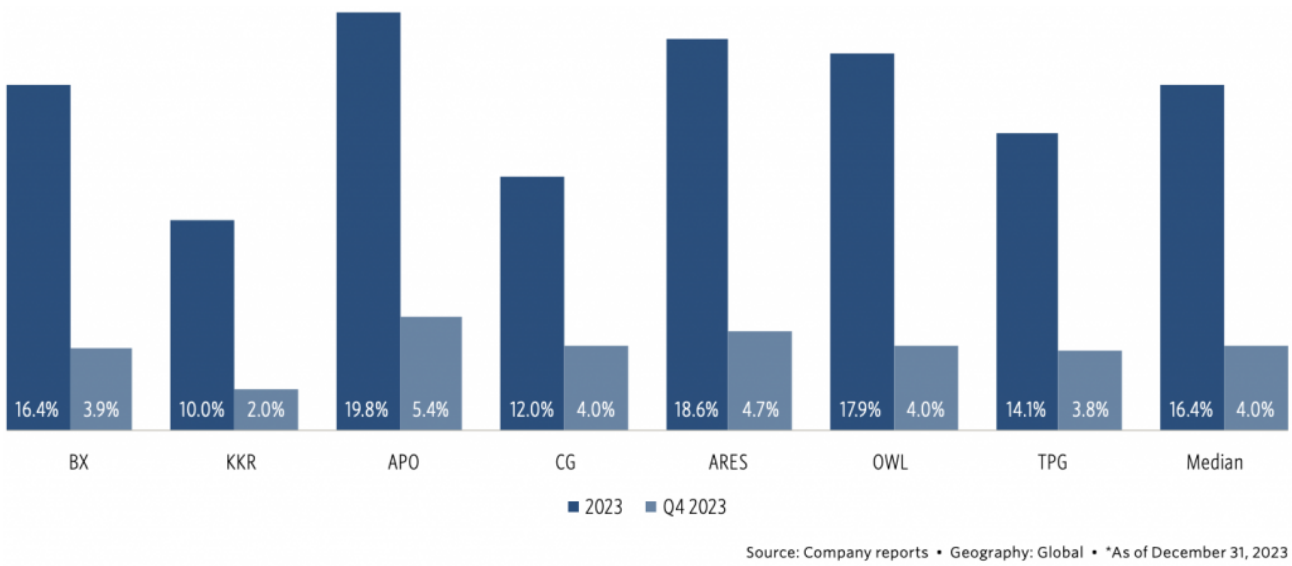
Gross private credit returns/appreciation by manager*

PitchBook | February 27, 2024



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The top seven US-listed alt managers with credit strategies—including TPG, as its acquisition of Angelo Gordon (AG) closed on November 2, 2023—posted median Q4 and 2023 returns of 4.0% and 16.4%, respectively, which compares favorably to the 9.8% PE gross returns referenced above. Not all of these private credit strategies may be comparable, with some taking on more risk and leverage than others, but their recent ability to generate equity-like returns with significantly lower volatility has validated the headlong push these managers have made to gain full exposure to the asset class. Of note, the median gross return reported by these seven managers with private credit strategies not only exceeded the median return delivered by their PE strategies, but the differential also expanded from Q3 to Q4.

In commenting on the performance of their underlying portfolio companies, most managers reported a stableto-improving trend in Q4 2023 both in terms of revenue and EBITDA growth—consistent with a soft-landing thesis. Blackstone indicated 7% revenue growth YoY in Q4, a slight downshift from the 8% growth rate in Q3; although, it sees cost pressures fading fast and expressed conviction that inflation is now running below the Federal Reserve's (The Fed's) 3% target. In its ARCC portfolio, Ares indicated that TTM EBITDA ticked up from 6% in Q3 to 9% in Q4. ARCC is the largest publicly traded business-development company at present, with more than $13 billion in loans to primarily middle-market companies. Lastly, at the higher end of the growth scale, Blue Owl reported EBITDA growth also firmed slightly from Q3 to Q4 and averaged 15% on a

TTM basis. Blue Owl is a leader in the software direct lending space, which partially explains these elevated growth rates.

(Past performance is no guarantee of future results.)