

APOLLO

# Private Equity Outlook

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**Apollo Global Management**

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Unless otherwise noted, information as of June 2024.

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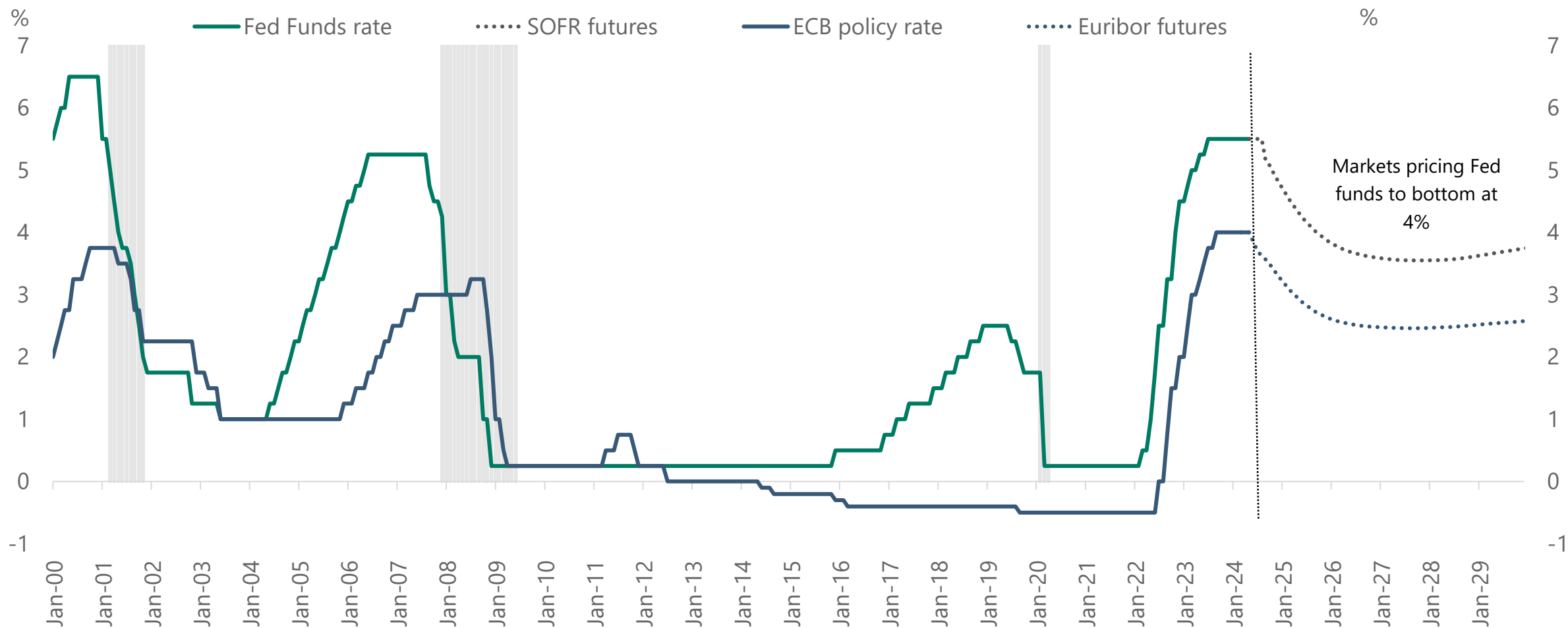


# Overview

1. Interest rates will remain higher for longer due to strong near-term growth, deglobalization, the energy transition, increased defense spending, rising Treasury issuance, and US fiscal deficits.
2. With rates higher for longer and growth eventually slowing down, opportunities in private equity will likely continue to emerge among potential distressed companies.
3. Ongoing uncertainty and volatility in the broader market call for a flexible, value-oriented strategy in private equity. Strategies with the ability to invest opportunistically across the capital stack are well-positioned to capitalize on the shifting fortunes of companies seeking financing in these turbulent times.

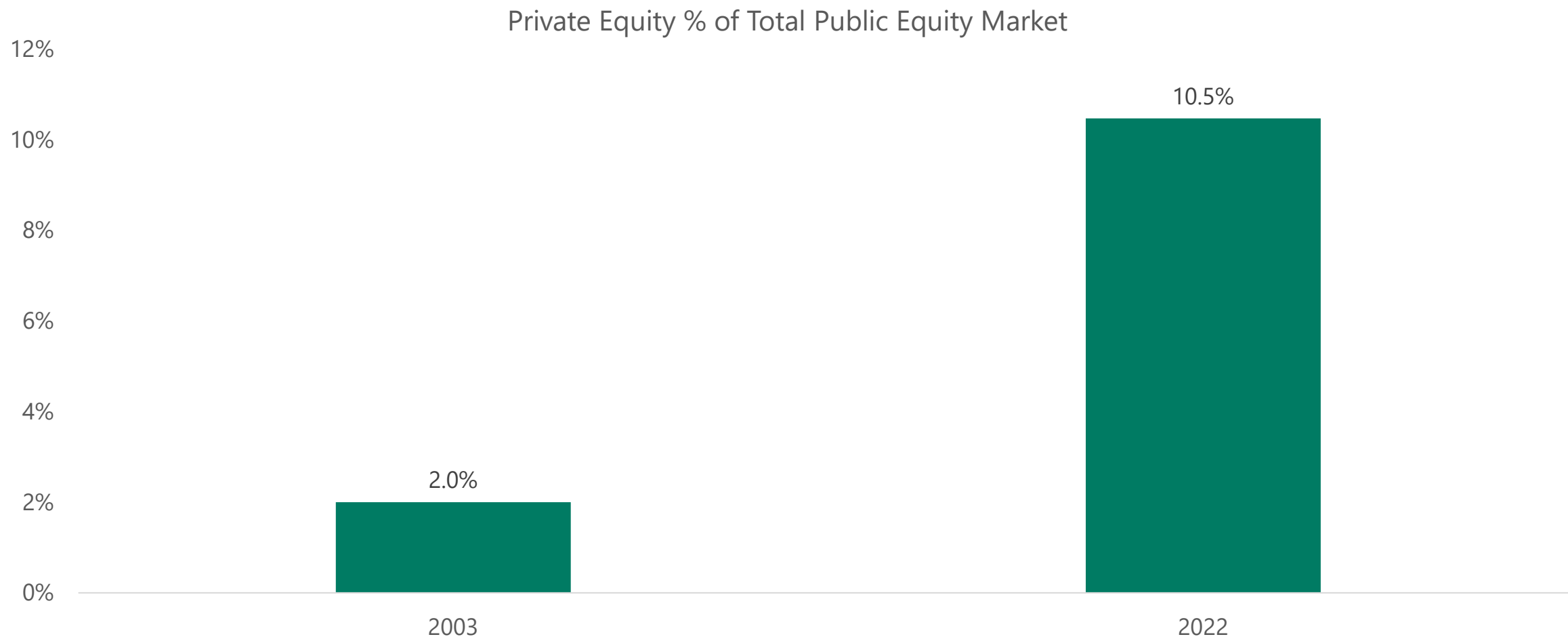
For more discussion, see here: <https://www.apolloacademy.com/2024-mid-year-outlook-an-unstable-economic-equilibrium/>

