



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

13 JULY 2023

## Business update H1 2023

David Layton, CEO | Sarah Brewer, Global Co-Head Client Solutions | Philip Sauer, Head Corporate Development



# Solid AuM growth in H1; stronger fundraising anticipated in H2

## Clients

## Investments

### Bespoke solutions drove growth

Bespoke solutions led H1 client demand, accounting for 68% of total funds raised



### USD 5 billion thematically invested

Focus on transformational investment opportunities in the structurally growing parts of the economy



### USD 8 billion raised

Longer client conversion periods in H1; normalization observed in May/June



### USD 5 billion in realizations

Driven by portfolio assets and infrastructure distributions; strong exit pipeline ready



### 2023 guidance confirmed

USD 17–22 billion gross demand confirmed based on normalization of conversion periods



### Robust investment pipeline for H2

Thematic pipeline allows us to be ready to transact as activity picks up



**Note:** Figures as of 30 June 2023. For illustrative purposes only. Past performance is not indicative of future results. Refers to Partners Group Holding AG.  
**Source:** Partners Group (2023).

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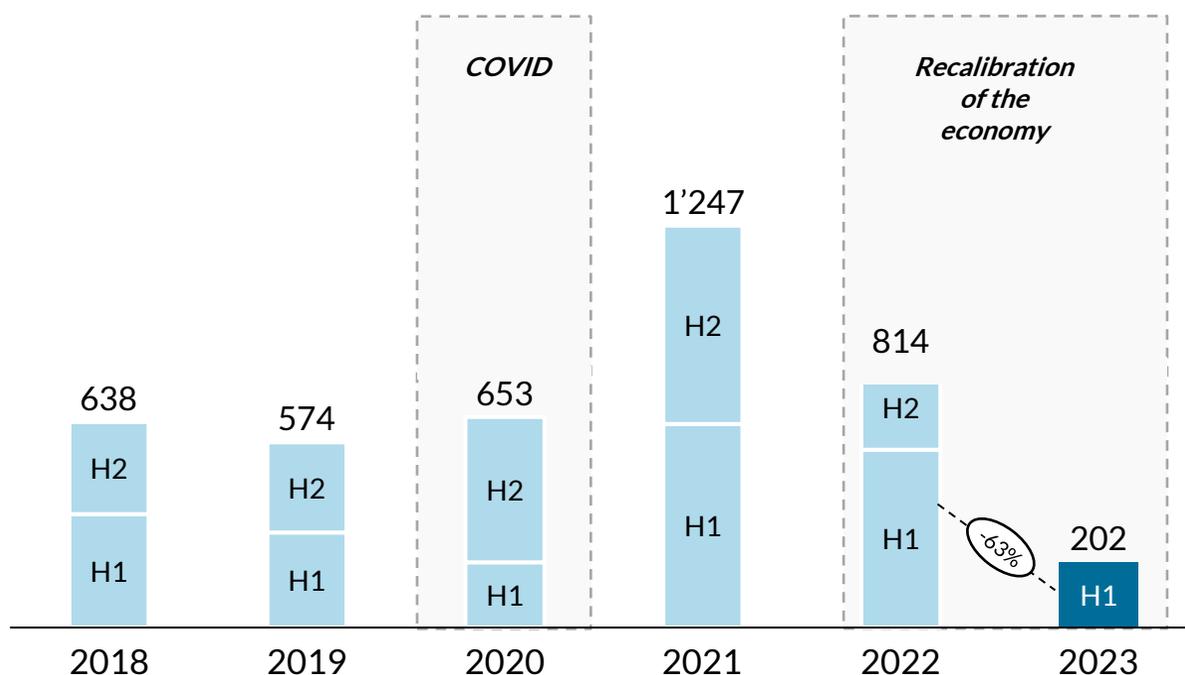
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## Transaction activity has trended lower but there are signs of stabilization

### Sponsor-backed private market transaction volume (USD bn)<sup>1</sup>



- Recalibration of economy due to significant rate changes led to a price finding process over past 18-months
- Bid-offer spread remained wider through majority of H1 leading to lower transaction volumes
- Middle market buyouts less affected by higher financing costs and scarcity of debt financing as opposed to large-caps

<sup>1</sup> Source: Dealogic data as of 23 June 2023, Morgan Stanley Research. Global sponsor-backed M&A transaction volumes.  
 Note: For illustrative purposes only. Source: Partners Group (2023).



# Thematic investing allows us to identify areas of structural growth with potential for transformation

Outsourcing of non-core	Omics data	Data analytics as a service	Clean power	New mobility	Water sustainability
Asset life extension	Smart cities and buildings	Agricultural bio-solutions	Energy efficiency	Critical supply chain	Health & life infrastructure
Business transformation	Digitization of financial services	Advanced pharmaceutical CDMO	Carbon capture	Wireless infrastructure	Low carbon fuels
Cold storage	Apartments to let	Last mile logistics	Changes in consumer habits	Humanization of pets	Dark factory
Senior housing	Grocery Units	District shopping centers	Customizable beauty	Animal diagnostics	Post-acute health IT
Urban mixed-use	Single family to let	Non-CBD repositioning	Digital enablers	Plant based food	Energy efficient parts

