

2019 at a glance – Clients



Clients

USD 16.5 billion gross client demand in 2019; AuM stands at USD 94 billion.

The global fundraising environment remained generally supportive and continued to attract a wide and growing range of investors who are looking for the higher returns that can be found in private markets. Private markets investments play an ever-increasing role in the portfolio construction of investors as they also provide the benefits of diversification and risk/return enhancement.

A broad range of investors are seeking to further build out their exposure to private markets and we aim to meet this demand with our traditional private markets programs and via our bespoke solutions. These range from mandates for large institutions, which allow us to steer investment exposure across multiple private markets asset classes in line with clients' longer-term investment horizons, to evergreen programs for private individuals who are increasingly recognizing the benefits of private markets.

AuM grew to USD 94 billion

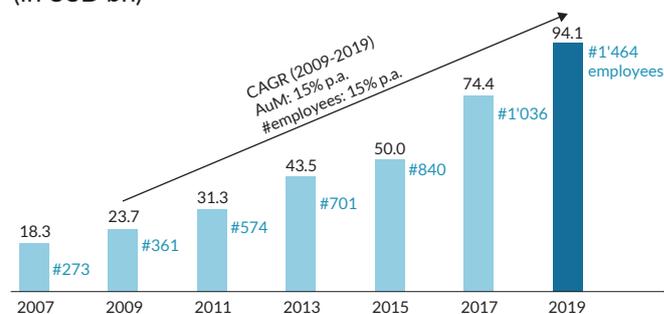
We aim to mirror the fee basis for our various investment programs and mandates when calculating AuM. As such, AuM covers investment programs, mandates and select assets to which we provide fee-paying investment management or advisory services¹⁰. In 2019, we received USD 16.5 billion in new commitments from our global client base across all private markets asset classes (guidance provided at the beginning of the year: USD 14.5 to 18.0 billion)¹¹. This demand for programs and mandates brings total AuM to USD 94.1 billion as of 31 December 2019 (31 December 2018: USD 83.3 billion), representing a net growth of 13%.

¹⁰ For more information on our AuM please see our definition in the section "Alternative Performance Metrics" on page 32.

¹¹ EUR guidance for the full-year was EUR 13-16 billion; in USD, guidance translates into USD 14.5-18.0 billion, rounded to the next 0.5 billion (average EUR/USD FX-rate of 1.12).

As of 31 December 2019, we have aligned our AuM reporting currency with our investment activity reporting currency by switching to USD. This reflects the growing importance of USD-denominated assets as a proportion of AuM. As of the end of the year 2019, USD-denominated AuM already represented 38% of total AuM, with the remainder denominated in a variety of other currencies.

Total AuM (in USD bn)

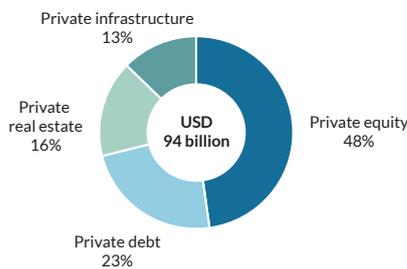


Note: assets under management exclude discontinued public alternative investment activities and divested affiliated companies held up to 2013. Growth rate equals the compound annual growth rate. Please refer to the "Alternative Performance Metrics" section on page 32 of this annual report for more information about the definition of AuM.

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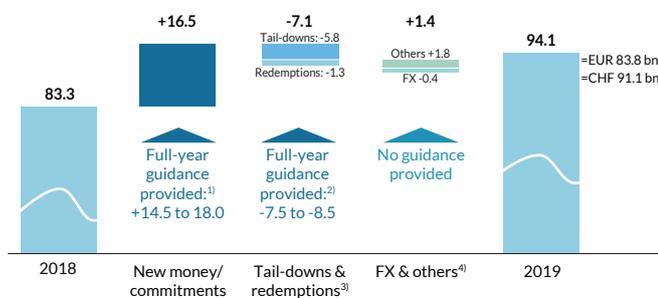
The breakdown of total AuM as of 31 December 2019 is as follows: USD 45 billion private equity, USD 22 billion private debt, USD 15 billion private real estate, and USD 12 billion private infrastructure. It is noteworthy to mention that our AuM have become increasingly diversified. As of end 2019, our combined AuM in Private Debt, Private Real Estate and Private Infrastructure represented for the first time more than 50% of our total AuM.

AuM by asset class



Alongside new commitments received during the period, tail-down effects from mature private markets investment programs and redemptions from evergreen programs amounted to a total of USD -7.1 billion (full-year guidance for tail-downs and redemptions: USD -7.5 to -8.5 billion). These were skewed towards the second half of the year as a number of larger closed-ended programs reached the end of their lifetime. A positive contribution of USD +1.8 billion stemmed mainly from performance- and investment-related effects from a select number of investment programs. The remaining USD -0.4 billion was driven by foreign exchange effects. Overall, this resulted in net AuM growth of USD 10.8 billion during the period.

