



23rd January 2026

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Dear Board, Manager, Shareholders,

**Reference: Harbourvest Global Private Equity (“HVPE” or the “Company”)**

Asset Value Investors (“AVI” or “we”) manages a stake in HVPE on behalf of institutional clients. The total stake (worth £75m) is 3.3%, making AVI a top ten shareholder in the Company. Our investment in HVPE is a top ten position in all the funds and accounts in which it is held.

We have had a constructive dialogue with the Chairman and Harbourvest Advisers L.P. (“**Harbourvest**” or the “**Manager**”) during our holding period and are writing this as an open letter with the intention of providing a framework for discussion between shareholders, the Board, and the Manager ahead of the continuation vote scheduled for July 2026.

Firstly, we commend the measures introduced last year that saw the introduction of the continuation vote referred to above, the increase in the distribution pool for buybacks, and the restructuring of the way in which HVPE will make new investments going forward (a co-investment rather than fund model). We also welcome the secondary sale of assets announced in December 2025<sup>1</sup>.

Notwithstanding these actions, we are firmly of the view that further significant initiatives are necessary and should be explored well ahead of a potentially failed continuation vote.

### **The Problems**

There are several issues facing the Company, all of which are interwoven. NAV performance has been disappointing when measured over any period seven years or shorter. We believe this is one of the reasons why HVPE trades at a deep and persistent discount to NAV (currently 28%).

At this discount, it is implausible for there to be any new investment available to the Company that offers higher-returns than that available from buying back its own shares (a repurchase of 5% of shares would generate a risk-free and immediate 41% return on investment, which then compounds with future growth).

However, in our opinion, a combination of the Company’s stretched balance sheet, inaccurate cashflow forecasts, and a lack of material asset sales have meant this optimal allocation of capital has not occurred in anything approaching the appropriate quantum. Just 3.6% of shares have been repurchased over the last year<sup>2</sup>. We applaud the recently announced secondary sale and, as we explain later, believe the Company needs to go further and that this should be the precursor for further such sales.

While buybacks generate, as outlined above, a highly attractive return on investment *within HVPE*, an alternative approach of returning capital at NAV provides a similar return but at the *shareholder level* (albeit absent the ongoing compounding). For listed investment companies that have traded at a wide discount for a sustained period, the link between share price and NAV becomes broken, with NAV becoming an abstract concept and inaccessible for shareholders. For this reason, there are strong arguments for HVPE to adopt changes that result in capital being

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<sup>1</sup> [HVPE Announces Asset Sale - 07:00:06 16 Dec 2025 - HVPE News article | London Stock Exchange](#)

<sup>2</sup> One year to 31-Dec-25; three-month annualised rate = 3.2%; six-month = 2.7%; nine-month = 2.6%; 1y = 3.6%; 2y = 3.7%

returned at NAV. We understand other shareholders may prefer buybacks to capital returns at NAV - while our preference is for the latter, we are not opposed to the former, and the method by which capital may be returned does not affect the crux of our arguments in this letter.

### Performance<sup>3</sup>

HVPE “seeks to achieve growth in NAV per share materially ahead of public markets over the long term, as defined by the FTSE All World Total Return Index”. While it has achieved this objective over 10 years, it has not done so over 1 year, 2 years, 3 years, or 4 years to 30<sup>th</sup> November 2025 (the date of the last published NAV), and this extends to 5 years, 6 years, and 7 years as well if one removes the impact of share buybacks (as one should if assessing the value-add of the Manager). We also note that over the last 4 years, the Company’s annualised NAV return of 6.1% (5.0% ex-buybacks) has failed to beat the cost of its RCF (currently 7.2%)<sup>4</sup>.

