TPG, Inc.

March 28, 2022

Corporate Speakers:

- Gary Stein; Head of Investor Relations; TPG Inc.
- Jon Winkelried; CEO; TPG Inc.
- Jack Weingart; CFO; TPG Inc.
- Todd Sisitsky; President; TPG Inc.
- Jim Coulter; Executive Chairman & Co-Founder; TPG Capital

Participants:

- Glenn Schorr; Analyst; Evercore
- Craig Siegenthaler; Analyst; Bank of America
- Ken Worthington; Analyst; J.P. Morgan
- Alex Blostein; Analyst; Goldman Sachs
- Robert Lee; Analyst; Keefe, Bruyette & Woods, Inc.
- Bill Katz; Analyst; Citigroup
- Brian Bedell; Analyst; Deutsche Bank
- Chuma Nwankwo; Analyst; Morgan Stanley
- Rufus Hone; Analyst; Bank of Montreal

PRESENTATION

Operator^ Good morning, and welcome to the TPG Fourth Quarter 2021 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 up for your questions. (Operator Instructions). Please be advised that today's call is being recorded. Please go to TPG's IR website to obtain earning's materials. I would now like to turn the call over to Gary Stein, Head of Investor Relations at TPG.

Gary Stein^ Great. Thank you, Operator. Welcome to our fourth quarter 2021 earnings call. 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 with us and will be available for the Q&A portion of this morning's call.

Before we begin I'd like to remind you this call may include forward-looking statements which 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 are presenting GAAP measures, non-GAAP measures, and pro forma GAAP and non-GAAP measures reflecting the reorganization that was completed during 2021 and immediately prior to TPG's IPO. We believe it is helpful for investors and analysts to understand the stark results through the lens of our go-forward structure, and please refer to TPG's earnings release for details on the pro forma financial information.

We will also be discussing certain non-GAAP measures on this call that management believes are relevant in assessing the financial performance of the business. These non-GAAP measures are reconciled to the nearest GAAP measures in TPG's earnings release, which is available on the Company's 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. I'd now like to turn the call over to Jon Winkelried, Chief Executive Officer.

Jon Winkelried^ Thanks, Gary, and good morning to everyone. I'd like to thank you all for joining us for our first public investor call since we completed our IPO on Nasdaq in January. Becoming a publically-listed company was a significant milestone for TPG as we celebrate our 30th anniversary as an innovator in the alternative asset management industry.

During our prepared remarks I'm going to touch on our strong performance for the fourth quarter and full year of 2021, and then I'll discuss a few highlights across the five multiproduct platforms that comprise TPG's business. I'll then turn the call over to Jack to provide some more details on our financial results. After that I'll make some closing remarks and then we'll open up the call to take your questions.

Before I discuss our performance, I'd like to address the situation in Ukraine, which I'm sure continues to weigh heavily on all of you just as it – just as it does on – just as it does on us here at TPG. From a humanitarian perspective, what we have all been watching unfold is truly heart wrenching on so many levels, and we extend our thoughts to the courageous citizens of Ukraine. We are providing financial assistance through several charities on the ground in Ukraine and we are also encouraging all of our employees to do whatever they can to help.

From a business perspective we have conducted a thorough review of all of our activities and we've confirmed the funds we manage have no direct investments in any Russia or Ukraine-based companies. In addition, no Russian institutional investors or sanctioned Russian nationals are limited partners in any of TPG's funds.

We finished 2021 with $114 billion of total assets under management, which increased 27% year-over-year. This growth was driven by a combination of strong investment performance and fundraising across our five platforms. Partially offset by significant realization activity. From a value creation perspective, TPG's funds increased by 7% in the fourth quarter and 38% for the year, which compares to 18% in the prior year.

Turning to fund raising, we had our second strongest year on record with approximately $20 billion raised, nearly tripling the amount of capital we raised in 2020. Looking at invested capital, we've put nearly $8 billion to work in the fourth quarter and deploy $22 billion during the year. We have also been very intentional with our realization strategy and we have an outstanding year with $7 billion of realizations in the fourth quarter and more than $25 billion for the full year.

Taking a step back, we recognize we're talking with you this morning about results that occurred several months ago. Since that time the global geopolitical and economic landscape has changed dramatically.

We are now operating amidst a far more uncertain and volatile backdrop due to a number of significant macro factors, including widespread inflation, a rising rate environment, global supply chain disruptions and a tight labor market that is driving an extraordinary demand for talent, in addition of course, to the war on Ukraine.

In an environment such as this we are even more intently focused on a hearing to our investment strategy and approach. And we were relying the playbook we have developed throughout 30 years experience investing across cycles as we navigate through this period.

Our expertise is informing every aspect of our business, such as how we source and underwrite new investments, engage with our portfolio companies and attract and retain top talent.

With that in mind, I'd like to spend a few minutes walking you through some of the highlights across our five multi-product platforms, starting with our largest platform, Capital, which had a total AUM of $55 billion at the end of 2021.

The recent performance of the portfolio companies within our capital funds has been very strong, with value creation of more than 7% in the fourth quarter and 43% for the full year. This performance was driven by strong growth at the portfolio company level and underscores our investment strategy and focus on bending the curve with respect to the growth trajectory of our portfolio companies.

We have also been actively investing across the capital platform deploying nearly $11 billion in 2021, with a focus on large-scale control-oriented investments in our core sectors. As an example of the types of investments we made in the fourth quarter, in November we announced a significant investment in Troon, the world’s largest golf and club related leisure and hospitality services company. We made this investment together with professional golfer Rory McIlroy, who invested in the company in partnership with us. During the fourth quarter, we also completed the corporate carve out of Boomi from Dell and a $4 billion transaction.

2021 was also a very significant year for us to deploy capital through our Asia franchise. During the year, we made several investments in the region, such as Greenfields Dairy, which is a leading consumer dairy business in Southeast Asia, and FunLab, which is a leading out of home entertainment company with operations in Australia, New Zealand, and Singapore.

As I mentioned, we have also been highly focused on returning profits to our fund investments, and during 2021 we've generated record total realizations in the capital platform of approximately $16 billion, including $4 billion in the fourth quarter. We also have a robust pipeline of realizations in 2022, including the sales of McAfee and WindRiver. Jack will provide some additional details regarding these significant transactions during his remarks.

I'd now like to discuss our Growth platform, which had $22 billion of total AUM at the end of 2021. This platform provides flexible and scaled capital for rapidly growing business -- businesses to our Growth, Tech Adjacencies and Digital Media funds. These funds are well positioned to capitalize on the continued trend of high quality growth companies staying private for longer.

Given the scale and stage at which we are investing, and the resources we bring to bear, in the current volatile and uncertain market we are seeing excellent opportunities to invest, including investments with structure securities with downside protection. Similar to our capital portfolio, our growth funds continue to perform well with aggregate value of creation of 5% in the fourth quarter and 32% for the year.

We deployed more than $3 billion during 2021 in a wide variety of companies and returned $4 billion to our investors during the same period. Since the beginning of the year we have already announced several investments including Project44, a leading provider of supply chain visibility solutions and Expressbees, one of the fastest growing third party logistics firms in India.

