**State of New Jersey**

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AARON BINDER
*State Treasurer*

SHOAIB KHAN
*Director*

July 24, 2026

MEMORANDUM TO: The State Investment Council

FROM: Shoaib Khan, Director

SUBJECT: **Private Equity Investment – AE Industrial Partners Fund IV, L.P.**

The Division of Investment (the "Division") is proposing an investment of up to $200 million in AE Industrial Partners Fund IV, L.P. (The "Fund") managed by AE Industrial Partners LP ("AE" 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:

**Experienced Senior Team**
The Firm is led by Co-CEOs & Managing Partners David Rowe and Michael Greene, who are supported by three Managing Partners - Charlie Compton, Kirk Konert, and Jon Nemo. The Managing Partner group has an average tenure of 16 years at the Firm, while the broader Partner group has an average of 27 years of investment and operating experience within the Firm's target markets.

**Fund Performance**
Funds II and III have generated above-median returns with respect to net IRR, net TVPI, and net DPI.

**ADG Specialization**
The Firm has invested in ADG and adjacent markets since inception. AE is successfully plugged into the government ecosystem through its top-secret clearances and established network of government insiders and industry executives.

**Operating Resources**
AE leverages 25 operations professionals across its PSO Group, Operating Partners, and Advisors. These resources are highly scaled relative to private equity firms with similar fund sizes and provide specialized expertise across defense, government policy, and more traditional functional areas that help differentiate AE from peers.

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

Division Staff and its private equity 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.

AE Industrial Partners' current ESG Policy and related diligence disclosures were reviewed by the Corporate Governance team in accordance with the Council's ESG Policy. The Firm incorporates ESG consideration into its investment process and will continue to monitor ESG factors post investment.

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 90 of the Council's regulations. AE Industrial Partners Fund IV, L.P. is considered a private equity investment, as defined under N.J.A.C. 17:16-90.1.

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 July 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 July 29, 2026 meeting.

Attachment

## AE Industrial Partners Fund IV, LP

- **DOI Commitment:** Up to $200 million
- **Strategy:** Buyout
- **Investment Focus:** AE Industrial Partners Fund IV will build a portfolio of 12-15 platform investments across national security, aerospace, and industrial services. The Fund expects to target companies with EVs of <$1bn and equity checks ranging from $125-$175 million. Fund IV will make control investments and look to be the first institutional capital in family, founder, and corporate owned businesses.
- **Target Returns:** 2.3x / 22% Net
- **Investments Thesis:**
  - Experienced sector team with strong operating partner network
  - Differentiated, direct-to-owner sourcing model
  - Strong performance in prior funds
  - Demonstrated and repeatable value creation capabilities

## *Fund Name: AE Industrial Partners IV, LP* — July 24, 2026

*Contact Info:* *Zach Appleman, 6700 Broken Sound Parkway, NW, Boca Raton, FL 33487*

*Fund Details*

| | |
|---|---|
| **Firm AUM:** | $9.0 billion |
| **Strategy:** | Buyouts |
| **Year FCI Founded:** | 1998 |
| **Headquarters:** | Boca Raton, FL |
| **GP Commitment:** | At least $100 million |

**Key Investment Professionals:**

**David Rowe - (Co-CEO & Managing Partner)** - Mr. Rowe is the Co-CEO and Managing Partner at AE Industrial and has responsibility for the overall management of the Firm. He is a member of the Firm's Investment (Funds I-IV) and Management Committees. Mr. Rowe co-founded AE Industrial's predecessor firm, AeroEquity Partners, Inc., in 1998 and has been involved in all the firm's investments since inception. He previously served on the Board of Directors of Gryphon Technologies, prior to its sale to ManTech International Corporation in 2021, Altus Fire & Life Safety, prior to its sale to Apax Partners in 2024, Kellstrom Aerospace, prior to its sale to VSE Corporation in 2024, and Edge Autonomy, prior to its sale to Redwire in 2025. Prior to co-founding AE Industrial, Mr. Rowe was an Executive Vice President at Gulfstream Financial Services Corp., where he created a leasing portfolio for its parent, Gulfstream Aerospace Corp. Previously, Mr. Rowe spent 12 years at GE Aerospace and GE Capital, where he managed a multi-billion dollar portfolio of commercial aircraft and engine assets with responsibility for fleet management, repossessions, trading and restructuring asset.

**Michael Greene - (Co-CEO & Managing Partner)** - Mr. Greene is the Co-CEO and Managing Partner at AE Industrial and has responsibility for the overall management of the firm. He is a member of the Firm's Investment (Funds I-IV) and Management Committees. Mr. Greene currently serves on the Board of Directors of AE Industrial portfolio companies: Moeller Aerospace and Redwire. Mr. Greene previously served on the Board of Directors of BHI Energy, prior to its sale to Westinghouse Electric Company in 2022, and ENERCON, prior to its sale to Oaktree Capital Management in 2023. Previously, Mr. Greene was with UBS Capital Americas, LLC and UBS Capital, LLC from 1990 to 2008. Mr. Greene was a founding partner of the non-investment grade debt and equity businesses at Union Bank of Switzerland, the predecessor to UBS AG, and was a principal architect in creating the firm's internal investment review processes and monitoring systems.