# Interest rates will remain permanently higher

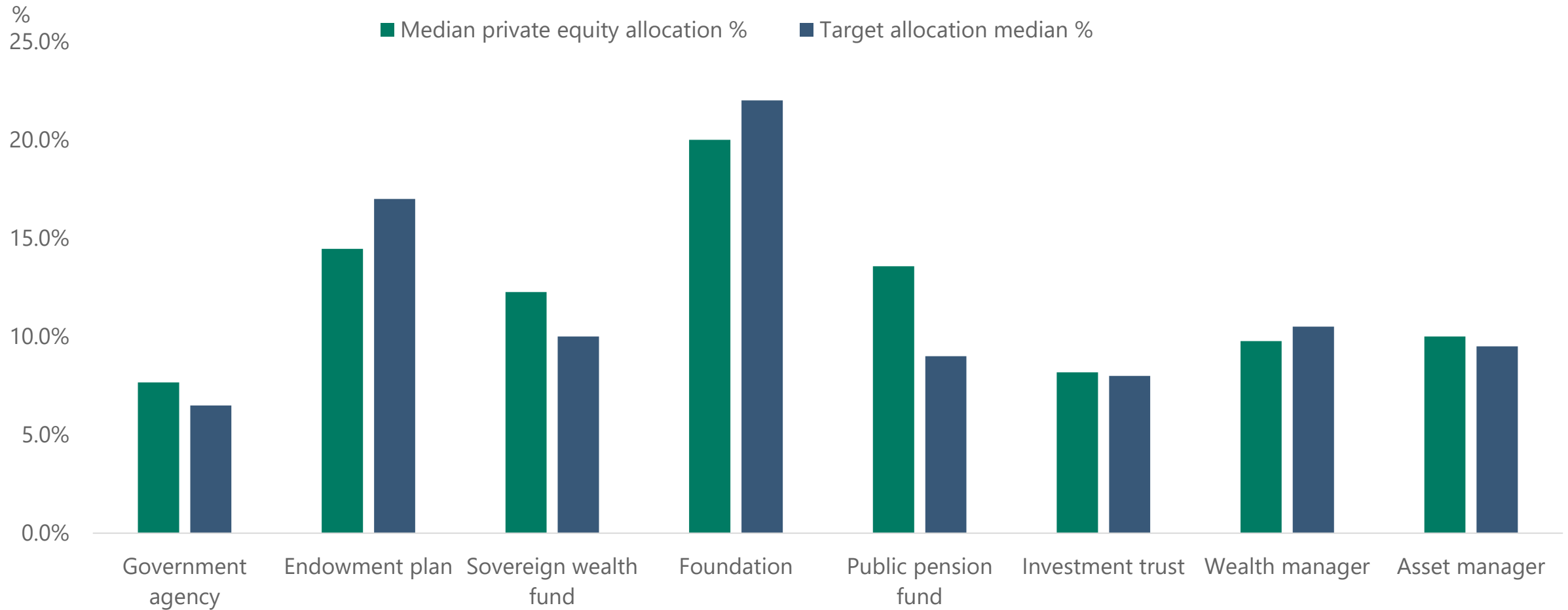


# Overview

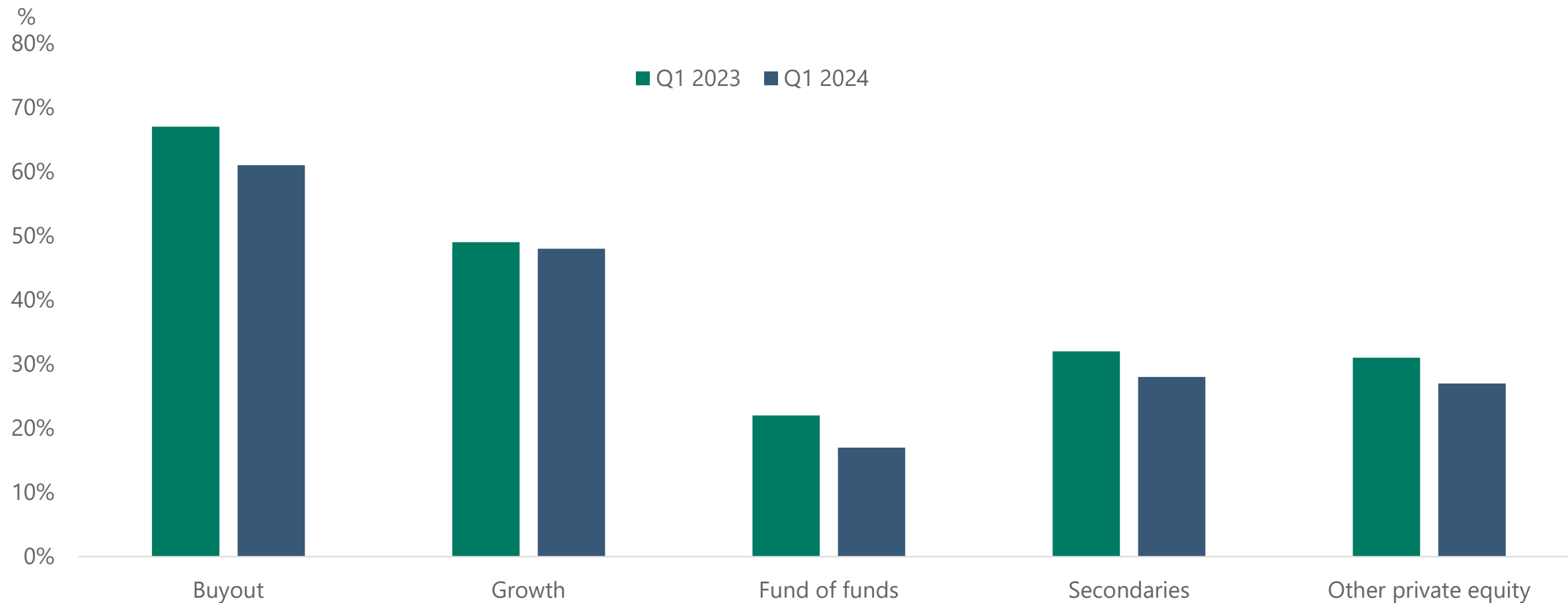
# Private equity as a percentage of the public equity market



