



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

INTERIM REPORT & FINANCIAL STATEMENTS

PARTNERS GROUP GENERATIONS FUND

30 June 2019

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Directory

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

Depositary

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

The Authorised Corporate Director's Report

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The Authorised Corporate Director ("ACD") presents herewith the interim long report ("the report") for Partners Group Generations Fund ("the Company") for the six month period to 30 June 2019.

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 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 authorised investment fund (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 period to 30 June 2019 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 period.

Certification of the Interim 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


SERGIO JOVELE (DIRECTOR)


Adebola Adeniyi
Authorised Signatory

In accordance with COLL 4.5.8BR, the interim report and the financial statements were approved by the board of directors of the ACD of the Company and authorised for issue on 21st August 2019.

21st August 2019

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;
- 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); and
- other instruments and underlying funds as determined by the ACD and permitted by the Sourcebook including warrants, money market instruments, regulated collective schemes, cash and near cash and deposits.

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. Derivatives and forward transactions will only be used for Efficient Portfolio Management (FX hedging) purposes.

Performance review

In the first half of 2019, Partners Group Generations Fund I (GBP B) ("the Fund") increased by 10.4% as it profited from the solid operational development of its underlying private equity direct investments like Vishal Mega Mart, Civica, AlliedUniversal, GlobalLogic, CPA Global as well as United States Infrastructure Corporation ("USIC"). The private equity direct investment revaluations were mainly attributable to the portfolio companies' positive financial development. In addition, CPA Global, a UK-based legal outsourcing company providing general legal and intellectual property support services, announced the merger with IPAN Group, which allows the company to immediately gain presence in the German market and by that drive its global growth strategy.

Activity review

In January, Partners Group provided debt financing to Zentiva in support of Advent International's acquisition of the company. Headquartered in Prague, Czech Republic, Zentiva is a carve-out of pharmaceutical company Sanofi and offers generic medicine across various therapeutic areas such as cardiovascular, female health, respiratory, pain and gastrointestinal areas. Zentiva has two manufacturing facilities in Prague and Bucharest and has more than 2,500 employees across Europe. The company produces and distributes more than 350 million packs of medicine each year, reaching over 40 million patients across 25 European countries.

In February, the Fund provided financing to Independent Vetcare in support of EQT Partners' acquisition of the company. Founded in 2011, Independent Vetcare is one of the largest providers of veterinary services in the UK, and offers a broad range of services including first opinion care, diagnostic and emergency services. In addition, the company operates an online pet pharmacy under the brand, Pet Drugs Online. Independent Vetcare has approximately 300 clinics throughout the UK with roughly 2,700 staff, which includes about 800 veterinarians.

In June, Partners Group closed the private equity directs acquisition of Confluent Health. Headquartered in Louisville, Kentucky, Confluent is one of the largest (by number of clinics) independent outpatient physical therapy (PT) service providers in the US, with over 2,000 employees and 198 operating clinics. Confluent Health is considered an attractive investment given its position as a leading PT player in a fragmented market, with the top 15 clinics representing just 12% of total clinics in the US. The company has a successful acquisition track record and proven lead-generation for acquisitions through education services and management's reputation as respected operators.

Manager's Report (continued)**Activity review (continued)**

In addition, Confluent is expected to benefit from long-term industry tailwinds driven by an aging population with chronic conditions. This presents an expanding patient pool and opportunity to increase Confluent's scope of practice as PT treatments are significantly cheaper compared to surgery (around 97% lesser), prescription of opioids (85%) and injections (75%). Following the acquisition, Partners Group will work closely with Confluent's management team on opening new locations and driving same-store growth. The company will also continue to execute its M&A strategy through bolt-on acquisitions and selective larger strategic acquisitions.

Investment outlook

Following an active year in 2018 for both new investments and realizations, portfolio activity moderated during the first half of 2019. Conditions for new investments remain challenging, with quality assets trading for near-records multiples, driven by high volumes of dry powder as well as the ever-increasing competition from private equity managers, strategic buyers and new market entrants, encouraged by the pursuit for yield while interest rates stay low and by strong debt markets for leveraged buyouts. Against this backdrop, Partners Group is placing even greater emphasis on investment opportunities that offer value creation potential. Moreover, it is essential to remain highly disciplined in the asset selection and focus on sub-sectors of the market that can be expected to achieve superior growth rates. In particular, Partners Group looks at sectors that benefit from global megatrends, such as digital transformation, changing consumer preferences and increased energy efficiency. This is also reflected in Partners Group's view on private real estate. In spite of the near-record pricing for all main property types globally, Partners Group continues to focus on properties and cities benefiting from the transformative trends that will have a lasting impact on traditional real estate and enable superior growth. Similarly, Partners Group keeps focusing on the global trends that should generate attractive private infrastructure investment opportunities. These include the global shift toward clean and more efficient energy, the need for ancillary infrastructure business services and the disruption in traditional energy resource flows as a result of the shale gas revolution in the US.

