

While the Portfolio has been primarily driven by the US investments, Developed International investments (primarily in Europe) have been a strong contributor to returns over time and represented the highest returns of any geography over the trailing one-year period. Emerging Markets performance still significantly trails other geographies, but returns for the trailing one-year period are positive for the first time since June 30, 2022. The longer-term underperformance in Emerging Markets is partially impacted by the prior use of fund of funds (with comparatively high fees) initially used to gain exposure to the region.

Implementation

For the trailing 12 months ending December 31, 2023, Staff completed an aggregate of \$20.3 billion of new commitments, which included \$7.6 billion of investments under previously approved CIAs.¹ During this time, Staff completed 60 new fund commitments, two fund-like CIAs, and nine discretionary co-investments. In addition to the \$20.3 billion of new commitments above, Staff completed \$9.5 billion of new CIAs that are expected to draw capital over a multi-year time frame. Overall, during the 12 months ending December 31, 2023, Staff deployed approximately 47% of capital in no-, or low-fee investment vehicles. From a strategy perspective, Staff has continued to add exposure to Growth/Expansion and Venture to complement the existing exposure in Large and Mega Buyouts.

As part of a comprehensive update, the Board approved several policy changes that provided Staff with additional flexibility to meet the private equity allocation target. These included: increasing delegated authority limits; expanding the range of co-investment sources; modifying the use of PPOs in co-investments; raising the limits on the percent ownership stake CalPERS can take in certain vehicles; and adjusting the private equity strategy ranges and long-term targets. These changes are being utilized to expand the investment opportunity set for CalPERS.

Since Board approval, we have been monitoring of the impact of these policy changes and we note that some investments were executed in compliance of the updated policy that represented expansion of authority from the prior policy. We do not have material concerns about any of the investments or the expansion of policy limits that were utilized to consummate these investments.

¹ Note that CIAs are typically drawn over multi-year periods. Also, CIAs may not be fully invested as CalPERS maintains opt out rights or otherwise not fully deployed.



Attachments

CalPERS Private Equity Completed Investments – H2 2023

Investment	Date Signed	Geography	Strategy	Commitment (\$M)
TA Associates XV	July 2023	Global	Growth Equity	300
CVC Capital Partners IX	July 2023	Europe	Buyout	512
Project Quartz (Co-Investment)	July 2023	United States	Buyout	750
Project Solitaire (Co-Investment)	July 2023	Europe	Buyout	24
Project Sakura (Co-Investment)	July 2023	Europe	Buyout	156
Patient Square (Co-Investment)	July 2023	United States	Buyout	50
Hedosophia VI	July 2023	Global	Growth Equity	60
American Industrial Partners VIII	July 2023	United States	Buyout	200
Acrew III	July 2023	United States	Venture	70
Acrew Diversify Capital Fund II	July 2023	United States	Growth Equity	50
Project Perseus (Co-Investment)	July 2023	Emerging Markets	Growth Equity	50
EQT (Co-Investment)	July 2023	Europe	Venture	3
Project Topsoil (Co-Investment)	July 2023	United States	Buyout	60
Bain (Co-Investment)	July 2023	United States	Venture	75
EQT (Co-Investment)	July 2023	Europe	Venture	10
General Catalyst (Co-Investment)	July 2023	United States	Opportunistic	168
Coefficient II	July 2023	United States	Venture	100
Apollo X	July 2023	Global	Buyout	225
Project Activate (Co-Investment)	July 2023	United States	Buyout	245
SR One (Co-Investment)	July 2023	United States	Venture	10
Altaris VI	July 2023	United States	Buyout	200
SR One (Co-Investment)	July 2023	United States	Venture	20
Project Ignition (Co-Investment)	August 2023	Global	Growth Equity	100
Amberbrook IX	August 2023	Global	Opportunistic	150
Project GOA (Co-Investment)	August 2023	United States	Buyout	13
EQT (Co-Investment)	August 2023	Europe	Venture	2
PSG VI, L.P.	August 2023	United States	Growth Equity	250
Project Gold (Co-Investment)	August 2023	Global	Buyout	100
TowerBrook (Co-Investment)	August 2023	United States	Buyout	8
CVC Asia VI	August 2023	Emerging Markets	Buyout	300
Project Puppy (Co-Investment)	August 2023	Global	Growth Equity	50
Bain (Co-Investment)	August 2023	United States	Venture	4
Project Walkabout (Co-Investment)	August 2023	United States	Growth Equity	75
Project Acorn (Co-Investment)	August 2023	Global	Buyout	25
Project Ferdinand (Co-Investment)	August 2023	United States	Buyout	100
Project KT (Co-Investment)	August 2023	United States	Venture	10



