

# BMO PG Fund supplementary slides

June 2024

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Global Asset Management

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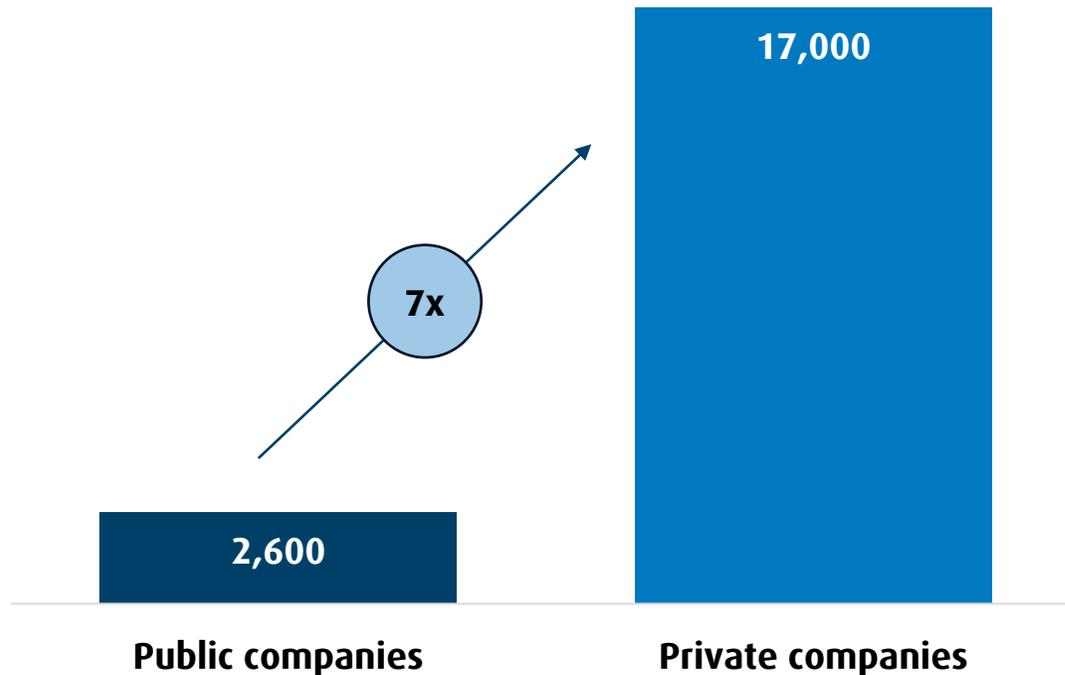
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An investment in the BMO Partners Group Private Markets Fund (the BMO PG Fund) described hereby is speculative. A subscription for units of the BMO PG Fund should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the BMO PG Fund. Prospective investors should consult with their own independent professional legal, tax, investment and financial advisors before purchasing units of the BMO PG Fund in order to determine the appropriateness of this investment in relation to their financial and investment objectives and in relation to the tax consequences of any such investment. Prospective investors should consider the risks described in the confidential offering memorandum (OM) of the BMO PG Fund before purchasing units of the BMO PG Fund. Any or all of these risks, or other as yet unidentified risks, may have a material adverse effect on the BMO PG Fund's business and/or the return to investors. See "Investment Objective, Investment Strategy and Certain Risks" in the OM of the BMO PG Fund. In addition to the risks described in the OM of the BMO PG Fund, the BMO PG Fund will bear the risks associated with the Partners Group BMO Master Limited (Master Fund) in proportion to the amount of the BMO PG Fund's investment in the Master Fund. Prospective investors in the BMO PG Fund should therefore carefully consider the risks described under "Certain risk factors", "Business and structure related risks", "Adviser related risks", "Investment-related risks" and "Limits of risk disclosure" in the OM of the Master Fund.

# Private Markets

# Private markets can offer an attractive choice of cash flow generative companies

Number of US companies with annual revenues >USD 100m<sup>1</sup>



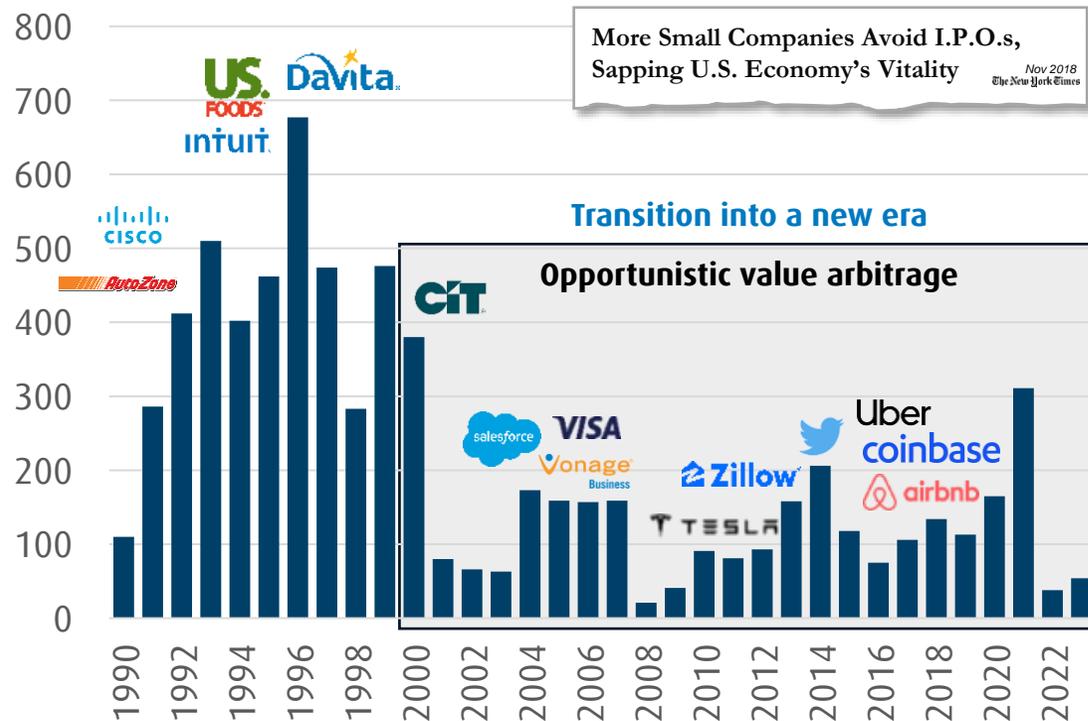
An important development in understanding what is driving the private markets is **the growing recognition from company founders, owners and management that their own interests are not necessarily served by an IPO.**

There is also an increasing understanding of how private equity can provide an attractive return to management, by longer term and incremental value creation. **Private markets offer management a stake in the future that can be far more valuable than a speculative IPO payday.**<sup>2</sup>

Notes & Sources: For illustrative purposes only. <sup>1</sup> S&P Capital IQ, as of February 2021. The images are representative of the information shown and are not actual investments of the Fund. Partners Group analysis (2024). <sup>2</sup> Private Markets: The New Traditional Asset Class, Steffen Meister (2023).

