

TPG
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Corporate Speakers

- Gary Stein; TPG; Head of Investor Relations
- Jon Winkelried; TPG; Chief Executive Officer
- Jack Weingart; TPG; Chief Financial Officer
- Todd Sisitsky; TPG; President
- James Coulter; TPG; Executive Chairman and Co-Founder

Participants

- Craig Siegenthaler; Bank of America; Analyst
- Kenneth Worthington; JPMorgan; Analyst
- Alexander Blostein; Goldman Sachs; Analyst
- Glenn Schorr; Evercore; Senior Managing Director
- Brian Bedell; Deutsche Bank; Director
- Brian McKenna; Citizens JMP; Director
- Michael Cyprys; Morgan Stanley; Managing Director
- Michael Brown; Wells Fargo Securities; Analyst

PRESENTATION

Operator

Good morning and welcome to TPG's first quarter earnings conference call. Currently, all callers have been placed in a listen-only mode, and following management's prepared remarks, the call will be opened for your questions. If you would like to ask a question at that time, please press star 1 on your telephone keypad. If you need to remove yourself from the queue, press the pound key. At any time, if you should need operator assistance, press star 0. Please be advised that today's call is being recorded. Please go to TPG's IR website to obtain the earnings materials.

I will now turn the call over to Gary Stein, Head of Investor Relations at TPG.

Gary Stein

Thanks operator, and welcome everyone. Joining me this morning are Jon Winkelried, Chief Executive Officer, and Jack Weingart, Chief Financial Officer. In addition, our Executive Chairman and Co-Founder, Jim Coulter, and our President, Todd Sisitsky, are also here and will be available for the Q&A portion of this morning's call.

I'd like to remind you this call may include forward-looking statements that do not guarantee future events or performance. Please refer to TPG's earnings release and SEC filings for factors that could cause actual results to differ materially from these statements. TPG undertakes no obligation to revise or update any forward- looking statements except as required by law.

Within our discussion and earnings release, we're presenting GAAP and non-GAAP measures, and we believe certain non-GAAP measures that we discuss on this call are relevant in assessing the financial performance of the business. These non-GAAP measures are reconciled to the nearest GAAP figures in TPG's earnings release, which is available on our website. Please note that nothing on this call constitutes an offer to sell or a solicitation of an offer to purchase an interest in any TPG fund.

Looking briefly at our results for the first quarter, we reported GAAP net income attributable to TPG Inc. of

\$25 million and after-tax distributable earnings of \$187 million, or \$0.48 per share of Class A common stock.

We declared a dividend of \$0.41 per share of Class A common stock, which will be paid on June 2, 2025 to holders of record as of May 19, 2025.

I'll now turn the call over to Jon.

Jon Winkelried – Introduction & Quarterly Results

Thanks, Gary. And good morning, everyone.

Yesterday, we announced that TPG has agreed to acquire Peppertree Capital Management. Peppertree is a leading specialized digital infrastructure manager with a focus on wireless communications towers. This acquisition leverages our deep sector expertise in communications and represents our further expansion into the digital infrastructure space.

For our call today, Jack and I will first cover the current environment and our quarterly results, and then we'll provide some additional details on the Peppertree acquisition.

We've witnessed a dramatic shift in the market environment over the last few months. Coming into 2025, there was broad-based strength across the economy, and confidence levels were near record highs. The market was anticipating meaningful earnings growth, accelerated M&A activity, and rising equity valuations.

Several factors—including tariffs and general policy uncertainty—have upended the environment and created significant volatility. As a result, we’re seeing unusual market correlations, renewed fears of inflation, and concerns around slowing economic growth.

At TPG, we remain focused on executing our business and driving growth. Our leadership team has navigated through many cycles, and one of our core beliefs is that staying engaged and highly connected is critical during times like these. In my conversations with leaders of some of our largest strategic partners globally, I’m observing several consistent themes. Clients are adjusting their expectations around performance and liquidity in their portfolios, and they’re evaluating the geographic diversification of their investments. At the same time, our clients are looking to partner with us to take advantage of opportunities created by the current environment and to leverage our global franchise.

With respect to our portfolio, we entered this period with significant momentum, including strong topline and earnings growth. We’ve assessed the direct exposure across our investments to recent tariffs, and we see minimal first order risk. While we expect uncertainty and market fluctuations to persist, our investment strategy—characterized by our intentional selection of sectors and themes—gives us confidence in the quality of our portfolio. And, consistent with our dialogues with our largest clients, we’re leaning into opportunities to deploy capital and play offense.

As it relates to our capital formation efforts, we’re seeing the benefits of our strong connectivity with clients. Despite a volatile environment, we continue to expect to raise significantly more capital this year than last. Several of our campaigns will likely elongate as clients manage through this period of disruption, but we remain very confident in our overall objectives.

- In credit, we have strong momentum. In prior quarters, we’ve discussed our focus on introducing our largest client relationships to our credit platform. Despite somewhat lighter credit fundraising in the first quarter, we’re at an inflection point in our dialogues and have seen an acceleration in commitments to our strategies. In addition to the capital we raised in the first quarter, we have more than \$3 billion dollars of discrete credit mandates that have closed or are expected to close over the next several months.
- In private equity, we recently launched campaigns for the next vintage of our TPG Capital and Healthcare Partners funds. We’re receiving strong support from both existing and new clients, and we expect to hold sizable first closes around mid-year.
- In the next few weeks, we are launching the campaign for our second GP Solutions fund. Our

first fund is now approximately 85% committed and we expect to raise a meaningfully larger successor fund.

