



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

Partners Group Global Income Fund (PGG) Update

April 2021



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Partners Group is a leading global private markets firm

TRULY DEDICATED TO PRIVATE MARKETS ONLY

- **USD 109 billion AUM¹**: USD 52 billion in corporate equity and USD 58 billion in real assets / credit²
- **>1,500 employees, 20 offices** and **>500 private markets investment professionals³**

LARGE, INDEPENDENT AND ALIGNED WITH CLIENTS

- **>USD 30 billion market capitalization⁴** and constituent of the Swiss Market Index (SMI[®])
- **Strong alignment of interest** between employees and investors

GLOBAL FOOTPRINT WITH LOCAL TEAMS

Americas



Europe



Asia-Pacific



... focusing on Transformational Investing, Bespoke Client Solutions and Stakeholder Impact

Source: Partners Group (2021). For illustrative purposes only. **1** Unaudited, inclusive of all Partners Group affiliates, as of 31 December 2020. **2** Real assets / financing includes Partners Group's asset under management relating to private real estate, private infrastructure and private debt as of 31 December 2020. **3** Team figures as of 31 December 2020. **4** Market capitalization figures as of 31 December 2020.



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Partners Group Global Income Strategy - Successful launch in September 2019

Portfolio characteristics

Stable Income

- Stable and **consistent monthly income** from a diversified, global portfolio of private loans

Attractive returns

- Attractive returns of **RBA Cash Rate +4% net of fees** with focus on capital preservation

Team

- Managed by a large and experienced dedicated **global debt investment team of 50+ professionals** across 20 offices

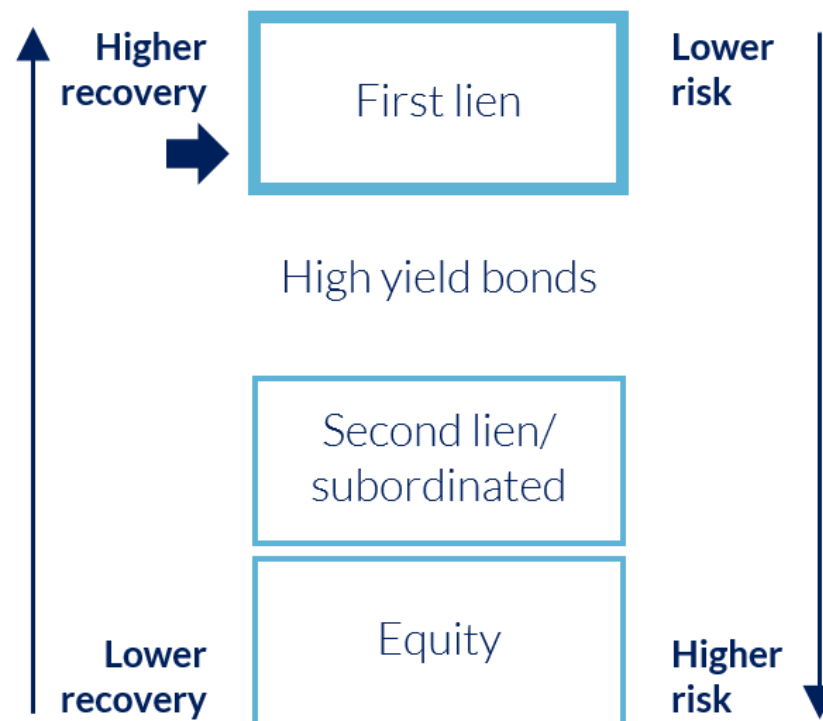
Information advantage

- Proprietary database of financial information offering unique sourcing and **company insights of 36,000+ private companies**

Conservative Portfolio

- Investments focused on **First Lien Senior Secured Loans**

Portfolio strategy



An attractive alternative to traditional fixed income investments tailored to Australian investors

Source: Partners Group 2021. For illustrative purposes only. There is no assurance targets will be achieved. Diversification does not ensure a profit or protect against loss.



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Market outlook

Price recovery

Substantial recovery in the market, albeit some sectors and less liquid names lagging the overall market

Default rates

Market default rates have been lower than initially expected

Market activity

Significant pick-up in market activity (M&A)

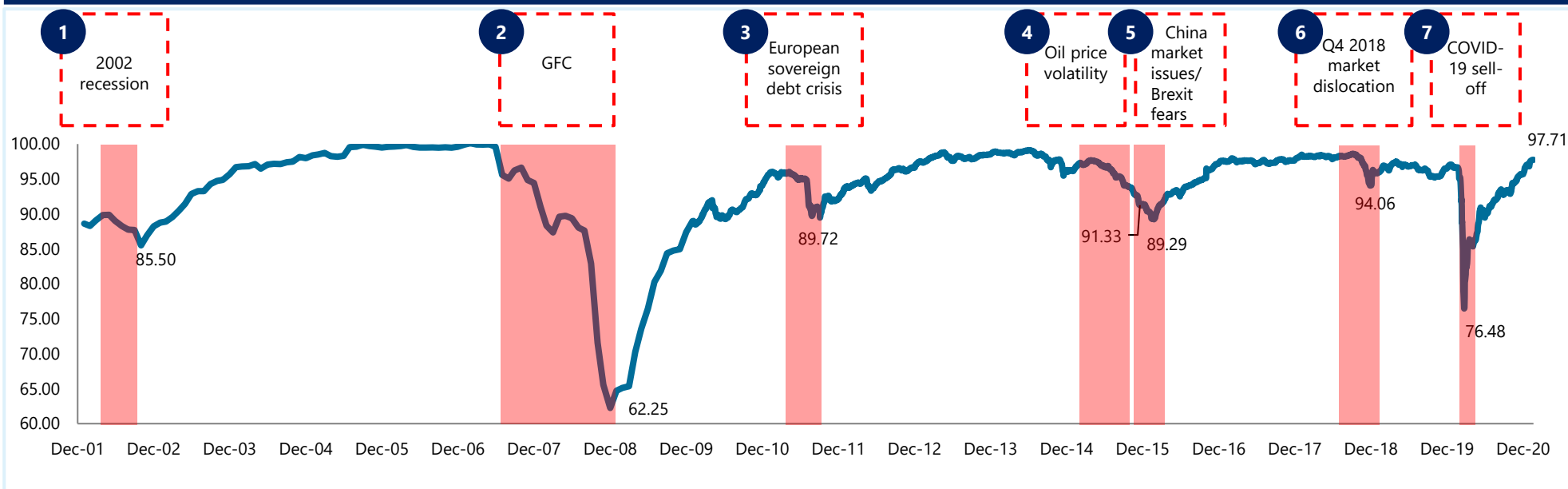
Loans vs. Bonds

Bonds benefitted from duration, but going forward Loans are expected to outperform

There is a strong market outlook for Private Debt in the post-COVID environment



2020 has experienced short lived volatility...



Market Dislocation:
Change in price
Length (weeks)

1	2	3	4	5	6	7
-4.4 pts	-32.2 pts	-6.3 pts	-6.4 pts	-7.9 pts	-4.4 pts	-20.0 pts
25	52	21	35	19	12	4

Metrics	Recession	GFC	European Debt Crisis	Oil price volatility	COVID-19 sell-off
	2002	2008/2009	2011	2016	2020
HY Spreads to Worst	1080 bp	1706 bp	749 bp	893 bp	1417 bp
Loan Spreads (3yr)	632 bp	1799 bp	757 bp	700 bp	1275 bp
Loan Prices	85.50	62.25	89.72	89.29	76.48

