EDISON

Patria Private Equity Trust

Resilient portfolio awaiting recovery in exits

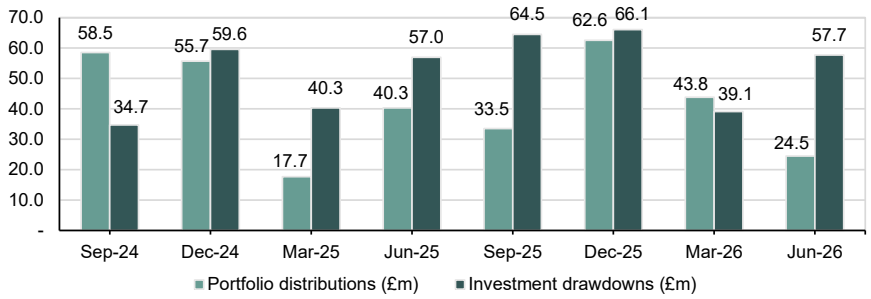
Investment companies
Listed private equity

4 November 2026

Price	**606.00p**
Market cap	**£880m**
Shares in issue	145.4m
Code/ISIN	PPET/GB0030474687
Primary exchange	LSE
AIC sector	Private equity
Financial year end	30 September
52-week high/low	637.1p 532.5p

Patria Private Equity Trust (PPET) delivered an estimated NAV total return (TR) of 4.4% in sterling terms in the nine months to end-June 2026 (9M26), supported by continued earnings growth across its underlying private equity (PE) portfolio. The share price TR was stronger at 13.2%, only slightly below the UK index's 14.1%, as the discount to NAV narrowed from 34.4% at end-September 2025 to 29.3%. PPET's realisations of £150.1m in 9M26 broadly matched drawdowns of £153.3m, despite weaker distributions in the latest quarter. Meanwhile, the trust maintained an active investment programme, making £228.7m of new commitments. Net gearing increased from 8.4% at end-September 2025 to 13.3% at end-June 2026, although PPET retained £230.7m of cash and undrawn credit facilities.

Exhibit 1: PPET's quarterly portfolio realisations and drawdowns



Source: Patria Private Equity Trust's monthly NAV estimate announcements (or quarterly announcements where monthly figures are unavailable).
Note: Figures calculated using the monthly figures may differ from subsequently reported quarterly/annual figures. Portfolio distributions include proceeds from direct-investment exits but exclude secondary sales of fund interests or direct investments.

European PE exit markets remain selective

The recovery in PE exit activity remains uneven, with overall volumes still muted and driven by a few large transactions. European exit value fell in calendar Q326 by 25.2% q-o-q, according to PitchBook, even as global exit activity improved, suggesting that a broad-based recovery remains some way off. This may delay distributions from PPET's mature holdings, although its mid-market focus offers a range of potential exit routes, including sales to strategic buyers and larger PE funds. While the manager expects meaningful realisations in the near term, including from its maturing direct portfolio, we believe it possible that the broader European exit market recovery may take longer.

Why consider PPET now?

We consider PPET's main attractions to be its relationships with leading, increasingly sector-specialised European PE managers, its focus on mid-market businesses offering opportunities for operational value creation and its diversified exposure to predominantly profitable, cash-generative companies. These strengths have contributed to a 10-year annualised NAV TR of 12.6% to end-June 2026. PPET also offers a progressive quarterly dividend and NAV-accretive buybacks. The wide discount is a potential source of shareholder upside, with a sustained recovery in exits offering a catalyst for a re-rating, although its timing remains uncertain.

Fund objective

PPET's investment objective is to achieve long-term total returns through investing in and managing a diverse portfolio of private equity investments, principally focused on the European mid-market.

Bull points

- Focus on strong relationships with established, specialist European PE managers.
- Increasing exposure to direct investments, including co-investments and Patria Co-investment Partnership Fund I, with favourable fee economics and greater control over capital deployment
- High exposure to less cyclical sectors.

