

Financial Services Group

# Asset Management

FALL INDUSTRY OVERVIEW AND COMMENTARY



# Executive Summary

## Houlihan Lokey Insight

Markets continue to wait for a recession that never seems to come while continuing to be hit with unexpected negative shocks—macroeconomic, financial, and geopolitical. For all the gloom that many investors anticipated to carry into 2023, markets have held up impressively. Though overall M&A transaction activity hasn't rebounded, the fact that it hasn't deteriorated more seems to be good news. It's hard to tell if we are resting on the M&A bottom and preparing for a turnaround or are one significant shock away from an abyss.

Private equity markets remain challenged on numerous fronts; fundraising is difficult for even the largest platforms, and pressures are mounting to transact in an M&A environment where valuations have not yet recovered from drops in 2022. Sponsors will eventually need to transact, in a bind to liquidate old investments and put out new capital. Many sponsors are expanding their use of continuation vehicles, creating liquidity for existing fund investors while allowing sponsors to reset their fees and roll their best investments. We expect more managers to grow their use of continuation vehicles in this market.

The secular shift to private credit (and other lending strategies) continues, and shouldn't be news to anyone by now, riding tremendous tailwinds—increasing rates, capital-constrained banks, and insatiable investor appetite for directly originated loans—with a long way to go. Some managers are viewing asset-backed lending and infrastructure as the next significant long-term opportunities, benefiting from the Inflation Reduction Act and the related billions of infrastructure spending expected to occur over the coming decade.

Larger alternative asset managers are relying more and more on M&A to broaden their product sets, even with small acquisitions. Sellers offer strong investment performance but lack the resources or distribution capabilities to grow competitively, feeling they are losing ground on origination flow given their size or specialization. Additionally, sellers often see an opportunity to launch adjacent products to their core strategies but lack the capital to seed new funds. These are the fundamentals of the best asset management deals happening today—buyers who can monetize existing distribution and sellers who have great track records but are capital-starved. The strategy for most platforms is to become one-stop shops for both investors and seekers of capital. The trends support this, with bigger funds receiving an increasing relative share of new fund contributions.

Alternative managers continue to see valuations expand while most traditional managers stay stuck. While it's clear that alternative managers are benefiting from continued net inflows, strong performance, and resilient fee structures, we see more to the story. There is an active effort underway by alternative managers to exploit the market value differences in fee-related earnings and performance-related earnings, which started a few years ago but has now been adopted by everyone. On the revenue side, most alternative managers are successfully classifying cash-paying, spread-based incentive fees on permanent capital like BDCs and REITs as management fee revenues. On the expense side, compensation payout ratios on management fees are being reduced to as low as 25% and offset with increased payouts of performance fees (upwards of 90%). In theory, the multiple arbitrage between FRE and PRE is too attractive to ignore; in practice, it remains to be seen if this new structure will stand a powerful or prolonged down market.

Transaction valuations across the asset management sector haven't necessarily risen in line with the public company valuations, but there remains good value for sellers that benefit from revenue synergies and earnouts, which are in every deal structure. The biggest risk to smaller platforms in the asset management sector today is that the definition of smaller seems to keep increasing across every investment strategy, and there is a limited universe of strategic buyers. Larger asset management platforms that have distribution capabilities and institutional relationships—and are buying now—will only buy one platform for a specific strategy. What eventually happens to those smaller platforms who don't transact?



*Charles Hibbs is a leading member of the asset and wealth management investment banking practice within Houlihan Lokey's Financial Services Group. Coverage includes traditional and alternative asset managers, wealth managers, business development companies, real estate investment trusts, and specialty finance companies. Mr. Hibbs has advised on over 40 completed transactions representing more than \$25 billion in closed M&A, financing, and restructuring deals.*

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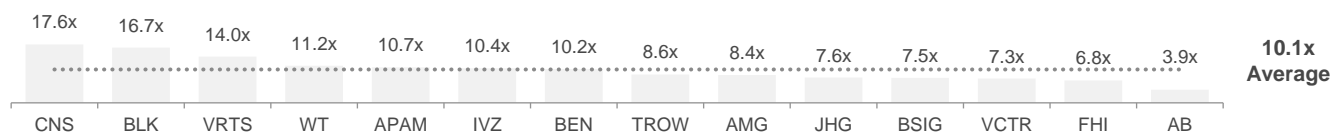
# Recent Asset Management Trends

## Market Multiples

The valuation gap between traditional managers and alternative managers continues to expand due to differences in growth rates.

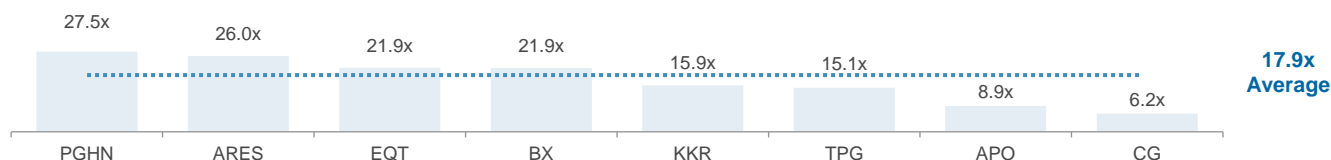
### Traditional Asset Managers

Multiple of 2023E EBITDA (Bar)



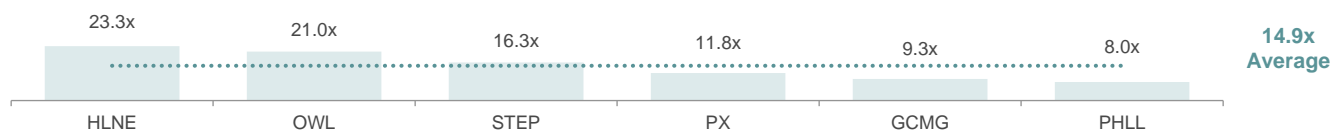
### Alternative Asset Managers

Multiple of 2023E EBITDA (Bar)



### Private Markets Managers

Multiple of 2023E EBITDA (Bar)



### Valuations: Why the Difference?

Platforms that trade at higher multiples do so because of higher growth, more consistent earnings, and more profitable capital.

- Positive Net Flows
- Permanent Capital
- Operating Scale
- Product Fee Rates
- Management Fees vs. Performance Fees
- Investment Income
- Profitability Margins

Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.  
 Note: Financial data as of most recent available; market data as of November 30, 2023.

# Recent Asset Management Trends

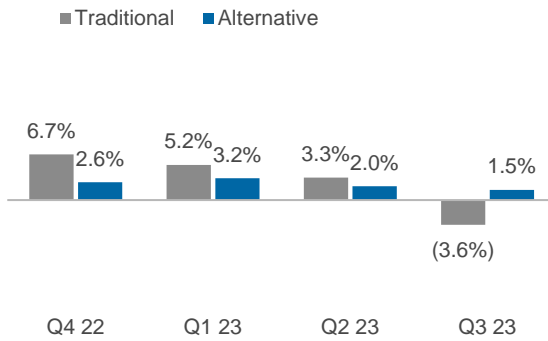
## Assets Under Management

Private equity fundraising continues to struggle, and the relative increase of net flows is slowing; private credit and infrastructure strategies drove recent inflows for most alternative asset managers.

