



# NB Private Equity Partners (NBPE)

NBPE's revised capital allocation framework reflects growing confidence.

Update

10 December 2025

## Overview

NB Private Equity Partners' (NBPE) board and manager appear to be increasingly optimistic. As the only pure-play co-investment vehicle in the listed private equity peer group, NBPE has the luxury of being in complete control of investing activity. This has meant that despite the last few years of muted realisations and uncertainty, the manager has been able to focus on balance sheet strength (see [Portfolio section](#)).

The board clearly now feels that the moment has arrived to step up to the plate once more. NBPE has announced that it will be looking to deploy at least \$100m into new investments over the next three to six months. At the same time, buybacks will be accelerated, with c. \$82m remaining of the announced \$120m buyback facility. This announcement not only shows the improved confidence of the board, but it should also provide a stronger impetus for the discount to narrow further (see [Discount section](#)).

Public equities have had a strong period of returns but by contrast NBPE and the private equity industry have suffered from a muted period of returns over the last three years. With private market valuations having come down, it is possible that future returns will be more reflective of earnings growth. As we discuss in the [Performance section](#), an interesting dynamic within the portfolio is that NBPE's top ten holdings are currently growing significantly faster than the rest of the portfolio. Typically, it is this cadre of investments that might be expected to be the main driver of NAV growth, either a result of further organic growth, or from realisation activity.

Realisation activity is an important driver of NAV growth and NBPE has reported encouraging metrics on this front. As at 31/10/2025 realisations have so far amounted to \$165m over the calendar year and \$64m in October alone, representing an increase of 50% over 2024 on co-investment exits. These realisations have been achieved at a weighted average uplift of 17% in value (relative to three quarters prior), a significant improvement over recent years.

## Analyst's View

Whilst buybacks provide an immediate and risk-free uplift to NAV, the board is also mindful of the opportunity cost of investing capital into new deals, or providing equity funding for existing portfolio companies to perform M&A. As the 2024 vintage, which is currently valued at 1.2x cost, illustrates it would be unfortunate to have several vintage years missing because NBPE had deployed all of its available capital into buybacks. As such, in our view the newly announced capital allocation framework is to be warmly welcomed.

The combination of new investment activity and buybacks will bring NBPE's investment up to a targeted level of 105–110% (see [Gearing](#)), but also start to bolster the portfolio with new investments. NBPE's portfolio is increasingly mature, with an average life of its investments currently 5.7 years (as of 30/09/2025). As such, NBPE is in a good position to capitalise on a resurgence in realisation activity with a number of exit-ready companies.

But in other ways too, it is amongst the better positioned within the peer group. NBPE employs a flexible model through its unique pure co-investment approach. This gives it the advantage of having a highly robust capital structure, which inherently lowers risk. At the same time, it enables investors to benefit from the 'best of both worlds': direct exposure to private companies, but with diversification across top tier PE managers. Now that the background appears more positive, it is good to see the board looking to accelerate buybacks as well as proactively deploy capital into new deals. The combination should be positive for both the share price over the short term and at the same time sowing the seeds for future NAV growth over the medium to long term.

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### BULL

Unique investment strategy with returns driven by direct equity co-investments

Manager has a high degree of control over the timing of new investments and, therefore, also over the balance sheet

Wide discount in absolute terms

### BEAR

Illiquid underlying holdings, which are themselves often geared

Deal activity in private equity markets generally may remain muted

Valuations of portfolio companies are performed quarterly



## Portfolio

NBPE’s board and manager appear to be becoming increasingly optimistic on the outlook for private equity. Firstly, they have formally announced an update to their capital allocation strategy, which we dive into below, which accelerates the share buyback and makes provision for further investment in deal flow. Secondly, we attended a recent capital markets event, at which the managers gave further detail on the factors shaping their thinking and why a more optimistic scenario for the private equity industry is potentially looking more likely.

As the only pure-play co-investment vehicle in the listed private equity peer group, NBPE has the luxury of being in complete control of investing decisions. This has meant that during the last few years of muted realisations across the industry, and the discount to NAV that the shares have traded at, the manager has been able to focus on balance sheet stability by being a net seller of assets to fund buybacks and repay borrowings as they have come due. As a result, the number of companies in the portfolio has been falling, from 82 three years ago to 68 today. In total \$635m has been realised over the last three years, against \$189m invested and \$223m returned to shareholders via dividends and buyback, the latter having been highly accretive to NAV.

