EDISON

Patria Private Equity Trust

Resilient portfolio earnings in H126

Investment companies
Listed private equity

9 July 2026

Following a robust 10.6% NAV total return in FY25, Patria Private Equity Trust (PPET) reported a moderate 3.1% NAV total return for H126 (ending March 2026) against a challenging backdrop. The Middle East conflict drove energy prices sharply higher and reignited inflationary pressures, contributing to renewed market volatility and a further slowdown in private equity exit activity. Alongside this, the sell-off in listed software stocks in February 2026 weighed on PPET's software portfolio valuations, even as underlying earnings remained robust. The share price total return of 5.5% outpaced the NAV total return of 3.1%, reflecting a modest narrowing of the discount to NAV from 34.4% to 33.1%, supported by continued accretive buybacks. Over the long term, PPET's performance remains strong, with a 10-year NAV total return of 13.4% per year.

Strong earnings growth despite challenging backdrop

PPET's portfolio return on a constant-currency basis was 2.7% in H126 (H125: 1.9%), largely driven by continued earnings growth across the underlying portfolio. Performance was notably varied by investment type in constant-currency terms: fund secondaries led with an 8.7% return, while primary funds and direct investments returned 2.2% and 1.9% respectively.

Among the trust's top 100 holdings, equating to 59.1% of portfolio NAV, average revenue and EBITDA growth reached 13.7% and 13.4% respectively in the 12 months to 31 March 2026, demonstrating the quality and resilience of the portfolio's less-cyclical, mid-market businesses. The median valuation multiple of these holdings stood at 13.4x EBITDA at 31 March 2026, compared with 13.7x at end-September 2025.

Exits of underlying portfolio companies during the period were completed at an average uplift of 4.8% to the carrying value two quarters prior (H125: 18.9%), with a headline realised return of 1.8x cost (H125: 2.6x). While notably lower than last year, maintaining a positive average uplift amid a broader private equity slowdown reflects the portfolio's underlying resilience.

Software valuations were a notable headwind in H126. 19.5% of PPET's portfolio comprises software companies, the vast majority in B2B vertical software, and the decline in listed software stocks in February 2026 fed through into private equity software valuations. However, Alan Gauld, PPET's lead investment manager, highlighted that PPET's software holdings are largely in businesses with high switching costs, proprietary data and domain expertise, which are characteristics associated with resilience to AI disruption. The trust's software exposure is also diversified, with only four software holdings at or above 1.0% of net assets. PPET's largest single software exposure is Visma at 2.1% of NAV; although its planned IPO is delayed, the manager suggests there may be an opportunity to realise part of the position in the near term.

For further detail on the changes to private software valuations in Q126, see our recent update note on HgT.

Price		**620.00p**
Market cap		**£907m**
Shares in issue		146.3m
Code/ISIN		PPET/GB0030474687
Primary exchange		LSE
AIC sector		Private equity
Financial year end		30 September
52-week high/low	642.0p	508.1p

Fund objective

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

Bull points

- Focus on strong relationships with top-performing European PE managers.
- Increasing exposure to direct investments, including co-investments and PCPF, with favourable fee economics and greater control over capital deployment
- High exposure to less cyclical sectors.

Bear points

- Worsening investor sentiment in private credit markets may influence debt refinancing conditions for PE-backed companies.
- PPET's software exposure may be affected by investor fears over AI disruption
- PPET has just started building a track record of successful exits from its direct portfolio.

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Exhibit 1: PPET's discrete performance data versus selected public indices in TR, sterling terms (%)

12 months ending	PPET's NAV	PPET's share price	MSCI Europe Small Cap Index	UK All-share
31/03/22	38.2	22.4	1.4	13.0
31/03/23	8.4	(18.0)	(4.9)	2.9
31/03/24	6.7	34.4	7.8	8.4
31/03/25	2.5	7.5	1.9	10.5
31/03/26	12.4	6.7	17.3	21.5

Source: Company data, LSEG Data & Analytics, Edison Investment Research

Active deployment across primary funds, secondaries and direct investments

PPET made new commitments of £175.9m in H126 (H125: £136.2m), a notably higher level of deployment, reflecting the manager's view that the current environment is creating attractive entry opportunities at favourable pricing. The manager noted, however, that H226 is expected to be a quieter period in terms of new commitments.

