



Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

INTERIM REPORT & FINANCIAL STATEMENTS

PARTNERS GROUP GENERATIONS FUND

30 June 2017

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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

Depository

BNY Mellon Trust & Depository (UK) 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

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 2017.

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 has had an application accepted by HM Revenue and Customs to be treated as a Tax Elected Fund ("TEF").

The broad aim of the Tax Elected Fund (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.

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 Annual Report by the ACD

This report is signed in accordance with the requirement of the COLL sourcebook.

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 24 August 2017.

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).
- 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

Throughout the first half year, Partners Group Generations Fund ("the Fund") profited from the solid operational development of its underlying direct investments like Vermaat, Allied Universal and KinderCare Education as well as from recently acquired real estate secondary investment Project Immo IV, being the largest contributor.

Partners Group considered Project Immo IV attractive due to the significant discounted purchase price and visibility into the portfolio, where Partners Group had previously invested into two of the underlying funds. The investment comprises a portfolio of six mature real estate funds with vintages ranging from 2005 to 2008. The portfolio assets are situated across various countries in Europe, including France, Germany, Slovakia and Romania. All of the underlying funds are in the process of divesting their assets, with the final exit anticipated to take place by the fourth quarter of 2020. Additionally, projected near-term exits are expected to offset the purchase price.

Activity review

During the reporting period the Fund made several new investments such as the private equity lead direct investment in Cerba HealthCare (Cerba). Partners Group was attracted to the European medical laboratory services operator by its successful M&A track record, outstanding financial performance and the presence of strong opportunities for both organic and external growth. Cerba has proven expertise in acquiring and integrating bolt-on acquisition targets in the highly fragmented French market. Going forward, Cerba is expected to continue benefiting from favourable socio-demographic factors, such as France's ageing population and an increasing focus on medical screening for early illness detection. Partners Group will work closely with Cerba's management team to continue executing its highly successful M&A strategy and to simultaneously extract cost synergies from these acquisitions.

Another new investment in the course of the first half year was Partners Group's provision of debt financing to Checkers Drive-In Restaurants, in support of equity sponsor Oak Hill Capital Partners' USD 525 million acquisition of the company. Founded in 1985 and based in Tampa, Florida, Checkers is an owner, operator, and franchisor of drive-thru hamburger quick-service restaurants. The company operates under the Checkers and Rally's Hamburgers brands, has 850 restaurants in 29 states and Washington, DC, and generated system-wide sales of USD 830 million in 2016.

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

Furthermore, the Fund invested capital to finance the acquisition of Project Frost, a portfolio of 58 properties totalling 120'500sqm, including 56 grocery stores and commercial properties, one storage unit and one land plot located across Norway. Partners Group considers the investment attractive due to the discounted pricing at entry relative to previously completed comparable transactions, strong cash flow generation, as well as the substantial asset management initiatives delivered before closing. The investment is in line with Partners Group's relative value assessment, which targets convenience-led retail assets that are resilient to e-commerce, given the non-discretionary nature of grocery retail spending.

Investment outlook

Partners Group's view on the market did not change significantly throughout the last six months, and with valuations in the private equity market at all-time highs, selectivity remains the key for successful investing. Against this backdrop, Partners Group's view is that the most attractive private equity direct investments can be found for example around specific sub-sectors benefitting from trend-based tailwinds investing in leaders in the sub-segment in terms of market share or growth potential. Within the private debt space, opportunities remain outside traditional debt markets, like financing resilient companies in niche markets or by supporting corporate buy-and-built strategies lead by established private equity companies.

Manager's Report (continued)

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

Purchases	£	Sales	£
Partners Group Generations S.A., SICAV-SIF - Loan Access Fund*	4,920,395	UK Treasury 1% 07/9/2017	501,325
Partners Group Generations S.A., SICAV-SIF - Private Markets (GBP) Fund*	4,500,000	Fraport	190,874
UK Treasury 1% 07/9/2017	2,005,680	Snam	139,080
Partners Group Generations (USD) IC Limited*	1,938,790	Deutsche Beteiligungs	104,415
Partners Group Generations (EUR) IC Limited*	1,036,577	Eurazeo	101,422
Inmarsat Finance 6.5% 01/10/2024	497,736	Union Pacific	76,896
ML 33 AS 5.5% 27/12/2021	487,514	Two Harbors	67,917
Crayon 6.33% FRN 06/4/2020	378,370	Sempra Energy	62,291
TransCanada	202,417	Cellnex Telecom	61,603
Investor 'B'	200,171	Red Electrica	47,911

*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 2017 is 0.0000p net per share for accumulation shares.

