Houlihan Lokey

Financial Services Group

# Asset Management

INDUSTRY OVERVIEW Q1 2023

# Executive Summary

## Key Trends

- Relative valuations are down, and most asset manager stocks have recently underperformed the broader market.
- Flows continue to be a challenge for traditional asset managers and a boon for alternative asset managers.
- Private markets have been the place to be; volatility is lower, capital-raising is easier, and returns are attractive.
- With declines in asset values and persistent inflation, operating margins are challenged.
- Traditional managers are seeking the benefits of alternative products, buying up platforms and teams.
- Scale and distribution are becoming as important in the alternative sector as they have been in the traditional sector.


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## Houlihan Lokey Insight

Those hoping for a calmer, more predictable 2023 (myself included) were off to a promising early start before March.

Impacts from the war in Europe, lingering COVID-19, global inflation, central bank tightening, and political uncertainty wreaked havoc across every single market in 2022. Asset class correlations were unprecedented, leaving investors few places to hide. Managers faced burdensome investing challenges, operating pressures, and generational opportunities.

Traditional asset managers generally continue to see net outflows and fee compression, an unabating decade-long trend. Their valuations reflect this; firms that can distinguish themselves with attractive strategies, operating leverage, and outperformance have fared better.

A seemingly endless amount of capital continues to flow into alternative managers' coffers, especially in private markets like direct lending, real estate, and infrastructure, leaving many to wonder how they are deploying it so quickly and efficiently. Blackstone's $226 billion of inflows alone in 2022 made it a top 10 alternative asset manager globally*. Alternative managers significantly benefited from private markets, not directly enduring the same volatility in their asset valuations that public fund managers faced. That may revert this year.

In 2023, we see little change in the strategic needs and priorities of asset managers. Traditional firms are seeking more differentiation and scale. Firms doubling down on traditional asset management and legacy products like long-only equity funds are going to continue to struggle with growth and sustaining margins. Those that have begun to shift to private markets will have a better chance of thriving; strategic acquisitions make a lot of sense.

Alternative investment firms are not letting off the gas. Having saturated the institutional market with their products, they are setting their sights on retail—potentially the most lucrative, untapped well of financial assets in a generation.

Up until now, the distribution of alternative investments to retail investors has been an evolving sector, with only a few firms really succeeding. This is changing rapidly. Managers are now investing in and training their own teams to distribute to retail or buying up firms that have been successful distributing alternatives. This will undoubtedly fuel the competition for retail assets among traditional and alternative managers.

Factors that drove volatility in 2022 have not subsided; many have intensified, but we have learned to live better with them. We will see if the markets can digest additional interest rate hikes the Fed may impose and calm down from the recent unexpected takeover of Credit Suisse and rapid failures of Silicon Valley Bank, Signature Bank, and Silvergate Bank.

With any luck, a year from now, we will not be looking back on 2022 fondly.

**Charles Hibbs, CFA**

*Charles Hibbs is a leading member of the asset and wealth management investment banking practice within Houlihan Lokey's Financial Services Group. Coverage includes traditional and alternative asset managers, wealth managers, business development companies, real estate investment trusts, and specialty finance companies. Mr. Hibbs has advised on more than 40 completed transactions representing more than $25 billion in closed M&A, financing, and restructuring deals.*

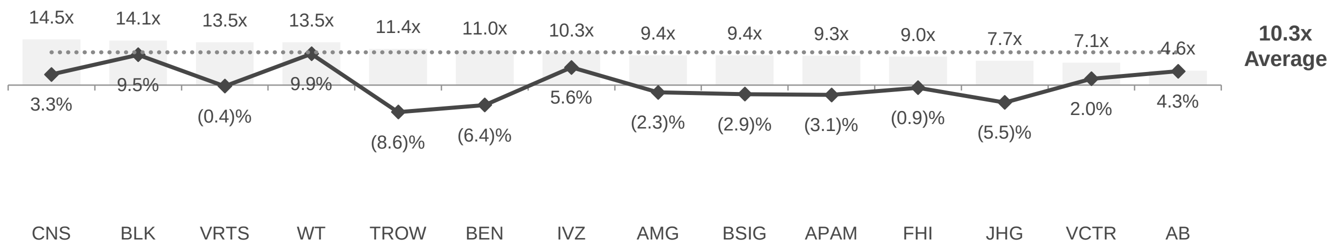
**Sources: Earning transcripts.*

# Recent Asset Management Trends
*Market Multiples*

Traditional managers continue to trade below alternative managers due to the relative tailwinds the latter face—permanent capital, positive net flows, stable fee rates, and relative outperformance.

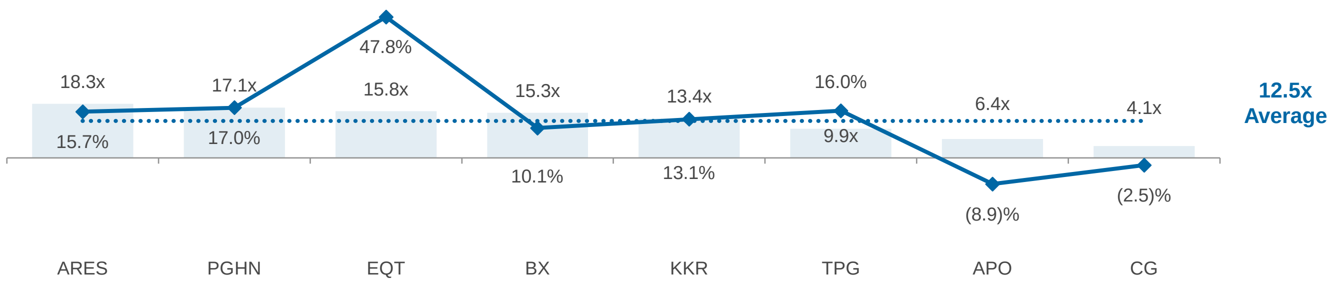
## Traditional Asset Managers

Multiple of 2023E EBITDA (bar); 2022A–2024E EBITDA growth (line)



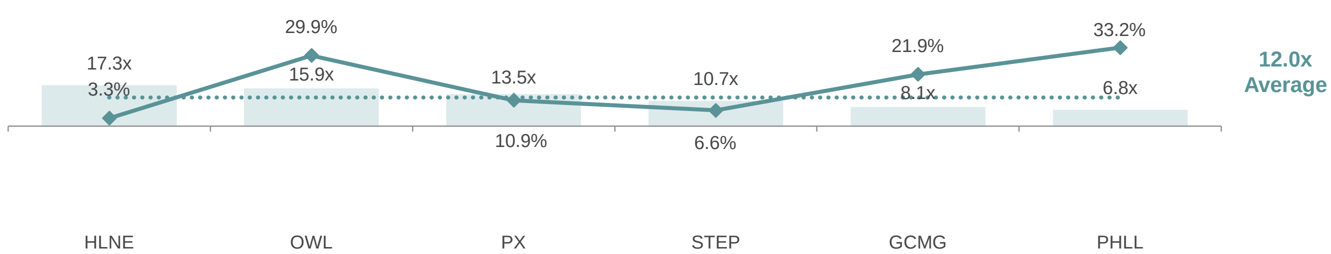

## Alternative Asset Managers

Multiple of 2023E EBITDA (bar); 2022A–2024E EBITDA growth (line)




## Private Markets Managers

Multiple of 2023E EBITDA (bar); 2022A–2024E EBITDA growth (line)




## Valuations: Why the Difference?

Platforms that trade at higher multiples do so because of higher growth, more consistent earnings, and better profitability.

