



RETIREMENT BOARD MEETING CALENDAR SHEET
September 10, 2025

To: The Retirement Board

Through: Alison Romano
CEO & CIO

From: Tanya Kemp, CFA, CAIA
Managing Director, Private Markets

Edward Comerford, CFA Director, Private Equity	Justin Lo, CFA Director, Private Equity
Rishi Garbharran, CFA Director, Private Equity	Jiada Tu Associate PM, Private Equity
Angela Yang Associate PM, Private Equity	Lu Chang, CFA, CAIA Investment Officer, Private Equity
Cynthia Wong, CFA Investment Officer, Private Equity	

Date: September 10, 2025

Agenda Item: Private Equity Annual Update

Recommendation:

This is a discussion only item.

Background:

As of December 31, 2024, the Private Equity Portfolio had approximately \$10.1 billion of NAV (or 27.8% of total Plan assets) and total exposure (NAV + unfunded) of \$13.4 billion (or 36.8% of total Plan assets). Since inception, the Private Equity portfolio has generated a net IRR of 16.0% and a TVPI of 1.7x.

Staff and Cambridge Associates will present an update including a review of the portfolio's strategy, performance, and composition. Additionally, Staff and Cambridge Associates will discuss the current market environment, opportunities, and initiatives.

Attachment:

Staff Presentation
Consultant Presentation – Cambridge Associates

Private Equity Update

Tanya Kemp, CFA, CAIA, Managing Director of Private Markets

Edward Comerford, CFA, Director

Rishi Garbharran, CFA, Director

Angela Yang, Associate Portfolio Manager

Cynthia Wong, CFA, Investment Officer

Justin Lo, CFA, Director

Jiada Tu, Associate Portfolio Manager

Lu Chang, CFA, CAIA, Investment Officer

September 10, 2025



SFERS

San Francisco Employees' Retirement System

Agenda

- Executive Summary
- Program Overview
- Performance Review
- Portfolio Exposures
- Co-investment Update
- 2025 Initiatives



Executive Summary



Executive Summary

- With positive performance, SFERS' Private Equity portfolio continued to recover in 2024

+2.9% in 2024

Despite continued
macro headwinds

+16.0% since inception

Long-term performance
remains strong

- Private Equity trailed the 1-year policy benchmark, lifted by highly concentrated public mega-cap gains; however, long-term outperformance continues
- All three key sub-strategies contributed positively to the PE Portfolio performance in 2024
 - Buyouts: +4.1%; Venture: +3.3%; Growth: +0.2%
- U.S. drove performance, while APAC and Europe lagged
 - US: +5.8%; APAC: -4.1%; Europe -5.8%



Executive Summary (Cont'd)

\$340mm deployed in 2024 vs. \$1,000mm target

Committed to 12 funds (10 existing and 2 new)

Balanced deployment 37% Buyout | 41% VC | 22% Growth

- At 28% of total plan assets, the PE portfolio is within its target range but is above its long-term target of 20% due to portfolio appreciation, and more recently, slower exit environment
 - PE exposure peaked in Q2 2023 at 31.0% of total Plan assets
 - \$4.5 billion in value appreciation over the past 5 years
 - Unfunded commitments stable at \$3.3 billion
- The slower deployment was largely driven by the muted fundraising environment

Note: SFERS revised the strategic asset allocation target to PE from 23% to 20% in June 2024.



Executive Summary (Cont'd)

+\$324 million of 2024 portfolio net cash flow
+\$284 million through June 2025

- Despite the challenging liquidity environment, the PE portfolio remained self-funding and delivered record net cash flow in 2024
- As contribution activity remained slow, distribution activity began to show signs of a rebound:
 - Contributions down (22%) and up 10% vs. 2022 and 2023, respectively
 - Distributions up 15% and 55% vs. 2022 and 2023, respectively
- Strong YTD distributions driven by select M&A exits, secondary transactions, and stock sales

Program Overview

Role of Private Equity

- Designed to deliver long-term, risk-adjusted returns superior to those of comparable public markets
 - Seek to achieve long-term returns of 12-14%, with an emphasis on capital appreciation
 - Intend to be a primary source of both return and risk for the total plan
 - Benchmark: 75% Russell 3000 / 25% MSCI ACWI IMI ex-US + 300 bps
- Key strategies include Buyouts (40%), Venture Capital (37%), and Growth Capital (23%)¹
- Global program investing in private market funds and co-investments, emphasizing partnerships with high-quality sponsors
- With its focus on long-term capital appreciation, Private Equity is not a consistent source of liquidity at the Plan level, though partnerships are expected to realize value and return capital over time

Note: (1) NAV + unfunded, as of 12/31/2024.

Private Equity Program Overview

Since 1987

37 years of history
investing in Private Equity

Target 20%

Range between 15-30%,
currently at 28%

Private Equity Portfolio as of December 31, 2024

- \$10.1 billion of NAV (27.8% of total Plan assets) and total exposure of \$13.4 billion (36.8% of total Plan assets)
- Delivered a since-inception net IRR of 15.6% and a TVPI of 1.70x
- Generated \$1.8 billion in additional value vs. policy benchmark since inception

Note: SFERS revised the strategic asset allocation target to PE from 23% to 20% in June 2024.



Private Equity Observations and Beliefs

Private Equity is cyclical

Skilled managers can earn meaningful excess returns

Access and manager selection are critical

Long-term horizon, consistent pacing, and vintage diversification are key

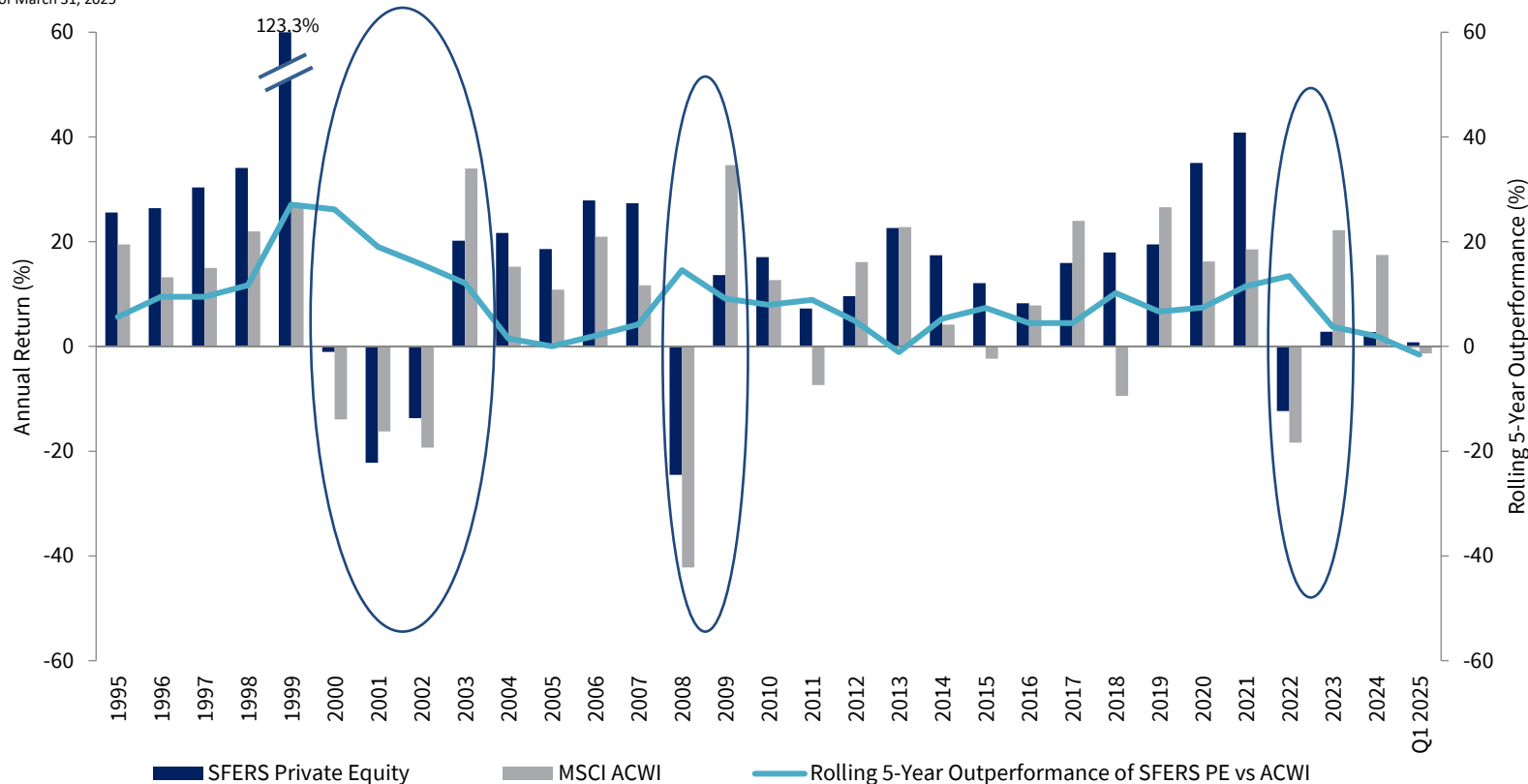


SFERS PE: Earning Illiquidity Premium Across Market Cycles

Average annual 5-year rolling outperformance of SFERS PE over ACWI: 8.5%

ANNUAL RETURNS OF SFERS PE AND PUBLIC EQUITY

As of March 31, 2025



Sources: Cambridge Associates and Aksia.

Note: Performance calculated using SFERS' actual Private Equity / Venture Capital annual returns. Data is as of March 31, 2025. MSCI ACWI Net returns shown beginning in 2001; MSCI ACWI Gross returns shown prior to 2001.



Recent Investment Cycle Observations in PE:

- Interest rates, macroeconomic uncertainty, and tariff uncertainty continue to weigh on valuation, deal flow, and exits
- 2024 marks the third consecutive year of declining fundraising activity
- Lack of liquidity remains an issue
 - GPs are exploring alternatives such as continuation vehicles
 - Some LPs are turning to the secondaries market
- Renewed focus on capital efficiency, revenue, and profitable growth
- Portfolio construction and manager selection remain critical to achieve strong private equity returns
- Improved access to previously constrained managers opens upgrade opportunities

PE Portfolio Long-Term Themes

- Innovation
 - Technology and healthcare are two core themes across the PE portfolio
- Growth
 - Exposure to secular growth themes globally
 - Managers that can drive growth rates as a part of value creation
- Manager selection and portfolio construction
 - Emphasis on sector specialization and ability to drive value
 - In-house operations, differentiated sourcing, etc.
 - Emphasis on less efficient and fragmented markets
 - Mid/LMM vs. mega caps



Annual Commitment Pacing

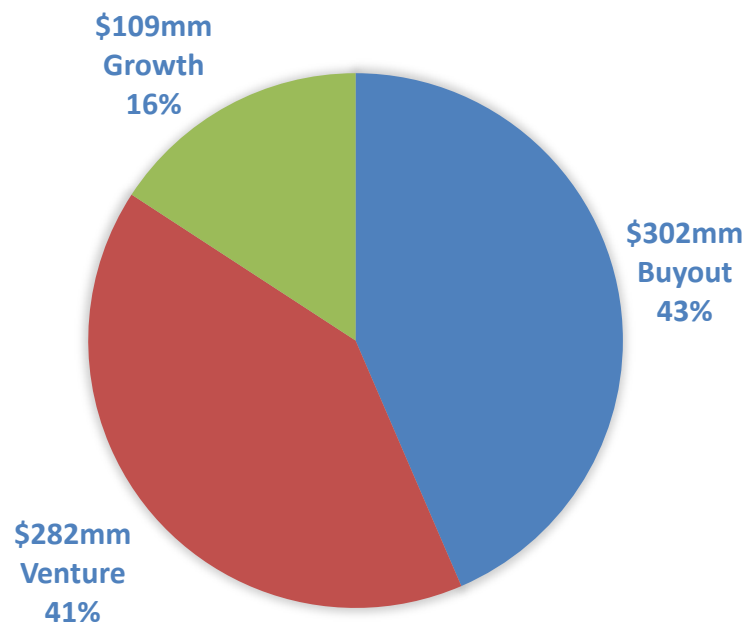
Last 3-Year Commitment (\$mm)

Year	# Deals	\$ Committed	\$ Invested
2022	35	\$968	\$989
2023	25	\$773	\$697
2024	12	\$340	\$767
3Yr Avg.	24	\$694	\$818

Target annual commitment: \$1,000 mm

Fundraising is still slow, but signs point to a pickup in 2025.

Last 3-Year Commitment by Strategy



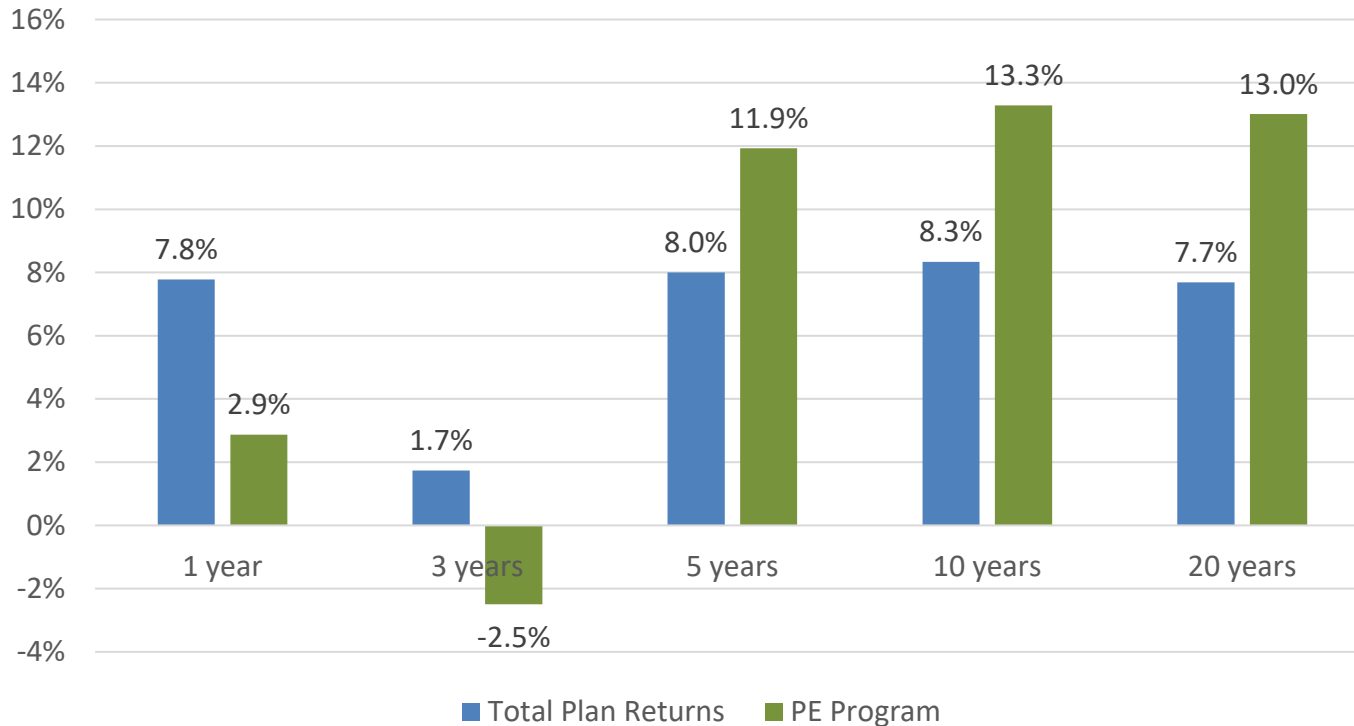
The Private Equity team targets a consistent commitment pacing. However, pacing is subject to the market environment and portfolio construction considerations

Note: Include all commitments closed during each calendar year and commitments made through separate accounts.

Performance Review

Private Equity Performance

As of December 31, 2024



Private Equity is a long-term growth engine of the SFERS portfolio

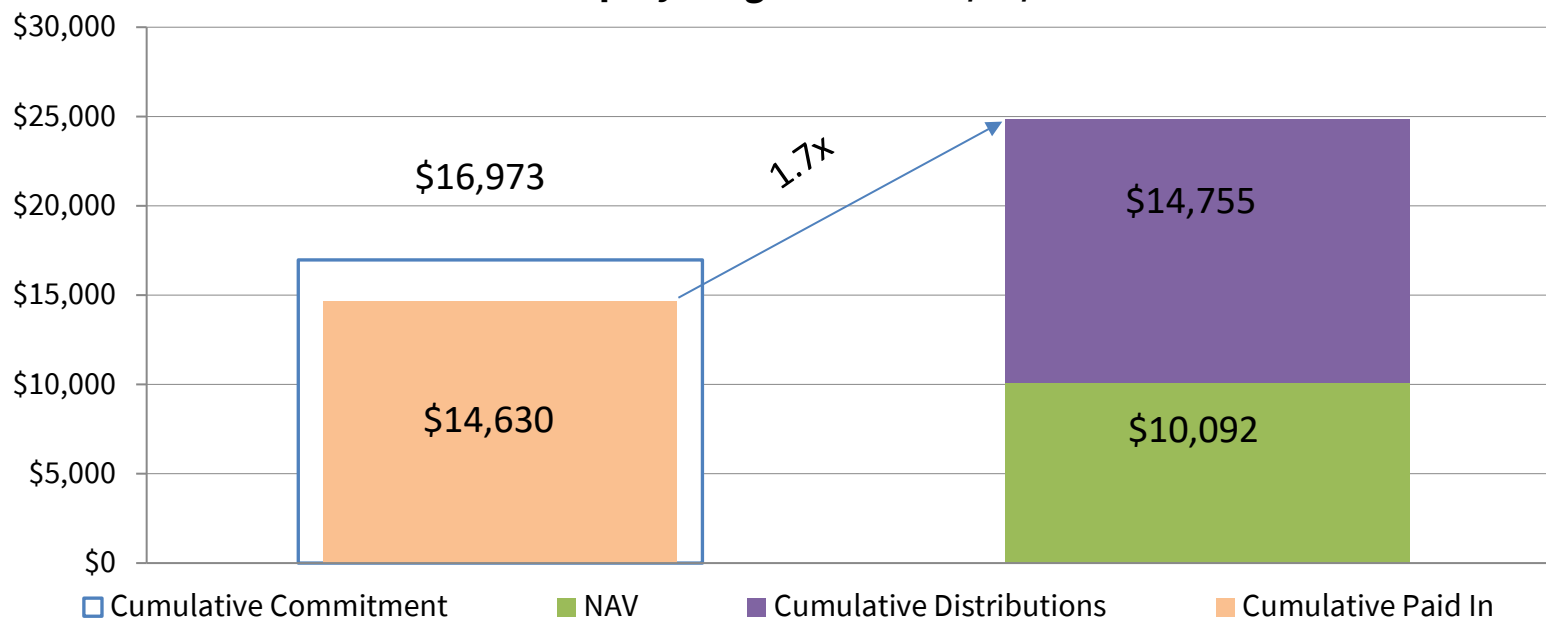
Source: Aksia and BNY Mellon.

Note: PE Program returns and total Plan returns are time-weighted.

