PJT Partners Inc.

Partnering Up with Prestigious PJT

Downside Scenario	Current Price	Price Target	Upside Scenario
$61.00	$74.44	$94.00	$118.00
(18%)		*26%*	*59%*

Symbol	NYSE: PJT
52-Week Range	$60.21 – 83.17
YTD Performance	1.0%
Market Cap (M)	$2,977
Net Debt (M)	($38)
Dividend Yield	1.3%
NTM P/E	16.3x
NTM EV/EBITDA	12.9x
ROE	59.3%
ROA	8.9%
ROIC	33.8%

FY (Jan)	2022A	2023E	2024E
EPS (Adj.)			
Q1	1.03	0.77	1.16
YoY Change		*(25%)*	*51%*
Q2	0.76	1.00	1.32
YoY Change		*32%*	*32%*
Q3	0.84	1.31	1.58
YoY Change		*56%*	*21%*
Q4	0.98	1.85	2.03
YoY Change		*89%*	*10%*
Year	3.61	4.91	6.07

- Due to a slowdown in the alternative fundraising market and increased costs from continued hiring of senior bankers, investors are inaccurately pricing PJT's RX dominance and the Company's growing scale. As a result, the Fund has been presented with the opportunity to enter into PJT, a name that will directly benefit from all the market volatility that currently plagues the Financials sector.
- PJT maintains a top position on the RX league tables despite its relatively small size compared to other elite boutique (EB) peers. As overly levered companies are forced to deal with the debt on their balance sheets amidst a higher interest rate environment, RX activity will increase significantly in FY'23. PJT will leverage its best-in-class positioning within the RX industry to take full advantage of this pressurized economic climate and outperform its boutique peers.
- PJT is currently in an expansionary phase where it is focused on hiring senior bankers and growing its industry footprint. These senior bankers will bring new connections and deal flow, and thereby fees. In an industry where partner headcount is directly correlated with revenue generation, PJT's increased hiring will be accretive to top-line over our investment horizon. The Company also maintains robust positioning within the alternatives space, as its Park Hill business benefits from relationships with large alternative allocators such as Blackstone Inc. (BX). As the alternatives industry expands, PJT will grow alongside it.
- Despite an industry-leading RX practice, an expansionary hiring strategy that will drive market share gains, and meaningful exposure to the growing alternatives market, PJT currently trades at an NTM P/E of 16.3x, representing a 16.0% discount to its one-year average spread to comps. Through our DCF and multiples analyses, our team sees shares reaching $94, representing a 25.7% return for the Fund.

COMPANY OVERVIEW

PJT is an independent investment bank, meaning it does not trade or lend as it would create a conflict of interest with the Company's other operations. PJT was founded in CY'13 by Paul J. Taubman, the current chairman and CEO, and in CY'15 PJT was spun-off by BX. In CY'15. PJT had 330 employees and 46 partners. Today, PJT has ~900 employees and ~105 partners. Headquartered in New York, NY, the Company also has international offices in London, Hong Kong, Paris, Sydney, and Madrid. ~28.0% of PJT's employees are located outside the U.S. PJT will report its 1Q'23 earnings on April 2nd.

Jacob George
(610) 613-2406
jgeorge@theowlfund.com

Conor McCabe
(610) 504-9268
cmccabe@theowlfund.com

TABLE OF CONTENTS

INVESTMENT SUMMARY

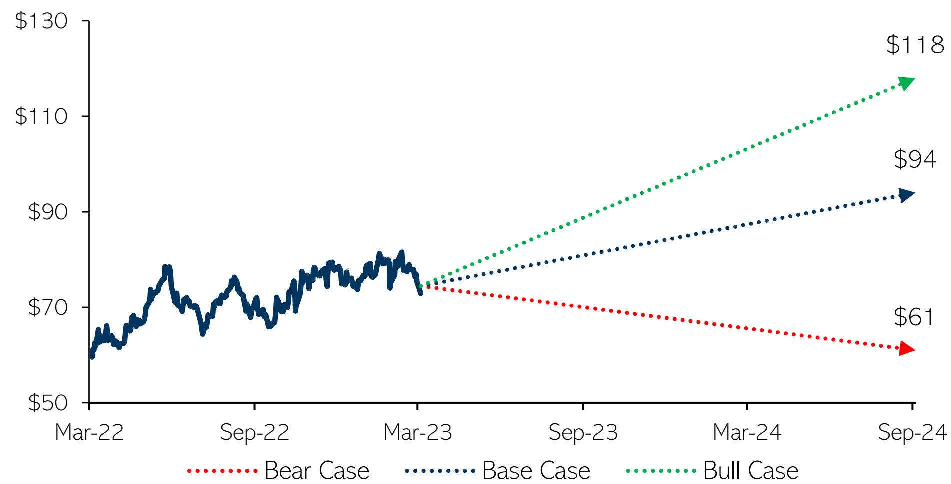
Headquarters
New York, NY

Chief Executive Officer
Paul J. Taubman

Number of Employees
907 (as of 4Q'22)

GICS Classification
Financials

GICS Sub-Industry
Diversified Financials



PRICE TARGET SCENARIOS

Bull Case Price Target: $118.00

12-18 Month Target Return: +59%

Revenue grows at a 9.3% CAGR from FY'23 to FY'27. RX volumes, in tandem with a meaningful return of M&A markets in 2H'23, significantly boost top-line. The Company's scaling strategy pays off in full, and it is able to maintain its top spot on the RX league tables while also climbing up to a top spot on the M&A league tables. PJT's comp ratio remains elevated throughout our investment horizon as it continues to hire senior bankers. However, as the Company gains market share, it sees more hiring leverage and so can attract bankers while paying them less. As a result, EBIT margins increase from 22.7% in FY'23 to 24.3% in FY'27. PJT exceeds historical share buyback patterns and repurchases $95 mn worth of shares in 1H'23. No debt is issued over our investment horizon.

Base Case Price Target: $94.00

12-18 Month Target Return: +26%

Revenue grows at a 7.2% CAGR from FY'23 to FY'27. RX volumes drive top-line in the near term, and M&A activity slowly begins to pick back up in 2H'23. Post FY'23, the Company's increased scale allows it to gain market share within the boutique banking industry, driving long-term top-line growth. PJT maintains its aggressive hiring strategy, so its comp ratio steadily increases until peaking in 4Q'24 at 65.0%. However, these expense increases are more than offset by robust revenue generation and lower non-comp expenses, causing EBIT margins to increase from 20.8% in FY'23 to 21.8% in FY'27. In accordance with historical patterns, PJT frontloads share buybacks, repurchasing $75 mn worth of shares in 1H'23. PJT does not issue any debt throughout our investment horizon.

Bear Case Price Target: $61.00

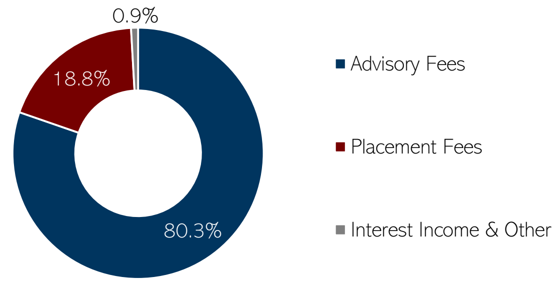
12-18 Month Target Return: (18%)

Revenue grows at a 3.2% CAGR from FY'23 to FY'27. PJT is unable to take full advantage of increased RX activity because of tight competition within the boutique banking industry. M&A activity increases slightly in 4Q'23, but PJT is again boxed out by more established competitors. The Company continues to hire aggressively, but hires do not result in increased market share gains. Since increased partner headcount is not significantly accretive to revenue, and PJT's comp ratio continues to increase until peaking at 65.5% in 3Q'24, EBIT margins increase from 18.4% in FY'23 to only 19.3% in FY'27. PJT does not meet historical share buyback patterns, repurchasing only $55 mn worth of shares in 1H'23 and $71 mn in FY'23. PJT does not issue any debt throughout our investment horizon.

BUSINESS OVERVIEW

PJT is an advisory-focused investment bank providing M&A, capital markets, RX, shareholder, and alternatives advisory & fundraising services. The Company reports through the following segments: Advisory Fees (80.3% of FY'22 revenue), Placement Fees (18.8%), and Interest Income & Other (0.9%). PJT is a premier destination for top talent as it is widely considered as one of the most prestigious and highest-paying firms on the Street, especially for RX services. PJT emphasizes increasing the breadth of its services and further integrating across business operations, which has helped in developing relationships and led to higher volumes and more fees from additional use of advisory services. In addition, the Company has prioritized being physically in front of clients, which led to travel expenses increasing ~175.0% YoY in FY'22. PJT generated ~90.0% of FY'22 revenue in the U.S. However, PJT continues to expand its operations in Europe, opening a new Paris office in 4Q'22.

PJT FY'22 Revenue Breakdown



Source: PJT Partners Inc.

Advisory Fees

Strategic & Capital Markets Advisory

PJT advises clients on various situations, which can be broken down into two categories: mergers & acquisitions and capital markets advisory. The mergers & acquisitions services include advisory on M&A, divestitures, joint ventures, spin-offs, and asset swaps. The capital markets services include advisory on acquisition financing, debt execution, capital raising, structured products, SPACs, and IPOs. Fees vary depending on the advisory service and size but a similar structure used throughout the industry can be applied to each. Before the process begins, PJT requires a retainer to keep clients committed throughout the process. However, the bulk of advisory fees are collected following the completion of the process as a success fee, usually in the range of 2.0 – 8.0% of proceeds.

Restructuring & Special Situation Advisory

PJT's restructuring & special situation practice ranked number one in U.S. and global announced RXs in FY'22, securing primary roles in eight of the ten largest CY'22 RXs, including Revlon and Cineworld. This operation advises companies, creditors, and financial sponsors on fixing capital structures and solving liquidity issues. The goal of an RX is to fix the failing capital structure of a company with a strong business model. Fees for PJT's RX services vary based on the size and complexity of each situation but a similar structure as strategic advisory is applied. A retainer is required up front to ensure clients remain committed. For a debtor mandate, a success fee is typically calculated based on a percentage of debt restructured, equity issued, and other capital raised. For a creditor mandate, the fee is usually paid as a percentage of the face value of debt the creditor represents, usually paid for by the debtor.