Moving on I'd like to briefly discuss our Impact platform, which at total AUM of $14 billion as of December 31, including our inaugural Rise Climate fund which currently has nearly $7 billion AUM and we believe is one of the largest and most significant new private equity fund raises.

We were a first mover to institutionalize the private market impact investing more than five years ago and we are incredibly proud of the market leading platform we had built. Our impact funds, which operate under the Rise brand, focus on investing in companies that are driving societal benefits while also generating non concessionary financial returns. In addition we have built a rigorous proprietary impact measurement framework through Y Analytics, TPGs impact assessment and ESG performance arm to objectively measure and report the true impact of our funds' invested capital.

Consistent with our long held view that impact investments do not need to have lower returns, our Rise funds had a net IRR of 25% as of December 31st with a portfolio of attractive high grow companies across a range of sectors such as education, health care accessibility, financial inclusion, and climate.

As an example of the types of significant impact investments we make, during the fourth quarter we announced that Rise Climate is investing $1 billion in a newly created electric vehicle subsidiary of Tata Motors, one of India's largest vehicle manufacturers. This sizeable transaction aligns with Rise Climate's focus on decarbonized transport, leveraging TPG's long history of investing in India and our expertise in corporate carve outs. It also underscores the substantial number of opportunities we are seeing to deploy capital at scale of proprietary climate investments around the world.

In terms of operating results, the value creation across our Impact funds was 9% for the fourth quarter and 33% for the year. During 2021 our impact funds deployed $1.7 billion and we returned more than a $1 billion to our fund investors. Nearly half of those realizations were generated in the fourth quarter led by the sale of Dreambox Learning, a pioneer in emerging field of intelligent adaptive learning.

Turning now to Real Estate, this multiproduct platform ended 2021 with $13 billion of total AUM across our opportunistic real estate funds, our core plus strategy and a publically traded REIT.

Our real estate platform harnesses TPG's collective sector expertise and knowledge, applying a thematic approach to investing with a focus on building companies and platforms. This differentiated investment strategy has enabled our $3.7 billion opportunistic real estate fund, TREP 3, to generate a 30% net IRR since inception as of the end of 2021.

TPG's real estate platform delivered value creation of 6% for the fourth quarter and 31% for the year across our opportunistic and core plus funds. Our team has been very active deploying and returning capital to our investors. The platform invested $4.5 billion in 2021, including $1.7 billion in the fourth quarter and had total realizations of $3 billion for the year.

One transaction I'd like to highlight is the acquisition of Cinespace Studios, which is North America's second largest independent sounds stage platform. Cinespace is well positioned for growth driven by the surge in demand for original TV and film content. This transaction reflects the deep expertise in media and content development across the firm and is a great example of our thematic approach to investment.

Lastly, I'd like to touch on our Market Solutions platform, which had $10 billion of total AUM at the end of 2021 across several strategies including our long-short and long-only public investing funds, our capital markets group, and private market solutions, which is our secondaries business.

Our capital markets business, which we established more than 15 years ago, has continued to drive significant value by delivering bespoke solutions, and optimized financing outcomes through our portfolio companies.

Our Asian secondaries business NewQuest continues to perform well through its distinct focus on GP solutions, and we are actively building out our secondaries platform globally.

Summing it all up 2021 was an excellent and important year for TPG. For us, that starts with continuing to deliver outstanding investment of results across each of our five platforms, and generating strong operational, and financial results firm-wide. We are carrying that momentum into 2022, which began with our successful initial public offering in January. Our strong start to the year has continued with a number of significant developments regarding realization events, new investments by our funds, and ongoing success with our broad-based fundraising campaign. We will also continue to explore ways to diversify and expand our business through both organic and inorganic opportunities.

We've been highly successful with our organic growth initiatives and over the last four years, we have raised $17 billion for five new products. Regarding inorganic growth through our several asset classes where we do not currently have a presence that would be highly complementary to our existing product set. We are continually exploring a pipeline of strategic growth opportunities that may help accelerate our ongoing expansion and diversification. I'd now like to turn the call over to Jack so he can take you through our financial results.

Jack Weingart^ Thanks, Jon, and good morning, everyone. I'm going to briefly walk through our financial results and highlight some of the more significant points regarding our fourth quarter and full-year financial performance. Our total assets under management grew from $90 billion at the end of 2020 to $114 billion at the end of 2021.

The drivers of this 27% increase during the year include $29 billion of value creation from our underlying fund investments, and over $20 billion from capital raises but partially offset by more than $25 billion of realizations as Jon alluded to that were returned to our fund investors throughout 2021.

Looking briefly at fee-generating AUM we had approximately $60 billion at the end of 2021, compared to $51 billion at the end of 2020. This 19% increase was driven primarily by the successful raising of nearly $9 billion in fee-earning capital related to the Impact and \Growth platforms.

As you may have noticed on page 20 of our earnings presentation, we have provided some additional detail regarding the duration of our total and fee-earning assets under management. At the end of 2021, approximately 87% of our AUM and 85% of our fee-earning AUM was in either perpetual or long-dated funds with a duration at inception of 10 years or longer. In addition, 75% of our fee-earning AUM had a remaining duration of five or more years as of the end of 2021 with nearly 25% in vehicles with 10 or more years remaining.

At year-end, we also had $9.4 billion of AUM subject to fee-earning growth including nearly $7 billion of AUM not yet earning fees, and $2.5 billion of fee-earning AUM subject to fee rate step-ups in the future. In total, we estimate the potential fee-related revenue opportunity associated with this AUM as approximately $50 to $55 million on an annual basis with very high incremental margins. In addition, at the end of 2021, our funds had more than $28 billion of available capital, or dry powder, for future deployment.

As Gary mentioned, we recently completed our reorganization in connection with our IPO. Beginning in 2022, we are now operating under our new structure, and we believe it's important to communicate our historical results to you on a pro forma basis for comparability purposes. We recorded GAAP net income for the quarter of $326 million and on a pro forma basis, GAAP net income totaled $41 million.

Turning to our pro forma non-GAAP results for the fourth quarter and full year of 2021, we reported fee-related revenues at $238 million for the fourth quarter, which increased 18% year-over-year and $874 million for the full year, which increased 20% versus the prior year. We also reported pro forma fee-related earnings or FRE of $91 million for the quarter and $326 million for the year, which was an increase of 44% versus pro forma 2020.

The strong growth in our quarterly and full year fee-related earnings was driven by a combination of topline growth and management fees and meaningful expansion in our FRE margins as we continue to scale our business and generate operating leverage. Our pro forma FRE margins were 38% for the fourth quarter of '21, and 37% for the full year, compared to 31% in 2020 and 26% in 2019. As we have indicated previously, we expect to continue growth in our FRE margins with a target margin of 45% that we expect to achieve in the next two years.

Our pro forma after-tax distributable earnings in the fourth quarter of 2021 were $137 million, which increased 34% versus the year ago quarter. And for the full year, we generated $538 million of pro forma after-tax DE, which more than doubled compared to 2020.

In addition to the strong FRE growth that I just discussed, our pro forma after-tax DE for the fourth quarter and full year of 2021 also benefited from a substantial amount of realized performance allocations, which were $54 million in the fourth quarter and $205 million for the year.

