



2026 Board of Trustees Retreat

March 17-18, 2026

Boar's Head
Charlottesville, Virginia

Board of Trustees Retreat

Boar's Head | The Ballroom

Wednesday, March 18, 2026

8:00 a.m. Buffet Breakfast - Ballroom Foyer

8:30 a.m. Day 2 Opening Remarks

Andrew Junkin - Virginia Retirement System
Chief Investment Officer

8:35 a.m. Fiduciary Education

Michelle Mellon-Werch – Nossaman
Partner

9:20 a.m. Macro Overview

Tiffany Wilding - PIMCO
Managing Director

10:15 a.m. 15-Minute Break

10:30 a.m. AI - Public Markets

David Tykocinski - Maverick Capital
Co-Chief Investment Officer - Public Funds

11:10 a.m. AI - Private Markets

Lucas Swisher - Coatue Management
General Partner

11:50 a.m. Power Markets

Darpan Kapadia - LS Power
Chief Operating Officer

12:30 p.m. Closing Remarks

Andrew Junkin - Virginia Retirement System
Chief Investment Officer

Buffet Lunch - Ballroom Foyer

Opening Remarks

Day 2

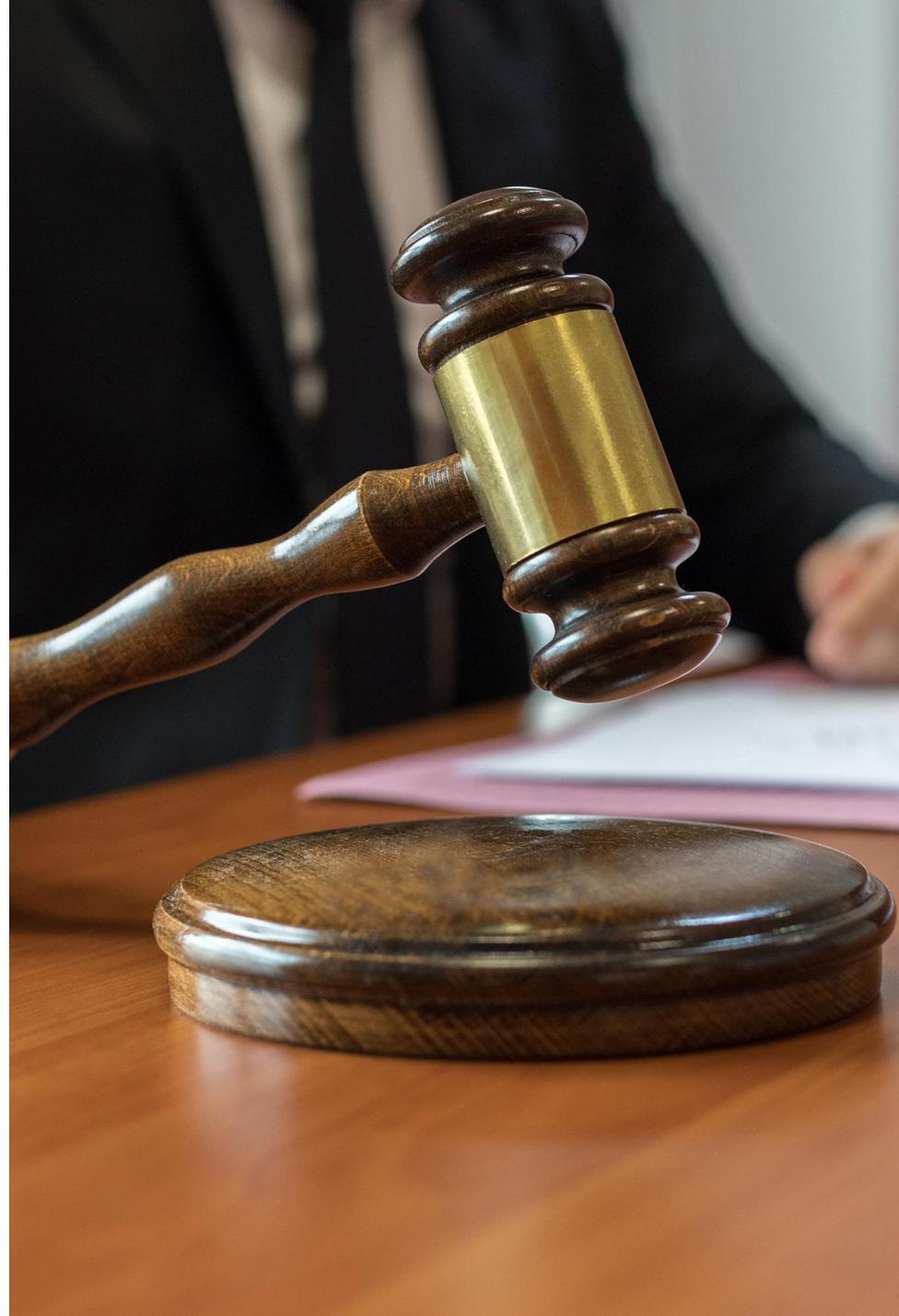
Andrew Junkin
Chief Investment Officer



Guest Speaker: Fiduciary Education

Michelle Mellon-Werch
Partner

Nossaman



Guest Speaker: Fiduciary Education

Michelle Mellon-Werch | Nossaman



Michelle Mellon-Werch advises pensions, benefits and investment plans on fiduciary duties, plan governance, administration and compliance. She has counseled government entities, private companies and other organizations on retirement plans and trust funds for 18 years.

Michelle currently serves as fiduciary counsel to the Public Employees' Retirement System of Idaho and provides fiduciary legal services to the San Francisco County Employees Retirement System and a large multinational private company. As such, Michelle advises on fiduciary duties, pension benefits administration, policy development, federal tax qualification, compliance with the Internal Revenue Code (IRC) and the applicable regulations, guidance and case law. Michelle frequently assists plans in the development and drafting of internal policies and procedures, member notices and communications and analysis of legislative proposals for compliance with federal tax laws and regulations. She has also assisted with the development of statutory and regulatory amendments required to remain compliant with federal tax laws and regulations and has experience representing plans before the IRS, including in requests for determination letters, private letter rulings and compliance statements in connection with Voluntary Compliance Program (VCP) application submissions under the Employee Plans Compliance Resolution System (EPCRS), as amended by the SECURE Act and SECURE 2.0 Act and further guidance.

Before joining Nossaman, Michelle served as Assistant General Counsel for 14 years and Director of Communications for two years for the Texas Municipal Retirement System. At TMRS, Michelle advised management on compliance issues, filing regulatory filings with the IRS, drafting regulations, policies and procedures and working with auditors and other outside consultants. As Data Privacy Officer at TMRS, she introduced and launched a data privacy program, directed the development of privacy policies and notices, as well as a data breach response plan. Michelle worked with subject matter experts to draft a request for proposal for a pension administration system. She negotiated a multi-million-dollar pension administration system implementation and professional services, license and subscription agreement and a maintenance and support agreement with a third-party vendor that executed on time and on budget. She also managed open records and open meetings compliance and implemented and directed a benefit payment corrections program.



Fiduciary Education for VRS Board of Trustees

Michelle Mellon-Werch | Partner, Pensions, Benefits & Investments Group
Meeting of the Board of Trustees | Virginia Retirement System, March 18, 2026

Your Presenter



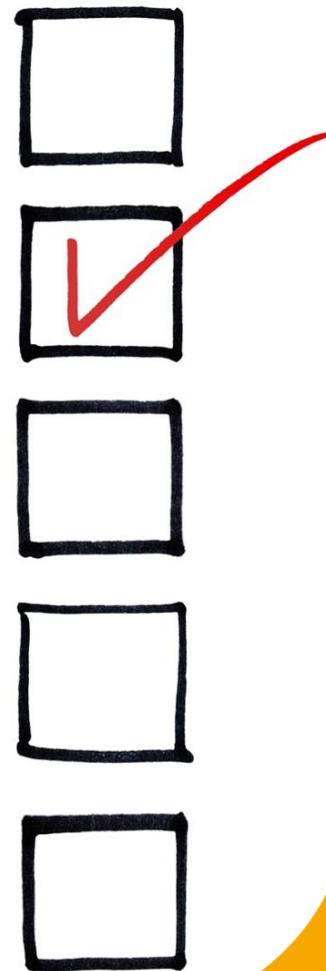
Michelle Mellon-Werch

Nossaman LLP

Partner, Pensions, Benefits & Investments Group

Overview

1. What is a fiduciary?
2. What are a fiduciaries responsibilities?
3. How do trustees meet their fiduciary obligations?
4. How do they violate their fiduciary obligations?
5. Dos and don'ts
6. Fiduciary challenges today and tips to avoid liability



What is a Fiduciary?

- Federal Law
 - Internal Revenue Code (“Qualified Plans” under IRC 401(a))
 - ERISA (instructive only, non-binding)
- State Law applicable to VRS
 - Constitution of Virginia, Article X, Section 11
 - Code of Virginia Title 51.1. Pensions, Benefits and Retirement
 - Trust Law
 - Other State Laws: Conflict of Interest Act, FOIA, Open Meetings
 - Other Governing Plan Documents
 - Case Law

What is a Fiduciary?

A fiduciary is a person or organization **discretionary authority or control over the plan, the benefits or the assets of the plan** and has a **duty** to put the **interests of the plan's members and beneficiaries** ahead of their own or anyone else's interests.



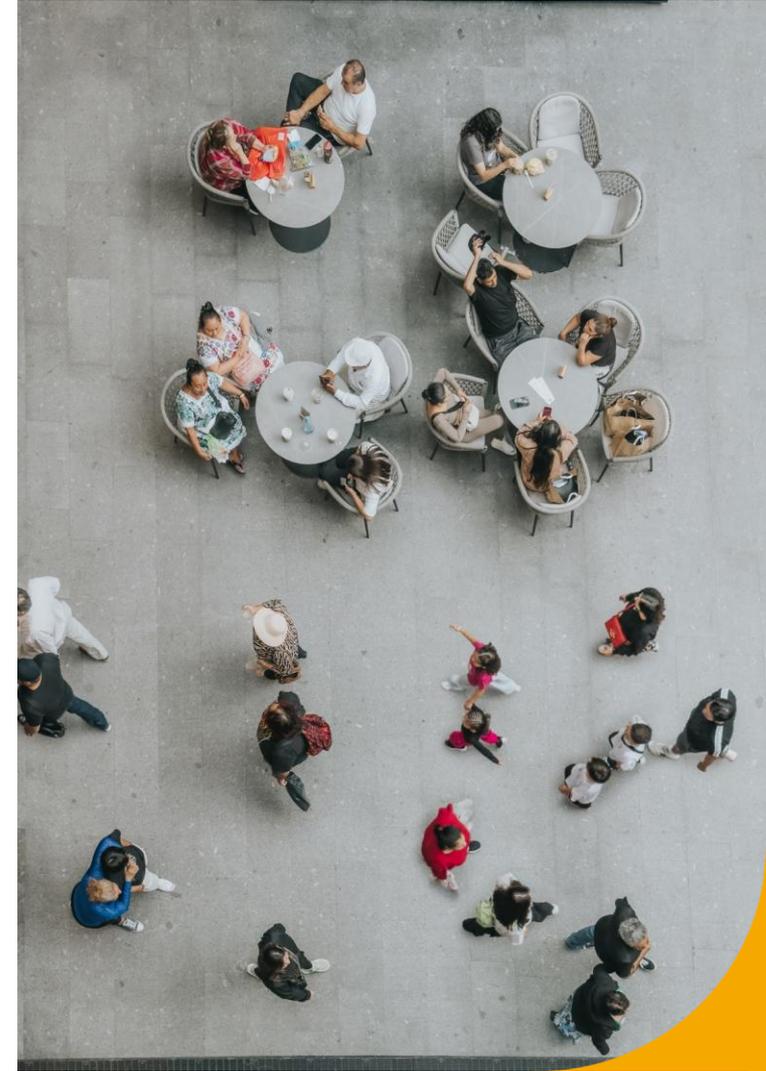
Who is a Fiduciary?

- **By definition, therefore:**
 - All VRS Board members and executive officers:
 - are **fiduciaries**
 - who thus owe **duties of care and loyalty**
 - to VRS **members and their qualified beneficiaries**
 - with respect to the **benefits due to them**
 - by **the retirement system**.
 - Functional definition also applies, therefore fiduciary status is based on functions performed.

Who is (not) a Fiduciary?

Not everyone who interacts with VRS is a fiduciary, either to VRS or its members.

For example: plan sponsors, employee associations, state agencies, investment professionals (unless by contract), trustees of *other* public retirement systems, and members themselves (unless they are also Board or executive staff members) are not fiduciaries.



Five Duties of a Public Retirement Board Fiduciary

1. Duty of loyalty
2. Duty of care
3. Duty to administer plan in accordance with plan terms and other applicable law
4. Duty to diversify investments
5. Duty to pay vested benefits



Duty of Loyalty: Exclusive Benefit Rule

- Under the Constitution of Virginia, Article X, Section 11:
“The funds of the retirement system shall be deemed separate and independent trust funds, shall be segregated from all other funds of the Commonwealth, and shall be invested and administered solely in the interests of the members and beneficiaries thereof.”
- Under the Code of Virginia Section 51.1-124.30:
“The Board shall discharge its duties with respect to the Retirement System solely in the interest of the beneficiaries thereof...”

Duty of Loyalty: Exclusive Benefit Rule

- A trust will constitute a qualified trust only if:
 - Under the trust instruments it is impossible, at any time prior to the satisfaction of all liabilities with respect to employees and their beneficiaries under the trust, for any part of the corpus or income to be (within the taxable year or thereafter) used for, or diverted to, purposes other than for the exclusive benefit of his employees or their beneficiaries. (IRS Reg. §1.401-2)
- Once assets, such as contributions, are in the trust, they may not be returned to or diverted.

Duty of Loyalty: Primary Duty Rule

- Overarching principle in the Constitution and Code of Virginia §51.1-124.30.
- Other obligations, including to “diversify the investments of the fund” are secondary and in service of the primary duty.





Duty of Loyalty: One Hat Rule

- Trustees must always act in the best interests of members and beneficiaries. Any decision that favors a participating employer, an interest group, or the trustee personally is not consistent with fiduciary duty.
- Much like the State and Local Government Conflict of Interests Act
- Fiduciaries cannot have conflicting loyalties. A fiduciary has a duty not to use or deal with trust assets for the benefit of a third person, including that of the plan sponsor, or for any other purpose unconnected with the trust.

Fiduciary Duty of Loyalty: Conflicting Interests Among Various Members and Beneficiaries

- Can be complex and crosscutting.
- Determinations of priorities among members and beneficiaries must serve their overall best interest with respect to the trust purpose.
- Appropriate balance may not be obvious when the interests within the member, retiree and beneficiary groups are not the same.



Hypothetical No. 1: Fiduciary Duty of Loyalty

- The retirement system's actuary has completed an experience study and is recommending changes in actuarial assumptions that may decrease the fund's funded ratio, creating the possibility of increasing contribution rates.
- Trustee Smith is a long-time active teacher and is against the recommendations because her employer will likely forgo any merit increases or bonuses if contribution rates increase.
- Trustee Wishnew is a retiree and has been active for many years with a state employees' retiree association. The association is in favor of the recommendations because they believe the changes will bring additional security to the Fund.
- What are, and are not, fiduciarily appropriate considerations for Board members with respect to this topic?



Fiduciary Duty of Care

- Under § 51.1-124.30, a fiduciary must discharge its duties:
 - “With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims”
 - Carefully consider the particular expertise needed to address a topic within the Board’s jurisdiction.
 - Medical? Legal? Plan administration? Investment? etc.
 - Consider factors knowable at the time of the decision and follow prudent processes.
 - Reasonable consultation with experts is important, but not a substitute for independent exercise of trustee’s responsibilities



Duty of Care: “Prudent Fiduciary with Experience Dealing with a Similar Enterprise”

- A fiduciary need not be the expert but may need to consult an expert. When using experts, the fiduciary may take into consideration the advice of relevant experts, but the fiduciary is still ultimately responsible.
- Expertise resides both with *in-house* VRS staff, as well as in VRS’s outside retained experts.
- Trustees also *develop* their own capability to provide *prudent oversight* through
 - careful review of Board materials;
 - communication with staff on questions about those materials;
 - thoughtful participation in board meetings; and
 - VRS-provided and other appropriate and cost-effective educational opportunities on topics focused within the Board’s jurisdiction and consistent with VRS’s policies.



Fiduciary Duty of Care: Process and Soundness of Analysis Matter

- Duty of care does not require a fiduciary to guarantee specific outcomes but does require use of a prudent process.
- Highlights the importance of documenting fiduciary considerations and decision-making.
- However ... (see next slide)



Fiduciary Duty of Care: Process and Soundness of Analysis Matter

- A prudent decision may not be either “arbitrary” or “capricious.”
- Deliberations by fiduciaries should illustrate the relationship between the information presented and the action taken.
 - Courts may review a fiduciary’s decisions substantively, rather than simply deferring to a determination that a fiduciary may make after a prudent process.
 - Not dissimilar from U.S. Supreme Court’s discussion in *Loper* of courts’ duty to “exercise their independent judgment in deciding whether an agency has acted within its statutory authority,” while “[c]areful attention to the judgment of the Executive Branch may help inform that inquiry”.

Fiduciary Duty of Care: Process and Soundness of Analysis Matter (cont.)

- What does prudence look like?
 - Acting consistently with laws and plan governance documents, which include Board policies and procedures (and making sure the plan governance documents match each other).
 - Where aspects of fiduciary duty are delegated, periodic and systematic monitoring.
 - Facts, analysis, questions, answers.
 - Documented decision-making.
 - Agendas, staff/consultant supporting materials, minutes, resolutions detailing facts, findings and conclusions are all ways to document procedural prudence.
 - Periodic review and reevaluation of processes and approaches—*continuous process improvements*.

Fiduciary Duty of Care: Consult with Experts

- “To the extent necessary or appropriate to the making of informed investment judgments by the particular trustee, care also involves securing and considering the advice of others [such as legal, actuarial and investment counsel] on a reasonable basis.” Rest. 3d Trusts, *supra*, § 227, p. 15, comment d.
- The implicit corollary - if a fiduciary fails to follow the advice of its professional consultants, it must demonstrate an informed, reasonable, and prudent rationale for failing to do so.
- Another implicit corollary - expert advice from a reasonable source should provide the basis for a Board’s decision to take an alternative course of action on a topic within that area of expertise (e.g., investment, actuarial, legal).

Hypothetical No. 2: The “Prudent Fiduciary with Experience Dealing with a Similar Enterprise”

- Trustee Wilson is convinced that a specific private equity manager allocation is too speculative.
- VRS’s CIO and Investment Consultant have concluded that it is appropriate for VRS from a risk-adjusted return perspective, advocates to other Board members about “doing the right thing” on the topic.
- What fiduciary issues are implicated?

Fiduciary Duty to Act in Accordance with Plan Documents and Other Applicable Law

- Fiduciaries have a duty to administer plans in accordance with plan document and applicable law.
 - Important to be familiar with the plan's governing documents and review periodically
 - Typically, fiduciaries are not also designing the retirement plan, which is the role of the settlor (e.g., the legislature)
- Plan document can include:
 - Plan statutes, Administrative law, Virginia common law
- Other applicable law:
 - Internal Revenue Code 401(a), Open Meetings/Public Records laws
- Interpretation of Plan documents falls to the Board



Hypothetical No. 3: Act in Accordance with Plan Documents and Other Applicable Law

- An employee association drafts a bill to modify the statutes that form the plan document to expand benefits to part-time employees that work 800 hours a year from the current 1,000-hour rule. The employer is opposed to the bill. The association wants assistance from staff to review the draft of the bill to ensure it fits with the rest of the plan and can be administered by the plan, if passed by the legislature. Should the Board allow this?
- What is the Board's role at a legislative committee hearing on the bill?
- A trustee is close friends with a legislator who sponsors the bill. The legislator asks the trustee to speak for the bill at the committee hearing as a Board member. What fiduciary issues does this raise?

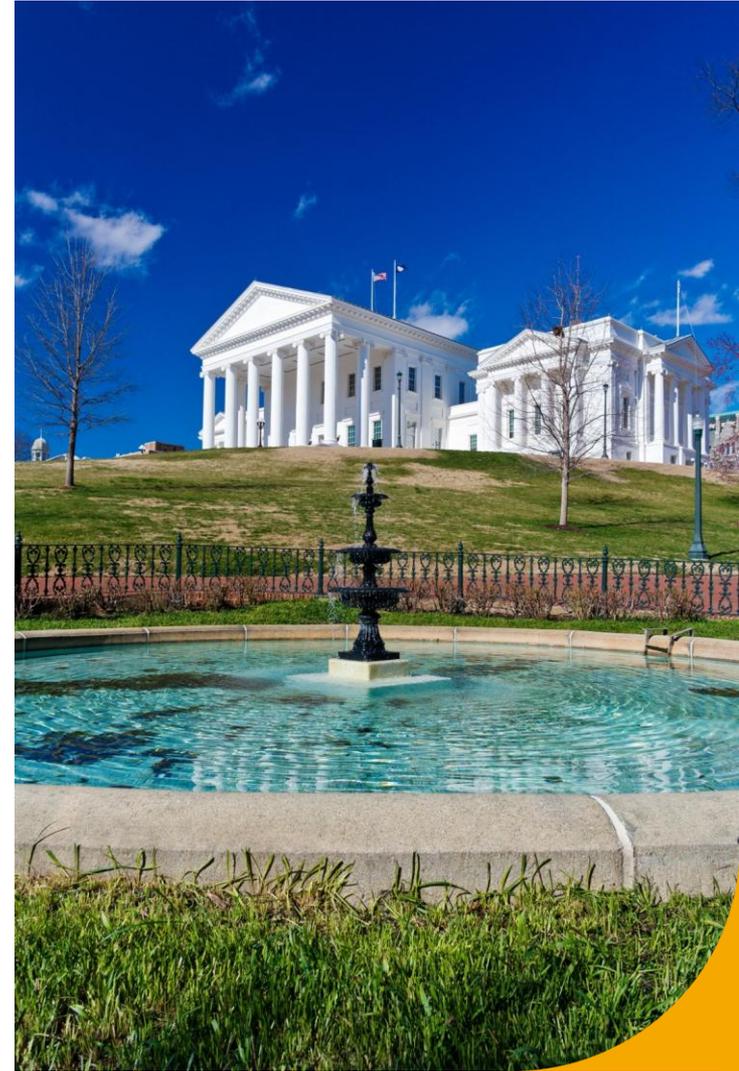
Fiduciary Duty to Diversify Investments to Maximize Risk-Adjusted Returns

- Code of Virginia § 51.1-124.30.C.
“The Board shall also diversify such investments so as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so.”



Limitations on Investment Strategies?

- These are demands – legislative or otherwise – for divestment from, or investment in, certain geographic areas, types of business, or types of assets.
- Statutorily-provided limitations may conflict with the duty of prudence and duty to diversify, unless the statute reiterates Section § 51.1-124.30.C. or grants a carve-out for fiduciary duties.



Hypothetical No. 4: Fiduciary Duty to Diversify Investments

- Board member Xanadu is active with the business roundtable and has been outspoken outside the Board regarding the need for local economic investment.
- VRS' Chief Investment Officer and Investment Consultant are presenting the system's annual asset-liability study, and they are proposing various alternative tilts in the allocations of the retirement system, all of which result in a well-diversified portfolio, but with varying levels of anticipated risk-adjusted return.
- A retired member of the system sends a letter to the Board urging it not to adopt any of the recommended asset allocations, and instead to fund local investment opportunities, citing to the work performed by Board member Xanadu in other contexts.
- What considerations should Board members take, and not take, into account with respect to this topic?

Fiduciary Duty to Pay Vested Benefits

- Code of Virginia § 51.1-124.22.
 - “The Retirement System shall be administered by the Board of Trustees...”
- Code of Virginia, § 51.1-128. Benefits
 - A. Employees who become members under this article and on whose behalf contributions are paid as provided in this article shall be entitled to benefits under the retirement system.
- Code of Virginia, § 51.1-153. Service Retirement

Fiduciary Duty to Pay Vested Benefits

- What are “vested” benefits?
 - Benefits that the law applicable to VRS requires to be paid to eligible members and beneficiaries
 - Statutes set eligibility requirements (e.g., minimum age, months of service)



Prudent Processes Re Provision of Benefits

- For vested benefits, key components are:
 - Timely collection of sufficient contributions from employers and active members and prudent investments
 - Practices for timely administration and payment of correct benefits, and correction of error policies for when they occur
- Implicates:
 - Contribution rate setting
 - Funding Guidelines
 - Investment Policy
 - Strong administrative processes

Fiduciary Do's and Don'ts

Topic	Do's	Don'ts
Duty of Loyalty –Communications with members, their beneficiaries and retirees.	<ul style="list-style-type: none"> • Communicate general information about VRS when speaking with members. • Refer members or beneficiaries to staff for any individual or account-specific information. • Ask questions about their concerns, be interested in understanding their concerns. 	<ul style="list-style-type: none"> • Try to assist individual members with a question specific to their benefits. • Work with members or retirees on their strategies for obtaining or expanding benefits.
Duty of Loyalty – in the administration of VRS	<ul style="list-style-type: none"> • Make determinations on actuarial assumptions and methodologies, and contribution requirements, based on actuarial recommendations in the best interests of members and their beneficiaries. 	<ul style="list-style-type: none"> • Manage staff's daily activities and priorities. • Make decisions based on the interests of your employer, stakeholder group or personal interests.

Fiduciary Do's and Don'ts

Topic	Do's	Don'ts
<p>Duty of Care –Conduct at Board Meetings, Committee Meetings, Legislative Hearings and Public Forums (e.g., church, Rotary, other community events).</p>	<ul style="list-style-type: none">• Board & Committee Meetings – Review materials, ask ED & CIO questions, request analysis, and monitor information.• Legislative Hearings and other Public Forums– Clarify your role; if hearing is on issues affecting VRS and you are authorized, speak as a Trustee, not a representative of your representative group or employer.	<ul style="list-style-type: none">• Neglect to review Board materials or other communications from the ED or CIO.• Direct work of staff based on priorities you have in a capacity other than as a Board member and/or participate in other activities intended to change VRS's plan design (expanding or contracting benefits).

Fiduciary Do's and Don'ts (continued)

Topic	Do's	Don'ts
Duty of Care – Manage administration and investment of the Trust as a prudent person with experience dealing with a similar enterprise	<ul style="list-style-type: none">• Delegate areas that require exceptional expertise, actuarial, investment, or legal analysis, cybersecurity, or benefits processing.• Consider your own experiences and knowledge about the subject.• Provide appropriate monitoring and oversight at the Board level.• Document your Prudent Processes (e.g., minutes, due diligence reviews, scoring sheets, etc.)	<ul style="list-style-type: none">• Allow red flags to go unquestioned (whether it's investment performance, payment delays, or late reporting)• Accept partial or delays on reporting.• Allow questions to go unanswered.• Stay quiet if you don't understand.

Fiduciary Do's and Don'ts

Topic	Do's	Don'ts
Duty to diversify investments to maximize risk-adjusted returns	<ul style="list-style-type: none">• Hire experts (e.g., investment consultant(s)) to assist with analysis of asset allocation• Understand your Investment Policy Statement (IPS).• Review your IPS periodically to keep current• Consider if reports on your investments provide sufficient information to understand if the trust's portfolio, including investment managers, complies with your IPS	<ul style="list-style-type: none">• Consider investments due to external pressures (e.g., political, personal, or special interest)• Allow deviations from your IPS

Fiduciary Do's and Don'ts

Topic	Dos	Don'ts
Duty to pay vested benefits	<ul style="list-style-type: none">• Consider if the IPS contemplates liquidity needs to fund current benefits due• Consider if the funding policy is aligned with the system's ability to pay future vested benefits	<ul style="list-style-type: none">• Place one group of beneficiaries above another when making governance decisions
Duty to defray administrative expenses	<ul style="list-style-type: none">• Obtain multiple bids or proposals on high-cost goods and services periodically to ensure the best quality for the best price	<ul style="list-style-type: none">• Select the lowest price without considering quality of services or goods

Fiduciary Breach of Liability and Consequences

- What was known at the time of the action or decision.
- Potential for co-fiduciary liability if you are or become aware of another trustee's breach of fiduciary duty.
- Depending upon level of immunity that may or may not be available under state law (see next slides), as well as circumstances of alleged breach, there may be personal liability to
 - Make up losses suffered by the plan
 - Pay back profits
 - Responsibility for legal fees
 - Courts may have discretion to impose additional consequences

Limitations of Liability and Indemnification

- Code of Virginia § 51.1-124.28. Legal representation in criminal matters.

After a determination of innocence on a criminal charge, the trustees, officers and employees may be reimbursed by the Board for all or part of their defense costs.

- Code of Virginia § 51.1-124.30.D. Liability for losses.

No officer, director, or member of the Board or of any advisory committee of the Retirement System or any of its tax exempt subsidiary corporations whose actions are within the standard of care in subsection C above shall be held personally liable for losses suffered by the Retirement System on investments made under the authority of this chapter. (emphasis added)

Other Ways to Limit Liability

- Understand fiduciary obligations, utilize experts (in-house and outside), and document efforts to comply with these obligations.
- Delegation of duties does not eliminate the responsibility to continue oversight and monitoring.



Fiduciary Trends

- **Federal Policies:** Defined contribution plan (i.e., 401(k), IRA, etc.) access to private market investments; national policy framework for AI
- **Means to an end:** Stakeholder pressure to change (decrease or increase) actuarially assumed rate of return and other actuarial assumptions and methodologies that impact member and employer contribution rates
- **Enhancing benefits:** Increasing pressure to grant non-vested COLAs and other supplemental retirement benefits
- **Claims of fiduciary breach:** Forfeiture account litigation and challenges to investment decisions (primarily as to ERISA 401(k) Plans)
- **Political pressures:** Restrictions on investment allocations, or requirements of investment allocations, for ideological reasons rather than risk-return investment perspective

Additional Educational Resources

- National Conference on Public Employee Retirement Systems (NCPERS) Training for Trustees
- National Council on Teacher Retirement (NCTR)
- National Association of Public Pension Attorneys (NAPPA)
- Institutional Limited Partners Association (ILPA)
- International Foundation of Employee Benefit Plans (IFEBP)
- National Association of Government Defined Contribution Administrators (NAGDCA)
- VRS Service Providers may also provide educational conferences for clients.



Thank You for Your Time



Michelle Mellon-Werch

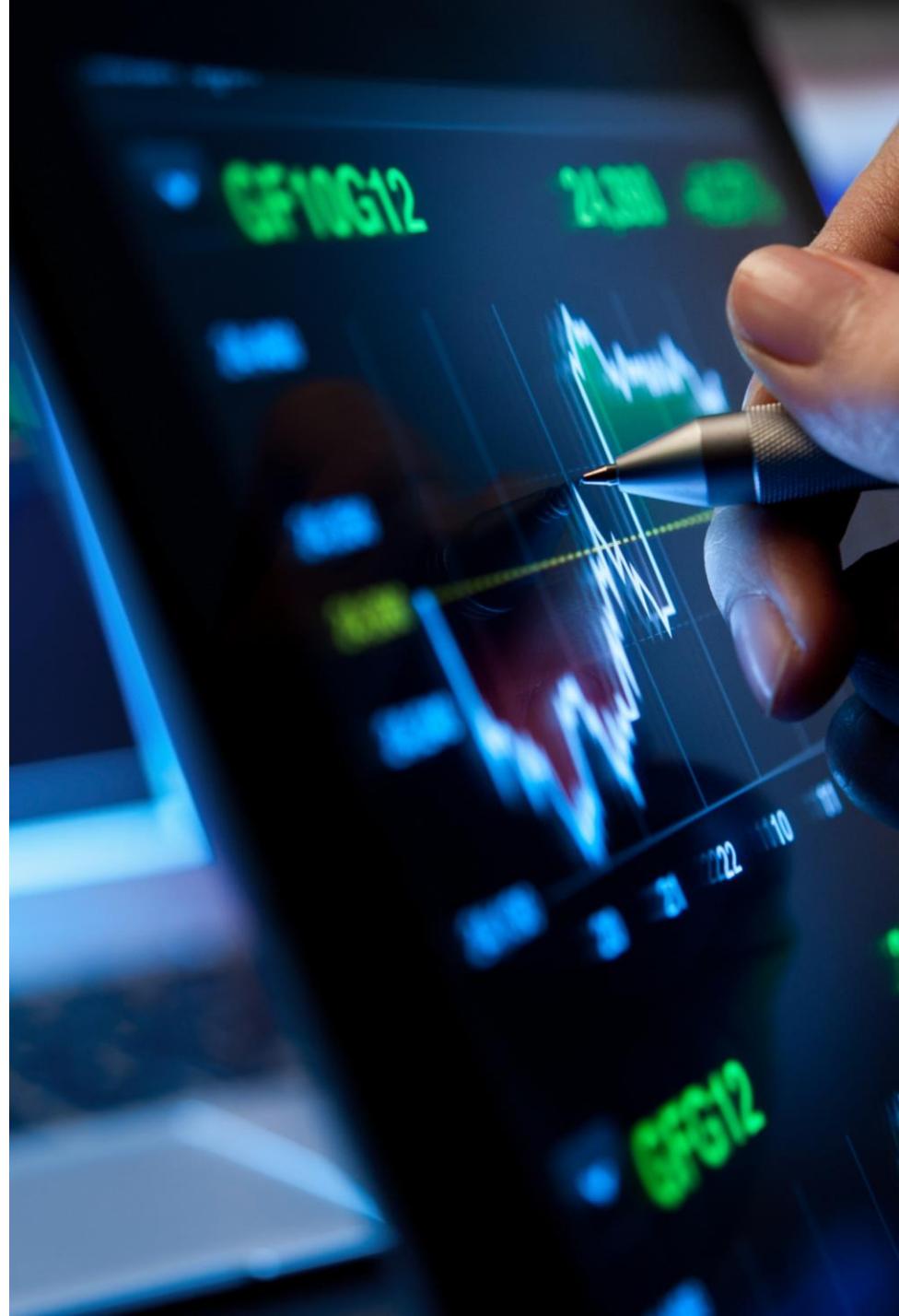
Nossaman LLP

Partner, Pensions, Benefits & Investments Group

Guest Speaker: Macro Overview

Tiffany Wilding
Managing Director

PIMCO



Guest Speaker: Macro Overview

Tiffany Wilding | PIMCO



Ms. Wilding is a managing director and economist based in the Newport Beach office. She leads PIMCO's Cyclical Forum, crafts the firm's outlook for the global economy, and analyzes key macro risks for the firm's Investment Committee. She also co-chairs the firm's Americas portfolio committee. Prior to joining PIMCO in 2016, she was the head of global interest rate research at Tudor Investment, responsible for recommending trade ideas based on global macro trends. Previously, she was a U.S. interest rate strategist with Morgan Stanley and a Treasury market policy analyst for the Federal Reserve Bank of New York, where she helped structure and implement the central bank's response to the 2008 financial crisis. She has 18 years of investment and economics/financial markets experience and holds an MBA in quantitative finance from New York University's Stern School of Business. She received an undergraduate degree from Rhodes College.

PIMCO



CYCLICAL
OUTLOOK

Compounding Opportunity

March 2026

IMPORTANT NOTICE

Please note that the following contains the opinions of the manager as of the date noted and may not have been updated to reflect real time market developments. All opinions are subject to change without notice.

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Institutional Investor Use Only**

Disclosures

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Pacific Investment Management Company, LLC

	Annualized Return (%)							YTD 31 Dec '25
	S.I. 1 Dec '89	10 yrs.	5 yrs.	3 yrs.	1 yr.	6 mos.	3 mos.	
Before fees (%)	6.34	3.00	0.67	6.38	9.58	4.44	1.74	9.58
After fees (%)	5.92	2.59	0.29	5.97	9.16	4.24	1.64	9.16
Bloomberg U.S. Aggregate Index (%)	5.06	2.01	-0.36	4.66	7.30	3.15	1.10	7.30

As of 31 December 2025. Source: PIMCO

Returns are average annualized total returns, except for those periods of less than one year, which are cumulative.

Past performance is not a guarantee or a reliable indicator of future results. Performance for periods longer than one year are annualized.

Refer to Appendix for additional performance and fee, chart, composite, index, investment strategy, and risk information.

CMR2026-0304-5276499

Cyclical Outlook: Compounding Opportunity

Economic Backdrop



Growth remains surprisingly resilient

The global economy has weathered tariff pressures, aided by AI-related spending and efficiency gains



Winners and losers drive “K-shaped” economic trends

Companies deploying AI and wealthier households are benefitting. Others are at risk of being left behind.



Globally, monetary and fiscal policies are diverging

Fiscal policy set to be more influential as monetary easing nears its limits

Investment Opportunities



Bonds present compelling, durable opportunities

Elevated starting yields offer a solid foundation for active investors to generate alpha



Use global diversification to help mitigate risks

Tap opportunities worldwide to unlock attractive yields across markets



Be selective in a late-cycle credit environment

Seek value across the public-private continuum, focusing on liquidity and credit quality

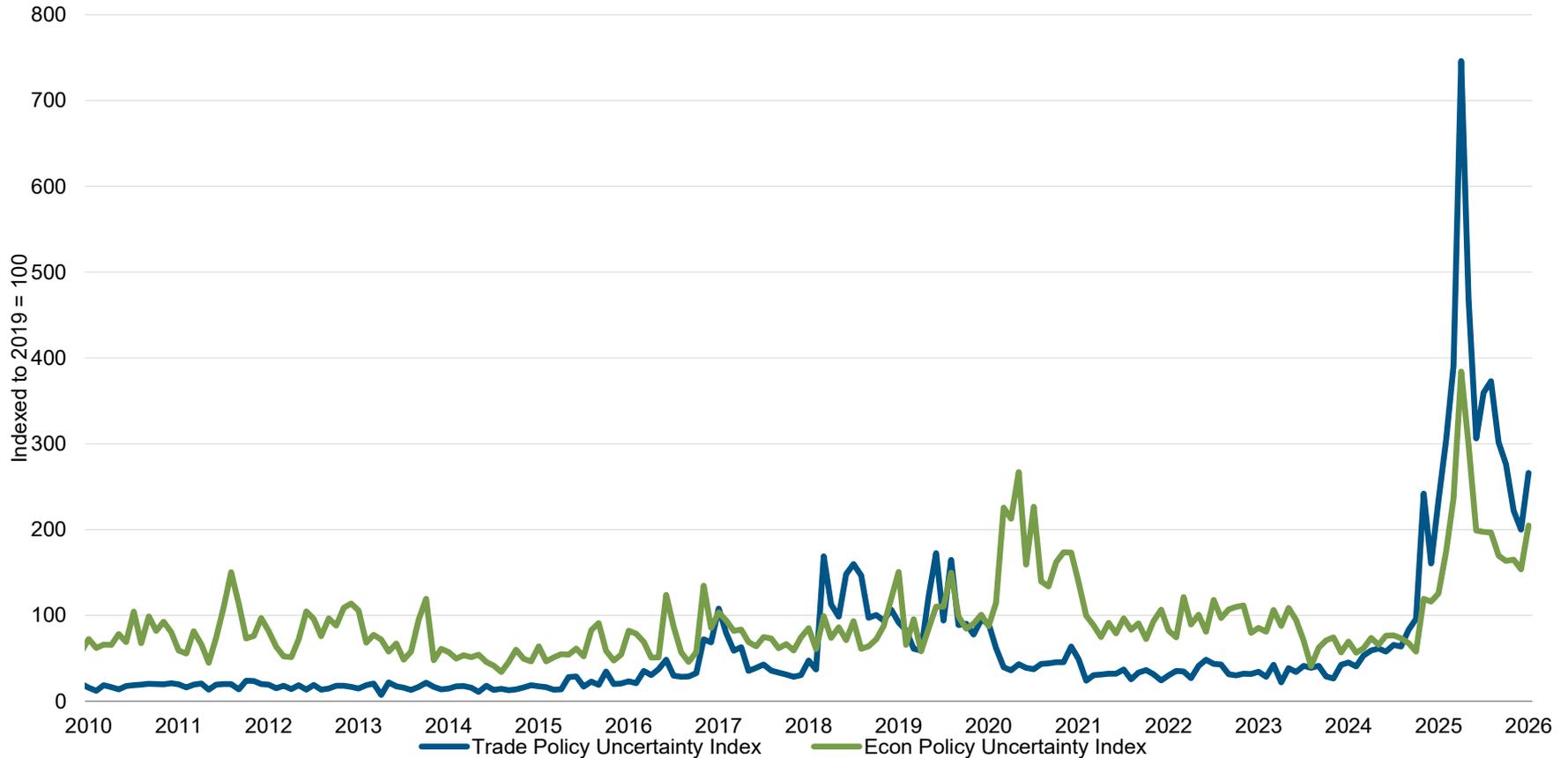
Divergent trends create winners and losers

“K-shaped” economic trends	Winners	Losers
 <p>Corporate and sovereign balance sheets</p>	Strong	Weak
 <p>Consumer balance sheets</p>	Higher income / asset owners	Lower income / low asset ownership
 <p>AI tech innovation</p>	Disruptors	Disrupted
 <p>Diverging monetary and fiscal policy</p>	Stimulative	Restrictive
 <p>Diverging credit profiles</p>	Higher quality/ capital intensive and less exposed to trade companies	Lower quality / labor intensive and more exposed to trade companies

As of 31 December 2025. Source: ICE. For illustrative purposes only.

2025 Review: dramatic changes in US policy shaped the global macro landscape...

News Based Policy and Economic Uncertainty Index



As of February 2026

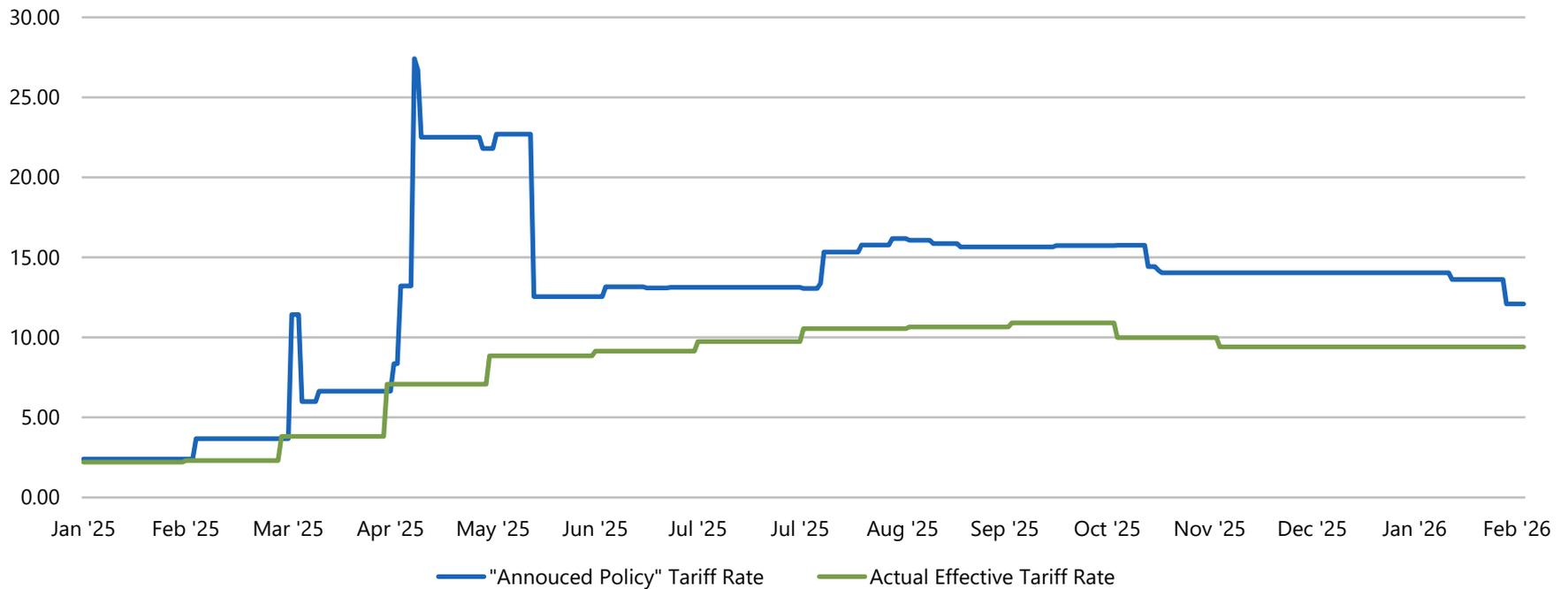
Trade Policy Uncertainty, is constructed by staff in the International Finance Division of the Federal Reserve Board and measures media attention to news related to trade policy uncertainty. The index reflects automated text-search results of the electronic archives of 7 leading newspapers discussing trade policy uncertainty. The index is scaled so that 100 indicates that 1% of news articles contain references to TPU. Economic Policy Uncertainty news-based index is an index of search results from 10 large newspapers from which they construct a normalized index of the volume of news articles discussing economic policy uncertainty.

Source: Haver, PIMCO, Matteo Lacoviello, Policyuncertainty.com.

... including a ratcheting up of US tariffs

The actual effective US tariff rate has increased more slowly due to changing trade flows.

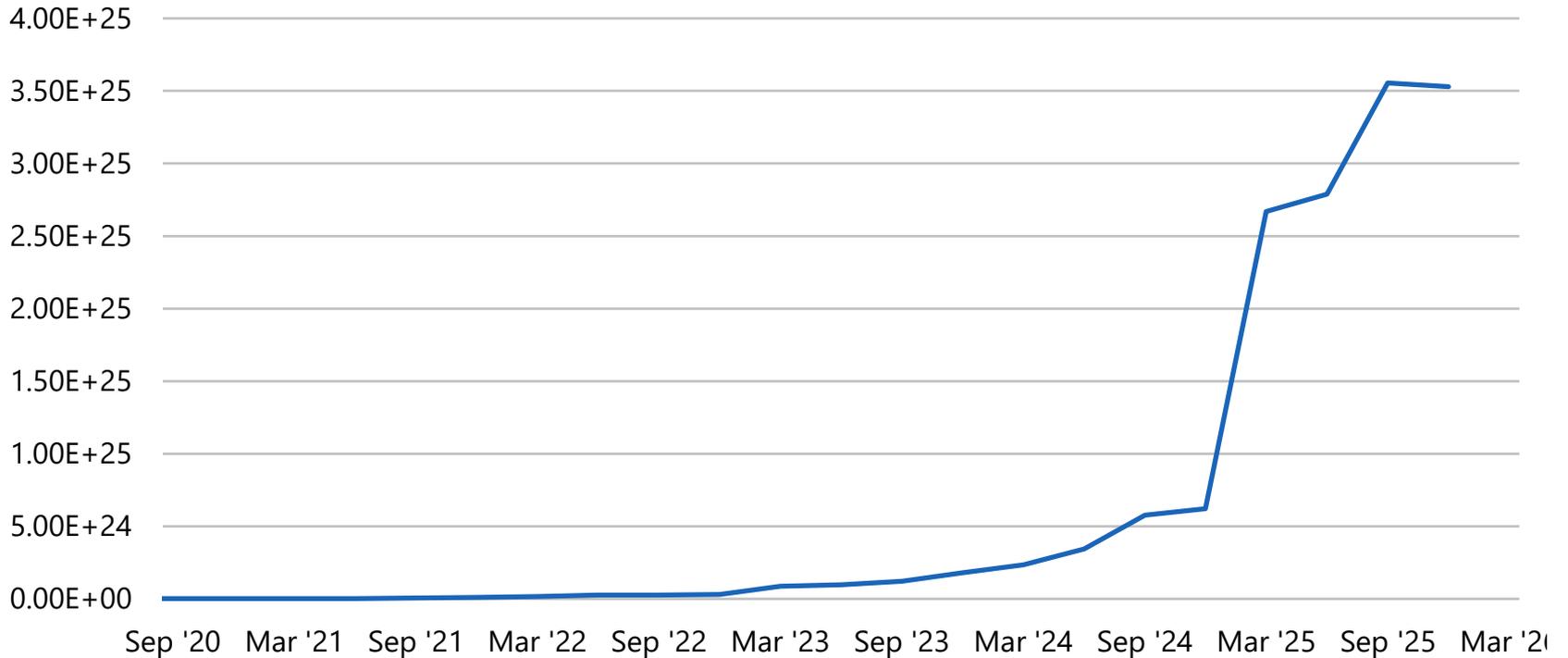
Weighted Average Effective Tariff Rate, "Announced Policy" vs Actual (%)



A new general-purpose technology also emerged.

Public use LLMs were introduced in 2022, but it wasn't until early 2025 that both model improvements and adoption accelerated

**Average Compute (FLOP) of a Large Language Model
(by new model publication date)**

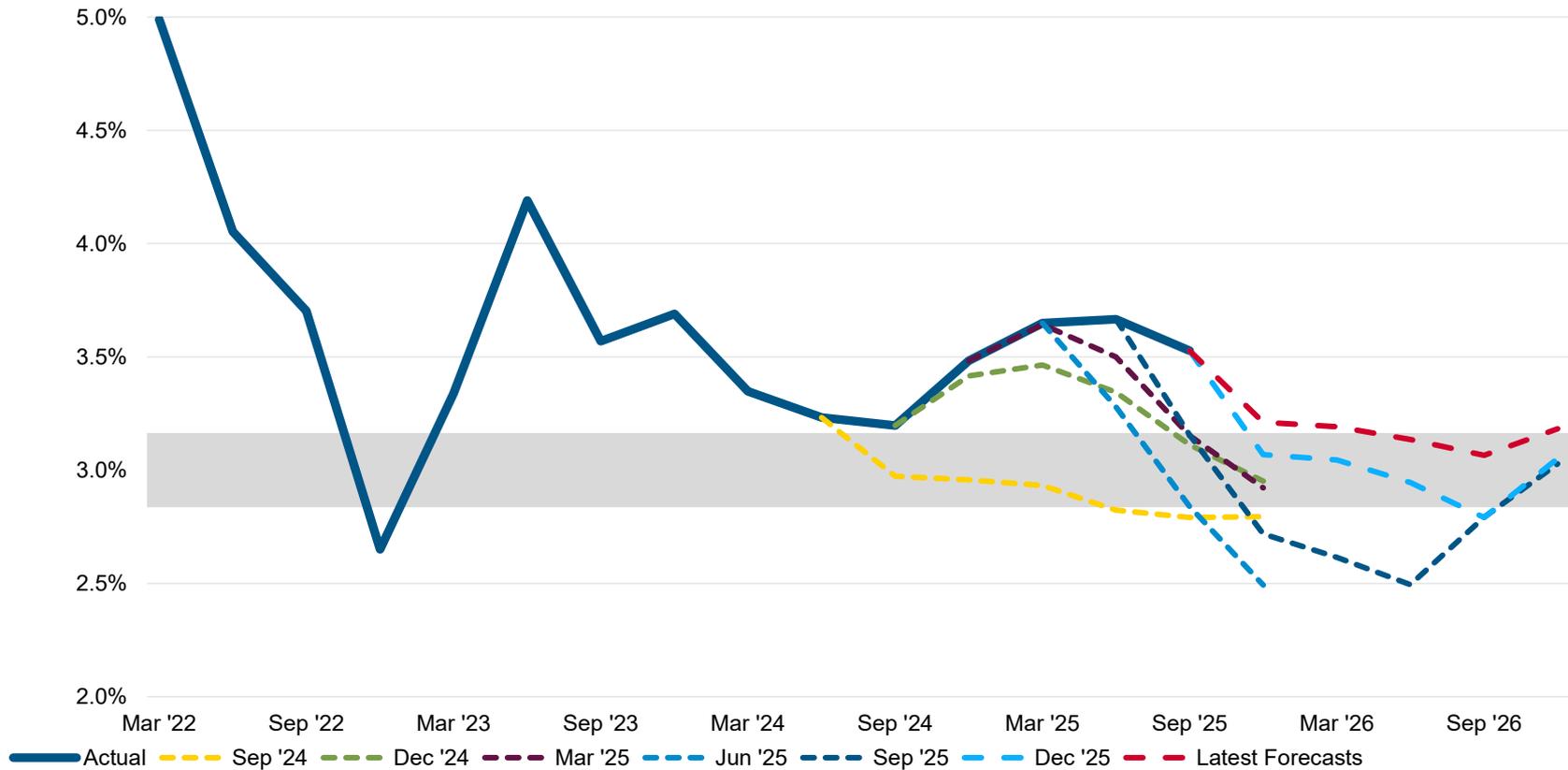


As of February 2026
Source: EPOC, PIMCO Calculations

Amid these developments, global growth has been surprisingly resilient, and forecast to remain so...

Tariff front-loading effects are fading, but growth resilience across regions has raised our global growth path.

World (PPP based) Real GDP: YoY Forum Projections vs Actual



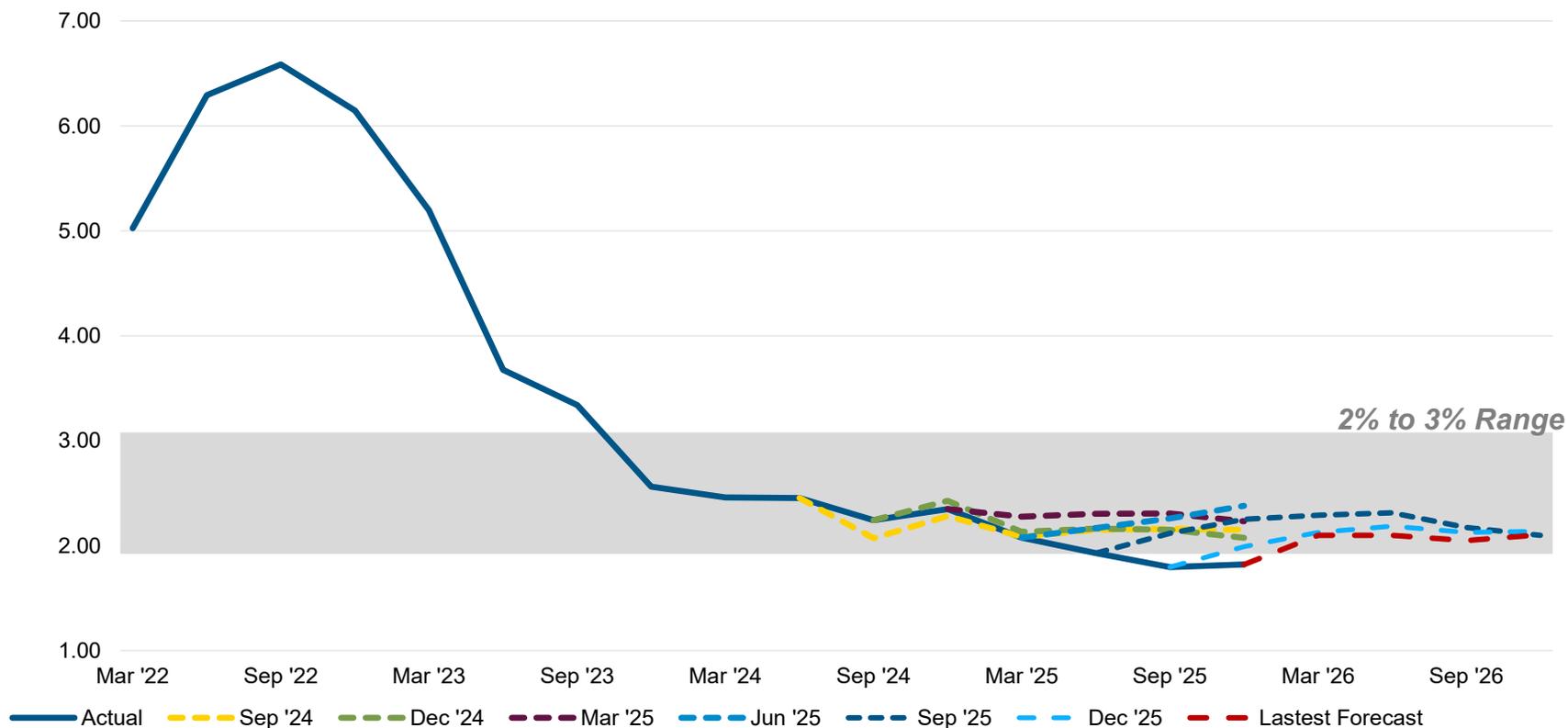
As of February 2026

Source: Various countries statistical reporting agencies, Haver, PIMCO Calculations and Forecasts. World GDP is PPP weighted. Refer to Appendix for additional forecast, outlook and risk information.

... while global inflation has remained surprisingly benign...

Tariffs induce a relative price adjustment between the US and ROW. China continues to export its deflation to the rest of the world.

World CPI: Headline (YoY) Forum Projections vs Actual

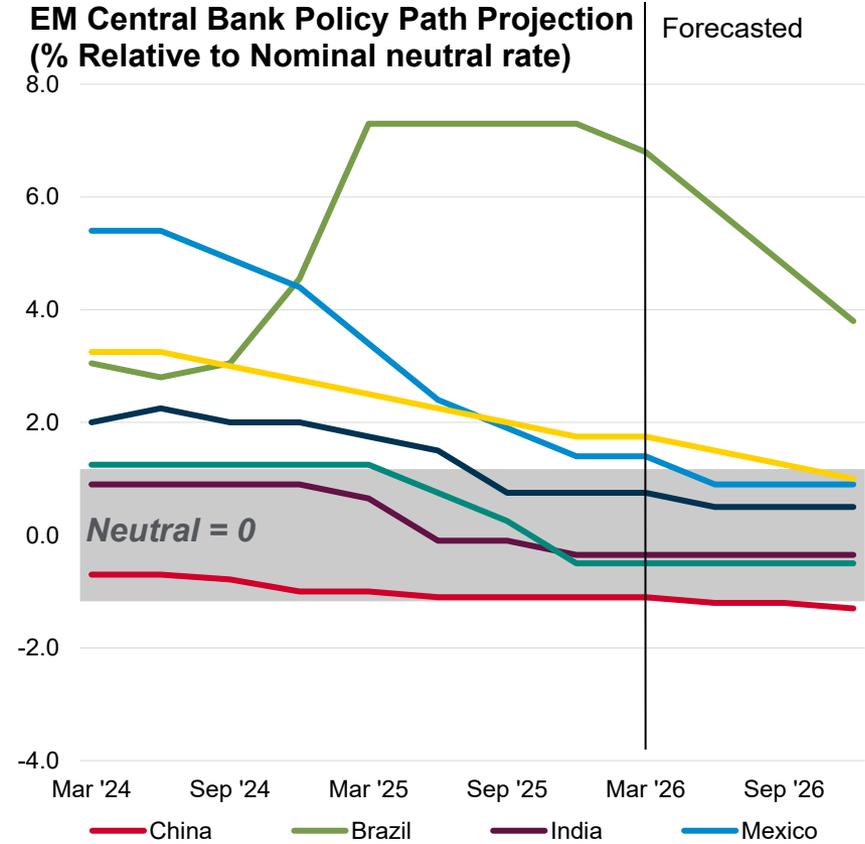
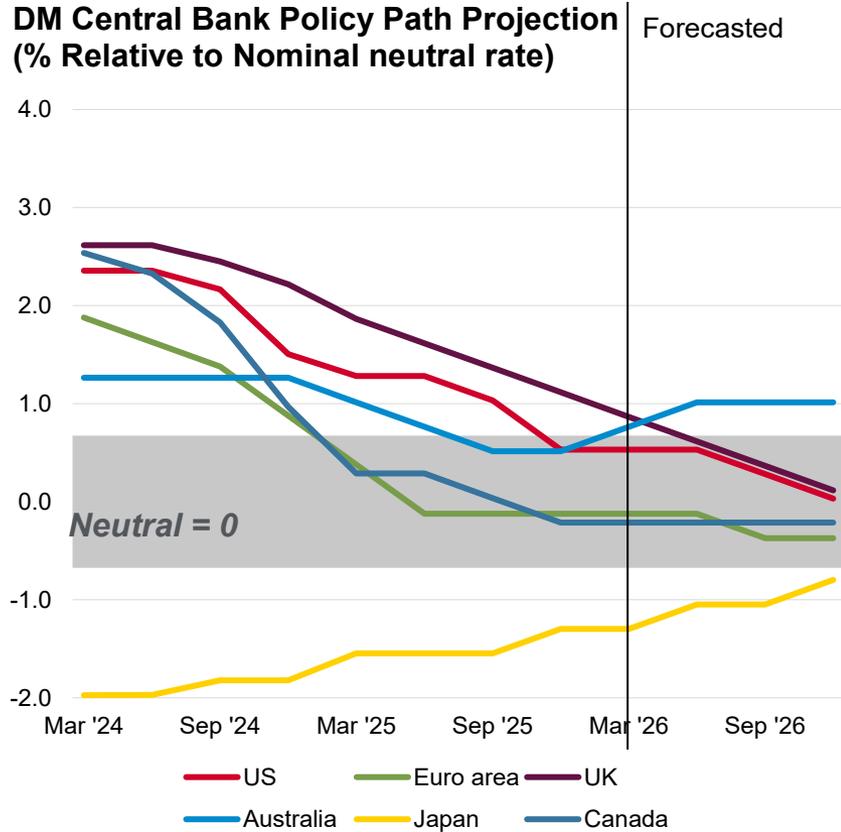


As of February 2026

Source: Various countries statistical reporting agencies, Haver, PIMCO Calculations and Forecasts. World CPI is PPP GDP weighted. Refer to Appendix for additional forecast, outlook and risk information.

...and monetary policy across countries is expected to further converge to neutral.