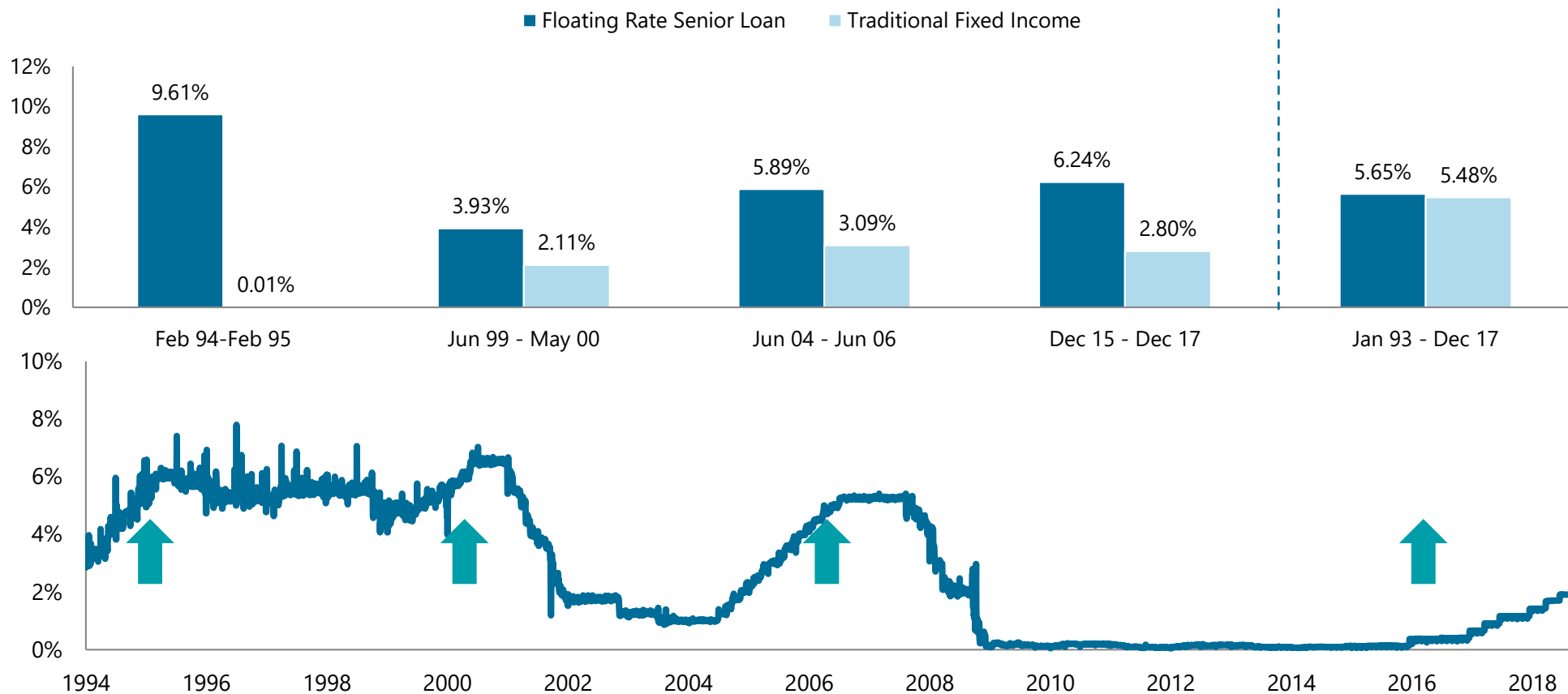
The market has rebounded quickly post the COVID-19 sell off vs. previous market cycles



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Source: Credit Suisse. S&P LCD. Bloomberg. February 18, 2021. HY spreads, loan spreads, loan yields and loan prices are as of the date in the given year with the widest spread level. For illustrative purposes only.

Why Leveraged Loans: A reminder



In periods of rising rates, floating rate senior loans outperformed traditional fixed income

Source: Morningstar Direct, Federal Reserve Bank. Data as of 31 December 2017. Returns presented are on an annualized basis. Traditional Fixed Income is represented by the Bloomberg Barclays US Aggregate Bond Index. Floating Rate Senior Loans are represented by the Credit Suisse Leveraged Loan Index. Past performance is not necessarily indicative of future results.



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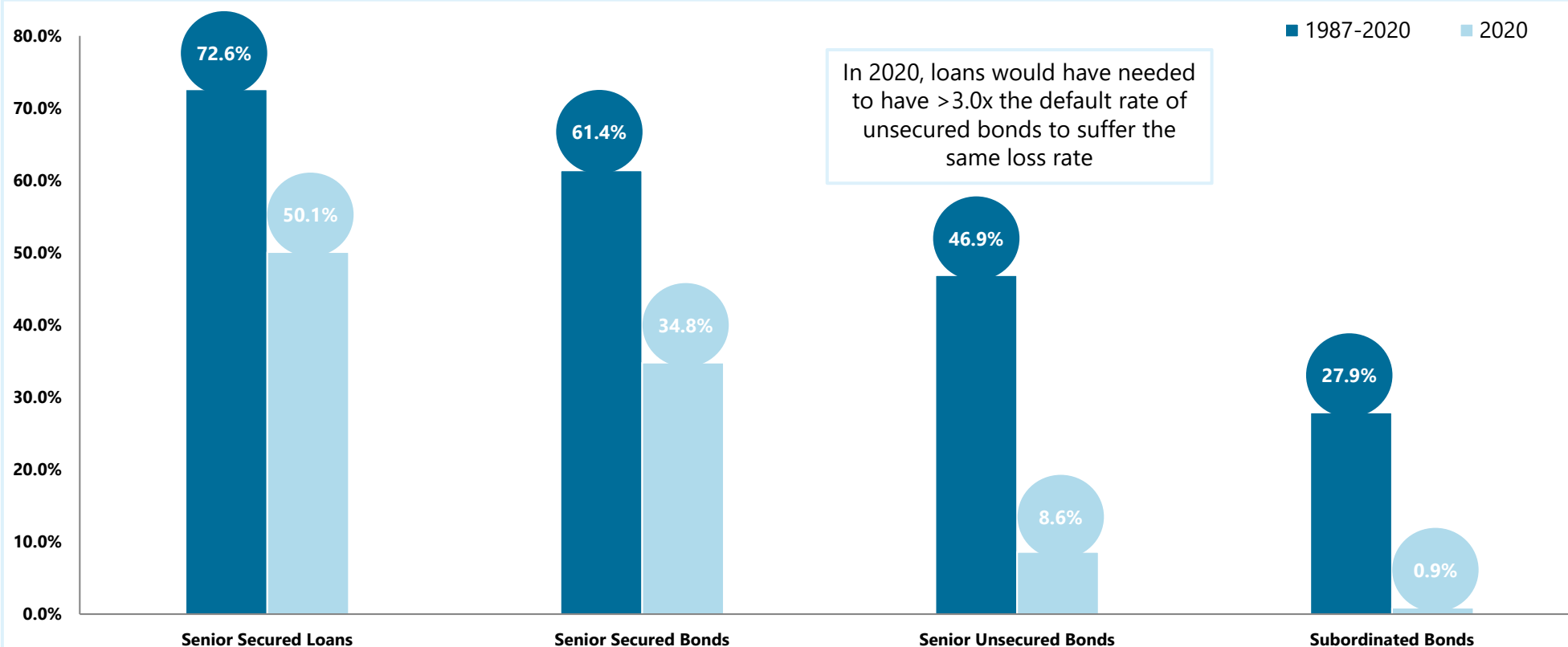
Why First Lien Senior Secured loans: A reminder

Secured on assets of the company

Significant equity cushion below

Historically lower price volatility

Benefit from historically higher recovery rates



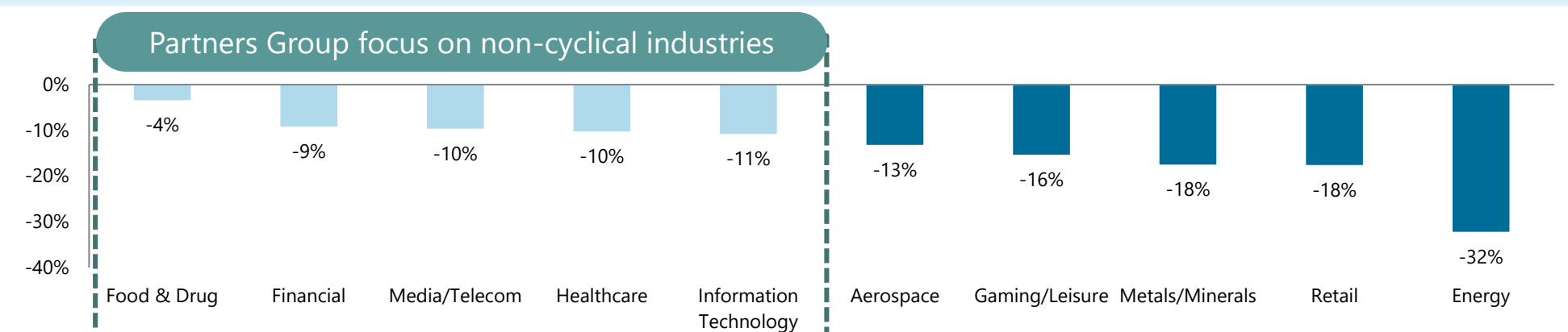
For illustrative purposes only. Source: Moody's Annual Default Rate Study (released February 2021). 1 Average recovery rates measured by ultimate recoveries.