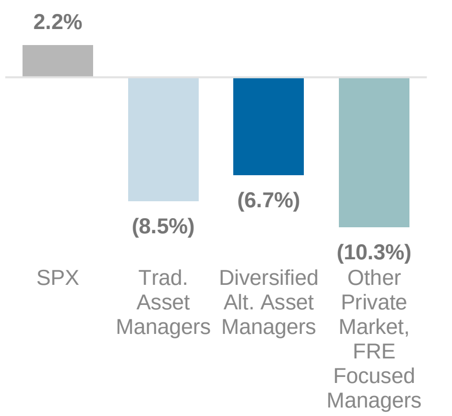
- Net Flows
- Permanent Capital
- Operating Scale
- Product Fee Rates
- Management Fees vs. Performance Fees
- Investment Income
- Profitability Margins

*Source: Public filings, transcripts, SNL Financial, Wall Street estimates.*
*Note: Financial data as of March 31, 2023.*

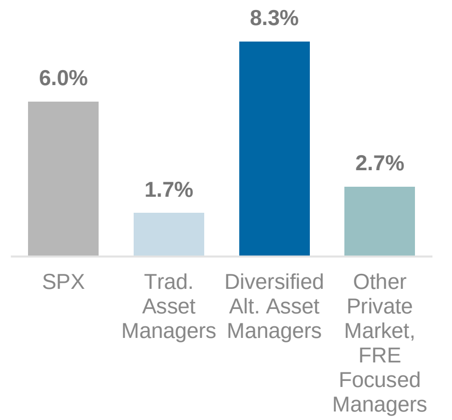
# Recent Asset Management Trends
*Total Stock Price Returns*

March 2023 was a volatile one for asset mangers, with relative stock performance lagging the overall market; over the long term, diversified alternative asset manager stock prices have outperformed.

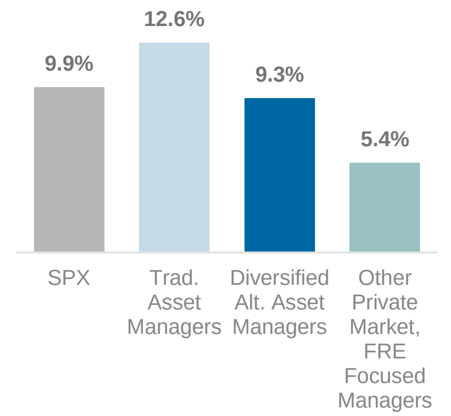
## One Month



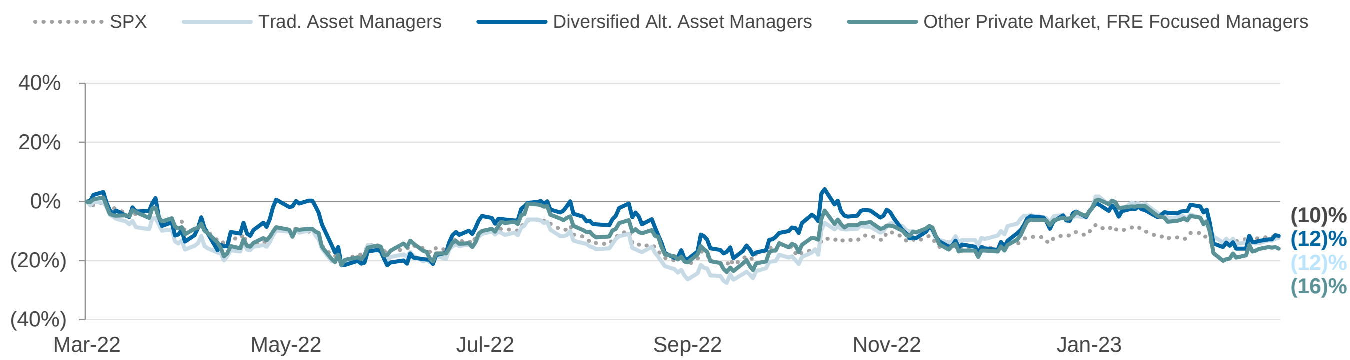

## Three Months



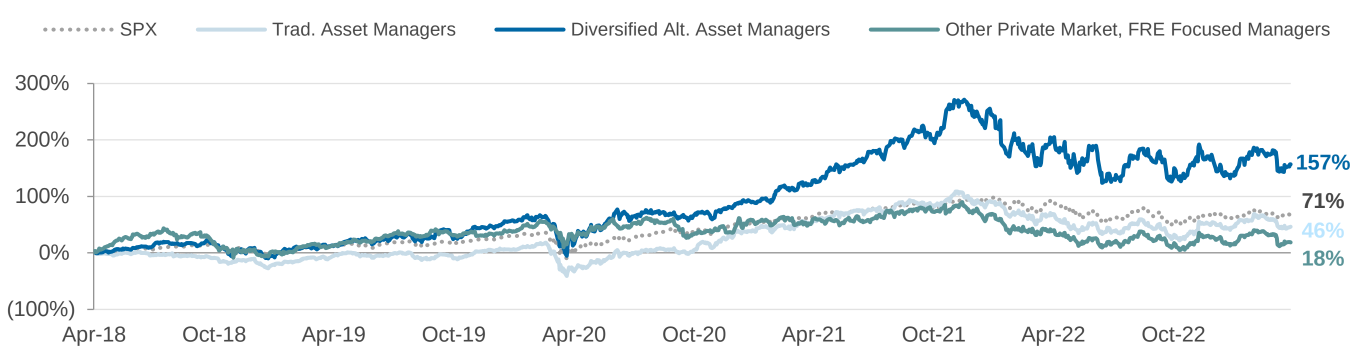

## Six Months




## One-Year Total Return[1]




## Five-Year Total Return[1]



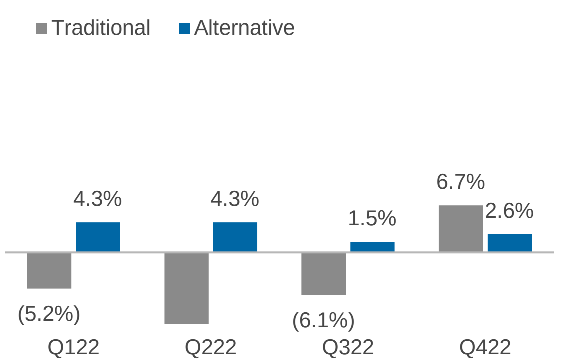

*Source: Public filings, transcripts, SNL Financial, Wall Street estimates.*
*Note: Financial data as of March 31, 2023; see page 16 for list of companies included in each category.*
*(1) Total return includes cumulative change in stock price, plus reinvested dividends; indices are not market capitalization weighted.*

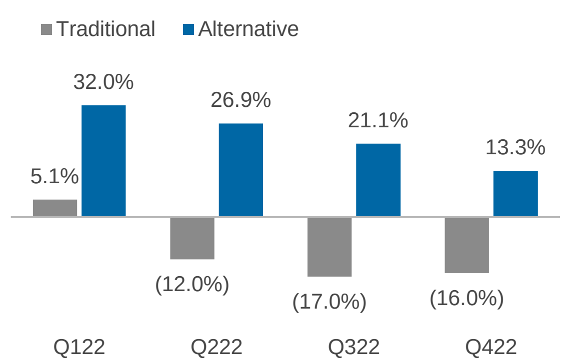
# Recent Asset Management Trends
*Assets Under Management*

Alternative managers have blown away traditional managers in capturing net flows and growing assets under management. Alternative managers have also not reflected the same market impacts to assets under management that public markets managers have been subject to over the past year.