- Additionally, in our Impact platform, we continue to drive several ongoing fundraises, including our Rise Climate private equity fund, the Global South Initiative, and our Climate Transition Infrastructure fund. We had a strong start to these campaigns and have raised more than 60% of our target, including capital that has been committed but will close at a later date. While fundraising timelines for climate-related strategies will be elongated due to policy uncertainty in the United States, we believe energy transition is a generational investing opportunity and the strength of the Rise franchise continues to resonate with clients globally.
- TPG AG Real Estate held a successful final close for its fourth European fund. This campaign was mid-flight when we acquired Angelo Gordon. It's a testament to the strength of our integration and the quality of our business that we successfully grew the fund to nearly \$2.3 billion, a 50% increase from its predecessor.
- Broadly across fundraising, we're benefitting from the quality and depth of our relationships with our largest clients globally through the formation of strategic partnerships and customized solutions. Just last week, we established the largest strategic partnership in our history, which will span across private equity, credit, real estate, and infrastructure. This partnership, which represents over \$4 billion dollars of potential new capital, will accelerate scale and innovation across our investment strategies. It reflects the strong trust we've built with our clients as a result of our differentiated investment approach and long track record of delivering excellent performance.
- Overall, while we're not immune to broader industry dynamics and macro uncertainty, our clients continue to recognize our differentiated investment performance, and in particular, the excellent DPI we're consistently delivering.
- I'd also like to provide an update on private wealth, which is a high priority growth area. Our private wealth strategy has several key elements, including building deep connectivity with leading wirehouse partners, accessing the RIA channel, and continuing to expand our team and product set.

Since our last earnings call, we've made meaningful progress:

- We recently launched TPOP, our new perpetually offered private equity vehicle, with two of the largest wirehouses in the United States. We have long-standing, high-quality

relationships in the channel, and the level of engagement and interest in TPOP is high. In connection with the launch, Jim Coulter, Todd Sisitsky, and dozens of leaders from our private equity business led marketing events with key executives and financial advisors. Outside of the United States, we're taking a similar approach and will be launching TPOP with one of the leading international private banks later this year. Over time, we expect to partner with additional banks to offer TPOP on their platforms.

- As it relates to the RIA channel, we're focused on enhancing our presence and footprint. We're actively structuring several innovative partnerships to extend our brand and increase the accessibility of our products for the RIA community.
- And finally, we remain focused on continuing to grow our private wealth team, both domestically and internationally.

As a result of our comprehensive approach, we've successfully launched TPOP and expect to begin seeing inflows over the next couple of months. With the introduction of TPOP, we've enhanced our product set for the private wealth channel, which includes TCAP, our non-traded BDC, and Mortgage Value Partners, a key product in our structured credit franchise. We expect to continue to build our suite of private wealth products across private equity, credit, and real assets.

Turning to deployment, we maintained our strong pace with \$7.3 billion of capital invested in the first quarter and recently announced a number of interesting investments:

- In TPG Growth, we agreed to acquire a significant stake in Cliffwater, a leading retail alternatives investment manager in the United States. The private wealth sector is one of our highest conviction thematic areas, and Cliffwater further builds upon TPG's existing investments in Creative Planning and Homrich Berg.
- Rise Climate has agreed to partner with Siemens Gamesa to carve out its onshore wind turbine manufacturing and services business in India and South Asia. Siemens chose to partner with TPG given our strong climate investing credentials and key relationships in the industry. This will be the first investment for the Rise Climate Global South Initiative.
- And in our Asia mid-cap growth and buyout strategy, TECA, we announced two transactions:
 - First, the acquisition of Orange Valley and the proposed take-private of Econ Healthcare, two leading private nursing home operators in Singapore,

- And second, the acquisition of a controlling stake in Five Good Friends, a technology-led home care disruptor in Australia.

Looking ahead, as we've seen in prior periods of uncertainty, overall deal volume across the industry may moderate. However, currently, our pipelines remain robust. The deal flow across our platforms is characterized by proprietary opportunities we've sourced off-market and reflects our strong track record of structuring creative transactions, including corporate carve-outs and take-privates.

Additionally, several of our investment strategies are particularly well-suited for uncertain environments like this.

- Our GP-led secondaries strategy currently has a strong pipeline, which is benefitting from the growing pressure for GPs to generate liquidity at a time when options are limited.
- Another example is TPG Tech Adjacencies, which provides flexible, solutions-oriented capital for private technology companies. We expect the demand for TTAD's capital to increase as the public markets remain largely shut, and founders and businesses seek alternatives to fund growth and liquidity needs.
- And finally, Credit Solutions is well-positioned given it provides bespoke, highly-structured capital solutions to help companies resolve complex financing challenges. We anticipate there will be an increasing pipeline of private financing opportunities due to heightened uncertainty and less receptivity from traditional sources of capital, such as banks.

As it relates to credit deployment more broadly, Twin Brook had a strong first quarter, with \$1.8 billion of gross originations. Despite a more volatile market backdrop, we are seeing a steady pace of sponsor M&A activity and our pipeline remains active. Additionally, as lead lender in almost all our transactions, Twin Brook's incumbency is a powerful source of embedded add-on activity that we have exclusive access to.

In Structured Credit, activity continues to be robust as those markets have so far been less impacted by the current dislocation and volatility. Spreads in asset-backed securities and residential whole loans have remained stable, and asset portfolios continue to trade. Looking ahead, we believe there will be more opportunities to lend against assets as well as acquire asset collateral pools at attractive valuations, particularly as originators and banks look for creative ways to manage their risk and liquidity.

In real estate, our deployment pace was intentionally modest during the first quarter. However, the impact of recent market volatility, uncertainty around interest rates, and a potential recession are creating increasing flows of actionable opportunities. We have \$13 billion of dry powder on a combined basis for our real estate platforms, and our teams are evaluating a number of interesting investments in the U.S., Europe, and Asia. In addition, the opportunity set for TRECO, our real estate credit strategy, has continued to expand due to the ongoing pullback in bank lending activity and more volatile credit conditions in the debt capital markets.

As we look ahead, our experience has been that periods of dislocation often create some of the most interesting investment opportunities. With \$57 billion of total dry powder across the firm, we are in a strong position to take advantage of this environment.

Turning to realizations, we continue to successfully execute on important exits and liquidity events. This includes the sell-down of some of our largest public positions, such as Viking Cruises, Life Time Fitness, and the full exit of Nextracker. Additionally, we successfully completed two public listings, Dr. Agarwal's Health Care and OneSource Specialty Pharma, in India, where over the last 3 years, we've taken 11 of our portfolio companies public, delivering strong returns for fund investors. And last month, we announced the sale of two TPG Growth portfolio companies, Crunch Fitness and a leading healthcare technology company. These investments are expected to generate outstanding returns for our fund investors and demonstrate the quality and resilience of our portfolio. Year-to-date, we have realized approximately \$1.8 billion in our TPG Growth funds, including transactions that are signed but not yet closed.

