INSIGHTS

NOVEMBER 2023



PE TOP 30 FIRMS

LATEST ON THE WORLD'S LARGEST MANAGERS

EXECUTIVE SUMMARY

This report aims to be a one-stop shop for updates on the biggest firms in the world of private equity (PE). The industry stalwarts are well known, but we dig deeper – not only to rank the Top 30 firms worldwide by their PE-specific AUM, but to examine how they're performing in various aspects of their operations at this moment in time.

The rankings featured in the first section of this report are based on collated data from a range of industry sources – Preqin, Pitchbook and Bloomberg included – in addition to information gathered from company websites and quarterly earnings reports. The news is gathered from trusted sources including the Financial Times, Bloomberg, Reuters, Buyouts Insider, and others.

Together, this information blends into the bigger picture for the PE landscape – whether that's a flight to large, trusted firms; a palpable fundraising squeeze; a foray into new asset classes; a pivot to more agile and flexible solutions; or the sectors where big-ticket deals are still a reality. In section two, we learn how all the movements among PE's highest echelons reflect macro-economic conditions, and signal clear directions of travel.

Roughly 12-18 months into sustained pressure on the PE model of leverage and financial engineering, we're likely to see how the industry is responding for the medium-to-long term. The next year could prove pivotal, and this research aims to provide a holistic picture of what we know so far.

AFTAB BOSE
SENIOR RESEARCH ANALYST

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METHODOLOGY

Firms in this list are ranked by PE-specific AUM, and not the firm's total AUM. In cases where the firm is headquartered in Europe, the AUM has been converted from Euro figures into Dollars, and ranked based on the latter. The Top 30 list does not claim to be an absolute ranking, but an informed estimation based on data and news gathered and collated from Preqin, Pitchbook, Bloomberg, Financial Times, Reuters, Buyouts Insider and other credible news and data platforms, as well as official websites and earnings reports of the firms included. Data for the second section of this report was gathered based on PEW surveys throughout 2023, as well as Bloomberg LP surveys.

KEY FINDINGS

1

Fundraising fortunes are a mixed bag

At least 10 of the Top 30 closed oversubscribed flagship funds in 2023, including CVC, which raised the largest buyout fund in history at $29bn. At the same time, many in the same list have found fundraising to be an uphill climb – the most notable being Apollo, which had to revise the target for its flagship buyout fund, or Insight Partners, which had only raised $2bn for a $20bn fund after a year of bringing it to market.

2

Time is money in the PE world

Of the Top 30 firms in the world by private equity AUM, 26 of them were founded in the 1990s or earlier – giving them time not only to amass a substantial pool of assets, but also to demonstrate an extensive track record. At a time when investor sentiment is nervous and track records are in the spotlight, it's no surprise that fundraising efforts have been resoundingly successful for many of the world's largest firms.

3

Credit and secondaries take centre stage

One recurring headline among the Top 30 this year has been a big push on new strategies – most notably private credit and secondaries. The high demand for exits makes the latter a very attractive proposition, while the former is yielding high double-digit returns at a far lower risk threshold than equity. Fifty six percent of LPs plan to increase their exposure to private credit in the near future, while 30% say the same for secondaries.

4

Flexibility is the need of the hour

The valuation dive has done nothing to allay investor concerns around the PE model, and those looking to maintain relationships are pivoting to more agile capital structures that can give investors liquidity options. Among the popular avenues are evergreen funds and net asset value (NAV) financing – examples of the latter being Hg Capital's reported $500m in NAV borrowing to pay out investors, and Apollo's reported $4bn of NAV lending solutions.



THE TOP 30

A ranking of the world's biggest managers by PE-specific AUM, and a closer look at their most notable moves at a challenging time for the industry.

30. EQT

HQ: Stockholm, Sweden
AUM: $50bn
Specialism: Generalist
Key people: Conni Jonsson (Founder & Chairperson)

Active in the deal market this year – the $4.5bn acquisition of pharma company Dechra being among the headlines – EQT has also been taking special measures to navigate market conditions. The firm has been among many to buy back previously owned public companies due to poor performance, while CEO Christian Sinding announced plans to give investors a strong alternative to bearish public markets by privately auctioning off stocks among a network of around 1,100 LPs.

29. CLAYTON DUBILIER & RICE

HQ: NYC, New York
AUM: $57bn (~)
Specialism: Generalist
Key people: Donald Gogel (CEO)

What funding squeeze? CD&R launched its 12th flagship fund last year with a $20bn target and had already soared to its hard cap of $23bn by August 2023 – the firm asked investors about pushing the upper limit by another $500m. A $2.3 bn deal for packaging firm Veritiv made headlines, but not all has been rosy – CD&R's debt-laden Morrisons posed pre-tax losses of $1.5bn in March, and two pension funds in Delaware have sued the PE house for alleged collusion during a deal for Covetrus.

28. ADAMS ST. PARTNERS

HQ: Chicago, Illinois
AUM: $58bn
Specialism: Generalist
Key people: Jeffrey Diehl (Managing Partner)

Adams Street's fundraising efforts have been more reflective of conditions, closing its annual fund of funds at $820m – a 25% drop from the $1.1bn 2022 iteration. The stellar performance of its 7th secondaries programme – raising $3.2bn at a 50% increase from its predecessor fund – is just as telling of market trends, with a high demand for exits putting secondaries in the spotlight. The programme is among the largest of its kind, aimed at buying secondhand stakes in PE firms.

