Apax
GLOBAL ALPHA

# Apax Global Alpha Limited

## Interim Report and Accounts 2018

# Introduction

## Who we are

Apax Global Alpha Limited ("AGA" or the "Company") is a closed-ended investment company listed on the Main Market of the London Stock Exchange with a Premium Listing. The Company is a constituent of the FTSE All Share and Small Cap Indices.
Ticker: APAX

## Why invest in AGA?

AGA offers investors exclusive exposure to both Apax Partners' Private Equity funds and a portfolio of debt and equity holdings derived from insight gained from their Private Equity investment process. The investment objective is to provide capital appreciation from the investment portfolio and regular dividends.

## 01 STRATEGIC REPORT



## 02 FINANCIAL STATEMENTS



## 03 SHAREHOLDER INFORMATION



**www.apaxglobalalpha.com**

# Highlights 1H18

## Total NAV Return[1]

1H18/1H18 constant currency

| % | |
|---|---|
| 1H18 | 6.0% |
| 1H17 | (0.7%) |

**6.0% | 5.2%**

## Dividend per ordinary share

payable in respect of 1H18 (€/£)

| € | |
|---|---|
| 1H18 | 4.82c |
| 2H17 | 4.73c |
| 1H17 | 4.69c |

| £ | |
|---|---|
| 1H18 | 4.33p |
| 2H17 | 4.17p |
| 1H17 | 4.24p |

**4.82c | 4.33p**

## Adjusted NAV[2]

at 30 June 2018

| €m | |
|---|---|
| 1H18 | 943.9 |
| 2H17 | 912.4 |
| 1H17 | 908.1 |

| £m | |
|---|---|
| 1H18 | 835.1 |
| 2H17 | 810.3 |
| 1H17 | 796.5 |

**€943.9m | £835.1m**

## Adjusted NAV per share

at 30 June 2018

| € | |
|---|---|
| 1H18 | 1.92 |
| 2H17 | 1.86 |
| 1H17 | 1.85 |

| £ | |
|---|---|
| 1H18 | 1.70 |
| 2H17 | 1.65 |
| 1H17 | 1.62 |

**€1.92 | £1.70**

## Market capitalisation

at 30 June 2018

| €m | |
|---|---|
| 1H18 | 746.6 |
| 2H17 | 822.6 |
| 1H17 | 851.1 |

| £m | |
|---|---|
| 1H18 | 660.5 |
| 2H17 | 730.5 |
| 1H17 | 746.5 |

**€746.6m | £660.5m**

## Percentage of funds invested

at 30 June 2018

| % | |
|---|---|
| 1H18 | 104% |
| 2H17 | 98% |
| 1H17 | 84% |

**104%**

Read more on PG08

1. Total NAV Return means the movement in the Adjusted NAV per share over the period plus any dividends paid
2. Adjusted NAV represents NAV of €947.8m adjusted for the performance fee reserve of €3.9m at 30 June 2018

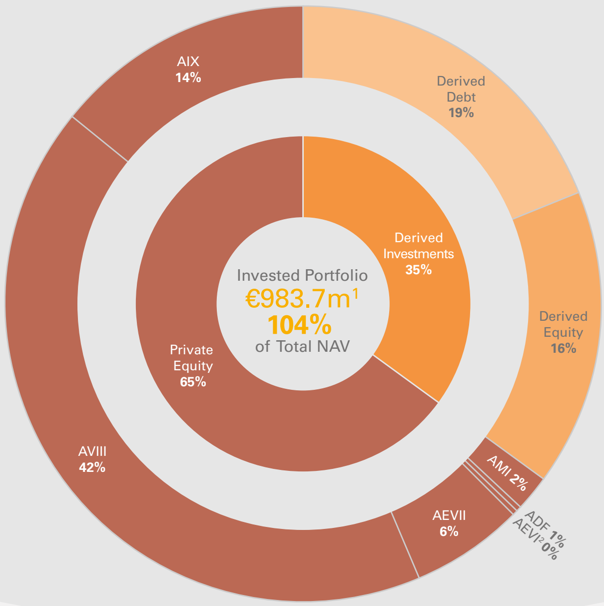
For details of calculations used please see the glossary on page 45

Overview

# Portfolio overview

## Invested portfolio

Private Equity




Derived Investments

| | Private Equity 65% | Debt 19% | Equity 16% |
|---|---|---|---|

**Portfolio value[3]** at 30 June 2018

| €m | Private Equity | Debt | Equity |
|---|---|---|---|
| 1H18 | 638.8 | 184.3 | 160.6 |
| 2H17 | 590.2 | 188.4 | 132.1 |
| 1H17 | 457.6 | 195.3 | 119.5 |
| | **€638.8m** | **€184.3m** | **€160.6m** |

**Adjusted NAV** at 30 June 2018

| €m | Private Equity | Debt | Equity |
|---|---|---|---|
| 1H18 | 638.1 | 182.0 | 159.8 |
| 2H17 | 586.1 | 185.5 | 121.8 |
| 1H17 | 453.0 | 193.0 | 114.1 |
| | **€638.1m** | **€182.0m** | **€159.8m** |

**Total Return[4]** at 30 June 2018

| % | Private Equity | Debt | Equity |
|---|---|---|---|
| 1H18 | 11.0% | 0.6% | (2.3%) |
| 1H17 | (1.1%) | -3.7% | 18.3% |
| | **11.0%** | **0.6%** | **(2.3%)** |

1. Excludes cash and cash equivalents, revolving credit facility drawn and net current assets, including these the NAV is €947.8m. Adjusted NAV excludes the performance fee of €3.9m and was €943.9m at 30 June 2018
2. AEVI represented less than 1%of the Invested Portfolio
3. Excludes cash and cash equivalents, revolving credit facility and net current assets
4. Total Return calculated by taking total gains or losses, divided by the sum of Adjusted NAV at the beginning of the period and the time weighted net invested capital. The time weighted net invested capital is the sum of investments made during the period less realised proceeds received during the period, both weighted by the number of days the capital was at work in the portfolio. Please see page 45 of the glossary for further details

Our strategy and performance

# 01 STRATEGIC REPORT

**Strategic report**

# Chairman's statement

Stronger performance during the last six months driven by substantial improvements in the Private Equity portfolio and favourable currency movements.


**Overview**

During the last six months Apax Global Alpha benefited from the strong performance of its Private Equity holdings. The underlying portfolio companies demonstrated good progress in operational metrics, and a maturing investment profile enabled more value to be crystallised through profitable realisations. In contrast, Derived Investments reported a small negative return during the period.

**Performance**

Total NAV Return during the first six months of 2018 was 6.0%, equivalent to 5.2% on a constant currency basis. Private Equity delivered a Total Return of 11.0%, whereas the Derived Investments were negative at (0.6%) with Derived Debt up 0.6% and Derived Equity down (2.3%), reflecting weakness in emerging markets. Adjusted NAV per share increased 3.3% to €1.92 due in part to the dividend payment made during the period. In sterling terms, Adjusted NAV grew to £1.70.

The Private Equity portfolio saw a significant improvement in performance, particularly in the second quarter. The strong fundamentals of the underlying companies have now started to come through in the reported numbers, as the return drag from underperforming investments in 2016 and 2017 ceased.

A full analysis of the performance of the portfolio can be found in the Investment Manager's report, as well as a commentary on the current state of investment markets.

Read more on PG06

Total NAV Return
1H18/1H18 constant currency

**6.0%/5.2%**

1H17: (0.7%)/4.2%[1]

Adjusted NAV
at 30 June 2018

**€943.9m**

31 December 2017: €912.4m

Adjusted NAV per share
at 30 June 2018

**€1.92**

31 December 2017: €1.86

1. On a constant currency basis

### Portfolio summary

AGA was 104% invested on 30 June 2018. €39.9m was drawn from the credit facility to bridge towards cash returns expected later in the year from realisations including Azelis and GlobalLogic. The portfolio's relative exposure remained unchanged, with 65% of the invested portfolio in Private Equity and 35% in Derived Investments. Whilst AGA strives to maintain a balance between Private Equity and Derived Investments in the long term, shareholders should continue to expect the share of investments in Private Equity and Derived Investments to fluctuate.

Read more on PG08

### Investment activity

The pace of new investments in the Private Equity portfolio slowed, with the market continuing to be viewed as expensive. In total, five new investments were made in Private Equity, one by AIX, and four within the AMI and ADF. However exit activity was robust. Three full exits were signed, one of which completed, all from AVIII. The Gross IRR achieved on these realisations was 53.4% (49.8% on a constant currency basis).

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In Derived Debt, six of the seven investments made in 1H18 were in US dollar loans. AGA exited five Derived Debt positions during the period with a Gross IRR of 12.6% (12.1% on a constant currency basis). Since the beginning of the year, eight new Derived Equity investments were made, with an emphasis on European stocks. There were six realisations with a Gross IRR of 7.7% (11.9% on a constant currency basis) in the Derived Equity portfolio.

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In total, €143.7m of capital was deployed over the six months to 30 June 2018, €11.1m in Private Equity and €132.6m in Derived Investments. Realisations totalled €124.1m, with €22.3m from Private Equity and €101.8m from Derived Investments.

### Market environment

Public market sentiment has been influenced by increased protectionism and the tariff "tit-for-tat" of major economies. Unsurprisingly this has manifested itself in jittery equity markets, in particular in those economies and sectors most exposed to exports. Volatility has also spilled over into bond markets where credit spreads have widened. Private Equity valuations however do not appear to have corrected yet and remain at high levels.

If relative valuations remain the same, the Investment Adviser expects transactions in the Apax sectors of Healthcare, Consumer and Services to figure more prominently in 2H18 and 2019.

Read more on PG06

### Lock-up release

The Company had its third anniversary since its IPO in June 2015. Consequently, a further 7.5% of AGA's ordinary shares were released from lock-up. Previously a tender process was offered through the Company's broker to facilitate the sale of these shares. Due to negligible take-up in prior years, the Board decided not to renew this arrangement in 2018.

### Dividend

The Board remains committed to distributing 5% of AGA's NAV per annum as a dividend to shareholders. The final dividend for the fiscal year 2017 of 4.17 pence per share was paid to shareholders on 4 April 2018. The Board has also approved the interim dividend in respect of the fiscal year 2018 of 4.33 pence per share. Using the closing exchange rate of 1.1122 on 9 August 2018, the dividend represents 2.5% of AGA's euro NAV at 30 June 2018, equivalent to 4.82c euro cents. The total dividend of €23.7m will be paid on 14 September 2018 to members on the register on 24 August 2018. The shares will be marked ex dividend on 23 August 2018.

www.apaxglobalalpha.com/investors/dividends

### Liquidity

AGA has exposure to six Apax Funds spanning vintages from 2005 to 2017 and has made total commitments of €816.2m to these funds, of which €590.8m has already been funded. Total unfunded commitments, taken together with recallable distributions received, now amount to €279.3m. AGA has a cash balance of €16.9m, a revolving credit facility with €100.1m remaining undrawn, and a portfolio of Derived Investments with a fair market value of €344.9m. As a result, AGA believes it has ample liquidity and resources to fund future capital calls from the Apax Funds.

### AGM voting results

A discontinuation resolution was put forward to the annual general meeting for the first time this year (and similar resolutions will be put forward every three years in the future). The Directors were pleased that 99% of votes cast supported the continuation of the Company in its current form. All other resolutions also received a high level of support.

### Board changes

Following Sarah Evans' retirement earlier this year, we are pleased to welcome Mike Bane as a Director of AGA. Mr Bane joined the Board and the Audit Committee on 3 July 2018. A qualified accountant with more than 35 years of audit and advisory experience in the investment management industry, he brings to the Board a wealth of knowledge in relation to asset management and private equity.

### Outlook

In private equity, valuations remain high. Consequently the Investment Adviser will continue to focus on monetisation of existing investments. Credit markets may offer a better risk-reward profile than they have in the past couple of years, in light of higher rates and widening credit spreads. Investments in public equity will need to take into account greater market volatility arising from increased political and macroeconomic risks.

Tim Breedon CBE
Chairman
13 August 2018

**Strategic report**

# Investment Manager's report | Market overview

## The first half of 2018 saw the return of public market volatility. Private equity prices remain high, and finding the few precious palatable risk-reward combinations in a sea of over-priced transactions is key.

## 1H18 market review

After almost uninterrupted global asset price appreciation in the past five years, the last six months saw the return of downside volatility in public markets. Since the all-time high in the S&P 500 on 26 January 2018, indices around the world have fluctuated with some notable downward trends. Emerging markets in particular have seen volatility lately: while indices have not changed much between December 2017 and June 2018, intermediate swings were in the double-digit percent in China, India and Brazil. Western markets also saw major movements, for example the German DAX declined by 9% peak-to-trough. The key driver behind the sudden swings in sentiment is the fear of US trade wars with China and Europe. Consequently, export exposed markets and export driven sub-segments showed the largest declines.

Trade war concerns also influenced foreign exchange and credit pricing. Most currencies depreciated against the US dollar. Importantly for AGA, the euro seems to have reversed its prior trend of strength. While its decline of 2.7% in 1H18 appears moderate, the peak-to-trough decline of c.8% gives a better perspective on the magnitude of recent changes.

Credit markets have also shifted direction. High yield bond markets in the US saw increased volatility in spreads and yields during the first six months of this year – after more than two years of relatively steady declines. This shift was even more pronounced in Europe with spreads widening significantly since the beginning of the year. As Fig.1 shows, throughout most of 2018, high yield spreads in Europe were narrower than in the US, but have increased by almost 200bps since – a dramatic reversal which supports AGA's Derived Debt positioning in the US versus Europe.

Despite the re-emergence of volatility in public capital markets, private equity transactions have continued at pace in H1. As Fig.2 depicts in more detail, transaction volumes have increased compared to 2017. In addition, Fig.3 shows that pricing has remained elevated and in the case of Europe is at an all-time high.

## 2018 to 2019 outlook

At face value, the global macroeconomic picture looks very positive. Growth rates in most economies are up on previous years and unemployment is approaching multi-decade lows in several economies, including some of the largest. Consensus forecasts see the trends continuing in the mid-term, marking this as one of the largest post-war expansions. The forecasters' central scenario is still for global growth to be above long-term trends with economies testing capacity limits.

However, the return of protectionism has not only reintroduced volatility in the capital markets but could also have significant effects on the global growth outlook. In fact, some non-US metrics may already be starting to show the impact of this shift in expectations and sentiment. For example, the Eurozone manufacturing index PMI fell to an 18-month low of 54.9 in June, down from 55.5 in May. While this is still expansionary, it shows that industrial companies are feeling a change for the negative. The US ISM Manufacturing Index came in at 60.2 in June after May's 58.7. This was the second highest reading since 2004, reflecting the ongoing robustness of the US economy fuelled by a huge fiscal impulse. Nevertheless, trade disputes are likely to negatively affect the US eventually and in addition there will be an enormous US fiscal deficit to address at some point. The Chinese PMI is also not showing any slowdown but this appears to be more due to the mid-term momentum carrying over from 2017 rather than actual industrial strength. China and Germany are arguably the two countries with the most to lose if the tariff war escalates. In addition to the tariff row, there are lingering conflicts and political uncertainties, such as those concerning Iran, Korea and Brexit.

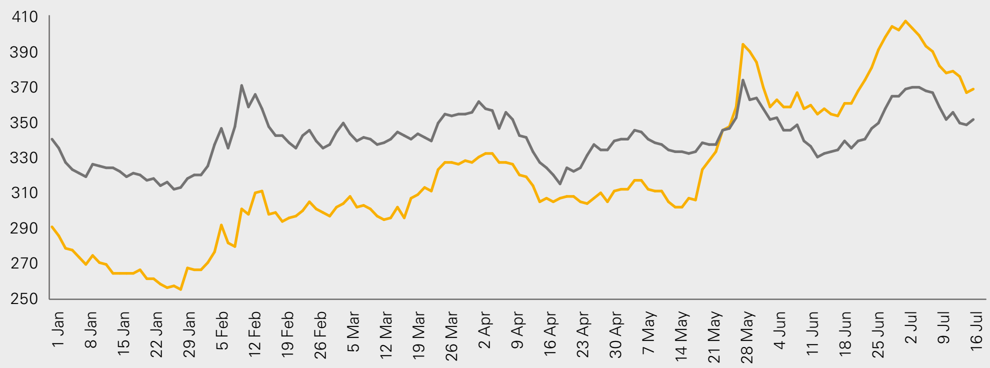
Regarding Brexit, the UK finally seems to have set course for a Norwegian-style future relationship with the EU. This in our view is a good decision for its economy, which if executed would provide a working model for continued trade flows and economic collaboration. Yet we believe there are still significant risks to the path taken. First, there is clearly resistance within parts of the British political establishment which could scupper the strategic direction. Second, the EU might not agree to the UK's proposal as it could be viewed as "cherry picking". Third, coordinating the UK's and the EU's positions and the need of approval in 28 legislative systems, creates enormous process risk in an already short timeline. A hard Brexit therefore still remains a possibility and indeed a default position if there is no deal agreed in time.

**What does this mean for investments?**
Making a call on the economic health for the next two years is harder than six months ago, as the outcome appears dependent on "man-made" factors rather than traditional economic drivers. That said, political risks affect different sectors and different asset classes with varying degrees of severity and picking the "right" investment areas in the coming quarters could become a particularly rewarding exercise.

To undertake this search for the best opportunities, it is helpful to remember that AGA is active in three different asset classes. Private Equity, Equities and Debt. The latter two are combined under Derived Investments using AGA's terminology. In Derived Debt, we would expect more attractive opportunities in the coming years than there have been recently. As mentioned, spreads have risen in H1 and US base rates have also increased, resulting in yields expanding in the Western markets. Consequently, we believe that risk-reward profiles in debt have improved and we expect the share of debt to increase within AGA's Derived Investments. Within the credit universe, we remain more positive on US dollar debt, but note euro debt's recent improved attractiveness as illustrated in Fig.1.

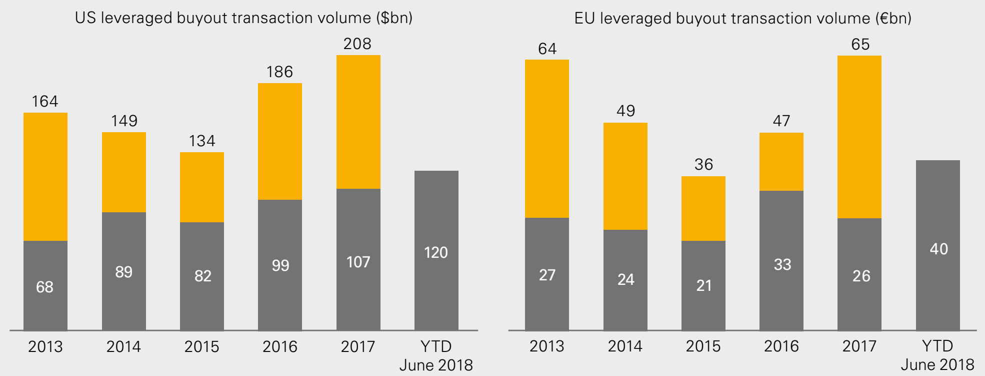
In Private Equity and Derived Equity, the Apax focus sectors of Tech & Telco, Healthcare, Consumer and Services as well as the Digital space have less exposure to the political risks than for example automotive, industrials or commodities. Fig.4 compares valuations of the Apax focus sectors to historical averages. Healthcare and Consumer look relatively attractive and they are also less cyclical than many other sectors. By value, most of AGA's look-through Private Equity Investments in 1H18 were made in Healthcare. If relative valuations remain the same, we would expect Healthcare and Consumer as well as Services transactions to figure more prominently in 2H18 and 2019. In addition, due to stock price declines in some markets and the increased risks ahead, we believe that so called "public-to-privates" or "PIPEs" could play a larger role in the next 18 months. The art will be in finding the few reasonably priced opportunities in a sea of highly-valued Private Equity opportunities.

