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**Moderator:** Ali Raissi-Dehkordy  
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Operator: Please stand by. Good day, everyone, and welcome to Petershill Partners Full Year 2024 Results Call. At this time, all participants are in early listen-only mode. After the speaker presentation, there will be a question-and-answer session. I would like to advise all parties that today's call is being recorded.

Before we begin, I'd like to remind you that during this call, we may make a number of forward-looking statements which could differ from our actual results materially. And Petershill Partners assumes no obligation to update these statements. A replay of today's call will be available on the Investor Relations section of our website, along with a copy of our full year results and presentation.

Now, I'd like to hand the conference over to Ali Raissi-Dehkordy, Co-Head of the Petershill Group within Goldman Sachs Asset Management. Please go ahead.

Ali Raissi-Dehkordy: Good morning, everyone. A very warm welcome to you. And thank you for joining us today to discuss Petershill Partners full-year 2024 results. Before we begin, I'd like to announce that we are delighted that Gurjit Kambo has taken on the role to lead the CFO function for Petershill Partners. We wish Gurjit all the success in the new role.

I'll provide a business update and some market context, followed by Gurjit, who will run through our full-year 2024 financials and forward guidance, leaving sufficient time for Q&A.

We are presenting our third full year results since our IPO, and I wanted to spend a moment to highlight how we have been actively managing the company to deliver on our strategic initiatives.

Since the IPO, we're extremely pleased that our portfolio of partner firms have, in aggregate, raised over \$118 billion in fee eligible assets against a tough industry asset raising environment with three years of meeting or beating our guidance. We believe our partner firms asset raising is testament to their attractive positioning in the specialist mid-market segment, where we see significant runway for growth. We have actively optimized capital efficiency for the company through a number of value-enhancing acquisitions, disposals and significant capital return to shareholders.

Since the IPO, we have demonstrated our ability to exit positions successfully with total disposals of \$1.3 billion, representing a 40% premium to the carrying value, which supports the efficacy of our net asset value. In addition, we've continued to invest in our portfolio, undertaking around \$1.2 billion in acquisitions, increasing our exposure to specialist mid-market private capital firms.

Finally, we have been proactive in returning capital to shareholders with a total of approximately \$1.2 billion in capital returned and announced, including the \$151 million special dividend announced this morning. We believe these actions showcase the Petershill Partners' strategy in action.

Turning to slide four. To summarize 2024, it was a strong year of strategic progress and financial delivery with good returns to our shareholders. The company delivered strong earnings momentum with double-digit growth in distributable earnings, driven by continued growth in fee-paying AUM. Our partner firms continue to experience good asset raising during the period, exceeding guidance in another challenging year for industry asset raising. We attribute this to our partner firms' resilient investment performance and attractive mid-market positioning.

We had an active year for corporate M&A. We completed four acquisitions during 2024, totaling \$205 million in the middle of our medium term range of \$100 million to \$300 million. We completed three disposals during the year at an average of a 19% premium to the carry value, generating consideration of \$575 million.

Since the end of the year, as previously announced, we completed on a further disposal of the majority of our stake in General Catalyst, and more recently, we completed the acquisition of a stake in Frazier Healthcare Partners, a mid-market private equity healthcare business, for a total consideration of \$330 million.

We continue to view M&A strategically and deliver on our strategy to increase exposure towards FRE generation across private market strategies and enhance the overall quality of earnings, while also demonstrating considerable value in our underlying holdings. We also recognize that prior to these exits, public market shareholders had limited data points on the market value of our assets.

While we have a long track record of exiting assets above holding values in our private vehicles, we're pleased to also now be able to demonstrate this at scale and across multiple assets to our public shareholders. The combination of operating cash flows and proceeds from disposals has allowed us to return a substantial amount of capital to shareholders of \$563 million this year through a range of proactive capital management actions, including our ongoing progressive dividend, special dividends, a tender offer and share buybacks.

The Board today announces a special dividend of \$0.14 per share, equivalent to \$151 million, representing the majority of net gain from the sale of General Catalyst announced in January of this year. You can see here our clear value generation and capital allocation cycle, investing capital underwriting at 15% to 20% type unlevered returns, holding the portfolio at a blended cost of capital of 17% but being able to exit some assets like General Catalyst at a much tighter implied 11% cost of capital. In other words, at a significant premium to our holding values.

