



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

ANNUAL REPORT & FINANCIAL STATEMENTS

PARTNERS GROUP GENERATIONS FUND

31 December 2021

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Registered Office of the Company

14th Floor, 110 Bishopsgate
London EC2N 4AY
United Kingdom

Authorised Corporate Director

Partners Group (UK) Limited
14th Floor, 110 Bishopsgate
London EC2N 4AY
United Kingdom

Investment Adviser

Partners Group AG
Zugerstrasse 57
6341 Baar
Switzerland

Depository

The Bank of New York Mellon (International) Limited
Principal Place of Business
One Canada Square
London E14 5AL
United Kingdom

Registrar

The Bank of New York Mellon (International) Limited
One Canada Square
London E14 5AL
United Kingdom

Independent Auditor

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT
United Kingdom

Legal Adviser

Macfarlanes LLP
20 Cursitor Street
London EC4A 1LT
United Kingdom

Statement of Authorised Corporate Director's Responsibilities in relation to the Financial Statements of the Company

The Authorised Corporate Director ("ACD") of the Partners Group Generations Fund ("the Company"), is responsible for preparing the Annual Report and the audited financial statements in accordance with the Open-Ended Investment Companies Regulations 2001 ("the OEIC Regulations"), the Financial Conduct Authority's Collective Investment Schemes' Sourcebook ("COLL") and the Company's Instrument of Incorporation.

The OEIC Regulations and COLL require the ACD to prepare financial statements for each annual accounting period, which:

- are in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) ("UK GAAP") and the Statement of Recommended Practice: "Financial Statements of Authorised Funds" ("SORP") issued by the IMA (now known as the Investment Association) in May 2014, updated in June 2017; and
- give a true and fair view of the financial position of the Company and its Sub-fund as at the end of that period and the net expense and the net capital gains on the property of the Company and its Fund for that period.

In preparing the financial statements, the ACD is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the applicable UK Accounting Standards and the Statement of Recommended Practice relating to Authorised Funds have been followed, subject to any departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in operation.

The ACD is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and its Fund and enable it to ensure that the financial statements comply with the applicable SORP and UK GAAP. The ACD is also responsible for the system of internal controls, for safeguarding the assets of the Company and its Fund and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Authorised Corporate Director ("ACD") presents herewith the annual report ("the report") for the Company for the year to 31 December 2021.

The Company

The Company is an Investment Company with Variable Capital ("ICVC") under regulation 12 (Authorisation) of the Open-Ended Investment Company Regulations 2001 ("the OEIC Regulations"). The Company is incorporated in England & Wales with registered number IC001047 and was recognised as an authorised OEIC by the FCA on 22 January 2016. The Instrument of Incorporation can be inspected at the office of the ACD.

The company is a Non-UCITS Retail Scheme ("NURS") fund of alternative investment funds ("FAIF"). The company is an Authorised Investment Fund (AIF) for the purposes of AIFMD.

The Company has an "umbrella" structure meaning that it comprises a number of separate Sub-funds holding different portfolios of assets. The Company currently has only one Sub-fund in existence. Further Sub-funds may be made available in due course, as the ACD may decide.

The ACD of the Company is Partners Group (UK) Limited. The ACD is the sole director of the Company and is authorised and regulated by the Financial Conduct Authority.

The TEF Regime

The Partners Group Generations Fund I Sub-fund is a Tax Elected Fund ("TEF").

The broad aim of the TEF regime is to move the point of taxation from an AIF structured as an OEIC to the investors in the fund. This is, broadly, achieved either by virtue of the fund's income being exempt or by treating distributions by the fund of its taxable income to investors as deductible interest paid by the fund. A TEF may, however, have other categories of taxable receipt which remain subject to taxation in the fund.

The ACD conducted the affairs of the Partners Group Generations Fund I Sub-fund in a way which satisfied all of the TEF conditions throughout the accounting period, which allows it to continue to be treated as a TEF. However, no assurance can be given that such conditions will be satisfied at all times in future accounting periods.

Protected Cell

On 21 December 2011, the Open Ended Investment Companies Regulations 2011 (as amended) ("the Regulations") were amended to introduce a Protected Cell Regime for OEICs. Under the Protected Cell Regime, each Sub-fund represents a segregated portfolio of assets and accordingly, the assets of a Sub-fund belong exclusively to that Sub-fund and shall not be used or made available to discharge (directly or indirectly) the liabilities of, or claims against, any other person or body, including any other Sub-funds and shall not be available for such purpose. The shareholders of the Company are not liable for the debts of the Company.

Security Financing Transactions

The Securities Financing Transactions (SFTs) Regulation, as published by the European Securities and Markets Authority, aims to improve the transparency of the securities financing markets. Disclosures regarding exposure to SFTs are required on all report and accounts published after 13 January 2017. For the year to 31 December 2021 and at the balance sheet date, the Partners Group Generations Fund did not engage in SFTs.

Sub-fund cross-holdings

The Company currently has only one Sub-fund in existence therefore there are no cross holdings at the end of the year.

Certification of the Annual Report by the ACD

This report is signed in accordance with the requirement of the COLL sourcebook. For and on behalf of Partners Group (UK) Limited



Andrew Campbell
Director



Michael Bryant
Director

In accordance with COLL 4.5.8BR, the annual report and the financial statements were approved by the board of directors of the ACD of the Company and signed on their behalf on the 28 April 2022.

Manager's Report

Investment objective and policy

The Sub-fund provides the opportunity to invest in private market asset classes through a more liquid vehicle than traditional funds investing in private equity, private real estate, private infrastructure or private debt.

The Sub-fund is a fund of alternative investment funds. The Sub-fund's objective is to provide long term capital growth. The Sub-fund aims to provide this via a portfolio comprising:

- transferable securities (including equity, debt and hybrid instruments) predominantly comprising listed infrastructure, listed real estate, listed private equity, opportunistic fixed income/insurance linked, high yield bonds and certain senior loans; and
- unregulated collective investment schemes investing in private market investments such as private equity, private real estate, private infrastructure and/or private debt (including senior loans).

The Sub-fund may also invest in money market instruments, regulated collective schemes, cash and near cash and deposits.

The Sub-fund may, in accordance with the relevant restrictions set out in the Sourcebook, make significant investments in collective investment schemes operated by the ACD and/or its affiliates.

The ACD will determine the asset allocation of the Sub-fund's assets and will direct investments ensuring the proper diversification and spread of investment amongst the Sub-fund. This allocation will be reviewed and, if required, rebalanced regularly.

The Sub-fund may hold cash, fixed interest securities and money market funds for the purposes of general liquidity management, financing redemption requests and meeting the Sub-fund's costs and expenses.

During periods when no suitable investments are identified the Sub-fund may be substantially liquid for sustained periods; such liquidity may be maintained in cash deposits, UK Treasury bills and other short-dated UK Government securities.

The Sub-fund will, at all times, invest and manage its assets in a manner that is consistent with spreading investment risk and in accordance with its published investment policy.

It is the ACD's intention that derivatives and forward transactions will only be used for Efficient Portfolio Management as defined in the Prospectus.

Performance review

Partners Group Generations Fund I (the "Fund") closed the year on a positive note for all share classes and recorded its highest performance since inception, after the slowdown in 2020: B Class Accumulation Shares (+15.5%), P Class Accumulation Shares (+15.4%), J Class Accumulation shares (+16.2%), I Class Accumulation Shares (+16.0%) and S Class Accumulation Shares (+16.2%). On a portfolio level, private equity investments were the largest contributors (+8.7%), followed by liquid private markets strategies (+4.9%). The private infrastructure, private debt and private real estate sectors also contributed positively to the Funds' performance during the reporting period, as well as the fund's allocation to senior loans. In contrast, the performance was negatively affected by the liquid portfolio strategies and exchange rate fluctuations.

Among the best performers of the portfolio were the investment in Borssele III/IV, an offshore wind project located in the Netherlands, and the investment in United States Infrastructure Corporation, a US-based provider of underground utility locating services.

Manager's Report continued**Activity review**

Partners Group, the investment manager of the Fund, continues to focus on transformational investing and reached record investments volumes, which were supported by a catch-up effect from activities that had been postponed from 2020 due to the initial outbreak of the COVID-19 pandemic, and by the positive market momentum in 2021. During the year, the Fund participated in the investment program and further built up its portfolio on the private market side, by allocating capital across all asset classes, including private equity, private debt, private infrastructure, and private real estate.

For example, in February the Fund agreed to make an equity investment in Telepass, a leading European provider of electronic toll collection ("ETC") services. The infrastructure services business processes around EUR 7 billion in annual transactions across 14 European countries, servicing over 105,000 kilometres of motorway network. Telepass' core ETC business has long-term stable cash flows underpinned by high retention rates, with an average customer life of around eight years, and a fixed subscription fee model with low correlation to GDP fluctuations. Telepass complements its core ETC services with other transport-related services, such as digital mobility payments, for example for fuel, parking, taxis, car and bike sharing services, as well as personal mobility insurance services. Additionally, the company's M&A strategy is supported by a fully unlevered balance sheet and provides opportunity to expand the asset base and network in adjacent geographies. All combined this offers a unique opportunity for Partners Group to implement an operational value creation strategy in a resilient sector.

In June 2021, Partners Group acquired Dimension Renewable Energy*, a leading distributed energy platform in the US focused on the high-growth community solar and battery storage sector. At acquisition, Dimension's pipeline comprised over 180 projects totalling over 800MW of solar capacity and over 800MWh of battery storage across eight US states. Partners Group plans to transform the company into an independent power producer and one of the largest community solar operators in the US, with an integrated platform of over USD 1 billion. The platform expansion plan includes executing on the construction of the existing project pipeline, entering new markets, executing strategic project-level M&A, and scaling the organizational capabilities in construction oversight.

In July 2021, Partners Group closed the transaction to extend its majority ownership of International Schools Partnership* ("ISP") on behalf of incoming clients. As part of the transaction, Partners Group sold a minority stake in ISP to incoming shareholder Canadian pension fund OMERS, and subsequently re-invested in the company. Partners Group has duly followed rule-based conflict of interest mitigation procedures relating to the extension of its ownership, including seeking client/advisory (or similar) board consent, where required. Partners Group formed the UK-headquartered company in October 2013. Today, ISP has grown to be the fifth-largest private K-12 education platform globally, educating over 45,000 students in 50 schools across 15 countries. ISP continues to be an attractive investment with a robust track record of financial performance and a strong financial model. Partners Group will continue to work closely with ISP's management team on executing its acquisition pipeline, increasing enrolments, improving utilization and driving the integration of the business to realize further synergies.

In September 2021, Partners Group and Barings invested capital in Milestone*, a leading provider of transportation equipment in the US. Headquartered in Missouri, US, Milestone manages a fleet of over 95,000 trailers, chassis, and containers across an integrated network of more than 70 locations near major logistics hubs. Milestone has enjoyed significant tailwinds from the growth of e-commerce, a key transformative trend that Partners Group has been following in its thematic research. The investors together with Milestone management will work on a transformational value creation plan, which will focus on growing the trailer, chassis, and container segments by expanding the company's domestic network, executing on M&A, and pursuing adjacent market opportunities.

In October 2021, Partners Group invested capital in EOLO*, Italy's leading fixed wireless access broadband provider. EOLO owns and operates over 3,400 base transceiver stations, which transmit fixed wireless internet between its network and end users, and 13,000km fiber backhaul, covering roughly 80% of Italian households. The investment in EOLO benefits from long-term stable cash flows as the bulk of its revenues are generated through monthly subscriptions as well as trends in accelerating digitization, connectivity, and network densification. Given the large and growing addressable market in Italy, EOLO is uniquely positioned as the market leader to enhance internet connectivity for Italy's rural population. Partners Group, together with EOLO's management, will implement a value creation strategy centered around the densification and expansion of its network to grow its customer base.