## Fig.1: 2018 corporate high yield spreads in US and Europe



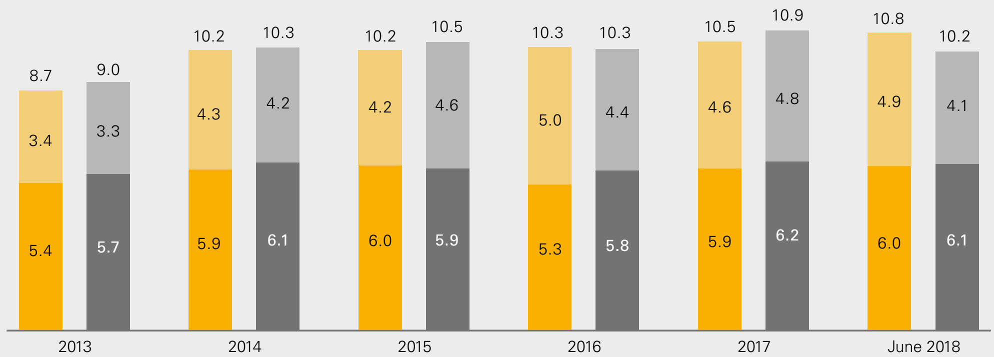

Source: Bloomberg
Barclays US Corporate High Yield OAS index
Barclays Pan-European High Yield OAS index

## Fig.2: Leveraged buyout transaction volumes



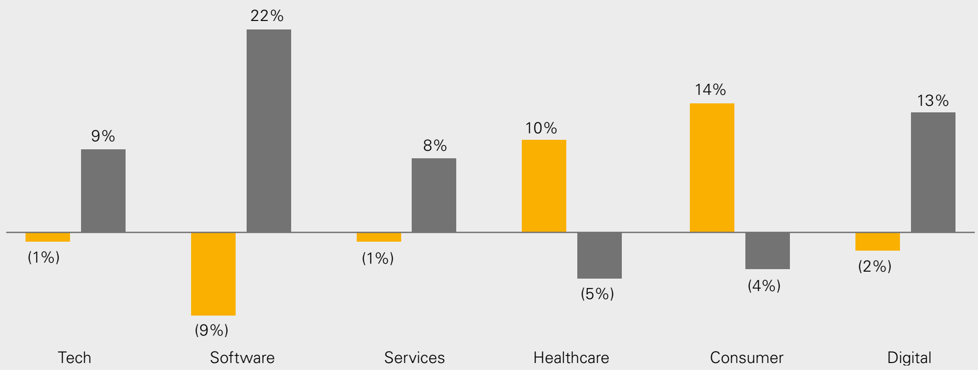

Source: S&P Capital IQ

## Fig.3: Average PE buyout multiples (EV/LTM EBITDA)




Source: S&P Capital IQ.
Includes fees and expenses.
Data as at 30 June 2018

## Fig.4: Deviation of NTM P/E multiples from five year average

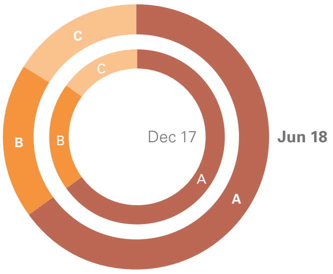



Source: Bloomberg
Tech: MSCI World Information Technology,
Software: MSCI World Software,
Services: MSCI World Professional & Commercial Services,
Healthcare: MSCI World Healthcare,
Consumer: MSCI World Consumer Durables & Apparel,
Digital: Average of MSCI World Internet Software & Services and MSCI World Internet & Direct Marketing Retail

**Strategic report**

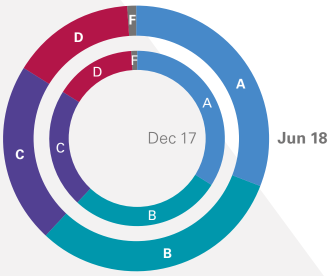
# Investment Manager's report | Portfolio overview

### Portfolio split by asset type



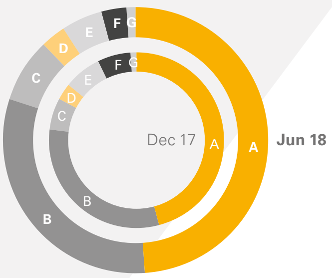

| | Dec 17 | Jun 18 |
|---|---|---|
| **A** Private Equity | 65% | **65%** |
| **B** Derived Debt | 20% | **19%** |
| **C** Derived Equity | 15% | **16%** |

### Portfolio split by sector




| | Dec 17 | Jun 18 |
|---|---|---|
| **A** Tech & Telco | 34% | **31%** |
| **B** Services | 28% | **31%** |
| **C** Healthcare | 22% | **22%** |
| **D** Consumer | 15% | **15%** |
| **E** Digital | 0% | **1%** |
| **F** Other | 1% | **0%** |

### Portfolio split by geography




| | Dec 17 | Jun 18 |
|---|---|---|
| **A** North America | 46% | **49%** |
| **B** Europe | 31% | **31%** |
| **C** United Kingdom | 6% | **8%** |
| **D** Israel | 3% | **3%** |
| **E** India | 7% | **5%** |
| **F** China | 6% | **3%** |
| **G** Rest of World | 1% | **1%** |

Apax Partners' unique portfolio mix of Private Equity and Derived Investments positions AGA for sustainable long-term returns.

## NAV development and portfolio performance

At the end of June 2018, Adjusted NAV was €943.9m, up from €912.4m at 31 December 2017 (Fig.1 and 2). A substantial part of this movement was due to Private Equity unrealised gains from both M&A and organic growth, representing a positive impact of €54.8m. €7.4m of FX gains also increased Adjusted NAV on the back of an appreciating dollar against the euro.

The second semi-annual dividend in relation to 2017 reduced Adjusted NAV by €22.9m. It was paid to shareholders in April, in line with AGA's objective to distribute 5% of NAV per annum. The first dividend for 2018 is expected to be paid on 14 September 2018.

Private Equity, which had been lagging in 2016 and 2017, was the driver of AGA's returns producing a contribution of 6.0% as the portfolio companies continue to grow organically and through acquisitions. Private Equity's Total Return on a constant currency basis was 10.1%, and reported return was 11.0%.

Read more on PG10

Derived Investments produced a Total Return of (0.6%), decreasing AGA's Total NAV Return by 0.1% (Fig.3).

Derived Debt was impacted in particular from a further write down in FullBeauty to €4.1m at the end of June, as a result there is limited further valuation downside going forward on this investment.

Derived Equity's Indian positions were caught up in the sell-off of Indian mid cap stocks which affected a small number of investments.

Read more on PG16

## Portfolio overview

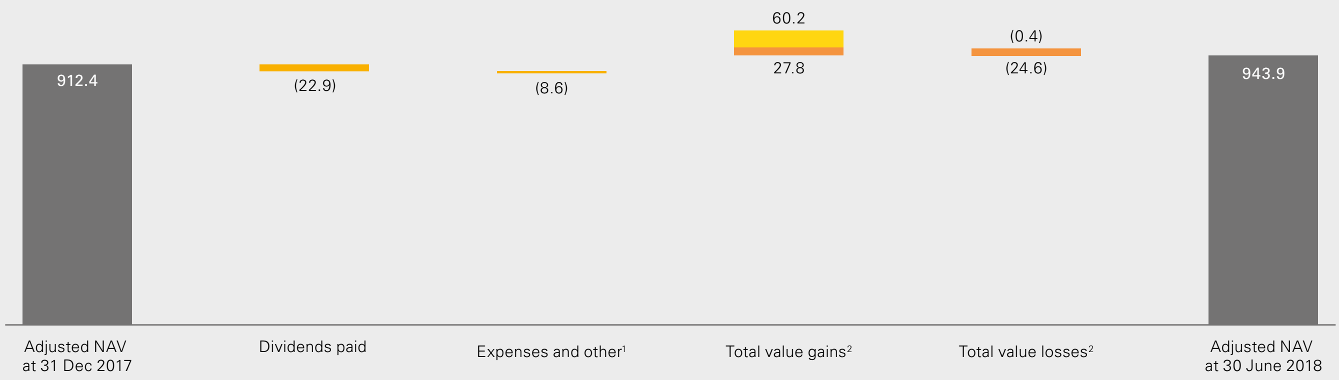
In Private Equity, five new investments and one follow-on investment were made. One of these new investments was funded by AIX, which is the current global Apax buyout fund being invested. The follow-on was in AVIII, AGA's largest Apax Fund exposure. Two investments were made in mid-market buyouts in Israel through the AMI Opportunities Fund ("AMI"). The Apax Digital Fund ("ADF"), which closed in December 2017, made another two investments.

The Private Equity portfolio reported three full exits during the period. In addition to the high private equity sponsor interest, the Investment Adviser is also seeing strategic investors become increasingly acquisitive which is encouraging for future realisations. We also made 15 new investments in Derived Investments and divested nine positions.

Since the annual results, the sector split has shifted slightly from Tech & Telco to Services and the geographic exposure moved towards the UK and North America.

The overall portfolio mix between Private Equity and Derived Investments remained stable. At the end of the reporting period, AGA had exposure to 52 Private Equity portfolio companies and 37 Derived Investments. Ten investments in the Derived Investments portfolio overlapped with the Apax Funds' portfolio companies, either because AGA took a minority investment in the debt issued by these portfolio companies, or has also invested in listed companies in which the Apax Funds have a holding.

## Fig.1: Adjusted NAV development (€m)




1. Expenses and other consists of: expenses and accruals of €4.8m; performance fee of €1.8m; and net FX losses of €2.0m
2. Total value movement calculated by taking unrealised and realised movements, FX and income earned during the period. Total value gains show the positive contributors and total value losses show the negative contributors

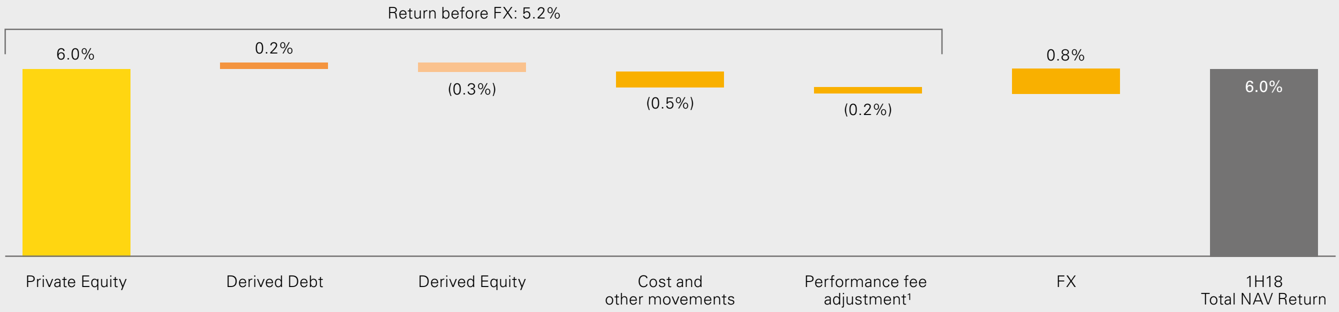
Private Equity
Derived Investments

## Fig.2: Adjusted NAV development (€m)

| | Private Equity | Derived Investments[1] | Cash | Revolving credit facility | Other | Total |
|---|---|---|---|---|---|---|
| **Adjusted NAV at 31 December 2017** | **586.1** | **307.2** | **19.0** | **–** | **0.1** | **912.4** |
| + Investments | 11.1 | 132.6 | (131.2) | – | (12.5) | – |
| - Divestments | (22.3) | (101.8) | 122.0 | – | 2.1 | – |
| + Interest and dividend income | – | – | 10.1 | – | (0.5) | 9.6 |
| + Unrealised gains/(losses) | 54.8 | (17.8) | – | – | – | 37.0 |
| + Realised gains | – | 7.0 | – | – | – | 7.0 |
| - FX gains/(losses)[2] | 5.0 | 4.4 | (1.6) | (0.4) | – | 7.4 |
| +/- Costs and other movements | – | – | (2.6) | – | (2.2) | (4.8) |
| - Dividends paid | – | – | (22.9) | – | – | (22.9) |
| +/- Performance fee reserve | 3.4 | 10.2 | (15.4) | – | – | (1.8) |
| +/- Revolving credit facility drawn/repaid | – | – | 39.5 | (39.5) | – | – |
| **Adjusted NAV at 30 June 2018** | **638.1** | **341.8** | **16.9** | **(39.9)** | **13.0** | **943.9** |

1. Included in investments, divestments and realised gains are movements related to the demerger of Strides Shasun. In April 2018, Strides Shasun demerged and AGA received shares in a new listed equity position Solara. AGA had a partial realisation of Strides Shasun, whereby the proceeds received equaled the value of the new investment Solara. No cash was exchanged as part of this transaction
2. FX on cash includes the revaluation of cash balances and net losses arising from the differences in exchange rates between transaction dates and settlement dates, and unrealised net losses arising from the translation into euro of assets and liabilities (other than investments) which are not denominated in euro

## Fig.3: Performance (%)



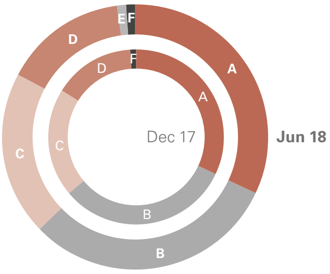

1. Performance fee adjustment accounting for the movement in performance fee reserve at 30 June 2018

**Strategic report**

# Investment Manager's report | Private Equity

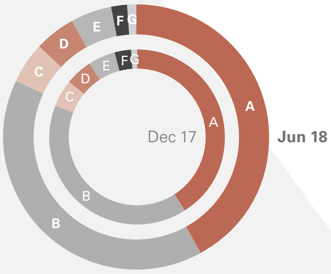
## The Private Equity portfolio delivered a strong performance during the first half of 2018 with a Total Return of 11.0% based on robust growth of the portfolio companies.

### Portfolio split by sector



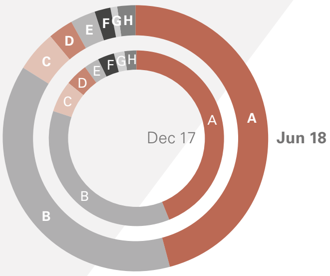

| | Dec 17 | Jun 18 |
|---|---|---|
| **A** Tech & Telco | 32% | **32%** |
| **B** Services | 32% | **31%** |
| **C** Healthcare | 20% | **20%** |
| **D** Consumer | 15% | **15%** |
| **E** Digital | 0% | **1%** |
| **F** Other | 1% | **1%** |

### Portfolio split by geography




| | Dec 17 | Jun 18 |
|---|---|---|
| **A** North America | 41% | **42%** |
| **B** Europe | 40% | **40%** |
| **C** United Kingdom | 5% | **5%** |
| **D** Israel | 5% | **5%** |
| **E** India | 5% | **5%** |
| **F** China | 3% | **2%** |
| **G** Rest of World | 1% | **1%** |

### Portfolio split by currency




| | Dec 17 | Jun 18 |
|---|---|---|
| **A** USD | 44% | **46%** |
| **B** EUR | 36% | **38%** |
| **C** GBP | 6% | **5%** |
| **D** NOK | 4% | **3%** |
| **E** ILS | 3% | **3%** |
| **F** INR | 3% | **2%** |
| **G** HKD | 2% | **1%** |
| **H** Other | 2% | **2%** |

## Highlights

The Total Return for the Private Equity portfolio was 11.0% with M&A and organic earnings growth being the main driver of value creation. Performance was particularly strong in the second quarter. On a constant currency basis, Total Return was 10.1%. There were more exits than investments so far this year, highlighting the focus on realising value in the portfolio.

## NAV development

The Adjusted NAV of the Private Equity portfolio increased from €586.1m to €638.1m in the half-year. The main factors behind this increase were unrealised gains of €54.8m, together with capital calls of €11.1m. FX positively contributed to Private Equity Adjusted NAV by €5.0m (Fig.1).

## Investment performance

The 2016 and 2017 annual report and accounts highlighted a small number of difficult situations in the AVIII portfolio which dragged down performance: Answers, Rue21, and FullBeauty. These three situations have now been largely worked through from a valuation perspective (combined NAV of these three Private Equity positions at 30 June 2018: €3.1m). The operational performance of the remainder of the portfolio is starting to show positively in the results.

While the overall portfolio has performed strongly, a number of portfolio companies stand out, notably Azelis, Idealista (both in AVIII) and Acelity (in AEVII). The largest increase in valuation related to Azelis which was AGA's largest Private Equity exposure at the end of 2017. A binding offer was made for the company in June 2018, driving a valuation uplift of 29% relative to the 31 December 2017 mark. While the transaction is expected to complete in 2018, due to the duration of anti-trust approval, the June 2018 valuation already reflects the agreed sale price.

**A note on valuation policies**

The Apax Funds' valuations are updated on a quarterly basis. This has consequences on how realisations and value movements are reported.

1. In the Apax Funds, all gains in an investment up to the last quarter before a sale are reported as "unrealised". Only in the quarter, when a sale transaction is completed, will a "realised gain" occur. In practice that means that an overwhelming part of the value creation in a typical private equity hold period of four to seven years will be reported as "unrealised".
2. Some exit processes draw on for one or more quarters after a contract is signed (e.g. due to anti-trust approval processes in many countries). This may actually translate into no "realised gains" ever being reported for a private equity holding, despite a profitable disposal. As an example, in the case of Azelis, the fair market value of that investment at 30 June 2018 corresponds to the agreed exit value, and the increase is denoted as "unrealised".

Acelity's uplift in valuation was due to EBITDA growth and multiple expansion. The company has been investing in long-term growth initiatives such as sales force staffing, marketing, medical education and R&D which has led to a strong growth momentum recently. In addition, Acelity completed the acquisition of Crawford Healthcare in June 2018, a rapidly growing UK-based advanced wound care company. This further strengthened Acelity's position as the global leader in advanced wound healing.

The valuation of Idealista increased due to continued rapid EBITDA growth as the business continued to cement its position as the leading online real estate classified business in Spain. The company is also growing its presence in Italy, and has recently become the number two player in that market based on several metrics.

Meanwhile, Ideal Protein, EVRY and Shriram City Union Finance ("SCUF") experienced the largest negative valuation movements. Ideal Protein provides weight loss solutions and has seen a softening in customer acquisition and retention. The company is working on a number of initiatives to address this, including improving its marketing and sales force.

SCUF and EVRY are both publicly listed, and their valuation reflects share price declines.

