PitchBook

Q2
2024

US
Public PE and GP Deal Roundup

![PitchBook]

Contents

Note: "PE" has a specific meaning for the seven major public alternative managers referenced in this report.

1. Blackstone and Carlyle: "Corporate PE" as defined in company reports.
2. KKR: "Traditional PE" as defined in company reports.
3. Apollo: "Flagship PE" and "European principal finance" as defined in company reports.
4. Ares: "Corporate PE" and "special opportunities" as defined in company reports.
5. TPG: "Capital" and "growth" as defined in company reports.
6. Blue Owl: "PE" represents PitchBook estimates of ownership stakes held by "GP Strategic Capital" funds in managers primarily engaged in PE buyout and growth equity strategies.

Note: "Private credit" has a specific meaning for the seven major public alternative managers referenced in this report.

1. KKR: "Alternative Credit" as defined in company reports.
2. Ares: "US Senior Direct Lending" as defined in company reports.
3. Blue Owl: "Direct Lending Gross Returns" as defined in company reports.
4. Apollo: "Direct Origination" as defined in company reports.
5. Blackstone: "Private Credit" as defined in company reports.
6. Carlyle: "Global Credit" as defined in company reports.
7. TPG: "TPG AG Credit" as defined in company reports.

PitchBook Data, Inc.

Nizar Tarhuni Executive Vice President of Research and Market Intelligence

Dylan Cox, CFA Head of Private Markets Research

Institutional Research Group

Analysis

Tim Clarke
Lead Analyst, Private Equity
tim.clarke@pitchbook.com

Garrett Hinds
Senior Analyst, Private Equity
garrett.hinds@pitchbook.com

Jinny Choi
Senior Analyst, Private Equity
jinny.choi@pitchbook.com

Kyle Walters
Associate Analyst, Private Equity
kyle.walters@pitchbook.com

Data

Charlie Farber
Senior Data Analyst

pbinstitutionalresearch@pitchbook.com

Publishing

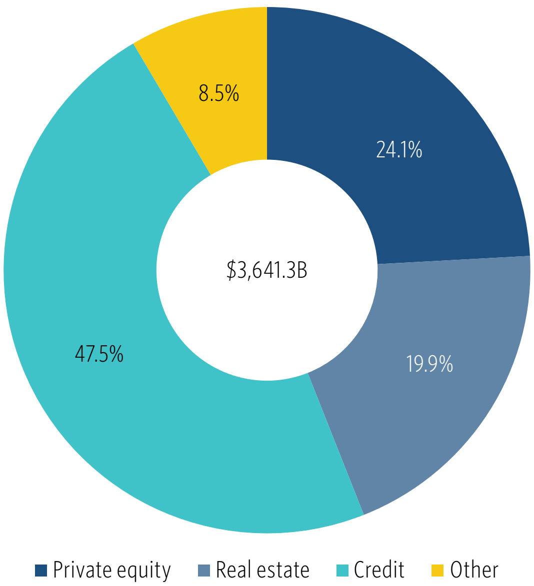
Report designed by **Megan Woodard**

Published on August 27, 2024

Click here for PitchBook's report methodologies.

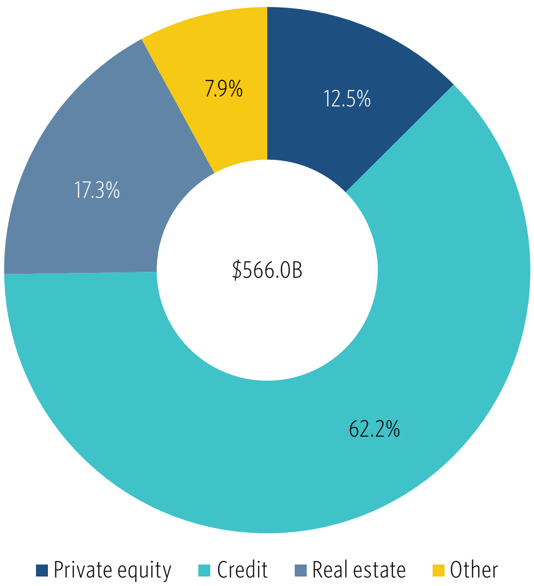
Key takeaways

Share of AUM by strategy*



Source: Company reports • Geography: Global • *As of June 30, 2024

Share of trailing 12-month (TTM) capital raised by strategy*



Source: Company reports • Geography: Global • *As of June 30, 2024

GP consolidation is happening. Deal flow involving GP franchises as targets is on track to smash the 2021 high and set a new all-time record. GP deal count is up 84.0% YTD and should easily surpass the prior record of 114 deals in 2021. Control transactions by GPs are on pace to exceed 75 this year, compared to 42 in 2023. Strategic minority transactions are also up sharply and often feature traditional LPs crossing over to invest in GP franchises in more specialized strategies. A staggering $316.0 billion in AUM has traded so far this year, or 2.1% of total industry AUM. By this metric, the alts industry has clearly entered a consolidation phase. GP stake activity has declined to 18% of the total deal mix, reflecting the surge in strategic activity but also higher entry prices that have likely tamped down deployment.

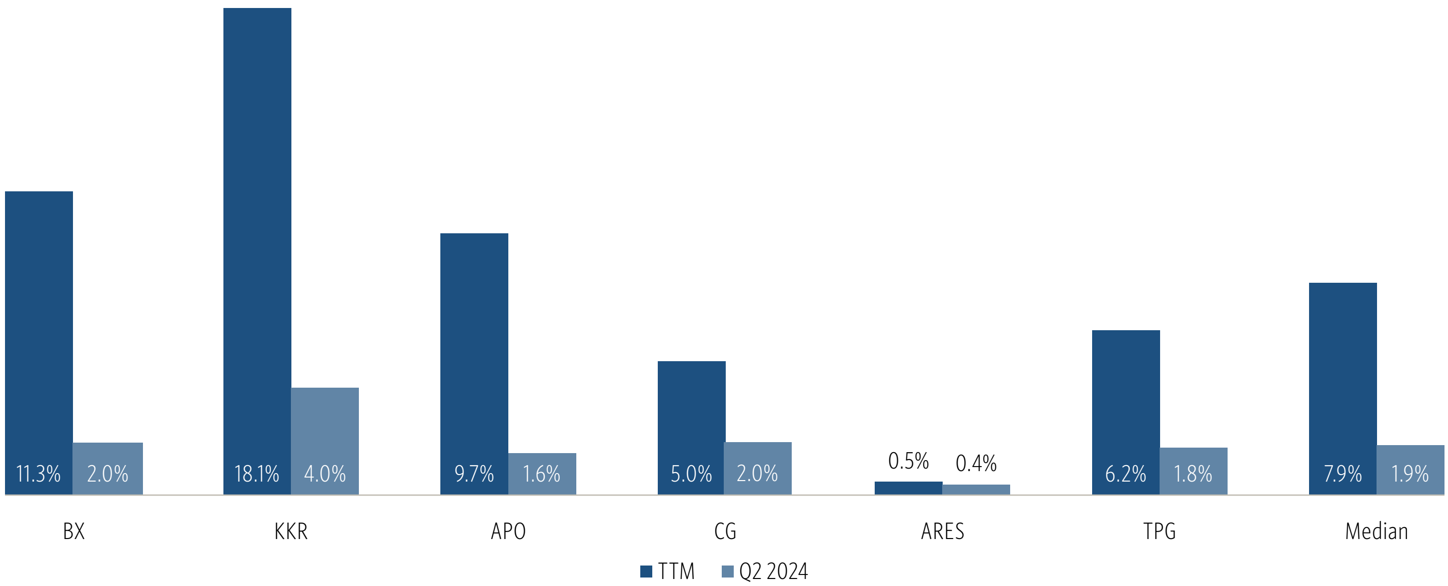
Fundraising up on strong synergies. Total fundraising across all strategies rose by 43.7% in H1 2024 versus the same span in the prior year. A good portion of that was driven by synergies gained from strategic combinations, such as KKR's acquisition of Global Atlantic, TPG's purchase of Angelo Gordon, and Carlyle's consolidation of Fortitude. Even after adjusting for recent acquisitions, we estimate that fundraising grew by a healthy 40% on an organic basis. PE fundraising moderated from a bounce in Q1 2024 but is still ahead by 9.5% YTD versus the prior year. Credit continues to command 62.2% of total fundraising on a trailing 12-month basis, although its share dipped in Q2 from an unusually high level in Q1.

Credit origination surges. Deployment and/or origination within these firms' credit strategies surged by 155.4% in the YTD period over 2023. Adjusted for acquired growth, origination was still ahead by an impressive 146.1%. Apollo pulled away from the pack with total origination of $146.0 billion on a trailing 12-month basis, more than twice that of its next peer. Blue Owl saw deployment grow from $3.7 billion in Q2 of last year to $18.7 billion this year. Meanwhile, corporate PE deployment increased by 40.9% from a soft Q1 but is still down 23.2% YTD. Aggregate deployment in credit strategies by these seven firms exceeded PE deployment by more than six-fold on a TTM basis.

Realizations perk up. While still relatively unchanged on a trailing twelve-month basis, realizations moved ahead in Q2 2024 by 57.1% YoY and 28.9% YTD versus 2023. The nature of exits still reflects a mix of traditional M&A processes and partial monetizations in addition to stock sales of legacy holdings that are now public. GPs that invested early in Asia and India are now able to harvest some of those investments, and they featured in several of the M&A exits announced by these firms. Most managers were upbeat on exits improving in the back half of the year given expectations of more central bank rate cuts and a soft economic landing, while calling out there is likely to be a near-term lag between improving markets and recovery in realizations.

PE performance

Gross PE returns/appreciation by manager*



Source: Company reports • Geography: Global • *As of June 30, 2024

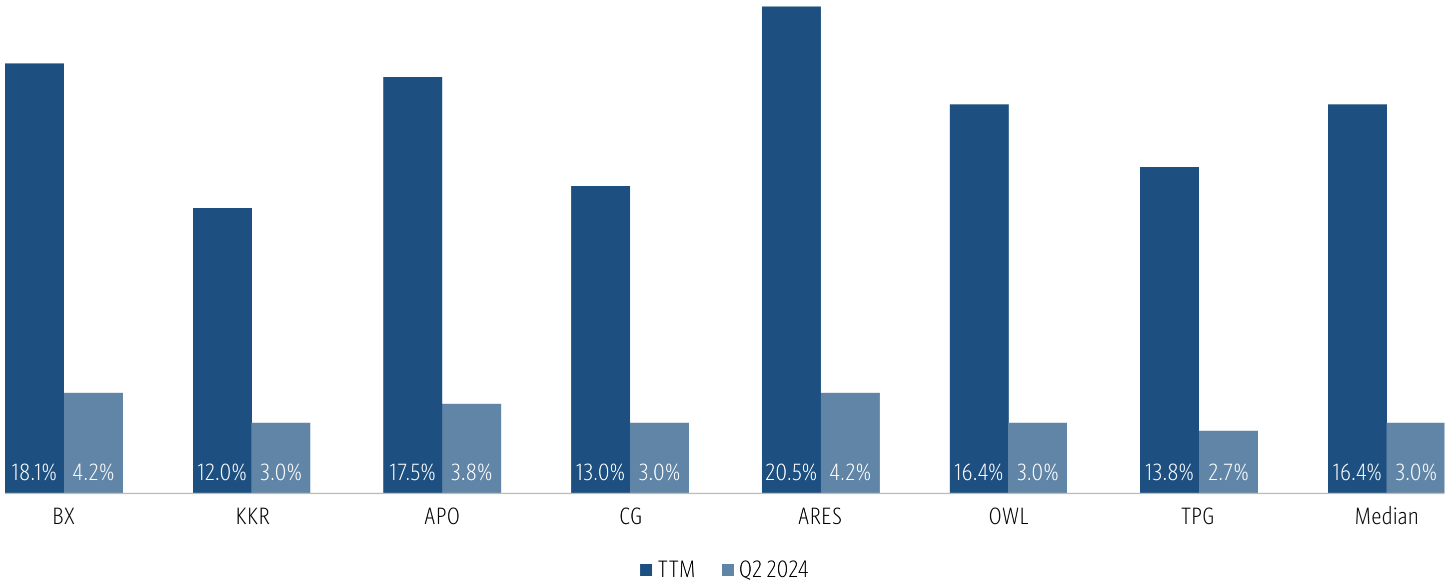
PE returns appeared to be stabilizing in recent quarters, settling in the 9% to 11% range. In Q2 2024, these managers reported a median gross return from the PE funds and strategies they manage of 1.9% for the second quarter and 7.9% on a trailing 12-month (TTM) basis, both of which are sequential declines. Furthermore, returns continue to trail public equities by a wide margin, with the S&P 500 recording a 4.3% return for the quarter and a 24.6% return for the TTM period. PE remains the top-performing asset class on a 10-year and 15-year basis. However, as noted in our most recent Global Fund Performance Report, that outperformance margin has been shrinking, and the distribution component of returns remains well below historical levels. The same can be seen among public players, with realizations running below historical levels despite its recent uptick.

KKR again leads the pack with a gross return of 18.1% in its traditional PE strategy for the TTM period. KKR's PE fund performance has been strong in recent quarters, including a quarterly return above 4% in four of the last five quarters. The firm's one-year PE return remains ahead of Blackstone's 11.3% return for its corporate PE strategy during the same period. Apollo returns dropped in Q2 to 1.6% after posting four consecutive quarters above 2%. Apollo's growth strategies, which include its PE buyout and its lend-for-control strategy, have nearly reached double-digit territory, reporting a 9.7% return for the TTM period.

While Blue Owl does not directly manage a PE strategy, its GP Strategic Capital (GPSC) funds offer indirect exposure. Approximately half of the GP stakes it has acquired since inception are PE managers. Blue Owl reported inception-to-date gross returns on Funds II, IV, and V of 30.2%, 62.8%, and 30.0%, respectively, and net returns of 23.5%, 41.0%, and 12.3%, respectively, as of June 30, 2024.

Rounding out the group were TPG, Carlyle, and Ares, with one-year gross returns on PE strategies of 6.2%, 5.0%, and 0.5%, respectively. Carlyle was the only firm of the three that improved from its one-year returns reported at the end of Q1 2024. Please note that not all these strategies may be comparable.