PJT Camberview

Camberview was acquired in FY'18, broadening PJT's available services to clients and allowing PJT to develop relationships with boardrooms. This business offers advisory services to publicly traded companies on shareholder relations, activism defense, sustainability, governance, executive compensation, and crisis management.

PJT Park Hill

Park Hill is an alternative asset advisory & fundraising business, providing expertise across four verticals: private equity, real estate, hedge funds, and secondary advisory. Park Hill is unique in that none of PJT's competitors have a similar business segment dedicated exclusively to alternatives. The majority of advisory fees generated through Park Hill are from secondary advisory, and the majority of placement fees are earned across the other three verticals. This means Park Hill's ability to earn fees relies upon the availability of capital for investment across the four verticals. Park Hill's fees generally consist of ~2.0% of funds raised. Despite a difficult fundraising environment in FY'22, Park Hill revenues grew to a record level, a testament to its relations with capital allocators with in-demand strategies.

INDUSTRY OVERVIEW

It's an RX World Out There

A RX occurs when a company (debtor) is in danger of missing liability payments but has the chance for long-term success if reorganized. RX advisors work alongside these companies to reorganize, spin off assets, secure financing, negotiate repayment schedules & amounts, and potentially file for Chapter 11 bankruptcy if an out-of-court RX is not feasible. RX firms renegotiate debt payments with the debt holders (creditors) to receive a more favorable repayment schedule since it is likely that the creditor could recoup more than if the debtor liquidates. An out-of-court RX requires all creditors to agree on debt amendments, otherwise, the debtor will likely file for bankruptcy and move forward with an in-court process. Creditors also hire an RX firm for advisory, usually a firm that made a pitch to the debtor but was not chosen as the advisor. Unlike M&A, there is generally just one advisor for the debtor throughout the RX process and one for creditors. The bulk of advisory fees are paid following the completion of the process. However, debtors and creditors are generally required to pay a retainer to the investment bank as well.

- The RX industry is highly competitive as it is dominated by elite boutiques such as EVR, HLI, LAZ, MC, and PJT. These banks target the same deals, so it is essential for firms to distinguish themselves to clients.

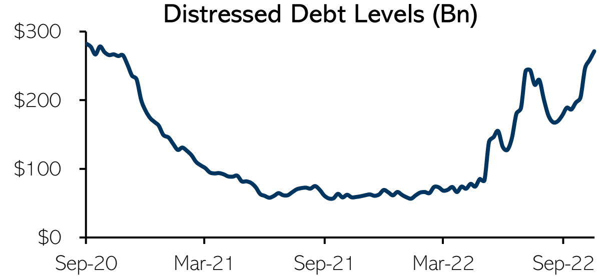
While RX activity was subdued in CY'22, PWC reports that the industry ended the year with the highest monthly bankruptcy filings all year in December, partially rebounding from a weak 1H'22. Healthcare, financial services, and real estate sectors comprised ~40.0% of RXs in CY'22. Moving forward to CY'23, PWC expects the automotive, industrial, and healthcare industries to account for the majority of RX engagements.

- *Automotive:* The industry has drastically switched towards the manufacturing of EVs despite consistent shortages of raw material inputs. Coupled with labor shortages, slow supply chains, and diminishing pricing power, the automotive industry as a whole is experiencing a significant amount of distress.
- *Industrials:* Companies in the capital-intensive industry with inflexible pricing contracts are struggling to manage persistent inflation, rising energy costs, and geopolitical conflicts, which have compressed margins significantly.
- *Healthcare:* As government support from the pandemic recedes, organizations are faced with a reliance on third-party systems & service providers, cost pressures, and a tightening regulatory environment. The inability to raise capital will slow down pharmaceutical pipelines, delaying releases and extending timelines for ROI.

Underperforming businesses were previously able to avoid RXs and bankruptcies in CY'21 and CY'22 because of a lax lending environment. However, moving into CY'23, it is clear that this luxury no longer exists. Limited capital can be raised as lenders are turning away from riskier investments and borrowing costs continue to rise. In addition, declining equity valuations are discouraging companies from issuing shares because ownership structures would become diluted. Contrary to recent environments, there is nowhere to run from upcoming debt maturities. As a result, **U.S. commercial bankruptcy filings were up 11.0% YoY in Dec'22**. However, **they still remain ~40.0% below pre-pandemic levels**, indicating that there is further room for RX volumes to grow.

Economic indicators also point towards an uptick in RX. Distressed debt levels, the leading indicator of future RX activity, **grew ~360.0% YoY in Oct'22.** Default rates have remained low, ending CY'22 at 1.3%, as companies have yet to feel the burden of higher interest rates. This, however, is expected to change in CY'23, as analysts project **default rates will end the year between 2.5 - 3.5%.** Substantiating this, **average corporate bond yields ended CY'22 at 5.1%**, a level not seen since the CY'08 financial crisis. RX firms have seen an uptick in activity in Jan'23, reassuring our team that the emerging trend of growing RX volumes in the latter half of CY'22 will continue throughout CY'23 as operating difficulties continue to pressure companies. Corroborating our belief, JMP Securities expects RX volumes to grow 20.0 - 30.0% YoY.

Distressed Debt Levels (Bn)



Source: Bloomberg

Talent is Everything

Growing partner headcount to build out available services and TAM is a tried-and-true method for boutiques to scale revenue and market share. Partners are responsible for attracting deal flow, so there is no surprise that Seaport reports that a higher partner count is historically correlated with higher revenues. The additional activity allows companies to rise in league tables, bolstering reputations, which compounds into more deal flow. EBs such as HLI, EVR, and LAZ have previously used this strategy to grow operations and found success with higher volumes.

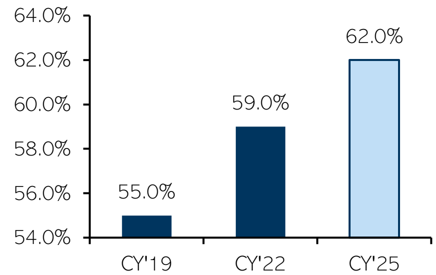
- EBs are limited in scaling down partner count if activity sours, given the company would lose the connections of those partners and the associated deal flow when activity returns. EBs must be strategic in adding partners.

Investment bankers' total compensation fell significantly in CY'22 due to a lack of M&A volume. Analyst compensation fell ~15.0%, while directors and MDs were much more affected, with compensation falling on average ~30.0% and ~50.0%, respectively. Bloomberg noted that MDs at Goldman Sachs, Morgan Stanley, and Bank of America have reported a total compensation drop between 40.0 - 50.0% in CY'22. PJT reports that such senior bankers have become dissatisfied with compensation, and as a result, the hiring pool for EBs will be robust in CY'23.

There Are Always Alternatives

Following CY'21, a record year for capital deployment in alternative investments, declining public markets left investors overexposed to alternatives, causing them to shy away from new commitments in CY'22. Corroborating this, 32.0% of institutions reported overallocations in CY'22 compared to 8.7% in CY'21. While the fundraising environment will likely remain pressured in 1Q'23, the burden should lighten over the course of the year. The demand for alternatives continues to grow as they often provide greater returns and stability than public markets. The current challenging environment is just a hiccup in the space's long-term growth.

Average Allocations to Alternatives



Source: KKR

- *Real Estate:* Property valuations were plagued by rising interest rates in CY'22, cooling arguably the strongest real estate market ever. Despite this, HodesWeill expects the weighted average portfolio allocation target for real estate to increase from 10.8% to 11.1% in CY'23. While today's environment is challenging to deploy capital in real estate, institutions expect attractive buying opportunities throughout the next 12 - 24 months.

- *Hedge Funds:* Hedge funds offer strategies that are in demand when volatility controls the market. However, a less favorable investment market and declining equity valuations contributed to the lowest industry-wide AUM growth since CY'18. Hedge fund demand is expected to grow in FY'23 as remaining volatility in the market allows managers to create more value through security selection. Reuters noted that investors are now opting for larger hedge funds for stability over the mobility that smaller portfolios traditionally provide. Agecroft Partners expects that just 5.0% of hedge funds will attract 80.0 - 90.0% of net flows in CY'23.

- *Private Equity:* Fundraising slowed in CY'22 as rising rates cooled record fundraising of PE capital in CY'21. The number of funds closed in CY'22 dropped 45.0% YoY, and the number of new funds created fell 67.0% YoY. Moving into CY'23, the fundraising environment will likely continue to struggle, as an S&P survey of PE executives found that 34.0% do not expect conditions to improve, while 45.0% expect fundraising conditions to deteriorate further. However, PE firms do maintain a record level of dry powder, ready for deployment.

- *Secondaries:* The secondary market refers to the buying and selling of pre-existing commitments to alternative investment funds. CY'22 secondary volume was $108.0 bn, down 18.0% YoY, following record secondary volumes in CY'21. CY'22 started off strong, however, as the year progressed, discrepancies in valuations and expectations between buyers and sellers led to a weaker 2H'22. However, these discrepancies have created a backlog of demand for secondary transactions, making it a buyers' market for secondaries. As such, Jefferies expects secondary volumes of $120.0+ bn and a Park Hill MD expects $150.0+ bn in CY'23.

CATALYSTS & DRIVERS

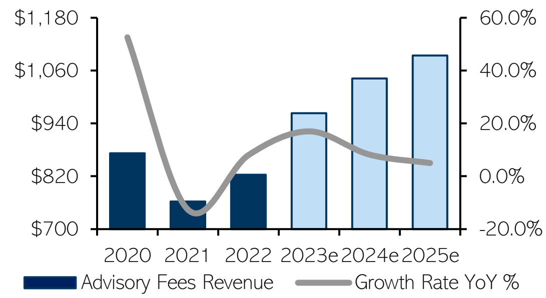
RX: PJT's Difference-Maker

Regardless of the M&A market's strength in FY'23, PJT's best-in-class RX practice will drive outperformance as it takes advantage of a pressurized economy and an expected uptick in RX volumes in FY'23. In our model, **we have projected Advisory Fees to grow 16.7% YoY in FY'23** as the Company's RX fees more than offset a slower M&A environment. We also project Advisory Fees to grow at a 7.7% CAGR through FY'26.