**90+ sub-themes**  
*across all asset classes*

A selection of our sub-themes



## A multi-year process

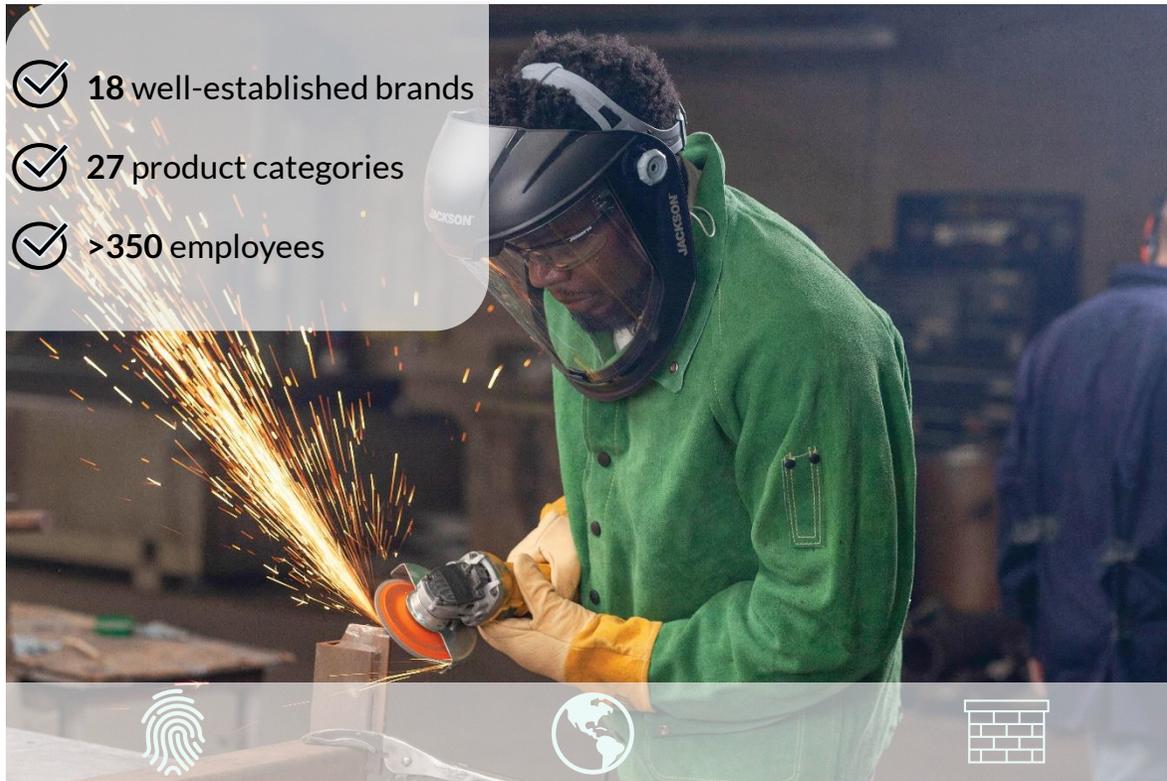
Assets beyond the 1<sup>st</sup> order have the potential for higher value creation opportunities

### Example: identifying 4<sup>th</sup> order themes



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

# A look inside SureWerx: a thematically sourced leader in personal protective equipment



✓ 18 well-established brands  
 ✓ 27 product categories  
 ✓ >350 employees

Provider of unique and tailored solutions  
 12 global locations  
 High performance and technical superiority



## Personal protective equipment & industrial safety

Cycle resilient with stable long-term demand driven in part by increased regulations for workplace safety

## Business building plan

- ✓ Transforming the company's digital capabilities to increase lead generation with end users
- ✓ Expanding safety product lines to target broader customer base across new sectors
- ✓ Designing and executing a warehouse network plan to ensure capacity to meet demand

**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 (2023).

# Biogas and biomethane platform: a thematically sourced leader in renewable power generation

- ✓ 60 MW portfolio
- ✓ 35 biogas plants
- ✓ 10 biomethane plants



Cash generating with visible future cash flows



Well-invested asset base across Germany



High barriers to entry with established operations



## Biomethane as an alternative fuel

Benefiting from regulatory support for clean energy, industrial decarbonization goals, and heightened focus on energy independence

## Business building plan

- ✓ Transforming single plants into a dedicated alternative fuels platform
- ✓ Build out a strategic project pipeline to support the European energy transition
- ✓ Upgrade waste streams by expanding the biomaterials that can be accepted

