

# H1 2018 at a glance - Clients



## Clients

**EUR 6.2 billion gross client demand in H1 2018; AuM stands at EUR 67 billion.**

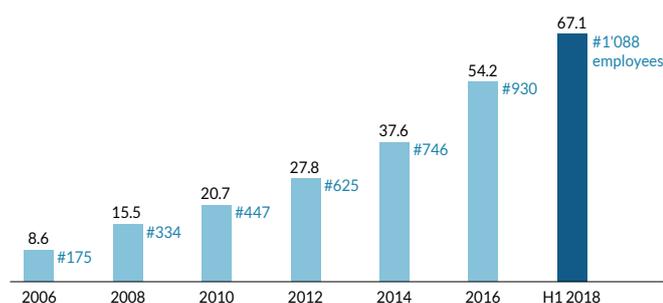
We see a broad cross-section of client types seeking to further build out their exposure to private markets. In H1 2018, our client demand was spread across more than two dozen individual programs and mandates, with many of our more sizable clients requesting the creation of bespoke private markets portfolios, either through single or multi-asset class mandates.

While 2017 was characterized by record demand for our flagship direct programs across private equity, private debt and private infrastructure as well as by strong initial demand for our new flagship secondary real estate program, there were no new flagship programs in the market in H1 2018.

### AuM grew to over EUR 67 billion

In H1 2018, we received EUR 6.2 billion in new commitments from our global client base across all private markets asset classes. This demand for programs and mandates brings total AuM to EUR 67.1 billion as of 30 June 2018 (31 December 2017: EUR 61.9 billion), and represents net growth of 8%.

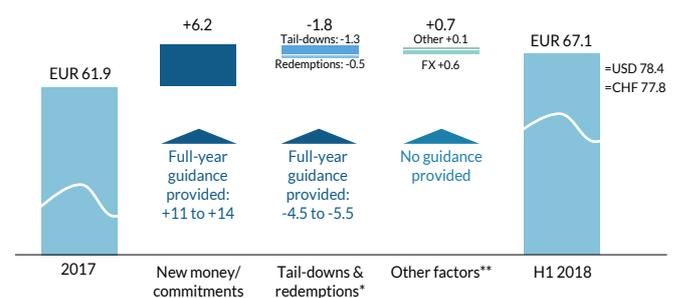
### Total assets under management (in EUR bn)



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

Next to gross client demand of EUR 6.2 billion in H1 2018, there were a total of EUR -1.8 billion in tail-down effects from mature private markets investment programs and redemptions from liquid and semi-liquid vehicles. In addition, foreign exchange effects amounted to EUR +0.6 billion in H1 2018, driven by the appreciation of the USD against the EUR. A positive contribution of EUR +0.1 billion stemmed mainly from performance-related effects from certain investment vehicles. Overall, this resulted in net AuM growth of EUR 5.2 billion during the period.

### Total AuM (in EUR bn)



\*Tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from liquid and semi-liquid programs (~20% of AuM).  
 \*\*Other factors consist of currency effects, performance, investment program changes and other effects.

# H1 2018 at a glance - Clients

## Client demand across all asset classes

**Private equity** was a strong contributor to assets raised in H1 2018, representing 38% of all new commitments. Demand was equally split across a dozen different programs and mandates, however, a key focus was our diversified global value strategy. In this strategy, we combine direct transactions – where Partners Group sources and underwrites an opportunity and is solely responsible for value creation – with portfolios of highly diversified pools of assets via secondary and primary investments. The growth rate of private equity AuM amounted to 7% in H1 2018.

**Private debt** saw strong new commitments in H1 2018, which, like private equity, represented 38% of all new commitments. Demand was spread over several different programs and mandates focused on our corporate senior and junior debt lending activities, which contributed about two-thirds of assets raised, and our collateralized loan obligation (CLO) business, which contributed about one-third of new commitments. The growth rate of private debt AuM amounted to 17% in H1 2018. This makes it the fastest-growing segment within the firm and highlights the further scalability of the business.

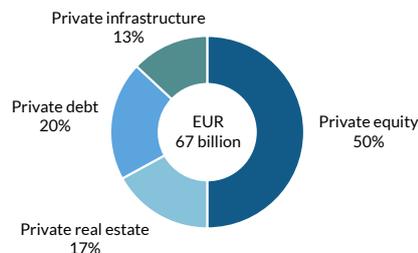
In H1 2018, **private real estate** demand represented 15% of all new commitments. During the period, we neared the end of fundraising for our most recent real estate secondary flagship program, which started fundraising in 2017. This program was the main contributor to H1 2018 real estate fundraising. The growth rate of private real estate AuM amounted to 7% in H1 2018.

**Private infrastructure** total AuM remained largely flat and new commitments represented 9% of overall new client demand. We anticipate the private infrastructure business to be a stronger contributor in the second half of the year and in the quarters to come as we approach the market with our next global value strategy.

