

APOLLO

Outlook for private markets

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Apollo Global Management

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Unless otherwise noted, information as of October 2023.

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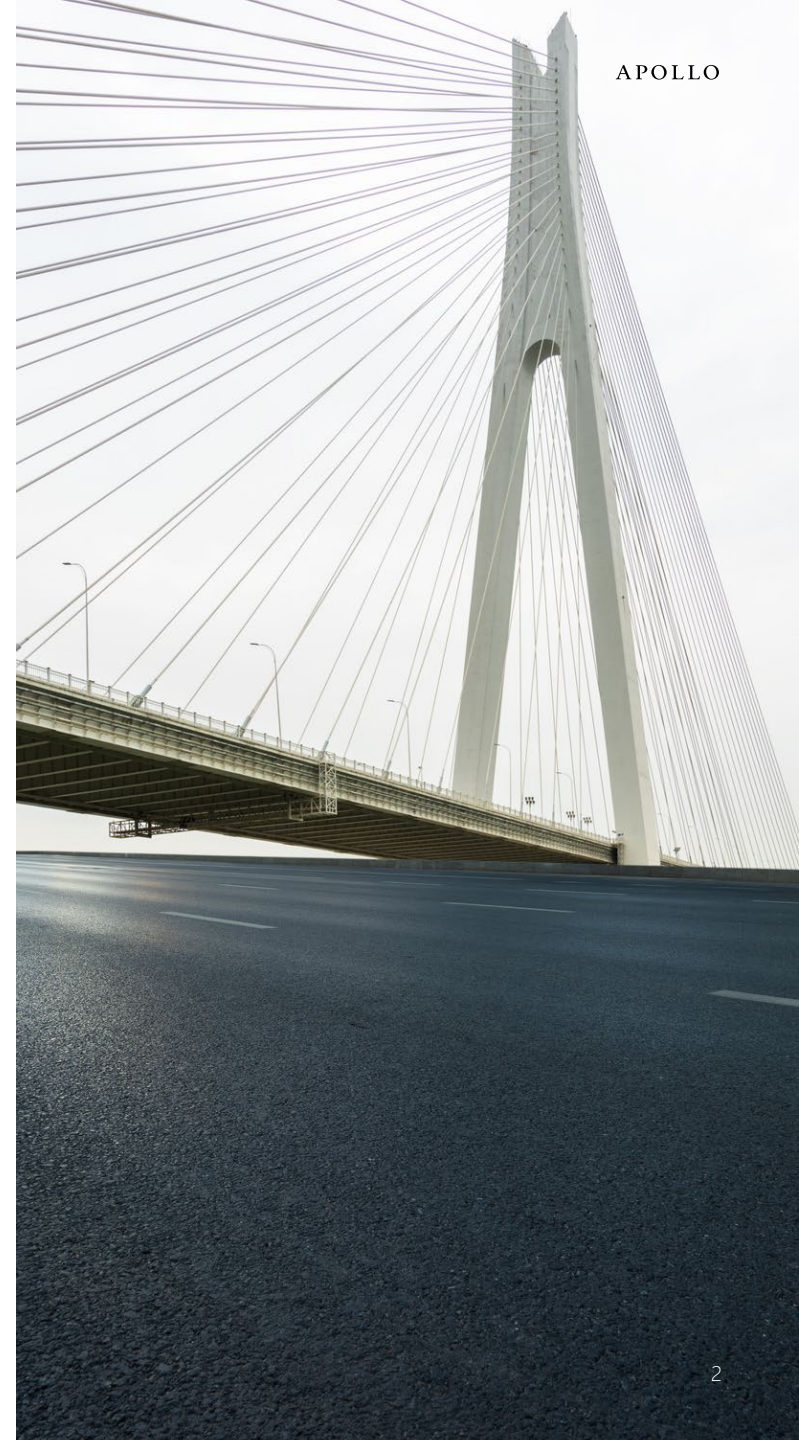


Table of contents

1. Overview
2. Private equity
3. PE deal activity
4. Private credit
5. Real estate
6. Secondaries
7. Middle market
8. Venture capital
9. Recent LBO activity
10. Index weightings
11. Retirement assets
12. Preqin survey of investors

Overview

Comparing public and private markets

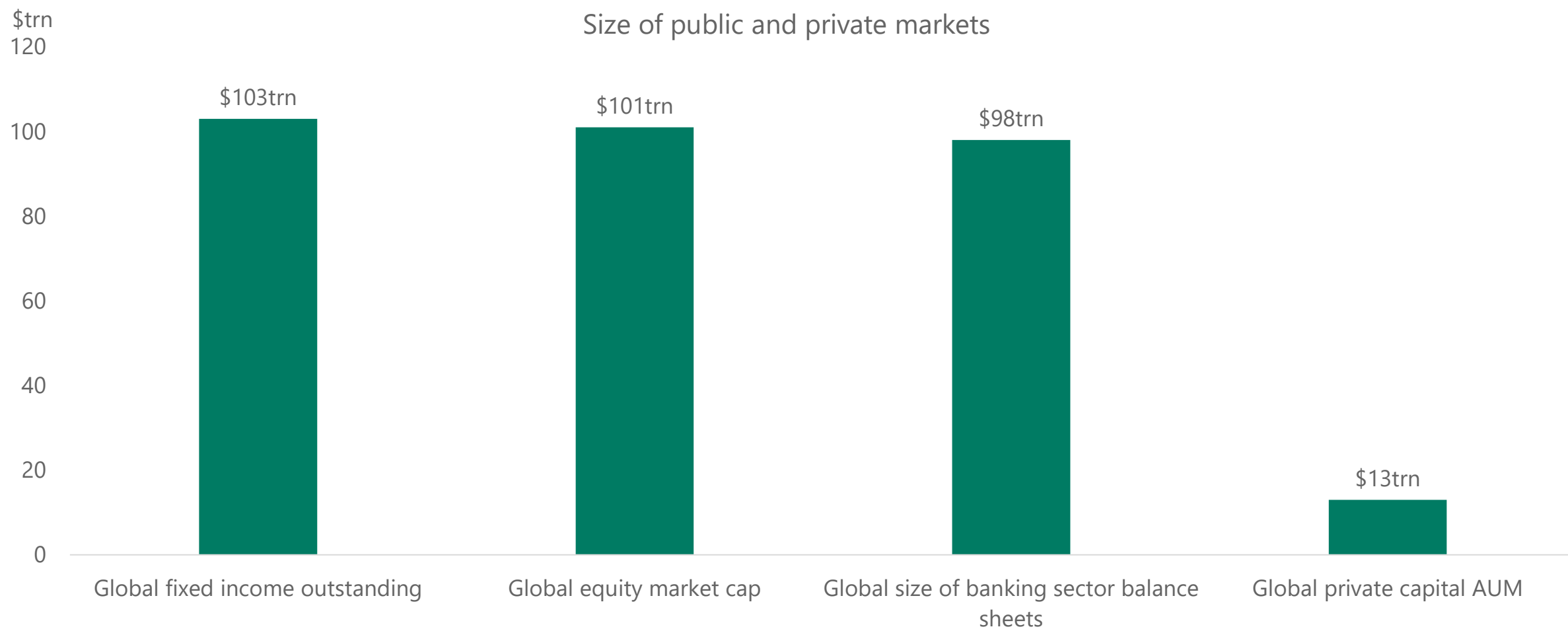
- Global private capital AUM: \$13trn (Source: Pitchbook)
- Global fixed income outstanding: \$130trn (Source: SIFMA)
- Global equity market cap: \$101trn (Source: SIFMA)
- Global size of banking sector balance sheets: \$98trn (Source: BIS)

Private capital makes up less than 5% of global financing markets

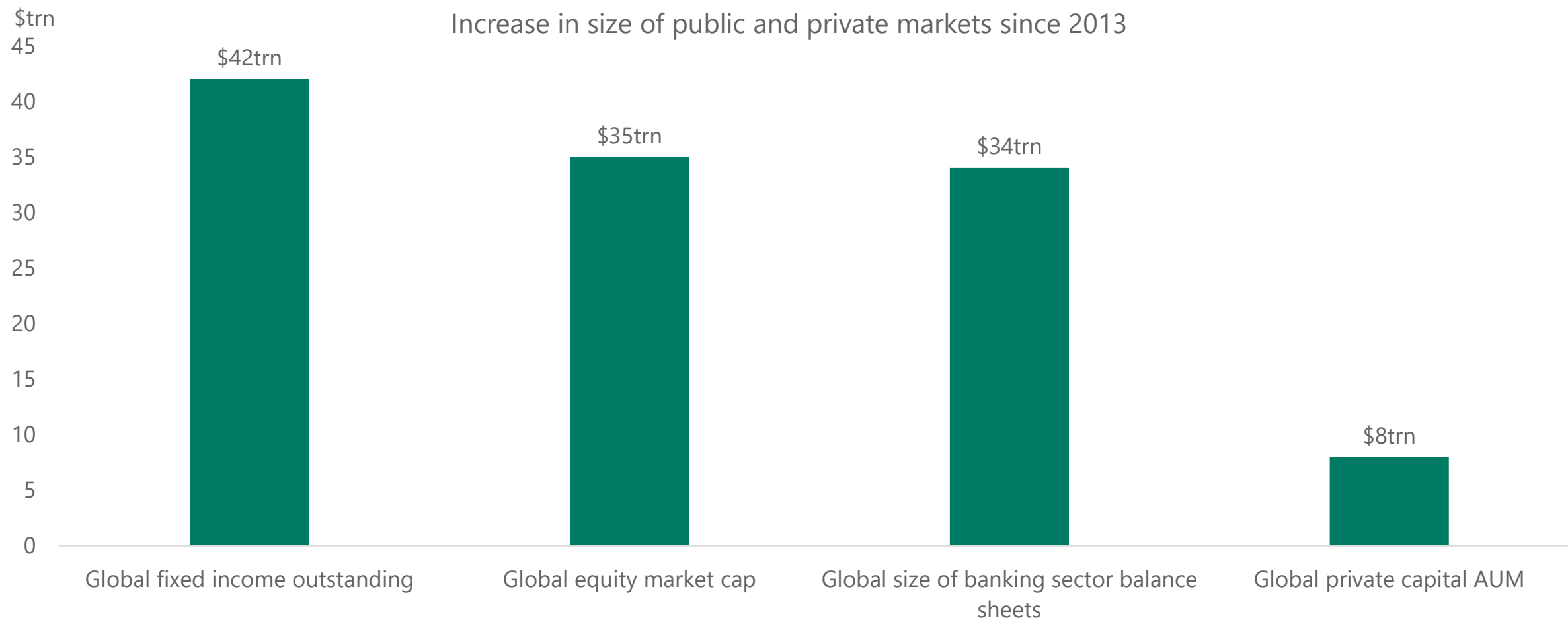
- Increase in the size of global private markets AUM over the past decade: \$8trn
- Increase in the size of global fixed income markets over the past decade: \$42trn
- Increase in the size of global equity market cap over the past decade: \$35trn
- Increase in the size of global banking sector balance sheets over the past decade: \$34trn

Private capital has over the past decade grown much slower than global financing markets

Comparing public and private markets

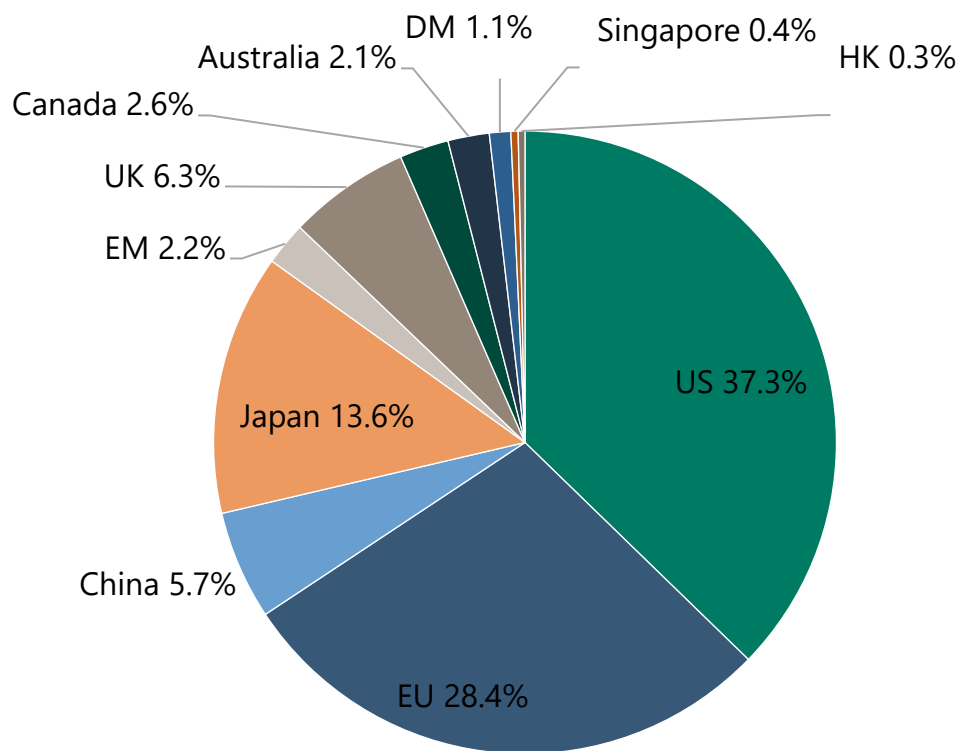


Comparing growth in public and private markets over the past decade

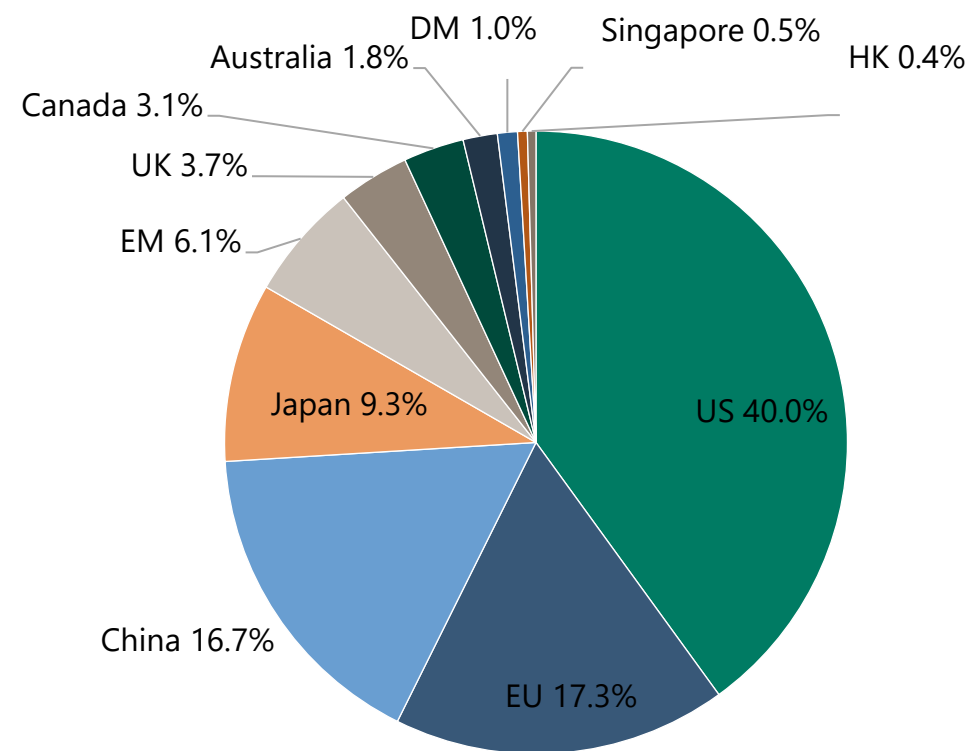


Global fixed income markets have grown \$42trn over the past decade

**Global fixed income outstanding
2013: \$87.8trn**

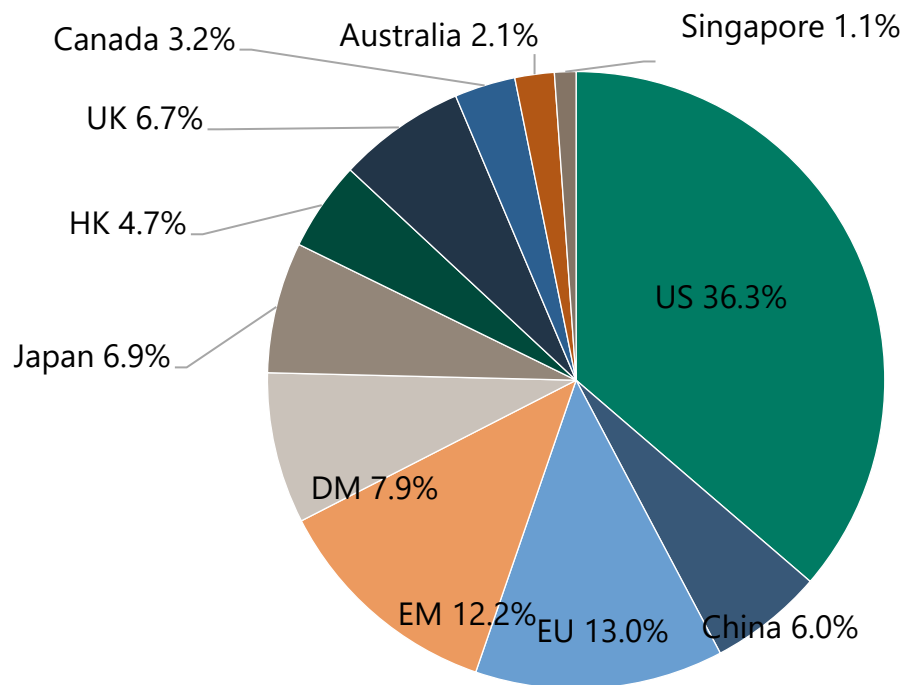


**Global fixed income outstanding
2022: \$129.8trn**

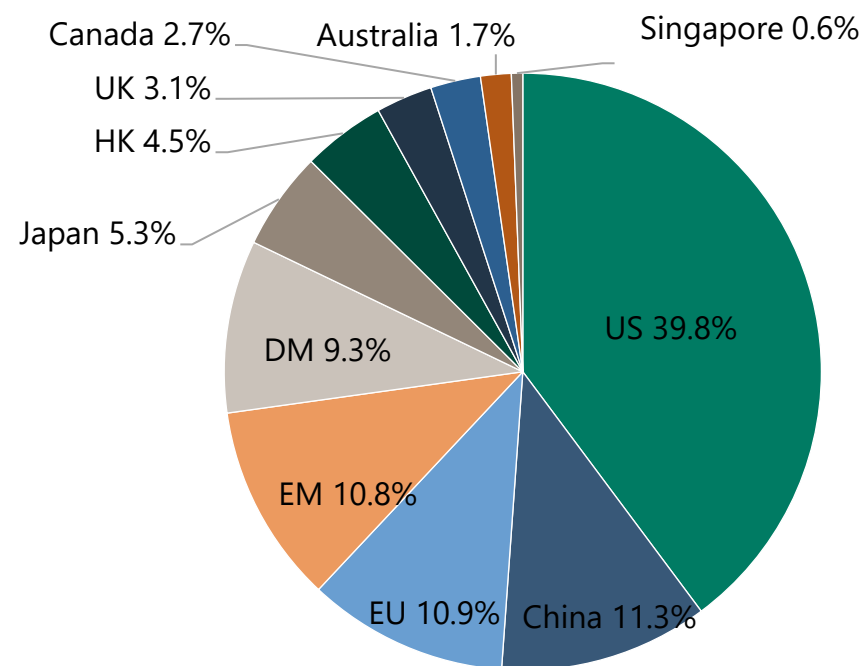


Global equity markets have grown \$35trn over the past decade

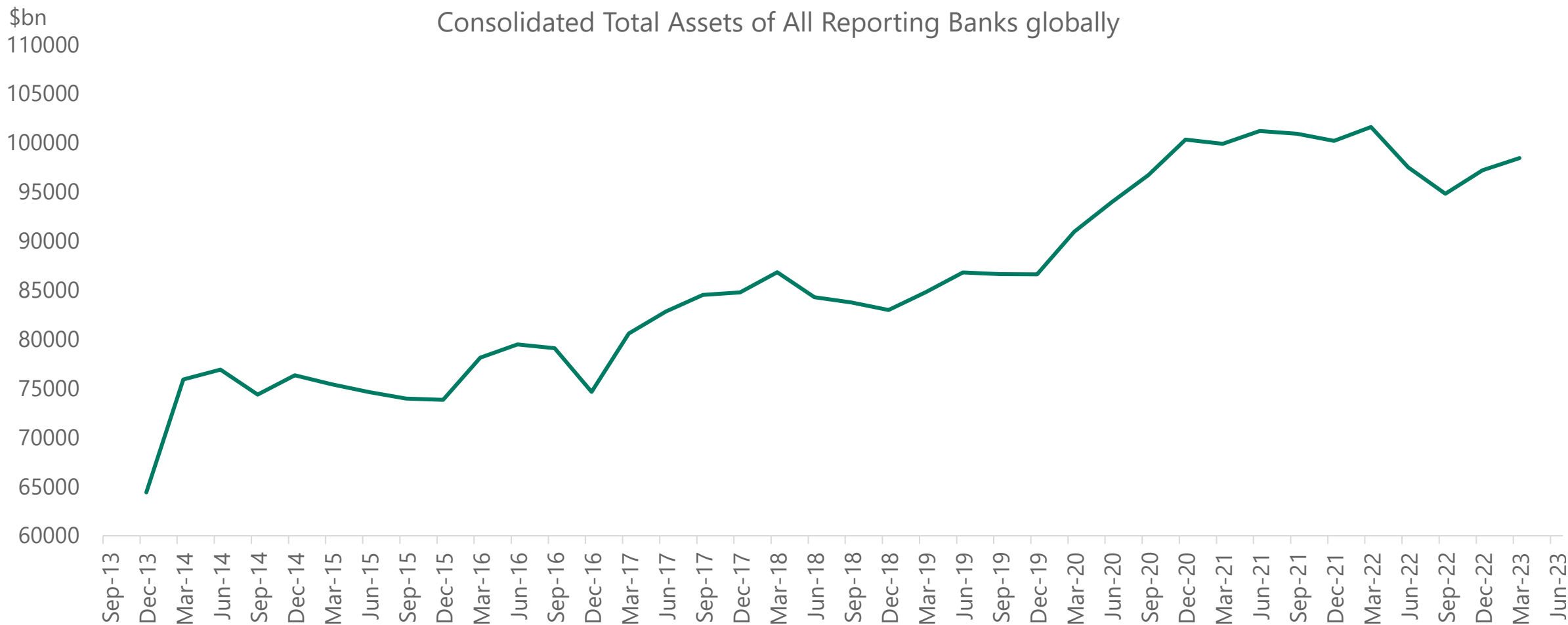
**Global equity market cap
2013: \$66.2trn**



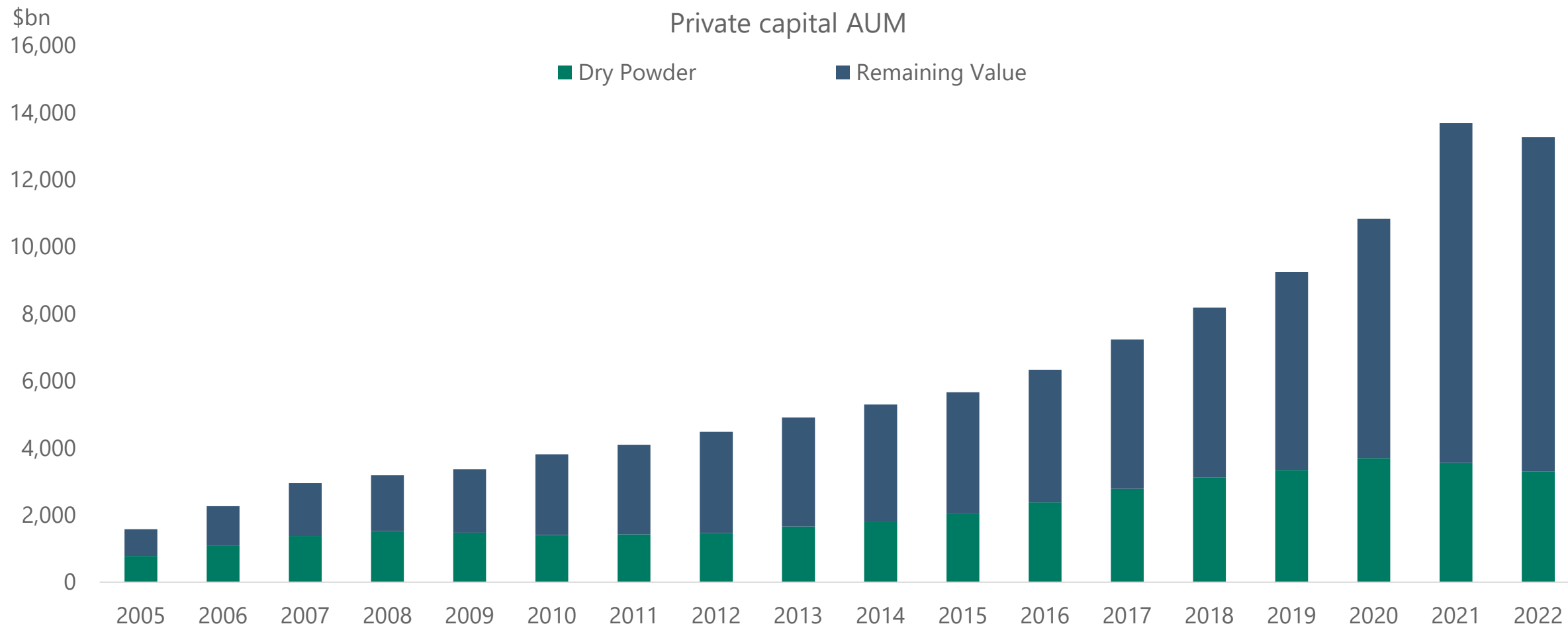
**Global equity market cap
2022: \$101.2T**



Total assets in the global banking sector have grown \$34trn over the past decade

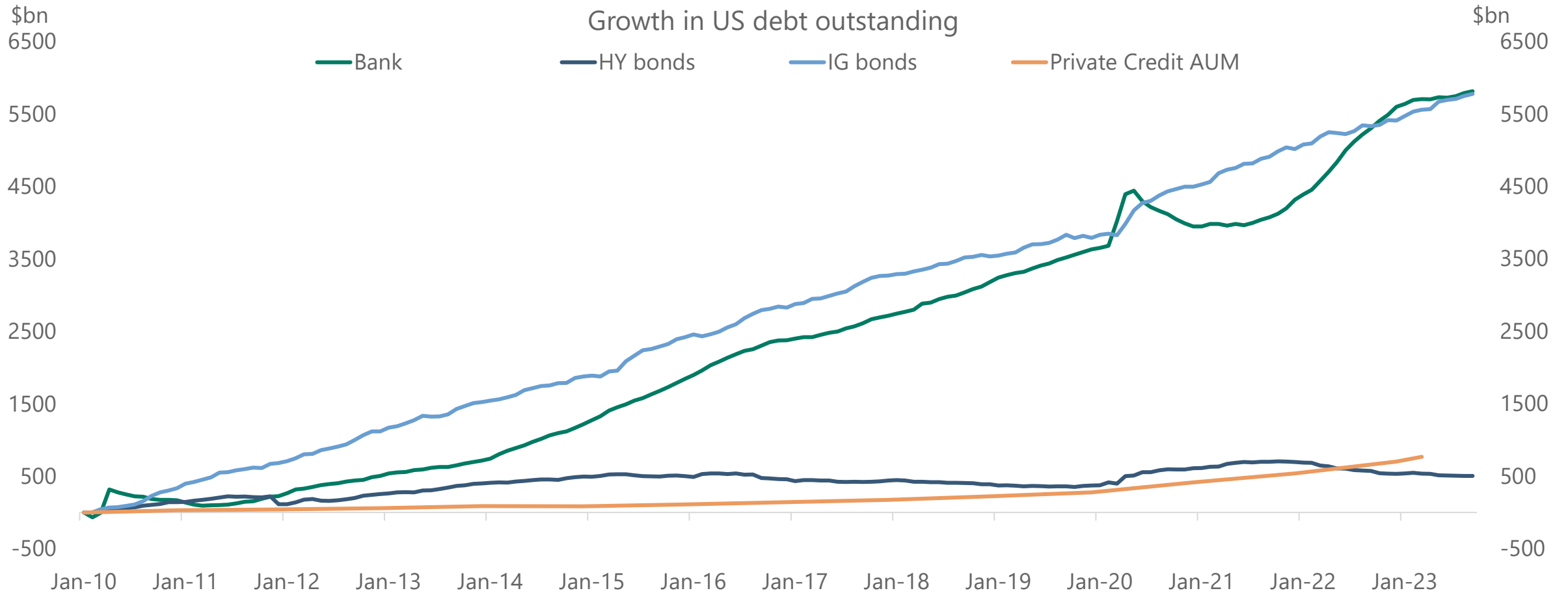


Global private capital markets have grown \$8trn over the past decade

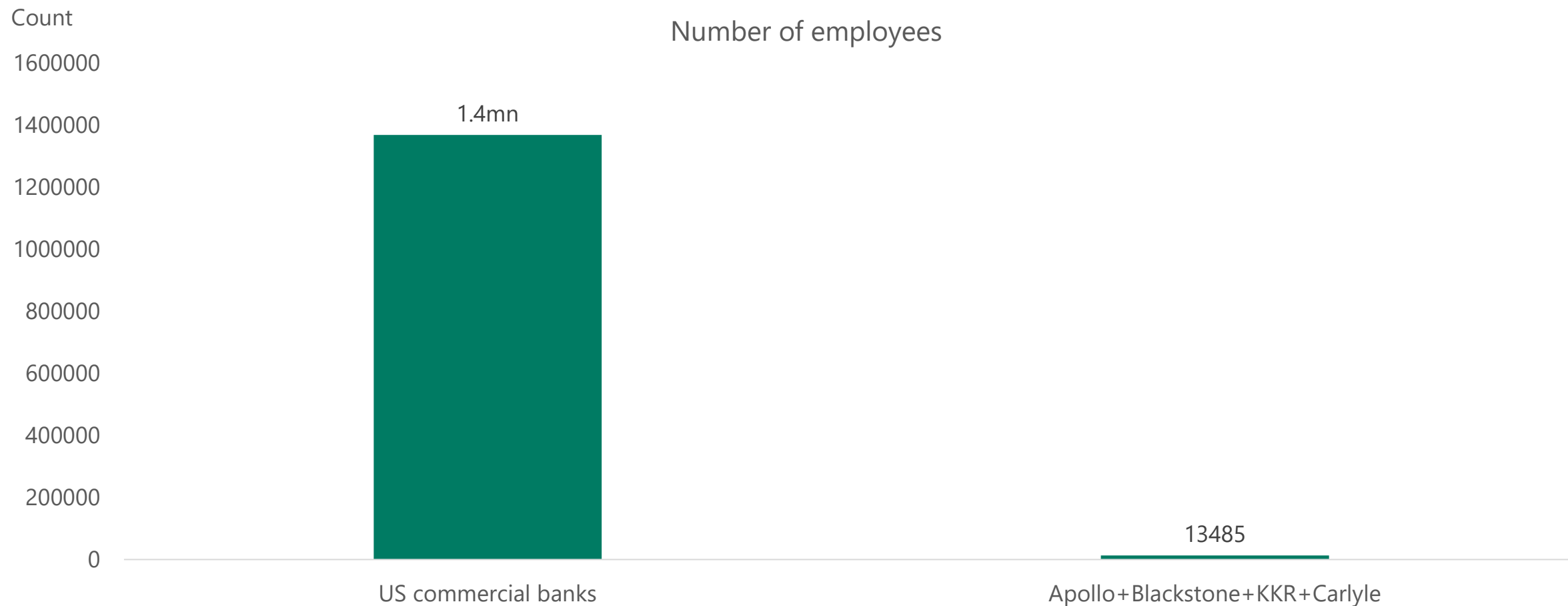


Source: Pitchbook, Apollo Chief Economist. Note: Data as of 31st December 2022

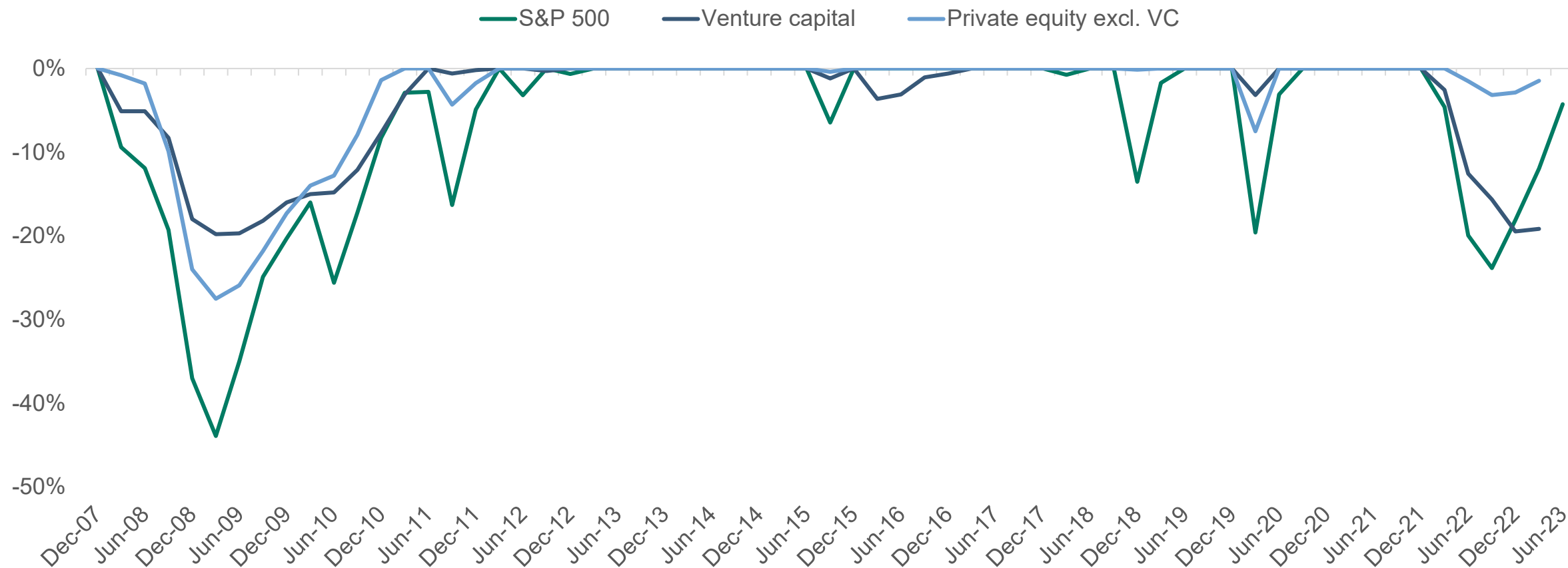
Since 2010, lending by banks has increased by \$5.5trn, IG markets have grown \$5.5trn, HY markets have grown \$500bn, and private credit AUM has increased by \$800bn.



