ERSRI Private Markets

Private Equity · Private Credit · Real Estate · Real Assets (ex-RE)

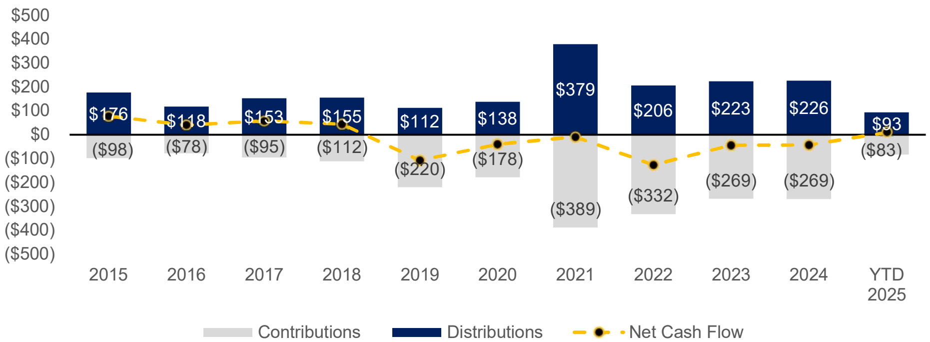
Portfolio Review & 2026 Strategic Priorities

Office of the General Treasurer – Investment Staff
January 2026

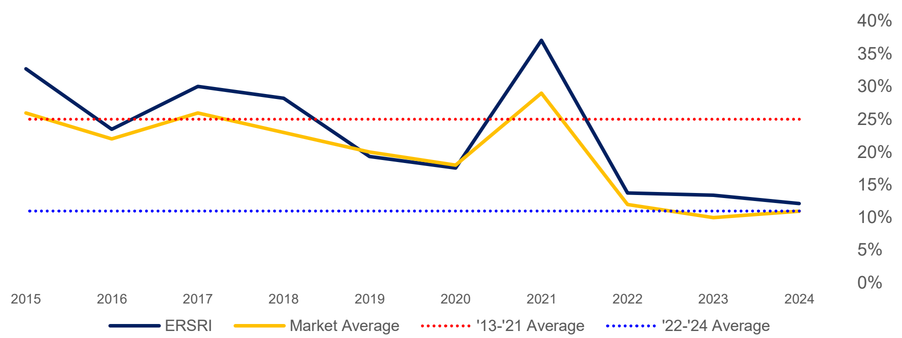
ERSRI | **Private Equity Contributions and Distributions**

- The private equity portfolio returned to positive net cash flow in the first half of 2025, mainly driven by lower capital calls.
- Distribution run rate was ~9% of starting NAV, consistent with the broader market.
- A more accommodative M&A market should improve exit visibility in 2026.

Private Equity Capital Contributions & Distributions
($ millions)



Private Equity Distribution Rate
Distributions / NAV



Source: MSCI Global Private Capital Performance Report

	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD 2025
Net Cash Flow	39	58	43	(108)	(40)	(10)	(127)	(45)	(43)	10
Distr. / Contr. Ratio	1.5	1.6	1.4	0.5	0.8	1.0	0.6	0.8	0.8	1.1
Contribution Rate	16%	19%	20%	38%	23%	38%	22%	16%	14%	8%
Distribution Rate	24%	30%	28%	19%	18%	37%	14%	13%	12%	9%

ERSRI | **Private Equity Performance by Fund Size**

% of Funds in Top-Half Performance Quartiles

Fund Size	IRR	TVPI	DPI
< $500M	45%	43%	53%
$500M – $1B	71%	65%	77%
$1B – $3B	69%	62%	77%
$3B to $5B	33%	33%	58%
$5B – $10B	64%	64%	79%
> $10B	50%	50%	61%

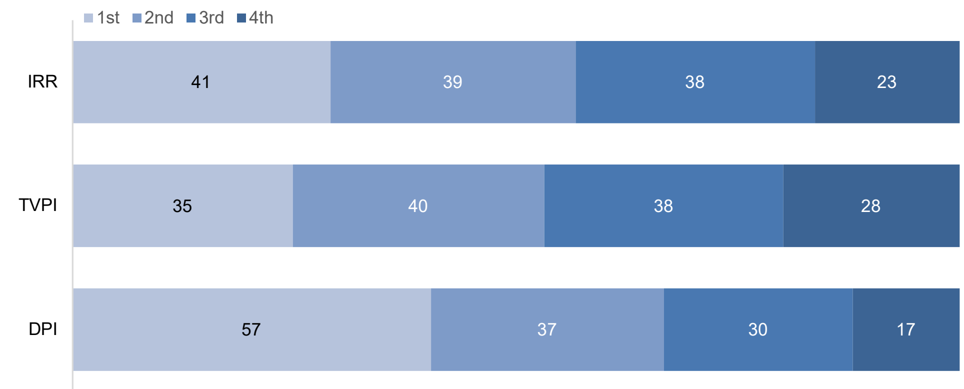
- The lower-mid-market ($500M–$3B) and large-market ($5B-$10B) segments delivered the most top quartile performing funds across IRR, TVPI, and DPI, while small, upper-mid-market and global/mega funds show greater dispersion.
- Small-market funds (<$500M), upper-mid-market funds ($3B-$5B) and global/mega funds (>$10B) generated fewer top quartile results across all metrics.

Note: Equal-weighted by fund. Includes 141 Private Equity investments with vintage from 2000 to 2022; excludes co-investments & opportunistic private credit; Benchmark - Cambridge Associates Private Equity & Venture Capital Index as of Q2 2025; excludes investments after 2022 due to limited performance history.

ERSRI | **Manager Quartile Performance**

Consolidated Private Equity

- IRR and TVPI are modestly above median (~57% and ~53% top two quartiles, respectively). Notable 4th-quartile exposure reflects positive but uneven selection skill, periodically diluted by median-performing managers, largely concentrated in pre-GFC vintages.
- DPI outcomes are skewed to the upper half of the distribution (~67% in the 1st and 2nd quartiles) with limited 4th-quartile exposure (~12%), indicating long-term effective manager selection and realized value capture.
- Post-GFC vintages reflect stronger and more consistent outcomes. Approximately 68% and ~66% of funds fall in the top half for IRR and TVPI, respectively. Downside exposure is notably contained, with 4th-quartile IRR, TVPI, and DPI of ~5%, ~13%, and 0%, respectively.



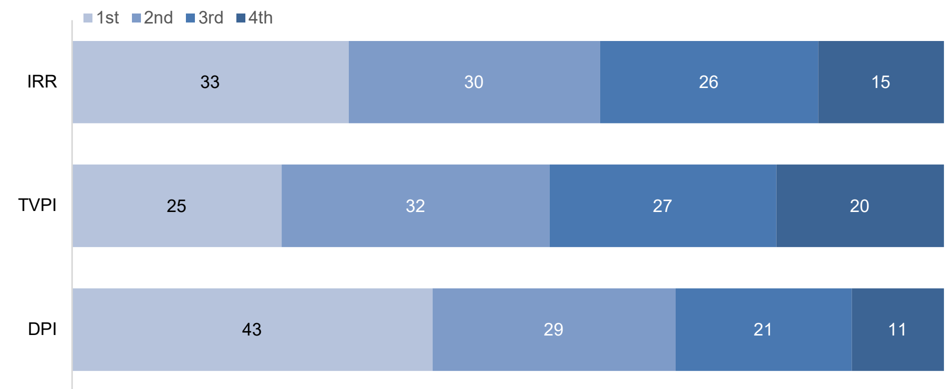
Note: Equal-weighted by fund. Includes 141 Private Equity investments with vintage from 2000 to 2022; excludes co-investments & opportunistic private credit; Benchmark - Cambridge Associates Private Equity & Venture Capital Index as of Q2 2025; excludes investments after 2022 due to limited performance history.