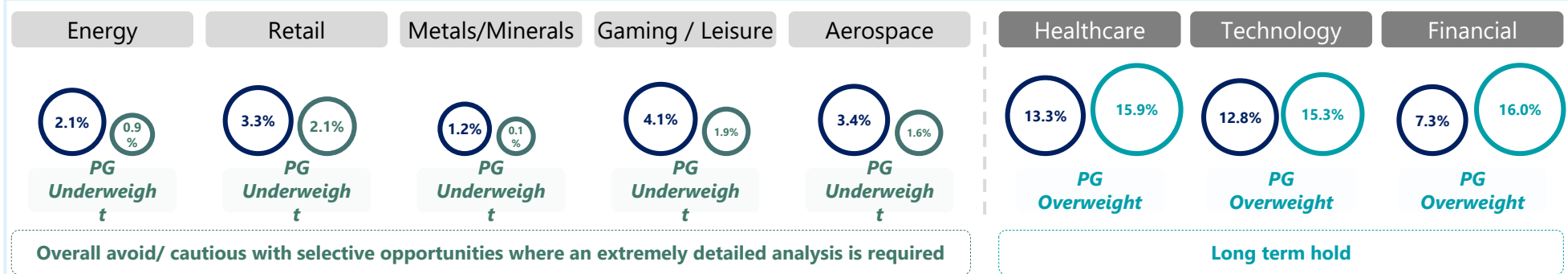
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Why Partners Group: A reminder

Credit Suisse Leveraged Loan Index total return sector performance at the trough of the market in Mar'20¹



Portfolio allocation across cyclical industries (Industry² vs. Partners Group syndicated debt³)



Minimal impact during the crisis on a significant portion of our portfolio invested in non-cyclical industries

For illustrative purposes only. Source: Partners Group (2021). ¹ CS LLI as of 31 March 2020. ² CS LLI as of 31 January 2021. Average CS LLI market weight. ³ Based off PG GSLMF portfolio allocation.

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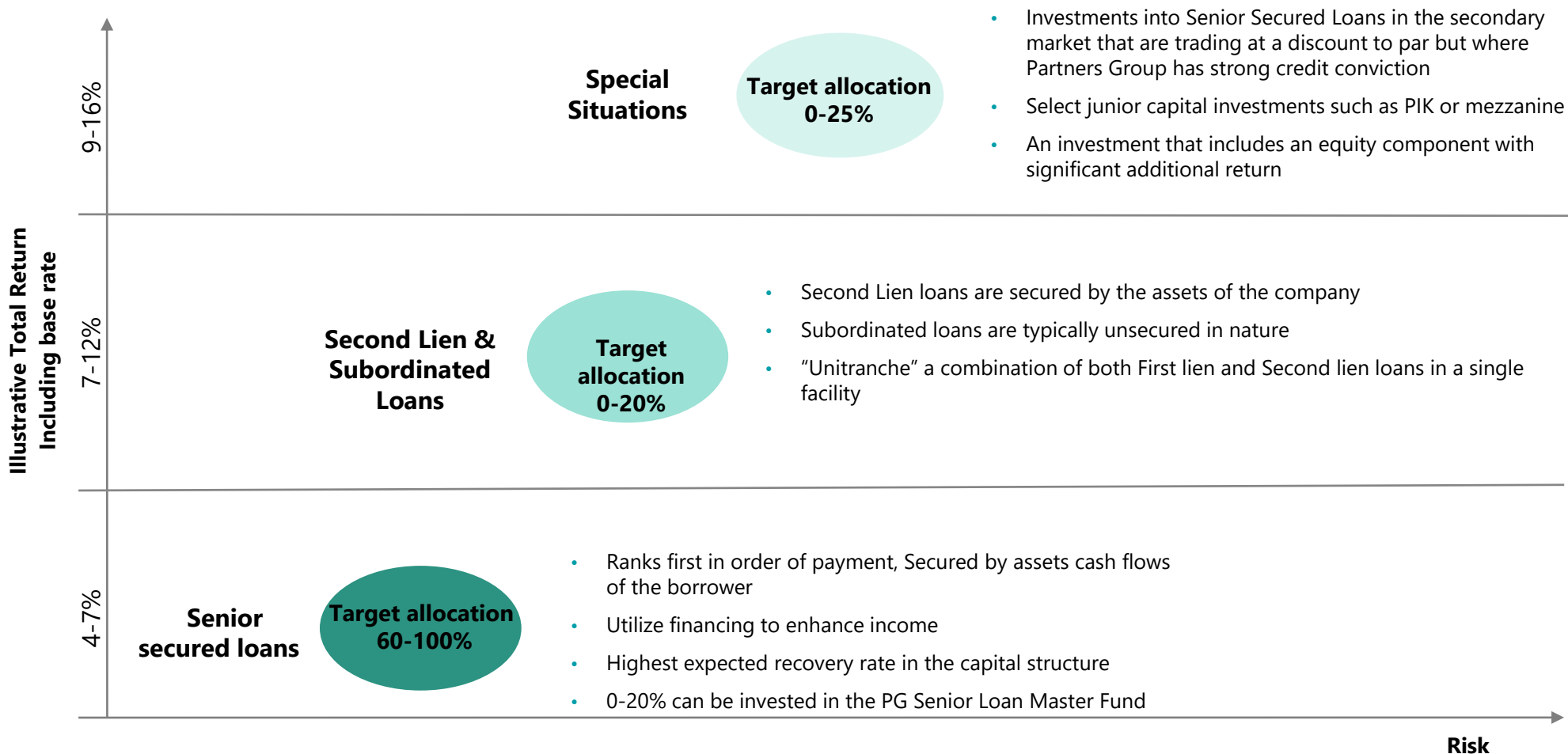
Partners Group Global Income Fund - Successful launch in September 2019

Target net returns¹	RBA cash rate + 4% p.a. net of fees with distributions to be paid monthly
Fund currency	AUD fully hedged
Management costs²	Management fee: up to 1.00% p.a. Recoverable Expenses: up to 0.20% p.a. Performance fee: 10% of returns over hurdle of RBA + 6% on Special Situations strategy
Size raised	A\$550m
Valuation	NTA published bi-weekly
Credit Rating	Private debt investments are typically either Sub-Investment Grade loans or are unrated and exhibit characteristics that are consistent with being Sub-Investment Grade loans
Portfolio characteristics	Highly diversified by issuer, industry and geography with no single investment expected to consist of more than 1.5% of the NAV. Maximum Industry exposure 15% of GAV (Gross Asset Value)
Research ratings	Lonsec (Recommended), SQM (Superior), IRR (Recommended)
ASX Stock code	PGG
Website	www.partnersgroupaustralia.com.au

¹There is no assurance that targets will be achieved. ² Performance fee will be applied on the special situations strategy, capped at 25bps p.a. (assessed across a rolling three year period) The fund will pay additional costs and fees as outlined in the Product Disclosure Statement. Source: Partners Group (January 2021). Diversification does not ensure a profit or protect against loss.



Partners Group Global Income Strategy – to achieve RBA +4% p.a.



Source: Partners Group pre IPO PDS, 31 July 2019. For illustrative purposes only. There is no assurance targets or performance will be achieved.