The exception is Australia, which is hiking, despite already restrictive policy.

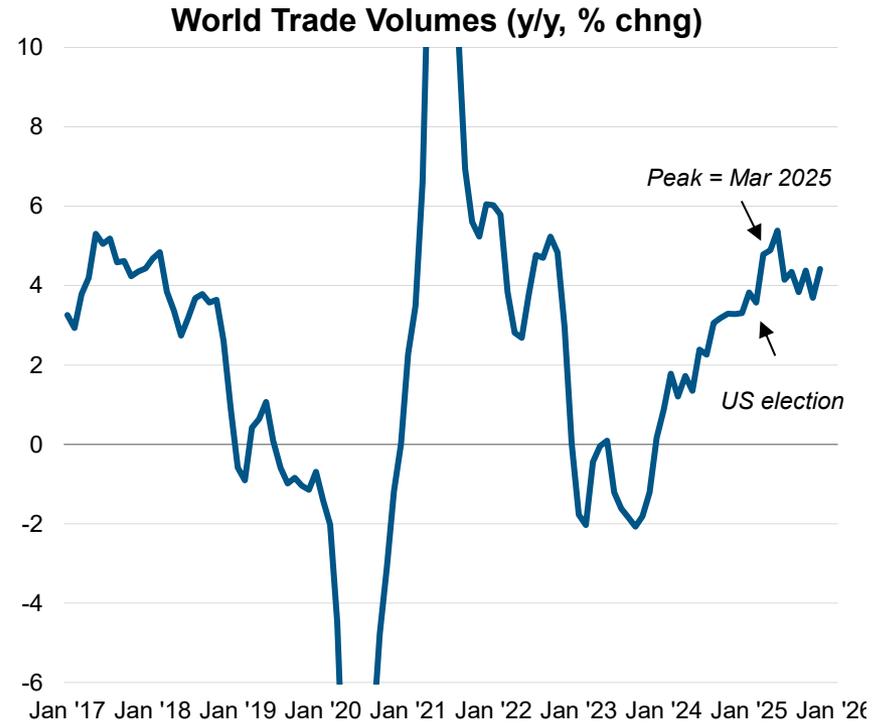
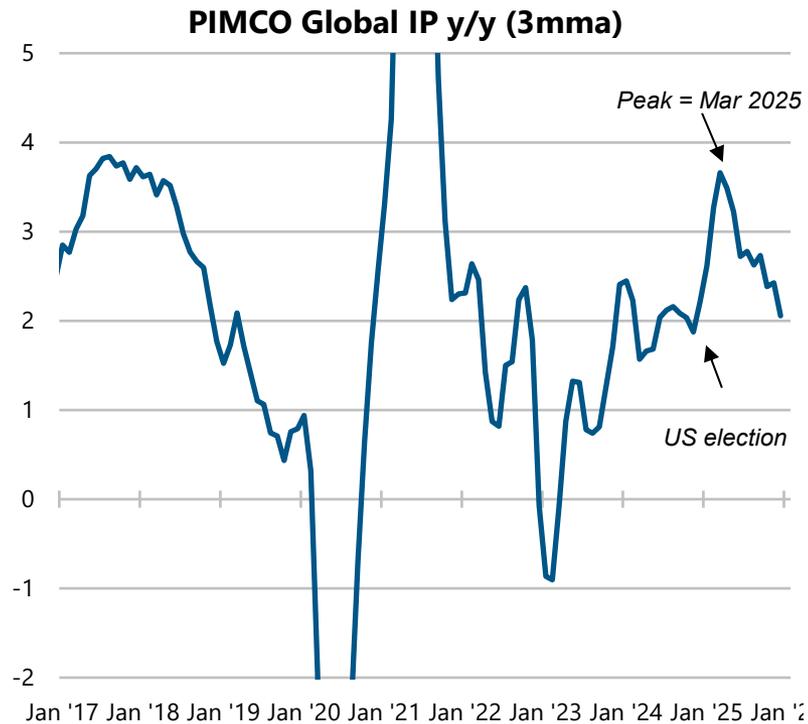


Source: PIMCO, Haver, As of February 2026
Refer to Appendix for additional outlook and risk information

However, a look under the surface, both AI and Tariffs had important implications for global IP and trade flows

After surging ahead of tariffs, global IP growth is now normalizing. Global trade flows have held up as China rotates away from US, and AI stimulates SE Asia trade

2025 Growth Surprises: 2025 q4/q4 Real GDP vs December Forum Forecast (ppts)



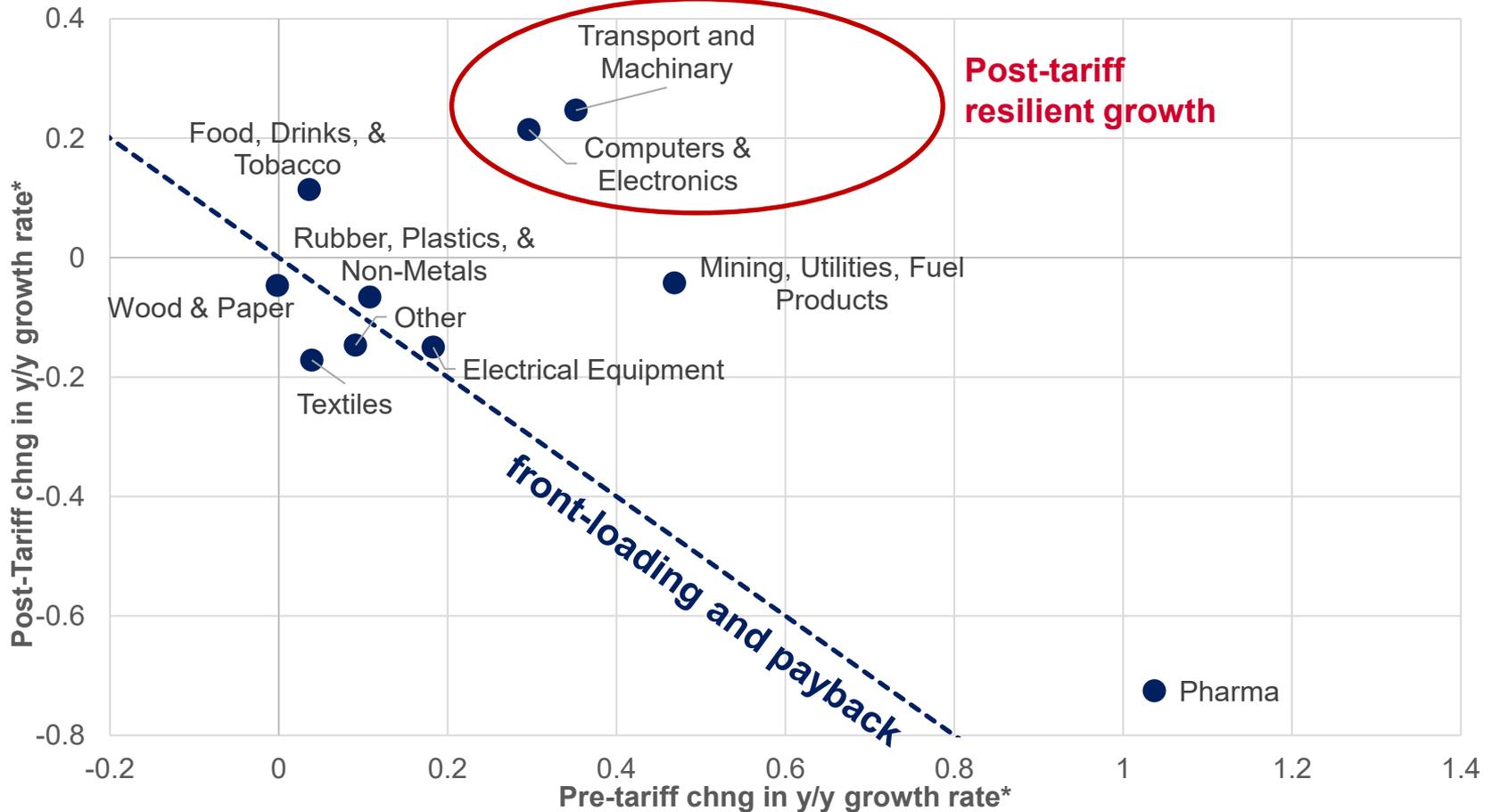
As of December 2025.

Source: Haver, PIMCO

PIMCO Global IP aggregates industrial production across sectors and countries using TIVA weights. Includes US, UK, EA, Japan, Canada, Brazil, India, Mexico, China, Korea and Tiawan.

Global production in individual categories is exhibiting tariff front-loading/payback dynamics... AI and auto/EV production bucking the trend

Global IP by Product Category, Chng on Growth Momentum Around US Tariff Announcements



As of December 2025, Source: Haver, PIMCO

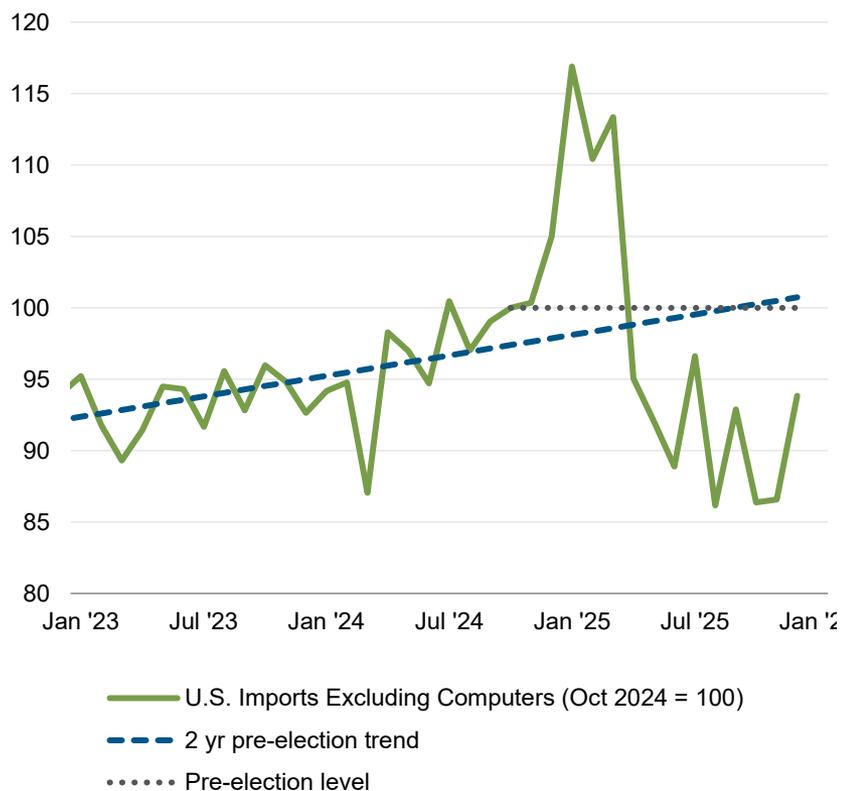
PIMCO Global IP aggregates industrial production across sectors and countries using TIVA weights. Includes US, UK, EA, Japan, Canada, Brazil, India, Mexico, China, and Korea.

*pre and post changes are based on the contribution of the category to global y/y growth rates

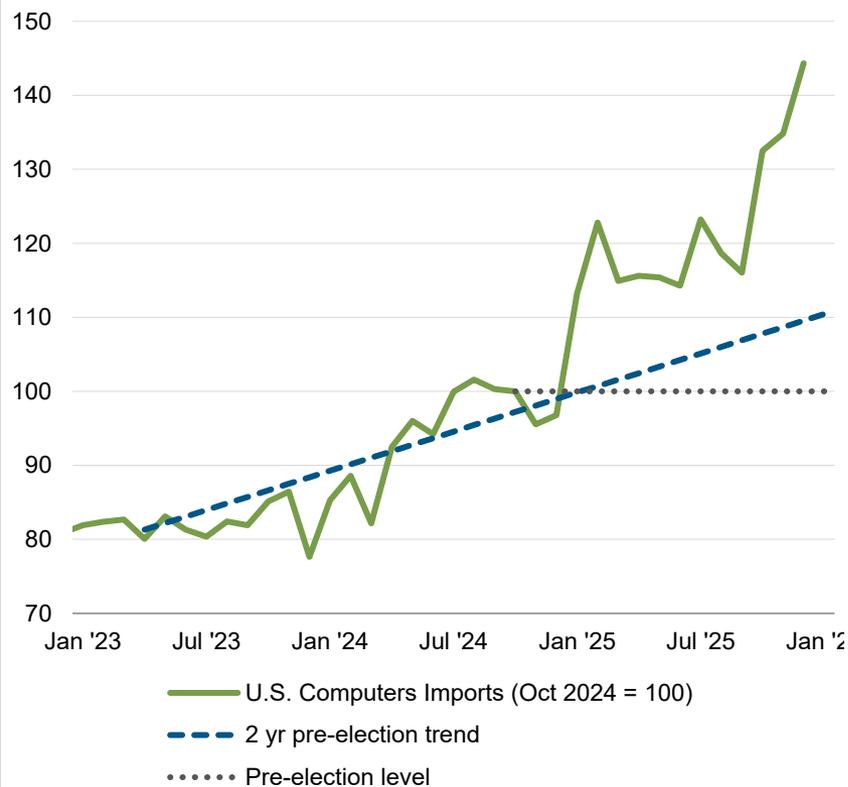
US trade data shows similarly divergent trends

Tariffs are depressing trade outside of AI infrastructure related equipment categories.

US Imports Excluding Computers

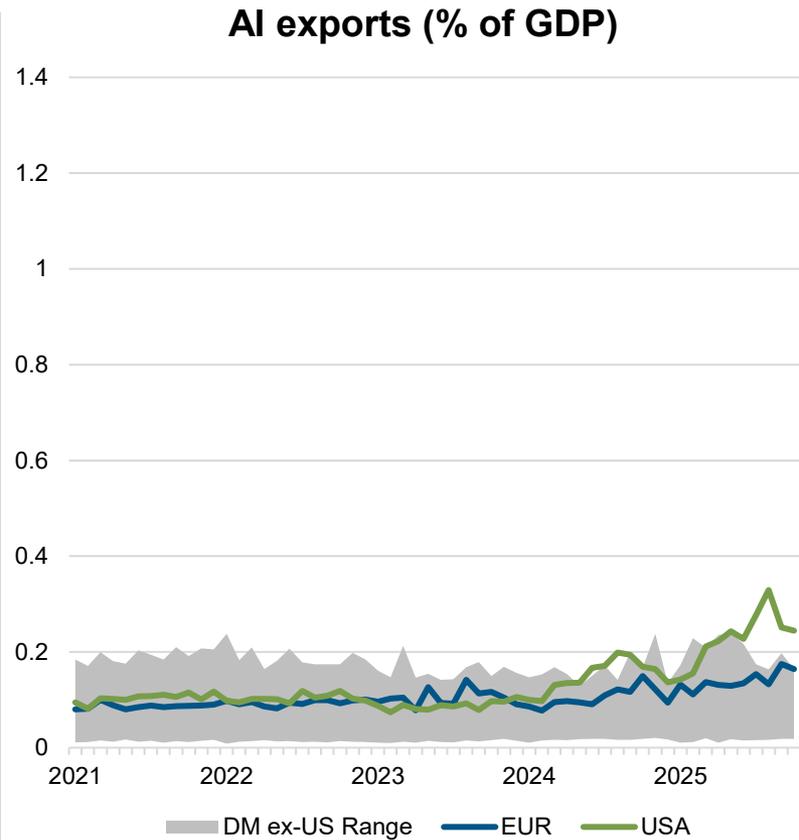
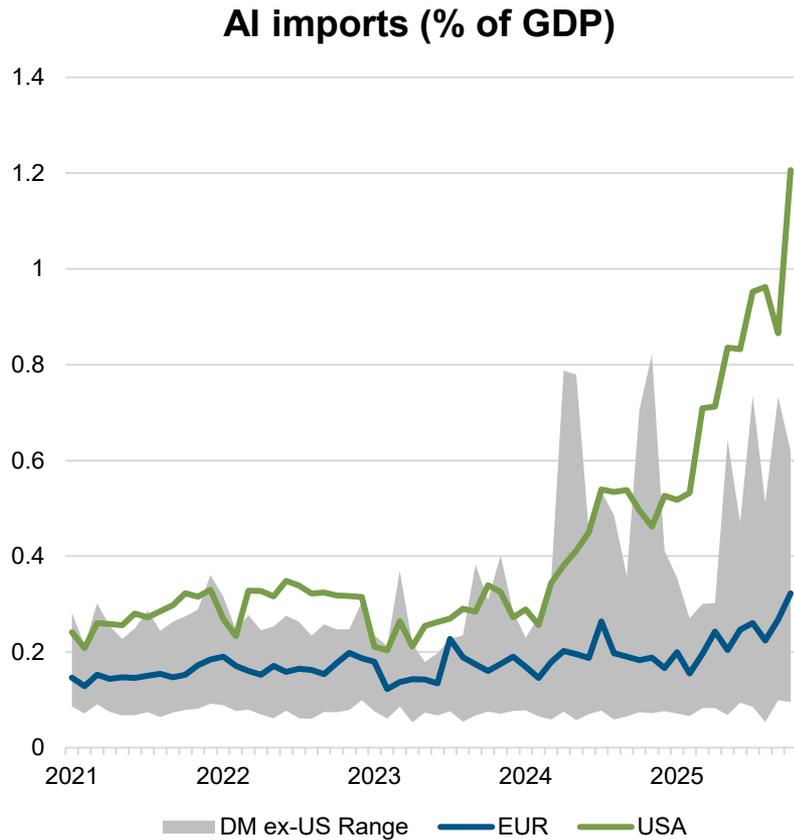


U.S. Computer and Component Imports



As of December 2025
Source: USITC, Haver, PIMCO

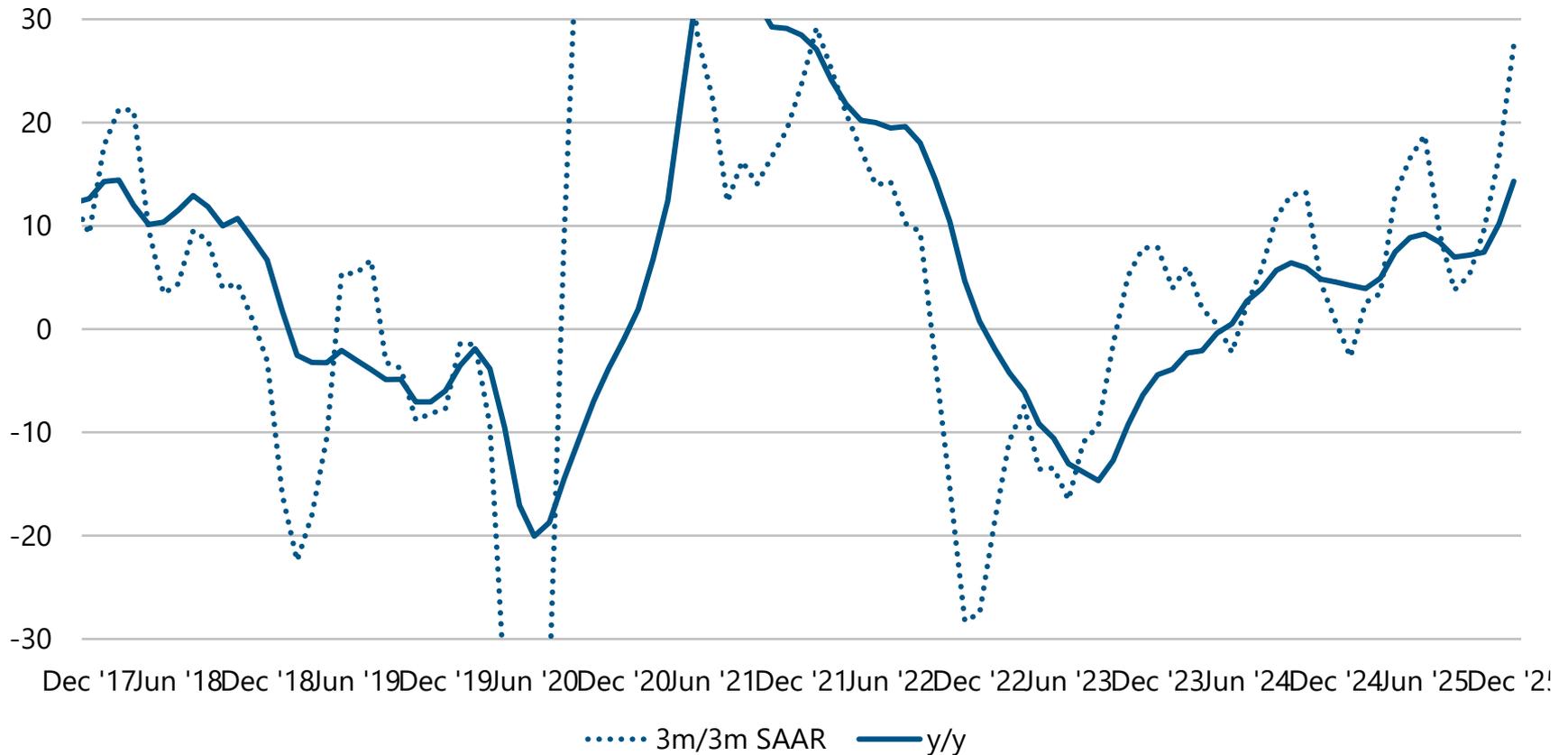
The U.S. is leading DM in AI buildout, but all DMs remain predominately equipment importers



As of February 2026. Source: UN Comtrade, Haver

The AI-enabling infrastructure build out stimulating Asia ex China trade

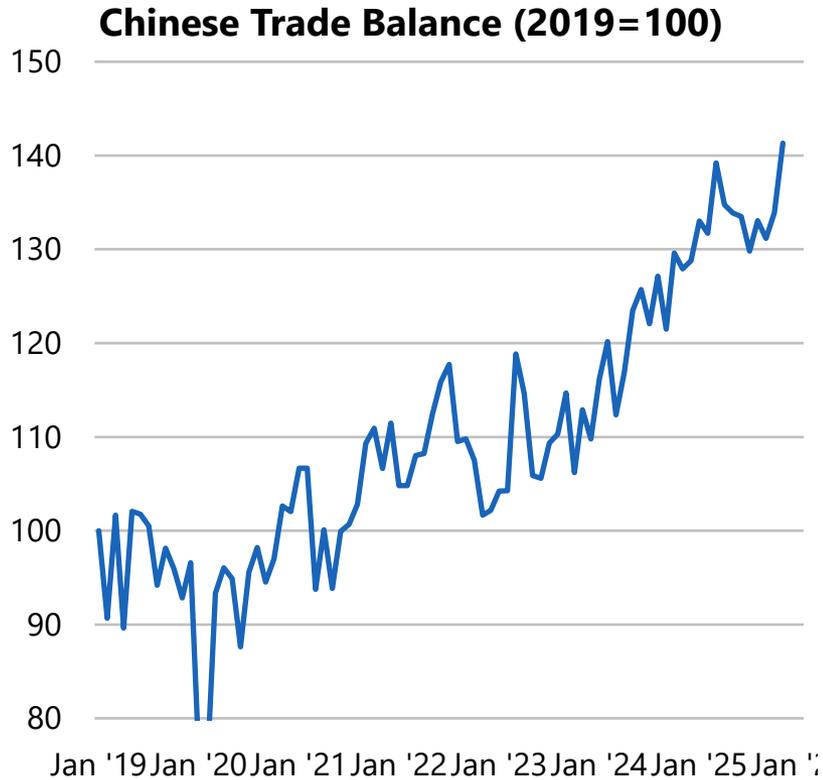
Asia, ex China Trade Flows (y/y % chng)



As of December 2025
Source: Haver, PIMCO

China trade rotation away from the US has also been surprisingly smooth, facilitated by falling export prices...

China continues to offset weak domestic demand, including falling fixed investment, with a focus on export lead growth.

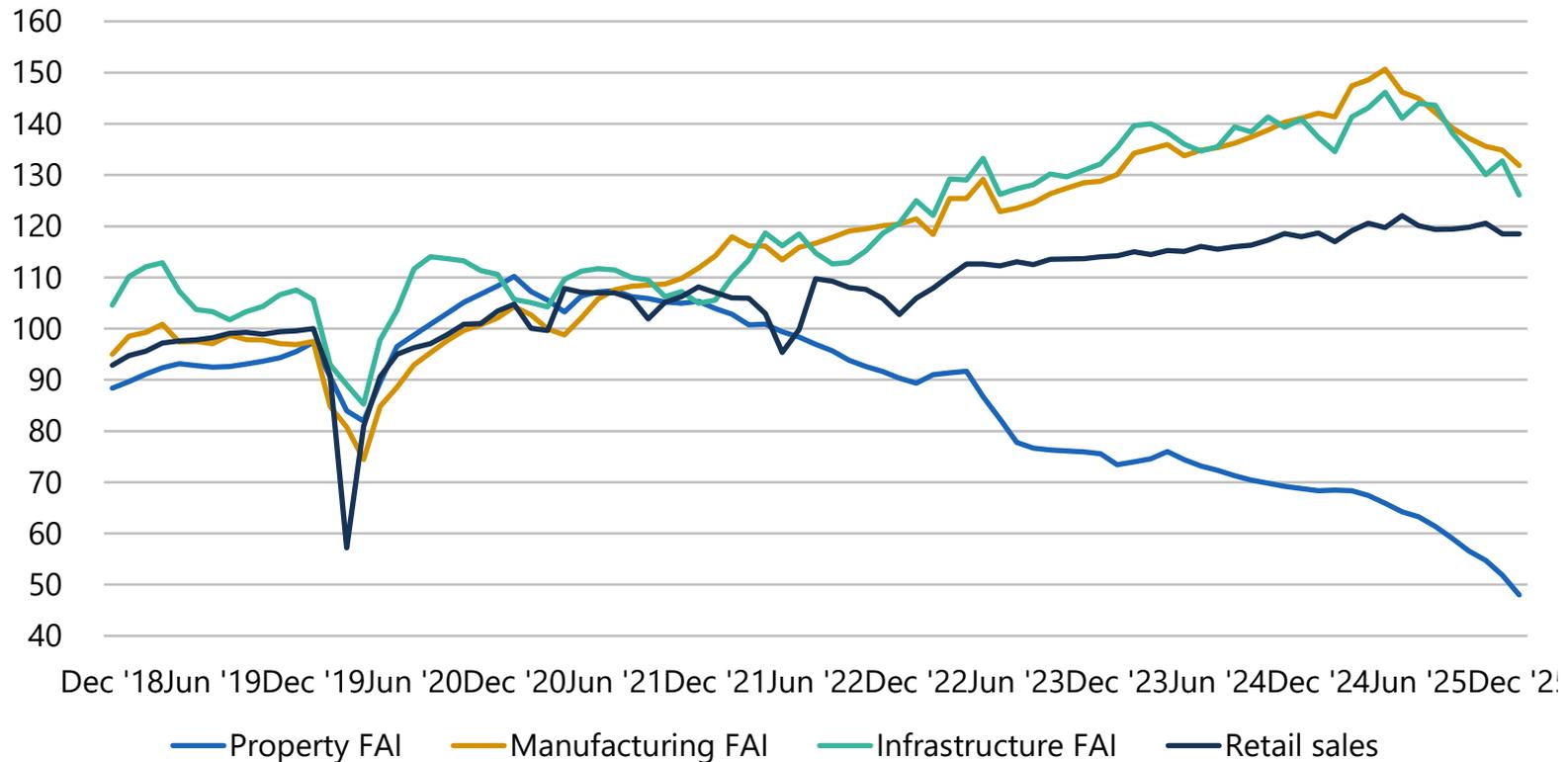


As of December 2025
Source: Haver, PIMCO

....While Chinese domestic fundamentals continue to deteriorate

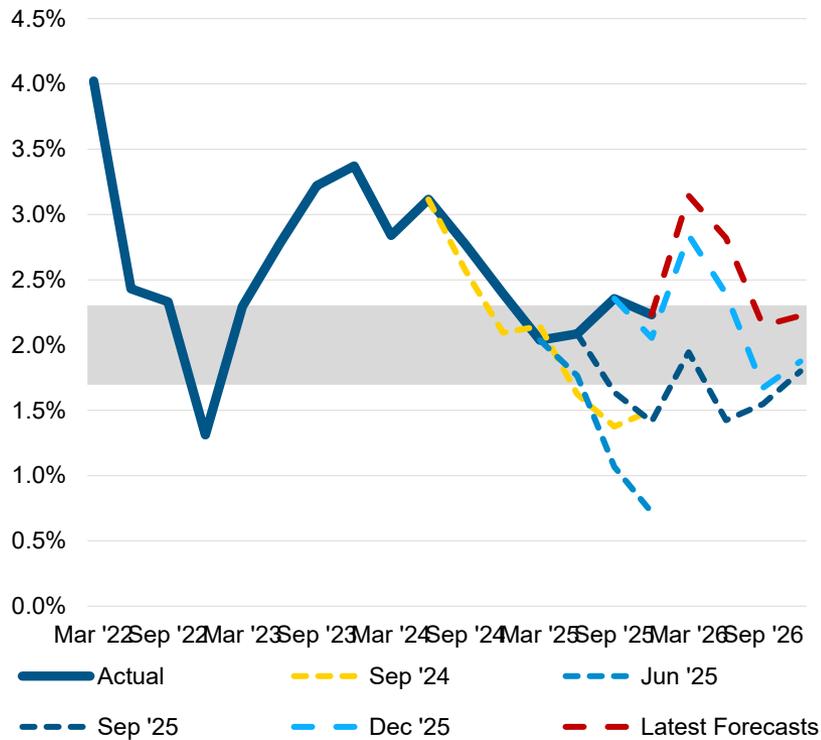
China has offset weak domestic demand with exports and inventory building to keep reported GDP growth elevated.

China FAI by sector vs Exports (3mma, Dec 2019 = 100)

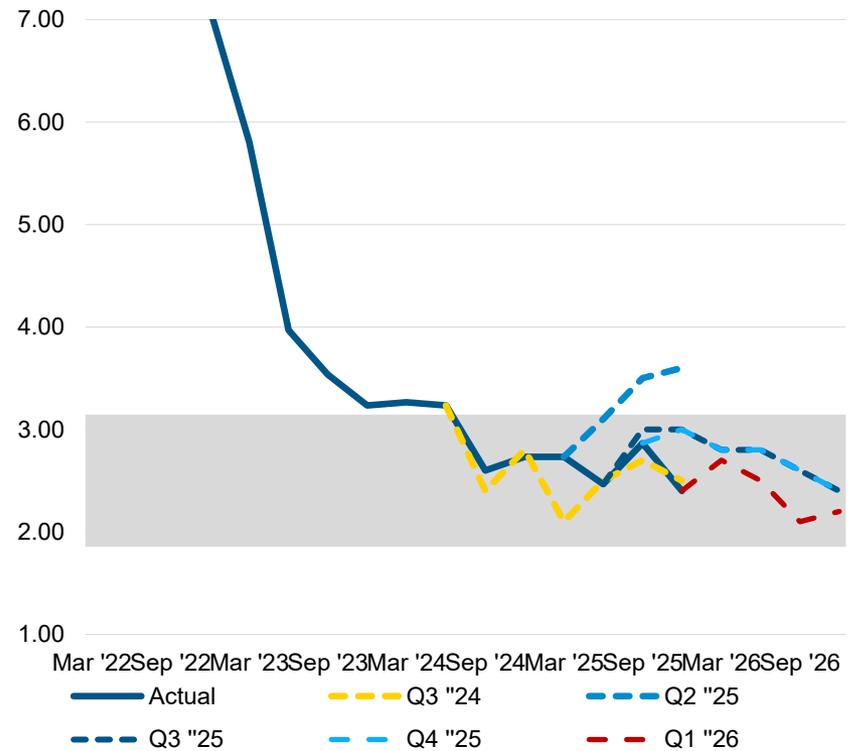


US Growth has also been stronger than forecast, while inflation more moderate

PIMCO Real GDP Forecast y/y



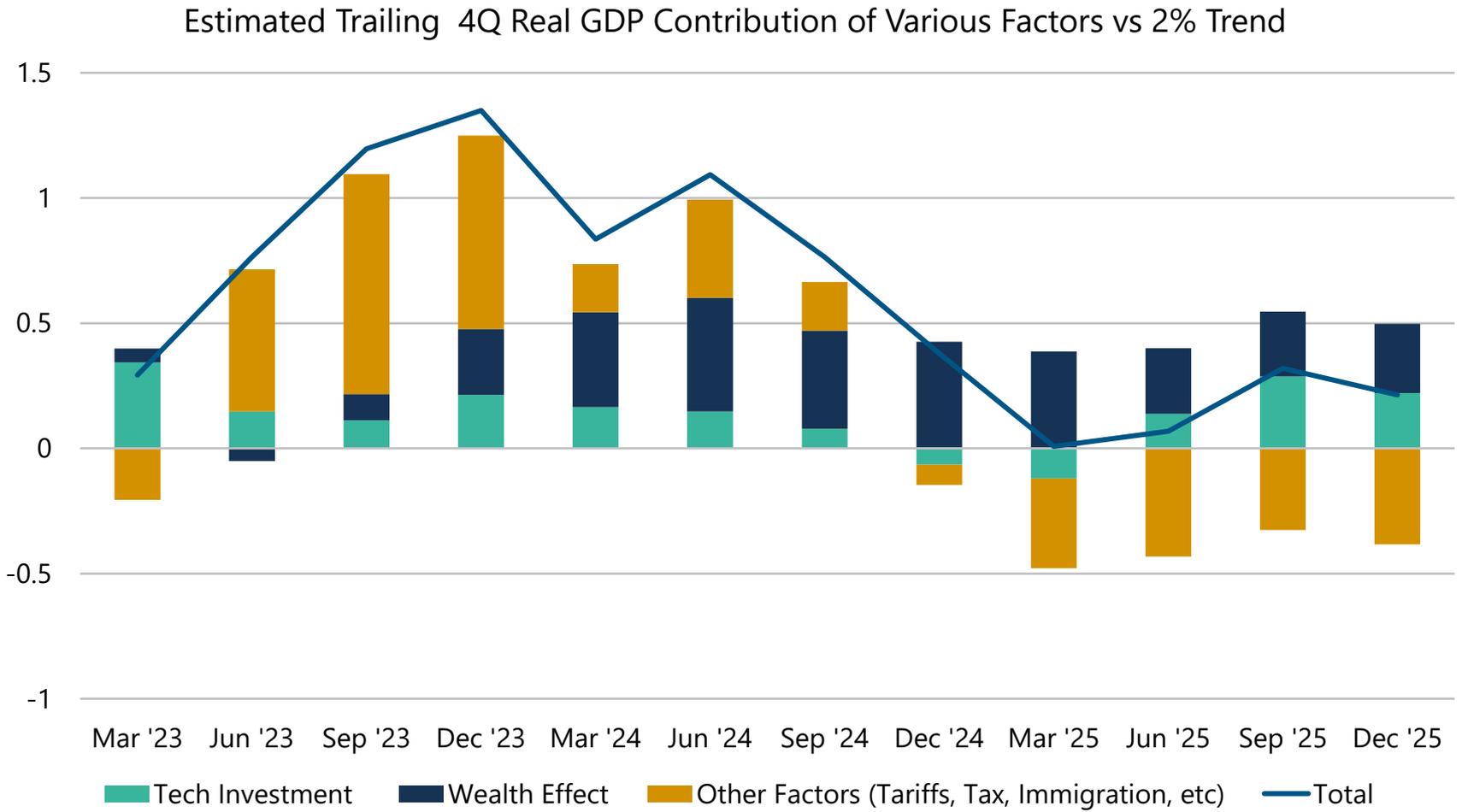
PIMCO Headline CPI Forecast y/y



As of February 2026

Source: Haver, PIMCO. Trend growth = Central tendency of Fed longer run growth
Refer to Appendix for additional forecast, outlook and risk information.

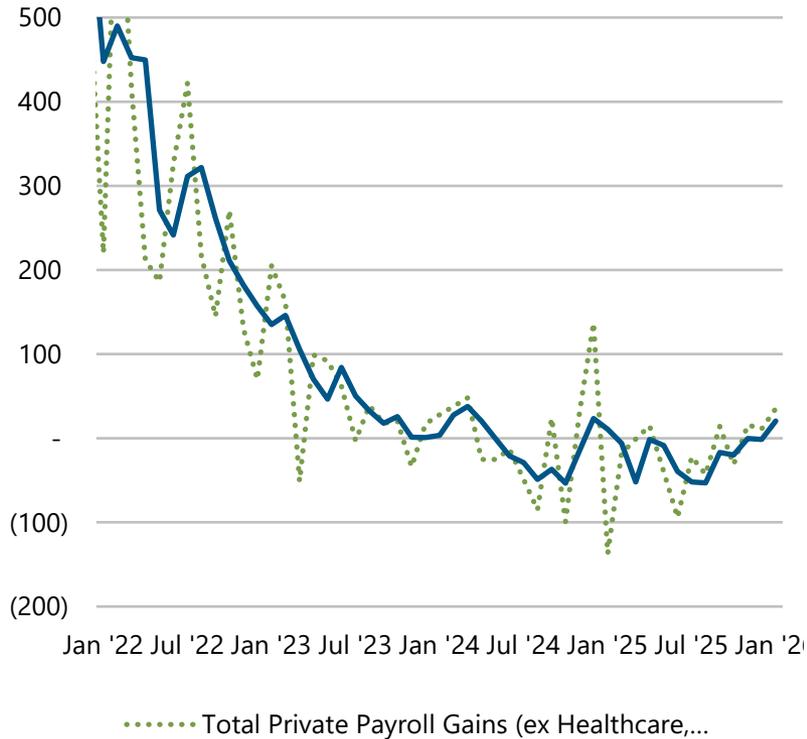
The US story of 2025: The AI growth impulse offset other policy related drags



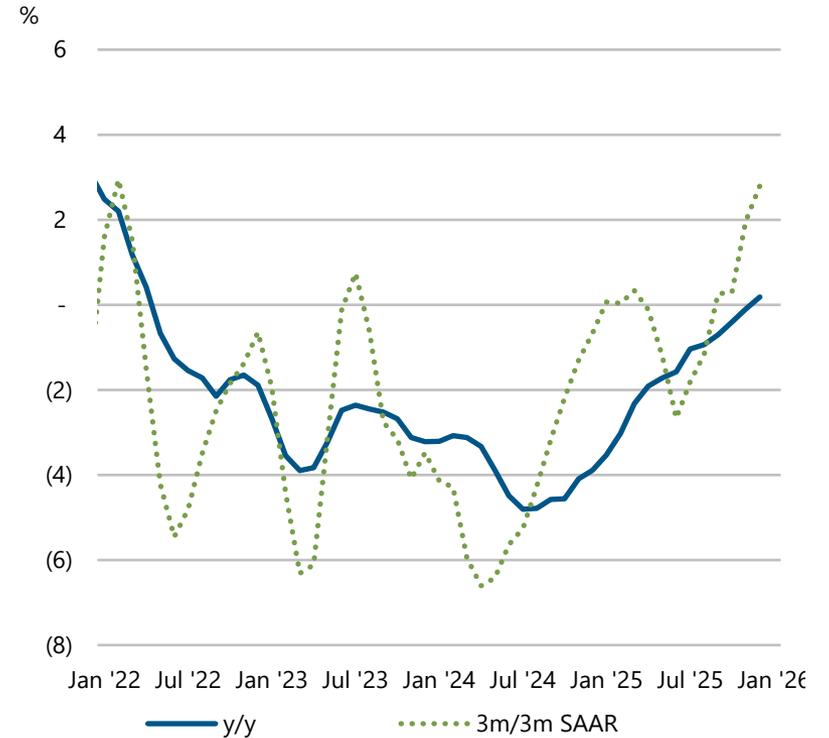
As of February 2026. Source, BEA, Federal Reserve, Haver, Bloomberg, PIMCO Calculations. Trend is assumed to be 2%.

2026 Outlook: Fading tariff drags on hiring and ex-AI investment

Cyclical Sector Payroll Gains

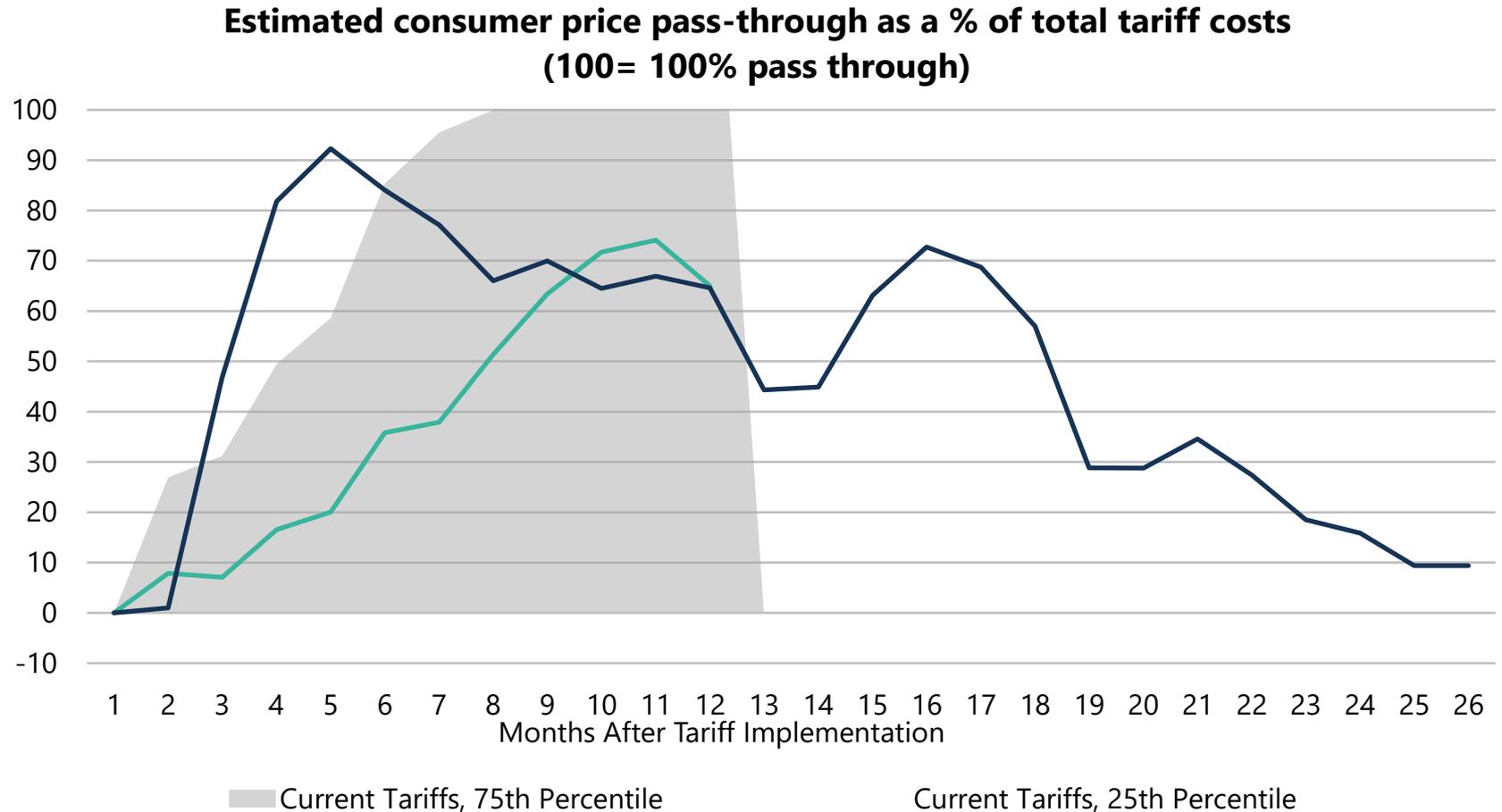


Real Core Equipment Shipments



Source: BLS, Census Bureau, Haver, PIMCO. Data through January 2026

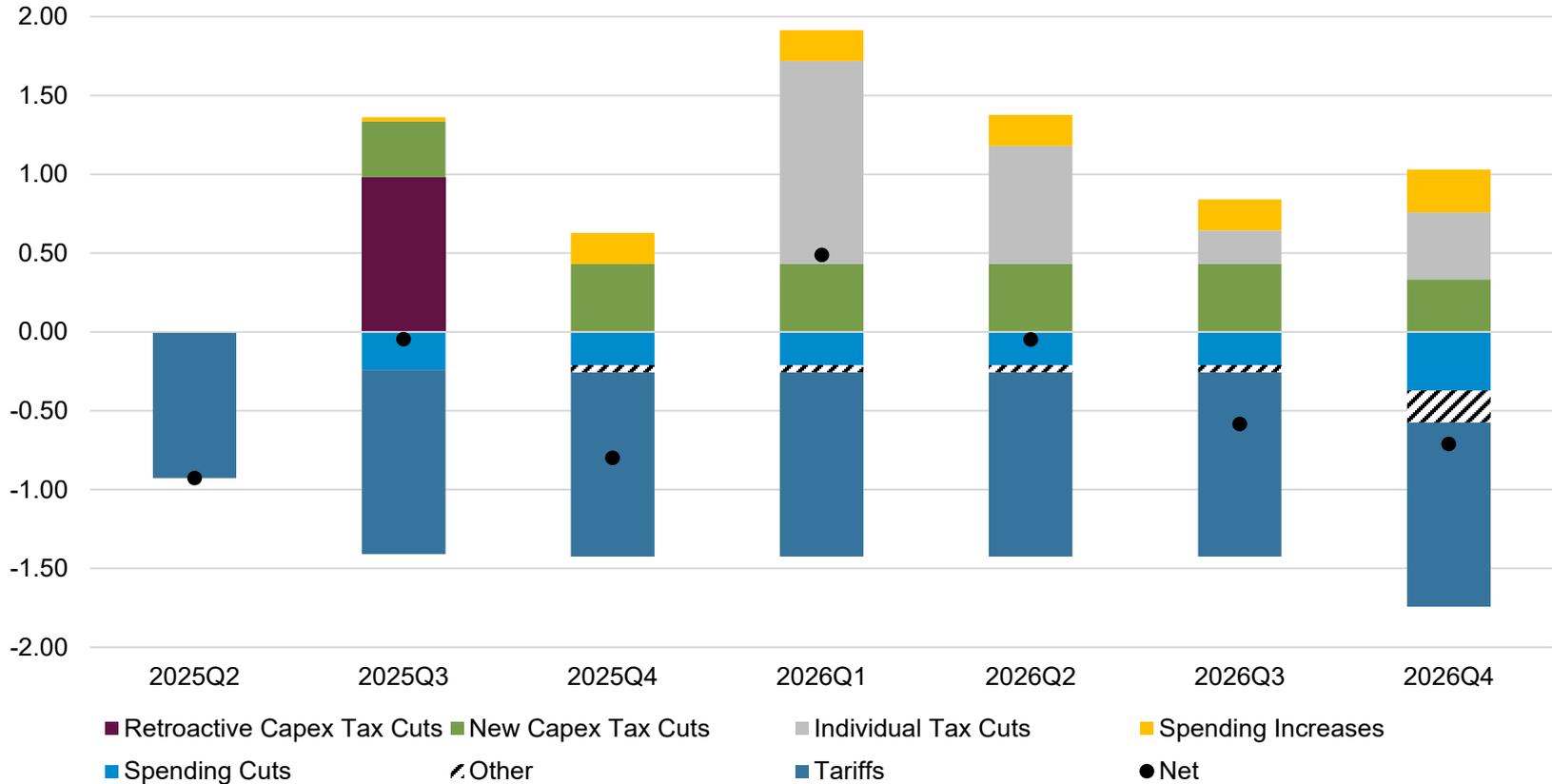
2026 Outlook: Tariff boost to inflation also fading. The pass-through of tariffs into consumer prices have also largely run their course...



As of December 2025
Source: BEA, Haver, PIMCO

2026 Outlook: More supportive fiscal policy is coming in 1H2026

Estimated Quarterly Impact of Tax and Trade Policy on the Deficit (% of GDP)

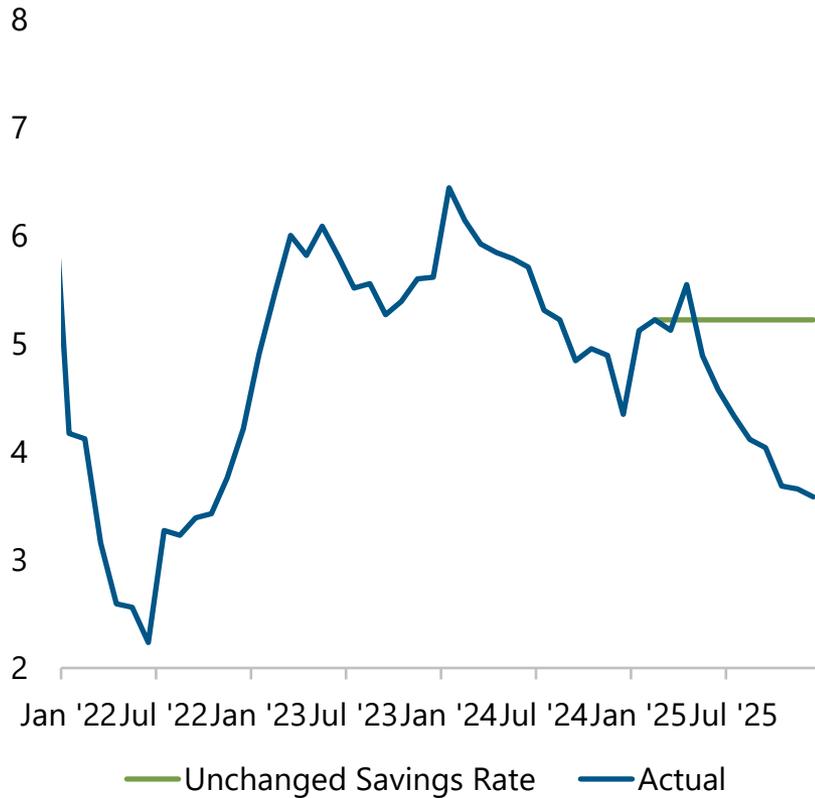


As of August 2025
 Source: JCT, CBO, PIMCO Calculations
 Refer to Appendix for additional outlook and risk information.

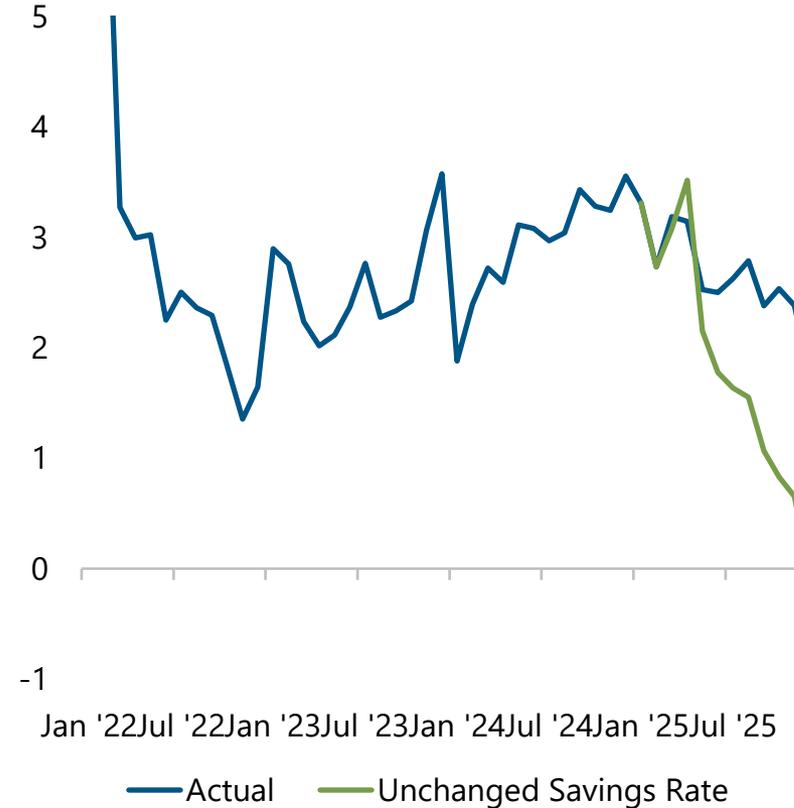
Nevertheless, there are underlying macro fragilities in the US

2025 US real consumption growth was completely funded by wealth

US Savings Rate (%)

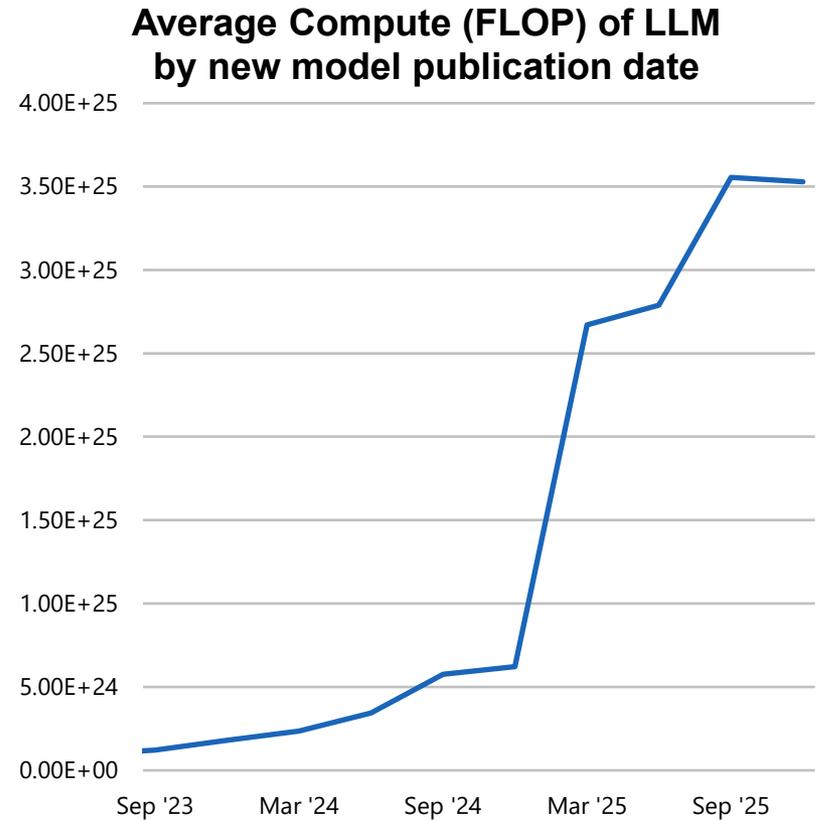
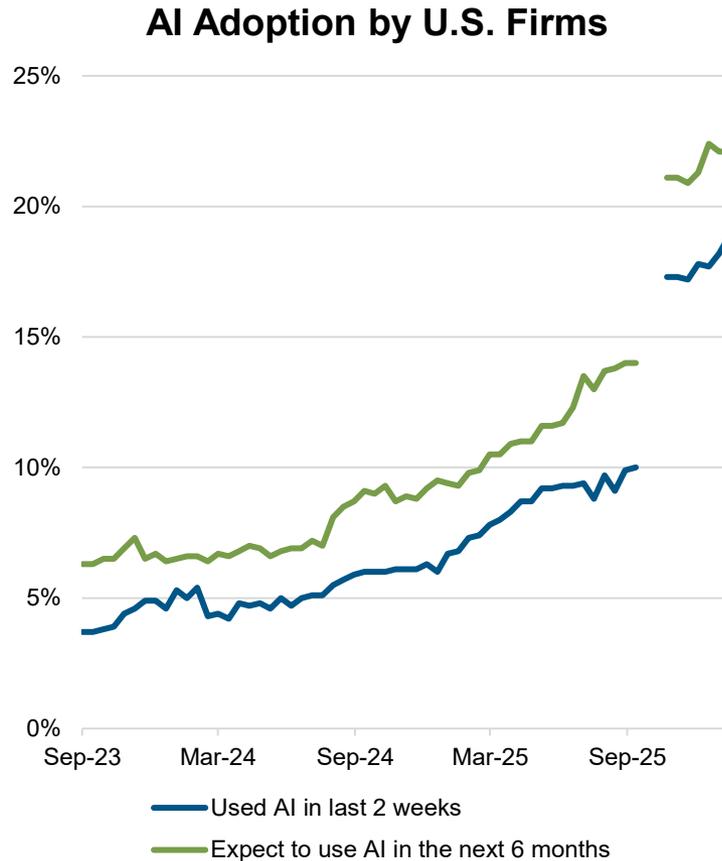


Real Consumption (y/y,% chng)

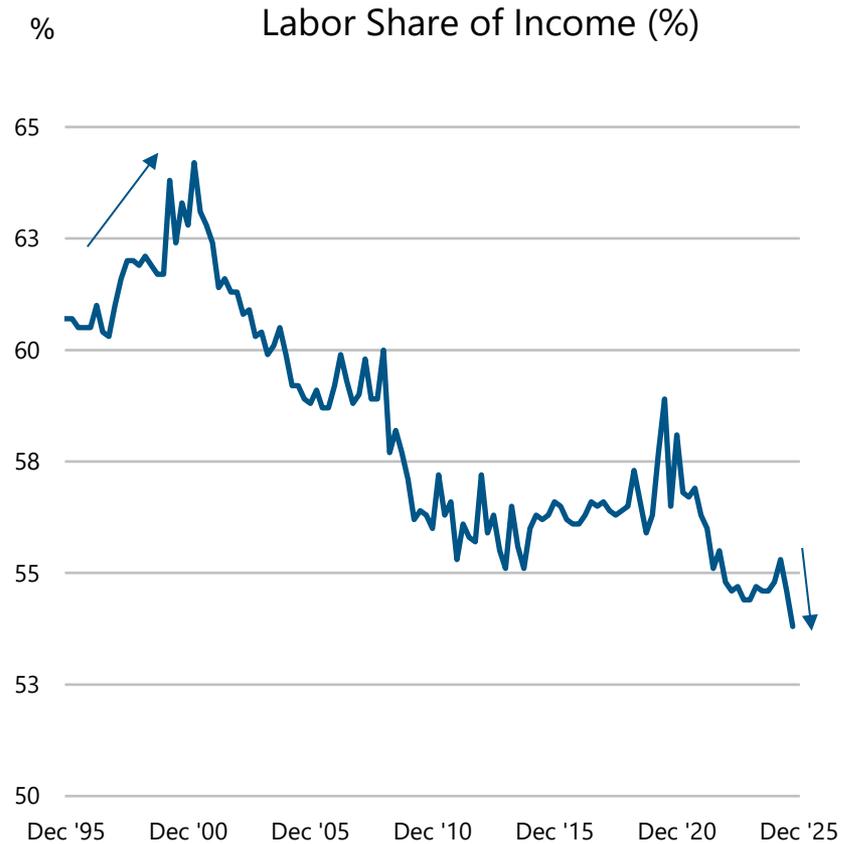
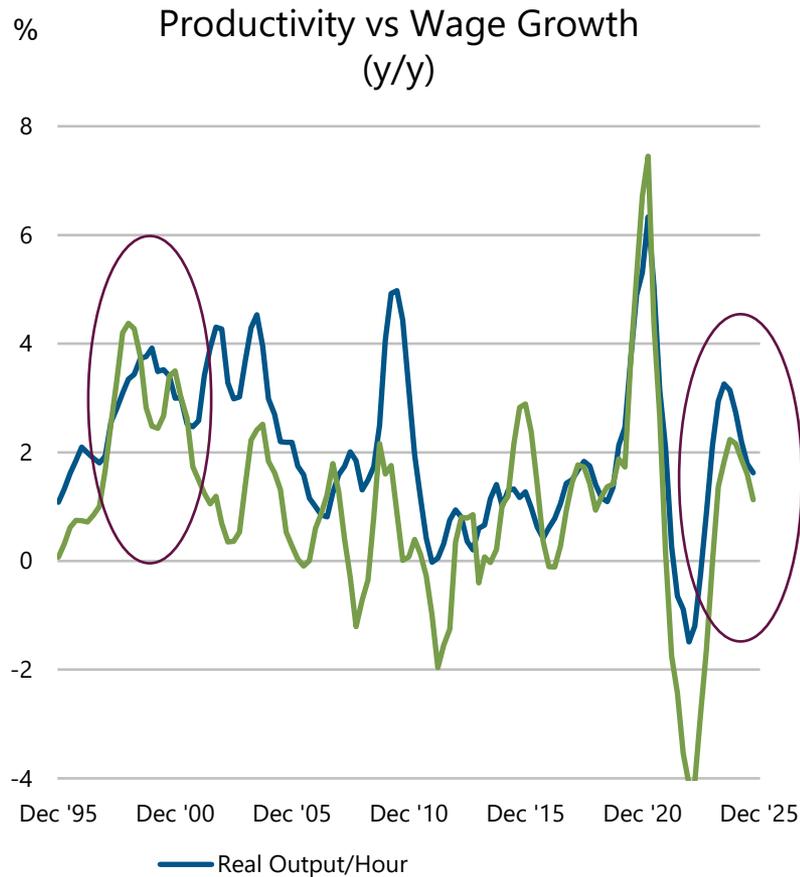


Source: PIMCO, As of December 2025.