Portfolio Snapshot

- Since inception, PE has contributed \$14.6 billion and received \$14.8 billion in distributions
- Portfolio has a 1.70x TVPI since inception and \$10.1 billion in NAV as of December 31, 2024

Private Equity Program as of 12/31/2024



Private Equity Performance

As of December 31, 2024

	1 yr	3 yrs	5 yrs	10 yrs	20 yrs	ITD	DPI	TVPI
<u>IRR</u>								
Buyout	4.1%	4.4%	14.2%	14.8%	14.7%	15.3%	1.1x	1.7x
Venture Capital	3.3%	-7.4%	11.5%	12.8%	12.5%	20.8%	0.9x	1.8x
Growth Capital	0.2%	-3.7%	9.8%	12.9%	12.7%	11.7%	0.8x	1.6x
Private Equity Total¹	2.9%	-2.5%	12.1%	13.5%	13.3%	15.6%	1.0x	1.7x
Cambridge Associates ²	5.9%	0.6%	13.8%	13.7%	12.9%	14.3%	N/A	N/A
<u>PME</u>								
Policy Benchmark PME ³	22.7%	9.6%	15.3%	15.4%	14.2%	15.2%	N/A	N/A

Portfolio has delivered consistent long-term value; recent relative underperformance is cyclical, driven by portfolio tilts to venture/growth/ex-US and strong public markets

Source: Aksia and Cambridge Associates.

(1) Total PE performance includes the "Other" category, which is not shown in the table for simplicity. These are legacy positions with less than \$0.7 million in total NAV.

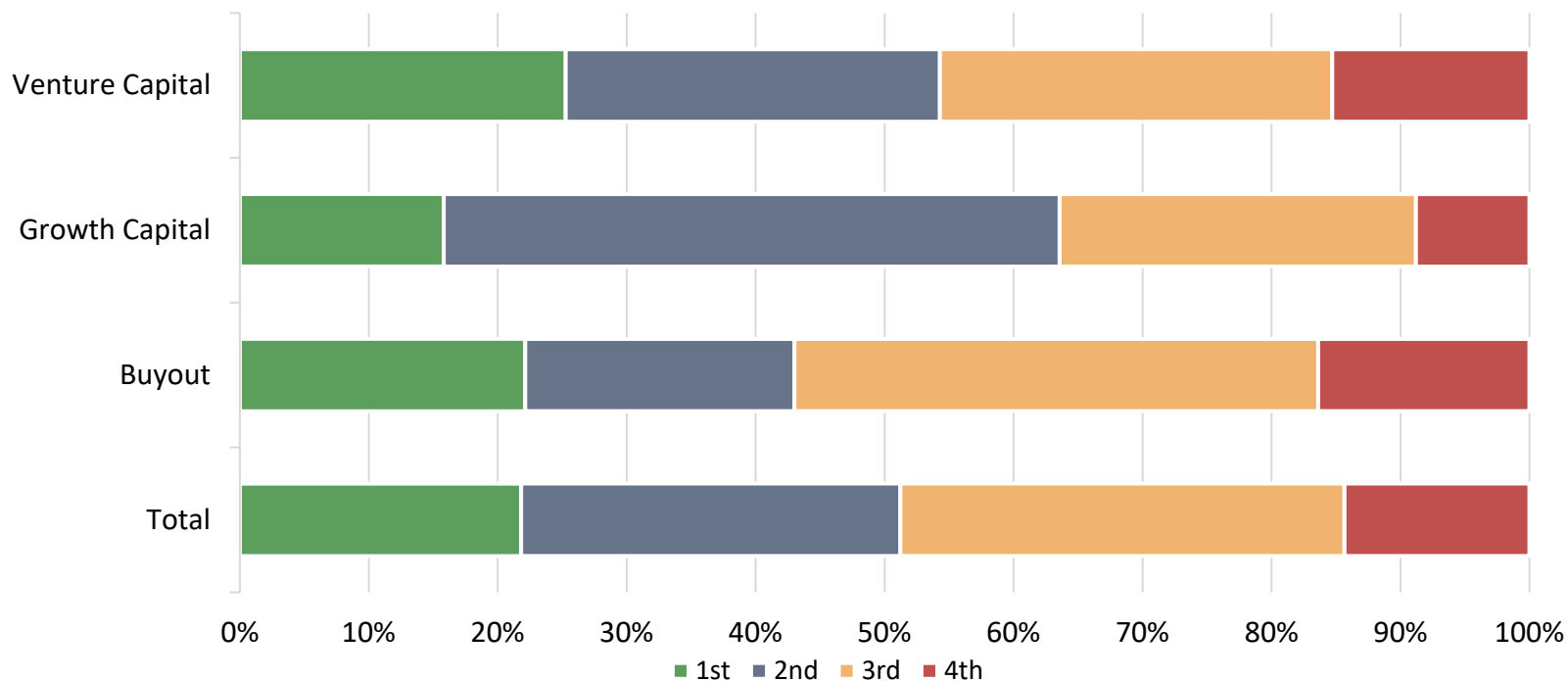
(2) Benchmark data is net to LPs and represents the Cambridge Associates Global Private Equity and Venture Capital Benchmark as of December 31, 2024.

(3) Policy Benchmark PME is ICM-PME. Blended benchmark of S&P 500 + 500 basis points from inception to 12/31/2017, 75% Russell 3000 total return index + 25% MSCI ACWI ex-US total return index + 300 basis points from 1/1/2018 to 12/31/2022 and 75% Russell 3000 total return index + 25% MSCI ACWI IMI ex-US total return index + 300 basis points from 1/1/2023 to present.



Quartile Analysis By Commitment

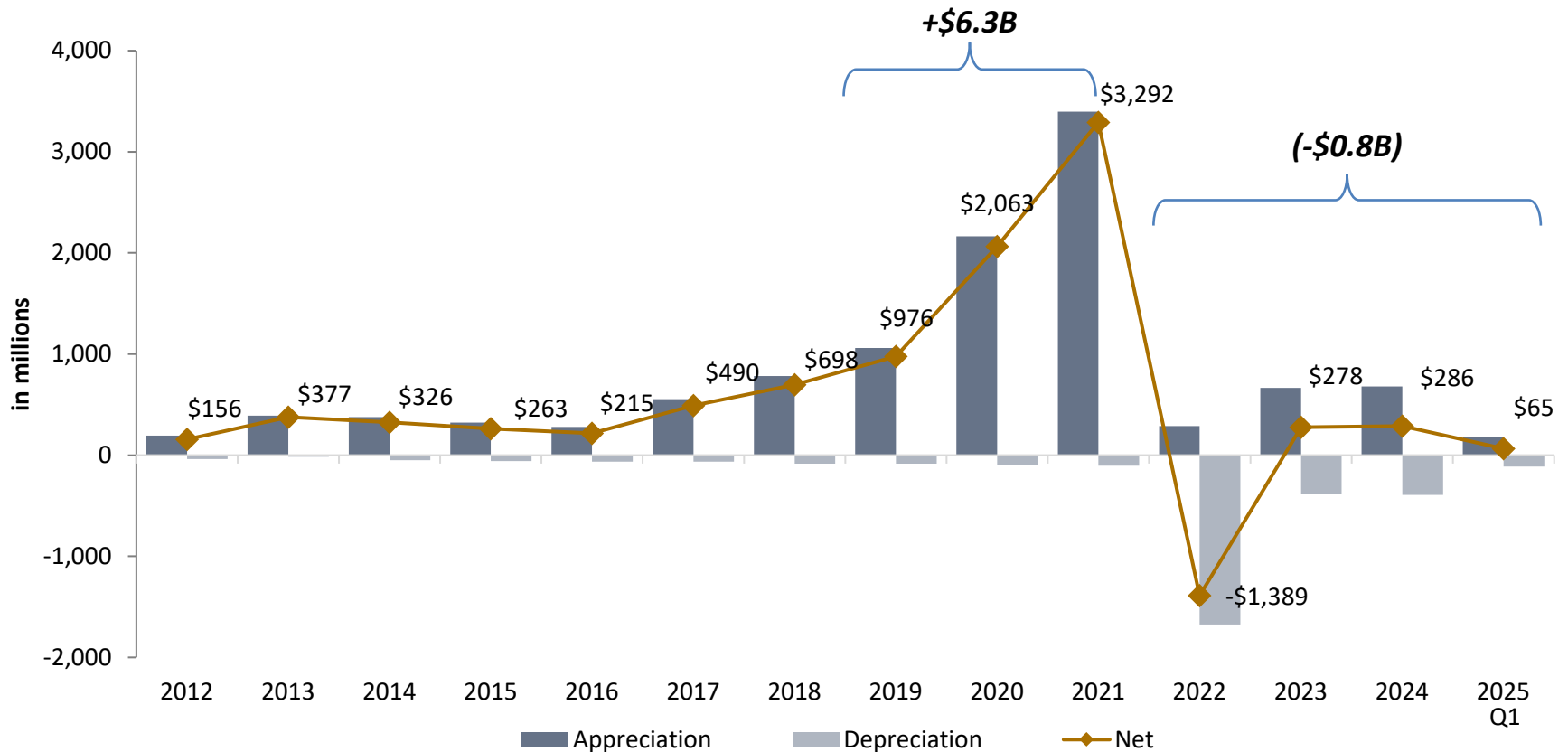
Quartile Analysis By Strategy



51% of portfolio commitment rank in the first or second quartiles of Cambridge’s benchmarks

Source: Data from Cambridge Associates and Aksia. The analysis takes into account 84.2% of the total PE portfolio commitments for Q4 2024, includes both active and liquidated holdings and excludes funds with limited performance data, and those lacking robust benchmark information, as of August 1, 2025.

PE Portfolio Value-Creation Over Time

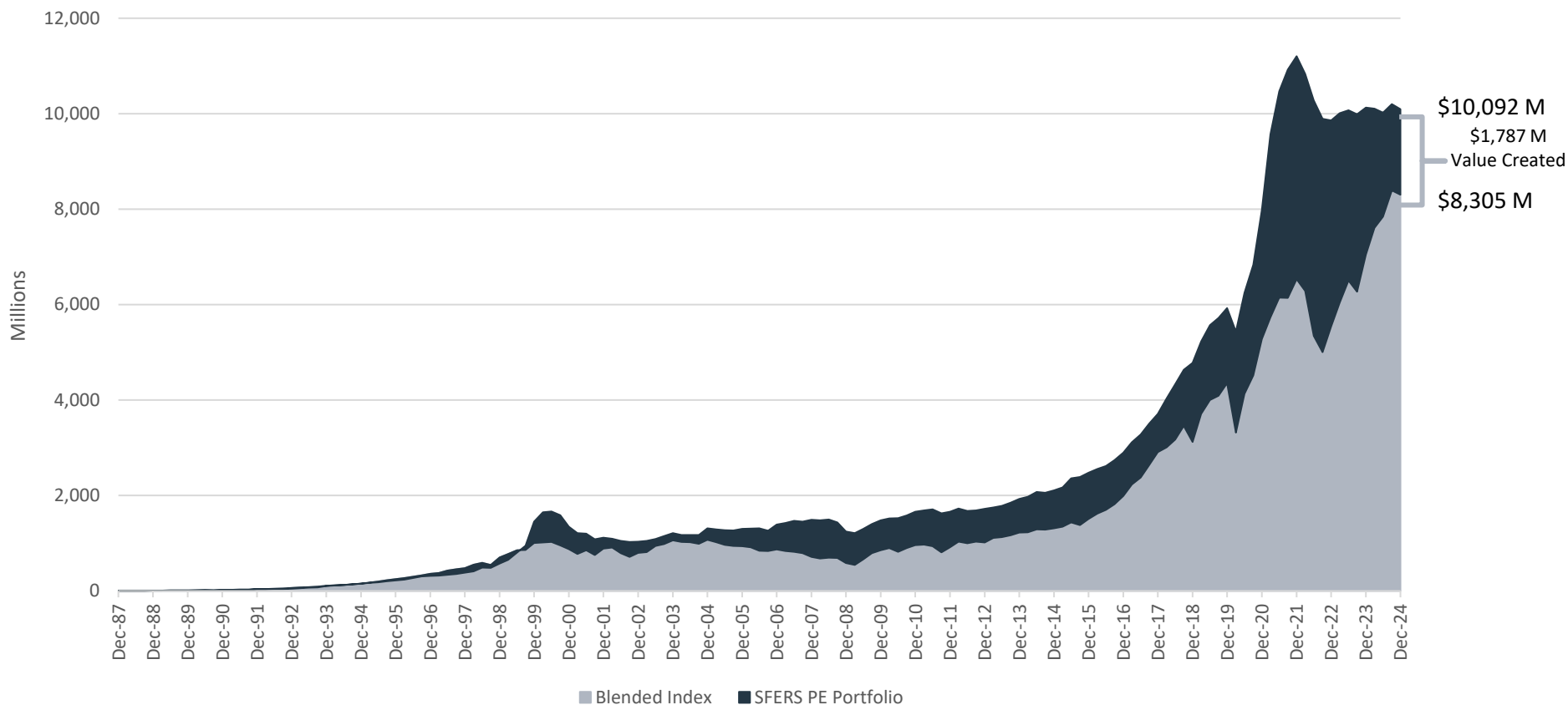


\$5.5 billion of value created since 2019 despite recent headwinds

Source: Data from Aksia. 99% reported by fund count as of July 9, 2025, for Q1 2025 data. Bars represent year-over-year appreciation and depreciation of the PE portfolio.

SFERS' PE Performance vs. Benchmark

Private Equity delivered **\$1.8 billion** in additional value above the benchmark since inception

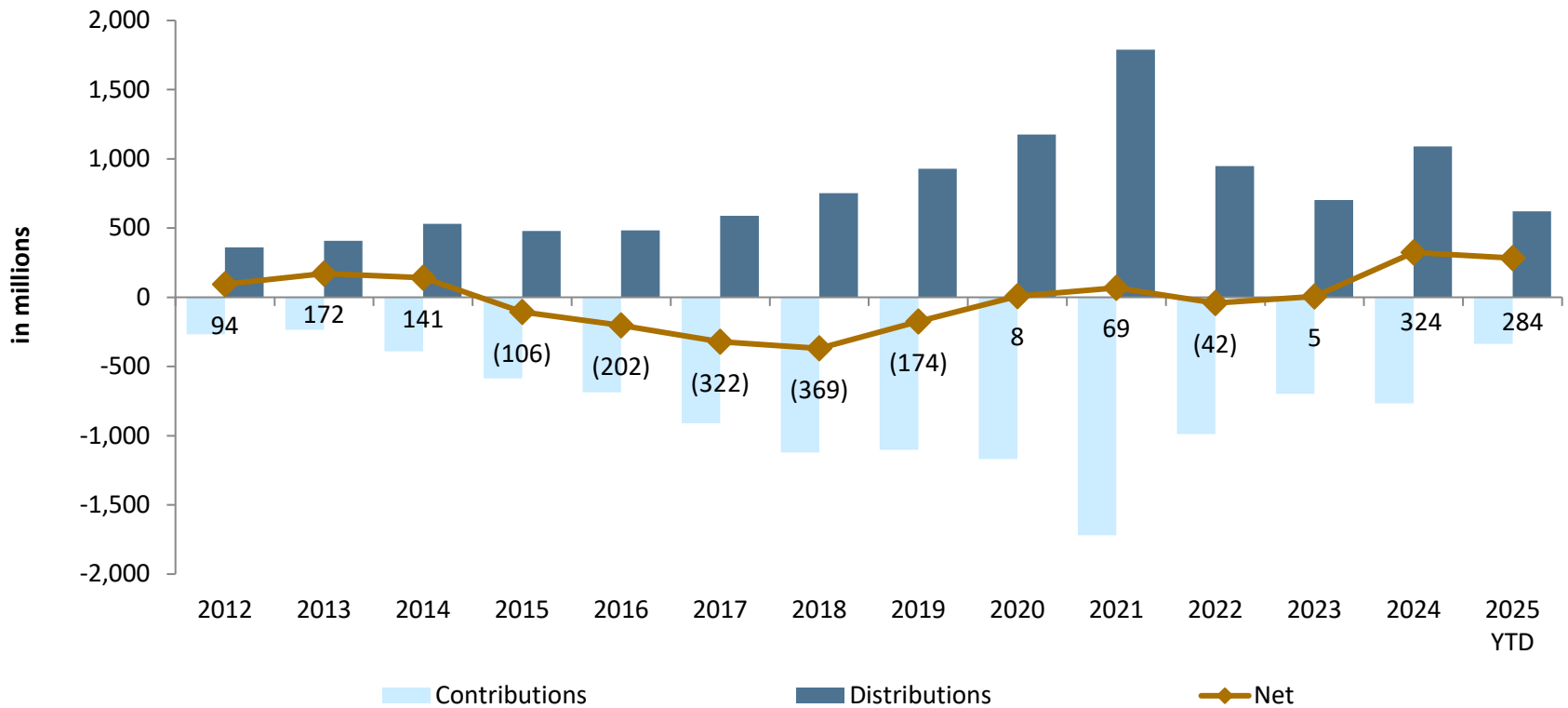


Note: The portfolio PME is a dollar-weighted Long-Nickels calculation of quarterly changes in blended benchmark of S&P 500 + 500 basis points from inception to 12/31/2017, 75% Russell 3000 total return index + 25% MSCI ACWI ex-US total return index + 300 basis points from 1/1/2018 to 12/31/2022 and 75% Russell 3000 total return index + 25% MSCI ACWI IMI ex-US total return index + 300 basis points from 1/1/2023 to present.



Cash Flows

The PE portfolio is self-funding, distributing a record \$324 million in net cash flows to the Plan in 2024



Source: Aksia data as of 06/30/2025.

Q1 2025 Performance IRR - Strategy

	Q1 2025	1 YR	3 YR	5 YR	10 YR	ITD
Buyout	0.7%	4.0%	4.7%	16.8%	14.7%	15.3%
Venture Capital	-0.6%	1.3%	-5.7%	12.2%	12.3%	20.7%
Growth Capital	2.6%	3.0%	-1.5%	11.4%	12.9%	11.7%
Private Equity Total¹	0.6%	2.8%	-1.1%	13.6%	13.2%	15.5%

Positive Q1'25 performance – ongoing PE portfolio stabilization

Source: Data from Aksia. 99% of the Q1 2025 SFERS PE NAVs have been updated by fund count as of July 9, 2025. Q1 2025 IRRs are de-annualized.
 (1) Total PE performance includes the "Other" category, which is not shown in the table for simplicity. These are legacy positions with less than \$0.7 million in total NAV.