### Total Asset Under Management

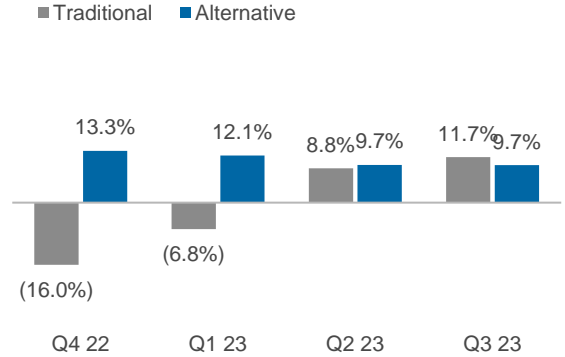
#### Quarter-Over-Quarter Change

% of Beginning AUM

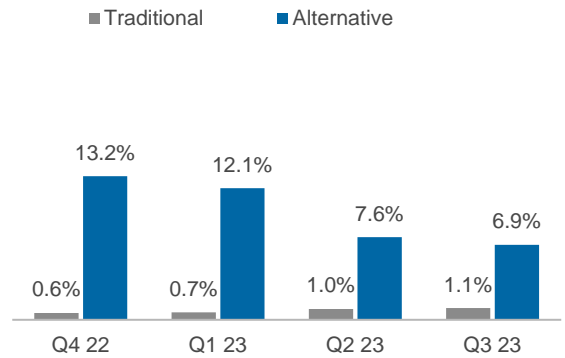
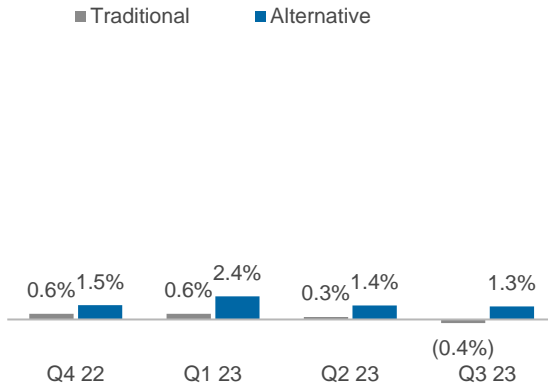


#### Year-Over-Year Change

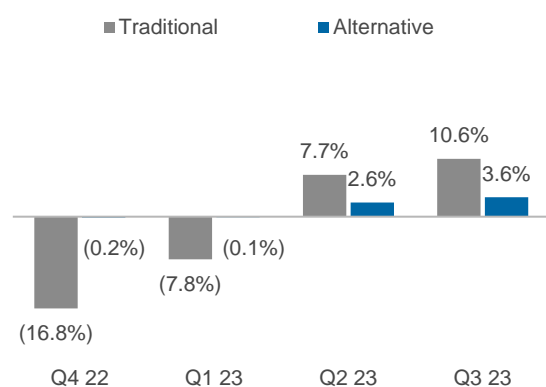
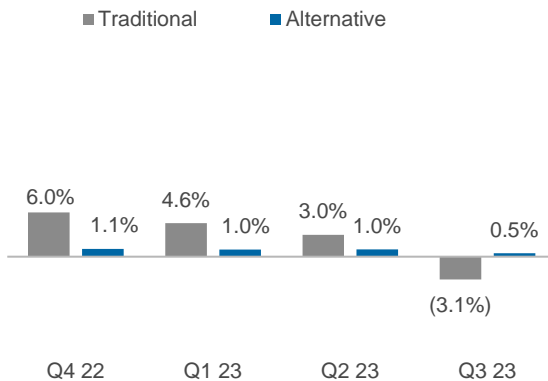
% of Beginning AUM



### Net Flows



### Market Impact



Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.

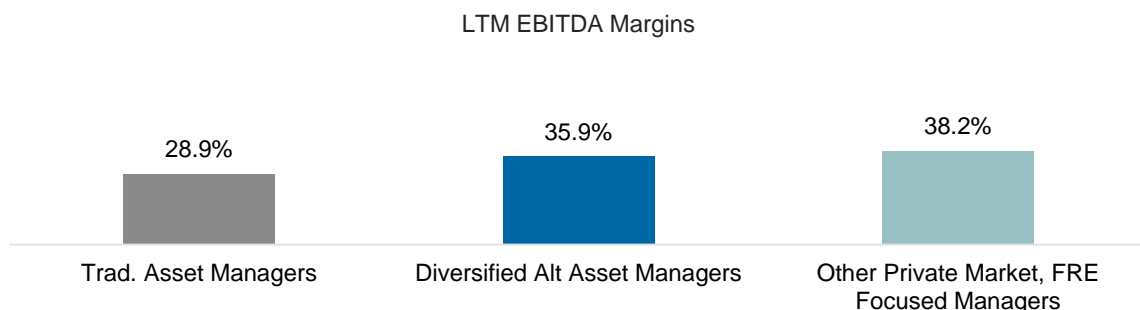
Note: Financial data as of most recent available; see page 14 for a list of companies included in each category.

# Recent Asset Management Trends

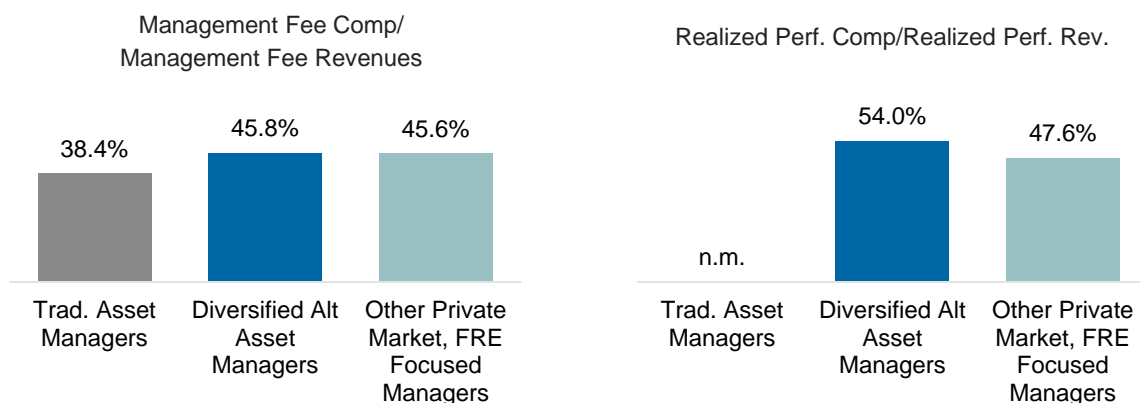
## Average Margins Across Asset Management

Although relative performance compensation payout is close to management fee compensation payout today, we see the divergence growing as alternative managers seek to boost their FRE margins for the valuation benefits.