AI adoption and model evolution continues to happen rapidly, risking a more disruptive transformation



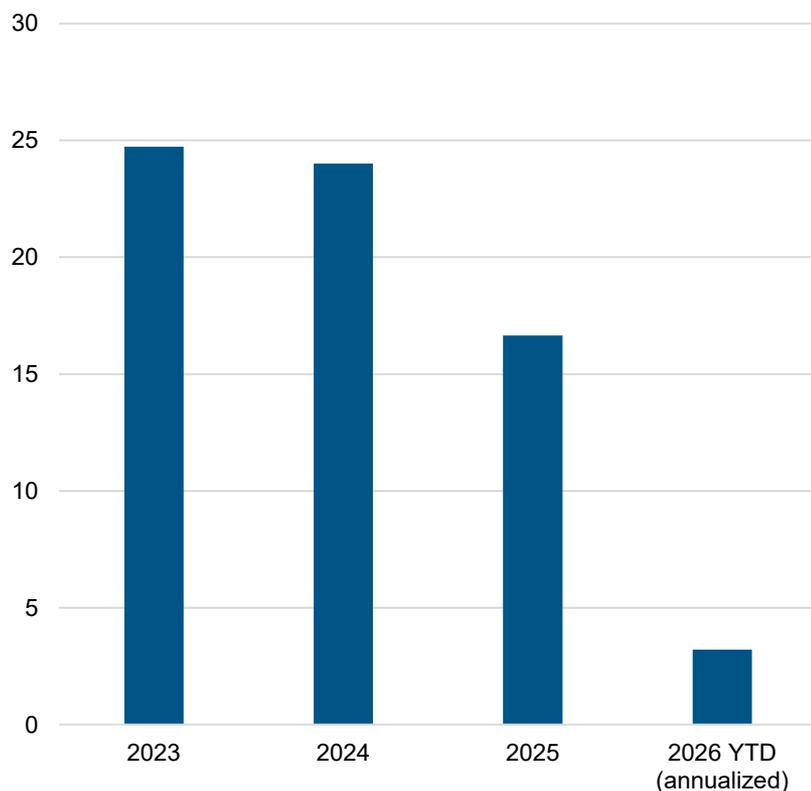
Unlike in the mid-1990s, labor is capturing a falling share of value created by productivity growth



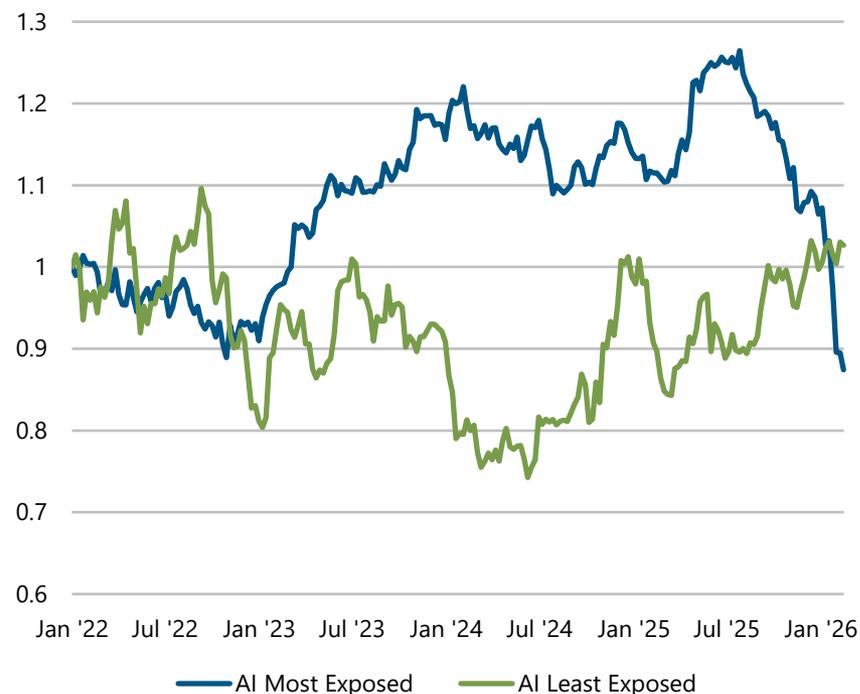
As of December 2025
Source: BEA, Haver, PIMCO

Greater AI adoption is now a two-sided theme in markets: AI losers are now being punished... overall wealth effects diminishing?

S&P 500 Annual Return



Equity Performance vs SPX by AI Exposure Companies in SPX (Jan 2022 = 1)



As of February 2026
Source: Bloomberg, PIMCO

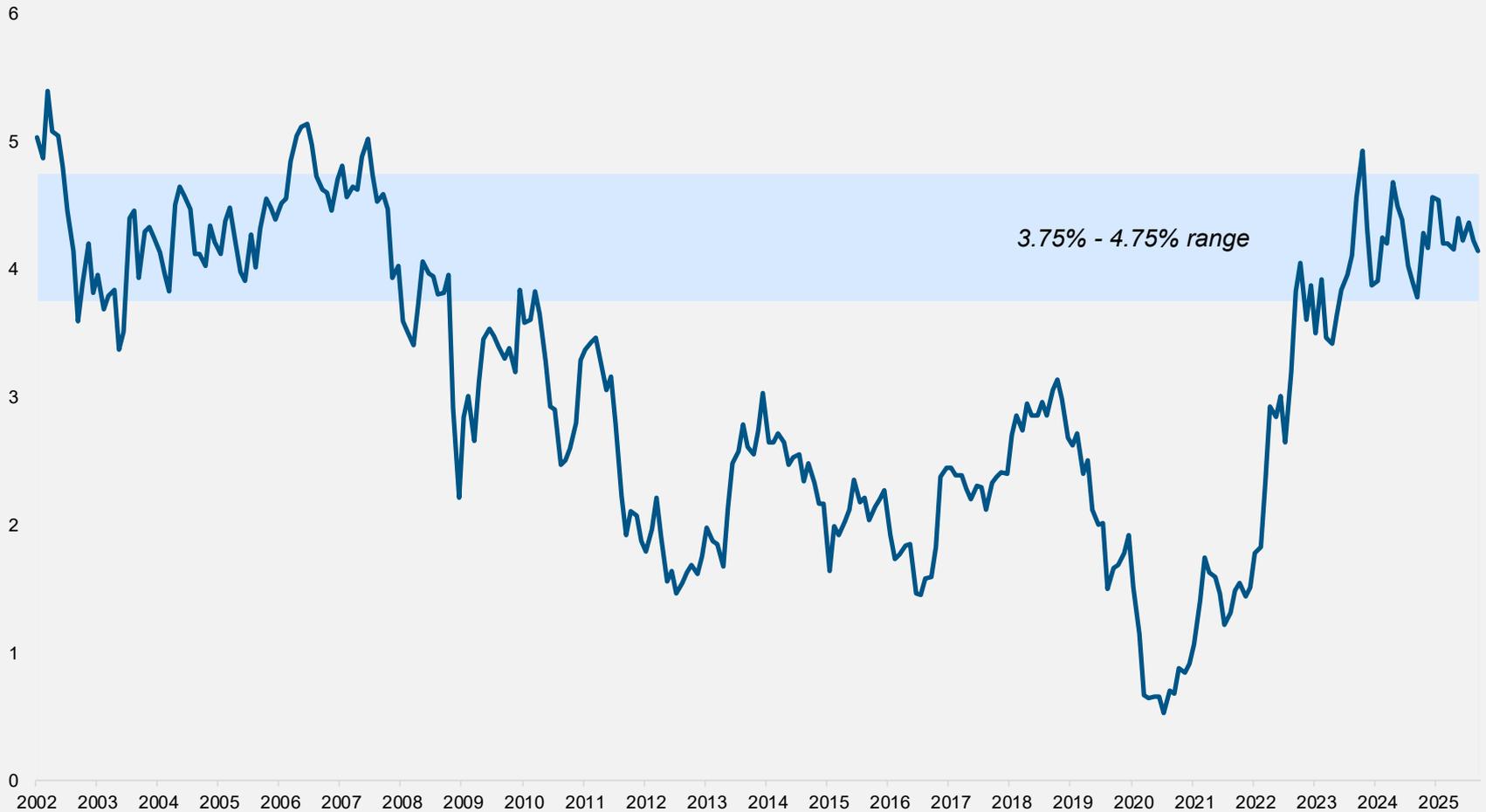


Investment Opportunities

Bond yields remain attractive

Active fixed income has delivered – may continue to in a target-rich environment

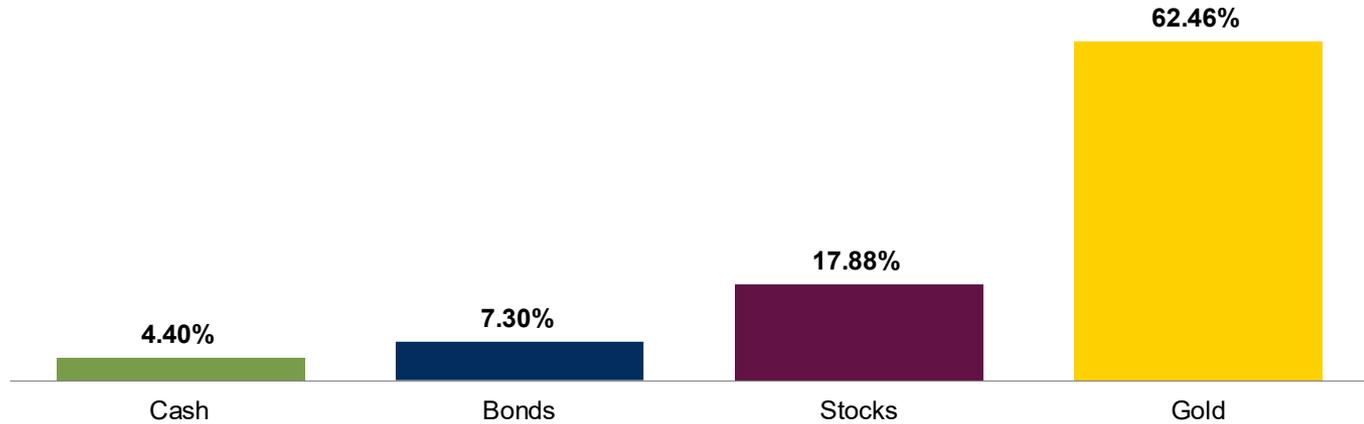
10 Year U.S. Treasury Yield (%) since 2002



As of 30 September 2025. Source: PIMCO and Bloomberg. Past performance is not a guarantee or a reliable indicator of future results. Refer to Appendix for additional outlook and risk information.

In a year of solid asset returns, bonds held their own – with lower volatility

2025 asset class returns (%)

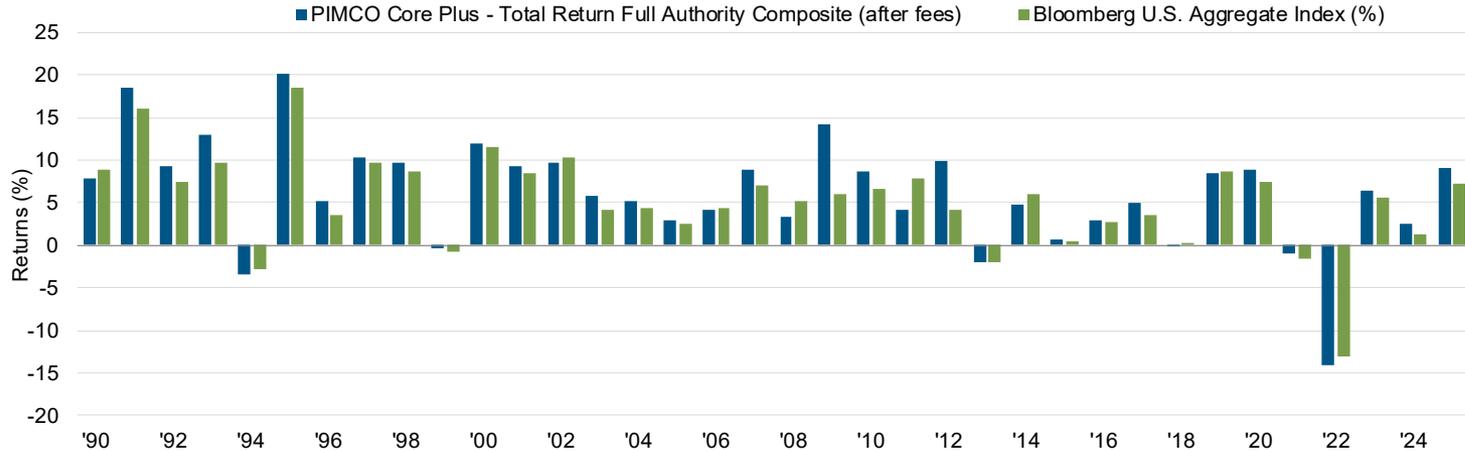


Volatility (% 1yr)	-	2.73%	10.52%	13.20%
Return per unit of volatility	-	2.67	1.70	4.73

As of 31 December 2025. Source: Bloomberg, PIMCO. Cash: FTSE 3-month Treasury Bill index. Bonds: Bloomberg U.S. Aggregate index. Stocks: S&P 500 index. Gold: Bloomberg Gold Subindex.

PIMCO Core Plus – Total Return Full Authority Composite performance

Performance



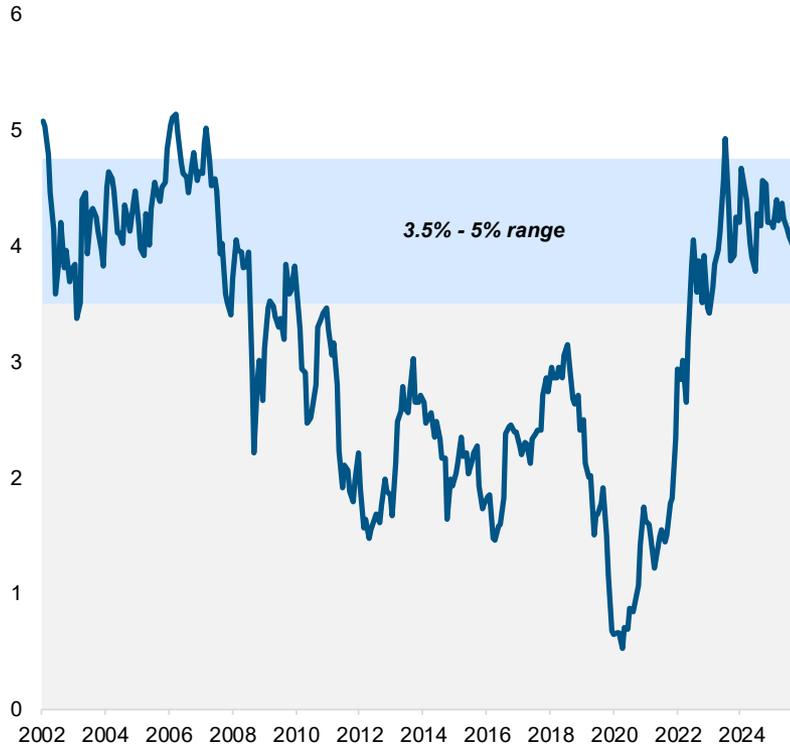
	S.I. 1 Dec '89	10 yrs.	5 yrs.	3 yrs.	1 yr.	6 mos.	3 mos.	YTD 31 Dec '25
Before fees (%)	6.34	3.00	0.67	6.38	9.58	4.44	1.74	9.58
After fees (%)	5.92	2.59	0.29	5.97	9.16	4.24	1.64	9.16
Bloomberg U.S. Aggregate Index (%)	5.06	2.01	-0.36	4.66	7.30	3.15	1.10	7.30
Before fees alpha (bps)	128	99	103	172	228	129	64	228
After fees alpha (bps)	86	58	65	131	186	109	54	186

As of 31 December 2025; SOURCE: PIMCO.

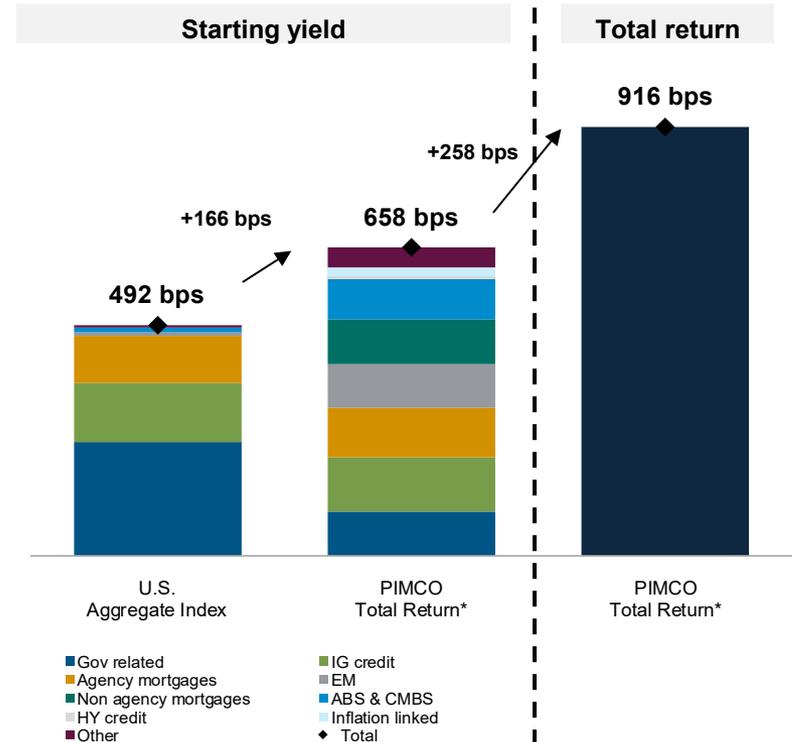
Past performance is not a guarantee or a reliable indicator of future results. Returns longer than one year are annualized. Refer to Appendix for additional performance and fee, composite, index and risk information.

Active fixed income management can add additional yield

10-year U.S. Treasury yield (%) since 2002



Active management capitalized upon an attractive fixed income landscape in 2025



As of 31 December 2025. Source: PIMCO and Bloomberg. Past performance is not a guarantee or a reliable indicator of future results.

Refer to Appendix for additional outlook and risk information.

*Total return for PIMCO Total Return shown for the PIMCO Core Plus – Total Return Full Authority Composite, after fees. Starting yield represents yield-to-maturity for the largest account in the composite.

U.S. equity valuations remain stretched

Expensive valuations have historically been followed by poor returns

S&P 500 CAPE ratio with subsequent 5yr annualized returns

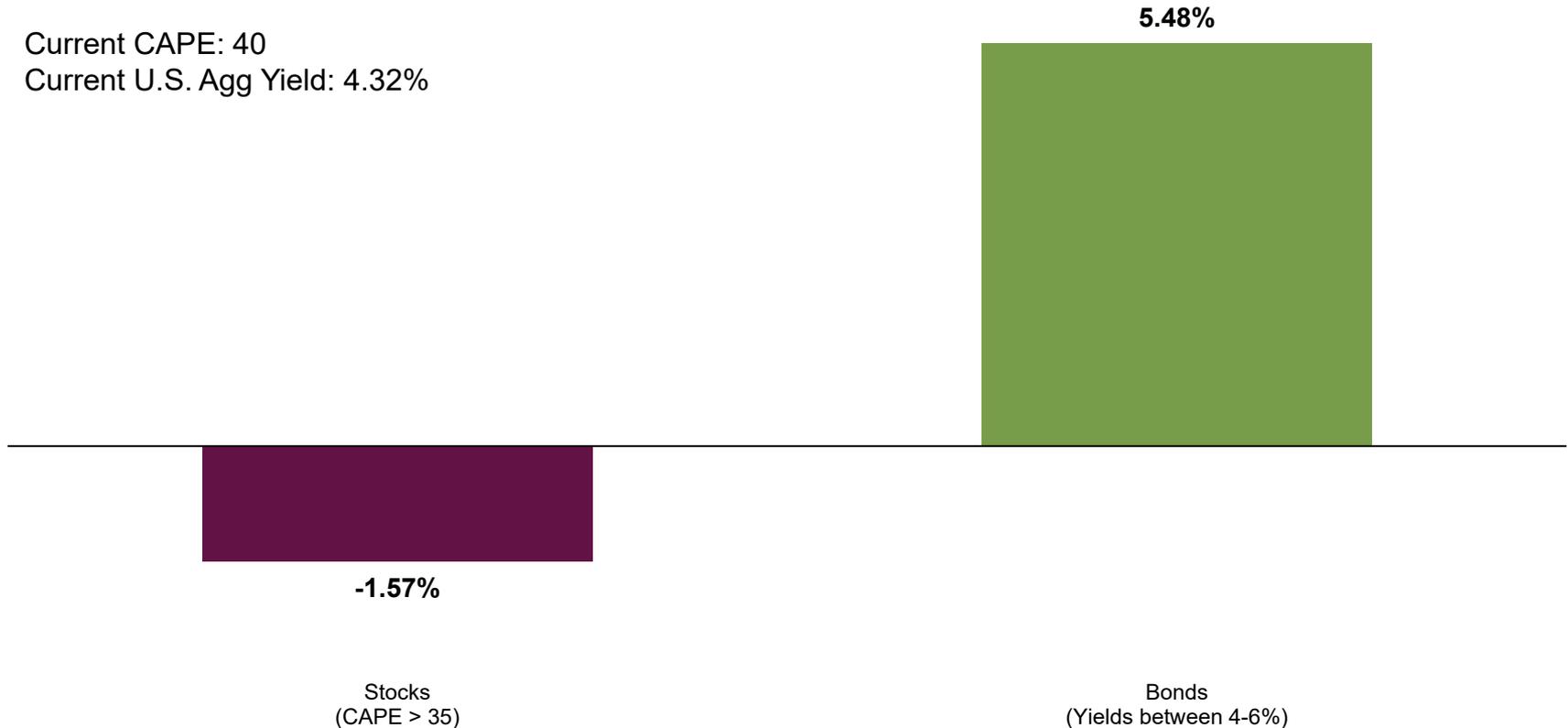


As of 31 August 2025. Source: Robert Shiller, Finaeon, and PIMCO. **Past performance is not indicative of future results.**
CAPE and CPI as reported in Shiller's website. S&P 500 returns are calculated based on the S&P 500 Total Return Index reported by Finaeon.
[Refer to Appendix for additional index, investment strategy, and outlook information.](#)

From similar starting points, bonds have historically outperformed equities

Median 5 year forward returns from starting conditions

Current CAPE: 40
Current U.S. Agg Yield: 4.32%



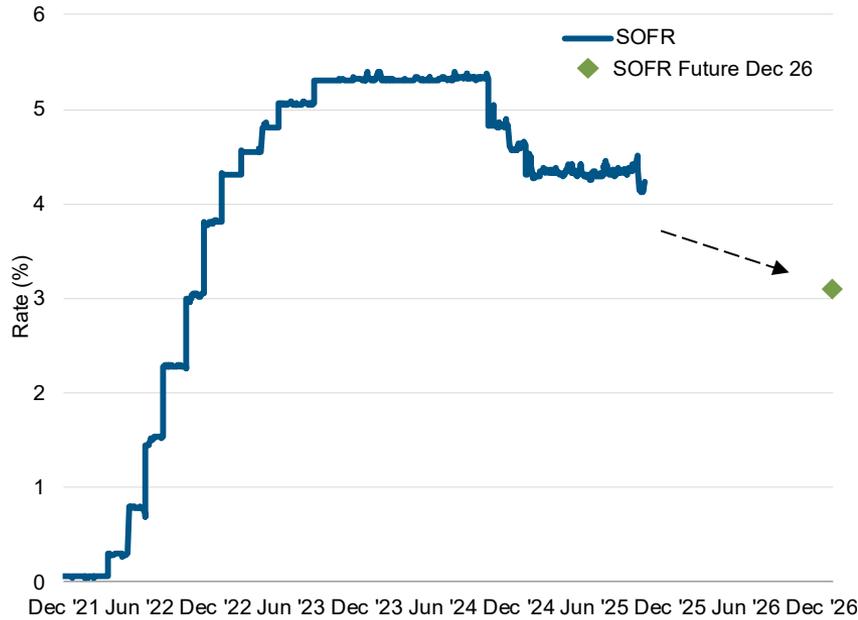
As of 31 December 2025. SOURCE: PIMCO, Bloomberg, Barclays Live. **Past performance is not a guarantee or a reliable indicator of future results.** Chart uses data back to January 1973. Bonds refer to the Bloomberg U.S. Aggregate Index and stocks refer to the S&P 500 Index. CAPE refers to cyclically adjusted price-to-earnings ratio for the S&P 500. CAPE uses PIMCO calculations.

There can be no guarantee that the trends mentioned above will continue. Statements concerning financial market trends are based on current market conditions, which will fluctuate. Refer to Appendix for additional index, outlook, and risk information.

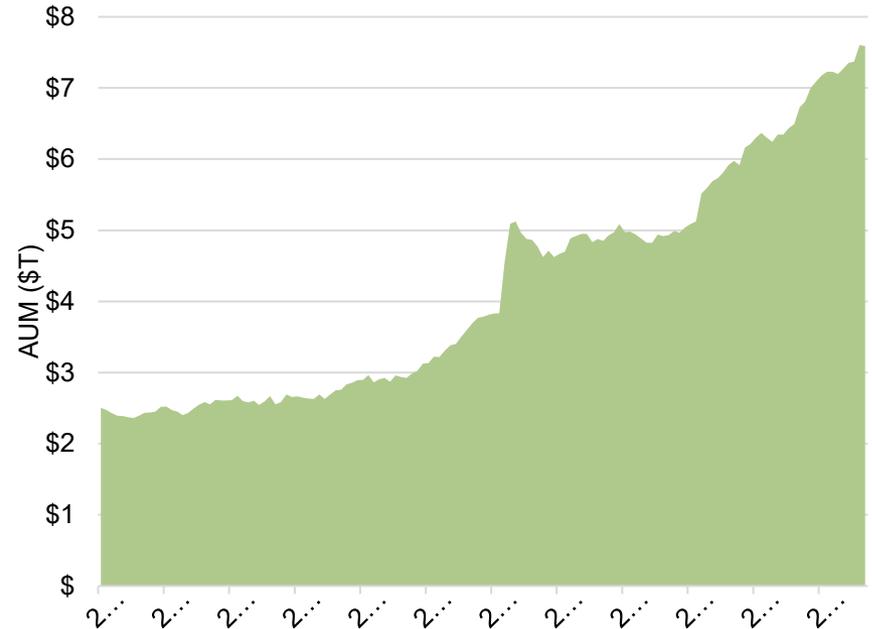
Cash is no longer optimal

Bonds appear poised to outshine cash

**Falling cash yields:
Short term rates expected to near 3%**



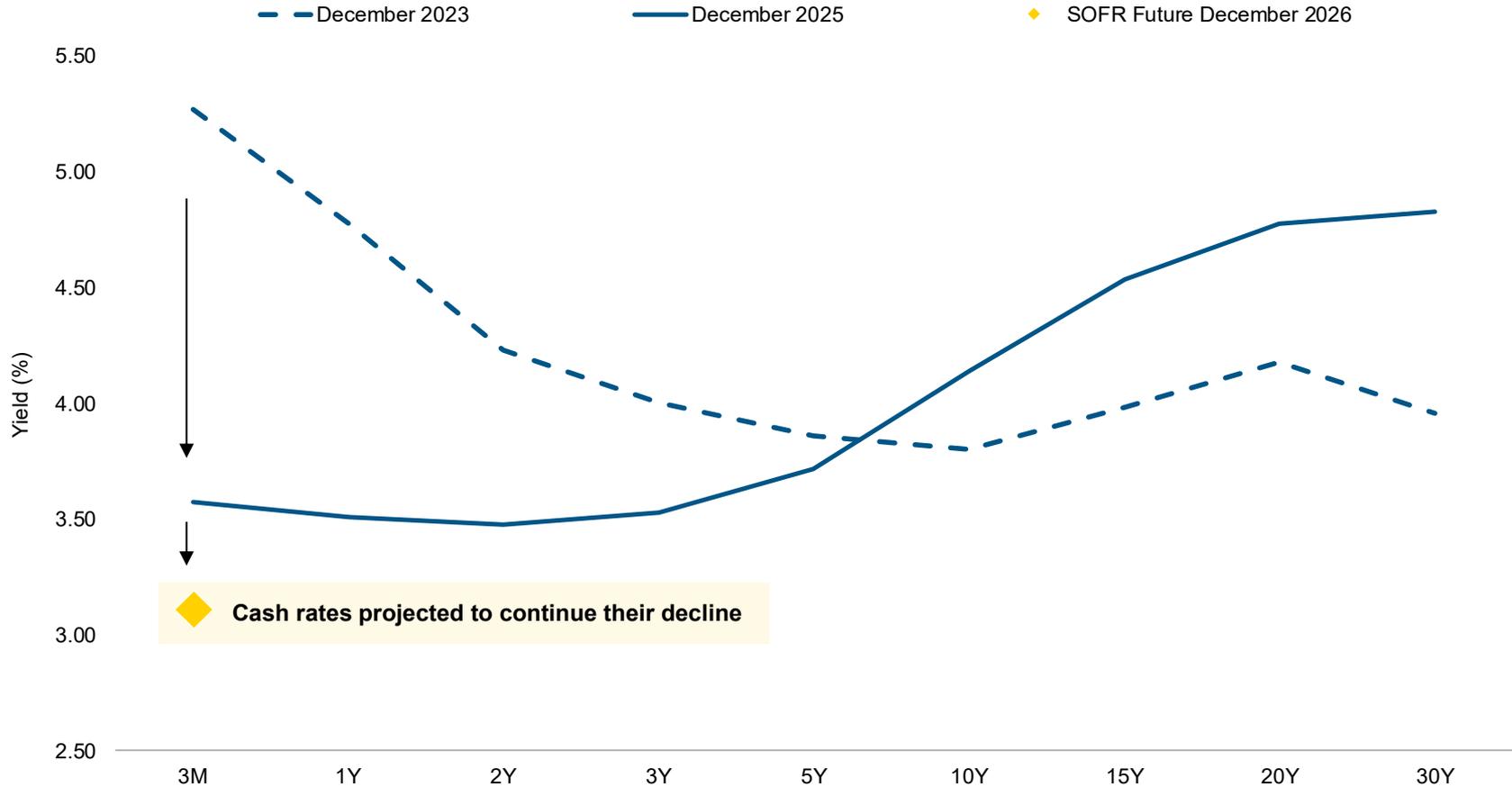
**AUM in money market funds hit new highs:
Investors are leaving money on the table**



LHS as of 30 September 2025. RHS as of 26 September 2025. Source: Bloomberg, Haver, PIMCO, ICE BofA, and Crane. **Past performance is not a guarantee or a reliable indicator of future results.**
Refer to Appendix for additional investment strategy, outlook and risk information.

Cash rates look much less attractive, especially versus high-quality bonds

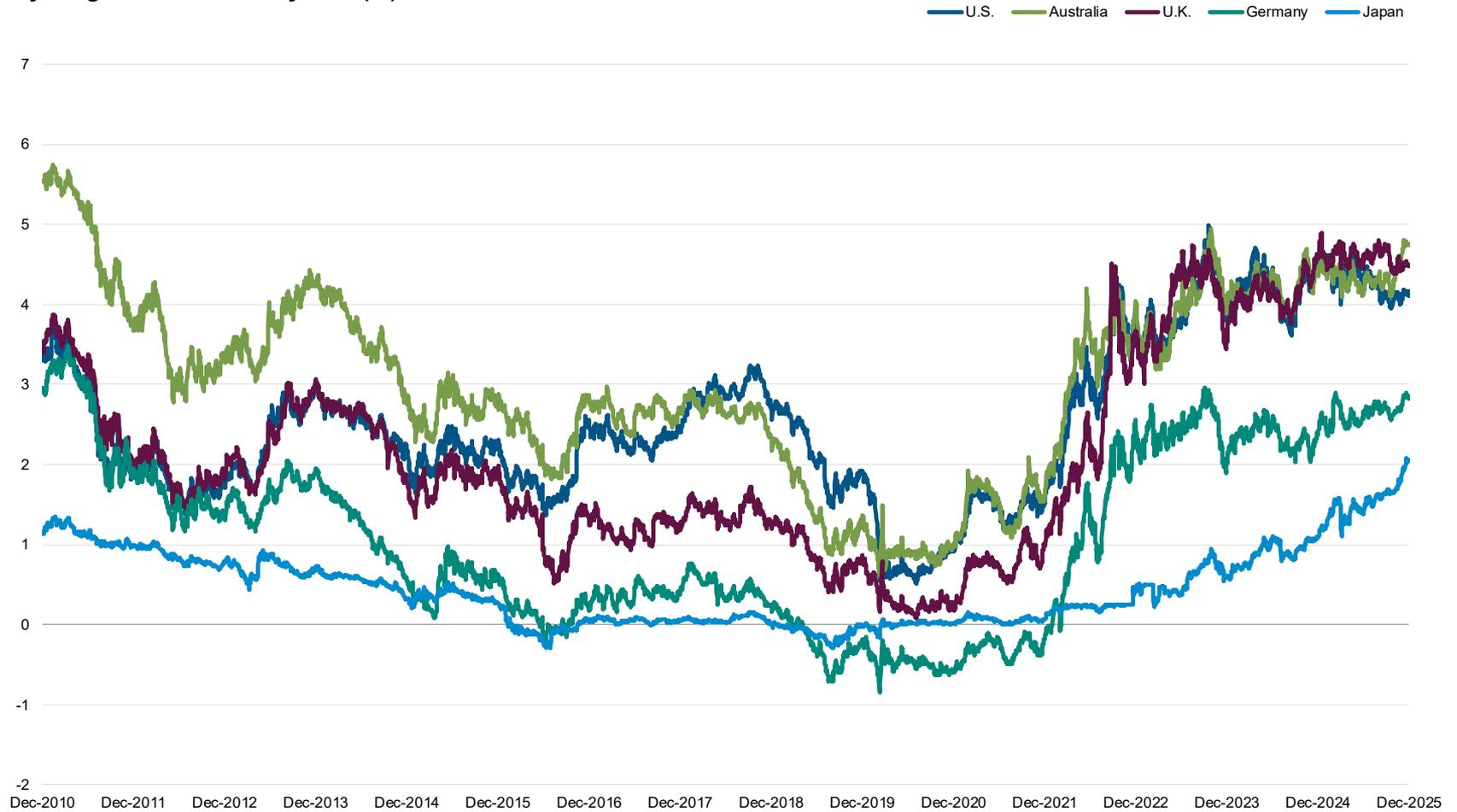
Yield curve steepening: After prolonged inversion, the U.S. curve has normalized



As of 31 December 2025. Source: PIMCO. Past performance is not a guarantee or a reliable indicator of future results. Refer to Appendix for additional investment strategy, outlook and risk information.

Developed market yields signal attractive income, capital appreciation potential

10-year government bond yields (%)



As of 31 December 2025. Source: Bloomberg.

Appendix

Past performance is not a guarantee or a reliable indicator of future results. Performance figures reflect reinvestment of earnings and dividends. The “gross of fees” performance figures do not reflect the deduction of investment advisory fees, but they do reflect commissions and other expenses (except custody). Such fees that a client may incur in the management of their investment advisory account may reduce the client’s return. “Net of fee” performance figures are presented net of investment advisory fees and brokerage commissions. Separate investment accounts typically do not reflect the deduction of custodial fees, but performance results for pooled investment vehicles will typically be reduced by such fees

COMPOSITE

Composite performance is preliminary until the 12th business day of the month.

RISK

All investments contain risk and may lose value. Investing in the **bond market** is subject to risks, including market, interest rate, issuer, credit, inflation risk, and liquidity risk. The value of most bonds and bond strategies are impacted by changes in interest rates. Bonds and bond strategies with longer durations tend to be more sensitive and volatile than those with shorter durations; bond prices generally fall as interest rates rise, and low interest rate environments increase this risk. Reductions in bond counterparty capacity may contribute to decreased market liquidity and increased price volatility. Bond investments may be worth more or less than the original cost when redeemed. **Equities** may decline in value due to both real and perceived general market, economic and industry conditions.

FORECAST

Forecasts, estimates and certain information contained herein are based upon proprietary research and should not be interpreted as investment advice, as an offer or solicitation, nor as the purchase or sale of any financial instrument. Forecasts and estimates have certain inherent limitations, and unlike an actual performance record, do not reflect actual trading, liquidity constraints, fees, and/or other costs. In addition, references to future results should not be construed as an estimate or promise of results that a client portfolio may achieve.

OUTLOOK

Statements concerning financial market trends or portfolio strategies are based on current market conditions, which will fluctuate. There is no guarantee that these investment strategies will work under all market conditions or are appropriate for all investors and each investor should evaluate their ability to invest for the long term, especially during periods of downturn in the market. Outlook and strategies are subject to change without notice.

INDEX

It is not possible to invest directly in an unmanaged index.

INVESTMENT STRATEGY

There is no guarantee that these investment strategies will work under all market conditions or are appropriate for all investors and each investor should evaluate their ability to invest long-term, especially during periods of downturn in the market.

Disclosures

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GIPS Composite Report: Core Plus - Total Return Full Authority Composite (Page 1 of 2)

	Composite Return (%) Before Fees	Composite Return (%) After Fees	Benchmark Return (%)**	Composite Dispersion (%)	Composite 3-Yr Std Dev (%)	Benchmark 3-Yr Std Dev (%)	Number of Portfolios	Composite Assets (USD) Millions	Total Firm Assets (USD) Billions	Total Return Separate Account Fee Schedule:
2024	2.94	2.54	1.25	0.38	7.96	7.72	92	95,641.1	1,948	1st \$100 Million 0.3000%
2023	6.72	6.31	5.53	0.25	7.32	7.14	104	104,517.1	1,865	Next \$125 Million 0.2750%
2022	-13.65	-13.99	-13.01	0.60	6.07	5.77	116	103,952.4	1,741	Next \$300 Million 0.2400%
2021	-0.52	-0.90	-1.54	0.33	3.52	3.35	120	136,556.8	2,178	Thereafter 0.2000%
2020	9.29	8.86	7.51	0.49	3.39	3.36	126	136,666.7	2,188	Minimum Account Size \$75 Million
2019	8.92	8.47	8.72	0.63	2.68	2.87	122	129,331.2	1,899	
2018	0.17	-0.24	0.01	0.42	2.69	2.84	124	125,938.4	1,665	
2017	5.47	5.03	3.54	0.42	3.01	2.78	127	138,575.3	1,756	
2016	3.32	2.87	2.65	0.48	3.23	2.98	130	143,232.0	1,467	
2015	1.04	0.61	0.55	0.52	3.56	2.88	144	160,686.4	1,435	
5-year*	0.62	0.23	-0.33							
10-year*	2.17	1.75	1.35							

* All periods longer than one year are annualized. Unless otherwise noted, results presented through December 31, 2024.

** Bloomberg U.S. Aggregate Index

The composite was created in November 2002 and inception in December 1989.

Pacific Investment Management Company LLC (PIMCO) is an investment adviser registered with the U.S. Securities and Exchange Commission that provides global investment solutions to institutions, individuals, and government entities worldwide. For GIPS compliance purposes, PIMCO has been defined to include the investment management activities of its affiliate PIMCO Europe GmbH (PEG) and the following subsidiaries: PIMCO Australia Pty Ltd, PIMCO Canada Corp., PIMCO Europe Ltd, PIMCO Japan Ltd, PIMCO Asia Pte Ltd, and PIMCO Asia Limited. In January 2010, the firm definition was expanded to include fixed income assets managed in collaboration with Allianz Global Investors (Allianz) using the PIMCO investment process. Prior to 2010, country-specific limitations restricted the full implementation of the PIMCO investment process for these assets. In March 2012, the firm definition was further expanded to include assets managed on behalf of Allianz's affiliated companies. In addition, in October 2020, PIMCO and PEG acquired PIMCO Prime Real Estate, a leading global commercial real estate investment business; as a result, the firm definition includes assets managed by PIMCO Prime Real Estate and its subsidiaries. Prior to March 2023, PIMCO Prime Real Estate was known as Allianz Real Estate.

PIMCO claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. PIMCO has been independently verified for the period January 1987 through December 2024. The verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. GIPS® is a registered trademark owned by CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

The PIMCO Core Plus - Total Return Full Authority Composite includes all discretionary, U.S. dollar based, U.S. Total Return portfolios that meet the U.S. Total Return Core Plus Full Authority criteria. PIMCO's Total Return portfolios are managed to a core bond strategy that seeks to maximize price appreciation and current income with index-like volatility. All major sectors of the bond market are utilized to implement a diversified set of strategies including sector rotation, yield curve positioning, and duration management. Duration is managed within a moderate range (between three and six years) around the broadest bond market indices. Futures, options, and swaps may be used to gain, hedge or restructure exposure to interest rates, volatility, spreads, foreign markets or currencies within the parameters allowed by individual portfolio guidelines. Portfolios must allow futures (long & short), options (long & short), non-U.S. dollar investments (permitted allocation of at least 20%), high yield (permitted allocation of at least 10%) and emerging markets to meet the Full Authority criteria. The composite excludes tax-sensitive portfolios with a primary objective of maximizing after-tax returns. Beginning January 2018, the composite was redefined to exclude portfolios that are not managed against a dedicated U.S. core bond benchmark to allow for a more pure representation of the intended strategy. Risks of this strategy include, but are not limited to, interest rate, duration, currency, credit, economic and political, and derivative instruments risk. Investing in derivatives could result in losses that exceed the amount invested.

The Bloomberg U.S. Aggregate Index represents securities that are SEC-registered, taxable and dollar-denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

Valuations are computed and performance is reported in U.S. dollars. Returns are presented gross and net of management fees and include the reinvestment of all income. Net results reflect the deduction of actual management fees, including performance based fees, and, in some instances, custodial and administrative fees. Actual fees incurred by client accounts may vary. When applicable, composite performance is net of any actual withholding tax paid and not reclaimable. Index returns are gross of withholding tax.

GIPS Composite Report: Core Plus - Total Return Full Authority Composite (Page 2 of 2)

Composite dispersion presented is the equal-weighted standard deviation of annual gross-of-fees returns for all portfolios in the composite for the full year. Dispersion is not statistically meaningful for periods shorter than a year or for years in which five or fewer portfolios were included for the full year. The three-year annualized ex-post standard deviation measures the variability of the composite gross-of-fees returns and the benchmark returns over the preceding 36-month period. The three-year annualized ex-post standard deviation is not presented if 36 consecutive monthly returns are not available. A complete list of composite descriptions, list of pooled fund descriptions for limited distribution pooled funds, and list of broad distribution pooled funds are available upon request, as well as policies for valuing investments, calculating performance, and preparing GIPS Reports.

This strategy has historically made material use of derivatives as substitutes for physical securities. Derivatives may be a more attractive substitute for the underlying physical securities in terms of price, liquidity, or other factors. Derivatives are used as a liquid means of adjusting duration and targeting specific areas of yield curve exposure, with potentially lower transaction costs compared to physical securities. The strategy has also historically made material use of short sales and other forms of borrowing.

Past performance is not a guarantee or a reliable indicator of future results.

COMP-1270

Appendix: Core Plus - Total Return Full Authority Composite

	Composite Return (%) Before Fees	Composite Return (%) After Fees	Benchmark Return (%)**
1-year*	9.58	9.16	7.30
5-year*	0.67	0.29	-0.36
10-year*	3.00	2.59	2.01

Total Return Separate Account Fee Schedule:

1st \$100 Million	0.3000%
Next \$125 Million	0.2750%
Next \$300 Million	0.2400%
Thereafter	0.2000%
Minimum Account Size	\$75 Million

* All periods longer than one year are annualized. Unless otherwise noted, results presented through December 31, 2025.

** Bloomberg U.S. Aggregate Index

The composite was created in November 2002 and inception in December 1989.

Valuations are computed and performance is reported in U.S. dollars. Returns are presented gross and net of management fees and include the reinvestment of all income. Net results reflect the deduction of actual management fees, including performance based fees, and, in some instances, custodial and administrative fees. Actual fees incurred by client accounts may vary. When applicable, composite performance is net of any actual withholding tax paid and not reclaimable. Index returns are gross of withholding tax.

The PIMCO Core Plus - Total Return Full Authority Composite includes all discretionary, U.S. dollar based, U.S. Total Return portfolios that meet the U.S. Total Return Core Plus Full Authority criteria. PIMCO's Total Return portfolios are managed to a core bond strategy that seeks to maximize price appreciation and current income with index-like volatility. All major sectors of the bond market are utilized to implement a diversified set of strategies including sector rotation, yield curve positioning, and duration management. Duration is managed within a moderate range (between three and six years) around the broadest bond market indices. Futures, options, and swaps may be used to gain, hedge or restructure exposure to interest rates, volatility, spreads, foreign markets or currencies within the parameters allowed by individual portfolio guidelines. Portfolios must allow futures (long & short), options (long & short), non-U.S. dollar investments (permitted allocation of at least 20%), high yield (permitted allocation of at least 10%) and emerging markets to meet the Full Authority criteria. The composite excludes tax-sensitive portfolios with a primary objective of maximizing after-tax returns. Beginning January 2018, the composite was redefined to exclude portfolios that are not managed against a dedicated U.S. core bond benchmark to allow for a more pure representation of the intended strategy. Risks of this strategy include, but are not limited to, interest rate, duration, currency, credit, economic and political, and derivative instruments risk. Investing in derivatives could result in losses that exceed the amount invested.

The Bloomberg U.S. Aggregate Index represents securities that are SEC-registered, taxable and dollar-denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.

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COMP-1270

Appendix: Core Plus - Total Return Full Authority Composite

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COMP-1270

Break
10:15 – 10:30



Guest Speaker: AI | Public Markets

David Tykocinski
Co-CIO, Public Funds

Maverick Capital

Guest Speaker: AI | Public Markets

David Tykocinski | Maverick Capital



Mr. Tykocinski serves as Co-Chief Investment Officer of the Public funds, is a member of the Portfolio Management Committee, and the Maverick Growth Investment Committee. From 2014 until 2020, Mr. Tykocinski led the Media and Telecom sector before that portfolio was merged with the Consumer team. Prior to joining Maverick in 2011, Mr. Tykocinski was an analyst at Blackstone. He graduated (cum laude) with a B.A. in Economics from Yale University.

State of AI in Public Markets

Maverick Capital | Co-CIO David Tykocinski

ChatGPT Unleashed The Initial Wave Of AI Hype In Late-2022

“The AI Age has begun”

“Revolutionary”

“This will change everything”



ChatGPT

“A Paradigm Shift”

“American AI-dol”

“You won’t believe your eyes”

“AI finds its voice”

“Game changer!”

ChatGPT Unleashed The Initial Wave Of AI Hype In Late-2022



“AI is going to have more impact than even the PC, the phone and the internet ... This is the biggest technical advance of my lifetime ... [and] is the first technology that is happening faster than even the insiders expected.”

– Microsoft Founder Bill Gates (September 2024)

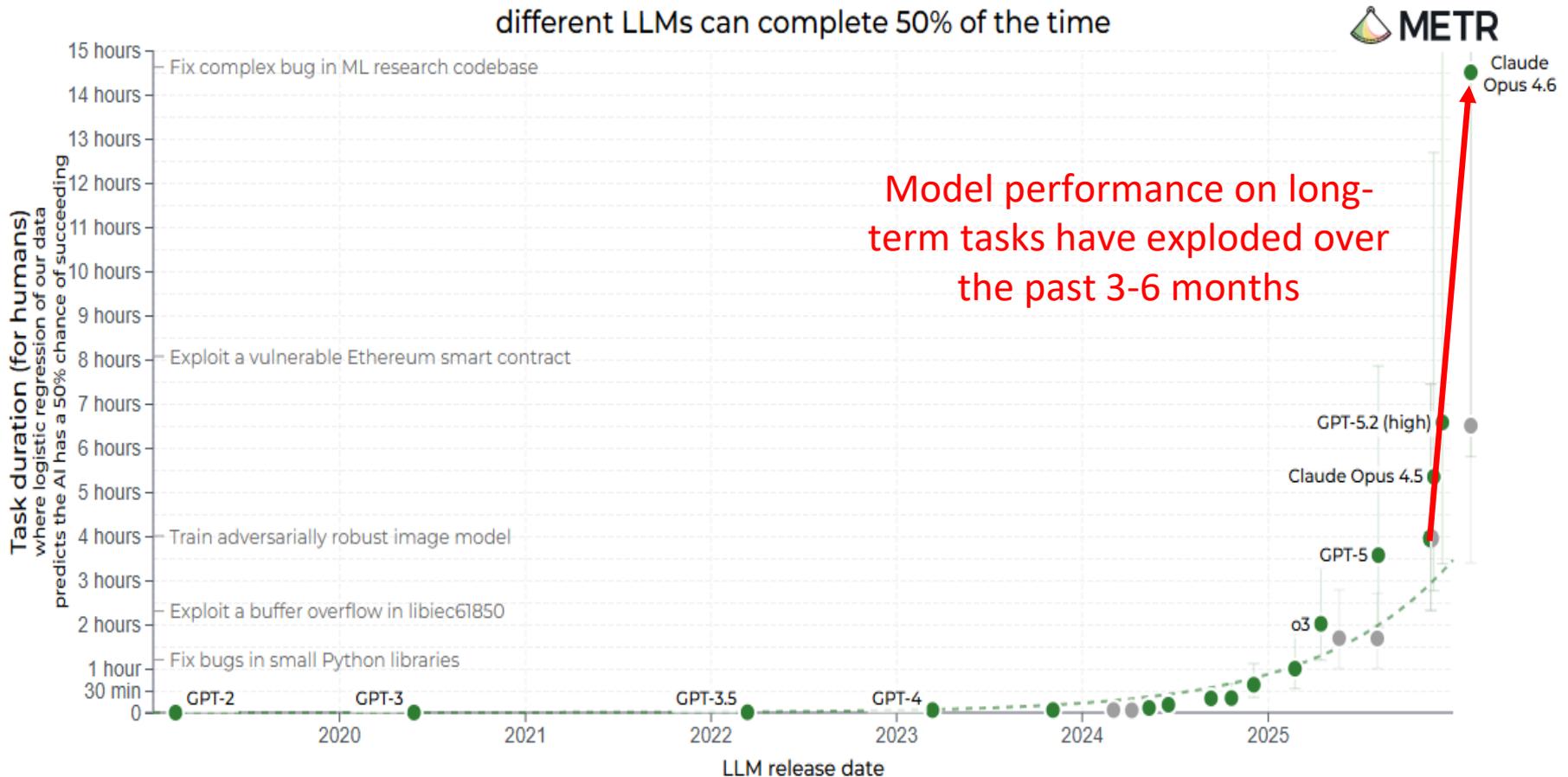
“As a computer scientist, I’ve never seen anything as exciting as all the AI progress that has happened over the last few years ... Every month there’s a new amazing capability.”

– Google Co-Founder Sergey Brin (September 2024)

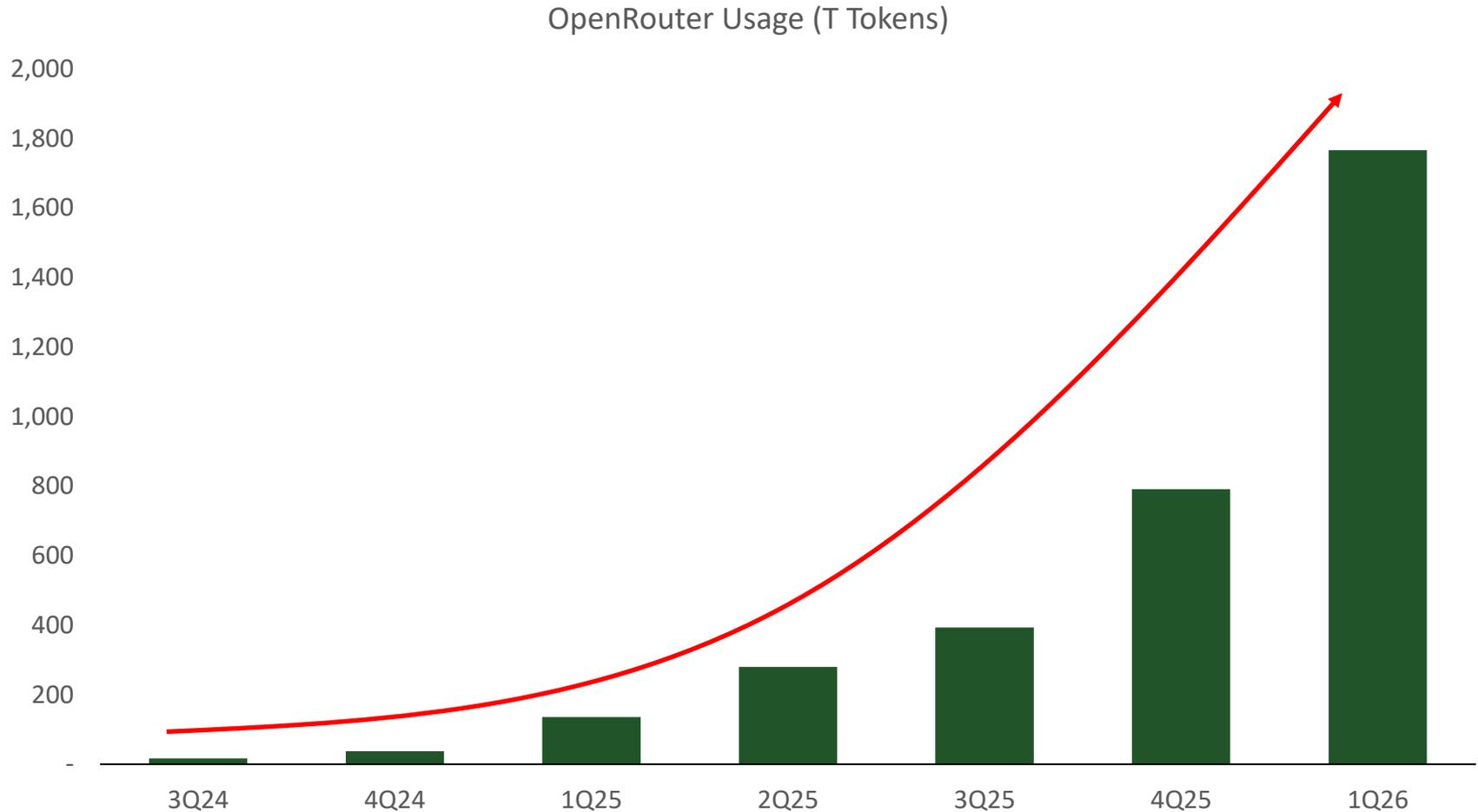


Shockingly, It's Lived Up To The Hype, As Evidenced By Model Progress ...

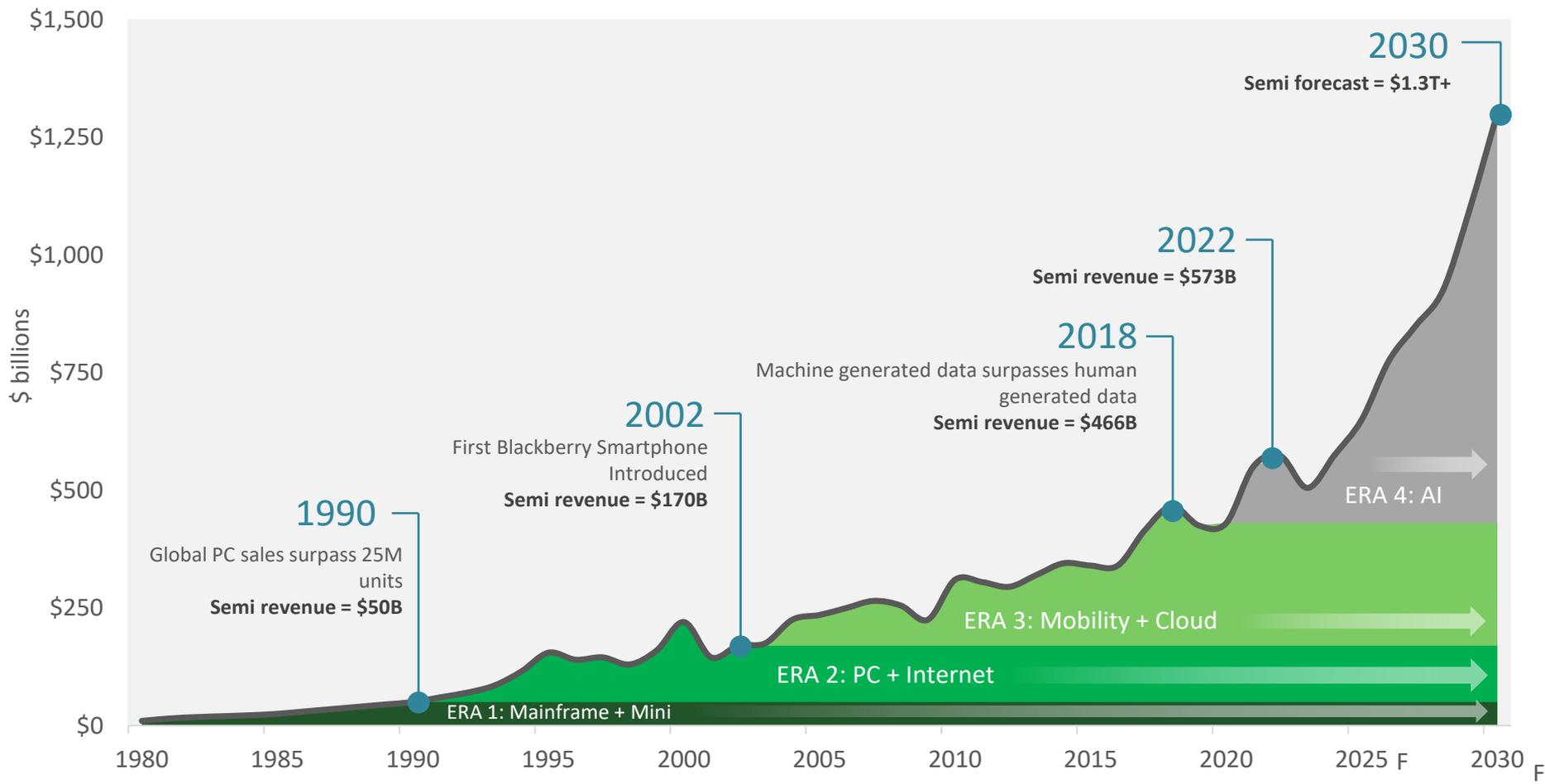
Time horizon of software tasks
different LLMs can complete 50% of the time



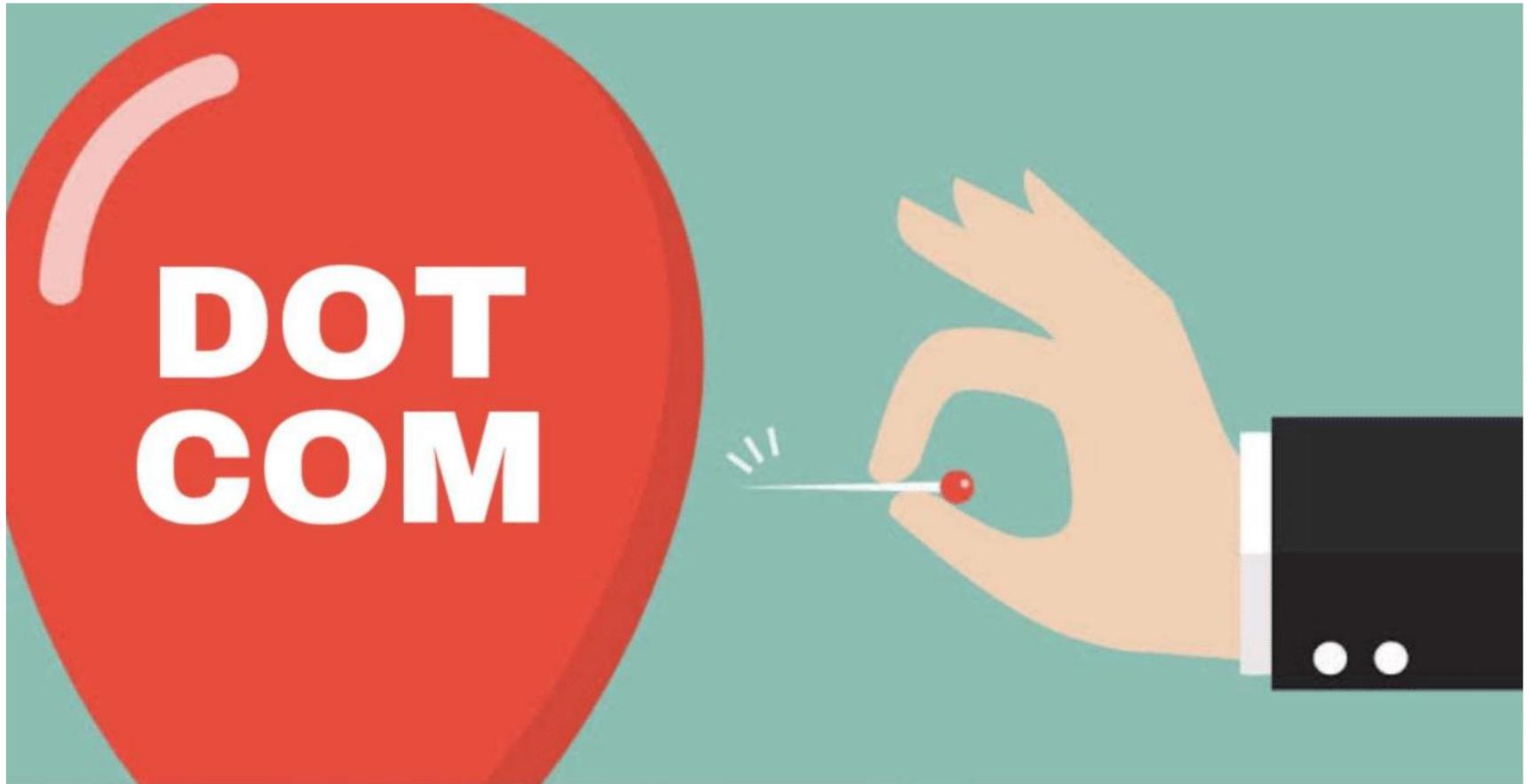
... And Exponential Growth In Token Demand



Multiple Scaling Laws Will Drive Semi Sales >\$1T



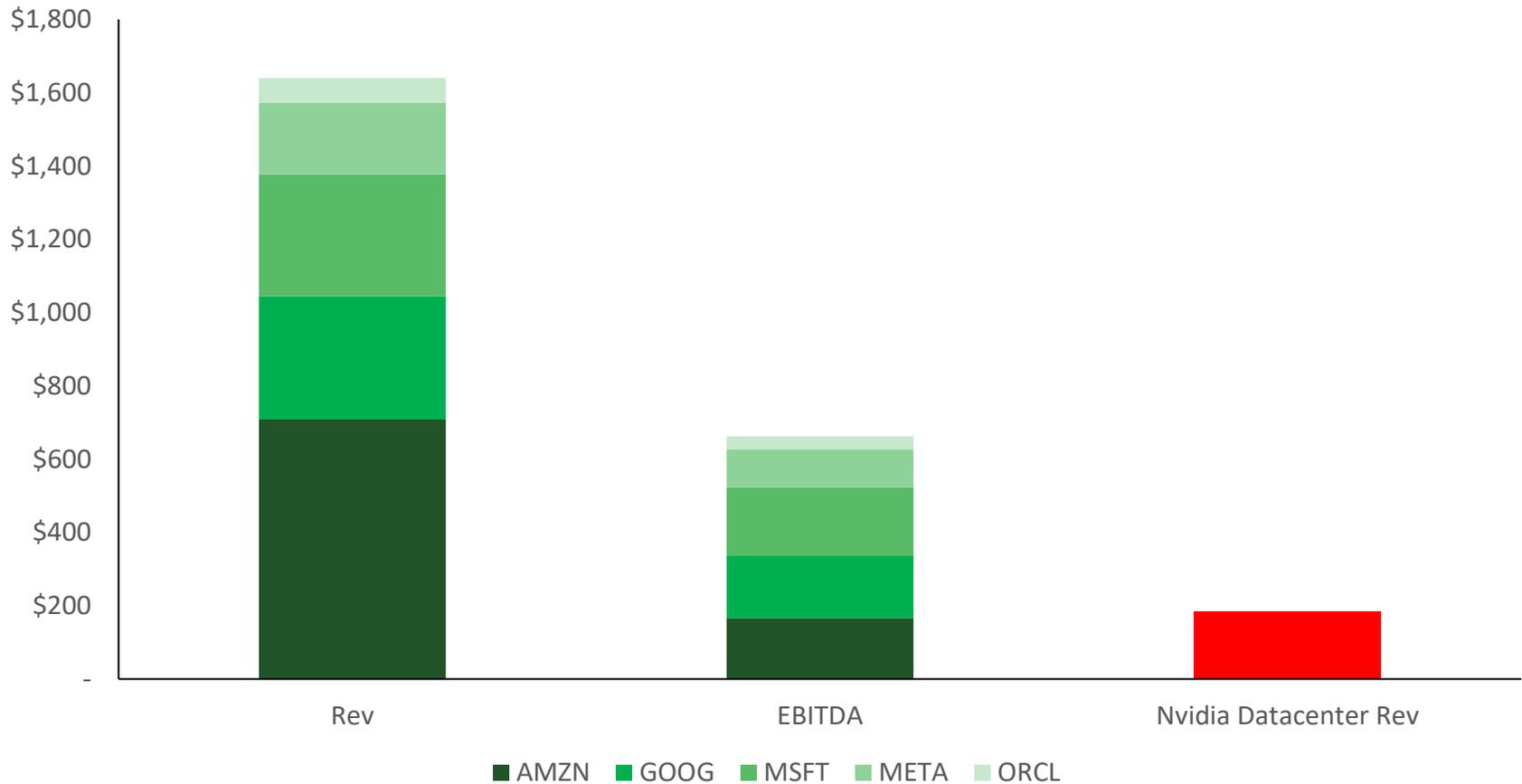
But ... Isn't This A Bubble?