# Median current and target private equity allocations by investor type, ranked by aggregate AUM of investors by type, Q1 2024

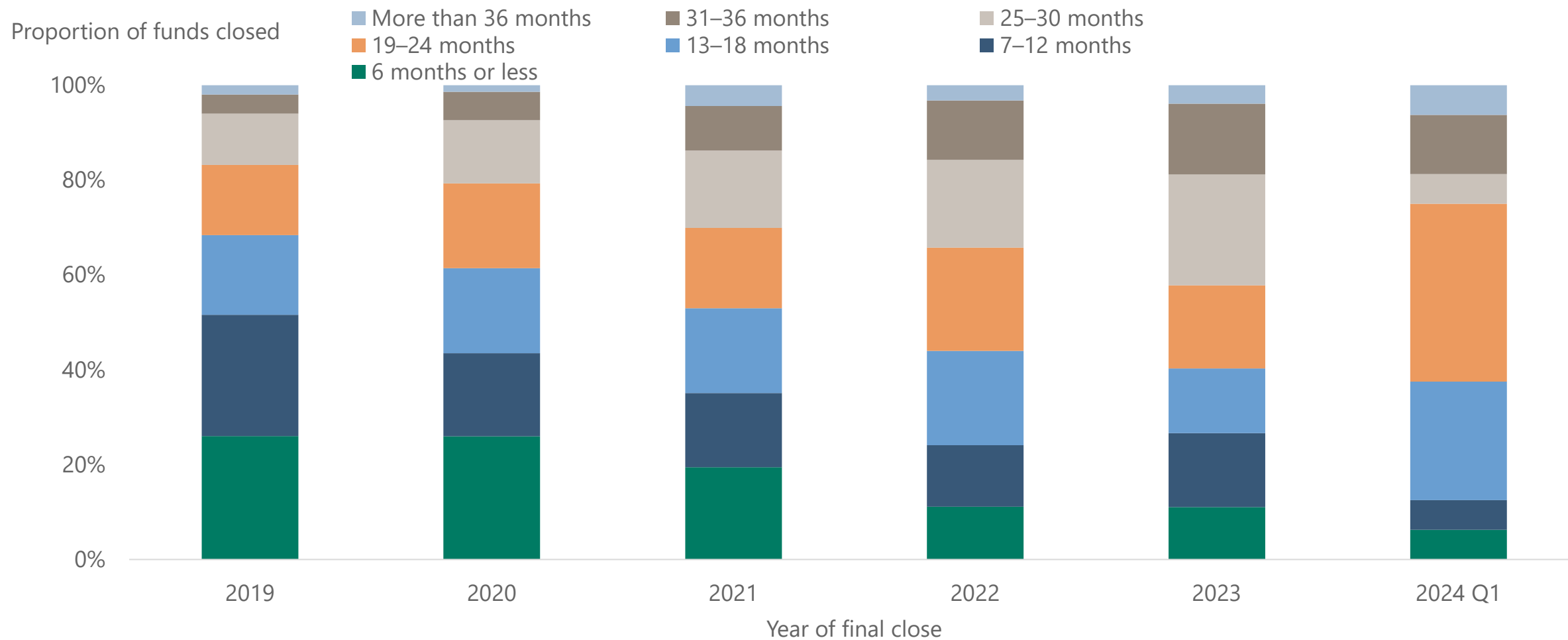


# Strategies targeted by investors over the next 12 months vs. Q1 2023

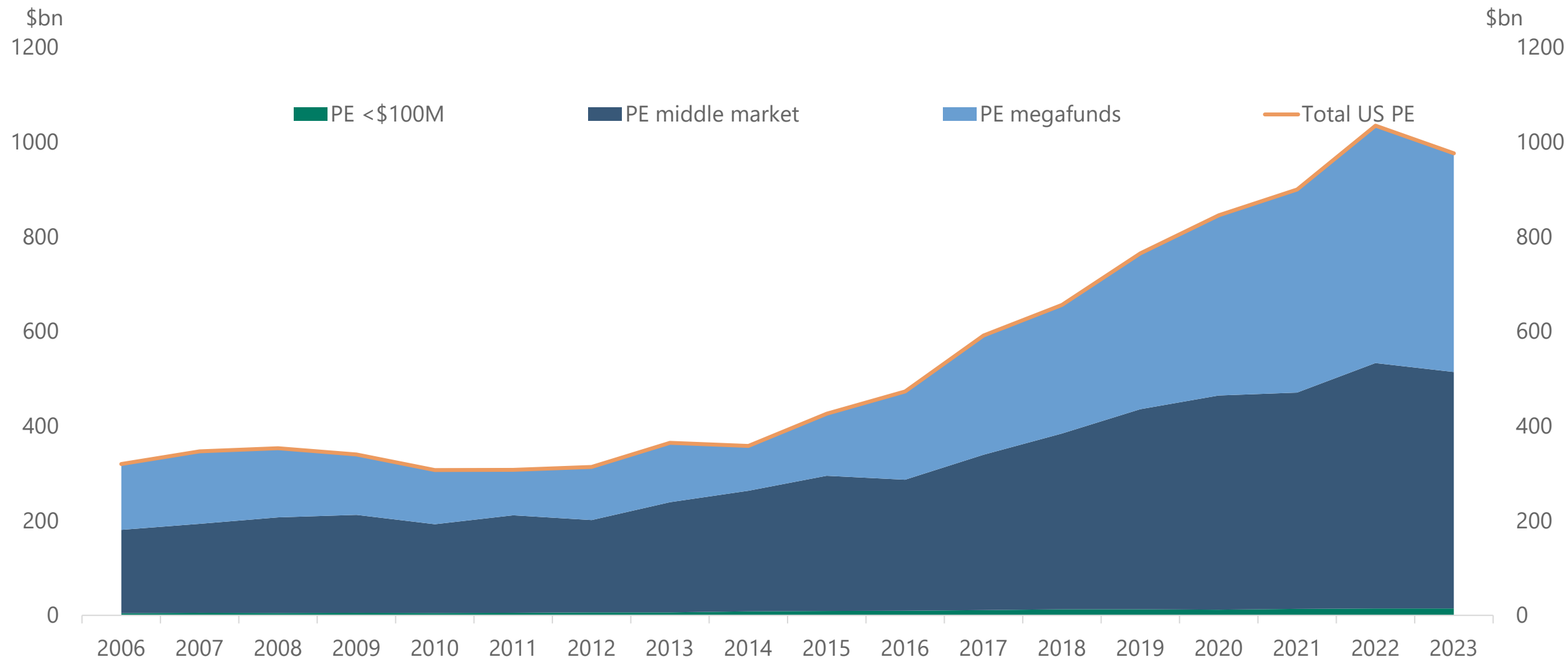




