TPG INC
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Corporate Speakers

- Gary Stein; TPG Inc.; Head of Investor Relations
- Jon Winkelried; TPG Inc.; Chief Executive Officer
- Axel Andre; TPG Inc.; Chief Financial Officer
- Jack Weingart; TPG Global Wealth Solutions; Chief Executive Officer
- James Coulter; TPG Inc.; Executive Chairman & Co-Founder

Participants

- Ben Budish; Barclays; Analyst
- Glenn Schorr; Evercore; Analyst
- Alexander Blostein; Goldman Sachs; Analyst
- Brennan Hawken; BMO; Analyst
- Michael Brown; UBS; Analyst
- Kenneth Worthington; JP Morgan; Analyst
- Steven Chubak; Wolfe Research; Analyst
- Devin Ryan; Citizens Bank; Analyst
- Brian Bedell; Deutsche Bank; Analyst
- Arnaud Giblat; BNP; Analyst
- Bart Dziarski; RBC Capital Markets; Analyst
- Michael Cyprys; Morgan Stanley; Analyst

PRESENTATION

Operator

Good morning. And welcome to TPG's Third Quarter 2026 Earnings Conference Call. Currently, all callers have been placed in listen-only mode and following management's prepared remarks, the call will be open for your questions. 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. Thank you. You may begin.

Gary Stein

Thanks operator, and welcome everyone.

Joining me today are Jon Winkelried, Chief Executive Officer, and Axel André, Chief Financial Officer. In addition, Jim Coulter, Executive Chairman and Co-Founder, and Jack Weingart, CEO of TPG Global Wealth Solutions, are here with us for the Q&A portion of this 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 third quarter, we reported GAAP net income attributable to TPG Inc. of $100 million and after-tax distributable earnings of $265 million, or $0.65 per share of Class A common stock.

We declared a dividend of $0.55 per share of Class A common stock, which will be paid on November 23, 2026 to holders of record as of November 9, 2026.
I'll now turn the call over to Jon.

Jon Winkelried

Good morning, everyone. Thank you for joining us.

TPG's strong third quarter results reflect our broad-based momentum and the continued progress against our long-term strategic objectives. We've successfully scaled and diversified our franchise, and despite a challenging macro backdrop, our pace of growth has accelerated. Over the last five years, we've more than tripled our AUM and doubled our capital formation on an annual basis.

Today's dynamic environment, including higher rates, increased geopolitical uncertainty, and rapid advances in AI, continues to add complexity to the investing landscape. However, periods of dislocation create some of the most attractive investment opportunities, and we are uniquely positioned to capitalize on them given our record $86 billion of dry powder and our flexibility to invest across the capital stack.

In my conversations with our clients, who are the largest allocators of capital globally, they're seeking partners with the discipline and track record to navigate uncertainty and source opportunities that generate alpha. These clients have significant visibility into our portfolios, investment pipelines, and performance, and they're increasingly choosing to deepen their partnership with TPG.

The quality of these relationships is reflected in our robust capital formation this quarter. We raised more than $15 billion, bringing our year-to-date total to nearly $42 billion. We're tracking ahead of the expectations we set at the start of the year, and we view this as a powerful testament to the strength of our franchise.

I'll walk through some highlights across our asset classes.

- Starting with Private Equity, we raised $8.5 billion in the third quarter and more than $21 billion year-to-date.
    - We held a final close for our second Rise Climate fund and the Global South Initiative,

bringing aggregate commitments to $10.4 billion across the two funds and related vehicles. This highly successful outcome represents a 44% increase over our inaugural fund and further validates TPG's leadership in the climate sector.

Notably, 31% of commitments came from investors who are new to TPG. Our clients recognize the powerful secular trends of rising power demand, the reindustrialization of major economies, and the reshaping of global supply chains, which together are driving an unprecedented need for capital. Our Climate franchise is well-positioned to meet that need and build on the momentum within our portfolio.

- For TPG Capital 10 and Healthcare Partners 3, we raised an additional $1.7 billion during the quarter, bringing our total to nearly $16 billion. This represents an important milestone as commitments to date already exceed the size of our prior vintage.
- We also completed fundraising for TĒCA, our Asia growth equity strategy, surpassing our target with $1.3 billion raised for our inaugural fund. TĒCA is another clear example of our ability to successfully incubate and launch adjacent strategies.
- For our third Tech Adjacencies fund, we closed $1.6 billion during the quarter, bringing total commitments to $2.5 billion. This accelerating demand reflects both the expanding opportunity set and the strong performance we've delivered to date. AI has become an important pillar of the strategy, and we've continued to provide clients with differentiated access to AI-related investment opportunities.
- And finally, for Peppertree, since launching our 11th fund earlier this year, we've raised $2.2 billion to date, including commitments through October. The speed of this campaign has been driven by strong demand for Peppertree's specialized strategy focused on essential tower infrastructure, as well as our success in broadening its client base. More than 50% of commitments so far have come from investors new to the Peppertree strategy, including some of TPG's largest clients globally. This is another powerful validation of our ability to integrate and scale inorganic opportunities.

- In Credit, we raised $5.8 billion during the quarter, bringing our year-to-date total to nearly $16 billion.
  - We held a first close of $2 billion for our fourth Essential Housing fund, which has already exceeded the size of its predecessor. This strategy, which provides bespoke land financing to leading homebuilders, is resonating with investors given its predictable, uncorrelated returns and structural advantages relative to traditional fixed income.
  - For Advantage Direct Lending, our core middle market direct lending strategy, we raised an additional $550 million, bringing total capital raised to $1.4 billion including commitments that are signed but not yet closed. This represents approximately $3 billion of total buying power including target leverage. To date, ADL has invested $1 billion of capital across 30 first-lien, senior secured loans selected from more than 425 opportunities sourced across our relationships with sponsors and corporates.
  - Since acquiring Angelo Gordon three years ago, we've nearly doubled our Credit AUM and continue to successfully expand into adjacent strategies. Our pace of capital formation has reached a structurally higher run-rate, and we expect to double our Credit

AUM again to $200 billion by the end of 2029.

