



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

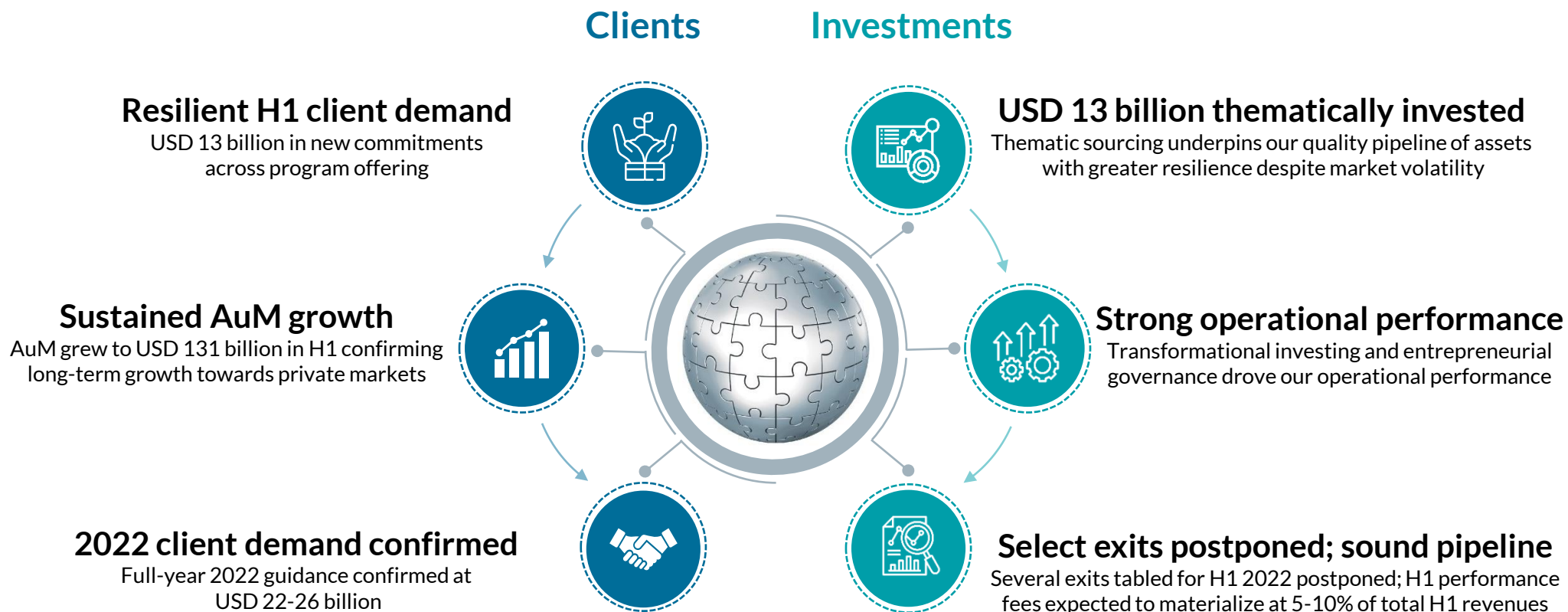
14 JULY 2022

## Business update H1 2022 & outlook H2 2022

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



# Well positioned to navigate the changing environment



Source: Partners Group (2022).  
For illustrative purposes only. Past performance is not indicative of future results.



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# Drivers of outperformance across our portfolio

## Thematic investing

**Build thematic depth and specialization across subsectors**



**Thematic sourcing to develop investment hypothesis years in advance**

Healthcare	Bus. & fin. services	Consumer
<ul style="list-style-type: none"> <li>Aging value based care</li> <li>• Vertical physical therapy</li> <li>• Ophthalmology</li> <li>• Central nervous system disability</li> </ul>	<ul style="list-style-type: none"> <li>Non-bank financials</li> <li>• Lender specialty finance</li> <li>• Insurance brokerage</li> </ul>	<ul style="list-style-type: none"> <li>Customization, SKD proliferation</li> <li>• Contract research services</li> <li>• Flavoring ingredients</li> </ul>
<ul style="list-style-type: none"> <li>Biologics cell &amp; gene industry</li> <li>• Cell/gene vectors, equipment</li> <li>• Cell &amp; gene manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>Financial digitization</li> <li>• Fintech payment</li> <li>• Modular governance, risk &amp; compliance software</li> </ul>	<ul style="list-style-type: none"> <li>Health &amp; sustainability</li> <li>• Beauty</li> <li>• Healthy diet &amp; lifestyle</li> <li>• Environmental sustainability</li> </ul>
<ul style="list-style-type: none"> <li>Next generation clinical trials</li> <li>• Unique contract research organizations</li> <li>• Specialty manufacturing clinical trials</li> </ul>	<ul style="list-style-type: none"> <li>Outsourced services</li> <li>• Risk &amp; pension services</li> <li>• Facility &amp; hygiene services</li> </ul>	<ul style="list-style-type: none"> <li>Promotional &amp; specialty retail</li> <li>• High alcohol brands</li> <li>• Discount retail bargain hunt</li> </ul>
<ul style="list-style-type: none"> <li>Healthcare efficiency</li> <li>• Health IT</li> <li>• Telemedicine</li> <li>• Diagnostic automation</li> </ul>	<ul style="list-style-type: none"> <li>Education &amp; training</li> <li>• Private education</li> <li>• EdTech &amp; modular learning management</li> </ul>	<ul style="list-style-type: none"> <li>Pet &amp; vet</li> <li>• Services</li> <li>• Products</li> </ul>