AI Is Not Another Tech Bubble

Spend On Nvidia DC GPUs Are A Tiny Fraction Of Hyperscale Resources

Big 5 Hyperscalers vs Nvidia Datacenter Rev (\$B) - 2025

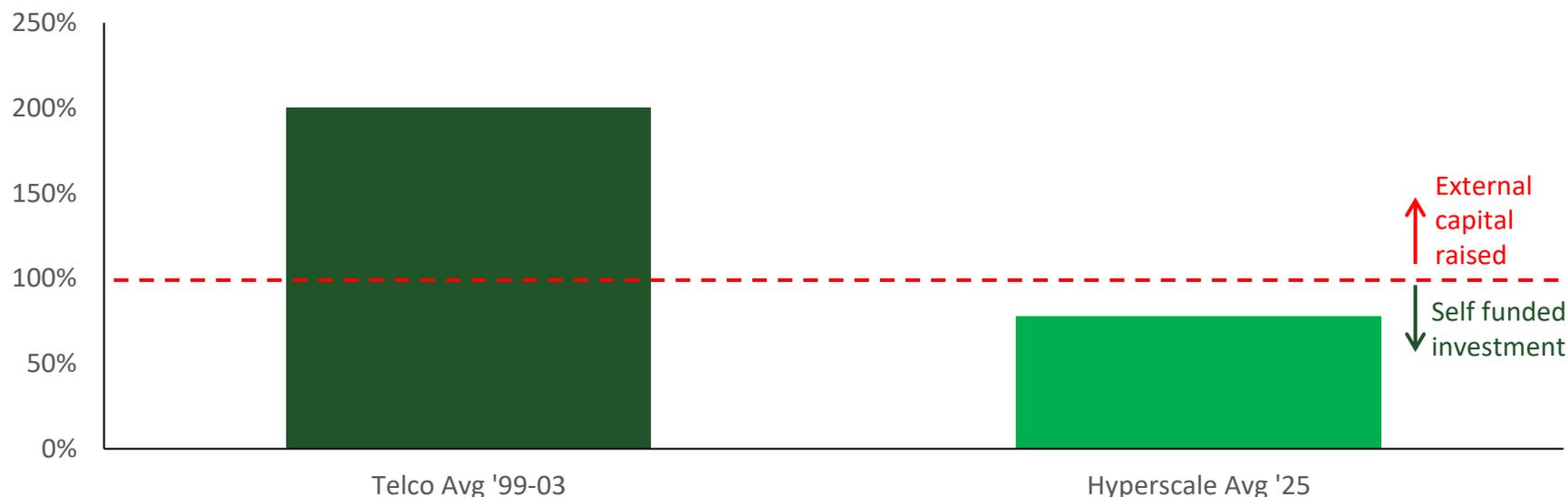


AI Is Not Another Tech Bubble

Unlike Prior Tech Infrastructure Cycles

- During the late-90s, telco capex to build out internet infrastructure averaged ~200% of cash from ops
- As a result, a significant share of capex had to be funded with debt, which was unsustainable, and led to a sharp correction in capex spend by 2002 and 2003 and significant industry consolidation thereafter
- This is structurally very different than the nascent AI infrastructure buildout and arms race for AGI

Hyperscaler vs Telco Average CapEx as % of Operating Cash Flows (1)

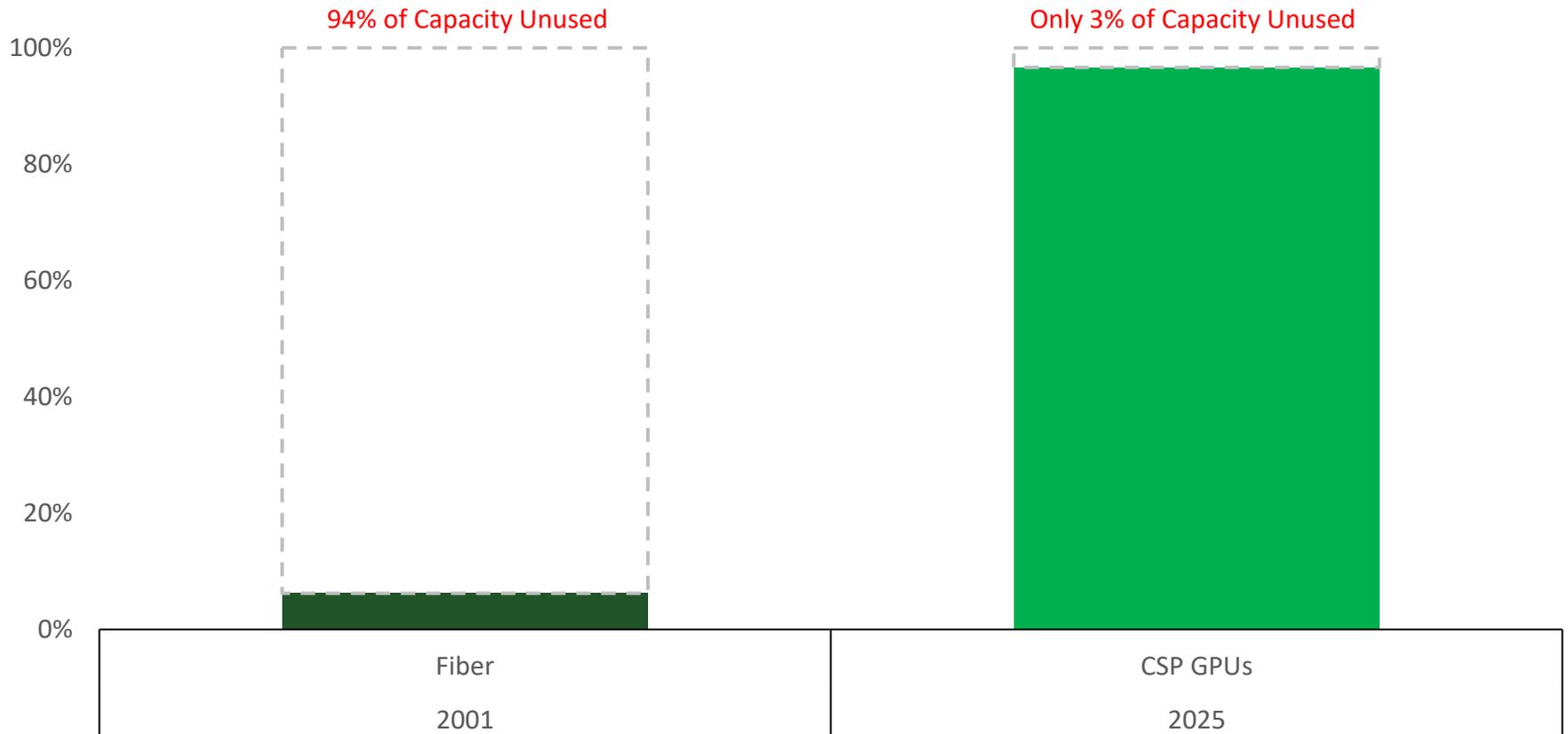


(1) Telco Avg. represents average cap ex as a percentage of operating cash flows for Global Crossing, Level 3 and Qwest. Hyperscale Avg. represents 2025 hyperscaler capex and operating cash flows.

AI Is Not Another Tech Bubble

GPUs Are Still In Shortage, Whereas Dotcom Fiber Was Built Well Ahead Of Demand

Utilization Rates - Dotcom Fiber vs Current GPU



AI Is Not Another Tech Bubble

GPUs Are Still In Shortage, Whereas Dotcom Fiber Was Built Well Ahead Of Demand



“If [our] computational capacity were doubled, revenue would nearly double as well.”

– OpenAI CEO Sam Altman (December 2025)

“I think every provider would tell you, including us that we could grow faster if we had all the supply that we could take.”

– Amazon CEO Andy Jassy (February 2026)



“[We still have] 7 & 8-year-old TPUs that have 100% utilization. This tells me that demand is tremendous. We’re early in the cycle ... certainty relative to the demand we’re seeing.”

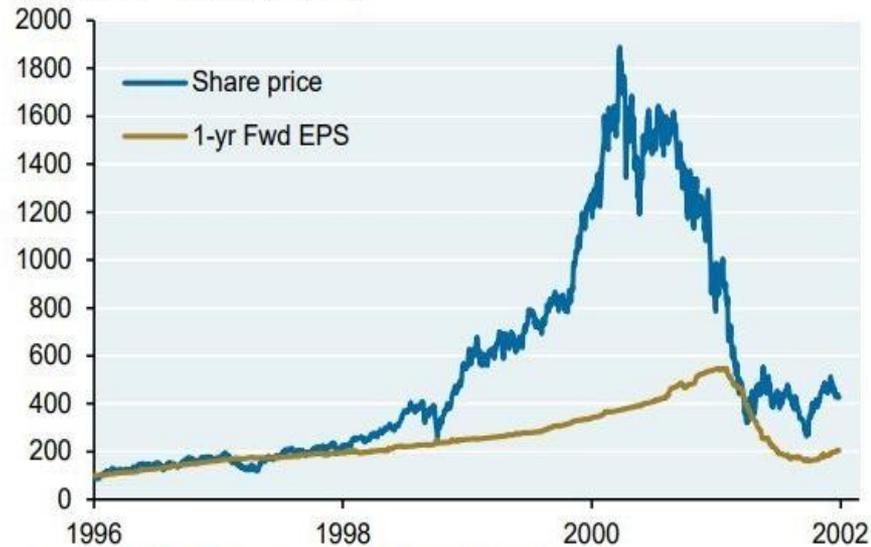
– Google VP of AI & Infra Amin Vahdat (November 2025)

AI Is Not Another Tech Bubble

Unlike In The Dotcom Boom, AI Stock Prices Have Mostly Moved With Revisions

Cisco share price vs 1-year forward EPS

Index (100 = January 1996)



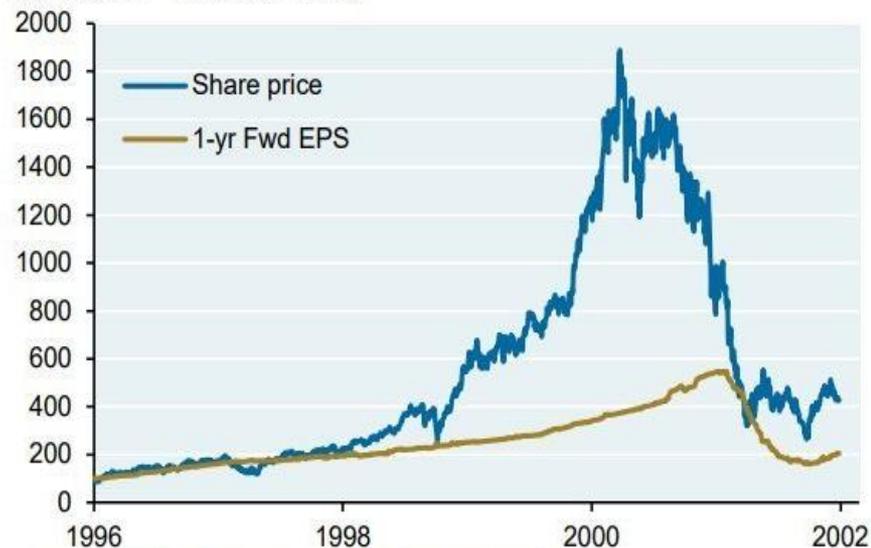
Source: Factset, Bloomberg, JPMAM, June 25, 2024

AI Is Not Another Tech Bubble

Unlike In The Dotcom Boom, AI Stock Prices Have Mostly Moved With Revisions

Cisco share price vs 1-year forward EPS

Index (100 = January 1996)



Source: Factset, Bloomberg, JPMAM, June 25, 2024

Nvidia share price vs 1-year forward EPS

Index (100 = January 2018)



Source: Factset, Bloomberg, JPMAM, August 30, 2024

AI Is Not Another Tech Bubble

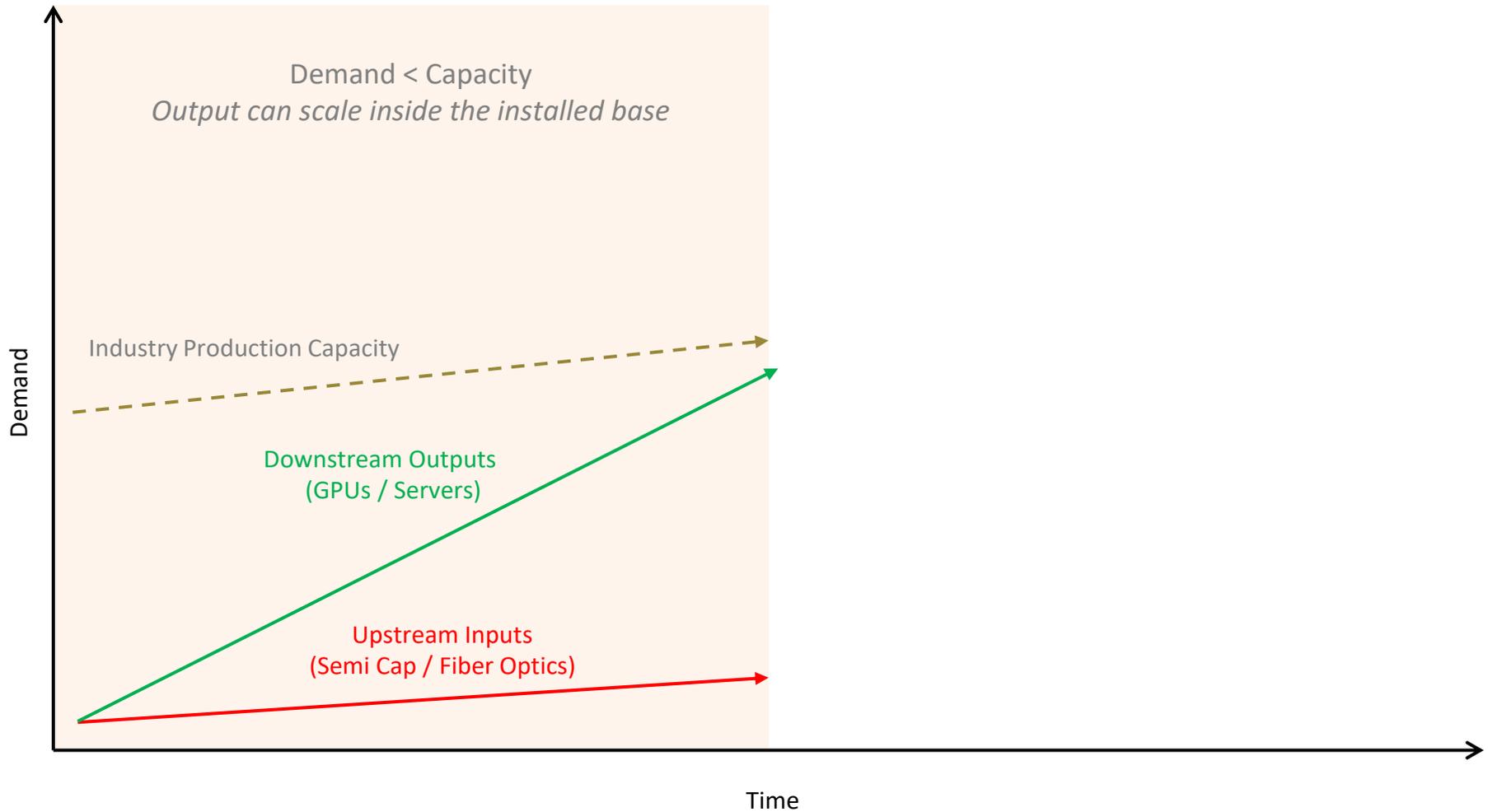
Multiples Remain Rational Due To This Paranoia

	Dotcom Peak (Mar-00)	AI Today (Mar-26)
Nasdaq Index	>90x	25x
Semi Index	N/A	26x
Poster child	CSCO	NVDA
Poster child PE	196x	23x

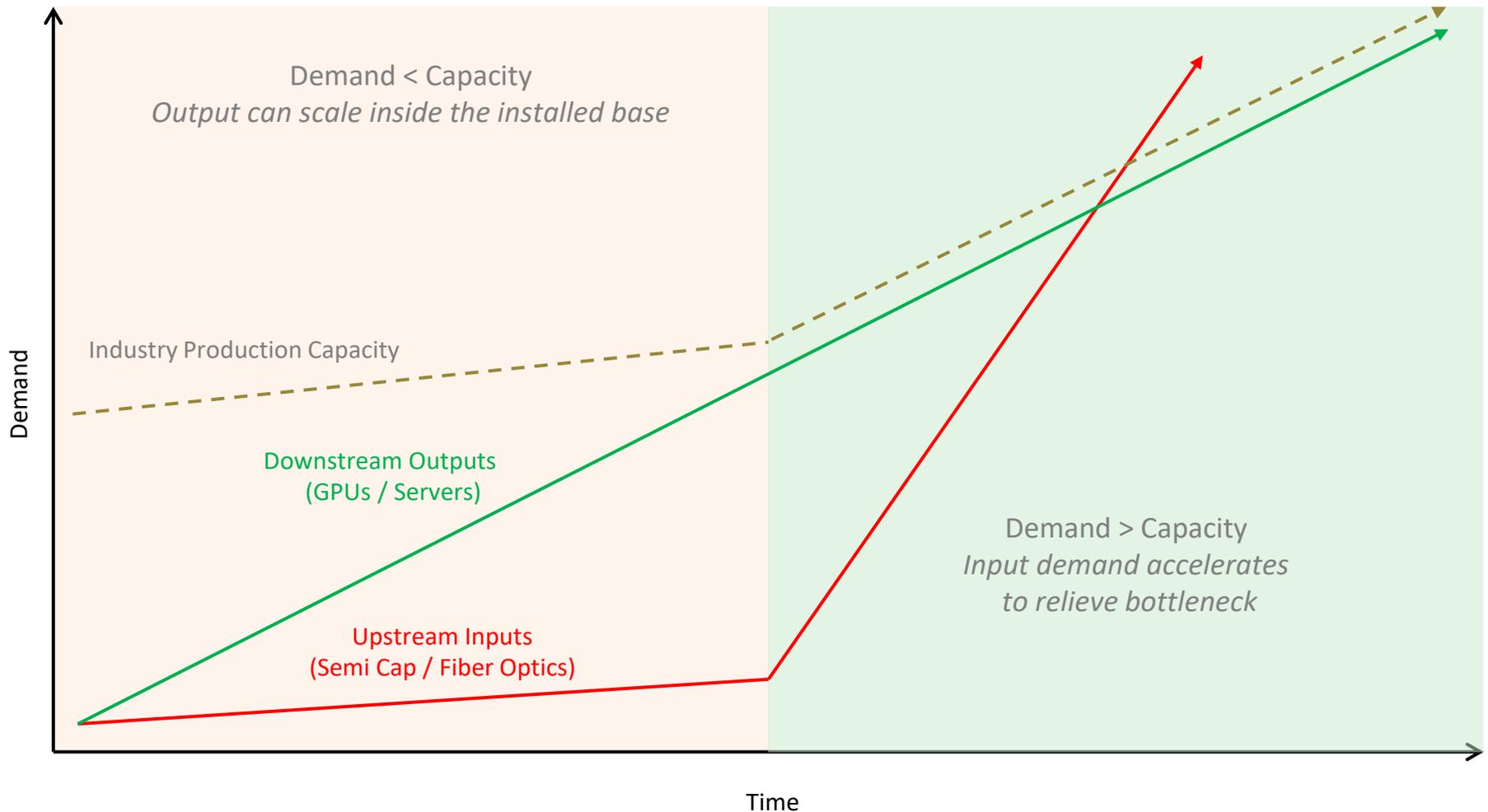
(vs NVDA @ 50x in 2020-21)

But We Still Want To Be Selective At
This Stage Of The Cycle

Shortages Are Shifting Upstream To Industry Capacity Inputs

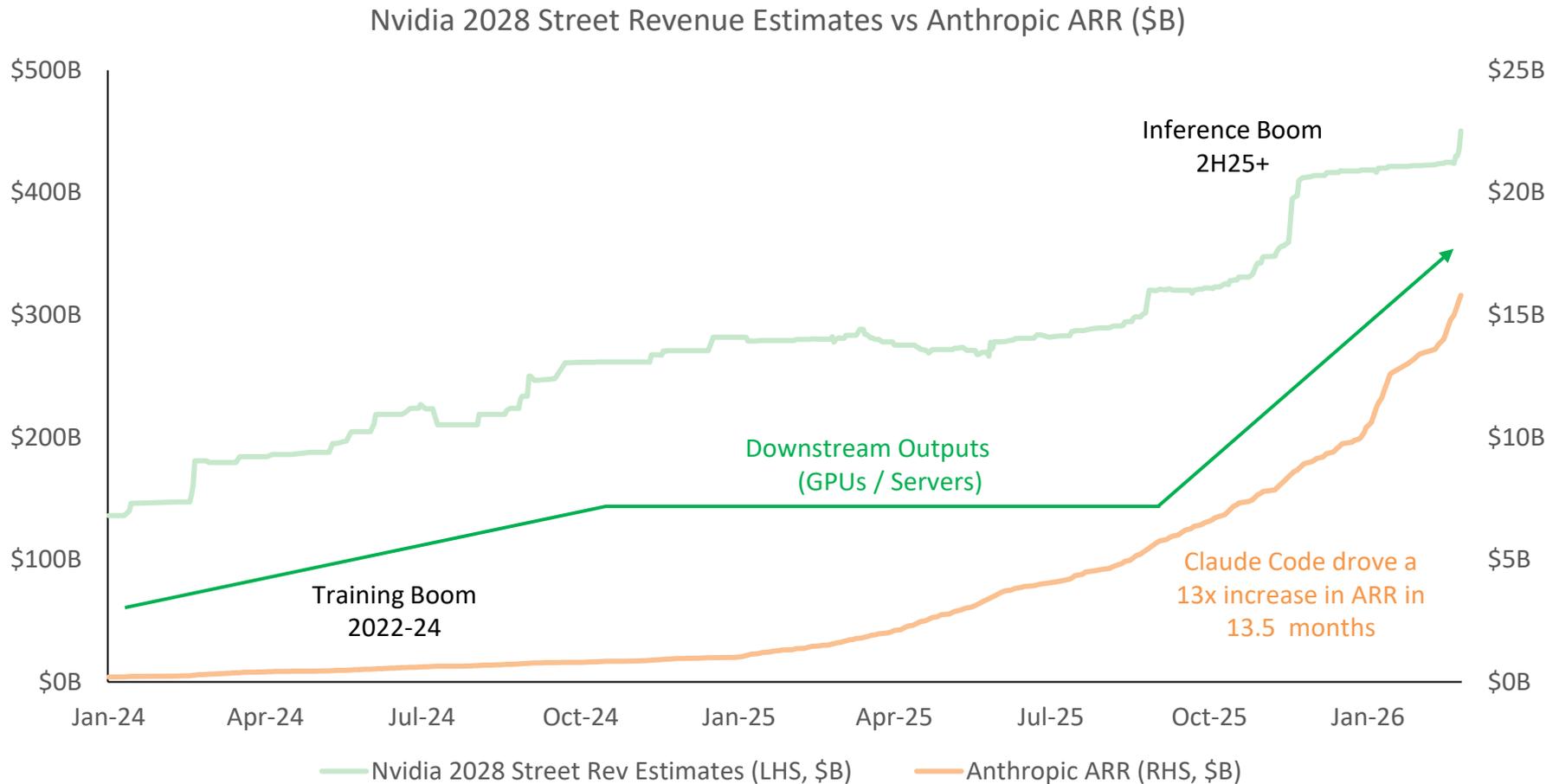


Shortages Are Shifting Upstream To Industry Capacity Inputs



Why The Sudden Shortages Now?

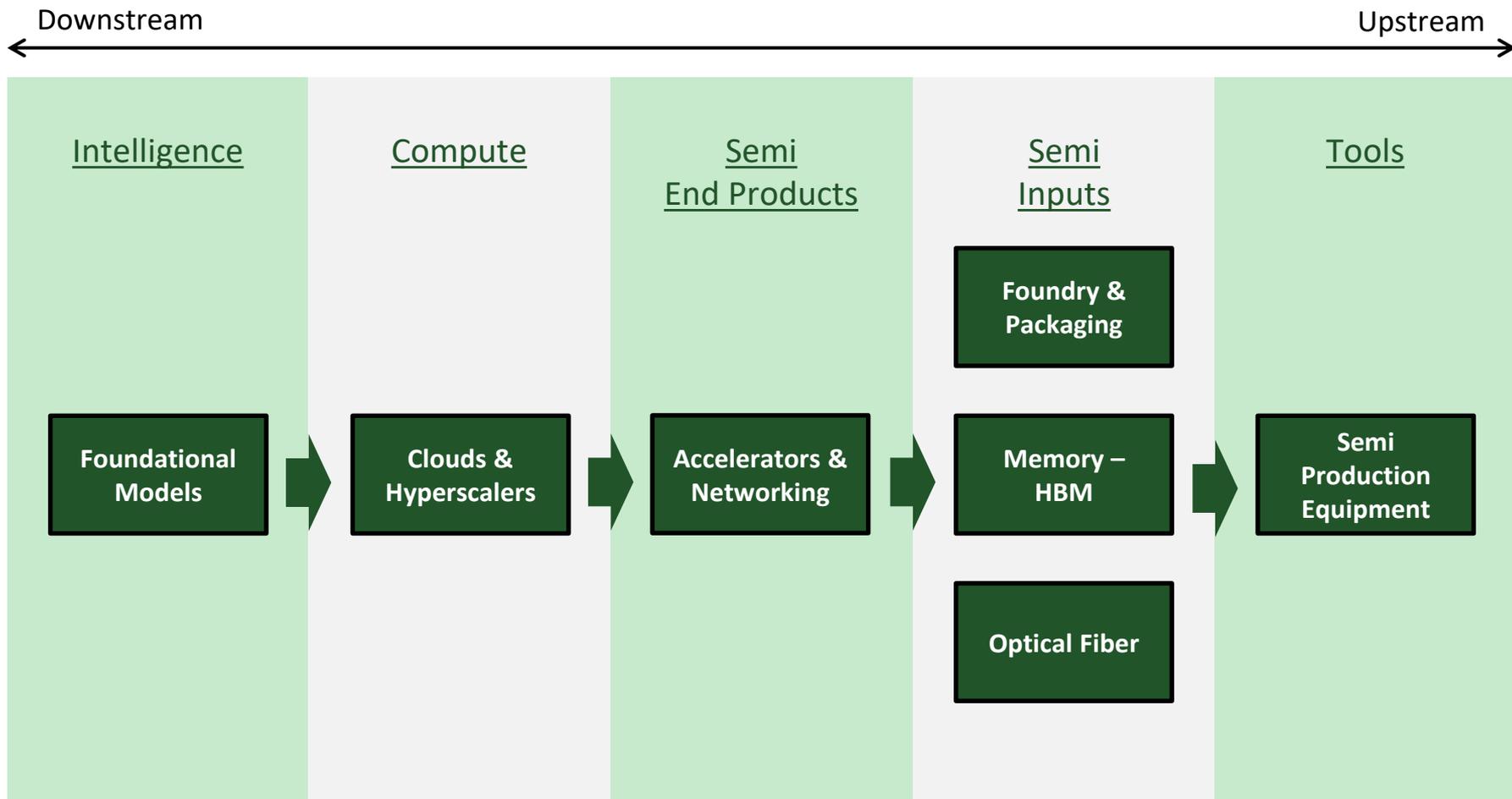
Ramping Inference Has Rapidly Re-Accelerated Demand, Re-Tightening The S/D



How Do You Play AI In Equity Markets
From Here?

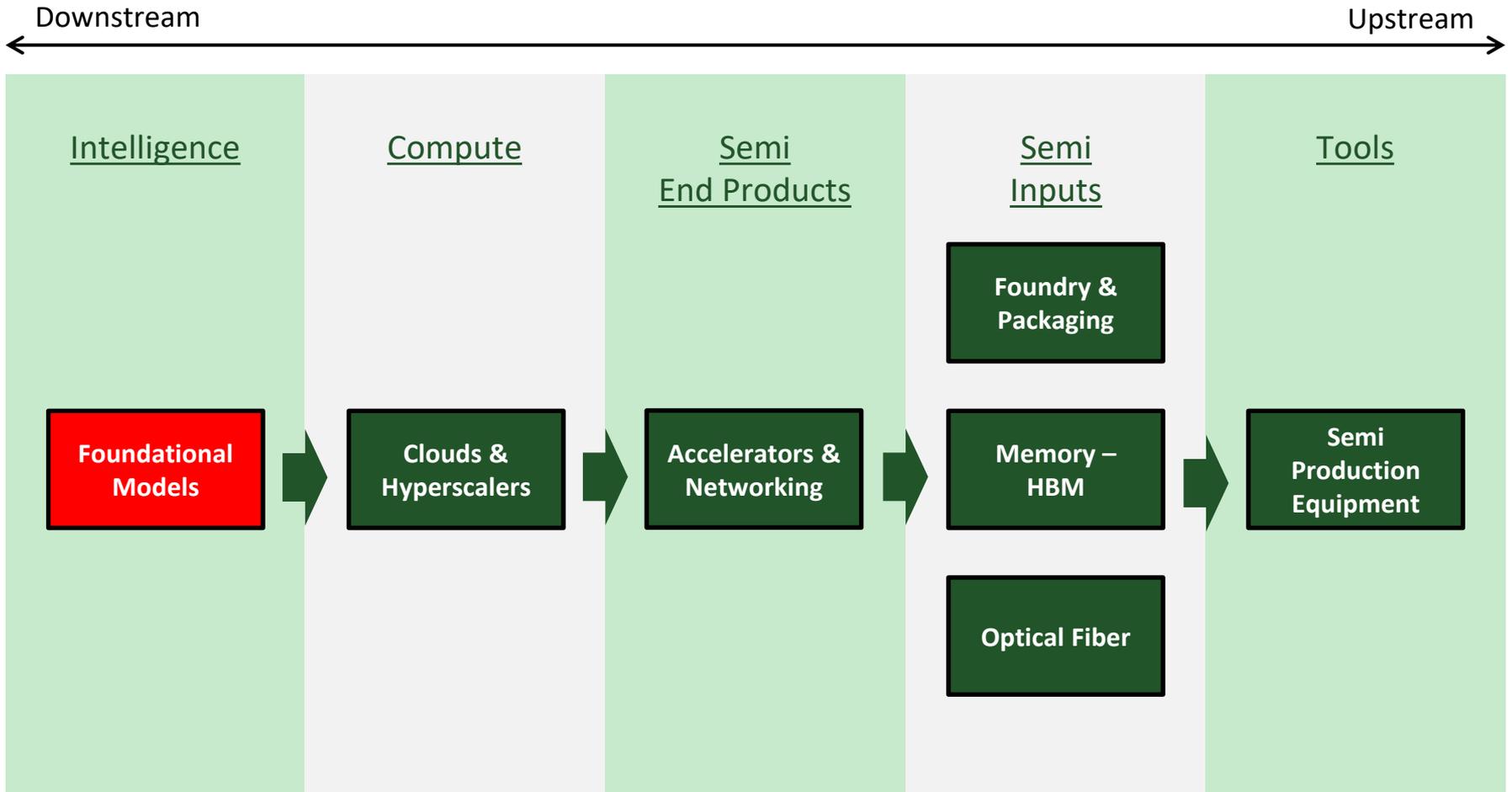
AI Ecosystem Comprised Of Heavily Interconnected Value Chains

Equity Value Creation Has Been Characterized By Cascading Bottlenecks Upstream



ChatGPT Kicked Off The Boom In Foundational Model Usage

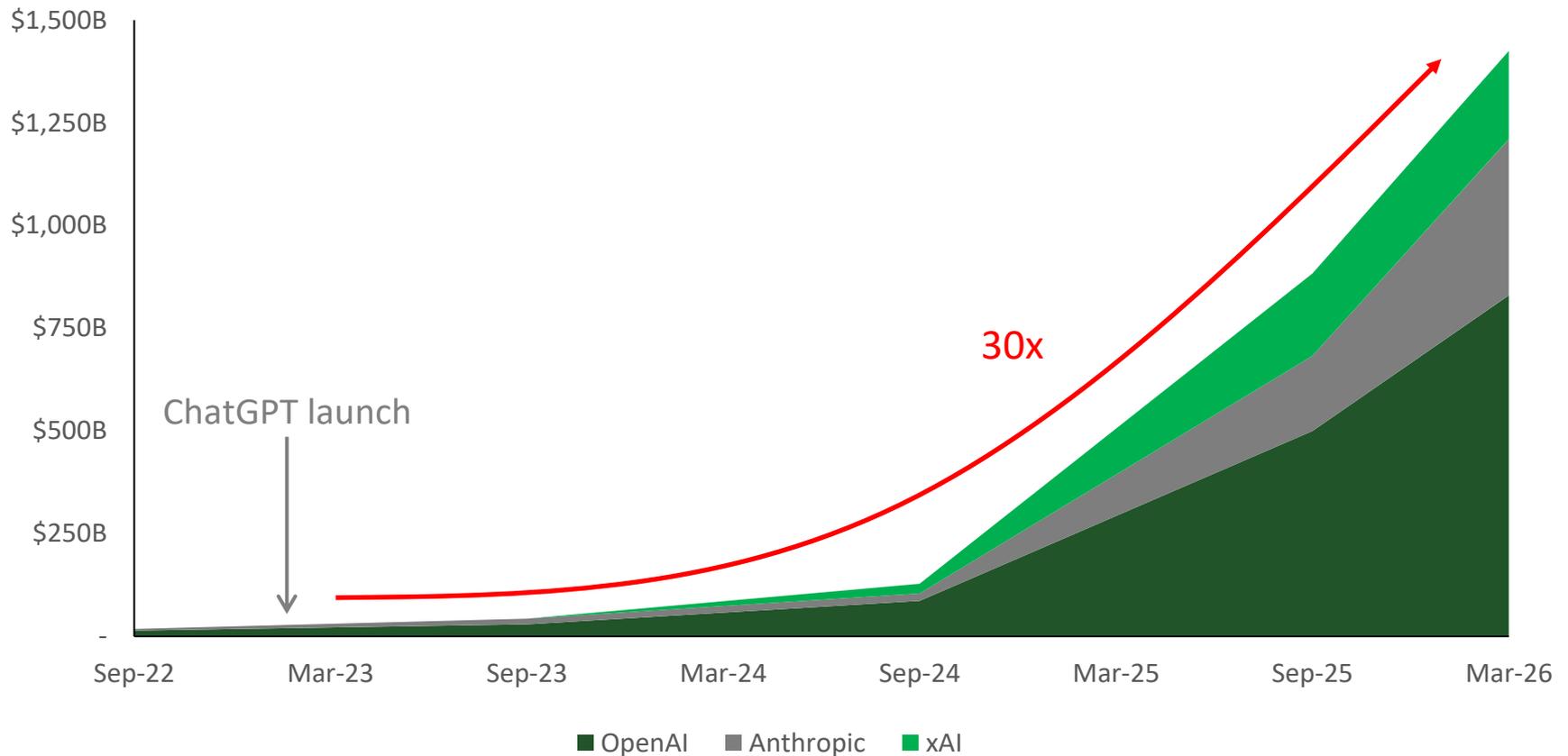
...



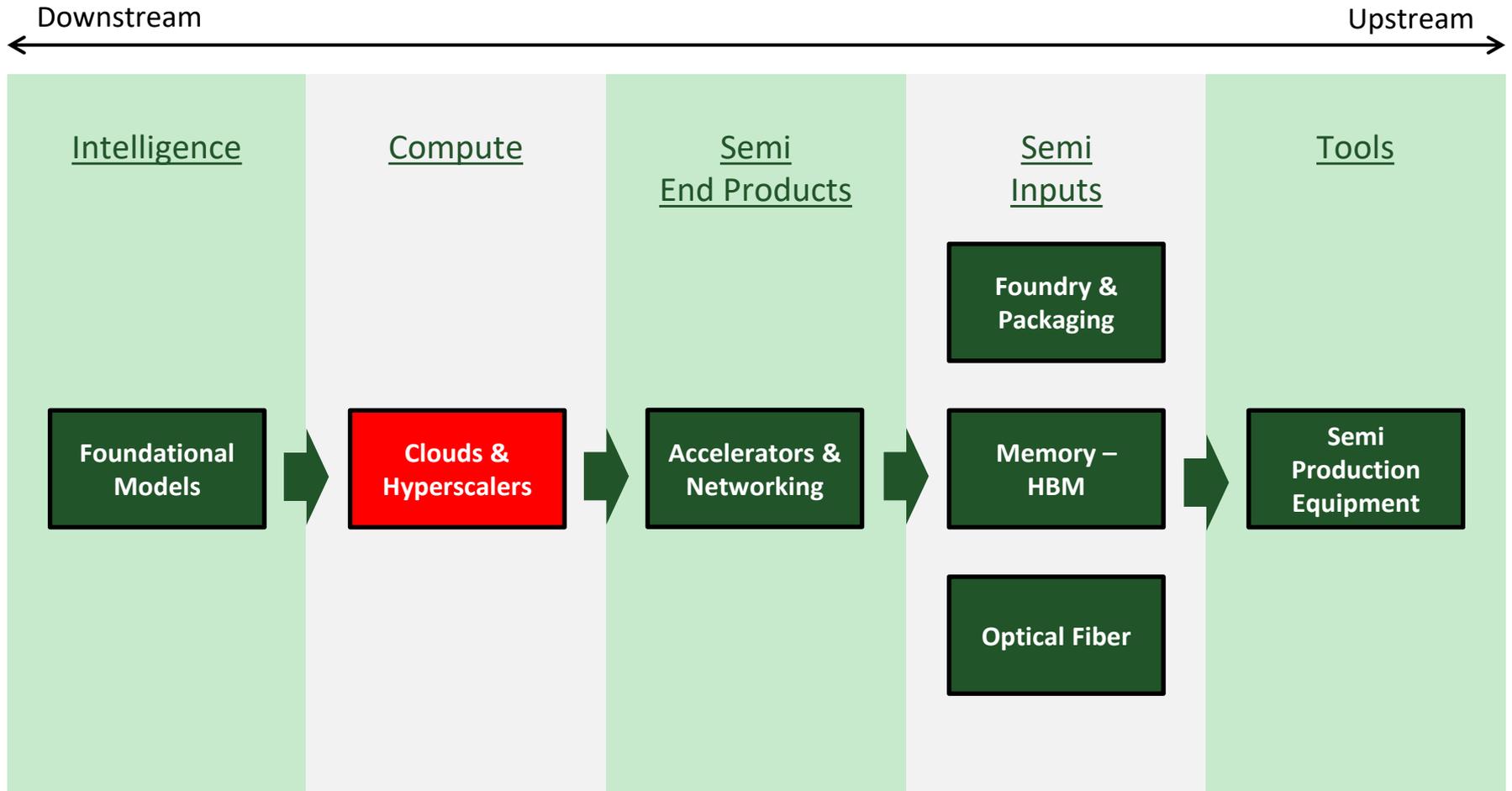
ChatGPT Kicked Off The Boom In Foundational Model Usage ...

Big Three Model Developers Have Appreciated 30x Over The Past 3 Years

Private Market Valuations of Big 3 LLMs (\$B)



... We Saw It Migrate To Cloud Services ...



... We Saw It Migrate To Cloud Services ...

Oracle's Cloud Backlog Grew By +\$300B in C2Q25

Bloomberg

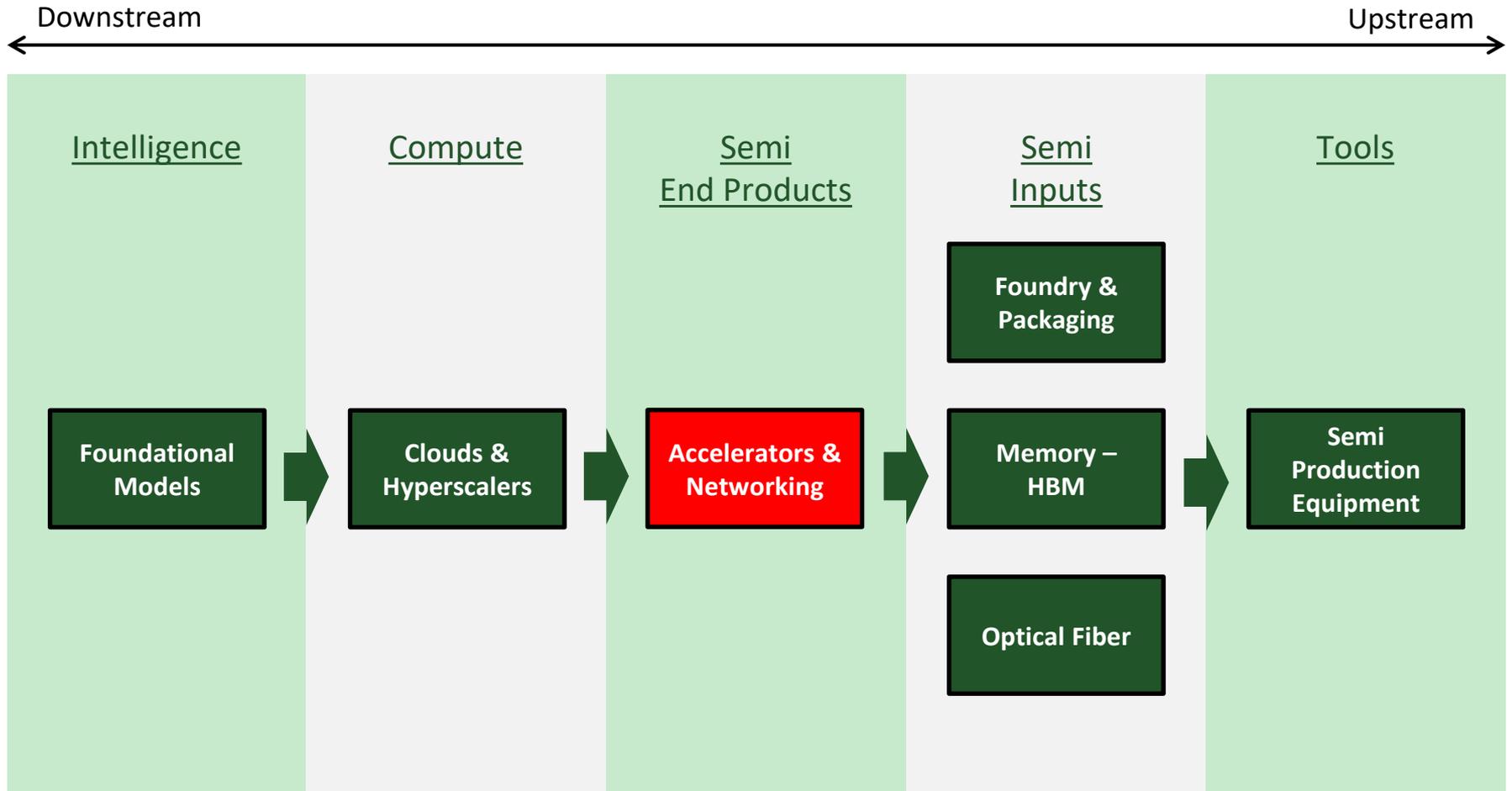
Oracle posts record gain on AI bookings beat

September 10, 2025

Shares jumped as much as 42%, their biggest intraday move in 33 years, sending the stock price to a record high and adding roughly \$270 billion to Oracle's market value.



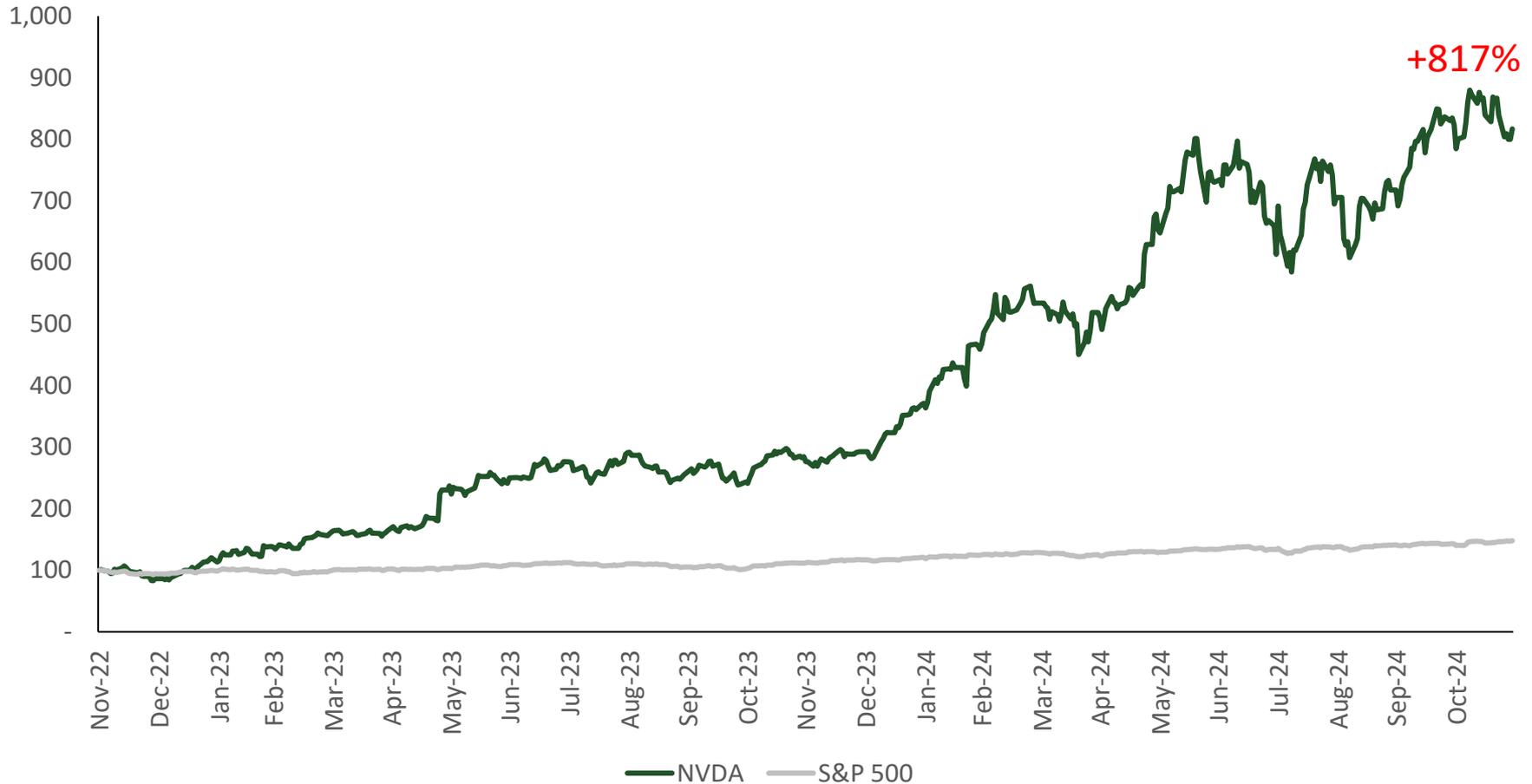
... And Then Most Famously To GPUs ...



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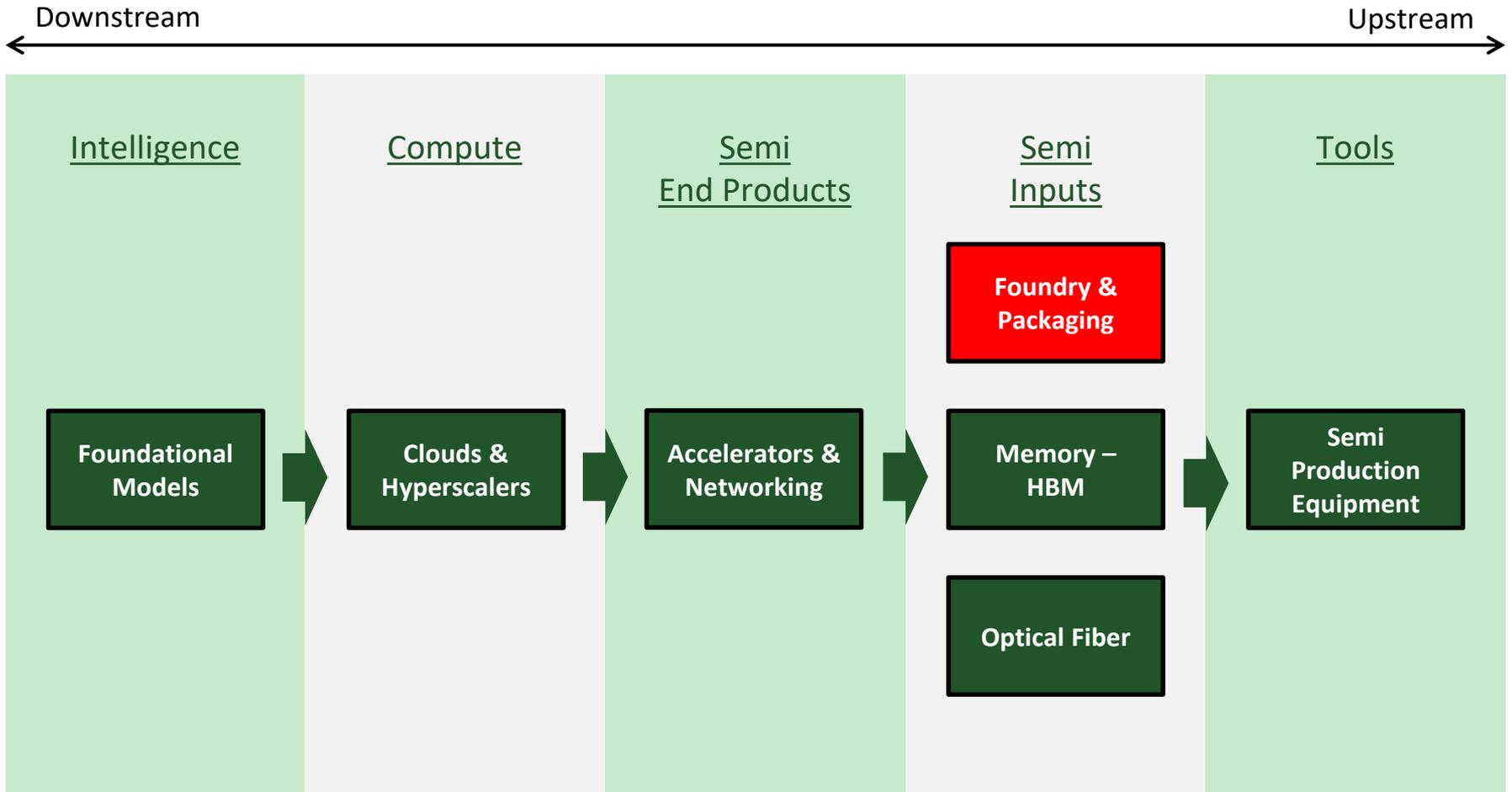
Nvidia's Stock Went Parabolic After The Release Of ChatGPT

Nvidia Stock in 2 years after ChatGPT launched



Source: Bloomberg.

... And Is Now Moving Further Upstream To Raw Production In Foundry & Packaging ...



... And Is Now Moving Further Upstream To Raw Production In Foundry & Packaging ...



TSMC Intends to Expand Its Investment in the United States to US\$165 Billion to Power the Future of AI

Company plans to increase U.S. investment in advanced semiconductor manufacturing by \$100 billion with three new fabs, two advanced packaging facilities and an R&D center added to U.S. plans

HSINCHU, Taiwan, R.O.C. Mar. 4, 2025 – TSMC (TWSE: 2330, NYSE: TSM) today announced its intention to expand its investment in advanced semiconductor manufacturing in the United States by an additional \$100 billion. Building on the company’s ongoing \$65 billion investment in its advanced semiconductor manufacturing operations in Phoenix, Arizona,

August 22, 2025



Intel and Trump Administration Reach Historic Agreement to Accelerate American Technology and Manufacturing Leadership

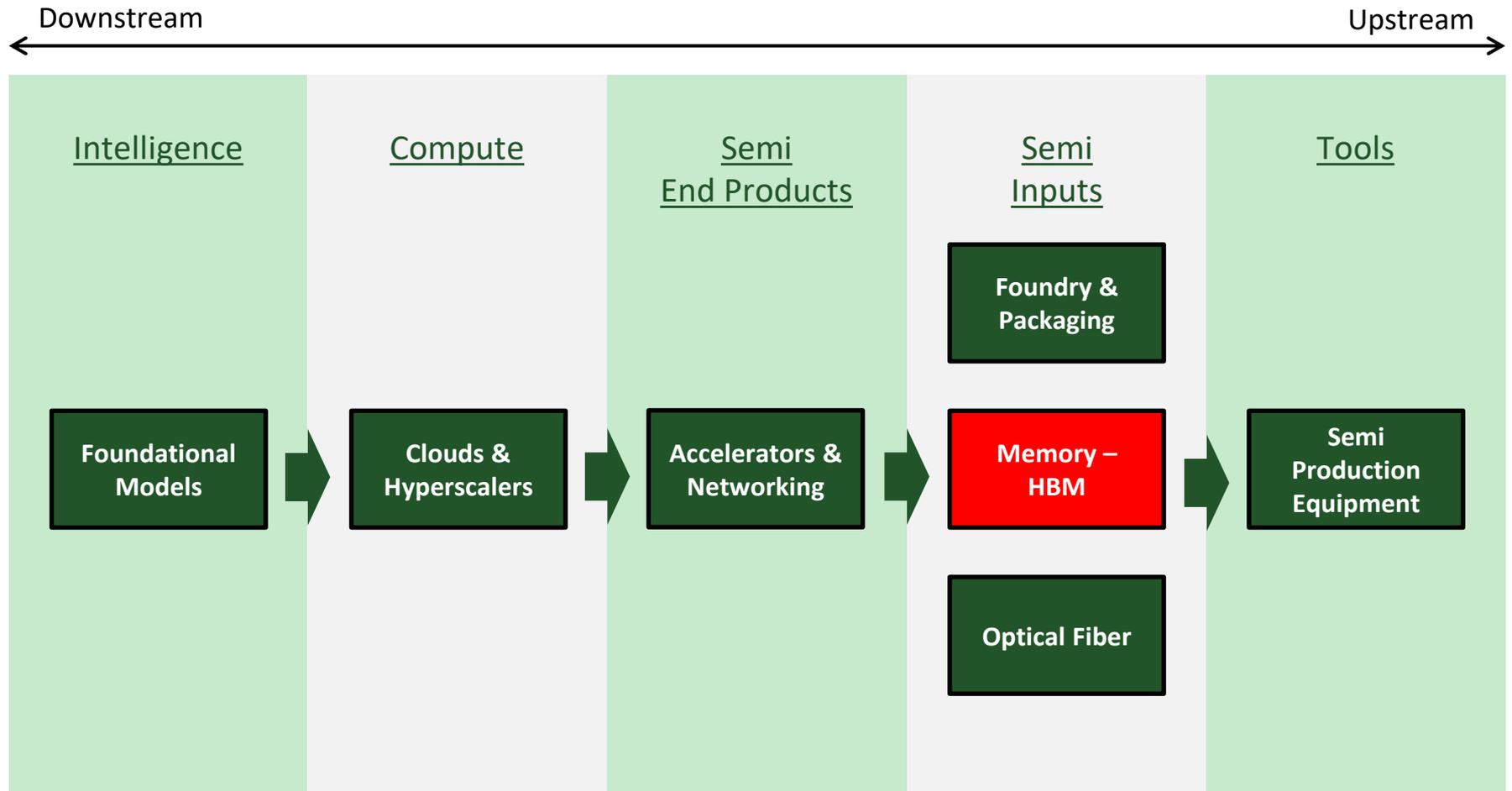
U.S. Government to make \$8.9 billion investment in Intel common stock as company builds upon its more than \$100 billion expansion of resilient semiconductor supply chain

Samsung pouring \$45B into Austin area — one of largest deals in US history

 Published: April 26, 2024 at 3:54 pm

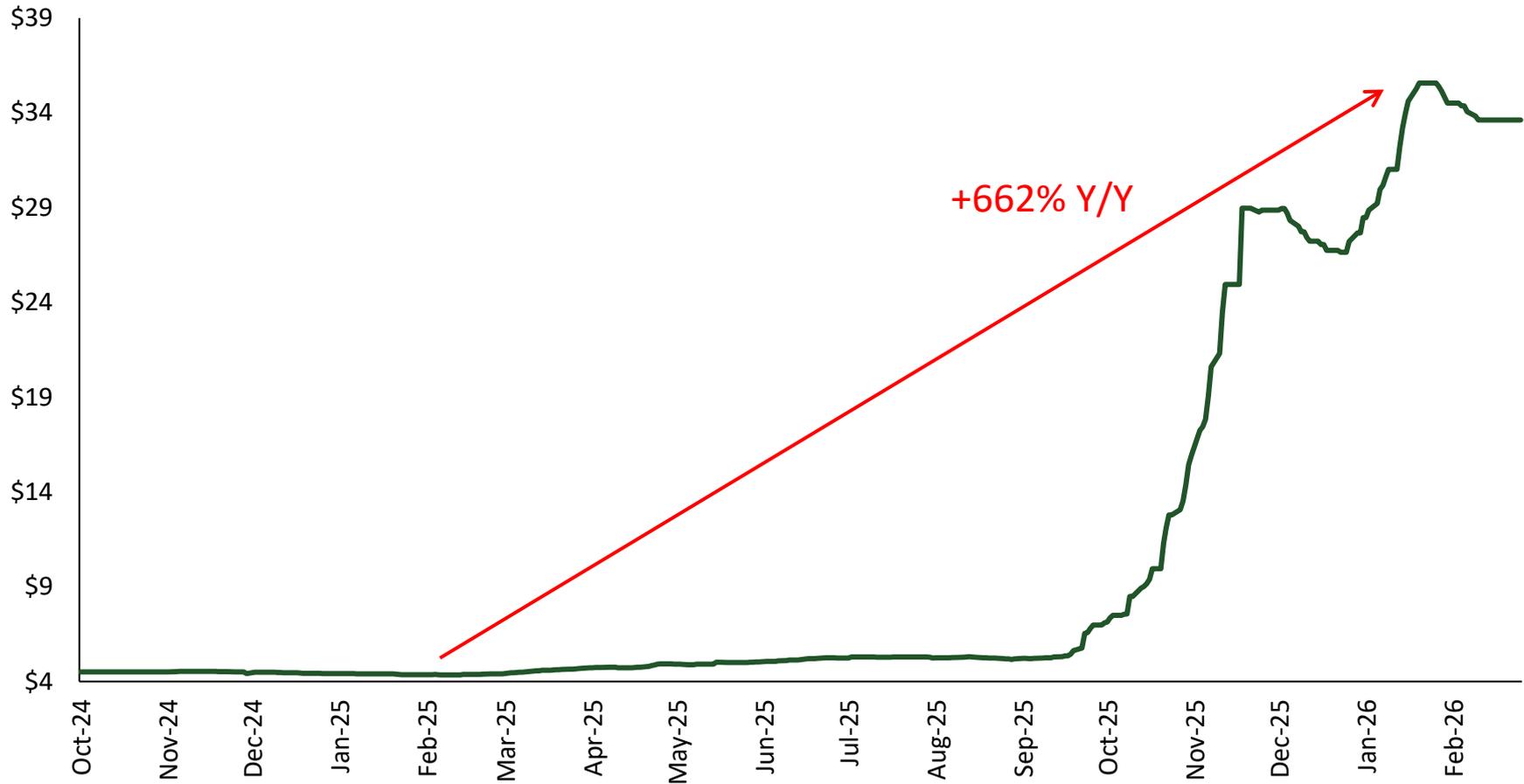
Samsung Electronics is poised to significantly enhance its presence in Central Texas, particularly in Taylor and Austin, with a historic investment projected to total \$45 billion. This development is supported by the federal CHIPS and Science Act, under which Samsung will receive a preliminary \$6.4 billion, fostering an extensive expansion of its semiconductor manufacturing capabilities. The initiative will not only

... And To Memory Via HBM ...