Fresh on the Block, but Coming in Hot

Since being spun off from BX in CY'15, PJT has very quickly developed a strong reputation for RX excellence. Despite its relative youth, the Company has already ascended to the top of Refinitiv's RX league tables. **In CY'22, the Company placed first in announced RXs in both the U.S. and globally; second in U.S. completed; and third in global completed.** Reorg also reports that PJT ranked second to HLI in CY'22 for total in-court RX engagements, and first for debtor-side engagements.

Advisory Fees Revenue (Thousands)



Source: Model

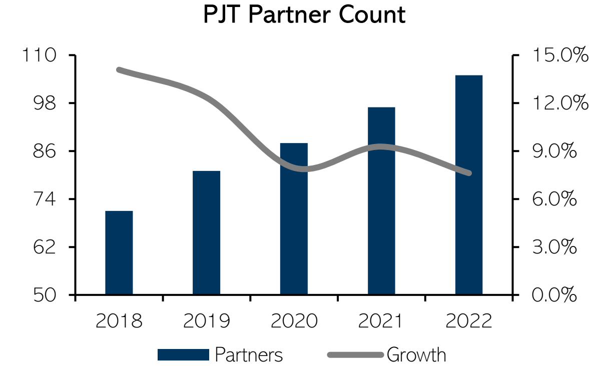
PJT's reputation provides downside protection in a pressurized economy; in fact, it's a bonafide growth driver. Seaport estimates that **RX makes up more than 30.0% of PJT's revenue**, nearly double the exposure of its next closest peer. This exposure helped revenue grow 3.4% YoY in FY'22 as RX volumes increased in 2H'22, while peers such as EVR and LAZ saw revenue fall 16.2% YoY and 11.8% YoY, respectively. Looking ahead, RX will be PJT's primary engine as the Company leverages its excellent positioning within the RX industry and increased scale.

- Being first in announced RXs positions PJT very well moving forward, as it will realize fees from these mandates in three to six months. Seaport reports that these lagged fee realizations, a growing backlog of mandates, and a coming wall of corporate debt maturities will drive robust growth for PJT's RX practice in FY'23 and into FY'24. For reference, S&P reports that corporate debt maturities will increase 20.9% from CY'22 to CY'24.
- Management shares that same sentiment, stating in the 4Q'22 earnings call that demand for PJT's RX services will remain elevated in FY'23 as higher financing costs continue to pressure overly levered companies. As announced RXs are completed, **management expects RX fees to begin growing significantly in 2Q'23**.
- Management also stated in the 4Q'22 earnings call that as the overall business grows in scale, RX mandates will grow alongside it. As the Company grows its strategic advisory footprint, it will build new client relationships, and these clients will ultimately turn to PJT's RX practice when faced with a difficult operating environment. Management was clear in the call that PJT is in such an expansion phase where it is focused on growing partner headcount, entering new geographies such as Europe, and gaining further industry share. PJT will build more client relationships through this strategy, which will translate to increased RX mandates and fees.
- PJT's dominance in debtor-side RX advisory is highly favorable for top-line. Restructuring Interviews reports that debtor-side fees are higher because the advisory is more work-intensive, given the advisor must find a solution that satisfies all creditors. Debtor-side exposure will provide an additional boost to Advisory Fees in FY'23. PJT is no slouch on the creditor side either, coming in second for such engagements in CY'22.

Given how exposed PJT's revenue is to RX, an uptick in RX activity and fee realizations will provide a sizable boost to top-line in FY'23. As RX fees begin growing meaningfully in 2Q'23 and continue accelerating over the course of the year, our team projects Advisory Fees to grow 8.0% QoQ in 2Q'23, 17.0% QoQ in 3Q'23, and 23.0% QoQ in 4Q'23, As fees increase, **we project PJT's total revenue to grow 13.0% YoY in FY'23.** The Street is similarly bullish, projecting 10.3% YoY growth. In comparison to PJT, the Street projects EVR's revenue to fall 5.7% YoY in FY'23, HLI's to fall 19.1% YoY, LAZ's to fall 3.8% YoY, and MC's to fall 0.1% YoY. **PJT's industry-leading RX practice will drive significant outperformance of the Company's more M&A-focused peers in FY'23.**

The More, The Merrier

As detailed in the industry overview, adding partners has historically been successful for scaling boutique operations and building capabilities. While peers have access to the same talent as PJT, the process of scaling operations through adding partners is not as easy as it seems. For an EB to continue adding partners, it needs to see consistent revenue growth since EBs are limited in firing partners. PJT, given its relatively smaller scale and early success, has been able to efficiently build out capabilities as well as scale volumes thus far.



Source: PJT Partners Inc.

- PJT has outpaced peers in both headcount and revenue growth. PJT has grown partner count at a 5-year CAGR of 12.0%, while EVR has grown 5.8%, HLI 10.8%, LAZ 5.2%, and MC 1.8%. PJT's revenue also has grown at a 5-year CAGR of 16.0%, while EVR has grown 5.9%, HLI 13.8%, LAZ 1.6%, and MC 2.1%.

Despite rapidly changing operating climates and demand for boutique services, the Company has clearly sustained steady growth while competitors have lagged, a testament to PJT's diversified business. The Company's more balanced revenue streams from each business segment allows management more freedom in hiring senior talent.

Additionally, PJT is still relatively younger than its peers, yet its services have similar rates of demand, highlighted by PJT's industry-leading volumes for RX and alternatives. This demand and subsequent fee generation leaves more room for PJT to grow headcount. As a result, PJT is one of the highest paying firms on the street, making it an attractive destination for top talent, especially for bankers dissatisfied with compensation following CY'22.

- While new hires likely contributed to a higher comp expense for PJT, FY'22 comp expense per employee came in at $737.8k, compared to EVR's $801.8k, HLI's $624.0k, MC's $558.2k, and LAZ's $487.4k.

PJT's RX services and Park Hill have had early success but its strategic advisory business still lags competitors in terms of volume. In CY'15, PJT had just five strategic advisory partners, however, **partner count has grown at a 22.0% CAGR over the past eight years.** While the growth thus far is significant, it hasn't been fully reflected by higher revenues. In FY'21, a record year for M&A, PJT ranked only seventeenth in deal volume. At this time, many of PJT's partners were still new to their role. However, by the end of FY'23, **strategic advisory partners with at least one year of experience will have grown by ~78.4% since CY'21**. This growth in senior talent has led to **PJT maintaining a record level of mandates despite the adverse climate for M&A**. Additionally, while PJT does the highest comp ratio of peers, it has been able to keep that figure stable around ~64.0% since CY'16. This demonstrates that despite the macro environment, resilient demand for PJT's services allows the Company to efficiently scale its partner count. With Bloomberg reporting that partner growth is the best predictor of future revenue growth for EBs, it is clear that PJT is well-positioned to scale operations and capture market share.

Parked at the Top of the Hill

While volatility has presented near-term headwinds for fundraising, the long-term prospects for alternatives remain and will be a key growth driver for PJT. Park Hill ranks second in number of funds in the market all-time and second in growth since CY'19, only behind Credit Suisse in both. Park Hill has developed relationships with the best-in-class alternative allocators, including BX, Astorg, and Linden. In fact, BX, the largest alternative asset manager, has returned to PJT for fundraising services on multiple funds, raising a total of $6.9 bn, and is the largest employer of Park Hill services. Best-in-class allocators continue to see more concentrated flows within a fragmented alternatives market, and Bloomberg reports that fundraising goals among the largest alternative asset managers remain intact. At the end of CY'21, there was an estimated ~$13.2 tn in AUM for alternatives, and Preqin expects this figure to grow to ~$23.2 tn by CY'26. It is clear that alternatives remain a significant long-term opportunity, and Park Hill is best-positioned for this trend given it is **an industry leader in alternative advisory & fundraising.**

UNDERVALUATION

PJT currently trades at a 16.0% discount to its one-year average spread to comps and 10.0% discount to its two-year average spread to comps, both on an NTM P/E basis. Despite an industry-leading RX business and consistent additions of experienced senior bankers, PJT's multiple has contracted relative to peers because of **Park Hill's overt exposure to a currently weak market for alternative fundraising and the Company's higher costs.**

Park Hill Woes

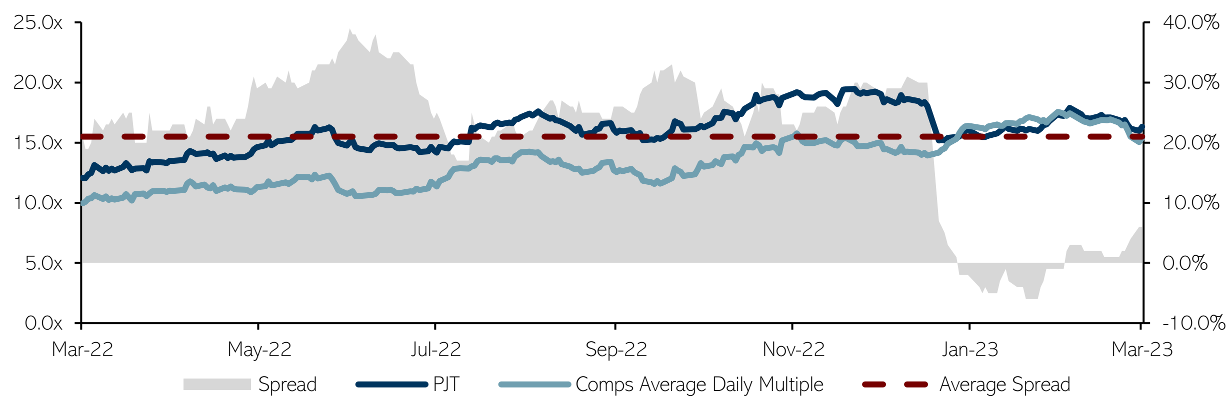
While Park Hill does make PJT a leader in alternative advisory, it also makes PJT the most exposed out of peers to a weak alternative fundraising market. The Company was able to leverage its relationships to drive record Park Hill revenue in FY'22, but management stated in the 4Q'22 earnings call that Park Hill will see a weak start to FY'23. In 1Q'23, management expects **Park Hill revenue to decrease $30 - $40 mn YoY** as LPs remain unwilling to provide capital amidst a volatile economy. While management does not provide revenue figures for Park Hill, given that PJT reported **$280 mn of total revenue in 4Q'22, it can be assumed that such a decrease is a major hit to Park Hill top-line.** However, investors are underappreciating Park Hill's other drivers. JMP Securities reports that while current volatility is causing primary market declines, it is also incentivizing LPs to seek liquidity, which has in turn bolstered the secondary market and provided a layer of stability to Park Hill. Post 1Q'23, management expects both primary and secondary advisory fees to be strong, stating that **FY'23 Park Hill revenue is expected to be on par with FY'22 record levels.** Park Hill weakness could also be offset by relatively strong M&A activity.