Whilst the largest Private Equity valuation driver in 1H18 was AVIII, we expect AIX to become an important contributor to returns soon. This 2016 vintage fund is now 43% invested across 13 portfolio companies. Many investments have made remarkable progress in the past year and the Fund has largely moved out of the "J-curve" effect. It is now seeing not only an increase in valuation but also IRR. The Investment Adviser believes the portfolio has been constructed in a balanced manner, with c.70% of capital invested at attractive absolute values, and the remainder invested in high growth businesses at reasonable relative values. If market multiples remain stable, further improvements in valuations should follow in the periods ahead.

## Investment activity

The pace of investment for AGA (and the Apax Funds) Private Equity Investments in 1H18 has been slower than in the equivalent prior year period. On a look-through basis AGA committed €25.3m to signed and closed Apax Funds' investments in 1H18, compared to €39.7m in 1H17.

AGA also invested €11.1m in the Apax Funds' carried interest in the period, increasing its carried interest exposure to AEVII, and creating a new stake in AEVI.

Five new investments were made during the six months by the Apax Funds, as the overall portfolio structure continued to diversify. The majority of new investments are in sub-sectors the Investment Adviser knows well.

AIX acquired Healthium MedTech, a medical devices player in India and a global leader in suturing needles. The investment leverages Apax's significant experience in medical devices (current investments include Acelity, Vyaire Medical and Syneron Candela).

ADF made two additional investments: a minority growth investment in Wizeline, a high-growth outsourced product development and digital transformation consulting company; and a growth buyout investment in Solita, a leading Finnish digital transformation company. Both are IT Services transactions, a sub-sector in which Apax has a great deal of experience, having invested in and built a large number of leading businesses in this industry.

AMI made two further investments: Global-e, a leading provider of cross-border e-commerce solutions; and Ramet Trom, an Israeli producer and supplier of prefabricated elements used in construction.

AVIII purchased the remaining 50% stake in Vyaire Medical which reflected the Investment Adviser's confidence in the business. Vyaire continues to perform strongly and has recently undertaken a number of acquisitions as it executes on its plan to become a global leader in respiratory care.

As the Apax Funds operate credit facilities to bridge capital calls from investors on a short term basis, AGA expects capital calls of €22.7m, or c.2.4% of Adjusted NAV from these drawings in the coming months. Usually AIX, AVIII and ADF bridge individual capital calls for up to twelve months after each drawdown. AMI drawings of the bridge facility are generally repaid once a year.

While the high-priced environment has resulted in a slower investment pace, the converse is true for exits with €112.1m of expected proceeds from exits signed or closed in 1H18 for AGA compared to €48.2m in 1H17. There were three strong full exits during the first six months of the year. First, Genex was sold generating a 2.8x Gross MOIC for the Apax Funds and €5.5m in cash proceeds for AGA. Under the Apax Funds' ownership, the company had completed eight add-on acquisitions which significantly expanded its portfolio of solutions and resulted in an EBITDA increase outperforming the broader market.

Second, after the period end, the sale of GlobalLogic completed in August 2018 generating a 5.9x Gross MOIC for AVIII and c.€65.6m in total cash proceeds for AGA, including those from a partial exit of the position achieved in January 2017. Investment in sales and marketing, alongside strategic M&A, saw the business meaningfully deepen and expand its portfolio of software development capabilities. This resulted in an acceleration in the business with both revenue and EBITDA more than doubling in the Apax Funds' holding period.

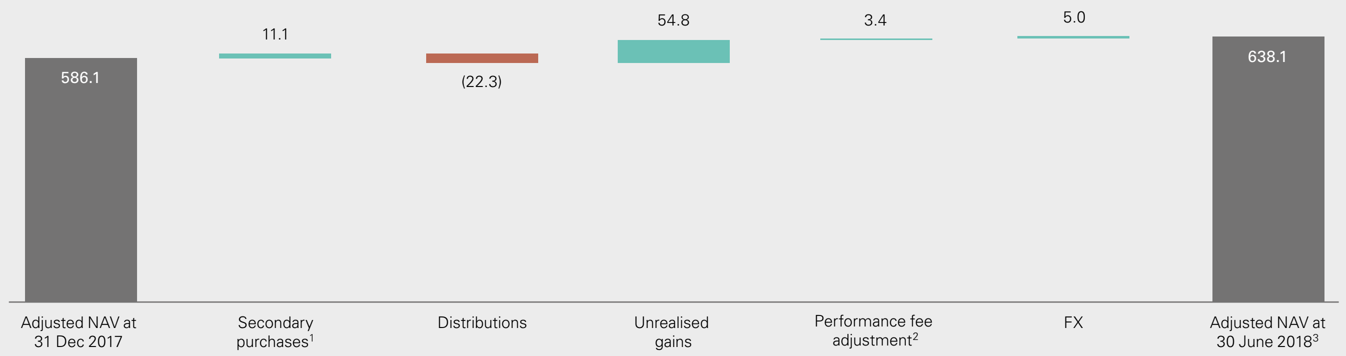
Third, in June 2018 the sale of Azelis was announced with the completion scheduled for October 2018. On completion, the investment is expected to deliver a c.3.6x Gross MOIC to AVIII and approximately €72.3m in cash proceeds for AGA. Through M&A (nine acquisitions) alongside organic growth from product innovation and new mandate wins, the company saw revenues more than double and EBITDA triple under the Apax Funds' ownership, and the business transformed into a truly global speciality chemicals distributor.

During the period, a number of portfolio companies were refinanced (e.g. Boats Group and Exact) where there was an opportunity to optimise capital structures, lower the cost of debt, and/or fund dividends.

**Strategic report**

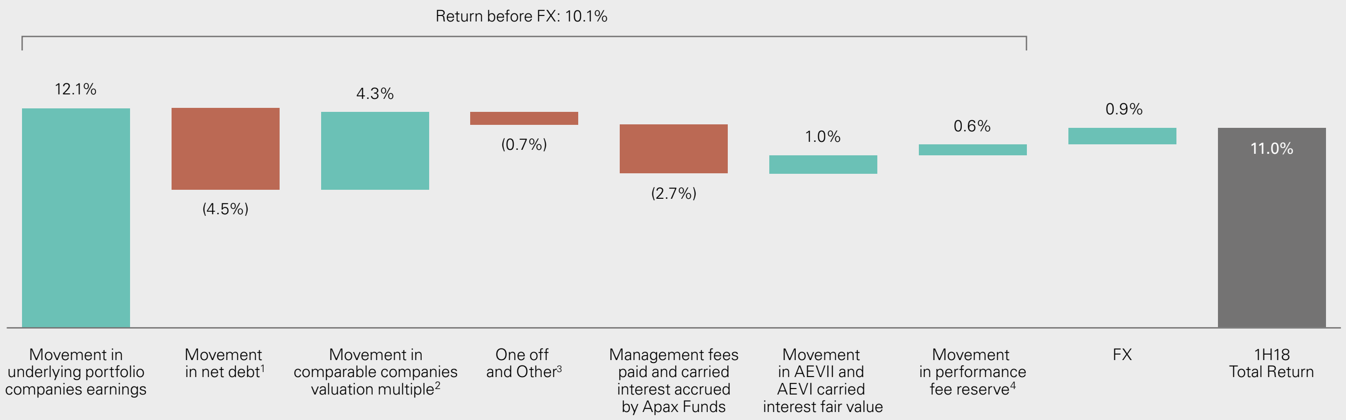
# Investment Manager's report | Private Equity

## Fig.1: Private Equity Adjusted NAV development (€m)



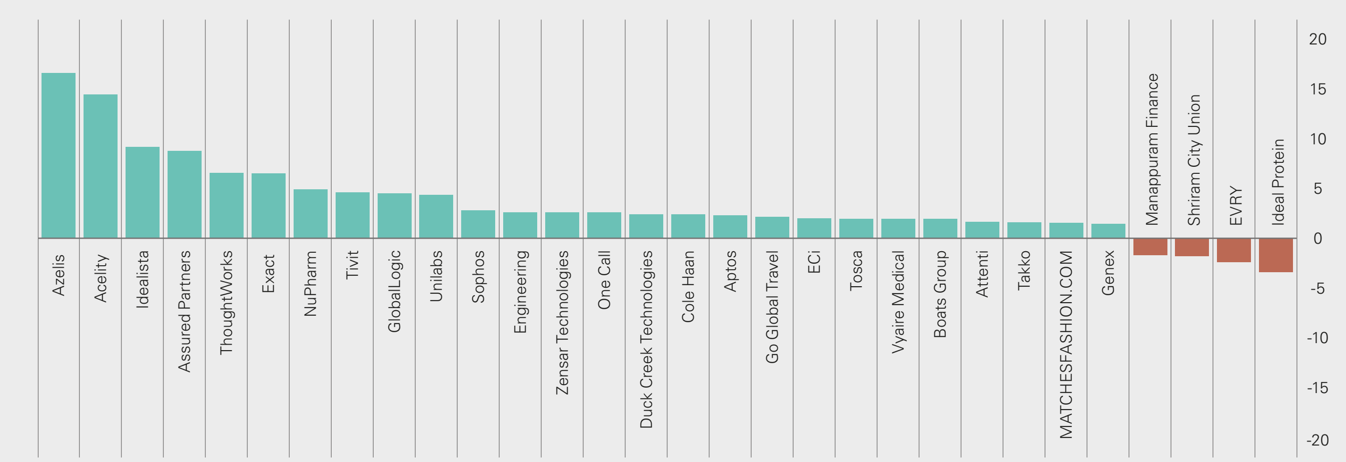

1. Secondary purchases of €11.1m relate to the purchase of two carried interest holdings (add-on of €7.7m in AEVII and €3.4m into a new carried interest holding in AEVI)
2. Performance fee adjustment accounting for the movement in the performance fee reserve at 30 June 2018
3. Includes AGA's exposure to carried interest holdings in AEVII and AEVI which were respectively valued at €31.9m and €4.3m at 30 June 2018

## Fig.2: Private Equity performance (%)




1. Represents movement in all instruments senior to equity
2. Movement in the valuation multiples captures movement in the comparable companies valuation multiples. In accordance with International Private Equity and Venture Capital Valuation ("IPEV") guidelines, the Apax Funds use a multiples based approach where an appropriate valuation multiple (based on both public and private market valuation comparators) is applied to maintainable earnings, which is often but not necessarily represented by EBITDA to calculate Enterprise Value
3. Mainly dilutions from the management incentive plan as a result of growth in the portfolio's value
4. Performance fee adjustment accounting for the movement in the performance fee reserve at 30 June 2018

## Fig.3: Private Equity top 30 fair value movements (€m)




1. Represents the largest fair value movements in the underlying Private Equity portfolio over the period adjusted for purchases and sales. Please note that the fair value movement uplift related to the discount on the purchase of carried interest holdings in both AEVI and AEVII has been excluded from the above

## Operational metrics

The Private Equity portfolio continued its good operational momentum from both organic growth and M&A. Last Twelve Months ("LTM") revenue and EBITDA growth was 13.6% and 17.5% respectively. Excluding M&A, growth was 9.1% and 11.7%.

The weighted average valuation multiple of the portfolio increased from 13.8x to 14.8x LTM EBITDA, largely reflecting improving public market multiples within the sectors that the Apax Funds invest in, as well as uplifts particularly from the full exits of Azelis and GlobalLogic.

The weighted average leverage of the portfolio companies increased from 4.3x to 4.5x LTM EBITDA, mainly driven by debt funded M&A.

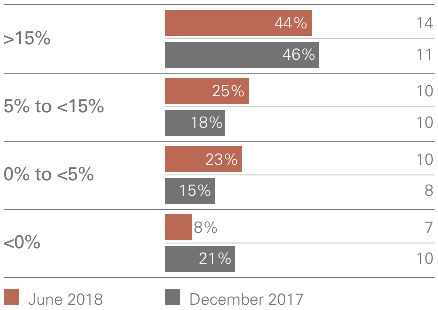
## Market outlook

Public market volatility continues as resilient economic and earnings data contrast with ongoing geopolitical concerns. Despite this volatility in public markets, private equity transactions have continued at high volumes and prices.

The Investment Adviser believes discipline is vital when investing against this market backdrop. Apax's wide geographic reach and deep sector expertise identify attractive relative value on a country or sub-sector basis. The investment strategy remains focused on "quirky" opportunities which are off the beaten path (thereby reducing competition), and where Apax can generate a clear angle in the sourcing process or value creation opportunities, which are different from those the market is seeing.

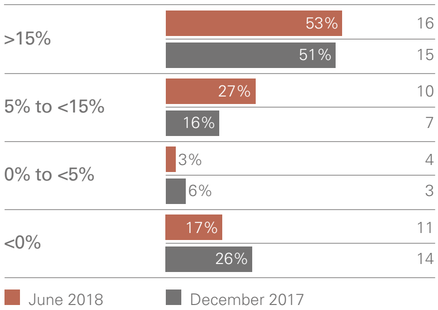
We believe that the existing portfolio is in good shape and developing strongly which could lead to further good performance in the second half of 2018.

Portfolio year-over-year LTM revenue growth[1]:
June 2018: 13.6% v December 2017: 12.8%



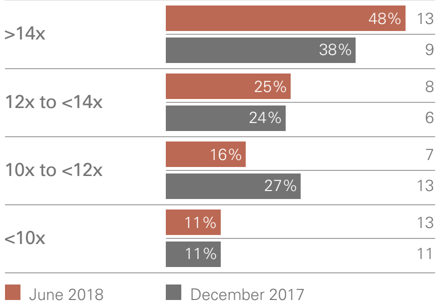

Number of investments within the associated band

Portfolio year-over-year LTM EBITDA growth[1]:
June 2018: 17.5% v December 2017: 17.9%



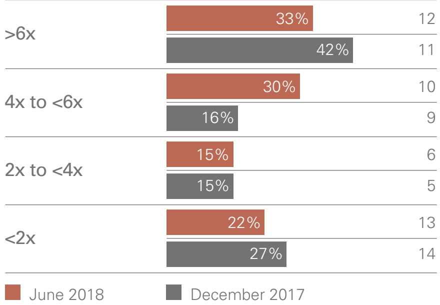

Number of investments within the associated band

Enterprise Value/EBITDA valuation multiple[1]:
June 2018: 14.8x v December 2017: 13.8x



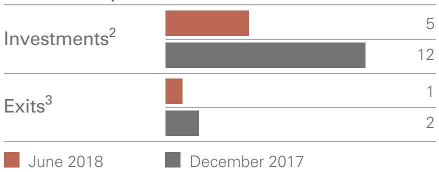

Number of investments within the associated band

Net debt/EBITDA multiple[1]:
June 2018: 4.5x v December 2017: 4.3x




Number of investments within the associated band

Investment activity:
Number of positions in the last six months




Note: These operational metrics represent a snapshot of the portfolio as at period end, hence they do not capture the performance of exited investments in the reporting period

1. At June 2018 and December 2017, eleven and nine investments were respectively excluded as these are financial services companies often valued on book value or for which earnings financials are not available e.g. complex carve-outs or growth investments. The increase was due to new portfolio additions
2. New closed investments in the first six months of 2018 – please see page 14 for full list of acquisitions
3. Represents closed exits in the first six months of 2018 – please see page 14 for a full list of divestments

| Apax IX ("AIX") | |
|---|---|
| AGA NAV: | €144.6m |
| % of AGA Private Equity: | 22% |
| Vintage: | 2016 |
| Commitment amount: | €154.5m,$175m |
| Fund size: | $9.5bn |

| Apax VIII ("AVIII") | |
|---|---|
| AGA NAV: | €409.7m |
| % of AGA Private Equity: | 65% |
| Vintage: | 2012 |
| Commitment amount: | €159.5m,$218.3m |
| Fund size: | $7.5bn |

| Apax Europe VII ("AEVII") | |
|---|---|
| AGA NAV[1]: | €62.5m |
| % of AGA Private Equity: | 8% |
| Vintage: | 2007 |
| Commitment amount: | €86.5m |
| Fund size: | €11.2bn |

| Apax Europe VI ("AEVI") | |
|---|---|
| AGA NAV[2]: | €6.2m |
| % of AGA Private Equity: | 1% |
| Vintage: | 2005 |
| Commitment amount: | €10.6m |
| Fund size: | €4.3bn |

| AMI Opportunities Fund ("AMI") | |
|---|---|
| AGA NAV: | €16.8m |
| % of AGA Private Equity: | 3% |
| Vintage: | 2015 |
| Commitment amount: | €25.6m |
| Fund size: | $0.5bn |

| Apax Digital Fund ("ADF") | |
|---|---|
| AGA NAV: | (€1.0m) |
| % of AGA Private Equity: | 1% |
| Vintage: | 2017 |
| Commitment amount: | €42.8m |
| Fund size: | $1.1bn |

1. Includes AGA's exposure to AEVII as a limited partner, valued at €30.6m and through its carried interest holdings, valued at €31.9m. The carried interest holdings were acquired through a €10.5m investment in 2015 and €7.7m investment in April 2018
2. Includes AGA's exposure to AEVI as a limited partner, valued at €1.9m and through its carried interest holdings, valued at €4.3m. The carried interest holdings were acquired through a €3.4m investment in April 2018

**Strategic report**

# Investment Manager's report | Private Equity

## Acquisitions

| Closed[1] | | Cost[2] |
|---|---|---|
| **Wizeline** | High growth product innovation and digital transformation-focused IT services provider *(ADF, North America, Digital)* | €1.4m |
| **Vyaire Medical** | A follow-on investment: Respiratory devices and consumables manufacturer *(AVIII, North America, Healthcare)* | €11.5m |
| **Global-e** | Provider of solutions to online retailers who want to sell outside their home market *(AMI, Israel, Tech & Telco)* | €0.5m |
| **Ramet Trom** | Producer and supplier of prefabricated elements for the infrastructure and construction sectors in Israel *(AMI, Israel, Services)* | €1.5m |
| **Solita** | Finland's largest digital transformation services company, with particular expertise in data and analytics *(ADF, Europe, Digital)* | €3.3m |
| **Healthium MedTech** | An independent medical devices player in India *(AIX, India, Healthcare)* | €7.1m |
| **AEVII** | Add-on position to the carry stake | €7.7m |
| **AEVI** | New carry position | €3.4m |

1. Wizeline closed in March 2018, Vyaire Medical closed in April 2018, Global-e closed in April 2018, Ramet Trom closed in May 2018, Solita closed in June 2018 and Healthium MedTech closed in June 2018
2. Cost is AGA's indirect exposure to the underlying portfolio companies held by the Apax Funds. Costs may change following final close of the deal

## Divestments

Gross IRR on full exits[3]/MOIC[3]

**53.4%/4.2x**

| Full exits[4] | | | Initial year of purchase | Gross MOIC[5] | Gross IRR[5] |
|---|---|---|---|---|---|
| **Genex** | Provider of cost containment services to the workers' compensation, disability and auto industries *(AEVII & AVIII, North America, Healthcare)* | Fully exited | 2014 | 2.8x | 32% |
| **GlobalLogic** | An outsourced product development services firm *(AVIII, North America, Tech & Telco)* | Signed full exit | 2013 | 5.9x | 57% |
| **Azelis** | Global distributor of specialty chemicals and related services *(AVIII, Europe, Services)* | Signed full exit | 2015 | 3.6x | 56% |

| Partial exits, IPOs and others | | | Initial year of purchase | Cash proceeds to the Apax Funds |
|---|---|---|---|---|
| **Huarong** | Chinese asset management company *(AEVII & AVIII, China, Services)* | Recapitalised | 2014 | €70.1m |
| **Zap Group** | Consumer internet group in Israel *(AMI, Israel, Tech & Telco)* | Dividend | 2015 | €6.3m |
| **Acelity** | Global medical technology company *(AEVII, North America, Healthcare)* | Dividend | 2011 | €37.7m |
| **Boats Group** | Digital marketplace and solutions for recreational marine industry *(AIX, North America, Services)* | Recapitalised | 2016 | €36.2m |
| **Max** | The largest general discount retail chain store in Israel *(AMI, Israel, Consumer)* | Dividend | 2017 | €2.7m |
| **Psagot** | The largest investment house in Israel *(AEVII, Israel, Services)* | Recapitalised | 2010 | €67.2m |
| **EVRY** | Nordic IT services provider *(AVIII, Europe, Tech & Telco)* | Dividend | 2015 | €21.3m |