ERSRI | **Manager Quartile Performance**

Buyout

- Buyout remains the anchor of the Private Equity portfolio, with strong IRR (~61% top two quartiles) and DPI (~70% top-half) supported by earlier realizations. TVPI is weaker (~20% in the 4th quartile), reflecting more modest remaining value creation and exposure to earlier vintages.

- Performance in the more recent 2012–2022 vintages is meaningfully stronger, with 66% and 70% of funds in the top two quartiles of IRR and TVPI, respectively, and no funds in the 4th quartile on a DPI basis.



Note: Equal-weighted by fund. Includes 104 Buyout investments with vintage from 2000 to 2022; Benchmark - Cambridge Associates Private Equity & Venture Capital Index as of Q2 2025; excludes investments after 2022 due to limited performance history.

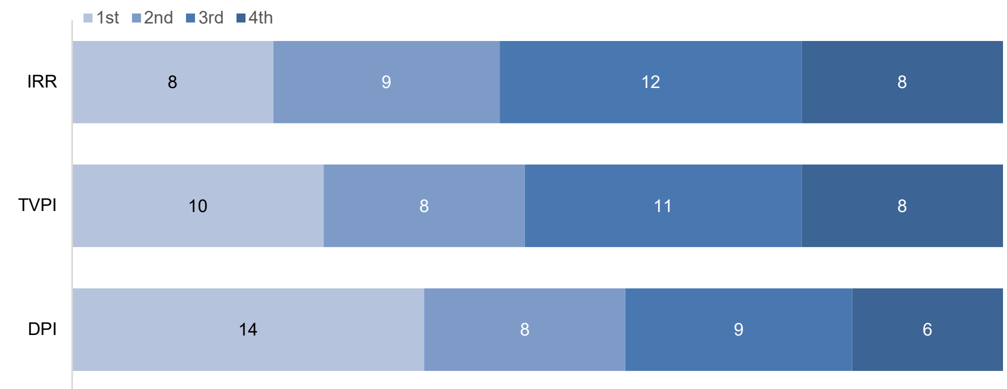
ERSRI | **Manager Quartile Performance**

Growth Equity & Venture Capital

- Growth Equity and Venture Capital manager selection has exhibited higher dispersion than Buyout, with less than half of funds in the top two quartiles for IRR (~46%) and TVPI (~49%), and roughly 20% in the 4th quartile across both measures.

- DPI outcomes are relatively stronger (~67% two quartiles), reflecting select early realizations; however, the lack of alignment across IRR, TVPI, and DPI underscores a return profile driven by isolated winners rather than broad-based alpha generation.

- The elevated concentration in the 3rd quartile for IRR and TVPI (~30%) suggests predominantly median manager selection, which has muted portfolio-level alpha generation.



Note: Equal-weighted by fund. Includes 37 Growth Equity & Venture Capital investments with vintage from 2000 to 2022; Benchmark - Cambridge Associates Private Equity & Venture Capital Index as of Q2 2025; excludes investments after 2022 due to limited performance history.

2026 Focus Areas | **Private Equity**

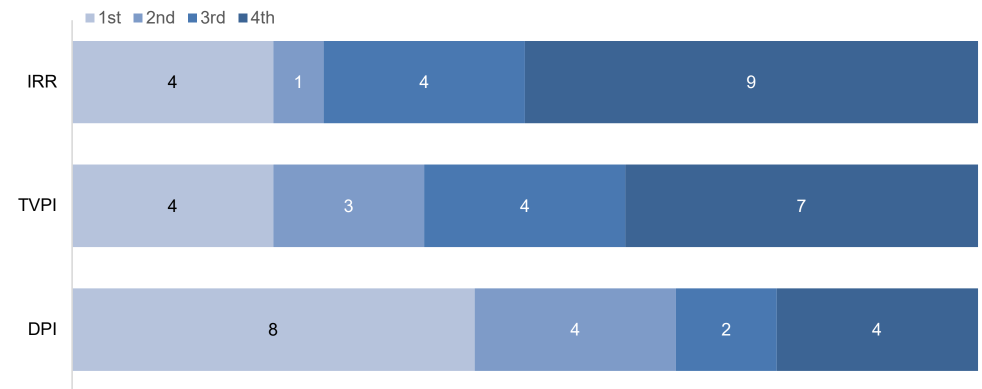
- **Co-Investments & Secondaries Program Framework**
- **Growth Equity Portfolio Reset**
  → 2–3 Primary Commitments
- **Buyout Manager Consolidation**
  → High-Conviction Partners
- **Venture Portfolio Construction**
  → Disciplined and Diversified
- **Buyout Coverage Gap Closure**
  → Large-Cap Core | Tech | Europe | Small Buyouts

ERSRI | **Manager Quartile Performance**

Private Credit

- The Private Credit performance shortfall is attributable to early-vintage manager selection, where capital was concentrated in cyclical strategies that underperformed expectations.
  → 7 of the first 9 Private Credit commitments, representing ~48% of total commitment value, rank in the 4th quartile as of 6/30/2025.

- Portfolio construction has been a drag on results, with Specialty Finance producing an IRR of ~4% versus ~9% IRR for Direct Lending.



Note: Equal-weighted by fund. Includes 18 Private Credit investments with vintage from 2000 to 2022; Benchmark - Cambridge Associates Senior Debt Index as of Q2 2025; excludes investments after 2022 due to limited performance history.

2026 Focus Areas | **Private Credit**

- **Program Re-Anchoring**
  → Reclassify Opportunistic Credit within Private Credit
  → Consolidate Direct Lending manager roster

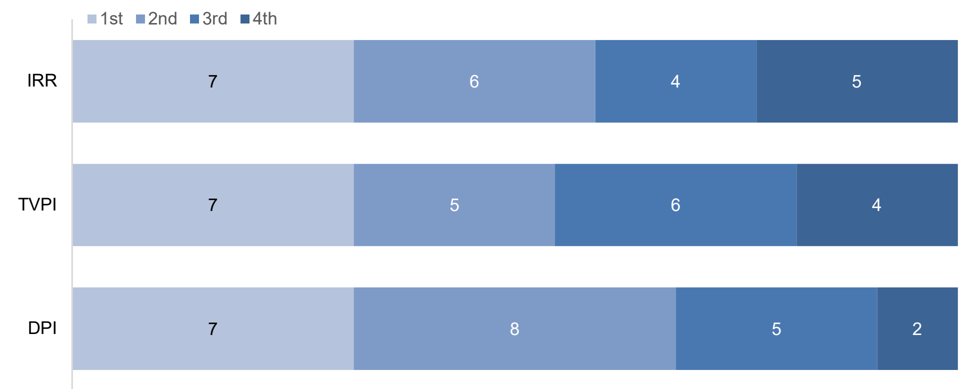
- **Define the Core Portfolio**
  → Corporate Direct Lending as foundation
  → Standardize portfolio construction & risk budgeting

- **Portfolio Gaps & Targeted Themes**
  → Hybrid / Preferred Equity (complement to core)
  → Real Asset-Backed Credit (diversifier)

ERSRI | **Manager Quartile Performance**

Non-Core Real Estate

- Bottom-quartile performance is largely concentrated in pre-GFC vintages.
- Performance skews toward specialization: sector-focused funds drive most first- and second-quartile outcomes, while diversified strategies are predominantly third-quartile.