- Seaport estimates that PJT booked ~$110 mn in strategic advisory fees in Jan'23, meaning that **the Company has already generated the same amount of strategic advisory fees in 1Q'23 as it did in all of 4Q'22.**
- Seaport reports that through the end of Jan'23, PJT's rolling 6-month fee pipeline was down 15.0% versus the industry's 25.0%, and its pipeline deal count was down 2.0% versus the industry's 11.0%. **PJT is clearly best positioned to derive increased strategic advisory fees from a relative uptick in M&A activity.**

Higher Costs

On February 7th, PJT reported 4Q'22 and FY'22 EPS of $0.95 and $3.90, respectively, **missing estimates by 12.1% and 3.6%, respectively**. EPS figures were hampered by the Company's elevated compensation costs as a percentage of revenue, which came in at 64.1% for FY'22; above management's expectations of 63.0% and marking the highest comp ratio among peers. Management attributed the elevated costs to an increased pace of senior banker hiring amidst a slower M&A market. However, **PJT still sold off 6.6% on the day**, which deepened its discount to peers. While PJT's elevated comp ratio is nothing new, investors reacted negatively to earnings because they are concerned about PJT's willingness to continue hiring amidst an inflationary environment and a strong labor market. However, management remains confident in its investments into senior bankers, and rightly so. While PJT's margins may be smaller than peers in the near term, expanding workforce is how a boutique scales. As PJT continues to grow its partner headcount, it will gain market share and drive higher revenue in the long term. **The fact that PJT is doubling down on its expansionary phase makes now the ideal time to enter the name.**

PJT 1-Year Relative NTM P/E Valuation



Everyone Loves an Inefficient Market

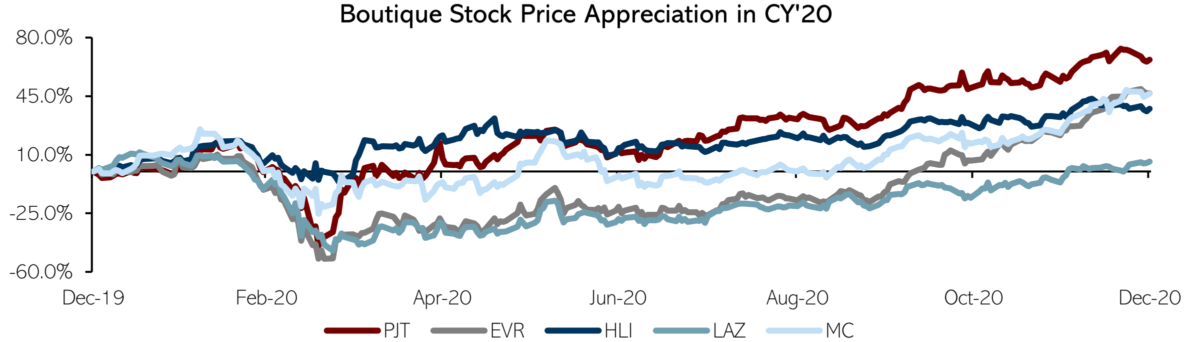
As our team learned more about PJT's story, one question stood out to us: why is it, along with all of its peers, trading above its historical P/E median? While it's impossible to be certain given how under-covered the boutique banking space is, since the market moves with a 6 - 12-month lead, these valuations are likely due to an expected M&A uptick in 2H'23. Reuters reports that multiple bankers expect dealmaking to pick up in 2H'23, and Bloomberg expects private equity-driven M&A to see a significant uptick in activity later in CY'23 or into CY'24, spurred by a record $3.4 tn of dry powder. However, it has become clear in recent weeks that the economic picture for CY'23 is much hazier than previously expected. Multiple Fed officials expect rates to remain higher for longer, and while we are still bullish on an M&A uptick later this year, we are much more convinced that RX will be the main story for boutiques as debt weighs heavy on companies' balance sheets. **So then how can it be justified that PJT, the number one bank in announced U.S. and global RX engagements, is trading at a discount to peers?**

In CY'23, PJT will utilize its industry-leading RX practice to significantly outperform its boutique peers. How much can it outperform? Well, to get an idea, let's take a look at the last time RX was a major focus within the boutique banking industry: CY'20, after the U.S. economy and the world was blindsided by the pandemic.

- PWC reports that in CY'20, bankruptcy filings increased 16.5% YoY to 467, the highest total since CY'13. **PJT significantly outperformed peers that year, with its stock price appreciating 66.7%**. In comparison, EVR appreciated 46.7%, HLI 37.6%, LAZ 5.9%, and MC 46.5%.
- Compare this to now. PWC reports that RX activity increased 20.0% in 2H'22 compared to 2H'21, and that **total bankruptcy filings increased 90.9% YoY and 83.3% YoY in Nov'22 and Dec'22, respectively.** As detailed in our industry overview, this trend will continue into CY'23 as companies suffer from a higher cost of capital and decreased liquidity. Yet from Jul'22 to the beginning of Mar'23, **PJT's stock price appreciated only 11.3%**. In comparison, EVR has appreciated 39.3%, HLI 21.5%, LAZ 17.9%, and MC 8.3%. Investors have not been accurately pricing in an uptick in RX activity and PJT's ability to benefit from such an uptick, presenting the Fund with both a clear market inefficiency and an ideal investment opportunity.
- Mar'23 has been extremely difficult for the Financials sector so far, starting off with rumors of a 50 bp hike at the next FOMC meeting and followed by a major debacle at Silicon Valley Bank. These headwinds have brought down the stock prices of boutique banks, but have also provided a partial demonstration of how investors will appreciate PJT's RX business in difficult economic times. Since the beginning of March, **PJT has fallen only 5.6%**, while EVR is down 10.5%, HLI is down 7.3%, LAZ is down 11.1%, and MC is down 9.9%. **PJT has also outperformed the broader Financials sector during this period**, with the XLF falling 9.6%. With RX set to once again be the focus of boutique banking in CY'23, PJT will, again, be the star of its industry.

PJT presents the Fund with the opportunity to enter into a unique value play with clear growth drivers. Over our investment horizon, PJT will leverage its RX dominance and increased partner headcount to take advantage of a pressurized business environment in the near term and increased capital markets activity in the long term. PJT is also better positioned than ever before to take advantage of the aforementioned uptick in M&A as new partners will bring increased connections, deal flow, and overall scale. As PJT benefits from increased RX activity and gains market share within the boutique banking industry, the Company will drive outperformance for the Fund.

Boutique Stock Price Appreciation in CY'20



PEER GROUP ANALYSIS

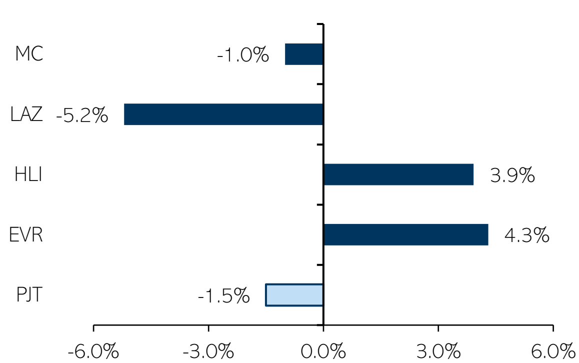
Evercore Inc. (EVR): EVR, founded in 1995, is an independent investment bank that reports through the following two segments: Investment Banking & Equities (86.3% of FY'22 revenue), and Asset Management & Administration Fees (13.7%). The Investment Banking & Equities segment can be broken down into four categories: strategic corporate advisory, RX, capital markets advisory, and institutional equities. Over the past 5 years, EVR has ranked as the number one independent investment bank in announced M&A volumes. FY'22 revenues fell 16.2% YoY to $2.8 bn due to a lacking M&A market.

Houlihan Lokey, Inc. (HLI): HLI, founded in 1972, is an independent investment bank offering M&A, RX, strategic advisory, and valuation services. The Company operates through the following segments: Corporate Finance (70.2% of FY'22 revenue), Restructuring (17.3%), and Valuation Advisory (12.5%). HLI is widely known as the leading advisor to creditors in RXs, as it ranked number one in completed creditor RXs in FY'21 and FY'22. HLI acquired GCA Corporation in late FY'22, a rival with heavy concentration to Japan, which eased talent acquisition pressures but also will likely lead to lower productivity as HLI integrates its new employees.

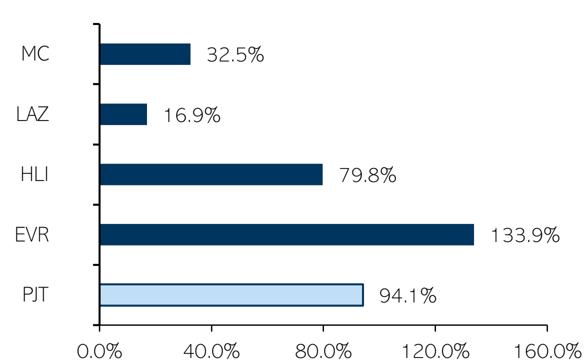
Lazard Ltd (LAZ): LAZ, founded in 1848, is an independent investment bank offering M&A, RX, capital raising, and asset management services. The Company operates through the following segments: Investment Banking (58.1% of FY'22 revenue), Asset Management (39.4%), and Other (2.5%). LAZ earned 53.6% of FY'22 revenues in the Americas, 40.9% in EMEA, and 5.5% in APAC. The Company's Asset Management segment is unique to LAZ in that no EB peers have a similar service offering, or at least at the same scale.

