MEKETA

5796 Armada Drive
Suite 110
Carlsbad, CA 92008

760.795.3450
Meketa.com

MEMORANDUM

TO: Members of the Investment Committee, CalPERS
FROM: Meketa Investment Group
DATE: March 16, 2026
RE: Private Equity Trust Level Review, as of December 31, 2025

In our role as the Board Private Equity Consultant, Meketa Investment Group (Meketa) conducted a quarterly performance review of the Private Equity Portfolio (the Portfolio) for the period ended December 31, 2025[1] based on data provided by State Street and selected reports from Staff. This memorandum provides the Portfolio performance data and information on key policy parameters, along with observations on staff activities and resources during the time period.

Performance

Private Equity showed improved absolute returns for the one-year period through the fourth quarter of 2025 relative to the prior report. However, the performance of the Portfolio continued to trail the Policy Benchmark over the prior one-year period, similar to the prior quarter report. Performance of the Portfolio across the longer time periods shown below has generally been more in line with the Policy Benchmark, while significantly exceeding CalPERS' long-term return expectations for the asset class.

Private Equity Performance as of December 31, 2025[1]

	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
CalPERS PE Portfolio[2]	**17.8**	**12.8**	**14.3**	**12.3**
Policy Benchmark[3]	*18.8*	*24.9*	*15.6*	*14.4*
Median Public Defined Benefit PE[4]	*7.5*	*6.4*	*12.2*	*12.7*
Excess vs. Policy Benchmark	↓ -1.0	↓ -12.1	↓ -1.2	↓ -2.0
Excess vs. Median Public Defined Benefit PE	↑ 10.3	↑ 6.4	↑ 2.1	↓ -0.4

The total Portfolio's one-year performance was materially higher than at the same time last year (17.8% vs. 11.9%), but trailed the Policy Benchmark, which includes a 150 basis point premium to the underlying public equity index. As we have noted in prior reports, private equity performance is reported on a delayed basis compared to publicly traded assets. As such, the Portfolio and the Policy Benchmark performance as of December 31, 2025 are each reported with a one-quarter lag (i.e., values through September 30, 2025). Additionally, private equity asset values tend to be less volatile, both in up as well as down markets, compared to publicly traded asset values. In other words, private equity assets tend to fall less in declining public equity markets and increase more slowly in rapidly rising public equity markets. We note that the Portfolio's performance has exceeded the median Public Defined Benefit Plan private equity returns, particularly in more recent periods.

1 State Street's CalPERS Private Equity performance analysis for the period ended December 31, 2025, reported with a 1-quarter lag.
2 Source: State Street. CalPERS returns are reported as time-weighted.
3 The current Policy Benchmark is a Custom FTSE Global All Cap ex-Tobacco Net of Tax Index + 150 basis points, lagged by one quarter. Previous benchmark was blend FTSE US + FTSE AW ex US + 3% lagged 1 quarter from September 2011 to June 2018.
4 Source: InvMetrics Public Defined Benefit Plans' median private equity portfolio returns as of December 31, 2025 (1-quarter lagged).

March 16, 2026

The Portfolio's NAV as of December 31, 2025 was $110.8 billion, an increase of $10.2 billion (net of cash flows) compared to the December 31, 2024 NAV of $89.0 billion. The current NAV represents 18.5% of the Total Fund, above the 17% long-term target. As we noted above, the Portfolio's NAV is calculated based upon September 30, 2025 values, while the overall CalPERS portfolio includes publicly traded assets valued as of December 31, 2025.

Performance by Strategy[1]

	NAV ($M)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Buyouts	67,657	12.9	11.7	14.4	13.1
Credit	788	8.6	5.8	7.2	3.6
Growth/Expansion	32,780	30.2	15.3	13.9	13.8
Opportunistic	4,271	12.7	10.9	13.7	11.8
Venture	5,179	20.4	6.8	10.2	7.2
Other[2]	115	NA	NA	NA	NA
CalPERS PE Portfolio	**110,790**	**17.8**	**12.8**	**14.3**	**12.3**

The table above highlights that Buyouts strategy is a key driver for the Portfolio, representing approximately 61% of the NAV and providing attractive returns overall, particularly over longer time periods. Growth/Expansion, which now accounts for nearly 30% of NAV, also delivered a material 16.8 percentage point increase (13.4% to 30.2%) in trailing one-year performance over the same time period, generating the strongest one-year return of any strategy as of December 31, 2025 and the largest increase in trailing one-year performance since our December 2024 report. Venture also experienced a material increase in trailing one-year performance since our December 2024 report, with the trailing one-year return increasing 13.2 percentage points (7.2% to 20.4%). Although much improved from last year, Venture remains a small portion of the portfolio at 4.7% of NAV. Credit strategies also generated higher one-year returns compared to the trailing one-year period as of December 31, 2024, producing an 8.6% return (-2.1% as of December 2024) over the last twelve months.