Additionally, consistent with our track record of driving organic innovation in areas where TPG has a right to win, last week, we launched a new strategy, TPG Sports, in partnership with Rory McIlroy, Sean O'Flaherty, and the team at Symphony Ventures. This strategy will invest in businesses that are driving the sports ecosystem, which is benefitting from strong secular tailwinds and transformational growth catalyzed by new technology. TPG Sports was launched with a significant anchor commitment from Lunate, an important UAE-based strategic partner for TPG, and we expect to continue to raise capital over the coming quarters.

As we look ahead, we are well-positioned to navigate through this market dislocation. We remain highly focused on executing across our business and continuing to drive long-term growth and value creation for all our stakeholders.

I'll turn the call over to Jack to discuss our financial results.

Jack Weingart – Financial Results

Thanks, Jon. And thank you all for joining us today.

I'll begin with a discussion of our first quarter financial results and investment performance, and then I'll discuss our outlook for the year, with a particular focus on our fundraising campaigns.

Our fee related revenues in the first quarter were \$476 million, which included \$413 million of management fees and \$54 million of transaction fees. Over the past several years, we have invested in building our capital markets capabilities and integrating our broker dealer across all our platforms and strategies. We have generated step-function growth in our annual revenue opportunity, as our average quarterly capital markets revenue increased over 30% in 2024 compared to 2023. While the 2nd quarter will likely see a step down in capital markets revenue due to the timing of certain transaction closing activity, we believe that our positive momentum in this business will continue in the back half of the year, and there is significant opportunity for further growth in the years ahead.

We reported fee-related earnings of \$182 million and an FRE margin of 38%, consistent with our previous guidance. As expected, cash compensation and benefits expense was seasonally elevated this quarter due to the annual vesting of our RSUs, which resulted in approximately \$14 million of additional cost. Looking ahead, we continue to expect FRE margin expansion in the back half of the year, and we expect to exit the year with a margin in the mid-40s.

Realized performance allocations totaled \$40 million in the first quarter, primarily from the partial monetization of our public positions. We continue to find opportunities to monetize assets, including the sale of two TPG Growth portfolio companies that Jon mentioned. Our success driving liquidity and DPI across our portfolios continues to be a strong differentiator for us with our clients.

After-tax distributable earnings for the first quarter totaled \$187 million, or \$0.48 per share of Class A common stock.

We finished the first quarter with \$251 billion of total assets under management, which increased 12% year-over-year. This was driven by \$31 billion of capital raised and \$20 billion of value creation, partially offset by \$22 billion of realizations over the last twelve months. Fee-earning AUM at the end of the first quarter totaled \$143 billion.

AUM subject to fee earning growth was \$27 billion at quarter end and included \$18 billion of AUM

not yet earning fees. Our performance eligible AUM was \$212 billion, or 85% of our total AUM, of which \$162 billion is currently generating performance fees. At the end of the quarter, our net accrued performance balance exceeded \$1 billion for the first time, driven by continued strong value creation. This represents significant embedded earnings power that we expect to realize over time.

We continued to deliver strong investment performance in the first quarter with positive value creation across all our platforms. In light of the current period of economic uncertainty, investors are understandably focused on the underlying portfolio quality of alternative asset managers. We are confident in the strength and durability of our investment portfolios. As Jon mentioned, based on a comprehensive bottoms-up analysis, we have determined our portfolios have very limited first order exposure to tariffs, and I'll provide some additional detail for a few of our strategies.

- Within private equity, we expect little to no direct impact from tariffs for approximately 90% of the fair value in our portfolios. This reflects the benefits of TPG's fundamental investment approach, which is focused on sectors such as healthcare, software, and technology-enabled services. These sectors generally have strong secular growth, resilient business models, and limited reliance on physical goods.

Through the first quarter, our private equity portfolios, which includes our Capital, Growth, and Impact platforms, continue to meaningfully outperform the broader market, with revenue growth of approximately 18% over the last twelve months.

- Looking at our credit platform, in our Twin Brook direct lending business, less than 3% of the fair market value of our portfolio has high direct exposure to tariffs. Our portfolio of over 290 companies is broadly diversified across more than a dozen industries, with a stable average interest coverage ratio of approximately 2 times. We have strong downside protection with 97% of the portfolio in first lien senior secured debt, and we have maintenance financial covenants in 100% of our loans.

Overall, the nature of the securities across our credit platform, which often include strong structural protections, insulates us from modest fluctuations in underlying company profitability. Our credit businesses appreciated approximately 3% in the quarter and 12% over the last twelve months.

- In real estate, TPG's real estate portfolio appreciated 7% in the first quarter and nearly 13% over the last twelve months. We continue to drive strong operating performance at our

portfolio companies, supported by positive leasing and occupancy trends. Our portfolio is concentrated in attractive sectors where we have strong thematic conviction, such as industrial, residential, and data centers, which benefit from positive supply / demand fundamentals. TPG AG's real estate platform appreciated by 60 basis points in the quarter and 2.6% over the last twelve months.

Moving on to fundraising, we raised nearly \$6 billion during the first quarter across our platforms. This included:

1. An additional close of more than \$1 billion for our Rise Climate fund and the Global South Initiative,
2. A first close for our new mid-market growth and buyout fund in Asia, TECA, and
3. A final close for TPG AG's European real estate fund.

As Jon mentioned, the level of engagement with our clients around the world is high, and our fundraising momentum remains strong. Looking at the balance of the year, while we do expect the current environment to result in elongated campaigns, we continue to expect to raise significantly more capital this year than we raised in 2024, driven by the following:

1. The continued scaling of our credit platform, including sizable mandates that have closed since quarter end or are approved to close over the next several months;
2. Initial closes and the activation of our next TPG Capital and Healthcare Partners funds in the middle of this year;
3. Initial closes for our next generation funds in GP Solutions and Tech Adjacencies;
4. Continued progress in our Climate private equity and infrastructure campaigns;
5. The completion of our TPG Growth campaign;
6. Additional cross-platform strategic partnerships with some of our largest clients globally; and
7. Increasing penetration of the private wealth channel generally, including inflows for TPOP, our new perpetual private equity product.

Finally, a quick comment on our balance sheet. Last week we amended our senior unsecured revolver to further enhance our already strong financial flexibility and liquidity. We upsized our facility from \$1.2 billion to \$1.65 billion, extended the maturity for a new five-year period, and repriced the facility at a more favorable rate.