**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.

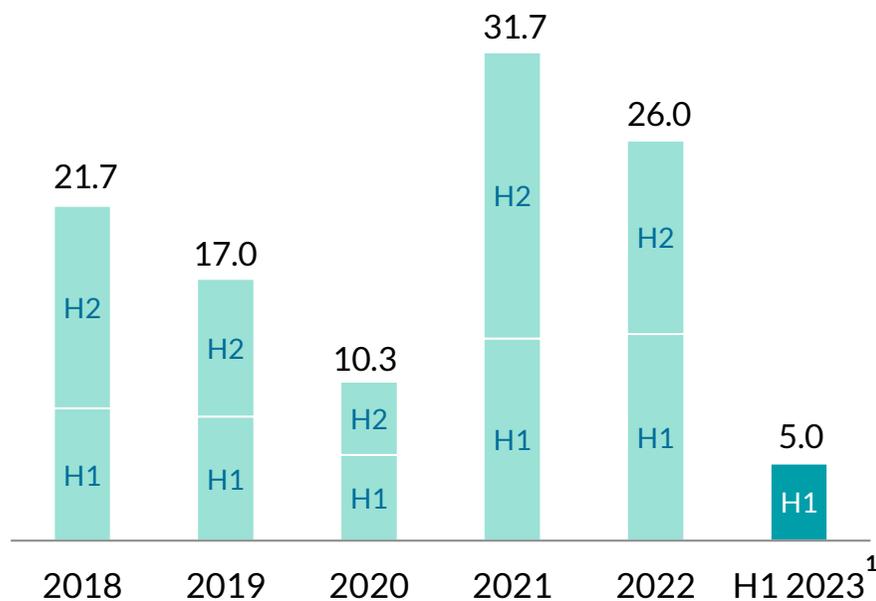
**Source:** Partners Group (2023).



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## USD 5 billion invested into thematic investment opportunities

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



- Lower deployment volumes as we applied a conservative investment approach
- Direct assets represented 57% of investment volume; portfolio assets accounted for 43%
- Focus on value creation in portfolio translated into double-digit EBITDA growth at stable margins<sup>2</sup>

<sup>1</sup> USD 1.9 billion invested in direct private equity investments, USD <0.1 billion in direct real estate investments, USD 0.4 billion in direct infrastructure and USD 0.5 billion in direct debt investments as of 30 June 2023. Figures include add-on investments but exclude syndication partner investments. Direct assets includes both direct equity investments (direct private equity, direct infrastructure and direct real estate) and private credit investments which include direct lending investments ("direct debt"). Investments (including direct secondary transactions where Partners Group has a controlling interest). Portfolio assets include investments into the liquid loans business ("BSL") during the period, which includes collateralized loan obligations and net inflows into dedicated liquid loan investment vehicles of USD 1.0 billion, USD 0.4 billion invested in secondaries, USD 0.8 billion invested in primaries. Past performance is not indicative of future results.

<sup>2</sup> The double-digit EBITDA growth at stable margins relates solely to the direct private equity portfolio. Performance measured as of Q1 2023 last twelve months.

Source: Partners Group (2023).



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# Operational results support underlying portfolio performance

## Net direct portfolio performance overview

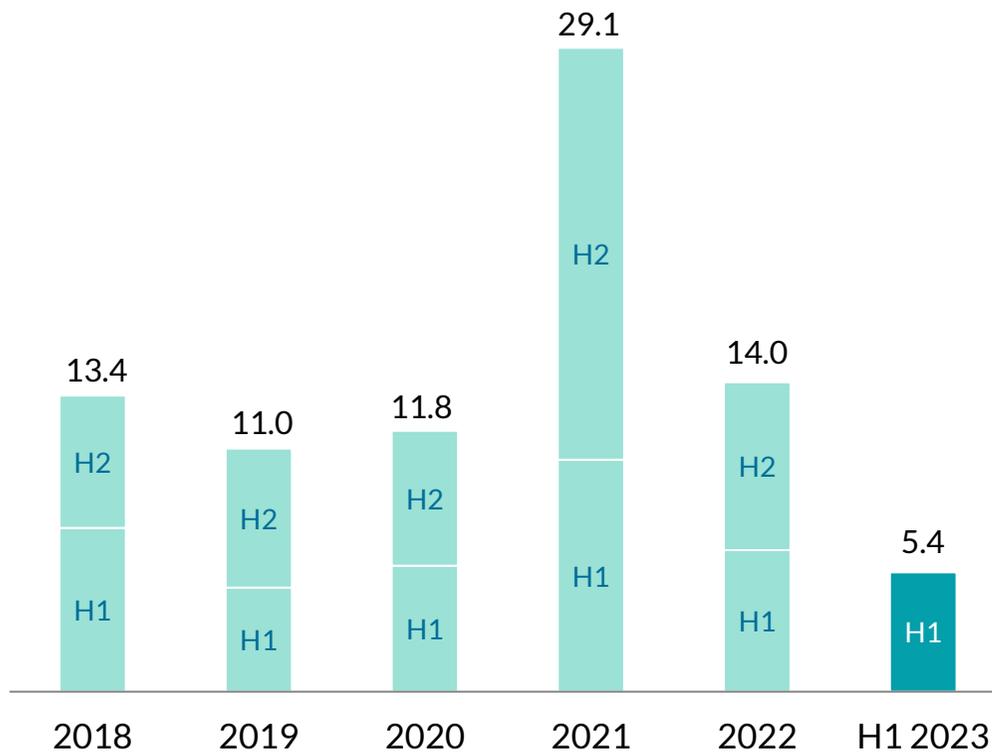
		Partners Group <sup>1</sup>	
		Q1 2023 YTD	Last 10 years p.a. as of 31 March 2023
	Private equity	1.6%	17.6%
	Private debt	1.5%	6.0%
	Private infrastructure	3.4%	13.9%
	Private real estate	-1.6%	7.4%

<sup>1</sup> Partners Group model net return data year-to-date ('YTD') Q1 2023 as of 31 March 2023. 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) for direct investments across assets shown, private debt refers to first lien investments. 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).



