23 October 2023

# NB PRIVATE EQUITY PARTNERS

## 2023 CMD: value creation from growing companies

**We reviewed NBPE's differentiated strategy, strong outperformance and good market positioning in our initiation, *Co-investments generating superior performance*, and *1H'23 results summary: continued growth*. The key theme running through NBPE's 5 October *capital markets day* was the superior EBITDA growth of its investee companies. Across the NB co-investment platform, in 2006, EBITDA growth was expected to produce 63% of total value creation, but it has risen to 93% in recent deals. Critically, target IRRs (20%+ net) are unchanged as higher-interest-rate impacts are offset by GP actions to grow EBITDA. As GPs look for greater equity support, the NB platform's co-investment pipeline has seen more opportunities, despite the slower PE market activity.**

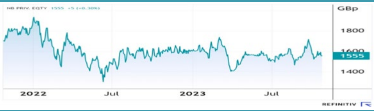
- **Generating EBITDA growth:** NB has focused co-investments in sectors and subsectors with sustained, secular growth and market-disruptive models, which may be less sensitive to the macro environment. Many of its companies have pricing power in a higher-inflation environment. 70% of its top 30 holdings have completed M&A during NBPE's ownership.
- **Outperfromance for investors:** Over 10 years, NBPE's total share return is ca.4x the UK whole market, and ca.3x the world benchmark. This is despite the discount widening by ca.10% compared with pre-pandemic levels. Investors are being rewarded with capital growth, buybacks and a dividend.
- **Valuation:** The 29% discount is in line with direct peers (average 30%), and it (like peers) rose sharply in 2022, to well above historical levels. Adjusting for the legacy income-investments (7% of portfolio), NBPE's discount rises to 33%. The NAV appears resilient and conservatively valued, making the discount absolutely and relatively anomalous.
- **Risks:** Sentiment to costs, the cycle, residual positions in listed companies following IPOs in 2020-21, the duration of the discount and valuation are the key issues for NBPE, as they are across the whole listed sector. As we detail, below, many of these are sentiment issues, and do not reflect reality, as we see it. The benefits from the current strategy may not yet be fully appreciated.
- **Investment summary:** With over 92% of the portfolio invested in direct equity, NBPE is the only listed vehicle focused on the attractive co-investment strategy within the market-beating PE sector. The company and GP selection have proved resilient in downturns, and consistent, large premiums on exit should give investors comfort in the NAV. Its portfolio is diversified by name, sector, GP and geographically, but it has enough concentration for individual investments to add value. The discount is anomalous with long-term, market-beating returns.

### Financial summary and valuation

| Year-end Dec ($m) | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E |
|---|---|---|---|---|---|---|
| Interest and dividend income | 13 | 10 | 6 | 5 | 6 | 7 |
| Net fin. assets/liab. gains (FVTPL) | 106 | 224 | 532 | (76) | 100 | 218 |
| Total expenses | 40 | 48 | 75 | 38 | 37 | 48 |
| Net asset change from ops. | 78 | 185 | 463 | (109) | 69 | 177 |
| PE invest. | 1,087 | 1,255 | 1,569 | 1,401 | 1,454 | 1,621 |
| Net debt (incl. ZDP) | (184) | (189) | (46) | (66) | (94) | (119) |
| NAV per share ($) | 19.11 | 22.49 | 31.65 | 28.38 | 29.12 | 31.98 |
| NAV per share (£) | 14.43 | 16.45 | 23.37 | 23.59 | 23.99 | 26.34 |
| S/P prem./disc. (-) to NAV* | -16% | -29% | -21% | -33% | -34% | -40% |
| Dividend p/sh ($) | 0.57 | 0.58 | 0.72 | 0.94 | 0.94 | 0.94 |
| Yield | 2.7% | 2.7% | 3.3% | 4.9% | 4.9% | 4.9% |
| Year-end exch. rate (£:$) | 1.324 | 1.367 | 1.354 | 1.203 | 1.214 | 1.214 |

**2023-24E NAV to current s/p; Source: Hardman & Co Research*

### Closed End Investments




*Source: Refinitiv*

### Market data

| | |
|---|---|
| EPIC/TKR | NBPE/NBPU |
| Price (£) | 15.90/$19.26 |
| 12m high (£) | 17.4/$20.9 |
| 12m low (£) | 13.8/$17.0 |
| Shares (m) | 46.5 |
| Mkt cap (£m) | 739 |
| NAV (Sep'23) | £22.24/$27.15 |
| Disc. to £ NAV (%) | -29 |
| Free float | 100% |
| Ctry/Ccy of listing | UK - GBP/$ |
| Market | FTSE 250, STMM |

### Description

NB Private Equity Partners (NBPE) leverages the platform of its manager, the PE division of Neuberger Berman (NB), including NB's relationships, dea flow and expertise, and has built a portfolio of ~90 direct investments diversified by manager, sector, geography and size. It focuses on investing in companies that benefit from secular tailwinds and/or lower cyclicality, with high barriers to entry, or the delivery of mission-critical products or services.