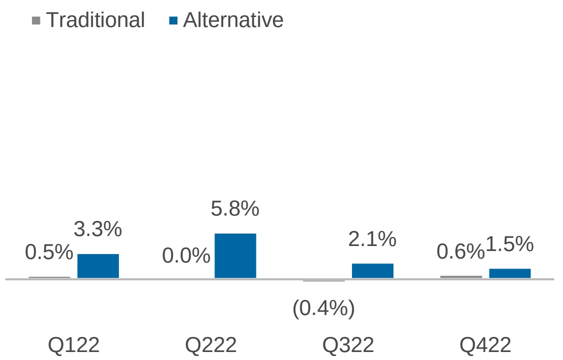
**Quarter-Over-Quarter Change** | **Year-Over-Year Change**

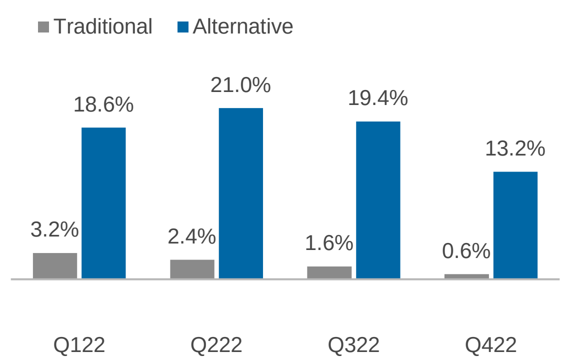
**Total Asset Under Management**



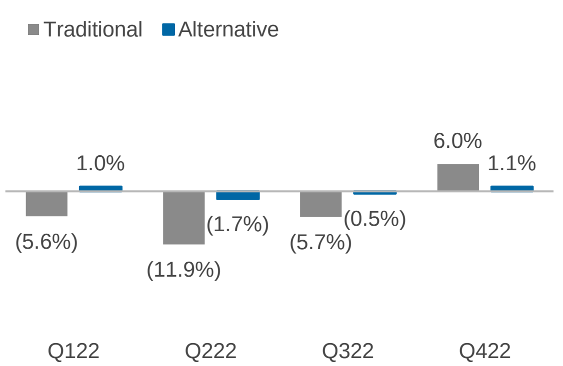



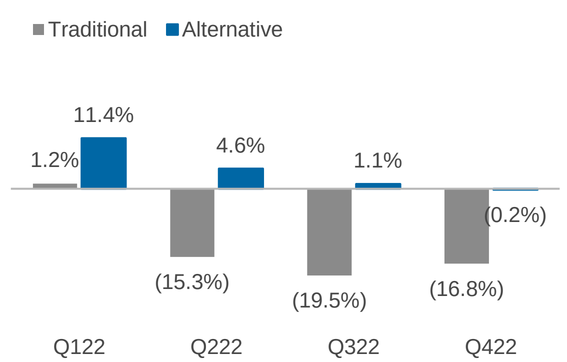

**Net Flows**




**Market Impact**




*Source: Public filings, transcripts, SNL Financial, Wall Street estimates.*
*Note: Financial data as of March 31, 2023; see page 16 for list of companies included in each category.*

# Recent Asset Management Trends

*Select M&A Transaction Drivers*

The M&A market for asset managers remains active for a variety of reasons, with premium valuations strong for platforms that deliver growth in attractive asset classes.

## Deal Corner: Earnouts

In any asset management M&A deal, especially those with platforms growing quickly, buyers and sellers can be reluctant to transact because future growth is so material.

Most asset management deals today have some earnout component. Depending on integration plans, an earnout can be tied to future capital raised, revenue, or EBITDA. It protects the buyer from overpaying and sellers from giving up too much value. Most buyers that pay an earnout should be happy to pay, as it means their initial investment grew the way the sellers suggested it would.

Conflicts can arise in an earnout. For example, sellers may lose control of the business in a sale, so tying to profitability has issues. Not all assets generate the same fees, so tying to asset growth can drive the wrong incentives. A buyer may bring revenue synergies to a transaction, so should that contribute to the earnout threshold?

**We have structured many earnouts, and each is unique. Doing this correctly is one of the most important aspects in any deal, and when done right, it protects both buyers and sellers.**

| Date | Target | Sector | Purchase Price Subject to Earnout (%) | Triggers | Duration | Type |
|---|---|---|---|---|---|---|
| Aug-22 | Western Technology Investment | Venture Debt | 32% | ▪ EBITDA Targets | ▪ 3–5 Years | ▪ Cash, Stock Option |
| May-22 | Alcentra | Credit | 50% | ▪ n.a. | ▪ 4 Years | ▪ Cash |
| May-22 | Salient Partners' Asset Management Business | Energy and Infrastructure | 42% | ▪ Revenue Levels and Growth Targets | ▪ 1–3 Years | ▪ Cash and Stock |
| May-22 | Greenbacker Capital Management | Renewable Energy Infrastructure Manager | 35% | ▪ Run-Rate Revenue Targets | ▪ 3+ Years | ▪ Stock |
| Apr-22 | Abingworth | Life Sciences | 41% | ▪ n.a. | ▪ n.a. | ▪ n.a. |
| Mar-22 | CarVal Investors | Private Alternatives | 46% | ▪ Revenue Targets | ▪ 6 Years | ▪ Stock |
| Feb-22 | Wellfleet Credit Partners | Private Credit/CLO | 20% | ▪ n.a. | ▪ 3 Years | ▪ Stock |
| Dec-21 | Greencoat Capital | Renewable Energy Infrastructure Manager | 25% | ▪ Revenue Targets | ▪ 3 Years | ▪ Cash |
| Nov-21 | Lexington Partners | Secondaries | 43% | ▪ n.a. | ▪ 3–5 Years | ▪ Cash |
| Oct-21 | Oak Hill Advisors | Liquid/Private Credit | 21% | ▪ Rolling Revenues | ▪ 4+ Years | ▪ Cash |
| Oct-21 | Oak Street Real Estate Capital | Real Estate (Commercial) | 41% | ▪ n.a. | ▪ 4–5 Years | ▪ Stock |
| Jul-21 | Greenspring Associates | Venture Capital/ Growth Equity | 9% | ▪ Revenue Targets | ▪ 3 Years | ▪ Cash |
| **Average** | | | **33%** | | | |
| **Median** | | | **35%** | | | |

*Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.*
*Note: Houlihan Lokey logo indicates a deal closed by Houlihan Lokey*

# Recent Asset Management Trends
*What They're Saying*

The following pages reflect what key industry leaders focus on during their public company analyst calls; we've reviewed and picked some of the best quotes from the last quarter.

## Key Takeaways

1. ***Distribution to retail investors, especially through wealth management channels, is a critical pillar of growth for all asset managers.***

2. ***Alternative asset classes, such as direct lending, infrastructure, real estate and renewables, are gaining flows and delivering much needed uncorrelated returns.***

3. ***Private markets continue to grow in importance and size, filling a need for investor return, company funding, and permanent capital.***

## Macro Environment and Assets

"I fear that we are entering a period of economic malaise.

**Larry Fink**
*BlackRock—Chairman & CEO*

"At a high level, we believe inflation will continue to come down, but that it will stabilize at around the 3% level by year-end, which will prove to be the new norm. In order to get there, we think we will likely experience an average recession.

**Matthew Stadler**
*Cohen & Steers—Executive Vice President & CFO*

"If you went through last year, there is really no interest at all in emerging markets, in particular, very much, risk-offs and the like. It's too early, but what we are seeing is, starting to be some early interest in emerging markets in China.

**Martin Flanagan**
*Invesco - President, CEO, Director*

"Production constraints, labor shortages and energy and food price disruptions and price increases followed the Russian invasion of Ukraine, causing inflation to hit a 40-year high, sparking a cycle of rate hikes by central banks. Inflation continues to be a top concern despite recent cooling we saw at the end of this year—in the beginning of this year. Global growth continues to slow.

**Larry Fink**
*BlackRock—Chairman & CEO*

"We've seen a much slower market. I think that the broad statistics are saying the overall commercial real estate market is down like 70% in terms of volume, which, of course, everyone is subject to.

**Jonathan Slager**
*Bridge Investment Group Holdings CEO & Director*

"In the United States, we saw the highest level of inflation since 1981. Federal fund rate here rose from basically 0.0% at the start of the year to 4.5%, the largest increase in 50 years.

**Stephen Schwarzman**
*Blackstone Inc.—Chairman, CEO, & Co-Founder*

"The Fed will overtighten and will endure an average recession as foreshadowed by the seemingly daily pace of corporate layoff announcements. The futures markets indicate that we should see the peak of monetary tightening at some time this year.

**Joseph Harvey**
*Cohen & Steers—President, CEO, & Director*

"The strong relative performance of alternative investments last year compared to the publicly traded equity and fixed income markets, only further reinforces our belief in the benefits of private market investing. Investors remain significantly under allocated to alternatives, which represent just over 10% in total global AUM.