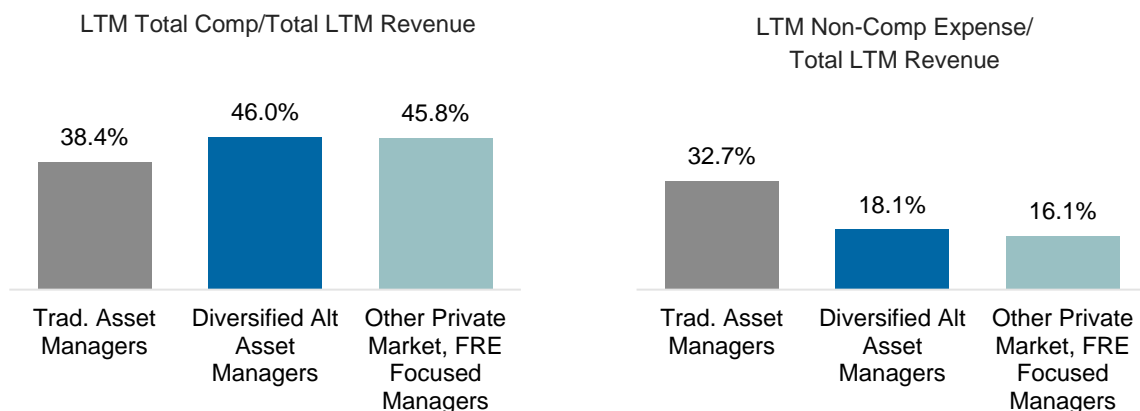
### LTM Avg. EBITDA Margins



### Avg. Management and Performance Fees



### Avg. Total Compensation and Non-Compensation



Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.

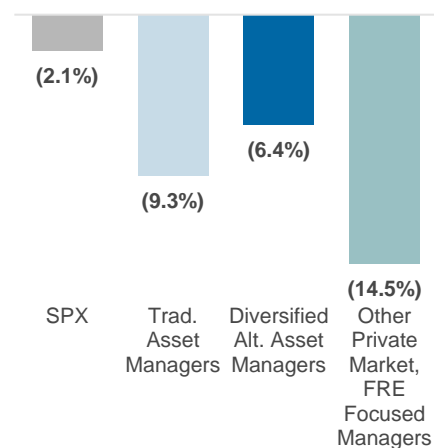
Note: Financial data as of most recent available; see page 14 for a list of companies included in each category.

# Recent Asset Management Trends

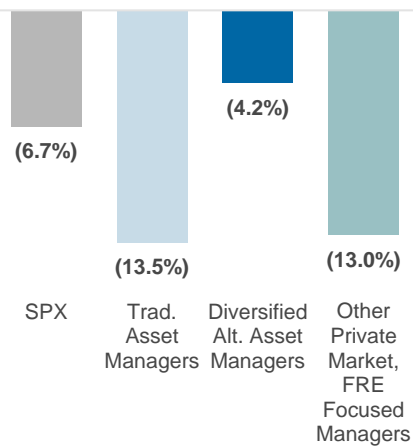
## Total Stock Price Returns

Strong fundamentals continue to drive valuations and relative stock returns for alternative asset managers, with traditional firms lagging.

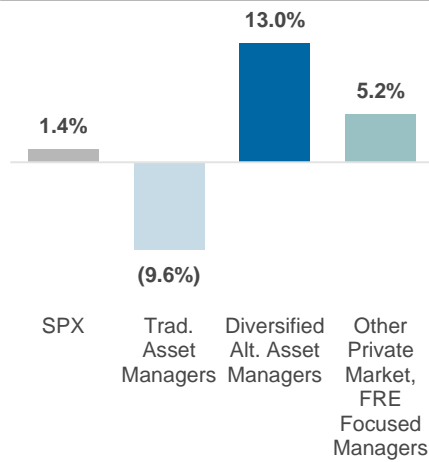
### One Month



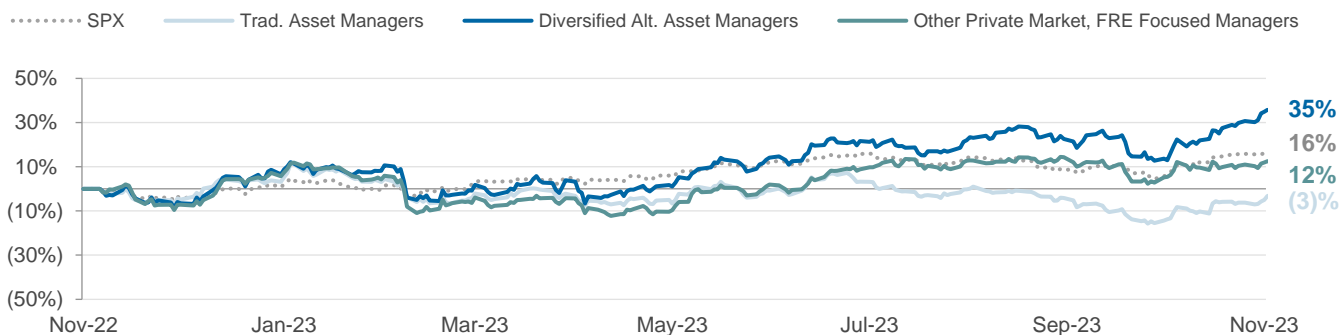
### Three Months



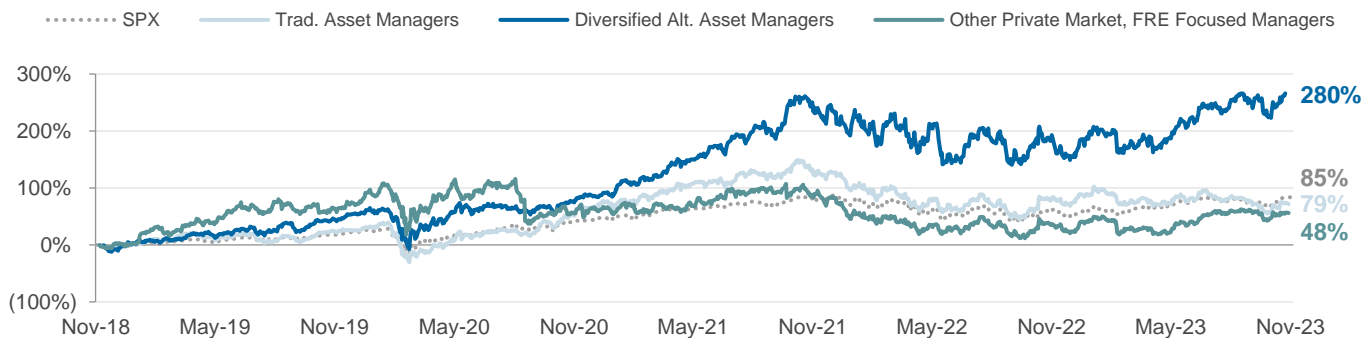
### Six Months



### One-Year Total Return<sup>(1)</sup>



### Five-Year Total Return<sup>(1)</sup>



Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.

Note: Financial data as of November 30, 2023; see page 14 for a list of companies included in each category.

(1) Total return includes cumulative change in stock price, plus reinvested dividends; indices are not market capitalization weighted.





# Recent Asset Management Trends (cont.)

## What They're Saying

### Macro Environment and Assets

“ Japan was one of the best markets last year. It's the best market so far this year. I'd say we are seeing inflation pick up. We are seeing growth pick up.

**Jon Y. Cheigh**

*Cohen & Steers, Inc.—  
Executive VP and Global Portfolio  
Manager*

“ We are in the beginning of a secular shift in how credit is provided to businesses and a shift that I believe will continue to gather speed.

**Marc Jeffrey Rowan**

*Apollo Global Management, Inc.—  
Co-Founder, CEO, and Director*

“ While we are past peak inflation, risk of episodic bouts of inflationary shocks over the next decade has increased. This new period will be marked by labor scarcity, commodity underinvestment, increased geopolitical uncertainty and a move away from globalization. Rather than a return to the old normal, higher inflation is the more likely result.