Total employment in US commercial banks: 1.4mn



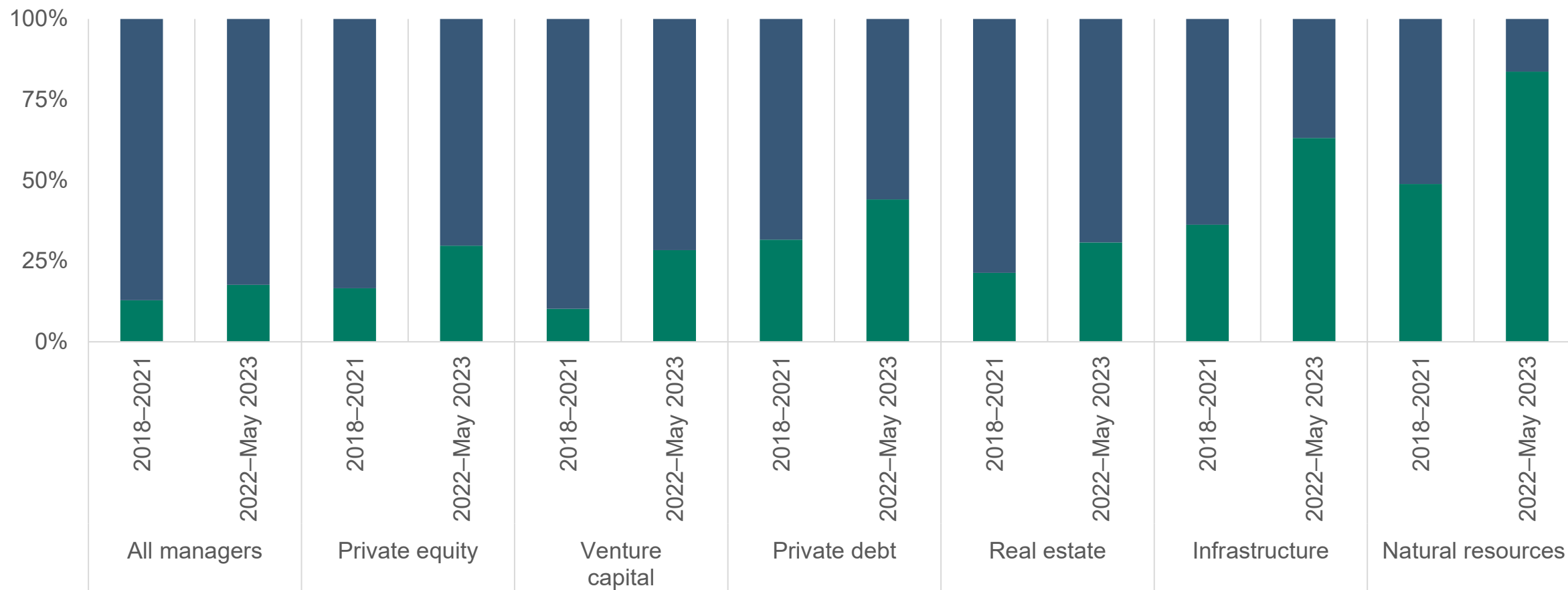
Public and private market drawdown periods, since GFC



Percentage of private capital funds raised by the 10 largest managers

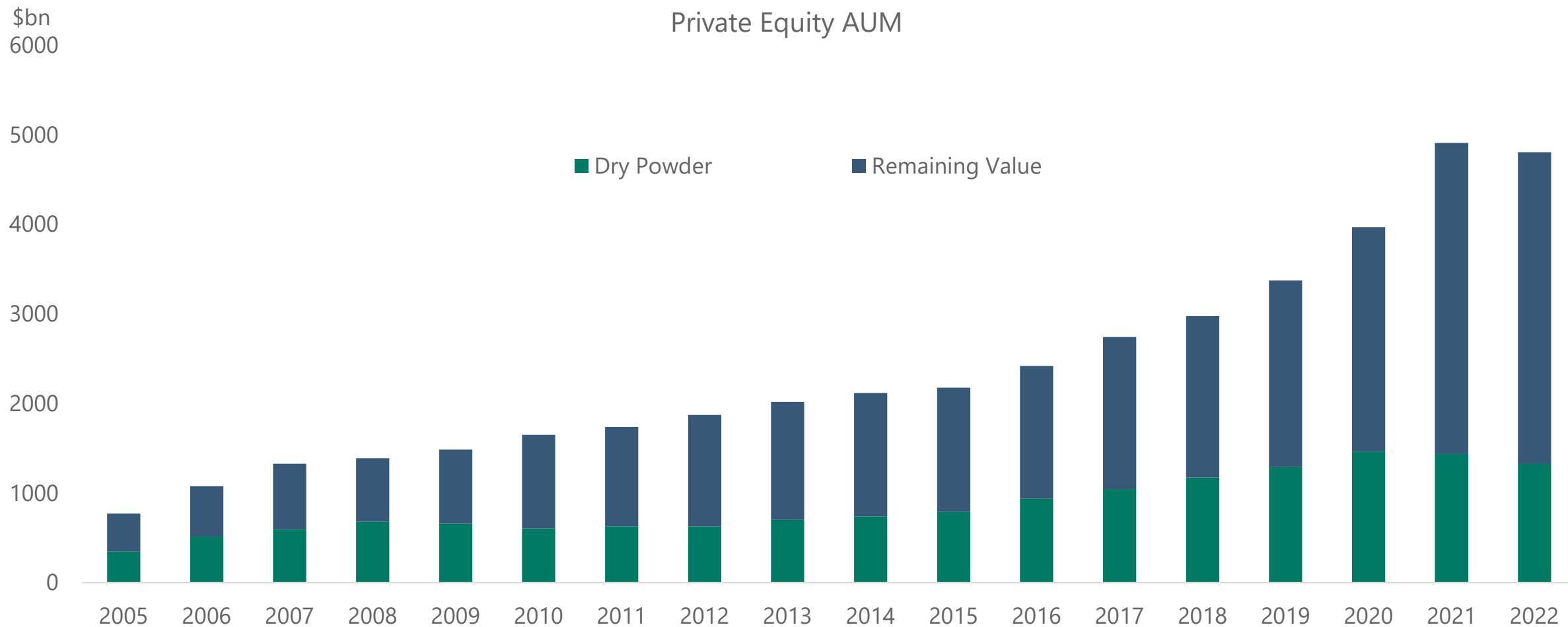
% of funds raised

■ 10 largest managers ■ Other managers

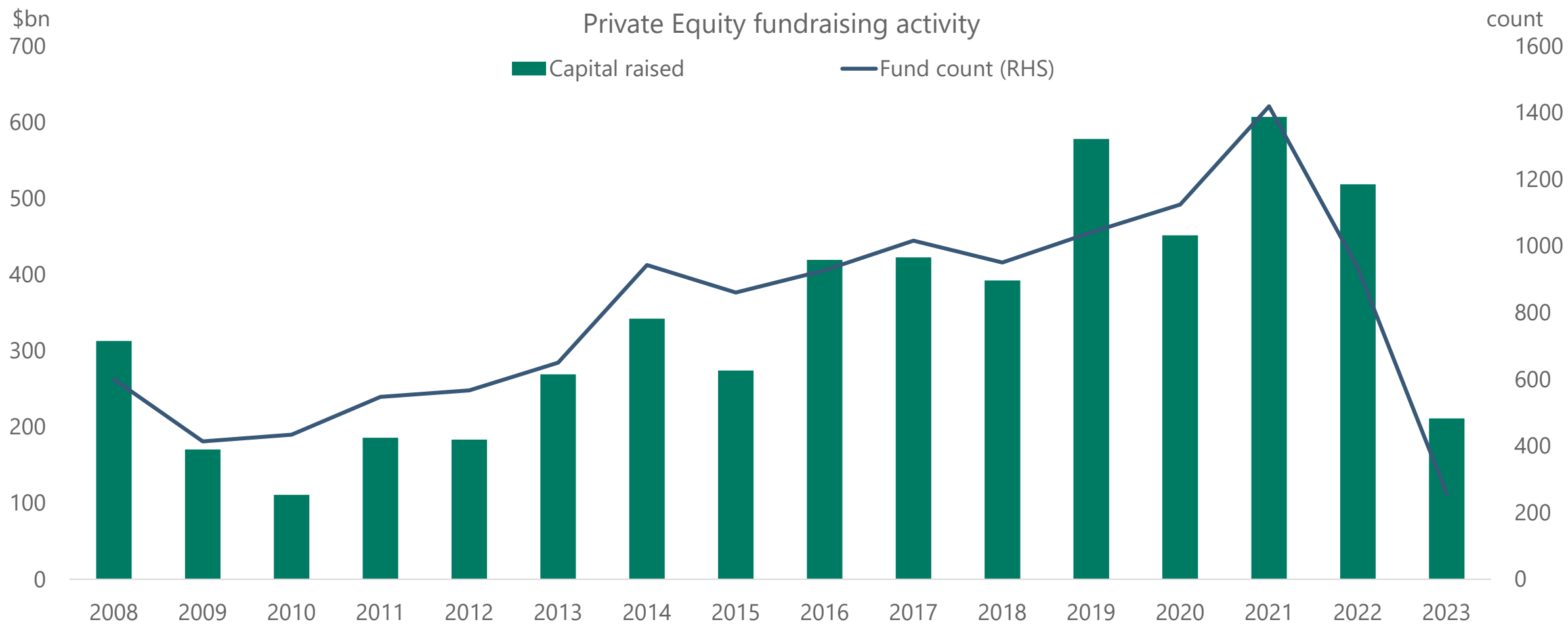


Private equity

Global private equity AUM is around \$5trn

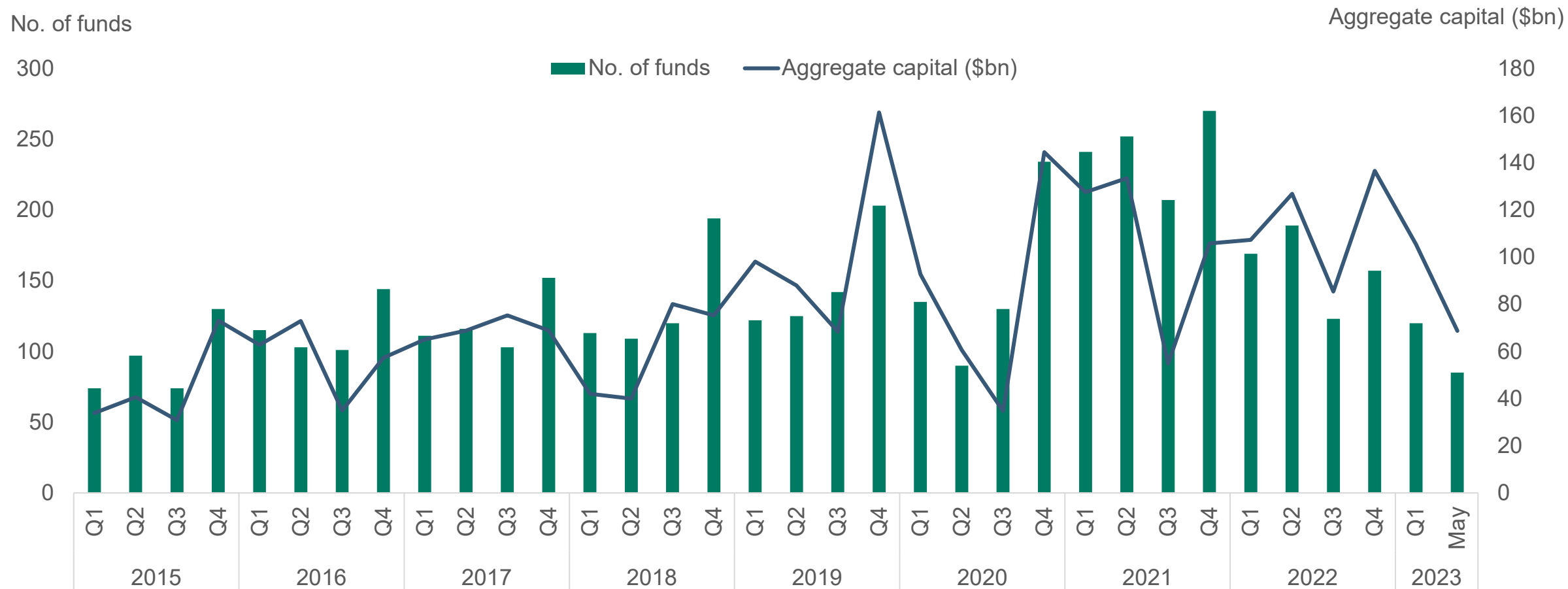


Fundraising activity

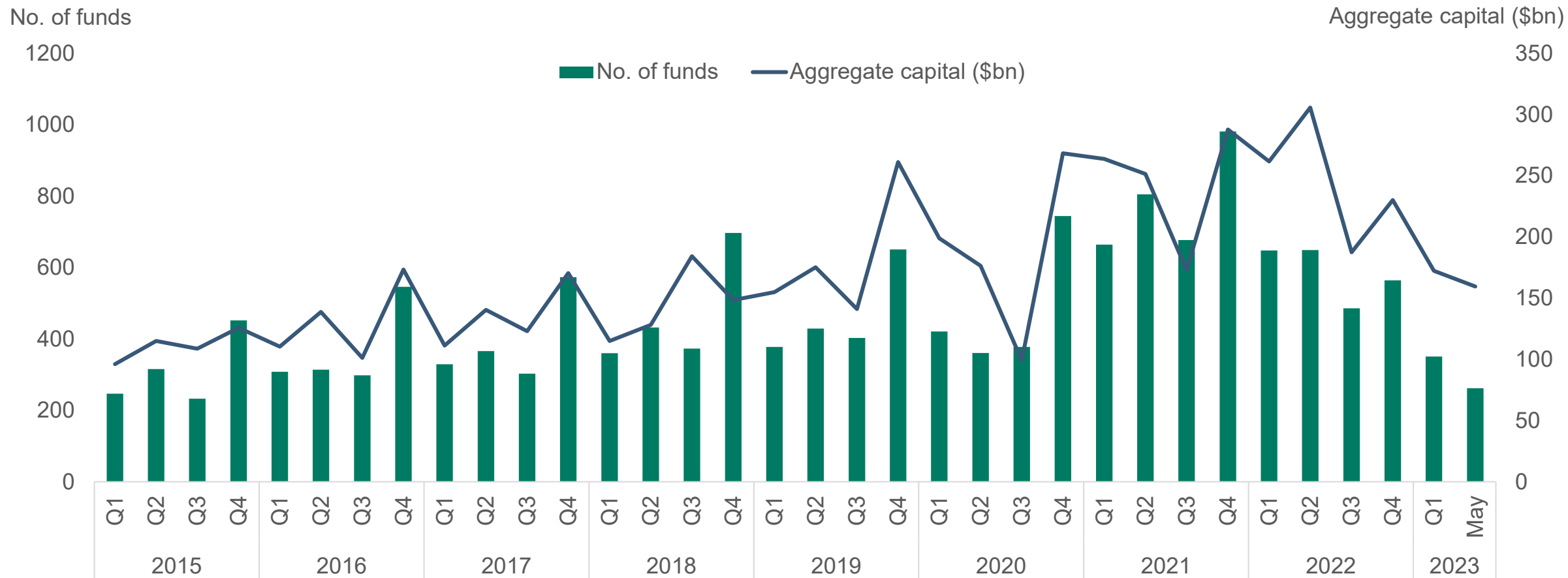


Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th June 2023

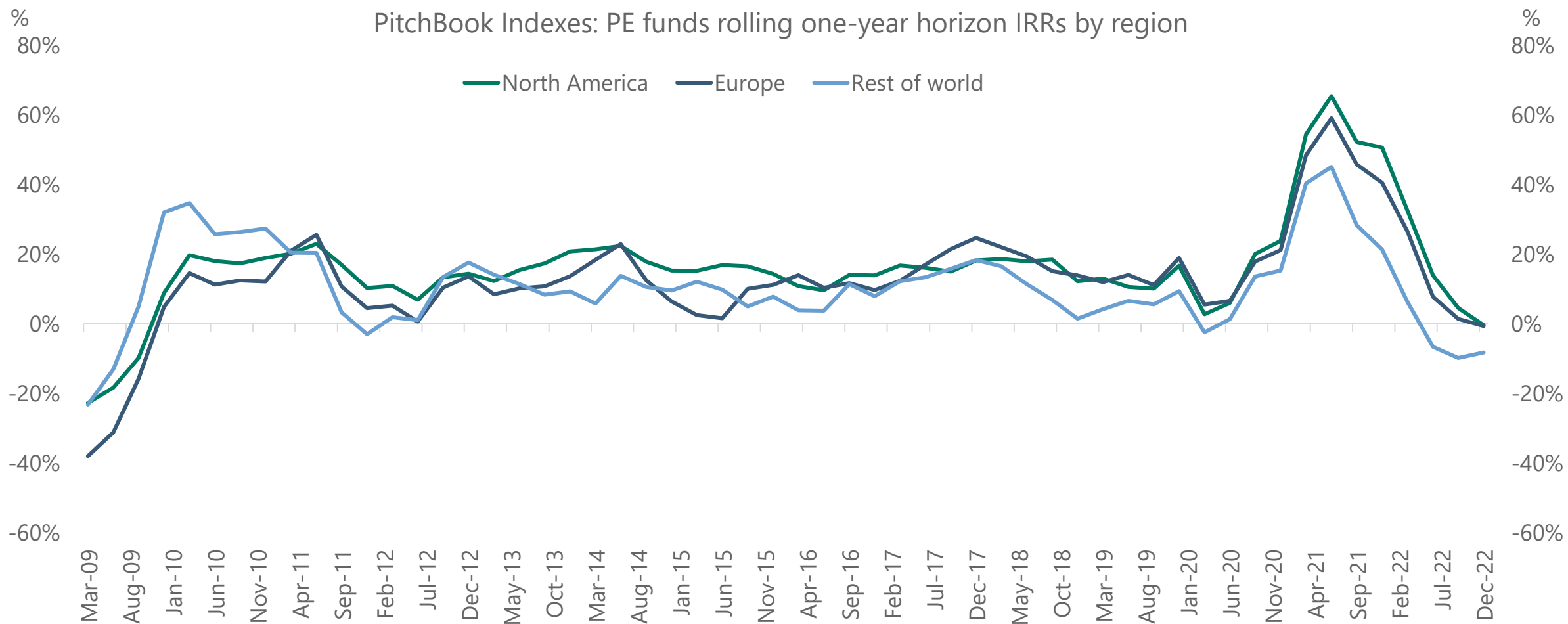
North America private equity more concentrated



Fundraising trending lower

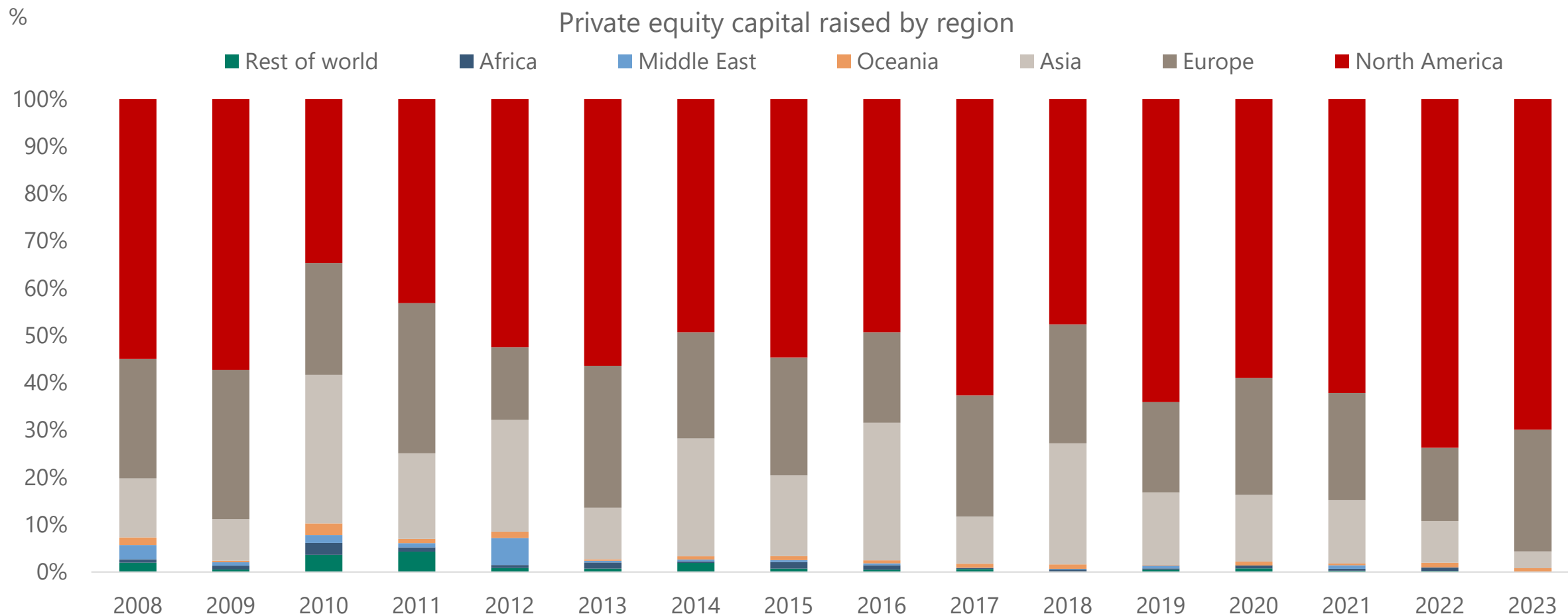


Private Equity returns, by region



Source: Pitchbook, Apollo Chief Economist. Note: Data as of 31st December 2022

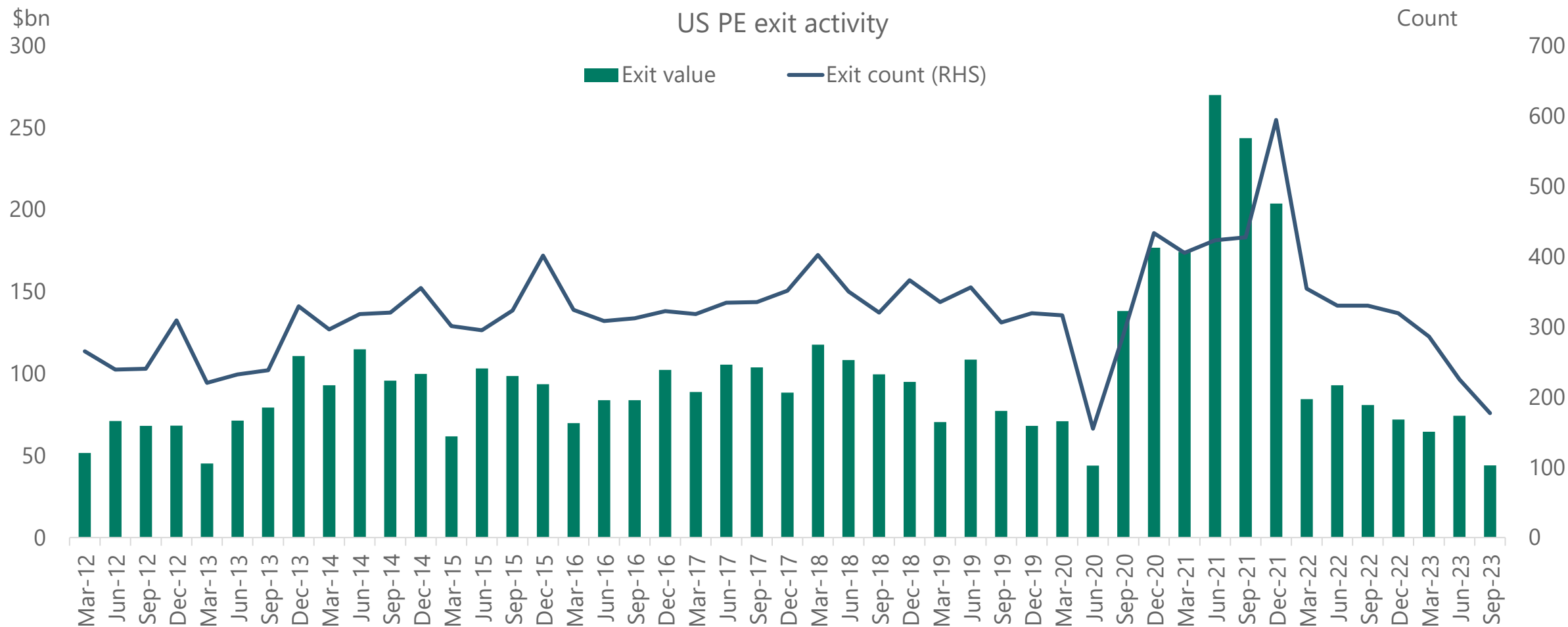
70% of global private equity capital is raised in North America



Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th June 2023

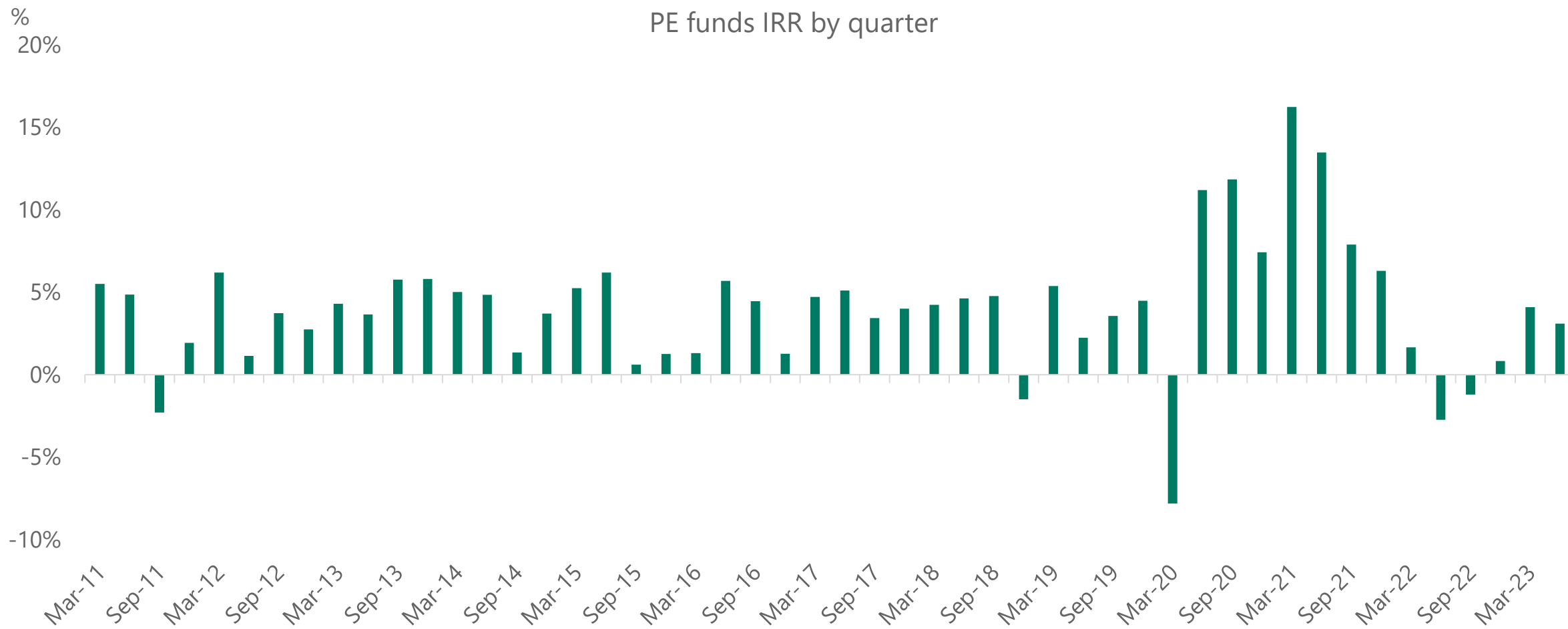
PE deal activity

PE exit activity falling



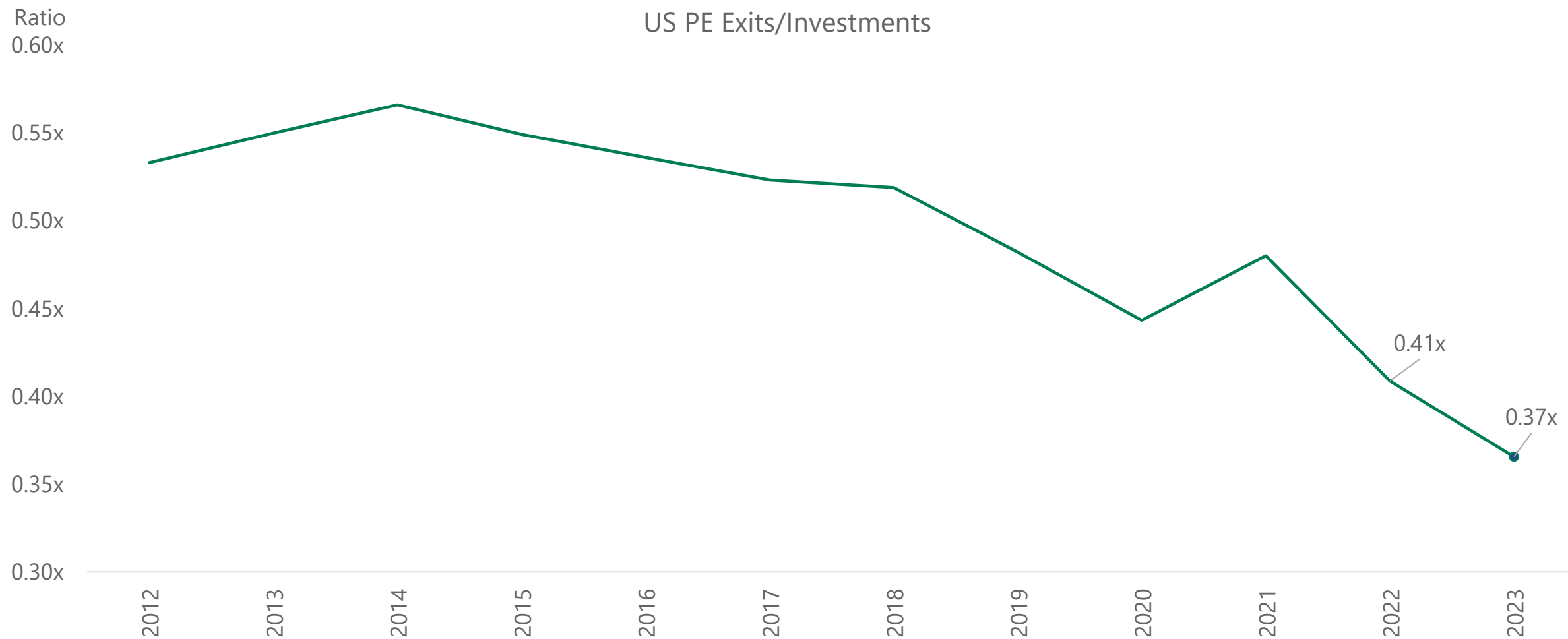
Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th September 2023

PE funds IRR

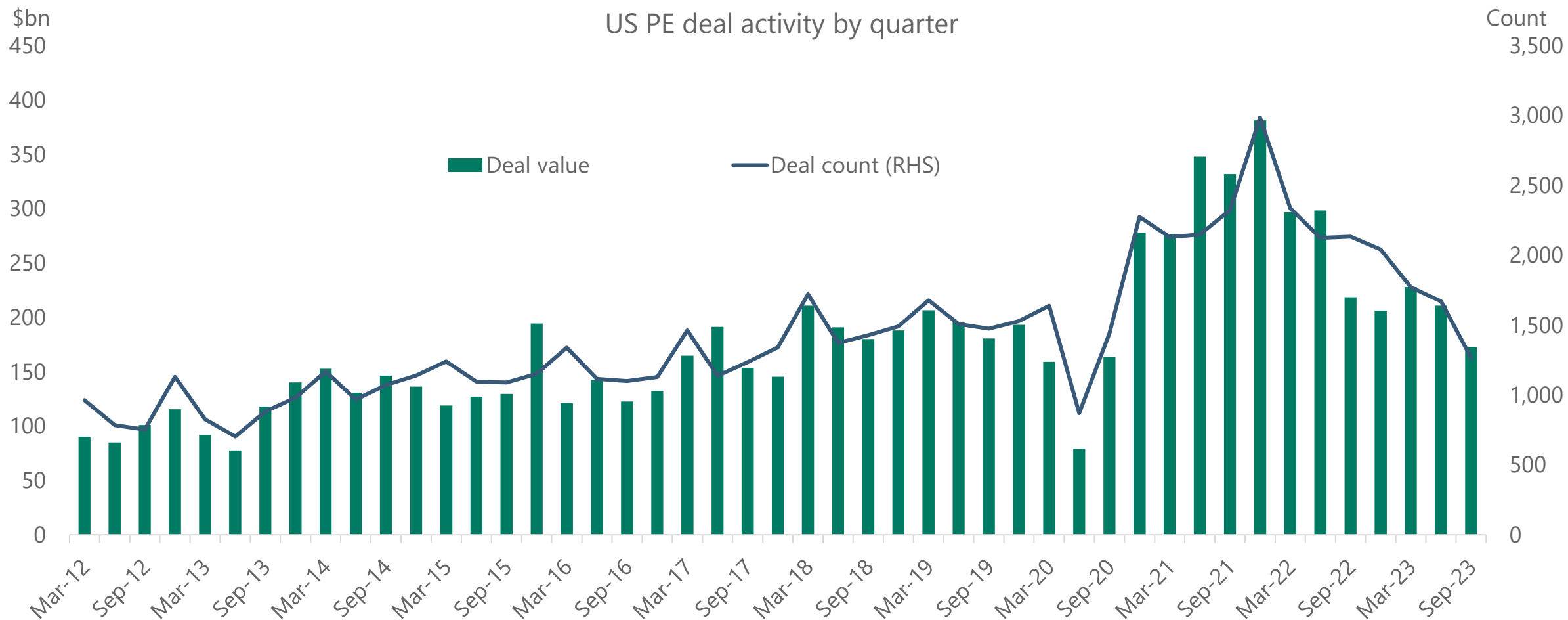


Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th June 2023

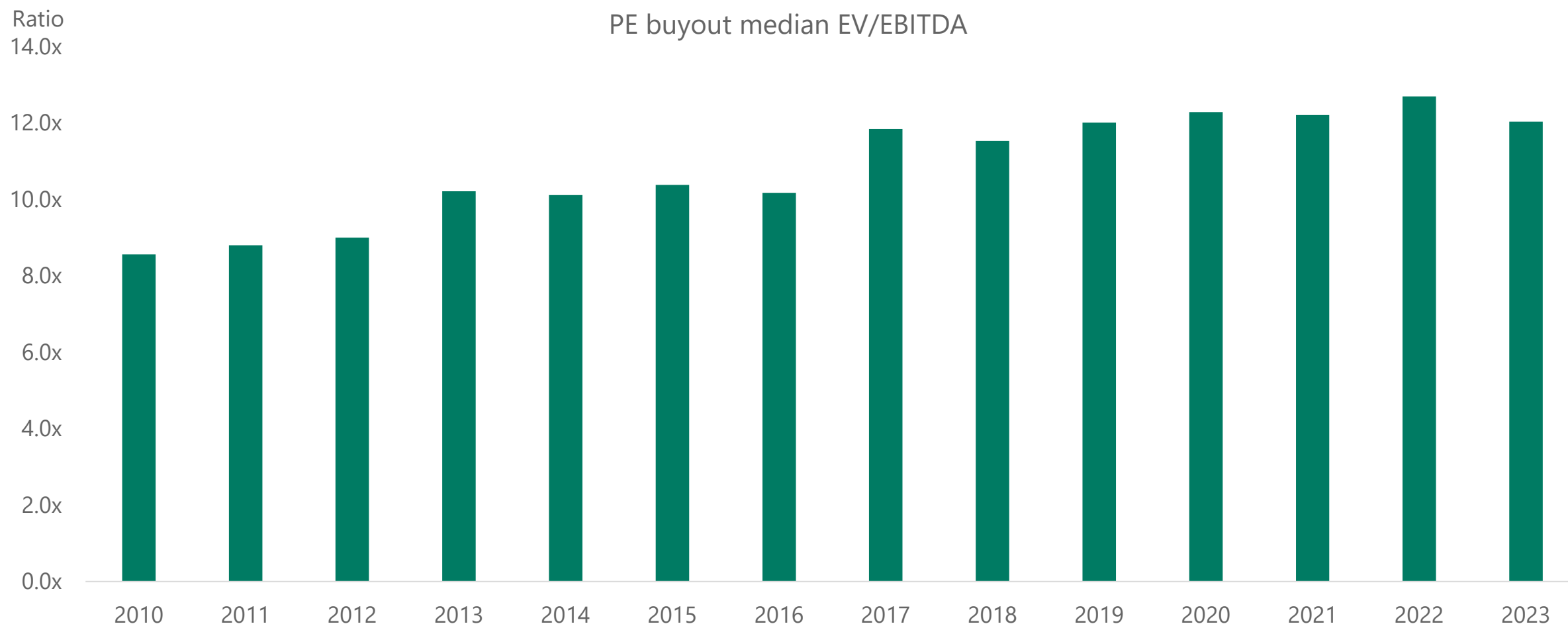
The exits to investments ratio is declining



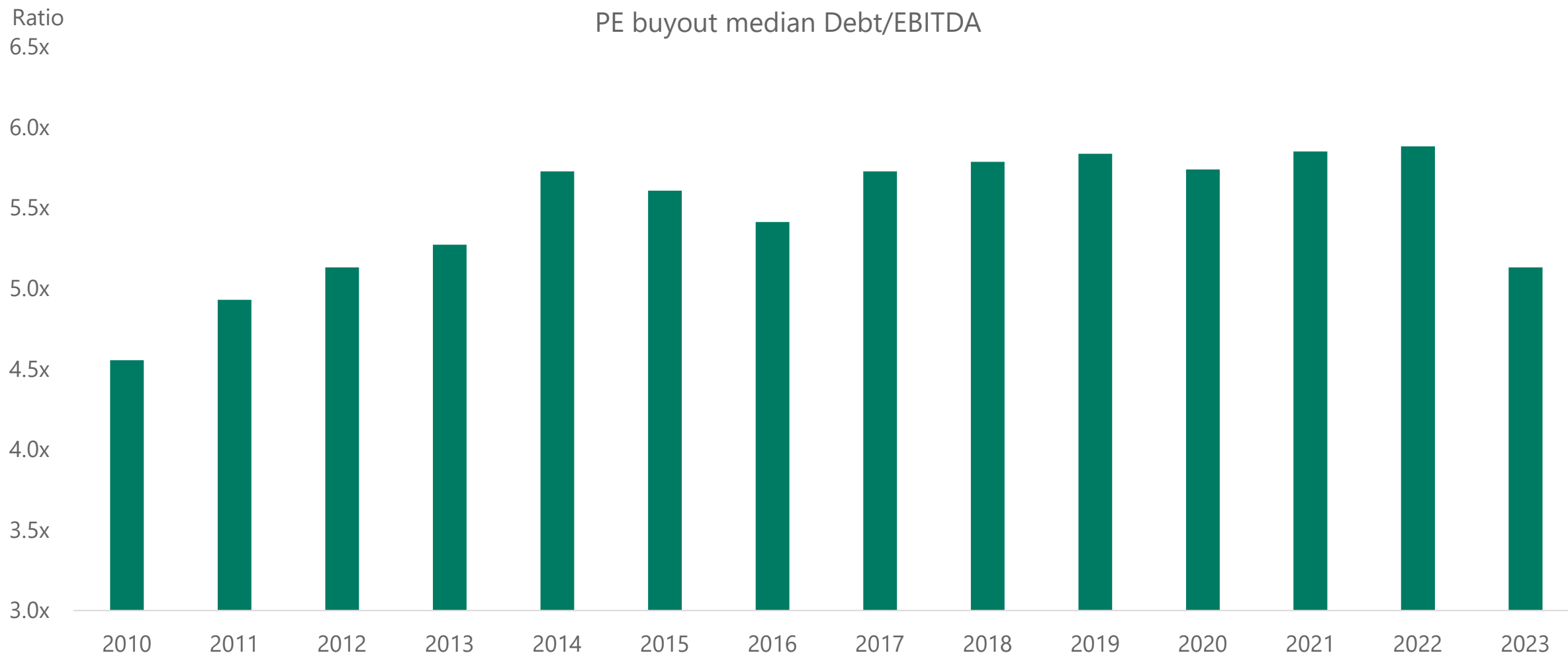
US PE deal activity



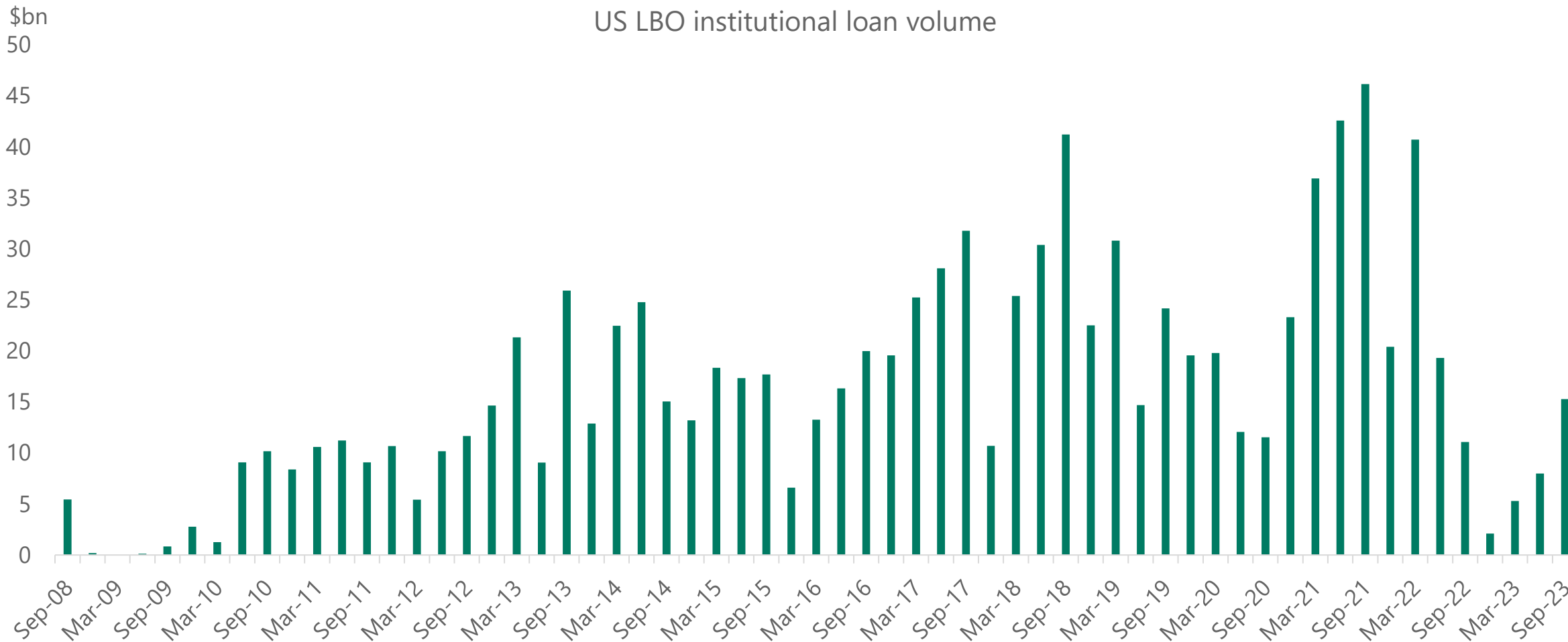
Median EV/EBITDA ratio



Median Debt/EBITDA has fallen in 2023



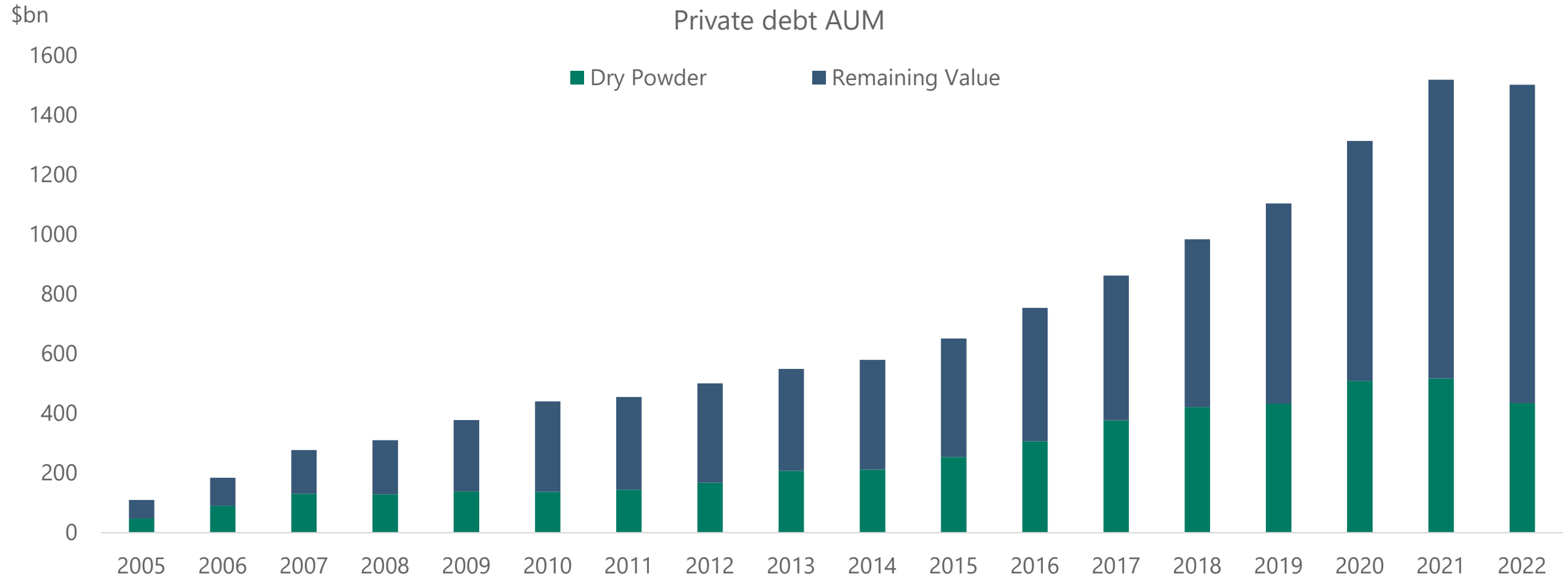
LBO loan volume



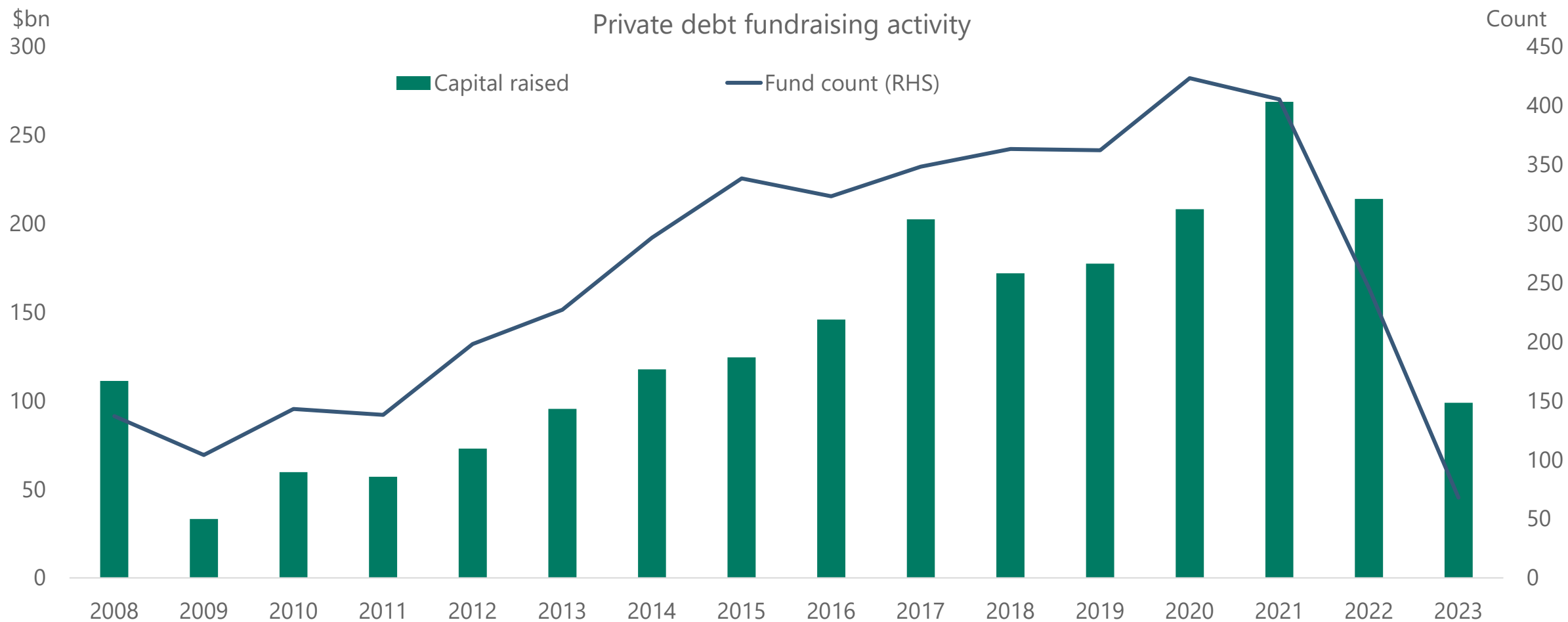
Source: Pitchbook, LCD Apollo Chief Economist. Note: Data as of 30th September 2023

Private credit

About \$1.5trn in private credit globally, of which \$400bn is dry powder

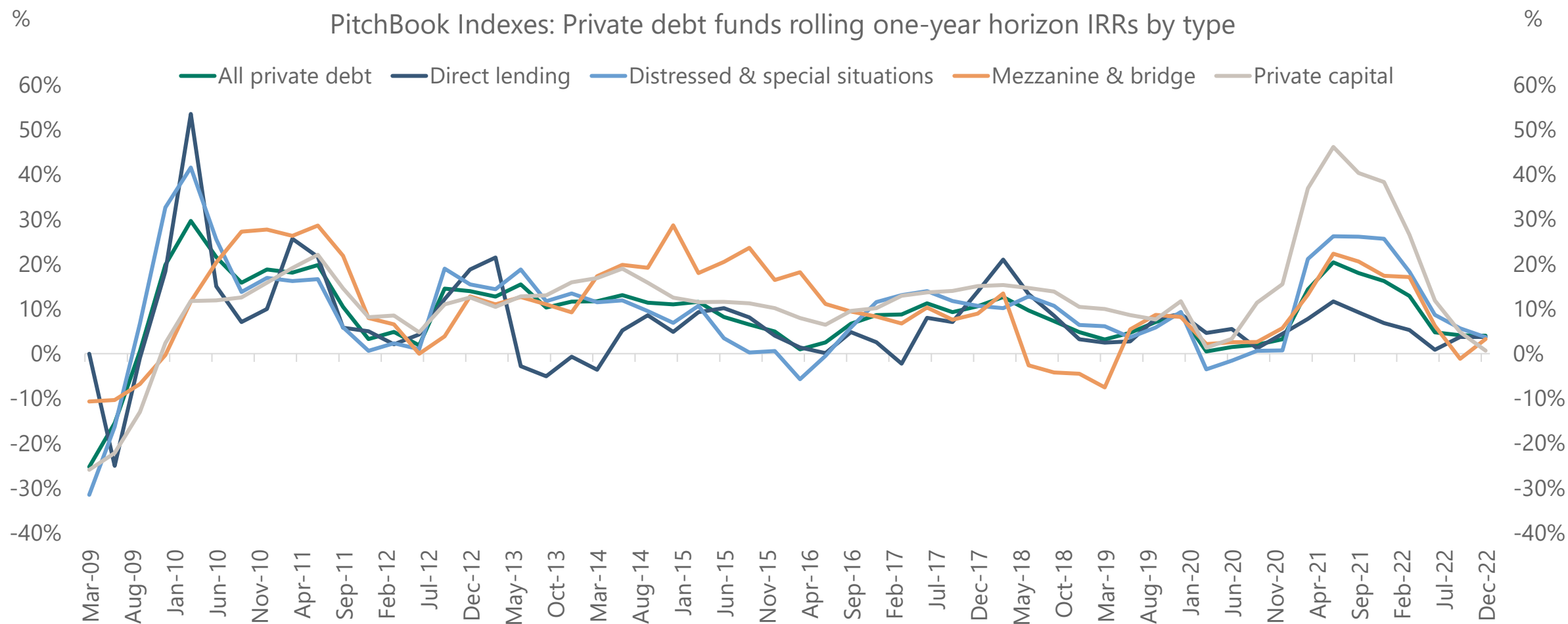


Private debt fundraising



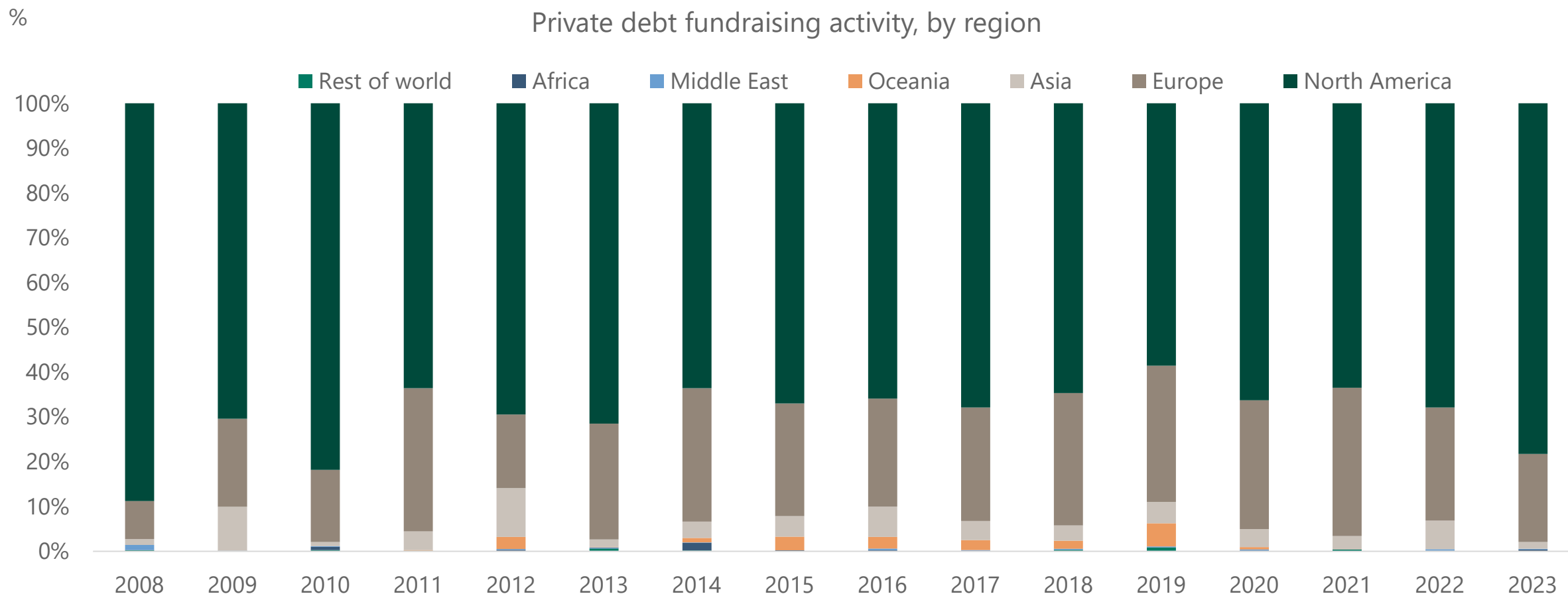
Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th June 2023