One Year Relative Performance[3]	Relatively Stronger	Relatively Weaker
Strategy	Growth/Expansion, Venture	Buyouts, Opportunistic, Credit
Structure	CIA[4]	Funds, Fund of Funds
Geography	United States	Emerging Markets
Vintages	2017, 2023, 2024	<2017, 2018-2022

The table above outlines areas of stronger or weaker relative performance of the Portfolio during the trailing one-year time period. Areas where performance was near the average or not meaningful are not included in the table above.

[1] Source: State Street. All trailing returns included in this report are time-weighted.
[2] Includes currency and stock holdings.
[3] Source: State Street. All trailing returns included in this report are time-weighted.
[4] Customized Investment Account

Performance by Structure[1]

	NAV ($M)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Customized Investment Accounts	53,617	25.1	16.5	16.3	13.1
Co-Investments / Direct	9,541	16.9	14.8	15.8	13.2
Fund of Funds	1,305	-0.5	2.4	6.9	6.0
Funds	46,213	11.1	9.5	12.4	11.8
Other[2]	115	NA	NA	NA	NA
CalPERS PE Portfolio	**110,790**	**17.8**	**12.8**	**14.3**	**12.3**

The Portfolio's performance over the last year has been driven primarily by CIAs and Funds, the two largest exposures by structure, with CIAs producing the highest returns for the trailing one-year period and significantly adding to overall performance. Co-Investments/Direct Investments also generated strong returns over the last twelve months. The Fund of Funds portfolio has underperformed across all time periods, in part due to their higher fee loads.

Performance by Geography[3]

	NAV ($M)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
United States	88,129	18.3	13.3	15.1	12.3
Developed International	21,058	17.2	12.1	14.1	15.8
Emerging Markets	1,488	-5.6	-2.0	-0.8	2.5
Other[4]	115	NA	NA	NA	NA
CalPERS PE Portfolio	**110,790**	**17.8**	**12.8**	**14.3**	**12.3**

The Portfolio has been primarily driven by the US investments, which also produced the highest returns over the trailing one-year period. Developed International investments (primarily in Europe) have been strong drivers of return over longer periods, as well. Emerging Markets performance still significantly trails other geographies across all time periods with longer term underperformance in Emerging Markets partially impacted by the prior use of fund of funds (with comparatively high fees) initially used to gain exposure to the region.

Implementation

During the first half of the fiscal year, Staff completed an aggregate of $13.8 billion of new commitments. Overall, Staff deployed approximately 41% of the capital in no- or low-fee investment vehicles over the six months ending December 31, 2025. 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

[1] Source: State Street. All trailing returns included in this report are time-weighted.
[2] Includes currency and stock holdings.
[3] Source: State Street.
[4] Includes currency and stock holdings.

March 16, 2026

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.

Key Policy Parameters

The Portfolio is compliant with all key parameters related to strategy diversification, as demonstrated in the table below. The Portfolio is above the long-term asset allocation target of 17% but remains within the range (+/- 5%).

Strategy	NAV[1] ($M)	Percent of Total NAV (%)	CalPERS Target (%)	Target Range (%)
Buyout	67,657	61.1	65	55 - 80
Credit	788	0.7	0	0 - 10
Growth/Expansion	32,780	29.6	25	5 - 30
Opportunistic	4,271	3.9	4	0 - 10
Venture	5,179	4.7	6	0 - 12
Other[2]	115	0.1	NA	NA
Total Portfolio	**110,790**	**18.5**[3]	**17**[4]	**+/- 5**

Conclusion

The Portfolio continues to show strong recent performance on an absolute basis despite narrowly trailing the Policy Benchmark over the trailing one-year period. Performance of the Portfolio across the longer time periods has generally been in line with the Policy Benchmark, while slightly underperforming over the trailing five- and ten-year periods.