**Michael Arougheti**
*Ares Management Corporation—Co-Founder, CEO, President, Director*

"Looking ahead to the rest of 2023 and beyond, the markets are at a crossroads. Fed action has pushed yields higher and equity multiples lower, driving investors to exercise caution as they see equilibrium and valuations. Despite some recent recovery in the equity and leveraged finance markets, investment pace among alternative asset managers, including TPG has remained muted. Buyers and sellers seem to be taking another pause as they wait to see how a number of macro drivers play out, such as interest rates, inflation, any possible recession.

**Jon Winkelried**
*TPG Inc.—CEO & Director*

"After 12-plus years of low rates and relatively free money, the best investors will begin to reveal themselves.

**James Zelter**
*Apollo Global Management, Inc.—Co-President of Apollo Asset Management, Inc., & Director*

"2022 was an unusual year from the perspective of commercial real estate. Counter to the typical pattern where volumes are greater in the second half than the first half of the year, 2022 started with a bang and ended with a whimper.

**Robert Morse**
*Bridge Investment Group Holdings Inc.—Executive Chairman*

"I do think for what it's worth that the real estate markets are going to be one of the more challenging parts of the private market landscape. It's one of the reasons why we're so focused right now on our opportunistic real estate franchises, just to make sure that we're appropriately capitalized to take advantage of the distress that should roll through certain parts of that market as rates continue to go up here.

**Michael Arougheti**
*Ares Management Corporation—Co-Founder, CEO, President, Director*

"The fourth quarter was weak, measured by the fundamentals that we focus on, yet hopefully represents the climax of what I have characterized as the greatest macro regime change in my career.

**Joseph Harvey**
*Cohen & Steers—President, CEO, & Director*

*Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.*

# Recent Asset Management Trends
*What They're Saying* (cont.)

## Investing

"Dislocation in financial markets has historically created some of the most attractive risk-adjusted investment opportunities for those investors who have dry powder to put to work.

**Connor Teskey**
*Brookfield Asset Management Ltd.—President*

"When you look at sort of where the return opportunities are in a market like this, particularly with dislocation of capital availability, there are some really interesting capital structure types of opportunities, whether they're top of the capital structure, middle of the capital structure.

**Jack Weingart**
*TPG Inc.—CFO & Director*

"Areas where long-term demand trends continue to be in the world and in the economy... such as private markets, liquid alternatives, ESG or sustainable investing, Asia and Wealth.

**Jay Horgen**
*Affiliated Managers Group—President & CEO*

"By some measure, there are now north of 100 asset management entities or insurance entities who have become asset managers, pursuing a strategy similar to that which Athene started on 13 years ago.

**Marc Rowan**
*Apollo Global Management, Inc.—Co-Founder, CEO, & Director*

"It's a multitrillion dollar credit market, and I know a lot of stories are about the banks versus the private lenders. It's a world that needs both. Now today, the private lenders and frankly, during COVID, proved to be the stabilizing force for the market.

**Marc Lipschultz**
*Blue Owl Capital Inc.—Co-President & Director*

"Things have slowed a bit on the monetization side, but nothing that is surprising to us given the environment and how we're thinking about the timing of when we want to generate realization outcomes for our limited partners.

**Robert Lewin**
*KKR & Co.—Partner& CFO*

"There's still a great deal of interest in all of the different sub asset classes, whether it's credit or buyouts. I think venture continues to be a little challenging in terms of people not quite knowing where they want to be in that space right now and how marks are going to work in future fundraising environment.

**Mario Giannini**
*Hamilton Lane—CEO & Director*

"We're not doing deals that are giant deals that require billions—$10 billion of equity and $10 billion of credit. Those deals will be almost impossible to do today. But the market is gradually healing.

**William Conway**
*The Carlyle Group—Co-Founder, Interim CEO & Non-Executive Co-Chairman*

"We wish we had more dry powder also in Direct Lending. It really is an exceptional time. 2022, the intersection of credit quality, most importantly, in a Blue Owl world as well as spreads, terms, sort of all the intersecting components is as good as we've ever seen and reflects itself ultimately in the role Direct Lending played in 2022 and continues to play. If you take a look at the largest -- take private transactions, all of the year, about half of them were done by direct lenders.

**Marc Lipschultz**
*Blue Owl Capital Inc.—Co-President & Director*

"In summary, there's a lot of noise out there. We find that noise is just that, noise. We continue to raise capital, find interesting deployment opportunities and selectively monetize our portfolio.

**Scott Nuttall**
*KKR & Co.—Co-CEO & Director*

"Today's market conditions create new opportunities to invest capital across all of our global businesses. Recently, there's been a wider-than-average spread in pricing expectations between buyers and sellers, which has impacted capital development. The spread is across most asset classes that has been more pronounced in private equity than other strategies, and we are—but we are starting to see evidence of this spread narrowing. As debt and equity capital markets continue to reopen, the pace of deal activity is poised to accelerate.

**William Conway**
*The Carlyle Group – Co-Founder, Interim CEO, & Non-Executive Co-Chairman*

"If you look at, generally speaking, performing first lien senior secured credit across the private credit landscape, you're generating 10% to 13% rates of return, short duration floating rate. That's a really compelling place to be on a relative value basis.

**Michael Arougheti**
*Ares Management Corporation—Co-Founder, CEO, President, Director*

"We believe the opportunity to source resilient yield in asset-based finance is where sponsor finance was and private credit was 10 years ago.

**James Zelter**
*Apollo Global Management, Inc.—Co-President of Apollo Asset Management, Inc., & Director*

*Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.*

# Recent Asset Management Trends
*What They're Saying* (cont.)

## Fundraising and Asset Flows

> "We're increasingly seeing large institutional LPs looking to concentrate their capital amongst a smaller number of managers, but those managers who can offer them a greater diversity of products… We do expect this to continue in the coming years.

**Connor Teskey**
*Brookfield Asset Management Ltd.—President*

> "With almost $187 billion of dry powder, we have more capital than almost any other financial investor in the world to buy assets opportunistically when values are low and liquidity is scarce.

**Stephen Schwarzman**
*Blackstone Inc.—Chairman, CEO, & Co-Founder*

> "Cash management generated the highest net inflows in over a decade, with $17.5 billion of inflows were driven by institutional demand for low-risk assets at a higher risk-free rate and diversified across client type.

**Jennifer Johnson**
*Franklin Resources Inc.—President, CEO, & Director*

> "We continue to benefit from the diversity and depth of our private markets Affiliates. And they're raising assets across a number of well-positioned strategies, including credit, infrastructure and real estate. And as we said, these flows are incredibly valuable given their fee rate, their long duration and the potential to generate carried interest.

**Thomas Wojcik**
*Affiliated Managers Group—CFO*

> "Over 50% of the capital we raised last year was in strategies that did not even exist 5 years ago. And over 50% of our AUM is not yet scaled in our definition.

**Scott Nuttall**
*KKR & Co.—Co-CEO & Director*

> "Remarkable inflows of $226 billion just in 2022, which drove 11% growth in assets under management to a record $975 billion. Our inflows this year alone qualify as a top 10 alternative manager out of the over 10,000 alternative managers globally.

**Stephen Schwarzman**
*Blackstone Inc.—Chairman, CEO, & Co-Founder*

> "While the fundraising environment remains challenging… we're seeing the greatest demand today for private credit strategies, including from insurance clients and for infrastructure. In credit, the current environment is favorable for deployment given the significant increases in base rates and wider spreads.

**Jonathan Gray**
*Blackstone Inc.—General Partner, President, COO, & Director*

> "We continue to benefit from the diversity and depth of our private markets Affiliates. And they're raising assets across a number of well-positioned strategies, including credit, infrastructure and real estate. And as we said, these flows are incredibly valuable given their fee rate, their long duration and the potential to generate carried interest.

**Thomas Wojcik**
*Affiliated Managers Group—CFO*

> "Our asset base is very resilient. It's based on permanent capital compared to our peers who must monetize assets, return capital and raise a new fund and hopefully larger fund, we generally hold on to the assets we have. So each dollar of incremental assets raised is additive to our capital base. This is what we call the layer cake model.

**Douglas Ostrover**
*Blue Owl Capital Inc.—Co-Founder, Chairman, & CEO*

> "Coming into the new year, we believe investors are focusing on managers with healthy portfolios who have less exposure to growth-oriented sectors.

