

Recommendation for TPG AG Asset Based Credit Evergreen Fund, L.P.

To: RISIC
Prepared: May 20, 2025
From: George Bumeder, Managing Director

The purpose of this memo is to provide the RISIC with a summary of Cliffwater's recommendation on TPG AG Asset Based Credit Evergreen Fund, L.P. Cliffwater has completed its investment due diligence and operational due diligence and recommends investments of up to \$30 million for ERSRI and \$3 million for OPEB as part of the respective portfolios' Private Credit allocations.

Summary of TPG Angelo Gordon Asset Based Credit Evergreen Fund

Fund Overview: The TPG AG Asset Based Credit Evergreen Fund, L.P. ("ABCE" or the "Fund") will invest in private, asset-backed opportunities across the consumer, real asset, and specialty finance landscape including but not limited to credit card, auto, residential and commercial real estate, trade finance and small business receivables.

People and Organization: Founded in 1988 by John Angelo and Michael Gordon, Angelo, Gordon & Co. ("Angelo Gordon," or "AG") is a global alternative investment management firm with approximately \$73 billion under management across four investment categories – corporate credit, direct lending, structured credit, and real estate. On November 1, 2023, Angelo Gordon was acquired by TPG, Inc. ("TPG" or the "Firm") in a cash and equity transaction valued at approximately \$2.7b. The Firm has 12 offices including New York, Chicago, and Los Angeles. The 30+ person asset-based credit investment team has been investing in a broad array of structured credit sub-asset classes in the targeted markets since 2006. The ABCE strategy is led by portfolio manager Thomas "T.J." Durkin, while each member of the investment team has expertise in analyzing specialty private credit and, collectively, the investment team has extensive credit, legal, research, financing, quantitative, structuring, trading, rating agency, risk management and banking experience.

Investment Strategy and Process: The Fund will invest in private, asset-backed opportunities across the consumer, real asset, and specialty finance landscape including but not limited to credit card, auto, residential and commercial real estate, trade finance and small business receivables. AG will provide bespoke financing facilities to lenders or non-bank specialty lenders who need capital for their origination business as well as source whole loan performing portfolios from banks who are currently constrained by regulatory capital and risk accounting requirements. ABCE will seek to construct a portfolio of 40-60 investments, deploying between \$25 million to \$75 million per transaction. Transactions will take the form of structured solutions (20-60%), whole loan purchases (15-30%), special situations (10-30%), and direct originations (10-15%). The Fund will be further diversified across types of assets and underlying obligors including consumer (20-40%), real assets (20-40%) and specialty finance assets (10-30%). The Fund will target a net 12-15% return with an 8% annual income distribution.

Performance: As of June 30, 2024, ABCF I is 86% called on \$864 million of committed capital across a portfolio of 36 active investments, generating a since inception net IRR of 15.00% and 1.14x MOIC. When compared to the Bloomberg US Corporate HY Bond Index, invested over the same time period, ABCF I generated an excess net return of 5.0%. After 2010 but before raising dedicated ABF capital for ABCF I, AG invested \$2.9 billion across 92 asset-backed transactions across its asset-backed and structured credit

Cliffwater discloses that an investment fund managed by TPG, the parent company of TPG Angelo Gordon, will be making a minority investment in Cliffwater LLC. Cliffwater retains governance control of Cliffwater LLC. Cliffwater clients, including Cliffwater advised commingled funds, may have co-invested with funds referenced in this memo in the past or may co-invest with these funds in the future. Cliffwater has recommended multiple prior funds of TPG. Multiple discretionary and non-discretionary clients have invested in some or all of these opportunities. Certain clients have also made co-investments with these funds. This report reflects information only through the date hereof. Our due diligence and reporting rely upon the accuracy and completeness of financial information (which may or may not be audited by the fund manager) and other information publicly available or provided to us by the fund manager, its professional staff, and through other references we have contacted. We have not conducted an independent verification of the information provided other than as described in this report. Our conclusions do not reflect an audit of the investment nor should they be construed as providing legal advice. Past performance does not guarantee future performance. The information contained herein is confidential commercial or financial information, the disclosure of which would cause substantial competitive harm to you, Cliffwater LLC, or the person or entity from whom the information was obtained, and may not be disclosed except as required by applicable law.

platform. These transactions are substantially similar in nature and form to fit the ABCE mandate. In aggregate, The Pre-Fund track record of asset-backed investments (excluding NPLs / RPLs / & ABC investments) has generated a gross 14.8% IRR and net 10.3% IRR with a 1.20x MOIC (the net return is burdened by a total fee load that includes a 1.5% management fee and 20% carry after a 7% preferred return and 40 basis points of fund administrative costs).

Investment Terms: Cliffwater finds the Fund's investment terms, taken as a whole, to be in accordance with industry standards. The evergreen fund will generally call capital within 1-year of each capital commitment (via rolling 1-year investment periods ending December 31 of each calendar year). Investors can elect to receive quarterly distribution beginning the 4th quarter after initial close or elect to reinvest proceed through a dividend reinvestment program. Capital commitments are subject to a 1-year lock up prior to being eligible for withdrawal. Investors may submit a withdrawal at least 90 days prior to the end of each annual investment period. Withdrawals will be placed in a "withdrawal account" and "slow pay" according the liquidity and maturity profile of the portfolio investments at the time. The management fee will be 98 bps (1.125% "Founder" under \$50M rate plus a 12.5% Consultant Aggregation Fee Discount). The management fee will be offset by 100% of all loan origination, collateral agent, directors, consulting, advisory, management, transaction, monitoring, closing and break-up fees (other than amounts received in respect of (i) Specialized Operational Services, (ii) Capital Markets Services or (iii) loan asset management services, collateral agent and administrative agent fees (capitalized terms are as defined in the limited partnership agreement)). The Firm will receive a 15% carried interest subject to a 7.5% preferred return hurdle and a full GP catch up.

Cliffwater Recommendation

Cliffwater recommends a commitment of up to \$30 million to the Fund as part of ERSRI's Private Credit allocation. Cliffwater also recommends a commitment of up to \$3 million to the Fund as part of OPEB's Private Credit allocation.