Additionally, as a percent of CalPERS' total portfolio, the Portfolio sits above CalPERS' long-term target of 17% but well within the range. The Portfolio continues to increase in value with long-term asset growth driven by both strong underlying performance and Staff's activities to enhance the Portfolio by sourcing attractive investments with high conviction managers. In recent years, Staff has focused on increasing allocation to co-investments and adding portfolio diversification through identification of high-quality managers in mid-market buyout, growth equity, and venture strategies.

We note that the Staff has been executing on the Private Equity Strategic Plan, specifically:

→ Increasing capital deployment – Staff has been making about $16 billion per year of net new commitments over the last four fiscal years, which is in line with investment targets communicated by Staff. We note that commitment activity in recent years has materially surpassed prior years.

→ Increasing cost efficiency – No-or low-fee investment vehicles are an important and growing portion of the Portfolio. In the last six months, 41% of investment capital has been deployed through no-or low-fee direct co-investments or Customized Investment Accounts.

1 Source: State Street.
2 Includes currency and stock holdings.
3 PE portfolio NAV as a percent of total CalPERS portfolio as of December 31, 2025.
4 In March 2024, the Board approved a 17% long term target allocation for the Portfolio.

- → Adding diversification to the Portfolio – Staff has been adding more Venture, Growth Equity and Mid-Market Buyout strategies to complement the Portfolio's Large- and Mega-Buyout exposure.
- → Maintaining and enhancing relationships with high quality managers – Staff has been able to invest meaningful capital with highly sought out managers.

CalPERS has grown the Portfolio significantly and recent performance has improved on an absolute basis. While sourcing and executing attractive private equity investments remains highly competitive, CalPERS has opportunities given its scale, experience, and large investment team. Staff's continued focus on deploying capital through lower cost investment structures will help mitigate overall fees. The Appendix includes some data and commentary on the private equity asset class for the third quarter of 2025.

Separately, CalPERS is transitioning to a Total Portfolio Approach (TPA), which will fundamentally shift the framework for how CalPERS allocates capital across asset classes. Private Equity is expected to continue serving an important role in the overall portfolio. We look forward to continuing our work with the Board and Staff on reviewing the transition to TPA.

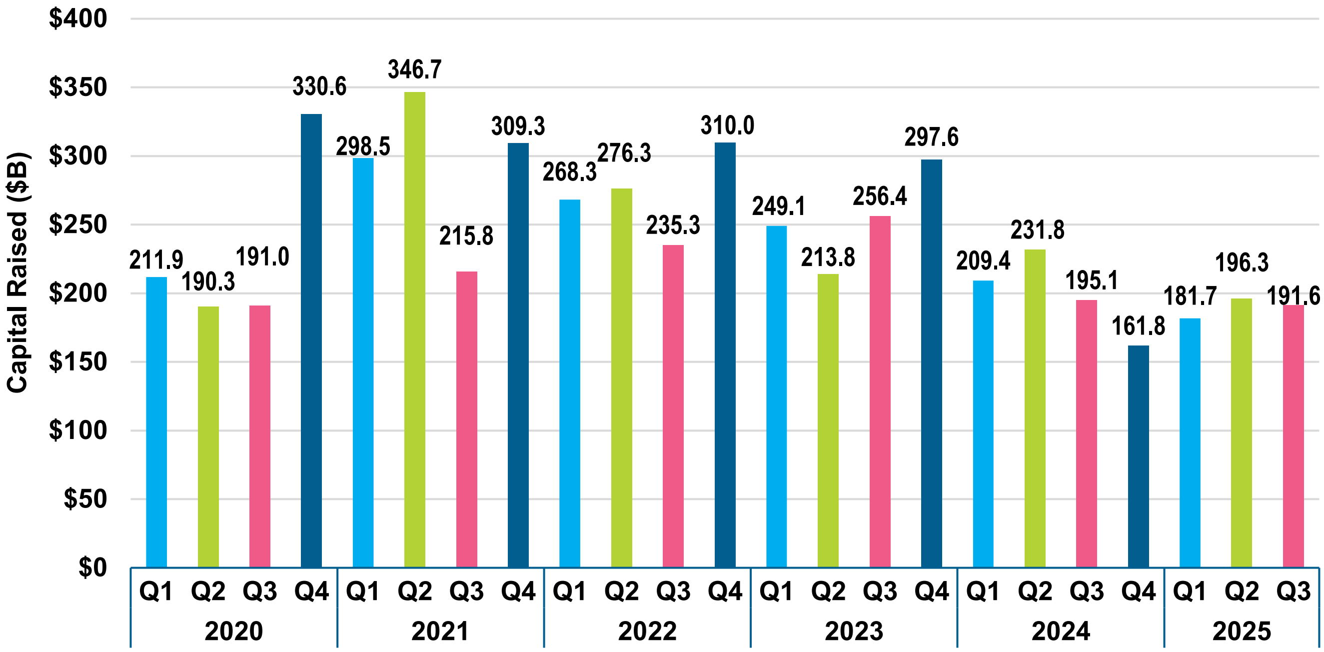
Please do not hesitate to contact us if you have questions or require additional information.

