



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

12 JANUARY 2023

## PGHN Business update 2022 & outlook 2023

David Layton, CEO | Hans Ploos van Amstel, CFO | Sarah Brewer, Global Co-Head Client Solutions



# Solid AuM growth; cautious outlook for 2023 amidst market uncertainty

## Clients

## Investments

### Robust client demand in 2022

USD 22 billion in new commitments; within guidance despite changing macro environment



### USD 26 billion thematically invested

Transformational investing benefitted from our thematic sourcing in times of market volatility

### Resilient demand in 2023

Guidance of USD 17–22 billion based on client conversion normalizing; expected tilt to H2



### USD 14 billion in realizations

Selectivity in bringing divestments to market; robust interest for infrastructure-like assets

### Record mandate pipeline

Mandates account for 37% of total AuM; increased client interest in tailored solutions to meet their needs



### Strong investment & exit pipeline

Focus on building thematically-sourced pipeline; multiple assets ready for exit in 2023 depending on market conditions



Figures as of 31 December 2022. For illustrative purposes only. Past performance is not indicative of future results. AUM figures represent Partners Group Holding AG, inclusive of all affiliates. Source: Partners Group (2023).

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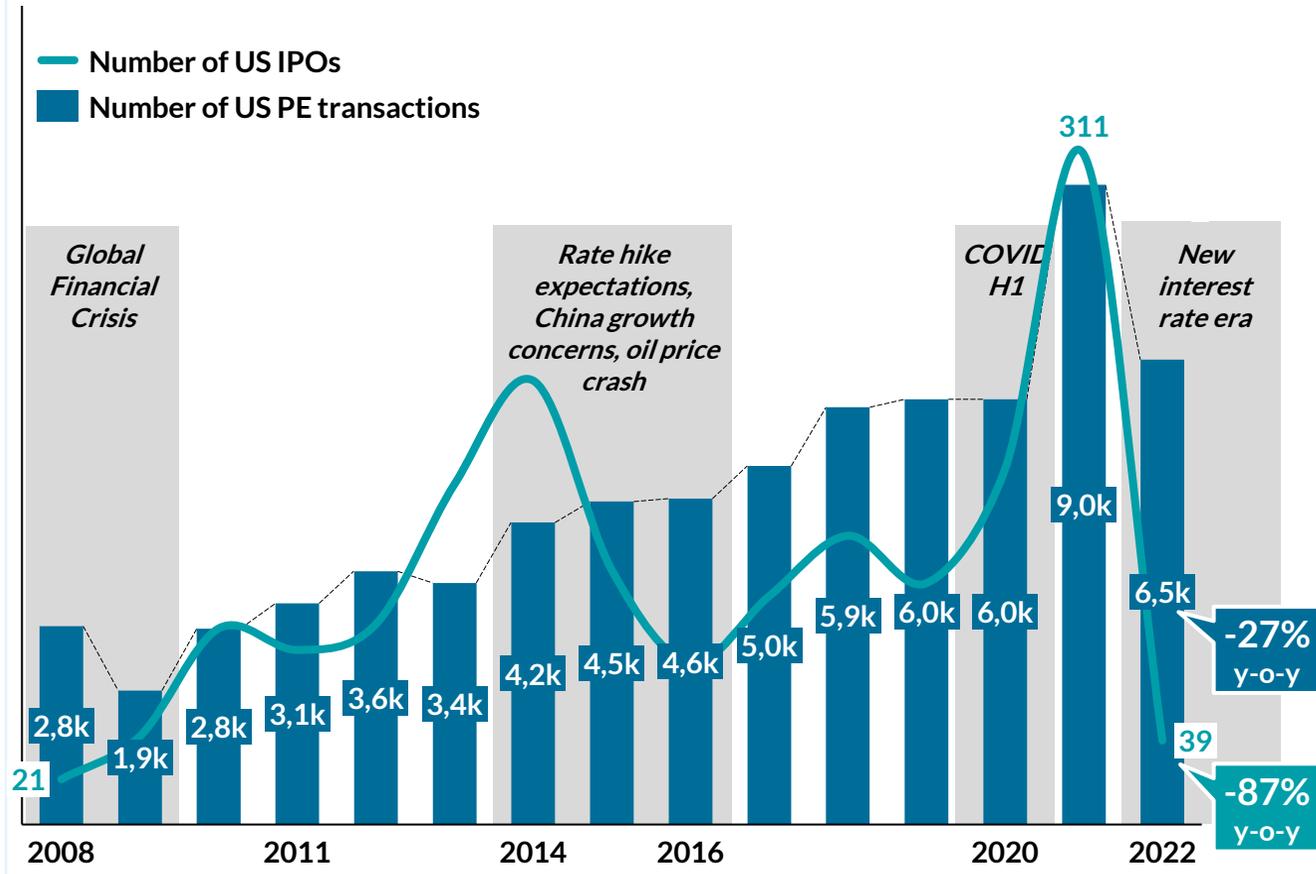
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# Temporary slowdown in activity in today's economic and rate environment is not unusual

