

Monthly Histogram



Minimum and Maximum Returns (% p.a.)



For performance analysis purposes, Zenith benchmarks all funds in the Alternatives - Private Equity category against the MSCI World ex Aust Hedged \$A (Net dividends reinvested). This is not the Fund's stated benchmark.

The commentary below is as at 31 October 2018.

The Fund targets absolute returns of 10% p.a. to 12% p.a. on a net of fees basis.

The Fund has achieved its performance objective over all periods of assessment. The Fund's volatility, as measured by Standard Deviation, has been low in absolute terms, assisted by the positive environment for private equity investing.

On a risk-adjusted basis, the Sharpe Ratio has been strongly positive over the long-term, thus investors have been rewarded for the absolute risk inherent in the Fund's strategy.

RELATIVE PERFORMANCE ANALYSIS

Alpha Statistics	Incpt.	5 yr	3 yr	1 yr
Excess Return (% p.a.)	-1.92	2.52	0.05	8.86
% Monthly Excess (All Mkts)	42.86	48.33	47.22	41.67
% Monthly Excess (Up Mkts)	22.81	27.91	32.14	22.22
% Monthly Excess (Down Mkts)	100.00	100.00	100.00	100.00
Beta Statistics	Incpt.	5 yr	3 yr	1 yr
Beta	-0.03	-0.01	0.00	-0.03
R-Squared	0.01	0.00	0.00	0.02
Tracking Error (% p.a.)	10.07	10.09	8.98	10.78
Correlation	-0.07	-0.04	-0.01	-0.14
Risk/Return	Incpt.	5 yr	3 yr	1 yr
Information Ratio	-0.19	0.25	0.01	0.82

The commentary below is as at 31 October 2018.

Zenith seeks to identify funds that can outperform in over 50% of months in all market conditions, as we believe this represents consistency of manager skill. Given the nature of the underlying investments, it is problematic to measure the level of excess returns relative to the Zenith assigned benchmark over the short-term.

Zenith notes that the Fund has demonstrated a low beta and correlation to global equity markets (listed) over all periods of assessment, which highlights the attractive diversification properties of holding private equity investments within a multi-asset portfolio.

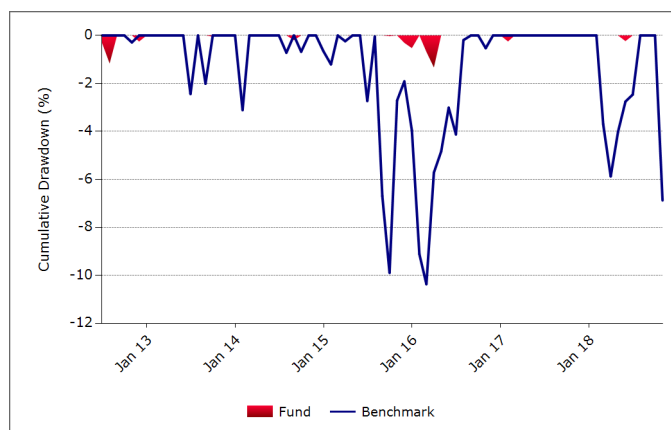
DRAWDOWN ANALYSIS

Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.

Drawdown Analysis	Fund	Benchmark
Max Drawdown (%)	-1.33	-10.37
Months in Max Drawdown	2	9
Months to Recover	1	6

Worst Drawdowns	Fund	Benchmark
1	-1.33	-10.37
2	-1.17	-6.88
3	-0.53	-5.87

Worst Drawdowns	Fund	Benchmark
4	-0.25	-3.11
5	-0.25	-2.44



The commentary below is as at 31 October 2018.

Partners Group has consistently demonstrated the ability to preserve capital, noting the Fund's constrained drawdown profile.

INCOME/GROWTH ANALYSIS

Income / Growth Returns	Income	Growth	Total
FY to 30 Jun 2018	0.00%	11.24%	11.24%
FY to 30 Jun 2017	0.00%	10.07%	10.07%
FY to 30 Jun 2016	0.00%	7.79%	7.79%
FY to 30 Jun 2015	0.00%	19.47%	19.47%
FY to 30 Jun 2014	0.00%	14.55%	14.55%
FY to 30 Jun 2013	0.00%	13.00%	13.00%

Investors should be aware the Fund does not target a specific level of income returns.

