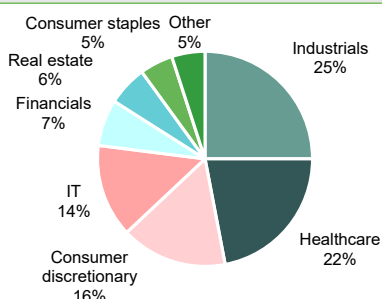


Partners Group Private Equity

Seeking to accelerate value creation

A notable positive of Partners Group Private Equity's (PEY's) FY25 results was the considerable level of realisation proceeds of €227.3m (c 22% of opening NAV), supporting new investments, its attractive dividend policy and limited buybacks. However, PEY's NAV total return (TR) performance was disappointing with an 8.7% decline in 2025, although this included a 5.7pp negative fx impact from the depreciating US dollar. Idiosyncratic headwinds at three portfolio holdings were a major negative contributor. That said, Partners Group (PG, PEY's investment manager) has recently seen an acceleration in value accretion across its 2021–23 vintages (which was initially slow) and is optimistic about its investments made in 2024–25. We also note that PG has consistently kept PEY's exposure to software companies below that of private equity (PE) peers, now below 10%.

Exhibit 1: A balanced portfolio with moderate exposure to software



Source: Partners Group Private Equity data

Rebounding activity in PE markets

The PE deal environment has been improving lately, as the tentative recovery that began in late 2024 and was interrupted by the US tariff turmoil resumed in H225, with both transaction and exit activity across global PE markets rebounding significantly. Global buyout deal value increased by 44% to \$904bn in 2025, aided by monetary easing, a substantial level of PE dry powder (\$1.3tn in 2025) and improved conditions for large public-to-private transactions, according to Bain & Company's Global Private Equity Report 2026, although we note that megadeals (ie transactions of \$10bn or more) were the main driver of this increase. This may support further realisation activity across PEY's portfolio in 2026, subject to any impact from the war in the Middle East.

Further board measures on the horizon

A potential positive catalyst for PEY's shares could be the announcement of new measures by the board at the next AGM (expected to be held on 18 June) aimed at providing liquidity for investors at a narrower discount to NAV, while offering long-term investors an attractive proposition. This could be further supported by continued momentum in realisations in 2026 (with €56m of contracted distributions at end-Q126), a potential pick-up in value creation across the portfolio and previous shareholder-friendly measures such as the renegotiation of PEY's fee structure.

Investment companies
Listed private equity

22 April 2026

Price €8.90
Market cap €603m

Shares in issue 67.7m
Code/ISIN PEY/GG00B28C2R28
Primary exchange LSE
AIC sector Private equity
Financial year end 31 December
52-week high/low €10.9 €8.6

Fund objective

Partners Group Private Equity is an investment holding company domiciled in Guernsey that mainly provides equity capital to private companies in the middle and upper-middle market. Its portfolio consists mostly of direct investments, and it has a small portfolio of legacy third-party fund investments that is currently in run-off. It aims to provide shareholders with long-term capital growth and an attractive dividend yield.

Bull points

- Attractive dividend policy and a well-structured buyback framework.
- Focus on transformative trends in various 'foundational' subsectors of the real economy and an entrepreneurial governance approach.
- Strong exit pipeline and potential for substantial buybacks.

Bear points

- NAV total return below peer average in recent years.
- Worsening investor sentiment in private credit markets may influence debt refinancing conditions for PE-backed companies.
- Portfolio exposed to a potential further depreciation of the US dollar against the euro.

Analyst

Milosz Papst +44 (0)20 3077 5700

investmenttrusts@edisongroup.com

[Edison profile page](#)

**Partners Group Private Equity
is a research client of Edison
Investment Research Limited**

Focus on improving earnings growth across the portfolio

PEY reported an 8.7% NAV TR decline in euro terms in FY25, with most of the fall coming from adverse fx movements (5.7pp) due to the depreciation of the US dollar against the euro (PEY's US dollar exposure made up 38% of its end-February 2026 portfolio). Performance at constant currency was also muted, with a modest 0.7% NAV accretion from value creation across PEY's portfolio. PG highlighted that there were three holdings that faced idiosyncratic challenges that weighed on PEY's performance and had a 5.1pp negative NAV impact: **KinderCare Learning Companies** (a listed US childhood education services provider), **Ammega** (a provider of belting solutions) and **Pharmathen** (a contract development and manufacturing organisation for complex generic drugs).