Portfolio Exposures



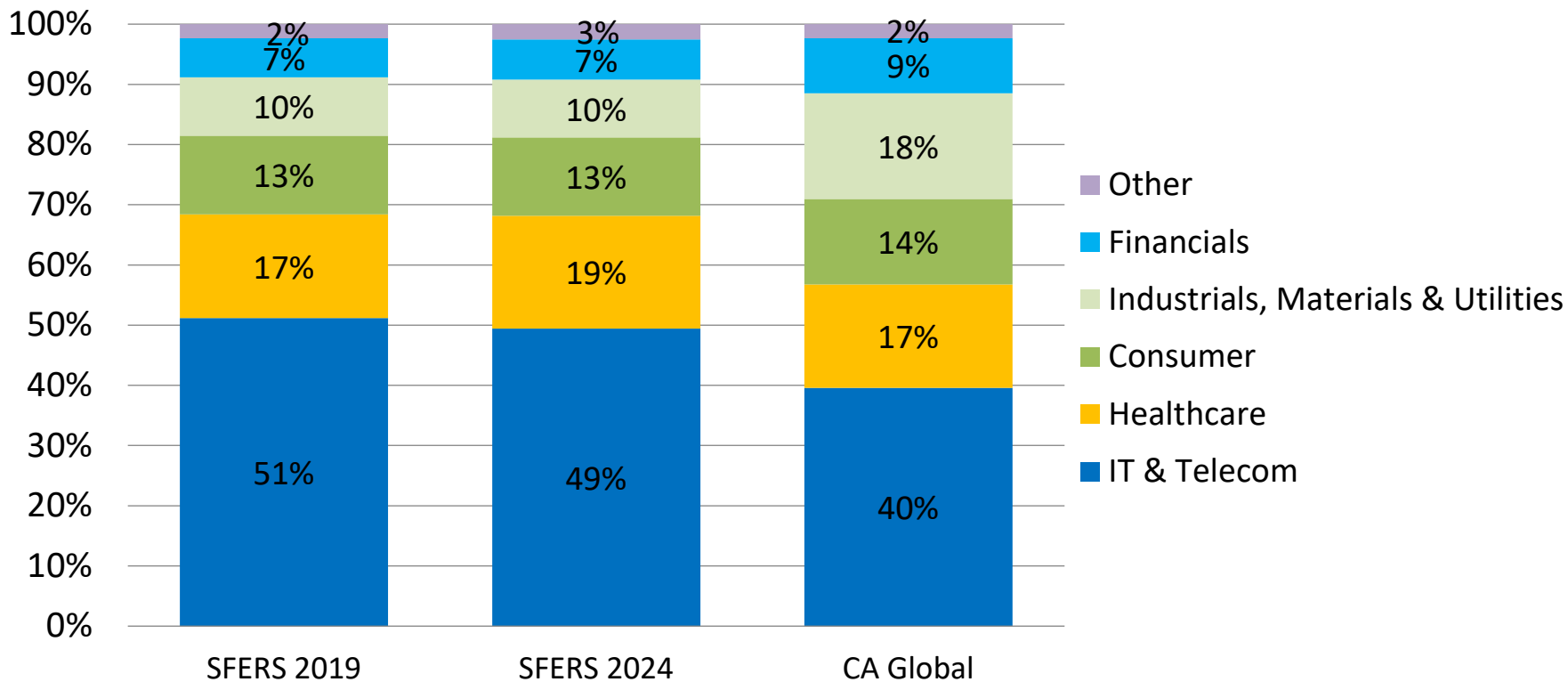
2024 At a Glance

	Contributors	Detractors
<i>Strategy</i>	Buyout/ Venture	Growth
<i>Geography</i>	US	Ex-US

- Few bright spots in the PE portfolio in 2024
- Recent private market headwinds combined with portfolio tilts drove underperformance versus benchmarks
- The PE team spent considerable time rethinking key portfolio tilts over the past 18 months, which will lead to gradual changes
 - Increase selectivity of ex-US managers
 - Refocus sourcing from VC to Growth & Buyout



PE Portfolio - Sector Exposure by FMV

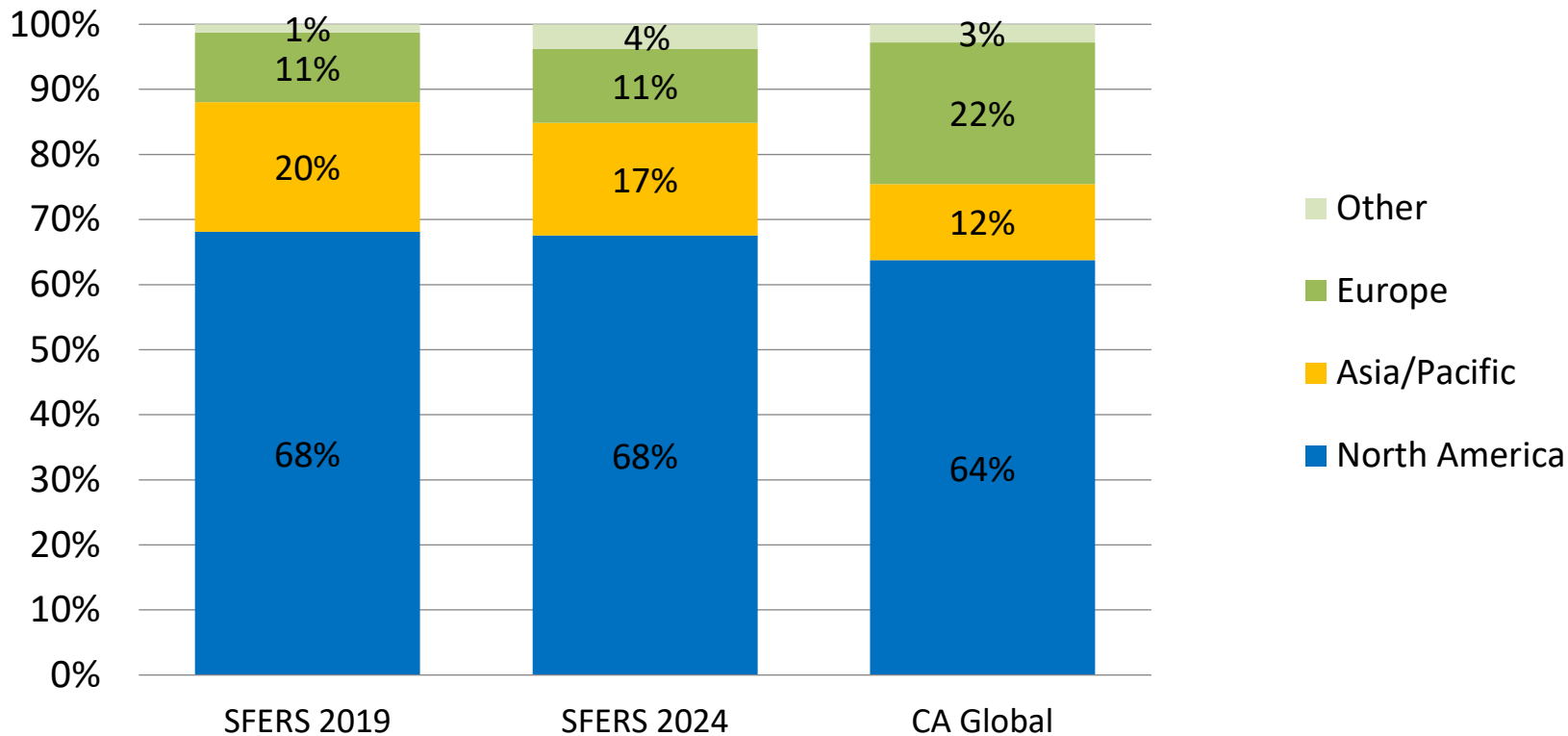


SFERS' Private Equity portfolio has an overweight to Technology and underweight to Industrials

Source: Cambridge and Aksia as of December 31, 2024. CA benchmark reflects deal level data for all VC, growth, and buyout funds tracked by CA. Aksia analysis is based on position level fair market value data. Analysis excludes some investments in which exposure is unknown or not provided by the General Partner such as in SMAs or FoFs.



PE Portfolio - Geographic Exposure by FMV



APAC exposure has declined and will continue to decrease within the portfolio

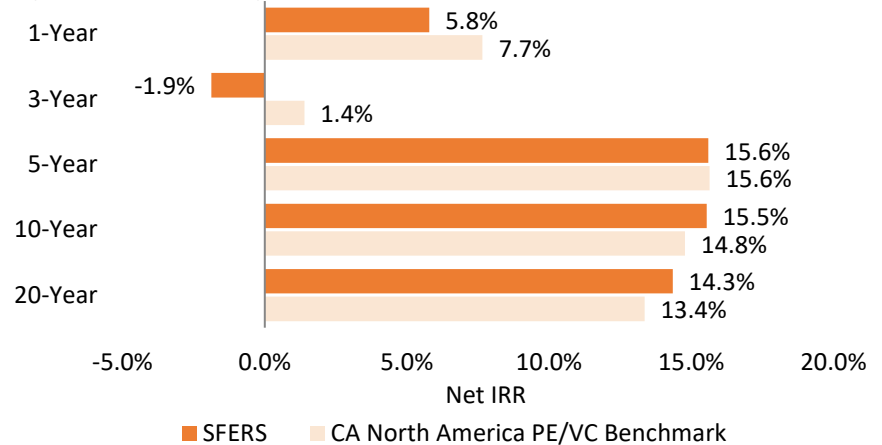
Source: Cambridge and Aksia as of December 31, 2024. CA benchmark reflects deal level data for all VC, growth, and buyout funds tracked by CA. Aksia analysis is based on position level fair market value data. Analysis excludes some investments in which exposure is unknown or not provided by the General Partner such as in SMAs or FoFs.



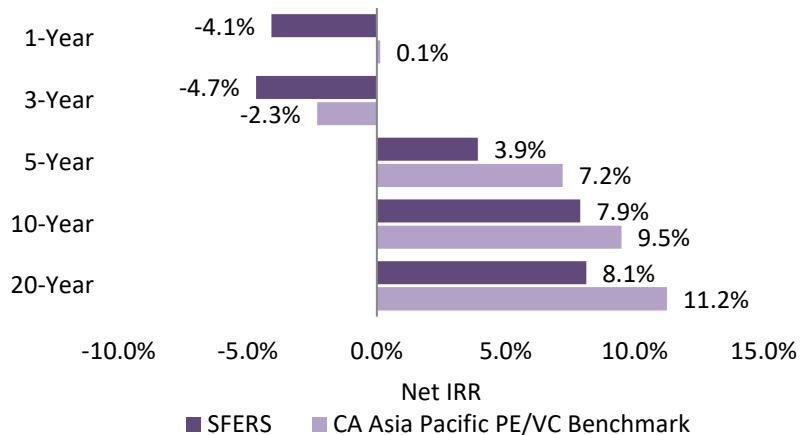
Private Equity Performance By Geography

- North America is the largest exposure in the portfolio with strong long-term performance
- APAC portfolio is underperforming Cambridge due to SFERS' elevated exposure to China
- Europe NAV is low and comparisons to Cambridge are not meaningful

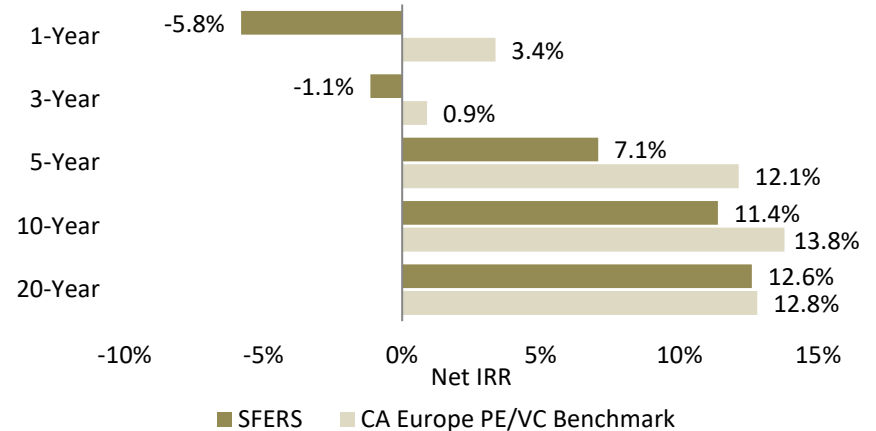
NORTH AMERICA PRIVATE EQUITY PERFORMANCE (\$6.6 BILLION NAV)



ASIA / PACIFIC PRIVATE EQUITY PERFORMANCE (\$2.2 BILLION NAV)

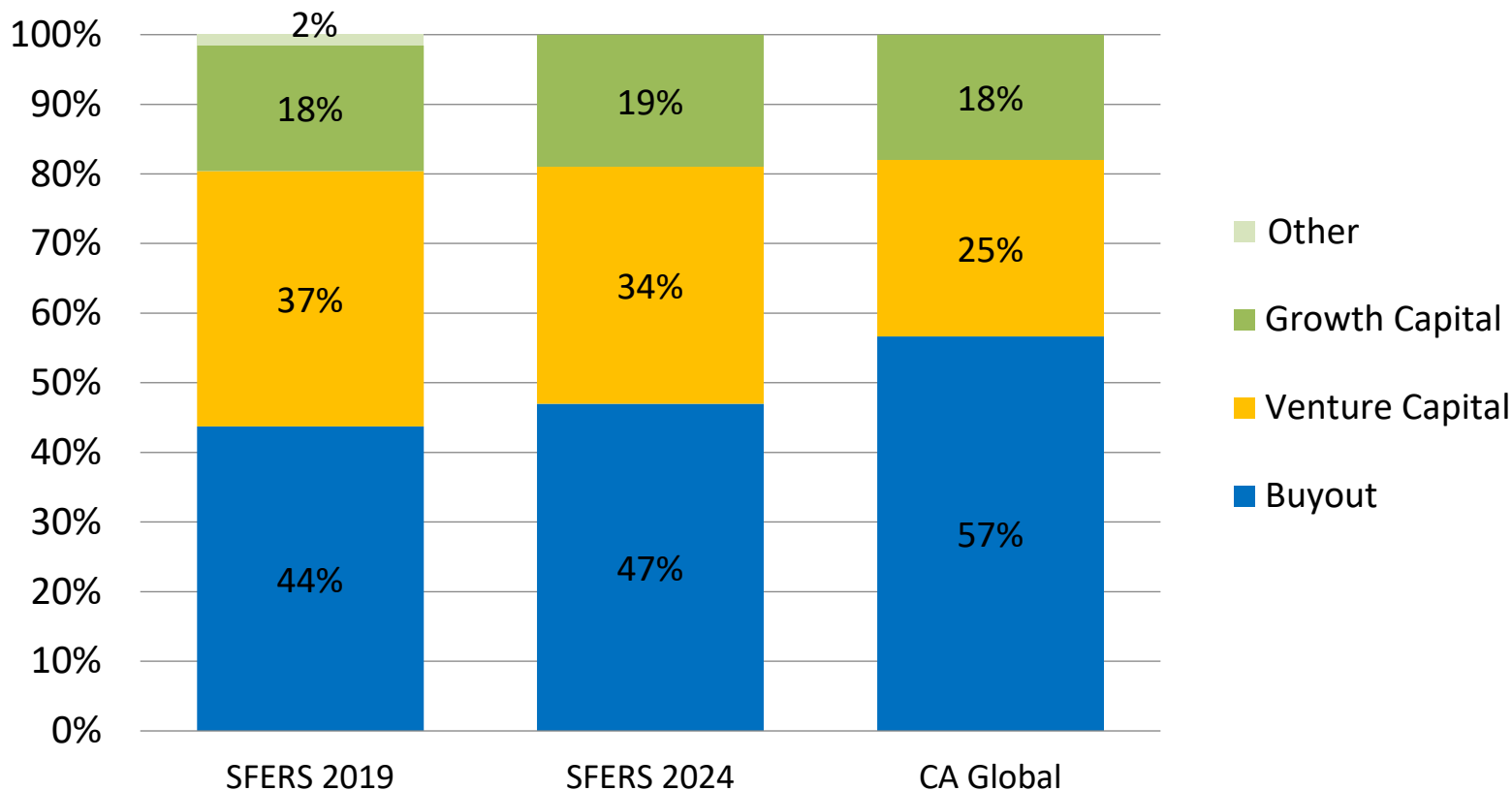


EUROPE PRIVATE EQUITY PERFORMANCE (\$254 MILLION NAV)



Source: Aksia and Cambridge Associates Private Investment Database. Notes: Aksia analysis excludes Global and Latin America funds.

PE Portfolio - Strategy Exposure by FMV



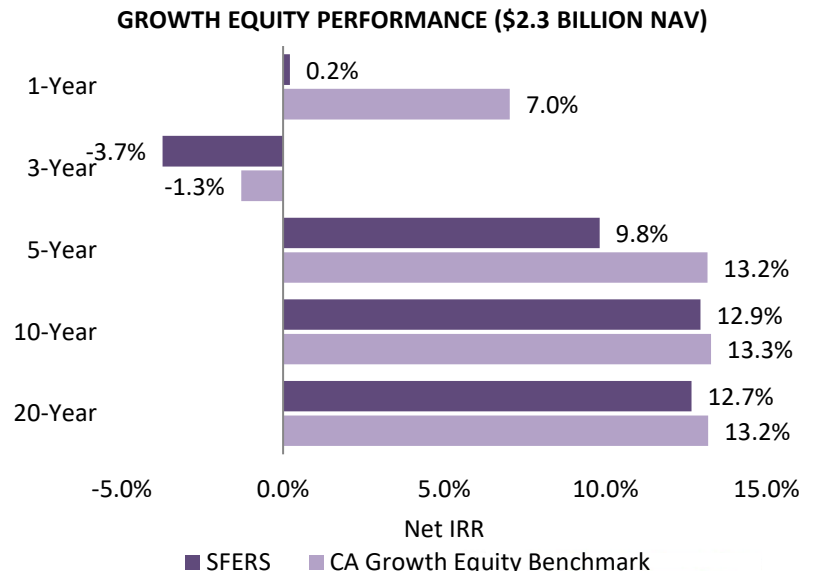
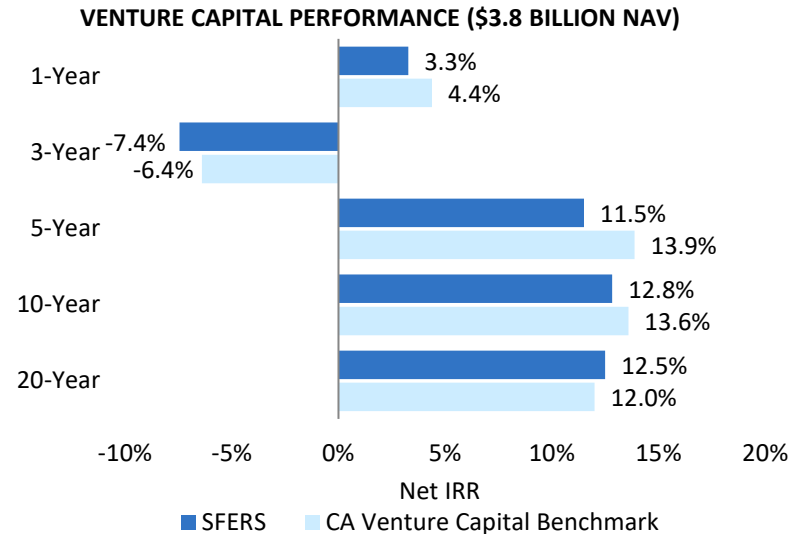
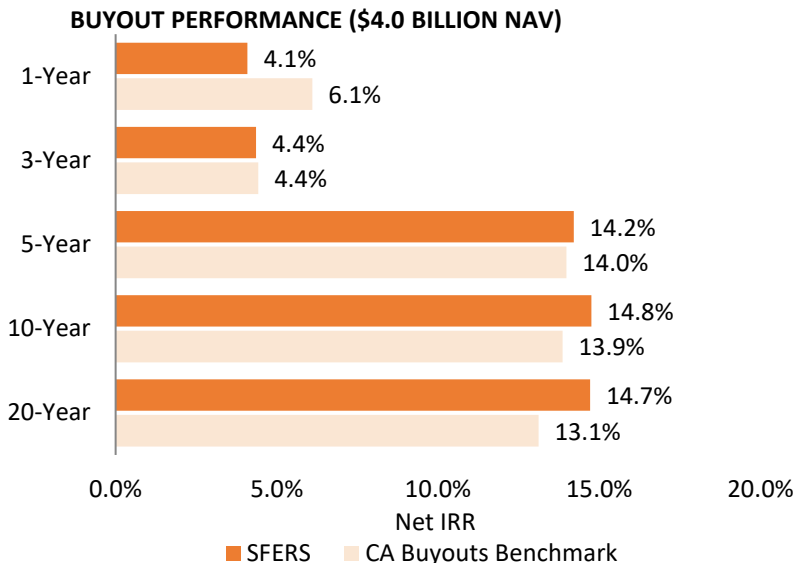
Initiating effort to build out Buyout and Growth Equity exposure

Source: Cambridge and Aksia as of December 31, 2024. CA benchmark reflects deal level data for all VC, growth, and buyout funds tracked by CA. Aksia analysis is based on position-level fair market value data. Analysis excludes some investments in which exposure is unknown or not provided by the General Partner such as in SMAs or FoFs.