SH/LR/SPM/jls

Attachments

Private Equity Market Commentary – Q3 2025

Global Fundraising[1]



Fundraising activity for private equity funds in the third quarter of 2025 remained in line with the prior quarter at $191.6 billion raised. This also totals approximately 98% of the amount raised in the third quarter of 2024 (-2% year-over-year change). However, the number of funds closed during the quarter represented a 21% QoQ and 38% year-over-year decline, reflecting an ongoing trend toward fund concentration.

As highlighted in recent quarters, slower deal and exit activity, particularly in primary markets, has resulted in reduced capital returned to investors, which continues to constrain liquidity within the private equity sector and limits new fundraising efforts.

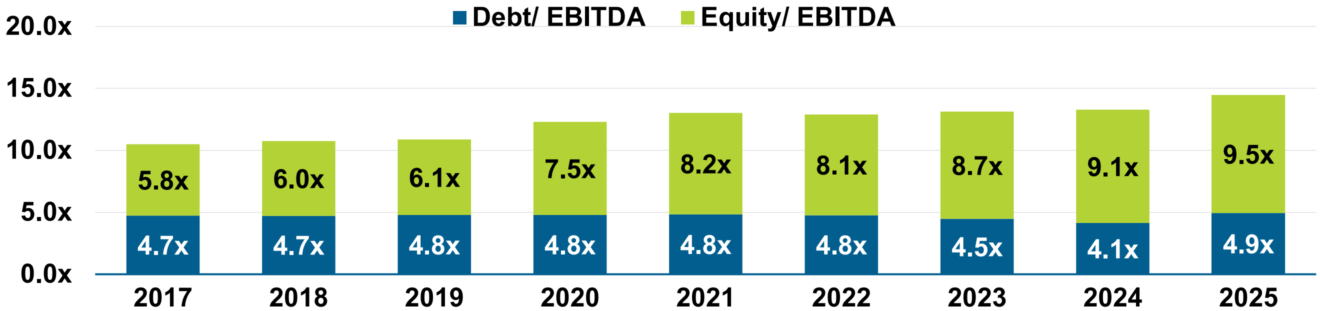
Deal activity (by number) was down 10% compared to the prior quarter while aggregate deal value was up 100%, primarily driven by several mega deals during the quarter. Year-over-year, deals were down 14% in the third quarter of 2025 but deal value was up 24% compared to Q3 2024.

Exit activity (by number) was down 7% compared to the prior quarter while the aggregate exit value was down 2%. Year-over-year, exits were down 30% in the third quarter of 2025 compared to 2024 and aggregate exit value was down 8%. These statistics reveal that premium assets, especially at the larger end of the market, are still trading in today's market.