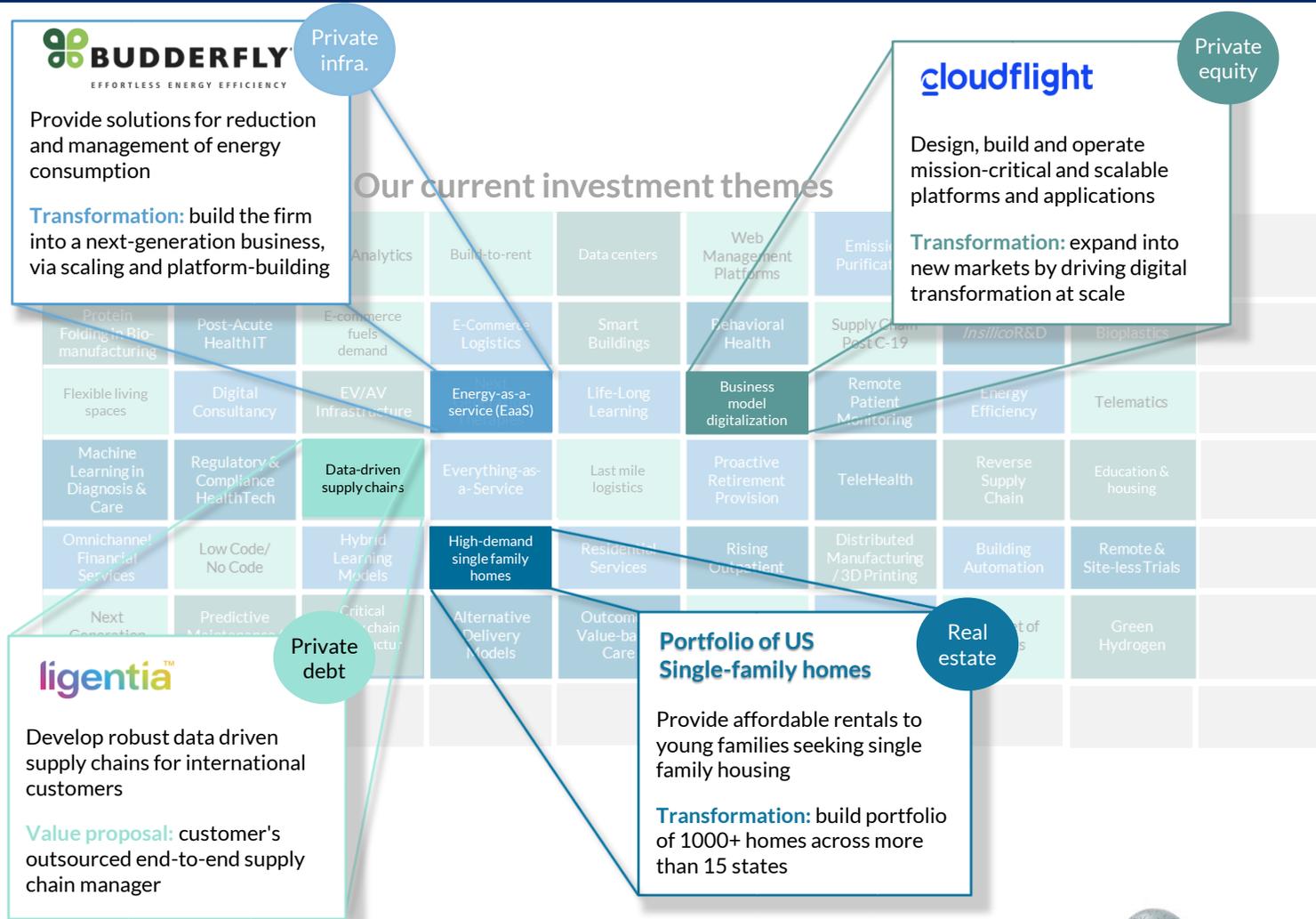
US IPO and private equity transaction (PE) activity<sup>1,2</sup>



- Bid-ask spreads widen in fast changing economic environment
- As a result, transaction activity temporarily recalibrates downwards
- Magnitude of reaction tends to be more moderate in private markets
- Public market transaction activity via IPOs remains more volatile

1 Source: US PE deal activity; PitchBook Q3 2022 US PE Breakdown. 2022 figures include actual number of transactions performed until Q3 2022 with PitchBook own estimates for Q4 2022.  
 2 Source: Initial Public Offerings: Updated Statistics; How Many IPOs Are There; Jay R. Ritter; Warrington College of Business, University of Florida (2023).  
 For illustrative purposes only. Source: Partners Group (2023).

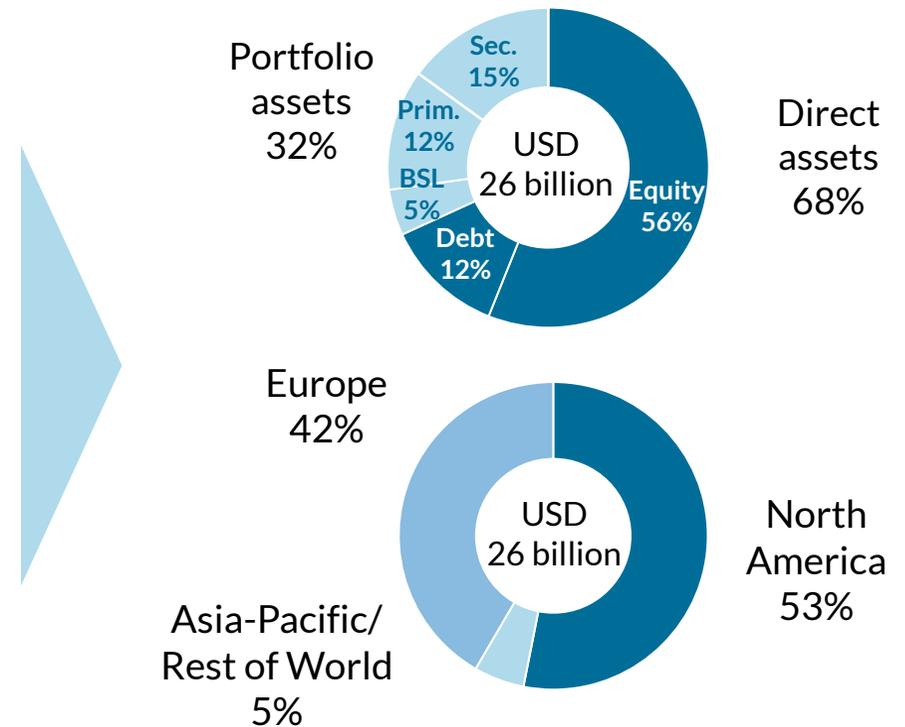
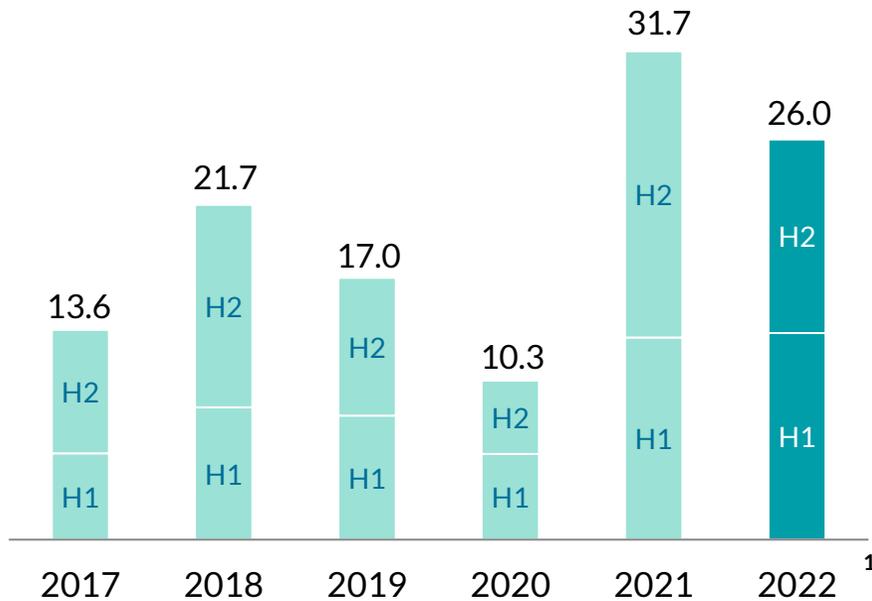
# Thematic investment approach provides a comprehensive set of opportunities