Note: Equal-weighted by fund. Includes 22 Non-Core Real Estate investments with vintage from 2000 to 2022; Benchmark - Cambridge Associates Value Add Real Estate Index; as of Q2'25; excludes investments after 2022 due to limited performance history.

2026 Focus Areas | **Real Estate**

- **Target Demographic-Driven Demand Themes**
  → Aging-related Demand: Senior Housing and Medical Office
  → Affordability Pressures: Workforce Housing

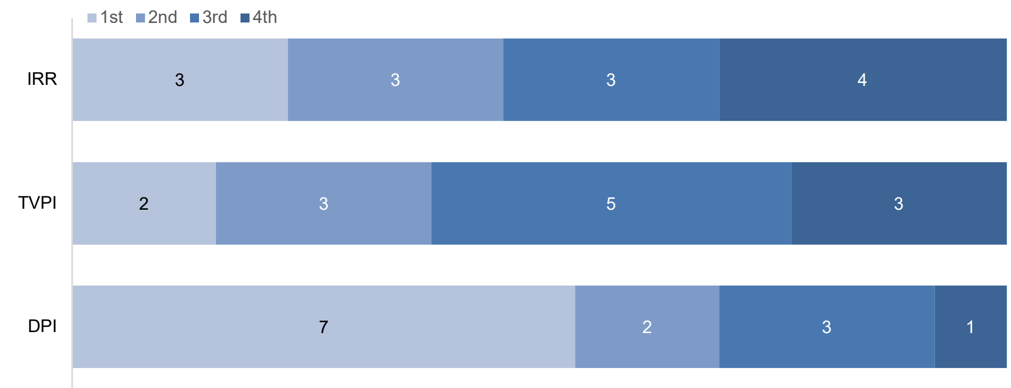
- **Capitalize on the Debt Maturity Wall**
  → Supply/demand imbalance of debt capital creates opportunities for equity-like returns with credit risk profiles

- **Emphasize Income-Oriented, Necessity-Based Real Estate**
  → Necessity-based assets (e.g., retail) supported by durable demand and stable, recurring net-lease cash flows, with limited reliance on appreciation or terminal value

ERSRI | **Manager Quartile Performance**

Private Real Assets (ex-Real Estate)

- The Private Real Assets (ex-Real Estate) is concentrated in two managers, driven by larger position sizes and co-investment activity.
- Farmland (~10%) has been a performance drag.
- With the exception of farmland, the portfolio lacks sector-focused exposure, with IRR and TVPI outcomes clustering in the middle (2nd and 3rd) quartiles.



Note: Equal-weighted by fund. Includes 13 Private Real Asset (ex-RE) investments with vintage from 2000 to 2022; Benchmark - Cambridge Associates Private Infrastructure Index; as of Q2'25; excludes investments after 2022 due to limited performance history.

2026 Focus Areas | **Real Assets (ex-Real Estate)**

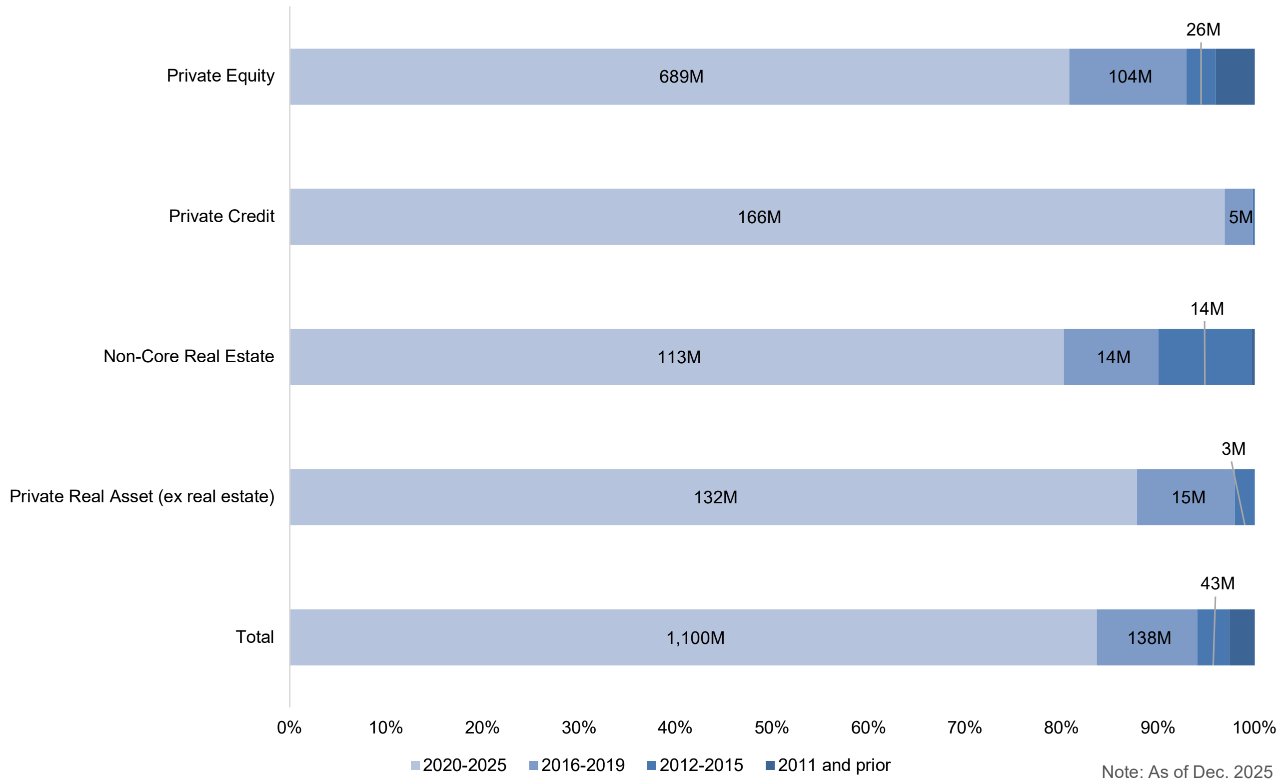
- **Target Infrastructure Exposed to Structural Underinvestment and Rising Demand**
  →Power-related assets supported by decades of underinvestment and accelerating load growth

- **Incorporate Income-Oriented Infrastructure to Enhance Portfolio Cash Flows**
  →High cash-yielding infrastructure generating durable distributions
  →Reduced reliance on asset sales through predictable income

- **Introduce Sector-Focused Infrastructure Mandates**
  →Deep, vertical-specific operating and underwriting expertise

Unfundedd Commitments by Asset Class and Vintage

- The majority (~85%) of total unfunded commitments are concentrated in funds still actively deploying capital, specifically those with vintages from 2020 to 2025.
- Private Equity represents the largest portion of unfunded commitments, comprising ~65% of the total.
- ~10% of the total unfunded commitments are in funds with vintages from 2016 to 2019, which are generally out of the investing period.