Gross private credit returns/appreciation by manager*



Source: Company reports • Geography: Global • *As of June 30, 2024

While PE returns try to regain lost ground, private credit returns continue to fly high. Credit returns reported by these same managers remained significantly higher than their PE strategies in almost every instance, with KKR being the exception. The top seven US-listed alternative managers with credit strategies posted a median quarterly and TTM gross return of 3.0% and 16.4%, respectively, for the period ended Q2 2024; the latter figure is more than double the 7.9% median PE gross return for the TTM period. Not all these private credit strategies may be comparable, with some taking on more risk and leverage than others, but the ability to generate equity-like returns in recent quarters with much lower volatility has validated the push these managers have made to gain such exposure to the asset class.

Deployment

PE deployment

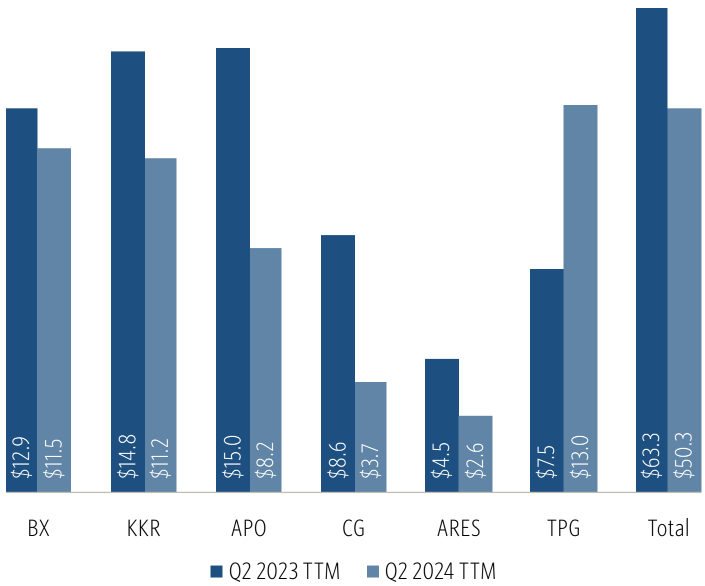
In Q2 2024, corporate PE deployment by the largest firms totaled $11.3 billion, marking a significant 40.9% increase QoQ from a very weak Q1 but is still down 23.2% YTD. While only two firms increased deployment in Q1 2024, three firms exceeded their previous quarter's levels in Q2 2024, including Blackstone, KKR, and TPG. Apollo, Ares, and Carlyle each deployed less than $1 billion but remained optimistic about improved deal activity in the second half of 2024.

Blackstone's Q2 deployment totaled $6.4 billion, marking the third consecutive quarter of sequential increases exceeding $1 billion and the most among public peers. On a TTM basis, the firm's deployment reached $11.5 billion, reflecting a 10.5% YoY decline. Notably, Q2 2023 recorded the highest deployment since Q4 2021, at $7.8 billion. Blackstone's management highlighted that the current market environment, characterized by declining interest rates, is becoming more favorable. They observed an increased willingness among asset holders to sell, which should support further growth in deployment activity.

In the second quarter, KKR deployed $2.6 billion through its PE strategies across both US and core PE, reflecting a 124.2% sequential increase, or more than $1 billion, although still down 19.6% YoY. On a TTM basis, KKR's deployment totaled $11.2 billion, representing a 24.5% decline YoY and positioning the firm third among its peers. Management highlighted a notable increase in activity since the beginning of 2024, driven by an improved macroeconomic environment with better inflation and interest rate conditions. They also pointed out there is often a lag of a few quarters before the market fully rebounds and that current market dynamics suggest a more robust environment than the trailing figures might indicate. If these favorable conditions persist, KKR anticipates stronger deal activity and exits in the second half of 2024. Additionally, management emphasized that the firm is well-positioned for the latter half of the year, supported by a healthy deal pipeline.

TPG deployed $1.7 billion in the second quarter, representing a 38.1% increase QoQ and a 10.5% increase YoY. On a TTM basis, the firm deployed $13.0 billion, marking a significant

TTM PE deployment ($B) by manager*



Source: Company reports • Geography: Global • *As of June 30, 2024

74.1% YoY increase and placing it in the lead among peers. Management attributed this growth in PE deployment to longstanding relationships with C-suite executives, who have provided access to complex corporate carve-outs and innovative partnerships—areas in which the firm excels. Strong deployment was also noted in its climate strategies and within the European market.

Carlyle's Q2 corporate PE deployment was $0.3 billion, down 72.7% sequentially and 50.0% YoY. On a TTM basis, its corporate PE deployment was down 57.0% YoY to $3.7 billion. Management emphasized they are long-term investors, with little concern for short-term volatility and given the current pipeline, they expect "tremendous" transaction activity in the second half.[1] The firm presently holds $83.0 billion in dry powder.

Apollo deployed just $0.2 billion in its PE strategies in Q2, down 80.0% sequentially and 90.0% YoY. This places Apollo's TTM deployment at approximately $8.2 billion, down 45.3% YoY. Apollo in part relies on its extensive credit franchise to uncover unique opportunities for equity participation, and it has averaged $3.6 billion in quarterly investments over the

1: "Q2 2024 Earnings Call [transcript]," The Carlyle Group, Daniel Harris et al., August 5, 2024.

past two years. The unusually low equity investment levels in both Q1 and Q2 2024 indicates that recent opportunities have been deemed more suitable for hybrid and credit funding, where deployment has remained robust. They also point to the inherent variability and lumpiness in PE deal closings given how large they tend to be.

Ares deployed a modest $100.0 million in its corporate PE strategies during Q2, similar to activity seen in Q1, but down from $700.0 million in Q2 2023. On a TTM basis, this places Ares at $2.6 billion deployed, down 42.2% YoY. Management expects to see "pretty healthy" deployment activity in the second half of 2024,[2] despite the elevated volatility seen in early August.

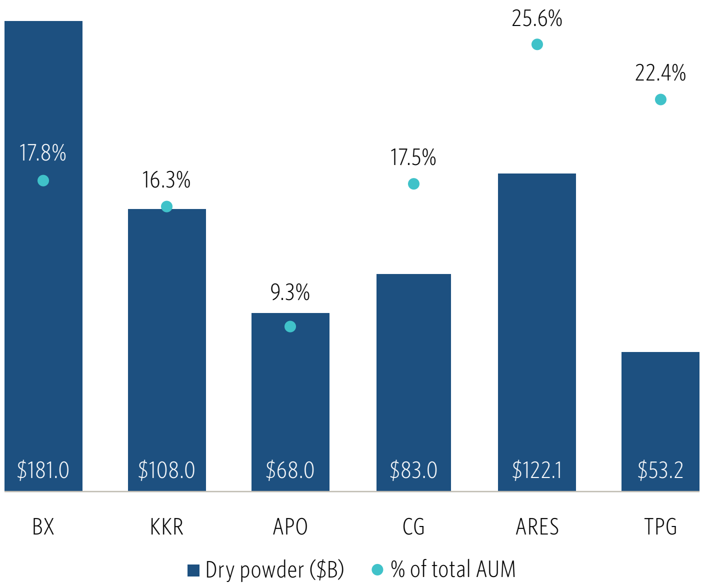
The improvement in PE deployment in Q2 2024 indicates that major firms are increasing their investments, driven by a more favorable macroeconomic environment, lower interest rates, and aligned valuation expectations between buyers and sellers. And it confirms the findings in our most recent US PE Breakdown, which indicated a 10% increase in H1 2024 value.

Private credit deployment

Private credit platforms are expanding rapidly. In Q2 2024, private credit deployment reached a staggering $121.1 billion for these seven firms. This compares to just $49.5 billion as recently as Q3 2023. Even after excluding the deployment contributed by Angelo Gordan, which was not reported by TPG until Q3, credit deployment topped $116.7 billion in Q2 2024, representing a 37.4% increase over the prior quarter and 153.1% over the prior year. The YTD increase is equally impressive at up 146.1%. While banks pulled back from lending activity in 2023 due to market volatility, allowing private lenders to step in and support sponsor deals, banks are now fully back in and competing head-to-head on large issues and refinancings. Nevertheless, the private credit businesses at these firms continue to be in a strong growth mode.

Apollo led the category with $52.0 billion of debt origination in Q2, up 30.0% QoQ and 126.1% YoY. This places TTM deployment at $146.0 billion, including a full year of contribution from ATLAS, the firm's asset-backed finance (ABF) platform. This helped drive 69.8% YoY growth on a TTM basis, a testament to Apollo's breadth (16 origination platforms) and expanding diversification. While private credit,

Dry powder ($B) and share of AUM by manager*



Source: Company reports • Geography: Global • *As of June 30, 2024

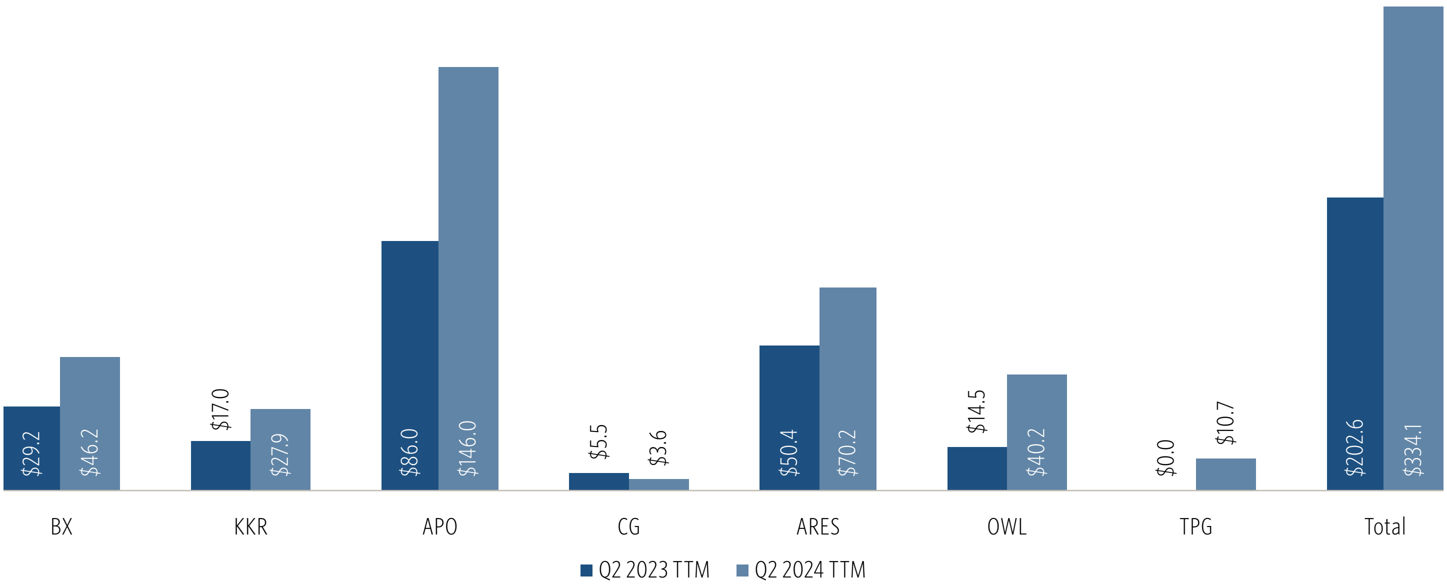
or "direct origination," is traditionally focused on loans to corporations, ABF includes anything not directly lent to a company, and the collateral could be a stream of cash flows from music royalties, roof top solar installations, or a portfolio of credit lines, for example.

In Q2 2024, Ares' private credit deployments amounted to $21.3 billion, up 29.9% QoQ and 77.5% YoY. This total includes $12.3 billion in US direct lending, up 30.9% QoQ; $3.1 billion in European direct lending, up 34.8% QoQ; $2.7 billion in liquid credit; and $2.5 billion in alternative credit (down 13.8% QoQ), among less scaled categories. On a TTM basis, Ares deployed $70.2 billion in credit strategies, up 39.3% YoY, placing it second in absolute-dollar volume among the Big Seven public PE firms.

In Q2, Blackstone moderated its private credit deployment, with total capital deployed amounting to $11.8 billion, down 1.5% QoQ but more than doubling YoY at 209.9%. On a TTM basis, deployment reached $46.2 billion, marking a 58.1% increase YoY. Management continues to emphasize private credit as a compelling growth vector that aligns well with the firm's broader platform and investment themes. Management also highlighted the strong credit quality within its portfolio, noting no new defaults in Q2 across its more than 2,000 noninvestment grade credits.

2: "Ares Management Corporation (ARES) Q2 2024 Earnings Call Transcript," Seeking Alpha, August 2, 2024.

TTM private credit deployment ($B) by manager*



Source: Company reports • Geography: Global • *As of June 30, 2024

In Q2, Blue Owl achieved its largest origination quarter to date, reaching $18.7 billion. This represents more than double the previous quarter's figure and more than four times the YoY comparison. On a TTM basis, the firm completed $40.2 billion in originations, reflecting a 39.3% increase YoY. Blue Owl's management views the current environment as highly favorable for direct lending, with broad-based activity that includes both add-ons and new investments. They emphasized that the strong performance underscores the robustness of their model, particularly notable given the increased competition from an open syndicated loan market and what they perceive as relatively subdued PE deal activity despite substantial dry powder.