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How to think about provisions in the context of the PGG portfolio (1)

- Given the COVID-19 environment, the financial market believes that there will be elevated loss rates in corporate loan and bond markets.
- The interpretation of elevated default rates is expressed in different ways, depending on how a lender values its loan book:

- A **bank** holds the loans it makes at par ('**non-mark to market**'). It then provisions against expected future losses.

Participant	Loan Book	Provision (\$)	Provision (%)
BANK	500m	-50m	10%

- PGG** and other funds market their loans based on quoted or implied prices ('**mark to market**'). In times of market distress, quoted or implied prices fall to reflect expectations of future losses.

Participant	Loan Book	NTA	Discount (%)
PGG	500m	450m	10%

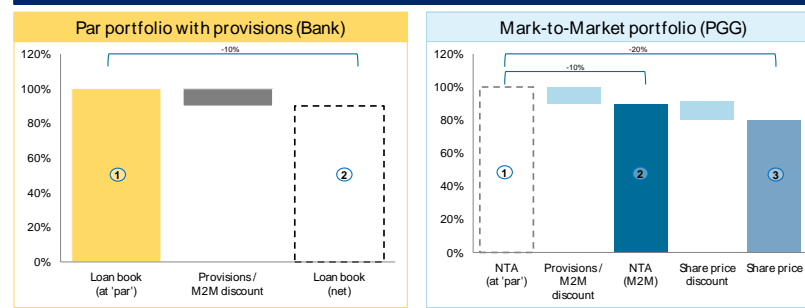
- Finally, some **other funds** also hold the loans they make at par, but do not make adjustments in their NTA to reflect expectations of future losses.

Participant	Loan Book	NTA	Discount (%)
XYZ	500m	500m	0%

PARTNERS GROUP GLOBAL INCOME FUND (PGG) UPDATE

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How to think about provisions in the context of the PGG portfolio (2)

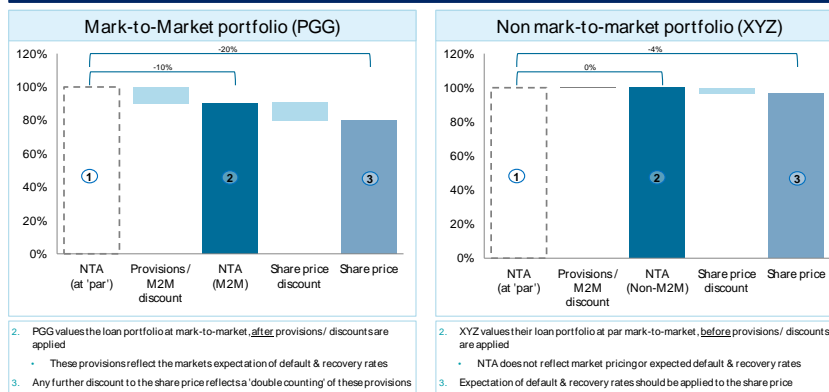


1. Banks value their loan portfolio discounts are applied
2. Based on their expected loss value

PARTNERS GROUP GLOBAL INCOME FUND (PGG) UPDATE

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How to think about provisions in the context of the PGG portfolio (3)



2. PGG values the loan portfolio at mark-to-market, after provisions / discounts are applied
 - These provisions reflect the market's expectation of default & recovery rates
3. Any further discount to the share price reflects a 'double counting' of these provisions

2. XYZ values their loan portfolio at par mark-to-market, before provisions / discounts are applied
 - NTA does not reflect market pricing or expected default & recovery rates
3. Expectation of default & recovery rates should be applied to the share price

Investors should be careful of non mark-to-market portfolios

PGG's NTA value already includes expected default and recovery rates

For illustrative purposes only. Source: Partners Group, 2021. There is no assurance targets or performance will be achieved.



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Portfolio Positioning

Defensively positioned portfolio

Diversified global portfolio

(>250 companies)

Large companies

(Avg. EBITDA USD 500m)

Defensive industry focus

(Technology / Software / Healthcare)

First Lien Senior Secured Loans

(>90%)

Owned by **large global PE firms**

Lower exposure to challenged industries

(Oil & Gas, Airlines, Hotels, Restaurants)

Bottom up risk assessment of each position

Two pronged risk assessment

Liquidity Analysis

Balance Sheet Cash, Revolving Credit Facilities, Owner Support

COVID-19 Assessment

Direct and Indirect impact, analyze revenue shock, ability to cut costs



Partner Group Global Income Fund Key Metrics

Key Metrics	
Target distribution	RBA + 4.0%
Current distribution	RBA + 4.6%
Yield to 3yr	7.4%
# of loans	377
ASX price	1.90
NTA per unit	1.93
Leverage (%)	40.34%

Return Potential from "Pull to Par"

Return Assuming a Share Price of AUD 1.90

Future Price	Months to achieve Future Price			
	6	12	18	24
1.90	5%	5%	5%	5%
1.95	10%	8%	7%	6%
2.00	16%	10%	9%	8%

If the First Lien Senior Secured Loan and Private Debt markets continue their price recovery, leading to an increase in the NTA per share, PGG can offer significant return potential at the current share price

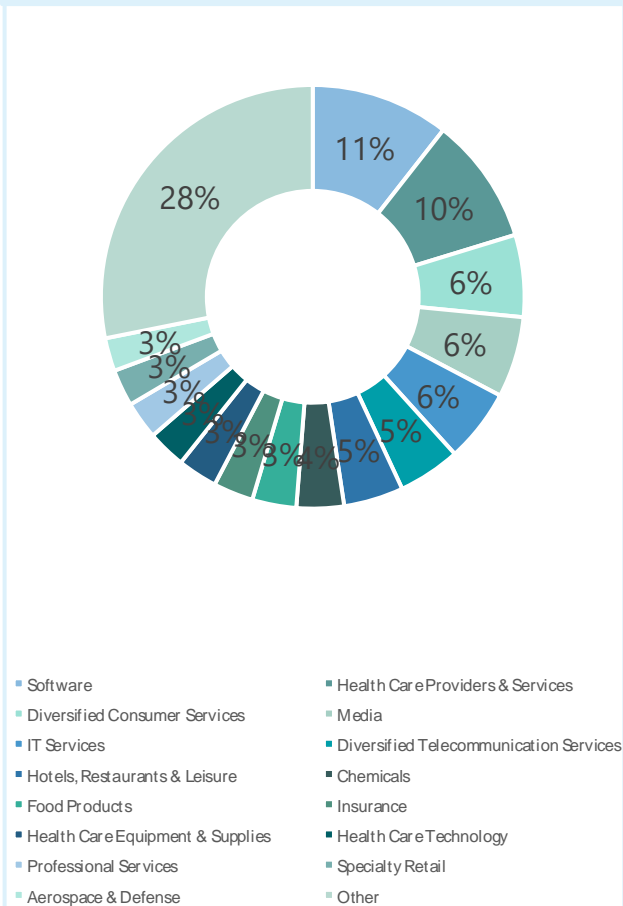
Source: Partners Group 30 April 2021. There is not assurance that targets will be achieved. . Past performance is not indicative of future results. There is no assurance that similar results will be achieved.