- As we've discussed, we are now in a significant fundraising cycle for our Real Estate platform. We're currently in the market with four of our real estate equity funds in the U.S. and Asia, and expect our capital formation activity to build through year-end and into 2027.
    - In the past week, we held a first close for our TPG Real Estate opportunistic strategy, raising approximately $5 billion for our fifth fund and related vehicles. This includes strong support from both longstanding TREP relationships as well as important new partners for TPG Real Estate and the broader firm. We view this outstanding start as a testament to our leadership in real estate investing and our clients' confidence in our ability to continue delivering compelling results in a dynamic environment.
- Lastly, our experience in the private wealth channel remains differentiated from the broader industry.
    - Inflows across our TPOP strategy were approximately $400 million in the quarter, bringing total AUM to $3.5 billion at the end of September. We've continued to broaden our distribution footprint, adding several new international distribution partners this year, and we're also seeing subscriptions accelerate in the RIA channel. With annualized inception-to-date returns of 31%, TPOP continues to be a preferred solution among increasingly selective partners and advisors.
    - TCAP, our non-traded BDC, saw gross inflows of $134 million in the third quarter, bringing total AUM to $5.6 billion, more than four times its size when we acquired Angelo Gordon three years ago. Notably, redemption requests declined to just 1.2% of total shares outstanding, well below industry averages, and TCAP has generated positive net flows every quarter since inception. In October, TCAP raised an additional $138 million, bringing year-to-date net inflows to $543 million, which represents approximately 24% of its NAV as of the end of last year.

Looking ahead, we now expect to exceed our original target of raising more than $50 billion in 2026, which Axel will discuss in more detail. Across our most recent cycle of fundraises, we've grown fund sizes by 30% on average and have welcomed more than 200 new clients to our firm since the beginning of 2025. Against a difficult fundraising backdrop, we continue to take share as many of the world's largest and most sophisticated investors are increasingly partnering with TPG given our distinct strategies and consistently differentiated performance.

Turning to deployment, we invested over $11 billion in the third quarter. While renewed interest rate volatility may temporarily impact the pace of transactions, we continue to identify compelling opportunities to deploy capital and our pipelines remain robust.

- Our Credit platform had its most active deployment quarter so far this year, investing $7.7 billion of capital across our strategies.
    - In Credit Solutions, a higher-for-longer rate environment continues to expand our opportunity set. Companies with strong fundamentals but stretched balance sheets are increasingly seeking bespoke capital solutions that offer both scale and execution certainty. As a result, our third Credit Solutions fund has deployed more than $5 billion of gross capital over the past two years, including recycled proceeds from several large early

realizations.

- In Middle Market Direct Lending, Twin Brook generated $3.7 billion of gross originations, and 2026 is on track to be one of our most active years to date. Our leading position in the lower middle market, where we've built deep relationships over many years, has driven consistent deal flow even as activity in the upper middle market has slowed. Our portfolio of over 300 companies continues to be an embedded source of origination, with add-ons accounting for more than 30% of this quarter's volume.
- In Asset Based Finance, we deployed more than $2 billion across our core sectors. This included a first-of-its-kind credit secondaries transaction, where we provided a liquidity solution for a GP's residential mortgage fund that was nearing the end of its life. Additionally, we continue to build out our investment grade ABF capabilities, with six transactions completed in the third quarter and a robust near-term pipeline.

- Our Private Equity strategies invested $2 billion in the quarter and $16 billion year-to-date.
  - While higher rates may create headwinds for PE more broadly, our pipelines remain healthy given our growth-oriented investment approach focused on driving operational transformation. Over the past decade, more than 80% of the value creation within TPG Capital and TPG Growth has come from earnings growth. As performance across the industry diverges, we believe our distinct approach will continue to drive differentiated results.
  - Additionally, the industry-wide need for liquidity has continued to propel the GP-led secondaries market, which is on track for another record year and remains the fastest growing part of the PE asset class. Sponsors are increasingly using continuation vehicles to extend ownership of their best-performing assets while returning capital to investors. As a result, TPG GP Solutions' pipeline of high-quality opportunities has grown approximately 35% over the past two years, and we've maintained a highly selective conversion rate. We continue to be a partner of choice for sponsors and companies looking for deep sector expertise and the ability to invest at scale.
  - In our Tech Adjacencies strategy, we co-led a $3.9 billion Series F financing for Crusoe, a vertically-integrated AI infrastructure platform. Our underwriting drew on our unique perspectives across the firm, including TTAD's investments in leading LLMs, TREP's data center expertise, and Rise Climate's insights into power generation. Crusoe is a great example of how we're leveraging the full breadth of our platform to invest across the AI value chain.
- In Real Estate, we deployed $1.8 billion of capital in the third quarter, and our pipeline remains active.
  - The current environment is impacting real estate investing through elevated financing costs, valuation uncertainty, and reduced liquidity.
    - This is placing additional stress on owners with legacy assets acquired at peak valuations and lower rates, driving further capitulation and the need for solutions capital. As a result, across our real estate equity strategies, we expect to see a growing number of attractive opportunities to acquire high-quality assets.

        - At the same time, traditional real estate lenders with legacy exposure have become more cautious and selective. This has created a constructive backdrop for well-capitalized real estate credit investors such as TRECO. We continue to deploy capital at a steady pace and expect our first fund to be fully committed by mid-next year.
    - During the quarter, TPG AG U.S. Real Estate acquired a national portfolio of medical outpatient buildings. This is a thematic area of focus for us given strong demographic tailwinds, a secular shift toward more affordable sites of care, and favorable supply-demand dynamics. This investment was sourced off-market through our proprietary relationship with a highly motivated seller seeking to reposition its portfolio.

Finally, we generated $6.6 billion of realizations during the quarter, bringing our year-to-date total to more than $20 billion. We continue to be highly focused on generating liquidity for our clients, with several meaningful exit processes underway. We expect the cadence of realizations to accelerate towards the end of this year and into 2027.

Stepping back, we've delivered on the ambitious growth objectives we established as a public company. Over the past five years, we've built a distinctive alternatives platform across Private Equity, Credit, and Real Estate. Throughout this period, we've consistently generated differentiated performance, underpinning our longstanding and expanding partnerships with many of the world's largest investors. With this foundation firmly in place, we're now entering our next leg of growth, with significant momentum across each of our asset classes. I'll now turn the call over to Axel to walk through our financial results.

