



# Partners Group

REALIZING POTENTIAL IN PRIVATE MARKETS

## Press release

Baar-Zug, Switzerland; 13 July 2023 | *Ad hoc announcement pursuant to Art. 53 Listing Rules (LR)*

### Partners Group reports continued H1 AuM growth and reconfirms full-year fundraising guidance

- USD 8 billion gross client commitments received in H1; USD 17 to 22 billion 2023 full-year expected gross client demand, consistent with previous outlook
- USD 5 billion invested across private market asset classes; robust pipeline of thematically sourced investments for H2
- USD 5 billion in portfolio realizations generated; meaningful divestment pipeline of mature assets

Partners Group received USD 8.0 billion in new commitments from its global client base in H1 2023 (H1 2022: USD 13.1 billion), bringing the firm's total assets under management ("AuM")<sup>1</sup> to USD 141.7 billion as of 30 June 2023 (30 June 2022: USD 130.6 billion), an increase of 9% year-on-year. During the same period, the firm committed USD 5.0 billion to transformational investing across private markets asset classes globally and generated USD 5.4 billion in portfolio realizations. As highlighted in January, bid-offer spreads remained wider throughout H1 reflecting the typical process of price finding following periods of change in macroeconomic parameters, including rate recalibrations. Based on a robust demand pipeline and the expected normalization of client conversion periods, Partners Group reconfirms its full-year 2023 guidance for total fundraising of USD 17 to 22 billion.

David Layton, Partner and Chief Executive Officer, comments: *"In H1 we strengthened our thematic investing approach and continued to drive value creation initiatives across our portfolio, positioning us well to execute on our significant investment and divestment pipeline as financing markets improve in H2. Over the last two months, we have observed a normalization of conversion periods for client commitments and our outlook on fundraising remains positive for the remainder of the year. We remain strongly positioned in this new environment and are committed to delivering 10-15% AuM growth on average in the years to come."*

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<sup>1</sup> AuM is an Alternative Performance Metric ("APM"). A description of the APMs can be found in Partners Group's 2022 Annual Report on pages 32-33, available for download at [www.partnersgroup.com/financialreports](http://www.partnersgroup.com/financialreports). Refers to Partners Group Holding AG.

### *USD 5 billion invested*

In H1 2023, Partners Group invested USD 5.0 billion (H1 2022: USD 13.4 billion) on behalf of its clients. During the period, Partners Group continued to grow its thematic investment pipeline across all of its asset classes and verticals.

Partners Group's thematic sourcing approach is a multi-year process that involves the firm's vertical teams looking beyond the top layer of sectorial dynamics to identify businesses and assets that can benefit from specific pockets of transformative growth in third- and fourth-layer themes. This approach aims to provide exposure to growth themes with a lower risk profile and higher value creation potential. For example, in private equity, key themes include pharmaceutical speed-to-market, warehouse automation, and industrial safety. To access the industrial safety theme, Partners Group acquired SureWerx in January, a leading North American supplier of technical safety equipment and tools. Partners Group's value creation initiatives will include transforming the company's digital capabilities to increase lead generation with end users, expanding the safety product portfolio with complementary high quality safety brands, as well as designing and executing a comprehensive warehouse network plan to ensure capacity readiness to meet demand growth.

In private infrastructure, investment teams emphasized themes in areas such as critical supply chain, low carbon fuels, water sustainability, and carbon management. In June, to capitalize on the low carbon fuels theme, Partners Group purchased a 60 MW portfolio of 35 biogas plants and 10 biomethane plants. Potential value creation initiatives will include creating an independent operating alternative fuels platform with a significant project pipeline to support the European energy transition. Together with management, Partners Group will upgrade the platform's waste streams by expanding the biomaterials that can be utilized to generate adjacent revenues.

In total, the firm invested 57% of total global volume into direct assets. To complement its direct investments, Partners Group invested the remaining 43% of total investment volume into portfolio assets. These assets include secondary investments into globally diversified private markets portfolios, select primary commitments to other complementary private markets strategies, and investments into the broadly syndicated loan market.

### *USD 5 billion realized*

In H1 2023, portfolio realizations amounted to USD 5.4 billion (H1 2022: USD 6.4 billion) and were primarily driven by portfolio assets and direct infrastructure distributions (64% of total distributions). This included distributions from the sale of CWP Renewables, a vertically integrated renewable energy platform operating over 1.1 gigawatts of wind assets in Australia, making it the largest ever renewable platform divestment in the country.

Partners Group's focus on entrepreneurial governance and active value creation continues to deliver operational successes across its direct private equity portfolio, generating double-digit EBITDA growth at stable margins, and thereby strengthening its divestment pipeline. Supported by continued demand for high quality assets, the firm has launched multiple divestment processes of mature businesses and assets.

### *USD 8 billion in new client demand, led by bespoke client solutions*

In H1 2023, Partners Group's client demand for investment solutions resulted in new commitments of USD 8.0 billion (H1 2022: USD 13.1 billion). Bespoke client solutions were the largest contributor to

fundraising at USD 5.4 billion (68% of assets raised), which reflects the important differentiation these solutions offer clients.