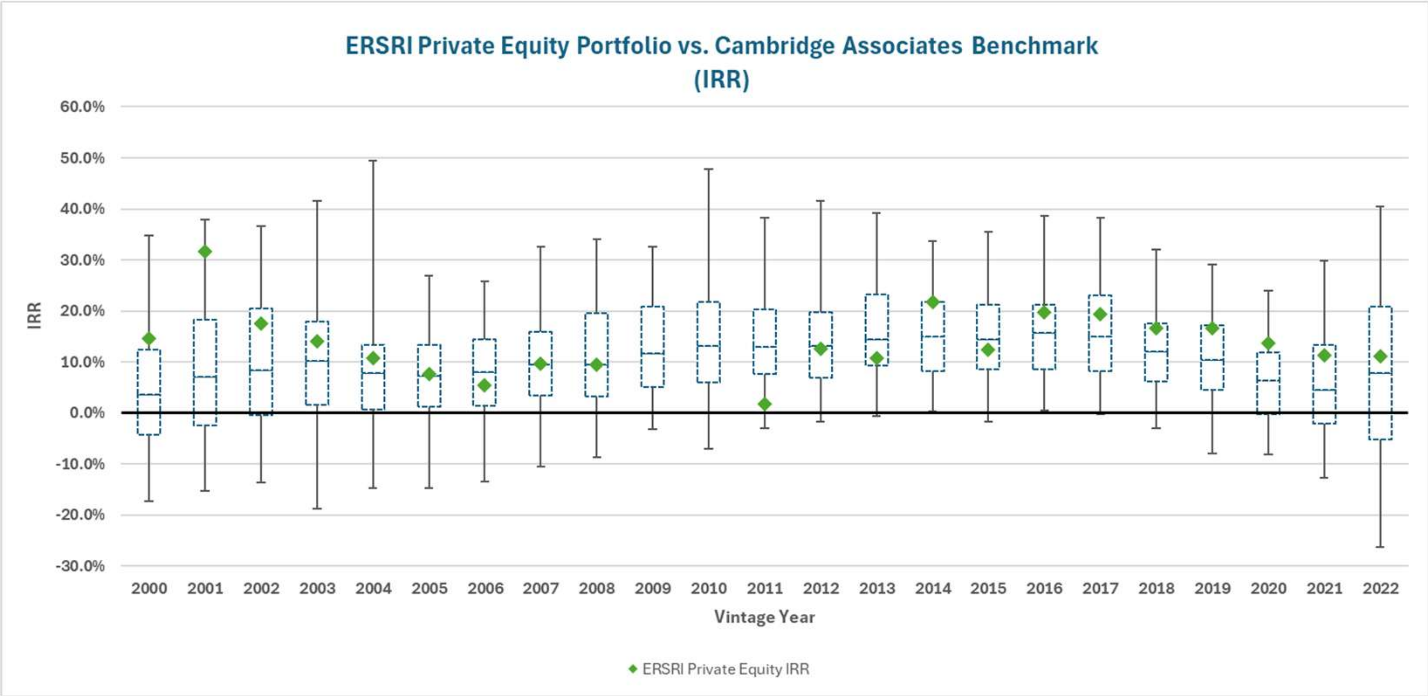


Note: As of Dec. 2025

Appendix

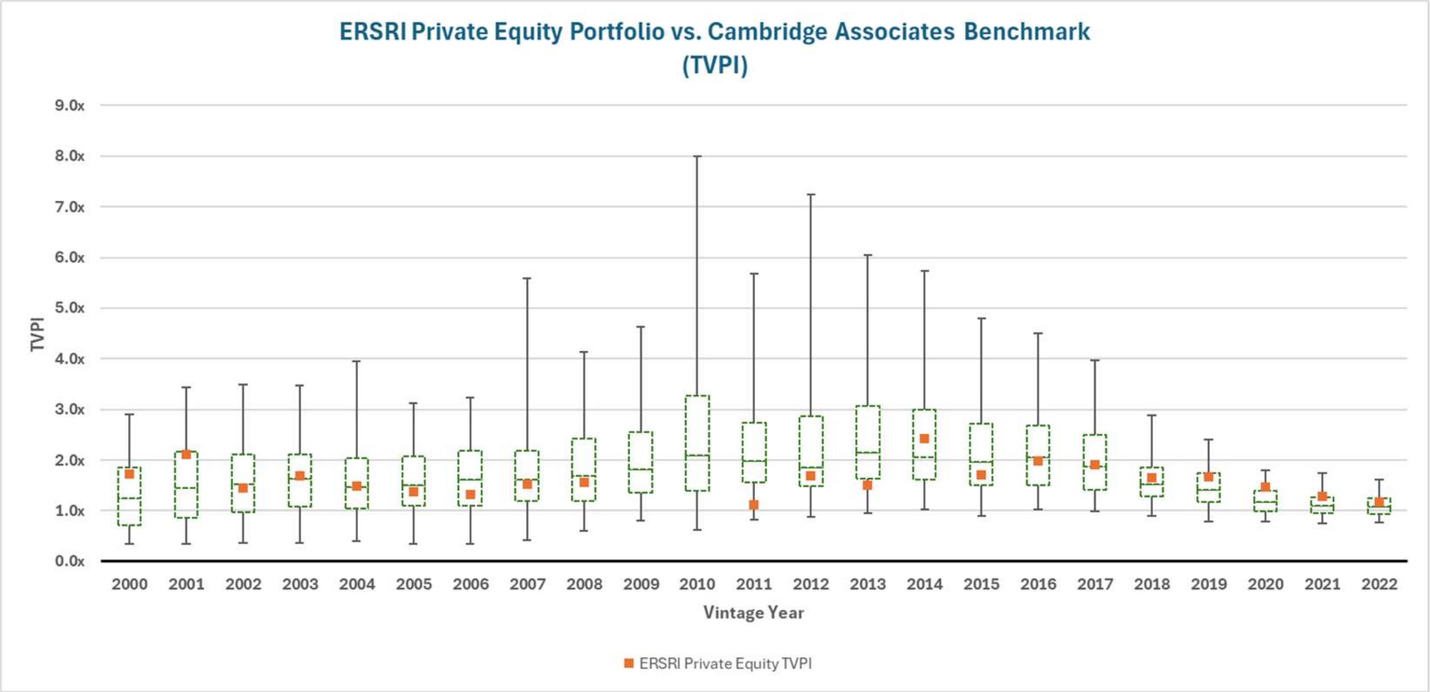
ERSRI | **Vintage Performance**

Private Equity



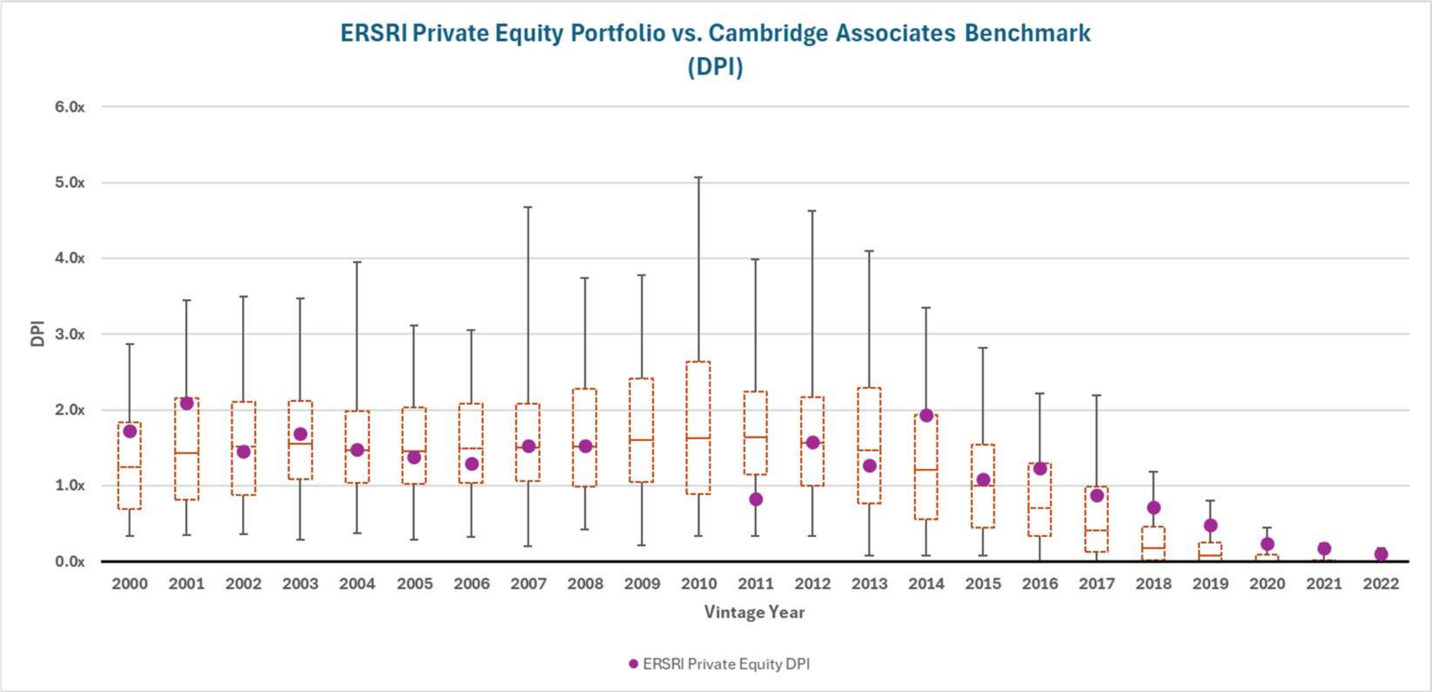