Axel André

Thanks, Jon. And good morning everyone.

It's great to be back here with all of you after my first full quarter as CFO. Over the past few months, I've had the chance to work closely with Jon, Jack, and the rest of our leadership team, and to spend time with my colleagues around the world. I'm grateful to Jack for the strong foundation he's established across our finance organization, and I look forward to partnering with the team to build on the significant momentum we have today.

Turning to our financial results: TPG delivered another outstanding quarter, demonstrating the compounding strength and operating leverage of our expanding platform.

For the third quarter, we reported fee-related revenue of $638 million, representing a 25% increase year-over-year.

- Management fees reached $573 million, which grew 11% over the quarter and 24% year-over-year. This was driven by strong fundraising, resulting in accelerating organic growth in addition to $62 million of catch-up fees primarily attributable to our Rise Climate and TPG Capital campaigns. We also continue to benefit from growing fee-earning deployment across our Credit platform.
- Transaction and monitoring fees totaled $55 million in the quarter. As Jack noted on our last call, transaction fees stepped down sequentially following an exceptionally strong second quarter that benefited from the pull-forward of certain transaction closings. Our capital markets revenue has grown meaningfully over time, averaging $65 million in the first three

quarters of this year, driven by a broad mix of strategies and geographies. While transaction fees will naturally vary quarter to quarter, our capital markets business continues to be a significant, long-term revenue driver for the firm.

Our fee-related earnings grew 43% year-over-year to $321 million in the third quarter. This translates into a 50% FRE margin, which was elevated by the significant catch-up fees I discussed. Our catch-up fees have averaged approximately $25 million per quarter over the last three years. Assuming a more normalized level in the third quarter, our FRE margin would have been approximately 47%, demonstrating continued underlying margin expansion.

- Given our strong performance year-to-date, we're raising our full-year 2026 FRE margin guidance to approximately 48%, which would represent nearly 300 basis points of expansion compared to 2025.

Turning to PRE, as Jon noted, our realization activity totaled $6.6 billion in the quarter, driven by significant activity across our asset classes, including meaningful sell-downs of public positions in TPG Capital, Rise, and Tech Adjacencies. This generated $7 million of realized performance allocations.

- Our lower PRE this quarter was a result of fund mix, as Private Equity monetizations were primarily used to return cost to our clients.
- The momentum across our portfolios remains strong, demonstrated by positive value creation in each of our platforms and the sequential growth in our net accrued performance balance to a record $1.5 billion at the end of the third quarter.
- Looking ahead, while the current environment may impact the timing of realizations across the industry, we expect to continue selectively monetizing investments at attractive valuations. We remain highly intentional in our exit planning and continue to expect realized performance allocations to pick up in the fourth quarter and into 2027.

Our effective corporate income tax rate for the third quarter was 10.4% as we benefited from the tax deductions generated by our annual RSU vesting in January. As a result of our strong profitability year-to-date, these deductions have now been fully utilized, and we expect our tax rate to step up into the high-teens to low 20's in the fourth quarter.

Altogether, our third quarter after-tax distributable earnings were $265 million, or $0.65 per share of Class A common stock.

We finished the quarter with $346 billion of total assets under management, up 21% year-over-year, driven by strong, broad-based capital formation across the firm. Fee-paying AUM grew 16% year-over-year and reached $190 billion at the end of the third quarter. AUM subject to fee-earning growth was $54 billion, including $43 billion of AUM not yet earning fees. The largest component of this sits within our Credit platform, where we generally earn fees upon deployment. This represents a highly visible revenue opportunity of approximately $160 million on an annualized basis as we put this Credit capital to work.

Our dry powder stood at a record $86 billion at the end of September, representing 45% of our fee-paying AUM. Periods of market volatility have historically played to TPG's strengths, and our significant dry powder positions us well to capitalize on the higher-for-longer rate environment across our asset classes.

Moving to our investment portfolios, fundamentals remain strong with positive value creation across each of our platforms in the third quarter.

- In Private Equity, our portfolio appreciated 3% in the quarter and 10% over the last twelve months. Revenue and EBITDA growth across our Capital, Growth, and Impact platforms continue to track in the mid-to-high teens.
- Specifically, aggregate bookings across our TPG Capital and TPG Growth software portfolio grew more than 25% in the third quarter, which is a notable step-up from the first half of the year. Our software companies are leaning into AI to drive new products and features, which is directly contributing to this strong bookings growth.
- In Credit, our portfolio appreciated 2% in the quarter and 11% over the last twelve months, with healthy credit quality across the board.
    - In Middle Market Direct Lending, Twin Brook's portfolio companies continued to generate stable earnings growth, with an average interest coverage ratio of approximately 2.3 times and a low non-accrual rate of 1.6%. Notably, our annualized loss ratio since inception has remained unchanged at only 2 basis points.
    - Our third Credit Solutions fund generated a 2% time-weighted net return in the third quarter, and inception-to-date performance remains very strong at a 29% Net IRR.
    - And in Asset Based Finance, all our ABC funds remain at or above their target range and are currently generating a yield-to-maturity of more than 14%. Additionally, our public structured credit strategy, MVP, continues to materially outpace public credit indices in a period of renewed interest rate volatility.
- In Real Estate, our portfolio appreciated 1% in the quarter and 8% over the last twelve months, which remains highly distinctive, particularly in today's rising rate environment. Our value creation during the quarter was primarily driven by strong operating performance in our residential, retail, and office holdings.

Looking ahead, given the momentum across our platform, we are updating our full-year 2026 fundraising guidance.

- Following the $42 billion of capital we raised through the first nine months of this year, we now expect to raise more than $55 billion for the full year, which is benefiting in part from the pull-forward of certain closes initially budgeted for 2027. We expect our fourth quarter fundraising to be driven by the following:
    - First closes across our real estate funds, including $5 billion for our TREP opportunistic strategy, which Jon discussed;
    - Final closes for TPG Capital 10, Healthcare Partners 3, Tech Adjacencies 3, and our 2nd Asset Based Credit drawdown fund;
    - Additional closes for our 2nd GP Solutions fund and our 6th Twin Brook drawdown fund;
    - And continuous fundraising in our perpetual strategies, including TPOP, TCAP, and ADL.
- For 2027, our capital formation pipeline remains well-diversified, including:
    - Significant contributions from our real estate strategies, which you've already begun to

see;

- Continued inflows into our Credit platform driven by the breadth of our strategies and growing insurance partnerships;
- And accelerating demand in the private wealth channel for our existing products, TPOP and TCAP. We are also actively advancing our new product pipeline and expect to launch a multi-strategy credit interval fund and non-traded REIT next year.