$23bn

funds raised at hard cap by CD&R for its 12th flagship fund

27. H.I.G. CAPITAL

HQ: Miami, Florida
AUM: $59bn
Specialism: Generalist
Key people: Sami Mnaymneh (Founder & co-CEO), Tony Tamer (Founder & co-CEO)

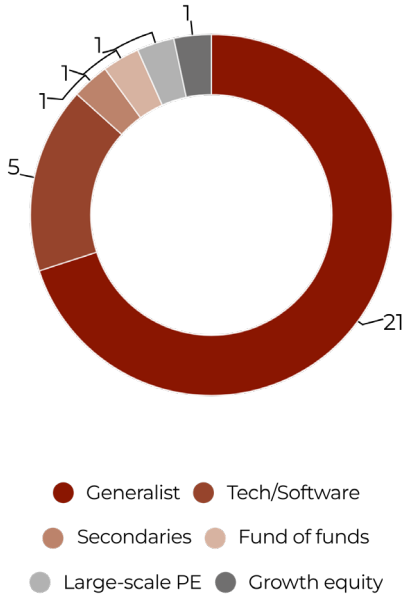
Notable exits have put H.I.G. in deal headlines this year – the sale of Tastes on the Fly to Paradies Lagardére and Riveron to Kohlberg & Company among the more prominent. In September, the firm closed its fourth middle-market leveraged buyout fund $500m over its $5bn target – raising from a blend of existing relationships and new investors worldwide. H.I.G. is also suing Audax Group for reportedly exaggerating the financial health of a telecom asset, Mobileum, the former purchased in 2022.

26. APAX PARTNERS

HQ: London, United Kingdom
AUM: $60bn+
Specialism: Generalist
Key people: Andrew Stillitoe (co-CEO), Mitchell L. Truwit (co-CEO)

In addition to a number of deals – including the October acquisition of Bazooka Candy Brands, the joint acquisition of co-controlling stakes in Palex Medical alongside Fremman Capital in June, and a $450m deployment into travel tech business IBS Software in May – Apax has also been active in the credit space this year. The firm announced in September it had raised $750m for first generation credit funds – boasting a fully integrated, sector-led investment strategy, with 40% of committed capital already invested across its funds.

Fig. 1.1 Top 30 by investment specialism



Source: Private Equity Wire research

25. HG CAPITAL

HQ: London, United Kingdom
AUM: $65bn
Specialism: Software services
Key people: Nic Humphries (Senior Partner & Executive Chairman)

Exits and valuations being as they are, Hg was among the large-caps relying on net asset value (NAV) financing – in their case reportedly at least £500m worth – to help investors cash out. The firm appointed former Vista executive Alan Cline as Head of North America to help manage regional deal activity. And as for assets, Hg made additional deployments to software firm JTL for development and expansion, and announced in August it was mulling a sale, among other options, for €1.5bn insurance broker GGW.

$500m

reported NAV financing raised by Hg to pay out investors

24. TPG

HQ: Fort Worth, Texas
AUM: $67bn
Specialism: Generalist
Key people: Jon Winkelried (CEO)

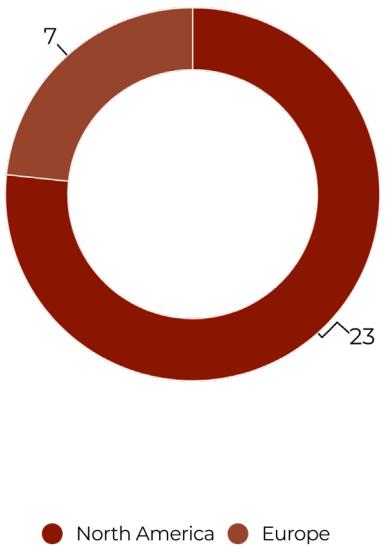
TPG was at the heart of the EY saga this year – seeing a bid to carve out the Big Four firm's advisory arm rejected, just months after the latter's own attempt at spinning off the consultancy arm fell apart. TPG's own IPO early last year revealed a sizeable shortfall in its enterprise value (~$9bn) compared to its large-cap peers including Blackstone. The firm made a splash with a $2.7bn acquisition of Angelo Gordon, part of a wider, three-year push beyond growth equity buyouts into credit-based investments.

23. LEONARD GREEN & PARTNERS

HQ: LA, California
AUM: $70bn
Specialism: Generalist
Key people: Jonathan Sokoloff (Managing Partner), John Danhakl (Managing Partner)

Bucking the declining trend of GP-led secondaries, reports emerged in October that Leonard Green & Partners was running a continuation vehicle for four assets, with fellow mega fund AlpInvest emerging as the lead investor. Managing Partner Jonathan Sokoloff said at the Milken Institute Global Conference in May that the "party is over" for the financial world, referring to the evaporating leverage and falling valuations that inflated success. In May, LG&P made a sizeable minority investment in $23bn insurance broker HUB.

Fig. 1.2 Top 30 by location of headquarters – region



Source: Company websites

22. CLEARLAKE CAPITAL

HQ: Santa Monica, California
AUM: $70bn
Specialism: Generalist
Key people: Jose E. Feliciano (co-Founder & Managing Partner), Behdad Eghbali (co-Founder & Managing Partner)

The Chelsea co-owners have certainly had a challenging start to their Premier League foray – Managing Partner Jose Feliciano told IPEM there had been more scrutiny on the move than expected. Still, a $500m raise from Ares to fund infrastructure and franchise expansion might inject fresh momentum. The firm launched its eighth flagship fund in September with a target of $15bn, only 6.3% higher than its last target – breaking a streak where each fund target was twice the size of its predecessor.

21. PARTNERS GROUP

HQ: Baar (Zug), Switzerland
AUM: $74bn
Founded: 1996
Specialism: Generalist
Key people: David Layton (CEO)

CEO David Layton made headlines with his bold predictions in September – quoted as saying only a handful of PE houses had the muscle to survive current macroeconomic forces, and a crowded market of 11,000 firms could potentially deflate to 100 over the next 10 years. Partners Group would likely be among the survivors, reporting a 19% jump in profits for H1 2023, largely attributed to a swashbuckling 270% increase in performance fees. The firm has also made a secondaries splash by buying stakes in $1bn of CPDQ assets.