Private debt returns by strategy

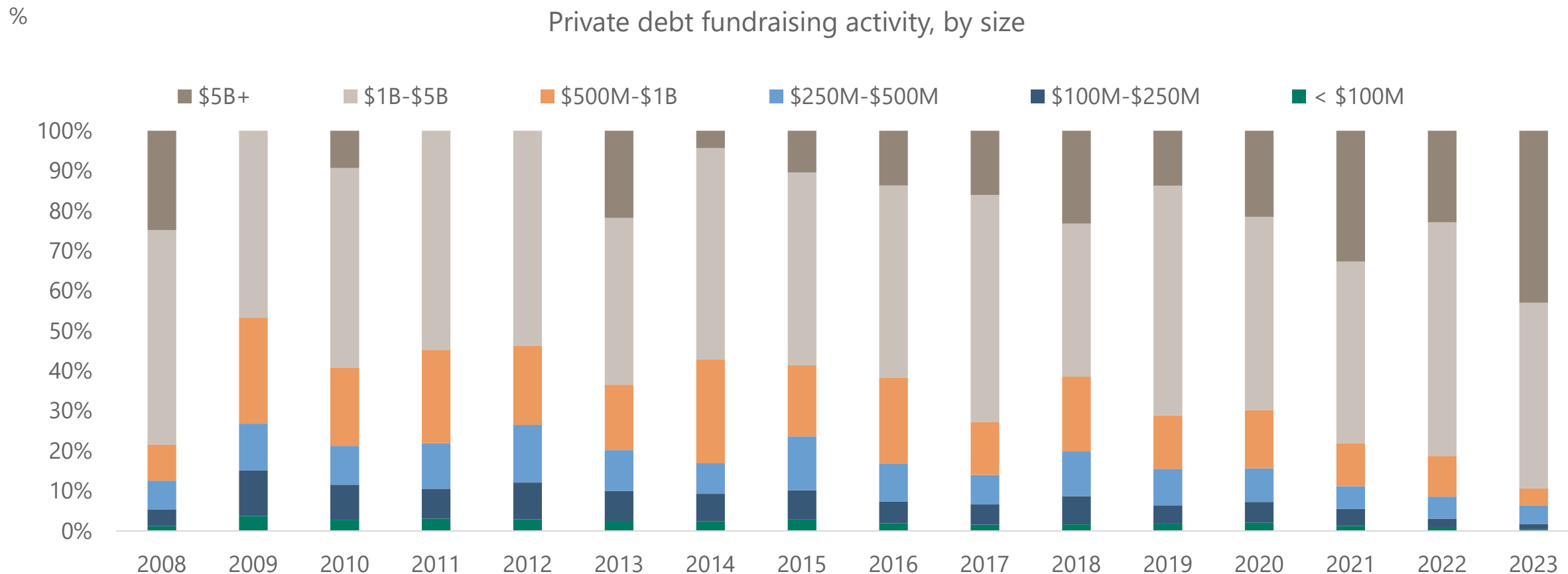


Source: Pitchbook, Apollo Chief Economist. Note: Data as of 31st December 2022

Private debt fundraising activity, by region

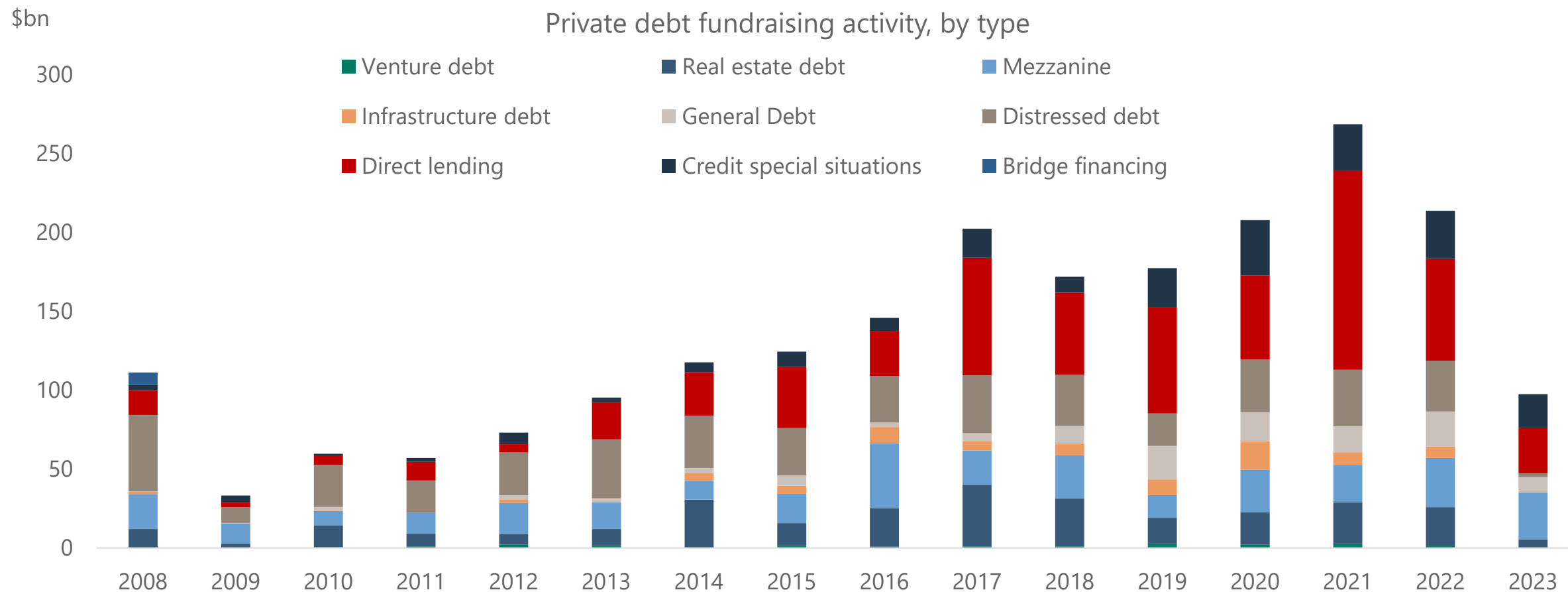


Private debt fundraising activity, by size



Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th June 2023

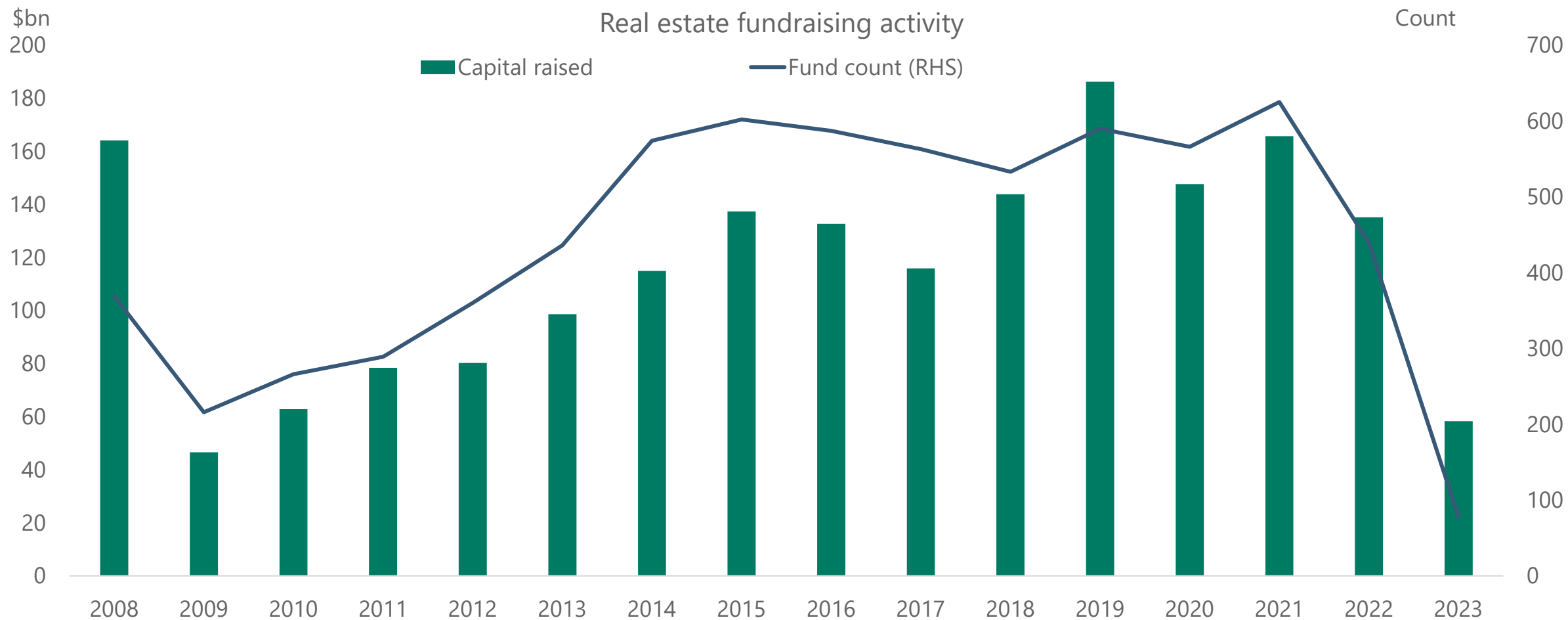
Private debt fundraising activity, by type



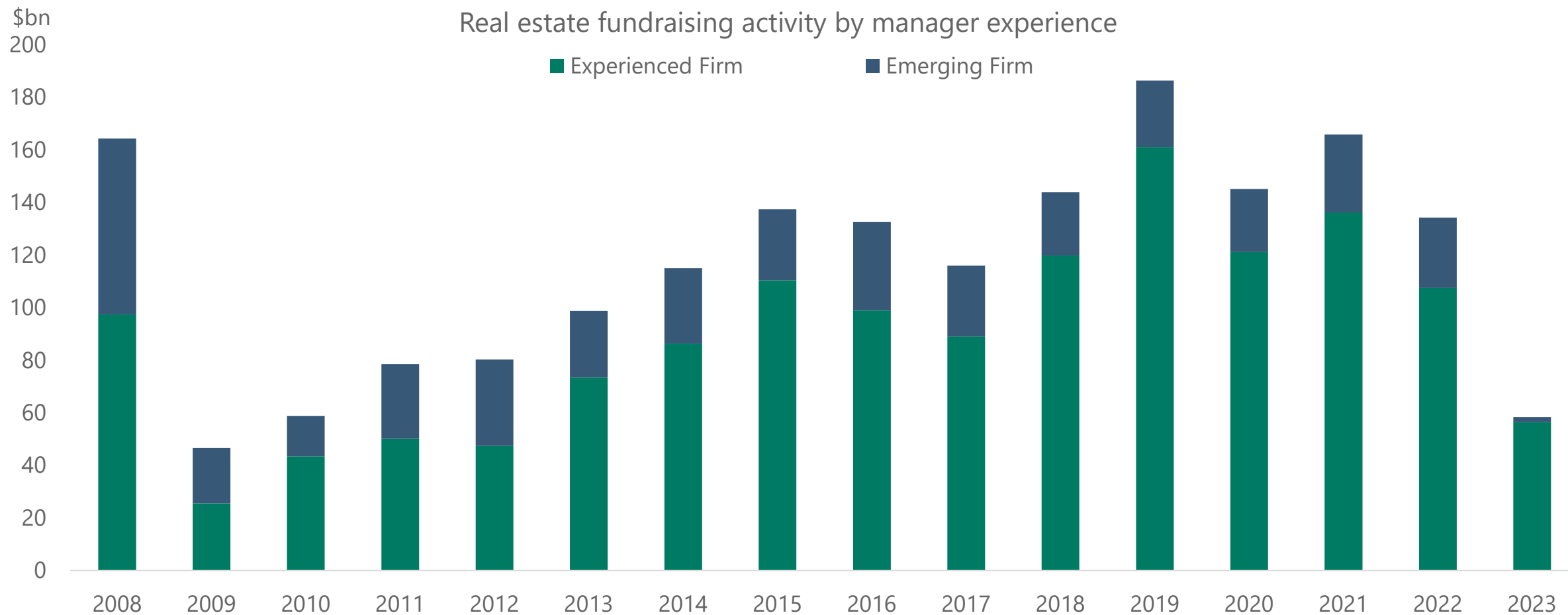
Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th June 2023

Real estate

Real estate fundraising activity

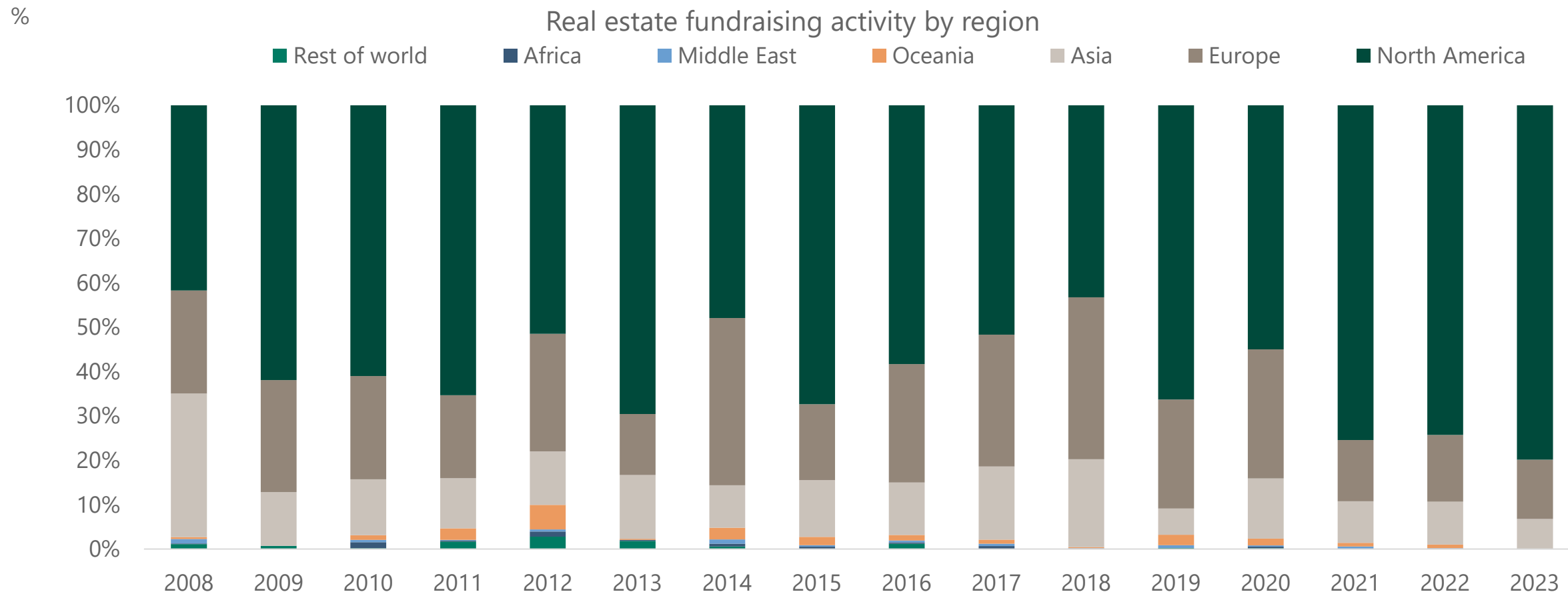


Real estate fundraising led by experienced firms



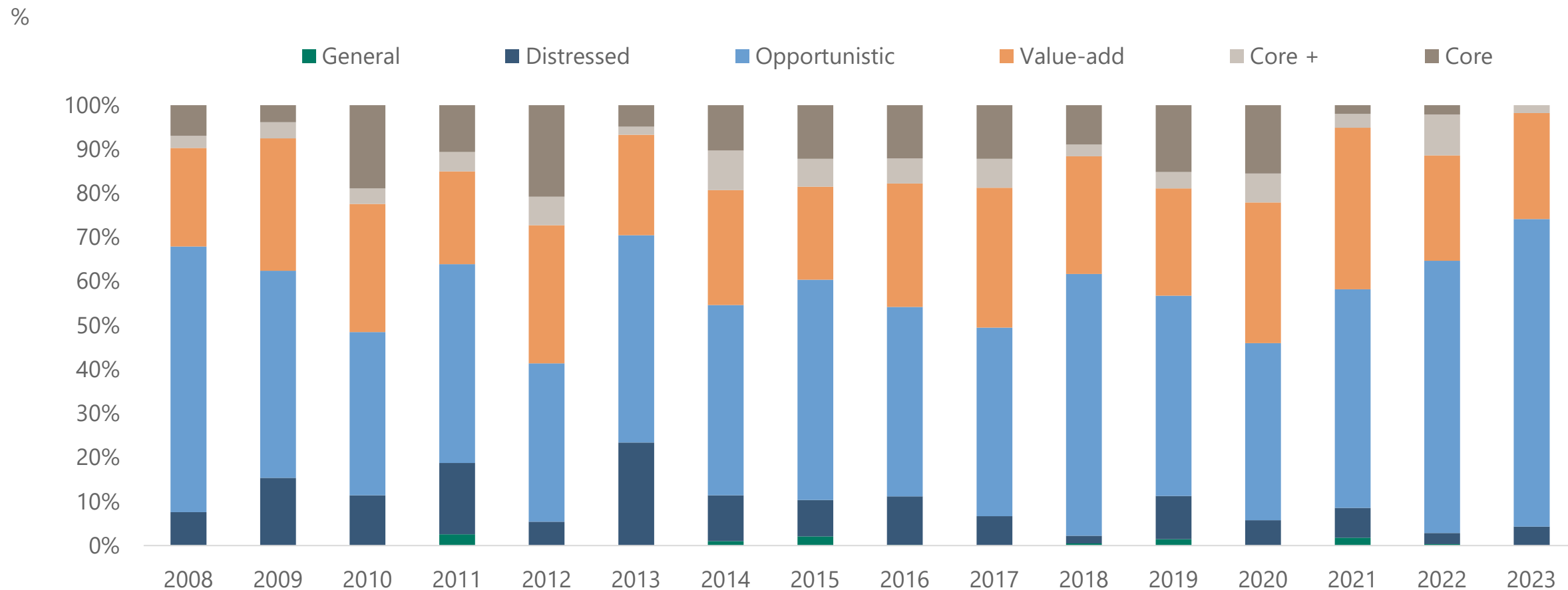
Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th June 2023

80% of real estate fundraising is in North America



Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th June 2023

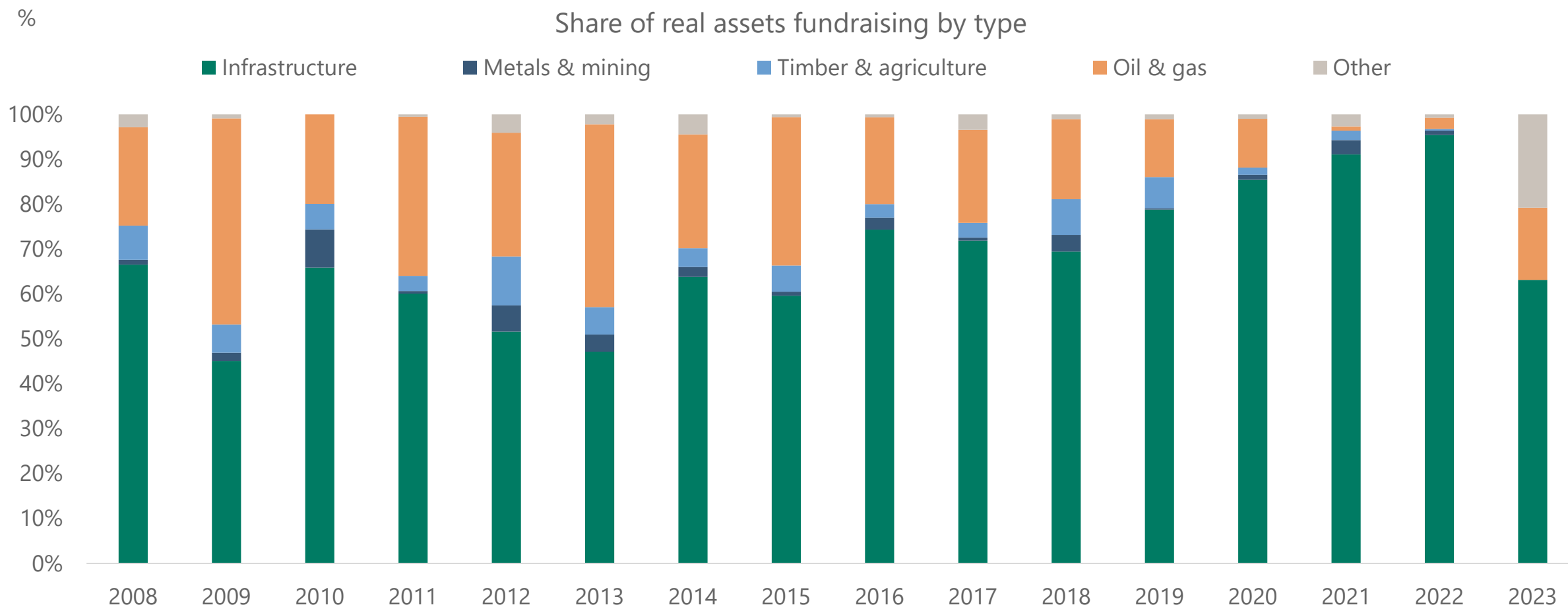
Real estate fundraising activity by type



Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th June 2023

Real assets

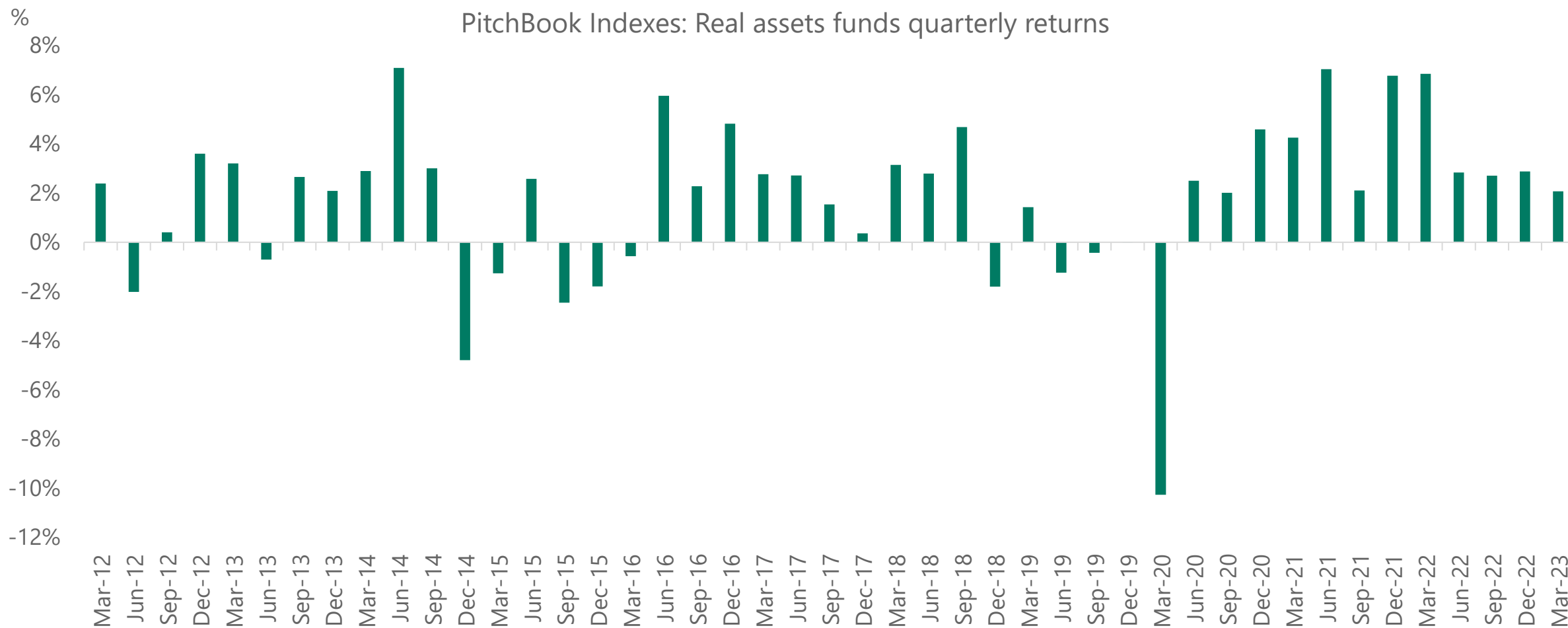
Real assets is mainly infrastructure



Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th June 2023

Real assets performance

PitchBook Indexes: Real assets funds quarterly returns



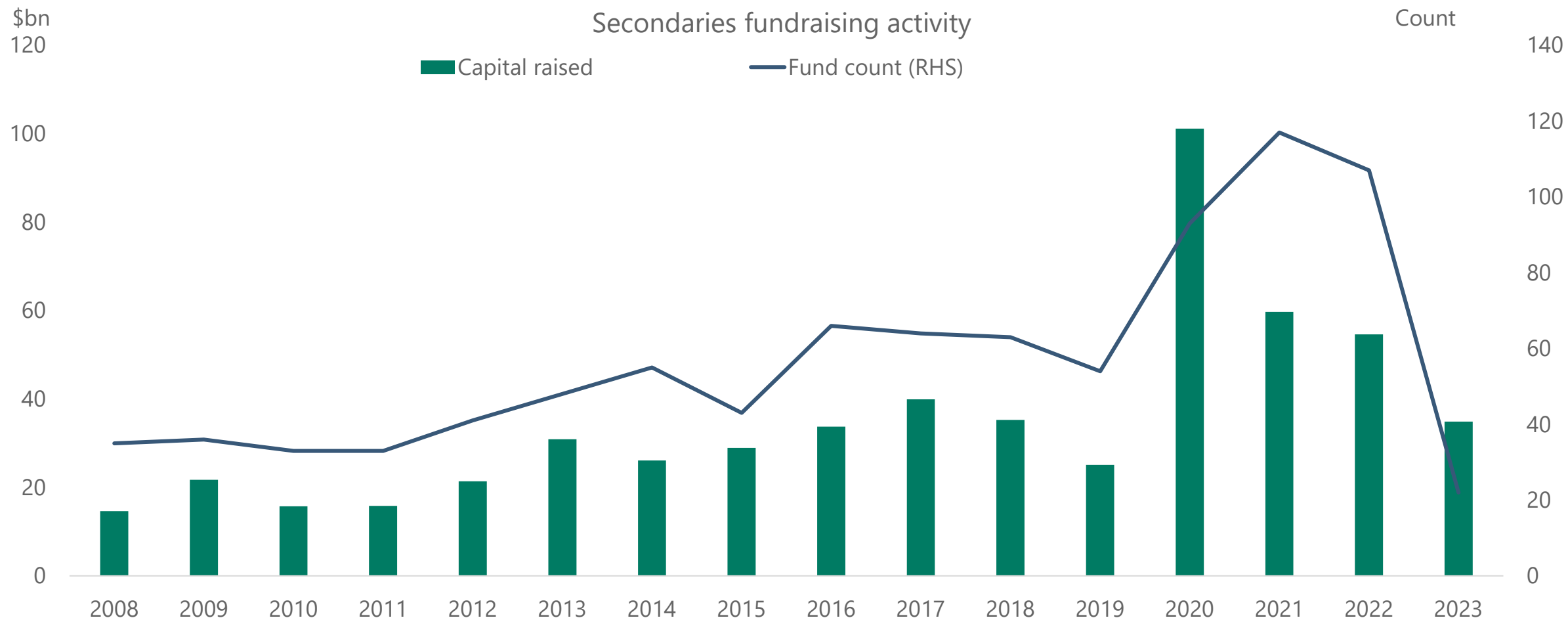
Source: Pitchbook, Apollo Chief Economist. Note: Q12023 preliminary figure

Secondaries

Secondaries performance

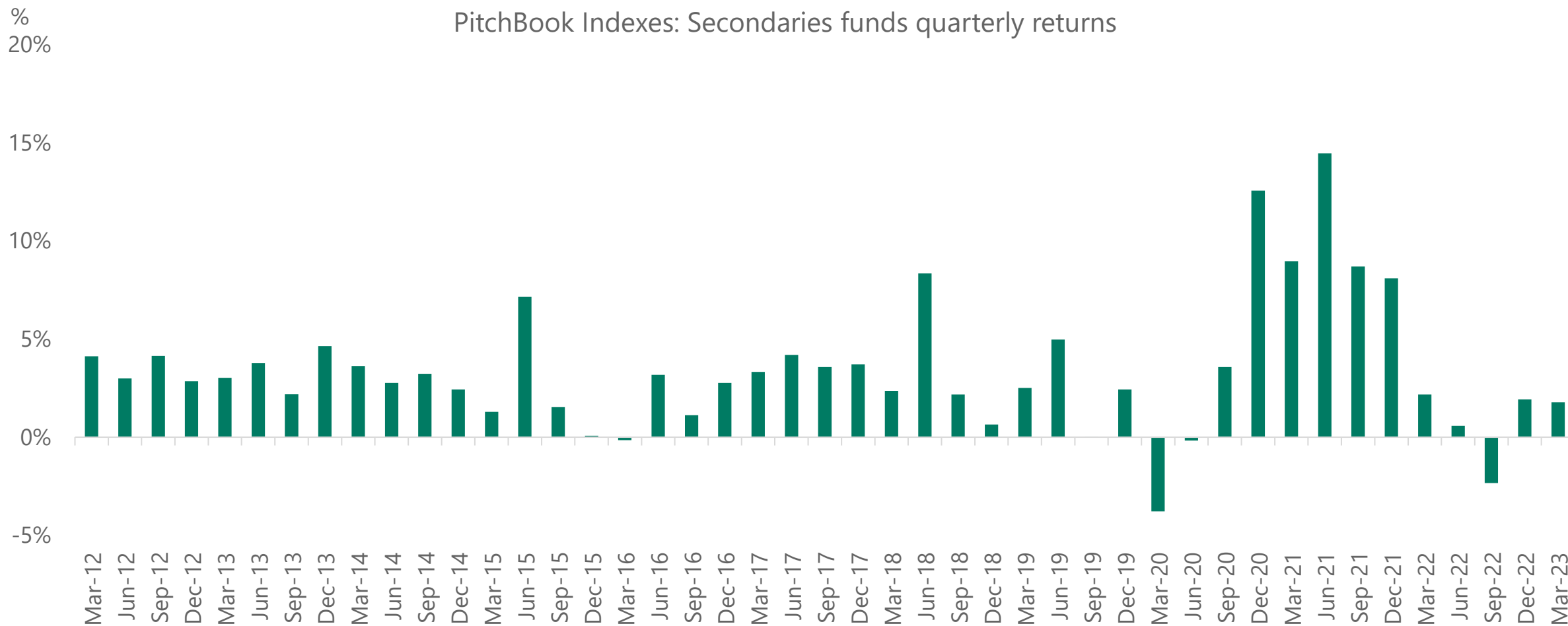


Secondaries fundraising activity



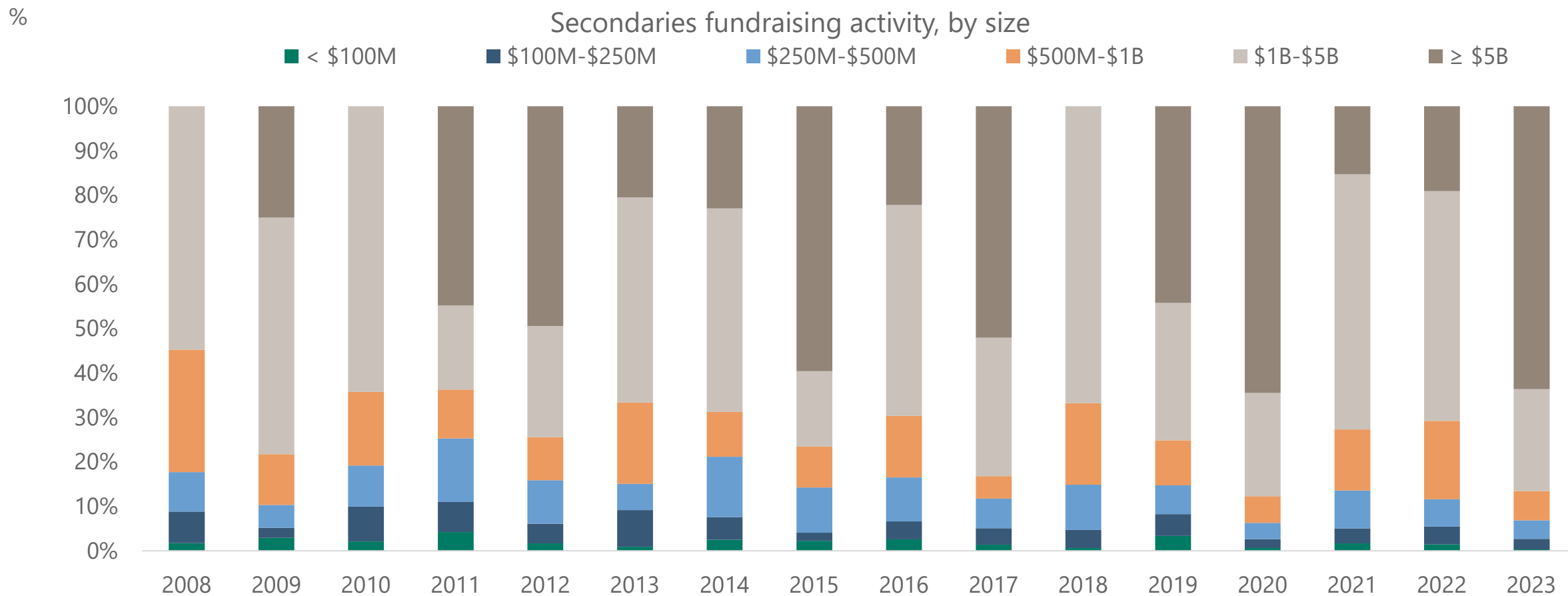
Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th June 2023

