

Private debt in numbers

Daniel Humphrey Rodriguez

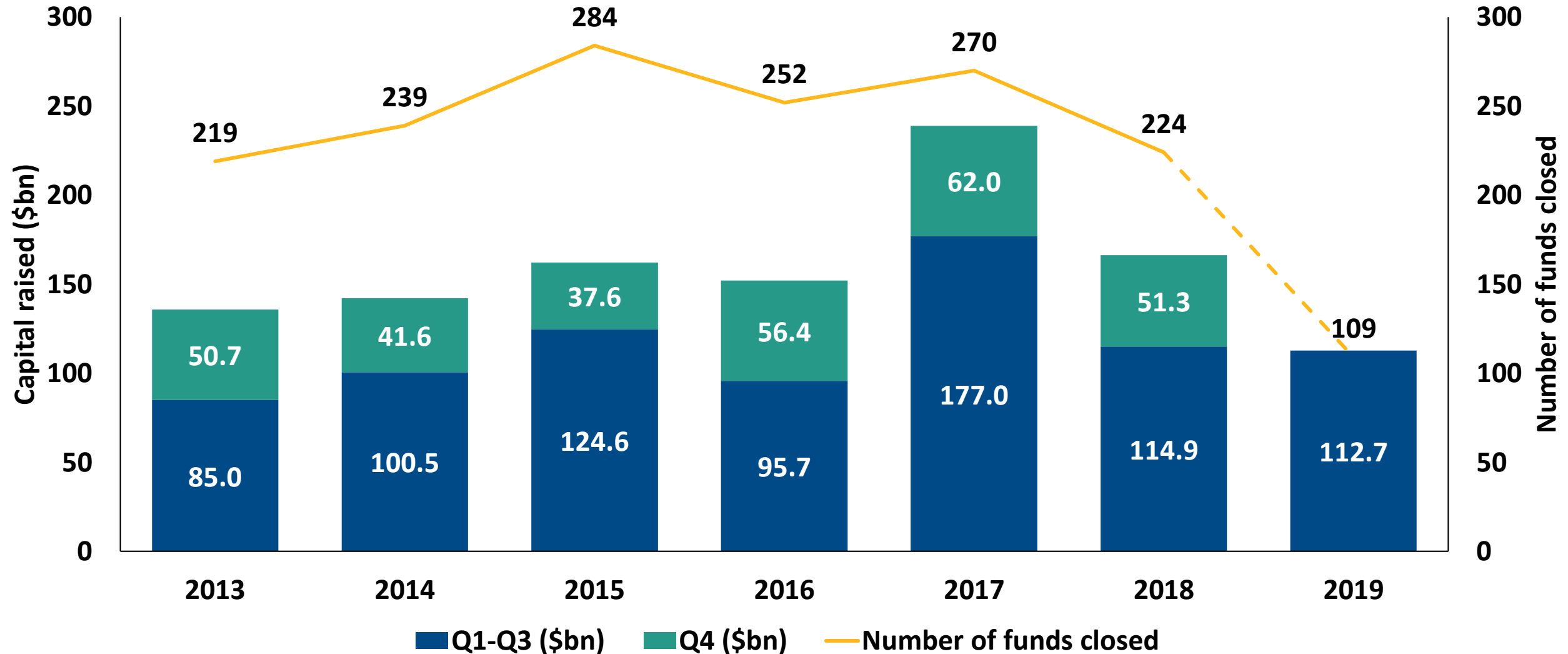
Head of Fund Manager Research, PDI

Glaziers Hall, London | 21 November 2019

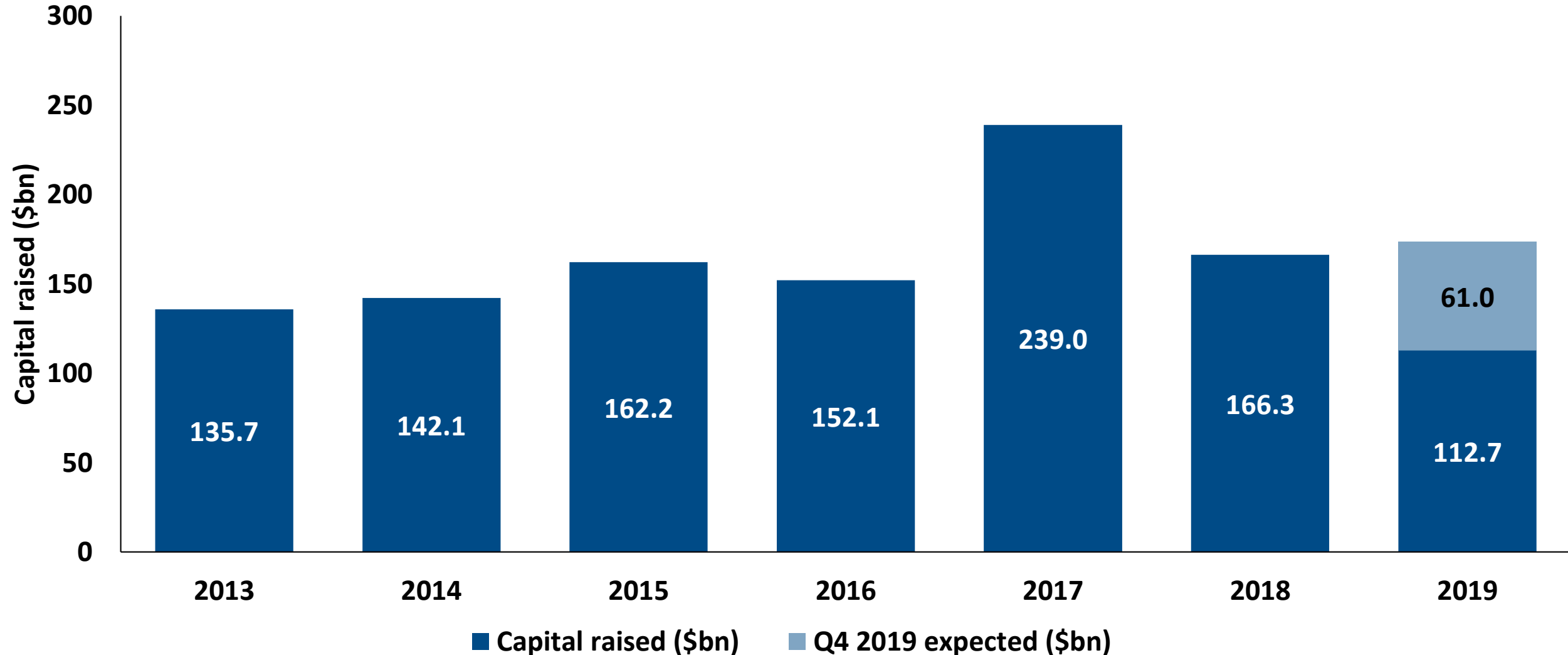
Agenda:

- Private debt in numbers
- PDI 50 – a sneak peak at the largest private debt fund managers
- The investor perspective on private debt

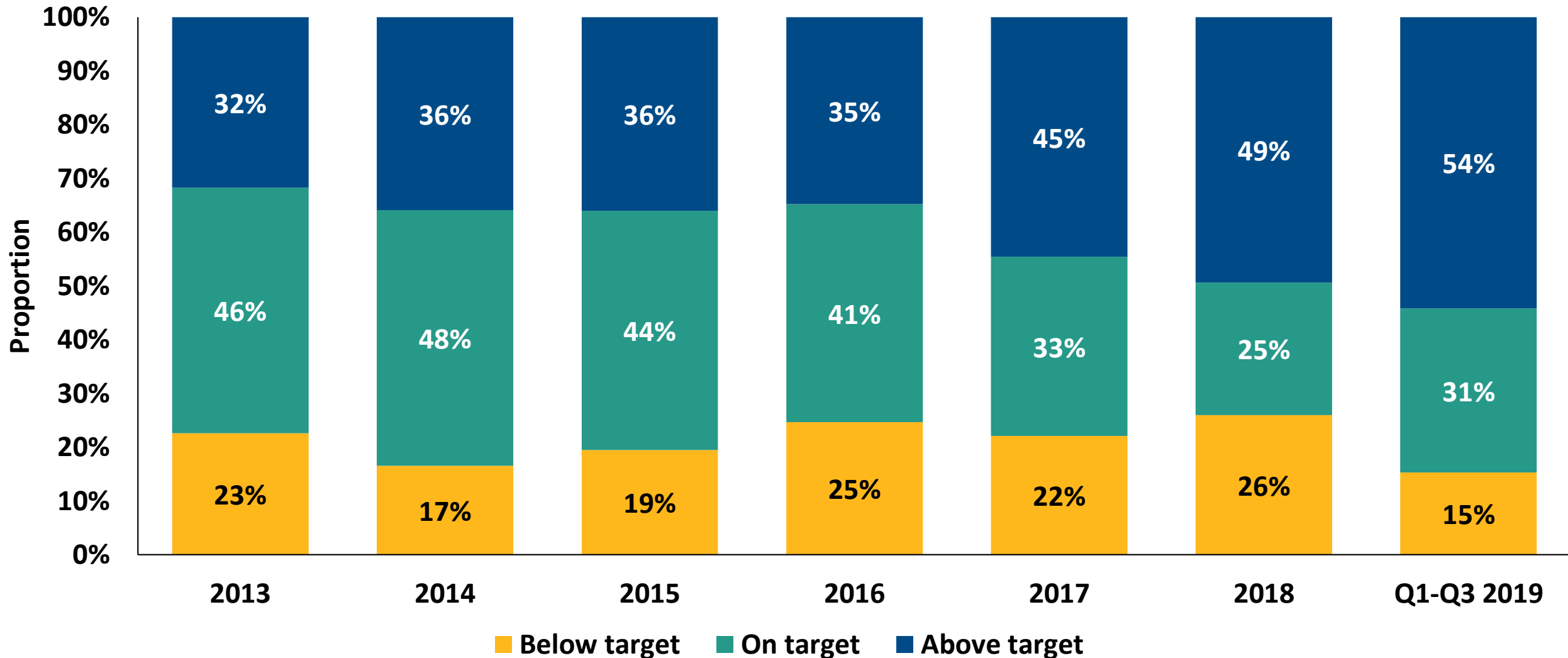
... putting us on track for another strong year...



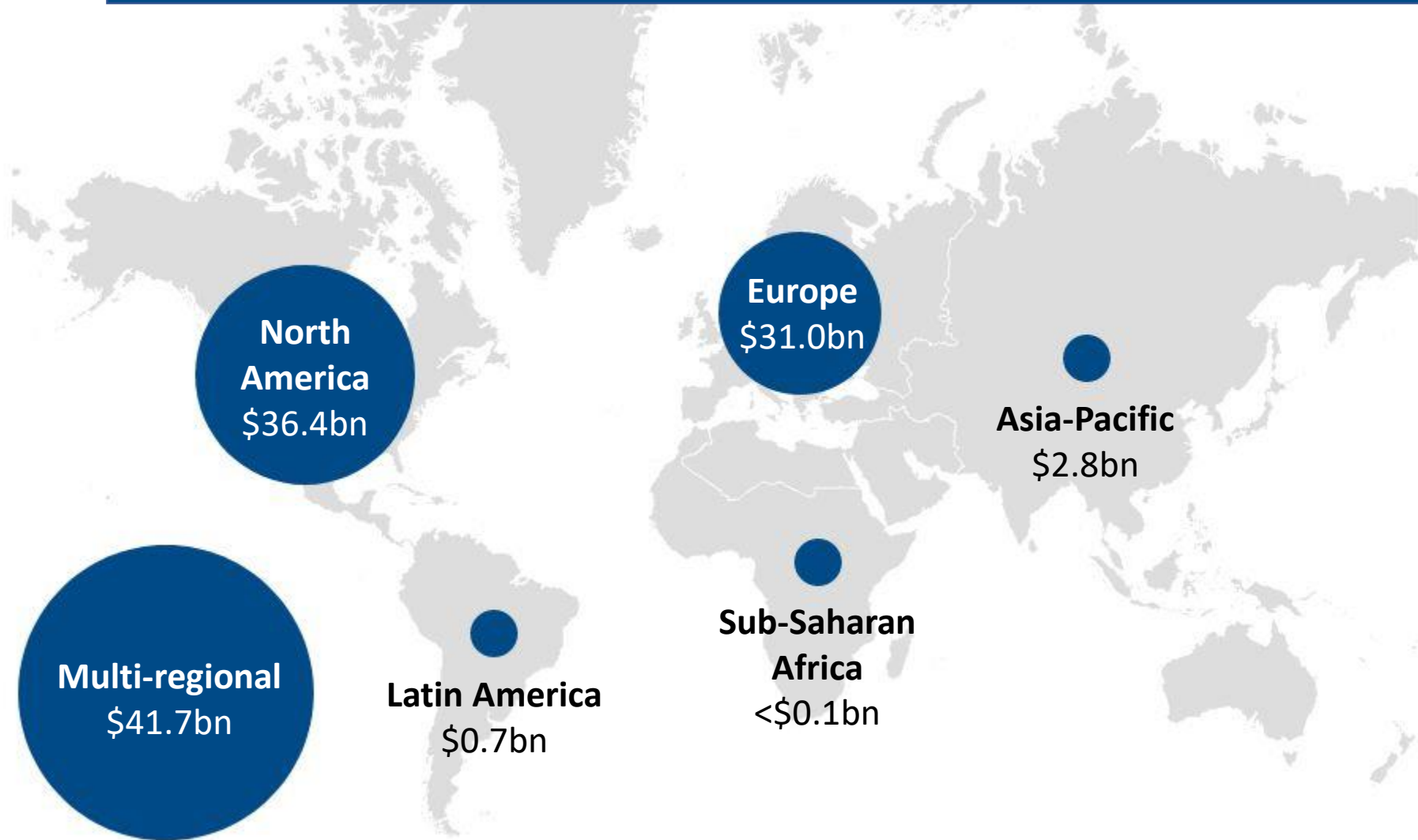
... and based on PDI data, the amount of capital raised by year-end should surpass last year's total



