Wyoming Permanent Funds/State Treasurer's Office

WSTO

Portfolio Report

As Of September 2024

Report created: April 2025

Aksia

Real Estate Overview

Tailwinds	Headwinds
▪ In our view, the industrial sector fundamentals remain strong, stemming from a secular trend towards increasing e-commerce, supply chain reconfiguration and "near-shoring" impacts, though increased new deliveries has resulted in recent upticks in vacancy, particularly for mid-size and big-box distribution warehouses. ▪ We observed that overall operational performance of market-rate residential rental assets remains steady in many markets, buoyed by higher mortgage rates. While increased new deliveries in select markets such as Phoenix, Atlanta, and Austin, is putting short-term pressure on rents and concessions, medium-term dynamics should remain healthy as new construction starts have declined meaningfully in recent quarters. ▪ Hotel and retail operating fundamentals remain quite healthy, buoyed by resilient consumer spending. Specifically, neighborhood and community centers in regions benefitting from demographic tailwinds, are outperforming.	▪ The historically-sharp increase in base rates has resulted in steadily declining real estate values since late 2022. At the December 2024 FOMC meeting, the Fed lowered interest rates by 25 bps, resulting in improved sentiment around a potential bottoming in real estate values and capital markets stabilization. From market observations we concluded that: ▪ Higher interest rates have led to increased borrowing costs for real estate owners, resulting in higher yield requirements (cap rates) for investors and non-accretive (negative) leverage at deal origination. ▪ Debt availability for new acquisitions was limited as many traditional lenders pulled back due to Debt Service Coverage Ratio (DSCR) and debt yield thresholds. However, traditional lenders became more inclined to lend to high-quality sponsors with proven strategies in fundamentally sound. ▪ Potential new government policies on immigration reform and international trade could increase inflationary pressures, impacting consumer spending and market stability.

Performance at a Glance

- The NCREIF Open End Diversified Core ("ODCE") and NCREIF Property Index ("NPI") reported Q4 2024 gross returns of 1.2% and 0.9%, respectively.[1,2]
- Transaction volumes during Q4 2024 were up quarter-over-quarter. The NPI reported 248 property transactions during the quarter, a 42% increase from Q3 2024 (175). 4Q 2024 transaction volume was the highest quarterly figure since Q4 2021. Industrial was again the most active sector with a total of 113 transactions, which representing 46% of Q4 deal volume. Apartment properties followed with a total of 68 transactions during the quarter, followed by office (43) and retail (24).[2]
- Apartment, hotel, retail and industrial properties produced positive returns during the quarter according to NPI, with Office as the only negative sector. Office continued to be the lowest performance property sector, the result of continued headwinds in both operating fundamentals and capital markets. [2]
- The ODCE index reported positive appreciation during Q4 2024 (0.9%), with a consistently-positive income return of 1.2%. The overall appreciation return for the trailing 1-year is -5.4%.[1]

