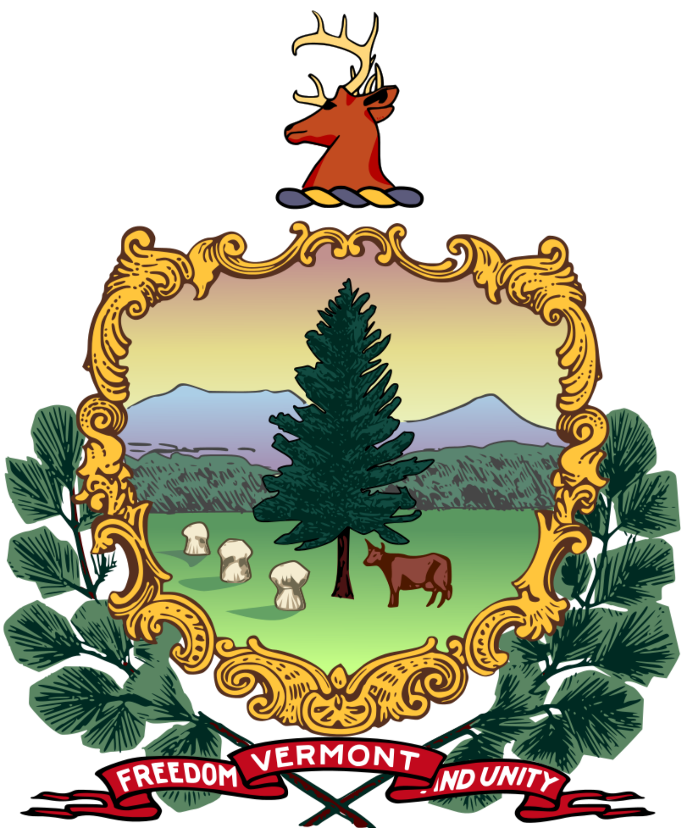
Vermont Pension Investment Commission



Tuesday, February 24, 2026

THOMAS GOLONKA
VPIC CHAIR

KIMBERLY GLEASON
VPIC VICE-CHAIR

STATE OF VERMONT
VERMONT PENSION INVESTMENT COMMISSION

AGENDA

Tuesday, February 24, 2026
Conference Call

Item 1	**8:30**	**Agenda Approval and Announcements**
Item 2	**8:32**	**Consent Agenda** a. **Meeting Minutes**
Item 3	**8:35**	**Public Comment**
Item 4	**8:45**	**Commissioner Reports**
Item 5	**8:50**	**Chief Investment Officer's Report**
Item 6	**9:00**	**Staff Report** a. **Executive Session on Contracting**
Item 7	**9:30**	**Private Market Presentations*** a. **Warren Equity Partners Fund V (9:30 am)** b. **TPG AG Realty Fund XII (10:00 am)**
Item 8	**10:30**	**Preliminary VPIC Performance Update**
Item 9	**10:45**	**Portfolio Investment Performance Review FY2Q**
Item 10	**11:00**	**RVK Capital Market Assumptions**
Item 11	**11:30**	**Deliverables for Upcoming Meetings**
Item 12	**11:35**	**Future Agenda Topics/New or Other Business**
		Executive Session
		Adjourn

**Denotes voting action anticipated*

6 BALDWIN STREET, MONTPELIER, VERMONT 05633-7970
VPIC@VERMONT.GOV

Future Meetings

March 24, 2026
- Strategic Asset Allocation Education

April 28, 2026 Retreat
- Fiduciary Duty Training
- Actuarial Assumptions Review
- State of the Economy Assessment
- Asset Allocation Study – 1st Review

June 23, 2026
- Portfolio Investment Performance Review FY3Q
- Asset/Liability Study
- Asset Allocation Study – 2nd Review
- Review Individual Boards' Policy Target Allocations

July 28, 2026
- FY 2028 Budget Review
- RVK Thematic Asset Group Education – Inflation Hedge

September 22, 2026
- Portfolio Investment Performance Review FY4Q
- Proxy Voting Policy Review
- ESG Focus Topics Presentation
- FY 2028 Budget Update
- Asset/Liability Study Kick-Off
- FY 2027 Budget Review

October 27, 2026
- VPIC Liquidity Study
- VPIC Fee Review
- Portfolio/Investment Review FY1Q
- Actuarial Overview

December 8, 2025
- VPIC Policies Review
- Service Provider Review
- Chair Performance Review
- Preliminary Asset/Liability Results (as applicable)

The following video conference will be activated for the VPIC meeting:

Join on your computer, mobile app or room device

Join the meeting now

Meeting ID: 298 404 960 613 8

Passcode: qv2b3FT6

Or call in (audio only)

+1 802-828-7667,,819583233# United States, Montpelier

Find a local number

Phone conference ID: 819 583 233#

Consent Agenda

Tuesday, February 24, 2026

Minutes

Tuesday, February 24, 2026

STATE OF VERMONT
VERMONT PENSION INVESTMENT COMMISSION
JANUARY 27, 2026
DRAFT; NOT YET APPROVED BY COMMISSION

VPIC Members Present:
TOM GOLONKA, CHAIR
KIMBERLY GLEASON, VICE-CHAIR, VMERS Representative, term expiring June 30, 2026
PERRY LESSING, VSTRS Representative, term expiring June 30, 2026
JEFF BRIGGS, VSERS Representative, term expiring June 30, 2027
DAVID BARLOW, VLCT Representative, term expiring June 30, 2028
JIM SALSGIVER, VSBA Representative, term expiring June 30, 2027
LAUREN WOBBY, Governor's Delegate, term expiring June 30, 2029
WILLIAM HESPE, Governor's Delegate, term expiring June 30, 2028

VPIC Members Absent:
BECKY WASSERMAN, delegate for MIKE PIECIAK, State Treasurer

VPIC Alternate Members Present:
JUSTIN NORRIS, VSTRS *Alternate*, term expiring June 30, 2026
ERIC DAVIS, VSERS *Alternate*, term expiring June 30, 2027
CHRIS DUBE, VMERS *Alternate*, term expiring June 30, 2028
CHRIS LAFAYETTE, Governor's Delegate *Alternate*, term expiring June 30, 2028

VPIC Alternate Members Absent:

Also Attending:
Eric Henry, Chief Investment Officer
Katie Green, Deputy Chief Investment Officer
Andy Cook, Investment Analyst
Georgia Reis, Investment Accountant
David Borsykowsky, Office of the Attorney General
George Steelman & Tim Duggan, Office of the Treasurer
Jordan Cipriani, Kirby Francis, Matt Sturdivan, Jim Voytko & Tony Johnson, RVK, Inc.
Kevin Kester & Scott Krattenmaker, Siguler Guff
Lindsey Saienni, media

Meeting Materials:
Materials for this meeting can be found at this link, which will be supported for at least one year following the meeting date. After that time, past meeting materials may be requested by emailing VPIC@vermont.gov.

Call to Order:

Chair Golonka called the Tuesday, January 27th meeting to order at 8:30 a.m. The meeting was held via Microsoft Teams videoconference.

Item 1: Agenda Approval and Announcements

Chair Golonka reviewed the agenda with the Commission and asked for any edits or additions.

On a motion by J. Briggs seconded by L. Wobby, the Commission unanimously approved the agenda.

Item 2: Consent Agenda

Chair Golonka reviewed the consent agenda.

On a motion by J. Briggs seconded by J. Salsgiver, the Commission unanimously approved the consent agenda.

Item 3: Public Comment

None.

Item 4: Commissioner Reports

None.

Item 5: Chief Investment Officer Report

E. Henry reviewed the CIO report which included a draft of the bill intended to integrate OPEB assets into VPIC's investment portfolio, as well as an overview of the construction of that portfolio.

Item 6: Staff Report

G. Reis, K. Green, and A. Cook reviewed the Staff Report and responded to questions posed by the Commission.

M. Sturdivan of RVK, Inc. reviewed the investment consultant's decision to place Champlain Investment Partners on their investment manager watchlist.

On a motion by K. Gleason seconded by L. Wobby, the Commission unanimously approved placing Champlain Investment Partners on the VPIC Watchlist.

On a motion by J. Briggs seconded by L. Wobby, the Commission unanimously approved inviting Warren Equity Partners to the February 24th meeting to present on their Fund V.

On a motion by K. Gleason seconded by J. Briggs, the Commission unanimously approved inviting TPG Angelo Gordon to the February 24th meeting to present on their Realty Fund XII.

Item 7: Private Market Presentation

K. Kester and S. Krattenmaker of Siguler Guff presented on their Small Buyout Direct Opportunities (SBDO) fund and responded to questions posed by the Commission.

On a motion by J. Salsgiver seconded by J. Briggs, the Commission unanimously approved a potential commitment of $25 million to Siguler Guff's SBDO Fund, pending successful contracting negotiations.

Item 8: Preliminary VPIC Performance Update

J. Cipriani and T. Johnson from RVK reviewed the Monthly Investment Performance Analysis report for December 31, 2025, and responded to questions posed by the Commission.

Item 9: RVK Calendar Year 2026 Private Market Pacing Plans Presentation

J. Cipriani and K. Francis reviewed private market pacing plan for the calendar year 2026.

On a motion by J. Salsgiver seconded by L. Wobby, the Commission unanimously approved the 2026 private market pacing plan.

Item 10: Deliverables for Upcoming Meetings

- Commissioners are asked to provide a short bio to be presented on the VPIC website. Please send these to staff at VPIC@vermont.gov
- Commissioners asked to return a completed Standards of Conduct Disclosure form for 2025
- Commissioners are asked to RSVP to the April 28th annual retreat at the Hotel Vermont in Burlington.