### Company information

| | |
|---|---|
| Chair | William Maltby |
| NEDs | Trudi Clark, Pawan Dhir, John Falla, Louisa Symington-Mills, Wilken Von Hodenberg |
| Key NB Manager | Peter von Lehe, Paul Daggett |


Tel: (+1) 214 647 9593
www.nbprivateequitypartners.com


### Key shareholders (31 Dec'22)

| | |
|---|---|
| Quilter Cheviot | 13.3% |
| Evelyn Partners | 9.0% |
| City of London IM | 6.8% |
| Treasury shares | 6.3% |
| Cazenove Capital | 6.1% |
| New Jersey Div. of Inv. | 5.3% |

### Diary

| | |
|---|---|
| Late Nov | Oct NAV |

### Analyst


Mark Thomas mt@hardmanandco.com


*Discloser: the relevant analyst is a shareholder in NBPE.*

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# Portfolio analysis and NB's views on the PE market

## Summary

For us, the key theme running throughout the presentations was EBITDA growth, in particular, i) how NBPE's chosen investments have delivered superior EBITDA in the past and ii) how, going forward, the multiple levers GPs have to manage EBITDA growth will be used to help offset pressure from higher interest rates. Despite all the challenges current conditions present, in co-investments completed by NB in 2023 YTD, average target IRRs that GPs are underwriting are essentially unchanged from five years ago. The presentations included two case studies, which reaffirmed the execution of strategy and opportunity messages.

## Introduction

**Key introductory points were positive returns in challenging markets, mix of dividend and buybacks returning capital to shareholders, strong operating performance of portfolio companies, realisations and investments continue**

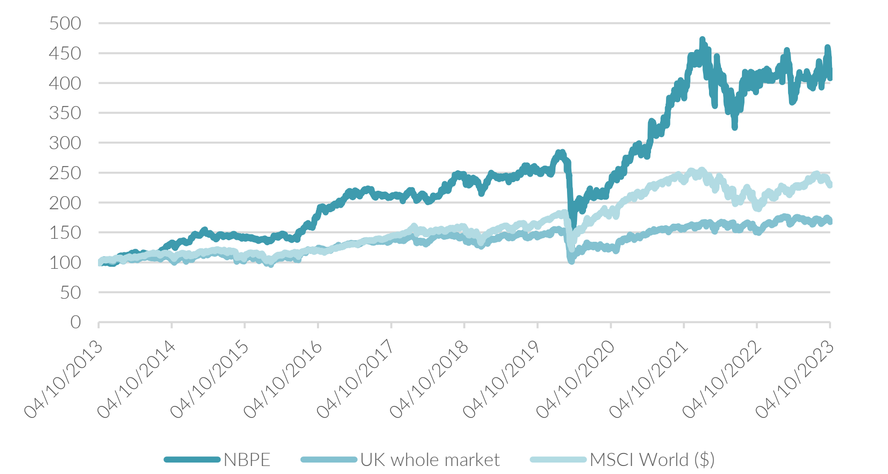
The Chair's key summary introductory points were:

- NAV total return 4.3% since 31 August 2022 (LTM), 1.8% to 31 August 2023 (YTD). Share price total return 10.5% LTM (3.6% YTD).
- Shareholder returns include dividends of $0.94 per share paid during 2023, in line with 2022. $5.0m of shares repurchased at weighted average discount of 31.8%.
- Investee company LTM have generated good average growth: revenue 14.9%; and EBITDA 15.4%.
- Realisations: $127m announced realisations in 9M'23 (FY'22 $120m received). Exit uplifts, in 2023 YTD, have been 17% and at a 2.2x exit multiple.

**Bottom line is shareholders have seen returns substantially above the market over the long term**

For us, the bottom line is that NBPE's strategy and execution are generating superior total long-term returns for investors, as shown in the chart below.

**NBPE, UK whole market and world benchmarks total return (100 at 4/10/13)**




*Source: Refinitiv, Hardman & Co Research*

# Neuberger Berman platform update

We took away a couple of key messages from the manager update.

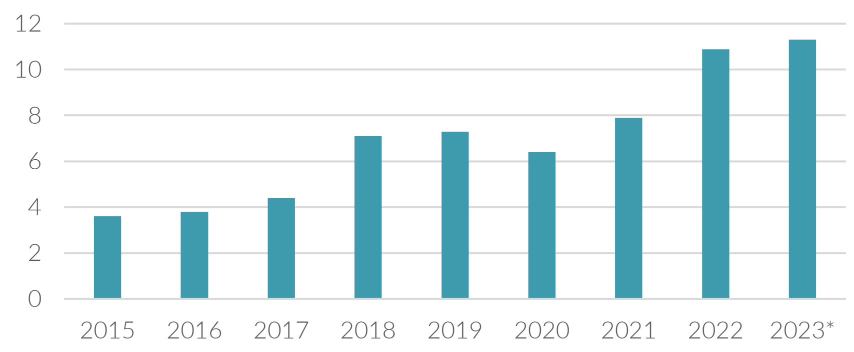
NB a very substantial player in PE market

- First, NB is a scale operator in PE with $34bn of commitment to co-investment strategies (NBPE focus) and 300 professionals, including 160 in the investment team. Importantly, the support and control functions are substantial too (including 15 ESG, operational due diligence and risk professionals and 60+ finance and operations).