On that note, I'll turn the call back over to Jon to discuss our acquisition of Peppertree and how that further strengthens our franchise.

Jon Winkelried – Pixel Strategic Overview

Thanks, Jack.

We're excited to announce this important acquisition. With more than two decades of experience, Peppertree is the largest pure-play wireless tower specialist in the United States with over 8,800 towers in its portfolio. Peppertree has raised ten funds to date and manages nearly \$8 billion of total AUM. The management team is highly experienced and entrepreneurial, led by Co-Presidents Howard Mandel and Ryan Lepene. Howard and Ryan are supported by a long-tenured team of investing and operating talent. The firm has an outstanding investment track record, delivering a gross realized return of 23% and a gross realized multiple of 2.4 times invested capital since inception. As a result of its success, Peppertree has built a loyal and growing base of institutional clients, driving steady fund-over-fund growth.

We believe Peppertree is a compelling strategic fit for several reasons:

- First, Peppertree's strategy is highly complementary to TPG's existing investment leadership in the communications sector, and will benefit from our scale, deep thematic expertise, and long track record of successfully scaling high-quality businesses in the space.
- Second, the wireless communications sector benefits from strong secular growth as global demand for data continues to accelerate. As an industry leader, Peppertree provides us immediate scale in the tower and network infrastructure development space. Looking ahead, we believe there are significant opportunities to expand our investment capabilities across digital infrastructure.
- Third, Peppertree's long-dated portfolio of uncorrelated assets generates contractually recurring, highly predictable cash flows, and we believe these attributes will resonate with our client base.
- Fourth, we have spent a significant amount of time with Howard, Ryan, and other members of the Peppertree team. It's clear from our close engagement over many months that there's an excellent cultural fit between our two firms. The Peppertree team shares TPG's longstanding commitment to entrepreneurship, innovation, and investment excellence, as

well as our vision for the growth opportunities that are possible within our ecosystem.

- And finally, we believe there are several meaningful growth drivers created by the combination, including:
 - Expanding into TPG’s existing global client base,
 - Extending the duration of Peppertree’s capital,
 - And, leveraging our broker dealer capabilities to pursue capital markets opportunities.

This acquisition will add an additional source of highly attractive and predictable fee revenue. We expect this transaction to be immediately accretive to Fee-Related Earnings and After-Tax Distributable Earnings per share upon closing.

Peppertree underscores our continued focus on value-accretive acquisitions where we have a natural competitive advantage. We look forward to welcoming the Peppertree team to TPG.

I’ll turn it over to Jack to walk through an overview of the transaction and financial details.

Jack Weingart – Pixel Transaction Overview

Thanks, Jon.

I wanted to echo Jon’s remarks on the strategic benefits of this transaction. We are establishing a leadership position in an attractive segment within digital infrastructure, leveraging our deep sector expertise, and growing and diversifying our fee-related revenue.

The acquisition is also compelling from a financial perspective.

First, we are acquiring Peppertree at an attractive price. The transaction is valued at approximately \$660 million, including up to \$242 million in cash and up to \$418 million in equity based on TPG’s closing price on May 2nd. This represents a multiple of approximately 12 times 2024 after-tax FRE. It is important to note that this price also includes the purchase of performance related earnings for both historical and future funds. At year-end, Peppertree had accrued but unrealized carried interest of approximately \$449 million, so the 20% applicable to TPG Operating Group would have been approximately \$90 million. Adjusting the purchase price only for the \$90 million of book value, and ignoring the value of future PRE, the transaction multiple is approximately 10 times after-tax FRE.

Second, we expect this transaction to be immediately accretive to FRE and After-Tax DE per share. Peppertree has an attractive margin profile and we anticipate continued strong management fee growth in the coming years.

Third, we have structured the transaction to ensure a clear alignment of interests and strong incentive to drive growth in several ways:

- The principals of Peppertree, including Howard and Ryan, have agreed to re-vest their equity ownership over a five-year period after closing.
- In addition, Peppertree's equity consideration will be subject to lock-up for the first full year post closing. A third of the equity consideration will be released from lock-up on each of the first, second, and third anniversaries of the closing.
- And finally, we've structured an earnout provision that is valued at up to \$300 million. This earnout is based upon the satisfaction of certain fee-related revenue and fundraising targets over the next few years. If any of the earnout is paid, we expect the purchase price multiple to decrease and the acquisition to become more accretive.

In terms of funding the cash portion of the acquisition at close, we expect to use our current cash balance and to draw on our upsized revolver. Upon completion of the transaction, our leverage will remain conservative, and we will continue to have ample liquidity and significant financial flexibility.

The transaction is subject to customary closing conditions and is expected to close in the third quarter of this year. Upon closing, Peppertree will join our Market Solutions platform, and Howard and Ryan will continue to lead the strategy.

I'd like to reiterate my enthusiasm for this exciting strategic acquisition. Along with all of our colleagues at TPG, we look forward to working with the Peppertree team to build significant long-term value for our clients and shareholders.

Now, we will open up the line for questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) And we'll take our first question from Craig Siegenthaler with Bank of America.

Craig Siegenthaler^ So we had a follow-up on the private wealth channel. So on the product side, I'm curious, what is the expected flow contribution or trajectory from T-POP and TCAP over the next year? And it sounds like T-POP may actually start flowing pretty soon like inside of 2Q '25.

And then just a follow-up on the RIA channel. Jon, I heard your comments around structuring innovative partnerships. Do you expect to launch an interval fund with third-party private credit managers, just given the unique requirements to that channel?

Jack Weingart^ Yes. I'll start. Craig, thanks for the question.

Look, I'll start, and Jon covered a lot of this in his remarks, but increasing our private wealth business is one of our most strategic -- most important strategic priorities for the firm. I think it's safe to say the entire firm is focused on it.

If you look back at the progress we've made so far, last year, we raised \$2.4 billion from the private wealth channel including the family office channel, which is more than double what we raised in 2023.

In the first quarter, we raised about \$525 million, so increasing the pace again. And I think right now we view this as an inflection point as we expand our team and expand our product set.

We've been materially increasing the size of our sales and marketing team. And to your point, we've been very focused on creating new products that are attractive for the channel.