Beyond 2027, as Jon highlighted, we continue to expect accelerated growth, including doubling our Credit AUM to $200 billion by the end of 2029. This underscores our confidence in the long-term growth trajectory of our business and our ability to continue delivering strong performance for our clients. I'm incredibly excited to join TPG at a time like this and to continue building on our broad-based momentum.

Thank you again for joining us today. I will now turn the call back to the Operator to take your questions.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions) We'll take our first question from Ben Budish with Barclays.

Gary Stein^ Actually, Ben, one second. Thanks. For everyone on the call we understand the webcast had a technical issue and was down momentarily.

So we will make sure we get the replay posted as soon as possible and there will also be a transcript posted to the site as soon as possible.

I did just want to repeat something Axel said in case it was missed with regards to our FRE margin guidance. He said that given our strong performance year-to-date, we're raising our full year 2026 FRE margin guidance to approximately 48%, which would represent nearly 300 basis points of expansion compared to 2025.

I just wanted to make sure everyone heard that.

So with that, Ben, go ahead and ask your question. Thank you.

Ben Budish^ Maybe Axel, great to hear about all the fundraising momentum and the positive realization commentary. Curious if you could just maybe size it up a little bit more. Obviously this quarter looks like a bit more of an anomaly, we've seen strong and weak quarters over the last two, three years. Just curious if you can give us any more color on what Q4 looks like, what the run rate looks like based on the current pipeline? And maybe similarly for transaction fees. It seems like you guys have been busy, obviously quarters can bounce around. But if you can help us dimensionalize what to expect there, that would be helpful.

Axel Andre^ Yes. Thanks, Ben, for the question.

Look, like I said in the prepared remarks, we expect to raise more than $55 billion for this year, given our strong momentum which is really broad-based across our strategies, backed by strong investment performance and our long-standing client relationships.

We raised approximately $42 billion year-to-date. We expect to finish the year with several large flagship closes across asset classes including TPG 10 and Healthcare Partners III, TREP Five and ABC 2. We also expect to hold first closes for our Asia Realty V and Japan Value Two real estate strategies and raise incremental capital for our direct lending MMDL Six and Essential Housing Four credit strategies, as well as our ADL and CLO businesses. Beyond those flagship campaigns, newer strategies are also becoming increasingly meaningful contributors such as Sports, TGS 2. And finally, in addition to our drawdown funds, we expect to see continued strong inflows through our private wealth products T-POP and TCAP.

As it relates to transaction fees, capital markets fees, as we said, it's hard to predict. It is generally correlated with deployment activity. On our last call we mentioned how we benefited from the pull forward of certain transactions, resulting in a record level of transaction fees in the second quarter. But in terms of the third quarter result of $55 million of transaction fees, we're very pleased with that result.

Operator^ We'll move on to Glenn Schorr with Evercore.

Glenn Schorr^ Question on your realizations and what drives the confidence because I think we've been watching the industry, we've all been watching the industry waiting on exits to ramp up. You've made some great comments on the cadence of realizations accelerating in 4Q and 2027. I'm curious if you could just give us a little more color on what drives that confidence? Then when you look at the net accrued slide that you give us which I love, the 2020 and prior vintages, the net accrued actually went down, it went up for every other one of the vintages you list. So I don't know if you can dimensionalize anything while you answer the question on realizations.

Axel Andre^ Yes. Sure. Thanks, Glenn.

Let me get started, and then I'll pass it on to Jon. Maybe starting with the last part of your question. So in terms of that net accrued performance balance, so you're right that as we look at the the change quarter-over-quarter, you see that we've essentially added to that net performance balance for the newer vintages 2021, '22, '23, et cetera, whereas 2020 and before that accrued performance balance is decreasing which is good. It's a sign that we're basically executing on monetization and realization activity and that will ultimately result in flow-through to PRE.

Jon Winkelried^ Thanks, Glenn.

Look, overall, with respect to the monetization pipeline, we're pretty happy with and feel pretty good about the quality and breadth of the realization pipeline. I mean we had, as you know,

approximately $7 billion of realizations in the third quarter and over $25 billion of realizations over the last 12 months. I think you also know that there's a cycle to realizations just in terms of getting transactions done.

But we continue to be highly focused on return of capital in the last 12 months, with over $8 billion of capital returned from TPG Capital, TPG Growth, TCAP and the LSI strategies. We have also pretty good visibility with respect to a number of transactions. We have five signed deals in the pipeline that are waiting to close across our PE and real estate businesses.

So look, over the arc of time based on what's going on in the environment, the the ease or difficulty in the environment in terms of getting deals done, ebbs and flows, but this is something that we've been consistent about in terms of focusing on DPI as an important element of our differentiated performance. If you look at year-over-year over the last five years, I think that we've had a general upward trajectory in terms of the return of capital, and that's been true over the last three years including the last 12 months. So that's what gives us our confidence.

Operator^ We'll move on to Alex Blostein with Goldman Sachs.

Alexander Blostein^ I wanted to dig into two areas you mentioned obviously lots of momentum in the business, as you highlighted, but the two specific areas of real estate and credit that I was hoping to double click on. I guess one, environment has been super volatile, especially with rates, so really encouraging to see you guys start off this real estate fundraising with $5 billion.

So maybe just expand a little bit on how you anticipate this flagship real estate fund raise to unfold over the next several quarters, both in terms of the absolute size and timing? And secondly, and maybe even more importantly, Jon, to your point about doubling the credit business again by 2029 to $200 billion. Can you maybe just help us unpack some of the key drivers and how you're thinking about that coming through as well?