Bear points

- Continued weak realisation environment.
- 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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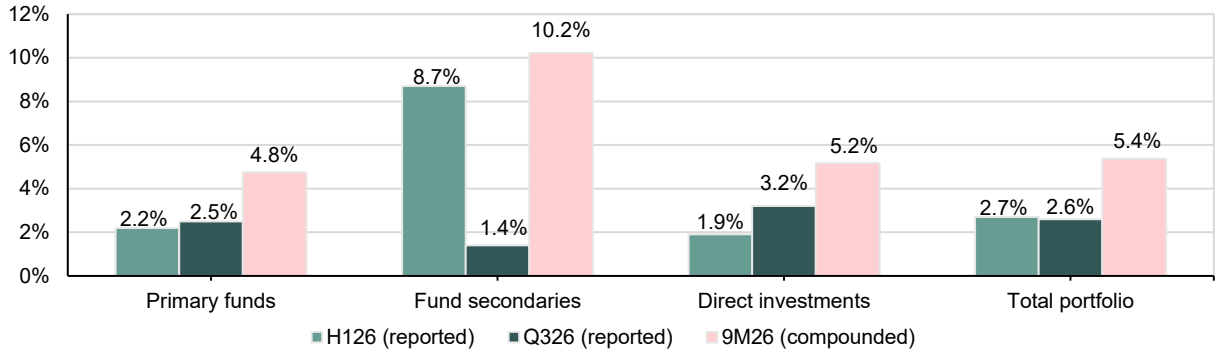
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Underlying earnings growth continues to support NAV

PPET's 9M26 NAV TR of c 4.4% comprised 3.1% in H126 and a further 1.3% in Q326. On a rolling 12-month basis to end-June 2026, NAV TR was 9.3%. The underlying portfolio continued to appreciate despite a challenging environment for PE valuations, returning 2.7% in constant currency in H126 and 2.6% in Q326, equivalent to c 5.4% on a compounded basis (see Exhibit 2). Fund secondaries led with an estimated 9M26 return of c 10%, compared with c 5% for primary funds and direct investments. In Q326, adverse currency movements reduced the portfolio return from 2.6% in constant currency to 1.4% in sterling. NAV TR also reflects management and financing costs, other assets and liabilities, dividends and the accretion from buybacks.

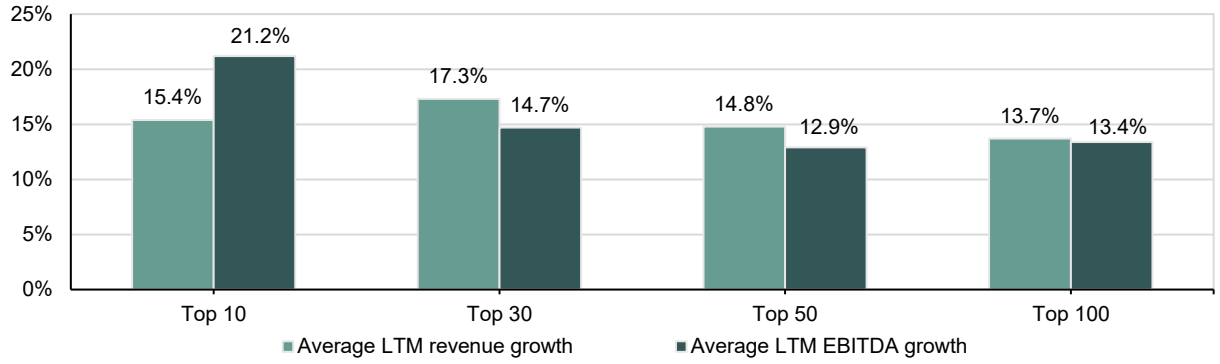
Exhibit 2: Constant-currency portfolio returns by investment type



Source: Patria Private Equity Trust, Edison Investment Research
June 2026 update incorporated 96.5% of underlying quarter-end valuations. 9M26 figures are calculated by Edison and subject to rounding errors.

Operating performance across PPET's largest holdings remained encouraging. Among the top 100 underlying companies, representing 59.1% of portfolio NAV, average revenue and EBITDA increased by 13.7% and 13.4% y-o-y, respectively, over the 12 months to end-March 2026 (the latest available data, see Exhibit 3). Their median valuation multiple declined from 13.7x EBITDA at end-September 2025 to 13.4x at end-March 2026, while median leverage was 4.0x EBITDA. While this may be subject to mix effects, we believe it still suggests that earnings growth, rather than rising valuation multiples, has been the principal support for portfolio appreciation. We consider this particularly relevant as higher financing costs across PE markets versus pre-2022 levels and selective buyer demand constrain the contribution from leverage and multiple expansion.

