

2020 at a glance – Clients



Clients

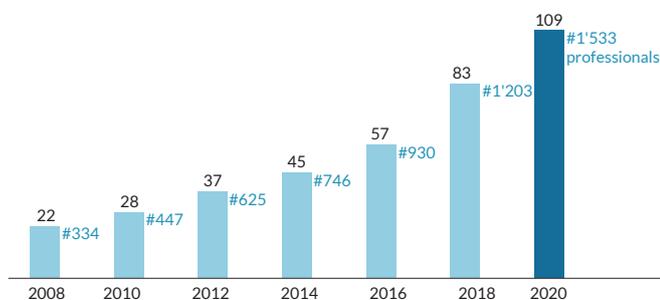
USD 16.0 billion gross client demand in 2020; AuM stands at USD 109 billion.

Fundraising environment

The industry continued to observe strong demand for private markets solutions in 2020². The structural growth drivers continue to be the increase in institutional assets under management, the rising allocations of institutional investors to private markets and the outperformance of private markets against public markets. Moreover, we observe a concentration of private markets allocations with those managers that have the capacity and ability to onboard sizeable commitments and deploy larger amounts of capital as well as providing an all-encompassing service catalogue. We have started confidently into 2021 and base our full-year fundraising outlook on the expectation that the situation around COVID-19 will improve as the year progresses.

² Source: Preqin, February 2021, Alternatives in 2021.

Total assets under management (in USD bn)



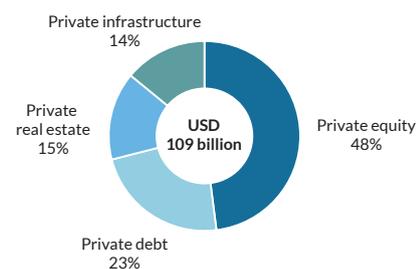
Note: assets under management exclude discontinued public alternative investment activities and divested affiliated companies held up to 2013.

AuM grew to USD 109 billion

In 2020, we saw continued strong client demand across all private markets asset classes despite COVID-19 and received USD 16.0 billion in new commitments. This demand for programs and mandates brings total AuM to USD 109.1 billion as of 31 December 2020 (31 December 2019: USD 94.1 billion).

The breakdown of total AuM as of 31 December 2020 is as follows: USD 52 billion private equity, USD 25 billion private debt, USD 17 billion private real estate, and USD 16 billion private infrastructure.

AuM by asset class

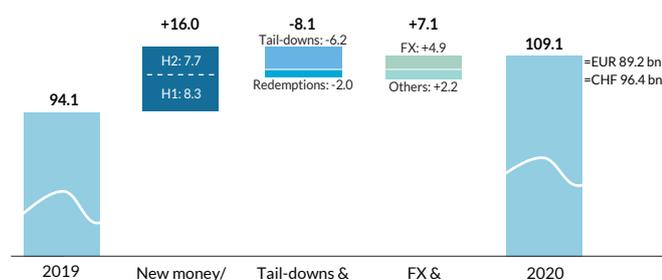


Alongside new commitments received during the period, tail-down effects from mature private markets investment programs amounted to USD -6.2 billion and redemptions from evergreen programs amounted to USD -2.0 billion in 2020 (full-year guidance for tail-downs and redemptions: USD -7.5 to -9.0 billion).

2020 at a glance – Clients

Our transformational investment strategy provided stability to our portfolio and facilitated an instant return to growth in the second half of the year. As a result, performance-related effects from a select number of investment programs generated a positive contribution of USD 2.2 billion to AuM. Foreign exchange effects positively impacted underlying AuM growth by USD 4.9 billion, in particular due to the strengthening of the Euro against the US Dollar. Overall, this resulted in net AuM growth of USD 15.0 billion during the period and a growth rate of 16% year-on-year. Excluding the impact of exchange rates, this leaves 11% underlying AuM growth in 2020.