**Jon Y. Cheigh**

*Cohen & Steers, Inc.—  
Executive VP and Global Portfolio  
Manager*

“ Our focus on data aggregation and analysis also led us to establish our own data science group as early as 2015. We started building a team of exceptional data scientists, which today numbers over 50 people. And we are rapidly and significantly expanding our capabilities in artificial intelligence.

**Stephen Allen Schwarzman**

*Blackstone Inc.—  
Chairman, CEO, and Co-Founder*

“ No, I don't think cost of capital. Cost of debt is likely to provide any meaningful drag. You've got \$1 trillion of private equity dry powder; private equity has shown its ability to thrive in high-rate environments, low-rate environments, strong economies, weak economies. It's a good asset class, and it will be a good asset class going forward.

**Marc S. Lipschultz**

*Blue Owl Capital Inc.—  
Co-Founder, Co-CEO, and Director*

“ Retail centers hit record sales in 2022, record sales in 2022. Premier office rents are at all time highs in most cities. As an example, our South Korean, Dubai and São Paulo portfolios are 99% full, with all time high rents. Rents for logistics properties grew 11% in 2022. Multifamily rents in the U.S. went up 15% year over year. Hotel rooms are full almost everywhere, with ADRs ahead of pre-pandemic levels.

**Bruce Flatt**

*Brookfield Asset Management Ltd.—  
CEO*

“ Across our more than 1,700 portfolio companies firm-wide, we continue to see strong fundamentals. Credit quality remains remarkably resilient despite the historic increase in market interest rates and certain inflationary pressures.

**Michael J. Arougheti**

*Ares Management Corporation—  
Co-Founder, CEO, President, and  
Director*

“ We're starting to see it's more difficult for our portfolio companies to pass through increased cost, reinforcing the view that the inflationary cycle has peaked.

**Harvey Mitchell Schwartz**

*The Carlyle Group Inc.—  
CEO and Director*

“ In the equity business, this year has really marked the end of an era. So if I think about what happened over the prior decade, and perhaps longer than a decade, there were these incredible tailwinds in the equity business, tailwinds from money printing, pulling forward of demand, fiscal stimulus and certainly from zero rates. We now find ourselves in an absence of tailwinds. Rates are higher. Growth is slower. Globalization is in retreat. People will have to go back to investing in the old-fashioned way. They'll actually have to be very good investors.

**Marc Jeffrey Rowan**

*Apollo Global Management, Inc.—  
Co-Founder, CEO, and Director*

“ Investors are facing a complex landscape of competing fiscal and monetary policies with a number of structural forces shaping returns now and over the long term. These forces include a fragmented geopolitical landscape causing a rewiring supply chains, a transition to a lower carbon economy and the aging population in the developed world, all of which are likely to be inflationary over time.

**Laurence Douglas Fink**

*BlackRock, Inc.—  
Chairman and CEO*

“ I think we're in a moment where everybody is extrapolating what's happening in office buildings, becoming incredibly negative about the sector. But that's going to create some real opportunities.

**Jonathan D. Gray**

*Blackstone Inc.—  
General Partner, President,  
COO, and Director*



# Recent Asset Management Trends (cont.)

## What They're Saying

### Investing

“ Real estate is absolutely not going anywhere as a sector. And increasingly in this environment, this has the potential to be one of the best vintages for our opportunistic real estate strategy, just given the uncertainty in real estate markets. Underlying fundamentals are actually quite strong across almost all major real estate asset classes. What there is simply a shortage of is capital.

**Connor David Teskey**

*Brookfield Asset Management Ltd.—  
President and CEO, Renewable  
Power and Transition*

“ We have never had such a collaborative dialogue with the banking system. We have gone from not only being a great customer, a partner of the banking system, to a true collaborator. The shape of our business, particularly our willingness to do very large investment-grade transactions, has made us an indispensable partner, and I do mean partner with the banking system.

**Marc Jeffrey Rowan**

*Apollo Global Management, Inc.—  
Co-Founder, CEO, and Director*

“ We've seen our pipeline grow more than double in the last 90 days in direct lending. We don't see a reason why this should slow down. At some point, markets change and so forth. But if you look at direct lending as a percentage of the overall leverage lending and high-yield market, I still think there's plenty of room for this to grow.

**Jonathan D. Gray**

*Blackstone Inc.—  
General Partner, President,  
COO, and Director*

“ Look, the thing about private equity is you buy a great business, you find out it's a great business, some number of years later, but then you have to sell it. Everyone wants to keep them. So GP-led secondaries continuation is the solution to this challenge.

**Marc S. Lipschultz**

*Blue Owl Capital Inc.—  
Co-Founder, Co-CEO, and Director*

“ We and our peer group and the banking system, quite frankly, are going to be financing energy transition movements towards sustainability for the rest of our professional careers.

The scale of money required is like nothing else we've ever seen.

**Martin Bernard Kelly**

*Apollo Global Management, Inc.—  
CFO*

“ High-quality alpha-oriented managers, across both alternative and active equity strategies have distinguished themselves in this environment, as elevated volatility, asset dispersion and macroeconomic uncertainty have created opportunities to generate differentiated returns.

**Jay C. Horgen**

*Affiliated Managers Group—  
CEO, President, and Director*

“ ABF is a massive end market, \$5-plus trillion. You have high barriers to entry, in our view, a lack of scaled capital against this end market.

**Craig Larson**

*KKR & Co. Inc.—  
Partner and Head of Investor  
Relations*

“ 80% of all fixed income is now yielding over 4%; this is a pretty remarkable shift in our history. We're calling this a once-in-a-generation opportunity. There is finally income to be earned in the fixed income market and we are expecting a resurgence in demand.

**Robert Steven Kapito**

*BlackRock, Inc.—  
President and Director*

“ Our strategy is to invest in areas of secular growth. We do think wealth is one of those areas; liquid alternatives, private markets, Asia and sustainability are the other areas.

**Jay C. Horgen**

*Affiliated Managers Group—  
CEO, President, and Director*

“ In real estate, while we remain very selective and volumes remain slow, we're finding interesting opportunities, particularly in real estate debt and across the platform in sectors where we have differentiated sourcing and operating capabilities.

**Michael J. Arougheti**

*Ares Management Corporation—  
Co-Founder, CEO, President, and  
Director*

“ At the end of the third quarter of last year, REITs were down for the year, while reported private values were positive. We highlighted this as being the normal lead-lag relationship between listed and private. Since then, U.S. REITs are up 7%, while private values have declined by approximately 11%.

**Jon Y. Cheigh**

*Cohen & Steers, Inc.—  
Executive VP and Global Portfolio  
Manager*

# Recent Asset Management Trends (cont.)

## What They're Saying

### Fundraising and Asset Flows

“ Today, investors are more selective in who they choose to partner with; more and more they are choosing managers that offer scale funds, flexible co-investments, and access to deals across a diversified range of asset classes and market conditions.

**Bruce Flatt**

*Brookfield Asset Management Ltd.—  
CEO*

“ Our strong fundraising momentum continued with over \$17 billion raised in the second quarter, and we continue to see very strong follow-on demand from our existing clients. Our private credit strategies continued to drive our growth as investors consolidate capital with scaled credit managers and recognize the attractiveness of the market opportunity, our competitive advantages and our long-standing successful track record.