Exhibit 3: Last 12-month revenue and EBITDA growth to end-March 2026 across PPET's top underlying portfolio holdings



Source: Patria Private Equity Trust

Software valuations remain an area to watch

Software has been a source of valuation pressure in 2026 following the correction in listed software stocks amid concerns about disruption from AI. Software companies accounted for 19.5% of PPET's portfolio value at end-March 2026, mainly in specialist B2B applications. The manager believes these businesses are relatively well-placed to manage AI disruption given their high switching costs, proprietary data and integration into customers' workflows. We agree that these characteristics may provide competitive advantages but believe the impact on pricing power and long-term growth will vary considerably across individual businesses.

Visma, PPET's largest software holding at 2.2% of NAV at end-June, provides encouraging evidence of operating momentum. Its annualised recurring revenue rose by 18.7% y-o-y to €3.1bn in H126, including 13.0% organic growth, while adjusted EBITDA increased by 19.2% y-o-y. Customers accounting for 40% of recurring revenue have access to embedded AI capabilities, although this does not represent revenue generated directly by AI. Elsewhere in the portfolio, the discount retailer Action (PPET's third-largest underlying portfolio company making up 1.6% of end-June 2026 NAV) reported sales and operating EBITDA growth of 14% and 13% y-o-y, respectively, for the six months to end-June 2026.

Realisations broadly matched drawdowns in 9M26

PPET generated realisations of £150.1m in 9M26, compared with c £148.3m in 9M25 and equivalent to c 12% of opening NAV. This included £131.0m of distributions from underlying investments (9M25: c £121.6m) and £19.1m from the partial secondary sale of its direct investment in Action (9M25 secondary sales: £26.7m). Drawdowns were slightly lower y-o-y at £153.3m (9M25: c £164.0m), resulting in a modest net portfolio investment outflow of £3.2m, compared with £15.7m in the prior-year period. Excluding secondary-sale proceeds, ordinary distributions alone were £22.3m below drawdowns. Even so, we consider the broadly balanced nine-month cash flows encouraging given the subdued exit environment.

As shown in Exhibit 1, quarterly distributions and capital calls are inherently uneven. Ordinary distributions slowed to £24.5m in Q326, from £43.8m in the preceding quarter, while drawdowns reached £57.7m. We would caution against extrapolating the latest quarter, given stronger distributions earlier in the financial year. PPET has also demonstrated its ability to generate liquidity through selective secondary sales, although these are distinct from distributions following exits of underlying portfolio companies.

Recent exits provide some valuation reassurance

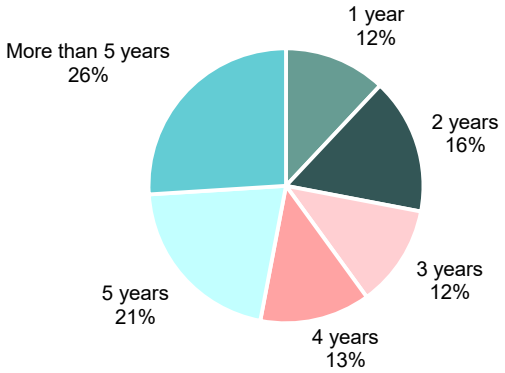
Several realisations offer evidence of the valuations achieved for selected underlying assets. In H126, PPET sold its direct stake in Spanish food retailer Uvesco for £15.1m, realising 2.1x invested capital after a four-year holding period. This was its second completed full exit from the direct investment portfolio. PPET also received £19.1m from a partial sale of Action at its end-December 2025 carrying value, while retaining exposure to the business. Other notable realisations included Froneri, Etraveli and Clario.

In H126 (the latest available data), underlying portfolio-company exits achieved an average uplift of 4.8% to their carrying values two quarters earlier, compared with 18.9% in H125. The realised return also declined to 1.8x cost from 2.6x. Although positive uplifts provide some reassurance about PPET's carrying values, the reduction highlights a more challenging environment for crystallising gains.