Total assets under management development (in USD bn, except where stated otherwise)



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.
Note: due to rounding, some totals may not correspond with the sum of the separate figures.

Client demand across all asset classes

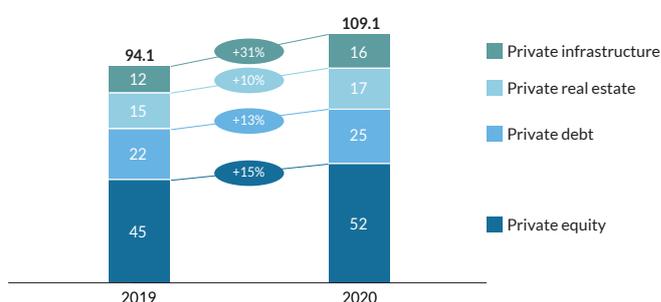
Private equity was the largest contributor to assets raised in 2020, representing 40% of all new commitments (USD 6.4 billion). Demand was split across a wide range of different programs and mandates, with our successor private equity direct and secondaries programs as well as our evergreen programs being the main contributors.

Private debt saw strong inflows, which represented 23% of all new commitments (USD 3.7 billion). Demand was spread over several different programs and mandates focused on our collateralized loan obligation (CLO) business, which contributed about 55% of the assets raised, and our direct lending activities, which contributed the other 45% of new commitments. Today, our entire CLO business represents around 5% of our AuM.

Private real estate new commitments represented 15% of overall new client demand (USD 2.5 billion), stemming from a diversified range of investment programs and mandates focusing on our Global Real Estate Opportunities strategy.

New client demand for **private infrastructure** represented 22% of all new commitments (USD 3.5 billion). Private infrastructure showed the strongest net AuM growth on a relative basis. Infrastructure is in the midst of fundraising for its successor direct offerings, which contributed substantially throughout the year. This program will continue to make a relevant contribution to fundraising over the next 12 months.

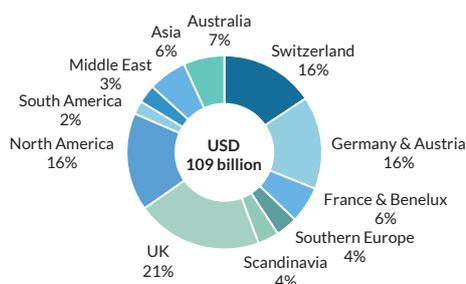
Net AuM growth by asset class (in USD bn)



Client demand by region and by type

We have a broadly diversified and international client base spanning a range of clients.

AuM by region



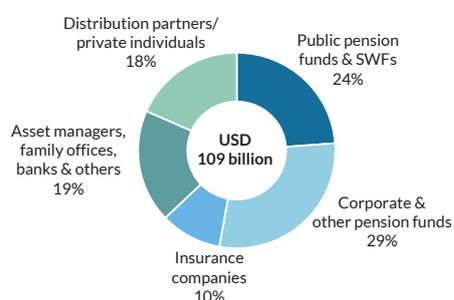
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In terms of type of clients, the majority of our AuM stems from institutional clients such as corporate, public and other pension funds as well as sovereign wealth funds and insurance companies. These institutional investors often invest via bespoke solutions or traditional long-term closed-ended private markets programs.

2020 at a glance – Clients

Over the last three years, we have seen strong demand from distribution partners, which typically accounted for between 15-25% of client demand. 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 open-ended programs with limited liquidity features (evergreen programs).

AuM by type



Client demand by product structure

Managing around 300 diverse private markets portfolios in different stages of their lifecycle and across all private market asset classes is our strength and a key differentiator for our firm. 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.

In 2020, 42% (USD 6.8 billion) of overall inflows were 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.