## Realizations driven by direct infrastructure and portfolio assets

Partners Group's portfolio realizations (in USD billion)



- Elected to postpone divestments of direct lead assets to future periods in order to realize full value for clients
- Majority of H1 realizations driven by direct infrastructure and portfolio assets
- Continued demand for quality assets operating in stable sectors (e.g. education, technology, and renewables)

<sup>1</sup> Direct equity realizations accounted for 39% of H1 2023 portfolio realizations, portfolio assets and direct private debt accounted for the remaining 61%.  
**Note:** 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 30 June 2023. **Source:** Partners Group (2023).



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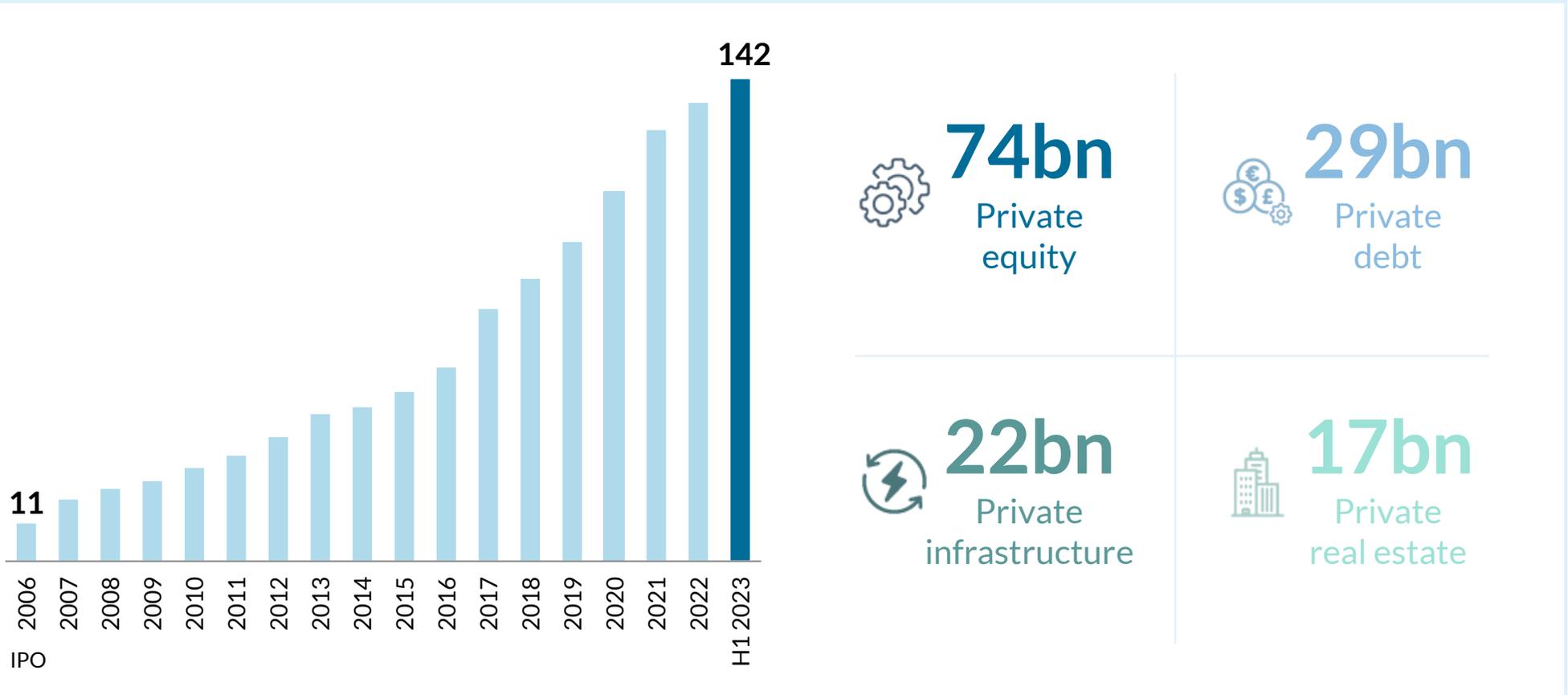
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# Continued AuM growth