NB's co-investment opportunities increasing despite the wider PE market slowdown – more equity being injected into deals, some other investors withdrawn, mid-market more active than large PE

- Despite the slower overall PE activity, NB co-investment opportunities continue to increase in number and the run rate is now ca.3x the level seen in 2017. This strong performance reflects i) the increasing need for equity financing in PE deals in tighter financing markets, ii) that less experienced co-investors have stepped back and some co-investors are capital-constrained, and iii) the strong environment for mid-life, mid-market opportunities. While exit options are more limited, it is an attractive time for potential add-on acquisitions. The current conversion rate is a conservative ca.8% of opportunities, indicating that NB is highly selective in new deals.

**Average co-investment opportunities originated per week**




**Year to end-August 2023. Source: NBPE CMD presentation slide 10, Hardman & Co Research*

ESG fully embedded in NB's processes and thinking

- ESG is fully embedded in the NB processes (slides 12-15 of the presentation).

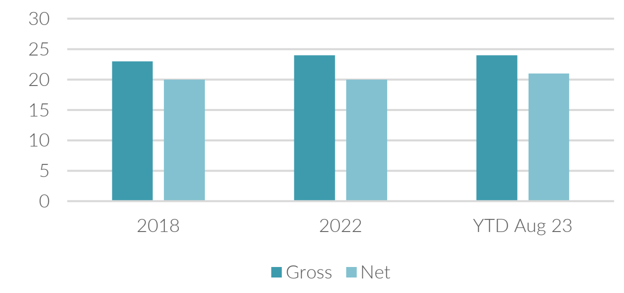
# Investor questions on the PE market outlook

## Are private equity managers underwriting new investment to lower rates of return?

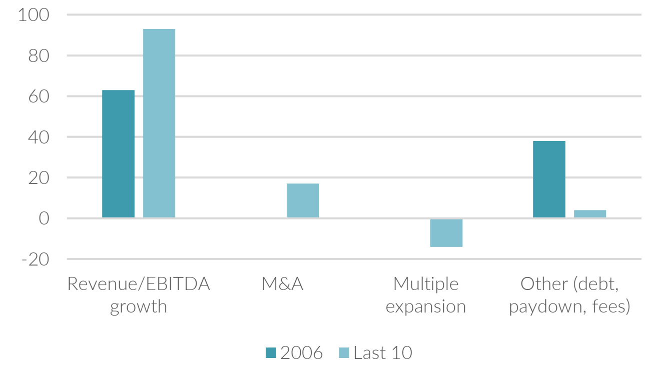
Across NB platform, net IRR target still over 20% on recent deals, in line with 2018. Mix of how the returns will be generated sees increasing focus on EBITDA growth and M&A less from debt paydown. GP's plans for NB co-investment opportunities now often include falling multiple assumptions.

As the left-hand chart below shows, the expected IRR in managers' plans is unchanged (indeed net IRR very marginally up) since 2018. What has changed is the mix of how the expected returns will be generated. In the past, two thirds were expected to come from EBITDA growth and one third from cash generation, paying down debts, etc. Now, 93% is expected to come from organic growth, 17% from M&A, just 4% from generation and a negative 14% is expected from multiple contraction (i.e., managers are expecting lower multiples in the future). Separately, there has already been a noticeable uptick in the number and value of add-on deals – almost 80% of all deals in the US private equity market consisted of portfolio company add-ons in 1H'23.

Sponsor base case gross and net IRR (%)




Managers planned sources of value creation (%)




*Source: NBPE CMD presentation slides 18-19, Hardman & Co Research*

## What is the impact of higher interest rates on private equity?

In our view, this question has a number of different aspects, including:

**Top 30 private NBPE portfolio companies have a healthy weighted average interest coverage ratio, minimal near-term debt maturities and the vast majority of debt is covenant-lite**

- *Impact on investee companies*: With a weighted average debt-to-EBITDA ratio of 5.4x, NBPE investee companies are carrying below PE market average leverage (6x-7x). In the CMD presentation (slide 22), NBPE noted that its top 30 private investee company weighted average interest coverage ratio was 2.6x, double the estimated market PE coverage of 1.3x. Additionally, 81% of debt is covenant-lite (as we have outlined in previous notes, having a PE backer increases the use of such facilities) and 56% of debt is not contractually due until 2027 or later.

**Unsurprisingly, leverage varies by the company's ability to pay, creating wide variances between sectors**

- Slides 42-46 give a sectoral overview of the portfolio, within which it is very noticeable that different sectors have varying degrees of leverage (TMT 7.2x, consumer/ecommerce 3.8x, financial services 5.3x, transportation and logistics 6x, business services 4.5x). The key message we take away from these slides is that leverage is demonstrably related to the company's ability to service it.