**Note:** For illustrative purposes only. There is no assurance that similar investments will be made. There is no guarantee that the investment will be successful.  
**Source:** Partners Group (2023). Select investments illustrate recent investments in each respective asset class.

# USD 26 billion invested into attractive thematic opportunities

Partners Group's private markets investments (in USD billion)



<sup>1</sup> USD 7.7 billion invested in direct private equity investments, USD 2.1 billion in direct real estate investments, USD 4.7 billion in direct infrastructure and USD 3.2 billion in direct debt investments as of 31 December 2022. Figures include add-on investments but exclude syndication partner investments. Direct equity investments include all direct private equity, direct infrastructure and direct real estate investments (including direct secondary transactions where Partners Group has a controlling interest). Private debt investments include direct lending investments ("direct debt") as well as assets raised in the liquid loans business ("BSL") during the period, which includes collateralized loan obligations and net inflows into dedicated liquid loan investment vehicles. USD 3.9 billion invested in secondaries, USD 3.2 billion invested in primaries and USD 1.2 billion in BSL. Past performance is not indicative of future results. **Source:** Partners Group (2023).

# Entrepreneurship at scale drives our private equity direct lead portfolio



## Thematic investing

Identifying the most attractive **growth trends** across sectors and investing into businesses with the **strongest development potential**



## Entrepreneurial governance

Systematic strategy setting and **value creation planning** with the **board** placed at the center of vision, strategy, and accountability

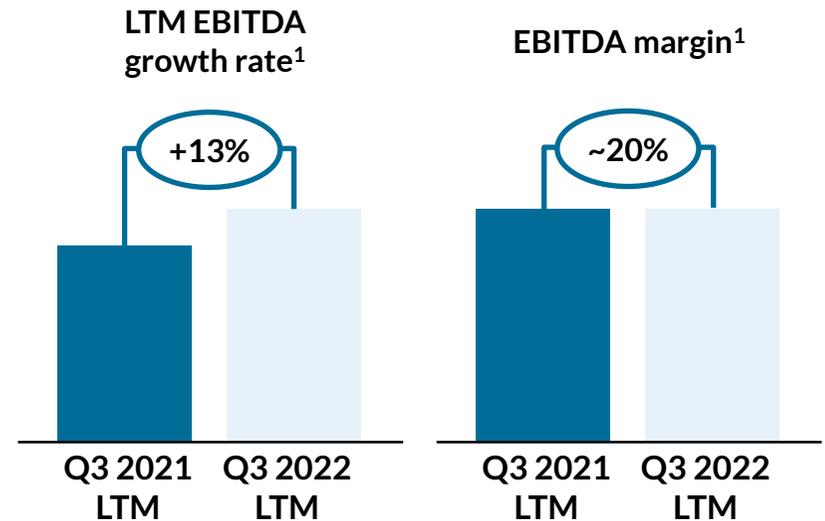
## Asset transformation

**Enhancing business models & operational performance** to increase cash flows & margins

## Platform building

**Add fundamental value** through targeted add-ons to grow market share and **build greater resilience**

## Continued profitable growth across Partners Group's private equity direct portfolio (Q3 last 12 months)



<sup>1</sup> Yearly (last twelve months) adjusted EBITDA growth rate calculated for Q3 2022 and adjusted EBITDA margins for Q3 2021 & Q3 2022 on a NAV-weighted basis (unaudited). Adjusted EBITDA reflects normalized earnings (recurring and operational, including inorganic growth). **Note:** For illustrative purposes only. Past performance is not indicative of future results. There is no assurance that similar investments will be made. There is no guarantee that the investment will be successful. **Source:** Partners Group portfolio companies and Partners Group (2023).

