Figures 20-22 shows the results of this valuation analysis. Figure 20 shows the absolute and relative forward P/Es (on next 12 months forecast EPS) historically over the last 12 months and last two years for the each of the Alts, as well as for the S&P 500 and the median traditional asset manager (15 largest publicly traded asset management stocks). It also shows the current P/E on 2014 ENI Consensus estimates. We then assign target premiums or discounts for each of the Alts vs. their relative P/Es over the last 12 months to derive our target relative P/Es (the last two columns of Figure 20).

Figure 20: DB Target Forward Relative P/E Derivation for the Alts

	Absolute P/E on NTM		Rel P/E vs. S&P 500		Current	Current	Rel P/E	Target	Target
Historical Avg P/Es	**LTM**	**Last 2 Yrs**	**LTM**	**Last 2 Yrs**	**P/E on '14**	**Rel P/E**	**LTM**	**Prem/Disct**	**Rel P/E**
APO	9.1x	7.4x	62%	53%	10.6x	69%	62%	**15%**	**77%**
BX	9.4x	8.8x	64%	64%	10.4x	68%	64%	**25%**	**89%**
CG	10.2x	N/A	70%	N/A	11.4x	74%	70%	**15%**	**85%**
KKR	8.8x	8.0x	60%	58%	9.7x	64%	60%	**20%**	**80%**
OAK	10.9x	N/A	74%	N/A	12.3x	80%	74%	**10%**	**84%**
Median Alt Mgrs	**9.4x**	**8.0x**	**64%**	**58%**	**10.6x**	**69%**	**64%**	**20%**	**84%**
Median Asset Mgrs	**16.4x**	**17.3x**	**111%**	**125%**	**16.4x**	**107%**	**111%**		
S&P 500	**14.7x**	**13.9x**			**15.3x**				
Median Alts vs. Asst Mgrs	**-6.9x**	**-9.3x**	**-47%**	**-67%**		**-38%**	**-47%**		**-23%**

Source: Thomson Reuters and Deutsche Bank

Figure 21 converts these target relative P/Es into absolute P/Es and price targets. The valuation analysis in both tables show that we expect the Alts to trade at median P/E of 12-13x on 2015 DE, a year from now – which implies achieving a relative PE of ~85% of the S&P 500, or said differently, a 15% discount to the S&P 500 P/E – vs. their current discount of 30% (i.e. the 69% value shown in Figure 20). Compared with the traditional asset managers, this implies improving the Alts' P/E discount to traditional managers to about 23%, given the traditional are currently trading at a 7% premium to the S&P 500 vs. our 26% forecast discount for the Alts. However, this implies a static relative P/E for the traditional asset managers, which may not be the case (though the asset managers had modest relative P/E contraction over the last two years.

Figure 21: DB P/E-based Price Target Derivation for the Alts

	Forecast DE per unit			Target Relative PE	Alts Target PE in 12 Mths	12-Month Fair Value	Current	Fair Value	Distribution	Potential
Alt Manager	**2013E**	**2014E**	**2015E**	**on 2015E**	**on 2015E**	**Estimate**	**Price**	**vs. Current**	**Yield**	**ROI to PT**
APO	$3.82	$3.22	$2.70	77%	11.5x	$31.01	$32.20	-3.7%	9.5%	5.8%
BX	$1.40	$2.33	$2.91	89%	13.3x	$38.59	$31.13	24.0%	6.3%	30.2%
CG	$2.11	$2.84	$3.38	85%	12.6x	$42.70	$36.04	18.5%	6.2%	24.6%
KKR	$2.01	$1.99	$2.09	80%	11.9x	$24.90	$24.56	1.4%	6.5%	7.8%
OAK	$5.70	$5.14	$5.40	84%	12.6x	$67.94	$58.88	15.4%	6.4%	21.8%
Median				**84%**	**12.6x**			**15.4%**	**6.4%**	**21.8%**
S&P 500 EPS est	$104	$110	$119	$125						
P/E (current SPX)		16.3x	15.0x	14.3x						
S&P 500 DPS est		$36	$42	$47						
Implied yield		2.0%	2.3%							

	Current	In 12 Mths	SPX PE
Target S&P 500 PE (on 2015E in 12mths)	1,790	1,863	14.9

Source: Thomson Reuters and Deutsche Bank