3. Gross IRR and MOIC on full exits calculated based on the aggregate cash flows across all funds of the three deals realised (inclusive of GlobalLogic which closed in August 2018 and Azelis expected to close in 4Q18). Gross IRR represents concurrent Gross IRR
4. Genex full exit closed in March 2018, GlobalLogic full exit signed in May 2018 and closed in August 2018 and Azelis full exit signed in June 2018
5. Performance as at 30 June 2018, including unrealised value and total realised proceeds. Gross MOICs and Gross IRRs represent return to the fund which invested the most across all the Apax Funds into the deal. AVIII and AIX performances represent the euro tranche returns

# Top 30 Private Equity Investments

AGA's indirect exposure at 30 June 2018

| | Fund | Geography | Sector | Valuation €m | % of NAV |
|---|---|---|---|---|---|
| Azelis | AVIII | Europe | Services | 72.3 | 8% |
| Assured Partners | AVIII | North America | Services | 57.0 | 6% |
| Exact | AVIII | Europe | Tech & Telco | 39.3 | 4% |
| Idealista | AVIII | Europe | Consumer | 34.8 | 4% |
| GlobalLogic | AVIII | North America | Tech & Telco | 34.3 | 4% |
| Engineering | AVIII | Europe | Tech & Telco | 33.4 | 4% |
| Vyaire Medical* | AVIII | North America | Healthcare | 32.9 | 3% |
| Unilabs | AEVI & AIX | Europe | Healthcare | 32.0 | 3% |
| Acelity | AEVII | North America | Healthcare | 25.5 | 3% |
| ThoughtWorks | AIX | North America | Tech & Telco | 23.4 | 2% |
| NuPharm | AVIII | Europe | Healthcare | 23.3 | 2% |
| EVRY* | AVIII | Europe | Tech & Telco | 22.8 | 2% |
| Wehkamp | AVIII | Europe | Consumer | 20.5 | 2% |
| Cole Haan | AVIII | North America | Consumer | 19.9 | 2% |
| Duck Creek Technologies | AVIII | North America | Tech & Telco | 18.6 | 2% |
| MATCHESFASHION.COM | AIX | UK | Consumer | 17.4 | 2% |
| Quality Distribution* | AVIII | North America | Services | 17.3 | 2% |
| Safetykleen* | AIX | UK | Services | 14.4 | 2% |
| Shriram City Union | AVIII | India | Services | 13.8 | 1% |
| Syneron Candela | AIX | North America | Healthcare | 12.0 | 1% |
| ECi* | AIX | North America | Tech & Telco | 11.7 | 1% |
| One Call | AEVII & AVIII | North America | Healthcare | 10.2 | 1% |
| Zensar Technologies | AVIII | India | Tech & Telco | 9.4 | 1% |
| Tivit | AEVI & AEVII | Rest of world | Tech & Telco | 9.4 | 1% |
| Tosca | AIX | North America | Services | 8.7 | 1% |
| Guotai Junan Securities | AIX | China | Services | 8.3 | 1% |
| Boats Group* | AIX | North America | Services | 7.1 | 1% |
| Psagot | AEVII | Israel | Services | 7.0 | 1% |
| Healthium MedTech | AIX | India | Healthcare | 6.9 | 1% |
| Attenti | AIX | Rest of world | Tech & Telco | 6.2 | 1% |
| Other | | | | 62.2 | 6% |
| **Total gross investments** | | | | **712.0** | **75%** |
| Carried interest | | | | (50.0) | (5%) |
| Capital call facilities and other | | | | (23.2) | (3%) |
| **Total Private Equity** | | | | **638.8** | **67%** |

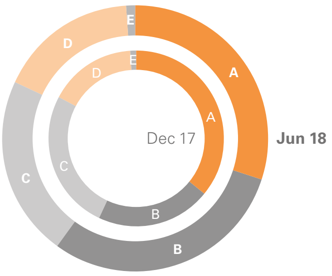
* Denotes overlap with the Derived Investments portfolio

www.apaxglobalalpha.com/investment-portfolio/top-holdings/private-equity

**Strategic report**

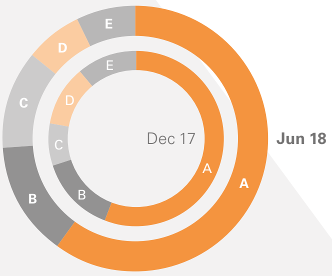
# Investment Manager's report | Derived Investments

## Portfolio split by sector



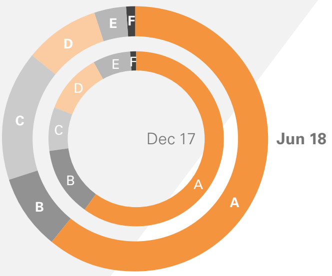

| | Dec 17 | Jun 18 |
|---|---|---|
| **A** Tech & Telco | 36% | **30%** |
| **B** Services | 21% | **30%** |
| **C** Healthcare | 26% | **22%** |
| **D** Consumer | 16% | **17%** |
| **E** Other | 1% | **1%** |

## Portfolio split by geography




| | Dec 17 | Jun 18 |
|---|---|---|
| **A** North America | 56% | **60%** |
| **B** Europe | 14% | **14%** |
| **C** United Kingdom | 8% | **12%** |
| **D** India | 11% | **7%** |
| **E** China | 11% | **7%** |

## Portfolio split by currency




| | Dec 17 | Jun 18 |
|---|---|---|
| **A** USD | 60% | **61%** |
| **B** EUR | 13% | **9%** |
| **C** GBP | 8% | **16%** |
| **D** INR | 11% | **9%** |
| **E** HKD | 7% | **4%** |
| **F** NOK | 1% | **1%** |

The performance of the Derived Investments portfolio weakened during the period as the Derived Equity portfolio experienced pressure from its emerging market exposure.

## Highlights

Total Return for Derived Investments was (0.6%) in 1H18, and (1.9%) on a constant currency basis. The Derived Debt portfolio produced a positive Total Return of 0.6% ((1.9%) on a constant currency basis). The returns from the Derived Equity portfolio were subdued with a Total Return of (2.3%), ((2.2%) on a constant currency basis), primarily due to pressure from our investments in emerging market stocks.

## NAV development

The Adjusted NAV of the Derived Investments portfolio increased from €307.2m to €341.8m in the period. Growth came from new positions being added to the portfolio and a positive contribution of €4.4m from FX. AGA invested €132.6m and divested €101.8m in Derived Investments, generating net realised gains of €7.0m. Unrealised losses were (€17.8m) (Fig.1) and were the main reason for the weaker NAV and Total Return.

## Investment performance

The Derived Investments portfolio generated a Total Return of (0.6%). FX had a positive effect of 1.3% as the US dollar appreciated against the euro (Fig.2); 61% of Derived Investments are denominated in US dollars, resulting in a (1.9%) Total Return on a constant currency basis. Derived Debt contributed 0.3% to the performance of Derived Investments, compared with Derived Equities with (0.9%).

The Derived Debt portfolio was particularly impacted by a further write down in the FullBeauty second lien investment (further details below). This one position represented 85% of total Derived Debt unrealised losses during the first six months. The remaining Debt positions held by AGA however are performing well.

Within Derived Equity, AGA's exposure to China and India caused a drag on performance. In particular, Indian mid-cap stocks were caught in a sell-off as evidenced by the MSCI India Mid Cap index declining by 10.9% in the first six months of the year.

The top three performers in the Derived Investments portfolio (Fig.3) were Greencore, Dignity and Sophos, three UK listed equities.

Greencore is currently the seventh largest Derived Investment with a NAV of €15.4m. The company produces convenience food for retailers and global brands in the UK and the US. AGA purchased this stock earlier this year as its price was over-penalised following a profit warning.

Dignity is the leading UK funeral services provider. AGA acquired a position in Dignity in 2018 as it was trading at a significant discount to its long-term valuation multiples, and not reflecting its market position and growth rates. This valuation gap closed sooner than expected, and AGA sold the position after a short hold, generating 1.4x Gross MOIC and 522% Gross IRR.

The share price of Sophos (an IT security and data protection company) has experienced some volatility during the first six months but improved considerably compared to the prior year end.

The positions with the greatest mark-downs were Strides Shasun (listed equity), FullBeauty (second lien loan) and OVS (listed equity).

Strides Shasun announced weak results. The business significantly lagged management guidance, largely on account of under-performance of its US business.

FullBeauty's debt valuation has decreased as operational trends continue to be weak and its NAV at June 2018 marked at €4.1m. There is therefore limited further valuation downside as a result of total write-downs already made with respect to this investment.

AGA's investment in OVS stock was driven by a read across from other structurally sound retailers experiencing weather-related weak trading during the winter months which later improved. Recent political events in Italy and the insolvency of an OVS affiliate in Switzerland impacted OVS's share price negatively in 1H18.

## Investment activity

**Derived Debt**
The first half of 2018 saw a similar investment focus as 2017. In Derived Debt, the preference for US second lien notes continued as shown by the six of the seven debt investments made. Increased US base rates have resulted in improved bond yields in the US, and in Europe spreads have started to widen. In our view, this has generally improved risk-reward profiles for credit investments.

Of the seven new debt investments, two were in Apax Funds portfolio companies: Boats Group and Vyaire Medical. The overlap between AGA's Derived Debt portfolio with Private Equity exposures of Apax Funds was reduced to seven out of a total of 19 Derived Debt holdings at the end of the period. This represents a 36.8% overlap.

An example of the Investment Adviser's ability and insight to source a new Derived Debt opportunity was the investment in PowerSchool. PowerSchool is a software company catering to the US education industry. Initially, Apax performed due diligence on PowerSchool as a potential Private Equity opportunity, but did not proceed due to an unfavourable valuation bid-ask spread. Following the acquisition of PowerSchool by a consortium of Onex and Vista, AGA invested €12.8m in the second lien loan as we had a strong conviction towards the company's business fundamentals.

AGA exited five Derived Debt positions, generating €55.4m of proceeds in 1H18. The Gross IRR achieved on fully and partially exited positions was 12.6%, realising €1.6m (inclusive of income) of gains. As many of these debt investments were US dollar denominated, the constant currency Gross IRR achieved was 12.1%[1].

**Derived Equity**
During the first half of this year, a total of eight new Derived Equity investments were completed, with an emphasis on Europe. The overlap of the Derived Equity portfolio with the AGA Private Equity exposures at 30 June 2018 was 16.7% with three positions out of a total of 18 investments overlapping.

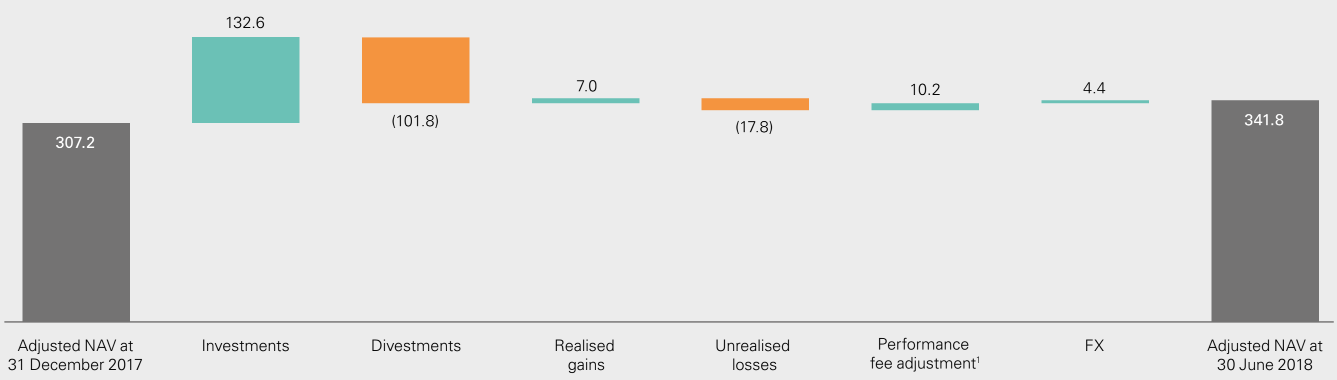
AGA made six full exits from the Derived Equity portfolio. Four of these investments were purchased in the twelve months prior to the sale. The short holding periods reflect investment objectives having been achieved much earlier than originally anticipated. The Gross IRR on all exited positions was 7.7% with three positions returning negative or single-digit returns. Nonetheless, these exits realised €6.8m of gains, and the constant currency Gross IRR was 11.9%[1].

1. Constant currency Gross IRR calculated based on the aggregate cash flows of each position sold, converted to euro using the FX rate at the first date of purchase for each respective position. The Gross IRR is then calculated on their aggregate cash flows

Strategic report

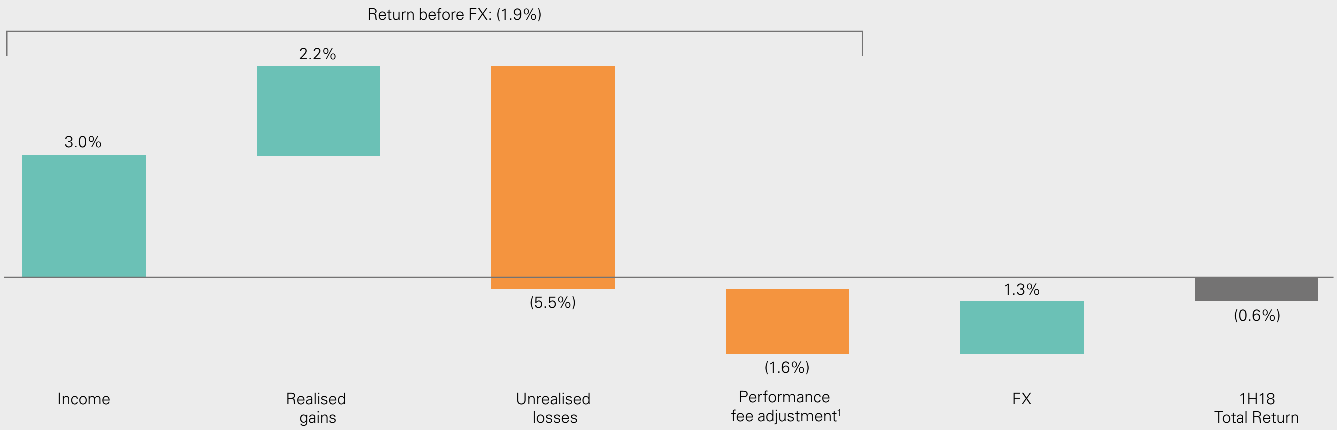
# Investment Manager's report | Derived Investments

## Fig.1: Derived Investments Adjusted NAV development (€m)



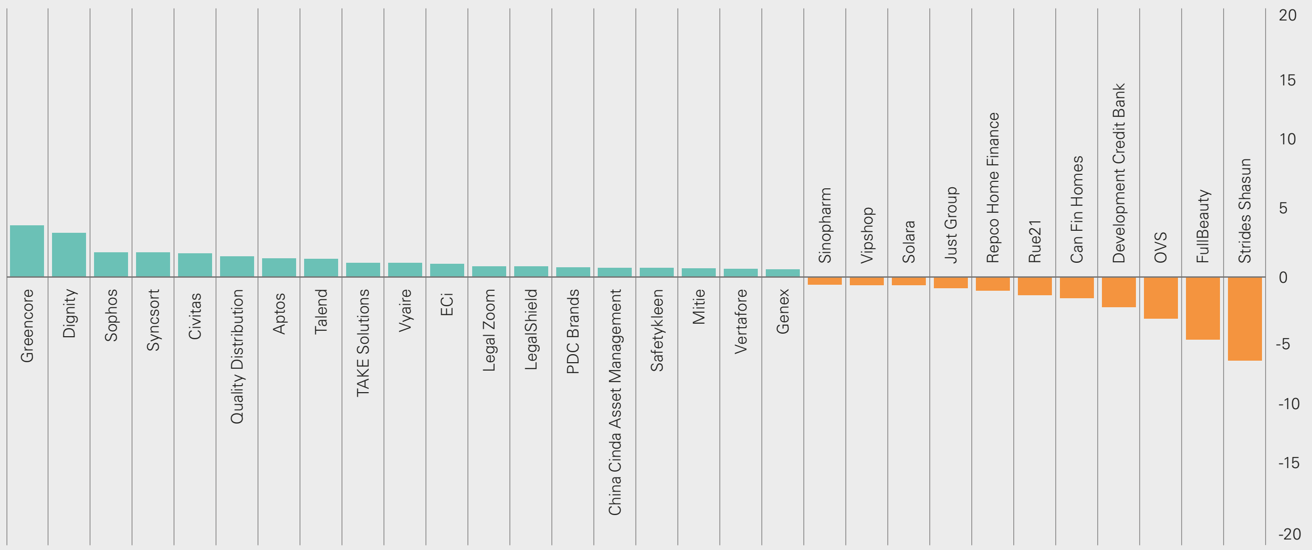

1. Performance fee adjustment accounting for the movement in the performance fee reserve at 30 June 2018

## Fig.2: Derived Investments performance (%)




1. Performance fee adjustment accounting for the movement in the performance fee reserve at 30 June 2018

## Fig.3: Derived Investments top 30 fair value movements (€m)



# Operational metrics

**Derived Debt**
Operational performance in the Derived Debt portfolio measured by LTM EBITDA growth, improved from 6.2% to 15.4%, mainly due to the addition of a number of new positions (Boats Group, PowerSchool and Vyaire) with higher EBITDA growth.

The average yield of debt to maturity increased to 12.3% due to an increase in LIBOR rates which affected the floating rate debt AGA holds. 58% of Derived Debt positions were yielding 10% to maturity or higher.

**Derived Equity**
Average LTM earnings growth in the Derived Equity portfolio has increased from 12.0% to 16.1% due to a change in the portfolio mix compared to December 2017 with more faster growing positions added. There were eight additions and six positions sold in the period.

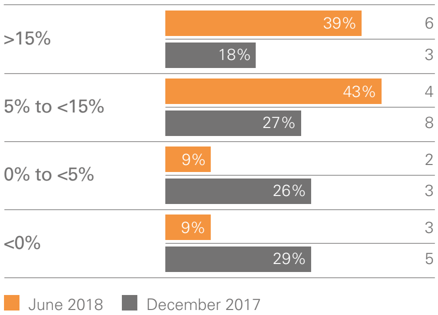
The average price-to-earnings multiple for the Derived Equity portfolio decreased to 23.5x. This was driven by the addition of faster growing positions whose share prices remained stable or decreased in some cases.