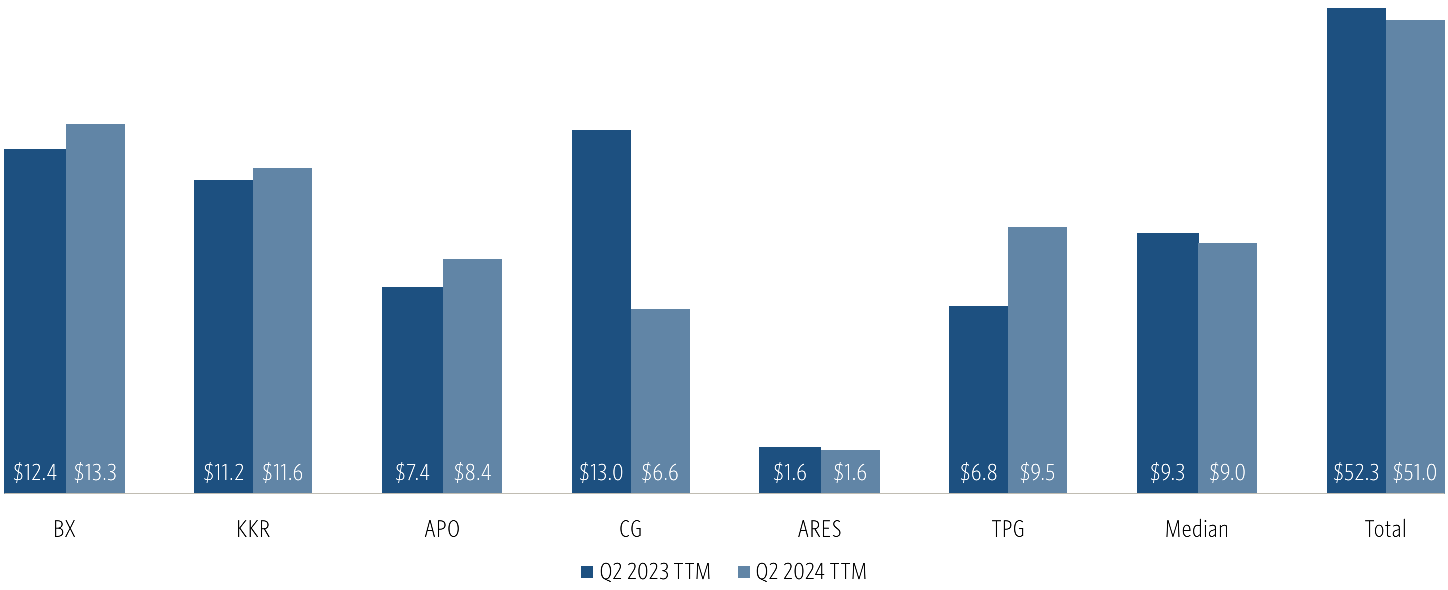
KKR deployed $11.9 billion in its alternative and liquid credit strategies during Q2 2024, marking a 70.1% sequential increase and nearly tripling YoY, up 297.0%. With the firm's credit franchise now exceeding $100 billion in capital, management noted it continues to see attractive opportunities in ABF, Asia credit, opportunistic investing, and junior debt. On a TTM basis, KKR deployed $27.9 billion, a 64.2% YoY increase.

Carlyle's private credit group deployed $1.0 billion in Q2, reflecting a 42.9% sequential increase and an 11.1% rise YoY. On a TTM basis, deployment totaled $3.6 billion, representing a 34.5% YoY decline. Based on the firm's proprietary data from its portfolio, management expects robust economic growth to continue, and noted improving confidence to transact from both buyers and sellers. This underpins their expectation that transaction activity will increase in the second half of 2024, despite the public market volatility observed in early August around the time of the earnings call.

TPG completed its second full quarter with Angelo Gordon (AG), deploying $4.5 billion across credit strategies, an increase of 43.0% QoQ. Twin Brook, the firm's direct lending platform, deployed approximately $3.1 billion in Q2. This pushed the H1 2024 total to $4.8 billion, exceeding its prior record for H1 deployment by over $1 billion. Management noted a strong uptick in lower-middle-market sponsor activity, with approximately 40% of the origination volume being add-ons to the existing portfolio.

Realizations

TTM PE realizations ($B) by manager*



Source: Company reports • Geography: Global • *As of June 30, 2024

While still relatively unchanged on a TTM basis, realizations moved ahead in Q2 2024 by 57.1% YoY and 28.9% YTD versus 2023. Total realized value in Q2 2024 was $14.4 billion, up from $11.0 billion in Q1. The combined total of $25.4 billion in H1 2024 compares to $19.7 billion in 2023. This is consistent with the 15% increase in exit value in the broader PE market as reported in our most recent US PE Breakdown. Still, these figures pale in comparison to the peak quarters of 2020 and 2021 and have yet to reach the "old normal" pre-pandemic quarterly averages.

Just two managers—Carlyle and Ares—saw QoQ and TTM declines in PE realizations, which is an encouraging improvement from last quarter when only two managers recorded QoQ growth and just one on a TTM basis. Discussions about realization opportunities carried a more optimistic tone this quarter as several managers pointed out healthy exit pipelines and an outlook for improvements as early as next quarter.

Blackstone led its peer group of managers for the second consecutive quarter with $4.5 billion in PE realizations. This marked a 77.9% QoQ growth from $2.5 billion in Q1 and a 7.3% increase on a TTM basis. Blackstone secured several exits in its Asian PE business during the quarter, such as its first exit from South Korea via a 71.25% stake sale in the medicine wholesaler Geo-Young Corp to Asian buyout firm MBK Partners for $1.4 billion.[3] In India, the firm publicly listed Aadhar Housing Finance, an affordable housing lender, and sold a 15.1% stake in IT company Mphasis. The firm shared that although there will be near-term lag between improving markets and recovery in realizations, it expects interest rate cuts later this year to act as a foundation for a significant realization cycle. Although it does not see the current macroeconomic backdrop as robust enough to encourage scaled realization activity, Blackstone stated it is well-positioned for significant acceleration in realizations as market environment and liquidity improve. Firm-wide, Blackstone's underlying performance-revenue-eligible AUM reached a record of $531.0 billion in Q2.

KKR had $3.4 billion of PE realizations during the quarter, nearly matching Blackstone's quarterly increase at 77.2% QoQ growth. KKR also shared that it continues to see signs of an improving monetization backdrop and that transaction momentum feels strong for the firm overall. The firm stated

3: "Blackstone Signs Over $1 BN Deal With MBK for 1st Exit in Korea," The Korea Economic Daily, Jong-Kwan Park, April 22, 2024.

Sequential PE realizations ($B) by manager*

Source: Company reports • Geography: Global • *As of June 30, 2024

it has a healthy pipeline of exits and has already completed a secondary sale of its shares in Kokusai Electric and taken software maker OneStream public. The firm also shared it sees consistent growth in its underlying businesses and that it has visibility on around $500 million of monetization related revenue for Q3.

TPG marked $2.4 billion of PE realizations for the quarter, which was an increase of 10.4% QoQ and of 41.2% on a TTM basis. TPG maintained during its earnings call that although it is actively monitoring realization opportunities, exits remain muted for the industry and the firm. Most notably, TPG partially sold its shares in Viking Holdings when the company went public in May for $1.5 billion.

Apollo followed closely behind with $2.2 billion of PE realizations, which was just below the $2.3 billion median for the six managers. It was a decrease of 9.0% QoQ and a growth of 14.0% on a TTM basis. The firm highlighted that it is dedicated to providing excess return per unit of risk and that its PE portfolio companies are marked at defensible valuations. Apollo shared that it continues to see bid-ask spreads persist, which is hampering deal and exit activity.

Carlyle's PE realizations in Q2 was the same as Q1's at $2.0 billion, although this was a decrease of around 50% on a TTM basis. Carlyle was also optimistic about the market opportunity for exits going forward and stated it had a considerable pipeline of active IPO and sale processes. In August, Carlyle agreed to a $3.0 billion sale of Cogentrix Energy, a US independent power producer, to Quantum Capital Group. Carlyle originally acquired the company in 2012. The firm expects realizations in H2 to be materially higher than in H1 considering the several large deals in its pipeline.

Ares had just $29.0 million of PE realizations in Q2, which was a 19.4% decline QoQ and a 2.5% drop on a TTM basis. Looking ahead, the firm stated that it sees markets returning to a more normalized state of activity in many sectors. Blue Owl's GPSC strategy distributed $643.0 million in Q2, which was an incredible 647.7% QoQ increase and 57.2% growth YoY. Blue Owl stated it is seeing an uptick in asset sales for some of the partner manager portfolios as sponsors are more willing to monetize assets in aging PE funds.

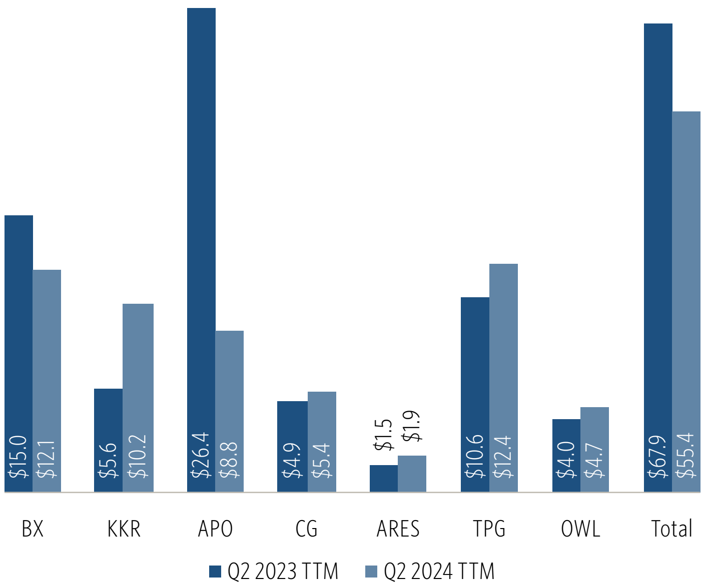
Fundraising

PE fundraising

Q2 2024 PE fundraising moderated from a bounce in Q1 but is still ahead by 9.5% YTD. Most of these managers wrapped up their fundraising efforts toward the end of 2023 or early 2024. Blackstone has been the exception as it remains in the market with its Fund IX, which just crossed its $20.0 billion target and recently activated its investment period, although it remains in the market, seeking to raise additional capital. Through the end of Q2, Fund IX has raised $20.1 billion. Other firms are currently focusing their PE fundraising on sub-strategies such as Asia-Pacific (APAC) or middle-market funds. However, KKR is bucking the trend and re-entering the market for its next vintage flagship buyout fund. In June, KKR launched its 14th North America flagship fundraise, seeking $20.0 billion in capital. Looking at the second quarter, PE fundraising for KKR was driven primarily by its perpetual capital K-Series suite discussed below. Also, within PE, the firm's middle market strategy, called Ascendant, has already achieved its fundraising goal of $4.0 billion and has not yet held its final close. The fund is approaching its $4.6 billion hard cap and is cutting back on allocations to investors as a result.

TPG, like several of its peers, is not in the market with its flagship buyout. However, TPG expects its total PE and infrastructure fundraising in 2024 to grow compared to the $12.8 billion it raised in 2023, driven by its ongoing campaigns for its Growth and Rise Climate funds and the launch of its climate transition infrastructure strategy. Moreover, its recently closed flagships, TPG IX and Healthcare Partners II, have combined to have signed or completed 10 investments and have deployed nearly 50% of the capital raised for the two vehicles. As a result, the successor funds of TPG X and Healthcare Partners III will likely be back in the market, raising sometime in the first half of 2025. While Carlyle is not in the market with its flagship buyout fund, it is focused on areas such as Asia. In Japan, it closed its fifth Japan buyout fund in the second quarter, which is approximately 70% larger than its predecessor. Apollo closed its tenth flagship buyout fund at $20.0 billion in Q3 2023 and does not plan to launch the next vintage this year. However, the firm did say that based on how deployment for Fund X is tracking, it expects that by the end of next year, the fund will be largely deployed and look to launch fundraising for Fund XI. Ares remains out of the market with its flagship buyout fund. The only capital in the firm's PE group was for its PE secondaries group, which raised $400.0 million.

TTM PE capital raised ($B) by manager*



Source: Company reports • Geography: Global • *As of June 30, 2024

Blue Owl does not operate a traditional PE strategy like its peers. However, its GPSC funds—formerly known as Dyal Capital—have a 10-year track record of buying GP stakes in private market fund managers, half of which are PE managers. For GPSC, Blue Owl raised $1.3 billion in Q2 across its large-cap strategy and co-investment vehicles. Additionally, for the firm's latest GP Stakes fund, total invested commitments, including agreements in principle, are more than $11.5 billion of capital, with a line of sight into more than $3 billion of opportunities. Blue Owl closed on an additional $1.0 billion for the latest vintage of the strategy in Q2 and anticipates that fundraising in Q3 for the vehicle could be similar to Q2 based on current visibility. However, it is not concerned with the timing of closes quarter-to-quarter. Blue Owl remains focused and confident in achieving its $13.0 billion goal over the next 18 months.

Firm-wide fundraising

In the second quarter, gross inflows across all strategies and seven firms totaled $160.9 billion. This represented a sequential increase of 17.8% and an increase of 50.8% YoY. Year-to-date, fundraising has increased by 43.7% versus YTD 2023. Adjusting for the acquisition of Angelo Gordon, we estimate that fundraising grew by 40.0% on a like-for-like basis.

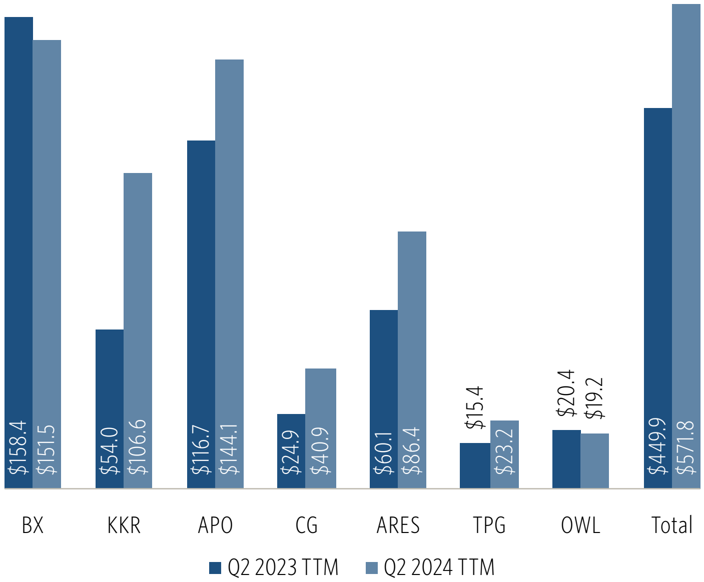
Credit strategies accounted for 58.0% of all capital raised in Q2, a drop from the 69.8% seen last quarter, but by far and away still the most sizable driver of inflows for these firms. After accounting for nearly the same share of fundraising in Q1, real estate fundraising accounted for 21.2% of all Q2 inflows, while PE represented 11.6% of Q2 inflows, with other strategies making up the remaining 9.2%. On a TTM basis, fundraising continues to increase, totaling $571.8 billion across these managers, up substantially from the TTM fundraising of $449.9 billion for the TTM period ended Q2 2023.