# Profitable growth of underlying portfolio mitigates adverse market movements

## Net direct portfolio performance overview

		Partners Group <sup>1</sup>	
		Q1-Q3 2022 YTD	Last 10 years p.a. as of 30 September 2022
	Private equity	-2.6%	17.5%
	Private debt	0.2%	6.1%
	Private infrastructure	7.0%	13.0%
	Private real estate	1.0%	8.5%

<sup>1</sup> Partners Group model net return data year-to-date ('YTD') 2022 as of 30 September 2022. All cash flows and valuations are converted to USD using fixed FX rates as of the date of the track record. Return figures denote pooled internal rates of returns (IRR). Reference index returns denote time-weighted returns. Model net returns assume Partners Group proposed management fees. Performance fees were included for Private Equity, Private Real Estate, Private Infrastructure, and Direct Lending. Model net figures do not include the impact of other possible factors such as any taxes incurred by investors, organizational expenses typically incurred at the start of the investment program, search fee, admin fee, ongoing operating costs or expenses incurred by the investment program (e.g. audit, hedging) or cash drag. The performance presented reflects model performance an investor may have obtained had it invested in the manner shown and does not represent performance that any investor actually attained. **Note:** Past performance is not indicative of future returns. For illustrative purposes only. **Source:** Partners Group (2023).



# Selectivity in bringing divestments to market; resilient demand for infrastructure-like assets



## United States Infrastructure Corp.



Leading provider of outsourced "utility locate" services on behalf of public utility companies

**Transformation:** institutionalized the strategy design process, created account management foundations to drive revenue and structured process automation to improve bottom-line

**EV of USD 4bn, Organic EBITDA growth of 77% over 5 years**



## CWP Renewables



Renewable energy platform spanning onshore wind and battery farms, providing power to Australian blue-chip clients

**Transformation:** developed asset from the ground up, installed best-in-class teams, arranged long-term power purchase agreements and implemented portfolio debt staple

**EV of AUD 4bn<sup>1</sup>, 1.1 GW of operational onshore wind assets**

<sup>1</sup> Source: Bloomberg, 7 December 2022.

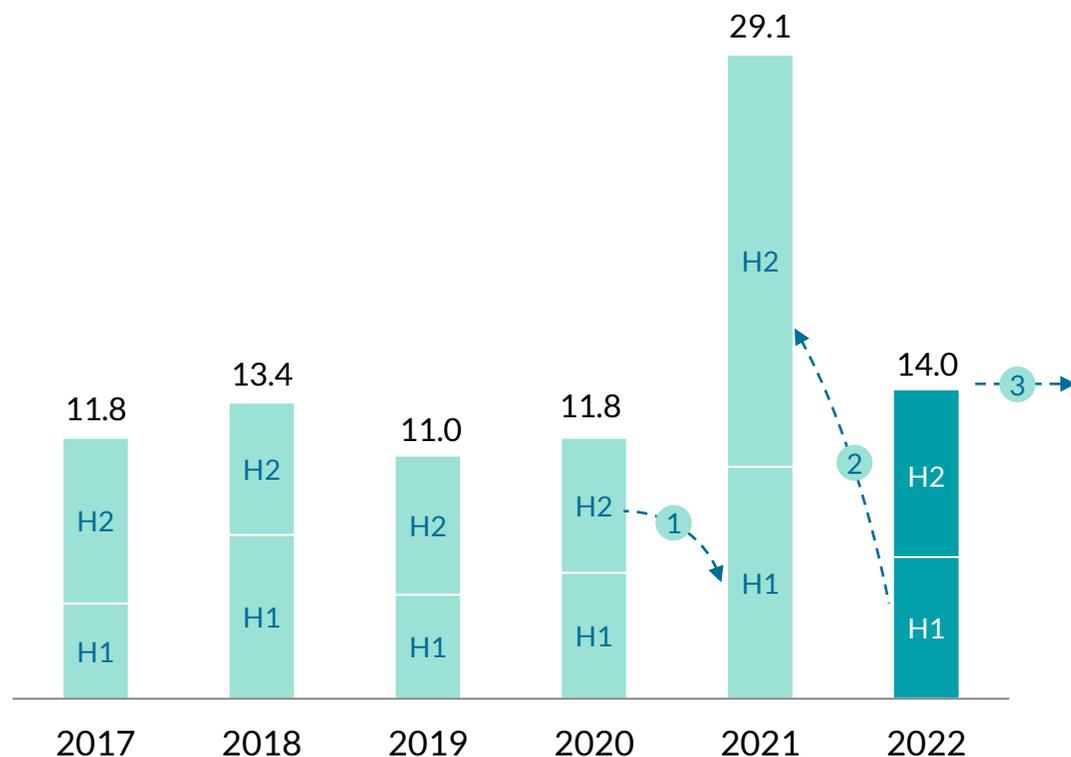
For illustrative purposes only. Past performance is not indicative of future results. There is no assurance that similar investments will be made. There is no guarantee that the investment will be successful. Select investments to illustrate recent divestments in the private equity and infrastructure asset classes.

Source: Partners Group (2023).



## Market volatility has led to the postponement of exit activities planned for 2022

Partners Group's underlying portfolio realizations (in USD billion)



- 1 H1 2021 included a catching up in exit activities from 2020
- 2 In H2 2021 several sizeable exits were accelerated from 2022
- 3 Postponed realizations due to less active transactional markets

**We have a strong pipeline of divestments ready for 2023 but will only transact if and when our return expectations are met**

For illustrative purposes only. Past performance is not indicative of future results. There is no assurance that similar investments will be made. Figures as of 31 December 2022.

Source: Partners Group (2023).