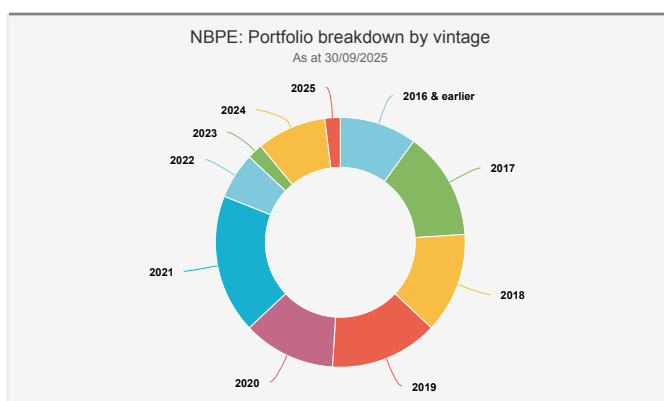
The board clearly now feels that the moment has arrived to step up to the plate once more, and so NBPE has announced that they will be looking to deploy at least \$100m into new investments over the next six months, sourced from Neuberger’s \$150bn Private Markets platform. At the same time, NBPE has indicated that buybacks will be accelerated, with c. \$82m remaining of the announced \$120m buyback facility, which in February 2025 was envisaged as occurring over a three-year period. Bringing the buyback forward, not only shows the improved confidence of the board, but it should also provide a stronger impetus for the discount to narrow.

Buyback and investment activity will bring NBPE’s investment level up to a targeted level of 105–110% (see **Gearing**), but also start to bolster the portfolio with newer deals. As we highlight further down, NBPE seeks to maintain a diversified portfolio, both in terms of sector and size of company, but also by vintage. Whilst buybacks provide an immediate and risk-free uplift to NAV, the board is also mindful of the fact that over the last five years the multiple of cost on realisations is 2.1x. As such, there is a clear opportunity cost of buybacks against investing capital into new deals, or providing equity for follow-on investments for existing portfolio companies to perform M&A, both of which drive long-term NAV growth and shareholder total returns.

In our last note on NBPE we illustrated this capital allocation dilemma by highlighting the strong performance from NBPE’s four 2024-vintage investments made in the healthcare, financial services, and aerospace sectors. These investments have had a strong start within the portfolio, already being valued at a 1.2x gross multiple of capital invested as at 30/09/2025.

The board continually balances accretive buybacks against continued investment to drive long-term NAV and share-price growth. It would be unfortunate to have several vintage years missing because NBPE had deployed all of its available capital into buybacks. As such, in our view, the newly announced capital allocation framework is to be warmly welcomed, given it provides optimism on future NAV growth (through new investments being made), which will ultimately drive the share price (with the potential for the discount to narrow). As we show below, NBPE has a reasonable spread of investment vintages, and diversification by vintage year is an important metric for the board. That said, latterly NBPE has been less active in deploying capital, with 2022 and 2023 both representing relatively thin wedges by comparison to other vintages. On the other hand, it is worth mentioning that NB have been seeing an increasing number of mid-life investments, which the team proactively source and are viewed as attractive, given investee companies are well known by sponsors as they have already held them for a number of years and the investment is typically already in its value creation phase and therefore de-risked. An important factor is that the duration of the investment could also be shorter, boosting IRRs, and over the short term meaning that the lower level of investments during 2022 and 2023 may not necessarily impact the medium-term growth prospects of the NAV as these mid-life deals come to fruition. NBPE’s average life of its investments is currently 5.7 years (as of 30/09/2025), slightly below the wider PE industry, meaning a good proportion of the portfolio is exit ready and at the point sponsors are looking to realise investments. NBPE will clearly be in a good position to potentially capitalise, should activity levels continue to build.

**Fig.1: Vintage Breakdown**



Source: NB



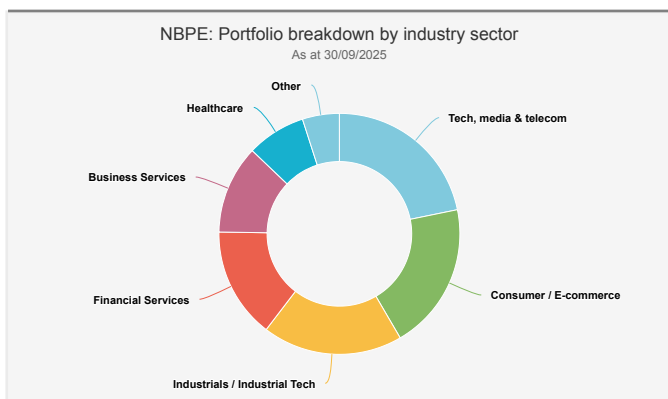
At the capital markets event, NB highlighted that whilst global private equity deal flow has decreased by 12% in total over the last five years, the flow of deals across NB’s co-investment platform has improved by 51% over the same period, bucking the industry trend. For private equity firms in a liquidity constrained environment, NB is a solution provider.