# Private equity funds closed, by time spent in market

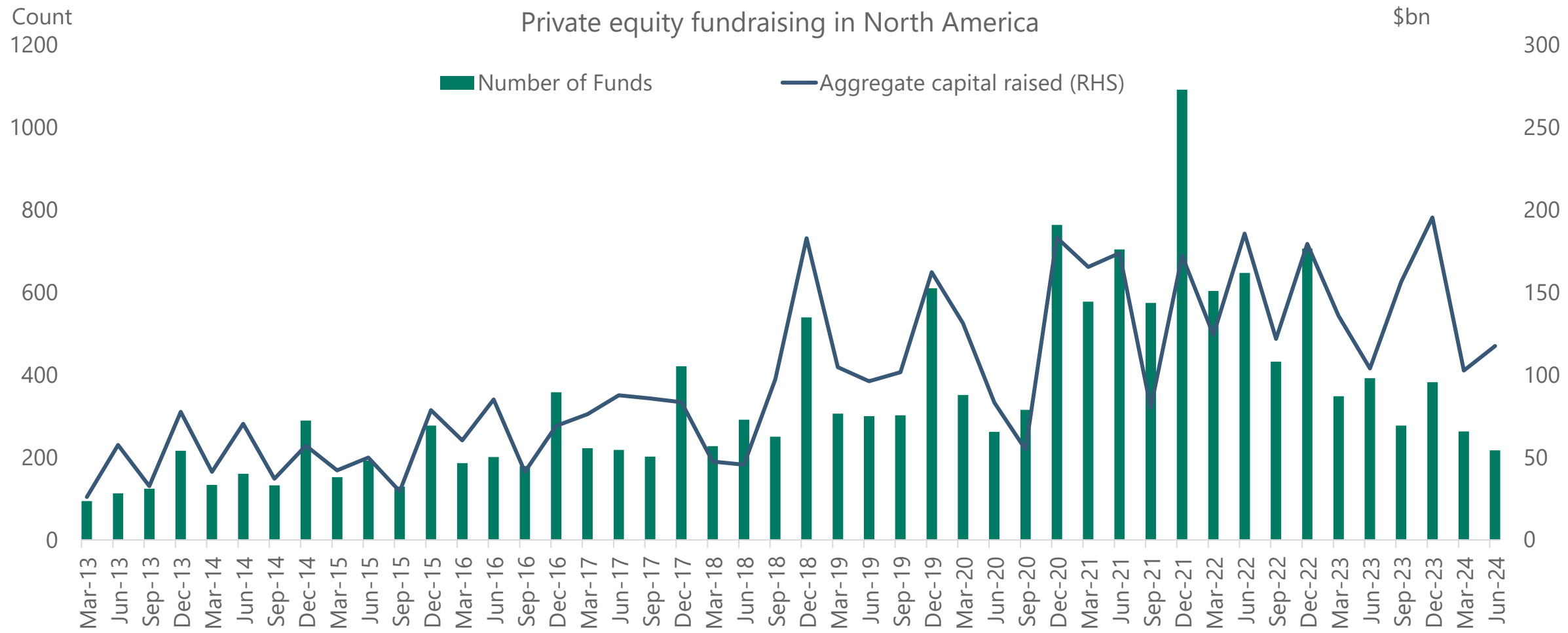


# The composition of PE dry powder



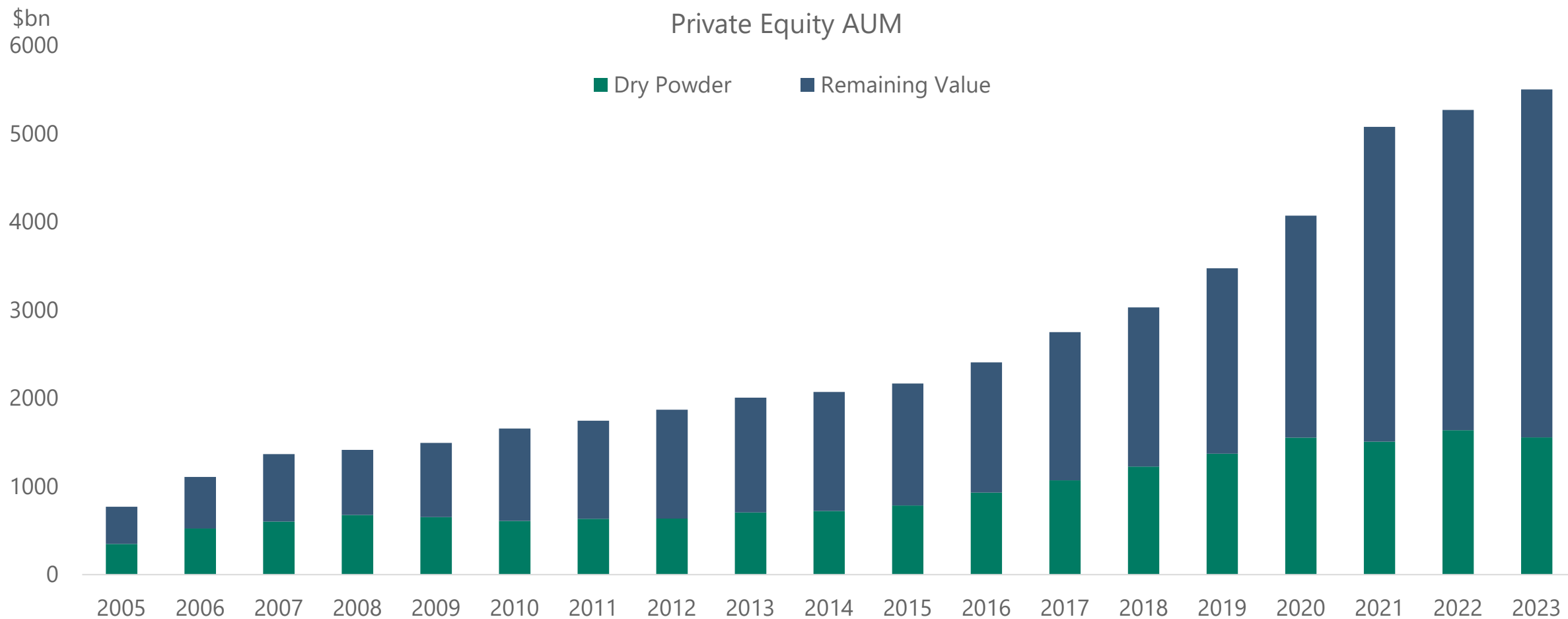
Source: PitchBook, Apollo Chief Economist. Note: Data as of 30<sup>th</sup> September 2023