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



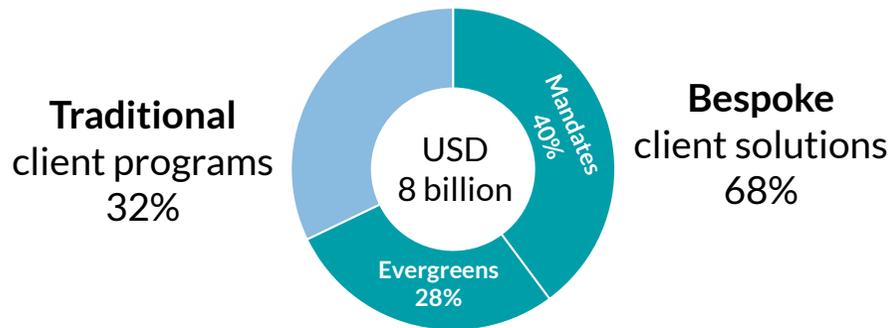
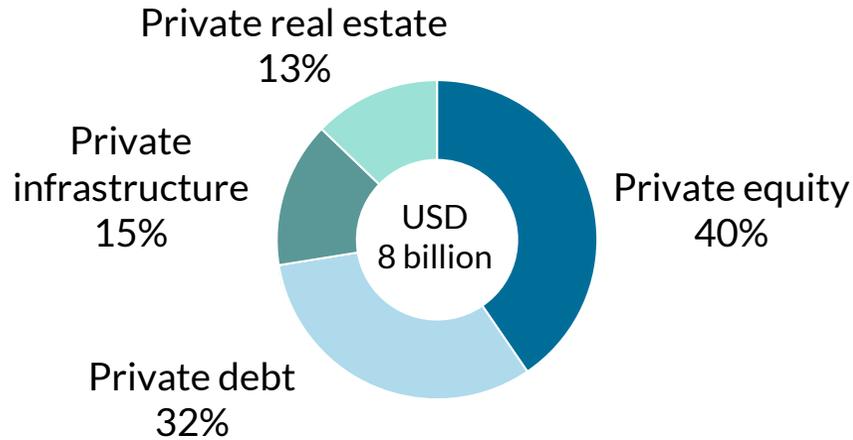
<sup>1</sup> Partners Group aims to mirror the fee basis for its various programs and mandates when calculating AuM. For further information please refer to the 2022 Annual Report, "Key definitions and alternative performance metrics (APM)", on pages 32-33, available for download at [www.partnersgroup.com/financialreports](http://www.partnersgroup.com/financialreports).

**Note:** AuM exclude discontinued public alternative investment activities and divested affiliated companies held up to 2013. Refers to Partners Group Holding AG. Figures as of 30 June 2023. Past performance is not indicative of future results. **Source:** Partners Group (2023).

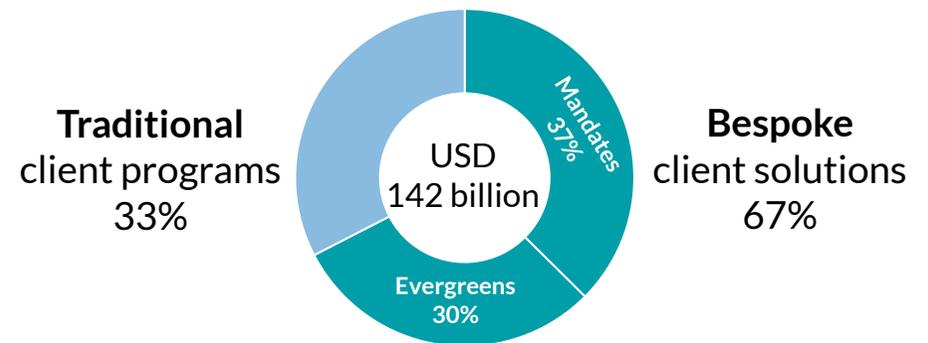
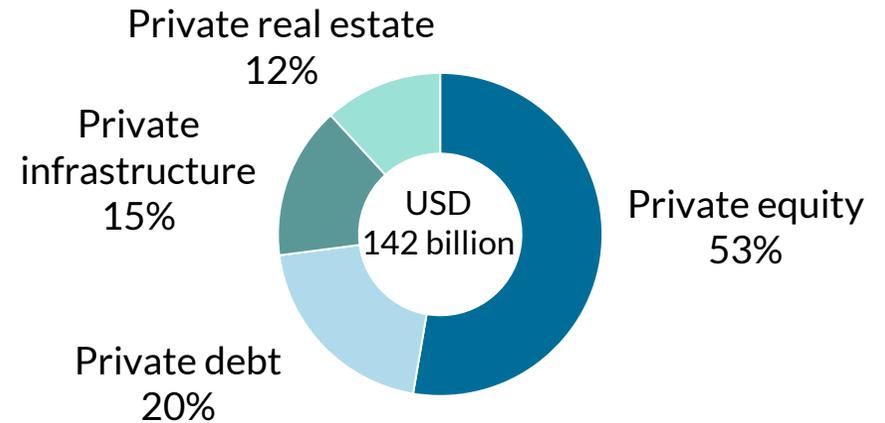