Blackstone led Q2 fundraising with $39.4 billion, representing a 15.7% increase from Q1. The firm's credit & insurance segment led all inflows, totaling $18.6 billion in Q2, driven primarily by the $8.3 billion raised for its direct lending strategy. Global PE, the second-best segment for inflows in the quarter, totaled $12.1 billion, with infrastructure and real estate fundraising leading the way. Blackstone has launched or expects to launch fundraising in the next few quarters for the new vintages in several strategies, including successors for its $5.0 billion life sciences fund, $9.0 billion private credit opportunistic strategy, $22.0 billion PE secondaries fund, and $6.0 billion PE Asia fund.

KKR raised $32.4 billion in Q2, an increase of 6.0% sequentially yet up 153.7% YoY. This pushed the TTM total to $106.6 billion, up nearly 100% YoY. Q2 was the second-most-active fundraising quarter in KKR's history. Unlike recent quarters where credit fundraising accounted for the lion's share of fundraising, real assets took the crown in Q2, raising $18.0 billion or 55.6% of the quarter's capital. Real assets increased as the firm launched Global Infrastructure Investors V, which has already raised $8.3 billion. Credit was responsible for $12.3 billion of inflow in the quarter, accounting for 38.0% of capital raised.

Apollo saw record inflows in the first quarter of $39.8 billion and followed it up in Q2 with $39.0 billion. This record-level fundraising from Apollo comes in a "non-PE" year for the firm after wrapping up its flagship buyout Fund X late in 2023.

TTM gross capital raised ($B) by manager*



Source: Company reports • Geography: Global • *As of June 30, 2024

TTM fundraising for the firm is 11.5% ahead of the prior TTM period. Second-quarter fundraising included a record amount of third-party capital raised in yield and robust hybrid inflows. Some of the more significant drivers by strategy included ABF, large-cap direct lending, opportunistic credit, and infrastructure equity.

For Ares, the second quarter was the firm's best in its history, with $26.0 billion of gross capital inflows, bringing YTD fundraising to $43.0 billion. A driver of this record activity was the closing of its third US Senior Direct Lending fund (SDL), with $33.6 billion of investment capacity, and is roughly double the total investment capital raised in SDL II. SDL III raised $6.4 billion of capital in Q2 and an additional $1.8 billion in July. In addition, the firm priced five new CLOs in Q2. YTD, Ares has priced seven CLOs, raising $3.6 billion and exceeding its full-year record of seven CLOs for $3.3 billion in 2022. For the remainder of the year, Ares expects to have 35 funds in the market across 17 strategies and will continue to see strong inflows.

Carlyle added $12.4 billion of assets in Q2, more than double the total inflows seen in Q1. The firm stated at the beginning of the year it had a goal of $40.0 billion in total fundraising for 2024, and after the first six months, the firm is roughly on track, having raised $17.8 billion. Like the first quarter, global solutions fundraising remains a key driver, supported by demand for its secondaries and co-investment fund. The firm was also very active in fundraising within credit, raising $5.0

billion in the quarter, and capped off one of the busiest first six months in its 20-plus year CLO history.

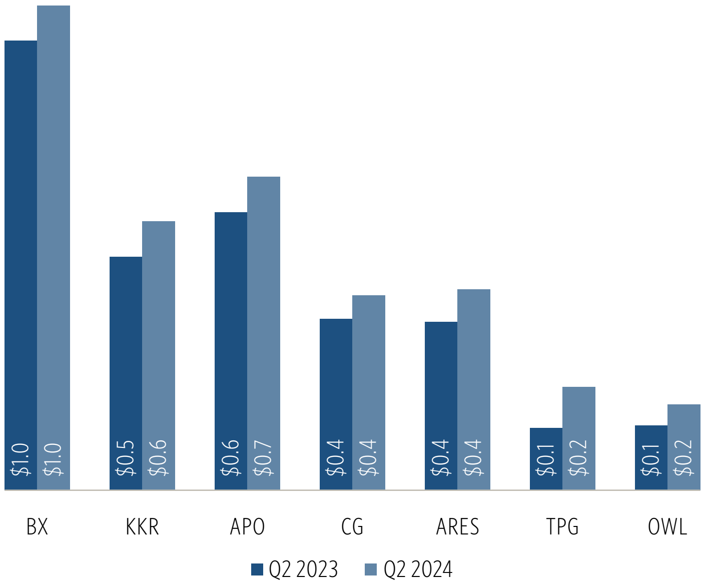
TPG raised $6.3 billion in the second quarter, with more than 70% of capital raised, or $4.5 billion, across its credit strategies. This activity was headlined by the final close of Twin Brook's fifth drawdown fund, raising $3.9 billion. Twin Brook is a US direct lender focused on lending to lower-middle-market PE-backed companies. Looking into the back half of the year, TPG expects robust fundraising momentum to continue, led by its Rise Climate franchise. Additionally, it expects credit fundraising to exceed $10 billion for the year, more than double the capital raised in 2023. TPG has raised $6.6 billion for its credit strategies through the end of June, putting the firm on pace to achieve that goal.

Blue Owl's Q2 fundraising totaled $5.4 billion, up 13.9% sequentially and up 88.6% YoY. TTM fundraising of $19.2 billion was also up sequentially but down 5.9% YoY. Credit led the way for Blue Owl fundraising, raising $3.6 billion in the second quarter. The strategy was primarily driven by its diversified and first-lien lending strategies, of which $1.7 billion came from its nontraded business development company (BDC) OCIC. Liquid credit and GP lending secondaries were other drivers in credit. Blue Owl also saw fundraising activity in its nontraded REIT, ORENT, increase as Q2 flows were 130% higher than a year ago.

Perpetual capital/private wealth update

All seven public PE managers continue to build out their perpetual capital franchises and seek to benefit from the compelling economics of the model. The unlimited duration of perpetual capital funds removes the pressure to sell assets within a fixed period, increasing flexibility and enabling a more consistent revenue stream of performance fees. As of the second quarter's close, assets in perpetual strategies from

AUM ($B) by manager*



Source: Company reports • Geography: Global • *As of June 30, 2024

Private wealth platforms by manager*

Firm	Wealth platform	Wealth AUM ($B)	% of total AUM	Wealth TTM inflows ($B)	Total TTM inflows ($B)	% of total TTM Inflows	Launch year
Blackstone	Blackstone Private Wealth Solutions	$240.0	22.3%	$23.8	$151.5	15.7%	2010
KKR	KKR Global Wealth Solutions	$75.0	12.5%	$10.3	$106.6	9.7%	2021
Blue Owl	Blue Owl Private Wealth	$82.3	42.8%	$11.2	$15.7	71.4%	2021
Carlyle	Carlyle Private Wealth	$50.0	11.5%	N/A	$40.9	N/A	2023
Ares	Ares Wealth Management Solutions	$25.0	5.6%	$6.4	$86.4	7.4%	2021
Apollo	Apollo Academy	N/A	N/A	$10.7	$144.1	7.4%	2022

Source: Company reports • Geography: Global • *As of June 30, 2024

PitchBook

the publicly traded Big Seven totaled $1.5 trillion, up 3.7% QoQ and 19.4% YoY, representing 41.0% of total AUM.

Blackstone continues to expand its perpetual capital offerings and AUM, increasing 9% YoY to $418.6 billion and 38.9% of its total AUM and retaining the top spot on the leaderboard for total perpetual AUM. Blackstone raised $7.5 billion from its wealth channel in Q2, including $6.0 billion for its perpetual strategies and nearly $13 billion in the first half of the year, already exceeding what it raised from individuals in all of 2023. Blackstone's credit and real estate vehicles BCRED and BREIT had impressive quarters, with BCRED bringing in $3.4 billion in Q2, its best quarter in over two years, and BREIT raising $900.0 million in new sales, its best quarter in more than a year. Its recently launched PE-focused perpetual vehicle, BXPE, has had a strong first six months, raising a total of $4.3 billion. The firm's perpetual infrastructure vehicle, BIP, reached the $50.0 billion milestone, including July fundraising, up 21% from the year-end of 2023.

KKR's perpetual capital efforts are led by its K-Series suite of vehicles, which raised $2.8 billion in the second quarter, 60% of which was driven by its PE strategy. Perpetual capital for the firm has reached $250.0 billion, up 25% YoY. Perpetual capital now represents 41.6% of the total AUM. KKR has built infrastructure and PE vehicles focused on the US and non-US as part of the K-Series, alongside private business development companies (BDCs), with plans for new platforms in the works.

Apollo's perpetual capital AUM increased to $409.0 billion, up 3.5% sequentially and 16.5% YoY. This comprises $304.0 billion at Athene, $50.0 billion at Athora, and the balance across other funds. At 58.7%, Apollo retains the second-largest share of its total AUM in perpetual capital vehicles. During the first half of the year, Apollo raised just north of $6 billion in its wealth channel, including record fundraising in the second quarter, positioning the firm to exceed the $8.0 billion raised last year in private wealth. The primary driver of this growth has been its nontraded credit BDC, Apollo Debt Solutions. Monthly inflows for the vehicle averaged more than $500 million in Q2, buoyed by the vehicle's more than 13% net returns over the past year.

All three of Ares' fundraising channels, institutional, wealth, and insurance, have had strong first halves. Wealth in particular is seeing a meaningful acceleration in fundraising across its wealth management channel, which has more than tripled this year compared to last year. Perpetual capital for the firm was $116.3 billion at the end of Q2, an increase of 17.0% from the prior year. The growth of $16.8 billion was driven primarily by the commitments to certain funds and separately managed accounts (SMAs) in its alternative credit and US and European direct lending strategies, capital raised by its BDCs, and additional managed assets from its insurance platforms. During the quarter, Ares raised more than $2.5 billion from its six nontraded products and, when including leverage, raised more than $4.5 billion. Year-to-date, new equity commitments totaled more than $4.5 billion, 3.5 times the capital raised in the same period a year ago. Ares expects flows into its wealth-focused products to continue its momentum through the second half of the year.

Carlyle's perpetual capital AUM is now up to $90.0 billion, supported by the $73.0 billion in AUM coming from Fortitude in its insurance solutions strategy. The firm's credit wealth fund CTAC had a strong first half, and its secondary-focused investment solutions wealth product, CAPM, saw a ramp-up in sales. Additionally, CAPM has built strong momentum after being added to several new wealth distribution platforms. Looking ahead, Carlyle still plans to have a PE wealth vehicle launch sometime in 2025. However, the firm did mention that its focus for the wealth channel is to scale its existing platforms. It has no desire to flood its distribution partners with products.

TPG continues to integrate recently acquired company AG following the close of that deal in late 2023, which expanded operations and capabilities across real estate and credit while further enhancing TPG's presence in Europe and Asia. The acquisition also significantly increased AUM and, subsequently, perpetual capital AUM, now at $32.0 billion, up more than 200% YoY. The firm did mention that it is actively working on the launch of its first semi-liquid PE vehicle, which it expects to launch at the beginning of 2025. For this new vehicle, TPG's climate and impact strategies will be a part of the offering. Akin to Blackstone's BXPE, TPG's PE vehicle will essentially be a broad compilation of opportunities and deals across its PE franchise.

Blue Owl saw gross flows into its perpetually distributed products reach $2.8 billion in the second quarter, more than 30% higher than the first quarter and more than double the second quarter of 2023. Its perpetual capital AUM is now $145.2 billion or 75.5% of total AUM, the highest of any public alternative asset manager. The permanent capital AUM increased 22% YoY and generated 92% of management fees during the TTM. Moreover, Blue Owl's two BDCs, OCIC and OTIC, have maintained sturdy fundraising activity. It expects that to carry into the second half of the year.

Insurance channel update

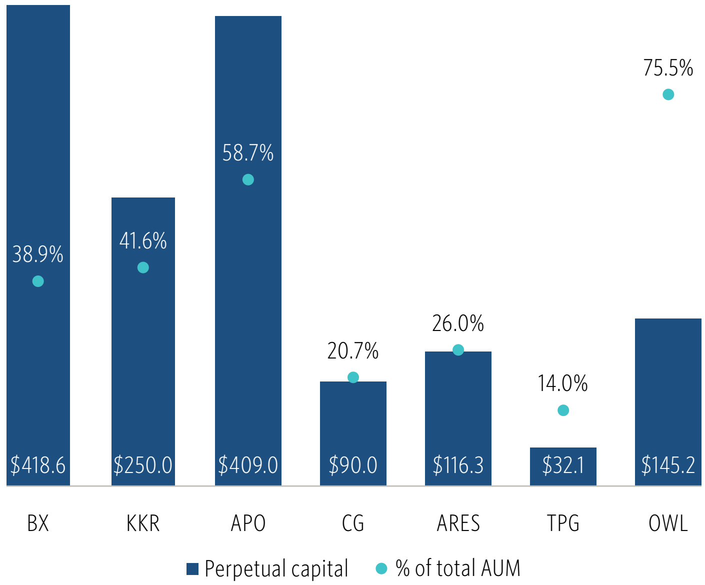
The insurance channel allows these managers to scale their credit strategies and permanent capital bases. The pairing of insurance managers and these public alt managers is mutually beneficial. The longer duration required for private market strategies aligns with the long-term outlook held by insurance managers and subsequently their investment theses. The insurance sector invests primarily in fixed income, which has helped to complement these firms as they build out or buy heavily in their private credit franchises to capture insurance inflows and scale AUM further.

Through the first half of 2024, Blackstone now has $211.0 billion of AUM in insurance, up 21.0% YoY, with the goal of reaching $250.0 billion in AUM in the next few years. Blackstone is coming off strong fundraising in 2023 from the insurance channel, where the firm raised just over $30 billion from its core four insurance clients. For 2024, the firm stated that it is on track to achieve its goal of $25 billion to $30 billion of inflows from its core four. As mentioned, the firm has four large strategic relationships and 15 SMAs and expects its business to grow significantly from here.

Global Atlantic (GA), KKR's wholly owned insurance business, now holds $183.0 billion in AUM, of which $139.0 billion is credit AUM. In Q2, the firm saw a record volume of inflows from GA across annuity sales and flow reinsurance totaling more than $8 billion in the quarter, compared to less than $3 billion just a year ago. Looking at the last four quarters, total inflows, including block activity, have been over $50 billion. That is the highest point in any 12-month period in GA's history. One key theme the firm has seen regarding insurance fundraising is that KKR thought insurers might pull back when rates increased, but they have not seen that and are instead seeing as much activity and momentum in insurance as the firm has seen in a while. Together with KKR, GA completed multiple strategic firsts in the Q2 and shortly after quarter's end, including its first real estate-equity multifamily investment, its first investment in the infrastructure team, and its first capital markets transaction-fee-generating investment. In June, KKR introduced insurance as its fifth asset class. This asset class is led by the Ivy Sidecar franchise that invests alongside the GA balance sheet in block-and-flow deals. For KKR, this area has among the most compelling capital supply-demand imbalances across the firm.