# Private equity fundraising trending lower after the Fed started raising rates in 2022Q1

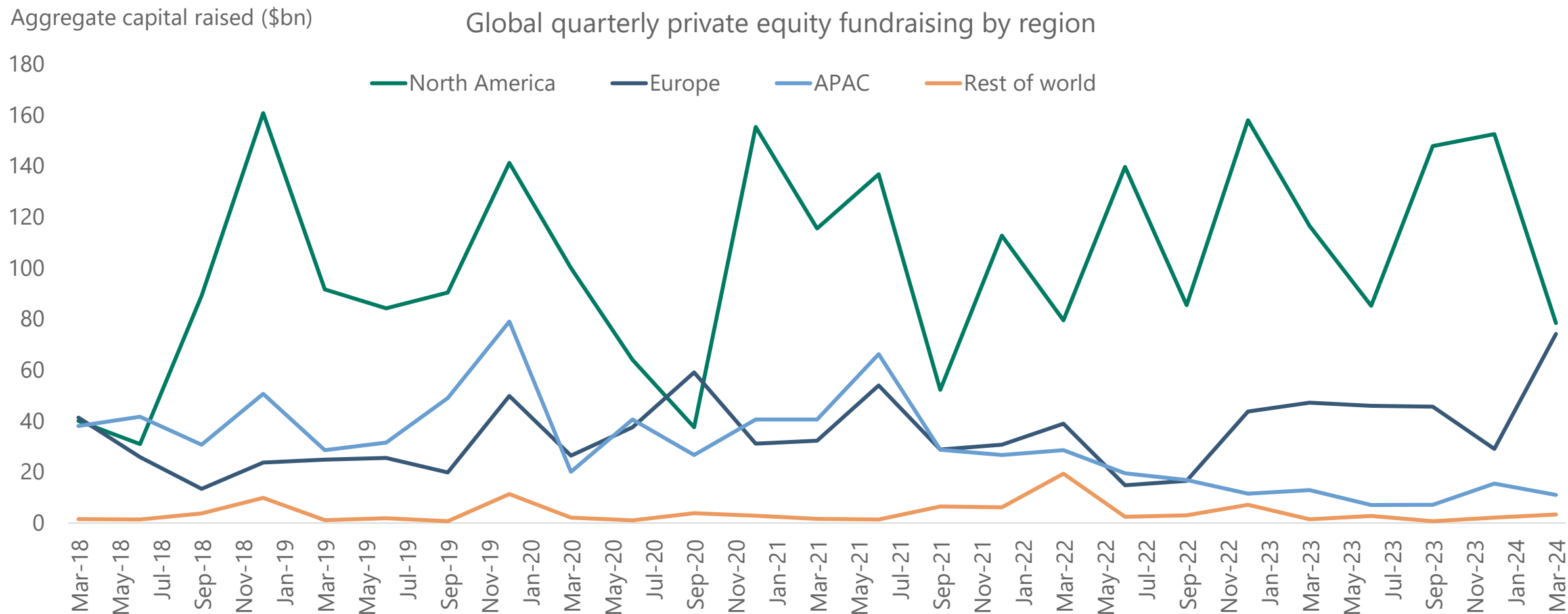


Source: Preqin, Apollo Chief Economist

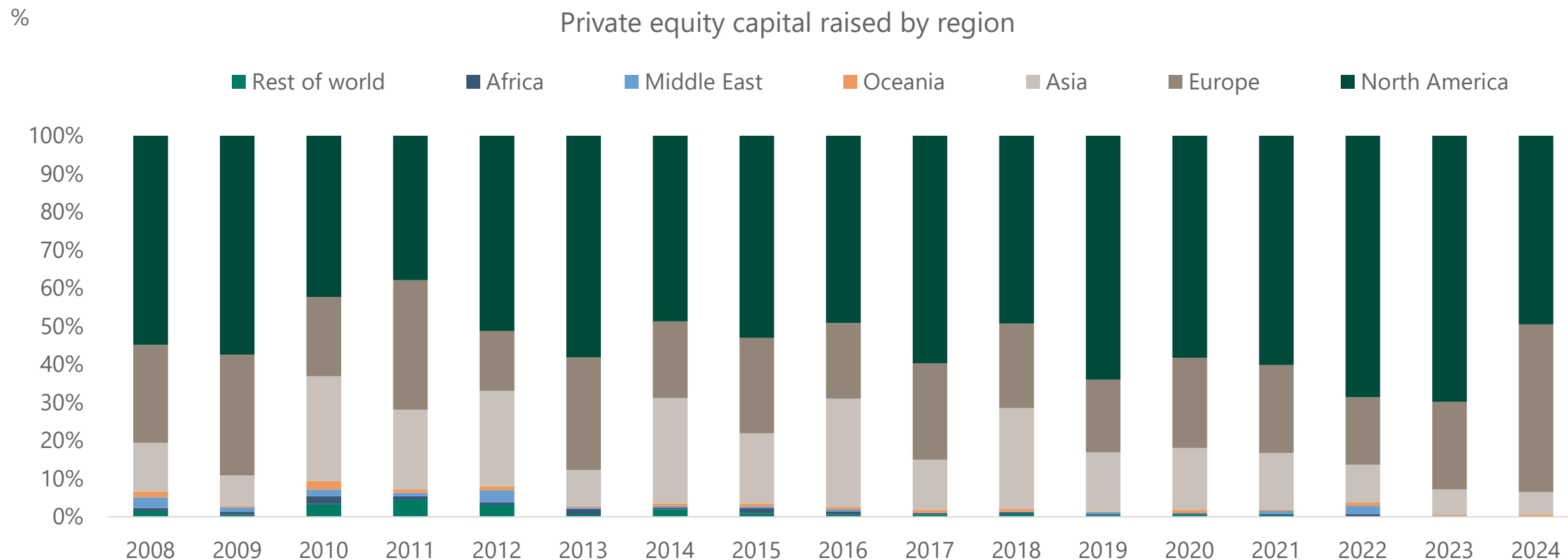
# Global private equity AUM is around \$5 trillion