**Charlie Compton - (Managing Partner)** - Mr. Compton is a Managing Partner at AE Industrial and is primarily focused on originating, executing and monitoring AE Industrial's portfolio investments. He is a member of the Firm's Investment (Funds III & IV) and Management Committees. Mr. Compton joined the Firm in 2014 and has played a key role in investments across the Firm's target markets since AE Industrial Partners Fund I.Mr. Compton currently serves on the Board of Directors of AE Industrial portfolio companies: AIM MRO, Air Transport Components, Blue Raven Solutions, CASE, G.S. Precision, Moeller Aerospace and United Building Solutions, and is a member of the Firm's Investment Committee. He previously served on the Board of Directors of He previously served on the Board of Directors of BHI Energy, prior to its sale to Westinghouse Electric Company in 2022, Solairus Aviation, which was sold in 2022, and Kellstrom Aerospace, prior to its sale to VSE Corporation in 2024.. Prior to joining AE Industrial, Mr. Compton was an Associate with Vestar Capital Partners where he was responsible for executing new investments, as well as portfolio company M&A and financing activities.

**Kirt Konert - (Managing Partner)** - Mr. Konert is a Managing Partner at AE Industrial and is primarily focused on originating, executing and monitoring AE Industrial's portfolio investments. He is a member of the Firm's Investment (Funds III & IV) and Management Committees. Mr. Konert joined the Firm in 2014, and has played a key role in investments across the Firm's target markets since AE Industrial Partners Fund I. Mr. Konert currently serves on the Board of Directors of AE Industrial portfolio companies: Firefly Aerospace, Redwire, REDLattice and York Space Systems, as well as former AE Industrial portfolio company BigBear.ai. He previously served on the Board of Directors of Gryphon Technologies, prior to its sale to ManTech International Corporation in 2021, American Pacific Corporation, prior to its sale to NewMarket Corporation in 2024, Calca Solutions, prior to its sale to NewMarket in 2025, and Belcan, prior to its sale to Cognizant in 2024. Prior to joining AE Industrial, Mr. Konert was at Sun Capital Partners where he focused on sourcing, screening and executing middle market buyout transactions across several industries, as well as monitoring portfolio companies.

**Jon Nemo - (Managing Partner)** - Mr. Nemo is a Managing Partner at AE Industrial and is primarily focused on originating, executing and monitoring AE Industrial's portfolio investments. He is a member of the Firm's Investment (Funds I-IV) and Management Committees. Mr. Nemo joined the Firm in 2016, and has played a key role in investments across the Firm's target markets since AE Industrial Partners Fund I. Mr. Nemo currently serves on the Board of Directors of AE Industrial portfolio companies: AIM MRO, Alpine Air, Applied Composites, Blue Raven Solutions and Yingling Aviation. He previously served on the Board of Directors of CDI Engineering Solutions, prior to its sale to Tata Consulting Engineers in 2024. Prior to joining AE Industrial, Mr. Nemo served as a senior investment banker specializing in aerospace, defense & government services at Harris Williams & Co., Jefferies (Quarterdeck) and CIBC World Markets.

### *Investment Summary*

The Fund will invest across national security, aerospace and industrial service sectors, generally targeting companies with Enterprise Values less than $1 billion in family, founder and corporate owned businesses. The firm employs a thematic framework for investing that is defined by three approaches: 1) investing behind category defining businesses; 2) re-defining critical technologies; and 3) buying and building better companies with attractive buyer demand at scale.

### *Existing and Prior Funds*

| *Funds* | *Vintage Year* | *Strategy* | *Returns as of 3/31/2026* |
|---|---|---|---|
| AE Industrial Fund I | 2015 | Buyout | 10.9% net IRR; 1.7x net TVPI; 1.2x DPI |
| AE Industrial Fund II | 2018 | Buyout | 22.9% net IRR; 2.5x net TVPI; 1.4x DPI |
| AE Industrial Fund III | 2022 | Buyout | 46.9% net IRR; 1.9x net TVPI; 0.3x DPI |

Source of Returns = AE Industrial Partners

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

### *Vehicle Information:*

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|---|---|---|---|
| **Inception:** | 2026 | **Auditor:** | **Price WaterhouseCoopers LLP** |
| **Fund Size:** | $1.75 billion; hard cap $2.5 billion | **Legal Counsel:** | **Kirkland & Ellis** |
| **Management Fee:** | 1.7 % on committed during the Investment Period, 1.7% on active invested during the Harvest Period. | | |
| **Carry:** | 20.0% | | |
| **Hurdle Rate:** | 8.0% | | |
| **Additional Expenses:** | 100% Management Fee Offset | | |

### NJ AIP Program

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|---|---|---|---|
| **Recommended Allocation:** | up to $200 million | **LP Advisory Board Membership:** | **YES** |
| **% of Fund:** | 8.0% | **Consultant Recommendation:** | **YES** |
| | | **Placement Agent:** | **YES** |
| | | **Compliance w/ Division Placement Agent Policy:** | **YES** |
| | | **Compliance w/ SIC Political Contribution Reg:** | **YES** |