Figure 1: **Gross Quarterly Returns | %**

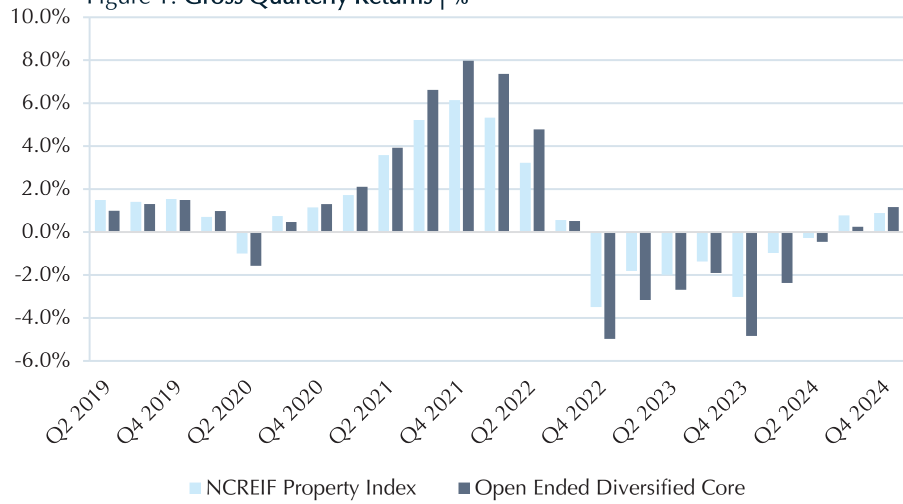
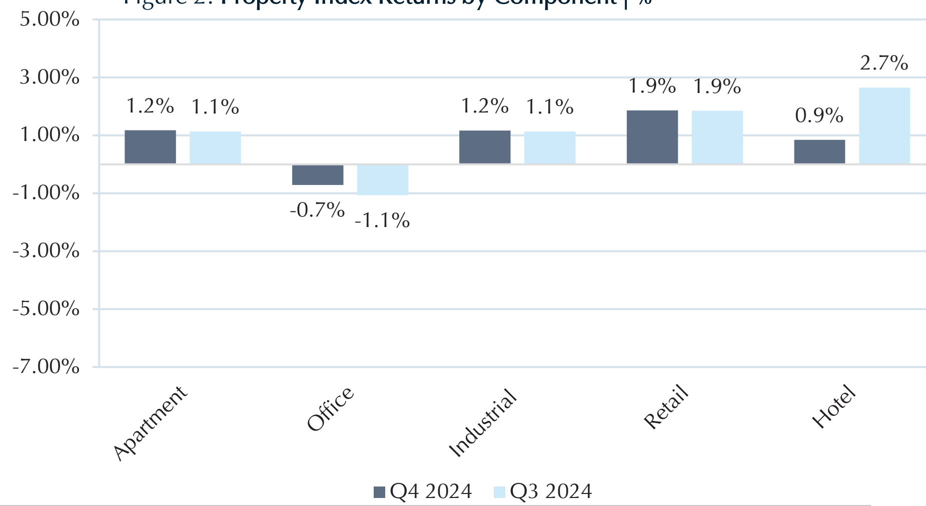
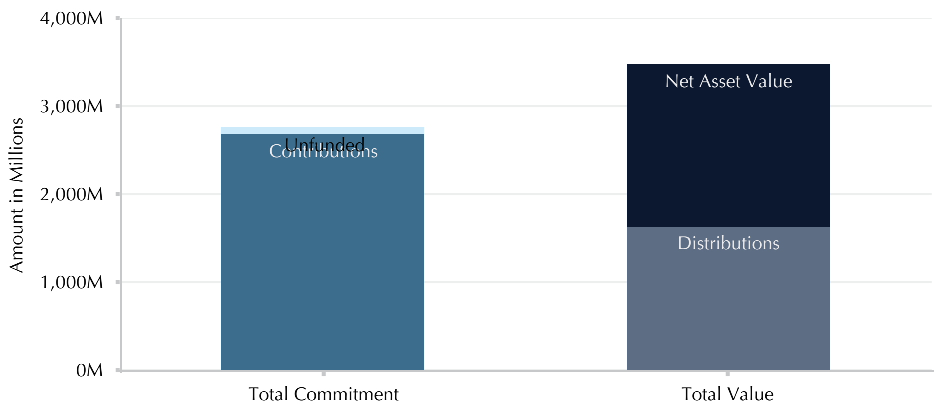


Figure 2: **Property Index Returns by Component | %**



Source: NCREIF, as of December 31, 2024. Past performance is not indicative of future results. The above represents Aksia's market observations. Observations are subject to change. All references to Aksia herein refer to Aksia LLC, together with its wholly owned subsidiaries (collectively, "Aksia").

Summary



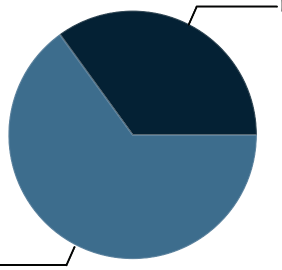
Portfolio Summary

Active GP Relationships	7
Active Holdings	7
# of Underlying Active Investments	1289
% of Public Companies	0.1%
Total Commitment Amount	$2.1 bn
Contributions	$2.7 bn
Distributions	$1.6 bn
Net Asset Value	$1.8 bn
Unfunded Commitment	$73.9 mm
Minimum Annual Pacing	
Maximum Annual Pacing	
Minimum Target Allocation	4.6%
Maximum Target Allocation	13.9%

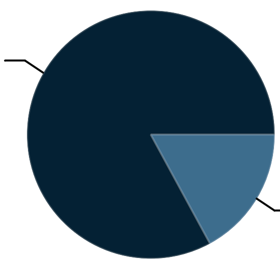
1Y IRR	-5.5%	2Y IRR	-8.8%	3Y IRR	0.5%
5Y IRR	3.9%	7Y IRR	4.6%	10Y IRR	5.7%
ITD IRR *	5.1%	ITD TVPI *	1.3x		

