



Results analysis: NB Private Equity Partners

NBPE's private portfolio has contributed to the trust's performance during the period, while its strong realisation pipeline continues to deliver...

Update
29 September 2023

- NB Private Equity Partners released its half year report to 30/06/2023, recording strong performance driven primarily by its private holdings
- NBPE posted 4.8% NAV total return in the six month period, with valuations of the private companies rising 3.8% in constant currencies, with the strong performance attributed to strong operating performance, with the underlying portfolio reporting weighted average LTM revenue growth of 14.9% and LTM EBITDA growth of 15.4%, despite a challenging broader economic context
- The trust experienced strong realisation activity, with \$127m of announced realisations year-to-date, which compares to \$120m of proceeds received for the whole of 2022
- The trust paid a second dividend of the calendar year in August, bringing total dividends for the year to \$0.94 per share, a 4.8% yield on the share price
- NBPE currently sits on a discount of -25.0%, a slight narrowing from its 2022 year-end discount

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performance for the trust and, with a strong balance sheet, the managers are readily able to finance co-investments from Neuberger Berman's ongoing deal flow, when deals judged to be the right fit for the portfolio are completed.

The board has also maintained its sensible approach to the trust's dividend, opting to maintain dividends for the year (paid in instalments in February and August) at \$0.94 per share, representing an attractive 4.8% yield on the share price.

The listed private equity sector continues to be dogged by particularly wide discounts, with NBPE no exception. While NBPE's discount has narrowed over the course of the year the Chairman has highlighted that the board believes it's "unjustifiably wide given the quality and performance of the portfolio", and sees the wide discount as an "opportunity to invest in a portfolio that is performing strongly and [NB] knows well." Year-to-date NBPE has bought back \$5 million of shares – resulting in an accretion to NAV of \$0.05.

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Kepler view

With markets still experiencing some volatility in the first half of 2023, **NB Private Equity Partners (NBPE)** has delivered some good performance this calendar year.

That its private portfolio has provided the major share of the returns seen in the first half of the year is especially encouraging. In particular, the role of revenue growth and EBITDA growth in the positive revaluations of the private portfolio demonstrates investment cases playing out in real time. In addition to this organic growth, NBPE also highlighted that M&A has been accretive and should help support future growth through the benefits of scale, customer and end market diversification.

Elsewhere, the strong realisation pipeline for the trust has continued to play out, with \$127m of announced realisations year-to-date, including minority liquidity from the trust's largest holding, Action, as NBPE took advantage of an opportunity to crystallise some of the gain on what has been a very successful investment. With the exception of Action, all of the rest of the realisations are from smaller, more mature holdings, including quoted holdings.

New investments were dominated by follow-on investments in Solenis and Renaissance Learning, to support further M&A, a key theme for the market at the moment. We think this should offer a boost to future



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