# Market outlook

With the recent expansion of yields in Western markets, the risk-reward profile of credit opportunities seems more viable and we expect to see more debt investments in the Derived Investments portfolio going forward. Within the debt universe, we remain more positive on US dollar credit, but note euro investments have become more attractive in light of increasing spreads.

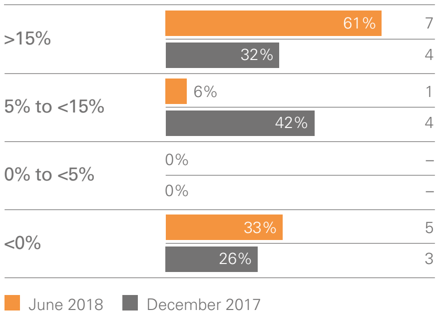
We expect new investment opportunities to arise in Derived Equity due to increasing volatility in public markets. We will however remain vigilant in relation to valuation risks, in particular from protectionist policies, tariff discussions, and regional/political conflicts.

Debt year-over-year LTM EBITDA growth[1]
June 2018: 15.4% vs December 2017: 6.2%



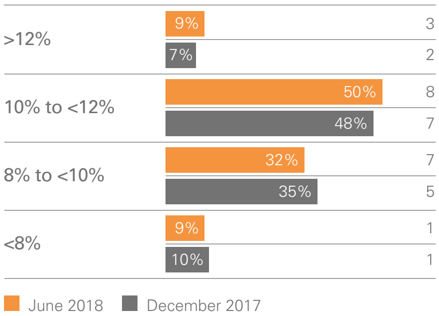

Number of investments within the associated band

Equity year-over-year LTM earnings growth[2]:
June 2018: 16.1% v December 2017: 12.0%



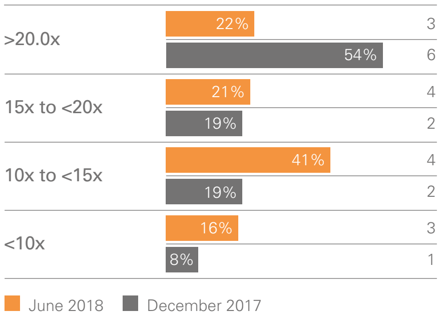

Number of investments within the associated band

Debt YTM[1]:
June 2018: 12.3% v December 2017: 11.6%



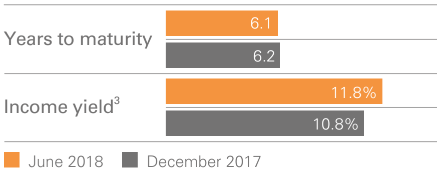

Number of investments within the associated band

Equity P/E ratio[2]:
June 2018: 23.5x v December 2017: 29.0x



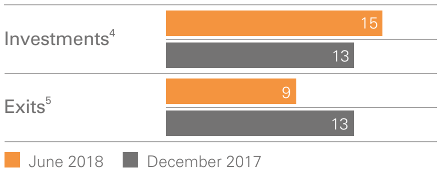

Number of investments within the associated band

Additional Debt statistics:
Average across the portfolio




Number of investments within the associated band

Derived Investments investment activity:
Number of position changes in the last six months




Number of investments within the associated band

Note: These operational metrics represent a snapshot of the portfolio as at period end, hence they do not capture the performance of exited investments in the reporting period

1. Gross Asset Value weighted average of the respective metric across the Derived Investments Debt portfolio
2. Gross Asset Value weighted average of the respective metric across the Derived Investments Equity portfolio. (Cengage, Answers and Rue21 have been excluded from both LTM earnings growth and P/E ratio, additionally, Mitie has been excluded from LTM earnings growth. Strides Shasun and its demerged division Solara have been included as one investment as disaggregated information not yet available)
3. Gross Asset Value weighted average of the current full year income (annual coupon/clean price as at the respective date) for each debt position in the Derived Debt portfolio as at the respective date
4. New closed investments in the 2018 – please refer to pages 20 and 21 for full list of acquisitions
5. Represents full exits during 2018 – please refer to pages 20 and 21 for a full list of exits

Strategic report

# Investment Manager's report | Derived Investments

## Debt

### Acquisitions

| Acquisitions | | Cost[1] |
|---|---|---|
| **Boats Group** | Online marketplace and provider of software solutions for the recreational marine industry *(North America, Services, second lien)* | €6.7m |
| **ERM** | Global provider of environmental, health, safety, risk, social consulting services and sustainability related services *(UK, Services, second lien)* | €1.7m |
| **Genex** | Provider of cost containment services to the workers' compensation, disability and auto industries *(North America, Healthcare, second lien)* | €6.0m |
| **Goodpack** | Container leasing and logistic company *(North America, Services, second lien)* | €3.4m |
| **LegalShield** | Provider of subscription-based legal insurance plans and identity theft protection plans to individuals *(North America, Services, second lien)* | €8.0m |
| **PowerSchool** | Market leader in US K-12 education software *(North America, Tech & Telco, second lien)* | €12.8m |
| **Vyaire Medical** | Global leader in the respiratory diagnostics, ventilation, and anaesthesia delivery and patient monitoring market segments *(North America, Healthcare, first lien)* | €15.5m |

1. Represents the cost acquired during 2018

### Divestments

Gross IRR[2]/MOIC[2]

**12.6%/1.2x**

| Full exits | | Initial year of purchase | Gross MOIC[3] | Gross IRR[3] |
|---|---|---|---|---|
| **Genex** | Provider of cost containment services to the workers' compensation, disability and auto industries *(North America, Healthcare, second lien)* | 2014 | 1.4x | 13% |
| **Misys** | Provider of financial services software *(Europe, Tech & Telco, second lien)* | 2017 | 1.0x | (6%) |
| **Riemser** | German based speciality pharmaceutical company *(Europe, Healthcare, first lien)* | 2017 | 1.1x | 25% |

2. Gross IRR and MOIC calculated based on the aggregate euro cash flows since inception for deals realised during the period (inclusive of two partial exits)
3. Calculated since the initial purchase date of the investment

# Equity

## Acquisitions

| Acquisitions[1] | | Cost[2] |
|---|---|---|
| **Can Fin Homes** | House financing company *(India, Services)* | €8.2m |
| **Civitas Solutions** | Provider of health and human services to patients with intellectual disabilities *(North America, Healthcare)* | €12.1m |
| **Dignity** | UK funeral services provider *(UK, Services)* | €8.1m |
| **Greencore** | International producer of convenience foods *(Europe, Consumer)* | €11.4m |
| **Just Group** | UK retirement specialist *(UK, Services)* | €8.6m |
| **Mitie** | Facilities management company *(UK, Services)* | €8.5m |
| **OVS** | Italian family apparel retailer *(Europe, Consumer)* | €12.5m |
| **Repco Home Finance**[3] | House financing company *(India, Services)* | €7.9m |

1. In April 2018, AGA's investment in Strides Shasun demerged and the Company received shares in a new investment Solara, that subsequently listed on the National Stock Exchange of India in June 2018. This resulted in a partial realisation of Strides Shasun and new investment in Solara. This investment in Solara was valued at €0.6m at 30 June 2018 and has been excluded from the above
2. Represents the cost acquired during 2018
3. Add-on position

## Divestments

Gross IRR[4]/MOIC[4]

**7.7%/1.1x**

| Full exits | | Initial year of purchase | Gross MOIC[5] | Gross IRR[5] |
|---|---|---|---|---|
| **Altair** | Product design and development, engineering software and cloud computing software company *(North America, Tech & Telco)* | 2017 | 1.9x | 1883% |
| **Banca Farmafactoring** | Italian factoring business *(Europe, Services)* | 2017 | 0.9x | (12%) |
| **China Cinda Asset Management** | A Chinese merchant bank and asset management company *(China, Services)* | 2015 | 0.8x | (9%) |
| **Dignity** | UK funeral services provider *(UK, Services)* | 2018 | 1.4x | 522% |
| **Take** | Technology services provider *(India, Tech & Telco)* | 2016 | 1.1x | 4% |
| **Talend** | Open source SaaS provider of data management solutions *(North America, Tech & Telco)* | 2017 | 1.2x | 36% |

4. Gross IRR and MOIC calculated based on the aggregate euro cash flows since inception for deals realised during the period (inclusive of one partial exit)
5. Calculated since the initial purchase date of the investment

**Strategic report**

# Investment Manager's report | Derived Investments

## Top 30 Derived Investments

at 30 June 2018

| | Instrument | Geography | Sector | Valuation €m | % of NAV |
|---|---|---|---|---|---|
| Syncsort | 2L term loan | North America | Tech & Telco | 21.2 | 2% |
| KRKA | Listed equity | Europe | Healthcare | 20.3 | 2% |
| Sophos* | Listed equity | UK | Tech & Telco | 17.1 | 2% |
| Quality Distribution* | 2L term loan | North America | Services | 17.0 | 2% |
| Aptos* | 1L term loan | North America | Tech & Telco | 16.8 | 2% |
| Vyaire Medical* | 2L term loan | North America | Healthcare | 16.6 | 2% |
| Greencore | Listed equity | Europe | Consumer | 15.4 | 2% |
| Civitas Solutions | Listed equity | North America | Healthcare | 14.0 | 1% |
| ECi* | 2L term loan | North America | Tech & Telco | 12.9 | 1% |
| PowerSchool | 2L term loan | North America | Tech & Telco | 12.7 | 1% |
| Sinopharm | Listed equity | China | Healthcare | 12.2 | 1% |
| Vipshop | Listed equity | China | Consumer | 11.9 | 1% |
| Rentpath | 2L term loan | North America | Tech & Telco | 10.8 | 1% |
| Safetykleen* | 2L term loan | UK | Services | 9.8 | 1% |
| DCB | Listed equity | India | Services | 9.6 | 1% |
| OVS | Listed equity | Europe | Consumer | 9.3 | 1% |
| Repco Home Finance | Listed equity | India | Services | 9.2 | 1% |
| Vertafore | 2L term loan | North America | Tech & Telco | 8.7 | 1% |
| LegalShield | 2L term loan | North America | Services | 8.7 | 1% |
| PDC Brands | 2L term loan | North America | Consumer | 8.7 | 1% |
| LegalZoom | 2L term loan | North America | Services | 8.7 | 1% |
| Advantage Sales & Marketing | 2L term loan | North America | Consumer | 7.9 | 1% |
| Just Group | Listed equity | UK | Services | 7.7 | 1% |
| Boats Group* | 2L term loan | North America | Services | 6.8 | 1% |
| Mitie Group | Listed equity | UK | Services | 6.8 | 1% |
| Can Fin Homes | Listed equity | India | Services | 6.5 | 1% |
| Strides Shasun | Listed equity | India | Healthcare | 6.5 | 1% |
| Genex* | 2L term loan | North America | Healthcare | 6.5 | 1% |
| Answers | Equity and warrants | North America | Services | 6.3 | 1% |
| FullBeauty* | 2L term loan | North America | Consumer | 4.1 | 0% |
| Other investments | | | | 14.2 | 1% |
| **Total Derived Investments** | | | | **344.9** | **37%** |

* Denotes overlap with the Private Equity portfolio

www.apaxglobalalpha.com/investment-portfolio/top-holdings/derived-investments

# Statement of Directors' responsibilities

### Statement of principal risks and uncertainties

As an investment company with an investment portfolio comprising financial assets, the principal risks associated with the Company's business largely relate to financial risks, strategic and business risks, and operating risks.

A detailed analysis of the Company's principal risks and uncertainties are set out on pages 40 to 43 of the annual report and accounts 2017 and have not changed materially since the date of the report. The Company has not identified any new risks that will impact the remaining six months of the financial year.

### Statement of Directors' responsibilities in respect of the Interim Report and Accounts

The Directors confirm that to the best of their knowledge:

- the condensed interim financial statements have been prepared in accordance with IAS 34 interim financial reporting as required by DTR4.2.4R;
- the Chairman's Statement and Investment Manager's report (together constituting the Interim Management Report), together with the statement of principal risks and uncertainties above, include a fair review of the information required by DTR4.2.7R, being an indication of important events that have occurred during the period and their impact on these interim financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
- the condensed interim financial statements provide a fair review of the information required by DTR4.2.8R, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the Company during that period, and any changes in the related party transactions described in the last annual report and accounts that could materially affect the financial position or performance of the Company during that period. Please refer to note 9 of the condensed interim financial statements.

Signed on behalf of the Board of Directors

**Tim Breedon CBE**
Chairman
13 August 2018

Signed on behalf of the Audit Committee

**Susie Farnon**
Chairman of the Audit Committee
13 August 2018

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial statements

# 02
# FINANCIAL STATEMENTS

# Independent review report

**to Apax Global Alpha Limited**

**Conclusion**

We have been engaged by Apax Global Alpha Limited (the "Company") to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 which comprises the condensed statement of financial position, the condensed statement of profit or loss and other comprehensive income, the condensed statement of changes in equity, the condensed statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2018 is not prepared, in all material respects, in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU and the Disclosure Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the half-yearly financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Directors' responsibilities**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FCA.

As disclosed in note 2, the annual financial statements of the Company are prepared in accordance with International Financial Reporting Standards as adopted by the EU. The directors are responsible for preparing the condensed set of financial statements included in the half-yearly financial report in accordance with IAS 34 as adopted by the EU.

**Our responsibility**

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

**The purpose of our review work and to whom we owe our responsibilities**

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

**Lee Clark**
for and on behalf of
KPMG Channel Islands Limited
Chartered Accountants, Guernsey
13 August 2018

**Financial statements**

# Condensed statement of financial position

**At 30 June 2018 (Unaudited)**

| | Notes | 30 June 2018 €'000 | 31 December 2017 €'000 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investments held at fair value through profit or loss ("FVTPL") | 8 | 983,670 | 910,669 |
| **Total non-current assets** | | **983,670** | **910,669** |
| **Current assets** | | | |
| Cash and cash equivalents | | 16,916 | 18,989 |
| Other receivables | | 1,742 | 1,987 |
| **Total current assets** | | **18,658** | **20,976** |
| **Total assets** | | **1,002,328** | **931,645** |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Revolving credit facility | 11 | 39,947 | – |
| Investment payables | | 12,829 | – |
| Accrued expenses | | 1,731 | 1,729 |
| **Total current liabilities** | | **54,507** | **1,729** |
| **Total liabilities** | | **54,507** | **1,729** |
| **Capital and reserves** | | | |
| Shareholders' capital | 14 | 873,804 | 873,804 |
| Share-based payment performance fee reserve | 10 | 3,933 | 17,495 |
| Retained earnings | | 70,084 | 38,617 |
| **Total equity** | | **947,821** | **929,916** |
| **Total shareholders' equity and liabilities** | | **1,002,328** | **931,645** |

On behalf of the Board of Directors

Tim Breedon
Chairman
13 August 2018

Susie Farnon
Chairman of the Audit Committee
13 August 2018

| | 30 June 2018 € | 30 June 2018 £ equivalent[1] | 31 December 2017 € | 31 December 2017 £ equivalent[1] |
|---|---|---|---|---|
| Net Asset Value ("**NAV**") ('000) | 947,821 | 838,566 | 929,916 | 825,849 |
| Adjusted NAV ('000)[2] | 943,888 | 835,087 | 912,421 | 810,312 |
| NAV per share | 1.93 | 1.71 | 1.89 | 1.68 |
| Adjusted NAV per share[2] | 1.92 | 1.70 | 1.86 | 1.65 |

1. The sterling equivalent has been calculated based on the £/€ exchange rate at 30 June 2018 and 31 December 2017 respectively
2. Adjusted NAV is the NAV net of the share-based payment performance fee reserve. Adjusted NAV per share is calculated by dividing the Adjusted NAV by the total number of shares

The accompanying notes form an integral part of these condensed interim financial statements.

# Condensed statement of profit or loss and other comprehensive income

**Six months ended 30 June 2018 (Unaudited)**

| | Notes | Six months ended 30 June 2018 €'000 | Six months ended 30 June 2017 €'000 |
|---|---|---|---|
| **Income** | | | |
| Investment income | | 9,652 | 15,288 |
| Net changes in investments at FVTPL | 8 | 53,493 | (7,820) |
| Realised foreign currency (losses)/gains | | (2,043) | 1,435 |
| Net unrealised foreign currency losses[1] | | (246) | (3,301) |
| **Total income** | | **60,856** | **5,602** |
| **Operating and other expenses** | | | |
| Performance fee | 10 | (1,810) | (7,578) |
| Management fee | 9 | (2,228) | (2,687) |
| Administration and other operating expenses | 6 | (1,573) | (1,355) |
| **Total operating expenses** | | **(5,611)** | **(11,620)** |
| **Total income less operating expenses** | | **55,245** | **(6,018)** |
| Finance costs | 11 | (708) | (675) |
| **Profit/(loss) before tax** | | **54,537** | **(6,693)** |
| Tax charge | 7 | (142) | (138) |
| **Profit/(loss) after tax for the period** | | **54,395** | **(6,831)** |
| Other comprehensive income | | – | – |
| **Total comprehensive income attributable to shareholders** | | **54,395** | **(6,831)** |
| **Earnings per share (cents)** | 15 | | |
| Basic and diluted | | 11.08 | (1.39) |
| Adjusted[2] | | 11.02 | (1.37) |

The accompanying notes form an integral part of these condensed interim financial statements.

1. Net unrealised foreign exchange gain on cash and cash equivalents of €0.1m offset by revaluation loss of €0.4m on the revolving credit facility drawn at 30 June 2018
2. The Adjusted earnings per share has been calculated based on the profit attributable to ordinary shareholders adjusted for the total accrued performance fee at 30 June 2018 and 30 June 2017 respectively as per note 15 and the weighted average number of ordinary shares

**Financial statements**

# Condensed statement of changes in equity

**Six months ended 30 June 2018 (Unaudited)**

| For the six months ended 30 June 2018 | Notes | Shareholders' capital €'000 | Retained earnings €'000 | Share-based payment performance fee reserve €'000 | Total €'000 |
|---|---|---|---|---|---|
| **Balance at 1 January 2018** | | **873,804** | **38,617** | **17,495** | **929,916** |
| Total comprehensive income attributable to shareholders | | – | 54,395 | – | 54,395 |
| Share-based payment performance fee reserve movement | 10 | – | – | (13,562) | (13,562) |
| Dividend paid | 16 | – | (22,928) | – | (22,928) |
| **Balance at 30 June 2018** | | **873,804** | **70,084** | **3,933** | **947,821** |

| For the six months ended 30 June 2017 and 31 December 2017 | Notes | Shareholders' capital €'000 | Retained earnings €'000 | Share-based payment performance fee reserve €'000 | Total €'000 |
|---|---|---|---|---|---|
| **Balance at 1 January 2017** | | **873,804** | **64,914** | **11,291** | **950,009** |
| Total comprehensive income attributable to shareholders | | – | (6,831) | – | (6,831) |
| Share-based payment performance fee reserve movement | 10 | – | – | 1,013 | 1,013 |
| Dividend paid | 16 | – | (23,769) | – | (23,769) |
| **Balance at 30 June 2017** | | **873,804** | **34,314** | **12,304** | **920,422** |
| Total comprehensive income attributable to shareholders | | – | 27,336 | – | 27,336 |
| Share-based payment performance fee reserve movement | | – | – | 5,191 | 5,191 |
| Dividend paid | | – | (23,033) | – | (23,033) |
| **Balance at 31 December 2017** | | **873,804** | **38,617** | **17,495** | **929,916** |

The accompanying notes form an integral part of these condensed interim financial statements.