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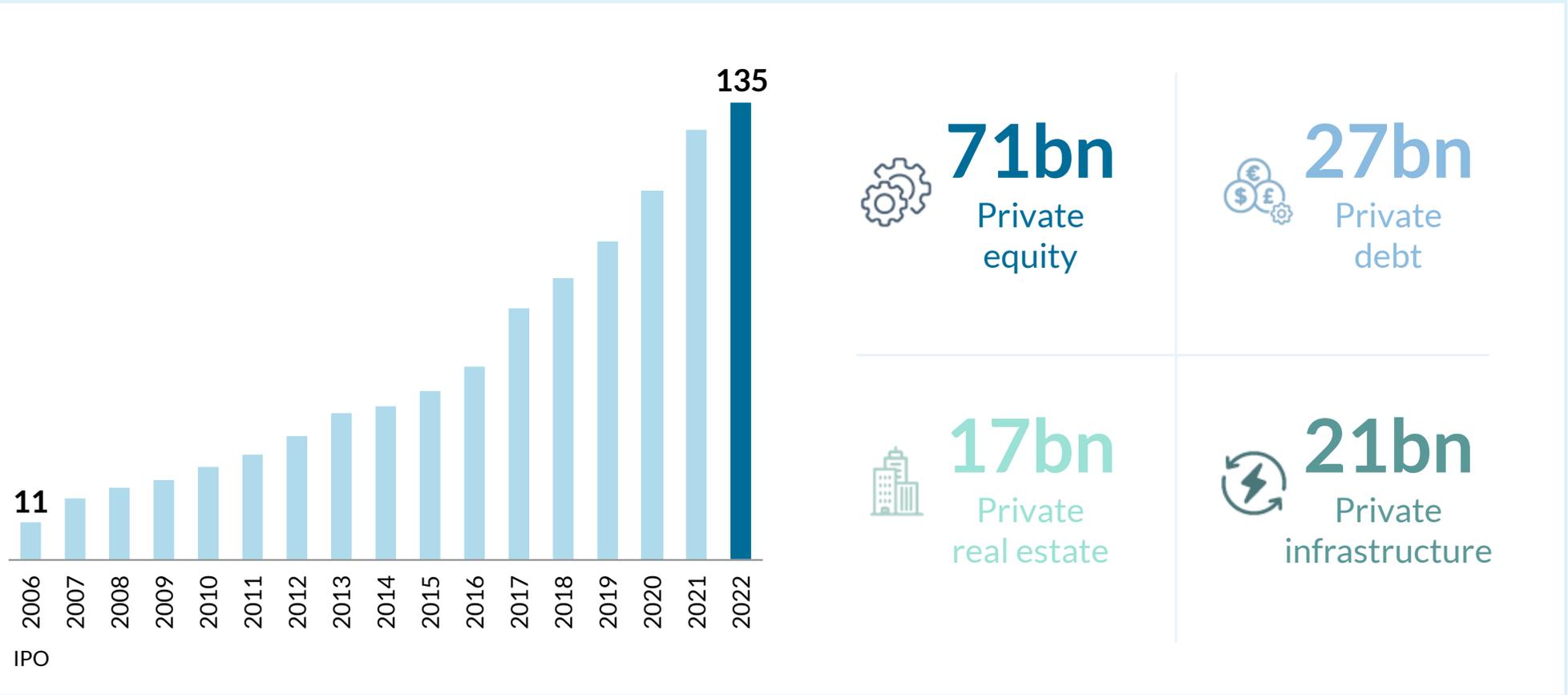
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# Steady AuM growth continues

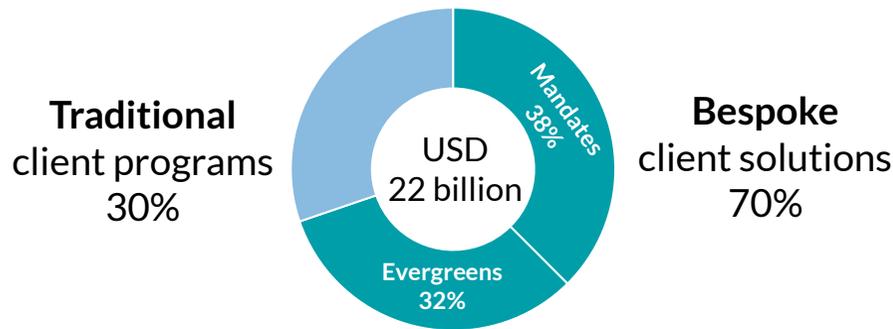
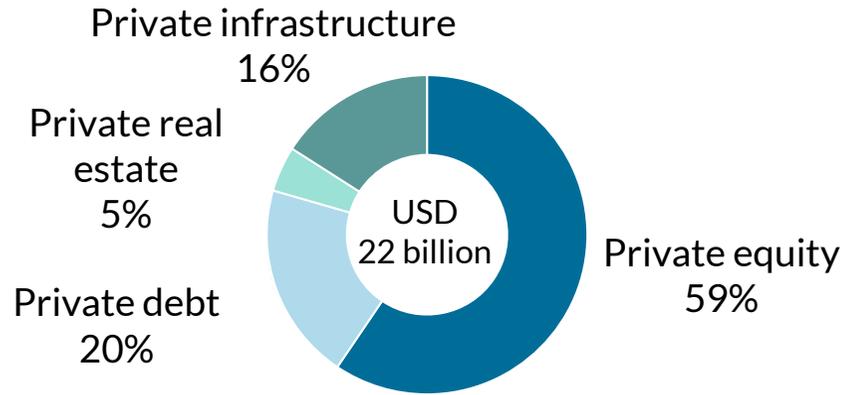
Total assets under management<sup>1</sup> (in USD billion)