Strategy Performance

- Buyout outperformed over medium and longer timeframes but underperformed in 2024
- VC has the best returns since inception, but recent softness negatively impacted all periods
- Growth Equity has underperformed over every period due to APAC exposure



Source: Strategy performance provided by Aksia as of December 31, 2024. Benchmark data from Cambridge Associates Private Investment Database. Note(s): Aksia analysis excludes Other Opportunistic and Special Situations funds.

Stock Distributions

- JP Morgan has managed stock distributions on behalf of SFERS since 2019
- Stock distributions accounted for 3.5% of 2024 distributions and 11% since 2019
- Improved execution: sales proceeds captured 96% of GP-distributed stock value since 2023, up from 84% during 2021-2022 correction
- As of June 2025, market value for distributed but not yet sold stocks is ~\$2.5 million

Year	#	Realized	Stock as % of Total
<u>Distributed</u>	<u>Distributions</u>	<u>Gain/(Loss) %</u>	<u>Distributions</u>
2019	20	\$26.0	2.8%
2020	95	\$121.3	10.3%
2021	181	\$379.9	21.2%
2022	69	\$115.7	12.2%
2023	75	\$81.4	11.6%
2024	44	\$38.0	3.5%
2025 YTD	32	\$18.4	3.0%
Total	516	\$780.6	10.8%

Source: JP Morgan as of June 30, 2025.

Note: Sold value represents net proceeds after deducting transaction fees and JPM fees. The performance of distributed stock is included in the SFERS PE performance.

Co-investment Update



SFERS' Co-investment Overview

- Co-investment portfolio is maturing
 - First co-investment completed in 2014
- PE team executing fund investments and co-investments
 - Additional implementation options currently under review
- Robust, iterative investment process
- Leverage GP relationships to build pipeline
- Disciplined portfolio construction and deal selection



SFERS' Co-investment Update

- Building on successful opportunistic approach to co-investing
- Developed framework for programmatic approach that can be executed at scale
 - Top-down focus areas: 1) North America / Developed Europe; 2) Primarily buyouts; 3) Diversification by vintage year, manager, sector, and deal
 - Will leverage a third-party partner for additional deal flow and execution capacity
- SFERS has screened the market of potential third-party partners
 - Prioritized a robust process ("cast a wide net")
 - Conducted calls and desktop due diligence
 - Currently in discussions with a short-list of potential partners



SFERS' Co-investment Portfolio

- ~\$420 million invested across 28 co-investments
- Average check size of ~\$15mm (range = ~\$5-\$25mm)
 - Avg check size for direct co-investments of ~\$20mm (range = ~\$15-\$25mm)

	# Co-inv.	\$ Invested	\$ Realized	\$ NAV	Total Value	Net IRR	TVPI	DPI
Active	22	\$320	\$45	\$466	\$511	12.4%	1.6x	0.1x
Full Exit	6	\$101	\$204	\$1	\$206	27.3%	2.0x	2.0x
Total	28	\$421	\$249	\$468	\$717	17.0%	1.7x	0.6x

- Average hold period of ~4.5 years
- Six exits since inception

Portfolio is maturing and remains largely unrealized

Notes: USD in millions. Co-investment portfolio includes direct co-investments, co-investments through SMAs and side cars, co-investments through rollover vehicles, and continuation vehicles. Co-investment performance as of 12/31/24; provided by Aksia and SFERS.



Initiatives

2025 Initiatives

Areas of Focus	Implementation
Continue portfolio construction and portfolio management initiatives	<ul style="list-style-type: none"> • Focus on building a resilient portfolio while maintaining the potential to outperform • Align pipeline development and deployment with portfolio construction goals • Periodic evaluation of top-down portfolio exposures (sub-strategy, geography, sector, etc.)
Tweak long-term portfolio construction	<ul style="list-style-type: none"> • Expand pipeline for Buyout and reposition pipeline from VC to Growth. Targeted/selective approach to ex-US
Co-investment implementation	<ul style="list-style-type: none"> • Evaluate potential co-investment/SMA advisors with a MM/LMM BO focus
Secondaries	<ul style="list-style-type: none"> • Evaluate opportunities in the secondary markets
Ongoing research initiatives	<ul style="list-style-type: none"> • Ex-US, healthcare, VC/BO separate accounts, etc.



SAN FRANCISCO EMPLOYEES' RETIREMENT SYSTEM

PRIVATE EQUITY PORTFOLIO UPDATE

PRESENTED BY ANITA NG, INVESTMENT MANAGING DIRECTOR AND KELLY JENSEN, INVESTMENT MANAGING DIRECTOR



Executive Summary

- With a backdrop of strong, yet concentrated public markets, private equity and venture capital posted mid single-digit returns in 2024, with venture capital bouncing back from its two-year streak of negative returns
- Amidst ongoing uncertainty, fundraising, transaction and distribution activity were muted by all accounts relative to peak market levels (slight tick up for both transaction and distribution activity vis a vis 2023)
- SFERS' PE portfolio returned +2.9% vs. +23.3% for the benchmark in 2024
- SFERS' cash flow picture was a bright spot, with net cash flow (+\$323.7 million) at its highest level in the portfolio's history (SFERS' distribution to contribution ratio was also better than that of the industry)
- At 28% of Plan assets¹, the PE program continues to be above its 20% target allocation, largely driven by strong historical performance, a high velocity of investment by GPs during the peak years, and reduced distribution activity in recent years
- Despite shorter-term headwinds, SFERS' PE program has generated attractive performance since inception:
 - +15.6% net annualized returns (650 bps of outperformance over public markets)
 - \$10.2 billion in value creation
 - Venture capital has generated the highest since inception returns for the program (+20.8%) while buyouts have driven liquidity (both the pace and volume of distributions)
- Looking forward, we expect continued macro volatility driven by tariffs, NIH/government funding, labor issues, inflation, and interest rates—these factors will undoubtedly have impacts on private market activity and results, as well as public and private valuations
- The influx of semi-liquid (“retail”) capital into the PE industry also has the potential for transformational impact, particularly at the large end of the market, and is a dynamic we are closely monitoring
- We are in the early stages of both the AI innovation cycle and systemic adoption; however, the speed of advancement is unparalleled and will fundamentally reshape the private investment landscape – it will be key to closely track developing opportunities and risks
- Going forward, we see attractive opportunities in: lower-middle-market buyouts, growth equity, and early-stage venture capital, as well as selectively in Europe and Asia; managers with operational value-add focuses, sector/technical expertise, and differentiated AI capabilities should continue to rise above the pack

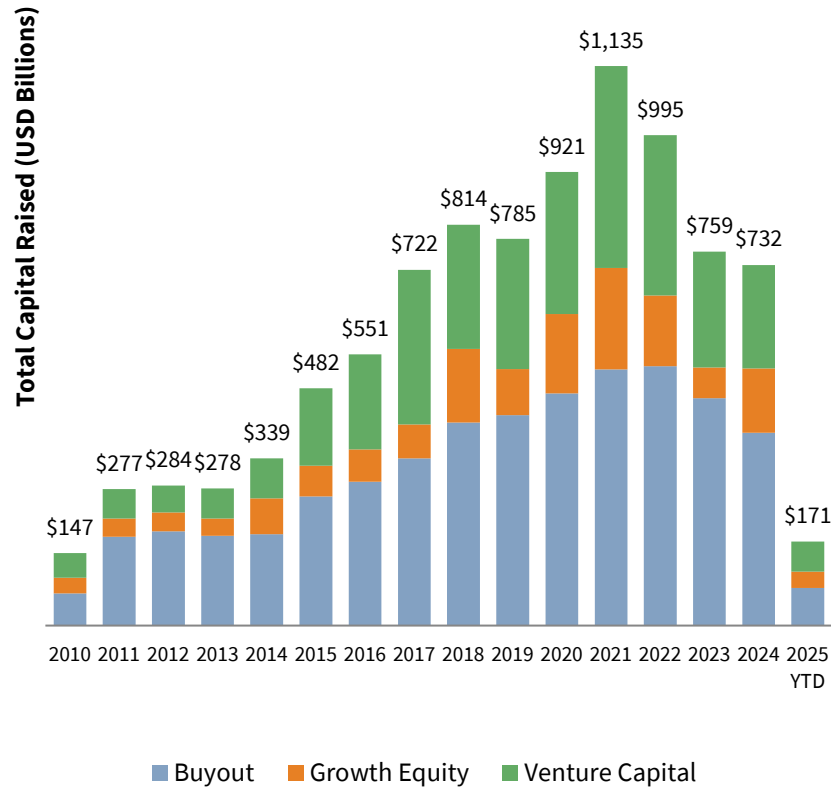
MARKET OVERVIEW



Fundraising Continues to be Challenged Amidst Slight Uptick in Investment Activity

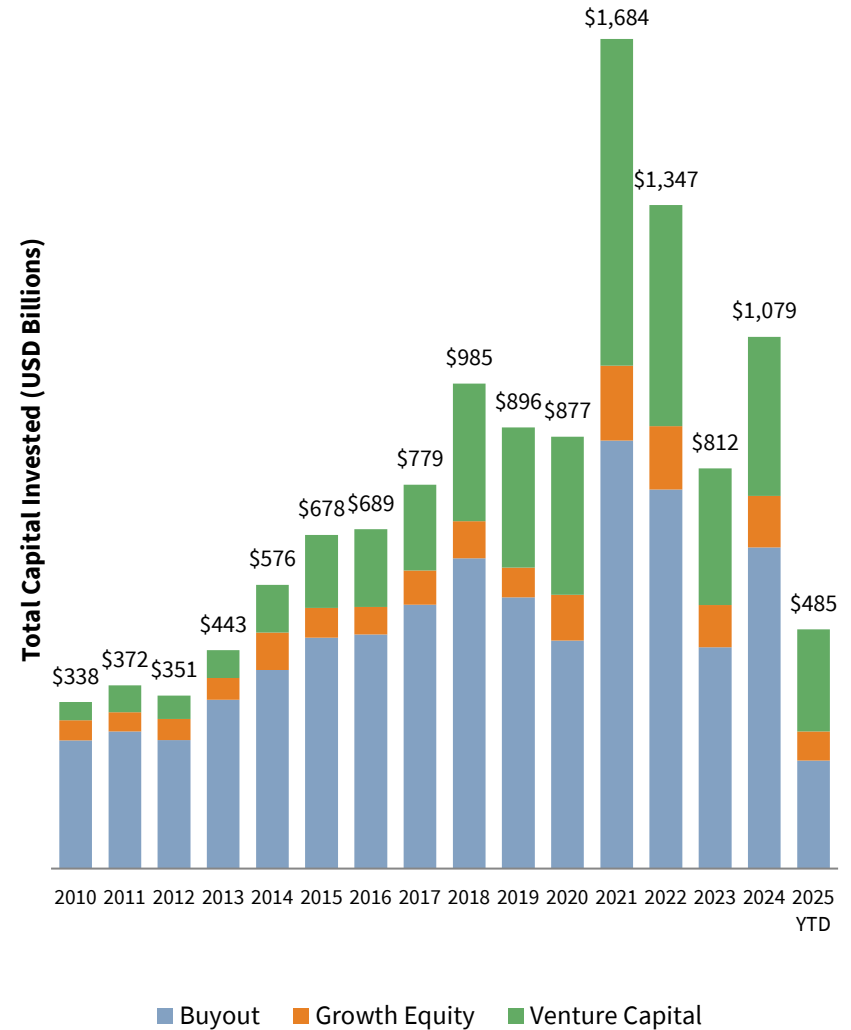
GLOBAL BUYOUTS, GROWTH EQUITY, AND VENTURE CAPITAL: ANNUAL FUNDRAISING

As of June 30, 2025



GLOBAL BUYOUTS, GROWTH EQUITY, AND VENTURE CAPITAL: INVESTED CAPITAL

As of June 30, 2025



Sources: Cambridge Associates LLC and PitchBook Data, Inc.

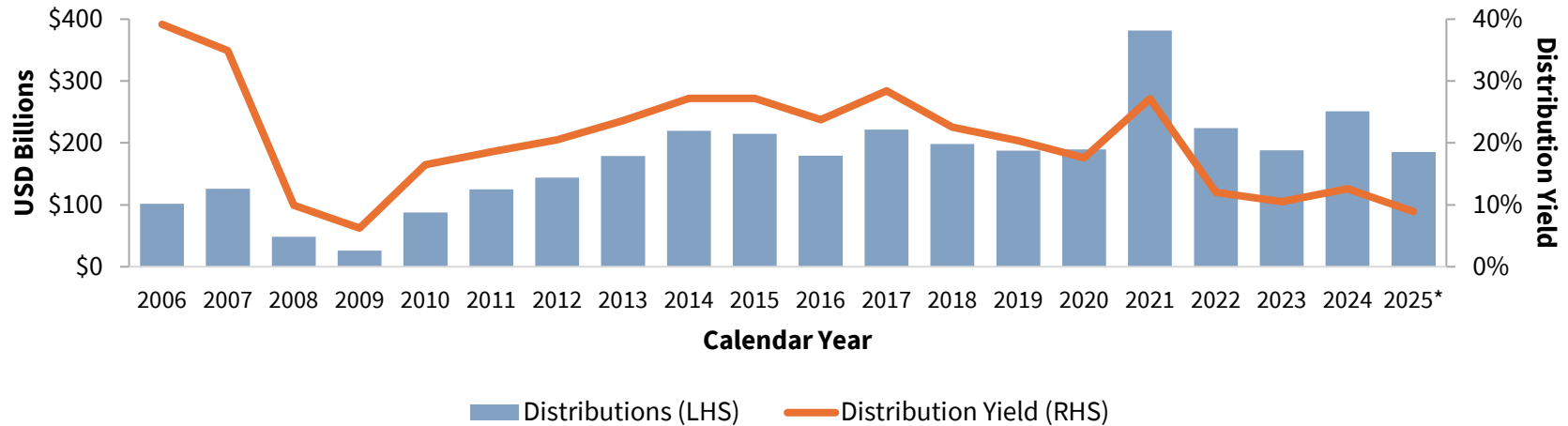
Notes: Fundraising figures represent capital raised by buyout, growth equity, and venture capital funds globally. Invested capital figures represent capital invested by buyout, growth equity, and venture capital funds globally. Fundraising and invested capital figures shown are in USD billions.

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Distributions Slightly Recovered in 2024, but Yield Remains Near Historic Lows

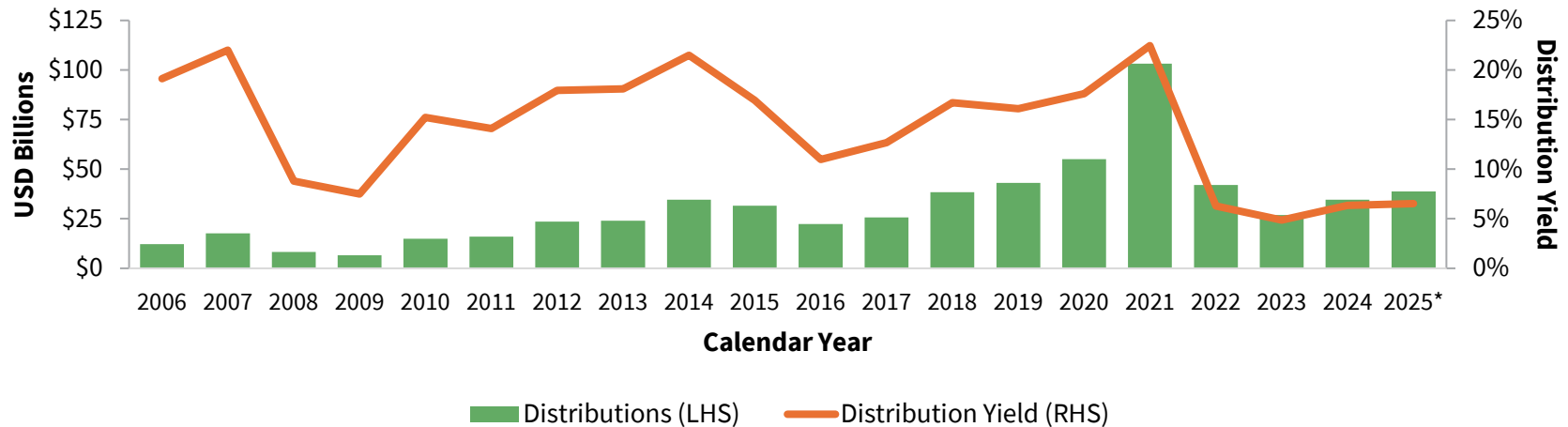
GLOBAL PRIVATE EQUITY: DISTRIBUTIONS AND DISTRIBUTION YIELDS BY CALENDAR YEAR

As of March 31, 2025



GLOBAL VENTURE CAPITAL: DISTRIBUTIONS AND DISTRIBUTION YIELDS BY CALENDAR YEAR

As of March 31, 2025

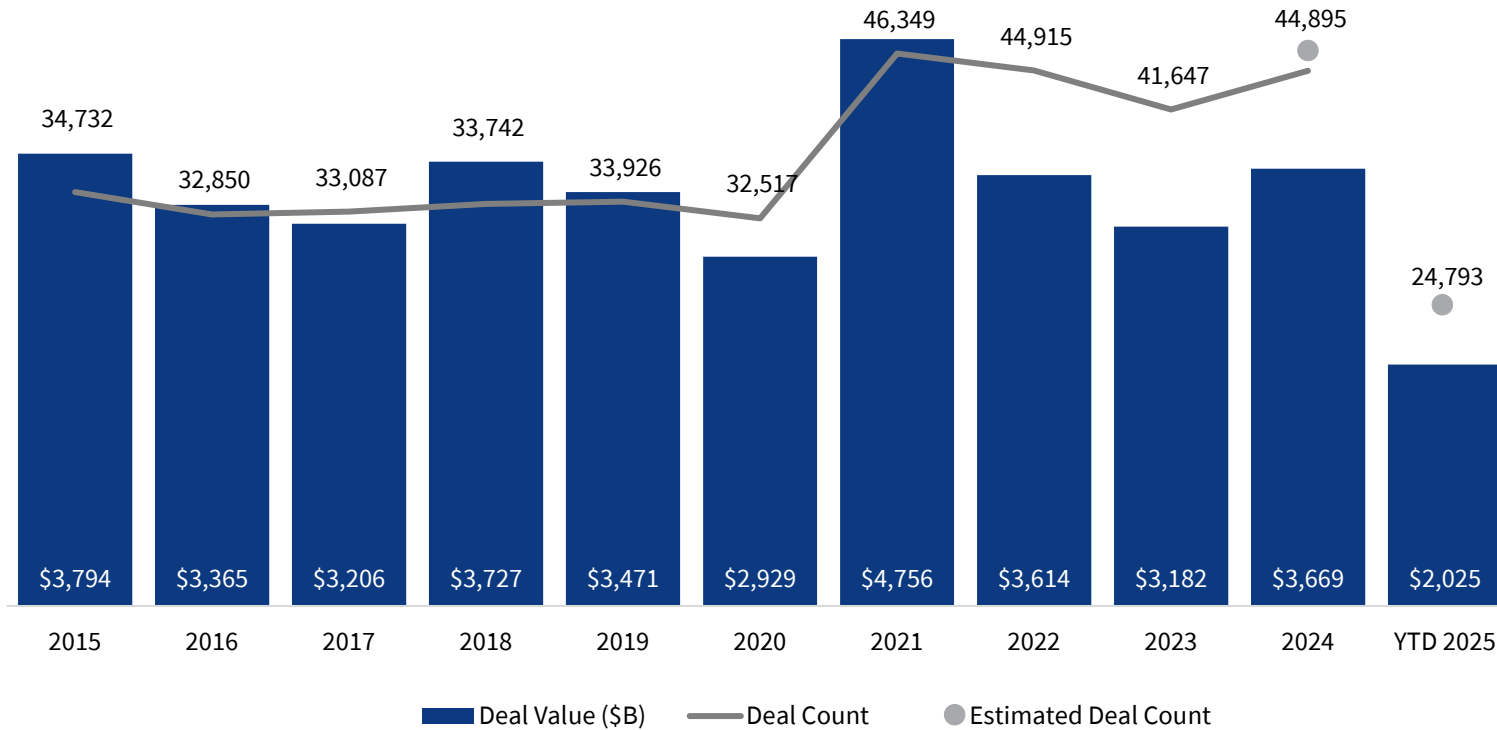
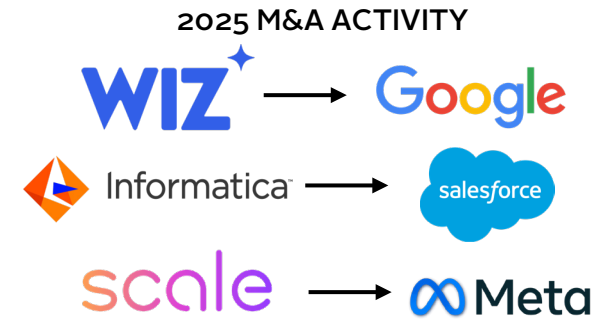


Source: Cambridge Associates LLC.