Turning to page five, I'll provide a summary of our results during the year, and Gurjit will provide further details later.

As we previously announced in our AUM update in January, our partner firm AUM and fee-paying AUM increased by 11% and 8%, respectively, over the last 12 months. Partner FRE increased by 11% year-on-year to \$225 million, towards the upper end of our \$200 million to \$230 million guidance. Partner distributable earnings for the year were 11% higher year-on-year to \$323 million, reflecting higher FRE, higher partner realized performance revenues, offset by lower realized investment income.

We successfully completed a number of value-enhancing acquisitions and disposals, and the Board also undertook a number of capital management actions, returning \$563 million to shareholders, including the 2024 proposed final dividend of \$0.105, taking the full year dividend to \$0.155.

Turning to page seven. The industry asset raising environment remained challenging, with asset raising in 2024 21% lower year-on-year, marking the third consecutive year of lower asset raising. Encouragingly, mid-market funds, those ranging between \$1 billion and \$5 billion did buck the trend with asset raising in 2024 stable year-on-year. It's encouraging to see our asset raising in this context and our continued focus on these specialist private capital firms.

Deal value in 2024 declined by about 13%, although deal volume declined by only 2%, indicating fewer mega cap deals being executed. The number of exits during 2024 increased 7% year-on-year, but the value of exits was 13% lower year-on-year, again implying fewer, larger cap exits being completed. We believe this indicates some relative resilience in the exit environment for smaller deals, which are again a focus of our firms.

Turning to slide eight. Despite lower levels of industry activity, we are pleased that our partner firms raised \$32 billion of fee eligible assets, exceeding our guidance of \$20 billion to \$25 billion. Private equity was the largest contributor to asset raising, reflecting our partner firms' greater skew towards that asset class.

In addition, our partner firms experienced good momentum in private credit, which represented 36% of asset raising relative to 20% of AUM represented by the asset class.

To highlight a few partner firms, Clearlake is making good progress on asset raising for its Fund VIII, with over \$7.5 billion raised to-date, representing 50% of its \$15 billion target size. We saw strong contributions from General Catalyst, raising \$8 billion for its flagship Fund XII. Francisco Partners increasing its Credit Partners Fund by 50% to \$3.3 billion versus the previous fund. And Kayne Anderson Real Estate is also making good progress, with its flagship Fund VII, reaching 50% of its target of \$3 billion.

On slide nine, we show that our partner firms have a good track record in scaling up their funds over time. If we take our five largest private market firms by ownership weighted A these firms have seen their flagship funds scale up on average by 76%. We believe this reflects the attractive growth in specialist mid-market managers and strong investment performance, which has led to aggregate partner firm AUM CAGR of 22% since the end of 2018.

Turning to investment performance on slide 10. We show our partner firms, in aggregate, have delivered robust returns on both an absolute basis and relative to benchmarks, which underpins our confidence that the underlying partner firms. And consequently, we believe Petershill Partners is well positioned for long-term growth.

Turning to the investment performance across our five largest private market partner firms, we see that they have delivered an average net IRR of around 17% in their flagship funds, which is an approximately 400 basis points outperformance against the benchmark. We view this as good alpha in the competitive environment.

Now turning to slide 11. I wanted to take a moment to highlight the momentum and milestones across some of our partner firms during 2024. I already spoke to the successful asset raising firm

Clearlake, which is on track to meet its \$15 billion target, and General Catalyst successfully raising \$8 billion on its Fund XII.

We've also seen a number of acquisitions and exits announced during the period across our partner firms. Our GP services team continues to be active, with over 400 engagements during 2024, the strongest engagement relating to capital formation, but we're also seeing a broadening out of engagements. Partnership and alignment with our GPs remains a core tenet of our business model, and we continue to roll out new initiatives to support our firms. As an example, on the 1st of April, we are hosting a GP services CEO event in New York, at which we will host over 150 managing partners who manage over \$4 trillion of capital.