**Mitigation includes pricing power, secular growth sectors, which have less macroeconomic sensitivity, disruptive business models, bias to products/services, which improve customers' efficiency and bolt-on deals at lower prices**

- *Mitigation*: In our view, while investors have focused on the highly visible increased interest cost, there has been less attention paid to mitigation options. As outlined earlier, the combination of i) above-average pricing power, which allows the passing on of price increases, ii) investment in secular growth sectors and subsectors, iii) offering disruptive service models, iv) providing efficiency-improving services, which are more in demand, v) an increased element of equity contribution, and vi) greater potential M&A activity all provide company-specific levers to offset the higher interest cost.

**While PE market activity, overall, may have slowed, NBPE's chosen niche of co-investment is seeing more opportunities**

- *Impact on market activity*: As we noted above, i) NBPE has continued to see exits at uplifts to carrying value, reflecting its choice of attractive businesses and being in the mid-market, which has slowed less than large deals, ii) the number of opportunities for co-investment has been rising (slide 10) as GPs seek greater equity support in deals. Investors should focus on NBPE's chosen niche within PE, which is proving less sensitive to interest rates to date than the PE market as a whole.

**Target returns unchanged and NBPE not investing in venture capital space, which is exposed to more volatile rating**

- *Impact on PE returns*: As noted in the previous sections, target returns are unchanged in the plans submitted to NB for recent deals compared with the past, but the mix of returns has changed significantly.

- *Impact on earnings vs. EBITDA growth:* While market-wide PE disclosure has tended to focus on EBITDA, we believe most investors focus on bottom line, cash, and earnings growth. It has only been with the recent rapidly rising rates that there has been a divergence between the two. As noted above, manager IRR targets are unchanged as the mix of delivery of those returns has evolved. Critically, there are multiple options to address higher interest cost and the divergence between EBITDA and cash earnings.

- *Impact on ratings:* As the sector review slides (42-46) show, the vast majority of NBPE investee companies are EBITDA-positive, as it is investing in established, profitable businesses. It is not present at venture capital stage, where valuation ratings are most vulnerable to the discounting of future cashflows at higher discount rates.

### How will private equity be able to generate returns going forward?

**Going forward, GP skills likely to be key driver to performance, which is likely to see greater divergence in returns. NBPE's long-term NAV growth shows its skill in manager selection.**

The key takeaway here is that the tools by which future value will be generated (investment selection picking companies that have the options to be improved, supporting M&A, enhancing management teams, etc.) are very much dependent on the skill of the PE manager. The areas that are contributing less to value creation (cashflow generation, multiple expansion) are more macro-driven. Accordingly, it is reasonable to expect more diversion of returns and a greater impact from manager selection than in the past. NBPE's long-term attractive NAV total return is indicative of this skill.

## How is NBPE positioned in this new environment?

**NB's investment approach reflects the dynamics of the market with strong evidence of it identifying opportunities with the new value drivers**

NB will continue its investment approach of i) expanding the sourcing funnel to see more co-investment opportunities (as evidenced in the chart on p4 above), ii) investing with discipline and selectivity – the current conversion rate of opportunities to investments is ca.8%, a lower ratio than in the past, iii) focusing on high-quality companies and industries with the best managers, as skill in adding value and growing EBITDA is increasingly important, iv) constructing a well-diversified portfolio with a prudent and balanced approach to bottom-up portfolio construction, and v) identifying value-creation opportunities.

- In terms of evidencing the selection and value added to date, we note the five-year annualised NAV total return (13%), the 2.1x gross MOIC on the top 30 private companies, and the top 30 investee company operating metrics (2023 weighted average growth in revenue 16.6% and EBITDA 16.4% using 5.2x weighted average leverage). These evidence the value added by the GPs.

- In terms of M&A, 70% of NBPE's top 30 private companies have completed M&A during ownership, including both those whose business case included roll up; typically, small scale, deals and more opportunistic transformational deals.

**Rolling over investments in successful existing deals where model is already proven, rather than taking realisation opportunities and re-investing in new companies, is a feature**

Another element of positioning for the recent environment, management noted, was that it continues to back winning investments by maintaining or re-investing over \$100m of value since 2020 into existing portfolio companies, when they had options to realise holdings. These re-investments are currently valued at 1.3x the rolled value, an IRR of 29% over a weighted average hold period of 1.3 years (in addition to the 2.9x return on these investments from the original investments).

# NBPE portfolio and performance

There was a detailed review of recent performance, which reiterated the messages from the recent interim results – see our note, 1H'23 results summary: continued growth, published on 3 October. The key metric, for us, was the ca.15% revenue and EBITDA growth (the latter ahead of the former despite market-wide margin pressure). The manager's key conclusions on the portfolio were:

- *"A differentiated strategy:*
    - *Selective: Co-investing with leading private equity managers, focusing on attractive opportunities with ability to perform across diverse economic conditions*
    - *Dynamic: Control the investment pacing and capital position*
    - *Fee efficiency: Single layer of fees on the vast majority of co-investments*
- *Strong performance*
    - *Strong Portfolio Company Operating Performance: 14.9% weighted average LTM revenue growth; 15.4% weighted average LTM EBITDA growth*
    - *Realisations: $127m of realisations announced in first nine months of 2023*
    - *Returns: Strong long-term results in equity co-investments including 2.4x gross multiple on realised investments over 5 years (at 31 August 2023)*
- *Well positioned*
    - *Portfolio: We believe the portfolio is well positioned for future growth*
    - *Strong balance sheet: 109% investment level, $345m pro forma availability liquidity*
    - *Investment capacity: Well placed to take advantage of new investment opportunities; NB reviewing ~11 new deals per week in 2023 YTD."*

# Conclusion

The Chair's conclusion of the value proposition was:

- *"Access to a portfolio of direct private equity investments, made alongside 54 premier private equity sponsors*
- *Attractive track record of returns*
- *Leveraging the strength of Neuberger Berman's +$120 billion private equity business to source and execute investments*
- *Co-investment model allows NBPE to be in control of capital deployment, with "real time" new investment decisions and able to respond to market dynamics*
- *Invests globally with particular focus on US market, the largest private equity market in the world*
- *Fee efficiency – no second layer of fees."*

# Q&A session

## What does the board think about capital allocation buy-back vs. new investments?

Buybacks are a means of returning money to shareholders, although the dividend has been the key method (with more than $300m paid since inception). NBPE will do buybacks when the discount is very wide and the share price does not reflect the real value of the portfolio or track record, making it an investment decision. Buybacks, typically, offer lower MOIC returns than new co-investments (1.4x at current discount levels vs. 2.1x for exits over five years); so, the board is very conscious of keeping a good balance.

## Allocation policy for co-investments on NB platform

We reviewed the allocation between different NB funds in detail on p42 of our *initiation*. NBPE has multiple funds that could receive co-investment allocation, each of which has different objectives and timescales. The allocation is done *pro rata* for the demand schedule and overseen by legal and compliance teams.

## With an unchanged return expectation, do you expect an increase in earnings growth vs. historical levels?

NBPE is investing in growth-oriented buyout models. To achieve the target returns, it does not necessarily need current level of growth rates, but it does need to be above GDP. There are lots of tools to achieve the returns, not just free cashflow.

## Going into a weaker environment, is there too much reliance on growth?

For many years, NBPE has talked of positioning the portfolio based on two themes – defensive end markets/business models and secular growth drivers. Across both themes, it has underwritten investments for long term. It has disruptive models that gain share and, across the portfolio, opportunities bolt on M&A.

## What is being done to manage listed shareholdings?

In most cases, NB does not control timing of sale, as it is done by the lead GP firm managing the SPV the shares are held in. NBPE gets *pro rata* returns when managers choose to sell. The listed holdings have been a headwind YTD and in September. Over the long term, underlying managers generally looking to sell down, and the $33m from sales YTD. Is a sign that sponsors are looking for opportunities to exit.

## What is being done to manage the capital structure of companies and interest rate risk?

Slide 22 shows 85% of the top 30 companies' debt matures in 2026 or later, 81% debt cov-lite and better-than-industry-average interest coverage (2.6x vs. 1.3x). When underwriting deals, NB looks at downside protection, wanting businesses that fare well, even if macro environment deteriorates. It is seeing PE managers work with portfolio companies to reduce working capital via cost-reduction plans, etc. These are core competencies for a GP. Skill-generating returns is a key theme.

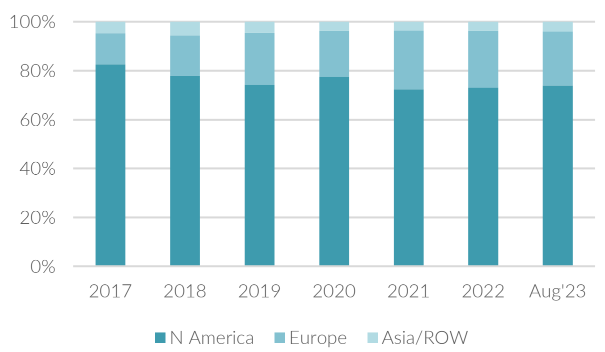
## Impact of FCA investigation into PE valuations

No comment, except to say that NBPE's valuation policy has been very consistent over time and valuations are, of course, audited at year-end. NBPE uses GP valuations and NBPE's valuation policy involves it using the valuations of underlying private equity firms. NB monitors those looking at how those companies are valued (typically, valued based on public companies, comparable private transactions, discounted cashflow, etc.) There has been a contraction over the past year in the valuation multiple within the portfolio.

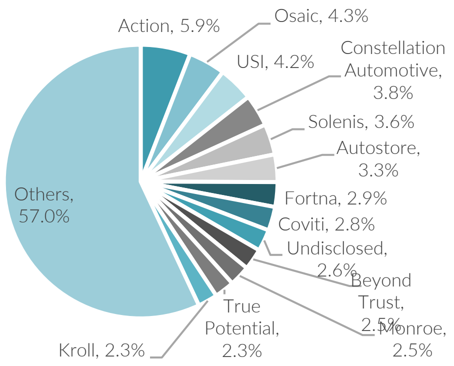
# Portfolio summary (Aug'23)

The charts below show some of the trends in the portfolio. There has been a continuation of trends, rather than anything dramatic, which is not surprising, given the long-term nature of NBPE's investments.