T-POP is the first of those. And as Jon said, we've got two very important strategic partners on the wirehouse side that we're working actively with toward an activation in June, which is exactly what we've been saying. So we remain exactly on track for the launch of T-POP.

It's hard to quantify expected inflows at this point until we start seeing those, which will occur in June. So we'll have a lot more to say on that in the next quarterly call.

TCAP is another product along with Mortgage Value Partners, the two evergreen vehicles on the Angelo Gordon platform. And I would say, as we've been out talking to channel partners on T-POP, it's increased the visibility of those two products, and we're seeing increased engagement in what's already been a good increase in the flow there.

I don't know how to predict the flows of TCAP, but they should be increasing over time. I'd say also TCAP, as the nontraded BDC that feeds into the Twin Brook business, there's increasing appreciation in the high net worth marketplace, just like there is among our institutions for the unique position that Twin Brook holds in the direct lending business and a real desire for people to diversify their exposure to direct lending away from the high end and toward the lower middle market, where Twin Brook is focused.

So we're seeing that result in increased flows to both to both to TCAP on the private wealth side and into Twin Brook institutionally.

And Jon talked about some of the engagement with our large strategic clients and how that's resulting in big commitments that we're in the middle of closing on, that is in part driven by that market position of Twin Brook as well as the other credit businesses under Angelo Gordon.

Sticking with private wealth, the other thing we're focused on as we're making good progress on T-POP is diversifying our product set into additional product categories. We're actively working on a multi-strategy credit product that would complement the single strategy products that are mortgage value partners and TCAP.

We're actively working on a real estate product for the channel, where the idea of a high-performing real estate platform like ours with no kind of legacy portfolio is very attractive to our partners. So all of that is in the works.

And then finally, we are in active discussions with potential strategic partners, both to access the RIA channel and more broadly to think through some of these public-private partnerships that are in the works. And we're actively working on all of those steps to build this private wealth business. And I think this will be one of the most important topics we all talk about in the coming year or two as we build.

Operator^ Our next question will come from Ken Worthington with JPMorgan.

Kenneth Worthington^ So going to transaction and other fees, it clearly jumped a lot this quarter. You mentioned the build out of Capital Markets. I guess maybe first, are those capabilities fully or largely built out and launched at this point? And if not, how far along the ramping process are you?

And then maybe digging a little deeper into 1Q '25 specifically, why so strong? Like deployment was down this quarter, what was it about either the type of transactions or the asset classes or the nuances in 1Q contributed to the magnitude of the increase that we saw.

Jack Weingart^ Yes. I'll start on that answer. Thanks for the question, Ken.

I would say on your first question, we really have invested in building out the team. We're not done yet, but I'd say we're 3/4 of the way done with adding resources to the team to facilitate the penetration of all of our businesses and the active revenue generation across all of our businesses. And I'd say the first quarter, while a strong quarter, really only partially represents the further expansion of that business.

As I alluded to in my comments, we see a lot more upside to continue growing that revenue line in the coming quarters and years, as we continue to integrate it with other businesses. I think it's going to be much more diversified next year. The credit opportunity, I think we're in the second inning of that opportunity, with a lot more growth ahead of us.

In the first quarter, it really was nothing new beyond that further integration into our platforms. There were no particularly strong onetime events. It was really a broad-based use of our capital markets team across all of our transaction closings and across refinancing activity in the portfolio.

Jon Winkelried^ Yes. And the only thing I would add is I think that as we built this capability, we've obviously built expertise from a capital markets perspective in terms of bringing people into the firm.

As you know when we talk about our different businesses and our different funds, if you looked around the organization now what you would see is capital markets capability essentially embedded into each one of those businesses.

So there is go-to expertise that's sitting with and working consistently with the deal teams in all these different businesses. So it's much more present and it's much more connected to the deal process.

And the growth that Jack referred to, if you look at the execution of that, a lot of it depends on the adoption and understanding of where we add value from a capital markets perspective among our deal teams.

With the addition of Angelo Gordon and our businesses there, particularly when you look at the Credit Solutions opportunity and the Twin Brook opportunity, and as we source opportunities and think about really extending the capabilities of our broker-dealer, both in some cases, for syndication of risk, in other cases for participating in other opportunities as a result of bilateral relationships with other originators, there's just a lot of opportunity there.

So we're going to continue to build it out. But we feel like we've gotten really good traction and momentum within the business. And my guess is that the payload, if you will, of revenue as a result of the expansion and continued growth of our franchise will follow suit.

Operator^ Our next question will come from Alex Blostein with Goldman Sachs.

Alexander Blostein^ My question is around private equity.

Obviously this continues to be an area of probably most concern given the changing backdrop we've seen over the last 1.5 month here. I was very encouraged by your comments around fundraising and the way you're thinking about both Capital and Healthcare launches in the middle of the year.

So I was hoping you could expand on that a little bit and maybe what gives you confidence on being sort of able to get these done this year or get, I guess, the first close is done this year. How is LP makeup shaping up maybe relative to your existing base? And are there any sort of discounts or incentives that you feel like you have to put into place to get these campaigns off the ground? So effectively, just kind of hoping to go through some of these details a little bit more.

Jon Winkelried^ Yes. Thanks, Alex.

Well maybe I'll make a couple of comments, and maybe Todd will also follow on and make some comments, because we're all on the front lines out there talking to our clients constantly.

First of all, I think that one of the most important things to keep in mind is that not everybody in this market is created equal. And if you look at -- and I think that's really important. I think that there's

obviously -- the private equity market is tight and there's clearly a dynamic where there has not been enough capital returned. And clients are nearly fully allocated or overallocated. And there's various reasons for that as we all know it's well written, it's well documented.

The dialogue that we're having with our clients is really predicated on the fact that I think that our franchise across all of our strategies is probably performing better than it's ever had in our history just in terms of consistency and performance.

And then also in terms of return of capital, I mean I think that we've talked about the consistency with which we have been focused on not only investing well but also monetizing and returning capital. And I think we've been a leader in that and our clients recognize it and understand it. And also, our clients feel like they're in a better position to return capital to us as a result of that.

Just out of interest, I had some numbers run that look at our ratio of realized returns to invested capital. And if you look at our numbers, it's pretty interesting. But basically starting in 2020, we returned -- the rate -- that ratio was 1.1x. So we actually returned more capital than we invested. In 2021 -- and this is for all of our private equity strategies combined. In 2021, it was 1.4x. In 2022, it was 1x. In 2023, it was 0.5x, so we invested more than we returned. In 2024, it was 1.1x. And the first quarter, it was 0.9x.