**Leverage deep network of experts and advisors to develop thematic thesis**



**Compounding long-term winners for longer, for the benefit of our clients**



## Entrepreneurship at scale

**Leverage global platform for the benefit of our portfolio assets**



**Make the board the center of vision, strategy, and accountability**



**Systematic strategy setting and value creation plans**

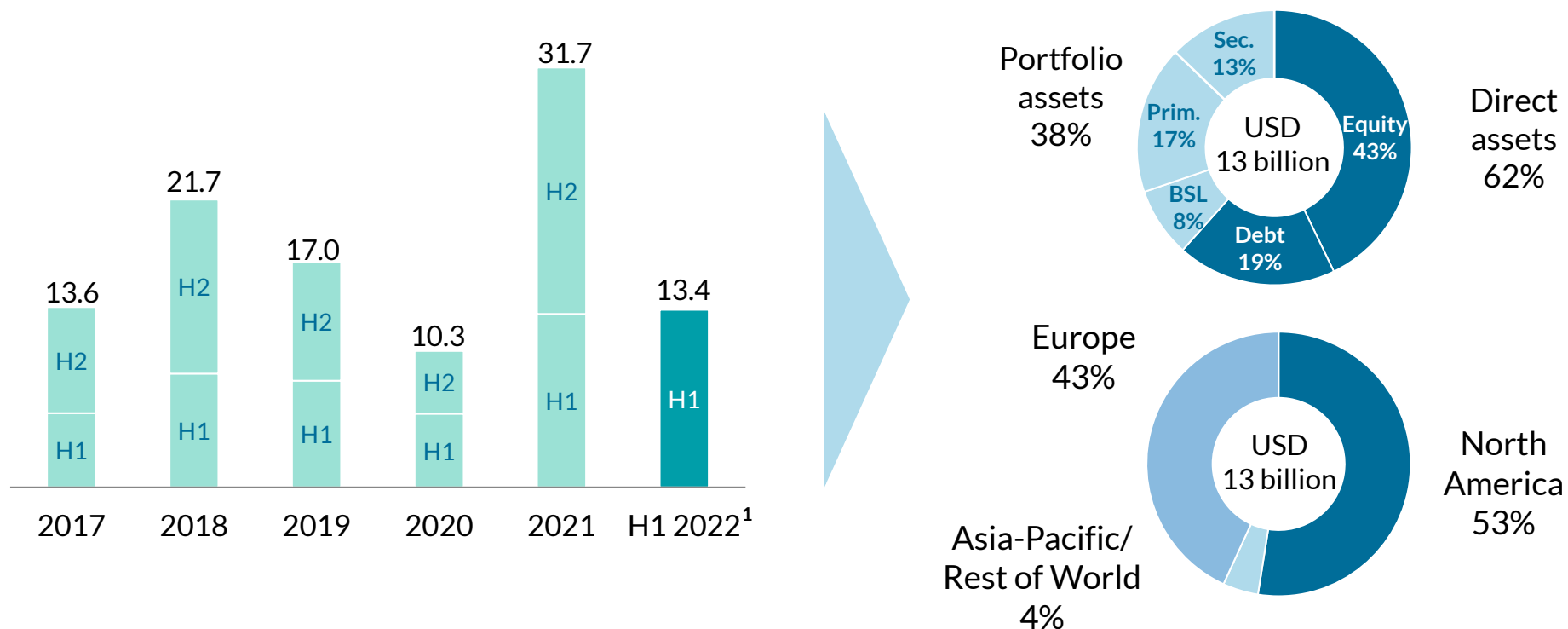


**Apply capabilities of our network of (lead) operating directors**



# USD 13 billion invested into attractive thematic opportunities

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



Over USD 30 billion<sup>2</sup> of dry powder available

<sup>1</sup> USD 3.1 billion invested in direct equity investments, USD 1.4 billion in direct real estate investments, USD 1.3 billion in direct infrastructure and USD 2.5 billion in direct debt investments. 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 1.7 billion invested in secondaries, USD 2.3 billion invested in primaries and USD 1.1 billion in BSL. Past performance is not indicative of future results. <sup>2</sup> Excluding ongoing 2022 fundraising Source: Partners Group (2022).



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# Strategically investing in resilient companies and assets in growth sectors

## Select themes and transformational plans



### Accessible healthcare

#### Private equity



**Theme:** long-term growth drivers within accessible and well positioned dermatology practices were identified

**Transformation:** expand integrated dermatology ecosystem



### Offshore wind energy

#### Private infrastructure



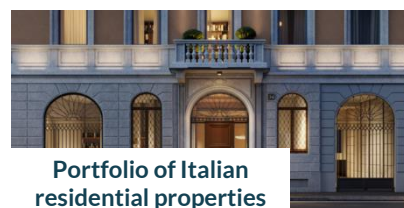
**Theme:** well-positioned to capitalize on the transformative trends driving growth in the offshore wind industry

**Transformation:** broaden off-shore wind service offering, expand fleet and coverage



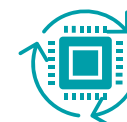
### High-demand rentals

#### Private real estate



**Theme:** amenity-rich residential for rent in key European cities better suit the lifestyle of today's young professionals

**Transformation:** complete refurbishment, creation of high-commodity living spaces



### Mission-critical parts

#### Private debt



**Theme:** designer and manufacturer of mission critical highly tailored metallic hoses for the semiconductor industry

**Value proposal:** digitization and automation is growing and CoreDux is strongly positioned

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 (2022).