Notes: Calendar year distribution yield is annual LP distributions/beginning NAV. *2025 distributions and yield are annualized. Distributions are net of recallable returns of capital. Copyright © 2025 by Cambridge Associates LLC. All rights reserved.

M&A Activity Picked Back Up in 2024, though Deal Value Remained Below the 2021 Peak

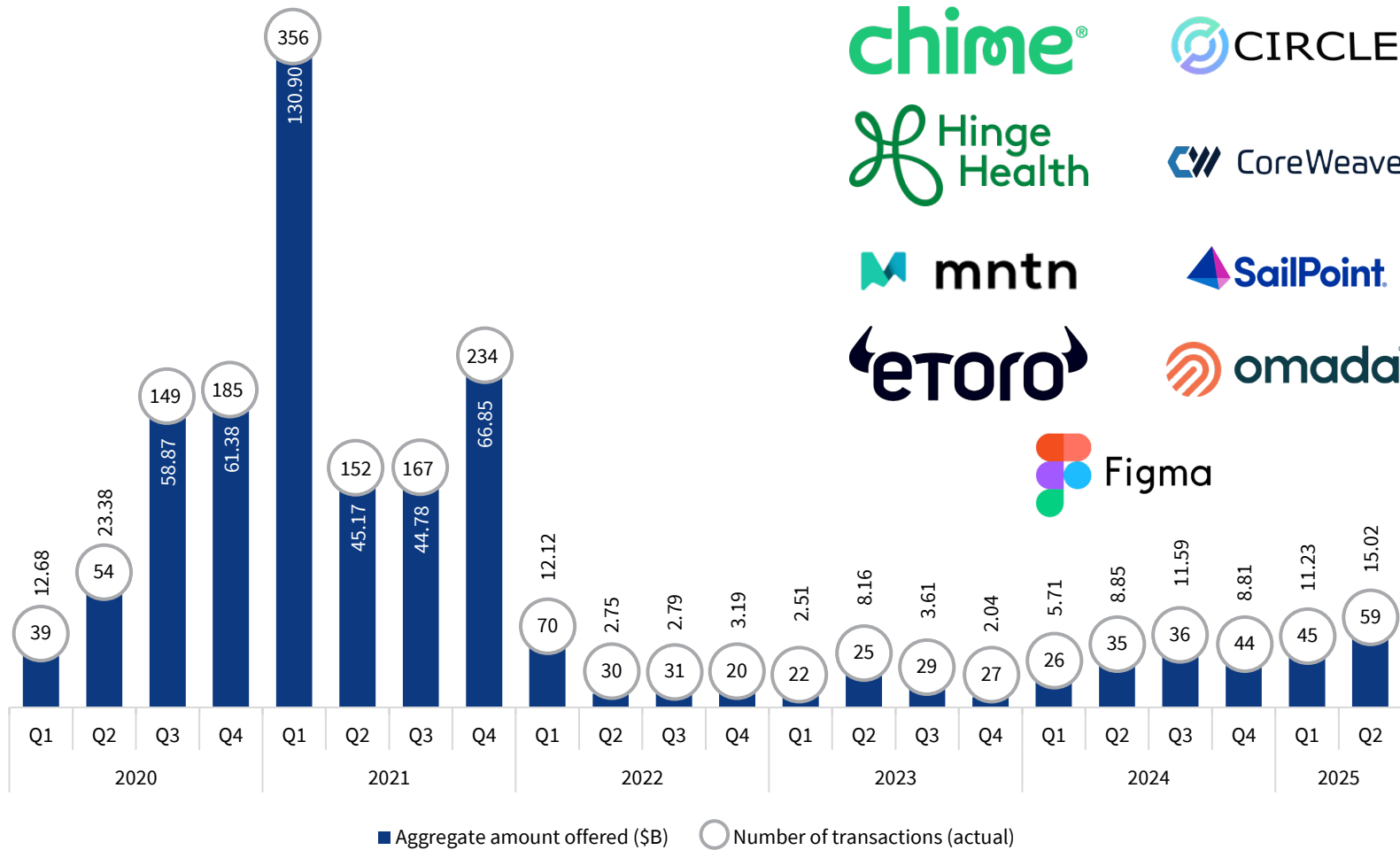
GLOBAL M&A ACTIVITY BY YEAR
As of June 30, 2025



Source: Pitchbook, as of June 30, 2025. Q2 2025 includes estimates for undisclosed values and late-reported deals.

After a Long Drought, the IPO Window is (Slowly) Reopening

US IPO ACTIVITY SINCE 2020
As of June 30, 2025



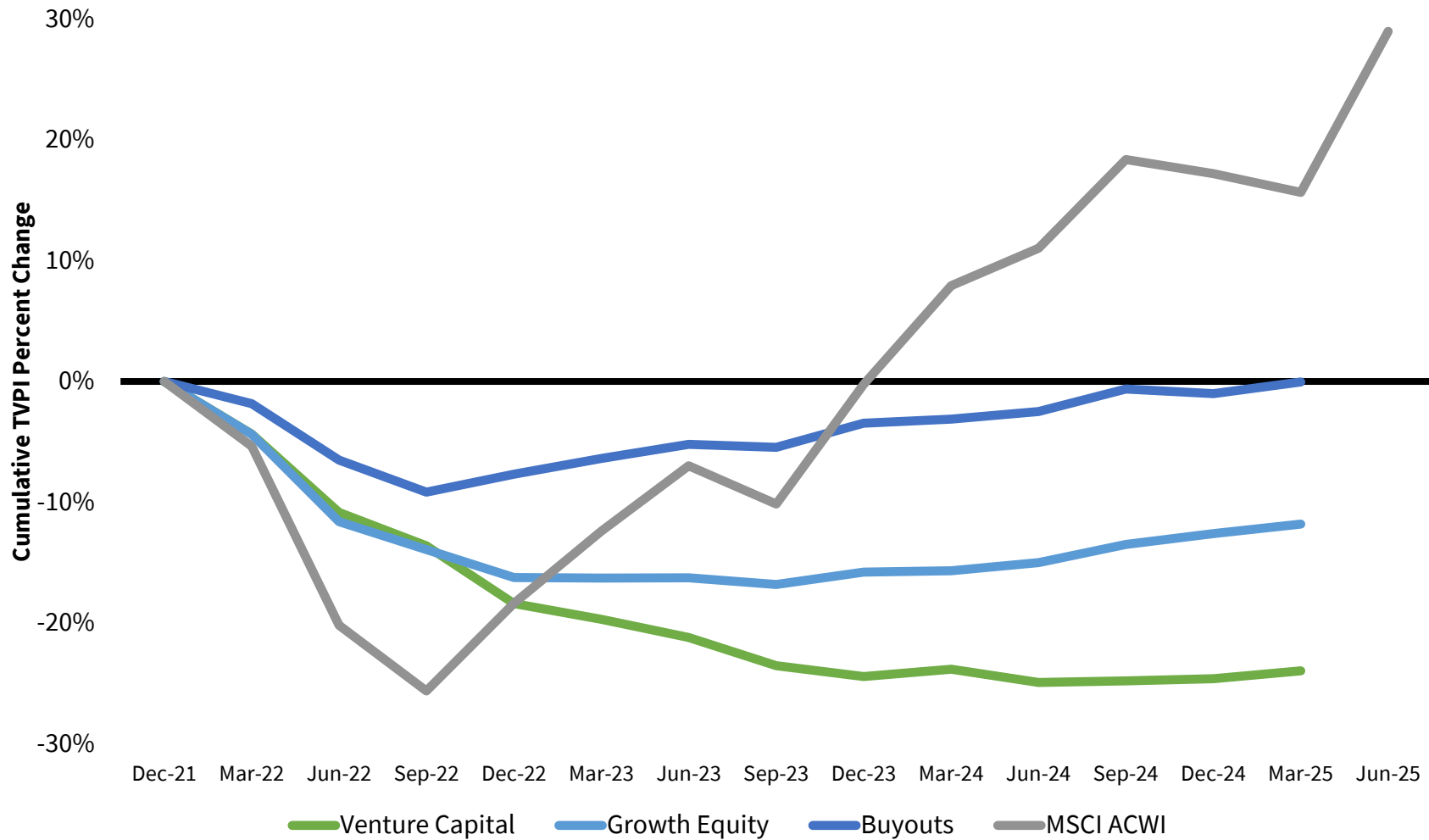
Tech IPO Class of 2025 YTD



Source: S&P Global Market Intelligence.
Note: Analysis includes initial public offerings completed between Jan. 1, 2020, and June 30, 2025, by companies headquartered in the US. Excludes private placements. Aggregate amount offered includes overallotments. The Figma IPO occurred post-Q2 2025 and is therefore not included in totals.

Buyouts & Growth Equity have Shown Signs of Recovery, but it could be Lower for Longer for Venture Capital

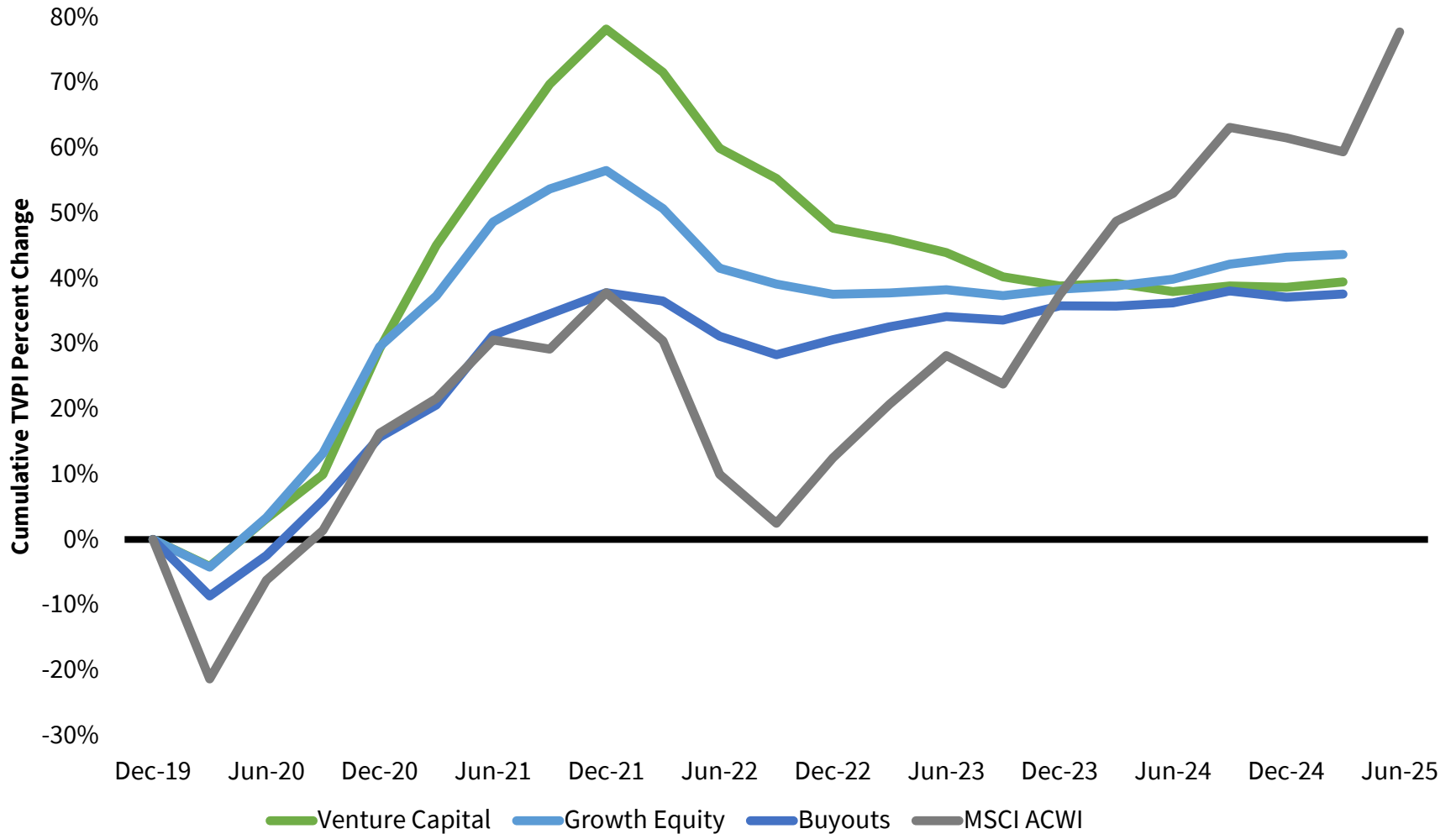
GLOBAL VENTURE CAPITAL, GROWTH EQUITY, BUYOUTS, AND MSCI ACWI: CUMULATIVE TIME TO RECOVERY
 Private investment data as of March 31, 2025 • MSCI ACWI data as of June 30, 2025



Sources: Cambridge Associates LLC, Standard and Poor's, and Thomson Reuters Datastream.
 Notes: Cumulative TVPI and percent change are based on returns that are net of fees, expenses and carried interest. Private investment cumulative returns calculated for vintage years 2016-2021.

But Remember, Venture Capital had the Highest Run-up to the Peak

GLOBAL VENTURE CAPITAL, GROWTH EQUITY, BUYOUTS, AND MSCI ACWI: CUMULATIVE TIME TO RECOVERY
 Private investment data as of March 31, 2025 • MSCI ACWI data as of June 30, 2025

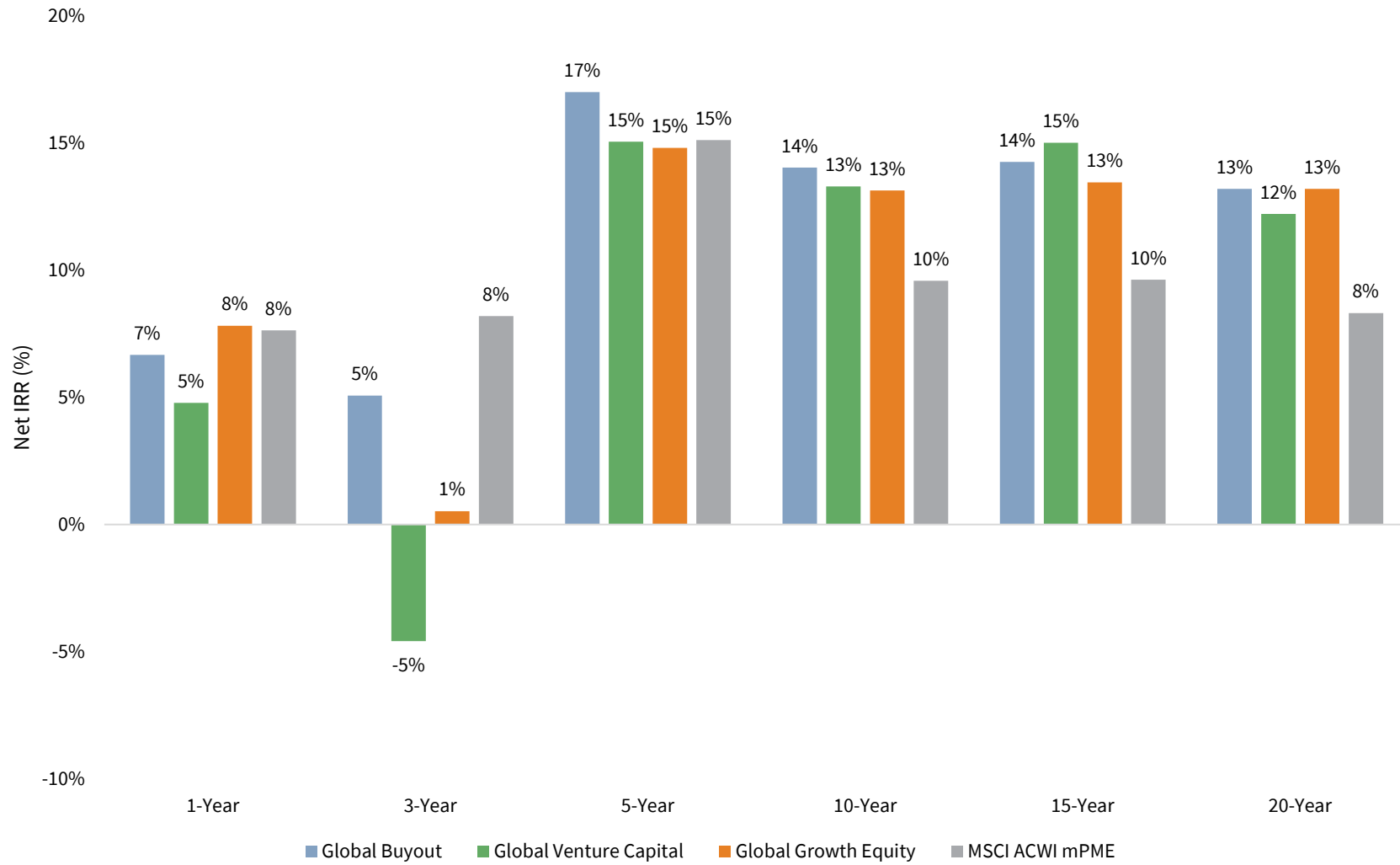


Sources: Cambridge Associates LLC, Standard and Poor's, and Thomson Reuters Datastream.
 Notes: Cumulative TVPI and percent change are based on returns that are net of fees, expenses and carried interest. Global PE and Global VC cumulative returns calculated for vintage years 2014-2019