# Condensed statement of cash flows

**Six months ended 30 June 2018 (Unaudited)**

| | Notes | Six months ended 30 June 2018 €'000 | Six months ended 30 June 2017 €'000 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Interest received | | 9,963 | 16,130 |
| Interest paid | | (12) | (19) |
| Dividend received | | 246 | 295 |
| Performance fee paid | 10 | (15,372) | (6,565) |
| Operating expenses paid | | (3,020) | (4,396) |
| Tax paid | 7 | (128) | (138) |
| Purchase of Private Equity Investments[1] | | (11,126) | – |
| Capital calls paid to Private Equity Investments | | – | (14,218) |
| Capital distributions from Private Equity Investments | | 22,057 | 50,129 |
| Purchase of Derived Investments[2] | | (120,143) | (107,518) |
| Sale of Derived Investments[2] | | 99,939 | 208,959 |
| **Net cash used in operating activities** | | **(17,596)** | **142,659** |
| **Cash flows from financing activities** | | | |
| Finance costs paid | | (740) | (671) |
| Dividend paid[3] | 16 | (23,425) | (23,425) |
| Revolving credit facility drawn | | 43,614 | – |
| Revolving credit facility repaid | | (4,012) | – |
| **Net cash from financing activities** | | **15,437** | **(24,096)** |
| **Cash and cash equivalents at the beginning of the period** | | **18,989** | **33,862** |
| Net (decrease)/increase in cash and cash equivalents | | (2,159) | 118,563 |
| Effect of foreign currency fluctuations on cash and cash equivalents | | 86 | (3,301) |
| **Cash and cash equivalents at the end of the period** | | **16,916** | **149,124** |

1. These cash flows relate to the purchase of two carried interest positions in Apax Europe VI (€3.4m) and Apax Europe VII (€7.7m) in the secondary market
2. On 9 April 2018, the Company's equity investment in Strides Shasun limited demerged and the Company received shares in a new company Solara, that subsequently listed on the National Stock Exchange of India ("NSE") on 27 June 2018. This resulted in a partial realisation of Strides Shasun limited (€1.2m) and a new investment of €1.2m in Solara. As no cash was exchanged, this has been excluded from the cash flows from investing activities. In the prior period, the Company's first and second lien debt positions in Answers were restructured and the Company received equity of €6.9m, warrants of €0.2m and new second lien debt of €1.9m. As no cash was exchanged, these have been excluded from the comparative
3. Dividend paid represents the cash amount paid to shareholders adjusted for foreign exchange movements. The difference between the amount included in the condensed interim statement of profit or loss and the cash flow statement represents the foreign exchange difference between the liability being booked and the final amount paid

The accompanying notes form an integral part of these condensed interim financial statements.

**Financial statements**

# Notes to the condensed interim financial statements

**For the six months ended 30 June 2018**

## 1 Reporting entity

Apax Global Alpha Limited (the "**Company**" or "**AGA**") is a limited liability Guernsey company that was incorporated on 2 March 2015. The address of the Company's registered office is PO Box 656, East Wing, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 3PP. The Company invests in Private Equity funds, listed and unlisted securities including debt instruments.

The Company's main corporate objectives are to provide shareholders with capital appreciation from its investment portfolio and regular dividends. The Company's operating activities are managed by its Board of Directors and its investment activities are managed by Apax Guernsey Managers Limited (the "**Investment Manager**") under a discretionary investment management agreement. The Investment Manager obtains investment advice from Apax Partners LLP (the "**Investment Adviser**").

## 2 Basis of preparation

**Statement of compliance**
These condensed interim financial statements have been prepared in accordance with IAS 34 "**Interim Financial Reporting**" as adopted by the European Union and should be read in conjunction with the Annual Report and Accounts 2017 which were prepared in accordance with International Financial Reporting Standards, as adopted by the European Union ("**IFRS**"). They do not include all the information required for a complete set of IFRS financial statements. However, the explanatory notes are included to explain events and transactions that are significant to an understanding of changes in the Company's financial position and performance since the last annual financial statements.

**Going concern**
The Directors consider that it is appropriate to adopt the going concern basis of accounting in preparing these condensed interim financial statements. In reaching this assessment, the Directors have considered a wide range of information relating to the present and future conditions, including the condensed statement of financial position, future projections, cash flows and the longer-term strategy of the Company. On review of the condensed statement of financial positon, it was noted that current liabilities were greater than net current assets at 30 June 2018, as the Company had drawn on its revolving credit facility (see note 11 for further details). The Company's future cash flow projections show that this is a temporary position and that the facility will be repaid in full in the short term.

Additionally, it was noted that the Company's facility is due to expire on 4 February 2019 but the Company has the option to extend for further twelve months (subject to final lender approval). The Directors considered the unlikely scenario of non-renewal of this facility and determined that it remains appropriate to adopt a going concern basis. Without the facility, the Company has sufficient liquidity within its Derived Investments portfolio to cover all outstanding liabilities inclusive of outstanding Private Equity commitments due within the next twelve months (see note 12 for further details on liquidity).

## 3 Accounting policies

There are no new standards or changes to standards since the Annual Report and Accounts 2017 which significantly impact these condensed interim financial statements. The accounting policies applied by the Company in these condensed interim financial statements are consistent with those set out on pages 73 to 77 of the Annual Report and Accounts 2017.

## 4 Critical accounting estimates and judgements

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty remain the same as those applied in the year ended 31 December 2017. In preparing these interim condensed financial statements, the Company makes judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses. Estimates and judgements are continually evaluated and are based on the experience of the Board of Directors and the Investment Manager and their expectations of future events. As these judgements involve estimates of the likelihood of future events, actual results could differ from those estimates which could affect the future reported amounts of assets and liabilities. Revisions to estimates are recognised prospectively.

**(i) Judgements**
The judgement that has the most significant effect on the amounts recognised in the Company's condensed interim financial statements relates to investment assets. These have been determined to be investments held at fair value through profit or loss and have been accounted for accordingly.

**(ii) Estimates**
The estimate that has the most significant effect on the amounts recognised in the Company's financial statements relates to investments held at FVTPL. The fair value of investments traded in an active market at FVTPL is determined by reference to their bid-market pricing at the reporting date ,otherwise the fair value is determined by using appropriate valuation techniques and methodologies.

The Investment Manager is responsible for the preparation of the Company's valuations and meets quarterly to approve and discuss the key valuation assumptions. The meetings are open to the Board of Directors, the Investment Adviser and the external auditors to enable them to challenge the valuation assumptions and the proposed valuation estimates. On a quarterly basis, the Board of Directors review and approve the final NAV calculation before it is announced to the market.

The Investment Manager also makes estimates and assumptions concerning the future and the resulting accounting estimates, will by definition, seldom equal the related actual results. The assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined in note 13.

## 5 Segmental analysis

The segmental analysis of the Company's results and financial position is set out below. There have been no changes to the reportable segments since those presented in the Annual Report and Accounts 2017.

### Reportable segments

| **Condensed statement of profit or loss and other comprehensive income** for the six months ended 30 June 2018 | Private Equity Investments €'000 | Derived Investments €'000 | Central functions[1] €'000 | Total €'000 |
|---|---|---|---|---|
| Investment income | – | 9,653 | (1) | 9,652 |
| Net change in investments at FVTPL | 59,833 | (6,340) | – | 53,493 |
| Realised foreign exchange losses | – | (1,669) | (374) | (2,043) |
| Net unrealised foreign currency losses | – | – | (246) | (246) |
| **Total income** | **59,833** | **1,644** | **(621)** | **60,856** |
| Performance fees[2] | (1,217) | (593) | – | (1,810) |
| Management fees | (293) | (1,935) | – | (2,228) |
| Administration and other operating expenses | – | – | (1,573) | (1,573) |
| **Total operating expenses** | **(1,510)** | **(2,528)** | **(1,573)** | **(5,611)** |
| **Total income less operating expenses** | **58,323** | **(884)** | **(2,194)** | **55,245** |
| Finance costs | – | – | (708) | (708) |
| **Profit/(loss) before tax** | **58,323** | **(844)** | **(2,902)** | **54,537** |
| Tax charge | – | (142) | – | (142) |
| **Total comprehensive income attributable to shareholders** | **58,323** | **(1,026)** | **(2,902)** | **54,395** |

| **Condensed statement of financial position** at 30 June 2018 | Private Equity Investments €'000 | Derived Investments €'000 | Cash and other NCAs[3] €'000 | Total €'000 |
|---|---|---|---|---|
| Total assets | 638,812 | 344,858 | 18,658 | 1,002,328 |
| Total liabilities | – | (12,829) | (41,678) | (54,507) |
| **NAV** | **638,812** | **332,029** | **(23,020)** | **947,821** |

| **Condensed statement of profit or loss and other comprehensive income** for the six months ended 30 June 2017 | Private Equity Investments €'000 | Derived Investments €'000 | Central functions[1] €'000 | Total €'000 |
|---|---|---|---|---|
| Investment income | – | 15,175 | 113 | 15,288 |
| Net change in investments at FVTPL | (6,318) | (1,502) | – | (7,820) |
| Realised foreign exchange gains | 1,108 | 327 | – | 1,435 |
| Net unrealised foreign currency losses | – | – | (3,301) | (3,301) |
| **Total income** | **(5,210)** | **14,000** | **(3,188)** | **5,602** |
| Performance fees | 104 | (7,682) | – | (7,578) |
| Management fees | (344) | (2,343) | – | (2,687) |
| Administration and other operating expenses | – | – | (1,355) | (1,355) |
| **Total operating expenses** | **(240)** | **(10,025)** | **(1,355)** | **(11,620)** |
| **Total income less operating expenses** | **(5,450)** | **3,975** | **(4,543)** | **(6,018)** |
| Finance costs | – | – | (675) | (675) |
| **Profit/(loss) before tax** | **(5,450)** | **3,975** | **(5,218)** | **(6,693)** |
| Tax charge | – | (138) | – | (138) |
| **Total comprehensive income attributable to shareholders** | **(5,450)** | **3,837** | **(5,218)** | **(6,831)** |

| **Condensed statement of financial position** at 31 December 2017 | Private Equity Investments €'000 | Derived Investments €'000 | Cash and other NCA's[3] €'000 | Total €'000 |
|---|---|---|---|---|
| Total assets | 457,647 | 314,788 | 150,736 | 923,171 |
| Total liabilities | – | (1,023) | (1,726) | (2,749) |
| **NAV** | **457,647** | **313,765** | **149,010** | **920,422** |

1. Central functions represents interest income earned on cash balances held and other general administration costs and financial costs
2. Represents the movement in each respective portfolio's overall performance fee reserve (realised and unrealised). At 30 June 2018, the maximum performance fee payable on the unrealised portfolio would be €0.7m. In the Strategic Report, we have allocated the full €0.7m to Private Equity as the IMA requires that the Private Equity and Derived Investment reserves are calculated seperately and then netted, therefore the maximum payable on this reserve was allocated to Private Equity
3. NCAs refers to net current assets of the Company

**Financial statements**

# Notes to the condensed interim financial statements continued

**For the six months ended 30 June 2018**

## 6 Administration and other operating expenses

| | Six months ended 30 June 2018 €'000 | Six months ended 30 June 2017 €'000 |
|---|---|---|
| Directors' fees | 129 | 155 |
| Administration and other fees | 246 | 280 |
| Deal transaction, custody and research costs | 817 | 532 |
| General expenses | 338 | 341 |
| Auditors' remuneration | | |
| Other assurance services–interim review | 46 | 46 |
| Tax services | (3) | 1 |
| **Total administration and other operating expenses** | **1,573** | **1,355** |

Increase of €0.2m in deal transaction, custody and research costs was mainly due to additional broker fees being incurred compared to the prior year. The Company has no employees and there were no pension or staff cost liabilities incurred during the period.

## 7 Taxation

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989 and is charged an annual exemption fee of £1,200.

The Company, at times, may be required to pay tax in other jurisdictions as a result of specific trades in its investment portfolio. During the period ended 30 June 2018, the Company had a net tax expense of €0.1m (30 June 2017: €0.1m) mainly related to the sale of listed equities in India and tax incurred on debt interest income in the United Kingdom. No deferred income taxes were recorded as there are no timing differences.

## 8 Investments

### (a) Unconsolidated subsidiaries

As at 30 June 2018, the Company does not have any subsidiaries. The Company liquidated the last two remaining subsidiaries; RDS Guernsey PCV GP Co Ltd and Twin Guernsey PCV GP Co Ltd, in the prior year on 16 March 2017. Both entities were special purpose vehicles incorporated in Guernsey.

### (b) Investments held at FVTPL

| | 30 June 2018 €'000 | 31 December 2017 €'000 |
|---|---|---|
| **Opening fair value** | 910,669 | 911,554 |
| Calls | – | 154,422 |
| Distributions | (22,333) | (78,497) |
| Purchases[1] | 143,707 | 278,543 |
| Sales | (101,866) | (376,223) |
| Net change in fair value | 53,493 | 20,870 |
| **Closing fair value** | **983,670** | **910,669** |
| Private Equity Investments | 638,812 | 590,185 |
| Derived Investments | 344,858 | 320,484 |
| *Debt* | *184,253* | *188,429* |
| *Equities* | *160,605* | *132,055* |
| **Closing fair value** | **983,670** | **910,669** |

1. Included in purchases is €11.1m related to Private Equity as two carried interest holdings were purchased on the secondary market during the period

## 8 Investments continued

### (c) Net changes in investments at FVTPL

| | Six months ended 30 June 2018 €'000 | Six months ended 30 June 2017 €'000 |
|---|---|---|
| **Private Equity Investments** | | |
| Gross unrealised gains | 60,861 | 33,977 |
| Gross unrealised losses | (1,028) | (40,295) |
| **Total net unrealised gains/(losses) on Private Equity Investments** | **59,833** | **(6,318)** |
| **Derived Investments** | | |
| Gross unrealised gains | 20,306 | 28,199 |
| Gross unrealised losses | (27,624) | (47,269) |
| **Net unrealised losses on Derived Investments** | **(7,318)** | **(19,070)** |
| Gross realised gains | 9,203 | 29,285 |
| Gross realised losses | (8,225) | (11,717) |
| **Net realised gains on Derived Investments** | **978** | **17,568** |
| **Total net losses on Derived Investments** | **(6,340)** | **(1,502)** |
| **Total net gains/(losses) in investments at FVTPL** | **53,493** | **(7,820)** |

### (d) Involvement with unconsolidated structured entities

The Company's investments in Private Equity funds are considered to be unconsolidated structured entities. Their nature and purpose is to invest capital on behalf of their limited partners. The funds pursue sector focused strategies, investing in four key sectors; Tech & Telco, Services, Healthcare and Consumer. The Company commits to a fixed amount of capital, which may be drawn (and returned) over the life of the fund. The Company pays capital calls when due and receives distributions from the funds, once an asset has been sold. Note 12 summarises current outstanding commitments to the six underlying Private Equity Investments held. The fair value of these was €638.8m at 30 June 2018 (30 June 2017: €457.6m), whereas total value of the Private Equity funds was €14.5bn (30 June 2017: €13.3bn). During the period, the Company did not provide financial support and has no intention of providing financial or other support to these funds.

## 9 Related party transactions

The Investment Manager was appointed by the Board of Directors under a discretionary Investment Management Agreement ("**IMA**") dated 22 May 2015 and the amended IMA dated 22 August 2016, which sets out the basis for the allocation and payment of the management fee.

The management fee is calculated in arrears at a rate of 1.25% per annum on the fair value of Derived Investments and non-fee paying Private Equity Investments which do not already pay a management fee and/or an advisory fee to the Investment Manager or Investment Adviser. During the six months ended 30 June 2018, €2.2m (30 June 2017: €2.7m) of management fees were earned by the Investment Manager. The Investment Manager is also entitled to a performance fee on realised gains when they reach or exceed a benchmark performance, as explained in note 10.

The IMA has an initial term of six years and automatically continues for a further three additional years unless prior to the fifth anniversary of the start of the initial term or prior to the second anniversary of the start of any additional year thereafter either the Investment Manager or the Company (by a special resolution) serves a written notice electing to terminate the IMA at the expiry of the initial term of the commencement of the next additional year. The Company is required to pay the Investment Manager during the notice period all fees and expenses accrued and payable at the date of termination.

The Investment Adviser has been engaged by the Investment Manager to provide advice on the investment strategy of the Company. An Investment Advisory Agreement ("**IAA**"), dated 22 May 2015 and the amendment dated 22 August 2016, exists between the two parties. Though not legally related to the Company, the Investment Adviser has been determined to be a related party. The Company paid no fees and had no transactions with the Investment Adviser during the period (30 June 2017: €Nil).

The Company has an Administration Agreement with Aztec Financial Services (Guernsey) Limited ("**Aztec**") dated 22 May 2015. Under the terms of the agreement, Aztec has delegated certain accounting and bookkeeping services related to the Company to Apax Partners Fund Services Limited ("**APFS**"), a related party of the Investment Adviser, under a sub-administration agreement dated 22 May 2015. A fee of €0.2m (30 June 2017: €0.3m) was paid by the Company in respect of administration fees and expenses, of which €0.1m (30 June 2017: €0.1m) was paid to APFS.

At 30 June 2018, Tim Breedon held 70,000 shares (0.01%) ,Susie Farnon held 20,000 shares (0.004%) and Chris Ambler held 6,553 shares (0.001%). On 3 January 2018, Sarah Evans retired from the Board of Directors and the Audit Committee. On 3 July 2018, Mike Bane was appointed as a new Director. Please see note 17 for further details.

**Financial statements**

# Notes to the condensed interim financial statements continued

**For the six months ended 30 June 2018**

## 10 Performance fee

| | Six months ended 30 June 2018 €'000 | Year ended 31 December 2017 €'000 |
|---|---|---|
| **Opening performance fee reserve** | 17,495 | 11,291 |
| Performance fee charge to statement of profit or loss | 1,810 | 12,770 |
| Performance fee paid | (15,372) | (6,566) |
| **Closing performance fee reserve** | **3,933** | **17,495** |

A performance fee is payable on an annual basis once realised gains on the Derived Investments and non-fee paying Private Equity Investments exceed the prescribed benchmark of 8% internal rate of return. Performance fees are only payable to the extent they do not dilute the returns below the 8% benchmark. They are calculated at 20% on total realised gains. Where there are overall net realised losses in a period these are carried forward and netted against future performance fees that may become payable.

The performance fee is payable to the Investment Manager by way of ordinary shares of the Company, unless as permitted by the IMA there are restrictions that prevent the Company purchasing shares, in which case the performance fee may be paid in cash. The mechanics of the payment of the performance fee are explained in the prospectus. In accordance with IFRS 2 "**Share-based Payment**", performance fee expenses are recognised in the statement of profit or loss and allocated to a share-based payment performance fee reserve in equity.

In the six months ended 30 June 2018 a performance fee of €15.4m (31 December 2017: €6.6m) was paid in cash to the Investment Manager in relation to performance on investments realised during the year ended 31 December 2017 because regulatory constraints prevented payment in shares. The intention of the Company remains that future awards should be payable in shares. The Company and the Investment Manager have been working to clear and resolve these limitations and expect to pay the fee in shares from 31 December 2018 onwards.