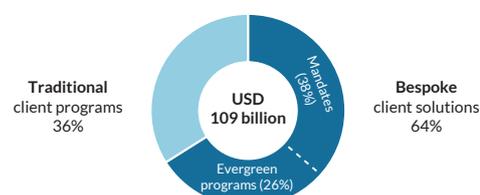
Our **mandate** business focuses on building up private markets exposure for large institutional clients, often to achieve long-term target allocations. Capital is committed via long-term partnerships, which are often not limited to a specific contractual life and will continue for a perpetual term, unless new commitments are discontinued. Some 35% (USD 5.5 billion) of our client commitments stemmed from relationships with clients through mandates.

The remaining 23% (USD 3.7 billion) of new commitments stemmed from our evergreen programs. We are a global leader in evergreen programs for investments in private markets. These open-ended evergreen vehicles cater mostly to high-net-worth individuals and have no contractual end but are subject to potential redemptions. As of 31 December 2020, we manage 26% of our AuM (USD 28.2 billion) in **evergreen programs**. In 2020, inflows to evergreen programs have exceeded redemptions by USD 1.7 billion.

Gating provisions are a standard feature of these evergreen programs in order to protect remaining investors and 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 to be 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.

Following these inflows in 2020, our total AuM by product structure as of 31 December 2020 stands as follows.

AuM by program structure



As a pioneer in creating private markets products which are accessible for the defined contribution (DC) pensions industry, a highlight for our firm in the first half of 2020 was the Information Letter issued by the US Department of Labor (DoL) in response to our initiative to seek guidance for the US DC industry on investing in private markets. The DoL clarified that, under federal law, DC pension plan fiduciaries could prudently incorporate certain private markets strategies into diversified investment options, such as target-date funds. Previously, DC plan sponsors had been reluctant to include private equity in their investment options for fear of breaching their fiduciary duty under federal law.

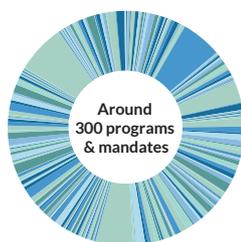
2020 at a glance – Clients

In its guidance, the DoL also clarified that Partners Group's dedicated evergreen offering for the US DC market is well-suited for these investment options. This is important as it not only enables Partners Group to help modernize the US DC market and provide participants with potentially improved retirement outcomes, but it also offers the US DC pension system vital access to the broader economy by providing the opportunity to be a substantial future investor in the growing proportion of businesses that choose not to list publicly.

AuM well-diversified across programs and clients

As of 31 December 2020, 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 combines private equity and private debt investments and caters to private investors in Europe.

AuM split by private market programs and mandates



Note: total AuM of USD 109 billion as of 31 December 2020.

Client outlook

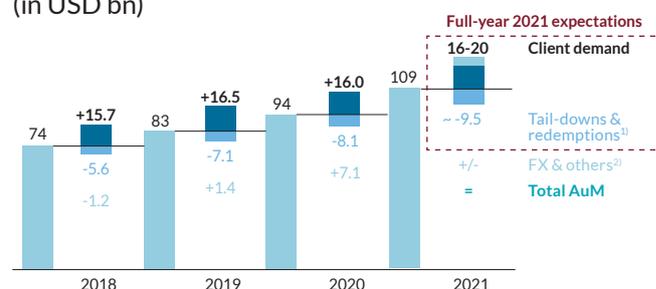
Based on robust client demand for programs and mandates and facilitated by the solid increase in our investment capacity, we confirm our guidance of USD 16-20 billion expected gross client demand for 2021.

Fundraising is expected to be balanced across all program types, from customized mandates and the firm's extensive range of evergreen fund solutions to our traditional closed-ended programs.

Our full-year estimates for tail-down effects from more mature investment programs and potential redemptions from evergreen programs amount to around USD -9.5 billion.

We base our 2021 fundraising outlook on the expectation that current uncertainties around COVID-19 will improve as the year progresses. We are positive that our portfolio is strongly positioned, confirming the strength of our transformational investment approach. This, combined with our bespoke client solutions, gives us the confidence that our growth journey will continue.

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.
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