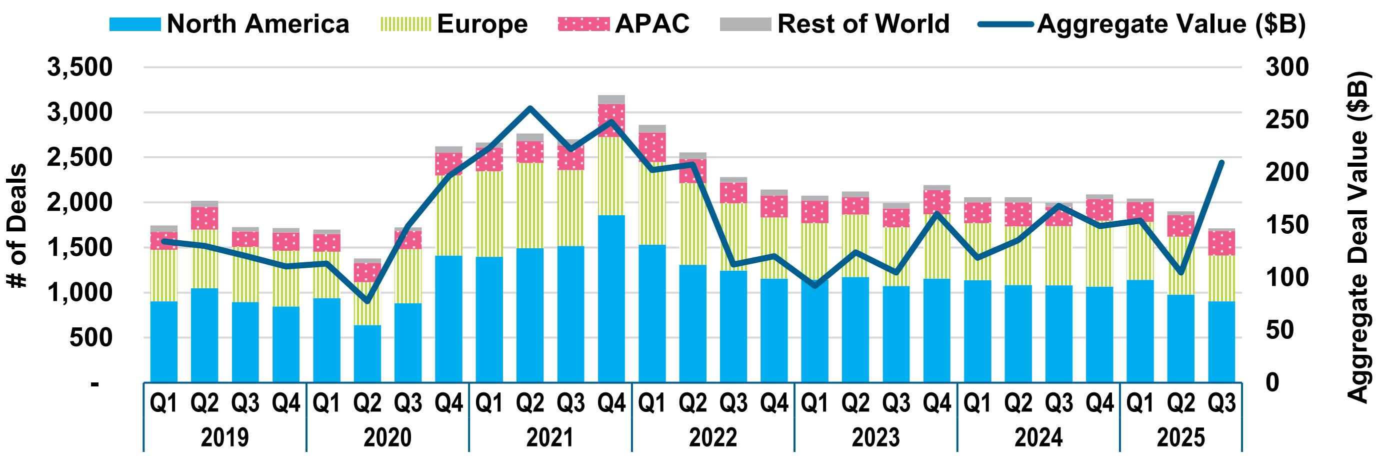
The Federal Reserve (the Fed) cut interest rates again by 25 basis points in December to a target range of 3.50% to 3.75%, which may kick start more private equity activity as interest rates tie directly to cost of capital and could positively impact asset valuations for private equity firms wanting to sell assets closer to their desired asking prices.

[1] Source: Preqin.

Purchase Price Breakdown, All LBOs[1]



Private Equity Buyout Deals by Region[2]



Compared to 2024, the global median private equity buyout purchase price multiple increased from 13.3x EBITDA to 14.5x EBITDA in 2025. This represents a 9.0% increase from 2024 relative to the 1.1% increase observed in 2024 from 2023.

Due to today's higher interest rate environment, recent deals, in aggregate, have been financed with more equity capital, as well. From 2023 through 2025, the median equity contribution ranged from 66-69%, compared to mid-50s% from 2017 to 2019.

Overall, the increase in purchase price multiples through 2025 shows resilience to the downward pressure of higher interest rates and sellers' resistance to exit deals at lower valuations despite the continued imbalance between expectations of buyers and sellers throughout the market.

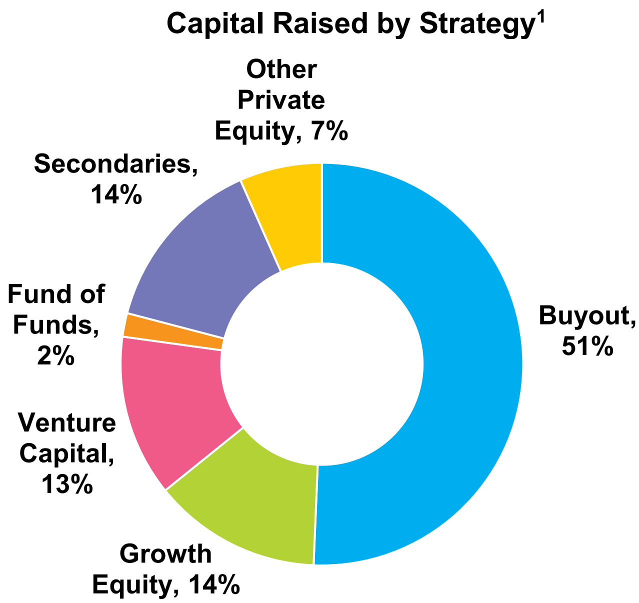
Deal activity of late has largely comprised prized assets still trading at premium valuations and smaller deals that are less reliant on debt financing and more insulated from macroeconomic dynamics.

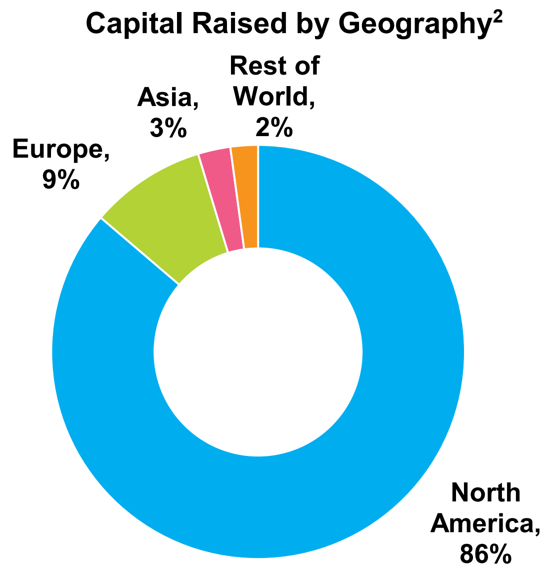
Deal volume has continued to trend downward since peak M&A activity in 2021. In Q3 2025, the number of buyout deals completed decreased by approximately 10% and 14% quarter-over quarter and year-over-year, respectively.