On slide 12, I wanted to touch on recent M&A activity that we've completed during the first quarter of 2025. Firstly, as announced on the 16th of January, we completed the sale of the majority of our stake in General Catalyst for a premium of 62% to the last carrying value, prior to the sale being completed. The transaction was undertaken as General Catalyst has transformed into a global technology company, shifting from a management fee-centric earnings towards longer term value creation and performance-related income, which is less aligned with Petershill Partners alternative asset management investment strategy.

The transaction highlights the ability to exit positions at attractive valuations and Petershill Partners value creation model, where the blended discount rate implied on the holding value of GC was approximately 17%, compared to the implied discount rate on the exit of approximately 11%. And the typical reinvestment in new deals at an applied discount rate of 15% to 20%. Since the start of the year, we also completed on the acquisition of a stake in Frazier Healthcare Partners for a total consideration of \$330 million, of which around \$16 million was funded at close and around \$314 million deferred and yet to be funded.

Frazier is a US mid-market, healthcare focused private capital firm with \$5.5 billion in AUM. We're thrilled to partner with Frazier, a world class institutional firm that possesses a remarkable depth of expertise, strong investment track record, differentiated value creation capabilities and a strategic industry network which gives us confidence in Frazier's continued growth and success.

On slide 13, I wanted to spend some time reiterating our M&A strategy, which continues to be focused on growing our exposure to the private markets industry. First, we seek to expand our exposure to private market strategies and grow recurring revenue streams. We have achieved this through acquisitions we completed during 2024 and year-to-date in 2025.

In addition, the disposals of predominantly balance sheet exposure in A-KKR and predominantly PRE exposure in LMR were also consistent with this strategy. All of the disposals undertaken in 2024 and year-to-date in 2025 have been achieved at attractive prices relative to the book value, with a focus on capital efficiency.

In addition, the most recent disposal of General Catalyst also plays to the trend of rising industry consolidation, with increasing interest in specialist mid-market firms. Given our firms are specialist mid-market firms, such trends could provide further attractive exit opportunities across our portfolio.

Turning to slide 14. I wanted to put some numbers to the disposals that we have completed during 2024 and year-to-date 2025, which have all been above the carry value or book value. In aggregate, the consideration due from the disposals totaled \$1.3 billion, which is a 40% premium or \$371 million premium to the holding value of the assets disposed and a significant premium to the value implied by the Petershill Partners' share price.

Looking at the different fee streams being sold, we have also achieved double-digit premiums across FRE, PRE and balance sheet assets. We've now demonstrated the ability to consistently sell stakes above the carrying value, with \$1.3 billion in consideration from the disposed assets,

representing approximately a quarter of the total carry value of the portfolio as at the end of June 2024, which in our view supports our conviction on the fair value of our portfolio and the attractiveness of the underlying partner firms.

Turning to slide 15. We wanted to highlight that our strategy is aligned with the positive industry outlook, with double-digit growth in asset raising expected over the next five years, with industry assets expected to reach over \$23 trillion. The strongest growth is expected in North America, which is the core market for our partner firms. There continues to be a bifurcation in asset raising, with scale solution providers and specialist mid-market managers experiencing stronger growth, which was evident in industry asset raising amongst mid-market firms being stable in 2024 relative to a 21% decline across the entire private market industry.

Since 2000, the mid-market buyout sector has delivered stronger investment performance, with annualized returns of 13% versus 11% for the overall private equity sector. These mid-market trends align with the outcomes that we have seen across our portfolio of partner firms.

Turning to M&A, we wanted to highlight that GP stakes on average during the past seven years accounted for around a third of US deals, highlighting that the strategy has become a major part of the industry M&A landscape. More recently, there has been a pickup in control deals, which typically involve larger deals and can present an exit avenue for the GP stake sector.

We expect the industry to continue to benefit from growth from institutional investors in the medium to long term, and see additional opportunities from the wealth and retail channels, which remain significantly under-allocated to alternative assets. With an estimated low single-digit percentage currently allocated to private markets, this supports industry growth going forward.

Finally, economic and geopolitical uncertainty persists that can present industry challenges and slow momentum in the near term. However, we believe our partner firms are well positioned, having



raised over \$100 billion in the last three years, delivering strong investment performance and being exposed to the attractive mid-market segment.

With that, I'd like to hand over to Gurjit to run through the full year results in more detail.

