

SCHRODERS CAPITAL SEMI-LIQUID GLOBAL PRIVATE EQUITY

Summary Note | Q4 2024

Overview

Schroders Capital Semi-Liquid Global Private Equity (SCSL GPE) is an open-ended, evergreen, private equity fund aiming for returns of 12-15%. Its strategy is acquiring stakes in small and mid-sized unlisted companies in Europe and the US, as well as providing growth capital to Asian companies. The strategy is executed through a mix of fund investments, equity co-investments, and GP-led secondaries.

Process

The fund's focus on small and middle market buyouts exposes it to a market segment where there are meaningful opportunities to add value to portfolio companies. The team's edge comes from its experience and processes that enable it to identify companies and investment structures that offer high returns and good visibility in a cost-efficient manner.

The investment process showcases a deep understanding of the sector's dynamics, employing advanced techniques for investment analysis. The manager's commitment to maintaining high standards is demonstrated by the adoption of ISAE 3402 standards that require external audit of the processes and controls.

The Manager

The 60-person team at Schroders, previously Adveq, has been managing the key components of this private equity strategy for over 20 years, establishing an excellent track record. The fund leverages the broader Schroders platform, which grants it access to high-quality private equity managers that are often unavailable to many investors.

The fund is managed with a team approach and the key personnel that generated the firm's track record are still in-place. Schroders has continued to strengthen and expand the wider team.

Performance

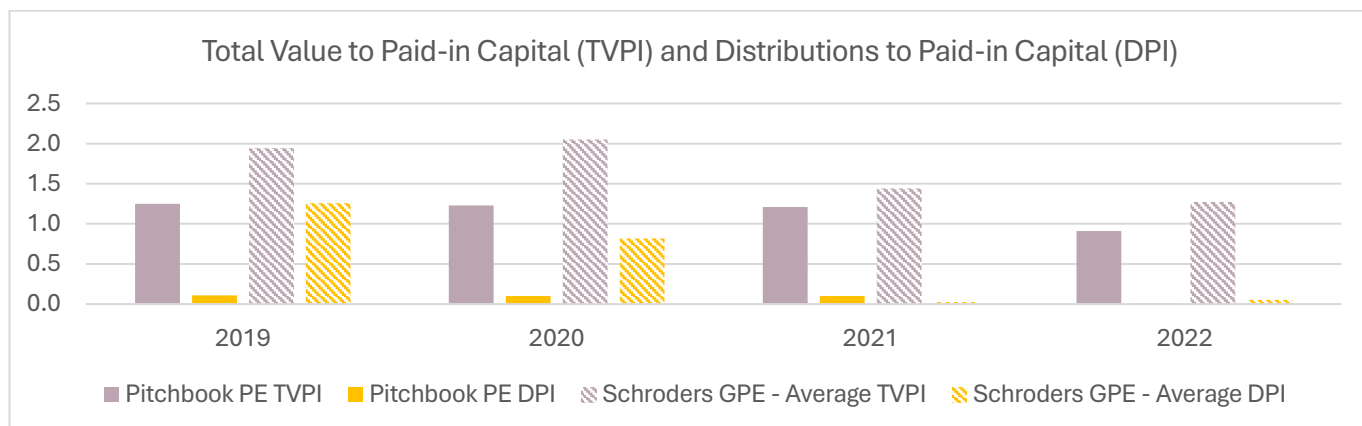
The fund's returns have been generated from a wide set of successful investments, including 9 full realisations that generated 2.7x returns. The returns and distributions have been higher than its peer's. When viewed alongside the firm's long-term track record of outperformance across vintages and strategies, it gives confidence in their ability to continue delivering success for this fund. Under conservative assumptions, we expect the fund to deliver attractive returns over a 5-year period.