Jon Winkelried^ Yes. Look, on the real estate side, just starting with the here and now in terms of our TREP five fund raise. We're having I would just say not to get over my skis, but I have to say that when I look at the arc of these fundraises with respect to large funds and what the initial response looks like and feels like, I would say this is one of the strongest starts to a fundraise that we have had across our system. And based on what's going on with rates, some of the dislocation in real estate over time I would say generally, people being wary of the space.

I think that we have gotten -- there's many of our largest relationships have been very intrigued by the way we've invested and the opportunity set that we see. I would say also increasingly, one of the other interesting things is that there are a lot of very large institutional pools of capital in the world that have changed their strategy in real estate. What that means is that many of them in prior cycles had a strategy of being more or less direct investors.

I think that what has happened is that as navigating investing in real estate, particularly over this move in rates going even back to Covid, coming out of Covid and now in this latest cycle it's been

difficult for people to navigate. So we see an increasing number of large institutional relationships moving to what we call the partnership model which is looking for important GP relationships of theirs that they have a lot of confidence in terms of sourcing really interesting opportunities, opportunities in size, navigating the various sectors and then coming along with us in terms of either partnering in the form of co-invest, but they're making very large commitments to us in the underlying fund.

And so when we look at this fundraise, there are a number of first-time commitments from large institutions that are very interested in partnering with us. So we've had an incredibly strong following in this first close, having raised about $5 billion.

I think that we expect the follow-through to be incredibly strong even in the face of rising rates because one of the things that we're seeing, and we've talked about this over the course of the last several years, we see increasing capitulation quarter-by-quarter. Large pools of real estate assets that need to actually liquefy and sell assets.

We've seen harder to come by assets that finally are breaking loose over the last really two years, frankly, and increasing, particularly given this last move in rates, and we're seeing the opportunity to invest at what we think are very attractive cap rates, and also way below replacement value.

Then the other thing that we see happening in this environment, which is I think always very important in the real estate cycle is generally one of the watchouts when you're acquiring real estate in a particular sector is new supply. And because of what's happened in the cycle and rates -- we don't see that happening generally across the landscape with the exception, obviously of what's going on in data centers more broadly, and that's a story unto itself.

So I think that we're -- in terms of our long-term target for the fund, I think we've talked about that in the past. I think we're pretty confident that we're going to accomplish that.

On the credit side, look, we are coming through a period where we're at a systemically organizationally higher level of fundraising cadence as a result of the significant expansion in relationships as people have gotten to know our credit strategy over the last three years. If you look at new to strategy, new to fund commitments that are coming from long-standing TPG clients, that flow-through is very significant.

We're also beginning to expand as you know in a number of our different areas. So for instance, ADL is an example where we're leveraging off of the flow we see through both Twin Brook in larger companies that we have banked as well as in Credit Solutions, where we're seeing very bespoke financing opportunities. In many cases, we essentially can structure things like first outs and other opportunities that are really perfect for our ADL risk-reward type perspective there in terms of what we're trying to do.

So we have a lot of confidence in continuing to grow that part of our platform, where we haven't had that before. on the asset-based finance side, we're growing our business meaningfully there.

Obviously we have ramped significantly our insurance company relationships since we acquired our credit platform that continues to grow, continues to be healthy. We're also ramping our deal sourcing and asset sourcing capabilities. We have a growing pipeline every quarter on the IG ABF side. And there are a number of opportunities for expansion there that we're actively engaging in.

Infrastructure finance is another area where we're continuing to pick our spots. Obviously, I think you've got to navigate that sector very carefully right now just in terms of credit quality and where we want to play. But that's another area where we continue to see growth opportunities.

Then just the last thing I'll say is in Credit Solutions. When you look at what people are talking about with respect to the maturity wall and bespoke financing requirements that many sponsors have as it relates to their portfolio, the AI financing bulge and bespoke financing opportunities there. Last two years, we've deployed over $5 billion. We've already had several realizations. We're recycling that capital. So that business just can be a lot bigger as a result of the size of the opportunity.

Operator^ We'll move on now to Brennan Hawken, BMO.

Brennan Hawken^ Okay. So fundraising, really great to hear the raised target here for 2026 and encouraging that it's a pull forward from '27, especially given the extended timeframe you hear across the industry for fund ratings. So curious about what that might mean for 2027, though, given the pull forward, does that mean that '27 is going to have a harder time growing on '26? I know that that's a little bit of a what have you done for me lately type of question, but curious about how we should think about that.

Jon Winkelried^ Well, that is that type of question. You're right.

But I guess one way to describe it is that when you look at our capital formation process and you take a little bit of a snapshot of looking back to I don't know let's say 2020, all way through where we are today. Because of the growth of our business, because of the diversification of our platforms now, I mean the firm looks very different, right?

So we've had a systemic cycle of fundraising where from like 2020 through 2023, we had a series of large fund capital raising efforts and systemically raised our annual fundraising cadence from somewhere in the $25 billion to $40 billion range.

Just as a note, in that cycle, when we raised the last TPG Capital Fund as an example, TPG Capital Nine and Healthcare Partners 2, that fundraising because obviously it's a large fund was a much larger percentage of what that fundraising cycle looked like versus what it does in this current funding cycle as a result of the diversification.

So what's happening is with the growth in all of our businesses, we've now moved up to systemically being in like the, let's call it, about $45 billion to maybe $60 billion-ish annual

fundraising cadence. And any one fundraising, any one campaign is a much smaller percentage of the total.

So there's a much more diversification and breadth within the fundraising cadence that we're involved in, and that will continue. So we're now ending some of our largest campaigns, Capital, our Healthcare campaign, our Climate campaign.

We're now going into a cycle of real estate fundraising campaigns. There is some degree of our underlying fundraising effort that is, I would say more continuous, particularly as a result of businesses like the credit business where you're raising SMAs and funds of one and things like that. So there are many more components to the fundraising picture now that we have -- and exactly what the number will be next year. We're not going to give guidance on that right now because we're focused on powering through this part of the cycle. But I would say that's a perspective for you just in terms of how we think about it.

Operator^ We'll move on now to Mike Brown with UBS.

