



State of New Jersey

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SHOAIB KHAN
Director

January 22, 2026

MEMORANDUM TO: The State Investment Council

FROM: Shoaib Khan
Director

SUBJECT: **Private Credit Investment – Golub Capital Separate Account and Co-Investment Vehicle**

The Division of Investment (the “Division”) is proposing an investment of up to \$350 million into the Separate Account (the “SA”) and up to \$250 million to a related Co-Investment Vehicle (the “Co-Invest”) managed by Golub Capital (“Golub” or 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:

Golub is one of the longest-tenured direct lenders in the market, having reviewed 30,000 transactions and completed 2,700 resulting in ~\$200 billion in deployed capital since 1994. Over the past five years, the Firm has originated more than \$110 billion in middle market loans across sectors such as software, healthcare, specialty consumer, and financial services. Golub Capital’s platform benefits from long-standing relationships with over 280 repeat sponsors, enabling consistent deal flow and sourcing.

Golub’s direct lending platform is staffed by over 230 investment professionals, including 90 senior professionals. The investment team includes six senior and six junior originators, supported by four sector-focused underwriting groups aligned with the platform’s primary areas of activity. The Firm also maintains an 18-person workout team responsible for managing stressed and impaired credits, including situations in which Golub may take a more active role in restructurings. In addition to the investment staff, Golub employs a sizable non-investment organization covering loan operations, legal, accounting, treasury, reporting, and investor communications.

Golub’s flagship direct lending strategy has consistently generated ~10% net IRRs across most vintages since 2004. Additionally, Golub reports historically low credit losses across its direct lending portfolio. Since 2020, the platform reports an average annual default rate of 0.8% on first lien middle market loans and an average annual loss rate from defaults of 0.1%, inclusive of interest and fees.

A report of the Investment Policy Committee (the “IPC”) summarizing the details of the proposed investment is attached. All data provided herein is as of March 31, 2025, unless otherwise noted.

Division Staff and its private credit 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 not engaged a third-party solicitor ("placement agent").

Golub Capital's Responsible Investing and Corporate Responsibility Policy was adopted in October 2016, is reviewed annually and was last updated in March 2025. The policy details their commitment to incorporating the principles of responsibility in their investment and business practices. The Responsibility Committee oversees the Firm's work related to responsible investing. The four Responsible Investing Subcommittees drive the ongoing implementation and monitoring of the responsible investing program, raising issues to the Responsibility Committee as needed. The investment teams are tasked with implementing the Firm's responsible investing procedures and working with the Firm's Operational Risk Management and Legal and Compliance Department to implement additional oversight and controls. The Firm published its first Responsibility Report and aims to include TCFD reporting metrics in their second report to be published in 2026. The underwriting team completes tailored templates based on the sponsor's ESG due diligence reports and are provided to the Investment Committee.

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 23 and 69 of the Council's regulations. The Fund is considered a private credit investment, as defined under N.J.A.C. 17:16-23.1.

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 January 15, 2026. 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 January 28, 2026 meeting.

Attachment

Golub Capital-NJ Direct Lending SMA

- ***DOI Commitment:*** up to \$350 million in SMA (\$250 million initial, \$100 million optional) & up to \$250 million co-invest
- ***Strategy:*** Private Credit – Core Middle Market Direct Lending
- ***Investment Focus:*** Primary focus on core middle market direct lending. The strategy will focus on primarily first out senior secured floating rate loans, directly originated by Golub. The loans will have a geographic focus on the United States. The SMA may also invest up to 30% in sponsor-backed European middle market companies, subject to the potential expanded commitment.
- ***Target Returns:*** 8.5-10.5% net IRR
- ***Investment Thesis:***
 - The outlook for private credit is favorable in 2026 since M&A transactions are expected to increase, borrowers continue to view private credit as a viable competitor to public deals, interest rate reduction expectations have moderated since 2025, and private credit is anticipated to generate alpha vs. the public market
 - Golub's direct lending platform is staffed by over 230 investment professionals, including 90 senior professionals. The Firm also maintains an 18-person workout team responsible for managing stressed and impaired credits.
 - Core middle market investment focus will help to further build out and diversify the Private Credit portfolio.
 - Strong senior team who has worked together for over ten years, with an established track record of executing the strategy.

Fund Name: Golub Capital Separate Account & Co-Investment Vehicle

January 28, 2026

Contact Info: Peter Kenny 200 Park Avenue, New York, NY 10166

Fund Details:

Total Firm Assets:	\$90 Billion	Key Investment Professionals:
Strategy:	Private Lending	Lawrence E. Golub, Chief Executive Officer Mr. Golub is the CEO of Golub Capital. Previously, Mr. Golub was a Managing Director of Bankers Trust. Prior to that, he was a Managing Director of Wasserstein Perella. Mr. Golub started his career at Allen & Company Incorporated.
Year Founded:	1994	David B. Golub, President Mr. Golub is President of Golub Capital. Prior to joining Golub Capital in 2003, Mr. Golub was a Managing Director of Centre Partners, a middle market private equity firm, and of Corporate Partners, a Lazarus-sponsored private equity fund.
Headquarters:	New York, NY and Chicago, IL	Andrew H. Steuerman, Vice Chair of Direct Lending and Golub Growth Mr. Steuerman is Vice Chair of Direct Lending and Golub Growth. Prior to joining Golub Capital in 2004, Mr. Steuerman was a Managing Director at Albion Alliance, where he originated, executed and supervised subordinated debt and equity investments for two private partnerships.
GP Commitment:	1%	Gregory W. Cashman, Co-Head of Direct Lending Mr. Cashman is Co-Head of the Firm's Direct Lending business. Prior to joining Golub Capital, Mr. Cashman worked at Bristol-Myers Squibb Co., where he reported to the CFO and served as Manager of Business Development for the venture capital arm of the Consumer Medicines division.
		Spyro G. Alexopoulos, Co-Head of Direct Lending Mr. Alexopoulos is Co-Head of the Firm's Direct Lending business. Prior to joining Golub Capital in 2007, Mr. Alexopoulos worked at Silver Point Capital on the Commercial Finance team, providing senior and junior capital to middle market companies.
		Marc C. Robinson, Senior Managing Director, Co-Head of Underwriting Mr. Robinson is a Senior Managing Director and Co-Head of Underwriting on the Direct Lending team. Prior to joining Golub Capital in 2012, Mr. Robinson was a Managing Director at Fulcrum Strategy, where he was responsible for investment research, idea generation, trade execution and investor relations.
		Robert G. Tuchscherer, Senior Managing Director, Co-Head of Underwriting Mr. Tuchscherer is a Senior Managing Director and Co-Head of Underwriting on the Direct Lending team. Prior to joining Golub Capital in 2007, Mr. Tuchscherer was a Vice President at GE Antares Capital, where he led the structuring, underwriting, documentation and syndication of leveraged finance transactions for middle market private equity sponsors.
		Jason J. Van Dussen, Senior Managing Director, Co-Head of Capital Markets Mr. Van Dussen is a Senior Managing Director and Head of the Debt Capital Markets business for Direct Lending. Prior to joining Golub Capital in 2010, Mr. Van Dussen was a Managing Director and Head of Capital Markets for FirstLight Financial Corporation.

Investment Summary

The Separate Account will primarily focus on first-out senior secured floating rate loans, directly originated by Golub Capital. Investments will focus on United States middle market companies, backed by private equity sponsors, with EBITDA of \$50-175 million across Software & Technology, Diversified Industries, Healthcare, Consumer, Restaurant & Retail and Financial Services.

Existing and Prior Funds

Funds	Vintage Year	Strategy	Returns: Net IRR, Net TVPI, Net DPI
Golub Capital Partners 10 Rollover Fund , L.P.	2015		9.6% Net IRR; 1.9x Net TVPI; 0.9x Net DPI
Golub Capital Partners 11, L.P.	2017		9.7% Net IRR; 1.8x Net TVPI; 0.8x Net DPI
Golub Capital Partners Rollover Fund 2, L.P.	2018		9.7% Net IRR; 1.6x Net TVPI; 0.6x Net DPI
Golub Capital Partners 12, L.P.	2018		10.5% Net IRR; 1.7x Net TVPI; 0.7x Net DPI
Golub Capital Partners 14, L.P.	2021		9.3% Net IRR; 1.3x Net TVPI; 0.3x Net DPI
Golub Capital Partners 15, L.P.	2023		10.3% Net IRR; 1.2x Net TVPI; 0.2x Net DPI

Source of Returns - Aksia LLC

*Net as of 10/1/2025

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

NOTES:

1. The Internal Rate of Return ("IRR") is the annualized effective compound rate of return and is based on starting capital accounts, distributions, capital calls, and ending capital accounts. The IRR performance calculation includes historical cash flows (in the case of investments, this includes the initial investment, interest and principal received, and any additional receipts or payments, and in the case of funds, this includes all capital contributions and distributions) as well as the current fair value of each portfolio loan or other investment still outstanding. All IRRs are calculated with respect to a first close limited partner except for the following funds: Golub Capital Partners 14, L.P.s ("GCP 14") IRR is calculated with respect to an indicative second close limited partner. GCP 14 held its first close on April 1, 2021. During the initial ramp period, GCP 14 had relatively small amounts of capital called. Therefore, we have chosen a second close, July 1, 2021 limited partner for GCP 14 which we believe is a more accurate and conservative representation of this fund's performance. GCP 14's ITD IRR for a first close limited partner is 9.5%.

2. Total Value to Paid In ("TVPI") is calculated as (1) the sum of (i) total distributed profits, (ii) return of capital (as applicable), (iii) the ending period NAV less the total contributed capital, (iv) weighted average invested capital, divided by (2) weighted average invested capital for a first close investor, as of the date of this report. Distributed to Paid in ("DPI") is calculated as (1) the sum of (i) total distributed profits and (ii) return of capital (as applicable), divided by (2) weighted average invested capital for a first close investor, as of the date of this report. For GCP 14, TVPI and DPI is displayed for a second close investor.

Vehicle Information:

Separate Account	Co-Investment Vehicle
Inception:	2026
Fund Size :	up to \$353.5 million
Management Fee:	0.675% on total assets
Incentive Fee:	10% Carry with a 7% hurdle
Additional Expenses:	Shared Services Fee of 0.145% per annum on the fair value of assets

Auditor: TBD

Legal Counsel: TBD

NJ AIP Program

Recommended Allocation (\$mil.):	\$350 Million to the Separate Account and \$250 million to the Co-investment Vehicle	LP Advisory Board Membership:	N/A
% of Investments	99.00%	Consultant Recommendation:	Yes
		Placement Agent:	No
		Compliance w/ Division Placement Agent Policy	N/A
		Compliance w/ SIC Political Contribution Reg:	Yes