## Geographical mix of assets (% portfolio value)

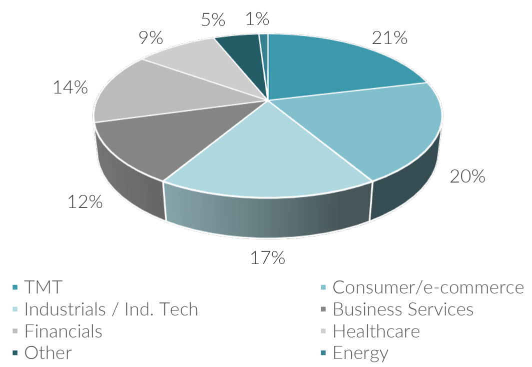



## Largest holdings (% NAV)

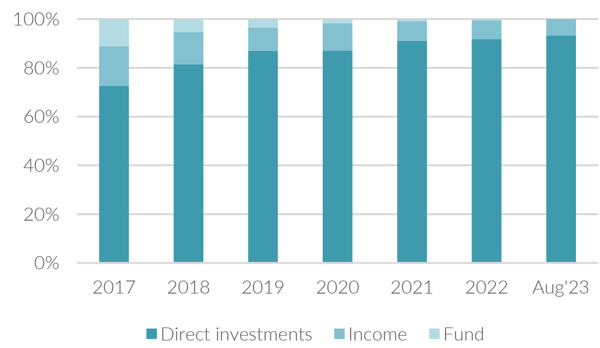



*Source: NBPE Report and Accounts, Hardman & Co Research*

## Sectoral mix of investments (% portfolio value)

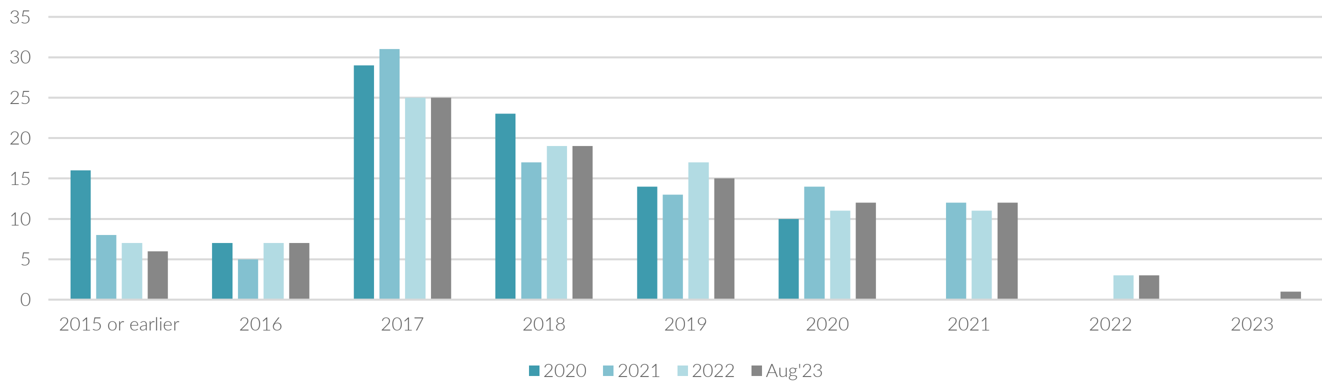



## Mix by type of investment (% portfolio value)




*Source: NBPE Report and Accounts, Hardman & Co Research*

## Mix of investments by vintage (% portfolio value)



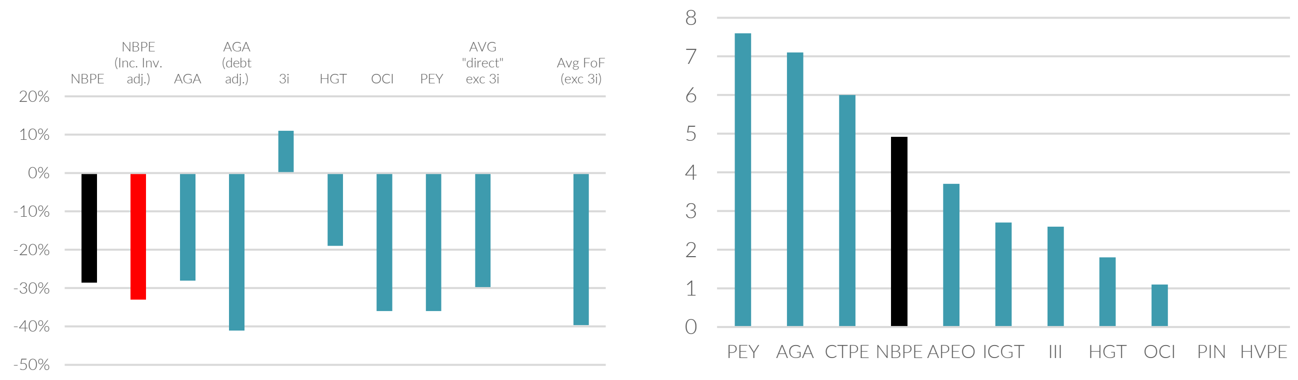

*Source: NBPE Report and Accounts, Hardman & Co Research*

# Valuation

**Discount is above direct investing PE names and approaches FoF level, once adjusted for income investments**

As the chart below shows, NBPE's current reported discount to NAV (29%) is at the higher end of the direct investing listed PE trusts. If we adjust for the income investments at their carrying value, the PE business discount rises to 33%. This appears anomalous with its business model. Its dividend yield is appreciably above the sector average.