The share price of KinderCare Learning Companies (1% of end-2025 NAV) was adversely affected by sector-wide funding concerns (following the closure of the US Department of Education) and the impact of broader macroeconomic headwinds on enrolment levels. PG also highlighted that KinderCare's management was slow to respond to the issues and therefore PG recently made leadership changes at the company.

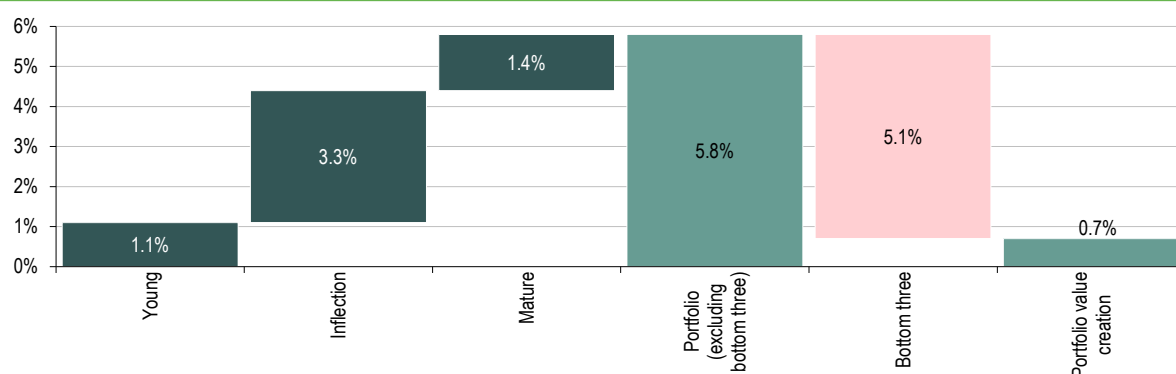
Ammega (4.1% of end-February 2026 NAV) was hit by a prolonged industrial slowdown in North America, which, coupled with higher input costs and tariffs, resulted in a modest EBITDA decrease in 2025. PG highlighted the implementation of growth initiatives from 2026 onwards, covering the strengthening of its go-to-market strategy and portfolio simplification, among others.

Pharmathen (1% of end-2025 NAV) faced disruption to its manufacturing operations between late 2024 and early 2025 and an FDA inspection in Q425, which identified gaps that need to be addressed by the company. Pharmathen is now executing its remediation and quality improvement plan, with an FDA response expected in Q226. The company aims to re-launch its operations in H226. These measures are coupled with upgrades to the company's strategic leadership.

PEY's portfolio performance at constant currency excluding these three holdings would have been 5.8% (see Exhibit 2), still somewhat below the desired through-the-cycle figure, but this needs to be put in the context of the less favourable broader market backdrop in 2025, especially in the first half of the year.

PEY's NAV TR in the first two months of 2026 was -2.8%, driven in particular by a decline in share prices of PEY's listed holdings and lower valuation of United States Infrastructure Corporation.

Exhibit 2: PEY's return attribution analysis FY25 by type of holding



Source: Company data

The weighted average last 12-month EBITDA growth across PEY's top 20 holdings in 2025 stood at 7.2%, including 6% from the 2021–23 vintages. This is below PG's expectations and the manager highlighted that it is working hard on accelerating earnings growth across the portfolio, including through AI adoption (PG highlights that 90% of portfolio companies have embedded AI in their core business models). Bain & Co recently highlighted in its Global Private Equity Report 2026 that generating a multiple on invested capital (MOIC) of 2.5x over a five-year holding period (a desired outcome for PE managers) now requires annual EBITDA growth closer to 10–12% compared to 5% in the low-rate environment 10 years ago.

The weighted average EV/EBITDA multiple used to value PEY's top 20 direct investments stood at 16.6x at end-2025 compared to 21x at end-2024, though the comparison may be distorted by differences in portfolio composition between these periods (especially given PEY's high realisation activity last year). PG highlighted that it feels comfortable with this valuation level. Bain & Co's recent survey (conducted in December 2025 and January 2026, that is before the sell-off in

public software stocks) indicated that 79% of general partners expect purchase price multiples to stay flat in 2026.