Focus on the Compass, not the Clock

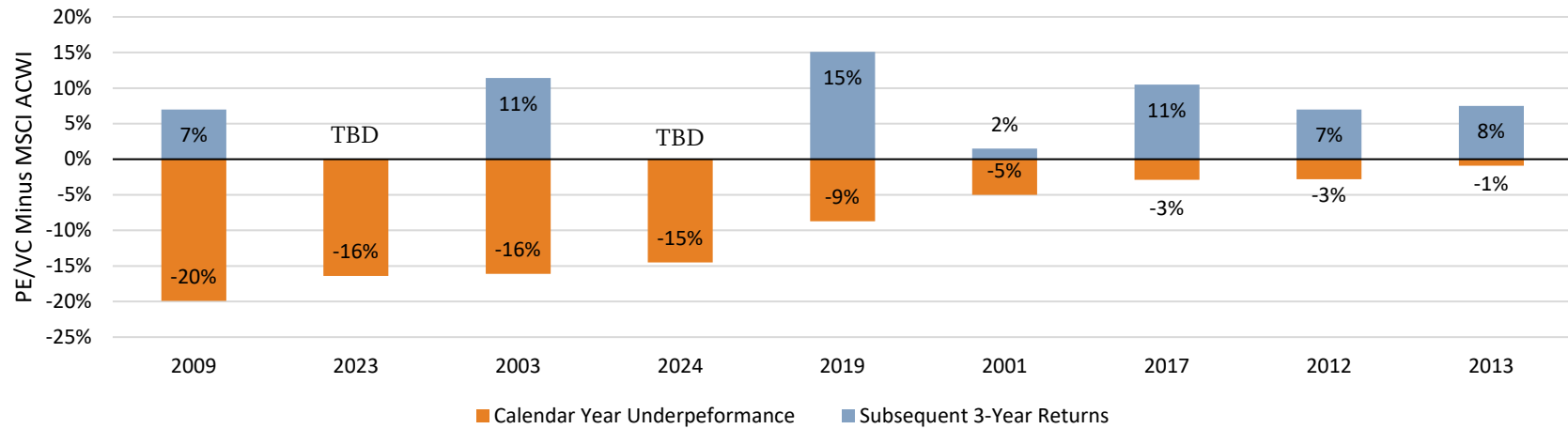
PRIVATE EQUITY AND VENTURE CAPITAL: PERIODIC RETURNS VS MSCI ACWI MPME

As of March 31, 2025



Historically, PE has rebounded strongly following periods of underperformance

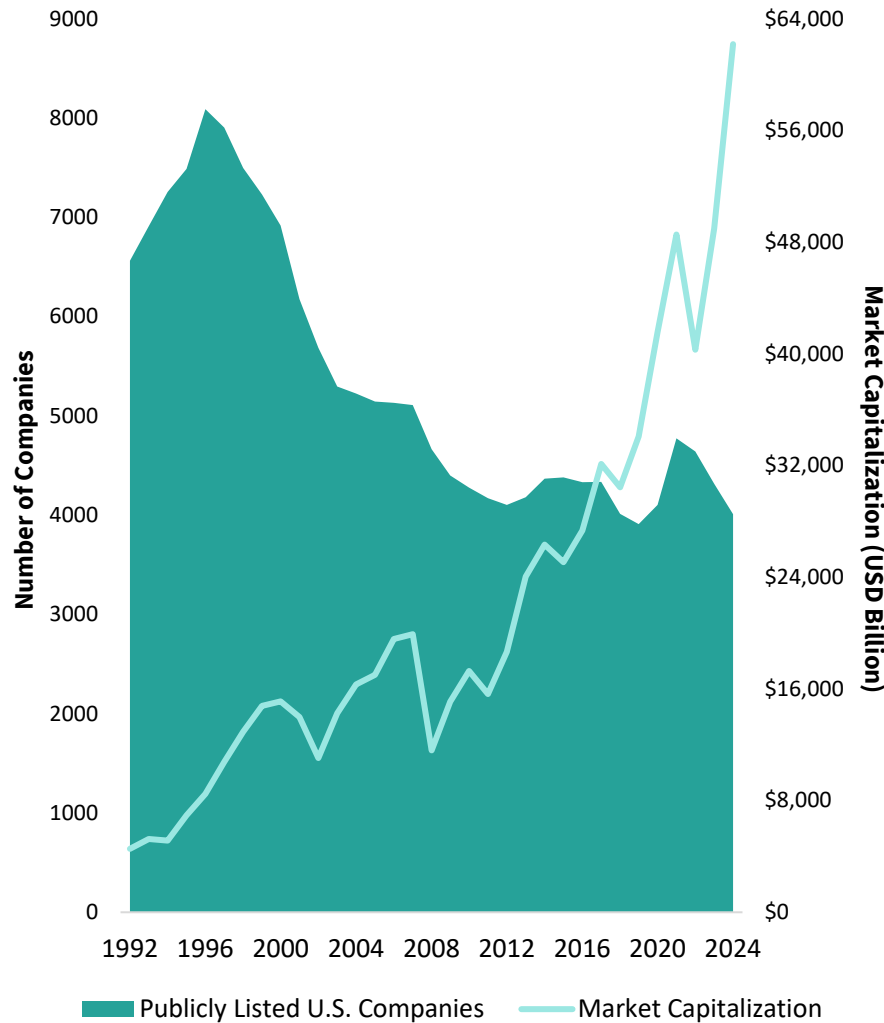
PE/VC 3-YEAR PERFORMANCE V. MSCI ACWI FOLLOWING LARGEST INDIVIDUAL YEARS OF UNDERPERFORMANCE
As of December 31, 2024



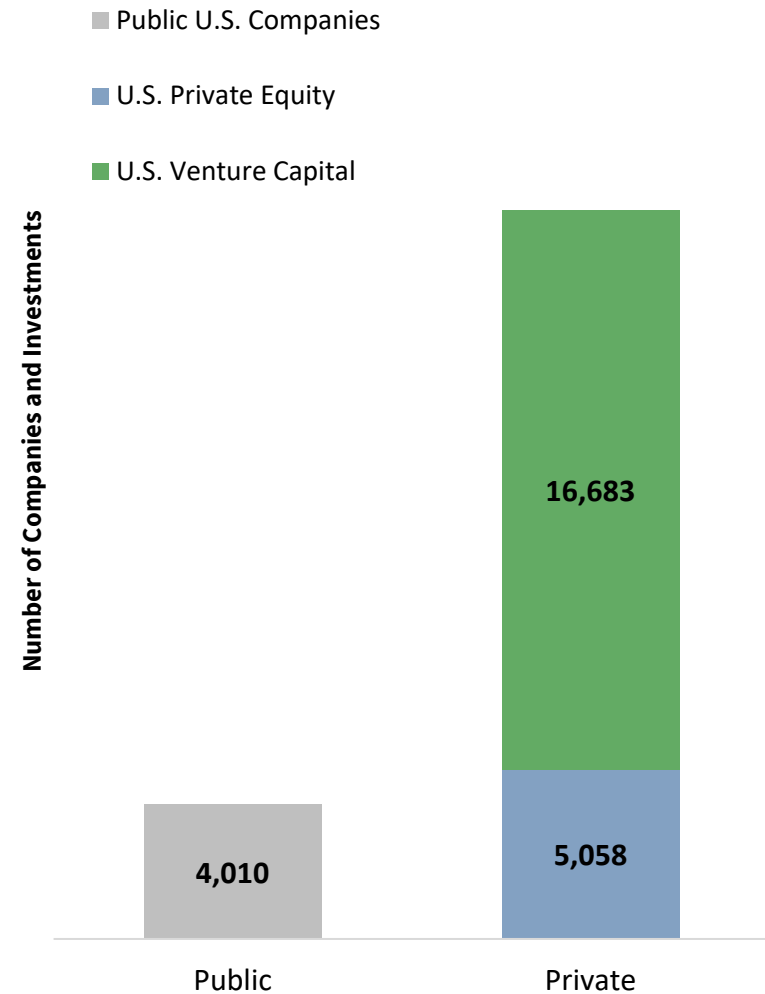
Greatest Calendar Year Return Deltas				Subsequent 3-Year Annual Returns		
Year	PEVC	ACWI	Δ	PEVC	ACWI	Δ
2009	14.7%	34.6%	-19.9%	13.6%	6.6%	+7.0%
2023	5.8%	22.2%	-16.4%	-	-	-
2003	17.9%	34.0%	-16.1%	27.0%	15.6%	+11.4%
2024	3.0%	17.5%	-14.5%	-	-	-
2019	17.9%	26.6%	-8.7%	19.1%	4.0%	+15.1%
2001	-21.2%	-16.2%	-5.0%	9.1%	7.6%	+1.5%
2017	21.1%	24.0%	-2.8%	20.6%	10.1%	+10.5%
2012	13.3%	16.1%	-2.8%	14.7%	7.7%	+7.0%
2013	21.9%	22.8%	-0.9%	10.6%	3.1%	+7.5%
Average	10.5%	20.2%	-9.7%	16.4%	7.8%	+8.6%

Private Market Investors Benefit from a Significantly Larger Pool of Assets to Choose from as the US Stock Universe Continues to Shrink

PUBLICLY LISTED COMPANIES VERSUS MARKET CAPITALIZATION
1992–2024

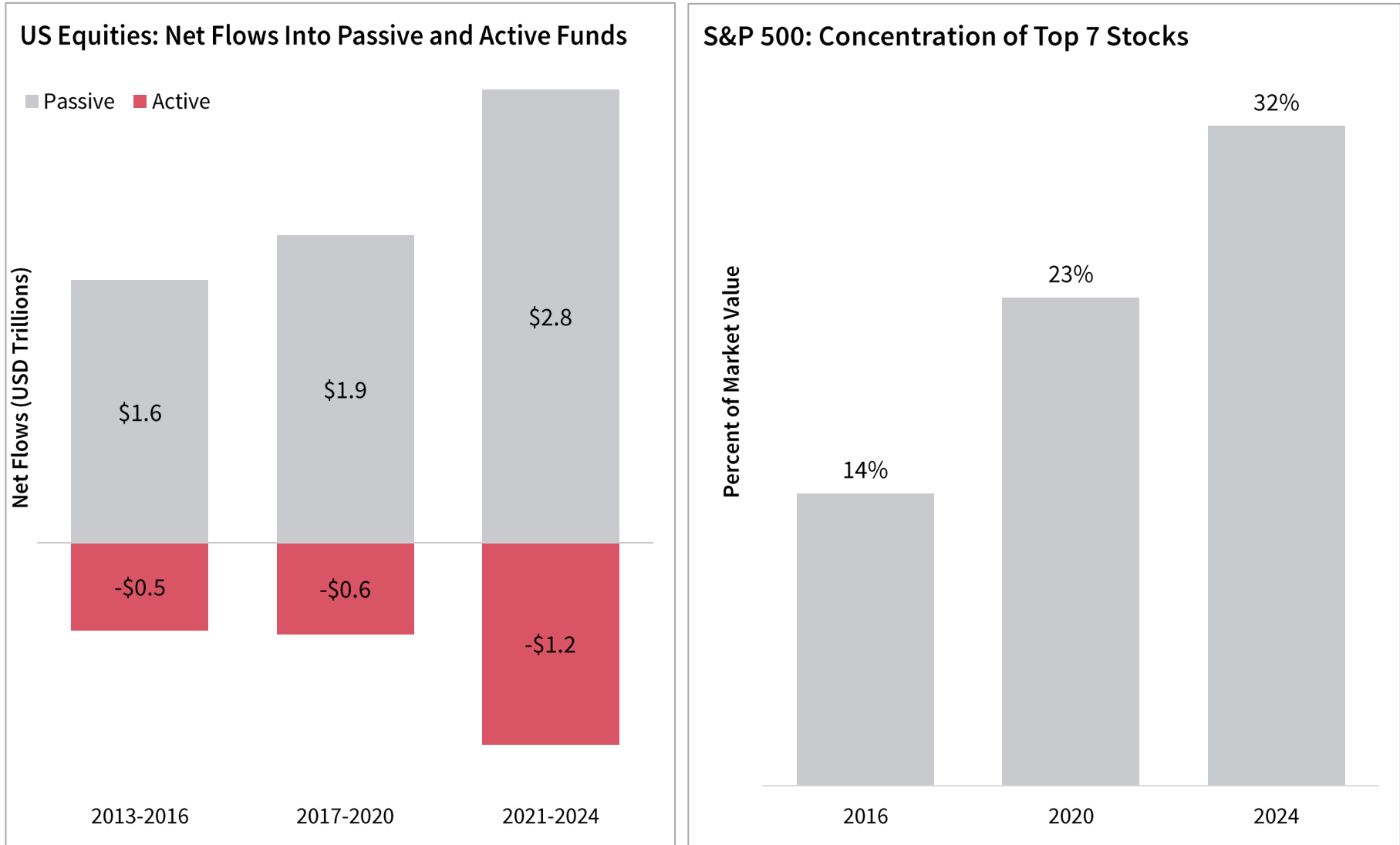


NUMBER OF PUBLICLY LISTED COMPANIES ON U.S. EXCHANGES VERSUS ACTIVE PRIVATE INVESTMENTS
As of December 31, 2024



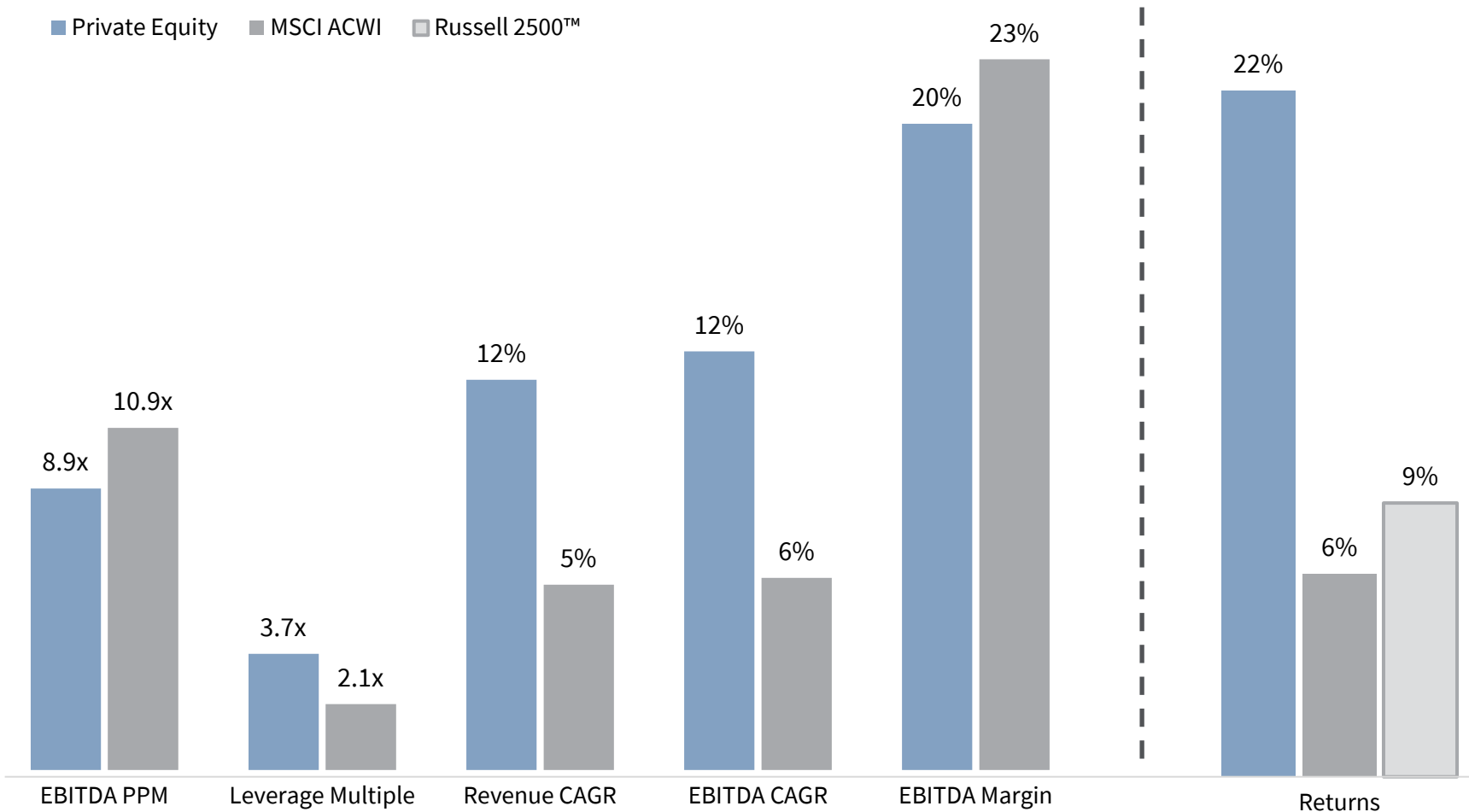
Sources: Cambridge Associates LLC, World Bank Group, and Bankrate.
 Notes: Market capitalization (also known as market value) is the share price times the number of shares outstanding. Listed domestic companies are the domestically incorporated companies listed on the country's stock exchanges at the end of the year. Listed companies do not include investment companies, mutual funds, or other collective investment vehicles. Data are in current US dollars. S&P 500 as of July 16, 2025, and USPE and USVC as of December 31, 2024. For listed company analysis, data for active private investments includes unrealized and partially realized investments made by U.S. Buyout, Growth Equity, and Venture Capital funds as of December 31, 2024; public company data as of December 31, 2024. Copyright © 2025 by Cambridge Associates LLC. All rights reserved.