Aggregate deal value has also decreased since 2021 with a sharp drop in 2022 into H1 2023 before a slight rebound in late 2023 and 2024. After a decrease in deal value in Q2 2025 following tariff announcements and related uncertainty, in Q3 2025, deal value jumped as several mega deals lifted aggregate deal value for the quarter, most notably, a $55 billion take-private of Electronic Arts Inc., which accounted for 43% of North American deal value during the quarter.

---

[1] Source: Preqin, Transaction Intelligence. Data pulled on January 7, 2026.
[2] Source: Preqin.





Buyout (51% of all private equity capital raised), Secondaries (14%), and Growth Equity (14%) represented the private equity sub-strategies with the most capital raised during the third quarter of 2025. Secondaries fundraising increased significantly compared to the prior quarter with a large $20+ billion fund closing in Q3. In general, a subdued deal environment and dearth of exit activity have constrained market liquidity and aided growth in the secondaries market, both for LPs (i.e., sale of fund interests) and GPs (i.e., continuation vehicles).

North America-focused vehicles represented the majority of aggregate capital raised during the third quarter, representing 86% of total capital and 74% of the total number of funds closed. Commitments to Europe totaled just 9% of capital raised and 9% of the total number of funds closed during the third quarter, representing lower than the standard share of global fundraising compared to prior quarters. Asia-focused funds accounted for approximately 3% of total capital raised and remain low compared to historical standards.

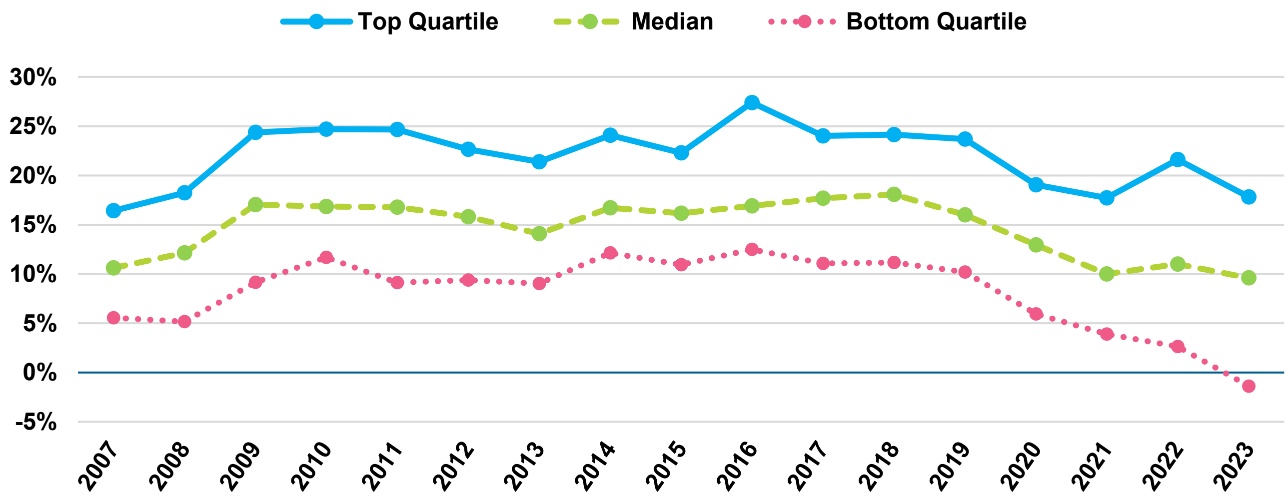
Buyout and North America continue to represent the lion's share of private equity fundraising by strategy and geography, respectively.

[1] Source: Preqin.
[2] Source: Preqin.