Item 11: Future Agenda Topics/New or Other Business

None.

Executive Session:

None.

Adjournment:

The Commission unanimously approved the motion to adjourn the meeting at 11:21a.m.

Respectfully submitted,

VPIC Staff

Commissioner Reports

Tuesday, February 24, 2026

Chief Investment Officer's Report

Tuesday, February 24, 2026

THOMAS GOLONKA
VPIC CHAIR

KIMBERLY GLEASON
VPIC VICE-CHAIR

STATE OF VERMONT
VERMONT PENSION INVESTMENT COMMISSION

February 18, 2026

To: Vermont Pension Investment Commission

From: Eric Henry

Re: CIO Report

Two articles, attached, relating to private equity investing appeared over the weekend that warrant some discussion. The first appeared on the Bloomberg terminal entitled "Pensions Cut Private Equity Exposure as Returns Trail Stocks". The second appeared in the Wall Street Journal and indicated that Ivy League endowments which have pursued large allocations to private equity for decades in an effort to replicate David Swensen's impressive track record at Yale, were "having second thoughts".

History:

VPIC made its first private equity commitment in 2012. At that time, VPIC's returns had trailed those of its public pension fund peers which had been investing in private equity for decades. Our allocation target started out small, at just 2%, at a time when our peers' private equity portfolios exceeded 10%.

Since that time, we have gradually increased our target allocation to 11% and prudently built out a diversified portfolio over a prudent number of vintage years. Since inception, our private equity portfolio has generated a net return of 17.6%, well in excess of both the Cambridge Private Equity Benchmark, 13.6%, and returns available in public markets, 11.9%. In other words, by giving up the daily pricing and instant liquidity of public markets, known as the "illiquidity premium", our private equity portfolio generated an additional 570 basis points of return or around $400 million of value ($360 million realized)[1]. We call this the *illiquidity premium*.

Recent Performance:

It is true that, as both articles indicate, private equity returns have lagged those of public markets in recent years. For the past 3 years, our private equity investments generated a net return of 5.7%. This lags the return of the ACWI IMI (our global equity index) by 1,680

[1] "VPIC Investment Performance Analysis," *RVK, Inc.*, June 30, 2025 (Page 43)

basis points. Much of this lag is due to the fantastic performance of the magnificent seven stocks and their growing impact on the index. Over that time, the concentration of these seven stocks in the MSCI World Index (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla) has grown from the mid-teens to more than 22%. Concentration in the S&P 500 is even higher at approximately 36%. This is why we maintain a reasonable exposure to public market equities in VPIC's asset allocation of 44%, to capture these periods of growth without trying to time the market cycle.

Three years is too short a time to effectively benchmark our private equity performance. Most of the private equity vehicles in which we invest are expected to have lives in excess of 12 years. This gives the managers adequate time to generate value through growth opportunities in the companies we invest. As pointed out above, our since-inception (2012) returns have exceeded those available in public equity markets by a wide margin, though recent Magnificent Seven performance has somewhat eroded that margin.

Broad Private Equity Market Themes:

As both articles point out, some university endowments and public pension funds have lowered their targeted allocations to private equity, though those new targets still typically exceed VPIC's 11% target. Many of these institutional investors have found themselves in situations where their portfolios have become too illiquid and are forced to sell off private equity stakes in the secondary market, sometimes at significant discounts. When there are more sellers than buyers in this space, discounts increase, prices decline, and secondary fund investors benefit. VPIC has long favored secondary private equity funds for these reasons.

Another factor often cited by private equity critics is that the era of zero interest rates has passed and the cost of leverage use by private equity funds is now a headwind to future returns. While this is true, it is our view that the anomaly was the period of zero interest rates, not the periods when interest rates were higher. Many private equity firms generated consistent outperformance in the 1980s, 1990s, and early 2000s when interest rates were in line with today's rates. VPIC has long favored private equity strategies that are less dependent on financial leverage and focused on company growth potential.

Other critics point to the fact that fund valuations are not readily determinable and, instead, "marked to model" using discounted cash flow and other financial metrics. It is our view that this actually serves as a dampener to volatility in the broader portfolio. When global equities sold off by a third during March 2020, our private equity investments provided some downside protection. Similarly, when public equities quickly rebounded, our private equity investments did not participate in that rally. Again, these are illiquid long-term investments and we evaluate their valuation policies carefully before committing to a fund. As our long-term performance has shown, a thoughtfully constructed private equity portfolio should generate an illiquidity premium and offers diversified exposure.

VPIC's Private Equity Approach:

It is our view that the two most important components of building a private equity portfolio are to understand our liquidity needs and to set our targeted allocation at a level that we can live with throughout the market cycle. Fund selection is still important, but many of the forced sellers incurring losses on secondary market sales had not accounted for their long-term liquidity needs. Accordingly, VPIC's process starts with an asset/liability study and sets illiquid asset targets at a prudent level that consider a variety of economic environments. Similarly, we use the asset/liability study to size our downturn-hedging allocation (US Core Bonds) at a level that provides sufficient liquidity during periods of economic stress without creating too much drag on total fund returns during periods of market growth.

Following the determination of our illiquid asset target, we undertake a comprehensive liquidity study and create a private market pacing model. Both are updated annually. The pacing model guides us in commitments to new illiquid asset funds for each upcoming year. The model estimates the rate at which existing illiquid asset funds and funds under consideration will call and return capital. It is our belief that identifying and considering liquidity needs in advance of economic downturns and judiciously following our pacing model will assure a sustainable level of illiquidity in the portfolio and a prudent level of diversification among vintage years.

In addition to our rigorous modeling and pacing of commitments, we believe fund underwriting is critical. Here we work closely with RVK's private markets team to ensure that we see the right investment opportunities and fully underwrite them. We strive to reach agreement with RVK's team on which private market investments are the best fit for VPIC and bring them to you with a joint recommendation from Staff and RVK.

Conclusion:

Private equity investing has long had critics that raise all of the issues outlined above. It is our view that, while investing in private equity and other illiquid asset classes does present a unique set of risks, prudent management of these risks and sizing of illiquid investments will generate an illiquidity premium, net of all fees.

https://www.wsj.com/finance/investing/the-ivies-are-having-second-thoughts-about-investing-in-private-equity-de04e52a

MARKETS & FINANCE | INVESTING

The Ivies Are Having Second Thoughts About Investing in Private Equity

A crowded field and subpar returns have frustrated America's wealthiest universities, some of private-capital firms' most-loyal clients

By Heather Gillers Follow

Feb. 15, 2026 5:30 am ET

Princeton University's president has suggested that the golden age of private equity may be over.

BRYAN ANSELM FOR WSJ

Quick Summary

- Princeton University lowered its projected endowment return to 8% from 10.2% and cited declining private-market performance.

View more

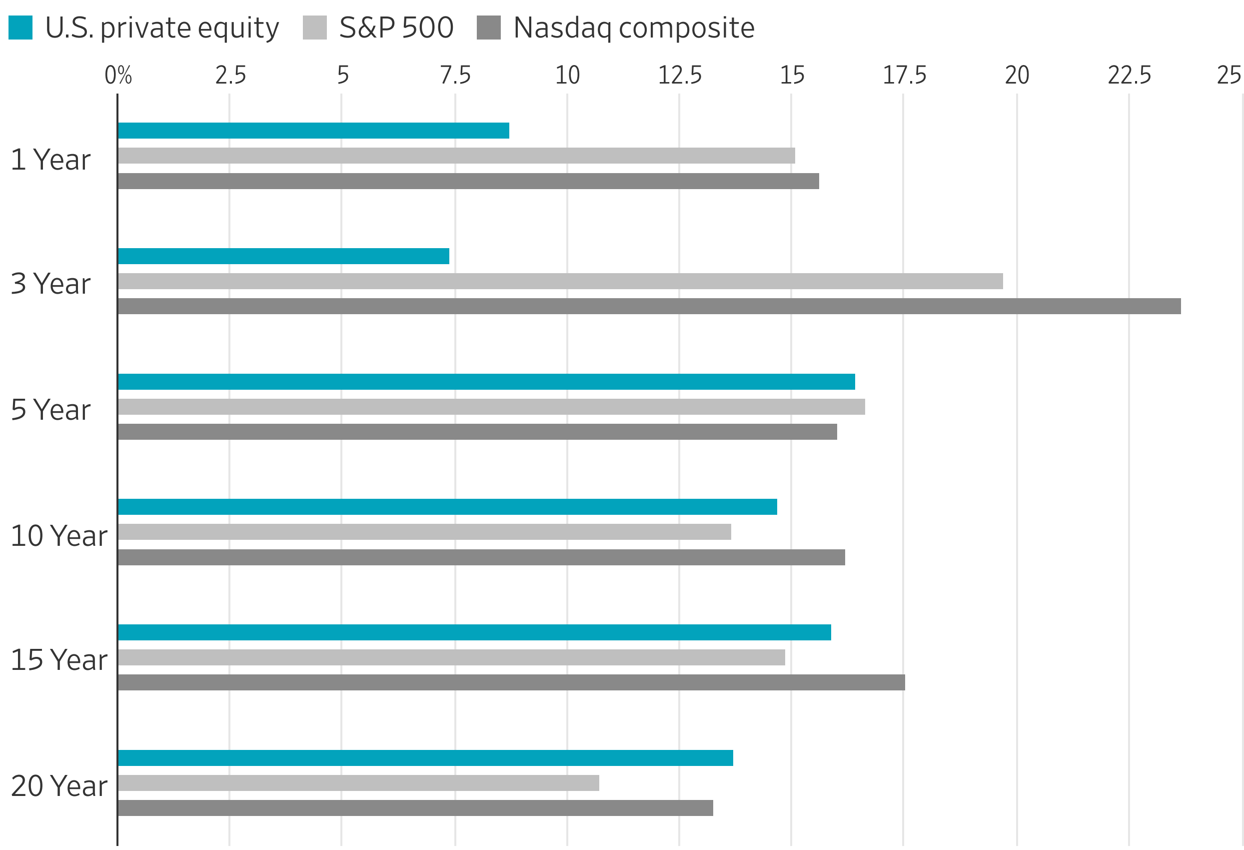
Private equity is on academic probation.