Notwithstanding the significant amount of realized performance allocations regenerated in 2021, we ended the year with a pro forma net accrued performance allocation balance, which reflects the 20% allocations to the TPG Operating Group of $769 million, an increase of 96% relative to a balance of $392 million at yearend 2020.

We also have begun 2022 with a significant amount of realized performance allocations already locked in. Including the two signed sale transactions in our capital funds that John mentioned. The $14 billion take private of McAfee, where we were substantial shareholders, and the sale of WindRiver to Aptiv in a $4 billion strategic acquisition. Based only on sales of portfolio companies that have been contractually committed in our capital growth and impact platforms, including WindRiver and McAfee.

We currently expect these transactions will generate more than $200 million of realized performance allocations on a pretax basis. The McAfee sale closed earlier this month so the performance allocations from this sale will be included in our Q1 divided and we expect the sale of WindRiver to close in the next two quarters.

Turning briefly to our balance sheet on page 17 of our earnings presentation, we have included a pro forma view assuming our IPO occurred on December 31st of 2021. And as you can see, we have a balance sheet-like business model and we're well capitalized with approximately $650 million of cash and less then $450 million of long-term debt.

Looking forward we have an exciting period of growth ahead of us at TPG. We have a broad series of fund raising campaigns underway, spanning 11 products across all five of our multiproduct platforms. In capital, we launched next generation funds in January as planned for all three of our products; TPG Capital, TPG Asia, and Healthcare Partners. In impact we recently launched our NEXT rise fund, and in Real Estate we are nearing completion of our next opportunistic fund and we just had a final close last week on our first Core-Plus product. We also expect to be in market with several new products over the next 18 months, including life sciences and secondaries. While the fund raising market has become more challenging in recent months we've been very pleased with our clients' receptivity to these campaigns. We are experiencing strong momentum, and we remain confident in our ability to achieve our broad fundraising objectives. Through this fundraising cycle we're also focused on strategically expanding our institutional client base and further building our presence in the high net worth channel. And we're seeing very strong demand from our high net worth channel partners in particular.

Before I turn the call back over to Jon I'd like to share some financial guidance based on our current expectations for the first quarter of 2022. While we do not intend to provide quarterly guidance on a regular basis, since we're reporting the fourth quarter results so close to the end of the first quarter we believe it's appropriate to provide guidance in this instance. For the first quarter of 2022 we currently expect fee-related revenue in the range of $235 million to $245 million, FRE in the range of $87 million to $92 million, and pretax DE in the range of $190 million to $200 million.

I'd also like to quickly remind you of the timing for our first dividend as well as our dividend policy. As we noted during the IPO process we expect the Executive Committee of our Board to declare our first dividend in the second quarter of this year with respect to the first quarter of 2022. Based on this timing we currently plan to publish our first quarter 2022 results in May and pay a dividend to record holders during the month of June. As a reminder, our current intension is to pay out to shareholders at least 85% of the after tax distributable earnings attributable to the TPG operating group on a quarterly basis subject to necessary approvals. I'd now like to turn the call back over to Jon for a few closing remarks.

Jon Winkelried^ Thanks, Jack. Before we take your questions I wanted to touch on what we view as the most critical element of our strategy, TPG's culture. With our family office heritage in our west coast roots we maintain a flat organizational structure that fosters an entrepreneurial and inclusive environment that celebrates innovation, authenticity, and a hands on approach towards identifying solutions and building businesses.

As we talk about culture, I'd like to highlight TPG's longstanding commitment to fostering strong ESG performance as a firm and in our investment practices. ESG is a core tenant of TPG's culture and manifests itself in everything we do from impact investing and building a responsible portfolio to advancing diversity and inclusivity within our organization, ecosystem, and industry. Earlier this month TPG sponsored the Annual Women and Private Equity Summit for the sixth year with 21 of our senior women representing the firm at this leading industry event. We believe our commitment to building a diverse, equitable, and inclusive culture improves the quality of our investments and our ability to build great companies.

Last month we held a strategy offsite in San Francisco for our senior business leaders. It was the first time we had been all together in person since COVID and it reinforces the momentum we were feeling across the firm. We have started bringing our employees back into our offices around the world on a regular basis and the collective level of enthusiasm across the firm has been incredible. It's clear to me and other members of our leadership team that despite our extended period of time working away from the office, the culture of TPG has never been stronger.

We're extremely proud of our team for their exceptional performance during an unprecedented time in our professional careers and we look forward to what we will accomplish as we move forward together at TPG. With that, we'll open up the line for questions.

QUESTIONS AND ANSWERS

Operator^ Of course. We will take our next question from Glenn Schorr with Evercore. Your line is now open.

Glenn Schorr^ Hi, thanks very much. I heard you on your standing firm on your broad fundraising objectives. I wanted to dig a little deeper into the like near-term sight this year. You know, you seem to pull down and rotation out of growth and rising rates, that you mentioned, [and cracked] some valuation.

I think that might be a good thing for deploying capital, but I don't know if that slows realization such that LP's liquidity is gummed up. So, can you just talk about the current fundraising environment and growth and capital? And how you weigh the puts and takes of all that?

Jack Weingart^ Sure, hey Glenn, it's Jack. Thanks for the question. Look, I think the fundraising environment -- let me start by saying over a longer arc, we continue to believe that the very positive sector growth drivers for industry remain intact.

We think that growth in alternative capital will continue, the allocations to alternatives across most pools of capital in the world will continue and the desire among the largest allocators to invest more capital with fewer managers, we think, will certainly benefit firms like TPG. In the short term, to answer your question, the industry is definitely experiencing some indigestion due to a few factors.

You pointed to the slow down of liquidity and we certainly would expect that. I think, as you heard from my comments, our liquidity -- we have a substantial amount already locked in that will be closing over the coming quarters from sales that already -- that have already been signed. So I think we will continue to be a stand out among the LPs in driving substantial liquidity from our portfolios. But for the industry, if choppy markets continue, liquidity will likely slow down.

There's also been faster deployment than expected across the industry and there's been a bit of a numerator-denominator effect kicking in, as many of you have written about, with last year's strong alternative performance driving outsized gains in LPs alternative portfolios and in this year's choppy markets driving a bit of denominator effect with total assets going down on the margin.

So the result of all of that is a bit of indigestion in the market but I would tell you, we are in the market with many of our campaigns that I alluded to on the call and as I said, we are seeing strong reception from our clients for our fundraising campaigns. And we do expect to be successful across our fundraising efforts. But those dynamics that you alluded to in the market are definitely real.

Glenn Schorr^ Thank you, Jack, and I agree with on the long-term, that's cool. Maybe one quick follow-up on the -- there's liquidity driving all different parts of market and there's some articles written recently on how the demand for private credit capital is in very high demand with the back up in rates.

So curious how you're thinking about, I know it hasn't been that long since our last conversation, but your build versus buy, what you're doing on the organic front to address some credit demands in the market?

And then how you're thinking about the backdrop? Is this a good thing or a bad thing with the market shifts and your ability to maybe find a partner in the credit side?

Jon Winkelried^ Glenn, it's Jon, thanks for the question. Look, I think -- at a high level, I don't think any of us have ever seen the level of evolution within our industry going on in terms of M&A activities, strategic activity across the board.

And I think that with some of the forces that Jack described and forces that we've described before I think that we find that the size and scale is continuing to matter more. Being able to -- being able to raise capital and source capital is -- I think is being ever more influenced by brand and strength of brand.