Total AuM development in 2019 (in USD bn, except where stated otherwise)



1) EUR guidance for the full-year was EUR 13-16 billion; in USD, guidance translates into USD 14.5-18.0 billion, rounded to the nearest 0.5 billion (average EUR/USD FX-rate of 1.12).
 2) EUR guidance for the full-year was EUR -6.5 to -7.5 billion; in USD, guidance translates into USD -7.5 to -8.5 billion, rounded to the nearest 0.5 billion (average EUR/USD FX-rate of 1.12).
 3) Tail-downs & redemptions: tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from semi-liquid evergreen programs.
 4) Others consist of performance and investment program changes from select programs.

Client demand across all asset classes

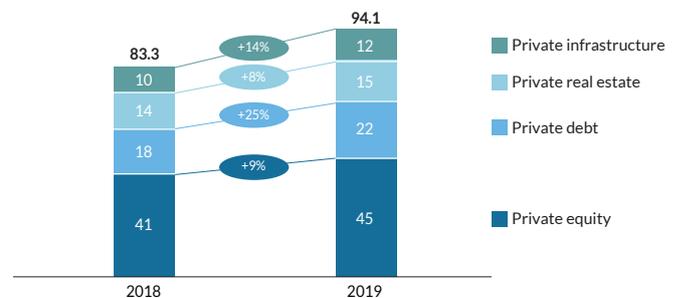
Private equity was the largest contributor to assets raised in 2019, representing 43% of all new commitments (USD 7.1 billion). Demand was tilted towards the first half of the year and split across a wide range of different programs and mandates, with our next-generation private equity flagship program and our evergreen programs being the main contributors. Our private equity AuM grew by 9% in 2019.

Private debt saw strong inflows in 2019, which represented 30% of all new commitments (USD 5.0 billion). Demand was spread over several different programs and mandates focused on our direct lending activities, which contributed about three quarters of the assets raised, and our collateralized loan obligation (CLO) business, which contributed about one quarter of assets raised. Today, our CLO business represents around 4% of our AuM, but this proportion is expected to grow in the years to come, depending on market receptiveness to CLOs. Private debt AuM grew by 25% in 2019, making it the fastest-growing business line within our firm.

Private real estate new commitments represented 15% of overall new client demand (USD 2.5 billion). Almost half of our new assets raised stemmed from our real estate opportunities investment strategy. The year-on-year growth rate of private real estate AuM amounted to 8% in 2019.

Client demand for **private infrastructure** made up 12% of all new commitments (USD 1.9 billion). Client demand was predominantly driven by our diversified global infrastructure offering and mandates. We started marketing our new direct flagship offering towards the end of 2019 and we expect that to make a meaningful contribution to fundraising in 2020. Private infrastructure AuM increased by 14% in 2019.

Net AuM growth by asset class (in USD bn)



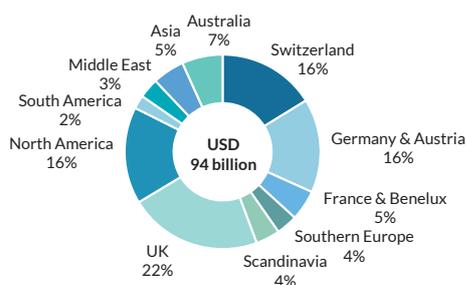
2019 at a glance – Clients

Client demand by region

We have an international client base of over 900 institutions around the world. In 2019, client demand was again well-diversified across regions: North America accounted for the largest share of client demand, with 19% of new inflows, followed by the United Kingdom and Switzerland, which represented 17% of client demand each. Notably resilient countries were Germany and Australia, which contributed 12% and 10% of total inflows, respectively. The remainder stemmed from all other regions, with Asia and France making strong contributions.

Following these inflows in 2019, our total AuM by region as of 31 December 2019 stands as follows.

AuM by region



Client demand by type

The USD 16.5 billion inflows in 2019 stemmed from a broad and diverse range of clients, as outlined below.

In 2019, **corporate, public and other pension funds** continued to be the key contributors to AuM growth, representing 42% of total client demand. These investors typically seek to further enhance the risk/return profile of their portfolios by increasing their private markets exposure.

We saw continued demand from **distribution partners (banks and others)**, which accounted for 20% of client demand in 2019. They represent private individuals and smaller institutional investors, who increasingly recognize the benefits of private markets and aim to mirror the allocations of institutional investors in their own investment portfolios. Usually, they seek to access private markets through semi-liquid evergreen programs, which offer quarterly, limited monthly and, in some cases, limited daily liquidity.

Insurance companies accounted for 7% of overall inflows in 2019, displaying particular appetite for yield-generating private debt offerings as well as renewed interest for equity investments.

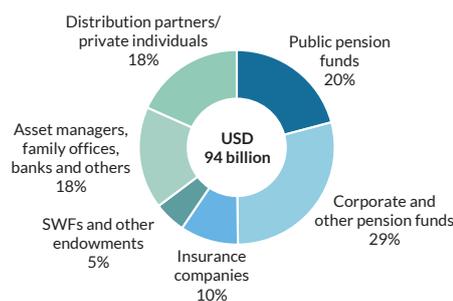
Sovereign wealth funds and endowments accounted for approximately 7% of total assets raised in 2019 and generally engage with us seeking highly tailored private markets solutions to complement their existing portfolios.