US Public Markets are Passively Concentrating



Active Management in the Private Markets Speaks for Itself

Global Private Equity vs MSCI AC World & Russell 2500™: Operating Metrics & Returns

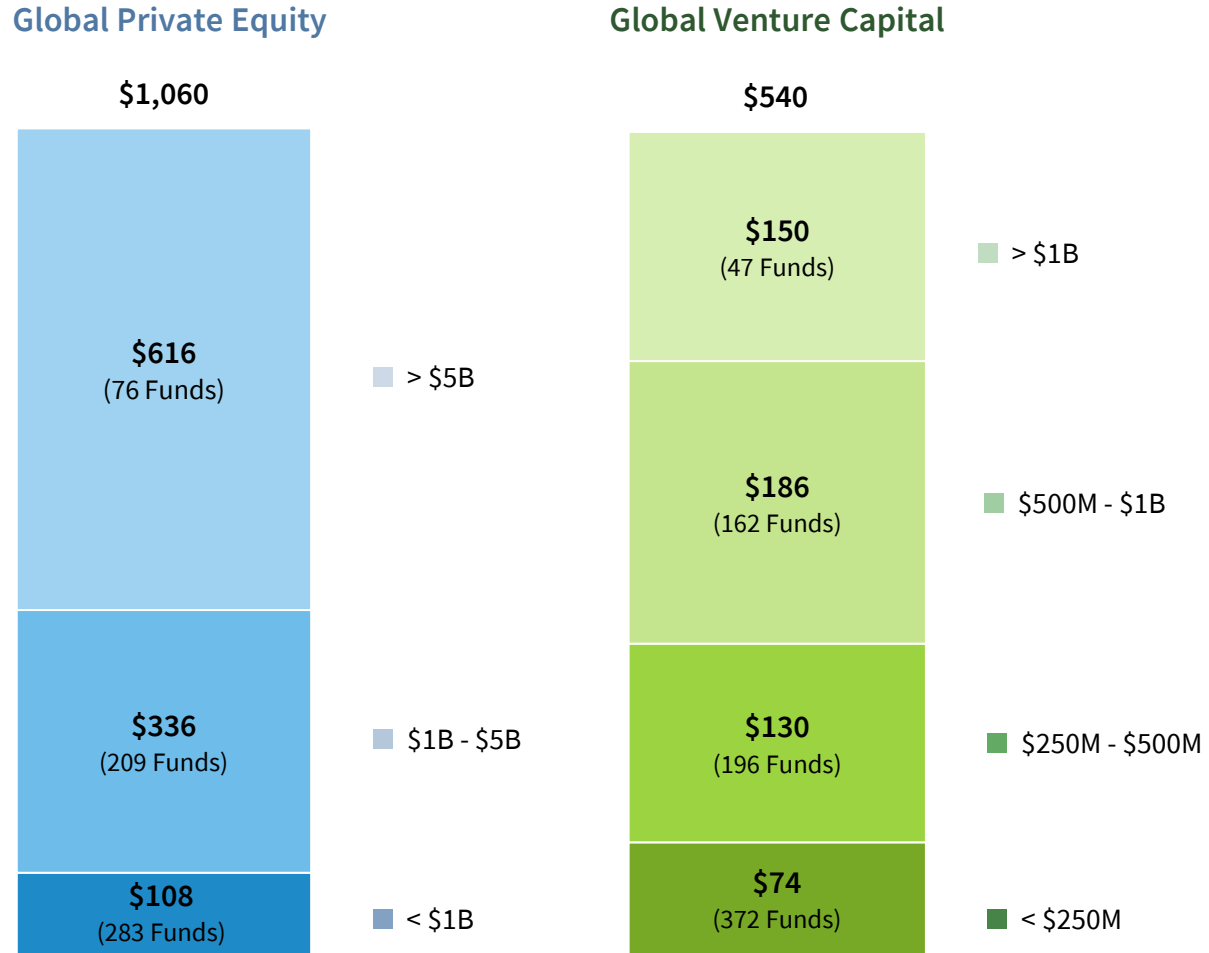


Sources: Cambridge Associates LLC Private Investments Database (as reported by investment managers), FactSet Research Systems, Frank Russell Company, and MSCI, Inc. MSCI data provided "as is" without any express or implied warranties. Notes: Private equity metrics and gross returns are as of December 31, 2023, and based on fully realized global buyout and growth equity deals acquired in 2008–2023. EBITDA PPMs and leverage multiples are medians (at acquisition). Growth metrics are median CAGRs. EBITDA Margins are annual averages with outliers removed. Global PE sample sizes range from 3,314 to 4,207 companies and depend on information available. Public company data for revenue, EBITDA growth, and EBITDA margins are averages with outliers removed based on calendar years 2008–2023. Performance figures for the Russell 2500™ and MSCI World are average annual compound returns from January 1, 2008 – December 31, 2023. All financial investments involve risk. Depending on the type of investment, losses can be unlimited. Past performance is not indicative of future returns.

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Capital Overhang in PE and VC has Ballooned, Particularly at the Large End of the Market

Overhang Estimate by Fund Size | 2024 | USD billions



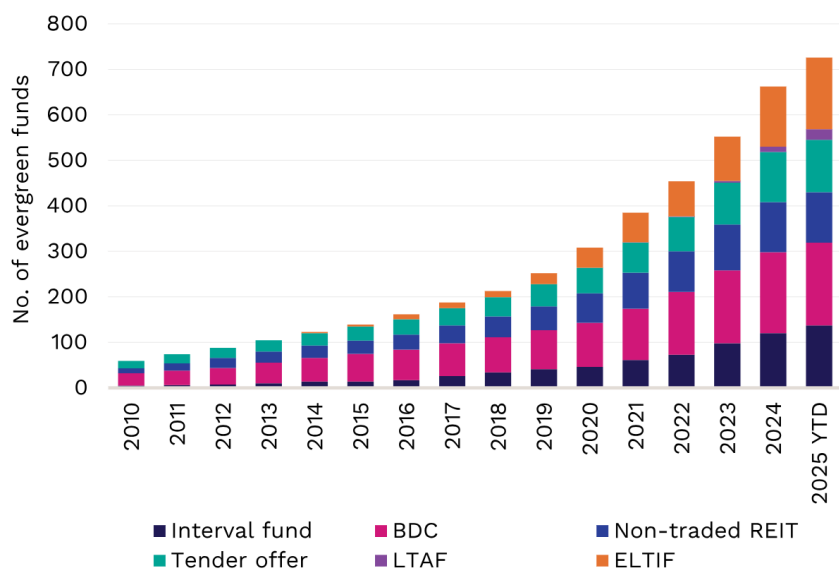
Sources: Cambridge Associates LLC and PitchBook Data, Inc.

Notes: Fundraising data as of December 31, 2024. Overhang estimates reflect cumulative overhang estimate as of December 31, 2024. Estimates based on the percent paid into funds tracked by Cambridge Associates LLC by vintage year. Cumulative overhang value includes the past six vintages; for example, cumulative overhang of \$1,060 billion includes vintages 2019–2024. Assumes a ten-year life span with a 1.5% fee decreasing linearly over the life of a fund, and no re-investment of capital.

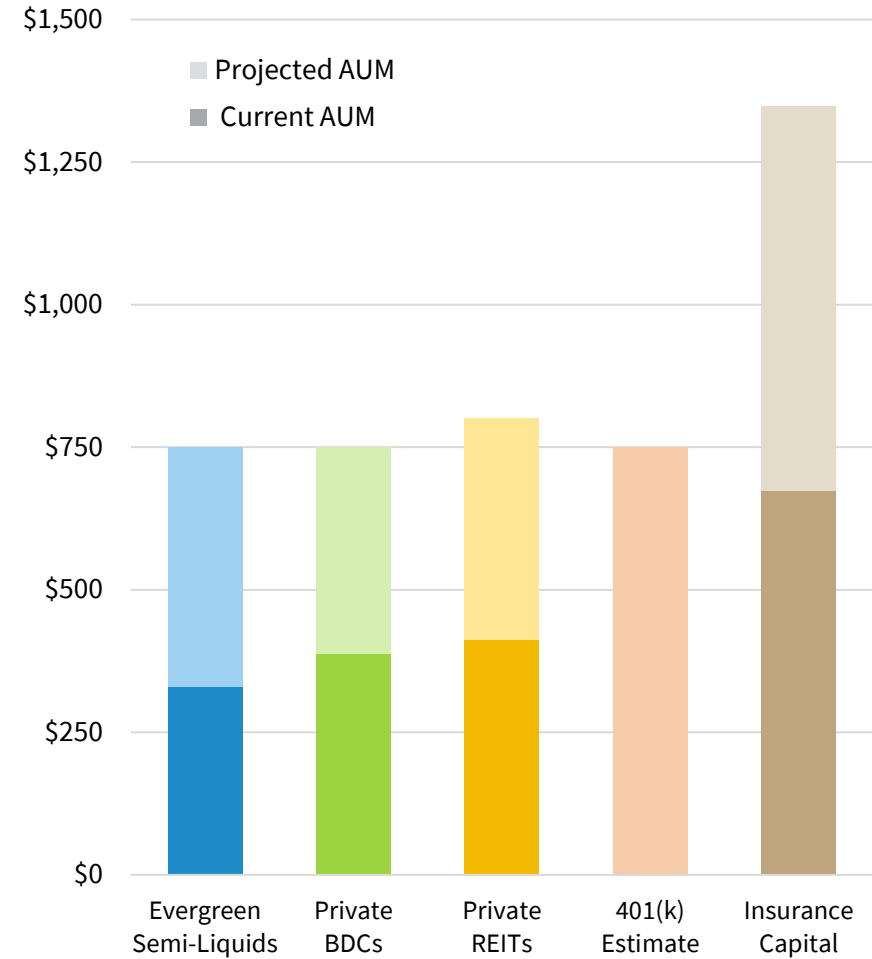
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Record High of Evergreen Funds in Market Continues to Expand Pathways to Private Markets

NUMBER OF EVERGREEN FUNDS, BY STRUCTURE
As of June 30, 2025



ASSETS UNDER MANAGEMENT
USD Billions



Look Lower for Diversification Benefits...

Private Equity, Venture Capital, and Public PE Firms: Correlations to Public Market mPMEs

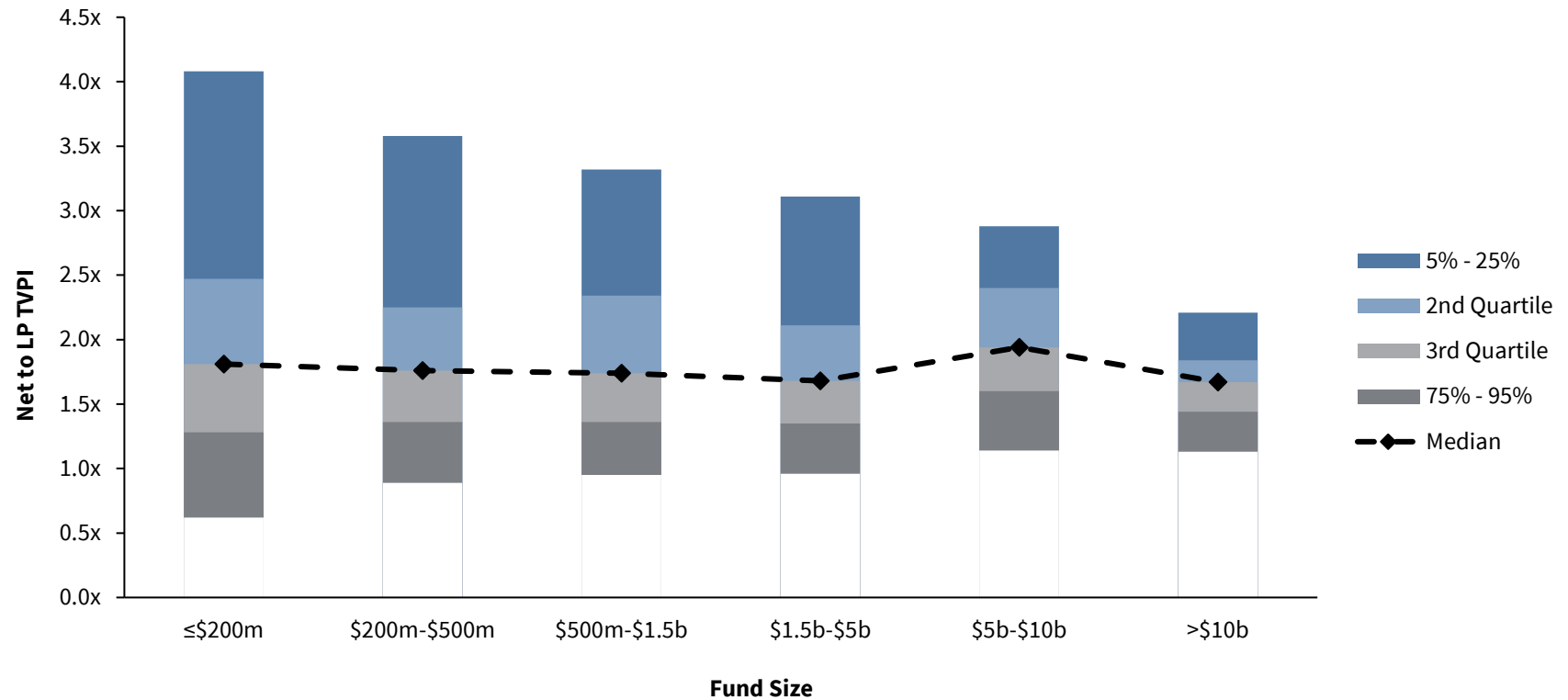
As of September 30, 2024

	S&P 500	NASDAQ	MSCI EAFE	MSCI ACWI
Public PE Basket	0.86	0.84	0.81	0.87
Global Mega Cap	0.67	0.58	0.64	0.68
Global Large Cap	0.64	0.62	0.61	0.66
Global Mid Cap	0.58	0.63	0.53	0.60
Global Small Cap	0.43	0.37	0.42	0.46
Global VC Multi-Stage	0.45	0.57	0.38	0.44
Global VC Expansion and Late Stage	0.44	0.58	0.33	0.41
Global VC Early Stage	0.35	0.50	0.26	0.33

....And Greater Return Potential

US PRIVATE EQUITY: TVPI DISPERSION BY FUND SIZE

As of March 31, 2025 • Vintage Years 1983-2022



	≤\$200m	\$200m-\$500m	\$500m-\$1.5b	\$1.5b-\$5b	\$5b-\$10b	>\$10b
N	309	391	463	249	44	37
5%	4.1x	3.6x	3.3x	3.1x	2.9x	2.2x
25%	2.5x	2.3x	2.3x	2.1x	2.4x	1.8x
Median	1.8x	1.8x	1.7x	1.7x	1.9x	1.7x
75%	1.3x	1.4x	1.4x	1.4x	1.6x	1.4x
95%	0.6x	0.9x	1.0x	1.0x	1.1x	1.1x



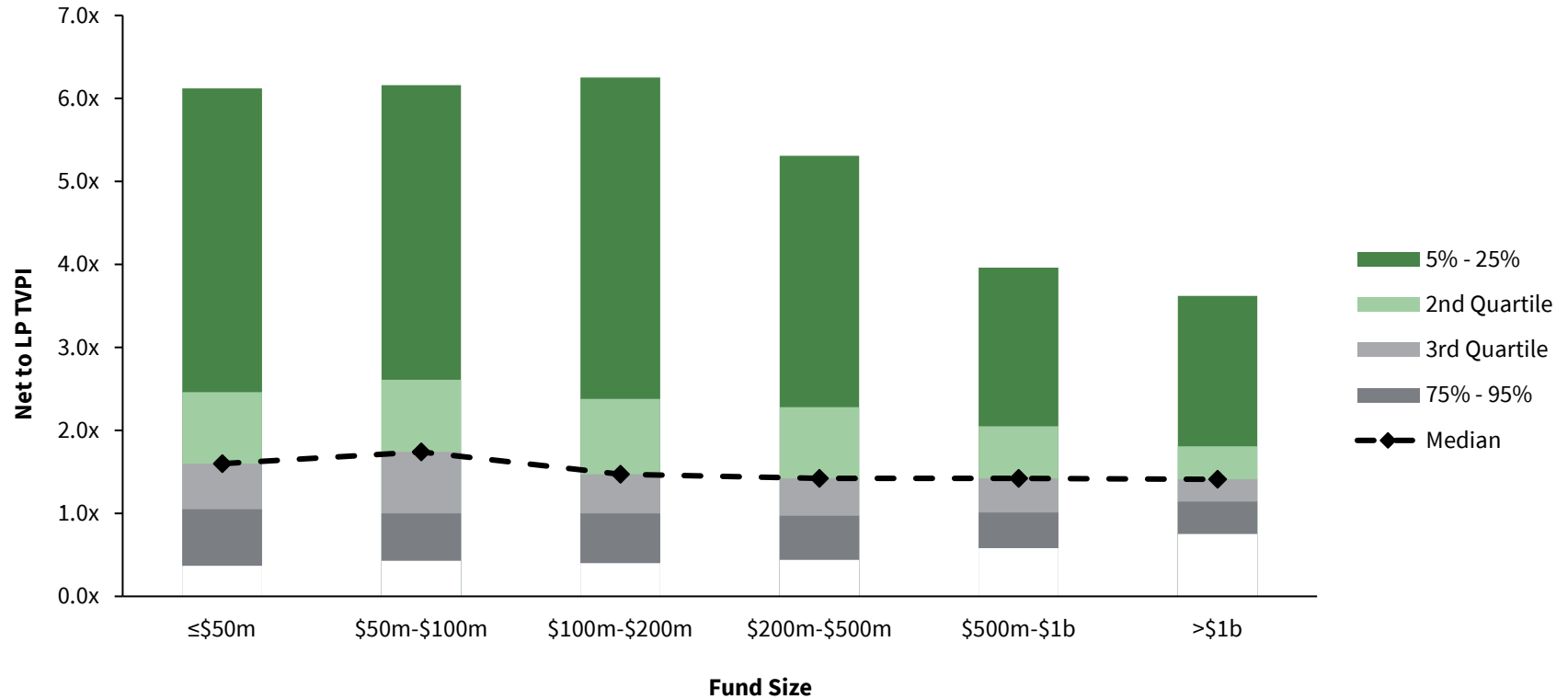
Source: Cambridge Associates LLC.

Notes: Pooled returns are net of fees, expenses and carried interest. Private equity includes buyout and growth equity funds. Funds less than three years old are considered too young to have produced meaningful returns; those vintages have been excluded from this analysis.