Manager's Report (continued)**Investment outlook (continued)**

Client to provide

The table below shows the top purchases and sales for the period:

Purchases	£	Sales	£
Partners Group Global Senior Loan Master SICAV 'P' (USD) Fund*	15,373,680	Brookfield Infrastructure Partners	1,342,841
Partners Group Generations (USD) IC Limited*	4,719,847	BBGI	1,208,454
US Treasury 0% 02/7/2019	3,933,640	Edison International	969,103
Partners Group Generations S.A., SICAV-SIF - Private Markets (GBP) Fund*	3,100,000	Union Pacific	921,185
Partners Group Generations S.A., SICAV-SIF - Loan Access Fund*	2,324,054	American Water Works	837,736
CMS Energy	997,992	Enbridge	679,667
Canadian National Railway	599,161	Crown Castle International	678,352
HICL Infrastructure	561,394	Vinci	625,186
Partners Group Generations (GBP) IC Limited*	500,000	Atmos Energy	556,691
Republic Services	355,728	STAG Industrial	556,603

*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 simulated 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 in the above risk category because it invests in less liquid private markets as well as opportunistic fixed income. The category shown is not guaranteed to remain unchanged and may shift over time. The risk and reward profile above is calculated by the ACD on a scale of 1-7 using standard calculations based on simulated historic 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.

Fund Facts**Distribution Information****B Class Accumulation Shares**

The distribution payable on 31 August 2019 is 0.0000p net per share for accumulation shares.

P Class Accumulation Shares

The distribution payable on 31 August 2019 is 0.0000p net per share for accumulation shares.

J Class Accumulation Shares

The distribution payable on 31 August 2019 is 0.0000p net per share for accumulation shares.

I Class Accumulation Shares

The distribution payable on 31 August 2019 is 0.0000p net per share for accumulation shares.

Performance Records

Net asset values	Net asset value of Sub-fund (£)	Net asset value per share (pence)	Share in Issue
31 December 2016			
B Class Accumulation Shares	18,168,224	108.24	16,784,822
P Class Accumulation Shares	6,478,702	101.22	6,400,331
31 December 2017			
B Class Accumulation Shares	28,224,570	119.54	23,610,387
P Class Accumulation Shares	36,002,874	111.82	32,198,002
J Class Accumulation Shares*	45,352,850	100.81	44,990,010
31 December 2018			
B Class Accumulation Shares	28,921,818	122.50	23,610,387
P Class Accumulation Shares	77,074,962	114.16	67,517,414
J Class Accumulation Shares	161,571,845	103.93	155,463,892
I Class Accumulation Shares**	8,009,360	100.55	7,965,716
30 June 2019			
B Class Accumulation Shares	31,935,201	135.26	23,610,387
P Class Accumulation Shares	73,153,787	126.03	58,043,430
J Class Accumulation Shares	196,647,041	115.38	170,430,499
I Class Accumulation Shares	29,251,755	111.53	26,227,106

* J Class Accumulation Shares launched on 13 November 2017.