P Class Accumulation Shares

The distribution payable on 31 August 2017 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	Shares 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
30 June 2017			
B Class Accumulation Shares	16,797,763	111.98	15,000,701
P Class Accumulation Shares	23,759,430	104.74	22,684,601

Portfolio Statement

as at 30 June 2017

Investment	Currency	Holding	Market Value (£)	Total Net Assets (%)
Transferable securities admitted to an official stock exchange				
Government Bonds 3.70% (2016 - 0.00%)				
UK Treasury 1% 07/9/2017	GBP	1,500,000	1,501,312	3.70
Corporate Bonds 7.60% (2016 - 6.48%)				
Arrow Global Finance 4.75% FRN 01/5/2023	EUR	360,000	329,714	0.81
Crayon 6.33% FRN 06/4/2020	NOK	4,000,000	371,065	0.91
Iceland Bondco 6.25% 15/7/2021	GBP	400,000	413,124	1.02
Inmarsat Finance 6.5% 01/10/2024	USD	600,000	493,091	1.22
Læringsverkstedet 4.90% FRN 01/6/2022	NOK	1,500,000	137,856	0.34
ML 33 AS 5.5% 27/12/2021	NOK	5,000,000	470,099	1.16
MPT Operating Partnership 5.5% 01/5/2024	USD	400,000	321,798	0.79
Pizza Express Financing 6.625% 01/8/2021	GBP	250,000	248,417	0.61
SIG Combibloc 7.75% 15/2/2023	EUR	320,000	298,238	0.74
			3,083,402	7.60
Equities 19.96% (2016 - 19.11%)				
Aena	EUR	1,300	195,026	0.48
American Water Works	USD	6,500	390,065	0.96
APA	AUD	38,000	205,545	0.51
Apollo Global Management 'A'	USD	15,000	305,901	0.75
Ares Capital	USD	15,684	197,778	0.49
Atlantia	EUR	13,000	281,152	0.69
Atmos Energy	USD	5,300	338,373	0.83
Brookfield Infrastructure Partners	USD	7,400	232,890	0.57
Castellum	SEK	23,000	259,683	0.64
Cellnex Telecom	EUR	10,000	158,449	0.39
Cheung Kong Infrastructure	HKD	20,000	129,287	0.32
Crown Castle International	USD	4,500	347,092	0.86
Enbridge	CAD	11,300	346,043	0.85
Eurazeo	EUR	1,560	89,818	0.22
Eurocommercial	EUR	8,100	248,509	0.61
Eutelsat Communications	EUR	5,000	98,147	0.24
Ferrovial	EUR	14,600	249,092	0.62
Flughafen Zuerich	CHF	1,600	302,649	0.75
Gimv	EUR	3,200	148,894	0.37
Hydro One	CAD	15,800	217,385	0.54
Intermediate Capital	GBP	23,000	191,475	0.47
Investor 'B'	SEK	5,800	215,090	0.53
Italgas	EUR	38,000	147,482	0.37
Kinnevik	SEK	6,000	141,292	0.35
KKR & co. (Guernsey)	USD	12,900	184,718	0.46
Mid-America Apartment Communities	USD	3,300	267,745	0.66
National Grid	GBP	12,375	117,761	0.29
New Mountain Finance	USD	7,167	80,004	0.20
Onex	CAD	1,600	98,402	0.24
Red Electrica	EUR	8,800	141,367	0.35
Republic Services	USD	1,700	83,433	0.21
Sempra Energy	USD	1,500	130,190	0.32
Sofina	EUR	500	55,012	0.14
Solar Capital	USD	4,786	80,580	0.20
TransCanada	CAD	8,500	311,088	0.77
Two Harbors	USD	10,600	80,952	0.20
Union Pacific	USD	3,700	310,083	0.76