And our LPs that we are close to want to do more with us across a range of different products. And so I think that that force is affecting the industry more broadly. And we were looking at some of the data the other day, I think over -- from the decade of '09 to 2018 there were something like -- something like four M&A deals done in our industry.

And I think last year there were eight only -- there were eight I think last year only, and I think there's four or five already this year. So there's a lot of talk and a lot of dialogue going on in the industry. And I think there are many managers across various strategies including credit.

But not exclusive to credit as you -- as you've already seen that are trying to see and trying to think about what the future looks like. That's creating a lot of dialogue and it's creating a lot of opportunities.

So we're -- we are as we discussed when we went through our IPO process, we think we're well-positioned as a strategic partner for a number of different types of businesses.

As I mentioned before, I think we feel like credit as an example is, and by the way, it's not the only area, but we feel like credit is complementary to the firm and our capabilities overall.

And so, we are evaluating opportunities, and we're going to be -- as you would expect I think we're going to be careful about what we do. And we're going to try to be tactical about what we do with respect to doing something that we feel like we can -- is complementary with our overall financials -- that's something that we feel like we can help continue to scale.

Also, something where the culture and the people are compatible with what's important to us as an organization. And where we feel, again, that we'll get the power of the brand, and the power of the franchise working together. And so, I would expect us to make some progress on that over time.

But we're not -- we certainly don't feel compelled to rush on anything. We want to find the right opportunities. There are a couple of other areas I would say that we feel like we can leverage our brand and expertise well into.

I would say another area might be the kind of broader infrastructure space particularly as it relates to energy transition, leveraging off of what we've built on the Rise – within our Rise business, within the Impact business, leveraging off our Rise brand, our Y Analytics capability, and what we've seen and what we're doing in climate, where we're seeing as a result of having now raised the capital and deploying our team into the market, we're seeing a lot of interesting opportunities.

And so, I think building some capital with perhaps somewhat different cost of capital features to it and building an expertise in other disciplines might be – might be very additive to us there. You know we made an acquisition in the secondary GP solutions space, which is NewQuest. I think we continue to be interested and continuing to growth that.

We're organically kind of launching our business within GP solutions in the US and in Europe by having added a team, which we've talked about before, and we're about to add – we're about to launch another – and then another organic step out strategy of ours will be life sciences, which we're about to launch in the market, which is obviously leveraging a lot of deep expertise there.

So I think a mix of kind of organic step out growth opportunities for us will continue to be an important part of our playbook, and then we have our eyes and ears open with respect to other opportunities strategically in the market.

Glen Schorr^ Thank you for that, Jon.

Operator^ And as a reminder we do ask that you please limit yourself to one question and one follow up question. And we will take our next question from Craig Siegenthaler with Bank of America. Your line is now open.

Craig Siegenthaler^ All right, perfect. Good. So good morning, everyone. Hope you're all doing well.

Jon Winkelried^ Good morning.

Craig Siegenthaler^ My question is on the growth to value rotation that we're seeing. If you US equity markets go through a multiyear growth to value rotation, can you talk about how this will impact your business but also remind us how private market investing is different than public market investing, in some ways less impacted by public market valuations?

Todd Sisitsky^ Great. Yes. Thanks, Craig. It's Todd Sisitsky here. Those – thank you for the questions. I think first of all you're right. We've been oriented as growth investors and transformation investors, and I think I'll get to it in a moment, but I think your point about the private market being somewhat different than the public markets is spot on.

And we've been anticipating choppier markets and really a potential downturn now for several years, and that expectation has really shaped our approach to investing and managing our portfolio.

So first on the new investment front, our expectation for market reset and downturn is factored into the go to market strategy, the way that we source the new investments that we make, and for several years now we've built in multiple compression, so an expectation that we will exit at a lower multiple than we acquired a company into our financial model.

And as this downturn has progressed it has made us even more committed to our forward strategy of investing only in those sectors and in those themes where we have really strong conviction across the partnership and we've built up angles and confidence in our strategies over a number of years.

And for us especially in the late cycle but really throughout our history we focused on investing in secular sources of growth rather than cyclical growth, which we do think navigates very well through different economic environments. So you can see for us even with the choppiness of the past 12-montt period and the COVID effect, our broad portfolio grew its revenue at a rate of 35% versus 17% for the S&P 500 Total Return Index.

So the -- so really the sectors and themes we're investing behind in healthcare, in cybersecurity, in climate, in DevOps, in edtech; these are all themes that we think will grow well and will grow through different market environments and we'll overwhelm the multiple contraction that we're modeling.

So if you're -- if you're -- to distill our investment strategy, well the first is to focus on sectors and themes. And -- and the second is really to invest, and this is where I think it gets to the point that you -- that you were raising about the difference between private and public markets.

In situations where we can influence the growth or we can bend the curve, as Jon mentioned in his comments of the companies that we invest in and so we're able to really focus on organic growth and inorganic growth. We spend years developing themes, building relationships with CEOs and once we have a company it's a platform for us.

So we invest in it with a view of a longer term hold, in some cases, through different market cycles to the point where we feel like we some of these growth here more strategic and that's a big part of the reason we see so many interesting strategic exits for us on the other side.

And our experience over the 30 years of investing across cycles is that the strong secular growers with strong support engagement investment from us as a -- as in -- as the sponsor can perform quite well through cycles.

So again, recognizing we're living through a complicated and choppy market, this is -- these are exactly the type of companies, the one's we've invested in over the last few years that we think we would invest in under any market condition including light cycle and where we find ourselves now in the market.

The only other observation I'd make relative to your question of the rotation from growth to value is that a lot of the discussion of a public market reset is really around young and often pre-revenue companies that saw explosive growth run-ups in the mean era and often as it seemed recently have been weighted towards company who badly missed aggressive revenue projections.

And stepping back, of course, it would make some sense that these pre-revenue companies or very early stage companies would be particularly sensitive to capital market volatility because these companies need access to additional funding to keep operating.

But pre-revenue is really not part of the market that we focus on and we're really seeing very strong performance in our portfolio, not the extraordinary performance misses that you've seen some of these high flying public young growth companies.

So the last point on the new investment front, the reset in the public market in a lot of ways as you -- as you also mentioned creates a really interesting opportunity for us on the new investor front in the intermediate term, only a 20 -- 25 to 30% of our exits in the growth arena have been in the public markets but the public markets really are a meaningful competitor to us.

The SPAC and the IPO boom over the past couple of years represented a big competitor and took dozens of opportunities that we might have otherwise pursued away. And so right now we find ourselves in a very good position where capital has become more scarce again, which is of course, a very positive thing for us.

The other thing I'd just point out briefly relative to the market environment is that -- that has -- our expectation of a downturn and choppiness in the -- in the market has also driven our priority and our focus around liquidity.

As both Jon and Jack described, we've been very focused on driving liquidity during the favorable period over the last few years, record liquidity returned to our investors in several business units and driven overwhelmingly through a return sale of equity and specifically full company sales rather than floating companies or doing recaps.

And so that had the effect, which is a very positive one for us, particularly in the context of fundraising efforts, of returning capital to the same LP that we're going to be -- that we're going to for additional new fund raises but also lacking in our returns and lacking in our performance.