Average net debt to EBITDA across the top 20 holdings stood at 6.1x at end-2025, which PG considers a reasonable level. The debt maturity profile across PEY's portfolio companies as at end-2025 is not available. We note that investor sentiment across private credit markets has deteriorated recently, but one of the important drivers of this has been concerns about AI disruption of software, to which PEY has less exposure than the broader PE industry.

PEY's longer-term performance remains below peers, which PG and PEY's chair attribute to several factors, including PEY's overweight to challenging vintages that have been particularly affected by broader PE market headwinds, such as higher entry valuations and borrowing costs.

Exhibit 3: PEY's performance* remains below the peer average

%	Market cap (€m)	NAV TR (1-year)	NAV TR (3-year)	NAV TR (5-year)	NAV TR (10-year)	Discount	Ongoing charge	Performance fee	Latest net gearing	Dividend yield
Partners Group Private Equity	603	(8.7)	3.6	21.7	117.1	(29.5)	2.3	Yes	100.0	8.4
HgCapital Trust	1,997	(1.6)	29.5	100.3	304.9	(31.7)	1.5	Yes	100.9	1.3
GIMV	1,791	1.2	26.5	43.0	87.0	(11.7)	3.9	Yes	100.0	5.3
Oakley Capital Investments	951	0.8	15.1	95.9	244.5	(32.5)	3.1	Yes	110.7	0.0
NB Private Equity Partners	697	(5.7)	0.0	52.8	147.9	(38.4)	1.9	Yes	103.7	4.8
Deutsche Beteiligungs	482	5.3	20.0	42.6	122.5	(29.5)	NM**	Yes	133.1	3.9
HarbourVest Global Private Equity	2,580	(2.1)	10.0	94.1	218.5	(25.8)	1.0	Yes	111.6	0.0
Pantheon International	1,848	(4.1)	11.1	71.0	165.4	(27.2)	1.4	Yes	109.8	0.0
Patria Private Equity Trust	1,020	3.9	22.7	98.2	219.2	(30.2)	1.1	No	109.8	2.9
ICG Enterprise Trust	961	1.9	11.5	86.5	191.6	(34.4)	1.4	Yes	106.5	2.7
CT Private Equity Trust	411	(0.8)	14.4	81.9	193.2	(29.5)	1.2	Yes	119.0	5.6
Peer average	1,274	(0.1)	16.1	76.6	189.5	(29.1)	-	-	110.5	2.7
Rank	9	11	10	11	10	5	-	-	10	1

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

Note: Net gearing is total assets less cash and equivalents as a percentage of net assets. *12-month NAV total return (TR) performance in euro terms based on end-December 2025 or latest earlier available NAV. **Deutsche Beteiligungs' ongoing charges are lower than the company's fee income. Ongoing charges as calculated by The Association of Investment Companies (AIC).

Exhibit 4: Five-year discrete performance data

12 months ending	Share price (%)	NAV (%)	MSCI World Small Cap (%)	MSCI World (%)
31/12/2021	29.5	19.5	25.0	31.6
30/12/2022	(39.6)	(1.7)	(13.0)	(12.3)
29/12/2023	32.2	1.8	12.4	20.2
31/12/2024	10.0	11.5	15.9	27.2
31/12/2025	5.3	(8.7)	6.2	7.2

Source: Partners Group Private equity data, LSEG Data & Analytics. Note: All % on a total return basis in euros.

A strong level of liquidity events in 2025

PEY received €227.3m in realisation proceeds in FY25, equating to 22% of opening NAV, broadly in line with the historical average of 21% of opening NAV per year (see Exhibit 5). This includes c €55m exit proceeds from listed assets, primarily Vishal Mega Mart, Galderma and Global Blue. It allowed PEY to reduce the average holding period across its portfolio to below five years. We discussed PEY's major realisations in our ['Uncovering Trusts' podcast episode](#) in March 2026, as well as in our [previous research notes](#) on PEY.