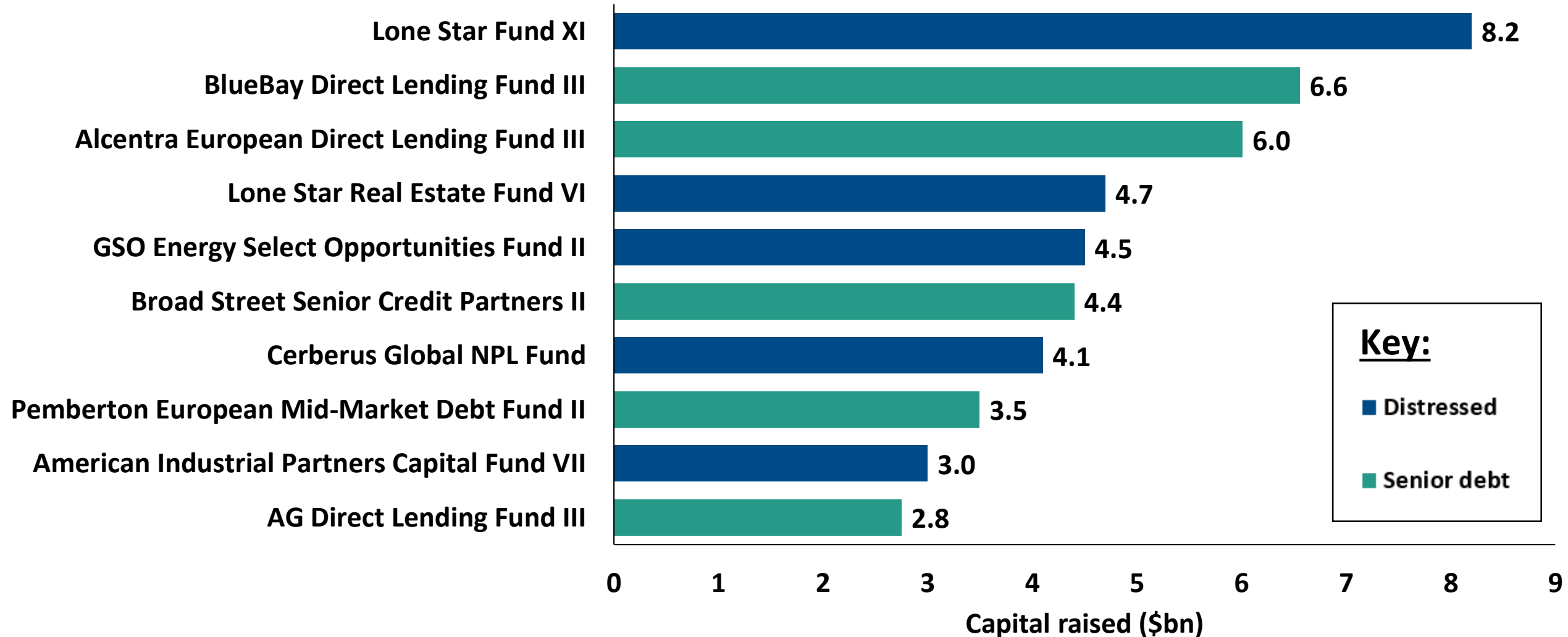
More than half of the funds that held a final close in the first 9 months of 2019 surpassed fundraising targets, a record high



Europe-focused fundraising in Q1-Q3 2019 was not far behind North America



The largest funds closed between 1 January and 30 September 2019 followed either a distressed or senior debt strategy



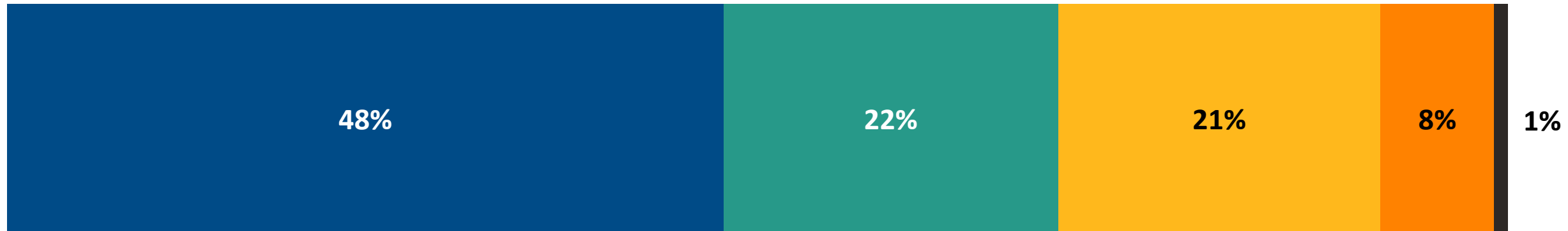
Funds in market, 1 October 2019

\$255.5bn

Amount sought by
funds in market

561

Number of managers
with funds in market



■ North America

■ Multi-regional

■ Europe

■ Asia-Pacific

■ Rest of the World



An exclusive sneak preview into PDI 50:

The 2019 PDI 50 ranking is based on the amount of private debt investment capital raised by firms between 1 January 2014 and 1 June 2019.

What counts?