# PE fundraising by region



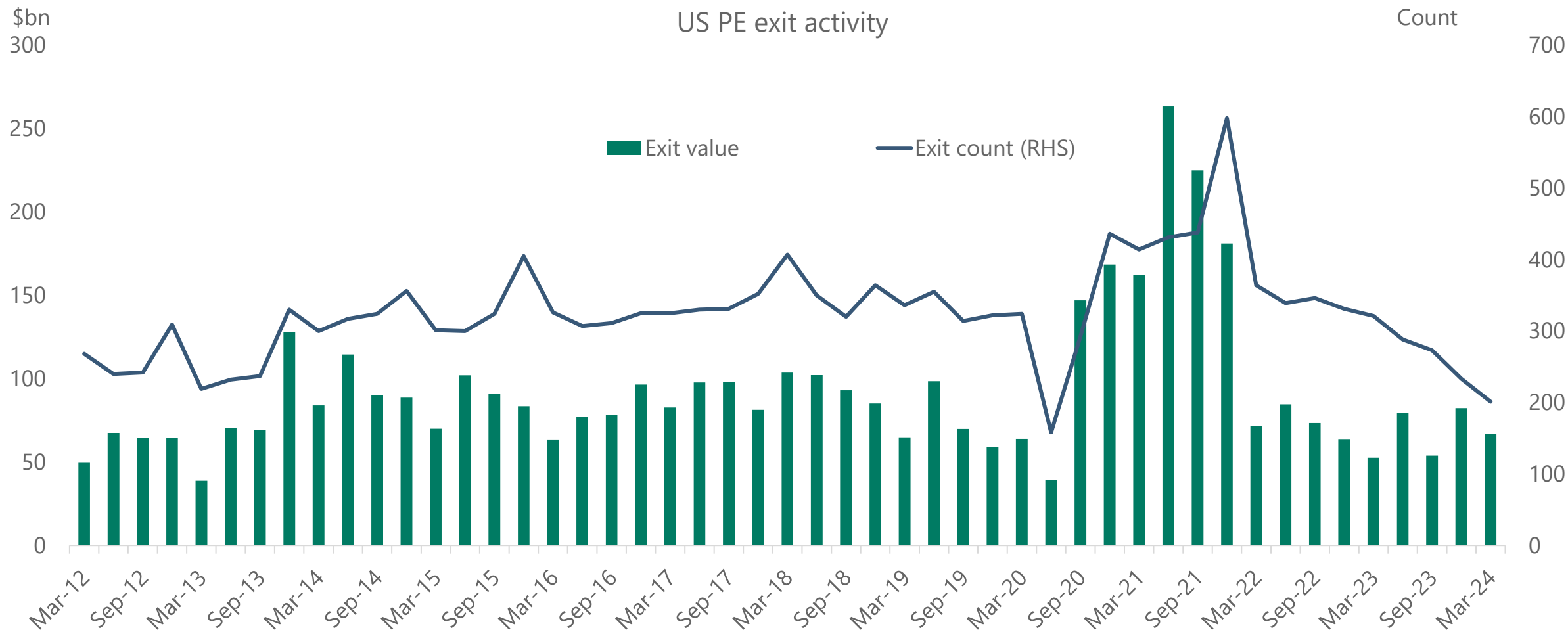
# 70% of global private equity capital is raised in North America



Source: PitchBook, Apollo Chief Economist. Note: Data as of 30<sup>th</sup> March 2024

# Recent PE deal activity

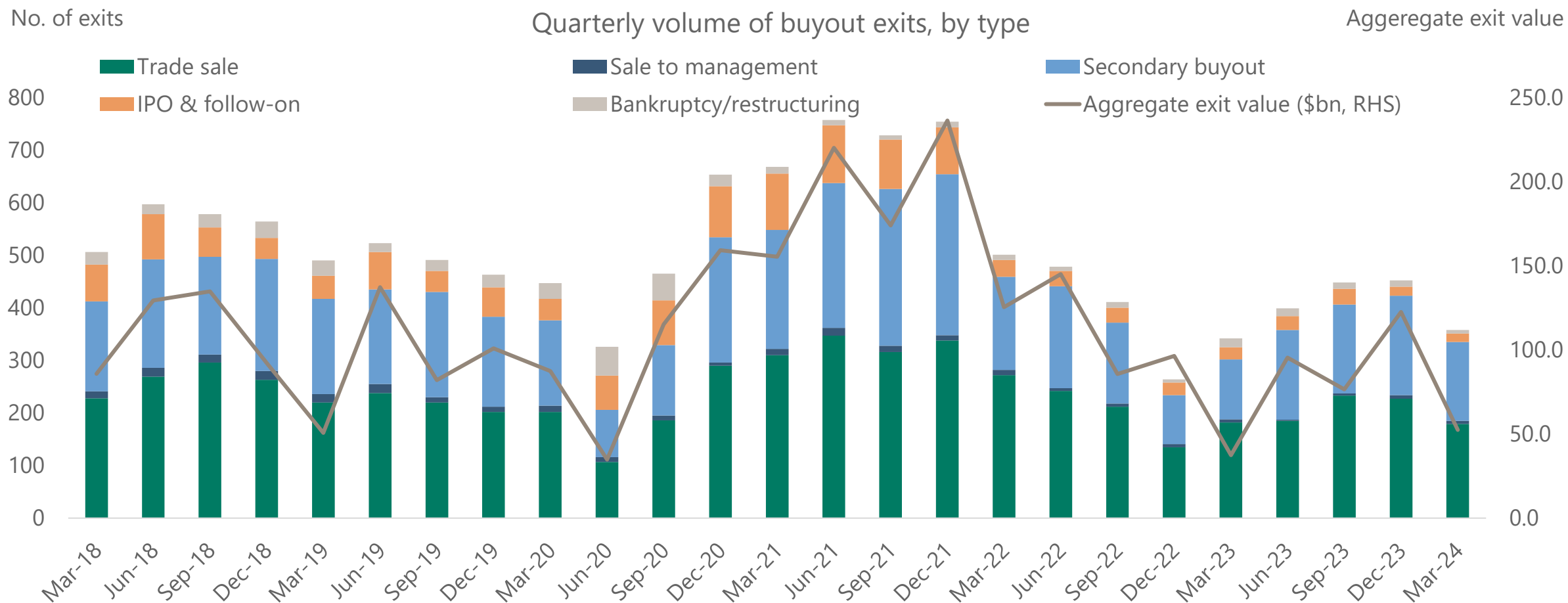
# PE exit activity falling after the Fed raised rates in 2022Q1