Gurjit Kambo: Thanks, Ali. Good morning, and a very warm welcome to everyone. I'll run through the results for the year and then discuss the outlook.

Turning to page 17. The company delivered strong financial performance with double-digit FRE growth. Partner realized performance revenues up 33%, resulting in overall distributable earnings 11% higher year-on-year. Adjusted earnings per share came in at \$0.197, 12% higher compared to 2023, with the adjusted and tax-related expense rate of around 16%.

2024 total capital return amounted to \$563 million, which includes the proposed final dividend of \$0.105, taking the full year dividend per share to \$0.155, 3% higher than the prior year, in line with our progressive dividend policy. In addition, capital was returned through two special dividends: the tender offer and buybacks. The Board today has also announced a special dividend of \$0.14 per share for approximately \$151 million in connection with the sale of General Catalyst.

Now, let's look at each of these in additional detail.

On page 18. Fee-paying AUM grew by 8% year-on-year. During 2024, the growth in fee-paying AUM of \$17 billion was supported by new fee eligible net inflows of \$33 billion, partially offset by \$15 billion in realizations. The period also included a net \$1 billion contribution from M&A from new acquisitions, less the impact of disposals during the period.

Total AUM stood at \$337 billion, up 11% year-over-year, and our partner firms had \$8 billion of AUM not yet paying fees, broadly consistent with the amount at the end of 2023. Our ownership

weighted fee-paying AUM at the end of the period stood at \$29 billion, 4% higher year-on-year, and ownership weighted AUM stood at \$40 billion, up 8% year-on-year.

Turning to page 19. Our partner firms delivered strong growth in gross management fees at \$395 million, up 11% year-over-year. Transaction fees, net of offsets, was a negative \$9 million compared to a negative \$6 million in 2023 due to the slow transaction environment. Despite the lower transaction fees, net management fees totaled \$386 million, increasing by 10% year-over-year.

On the right-hand side of the page, you'll see that gross management fees from private markets of \$325 million increased by 16% versus the prior year, and continued to represent the majority of our fees.

On page 20, we can see that we experienced double-digit growth in partner fee-related earnings, up 11% to \$225 million during 2024, when compared to the same period in 2023. The increase was primarily driven by higher gross management fees, which increased by \$39 million, and net management fees were \$36 million higher. Partner fee-related expenses were \$161 million, grew by \$14 million, or 10% year-over-year, consistent with the growth in net management fees.

This translated to a partner FRE margin of 58% for the year, stable with 2023. Pro forma for the disposals during 2024 and the General Catalyst disposal in 2025, the 2024 pro forma FRE amounted to \$186 million.

Turning to page 21. Partner realized performance revenues were \$73 million, with around 90% coming from private market strategies and the rest from absolute return strategies. During 2024, partner realized performance revenues represented 15% of total partner revenue and continued to be impacted by the slower industry realization environment. Our share of partner private markets accrued carried interest increased by 14% to \$702 million since the year end 2023, indicative of

positive underlying performance. Realized investment income was \$25 million during the year, lower versus the comparable period in 2023, predominantly reflecting the impact from the sale of the A-KKR balance sheet exposure.

The combination of the increased accrued carried interest and higher performance fee-eligible AUM supports the long-term outlook for partner realized performance revenues.

On page 22, you can see our balance sheet is primarily comprised of the fair value of our investments in partner firms. The fair value of investments at 31st December was \$5.8 billion, increasing by approximately 11% since the end of December 2023. The growth was primarily driven by the change in the fair value of investments, which included the revaluation of General Catalyst to the exit value. M&A reduced the fair value of investments by \$310 million, with disposals of \$508 million, offsetting the additions of \$198 million.

The weighted average discount rate used in determining the fair value of our private markets fee-related earnings was 11.9% in 2024, lower compared to the 13% in 2023. The weighted average discount rate used in valuing our private markets PRE was 24.1% in 2024, compared to 25.2% in 2023. Our cash and cash equivalents plus money market investments stood at \$23 million at the end of 2024. This decline from the \$305 million a year earlier, reflecting the significant capital return to shareholders over the period.