ERSRI | **Vintage Performance**

Private Equity



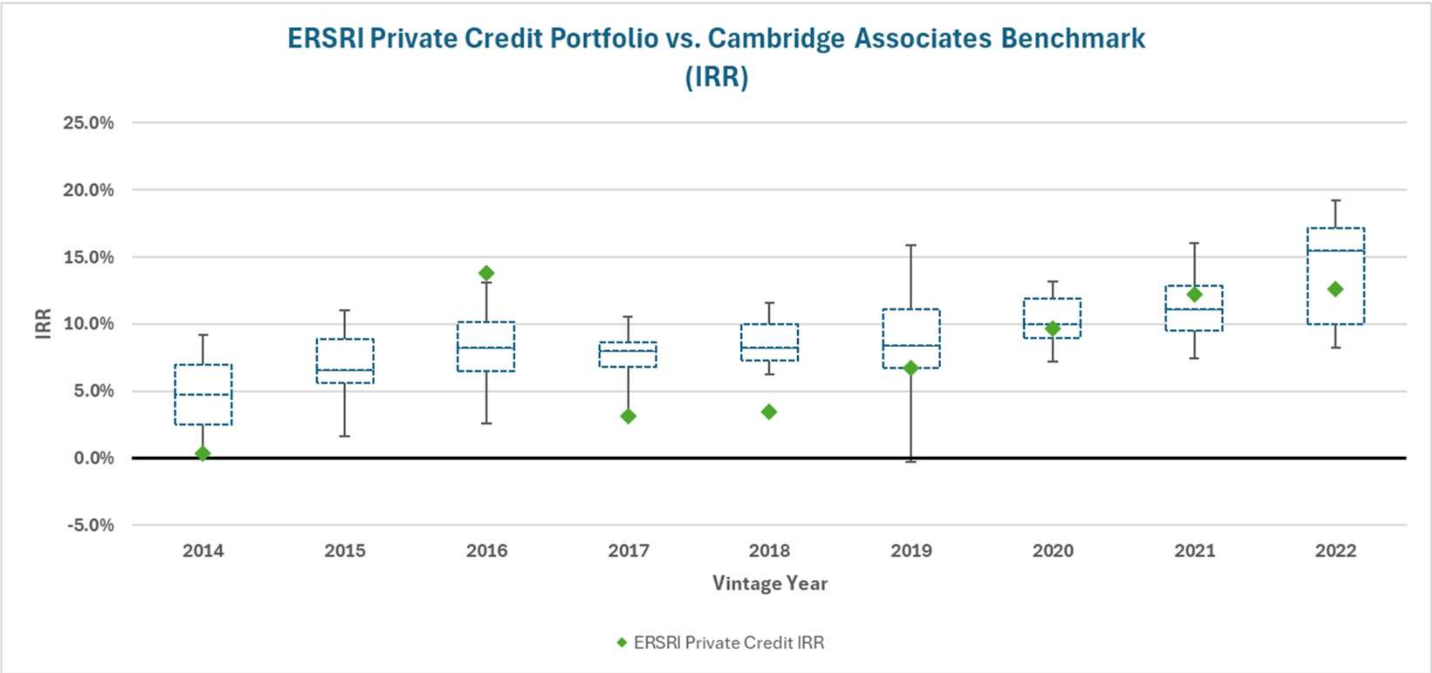
ERSRI | **Vintage Performance**

Private Equity



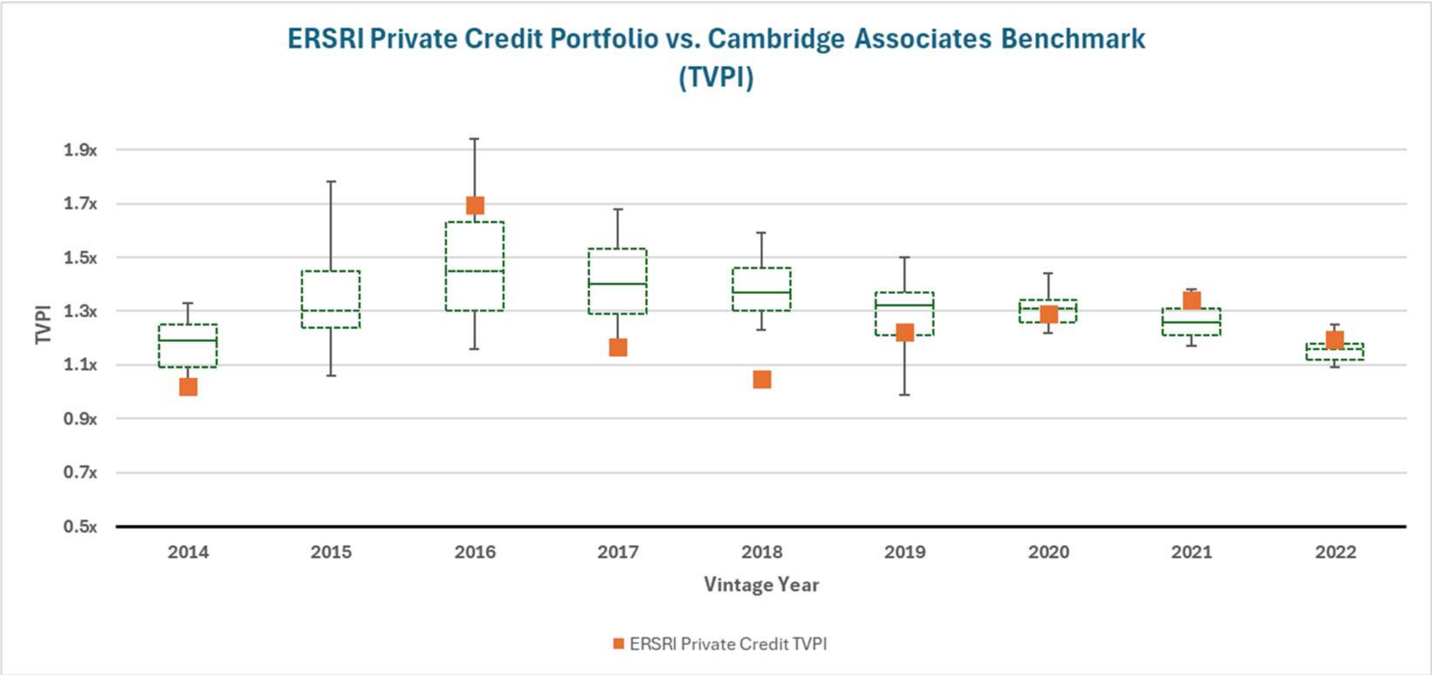
ERSRI | **Vintage Performance**