At 30 June 2018, management's best estimate of the expected performance fee was calculated on the eligible portfolio on a liquidation basis. Of this, €3.2m (30 June 2017: €7.7m) is related to realised gains earned during the period. The effect of the performance fee on NAV per share is disclosed in note 15.

## 11 Revolving credit facility and finance costs

The Company entered into a multi-currency revolving credit facility agreement on 22 May 2015 (the "**Loan Agreement**") with Lloyds Bank plc for general corporate purposes. The Company may borrow under the Loan Agreement; including letters of credit subject to a maximum borrowing limit set at €140.0m. The facility is due to expire on 4 February 2019, however the Company has an option to extend for a further twelve months (subject to final lender approval).

The interest rate charged is LIBOR or EURIBOR plus a margin of 210 bps. During the period €0.1m (30 June 2017 €12.9k) interest was paid on seven drawdowns made on the facility. In addition, a charge of €0.6m (30 June 2017: €0.7m) was included in the condensed interim statement of profit or loss related to a non-utilisation fee on the undrawn facility. Under the Loan Agreement, the Company is required to provide collateral for each utilisation. Collateral can be provided in the form of underlying investments. The loan to value ratio must not exceed 1:5 of the portfolio's NAV.

## 12 Financial risk management

The Company maintains positions in a variety of financial instruments in accordance with its Investment Management strategy. The Company's underlying investment portfolio comprises Private Equity Investments and Derived Investments. The Company's exposure to the portfolio is summarised in the table below:

| | 30 June 2018 | 31 December 2017 |
|---|---|---|
| Private Equity Investments | 65% | 65% |
| Derived Investments | 35% | 35% |
| *Debt* | *19%* | *20%* |
| *Equities* | *16%* | *15%* |
| **Total** | **100%** | **100%** |

The Company's activities expose it to a variety of financial risks: liquidity risk, credit risk and market risk including price risk, foreign currency risk and interest rate risk. As at 30 June 2018, there were no material changes in the Company's exposure to credit risk and market risk since 31 December 2017.

## 12 Financial risk management continued

**Liquidity risk**
The table below summarises the maturity profile of the Company's financial liabilities at 30 June 2018 based on contractual undiscounted repayment obligations. The contractual maturities of most financial liabilities are less than three months with the exception of the revolving credit facility and commitments to Private Equity Investments, where their expected cash flow dates are summarised in the tables below.

At 30 June 2018, the Company had undrawn commitments of €225.4m and €53.9m of recallable distributions (31 December 2017: €216.0m undrawn commitments and €50.0m recallable distributions) of which €34.6m (31 December 2017: €78.7m) is expected to be drawn within twelve months. In line with the investment strategy of the Company, the Derived Investment portfolio is expected to be invested in equities, predominantly listed equity and debt. These asset classes provide additional liquidity management options as many of them are readily realisable.

The Company also has access to a short-term revolving credit facility (see note 11) upon which it can draw up to €140.0m. The Company may utilise this facility in the short term to bridge Private Equity calls and ensure that it can realise the Derived Investments at the best price available. At 30 June 2018, the Company had drawn €39.9m (31 December 2017: €Nil) to fund a number of Derived Investments. The Investment Manager expects to repay the facility fully within the next three months as it awaits a known upcoming Private Equity distribution from Apax VIII and proceeds from a number of Derived Investments positions realised post period end.

The Company does not manage liquidity risk on the basis of contractual maturity. Instead the Company manages liquidity risk based on expected cash flows.

| 30 June 2018 | Up to 3 months €'000 | 3–12 months €'000 | 1–5 years €'000 | Total €'000 |
|---|---|---|---|---|
| Investment payables | 12,829 | – | – | 12,829 |
| Accrued expenses | 1,731 | – | – | 1,731 |
| Revolving credit facility | 39,947 | | | 39,947 |
| Private Equity Investments outstanding commitments and recallable distributions | 770 | 34,610 | 243,945 | 279,325 |
| **Total** | **55,277** | **34,610** | **243,945** | **333,832** |

| 31 December 2017 | Up to 3 months €'000 | 3–12 months €'000 | 1–5 years €'000 | Total €'000 |
|---|---|---|---|---|
| Accrued expenses | 1,729 | – | – | 1,729 |
| Private Equity Investments outstanding commitments and recallable distributions | – | 78,714 | 187,517 | 266,231 |
| **Total** | **1,729** | **78,714** | **187,517** | **267,960** |

The Company's outstanding commitments and recallable distributions to Private Equity Investments are summarised below:

| | 30 June 2018 €'000 | 31 December 2017 €'000 |
|---|---|---|
| Apax Europe VI | 225 | 225 |
| Apax Europe VII | 648 | 1,030 |
| Apax VIII | 49,605 | 48,892 |
| AMI Opportunities | 13,796 | 12,887 |
| Apax IX | 172,258 | 161,548 |
| Apax Digital | 42,793 | 41,649 |
| **Total** | **279,325** | **266,231** |

Financial statements

# Notes to the condensed interim financial statements continued

For the six months ended 30 June 2018

## 13 Fair value estimation

**(a) Investments measured at fair value**
The Company classifies for disclosure purposes fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, that measurement is a level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgement by the Company. The Company considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The Company also determines if there is a transfer between the each respective level at the end of each reporting period based on the valuation information available.

The following table analyses within the fair value hierarchy the Company's financial assets (by class) measured at fair value at 30 June 2018:

| Assets | Level 1<br>€'000 | Level 2<br>€'000 | Level 3<br>€'000 | Total<br>€'000 |
|---|---|---|---|---|
| Private Equity Investments | – | – | 638,812 | 638,812 |
| Derived Investments | 150,981 | – | 193,877 | 344,858 |
| *Debt* | *–* | *–* | *184,253* | *184,253* |
| *Equities* | *150,981* | *–* | *9,624* | *160,605* |
| **Total** | **150,981** | **–** | **832,689** | **983,670** |

The following table analyses within the fair value hierarchy the Company's financial assets (by class) measured at fair value at 31 December 2017:

| Assets | Level 1<br>€'000 | Level 2<br>€'000 | Level 3<br>€'000 | Total<br>€'000 |
|---|---|---|---|---|
| Private Equity Investments | – | – | 590,185 | 590,185 |
| Derived Investments | 121,339 | – | 199,145 | 320,484 |
| *Debt* | *–* | *–* | *188,428* | *188,428* |
| *Equities* | *121,339* | *–* | *10,717* | *132,056* |
| **Total** | **121,339** | **–** | **789,330** | **910,669** |

Investments whose values are based on quoted market prices in active markets are classified as level 1 investments. There were no transfers to or from level 1 during the period.

Level 3 investments include Private Equity and Derived Investments in both debt and equity. As they trade infrequently, observable prices are not available for these investments, and accordingly valuation techniques are used to derive the fair value.

The Company values its holding in Private Equity based on the NAV statements it receives from the respective underlying fund. The main input into the valuation models used to determine NAV of the underlying level 3 investments within the private equity funds comprises earnings multiples (based on the budgeted earnings or historical earnings of the issuer and earnings multiples of comparable listed companies). The Company also considers original transaction price, recent transactions in the same or similar instruments and completed third-party transactions in comparable instruments and adjusts the model as deemed necessary. The Company values debt based upon models that take into account factors relevant to each investment and uses third-party market data and broker quotes where available. The Company values unquoted equities based on models that utilise comparable company multiples, budgeted and historical earnings and recent transactions.

## 13 Fair value estimation continued

Movements in level 3 instruments are summarised below:

| | Six months ended 30 June 2018 | | | Year ended 31 December 2017 | | |
|---|---|---|---|---|---|---|
| | Private Equity €'000 | Derived Investments €'000 | Total €'000 | Private Equity €'000 | Derived Investments €'000 | Total €'000 |
| **Opening fair value** | 590,185 | 199,145 | 789,330 | 498,750 | 222,922 | 721,672 |
| Additions | 11,126 | 54,090 | 65,216 | 154,422 | 157,692 | 312,114 |
| Disposals and repayments | (18,155) | (55,462) | (73,617) | (78,497) | (182,436) | (260,933) |
| Realised gains/(losses) | – | (711) | (711) | – | (29,214) | (29,214) |
| Unrealised gains/(losses) | 55,656 | (3,185) | 52,471 | 15,510 | 26,904 | 42,414 |
| Transfers in/(out) of level 3 | – | – | – | – | 3,277 | 3,277 |
| **Closing fair value** | **638,812** | **193,877** | **832,689** | **590,185** | **199,145** | **789,330** |

The unrealised gains attributable to assets held at 30 June 2018 were €52.5m (31 December 2017: €6.8m).

**(b) Significant unobservable inputs used in measuring fair value**
The table below sets out information about significant unobservable inputs used in measuring financial instruments categorised as level 3 in the fair value hierarchy:

| Description | Valuation technique | Significant unobservable inputs | Sensitivity to changes in significant unobservable inputs | 30 June 2018 Valuation €'000 | 31 December 2017 Valuation €'000 |
|---|---|---|---|---|---|
| Private Equity Investments | NAV adjusted for carried interest and discounted cash flow model | NAV; Discount rate applied | The Company does not apply further discount or liquidity premiums to the valuations as these are already captured in the underlying valuation. This NAV is subject to changes in the valuations of the underlying portfolio companies. These can be exposed to a number of risks, including liquidity risk, price risk, credit risk, currency risk and interest rate risk. A movement of 10% in the value of Private Equity Investments would move the NAV at the period end by 6.4% (31 December 2017: 6.1%).<br><br>The Company's investment in AEVII carried interest is valued based on a discounted cash flow model. A movement of 10% in the discount rate applied would move the NAV at period end by 0.2% (31 December 2017: 0.1%). | 638,812 | 590,185 |
| Debt | Illiquid debt positions are valued via debt valuation models. These models consider, where appropriate, broker quotes, credit computations, market yield movements, risk premiums, the credit quality of the borrower and expected repayment dates | Credit quality adjustment | The Company held 19 debt positions (31 December 2017: 15), of which 18 positions (31 December 2017: 13) had a credit quality adjustment applied. The average credit quality adjustment applied was 1.4% (31 December 2017: 0.1%). A movement of 10% in the risk premium would result in a movement of 0.03% on NAV at period end (31 December 2017: 0.1%). | 184,253 | 188,428 |
| Equities | Where market prices are unavailable, the Company uses comparable company earnings multiples and precedent transaction analysis | Comparable company multiples | The Company held 4 equity positions (31 December 2017: 4) of which 2 positions were valued using comparable company multiples. The average multiple was 10.9x (31 December 2017: 9.6x). A movement of 10% in the multiple applied would move the NAV at period end by 0.1% (31 December 2017: 0.1%). | 9,624 | 10,717 |

Financial statements

# Notes to the condensed interim financial statements continued

For the six months ended 30 June 2018

## 14 Shareholders' capital

At 30 June 2018, the Company had 491,100,768 ordinary shares fully paid with no par value in issue (31 December 2017: 491,100,768 shares). All ordinary shares rank pari passu with each other, including voting rights and there has been no change since 31 December 2017.

The Company has one share class; however a number of investors are subject to lock-up arrangements for periods of five or ten years, which restrict them from disposing of ordinary shares issued at admission. For investors with five-year lock-up periods, 20% of ordinary shares are released from lock-up each year from the first anniversary of admission, 15 June 2016. At 30 June 2018, 60% of these five-year lock-up shares have been released increasing total free float shares to 60% of total shares issued. For investors with ten-year lock-up periods, 20% of ordinary shares are released from lock-up each year from the sixth anniversary of admission, 15 June 2021.

## 15 Earnings and NAV per share

| Earnings | Six months ended 30 June 2018 | Six months ended 30 June 2017 |
|---|---|---|
| Profit or loss for the period attributable to equity shareholders: €'000 | 54,395 | (6,831) |
| **Weighted average number of shares in issue** | | |
| Ordinary shares at end of period | 491,100,768 | 491,100,768 |
| Shares issued in respect of performance fee (see note 10) | – | – |
| **Total weighted and diluted ordinary shares** | **491,100,768** | **491,100,768** |
| Effect of performance fee adjustment on ordinary shares | | |
| Performance shares to be awarded based on a liquidation basis[1] | 2,586,699 | 7,099,718 |
| **Adjusted shares[2]** | **493,687,467** | **498,200,486** |
| **Earnings per share (cents)** | | |
| Basic and diluted | 11.08 | (1.39) |
| Adjusted | 11.02 | (1.37) |

1. The number of performance shares is calculated inclusive of deemed realised performance shares that would be issued utilising the theoretical performance fee payable calculated on a liquidation basis
2. The calculation of Adjusted Shares above assumes that new shares were issued by the Company to the Investment Manager in lieu of the performance fee. As per the Prospectus, the Company may also purchase shares from the market if the Company is trading at a discount to its NAV per share. In such a case, the Adjusted NAV per share would be calculated by taking the NAV at the year or period end adjusted for the performance fee reserve and then divided by the current number of ordinary shares in issue. At 30 June 2018, the Adjusted NAV per share for both methodologies resulted in an Adjusted NAV per share of €1.92 (30 June 2017: €1.85)

At 30 June 2018, there were no items that would cause a dilutive effect on earnings per share. The adjusted earnings per share has been calculated based on the profit attributable to shareholders adjusted for the total accrued performance fee at period end over the weighted average number of ordinary shares. This has been calculated on a full liquidation basis inclusive of performance fee attributable to realised investments. Performance shares to be issued are calculated based on the trading price of shares and foreign exchange rate at close of business on 30 June 2018.

The Company had a NAV per share of €1.93 at 30 June 2018 (31 December 2017: €1.89). This was calculated based on the NAV of the portfolio divided by the weighted average number of ordinary shares. The Adjusted NAV per share of €1.92 (31 December 2017: €1.86) was adjusted to account for the accrued performance fee shares as described earlier.

| | 30 June 2018 | 31 December 2017 |
|---|---|---|
| **NAV €'000** | | |
| NAV at the end of the period/year | 947,821 | 929,916 |
| **NAV per share (€)** | | |
| NAV per share | 1.93 | 1.89 |
| Adjusted NAV per share | 1.92 | 1.86 |

## 16 Dividends

| Dividends paid to shareholders | Six months ended 30 June 2018 €'000 | Six months ended 30 June 2018 £'000 | Six months ended 30 June 2017 €'000 | Six months ended 30 June 2017 £'000 |
|---|---|---|---|---|
| Final dividends paid – 4.17 pence per share (30 June 2017: 4.13 pence per share) | 22,928 | 20,478 | 23,769 | 20,283 |
| **Total** | **22,928** | **20,478** | **23,769** | **20,283** |

| Dividends proposed | Six months ended 30 June 2018 € | Six months ended 30 June 2018 £ | Six months ended 30 June 2017 € | Six months ended 30 June 2017 £ |
|---|---|---|---|---|
| Interim dividends | 4.82c | 4.33p | 4.69c | 4.24p |

On 5 March 2018, the Board approved the final dividend for 2017, 4.17 pence per share (4.73 cents euro equivalent). This represents 2.5% of the Company's euro NAV at 31 December 2017 and was paid on 4 April 2018.

## 17 Subsequent events

On 3 July 2018, Mike Bane was appointed as a Non-Executive Director and a member of the Audit Committee. Mr Bane, resident in Guernsey, has more than 35 years of audit and advisory experience in the investment management industry. He graduated with a BA in Mathematics from the University of Oxford, and is a member of the Institute of Chartered Accountants in England and Wales.

On 14 August 2018, the Board approved an interim dividend for the six months ended 30 June 2018 of 4.33 pence per ordinary share (4.82 cents euro equivalent). This represents 2.5% of the Company's euro NAV at 30 June 2018 and has an expected payment date of 14 September 2018.

# 03 SHAREHOLDER INFORMATION

Shareholder information

# Shareholder information | Administration

**Directors (all Non-Executive)**
Tim Breedon CBE, (Chairman)
Susie Farnon (Chairman of the Audit Committee)
Chris Ambler
Mike Bane (appointed 2 July 2018)
Sarah Evans (resigned 3 January 2018)

**Registered Office of the Company**
PO Box 656
East Wing
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3PP
Channel Islands

**Investment Manager**
Apax Guernsey Managers Limited
Third Floor, Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey GY1 2HJ
Channel Islands

**Investment Adviser**
Apax Partners LLP
33 Jermyn Street
London SW1Y 6DN
United Kingdom

www.apax.com

**Administrator, Company Secretary and Depositary**
Aztec Financial Services (Guernsey) Limited
PO Box 656
East Wing
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 3PP
Channel Islands
Tel: +44 (0)1481 749 700
AGA-admin@aztecgroup.co.uk

www.aztecgroup.co.uk

**Corporate Broker**
Jefferies International Limited
Vintners Place
68 Upper Thames Street
London EC4V 3BJ
United Kingdom

**Registrar**
Link Asset Services
Mont Crevelt House
Bulwer Avenue
St Sampson
Guernsey GY2 4LH
Channel Islands
Tel: +44 (0)871 664 0300
enquiries@linkgroup.co.uk

www.linkassetservices.com

**Independent Auditor**
KPMG Channel Islands Limited
Glategny Court
St Peter Port
Guernsey GY1 1WR
Channel Islands

**Association of Investment Companies – AIC**
The AIC is the trade body for closed-ended investment companies. It helps its member companies deliver better returns for their investors through lobbying, media engagement, technical advice, training, and events.

www.theaic.co.uk

**Dividend timetable**

| | |
|---|---|
| Announcement: | 14 August 2018 |
| Ex-dividend date: | 23 August 2018 |
| Record date: | 24 August 2018 |
| Payment date: | 14 September 2018 |

**Earnings releases and annual results**
Earnings releases are expected to be issued on or around 7 November 2018 and 8 May 2019. The annual results for the twelve months to 31 December 2018 are expected to be issued 5 March 2019.

**Stock symbol**
London Stock Exchange: APAX

**Enquiries**
Any enquiries relating to shareholdings on the share register (for example, transfers of shares, changes of name or address, lost share certificates or dividend cheques) should be sent to the Registrars at the address given above. The Registrars offer an online facility at www.signalshares.com which enables shareholders to manage their shareholding electronically.

**Investor Relations**
Enquiries relating to AGA's strategy or results may be directed to:
Sarah Wojcik
IR Manager – AGA
Apax Partners LLP
33 Jermyn street
London SW1Y 6DN
United Kingdom
Tel: +44 (0)20 7872 6300
investor.relations@apaxglobalalpha.com

# Shareholder information | Investment policy

The Company's investment policy is to make (i) Private Equity Investments, which are primary and secondary commitments to, and investments in, existing and future Apax Funds and (ii) Derived Investments, which Apax will typically identify as a result of the process that Apax Partners undertakes in its private equity activities and which will comprise direct or indirect investments other than Private Equity Investments, including primarily investments in public and private debt, as well as limited investments in equity, primarily in listed companies. Once fully invested, the Company expects to be invested in approximately equal proportion between Private Equity Investments and Derived Investments, though the investment mix will fluctuate over time due to market conditions and other factors, including calls for and distributions from Private Equity Investments, the timing of making and exiting Derived Investments and the Company's ability to invest in future Apax Funds. The actual allocation may therefore fluctuate according to market conditions, investment opportunities and their relative attractiveness, the cash flow requirements of the Company, its dividend policy and other factors.