Our net asset value per share at the end of December 2024 was \$4.71, up 9% year-on-year, or £3.77 per share, up 12% year-on-year.

On page 23, we highlighted the company has seen good strategic delivery across multiple pillars. Our capital allocation continues to support our progressive dividend policy. Secondly, facilitates M&A, which you have seen during 2024 and 2025 through several value-creating acquisitions and disposals. And thirdly, provides optionality for additional capital return, as evidenced through the

\$563 million total capital return during 2024 and the announcement today of the special dividend of \$0.14 per share, equivalent to \$151 million to shareholders.

On slide 24, we turn to our financial guidance and outlook. Consistent with our AUM update in July, we reiterate our guidance for organic growth fee eligible AUM raise in 2025 of \$20 billion to \$25 billion, which we expect to be equivalent to \$2.5 billion to \$3 billion in ownership weighted gross fee eligible AUM. Total realizations during 2025 are expected to be in the region of \$5 billion to \$10 billion.

We expect FRE of between \$180 billion and \$210 million for the full year 2025, which incorporates the inclusion of the recently announced acquisition of Frazier Healthcare Partners. The FRE guidance for 2025 compares to the pro forma 2024 FRE of \$186 million, which adjusts for the announced disposals. We expect PRE as a percentage of partner firm revenues of between 15% and 30% in 2025, with the range reflecting the near-term market uncertainty, which may impact the pace of recovery in industry deal activity. We continue to expect the company's adjusted EBIT margin to be in the region of 85% to 90%.

Finally, acquisitions in 2025 to be above the medium term range of \$100 ,million to \$300 million per annum given the activity seen year-to-date.

To wrap up, I will pass back to Ali to provide a few closing remarks.

Ali Raissi-Dehkordy: Thank you, Gurjit. Turning to slide 25, we continue to view the company as well positioned for future growth.

Our specialist mid-market firms have delivered asset raising at or above guidance for each of the past three years, and the majority delivering investment performance ahead of benchmark. The

benefits of diversification are evident through the sustainable FRE and growing accrued carried interest through this cycle.

Strategically, we have consistently demonstrated the ability to exit above carry values, which we believe provides efficacy to the fair value of our investments. We have also added to our portfolio of partner firms through acquisitions within the private market segment, adding to the engines for future growth.

Finally, the Board takes a dynamic approach to capital allocation with around \$1.2 billion in capital returned and announced to shareholders since the IPO. While there's currently a higher level of market volatility and uncertainty which could impact industry deal flow, we believe the company remains well positioned for the growth in private markets, and in particular, the attractive mid-market segment, and we will continue to seek to optimize our capital efficiency.

With that, we thank you for joining the call, and we'd like to open it up to questions.

Operator: Thank you. If you would like to ask a question, please signal by pressing star one on your telephone keypad. If you are using a speakerphone, please make sure your mute function is turned off to allow the signal to reach our equipment. Again, press star one to ask a question. We'll pause for just a moment to assemble the queue. We will take our first question from Hubert Lam with Bank of America.

Hubert Lam: Hi. Good morning. Thanks for taking my questions. I've got three of them. Firstly, can you talk about the outlook for you to do further acquisitions this year? You already exceeded the top end of the range of \$300 million. So - with the acquisition of Frazier. So just wondering if you plan to do more this year.

The second question is, can you talk about the realization environment to drive PRE? I know it's been a slow start to the year. How do you see the rest of the year playing out? And also do you see growing pressure to exit, given the lack of exits in recent years in the funds?

And lastly, in your fundraising target of \$20 billion to \$25 billion, I know it's unchanged. You exceeded the top end last year. Like how do you see the dynamics changing this year and what are the flagships you think that are going to be driving the fund - the fundraising for this year? Thank you.

Gurjit Kambo: Thank you, Hubert. It's Gurjit here. So I'll pass probably questions one and two to Ali, and I'll touch on three. So why don't I touch on point three and Ali can take the first two.

So on the - on the asset raising guidance of \$20 billion to \$25 billion. That is consistent with what we saw last year. And just to give a bit of context to yourself and team is that we typically have probably ten to a dozen firms which are asset raising in any single year, which is what we saw in 2024. And we expect probably a similar sort of ten firms and a numerous number of funds through raising during 2025.