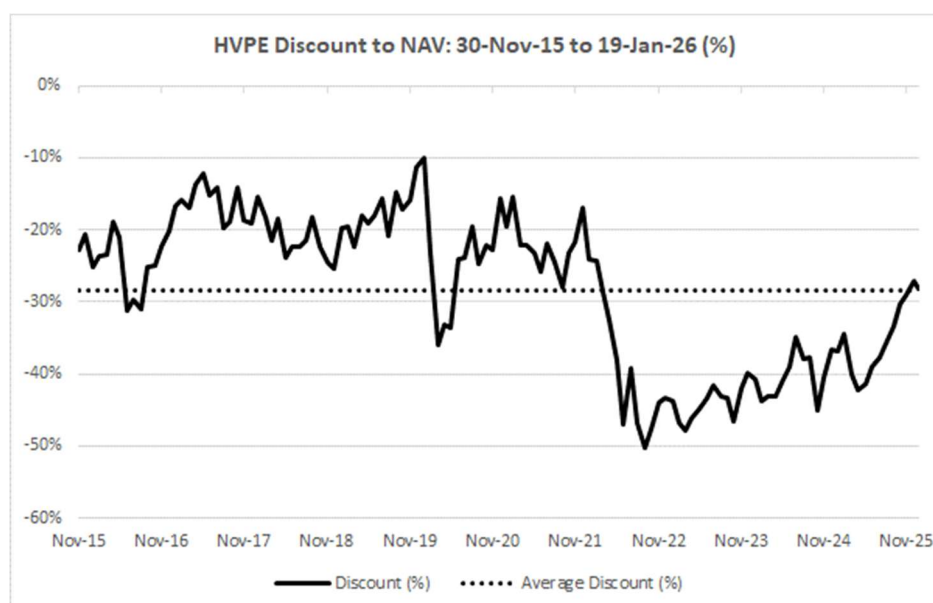
GBP NAV Total Return	1y	2y	3y	4y	5y	6y	7y
HVPE NAV	5%	11%	9%	27%	87%	113%	139%
HVPE NAV ex-Buybacks	3%	7%	5%	21%	79%	104%	129%
FTSE All-World	14%	43%	53%	52%	82%	104%	130%
HVPE NAV vs FTSE All World	-9%	-33%	-44%	-25%	4%	9%	9%
HVPE NAV ex-Buybacks vs FTSE All World	-11%	-36%	-48%	-30%	-4%	0%	-1%

### Persistently Wide Absolute and Relative Discount to NAV

While the discount to NAV has narrowed from the extreme rating at which it was trading a year ago, the current figure of 28%<sup>5</sup> is still far too wide for the status quo to be tenable. We also contend that a not immaterial portion of the more recent narrowing is likely due to (i) the anticipation of NAV gains as Q4 valuations are received given the strength in public markets and (ii) the approaching continuation vote.

HVPE’s current discount is in line with the average at which it has traded over the last ten years. A prolonged discount of this magnitude raises existential questions as to the Company’s viability given that it means that every pound invested into new investments is immediately being valued at just over 70p.

In our assessment, not only is the Company’s discount extraordinarily wide in absolute terms, but it is also the widest of all its London-listed peers whether on a headline basis or adjusted for net debt and listed holdings<sup>6</sup>.



<sup>3</sup> Company reports and Bloomberg; all performance is NAV total return calculated in GBP

<sup>4</sup> [HVPE Announces New Credit Facility - 07:00:04 06 Jun 2024 - HVPE News article | London Stock Exchange](#)

<sup>5</sup> Closing share price of 3,135p on 19-Jan-26 vs AVI estimated NAV of 4,367p on same day. Estimated NAV calculated from last published NAV as at 30-Nov-25 adjusted for FX, expenses, asset sale, and share buybacks. No adjustment made for equity market movements.

<sup>6</sup> AVI-estimated non-adjusted headline discounts: PIN = 25%; PPET = 25%; ICGT = 25%; NBPE = 24%; OCI = 23%; PEY = 23%; CTPE = 15%; HGT = 10%; IIII = -17% (a premium).