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# 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 at the center** of vision, strategy, and accountability

## Asset transformation

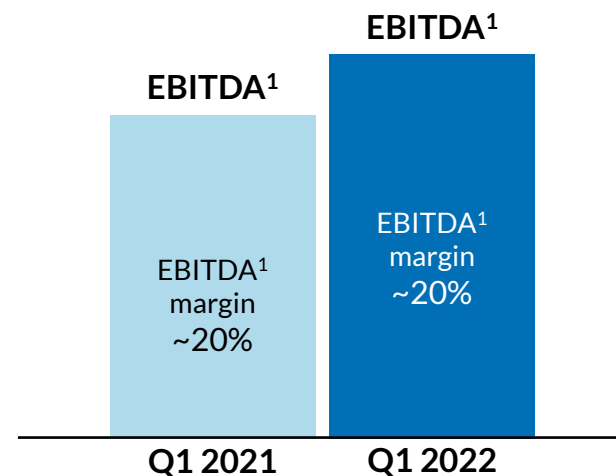
**Enhancing business models & operational performance** to increase cash flows & margins

## 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  
(Q1 last 3 months)

**+15%**



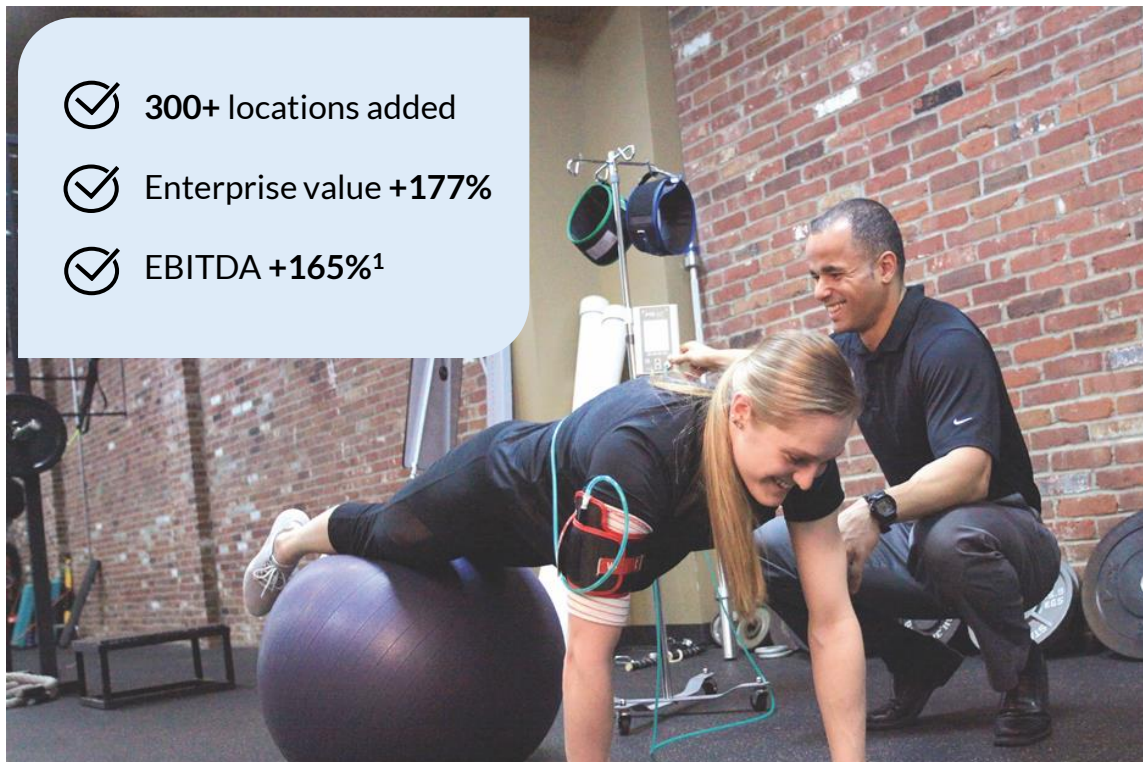
For illustrative purposes only. Past performance is not indicative of future results. There is no assurance that similar investments will be made. There is no guarantee that the investment will be successful. **1** Quarterly (last three month) adjusted EBITDA growth rate calculated for Q1 2022 and adjusted EBITDA margins for Q1 2021 & Q1 2022 on a NAV-weighted basis (unaudited). Adjusted EBITDA reflects normalized earnings (recurring and operational, including inorganic growth). Source: Partners Group portfolio companies (2022).



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## A look inside Confluent: building a market leader in physical therapy

- ✓ 300+ locations added
- ✓ Enterprise value +177%
- ✓ EBITDA +165%<sup>1</sup>



GET DIRECT ACCESS TO SPECIALTY-LEVEL CARE



A THOROUGH EVALUATION OF YOUR UNIQUE ISSUES



GAIN A TRUSTED PARTNER YOU'LL HAVE FOR LIFE

2



### Accessible healthcare

Providing highly effective lower-cost alternatives to surgeries, specifically in underserved communities

### Transformational investment strategy

- ✓ Improved client access to affordable treatment via omnichannel approach
- ✓ Identified over 300 practice owners seeking a strategic partnership
- ✓ Developed a clinician-centric training model to boost their specializations

<sup>1</sup> From the investment close in June 2019 to December 2021. <sup>2</sup> Source: Confluent Physical Therapy  
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 (2022).