Princeton University is lowering expectations for its endowment's returns because its private-capital investments have disappointed. Yale trimmed its portfolio of leveraged buyouts for the first time in a decade. Harvard says cashing out of some private-market investments early is now part of a long-term strategy.

Private equity has counted America's wealthiest universities among its largest and most-loyal clients since the industry's formative years. But the market for private-company investments has turned more crowded, and returns now struggle to match broader stock-market benchmarks such as the S&P 500.

University endowments grew to lean on the once-juicy returns of private equity to cover a larger slice of their overall budget. That strategy faltered when the long lockup investments returned an annualized 7.4% in the three years ended June 30, according to Cambridge Associates—much of it paper gains. Over that same period, the S&P 500 rose 19.7% a year.

Annualized returns for the period ended June 30, 2025



Note: Private-equity benchmark includes buyout and growth equity funds.
Sources: FactSet (indexes); Cambridge Associates (private equity); Dow Jones Market Data

It was a terrible time for the Ivy League's golden goose to stop laying eggs. The Trump administration's decision to revoke federal funding rippled through their campuses, forcing cuts on research projects and leaving schools scrambling. Settlements and court orders have since restored much of that money. But beginning next fiscal year, some of the richest schools expect to pay hundreds of millions of dollars annually in additional taxes on endowment income.

"They are looking at their underperforming private-equity portfolios, which for 30 years were supposedly the gold standard, and they're worried," said Charles Skorina, a recruiter in university investment management.

To be sure, the Ivies are still sticking with private equity. It is many elite universities' biggest holding—making up more than 40% of assets at Harvard, Yale and Princeton—and they continue to commit new dollars to private-equity managers. But the schools' sobering return projections and new willingness to cash out early suggest the long-treasured investment is losing its luster.

10-year rolling returns for Princeton's endowment

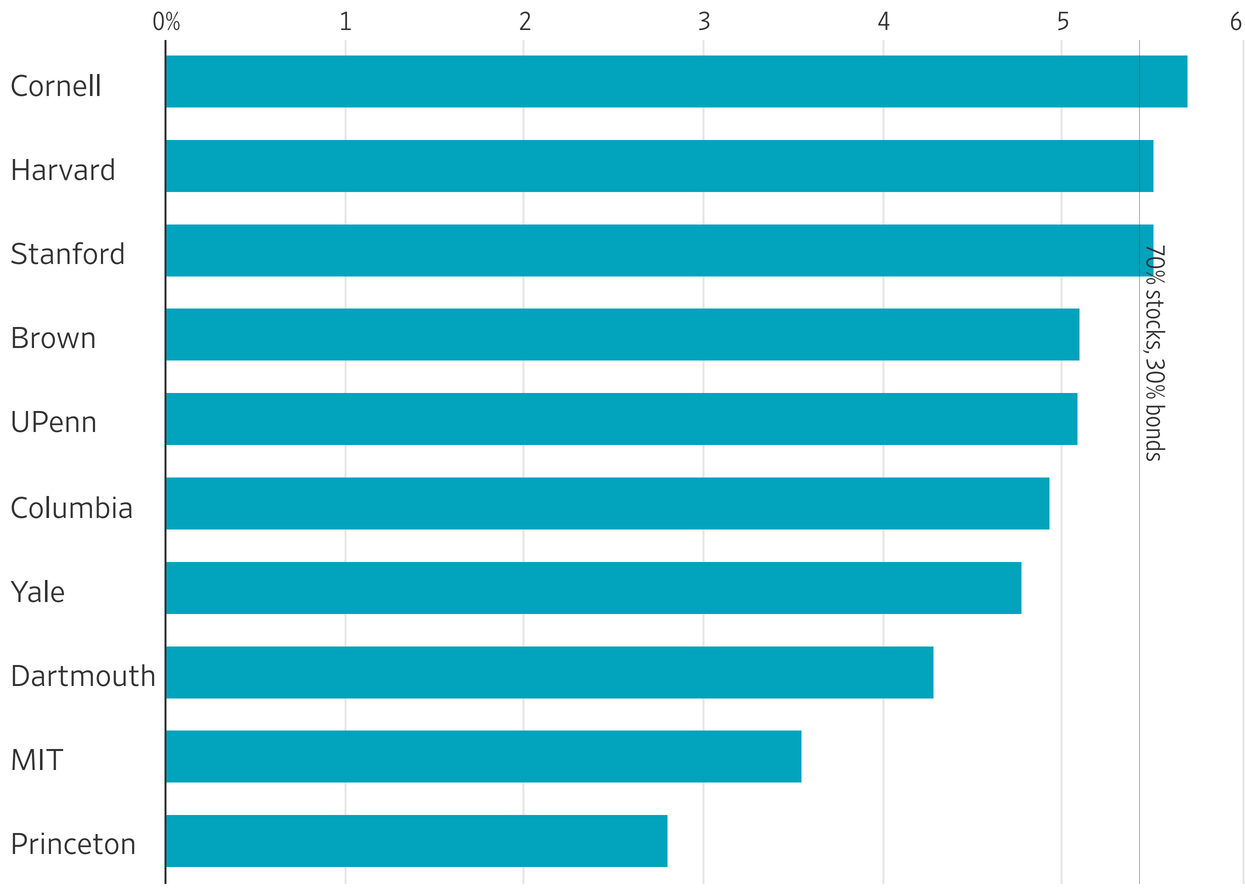
Source: 2026 State of the University letter

When Princeton lowered its projected endowment return to 8% last month from 10.2% just three years ago, school President Christopher Eisgruber blamed declining private-market performance as the biggest factor. The golden age of private equity may be over, he suggested.

The resulting spending constraints will amount to “a major change for most Princetonians,” he wrote in his annual State of the University letter. The endowment-funded growth of the past three decades, he said, will likely never happen again.

Princeton, with only 12% of its holdings in developed-market stocks, fared worse over the past three years than its peers, according to an analysis of 10 Ivies and other top schools by Markov Processes International, a financial-technology firm. But all 10 trailed a boilerplate portfolio of 70% stocks and 30% bonds over the three years ended June 30. And only three outperformed the boilerplate during the four-year period that includes 2022, the worst year in public markets in decades.

Annualized returns for fiscal years 2022-25



Source: Markov Processes International

Ivy League schools have forged close ties to the most coveted private-equity managers on Wall Street. But the entire market is facing a future without the key ingredient that fueled much of its famed gains—nearly 40 years of declining interest rates. In 2022, rising rates turned the private-equity market on its head, squeezing returns and making it hard for managers to get the prices they wanted for the companies in their portfolios. The cash infusions that universities were used to receiving from their private-equity managers dried up.

Deals are finally picking up a bit. But unsold portfolio companies are at a two-decade high, according to analytics company Preqin. There were more than 31,000 unsold private-equity-backed companies globally as of the end of September, according to research firm PitchBook.

Some endowment chiefs are running out of patience. They are turning to the secondary market where institutional investors can sell private-equity stakes to other investors before maturity, usually for less than what the manager says they are worth.

Yale disclosed in its 2025 financial report that it expects to collect as much as about $1 billion from investments sold June 30—likely private-equity stakes that the school had been looking to unload for more than a year. In the aftermath of the sale, Yale's leveraged buyout portfolio shrank to $9.2 billion from $10.7 billion on June 30, 2024. The school's venture-capital portfolio grew by $1.1 billion to $11.2 billion over the same period.

Harvard also sold roughly $1 billion in private-equity holdings last year, after a similar sale in 2021. Endowment chief N.P. Narvekar wrote in the school's 2025 financial report that Harvard views the secondary market "as a strategic tool" that can be used to cash out of private-market stakes when prices are appealing and to "refine the composition of our private equity holdings."

Not so long ago, institutional investors thought their private-equity holdings should be left to grow unhindered—not subjected to regular weeding. Higher education's private-equity pioneer, the late Yale endowment chief David Swensen, never did secondary sales.

The underlying philosophy, one of Swensen's longtime lieutenants explained on a podcast last year, was that knowing the right time to cash out is part of what endowments pay private-equity managers for. But the approach only works if the school has enough cash—and enough faith in those managers that their funds will perform as promised.

Appeared in the February 17, 2026, print edition as 'Ivy League Has Doubts About Investing in Private Capital'.

Heather Gillers covers pension funds, insurance and municipal bonds for the Wall Street Journal. She often writes about private markets, university finance and state and local government, among other topics....

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Videos

Wealth | Investing

Pensions Cut Private Equity Exposure as Returns Trail Stocks

By Martin Z Braun
February 13, 2026 at 10:06 AM EST

Saved Translate 4:23

Oregon and Washington State's pension funds – the first among their cohort to invest in private equity nearly a half-century ago – are pulling back as the industry underperforms the broader public markets and struggles to return cash to investors.

The asset class accounts for 25% of the Oregon Public Employees Retirement System's portfolio, down from 27% in 2024, and it's poised to drop closer to its 20% target. The Washington State Investment Board's $185 billion Commingled Trust Fund, which allocated 28.1% of its portfolio to private equity at the end of September, recently lowered its target to 23% from 25%.