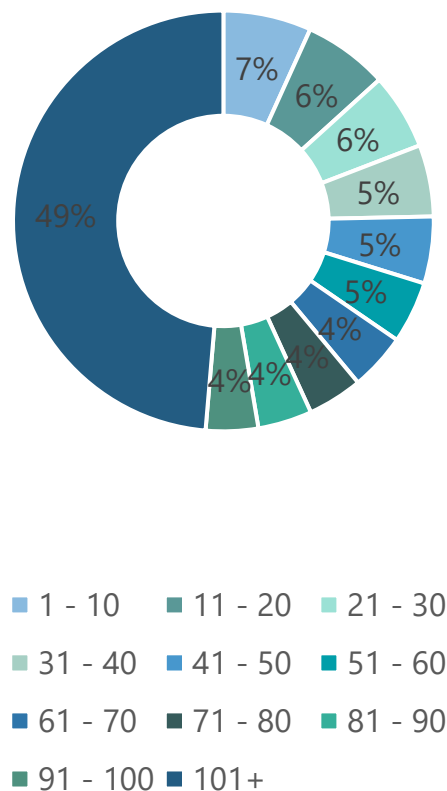
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Portfolio Composition

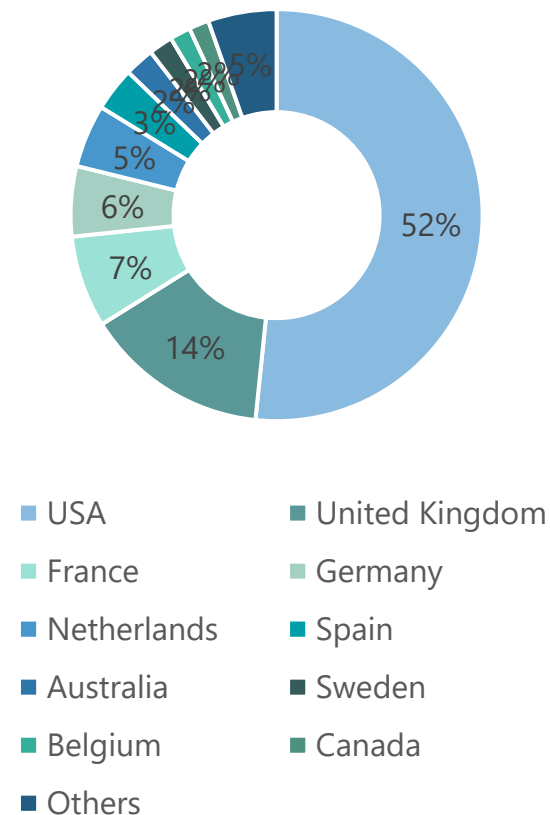
Investments by industry sector



Investments by concentration



Investments by country



Source: Partners Group 30 April 2021. For illustrative purposes only. There is no assurance that similar portfolio allocation will be made.

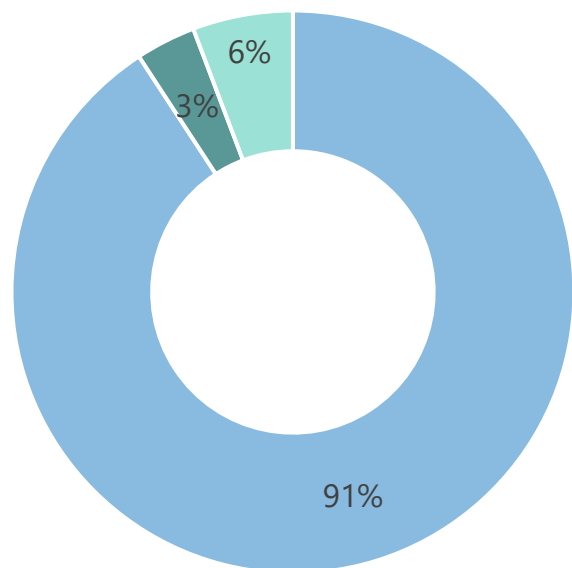
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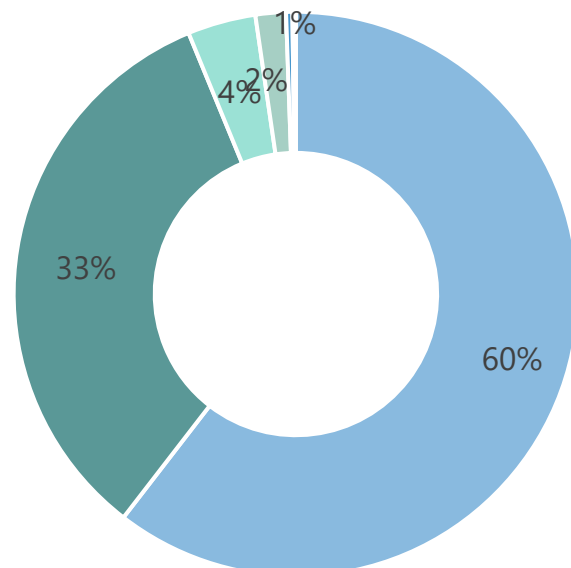
Portfolio Composition

Investments by type



■ First Lien ■ Second Lien ■ Special Situation

Investments by currency



■ USD ■ EUR ■ GBP ■ AUD ■ CAD ■ CHF



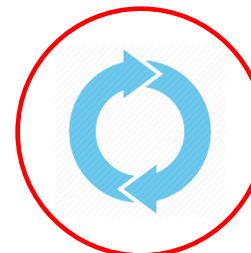



Source: Partners Group 30 April 2021. For illustrative purposes only. There is no assurance that similar portfolio allocation will be made.

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Recent portfolio activity...

Position reductions			Position additions		
Negative sector	Low yield	GSLMF¹	Post-COVID economics	Buy 'low'	Direct Debt
<ul style="list-style-type: none"> Performing names, but price expected to be depressed for an extended period. 	<ul style="list-style-type: none"> Strong performing but low yielding names. 	<ul style="list-style-type: none"> Reduced exposure to GSLMF as individual loans settled. 	<ul style="list-style-type: none"> Post-COVID transactions being syndicated with larger upfront fees and higher margins. 	<ul style="list-style-type: none"> High credit conviction names available at attractive prices. 	<ul style="list-style-type: none"> Direct debt transactions originated post-COVID with attractive economics.
					

Active portfolio management driving improved risk-adjusted returns

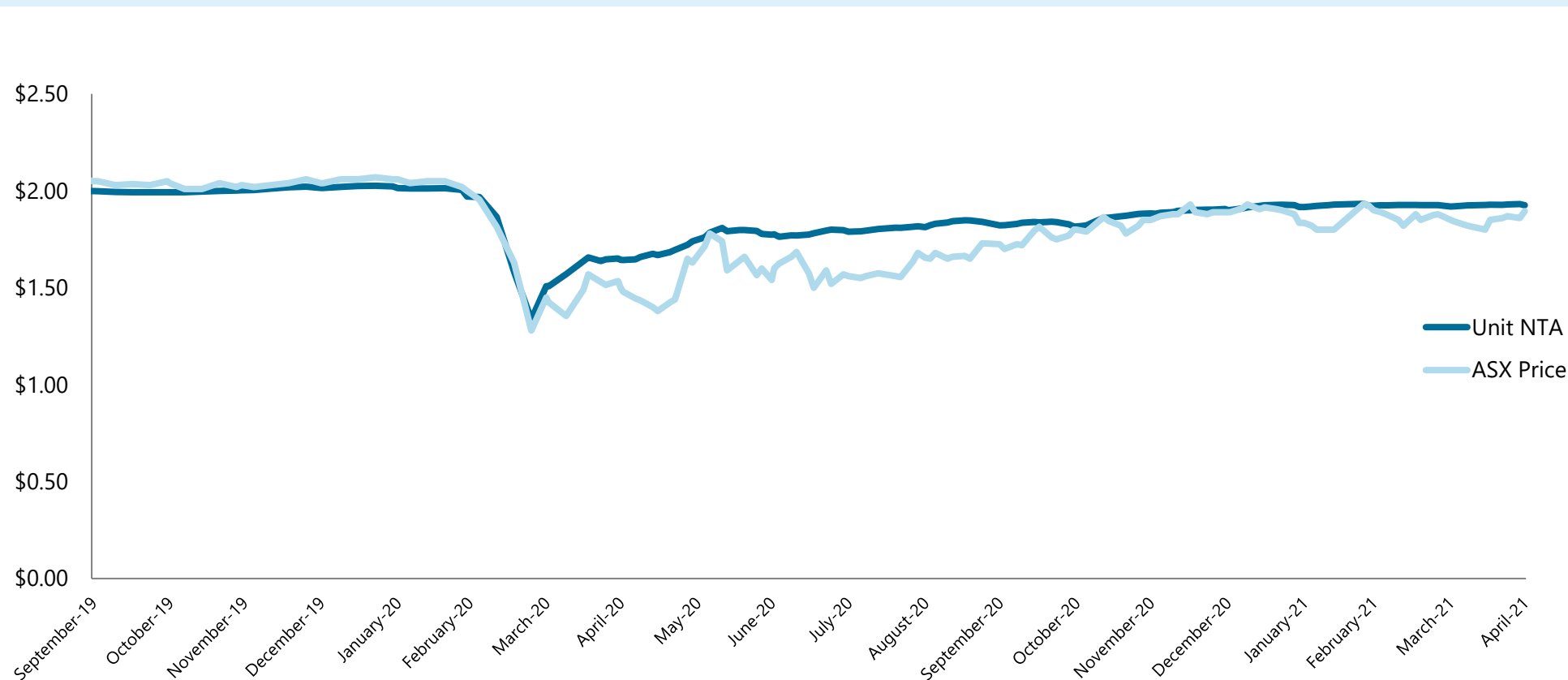
Source: Partners Group, 31 January 2021. There is no assurance targets or performance will be achieved. There is no assurance that similar investments will be made. Risk-adjusted returns refer to returns taking into account potential drags to performance. Aimbridge Hospitality: Example of a position reduction due to its classification within a negative sector. P&I: Example of a position reduction due to its low yield. AppLovin: Example of a position addition due to attractive economics. Cegid: Example of a position addition due to attractive secondary price; Novotech: Example of a position addition in a Direct Debt investment. 1. Global Senior Loan Master Fund.



