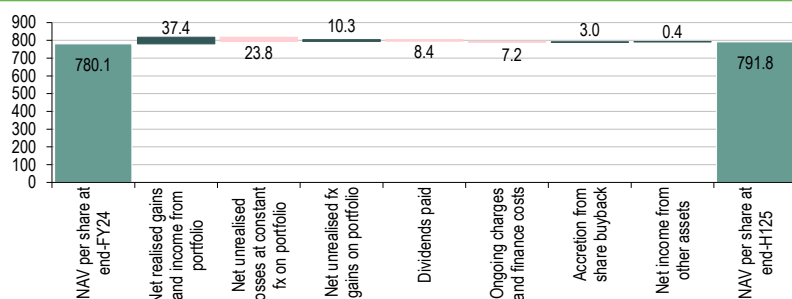


Patria Private Equity Trust

Market slowdown limited returns in H125

Patria Private Equity Trust (PPET) reported a moderate 2.6% NAV total return in H125, as its near-term return potential remains constrained by subdued private equity (PE) market activity. PE transaction volumes moderated after the tentative rebound in late 2024, primarily due to geopolitical uncertainty (most notably the US tariff turmoil). This, together with the pause in US rate cuts, led to delayed transactions and a conservative stance towards end-March 2025 portfolio valuations among general partners. That said, PPET's long-term performance remains strong with a c 14% NAV total return per year (and a 13.4% per year share price total return) over the last 10 years. While the manager plans for subdued market conditions through the rest of FY25, he remains positive in the medium term given the US\$1.2tn of dry powder accumulated across the industry, of which 24% is held for four years or more. In this context, we note PPET's maturing portfolio, half of which has been held for at least four years, potentially providing good exit opportunities when the PE markets pick up.

Exhibit 1: PPET's NAV per share bridge in H125 (p)



Source: Company data

Earnings growth intact, impact from tariffs limited

Importantly, PPET's portfolio maintains good momentum in terms of revenues and EBITDA, which among its top 100 holdings (62.6% of end-March 2025 NAV) grew by 15% and 21% on average over the 12 months to end-March 2025, respectively. Only nine of PPET's top 100 underlying portfolio companies are directly affected by US tariffs, and it expects only two will be significantly affected. PPET's portfolio values continued to be validated by exits performed at an uplift to carrying value two quarters prior, which in H125 stood at 18.9% on average (not too far off from the 2020–24 average of 25%). Consequently, PPET recorded a 37.4p per share positive NAV impact from net realised gains and income from its portfolio in H125 (4.8% of opening NAV), which was partly offset by a c 13.5p per share negative impact from net unrealised losses across the portfolio, net of fx (see Exhibit 1). PPET's H125 exits generated a healthy average multiple on invested capital (MOIC) of 2.6x.

Investment companies
Listed private equity

4 July 2025

Price **561.00p**
Market cap **£839m**

Shares in issue 149.3m
Code/ISIN PPET/GB0030474687
Primary exchange LSE
AIC sector Private equity
Financial year end 31 December
52-week high/low 568.5p 100.5p

Fund objective

Patria Private Equity Trust's investment objective is to achieve long-term total returns through holding a diversified portfolio of private equity funds and direct investments in private companies (co-investments and single-asset secondaries) alongside private equity, a majority of which will have a European focus.

Bull points

- Focus on strong relationships with top-performing European private equity managers.
- Increasing share of direct investments that offer greater control over capital deployment and are not subject to second-layer fees.
- High exposure to less cyclical sectors.

Bear points

- Macroeconomic uncertainty and limited further base rate cuts may curb global M&A volumes (and in turn private equity exit activity).
- Interest rate normalisation may reduce prospective private equity returns, put pressure on interest coverage and/or lead to refinancing issues across private equity-backed companies.
- PPET is yet to build a track record of successful exits from its direct portfolio.