Manager's Report continued

Activity review continued

In November, Partners Group Generations Fund I participated in the transaction to expand the shareholder base of Foncia*. Incoming shareholder TA Associates has agreed to acquire a 25% stake in Foncia, while Partners Group will continue to hold a majority stake in the company, with the management team reinvesting a portion of their stake. Following Partners Group's initial investment in 2016, today Foncia is the European leader in residential property management services, holding the number one position in France. Employing approximately 12,000 people, Foncia operates around 600 branches and manages a portfolio of approximately 2.5 million individual residential units.

Finally, in December, Partners Group closed the acquisition of DiversiTech*, a leading manufacturer of components and supplies for the US residential heating, ventilation and air conditioning ("HVAC") market. Partners Group deems DiversiTech to be an attractive investment given its entrenched leadership position in the systematically complex US residential HVAC value chain. As a majority owner, Partners Group will work closely with DiversiTech's management on four key strategic pillars which includes sales and marketing transformation, bolstering internal manufacturing capabilities, accelerating new product development, and growth via scalable acquisitions.

On the exit side, the major exits during the reporting period were GlobalLogic*, US Industrial Estate Portfolio* and Cerba HealthCare*. In July 2021, Partners Group closed the sale of Cerba HealthCare, a leading global player in medical diagnostics, to EQT Private Equity. Over our 4-year investment period, Partners Group worked alongside Cerba's management team to accelerate its value accretive consolidation in France and made a total of 46 add-on investments, advance into two new international markets, achieve a successful strategic turn-around of its research business, and penetrate the adjacent veterinary biology market. As a result, Cerba experienced strong revenue and pro forma EBITDA CAGRs between 2017 and 2020.

Outlook

Partners Group expects higher inflation and modest mid-term growth, beyond the initial recovery. The macroeconomic environment is tightening, instability is picking up and investors should prepare for more volatile times, as growth assumptions and rate outlooks are adjusting to the new economic environment. Valuations, often at lofty levels, should come under pressure, as rising rates lift discount rates.

In this context, Partners Group focuses on assets with a strong market position, supported by sustainable secular growth, and stress-tests its underwriting returns against the impact of higher inflation and lower growth. Partners Group maintains strong conviction in its transformational investing strategy, which combines thematic sourcing and a hands-on value creation approach. Its thematic investment approach is guided by three overarching giga themes that are driving structural change and secular growth: Digitization & Automation, New Living and Decarbonization. The core of the investment strategy remains focused on fundamental operational strength, resilience, and value creation opportunity in segments of the economy that benefit from transformative trends.

In private equity, Partners Group looks to back companies with potential to grow into market leaders in their segments. The Partners Group follows a target sourcing approach and pursues 40-60 investment themes across its four private equity sector verticals – Technology, Goods & Products, Health & Life, and Services. Valuations in the technology and healthcare space tend to be higher but are justified by strong conviction in the above-average growth outlook. Elsewhere, Partners Group focuses on companies that showed resilience during the pandemic. Market leading companies in fragmented markets are particularly appealing, given Partners Group's strong capabilities in platform expansion strategies. The Fund follows Partners Group's strategy and is selective on growth, tends to avoid venture as a standalone investment and prefers proven, cash-generating business models with the ability to lead industry disruption.

On the private infrastructure side, Partners Group's approach revolves around thematic investing in next generation infrastructure and hands-on, platform-based value creation strategies aimed at protecting returns against economic instability. Partners Group continues to focus on above-average growth segments that benefit from transformative trends. Within these growth segments, Partners Group seeks out energy, telecom, transport, or social infrastructure assets with true infrastructure characteristics: hard assets and strong businesses with long-term contracted cash flows, and high barriers to entry. Sustainability factors also shape Partners Group's investment approach and underpin its focus areas, such as clean energy, water treatment and re-use.

Manager's Report continued**Outlook** continued

In the real estate sector, COVID-19 has had a profound impact, with capital shifting increasingly towards the residential and industrial sectors and away from office and retail. Partners Group's thematic approach revolves around acquiring and building assets in growing sectors and locations, with a focus on environmental and connectivity factors. To remain flexible in this environment, Partners Group combines a thematic investing approach, targeting high-conviction subsectors with a transformative nature, with situational investing, which involves sourcing assets off-market. It continues favoring residential and urban logistics and remains selective in office.

Debt markets have continued their upward move since the early shocks of the pandemic. However, Partners Group expects rising headwinds to corporate profits and a period of higher inflation and rates. In its underwriting process, the Partners Group is extremely focused on how a rise in inflation will impact borrower's business model, profit margin and debt sustainability and takes the perspective of an owner and not just a debt investor. Partners Group is moving up the capital structure in its direct lending, with a greater focus on senior secured debt, such as first lien and unitranche. Partners Group remains focused on providing new or incremental financing to category leaders in non-cyclical, defensive, sponsor-backed businesses, and places emphasis on the middle and upper-middle markets, where it can drive terms and protections, including maintenance covenants.

As consumers and businesses adjust to a new normal as a result of the pandemic, the conflict between Russia and Ukraine increases the level of geopolitical risk. The Fund has no direct exposure to Ukraine and the Russian Federation; hence the Fund's portfolio assets will likely be impacted through higher energy costs and capital market developments, and indirectly via second order effects (e.g. confidence and private demand). Though in the incipient stage, Partners Group is working closely with the management teams of the direct portfolio companies to take all appropriate measures to keep employees safe and mitigate risks.

*Investment held via Partners Group Generations S.A., SiCAV-SIF - Private Markets (GBP).

Please note that the following tables are on a look-through basis, investments executed after 31 December 2021 are not considered.

Top 10 Private Market Investments

Investments	Type	% of Fund NAV
Zabka Polska SA	Direct	1.5%
Techem Metering GmbH	Direct	1.4%
Project Reach	Secondary	1.3%
CPA Global (Clarivate merger)	Direct	1.2%
Foncia	Direct	1.2%
Ammega (Megadyne - Ammeraal Beltech)	Direct	1.2%
Spring Education Group	Direct	1.2%
Vishal Mega Mart	Direct	1.2%
EyeCare Partners	Direct	1.1%
United States Infrastructure Corporation	Direct	1.1%

Manager's Report *continued***Top 10 Debt Investments**

Investments	Type	% of Fund NAV
Galderma	Direct	1.0%
Waystar	Direct	0.7%
Motor Fuel Group	Direct	0.6%
JLA, Ltd.	Direct	0.5%
Vetcor Professional Practices LLC	Direct	0.5%
Advanced	Direct	N/A
UK Light Industrial Portfolio	Direct	0.4%
Zentiva B.V.	Direct	0.4%
Independent Vetcare, Ltd.	Direct	0.4%
Anticimex	Direct	0.4%

Portfolio Exposure by Industries

Industry	% of value of investments
Financial	24.1%
Consumer discretionary	13.3%
Industrial	13.0%
Healthcare	12.7%
IT	11.6%
Utilities	8.1%
Energy	4.9%
Consumer staples	4.9%
Materials	4.9%
Telecommunication services	2.5%

Private Markets Portfolio Exposure by Countries

Country	% of value of investments
United States of America	41.4%
United Kingdom	12.1%
Netherlands	5.3%
China	4.8%
Germany	4.8%
France	4.5%
Italy	3.7%
Spain	2.8%
Switzerland	2.6%
Other	18.0%

Manager's Report *continued***Currency Exposure (including hedging)***

Applies to all share classes.

Currency

GBP	66.0%
USD	11.6%
EUR	9.3%
CNY	2.6%
CAD	2.0%
AUD	1.4%
Other	7.1%

*Estimated on a look through basis

Current Leverage****B Class Accumulation Shares**

Leverage as calculated under the gross method	127.6%
Leverage as calculated under the commitment method	100.0%
Percentage of assets subject to special arrangements arising from their illiquid nature	0.0%

**based on the published net asset value which does not include period end accounting adjustments

Manager's Report continued

The table below shows the largest 10 purchases and sales for the year:

Purchases	£	Sales	£
Partners Group Global Senior Loan Master SICAV'P' (GBP) Fund*	38,002,480	Partners Group Generations S.A., SICAV-SIF - Loan Access Fund*	5,251,707
Partners Group Generations S.A., SICAV-SIF - Private Markets (GBP) Fund*	11,000,000	Partners Group Global Senior Loan Master SICAV'P' (GBP) Fund*	5,001,371
Partners Group Generations (EUR) IC Limited*	10,224,103	Virgin Media Vendor Financing Notes III DAC 4.875% 15/7/2028	2,461,216
Partners Group Generations (GBP) IC Limited*	10,000,000	International Design 6% 15/11/2025	2,019,855
Partners Group Generations (USD) IC Limited*	6,254,859	Picard 3% 30/11/2023	1,991,806
Atmos Energy	2,488,249	Mid-America Apartment Communities	1,729,017
Cellnex Telecom	2,397,898	Sydney Airport	1,595,527
Vinci	1,925,323	Aena SME	1,393,541
Equinix	1,781,710	Veolia Environnement	1,078,129
Norlandia Health & Care 6.38% 27/5/2025	1,511,102	Paprec 3.5% 31/3/2025	983,284

*Related party investment.

Fund Information**Launch date**

3 May 2016

Accounting dates

30 June (Interim)

31 December (Final)

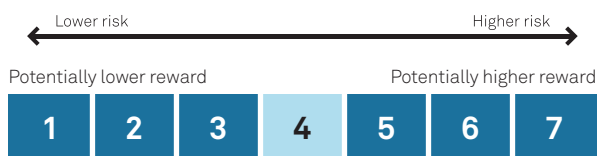
Income allocation dates

31 August (Interim)

30 April (Final)

Synthetic Risk and Reward Indicator (SRRI)

The Risk and Reward Indicator below demonstrates in a standard format where the Sub-fund ranks in terms of its potential risk and reward. It is based on historical performance data, may change over time and may not be a reliable indication of the future risk profile of the Sub-fund. The shaded area in the table below shows the Sub-fund's ranking. The higher the rank the greater the potential reward but the greater the risk of losing money.



The Sub-fund is rated as 4 out of 7, which is a medium-low risk class. The risk and reward profile above is calculated by the ACD on a scale of 1-7 using the standard calculations based on historical volatility of the Sub-fund. The lowest category does not mean a Sub-fund is a risk free investment. The Sub-fund is subject to different risks which are not included in the risk reward indicator calculation.

Comparative Tables

B Class Accumulation Shares	01/01/2021 to 31/12/2021 (pence per share)	01/01/2020 to 31/12/2020 (pence per share)	01/01/2019 to 31/12/2019 (pence per share)
Change in net assets per share			
Opening net asset value per share	140.71	140.74	122.50
Return before operating charges*	24.15	2.44	20.64
Operating charges	(2.47)	(2.47)	(2.40)
Return after operating charges	21.68	(0.03)	18.24
Distributions	0.00	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00	0.00
Closing net asset value per share	162.39	140.71	140.74
*After direct transaction costs of	(0.01)	(0.02)	(0.02)
Performance			
Return after charges	15.41%	(0.02)%	14.89%
Other information			
Closing net asset value (£)	14,529,798	12,590,257	12,592,767
Closing number of shares	8,947,630	8,947,630	8,947,630
Operating charges**	1.63%	1.85%	1.83%
Direct transaction costs*	0.01%	0.02%	0.02%
Performance fee	0.60%	0.40%	0.60%
Prices			
Highest share price	162.30	142.30	138.00
Lowest share price	139.30	113.50	120.80

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The Operating Charges figure represents the annual operating expenses of the share class expressed as a percentage of average net assets for the year. The Operating Charges figure includes the Manager's periodic charge and all charges which are deducted directly from the sub-fund and also underlying fund investments expenses. The Operating Charges figure is expressed as an annual percentage rate.