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# Profitable growth of underlying portfolio mitigates adverse market movements

## Net direct portfolio performance overview

		Partners Group <sup>1</sup>	
		Q1 2022 YTD	Last 10 years as of 31 March 2022
	Private equity	1.6%	19.8%
	Private debt	0.2%	6.5%
	Private infrastructure	3.6%	13.9%
	Private real estate	1.0%	9.3%

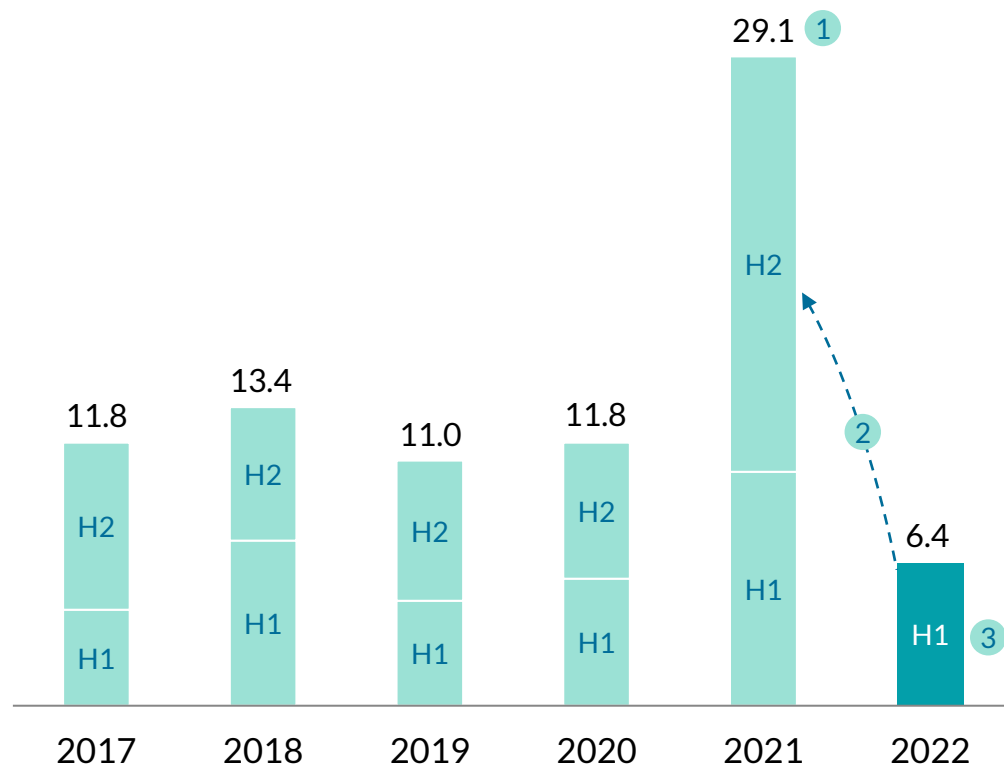
<sup>1</sup> Partners Group shows performance as model net returns, which are based on gross investment performance and standard fee parameters for the three-month period ended on 31 March 2022 and for the 10-year period ended on 31 March 2022, respectively. All cash flows and valuations are converted to USD using fixed FX rates as of 31 March 2022. Return figures denote annualized pooled internal rates of returns (IRR) of direct investments in private equity, private debt and private infrastructure. Private real estate includes all investments underlying Partners Group's Real Estate Opportunity (REO) strategies, representing private real estate direct investments and (direct) secondary investments. Model net figures do not include the impact of factors such as any taxes incurred by investors, organizational and administration expenses or ongoing operating expenses incurred by the investment program (e.g. audit, hedging etc.). The performance presented reflects model performance an investor may have obtained had they invested in the manner and the time period 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 (2022).



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# Market volatility has led to the postponement of exit activities originally planned for H1

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



- 1 2021 included a catching up in exit activities from 2020
- 2 In late 2021 several sizeable exits were accelerated from 2022
- 3 In H1 2022 portfolio assets and credit distributions accounted for 72%<sup>1</sup>

**Our focus remains on business building and value creation with several exits postponed until markets are more benign**

**Postponed realizations are expected to bring H1 performance fees to 5-10% of total H1 revenues; mid- to long-term guidance of 20-30% confirmed**

<sup>1</sup> Direct equity realizations accounted for the remaining 28% of H1 2022 portfolio realizations. For illustrative purposes only. Past performance is not indicative of future results. There is no assurance that similar investments will be made. Source: Partners Group (2022).