The co-investment team are now reviewing an average of 12 deals per week, which gives them confidence that they are seeing the best deals, but also gives them the confidence to be very picky. As the co-head of Global Private Equity Co-investments David Morse said, his team have no hesitation in passing on deals they don’t have 100% confidence in because they know that next week they’ll have another set of potentially exciting opportunities to consider.

David’s presentation highlighted the reach and depth of the team and the strong platform the NB have, but also that he encourages the team to be highly proactive towards accessing deals. Part of the reason why the team feel so confident on the deal pipeline over the next six months is that NB envisage a number of long-running conversations on mid-life, or continuation deals that are expected to come to fruition. That NB see so many deals is partly a reflection of their proactivity towards identifying strongly performing private companies and approaching them for potential future equity funding before they need it, but also the fact that NB are seen as a trusted partner with capital and a solution provider, and not a competitor to private equity sponsors.

We show below the breakdown by sector, which illustrates that whilst the portfolio remains diversified, the NBPE portfolio is resolutely focussed on growth areas, with over half of the portfolio invested in three broad groups: tech, media and telecom (22%), consumer/e-commerce (20%), and industrials/industrial technology (19%). As we discuss in the **Performance section**, the underlying revenue and earnings growth from the portfolio has been resilient and strong.

**Fig.2: Portfolio Breakdown By Industry Sector**



Source: NB

In our view, NBPE is amongst the better positioned within the peer group to benefit from continued improvement in realisation activity. Firstly, co-investments are largely fee-free, and so if we see an improvement in realisation activity from the portfolio, shareholders are only paying one layer of fees (see **Charges section**). Secondly, the way the manager makes investments solely through co-investments, gives the board plenty of control to start and stop investment activity to suit conditions on the ground. This has been evidenced by the team being a net seller of investments in recent years, as the board sought to repay debt and focus on accretive buybacks. Now that the environment appears more positive, it is good to see the board looking to accelerate buybacks as well as proactively deploy capital into new deals. Finally, in being able to control the investment decision, the team are able to build the portfolio from bottom-up, but monitor from the top-down. The combination should be positive for both the share price over the short term, and for the NAV over the medium to long term.

## Gearing

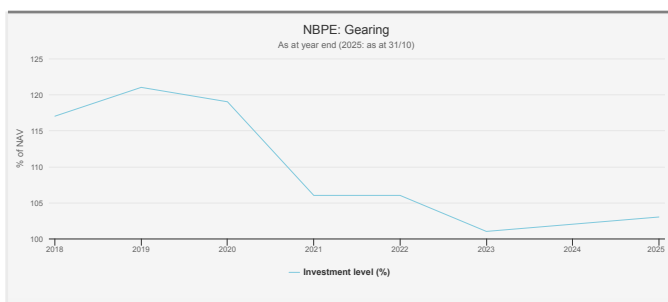
NBPE’s board has a long-term target of being between 0% and 10% geared on a NAV basis. Over time, as the graph below illustrates, gearing has been reducing as structural borrowings have been retired. Currently, the trust is c. 3% geared, reflecting the cautious optimism of the managers but also their desire to be able to be opportunistic in deploying capital in the future. Gearing is provided by a flexible, revolving credit facility for up to \$300m (of which there is a minimum draw of \$90m). As of 31/10/2025 NBPE had \$277m of available liquidity of which \$67m was in cash or liquid investments.

As we highlight in the **Portfolio section**, the board has recently announced an updated capital allocation framework, which will see at least \$100m for investment over the short term and buybacks accelerated (\$82m of the facility outstanding). If achieved (and it is worth noting that being a pure co-investment vehicle, the board can make capital allocation decisions in real time based on on-the-ground conditions) the combined effect of these capital allocation decisions should bring NBPE towards the board’s short-term target investment level of 105%–110%.

