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Partners Group's 'clean image has suffered' but it could be a buy

The private markets investment group's redemption requests remain manageable, according to three investment experts.

BY **FERGUS HORSFALL**

Partners Group's stock crashed yesterday after the news that it limited redemptions in its $8.6bn Global Value Sicav evergreen private equity (PE) fund.

Shares in the firm recovered slightly on Thursday, despite news that its larger $16bn US domiciled PE fund is also being gated.

While the firm's image has suffered, three voices from the Swiss investment community told Citywire that they think the initial market reaction was too extreme.

'A 1-2% stock reaction would have been appropriate in my view. And it tanked 16.5%,' said Daniel Regli, a financial sector analyst for ZKB. The assets under management loss revealed yesterday was around 1-2% of the firm's total and it was not a big surprise for analysts following Partners Group's US filings, he said.

'As other PE firms had much higher redemptions, the market reaction seems somewhat exaggerated,' said Matthias Hug, CEO of independent asset manager Format Vermögen & Anlagen.

Before the fresh fund gating, both Partners Group and the broader market had an idea in their minds that the group was not impacted by large redemptions at other alternative investment managers, according to Regli.

'This clean image has suffered.'

Partners Group was also the subject of a negative **short-selling report** on 29 April from Grizzly Research, which estimated that close to 40% of the firm's evergreen fund investments might be 'severely mismarked'. Partners Group rebuked these claims, and Regli also thought the report was misleading and used inaccurate information.

ZKB rates the stock as 'outperform' and has done so since 25 September 2023. Shares in the firm have dropped more than 44% since that point.

Partners Group issued an announcement this morning reconfirming its expected gross new client demand of $26-32bn. The stock has risen around 2.2% today to CHF 701.60. ZKB thinks the fair value of Partners Group shares is CHF 1,300.

The alternatives manager said that 80% of its assets under management come from institutional investors.

'The firm should therefore refocus on those investors and reassure them,' said Jonah Bagajo, deputy chief investment officer of Zurich-based independent asset manager Peter Nünlist.

Regli believes Partners Group may be winning market share with institutional investors who want to work with fewer counterparties, as it is a one-stop shop offering PE, credit, infrastructure and royalties investments.

Peter Nünlist bought into Partners Group stock a few months ago for its discretionary mandates. 'It took a bit of a hit yesterday, but used that as an opportunity for a rebalancing,' said Bagajo.

'From our perspective, the firm's core operational earnings power is intact and the equity now trades at an attractive valuation, offering a good entry opportunity for long-term investors who believe in a turnaround.'

For the moment, 'the company needs to reclaim investors' trust to avoid further reputational damages and a continued downward spiral,' said Bagajo.

ZKB's Regli expects redemptions to normalise throughout the rest of this year. A few factors have driven elevated redemption requests of late – negative news, more geopolitical risk, major IPOs on the horizon and possibly long-term investors wanting to take profits.

Bagajo added that Partners Group limiting redemptions 'highlighted the illiquidity risk in private markets and the currently difficult exit environment.'

Squeeze on $16bn fund

Partners Group also said it expects withdrawal requests at its evergreen private equity fund in the US to be around approximately 6% of net asset value. While it did not specify the strategy impacted, Citywire understands it is the flagship $16bn Private Equity Master fund.

'This was the fund in my view they alluded mostly to when they said they have seen a spike in redemptions in Q3 last year, and then it has kind of improved until Q1 2026,' said Regli.

Regarding the industry more broadly, Bagajo has maintained a cautious stance towards PE, given the persistent macroeconomic headwinds. His firm is not invested in Partners Group funds.

He still believes private markets remain attractive over the longer term, particularly in the portfolios of institutional investors and sufficiently wealthy private clients.

'However, the democratisation of complex products and the mass distribution to retail investors was also a warning signal for us,' Bagajo said.

'It is a matter of time, until it will also attract the focus of regulators, particularly if it leads to larger losses, which private individuals cannot bear as well as institutional ones.'

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