Michael Brown^ Great. So on the wealth side, you continue to broaden the platform. You've got new evergreen product launches and you have continued success from T-POP. Maybe how should we think about the opportunity for these newer products to really broaden the potential here? And as you add more products and continue to prove the platform out to your distribution partners, do you think you can see an acceleration in the wealth fundraising? And do you need to continue to invest and continue to support that growth potential?

Jack Weingart^ Mike, it's Jack. Thanks for the question.

Look, the progress we've made so far has largely been, as you know in the private equity business. I would say it's not just T-POP and related strategies. We are seeing the scaling that both Axel and Jon referred to. And I would say even since the end of the third quarter on that topic, we've seen a pickup in flows and current run rate across the strategy of about $200 million a month. So I would expect T-POP and related strategies to continue to scale.

In addition, some of the fundraising you saw in Q3 was a result of us successfully placing closed-end private equity funds with our channel partners. As we're building our brand more broadly with our partners, we're finding them selectively choosing in addition to the evergreen product, really attractive drawdown funds to accentuate their exposure to those strategies. One of the biggest platforms in the U.S. had one of our funds as the biggest closed-end fund raise on their entire platform across all managers during the year.

So we're really seeing a broadening -- a benefit in multiple ways in private equity. The next step for us on the T-POP front, from the private equity front is to continue to expand our distribution partners. We talked about onboarding a few more. Those are very early in their ramp stage. I was in Asia a couple of weeks ago. I'm going back again next week as part of our brand building effort

over there. We're seeing very good traction with those partners, but very early. So you'll see continued expansion there.

In addition, on the private equity side, if you look out to -- throughout '27, really in the first quarter, first half of next year, we have five or six more very significant partners lined up in different regions to continue to expand that. So that's step one for us. I think that will, to your question, result in an increase in the pace of expansion in private equity.

Then on top of that, as we've talked about, and Axel also mentioned, during the course of the year next year, we are still working towards launching both a multi-strategy credit fund and a nontraded REIT. We think with the brand building we're doing through the private equity expansion, we're earning our way to having the right to expand with those partners who are having an exceptional experience with us on the private equity side.

When you add all that together, I do think your intuition is correct that we'll continue to accelerate in the wealth channel generally. If you look back in '24, '25, '26; in '25, we grew substantially; in '26, we're going to end up raising through the wealth business more broadly, almost twice as much as we raised in '25.

So the pace of expansion already is here, but we'll have more levers driving that in the next 12 to 24 months.

And your last question on team, we are actively adding to our team. We've been building this year. We just hired another person in the last 24 hours actually to be a senior member of the team to help us drive expansion of our national account strategy. So yes, we are adding to the team, both on the national account side and the product side and on the distribution side.

Operator^ We'll move on now to Ken Worthington with JP Morgan.

Kenneth Worthington^ As we think about 2027, how should we think about the underlying FRE margin outlook given catch-up fees positively influence the margin for 2026 and given some of Jack's comments there about the continued investment that you're making in wealth management?

Axel Andre^ Yes. Thanks for the question.

So you're right. So when we look at the third quarter and margin of 50% clearly benefited from the catch-up fees, $62 million of catch-up fees contributed in the quarter. As I said, if we normalize for what we could call a normal level of catch-up fee, although there is no such thing, our FRE margin would have been approximately 47%.

So given our strong margin performance year-to-date, we're updating our guidance for the full year, like I said, to approximately 48% which would represent nearly 300 basis points of improvement relative to 2025.

As we've discussed before this is just a point a long way for us. This is not a final destination. Over the long term, we remain highly confident in our ability to continue expanding our FRE margin into the 50s, supported by really several structural drivers.

I would say one on the revenue side, continued revenue growth driven by fund over fund growth, private equity strategies and other newer initiatives, accelerating credit AUM deployment and continued scaling of our high-margin capital markets business. On the expense side or on the operating leverage side, greater operating leverage from our continued scaling into new and emerging strategies where the initial team build-out costs are largely behind us.

Then lastly, additional productivity benefits from our formal AI initiatives that are really focused on streamlining some of our data and workflow intensive operations.

Now we're not putting an exact timeline for this expansion into the mid-50s. We're focused on the long-term growth of our business. We want to give ourselves the room to continue investing in the business in a measured and disciplined way. Some of the key investment areas would include capital formation, private wealth distribution, as we just discussed with Jack and our credit capabilities.

So FRE margin expansion may not be perfectly linear quarter-by-quarter, but our long-term trajectory is compelling and remains firmly impact.

Operator^ We'll move on now to Steven Chubak with Wolfe Research.

Steven Chubak^ So was hoping to double-click into the digital infra opportunity, just given how prevalent that's been across the capital markets ecosystem, I was hoping you'd speak to how the firm is positioned to participate, understand your legacy exposure is more through direct investments in the model providers, as we think about the fundraising of the next set of real estate funds, the Climate TI strategy. Has it informed the sizing of some of these strategies and which areas are you more comfortable leaning into? Which pockets are you looking to avoid?

Jon Winkelried^ Yes. Look, I think for starters, the context of your question is helpful because you described it as digital infrastructure. But when we think about the acceleration in the development of infrastructure more broadly, I think that we feel like our approach to it is across the multi-strategy breadth of the firm, and that's how we do look at it.

I mean for instance, if you look at the opportunity set across our firm from Peppertree on the tower side which is critical digital infrastructure across to what we're seeing in our Climate business as it relates to the evolution of and the importance of energy and what we think of as the picks and shovels around the development of the infrastructure opportunity, and the flow of opportunities we're seeing there and then cross it over to our real estate business and what we think is the real estate angle on data centers, the data center opportunity, where we've been invested now for some time.

I think we feel like this is an environment where there's going to be a number of really interesting opportunities. Just to double-click on a couple of those things. I think if you look on the digital infra side where we have our Peppertree business, our Peppertree business has an extraordinarily dedicated following. And as I mentioned in my comments, in the current fund raise which has been extremely strong. The Peppertree team has a very dedicated following. And what we have found is that many of our long-standing relationships are very interested in getting exposure to the strategy. The macro as it relates to that strategy is really intriguing.