It is worth being aware that NBPE’s underlying portfolio companies typically employ higher leverage than public ones, which is a feature of private equity-backed businesses generally. On a look-through basis, as at 30/06/2025, NBPE’s portfolio had a weighted average net debt-to-EBITDA ratio of 5.3x, meaning that, with the weighted average valuation multiple of 15.3x on an EV/EBITDA basis, borrowings make up roughly one-third of the overall capital structure (or c. 50% on a debt-to-equity basis).



**Fig.3: Gearing**

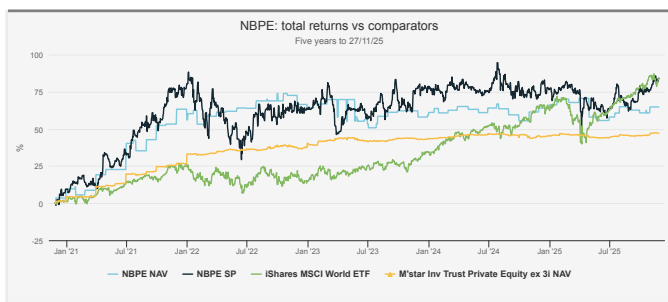


Source: NB

## Performance

NBPE has delivered strong long-term returns in absolute terms. For example, over the ten years to 27/11/2025, NBPE has delivered GBP NAV and GBP share-price total returns of 199% and 235% respectively. However, the strong performance of public equities over the past few years now means that it has underperformed, even over this period. For example, the iShares MSCI World ETF has delivered a return of 253% over the same ten-year period. The five-year graph illustrates this well; public equities have had a strong period of returns over the last few years but by contrast, the private equity industry has suffered from a rather muted period of returns over the last three years, which followed two barnstorming years in the period following COVID. As such, five-year figures for NBPE (and the sector as a whole) do not reflect the longer-term track record of outperformance that investors have experienced in the past.

**Fig.3: Five-Year Performance**



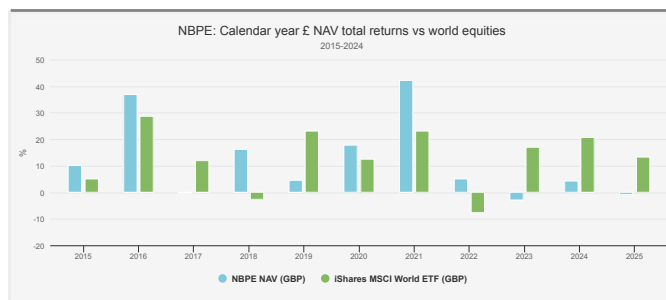
Source: Morningstar

**Past performance is not a reliable indicator of future results.**

Looking at individual calendar-year performance below, we can see a clearer picture of more recent years for the NAV (in GBP), where NBPE has significantly underperformed a resurgent equity market driven by a very narrow number of stocks. Fundamentally, the rise in global interest rates in 2022 slowed private equity deal-making. This has resulted in fewer transactions, and of those that have occurred, the uplift achieved on a sale has been below the long-term averages that NBPE has achieved historically. NBPE's recent capital markets event provided some good context

to the performance during this more muted period for performance and gave some encouraging signs that the environment is improving. In particular, two of NBPE's largest holdings at the end of 2021 (one private, the other public, having achieved a big gain through IPO and subsequent share price rises) have been responsible for a significant dilution of returns from the rest of the portfolio. The good news is that, having suffered the pain, these are no longer significant headwinds to the portfolio.

**Fig.4: Calendar-Year Performance**



Source: Morningstar

**Past performance is not a reliable indicator of future results.**

Fundamentally, underlying earnings growth from portfolio companies has been strong, which over the long term has been the main driver of returns. Between June 2022 and June 2025, EBITDA growth contributed a gross valuation increase of \$542m across the portfolio, but the addition of net debt to fund M&A and lower valuation multiples resulted in the actual growth of the portfolio being \$205m. This strong and resilient revenue and earnings growth has been a consistent pattern over the years, and at the capital markets event NBPE highlighted that the 30/06/2025 last twelve-month private companies revenue growth of 8.8% and EBITDA growth of 9.8% remained broadly consistent with prior years' mid-single to low-double digit trend. With private market valuations having come down, it is possible that future returns will be reflective more of earnings growth. An interesting dynamic within the portfolio, discussed at the capital markets event, is that NBPE's top ten holdings are currently growing significantly faster than the rest of the portfolio. Typically, it is this cadre of investments that might be expected to be the main driver of NAV growth, either a result of further organic growth, or from realisation activity.