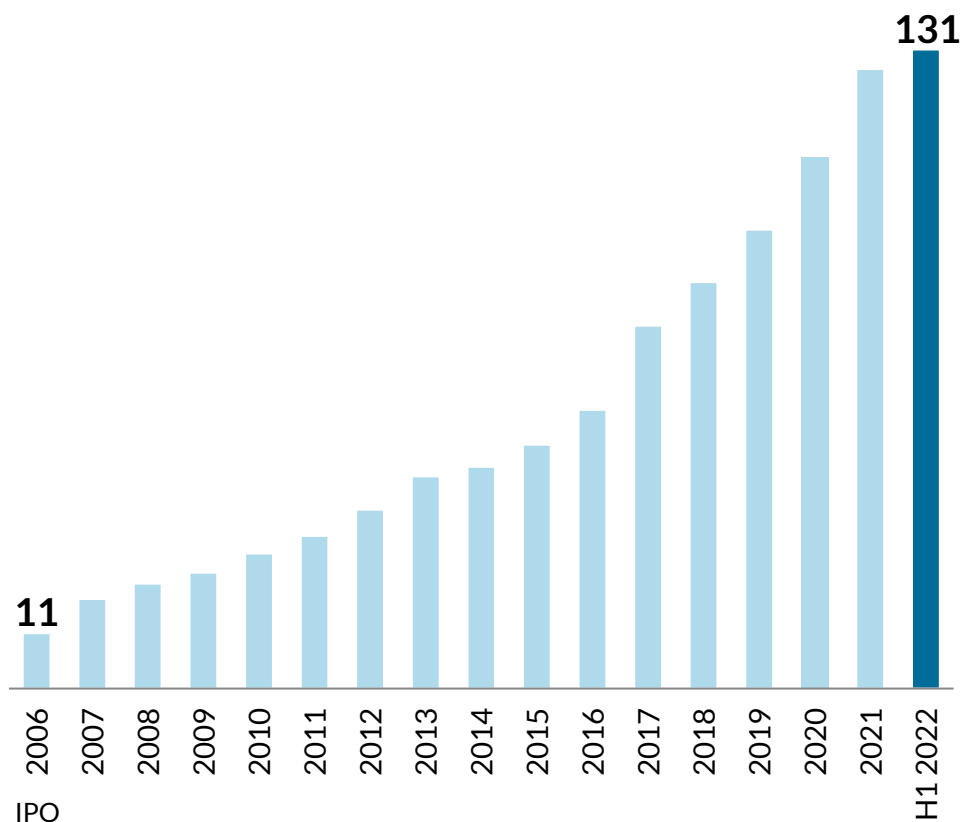
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## Sustainable AuM growth continues

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



**66bn**

Private  
equity



**27bn**

Private  
debt



**17bn**

Private  
real estate



**21bn**

Private  
infrastructure

Note: assets under management exclude discontinued public alternative investment activities and divested affiliated companies held up to 2013.

<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 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).

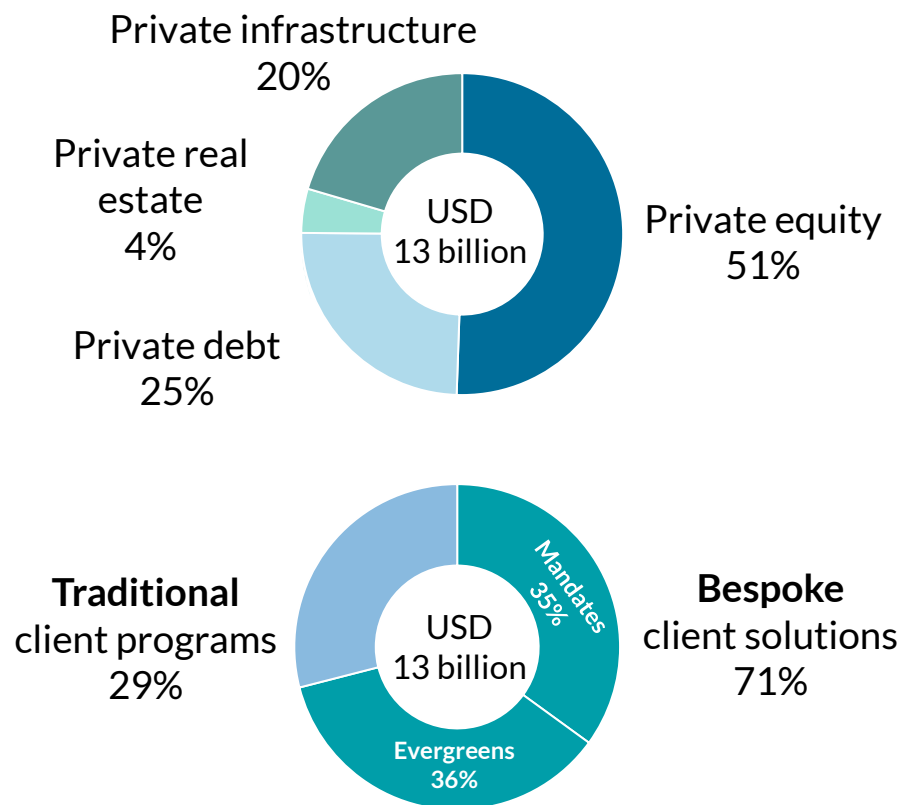
Past performance is not indicative of future results. Source: Partners Group (2022).