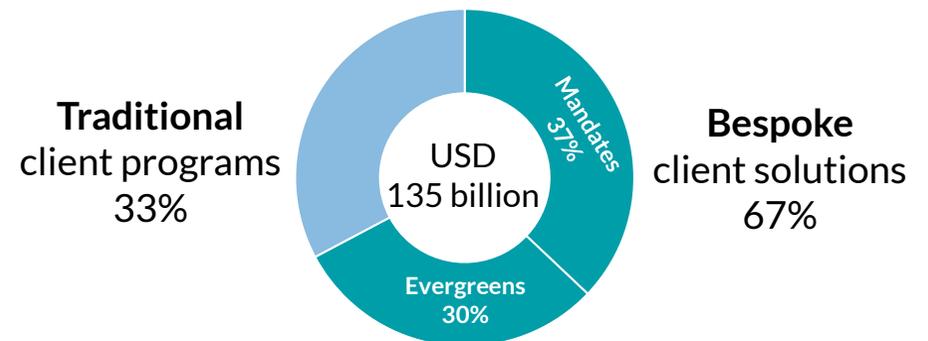
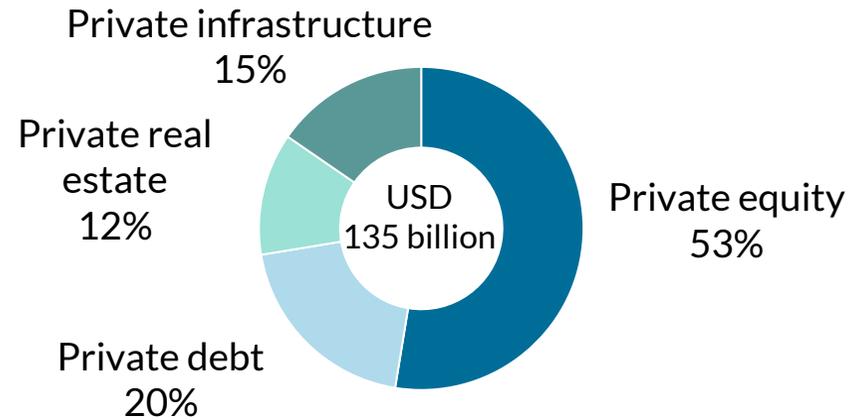
**Note:** AuM exclude discontinued public alternative investment activities and divested affiliated companies held up to 2013. Figures as of 31 December 2022.  
**1** Partners Group aims to mirror the fee basis for its various programs and mandates when calculating AuM. For further information please refer to the 2021 Annual Report, "Key definitions and alternative performance metrics (APM)", on page 30, available for download at [www.partnersgroup.com/financialreports](http://www.partnersgroup.com/financialreports). Past performance is not indicative of future results. **Source:** Partners Group (2023).

# Stable AuM growth supported by diversified offering

## Assets raised during 2022



## AuM as of 31 December 2022

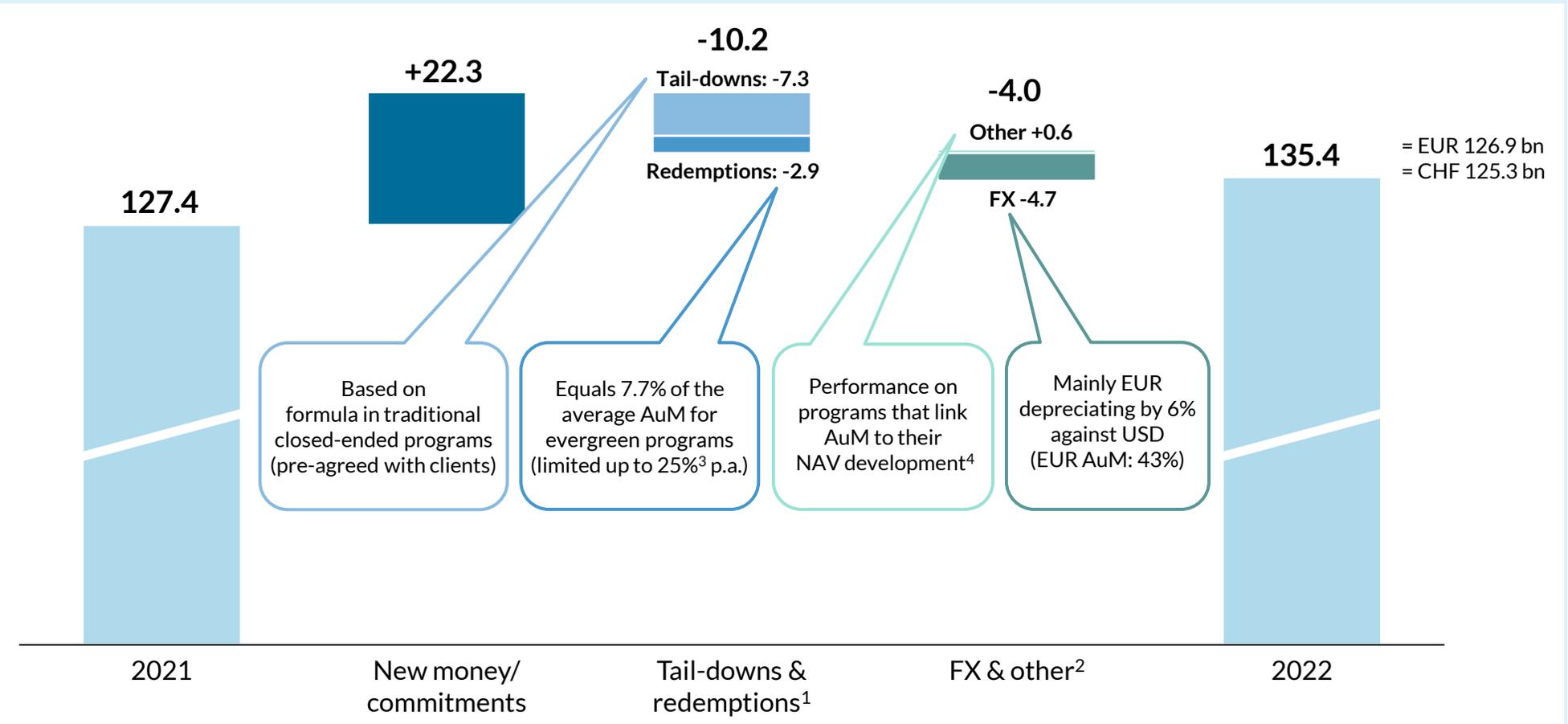


Due to rounding, some totals may not correspond with the sum of the separate figures. **Note:** "mandates" AuM also include commitments by select mandate clients into traditional programs; therefore, the corresponding amount is not included within the AuM category "traditional" but within "mandates". Past performance is not indicative of future results. **Source:** Partners Group (2023).