Realisation activity is an important driver of NAV growth, and NBPE has reported encouraging metrics on this front. As at 31/10/2025 realisations had so far amounted to \$165m over the calendar year, representing an increase of 50% over 2024 on co-investment exits. These realisations have been achieved at a weighted average uplift of 17% in value (relative to three quarters prior), and 2.7x MOIC, which is an improvement over recent years. The team report that October 2025 saw the strongest month for realisations in three years.



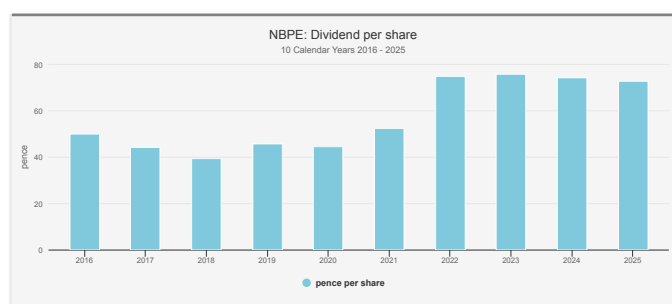
As such, it appears increasingly possible that we are seeing a long-awaited upturn in the background for private equity realisations, which we have long highlighted as one of the main catalysts that will see a resumption of the historically strong NAV growth that NBPE has delivered. If achieved, aside from improved NAV growth, it could also provide a catalyst for new investment activity to refresh the portfolio and improve sentiment towards NBPE's shares, with a consequent impact on the discount to NAV.

## Dividend

NBPE's board target an annual dividend level of 3% of NAV or greater. NBPE has paid a dividend for over ten years, and in the board's view, will remain the primary method of returning capital to shareholders. That said, the board announced in February 2025 that it had reserved \$120m over the next three years for accretive buybacks. More recently, the board announced that it has resolved to accelerate this buyback, with \$82m remaining.

Currently, NBPE's shares yield 4.6% on a historic basis. This dividend (amounting to c. \$44m per year) can be viewed as a predictable and regular return of capital at NAV, which is especially attractive (tax considerations aside) if re-invested in NBPE shares, given the discount to NAV remains wide (see **Discount section**). In dollar terms, NBPE has maintained or increased the annual dividend (in USD) for over ten years. However, for sterling shareholders, the amount paid in GBP is converted from dollars at the time of payment, so the actual amount received varies with currency movements, which we highlight in the graph below. Over the last three financial years, the board has chosen to maintain the dividend level of \$0.94 per share, despite it being greater than 3% of NAV.

Fig.5: Sterling Dividends



Source: NBPE

**Past performance is not a reliable indicator of future results.**

## Management

The board sets the overall strategy and is ultimately responsible for the performance of NBPE, but the board has delegated NB to act as investment manager to execute

day-to-day management and the investment strategy. The investment manager's senior professionals are responsible for the day-to-day management of the trust and, with respect to NBPE, management is led by Peter von Lehe and Paul Daggett, both managing directors at NB.

Peter and Paul are part of the private equity division of NB, a very large global investment business that manages over \$150 billion. The commitments made through the private equity platform give the team a greater level of access than many of their peers and NBPE leverages the power of the wider NB platform. NB aims to be a capital solutions provider for GP partners and not competition, able to leverage the significant resources of the team and wider asset management business.

Investment decisions are made by an investment committee that comprises 13 members, who have an average of 30 years of professional experience and have worked together for an average of more than 20 years. NB have more than 450 private market professionals, located across 12 global locations, with 90 individuals focussed on co-investments. The team have over 920 active private equity-fund investments. In the managers' view, they see a very high proportion of deal flow from their private equity relationships and have positioned themselves as a capital solutions provider and strategic partner, who are often brought in very early on in the investment process to help cornerstone a deal. They achieve this because they are not seen as a competitor to private equity managers. Their large size and the speed with which decisions can be made, given their specialist teams, can be competitive advantages when sourcing and executing co-investments.

## Discount

NBPE has traded at a persistent discount to NAV, which also reflects the experience of the majority of the listed private equity peer group, as illustrated below. Over the last five years, NBPE's average discount has been c. 28%, which is broadly in line with the Morningstar peer group average over the same period of c. 26%. Currently, the discount to NAV is narrower than average at c. 25%, perhaps reflecting the more buoyant stock market environment, but also the board and manager's more optimistic tone reflected in the recently announced capital allocation framework (see **Portfolio section**).