"The opportunity for large pension funds like Oregon to find real value – funds that are affordable to buy into and that are likely to return significantly above what we could get in a public equity space, or a real asset space, or any of the others – it's harder," state Treasurer Elizabeth Steiner said in an interview.

Oregon's pension became the first US public retirement system to invest in private equity with a $10 million commitment in 1978 to an upstart called Kohlberg Kravis Roberts – now KKR & Co. Washington followed three years later.

While the two states' pensions are among those with the most exposure to the asset class, retirement funds from Alaska to Maine are also retrenching as higher interest rates, macroeconomic uncertainty and geopolitical upheaval have made it harder for private equity firms to sell older assets and raise new funds. That means less robust returns for pensions to pay retiree benefits.

So some pensions are slowing commitments, selling stakes on the secondary market and redeploying distributions to income-generating assets such as private credit, infrastructure and bonds.

Green Shoots

That doesn't mean these institutional investors are abandoning private equity. Some, like the California Public Employees' Retirement System and New York City's pensions – whose share of private equity assets are below the 14% average for their US peer group – are actually increasing their targets.

A Wellington Management poll of institutional asset owners found 35% of respondents planned to add private equity in 2026, while 15% intended to reduce their allocation.

Some green shoots are emerging.

Buyout and growth deals exceeding $500 million increased 44% to more than $1 trillion in volume last year, a record for transactions of that size, as the value of PE-backed exits surged 40%, according to McKinsey & Co.

Government retirement systems, which count on average annual gains of 7% to cover retiree benefits, boosted investments in riskier assets such as private equity and real estate to close funding shortfalls. On average, US public pensions allocated almost 14% of assets to private equity in 2024, compared with 3.6% in 2001, according to Public Plans Data.

In recent years, however, private equity hasn't provided the premium to compensate investors for locking up their capital, let alone beat public markets. Stocks, driven by the Magnificent Seven and exuberance over artificial intelligence, have trounced private equity over the past three years. That underperformance is weighing on long-term returns, dimming the appeal of the asset class.

The ProShares Global Listed Private Equity exchange-traded fund has returned 4.7% annualized since the end of 2023, compared with about 20% for the S&P 500. It's a different story over the longer term. Cambridge Associates' private equity index returned 14.7% for the 10 years ended June 30, compared with 13.6% for the S&P benchmark. But Oregon's $26 billion private equity portfolio still fell short of public stocks in that span, returning 12.4%.

Washington State's $185 billion defined-benefit pension, which is 96% funded, adopted a new asset mix in November, shifting assets from stocks and private equity to a new private credit allocation.

The pension trailed its own benchmark over the past three years, mainly because the fund was overweight private equity, according to state Treasurer Mike Pellicciotti. More than half of the pension is invested in illiquid assets, such as private equity, real estate and infrastructure.

"We should be capitalizing on the success we've had in our funding status and stepping back," Pellicciotti said in an interview. "Does it really make sense for us to have one of the highest risk profiles of any pension fund in the country?"

Here are some US public pension funds that are curbing their allocations to private equity:

Fund	Assets Under Management	Current Allocation	New Target
Washington Commingled Trust Fund	$185B	25%	23%
Ohio Public Employees Retirement System	113	15	14
Alaska Permanent Fund	88	18	*15
Alaska Retirement Management Board	48	14	12
Maine Public Employee Retirement System	22	12.5	10

Source: State records

Note: AUM figures as of Sept. 30, 2025

*Staff recommendation

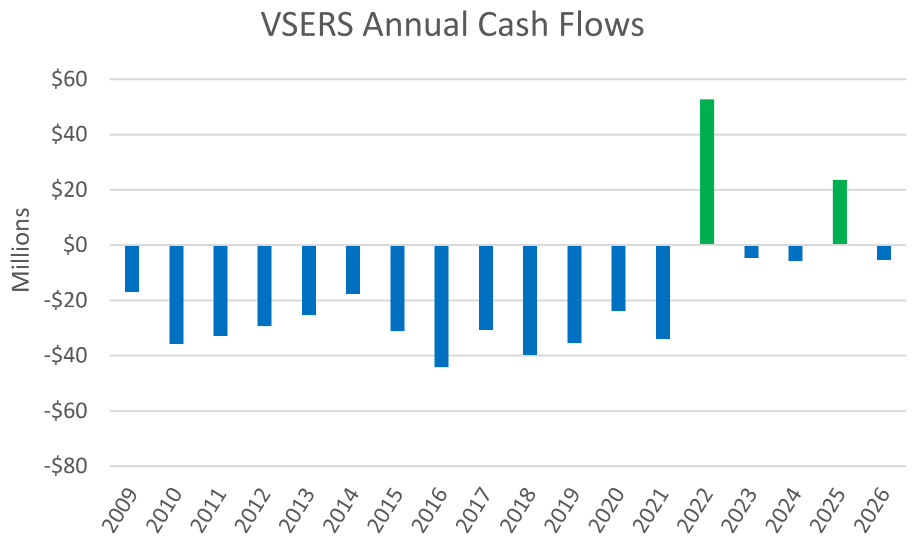
Staff Report

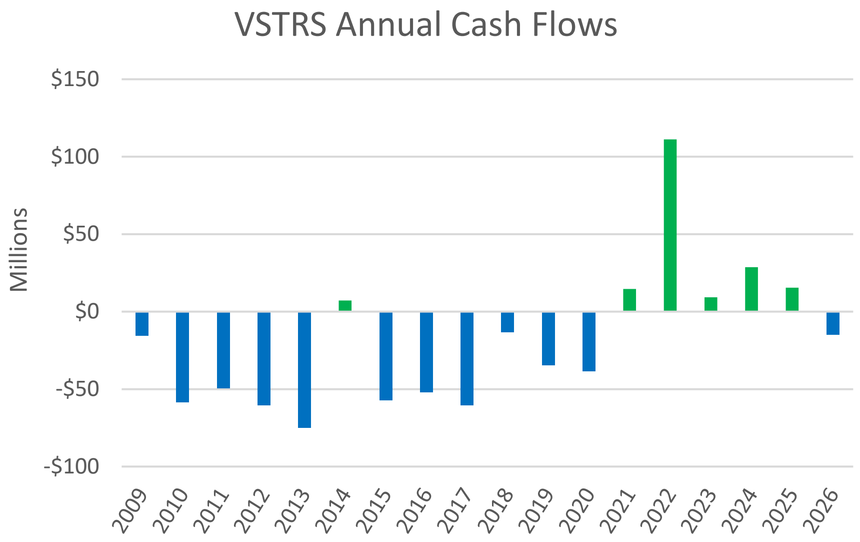
Tuesday, February 24, 2026

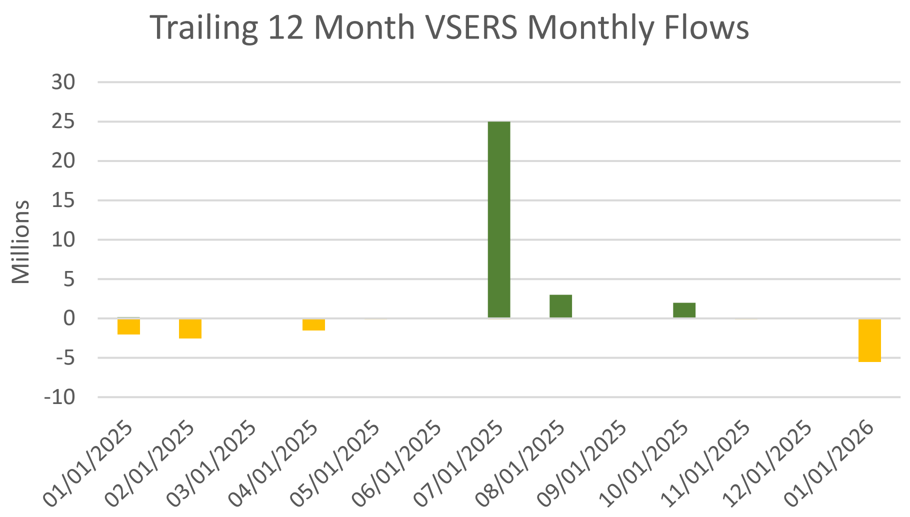
STAFF REPORT

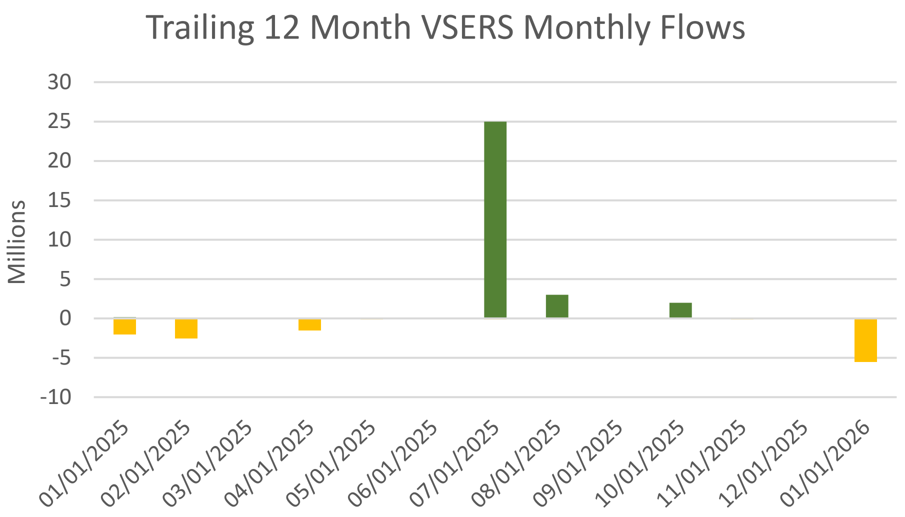
February 24, 2026

CASH FLOW ANALYSIS









ADMINISTRATIVE ITEMS & ANNOUNCEMENTS

- Staff is assessing a change to its current unitization structure with the Custodian to streamline internal systems and accounting processes. We have requested more information from the Custodian after an onsite meeting with JPM in December.