And so from our standpoint, that's been a -- that's been a really important part of our macro view of where we are in the cycle.

So, look, we're really focusing on this environment and we do anticipate choppy times ahead but we actually feel like our playbook, our strategy of investing in growth companies and then transforming and inflecting growth companies is actually very well suited for the current environment. We feel really excited about the portfolio that we've built up over the last few years. Jim, do you want -- anything to add to that?

Jim Coulter^ That was well said, Todd. Craig, having done this for a long time, it's always been interesting to me how different the private market growth investing landscape is from the public market investing landscape, tend to think indices in the public market investing world, we tend to think companies in our world. And as Todd pointed out, where you get hurt is if you have unexpected multiple compression, which is not what we're seeing in our underwriting.

Secondly, you're hurt if you miss your numbers and our portfolio is performing very, very strongly. And third, in some ways the public market is a robust competitor for us. The world we went through last year was -- very high access to public markets and SPAC activity, in some ways, was less attractive for us than the environment we're in now.

In the intermediate term to long-term investing area that we're in, this is actually a better part of the cycle for us to invest in. And I think our LPs understand that and continue to support us as we delve into this very interesting market.

Craig Siegenthaler^ Okay, thanks for the comprehensive response there. Just a quick follow-up on inorganic growth, corporate M&A. We just wanted an update in terms of how you're thinking about this, if anything sort of changed. And I was especially interested in the credit vertical and also retail distribution.

Jon Winkelried^ When you say changed, relative to what?

Craig Siegenthaler^ Your prior expectations for inorganic growth.

Jon Winkelried^ No, I don't think so. I mean, I think we're -- I would say if there's anything that maybe changed is we're mindful of price because the values in various parts of the market have kind of -- have been, I would say, frothy to a degree, for certain businesses at certain levels of scale or certain levels of development. Everybody thinks they have a really valuable thing and so we're mindful of that as we look at opportunities.

But I think, again, the important things for us are quality of business, quality of partner, and what we feel is an intelligent fit, both by virtue of the nature of the business as well as the team, the people.

We're not buying something -- we wouldn't be buying something with an eye toward just having sort of some kind of independent subsidiary somewhere. We'd be buying something that would become part of our overall franchise. And so what we also are looking for is people who want to join us but that would continue to be builders and building the business. And so that's important to us.

I think that within the landscape of credit, as an example, obviously credit is not just one thing. There are sort of multiple aspects to what credit strategies do on -- and I think that we would, over time, also be looking to build a balanced approach to that in terms of the different kind of lines of business, if you will.

And so, we may -- we may accomplish -- if we're able to do something in terms of an acquisition as an example we may do something that's a piece of that strategy to start with and then continue to build from there.

So, but I don't think I have anything more yet, other than our intent to continue to build and diversify our franchise that we talked about during out IPO process when we last talked about this, is still the same.

Craig Siegenthaler^ Thank you, Jon.

Jon Winkelried^ Thanks.

Operator^ And we will take our next question from Ken Worthington with J.P. Morgan. Your line is now open.

Ken Worthington^ Hi, good morning. TPG has used structured products and other mechanisms to provide some downside protection to your fund returns. I guess I wanted to better understand how that downside protection may be holding up in a current market? And where I've struggles is, with the degree of protection you're actually getting from these structures.

So, I was hoping you would help us on maybe the magnitude of the downside protection you've built in, either from the proportion of your investments that utilized these structures or maybe another way it would be if the markets down a certain percent what sort of downside protection you think an overall portfolio might get from your utilization of this downside protection?

Jim Coulter^ And as you know, in the growth equity market, in this case differentiated from venture, there is a wide usage of preferred stock structures. And also those preferred stocks have real teeth because the businesses are at a point where they have achieved fundamental long-term value.

I would say a very high percentage of our growth equity investing in preferred structures. And increasingly, as markets get choppy, those preferred are not only downside protection, but often have ratchets, super premiums or other things that provide not only downside protection, but upside even in a downside scenario.

That's one of the innovations we really have been leaders in, in the growth equity marketplace, coming not from venture, but instead from the structural world of private equity we have always built that into our portfolio.

I can't give you, today, an absolute percentage as to what percentage as to what percent of the capital would be in that structure, but it is a very broad piece of our economic toolkit. And that is something you also see us use even more aggressively going forward in moments like this can, as companies go to the financing markets with uncertainty, often they're wanting to avoid down rounds and that allows us to create very attractive structured transactions for the capital that they will need as they continue to grow.

Ken Worthington^ Brilliant, thank you. And then just maybe briefly non-comp expense I believe is $36 million this quarter. Were there unusual items in 4Q or is that sort of OPEX a good starting point for 1Q and beyond?

Jack Weingart^ Yes, it's a good starting point for 1Q and beyond. We are -- as you know, we've had to build substantial resources to support all the activities as a public company and I think that's a good starting point for OPEX going forward.

Ken Worthington^ Great. Thank you very much.

Jon Winkelried^ Thanks.

Operator^ We will take our next question from Alex Blostein from Goldman Sachs. Your line is now open.

Alex Blostein^ Hey, guys, good morning, thanks for taking the question as well. Maybe just building on some of the fundraising discussion from earlier. Some of your comments around private equity and some of the indigestion in the marketplace are consistent with how we've been looking at it as well.

But curious if you are seeing any of the similar signs in terms of fundraising within other parts of private markets? And if you could also give us a sense of within private equity by type of LP or geography are you seeing any notable differences or is your [common] fairly broad-based?

Jack Weingart^ Sorry, Alex, you're saying just drilling down on the characterization I gave more by geography and type of LP?

Alex Blostein^ Yes, exactly. Right, so, the private equity you broadly -- heard that loud and clear for the industry…

Jack Weingart^ Yes.

Alex Blostein^ …but you guys generally expect your fundraising to be on track with what you've communicated during the IPO.

Jack Weingart^ Yes.

Alex Blostein^ But as you double-click into that geographies and LP types. So there are notable differences between different -- different customers bases?

Jack Weingart^ Yes, that's a good question, Alex. And I know you wrote somewhat extensively about this. And I think I -- we did agree with a lot of your comments. But to your point, these dynamics are very different in different parts of the world, and with different types of LPs.

The most directly impacted by some of the numerator, denominator, allocation target type math that I walked through are maybe a good example are the U.S. state pension funds who operate with a target for alternatives. And although some of those targets are moving higher and there's been some publicity about that.

Though they have to manage to a target pretty specifically. So -- and some of the -- some of the maybe international pools of capital that are growing more rapidly and don't have quite as strict a target to manage to or actually we're seeing increasing allocations to our funds.

As we're in the market we have some who are more directly impacted by this, re-upping with us for sure, in some cases staying flat when they would have preferred to increase the amount of capital that we invest for them. But in the international pools of capital, we're seeing in some cases substantial increases in commitment sizes.

Alex Blostein^ Great, that's really helpful color. Just pivoting to maybe some of the other growth initiatives we've talked about in the past. I was hoping maybe we could zone in on Core-Plus real estate, and what you guys are doing there with -- especially with respect to opportunities to roll this product out to retail broadly. And any sort of timing of that would be -- would help helpful. Thanks.