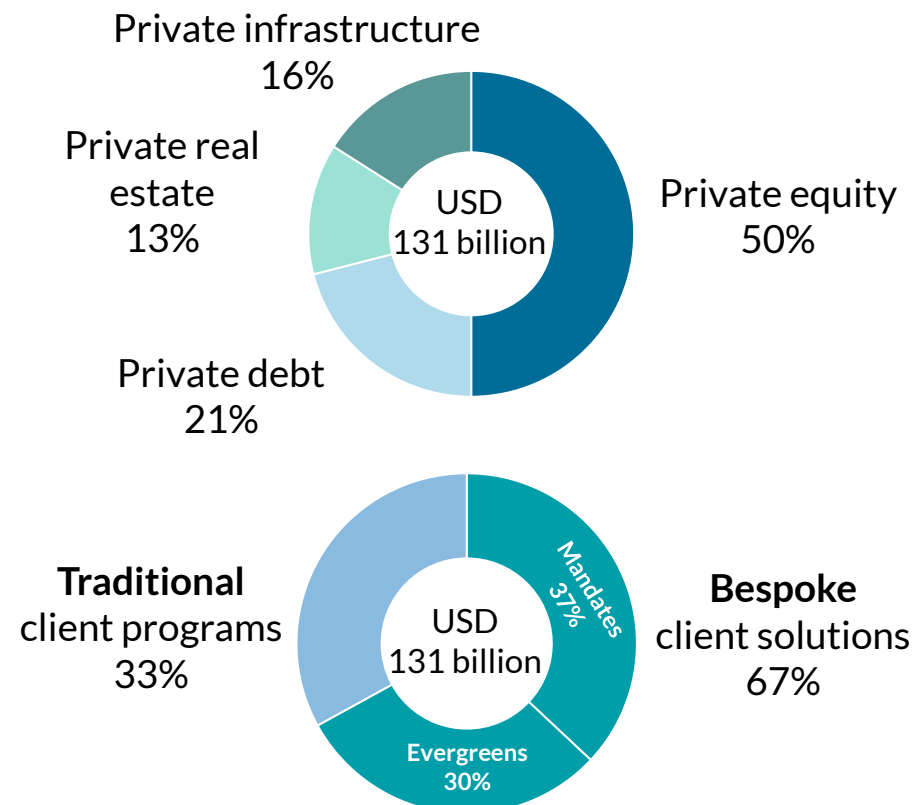
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## Bespoke client solutions continues to drive stable AuM growth

### Assets raised during H1 2022



### AuM as of 30 June 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 (2022).

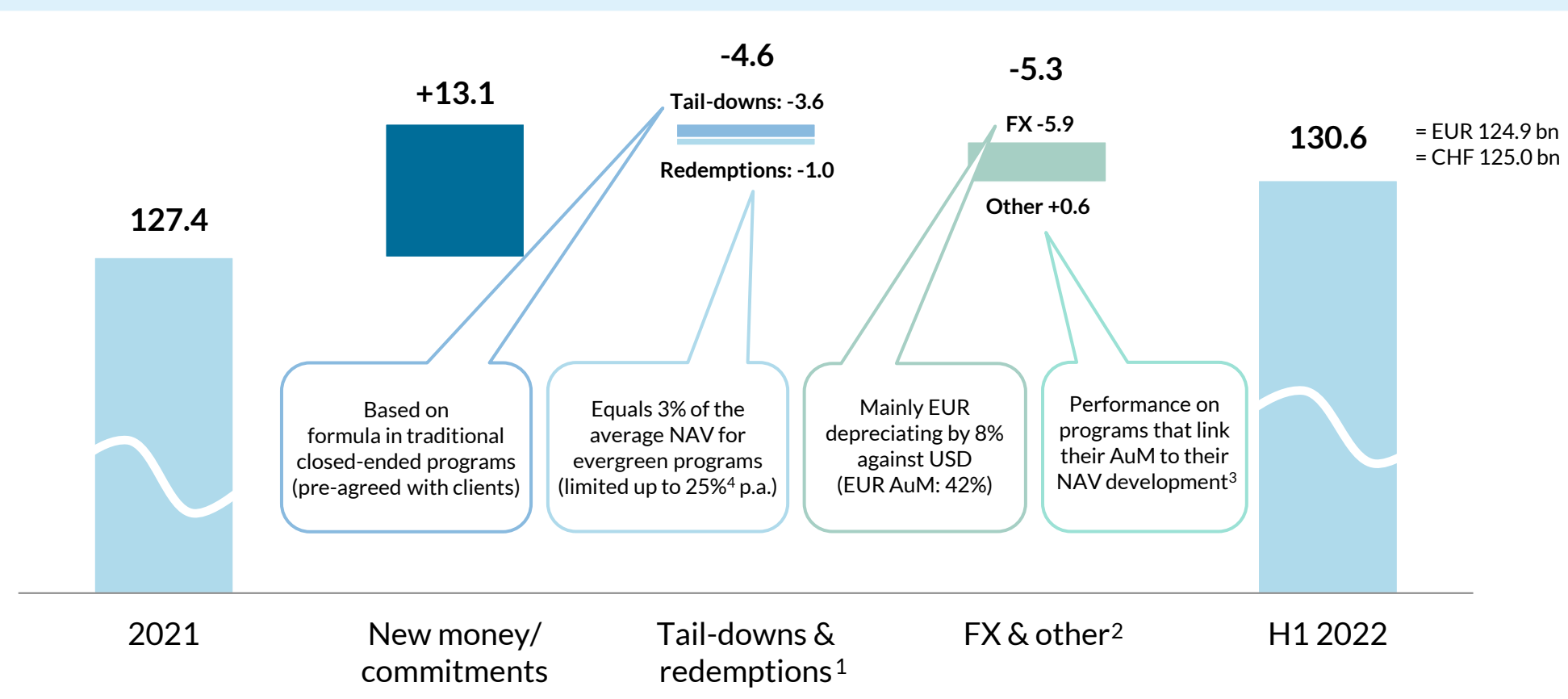


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# Sustained AuM growth impacted by FX

Total assets under management development (in USD billion)



Due to rounding, some totals may not correspond with the sum of the separate figures. <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> 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. As always, calculations for H1 AuM numbers are based on 31 May NAV valuations. Full-year AuM numbers are based on 30 November NAV valuations. End of June 2022 NAV valuations which are accounted for in H2 AuM numbers are expected to lead to a marginally negative adjustment to 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). Past performance is not indicative of future results. Source: Partners Group (2022).