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...driving continued improvement in NTA per unit

NTA and ASX price development



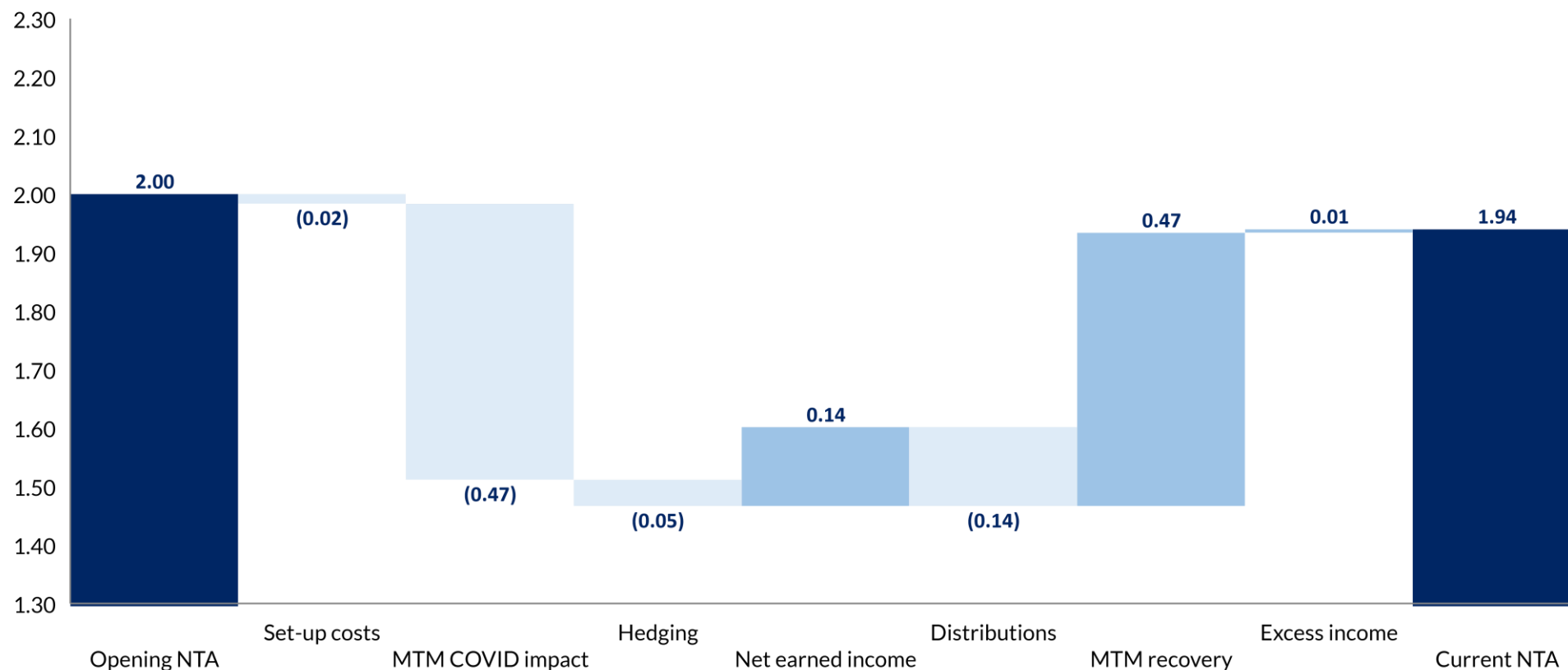
Continued improvement of NTA since the March lows



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NTA performance drivers since inception

NTA bridge (Inception to Current)



NTA decreased because of COVID related factors but has largely recovered since then

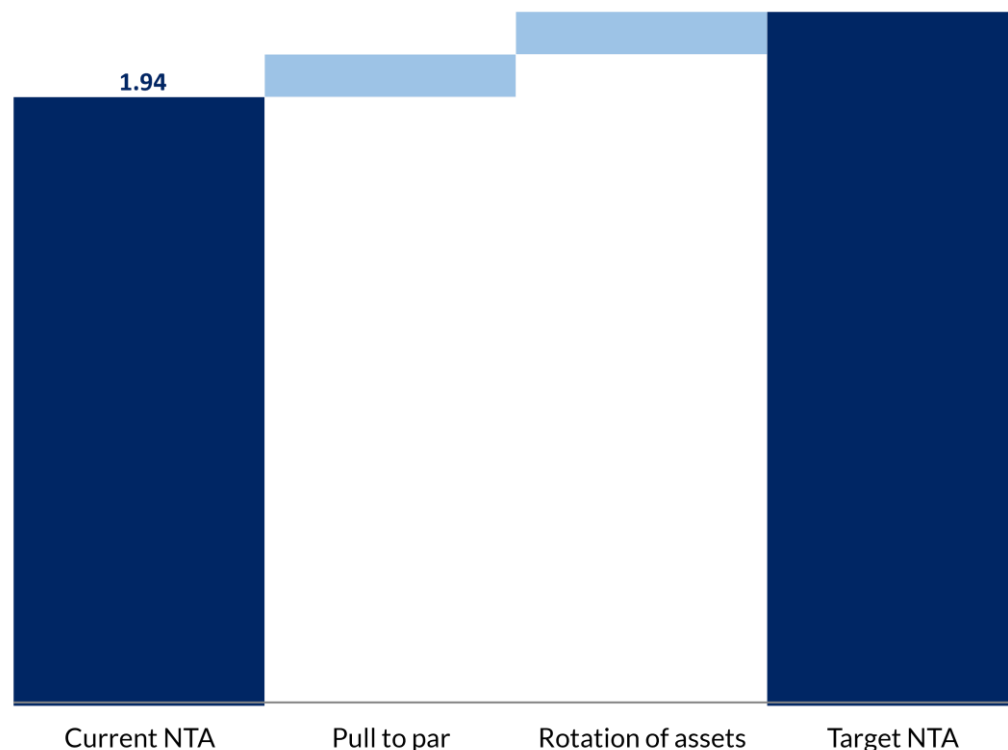
Source: Partners Group 2021. For illustrative purposes only. There is no assurance targets will be achieved. Diversification does not ensure a profit or protect against loss.



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How do we expect to get NTA back to \$2.0 and beyond?