Moelis & Company (MC): MC, founded in CY'07, is an independent investment bank that provides advisory and capital-raising solutions for M&A, RXs, and private funds. MC doesn't disclose how its revenues are broken down. Similar to PJT, MC preaches aggression in building on senior talent. However, the Company has been limited in doing so as revenues fell 36.0% in FY'22. The Company was still able to add 25 managing directors in FY'22, but at the expense of junior analysts, as compensation expense fell 32.0% in FY'22. The decline in M&A activity in tandem with MD additions led to MC reporting a comp ratio of 63.0% in FY'22, compared to the Company's average of 59.0%.

YTD Performance



Three-Year Performance



Primary Peer Group

Company	Ticker	Market Cap	Enterprise Value	Sales LTM	Sales 2023E	EPS LTM	EPS 2023E	EBITDA Margin LTM	EBITDA Margin 2023E	Profit Margin LTM	Profit Margin 2023E	Enterprise Value / EBITDA LTM	Enterprise Value / EBITDA 2023E	Enterprise Value / Sales LTM	Enterprise Value / Sales 2023E	Price / Earnings LTM	Price / Earnings 2023E
PJT Partners Inc.	PJT	$2,836	$3,122	3.1%	10.4%	(12.1)%	30.0%	23.0%	23.1%	8.8%	16.7%	14.4x	12.9x	0.0x	0.0x	20.8x	9.3x
Evercore Inc.	EVR	4,350	4,711	(15.9)%	(3.6)%	(32.0)%	(6.5)%	26.9%	24.1%	17.3%	17.6%	6.0x	6.5x	0.0x	0.0x	9.7x	9.3x
Houlihan Lokey, Inc.	HLI	5,858	6,773	(20.2)%	(19.1)%	(45.3)%	(28.6)%	32.1%	26.4%	14.1%	17.3%	12.8x	12.8x	0.0x	0.0x	22.7x	18.4x
Lazard Ltd	LAZ	2,822	4,614	(13.2)%	(2.5)%	(24.2)%	(8.2)%	20.2%	15.4%	12.9%	11.5%	8.1x	10.1x	0.0x	0.0x	9.5x	9.1x
Moelis & Company	MC	2,426	2,483	(36.0)%	(1.2)%	(63.3)%	(11.1)%	23.1%	19.8%	15.3%	15.3%	12.2x	13.5x	0.0x	0.0x	17.7x	16.3x
High		$5,858	$6,773	(13.2)%	(1.2)%	(24.2)%	(6.5)%	32.1%	26.4%	17.3%	17.6%	12.8x	13.5x	0.0x	0.0x	22.7x	18.4x
Mean		3,864	4,645	(21.3)%	(6.6)%	(41.2)%	(13.6)%	25.6%	21.4%	14.9%	15.4%	9.8x	10.7x	0.0x	0.0x	14.9x	13.3x
Median		3,586	4,663	(18.0)%	(3.0)%	(38.7)%	(9.7)%	25.0%	21.9%	14.7%	16.3%	10.2x	11.5x	0.0x	0.0x	13.7x	12.8x
Low		2,426	2,483	(36.0)%	(19.1)%	(63.3)%	(28.6)%	20.2%	15.4%	12.9%	11.5%	6.0x	6.5x	0.0x	0.0x	9.5x	9.1x

Company	Ticker	General Statistics: Tax Rate	General Statistics: Beta	General Statistics: Dividend Yield	Returns Analysis: ROIC	Returns Analysis: ROE	Returns Analysis: ROA	2022A Leverage Analysis: Total Debt / Cap	2022A Leverage Analysis: Total Debt / EBITDA	2022A Leverage Analysis: Total Debt / Equity	2022A Coverage Analysis: EBITDA / Int. Exp.	2022A Coverage Analysis: (EBITDA - Capex)/Int.	2022A Coverage Analysis: EBIT / Int. Exp.	Liquidity Profile: Quick Ratio	Liquidity Profile: Current Ratio	Credit Profile: S&P	Credit Profile: Outlook
PJT Partners Inc.	PJT	18.2%	0.77	1.4%	22.7%	23.6%	16.2%	0.0x	NA	0.0x	NA	NA	NA	2.53	2.53	0	0
Evercore Inc.	EVR	24.5%	1.53	2.4%	30.1%	31.6%	14.3%	0.3x	NA	0.4x	NA	NA	NA	1.14	1.49	0	0
Houlihan Lokey, Inc.	HLI	27.4%	0.80	2.4%	20.1%	16.9%	9.1%	0.1x	NA	0.1x	NA	NA	NA	0.91	0.91	0	0
Lazard Ltd	LAZ	24.1%	1.40	5.8%	16.3%	27.0%	6.0%	0.7x	NA	2.0x	NA	NA	NA	1.74	3.17	0	0
Moelis & Company	MC	22.0%	1.47	6.1%	37.9%	36.0%	12.2%	0.3x	NA	0.4x	NA	NA	NA	0.85	0.95	0	0
High		27.4%	1.53	6.1%	37.9%	36.0%	14.3%	0.7x	NA	2.0x	NA	NA	NA	1.74	3.17		
Mean		24.5%	1.30	4.2%	26.1%	27.9%	10.4%	0.3x	NA	0.7x	NA	NA	NA	1.16	1.63		
Median		24.3%	1.44	4.1%	25.1%	29.3%	10.6%	0.3x	NA	0.4x	NA	NA	NA	1.03	1.22		
Low		22.0%	0.80	2.4%	16.3%	16.9%	6.0%	0.1x	NA	0.1x	NA	NA	NA	0.85	0.91		

RISKS TO INVESTMENT THESIS

Adverse Alternatives

As mentioned, the alternative fundraising industry slowed in CY'22 as asset managers faced liquidity issues, and declining equity values left portfolios unbalanced. While it is an attractive alternative environment to invest, given cheap valuations, it may not be feasible for portfolio managers to commit additional capital. The challenging macro environment continues to pressure public markets which could lead to further displacement of allocations. Additionally, the majority of funds did not close in CY'22, likely leading to fewer new funds created in CY'23.

- *Mitigant:* While pressures do remain, the worst of the challenging environment is likely to be over in 1Q'23. FY'22 was likely a more difficult year for alternative fundraising than the Fund will see over PJT's investment horizon, and the Company was still able to deliver record Park Hill revenues. However, if the fundraising environment continues to struggle, it means that allocators are likely looking for further liquidation of alternative allocations. This would lead to a higher demand for secondary advisory. Additionally, the Company's diversified business model will provide downside protection in the event of a major alternatives slowdown. If such a slowdown occurs, it will likely come at least partially from higher interest rates, which would benefit RX fees.

In our bear case, we modeled in Placement Fees declining 11.2% in FY'23 and growing at a CAGR of 0.5% through FY'27 to reflect a prolonged slowdown in alternative fundraising.

Crowded Competition

EBs are considered 'elite' for a reason. These firms attract the best talent on the Street thanks to their prestige and compensation. They all offer similar advisory services within M&A and RX, so they compete against each other to earn deal flow. At the end of the day, each opportunity must be won, and each firm has to distinguish itself to clients in order to do so. PJT has been able to establish itself as a premier bank in RX, highlighted by its industry-leading volumes. However, if that title were to fade away, it could have a compounding effect as potential clients turn to the new premier bank. A hit to PJT's reputation would likely slow demand for its services and thereby hinder top-line.

- *Mitigant:* It's not easy to become the leading RX firm, especially competing against firms that have been around for much longer than PJT. The Company's quick rise to fame is indicative of the quality of services that PJT has provided clients. The name of the game in advisory is relationships, and the industry-leading volumes in RX highlight PJT's ability to quickly grow these relationships. Additionally, the continuation of hiring partners in strategic advisory is making that business segment stronger, adding to PJT's overall reputation.

In our bear case, we modeled revenue growing at a 3.2% CAGR to demonstrate a struggle to attract additional deal flow as PJT directly competes against the strongest investment banks in the industry.

Expensive Employees

It takes time for newly recruited professionals to become effective employees, and during that time, companies have to spend time and resources towards training and integration. PJT has been and will continue to be more aggressive in hiring talent than peers, given its smaller scale, which will lead to higher costs and lower profitability metrics. In a time of uncertainty, investors are going to go where the profit is and may overlook PJT in the near-term as a result.

- *Mitigant:* While PJT hasn't been around during any major economic crisis, during the pandemic, PJT had no issues scaling operations thanks to its significant exposure to RX. While PJT will likely see expenses grow at a higher rate than competitors, the Company's positioning allows for more consistent cash flows despite the operating climate, a luxury that peers do not have. A prolonged slowdown in M&A constrains competitors in scaling operations, but not for PJT as it leverages its other business segments. On the other hand, an uptick in M&A would allow PJT to capitalize off its large investments into strategic advisory and drive market share gains. No matter the macroeconomic climate, PJT is positioned to generate top-line growth.

In our bear case, we modeled in EBIT growing at a 2.8% CAGR through FY'24 to reflect PJT struggling to translate higher partner count to revenue growth above the additional compensation expense.

VALUATION ANALYSIS

Model Assumptions

In our FY'22 base case, we assume that revenue falls 17.6% in 1Q'23 because PJT historically has poor first quarters. We model in a 30.0% drop in the Placement Fees segment in 1Q'23 to account for management's guidance that Park Hill revenue will fall $30 - 40 mn YoY in 1Q'23. Following 1Q'23, revenue growth accelerates over the next three quarters as increased RX activity flows through to fee realizations. We assume a meaningful uptick in M&A in 4Q'23, and model this in by projecting 23.0% QoQ growth in the Advisory Fees segment. As the Company continues to hire senior bankers, Comp Expense as a % of Revenue steadily increases from the current 64.1% figure to eventually peak at 65.0% in 4Q'24. Revenue past FY'23 is modeled conservative to the Street's projections. For the valuation, we use a blend of exit multiple and NTM P/E. NTM P/E is what Seaport Research Partners and Piper Sandler use to value PJT, and is most likely what most of the Street uses. However, given we are a value fund and need to see cash flows, we integrated the assumption-driven returns from our exit multiple method. For our NTM P/E valuation, we use an implied multiple of 17.5x. Seaport Research Partners uses the same multiple, and given the Street's PT is $87, it can be assumed that other firms use roughly the same multiple or have a higher EPS estimate. Our NTM EPS estimate is $4.91. The Company's EPS figures on its financial statements are not calculated using reported net income, but for simplicity, we calculate EPS using reported net income throughout our model. We are in line with the Street on NTM EPS as Seaport Research Partners uses an NTM EPS of $4.97.