**James Zelter**
*Apollo Global Management, Inc.—Co-President of Apollo Asset Management, Inc., & Director*

> "Over 70% of our fundraising last year came in our real assets and credit businesses, strategies that are often front-of-mind for our clients in rising interest rate as well as inflationary environments.

**Robert Lewin**
*KKR & Co.—Partner & CFO*

> "The backdrop for raising new capital remains challenging with headwinds more pronounced in certain areas than others. However, today's environment is different from what we faced entering 2022.

**William Conway**
*The Carlyle Group—Co-Founder, Interim CEO, & Non-Executive Co-Chairman*

> "We're observing a flight to larger, higher quality managers as investors are consolidating their allocations with preferred managers.

**Michael Arougheti**
*Ares Management Corporation—Co-Founder, CEO, President, Director*

> "Over time, we expect all private wealth focused capital will account for 30% to 50% of the capital that we raise as a firm.

**Robert Lewin**
*KKR & Co.—Partner & CFO*

*Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.*

## Distribution

"Our core institutional and wealth teams are now fully staffed. Incrementally, we are adding resources to focus on distributing the nontraded REIT and providing advice for optimizing real estate portfolios in the wealth channel… So we're seeing certainly more interest in the wealth channel for infrastructure.

**Joseph Harvey**
*Cohen & Steers—President, CEO, & Director*

"Retail alts is really complicated. And it's really complicated because you have to start by, one, you have to have the right products that sit in the right vehicles, which is tougher in these illiquid asset classes. Then you have to educate and convince the gatekeepers essentially at the distributors. And then you have to educate your entire sales force to be able to understand it. It is a different sale than say, a traditional mutual fund.

**Jennifer Johnson**
*Franklin Resources Inc.—President, CEO, & Director*

"We will be seen and are seen as the innovator in this marketplace, showing the global wealth community the kinds of products that they have never seen before and addressing the unique needs of this interesting constituency.

**Marc Rowan**
*Apollo Global Management, Inc.—Co-Founder, CEO, & Director*

"With the market pulling back, it's given everybody a chance to just catch their breath. And so we have been out, we've met with all the wirehouses, RIAs, other distributors, spending a lot of time on education, and I think that's helped minimize redemptions.

**Douglas Ostrover**
*Blue Owl Capital Inc.—Co-Founder, Chairman, & CEO*

"With a vast $85 trillion private wealth channel, a new generation of investors is starting to experience the benefits of alternatives… In 2022, our sales in the private wealth channel totaled a remarkable $48 billion… Blackstone's commitment to the private wealth channel is stronger than ever.

**Stephen Schwarzman**
*Blackstone Inc.—Chairman, CEO, & Co-Founder*

"We have made meaningful progress in strategically expanding our presence in the high-net-worth channel, placing 5 different funds across 8 different channel partners.

**Jon Winkelried**
*TPG Inc.—CEO & Director*

"We're still growing the distribution capabilities around the nontraded REITs. In December, we added a second large wirehouse for distribution, and we expect to add 2 or more wirehouses or private bank relationships for our suite of retail products, in the first half of this year.

**Michael Arougheti**
*Ares Management Corporation—Co-Founder, CEO, President, Director*

"We are firm believers that the long-term growth opportunity for alternative products in the retail channel will be robust. Retail investors are meaningfully under allocated to alternatives compared to some institutional investors, and key allocators across the retail space, are looking to meaningfully expand their exposure to alternatives. Over time, we intend to offer drawdown and evergreen style strategies, across our primary asset classes suited for both mass affluent and high net worth investors.

**Michael Arougheti**
*Ares Management Corporation—Co-Founder, CEO, President, Director*

"Our sales team has grown from 100 people to 280 people in the last 2 years across institutions, insurance, family offices and private wealth. It typically takes a year or 2 for a new salesperson to learn our products and hit their stride.

**Scott Nuttall**
*KKR & Co.—Co-CEO & Director*

"In terms of risk appetite at the firms, they really want new, interesting, differentiated type of strategies. And the reason the firms, the gatekeepers want it because that's what the end customers want. They want things that will allow them—allow the wirehouses, in particular—to differentiate themselves with their client bases. So they have been very receptive.

**Douglas Ostrover**
*Blue Owl Capital Inc.—Co-Founder, Chairman, & CEO*

"Overall, in terms of the initiatives, we are trying to pivot more into ultra high net worth. And if you look at our organic growth rate with ultra high net worth versus other segments is 3.0x.

**Onur Erzan**
*AllianceBernstein Holding LP—Head of Global Client Group & Head of Bernstein Private Wealth*

"I think there is still enormous opportunity in the alternative space. When you look at it aggregately, it's roughly $10 trillion industry, we're about 10% of the industry. That compares to stocks and bonds over $200 trillion. If you throw in commercial real estate, residential real estate, other things, you can get up to $300 trillion. So I think there's a lot of room to grow.

**Jonathan Gray**
*Blackstone Inc.—General Partner, President, COO, & Director*

*Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.*

## Products

"We will look to continue to expand our product offerings as you have seen us do with other Brookfield verticals, potentially through the launch of perpetual entities, credit funds, and products specifically dedicated to our private wealth channel.

**Connor Teskey**
*Brookfield Asset Management Ltd.—President*

"We, as a diversified buyer of credit for our own balance sheet in SRE, we want 25% of everything and 100% of nothing. And so what that means, we are creating every day credit that needs to be syndicated into the marketplace.

**Marc Rowan**
*Apollo Global Management, Inc.—Co-Founder, CEO, & Director*

"Portfolios that were designed around antiquated asset allocation models underperformed materially in 2022, causing a renewed focus on the fundamentals of portfolio construction, including liquidity, reduced correlations and differentiated return streams.

**Jay Horgen**
*Affiliated Managers Group—President & CEO*

"We've also gotten a sense of what are the products they think they want to bring later this year or early next year. And I can tell you that 2 things I feel pretty good about. One, over the next 12, maximum 18 months, you will see us introduce into the wealth space, a number of differentiated products. And two, and I can't give you exact numbers and timing, you will see us significantly increase the syndicate for our products that are currently in the market.

**Douglas Ostrover**
*Blue Owl Capital Inc.—Co-Founder, Chairman, & CEO*

"One of the things Rob talked about that I think is pretty interesting, again, is just the amount of public to privates we did in an environment where public markets are really dislocated. So I think for us to have announced or closed on 10 take-privates is a pretty interesting statistic. 8 of those were done outside of the U.S. in private equity, infrastructure, real estate.

**Craig Larson**
*KKR & Co.—Partner & Head of IR*

"We hear the term private credit a lot. We actually have no idea what the words private credit mean. They are just 2 words that will follow each other. What we have focused on in our platform and what we have done uniquely is to create a source of private… Private credit can be AA and private credit can be below investment grade. Both have their place in portfolio. investment grade credit. Very few people, very few organizations have that capability.

**Marc Rowan**
*Apollo Global Management, Inc.—Co-Founder, CEO, & Director*

"On the private market side, I would emphasize infrastructure and private credit. And one of the largest opportunities will be in renewable infrastructure, and that will benefit even more from the Inflation Reduction Act… and private credit continues to expand as public financing retreats and more companies seek capital.

**Robert Kapito**
*BlackRock—President & Director*

"We also continue to innovate and offer new strategies to our investor base. For example, more than 40% of our fundraising last year was from new strategies or products that didn't exist 5 years ago at Ares.

**Michael Arougheti**
*Ares Management Corporation—Co-Founder, CEO, President, Director*

"In 2022, U.S. REITs were down roughly 25% as the listed asset class... In contrast, reported private real estate values generally increased as they tend to be historically lagged as deal volume declines… In 2023, we expect this trend to reverse with listed outperforming private real estate, consistent with what we normally see in a transition to early cycle. This forward shift of listed outperforming private has already started. In Q4, the increase was actually down 5%, while listed REITs were up 4%. Historically, listed REITs have performed remarkably well after recessions.

**Matthew Stadler**
*Cohen & Steers—Executive Vice President & CFO*

"The need for income and uncorrelated returns against the backdrop of higher inflation and a more challenged market for public equities will continue to drive demand for private markets.