I think, look, in terms of getting further detailed guidance around that range, I think it's probably a little bit difficult at this point of the year. But generally, you know, we still feel very comfortable with that range, which we provided in early January. And I think the key point for us really is that there's a number of funds that will be generating that asset raising over the course of the - the next 12 months.

So with that, I'll pass it over to Ali just to talk about the M&A outlook and maybe the realizations outlook. Ali?

Ali Raissi-Dehkordy: Thanks, Gurjit. And thanks, Hubert, for - for your questions. Just maybe to take each of those in turn.

In terms of the outlook for our own M&A, you know, we continue to have, I'd say pretty high bar and strict underwriting. We're continuing to - to seek opportunities. Already as we sit, we're above the \$300 million range. So there's never, ever been a particular sort of sense of pressure for us to get deals done. But if opportunities fit our criteria and fit that medium term strategy of the business and are in areas that we are focused on, we'll continue to look at them.

I observe that, you know, we have seen the bid ask spread narrow a bit, but as you've also seen from our last few acquisitions, we continue to have a pretty high bar and focused on really what we call, you know, high-quality sector specialists.

You know, in terms of the performance environment, you know, we have seen a handful of - of exits. And you're right to point out a focus from LPs on realizations. You know, but it's also clear to us that in the volatility of the current environment, particularly on the larger scale side, there's - there's probably some, you know, maybe hesitation, to - for CIOs and CEOs to deploy capital.

Yeah. Having said that, we have seen a handful of transactions, but just given that macro volatility, you know, it's - it's quite clear that the - the outlook is not as clear in 2025 as it might have seemed earlier in the year.

Hubert Lam: Great. Thank you.

Operator: We will take our next question from Alex Bowers with Berenberg.

Alex Bowers: Hi. Good morning, all. Just two questions, if I may. Just I guess on the fundraising target of \$20 billion, \$25 billion. Are you able to give us sort of a rough split of sort of asset costs breakdown of that in terms of the private credit versus private equity?

And then secondly, just on the Frazier Healthcare Partners acquisition, what was sort of the rationale for them selling you a stake? Are they looking to kind of launch a new strategy, expand geographically? Any color that would be helpful too. Thanks.

Gurjit Kambo: Morning, Alex. It's Gurjit here. so I'll take the first question. Ali will touch on Frazier Healthcare Partners.

So on the asset raising, I would say it's reasonably diversified around the different asset classes and just to name a few things. Obviously, you know, Clearlake are still in the process of raising their fundraising. So that's more biased towards the private equity side. We also have newer firms like Kennedy Lewis Investment Management, who we acquired last year. They are also in the process of raising some assets, so we expect some momentum there as well. So I would say, Alex, actually a reasonably balanced, asset raising environment for us over the next sort of 12 months. So maybe I would say like two thirds or so will be on the - on the PE side and then the rest would be across areas like private credit and some of the real assets that we have.

Ali Raissi-Dehkordy: Yeah, maybe - maybe just a touch on the Frazier Healthcare question, Alex. Just, you know, I think in keeping with a lot of our transactions, this was a passive minority investment. It's - it was capital raised to support the continued growth of the business and enable increased investment by the General Partner in their existing and new funds. So, you know, in sort of keeping with a lot of our partner firms, this is effectively capital to sort of continue their alignment with their LPs, but also help further develop their business.

Alex Bowers: Thank you.



Operator: The next question comes from Angeliki Bairaktari with JP Morgan.

Angeliki Bairaktari: Good morning, and thank you for taking my questions. Just three questions from me as well, please. So first of all, with regards to the interactions that you have had with your GPs, can you talk a little bit with regards to sort of GP plans to expand into private wealth and how you are able to - to support your partner firms in that direction? And should we expect to see sort of more consolidation within the midcap GP space, as you know, the institutional - institutional channel seems to be quite - quite well penetrated at the moment, as we are - as we are seeing more and more firms becoming larger to tap the private wealth segment?

Secondly, with regards to the improvement in the discount rates for the valuation of your - of your investment firms. Is that driven by the realizations that you have made in 2024 at better marks or something else?