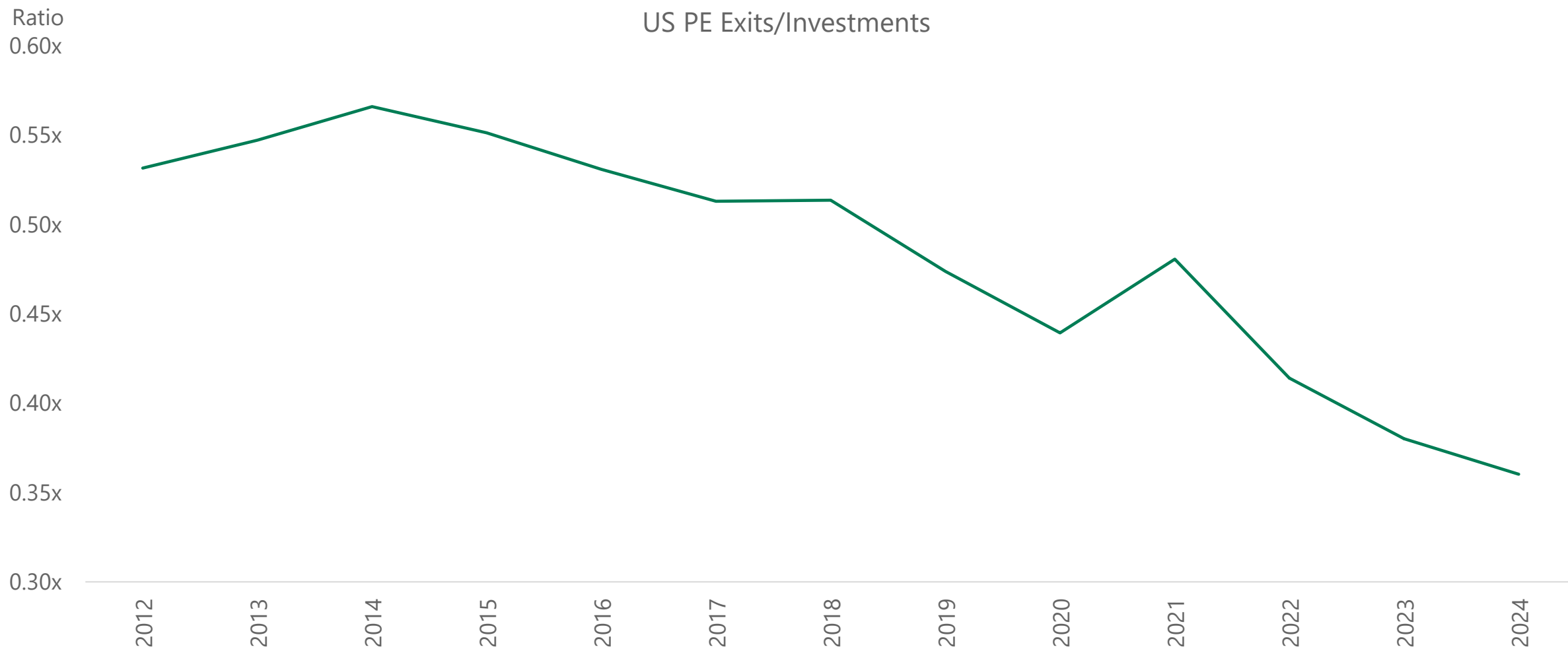
Source: PitchBook, Apollo Chief Economist. Note: Data as of 31st March 2024



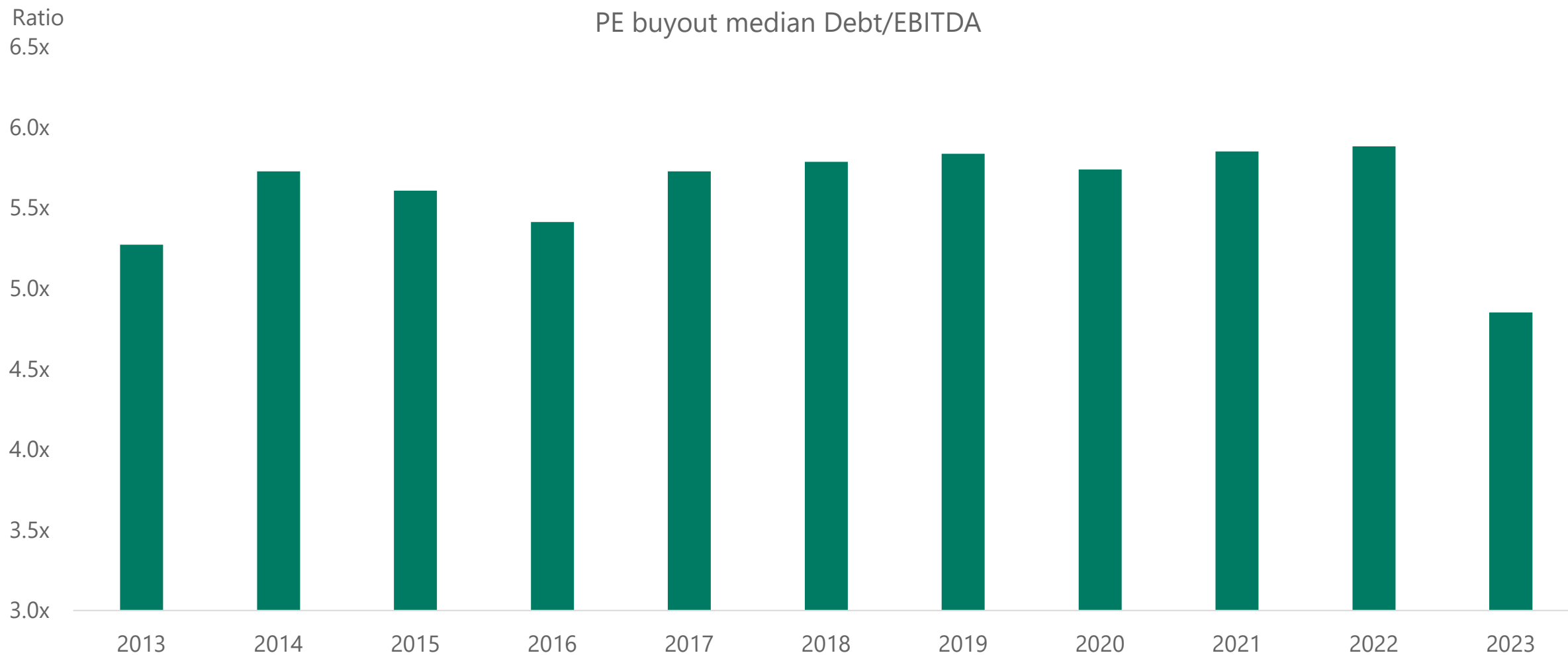
# Quarterly volume of buyout exits, by type