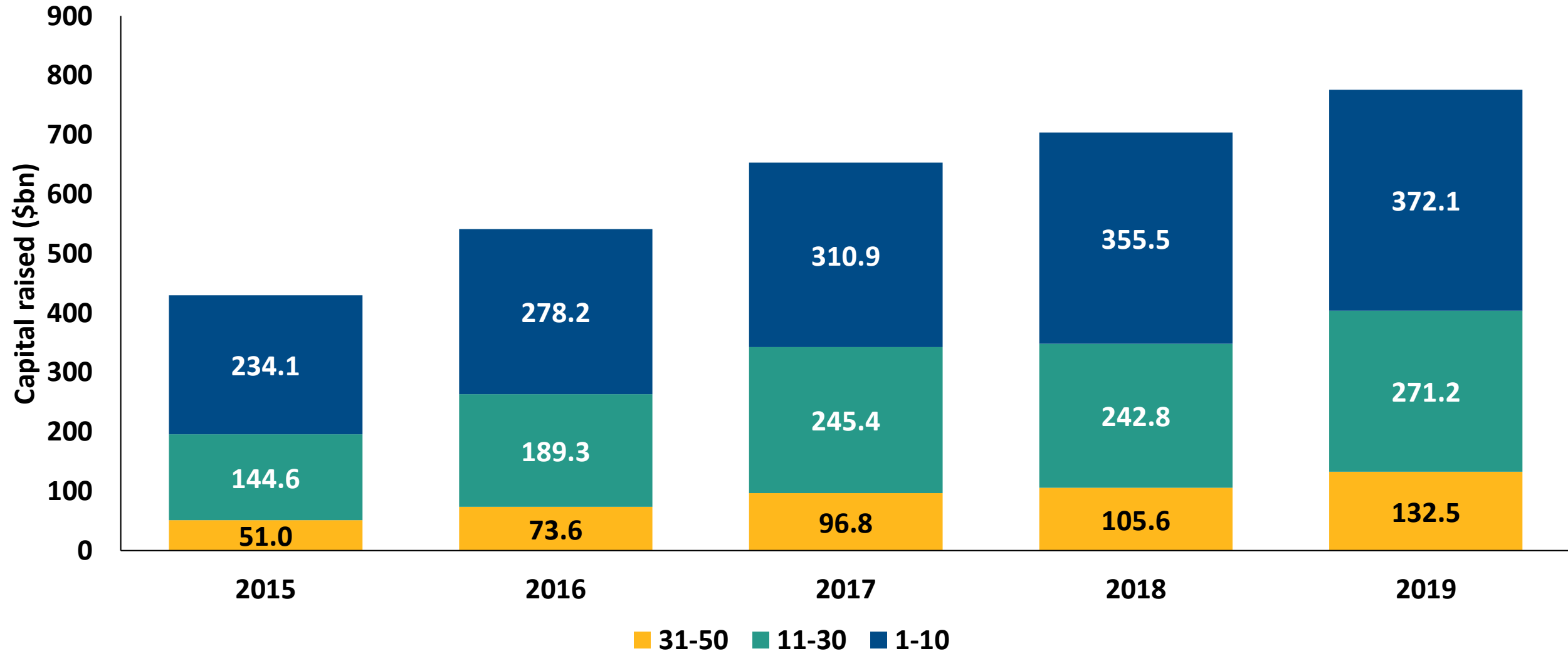
Structures:

- Limited partnerships
- Co-investment funds
- Separate accounts
- Capital raised by private debt managers that happen to be publicly traded
- Seed capital and GP commitment

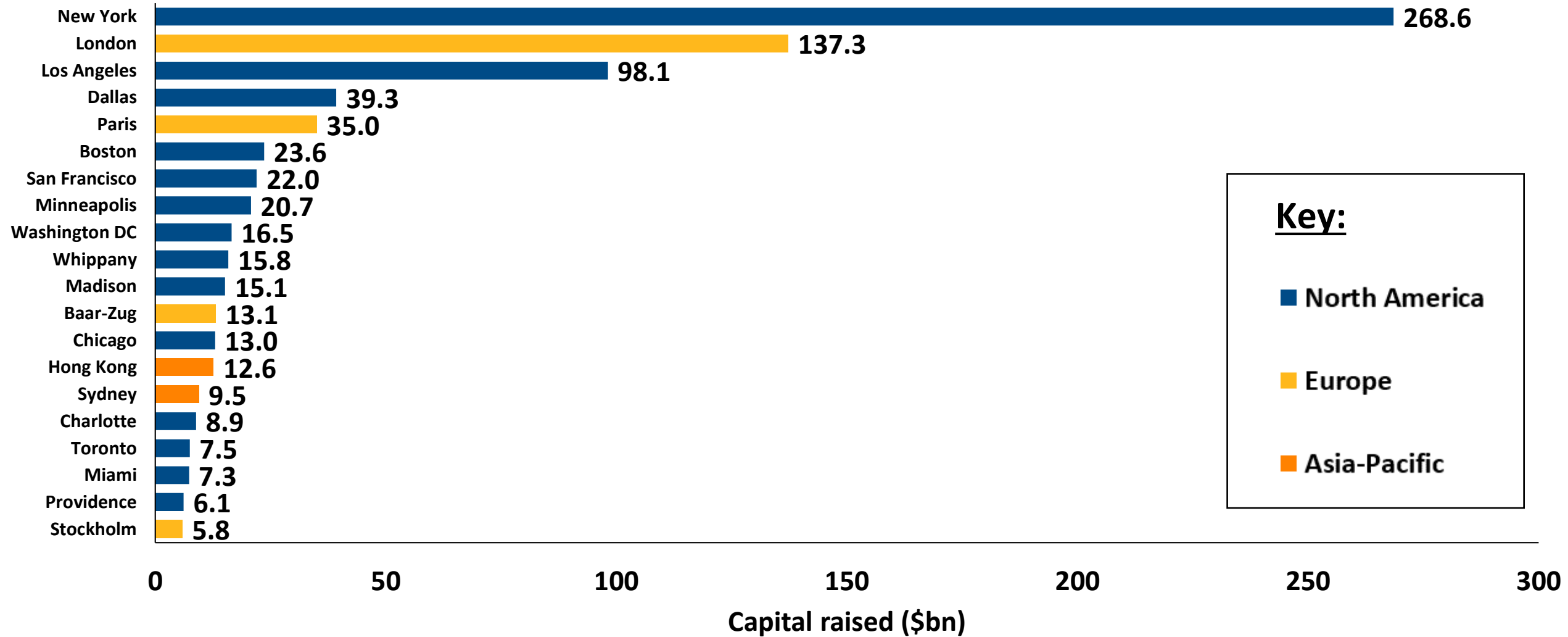
Strategies:

- Senior debt funds
- Subordinated debt funds
- Mezzanine funds
- Distressed debt funds
- Leasing funds
- Venture debt funds
- Royalty financing funds

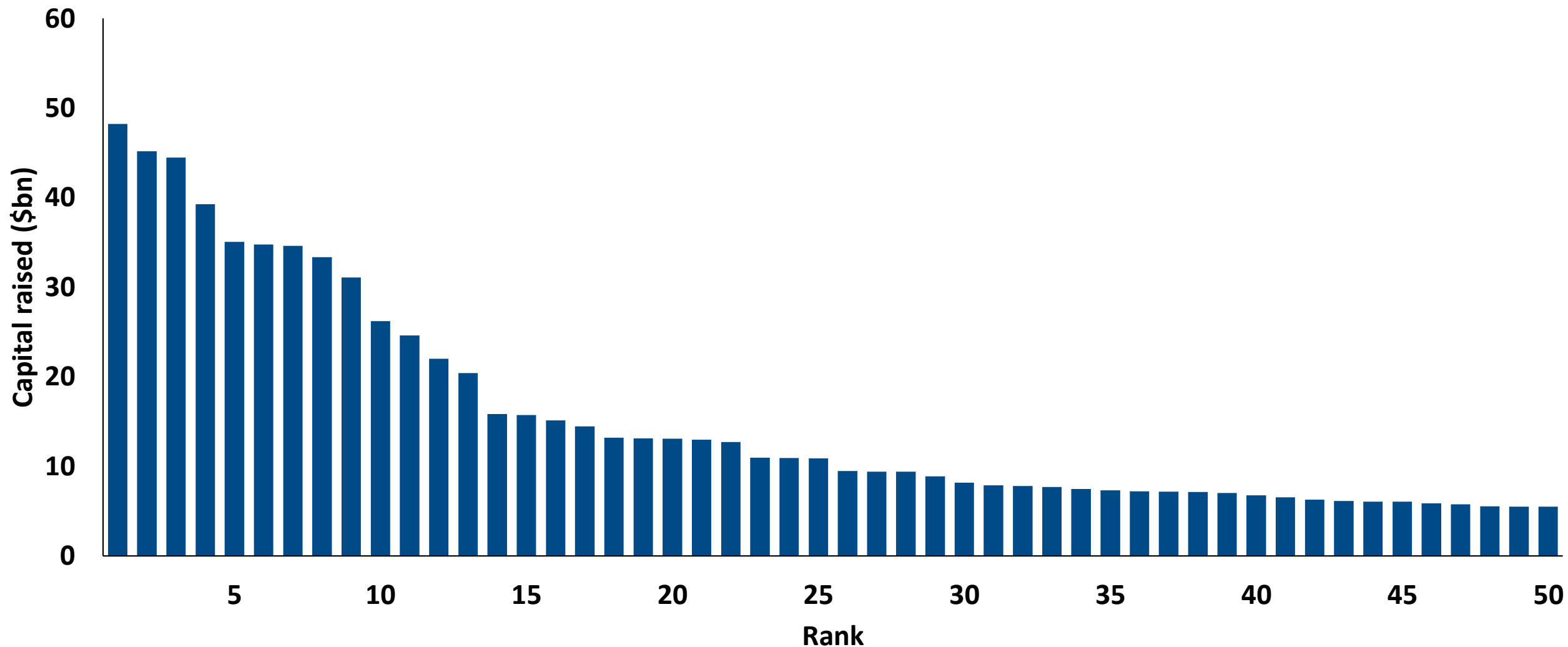
2019 PDI 50: the big get bigger



2019 PDI 50: capital raised by GP headquarters



2019 PDI 50: a graphical view



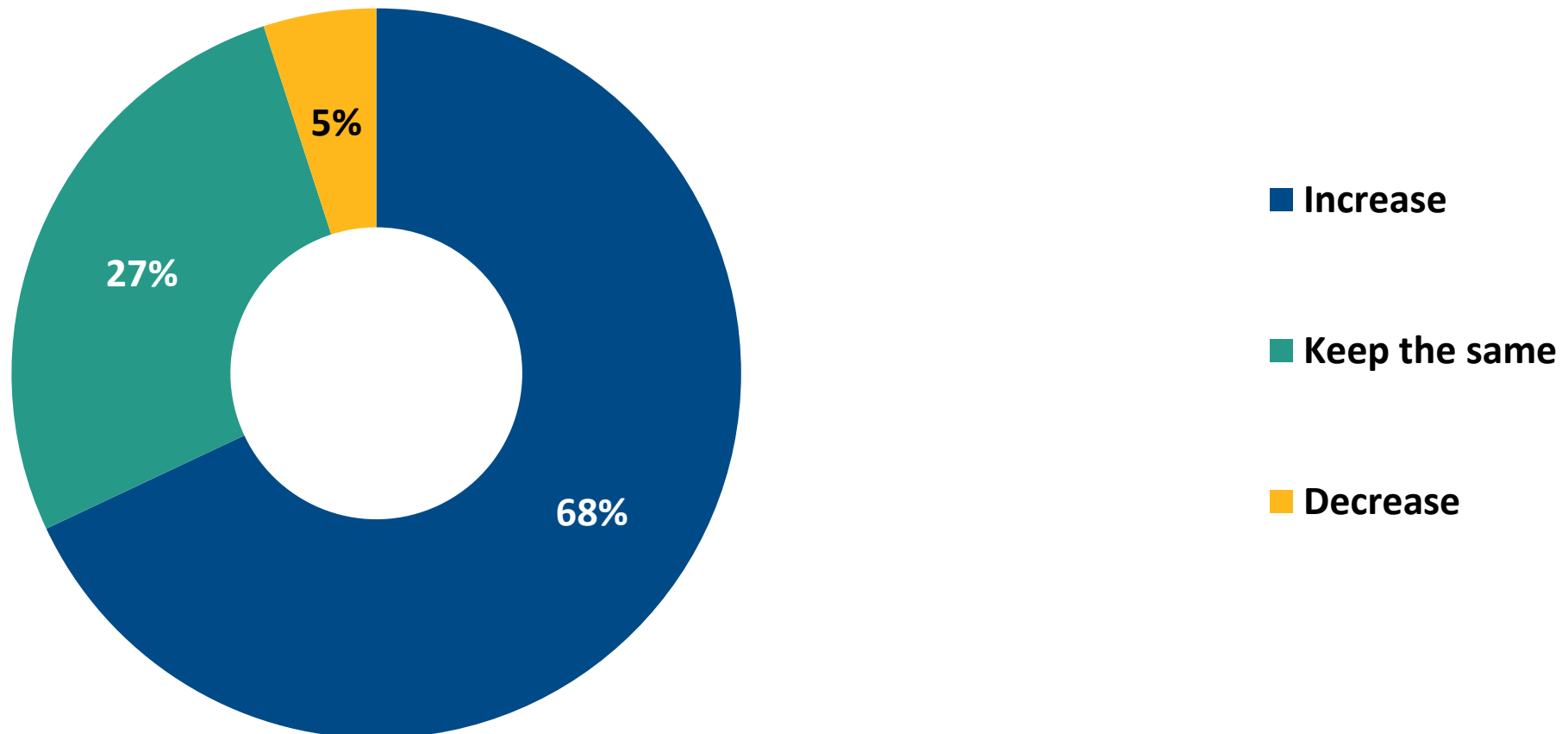
2019 PDI 50: 11-20

| | Manager | Headquarters | Capital raised (\$m) |
|----|-------------------------------|---------------|----------------------|
| 11 | Apollo Global Management | New York | 24,592 |
| 12 | TPG Sixth Street Partners | San Francisco | 22,000 |
| 13 | Fortress Investment Group | New York | 20,386 |
| 14 | MetLife Investment Management | Whippany | 15,832 |
| 15 | KKR | New York | 15,728 |
| 16 | PGIM | Madison | 15,129 |
| 17 | Alcentra | London | 14,459 |