### **Stretched Balance Sheet/Unreliable Distribution Forecasts**

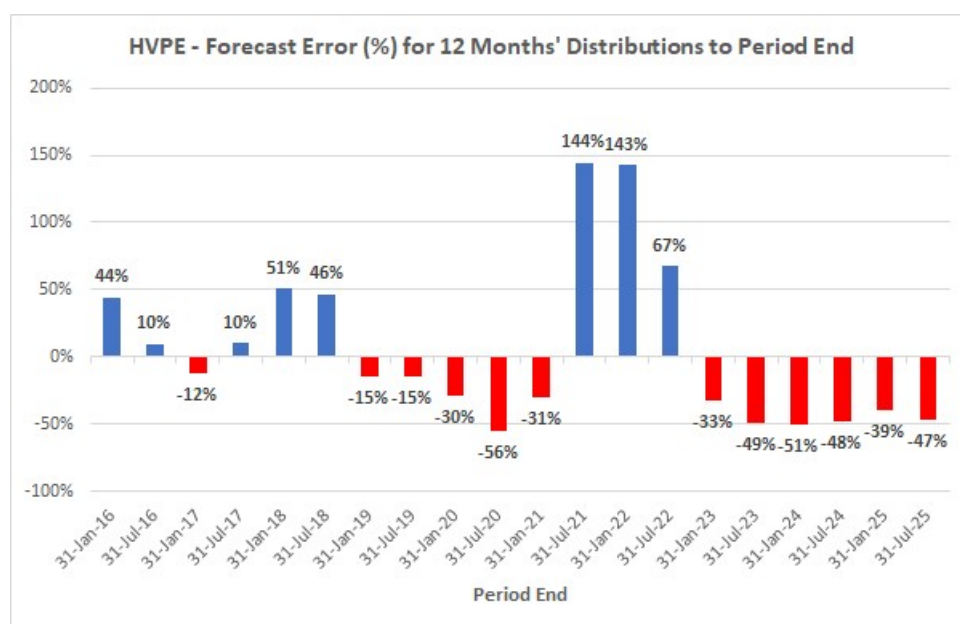
HVPE has a revolving credit facility and a share of borrowings at the Harbourvest private funds level. Total net gearing amounts to 18% of NAV (*pro forma* for the recently announced asset sale<sup>7</sup>) which, while reduced from a recent high by said asset sale, is at the very upper end of the long-term range. It is also at the higher end for the fund of fund peer group<sup>8</sup>. This is of course on top of what is an inherently highly geared asset class, with HVPE last reporting a 4.4x net debt/EBITDA multiple for its underlying companies.

This naturally limits scope for flexibility around capital allocation.

HVPE's 2025 annual report stated that:

*"When managing a closed-ended vehicle that makes significant, irrevocable commitments to underlying funds, **effective cash flow modelling is essential**, first to ensure that the Company has sufficient capital available to honour its existing commitments, and second to inform the decisions it makes around future commitment levels. The Investment Manager builds a bottom-up forecast based on an aggregation of individual HarbourVest fund models and then applies a sensitised top-down analysis informed by historic actual calls and distributions. Short-term broader market trends and systemic factors are also considered."*

Despite what appears to be a rigorous process, a comparison of the forecasts to actual outcomes suggests the Company has been flying blind for some considerable time. It is our view that the Managers' forecasts for distributions have been wildly overly optimistic, e.g., we can see that the actual distributions for the twelve months to 31-Jul-25 came in 47% below the forecast made in 31-Jul-24<sup>9</sup>. We can also see material errors in the other direction in 2020 and 2021. While we are sympathetic to the challenges of making accurate projections during periods such as that marked by COVID-19, semi-annual distribution forecasts - and bearing in mind these are for just twelve months ahead - have averaged an error rate of 47% (removing the signs) over the last ten years<sup>10</sup>.



This raises serious concerns given the critical importance, as the Company itself highlights, of being able to accurately monitor cashflows to ensure capital is being allocated appropriately. The Board is being placed in the invidious position of making decisions on capital allocation without recourse to accurate data.

<sup>7</sup> AVI analysis based on publicly disclosed Company data.