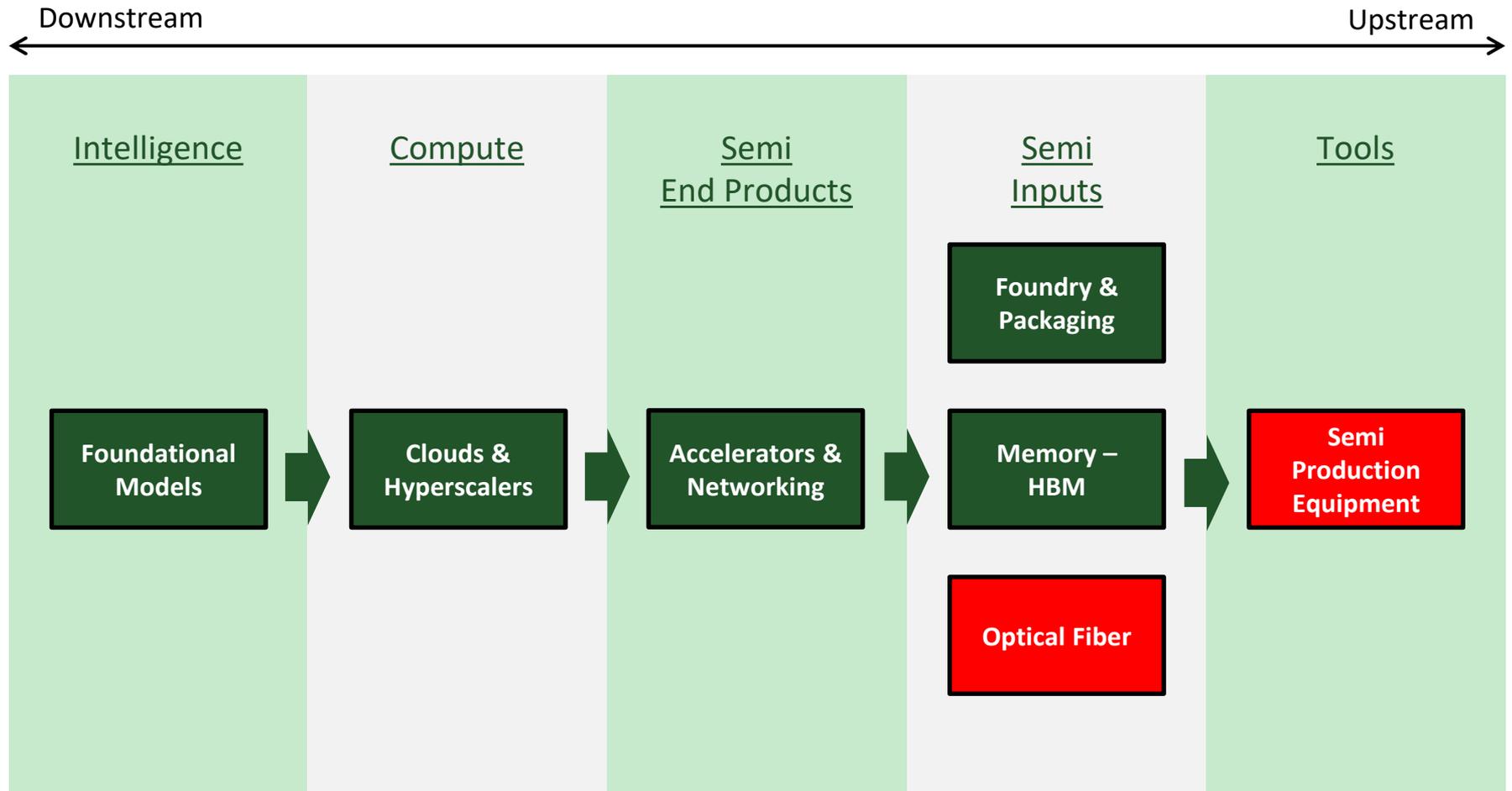
... And To Memory Via HBM ...

DRAM Spot Price - DDR5 1Gx16



Source: Bloomberg.

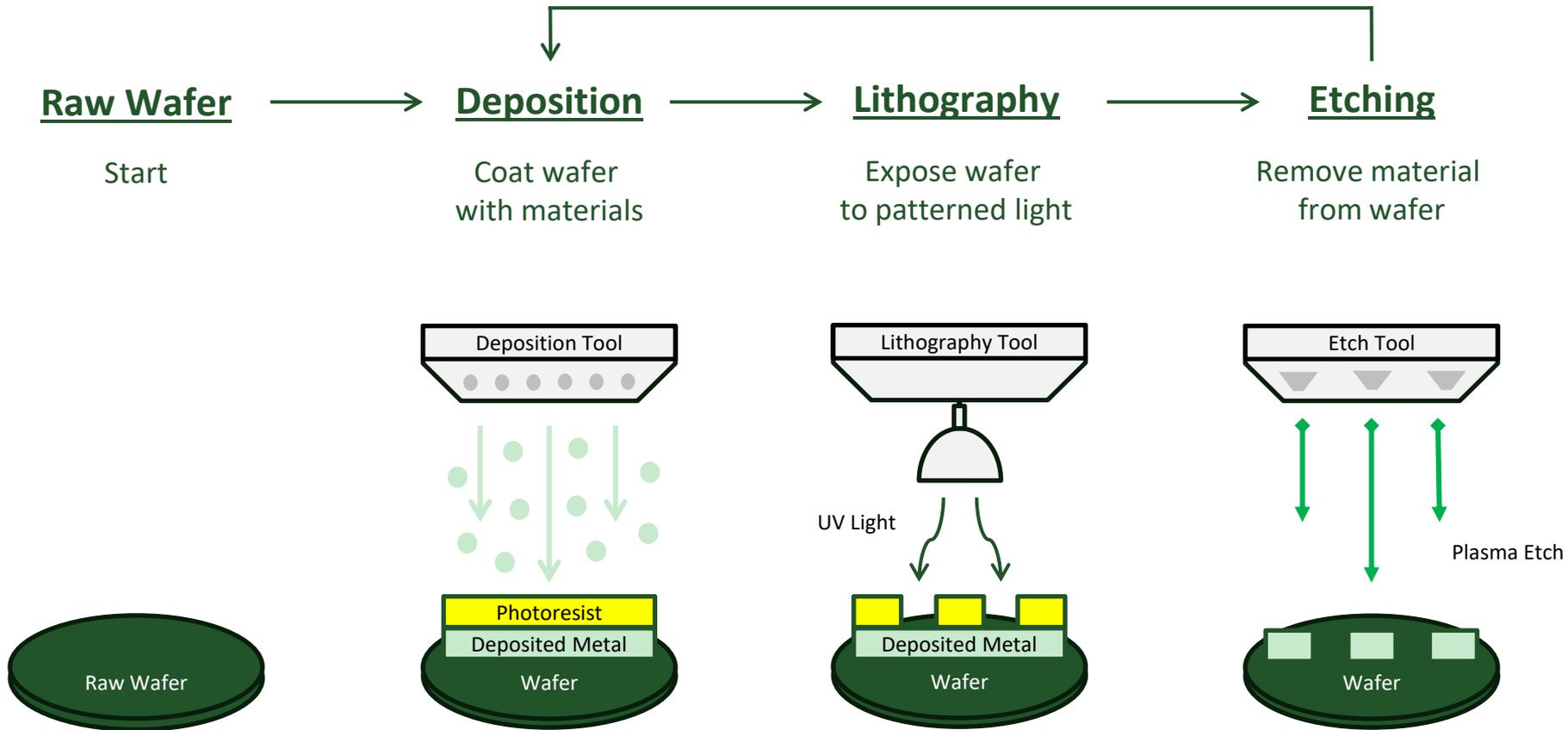
... Maverick Believes Bottlenecks Are Now Shifting To The Deepest Layers ... Optical & Semi Production Equipment



Long Semi Capital Equipment

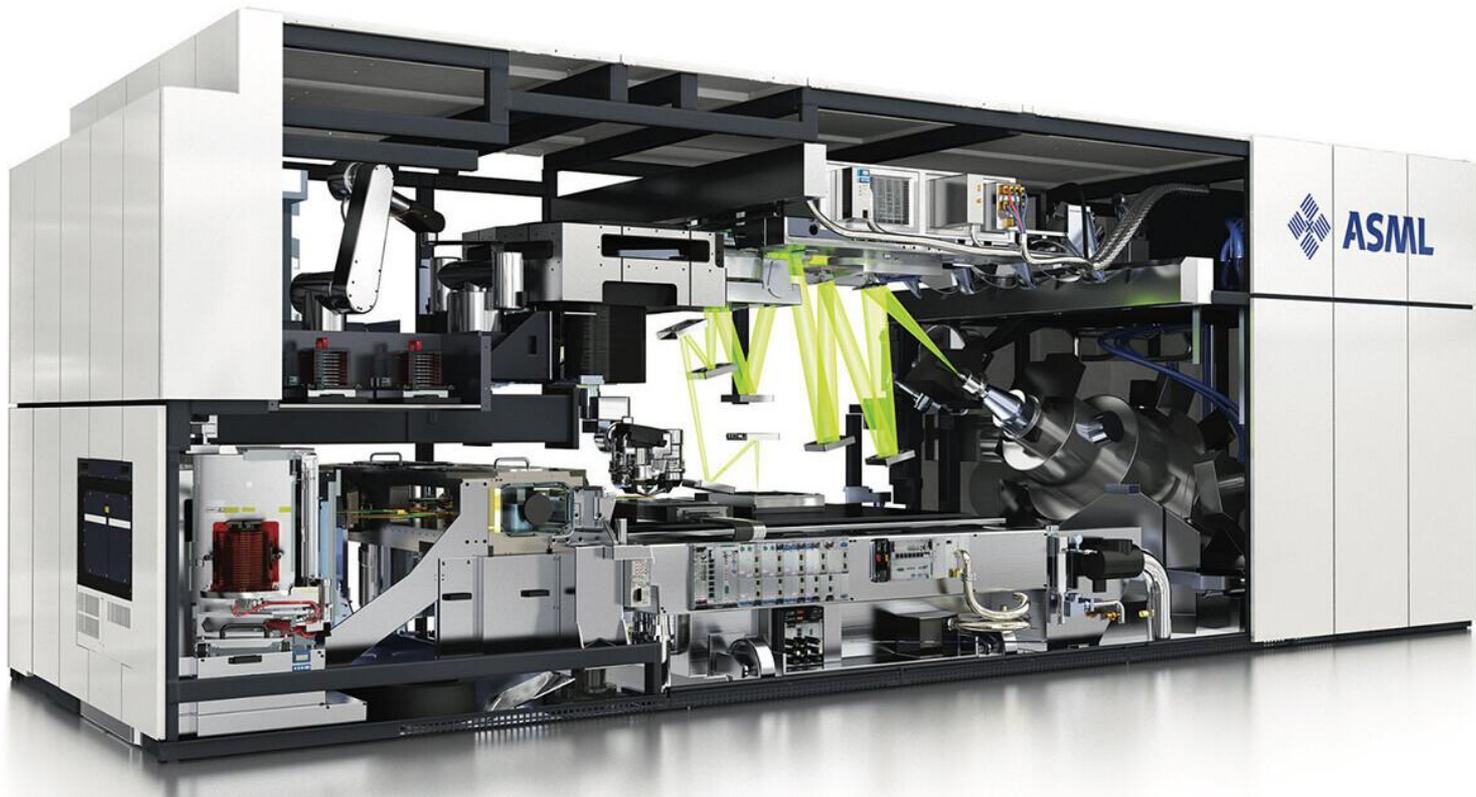
What Is Semi Cap?

Semi Cap Firms Design & Build The Equipment Used To Make Semiconductors



ASML EUVs Are Amongst The Most Complex Tools Ever Created

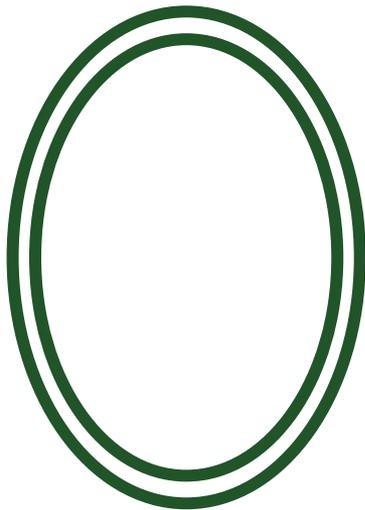
EUV Systems Are The Size Of A Bus And Cost More Than A Boeing 787



ASML Makes Tools At The Edge Of Physics

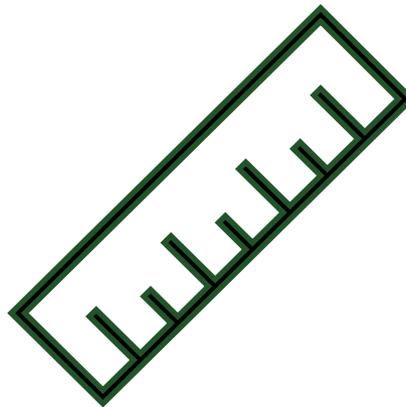
Built With Precision

An ASML mirror the size of Germany wouldn't have a 1 mm bump



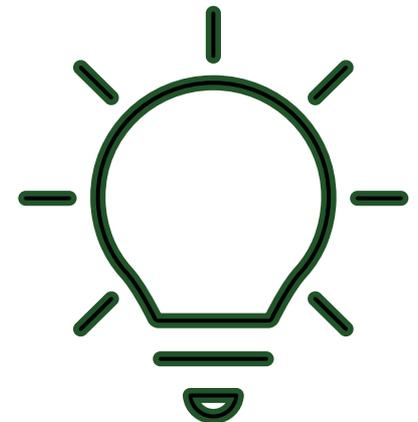
Accurate To The Nanometer

As precise as a laser from NYC hitting a coin in LA



Use Extreme UV Light

Creating light requires shooting a molten droplet of tin 50k times per second to turn it into a plasma hotter than the sun



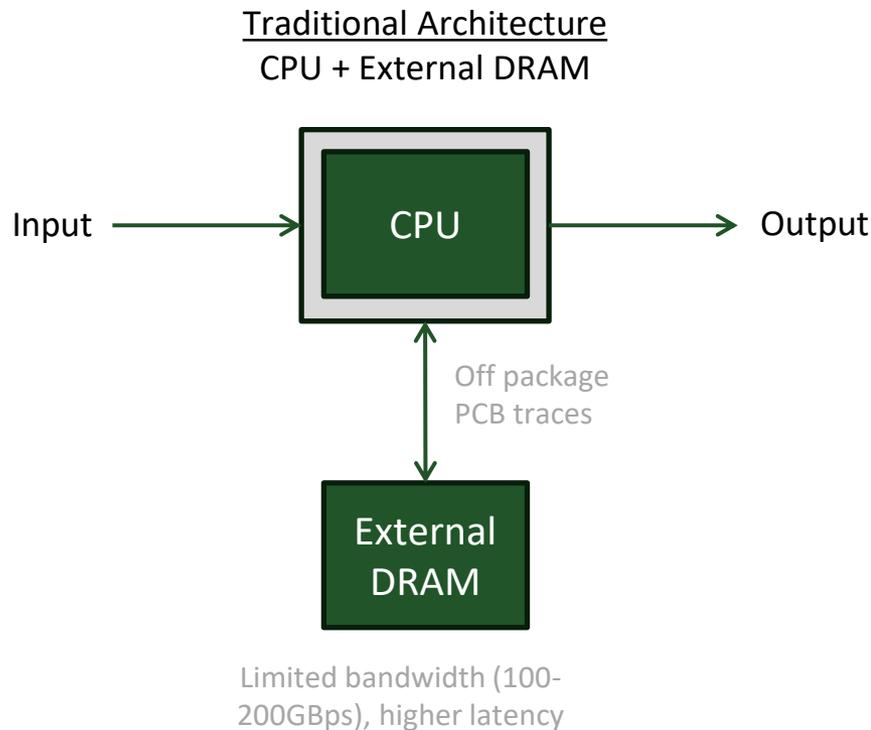
Demand For Semicap Is Driven By Memory & Logic Spending

$$\text{Memory} + \text{Logic} = \text{WFE Demand}$$

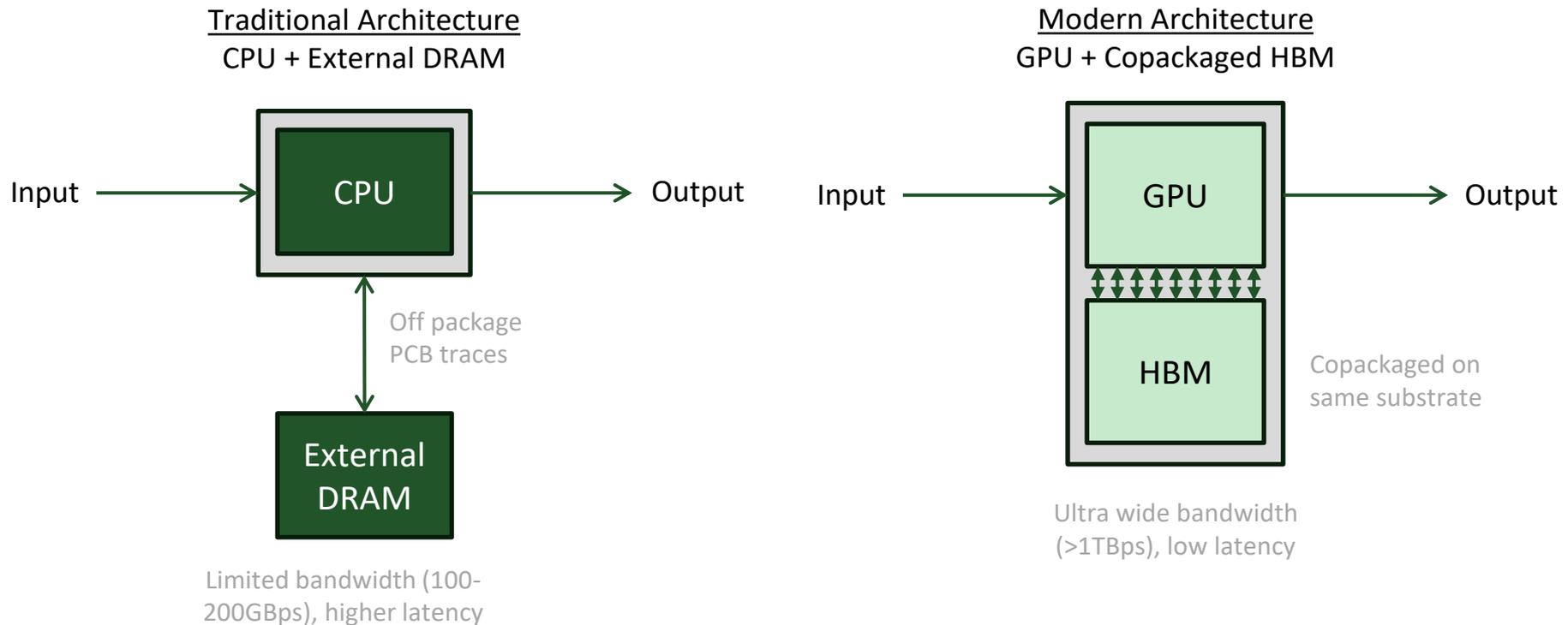
Demand For Semicap Is Driven By Memory & Logic Spending



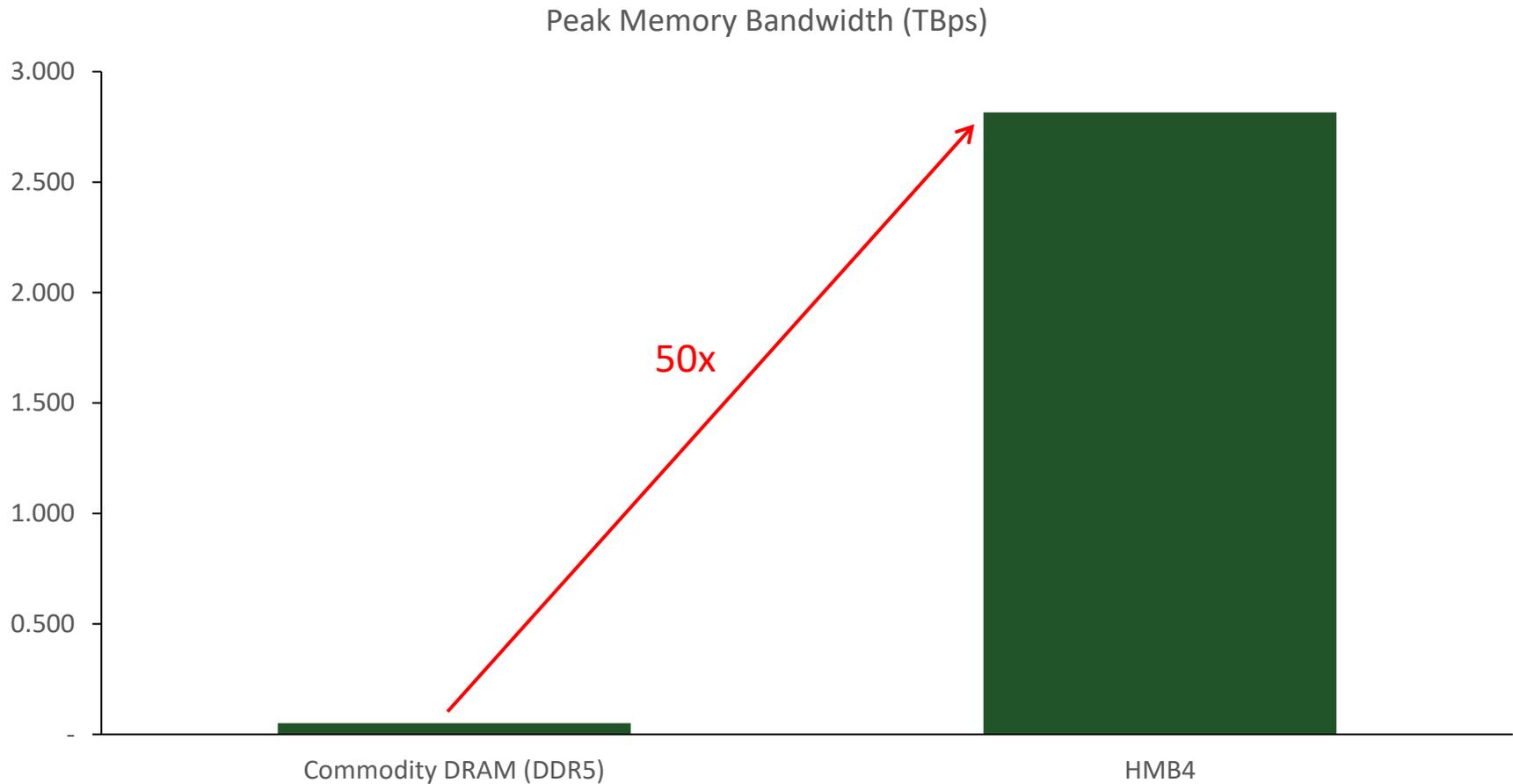
Von Neumann Architecture Does Not Offer Sufficient Memory Bandwidth As Compute & Memory Are Physically Separated



HBM Helps Address This Bottleneck By Co-Packaging Memory With The Compute And Increasing Pin Count By Multiples

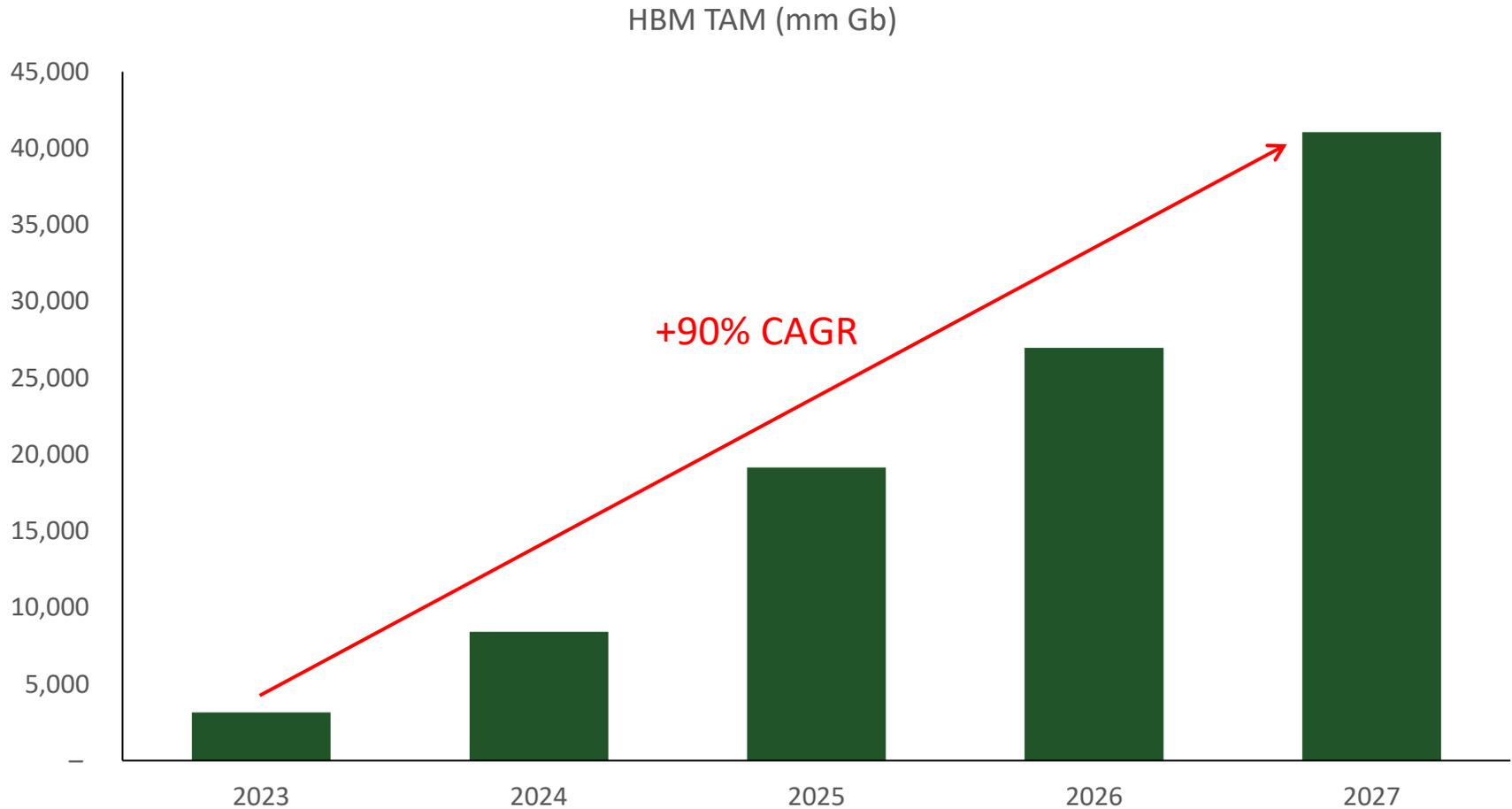


HBM Is More Power-Efficient & Has 50x More Bandwidth



AI Systems Require Increasing Amounts Of HBM

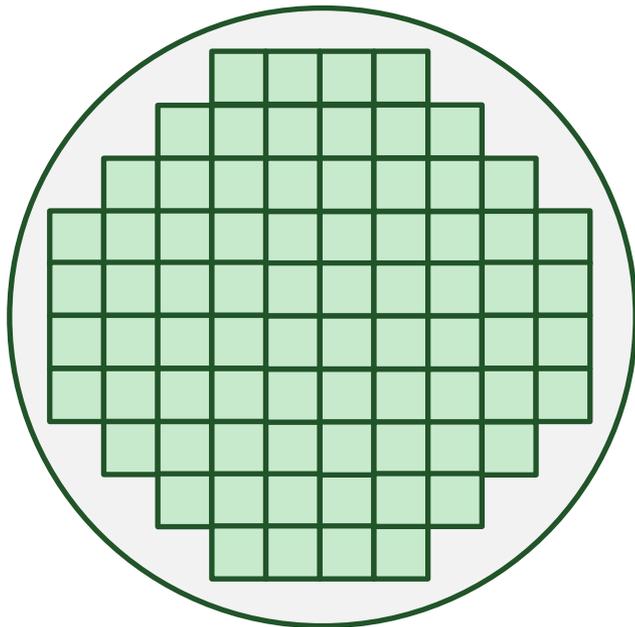
Given Unit & Content Growth, HBM Demand Will Continue To Grow Rapidly



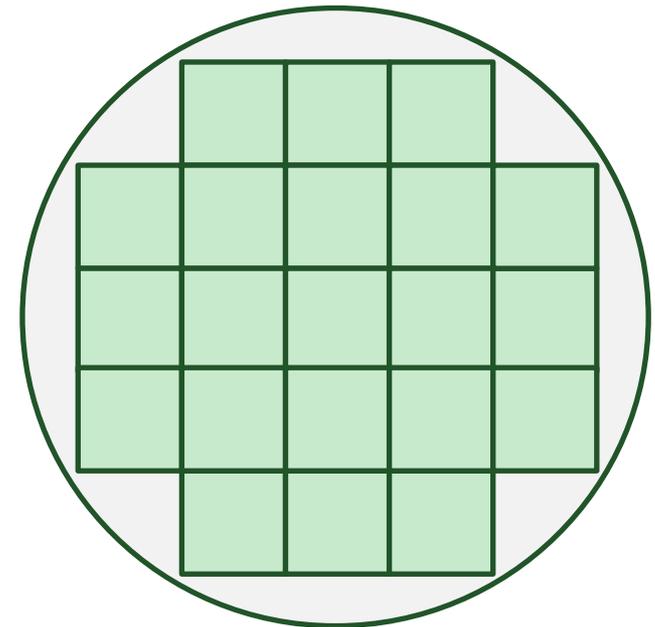
HBM Is Uniquely Wafer-Intensive

As HBM Grows As A Share Of DRAM Bits, It Will Consume An Increasing Share Of Industry Wafer Capacity... tightening supply everywhere

Commodity DRAM Wafer



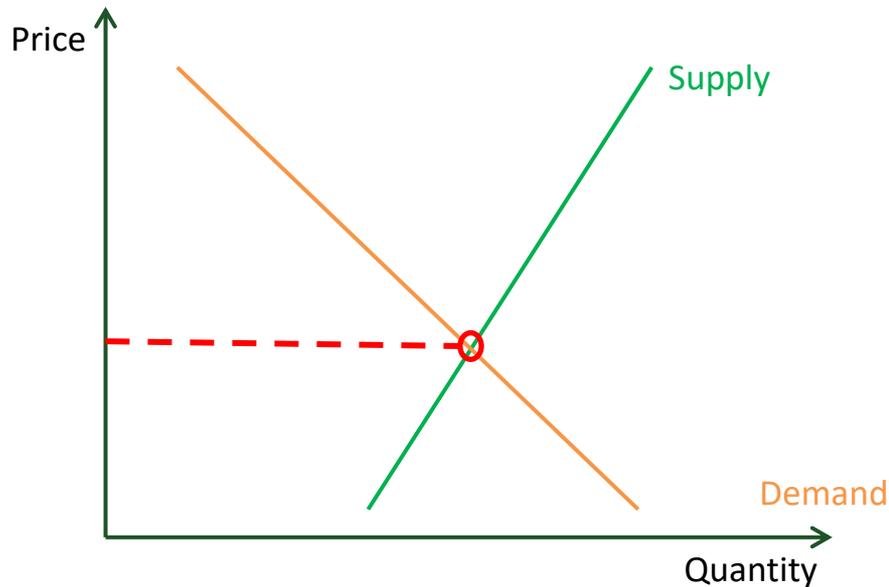
HBM Wafer



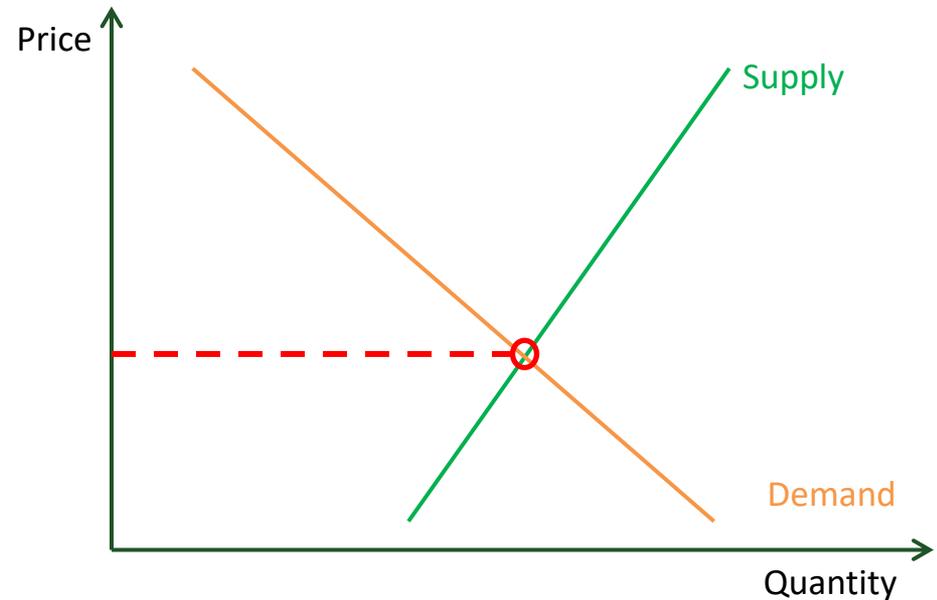
HBM produces
60-80% fewer chips
per wafer

Tightness From HBM Demand, Given Higher Wafer Intensity, Is Leading To A Systemic Shortage In Other Types Of DRAM Supply

HBM Supply/Demand Curve

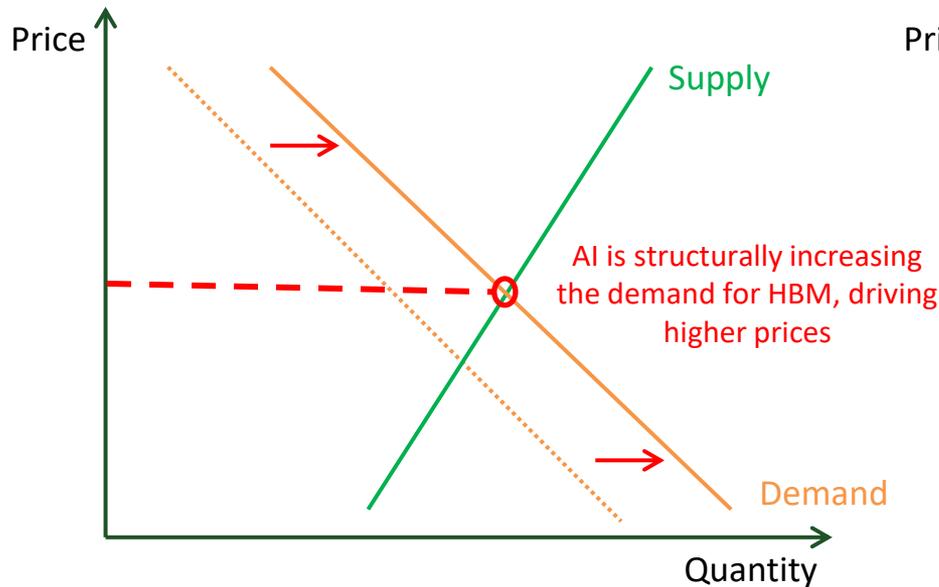


DDR5 Supply/Demand Curve

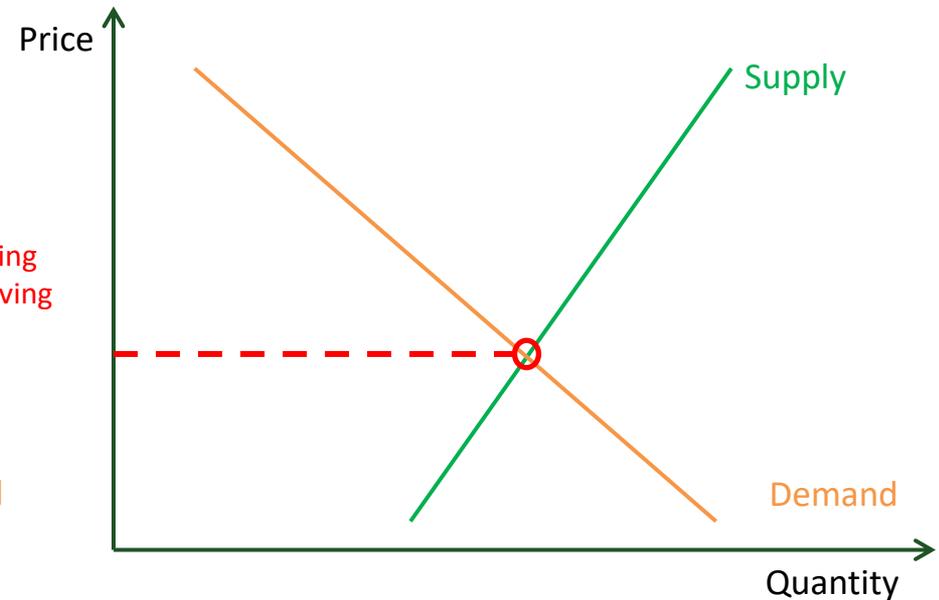


Tightness From HBM Demand, Given Higher Wafer Intensity, Is Leading To A Systemic Shortage In Other Types Of DRAM Supply

HBM Supply/Demand Curve

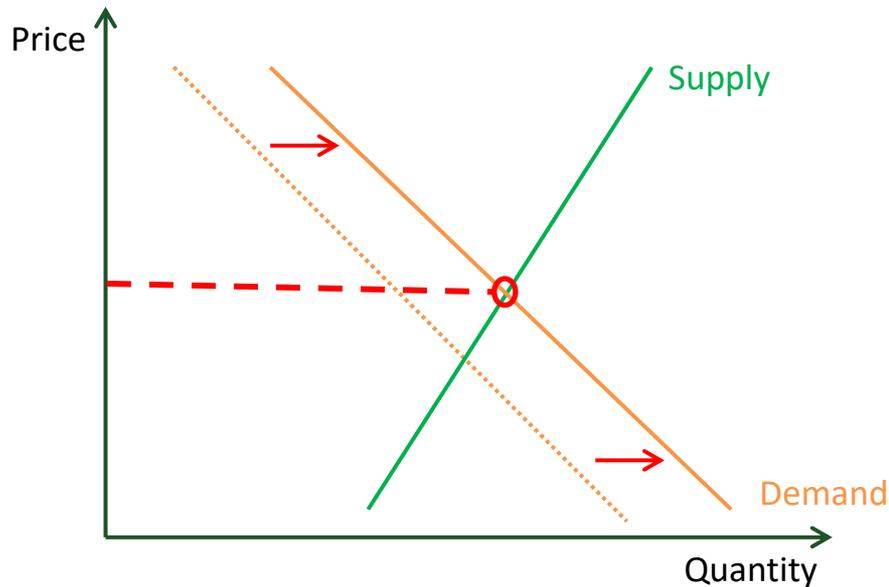


DDR5 Supply/Demand Curve

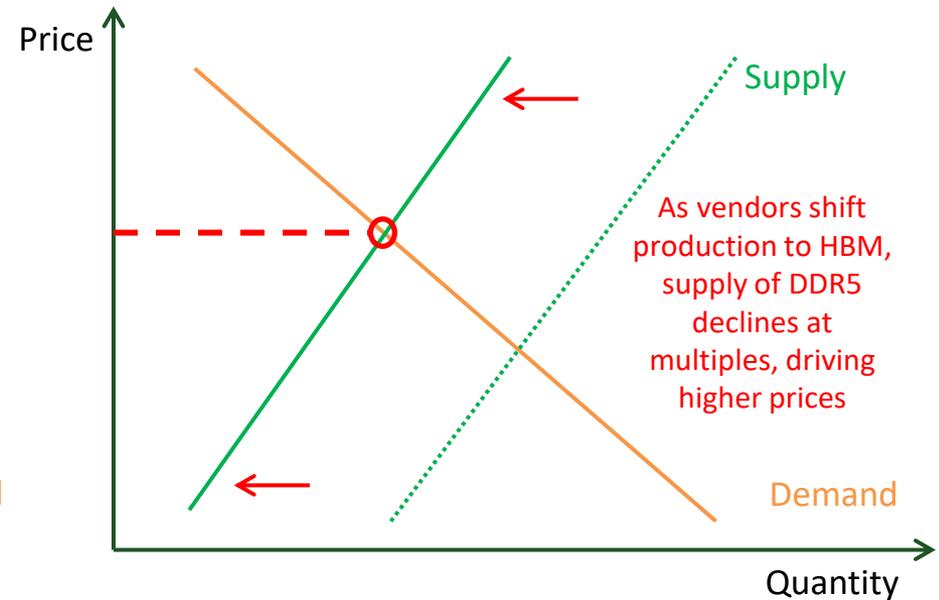


Tightness From HBM Demand, Given Higher Wafer Intensity, Is Leading To A Systemic Shortage In Other Types Of DRAM Supply

HBM Supply/Demand Curve



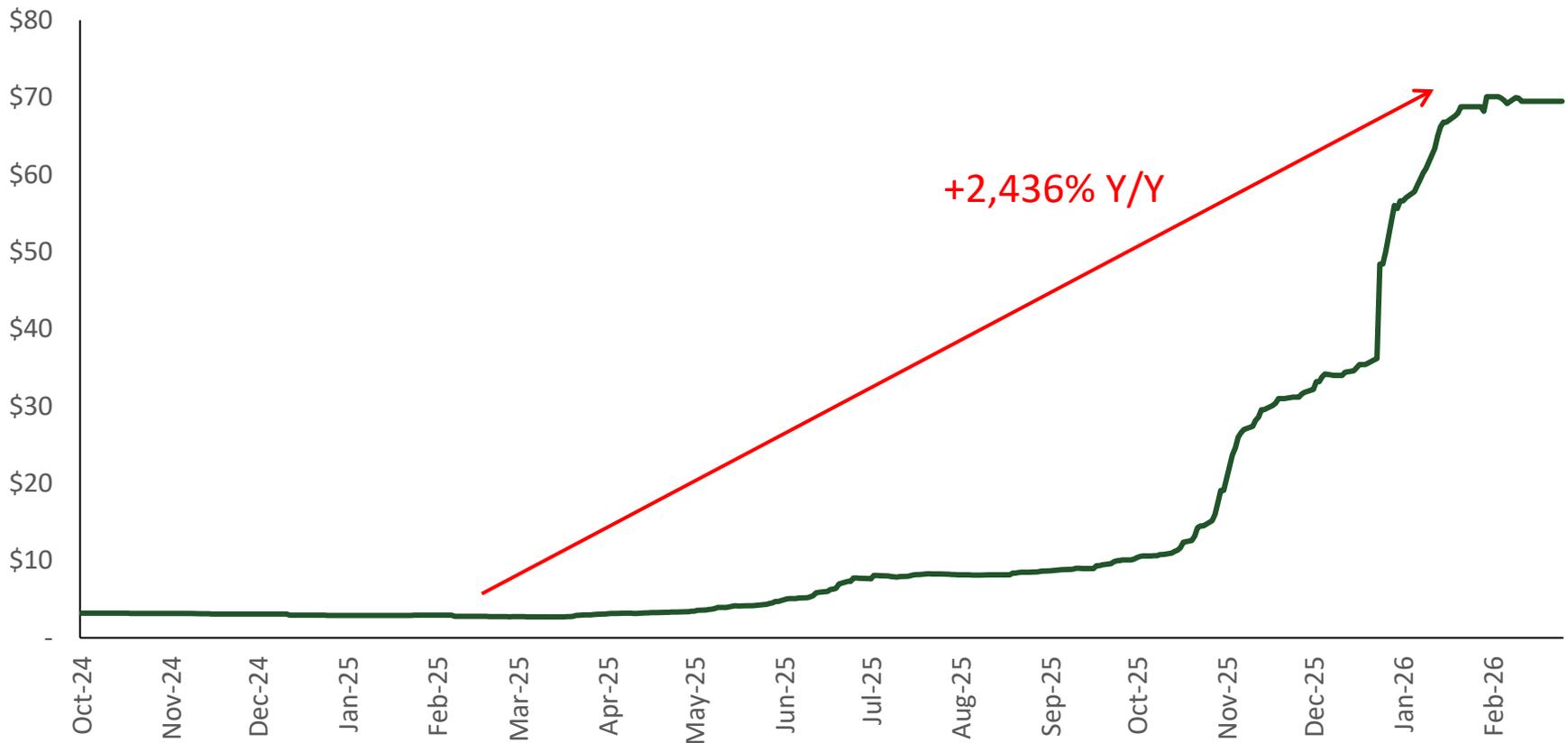
DDR5 Supply/Demand Curve



Market Already Seeing Signs Of DRAM Supply/Demand Tightening

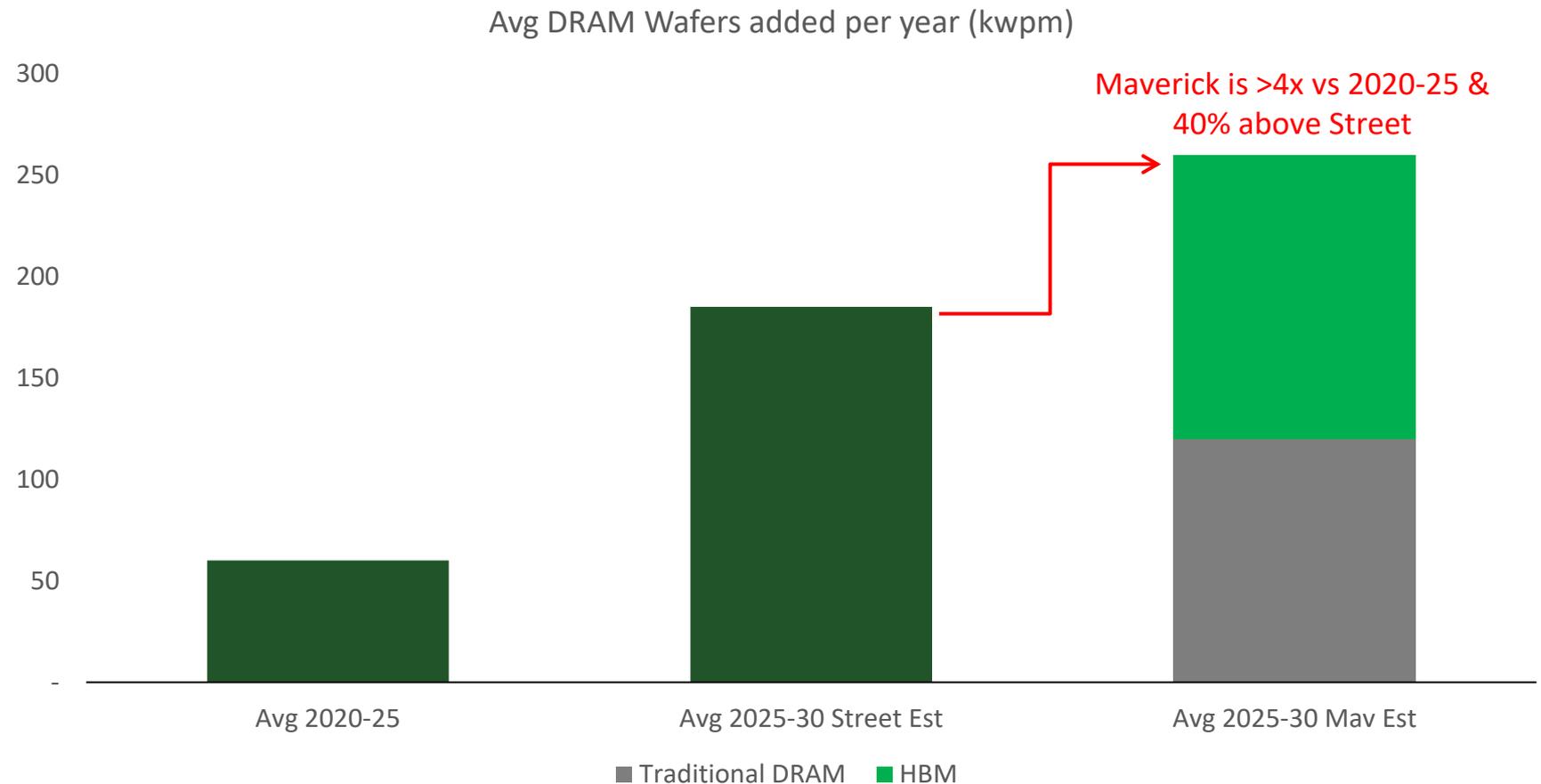
Price Gains On Legacy DRAM Acute, As Vendors Have Abandoned Legacy Mobile/PC Markets In Favor Of Supplying DRAM For AI

DRAM Spot Price - DDR5 1Gx16



Maverick Expects Memory Wafer Adds To Meaningfully Accelerate

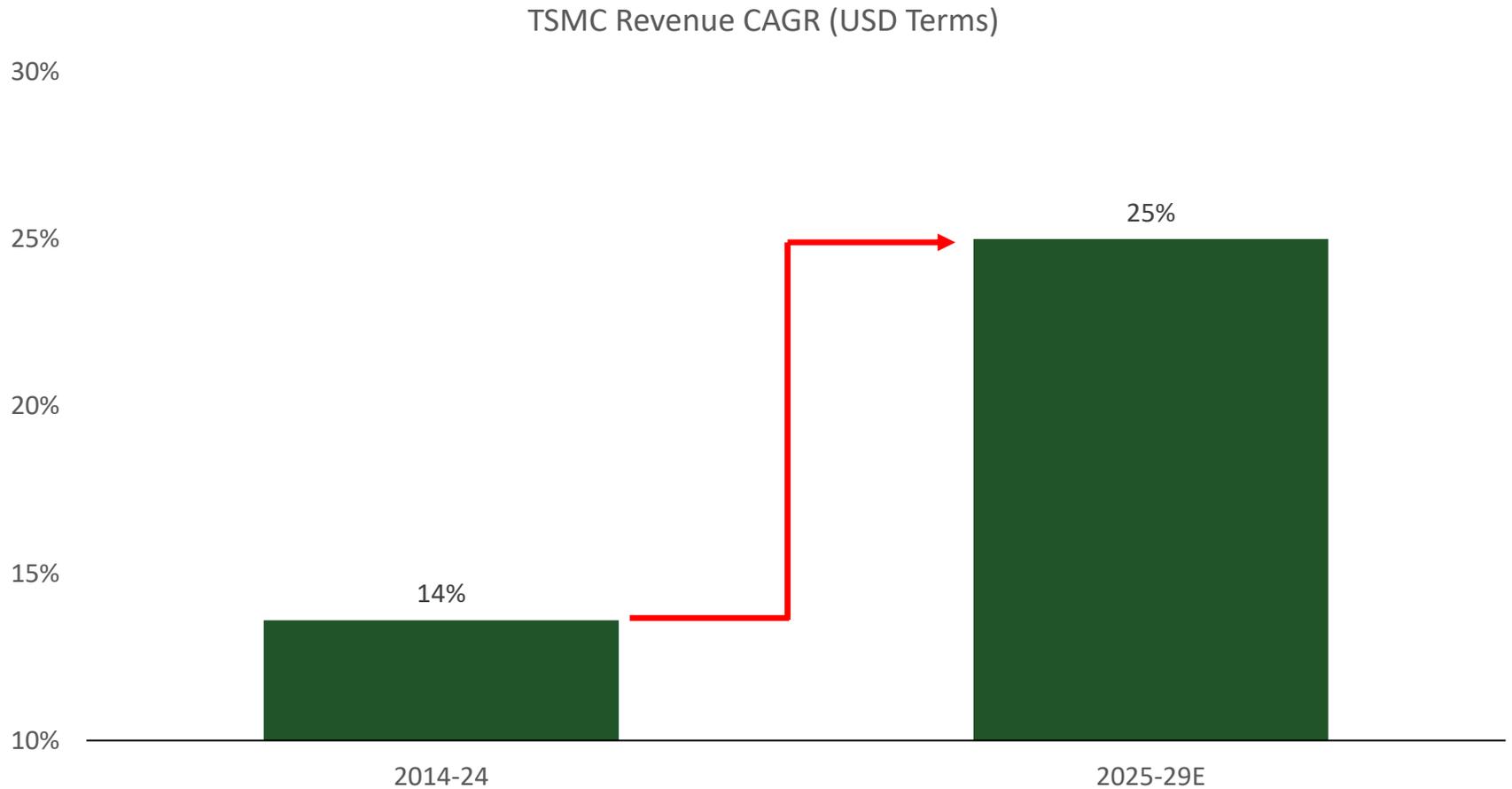
HBM Is >55% Of Incremental DRAM Wafer Adds Over The Next 5 Years



Demand For Semicap Is Driven By Memory & Logic Spending



TSMC Gave A 5-Year Revenue Guide In Early 2026 Suggesting A Meaningful Acceleration ...



... Driven By Enormous AI Mega-Projects

September 23, 2025 Company Global Affairs

OpenAI, Oracle, and SoftBank expand Stargate with five new AI data center sites

New data centers put Stargate ahead of schedule to secure full \$500 billion, 10-gigawatt commitment by end of 2025.



 zuck  @ 7/14/25 ...