KEY FINDING

North America dominates the PE world

Number of top 30 firms headquartered in North America



North America

INSIGHTS

20. GENERAL ATLANTIC

HQ: NYC, New York
AUM: $77bn
Specialism: Growth equity
Key people: William E. Ford (Chairman & CEO)

In addition to upping its stake in Joe & the Juice from 30% to 90%, General Atlantic has made some big macro bets this year. In March, GA, Abu Dhabi wealth fund ADQ and International Holding Company – the Emirates's biggest listed company – formed what ADQ predicts will be the region's largest multi-asset class alternatives manager. Co-President Gabriel Caillaux also suggested China remains a focus market despite tensions. And finally, the firm launched its credit operation in April with the acquisition of Iron Park.

19. APOLLO

HQ: NYC, New York
AUM: $77bn
Specialism: Generalist
Key people: Marc Rowan (CEO)

Feeling the fundraising heat, Apollo finished Q1 2023 having only raised $16bn for its flagship buyout fund, launched last summer with a $25bn target. In May the firm revised the target to what co-President Scott Kleinman described as the "low $20bn range". CEO Marc Rowan was quoted in August declaring the "end of an era" for private equity – Apollo's moves, which include raising $2.5bn for a private credit vehicle aimed at big corporates, and lining up $4bn worth of NAV loans, all speak to this assessment.

18. PERMIRA

HQ: London, United Kingdom
AUM: $78bn
Specialism: Generalist
Key people: Ariadna Stefanescu (Interim CEO), David Hirschmann (Interim CEO)

Permira and Blackstone have crossed paths several times this year – the two collaborated on the $15bn deal for Adevinta, and Blackstone provided private credit funding for Permira's £700m+, all-cash acquisition of UK-listed pharma services company Ergomed in September. Fundraising has been successful – Permira's eighth flagship buyout fund closed oversubscribed at €16.5bn, well above its €15bn target and a 50% increase from its predecessor, and it raised €4.2bn for a direct lending strategy in June. The firm also picked up a majority stake in financial intel firm Acuity in January.

270%

increase in Partners Group's performance fees this year

17. BAIN CAPITAL

HQ: Boston, Massachusetts
AUM: $79bn
Specialism: Generalist
Key people: John Connaughton (Global Head of Bain Capital PE)

Bain Capital kicked off the year in transition mode – co-Chairman Steve Pagliuca retired in January after 34 years with the firm. Another of the Top 30 to put China in the spotlight, the firm's Partner and co-Head of Asia Jonathan Zhu in February noted several tailwinds could boost the country's economy through the year. The firm's credit arm reportedly made $1.3bn of investments in 30 businesses across 15 sectors through H1 2023 to support refinancing, leveraged buyouts and add-on deals for new and existing portfolio companies.

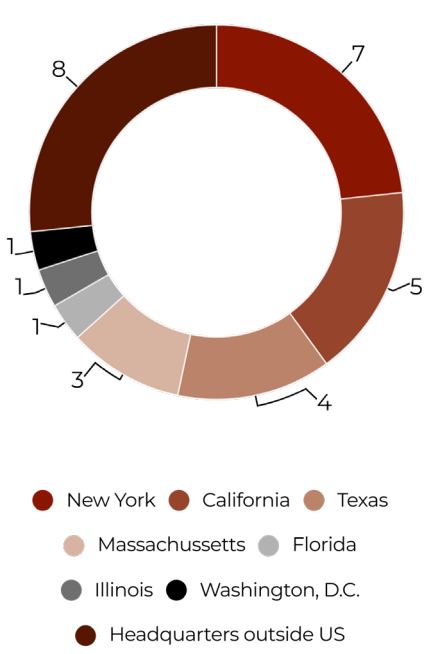
16. INSIGHT PARTNERS

HQ: NYC, New York
AUM: $80bn
Specialism: Software
Key people: Jeff Horing (co-Founder & Managing Director)

The fundraising performance of Insight Partners's 13th flagship fund sums up how challenging conditions are. The fund, having first been brought to market in June 2022, had only raised around $2bn by the one-year mark – prompting the firm to slash its target from $20bn to $15bn, citing the "great reset in tech" as a reason for the slump. In the same note to investors, the firm highlighted the silver lining – that market forces had brought valuations and cost structures both back under control.

> "The world's top PE firm hit $1tn in total AUM this year

Fig. 1.3 Top 30 by location of headquarters – US state



Source: Company websites

15. WARBURG PINCUS

HQ: NYC, New York
AUM: $84bn
Specialism: Generalist
Key people: Chip Kaye (CEO)

A booming start to the year, Warburg Pincus had raised $15bn+ for its flagship fund by January – most of its $16bn target – and eventually closed, oversubscribed, at $17.3bn in October. This is the firm's largest ever fund, made more impressive by the fact that it has resisted the popular foray into credit. In July, Warburg announced former US Treasury Secretary Timothy Geithner would be leaving as President, to be replaced by Jeffrey Perlman – who is being primed to eventually replace Chip Kaye as CEO.

14. NEUBERGER BERMAN

HQ: NYC, New York
AUM: $88bn
Specialism: Generalist
Key people: George H. Walker (Chairman & CEO)

Key market trends are manifesting in Neuberger Berman's fundraising efforts. The firm raised $4.9bn for its fifth secondaries fund in September last year, well above its $3bn target and nearly double the size of its $2.5bn predecessor. Also exceeding its target was the firm's second credit opportunities fund, which closed at roughly $2.5bn – a billion over its target. And rounding up its alignment with directions of travel – in September the firm launched an Article 8 climate innovation fund aimed at climate tech development.

13. HELLMAN & FRIEDMAN

HQ: San Francisco, California
AUM: $92bn
Specialism: Large-scale PE
Key people: Patrick Healy (CEO)

On the right side of the fundraising dichotomy, Hellman & Friedman had raised $20bn of its $24bn-target flagship fund at its one-year mark in June 2023. A popular investor choice, the firm is not only exploring liquidity solutions on select assets, but its performance speaks for itself – said fund has a net IRR of 22%. Symbolic of this performance is the firm's $1.38bn, 7.5% stake in cybersecurity firm Splunk, which paid off this year after the latter was sold to Cisco for a whopping $28bn.