In Venture, Smaller Funds have also Performed Better

US VENTURE CAPITAL: TVPI DISPERSION BY FUND SIZE

As of March 31, 2025 • Vintage Years 1981-2022



	≤\$50m	\$50m-\$100m	\$100m-\$200m	\$200m-\$500m	\$500m-\$1b	>\$1b
N	530	418	510	608	247	51
5%	6.1x	6.2x	6.3x	5.3x	4.0x	3.6x
25%	2.5x	2.6x	2.4x	2.3x	2.1x	1.8x
Median	1.6x	1.7x	1.5x	1.4x	1.4x	1.4x
75%	1.1x	1.0x	1.0x	1.0x	1.0x	1.1x
95%	0.4x	0.4x	0.4x	0.4x	0.6x	0.8x

APPENDIX



Buyout Portfolio Observations

■ Key Observations

- Private equity deal flow slowed in 1H 2025, driven largely by economic and policy uncertainty. Only A+ assets have traded, causing inflated valuations, especially in the US. Deal backlogs are at a record high, and GPs have continued to leverage CVs to hold onto portfolio companies and generate liquidity for LPs
- Since inception, SFERS' Buyout program has been the largest driver of value creation for the PE program and has generated a net IRR of +15.1%
- In 2024, SFERS invested in 1 new lower-middle-market manager and re-upped with 1 high conviction manager in the information technology space; additionally, SFERS rolled over existing interests into 1 continuation vehicle

■ Strategic Recommendations

- Selectively rebalance to buyouts as attractive opportunities emerge, particularly in the lower-middle-market; this approach provides access to a compelling area of the market and offers a more favorable risk/return profile compared to larger funds
- A “barbell” approach (i.e., a mix of lower-middle-market and larger funds) makes sense given SFERS' scale
- Attractive opportunities exist outside of SFERS' “core” focus areas of US healthcare and US technology—Europe and developed Asia Pacific markets continue to be interesting as do value-oriented strategies, which may provide enhanced portfolio resiliency in the current market environment

Venture Capital Portfolio Observations

■ Key Observations

- Most venture portfolios have now absorbed the bulk of markdowns, but some companies—especially at the early stage—are still facing down rounds as they seek new funding in a cautious market
- The IPO market has improved modestly in 2025, but remains selective; M&A activity is recovering slowly but large exits are still limited
- SFERS' Venture Capital portfolio has been the strongest driver of performance over the long-term, having generated a net IRR of +20.8% since inception
- In 2024, SFERS made 1 top-up commitment to an existing US technology manager and 1 re-up commitment to an existing Asia healthcare manager; additionally, SFERS rolled over existing interests into 2 continuation vehicles

■ Strategic Recommendations

- Gradually reduce the venture allocation (in favor of buyouts/growth equity) and streamline the number of venture relationships
- Rebalance geographic exposure by exploring broader opportunities across Asia and augmenting European exposure as compelling opportunities arise
- Prioritize new or upgraded exposure in areas such as life sciences, cyber security, and deep tech/AI, while recognizing that some existing sector exposures may naturally decline

Growth Equity Portfolio Observations

■ Key Observations

- Growth Equity companies continued to navigate ongoing valuation resets in 2024, but investment activity rebounded—driven by continued surge in new business formation and accelerating adoption of AI technologies
- SFERS' Growth Equity portfolio represents roughly one quarter of the overall PE portfolio and is allocated across 6 active relationships
- SFERS' Growth Equity portfolio has delivered a since inception IRR of 11.7%, trailing other sub-strategies; increased deployment in recent years, combined with a heavier weighting to Asia, have contributed to relative underperformance
- In 2024, SFERS remained selective and re-upped with 1 existing technology growth equity relationship

■ Strategic Recommendations

- Growth equity has an attractive risk/return profile, with historical returns akin to venture and risk comparable to buyouts; scaling exposure should be a top priority as the Plan grows over time, but only as attractive opportunities arise
- Focus on the lower-middle-market segment—emerging IT and non-IT (currently no dedicated healthcare, fintech) are interesting from a bottom-up and top-down basis

Co-investment Observations

■ Key Observations

- Co-investments continue to offer SFERS the opportunity to enhance returns, reduce economic leakage to GPs, and target selected sector and geographic exposures
- The program has benefited from establishing relationships with top-tier managers providing attractive co-investment opportunities
- SFERS is seen as an attractive partner and continues to receive inbound deal flow from prospective managers
- Currently, 28 direct, separate account, and continuation vehicles/roll-over transactions comprise SFERS' co-investment program; while young, the program is tracking well, and underlying exposure is diversified by manager, investment type, and geography
- SFERS' last direct co-investment was in 2021; SFERS has remained patient and has only pursued high conviction opportunities

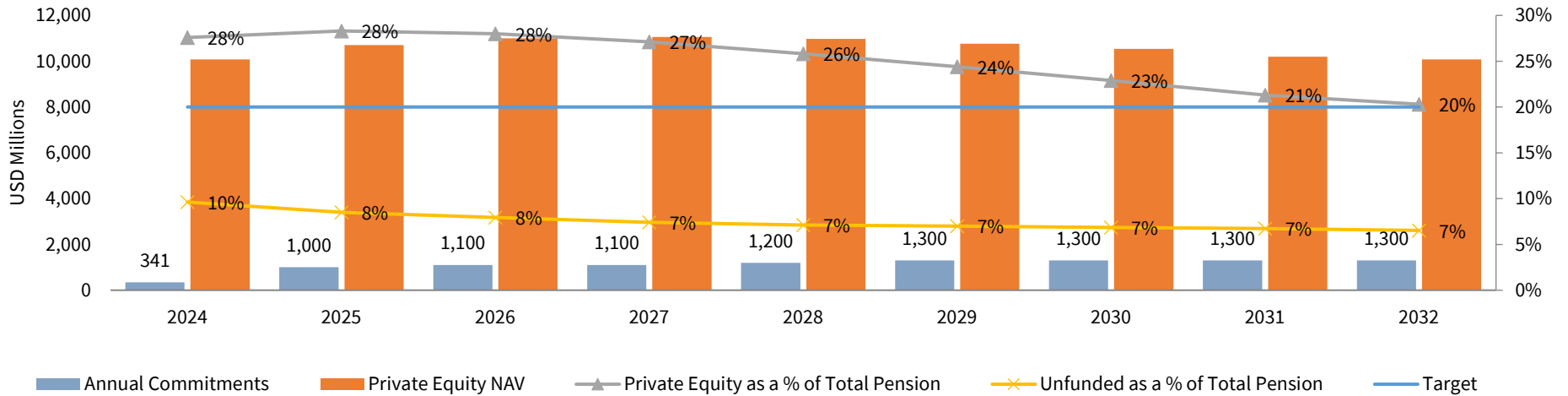
■ Strategic Recommendations

- Continue to build out co-investment program and foster relationships with best-in class GPs
- Evaluate potential co-investment/SMA advisors with a middle-market and/or lower-middle-market buyout focus
- Develop optimal deployment pace to maintain diversification and reflect SFERS' resource constraints, but remain additive to plan level returns

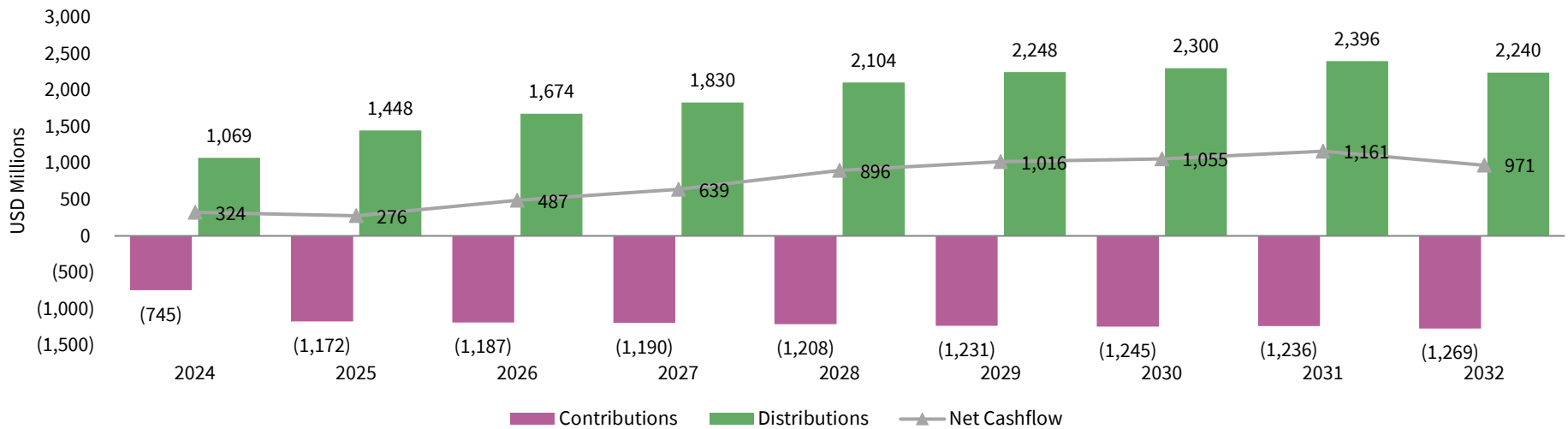
PE/VC Base Case – 20% Target

Starting Pool Value: \$36.3 billion (as of 12/31/2024)

COMMITMENT PACE As of December 31, 2024



ESTIMATED ANNUAL CASH FLOWS As of December 31, 2024

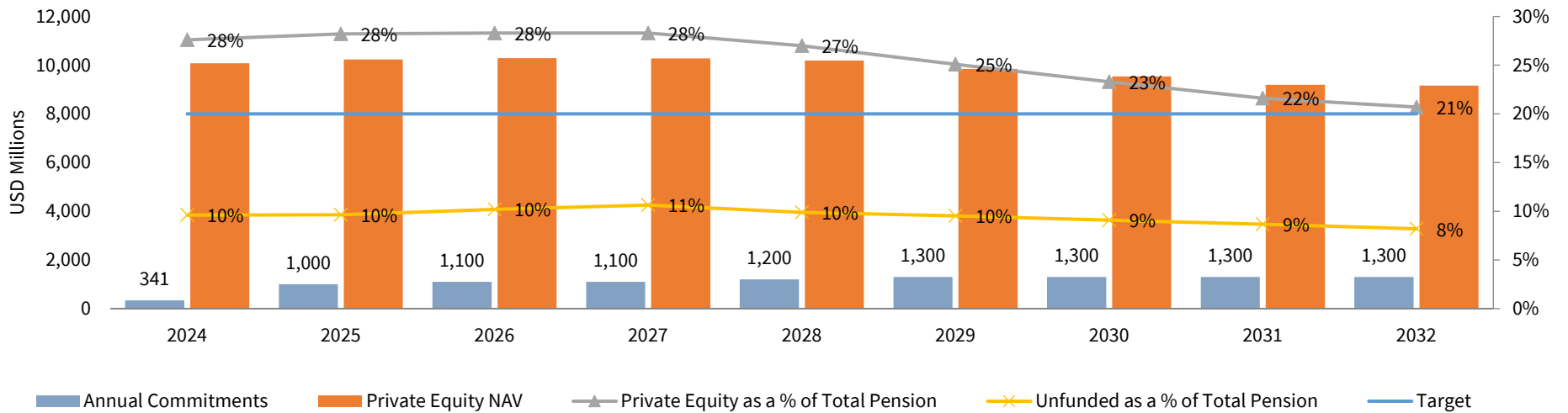


Note: Model populated with historical portfolio data as of December 31, 2024, unless otherwise noted. 2024 Annual Commitments and 2024 Annual Cash Flows are as of December 31, 2024. Projected cash flows and allocations based on CA modeling and proprietary assumptions. Modeling is intended to be used as a guideline; actual capital calls, distributions, and exposure may differ materially from projections, depending on macroeconomic and fund-specific variables.

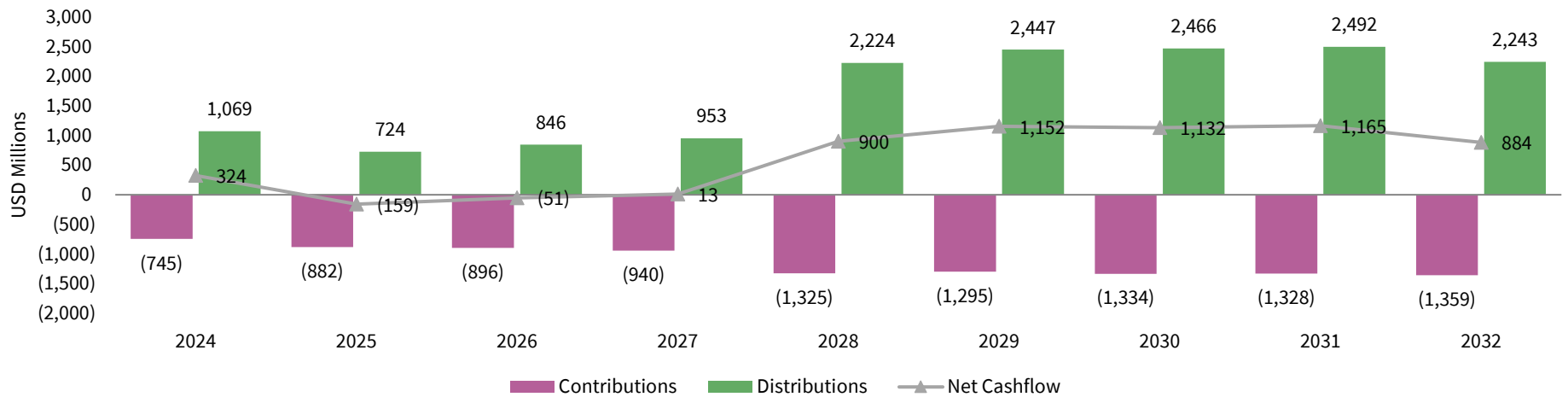
PE/VC No Growth Case – 20% Target

Starting Pool Value: \$36.3 billion (as of 12/31/2024)

COMMITMENT PACE As of December 31, 2024



ESTIMATED ANNUAL CASH FLOWS As of December 31, 2024

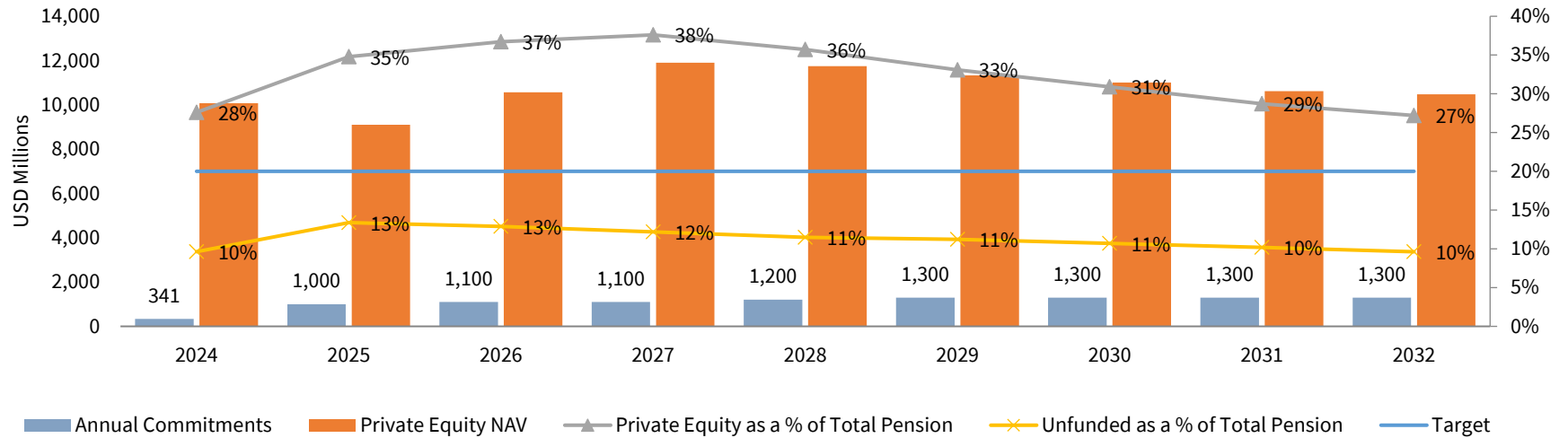


Note: Model populated with historical portfolio data as of December 31, 2024, unless otherwise noted. 2024 Annual Commitments and 2024 Annual Cash Flows are as of December 31, 2024. Projected cash flows and allocations based on CA modeling and proprietary assumptions. Modeling is intended to be used as a guideline; actual capital calls, distributions, and exposure may differ materially from projections, depending on macroeconomic and fund-specific variables.

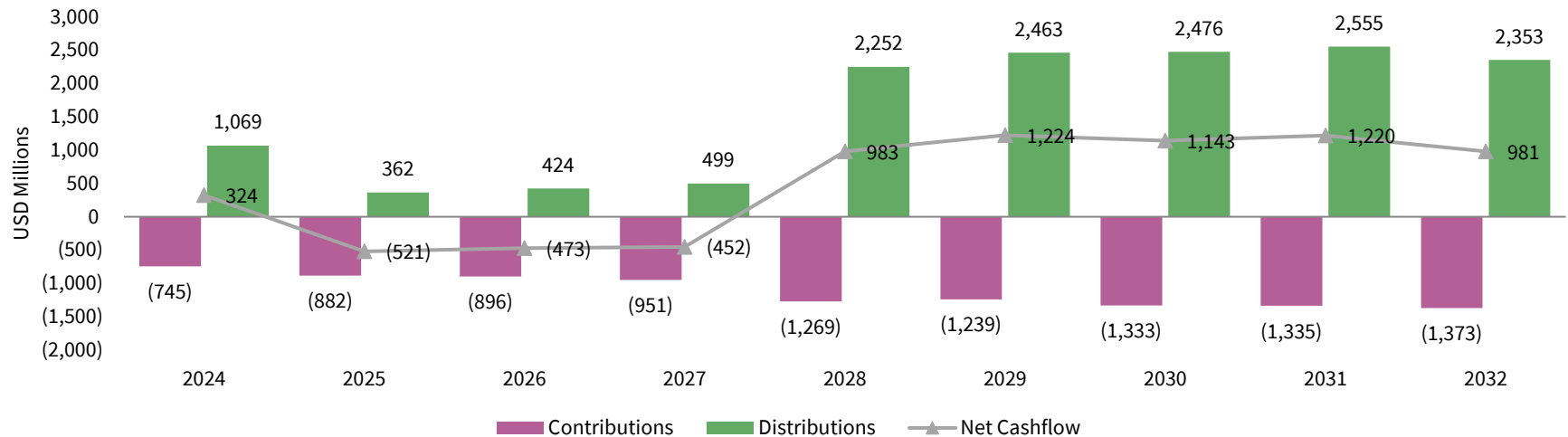
PE/VC GFC Stress Case – 20% Target

Starting Pool Value: \$36.3 billion (as of 12/31/2024)

COMMITMENT PACE As of December 31, 2024



ESTIMATED ANNUAL CASH FLOWS As of December 31, 2024



Note: Model populated with historical portfolio data as of December 31, 2024, unless otherwise noted. 2024 Annual Commitments and 2024 Annual Cash Flows are as of December 31, 2024. Projected cash flows and allocations based on CA modeling and proprietary assumptions. Modeling is intended to be used as a guideline; actual capital calls, distributions, and exposure may differ materially from projections, depending on macroeconomic and fund-specific variables.

- Solve for annual pace that prioritizes current targets while avoiding drastic changes
 - Steady, disciplined programs outperform
 - Avoid unintentional vintage year bets and achieve appropriate VY diversification
 - Prevent program execution challenges

- Total pool value of \$36.3 billion as of December 31, 2024

- PE/VC
 - Target PE/VC allocation of 20%
 - Allocation mix: 50% Buyouts / 25% Venture Capital / 25% Growth Equity
 - Return assumptions: 12% net IRR for Buyouts, 13% net IRR for Venture Capital, 13% net IRR for Growth Equity, 11% net IRR for VC Fund of Funds, 9% net IRR for Fund of Funds

Modeling Assumptions Overview (Con't)

■ Base Case

- Assumes (nominal) pool growth of 4%
- Assumes “normal” market environment assumptions for contributions, distributions, and NAV growth

■ No Growth Stress Case

- Assumes (nominal) pool growth of 0% from 2025-2027, and 4% thereafter
- NAV experiences no growth from 2025-2027 and then returns to normal growth in 2028+
- Distributions are cut by 50% in 2025-2027, before returning to normal in 2028+
- Contributions are cut by 25% in 2025-2027, before returning to normal in 2028+

■ GFC Stress Case

- Applies GFC-like changes to pool value for 2025-2027 (~28% drop in 2025, followed by two years of ~10% gains)
- NAV declines 25.7% in 2025, before returning to normal growth in 2026+
- Distributions are cut by 75% in 2025-2027, before returning to normal in 2028+
- Contributions are cut by 25% in 2025-2027, before returning to normal in 2028+



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