Secondaries quarterly returns



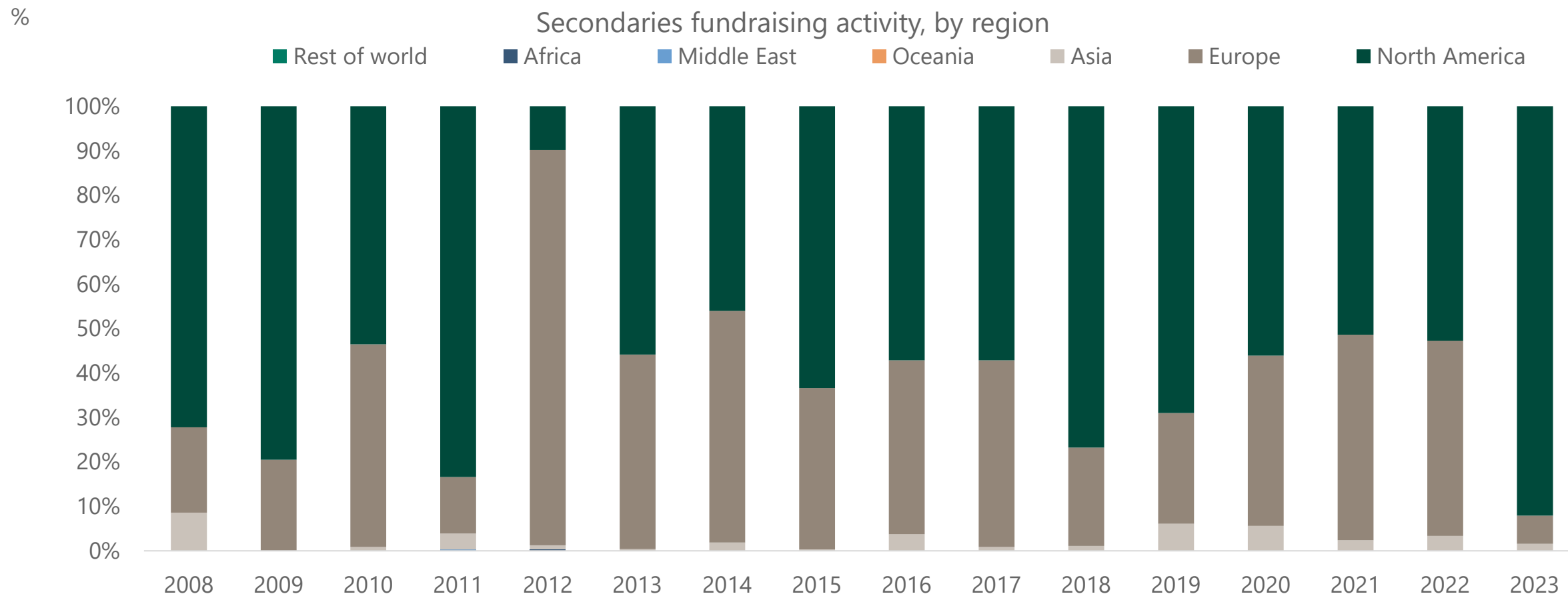
Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th June 2023

Secondaries fundraising activity, by size



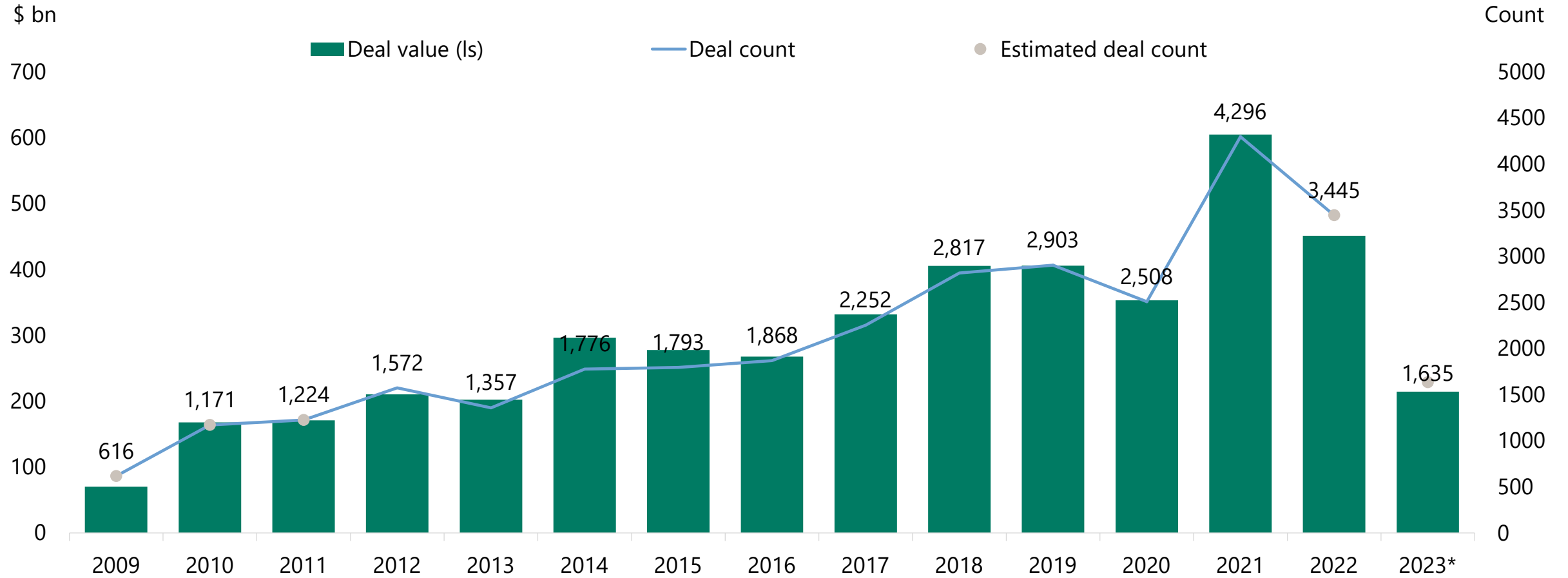
Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30th June 2023

Secondaries fundraising activity, by region



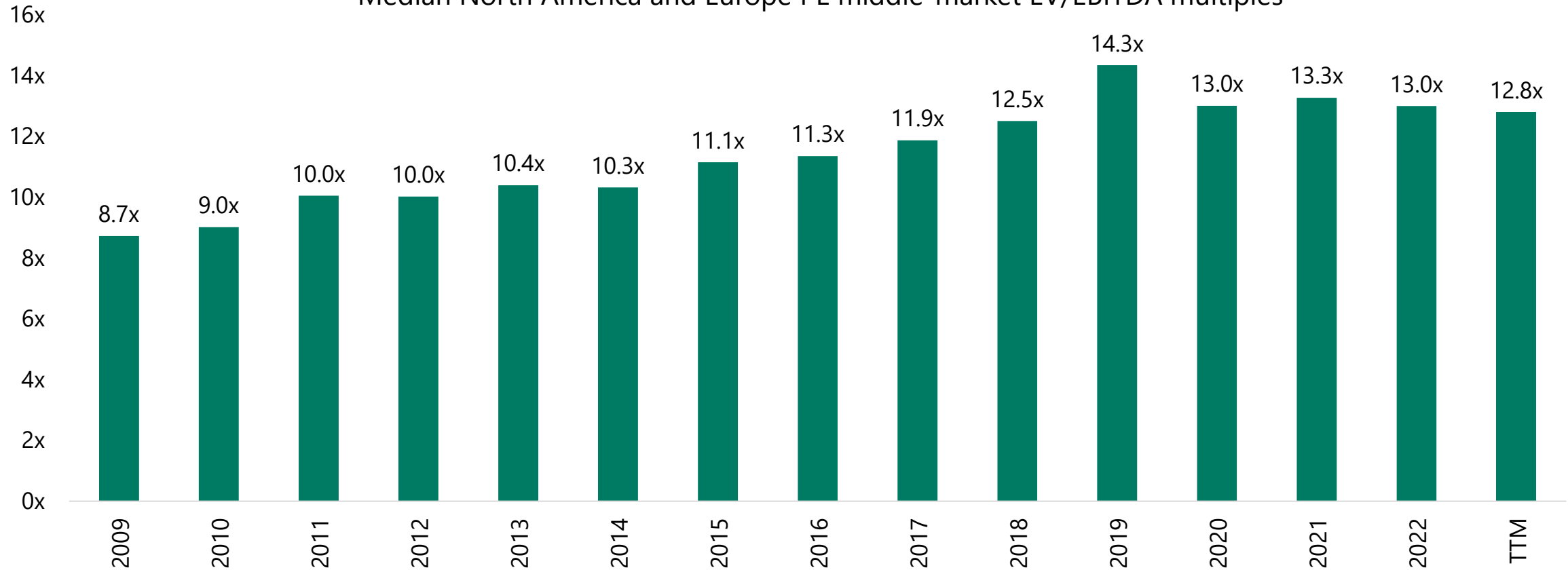
Middle Market

US PE middle market deal activity



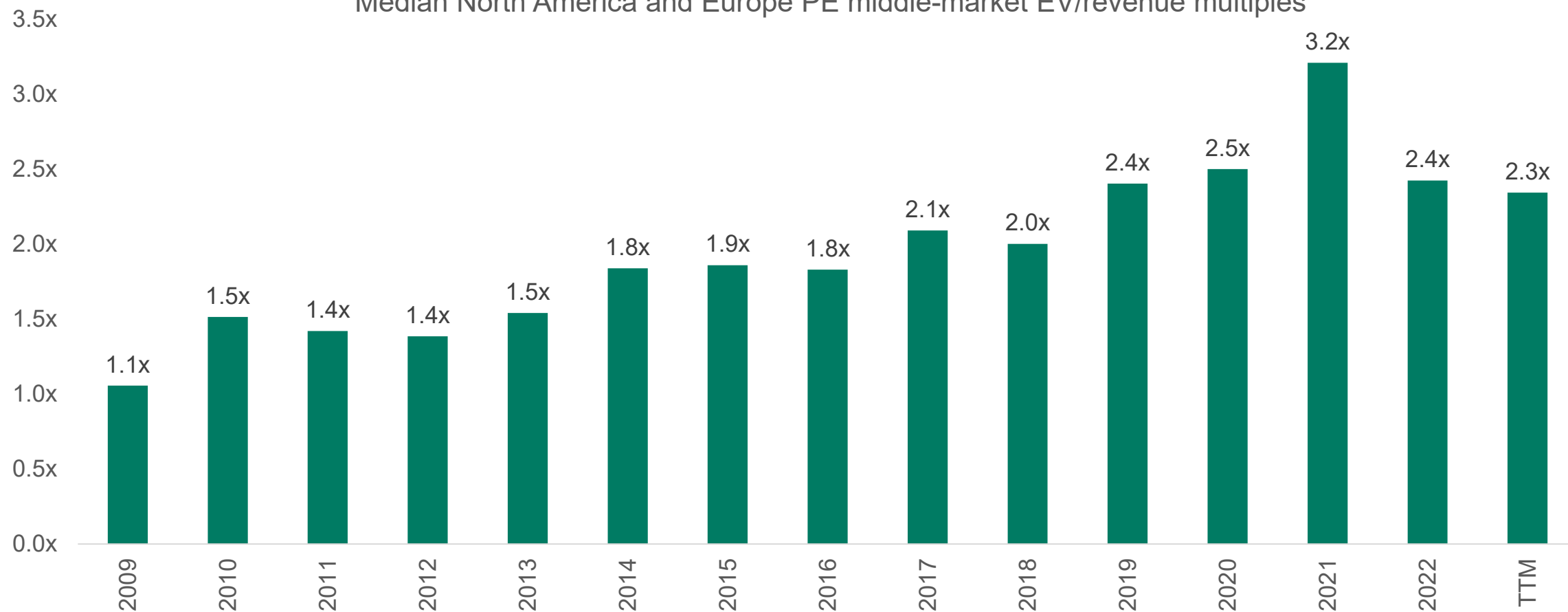
Median North America and Europe PE middle-market EV/EBITDA multiples

Median North America and Europe PE middle-market EV/EBITDA multiples

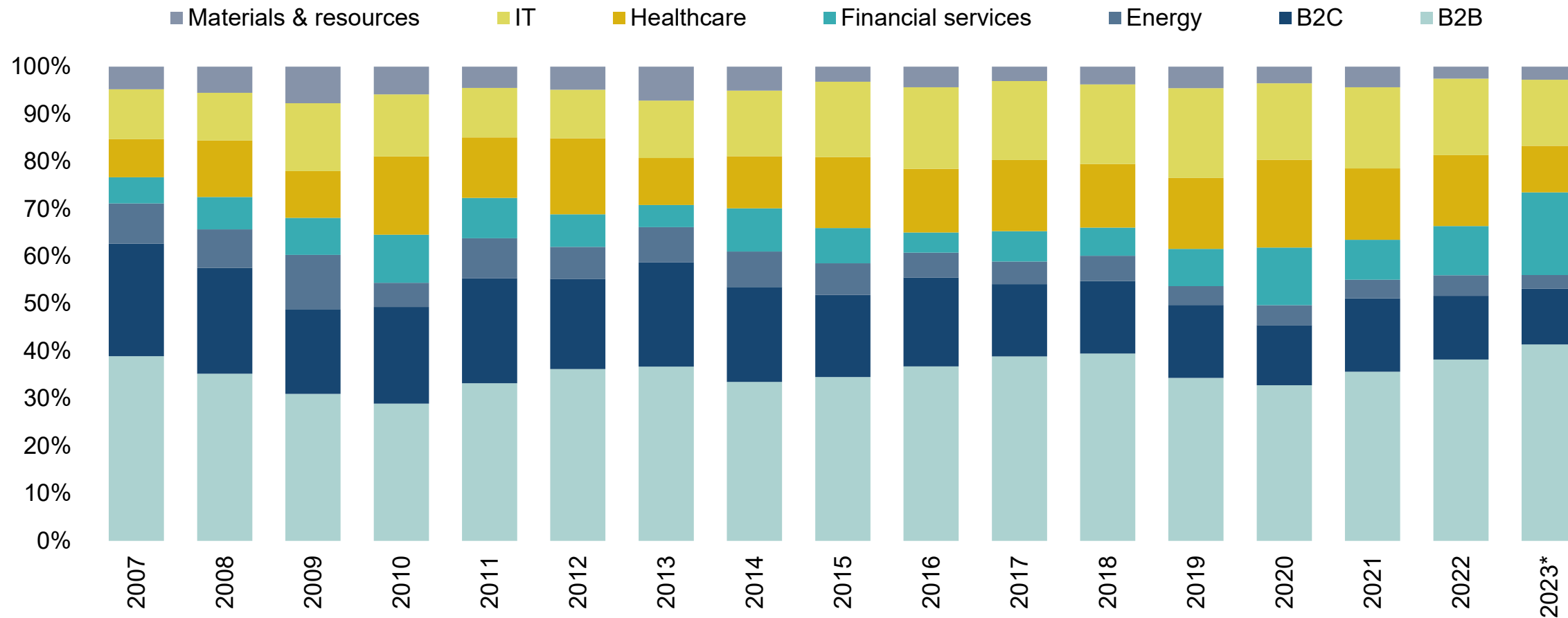


Median North America and Europe PE middle-market EV/revenue multiples

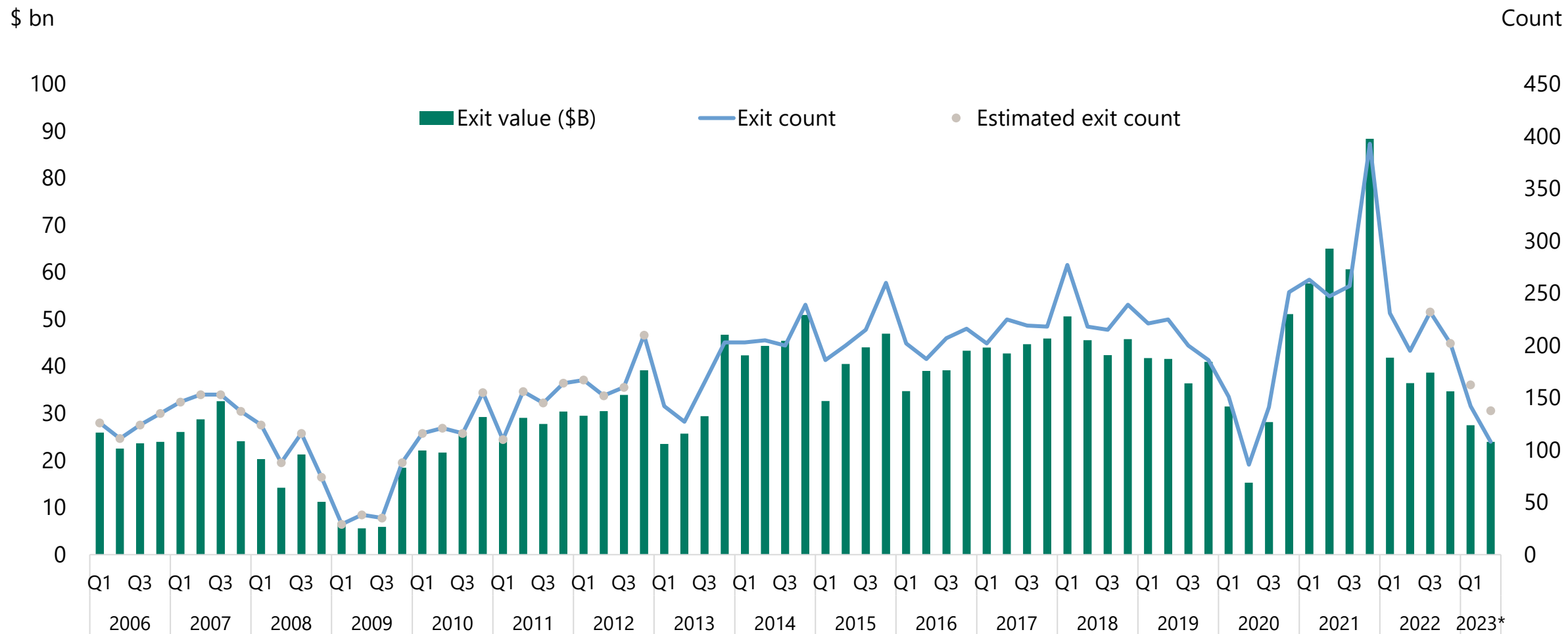
Median North America and Europe PE middle-market EV/revenue multiples



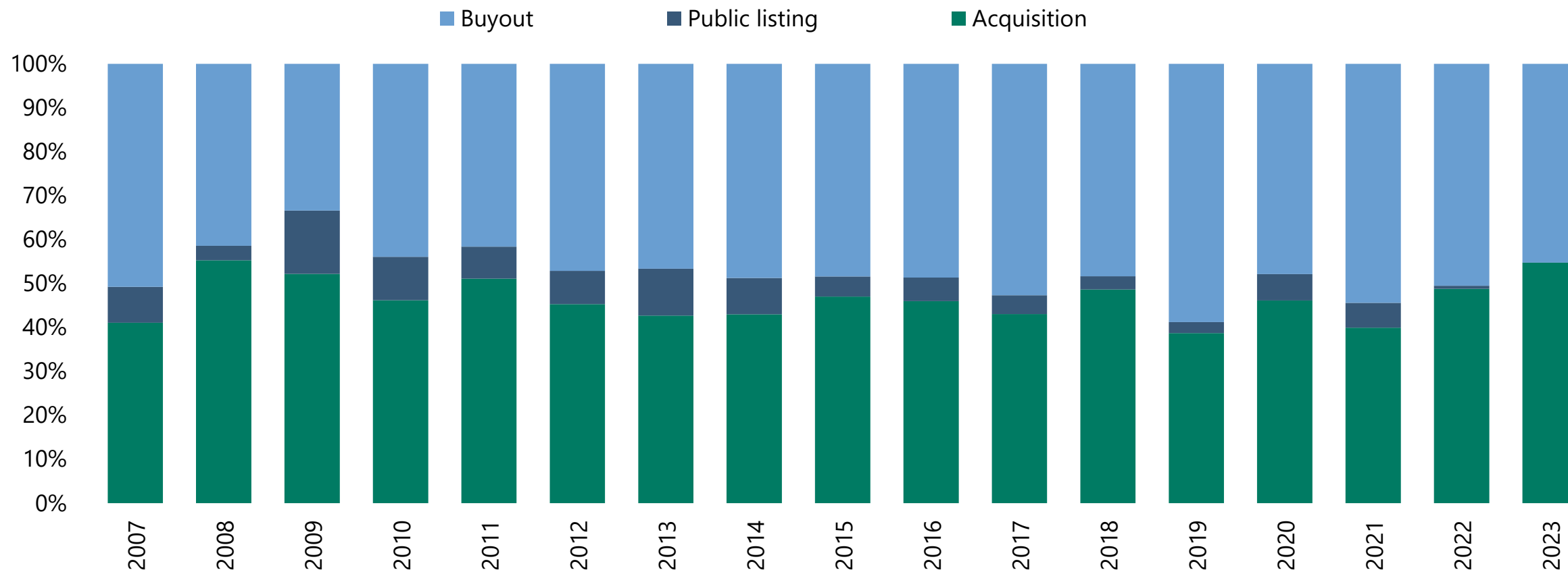
Share of US PE middle-market deal value by sector



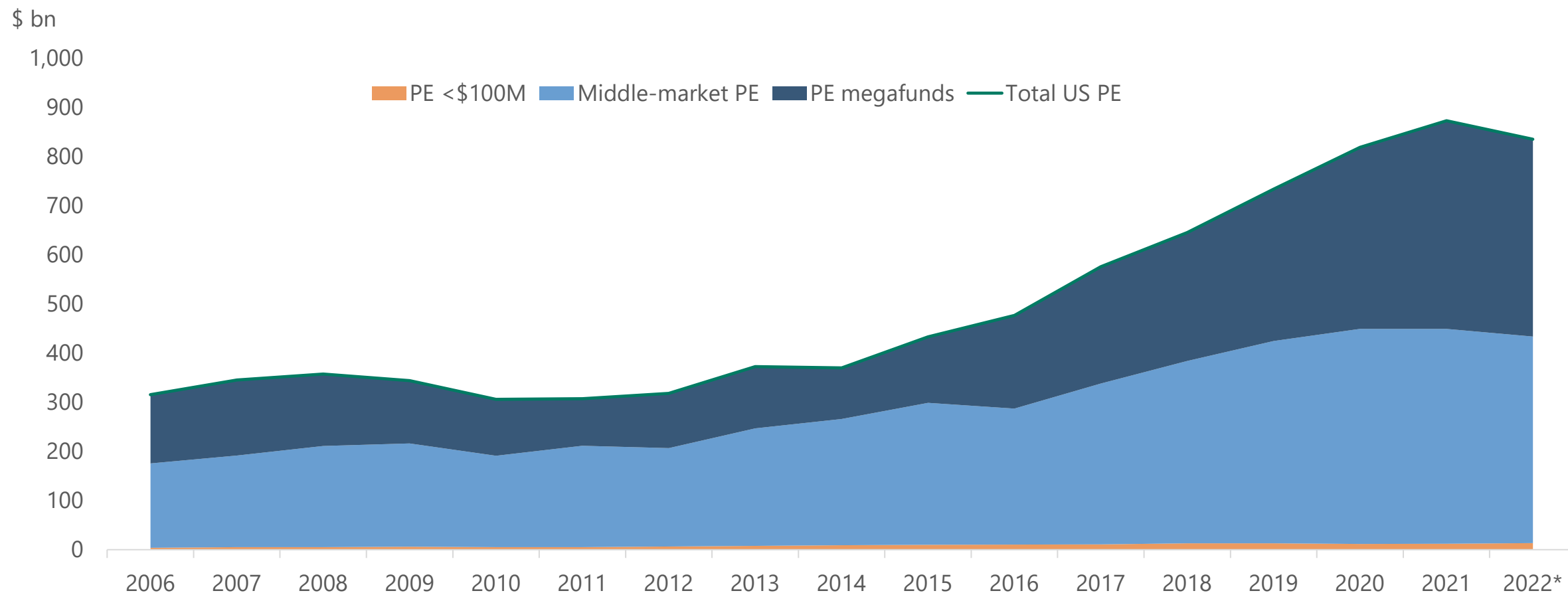
US PE middle-market exit activity by quarter