The ACD has refunded a portion of the operating charges in order to achieve an annual share class charge cap in line with the provisions of the Prospectus and any relevant agreement.

The closing net asset value per share, for 31 December 2021 and 2019 are higher than the highest published share price due to period end accounting adjustments.

Comparative Tables continued

P Class Accumulation Shares	01/01/2021 to 31/12/2021 (pence per share)	01/01/2020 to 31/12/2020 (pence per share)	01/01/2019 to 31/12/2019 (pence per share)
Change in net assets per share			
Opening net asset value per share	130.93	130.96	114.16
Return before operating charges*	22.35	2.33	19.04
Operating charges	(2.29)	(2.36)	(2.24)
Return after operating charges	20.06	(0.03)	16.80
Distributions	0.00	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00	0.00
Closing net asset value per share	150.99	130.93	130.96
*After direct transaction costs of	(0.01)	(0.02)	(0.02)
Performance			
Return after charges	15.32%	(0.02)%	14.72%
Other information			
Closing net asset value (£)	186,375,699	143,570,619	113,735,220
Closing number of shares	123,432,710	109,655,691	86,844,842
Operating charges**	1.63%	1.90%	1.83%
Direct transaction costs*	0.01%	0.02%	0.02%
Performance fee	0.60%	0.35%	0.60%
Prices			
Highest share price	150.90	132.40	128.30
Lowest share price	129.60	105.60	112.60

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The Operating Charges figure represents the annual operating expenses of the share class expressed as a percentage of average net assets for the year. The Operating Charges figure includes the Manager's periodic charge and all charges which are deducted directly from the sub-fund and also underlying fund investments expenses. The Operating Charges figure is expressed as an annual percentage rate.

The ACD has refunded a portion of the operating charges in order to achieve an annual share class charge cap in line with the provisions of the Prospectus and any relevant agreement.

The closing net asset value per share, for 31 December 2021 and 2019 are higher than the highest published share price due to period end accounting adjustments.

Comparative Tables continued

J Class Accumulation Shares	01/01/2021 to 31/12/2021 (pence per share)	01/01/2020 to 31/12/2020 (pence per share)	01/01/2019 to 31/12/2019 (pence per share)
Change in net assets per share			
Opening net asset value per share	120.52	119.91	103.93
Return before operating charges*	21.47	2.61	18.17
Operating charges	(2.28)	(2.00)	(2.19)
Return after operating charges	19.19	0.61	15.98
Distributions	0.00	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00	0.00
Closing net asset value per share	139.71	120.52	119.91
*After direct transaction costs of	(0.01)	(0.02)	(0.02)
Performance			
Return after charges	15.92%	0.51%	15.38%
Other information			
Closing net asset value (£)	275,225,328	228,791,686	213,481,344
Closing number of shares	196,998,537	189,837,392	178,031,111
Operating charges**	1.75%	1.75%	1.96%
Direct transaction costs*	0.01%	0.02%	0.02%
Performance fee	-	-	-
Prices			
Highest share price	139.70	122.00	117.70
Lowest share price	119.30	97.23	102.50

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The Operating Charges figure represents the annual operating expenses of the share class expressed as a percentage of average net assets for the year. The Operating Charges figure includes the Manager's periodic charge and all charges which are deducted directly from the sub-fund and also underlying fund investments expenses. The Operating Charges figure is expressed as an annual percentage rate.

The ACD has refunded a portion of the operating charges in order to achieve an annual share class charge cap in line with the provisions of the Prospectus and any relevant agreement.

The closing net asset value per share, for 31 December 2021 and 2019 are higher than the highest published share price due to period end accounting adjustments.

Comparative Tables *continued*

I Class Accumulation Shares	01/01/2021 to 31/12/2021 (pence per share)	01/01/2020 to 31/12/2020 (pence per share)	01/01/2019 to 31/12/2019 (pence per share)
Change in net assets per share			
Opening net asset value per share	116.15	115.80	100.55
Return before operating charges*	20.66	2.50	17.59
Operating charges	(2.44)	(2.15)	(2.34)
Return after operating charges	18.22	0.35	15.25
Distributions	0.00	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00	0.00
Closing net asset value per share	134.37	116.15	115.80
*After direct transaction costs of	(0.01)	(0.02)	(0.02)
Performance			
Return after charges	15.69%	0.30%	15.17%
Other information			
Closing net asset value (£)	126,560,882	74,153,406	58,919,075
Closing number of shares	94,184,912	63,845,154	50,882,103
Operating charges**	1.95%	1.95%	2.16%
Direct transaction costs*	0.01%	0.02%	0.02%
Performance fee	-	-	-
Prices			
Highest share price	134.30	117.70	113.60
Lowest share price	114.90	93.85	99.19

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The Operating Charges figure represents the annual operating expenses of the share class expressed as a percentage of average net assets for the year. The Operating Charges figure includes the Manager's periodic charge and all charges which are deducted directly from the sub-fund and also underlying fund investments expenses. The Operating Charges figure is expressed as an annual percentage rate.

The ACD has refunded a portion of the operating charges in order to achieve an annual share class charge cap in line with the provisions of the Prospectus and any relevant agreement.

The closing net asset value per share, for 31 December 2021 and 2019 are higher than the highest published share price due to period end accounting adjustments.

Comparative Tables continued

S Class Accumulation Shares	01/01/2021 to 31/12/2021 (pence per share)	01/01/2020 to 31/12/2020 (pence per share)	28/11/2019 to 31/12/2019 (pence per share)+
Change in net assets per share			
Opening net asset value per share	103.56	103.05	100.00
Return before operating charges*	18.44	2.26	3.24
Operating charges	(1.98)	(1.75)	(0.19)
Return after operating charges	16.46	0.51	3.05
Distributions	0.00	0.00	0.00
Retained distributions on accumulation shares	0.00	0.00	0.00
Closing net asset value per share	120.02	103.56	103.05
*After direct transaction costs of	(0.01)	(0.02)	(0.02)
Performance			
Return after charges	15.89%	0.49%	3.05%
Other information			
Closing net asset value (£)	129,400,264	112,059,047	77,650,878
Closing number of shares	107,819,020	108,209,819	75,352,302
Operating charges**	1.77%	1.78%	1.99%
Direct transaction costs*	0.01%	0.02%	0.02%
Performance fee	-	-	-
Prices			
Highest share price	120.00	104.80	101.12
Lowest share price	102.50	83.56	100.00

*Direct transaction costs comprise commission and taxes, principally applicable to equity investment purchases and sales. Shareholders should note that additionally there are other transaction costs such as dealing spread and underlying costs with regard to Collective Investment Scheme holdings which will also have reduced the sub-fund and share class returns before operating charges.

**The Operating Charges figure represents the annual operating expenses of the share class expressed as a percentage of average net assets for the year. The Operating Charges figure includes the Manager's periodic charge and all charges which are deducted directly from the sub-fund and also underlying fund investments expenses. The Operating Charges figure is expressed as an annual percentage rate.

The ACD has refunded a portion of the operating charges in order to achieve an annual share class charge cap in line with the provisions of the Prospectus and any relevant agreement.

The closing net asset value per share, for 31 December 2021 and 2019 are higher than the highest published share price due to period end accounting adjustments.

+S Class Accumulation Shares launched on 28 November 2019.

Portfolio Statement

as at 31 December 2021

Investment	Currency	Holding	Market Value (£)	Total Net Assets (%)
Corporate Bonds 1.19% (2020 2.63%)				
Constellation Automotive Financing 4.875% 15/7/2027	GBP	483,000	474,924	0.07
Galaxy Bidco 6.5% 31/7/2026	GBP	2,350,000	2,418,620	0.33
Gatwick Airport Finance 4.375% 07/4/2026	GBP	1,220,000	1,196,674	0.16
ML 33 5.5% 27/12/2022	NOK	6,000,000	500,036	0.07
Norlandia Health & Care 6.38% 27/5/2025	NOK	17,500,000	1,487,154	0.20
Oriflame Investment 4.25% 04/5/2026	EUR	549,000	443,133	0.06
Sherwood Financing 6% 15/11/2026	GBP	600,000	598,698	0.08
Virgin Media Vendor Financing Notes III DAC 4.875% 15/7/2028	GBP	1,598,000	1,596,753	0.22
			8,715,992	1.19
Equities 18.79% (2020 15.18%)				
3i	GBP	173,695	2,516,841	0.34
Aena SME	EUR	29,402	3,425,152	0.47
Aeroports de Paris	EUR	9,066	862,033	0.12
American Tower 'A'	USD	21,587	4,660,701	0.64
American Water Works	USD	50,398	7,025,097	0.96
Annaly Capital Management	USD	121,416	700,106	0.10
APA	AUD	408,095	2,203,728	0.30
Apollo Global Management 'A'	USD	53,020	2,835,667	0.39
Ares Capital	USD	130,476	2,040,298	0.28
Ares Management	USD	42,765	2,564,732	0.35
Atlantia	EUR	86,881	1,273,253	0.17
Atmos Energy	USD	83,745	6,477,879	0.89
Blackstone	USD	35,682	3,408,949	0.47
Bridgepoint	GBP	186,507	908,289	0.12
Brookfield Business Partners LP	CAD	32,782	1,109,595	0.15
Canadian Apartment Properties REIT	CAD	84,179	2,939,303	0.40
Canadian National Railway	CAD	37,077	3,358,146	0.46
Castellum	SEK	73,820	1,468,821	0.20
Cellnex Telecom	EUR	129,679	5,563,660	0.76
CMS Energy	USD	70,434	3,382,205	0.46
Crown Castle International	USD	32,614	5,023,873	0.69
Enbridge	CAD	59,623	1,721,188	0.24
EQT	SEK	21,858	878,209	0.12
Equinix	USD	5,324	3,324,822	0.45
Eurazeo	EUR	21,776	1,401,394	0.19
Ferrovial	EUR	183,428	4,244,386	0.58
Flughafen Zurich	CHF	6,683	888,106	0.12
Fortis	CAD	75,148	2,674,037	0.37
Gimv	EUR	30,193	1,351,150	0.19
Intermediate Capital	GBP	72,869	1,598,746	0.22
Investor 'B'	SEK	96,232	1,789,987	0.25
Italgas	EUR	337,504	1,712,669	0.23
Kinnevik	SEK	72,090	1,904,399	0.26
KKR	USD	56,186	3,091,277	0.42
Mapletree Logistics Trust	SGD	1,406,400	1,455,693	0.20
Mid-America Apartment Communities	USD	11,665	1,976,707	0.27
National Grid	GBP	480,156	5,088,693	0.70
Oaktree Specialty Lending	USD	190,493	1,049,192	0.14
Onex	CAD	16,557	956,801	0.13
Orsted	DKK	8,109	764,723	0.10
Partners	CHF	3,109	3,809,098	0.52
Prologis	USD	39,569	4,919,065	0.67
Republic Services	USD	36,526	3,760,874	0.51
SLR Investment	USD	69,871	948,155	0.13
Sofina	EUR	2,644	958,993	0.13
TC Energy	CAD	46,005	1,579,212	0.22
Terna - Rete Elettrica Nazionale	EUR	807,112	4,820,784	0.66
Union Pacific	USD	17,417	3,239,077	0.44