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# H1 2022 fundraising comes in on target

## Assets under management development in H1 2022 (in USD billion)

	AuM 2021	New money/ commitments H1 2022	Other factors <sup>1</sup> H1 2022	AuM H1 2022	5-year CAGR <sup>2</sup>
Private equity	63.0	6.6	-4.0	65.7	13%
Private debt	27.5	3.2	-3.2	27.5	19%
Private infrastructure	19.2	2.7	-1.4	20.5	18%
Private real estate	17.6	0.6	-1.3	16.8	11%
<b>Total AuM</b>	<b>127.4</b>	<b>13.1</b>	<b>-9.9</b>	<b>130.6</b>	<b>15%</b>

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

<sup>1</sup> Other factors consist of tail-downs, redemptions, currency effects and others (i.e. performance and investment program changes from select programs).

<sup>2</sup> CAGR: compound annual growth rate for the period 30 June 2017 – 30 June 2022.

Past performance is not indicative of future results. Source: Partners Group (2022).



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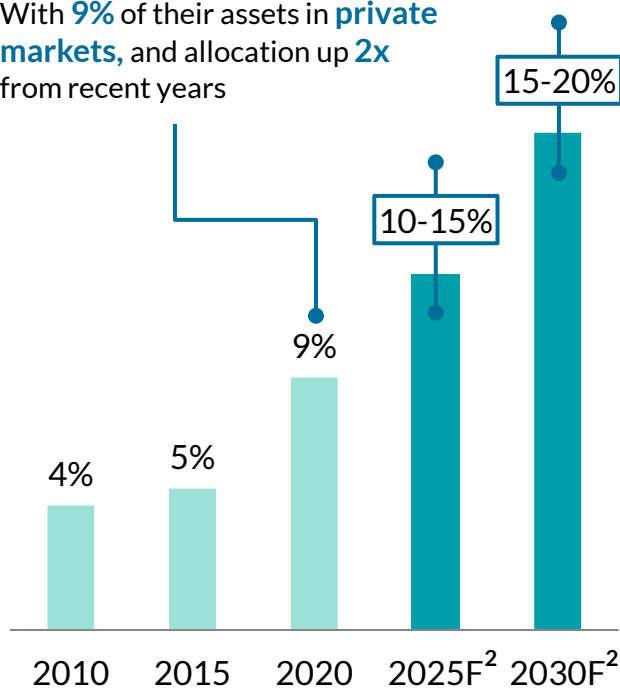
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## Strong structural growth trend across the private markets industry

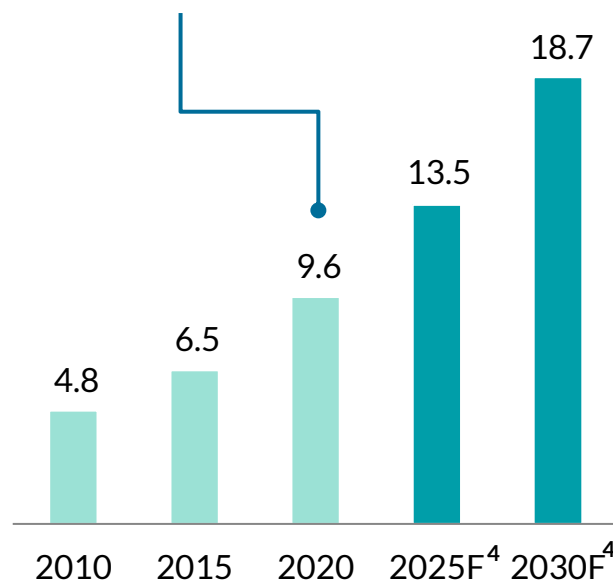
### Average private markets allocation of top 25 institutional investors<sup>1</sup>

With **9%** of their assets in **private markets**, and allocation up **2x** from recent years



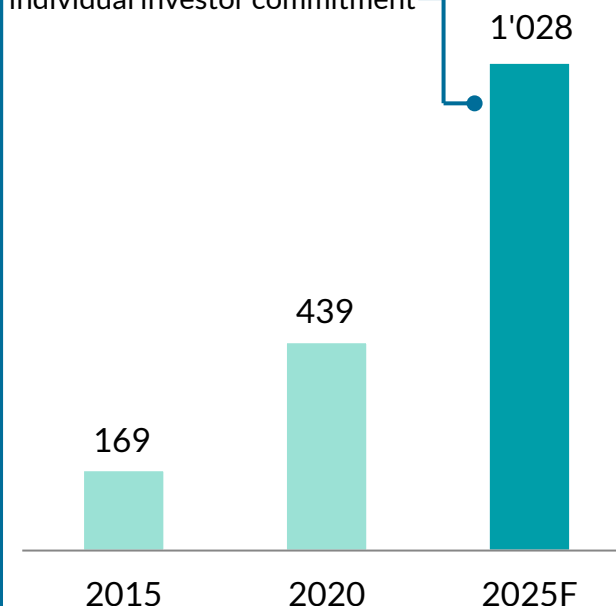
### Total assets of retirement DC plans in the US, USD tn<sup>3</sup>

