State of New Jersey

PHILIP D. MURPHY
Governor

TAHESHA L. WAY
Lt. Governor

DEPARTMENT OF THE TREASURY
DIVISION OF INVESTMENT
P.O. BOX 290
TRENTON, NJ 08625-0290
Telephone (609) 292-5106
Facsimile (609) 984-4425

ELIZABETH MAHER MUOIO
State Treasurer

SHOAIB KHAN
Director

October 23, 2025

MEMORANDUM TO: State Investment Council

FROM: Shoaib Khan
Director

SUBJECT: **Opportunistic Investment - Primary Wave Music IP Fund 4**

The Division of Investment (the "Division") is proposing an investment of up to $125 million in Primary Wave Music IP Fund 4 (the "Fund") to be managed by Primary Wave. ("the Firm"). This memorandum is presented to the State Investment Council (the "Council") pursuant to N.J.A.C. 17:16-69.9.

The Division is recommending this investment based on the following factors:

Attractive and Resilient Asset Class
Music royalites represent an attractive asset class offering a diversifying income stream characterized by low correlation to traditional financial markets and inherent inflation protection. The global adoption of streaming has established a scalable and recurring revenue model providing resilient cash flows that have performed well through market downturns.

Experience and Track Record
Primary Wave, founded in 2006, is one of the first managers in the music royalties' space, demonstrating stability and resilience through market cycles. The Firm's team of 112 professionals possesses a distinct edge in creative management capabilities. Primary Wave's strategy focuses on acquiring and managing iconic music IP, targeting strong cash yields and consistent annual income growth by acquiring well-seasoned, high-quality catalogs and actively growing the assets. Primary Wave stands out as the most consistent manager and the largest specialist in the field, providing significant advantages in sourcing and influence.

Proprietary Sourcing and Selectivity.
The market for music rights is inefficient and complex. Primary Wave leverages it strong reputation and deep industry relationships to access proprietary, inbound deal flow. This dynamic favors a scaled specialist like Primary Wave, who can be highly selective, focusing on exclusively acquiring iconic, high-quality catalogs with predicting income streams at reasonable valuations.

Active Value Enhancement and Alignment of Interests
Primary Wave's core business model is around creating additional value around its acquired catalogs rather than passive administration. This approach allows Primary Wave to dedicate its internal resources to value enhancement, which they have shown a consistent edge in. This infrastructure uniquely positions Primary Wave in the market. Furthermore, Primary Wave employs a partnership-centric model, preferring to take partial stakes in catalogs rather than 100% ownerships. This alignment of interest is viewed as crucial for maximizing the success of the artists/catalogs.

A report of the Investment Policy Committee (the "IPC") summarizing the details of the proposed investment is attached.

Division Staff and its consultant, Aksia LLC, undertook extensive due diligence on the proposed investment in accordance with the Division's Alternative Investment Due Diligence Procedures.

As part of its due diligence process, staff determined that the Fund has engaged a third-party solicitor ("placement agent") in the fundraising of the Fund but no placement agent was engaged or paid in connection with the Pension Fund's potential investment.

In accordance with the State Investment Council's ESG Policy, the Division of Investment's Corporate Governance Team completed its review of the Primary Wave IP Management LLC Environmental, Social and Governance efforts. Primary Wave's ESG Matters Policy details how the firm integrates ESG considerations from due diligence through the investment monitoring process. Primary Wave recognizes several standards such as the UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises and ILO Declaration on Fundamental Principles and Rights at Work. The ESG Matters Policy is reviewed regularly and updated as needed.

Staff will work with representatives of the Division of Law and outside counsel to review and negotiate specific terms of the legal documents to govern the investment. A preliminary Disclosure Report of Political Contributions has been obtained in accordance with the Council's regulation governing political contributions (N.J.A.C. 17:16-4) and no political contributions have been disclosed. An updated Disclosure Report will be obtained at the time of closing.

Note that the investment is authorized pursuant to Articles 69 and 95 of the Council's regulations. The Fund is considered an Opportunistic Investment, as defined under N.J.A.C. 17:16-95.1.

A formal written due diligence report for the proposed investment was sent to each member of the IPC, and a meeting of the IPC was held on October 20, 2025. In addition to the formal written due diligence report, all other information obtained by the Division on the investment was made available to the IPC.

We look forward to discussing the proposed investment at the Council's October 29,2025 meeting.