Source: Schroders, Bloomberg, Pitchbook, 30/09/2019-30/06/2024, USD. S.I. is 'Since Inception'. This is the time period where returns data is available for both the fund and private equity buyout index

Asset Class	Private Equity
Manager	Schroders Capital
Inception Date	30/09/2019
Domicile	Luxembourg
Dealing Frequency	Monthly Subscriptions Quarterly Redemptions
Fund Size	\$2.04bn (30/09/2024)
Regions Marketed	Asia, Europe
Fund Website	Website
Management Fees	1.45% to 1.90% (share class dependent)
Performance Fees	None
SFDR Classification	Article 6
Legal Structure	Lux SICAV Part II (UK LTAF OEIC feeder)

Return Analysis:	SCSL GPE	Pitchbook P.E. Buyout Index	MSCI World Net TR USD
Annualised Return (S.I.)	16.83%	17.38%	12.31%
Annualised Volatility	10.43%	14.24%	18.21%
Sharpe	1.42	1.08	0.56
Beta	-	0.29	0.23
Correlation	-	0.39	0.40

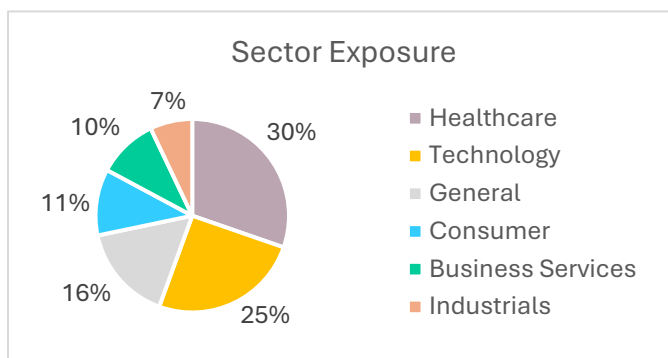
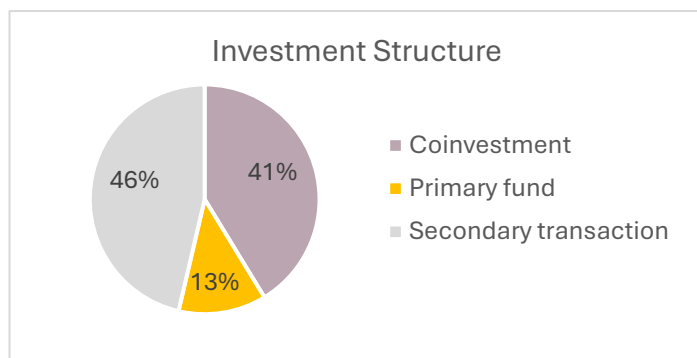
The Fund Review



Source: Schroders Capital, 30/09/2024

Portfolio

The fund is structured to participate in all suitable deals that are originated by the Schroders private equity platform. The fund's 95 holdings are spread across regions, sectors and managed by a wide range of private equity managers. The portfolio has shown strong operating performance, with significant revenue growth over the past twelve months. Most of the portfolio is still valued near cost, indicating substantial potential for further upside.



Source: Schroders Capital, 30/09/2024

Using the Fund in a Portfolio

The fund is sufficiently diversified by underlying manager and investment that it could serve as a core allocation to PE within a broader portfolio. The fund's focus on small and mid-market opportunities can complement other PE funds that target larger companies. Whilst the fund's open-ended structure gives some liquidity and flexibility it should still be viewed as a long-term allocation, as per the asset class more broadly.

The fund can be marketed to professional investors across Europe and there is an LTAF OEIC feeder that makes the fund accessible to retail investors in the UK.

Our Opinion

This is one of the longest running semi-liquid PE funds and stands out due to its integration with a well-established platform that has delivered excellent returns over the long-term. Schroders' robust controls and sensible liquidity management give confidence that the risks of allocating to private assets in an open-ended structure are well-managed. The fund's diversified approach makes a useful allocation to a wider multi-asset portfolio. Additionally, the absence of a performance fee makes this a relatively low-cost strategy within the private equity sector.

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The Fund Review

The Fund Review provides data and analysis on private asset investment funds. We are a team of experienced investors with a background in fund selection for institutional asset managers.

Our first-hand experience means we understand the key information that investors need to be confident making a fund investment. We present our insights, substantiated by robust analysis, to support investors as they further their own due diligence.

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