- Conflict of Interest forms are attached to this meeting packet and within the meeting folder. Please return executed copies electronically to Georgia Reis. If you have questions regarding this request, please contact Georgia.

- Staff requests that Commissioners RSVP to Georgia for VPIC annual retreat overnight accommodations in Burlington on April 27–28 (email sent 1/12). Dinner will be held at the hotel on April 27th at 6:00 PM.

MANAGER UPDATES

- Artisan Partners announced the promotion of Angela Wu to the role of Co-Lead Portfolio Manager. Current Portfolio Manager Jim Hamel will continue to serve alongside Ms. Wu and Co-Lead Portfolio Manager. Staff and RVK have reviewed the announcement and have no concerns.

VPIC Watch List

- VPIC voted at the January 27th meeting to add Champlain to the VPIC Watch List based on recent organizational changes and RVK having added the manager to their Watch List.
- Per the VPIC Watch List Policy (linked here for reference) Staff and RVK have 90 days to determine what action (if any) should be recommended.
- Staff and RVK are planning an on-site diligence meeting with Champlain for the coming months to gather more information and then formalize a recommendation.
- As a reminder VPIC reduced Champlain's target asset allocation in June 2025 from 3% to 1.5% due to performance concerns. As of 1/31/2026 the balance of VPIC's investment with Champlain was $106.6M.

VPIC CONTRACTS

01

Private Credit

Staff in collaboration with RVK is evaluating its strategic plan to sub-sectors within Private & Alternative Credit.

02

Private Equity

The AGO is working on contracting with the Siguler Guff Small Buyout Direct Opportunities Fund.

Warren Equity Partners will be presenting at the February meeting.

03

Infrastructure

Staff is conducting research on the market opportunities and investable themes.

04

Real Estate

TPG AG is presenting to VPIC at this meeting on their Realty Value Fund XII.

STEWARDSHIP

The following stewardship activity was accomplished since Staff last reported to the VPIC:

- Staff drafted the 2025 VPIC Sustainability Report which will be distributed to the Stewardship Committee for review before being sent to VPIC for approval.
- Staff is engaging portfolio companies to better understand risks associated with the focus topics adopted by VPIC for the 2026 proxy season. To date we have one withdrawal.

Private Equity Recommendation: Warren equity Partners Fund V

Tuesday, February 24, 2026

STAFF & RVK PRIVATE EQUITY RECOMMENDATION

February 24, 2026

OVERVIEW

One Private Equity item is being brought forward for VPIC's consideration at the February 24th meeting:

- *A manager presentation from Warren Equity Partners on their Fund V. The recommendation is to commit up to $40M to this fund, subject to availability from the fund.*

RECENT PRIVATE EQUITY COMMITTMENTS

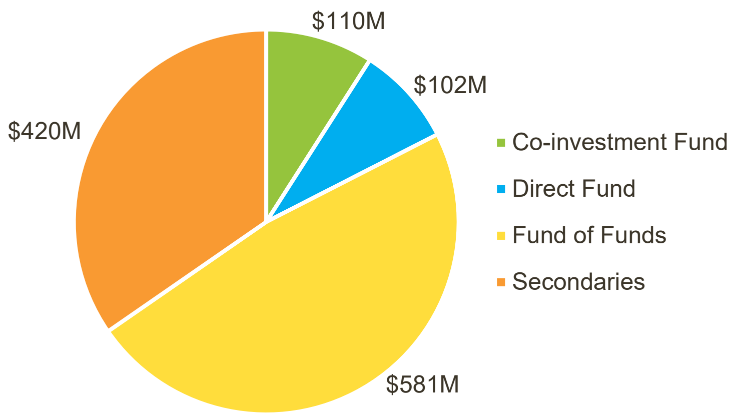
Fund	Date VPIC Committed	Amount Committed	Called to Date	Commitment Year	Structure
JP Morgan PEG Secondaries	September 2023	$25 million	$5 million	2023	Secondaries
Neuberger Berman Co-Investment Fund V	December 2023	$20 million	$6.1 million	2023	Co-Investment
Nautic Partners Fund XI	March 2024	$20 million	$4.5 million	2024	Direct
HarbourVest Fund XIII Venture	March 2024	$20 million	$1 million	2024	Fund of Funds
HarbourVest Co-Investment Fund VII	March 2024	$20 million	$9 million	2024	Co-Investment
Siguler Guff Small Buyouts Opportunities Fund VI	October 2024	$30 million	$2.9 million	2024	Co-Investment / Fund of Funds
HarbourVest Private Equity Continuation Solutions	June 2025	$25 million	$0	2025	Continuation Vehicles
Neuberger Berman Secondary Opportunities Fund VI	July 2025	$60 million	$0	2025	Secondaries
HarbourVest Dover Street Fund XII	October 2025	$45 million	$0	2025	Secondaries
Siguler Guff Small Buyout Direct Opportunities Fund I	January 2026	$25 million	$0	2026	Co-Investment

As of most recently available information.

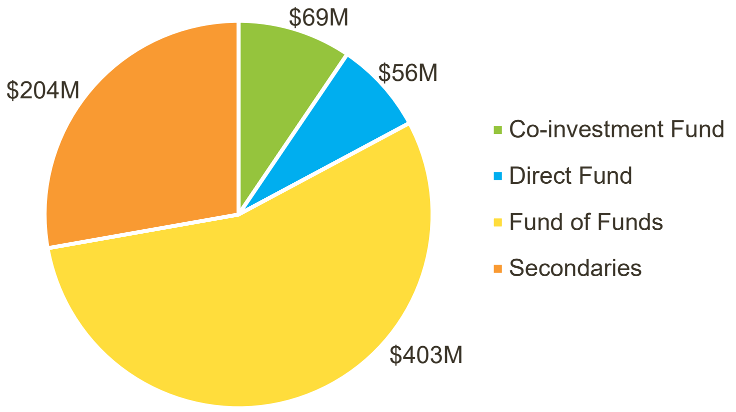
VPIC PRIVATE EQUITY DASHBOARD

VPIC 12-31-2025 Private Equity Exposure

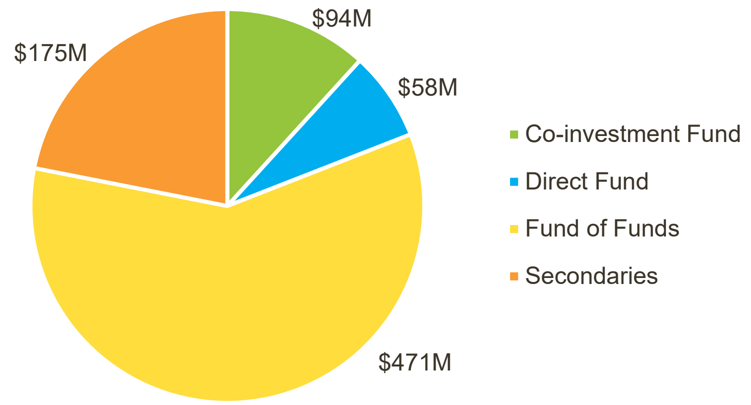
Committed Capital by Structure



Invested Capital by Structure



Current NAV by Structure



Structure	% of Committed
Direct Fund	8.4%
Fund of Funds	47.9%
Secondaries	34.6%
Co-Investment Fund	9.1%

Structure	% of Invested
Direct Fund	7.7%
Fund of Funds	55.0%
Secondaries	27.8%
Co-Investment Fund	9.5%

Structure	% of Current NAV
Direct Fund	7.3%
Fund of Funds	59.0%
Secondaries	21.9%
Co-Investment Fund	11.8%

Source: RVK

WARREN EQUITY PARTNERS FUND V

- Warren Equity Partners will be presenting (virtually) at the February 24th meeting on their Fund V.
- This fund was previewed at the January 27th VPIC meeting. The Staff presentation may be found in the packet for that meeting on pages 44-54 located here. As well a summary RVK tear sheet may be found in the materials for that meeting, located here. Lastly, a detailed RVK recommendation memo may be found in the materials for the February meeting, located here.
- Warren Equity Partners is a Private Equity firm focused on investments in companies that maintain, operate, and upgrade infrastructure. Please note they are not an "infrastructure" manager like IFM or Copenhagen which VPIC has invested with in the Infrastructure Bucket, this is a Private Equity manager and any investment would be for VPIC's Private Equity Bucket.
- VPIC has not made any prior commitments with Warren Equity Partners.
- The firm will discuss the team, strategy, performance, and fee structure.