# AuM growth supported by diversified offering

## Assets raised during H1 2023



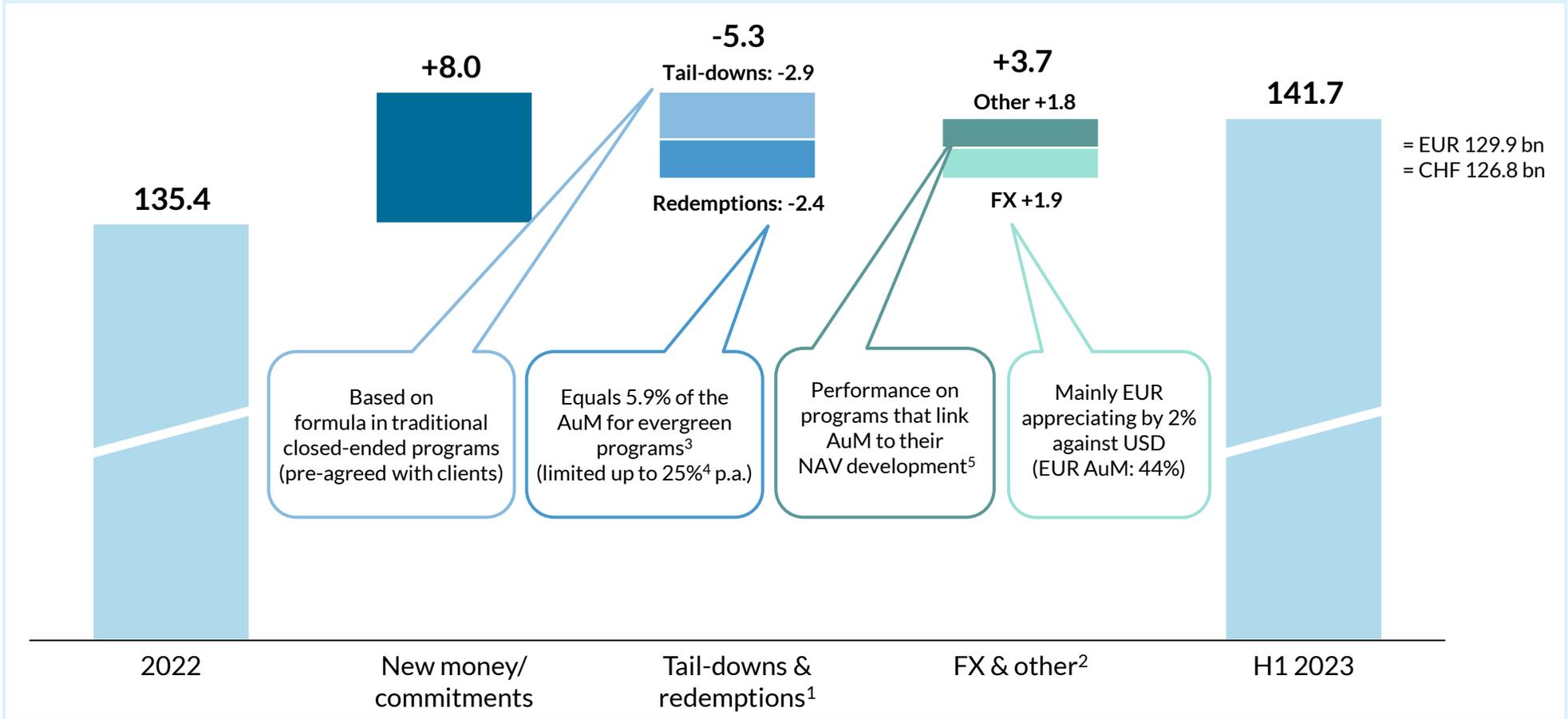
## AuM as of 30 June 2023



**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". Diversification does not ensure a profit or protect against a loss. Refers to Partners Group Holding AG. Past performance is not indicative of future results. Due to rounding, some totals may not correspond with the sum of the separate figures.  
**Source:** Partners Group (2023).

# Sustained AuM growth continues in H1

Total assets under management development (in USD billion)



<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> Only refers to redeemable AuM. <sup>4</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>5</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. Semi-annual AuM numbers for evergreen programs are based on 31 May NAV valuations. **Note:** Due to rounding, some totals may not correspond with the sum of the separate figures. Figures are as of 30 June 2023. Past performance is not indicative of future results. **Source:** Partners Group (2023). Refers to Partners Group Holding AG.

## H1 2023 fundraising driven by private equity and private debt

### Assets under management development in H1 2023 (in USD billion)

- **Private equity** well-diversified across strategies with bespoke solutions and most recent direct strategy being the main drivers
- **Private debt** increasing interest in direct lending solutions globally; broadly syndicated loan markets offer attractive spreads
- **Private infrastructure** focus on investments; fundraising tilted to H2 with launch of next direct infrastructure strategy
- **Private real estate** focus on investments; preparing to launch the next real estate opportunities strategy

	AuM 2022	New money/ commitments H1 2023	Tail-downs & redemptions <sup>1</sup> H1 2023	FX & others <sup>2</sup> H1 2023	AuM H1 2023	5-year CAGR <sup>3</sup>
Private equity	71.2	3.2	-2.6	2.5	74.3	13%
Private debt	26.8	2.6	-1.3	0.7	28.9	13%
Private infrastructure	20.8	1.2	-0.6	0.4	21.8	17%
Private real estate	16.5	1.0	-0.8	0.0	16.8	5%
<b>Total AuM</b>	<b>135.4</b>	<b>8.0</b>	<b>-5.3</b>	<b>3.7</b>	<b>141.7</b>	<b>13%</b>

<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 30 June 2018 – 30 June 2023. Past performance is not indicative of future results. **Note:** Due to rounding, some totals may not correspond with the sum of the separate figures. Refers to Partners Group Holding AG. **Source:** Partners Group (2023).