12. ADVENT INTERNATIONAL

HQ: Boston, Massachusetts
AUM: $92bn
Specialism: Generalist
Key people: David Mussafer (Chairman & Managing Partner)

The Subway saga put Advent in the spotlight this year – the firm was among the contenders to acquire the global sandwich chain, but a drawn out auction process prompted it to withdraw from the running. The headline deal of Advent's calendar was the $6.4bn acquisition of space solutions company Maxar Technologies alongside British Columbia Investment Management Corporation. In October the firm appointed former Standard Chartered Global Head of Digital Channels as an Operating Partner – to boost deal sourcing and portfolio management efforts.

11. GOLDMAN SACHS ASSET MANAGEMENT

HQ: NYC, New York
AUM: $95bn
Specialism: Generalist
Key people: Robert Smith (Chairman & CEO)

Among the more prominent pushes on secondaries this year has come from Goldman Sachs AM, which had raised over $15bn to fund PE investor stake purchases by September. Its predecessor fund raised $10bn in 2020. Primary strategies haven't taken a back seat either. The firm raised one of the largest ever first-time growth equity funds, West Street Global Growth Partners – at $5.2bn – aimed at funding typically small, early-stage companies, making it one of the largest ever first-time growth equity funds.

22%

net IRR of Hellman & Friedman's 11th flagship fund in 1 year

“

This is probably the most attractive secondaries market we have seen for a long time

Jan Philipp
Head of Investor Relations, Ardian

10. VISTA EQUITY PARTNERS

HQ: Austin, Texas
AUM: $101bn
Specialism: Technology
Key people: Robert Smith (Chairman & CEO)

During the post-pandemic tech valuations boom, Vista was among the firms that refrained from getting involved in deals – having deployed 25% less capital between 2020 and 2022 than the previous four years according to Chairman & CEO Robert Smith. The market having softened, the firm sprung into action with a series of big-ticket deals this year, including the purchase of EngageSmart for $4bn. High-profile exits also occurred – the $4.6bn-each sales of Apptio to IBM and Cvent to Blackstone included.

9. SILVER LAKE CAPITAL

HQ: Menlo Park, California
AUM: $101bn
Specialism: Technology
Key people: Egon Durban (co-CEO), Greg Mondre (co-CEO)

Co-CEO Egon Durban has been very clear about Silver Lake's strategy this year – to be relatively conservative with the number of investments made, but make big bets where it does get involved. Perhaps the biggest example of this is the mammoth, $12.5bn acquisition of Qualtrics alongside Canada's largest pension fund, which concluded a protracted negotiation and bidding war that included rival Bain Capital. Silver Lake was also among the firms, alongside EQT, to buy back public companies after poor listing performances.

8. HARBOURVEST

HQ: Boston, Massachusetts
AUM: $112bn+
Specialism: Fund of funds
Key people: John Toomey, Jr. (MD, Exec Management Committee), Peter Wilson (MD, Exec Management Committee)

Diversification has been the name of the game for HarbourVest, reportedly attributing its strong performance in 2023 to a wider mix of high-performing investment strategies – credit and mid-cap buyouts included – that counterbalanced the stress on large buyouts. The firm also closed a direct co-investment firm in November last year at $4.2bn, beating its $3.5bn target, having garnered support from over 100 LPs globally. In July the firm also partnered with Swedish pension house AP7 to set up a new open-ended, evergreen PE strategy – another pivot to enable liquidity.

$12.5bn

deal value for Silver Lake's acquisition of Qualtrics

7. ARDIAN

HQ: Paris, France
AUM: $116bn
Specialism: Secondaries
Key people: Dominique Senequier (Founder & CEO)

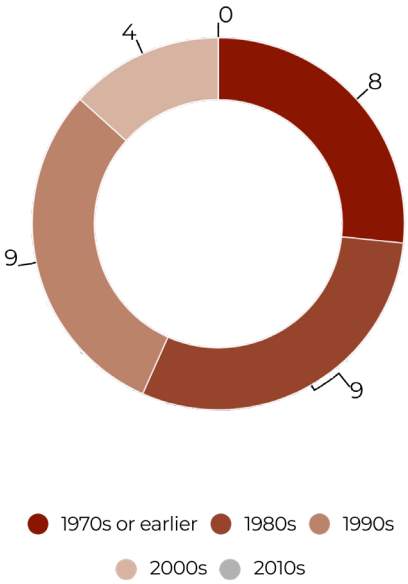
In June Ardian had raised $20bn to buy PE investor stakes, with plans to up the target to $25bn – to profit from investors seeking an early exit. The other focus strategy, mirroring many of the firms on this list, is private credit. In October the firm announced the deployment of its fifth-generation credit fund was on schedule and planning for the next one had begun. Another trend the firm is tapping into is NAV lending, which represents $2bn of the firm's AUM as of June 2023.

6. CVC

HQ: Luxembourg
AUM: €110bn
Specialism: Generalist
Key people: Donald Mackenzie (co-Founder & Managing Partner)

Making history this year, CVC closed the largest PE fund ever at a staggering $29bn in July. 2023 was also meant to be the culmination of its now two-year road to listing in Amsterdam – with the aims of: giving institutional investors exit options; enabling a push to a multi-manager model; boosting its profile; and keeping pace with rival EQT, which has used proceeds from its own listing to fuel deals. Poor performance of other listings from rival PE houses and geopolitical uncertainty, however, have forced a further pause.

Fig. 1.5 Top 30 by decade founded



Source: Private Equity Wire research

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The world’s top PE firm hit $1tn in total AUM this year

5. THOMA BRAVO

HQ: Chicago, Illinois
AUM: $131bn
Specialism: Software
Key people: Orlando Bravo (Founder & CEO)

Founder and CEO Orlando Bravo was dubbed “tech’s last bull” by Barron’s in January, referring to a flurry of tech acquisitions through 2022 – including the $8bn purchase of Coupa Software in December. The $2.3bn acquisition of ForgeRock in August 2023 continued this momentum, but the highlight of this year has been the $10.5bn, all-cash sale of Adenza to Nasdaq. The firm was in the running for Qualtrics alongside Silver Lake, but the plans to merge the company with rival Medallia were thwarted for antitrust reasons.