Discounted Cash Flow	2020	2021	2022	1Q23e	2Q23e	3Q23e	4Q23e	2023e	2024e	2025e	2026e	2027e
Revenue	$1,052,300.0	$991,945.0	$1,025,505.0	$230,584.7	$258,065.8	$300,037.6	$370,432.9	$1,159,121.0	$1,261,895.6	$1,322,507.2	$1,386,053.7	$1,452,677.9
EBITDA	263,016.0	235,199.0	216,946.0	50,498.0	56,516.4	65,108.2	80,383.9	252,506.6	276,864.8	290,951.6	309,090.0	326,852.5
EBIT	247,961.0	219,449.0	201,471.0	47,375.0	53,484.2	62,158.2	77,506.8	240,524.1	264,493.6	281,240.1	299,412.7	317,180.2
Income Tax Benefit (Expense)	(35,535.0)	(29,494.0)	(36,699.0)	(9,948.7)	(11,231.7)	(13,053.2)	(16,276.4)	(50,510.1)	(55,543.7)	(59,060.4)	(62,876.7)	(66,607.9)
NOPAT (EBIAT)	$212,426.0	$189,955.0	$164,772.0	$37,426.2	$42,252.5	$49,105.0	$61,230.4	$190,014.1	$208,950.0	$222,179.6	$236,536.0	$250,572.4
% YoY Growth		*(10.6%)*	*(13.3%)*					*15.3%*	*10.0%*	*6.3%*	*6.5%*	*5.9%*
Depreciation & Amortization				3,123.1	3,032.2	2,950.0	2,877.1	11,982.4	12,371.2	9,711.5	9,677.3	9,672.3
Stock-Based Compensation				29,976.0	33,548.6	39,004.9	48,156.3	150,685.7	151,427.5	145,475.8	152,465.9	159,794.6
Capital Expenditures				(1,614.1)	(1,806.5)	(2,100.3)	(2,593.0)	(8,113.8)	(8,833.3)	(9,257.6)	(9,702.4)	(10,168.7)
Goodwill Impairment				-	-	-	-	-	-	-	-	-
(Increase)/Decrease in Working Capital				85,843.8	(24,685.2)	(37,701.6)	(63,233.3)	(39,776.4)	(31,582.1)	(23,257.8)	(26,218.3)	(31,830.4)
(Increase)/Decrease in LT Items				(8,455.1)	(8,877.8)	(9,321.7)	(9,787.8)	(36,442.3)	(44,295.9)	(49,967.8)	(59,961.4)	(71,953.7)
Unlevered Free Cash Flow				$146,300.0	$43,463.8	$41,936.3	$36,649.7	$268,349.9	$288,037.5	$294,883.9	$302,797.2	$306,086.5
% YoY Growth									*7.3%*	*2.4%*	*2.7%*	*1.1%*
Discountable Unlevered Free Cash Flow				$146,300.0	$43,463.8	$41,936.3	$36,649.7	$268,349.7	$288,037.5	$294,883.9	$302,797.2	$306,086.5
Full-Year Discount								*0.80*	*1.80*	*2.80*	*3.80*	*4.80*
Mid-Year Discount								*0.40*	*1.30*	*2.30*	*3.30*	*4.30*
Discount Factor								*0.97*	*0.91*	*0.85*	*0.79*	*0.74*
Present Value of Future Free Cash Flow								$260,833.6	$262,602.2	$250,350.8	$239,385.9	$225,340.7
% Growth									*0.7%*	*(4.7%)*	*(4.4%)*	*(5.9%)*

Exit Multiple Method:	
Terminal Year EBITDA:	$326,852.5
Exit Multiple:	13.0 x
Terminal Value:	4,249,083
PV of Terminal Value:	3,128,172
PV of Stage 1 Cash Flows:	1,238,513
Implied Enterprise Value:	$4,366,685
(+) Cash & Equivalents:	484,438
(-) Preferred Stock:	0
(-) Total Debt:	0
(-) Pension Obligations:	0
(-) Non-Controlling Interests:	(574,452)
(-) Capital Leases:	0
Implied Equity Value:	$4,276,671
Diluted Shares O/S:	40,559.1
Implied Share Price:	$105.44
% Return:	*41.6%*

Price/Earnings	
Current Multiple	17.0x
Historical Average	18.2x
Premium/(Discount)	*(6.4%)*
Premium Applied to Historical	*(4.0%)*
Implied Multiple	17.5x
NTM EPS	$4.91
Implied Price Target	$86
% Return	*15.1%*

Multiples Valuation

Implied Share Price

		Exit Multiple				
		12.0x	12.5x	13.0x	13.5x	14.0x
WACC	7.2%	$100.21	$103.20	$106.19	$109.18	$112.17
	7.3%	$99.86	$102.84	$105.82	$108.79	$111.77
	7.4%	$99.51	$102.48	$105.44	$108.41	$111.38
	7.5%	$99.16	$102.12	$105.07	$108.03	$110.98
	7.6%	$98.82	$101.76	$104.70	$107.64	$110.59

		NTM P/E				
		16.5x	17.0x	17.5x	18.0x	18.5x
EPS	$3.93	$64.60	$66.56	$68.53	$70.49	$72.45
	$4.42	$72.67	$74.88	$77.09	$79.30	$81.51
	$4.91	$80.75	$83.20	$85.66	$88.11	$90.56
	$5.40	$88.82	$91.52	$94.22	$96.92	$99.62
	$5.89	$96.90	$99.84	$102.79	$105.73	$108.68

Implied % Return

		Exit Multiple				
		12.0x	12.5x	13.0x	13.5x	14.0x
WACC	7.2%	34.6%	38.6%	42.7%	46.7%	50.7%
	7.3%	34.1%	38.1%	42.1%	46.2%	50.2%
	7.4%	33.7%	37.7%	41.6%	45.6%	49.6%
	7.5%	33.2%	37.2%	41.1%	45.1%	49.1%
	7.6%	32.7%	36.7%	40.7%	44.6%	48.6%

		NTM P/E				
		16.5x	17.0x	17.5x	18.0x	18.5x
EPS	$3.93	(13.2%)	(10.6%)	(7.9%)	(5.3%)	(2.7%)
	$4.42	(2.4%)	0.6%	3.6%	6.5%	9.5%
	$4.91	8.5%	11.8%	15.1%	18.4%	21.7%
	$5.40	19.3%	22.9%	26.6%	30.2%	33.8%
	$5.89	30.2%	34.1%	38.1%	42.0%	46.0%

Returns Profile

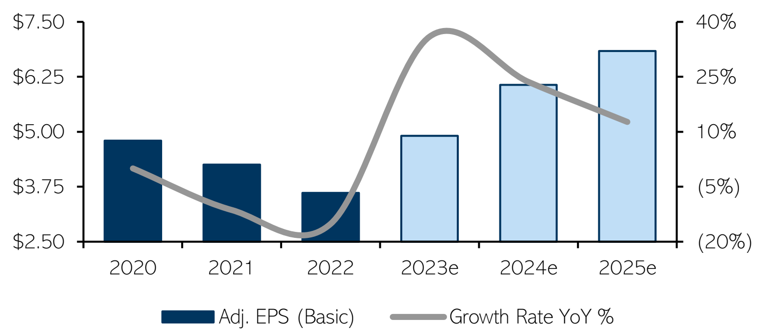
	Methodology	Implied PT	Implied Return
	DCF		
50.0%	*Exit Multiple*	*$102*	*36.4%*
	Historical Multiples		
50.0%	*NTM P/E*	*$86*	*15.1%*
	Blended Average	*$102*	*36.7%*
	Weighted Average	*$94*	*25.7%*

FINANCIAL ANALYSIS

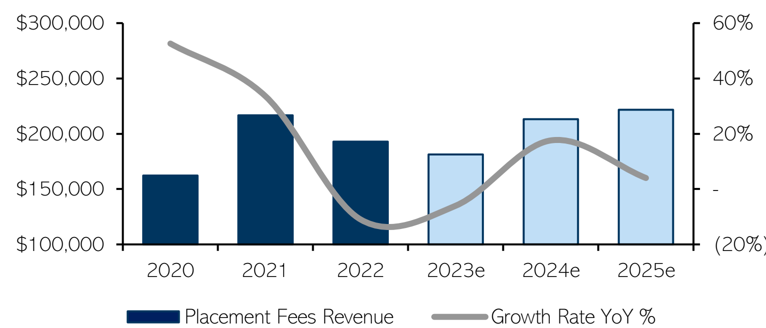
Revenue Build

Summary	2020	2021	2022	2023e	2024e	2025e	2026e	2027e
Total Company Revenue	$1,052,300.0	$991,945.0	$1,025,505.0	$1,159,121.0	$1,261,895.6	$1,322,507.2	$1,386,053.7	$1,452,677.9
% Growth QoQ		*0.0%*	*0.0%*	*13.0%*	*8.9%*	*4.8%*	*4.8%*	*4.8%*
Advisory Fees Revenue	$872,286.0	$762,723.0	$823,496.0	$960,789.3	$1,031,155.1	$1,082,712.9	$1,136,848.5	$1,193,690.9
% Growth QoQ		*0.0%*	*0.0%*	*16.7%*	*7.3%*	*5.0%*	*5.0%*	*5.0%*
% of Total Revenue	*82.9%*	*76.9%*	*80.3%*	*82.9%*	*81.7%*	*81.9%*	*82.0%*	*82.2%*
Placement Fees Revenue	$162,237.0	$216,692.0	$192,890.0	$181,295.2	$213,171.6	$221,698.5	$230,566.4	$239,789.1
% Growth		*33.6%*	*(11.0%)*	*(6.0%)*	*17.6%*	*4.0%*	*4.0%*	*4.0%*
% of Total Revenue	*15.4%*	*21.8%*	*18.8%*	*15.6%*	*16.9%*	*16.8%*	*16.6%*	*16.5%*
Interest Income & Other Revenue	$17,777.0	$12,530.0	$9,119.0	$17,036.5	$17,568.8	$18,095.9	$18,638.8	$19,197.9
% Growth		*0.0%*	*0.0%*	*86.8%*	*3.1%*	*3.0%*	*3.0%*	*3.0%*
% of Total Revenue	*1.7%*	*1.3%*	*0.9%*	*1.5%*	*1.4%*	*1.4%*	*1.3%*	*1.3%*