### Private Equity Investments

The Company expects that it will seek to invest in any new Apax Funds that are raised in the future. Private Equity Investments may be made into Apax Funds with any target sectors and geographic focus and may be made directly or indirectly. The Company will not invest in third-party managed funds.

### Derived Investments

The Company will typically follow the Apax Group's core sector and geographical focus in making Derived Investments, which may be made globally. Derived Investments may include among others, (i) direct and indirect investments in equity and debt instruments, including equity in private and public companies, as well as in private and public debt which may include sub-investment grade and unrated debt instruments, (ii) co-investments with Apax Funds or third-parties, (iii) investments in the same or different types of equity or debt instruments in portfolio companies as the Apax Funds and may potentially include (iv) acquisitions of Derived Investments from Apax Funds or third-parties, (v) investments in restructurings; and (vi) controlling stakes in companies.

### Investment restrictions

The following specific investment restrictions apply to the Company's investment policy:

- no investment or commitment to invest shall be made in any Apax Fund which would cause the total amounts invested by the Company in, together with all amounts committed by the Company to, such Apax Fund to exceed, at the time of investment or commitment, 25% of the Gross Asset Value; this restriction does not apply to any investments in or commitments to invest made to any Apax Fund that has investment restrictions restricting it from investing or committing to invest more than 25% of its total commitments in any one underlying portfolio company;
- not more than 15% of the Gross Asset Value may be invested in any one portfolio company of an Apax Fund on a look-through basis;
- not more than 15% of the Gross Asset Value may be invested in any one Derived Investment; and
- in aggregate, not more than 20% of the Gross Asset Value is intended to be invested in Derived Investments in equity securities of publicly listed companies. However, such aggregate exposure will always be subject to an absolute maximum of 25% of the Gross Asset Value.

The aforementioned restrictions apply as at the date of the relevant transaction or commitment to invest. Hence, the Company would not be required to effect changes in its investments owing to appreciations or depreciations in value, distributions or calls from existing commitments to Apax Funds, redemptions or the receipt of, or subscription for, any rights, bonuses or benefits in the nature of capital or of any acquisition or merger or scheme of arrangement for amalgamation, reconstruction, conversion or exchange or any redemption, but regard shall be had to these restrictions when considering changes or additions to the Company's investments (other than where these investments are due to commitments made by the Company earlier).

The Company may borrow in aggregate up to 25% of Gross Asset Value at the time of borrowing to be used for financing or refinancing (directly or indirectly) its general corporate purposes (including without limitation, any general liquidity requirements as permitted under its Articles of Incorporation), which may include financing short-term investments and/or buybacks of ordinary shares. The Company does not intend to introduce long-term structural gearing.

# Shareholder information | Quarterly returns since 1Q15

| | Total Return² (euro) | | | Return attribution | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Private Equity** | **Derived Debt** | **Derived Equity** | **Private Equity** | **Derived Debt** | **Derived Equity** | **Performance fee** | **Other³** | **Total NAV Return** |
| 1Q15¹ | 17.4% | 9.5% | 15.3% | 5.9% | 4.0% | 2.8% | (1.6%) | 0.9% | **11.8%** |
| 2Q15¹ | 2.7% | (0.5%) | (3.6%) | 9.2% | (3.9%) | (4.8%) | 2.8% | (3.7%) | **(0.5%)** |
| 3Q15 | 4.6% | (2.1%) | (7.7%) | 1.4% | (0.5%) | (0.8%) | 0.0% | (0.4%) | **(0.4%)** |
| 4Q15 | 8.1% | 3.9% | 10.4% | 3.3% | 1.5% | 1.1% | (0.5%) | 0.3% | **5.6%** |
| 1Q16 | (0.5%) | (1.5%) | (5.4%) | (0.3%) | (0.7%) | (0.5%) | 0.5% | (0.8%) | **(1.8%)** |
| 2Q16 | 1.6% | (0.4%) | 5.8% | 0.9% | (0.1%) | 0.4% | (0.3%) | 0.3% | **1.2%** |
| 3Q16 | (0.3%) | 5.0% | 11.1% | (0.2%) | 1.7% | 1.1% | (0.1%) | (0.5%) | **2.0%** |
| 4Q16 | 7.5% | 5.9% | (0.3%) | 3.4% | 2.0% | (0.0%) | (0.4%) | 0.5% | **5.5%** |
| 1Q17 | 1.6% | 0.5% | 4.7% | 0.7% | 0.2% | 0.6% | (0.3%) | 0.2% | **1.4%** |
| 2Q17 | (2.7%) | (7.7%) | 11.4% | (1.9%) | (2.4%) | 2.9% | (0.6%) | (0.2%) | **(2.1%)** |
| 3Q17 | 1.0% | (1.4%) | 0.2% | 0.8% | (0.3%) | 0.2% | (0.2%) | (0.9%) | **(0.3%)** |
| 4Q17 | 3.4% | 5.2% | 3.4% | 1.8% | 1.0% | 1.0% | (0.4%) | 0.2% | **3.5%** |
| 1Q18 | 0.0% | (1.7%) | (0.2%) | (0.3%) | 0.0% | (0.1%) | 0.2% | (0.4%) | **(0.7%)** |
| 2Q18 | 11.0% | 2.5% | (1.8%) | 6.9% | 0.7% | (0.2%) | (0.3%) | (0.1%) | **6.9%** |
| **2015** | **34.6%** | **10.5%** | **15.9%** | **10.9%** | **3.8%** | **2.0%** | **(1.6%)** | **(1.4%)** | **13.6%** |
| **2016** | **8.0%** | **8.0%** | **11.3%** | **3.8%** | **2.7%** | **0.9%** | **(0.0%)** | **(0.9%)** | **6.6%** |
| **2017** | **3.3%** | **(2.0%)** | **24.2%** | **1.6%** | **(0.7%)** | **4.3%** | **(1.4%)** | **(1.7%)** | **2.2%** |
| **2018 YTD** | **11.0%** | **0.6%** | **(2.3%)** | **6.6%** | **0.7%** | **(0.4%)** | **(0.2%)** | **(0.7%)** | **6.0%** |

| | Total Return² (Constant currency) | | | Return attribution | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Private Equity** | **Derived Debt** | **Derived Equity** | **Private Equity** | **Derived Debt** | **Derived Equity** | **Performance fee** | **Other³** | **FX⁴** | **Total NAV Return** |
| 1Q15¹ | 8.7% | 0.6% | 3.7% | 3.6% | 1.2% | 1.3% | (1.9%) | (0.9%) | 8.7% | **11.8%** |
| 2Q15¹ | 4.7% | 2.6% | (0.2%) | (3.2%) | (0.9%) | 0.2% | (0.6%) | 0.2% | 3.7% | **(0.5%)** |
| 3Q15 | 7.2% | (1.8%) | (5.0%) | 2.3% | (0.5%) | (0.6%) | 0.0% | (0.4%) | (1.2%) | **(0.4%)** |
| 4Q15 | 7.3% | 0.8% | 8.1% | 3.3% | 0.5% | 1.0% | (0.6%) | (0.3%) | 1.7% | **5.6%** |
| 1Q16 | 1.8% | 2.5% | (0.8%) | 0.7% | 0.4% | (0.2%) | 0.8% | (0.4%) | (3.1%) | **(1.8%)** |
| 2Q16 | (0.1%) | (2.5%) | 5.4% | 0.3% | (0.9%) | 0.5% | (0.4%) | 0.0% | 1.6% | **1.2%** |
| 3Q16 | 0.1% | 6.0% | 11.5% | (0.1%) | 2.1% | 1.2% | (0.1%) | (0.6%) | (0.5%) | **2.0%** |
| 4Q16 | 4.1% | (0.0%) | (4.5%) | 2.0% | 0.3% | (0.5%) | (0.4%) | 0.1% | 4.0% | **5.5%** |
| 1Q17 | 2.0% | 1.7% | 4.5% | 1.1% | 0.7% | 0.7% | (0.3%) | (0.2%) | (0.6%) | **1.4%** |
| 2Q17 | 1.5% | (1.5%) | 17.9% | 0.7% | (0.3%) | 3.3% | (0.5%) | (0.6%) | (4.8%) | **(2.1%)** |
| 3Q17 | 2.5% | 1.7% | 1.1% | 1.3% | 0.5% | 0.5% | (0.1%) | (0.2%) | (2.3%) | **(0.3%)** |
| 4Q17 | 4.5% | 6.6% | 3.9% | 2.7% | 1.4% | 1.2% | (0.4%) | (0.2%) | (1.1%) | **3.5%** |
| 1Q18 | 1.3% | 0.6% | 2.4% | 0.4% | 0.4% | 0.2% | 0.3% | (0.3%) | (1.7%) | **(0.7%)** |
| 2Q18 | 8.9% | (2.6%) | (3.9%) | 5.8% | (0.2%) | (0.6%) | (0.3%) | (0.5%) | 2.7% | **6.9%** |
| **2015** | **31.3%** | **1.8%** | **7.2%** | **9.9%** | **1.2%** | **1.1%** | **(1.6%)** | **(1.4%)** | **4.4%** | **13.6%** |
| **2016** | **5.9%** | **5.6%** | **12.0%** | **2.8%** | **2.0%** | **0.9%** | **(0.0%)** | **(0.9%)** | **1.8%** | **6.6%** |
| **2017** | **10.0%** | **9.8%** | **35.7%** | **4.9%** | **2.1%** | **5.5%** | **(1.3%)** | **(1.0%)** | **(8.0%)** | **2.2%** |
| **2018 YTD** | **10.1%** | **(1.9%)** | **(2.2%)** | **6.0%** | **0.2%** | **(0.3%)** | **(0.2%)** | **(0.5%)** | **0.8%** | **6.0%** |

NOTE: All quarterly information included in the tables above is unaudited

1. Includes returns of the PCV Group for the period between 31 December 2014 and 15 June 2015
2. Total Return for each respective sub-portfolio has been calculated by taking total gains or losses and dividing them by the sum of Adjusted NAV at the beginning of the period and the time-weighted net invested capital. The time-weighted net invested capital is the sum of investments made during the period less realised proceeds received during the period, both weighted by the number of days the capital was at work in the portfolio
3. Includes management fees and other general costs. It also includes FX on the euro returns table only
4. Includes the impact of FX movements on investments and FX on cash held during each respective period

**Shareholder information**

# Shareholder information | Portfolio allocation since 1Q15

| | Portfolio Allocation[2] | | | | Portfolio NAV | | | | NAV | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **Private Equity** | **Derived Debt** | **Derived Equity** | **Net cash and NCAs** | **Private Equity** | **Derived Debt** | **Derived Equity** | **Net cash and NCAs** | **Total NAV** | **Total Adjusted NAV** |
| 1Q15[1] | 40% | 36% | 18% | 7% | 245.4 | 218.1 | 107.1 | 40.5 | **611.1** | **600.8** |
| 2Q15[1] | 30% | 27% | 8% | 35% | 263.8 | 237.5 | 71.5 | 313.1 | **885.9** | **877.9** |
| 3Q15 | 39% | 29% | 10% | 22% | 344.0 | 256.9 | 89.1 | 192.5 | **882.4** | **874.7** |
| 4Q15 | 51% | 37% | 10% | 2% | 473.6 | 346.7 | 94.4 | 21.8 | **936.5** | **923.6** |
| 1Q16 | 50% | 36% | 9% | 5% | 444.5 | 320.1 | 82.1 | 40.3 | **887.1** | **883.6** |
| 2Q16 | 49% | 35% | 10% | 6% | 440.3 | 314.5 | 93.3 | 53.0 | **901.1** | **894.4** |
| 3Q16 | 47% | 36% | 10% | 7% | 421.0 | 319.2 | 90.4 | 66.6 | **897.2** | **889.6** |
| 4Q16 | 52% | 30% | 13% | 4% | 498.8 | 284.9 | 127.9 | 38.5 | **950.0** | **938.7** |
| 1Q17 | 52% | 30% | 16% | 2% | 489.5 | 282.4 | 147.5 | 16.6 | **935.9** | **928.0** |
| 2Q17 | 50% | 21% | 13% | 16% | 457.6 | 195.3 | 119.5 | 148.0 | **920.4** | **908.1** |
| 3Q17 | 58% | 21% | 19% | 1% | 522.8 | 189.1 | 170.8 | 12.7 | **895.5** | **881.9** |
| 4Q17 | 63% | 20% | 14% | 2% | 590.2 | 188.4 | 132.1 | 19.2 | **929.9** | **912.4** |
| 1Q18 | 65% | 15% | 17% | 3% | 572.5 | 136.2 | 152.6 | 22.1 | **883.3** | **883.3** |
| 2Q18 | 67% | 19% | 17% | (4%) | 638.8 | 184.3 | 160.6 | (35.8) | **947.8** | **943.9** |
| **2015** | **40%** | **32%** | **11%** | **17%** | **331.7** | **264.8** | **90.5** | **142.0** | 829.0 | 819.2 |
| **2016** | **50%** | **34%** | **11%** | **5%** | **451.1** | **309.7** | **98.4** | **49.6** | 908.9 | 901.6 |
| **2017** | **56%** | **23%** | **16%** | **5%** | **515.0** | **213.8** | **142.5** | **49.1** | 920.4 | 907.6 |
| **2018 YTD** | **66%** | **17%** | **17%** | **(1%)** | **605.7** | **160.2** | **156.6** | **(6.9)** | 915.6 | 913.6 |

1. Includes returns of the PCV Group for the period between 31 December 2014 and 15 June 2015
2. For annual periods the average weighting over 4 quarters used; for 2018 YTD the average of 1Q18 and 2Q18 used

Shareholder information

# Glossary

| | |
|---|---|
| **Adjusted NAV** | Calculated by adjusting the NAV at reporting periods, by the estimated performance fee reserves. |
| **Adjusted NAV per share** | Calculated by dividing the Adjusted NAV by the number of shares in issue. |
| **AEVI** | Means the limited partnerships that constitute the Apax Europe VI Private Equity fund. |
| **AEVII** | Means the limited partnerships that constitute the Apax Europe VII Private Equity fund. |
| **Apax Global Alpha or Company or AGA** | Means Apax Global Alpha Limited. |
| **AGML or Investment Manager** | Means Apax Guernsey Managers Limited. |
| **AIX** | Means the limited partnerships that constitute the Apax IX Private Equity fund. |
| **AMI** | Means the limited partnerships that constitute the AMI Opportunities Fund focused on investing in Israel. |
| **ADF** | Means the limited partnerships that constitute the Apax Digital Fund Private Equity fund. |
| **Apax Group** | Means Apax Partners LLP and its affiliated entities, including its sub-advisers, and their predecessors, as the context may require. |
| **Apax Partners or Apax or Investment Adviser** | Means Apax Partners LLP. |
| **Apax Private Equity Funds or Apax Funds** | Means Private Equity funds managed, advised and/or operated by Apax Partners. |
| **APG** | Means Apax Partners Guernsey Limited. |
| **AVIII** | Means the limited partnerships that constitute the Apax VIII Private Equity fund. |
| **Brexit** | Refers to the upcoming exit of the UK from the EU following the invocation of Article 50 of the Treaty on the European Union on 29 March 2017. |
| **Capital Markets Practice or CMP** | Consists of a dedicated team of specialists within the Apax Partners Group having in-depth experience of the leverage finance debt markets, including market conditions, participants and opportunities. The CMP was initially set up to support the investment advisory teams within Apax Partners in structuring the debt component of a private equity transaction. The CMP has over the years expanded its mandate to working alongside the investment advisory teams to advise on debt Derived Investments. |
| **Custody risk** | The risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. |
| **Derived Investments** | Comprise investments other than Private Equity Investments, including primarily investments in public and private debt, with limited investments in equity, primarily in listed companies, which in each case typically are identified by Apax Partners as part of its private equity activities. |
| **Derived Debt Investments or Derived Debt** | Comprise of debt investments held within the Derived Investments portfolio. |
| **Derived Equity Investments or Derived Equity** | Comprise of equity investments held within the Derived Investments portfolio. |
| **EBITDA** | Earnings before interest, tax, depreciation and amortisation. |
| **EV** | Enterprise value. |
| **FVTPL** | Means fair value through profit or loss. |
| **Gross Asset Value or GAV** | Means the Net Asset Value of the Company plus all liabilities of the Company (current and non-current). |
| **Gross IRR or Internal Rate of Return** | Means an aggregate, annual, compound, internal rate of return calculated on the basis of cash receipts and payments together with the valuation of unrealised investments at the measurement date. Foreign currency cash flows have been converted at the exchange rates applicable at the date of receipt or payment. For Private Equity Investments, IRR is net of all amounts paid to the underlying Investment Manager and/or general partner of the relevant fund, including costs, fees and carried interests. For Derived Investments, IRR does not reflect expenses to be borne by the relevant investment vehicle or its investors including, without limitation, performance fees, management fees, taxes and organisational, partnership or transaction expenses. |
| **Invested Portfolio** | Means the part of AGA's portfolio which is invested in Private Equity and Derived Investments, however excluding any other investments such as legacy hedge funds and cash. |
| **IPO** | Initial public offering. |
| **KPI** | Key performance indicator. |
| **LSE** | London Stock Exchange. |
| **LTM** | Last twelve months. |

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| **Market capitalisation** | Market capitalisation is calculated by taking the share price at the reporting period date multiplied by the number of shares in issue. The euro equivalent is translated using the exchange rate at the reporting period date. |
| **MOIC** | Multiple of invested capital. |
| **NBFC** | Non-bank financial company. |
| **NTM** | Next twelve months. |
| **Net Asset Value or NAV** | Means the value of the assets of the Company less its liabilities as calculated in accordance with the Company's valuation policy. NAV has no adjustments related to the IPO proceeds or performance fee reserves. |
| **Operational Excellence Practice or OEP** | Professionals who support the Apax Funds' investment strategy by providing assistance to portfolio companies in specific areas such as devising strategies, testing sales effectiveness and cutting costs. |
| **OCI** | Other comprehensive income. |
| **PCV** | Means PCV Lux S.C.A. |
| **PCV Group** | Means PCV Lux S.C.A and its subsidiaries. PCV Group was established in August 2008. Irrespective of whether the text refers to AGA or PCV Group, references to trading or performance prior to the IPO on 15 June 2015 refer to trading as PCV Group. |
| **Performance fee reserve** | The performance fee reserve is the estimated performance fee reserve which commenced accruing on 1 January 2015 in line with the Investment Management Agreements of the PCV Group and AGA. |
| **P/E** | Price earnings. |
| **Private Equity Investments or Private Equity** | Means primary commitments to, secondary purchases of commitments in, and investments in, existing and future Apax Funds. |
| **Reporting period** | Means the period from 1 January 2018 to the current financial reporting period ending on 30 June 2018. |
| **SME** | Small and mid-sized enterprises. |
| **Total NAV Return** | For a period means the return on the movement in the Adjusted NAV per share at the end of the period together with all the dividends paid during the period, to the Adjusted NAV per share at the beginning of the period/year. Adjusted NAV per share used in the calculation is rounded to five decimal points. |
| **Total Return or TR** | Total Return, the sub-portfolio performance in a given period, is calculated by taking total gains or losses and dividing them by the sum of Adjusted NAV at the beginning of the period and the time weighted net invested capital. The time weighted net invested capital is the sum of investments made during the period less realised proceeds received during the period, both weighted by the number of days the capital was at work in the portfolio. |
| **Total Shareholder Return or TSR** | For the period means the net share price change together with all dividends paid during the period |

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