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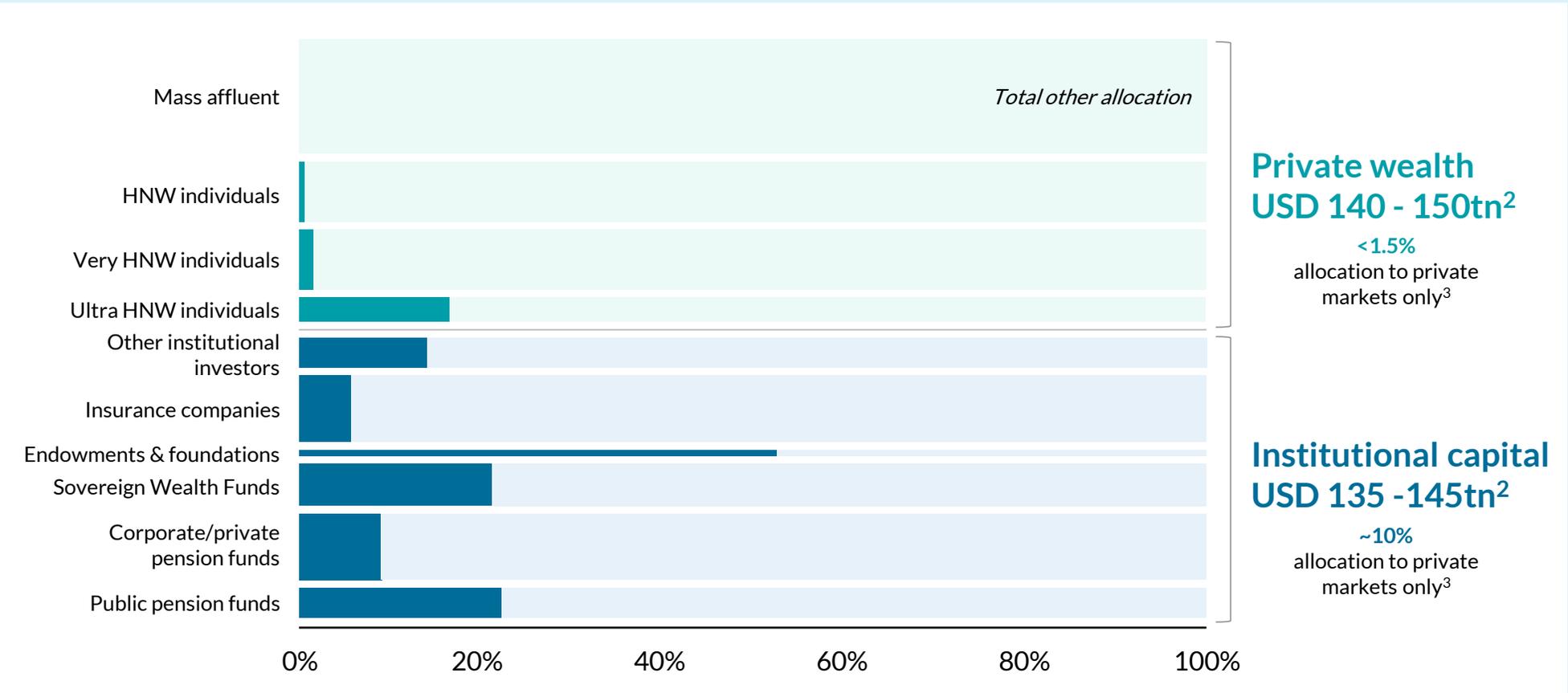
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3 **AuM outlook 2023**

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# Allocations to alternatives remain low for many significant client segments

Alternative investment allocations based on investor type<sup>1</sup>



1 Bain & Company, 2023: Global Private Equity Report 2023. Alternative investments include private markets and listed alternative strategies. Mass affluent defined as USD 0-1 million, HNW individuals as USD 1-5 million, very HNW individuals as USD 5-30 million, and ultra HNW individuals as USD 30+ million.

2 Global wealth by investor type, 2022. Source: Bain & Company, 2023: Global Private Equity Report 2023.

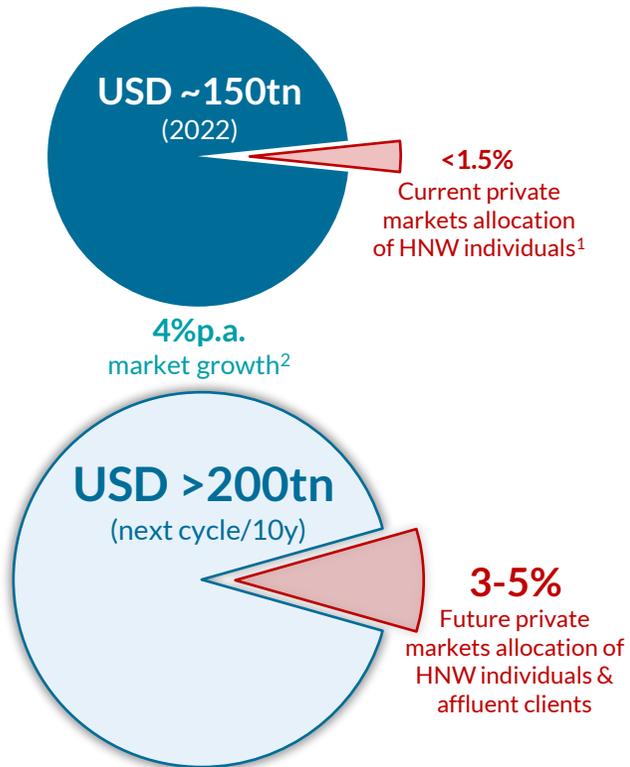
3 Total of USD 13.5 trillion estimated private markets AuM as of December 2022, Prequin (2023), of which USD 11.5 trillion institutional AuM and USD 2 trillion private wealth AuM (includes closed-ended funds, evergreens and other structures).