Private Credit



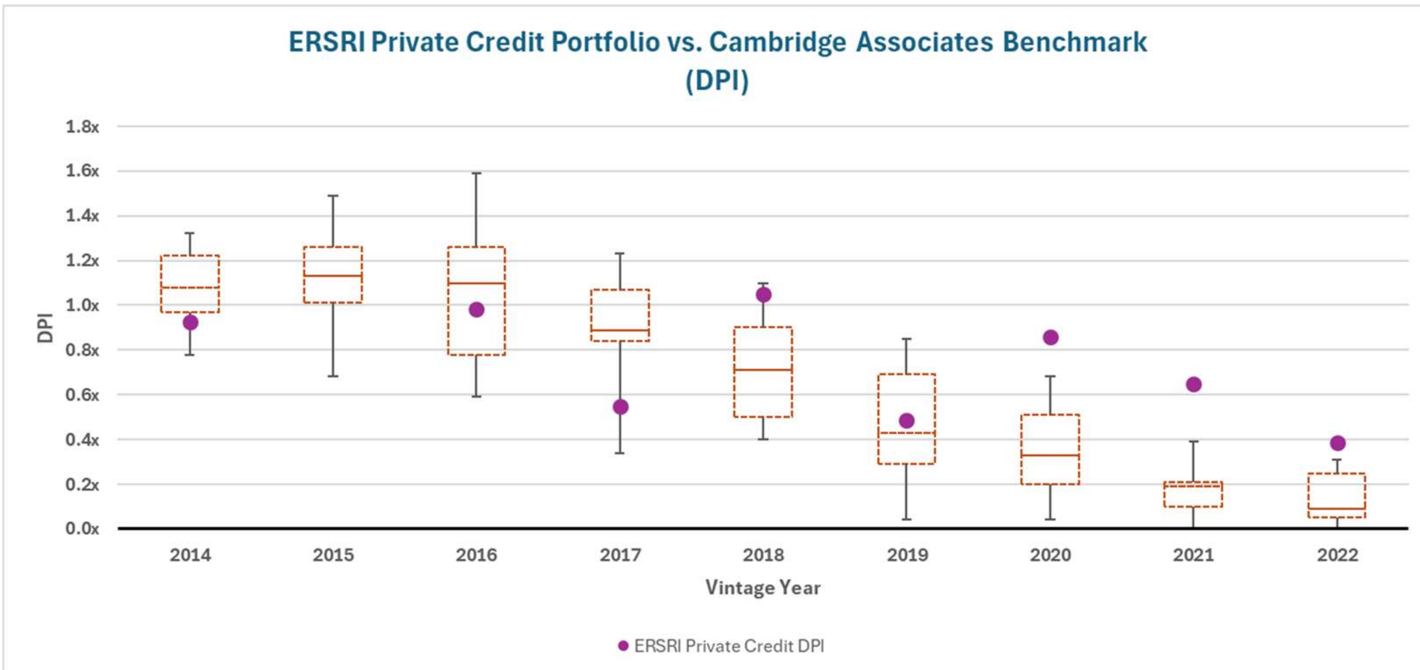
ERSRI | **Vintage Performance**

Private Credit



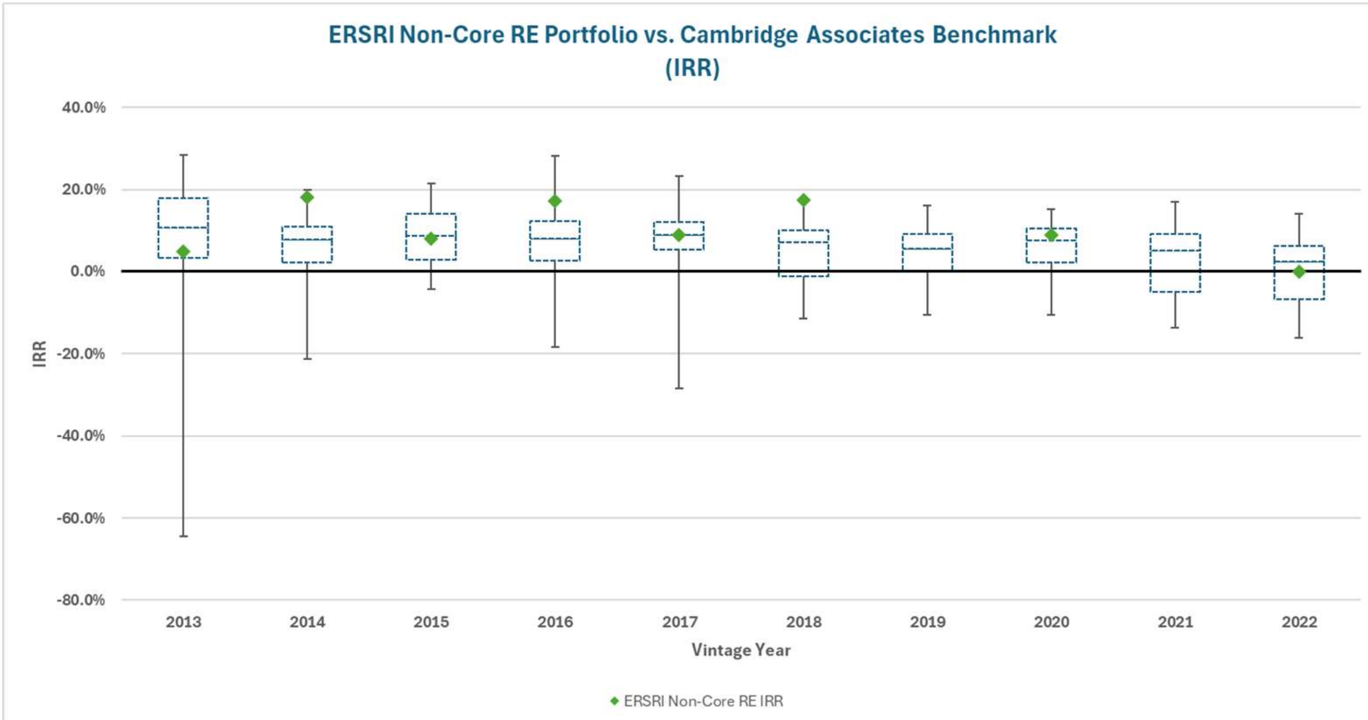
ERSRI | **Vintage Performance**

Private Credit