Attachment

Primary Wave Fund 4

- **DOI Commitment:** up to $125 million in a commingled portfolio
- **Strategy:** Opportunistic– Media Royalties
- **Investment Focus:** Focuses on acquiring and actively managing iconic music intellectual property, including publishing and master rights, as well as Name, Image, and Likeness (NIL) rights, targeting undervalued and under-commercialized catalogs to drive income growth through creative management.
- **Target Returns:** 15% Net IRR, 2.7x Net MOIC
- **Investment Thesis:**
  - Attractive and resilient asset class
  - Experienced firm with long, successful track record
  - Proprietary sourcing and asset selection

Fund Name: Primary Wave Music IP Fund IV — October 23, 2025

Contact Info: Bill Cisneros, 116 East 16th Street, 9th Floor, New York, NY 10003

Fund Details:

Total Firm Assets:	$4.5 billion
Strategy:	Music Royalties
Year Founded:	2006
Headquarters:	New York, NY
GP Commitment:	1.5% of third-party capital commitments, up to $22.5 million

Key Professionals:

Larry Mestel: Mr. Mestel is the Founder and CEO of Primary Wave with over 32 years in the music, media and entertainment industries.Prior to founding Primary Wave , Larry was COO and GM of Virgin Records. From 2000-2004, Larry was Executive VP and GM at Arista Records. Larry also held the position of COO for Island Entertainment Group, which included Island Records, Island Music Publishing and Island Pictures.

Bill Cisneros: Mr. Cisneros is the President of Primary Wave. He joined Primary Wave in late 2014 as a partner, and in September 2016 became President of Primary Wave IP Investment Management. He has over 35 years of institutional alternative investment experience, Prior to joining Primary Wave, Bill was a Senior Managing Director and IC member at GTIS Partners.

Adam Lowenburg: Mr.Lowenburg is the Chief Marketing Officer and is responsible for all marketing activitie. He has over 32 years of music industry marketing experience. Prior to joining Primary Wave in 2007, he spent 15 years on the major record label side of the music business including Island Def Jam, Virgin Records and Arista Records.

Ramon Villa: Mr. Villa is the COO and manages the financial and operational function across all divisions. His 30 years of experience within entertainment include recorded music, music publishing, video, film and television development and production

Natalia Nastaskin: Ms. Nastaskin joined Primary Wave in 2021 as a partner and Chief Content Officer, a new position designed to create monetizable opportunities across film, television, live stage, podcasts and emerging platforms for the company’s iconic artists and music catalogs

Justin Shukat: Mr. Shukat is the President of Primary Wave Music Publishing since 2006. He oversees all areas of the creative team including sync. He has been responsible for new writer signings and multiple catalog acquisitions and is now focused on using recordings that derive from the Primary Wave IP portfolio.

Investment Summary

Primary Wave invests in and manages music royalty assets. The investment process covers the operational functions of sourcing, acquisition, and portfolio management. Primary Wave exclusively targets iconic and legendary catalogs/artists that offer predictable, stable historical income streams that are under-marketed, providing Primary Wave with a foundation for value adds.

Existing and Prior Funds

Funds	*Vintage Year*	*Strategy*	*Net Returns*
Primary Wave Fund 1	2016	Music Royalties	15.7% IRR/2.49x TVPI/.46x DPI
Primary Wave Fund 2	2019	Music Royalties	15.1% IRR/1.8x TVPI/.26x DPI
Primary Wave Fund 3	2021	Music Royalties	11.4% IRR/1.39x TVPI/.12x DPI

Source of Returns : Aksia

IRR = Internal Rate of Return; TVPI = Total Value to Paid In; DPI = Distributions to Paid-In

Vehicle Information:

Inception:	2023	**Auditor:**	**Eisner Amper**
Fund Size :	$1.5 billion with $2 billion hardcap	**Legal Counsel:**	**Paul Hastings**
Management Fee:	2% on committed capital during the Investment Period. 2% on actively invested during the Harvest Period.		
Incentive Fee:	20% with a 7% Hurdle		
Additional Expenses:	100% management fee offset		

NJ AIP Program

Recommended Allocation ($mil.):	125	**LP Advisory Board Membership:**	**TBD**
% of Fund:	6.25%	**Consultant Recommendation:**	**Yes**
		Placement Agent:	**Yes**
		Compliance w/ Division Placement Agent Policy:	**Yes**
		Compliance w/ SIC Political Contribution Reg:	**Yes**

*This review memorandum was prepared in accordance with the State Investment Council rules governing the Alternatives Investment Program and the policies and procedures related thereto.