# A greater portion of the real economy choses to remain under private ownership

## Number of IPOs, 1990-2021<sup>1</sup>



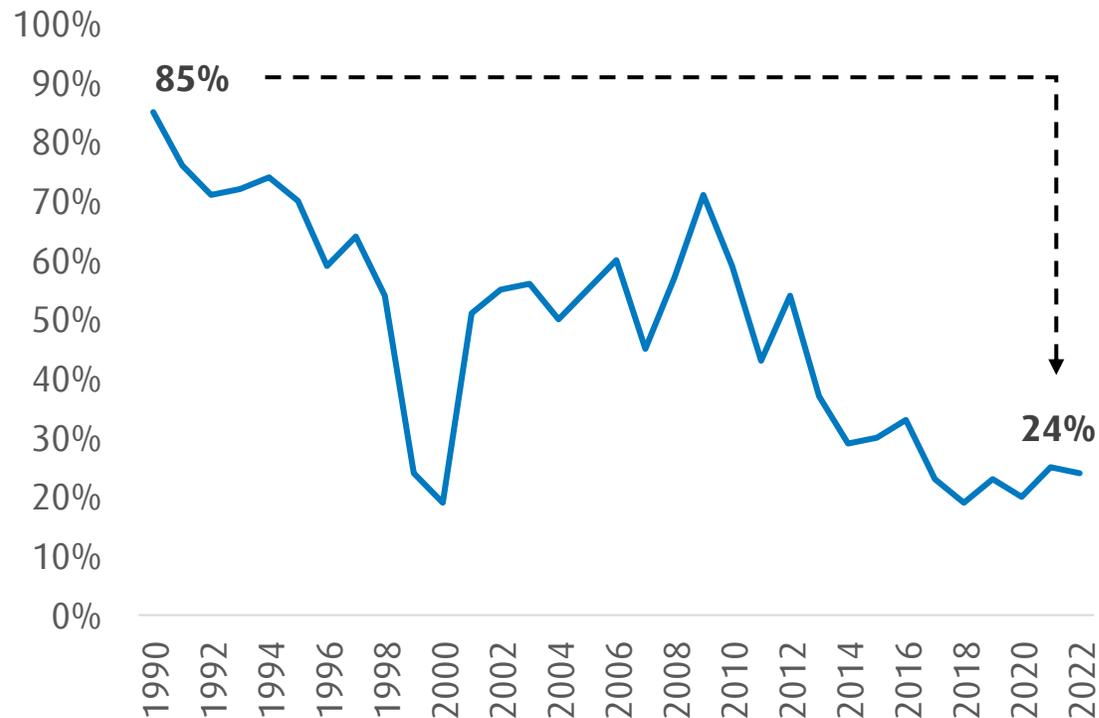
Today, the roles of public and private markets fundraising have almost completely reversed from those in the 1980s. **When it comes to raising new capital, public markets are in the realm of opportunistic IPOs, while private markets are in the realm of real economy investment and strategic growth planning.**

The changing role of IPOs can also be seen in the number of businesses coming to public markets. [...] the absolute number of IPOs has risen and fallen with market cycles, but there has been a clear downward trend since the turn of the millennium.<sup>2</sup>

Notes & Sources: All logos and trademarks of other companies are the property of those respective companies. For illustrative purposes only. <sup>1</sup> Annual data, 8,775 IPOs in total. Source: Dr. Jay Ritter's global dataset of IPOs as of 15 February 2023. Excludes IPOs with an offer price below USD 5 per share, unit offers, ADRs, closed-end funds, partnerships, acquisition companies, REITs, bank and S&L IPOs. <sup>2</sup> Private Markets: The New Traditional Asset Class, Steffen Meister (2023).

# Fewer companies coming to public markets are profitable

% of IPO-ed businesses with positive earnings, 1990-2021<sup>1</sup>



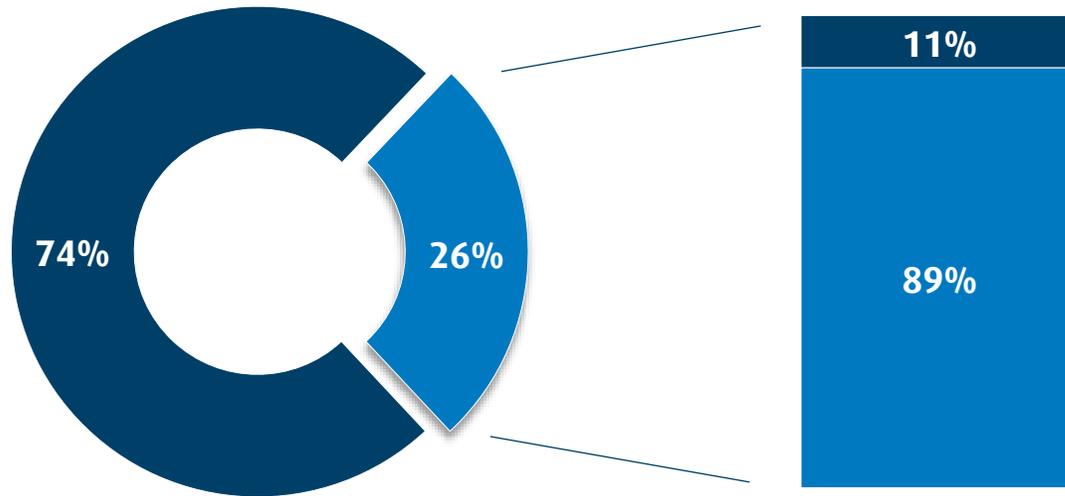
Public offerings over the past 20 years have been dominated by 'hype assets.' **Companies coming to public equity markets are often loss-making and public markets are fascinated by technology, by high-profile businesses and founders, and by the potential for speculative and outsized growth.**<sup>2</sup>

Notes & Sources: For illustrative purposes only. 1 Earnings per share > 0; Annual data, 8,775 IPOs in total. Source: Dr. Jay Ritter's global dataset of IPOs as of 15 February 2023. Excludes IPOs with an offer price below USD 5 per share, unit offers, ADRs, closed-end funds, partnerships, acquisition companies, REITs, bank and S&L IPOs. 2 Private Markets: The New Traditional Asset Class, Steffen Meister (2023).

# Prior to an IPO, most 'traditional' assets are managed in private markets

Public market issuances  
US 2020-2021<sup>1</sup>

Origination of 'traditional' economy  
asset IPOs



26% 'Traditional' economy assets  
(Consumer, Healthcare, Industrials)

89% were taken public by a PE firm  
or received significant VC funding

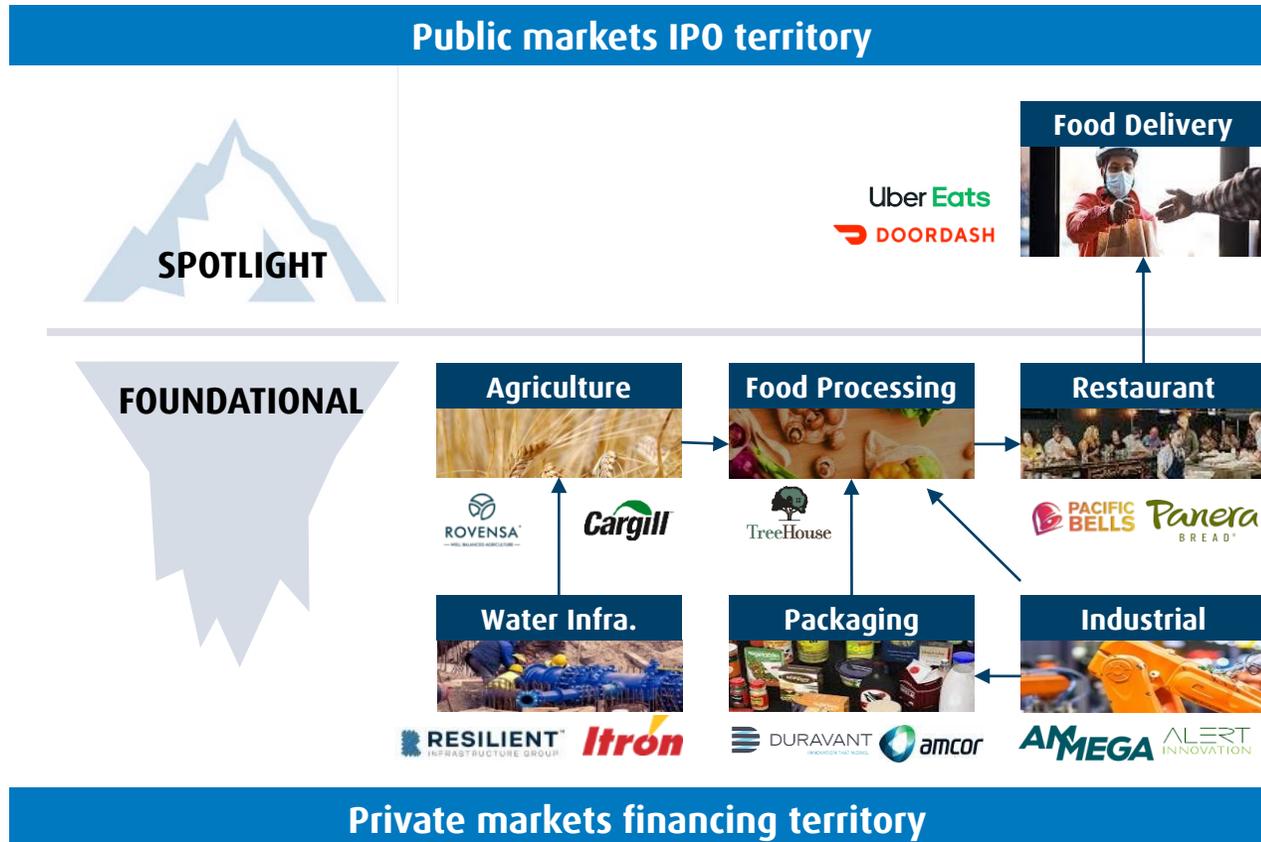
In 2020-21, **traditional businesses** – such as consumer-facing companies, healthcare, or industrial assets – accounted for just 26% of US IPOs.