**Larry Fink**
*BlackRock—Chairman & CEO*

"We continue to focus on product development and suitability, sales and marketing and client education and the distribution of alternatives and wealth management… We think that people now that you can get actual returns in fixed income, you're going to see more allocations there.

**Jennifer Johnson**
*Franklin Resources Inc.—President, CEO, & Director*

"I think by strategy, you actually hit on probably the single busiest area in our firm, and that's infrastructure.

**Craig Larson**
*KKR & Co.—Partner & Head of IR*

*Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.*

# Recent Asset Management Trends

*What They're Saying* (cont.)

## Financials and Profitability

"New drawdown funds throughout the year lifted base management fees 25% to a record $6 billion for the year and the 52nd straight quarter of year-over-year base management fee growth at Blackstone. At the same time, FRE margin expanded 75 basis points to 57.1%, the highest level ever for a calendar year, reflective of the firm's robust margin position and ability to manage costs with discipline in a difficult environment… We feel good about margin stability and the possibility and potential for continued expansion.

**Michael Chae**
*Blackstone Inc.—CFO*

"Based on an early assessment, compensation and related expense could be $13 million higher than Q4… We also expect to have higher base pay, higher incentive compensation expense.

**Thomas Donahue**
*Federated Hermes, Inc.—Vice President, Treasurer, CFO, & Director*

"Our revenue run rate is down, and there is a little bit of a misalignment between our expense base and our revenue capture rate versus where it was a couple of years ago... In addition, we would also expect a mid to high single-digit increase in 2023 core G&A expense.

**Gary Shedlin**
*BlackRock—CFO*

"For the full year 2022, our compensation to revenue ratio was 41%. At current AUM levels, we would expect the ratio to trend towards the higher end of the range for 2023… We are managing discretionary expenses at every level, really focused on the must-haves only and all the nice-to-haves are things we are foregoing.

**Laura Dukes**
*Invesco—Senior Managing Director & CFO*

"We're trying to raise assets. What's the best way to do it? And like for T&E, the sales force believes they should be out there, and you can see that trending up and it's trending up. And they're out there traveling more and it costs more to do it.

**Thomas Donahue**
*Federated Hermes, Inc.—Vice President, Treasurer, CFO, & Director*

"I can tell you, first of all, we're not seeing any fee pressure in our business. We're not changing our fee schedules. We're not adding discounts that we didn't have before.

**Jack Charles Weingart**
*TPG Inc.—CFO & Director*

"We are singularly focused on that we need to get right: talent, culture, performance, clients and operations.

**Scott Nuttall**
*KKR & Co.—Co-CEO & Director*

"I don't think you're hearing us or anyone say that in today's environment that you'd expect to see big margin expansion. Things are expensive, whether that's buying a plane ticket, hosting an event, having a meal, everything is expensive.

**Erik Hirsch**
*Hamilton Lane—Vice Chairman & Head of Strategic Initiatives*

"We intend to balance the anticipated revenue decline that will occur from our year-ended assets under management, being about 12% below 2022's average assets under management with a disciplined approach towards human capital.

**Matthew Stadler**
*Cohen & Steers—Executive Vice President & CFO*

"We will continue to look for ways to more efficiently use our office footprint as we adjust to the evolution of a hybrid work environment.

**Charles Daley**
*Artisan Partners Asset Management—Executive Vice President, CRO, & Treasure*

*Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.*

## Capital Allocation and M&A

> And these are opportunities that we are going to continuously monitor and review in the market… When we want to enter into a new space, it is always a build versus buy decision for us and which can we do more creatively. And from there, a potential partner or a potential target for inorganic growth needs to be scalable and needs to add something to our platform that we don't already have.

**Connor Teskey**
*Brookfield Asset Management Ltd.—President*

> We want to do acquisitions. That's been our first desire with the use of the money because of our returns on them. And we, of course, have the regular dividend.

**Thomas Donahue**
*Federated Hermes, Inc.—Vice President, Treasurer, CFO, & Director*

> Our long-term strategic intentions are to continue to grow organically as we've done in our established verticals and combine organic growth with carefully curated acquisitions. The alternative asset management space is fragmented and consolidating and we believe offers significant opportunities… We have tried to be very both strategic and tactical as we look for opportunities to expand, and we feel that the secondaries -- broadly speaking, the secondaries business is one that offers significant growth potential going forward.

**Robert Morse**
*Bridge Investment Group Holdings Inc.—Executive Chairman*

> We're looking at across the firm now is our investment technology operation. And that's a really major one, multiyear project.

**Matthew Nicholls**
*Franklin Resources Inc.—Executive Vice President, CFO, & COO*

> We have seen the market environment change in our favor on the buyer side. We see historical buyers being more inwardly focused as I mentioned on a prior call. And we also see, after a period of elevated valuations and sort of optimistic business plans, more modest valuations and modest expectations. So we think that's a good environment for us to transact.

**Jay Horgen**
*Affiliated Managers Group—President & CEO*

> Our recent transactions filled specific product gaps in areas that we identified as high-growth opportunities. We now have a broader platform to build businesses organically. And as a result, the bar for new M&A activity is naturally higher. That said, we'll continue to look for strategic add-on acquisitions and strong growth areas where we can leverage our platform advantages and bring attractive investment products to our LPs.

**Michael Arougheti**
*Ares Management Corporation—Co-Founder, CEO, President, Director*

> The first initiative in this category is our Elevate strategy, which will focus largely on seating small, emerging and diverse private equity managers and which was launched with a $500 million investment from the California Public Employees Retirement System… And on behalf of our investors in Elevate to own interest in new private equity sponsors that will grow and turn into terrific valuable businesses.

**Jonathan Levin**
*Grosvenor Capital Management, LP—President, MD, & Director*

> We feel very well represented in terms of traditional active, right. And then our area of focus on the inorganic side has led to -- have really been in the non-correlated or less correlated alternative types of strategies. So we still think that there's opportunities there.

**George Aylward**
*Virtus Investment Partners—President, CEO, & Director*

> We continue to be interested, but extremely selective in the idea of adding adjacent capabilities. When we add capabilities, there's things that are very much front of mind for us, which is, is it really a complementary product that suits our DNA and allows us to sort of deliver on the strengths of Blue Owl and across the platform? Is it a place where we can really deliver a market-leading role and performance?

**Marc Lipschultz**
*Blue Owl Capital Inc.—Co-President & Director*

> We have an objective of reentering [the credit] space. And we expect to at some point. Deal making, as you know, as far as inorganic entry deal making is always complicated, particularly in these types of business. So we're working on finding exactly the right partners and the right opportunity.

**Jack Weingart**
*TPG Inc.—CFO & Director*

> The next decade is not likely to look like the last and we continue to invest strategically in areas that are shaping the future of our industry. Alternative investing is one of those areas.

**Jennifer Johnson**
*Franklin Resources Inc.—President, CEO, & Director*

*Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.*

# Recent Asset Management Trends

## *M&A Transactions*

The push for operating leverage, scale, distribution, and new product sets are driving transactions across the asset management landscape.