Portfolio Statement continued

as at 31 December 2021

Investment	Currency	Holding	Market Value (£)	Total Net Assets (%)
Equities (continued)				
Vinci	EUR	87,582	6,827,580	0.93
Vonovia	EUR	61,956	2,517,670	0.34
Waste Management	USD	15,052	1,854,759	0.25
Wendel	EUR	7,745	685,381	0.09
			137,541,155	18.79
Fund Investments 75.45% (2020 71.34%)				
Apax Global Alpha	GBP	557,337	1,251,222	0.17
BBGI Global Infrastructure	GBP	1,677,124	2,945,030	0.40
HarbourVest Global Private Equity	GBP	35,573	1,019,166	0.14
HBM Healthcare Investments	CHF	3,601	989,173	0.14
HG Capital Investment Trust	GBP	897,639	3,765,596	0.51
HICL Infrastructure	GBP	1,160,288	2,049,069	0.28
ICG Enterprise Trust	GBP	69,543	881,805	0.12
NB Private Equity Partners	GBP	78,509	1,452,417	0.20
Pantheon International Fund	GBP	274,740	914,884	0.13
Partners Group Generations (EUR) IC Limited ¹	EUR	12,601,373	33,902,354	4.63
Partners Group Generations (GBP) IC Limited ¹	GBP	16,968,283	28,616,552	3.91
Partners Group Generations (USD) IC Limited ¹	USD	19,741,544	42,297,445	5.78
Partners Group Generations S.A., SICAV-SIF - Loan Access Fund ¹	USD	5,092,326	51,952,666	7.10
Partners Group Generations S.A., SICAV-SIF - Private Markets (GBP) Fund ¹	GBP	8,369,643	232,693,688	31.78
Partners Group Global Senior Loan Master SICAV'P' (GBP) Fund ¹	GBP	127,362	147,621,520	20.16
			552,352,587	75.45
Derivatives				
Forward Foreign Currency Positions 0.04% (2020 0.78%)				
Buy GBP - 3,564,095 / Sell AUD - 6,500,000		3,564,095	73,856	0.01
Buy GBP - 9,070,604 / Sell EUR - 10,700,000		9,070,604	76,199	0.01
Buy GBP - 26,850,077 / Sell EUR - 31,400,000		26,850,077	455,279	0.06
Buy GBP - 46,362,890 / Sell EUR - 54,400,000		46,362,890	609,494	0.08
Buy GBP - 7,931,599 / Sell USD - 10,900,000		7,931,599	(133,896)	(0.02)
Buy GBP - 13,334,527 / Sell USD - 17,800,000		13,334,527	190,086	0.03
Buy GBP - 19,210,478 / Sell USD - 26,400,000		19,210,478	(324,298)	(0.05)
Buy GBP - 48,041,633 / Sell USD - 64,500,000		48,041,633	411,497	0.06
Buy GBP - 60,974,871 / Sell USD - 84,000,000		60,974,871	(1,045,120)	(0.14)
			313,097	0.04
Portfolio of investments			698,922,831	95.47
Net current assets			33,169,140	4.53
Total Net Assets			732,091,971	100.00

¹Related party investments which are unlisted securities.

Unless otherwise indicated, the holdings in the Portfolio Statement represent the ordinary shares, ordinary stock units, common shares or debt securities of the relevant companies or issuers, which are listed on an eligible securities market.

Financial Statements**Statement of total return**

for the year 1 January 2021 to 31 December 2021

	Notes	01/01/2021 to 31/12/2021		01/01/2020 to 31/12/2020	
		£	£	£	£
Income					
Net capital gains	2		101,632,923		12,388,893
Revenue	3	4,237,912		3,116,650	
Expenses	4	(9,830,711)		(7,239,837)	
Interest payable and similar charges	6	(15,585)		(25,678)	
Net expense before taxation		(5,608,384)		(4,148,865)	
Taxation	5	(642,560)		(433,995)	
Net expense after taxation			(6,250,944)		(4,582,860)
Total return before distributions			95,381,979		7,806,033
Distributions	7		–		–
Change in net assets attributable to shareholders from investment activities			95,381,979		7,806,033

Statement of change in net assets attributable to shareholders

for the year 1 January 2021 to 31 December 2021

		01/01/2021 to 31/12/2021		01/01/2020 to 31/12/2020	
		£	£	£	£
Opening net assets attributable to shareholders			571,165,015		476,379,284
Amounts receivable on issue of shares		104,613,212		124,661,151	
Amounts payable on redemption of shares		(39,068,235)		(37,681,453)	
			65,544,977		86,979,698
Change in net assets attributable to shareholders from investment activities			95,381,979		7,806,033
Closing net assets attributable to Shareholders			732,091,971		571,165,015

Financial Statements *continued***Balance sheet**

as at 31 December 2021

	Notes	31/12/2021 £	31/12/2020 £
Assets			
Fixed assets			
Investment assets		700,426,145	513,600,633
Current assets			
Debtors	8	4,198,984	18,190,994
Cash and bank balances	9	<u>33,416,612</u>	<u>42,531,833</u>
Total assets		<u>738,041,741</u>	<u>574,323,460</u>
Liabilities			
Investment liabilities		(1,503,314)	(85,342)
Creditors			
Creditors	10	<u>(4,446,456)</u>	<u>(3,073,103)</u>
Total liabilities		<u>(5,949,770)</u>	<u>(3,158,445)</u>
Net assets attributable to shareholders		<u>732,091,971</u>	<u>571,165,015</u>



Andrew Campbell
Director



Michael Bryant
Director

Financial Statements continued

Cash flow statement

for the year 1 January 2021 to 31 December 2021

	Notes	01/01/2021 to 31/12/2021		01/01/2020 to 31/12/2020	
		£	£	£	£
Cash flows from operating activities	17				
Net cash flow generated/(used in) from operating activities			15,454,135		(40,190,233)
Cash flows from investing activities					
Payments to acquire investments		(128,408,159)		(204,282,566)	
Receipts from sales of investments		38,146,487		150,876,969	
			(90,261,672)		(53,405,597)
Cash flows from financing activities					
Servicing of finance:					
Bank interest		(15,585)		(25,678)	
Financing:					
Amounts received on issue of shares		104,854,004		126,882,165	
Amounts paid on redemption of shares		(39,146,103)		(37,641,405)	
			65,692,316		89,215,082
Net decrease in cash in the year	18		(9,115,221)		(4,380,748)

Notes to the Financial Statements

as at 31 December 2021

1 (a) Accounting policies**Basis of accounting**

The financial statements have been prepared on a going concern basis in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice 'Financial Statements of UK Authorised Funds' issued by the Investment Management Association (now known as The Investment Association) in May 2014 (the "SORP"), updated in June 2017.

Valuation of investments

The valuation of the Sub-fund's listed investments is based on the bid-market prices at the close of business on the last day of the accounting period in accordance with the provisions of the Prospectus.

Investments in other collective investment schemes (CIS), managed by the ACD or associate of the ACD are valued at the cancellation price for dual priced Funds and at the single price for single priced Funds. Valuations take into account any agreed rate of redemption charge.

The ACD of the Company also makes judgements and estimates based on their knowledge of recent investment performance, historical experience and other assumptions that are considered reasonable under the circumstances. The estimates and the assumptions used are under continuous review by the Manager with particular attention paid to the carrying value of the investments.

Revenue

Interest on bank deposits is recognised on an accruals basis.

Dividends including withholding tax from overseas authorities are treated as receivable on the date on which the security is quoted ex-dividend where the amounts can be reasonably determined.

Revenue from debt securities is accounted for on an effective interest basis, so that any premium or discount in the purchase price is amortised over the remaining life of the security.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

All distributions from Collective Investment Schemes, including Private Market Investments are recognised when the securities are quoted ex-dividend. All distributions from holdings in Collective Investment Schemes are treated as revenue with the exception of the equalisation element, which is treated as capital.

Equalisation received by the Sub-fund on distributions made by its investments is offset against the cost of the relevant investment.

Expenses

Expenses are recognised on an accruals basis and are charged against the income account except for costs associated with the purchase and sale of investments, which are allocated to the capital of the Sub-fund.

In addition to the Management Fee, the ACD is entitled, at its discretion, to a performance fee payable by the Sub-fund (the "Performance Fee").

The Performance Fee will be calculated and crystallized on each Dealing Day, subject to the Sub-fund Charge Cap, with the Net Asset Value adjusted accordingly to reflect the amount of Performance Fee payable to the ACD and will be payable annually (as of last day of period). The Performance Fee will be calculated in relation to each Sub-fund and Class of Shares separately.

The Performance Fee will be equal to 10% of the daily performance amount subject to the share class charge cap of 2.25% per annum on the B Class Accumulation Shares, the P Class Accumulation Shares and 1.95% on the I class Accumulation and the J class Accumulation.

Notes to the Financial Statements continued**1 (a) Accounting policies** continued**Expenses** continued

The ACD will only be entitled to be paid a Performance Fee if the Gross Asset Value per Share is greater than the Base Asset Value per Share. Since the Base Asset Value per Share must be exceeded for a Performance Fee to be payable, no Performance Fee will be paid where the NAV has performed flat or negatively.

The Performance Fee is calculated on the basis of the Net Asset Value per Share and therefore will be based on net realised and net unrealised gains and losses. As a result, Performance Fees may be paid on unrealised gains which may subsequently not be realised.

The Performance Fee payable to the ACD may be reduced to the extent required so that all applicable fees and charges payable by the Sub-fund do not exceed the share class charge cap of 2.25% per annum for B Class Accumulation Shares and P Class Accumulation Shares.

A share class charge cap of 1.95% is applicable to I Class Accumulation Shares, J Class Accumulation Shares and S Class Accumulation Shares. No Performance fee is charged to the I Class Accumulation Shares or J Class Accumulation Shares.

The following is key terminology relating to the performance fee;

Where:

“Daily Performance Amount per Share” means an amount equal to the greater of (i) 0, and (ii) the Gross Asset Value per Share minus the Base Asset Value per Share provided that the Gross Asset Value per Share exceeds the highest Net Asset Value per Share previously reached in the respective year;

“Daily Performance Amount” means (i) the Daily Performance Amount per Share times (ii) the number of Shares in issue on such Dealing Day (before adding Shares to be issued and deducting Share to be redeemed, respectively, as of such Dealing Day);

“Gross Asset Value per Share” means the Net Asset Value per Share (before deduction for any Performance Fee on such Dealing Day);

“Base Asset Value per Share” means the greater of (i) the Net Asset Value per Share at the time of the first issue of Shares of the Sub-fund (i.e. its launch price), and (ii) the High Watermark;

“High Watermark” means the Net Asset Value per Share (after deduction for any Performance Fee) as of such Dealing Day when a Performance Fee was paid last time, provided that the High Watermark may be adjusted at year end to take into account the reduction of the amount of Performance Fee paid due to the Sub-fund Charge Cap.

Allocation of income and expenses to multiple share classes

The allocation of income and expenses to each share class is based on the proportion of the Sub-fund's assets attributable to each share class on the day the income is earned or the expense is incurred. The ACD's periodic charge and general administration charge are allocated on a share class specific basis.

Taxation

The Sub-fund is subject to corporation tax at 20%, however, the Sub-fund operates under the Tax Elected Fund regime, and therefore the Sub-fund can make distributions divided between dividend distributions and non-dividend distributions. There were no dividend distributions or non-dividend distribution made for this accounting year and no corporation tax liability arose.

Exchange rates

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling on the date of the transaction. Investments and other assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates applicable at the closing valuation point on the last day of the accounting period.

Notes to the Financial Statements continued

1 (b) Distribution policies

The Sub-fund's net revenue available for distribution at the end of each distribution period will be paid as a TEF distribution, split between a dividend and non-dividend element. Should the expenses of the Sub-fund (including taxation) exceed the revenue account of the Sub-fund, there will be no distribution and at the end of the financial year the shortfall will be met by the capital account of the Sub-fund. Any revenue attributable to accumulation shareholders is retained within the Sub-fund at the end of the distribution period and represents a reinvestment of revenue on behalf of the accumulation shareholders. The policy of each Sub-fund is to make an interim and a final distribution in each financial year.