* Oct-2005 - Sep-2024

Total Exposure by Sector



Total Exposure by Region

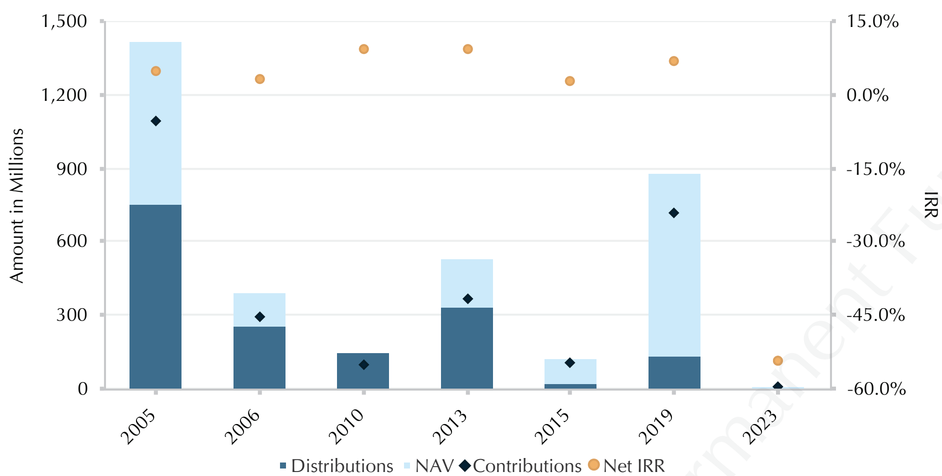


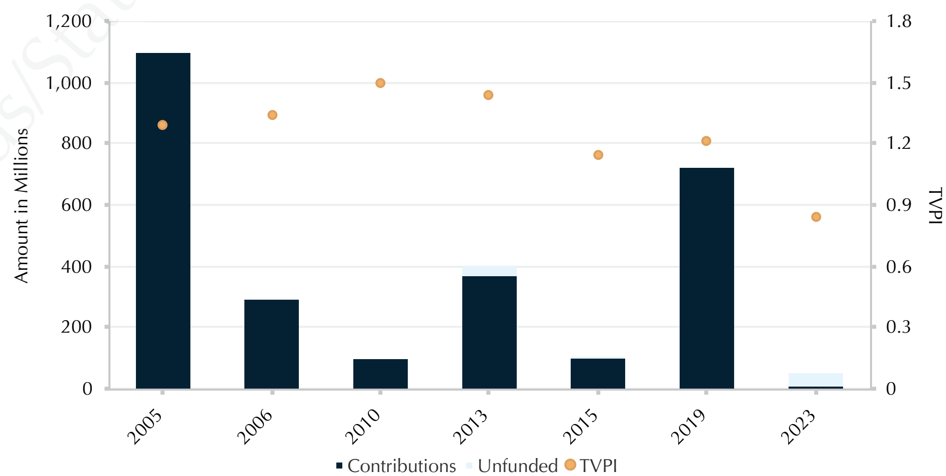
Position Analytics data based on GP provided information as of Sep-2024. Investments made in other currencies are converted to the portfolio's currency using the FX rate at the date of each investment.
IRR not meaningful for investments held less than 12 months
Total Exposure = Unfunded + NAV
Public companies are identified at the time of investment and reviewed at least annually.

Sector Portfolio Summary

	# Of Active Funds	NAV ($mm)	Total Commitment ($mm)	Unfunded Commitment ($mm)	Total Exposure ($mm)	Contributions ($mm)	Distributions ($mm)	Net IRR	TVPI
RE Core	3	1,249.0	1,305.0	0.0	1,249.0	1,856.5	1,110.3	4.3%	1.3x
RE Non-Core	4	598.3	775.0	73.9	672.1	826.1	520.3	7.7%	1.4x
WSTO	**7**	**1,847.3**	**2,079.9**	**73.9**	**1,921.2**	**2,682.7**	**1,630.6**	**5.1%**	**1.3x**