4. BROOKFIELD

HQ: Toronto, Canada
AUM: $139bn
Specialism: Generalist
Key people: Bruce Flatt (Managing Director)

Brookfield closed its largest ever PE fund at $12bn in October, its sixth flagship fund, which included $3.5bn of its own capital. The firm has identified payments as a high-growth sector – noting the banking system is in need of ongoing modernisation and digitisation. Symbolic of this push was the firm’s June acquisition of payments provider Network International for £2.2bn, and its October appointment of former WorldPay boss Sir Ron Khalifa as Vice Chair and Head of its Financial Infrastructure strategy.

3. CARLYLE

HQ: Washington, D.C.
AUM: $161bn
Specialism: Generalist
Key people: Harvey Schwartz (CEO)

Carlyle has had a challenging year by comparison, reporting $6bn in capital raised for Q3 – an 11% drop from the previous quarter. A 2017 succession plan that fell apart last year saw Harvey Schwartz installed as CEO in May – he predicts the deal landscape will continue to be slow, and laid out plans to meticulously and ruthlessly cut back on costs as well as push the insurance and underwriting arms of the business as coping strategies.

2. KKR

HQ: NYC, New York
AUM: $174bn
Specialism: Generalist
Key people: Joseph Bae (co-CEO), Scott Nuttall (co-CEO)

Like much of the mega fund world, KKR has defied the fundraising squeeze to record what its CFO, Robert Lewin, described as a “noticeable uptick in pipelines around fundraising, deployment and monetisations” in its Q3 earnings report. Also defying the buyout blip, the firm announced plans to launch new flagship buyout funds in the US and Asia. The headlines have all been about its staggering €19bn bid for Telecom Italia’s fixed-line network, which has come under challenge and scrutiny from the latter’s shareholders.

1. BLACKSTONE

HQ: NYC, New York
AUM: 298bn
Founded: 1985
Specialism: Generalist
Key people: Stephen Schwartzman (Founder, Chairman & CEO)

The world’s top PE firm hit the big $1tn AUM mark this year, and – pivoting to market conditions – has clubbed its insurance and credit arms to help amass the second trillion. A push on perpetual investment funds to enable lending will help. Progress is slow – a dry IPO and deals landscape has seen only $6bn in assets added to the pool in Q3 2023 – but a shift away from rigid institutionals to high net worth retail buyers for a new buyout fund might bring fresh momentum.

$29bn

largest buyout fund in history, closed by CVC in July

Fig. 1.6 Top 30 hedge fund managers, data matrix

	Firm name	Headquarters	Private equity AUM ($bn)	Year founded	Specialism	Key personnel
1	Blackstone	NYC, New York	298	1985	Generalist	Stephen Schwartzman (Founder, Chairman & CEO)
2	KKR	NYC, New York	174	1976	Generalist	Joseph Bae (co-CEO), Scott Nuttall (co-CEO)
3	Carlyle	Washington, D.C.	161	1970	Generalist	Harvey Schwartz (CEO)
4	Brookfield	Toronto, Canada	139	1899	Generalist	Bruce Flatt (Managing Director)
5	Thoma Bravo	Fort Worth, Texas	131	2008	Software	Orlando Bravo (Founder & CEO)
6	CVC	Luxembourg	121	1981	Generalist	Donald Mackenzie (co-Founder & Managing Partner)
7	Ardian	Paris, France	116	1996	Secondaries	Dominique Senequier (Founder & CEO)
8	HarbourVest	Boston, Massachusetts	112+	1982	Fund of funds	John Toomey, Jr. (MD, Exec Management Committee), Peter Wilson (MD, Exec Management Committee)
9	Silver Lake Capital	Menlo Park, California	101	1999	Technology	Egon Durban (co-CEO), Greg Mondre (co-CEO)
10	Vista Equity Partners	Austin, Texas	101	2000	Technology	Robert Smith (Chairman & CEO)
11	Goldman Sachs Asset Management	Fort Worth, Texas	95	2008	Generalist	Adrian M. Jones (Chairman, Global Equity Business)
12	Advent International	Boston, Massachusetts	92	1984	Generalist	David Mussafer (Chairman & Managing Partner)
13	Hellman & Friedman	San Francisco, California	92	1984	Large-scale PE	Patrick Healy (CEO)
14	Neuberger Berman	San Francisco, California	88	1939	Generalist	George H. Walker (Chairman & CEO)
15	Warburg Pincus	NYC, New York	84	1966	Generalist	Chip Kaye (CEO)
16	Insight Partners	NYC, New York	80	1995	Software	Jeff Horing (co-Founder & Managing Director)
17	Bain Capital	Boston, Massachusetts	79	1984	Generalist	John Connaughton (Global Head of Bain Capital PE)
18	Permira	London, United Kingdom	78	1985	Generalist	Ariadna Stefanescu (Interim CEO), David Hirschmann (Interim CEO)
19	Apollo	NYC, New York	77	1990	Generalist	Marc Rowan (CEO)
20	General Atlantic	NYC, New York	77	1980	Growth equity	William E. Ford (Chairman & CEO)
21	Partners Group	Baar (Zug), Switzerland	74	1996	Generalist	David Layton (CEO)
22	Clearlake Capital	Santa Monica, California	70	2006	Generalist	Jose E. Feliciano (co-Founder & Managing Partner), Behdad Eghbali (co-Founder & Managing Partner)
23	Leonard Green & Partners	LA, California	70	1989	Generalist	Jonathan Sokoloff (Managing Partner), John Danhakl (Managing Partner)
24	TPG	Fort Worth, Texas	67	1992	Generalist	Jon Winkelried (CEO)
25	Hg Capital	London, United Kingdom	65	1990	Software services	Nic Humphries (Senior Partner & Executive Chairman)
26	Apax Partners	London, United Kingdom	60+	1969	Generalist	Andrew Stillitoe (co-CEO), Mitchell L. Truwit (co-CEO)
27	H.I.G. Capital	Miami, Florida	59	1993	Generalist	Sami Mnaymneh (Founder & co-CEO), Tony Tamer (Founder & co-CEO)
28	Adams St. Partners	Chicago, Illinois	58	1972	Generalist	Jeffrey Diehl (Managing Partner)
29	Clayton Dubilier & Rice	NYC, New York	~57	1978	Generalist	Donald Gogel (CEO)
30	EQT	Stockholm, Sweden	50	1994	Generalist	Conni Jonsson (Founder & Chairperson)