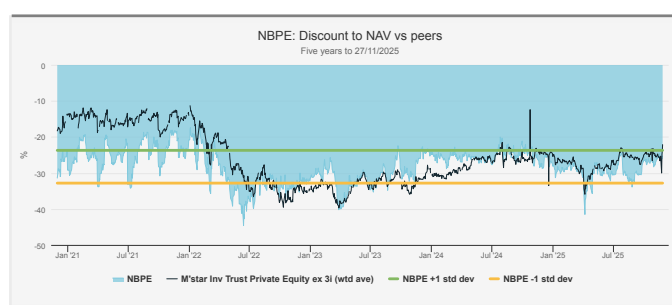
The board's framework for considering buybacks includes consideration of NBPE's financial position, use and cost of leverage, the investment level relative to its target, and the vintage year diversification of the portfolio. The recent announcement sees the board target a higher level of gearing, an acceleration of buyback activity and investment of at least \$100m into NB's deal pipeline. As such, this announcement clearly reflects optimism from the board



and manager that conditions in the private equity market are improving, and as such is to be welcomed.

Over time, we continue to believe that the differentiated proposition that NBPE represents as a pure co-investment vehicle, means that if it delivers better long-term performance than peers, then it should trade at a consistent premium to peers. For those investors who take a long-term view, the current discount to NAV of 25% continues to be a potentially attractive entry point for investors wishing to access the private equity asset class, and NBPE’s unique exposure to it.

**Fig.6: Discount To NAV**



Source: Morningstar

## Charges

NBPE’s differentiated approach to investing in private equity confers significant fee advantages relative to many listed private equity peers. By co-investing alongside third parties, NBPE can invest in deals largely free of management and performance fees payable to the underlying private equity sponsors. In contrast, fund-of-funds peers often pay two layers of management and performance fees on their investments, typically 1.5% to 2% of committed capital and typically a carried interest fee of 20% of gains over an 8% hurdle. NBPE pays no management fees or carried interest to third parties on the vast majority of the direct equity portfolio.

NBPE’s management fee is 1.5% p.a. on ‘private equity fair value’, i.e. investments, excluding cash, which is in line with most direct-investing listed private equity funds. NB is also entitled to a 7.5% performance fee on NAV gains over a 7.5% per annum hurdle, subject to a high-water mark. We note that this performance fee is lower than that of other direct-focussed funds, although it is charged on unrealised gains. Directly investing managers typically only receive carry (carried interest) on realised gains. The trust’s OCF for the year to the end of December 2024 was 1.86%.

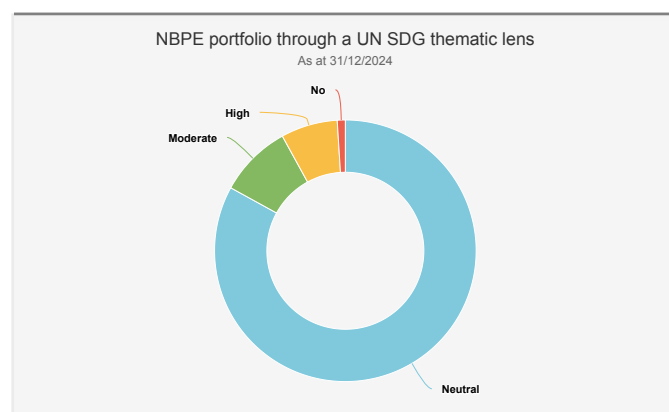
## ESG

The team at NB believe that financially material environmental, social, and governance considerations are a fundamental part of investment risk and opportunity assessment, and NBPE’s board has a responsible investment policy, which can be found [here](#).

The consideration of financially material environmental, social, and governance factors is an integral part of the NB private equity team’s due diligence process. As a co-investor, NB performs due diligence on each prospective investment and aims to ensure that the company and sponsor are managing environmental, social, and governance risks appropriately. The team also aim to monitor financially material environmental, social, and governance risks during the time of any investment. The NB Private Markets investment team work closely with the dedicated Sustainable Investing teams to support the implementation of industry best practices.

The team provide a breakdown of the directly invested portfolio as they currently see it, showing that overall, 17% of the portfolio has a positive potential impact from a Sustainable Development Goal (SDG) thematic perspective.

**Fig.7: Portfolio Through A Sustainability Lens**



Source: NB



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