A good year for the Big Five

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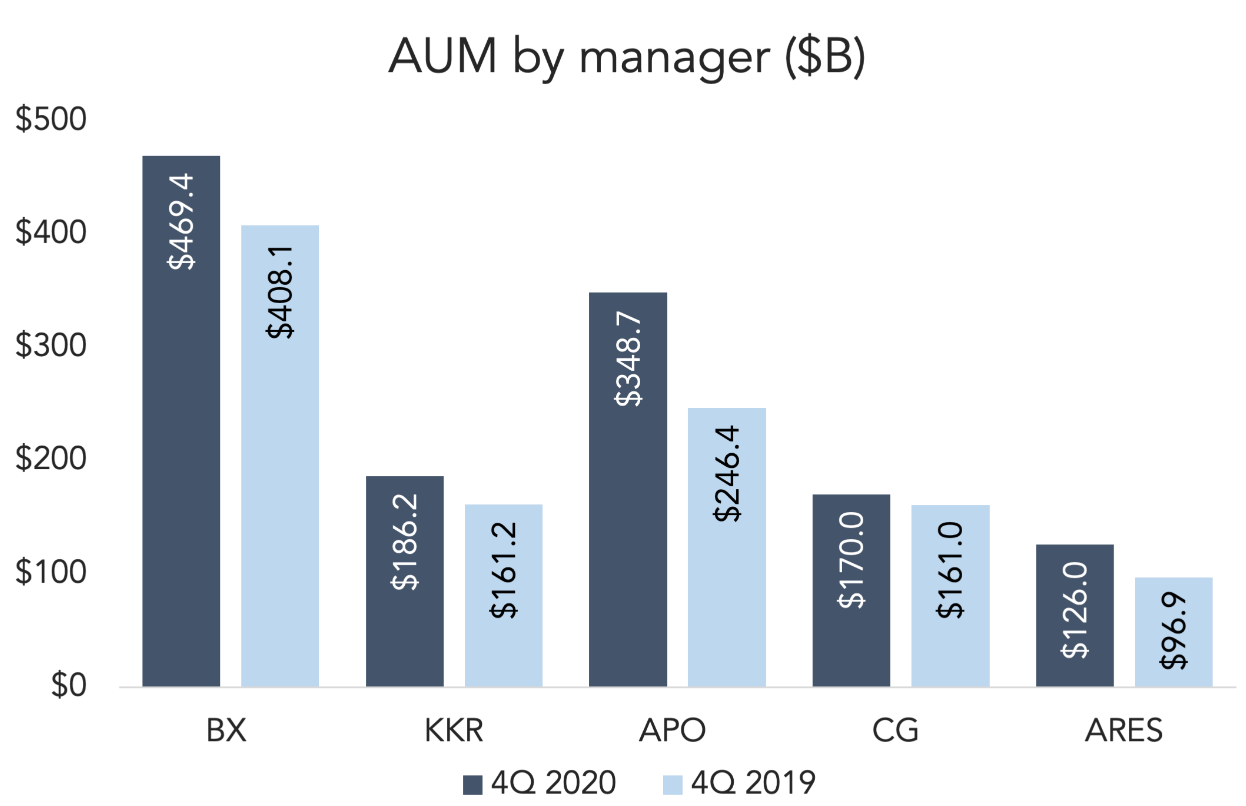

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The Big Five public PE firms—Blackstone, KKR, Apollo, Ares and Carlyle—had a good 2020 across several metrics, according to PitchBook's latest analyst note. All five firms posted YoY fee-related earnings (FRE) growth, with Blackstone notching the highest gain. In terms of annual financials, four of the five managed to lift FRE as a proportion of their overall distributable earnings, as well. The SPAC boom has been kind to the largest firms, with several on one or both sides of SPAC deals last year. Plowing resources into SPACs may end up tacking on incremental revenues in the coming years without the same cost of building out new product offerings.

The other notable success metric was fundraising. As the pandemic took hold, one major discussion was how LPs would react. Social distancing meant no face-to-face due diligence for a while, and LPs, understandably, prioritized reupping existing relationships at the expense of new ones. Smaller GPs had a harder time raising money in 2020, but the Big Five did not. KKR had a record year, in fact, bringing in $44 billion in new commitments (72% above its 2019 haul). Blackstone raised $95 billion on the year, despite not having any flagship products in the market. Compared to the broader PE market, which saw fundraising totals fall by about a third compared to 2019, the biggest firms did very well for themselves. That sets the stage for a potential banner year—the biggest firms have momentum heading into 2021 after successfully navigating a tumultuous 2020.