# Sustained AuM growth impacted by FX

Total assets under management development (in USD billion)



Due to rounding, some totals may not correspond with the sum of the separate figures. Figures are as of 31 December 2022. <sup>1</sup> Tail-downs & redemptions: tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from evergreen programs. <sup>2</sup> Other consists of performance and investment program changes from select programs. <sup>3</sup> Gating provisions are a standard feature for those evergreens which allow for redemptions; net redemptions are typically limited up to 25% p.a. of the prevailing NAV (stricter gating rules can be enforced for select share classes). <sup>4</sup> Partners Group reports fee-paying AuM. Most of the firm's evergreen programs base fees on NAV. The portfolio performance during the period impacts the NAV of these products and this translates to a corresponding change in firm-level AuM. Full-year AuM numbers for evergreen programs are typically based on 30 November 2022 NAV valuations. Past performance is not indicative of future results. Source: Partners Group (2023).

## 20+ year track record of providing leading evergreen solutions across market cycles

### Selection of evergreen funds by strategy, initiation, and size



- USD 41 bn in tailored evergreen solutions across<sup>1</sup>; inflows exceeded redemptions in H1 and H2
- Over two decades of running open-ended structures across multiple market cycles and downturns
- Carefully designed asset allocation policies and liquidity terms help give a certain amount of liquidity to investors
- In a prolonged market downturn if redemption requests exceed relevant limits<sup>2</sup>, gating would automatically be enacted
- Investors welcome gating to protect their investment and expect it to be used when Partners Group deems it advisable
- Diversified portfolio construction, geographical reach, and investor base increases the resilience of our evergreens

<sup>1</sup> Figures are as of 31 December 2022. Figures show AuM of the respective funds (rounded).

<sup>2</sup> Gating provisions are a standard feature for those evergreens which allow for redemptions; net redemptions are typically limited up to 25% p.a. of the prevailing NAV (stricter gating rules can be enforced for select share classes).

**Note:** For illustrative purposes only. Past performance is not indicative of future results. **Source:** Partners Group (2023).



## 2022 fundraising falls within guidance

### Assets under management development in 2022 (in USD billion)

- **Private equity** robust fundraising throughout the year, supported by mandates, evergreens and most recent flagship strategy
- **Private debt** broadly syndicated loan markets largely closed in H2 while interest for direct lending solutions picked-up
- **Private infrastructure** with latest direct infrastructure flagship that closed in February 2022 strongly tilted towards H1
- **Private real estate** focus on investments in 2022 in anticipation of launch of new flagship program in H2 2023

	AuM 2021	New money/ commitments 2022	Tail-downs & redemptions <sup>1</sup> 2022	FX & others <sup>2</sup> 2022	AuM 2022	5-year CAGR <sup>3</sup>
Private equity	63.0	13.2	-3.8	-1.4	71.2	13%
Private debt	27.5	4.5	-3.5	-1.6	26.8	15%
Private infrastructure	19.2	3.5	-1.3	-0.7	20.8	16%
Private real estate	17.6	1.0	-1.7	-0.4	16.5	5%
<b>Total AuM</b>	<b>127.4</b>	<b>22.3</b>	<b>-10.2</b>	<b>-4.0</b>	<b>135.4</b>	<b>13%</b>

Due to rounding, some totals may not correspond with the sum of the separate figures. <sup>1</sup> Tail-downs & redemptions: tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from evergreen programs. <sup>2</sup> Other consists of performance and investment program changes from select programs. <sup>3</sup> CAGR: compound annual growth rate for the period 31 December 2017 – 31 December 2022. Past performance is not indicative of future results. **Source:** Partners Group (2023).