Performance Review by Vintage Year





Total Exposure = Unfunded + NAV

P&L Portfolio Summary by Sector

	Client Commitment Date	Structure	Vintage	Status	Total Commitment (mm)	Unfunded Commitment (mm)	% Funded	NAV (mm)
RE Core								
Clarion Lion Properties Fund	10/01/2005	Commingled Fund	2005	N/A	766.3	0.0	100.0%	664.0
Cornerstone Core Mortgage Fund I	05/01/2010	Commingled Fund	2010	Closed	27.2	0.0	100.0%	0.0
Morgan Stanley Prime Property Fund	10/31/2019	Commingled Fund	2019	N/A	270.1	0.0	100.0%	449.6
UBS Trumbull Property Fund	01/01/2006	Commingled Fund	2006	N/A	241.3	0.0	100.0%	135.5
					1,305.0	0.0	100.0%	1,249.0
RE Non-Core								
Hammes Partners IV	03/18/2022	Commingled Fund	2023	Investment	50.0	42.7	14.6%	5.6
Heitman Value Partners II	12/01/2006	Commingled Fund	2006	Closed	10.0	0.0	100.0%	0.0
M&G Real Estate Debt Fund III	09/01/2013	Commingled Fund	2013	Closed	125.0	0.0	94.6%	0.0
Northwood Real Estate Partners Series IV	08/01/2013	Commingled Fund	2013	Harvest	150.0	31.0	79.3%	196.8
Realterm Logistics Income Fund	12/31/2019	Commingled Fund	2019	N/A	250.0	0.0	100.0%	295.9
SC Core Fund	12/01/2015	Commingled Fund	2015	N/A	100.0	0.2	99.8%	99.9
TA Realty VIII	09/01/2006	Commingled Fund	2006	Closed	15.0	0.0	100.0%	0.0
WestRiver RE Finance Fund	02/01/2010	Commingled Fund	2010	Closed	75.0	0.0	100.0%	0.0
					775.0	73.9	89.6%	598.3
WSTO					**2,079.9**	**73.9**	**96.1%**	**1,847.3**

* Total figures take into account all current and closed portfolio positions as at Sep-2024

Note: During 4Q2024, WY STO closed an $88M commitment to IDR Core Property Index Fund. During 1Q2025, WY STO closed a $250M commitment to Carlyle Property Investors.

Portfolio Summary by Sector

	Currency	NAV Weight	Total Commitment (mm)	Contributions (mm)	Distributions (mm)	Unfunded Commitment (mm)	Total Exposure (mm)	Gain/Loss (mm)	NAV (mm)	Net IRR	TVPI
RE Core											
Clarion Lion Properties Fund	USD	35.9%	766.3	1,096.3	750.5	0.0	664.0	318.2	664.0	4.6%	1.3x
Morgan Stanley Prime Property Fund	USD	24.3%	270.1	470.1	102.0	0.0	449.6	81.5	449.6	5.8%	1.2x
UBS Trumbull Property Fund	USD	7.3%	241.3	264.8	223.7	0.0	135.5	94.3	135.5	3.1%	1.4x
Liquidated Holdings (1)	USD	-	27.2	25.2	34.1	0.0	0.0	8.8	-	6.6%	1.4x
Total RE Core	USD	67.6%	1,305.0	1,856.5	1,110.3	0.0	1,249.0	502.8	1,249.0	4.3%	1.3x
RE Non-Core											
Hammes Partners IV	USD	0.3%	50.0	7.3	0.5	42.7	48.3	-1.2	5.6	-54.2%	0.8x
Northwood Real Estate Partners Series IV	USD	10.7%	150.0	260.4	215.3	31.0	227.8	151.7	196.8	11.9%	1.6x
Realterm Logistics Income Fund	USD	16.0%	250.0	250.0	28.6	0.0	295.9	74.6	295.9	8.0%	1.3x
SC Core Fund	USD	5.4%	100.0	104.7	20.2	0.2	100.1	15.5	99.9	2.6%	1.1x
Liquidated Holdings (4)	USD	-	225.0	203.8	255.6	0.0	0.0	51.8	-	5.6%	1.3x
Total RE Non-Core	USD	32.4%	775.0	826.1	520.3	73.9	672.1	292.4	598.3	7.7%	1.4x
WSTO	**USD**	**100.0%**	**2,079.9**	**2,682.7**	**1,630.6**	**73.9**	**1,921.2**	**795.2**	**1,847.3**	**5.1%**	**1.3x**