<sup>8</sup> Only one peer, CTPE, has a higher net gearing ratio (21%).

<sup>9</sup> AVI analysis based on publicly disclosed Company data.

<sup>10</sup> We note that reported estimated distributions pre-Jan-23 included the impact of planned commitments not yet made; those reported on or after that date reflect existing commitments only. However, given the lag between commitments being made and distributions arising from them, we do not believe this has any meaningful impact on the figures.

While HVPE's move to investing via an SMA in a co-investment rather than fund-of-fund approach should be helpful in improving visibility on cashflows, (i) it will take many years before a majority of capital will be invested in this way; and (ii) the size of the errors in forecasting are so great that we are sceptical this will lead to sufficient improvement.

### **The Solutions**

There are two broad approaches the Company could pursue, either of which we strongly believe are preferable to the status quo.

#### **1. Enshrine the prioritisation of capital returns to shareholders over new investments. This could take two forms:**

##### **(i) Temporary/Discount-Contingent Cessation of New Investments**

No new commitments would be made until the discount has averaged less than 15% for one year. Proceeds from distributions (organically from underlying fund cashflows and inorganically from secondary sales) should be allocated in a 70/30 split between paying down the RCF and redeeming shares at NAV until HVPE is in a net cash position<sup>11</sup>, after which all excess cash over and above that required to fund capital calls should be used for redemptions at NAV.

As discussed earlier, it is our view that the Manager should be pursuing secondary sales to generate cash over and above that arising in the ordinary course of business. While such sales typically occur at a discount to NAV, we would expect that discount to be materially tighter than that at which HVPE's shares are currently trading. We note the recent sale of fund interests by HVPE was struck at a 6% discount (albeit to a 30-Jun-25 NAV with deferred proceeds) and would expect the Manager to pursue similar sales to the extent possible. Given that our research suggests fund of funds attract additional discounts in the secondary market of 5%-10%, we would urge the Manager to use their best endeavours to encourage secondary sales, or in-specie distributions, of the underlying third-party funds held by the Harbourvest private funds in which HVPE invests (to the extent this is acceptable to the other LPs in these funds).

If the shares meet the discount test, new commitments would then again be permissible.

##### **(ii) Managed run-off**

As above, but new commitments not permitted at any point. To accommodate those shareholders who wish to be invested in a vehicle making ongoing investments, we would recommend a dual share class structure under which shareholders can elect for either a Continuation or Realisation Share Class. The latter would be operated under the same approach as outlined in (i) above, save for no new commitments being made regardless of the discount to NAV.

#### **2. Run a formal sales process for the Company/its portfolio**

It is incumbent upon any Board to constantly assess and question whether the maximisation of shareholder value can be better achieved through selling the company.

We recommend the Board runs a formal sales process, inviting interested parties (including Harbourvest) to submit bids for the Company or its portfolio. A competitive process such as this will set a benchmark by which all other options should be assessed as to whether they can deliver superior value.

We again re-iterate our approval of the measures undertaken by the Board over the last year, which are all very much welcome steps in the right direction. However, given the starting point from where and when these initiatives

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<sup>11</sup> We note the RCF has a minimum draw requirement of 40%. Assuming this cannot be renegotiated and/or the RCF reduced in size or terminated early, a drawn balance of 40% should be maintained rather than seeking to repay the RCF in full.

were introduced, the scale of the task ahead remains sizable and, if proposals such as those outlined in this letter are not progressed, AVI currently intends to vote against continuation.

**To ensure shareholders are armed with sufficient information ahead of casting their votes for or against continuation, we believe the Board should set out and evidence its expected returns for shareholders from the status quo; from a managed run-off; and from a sale of the Company or its portfolio.**

We hope the discussion points in this letter help facilitate a dialogue between all stakeholders. Interested parties who wish to discuss this letter further should contact [tom.treanor@assetvalueinvestors.com](mailto:tom.treanor@assetvalueinvestors.com).

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Tom Treanor', with a stylized, flowing script.

Tom Treanor  
Fund Manager