US PE middle-market exit value by type

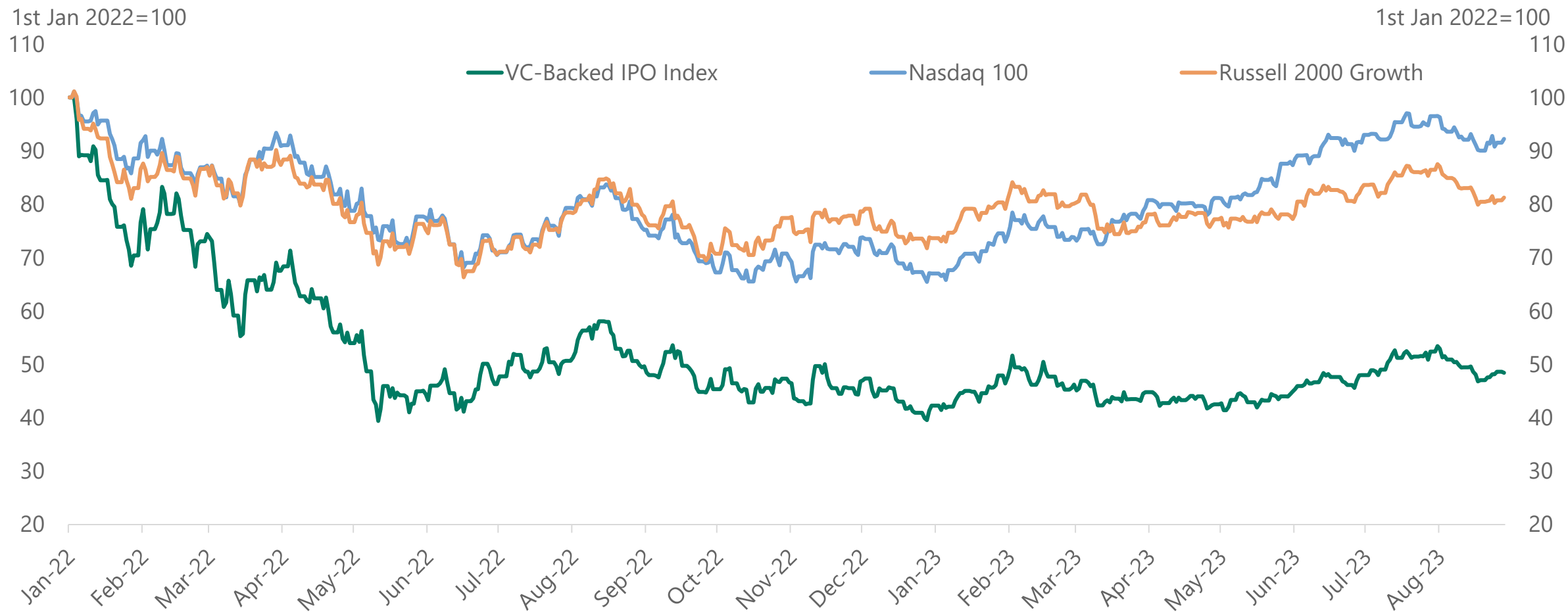


The composition of PE dry powder

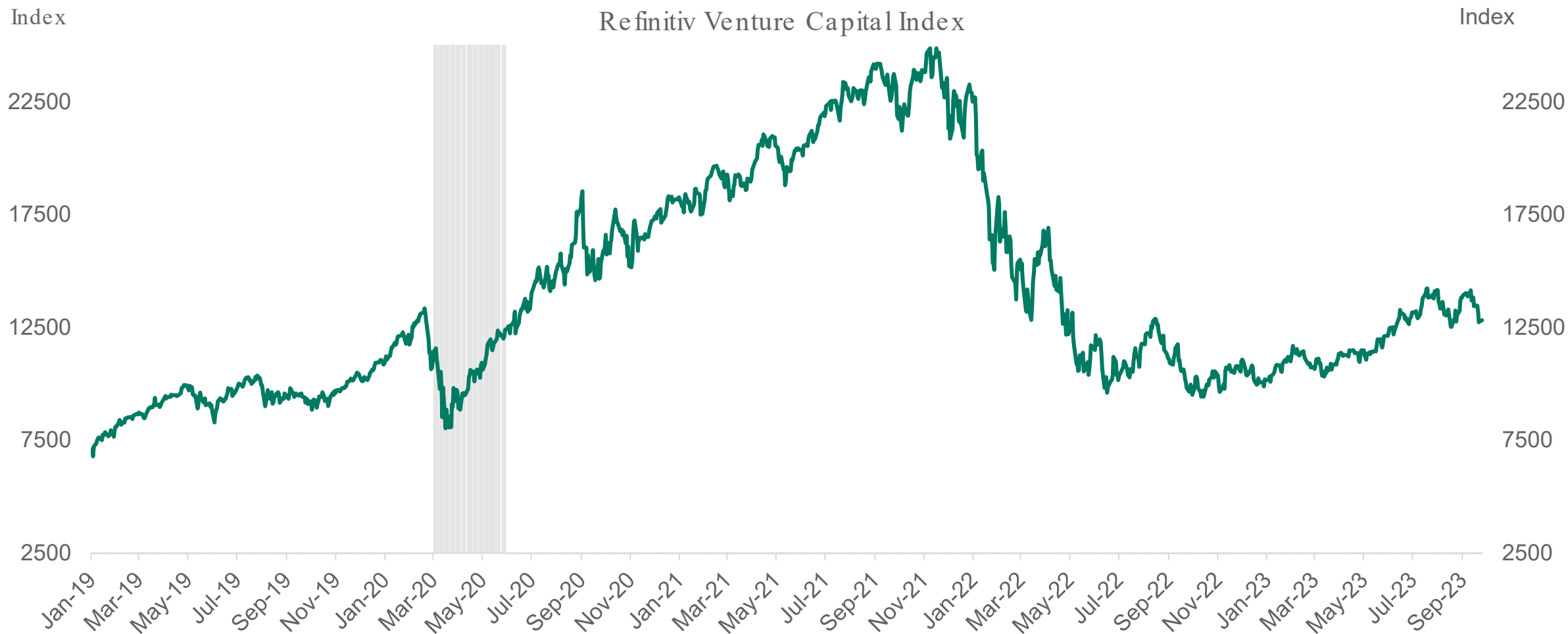


Venture Capital

VC-backed IPOs are down 50%

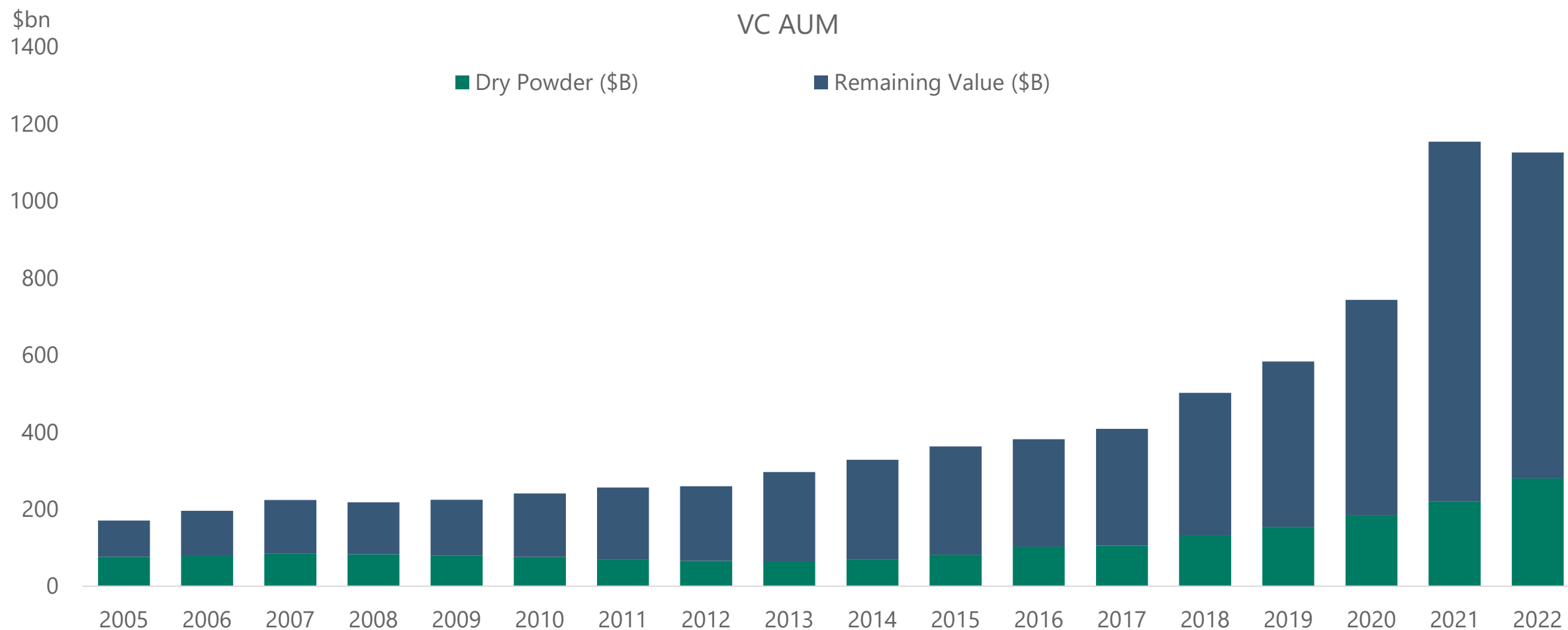


US venture capital valuations down 50% from the peak

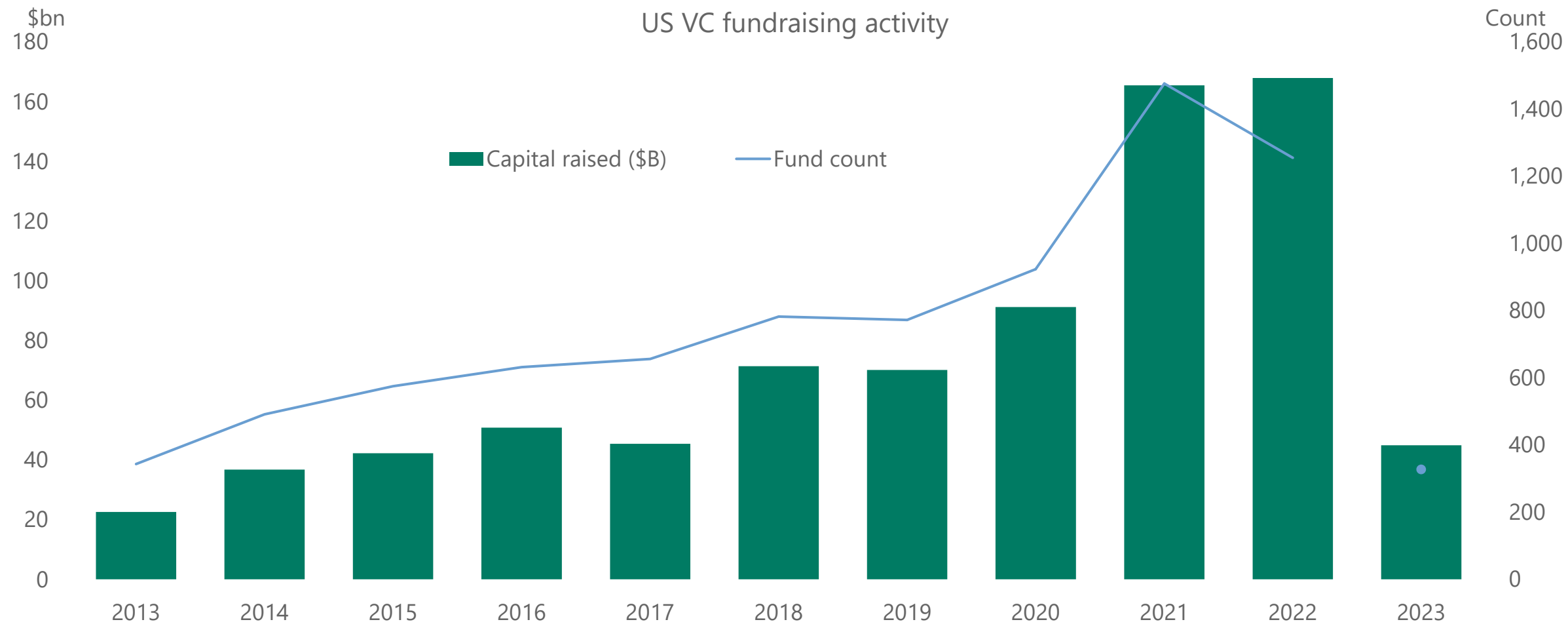


Source: Bloomberg, Apollo Chief Economist. Note: The Thomson Reuters Venture Capital Index is designed to measure the value of the US-based venture capital private company universe in which venture capital funds invest.

VC assets under management

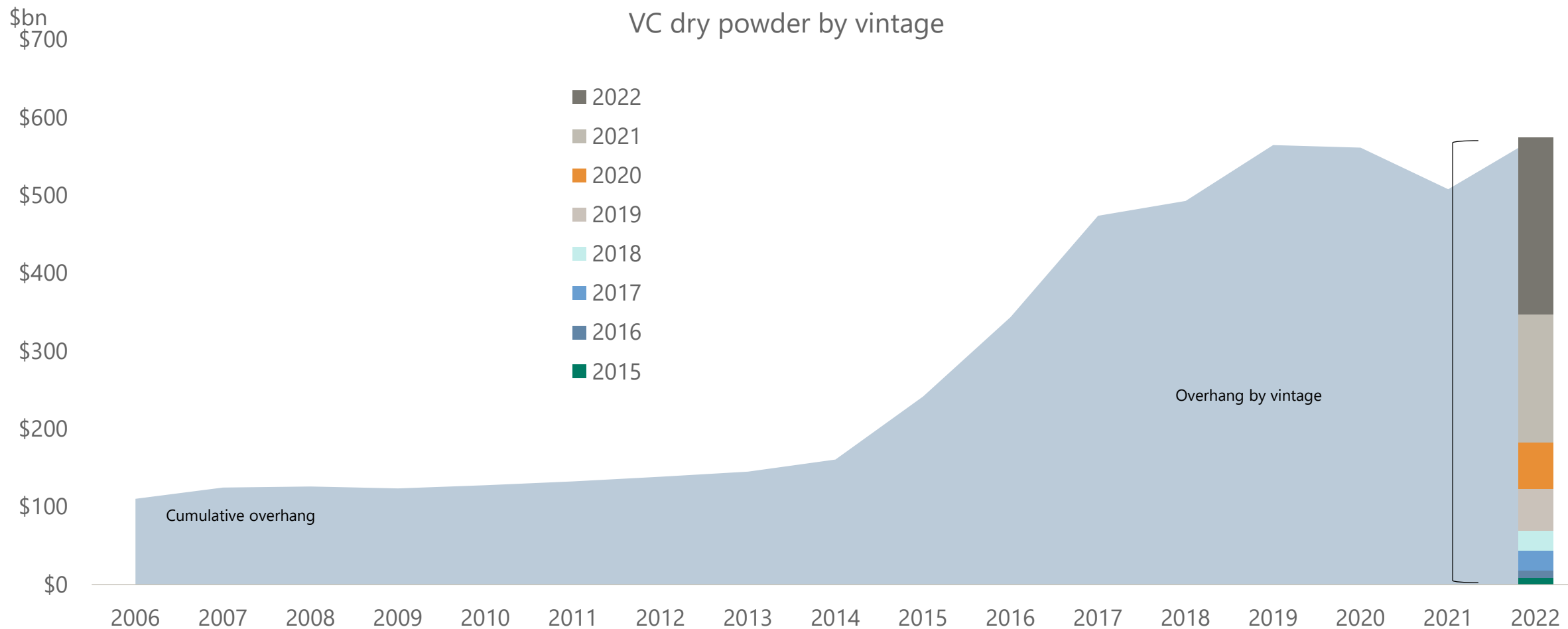


VC fundraising activity very weak



Source: Pitchbook, Apollo Chief Economist. Note: Data as of 30/6/2023

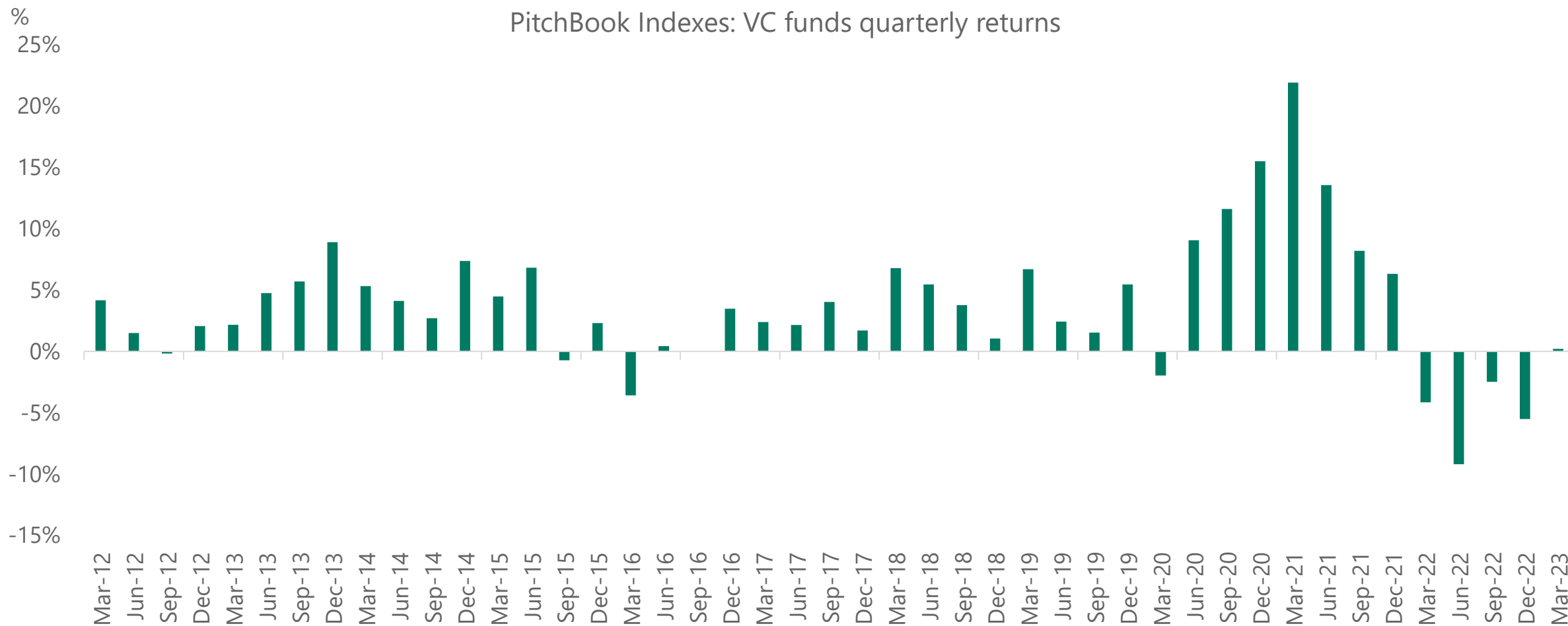
VC dry powder by vintage



Source: Pitchbook, Apollo Chief Economist. Note: Data as of 31st December 2022

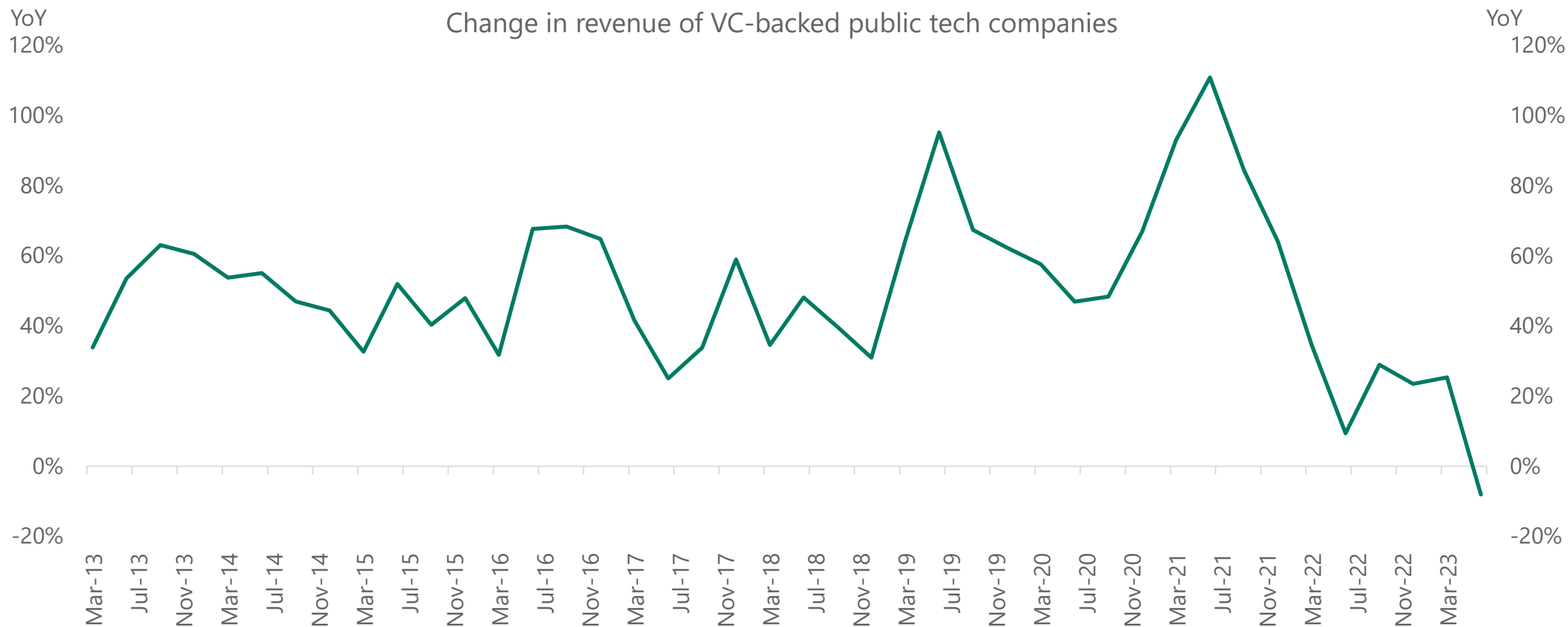
VC returns negative

PitchBook Indexes: VC funds quarterly returns

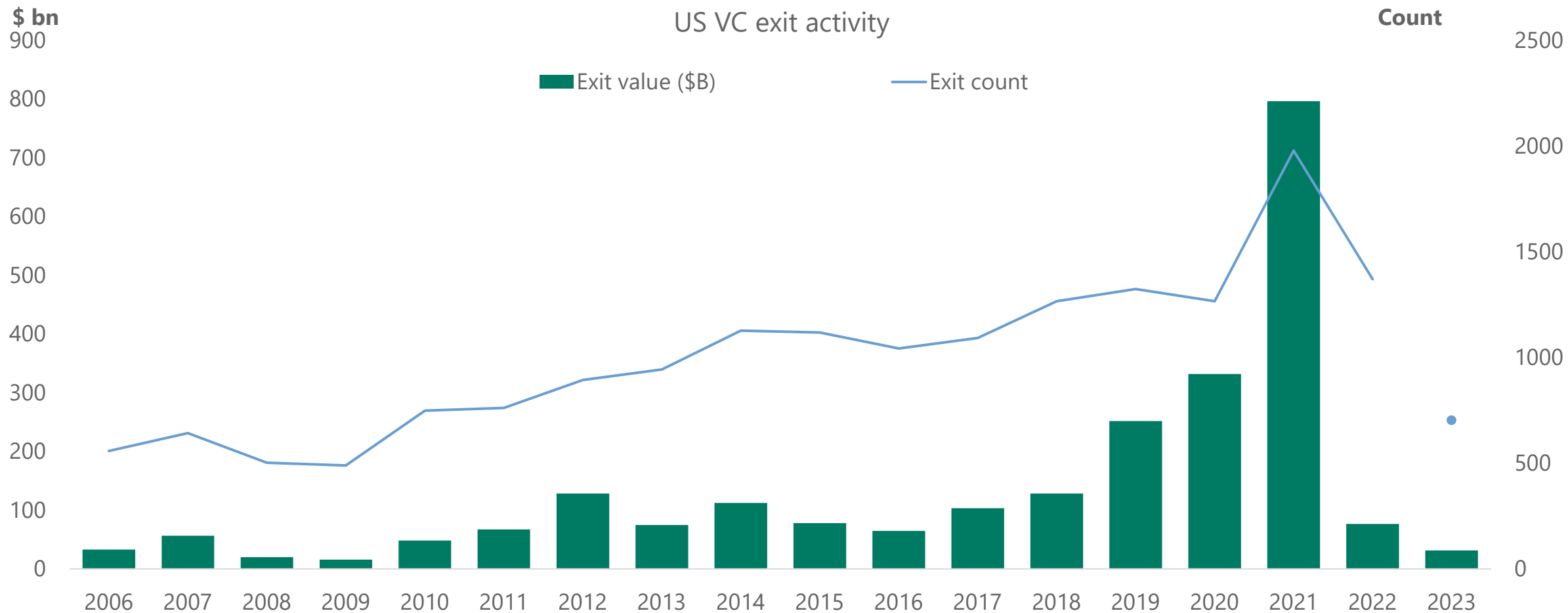


Source: Pitchbook, Apollo Chief Economist. Note: Q12023 preliminary figure

Revenue growth in VC-backed public tech companies has turned negative

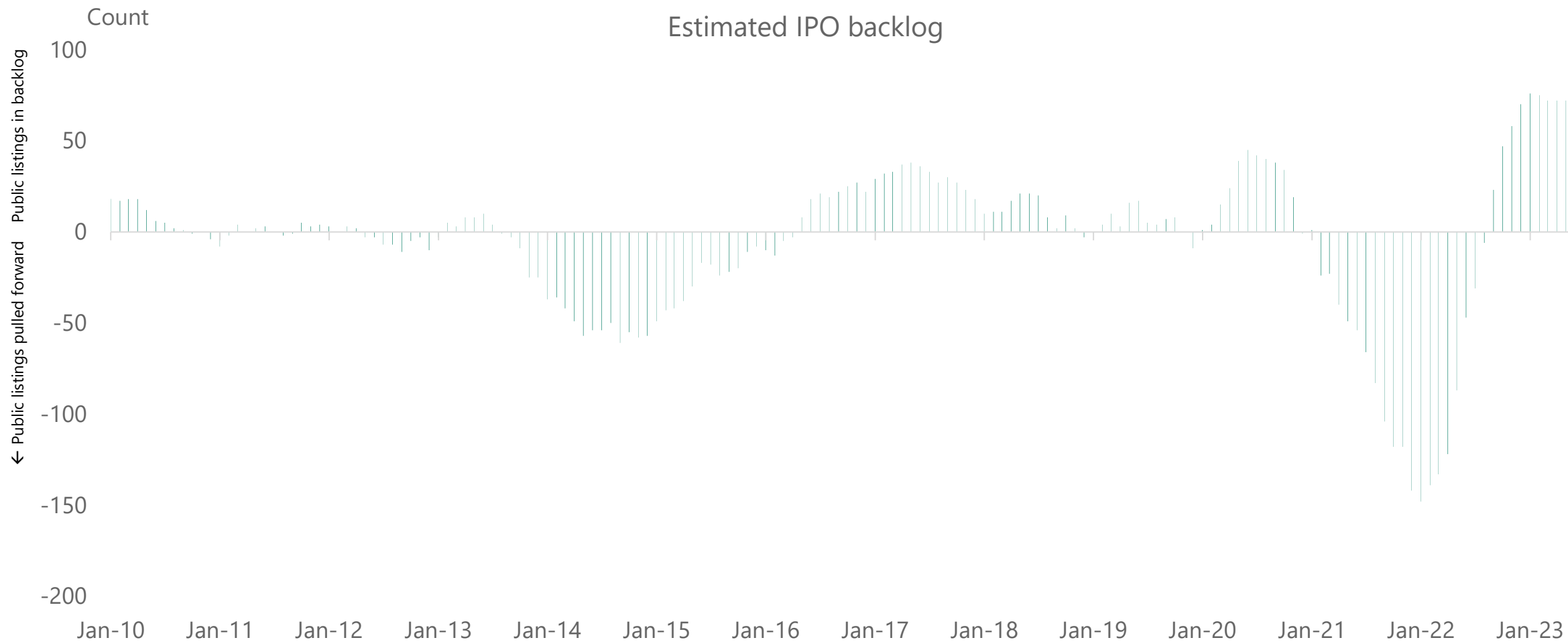


VC exit activity



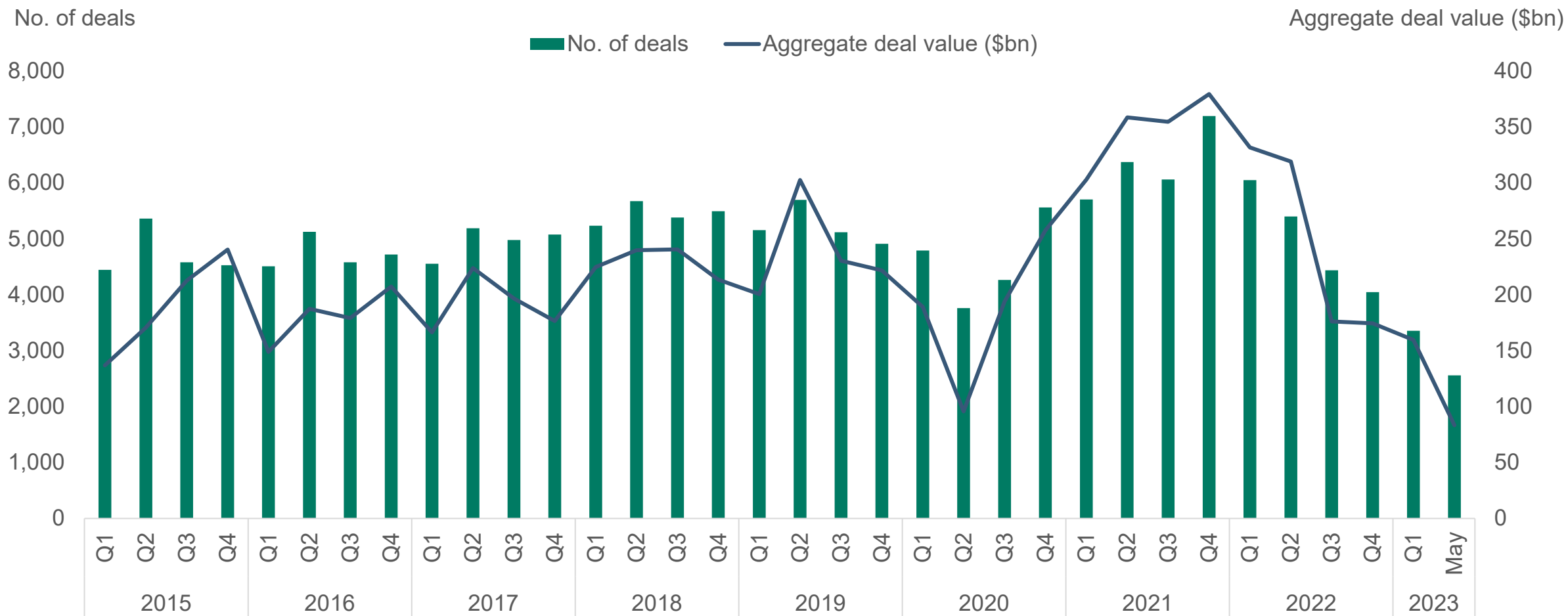
Source: Pitchbook, Apollo Chief Economist. Data as of September 2023