We're actually building several multi-GW clusters. We're calling the first one Prometheus and it's coming online in '26. We're also building Hyperion, which will be able to scale up to 5GW over several years. We're building multiple more titan clusters as well. Just one of these covers a significant part of the footprint of Manhattan. 3/4

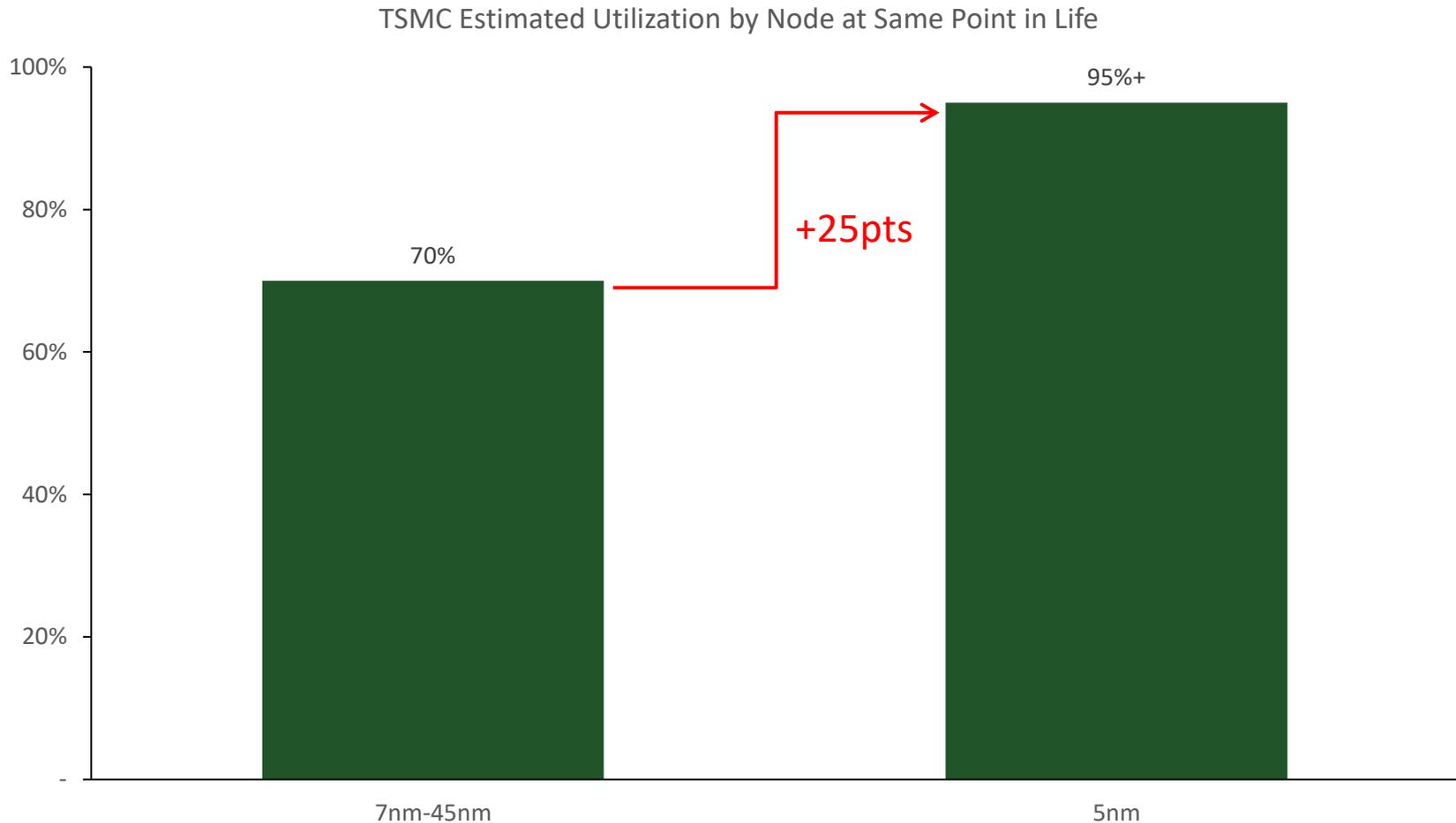


 **Elon Musk**   @elonmusk Subscribe  ...

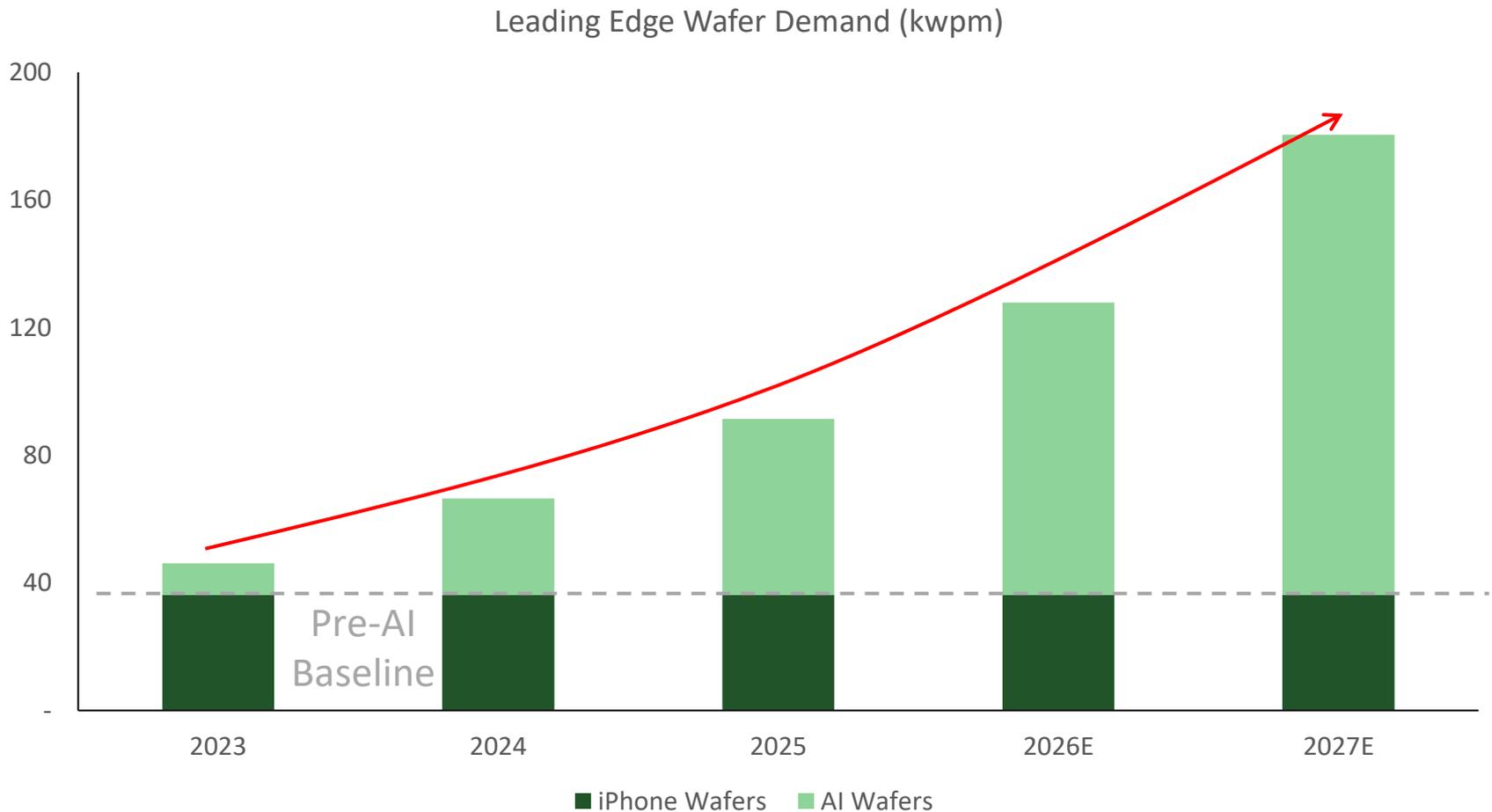
The @xAI goal is 50 million in units of H100 equivalent-AI compute (but much better power-efficiency) online within 5 years

1:04 PM · Jul 22, 2025 · **31.7M** Views

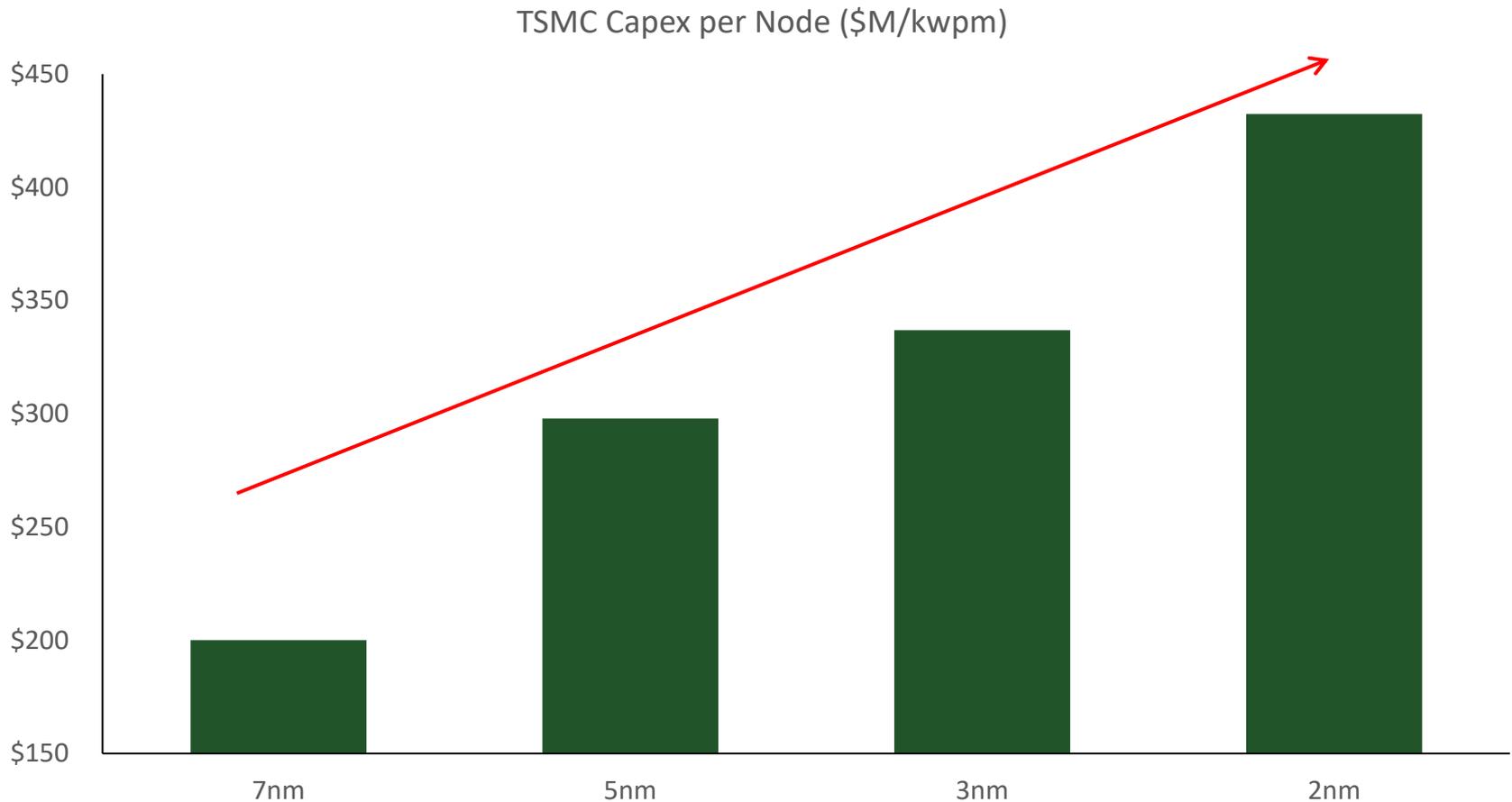
AI Is Driving Foundry Demand Towards Leading Edge Nodes



AI Drives Meaningfully More Leading-Edge Wafers vs Mobile



Meanwhile, Leading Edge Capital Intensity Continues To Increase



Rise Of Modern Mercantilism Will Duplicate Supply Chains

Beliefs

State should be heavily involved
in the economy

Trade in-balances should be avoided

Industrial policy promotes self-reliance

National champions should be protected

Policies

Subsidies & national champions

Export controls & tech decoupling

Reshoring

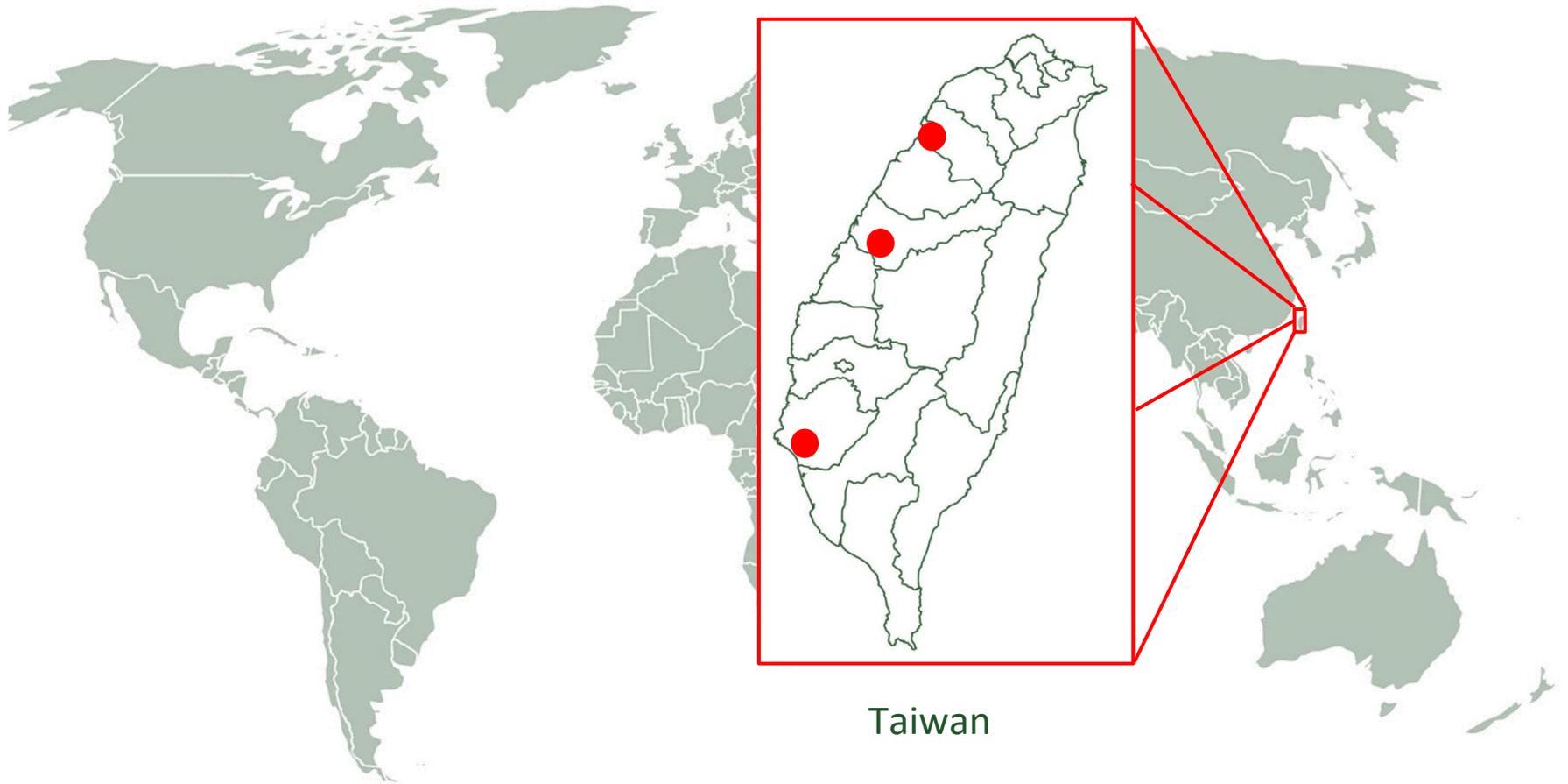
Investment screening

Data sovereignty & regulation

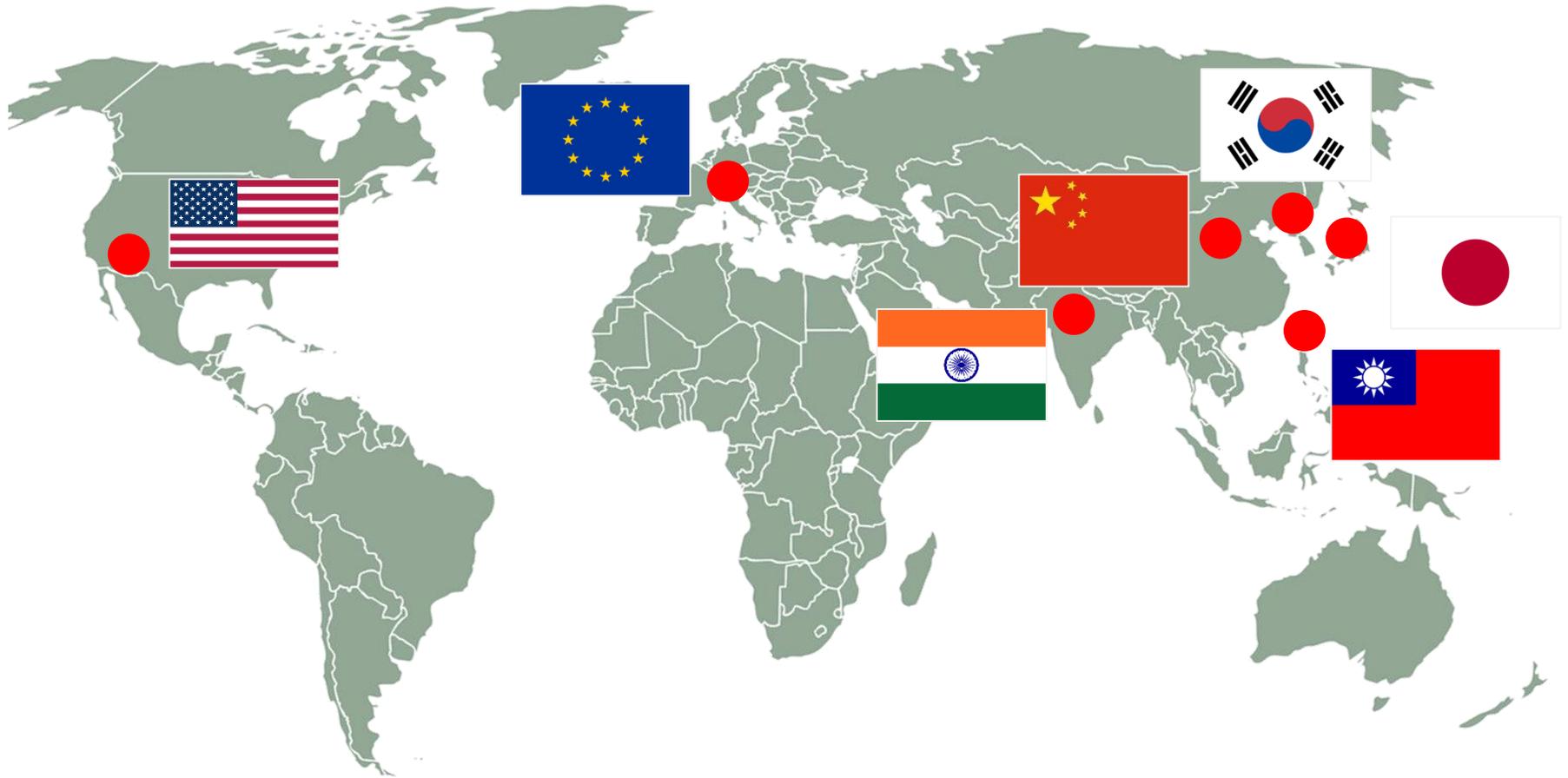
Why Does Modern Mercantilism Lead to More WFE Spend?

- **Sovereign capacity build-out for industrial self-reliance brings new buyers to market**
- **Countries funding own-the-stack fabs creates redundant capacity that globalization would've centralized**
- **Export controls re-route rather than stifle spend**

Semi Ecosystem Is Currently Centered on TSMC In Taiwan ...



... But MM Is Driving the Emergence Of Multiple New Regional Hubs



US Has Been Securing Commitments To Build Out Sovereign Semiconductor Capacity ...



TSMC Intends to Expand Its Investment in the United States to US\$165 Billion to Power the Future of AI

Company plans to increase U.S. investment in advanced semiconductor manufacturing by \$100 billion with three new fabs, two advanced packaging facilities and an R&D center added to U.S. plans

August 22, 2025



Intel and Trump Administration Reach Historic Agreement to Accelerate American Technology and Manufacturing Leadership

U.S. Government to make \$8.9 billion investment in Intel common stock as company builds upon its more than \$100 billion expansion of resilient semiconductor supply chain



Samsung pouring \$45B into Austin area — one of largest deals in US history

Published: April 26, 2024 at 3:54 pm

Samsung Electronics is poised to significantly enhance its presence in Central Texas, particularly in Taylor and Austin, with a historic investment projected to total \$45 billion. This development is supported by the federal CHIPS and Science Act, under which Samsung will receive a preliminary \$6.4 billion, fostering an extensive expansion of its semiconductor manufacturing capabilities. The initiative will not only

... But They Haven't Been Alone

SONYDENSOTOYOTA

JASM Set to Expand in Kumamoto Japan

HSINCHU, Taiwan, R.O.C., Feb. 6, 2024 – TSMC (TWSE: 2330, NYSE: TSM), Sony Semiconductor Solutions Corporation (“SSS”), DENSO Corporation (“DENSO”) and Toyota Motor Corporation (“Toyota”) today announced further investment into Japan Advanced Semiconductor Manufacturing, Inc. (“JASM”), TSMC’s majority-owned manufacturing subsidiary in Kumamoto Prefecture, Japan, to build a second fab, which is scheduled to begin

Micron to set up \$2.75 billion semiconductor unit in Sanand

To create 5,000 new direct and 15,000 community jobs in few years

#NEW DELHI

American storage chip maker Micron will set up its semiconductor assembly and test plant at Sanand in Gujarat entailing a total investment of \$2.75 billion (around Rs 22,540 crore), the company said on Thursday.

The total cost of the plant comprises \$825 million (around Rs 6,760 crore) from Micron and the rest from the government in two phases, according to a statement given by the company.

“We are excited about the steps India is taking to develop the local semiconductor ecosystem,” Micron President and CEO Sanjay Mehrotra said.

Micron’s plant has been



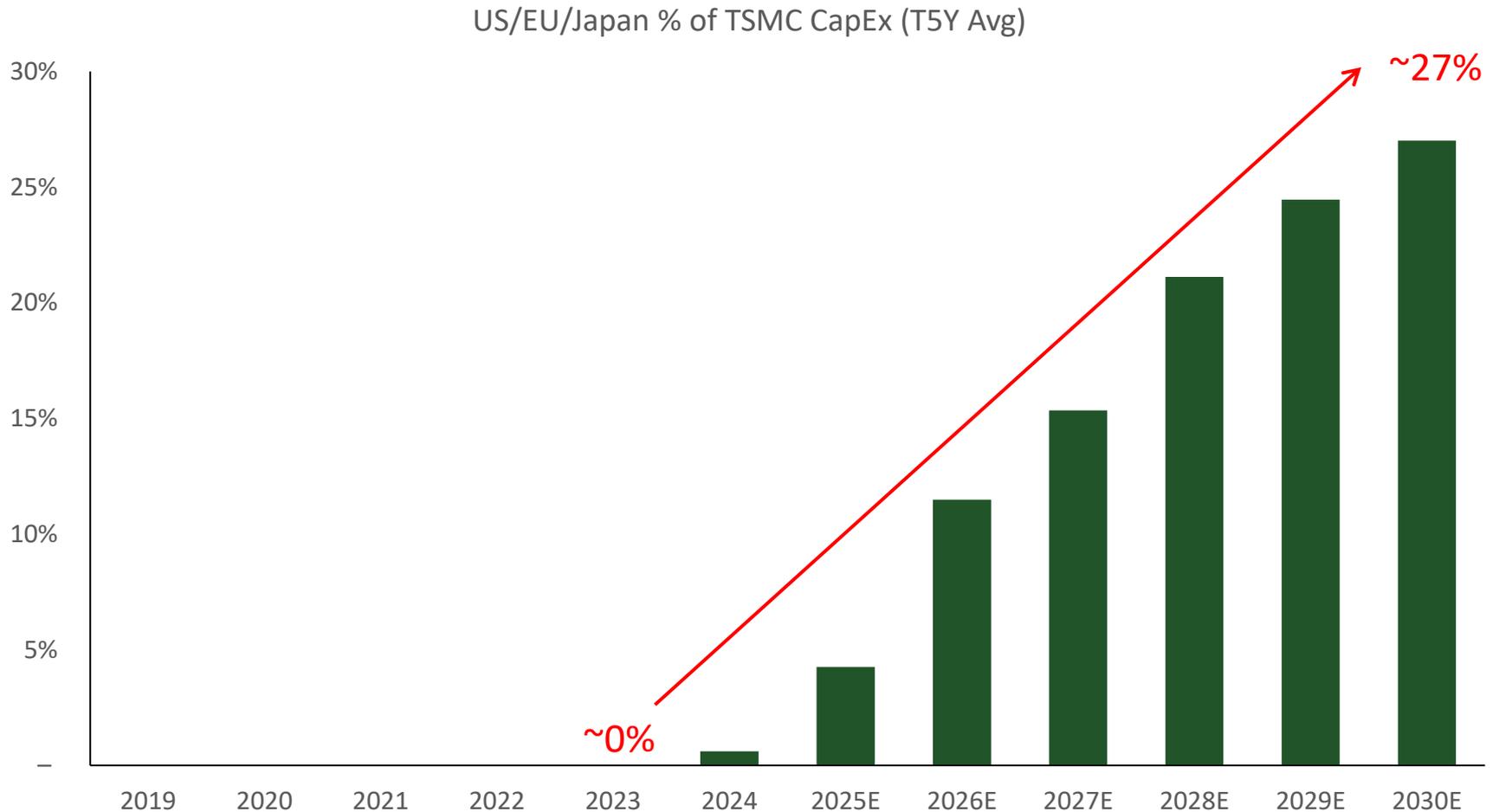
Announcement comes a day after Micron President and CEO Sanjay Mehrotra met Prime Minister Narendra Modi in Washington



ESMC Breaks Ground on Dresden Fab

DRESDEN, Germany August 20, 2024— ESMC – a joint venture between TSMC (TWSE: 2330, NYSE: TSM), Robert Bosch GmbH, Infineon Technologies AG and NXP Semiconductors N.V. – today held a groundbreaking ceremony to officially mark the initial phase of land preparation for its first semiconductor fab in Dresden, Germany. The event

WFE Demand Is Expanding Beyond TSMC Taiwan



AI Is Driving A Step-Function Change In TSMC Equipment Spend

TSMC CapEx Build	2020-25	2025-30E
Avg Leading Edge Wafer Adds / Yr	50kwpm	120kwpm
CapEx per wafer	\$300M/kpwm (5nm)	\$425M/kwpm (2nm)
Leading Edge CapEx per Year	\$15B	\$51B

Long Optical Fiber

A Lot Of Innovation Is Networking, Not Compute

Networking Complexity Ballons As Coherent Cluster Sizes Grow

Nvidia Ampere Gen (2020)
8 Networked GPUs in a Box



Nvidia Blackwell Gen (2025)
576 Networked GPUs in a System



312

Compute (FP16 TFlops)

2,200

7x

5

System Level Bandwidth (TB/s)

1,037

216x

Linear vs Super-Linear vs Combinatorial Scaling

Networking Complexity Grows Orders Of Magnitude Faster Than Accelerators

Linear Scaling

Accelerators



If you 10x Accelerator demand

...

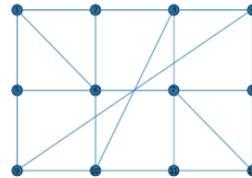
Linear vs Super-Linear vs Combinatorial Scaling

Networking Complexity Grows Orders Of Magnitude Faster Than Accelerators

Linear Scaling
Accelerators



Super Linear Scaling
Memory



If you 10x Accelerator demand

...

.... you 20x Memory
Demand ...

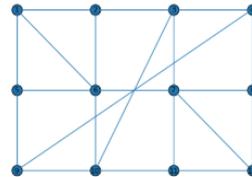
Linear vs Super-Linear vs Combinatorial Scaling

Networking Complexity Grows Orders Of Magnitude Faster Than Accelerators

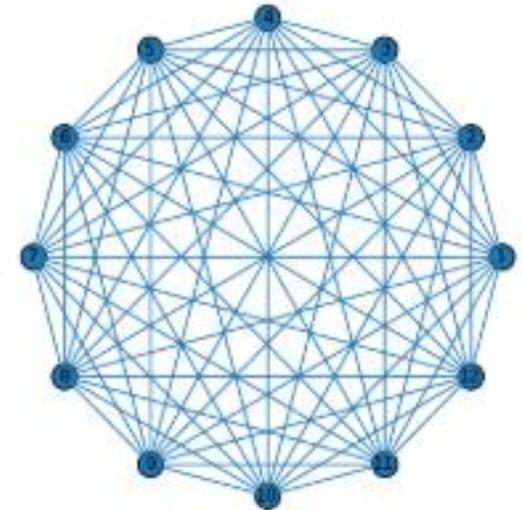
Linear Scaling
Accelerators



Super Linear Scaling
Memory



Combinatorial Scaling
Networking Connections



If you 10x Accelerator demand
...

.... you 20x Memory
Demand ...

... & 190x Networking Demand

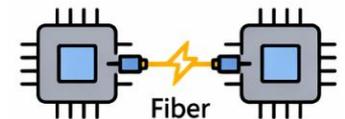
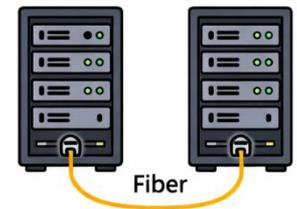
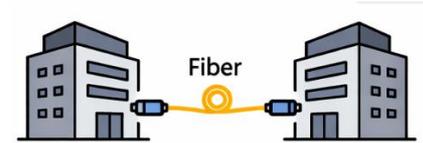
Networking Is Getting Complex At A Combinatorial Rate



Fiber Is The Key Beneficiary Of Ballooning Network Complexity

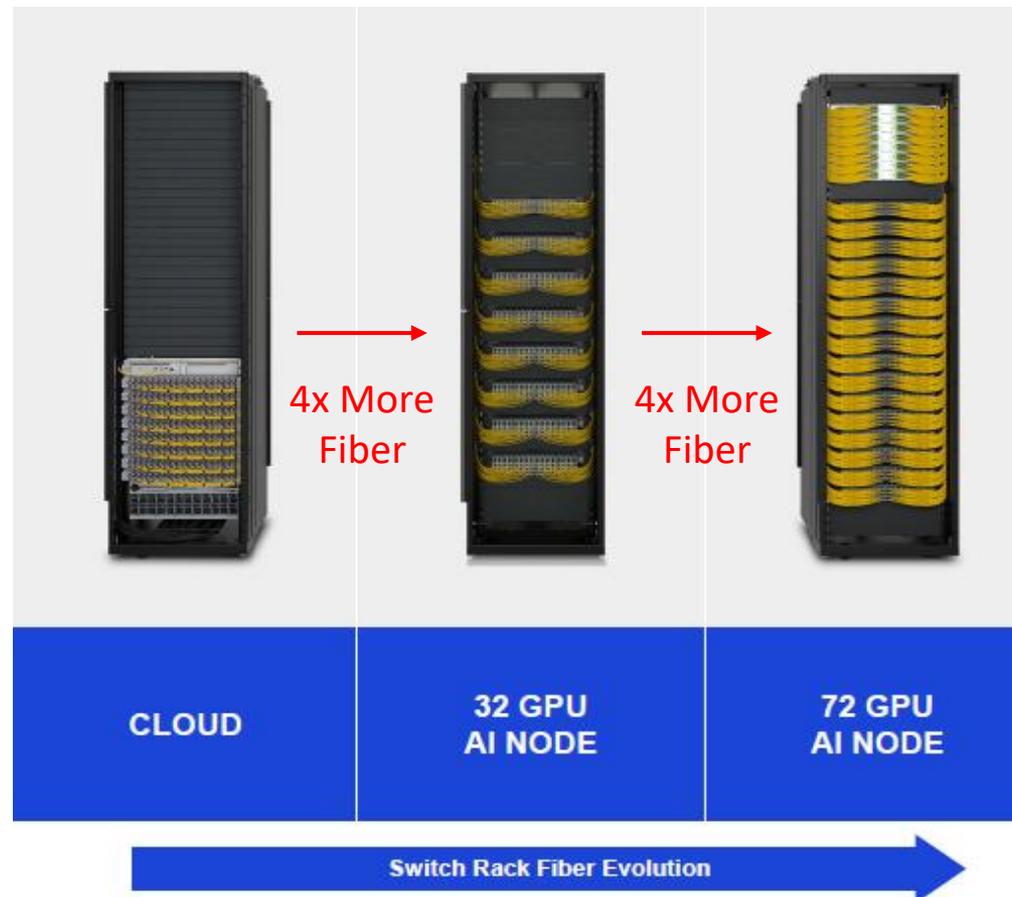
AI Accelerating Copper-To-Fiber Transition Within Datacenters

		Wire Medium	
		Status Quo	2027+
Scale-Across	DC-to-DC	Fiber	Fiber
Scale-Out	Rack-to-Rack	Fiber	Fiber
Scale-Up	Chip-to-Chip	Copper	Fiber

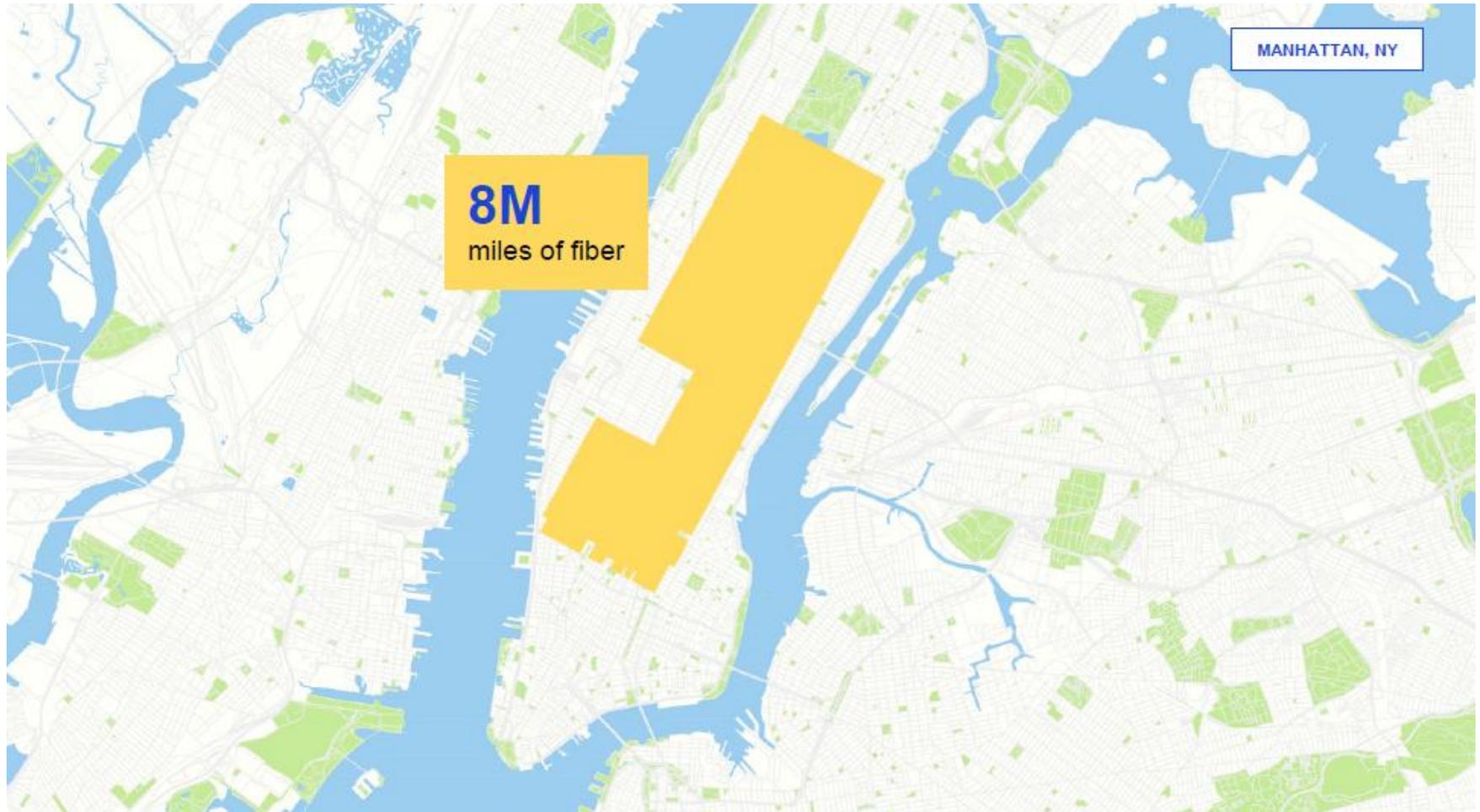


Fiber Is The Key Beneficiary Of Ballooning Network Complexity

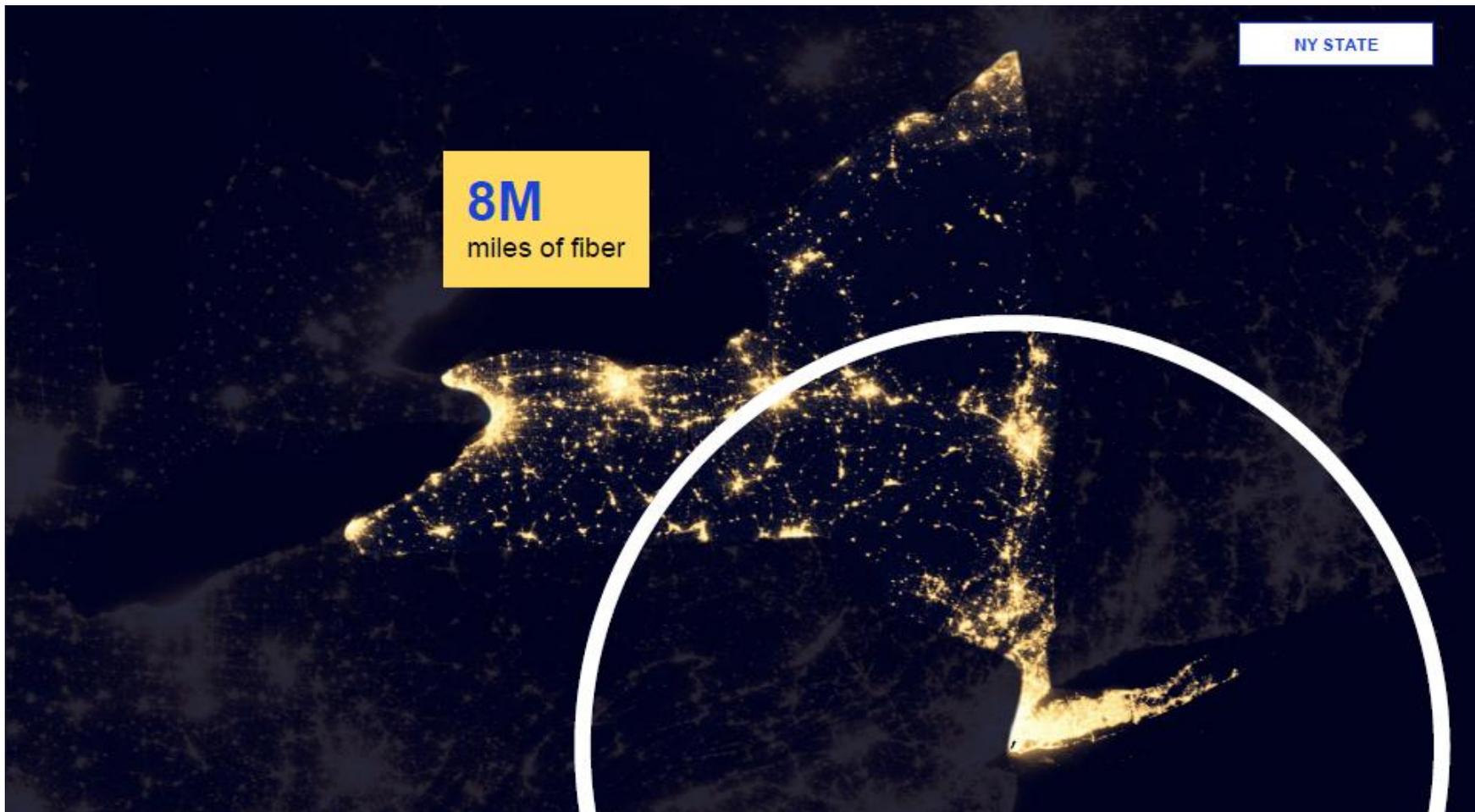
Scale-Up TAM Is Significantly Larger Than Either Scale-Across Or Scale Out



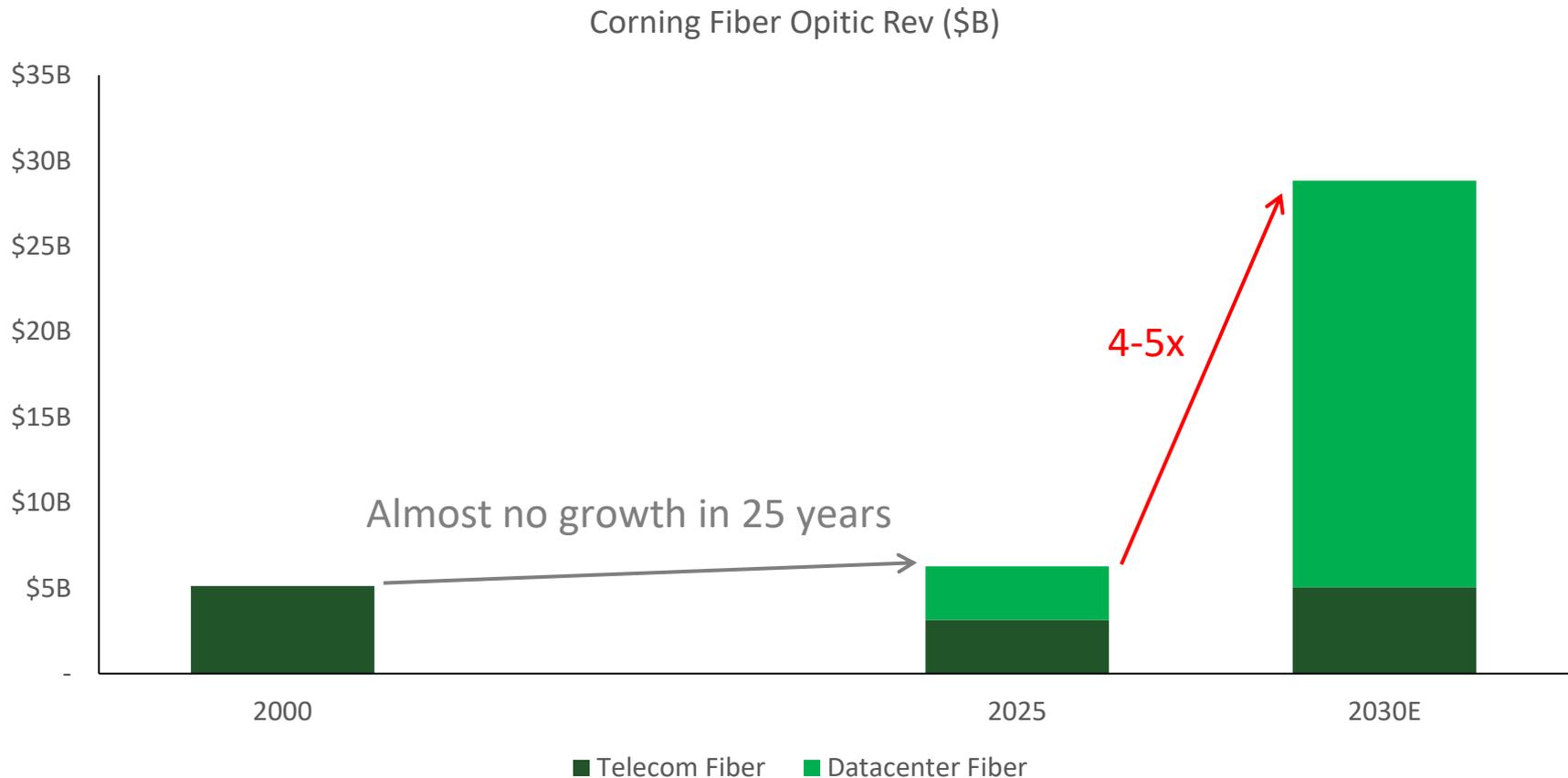
Meta's Upcoming Hyperion Datacenter (Half The Size of Manhattan) Will Require 8M Miles Of Fiber ...



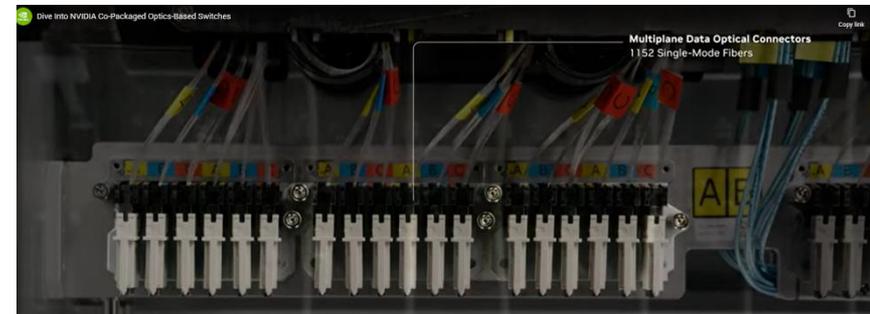
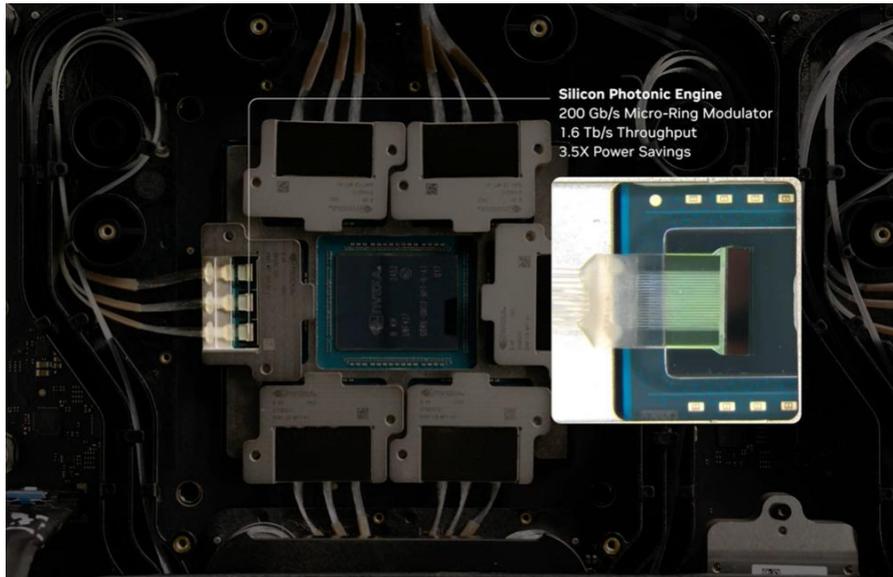
... That's Equivalent To The Fiber Used To Wire Half of NY State



Fiber & Connector Rev Should 4-5x Over The Next 5Yrs



Scale-Up Fiber Is Far More Complex To Produce With Precision Vs Standard Commodity Telecom Fiber ...



... And Only Three Companies That Can Handle This Complexity

Scale-Up Will Help Return Fiber's Industry Structure Back To An Oligopoly

CORNING



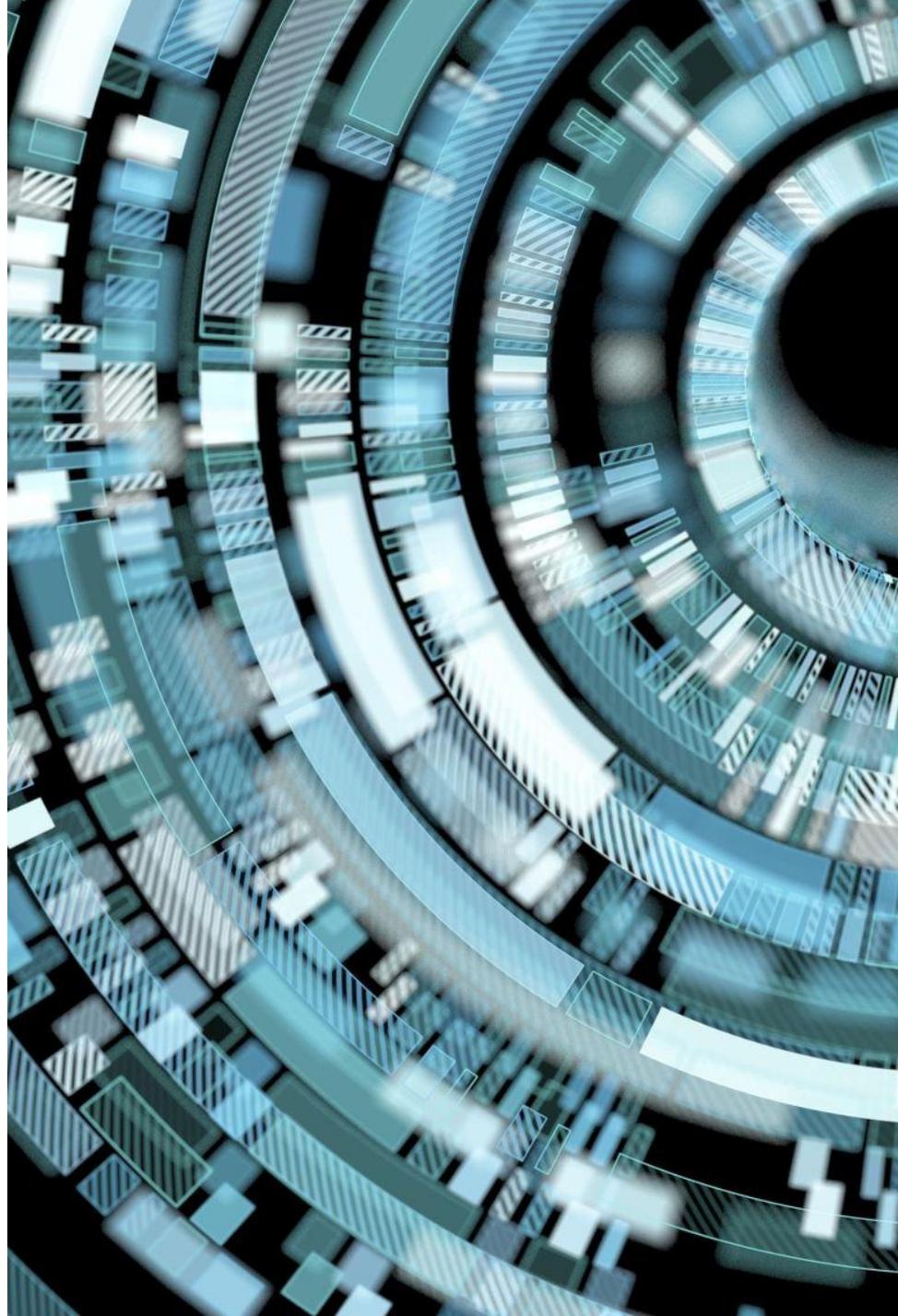
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Guest Speaker: AI | Private Markets

Lucas Swisher
General Partner

Coatue Management



Guest Speaker: AI | Private Markets

Lucas Swisher | Coatue Management



Lucas Swisher is a General Partner and Growth Co-Lead at Coatue, focused on the Firm's private investing business. Prior to joining Coatue in 2018, Lucas was an investor at Kleiner Perkins Caufield & Byers, and an analyst at Insight Venture Partners. Before that, he worked in business development at Delivery Hero. Lucas graduated cum laude from Harvard College with an A.B. in Economics.

COATUE

Private Markets & AI

—→ **March 18, 2026 | Virginia Retirement System Board Retreat**

Confidential – Prepared solely for the Virginia Retirement System (“VRS”) Board Retreat.

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Coatue is a full Lifecycle Investing Platform

Integrated Lifecycle Investing Platform

1999



COATUE
2026

25+ Years

Public Markets

Flexible Capital
(Tactical Opportunities)

Growth & Venture

\$67+ Billion AUM

Differentiated Capabilities at Scale

Scaled & patient capital: ability to lead rounds & partner with companies through inflection points

AI-Native DNA: deep internal data science and AI expertise embedded in how we invest and operate

Deep network: trusted access to founders, C-suite executives, and operators

Wide aperture across markets: visibility into tech from seed to public informs better investment decisions

Global Reach



New York
California
Hong Kong
London

182 global employees

We invest across asset classes and tech company stages



We have a proven Growth Strategy

Experience	Scale	Focus
13+ years Growth investing across 6 vintages	\$23B Growth Strategy AUM	Tech Platforms & Breakouts

Select Investments

 OpenAI	ANTHROPIC	 ANDURIL	 ByteDance
 SPACEX	 CURSOR	ramp 	 stripe
 databricks	Revolut	 Canva	 ClickHouse

Our Growth Strategy is focused on capturing big winners at inflection

Platforms

Scaled category leaders

~80% Focus

- Market leaders with scaled revenue
- Growth well above public markets
- Very strong unit economics
- Proven management
- Multi-year Coatue relationship
- Track record of creating multiple products

Select 2025 investments



Breakouts

Potential next generation of Platforms

~20% Focus

- Companies in big markets / trends
- Strong unit economics & hypergrowth (no pre-revenue companies)
- Opportunity to double down as success proof points emerge with clear paths to multi-product business models

Select 2025 investments



Coatue opinion and analysis as of February 2026. "Focus" percentages are not representative of portfolio composition, but reflective of a general objective for identifying potential growth investments. Categories above are not intended to be a comprehensive list; Coatue has invested, and expects to invest, outside of these categories in the future. Companies above are listed as examples of each applicable statement or trend and are not representative of all investments in the portfolio. The descriptions of each category are intended to describe Coatue's general objectives; there is no guarantee that any particular investment will exhibit all or any of the characteristics described herein. The strategy contemplated above should not be construed as imposing any investment restrictions on any fund. In the case of any inconsistency between the descriptions above and the offering documents, the offering documents shall control. There is no assurance that Coatue will be able to capitalize on these opportunities or that any Coatue fund or investment will be successful or avoid losses. See Appendix – Disclosures for important disclosures, including regarding forward-looking statements. For a full list of current and exited Coatue portfolio companies, see Coatue.com.

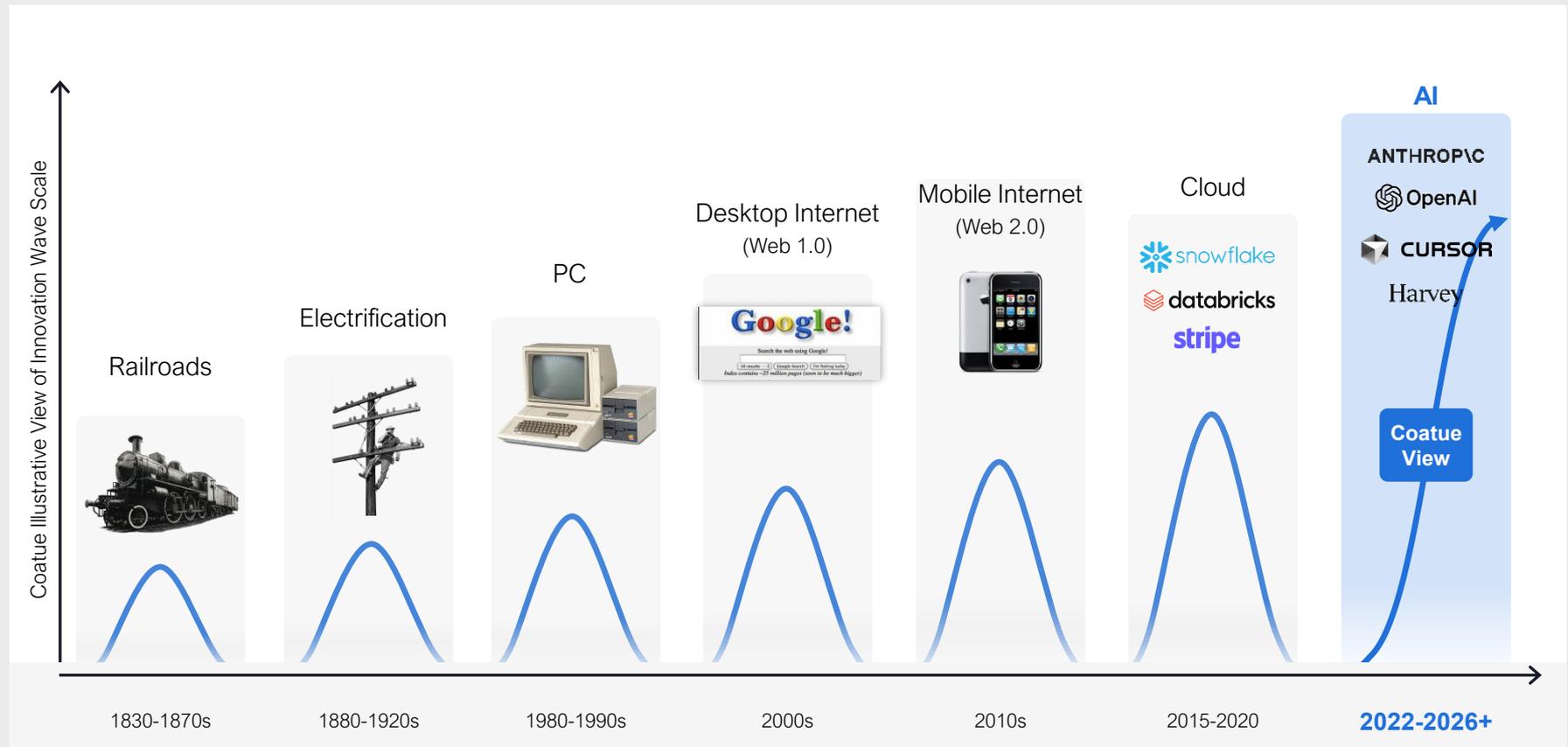
Agenda

→ **State of Private Markets**

→ AI Trends

→ Q&A

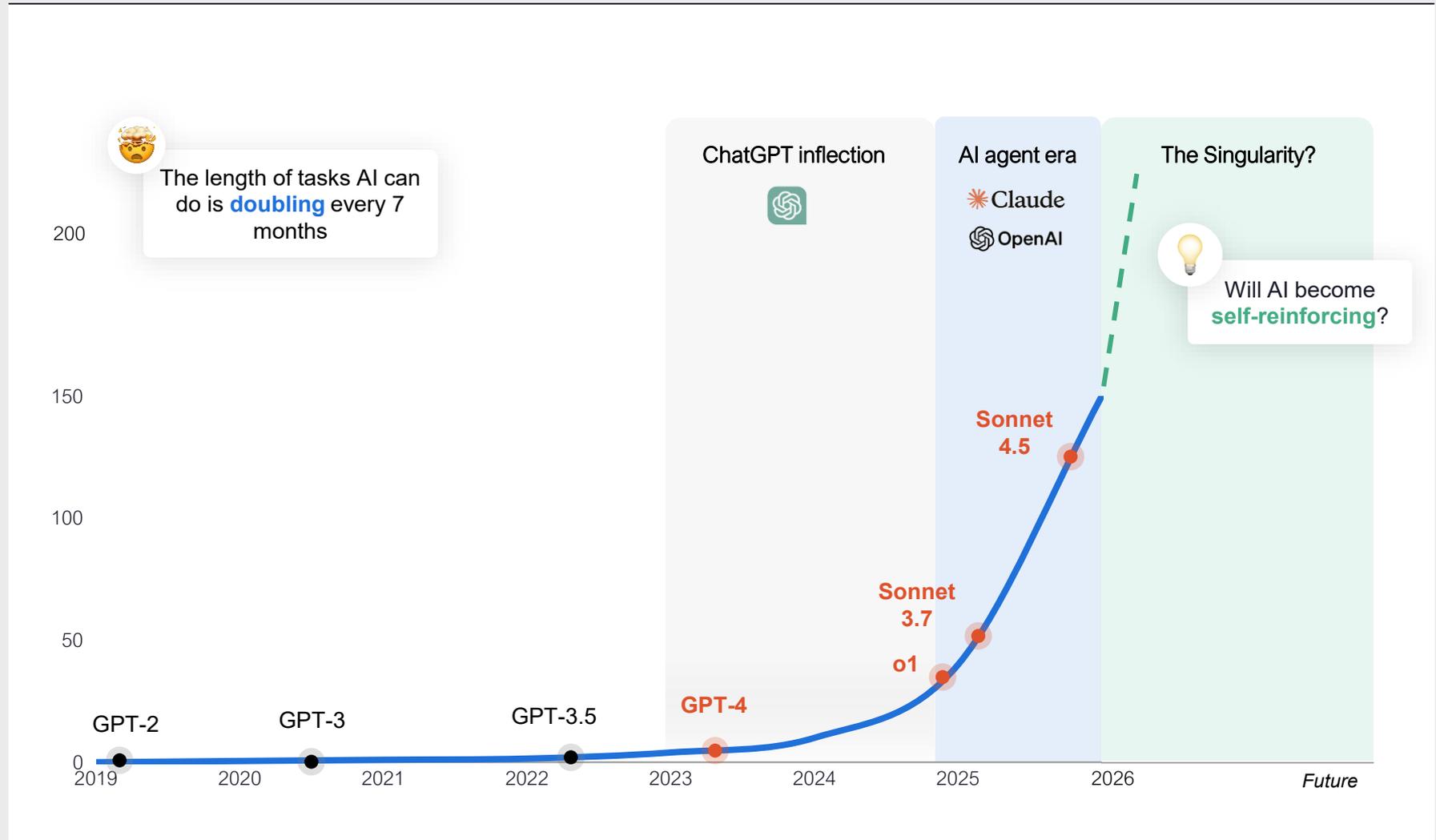
We are in the early innings of the largest tech wave in history



Coatue opinion and analysis as of March 2026 and subject to change. This slide contains forward-looking statements and assumptions and is for informational purposes only. Certain information is based on third-party sources believed to be reliable but has not been independently verified. References to "waves" are illustrative and do not predict future outcomes. Company logos are shown for illustrative purposes only and do not constitute investment recommendations or indicate that any investment was profitable. Not all investments were profitable. See Appendix – Disclosures for important disclosures.

The rate of innovation is faster than anything we've seen before

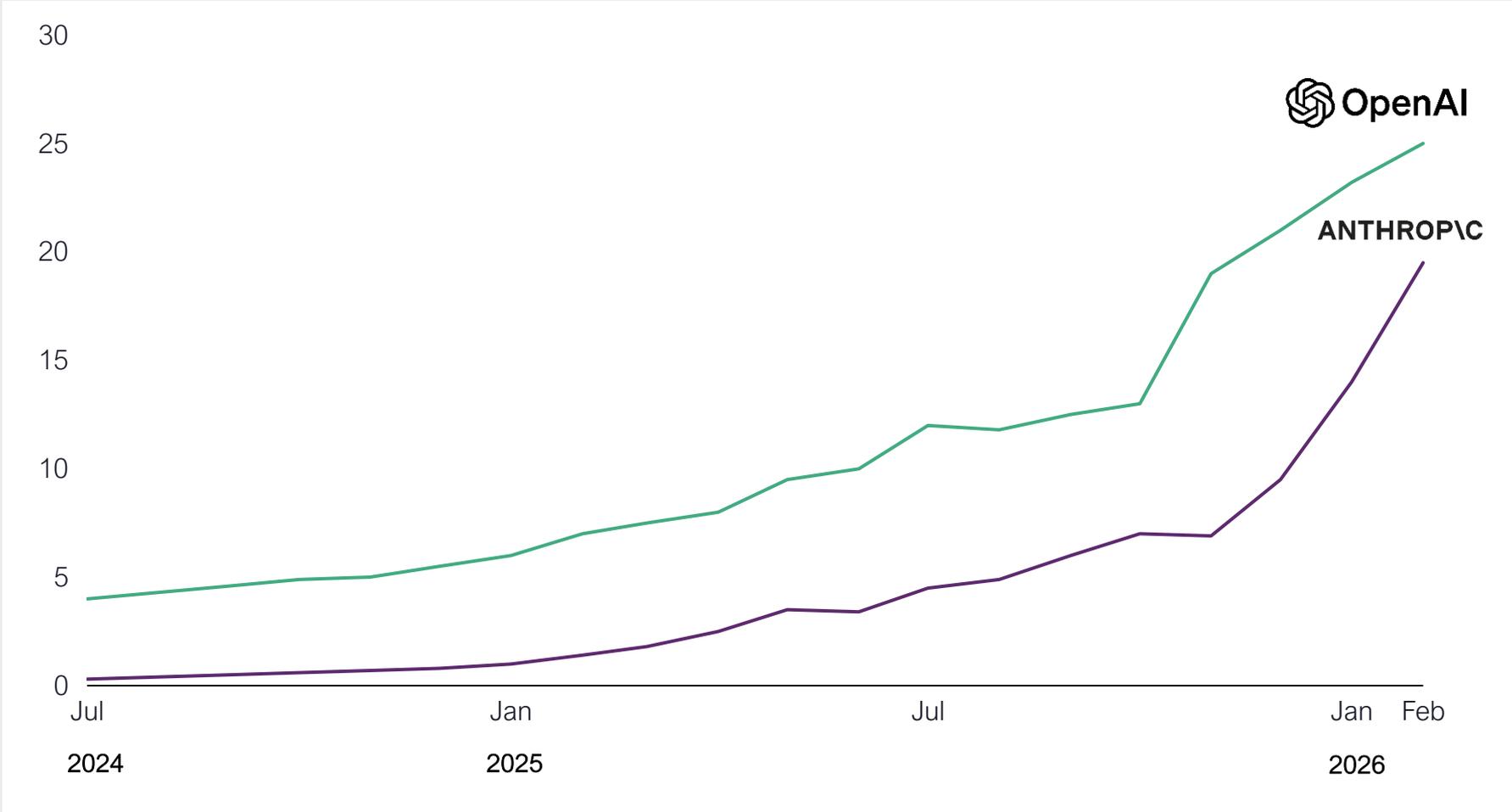
→ Length of engineering tasks select models complete without human intervention (minutes)



Sources: METR and GitHub, as available as of February 2026, and Coatue analysis. Task-length chart reflects select benchmarked software/engineering tasks; results vary by model, prompting, tool use and evaluation methodology and should not be extrapolated. GitHub commit share reflects Coatue analysis of public repositories only and may not represent total usage (including private codebases) or commercial activity. Certain information is based on third-party sources believed to be reliable; however, such information has not been independently verified and its accuracy cannot be guaranteed. For informational purposes only. See Appendix – Disclosures.