And last question, with regards to the net IRRs of the funds of your partner firms. Thank you so much for the realized net IRR slide. And can you tell us how the net IRRs have been more recently, in particular in 2024 relative to history? Have you seen a deterioration in perhaps some of the younger vintages? Thank you very much.

Gurjit Kambo: Hi, Angeliki. So I think I've got sort of four questions there. The first one was around the GPs interactions into - into private health, which Ali can touch on and sort of leading on to that. I guess it was around the sort of consolidation theme. So Ali can talk to that as well. And then I'll sort of take the other sort of two around. So discount rates and net IRRs.

So if I just talk about the discount rates, you know, we - we did see a bit of a reduction in the discount rates across the - the portfolio that we're using for valuations. And that really reflects, one, you know, we - we have seen a bit of a shift down in the - the interest rates, particularly in the US

has seen some - some of that coming down over the last 12 months or so, that's partly reflecting that. But also reflecting, I guess, some of the - the portfolio that we have and the - the earnings visibility around that is probably improved somewhat. And that also reflects in the - the FRE discount rates that we're applying. So that's - that's around the slightly lower discount rates both in FRE and PRE.

On the net IRRs, look, I would say we haven't seen any discernible change in the - the underlying sort of firms that we have in terms of where the IRRs were in 2024, where there were perhaps a few years ago. So I would say no meaningful sort of movement in there on the net IRRs. So with that, I'll just pass over to Ali.

Ali Raissi-Dehkordy: Thanks, Gurjit. Hi, Angeliki. Maybe just to touch on both points. And I'd say, actually, they're probably a little bit related to each other in that your observation on the penetration of the institution channel is probably something we've also noticed, particularly at the larger end in private capital firms. And married with that is - is statements about expanding channels to things like private wealth.

You know, I'd say on the mid-market space in these sector specialist firms, we've probably seen less of that institutional saturation. And so you've seen three years in a row of people hitting or beating their fundraising targets. You've seen these firms achieving them on time. And I'd say that while there's additional upside in terms of expansion to sort of high net worth and wealth channels, it's probably less of a priority focus in terms of firms needing to do it in order to continue to - to scale their businesses. So, you know, I'd say the institutional saturation is probably less of a feature in this space.

And generally, where we're targeting are firms who are, you know, not necessarily an incumbent in each of their sectors, but they're definitely a high performer who has a right to grow into additional market share.

So - so with that, we've seen firms who are effectively growing in flat TAM environments, but also by gaining share, but also well positioned to grow in growing TAM environments. And I'd say generally at the larger end scale, many of those incumbents are probably needing to have the total addressable market increase, which is why you're seeing some of that focus on areas such as high net worth and retail.

And in terms of how well-positioned we are to help them? It's one of the key focuses of our GP services platform in terms of capital formation and in terms of distribution. And over the last few years, it's clearly been a really, really strategic area where we've engaged with our partner firms and hopefully added a lot of value for them.

Maybe to touch on consolidation, which is kind of the flip side of that coin, because these firms have continued growth opportunity, because they have differentiated very specialist expertise in their areas, we've also seen them be attractive to LPs because people believe that they can continue to extract value and drive returns in a higher interest rate environment, or really, you know, even in environments where the public equity markets might not be available. And that's clearly made them really attractive to consolidators.

I think, you know, at Petershill Partners, and in many of our firms, we kind of stand to be beneficiaries of that strategic focus on this attractive area. And so you wouldn't be surprised that, you know, at any given time, there's probably a number of consolidation conversations going on across the industry. But, you know, in terms of whether we'd be beneficiaries on it, I think we're strategically positioned to be, but clearly, sort of have no immediate plans on any of our partner firms in that regards.

Angeliki Bairaktari: Thank you very much. If I may just follow up on the - sort of on the comment you made on - on private wealth. You now have some firms that where you own minority stake, such

as Francisco Partners or Clearlake, that are quite sizable in terms of their total AUM size. Have you seen those firms launch semi-liquid funds?

Gurjit Kambo: We actually have - and I won't talk to specific firms outside of what they've announced themselves. But we do have a number of firms that either have semi liquid or permanent capital funds and actually have alternative sources of financing as well, like insurance companies. So that area of sophistication is clearly growing and people are being very thoughtful about their distribution.