So when you look at that balance, one of the things I think the conclusion you should draw from that is that not only are we trying to be very tactical in terms of the way we invest in terms of how we source the thematic approach that we take our sectors and our focus in terms of constructing our portfolios, but we're also, I think, very deliberate in terms of how we manage our funds and how we think about our stakeholders with respect to return on capital and how we apply oversight to the process of evaluating where do we want to exit, when do we want to exit.

So I think -- again, not everyone is created equal in this market. And I think that as a result of that, when we make the statement that we're getting good resonance from our clients, for instance, when you look at TPG Capital, there's a reason for that. And I think that we've spent a lot of time with our clients. And I think that our approach really resonates with our clients, and they want to continue to partner with us, and they're differentiating us relative to others.

We're not the only ones, but it's definitely -- it's not one size fits all.

Maybe I'll just turn it over to Todd to give you also some perspective, because he's obviously out there on the road day to day and in the middle of it.

So Todd, maybe you can give some perspective on it as well.

Todd Sisitsky^ Absolutely. And I agree with Jon. I think the DPI piece, the return of capital, is a big part of it.

But here's sort of my quick take. Like Jon, Jim, Jack and a number of our senior partners, we've all been on the road. I've been in the Middle East. We were at the Milken conference. I've been particularly involved in the Capital fundraising as I remain very involved in that business. And I think there's a couple of key components to our approach that has resonated well with our partners.

One is just the portfolio construction. So if you look at -- since you mentioned TPG Capital and the Healthcare Partners II Fund, I'll mention that -- I'll focus on that in particular for a moment. Over two-thirds of that portfolio is some combination of structured relationships with corporates or carve-outs, so really differentiated deal stories. Some of which have some or meaningful elements of downside protection, all in thematic areas, really, I think, a portfolio that you don't see in any of our competitors' portfolio.

So folks appreciate that differentiation. The results of the portfolio and the performance of the portfolio in private equity remain very strong. I think Jack mentioned this, but 18% plus revenue growth with margin expansion over the LTM period. And that's both by virtue of focusing on sectorally growing areas and situations in which we can inflect the growth further through our engagement.

The DPI, which Jon mentioned, we're very intentional at that, going back now many years. And I think that has become an increasingly positive and a differentiator for us. And I think, in general, just a lot of comments that we do what we say we're going to do in terms of the sectors, the themes, the type of investments. A lot of continuity on the team, just a general high level of engagement with our partners.

So we're very sensitive to the macro environment. We take nothing for granted. We're engaged day-to-day and always anxious around what's coming around the corner. But at this moment, the business feels very strong, as strong as I can remember it. And I think our clients appreciate that. And I think, as Jon said, are increasingly making differentiated decisions around where they're going to concentrate their capital and where they -- where they might be less lean in, and I think we're feeling like we're on the right side of that.

Jon Winkelried^ And I guess one comment, Alex, to be responsive to your question, with respect to fees and arrangements with clients, we're really doing what you would expect us to do, which is our clients are concentrating their focus in terms of the number of managers who they want to be invested with.

So we're obviously taking advantage of that by virtue of creating strategic relationships and holistic relationships where they get the benefit of doing that across multiple products, multiple asset classes.

The strategic partnership that I mentioned in my opening comments that gives us access to up to \$4 billion of additional capital is with, obviously a long-time partner of ours.

But that strategic partnership is structured intentionally across PE, credit, real estate and infrastructure. And there's obviously -- and the mindset around that in terms of how to structure it is that there are benefits over the long term that accrue to the relationship by participating with us also in a series of funds, not just one fund. So it's a series of funds.

So what these relationships are also doing is it's creating more duration to the capital flow that we see and more stickiness in connectivity. And you have to have strong performance to do that, but you also have to have the relationships to do it.

Operator^ Our next question will come from Glenn Schorr with Evercore.

Glenn Schorr^ So I heard all the comments about the broadening in general across TPG, which I think we all like. See if we could drill down a little bit more on credit and to see where you think you need to broaden and deepen your scale across credit.

Obviously Angelo Gordon was a great addition. But what do you need to add on to be like more, I don't know if full service is the right word, but that's what I'm thinking about. And then within that context, we've seen cyclical pressures on insurance-related spread earnings across the industry. And I know that's an area where you've been thinking about a lot. So I'm just curious if any of the market-related pressures that we've seen lately change how you go about, thinking about broadening in insurance as well. Sorry, it's a two-part.

Jon Winkelried^ That's all right. You squeezed that in there.

I think, first of all, on the credit side, it's a good question. I think that -- let's talk about the growth drivers and the add-ons to our strategies.

I think just starting with our existing business, one of the things that we identified when we did Angelo Gordon is we felt like we had a lot of opportunity to grow the existing strategies and the platforms. Twin Brook, let me just use Twin Brook, which is the lower middle market lending platform as an example. We had a view, we had a thesis that that we could grow that platform because it was out-originating its capital base, introduced when spoke to a lot of our historical relationships. And as I mentioned in my prepared comments, we really see that flowing through now and we're starting to see that happen.

We've owned the platform now for less than two years. And I think that as you guys have learned about how you raise capital, particularly in the institutional world, it's not a one meeting cycle. So creating new introductions to large pools of capital that haven't either participated before, takes multiple cycles and a lot of focus and effort. And we're doing that, and we're now seeing it inflect and pay off, as I mentioned in my opening comments.

So when you look at Twin Brook as an example, with respect to its strategy, and Jack mentioned this specifically in his comments, which is we are seeing -- as a result of the growth in private credit and direct lending, what we're seeing is institutions and allocators still allocating to it and increasing allocations, but looking for more diversification within the space.

And the lower middle market space is different than the upper middle market space. In the upper middle market space, you're starting to see club deals. You've got a number of different managers that are participating in the same deals, you get overlaps in exposure.

So not surprising, we've seen an expansion in the size of the platform at Twin Brook, and we will continue to.

The obvious related issue is since we have close to 300 borrowers in that portfolio, and many of them grow over time there's clearly an opportunity in those same borrowers, as they go up in size and scale and they move on to the next private equity fund that owns them or next sponsor that owns them.