Apollo continues to see strong insurance inflows, propelled by its US platform Athene and its European platform Athora. In the second quarter, Athene had organic inflows of $17.0 billion

Perpetual capital ($B) and share of total AUM by manager*



Source: Company reports • Geography: Global • *As of June 30, 2024

and $37.0 billion YTD, remaining on track for $70.0 billion of organic inflows for the year. In the retirement services space, robust annuity sales activity underwritten to attractive returns amid continued secular demand for retirement savings products has helped to drive the strategy. In Q2, ADIP, the capital engine that helps Athene scale its business, closed its second fund, ADIP II, at $6.0 billion, almost twice as much as its predecessor. The firm claims that, to its knowledge, it is the largest third-party capital sidecar in the retirement services industry. ADIP invests side-by-side with Athene in new business, enabling Athene to scale in a capital-efficient manner while providing an attractive risk-adjusted return to investors.

Carlyle's insurance efforts are led by its insurance business Fortitude, with $79.0 billion of AUM. Carlyle emphasized the substantial opportunity set that insurance presents for the firm. And as ABF continues to gain momentum, the firm expects it to have a positive impact on future insurance flows. The ABF portion of the business is a significant opportunity for Carlyle and has been a big focus for the firm's credit and insurance teams. On the block side of the insurance sector, the firm is seeing a more competitive landscape and, as a result, is being more disciplined about capital deployment there.

For Ares, the firm's minority-owned insurance affiliate, Apsida, is on a solid growth trajectory. In the second quarter, it secured nearly $600 million in additional institutional equity from third-party insurers. With more equity capital expected in Q3, Aspida is in a favorable position to reach its goal of $25.0 billion in AUM by the end of 2025. Looking more broadly at insurance, Ares raised $1.1 billion in Q2 within its insurance segment. Ares stated that the broader annuity market is thriving, with sales exceeding a record $400.0 billion on an annualized run rate in the first half of 2024. Aspida is benefiting from these industry tailwinds, experiencing robust flows from new retail annuity sales and increased flow reinsurance opportunities.

As of July 1, Blue Owl officially closed its acquisition of Kuvare Asset Management (KAM), a manager that focuses on providing asset management services to the insurance industry. The deal added approximately $20 billion in AUM and helped to unlock a new fundraising channel for the firm, expanding from its previous staple channels of institutional and wealth. With the acquisition of KAM, Blue Owl now offers a holistic asset management solution to insurance companies, substantially broadening its potential investor base. Blue Owl expects the integration of KAM and its other acquisitions to go smoothly, given there is generally little overlap between Blue Owl's existing footprint and that of KAM. Blue Owl mentioned that Kuvare remains very active in the insurance business, meaning it continues to successfully issue new annuities, which, over time, bodes well for Blue Owl.

Now that TPG is back in the credit space, the firm is focusing on scaling its existing TPG AG credit businesses by innovating new products and further penetrating newer channels, including insurance. For example, Twin Brook meaningfully expanded its investor base globally since the acquisition, particularly in Asia, and increased diversification towards sovereign wealth funds and multinational insurance companies in Europe and Japan. Moreover, the US represented about 61% of Twin Brook's Fund IV LP base, which decreased to 36% in recently closed Fund V, replaced by significant growth in APAC, Europe, and the Middle East. By investor type, insurance companies represented only 6% of the LP base in Fund IV and increased significantly to 29% in Fund V.

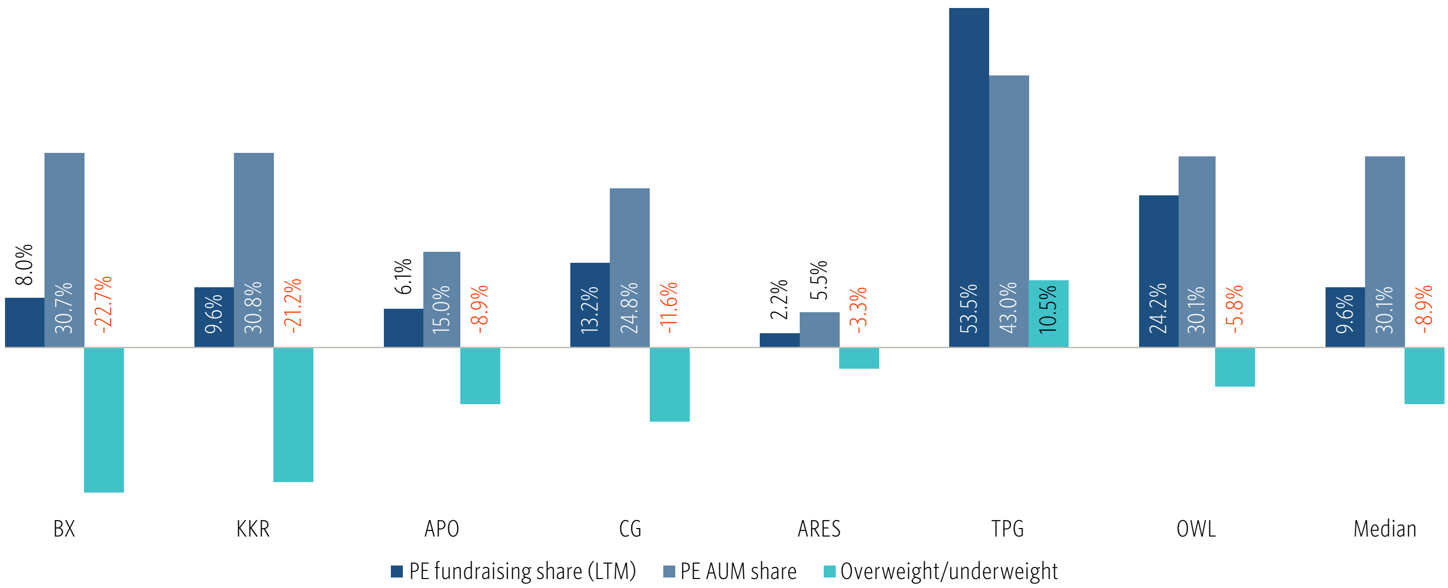
Insurance platforms by manager*

Firm	Insurance platform(s)	Insurance AUM ($B)	% of total AUM	Insurance TTM inflows ($B)	Total TTM inflows ($B)	% of total TTM Inflows	Launch date	Share acquired
Apollo	Athene, Athora	$354.0	50.8%	$72.0	$144.1	50.0%	January 3, 2022	100.0%
Blackstone	4 core minority investments	$211.0	19.6%	$28.5	$151.5	18.8%	N/A	N/A
KKR	Global Atlantic	$183.0	30.4%	$30.0	$106.6	28.1%	February 1, 2021	100.0%
Carlyle	Fortitude	$79.0	18.2%	N/A	$40.9	N/A	March 31, 2022	71.5%
Blue Owl	Kuvare Asset Management	$27.6	14.4%	N/A	$19.2	N/A	April 3, 2024	100.0%
Ares	Aspida	$15.0	3.4%	$5.0	$86.4	5.8%	July 9, 2019	100.0%

Source: Company reports • Geography: Global • *As of June 30, 2024

Strategy expansion

PE fundraising share relative to PE AUM share*



Source: Company reports • Geography: Global • *As of June 30, 2024

The seven public alternative managers continue to pursue firm growth, both organically and inorganically, and are tackling multiple pathways simultaneously. Credit, insurance, and private wealth remain the main areas managers are pushing into, and Asian markets are seen as major opportunities for growth in geographic expansion of existing and new strategies. KKR for example, introduced insurance as a new asset class in June and plans to invest alongside GA in block and deal flows. The firm also launched Ascendant, which is its first vehicle in a middle market PE strategy. AI infrastructure was also discussed at length by a couple managers during their earnings calls as a key driver of business. Apollo described the capital needed for data centers and AI infrastructure to be one of the major fundamental shifts in the marketplace, while Blackstone expected $2.0 trillion of capital expenditures globally in the next five years to build and facilitate data centers. Both Blackstone and KKR connected the need for AI infrastructure to opportunities in credit, insurance, and real estate businesses.

Blackstone also sees momentum in private wealth accelerating and plans to bring additional large-scale perpetual vehicles to market early next year to add to its current three existing vehicles. One will be an infrastructure vehicle that gives investors access to equity, secondaries, and credit businesses and another will be across Blackstone's credit platform. The firm also expects its credit and insurance business to grow significantly and sees tremendous interest in ABF in particular. Carlyle also spoke to the growth potential in ABF, saying the firm was in the early innings of a multitrillion dollar market opportunity. Carlyle is also pushing into wealth channels and has launched its solutions wealth product, CAPM.

TPG is also capitalizing on its expanded breadth of strategies and pursuing several different angles for capital growth. First, TPG held a final close for Twin Brook's fifth drawdown fund, which is a direct lending fund focused on PE-backed lower-middle-market companies. The fundraise exceeded its target as it expanded its its investor base as well as its origination capacity in the lower-middle-market space.[4] Second, TPG expects its Rise Climate strategy to carry fundraising momentum for the rest of the year and plans to hold a first close for Rise Climate Transition Infrastructure fund before the end of the year. The firm expects to raise $40.0 billion through the end of 2024 through new strategies including Rise

4: "TPG Inc. (TPG) Q2 2024 Earnings Call Transcript," Seeking Alpha, August 6, 2024.

Climate and Infrastructure, broadening real estate and credit platforms, and a scaled GP-led secondaries business that will have a final close for its inaugural GP Solutions fund in Q3. Lastly, TPG is in the process of launching a new strategy, Hybrid Solutions, which will tap in to the firm's expertise in PE and credit.

Apollo described in its earnings call that the firm's current five-year plan is underpinned by three pillars of strategic growth: debt origination, global wealth, and capital solutions. The firm is broadening access to private credit in its global wealth channel on a geographic basis, building out insurance and credit capabilities in Asia, and focused on building a next generation of products for retirees. Additionally, Apollo is launching a flagship climate and transition credit strategy called Apollo Clean Transition Capital and has secured a strategic investment from Mizuho Bank. The firm plans to launch a broader fundraise next year.

Ares also noted that it is seeing significant demand for alternative investment products from both institutional and retail markets, particularly in broad credit. Its wealth management channel has more than tripled so far in 2024 compared to 2023, with credit leading the way for growth. Ares is in the process of introducing new products around infrastructure and private credit and recently launched a specialty healthcare credit fund. Ares also described the opportunities for new investments in the secondaries market as both managers and investors continue to manage liquidity demands amid a slower M&A market and adjusting valuations. It is tapping into purchasing LP portfolios, working with other GPs on continuation funds, and creating structured solutions for GPs and LPs.

The public alternative managers also actively pursue partnerships or acquisitions to add scale and new capabilities to their firms. For example, KKR announced an exclusive strategic partnership with Capital Group, a global active asset manager with $2.6 trillion of AUM.[5] KKR will gain public market investing and distribution expertise from the partnership and plans to introduce a series of hybrid public and private investment solutions starting in 2025. The hybrid products will go beyond KKR's K-Series wealth products to reach into the mass market and make KKR's platform available to a broader universe of investors. KKR plans to start with a credit product, then infrastructure, PE, and real estate. In another example, Blue Owl's acquisition of KAM added $20.0 billion of AUM when it closed in July. It enables the firm to offer holistic asset-management solutions to insurance companies to broaden the firm's investor base. Blue Owl's acquisition of Prima Capital Advisors, a real estate lending firm, closed in June, adding $11.0 billion of AUM. The acquisition provides Blue Owl with a leg into real estate credit, which the firm described as a $5.0 trillion addressable market.

Industry-wide IRRs by strategy*

	1-year	5-year	10-year	15-year
Private equity	9.5%	17.2%	15.4%	15.7%
Secondaries	9.3%	14.3%	13.0%	13.1%
Private debt	9.2%	8.3%	7.8%	10.8%
Real assets	8.6%	8.4%	7.3%	8.1%
Venture capital	-1.6%	13.1%	12.9%	12.8%
Real estate	-4.6%	7.5%	8.8%	7.8%
Private capital	7.4%	13.6%	12.6%	13.2%
S&P 500	29.9%	15.0%	13.0%	15.6%

Source: PitchBook • Geography: Global • *As of September 30, 2023

Strategy offerings by manager*

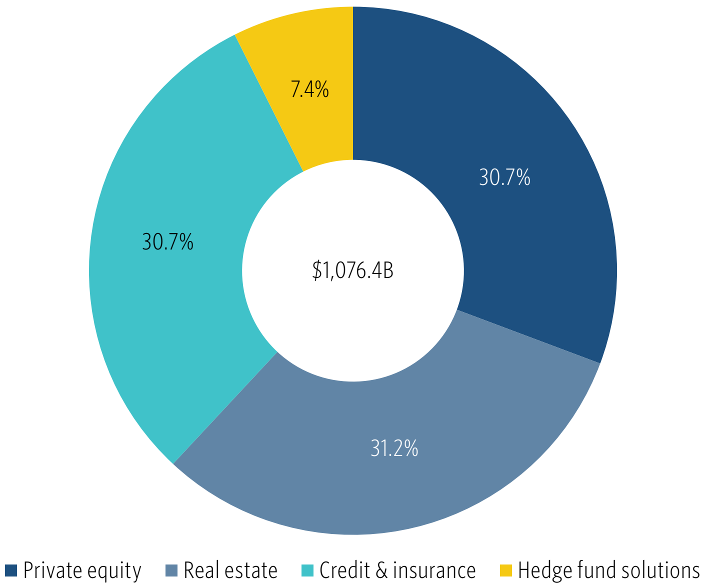
	BX	KKR	APO	CG	ARES	TPG	OWL
PE	✓	✓	✓	✓	✓	✓	
Private debt	✓	✓	✓	✓	✓	✓	✓
Secondaries	✓		✓	✓	✓	✓	✓
Real assets	✓	✓	✓	✓	✓		
Real estate	✓	✓	✓	✓	✓	✓	✓

Source: PitchBook • Geography: Global • *As of June 30, 2024

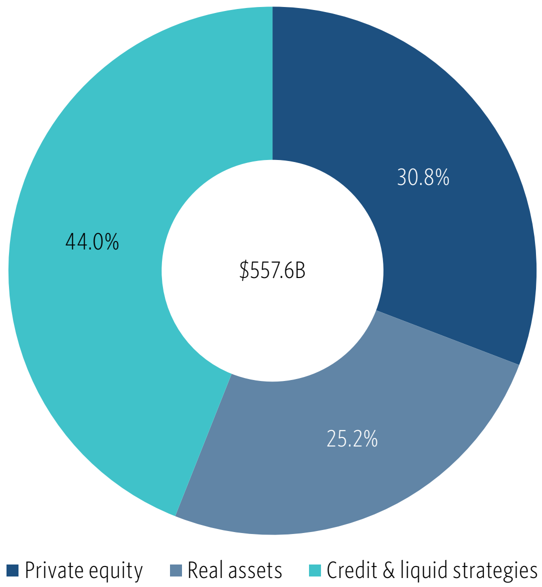
5: "Capital Group and KKR Form Exclusive Strategic Partnership to Create Public-Private Investment Solutions," Capital Group, May 23, 2024.