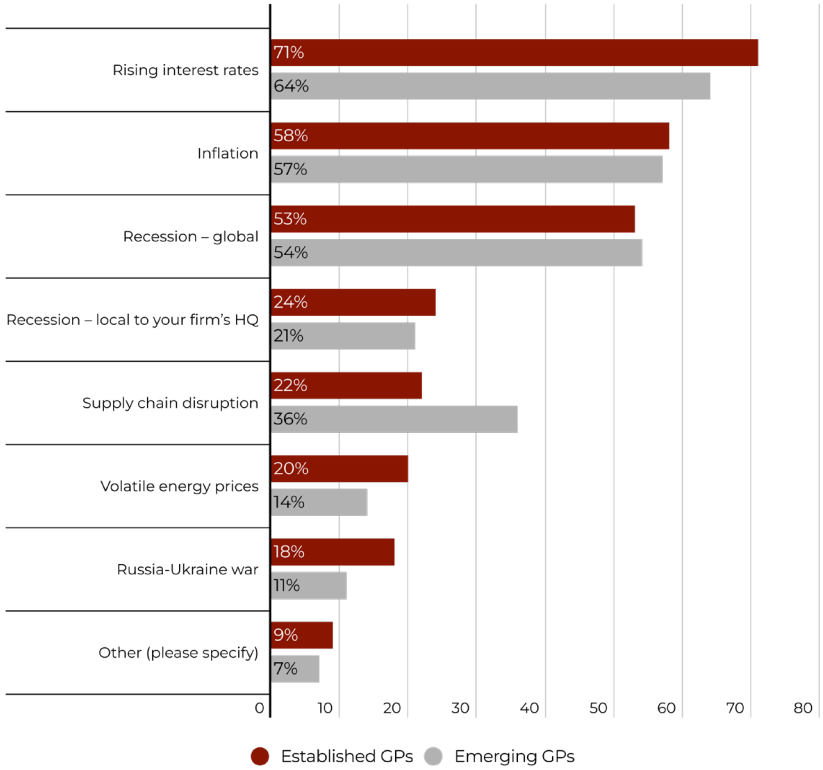
Source: Private Equity Wire research

LEADING THE WAY

High-level analysis of the Top 30's biggest moves and what they mean for the PE industry, with expert commentary from Jan Philipp, Head of Investor Relations and member of Ardian's Executive Committee.



Figure 2.1 Biggest macroeconomic concerns for GPs over the six months through Q1 2024



Analyst note: *Survey respondents were asked, 'In terms of the way your firm positions its portfolio, what are your three biggest macroeconomic concerns for the next six months?'*

Source: Private Equity Wire GP Survey Q3 2023

Private equity (PE) was in an identity crisis through much of 2023 – what many have described as the end of the easy-money era, amid a wider macro-economic challenges, forced investment firms to chart new courses to growth and value creation. The 30 biggest PE houses in the world by AUM, listed in the first section of this report, have made notable pivots in the last 12 months – setting the tone for the industry's future landscape.

In our H1 update, we found rising interest rates, inflation and a global recession to be the top three macro-economic concerns for GPs worldwide – the former having a direct bearing on firms' access to leverage (see Figure 1.1). The next 12 months is rife with similar uncertainty.

Jan Philipp is Ardian's Head of Investor Relations, Deputy Co-Head of Secondaries & Primaries, and a member of the firm's Executive Committee. He says the world of PE will be keeping an eye on developments at multiple levels.

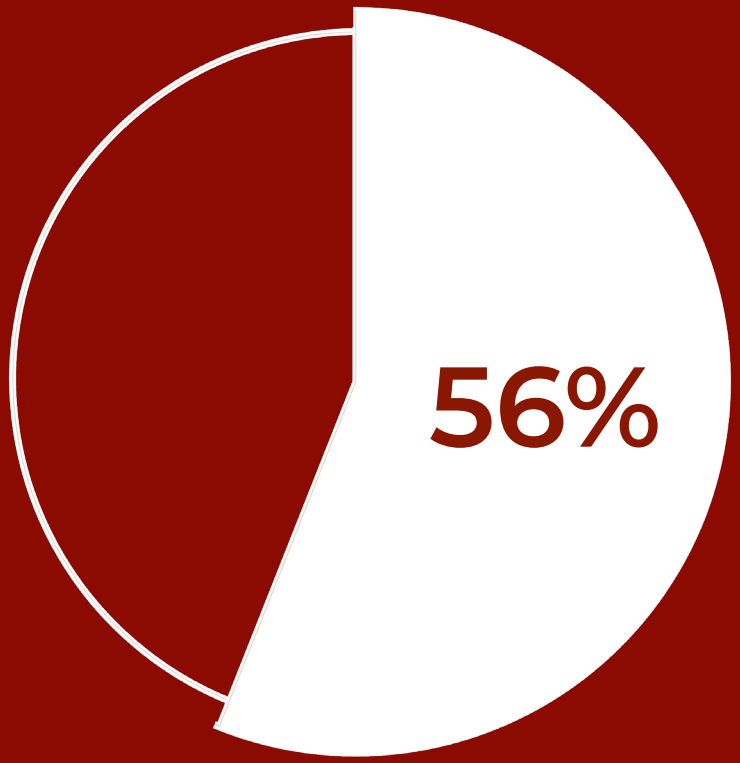
"From a broad perspective, everyone will closely be watching the interest rate evolution, given this impacts so much of how the market operates. It will also be interesting to see key developments in geo-politics – there are big elections happening next year, and these have a huge potential knock-on effect on business priorities," says Philipp.