So we are in the process of structuring our next stage of our lending franchise. And you'll hear about it more over the coming quarters, but we're putting ourselves in a position.

And there may be a number of different levers to growing this to essentially move up in the size stack in areas where we feel like we have a competitive advantage and we have a reason to win.

So we feel like there's meaningful expansion available to us there on the lending side. So that's one example.

Second example where I think we can grow our platform is we have a smaller CLO platform. And we -- when we think about being a performing credit manager, which I think is very important in terms of our overall capabilities, we need to continue to grow and expand that.

So we recently made an important hire in terms of adding to our leadership group on the CLO side. And we're also looking for, perhaps, other areas where we can tuck in, other opportunities on the CLO side to continue to get to scale there, because scale is important in that business. So that's a second example.

A third example is we are looking around in Europe for what are the opportunities to grow our credit franchise into Europe, where we have a relatively small capability as it relates to the Angelo Gordon franchise today on the credit side. They were established in Europe on the real estate side, but we are looking for opportunities to grow our presence on the credit side in Europe as well.

So those are some examples of, I think, where we can continue to expand platform.

And then pivoting to insurance. On the insurance side, I think we've said for a long time now that we're continuing to focus on partnerships. We've grown our insurance partnerships just in terms of where we're managing assets on behalf of insurers pretty meaningfully, and we continue to in terms of the number of new relationships, and the amount of capital that we're managing.

But to your point, Glenn, on the strategic side, as we've mentioned before, we're trying to be mindful of the fact that we don't want to turn ourselves into an insurance company. But we do feel that it's important for us to actually be more embedded in the space as a result of the ability to use that as a driver of capital flows, particularly longer-dated capital flows. And so we are in dialogue with a number of potential partners as a result of our capabilities overall across asset classes.

And I think that our goal is to have more to talk about on that as we make more progress and not move away from our balance sheet light orientation that we've traditionally had. So I think we will make progress on that when we find the right situation, but that's how we're thinking about it.

Operator^ Our next question will come from Brian Bedell with Deutsche Bank.

Brian Bedell^ Maybe just a shift to the Impact platform. I think you talked about the elongated sales cycles. Is -- I guess the question is, are you seeing a big difference in the U.S. versus outside the U.S. in terms of the perception around policy uncertainties?

In other words, is it slowing down in the U.S. for both -- I guess, both for both deployment prospects on the Impact platform as well as fundraising? And I guess, are you seeing more opportunity

outside the U.S.? And I know you mentioned the Global South deployment. So maybe just some color around those two dynamics going forward.

James Coulter^ Brian, I'll take that one. This is Jim Coulter. There is so much going on in the ground in so many sectors right now but that's certainly true in climate. And I think it's really important, as you suggest, to take a global perspective and separate some of the signal from the noise.

Just stepping back from that -- and Todd and I were talking about this the other day. On the ground, it feels very much like 2010 in health care, where a bunch of discussions about U.S. policy sort of created a lot of noise. That eventually got worked out and the next five years were extraordinary for health care. And some of that feels like it is playing through in the climate area.

Taking it down into the ground and talking globally. Last year, clean energy spending was over \$2 trillion, which was twice fossil fuel spending. And around the world, north of 90% of the energy addition was happening through clean energy. And just as an aside, these was only 10% of energy transition.

So 90% of the action is outside of the U.S. And interestingly enough, they seem unbothered by the discussion that is going on about U.S. policy and the markets are continuing apace and if anything, accelerating.

As Jon said earlier, we just signed a deal for wind turbine manufacturing in India, where clean energy has doubled in the last five years, and it will double in the next five years.

We just signed another deal in Europe in adaptation. So the rest of the world, which is over 50% of where we're targeting our capital, and over 70% of where our capital comes from is kind of moving at pace.

To your question, in the U.S., there's two things happening in the U.S.

First of all, there's a lot of questions about where some of the IRA provisions will land.

We'll know that in the next few months. This is happening at a time that Texas just passed California as the largest clean energy state, and a lot of the spending from the IRA has gone into Republican districts, so that's going to be an interesting discussion. But at the same time that discussion is going on, we are short energy in the U.S. for the first time in 20-plus years. And so there's an acceleration driven by AI and other industrial factors. And the administration is adopting a policy that I would call all of the above. So they want energy dominance in all areas.

How that's actually playing out, if you look at energy addition last year in the U.S., it was actually 97% clean. This year, it will be 95% clean. And even if you could get a gas turbine, you're several years off from that delivery.

So as a result, we have some uncertainty on the policy side with the IRA, but a huge acceleration in upgrading of the grid and power addition. And those are playing out in interesting ways.

Our pipeline is actually quite full. In the rest of the world, it's kind of business as usual. And in the U.S., some of this noise is creating opportunity. We just did a take private that we closed recently, Altus Power. This is a company that was bought at half the price of where it went public, even though EBITDA had more than tripled since it went public.

So there's going to be opportunities all over the world.

On the fundraising side, nobody has dropped out of our fundraising processes yet, but you can imagine that investment committees will take advantage of a chance just to watch things develop for a while. So we remain focused on all of our targets.

But as Jon said, we suspect it will elongate a touch. So a very interesting market and one that I'm fascinated by the opportunity set.

Operator^ Our next question will come from Brian McKenna with Citizens.

Brian McKenna^ So a couple of questions on the Peppertree acquisition. Where does fee-earning AUM stand today? And what's the average fee rate for the business? And then Peppertree has grown its underlying flagship funds by about \$500 million over the last few vintages. So how should we think about the size of these flagship funds over time once formally integrated into TPG? And then it looks like the flagship fund is in the market every two years, so should we expect Fund XI to commence fundraising this year?

Jon Winkelried^ Well I'll just start real quick and then turn it over to Jack.

But as it relates to the progression of funds, I think you're right about how they have done this in terms of being fairly consistent in terms of being able to grow the capacity. Just as their relationships around the country have grown and developed and deepened, and the flow of essentially tower development and lease-up has grown, they've been able to grow the opportunity.

One of the things that we have spent a lot of time talking to them about is that these cash flows and these returns are really interesting in a number of respects. And one of the things that Ryan and Howard have been focused on is that many of their LPs want to own these cash flows on a longer duration basis.