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Fund distributions ahead of capital calls in H125

Despite the muted PE deal activity, PPET's fund distributions of £81.3m in H125 surpassed the £74.3m fund drawdowns (on top of which PPET deployed £32.8m into direct investments). Moreover, PPET collected £26.7m in proceeds in H125 from the £180m secondary sale carried out last year (see our [previous note](#) for details), with a further £92.9m deferred consideration due on 30 September 2025. This resulted in a broadly neutral balance of investments and realisations in H125. Together with its cash and equivalents, and the recently upsized credit facility (from £300m to £400m), PPET's total short-term resources stood at £372.6m at end-April 2025, providing solid coverage of PPET's outstanding investment commitments (£735.1m at end-April 2025, of which PPET's manager considers £88.9m unlikely to be drawn). The trust's liquid resources cover 3.8 times the £99.6m outstanding credit facilities at the underlying funds level at end-March 2025, which the manager expects to be drawn over the next 12 months.

New commitments focused on the lower mid-market

The above-mentioned secondary sale and credit facility increase led to PPET's current overcommitment ratio of 30.0% at end-April 2025 (ie at the lower end of the 30–65% target range). That said, PPET's activity in terms of new investment commitments was robust in H125 at £136.2m, including £80.9m allocated across four new primary commitments, three of which were to funds focused on the lower mid-market (companies with enterprise values of €100–500m), where PPET's manager sees the greatest potential to outperform the broader PE market. PPET made another €30m commitment to a lower mid-market fund (Latour Small Cap I) in April 2025. We consider PPET's mid-market focus and its recent emphasis on the lower end of this segment as an attractive value proposition (which we discussed in more detail in our March 2025 [review note](#)).

PPET also committed £38.8m to a new secondary investment in H125, and the manager expects a good flow of high-quality secondaries as some institutional limited partners are under pressure to realise investments due to extended holding periods. This may give the manager an opportunity to increase the share of secondaries in the portfolio from 8% at end-March 2025 to a level closer to the targeted 10–15%. This objective will be assisted by PPET's commitment to Patria's Secondary Opportunities Fund V, which is exempt from management fees at PPET's level to avoid double-charging. In March 2025, PPET upsized its original US\$25m commitment made in August 2024 to this fund by a further US\$50m.

Maintaining its dividend policy while eyeing further buybacks

PPET's manager highlighted that, assuming the significant discount to NAV persists (currently at 29.7%), the trust may pursue further buybacks once it completes the current programme (launched in January 2024), for which it earmarked up to €34.6m proceeds from the partial realisation of its co-investment in Action (PPET spent £22.6m on buybacks between January 2024 and 24 June 2025). Meanwhile, the trust maintains its progressive dividend policy, targeting an annual dividend of £17.6 per share in FY25 (up 5% y-o-y), which currently implies a solid 3.2% dividend yield. PPET's dividend track record has recently earned it AIC 'next-generation dividend hero' status.

Share of direct investments continues to increase

PPET committed £16.5m to direct investments in H125, mostly into two new investments (and a minor follow-on investment). Its direct portfolio continues to grow and now consists of 33 names making up 27.1% of its end-March 2025 NAV, up from 25.7% at end-March 2024. This compares with PPET's medium-term target of 30–35% (made up of c 35–40 holdings). While PPET did not provide value accretion and earnings momentum metrics separately for its direct investments in H125, we note that its top 10 holdings (nine of which are direct investments making up 16.0% of its NAV) grew its revenue and EBITDA by 15.0% and 23.4% over the 12 months to end-March 2025, respectively (ie consistent with its top 100 holdings). As discussed in our March review note, the next 12–24 months will provide PPET with an opportunity to validate its direct investments mandate as this part of its portfolio matures, even if some of its holdings (especially investments made in 2021) may require extended holding periods to reach the desired multiple on cost.

According to an announcement made in March 2025, the Abu Dhabi Investment Authority will acquire a significant

minority stake in European Camping Group (ECG), which will result in PPET realising the majority of its co-investment in H225, with 15% of the current holding rolled to capture further upside potential from ECG's development. PPET first invested in ECG in 2021 (valued at £14.5m at end-March 2025, implying a 2.1x net MOIC) and made a follow-on investment in 2023 (valued at £2.9m at end-March 2025, or a 1.2x MOIC). There are some further promising exit candidates, such as Wundex (a German home care provider for patients with chronic wounds, held at a net MOIC of 4.4x at end-March 2025), Spanish food distributor Uvesco (2.2x) and software business Visma (which recently selected the London Stock Exchange for its future listing, held at 2.1x). We also note that PAI is considering exit options for ice cream producer Froneri, one of PPET's top 10 exposures via a fund investment.

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