"Zooming in on the industry, we will all be waiting to see if the underlying private equity market picks up – particularly if large

KEY FINDING

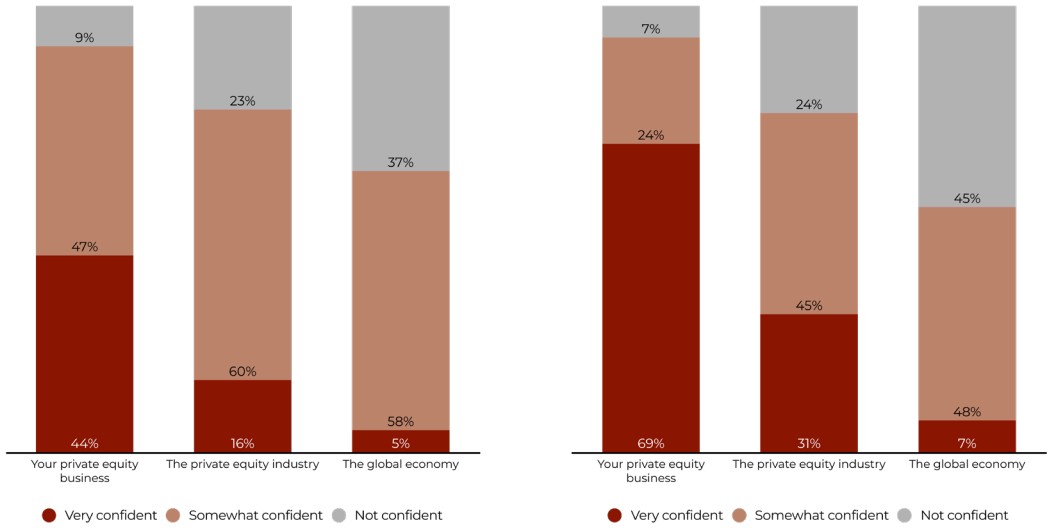
Private credit is the investor bread and butter

Share of investors looking to increase their exposure to private credit



INSIGHTS

Figure 2.2 GPs' confidence in the prospects of their business, industry, and the global economy



Analyst note: *Survey respondents were asked, 'How confident are you in the 12-month growth prospects of: Your private equity business, the private equity industry, and the global economy?'*

Source: Private Equity Wire GP Survey Q3 2023

transactions can be completed more easily and with higher volume. Additionally, everyone will be closely watching to see if the IPO window re-opens.

"And finally, in a more niche sense, we are likely going to see customisation for clients becoming even more important. This is a growing trend, as clients demand tailor-made solutions – particularly in the private wealth space where 'one-size-fits-all' is not an option. As the private clients space grows – another trend we have seen increase in recent years – we are likely going to see customisation moving up the agenda," he adds.

The world's top PE house Blackstone's decision to set up a retail buyout fund aimed at wealthy private investors this year is evidence of this direction of travel.

LARGE MICROCOSMS

At least 10 of the Top 30 either closed or were en-route to closing oversubscribed funds this year – most of them being flagship buyout funds. Indeed, the largest buyout fund in history was closed in 2023 – by CVC at a staggering $29bn.

The wider industry has struggled – outside of the biggest names in PE, many have been shifting their focus to profitability rather than fundraising to navigate the current landscape. The resounding success among some of the most prominent names is evidence that investors are flocking to tried and tested firms with demonstrable track records.

Also unique to the Top 30 this year has been big-ticket deal activity – most have completed

“

There are big elections happening next year, and these have a huge potential knock-on effect on business priorities

Jan Philipp
Head of Investor Relations, Ardian

$1bn+ transactions, while tech-specialists have largely dominated the larger end of the deal spectrum – all at a time when the buyout model is under unprecedented pressure.

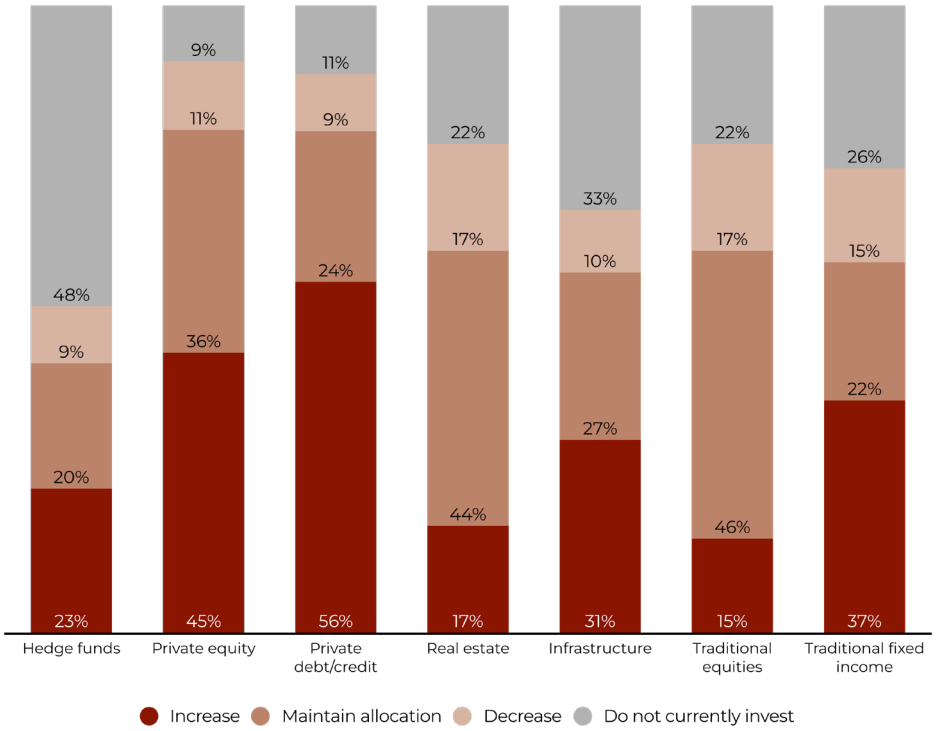
That's not to say that the big PE houses aren't hedging their bets and pivoting to market conditions. Two of the most popular investment strategies that have received a big push from many of the Top 30 this year are private credit and secondaries. Our research from throughout the year has shown that LPs are certainly increasing their focus on both asset classes, significantly, and GPs are making the pivot to adapt (see Figure 2.3).