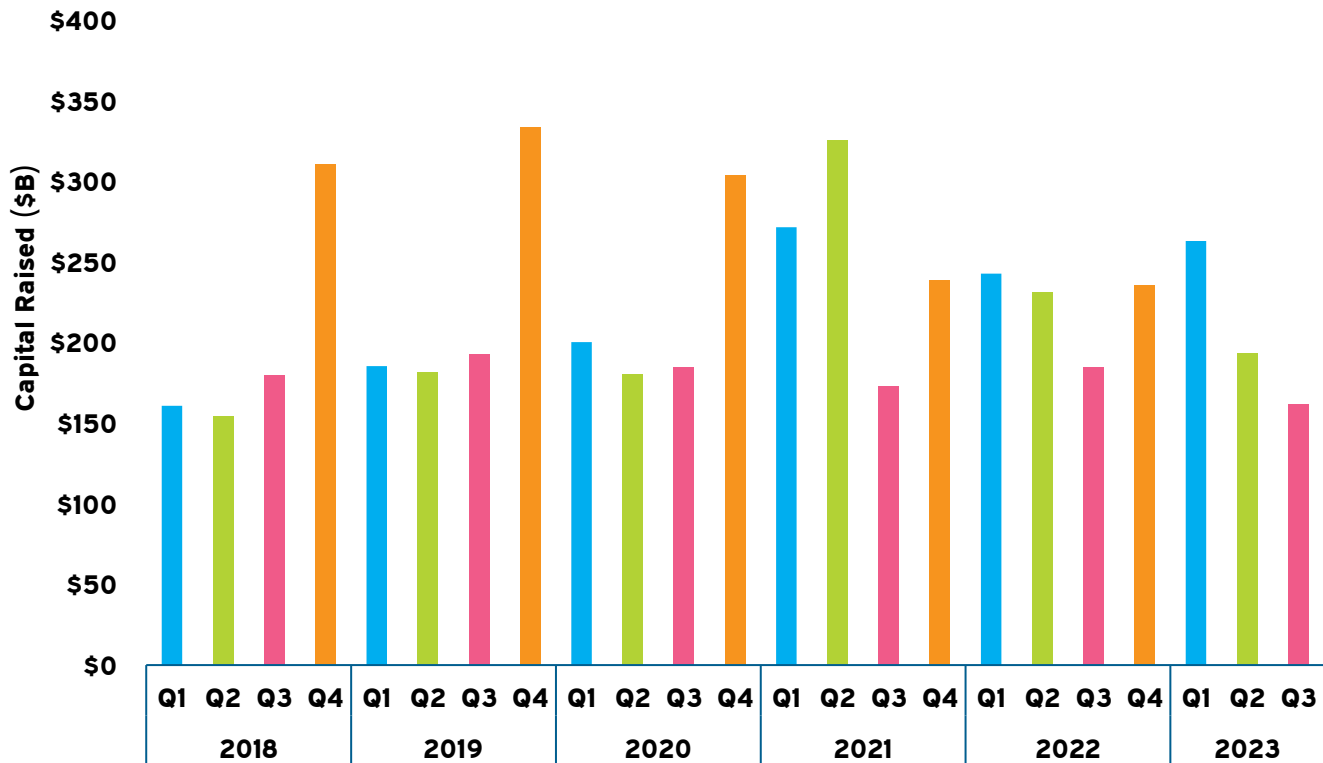
Investment	Date Signed	Geography	Strategy	Commitment (\$M)
Coalesce (Co-Investment)	August 2023	United States	Buyout	30
Project High Stick (Co-Investment)	August 2023	United States	Buyout	230
TowerBrook VI	September 2023	Global	Buyout	100
Project Skylark (Co-Investment)	September 2023	Europe	Buyout	172
General Catalyst (Co-Investment)	September 2023	Europe	Venture	57
Project Iguana (Co-Investment)	September 2023	United States	Venture	17
Patient Square (Co-Investment)	September 2023	Global	Buyout	40
Project AT (Co-Investment)	September 2023	United States	Venture	10
Project AP (Co-Investment)	September 2023	United States	Venture	5
Vitruvian Partners (Co-Investment)	September 2023	Europe	Growth Equity	24
SignalFire (Co-Investment)	September 2023	United States	Venture	5
Bain Capital Asia V	September 2023	Developed Asia	Buyout	300
Thrive Capital VIII Growth	September 2023	Global	Growth Equity	300
Project Redshift (Co-Investment)	September 2023	United States	Growth Equity	23
Pantheon Global Secondary Fund VII	September 2023	Global	Buyout	200
Project Praetorian (Co-Investment)	September 2023	Europe	Buyout	20
Project Stanley (Co-Investment)	September 2023	United States	Buyout	250
SignalFire (Co-Investment)	September 2023	United States	Venture	3