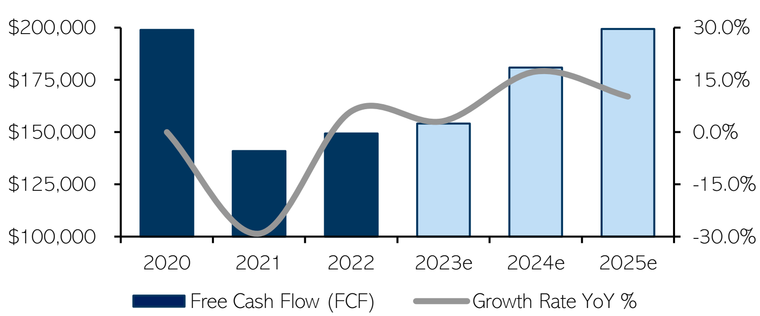
Earnings Per Share



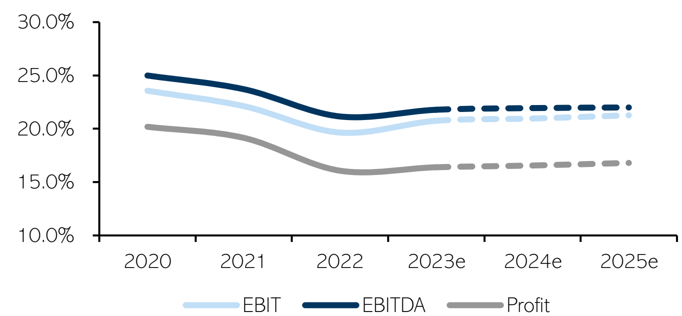
Placement Fees Revenue



Free Cash Flow



Margins



APPENDIX

Exhibit I: Street Discussion Summary

Analyst: Neil Sipes | Average Street PT: $87.00

Bloomberg's Thesis: Neil first acknowledged that the boutique banking industry is heavily dependent on the macroeconomic environment. Deal activity is currently very challenged and will remain so through at least 1H'23, and the outlook for the next 6 - 12 months is cloudy given all the uncertainty with the market, the Fed, and a potential economic downturn. Looking beyond that period, Neil sees opportunity with PJT. When asked why the Street sees the most return potential from PJT out of peers, he said that it is likely because PJT has so much room to grow. PJT is one of the newest boutiques, and is much smaller in scale compared to peers like EVR or LAZ. The Company has been aggressively hiring senior bankers, which is a tried-and-true strategy for success in a relationship-driven industry where client base and addressable market growth is key. While yes, that is going to come with higher expenses and lower margins in the near term, PJT will see greater revenue figures in the long term as it continues to build out capabilities. On the other hand, peers that have already scaled don't have much opportunity for growth.

Importance of RX: RX is one of PJT's strong suits, as the Company has the highest revenue exposure to RX out of peers. That's something that investors are interested in because RX provides a countercyclical opportunity during a higher rate environment and potential downturn. While those scenarios dampen M&A, they bring RX to life. RX volumes have been increasing slowly, but Neil said that likely can be attributed to the fact that only one month ago everyone was expecting a soft landing. Now, all of a sudden, the economic picture is much more uncertain, so there's a potentially large opportunity for restructuring. Neil also pointed out that the default rate on debt last year was at a near record low; when one takes into account the record level of debt outstanding and applies the average default rate, the math points to a significant uptick in RX volumes. While all boutiques will likely capitalize on this trend, PJT is most exposed to RX, so investors will see a very clear flow-through from RX volumes to PJT top-line.

PJT's Higher Expenses: Neil corroborated our thesis that PJT has become relatively undervalued due in part to its lower near-term profitability. Investors are ultimately going to go where there is more profits, especially in an environment where growth is much more challenging. As other boutique banks have seen revenue decline, they've cut employees. However, smaller boutiques like PJT can't just fire employees because their connections are crucial to deal flow. PJT has also stated that it will continue hiring despite the macroeconomic climate, which in tandem with weaker revenue figures, is producing a lower margin that investors aren't rewarding in the current environment.

Park Hill's Story: Neil noted that while all boutiques are involved in alternatives, PJT is an obvious leader in the space. He stated that according to the league tables, PJT is clearly the desired bank for alternative fund managers. However, there is definitely pressure on Park Hill. Investors loaded up their portfolios with alternatives over the past two years, and now that rates are rising and markets are on the downturn, alternative exposure is generally too high. As a result, there has been a pullback in fundraising and mandates, which is likely to continue in CY'23. However, in the long term, alternative assets remain a massive, secular opportunity that PJT is best-positioned for.

Why Boutiques Have Traded Up: Neil attributed the fact that the boutique industry has ran up since Jan'23 to an expected uptick in M&A. Markets did better in 4Q'22 and into 1Q'23 than they did in the first nine months of CY'23. Investors began to believe the Fed was reaching its target, and optimism around a soft landing was building. This optimism led to more stable valuations, which in turn improved the general sentiment around M&A. Given how much pent-up demand there currently is for deals, there will be very significant deal volumes once M&A does tick back up, and it is possible investors priced these future volumes into boutiques' stock prices. However, there is still plenty of market volatility and economic uncertainty, so Neil was cautious about deal activity returning in 2H'23.

Bloomberg

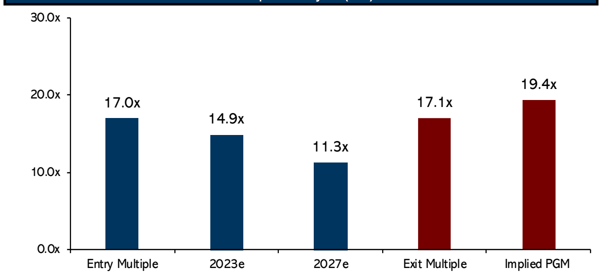
Exhibit II: Model Output

PJT Partners Inc. (PJT) Valuation Overview

$ in Thousands Except Per Share Data

Price Target Scenario:	Base Case
Current Share Price:	$74.44
Valuation Date:	3/14/2023

Multiples Analysis (P/E)



Return Summary	
Exit Multiple Method	
Implied Enterprise Value:	$4,366,685
Implied Equity Value:	4,276,671
Implied Share Price:	$105
% Return:	41.6%
Perpetuity Growth Method	
Implied Enterprise Value:	$4,956,310
Implied Equity Value:	4,866,296
Implied Share Price:	$120
% Return:	61.2%

	Annuals							CAGR	CAGR
Consolidated Financials	2021	2022	2023e	2024e	2025e	2026e	2027e	Historical	Projected
Revenue	$991,945	$1,025,505	$1,159,121	$1,261,896	$1,322,507	$1,386,054	$1,452,678	*(1.3%)*	*7.2%*
YoY % Growth	*(5.7%)*	*3.4%*	*13.0%*	*8.9%*	*4.8%*	*4.8%*	*4.8%*		
Gross Profit	$991,945	$1,025,505	$1,159,121	$1,261,896	$1,322,507	$1,386,054	$1,452,678	*(1.3%)*	*7.2%*
% Margin	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*	*100.0%*		
YoY % Growth	*(5.7%)*	*3.4%*	*13.0%*	*8.9%*	*4.8%*	*4.8%*	*4.8%*		
EBITDA	$235,199	$216,946	$252,507	$276,865	$290,952	$309,090	$326,853	*(9.9%)*	*9.5%*
Margin	*23.7%*	*21.2%*	*21.8%*	*21.9%*	*22.0%*	*22.3%*	*22.5%*		
YoY % Growth	*(11.5%)*	*(8.2%)*	*19.4%*	*10.0%*	*6.3%*	*6.5%*	*5.9%*		
Net Income (Loss)	$189,955	$164,772	$190,014	$208,950	$222,180	$236,536	$250,572	*(11.9%)*	*8.7%*
Margin	*19.1%*	*16.1%*	*16.4%*	*16.6%*	*16.8%*	*17.1%*	*17.2%*		
YoY % Growth	*(10.6%)*	*(13.3%)*	*15.3%*	*10.0%*	*6.3%*	*6.5%*	*5.9%*		
Adj. EPS (Diluted)	$2.51	$2.12	$2.78	$3.35	$3.69	$4.08	$4.48	*(11.9%)*	*16.2%*
YoY % Growth	*(8.0%)*	*(15.6%)*	*31.6%*	*20.5%*	*10.0%*	*10.4%*	*9.9%*		
Free Cash Flow	$140,941	$149,358	$154,106	$180,906	$199,376	$210,293	$218,246	*(13.3%)*	*9.1%*
YoY % Growth	*(29.1%)*	*6.0%*	*3.2%*	*17.4%*	*10.2%*	*5.5%*	*3.8%*		