PRIVATE EQUITY RECOMMENDATION

Staff and RVK recommend that the VPIC consider the following actions:

- *Commit up to $40M to the Warren Equity Partners Fund V, subject to availability of the fund, and pending successful contract negotiations.*

Non-Core Real Estate Recommendation: TPG AG Realty Fund XII

Tuesday, February 24, 2026

NON-CORE REAL ESTATE RECOMMENDATION

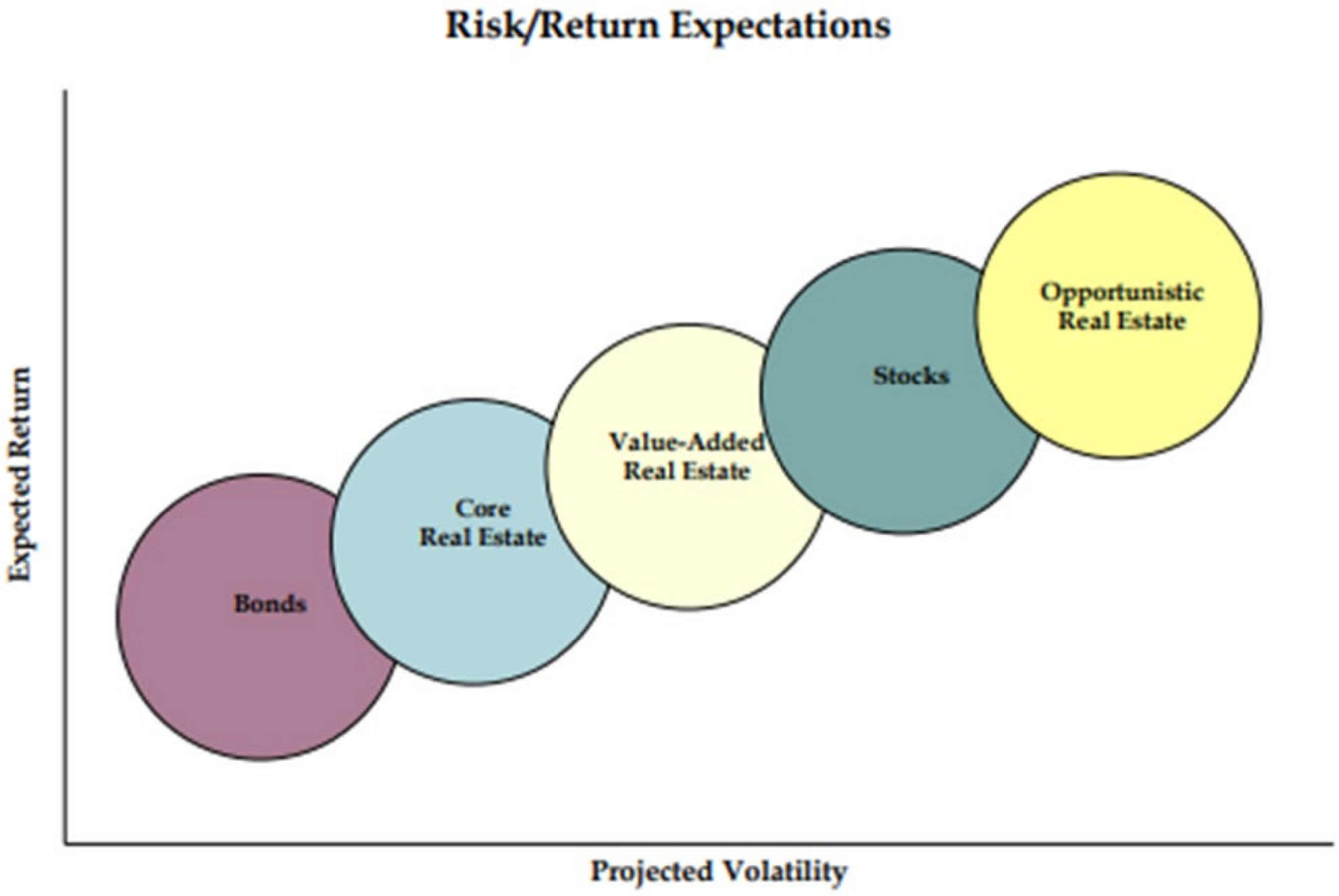
February 24, 2026

Vermont Pension Investment Commission

Non-Core Real Estate Opportunity Set

Non-core real estate offers attractive risk-adjusted returns by combining capital appreciation with consistent income generation. Successful execution requires prudent investment alongside experienced teams—either through vertically integrated organizations or partners with deep local operator networks. VPIC categorizes this asset class within its Growth thematic group, expecting it to deliver competitive, risk-adjusted returns aligned with the group’s benchmarks.

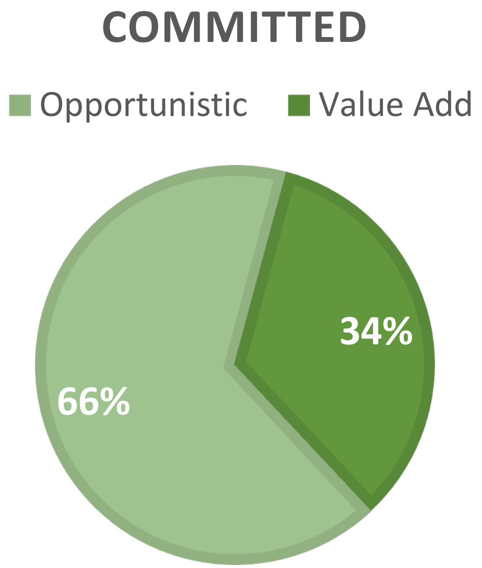
VPIC TARGET ALLOCATION

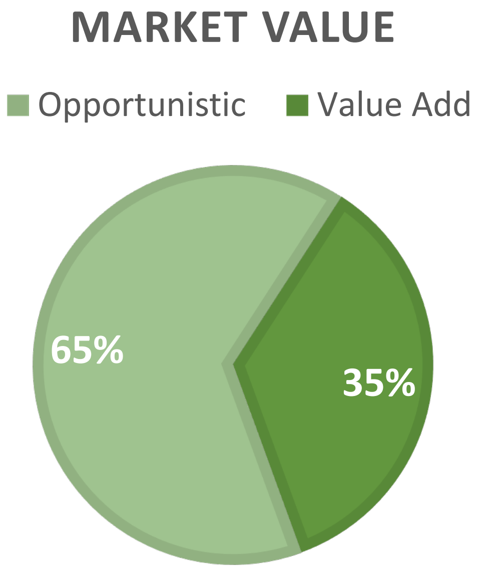


VPIC bifurcates real estate into Core and Non-Core target allocations. The Core position serves as an inflation hedge, designed to generate income returns that are highly correlated with inflationary measures. Conversely, Non-Core real estate is positioned as a growth factor, focused on capital appreciation and value realization upon disposition.

PORTFOLIO CONSTRUCTION

Portfolio Exposure	Target	Current	Committed	Paid In Capital ($)	Market Value (12/31/2025)	Distributions ($)
Value-Add	2%	1%	$105 million	$66 million	$71 million	$20 million
Opportunistic	2%	1%	$205 million	$175 million	$130 million	$87 million





Due to rounding, numbers presented may not add up precisely to the totals provided

NON-CORE REAL ESTATE PORTFOLIO

Manager	Fund	Strategy Classification	Vintage Year	Target Return	Committed Amount	Paid In Capital ($)	Market Value (12/31/2025)	Distributions ($)
Siguler Guff	Distressed Opportunities (DREOF) II	Opportunistic	2014	15-20% net IRR	$40 million	$35 million	$14 million	$35 million
Siguler Guff	DREOF II Co-Investment	Opportunistic	2016	14-17% net IRR	$15 million	$13 million	$4 million	$9 million
Brookfield	Strategic Real Estate Partners III	Opportunistic	2018	16% net IRR	$100 million	$118 million	$101 million	$50 million
Blue Vista	Real Estate Partners V	Value Add	2019	14-16% net IRR	$35 million	$35 million	$28 million	$20 million
Hammes Realty Advisors	Hammes Partners IV	Value Add	2021	11-13% net IRR	$20 million	$1 million	$4 million	
Angelo Gordon	AG Realty Value Fund XI	Value Add	2022	11-13% net IRR	$50 million	$39 million	$39 million	$2 million
Harrison Street	Real Estate Partners X	Opportunistic	2025	13-15% net IRR	$50 million	$9 million	$11 million	
Angelo Gordon	AG Realty Value Fund XII	Value Add	2026	12-14% net IRR	$50 million			
Total Committed Investments					**$310 million**	**$241 million**	**$201 million**	**$114 million**

Recommended

Due to rounding, numbers presented may not add up precisely to the totals provided

RECOMMENDATION

The AG Realty Value Fund XII is a real estate equity strategy that complements the VPIC portfolio by diversifying the portfolio’s non-core real estate exposure through equity investments in the middle market across various property types within the US and up to 20% exposure to Asia & Europe. The team has a “value-creation” focus but can be nimble by investing in both value-add and opportunistic deals as deemed prudent throughout the market cycle.

Staff recommends a commitment up to $50 million to the AG Realty Value Fund XII pending successful contract negotiations, updated real estate pacing, RVK completion of due diligence, and manager presentation to VPIC. This is a follow-on investment from the prior Fund XI 2022 vintage.

INVESTMENT HIGHLIGHTS

Key Terms	
Asset Class:	Non-Core Real Estate
Strategy Inception:	1993
Firm/Strategy Assets:	$250 Billion/$19 billion
Target Fund Size:	$3 billion
Target Return:	12-14% net IRR
GP Commitment:	1%
Final Close:	1Q2027
Fund Term:	8 years w/ two 1-year extensions
Investment Period:	4 years from final close
Management Fee:	1.35% on committed/invested capital
GP Carried Interest:	20% subject to preferred return with a 50/50 catch-up
Preferred Return:	8% compounded annually

Provides a **diversified fund approach** across property type and geography, as well as across the risk spectrum of value-add opportunities.

Long track record of realizing **strong net asset-level returns** with a zero net annual loss rate for any fund vintage across the strategy's history.

Far-reaching network of deal sources through an established operator network spanning decades and programmatic ventures to gain meaningful exposure in inefficient property markets, among others.

Market opportunity given the pressure on poorly underwritten real estate deals as debt and operational costs become more expensive with rising rates and inflationary pressures.

Deal structures giving AG **controlling rights** to reduce governance risks associated with third party partnerships.