EQT (Co-Investment)	September 2023	Global	Growth Equity	25
Project MV (Co-Investment)	September 2023	Europe	Venture	3
Project Falcon (Co-Investment)	September 2023	United States	Buyout	135
Blackstone Capital Partners IX	September 2023	Global	Buyout	200
Bain Capital Europe VI	September 2023	Europe	Buyout	158
General Atlantic (CIA)	September 2023	Global	Growth Equity	300
TPG Capital IX	September 2023	Global	Buyout	300
General Catalyst Partners (Co-Investment)	October 2023	United States	Venture	30
Forbion (Co-Investment)	October 2023	United States	Venture	13
Forbion (Co-Investment)	October 2023	United States	Venture	6
Project Misfits (Co-Investment)	October 2023	United States	Growth Equity	25
Project Contractual (Co-Investment)	October 2023	United States	Growth Equity	25
Project Deacon (Co-Investment)	October 2023	Global	Growth Equity	80
B- Capital Ascent Global Fund III	October 2023	Global	Venture	175
B-Capital Ascent SSEA Fund I	October 2023	Developed Asia	Venture	35
Project Conference (Co-Investment)	October 2023	United States	Buyout	125
Project E (Co-Investment)	October 2023	Europe	Venture	5
Project O (Co-Investment)	October 2023	United States	Venture	22
Zepto (Co-Investment)	October 2023	Emerging Markets	Venture	20
Grain IV	October 2023	United States	Buyout	200