Private Equity Performance by Horizon[1]

Horizon	Private Equity (%)	Buyout (%)	Venture Capital (%)	Growth Equity (%)
1 Year to 6/2025	7.5	7.2	7.3	10.1
3 Years to 6/2025	5.0	6.3	(2.5)	5.1
5 Years to 6/2025	14.8	15.7	10.0	13.6
10 Years to 6/2025	13.2	14.1	9.9	12.6

Private Equity Performance by Vintage Year[2]



As of June 30, 2025, one-year private equity returns increased from the prior quarter, generating a 7.5% IRR over the trailing 12 months through Q2 2025. This compares to the trailing 12-month return of 6.3% as of Q1 2025 and a one-year return of 5.8% at Q2 2024. Overall, private equity returns have proven resilient but remain below the highs of recent years.

In general, 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 and Venture funds across longer time periods as of Q2 2025.

The spread between first and third quartile performance in private equity has increased slightly since the Global Financial Crisis but has generally ranged from 11-15% through 2021 vintage funds, supporting the importance of manager selection when allocating to the asset class. Additionally, private equity returns have declined since 2018 with top quartile returns dipping below 20% net IRR across 2020 and 2021 vintage funds, in part due to the higher cost of leverage and a decline in asset values from their peak in the early 2020s.

Deals remain competitive, keeping multiples high. Higher debt costs make it more difficult to capture value through leverage. A consistent, differentiated value creation model and clear strategies for maintaining growth and performance over the long term are more important than ever.

[1] Source: Preqin Indices Private Equity Quarterly Performance through 6/30/2025. Data as of 9/30/2025 is not yet available.
[2] Source: Preqin, Private Equity – All, Quartile Returns as of 9/30/2025. Data pulled on January 6, 2026.

March 16, 2026

Disclaimer

THIS REPORT (THE “REPORT”) HAS BEEN PREPARED FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE “RECIPIENT”).

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT, AND IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. THE INFORMATION CONTAINED HEREIN, INCLUDING ANY OPINIONS OR RECOMMENDATIONS, REPRESENTS OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND IS SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK, AND THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

THE INFORMATION USED TO PREPARE THIS REPORT MAY HAVE BEEN OBTAINED FROM INVESTMENT MANAGERS, CUSTODIANS, AND OTHER EXTERNAL SOURCES. SOME OF THIS REPORT MAY HAVE BEEN PRODUCED WITH THE ASSISTANCE OF ARTIFICIAL INTELLIGENCE (“AI”) TECHNOLOGY. WHILE WE HAVE EXERCISED REASONABLE CARE IN PREPARING THIS REPORT, WE CANNOT GUARANTEE THE ACCURACY, ADEQUACY, VALIDITY, RELIABILITY, AVAILABILITY, OR COMPLETENESS OF ANY INFORMATION CONTAINED HEREIN, WHETHER OBTAINED EXTERNALLY OR PRODUCED BY THE AI.

THE RECIPIENT SHOULD BE AWARE THAT THIS REPORT MAY INCLUDE AI-GENERATED CONTENT THAT MAY NOT HAVE CONSIDERED ALL RISK FACTORS. THE RECIPIENT IS ADVISED TO CONSULT WITH THEIR MEKETA ADVISOR OR ANOTHER PROFESSIONAL ADVISOR BEFORE MAKING ANY FINANCIAL DECISIONS OR TAKING ANY ACTION BASED ON THE CONTENT OF THIS REPORT. WE BELIEVE THE INFORMATION TO BE FACTUAL AND UP TO DATE BUT DO NOT ASSUME ANY RESPONSIBILITY FOR ERRORS OR OMISSIONS IN THE CONTENT PRODUCED. UNDER NO CIRCUMSTANCES SHALL WE BE LIABLE FOR ANY SPECIAL, DIRECT, INDIRECT, CONSEQUENTIAL, OR INCIDENTAL DAMAGES OR ANY DAMAGES WHATSOEVER, WHETHER IN AN ACTION OF CONTRACT, NEGLIGENCE, OR OTHER TORT, ARISING OUT OF OR IN CONNECTION WITH THE USE OF THIS CONTENT. IT IS IMPORTANT FOR THE RECIPIENT TO CRITICALLY EVALUATE THE INFORMATION PROVIDED.

CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE “FORWARD-LOOKING STATEMENTS,” WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS “MAY,” “WILL,” “SHOULD,” “EXPECT,” “AIM,” “ANTICIPATE,” “TARGET,” “PROJECT,” “ESTIMATE,” “INTEND,” “CONTINUE,” OR “BELIEVE,” OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS REPORT ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS REPORT.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.