**Michael J. Arougheti**

*Ares Management Corporation—  
Co-Founder, CEO, President, and  
Director*

“ When we talk to clients about their private market allocation, the number one thing you're looking for as a selective manager's proprietary, differentiated deal flow.

**Martin Small**

*BlackRock, Inc.—  
Senior Managing Director, CFO, and  
Global Head of Corporate Strategy*

“ In private credit, we've been building out our capabilities over the last few years in distressed and in direct lending. And demand, both from institutions and emerging from high net worth retail or wealth management continues to -- we continue to see it.

**Andrew Ryan Schlossberg**

*Invesco Ltd.—  
President, CEO, and Director*

“ I speak with clients, I hear how their expectations of asset managers are expanding. It's why clients are doing more business with fewer managers. Clients are seeking a broad range of integrated services alongside a strong performance track record to help them achieve their desired outcomes.

**Laurence Douglas Fink**

*BlackRock, Inc.—  
Chairman and CEO*

“ By comparison, our peers on average raised just \$2 for every dollar that left their platforms. We continue to see LPs growing their alternatives allocations and consolidating their asset manager relationships.

**Douglas Irving Ostrover**

*Blue Owl Capital Inc.—  
Co-Founder, Chairman, and Co-CEO*

“ Our perpetual capital now accounts for roughly 50% of our fee-paying AUM relative to approximately 10% at the end of 2020.

**Robert H. Lewin**

*KKR & Co. Inc.—  
Partner and CFO*

“ I believe that tokenization and blockchain-enabled finance that everyone is coming, not dissimilar from what you saw in ETF and in the early days of ETFs, there was tons of skepticism, not quite sure why it would be successful, but the reason it was successful was the better user experience for the consumer, and we believe that is going to drive success in this.

**Jonathan Laurence Steinberg**

*WisdomTree, Inc.—  
Founder, CEO, and Director*

“ Net client cash outflows, excluding certain quantitative strategies were \$7 billion, driven primarily by global equities, which offset continued strength in alternatives.

**Thomas M. Wojcik**

*Affiliated Managers Group—  
CFO*

“ For 2023, we remain on track to be notably above our \$57 billion fundraising total from last year. We have about 30 different funds in the market.

**Michael J. Arougheti**

*Ares Management Corporation—  
Co-Founder, CEO, President, and  
Director*

“ BlackRock generated \$190 billion of total net inflows in the first half of 2023, including \$80 billion in the second quarter, reflecting positive flows from wealth and institutional clients across regions.

**Laurence Douglas Fink**

*BlackRock, Inc.—  
Chairman and CEO*

“ We've raised approximately \$32 billion of fee-paying AUM since January 1, 2022. And our overall fee rate is significantly higher than our peers at over 150 basis points versus our peer average of below 100 basis points.

**Alan J. Kirshenbaum**

*Blue Owl Capital Inc.—  
CFO*

# Recent Asset Management Trends (cont.)

## What They're Saying

### Distribution

“ We have been broadly embraced. The market wants alternatives and providers as well as products. So I think the early lessons are, it's not just about performance, it's you need to bring all your skills to the marketplace. You cannot underestimate the service needs, the technology needs and the education needs. So it's really a full service effort across our firm.

**James Charles Zelter**

*Apollo Asset Management Inc.—  
Co-President and Director*

“ We saw that in our BlackRock Global Private market survey that we recently completed. Over half the clients said that they expect to increase their allocations to private markets and alternatives

**Martin Small**

*BlackRock, Inc.—  
Senior Managing Director, CFO, and  
Global Head of Corporate Strategy*

“ We've built out a 40-person Alts' specialist team. We've used our academy to train our own internal sales folks as well as helping to train the financial advisers.

**Jennifer M. Johnson**

*Franklin Resources, Inc.—  
President, CEO, and Director*

“ Some of us in the organization when somebody says, AI, we don't think of artificial intelligence, we think about accredited investors. And it's as important to us as AI as artificial intelligence is to many people.

**Robert Randolph Morse**

*Bridge Investment Group Holdings—  
Executive Chairman*

“ We're focused on continuing to broaden our retail-focused product suite and continue to expect launching one to two products each quarter into 2024.

**James Charles Zelter**

*Apollo Asset Management Inc.—  
Co-President and Director*

“ Our nearly 150-person team dedicated to Brookfield Oaktree Wealth Solutions continues to make good progress on a number of fronts as our capabilities, especially in real estate, infrastructure and private credit, continued to resonate with wealth investors across all regions.

**Bahir Manios**

*Brookfield Asset Management Ltd.—  
Managing Partner and CFO*

“ The democratization of alternatives, not just private markets, but other areas of alternatives. It's a major secular trend. We continue to see this play out as individuals increase allocations to both private markets and liquid alternatives. We think that's going to be further enabled by technology, regulation and product packaging.

**Jay C. Horgen**

*Affiliated Managers Group—  
CEO, President, and Director*

“ We've established the world's leading alternatives business with approximately \$240 billion of AUM. But this is an \$80 trillion market with low single-digit allocations to alternatives today.

**Jonathan D. Gray**

*Blackstone Inc.—  
General Partner, President,  
COO, and Director*

“ We want the asset, but do not want what the bank typically wants, which is the customer. The bank wants the customer and typically does not want most of or any of the assets.

**Marc Jeffrey Rowan**

*Apollo Global Management, Inc.—  
Co-Founder, CEO, and Director*

### Financials and Profitability

“ Compensation expense came in at just under 28% comp to revenue for the LTM period. Overall, we are trending in line with our guidance of our comp expense ratio sitting in the 25% to 30% comp to revenue range.

**Alan J. Kirshenbaum**

*Blue Owl Capital Inc.—  
CFO*

“ We continue to remain cost discipline on employee compensation and other expenses with lower transaction activity. This has helped protect margins, which have been impacted by lower catch-up fee and transaction-related revenue. On a long-term basis, we expect our margins will average 50%, plus or minus.

**Katherine Els nab**

*Bridge Investment Group  
Holdings Inc.—  
CFO*

“ We remain confident in our ability to maintain 20% or better FRE growth, annually, through 2025.

**Jarro d Morgan Phillips**

*Ares Management Corporation—  
Partner and CFO*

“ We are not expecting to generate material fee-related performance revenue in global private equity in the second half of 2023, though global credit fee-related performance revenue should remain stable.

**John Redett**

*The Carlyle Group Inc.—CFO*

# Recent Asset Management Trends (cont.)

## What They're Saying

### Capital Allocation and M&A

“ The combination of the pockets of stress in capital markets and strong underlying fundamentals with constraint and supply will lead to the best environment we've seen since 2009 to execute on our long standing investment strategy for real estate which is to buy high quality assets for value and drive upside through active asset management.

**Bruce Flatt**

*Brookfield Asset Management Ltd.—  
CEO*

“ We are building the sole platform strategy in asset management that brings together products, services and technology to solve our clients' investment and technology needs. We envisioned BlackRock to be the investment manager cloud, for asset managers and for asset owners.

**Laurence Douglas Fink**

*BlackRock, Inc.—  
Chairman and CEO*

“ Since we initiated our buyback program in 2015, we have bought back or canceled approximately 92 million shares at an average price per share of just over \$27. This represents more than 10% of KKR's shares outstanding today and almost 15% of our free float.