ERSRI | **Vintage Performance**

Non-Core Real Estate



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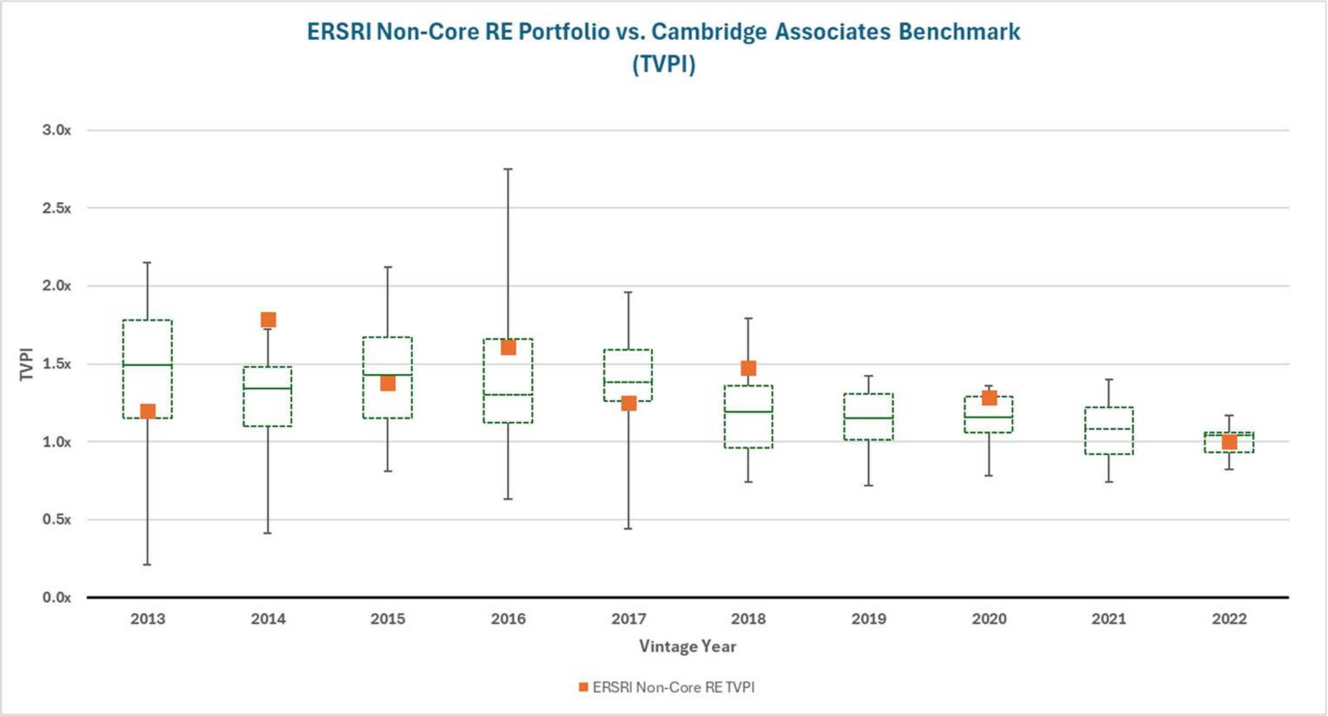
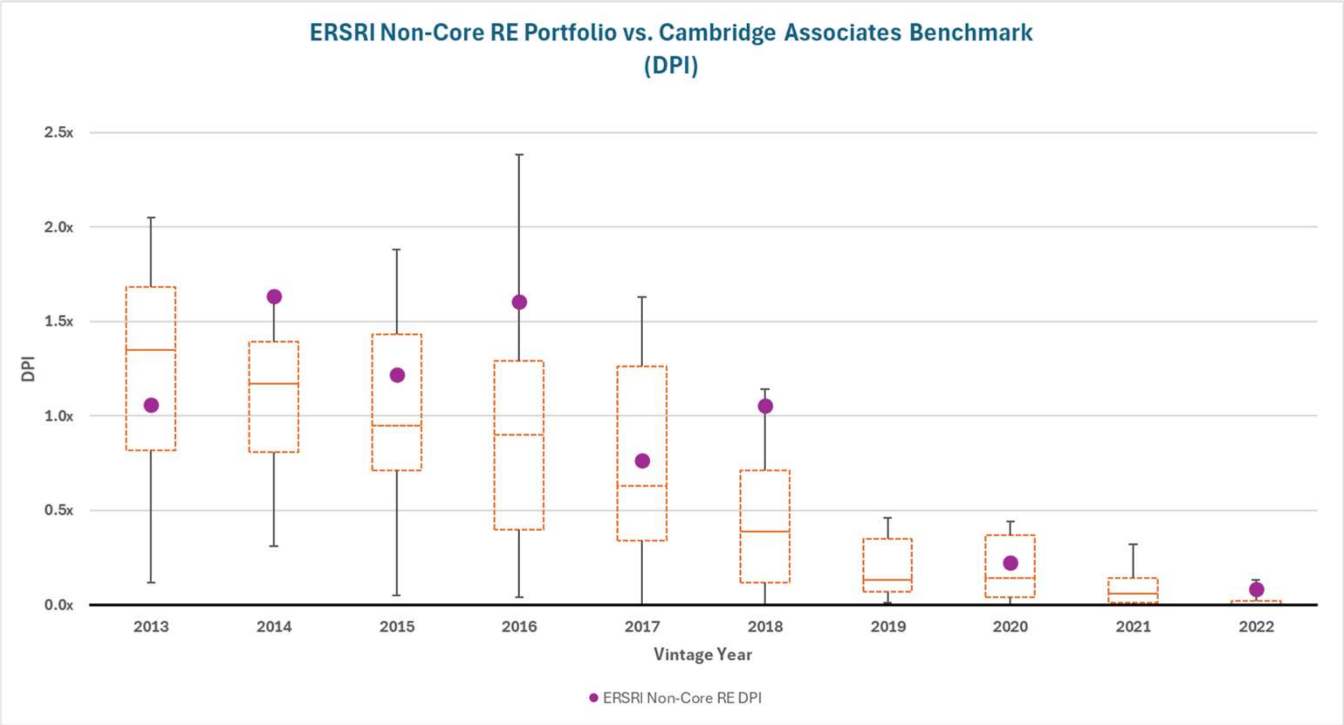
Non-Core Real Estate