So one of the things that we're going to work on with Peppertree is essentially also moving to an evergreen style fund structure. So we're going to work on that, that will lengthen the duration of the capital and create another flow of capital that they can take advantage of. And so that's interesting and attractive to us.

The other thing about the Peppertree return structure that we like a lot is that when we think about across a range of different other pools of capital, there's opportunities that flow off of these types of assets with the consistency and the return that can be useful to us as a source of assets into insurance, and particularly the financing for all of this acquisition activity.

And then secondly, with respect to what Jack was mentioning before, as we think about the broader flow of product and return opportunity into private wealth, it's a very attractive return stream as well.

So that's how we're thinking about the kind next jumping off point in terms of the growth of this platform. And then I'll turn it to Jack.

Jack Weingart^ Yes. I was going to say the same thing on the private wealth applicability and the real asset -- the fit with other real assets with long-term stable cash flow characteristics.

On your question about fee rates, first of all -- and as FAUM. On AUM versus FAUM, there's really no nonfee-paying capital in the complex for Peppertree. The difference between AUM and FAUM is simply performance. The performance, as you've seen, has been very strong.

So as assets have gone up, you get a gap between invested capital and current AUM at market value.

The FAUM, I'd say, is in the \$4.5 billion to \$5 billion range. And average fee rates are very consistent with what you would think of as kind of our average fee rates for comparably sized private equity-oriented funds, which is to say, 1.5% to 2% range would be an average fee rate for the business.

Sorry, last question you asked, tried to track them all, was the pace of deployment and the expectation for the next fund that we -- at this point, the most recent fund, Fund X, is about 40% called with good investment pace. You're right about the average pacing of their new fundraising activity.

So at this point, I would expect we'll be back in the market with their next fund at some point next year.

Operator^ Our next question will come from Michael Cyprys with Morgan Stanley.

Michael Cyprys^ Maybe just circling back to some of the commentary you had alluded to earlier in your prepared remarks around hearing about clients evaluating geographic diversification. I was just hoping you could elaborate a bit on that just given policy changes here in the U.S. and around the world. Just curious how you're thinking about positioning for that given you guys run more of a global fund structure. What's the opportunity set as you think about it from a product standpoint for maybe more regional specific or country-specific funds?

And then maybe you could just remind us on your exposure to China from an investment portfolio and LP capital piece.

Jack Weingart^ Yes. Sure, Mike.

Well look, I think in the dialogue that we're having, I think I mentioned right in my opening comments that one of the things that we have all doubled down on here is making sure that we are connected to our clients and talking to our clients because there's just a lot of uncertainty in the world right now and there's certainly a lot of uncertainty around U.S. policy.

And there have been things that have happened that I think have been maybe a surprise with respect to market relationships in terms of how equity markets, bond markets, currency markets have moved.

So I think it's not surprising to see large, sophisticated institutional clients take a step back and think about, okay. Well where am I deploying capital, where are my exposures? And obviously because of the U.S. market being what it is, most big large institutional clients are heavily exposed to the U.S.

So in thinking about what's going on here, I think there's a lot of different reactions to be honest with you. I mean I think last two days, a group of us were out at Milken and meeting with clients there. We've been traveling around on the world.

I met with the CEO of a couple of our largest, longest-standing clients over the last couple of weeks and talking about things like their dollar-denominated exposure, should they be thinking about, how that exposure looks, hedging that exposure, etcetera.

But the conversation quickly turns to where the opportunities are, quickly turns to the opportunities and whether or not there are ways of doing some more interesting things in other markets. And so just as an example, I think we have one client talk to us about whether or not are there ways to partner, for instance, on control deals in Europe, as an example.

So I think that we're -- as you mentioned, we are a global franchise, we're operating globally and we're seeing interesting opportunities in a bunch of different locations around the world. And I think it gives us an opportunity to do some interesting things with our clients. And we're very focused on that.

I think there are areas, as an example, Jim just mentioned in terms of climate where there's just a lot of activity outside the U.S. and the portfolio -- the climate business has already been very active outside the U.S. and will continue to be.

Asia has been a region where people have generally thought that there will be systemic growth in Asia. Beyond our Capital business in Asia, we started our growth equity strategy, TECA, in Asia. And we're already seeing really interesting opportunities, and we're seeing clients want to partner with us as we look more at those opportunities.

China is -- continues to be a very small part of our total exposure.

In aggregate, it's less than 2% of our total AUM at the firm at this point. And I think that with respect to -- I think we've talked about this before, but with respect to our last couple of funds in Asia, it's for a combination of reasons, not been a focus of ours.

As it relates to deploying capital into China, we are obviously continuing to work on the residual portfolio that we have there to make sure that it performs.

And the other thing that I think we feel is important is we still have a presence in China. And one of the reasons we feel that's important is because from a regional economic perspective, as you invest in Asia, Southeast Asia, Australia, Korea, the -- as a market for -- an end market for many of the companies that are in our portfolio, it's critically important, actually.

So we're not ignoring it from that perspective, but it's very small as a portion of what we're doing.

Operator^ We'll take our last question from Mike Brown with Wells Fargo Securities.

Michael Brown^ So I just wanted to ask on the FRE margin. So if the -- some of the fundraising, the elongation there, causes some of your fundraising to slip quarter, does lower catch-up fees kind of impact your FRE margin in 4Q? And then is it fair to assume that Peppertree is accretive to your margins? And is that included in your 4Q FRE margin comment?

Jack Weingart^ Mike, it's Jack. Obviously to the extent we do see material slippage of fundraising that would flow through to margin. I would tell you that's already built into our model, those assumptions. So it would take further slippage than what we're already forecasting from just basic elongation of campaigns.

On Peppertree, we don't have that built into our models at this point. So -- and that, as I mentioned in my comments, it is accretive. But it's not very large compared to our base, so it's not going to be - - we're not assuming significant accretion from Peppertree behind my comment that we still expect to be in the mid-40s by year-end.

Operator^ This concludes the Q&A portion of today's call.

I would now like to turn the call back over to Gary Stein for closing remarks.

Gary Stein^ Great. Thanks, Operator. And thanks everyone, for joining us today.

If you have any additional questions, please feel free to follow up with the IR team directly.

Operator^ This concludes today's TPG's First Quarter 2025 Earnings Call and Webcast. You may disconnect your line at this time. And have a wonderful day.