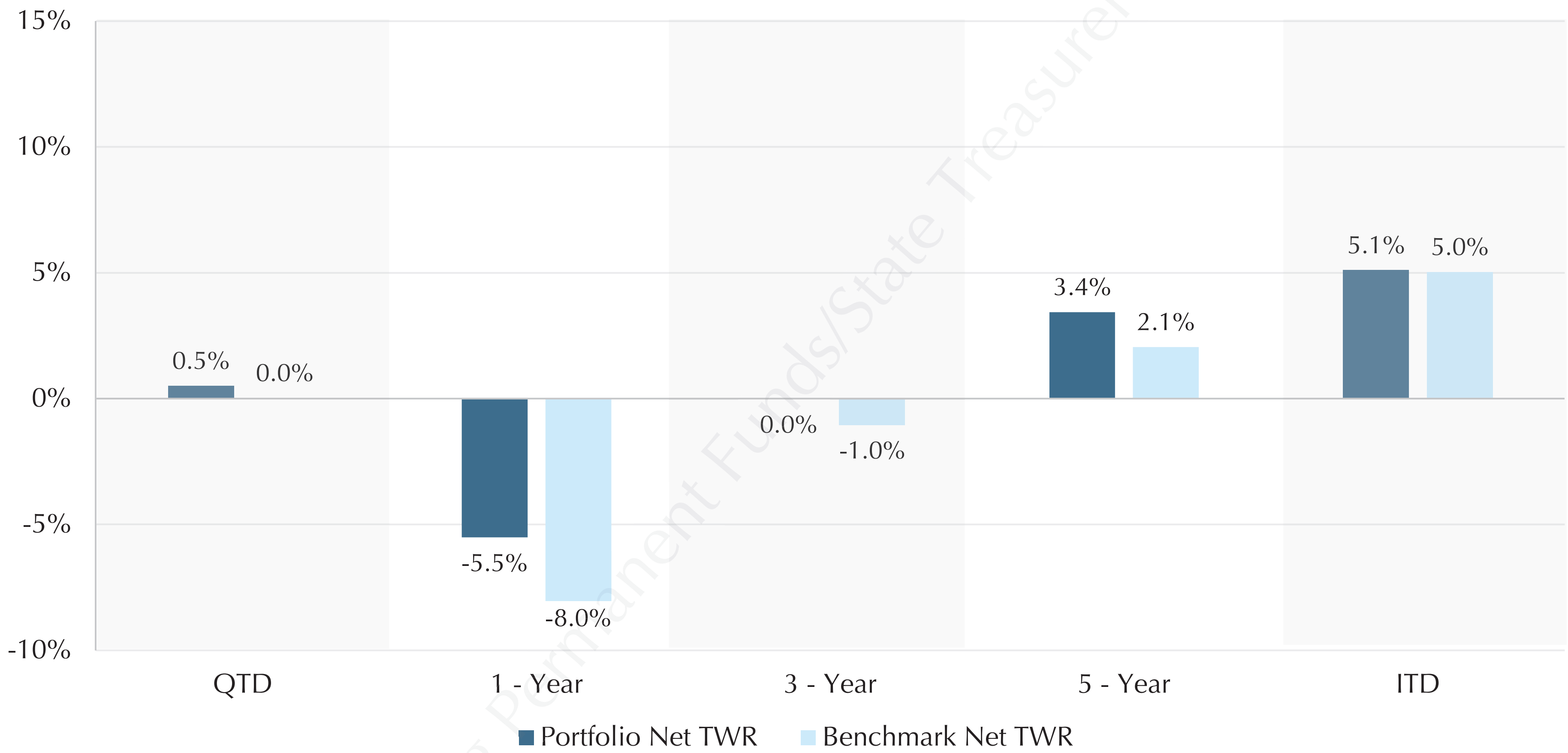
* Total figures take into account all current and closed portfolio positions as at Sep-2024

Note: During 4Q2024, WY STO closed an $88M commitment to IDR Core Property Index Fund. During 1Q2025, WY STO closed a $250M commitment to Carlyle Property Investors.

Total Exposure = Unfunded + NAV

QTD Portfolio TWR vs Benchmark

Portfolio Net TWR vs ODCE Net TWR



Top QTD Contributors/Detractors

Top Contributors

	Vintage	% Funded Commitment	Total Commitment Amount ($mm)	Gain ($mm)	NAV ($mm)	QTD IRR *	ITD IRR *
SC Core Fund	2015	99.8%	100.0	5.5	99.9	5.8%	2.6%
Northwood Real Estate Partners Series IV	2013	79.3%	150.0	3.5	196.8	1.8%	11.9%
Morgan Stanley Prime Property Fund	2019	100.0%	270.1	1.0	449.6	0.2%	5.8%
Clarion Lion Properties Fund	2005	100.0%	766.3	0.7	664.0	0.1%	4.6%
Hammes Partners IV	2023	14.6%	50.0	0.2	5.6	17.6%	-54.2%
Gain	-	-	1,336.4	10.8	1,415.9	0.8%	5.5%
Gain (Remaining)	-	-	252.2	0.0	0.0	-	5.8%
Total Gain	**-**	**-**	**1,588.6**	**10.8**	**1,415.9**	**0.8%**	**5.6%**