**Robert H. Lewin**

*KKR & Co. Inc.—  
Partner and CFO*

“ Most of the deals we're looking at are not banked at all. So we take our time getting to know the teams and the strategies.

**William Fritz Souder**

*P10, Inc.—  
COO*

“ We still anticipate repurchasing at least \$375 million of shares per quarter for the balance of the year, consistent with our previous guidance in January. In May, we capitalized on the improved conditions for debt issuance, issuing \$1.25 billion of 10-year debt at a coupon of 4.75%.

**Martin Small**

*BlackRock, Inc.—  
Senior Managing Director, CFO, and  
Global Head of Corporate Strategy*

“ Unlike the general environment for M&A kind of within asset management, across all of asset management, I think we're seeing a steady flow of opportunities and transactions. So asset management really hasn't slowed down.

**Jay C. Horgen**

*Affiliated Managers Group—  
CEO, President, and Director*

“ So far this year, we've allocated more capital towards share repurchases and strategic investments, given the long-term value we see in our stock price as well as the abundance of organic growth initiatives we have highlighted, which create revenue growth without the need for capital.

**Martin Bernard Kelly**

*Apollo Global Management, Inc.—  
CFO*

“ So our choice is to buy back stock or pay down debt. When we think about valuations and return on incremental capital, even today, it's probably accretive to buy back stock.

**Clayton Clark Webb**

*P10, Inc.—  
Co-CEO and Director*

“ We're very interested in the infrastructure space around M&A and the alternative asset space in particular.

**Matthew Nicholls**

*Franklin Resources, Inc.—  
Executive VP, CFO, and COO*

“ We've also demonstrated the power that strategic M&A can have on accelerating our growth significantly. At BAM, we have close to \$3 billion of cash on our balance sheet, and significant access to additional debt and equity capital. This gives us the ability to look at a wide range of potential acquisitions that can augment and complement our existing platform and supercharge our future growth.

**Connor David Teskey**

*Brookfield Asset Management Ltd.—  
President and CEO, Renewable  
Power and Transition*

“ On the revenue synergy and growth side, we stood up a senior team that is fully dedicated to identifying opportunities to leverage the combined power of our platforms. The group, which includes more than 20 business leaders from Angelo Gordon and TPG is scoping and fleshing out a series of combined growth initiatives and building execution plans around each one.

**Jack Charles Weingart**

*TPG, Inc.—  
CFO and Director*

“ We could not have built the business we have today inorganically in a high-rate environment. We were fortunate in a low rate environment to have been able to purchase inorganic blocks at a time when their contract rates were above market rates, therefore, our risk of surrender was very low.

**Marc Jeffrey Rowan**

*Apollo Global Management, Inc.—  
Co-Founder, CEO, and Director*

# Recent Asset Management Trends

## M&A Transactions

We have seen transaction multiples for smaller platforms tick up from recent lows, but not necessarily as quickly as public market valuations; M&A interest has targeted filling in product gaps.

\$ millions

Announced	Target	Buyer	Sector	Target AUM	% Purchased	Implied Valuation Multiple(s) (with earnout)		
						% of AUM	LTM Revenue	LTM EBITDA
Nov-23	CQS	Manulife Investment Management	Alternative Asset Manager/Credit	\$13,500	n.a.	*	*	*
Jul-23	Engine No. 1	The TCW Group	ETF Manager	n.a.	n.a.	*	*	*
Jul-23	Sculptor Capital Management	Rithm Capital Corp.	Credit Manager	34,000	100.0%	*	*	*
Jul-23	Abrdn plc. (Private Markets)	HighVista Strategies	Private Equity and Venture Capital	4,000	100.0%	*	*	*
Jul-23	Conning Holdings Ltd.	Assicurazioni Generali S.p.A.	Private Credit	157,000	100.0%	*	*	*
Jul-23	Varagon Capital Partners, LP	Man Group plc	Private Credit	11,800	73.0%	*	*	*
May-23	Fortress Investment Group	Mubadala Investment Company	Diversified Alternative Manager	45,800	60.0%	*	*	*
May-23	Putnam Investments	Franklin Templeton	Traditional Asset Manager	136,000	100.0%	*	*	*
May-23	Angelo Gordon	TPG	Private Credit	73,000	100.0%	*	*	*
May-23	Deerpath Capital	PGIM	Private Credit	5,000	n.a.	*	*	*
Apr-23	Assured Guaranty IM	Sound Point Capital Management	Private Credit	15,200	n.a.	*	*	*
Feb-23	Raven Capital Management	MetLife Investment Management	Private Credit	2,100	n.a.	*	*	*
Feb-23	Portfolio Advisors	FS Investments	Private Markets	38,000	100.0%	*	*	*
Dec-22	Marble Point Credit Management	Investcorp	Private Credit	7,800	100.0%	*	*	*
Oct-22	Arcmont Asset Management	Nuveen	Private Credit	21,000	n.a.	*	*	*
Oct-22	Pacific Asset Management	Aristotle Capital Management	Private Credit	20,700	100.0%	*	*	*
<b>Oct-22</b>	<b>Iron Park</b>	<b>General Atlantic</b>	<b>Private Credit</b>	<b>4,000</b>	<b>100.0%</b>	<b>*</b>	<b>*</b>	<b>*</b>
Aug-22	Western Technology Investment	P10	Venture Debt	2,526	100.0%	*	*	*
Jul-22	Pzena Investment Management	Management	Traditional Asset Manager	45,000	100.0%	*	*	*
Jun-22	FIG, LLC	New Residential Investment Corp.	Real Estate	7,185	100.0%	*	*	*
May-22	Alcentra	Franklin Templeton	Credit	38,000	100.0%	*	*	*
May-22	Salient Partners' Asset Management Business	Westwood Holdings	Energy and Infrastructure	4,500	100.0%	*	*	*
<b>May-22</b>	<b>Greenbacker Capital Management</b>	<b>Greenbacker Renewable Energy Co.</b>	<b>Renewable Energy Infrastructure Manager</b>	<b>2,000</b>	<b>100.0%</b>	<b>*</b>	<b>*</b>	<b>*</b>
May-22	Presima	Slate Asset Management	Global Real Estate	1,100	n.a.	*	*	*
May-22	Rockwood Capital	Colliers	Real Estate	12,000	65.0%	*	*	*
Apr-22	Manning & Napier	Callodine Group	Traditional Asset Manager	22,543	100.0%	*	*	*
Apr-22	Abingworth	Carlyle	Life Sciences	2,000	100.0%	*	*	*
Apr-22	Manning & Napier	Callodine Group	Traditional Asset Manager	22,543	100.0%	*	*	*
<b>Mar-22</b>	<b>Napier Park</b>	<b>First Eagle Investment Management</b>	<b>Alternative Credit</b>	<b>18,700</b>	<b>100.0%</b>	<b>*</b>	<b>*</b>	<b>*</b>
Mar-22	Mitsubishi Corp.-UBS Realty Inc.	KKR	Japanese Real Estate	15,000	100.0%	*	*	*
Mar-22	CarVal Investors	AllianceBernstein	Private Alternatives	14,300	100.0%	*	*	*
Mar-22	Baring Private Equity Asia	EQT	Asia Private Equity	19,470	100.0%	*	*	*
<b>Average</b>					<b>95.1%</b>	<b>7.8%</b>	<b>6.5x</b>	<b>19.8x</b>
<b>Median</b>					<b>100.0%</b>	<b>5.2%</b>	<b>3.4x</b>	<b>17.3x</b>

Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.