AI leaders are scaling at unprecedented rates

OpenAI and Anthropic Revenue from publicly available data, \$B

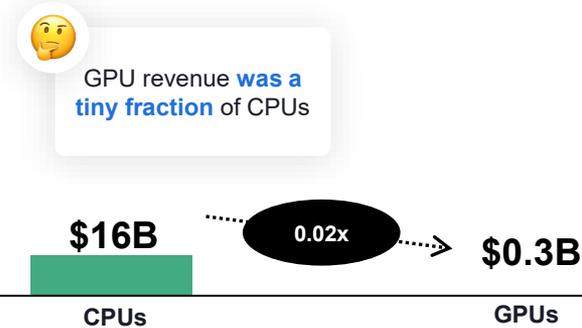


The world is retooling for a new era

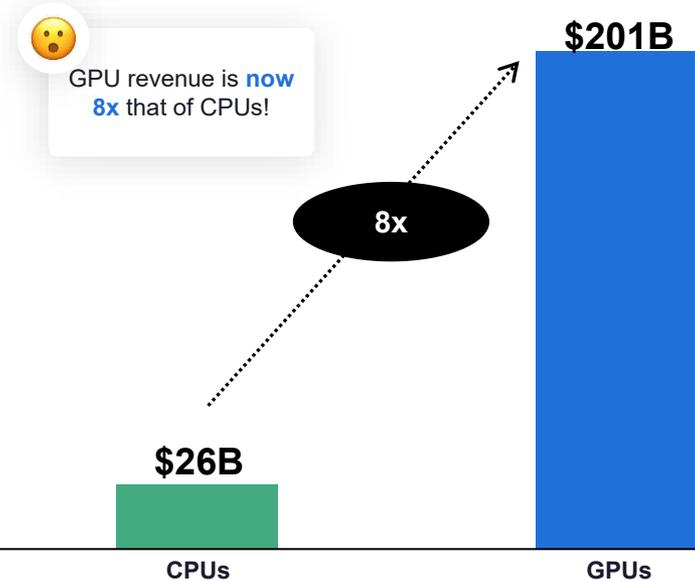
A decade ago, GPUs were a rounding error vs. CPUs...

...Today, they are the engine of the token economy

2015 Revenue

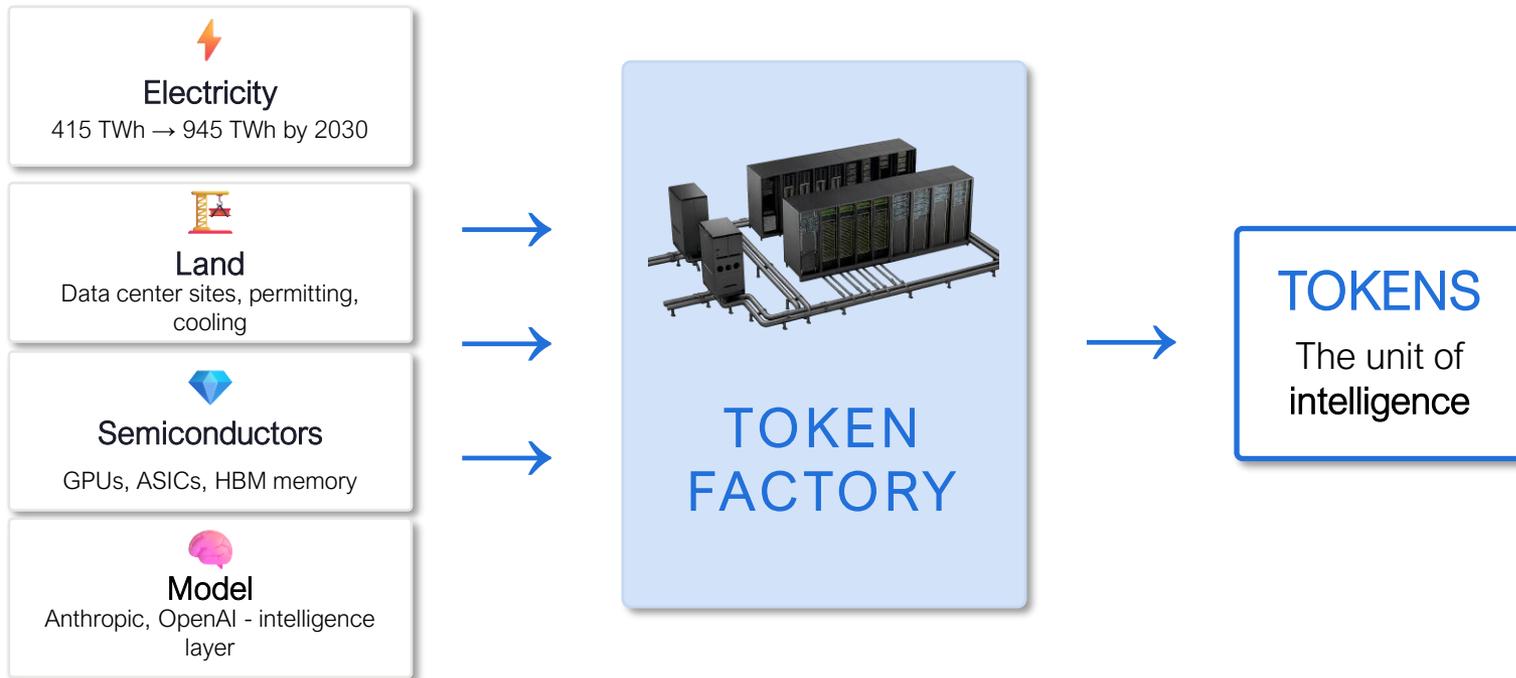


2025 Revenue



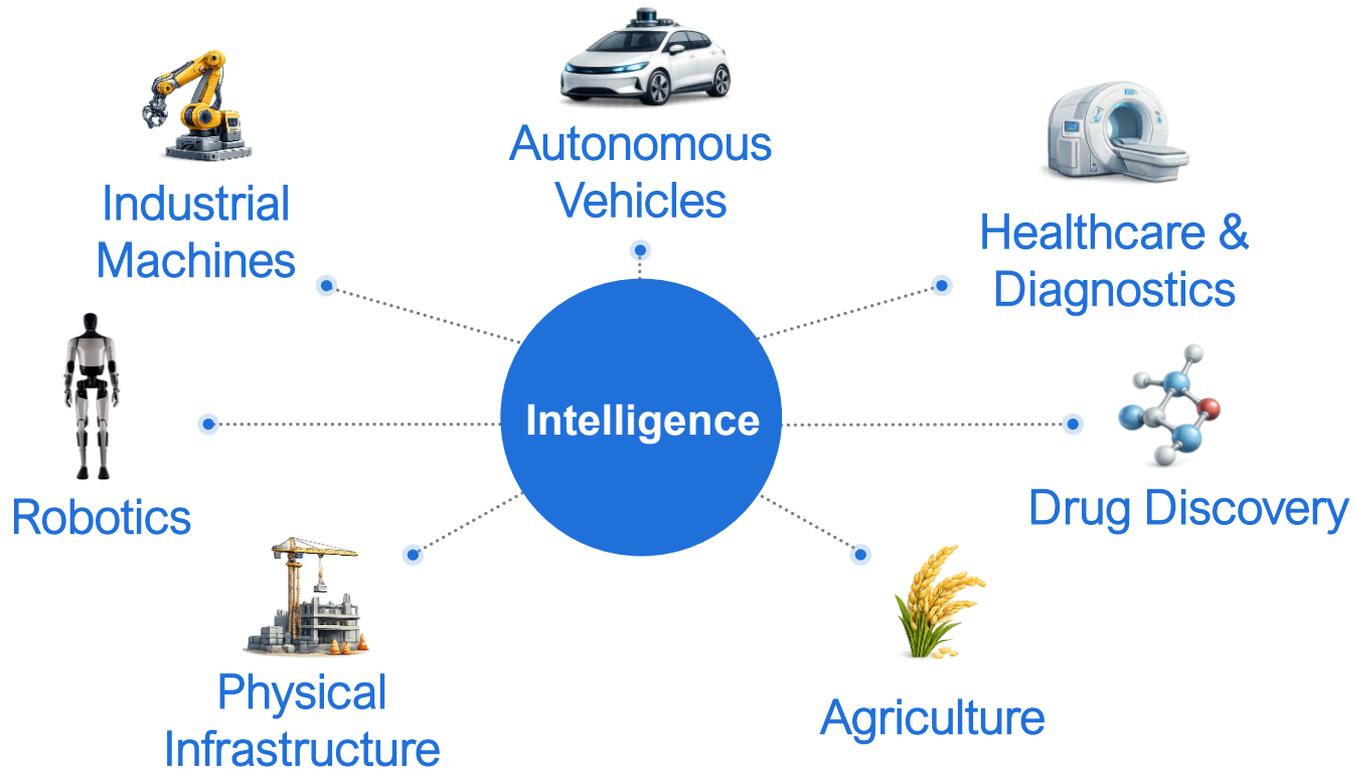
Intelligence is now manufactured, becoming the next great utility

Intelligence is now measured in tokens, manufactured at scale



Intelligence will eventually touch everything

Intelligence is increasingly being deployed across every digital and physical surface



Public markets once offered straightforward AI exposure; now they reflect divergence & uncertainty

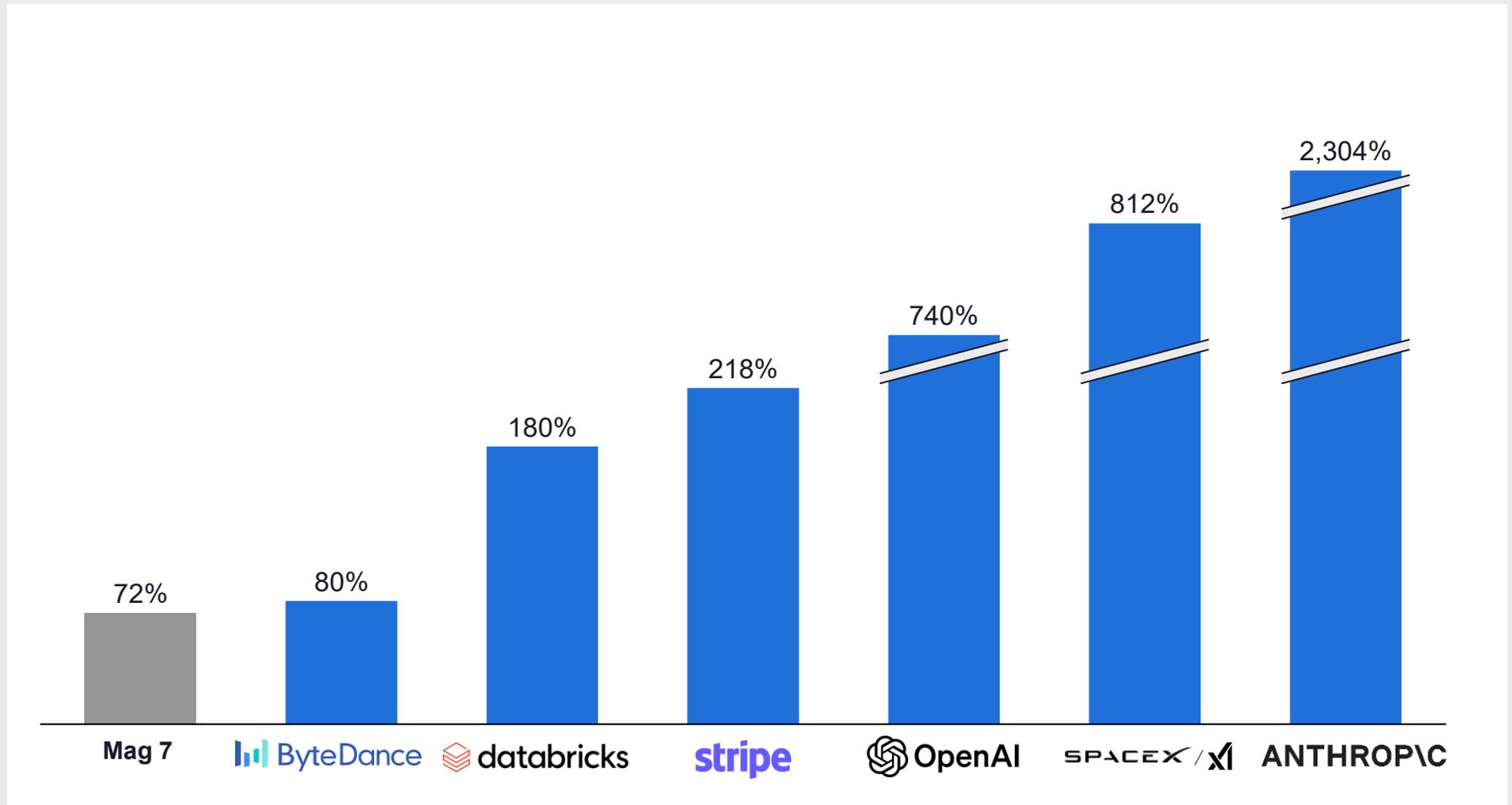
Factor Basket and Mag 7 Returns (Indexed)



Coatue opinion and analysis as of March 2026 and subject to change. Sources: Goldman Sachs indices/tickers referenced on the slide and Coatue analysis (as of March 2026). Indices are provided for informational purposes only; they are not investable and do not reflect fees, expenses or taxes. "Factor Basket" is an internal, non-investable basket constructed by Coatue for illustrative purposes; constituents and methodology are subjective and may change. This slide contains forward-looking statements and assumptions and is for informational purposes only. Certain information is based on third-party sources believed to be reliable but has not been independently verified. See Appendix – Disclosures for important disclosures.

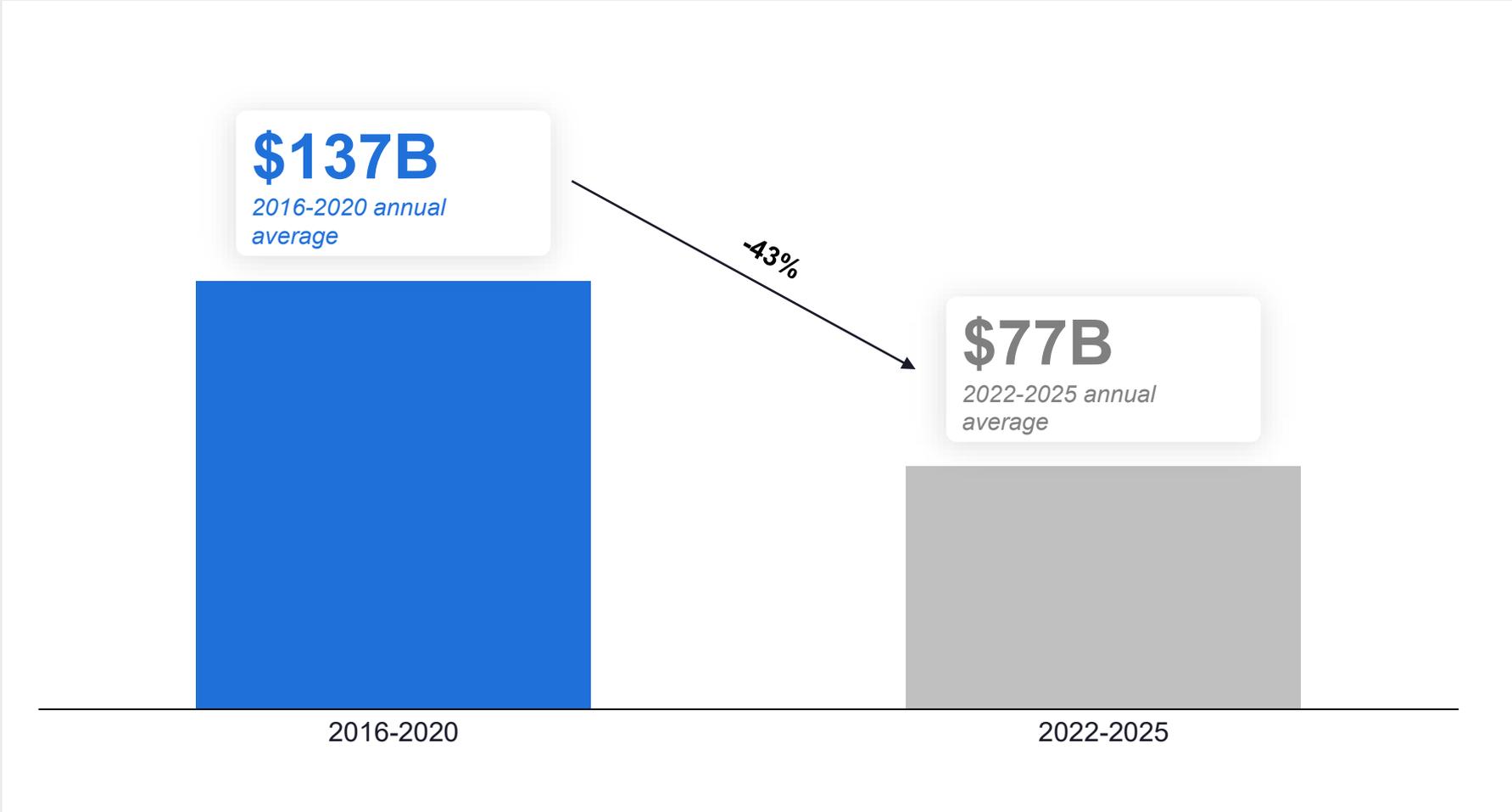
... While leading private companies are accruing share

% Growth in Valuation (Private Companies) or Market Cap (Mag 7): 2023 to 2026 YTD



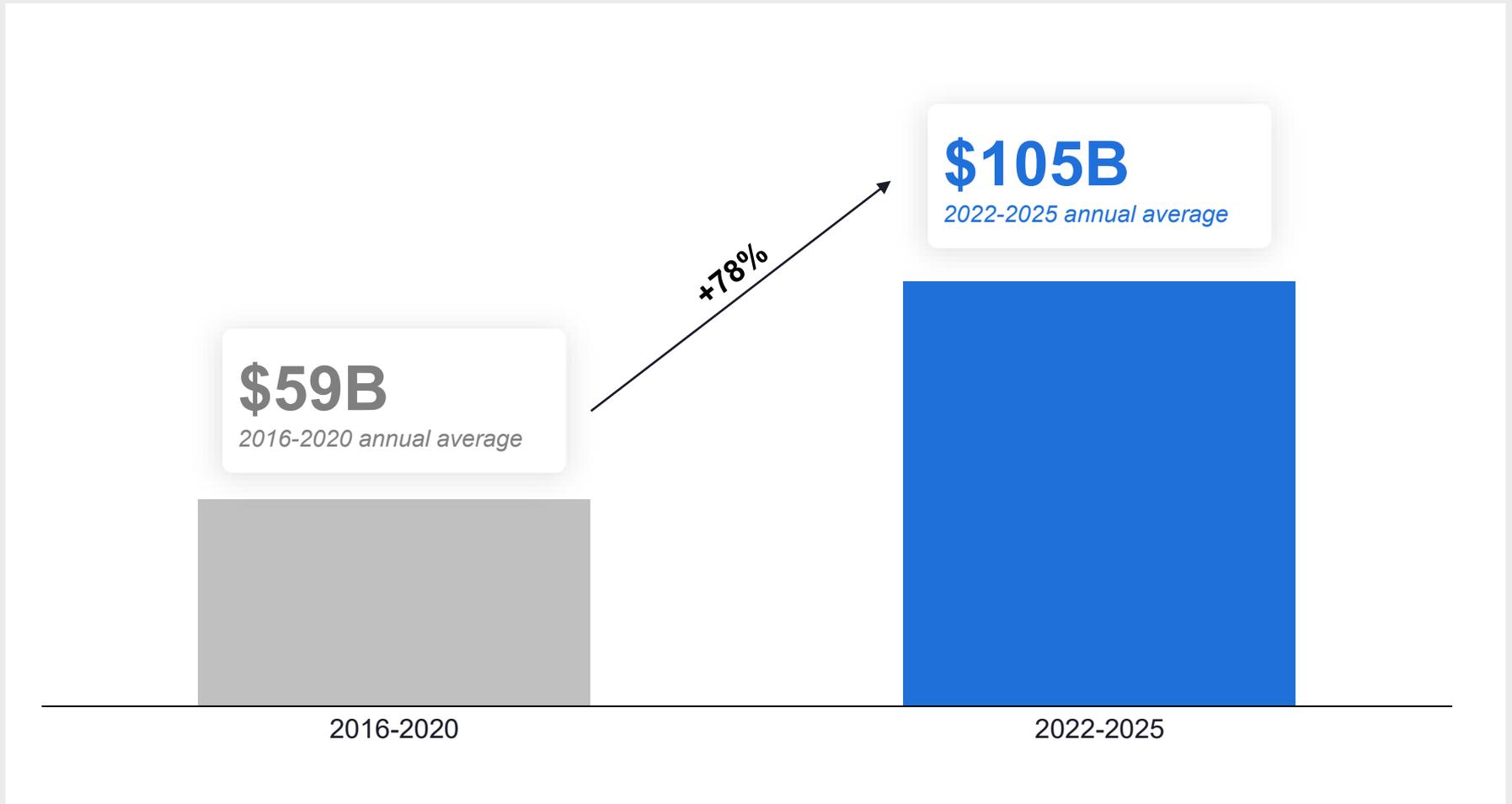
Tech IPO activity remains below pre-2021 levels ...

Average annual aggregate tech company market caps at IPO (\$B)



... And is dwarfed by private fundraising, which continues to scale

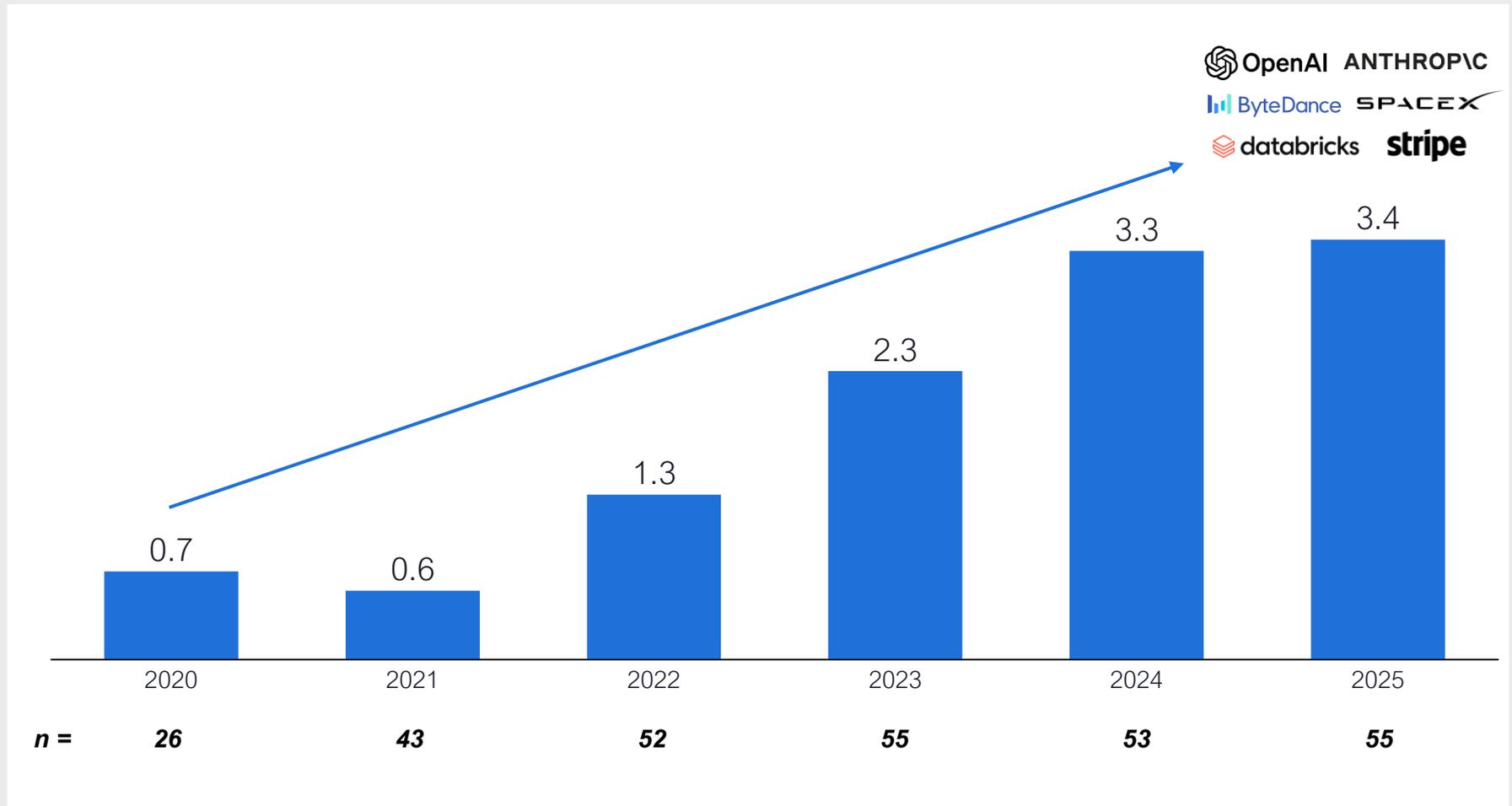
New Unicorn Capital Raised (\$B)



Many of the best tech companies are staying private for longer

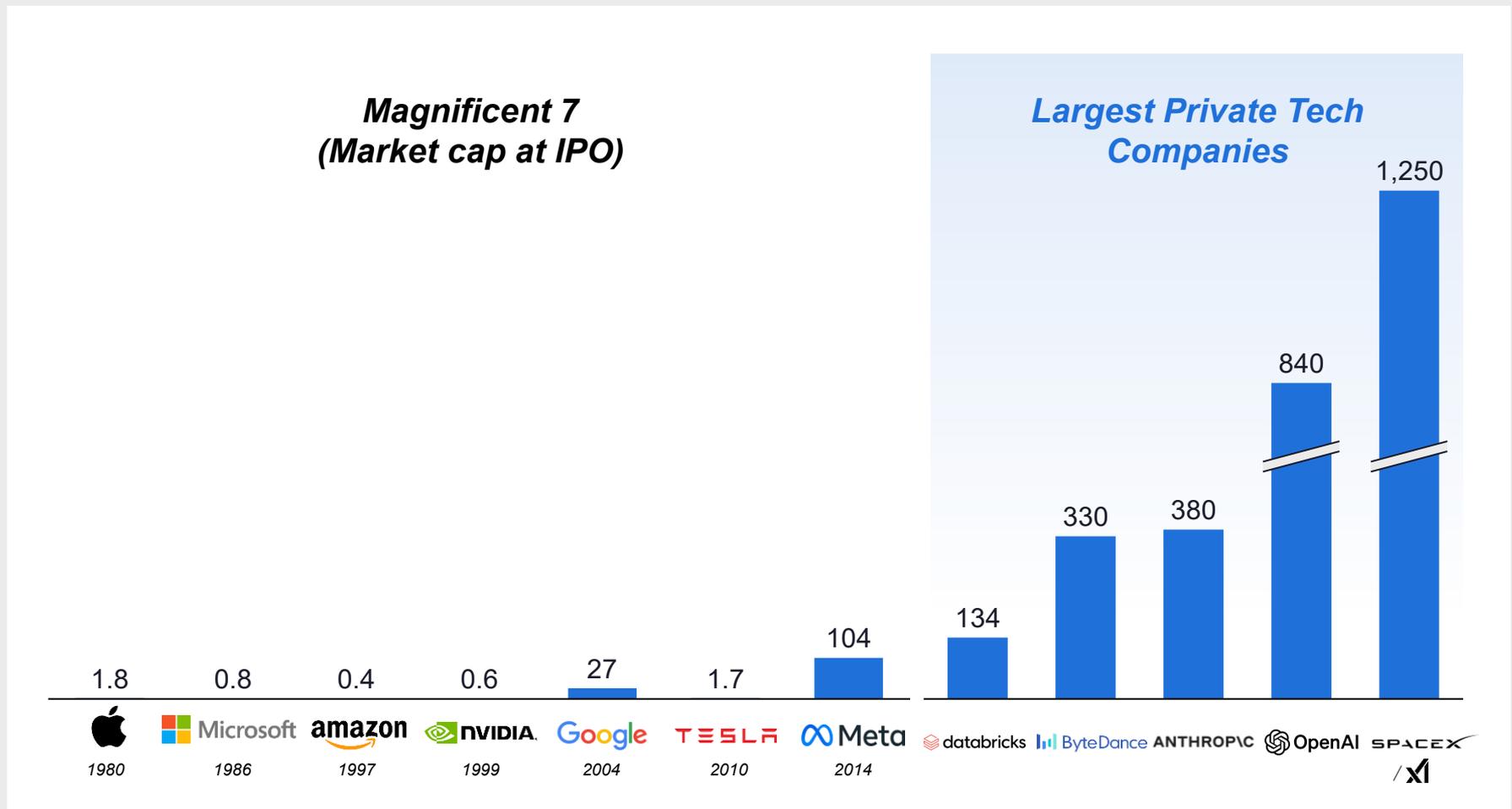
...

Median Years as Private Decacorn (\$10B+ Valuation)



... And are reaching unprecedented scale before going public

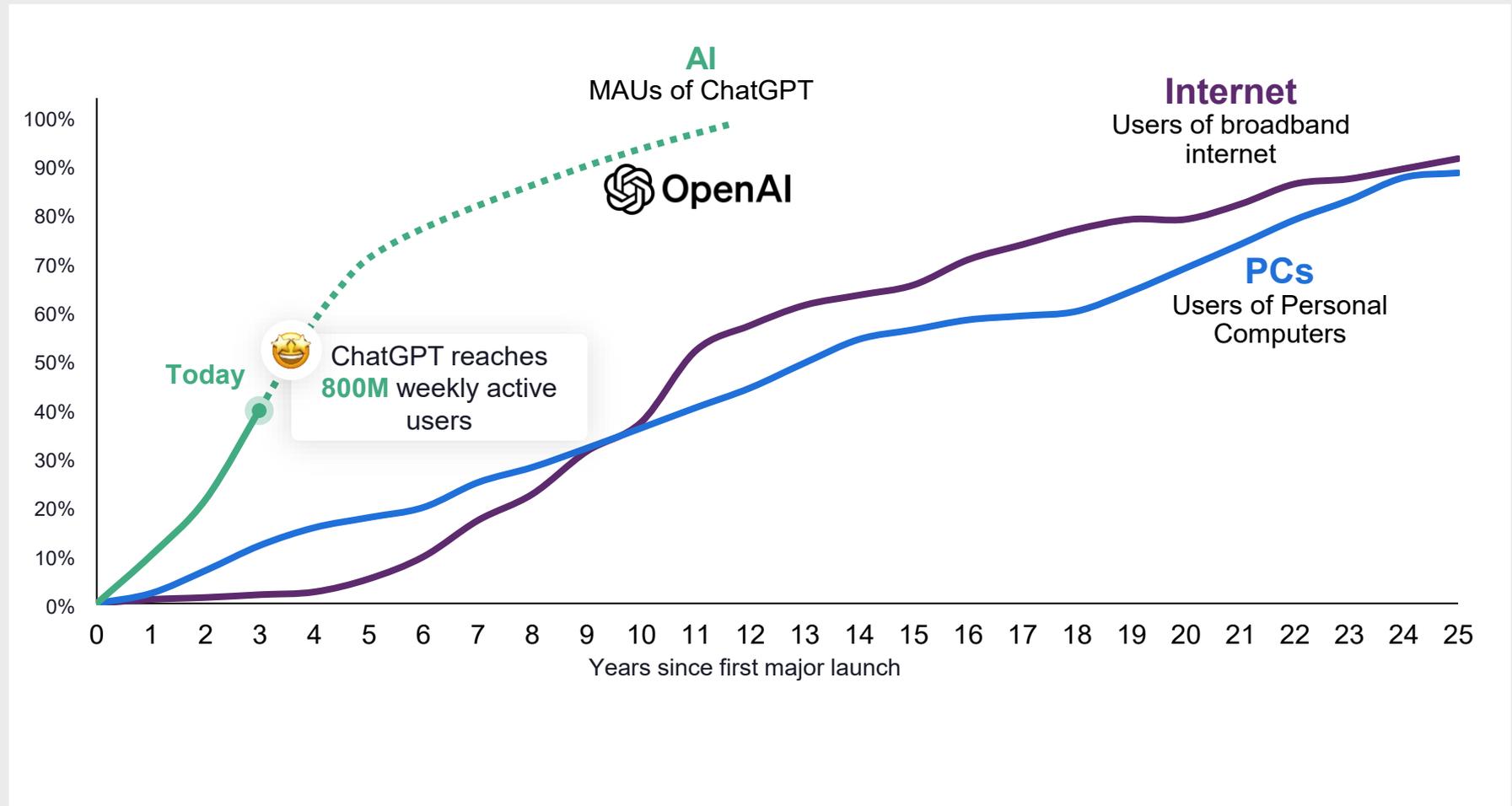
Tech company valuations (Mag7 and Private Companies), \$B



Source: Pitchbook (as of February 2026) and Coatue analysis. Publicly reported private company valuations reflect the latest reported post-money valuations and may be stale, unaudited, and not comparable to public market capitalization or realizable value (including due to liquidation preferences, senior securities, transfer restrictions and the absence of a public market). "Magnificent 7" market caps shown at the close of the first trading day following each company's IPO. Company references are for informational/illustrative purposes only and do not imply a recommendation or that Coateue invested. Extended private market timelines may delay liquidity events and increase valuation uncertainty. There is no guarantee that Coateue's views and projections regarding the future potential of AI are accurate or that any particular Coateue investment or fund will benefit from the AI trends. For a full list of current and exited Coateue portfolio companies, see Coateue.com.

The S-curve now plays out before the IPO

US % penetration



Source: Morgan Stanley (PC); World Bank (Internet); Coatue analysis as of October 2025 (AI = US MAU ChatGPT estimate as determined by Coatue). For illustrative purposes only. There is no guarantee that Coatue's views and projections regarding the future potential of AI are accurate or that any particular Coatue investment or fund will benefit from the AI trend. See Appendix-Disclosures for important disclosures, including regarding projections and forward-looking statements and trends, and regarding AI.

A few Platforms capture most of the value

\$4T Unicorn market cap by bucket

Underperforming

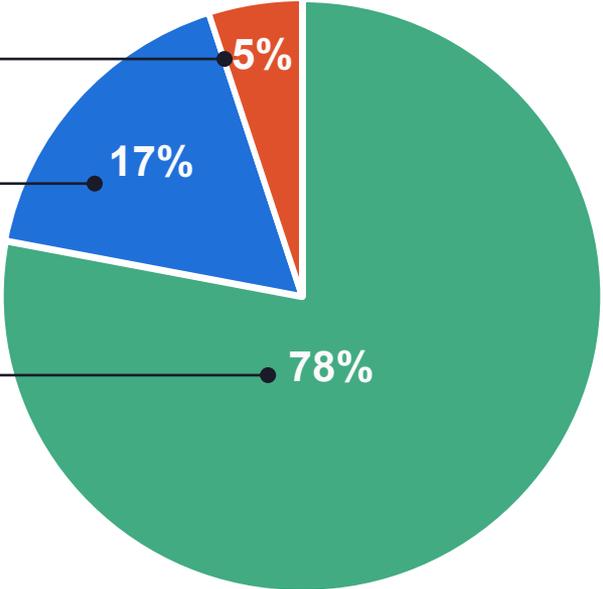
452 companies

“Massive Middle”

306 companies

Platforms

17 companies



Platform Market Cap

Concentrated market cap within Platforms



All are Coatue portfolio companies

Coatue analysis and opinion as of January 2026. Past performance is not indicative of future results. For illustrative purposes only to generally describe Coatue's characterization of the Growth investment universe. Not to be construed as a comprehensive list; Coatue may invest outside of these categories in the future. "Unicorn" means a private company valued at over \$1 billion. "Underperforming" refers to unicorns for which Coatue believes value is impaired due to current valuation being too high or lack of recent up round. "Platforms" refer to unicorns Coatue views as the next wave of "IPO ready" software companies, that are scaled businesses and that are large in terms of revenue with at least \$300M ARR. "Massive Middle" refers to companies Coatue considers to be existing or potential leaders, generally with, in Coatue's opinion, strong teams, strong unit economics and rapid scaling. Categorization of a particular company is subject to change at any time. There is no assurance that Coatue will be able to capitalize on these opportunities or that any Coatue fund or investment will be successful or avoid losses. See Appendix – Disclosures for important disclosures.

Agenda

→ State of Private Markets

→ **AI Trends**

→ Q&A

Big ideas we're excited about

Capability Inflection

- **Models are improving at an unprecedented rate** — step-change improvements enabling new use cases overnight across industries

Business Model Revolution

- **Era of tokens** — AI monetizes labor, not just software, unlocking a TAM 25x larger than SaaS

Agents = new workforce

- **Agents are the new employees** — AI is shifting from copilot to autonomous worker

Vertical Breakouts

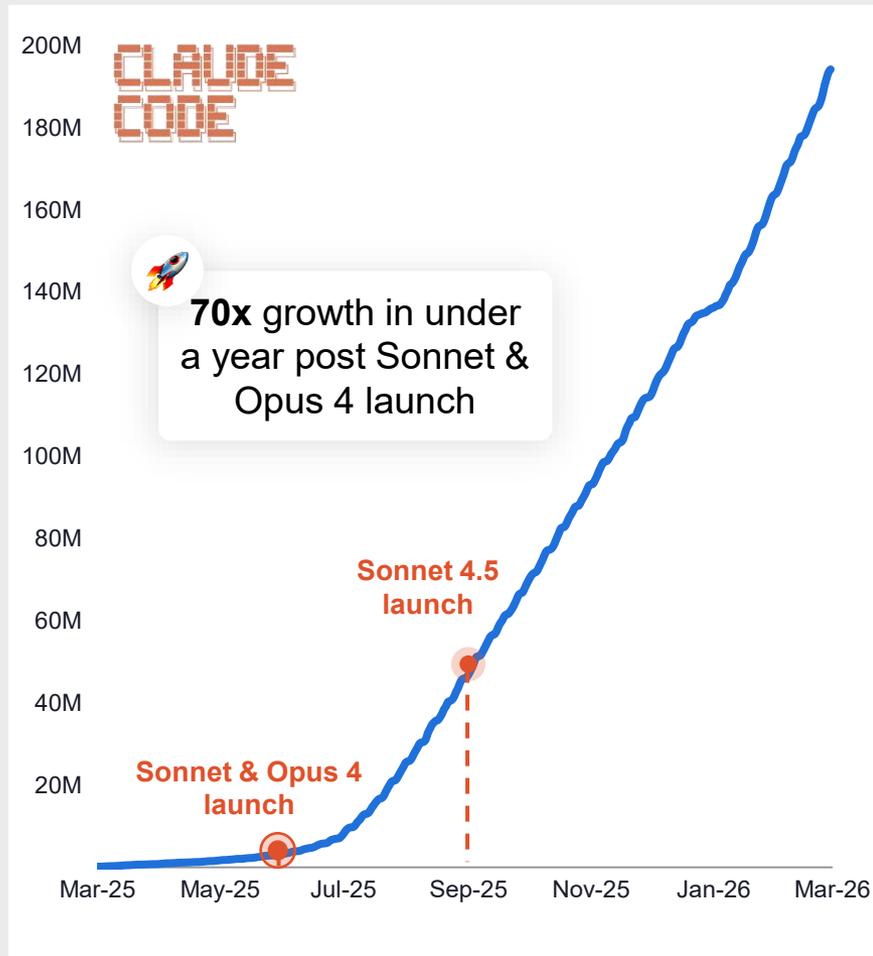
- **AI-native apps are reaching scale in new vertical** — legal, coding, healthcare

Physical AI

- **AI is escaping the screen** — physical AI has reached a critical inflection point

New AI models are unlocking step-change growth in usage

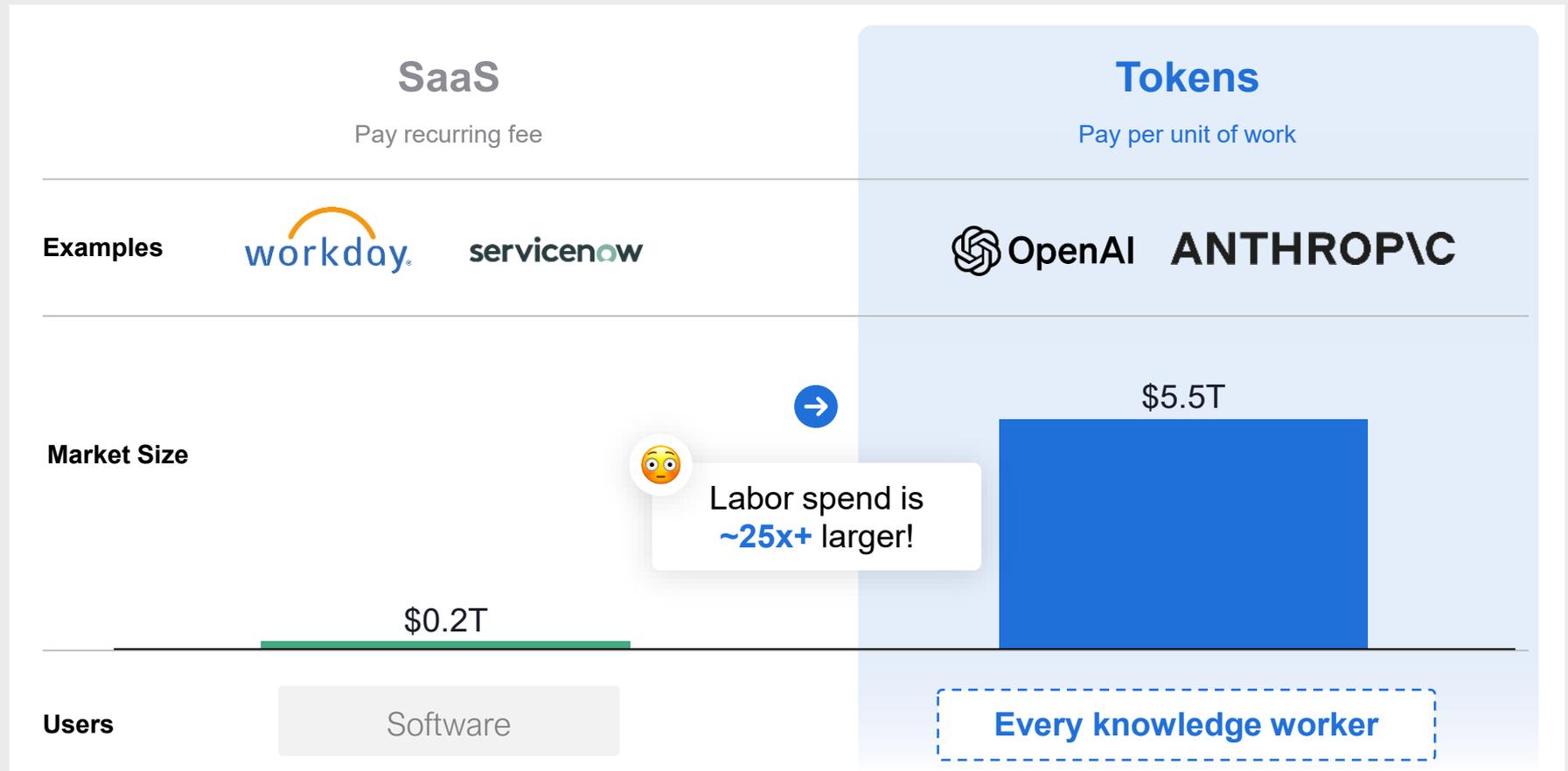
Cumulative NPM downloads



Cumulative VS code extension installations



The next business model revolution: tokens

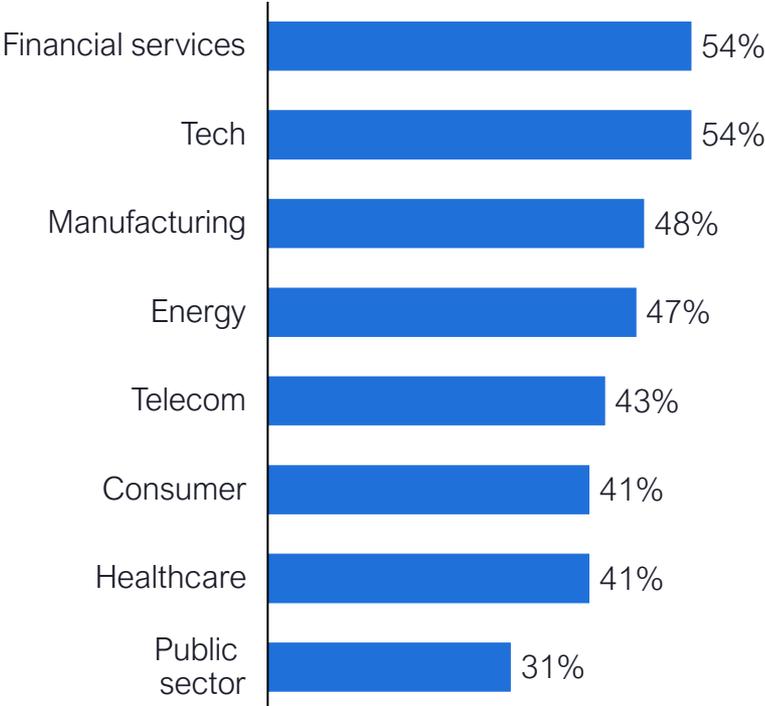


AI agents are starting to go mainstream

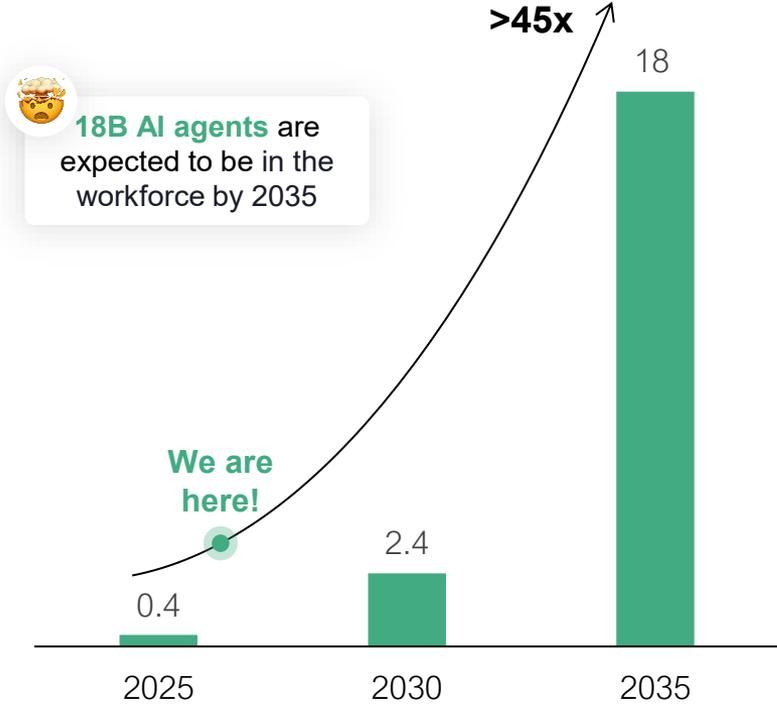
AI agents are entering the enterprise

The number of agents is expected to >45x over the next decade

AI adoption across industries



Number of AI agents, estimated (B)



Source: Bernstein, "Agentic AI - Billion AI agents & the New Tech stack" (report cited by Coatue), as available as of February 2026. Forecasts and third-party estimates are forward-looking, inherently uncertain and subject to change; definitions of "AI agent" and measurement approaches vary. Figures shown are illustrative and not a guarantee that adoption rates or agent counts will be achieved. For informational purposes only and not investment advice. See Appendix - Disclosures.

AI apps are reaching breakout scale

Private companies that crossed \$5B+ valuations in 2025



AI apps represent
~50% of value for new
\$5B+ companies

Colored Logo = AI App

\$10B+

CURSOR Cognition whatnot MERCOR SIERRA
BILT Kalshi OpenEvidence® Crusoe

\$6B+

glean PsiQuantum Lovable Harvey. Reflection
Polymarket Vercel ClickHouse Wealthsimple

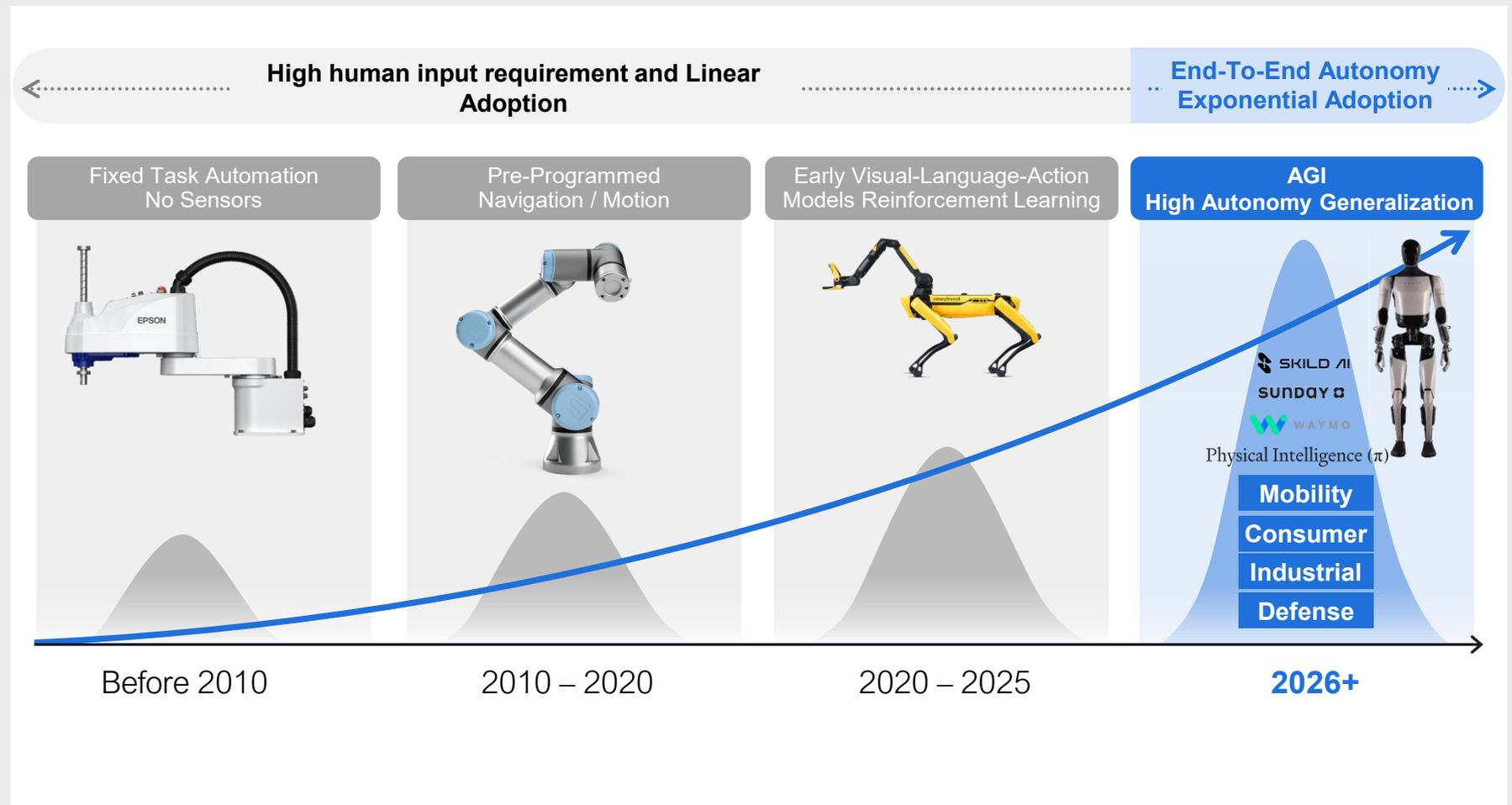
\$5B+

Filevine supabase APPTRONIK ABRIDGE harness π Lambda
SKIMS ninjaOne SANDBOXAQ™ Clio CYERA Verkada

Source: PitchBook and Coatue opinion and analysis as of December 2025. Logos listed above as examples of the applicable statements or trends; do not necessarily represent Coatue investments. Company metrics, including financial metrics, are not a proxy for any fund investment performance, and should not be understood as such. Any returns or figures are presented to illustrate macroeconomic trends only and are not intended to indicate the returns of any Coatue investment or fund. There is no guarantee that Coatue's views and projections regarding the future potential of AI are accurate or that any particular Coatue investment or fund will benefit from the AI trend. There is no guarantee that any investments made by Coatue will have similar valuations to the companies set forth above. See Appendix – Disclosures for important disclosures.

AI is escaping the screen

We have reached a critical inflection point in physical AI



Q&A

Appendix – Disclosures

Purpose of Materials

- This presentation has been prepared at the specific request of the Virginia Retirement System (“VRS”) in connection with a discussion regarding Coatue’s Growth strategy and related private market trends. Information herein reflects Coatue’s views as of the date of this presentation and is subject to change without notice. This presentation does not constitute investment advice, a recommendation to buy or sell any security, or an offer to buy or solicitation to sell an interest in any Coatue product. Recipient is a governmental/public pension entity; this material may be subject to public records laws and disclosed in accordance with applicable law.
- Although Coatue believes that the data expressed in this presentation is accurate and reasonable, actual results could differ materially from those projected or assumed, and such projections are subject to change, and inherent risks and uncertainties. Neither Coatue nor its affiliates or advisors guarantees the accuracy or completeness of the information herein. Accordingly, neither Coatue nor any of its affiliates, advisors or employees shall be liable to you or anyone else for any loss or damages from use of the information contained in this presentation.

Investment Strategy

- Coatue’s Growth Fund VI has not launched and may never launch. Coatue makes no guarantees regarding the terms of the strategy; please see offering documents which will determine the final fund terms.
- The performance information referenced herein reflects the returns and metrics from previous Coatue Growth Funds, separate investment vehicles managed by Coatue, which employ investment strategies that are substantially similar to the strategy that is expected to be pursued by Growth Fund VI. Growth Fund VI will not necessarily participate in the same investments made by Growth Funds I through V-B, and the performance information herein is not indicative of the future results of Growth Fund VI. Differences between the funds, which may include, but are not limited to, portfolio composition, construction, investment size, liquidity profile, fee structure, expenses, market conditions, and timing of investment decisions may result in materially different performance outcomes.
- The performance information herein shown is provided solely for illustrative purposes to demonstrate Coatue’s experience managing a substantially similar investment strategy. Investors should not assume that they will experience returns, if any, comparable to those presented. See below for additional information regarding return calculations for Growth Funds I through V-B.
- This presentation includes a description of certain investment objectives and guidelines employed by Coatue. There can be no assurance that investment objectives will be achieved
- Investment guidelines may change at the discretion of Coatue.

Forward-Looking Statements

- This presentation contains forecasts, projections and other forward-looking statements, including (but not limited to) the occurrence or outcome of anticipated events, estimates, price targets, exposure limits and performance returns. Due to various risks and uncertainties, actual events, results or performance of Coatue and/or its portfolio companies may differ materially from those reflected or contemplated in such forward-looking statements. There is no guarantee that such forecasts, projections or forward-looking statements will be realized and therefore investors should not rely on such statements in making an investment decision.
- Projections are forward-looking statements and actual results may differ materially from those presented herein. Projections are inherently unreliable as they are based on estimates and assumptions about events and conditions that have not yet occurred and any of which may prove to be incorrect. No assurance, representation or warranty is made that any of the projections will occur. Coatue makes no assurance, representation or warranty as to the accuracy or reasonableness of the projections or estimates.
- Forward-looking statements are inherently uncertain, particularly in emerging areas such as artificial intelligence and private market valuations. Public market conditions, liquidity cycles, regulatory developments and geopolitical events may materially impact outcomes.

Due Diligence

- Before making investments, Coatue intends to conduct due diligence that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence and making an assessment regarding an investment, Coatue will rely on resources available to it, including information provided by the target of the investment and, in some circumstances, third party investigations and other investors in the target company. The due diligence process may at times be subjective with respect to newly organized companies for which only limited information is available. Accordingly, there can be no assurance that the due diligence investigation that Coatue will carry out with respect to any investment opportunity, or any diligence materials that Coatue may share will reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Further, there can be no assurance that such an investigation will result in an investment being successful. Coatue may be required to undertake its investment analyses and decisions on an expedited basis in order to take advantage of investment opportunities. Therefore, no assurance can be given that Coatue will have knowledge of all circumstances that may adversely affect an investment. Investors are responsible for conducting, and encouraged to conduct, their own diligence regarding any potential investment in a Coatue fund.

Appendix – Disclosures

General Disclosures Regarding Funds and Return Information

- **Past performance is not indicative or a guarantee of future results.** No representation is made that any Coatue portfolio will or is likely to achieve profits or losses similar to those shown herein. The investment return and principal value of an investment will fluctuate and, as a result, at the time of redemption or final distribution may be worth more or less than the original principal invested.
- The return information presented herein is based in part on valuations of unrealized investments, including unrealized private investments. Underlying private company metrics and other portfolio company information is generally derived from Coatue portfolio companies and have not been independently verified or audited by Coatue. Coatue makes no representation as to (i) the accuracy or reliability of any estimates or projections, (ii) the reasonableness of applicable assumptions and comprehensiveness of available inputs or (iii) the effectiveness or reliability of calculation methodologies. Numerous factors affect the performance of any investment.
- Valuations of Coatue's private investments change based on additional information about which Coatue may become aware and should not be relied upon in making any investment decisions. Please contact Coatue for additional or updated information.
- Certain private investments have yet to be realized and may never be realized.

Calculations

- Unless otherwise noted, all figures and calculations are estimated and rounded for ease of reference. All figures and calculations provided herein are for informational purposes only and are computed by Coatue. The figures and calculations have not been audited by any independent third party. Any data discussed herein is not intended to predict, target or guarantee a return, investment or trading decisions that has been or will be made by Coatue in the future. There is no guarantee that investment objectives will be met.

Portfolio Company Metrics

- Individual portfolio company metrics are provided as of the dates indicated. Portfolio company metrics and other portfolio company information is generally derived from Coatue portfolio companies and not been independently verified or audited by Coatue. Company information herein, including but not limited to information related to sales, revenue, costs, margins, cash positions, burn rates, usage rates or other performance indicators, has been computed and provided by portfolio company management, has not been independently verified by Coatue or any third party, and is provided for informational purposes only.
- Company metrics, including financial metrics, are not a proxy for the fund's investment performance, and should not be understood as such. There is no guarantee that achievement of certain financial metrics, including changes in revenue, will result in positive investment performance. Estimates, projections and/or financial models cannot always factor in all potential factors relevant to a company's performance. Unforeseen or unaccounted for events could materially impact a company's performance and/or valuation—in such an event, projections could be materially altered. Prospective investors should not rely upon models and estimates in making an investment decision. Certain estimates or projections have been provided by the company or are primarily sourced from the Company. Coatue makes no representation as to (i) the accuracy or reliability of any estimates or projections, (ii) the reasonableness of applicable assumptions and comprehensiveness of available inputs or (iii) the effectiveness or reliability of calculation methodologies. Numerous factors affect the performance of any investment.

Other Third-Party Information

- This presentation also includes information and data derived from other third parties, which has not been independently verified or audited by Coatue. While we believe the sources providing information are generally reliable, Coatue cannot guarantee the accuracy or completeness of this information.
- Market data and industry information used throughout this presentation is based on market and industry data and forecasts that Coatue has derived from publicly available information, various industry publications, other published industry sources and Coatue's knowledge of the industry and the good faith estimates of Coatue management. Coatue also relied, to the extent available, upon our review of independent industry surveys and publications, and other publicly available information prepared by a number of sources. All of the market data and industry information used herein involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates.

Valuation Information

- Valuations of Coatue's private investments are provided for informational purposes only and computed by Coatue. Valuations are calculated in accordance with Coatue's internal valuations policy and may change based on additional information about which Coatue may become aware. The returns have not been audited by any independent third party.
- Coatue's internal valuations should not be relied upon in making any investment decisions.
- Many of Coatue's private investments have yet to be realized and may never be realized.
- Please contact Coatue for additional or updated information.