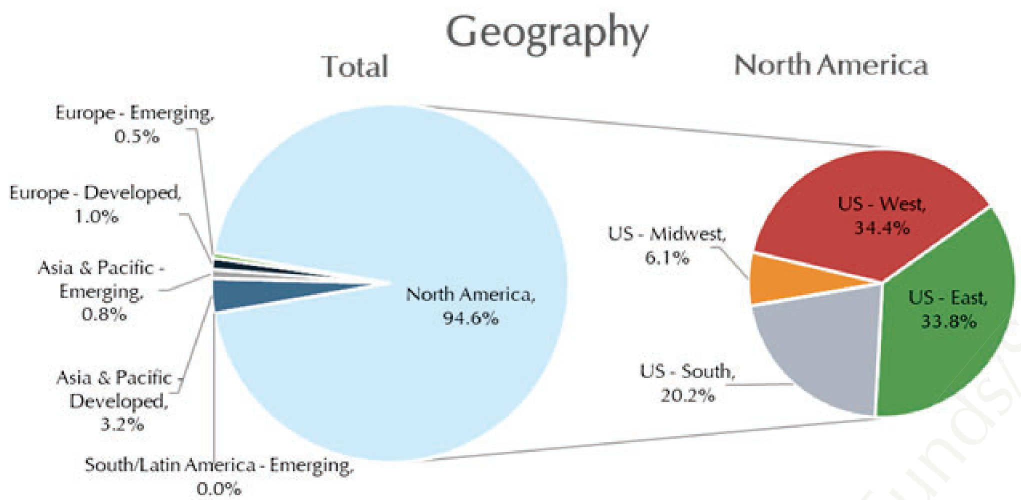
* IRR calculated at portfolio currency. IRR not meaningful for investments held less than 12 months

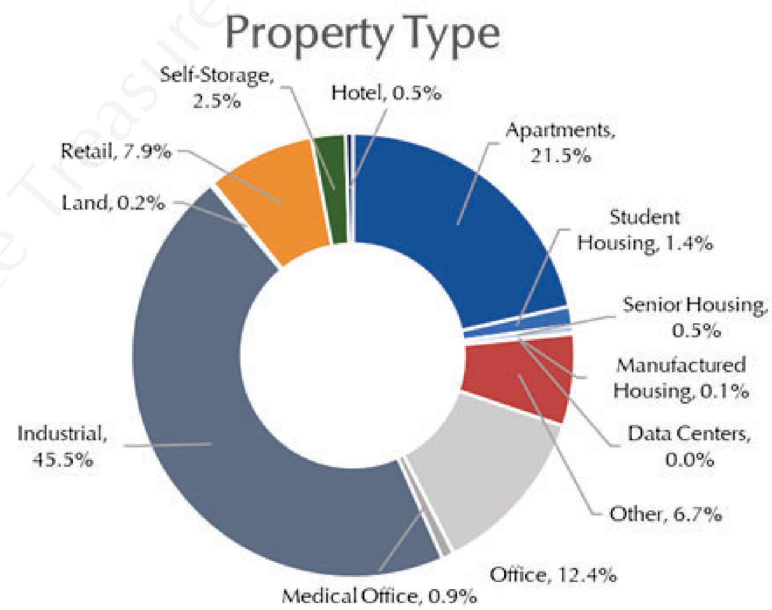
Top Detractors

	Vintage	% Funded Commitment	Total Commitment Amount ($mm)	Loss ($mm)	NAV ($mm)	QTD IRR *	ITD IRR *
Realterm Logistics Income Fund	2019	100.0%	250.0	-1.1	295.9	-0.4%	8.0%
UBS Trumbull Property Fund	2006	100.0%	241.3	-0.2	135.5	-0.2%	3.1%
Loss	-	-	491.3	-1.3	431.4	-0.3%	4.1%
Loss (Remaining)	-	-	0.0	0.0	0.0	-	-
Total Loss	**-**	**-**	**491.3**	**-1.3**	**431.4**	**-0.3%**	**4.1%**

* IRR calculated at portfolio currency. IRR not meaningful for investments held less than 12 months

Total Portfolio	**-**	**96.1%**	**2,079.9**	**9.5**	**1,847.3**	**0.5%**	**5.1%**