Investment	Date Signed	Geography	Strategy	Commitment (\$M)
TPG Rise III	November 2023	United States	Growth Equity	100
Project Newark (Co-Investment)	November 2023	United States	Buyout	125
Project Newark (Co-Investment)	November 2023	United States	Buyout	125
Bridgepoint (Co-Investment)	November 2023	Europe	Buyout	12
B- Capital Opportunities Fund II	November 2023	Global	Growth Equity	240
B- Capital Global Growth III (Secondary Transaction)	November 2023	Global	Opportunistic	75
Project Fortress (Co-Investment)	November 2023	United States	Buyout	75
Project Eternal (Co-Investment)	November 2023	Developed Asia	Buyout	126
Project Flare (Co-Investment)	November 2023	United States	Growth Equity	50
MBK Partners VI	November 2023	Developed Asia	Buyout	250
Coefficient Capital (Co-Investment)	November 2023	United States	Growth Equity	16
Project Star (Co-Investment)	November 2023	United States	Buyout	25
EQT Partners (Co-Investment)	November 2023	Global	Venture	1
Project Replicator (Co-Investment)	November 2023	United States	Growth Equity	14
Butterfly Equity (Co-Investment)	November 2023	Emerging Markets	Buyout	65
Great Point Ventures IV	December 2023	United States	Venture	50
TPG Capital (Co-Investment)	December 2023	Global	Growth Equity	3
Cerberus Supply Chain Fund I	December 2023	United States	Buyout	200
Project Alpha (Co-Investment)	December 2023	United States	Buyout	150
Project Mercury (Co-Investment)	December 2023	United States	Buyout	150
SignalFire (Co-Investment)	December 2023	United States	Venture	3
Project Oasis (Co-Investment)	December 2023	Europe	Growth Equity	150
TPG Capital (Co-Investment)	December 2023	Global	Growth Equity	5
Insight Capital (Co-Investment)	December 2023	United States	Venture	25
Project Interface (Co-Investment)	December 2023	United States	Growth Equity	125
Project Calico (Co-Investment)	December 2023	Developed Asia	Growth Equity	39
Pantheon Ventures (Co-Investment)	December 2023	Europe	Buyout	24
Pantheon Ventures (Co-Investment)	December 2023	Europe	Buyout	25
Acrew Capital (Co-Investment)	December 2023	Global	Growth Equity	17
Project Jumper (Co-Investment)	December 2023	United States	Buyout	15
General Catalyst Partners (Co-Investment)	December 2023	United States	Venture	7
Forbion (Co-Investment)	December 2023	Europe	Venture	32
Forbion (Co-Investment)	December 2023	Europe	Venture	25
Project Tamarack (Co-Investment)	December 2023	United States	Buyout	2
EQT Partners (Co-Investment)	December 2023	Europe	Venture	5
Project Ace (Co-Investment)	December 2023	United States	Growth Equity	150
Project Tillie (Co-Investment)	December 2023	United States	Growth Equity	45