Share of AUM by manager and strategy*

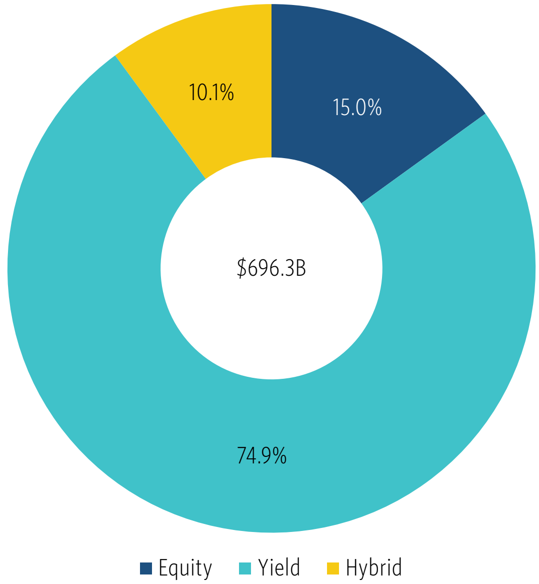
Blackstone



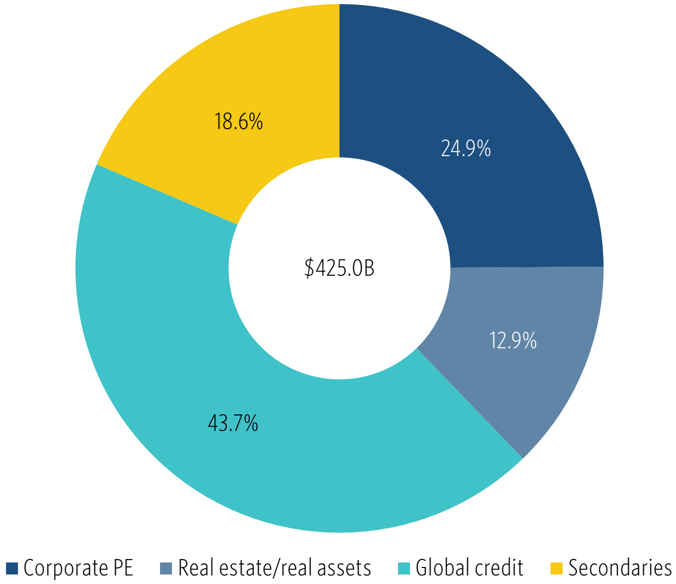
KKR



Apollo



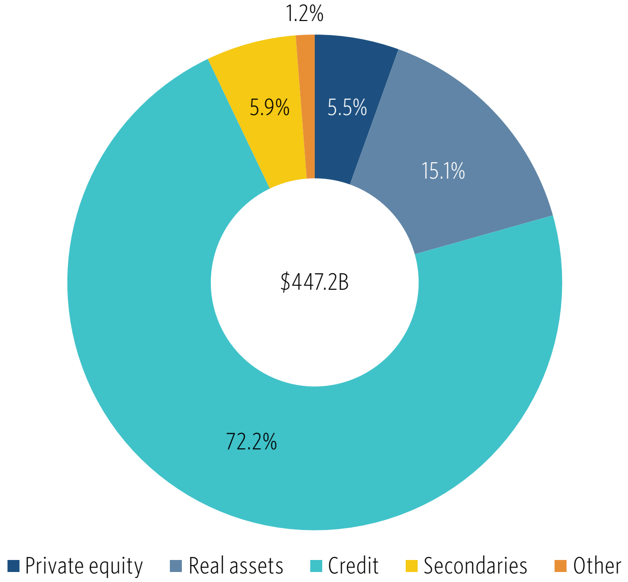
Carlyle



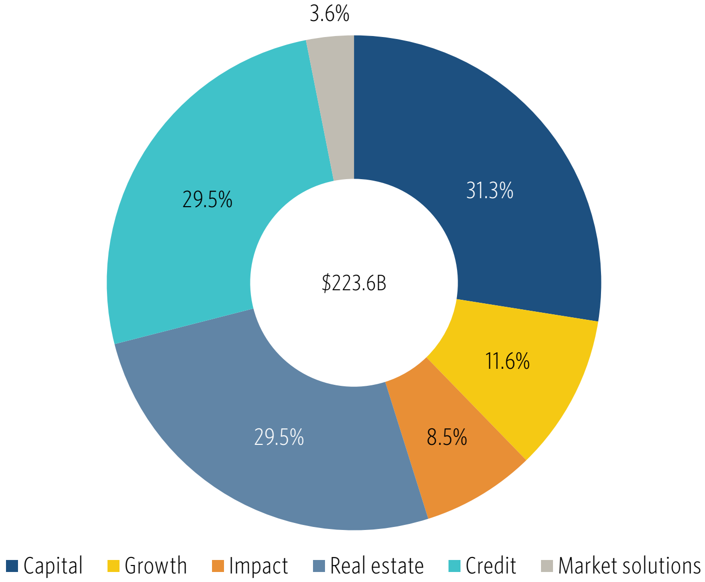
Source: Company reports • Geography: Global • *As of June 30, 2024

Share of AUM by manager and strategy (continued)*

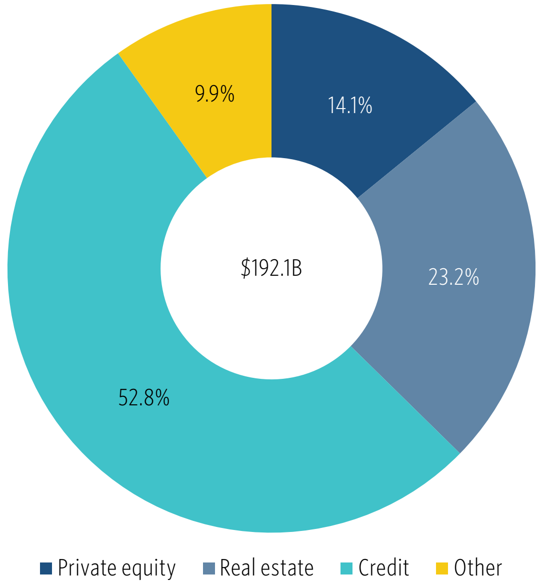
Ares



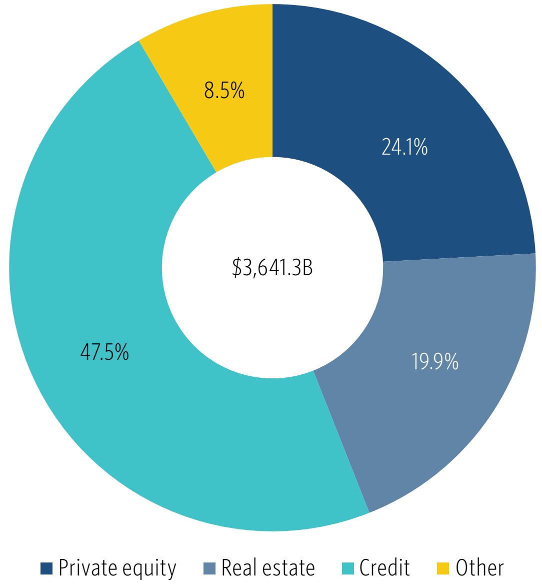
TPG



Blue Owl



All firms

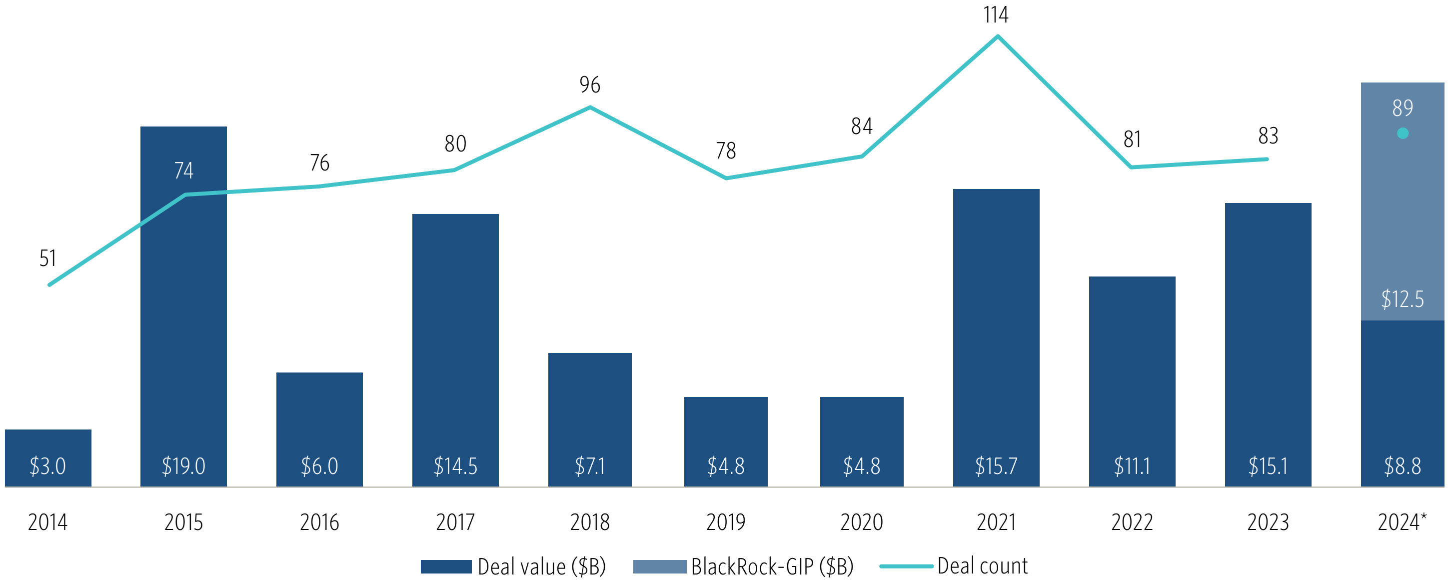


Source: Company reports • Geography: Global • *As of June 30, 2024

PitchBook

GP deal activity

Deals targeting alternative asset managers



Source: PitchBook • Geography: Global • *As of August 1, 2024

Deals targeting GPs are on track to set a record in 2024. A total of 89 deals have been announced or completed through July, an 84.0% increase over the same period in 2023. At this pace, GP deal count should easily surpass the prior record of 114 deals in 2021. With the exception of GP stake deals, all the deals we track are strategic in nature, meaning that the acquirer is investing its own capital. By contrast, GP stake deals are investing out of funds—and only those funds with the expressed purpose of pursuing a GP stake strategy. In this way we can track industry consolidation trends as well as LP interest in GP investing as an alpha-generating strategy. Lastly, we track both control and noncontrol deal flow for a more holistic view of strategic demand and investor interest.

Unlike the 2021 peak, when GP staking accounted for 36% of all GP deals, that mix has declined to 18.0% of all deals in 2024. At 16 deals though July, GP stake activity is on track for its slowest year since 2017. More than offsetting that decline has been robust strategic activity, especially minority strategic with a total of 30 deals YTD. Should the present trend hold, 2024 will mark the first time in 13 years that strategic minority deals have outnumbered GP stake deals. Examining this trend, we see several examples of traditional LPs such as insurance companies and family offices gaining more direct exposure to new strategies by taking minority stakes in GPs with a core skill set to match. We also see elevated activity involving non-US managers, which describes nearly half of these strategic minority stakes YTD. Lastly, we see strategic minority stakes taken in a diverse range of specialized strategies such as environmental, social & governance, asset backed finance, energy transition, sports, structured equity and debt, and crossover investing.

Illustrating this trend of strategic minority stakes by crossover LPs, Dai-ichi Life acquired a 19.9% stake in distressed credit and CLO manager Canyon Partners. The investment provides a stepping stone to buy all of Canyon in five years' time, with rights to acquire up to 51% by 2027 and up to 100% by 2029. At the same time, Dai-ichi is investing $1.3 billion in Canyon's co-mingled funds for a combined total investment of $1.5 billion inclusive of the minority stake in Canyon's GP franchise. The stake values Canyon at $1.25 billion, or 5.2% of the $24.0 billion it presently has under management.

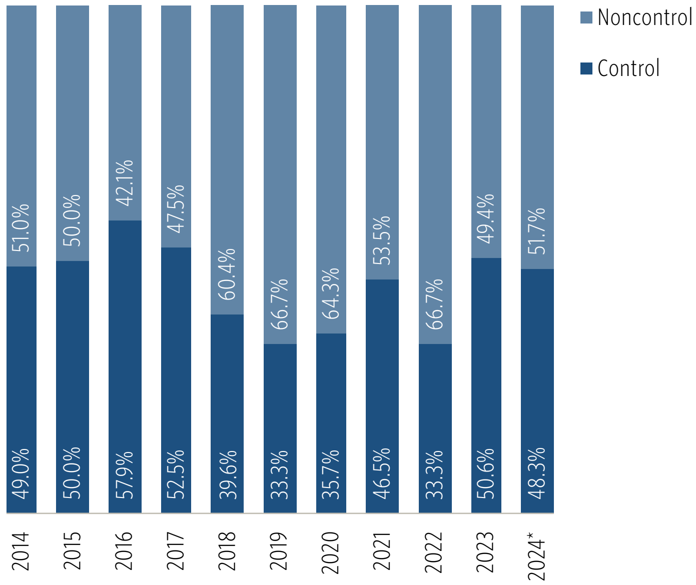
Control transactions by strategic acquirers have also surged in the GP manager space. While not a pure play, the recently announced $5.4 billion deal for AXA Investments by BNP Paribas was at least partially motivated by AXA's healthy exposure to alternative investments. Of the $900.0 billion in AUM being acquired, approximately 25% is tied to private credit, real estate and infrastructure, significantly above BNP's 8.0% exposure to alts in its legacy asset management business. Still, at a purchase price of less than 1% of AUM, the valuation stands in stark contrast to pure play alternative asset managers that trade at a median ratio of 7.7% of AUM.