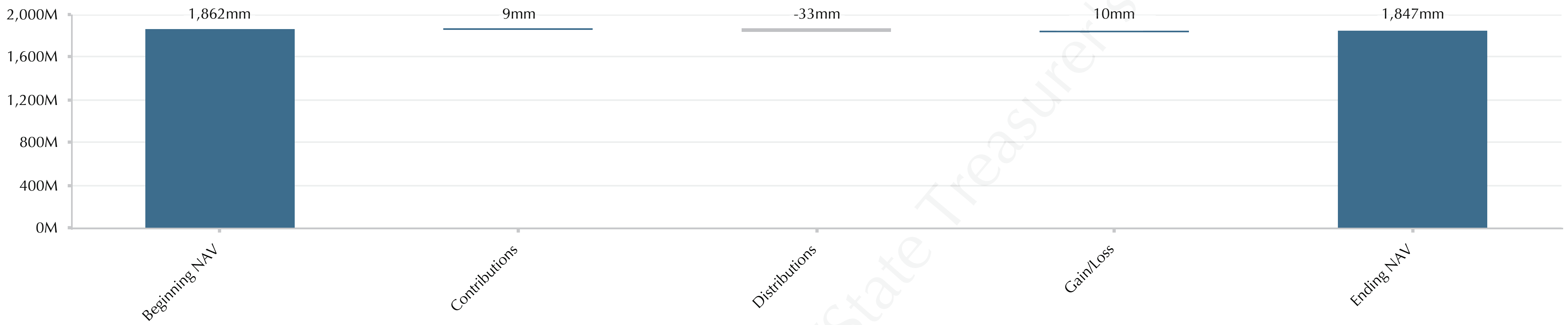




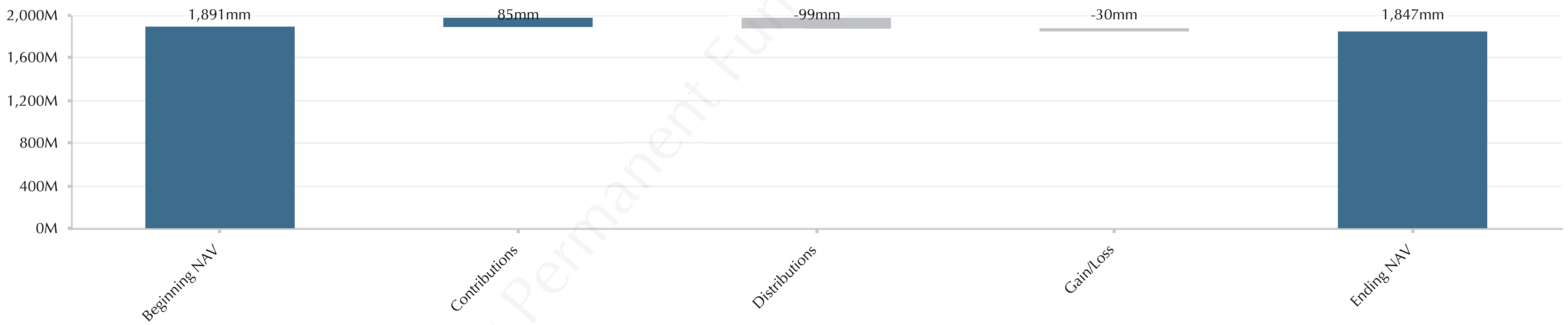
Portfolio Is Primarily Concentrated on the U.S. Market and Well-Diversified by Property Type

- Exposure to North America (U.S.) has increased in recent quarters, driven by recent U.S.-focused commitments and winding down of Asia-Pacific exposure.
- Exposure to various residential strategies (e.g., Manufactured Housing, Single-Family Rentals, Age-Restricted Apartments) and Medical Office are expected to increase in the coming quarters as Carlyle Property Investors and Hammes IV call unfunded commitments.

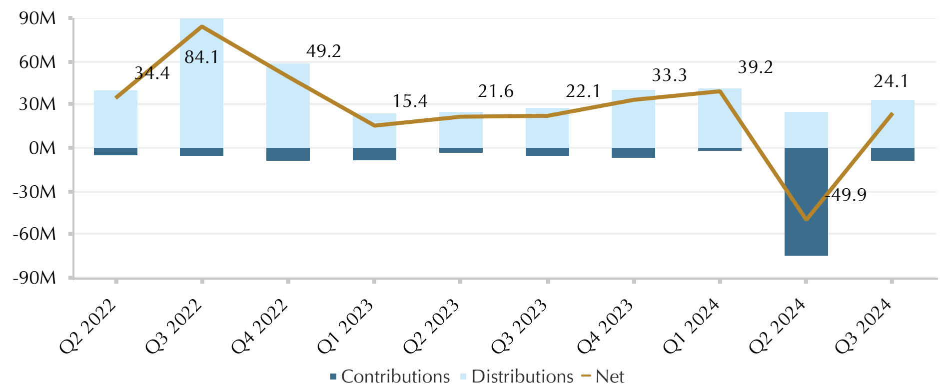
Quarterly Valuation Bridge (Jul-2024 to Sep-2024)