A mature portfolio offers potential for higher distributions

At end-June 2026, 47% of underlying portfolio-company value related to investments held for five years or more (see Exhibit 4), following several years of subdued PE exit activity. PPET's mid-market exposure and specialist manager relationships offer a range of potential exit routes. Nevertheless, these older investments are not necessarily all ready for sale: timing, buyer appetite and achievable prices remain uncertain. We would therefore view a broader range of completed disposals, rather than a few selected transactions, as stronger evidence that the exit backlog is clearing.

Exhibit 4: PPET's portfolio structure by age as at end-June 2026



Source: Patria Private Equity Trust

Financial flexibility supported continued investment

PPET maintained an active investment programme in 9M26, making £228.7m of new commitments, equivalent to c 18% of opening NAV. This included £125.4m in primary funds, £45.8m relating to fund secondaries and £57.5m in direct investment strategies. New commitments totalled £175.9m in H126 (H125: £136.2m), followed by a further £52.8m in Q326. We believe maintaining investment activity through the current cycle may provide exposure to attractive new vintages, as primary commitments are gradually deployed.

Continued focus on specialist mid-market managers

Recent primary commitments included Hg Mercury 5, Triton Smaller Mid-Cap III and, in Q326, Investindustrial Lower Mid-Market IV and two Seidler Equity Partners funds. The trust also acquired secondary interests through Project Captain and Project Hamachi. Within direct investment strategies, PPET committed £36.8m to Patria Co-investment Partnership Fund (PCPF) I alongside new direct investments in Omilia (conversational AI software), AlphaPet (premium pet food) and Bluu Unit (commercial heating, ventilation and air conditioning services). The Patria-managed co-investment fund is intended to provide more consistent deployment in direct investments; importantly, its value is excluded from PPET's own management fee calculation, avoiding double charging at the listed-company level. As a cornerstone investor, PPET has secured a favourable fee arrangement such that direct investments made via PCPF I will incur lower total fees than direct investments made directly by PPET. The trust's listed-vehicle management fee is 0.95% of NAV, with no additional trust-level performance fee (its annualised ongoing charges ratio was 1.07% at end-June 2026).

At end-June, primary funds represented 64.0% of PPET's portfolio, direct investments 25.4% and secondaries 10.6%. The manager's 2030 target allocations are 50–60% primaries, 30–35% directs and 10–15% secondaries. We view this combination as providing useful flexibility in sourcing investments at different points in the cycle, although the intended increase in direct exposure will also make the trust's direct-exit track record more relevant over time. Given the maturing direct portfolio and the associated exit potential, continued deployment into direct opportunities will likely be necessary to raise the share of direct investments in PPET's portfolio.

Liquidity headroom has narrowed

PPET's available liquidity, comprising cash and undrawn borrowing facilities, declined from £294.2m at end-September 2025 to £230.7m at end-June 2026 (see Exhibit 5). As a result, net gearing increased from 8.4% to 13.3% over the nine months, reflecting a reduction in cash balances and a smaller net reduction in drawn borrowings. Outstanding commitments increased from £759.3m to £810.6m, while available liquidity as a percentage of commitments fell from 38.7% to 28.5%. The manager's overcommitment ratio increased from 33.8% to 40.2%, remaining below the midpoint of its 30–65% target range.

Exhibit 5: PPET commitments and balance-sheet flexibility

	Sep-25	Mar-26	Jun-26
Cash (£m)	121.5	17.8	24.1
Undrawn credit facilities (£m)	172.6	258.9	206.6
Available liquidity (£m)	294.2	276.7	230.7
Drawn credit facilities (£m)	227.4	141.1	193.4
Outstanding commitments (£m)	759.3	824.9	810.6
Liquidity/commitments (%)	38.7	33.5	28.5
Net gearing (%)	8.4	9.7	13.3
Overcommitment ratio (%)	33.8	39.4	40.2

Source: Patria Private Equity Trust, Edison Investment Research. Note: Overcommitment defined as outstanding commitments less available resources divided by portfolio NAV.

PPET's £400m revolving credit facility matures in February 2028, with options to extend for up to two further years. In addition, the manager estimated that c £125m of investments were financed temporarily through facilities at underlying funds at end-March 2026 and expected much of this to be called over the next 12 months. These are part of existing commitments, not an additional obligation. Although calls are spread over several years, we believe a prolonged shortage of distributions would reduce the flexibility available for new investments, buybacks and dividends. The ability to moderate new commitments or pursue selective secondary disposals provides some mitigation.