2 Net capital gains

	01/01/2021 to 31/12/2021	01/01/2020 to 31/12/2020
	£	£
Non derivative securities	99,272,426	33,064,482
Forward currency contracts	3,300,644	(20,218,208)
Foreign currency	(923,391)	(436,598)
Custodian transaction charges	(16,756)	(20,783)
Net capital gains	101,632,923	12,388,893

Net gains listed above of £101,649,679 comprise net realised gains of £9,579,915 and net unrealised gains of £92,069,764 (31/12/2020: Net gains listed above of £12,409,676 comprise net realised (losses) of £(28,834,657) and net unrealised gains of £41,244,333).

3 Revenue

	01/01/2021 to 31/12/2021	01/01/2020 to 31/12/2020
	£	£
Interest from overseas debt securities	590,985	831,159
Interest from UK bank deposits	10	4,213
Interest from UK debt securities	85,877	43,486
Non-taxable overseas dividends	2,369,208	1,493,448
Non-US overseas REIT dividends	125,414	97,840
Taxable overseas dividends	139,905	77,963
UK dividends	498,518	268,462
US REIT dividends	427,995	300,079
Total revenue	4,237,912	3,116,650

Notes to the Financial Statements *continued*

4 Expenses

	01/01/2021 to 31/12/2021 £	01/01/2020 to 31/12/2020 £
Payable to the Authorised Corporate Director, associates of the Authorised Corporate Director and agents of either of them:		
Authorised Corporate Director's periodic charge	10,041,187	7,565,514
Equalisation rebate and Transaction income	(867,424)	(311,231)
Expenses refundable by the Authorised Corporate Director	(947,383)	(2,351,260)
Performance fees*	1,095,647	477,551
	9,322,027	5,380,574
Payable to the Depositary, associates of the Depositary and agents of either of them:		
Depositary's fee	143,168	114,055
Other expenses:		
Administration charges	163,311	135,814
Audit fee**	73,405	65,896
Interest fees	84,158	1,250,000
Legal and professional fees***	(21,338)	119,520
Registration fees	119,296	109,525
Safe custody fees	45,775	43,207
Set up costs***	(99,091)	21,246
	365,516	1,745,208
Total expenses	9,830,711	7,239,837

*The Performance fee payable to the ACD may be reduced to the extent required so that all applicable fees and charges payable by the Sub-fund do not exceed the share class charge cap of 2.25% on B Class Accumulation Shares and P Class Accumulation Shares and a share class charge cap of 1.95% on I Class Accumulation Shares, J Class Accumulation Shares and S Class Accumulation Shares.

The high watermark of the B Class Accumulation Share class was £162.35 at the year end date 31 December 2021 (31/12/2020: £142.56). The high watermark of the P Class Accumulation Share class was £150.93 at the year end date 31 December 2021 (31/12/2020: £132.65). The high watermark will only be adjusted for after payout.

**Audit fee is £59,714 (31/12/2020: £56,870) plus VAT.

***Negative direct costs are caused by provision adjustments after revision of the annual budget.

Notes to the Financial Statements continued

5 Taxation

	01/01/2021 to 31/12/2021 £	01/01/2020 to 31/12/2020 £
(a) Analysis of charge in year		
Overseas tax	642,560	433,995
Total tax charge for the year (see note 5(b and c))	642,560	433,995

Corporation tax has been provided at a rate of 20%.

(b) Factors affecting current tax charge for the year

The tax assessed for the year is higher (2020 - higher) than the standard rate of corporation tax in the UK for an authorised investment company with variable capital. The differences are explained below:

	01.1.21 to 31.12.21 £'000	01.1.20 to 31.12.20 £'000
Net expense before taxation	(5,608,384)	(4,148,865)
Corporation tax at 20% (31/12/2020: 20%)	(1,121,677)	(829,773)
Effects of:		
Movement in unrecognised tax losses	1,712,784	1,199,244
Prior year adjustment to tax losses	12,728	9,868
Revenue not subject to tax	(567,985)	(350,805)
Overseas tax	642,560	433,995
Relief on overseas tax	(35,850)	(28,534)
Total tax charge for the year (see note 5(a))	642,560	433,995

(c) Deferred tax

The Sub-fund has unrelieved excess management expenses resulting in a potential deferred tax asset of £4,176,864 (2020: £2,464,080). It is unlikely that the Sub-fund will generate sufficient taxable profits in the future to utilise these and therefore no deferred tax asset has been recognised.

6 Interest payable and similar charges

	01/01/2021 to 31/12/2021 £	01/01/2020 to 31/12/2020 £
Collateral interest payable	541	11,041
Overdraft interest payable	15,044	14,637
Total interest payable for the year	15,585	25,678

Notes to the Financial Statements continued

7 Distributions

	01/01/2021 to 31/12/2021 £	01/01/2020 to 31/12/2020 £
Final distribution	—	—
Distributions for the year	—	—
The distributable amount has been calculated as follows:		
Net expense after taxation for the year	(6,250,944)	(4,582,860)
Tax relief on ACD's periodic charge taken to capital	—	280
Amounts received on issue of shares	(567,661)	(604,444)
Amounts paid on redemption of shares	222,995	85,217
Shortfall of income taken to capital	6,595,610	5,101,807
Net distribution for the year	—	—

8 Debtors

	31/12/2021 £	31/12/2020 £
Accrued revenue	418,246	368,224
Amounts receivable from counterparties in respect of collateral on derivatives	1,160,000	15,023,440
Amounts receivable on issue of shares	2,351,295	2,592,087
Overseas withholding tax	242,481	207,243
Sales awaiting settlement	26,962	—
Total debtors	4,198,984	18,190,994

9 Cash and bank balances

	31/12/2021 £	31/12/2020 £
Cash held at bank	33,416,612	42,531,833
Total	33,416,612	42,531,833

10 Creditors

	31/12/2021 £	31/12/2020 £
Accrued expenses	3,150,580	1,779,359
Amounts payable on cancellation of shares	5,876	83,744
Amounts payable to counterparties in respect of collateral on derivatives	1,290,000	1,210,000
Total	4,446,456	3,073,103

11 Contingent liabilities

There were no contingent liabilities at the Balance Sheet date.

Notes to the Financial Statements continued

12 Related party transactions

The ACD is a related party and is regarded as a controlling party by virtue of having the ability to act in respect of the operation of the Sub-fund.

The ACD acts as principal in respect of all transactions of the shares in the Sub-fund. The aggregate monies received through issues and paid on cancellations are disclosed in the Statement of Change in Net Assets Attributable to Shareholders. Any amounts due to or from the ACD at the year end are disclosed within debtors and creditors.

Amounts payable to the ACD in respect of periodic charge and performance fee are disclosed within expenses and amounts due at the year end are disclosed within creditors. Amounts payable to the ACD as at 31 December 2021 for periodic charges are £2,749,971 (31/12/2020: £2,097,489) and performance fees £1,095,647 (31/12/2020: £477,550). Amounts refundable by the ACD as at 31 December 2021 are £947,383 (31/12/2020: £2,351,260).

Details of related party investments are disclosed within the portfolio statement.

13 Financial instruments

In pursuing its investment objective and investment policy, the Sub-fund holds a number of financial instruments.

These may comprise:

- Shares or units in United Kingdom or offshore equities, bonds or collective investment schemes. These are held in accordance with the Sub-funds' investment policies;
- Cash, liquid resources and short term debtors and creditors that arise directly from its operation;
- Short term borrowings used to finance operational cash flows;
- The use of forwards for the purposes of Efficient Portfolio Management.

The Sub-fund's activities expose it to a variety of financial risks, including the effects of changes in debt and equity market prices, foreign currency exchange rates and interest rates. There is also counterparty risk from bank balances and derivatives (and money market instruments if held by the Sub-fund). That would be the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment it has entered into with the Sub-fund. The Sub-fund's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Sub-fund. The Sub-fund may use derivative financial instruments such as foreign currency exchange forward or option contracts to hedge certain financial risk exposures. The ACD reviews the policies for managing each of these risks and they are summarised below.

These policies have remained unchanged since the beginning of the year to which these financial statements relate.

Market price risk

Market price risk is the risk that the Sub-fund might suffer potential loss through holding market positions in the face of price movements. It arises mainly due to uncertainty about future prices of financial instruments held.

It represents the potential loss a Sub-fund may suffer through holding market positions in the face of market movements and changes in exchange rates. Market risk is the risk that changes in interest rates, foreign exchange rates or equity and commodity prices will make an instrument less valuable or more onerous.

The Sub-fund's investment portfolio is monitored by the ACD in pursuance of its investment objective and policy as set out in the prospectus.

The Sub-fund's market risk is managed by the Investment Manager within a rigorous risk management framework. The Sub-fund invests in a wide range of securities and uses a mixture of qualitative and quantitative techniques to achieve the objective of the Sub-fund.

Notes to the Financial Statements continued**13 Financial instruments** continued**Market price risk** continued

There is, however, no assurance that this objective will be achieved as the value of investments may fall as well as rise and investors may not recoup the original amount invested.

The difference at any one time between the cost of subscribing for shares and the amount received on redeeming shares means that any investment in any Sub-fund should be viewed as a medium to long-term investment.

Market risk is controlled and monitored through the application of pre-agreed portfolio control ranges which cover asset allocation, duration, yield curve and liquidity. The Investment Manager will use historic data to measure market risk, which is controlled relative to the benchmark.

Private Equity Risk

The Sub-fund invests in private equities which are often illiquid long-term investments that do not display the liquidity or transparency characteristics often found in other investments (e.g. listed securities). Certain investments are valued on the basis of estimated prices and therefore subject to potentially greater pricing uncertainties than listed securities.

The Sub-fund's portfolio of investments includes unregulated collective investment schemes investing in private market investments such as private equity, private real estate, private infrastructure and/or private debt (including senior loans). The ACD will determine the asset allocation of the Sub-fund's assets and will direct investments ensuring the proper diversification and spread of investment amongst the Sub-fund. This allocation will be reviewed and, if required, rebalanced regularly.

The Sub-fund expects that any or all of the Private Market Funds in which it invests may have highly concentrated portfolios, control and non-control positions and illiquid investments.

Currency risk

Currency risk is the risk that the revenue and net asset value of the Sub-fund may be adversely affected by movements in foreign exchange rates. The revenue and capital value of the Sub-fund's investments can be significantly affected by currency movements as some of the assets and income are denominated in currencies other than sterling, which is the Company's functional currency.

Currency exposure is monitored and is considered to be part of the overall investment process.

The Sub-fund may receive income in currencies other than sterling, and the sterling value of this income can be affected by movements in exchange rates.

Notes to the Financial Statements continued

13 Financial instruments continued

Currency Exposure Profile

The currency exposure profile of the Sub-fund's financial assets and liabilities at 31 December 2021 was as follows:

Currency	Net Current Assets/(liabilities)		Total
	£	£	£
Australian dollars	3,360,591	(3,490,239)	(129,648)
Canadian dollars	14,529,959	-	14,529,959
Danish krone	782,456	-	782,456
Euro	73,349,297	(81,142,599)	(7,793,302)
Hong Kong dollars	4,053	-	4,053
Japanese yen	1,282	-	1,282
Norwegian krone	2,531,296	-	2,531,296
Singapore dollars	1,502,511	-	1,502,511
Swedish krona	6,119,672	-	6,119,672
Swiss francs	5,778,272	-	5,778,272
US dollars	159,913,597	(150,394,840)	9,518,757
Total	267,872,986	(235,027,678)	32,845,308

The currency exposure profile of the Sub-fund's financial assets and liabilities at 31 December 2020 was as follows:

Currency	Net Current Assets/(liabilities)		Total
	£	£	£
Australian dollars	2,573,842	(3,669,704)	(1,095,862)
Canadian dollars	8,684,332	-	8,684,332
Euro	55,140,318	(56,276,749)	(1,136,431)
Hong Kong dollars	65,364	-	65,364
Japanese yen	1,417	-	1,417
Norwegian krone	1,065,683	-	1,065,683
Singapore dollars	1,523,594	-	1,523,594
Swedish krona	4,164,750	-	4,164,750
Swiss francs	3,334,598	-	3,334,598
US dollars	112,043,899	(95,952,818)	16,091,081
Total	188,597,797	(155,899,271)	32,698,526

Interest rate risk

Interest rate risk is the risk that the revenue cashflow or the fair value of investments may be adversely affected by movements in market interest rates.