Ironically, **89% of those more traditional company IPOs were of businesses previously owned or financed by private markets firms.**<sup>2</sup>

Notes & Sources: For illustrative purposes only. <sup>1</sup> Figures shown represent US IPOs from 2020-2021. 1,359 issuances. <sup>2</sup> Other includes debt, self-funded, and other non-private market funding. Sources: S&P Capital IQ; Partners Group (2022). <sup>2</sup> Private Markets: The New Traditional Asset Class, Steffen Meister (2023).

# Public companies increasingly belong to the category of 'spotlight' businesses

## Example: Modern food value chain



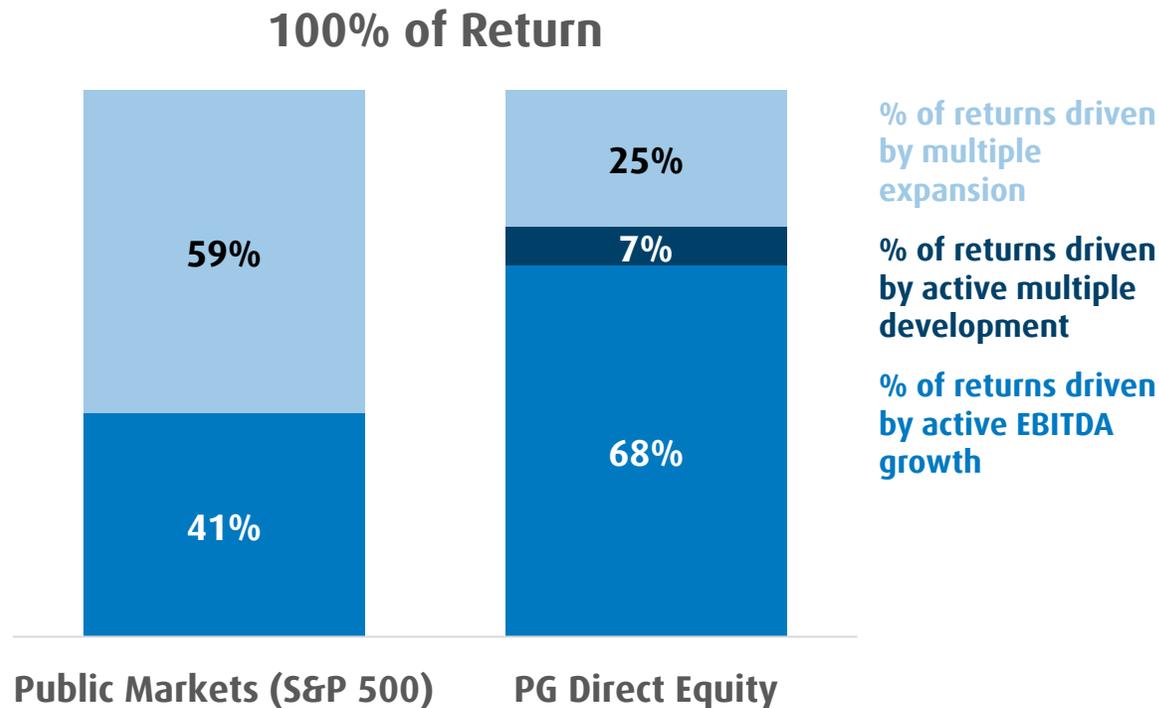
Spotlight companies are often associated with terms like 'disruptor' or 'challenger', and their strategies aspire to be 'game-changers'. **In short, they are 'sexy'.**

**Foundational companies represent the infrastructure and core products and services of a modern economy, they manufacture its tangible products** from food to pharmaceuticals, and from critical machinery to packaging. They provide essential or everyday services and processes.

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# Active private market managers drive attractive performance through active business building and earnings growth

Return attribution analysis (Dec 2011 – Dec 2021)<sup>1</sup>



Private markets increasingly represent the real engine room of the economy, having become the largest source of capital formation, and outstripping the IPO market. Private markets firms are also becoming more differentiated across a spectrum of scale and specialization.

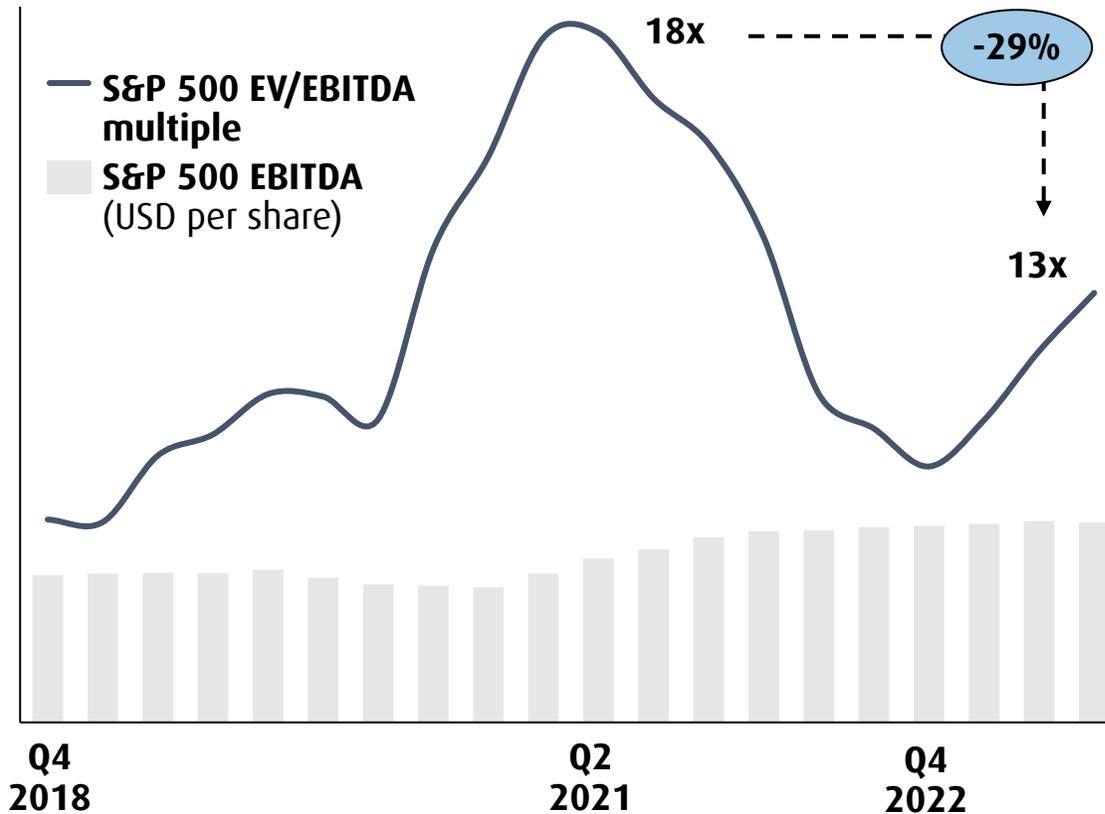
And while private markets are inherently a more active form of investment than public markets, some private markets firms are more active than others – **truly active firms are business builders that combine scale with management expertise and operational planning to deliver real value creation.**<sup>2</sup>

Notes & Sources: For illustrative purposes only. Past performance is not indicative of future performance. There is no assurance that similar results will be achieved. <sup>1</sup> Source: Partners Group Research (2023). <sup>2</sup> Private Markets: The New Traditional Asset Class, Steffen Meister (2023).