Addressable market: target date fund allocation of DC assets open PE opportunities<sup>4</sup> of USD **450 - 700 bn** (10 - 15% PE exposure)



### HNW (net worth of USD 1mn+) capital allocations to private equity, USD bn<sup>5</sup>

HNW individuals (net worth of USD 1mn - 20mn) expected to account for **40%** of individual investor commitment



Institutional and retail investors are expected to increase their portfolio allocation towards private markets

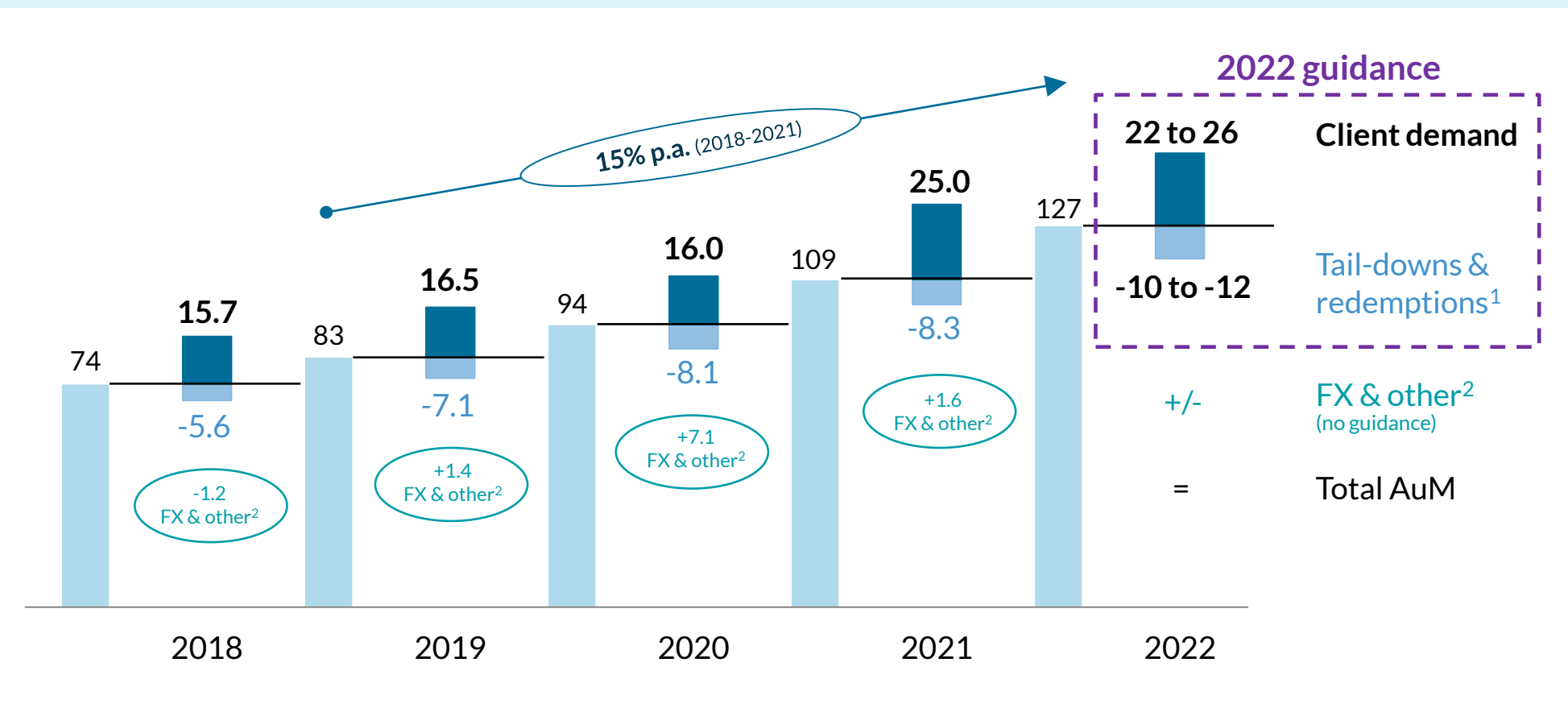
For illustrative purposes only. <sup>1</sup> Top 25 institutional investors by assets under management. Sources: Preqin (2021), The Economist (2021). <sup>2</sup> Partners Group's estimates, 2022. <sup>3</sup> Source: Statista (2021) <sup>4</sup> Source: Investment Company Institute, BofA Global Research 10-year opportunity assumes DC assets grow at annual CAGR of 7%, target date allocations average 25%, and target date fund PE allocations increase to 10-15% <sup>5</sup> Source: BCG Global Wealth Market Sizing 2021, The Art of Private Equity in Wealth Management, iCapital. Includes adult individuals with financial wealth > USD 1mn. Past performance is not indicative of future results. Source: Partners Group (2022)



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# Full-year 2022 guidance confirmed

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. Past performance is not indicative of future results. Source: Partners Group (2022).



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## Q&A

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