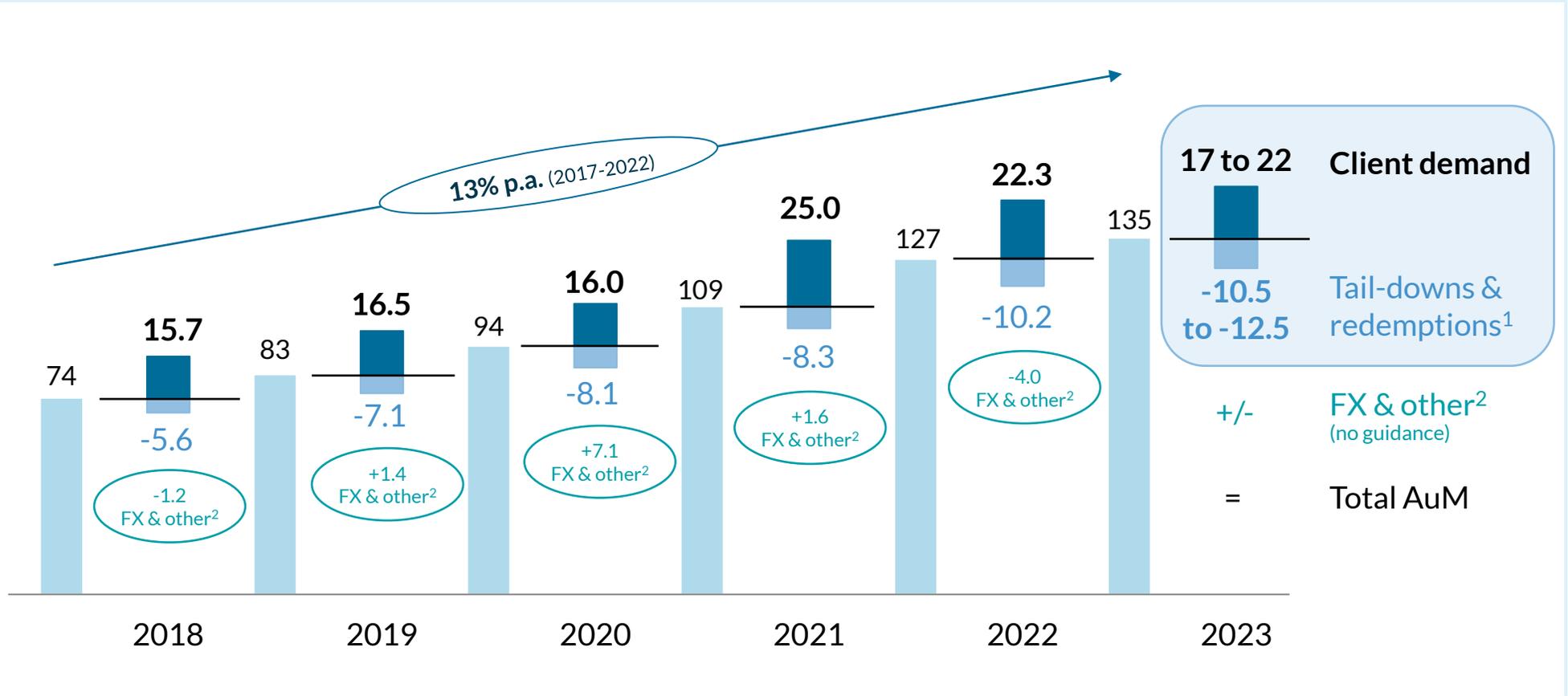


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# Expected resilient client demand in 2023, assuming normalization of conversion rates

AuM, client demand and other effects (in USD billion)



Due to rounding, some totals may not correspond with the sum of the separate figures.

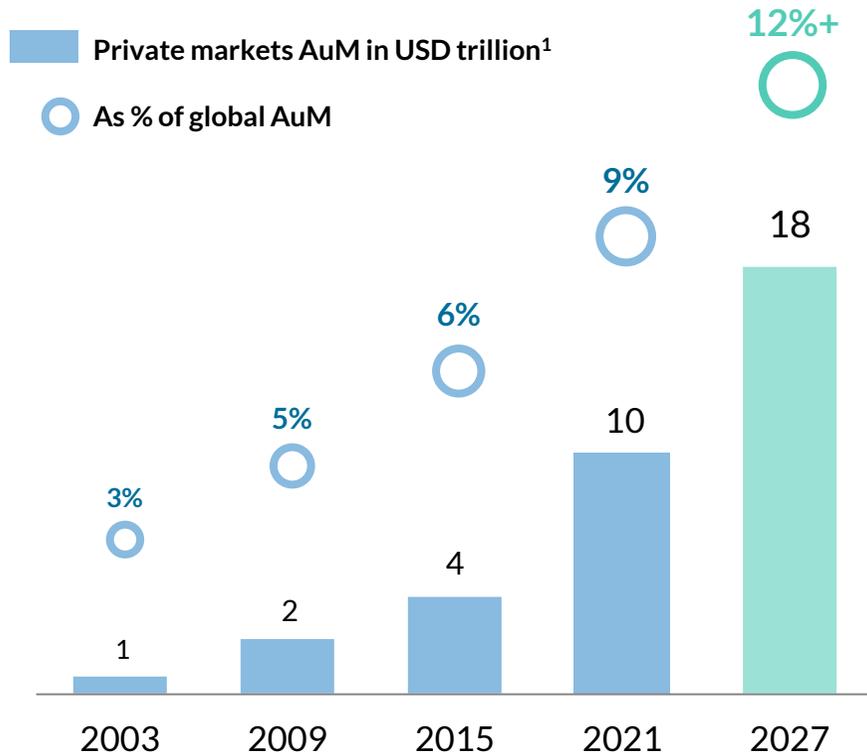
<sup>1</sup> Tail-downs & redemptions: tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from evergreen programs.

<sup>2</sup> Other consists of performance and investment program changes from select programs. For illustrative purposes only. Source: Partners Group (2023).



# Sustained demand for private markets solutions supports future outsized growth

Total private markets assets under management development (in USD trillion)



## Private Markets are becoming the new 'traditional' asset class

- Broader economy is increasingly built in private markets
- Across sectors that provide outsized growth potential
- Primarily profitable companies with lower leverage (<50%)<sup>2</sup>
- Increasingly long-term oriented strategy

## Sources of private markets funding are structurally growing

- Traditional capital formation is transitioning to private markets
- Institutionals are expected to increase their portfolio allocation
- Early stages of wealth management entering private markets

<sup>1</sup> Source: BNP Paribas Exane estimates, Preqin, BCG for Global AuM (December 2022). Includes Private Equity, Venture Capital, Private Debt, Private Real Estate, Private Infrastructure and Natural Resources.

<sup>2</sup> Leverage as a proportion of total capital in buy-out transactions (excluding Venture Capital and Growth).





# Partners Group

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PGHN BUSINESS UPDATE 2022 & OUTLOOK 2023

# Q&A



## Contacts

Shareholder relations contact:

**Philip Sauer**

T +41 41 784 66 60

[philip.sauer@partnersgroup.com](mailto:philip.sauer@partnersgroup.com)

Media relations contact:

**Jenny Blinch**

T +44 207 575 25 71

[jenny.blinch@partnersgroup.com](mailto:jenny.blinch@partnersgroup.com)

Zugerstrasse 57

6341 Baar-Zug

Switzerland

T +41 41 784 60 00

[shareholders@partnersgroup.com](mailto:shareholders@partnersgroup.com)

[www.partnersgroup.com](http://www.partnersgroup.com)



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