The Sub-fund invests in CIS, which, in themselves, invest in fixed rate securities and any change in interest rates may result in the Investment Manager being unable to secure similar returns in the future.

The Investment Manager manages interest rate risk to deliver the Sub-fund's required out performance, whilst maintaining capital preservation. The Investment Manager's analysis is concentrated on evaluating current Sub-fund expectations, comparing this with analysis and exploiting the difference by taking appropriate positions.

Notes to the Financial Statements continued

13 Financial instruments continued

Interest rate risk continued

The interest rate risk profile of the Sub-fund's financial assets and liabilities, including assets held within investments in CISs, at 31 December 2021 was as follows:

	Floating rate Financial assets £	Fixed Rate Financial assets £	Financial assets not carrying interest £	Total £
Investments	1,930,287	6,785,705	691,710,153	700,426,145
Total	1,930,287	6,785,705	691,710,153	700,426,145

	Fixed Rate Financial liabilities £	Financial liabilities not carrying interest £	Total £
Investments	–	(1,503,314)	(1,503,314)
Total	–	(1,503,314)	(1,503,314)

The interest rate risk profile of the Sub-fund's financial assets and liabilities, including assets held within investments in CISs, at 31 December 2020 was as follows:

	Floating rate Financial assets £	Fixed Rate Financial assets £	Financial assets not carrying interest £	Total £
Investments	7,499,585	7,546,158	498,554,890	513,600,633
Total	7,499,585	7,546,158	498,554,890	513,600,633

	Fixed Rate Financial liabilities £	Financial liabilities not carrying interest £	Total £
Investments	–	(85,342)	(85,342)
Total	–	(85,342)	(85,342)

Sensitivity analysis is provided on page 34.

Liquidity risk

Liquidity risk is the risk that the Sub-fund will not be able to meet its obligations as they fall due. Due to the nature of the underlying investments held it may be difficult for a Sub-fund to realise an investment at short notice. Under certain circumstances the ACD (or Registrar on behalf of the ACD) has the ability to limit or defer redemptions. This may result in the Shareholder suffering a delay in realising his investment. As a consequence of such redemption limits, there may be periods, potentially prolonged periods even, where no redemption requests will be processed and completed, whether fully or partially, and/or no new redemption requests will be processed at all.

Counterparty credit risk

Counterparty credit risk is the risk of suffering loss due to another party not meeting its financial obligation.

Investments may be adversely affected by counterparty credit risk if any of the institutions with which money is deposited suffers insolvency or other financial difficulties.

Notes to the Financial Statements *continued***13 Financial instruments** *continued***Counterparty credit risk** *continued*

The Sub-fund's maximum exposure to credit risk is reflected by the carrying value of the related assets in the balance sheet and portfolio statement.

The counterparty to open derivative contracts at the balance sheet date is shown below:

Counterparty	31/12/2021 £	31/12/2020 £
Forward Currency Contracts:		
Commonwealth Bank of Australia	(781,178)	591
Credit Suisse	455,279	4,400,452
Merrill Lynch	1,097,190	–
Nomura	(458,194)	–

Collateral received from these counterparties in respect of derivative contracts was £1,160,000 (2020 - £15,023,440) in the form of cash and is shown in note 8.

Collateral pledged to these counterparties in respect of derivative contracts was £1,290,000 (2020 - £1,210,000) in the form of cash and shown in note 10.

Credit quality

The credit quality of the Sub-fund's investments in debt securities is shown below:

Credit quality	Net Assets - 31/12/2021		Net Assets - 31/12/2020	
	£	%	£	%
Non-investment grade	6,728,802	0.92	14,017,820	2.45
Not rated	1,987,190	0.27	1,027,923	0.18
Total debt securities	8,715,992	1.19	15,045,743	2.63

Valuation of financial investments

The following table analyses within the fair value hierarchy the assets and liabilities measures at fair value.

	Assets £	Liabilities £
31/12/2021		
Level 1: Quoted	152,809,517	–
Level 2: Observable	10,532,403	(1,503,314)
Level 3: Unobservable	537,084,225	–
	Assets £	Liabilities £
31/12/2020		
Level 1: Quoted	94,394,576	–
Level 2: Observable	19,532,128	(85,342)
Level 3: Unobservable	399,673,929	–

Notes to the Financial Statements continued

13 Financial instruments continued

Valuation of financial investments continued

Level 1: The unadjusted quoted price in an active market for identical assets or liabilities the entity can access at measurement date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Level 1 investments are made up of equities that are traded on an official stock exchange.

Level 2: inputs other than quoted prices included within level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly. Level 2 investments are made up of debt instruments and forward currency contracts.

Level 3: inputs unobservable for the asset or liability. Unobservable inputs reflect the Sub-fund's own assumptions about how market participants would be expected to value the asset or liability. Unobservable inputs are developed based on the best information available in the circumstances, other than market data obtained from sources independent from the Sub-fund and might include the Sub-fund's own data. Level 3 investments are made up of unlisted securities.

Sensitivity Analysis

The following calculations are based on a look through to the underlying investments held by CISs that the Sub-fund invests in.

Interest rate sensitivity

An increase of 100 basis points (1%) as at the reporting date will cause net capital gains to decrease by £842,692 (31/12/2020: £1,125,948) and the net asset value to decrease by £842,692 (31/12/2020: £1,125,948).

A decrease would have had an equal but opposite effect. The analysis assumes all other variables remain constant.

Currency sensitivity

The tables below sets out the effect, including the effects of derivatives and investments held by CISs, of a reasonably possible strengthening of the following currencies against Sterling.

Currencies	31/12/2021 %	31/12/2020 %
EUR against GBP	5	5
USD against GBP	5	5

Effect in GBP	31/12/2021 £	31/12/2020 £
EUR		
Increase in net capital gains and increase in net asset value	4,031,827	3,352,750
USD		
Increase in net capital gains and increase in net asset value	5,550,907	4,338,846

A strengthening of Sterling against the above currencies of the same rates will have resulted in an equal but opposite effect. The analysis assumes all other variables remain constant.

Equity market price sensitivity

An increase of 1500 basis points (15%) as at the reporting date will cause the net capital gains and the net asset value to increase by £34,832,425 (31/12/2020: £39,255,613).

A weakening in equity market prices of the same 15% will have resulted in an equal but opposite effect. The analysis assumes all other variables remain constant.

Notes to the Financial Statements [continued](#)**13 Financial instruments** [continued](#)**Financial risk management**

Following a prolonged period of uncertainty, the global economy and financial markets are showing strong signs of recovery as global vaccination campaigns progress. As the market has regained confidence, investment activity has picked up significantly across private markets. However, as the pandemic is not yet behind us, operations, financial condition, liquidity and cash flows of the Sub-fund and its underlying portfolio companies and industries will continue to be impacted for an indefinite period of time. Based on current information, the Sub-fund is not aware of any material unrecorded impact on the Audited Financial Statements arising from the COVID-19 outbreak. In addition, there is no indication that the going concern assumption of the Sub-fund is inappropriate.

The discontinuation of non-USD interbank offered rates ("IBORs") and transition to alternative reference rates was completed at the end of 2021. Partners Group did not experience any significant disruption to its processes from the ongoing transition, nor was there any significant impact on the risks that were previously identified in the Sub-fund, including interest rate risk, credit risk, liquidity risk, capital risk and market price risk. As part of the transition to using alternative reference rates, Partners Group had regularly performed risk assessments on the resulting potential impact on its assets under management, balance sheet, investments, valuations, and investors. As at the end of the Reporting Period, the overall risk is assessed to be limited, with identified changes required to systems, processes, and models. The impacted underlying agreements with relevant counterparties in relation to the transition to the use of alternative reference rates, have been updated as at the end of 2021.

This transition project is considering changes to systems, processes, and risk management, as well as managing any related tax and accounting implications also with respect to the USD LIBOR transition. As at the end of the Reporting Period, changes required to systems and processes have been identified and will be implemented upon transition to the alternative benchmark rate expected at the latest in 2023.

Notes to the Financial Statements *continued***14 Portfolio transaction costs**

For the year 1 January 2021 to 31 December 2021

	Transaction Value	Commissions		Taxes	
Purchases (excluding derivatives)	£	£	%	£	%
Equity instruments	39,579,855	10,846	0.03	31,239	0.08
Debt instruments	7,866,334	–	–	–	–
Collective investment schemes	80,906,869	2,076	–	10,940	0.01
Total purchases	128,353,058	12,922		42,179	
Total purchases including transaction costs	128,408,159				
	Transaction Value	Commissions		Taxes	
Sales (excluding derivatives)	£	£	%	£	%
Equity instruments	13,596,111	3,767	0.03	18	–
Debt instruments	13,726,742	–	–	–	–
Collective investment schemes	10,822,771	155	–	7	–
Total sales	38,145,624	3,922		25	
Total sales net of transaction costs	38,141,677				
Derivative transaction costs	–		–		
Total transaction costs		16,844		42,204	
Total transaction costs as a % of average net assets		–		0.01%	

Notes to the Financial Statements continued

14 Portfolio transaction costs continued

For the year 1 January 2020 to 31 December 2020

Purchases (excluding derivatives)	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments	60,061,715	17,931	0.03	42,454	0.07
Debt instruments	6,818,753	–	–	–	–
Collective investment schemes	137,328,338	1,289	–	12,086	0.01
Total purchases	204,208,806	19,220		54,540	
Total purchases including transaction costs	204,282,566				
Sales (excluding derivatives)	Transaction Value	Commissions		Taxes	
	£	£	%	£	%
Equity instruments	33,215,042	9,961	0.03	3,888	0.01
Debt instruments	12,026,536	–	–	–	–
Collective investment schemes	105,595,858	571	–	111	–
Total sales	150,837,436	10,532		3,999	
Total sales net of transaction costs	150,822,905				
Derivative transaction costs	–				
Total transaction costs		29,752		58,539	
Total transaction costs as a % of average net assets		0.01%		0.01%	

The above analysis covers any direct transaction costs suffered by the Sub-fund during the year. However, it is important to understand the nature of other transaction costs associated with different investment asset classes and instruments types.

Separately identifiable direct transaction costs (commissions and taxes etc.) are attributable to the Sub-fund's purchase and sale of equity shares. Additionally for equity shares there is a dealing spread cost (the difference between the buying and selling prices) which will be suffered on purchase and sale transactions.

For the Sub-fund's investment transactions in debt instruments any applicable transaction charges form part of the dealing spread for these instruments. Transactions in money market instruments to manage the Sub-fund's daily liquidity position are excluded from the analysis.

For the Sub-fund's investment in collective investment scheme holdings there will potentially be dealing spread costs applicable to purchases and sales. However additionally there are indirect transaction costs suffered in those underlying Sub-fund's, throughout the holding period for the instruments, which are not separately identifiable and do not form part of the analysis above.

Dealing spread costs suffered by the Sub-fund vary considerably for the different asset/instrument types depending on a number of factors including transaction value and market sentiment.

At the balance sheet date the average portfolio dealing spread (difference between bid and offer prices of all investments expressed as a percentage of the offer price value) was 0.04% (31/12/2020: 0.09%).