Strategic M&A in Q2 was also highlighted by Arctos Partners' $1.3 billion acquisition of Hayfin Capital (3.9% of AUM). Actos took over BCIC's majority stake, which was acquired in 2017 for $275.0 million. While initially financed entirely by Arctos, the transaction is intended to facilitate an eventual 100% ownership by the Hayfin management team. Arctos is primarily known as a PE leader investing in professional sports franchises. It has taken that expertise to diversify into a strategy that invests in GP franchises. In July of 2023 it launched its Keystone platform, which provides growth capital and liquidity solutions to alternative asset managers. Its backing of the Hayfin management buyout is one of its first financings. Hayfin is a London-based private credit manager with $33.0 billion in AUM and a leading position in Europe.

Also notable was the acquisition of real estate manager Townsend Group by a consortium of financial sponsors led by buyout specialist The Riverside Company for an undisclosed amount. Other co-investors included MLC Australia, another PE manager, and Ten Capital Management and Bluerock, two real estate sponsors. Bluerock will contribute its 22-year track record of raising capital through interval funds from the private wealth channel and enter into a strategic partnership to do the same with Townsend. Townsend manages more than $22 billion in assets primarily for institutional investors.

The speed and pace of strategic M&A so far this year is noteworthy, and in many cases, we see single-strategy managers attempting to gain more diverse revenue streams and distribution channels as well as scale to compete better in a fundraising market that has favored large, multi-strategy platforms. Control transactions of GPs are on pace to exceed 75 this year, compared to 42 last year. Even without BlackRock's acquisition of GIP for $12.5 billion, the largest alts M&A deal ever, deal value is on track to equal last year's total of $15.1 billion. With it, deal value is on track to nearly double to $28.0 billion this year. A staggering $316.0 billion in AUM has traded so far this year, or 2.1% of total industry AUM,

Share of alternative asset manager deal count by type



Source: PitchBook • Geography: Global • *As of August 1, 2024

which PitchBook estimates at $14.9 trillion as of year-end 2023. By this metric, the alts industry has clearly entered a consolidation phase.

Rounding out GP deal flow in Q2, there were seven GP stake transactions during the quarter. Petershill Partners moved twice, acquiring a 40% stake in Kennedy Lewis, a private credit and CLO manager with $14 billion in AUM, followed by an undisclosed stake in Pennybacker, a real assets manager with $3.7 billion in AUM. Blue Owl, in conjunction with its new partnership with Lunate to pursue mid-market GPs, acquired a GP stake in Linden, a healthcare-focused PE sponsor with $7.9 billion in AUM. And Bonaccord continued at its steady deal cadence with an announced stake in Lead Edge, a tech and B2C focused PE sponsor with $5.0 billion in AUM. Outside of these, AUM amounts dropped off significantly and included more emerging managers. What is holding back GP stake deal flow despite the robust M&A and strategic minority backdrop may be related. More demand for GP targets may be propping up prices beyond what staking firms are willing to pay. This should eventually correct as more sellers come to the market and others are forced to as competitive conditions intensify.

Notable alternative asset manager deals YTD*

Target	AUM ($M)	Lead investor/buyer	Deal value ($M)	Deal type	Manager style/specialty
Global Infrastructure Partners	$112,000.0	BlackRock	$12,500.0	Acquisition	Infrastructure
Pretium	$50,631.0	Hunter Point Capital	N/A	GP stake	Real estate, mortgage finance & corporate debt
Hayfin Capital Management	$33,745.1	Arctos Partners	$1,301.9	Acquisition	Private credit - Europe
Canyon Partners	$24,000.0	Dai-ichi Life Holdings	$250.0	Strategic minority	Credit & real estate
Kuvare	$22,373.3	Blue Owl	$1,000.0	Strategic minority	Credit & real estate debt
Townsend Group	$22,118.7	The Riverside Company	N/A	Acquisition	Real estate
Castlelake	$22,000.0	Brookfield Corporation	$450.0	Acquisition	Credit & growth equity
Amundi Alpha Associates	$21,771.0	Amundi	$380.6	Acquisition	Multi-strategy
Energy Capital Partners	$19,853.7	Bridgepoint Advisers	$1,050.0	Acquisition	Energy infrastructure
Amber Infrastructure Group	$18,012.4	Boyd Watterson Asset Management	N/A	Acquisition	Infrastructure

Source: PitchBook • Geography: Global • *As of August 1, 2024

PitchBook

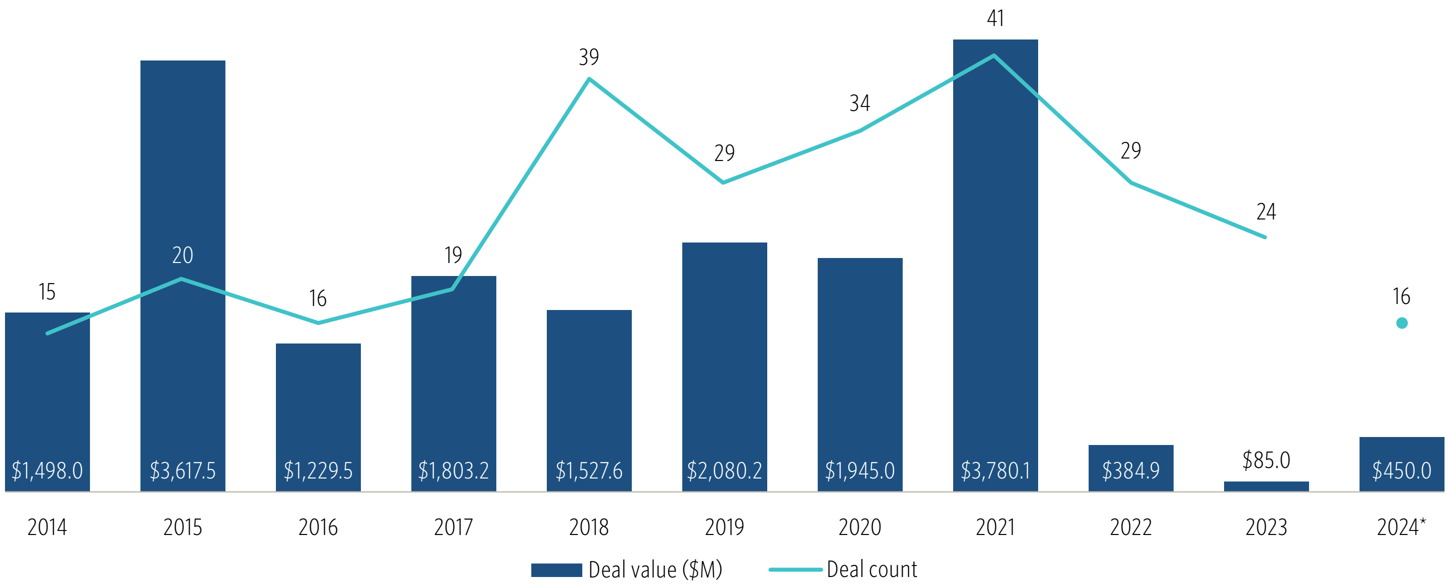
GP stake transactions

GP stakes deals YTD*

Company	Deal date	Investor(s)	Stake %	AUM ($M)	Manager style/specialty
Triple Private Equity	July 16	Capital Constellation, Wafra	N/A	N/A	Growth equity - mid-market tech - UK & Nordic
Caro Investments	July 16	TPG Next	N/A	N/A	Real estate debt
Citation Capital Management	June 13	Capital Constellation, Wafra	N/A	$100.0	Buyout - consumer & retail
Dermody Properties	May 31	Almanac Realty Investors	N/A	N/A	Real estate
Linden	May 20	Blue Owl, Lunate Capital	N/A	$7,950.0	Private equity - healthcare
Pennybacker Capital	May 13	Petershill Partners	N/A	$3,670.0	Real estate & infrastructure
Lead Edge Capital	April 22	Bonaccord Capital Partners	N/A	$5,000.0	Growth equity - IT & B2C
Drive Capital	April 10	Collective Global	N/A	$2,000.0	Venture
Kennedy Lewis Investment Management	April 1	Petershill Partners	40.0%	$14,000.0	Private credit & CLO
TorQuest Partners	March 11	RidgeLake Partners	N/A	$5,000.0	Buyout - Canada
GREYKITE Investment Adviser	March 5	Constellation, Leucadia Asset Management, Wafra	N/A	N/A	Real estate - Europe
Ollin Ventures	March 11	Fund Launch Partners	N/A	N/A	Venture
Pretium	February 27	Hunter Point Capital	N/A	$50,630.0	Real estate, mortgage finance & corporate debt
Jolt Capital	February 13	Armen	N/A	$535.3	Growth equity - tech - Europe
Banner Ridge Partners	February 2	Investcorp	N/A	$7,270.0	Secondaries - private equity
Visualize Group	February 1	TPG Next	N/A	$180.0	Buyout - mid-market business services

Source: PitchBook • Geography: Global • *As of August 1, 2024

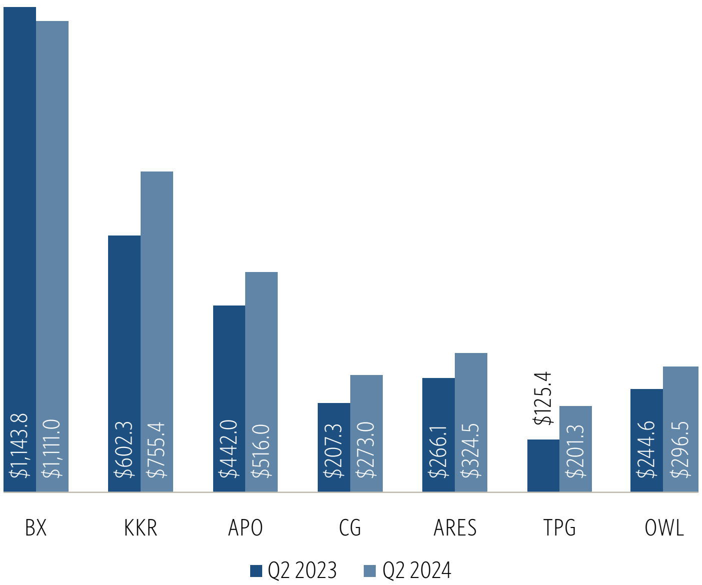
GP stake deal activity*



Source: PitchBook • Geography: Global • *As of August 1, 2024

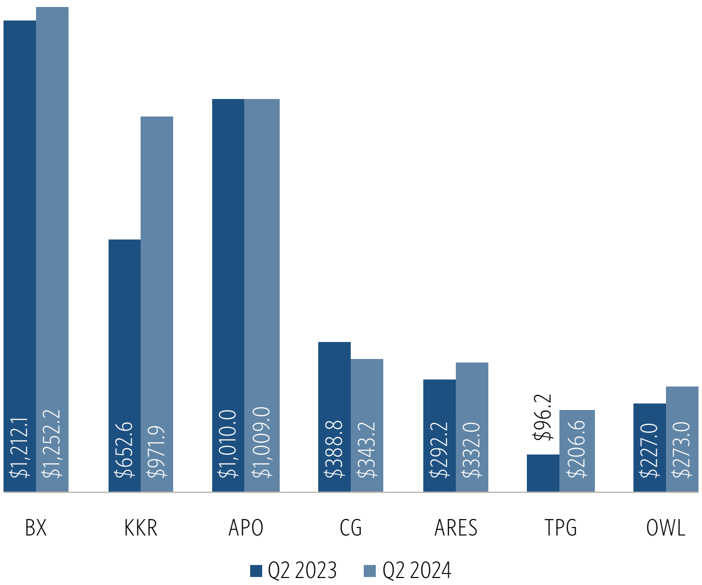
Operating results

Quarterly fee-related earnings (FRE) ($M) by manager*



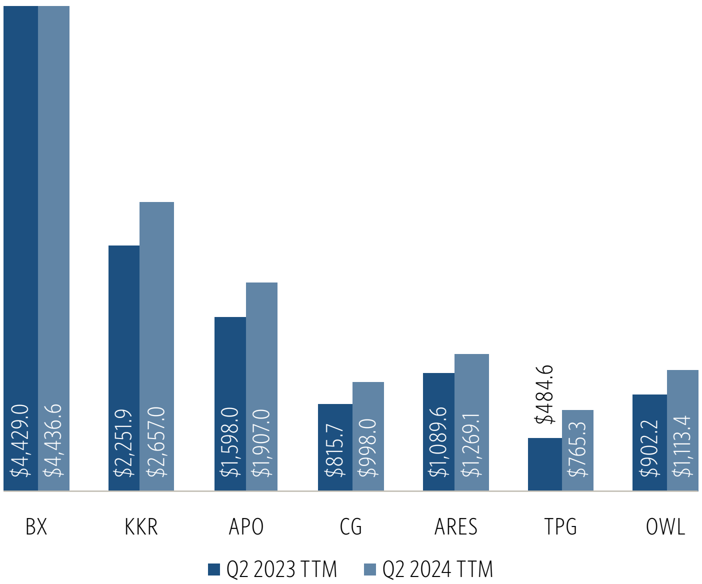
Source: Company reports • Geography: Global • *As of June 30, 2024

