



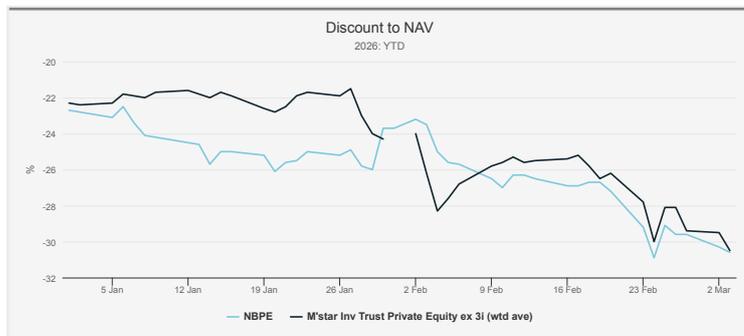
Flash update: NB Private Equity Partners

Worries on software exposure have unfairly hit private equity trusts such as NBPE.

Update
05 March 2026

Over the past few weeks, stocks exposed to the software sector have experienced a significant de-rating, reflecting market worries that software business models are fundamentally threatened by AI. As well as listed software names, this has also impacted the listed private equity (LPE) sector, which has seen average discounts to NAV widen c. 8 percentage points over the past month.

Fig.1: LPE Sector Discounts



Source: Morningstar

Past performance is not a reliable indicator of future results

Certainly, the private equity sector in general has been relatively enthusiastic investors in software businesses, attracted by the structural growth tailwinds as businesses continue to harness digital means to enhance productivity. Additionally, the ‘asset-lite’ business models and recurring revenues make these ideal private equity business models, which can bear relatively high debt loads and have historically attracted high valuation multiples. As a result, across non-specialist LPE trusts, there is exposure to the sector, but it is in some cases hard to be specific given different levels of disclosure. Exposure to the broad “IT” sector within LPE trusts is between 34% and 14%. Clearly, behind these bald statistics, the precise exposure to “software” is in some cases hard to determine, and even more so exposure to software companies which are potentially threatened by AI.

NB Private Equity Partners (NBPE) makes investments exclusively through co-investments, meaning that each and every company in the portfolio has been chosen for its own attributes, but also within the context of portfolio management requirements. By design, the portfolio is well diversified, but NBPE is resolutely focussed on two key themes: long-term secular growth and companies with lower expected cyclicality. With respect to the former, over half of the portfolio invested in Tech, Media &

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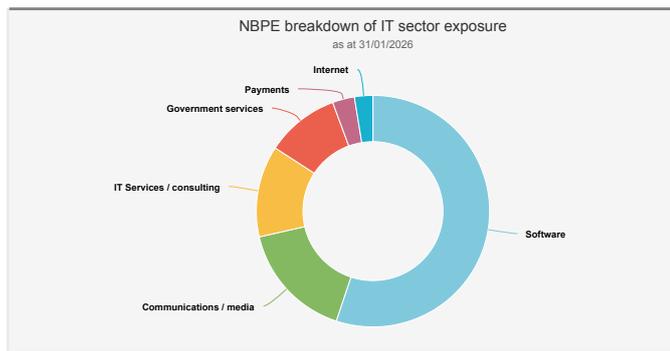
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Telecom (c. 20%), Consumer/e-commerce (16%), and Industrials/Industrial technology (23%). As we discuss in our most **recent research note**, underlying revenue and earnings growth from the portfolio has been resilient and strong, which is one of the reasons that the board have indicated a step-change in the pace of both making new investments and a renewed commitment to buybacks. Both of these measures over the coming calendar year expect to result in gearing rising toward the board’s targeted level of 105-110%, and illustrate the board’s growing confidence.

Within Software, **NBPE have released their latest presentation** which gives more insight into the sub-sectors that each of its investee companies are exposed to. Within the 20% exposure to Tech, Media & Telecom (TMT), we find that around half (11%) is exposed to software, whilst other exposures are to communications / media and other technology & services including IT, government, payments and internet.



Fig.1: NBPE: Underlying TMT Exposure



Source: NBPE

With only 11% of the portfolio exposed to software, we think the market reaction of a share price decline of c. 13% YTD is overdone. Obviously, there will be winners and losers from disruptive technologies such as AI. However, a quick look at the underlying companies that NBPE is invested in within this Software category, illustrates that they are exposed to widely different areas and (whilst it is hard to be sure about anything nowadays...) it seems unlikely that these companies will not be able to adapt or use AI to further their competitive advantages. Many of these companies have a number of competitive strengths which would make significant disruption in the near term difficult; these strengths include deep domain expertise (particularly for security / compliance requirements), being systems of record, and having a high-degree of integration and propriety data, all of which makes replication difficult. Certainly in terms of valuations, with public market comparables having been de-rated, there may be some near term valuation pressure. However, over the medium term the outlook will be more nuanced. We take the view that private equity backed businesses are nimble and

adept at facing challenges head-on, with well-resourced management teams who are highly incentivised to grow their businesses within niches over the long term. In addition, the active management and control ownership by private equity sponsors means they are able to quickly adapt as they have in past situations (COVID, tariffs). As such, investors who share our view might view the recent pull-back in share price terms as an opportunity.

[Read our research on NBPE](#)

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Software Companies Held Within NBPE Portfolio

COMPANY	END MARKET	DETAIL	% OF PORTFOLIO
Beyond Trust	Security	Provides privileged access management (PAM) / identity security software to monitor and audit high-risk access	3.5
Auctane	Shipping	Shipping & logistics software for e-commerce that helps merchants manage orders and shipping labels / rates across carriers and channels	2.4
Solace	Infrastructure	Messaging middleware that enables applications and systems to share real time data across a distributed event driven network	1.6
Realpage	Property Management	Cloud software for property management, including leasing, maintenance, accounting, and tenant / resident workflows	1.5
Renaissance	Education	K-12 educational technology focussed on assessment and literacy / learning analytics	1
Bending Spoons	Applications	Builds and acquires digital products and mobile apps, operating a portfolio at large consumer scale	0.4
Basis Technologies	Advertising	Provides programmatic advertising automation / media management software that automates digital campaign workflows (planning, buying, reporting)	0.4

Source: NBPE, as at 31/01/2026

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