# Public market valuations

# Public market valuations tend to be highly volatile, irrespective of the underlying fundamentals

## S&P 500 EV/EBITDA multiple



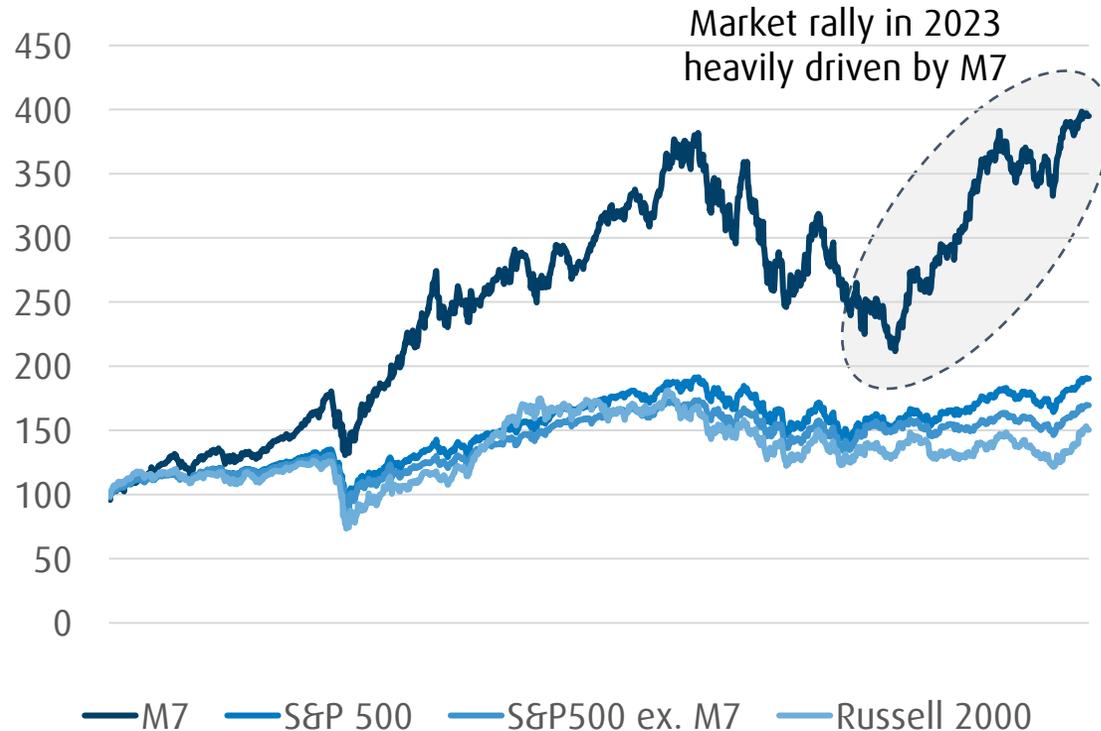
## Sentiment drives valuations

- Expectations drive valuations in public markets
- Multiples regularly see swings of >30%, even if fundamentals remain unchanged
- Selling and buying activity reflects market temperament and drives prices, not value

Notes & Sources: For illustrative purposes only. There is no assurance that similar results will be achieved. Source: 1 S&P Capital IQ, (March 2024)

# A handful of top technology companies drove 2023 public markets rebound...

## 5-year performance (TR), re-based



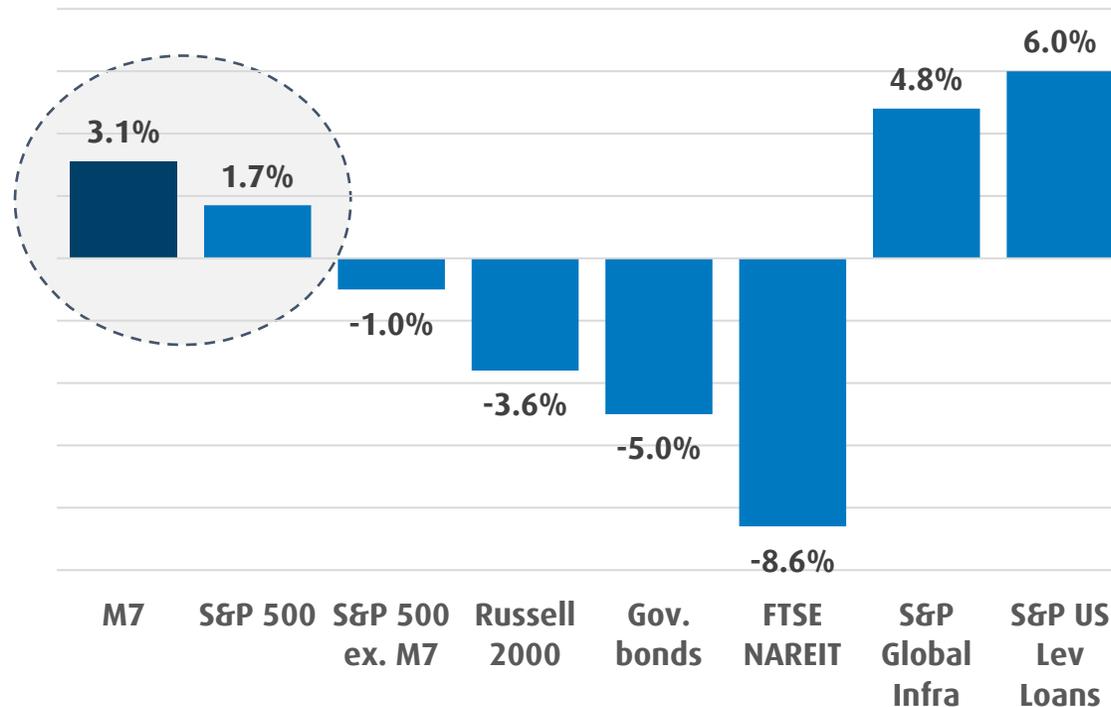
## M7 drove 2023 performance of S&P 500...

- Magnificent 7 represented most of the gains in 2023
- S&P 500 ex-M7 & Russell 2000 still below 2021 peaks

Notes & Sources: For illustrative purposes only. There is no assurance that similar results will be achieved. S&P 500 index refers to ticker SPX Index, Russell 2000 refers to ticker RTY Index, M7 and S&P500 ex. M7 indexes were created with Bloomberg by creating a new index / subtracting from S&P500, the Magnificent 7 (APPL, MSFT, AMZN, NVDA, META, TSLA, GOOG). Partners Group (2024), Bloomberg.

# ...with most of the gain recouping losses incurred in 2022

## Last 2 years annualized return (TR)



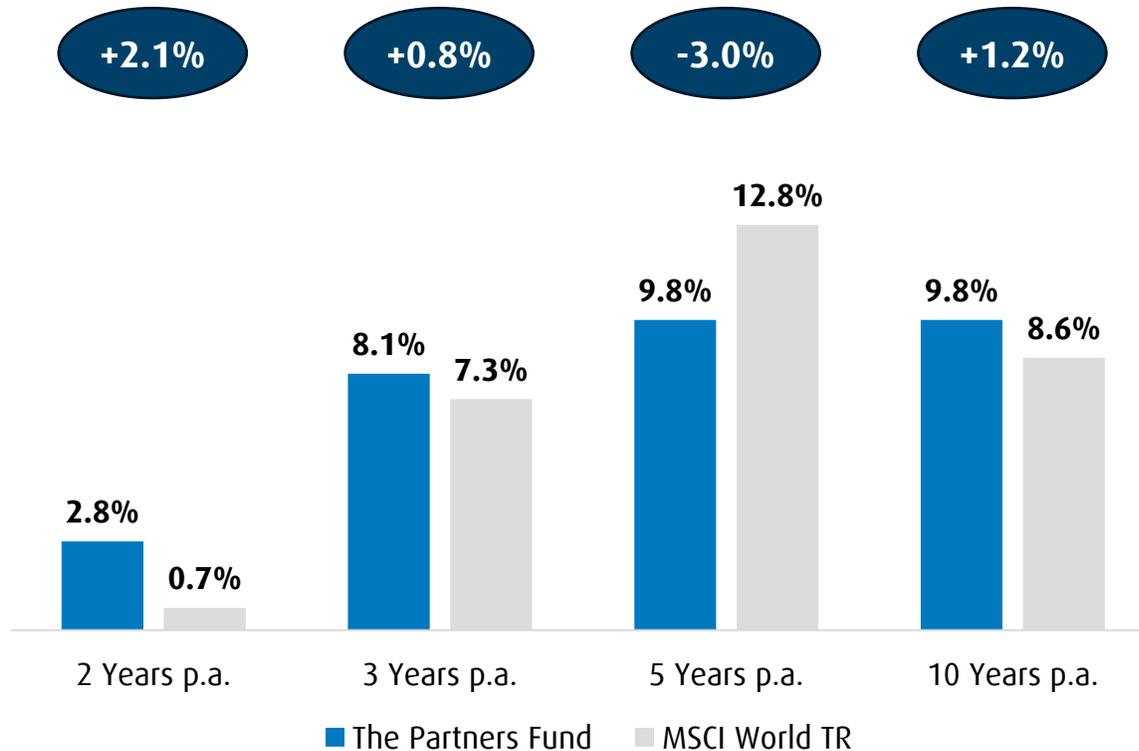
## Gains in M7 only recovered 2022 losses