Note: Blue highlighting represents Houlihan Lokey transactions.

(1) Reflects 1.33x USD/GBP exchange rate at time of announcement.



# Recent Asset Management Trends

## Selected Public Trading Comparables

(Dollars in millions, except per share data)

Company	Ticker	Market Cap.	Intrinsic Enterprise Value <sup>(1)</sup>	YTD Stock Price Return	1-Year Stock Price Return	Assets Under Mgmt.	EV/Revenue		EV/EBITDA <sup>(2)</sup>		P/Adj. Earnings	
							2023E	2024E	2023E	2024E	2023E	2024E
<b>Traditional Asset Managers</b>												
BlackRock, Inc.	BLK	\$111,755	\$116,107	6.0%	4.0%	\$9,100,825	6.5x	6.1x	16.7x	15.3x	20.3x	20.0x
T. Rowe Price Group, Inc.	TROW	22,376	20,797	(8.2%)	(21.2%)	1,346,500	3.2	3.3	8.6	9.6	13.5	14.9
Franklin Resources, Inc.	BEN	12,266	21,273	(6.0%)	(9.1%)	1,374,200	2.7	2.7	10.2	10.4	9.5	10.2
Invesco Ltd.	IVZ	6,415	14,668	(20.7%)	(26.6%)	1,487,300	3.4	3.3	10.4	9.7	9.9	8.8
Affiliated Managers Group, Inc.	AMG	4,583	7,522	(14.4%)	(16.6%)	635,800	3.6	3.7	8.4	8.6	7.3	6.7
Janus Henderson Group plc	JHG	4,337	3,751	11.4%	2.1%	308,300	1.8	1.8	7.6	7.3	11.2	11.3
AllianceBernstein Holding LP	AB	3,237	3,592	(15.8%)	(28.9%)	675,900	1.1	1.0	3.9	3.6	11.3	10.6
Artisan Partners Asset Management Inc.	APAM	3,011	3,335	26.8%	7.7%	136,495	3.4	3.3	10.7	10.5	13.4	13.2
Cohen & Steers, Inc.	CNS	2,874	2,964	(9.4%)	(13.1%)	75,158	6.1	6.5	17.6	18.8	20.9	21.3
Federated Hermes, Inc.	FHI	2,600	2,754	(12.4%)	(16.3%)	715,230	1.7	1.7	6.8	6.6	9.7	9.3
Victory Capital Holdings, Inc.	VCTR	2,122	3,013	19.8%	9.7%	153,506	3.7	3.7	7.3	7.3	7.2	6.8
Virtus Investment Partners, Inc.	VRTS	1,406	3,530	2.2%	(1.7%)	162,539	4.7	4.5	14.0	13.4	9.0	8.7
WisdomTree, Inc.	WT	946	1,132	19.4%	18.6%	93,735	3.3	3.0	11.2	9.9	18.0	15.5
BrightSphere Investment Group Inc.	BSIG	724	950	(15.2%)	(15.8%)	97,400	2.3	2.2	7.5	7.0	10.6	9.9
<b>High</b>				26.8%	18.6%	\$9,100,825	6.5x	6.5x	17.6x	18.8x	20.9x	21.3x
<b>Mean</b>				(1.2)	(7.7)	1,168,778	3.4	3.3	10.1	9.9	12.3	11.9
<b>Median</b>				(7.1)	(11.1)	472,050	3.3	3.3	9.4	9.6	10.9	10.4
<b>Low</b>				(20.7)	(28.9)	75,158	1.1	1.0	3.9	3.6	7.2	6.7
<b>Diversified Alternative Asset Managers</b>												
Blackstone Inc.	BX	\$136,915	\$130,593	51.5%	32.1%	\$1,001,356	12.4x	9.0x	21.9x	15.6x	24.0x	17.2x
KKR & Co. Inc.	KKR	65,046	47,606	63.4%	44.3%	518,523	6.7	5.1	15.9	11.5	20.4	14.9
Brookfield Asset Management Ltd.	BAM	57,243	46,270	22.2%	5.6%	834,000	10.4	8.6	19.4	15.5	26.6	22.3
Apollo Global Management, Inc.	APO	54,774	45,647	44.2%	n.a.	617,105	2.7	2.4	8.9	7.7	7.5	6.6
Partners Group Holding AG	PGHN	34,274	35,325	49.6%	30.9%	142,000	15.2	12.2	27.5	22.2	n.a.	n.a.
Ares Management Corporation	ARES	34,168	33,767	64.0%	43.9%	377,573	9.8	7.3	26.0	19.3	30.0	21.8
EQT AB	EQT	28,111	29,938	12.0%	0.2%	240,220	12.8	10.4	21.9	16.5	23.4	17.2
The Carlyle Group Inc.	CG	12,339	6,917	14.9%	7.9%	384,791	2.1	1.6	6.2	4.7	13.4	9.9
TPG Inc.	TPG	10,822	9,442	25.8%	5.3%	136,129	8.1	5.2	15.1	9.4	25.5	12.7
<b>High</b>				64.0%	44.3%	\$1,001,356	15.2x	12.2x	27.5x	22.2x	30.0x	22.3x
<b>Mean</b>				38.6	21.3	472,411	8.9	6.9	18.1	13.6	21.3	15.3
<b>Median</b>				44.2	19.4	384,791	9.8	7.3	19.4	15.5	23.7	16.0
<b>Low</b>				12.0	0.2	136,129	2.1	1.6	6.2	4.7	7.5	6.6
<b>Other Private Markets, FRE Focused Managers</b>												
Blue Owl Capital Inc.	OWL	\$6,143	\$20,735	27.2%	21.7%	\$138,202	12.9x	10.6x	21.0x	16.8x	21.9x	18.3x
Hamilton Lane Inc.	HLNE	3,777	5,719	53.2%	34.3%	818,000	11.5	9.9	23.3	19.2	26.7	22.5
Petershill Partners plc	PHLL	2,033	2,033	(11.2%)	(18.8%)	300,000	6.5	5.0	8.0	6.2	11.5	7.9
StepStone Group LP	STEP	1,641	3,789	1.7%	(15.4%)	143,000	6.0	5.5	16.3	13.9	25.2	18.2
P10, Inc.	PX	1,193	1,482	(4.4%)	(2.5%)	22,165	6.1	5.6	11.8	10.3	3.7	1.6
Grosvenor Capital Management, LP	GCMG	347	1,511	6.0%	(8.4%)	76,000	3.3	2.9	9.3	7.5	14.6	11.5
Bridge Investment Group Holdings Inc.	BRDG	256	886	(37.8%)	(47.6%)	48,900	2.6	2.1	5.2	4.0	9.3	7.8
<b>High</b>				53.2%	34.3%	\$818,000	12.9x	10.6x	23.3x	19.2x	26.7x	22.5x
<b>Mean</b>				5.0	(5.3)	220,895	7.0	5.9	13.6	11.1	16.1	12.5
<b>Median</b>				1.7	(8.4)	138,202	6.1	5.5	11.8	10.3	14.6	11.5
<b>Low</b>				(37.8)	(47.6)	22,165	2.6	2.1	5.2	4.0	3.7	1.6

Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.

Note: Financial data as of most recent available; market data as of November 30, 2023.