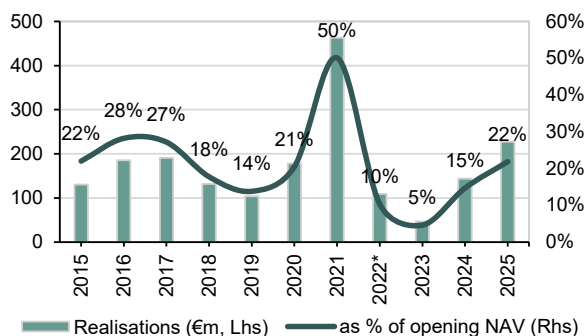
PEY achieved a strong weighted average MOIC of 2.7x on its 2025 realisations, but this value largely accrued in previous periods, therefore providing limited valuation tailwinds in 2025. We note that PEY updates valuations across its entire portfolio every month, therefore leaving limited hidden reserves upon the realisation of the holding versus last carrying value. However, it can recognise an uplift to the last unaffected carrying value (ie a holding's valuation prior to the launch of a sales process).

PG entered 2026 with a mid-teen percentage exposure to listed equities, which has likely come down subsequently, as PEY participated in another block trade in Vishal Mega Mart in February 2026 and fully sold down its holdings in the listed Galderma and GlobalBlue.

PEY invested €102.4m in 2025 (see Exhibit 6), of which €39.0m constitutes partial re-investments of exit proceeds into the same businesses (PCI Pharma Services, International Schools Partnership (ISP) and Techem). In the first

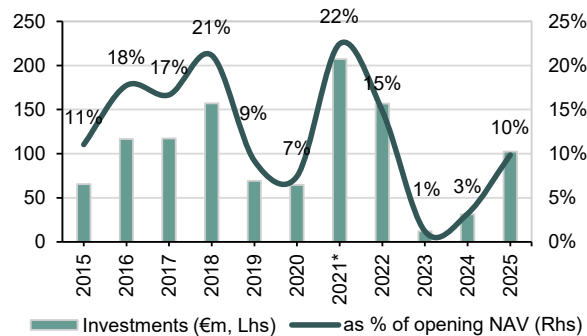
nine months of 2025, the company was quite selective and invested only €41.6m, of which around half was deployed in Q3, mostly into six new investments including MPM Products, a global premium pet food company, and Restor3d, a medtech company providing patient-specific 3D-printed musculoskeletal implants. The investment pace picked up in Q4'25, with around €61m deployed, mostly due to the above-mentioned re-investments. Major new investments included an undisclosed US healthcare provider and Infinity Fincorp Solutions (an Indian non-bank lender serving under-banked small business owners). In January 2026, PEY invested €3.2m into an undisclosed manufacturer of submetering devices. PG believes that the current investment pipeline should allow the company to reach an investment pace closer to the historical average 10–15% of NAV per year.

Exhibit 5: PEY's historical realisations



Source: Partners Group Private Equity data, Edison Investment Research. Note: *Excluding €132.2m redemptions of senior loans.

Exhibit 6: PEY's historical investments



Source: Partners Group Private Equity data, Edison Investment Research. Note: *Excluding €132m senior loan investments.

PEY's investments, together with the full repayment of its credit facility as well as dividend payments, resulted in a broadly neutral cash flow for 2025. That said, the company has already initiated the first buybacks under its current capital allocation framework. It announced a buyback programme of up to €15m on 8 October, which initially was implemented over the period to end-January 2026 but recently was extended to the end of April 2026. The volume of this buyback is higher than what the company's marginally positive free cash flow as of end-September 2025 of around €5.4m would imply. PEY's available resources at end-February 2026 consisted of €32.2m of cash and an undrawn credit facility of €150m, which fully covered PEY's outstanding investment commitments of €119.8m as of end-2025. PG expects €60–70m of these commitments to be funded over the next two to four years, with the remaining portion to remain unfunded.

PEY experienced further robust cash flow from liquidity events in Q1'26, with contracted distributions of €56m, coupled with a more muted new investment activity of €12m. As a result, PEY's free cash flow at end-March 2026 reached €24m and, given that its shares traded at a discount of more than 30%, the company allocated €18m (or 75% of the Q1'26 free cash flow) to further share repurchases, in addition to the remaining €1.6m capital allocated under the previous buyback programme that was yet to be spent as of the time of PEY's announcement (8 April). The combined €19.6m programme will expire on 31 July 2026.