Appendix – Disclosures

Growth Fund Returns

Fund-Level Performance Information

- Fund-level IRR / MOIC figures are calculated as of December 31, 2025 unless otherwise noted. Performance information is unaudited and provided for informational purposes only:
 - Growth Fund I figures reflect the deduction of actual management fees, incentive allocation, and expenses. Growth I had a hybrid structure; i.e., capital was invested in public assets and subsequently drawn as needed for Growth I's investments in private companies. Estimates presented herein do not include performance of Growth I's investments in public assets. Returns of an actual investor in Growth I will be different from the private investment performance information contained herein.
 - For Growth Funds II-V, gross IRR/MOIC figures do not reflect the deduction of any management fees, incentive allocation/carried interest or expenses. Net IRR/MOIC figures reflect deductions for management fees, incentive allocation/carried interest and expenses based on a representative investor subject to a 2% management fee and 20% incentive allocation that invested as of the initial closing (highest fee-paying share class). Unless otherwise noted, gross and net IRR/MOIC figures are calculated using fund-level cash flows (capital calls and distributions) and therefore reflect the impact of the funds' subscription credit facility/line of credit (to the extent utilized). Representative investor returns reflect the impact of the subscription credit facility, which shortens the period between capital calls and investments. As a result, representative investor net IRR may be higher, and may be materially higher, than asset-level net IRR calculated using the dates of portfolio investments and realizations (which is not shown unless otherwise indicated). Returns of an actual investor in the funds may be different from the information contained herein.
 - For Growth Fund V-B, Gross IRR/MOIC figures do not reflect the deduction of any management fees, incentive allocation or expenses. Net "asset" IRR/MOIC figures are calculated on a cumulative basis at the fund-level, which reflects only deductions for the actual management fee and carried interest of the Fund. Fund-level "asset" IRR figures are calculated based on the dates of portfolio investments and realizations and do not reflect the impact of the Fund's line of credit. As Growth Fund V-B was an annex fund to Growth Fund V, and Growth V investors contributed almost all of the capital commitments for Growth Fund V-B, the LPs who committed capital to both funds received special fee terms, including for many investors, netting for purposes of carried interest calculations and, in many instances, zero management fees. As a result, fund-level net "asset" performance after deduction of actual management fees and carried interest is significantly higher than the performance results of a fee-paying investor, and does not reflect the experience of any investor in the fund.
 - For completeness, "Growth V-B Only Investor" net "asset" IRR/MOIC figures, which reflect deductions for management fees, carried interest and expenses based on the fees charged to a Growth Fund V-B only investor (i.e., a 1.5% management fee and 20% carried interest) that invested as of the initial closing, would be as follows: 48% net IRR and 1.5x net MOIC. "Growth V-B Only Investor" net "asset" IRR figures are calculated based on the dates of portfolio investments and realizations and do not reflect the impact of the Fund's line of credit. Returns of an actual investor in Growth V-B may be different from the information contained herein.
- Investment-Level Performance Information
 - Gross IRR/MOIC figures for individual investments are calculated as of December 31, 2025 and do not reflect the deduction of any management fees, incentive allocation or expenses
 - Fund-level and investment-level gross and net IRRs for private equity-oriented strategies are considered not meaningful within the first year from the initial capital call and are marked "N.M.", as applicable.
 - Gross IRR figures are only shown for fully realized investments, and as such, are calculated based on realization date.
- "Unrealized Value" represents the determination by Coatue of the unrealized value, through the date of this report, of the portfolio company, or of all portfolio company investments made by the Fund based on Coatue's valuation policy. The valuations are unaudited, internal estimates prepared by Coatue determined in accordance with its valuation policies and procedures.
- "Realized Proceeds" represents the sum of gross proceeds generated through the date of this report from the disposition of investments and other sources (including cash dividends, interest, ordinary income, capital gains and return of capital) in aggregate for the portfolio company referenced, or in the aggregate from all investments made in the time period including amounts distributed to Coatue.
- Distributed to Paid-In Capital ("DPI"):
 - Growth Fund I DPI represents the amount of cumulative distributions relative to contributed capital and is calculated utilizing actual fund-level distributions net of incentive fees and the cost basis of the private portfolio.
 - Growth Funds II, III, and IV DPI represents the amount of cumulative distributions relative to contributed capital and is calculated for a representative investor subject to a 2% management fee and 20% incentive allocation that invested as of the initial closing.

Hypothetical Performance

- Combined Growth V & V-B performance included herein does not represent performance achieved by any investor in a fund managed by Coatue. In general, hypothetical performance results such as those set forth herein have certain inherent limitations. Unlike an actual performance record, simulated results do not represent actual trading and accordingly, the results may have under- or over-compensated for the impact, if any, of certain factors. No hypothetical trading record can completely account for the impact of financial risk in actual trading. There are frequently sharp differences between the hypothetical performance results and the results subsequently achieved by any particular trading or investment program. No representation is being made that a portfolio managed by Coatue in accordance with the parameters of a combined Growth V & V-B portfolio would achieve profits or losses similar to those set forth herein. Coatue does not represent that the hypothetical performance results are similar to what the performance would have been had Coatue actually been managing a fund in this manner.

References to Companies and Trends

- The companies referenced herein are included for informational purposes only. The information herein does not constitute investment advice or a recommendation to buy or sell any securities. The companies do not necessarily represent stocks or investments that Coatue owned or owns. Companies discussed in these slides and throughout are historical or illustrative examples, and there are no guarantees that Coatue will invest in similar companies in the future. In addition, the trends identified and discussed in this presentation reflect the opinions of Coatue. The trends discussed do not reflect the entire universe and could be impacted by market factors, changes in laws and other factors.
- No third-party firm or company names, brands or logos used in this presentation are Coatue's trademarks or registered trademarks, and they remain the property of their respective holders and not Coatue. The inclusion of any third-party firm and/or company names, brands and/or logos does not imply any affiliation with these firms or companies. None of these firms or companies has endorsed the investment opportunity described herein, Coatue, any affiliates of Coatue, or Coatue's personnel.

Appendix – Disclosures

Artificial Intelligence (AI)

- This presentation contains forward-looking predictions regarding AI and its potential impacts and opportunities, all of which are subject to a number of factors and uncertainties. Any characterization of AI herein is the opinion of Coatue and is subject to change. Given that AI is an emerging technology, assessing the future trajectory of the AI industry is inherently challenging, and Coatue's views on its success or failure can be subjective and based on incomplete information, limited perspectives, or speculative assumptions. See also the disclosures regarding forward-looking statements.
- *Risks of AI Investments and Coatue's AI Thesis:*
- Coatue may invest in companies that (i) design, create, integrate, or deliver autonomous technology and/or AI in the form of products, software, or systems; (ii) develop underlying technology and components for autonomous technology or AI, which may include (without limitation) advanced machinery, semiconductors, databases and software used for machine learning; (iii) provide value-added services on top of autonomous technology and/or AI technology; (iv) develop computer, robotics or other technological systems that are able to perform tasks that normally require human intelligence, such as visual perception, speech recognition, decision-making, and translation between languages; and/or (v) companies that may directly or indirectly otherwise benefit from AI tailwinds, including, without limitation, data center operators, data center infrastructure providers, cloud service providers and power providers (collectively, "AI Companies").
- AI is an emerging technology and, as a result, is subject to a higher level of risk and uncertainty than more established industries/sectors. The AI Companies, including potential Coatue investments, could be adversely affected if AI adoption is slower, more limited or less successful than anticipated. Risks to the extent, pace and success of AI adoption include, but are not limited to the following:
- The legal and regulatory landscape surrounding AI technologies is rapidly evolving and uncertain, including in the areas of intellectual property, cybersecurity, privacy and data protection. For example, there is uncertainty around the validity and enforceability of intellectual property rights related to the use, development, and deployment of AI. Compliance with new or changing laws, regulations or industry standards relating to AI may impose significant operational costs on AI Companies and may limit the extent, pace and success of AI adoption more generally. Failure to appropriately respond to this evolving landscape also may result in legal liability, regulatory action, or brand and reputational harm and have a material adverse effect on particular AI Companies in which Coatue may invest.
- AI is typically resource-intensive, and significant investments are generally required to build, train, incorporate, run, utilize and enhance AI models and other AI technologies. The pace, extent and success of AI adoption will depend in part on the availability and cost of the resources necessary to build, train, incorporate, run, utilize and enhance AI models and other AI technologies, including, without limitation, semi-conductors and other server components, data center capacity and other data center related resources, including power and cooling. The pace, extent and success of AI adoption, as well as the performance of particular AI Companies in which Coatue may invest, may be adversely affected if there are supply shortages, supply chain delays or other supply chain disruptions related to such resources. Conversely, certain AI Companies have in the past benefited, and may in the future benefit, from the limited supply of certain AI-related resources, including, without limitation, semi-conductors and other server components, data center capacity and other data center related resources, including power and cooling. To the extent that the supply of such resources increases in the future, such supply increases could adversely affect such AI Companies, including by reducing pricing power and increasing potential competition.
- The pace, extent and success of AI Adoption is also reliant on the end-user demand of products and services in various industries that may in part utilize AI. The development, adoption, and use of AI technologies are still in their early stages and ineffective or inadequate AI development or deployment practices could reduce demand for AI technologies. For example, demand for AI technologies (as well as demand for the products and services offered by particular AI Companies) could be adversely affected if AI Companies are perceived to engage in practices or offer products that are controversial because of their purported or real impact on human, intellectual property, privacy, employment or other rights; because they cause other types of social or economic harm; or because they have higher than expected error, failure or hallucination rates. Demand for AI technologies will also depend on a number of other factors including, without limitation, the ability of AI Companies to produce AI-related products and services that create demonstrable efficiencies and cost-savings for their end-users; and the ability of end-users to make substantial investments in AI technologies.

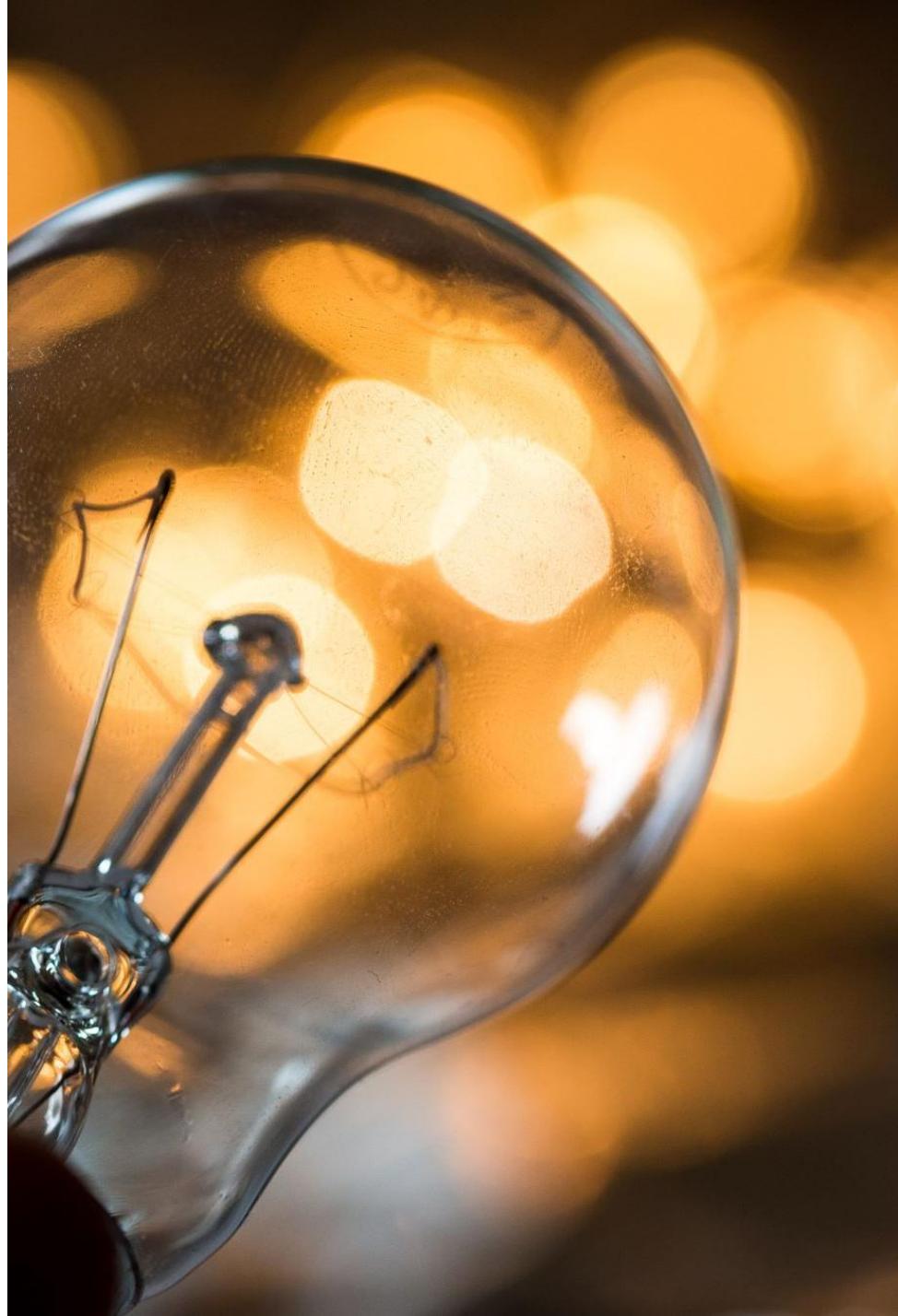
Appendix – General Risks

- **Inherent Risk:** Investments in companies at various stages in their development involve a high degree of inherent business and financial risk. Investing in these companies can be speculative and may result in investors losing all or a substantial amount of their investment due to reasons including, but not limited to, poor performance of underlying assets, change in market, use of leverage, volatility of returns. Additional risk factors below.
- **Lack of Control; Reliance on Fund Manager:** Coatue has total authority over the portfolio, which may lead to higher risk. Alternatively, Coatue may not have the ability to exercise adequate control or seek adequate protections when taking minority positions in private companies, which may also incur risk.
- **Fees and Expenses:** An investment in a Fund is subject to substantial fees and expenses, including management fees and performance-based fees.
- **Reliance on Projections:** There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Projected operating results of a company in which Coatue invests will be based primarily on financial projections prepared by such company's management. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.
- **Need for Additional Capital:** Companies with limited operating history may require substantial additional capital to support expansion or to achieve or maintain a competitive position, may produce substantial variations in operating results from period to period or may operate at a loss.
- **Shift in Market Share:** There can be no assurance that a company which has significant market share will be able to protect that market share as competitors develop technologies or interfaces that are substantially equivalent or superior to the technology of a company in which Coatue invests. Additionally, consumer tastes and preferences can change very quickly with the result that a company's market share may decrease rapidly if consumer focus shifts to its competitors.
- **Change in Market Conditions:** Investments in the securities of high growth companies may be very volatile. In addition, these companies may face undeveloped or limited markets, have limited products, have no proven profit-making history, may operate at a loss or with substantial variations in operating results from period to period, have limited access to capital and/or be in the developmental stages of their businesses, have limited ability to protect their rights to certain patents, copyrights, trademarks and other trade secrets, or be otherwise adversely affected by the extremely competitive markets in which many of their competitors operate.
- **Lack of Foreign Regulation:** Coatue invests in certain companies based in foreign countries and that may not offer the same regulatory and legal protections as investments in the United States.
- **Liquidity Limitations:** Fund interests significant limitations on liquidity since withdrawals are permitted only as set forth in the Fund documents and investors may be required to bear the risk of an investment for an indefinite period of time. There may be no secondary market for fund interests. Transfers of interests significant limitations.
- **TMT Sector Risks:** Technology investments entail particular risks that investors should be aware of including, without limitation, higher than typical research and development costs, above-average price and valuation movement, the risk that new products will not be commercially accepted, and the risk that existing products will be disrupted by technological change. Additionally, risk arises from the fact that certain funds' investments are concentrated in the TMT sector.
- **Limited Operating History:** The success of investments will depend on a variety of factors, including the performance of company management, the performance of competitors (both public and private); the availability of the IPO and M&A markets, macroeconomic conditions and the strength of the relevant market/customer base.
- **Concentrated Exposure:** The Fund will have significant exposure to and invest in private companies across a variety of industry sectors but focuses primarily on technology companies, which may include micro- and/or smaller-capitalization companies. These early-stage companies represent highly speculative investments. Concentration in a specific area can inherently lead to increased volatility.
- **Past Performance:** Past performance is not indicative or a guarantee of future results. No representation is made that the portfolio or any investment will or is likely to achieve profits or losses similar to those shown herein. The investment return and principal value of an investment will fluctuate and, as a result, at the time of redemption may be worth more or less than the original principal invested.
- Please see the applicable PPMs / CPOMs for a more comprehensive list of specific risks.

Guest Speaker: Power Markets

Darpan Kapadia
Chief Operating Officer

LS Power



Guest Speaker: Power Markets

Darpan Kapadia | LS Power



Darpan Kapadia joined LS Power in 2004 and serves as its Chief Operating Officer and a member of the Firm's Management and Investment Committee, overseeing one of the largest power generation, transmission, and energy infrastructure companies in the United States. Previously, Darpan was a Vice President in the Investment Management Division at Goldman, Sachs & Co. and a Senior Consultant with PricewaterhouseCoopers LLP.

Darpan received a B.A. in Economics with Phi Beta Kappa honors from the College of William and Mary and an M.B.A. with highest distinction from the Kellogg Graduate School of Management at Northwestern University.

Darpan is a member of the investment committees of Edge Principal Advisors, Verance Capital, and Marmora Capital, three LS Power affiliated companies that invest across real estate, sports, media, and alternative investments. He also serves on the board of directors for electric vehicle charging company EVgo Inc., renewables and battery storage platform REV Renewables LLC, independent power producer Lightning Power LLC, and global risk management advisory firm K2 Integrity Inc. Additionally, Darpan is the Vice Chairman of the William and Mary Foundation Board of Trustees and a member of the Kellogg Private Equity Advisory Council. Furthermore, Darpan serves as a member of the Board of Leaders at the University of Southern California's Marshall School of Business and the USC Marshall Business of Energy Initiative Advisory Council.



Power Trends at the Intersection of the Digital Revolution and the Energy Transition

PRESENTATION FOR VRS BOARD OF TRUSTEES RETREAT – MARCH 18, 2026

Key Themes

Introduction to LS Power

Strong U.S. Power Market Fundamentals

What is LS Power Doing

Industry-Leading Investor, Developer and Operator

1990

Firm Founded

>\$76 BN

Debt and Equity
Capital Raised

>50 GW

Power Generation
Developed or
Acquired

>200

Power Projects
Operating History

>780 Miles

High voltage
transmission developed
and built

7

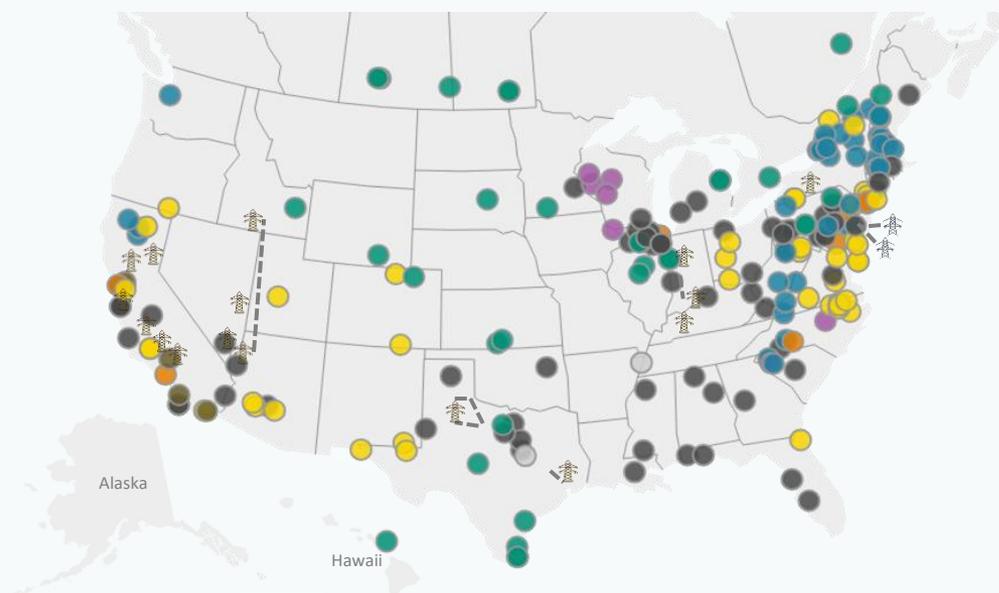
Transmission
Projects,
21 total projects

8

Nation Leading Energy
Infrastructure
Platforms
Operating History

>400

Professionals



POWER GEN & STORAGE

- Gas
- Battery Energy Storage
- Hydro
- Solar
- Wind
- Coal

OTHER

- Renewable Fuels
- Platform Companies
- ⚡ Transmission

Pioneer in Power and Energy Infrastructure

Track record of investing in new markets, asset classes, and technologies, and commercializing novel financing structures and contractual frameworks



1990/2005	2005	2008	2016	2018	2020	2020 →
<p>One of the first utility-scale private developers of efficient cogeneration facilities following US power market deregulation</p> <p>Development of gas generation projects continued until 2011</p> <p>LS Power Equity Advisors launched in 2005 to invest in existing power generation projects</p> <p>Gas-fired generation supports greater adoption of renewables as well as grid reliability and affordability</p>	<p>Twenty-one awards and projects, including 7 transmission utilities, across 5 RTO/ISOs and 9 states:</p> <ul style="list-style-type: none"> • CA: 6 projects • DE/NJ: 2 projects • IN/KY: 3 projects • TX: 5 projects • NY: 1 project • NV/ID: 4 projects <p>Leading national private transmission owner with 780+ miles of high-voltage transmission completed, and another 375+ miles and multiple substations in development</p>	<p>Pioneered private investment in utility-scale renewables</p> <p>Began with solar projects (438 MWdc) developed, financed, constructed, and operated:</p> <ul style="list-style-type: none"> • AVSE II • Centinela • Dover SUNPark <p>Effort continues today with utility-scale solar, wind, and hydro exposure through our investment funds</p> <p>LS Power platforms:</p> <ul style="list-style-type: none"> • Clearlight Energy • REV Renewables 	<p>Among the first to privately develop and invest in standalone battery storage at utility-scale:</p> <ul style="list-style-type: none"> • Vista (2018) • Gateway (2020) • Diablo (2022) • LeConte (2022) <p>These projects include some of the largest facilities of their kind in the world</p> <p>Extensive grid-scale storage development and operations continues through our investment funds</p>	<p>Significant fund investment in distributed energy and energy efficiency businesses:</p> <ul style="list-style-type: none"> • CPower Energy (2018, Distributed Energy Resource management platform) • Craft Work Capital Investments (2022, Energy Efficiency upgrades for mechanical & electrical systems) • Opterra Energy Services (2025, Energy as a Service Company serving Municipalities, Schools, States and Federal Agencies) 	<p>Significant fund investment in the electrification of transportation:</p> <ul style="list-style-type: none"> • EVgo (2020, Electric Vehicle Charging Infrastructure) <p>EVgo operates one of the largest public fast charging platform in the U.S., with 1.5+ million customers and 1,100+ stations in 65+ metro markets</p>	<p>Significant fund investment in renewable fuel development and operations:</p> <ul style="list-style-type: none"> • The Landfill Group (2020, Waste-to-Renewable energy) • Clean Hydrogen Fuels (2023, JV with Monarch Energy)

As of January 2026.

Investments and projects listed are generally representative of LS Power throughout its history and are not complete nor available to all investors. Investments or projects that represent less than 1% of LS Power's total portfolio since inception such as coal or strategic corporate investments are excluded. A complete list of investments held in LS Power's flagship investment funds is available upon request.

Key Themes

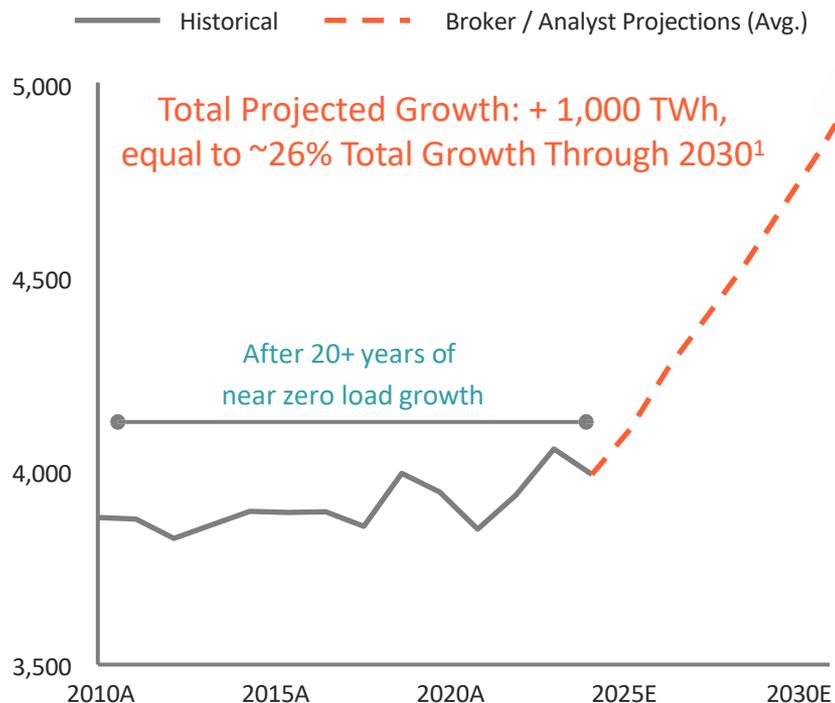
Introduction to LS Power

Strong U.S. Power Market Fundamentals

What is LS Power Doing

Record Increases In Projected Power Demand Driven By Multiple Sources

U.S. Load Growth (TWh)



AI / Data Centers



Manufacturing
Onshoring

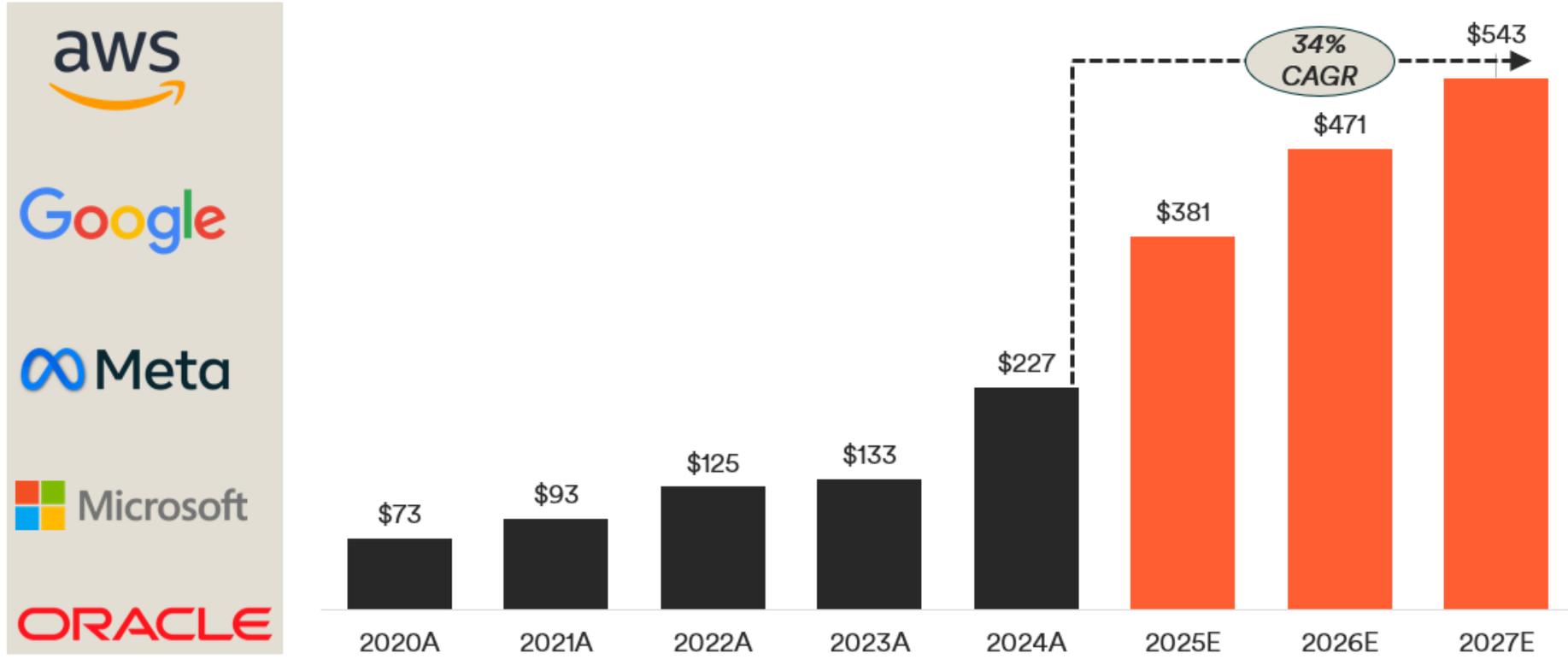


Electrification

- Projected U.S. load growth rate has reached its highest levels in 50 years, with long-term growth expected to continue to rise
 - Data center demand is a key driver of expected load growth, but it is only one of several factors contributing to the overall sector trend
- Resource adequacy challenges particularly concentrated in leading competitive power markets such as PJM (Mid Atlantic) and ERCOT (Texas), which creates unique opportunities for independent power producers in these markets

Including Unprecedented Hyperscaler Capital Deployment

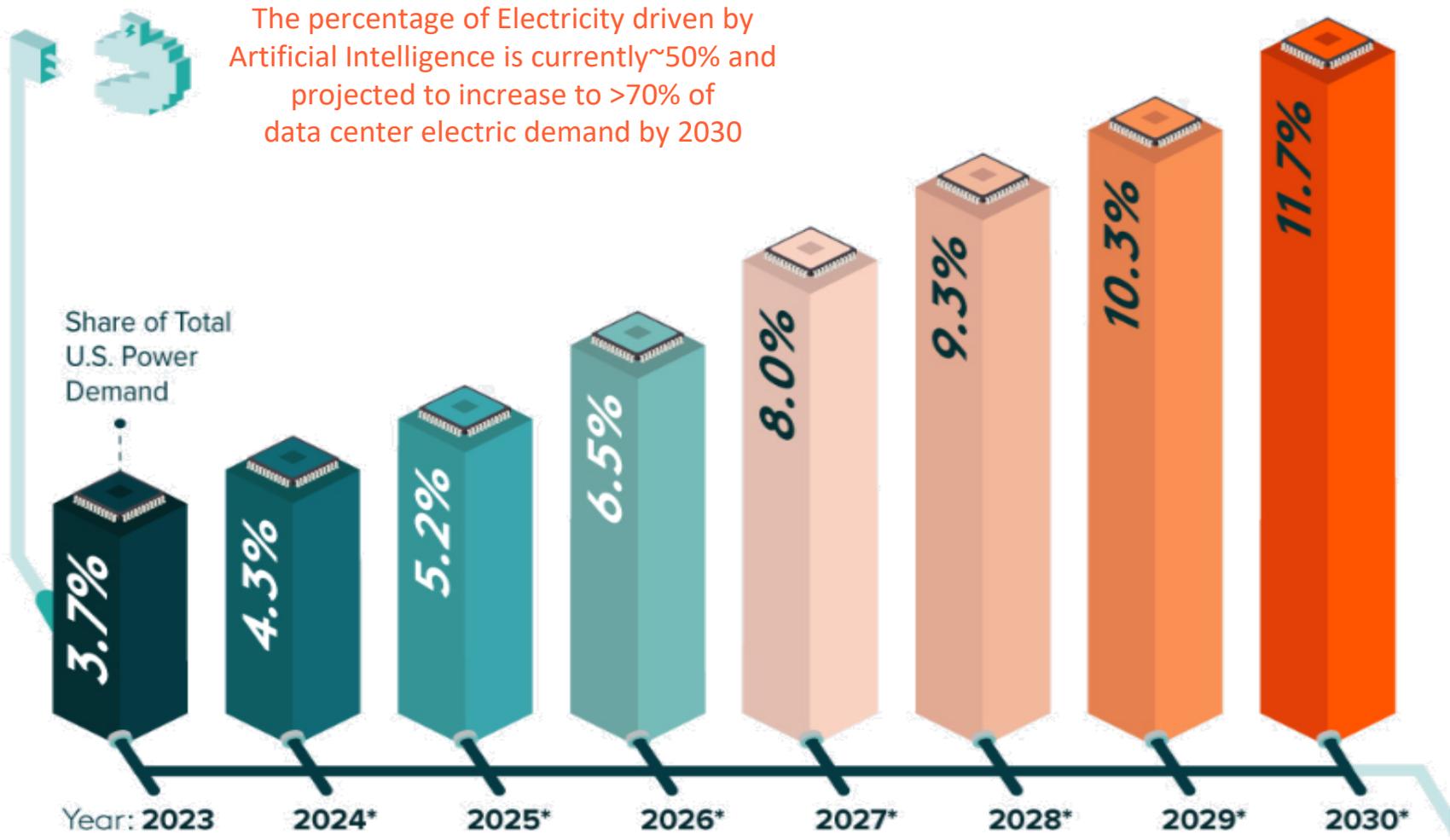
Capex from Major AI Hyperscalers (\$ Billion)



Source: Company data, Goldman Sachs Global Investment Research, Q3 2025.
There is no guarantee these trends will continue or that the Fund will be able to take advantage of any such trends.

By 2030, U.S. Data Center Electricity Demand is Anticipated to Increase by 3x

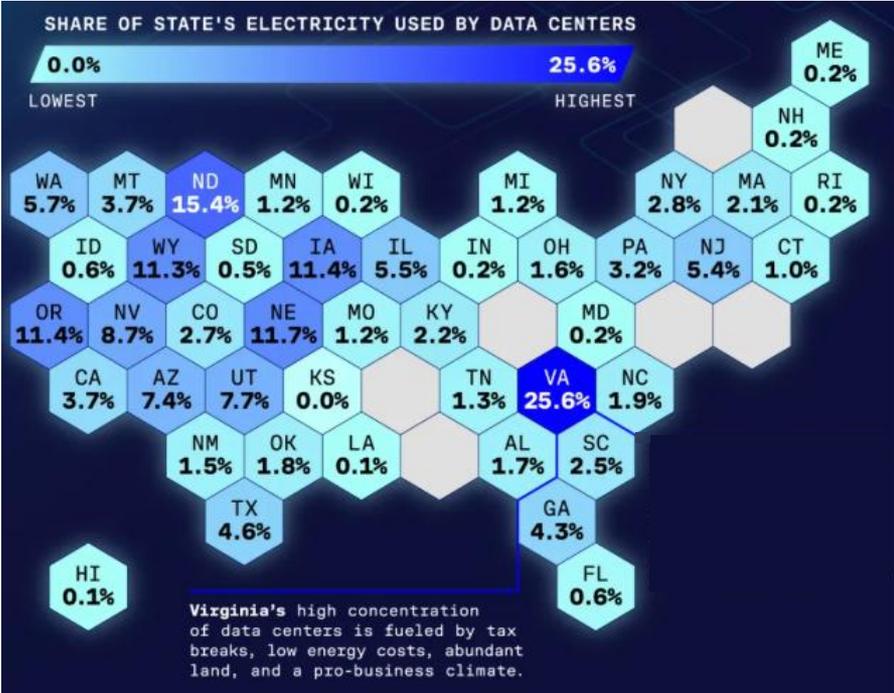
Data Centers Share of Total U.S. Power Demand, 2023-2030E



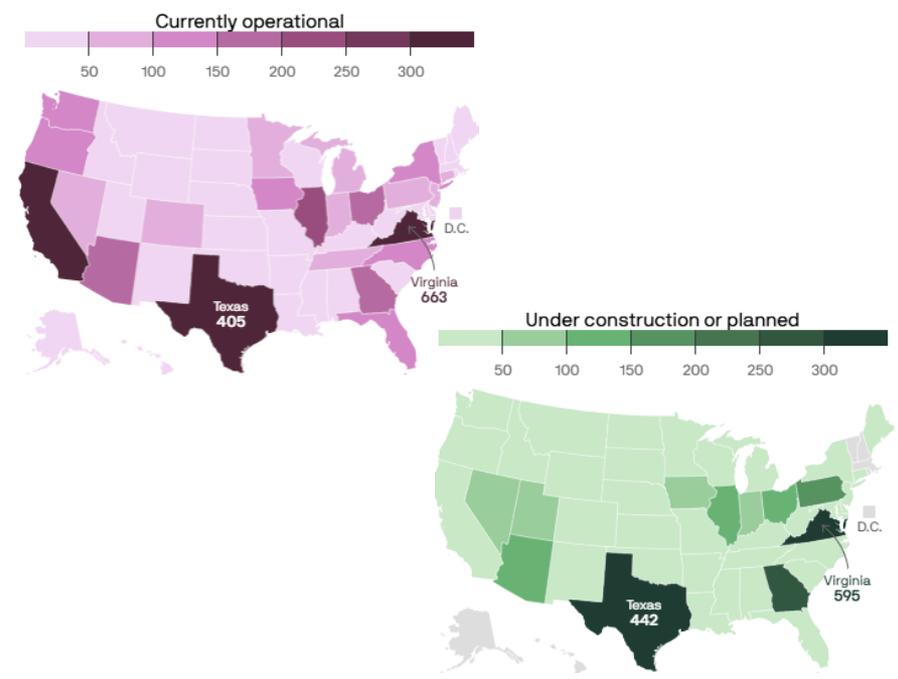
Source: McKinsey & Company, September 2024 & Visual Capitalist/Global X, using IEA Forecasted Data. There is no guarantee these trends will continue or that the Fund will be able to take advantage of any such trends.

Virginia has the Highest Concentration of Data Centers in the U.S., With More Underway

Data Centers Share of State Electricity Usage¹



Current and Planned Data Centers²



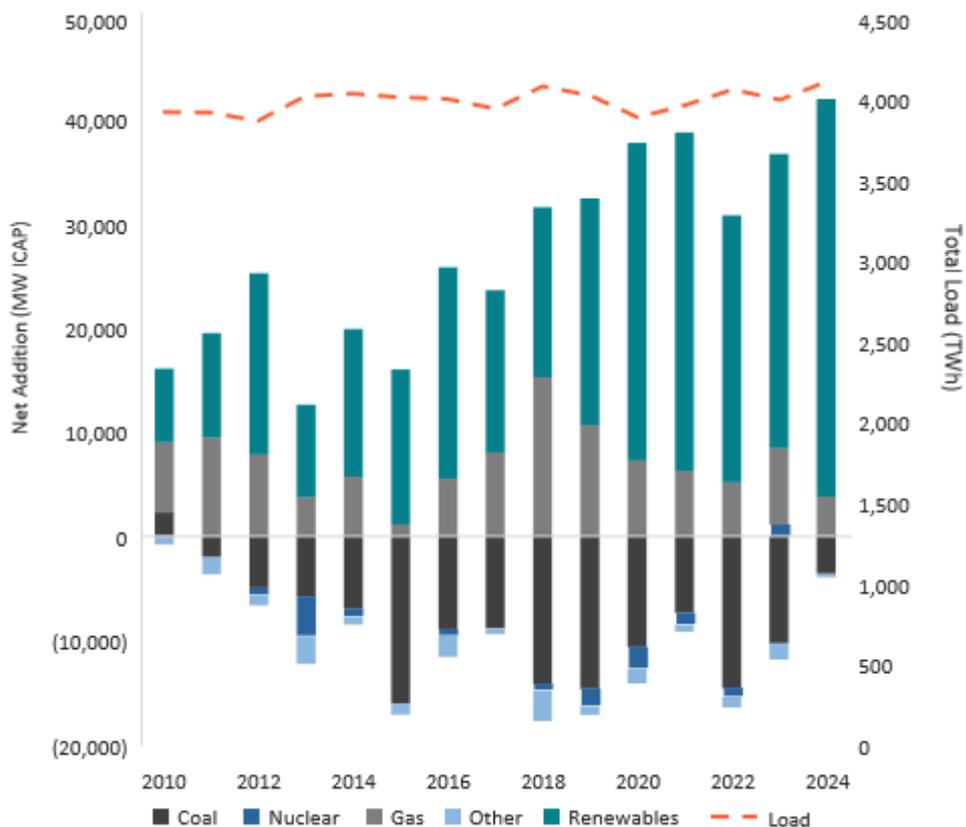
VA manages ~70% of global internet traffic, with data center share of state electricity already +5x from 2010 levels

VA already has 663 operational data centers and 595 more under construction or planned — the most in the U.S.

1. Electric Power Research Institute and Visual Capitalist, November 2024.
 2. iData: American Edge Project and Technology Councils of North America; Map: Axios Visuals, October 2025.
 There is no guarantee these trends will continue or that the Fund will be able to take advantage of any such trends.

Requires Firm Resources, At Odds With Intermittent New Supply

U.S. Generation Capacity Net Annual Additions



- U.S. electricity sector has made significant progress toward decarbonization in the last 10-15 years
 - Substantial and growing deployment of renewables U.S. wide with relatively few new fossil additions
 - Share of renewables generation has more than doubled since 2010
 - Transition from coal to gas has further reduced emissions intensity of generation
- However, the system now requires new firm capacity
 - Renewables do not meet firm capacity needs of a system adding substantial 24x7 demand
 - Pace of load growth substantially exceeds the pace of firm supply addition
 - Reliability challenges are becoming acute in some markets
- Constraints leading to higher market prices

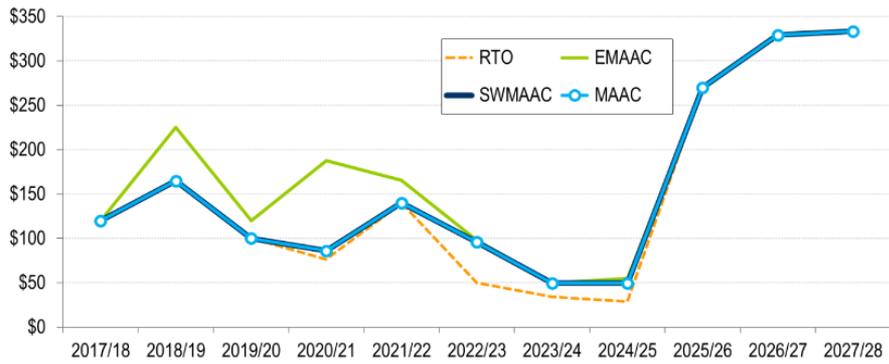
Source: EIA, Velocity Suite.
 There is no guarantee these trends will continue or that the Fund will be able to take advantage of any such trends.

Tightening Market Driving Higher Energy and Capacity Prices

U.S. Load Annual Average U.S. Wholesale Electricity Prices at Select Hubs, 2024-2025 (\$/MWh) (TWh)¹



PJM Market Base Residual Action, 2017/18-2027/28 (\$/MW-Day)²



General Trend of Escalating Electricity Prices Across the U.S.



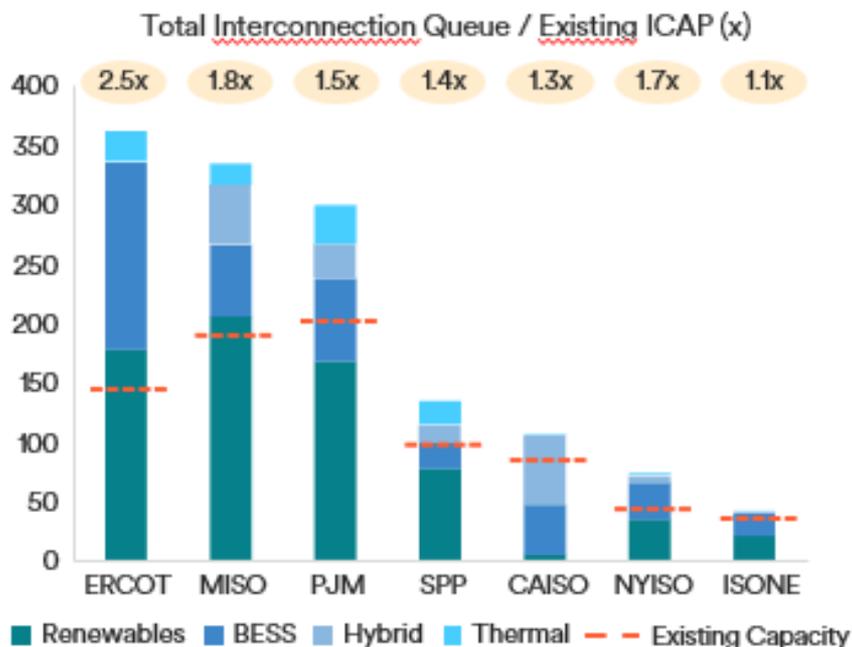
Three consecutive record price clears for PJM Market (11.5x higher than the 2024/25 delivery year clear, with an associated drop in reserve margin to 14.8%, well below their 20% reliability target)

1. U.S. Energy Information Administration, January 2025
 2. PJM 2027/28 Base Residual Report Auction Result, December 2025
 There is no guarantee these trends will continue or that the Fund will be able to take advantage of any such trends.

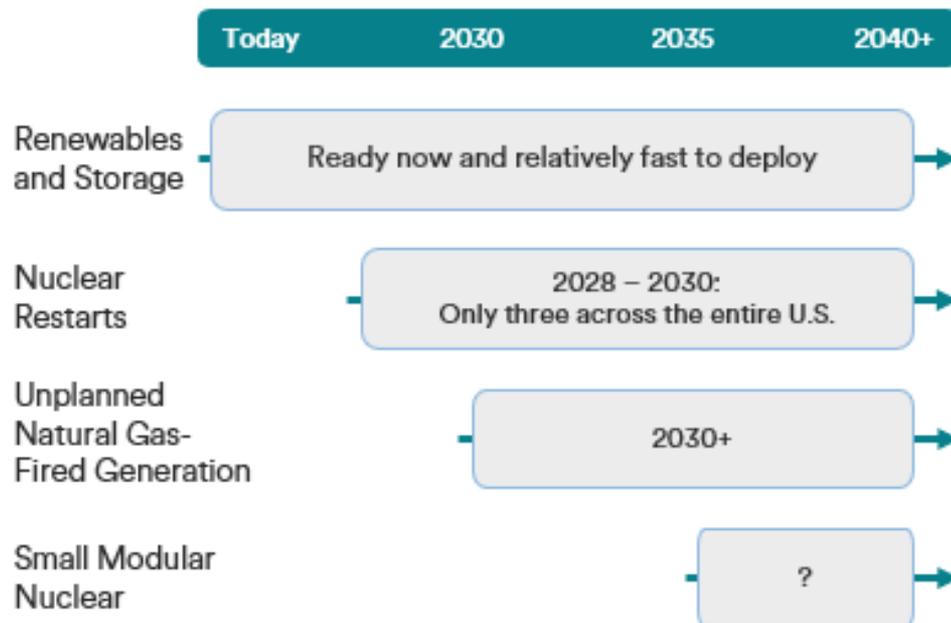
Barriers to Entry Constrain New Supply and Create Incumbency Advantage

- New gas generation projects started today are unlikely to be online until the early 2030s
 - Interconnection queues are severely congested
 - Supply chain challenges, permitting processes, and labor availability have all become constraints
 - Gas turbine availability is limited, with supply from most major manufacturers highly constrained over the next several years
- Creates a rising price environment attractive for incumbent owners of high-value generation

Interconnection Queue by Region (GW)



Expected Deployment Timelines by Generation Type



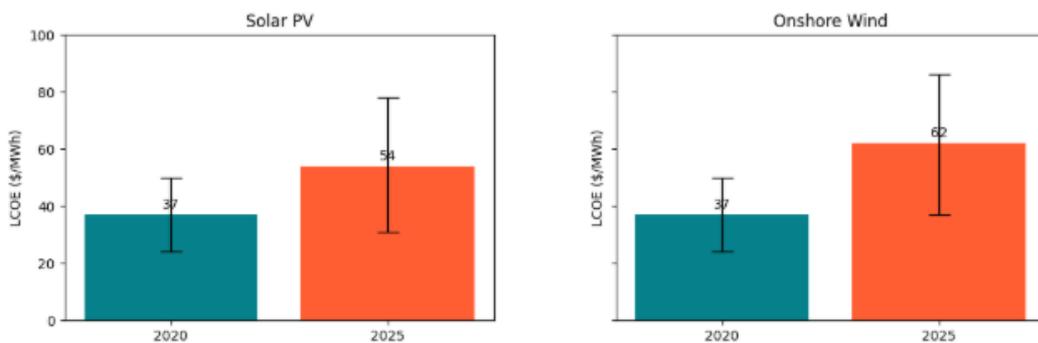
Cost of New-Build Firm Resources is High and Continues to Rise

- Cost of new-build CT and CCGT has increased significantly in the last 5-10 years
 - Supply chain constraints for critical equipment such as gas turbines
 - Transmission bottlenecks, as interconnection queue volumes exceed existing installed capacity by more than 2x in ERCOT and MISO and approximately 1.5x in PJM³
 - Greater component costs, including power transformer prices +75% since 2019 and cable costs near double⁴
 - Stricter environmental and regulatory requirements
 - Rising costs of key commodities, driven in part by trade and tariff issues
 - Labor shortages and wage inflation
- Cost escalation likely to continue in the mid-term

Overnight Capital Cost, 2017 vs. 2025^{1,2} (\$/kW)



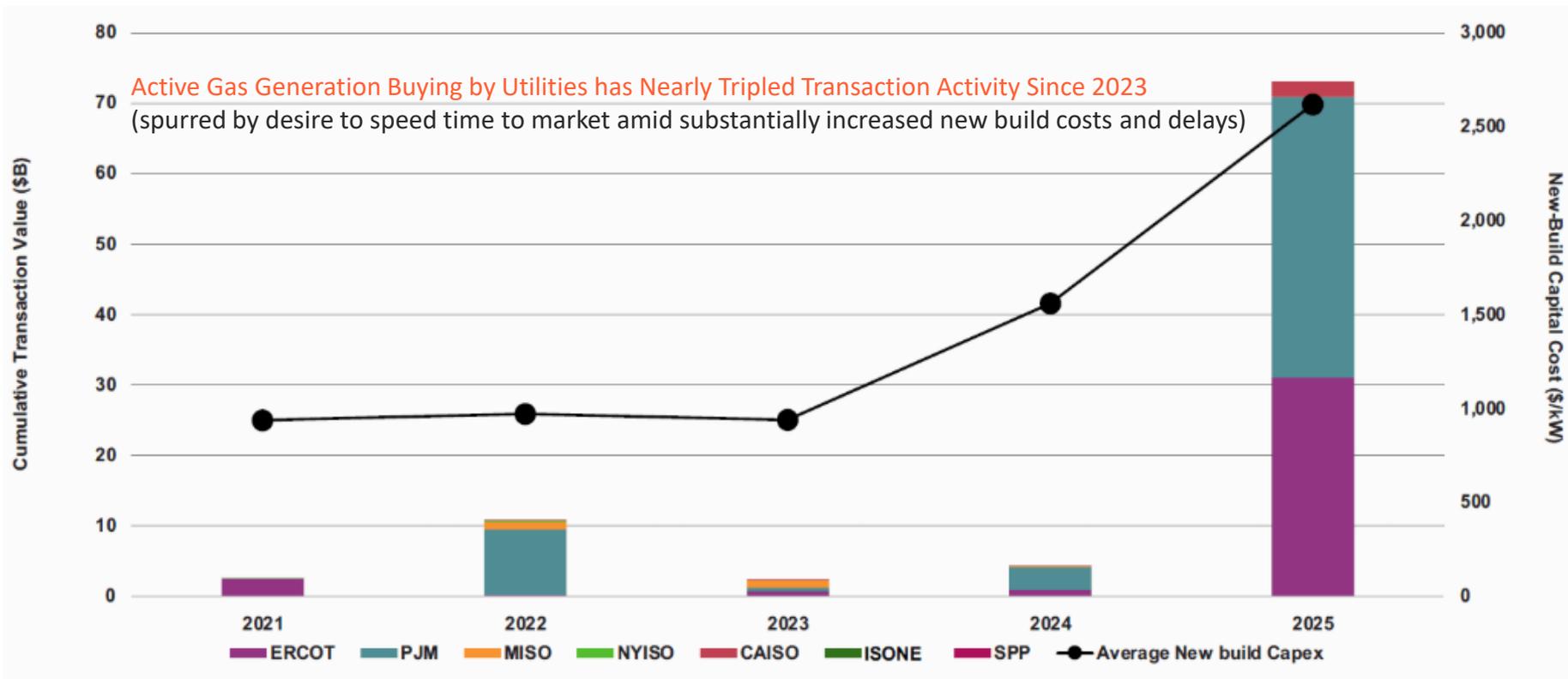
Renewable Generation Capital Cost, 2020 vs 2025⁵ (\$/MWh)



Source: PJM, VEPCO, Company materials
 1. 2017 capital cost estimates from 2017 VEPCO IRP. 2024 capital costs are RER estimates
 2. Handy-Whitman index tracks the cost of electric utility construction
 3. NEMA Grid Reliability Study, January 2025
 4. IEA Report “Building the Future Transmission Grid, Strategies to navigate supply chain challenges,” February 2025
 5. Lazard COE+ 202 & 2025; NREL ATB; EI AEO2025 LCOE Report.

Spurring Substantial Increase in Transaction Activity

Enverus Intelligence Analysis of Capital Costs of New Gas Plants and Transaction Activity



Source: Enverus Intelligence utilizing proprietary data and information from CEG and other IPP earnings calls, October 2025. There is no guarantee these trends will continue or that the Fund will be able to take advantage of any such trends.

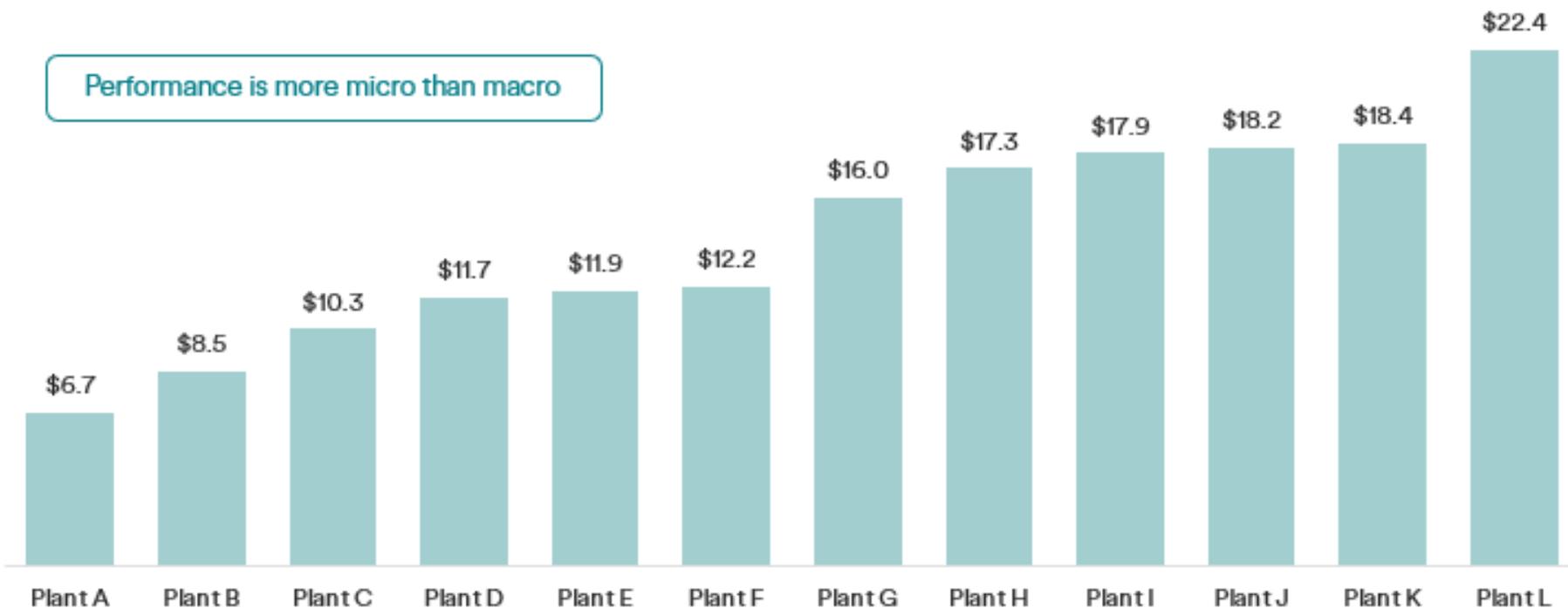
Margin Dispersion Necessitates Discerning Approach

Significant variation in gross energy margins exists across PJM CCGT assets, with some units earning below \$10/kW-month while others exceed \$20/kW-month, despite operating within the same market given variances in operating profiles, access to gas and transmission constraints

Select PJM CCGT Plants

■ Plant Cash Flow (\$/kWm)

Performance is more micro than macro



Source: Capital IQ and internal analysis based on 26/27 energy margins, class ratings and capacity margins.

Renewables Challenged by Federal Policy / Supported by States

- **OBBBA shortens runway/increases costs for renewables**
 - Beyond grappling with Supply Chain Delays and Skilled Labor Shortages, Developers are now facing earlier phase out of Solar and Wind Investment/Production Tax Credit phase out for projects placed in service (PIS) after 12/31/27
 - Safe harbor from PIS requirement is possible for projects that start construction before 7/4/2026
 - Battery storage, nuclear & geothermal retain tax credit
 - New FEOC requirements are in place for all projects that start construction after 12/31/25
- **Additionally burdened by uncertainty for federal permitting and tariffs**
 - Dept. of Interior imposed heightened review process for wind and solar projects that requires ultimate Secretary approval
 - High tariff rates targeting major equipment export countries (China, Korea, etc.) impact solar, wind, and storage
- **However, State-level Renewable Portfolio Standards commitment continues**, with aggregate demand anticipated to more than double from ~450 TWh in 2024 to ~930 TWh in 2050¹



1. Berkeley Lab. 2025 RPS/CES status update.

Sources: Company disclosures and LS Power projections and analysis.

As Hyperscalers Remain Committed to Long-Term Decarbonization

“We remain resolute in our commitment not only to meeting our climate goals but also to empowering others with the technology they need to build a more sustainable future.”

–Brad Smith, Vice Chair, May 2025



*“There are now 17.8 gigawatts of renewable electricity online in Apple’s global supply chain, thanks to the company’s **long-standing collaboration with suppliers to transition to 100% renewable energy for their Apple production by 2030.**”*

–Apple Earth Day Report, April 2025



*“For the fifth year in a row, we’re the largest corporate purchaser of renewable energy globally, according to Bloomberg NEF, and have supported **more than 600 wind and solar projects to date.**”*

–Amazon Sustainability Report, January 2025



*“As we continue to progress towards **our goal to operate every Google campus on clean electricity every hour of every day by 2030**, we are always looking for opportunities to accelerate the delivery of new clean power to the grid.”*

–Amanda Peterson Corio, Global Head of Data Center Energy, Oct. 2024



Power Demand High, Renewable PPA Prices Rising

Anticipated **40% Avg. Increase** in PPA Pricing for Solar

Anticipated **40-50% Avg. Increase** in PPA Pricing for Onshore Wind

Solar PPA Pricing

Market	Current Market			Post-OBBB Trend	
	Capex (\$/WDC)	Capacity Factor (DC)	PPA (\$/MWh)	Capex (\$/W _{DC})	Required PPA (\$/MWh)
ERCOT	\$1.25 - \$1.60	20% - 24%	\$40 - \$55	\$1.15 - \$1.55	\$70 - \$85
SPP	\$1.30 - \$1.65	19% - 23%	\$55 - \$65	\$1.20 - \$1.60	\$80 - \$95
CAISO	\$1.50 - \$1.85	20% - 24%	\$55 - \$65	\$1.40 - \$1.80	\$85 - \$100
MISO	\$1.35 - \$1.70	16% - 20%	\$60 - \$70	\$1.25 - \$1.65	\$90 - \$105
PJM	\$1.45 - \$1.80	16% - 20%	\$75 - \$85	\$1.35 - \$1.75	\$100 - \$115
ISO-NE	\$1.55 - \$1.90	15% - 19%	\$105 - \$115	\$1.45 - \$1.85	\$125 - \$140
NYISO	\$1.50 - \$1.85	14% - 18%	\$110 - \$120	\$1.40 - \$1.80	\$130 - \$145

Onshore Wind PPA Pricing

Market	Current Market			Post-OBBB Trend	
	Capex (\$/W)	Capacity Factor	PPA (\$/MWh)	Capex (\$/W)	Required PPA (\$/MWh)
ERCOT	\$1.50 - \$2.50	38% - 48%	\$45 - \$65	\$1.40 - \$2.40	\$65 - \$85
SPP	\$1.50 - \$2.50	40% - 50%	\$35 - \$55	\$1.40 - \$2.40	\$55 - \$75
CAISO	\$1.70 - \$2.80	28% - 37%	\$55 - \$75	\$1.60 - \$2.70	\$85 - \$105
MISO	\$2.00 - \$3.00	35% - 42%	\$45 - \$65	\$1.90 - \$2.90	\$90 - \$110
PJM	\$1.90 - \$2.90	30% - 35%	\$65 - \$85	\$1.80 - \$2.80	\$110 - \$130
ISO-NE	\$2.10 - \$3.10	28% - 38%	\$85 - \$105	\$2.00 - \$3.00	\$120 - \$140
NYISO	\$2.00 - \$3.00	28% - 34%	\$85 - \$105	\$1.90 - \$2.90	\$120 - \$140

A 'More of Everything' Approach is Needed To Meet The Moment

Power Market Challenges...

Reliability

- Decreasing resource adequacy from fossil retirements
- Delayed transmission expansion and upgrades
- Extreme weather events stressing grid stability

Affordability

- Escalating energy generation and delivery costs
- Rising energy market volatility
- Capacity market uncertainties

Sustainability

- State and regulatory push for deeper decarbonization
- Corporate interest in clean energy procurement
- Public and investor pressure for emissions reduction

Require Multiple Solutions

Clean Baseload Thermal



- Critical for basic system reliability as load grows
- Increasingly clean with new forms of emissions control

Peakers, Pumped Storage, Batteries



- Critical for responding to peak load conditions
- Integrates intermittent renewables

Solar and Wind



- Critical for decarbonizing generation
- May also reduce cost to the ratepayer

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Closing Remarks

Day 2

Andrew Junkin
Chief Investment Officer



Helping members
plan for tomorrow,
today