Quarterly distributable earnings (DE) ($M) by manager*



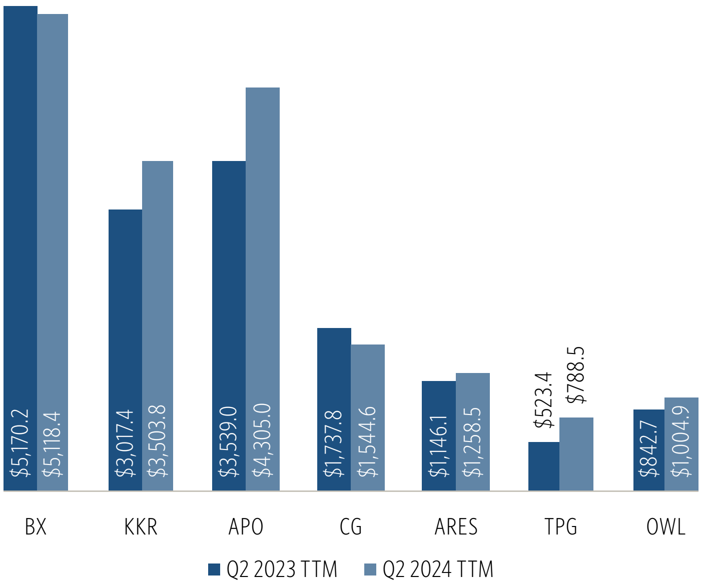
Source: Company reports • Geography: Global • *As of June 30, 2024

TTM FRE ($M) by manager*



Source: Company reports • Geography: Global • *As of June 30, 2024

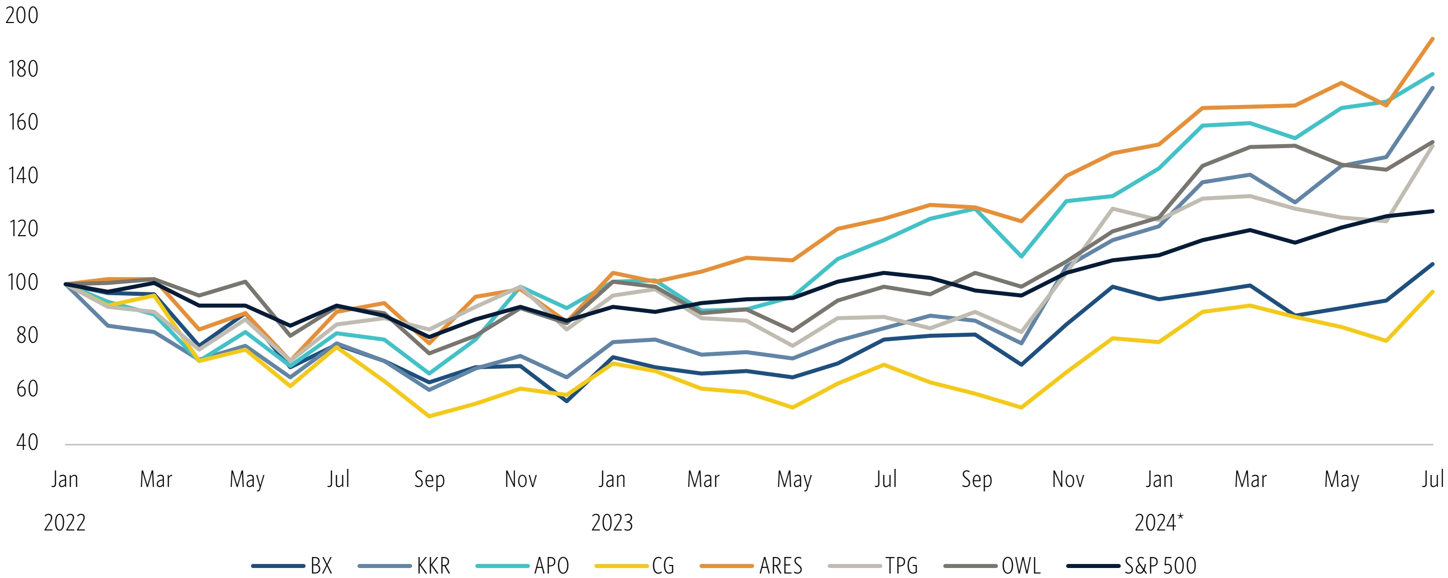
TTM DE ($M) by manager*



Source: Company reports • Geography: Global • *As of June 30, 2024

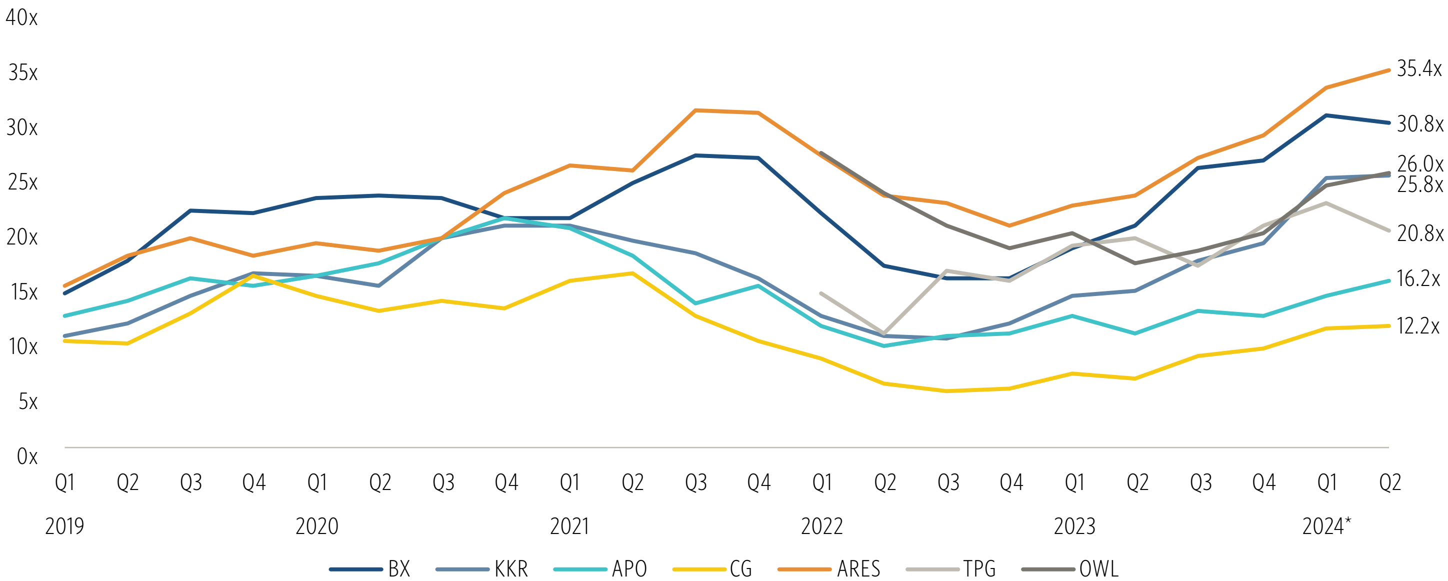
Stock performance and comparables

Stock performance by manager (normalized to 100 on January 1, 2022)



Source: PitchBook and Morningstar • Geography: Global • *As of June 30, 2024

Price/DE stock multiples by manager



Source: PitchBook and company reports • Geography: Global • *As of June 30, 2024

PitchBook

Alternative asset manager comparables*

Private equity and other									
Company	Market cap ($M)	Market cap as % of AUM	Price/DE		DE growth		DE per share		Dividend yield
			2023A	2024E	2023A	2024E	2023A	2024E	
Blackstone	$162,874	15.7%	34.5x	29.9x	-23.6%	15.4%	$3.95	$4.56	2.9%
KKR	$106,778	19.3%	34.6x	25.5x	-12.3%	35.7%	$3.42	$4.64	0.6%
EQT	$35,875	15.5%	32.7x	28.3x	39.4%	15.5%	$0.93	$1.07	1.2%
Partners Group	$34,370	25.4%	27.8x	22.7x	-2.2%	22.4%	$41.68	$51.03	4.1%
CVC	$18,825	9.0%	33.3x	24.5x	-0.6%	35.8%	$0.60	$0.81	1.2%
TPG	$17,242	7.8%	30.6x	24.1x	-16.5%	26.8%	$1.57	$1.99	3.5%
Carlyle	$14,380	3.4%	12.6x	10.8x	-25.3%	16.4%	$3.24	$3.77	3.4%
Intermediate Capital	$7,593	7.5%	17.8x	12.7x	71.2%	40.4%	$1.49	$2.10	4.1%
Bridgepoint	$2,942	6.3%	20.6x	16.3x	8.9%	26.3%	$0.19	$0.23	3.0%
Median	**$18,825**	**9.0%**	**30.6x**	**24.1x**	**-2.2%**	**26.3%**	**$1.57**	**$2.10**	**3.0%**

Private debt and other									
Company	Market cap ($M)	Market cap as % of AUM	Price/DE		DE growth		DE per share		Dividend yield
			2023A	2024E	2023A	2024E	2023A	2024E	
Apollo	$59,579	9.2%	15.7x	14.8x	29.4%	6.0%	$6.74	$7.14	1.7%
Ares	$44,301	10.6%	39.4x	34.7x	9.0%	13.7%	$3.65	$4.15	2.6%
Blue Owl	$25,318	15.3%	27.2x	22.5x	22.6%	20.9%	$0.65	$0.79	4.2%
Median	**$44,301**	**10.6%**	**27.2x**	**22.5x**	**22.6%**	**13.7%**	**$3.65**	**$4.15**	**2.6%**

Real estate and other									
Company	Market cap ($M)	Market cap as % of AUM	Price/DE		DE growth		DE per share		Dividend yield
			2023A	2024E	2023A	2024E	2023A	2024E	
Brookfield	$16,766	2.1%	41.1x	39.8x	6.3%	3.2%	$1.36	$1.40	2.7%
Antin Infrastructure	$2,374	6.9%	15.0x	14.3x	70.7%	5.4%	$0.79	$0.83	6.6%
Bridge Investment	$905	1.9%	9.4x	9.6x	-27.6%	-2.0%	$0.80	$0.78	7.0%
Median	**$2,374**	**2.1%**	**15.0x**	**14.3x**	**6.3%**	**3.2%**	**$0.80**	**$0.83**	**6.6%**

Secondaries and private solutions									
Company	Market cap ($M)	Market cap as % of AUM	Price/DE		DE growth		DE per share		Dividend yield
			2023A	2024E	2023A	2024E	2023A	2024E	
Hamilton Lane	$7,542	7.0%	39.5x	27.0x	8.3%	46.1%	$3.54	$5.17	1.4%
StepStone Group	$5,852	3.7%	47.5x	25.1x	-17.2%	89.6%	$1.09	$2.07	2.0%
Petershill Partners	$3,066	8.5%	12.8x	11.3x	-25.6%	13.6%	$0.18	$0.20	7.0%
GCM Grosvenor	$2,069	1.4%	19.5x	15.8x	10.2%	23.6%	$0.55	$0.68	4.6%
P10 Holdings	$1,098	5.8%	11.7x	11.5x	3.4%	1.1%	$0.83	$0.84	1.4%
Median	**$3,066**	**5.8%**	**19.5x**	**15.8x**	**3.4%**	**23.6%**	**$0.83**	**$0.84**	**2.0%**
Alts median	**$15,573**	**7.6%**	**27.5x**	**22.6x**	**4.9%**	**18.7%**	**$1.23**	**$1.70**	**3.0%**

Source: PitchBook • Geography: Global • *As of August 15, 2024

Alternative versus traditional asset manager comparables*

Alternative managers									
Company	Market cap ($M)	Market cap as % of AUM	Price/DE		DE growth		DE per share		Dividend yield
			2023A	2024E	2023A	2024E	2023A	2024E	
Blackstone	$162,874	15.7%	34.5x	29.9x	-23.6%	15.4%	$3.95	$4.56	2.9%
KKR	$106,778	19.3%	34.6x	25.5x	-12.3%	35.7%	$3.42	$4.64	0.6%
Apollo	$59,579	9.2%	15.7x	14.8x	29.4%	6.0%	$6.74	$7.14	1.7%
Ares	$44,301	10.6%	39.4x	34.7x	9.0%	13.7%	$3.65	$4.15	2.6%
Blue Owl	$25,318	15.3%	27.2x	22.5x	22.6%	20.9%	$0.65	$0.79	4.2%
Carlyle	$17,242	7.8%	30.6x	24.1x	-16.5%	26.8%	$1.57	$1.99	3.5%
TPG	$14,380	3.4%	12.6x	10.8x	-25.3%	16.4%	$3.24	$3.77	3.4%
Median	$44,301	10.6%	30.6x	24.1x	-12.3%	16.4%	$3.42	$4.15	2.9%
Total	**$430,472**	**10.6%**	**30.6x**	**24.1x**	**-12.3%**	**16.4%**	**$3.42**	**$4.15**	**2.9%**

Traditional managers									
Company	Market cap ($M)	Market cap as % of AUM	Price/DE		DE growth		DE per share		Dividend yield
			2023A	2024E	2023A	2024E	2023A	2024E	
BlackRock	$126,589	1.2%	23.1x	20.6x	7.4%	12.2%	$37.04	$41.55	2.4%
T. Rowe Price	$23,468	1.5%	14.1x	11.7x	-6.2%	20.3%	$7.50	$9.02	4.7%
Franklin Templeton	$11,438	0.7%	9.5x	9.2x	-15.4%	2.9%	$2.33	$2.40	5.8%
Invesco	$7,313	0.4%	11.4x	10.1x	-13.2%	12.9%	$1.44	$1.63	5.0%
Affiliated Managers	$5,549	1.8%	13.3x	11.2x	8.4%	18.7%	$2.63	$3.12	4.5%
Janus Henderson	$4,990	0.7%	8.9x	7.6x	-6.2%	17.6%	$18.72	$22.02	0.0%
AllianceBernstein	$3,851	0.6%	13.4x	11.5x	-9.0%	16.7%	$2.56	$2.98	8.8%
Median	$7,313	0.7%	13.3x	11.2x	-6.2%	16.7%	$2.63	$3.12	4.7%
Total	**$183,199**	**0.7%**	**13.3x**	**11.2x**	**-6.2%**	**16.7%**	**$2.63**	**$3.12**	**4.7%**

Source: PitchBook • Geography: Global • *As of August 15, 2024

Additional research

Private markets

Q2 2024 US PE Breakdown

Download the report here

Q2 2024 Global M&A Report

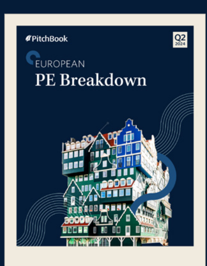
Download the report here

2023 Annual Global Private Debt Report

Download the report here

Q4 2023 Global Fund Performance Report (with preliminary Q1 2024 data)

Download the report here



Q2 2024 European PE Breakdown

Download the report here

2024 US Private Equity Outlook: Midyear Update

Download the report here

More research available at pitchbook.com/news/reports