Substantial discount offers potential shareholder upside

PPET's share price discount to NAV narrowed from 34.4% at end-September 2025 to 29.3% at end-June 2026. The last closing share price implies a discount of c 30.3% to the last reported NAV of 869p at end-June. This is wider than the average 10-year discount of c 25.5% and much wider than the average 9% discount to NAV at which secondary limited partnership buyout positions were traded in the global PE secondaries market in H126, according to Jefferies Global Secondary Market Review. We consider the wide discount to NAV as potentially attractive given PPET's diversified portfolio and long-term NAV record, while recognising that investors continue to require a margin of safety against private valuation uncertainty and subdued realisations.

Long-term NAV returns remain competitive

PPET's annualised NAV TR was 8.7% over five years and 12.6% over 10 years to end-June 2026. Its shorter-term record also compares well with that of selected listed PE peers. PPET's rolling one-year NAV TR to end-June 2026 of 9.3% ranks second among its peer group and is ahead of the peer average of 6.7% (see Exhibit 6). Its cumulative three-year NAV TR of c 20.5% was the highest in the group, compared with a peer average of 15.3%, while its five-year return was broadly comparable with peer averages and the 10-year return was slightly ahead of peer average.

Exhibit 6: Peer group comparison as of 3 November 2026* (% unless otherwise stated)

	Market cap (sterling)	NAV TR (1-year)	NAV TR (3-year)	NAV TR (5-year)	NAV TR (10-year)	Ongoing charge**	Performance fee	Discount	Latest net gearing	Dividend yield
Patria Private Equity Trust	**880**	**9.3**	**20.5**	**52.0**	**228.5**	**1.1**	**No**	**(30.3)**	**113.3**	**3.0**
CT Private Equity Trust	333	7.3	15.2	51.9	221.4	1.2	Yes	(32.8)	119.2	6.1
HarbourVest Global Private Equity	2,299	9.5	16.1	53.8	250.4	2.2	Yes	(26.1)	110.6	0.0
ICG Enterprise Trust	842	3.1	14.4	58.1	229.9	1.4	Yes	(32.9)	106.5	2.8
Pantheon International	1,432	6.8	15.6	49.3	180.6	1.4	Yes	(29.2)	109.8	0.0
Peer average	**1,227**	**6.7**	**15.3**	**53.3**	**220.6**	**1.5**	**-**	**(30.2)**	**111.5**	**2.2**
Rank	**3**	**2**	**1**	**3**	**3**	**5**	**-**	**3**	**2**	**2**

Source: LSEG Data & Analytics, Edison Investment Research.
Net gearing is total assets less cash and equivalents as a percentage of net assets. *NAV performance in sterling terms based on end-June 2026 NAV, or latest earlier available NAV. **Excludes look-through expenses at the underlying funds level. Please note that Pantheon International has agreed a reduced management fee arrangement with its investment manager, according to the announcement on 19 February 2026.

Exhibit 7: 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 index
30/06/2022	18.4	3.1	(17.0)	1.6
30/06/2023	6.5	1.0	7.0	7.9
30/06/2024	5.4	21.9	11.3	13.0
30/06/2025	4.6	7.4	14.0	11.2
30/06/2026	9.3	13.5	11.3	21.9

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

Dividends and buybacks complement NAV growth

The board intends to increase the FY26 dividend to 18.4p per share, from 17.6p in FY25, a 4.5% rise that would mark the twelfth consecutive year of increases. The payment is split into four quarterly instalments of 4.6p per share, with the third declared for payment in October 2026 and a fourth expected in January 2027. The intended annual dividend currently represents a yield of c 3.0%. The board considers the dividend policy effectively an ongoing return of capital to shareholders at NAV, rather than a distribution necessarily covered by recurring investment income.

PPET also invested c £14.4m in share repurchases during 9M26, generating c 3.9p of NAV accretion per share for continuing shareholders. Buybacks continued after end-June. In August, the Takeover Panel granted a dispensation relating to Aberdeen's reported voting interest, removing a possible regulatory obstacle to further purchases. By 28 October 2026, the number of ordinary shares outstanding excluding treasury had declined to 145.2m. We view repurchases at a substantial discount as a useful means of enhancing NAV per share, but their scale needs to be balanced against outstanding fund commitments and the prospective returns on new investments.

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