2021–23 vintages improving, 2024–25 vintages promising

PG admitted that value creation for the 2021–23 vintages overall took longer than initially expected, as some of these holdings were affected by factors such as higher interest rates, rising labour costs and supply chain disruptions. EBITDA growth averaged 6% in 2025 across this cohort. This group consists of more than 35 direct assets that made up 46% of end-2025 NAV and were on average valued at a 1.4x gross MOIC. That said, PG indicated that it is seeing an acceleration in value creation and returns and now refers to this group of assets as '**inflection vintages**'. There are pockets of particular strength as more than 20% of the amount invested in these vintages is performing ahead of the underwriting plan. Top holdings in this bucket by value include:

- **Emeria**, a provider of real estate services and technologies with a strong footprint in France and the UK (6.9% of PEY's end-February 2026 NAV), which recently introduced an in-house AI-augmented tool to identify customer opportunities.
- **Diversitech**, a producer of parts and supplies for US residential heating, ventilation and air conditioning (5.8%), which introduced a nimble pricing model, leading to improved gross margins. It is also progressing on its agenda to

digitalise customer experience and has started building a European platform.

- **Foundation Risk Partners** (3.2%), a US insurance brokerage and consulting firm.
- **Forterro**, a pan-European enterprise resource planning software provider to small and mid-sized manufacturing businesses (3.0%). We note that PEY's overall software exposure is below 10%, and many of its holdings benefit either from data-specific or vertical-specific moats, including Forterro, VelocityEHS, SHL and Precisely.
- **United States Infrastructure Company** (2.4%), a North American provider of underground utility locating services.

PG also highlighted encouraging developments across its **26 younger holdings (2024 and 2025 vintages)**, which at end-2025 accounted for 15% of NAV and were held at an average gross MOIC of 1.1x. PG noted that the entry EV/EBITDA multiples for this group were lower by one to three times EBITDA compared to its holdings in the inflection portfolio. These holdings delivered an average EBITDA growth of 15% in 2025, and a gross internal rate of return of over 20% (fx adjusted) since initial investment.

A notable example in this group is VelvetCare, a leading manufacturer of hygiene paper products in Central and Eastern Europe, which, according to PG, significantly outpaces its competitors in terms of production efficiency. It is now building a greenfield plant to service the DACH region. PEY currently values its stake at a gross MOIC of 1.7x despite a holding period of less than two years.

The remaining 39% of PG's portfolio (held on average at a 2.5x gross MOIC) is in more mature assets, including Clario (3.0% of end-February 2026 NAV), the sale of which was announced in 2025 (and completed in March 2026) and the above-mentioned Vishal Mega Mart (6.6%).

PG currently expects a limited first-order impact on PEY's portfolio from the war in the Middle East, with a minor potential impact on eight of its 65 direct investments and no exposure to energy-intensive businesses. However, the manager noted that the war may have a negative near-term impact on deal activity across PE markets.

New board measures to be announced at the AGM in June

PEY's shareholder proposition includes a well-established dividend policy of paying out 5% of the prior year's closing NAV, which it has been able to deliver since 2011 with few exceptions, providing shareholders with a reliable income stream and now offering a dividend yield of c 8.4%. It also introduced a new capital allocation framework in March 2024, which informs the company's decisions with respect to share buybacks (we discuss the framework in detail in our previous notes). Moreover, the board renegotiated PEY's fee structure last year with a favourable change to the base for calculating its management and performance fee.

Given PEY's weak NAV TR performance in recent years, the chairman of PEY's board announced that the board is discussing with PG and PEY's advisers what options might establish a satisfactory path forward that balances achieving liquidity for investors at a narrower discount to NAV, while providing long-term investors with an attractive proposition. The board will update shareholders on its assessment at the AGM, expected to be held on 18 June 2026.

General disclaimer and copyright

This report has been commissioned by Partners Group Private Equity and prepared and issued by Edison, in consideration of a fee payable by Partners Group Private Equity. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

Accuracy of content: All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

Exclusion of Liability: To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

No personalised advice: The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

Investment in securities mentioned: Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright 2026 Edison Investment Research Limited (Edison).

Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.