** I Class Accumulation Shares launched on 2 August 2018.

Portfolio Statement

as at 30 June 2019

Investment	Currency	Holding	Market Value (£)	Total Net Assets (%)
Transferable securities admitted to an official stock exchange				
Corporate Bonds 5.81% (2018 - 5.26%)				
Arrow Global Finance 5.125% 15/9/2024	GBP	500,000	490,770	0.15
Crayon 6.88% FRN 06/4/2020	NOK	6,750,000	628,181	0.19
GLX AS 6.72% FRN 08/12/2023	NOK	8,500,000	806,827	0.24
HCA 5.875% 01/5/2023	USD	1,080,000	922,739	0.28
Inmarsat Finance 6.5% 01/10/2024	USD	1,800,000	1,479,728	0.45
Læringsverkstedet 5.5% FRN 01/6/2022	NOK	8,500,000	786,226	0.24
ML 5.5% 27/12/2021	NOK	9,000,000	841,846	0.25
MPT Operating Partnership 5.5% 01/5/2024	USD	1,895,000	1,526,185	0.46
Picard 3% FRN 30/11/2023	EUR	2,130,000	1,802,724	0.55
SoftBank 6% 30/7/2025	USD	1,100,000	917,917	0.28
TeamSystem 4% FRN 15/4/2023	EUR	1,420,000	1,270,745	0.38
US Treasury 0% 02/7/2019	USD	5,000,000	3,928,444	1.19
Virgin Media Receivables Financing Notes				
I DAC 5.5% 15/9/2024	GBP	1,960,000	2,020,152	0.61
Wind Tre 2.75% FRN 20/1/2024	EUR	2,045,000	1,800,336	0.54
			19,222,820	5.81
Equities 10.64% (2018 - 15.90%)				
Ackermans & Van Haaren	EUR	1,790	211,257	0.06
Aena	EUR	8,202	1,279,177	0.39
Aeroports de Paris	EUR	3,730	517,314	0.16
American Water Works	USD	17,431	1,588,197	0.48
Annaly Capital Management	USD	43,854	314,252	0.09
APA	AUD	123,114	732,466	0.22
Apollo Global Management 'A'	USD	19,782	533,136	0.16
Ares Capital	USD	48,386	681,670	0.21
Ares Management	USD	24,178	496,592	0.15
Atlantia	EUR	42,676	874,827	0.26
Atmos Energy	USD	17,801	1,476,027	0.45
Canadian National Railway	CAD	8,374	609,055	0.18
Castellum	SEK	46,736	703,711	0.21
Cellnex Telecom	EUR	33,744	982,489	0.30
CK Infrastructure	HKD	105,000	672,160	0.20
CMS Energy	USD	16,319	742,414	0.22
Crown Castle International	USD	14,826	1,517,315	0.46
Enbridge	CAD	42,869	1,213,818	0.37
Eurazeo	EUR	4,581	251,061	0.08
Eutelsat Communications	EUR	44,351	649,828	0.20
Ferrovial	EUR	38,480	775,040	0.23
Flughafen Zuerich	CHF	4,898	725,089	0.22
Fortis	CAD	24,595	762,798	0.23
Gimv	EUR	11,519	571,003	0.17
HgCapital Trust	GBP	247,140	531,351	0.16
Intermediate Capital	GBP	40,754	562,813	0.17
Investor 'B'	SEK	14,799	557,453	0.17
Italgas	EUR	145,243	767,802	0.23
KKR	USD	24,610	488,449	0.15
Link REIT	HKD	119,500	1,153,782	0.35
Mapletree Logistics Trust	SGD	380,900	351,723	0.11
Mid-America Apartment Communities	USD	4,874	450,903	0.14
National Grid	GBP	147,886	1,236,031	0.37
New Mountain Finance	USD	33,243	364,375	0.11
Onex	CAD	7,875	373,128	0.11
Partners	CHF	1,920	1,185,514	0.36

Portfolio Statement continued

as at 30 June 2019

Investment	Currency	Holding	Market Value (£)	Total Net Assets (%)
Equities continued				
Republic Services	USD	12,976	882,943	0.27
Sofina	EUR	954	143,066	0.04
Solar Capital	USD	21,867	352,738	0.11
STAG Industrial	USD	14,848	353,146	0.11
TC Energy	CAD	19,621	764,500	0.23
Terna	EUR	94,131	471,666	0.14
Unibail-Rodamco-Westfield	EUR	3,101	365,427	0.11
Union Pacific	USD	12,122	1,610,711	0.49
Veolia Environnement	EUR	39,978	763,717	0.23
Vinci	EUR	21,605	1,741,004	0.52
Vonovia	EUR	10,351	388,255	0.12
Wendel	EUR	4,455	477,948	0.14
			35,219,141	10.64
Fund Investments - 74.66% (2018 - 71.64%)				
BBGI	GBP	500,976	758,979	0.23
HICL Infrastructure	GBP	350,000	558,600	0.17
ICG Enterprise Trust	GBP	50,857	445,507	0.13
Partners Group Generations (EUR) IC Limited ¹	EUR	5,908,715	13,421,470	4.05
Partners Group Generations (GBP) IC Limited ¹	GBP	11,086,525	16,727,801	5.05
Partners Group Generations (USD) IC Limited ¹	USD	13,792,145	19,518,314	5.90
Partners Group Generations S.A., SICAV-SIF - Loan Access Fund ¹	USD	4,513,650	38,961,314	11.77
Partners Group Generations S.A., SICAV-SIF - Private Markets (GBP) Fund ¹	GBP	6,209,392	106,039,891	32.04
Partners Group Global Senior Loan Master SICAV 'P' (USD) Fund ¹	USD	56,477	50,696,973	15.32
			247,128,849	74.66
Derivatives				
Forward Currency Contracts - 0.00% (2018 - (0.18%))				
Buy GBP-54,449,136 / Sell EUR-60,800,000	GBP	54,449,136	(104,897)	(0.04)
Buy GBP-69,578,123 / Sell USD-88,700,000	GBP	69,578,123	54,430	0.02
Buy GBP-69,578,123 / Sell USD-88,700,000	GBP	69,578,123	54,430	0.02
			3,963	0.00
Portfolio of investments			301,574,773	91.11
Net current assets			29,413,011	8.89
Total net assets			330,987,784	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 period 1 January 2019 to 30 June 2019