Backlog of VC-backed IPOs piling up

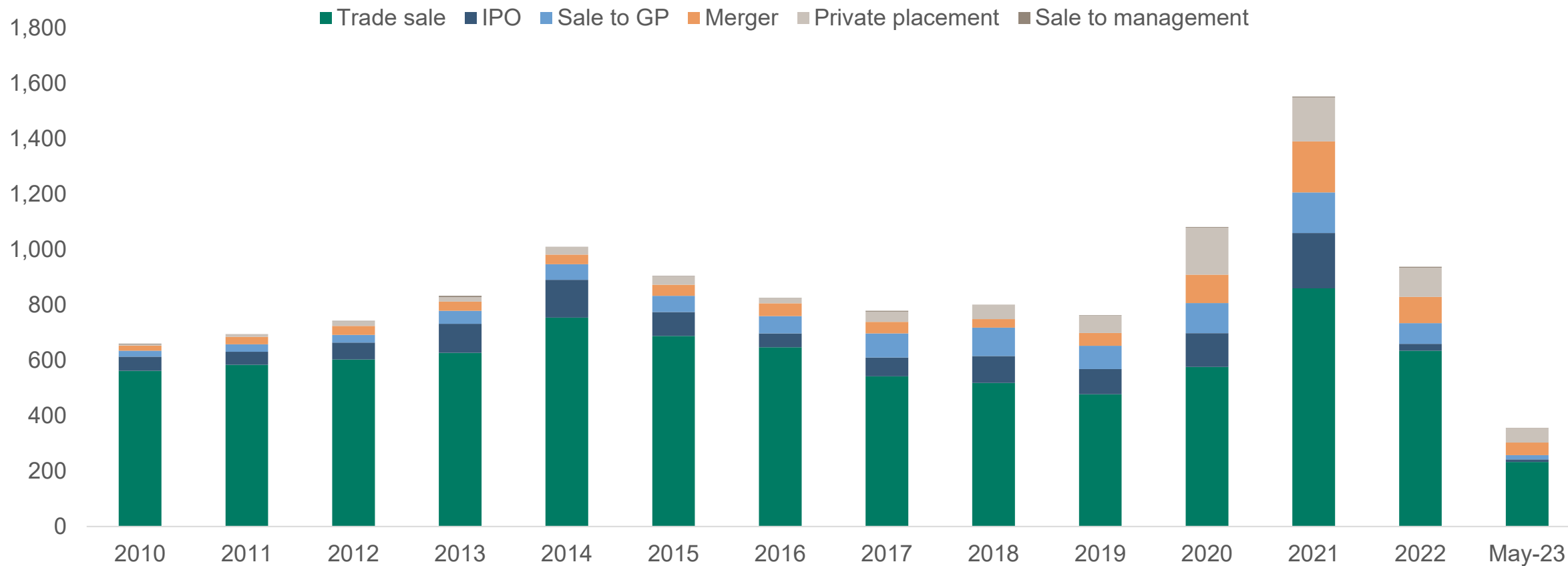


Recent LBO activity

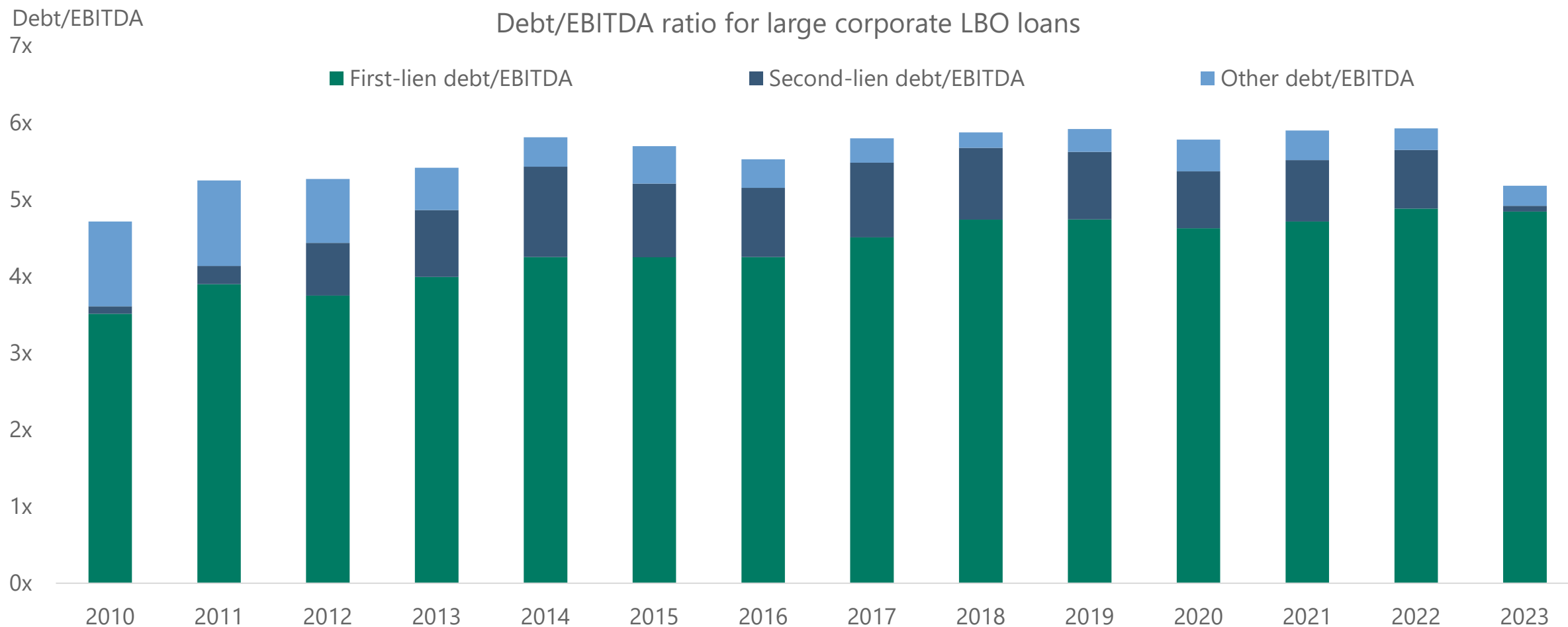
Deal making slowing



IPO activity

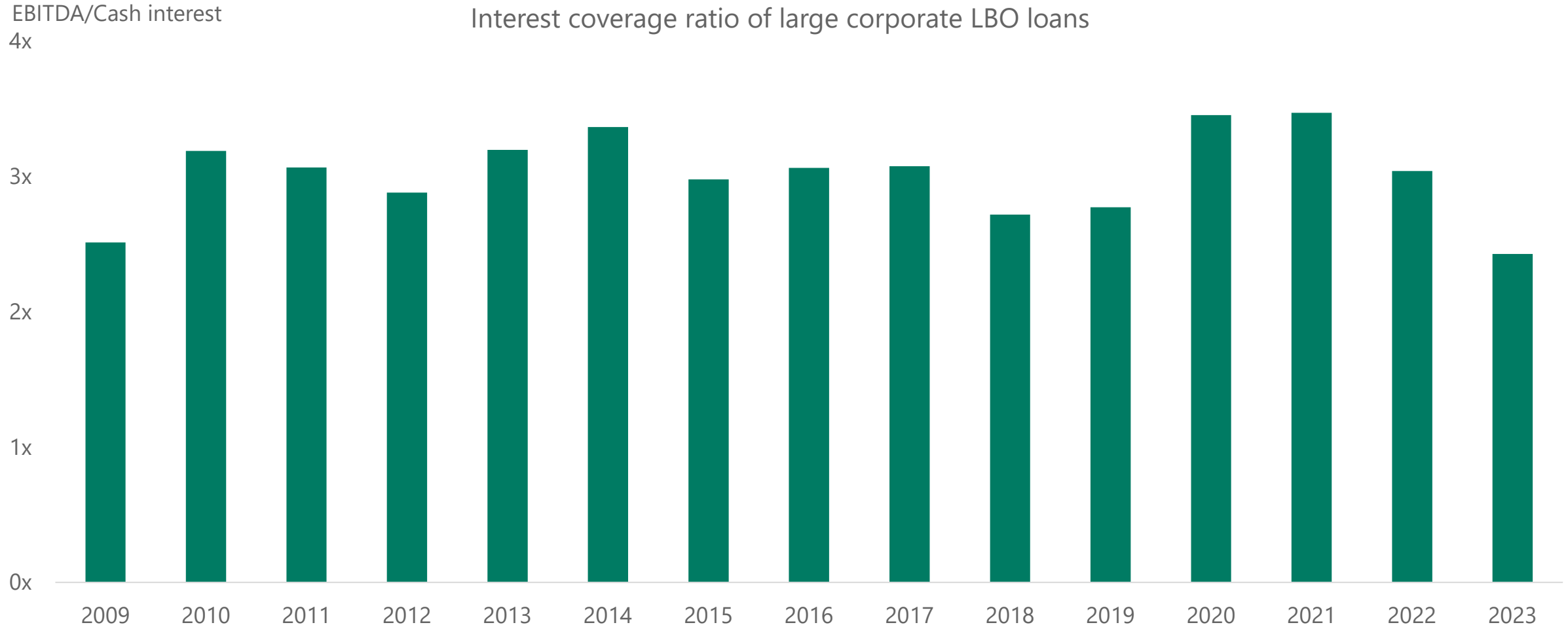


Leverage for large corporate LBOs has fallen



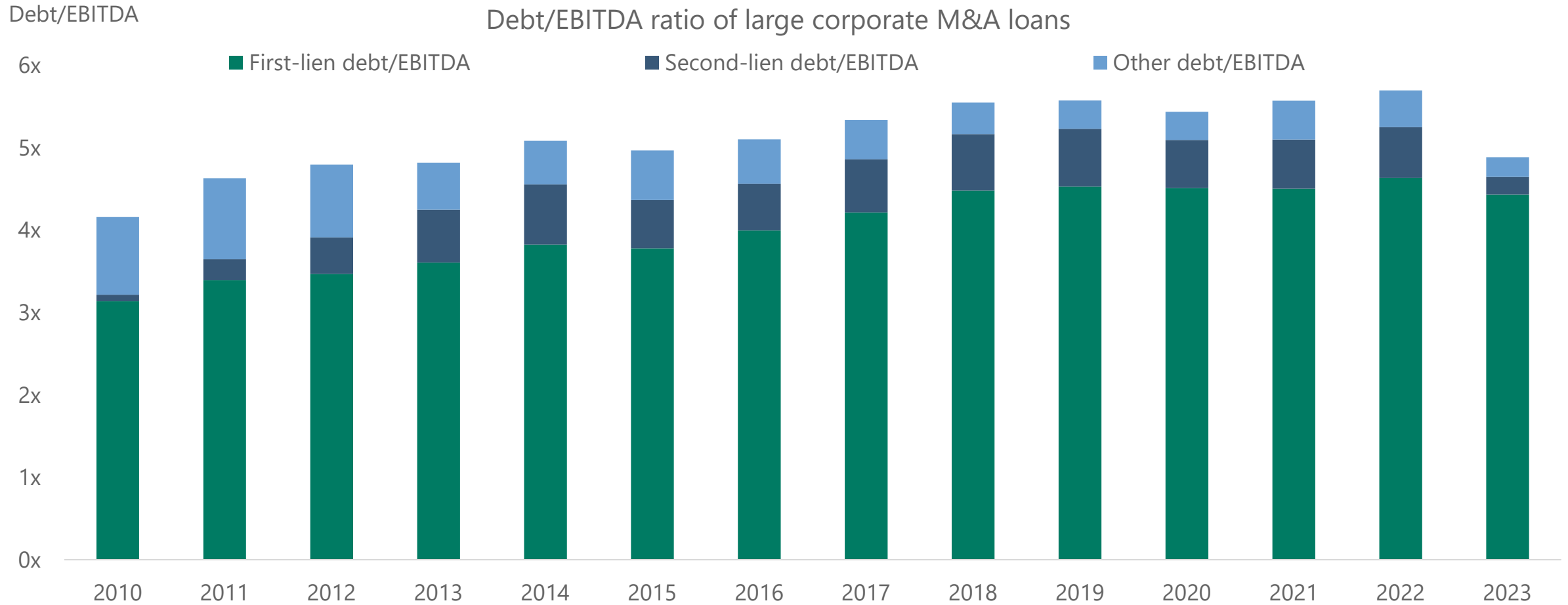
Source: Pitchbook LCD, Apollo Chief Economist. Data as of 30th September 2023, Large corporates are defined as EBITDA more than \$50 Million

Interest coverage ratio for large corporate LBOs is declining



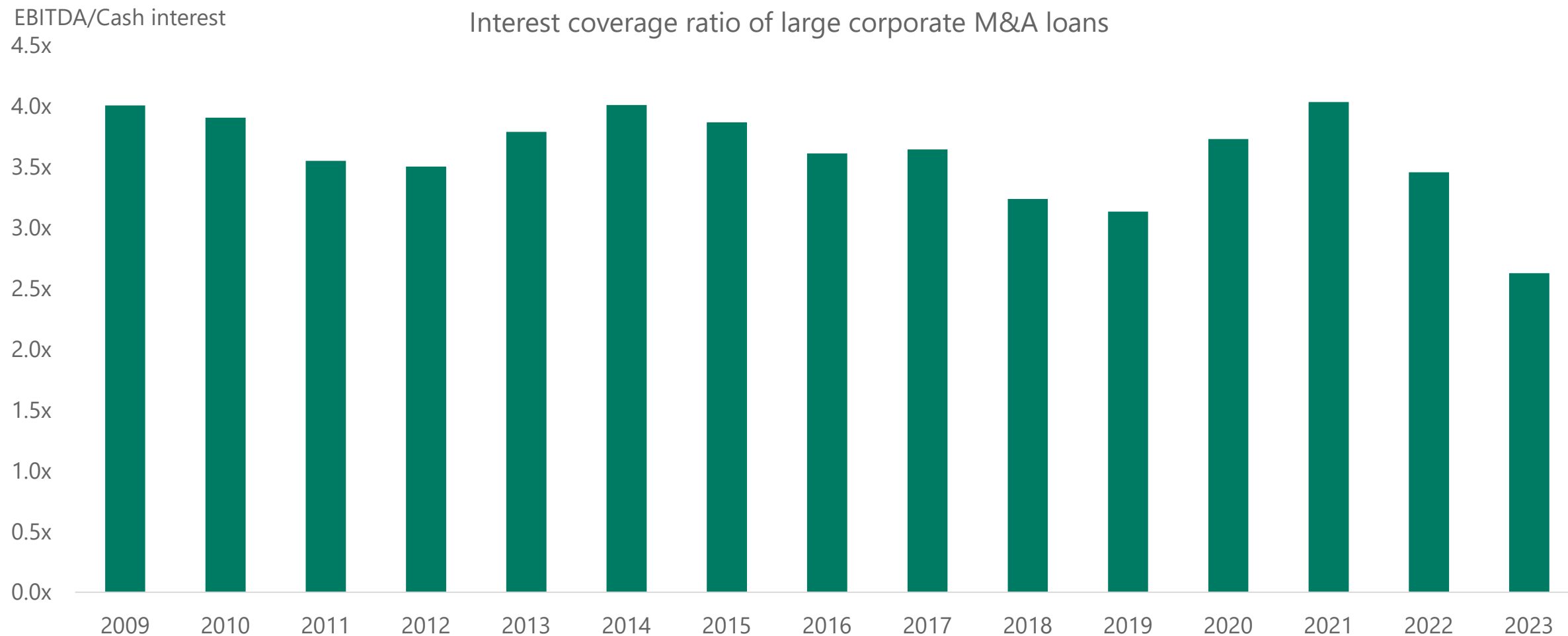
Source: Pitchbook LCD, Apollo Chief Economist. Data as of 30th September 2023, Large corporates are defined as EBITDA more than \$50 Million

Leverage for large corporate M&A loans has also fallen

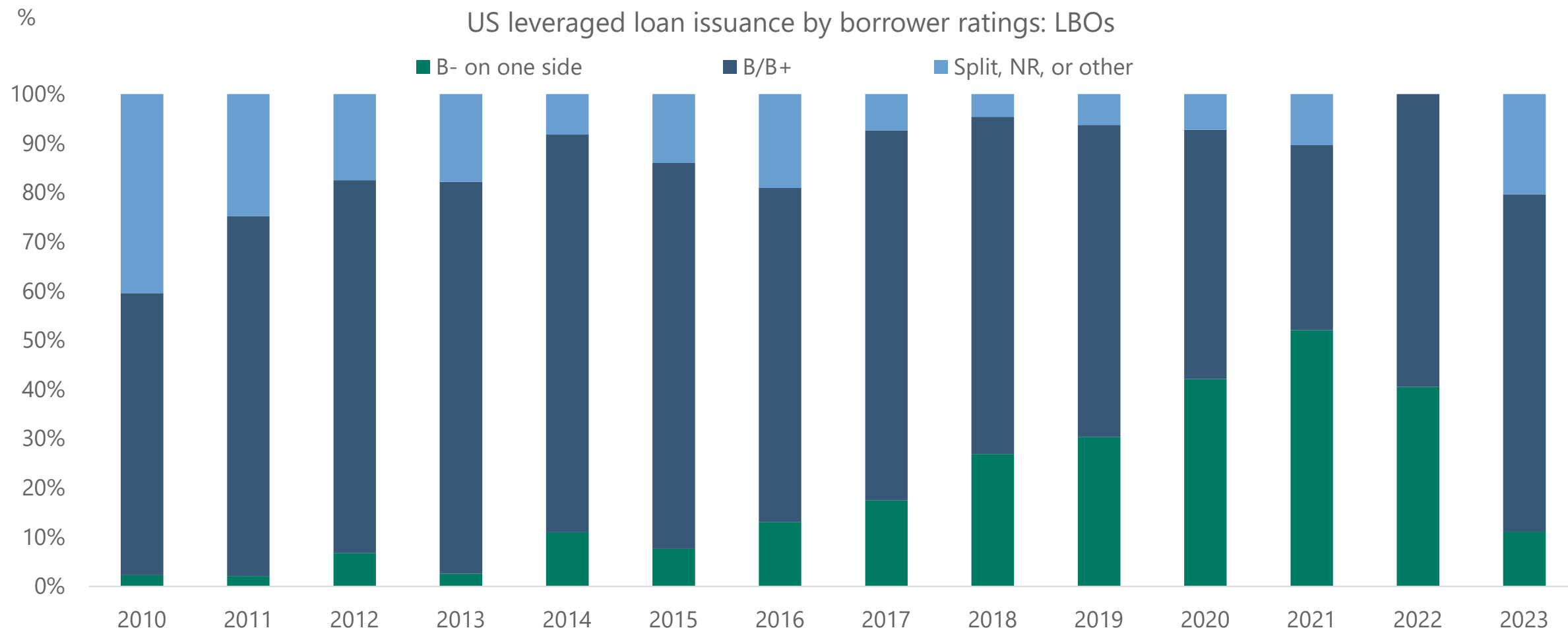


Source: Pitchbook LCD, Apollo Chief Economist. Data as of 30th September 2023, Large corporates are defined as EBITDA more than \$50 Million

Interest coverage ratio for large corporate M&A loans also declining

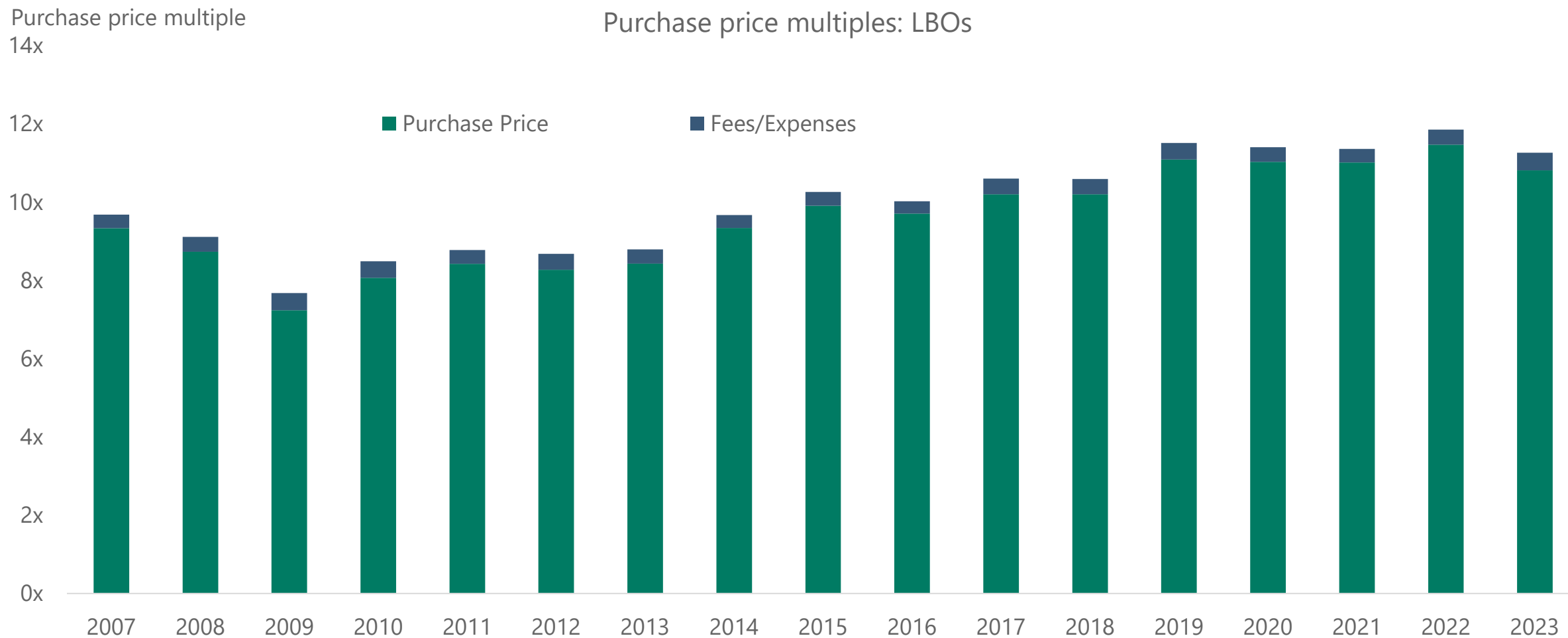


LBO loan issuance by borrower rating



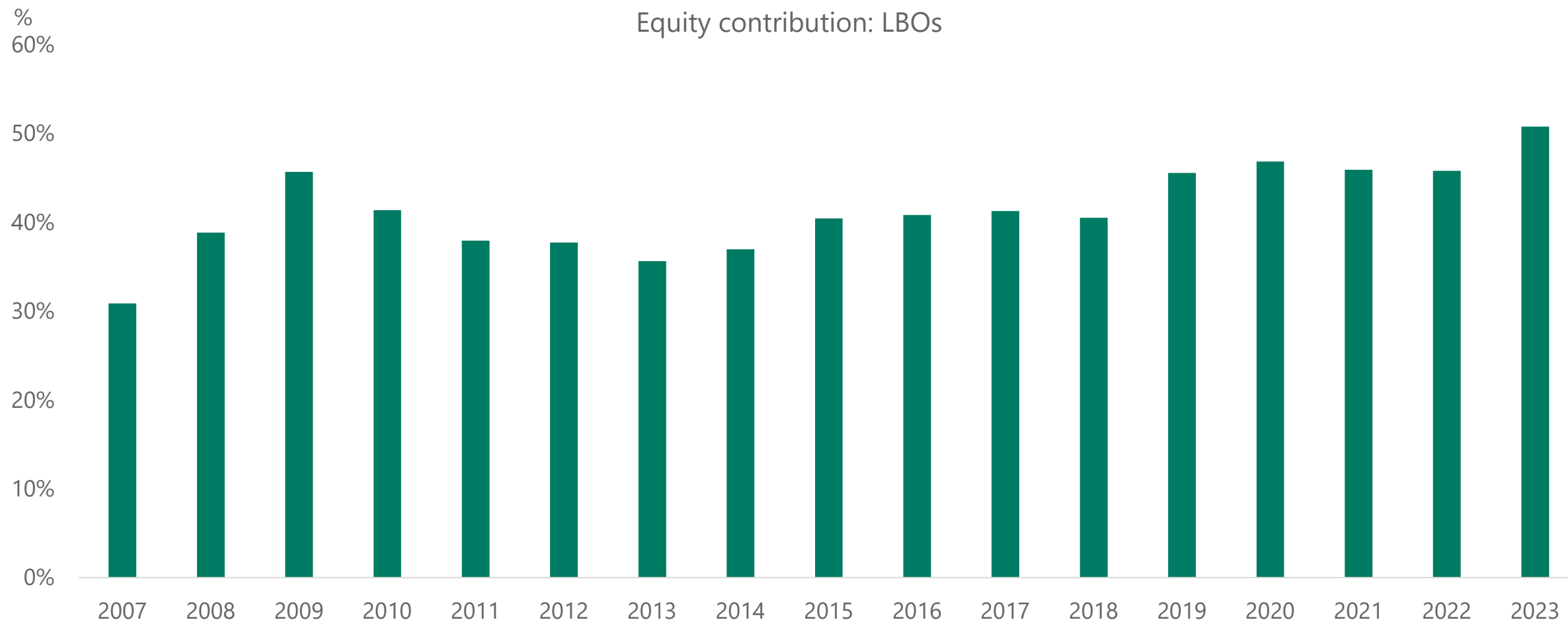
Source: Pitchbook LCD, Apollo Chief Economist. Data as of 30th September 2023