Notes to the Financial Statements continued

15 Share movement

For the year 1 January 2021 to 31 December 2021

	B Class Acc Shares	P Class Acc Shares	J Class Acc Shares	I Class Acc Shares	S Class Acc Shares
Opening shares	8,947,630	109,655,691	189,837,392	63,845,154	108,209,819
Shares issued	–	18,125,999	20,382,906	36,839,010	5,946,678
Shares redeemed	–	(4,348,980)	(13,221,761)	(6,499,252)	(6,337,477)
Closing shares	8,947,630	123,432,710	196,998,537	94,184,912	107,819,020

16 Post balance sheet events

At the time of signing these financial statements, there is an increased level of global uncertainty associated with the conflict in Ukraine. The long-term effect of this is likely to result in increased market and economic volatility, which may in turn have an impact on the Sub-fund. The ACD and the investment adviser are of the opinion that, other than that mentioned in the financial statements, no other events took place between the end of the reporting period and the date of approval of these financial statements that would require disclosure in or adjustments to the amounts recognised in these financial statements.

17 Reconciliation of change in net assets attributable to shareholders from investment activities to net cash from operating activities

	01/01/2021 to 31/12/2021 £	01/01/2020 to 31/12/2020 £
Change in net assets attributable to shareholders from investment activities	95,381,979	7,806,033
Adjustments for:		
Interest paid	15,585	25,678
Capital gains on non-derivative securities*	(99,260,777)	(33,009,371)
Unrealised net capital (losses)/gains on forward currency contracts	4,087,947	(854,629)
Decrease/(increase) in debtors	13,778,180	(14,584,603)
Increase in creditors	1,451,221	426,659
Net cash flow generated/(used in) operating activities	15,454,135	(40,190,233)

*Realised gains/losses on non-derivative securities included in cash flows from investing activities on the cash flow statement.

18 Analysis of change in cash

	01/01/2021 to 31/12/2021 £	01/01/2020 to 31/12/2020 £
Cash and bank balances at the start of the year	42,531,833	46,912,581
Net cash flows	(9,115,221)	(4,380,748)
Cash and bank balances at the end of the year	33,416,612	42,531,833

Distribution Tables

There were no distributions in the current or previous reporting periods.

Remuneration (Unaudited)**Staff remuneration**

During the year 1 January to 31 December 2021, Partners Group (UK) Limited's 182 staff (incl. leavers during the year) received a total of GBP 39,556,153 in remuneration. The ratio between fixed and variable remuneration is approximately 1:1.37.

The aggregate amount of remuneration of the 5 staff (including four directors) who make up the senior management of Partners Group (UK) Limited was GBP 3,847,720.

The aggregate amount of remuneration of the 11 staff whose actions have a material impact on the risk profile of the Sub-fund was GBP 8,468,704.

N.B. The figures in respect of staff disclosed as above include a number of the same staff and therefore, these figures should not be read as cumulative. Further to those figures disclosed for Partners Group (UK) Limited, they include certain staff employed by Partners Group AG where Partners Group (UK) Limited delegates its risk management. For the figures disclosed for Partners Group (Luxembourg) S.A., the annual variable remuneration payments were due in February and therefore not included in the relevant reporting period.

Variable remuneration is determined by reference to individual and departmental performance and, in all cases, is subject to group-wide performance. Individual performance is primarily determined through an annual appraisal process which involves setting qualitative and quantitative individual and departmental goals. Performance is periodically assessed against the plan and is the basis for measuring the individual performance. Partners Group does not link variable remuneration to a mechanical measure of performance and the successful achievement of quantitative goals can be overridden by qualitative measures of performance.

The annual report of Partners Group Holding AG includes a detailed Compensation Report which outlines the philosophy and principles behind Partners Group's compensation structure and discloses the compensation paid to the group's senior management. Section 2 of the Compensation Report details the fixed and variable remuneration of Partners Group Holding AG's Executive Committee and Board.

Other information**Material changes**

No material changes to be reported.

Pricing basis

The Company deals on a forward pricing basis. A forward price is the price calculated at the next Valuation Point after the sale or redemption is agreed.

Subscriptions, Redemptions and Switches of Shares in the Company

The dealing office of the Registrar is open from 9.00 a.m. until 5.00 p.m. GMT on each Dealing Day to receive requests for the subscription, redemption and switching of Shares, which will be effected at prices determined at the next Valuation Point following acceptance of such request. Valid instructions for subscriptions, redemptions and/or switches will be processed by the Registrar.

There is an initial offer period of one day from launch of a Sub-fund and the initial offer period will end after this time. The initial price of a Share is £1.00 (Shares will not be redeemed or issued in any other currency). Please note that if in the reasonable opinion of the ACD, the operation of the Company is not viable at the end of the initial offer period, the ACD may, subject to compliance with the Sourcebook and subject to the agreement of the Depositary, wind up the Company or consider any other alternative as may be appropriate in the circumstances.

Publication of Prices

Shareholders can obtain the price of their Shares from the Registrar or on the following webpage: www.pggenerationsfund.com.

Statement of the Depository's Responsibilities in Respect of the Scheme and Report of the Depository to the Shareholders of the Partners Group Generations Fund ("the Company") for the year ended 31 December 2021

The Depository must ensure that the Company is managed in accordance with the Financial Conduct Authority's Collective Investment Schemes Sourcebook, and, from 22 July 2014 the Investment Funds Sourcebook, the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228), as amended, the Financial Services and Markets Act 2000, as amended, (together "the Regulations"), the Company's Instrument of Incorporation and Prospectus (together "the Scheme documents") as detailed below.

The Depository must in the context of its role act honestly, fairly, professionally, independently and in the interests of the Company and its investors.

The Depository is responsible for the safekeeping of all custodial assets and maintaining a record of all other assets of the Company in accordance with the Regulations.

The Depository must ensure that:

- the Company's cash flows are properly monitored and that cash of the Company is booked into the cash accounts in accordance with the Regulations;
- the sale, issue, repurchase and cancellation of shares are carried out in accordance with the Regulations;
- the value of shares of the Company are calculated in accordance with the Regulations;
- any consideration relating to transactions in the Company's assets is remitted to the Company within the usual time limits;
- the Company's income is applied in accordance with the Regulations; and
- the instructions of the Alternative Investment Fund Manager ("the AIFM") are carried out (unless they conflict with the Regulations).

The Depository also has a duty to take reasonable care to ensure that Company is managed in accordance with the Scheme documents and the Regulations in relation to the investment and borrowing powers applicable to the Company.

Having carried out such procedures as we consider necessary to discharge our responsibilities as Depository of the Company, it is our opinion, based on the information available to us and the explanations provided, that in all material respects the Company, acting through the AIFM:

- (i) has carried out the issue, sale, redemption and cancellation, and calculation of the price of the Company's shares and the application of the Company's income in accordance with the Regulations and the Scheme documents of the Company; and
- (ii) has observed the investment and borrowing powers and restrictions applicable to the Company in accordance with the Regulations and Scheme documents of the Company.

For and on behalf of
The Bank of New York Mellon (International) Limited
One Canada Square
London E14 5AL

Manager

28 April 2022

Report on the audit of the financial statements**Opinion**

In our opinion, the financial statements of Partners Group Generations Fund (the "Company"):

- give a true and fair view of the financial position of the Company and its sub-fund as at 31 December 2021 and of the net expense the net capital gains on the scheme property of the Company and its sub-fund for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law), the Statement of Recommended Practice for UK Authorised Funds, the Collective Investment Schemes sourcebook and the Instrument of Incorporation.

Partners Group Generations Fund is an Open Ended Investment Company ('OEIC') with a single sub-fund. The financial statements of the Company comprise the financial statements of its sub-fund. We have audited the financial statements, included within the Annual Report & Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 December 2021; the statement of total return, and the statement of change in net assets attributable to shareholders and the cash flow statement for the year then ended; the distribution tables; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the Authorised Corporate Director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the Authorised Corporate Director with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The Authorised Corporate Director is responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Based on our work undertaken in the course of the audit, the Collective Investment Schemes sourcebook requires us also to report certain opinions as described below.

Authorised Corporate Director's Report

In our opinion, the information given in the Authorised Corporate Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Responsibilities for the financial statements and the audit**Responsibilities of the Authorised Corporate Director for the financial statements**

As explained more fully in the Statement of Authorised Corporate Director's Responsibilities in relation to the Financial Statements of the Company, the Authorised Corporate Director is responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The Authorised Corporate Director is also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Authorised Corporate Director is responsible for assessing the Company's and its sub-fund's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the Authorised Corporate Director either intends to wind up or terminate the Company or its sub-fund, or has no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Company/industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of the Collective Investment Schemes sourcebook, and we considered the extent to which non-compliance might have a material effect on the financial statements, in particular those parts of the sourcebook which may directly impact on the determination of amounts and disclosures in the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or to increase the net asset value of the Company and judgements and assumptions made by management in their significant accounting estimates.

Audit procedures performed included:

- Discussions with the Authorised Corporate Director, including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Reviewing relevant meeting minutes, including those of the Authorised Corporate Director's board of directors;
- Identifying and testing journal entries, specifically any journals posted as part of the financial year end close process;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing; and
- Challenging assumptions and judgements made by management in their significant accounting estimates in relation to the valuation of level 3 financial investments.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's shareholders as a body in accordance with paragraph 4.5.12 of the Collective Investment Schemes sourcebook as required by paragraph 67(2) of the Open-Ended Investment Companies Regulations 2001 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Opinion on matter required by the Collective Investment Schemes sourcebook

In our opinion, we have obtained all the information and explanations we consider necessary for the purposes of the audit.

Collective Investment Schemes sourcebook exception reporting

Under the Collective Investment Schemes sourcebook we are also required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors
London

28 April 2022

- General Partner/AIFM: Partners Group (UK) Limited
- Fund(s) in Question: Partners Group Generations Fund
- Sub Funds: Partners Group Generations Fund I
- Share Classes: P, I, J, B, S
- Fund Currency: GBP
- Authorised Corporate Director: Partners Group (UK) Limited

- Investment Adviser: Partners Group AG
- Depository: The Bank of New York Mellon (International) Limited
- Administrator: The Bank of New York Mellon (International) Limited
- Registrar: The Bank of New York Mellon (International) Limited
- Auditor: PricewaterhouseCoopers LLP
- Legal Adviser: Macfarlanes LLP
- Platforms Used: Fidelity, Legal and General, Phoenix, Mobius
- Intermediaries Used: No intermediaries used for distribution

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1. Quality of Service

The following provides detail on the quality of services relating directly to the operation of the Fund, specifying delegated entities where applicable as well as Partners Group's assessment of service quality.

Investment Management

This service is delegated to Partners Group (UK) Limited, an internal entity of Partners Group and subject to Partners Group's over-arching processes, policies and procedures.

Administration and Custody

These services are delegated to The Bank of New York Mellon (International) Limited. These are significant services to investors' overall experience and therefore the quality of the service provided is monitored regularly by Partners Group through both monthly service review calls with Partners Group and The Bank of New York Mellon (International) as well as quarterly service quality confirmations by internal Partners Group stakeholders.

For the calendar year 2021, service was as expected, and no material issues were reported.

Audit

This service is provided by PricewaterhouseCoopers LLP. This is a significant service to investors and therefore the service quality is monitored by Partners Group through an annual service quality confirmation performed by Partners Group stakeholders.

For the calendar year 2021, service was as expected, and no material issues were reported.

Legal

Legal services are provided both internally by Partners Group as well as externally by Macfarlanes LLP. This is a significant service to investors and therefore the service quality is monitored by Partners Group through an annual service quality confirmation performed by Partners Group stakeholders.

For the calendar year 2021, service was as expected, and no material issues were reported.

Client communications, website and customer complaints

Certain reporting functions and the Fund's website are provided internally by Partners Group. Certain ancillary functions are also provided by The Bank of New York Mellon (International) in their role as administrator.

With regards to customer complaints, for services provided either by Partners Group or The Bank of New York Mellon (International), the policy is to reply to complaints within 24 hours.