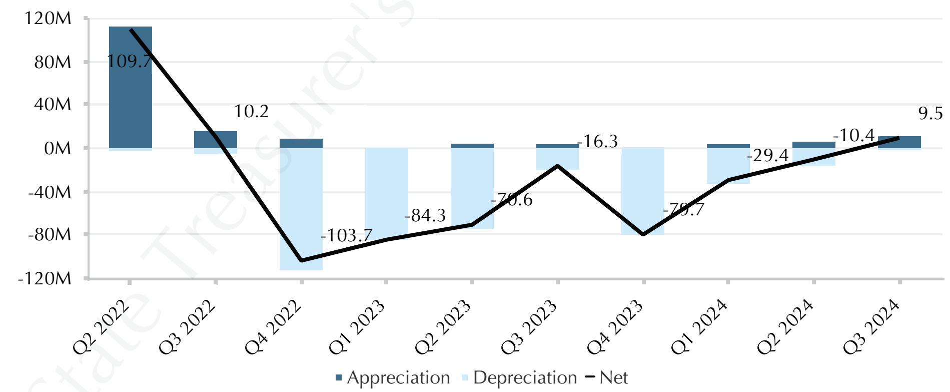
YTD Valuation Bridge (Jan-2024 to Sep-2024)



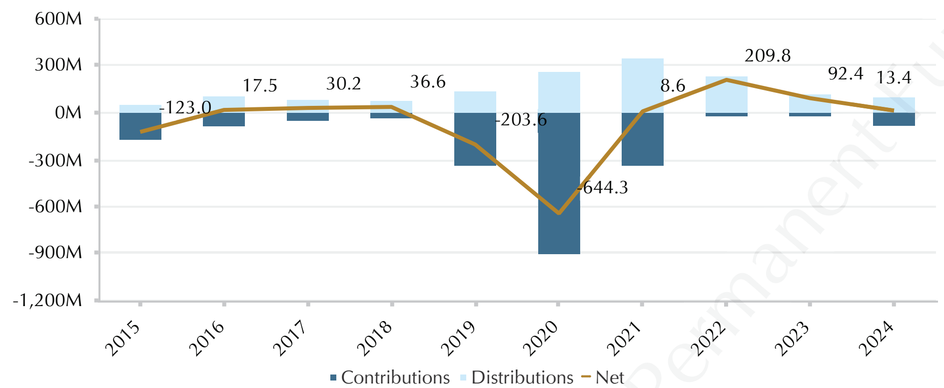
Cash Flows Quarterly



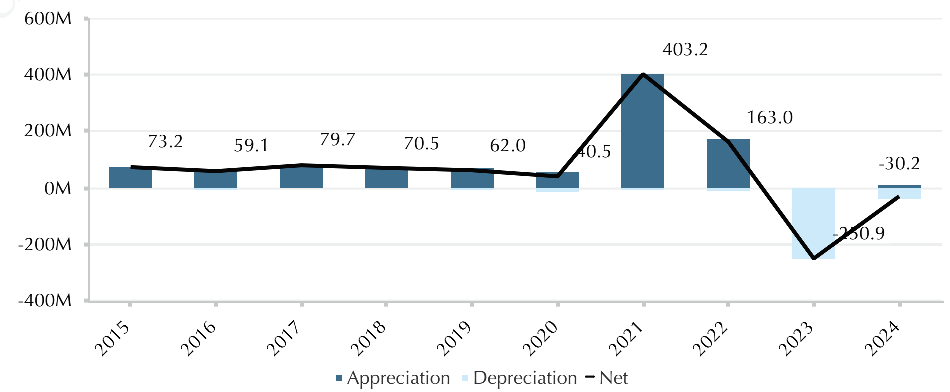
Appreciation/Depreciation Quarterly



Cash Flows Yearly



Appreciation/Depreciation Yearly



Portfolio Net TWR

Net TWR Analysis

	QTD	Q2 2024	1Y	2Y	3Y	5Y	7Y	10Y	ITD
RE Core	0.1%	-0.9%	-6.7%	-10.5%	-0.8%	2.3%	3.3%	5.1%	4.7%
RE Non-Core	1.4%	0.1%	-2.9%	-4.2%	1.6%	6.6%	7.8%	8.6%	4.5%
WSTO	**0.5%**	**-0.6%**	**-5.5%**	**-8.7%**	**0.0%**	**3.4%**	**4.6%**	**6.1%**	**5.1%**

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SOURCES:

[1] NATIONAL COUNCIL OF REAL ESTATE INVESTMENT FIDUCIARIES ("NCREIF") OPEN-ENDED DIVERSIFIED CORE EQUITY INDEX ("ODCE"). WWW.NCREIF.ORG

[2] NATIONAL COUNCIL OF REAL ESTATE INVESTMENT FIDUCIARIES ("NCREIF") PROPERTY INDEX ("NPI"). WWW.NCREIF.ORG