	01/01/2019 to 30/06/2019		01/01/2018 to 30/06/2018	
	£	£	£	£
Income				
Net capital gains		32,214,315		2,856,613
Revenue	1,651,760		1,236,210	
Expenses	(2,671,978)		(1,605,425)	
Interest payable and similar charges	(16,661)		(680)	
Net expense before taxation	(1,036,879)		(369,895)	
Taxation	(111,392)		(75,680)	
Net expense after taxation		(1,148,271)		(445,575)
Total return before distributions		31,066,044		2,411,038
Distributions		—		—
Change in net assets attributable to shareholders from investment activities		31,066,044		2,411,038

Statement of change in net assets attributable to shareholders

for the period 1 January 2019 to 30 June 2019

	01/01/2019 to 30/06/2019		01/01/2018 to 30/06/2018	
	£	£	£	£
Opening net assets attributable to shareholders		275,577,985		109,580,294
Amounts receivable on issue of shares	38,305,484		91,426,868	
Amounts payable on cancellation of shares	(13,961,729)		(168,755)	
		24,343,755		91,258,113
Change in net assets attributable to shareholders from investment activities		31,066,044		2,411,038
Closing net assets attributable to shareholders		330,987,784		203,249,445

The opening net assets attributable to shareholders for the current period do not equal the closing net assets attributable to shareholders for the comparative period as they are not consecutive periods.

Financial Statements continued

Balance sheet

as at 30 June 2019

	30/06/2019 £	31/12/2018 £
Assets		
Fixed assets		
Investment assets	301,679,670	255,912,668
Current assets		
Debtors	3,858,604	405,662
Cash and bank balances	28,832,479	22,524,796
Total assets	<u>334,370,753</u>	<u>278,843,126</u>
Liabilities		
Investment liabilities	(104,897)	(671,066)
Creditors		
Creditors	(3,278,072)	(2,594,075)
Total liabilities	<u>(3,382,969)</u>	<u>(3,265,141)</u>
Net assets attributable to shareholders	<u>330,987,784</u>	<u>275,577,985</u>

Financial Statements *continued***Cash flow statement**

for the period 1 January 2019 to 30 June 2019

	01/01/2019 to 30/06/2019		01/01/2018 to 30/06/2018	
	£	£	£	£
Cash flows from operating activities				
Net cash flow from operating activities		(2,253,909)		(1,526,574)
Cash flows from investing activities				
Payments to acquire investments	(34,140,695)		(73,478,020)	
Receipts from sales of investments	<u>21,359,733</u>		<u>4,167,345</u>	
		(12,780,962)		(69,310,675)
Cash flows from financing activities				
Servicing of finance:				
Bank interest	(41,308)		(680)	
Financing:				
Amounts received on issue of shares	35,343,428		91,426,868	
Amounts paid on cancellation of shares	<u>(13,959,566)</u>		<u>(168,755)</u>	
		<u>21,342,554</u>		<u>91,257,433</u>
Net increase in cash in the period		<u>6,307,683</u>		<u>20,420,184</u>

Notes to the Financial Statements

as at 30 June 2019

Accounting policies

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").

The Interim Financial Statements have been prepared in accordance with accounting policies set out in the most recent Annual Financial Statements.

Other information

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.pgenerationsfund.com.