**Current share price discount to latest NAV (LHS, %), and dividend yield (RHS, %) for narrow and wider peers**




*Source: Company websites, factsheets and presentations, Hardman & Co Research, priced at 20 October 2023*

We addressed sector-wide concerns about the validity of the current NAV and its resilience in earlier reports on NBPE, which appear to be more sentiment issues than reality. If NBPE were a trading company, we would use a GGM model, to reflect the value added by management. Using this model, it should trade on a multiple appreciably above NAV, given returns are a long way above cost of capital and that it has grown strongly over the medium term.

## What could lead to a rerating?

We reviewed in detail in *our initiation* our view that there are two possible elements to a rerating, namely:

**First element is sector rerating, which, arguably, has already started**

The first element of a rerating would be a reversal of the 2022-1Q'23 increase in sector-wide discounts. This requires more confidence in NAV and economic resilience, driven by i) continued exit uplifts and returns, which could give investors this confidence, and ii) a risk-on rather than risk-off environment, which will help. This may coincide with further confidence that a US recession has been avoided or a market view that interest rates have peaked.

**Second element is final 15%-20% of discount to par. NBPE requires delivery of returns but may take more time.**

At the end of 2018, the discount was 21%, falling to 16% at the end of 2019. This rose to 29% at the end of 2020 on COVID-19, before falling again, at end-2021, to 21%. Within this noise, overall, we would characterise the trust as having a sustained discount of around 15%-20%. Given the returns in underlying companies driving market-beating investor returns, and the strong capital structure inherent in a co-investing vehicle, such a discount appears a fundamental anomaly. In our view, eliminating it over the longer term is about delivery of returns, which will at some stage be recognised by the market.

# Financials

Following the interim results, the August Factsheet and the CMD information, we have revised our forecasts, which now include:

- End-2023E NAV of $29.12 (a 4% rise from the $27.93 reported end-August). End-2023E on end-2022, this is a modest growth of 3% in dollar terms and a 6% total return. The fall in NAV against our previous forecast is primarily driven by lower unrealised gains, with volatility in NBPE's quoted holdings offsetting much of the gain in the private portfolio YTD.
- The sterling end-2023E NAV of £23.99 is based off the current exchange rate of $1.22 to £1, This is sharper acceleration than the dollar NAV since August (which was £22.04) given the exchange rate moves since. We model in dollars and take the current exchange rate for forecasts.
- The interest income and expenses, and balance sheet now include the impact of borrowing the minimum utilisation amount on the facility and income from T-bills cash management.

**Profit and loss**

| Year-end Dec ($m) | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023E | 2024E |
|---|---|---|---|---|---|---|---|---|
| Interest and dividend income | 16.5 | 17.4 | 12.5 | 9.5 | 5.7 | 4.5 | 5.5 | 7.0 |
| Expenses | | | | | | | | |
| Inv. mgt. and services | 11.9 | 14.3 | 15.3 | 16.7 | 22.5 | 21.1 | 18.8 | 19.6 |
| Carried interest | 7.9 | - | 6.9 | 15.2 | 37.2 | - | | 8.2 |
| Finance costs | | | | | | | | |
| Credit facility | 3.2 | 4.5 | 8.5 | 6.3 | 4.1 | 6.0 | 10.0 | 13.0 |
| ZDP shares | 3.4 | 4.8 | 6.0 | 6.4 | 6.9 | 6.0 | 3.2 | 2.4 |
| Administration and professional fees | 4.0 | 3.6 | 3.7 | 3.5 | 4.3 | 4.5 | 4.8 | 5.2 |
| Total expenses | 30.4 | 27.3 | 40.4 | 48.1 | 75.1 | 37.7 | 36.9 | 48.3 |
| **Net investment income (loss)** | **(13.9)** | **(9.9)** | **(27.9)** | **(38.6)** | **(69.3)** | **(33.1)** | **(31.4)** | **(41.3)** |
| Net realised gain (loss) on inv. and fx | 89.4 | 64.4 | 33.8 | 90.2 | 212.4 | 51.2 | 40.0 | 72.7 |
| Net change in unrealised loss | 23.9 | (7.8) | 72.1 | 133.3 | 319.7 | (127.1) | 60.0 | 145.4 |
| Net realised and unrealised gain (loss) | 113.3 | 56.6 | 105.9 | 223.5 | 532.1 | (75.9) | 100.0 | 218.2 |
| **Net change in net assets from ops.** | **99.4** | **46.6** | **78.0** | **184.9** | **462.7** | **(109.1)** | **68.6** | **176.9** |
| Non-controlling interest | (0.1) | - | (0.1) | (0.4) | (0.5) | 0.1 | (0.5) | (0.5) |
| Net change in net assets | 99.2 | 46.6 | 77.9 | 184.6 | 462.2 | (108.9) | 68.1 | 176.4 |
| | | | | | | | | |
| Average no shares (m) | 48.8 | 48.8 | 47.5 | 46.8 | 46.8 | 46.8 | 46.5 | 46.5 |
| EPS ($) | 2.03 | 0.95 | 1.64 | 3.95 | 9.88 | (2.33) | 1.47 | 3.79 |
| DPS (p) | 0.50 | 0.53 | 0.57 | 0.58 | 0.72 | 0.94 | 0.94 | 0.94 |