APPENDIX

OPPORTUNITY

VPIC has non-core real estate exposure through a diversified roster of managers, including Siguler Guff, Brookfield, TPG Angelo Gordon, Blue Vista, Harrison Street, and Hammes Partners. Staff recommends a follow-on commitment to the AG Realty Value Fund XII to continue to provide diversification to this allocation within the Growth sub-asset class.

The 2026–2028 vintage is expected to be an interesting entry point for non-core real estate. Several structural headwinds are creating an 'operators market' for nimble, experienced investors with boots on the ground in key sub-markets:

- **Margin Compression:** Rising operational expenses and flattening rents—particularly in non-stabilized properties—are creating significant dispersion within sub-markets. TPG AG is able to source properties mispriced or mismanaged through programmatic and joint ventures with well established local operating partners.
- **Capital Scarcity:** While interest rates have leveled, the cost of capital remains high, pressuring floating-rate debt and forcing downward valuation adjustments in 2025 across the previously resilient sectors like multi-family and industrial.
- **Supply Chain & Labor:** The 'U.S. Reshoring' movement has created a surge in demand for domestic manufacturing, but persistent inflation of materials and labor shortages are eroding development margins. Because around 30% of the construction labor force is foreign-born, the industry is particularly vulnerable to shifts in immigration policy. As labor becomes the primary bottleneck for new builds, owners of current inventory stand to benefit from a 'supply vacuum' that drives long-term rent growth and pricing power.

Fund XII targets the inefficient middle market, with a mandate allowing for up to 20% international exposure. TPG AG has established a network of local operating partners over three decades and several market cycles. Their ability to source existing real estate off-market allows them to secure exposure in high-conviction sectors like self-storage, medical office, and industrial. Their sector-agnostic approach and deep industry knowledge enable the team to pivot quickly to where the most attractive risk-adjusted returns reside. Their large team of real estate investment professionals with a deep breadth of industry knowledge allows TPG AG to be nimble in their commitments, agnostic to property sectors and strategic in their exits.

Diversification

Staff sees a significant benefit to a diversified investment approach. During periods of heightened market volatility, such as we are experiencing today with the elevated rate environment and inflationary pressures, a diversified approach reduces the opportunity cost of being invested in a geography or property type that performs poorly in a given market condition.

- **Property Type**

The fund employs an operator model with several different operating partners specialized in specific geographies and/or property types. This allows the fund to be nimble as they identify properties mispriced or mismanaged through the market cycle. The team can adjust exposures as needed to maximize returns.

- **Geographic**

Location is paramount in real estate. Holding exposure to a variety of locations mitigates risk and increases the ability to capture upside as demographics and preferences change over time. The fund has a 20% exposure to Europe & Asia, as well as variety of exposures domestically.

- **Business Plan**

Value can be added to a real estate property in a variety of ways. The risk associated with each varies. Diversifying the business plans for properties helps reduce the risk associated from changes in economic conditions. For example, a lease-up of a multi-family property is less risky given it does not take any units offline compared to a major repositioning of an office building to a life-science facility that requires a capital infusion. Fund XII invests in both Value-add and Opportunistic deals across the risk spectrum and seeks to find~~s~~ the best risk-adjusted opportunities as market conditions change.

AG Realty Value Fund XI

VPIC Process

Presentation to VPIC
1/27/2026

Staff Due Diligence In-house Meeting
1/7/2026

First Close Deadline
April 15, 2026

Firm

Founded in 1988, Angelo Gordon & Co LP (AG) was recently acquired by TPG in late 2023 and is now known as TPG Angelo Gordon. TPG is a global alternative investment firm that manages ~$246 billion. The firm has a broad range of investment strategies dedicated to credit, real estate and private equity managed by a team of 600 employees.

Strategy

This is a diversified investment strategy that employs an operator model to source non-core real estate deals in the middle market. AG's macro real estate view informs their investment decisions that are based on bottom-up value analysis. Their large team, with deep real estate experience and knowledge, source deals through local operating partners that offer the best risk-adjusted returns across a variety of geographies and property types. Fund XII is anticipated to have a bias toward multi-family, industrial and certain alternative sectors such as self-storage, medical office buildings, student housing, senior housing and industrial storage facilities, that have a higher operating margin than other property types. These sectors have pricing power to employ business plans that increase income to mitigate inflationary impacts.

T E A M

The TPG AG team has been investing in real estate for over 30 years and has built a large team of real estate professionals with a network of over 100 local operating partners. The current team has worked together for an average of thirteen years. The 11-member investment committee for the Fund have an average of 21 years of real estate investment experience and 14 years of tenure at the TPG AG. The firm focuses on internal talent development. An example is Matt Jackson who started with TPG AG as an analyst in 2009, was promoted to Co-Portfolio Manager of this strategy in 2020 and recently became Co-Head of US Real Estate for the firm.

The firm invests across the US, Europe and Asia. Investment professionals are attached to a deal from cradle-to-grave, so no institutional knowledge is lost during the life of the investment. TPG AG structures joint venture agreements with full control of all decisions at the asset level. They implement an operator-based process through a network of 100 operating partners. While the portfolio is diversified across over 100 deals, the portfolio managers watch closely the concentration in each operating partner. The largest exposure in Fund XI is around 16% concentration to one industrial operator which is then significantly diversified across a number of deals. The largest self-storage operators is around 8% concentration. This allows oversight of the portfolio to be more manageable, given the direct communication and longstanding relationship between the operating partners and TPG AG team.

The allocation of Angelo Gordon by TPG has provided the real estate team with access to significant additional resources at TPG, including healthcare and digital infrastructure research. TPG acquired Peppertree Capital Management who specialize in digital infrastructure in May 2025. These additional capabilities have given the team an edge in alterative sectors, such as medical office buildings and data center aligned industrial structures.

Reid Liffmann joined AG in 2010 and is the Head of U.S. Real Estate as well as a member of the firm's Executive Committee and Partnership Advisory Board. Reid has over 20 years of direct real estate ownership and operating experience. Formerly, Reid was a partner with Greenebaum & Rose Associates, a real estate development and investment firm focusing on the mid-Atlantic. Reid began his career as a real estate financial analyst at LaSalle Partners. He holds a Bachelor of Accountancy from The George Washington University and an M.B.A. degree from The Wharton School of the University of Pennsylvania.

Matt Jackson is the co-Portfolio Manager of AG's U.S. real estate funds. Matt joined the firm in 2009. Prior to joining Angelo Gordon, Matt worked in the Acquisitions and Capital Markets Group of Vornado Realty Trust where he focused on both public and private real estate acquisitions and asset management. Matt received his B.S. degree from the Wharton School at the University of Pennsylvania.

Source: TPG Angelo Gordon

SOURCING

Sourcing is through local operating partners, focusing on off-market deals. The team targets market growth driven by demographic and secular forces. Approximately 80% of US real estate investments are sourced off-market by TPG AG. The team achieved this using a network of over 100 active operating partners with many relationships over 3 decades. The network spans across various property types and geographies, covering the traditional gateway markets as well as newer growth markets. Operating partners typically focus on one property type in a single geography. This model assumes that local operating partners are better positioned to get the first call on compelling opportunities from a network of local owners, brokers, lawyers, and knowledge of value within the geography from one neighborhood to another. Operating partners co-invest alongside TPG AG pari-passu between 2-20% per deal to align with LPs. The amount of skin in the game varies but is structured to be significant to the partner depending on their capacity.

The partnerships are structured with TPG AG holding absolute control typically, including signing all leases, controlling all cash, and making major decisions regarding the asset. They do not give co-control to their operators for major decisions. The cost of the operator partner model is estimated around 50-200 bps; however, the benefits are numerous:

- ability to be selective of best operators in each market
- flexibility to adjust property type and geographic allocations to evolving market conditions
- incentivize efficient exits by aligning operator compensation to investment sale

S T R A T E G Y

TPG AG Realty Value Fund XII employs a top-down view integrated with bottom-up sourcing and execution seeking underperforming and undervalued real estate assets across various geographies and properties. The manager partners with local operators to correct an asset's performance, increase cash flow, and add value. The assets are purchased at a discount to replacement value often due to owner inability to access traditional sources of capital, inexperienced owners who lack expertise to improve cash flow and value, inefficiencies of the sale process, or deal structure complexity. TPG AG commits relatively small equity checks of typically $25-50 million to create value at the asset level and avoid large, single-asset investment risk through diversification. The targeted holding period for assets is 3-6 years, dependent on the business plan and execution.

TPG AG creates tailored business plans for each deal to increase cash flow and value at properties. Fund XII is anticipated to follow a similar portfolio construction across a broad spectrum of value-add opportunities to reach its targeted 12-14% net IRR. A heightened focus has been placed on operating partner capabilities and straightforward execution and limited duration when approving business plans that have more inherent risk, such as ground-up development. While no development restrictions, the fund has historically limited ground-up development opportunities and going back to 2015 has only invested just over 10% of equity in these deals.

For additional diversification, the fund will invest up to 20% in Europe and Asia. TPG AG has dedicated teams in these regions that also manage region-specific real estate strategies, which this fund can invest. Fund XII is dollar denominated and will typically hedge the equity investment of non-USD assets through standard forward contracts at acquisition + 50% of AG's projected profit for the full projected holding period. As valuation adjustments are made in subsequent quarters, the amount of the hedges will be generally be revised to reflect the greater of 1) NAV or 2) equity invested + 50% of the expected profit over the life of the investment. The strategy historically invests in US growth-oriented markets in the Southeast and Southwest markets along with "innovation markets" in the Pacific Northwest and Mountain State regions. Exposure in gateway markets is viewed as contrarian by TPG AG due to the mounting demographic and economic uncertainties surrounding remote work, migration patterns, fiscal health, etc. The team will seek to add exposure cautiously in these markets.