- Most other indices are still trading below end of 2021 levels
- Government bonds saw worst performance in decades
- Infrastructure and leveraged loans remain attractive asset classes

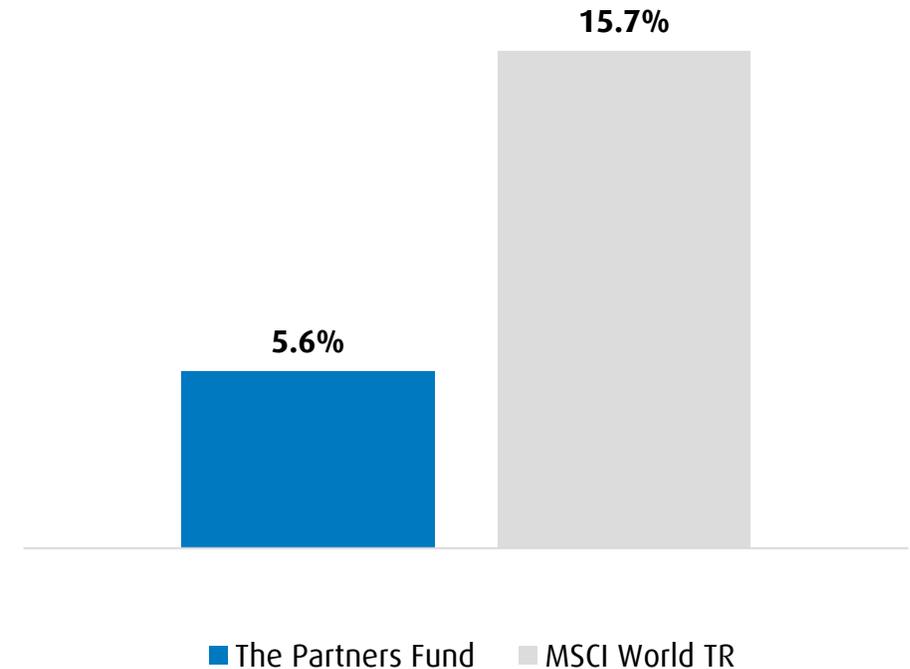
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# Focus on value creation and earnings growth has resulted in long-term outperformance at a fraction of the volatility

## Net performance versus public markets



## Volatility (10 Years p.a.)



**Notes & Sources:** Past performance is not indicative of future results. For illustrative purposes only. The inclusion of this index is used for comparison purposes only and should not be construed to mean that there will necessarily be a correlation between the Fund/investment return and the index. The Fund is not managed nor designed to track such index. MSCI World TR in USD as of 31 December 2023 is used as a comparison as it is a commonly used index by public market investors which captures large and mid-cap public equity securities across 23 developed markets. Numbers may not add up due to rounding. The Partners Fund refers to The Partners Fund Trust I (USD) net of all fees, as of 31 December 2023. Index returns do not reflect transactions costs or the deduction of other fees and expenses and it is not possible to invest directly in an Index. Past performance is not indicative of future results. Source: Partners Group (2024).

# Portfolio remains healthy and continues to grow

## Private equity

+11.8% EBITDA YoY growth  
>25% average margin

## Private infra / real assets

~15% increase in FCF  
>80% inflation-linked cash flows<sup>1</sup>

## Private debt

~13% YTM<sup>2</sup>  
~50% equity cushion<sup>3</sup>

## LARGEST INVESTMENTS PER ASSET CLASS:

Private equity	Δ YoY EBITDA
 GALDERMA	+10.9%
 ALLIED UNIVERSAL	+3.7%
 Emeria	+11.2%
 KinderCare LEARNING CENTERS	+14.7%
 zabka	+7.8%

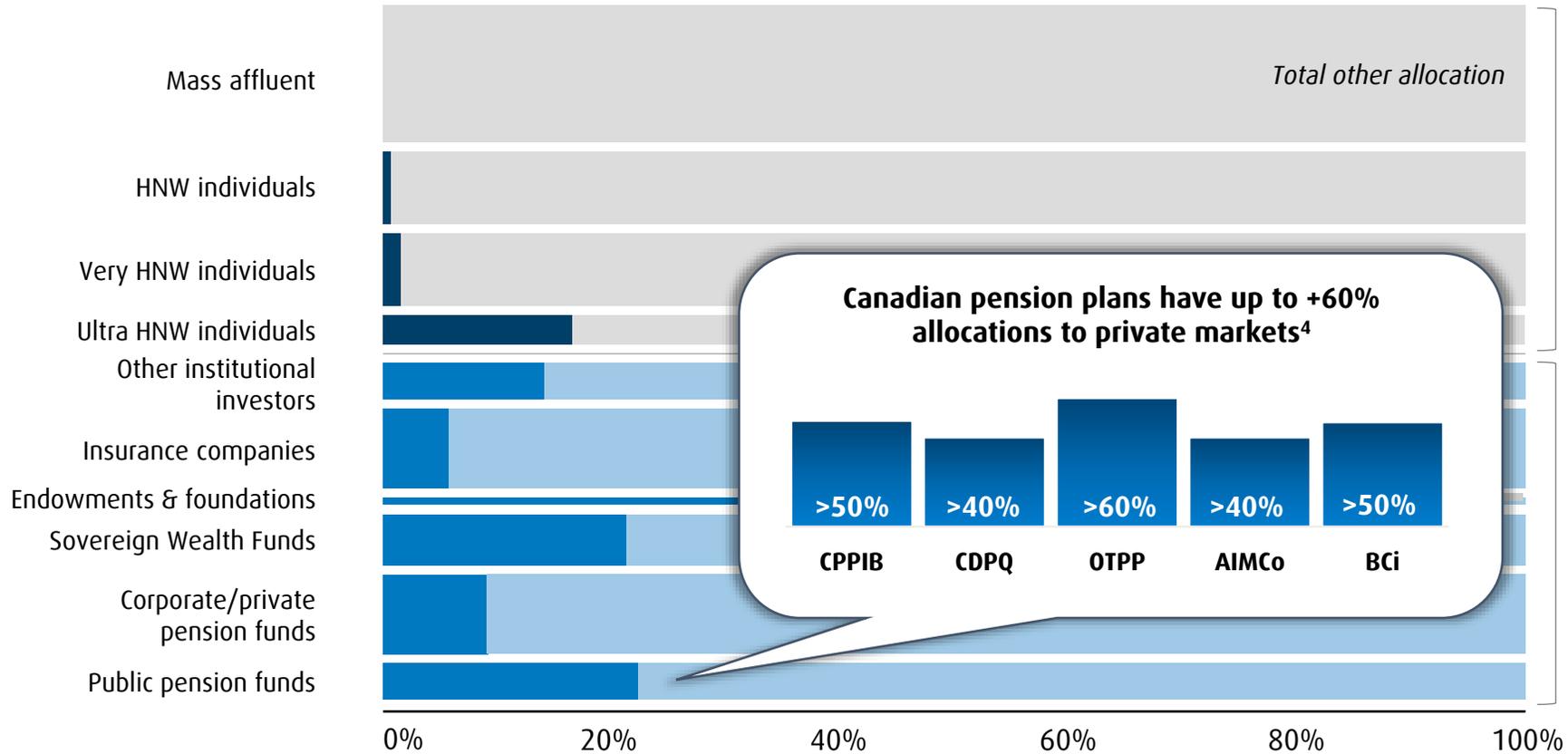
Private infra/real assets	Δ YoY EBITDA
 eolo	+5.8%
 atnorth	+39.2%
 kairos LIVING	+5.4% <sup>4</sup>
 Gren	+42.3%
 MILESTONE	+13.1%