If you look at the need for critical digital infrastructure, it's only going up. One example of that, by the way is the latest announcement you've seen out of Starlink, where they're dedicated to creating a terrestrial infrastructure capability around wireless. I think the number they quoted was something like 8,000 towers – sorry -- something like 80,000 towers, some enormous number in terms of what their build out is going to look like. And so, there may be technology evolution in that over time but we think that that is incredibly bullish for our opportunity in the business. So we're expecting that will continue to grow and expand as an opportunity.

We've also seen in our private equity business. just in terms of the evolution of what's going on in technology and AI. Obviously, we're picking our spots there. We've made a number of investments across the LLMs and other interesting AI-related technologies across capital, TTAD and Growth. We continue to expect that that's going to be a really important area.

I think, generally, the last thing I'll say on it is on the credit side, where we are being targeted with respect to the risk structures that we think are good risk/reward where you're getting compensated for the risk. I think there is a lot of embedded risk in the market right now with respect to certain of the structures that have been financed.

And I think we feel that, ultimately, one of the interesting opportunities besides the transactions that we are financing ourselves because we like the structuring around them is that at some point, we expect that portion of that financing flow will likely break in terms of valuation. And as a result of that, I think that the build in our dry powder and the opportunity that we expect to come as a result of that we think is real.

So we're also going to be opportunistic as it relates to where we think that the value reset makes sense for us. So that's how we're looking at it.

Operator^ We'll move on now to Devin Ryan with Citizens Bank.

Devin Ryan^ A question on just the insurance platform and whether the capabilities developed through the Jackson relationship are beginning to maybe open up broader discussions with other insurers. And really just trying to think about if the third-party insurance can really become a distinct growth business for TPG rather than primarily serving as capital for existing strategies and trying to also connect that back to the $200 billion credit AUM objective and how relevant this could be?

Jon Winkelried^ Yes. Well, I think the answer is yes. First of all, the Jackson relationship has been an incredibly strong partnership, the engagement only increases across the firm.

We started, as you know with a focus particularly on IG ABF and improving their access to IG ABF as well as Twin Brook on the direct lending side. And both of those initiatives are growing substantially and what's happening as well. And I think I might have mentioned this on maybe another call. But because of the production capability that we've developed, the sourcing capability on the IG ABF side, that is serving a range of relationships for us, a range of insurance company relationships for us. So that's up leveling the entire capability that we have with our partners.

Secondly, I think we have talked about the growth in our insurance partnerships, particularly since the original Angelo Gordon acquisition, and that the number of insurance partnerships and the AUM has grown meaningfully over that period of time and has more than doubled. So we continue to develop new relationships and expand the breadth of that.

On the capital formation side, we have a dedicated insurance coverage capability and a dedicated insurance coverage group, that's a global effort. If you look at the distribution of our insurance capital, our insurance capital right now is distributed around the globe between the U.S., Europe and Asia, with the heaviest concentration in the U.S. right now but we expect that will continue to grow on a global basis. That, I think will be an important driver of continued AUM growth across our credit franchise.

So as far as our $200 billion target, I expect that our insurance business will be an important part of that. We expect it to be a very strategic element of that long-term growth.

Jack Weingart^ It's Jack.

I would add just one thing. You asked whether the insurance business could expand beyond just being a sourcing channel for our existing businesses. I would make it clear that is already happening. If you look at all of the building we're doing into the investment-grade ABF space and other IG or lower risk return-rated segments of the market. Those are markets that Angelo Gordon, when we acquired them, did not participate in. Our expanding insurance business is already significantly expanding our market opportunity into new areas.

Operator^ We'll move on now to Brian Bedell with Deutsche Bank.

Brian Bedell^ Great. You answered some elements of this already, but -- and it's on deployment and you definitely talked about this on the data center and infrastructure side. But if we can maybe zero in on the two recently raised funds in the Capital segment and in Climate 2 and Global South. If you can comment on maybe how you're envisioning the pacing of deployment, given these opportunities is it on track, do you think to be either faster or slower? Then just connecting that with transaction fees, should we be thinking of that deployment base is informing the

transaction fee growth? Or are there other areas within the capital emerging business that you think that's -- are not quite scaled yet or not quite internally built out yet enough more upside to that.

Jon Winkelried^ Just quickly, I think that the scale of the opportunity is obviously meaningful in terms of deployment into the ecosystem that you're describing. I think that we have a number of scaled pools of capital that I mentioned before that are taking advantage of this including, by the way, credit which you didn't mention.

If you look at the broader flows as a result of this, in terms of predicting pace, that's always tough. I think that obviously the AI-related ecosystem is clearly going to be a larger portion of the deployment picture as we think about deploying each of these different funds.

I'd like to ask Jim if he can -- hopefully, he's still on and can hear us, but I'd like him to comment on the climate ecosystem because I think that's particularly interesting as it relates to this.

James Coulter^ Yes. The climate ecosystem is essentially morphing into a pick and shovels expression of what is happening in the reset of the power sector around the world. So we're seeing quite active deployment across our activities there. The funds we're closing are already about 25% deployed. If you look into that deployment, you'll find utility services in the U.S., you'll find green data centers in India, you'll find wind in India and data center equipment businesses across the U.S. So I think we are well positioned in the ancillary aspects of the huge capital cycles that are going on around the world through these products.

Operator^ We'll move on now to Arnaud Giblat with BNP.

Arnaud Giblat^ I just wanted to circle back on performance fees and the absence -- virtual absence in the quarter. I'm just wondering that is despite a decent level of realizations in the quarter positive accretion across all platforms and actual build. I just wanted more detail there, so we can square back with expectations of performance fees picking back up in Q4 and in 2027.

Axel Andre^ Yes. Excellent question, Arnaud, this is Axel.

So look, in the quarter, we generated $6.6 billion of realizations which, by the way brought the yearly total to $20.4 billion, up 10% year-over-year. Those proceeds from realizations were largely used to return basis on realized deals and cover unrealized losses, mainly in TPG Capital as we prudently reflected market volatility in the software companies that are facing greater AI-related defensive risk.

Outside of these specific companies, the portfolio fundamentals remain very strong with growth outpacing the broader market. So positive value creation across every platform this quarter and private equity, in particular, private equity strategies appreciated 3% in aggregate. So for example, we mentioned that aggregate bookings in our TPG Capital and Growth software companies grew more than 25% in the third quarter, clearly, accelerating from the first half of the year. What we're

seeing is that AI-enabled revenue and cost initiatives are accelerating earnings growth at many companies in software and beyond.