Purchase price multiples



Source: Pitchbook LCD, Apollo Chief Economist. Data as of 30th September 2023

High debt costs leading to high equity contributions

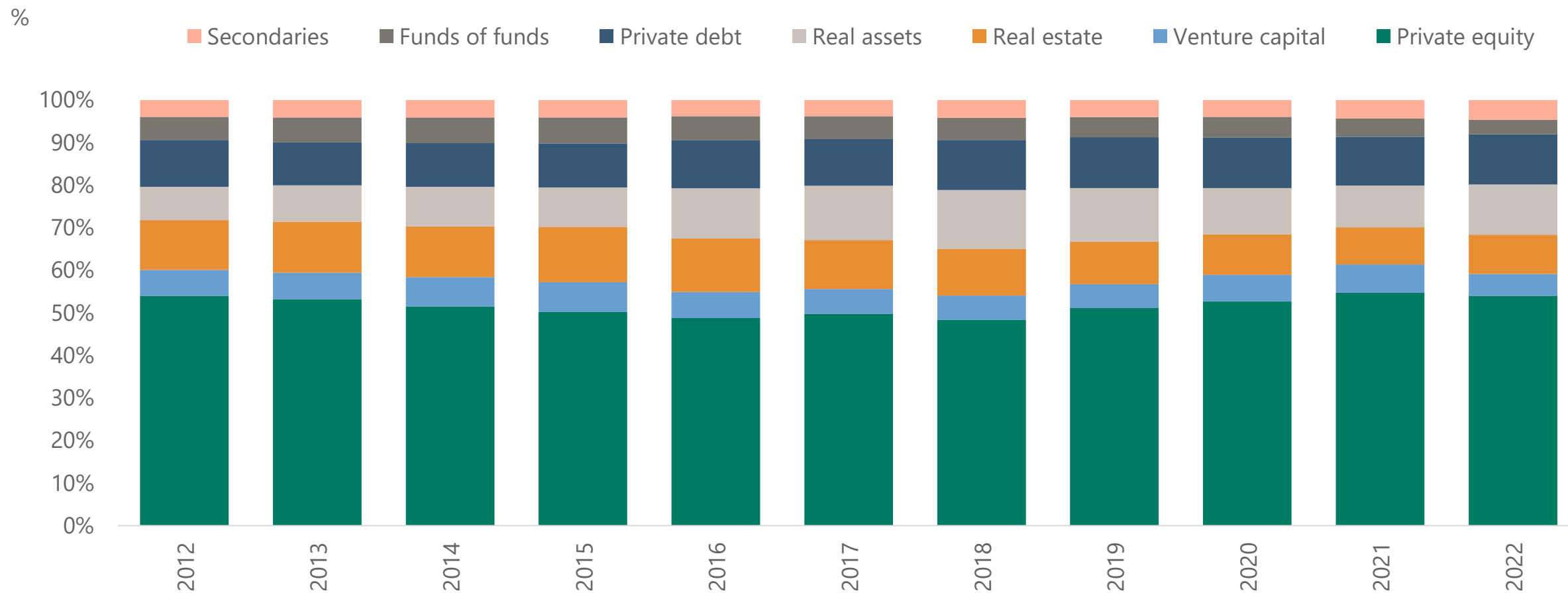


Average yield to maturity is above 11%



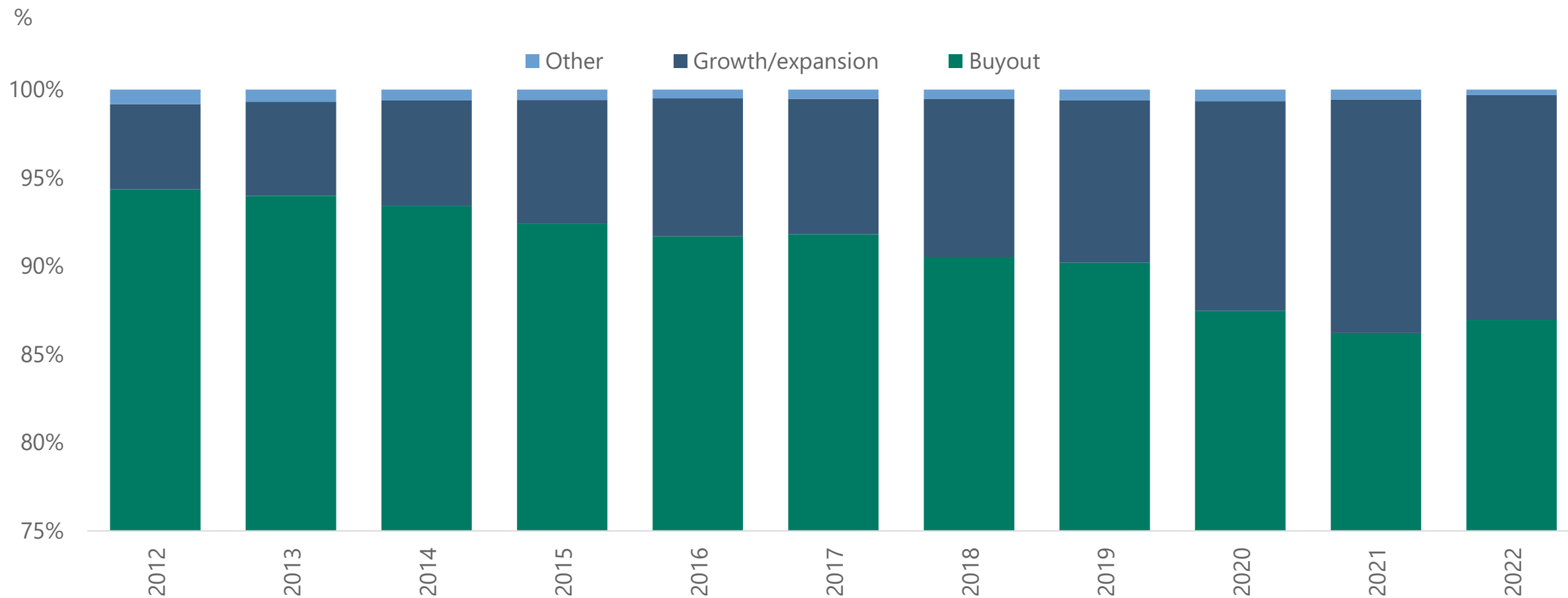
Index weightings

Private capital index weightings

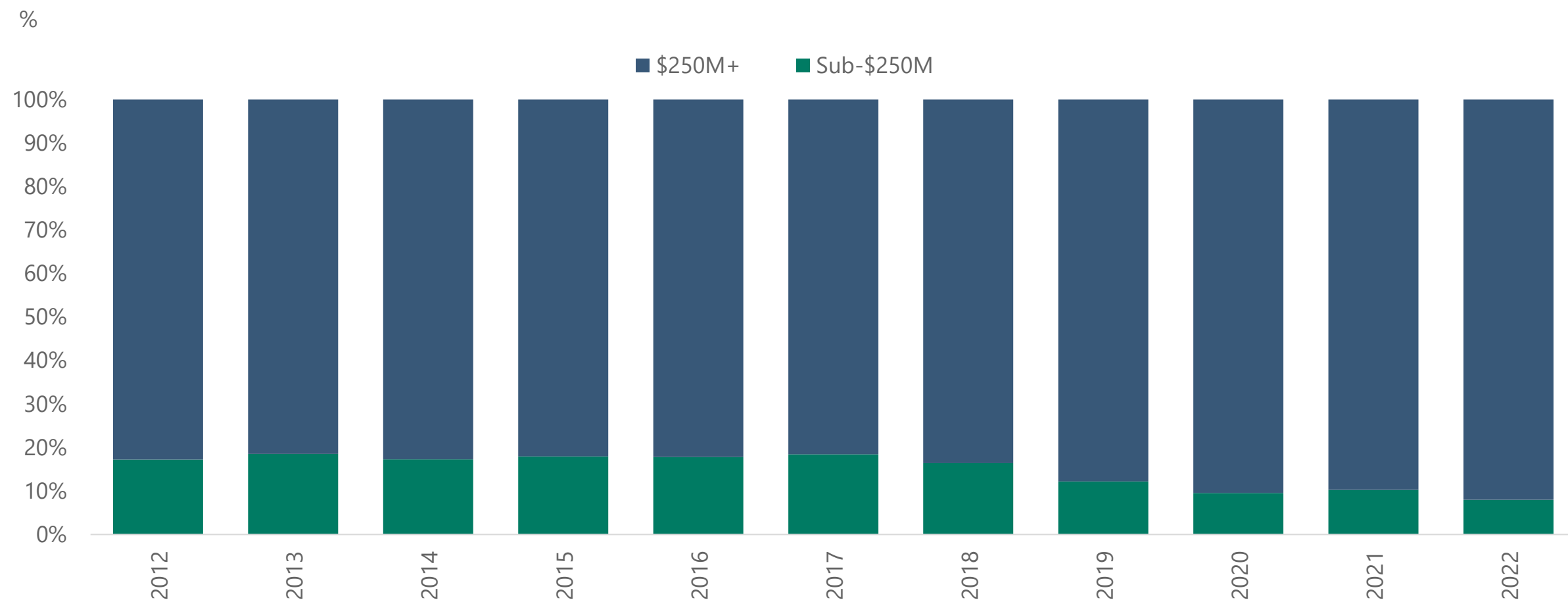


Source: Pitchbook, Apollo Chief Economist. Note: Data as of 31st December 2022

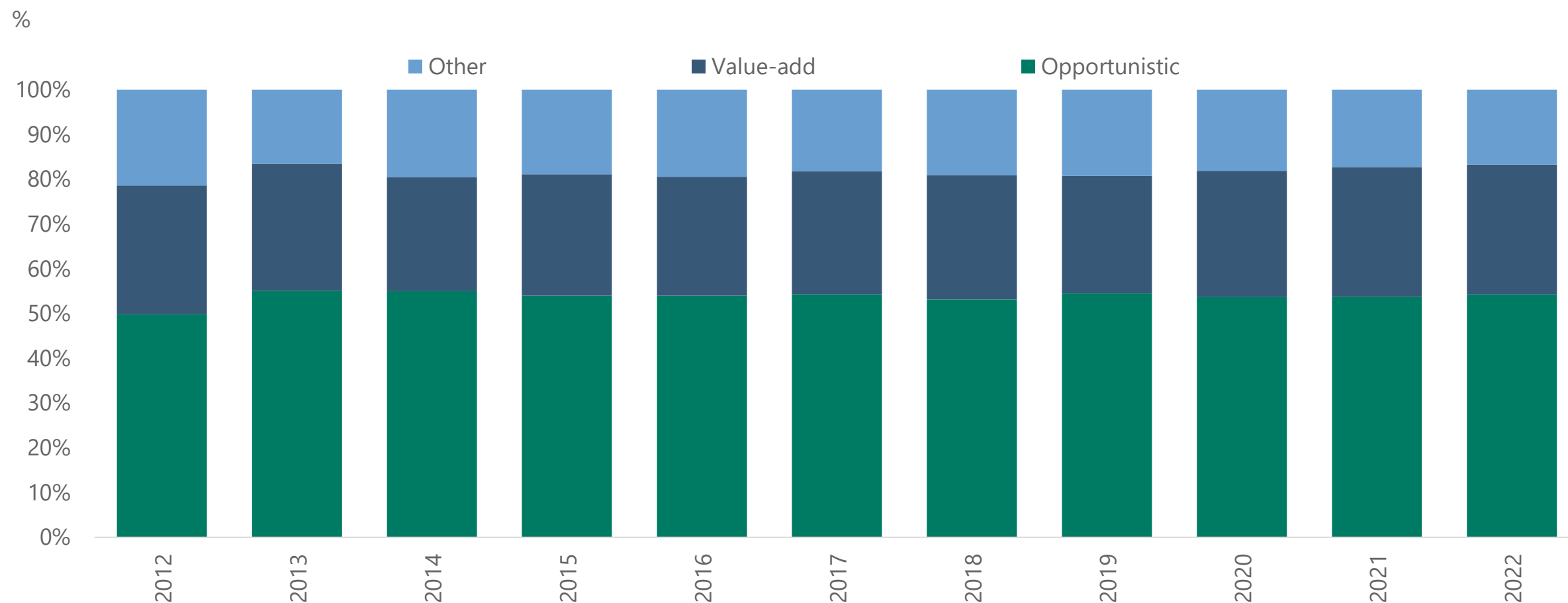
Private equity index weightings



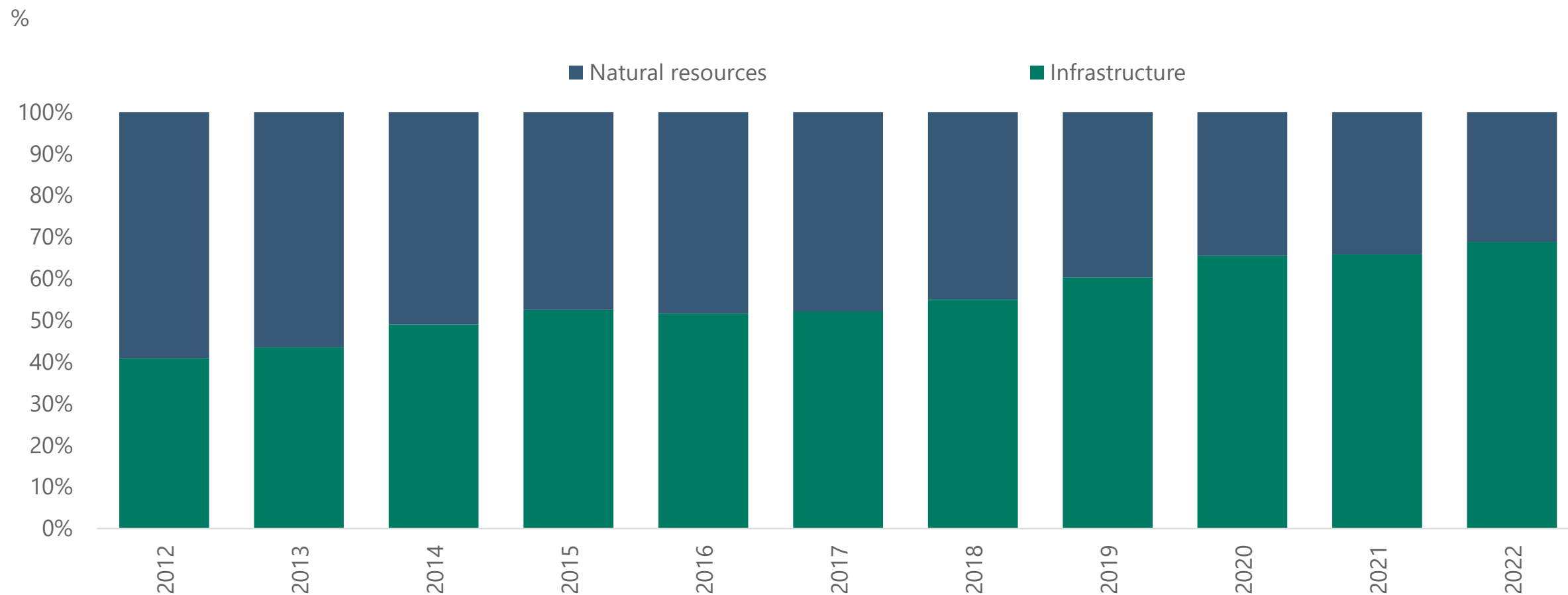
Venture capital index weightings



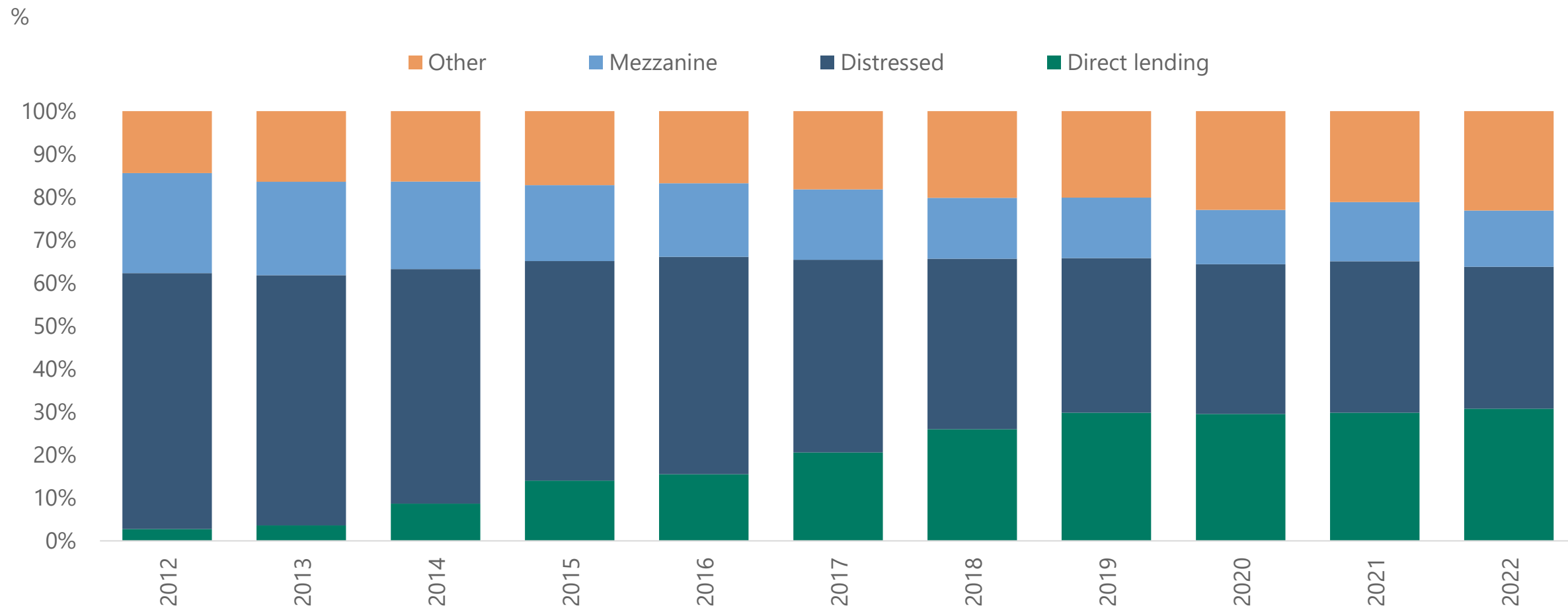
Real estate index weightings



Real assets index weightings

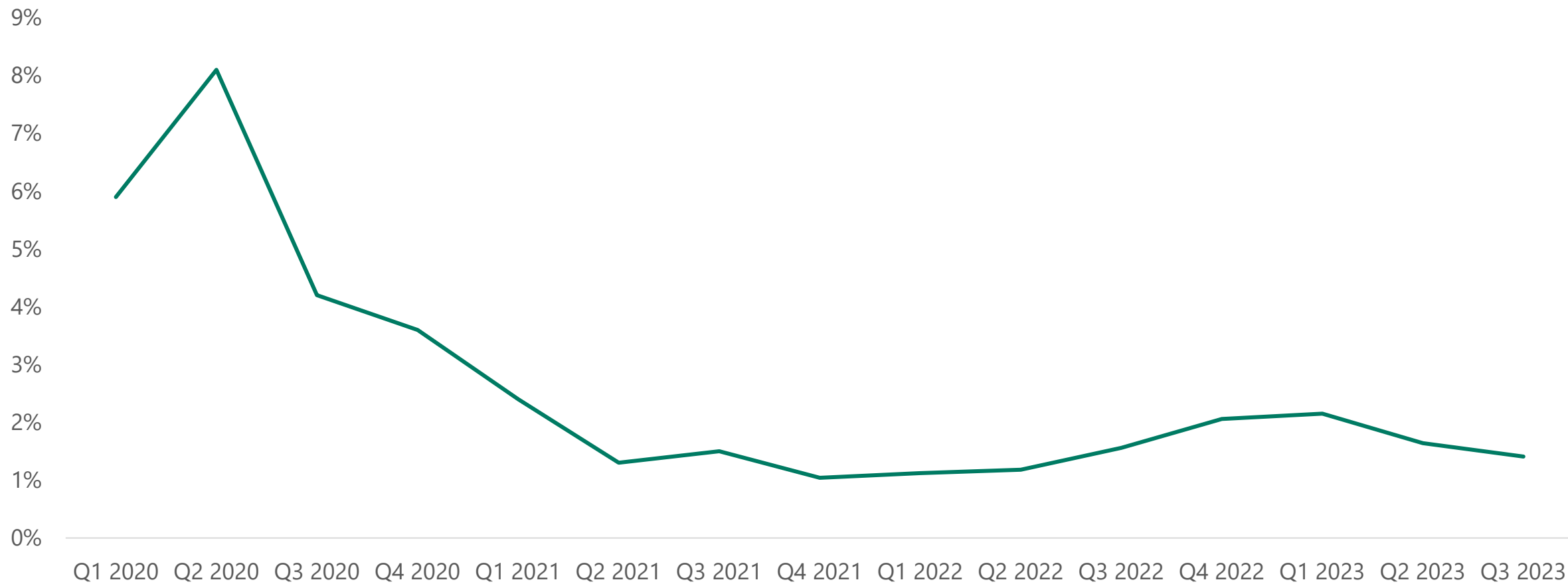


Private debt index weightings

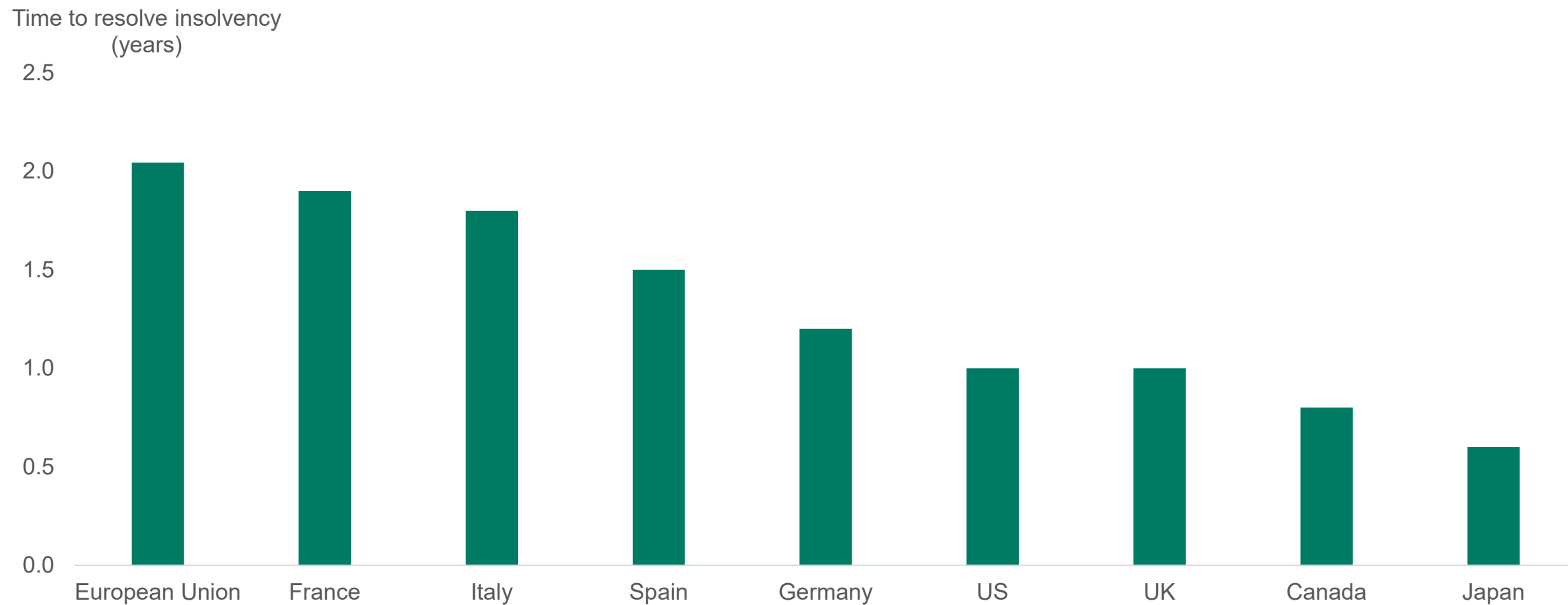


Private credit defaults rate declined

US private credit default rate

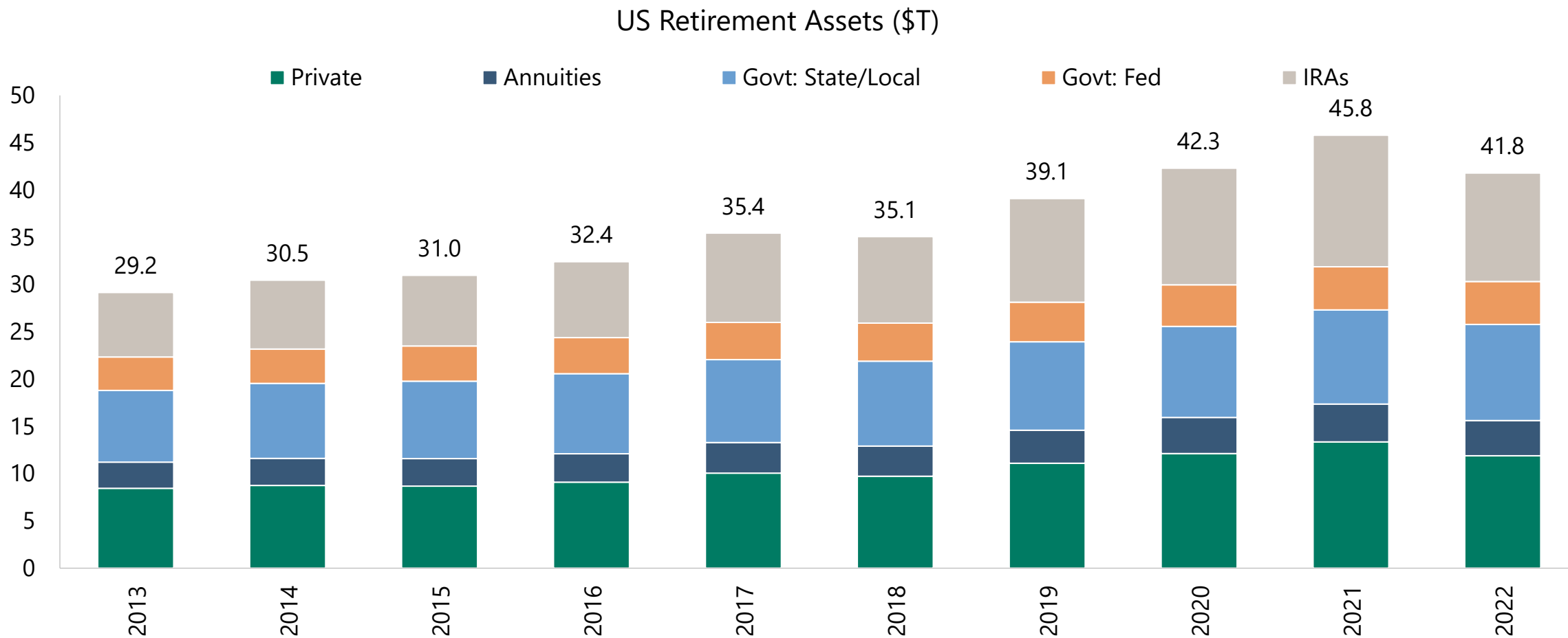


Time to resolve insolvency in 2019

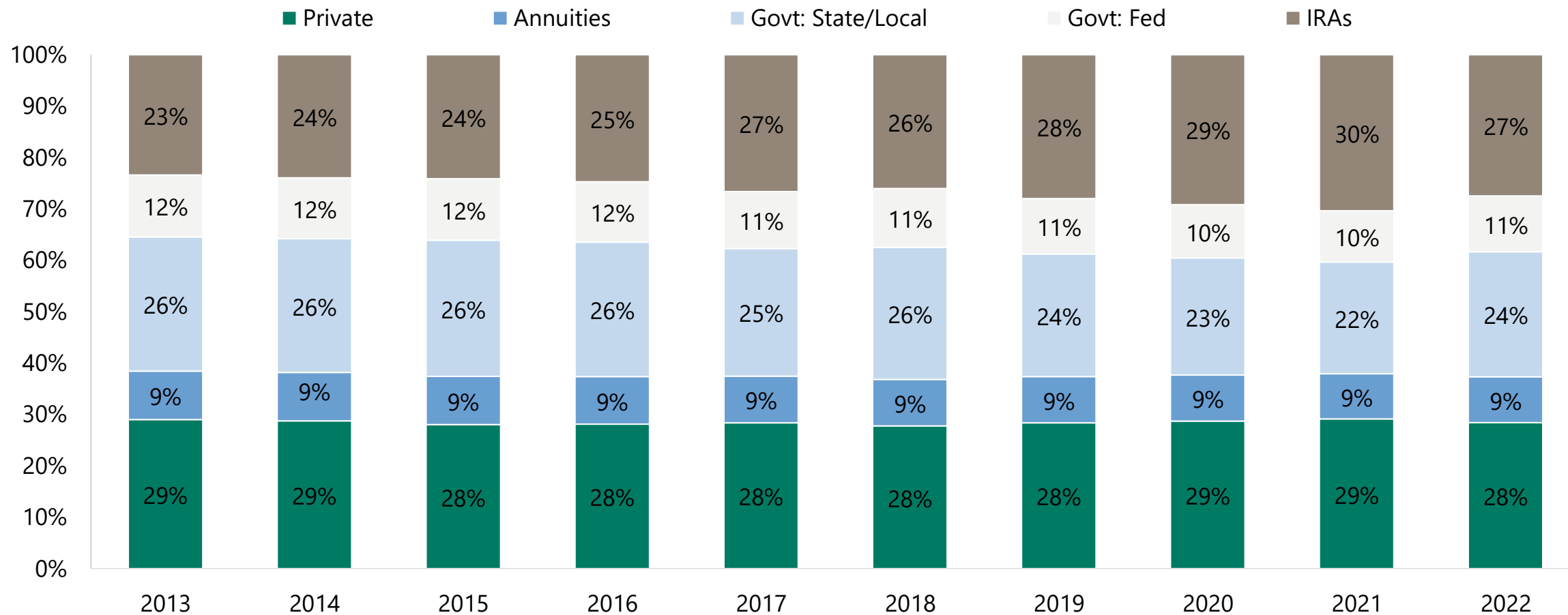


Retirement assets

The composition of US retirement assets



US retirement assets: % of total

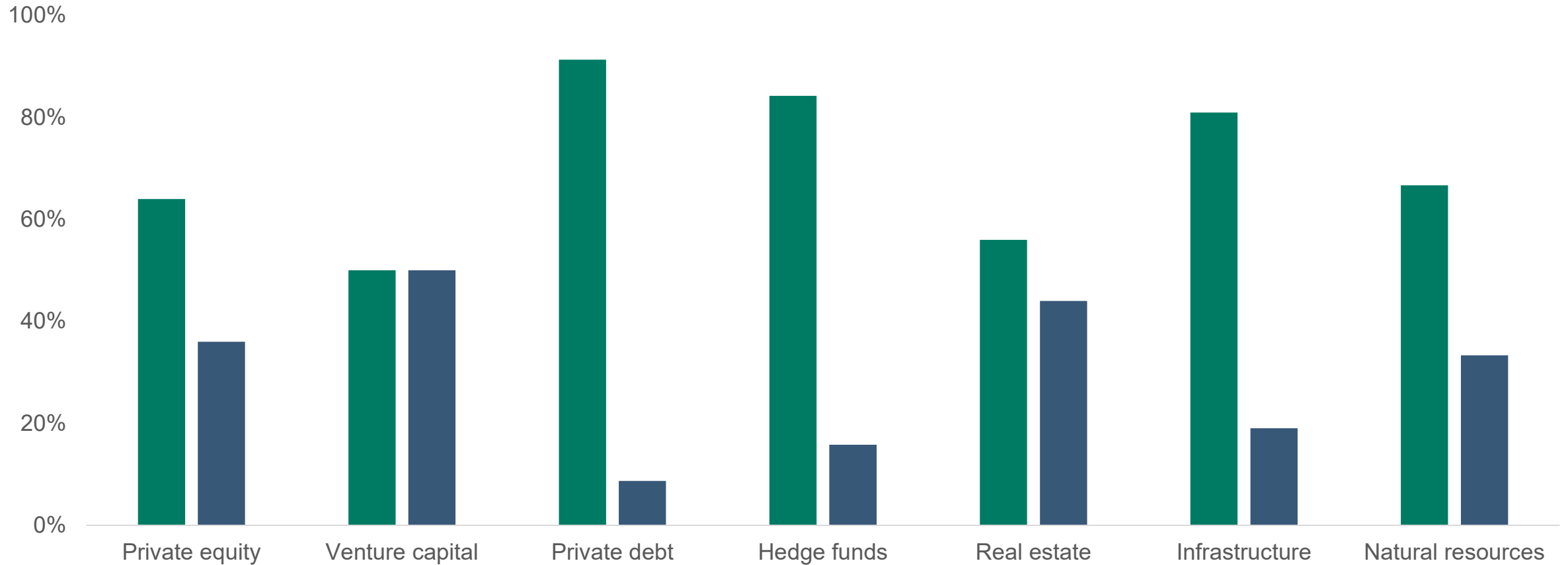


Preqin survey of North-American investors

North America-based investors were asked: 'What are your return expectations in the coming year compared with the year before?'

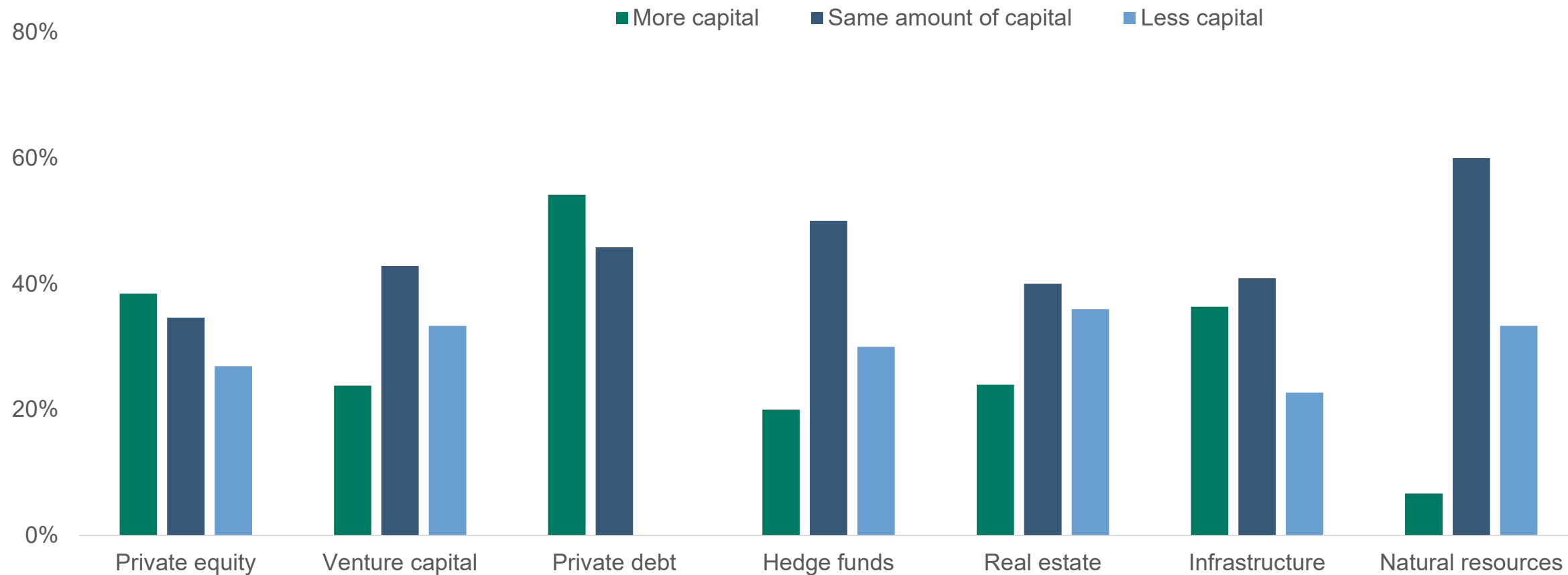
% of respondents

■ Will perform the same or better ■ Will perform worse



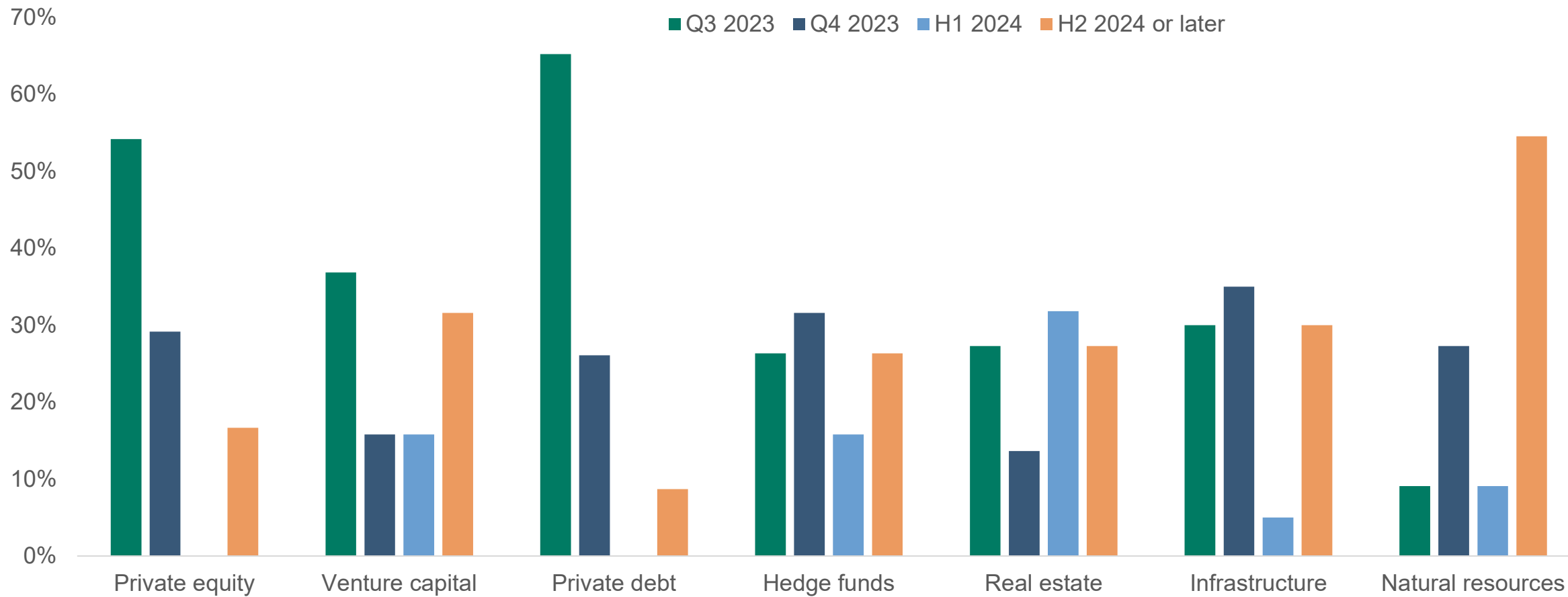
Investors were asked: 'What are your 12-month capital commitment plans?'

% of respondents

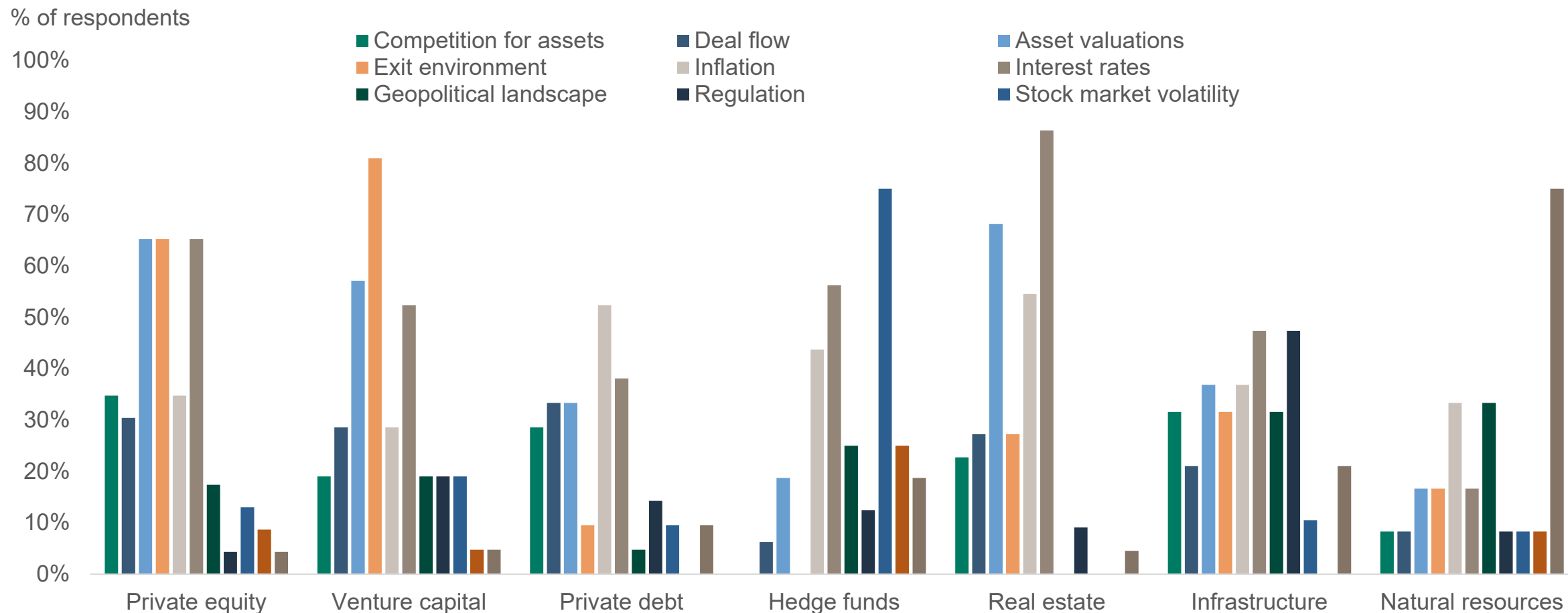


Investors were asked: 'When do you expect to make your next commitment?'

% of respondents



Investors were asked: 'What are the main challenges to returns in the next 12 months?'





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Torsten Slok joined Apollo in August 2020 as Chief Economist and he leads Apollo's macroeconomic and market analysis across the platform.

Prior to joining, Mr. Slok worked for 15 years as Chief Economist at Deutsche Bank where his team was top ranked in the annual Institutional Investor survey for a decade. Prior to joining Deutsche Bank Mr. Slok worked at the IMF in Washington, DC and at the OECD in Paris.

Mr. Slok has a Ph.D in Economics and has studied at the University of Copenhagen and Princeton University.