Private debt	YTM <sup>5</sup>
 IDEMIA	16.3%
 AD   EDUCATION	8.9%
<b>Project Sheen</b>	13.7%
<b>Project Metric</b>	14.3%
 AUTOFOR	14.0%

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# Private wealth allocations

# Allocations to alternatives remain low for many significant client segments



**Private wealth**  
US\$140 – 150Tn<sup>2</sup>

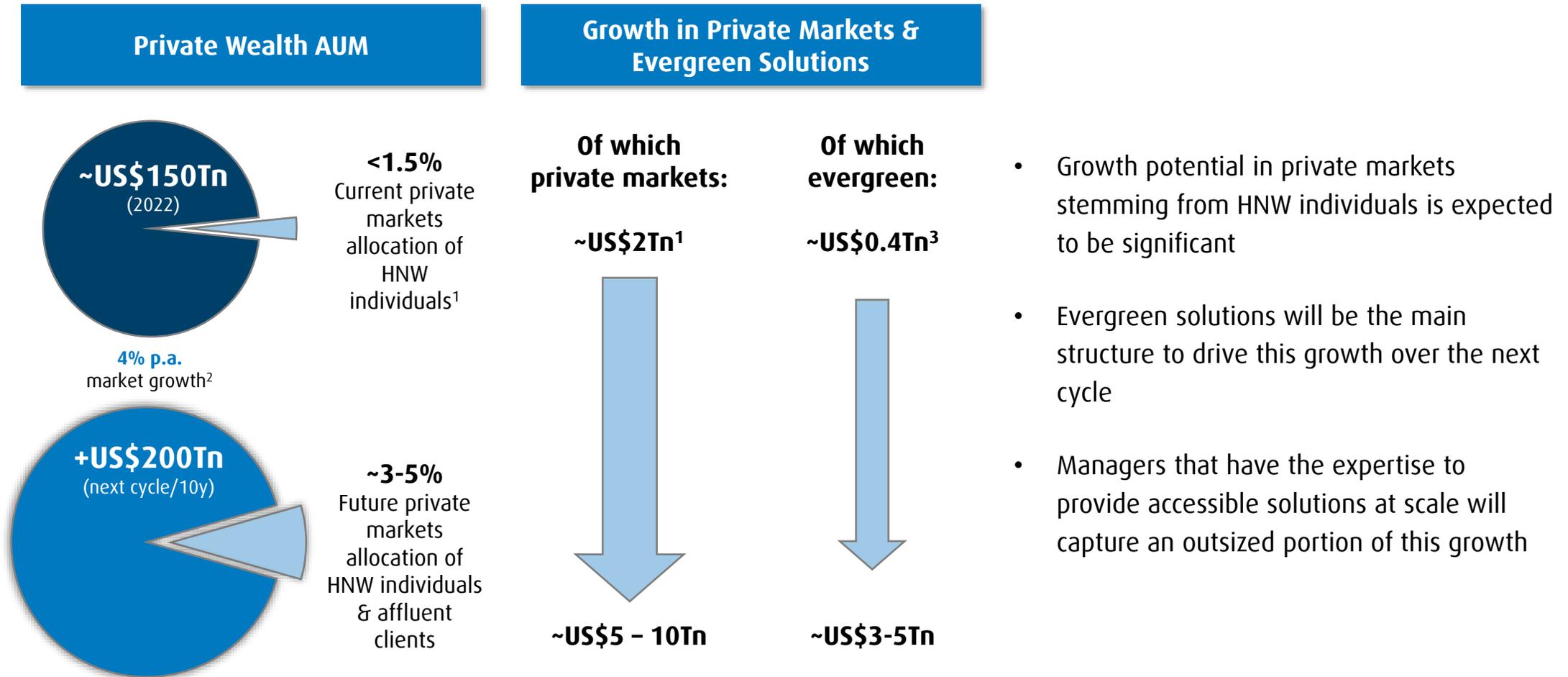
**<1.5%**  
allocation to private  
markets only<sup>3</sup>

**Institutional capital**  
US\$135 – 145Tn<sup>2</sup>

**Up to 60%**  
allocation to private  
markets<sup>3</sup>

Notes & Sources: For illustrative purposes only. <sup>1</sup> Bain & Company, 2023: Global Private Equity Report 2023. Alternative investments include private markets and listed alternative strategies. Mass affluent defined as USD 0-1 million, HNW individuals as USD 1-5 million, very HNW individuals as USD 5-30 million, and ultra HNW individuals as USD 30+ million. <sup>2</sup> Global wealth by investor type, 2022. Source: Bain & Company, 2023: Global Private Equity Report 2023. <sup>3</sup> Total of USD 13.5 trillion estimated private markets AuM as of December 2022, Preqin (2023), of which USD 11.5 trillion institutional AuM and USD 2 trillion private wealth AuM (includes closed-ended funds, evergreens and other structures). <sup>4</sup> 2023 annual reports from CPPIB, CDPQ, OTPP, AIMCo and BCiM. Private markets denote investments in private equity, venture capital, real estate, infrastructure and private credit. Private credit calculations were excluded from CPPIB & CDPQ as percentage of private assets within credit is not disclosed (2024). Partners Group (2023).

# Evergreen solutions will play a central role in the private wealth shift to private markets

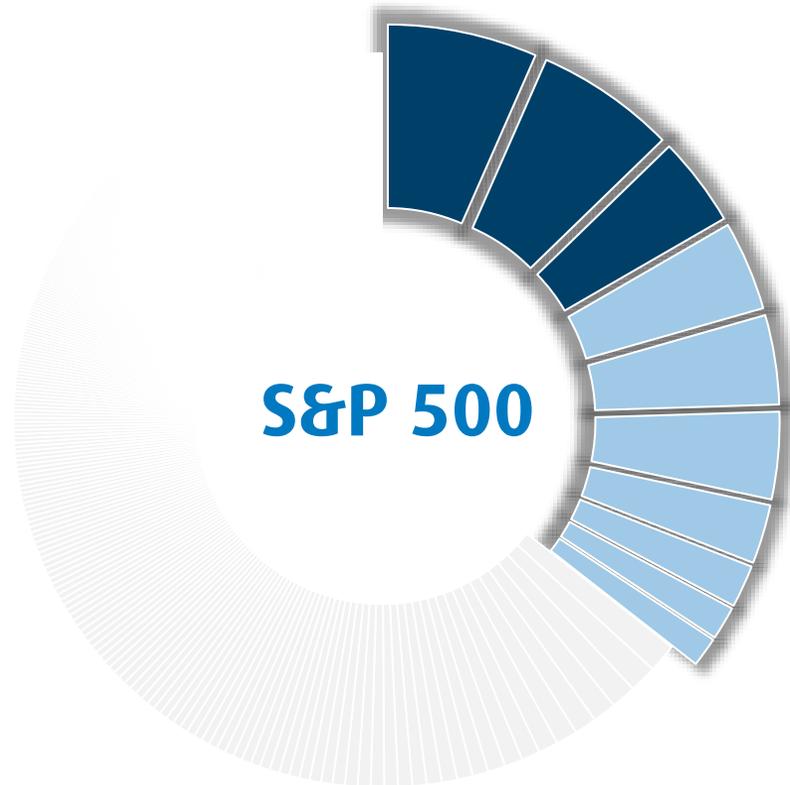


**Notes & Sources:** <sup>1</sup> Total of USD 13.5 trillion estimated private markets AuM as of December 2022, Preqin (2023), of which USD 2 trillion private wealth AuM (includes closed-ended funds, evergreens and other structures). <sup>2</sup> Partners Group estimate (2023). <sup>3</sup> Estimated evergreen AuM (includes private REITs & income funds, listed business development companies, existing private markets evergreen solutions, as well as select US unlisted closed-ended funds for private wealth). Note: For illustrative purposes only. Source: Partners Group (2023).