Banks also supported our fundraising, with a focus on our CLO offerings. They strengthened our position in the European and US broadly syndicated debt markets and made up 7% of our total fundraising in 2019.

A further 17% of total client demand stemmed from **asset managers, family offices and other investors**.

Following these inflows in 2019, our total AuM by investor type as of 31 December 2019 stands as follows.

AuM by type



2019 at a glance – Clients

Client demand by product structure

In 2019, client demand derived from a wide spectrum of offerings across all private markets asset classes, with many of our more sizable clients requesting the creation of tailored programs, either through single or multi-asset class **mandates**, confirming the preference for tailored solutions to meet the specific client needs of larger institutional investors. Our mandate business concentrates on building up a client's private markets exposure on an ongoing basis. Capital is committed via long-term partnerships, which often are not limited to a specific contractual life. Some 32% (USD 5.3 billion) of our client commitments in 2019 stemmed from relationships with clients through such mandates.

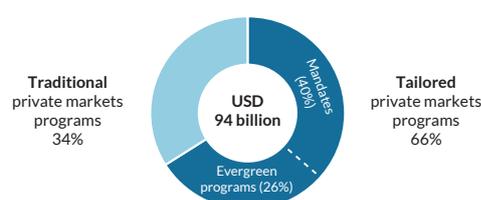
An additional 29% (USD 4.8 billion) of new commitments stemmed from our **evergreen programs**. These open-ended vehicles cater mostly to private individuals who are increasingly recognizing the benefits of private markets; they have no contractual end, but are subject to potential redemptions (initially provided via their allocation to more liquid assets). We have been a pioneer in the structuring of such evergreen programs for investors. We currently manage 26% of our AuM (USD 24.0 billion) in evergreen programs, of which USD 21.6 billion are subject to potential redemptions.

Gating provisions are a standard feature of these evergreen programs in order to protect remaining investors as well as performance; net redemptions in these investment programs are typically limited to 20-25% p.a. of the prevailing net asset value, depending on the investment strategy and content of the program. When deemed in the best interest of the investment program, stricter gating rules can be enforced for select share classes for a period of up to two years.

The remaining 39% (USD 6.4 billion) of overall inflows in 2019 was raised via **traditional private markets programs**, typically limited partnerships, with a pre-defined contractual life often with an initial term of 10-12 years for closed-ended equity offerings and 5-7 years for closed-ended debt offerings.

Following these inflows in 2019, our total AuM by product structure as of 31 December 2019 stands as follows.

AuM by program structure



Around 300 portfolios under management

Managing complex private markets portfolios is our strength and a key differentiator for our firm. We currently manage around 300 diverse private markets portfolios in different stages of their lifecycle and across all private market asset classes. These encompass traditional private markets vehicles such as comingled, closed-ended limited partnerships; mandates for large institutions, which allow us to steer investment exposure across multiple private markets asset classes in line with clients' longer-term investment horizons; and evergreen programs.

As of 31 December 2019, our two largest investment programs, which are both globally diversified, accounted for 12% of our AuM. While the largest program combines private equity and private debt investments and caters to private investors in the US, the second largest program offers investors exposure to all private equity investment strategies.

Private market programs and mandates relative to AuM



Note: total AuM of USD 94 billion as of 31 December 2019.

2019 at a glance – Client outlook



Client outlook

Solid **gross client demand** expected for 2020; confirmed guidance of **USD 15-19 billion**.

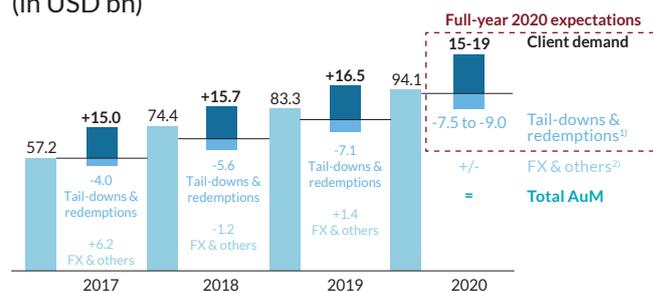
Based on robust client demand for programs and mandates and facilitated by the solid increase in our investment capacity, we confirm our guidance of USD 15-19 billion for the anticipated bandwidth of gross client commitments for the full-year 2020. This guidance assumes that the fundraising environment will remain benign, which is our base case scenario.

Our full-year estimates for tail-down effects from the more mature Partners Group programs and potential redemptions from semi-liquid programs have not changed and amount to USD -7.5 to -9.0 billion.

Fundraising will be spread across a variety of programs spanning all private markets asset classes, including flagship programs, customized mandates and the firm's extensive range of innovative evergreen programs.

Based on our strong track record of investment performance, as well as client service excellence, we believe that we are well positioned to continue to be a strong partner to global investors.

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



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

2) Others consist of performance and investment program changes from select programs.