The breakdown of total AuM as of 30 June 2018 is as follows: EUR 34 billion private equity (50%), EUR 13 billion private debt (20%), EUR 12 billion private real estate (17%), and EUR 9 billion private infrastructure (13%).

The following chart shows our total AuM by asset class as of 30 June 2018.

## AuM by asset class

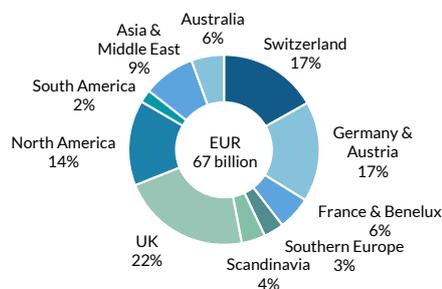


## Client demand by region

We have an international client base of over 850 institutions around the world. In H1 2018, client demand was again well-diversified across regions: almost half of AuM growth came from the UK and US. Notably resilient countries in continental Europe were Germany and Switzerland, which together contributed 20% of total inflows. The remainder stemmed from all other regions, with Asia and Australia making strong contributions.

The chart below shows our AuM by region as of 30 June 2018.

## AuM by region



# H1 2018 at a glance - Clients

## Client demand by type

In H1 2018, **corporate, public and other pension funds** continued to be the key contributors to AuM growth, representing almost half of total client demand (53% of AuM). These investors typically seek to further enhance the risk/return profile of their portfolios by increasing their private markets exposure.

**Banks and asset managers** supported our fundraising in the first half of the year, with a focus on our CLO offerings. These institutions strengthened our position in the European and US broadly syndicated debt markets and made up about 20% of our total fundraising in H1 (15% of AuM). A further 5% of total client demand stemmed from **family offices** and **other investors**.

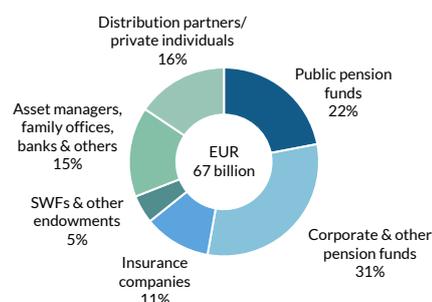
We saw continued demand from **distribution partners/private individuals**, which represented 12% of client demand in H1 2018 (16% of AuM). These types of investors increasingly recognize the benefits of private markets and aim to mirror the allocations of institutional investors in their own investment portfolios. Usually, they seek to access private markets through liquid and semi-liquid structures, which are still unusual in an industry dominated by illiquid, long-duration funds. Semi-liquid structures, which offer quarterly, limited monthly and in some cases limited daily liquidity, were an important driver of asset raising in H1 2018. We have been a notable pioneer in the structuring of **innovative liquid and semi-liquid programs** for investors and to-date manage around 20% of our total AuM in such vehicles.

**Insurance companies** accounted for around 10% of overall inflows in H1 2018 (11% of AuM), displaying particular appetite for yield-generating private debt offerings as well as equity investments.

**Sovereign wealth funds** and **endowments** accounted for approximately 5% of total assets raised in H1 2018 (5% of AuM) and generally engage with us seeking highly tailored private markets solutions to complement their existing portfolios.

The chart below shows our total AuM by investor type as of 30 June 2018.

## AuM by type



# H1 2018 at a glance - Client outlook



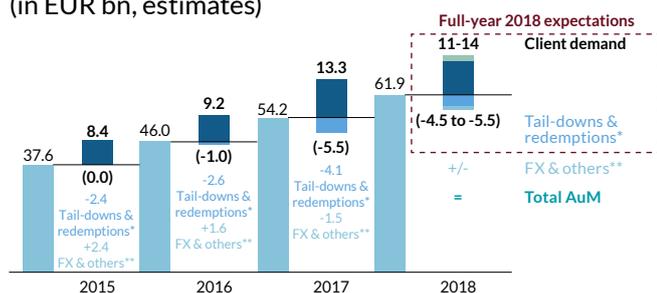
## Client outlook

2018 gross client demand remains solid; **guidance of EUR 11-14 billion confirmed.**

Based on robust client demand for programs and mandates and driven by the steady increase in our investment capacity, we confirm our guidance of EUR 11-14 billion for the anticipated bandwidth of gross client commitments for the full-year 2018. This guidance assumes that the fundraising environment will remain favorable, 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 liquid and semi-liquid programs have not changed and amount to EUR -4.5 to -5.5 billion. We expect these tail-downs and redemptions to be tilted towards H2 2018.

### 2018 gross client demand outlook (in EUR bn, estimates)



\*Tail-downs & redemptions: tail-downs consist of maturing investment programs (typically closed-ended structures); redemptions stem from liquid and semi-liquid programs (~20% of AuM).  
 \*\*Others: consist of performance from select programs and other effects.  
 Note: negative effects (2014-2017) consist of both tail-downs & redemptions as well as FX & others.