# Private markets: accessing the real economy

# Public markets are increasingly concentrated in just a few companies

36% of the index market cap in top 10 companies<sup>1</sup>

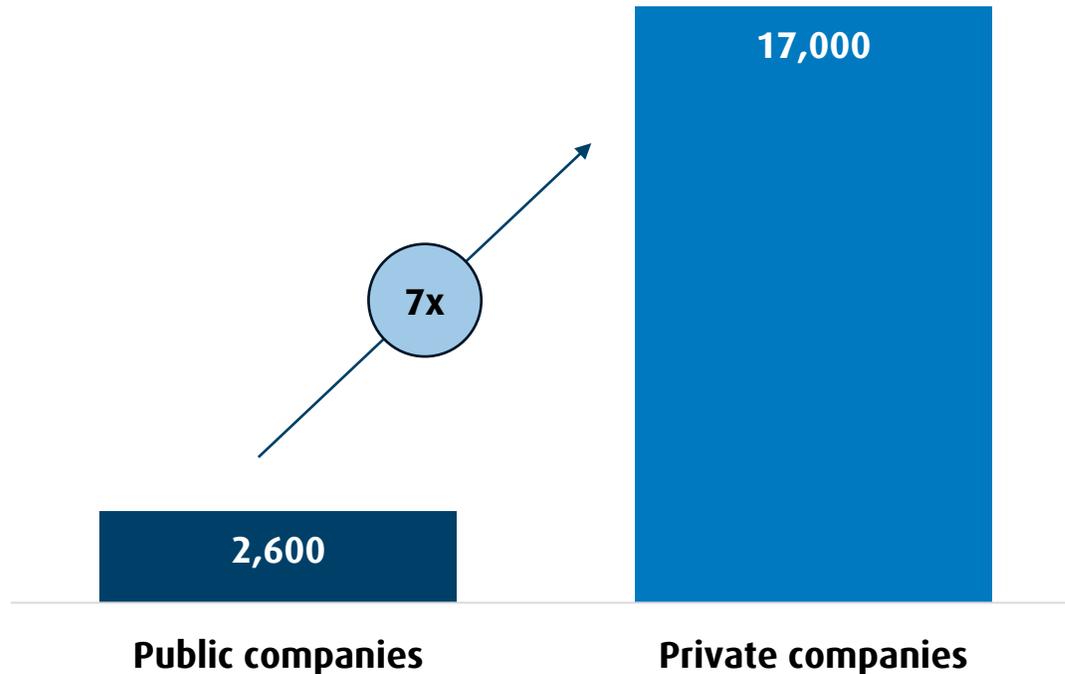


Top companies	Index weight	Market cap
3	17%	US\$8T
10	36%	US\$15T

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# Private markets can offer an attractive choice of cash flow generative companies

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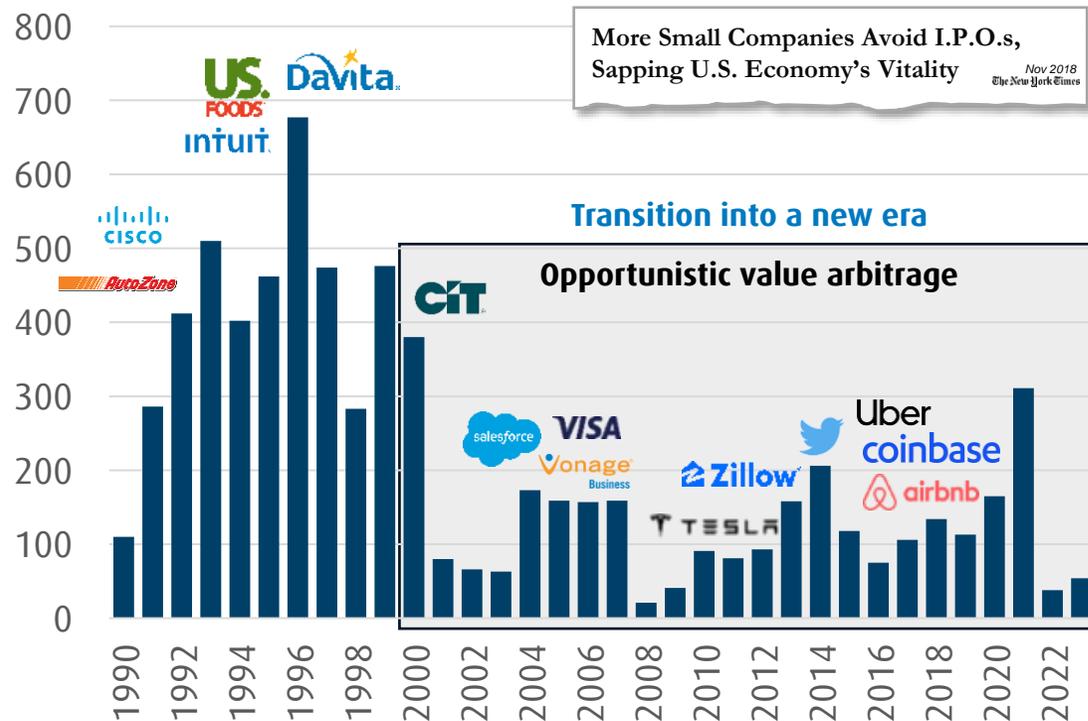


Previously inaccessible to all but the most committed of large institutional investors, Private Equity is an asset class that now demands serious attention and portfolio space

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# A greater portion of the real economy choses to remain under private ownership

## Number of IPOs, 1990-2021<sup>1</sup>



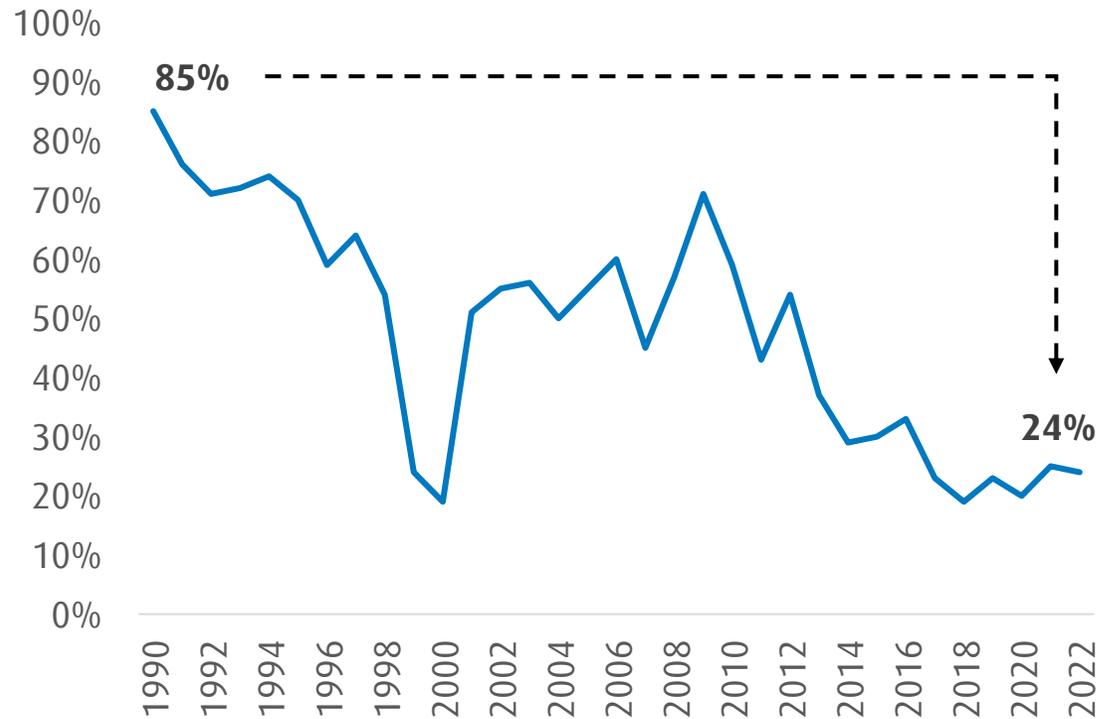
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# Private markets can provide access to the themes transforming our everyday lives

## Digitization & Automation

Digital infrastructure



Offers scalable high-performance computing and artificial intelligence services powered 100% by renewable energy.