The Fund typically distributes income annually (June).

The Fund utilises a feeder fund structure, where the Australian unit trust invests in the offshore Master Trust. Generally, realised gains (losses) and income (expenses) will be realised at the Master Trust level and likely retained within the Australian unit trust in the form of a unit price increase (decrease). The Fund is expected to only realise the capital movement in the unit price of the Master Trust; therefore, investors should anticipate that the Fund will not distribute a significant portion of returns in the form of income. Zenith recommends investors seeking advice regarding the tax implications of a feeder fund structure should see their tax specialist.

REPORT CERTIFICATION

Date of issue: 21 Nov 2018

Role	Analyst	Title
Author	Rodney Sebire	Head of Alternatives & Global Fixed Income
Sector Lead	Rodney Sebire	Head of Alternatives & Global Fixed Income
Authoriser	Bronwen Moncrieff	Head of Research

RATING HISTORY

As At	Rating
21 Nov 2018	Recommended
12 Dec 2017	Recommended
8 Dec 2016	Recommended
25 Nov 2015	Recommended
5 Dec 2014	Recommended

Last 5 years only displayed. Longer histories available on request.

DISCLAIMER AND DISCLOSURE

Zenith Investment Partners (ABN 27 103 132 672) is the holder of Australian Financial Services Licence 226872 and is authorised to provide general financial product advice. This Product Assessment Report (report) has been prepared by Zenith exclusively for Zenith clients and should not be relied on by any other person. Any advice or rating contained in this report is limited to General Advice for Wholesale clients only, based solely on the assessment of the investment merits of the financial product. This report is current as at the date of issue until it is updated, replaced or withdrawn and is subject to change at any time without notice in line with Zenith's regulatory guidelines. Zenith clients are advised to check the currency of reports and ratings via Zenith's website for updates. Any advice contained in this report has been prepared without taking into account the objectives, financial situation or needs of any specific person who may read it. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek their own independent financial advice, obtain a copy of, and consider any relevant PDS or offer document and consider the appropriateness of this advice in light of their own objectives prior to making any investment decision. Zenith charges an upfront flat fee to the Product Issuer, Fund Manager or other related party to produce research on funds that conform to Zenith's Research Methodology. Zenith's fee and Analyst remuneration are not linked to the rating outcome in any way. Views expressed in Zenith reports accurately reflect the personal, professional, reasonable opinion of the Analyst who has prepared the report. Zenith may also receive a fee for other non-research related services such as subscription fees for Zenith's research services and/or for the provision of investment consultancy services. Conflicts management arrangements are in place where Zenith provides research services to financial advisory businesses who provide financial planning services to investors and are also associated entities of the product issuers, with any such conflicts of interest disclosed within reports as appropriate. Full details regarding such arrangements are outlined in Zenith's Conflicts of Interest Policy www.zenithpartners.com.au/ConflictsOfInterestPolicy

Zenith's research process seeks to identify investment managers considered to be the 'best of breed' through a comprehensive, multi-dimensional selection process. Zenith utilises both quantitative and qualitative factors in its ratings models. Models maximise commonality across different asset classes while retaining flexibility for specialist asset classes and strategies. The selection process is rigorous in both its qualitative and quantitative analysis and each component is equally weighted. Zenith does not manage any proprietary assets and as such Zenith is able to choose investment managers with absolute independence and objectivity. More detailed information regarding Zenith's research process, coverage and ratings is available on Zenith's website www.zenithpartners.com.au/ResearchMethodology

This report is subject to copyright and may not be reproduced, modified or distributed without the consent of the copyright owner. The information contained in this report has been prepared in good faith and is believed to be reliable at the time it was prepared, however, no representation, warranty or undertaking is given or made in relation to the accuracy or completeness of the information presented in this report. Except for any liability which cannot be excluded, Zenith does not accept any liability, whether direct or indirect arising from the use of information contained in this report. Past performance is not an indication of future performance.

Full details regarding the methodology, ratings definitions and regulatory compliance are available at www.zenithpartners.com.au/RegulatoryGuidelines

© 2018 Zenith Investment Partners. All rights reserved.

Zenith has charged Partners Group a fee to produce this report.