NTA bridge (Current to Target)



Price recovery

- Continued recovery of loan prices back up to pre-COVID levels
- Amplified benefit on the PGG portfolio due to use of leverage

Rotation of assets

- Rotation of the portfolio into higher yielding assets, e.g.:
 - **Novotech (Unitranche):** BBSY (1.00% fl.) + 6.00%
 - **Confidential deal (2L & Equity):** L (0.75% fl.) + 7.25%; 2.00% fees

Further developments

- Launch of PGG unlisted
 - Will allow for greater capital to take advantage of market mis-pricings
 - PGG unlisted will have the flexibility to invest into PGG listed

Key drivers of recovery of NTA, pull to par and rotation of assets, enhanced by the launch of PGG unlisted

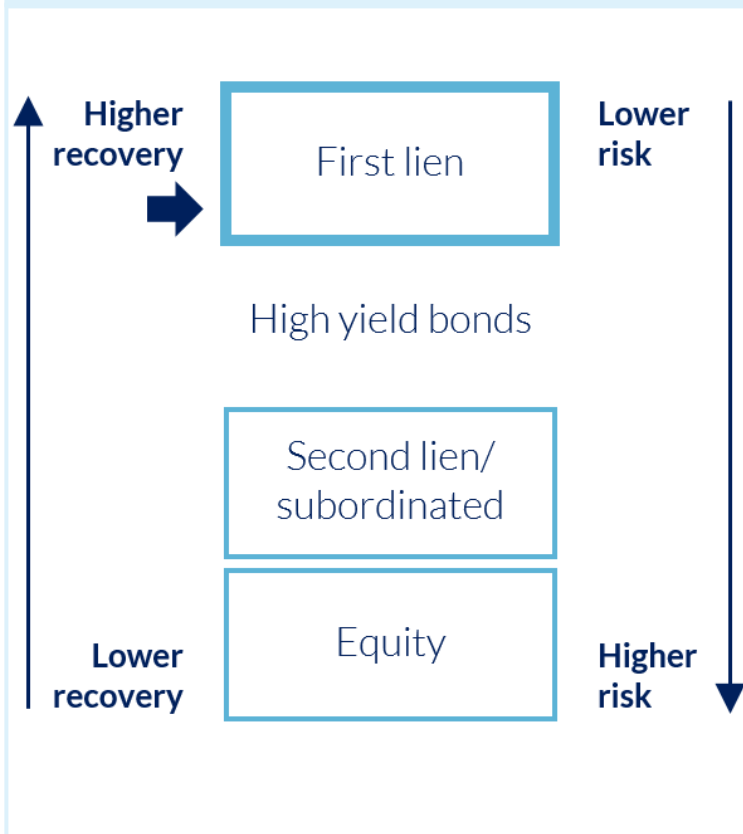
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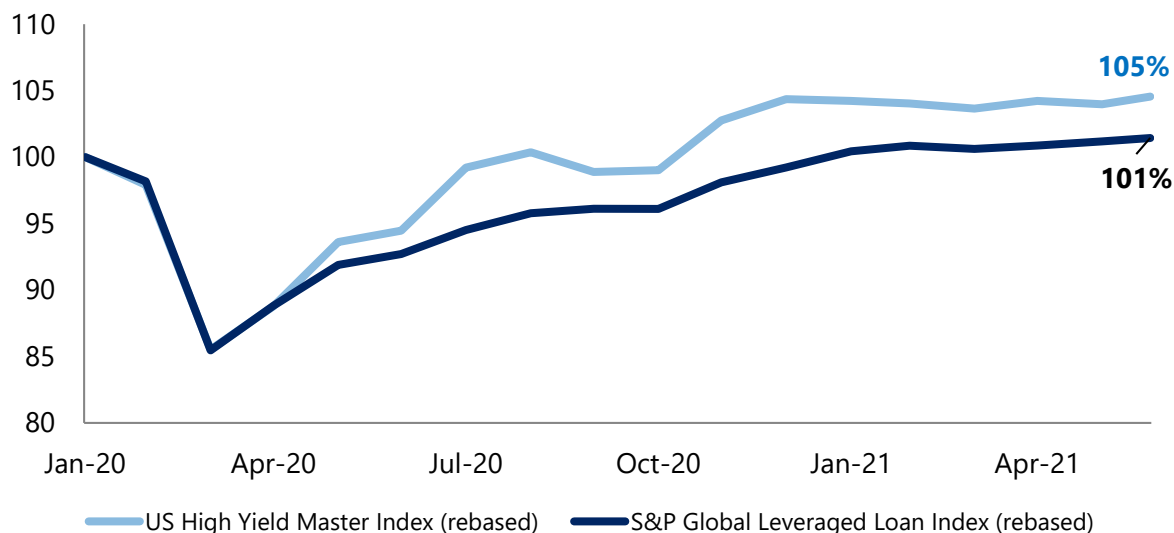
A reminder of the PGG strategy

Portfolio strategy



Loans vs. traditional fixed income (e.g. HYB)

- Investments are focused on first lien loans
- PGG does not invest in traditional fixed income, e.g. High Yield Bonds, which are higher risk
- High yield bond prices have recovered faster than loan prices because interest rates have come down



PGG does not invest in traditional fixed income, whose prices have recovered faster than loan prices

Source: Partners Group 2021. For illustrative purposes only. There is no assurance targets will be achieved. Diversification does not ensure a profit or protect against loss.



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Deal examples – Illustrative private debt investment case studies

Novotech



Largest Contract Research Organisation in Australia

Date:	September 2020
Deal type:	Unitranche
Sponsor:	TPG
Geography:	Australia
Terms:	BBSY (1.00% fl.) + 6.00%
Equity Cushion:	>45%

Arnott's



Leading manufacturer of biscuits, canned soup / stock, meals and sauces

Date	December 2019
Deal type	Second Lien
Sponsor:	KKR
Geography	Australia
Terms	BBSY (1.00% fl.) + 8.50%
Equity Cushion	Confidential

Cegid



Leading ERP software and cloud services provider

Date:	April 2020
Deal type:	Senior secured
Sponsor:	Silver Lake Partners
Geography:	Europe
Terms:	E (0.00% fl.) + 3.50%; 7.00% fees
Equity Cushion:	>50%

Confidential Deal¹

Leading manufacturer and marketer of premium pet foods

Date:	December 2020
Deal type:	Second Lien & Equity
Sponsor:	Clearlake Capital
Geography:	North America
Terms (Second Lien):	L (0.75% fl.) + 7.25%; 2.00% fees
Equity Cushion:	>40%

Source: Partners Group, 2021. There is no assurance targets or performance will be achieved. There is no assurance that similar investments will be made. 1 Deal details confidential unable to be disclosed. Novotech: Example of a primary unitranche investment in Australia. Arnott's: Example of a primary second lien investment in Australia. Cegid: Example of a secondary senior secured investment. WellPet: Example of a primary second lien & equity investment.



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What is Private Debt?

Illustrative capital structure of a company

EBITDA: AUD 200 million, **Enterprise Value:** AUD 2 billion, **Equity Cushion:** 45%

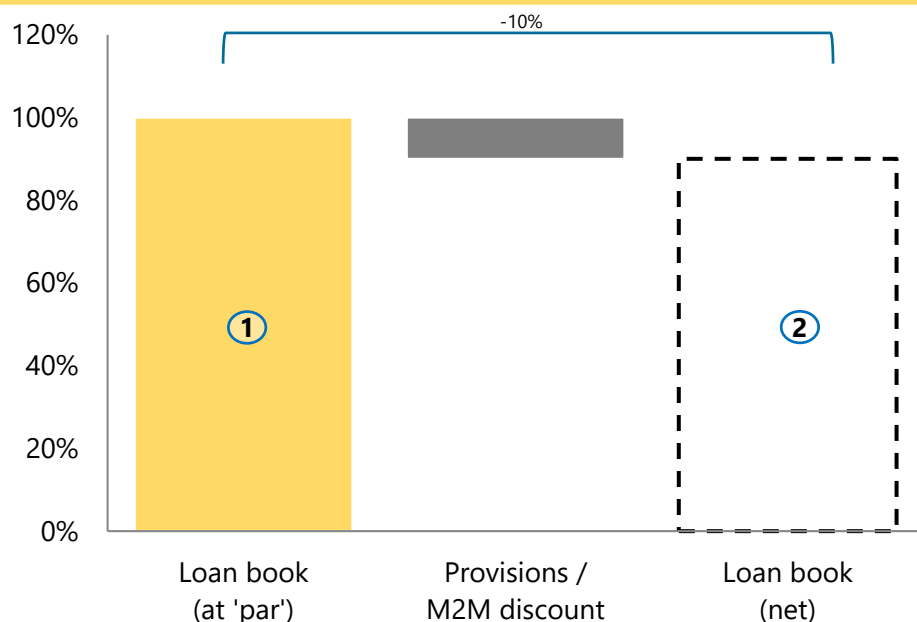
Company Capital Structure	Total	Features
First Lien Loans	AUD 850m	<ul style="list-style-type: none"> The most senior obligations in the capital structure – Secured Floating rate Contracted Cash flow Interest paid before bondholders and equity holders
Second Lien Loans	AUD 200m	<ul style="list-style-type: none"> Floating rate Secured or Unsecured
Mezzanine	AUD 50m	<ul style="list-style-type: none"> Debt or Debt with Equity incentive Highest cost to borrower Unsecured
Equity	AUD 900m	<ul style="list-style-type: none"> Ranks low in order of payment Can be common or preferred equity