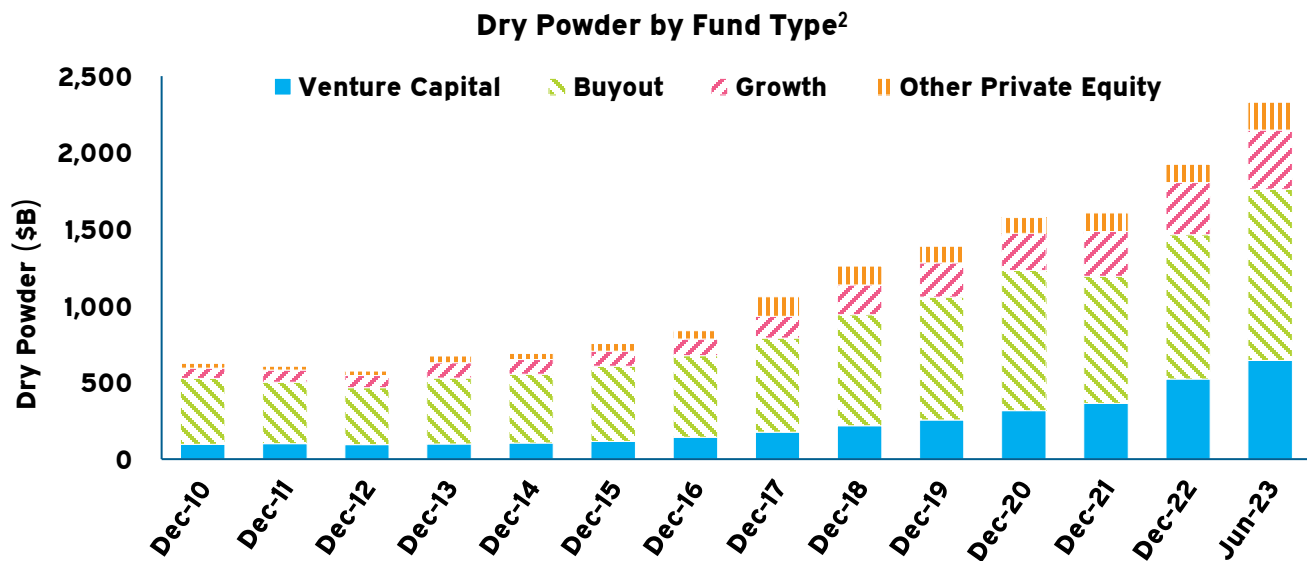
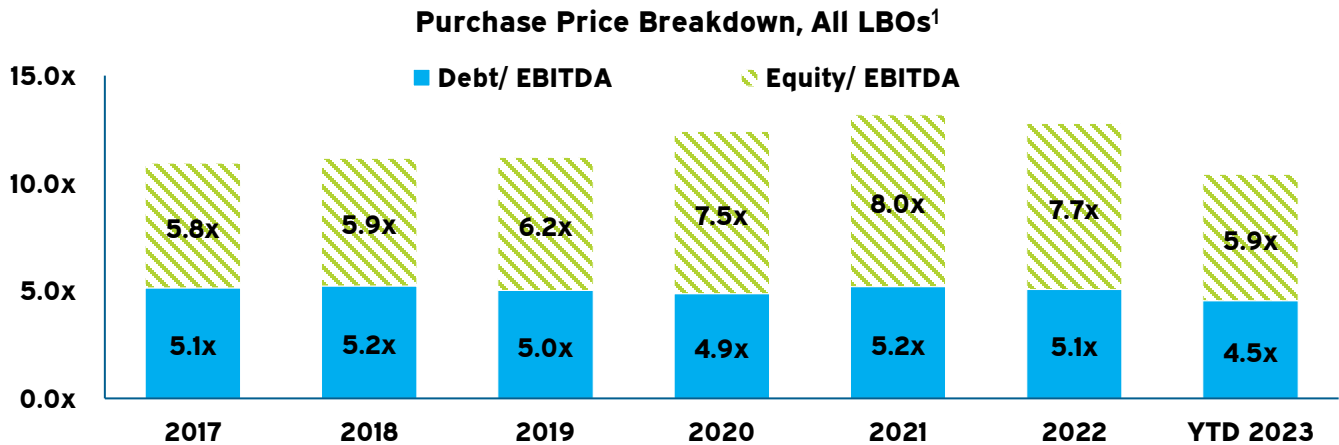
Private Equity Market Commentary – Q3 2023