Generally, the TPG AG team invests across residential, industrial, as well as certain alternative sectors such as self-storage, medical office, student housing, senior housing and industrial storage facilities, given favorable demographic and industry trends and the higher operating margins associated with these property types versus office, hotels and retail centers. These property types also have pricing power to increase income to mitigate inflationary pressures. TPG AG has been increasing exposures over the last decade to alternative sectors, and the team anticipates Fund XII is likely to continue this trend with around 30% of the fund to these sub-sectors. Industrial will have a lower allocation target of 20% from 30% in Fund XI.

The Fund has several programmatic ventures that it established with well established operating partners to gain exposure to specific geographies and property types in Fund XI. These will continue in Fund XII to gain exposure to inefficient property types like self-storage and medical office and take advantage of the pricing arbitrage by selling the aggregated portfolios to investors in the Upper market who lack the ability to commit small equity amounts in an efficient manner.

PERFORMANCE

TPG AG has a strong track record across several market cycles. The firm combined the Opportunistic and Value-Add strategies in 2018 for Fund X, which was able to be nimble during the 2020 market dislocation and recycle capital quickly to bolster returns.

	Vintage	Status	Fund Size *($M)*	Capital Called[2]	Capital Distributed[2]	Average Leverage[3]	Liquidating Gross IRR[4]	Liquidating Net IRR[5]
AG Realty Value Fund XI	2022	Investing	$2,589	85%[6]	6%	46%	16% - 17% (Target)[8]	12-13% (Target)[8]
AG Realty Value Fund X	2018	Liquidating	2,775	95%	71%	52%	13%	8%
AG Realty Fund IX	2015	Liquidating	1,329	93%	105%	54%	8%	5%
AG Core Plus Realty Fund IV	2015	Liquidating	1,308	95%	85%	62%	5%	2%
AG Realty Fund VIII	2011	Liquidating	1,265	94%	134%	47%	15%	11%
AG Core Plus Realty Fund III	2011	Realized	1,014	95%	164%	58%	23%	19%
AG Realty Fund VII	2007	Realized	1,257	94%	151%	39%	17%	12%
AG Core Plus Realty Fund II	2006	Realized	794	95%	131%	60%	11%	8%
AG Realty Fund VI	2005	Realized	514	100%	110%	58%	5%	3%
AG Core Plus Realty Fund	2003	Realized	533	95%	152%	58%	20%	18%
AG Realty Fund V	2001	Realized	333	90%	160%	57%	32%	26%

Source: TPG Angelo Gordon, September 30, 2025
Please see Performance End Notes in the Appendix.

Performance End Notes

1. The realized returns shown herein reflect the combined performance of all realized investments in all TPG Angelo Gordon real estate funds and do not reflect the actual performance of any individual TPG Angelo Gordon client or investor, and is therefore deemed to be hypothetical. This hypothetical performance was not made in the context of a single fund as part of a single investment program with coordinated investment objectives, guidelines and restrictions. Accordingly, it should not be assumed that the investments made by TPG AG Realty Value Fund XII will have the same characteristics or returns as presented above. Past performance is not indicative of future results, and the performance of TPG AG Realty Value Fund XII may vary materially from the performance presented herein. Hypothetical returns have inherent limitations and prospective investors should not rely on any hypothetical performance shown herein. No representation is made that any fund or investor will or is likely to achieve the results shown. Represents the implied levered Gross IRR as of September 30, 2025 which is calculated by applying a gross Levered-Unlevered Factor ("LUF") based on the applicable current/historical funds to the unlevered gross IRR. The LUF that is applied to Unlevered Gross IRRs is calculated as: one plus the Levered Gross IRR for the respective fund divided by one plus the Unlevered Gross IRR for the respective fund according to the September 30, 2025 track record performance. The levered gross returns are calculated as the product of the respective unlevered gross return and the LUF. Actual performance experienced by investors will be based on total fund performance. Gross IRR reflects a dollar-weighted internal rate of return, compounded annually, after deal-level expenses and before TPG Angelo Gordon's management fees, carried interest and operating and organizational expenses associated with the fund.
2.As of December 30, 2025. Distribution amount shown above includes management fee rebates, if applicable, and is based on cash distributed to investors (which excludes, for the avoidance of doubt, performance distributions made to the General Partner). Percentage is as of paid-in capital.
3.Represents weighted average leverage over the fund life as of September 30, 2025.
4.As of September 30, 2025. Liquidating Gross IRR is calculated by adjusting Liquidating Net IRR to generally approximate investor performance metrics excluding management fees, fund expenses (other than interest expense and other fees arising from amounts borrowed under the fund's credit facility to fund investments) and performance allocations. Like the Liquidating Net IRR, Liquidating Gross IRR (i) does not reflect the effect of taxes borne, or to be borne, by investors (but does reflect fund level current and deferred taxes, if applicable) and (ii) excludes amounts attributable to the fund's general partner, its affiliated entities and "friends of the firm" entities that generally pay no or reduced management fees and performance allocations. Such Liquidating Gross IRR represents an average of returns for all included investors and does not necessarily reflect the actual return of any particular investor. Liquidating Gross IRR is an approximation calculated by adjusting historical data using estimates and assumptions that the firm believes are appropriate for the relevant fund, but that inherently involve significant judgment. For certain legacy funds that engaged in no fund-level borrowing, Liquidating Gross IRR is the discount rate at which (i) the present value of all capital invested in an investment or investments is equal to (ii) the present value of all realized and unrealized returns from such investment or investments. In this scenario, Liquidating Gross IRR, with respect to an investment or investments, has been calculated based on the time that capital was invested by the fund in such investment or investments and that distributions were received by the fund in respect of such investment or investments, regardless of when capital was contributed to or distributed from the fund. Liquidating Gross IRR does not reflect the effect of management fees, fund expenses, performance allocations or taxes borne, or to be borne, by investors in the fund and would be lower if it did.
5.As of September 30, 2025. Liquidating Net IRR represents the compound annualized return rate (i.e., the implied discount rate) of a fund, which is calculated using investor cash flows in the fund, including cash received from capital called from investors, cash distributed to investors and the investors' ending capital balances as of the quarter end. Liquidating Net IRR is the discount rate at which (i) the present value of all capital contributed by investors to the fund (which excludes, for the avoidance of doubt, any amounts borrowed by the fund in lieu of calling capital) is equal to (ii) the present value of all cash distributed to investors and the investors' ending capital balances. Liquidating Net IRR reflects the impact of management fees, fund expenses (including interest expense arising from amounts borrowed under the fund's credit facility), performance allocations and fund level current and deferred taxes (if applicable), but does not reflect the effect of taxes borne, or to be borne, by investors. The Liquidating Net IRR calculation excludes amounts attributable to the general partner, its affiliated entities and "friends of the firm" entities that generally pay no or reduced management fees and performance allocations. Liquidating Net IRR represents an average return for all included investors, including those that pay reduced management fees and/or carried interest, and does not necessarily reflect the actual return of any particular investor. An actual investor that paid management fees and/or carried interest at rates higher than the average would have a lower individual Liquidating Net IRR. In addition, management fees, fund expenses and carried interest differ from fund to fund, and therefore the impact of such amounts in a particular fund should not be assumed to reflect the impact such amounts would have on any other fund, including in respect of any fund in which a prospective investor is considering an investment. Liquidating Net IRR for a platform does not include the cash flows for funds that are not currently presenting a Liquidating Net IRR to their investors.
6.Represents committed capital for the fund as of December 2025.
7. The returns shown herein reflect the combined performance of all acquisitions year to date in all TPG Angelo Gordon US real estate funds and do not reflect the actual performance of any individual TPG Angelo Gordon client or investor, and is therefore deemed to be hypothetical. This hypothetical performance was not made in the context of a single fund as part of a single investment program with coordinated investment objectives, guidelines and restrictions. Accordingly, it should not be assumed that the investments made by TPG AG Realty Value Fund XII will have the same characteristics or returns as presented above. Past performance is not indicative of future results, and the performance of TPG AG Realty Value Fund XII may vary materially from the performance presented herein. Hypothetical returns have inherent limitation sand prospective investors should not rely on any hypothetical performance shown herein. No representation is made that any fund or investor will or is likely to achieve the results shown. Represents the implied levered Gross IRR as of September 30, 2025 which is calculated by applying a gross Levered-Unlevered Factor ("LUF") based on the applicable current/historical funds to the unlevered gross IRR. The LUF that is applied to Unlevered Gross IRRs is calculated as: one plus the Levered Gross IRR for the respective fund divided by one plus the Unlevered Gross IRR for the respective fund according to the September 30, 2025 track record performance. The levered gross returns are calculated as the product of the respective unlevered gross return and the LUF. Actual performance experienced by investors will be based on total fund performance. Gross IRR reflects a dollar-weighted internal rate of return, compounded annually, after deal-level expenses and before TPG Angelo Gordon's management fees, carried interest and operating and organizational expenses associated with the fund.
8. Target returns are based on current market conditions as well as the assumptions and models of the portfolio manager and are subject to change without notice, and should not be regarded as a representation, warranty, projection, or prediction that the fund will achieve or is likely to achieve any particular result or that investors will be able to avoid losses. Target returns are hypothetical; for a general description of the risks involved and assumptions used in calculating returns please see methodology in the Additional Disclosure at the end of this presentation. A fund's ability to achieve its target return is contingent upon, among other factors, such Fund's ability to deploy cash over time. Target returns included herein are based on internal business plan models and are provided for informational purposes only. The value of an investment can increase and decrease over time and there can be no assurance that investments will be realized or that such target returns will be achieved. Please see the "Notice" page of this presentation for additional information.