Jack Weingart^ I would make one more comment on the -- I left out -- you just sparked my thought process, Alex, but within the broad high net worth and retail landscape, that whole universe of investors is still substantially under-allocated to alternatives. And is not impacted by the current formulaic numerator, denominator effect. So we continue to see real opportunity grow into that space.

Jim Coulter^ And Alex, this is Jim. One thing I would add also is the learnings of the last private equity cycle was that investors who stepped back from their deployment actually led to some poor performance afterwards.

So we're seeing our clients really work to continue deployment even with some of the indigestion learning from past cycles.

Jon Winkelried^ Alex, on the -- just moving to your example on real estate, I think, first of all, a very important business for us in terms of a driver of growth we -- I think we talked about this around the IPO, the momentum that we have with respect to that platform is very strong.

I'm -- I reviewed in my comments, obviously, the types of returns we've generated there. And obviously that's led to us going through a meaningful period of scaling within our real estate platform and also the ability to leverage that performance into new product development.

In terms of our progress on fund raising that's one area as an example where I think we had highlighted we were going to be in the market raising our fourth – our fourth opportunistic fund, which was – which is TREP 4, and the progress there I guess let me just say has been excellent, and I think we'll be announcing relatively soon I think a final close with respect to TREP 4, and that's been excellent.

I think Jack may have mentioned in his comments that we have announced the final close on our first Core Plus strategy, which was I think I had mentioned to you before a strategy where several of our LPs who had had success with us in the real estate business came to us and helped us basically launch into that part of the market.

We closed $1.75 billion in our first Core-Plus strategy, and I think we mentioned that we had designed that where after it's – effectively after most of the capital is invested we have an opportunity to work with our LPs to flip that into an open ended fund structure.

One of the things that we've been doing recently is thinking through whether or not that's the most effective way to do it. By the way, I think that our LPs are going to be interested in seeing the investments in that fund perform for a little while, so I would say that we have a little bit of work to do still in front of us before we are able to open it up, but the other thing that we've been evaluating is potentially alongside of that whether or not we use some other structures, other investing structures in the market. Like, for instance, a non-traded REITs and things like that to continue the expansion of that strategy.

So we feel pretty good about where we stand right now on the real estate front. We also, as you know, have a commercial mortgage - a publically-traded commercial mortgage REIT. We've recently made a hire which we've have announced we're hiring a new – we hired a new CEO for the REIT, Doug Bouquard, who comes from Goldman Sachs, who will be joining us very shortly and hopefully will continue to help us build out in the credit space around real estate as well with some other structures.

So we feel pretty good about the momentum there. The other area obviously with respect to our progress I had mentioned earlier is within the Rise and Impact platform, and there's been a lot of focus obviously on that.

We feel like that's a – we certainly feel like our franchise is differentiated there, and I think we did – we during our IPO road show we were in right – we were – we were working on and in the middle of raising our climate fund, which Jim leads, and we've effectively reached our fund raising goal there having raised about $7 billion for our climate fund.

And I would say – I don't know, Jim. You might want to talk about it, but in terms of one of the questions that we got along the way was what would deployment look like in climate since it's – since it's to an extent a new sector in the market. And I think we're very encouraged. A number of investors have asked us how can this scale over time, and we're very encouraged by what we're seeing there in terms of opportunities.

Jim Coulter^ I would add in that that question of whether – would we – would the opportunity set be large enough is at least in my mind very much answered. To give you a sense, Alex, we're a little six months into the close of that fund and activity levels across our climate investing have been in excess of $3.4 billion of total capital committed across our Rise platform and co-invest. And that's really accomplished while we were in the fundraising markets. So indicative of very substantial opportunities to attractively deploy capital and grow that product base.

Jack Weingart^ Sorry, Ken, it's Jack. I want to go back to your OpEx question because I don't want to indicate that $36 million per quarter is what you should expect going forward in 2022. We do continue to invest in resources for the public company. We do expect that, you know, with COVID-related travel restrictions moving -- we are seeing an increase in travel expense. So I would guide you toward kind of on go-forward quarterly OpEx in the low $50s million.

Alex Blostein^ Thanks, everybody.

Operator^ We will take our next question from Robert Lee with KBW. Your line is now open.

Robert Lee^ Great. Good morning. Thanks for taking my questions and congratulations on your first public earnings call. Maybe going -- back to -- maybe going back to fundraising and deployment. So certainly appreciate your comments about the fundraising environment. At the same time, it does -- we've been getting the sense, I think, of TREP 4, I guess, maybe closing in the not too -- or having it close in the not too distance future, maybe through a -- growth deployment is -- maybe help these to maybe grow the [search] happening faster, it kind of feels like maybe some of your fundraising is being pulled potentially -- actually being pulled forward a bit from -- versus maybe what you initially thought. If I just think of fundraising, I mean, is that fair characterization? It kind of feels like some things are -- they're happening a bit faster.

Jack Weingart^ Yes. Hey, Rob. It's Jack. Let me -- and we're not going to be giving substantial intraquarter guidance as we go here but, obviously, we'll be giving information as we close on capital raises. That being said, this is our first quarter. I know this -- obviously our fundraising supercycle ahead of us is super important. So let me try to give you all a little bit more framework and a little more information, kind of campaign-by-campaign.

I think your -- the inference of your question is correct that we are seeing a bit of a pull forward relative to our expectations in fundraising, in the context of what I mentioned was a strong demand that we're seeing from our clients for our funds. And as I mentioned in my comments, we have about 11 funds we expect to be in the market with this year. And let me just walk through the most significant of those to give you more color.

On the real estate platform, we are currently oversubscribed on our next opportunistic fund TREP 4, John alluded to that. And we expect to hold our final close there in the second quarter. And we'll, obviously, give an update at the end of the first quarter about how much we've closed on as of then. And we expect to be at our hard cap there of $6.5 billion.

We just had our final close last week, as I mentioned, on the TAC+ Core-Plus product, which is an exciting expansion of our real estate platform. On the impact side, we expect to hold a final close for the Climate fund in the second quarter at the hard cap of $7.2 billion. And we recently launched our next broad-based impact fund, Rise III, with a target of $3 billion.

On the Capital platform, which you – which you asked about, we did launch TPG [IX Healthcare Partners II and the next Asia fund in January as planned on the capital – on the TPG Capital side. TPG IX and Healthcare Partners II, as you know, are kind of joined at the hip, and those two we have articulated to our LPs, an aggregate target across those capital bases of $18.5 billion. And on the Asia side we launched with a target of $6 billion.

And we had planned across those businesses to hold first closes as you know from our IPO discussions more in the back half of the year, and I would say given the pace of investing that we've been – we've been seeing and given the demand we're seeing for the products, I would current expect that we hold first closes across all three of those products – TPG IX, Healthcare Partners, and Asia – toward the end of the second quarter.

Robert Lee^ Great. That's super helpful. Thank you. And maybe two follow up and I'll – I maybe even have the two – a two-parter. First, Jack, if you could also just – I wanted to make sure I had the numbers right. Your Q2 guidance on pretax DE, was that $190 million to $200 million? Just want to make sure I had the numbers right.

Jack Weingart^ Yes. That's Q1 numbers.

Robert Lee^ Yes. Sorry. Q1, yes, yes. Right.