Global Fundraising¹



Fundraising activity for private equity funds in the third quarter of 2023 decreased by 16% compared to the previous quarter, with \$161.8 billion raised, and represents the lowest amount of capital raised for a quarter in over five years. The third quarter showed continued signs of moderation in the private equity fundraising market as allocators continued to digest market expectations of “higher-for-longer” environment as it relates to interest rates. According to Preqin, the fact that fewer funds closed larger amounts of capital points to a continuation of the recent trend for consolidation. Along with the denominator effect, a slowdown in private equity exit volumes has weighted on the amount of capital that some LPs have available to deploy. This comes despite most investors intending either to increase the pace of their deployment (34%) or maintain the current pace (50%) suggesting that market conditions are affecting their ability, but less so their willingness, to invest. According to Preqin data, there were over 10,000 funds raising in the market as of October 2023, with aggregate capital targeted of over \$1.7 trillion. Both metrics are pushing record highs, and therefore, paint a continued picture of highly competitive fundraising. As a result, funds have been spending more time on the road than ever, with 62% of private equity funds (and 61% of venture capital funds) closed through Q3 in 2023 having been in market for more than 18 months compared to an average of 42% (and 38% for venture capital) from 2018-2022.

¹ Source: Preqin.

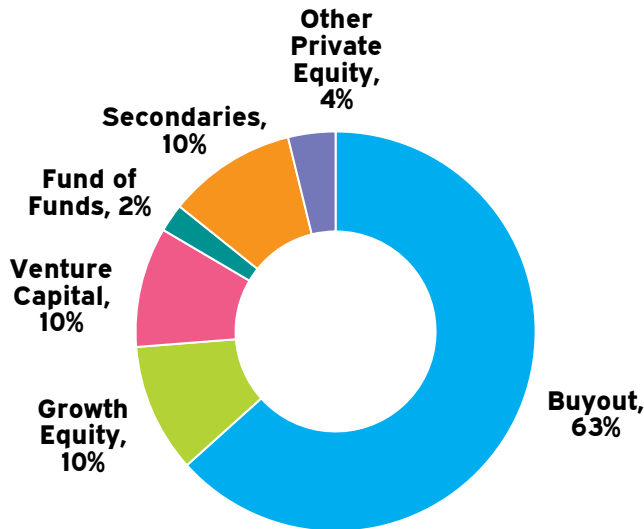


Relative to 2022, the median private equity buyout purchase price multiple has decreased from 12.8x EBITDA to 10.4x EBITDA year-to-date in 2023. This represents an 18% decrease from 2022 relative to the 3% decrease observed in 2022 from 2021. The decrease in purchase price multiples on the year to date shows signs of downward pressure on private equity valuations resulting from rising interest rates and an imbalance between expectations of buyers and sellers. Furthermore, global buyout deal flow slowed further in the third quarter, representing a 19% slowdown compared with the same period last year and is the slowest quarter for deal flow since Q2 2020. Exit activity continues to show signs of gradual recovery as public market pressures begin to ease. Private equity exit value increased to \$91 billion, or by 13%, in the third quarter relative to the same period last year. Dry powder levels as of Q2 2023, have increased by approximately 21% from Q4 2022 and remain at all-time highs. Despite macroeconomic worries, GPs still have ample dry powder to deploy, which helps support deal flow even if debt financing becomes more expensive and more restrictive.

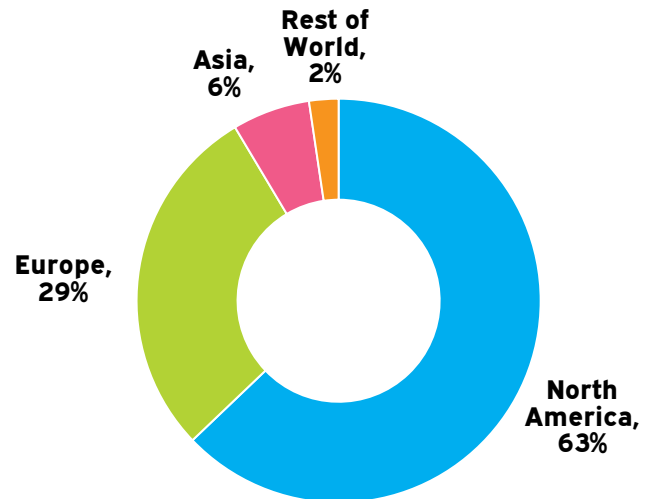
¹ Source: Preqin. Data pulled on January 8, 2024.

² Source: Global Private Equity Dry Powder Split by Strategy. Provided by Preqin on January 15, 2024. There is a six-month lag in Preqin's dry powder data with June 30, 2023, representing the latest figures, which were released in January 2024.

Capital Raised by Strategy¹



Capital Raised by Geography¹



Buyout (63% of all private equity capital raised), Growth Equity (10%), Venture Capital (10%), and Secondaries (10%) represented the most popular private equity sub-strategies during the third quarter of 2023. Buyout funds increased from 59% of capital raised in Q2 2023 to 63% in the third quarter of 2023. Growth Equity and Venture Capital both decreased from 15% to 10% of capital raised. Secondaries, as a percentage of total capital raised, increased the most of any strategy over Q3 2023 from 3% of capital raised in Q2 to 10% in Q3 2023 as the denominator effect and subdued private equity exit environment has increased the number of LPs looking to trim allocations in the secondaries market. As of the third quarter of 2023, some investors anticipate higher returns for secondaries given the heightened demand for liquidity and 28% of investors were planning to target secondaries strategies over the next 12-month period, a 5% increase since the same quarter last year. However, secondaries funds in market still make up a relatively small percentage of the overall offering at 3% of all funds in market (but tend to be among the largest by capital). Fund of Funds and Other Private Equity, which includes co-investment and hybrid vehicles, remained relatively consistent as a percentage of total capital raised through the third quarter compared to the previous quarter.