Unitranche debt – a single debt facility replacing multiple debt positions

Senior secured debt is the most secure part of the capital structure of a public or private company

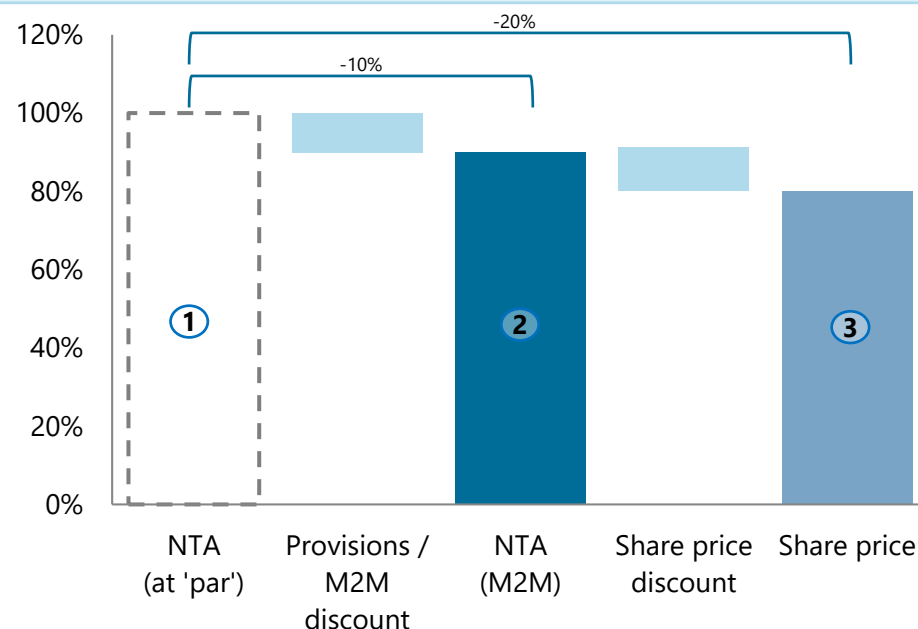
How to think about provisions in the context of the PGG portfolio (2)

Par portfolio with provisions (Bank)



1. Banks value their loan portfolios at 'par' (i.e. 100%), before provisions / M2M discounts are applied
2. Based on their expected loss and recovery rates, they then apply provisions to this value

Mark-to-Market portfolio (PGG)



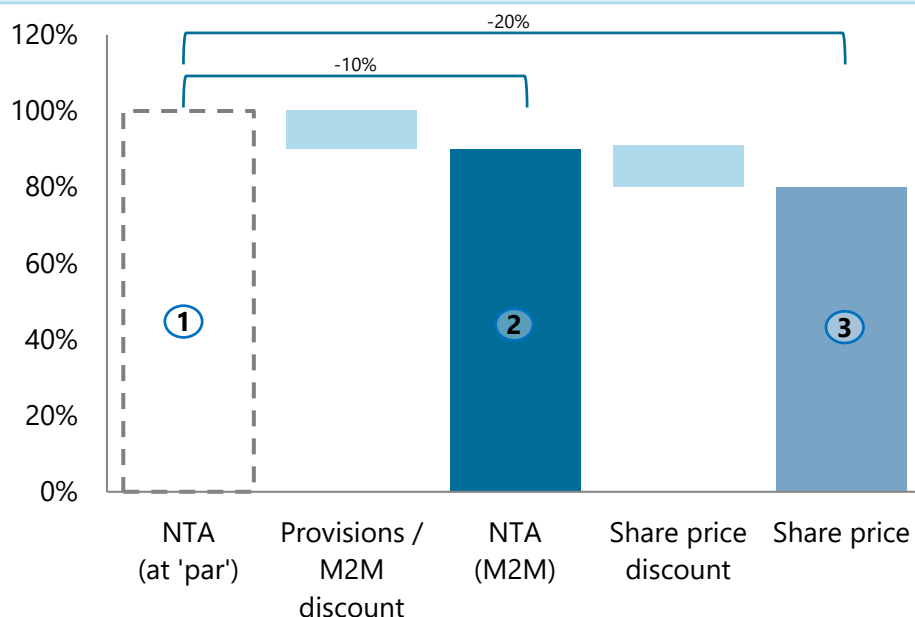
2. PGG values the loan portfolio at mark-to-market, after provisions / M2M discounts are applied
 - These provisions reflect the markets expectation of default and recovery rates
3. Any further discount to the share price reflects a 'double counting' of these provisions

Any further discounts to the NTA reflects a 'double counting' of provisions



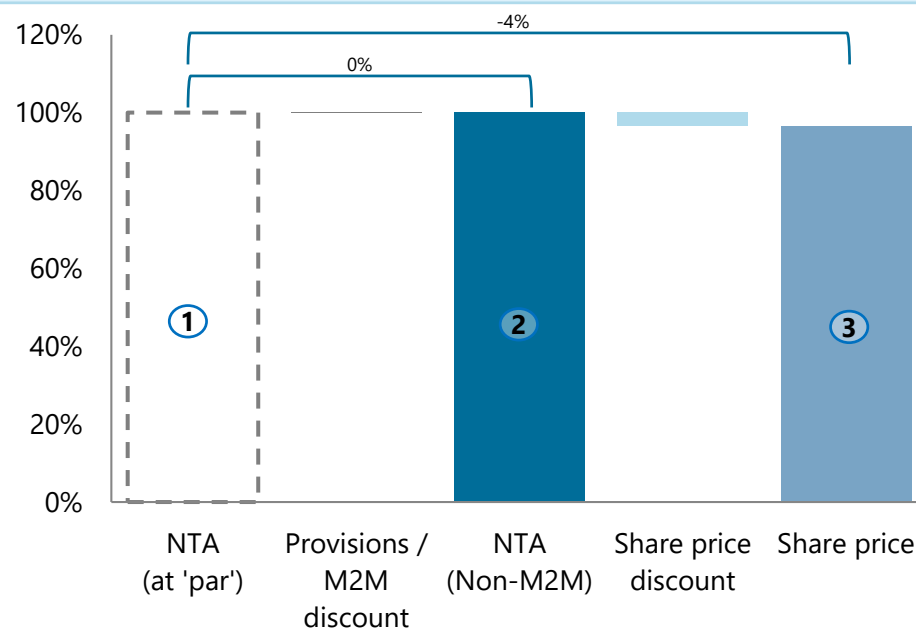
How to think about provisions in the context of the PGG portfolio (3)

Mark-to-Market portfolio (PGG)



2. PGG values the loan portfolio at mark-to-market, after provisions / discounts are applied
 - These provisions reflect the markets expectation of default & recovery rates
3. Any further discount to the share price reflects a 'double counting' of these provisions

Non mark-to-market portfolio (XYZ)



2. XYZ values their loan portfolio at par mark-to-market, before provisions / discounts are applied
 - NTA does not reflect market pricing or expected default & recovery rates
3. Expectation of default & recovery rates should be applied to the share price

Investors should be careful of non mark-to-market portfolios



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