Portfolio Statement continued

as at 30 June 2017

Investment	Currency	Holding	Market Value (£)	Total Net Assets (%)
Equities (continued)				
Veolia Environnement	EUR	22,300	362,153	0.89
Vinci	EUR	3,800	249,352	0.61
Wendel Investissement	EUR	900	102,380	0.25
			8,092,337	19.96
Fund Investments 67.25% (2016 - 57.60%)				
BBGI	GBP	260,000	375,050	0.92
HG Capital Investment Trust	GBP	9,600	162,240	0.40
ICG Enterprise Trust	GBP	20,200	150,187	0.37
Partners Group Generations (EUR) IC Limited ¹	EUR	3,026,273	3,824,341	9.43
Partners Group Generations (USD) IC Limited ¹	USD	3,076,374	3,313,744	8.17
Partners Group Generations S.A., SICAV-SIF - Loan Access Fund ¹	USD	871,482	6,865,562	16.93
Partners Group Generations S.A., SICAV-SIF - Private Markets (GBP) Fund ¹	GBP	1,030,642	12,584,469	31.03
			27,275,593	67.25
Derivatives				
Forward Currency Contracts (0.40%) (2016 - 0.88%)				
Buy EUR-400,000 / Sell GBP-339,594	EUR	400,000	11,804	0.03
Buy GBP-9,271,104 / Sell EUR-10,900,000	GBP	9,271,104	(304,500)	(0.75)
Buy GBP-591,007 / Sell EUR-700,000	GBP	591,007	(23,940)	(0.06)
Buy GBP-528,666 / Sell EUR-610,000	GBP	528,666	(7,216)	(0.02)
Buy GBP-252,980 / Sell EUR-300,000	GBP	252,980	(10,569)	(0.03)
Buy GBP-900,278 / Sell NOK-9,900,000	GBP	900,278	(9,320)	(0.02)
Buy GBP-13,257,852 / Sell USD-17,000,000	GBP	13,257,852	180,775	0.45
Buy GBP-2,230,212 / Sell USD-2,900,000	GBP	2,230,212	(584)	—
Buy GBP-970,886 / Sell USD-1,260,000	GBP	970,886	1,644	—
			(161,906)	(0.40)
Portfolio of investments			39,790,738	98.11
Net current assets			766,455	1.89
Total net assets			40,557,193	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 2017 to 30 June 2017

	01/01/2017 to 30/06/2017		03/05/2016 to 31/12/2016	
	£	£	£	£
Income				
Net capital gains		1,391,696		1,467,965
Revenue	271,391		108,893	
Expenses	(408,399)		(238,371)	
Interest payable and similar charges	(546)		(300)	
Net expense before taxation	(137,554)		(129,778)	
Taxation	(126,367)		(87,147)	
Net expense after taxation		(263,921)		(216,925)
Total return before distributions		1,127,775		1,251,040
Distributions		—		—
Change in net assets attributable to shareholders from investment activities		1,127,755		1,251,040

Statement of change in net assets attributable to shareholders

for the period 1 January 2017 to 30 June 2017

	01/01/2017 to 30/06/2017		03/05/2016 to 31/12/2016	
	£	£	£	£
Opening net assets attributable to shareholders		24,646,926		—
Amounts receivable on issue of shares	16,779,690		23,405,886	
Amounts payable on cancellation of shares	(2,000,000)		(10,000)	
		14,779,690		23,395,886
Dilution adjustment		2,802		—
Change in net assets attributable to shareholders from investment activities		1,127,775		1,251,040
Closing net assets attributable to shareholders		40,557,193		24,646,926

There are no interim comparatives as the fund launched on 3 May 2016 and hence we have shown the comparatives from the annual accounts as at 31 December 2016.

Financial Statements continued

Balance sheet

as at 30 June 2017

	30/06/2017	31/12/2016
	£	£
Assets		
Fixed assets		
Investment assets	40,146,867	20,795,918
Current assets		
Debtors	589,214	854,118
Cash and bank balances	861,217	3,357,184
Total assets	<u>41,597,298</u>	<u>25,007,220</u>
Liabilities		
Investment liabilities	(356,129)	(75,128)
Creditors		
Creditors	(491,448)	(207,801)
Provisions for liabilities	(192,528)	(77,365)
Total liabilities	<u>(1,040,105)</u>	<u>(360,294)</u>
Net assets attributable to shareholders	<u>40,557,193</u>	<u>24,646,926</u>

Financial Statements continued

Cash flow statement

for the period 1 January 2017 to 30 June 2017

	01/01/2017 to 30/06/2017		03/05/2016 to 31/12/2016	
	£	£	£	£
Cash flows from operating activities				
Net cash inflow/(outflow) from operating activities		467,403		(1,184,545)
Cash flows from investing activities				
Payments to acquire investments	(19,852,979)		(18,888,637)	
Receipts from sales of investments	<u>1,407,663</u>		<u>734,780</u>	
		(18,445,316)		(18,153,857)
Cash flows from financing activities				
Servicing of finance:				
Bank interest	(546)		(300)	
Financing:				
Amounts received on issue of shares	17,479,690		22,705,886	
Amounts paid on cancellation of shares	(2,000,000)		(10,000)	
Dilution adjustment	<u>2,802</u>		<u>—</u>	
		<u>15,481,946</u>		<u>22,695,586</u>
Net (decrease)/increase in cash in period		<u>(2,495,967)</u>		<u>3,357,184</u>

There are no interim comparatives as the fund launched on 3 May 2016 and hence we have shown the comparatives from the annual accounts as at 31 December 2016.

Notes to the Financial Statements

as at 30 June 2017

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.