	Annuals							Average	Average
Capitalization and Key Ratios	2021	2022	2023e	2024e	2025e	2026e	2027e	Historical	Projected
Leverage									
Total Debt / EBITDA	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	*0.0x*	*0.0x*
Total Debt / Equity	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	*0.0x*	*0.0x*
Total Debt / Total Assets	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	0.0x	*0.0x*	*0.0x*
Liquidity									
Current Ratio	1.4x	1.9x	2.0x	2.5x	3.1x	3.4x	3.8x	*1.5x*	*3.0x*
Quick Ratio	1.4x	1.9x	2.0x	2.5x	3.1x	3.4x	3.8x	*1.5x*	*3.0x*
Cash Ratio	0.6x	0.8x	1.2x	1.5x	2.0x	2.3x	2.6x	*0.7x*	*1.9x*
Profitability									
Return on Assets (ROA)	19.2%	15.7%	13.7%	12.9%	12.2%	11.3%	10.6%	*17.7%*	*12.1%*
Return on Equity (ROE)	29.8%	21.7%	19.5%	17.4%	15.5%	14.1%	12.9%	*27.5%*	*15.9%*
Return on Inv. Capital (ROIC)	29.8%	21.7%	19.5%	17.4%	15.5%	14.1%	12.9%	*27.5%*	*15.9%*
Coverage									
Interest Expense	$0	$0	$0	$0	$0	$0	$0	*$0*	*$0*
Capital Expenditures	$6,472	$3,434	$8,114	$8,833	$9,258	$9,702	$10,169	*$6,253*	*$9,215*
EBIT / Interest	N/A	N/A	N/A	N/A	N/A	N/A	N/A	*#DIV/0!*	*#DIV/0!*
EBITDA / Interest	N/A	N/A	N/A	N/A	N/A	N/A	N/A	*#DIV/0!*	*#DIV/0!*
(EBITDA - CapEx) / Interest	N/A	N/A	N/A	N/A	N/A	N/A	N/A	*#DIV/0!*	*#DIV/0!*
Efficiency									
Asset Turnover	1.0x	1.0x	0.8x	0.8x	0.7x	0.7x	0.6x	*1.0x*	*0.7x*
Days Sales Outstanding	96.1	108.0	108.0	109.7	115.0	117.0	120.0	*97.4*	*113.9*
Days Inventory Outstanding	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	0.0	0.0	0.0	*#DIV/0!*	*#DIV/0!*
Accounts Payable as a % of Sales	2.4%	2.4%	2.6%	2.4%	2.2%	2.2%	2.2%	*2.4%*	*2.3%*
Cash Conversion Cycle	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	115.0	117.0	120.0	*#DIV/0!*	*#DIV/0!*

Exhibit III: Football Field

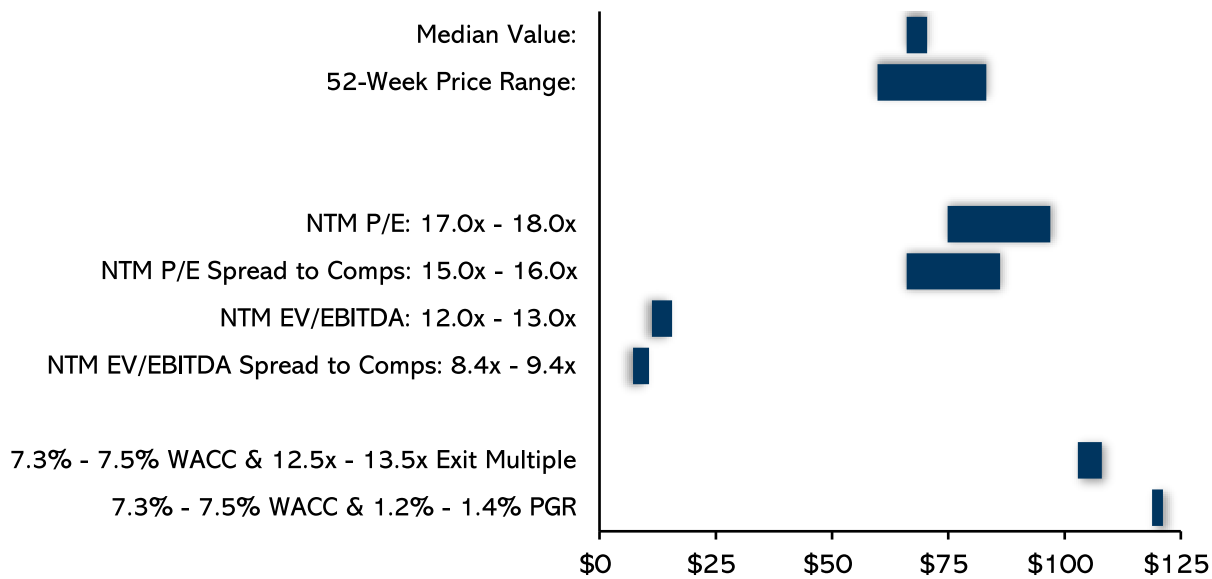
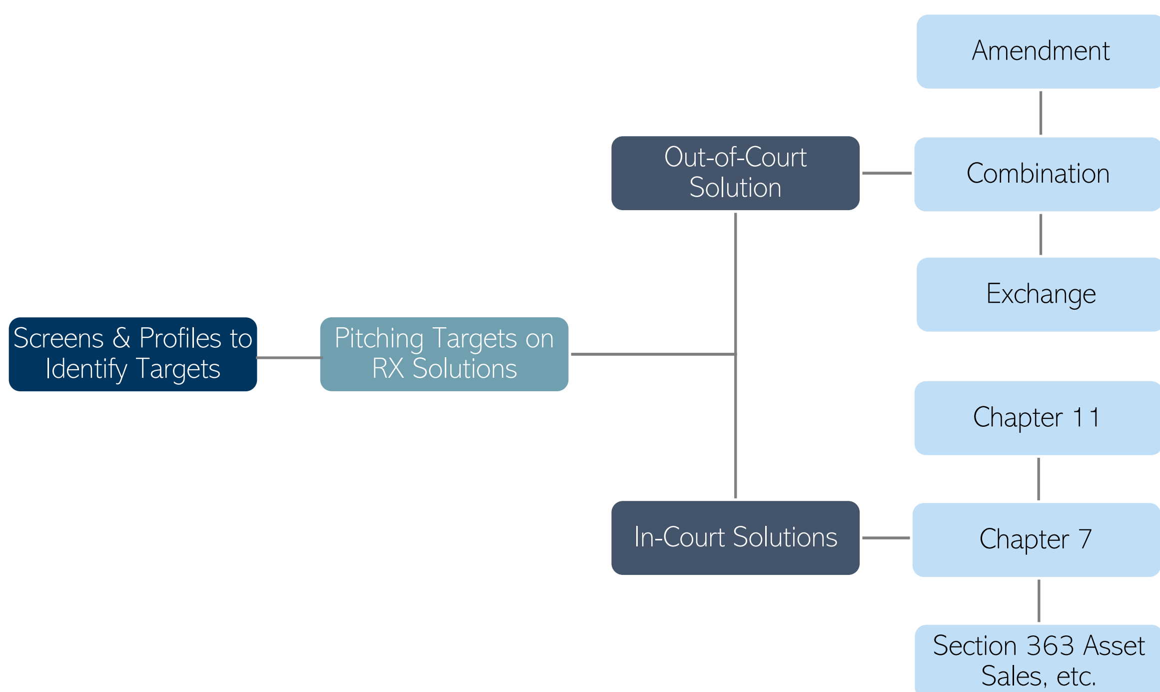
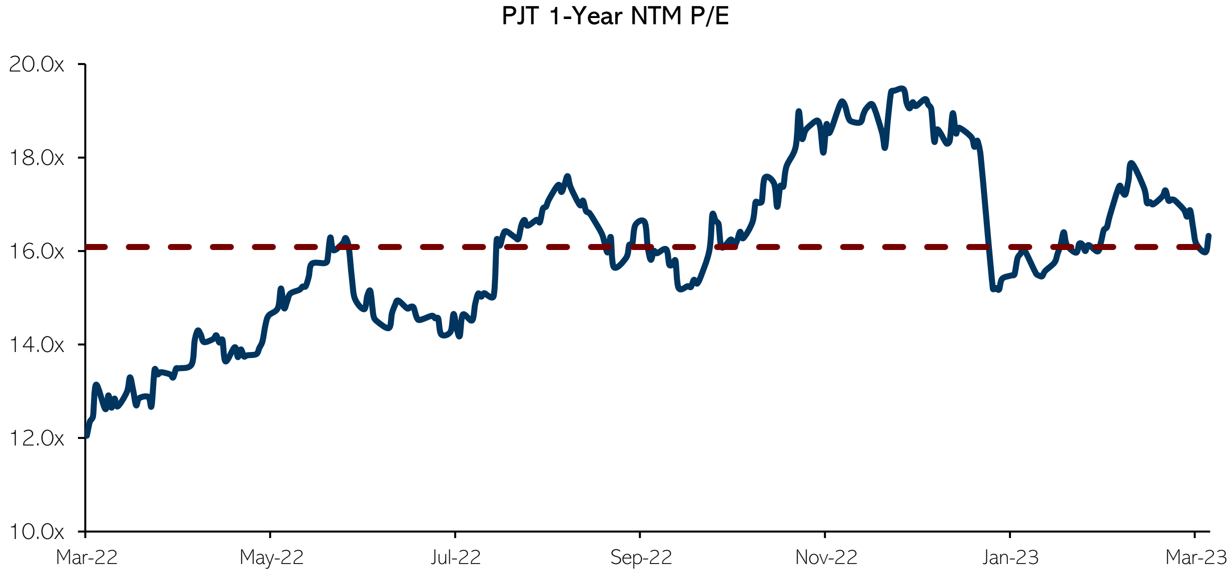


Exhibit IV: The Restructuring Process



Source: Restructuring Interviews

Exhibit V: Additional Valuation Graphs



TFA STATEMENT

Established in honor of Professor William C. Dunkelberg, former Dean of the Fox School of Business, for his tireless dedication to educating students in "real-world" principles of economics and business, the William C. Dunkelberg (WCD) Owl Fund will ensure that future generations of students have exposure to a challenging, practical learning experience. Managed by Fox School of Business graduate and undergraduate students with oversight from its Board of Directors, the WCD Owl Fund's goals are threefold:

- Provide students with hands-on investment management experience
- Enable students to work in a team-based setting in consultation with investment professionals.
- Connect student participants with nationally recognized money managers and financial institutions

Earnings from the fund will be reinvested net of fund expenses, which are primarily trading and auditing costs and partial scholarships for student participants.

DISCLAIMER