| Announced | Target | Buyer | Sector | Target AUM | % Purchased | Implied Valuation Multiple(s) (with earnout) % of AUM | LTM Revenue | LTM EBITDA |
|---|---|---|---|---|---|---|---|---|
| Feb-23 | Raven Capital Management | MetLife Investment Management | Private Credit | $2,100 | n.a. | * | * | * |
| Feb-23 | Portfolio Advisors | FS Investments | Private Markets | 38,000 | n.a. | * | * | * |
| Dec-22 | Marble Point Credit Management | Investcorp | Private Credit | 7,800 | 100.0% | * | * | * |
| Oct-22 | Credit Suisse Securitized Product Group | Apollo Global Management | Private Credit | 55,000 | 100.0% | * | * | * |
| Oct-22 | Pacific Asset Management | Aristotle Capital Management | Private Credit | 20,700 | 100.0% | * | * | * |
| **Oct-22** | **Iron Park** | **General Atlantic** | **Private Credit** | **4,000** | **100.0%** | ***** | ***** | ***** |
| Aug-22 | Western Technology Investment | P10 | Venture Debt | 2,526 | 100.0% | * | * | * |
| Jul-22 | Pzena Investment Management | Management | Tradtional Asset Manager | 45,000 | 100.0% | * | * | * |
| May-22 | Alcentra | Franklin Templeton | Credit | 38,000 | 100.0% | * | * | * |
| May-22 | Salient Partners' Asset Management Business | Westwood Holdings | Energy and Infrastructure | 4,500 | 100.0% | * | * | * |
| **May-22** | **Greenbacker Capital Management** | **Greenbacker Renewable Energy Co.** | **Renewable Energy Infrastructure Manager** | **2,000** | **100.0%** | ***** | ***** | ***** |
| May-22 | Rockwood Capital | Colliers | Real Estate | 12,000 | 65.0% | * | * | * |
| Apr-22 | Manning & Napier | Callodine Group | Tradtional Asset Manager | 22,543 | 100.0% | * | * | * |
| Apr-22 | Abingworth | Carlyle | Life Sciences | 2,000 | 100.0% | * | * | * |
| **Mar-22** | **Napier Park** | **First Eagle Investment Management** | **Alternative Credit** | **18,700** | **100.0%** | ***** | ***** | ***** |
| Mar-22 | Mitsubishi Corp.—UBS Realty Inc. | KKR | Japanese Real Estate | 15,000 | 100.0% | * | * | * |
| Mar-22 | CarVal Investors | AllianceBernstein | Private Alternatives | 14,300 | 100.0% | * | * | * |
| Mar-22 | Baring Private Equity Asia | EQT | Asia Private Equity | 19,470 | 100.0% | * | * | * |
| Mar-22 | CBAM | Carlyle | Private Credit/CLO | 15,000 | 100.0% | * | * | * |
| Feb-22 | Wellfleet Credit Partners | Blue Owl | Private Credit/CLO | 6,800 | 100.0% | * | * | * |
| Feb-22 | Pollen Street[(1)] | Honeycomb Investment Trust | Private Credit | 2,250 | 100.0% | * | * | * |
| Jan-22 | Basalt Infrastructure | Colliers | Infrastructure | 8,500 | 75.0% | * | * | * |
| **Average** | | | | | **97.1%** | **9.0%** | **7.8x** | **18.7x** |
| **Median** | | | | | **100.0%** | **5.5%** | **4.0x** | **15.9x** |

*Sources: Public filings, transcripts, SNL Financial, Wall Street estimates.*
*Note: Blue highlighting represent Houlihan Lokey Transactions.*
*(1) Reflects 1.33x USD/GBP exchange rate at time of announcement.*

# Recent Asset Management Trends

## *Select Public Trading Comparables*

*(Dollars in millions, except per share data)*

| | | | | | | | EV/ Revenue | | EV/ EBITDA[2] | | P/Adj. Earnings | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Company** | **Ticker** | **Market Cap.** | **Intrinsic Enterprise Value[1]** | **YTD Stock Price Return** | **1-Year Stock Price Return** | **Assets Under Mgmt.** | **2023E** | **2024E** | **2023E** | **2024E** | **2023E** | **2024E** |
| **Traditional Asset Managers** | | | | | | | | | | | | |
| BlackRock, Inc. | BLK | $100,526 | $102,640 | (5.6)% | (13.1)% | $8,594,485 | 5.7x | 5.1x | 14.1x | 12.4x | 19.4x | 17.0x |
| T. Rowe Price Group, Inc. | TROW | 25,348 | 24,650 | 3.5 | (26.1) | 1,274,700 | 4.0 | 3.8 | 11.4 | 10.8 | 16.7 | 15.7 |
| Franklin Resources, Inc. | BEN | 13,480 | 21,920 | 2.1 | (3.5) | 1,387,700 | 2.8 | 2.8 | 11.0 | 10.8 | 10.9 | 9.8 |
| Invesco Ltd. | IVZ | 7,458 | 16,211 | (8.8) | (29.6) | 1,409,200 | 3.6 | 3.5 | 10.3 | 9.5 | 10.0 | 8.5 |
| Affiliated Managers Group, Inc. | AMG | 5,107 | 8,823 | (10.1) | (1.4) | 650,800 | 3.9 | 3.7 | 9.4 | 8.7 | 7.4 | 6.5 |
| Janus Henderson Group plc | JHG | 4,405 | 3,866 | 13.3 | (25.2) | 287,300 | 2.0 | 1.9 | 7.7 | 7.2 | 12.7 | 11.5 |
| AllianceBernstein Holding LP | AB | 4,161 | 4,428 | 6.4 | (23.6) | 646,400 | 1.2 | 1.1 | 4.6 | 4.0 | 13.2 | 11.8 |
| Federated Hermes, Inc. | FHI | 3,402 | 3,580 | 10.5 | 16.5 | 668,901 | 2.3 | 2.2 | 9.0 | 9.6 | 12.6 | 11.4 |
| Cohen & Steers, Inc. | CNS | 3,141 | 3,122 | (0.9) | (27.1) | 80,425 | 6.1 | 5.6 | 14.5 | 13.3 | 20.1 | 17.4 |
| Artisan Partners Asset Mgmt. Inc. | APAM | 2,541 | 2,870 | 7.7 | (19.2) | 127,892 | 3.0 | 2.9 | 9.3 | 8.8 | 12.0 | 11.2 |
| Victory Capital Holdings, Inc. | VCTR | 1,961 | 2,924 | 9.1 | 0.4 | 152,952 | 3.5 | 3.3 | 7.1 | 6.6 | 6.5 | 5.9 |
| Virtus Investment Partners, Inc. | VRTS | 1,388 | 3,585 | (0.5) | (20.6) | 149,376 | 4.7 | 4.3 | 13.5 | 12.3 | 8.2 | 7.3 |
| BrightSphere Investment Group Inc. | BSIG | 977 | 1,218 | 14.6 | (4.3) | 93,600 | 2.9 | 2.7 | 9.4 | 8.6 | 15.0 | 12.4 |
| WisdomTree, Inc. | WT | 855 | 1,046 | 7.5 | (0.2) | 81,986 | 3.2 | 2.9 | 13.5 | 12.2 | 21.8 | 18.1 |
| **High** | | | | **14.6%** | **16.5%** | **$8,594,485** | **6.1x** | **5.6x** | **14.5x** | **13.3x** | **21.8x** | **18.1x** |
| **Mean** | | | | **3.5** | **(12.6)** | **1,114,694** | **3.5** | **3.3** | **10.3** | **9.6** | **13.3** | **11.7** |
| **Median** | | | | **4.9** | **(16.1)** | **466,850** | **3.4** | **3.1** | **9.8** | **9.5** | **12.6** | **11.4** |
| **Low** | | | | **(10.1)** | **(29.6)** | **80,425** | **1.2** | **1.1** | **4.6** | **4.0** | **6.5** | **5.9** |
| **Large, Diversified Alternative Managers** | | | | | | | | | | | | |
| Blackstone Inc. | BX | $106,334 | $98,633 | 18.4% | (31.4)% | $974,673 | 8.9x | 6.7x | 15.3x | 11.4x | 16.2x | 12.3x |
| KKR & Co. Inc. | KKR | 58,814 | 42,777 | 13.1 | (12.1) | 503,897 | 7.8 | 6.1 | 13.4 | 11.0 | 18.4 | 14.7 |
| Apollo Global Management, Inc. | APO | 37,818 | 31,539 | (1.0) | 1.3 | 547,647 | 4.6 | 3.9 | 6.4 | 5.7 | 9.7 | 8.4 |
| Ares Management Corp. | PGHN | 24,583 | 24,456 | 21.9 | 0.5 | 351,997 | 7.1 | 5.3 | 18.3 | 13.7 | 21.0 | 15.4 |
| Partners Group Holding AG | ARES | 24,325 | 24,728 | 6.3 | (24.1) | 135,000 | 10.6 | 8.9 | 17.1 | 14.2 | 19.9 | 16.8 |
| EQT AB | EQT | 24,133 | 25,751 | (3.9) | (48.7) | 228,430 | 9.7 | 8.3 | 15.8 | 13.3 | n.a. | n.a. |
| The Carlyle Group Inc. | CG | 11,450 | 5,533 | 4.1 | (37.2) | 372,691 | 1.5 | 1.3 | 4.1 | 3.1 | 10.0 | 7.6 |
| TPG Inc. | TPG | 9,067 | 7,723 | 5.4 | (4.9) | 135,034 | 5.5 | 4.5 | 9.9 | 7.8 | 14.3 | 11.8 |
| **High** | | | | **21.9%** | **1.3%** | **$974,673** | **10.6x** | **8.9x** | **18.3x** | **14.2x** | **21.0x** | **16.8x** |
| **Mean** | | | | **8.0** | **(19.6)** | **406,171** | **7.0** | **5.6** | **12.5** | **10.0** | **15.6** | **12.4** |
| **Median** | | | | **5.8** | **(18.1)** | **362,344** | **7.5** | **5.7** | **14.3** | **11.2** | **16.2** | **12.3** |
| **Low** | | | | **(3.9)** | **(48.7)** | **135,000** | **1.5** | **1.3** | **4.1** | **3.1** | **9.7** | **7.6** |
| **Other Private Markets, Management Fee Centric** | | | | | | | | | | | | |
| Blue Owl Capital Inc. | OWL | $15,733 | $17,040 | 4.5% | (13.4)% | $138,202 | 9.8x | 7.8x | 15.9x | 12.5x | 15.8x | 13.2x |
| Hamilton Lane Inc. | HLNE | 4,004 | 4,353 | 15.8 | (5.4) | 108,000 | 9.0 | 8.1 | 17.3 | 16.0 | 21.2 | 16.4 |
| Petershill Partners plc | PHLL | 2,377 | 2,377 | 2.8 | (37.1) | 283,000 | 6.1 | 5.1 | 6.8 | 5.8 | 8.5 | 7.1 |
| StepStone Group Inc. | STEP | 1,525 | 2,726 | (3.6) | (28.0) | 134,000 | 4.4 | 3.4 | 10.7 | 8.6 | 17.9 | 12.7 |
| Grosvenor Capital Management, LP | GCMG | 1,476 | 1,451 | 2.6 | (18.9) | 73,667 | 3.0 | 2.6 | 8.1 | 6.5 | 13.1 | 10.3 |
| P10, Inc. | PX | 1,212 | 1,479 | (5.2) | (17.7) | 21,206 | 6.2 | 5.3 | 13.5 | 11.3 | 26.3 | 19.7 |
| **High** | | | | **15.8%** | **(5.4)%** | **$283,000** | **9.8x** | **8.1x** | **17.3x** | **16.0x** | **26.3x** | **19.7x** |
| **Mean** | | | | **2.8** | **(20.1)** | **126,346** | **6.4** | **5.4** | **12.0** | **10.1** | **17.1** | **13.2** |
| **Median** | | | | **2.7** | **(18.3)** | **121,000** | **6.2** | **5.2** | **12.1** | **9.9** | **16.9** | **13.0** |
| **Low** | | | | **(5.2)** | **(37.1)** | **21,206** | **3.0** | **2.6** | **6.8** | **5.8** | **8.5** | **7.1** |