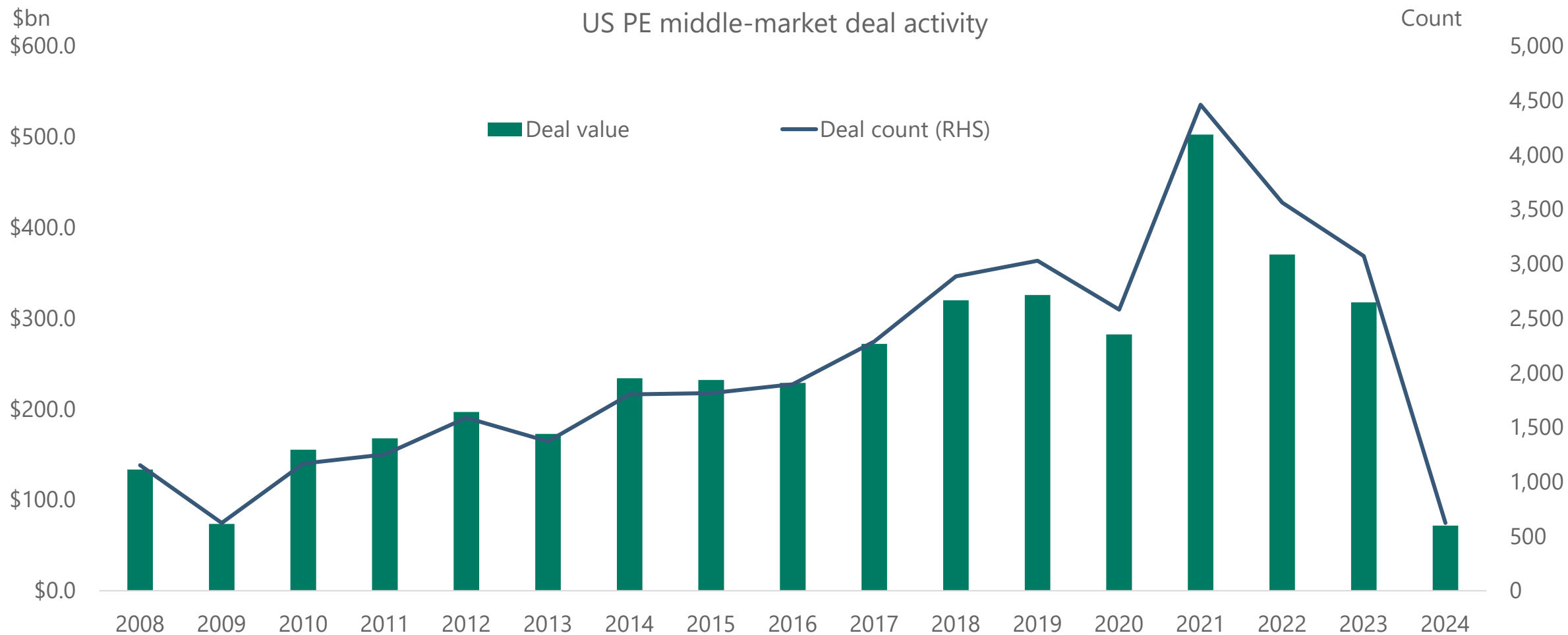
# The exits-to-investments-ratio is declining



# Median Debt/EBITDA declined after the Fed started raising rates in 2022

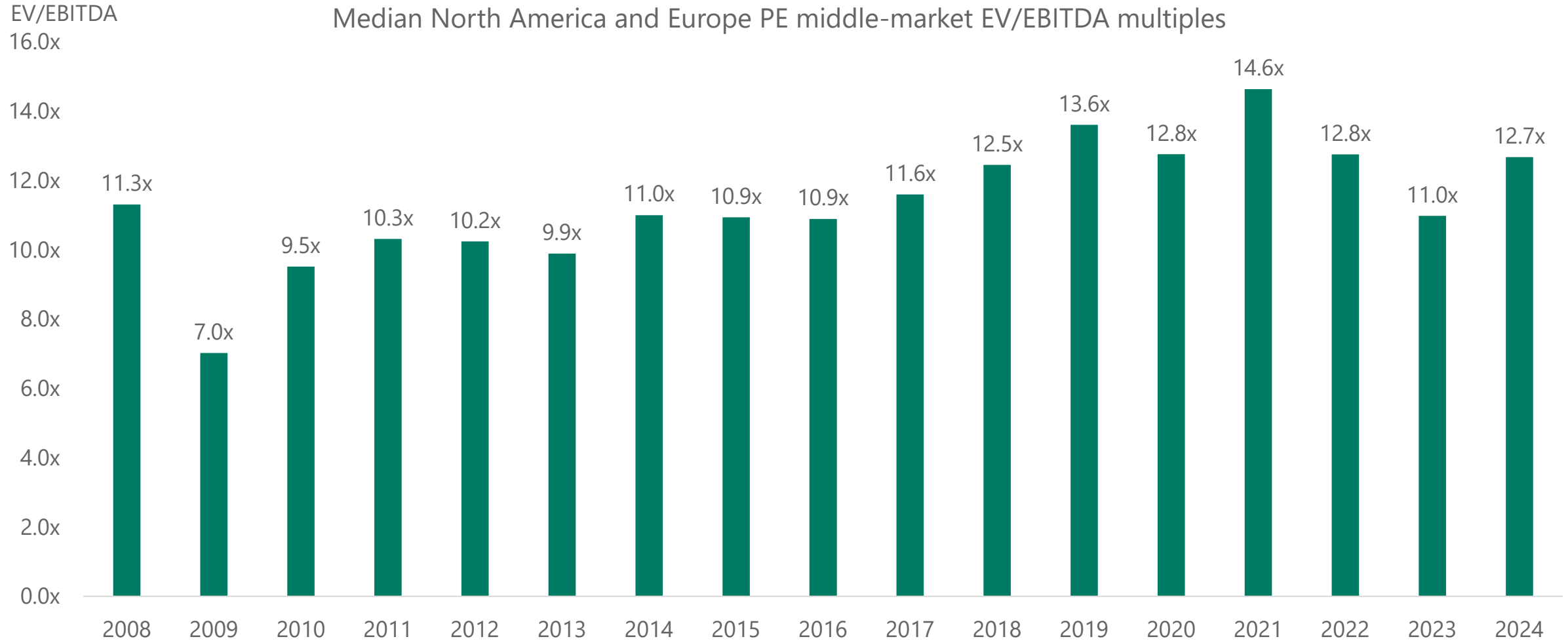


# US PE middle market deal activity



Source: PitchBook, Apollo Chief Economist. Note: Data as of 30<sup>th</sup> September 2023

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



Source: PitchBook, Apollo Chief Economist. Data as of 31<sup>st</sup> March 2024



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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 on the sell-side where his team was top ranked in the annual Institutional Investor survey for a decade. Mr. Slok has also worked at the IMF in Washington, DC and at the OECD in Paris.

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