| 18 | BlueBay Asset Management | London | 13,202 |
| 19 | BlackRock | New York | 13,112 |
| 20 | Partners Group | Baar-Zug | 13,089 |

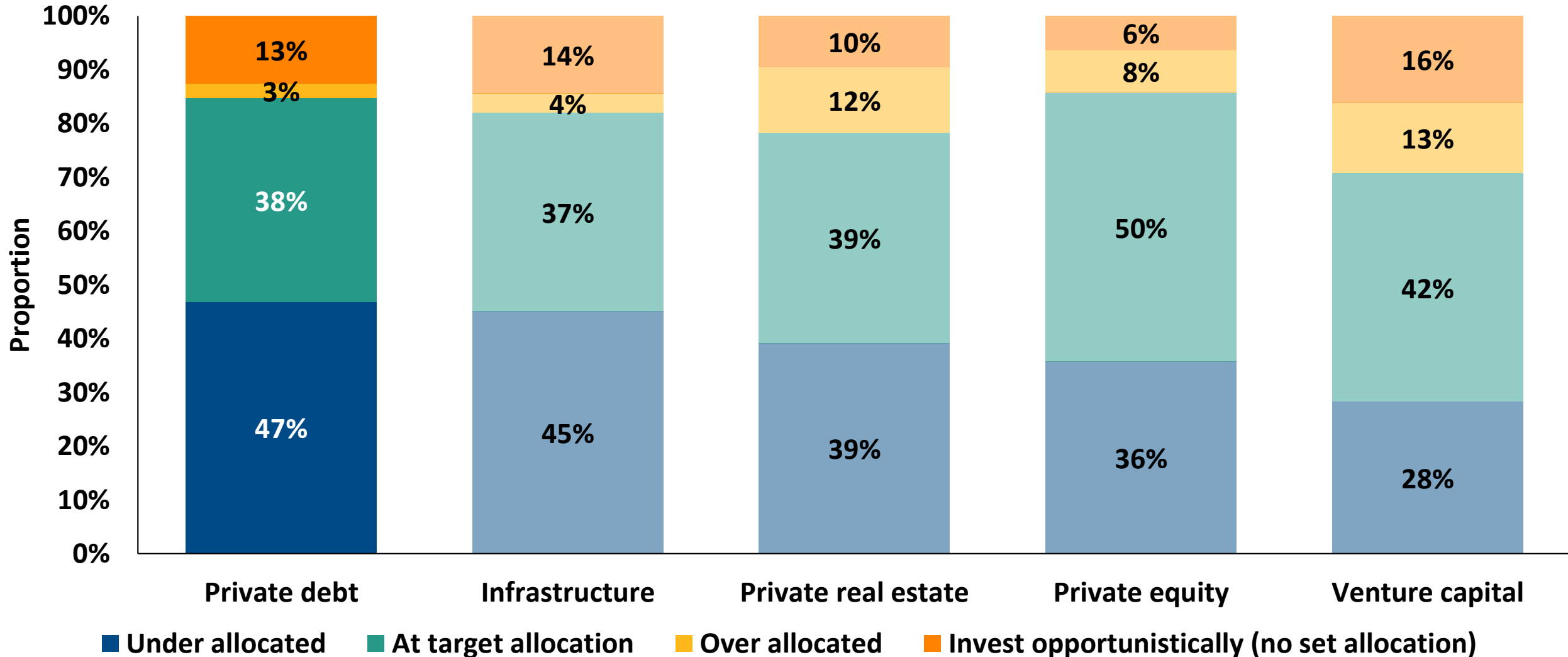
2019 PDI 50: 1-10

| | Manager | Headquarters | Capital raised (\$m) |
|----|---|--------------|----------------------|
| 1 | Ares Management Corporation | Los Angeles | 48,230 |
| 2 | Blackstone | New York | 45,164 |
| 3 | Goldman Sachs Merchant Banking Division | New York | 44,466 |
| 4 | Lone Star Funds | Dallas | 39,250 |
| 5 | AXA Investment Managers - Real Assets | Paris | 35,039 |
| 6 | M&G Investments | London | 34,772 |
| 7 | HPS Investment Partners | New York | 34,592 |
| 8 | Intermediate Capital Group | London | 33,333 |
| 9 | Oaktree Capital Management | Los Angeles | 31,070 |
| 10 | Cerberus Capital Management | New York | 26,202 |

