



# Q3 Trading Statement

For the period to 31 December 2019

Embargoed until 7:00am on 30 January 2020

## Highlights

- Total AUM up 4% on 30 September to €42.6bn, with €1.6bn of new money raised in the third quarter. Year to date inflows amount to €6.2bn
- New money raised includes €0.4bn for our strategic equity strategy which closed its third vintage at \$2.2bn (€2.0bn) in January, 2.5x the size of the previous vintage
- Third party fee earning AUM 5% higher at €34.6bn, compared to 30 September 2019
- Disciplined deployment across strategies, with all funds on course to meet or exceed performance hurdle rates

## Commenting, Benoit Durteste, CEO, said:

“Demand for ICG’s strategies remains high given both our strong investment performance and continued underlying demand for alternative assets. The third vintage of our strategic equity strategy has benefitted from this demand, closing with significantly higher AUM and higher average fee rates than the previous vintage. It is also pleasing to see continued strong flows into our open-ended capital market funds.

Our strategy remains focused on delivering superior performance for clients across a broad range of proven investment strategies, while also building our capabilities in newer segments to provide further diversification. These capabilities will help us as we grow, ensuring we have the expertise to not only find the most attractive investment opportunities but also to realise assets within our portfolio, lock in performance and return capital to investors. I am also delighted that our progress on ESG matters has been recognised with an upgrade of our CDP filing score to an A-.”

## Business review

Total AUM increased 4% over the three months to 31 December 2019 to €42.6bn, including our €2.7bn balance sheet investment portfolio. We closed the third vintage of our strategic equity strategy in January at €2.0bn of third party commitments, with €0.4bn raised in the quarter. This is a significant increase on the prior vintage and demonstrates the scalability of this strategy.

We also saw further inflows for our Australian senior debt fund, Capital Markets strategies and raised €0.5bn for our real estate strategies, including completing the fundraising for ICG Longbow Fund V. Fundraising for the next vintage of Senior Debt Partners is progressing well, with the first commitments expected to be closed shortly. We are targeting to upscale the size of this vintage, but with fees charged on invested capital there is no immediate impact on profits. Third party AUM by strategic asset class at 31 December 2019 was as follows:

	Corporate Investments €m	Capital Market Investments €m	Real Asset Investments €m	Secondary Investments €m	Total Third Party AUM €m
At 30 September 2019	18,474	13,135	4,004	2,767	38,380
Additions	190	476	501	428	1,595
Realisations	(7)	(29)	(113)	(19)	(168)
FX and other	(20)	(52)	179	(42)	65
At 31 December 2019	18,637	13,530	4,571	3,134	39,872
Fee earning AUM - at 31 December 2019	15,297	13,046	3,237	3,004	34,584

Our strong origination capability means we can continue to source attractive investments for our funds, while maintaining our rigorous and disciplined investment approach. The total amount of capital deployed on behalf of our direct investment funds was £1,167m in the quarter (three months to 31 December 2018: £880m). The direct investment funds are investing as follows, based on third party funds raised at 31 December 2019:

Strategic asset class	Fund	% invested at 31 December 2019	% invested at 30 September 2019	Assets in fund at 31 December 2019	Deals completed in Q3
Corporate Investments	ICG Europe Fund VII	48%	48%	7	0
Corporate Investments	North American Private Debt Fund II	26%	24%	7	1
Corporate Investments	Senior Debt Partners III <sup>1</sup>	77%	65%	35	6
Corporate Investments	Asia Pacific Fund III	93%	93%	8	0
Real Asset Investments	ICG Longbow Real Estate Fund V	55%	49%	13	2
Secondary Investments	Strategic Equity III	20%	9%	2	1

<sup>1</sup> Co-mingled fund, excluding mandates and undrawn commitments

85% of our AUM is in closed end funds where outflows occur with the realisation of the underlying portfolio companies. Although lower in the quarter, we continue to see a healthy path for realisations as our portfolio managers capitalise on market liquidity and actively realise assets within their portfolios. Recent fundraising success also means only 17% of our AUM is in its realisation phase.

The balance sheet investment portfolio was £2,303m at 31 December 2019 (30 September 2019: £2,388m). As the balance sheet solely invests to support our fund management activities, its portfolio will fluctuate in size depending on the deal activity, and performance, of the funds in which it invests.

The balance sheet remains well funded with available cash and unutilised bank lines of £719.6m at 31 December 2019 (30 September 2019: £653.6m). Earlier this week we announced our intention to access the Eurobond markets in the coming weeks to refinance £244m of debt that is maturing in the next 12 months and to support further growth.

## Performance fees guidance update

As we grow our global alternative asset management business, with larger fund sizes, stable or increasing fee rates, and new fund strategies, we have increased third party management fees in each of the last six years. As yet we have not seen a similar growth in performance fees, which are an integral recurring part of the fee profile. This is because not all funds attract performance fees and they are recognised later in the fund life when it is highly probable that the revenue will not be reversed in the future.

We therefore expect the level of performance fees, in absolute terms, to grow. That said, as third party management fees are also expected to continue to grow, based on current product mix, performance fees as a percentage of total third party fees are expected to represent 10-15% of total third party fees.

## Capital markets day

Later this morning we will be holding a Capital Markets Day which will be an opportunity for management to present and discuss the Group's strategy and business model. For those unable to attend in person, the presentation will also be streamed live at 09:00 GMT and be available on demand thereafter at <https://www.icgam.com/shareholders/results-centre/fy20>. No further update on trading and no new material information will be provided during the event.

## Enquiries

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## About ICG

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ICG is a global alternative asset manager with over 30 years' history.

We manage €42.6bn of assets in private debt, credit and equity, principally in closed-end funds. We provide capital to help companies grow through private and public markets, developing long-term relationships with our business partners to deliver value for shareholders, clients and employees.

We operate across four asset classes – corporate, capital market, real asset and secondary investments. In addition to growing existing strategies, we are committed to innovation and pioneering new strategies across these asset classes where the market opportunity exists.

ICG is listed on the London Stock Exchange (ticker symbol: ICP). Further details are available at: [www.icgam.com](http://www.icgam.com). You can follow ICG on LinkedIn.