Within bespoke client solutions, mandates (USD 3.2 billion raised) are separate accounts that allow large institutional investors to achieve their long-term target allocations to private markets. Evergreen programs (USD 2.2 billion raised), which allow for a certain amount of liquidity, enable individual investors to access private markets more conveniently. Traditional closed-ended programs also continued to grow and contributed a total of USD 2.6 billion (32% of assets raised).

**Breakdown of total AuM** as of 30 June 2023 (in USD billion):

	<u>2022</u>	<u>H1 2023</u>	<u>Last 5 years</u> <u>CAGR<sup>2</sup></u>	<u>Gross H1</u> <u>client demand</u>
Private equity	71.2	74.3	+13%	3.2
Private debt	26.8	28.9	+13%	2.6
Private infrastructure	20.8	21.8	+17%	1.2
Private real estate	16.5	16.8	+5%	1.0
<b>Total</b>	<b>135.4</b>	<b>141.7</b>	<b>+13%</b>	<b>8.0</b>

During the six-month period to 30 June 2023, AuM grew by USD 6.4 billion. This growth is the result of USD 8.0 billion in gross client demand, tail-down effects from mature private markets investment programs of USD -2.9 billion and redemptions from evergreen programs of USD -2.4 billion. Foreign exchange effects further impacted AuM growth by USD 1.9 billion mainly driven by the strengthening of the Euro against the US Dollar during the period. A final USD 1.8 billion came from a select number of investment programs that link AuM to NAV development<sup>3</sup>.

### *Outlook full-year 2023*

Partners Group continues to see structural tailwinds for private markets and its outlook for long-term, sustainable growth remains in place. The firm reconfirms its full-year 2023 guidance for gross client commitments of USD 17 to 22 billion based on its demand pipeline. It anticipates stronger fundraising in the second half supported by a continuing normalization in the pace of client conversions as well as several next-generation closed-ended flagship and new evergreen strategies coming to market.

Partners Group has been a pioneer in offering bespoke solutions for the private wealth client segment for over two decades. These solutions holistically embed private markets, diversified across asset classes and strategies, within the portfolios of private wealth clients. The firm sees considerable opportunity in working with its partners to help a growing number of individual investors access the increasingly large and profitable part of the real economy that operates outside of public markets. Partners Group will expand its innovative solutions into different asset classes and strategies including next generation infrastructure, private debt, growth-oriented equity, and a multi-asset class mandate aimed at directly impacting the United Nations Sustainable Development Goals.

<sup>2</sup> CAGR: compound annual growth rate for net assets for the period 30 June 2018 – 30 June 2023.

<sup>3</sup> Partners Group reports fee-paying AuM. Most of the firm's evergreen programs base fees on NAV. The portfolio performance during the period impacts the NAV of these products and this translates to a corresponding change in firm-level AuM. As always, calculations for semi-annual AuM numbers for evergreen programs are based on 31 May NAV valuations. Full-year AuM numbers are based on 30 November NAV valuations.

Partners Group's full-year estimates of tail-down effects from more mature closed-ended investment programs and redemptions from evergreen programs remain unchanged at USD -10.5 to -12.5 billion. Furthermore, the firm anticipates tail-down effects and redemptions to stabilize around 2023 guidance levels in the medium term. This is the result of the continued shift from traditional programs towards bespoke solutions that are often more perpetual in nature and which, as such, do not have tail-downs.

Sarah Brewer, Partner and Global Co-Head Client Solutions, adds: *"Over the past two months we have seen institutional investors focusing again on investing in private markets and we anticipate this trend to continue throughout H2. We will continue to expand our market leading position in the private wealth space by introducing new solutions dedicated to individuals. Today, these investors have less than 1.5% of their total assets allocated to private markets and we see significant potential for them to increase their exposure to closer to 5% over time. Managers that have the expertise to transform assets and to provide accessible solutions at scale will capture an outsized portion of this growth."*

### ***Conference call today***

Partners Group's senior management will hold a conference call today at 6:15pm CET. To register for the call, please click [here](#) or use the contact details at the end of this press release.

### ***Key dates/publications 2023***

05 September 2023	Interim Financial Results as of 30 June 2023
14 September 2023	Interim Financial Report as of 30 June 2023

### **About Partners Group**

Partners Group is a leading global private markets firm. Since 1996, the firm has invested USD 200 billion in private equity, private real estate, private debt, and private infrastructure on behalf of its clients globally. Partners Group seeks to generate strong returns through capitalizing on thematic growth trends and transforming attractive businesses and assets into market leaders. The firm is a committed, responsible investor and aims to create sustainable returns with lasting, positive impact for all its stakeholders. With USD 142 billion in assets under management as of 30 June 2023, Partners Group provides an innovative range of bespoke client solutions to institutional investors, sovereign wealth funds, family offices and private individuals globally. The firm employs more than 1,800 diverse professionals across 20 offices worldwide and has regional headquarters in Baar-Zug, Switzerland; Denver, USA; and Singapore. It has been listed on the SIX Swiss Exchange since 2006 (symbol: PGHN). For more information, please visit [www.partnersgroup.com](http://www.partnersgroup.com) or follow us on [LinkedIn](#) or [Twitter](#).

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