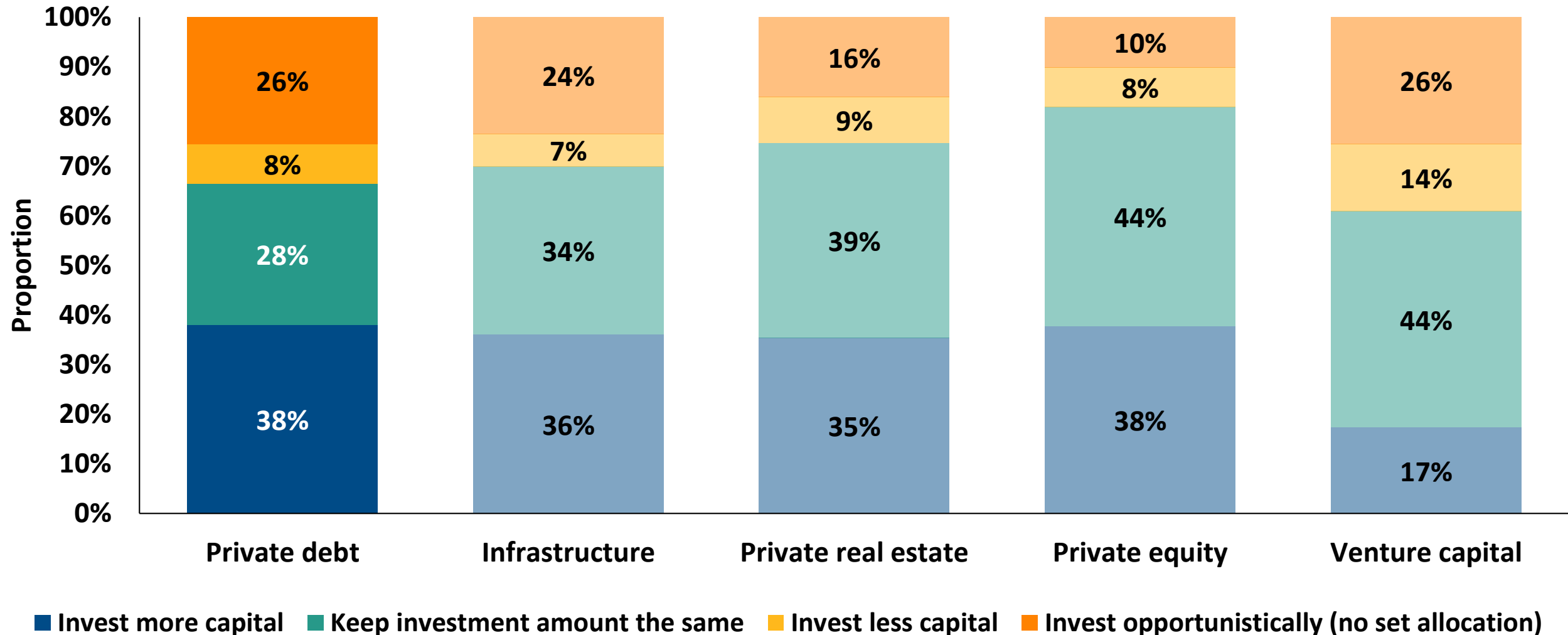
How do you plan to change your allocation to alternatives over the next five years?



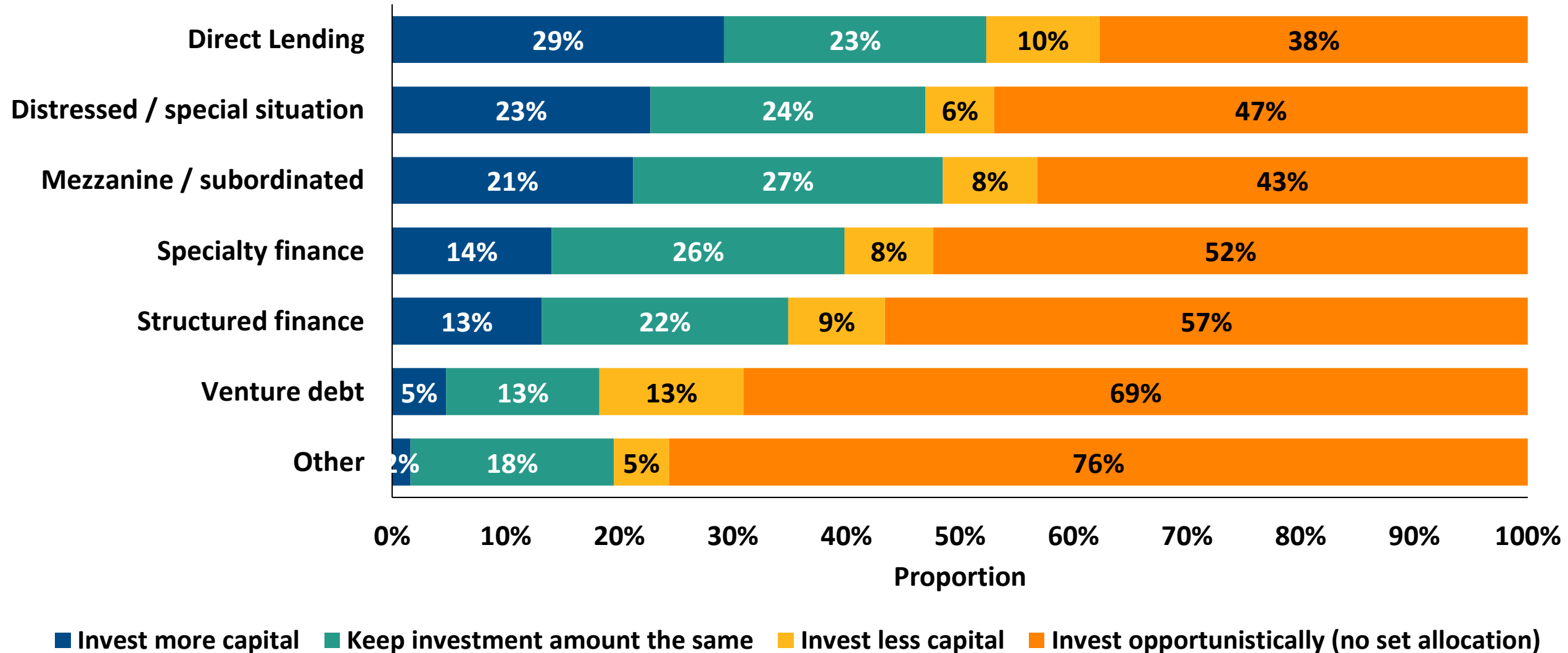
Please indicate your current allocation position for the following asset classes:



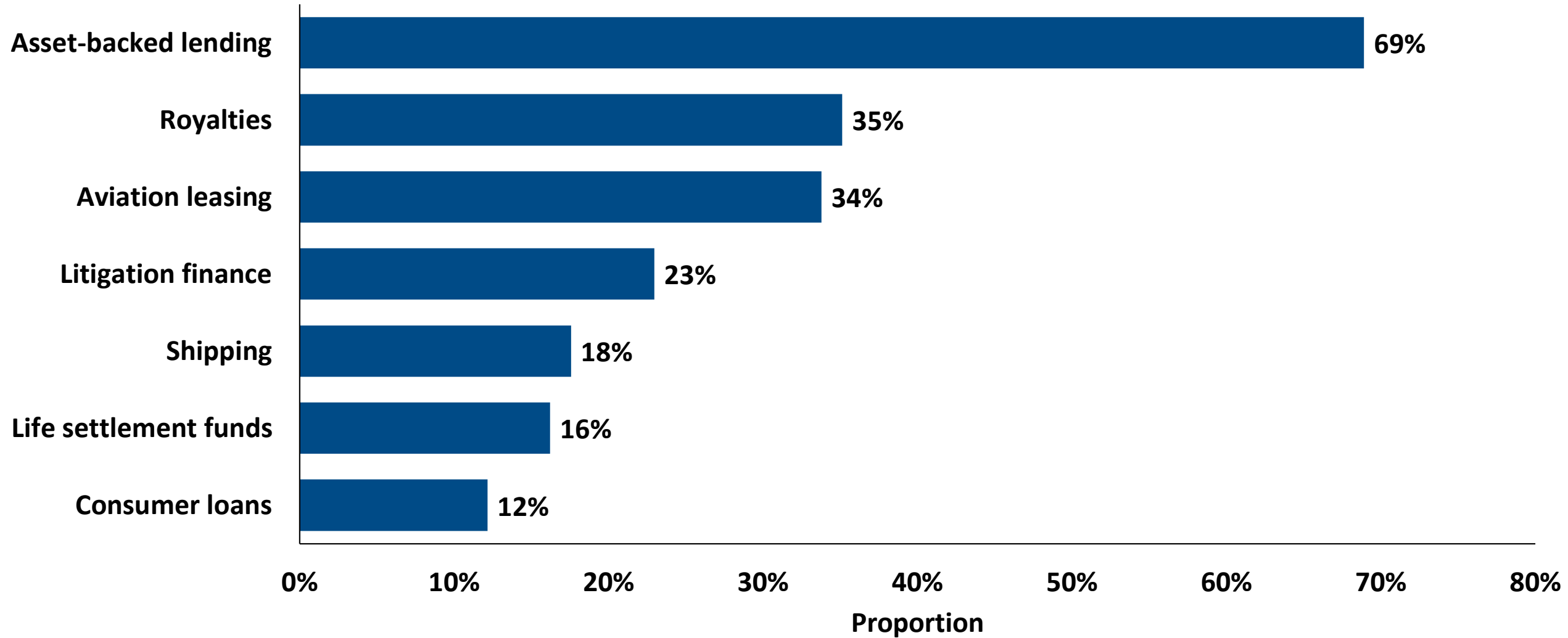
How much capital do you plan to invest in the next 12 months compared to the previous 12 months?



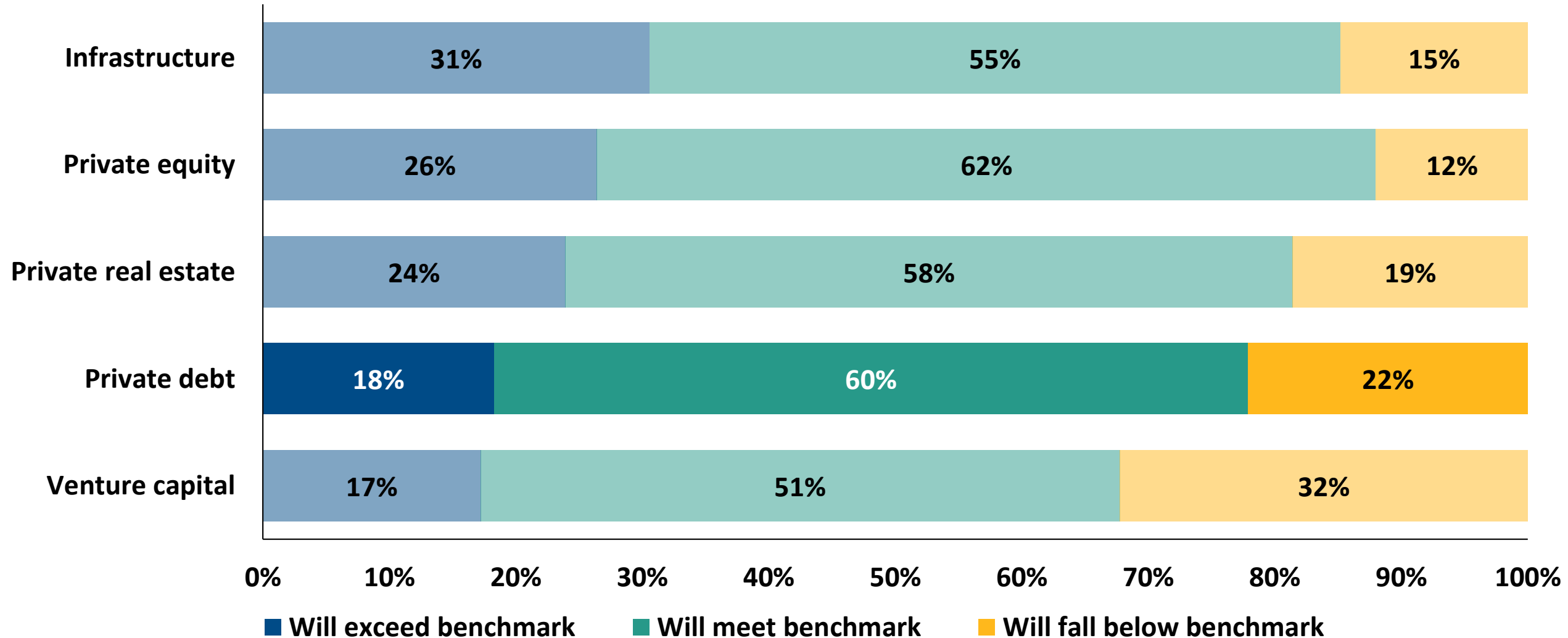
How much capital do you plan to invest in the following strategies in the next 12 months compared to the previous 12 months?



Which of the following emerging asset classes do you plan on committing to over the next 12 months?



How do you feel the following asset classes will perform against their benchmark in the next 12 months?



Conclusions:

- Based on PDI data, capital raised by funds closed in 2019 is set to surpass the 2018 total by year-end
- More than \$775 billion raised by the 50 largest firms over a circa five-year period was the highest PDI 50 total since ranking inception
- Investors are under allocated and want to invest more capital

Thank you for listening

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