Gary Stein^ On pretax DE. Yes.

Robert Lee^ Right. And then maybe more broadly one of the – one of the – one of the biggest impacts of the war in Ukraine is more countries focusing on energy security, which necessarily in this day and age still means fossil fuels.

So does that at all impact as we think about your Rise and Impact fund? At all impact how you think about the opportunities that may evolve over the next couple of years? If there's going to have to be more focus globally on secure domestic production and gas generation? Does it have any impact at all kind of how you think of the opportunity set?

Jim Coulter^ Generally I see it accelerating a lot of our activity in the climate area. Let me give you a few pieces of data around that. First of all, one of the big issues in climate product evolution is what's known as the green premium, how much more expensive or in some cases less expensive it is to do climate-friendly activity. Higher oil prices generally create very attractive shifts in the green premium and can accelerate projects and activities around climate investing. But first of all higher oil prices tend to help us.

Secondly, as people focus on energy security and building into energy security, they're doing so thinking about it with a green future in front of them. So if you are, for example, in Europe, not only are you worried about liquid natural gas but you're looking beyond that to questions of how do we build our solar and other sustainable types of fuels and executions.

So essentially while there will be a lot of focus on fossil fuels there will also be focus on what are we doing next and that will accelerate activities for green investing. We're seeing that very much in our pipeline. And overall, we are also seeing very substantial investing in re-shoring of supply chains.

So as people are thinking about battery investing or solar panel investing there is a real movement towards moving that question of energy security closer into regions. You see that particularly in Europe but also in the U.S. and that will drive substantial investment opportunities for us.

So a lot of difficult things coming out of the Ukraine. There will be a lot of near term focus on fossil fuels, as there should be but I think in many ways this will accelerate the activity that we're seeing in our pipeline to move to a green future.

Robert Lee^ Great. That's very helpful. Thank you -- thanks for taking my question.

Gary Stein^ All right. Thanks, Rob.

Operator^ We'll take our next question from Bill Katz with Citigroup. Your line is now open.

Bill Katz^ Okay. Good afternoon everybody. Thanks for taking a question at this point. So first one maybe for Jack. Could you unpack the guidance for the first quarter; sorry I appreciate it, around the revenues $235 to $245, how much might be base versus transaction and monitoring fees and for either the quarters or the upcoming quarter. Are there any catch a fees embedded in that guidance? Thank you.

Jack Weingart^ Hey, Bill. I would say the -- there's actually a little bit less -- I would say the mix of management fees and transaction and monitoring fees is expected to be pretty consistent with what -- with what we experienced last year and what we expect to experience this year.

Bill Katz^ Okay. Any …

Jack Weingart^ There's no -- and to your second -- on your second question I don't think there are any material catch up fees embedded in that Q1 guidance.

Bill Katz^ Great. Thank you. I apologize for that. And bigger question, maybe for all of you guys, just in terms of funding markets, just wondering if you comment on that and then as you sort of look into your downstream view with the portfolio companies, what -- what are your companies seeing in terms of economic slowdowns we look out over the next sort of three to nine months. Thank you.

Jack Weingart^ Are you talking about funding markets, Bill, are you talking about financing markets? You have financing …

Bill Katz^ Well, funding markets for sure, right. I -- the ability to impact deployment, thank you.

Todd Sisitsky^ Sure. Hey, it's Todd Sisitsky. I think from our standpoint we -- we have generally been very conservative on leverage and so our strategy as growth investors and transformation investors has sort of necessitated being in a not -- I can't remember the last time we've actually taken the full amount of leverage offered by banks in some of these situations.

We need the flexibility -- we need ability to put more money into our -- into our platforms both equity and debt. And so despite the ample availability of debt over the last five to seven years, our overall net debt to EBITDA portfolio wide is below four times, which again is consistent with our -- with our strategy and our exposure.

I'd also say that, again, with an anxiety about the choppiness of the market for some number of years, once we -- once we do acquire companies when we use -- when we use leverage and we have floating debt we are typically hedging 75 to 85% of the rate exposure.

So I think your comment about -- I mean obviously interest rates are going to be increasing and that'll factor in, I think, to the overall deal environment. I do think that our strategy is probably a bit insulated from the financial engineering type strategies that really require high availability of -- of cheap leverage and as a result I think we feel pretty comfortable with where we sit.

Bill Katz^ Thank you.

Gary Stein^ Thanks, Bill.

Operator^ And our next question is from Brian Bedell with Deutsche Bank. Your line is now open.

Brian Bedell^ Okay, great, great, thank you. I apologize, I had to step off the call for a few minutes. I'm not sure if you answered this, but I did want to understand the infrastructure comments I think that you made earlier, Jon, on the -- on looking at step outs to build the business, and I just want to understand if that was on the infrastructure side is that largely part of an impact strategy overall?

Because you mentioned obviously energy transition being a major role within that infrastructure, or is that something that you're thinking about as a separate platform? And then obviously I guess organic versus inorganic, is the inorganic a possibility within that strategy?

Jim Coulter^ I think both organic and inorganic is a possibility within infrastructure, and as with any acquisition it would be where do -- would we take it from where we began? And there's two areas that interest us greatly in the infrastructure are where we also think we have some natural advantages.

The first is related to Rise Climate, and in the tech revolution what we've found is early on, private equity was successful in data centers and towers, and then over time as those revolutions continued, they moved in the infrastructure area. And so having the knowledge but having multiple pools of capital will be helpful in the -- in the climate revolution just as it was in the tech revolution.

So we have natural amounts of quite substantial deal flow, and often that deal flow doesn't know if it's private equity or infrastructure, so having the opportunity to direct that deal flow and take advantage of our knowledge is a natural for us.

The second area that I would point out, we have some advantages is digital infrastructure, which is as you know one of the fastest growing parts of infrastructure and across what we've done in fiber and elsewhere, we have a strong track record there.

So those two particular areas are the most interesting for us, and both of them are things we're thinking deeply about.

Brian Bedell^ And that's more in the near term, or are we talking about sort of more of a multi-year vision starting (inaudible) next year?

Jim Coulter^ As with all acquisition discussions, it's hard to predict timing, but we're business builders, as you know, and these are clear areas that we would have advantages in building into or acquiring.

Brian Bedell^ Yes, okay, that makes sense. And then just to follow up on the retail strategy, obviously -- and I know you're trying to certainly advance that; how important is the credit platform or acquiring a credit platform to that retail strategy, if it's -- if that's -- if that ends up getting sort of postponed for a little while, if it's -- if it's any issues in finding the right partner, do you feel that you can really advance the retail strategy from a distribution angle, given your product mix right now?

Jack Weingart^ Yes, it's Jack, let me answer that. I don't think it's -- I don't think it's a problem if credit is -- our build into credit is somehow delayed, but I -- you start by thinking about like our current product set is particularly relevant to the high end of the high net worth market, and we are continuing to invest in building our brand among – among those high net worth investors.

We're continuing to build our team to market to this channel directly at all levels, and we do without having a credit platform during this fundraising cycle that I described we do expect to raise a greater percentage of our capital from this channel than we have in the past.

To give you a sense I think we have 15 separate campaigns planned across many banks and across almost every product that we have in the market. So we are putting real resources in to building our brand and building into that channel.