(1) For alternative managers, reflects total market value of debt and equity, less cash, 0.9x book value of investment portfolio, and 0.9x the book value of carried interest.

(2) Excludes investment income.

# Houlihan Lokey Asset Management

## Extensive Transaction Experience

We have unmatched experience serving a diverse set of asset managers and know how to position platforms in a way that appeals to the best buyers; our matching process and execution skills ensure our clients achieve their strategic objectives and valuation expectations.

### Since 2015, We Have Closed Asset Management Transactions Covering

**\$198 Billion**

Assets Under Management

**25**

Management Companies and Agreements

**17**

Asset Companies

- Sellside Engagements
- Buyside Engagements
- Minority Stakes
- Asset Sales
- Asset-Level Financings
- Debt Capital Raises
- Equity Capital Raises
- Related-Party Deals
- Fairness Opinions

### Featured Completed Platform Deals

### Featured Completed Asset Company Deals

**ASHTON THOMAS PRIVATE WEALTH** has joined **ARAX INVESTMENT PARTNERS**, a portfolio company of **REDBIRD CAPITAL PARTNERS**.  
Sellside Advisor

**Greenbacker CAPITAL** has been acquired through an internalization by **Greenbacker RENEWABLE ENERGY COMPANY**.  
Sellside Advisor

**NAPIER PARK** has been acquired by **First Eagle Investments**.  
Sellside Advisor

**OAKTREE OCSL Specialty Lending Corporation** has merged with **OAKTREE OAKTREE STRATEGIC INCOME II, INC.**.  
Special Committee Advisor

**SLR SENIOR INVESTMENT CORP** has merged with **SLR INVESTMENT CORP**.  
Sellside Advisor

**BENEFIT STREET REALTY TRUST** has merged with **CAPSTEAD**.  
Buyside Advisor

An affiliate of **Fundamental Advisors** has acquired **MMA Capital Holdings**.  
Buyside Advisor

**VISTRIA** has made a strategic partnership in and recapitalization of **TMG THE MATHIAS GROUP**, \$8.0 billion AUM Wealth Manager.  
Financial Advisor

**READY CAPITAL** has acquired **REDSTONE**.  
Buyside Advisor

**ONEX** has acquired **FALCON**.  
Buyside Advisor

**OAKTREE OCSL Strategic Income Corporation** has merged with **OAKTREE OCSL Specialty Lending Corporation**.  
Special Committee Advisor

**TPG REAL ESTATE FINANCE TRUSTS** Series B Cumulative Redeemable Preferred Stock with Warrants Recapitalization \$325,000,000.  
Exclusive Placement Agent

**MEDLEY CAPITAL CORPORATION** has sold its interests in the MCC Senior Loan Strategy JV Portfolio to a private fund managed by **GOLUB CAPITAL**.  
Sellside Advisor

**Alcentra Capital Corporation** has merged with **CRESCENT Crescent Capital BDC, Inc.**.  
Exclusive Sellside Advisor

**Eaton Vance** has been acquired by **Morgan Stanley**.  
Fairness Opinion

**KENNEDY LEWIS INVESTMENT MANAGEMENT** has sold a minority equity GP stake to **AZIMUT DEFINING INVESTMENT DIRECTOR AZIMUT ALTERNATIVE CAPITAL PARTNERS**.  
Sellside Advisor

**GREYSTONE** has acquired **America First Capital Associates Limited Partnership Two**. The General Partner of **ATAX AMERICA FIRST MULTIFAMILY INVESTORS, L.P.**.  
Buyside Advisor

**KCAP FINANCIAL, INC.** externalized management to an affiliate of **BC Partners**.  
Buyside Advisor

**TCAP TRIANGLE CAPITAL CORPORATION** sold its entire Investment Portfolio for \$793 million to funds advised by **BENEFIT STREET PARTNERS** and simultaneously externalized management of the Company for \$235 million in total financial commitments from **BARINGS**.  
Sellside Advisor

**NEWSTAR FINANCIAL** has been acquired by **FIRST EAGLE INVESTMENT MANAGEMENT** and has sold a \$2.4 billion middle-market loan and credit investment portfolio to a fund sponsored by **GSO CAPITAL PARTNERS**.  
Financial Advisor

**FIFTH STREET** has closed the effective transfer of certain external investment management agreements to **OAKTREE**.  
Special Committee Advisor

**OZ Management** Completed a series of strategic actions including equity realignment, a C-Corp conversion, a change in corporate governance, and a preferred restructuring.  
Special Committee Advisor

**STANDARD GENERAL** has repurchased their minority seed interest from **RESERVOIR Capital Group**.  
Buyside Advisor

**ZAIS Group ZAIS GROUP HOLDINGS, INC.** has been taken private through a merger with **Z Acquisition LLC**.  
Special Committee Advisor

**BENEFIT STREET PARTNERS** has been appointed as the external advisor of **RFT Realty Finance Trust**.  
Strategic Advisor

**BENEFIT STREET PARTNERS** has been appointed as the external advisor of **BDCA Business Development Corporation of America**.  
Strategic Advisor

**FC Full Circle Capital** has merged with **GREAT ELM CAPITAL**.  
Financial Advisor

**APOLLO COMMERCIAL REAL ESTATE FINANCE** has acquired **APOLLO RESIDENTIAL MORTGAGE**.  
Buyside Advisor

# Houlihan Lokey Asset Management

## Coverage Team

Our experienced asset management team is available to discuss your questions and thoughts about the asset management sector and strategic decisions you may be contemplating for your business and is supported by specialist colleagues across the Houlihan Lokey franchise.

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### Portfolio Valuation and Fund Advisory Services

### Financial Sponsors

### Financial Restructuring



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Managing  
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Ma**

Managing Director  
Global Head of  
Portfolio Valuation and  
Fund Advisory Services



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Managing Director  
Head of Asset  
Manager Services



**Mark  
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Managing Director  
Head of Alternative  
Capital Coverage



**Ryan  
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Managing  
Director



**Daniel  
Oudiz**

Director



**Jonathan  
Sloan**

Managing  
Director



**Oscar  
Aarts**

Managing  
Director



**Patrick  
Collins**

Managing  
Director



**Jeffrey  
Lewis**

Managing  
Director

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Houlihan Lokey, Inc. (NYSE:HLI) is a global investment bank with expertise in [mergers and acquisitions](#), [capital markets](#), [financial restructuring](#), and [financial and valuation advisory](#). Houlihan Lokey serves corporations, institutions, and governments worldwide with offices in the Americas, Europe, the Middle East, and the Asia-Pacific region. Independent advice and intellectual rigor are hallmarks of the firm's commitment to client success across its advisory services. The firm is the No. 1 investment bank for global M&A transactions under \$1 billion, the No. 1 M&A advisor for the past eight consecutive years in the U.S., the No. 1 global restructuring advisor for the past nine consecutive years, and the No. 1 global M&A fairness opinion advisor over the past 25 years, all based on number of transactions and according to data provided by Refinitiv.

## Locations



## Product and Industry Expertise

### Product Expertise

Mergers and Acquisitions  
Capital Markets  
Financial Restructuring  
Financial and Valuation Advisory

### Dedicated Industry Groups

Business Services  
Consumer, Food, and Retail  
Energy  
Financial Services  
FinTech  
Healthcare  
Industrials  
Real Estate, Lodging, and Leisure  
Technology

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Capital Alliances

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