## New Living

Sports medicine growth



Provides outpatient physical therapy with 500+ clinics across 30 states supporting growth in increasingly active lifestyles.

## Sustainability

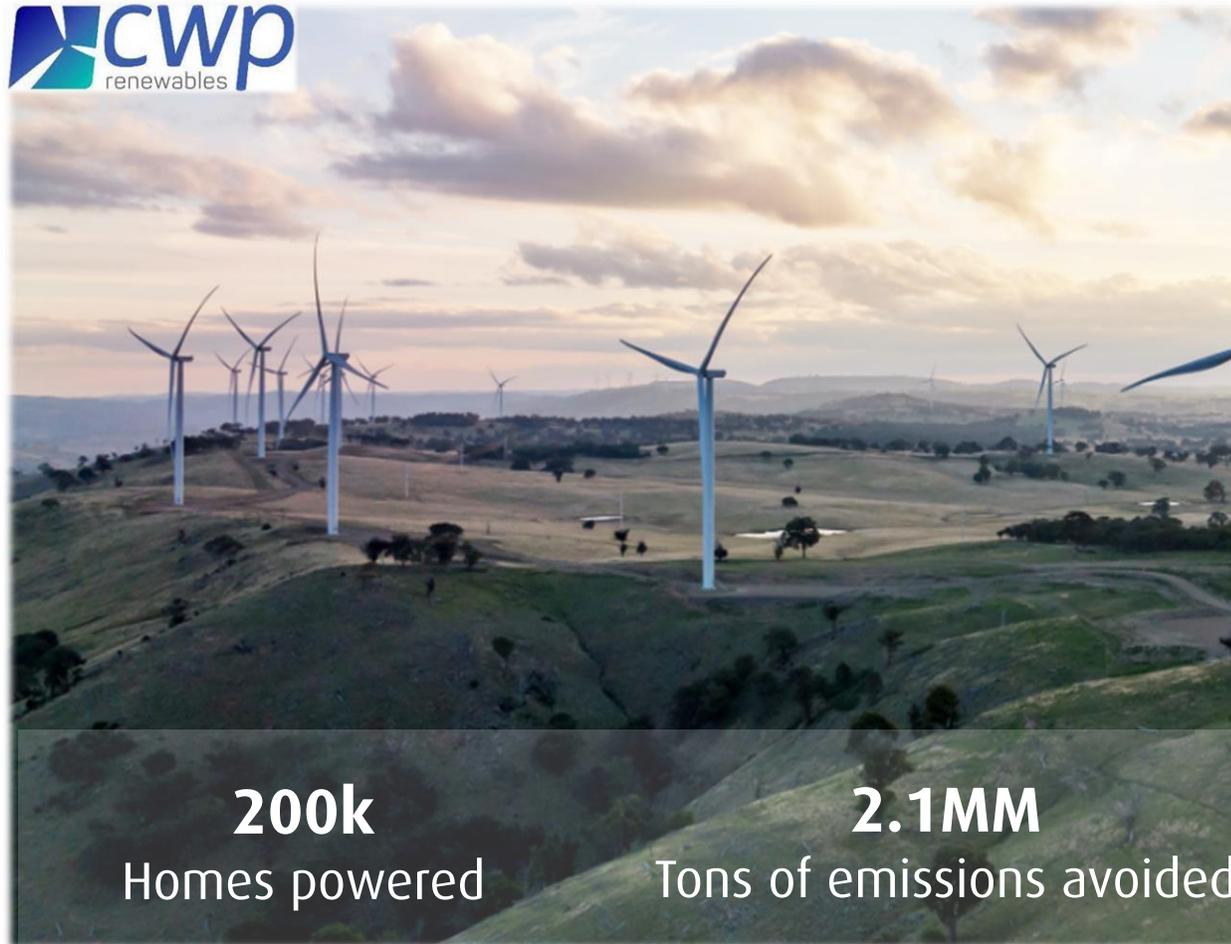
Water sustainability



Enables water reuse and adds next generation infrastructure to alleviate centralized municipal facilities.

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# Private markets provide the ability to transform assets and companies



## Financing the energy transition



### CWP Renewables

One of Australia's largest renewable energy platforms spanning onshore wind and battery farms, providing power to multiple blue-chip clients

#### Transformation:

- Built asset from the ground up
- Installed best-in-class teams
- Arranged long-term power purchase agreements

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# Private markets provide the ability to transform assets and companies



## Promoting sustainable agriculture



**Rovensa**

Rovensa is a leading European developer of differentiated crop lifecycle management solutions

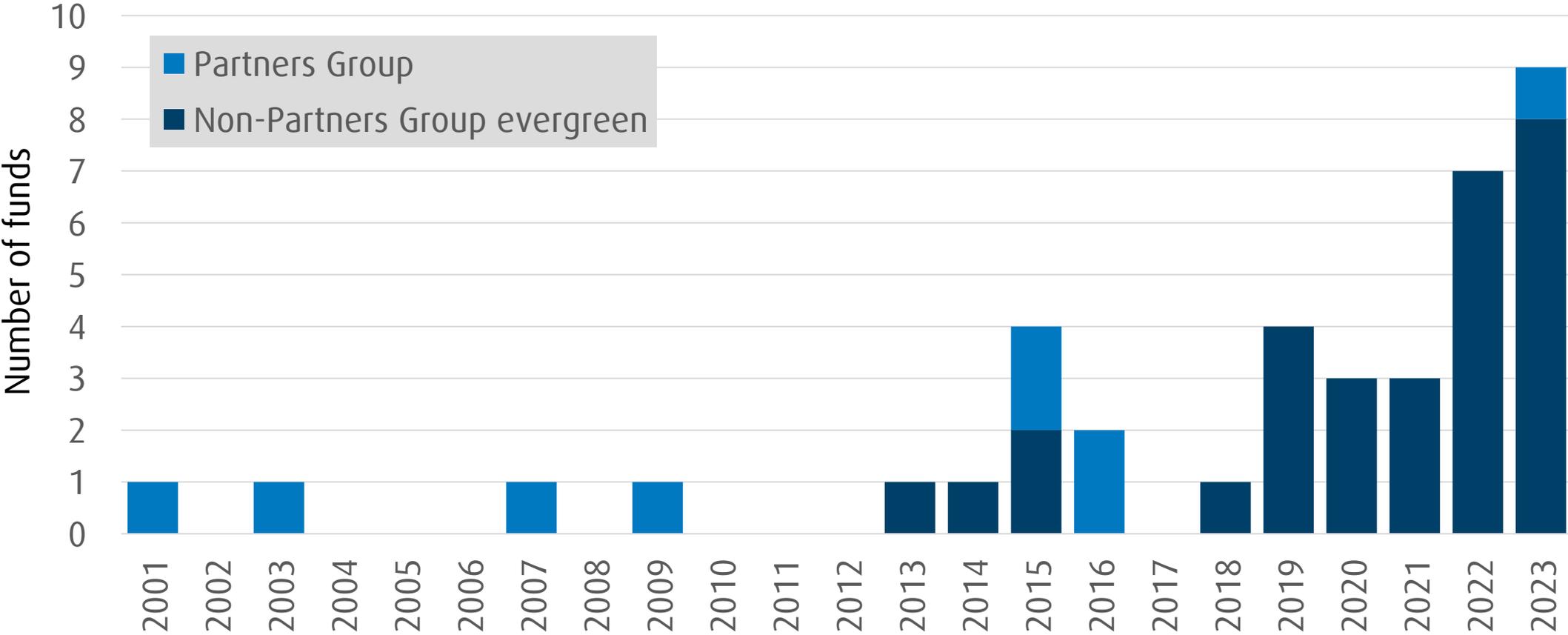
### Transformation:

- Build comprehensive portfolio to help farmers grow healthy, residue-free crops
- Focus on the development and registration of innovative biological products
- Expand footprint in key markets including the US and Asia

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# Evergreen fund launches

# Evergreen fund launches globally



Notes & Sources: See "Navigating the evergreen fund frenzy" published with Partners Group's "Private Markets Mythbuster Series" in April 2024. Includes Private Equity and Private Markets evergreen funds launched since 2000. Partners Group research (2024). For illustrative purposes only.