For the calendar year 2021, service was as expected, and no material issues were reported, nor were any significant customer complaints received.

2. Performance

Objectives

The Fund's objective is to provide long-term capital growth. The Fund provides investors the opportunity to invest in private market asset classes through a more liquid vehicle than traditional funds investing in private equity, private real estate, private infrastructure or private debt.

Appropriate timescale

Given the underlying asset classes and the typical investor profile, it is suggested a performance analysis over a medium-to-long-term timeframe of 5 years or longer is adopted.

Setting target performance

The Fund aims to deliver stable returns and achieve long-term capital growth over market cycles. The Fund targets absolute returns of 7-11% p.a. net of all fees, once fully built-up, and over a complete market cycle (5 years or more).

Selecting a peer group

The Fund is currently one of the only multi asset private markets funds that cater to DC investors and therefore it is our belief that there is not presently an appropriate peer group. However, without being a target benchmark or a constraining benchmark, the scheme's performance is compared against that of the MSCI World Equity Total Return GBP index (Bloomberg ticker: MXWOHGBP Index) and the HFRX Global Hedge Fund GBP index (Bloomberg ticker: HFRXGLG Index). The MSCI World Equity index was selected as a global equity comparison, given that Fund invests globally, with public and private equity being the main instrument in the asset allocation. The HFRX Global Hedge Fund index was selected due to the illiquid nature of some of the strategies used by hedge funds.

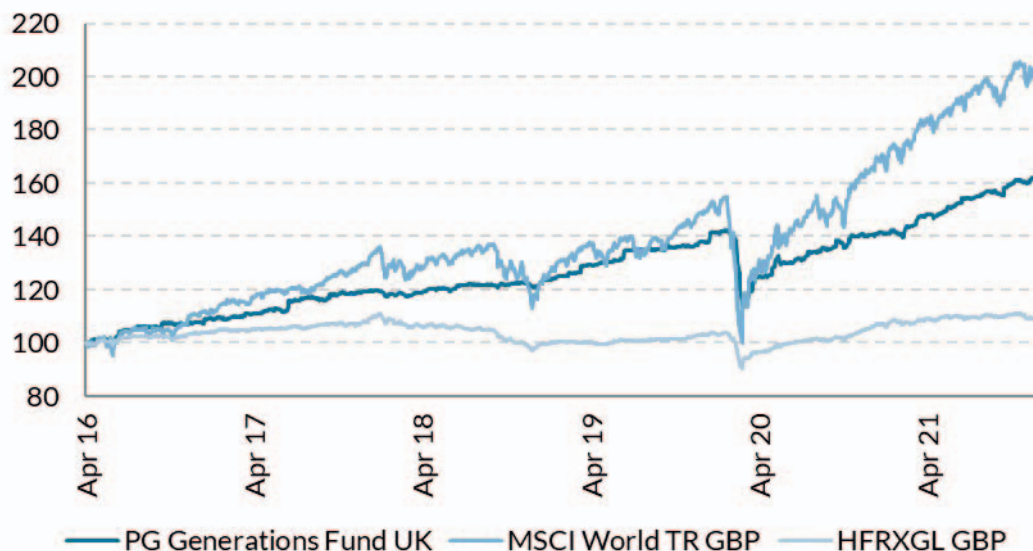
Performance calculation and presentation

Provided below is the performance analysis since the inception of the Fund in April 2016. The Fund's performance is calculated using the price of its longest standing share class since inception (share class B).

2. Performance (continued)

Performance calculation and presentation (continued)

The performance is calculated on a daily basis, by dividing the daily closing price by the previous day closing price. The reported share class price is net of all fees and costs, and therefore the calculated performance figure will also be net of all fees. In the chart and table below, we show the performance of the Fund against the MSCI World Equity GBP Index and the HFRX Global Hedge Fund GBP index.



	PG Generations	MSCI World TR GBP	HFRXGL GBP
Net Return (since inception)	62.1%	105.5%	9.6%
Net Return p.a.	8.9%	13.5%	1.6%
YTD	15.5%	23.9%	3.3%
Volatility p.a.	5.5%	15.7%	3.6%
Max draw down	-20.2%	-35.4%	-18.5%
Equity correlation	0.17	1.00	0.68
Betato equity	0.06	1.00	0.15

Source: Partners Group, Bloomberg as of 31 December 2021. Performance shown net of all fees in GBP. Past performance is not indicative of future results. There is no assurance that target returns will be achieved.

The performance has been within the defined target return range (7-11% p.a. over a 5+ year market cycle). From a risk adjusted return point of view, the Fund can be considered an attractive offering, given the relatively low measured volatility and maximum drawdown, especially when compared to listed equities. In addition, the diversification benefits arising from the low equity correlation. As a consequence, the Fund generated value for its investors as evidenced by the net of all fees return figure achieved.

3. ACD Costs

The following table illustrates the charges and costs incurred by the Fund across each share class. This includes annual management charges, performance fees (where applicable) as well as other administrative costs and charges. Importantly, the fee cap for each share class (as described in further detail in the "classes of units" section is highlighted below as the pertinent figure that total fee levels do not surpass.

	Calculation	Share Class B	Share Class P	Share Class J	Share Class I	Share Class S
	Annual management charge	1.25%	1.25%	Commercially sensitive	1.85%	Commercially sensitive
	Equalization rebates	-0.13%	-0.13%	-0.13%	-0.14%	-0.13%
	Custody / depositary	0.03%	0.03%	0.03%	0.03%	0.03%
	Fund administration	0.03%	0.03%	0.03%	0.03%	0.03%
	Audit	0.01%	0.01%	0.01%	0.01%	0.01%
	Entry/exit fees	0.00%	0.00%	0.00%	0.00%	0.00%
Direct costs	Legal and Tax*	-0.01%	-0.01%	-0.01%	-0.01%	-0.01%
	Registration fee	0.02%	0.02%	0.02%	0.02%	0.02%
	Set up cost*	-0.02%	-0.02%	-0.02%	-0.01%	-0.02%
	Other expenses	0.01%	0.01%	0.01%	0.01%	0.01%
	Financing costs	0.01%	0.01%	0.01%	0.01%	0.01%
	Synthetic component**	0.41%	0.41%	0.41%	0.41%	0.41%
	Performance fee	0.60%	0.60%	0.00%	0.00%	0.00%
	Fee Cap for each share-class	2.25%	2.25%	1.95%	1.95%	1.95%
	Fees waived due to Fee Cap	0.04%	0.04%	Commercially sensitive	-0.25%	Commercially sensitive
	Security lending	0.00%	0.00%	0.00%	0.00%	0.00%
	Execution	0.10%	0.10%	0.10%	0.10%	0.10%
Indirect costs***	Slippage	0.02%	0.02%	0.02%	0.02%	0.02%
	Anti-dilution	0.00%	0.00%	0.00%	0.00%	0.00%
	Foreign Exchange	0.00%	0.00%	0.00%	0.00%	0.00%

*Negative direct costs are caused by provision adjustments after revision of the annual budget.

**total of all operational expenses incurred on the underlying funds' level (look-through basis)

***Q3 2021 TCA reporting figures have been used and annualised in populating the indirect costs fields as Q4 2021 data is not yet finalised.

The level of management fee charged is higher than other funds in the market such as passive equity or corporate bond strategies owing to the greater labour intensity in private market investments. Private market investments typically have a direct, control position of a company or asset, and therefore require greater hands-on value creation strategies.

Private market strategies, owing to the active value creation and longer-term holding periods give the potential for greater outperformance and therefore justify the higher management fee level versus a passive listed strategy where the labour intensity is much lower, and there is no active value creation owing to merely following a benchmark allocation.

3. ACD Costs (continued)

Furthermore, closed-ended private market strategies typically have a management fee of 1.5% p.a., with a performance fee structure that in strong-performing times would result in high levels of performance fees resulting in TERs upwards of 3.0%, 4.0%, or sometimes even 5.0%+ p.a. By comparison, the Fund provides access to private market investments in what we believe to be a compelling value for money proposition.

4. Economies of Scale

The Fund is GBP 732 million in size as of 31 December 2021 and is expected to grow substantially over the coming years.

Given the Fund's present size, it is our belief that there are no significant economies of scale to be taken advantage of.

There may be scope for these charges to reduce when the Fund is substantially larger. Partners Group will continue to review service providers and any potential cost savings from such economies of scale in the years to come.

As additional consideration is that owing to the TER cap in place at the share class level, Partners Group is presently forfeiting a portion of management fees owing to other aspects such as administration and audit charges. Any future economies of scale or reductions in expenses may not strictly lead to fee reductions as there is a TER cap in place for all share classes which limits the total level of fees charged to investors.

5. Comparable Market Rates

The Fund is currently one of the only multi asset private markets Funds open to DC investors and therefore we believe does not presently have an appropriate peer group to be used for market rate comparisons. Importantly, a significant portion of the Fund's underlying investment portfolio is to lead (i.e. controlling equity positions) private markets investments, where Partners Group adopts a hands-on value creation approach to the investments. Similar investment exposure in a closed-ended fund structure would typically command much higher investment management fees, therefore we are of the firm belief that investors accessing the Fund, and its underlying investment portfolio, benefit from a compelling value for money proposition.

6. Comparable Services

Partners Group (UK) Limited only manages the Fund and therefore there are no other funds or programs with similar investor objectives that can be used for comparison purposes.

7. Classes of Units

As of 31 December 2021, there were five share classes for the Fund: P, I, J, S and B. Two share classes have a performance fee structure (P and B) and the remaining three share classes have no performance fee structure (I, J and S), only a flat management fee structure. The fees are detailed below, along with the corresponding TER cap at the share class level. Please refer to the Fund's prospectus for further details.

Performance fee bearing share classes management fee

- P share class: 1.25% p.a.
- B share class: 1.25% p.a.

Flat fee share classes management fee

- I share class: 1.85% p.a.
- J share class: 1.85% p.a.
- S share class: 1.85% p.a.

7. Classes of Units (continued)

Performance fees:

- P share class: 10% subject to a high water mark
- B share class: 10% subject to a high water mark
- I share class: nil
- J share class: nil
- S share class: nil

Corresponding TER cap per share class:

- P Class Shares: 2.25% p.a. of the Sub-fund's Net Asset Value attributable to the P Class Shares
- B Class Shares: 2.25% p.a. of the Sub-fund's Net Asset Value attributable to the B Class Shares
- I Class Shares: 1.95% p.a. of the Sub-fund's Net Asset Value attributable to the I Class Shares
- J Class Shares: 1.95% p.a. of the Sub-fund's Net Asset Value attributable to the J Class Shares
- S Class Shares: 1.95% p.a. of the Sub-fund's Net Asset Value attributable to the S Class Shares

It is the investor's choice which share class structure they choose (i.e. performance fee bearing or flat management fee).

The B share class is utilised by Partners Group for its balance sheet investments. The J share class is utilised by a large anchor investor and further details on this share class are commercially sensitive. The S share class is reserved for significant large investors, who invest into the fund with typically more than GBP 75 million. The current open (investable) share classes for investors are the P, I and S share classes.

8. Conclusion

In conclusion, we are of the firm belief that the Fund offers investors significant value for money. The Fund was one of the first to provide DC investors with access to multi asset private market investments and the associated benefits such as greater potential for higher returns.

Private market investments and the funds in which these can be accessed do have higher fees when compared against listed equities for instance, however this is to reflect the greater labour intensity and hand-on value creation strategies that are integral to managing such private market companies and assets.

The Fund is a bespoke product that requires sophisticated investment management. We believe the Fund provides a compelling value for money proposition from both the perspective of the investments it provides access to, as well as the fee level charged. Importantly, as the Fund employs a total fee (TER) cap, investors have visibility over potential total fees that can be charged.