Speaking at IPEM in September, Blackstone boss Steve Schwartzman noted the risk-reward ratio on credit – largely senior secured with mid-double-digit returns – as a no-brainer for investors and GPs alike.

Ardian is among those making a push on credit, having announced in October it was deploying its fifth-generation credit fund, with planning for the sixth underway. Philip says: "Private credit is performing very well, in light of the rising interest rates and the lack of liquidity. These factors have meant that banks have reduced commitments, so alternative lenders are now very attractive. Where there is less competition, it also allows space to be more strategic in the deals we get involved in, which is positive for us."

As for secondaries, ongoing uncertainty and investors' need to cash out, combined with the hope that economic conditions will turn a

Figure 2.3 LP planned changes to exposure by asset class



Analyst note: *Respondents were asked, 'How do you expect to change your exposure to the following asset classes over the next 12 months?'*

Source: Private Equity Wire H1 Review Report, August 2023

End of an era

Financial engineering with substantial, yet cheap, leverage has been the name of the PE game for years now, but this has come to a hard stop.

Through the year, PE bosses have declared this end in various terms. Notable among these was Apollo CEO Marc Rowan, who was quoted by the FT in June saying 2023 had marked the "end of an era" for the PE industry.

The shift, Rowan said, would force PE houses to "go back to investing in the old fashioned way, by being very good investors."

In the spotlight is the role of the Operating Partner – who's responsibilities across evaluating a business' models and fundamentals in the due diligence phase, to making structural corrections and improvements in the subsequent value creation phase – have become more significant than ever.

The world of PE will be looking to technology, efficiency, risk mitigation and ESG implementation, among a range of other levers, to build a new generation of healthy, sustainable businesses.

> "Also unique to the Top 30 this year has been big-ticket deal activity

corner, have brought the crowds to the second-hand assets marketplace (see Figure 2.4).

"This is probably the most attractive secondaries market we have seen for a long time. There is a huge amount of activity on both the investing and fundraising side. It's currently a buyer's market, and there are sizeable discounts in double-digit territory – Ardian is in a fantastic position to be able to buy large portfolios which are high quality, while having the option to cherry pick assets as well," says Philipp.

Secondaries and credit are a direct, counter-cyclical opportunity, though Philipp suggests that other strategies have the potential to show resilience in the current economy as well. "Asset classes are invariably impacted by macroeconomic conditions, be they the constraints of rising interest rates or wider trends and shifts. But each of these areas present opportunities as well, for example, in real estate there has been a shift towards more flexible, sustainable workplaces, or projects that combine commercial and residential spaces," he says.

FLEXI FOCUS

At a time of economic and geopolitical uncertainty, the long-term illiquidity inherent to the PE model is causing it to slide down the investor priority list. The booming secondaries space – be it LP-led or continuation vehicles – is one example of the demand for flexibility, as is the booming world of net asset value (NAV) financing, geared towards paying out LPs for early exits.

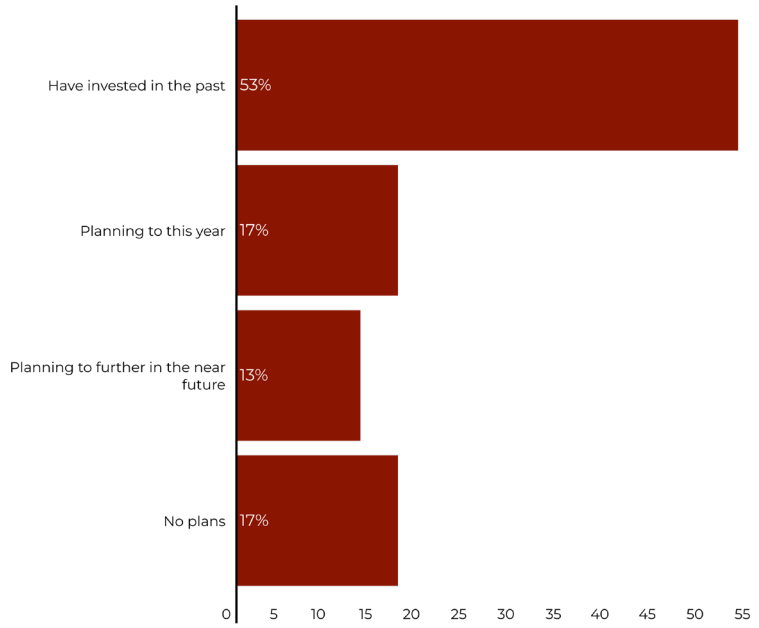
Big PE houses find themselves on both ends of the spectrum of NAV lending, as borrowers to give their investors flexibility, as well as lenders to help other PE firms navigate ongoing conditions – Apollo lining up approximately $4bn in NAV loans this year being a prime example of the latter.

Blackstone's recent perpetual fund and Hellman & Friedman's ongoing quest to offer clients more liquid solutions are all part of the same trend – as PE looks to pivot into a more agile, resilient and future-ready business model that aligns with investor needs. The next 12 months will be a pivotal indication of the industry's future direction of travel.

KEY TAKEAWAY

Track record is crucial but not everything – many of the Top 30 have had stellar fundraising years, but others haven't. Pivoting to market conditions by building out secondaries and credit capabilities, while also developing flexible solutions, seem to be the most popular positions for the future.

Figure 2.4 LP experience with secondaries investments



Analyst note: *Nearly 30% of LPs are planning on investing in secondaries this year*

Source: Bloomberg

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