*Source: Public filings, transcripts, SNL Financial, Wall Street estimates.*
*Note: Financial data as of most recent available; market data as of March 31, 2023.*
*(1) For alternative managers, reflects total market value of debt and equity, less cash, 0.9x book value of investment portfolio and 0.9x the book value of carried interest.*
*(2) Excludes investment income.*

# Houlihan Lokey Asset Management
*Extensive Transaction Experience*

We have unmatched experience serving asset management platforms and know how to position platforms in a way that appeal to the best buyers; our matching process and execution skill ensures parties achieve their strategic objectives.

## Since 2015, We Have Closed Asset Management Transactions Covering the Following

| $148 Billion Assets Under Management | 19 Management Companies and Agreements | 16 Asset Companies |
|---|---|---|

- Sellside Engagements
- Buyside Engagements
- Minority Stakes
- Asset Sales
- Asset-Level Financings
- Debt Capital Raises
- Equity Capital Raises
- Related-Party Deals
- Fairness Opinions

## Select Completed Platform Deals

| | |
|---|---|
| Greenbacker Capital has been acquired through an internalization by Greenbacker Renewable Energy Company | Sellside Advisor |
| Napier Park has been acquired by First Eagle Investments | Sellside Advisor |
| Vistria has made a strategic partnership in and recapitalization of TMG The Mather Group; $8.0 billion AUM Wealth Manager | Financial Advisor |
| Ready Capital has acquired RedStone | Buyside Advisor |
| Onex has acquired Falcon | Buyside Advisor |
| Eaton Vance has been acquired by Morgan Stanley | Fairness Opinion |
| Kennedy Lewis Investment Management has sold a minority equity GP stake to Azimut (Defining Investment Direction; Azimut Alternative Capital Partners) | Sellside Advisor |
| Greystone has acquired America First Capital Associates Limited Partnership Two, The General Partner of ATAX America First Multifamily Investors, L.P. | Buyside Advisor |
| OZ Management: Completed a series of strategic actions including equity realignment, a C-Corp conversion, a change in corporate governance, and a preferred restructuring | Special Committee Advisor |
| Standard General has repurchased their minority seed interest from Reservoir Capital Group | Buyside Advisor |
| Halcyon has sold minority equity stakes to TPG Sixth Street Partners and Dyal Capital partners | Exclusive Sellside Advisor |
| ZAIS Group Holdings, Inc. has been taken private through a merger with Z Acquisition LLC | Special Committee Advisor |

## Select Completed Asset Company Deals

| | |
|---|---|
| Oaktree OCSL Specialty Lending Corporation has merged with Oaktree Strategic Income II, Inc. | Special Committee Advisor |
| SLR Senior Investment Corp has merged with SLR Investment Corp | Sellside Advisor |
| Benefit Street Partners Realty Trust has merged with Capstead | Buyside Advisor |
| An affiliate of Fundamental Advisors has acquired MMA Capital Holdings | Buyside Advisor |
| Oaktree OCSI Strategic Income Corporation has merged with Oaktree OCSL Specialty Lending Corporation | Special Committee Advisor |
| TPG Real Estate Finance Trust: Series B Cumulative Redeemable Preferred Stock with Warrants; Recapitalization; $325,000,000 | Exclusive Placement Agent |
| Medley Capital Corporation has sold its interests in the MCC Senior Loan Strategy JV Portfolio to a private fund managed by Golub Capital | Sellside Advisor |
| Alcentra Capital Corporation has merged with Crescent Capital BDC, Inc. | Exclusive Sellside Advisor |
| KCAP Financial, Inc. externalized management to an affiliate of BC Partners | Buyside Advisor |
| TCAP Triangle Capital Corporation sold its entire Investment Portfolio for $793 million to funds advised by Benefit Street Partners and simultaneously externalized management of the Company for $235 million in total financial commitments from Barings | Sellside Advisor |
| NewStar Financial has been acquired by First Eagle Investment Management and has sold a $2.4 billion middle-market loan and credit investment portfolio to a fund sponsored by GSO Capital Partners | Financial Advisor |
| Fifth Street has closed the effective transfer of certain external investment management agreements to Oaktree | Special Committee Advisor |
| Benefit Street Partners has been appointed as the external advisor of RFT Realty Finance Trust | Strategic Advisor |
| Benefit Street Partners has been appointed as the external advisor of BDCA Business Development Corporation of America | Strategic Advisor |
| FC Full Circle Capital has merged with Great Elm Capital | Financial Advisor |
| Apollo Commercial Real Estate Finance has acquired Apollo Residential Mortgage | Buyside Advisor |

*Tombstones included herein represent transactions closed from 2016 forward.*

# Houlihan Lokey Asset Management
*Coverage Team*

Our experienced asset management team is available to discuss your questions and thoughts around the asset management sector and strategic decisions you may be contemplating for your business and is supported by specialist colleagues across the Houlihan Lokey franchise.

## Corporate Finance Asset Management Team

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### Product Expertise

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Capital Markets
Financial Restructuring
Financial and Valuation Advisory

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