I agree with your – the inference of your question. As we do continue to diversify our products TAC+ on the real estate side as we expand that product and expand into further real estates products and eventually into credit as well, I think we will have set up our brand in the channel to readily capitalize on those opportunities, and those products will be applicable to a much broader set of retail investors.

Brian Bedell^ Great. Great. That's super helpful. Thank you.

Operator^ And we'll take our next question from Michael Cyprys with Morgan Stanley.

Chuma Nwankwo^ Hi. Good morning. This is Chuma here from Morgan Stanley standing in for Mike Cyprys. Thanks for taking the question. Just going back to organic growth very quickly, you've talked a little bit about infra as well as some other expansions. I'm just curious what other adjacencies do you think you could get into say over the next three to five years? And just more generally how do you think about where exactly you step out into and how meaningful could those step outs be over time?

Todd Sisitsky^ I think – I think there's a lot of examples if you look at our – at our – at our history it would be with the healthcare fund that we've had with TPG Capital. That's been very successful. There's a lot of demand for that, and not that many places actually express scale healthcare investing.

Jon I think mentioned some other areas, but another near-term opportunity sort of along the same lines, even in the same sector is our life sciences fund. As part of building over many decades now this broad based healthcare focus which is not just in TPG Capital. It's in growth. It's in TPG Asia.

We have gotten into the flow of a lot of opportunities that are just earlier stage and really exciting opportunities that we feel very well equipped to evaluate. And we want to create an opportunity of a liability stream that's better suited to addressing that part of the market. And frankly, the pullback in the life sciences world creates an even more compelling opportunity from a new capital standpoint.

So we have a great team that we focus around that. We have a lot of resources around the firm that are excited to be involved from investment community standpoint and resourcing standpoint. And again, it's like a perfectly natural step out and one that the LPs that we've partnered with as long as we have particularly around healthcare are very excited to be a part of as well.

Jim Coulter^ Second area I would – I would point out is Asia where we have very substantial opportunity for expansion. And lastly just a general comment, innovation in alive and well at TPG, and the types of innovation you've seen over the last few years, I don't know what you think, Jon, but my sense around the firm is it's not slowing down.

Jon Winkelried^ No, there's – look. There's – people are constantly looking for ways of growing the franchise and growing the platforms, and one of the things that we are trying to be thoughtful about is how to think about where to allocate resources to because in our – in our view one of the things that's important is that things either have to be very complimentary to the ecosystem and therefore drive that flywheel effect that we have.

Todd's reference to life sciences is a great example, because we're so deep in healthcare and we've actually done -- we've been successful in a number of cases in life sciences investing already that it provides the basis off of which to build a meaningful, credible step-out opportunity where we have a reason to win in the market.

The other thing that we focus on is not only this question of whether or not it completes the ecosystem, but also whether or not it can scale or not. And so, those are other things that we're mindful of as we think about, because ultimately to generate the kinds of economics we want to generate for the business and grow our business and our financial results, we also want to make sure that we can develop the scale which implies ultimately sufficient margin.

And so, we focused on that as well. So, when we talk about, for instance, infra as an example, that's a place where it links back into a couple of our businesses, but also is a very potentially scaled opportunity, where we're already seeing opportunities, as an example, I think as Jim had mentioned in energy transition we're already seeing opportunities there. And the question is, how does cost of capital affect that? How does return profile, the pull of capital effect how you stand up something on its own versus integrated in what you have.

Jim mentioned Asia as an example, you know we have a private equity business in Asia and I think over time there are a number of different -- there are -- there are -- there's the potential for step-outs in organic growth in Asia as a result of the same phenomenon that we've seen here developing in Asia.

As an example, we developed our tech adjacencies platform here because we saw opportunities throughout franchise that were slightly different than traditional growth equity opportunities, either in structure or in terms of a deep minority or whatever the opportunity might have been.

I think that we're, given the development of some of the markets around Asia, particularly outside of China, we seek potential opportunities to do that, whether it's in Australia or in some cases in India and Southeast Asia.

So, that's how we think -- that's just to give you a sense of our mindset in terms of how we approach these things. There's lots of innovation energy. We have to kind of meter it out and manage it in an appropriate way.

Chuma Nwankwo^ Sounds great, Todd. Thank you very much. And if I just ask a quick follow-up about capital return, how did you think about the 85% payout ratio versus say a fixed dividend and how that would allow you potentially to retain more capital for investments, appreciate in the balance sheet life strategy you're trying to pursue?

Jack Weingart^ Yes, it's Jack. I think you hit on it right there, right. We -- pro forma for the IPO, as I mentioned, we've got $650 million of cash on the balance sheet with retaining 15% of after-tax DE will continue to add to that balance sheet flexibility. And we have relatively little debt.

So, as we sit here today and think about pursing the growth opportunities that we've talked about, we believe we have plenty of capital. And as long as we feel that way, we believe the right answer is to return capital to shareholders. So, that will be -- will continue to be our policy.

Chuma Nwankwo^ That's great. Thank you very much.

Operator^ And we will take our final question from Rufus Hone with Bank of Montreal. Your line is now open.

Rufus Hone^ Hi, thanks for taking my question. I want to get some more detail on deployment trends across your different investment platforms. And where are you seeing the best opportunities in terms of deployment? And also relevant to the roughly $8 billion of capital you invested last quarter, roughly where are you year-to-date versus that run rate? Thank you.

Todd Sisitky^ Sure. I'll start with just the where we're -- where we're seeing opportunities. And again, apology if it sounds a bit repetitive. We've continued to I think find our best opportunities in the areas where we have our strongest focus, our strongest teamwork. And hopefully, you've gotten sense from this.

Culturally we're very much oriented around teams, around sectors, around getting very deep in developing conviction across our investor committees and the opportunities that we -- that we have resources and ecosystems built up in.

And so, for us, and I think actually it's worked out quite well, particularly in recent years as we've envisioned getting later in the cycle in terms of the investment strategy. So for us, I'd say that we continue to see a lot of activity and a lot of interesting differentiated proprietary opportunities in the broad world of technology which would include both software, content media, and a host of other interesting areas in and around technology, and healthcare. Those are two big sector areas, and, of course, within each one there's a lot of -- there's a lot of granularities is what we're finding.

Jon mentioned an interesting opportunity that intersect at two of our -- or our other sectors in Troon, which overlapped both business services and consumer, which are -- which are important sectors for us as well.

But thematically, again, I think we've continued to lean into places where we have the most conviction, and we feel like we have the best resources to continue to drive the growth in our companies. And that has continued to generate the most attractive deal flow from our standpoint.

And we continue to have very busy investment committees with a sense of a lot of opportunity in front of us. We'll be -- we'll be on to three or four final pricings after we're done with the call today, in fact.

Rufus Hone^ Thank you.

Operator^ This concludes the question and answer portion of today's call. I would now like to turn the call back over to Gary Stein for any additional or closing remarks.

Gary Stein^ Great, thank you, Operator. Thanks, everyone, for joining us today. We look forward to following up with you again next quarter.

Jack Weingart^ Thanks, everyone, thank you.

Jon Winkelried^ Appreciate it.

Operator^ This concludes today's TPG Fourth Quarter 2021 Earnings Conference Call and Webcast. You may disconnect your line at this time and have a wonderful day.