Primary fund commitments of £85.3m were allocated across five new funds, four of which are focused on technology strategies (Hg Mercury 5, One Peak IV, Expedition Growth Capital III and Hg Genesis 11), with the fifth being Triton Smaller Mid-Cap III (a pan-European lower mid-market fund targeting business services, industrial and healthcare). The manager emphasised that the technology skew in H126 primary commitments is coincidental rather than a deliberate tilt, and that he expects the remainder of FY26 to be more focused on non-technology strategies.

A secondary investment commitment of £33.0m related to the final tranches of the Project Captain secondary transaction, comprising a portfolio of 13 fund interests and one direct investment. PPET also gained exposure to six additional secondary investments via its commitment to Patria Secondary Opportunities Fund V (SOF V), which continues to perform well.

Direct investment commitments totalled £57.5m, including three new direct investments:

- Omilia, which specialises in conversational AI software.
- AlphaPet, a pan-European premium pet food platform.
- Bluu Unit, a German commercial HVAC services business.

There was also a £36.8m commitment to Patria Co-investment Partnership Fund I (PCPF), a Patria-managed vehicle focused on European mid-market direct co-investments, which, importantly, is excluded from PPET's 95bp management fee calculation, avoiding double-charging. Going forward, PPET will deploy into direct investments both directly and via PCPF, aiming to provide a more systematic and consistent approach to capital deployment.

Net positive cash flow as realisations outpace drawdowns

Realisations totalled £125.6m in H126 (H125: £108.0m), comprising £106.5m of portfolio distributions and £19.1m from the partial secondary sale of PPET's direct co-investment in Action (achieved at 100% of the Dec 2025 carrying value). PPET also completed the second full exit from its direct investment portfolio, with the sale of Uvesco, a leading Spanish premium grocer, generating proceeds of £15.1m at a 2.1x multiple on invested capital, after a four-year hold alongside lead investor PAI Partners. Drawdowns of £95.6m were below H125 levels (£107.0m), as heightened geopolitical uncertainty moderated underlying fund deployment, and PPET generated net positive cash flow for the period.

In line with broader industry practice, the general partners of PPET's underlying funds draw on credit facilities at the fund level to defer capital calls from PPET and other limited partners, thereby optimising the internal rate of return. Of PPET's £824.9m in total outstanding commitments, the manager estimates that approximately £125.0m is currently held within these facilities, representing exposure that is expected to be largely drawn over the next 12 months. The overcommitment ratio increased to 39.4% (30 September 2025: 33.8%), remaining comfortably within the long-term target range of 30–65%.

Notably, the prolonged slowdown in private equity exit activity has resulted in PPET's portfolio becoming more mature, with 61% of underlying companies now held for four years or more, equating to approximately £848m of portfolio value that is technically ripe for realisation.

PPET's direct investment portfolio, which now stands at 45 holdings, continues to mature, with several assets progressing into later stages of development and positioned for exit once market conditions normalise.

Balance sheet well positioned, with £276.7m of available resources

PPET's balance sheet remains solid. Available resources (cash and undrawn credit facility) stood at £276.7m as of 31 March 2026 (30 September 2025: £294.2m), with net gearing increasing modestly to 9.7% (30 September 2025: 8.4%) as the credit facility was drawn to fund new investments. PPET's £400m revolving credit facility, provided by a syndicate of banks, is due to expire in February 2028, with extension options of up to a further two years.

The board has continued to execute its accretive share buyback programme, repurchasing 1.9m shares in H126 at a total cost of £11.3m. Since the programme commenced in January 2024, buybacks of 7.5m shares have further enhanced NAV per share for remaining shareholders as at 25 June 2026. The board has proposed a full-year dividend of 18.4p for FY26 (FY25: 17.6p), representing a 4.5% increase and the 12th consecutive year of dividend growth, equating to a 3.0% dividend yield at the current share price. PPET maintains its AIC 'Next Generation Dividend Hero' status.

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