*Source: NBPE, Report and Accounts, Hardman & Co Research*

| Balance sheet | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **@ 31 Dec ($m)** | **2017** | **2018** | **2019** | **2020** | **2021** | **2022** | **2023E** | **2024E** |
| PE financial assets | 961.4 | 1,019.9 | 1,087.0 | 1,254.6 | 1,569.3 | 1,401.4 | 1,454.5 | 1,620.6 |
| Cash | 25.8 | 23.0 | 9.5 | 3.0 | 116.5 | 7.0 | 68.7 | 13.7 |
| Other assets | 5.0 | 11.0 | 4.4 | 9.1 | 3.5 | 2.7 | 2.7 | 2.7 |
| Proceeds receivable | 7.6 | 8.1 | 1.5 | 0.6 | 0.3 | 0.2 | 0.2 | 0.2 |
| **Total assets** | **999.7** | **1,062.0** | **1,102.5** | **1,267.4** | **1,689.6** | **1,411.3** | **1,526.1** | **1,637.2** |
| | | | | | | | | |
| Liabilities | | | | | | | | |
| ZDP share liability | 71.1 | 134.9 | 146.1 | 157.0 | 162.0 | 72.8 | 72.8 | 0.0 |
| Credit facility loan | 60.0 | 40.0 | 47.0 | 35.0 | 0.0 | 0.0 | 90.0 | 132.8 |
| Carried interest payable to Special LP | 7.9 | 0.0 | 6.9 | 15.2 | 37.3 | 0.0 | 0.0 | 8.2 |
| Payables to inv. | 3.2 | 3.7 | 3.9 | 4.6 | 5.8 | 5.2 | 5.2 | 5.2 |
| Net deferred tax liability | 3.5 | 0.8 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Accrued expenses and other | 1.5 | 9.4 | 2.6 | 2.4 | 2.2 | 4.1 | 4.1 | 4.1 |
| **Total Liabilities** | **147.2** | **188.8** | **206.5** | **214.2** | **207.3** | **82.1** | **172.1** | **150.3** |
| | | | | | | | | |
| **Net assets** | **852.5** | **873.2** | **895.9** | **1,053.2** | **1,482.3** | **1,329.2** | **1,354.0** | **1,486.9** |
| | | | | | | | | |
| Class A | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Class B | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Additional paid in capital | 525.2 | 525.2 | 497.1 | 496.6 | 496.6 | 496.6 | 496.6 | 496.6 |
| Retained earnings | 335.1 | 355.9 | 406.4 | 563.8 | 992.4 | 839.5 | 863.7 | 996.1 |
| Shares in treasury | -9.2 | -9.2 | -9.2 | -9.3 | -9.3 | -9.3 | -9.2 | -9.2 |
| Total equity ownership | 851.5 | 872.4 | 894.8 | 1,051.7 | 1,480.2 | 1,327.3 | 1,351.6 | 1,484.0 |
| NCI | 1.0 | 1.0 | 1.1 | 1.5 | 2.1 | 1.9 | 2.4 | 2.9 |
| **Total net assets** | **852.5** | **873.3** | **895.9** | **1,053.2** | **1,482.2** | **1,329.2** | **1,354.0** | **1,486.9** |
| | | | | | | | | |
| Period-end no shares (m) | 48.8 | 48.8 | 46.8 | 46.8 | 46.8 | 46.8 | 46.5 | 46.5 |
| **Adj. NAV per share ($)** | **17.45** | **17.87** | **19.11** | **22.49** | **31.65** | **28.38** | **29.12** | **31.98** |
| NAV growth (%) | 10% | 2% | 7% | 18% | 41% | -10% | 3% | 10% |
| **NAV total return** | 13% | 6% | 10% | 21% | 45% | -8% | 6% | 13% |
| | | | | | | | | |
| **Adj. NAV per share (£)** | **12.91** | **14.03** | **14.43** | **16.45** | **23.37** | **23.59** | **23.99** | **26.34** |
| Exch. rate (£: $) | 1.352 | 1.274 | 1.324 | 1.367 | 1.354 | 1.203 | 1.214 | 1.214 |

*Source: NBPE Report and Accounts, Hardman & Co Research*

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