In the quarter we saw our net accrued carry rose sequentially to a record $1.5 billion at quarter end. So while the current market conditions may temporarily impact the timing of realizations, we see clear opportunities to selectively monetize investments at attractive valuations. We continue to expect realized performance allocations to pick up in the fourth quarter and into 2027.

Operator^ We'll move on now to Bart Dziarski with RBC Capital Markets.

Bart Dziarski^ Just wanted to ask a question around on higher rates and the impact on private equity specifically as it relates to performance. So you talked about deployment monetization. Thanks for that color. But in terms of performance, you've historically been an alpha generator, a very strong performance within that asset class. Just wondering if value creation plans or anything like that are changing in light of the incrementally higher rate environment to preserve that performance advantage?

Jon Winkelried^ Yes. Thanks for the question.

I started off my comments just talking about the increasing interest rate environment and its impact generally on the market. I think that certainly will have an impact on transactional activity, cost of capital, et cetera. Having said that, though, you've heard us talk about this quite a bit. Our business on the private equity side is not really a leverage arbitrage business. Our business on the private equity side is a growth-oriented business where we're generally driving top line and earnings growth in our companies, trying to inflect growth, whether it's by just the core strategy evolution, better execution, implementation of technology, et cetera.

So as a result of that, we're far from using maximum leverage in our strategy to finance our companies. I think I said in my comments, you look at a long arc of time in terms of the decade where 80% of our value creation across our private equity strategies is essentially from that base earnings growth as opposed to things like multiple expansion or any leverage arbitrage.

The other thing I would say which is important in our portfolio, which we didn't get a chance to talk about today, is that we have been anticipating just generally more volatile markets. And going back probably now 24 months, we have undergone systematically as a result of our capital markets capability, an effort to optimize balance sheet structure and execute refinancings, extend maturities where we can lower our borrowing costs where we can, and make sure that we're operating on the best terms. If you look at our interest coverage ratios, if you look at our general leverage ratios, they're all generally at the lower end of what you would see across large buyout players in the market.

So we're not that concerned to be honest with rates as it relates to inflicting any pain on our strategy. So I think we're cognizant of it, of course, because it does have an impact on the overall transaction level, I think in the market.

Operator^ We'll move on now to Michael Cyprys with Morgan Stanley.

Michael Cyprys^ I wanted to come back with a question on AI infrastructure, given your investment across data centers and related power infrastructure. Just curious how you're thinking about any concentration risk? How much exposure are you comfortable taking that theme within your funds. I was hoping you could elaborate a bit on some of the risks that you were alluding to earlier within certain structures that are being financed, how you protect against that? And while you've been quite active on the equity side, curious to what extent you see opportunities to participate more on the financing side through your credit platform.

Jon Winkelried^ Yes. Thanks, Mike.

Well look, to start off with from a high level, I think that we're trying to be very selective in terms of what we do on that side of the business. What we have tended to look for is in-place assets that are leased and generating cash flow -- and if you look at our current exposures, I think that that's consistent with where we are. I would say a couple of the things that we are very mindful of is development risk within our portfolio. And so we have very little of that across our portfolio.

When we look at what part of the ecosystem we feel comfortable, and I think Jim commented on, we like to use the expression, picks and shovels. I think that around the data center evolution, there's obviously a substantial energy need in terms of electrification. There's clearly an industrial supply chain dynamic going on with respect to what needs to be done to fulfill the data center demand framework.

So we are digging into that and have invested actively in what I think of as the second order opportunity around the data centers where we feel like, fundamentally, the risk reward of that is very, very good. and is distributed. It's not concentrated in several large data centers, but it's distributed around the data center ecosystem.

Some of the risks that I was referencing before are that if you look at the financing that's going on in the market. Obviously, there is an extraordinary need for capital. Some of the risks that we look out for as it relates to how we think about lending and exposing ourselves is, one, development risk, as I mentioned already because there is a number of headwinds as it relates to development risk, certainly just a political dynamic in terms of the community dynamic in terms of people pushing back, I think is creating uncertainty and in some cases, surprises around that process. So that's one element of risk.

The second element of risk, I would say is that the dependency on more and more financing and the questions of whether and at what price some of that financing will be available. We're trying

to reduce our exposure or avoid exposure to this cycle of ongoing borrowing requirements, where we think that it's unclear whether or not investors will keep stepping up.

One of the things that we typically see in the credit markets is that in areas that are flush with a lot of financing, you get concentration issues among investors, how much exposure they can take. We're dealing with an historic level of financing pressure in the market right now. We're starting to see that question of I can't take anymore or if I take any more, it's got to be a different type of risk reward or different type of structure or terms have to be different in terms of what the required returns are.

So that's where we think we're trying to be careful about what our exposures are. We have seen a number of opportunities as a result of that trend to work on more innovative and creative structures around that. We're working on one actually now as we speak. We feel like in that context, we can structure better protections and better risk reward. So that's an area where we feel like our capital will be well deployed.

And I think over time I do think that there is going to be I guess I don't know if the right term is some level of distress in the space or some level of repricing maybe is more appropriate. I think that there are going to be opportunities to step in when that happens. So I would say that's how we're thinking about it.

James Coulter^ If I can add, Jon, Michael, you've been through cycles before as we all have been. But there's a very good argument right now and it's been made pretty well for a large data center beta play. That is certainly moving through the market.

We're of a size and a focus where we're very focused on the data center alpha play, where we don't have to necessarily do the full beta play where we can pick our spots, as Jon is describing. And having been through fiber cycles and airline cycles, et cetera, when the market gets very sure of something, occasionally, it's good to be cautious and this may be a moment where we're seeing some of that cautious alpha-seeking activity in our pipeline.

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 closing remarks.

Gary Stein^ Great. Thanks, Operator, and thank all of you for joining us today. As always, if you have any additional questions, please feel free to follow up with the IR team. Otherwise, we'll look forward to speaking with you all again next quarter.

Operator^ This concludes today's TPG's Third Quarter 2026 Earnings Call and Webcast. You may now disconnect your line at this time. And have a wonderful day.