**Note:** For illustrative purposes only. **Source:** Partners Group (2023).

# Evergreen solutions will play a central role in the private wealth shift to private markets

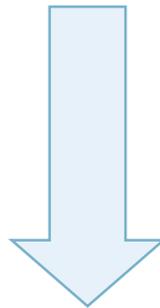
## Private wealth allocations to private markets

### Private wealth AuM



Of which private markets:

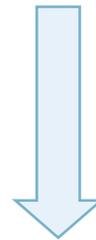
USD ~2tn<sup>1</sup>



USD 5-10tn

Of which evergreens:

USD 0.4tn<sup>3</sup>



USD 3-5tn

- Growth potential in private markets stemming from HNW individuals is expected to be significant
- Evergreen solutions will be the main structure to drive this growth over the next cycle
- Managers that have the expertise to provide accessible solutions at scale will capture an outsized portion of this growth

<sup>1</sup> Total of USD 13.5 trillion estimated private markets AuM as of December 2022, Prequin (2023), of which USD 2 trillion private wealth AuM (includes closed-ended funds, evergreens and other structures).

<sup>2</sup> Partners Group estimate (2023).

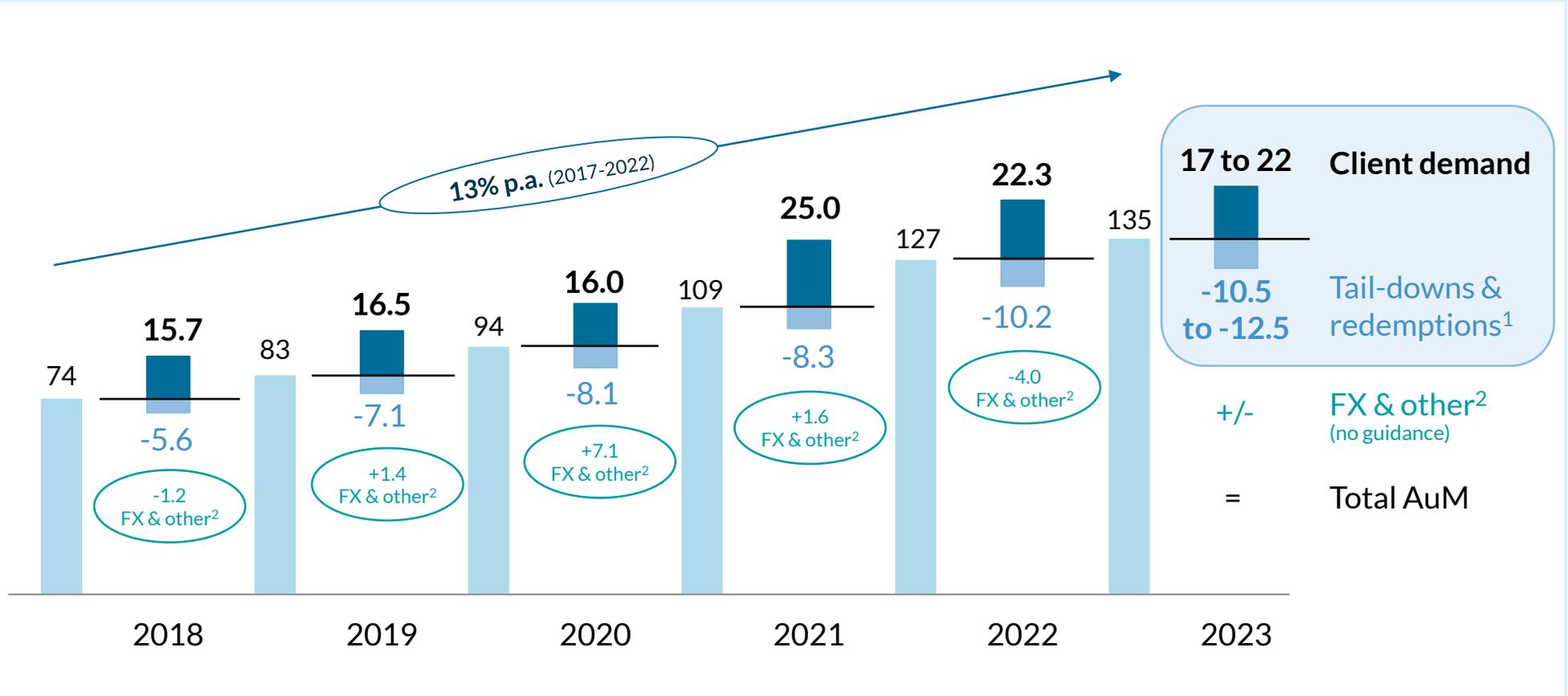
<sup>3</sup> Estimated evergreen AuM (includes private REITs & income funds, listed business development companies, existing private markets evergreen solutions, as well as select US unlisted closed-ended funds for private wealth).

**Note:** For illustrative purposes only. **Source:** Partners Group (2023).



# Full-year fundraising guidance reconfirmed

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



<sup>1</sup> Tail-downs & redemptions: tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from evergreen programs.  
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 Source: Partners Group (2023).



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

BUSINESS UPDATE H1 2023 & OUTLOOK H2 2023

# Q&A



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