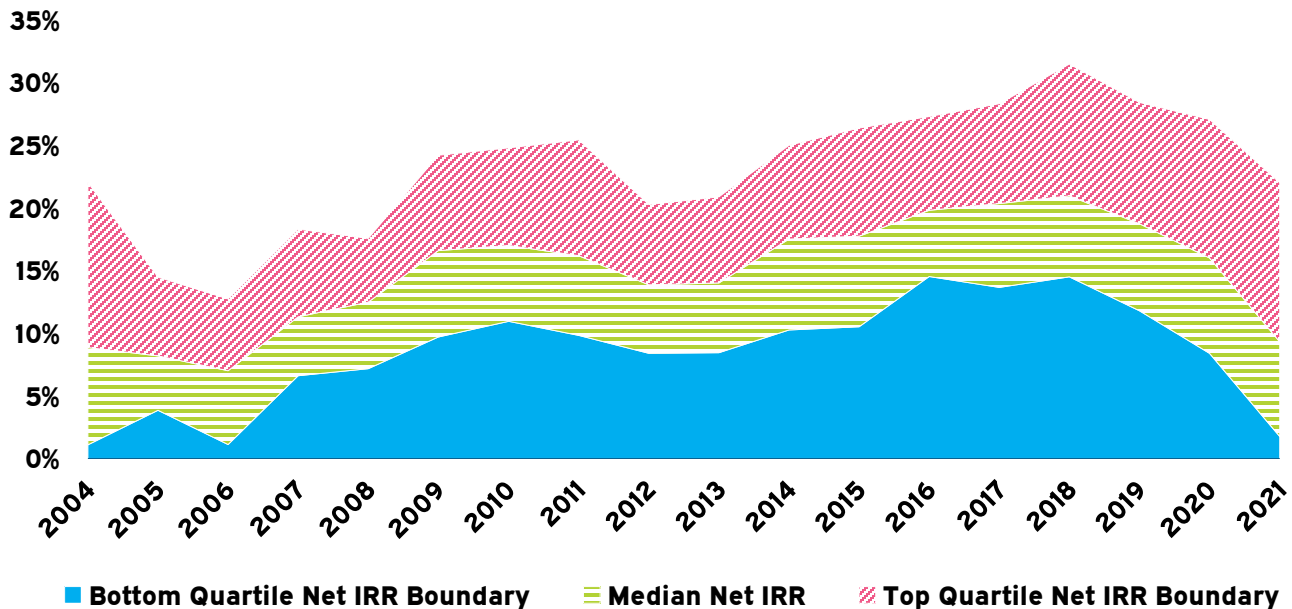
North America-focused vehicles continued to represent the majority of funds raised during the third quarter, representing 63% of total capital. This remains in line with the 67% of aggregate capital raised in the prior quarter. As a percentage of total capital raised, commitments to Europe increased slightly from 25% to 29%. However, Europe only represents 18% of the total number of funds closed in Q3 2023. Asia-focused funds remained low, only representing 6% of total capital raised. As China-focused funds had made up the lion’s share of funds raised in the region in recent years, the limited capital raised by Asia-focused funds recently highlights investors’ risk aversion toward China among geopolitical and economic challenges. Investor appetite for Rest of World remained low with \$3.8 billion of aggregate capital raised across 21 funds during the quarter.

¹ Source: Preqin.

Private Equity Performance by Horizon¹

Horizon	Private Equity (%)	Buyout (%)	Venture Capital (%)	Growth Equity (%)
1 Year to 6/2023	4.6	6.2	(9.5)	0.7
3 Years to 6/2023	22.7	24.1	13.0	13.3
5 Years to 6/2023	17.9	19.1	13.0	12.1
10 Years to 6/2023	16.7	17.7	13.4	15.7

Private Equity Performance by Vintage Year²



As of June 30, 2023, private equity returns increased from the prior quarter, generating a 4.6% IRR over the trailing 12 months through Q2 2023. This compares to the trailing 12-month return of -4.7% as of Q1 2023 and a one-year return of 14.4% at Q2 2022. Overall, private equity returns have rebounded but still remain far below the highs of recent years. One-year returns remain negative for Venture funds at a -9.5% IRR but have turned back positive for Buyout and Growth Equity strategies. In general, however, performance has been strong in each vintage year since the Global Financial Crisis. Buyout, Venture, and Growth funds have all generally performed well over the various time horizons on an absolute basis, with Buyout outperforming both Growth Equity and Venture funds across longer time periods as of Q2 2023. Lastly, the spread between first and third quartile performance in private equity has increased since the Global Financial Crisis; 2007 vintage funds reported a 11.7% spread while 2021 vintage funds reported a 20.3% spread.

¹ Source: Preqin Horizon IRRs as of 6/30/2023. Data as of 9/30/2023 is not yet available.
² Source: Preqin, Private Equity – All, Quartile Returns as of 9/30/2023. Data pulled on January 4, 2024.