But in terms of some of that thought, it's also investment being done for, you know, future fundraising cycles rather than necessarily activity being done for the current.

Angeliki Bairaktari: Thank you.

Operator: We will take our next question from David McCann with Deutsche Bank.

David McCann: Great. Morning, everyone. Thanks for taking my questions. Actually, one's partly been answered in the last question, but actually just - just to come back on - on that - on the discount rate point that Angeliki was asking about. So you mentioned one of the factors was that you were seeing generally lower interest rates. I mean, to my - to my - what I can see on my screen, you know, the US 10-year Treasury started last year at 3.9, went up to 4.4 at the half year and ended at 4.5. So it looks like they've actually gone up. I appreciate on private market firm multiples, they did rise during the year, although they have pulled back a bit more this year. So I just wondered, you know, maybe could we revisit that question? Why have the discount rates gone down when it seems like interest rates have actually gone up? And there are some headwinds towards multiples being used. So just want to get some comfort around what's driven those down please?

And then second question really just more modeling type question around Frazier. Is that private equity, is the \$5.5 billion AUM or fee-paying? And should we see that in Q1? Thank you.

Gurjit Kambo: Hi, David. Yeah. So just on the - on the discount rates. There's a couple of things in there. So obviously the - the yield I guess is - is slightly - you know, has been moving around over the course of the last 12 months. Well, the Fed rates have come down over the year, but yields have moved around up and down I guess over the past the last 12 months.

The other thing I would say is that if you look at the multiples that we have in the market for private markets, they've obviously moved up. And that does mean that the implied discount rate effectively in valuations is lower. So that also does have a bearing on the multiples that will be applied. And I guess the discount rates implied in our valuations, that's kind of the key driver there.

And also I guess given the strong asset raising we've seen across our firms, that does give a bit more visibility around the cash flows, which also then implies, you know, a slightly lower, potential, discount rate in the firms that we have across the - the sort of private markets in many respects.

In terms of Frazier, the majority of the - the assets that we have are fee-paying. Yeah.

David McCann: And that's Q1 and that's private equity, just to confirm that.

Gurjit Kambo: Yeah. It's private equity, healthcare. Yeah.

David McCann: And Q1?

Gurjit Kambo: I'm sorry. Yeah, that's right. So yeah, it will come in Q1. On acquisitions, we - we show them coming in the quarter that we do the acquisition.

David McCann: Great. Thank you.

Gurjit Kambo: You're welcome, David.

Operator: As a reminder, if you would like to ask a question, please press star one. We will take our next question from Nicolas Vaysselier with BNP Paribas.

Nicolas Vaysselier: The first one on Frazier. Again, if we could have a bit more information on that one. I was going to ask what's your other FRE ownership on that one and the kind of accretion you expect on FRE and DE? And also the mix. It seems like it's mostly skewed to - to FRE. But if you can confirm that.

And then the second question I wanted to reflect a bit on your guidance for PRE and the two extremes. Is the 15% range, should we understand it as the environment industrywide remains more or less the same as it was in 2024, and the 30% is more like a sharp acceleration and improvement from here? Thank you very much.

Gurjit Kambo: Thank you for that. Look, in terms of Frazier, you know, we don't typically, on individual assets, provide the ownership weighted that we have. I guess what we can just say is that in terms of Frazier, this has been reflected in our guidance for 2025. So that's already reflected in there. So that's what we can really comment on around Frazier.

In terms of your PRE question, you're right. The 15% to 30% range, which is similar to the range we had last year, the lower end reflects environment remaining, I guess, somewhat uncertain, given how we've started the year. And at the upper end, clearly if we do start to see the exit environment becoming a little bit more open, then that could, you know, help us achieve that higher end of the range. But it's really reflecting the - the more recent uncertainty in the - in the market environment.

Nicolas Vaysselier: All right. Thank you.

Operator: And we have no further questions at this time.

Ali Raissi-Dehkordy: Okay. Look, thank you everybody for the questions and joining the call. If you have any questions, please feel free to - to reach out to me. And yeah, just want to wish you have a good day and good week and speak to you soon.

Gurjit Kambo: Thanks.

Operator: This concludes today's call. Thank you for your participation. You may now disconnect.