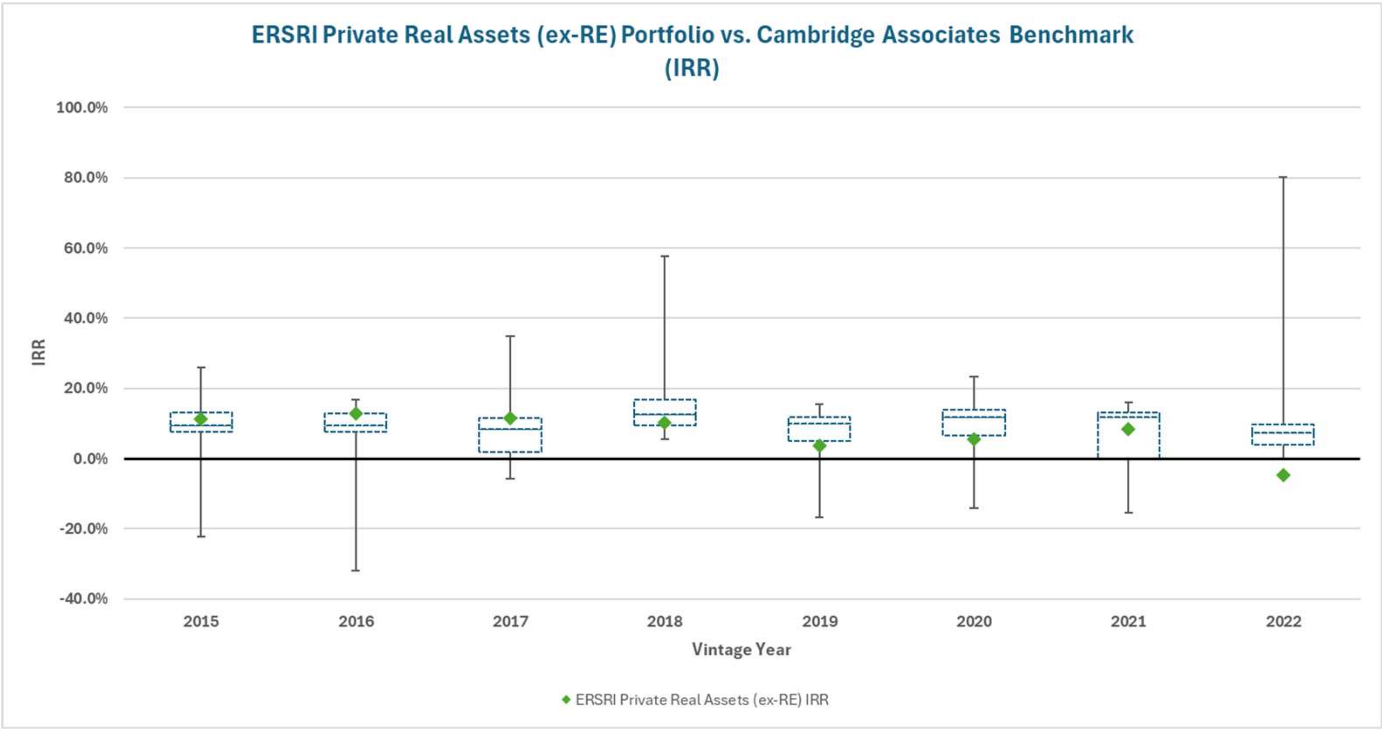
ERSRI | **Vintage Performance**

Non-Core Real Estate



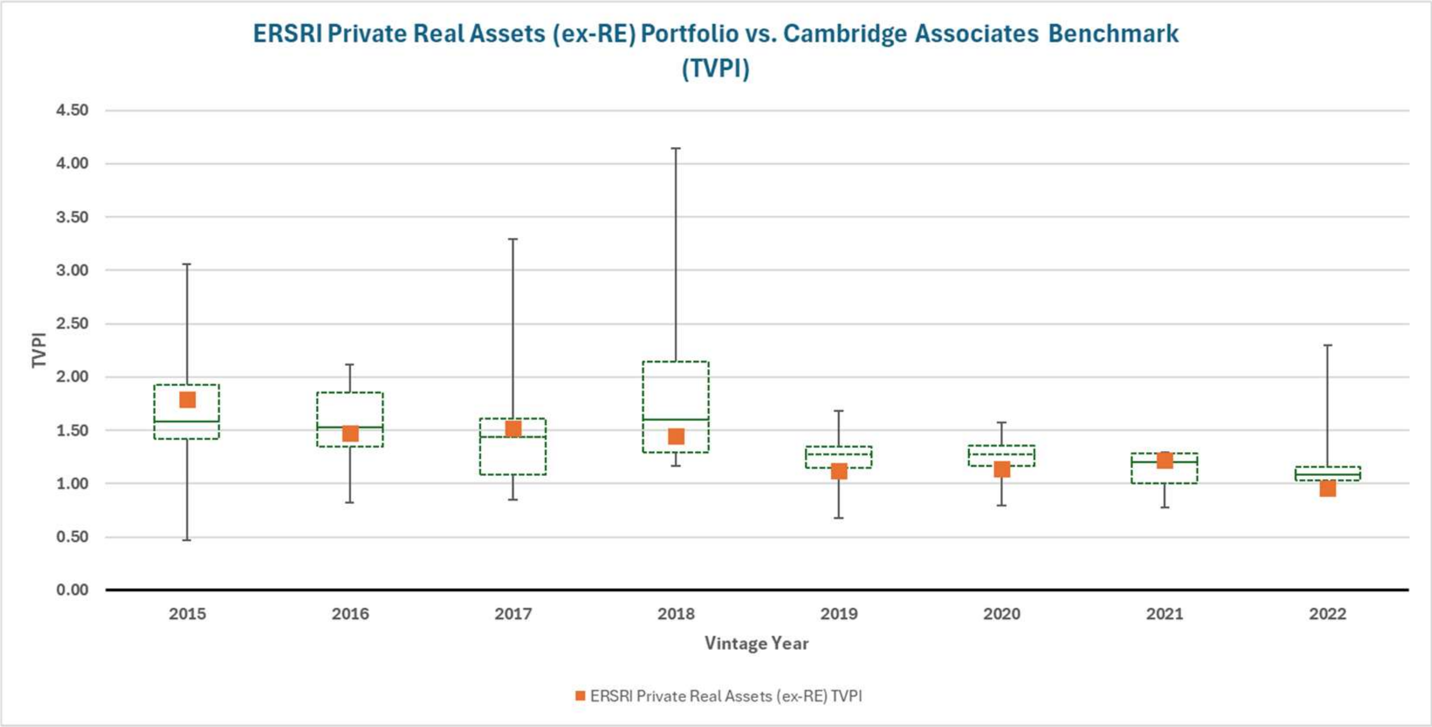
ERSRI | **Vintage Performance**

Private Real Assets (ex. Real Estate)



ERSRI | **Vintage Performance**

Private Real Assets (ex. Real Estate)



ERSRI | **Vintage Performance**

Private Real Assets (ex. Real Estate)