

MEMORANDUM

TO: Members of the Investment Committee, CalPERS
FROM: Meketa Investment Group
DATE: June 15, 2026
RE: Annual Program Review, inclusive of Quarterly Private Equity Performance Review, as of March 31, 2026

In our role as the Board Private Equity Consultant, Meketa Investment Group (Meketa) conducted an annual performance review of the Private Equity Portfolio (the Portfolio) for the period ended March 31, 2026¹ 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 continued to show strong and improved absolute returns for the one-year period through the first quarter of 2026 and relative to the prior report. However, the performance of the Portfolio still trailed the Policy Benchmark over the 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. Additionally, we note that the Portfolio's performance has exceeded the Median Public Defined Benefit PE index, particularly in more recent time periods.

Private Equity Performance as of March 31, 2026¹

	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
CalPERS PE Portfolio ²	21.5	14.2	13.5	12.9
<i>Policy Benchmark³</i>	24.2	22.4	12.9	14.1
<i>Median Public Defined Benefit PE⁴</i>	8.0	6.5	10.3	12.9
Excess vs. Policy Benchmark	-2.7	-8.2	0.6	-1.2
Excess vs. Median Public Defined Benefit PE	13.5	7.7	3.2	0.0

The total Portfolio's one-year performance was materially higher than at the same time last year (21.5% vs. 11.3%), 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 with a significant delay compared to publicly traded assets. As such, the Portfolio and the Policy Benchmark performance as of March 31, 2026 are each reported with a one-quarter lag (i.e., values through December 31, 2025). Additionally, private equity asset values tend to be less volatile, both in up as well

¹ State Street's CalPERS Private Equity performance analysis for the period ended March 31, 2026, 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 March 31, 2026 (1-quarter lagged). Data pulled 5/15/2026.



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.

The Portfolio's NAV as of March 31, 2026 was \$119.3 billion, an increase of \$11.6 billion (net of cash flows) compared to the March 31, 2025 NAV of \$92.2 billion. The current NAV represents 20.0% of the Total Fund, above the 17% long-term target. As we noted above, the Portfolio's NAV is calculated based upon December 31, 2025 values, while the overall CalPERS portfolio includes publicly traded assets valued as of March 31, 2026.

Performance by Strategy¹

	NAV (\$M)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Buyouts	68,345	12.0	11.5	12.8	13.0
Credit	735	7.1	4.5	6.0	4.3
Growth/Expansion	37,730	43.7	20.3	14.5	14.9
Opportunistic	4,557	13.3	10.0	11.5	12.1
Venture	7,633	26.4	12.2	10.6	8.5
Other ²	315	NA	NA	NA	NA
CalPERS PE Portfolio	119,314	21.5	14.2	13.5	12.9

The table above highlights that Buyouts strategy is a key component of the Portfolio, representing approximately 57% of the NAV and providing consistent returns overall, both recently and over longer time periods. Growth/Expansion, which now accounts for nearly 32% of NAV, has delivered strong performance over time. For the trailing one-year performance, it experienced a material 33.5 percentage point increase (10.2% to 43.7%) over the same time period, generating the strongest one-year return of any strategy as of March 31, 2026 and the largest increase in trailing one-year performance since our March 2025 report. Venture also experienced a material increase in trailing one-year performance since our March 2025 report, with the trailing one-year return increasing 11.7 percentage points (14.7% to 26.4%). Although up materially from last year, Venture remains a relatively small portion of the Portfolio at 6.4% of NAV. Credit and Opportunistic strategies also generated higher one-year returns compared to the trailing one-year period as of March 31, 2025, producing 7.1% (+6.5 percentage points) and 13.3% (+6.9 percentage points) returns over the last twelve months, respectively.

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

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.



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.

Performance by Structure¹

	NAV (\$M)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Customized Investment Accounts	59,180	30.7	18.8	15.8	13.9
Co-Investments / Direct	9,793	17.1	14.6	14.2	13.4
Fund of Funds	1,302	0.8	2.7	6.7	6.0
Funds	48,723	12.5	10.1	11.1	12.1
Other ²	315	NA	NA	NA	NA
CaIPERS PE Portfolio	119,314	21.5	14.2	13.5	12.9

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 Geography³

	NAV (\$M)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
United States	95,334	23.0	15.0	14.5	13.0
Developed International	22,123	14.7	11.8	11.9	15.5
Emerging Markets	1,542	1.4	-1.2	-1.1	2.3
Other ⁴	315	NA	NA	NA	NA
CaIPERS PE Portfolio	119,314	21.5	14.2	13.5	12.9

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.

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.



Implementation

During the first three quarters of the fiscal year, Staff recorded an aggregate of \$15.4 billion of net new commitments. 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.

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	68,345	57.3	65	55 - 80
Credit	735	0.6	0	0 - 10
Growth/Expansion	37,730	31.6	25	5 - 30
Opportunistic	4,557	3.8	4	0 - 10
Venture	7,633	6.4	6	0 - 12
Other ²	315	0.3	NA	NA
Total Portfolio	119,314	20.0³	17⁴	+/- 5

Staffing and Resources

As of May 13, 2026, the Private Equity group had 38 approved positions, with 35 staff and three openings. This compares to 38 positions at the end of the last fiscal year. The Program is currently recruiting two Associate Investment Managers (AIM). Anton Orlich continues to lead the Private Equity Program as the Managing Investment Director. The remainder of Staff comprises two Investment Directors, eight Investment Managers, six Associate Investment Managers (of which two are vacant), and 19 Investment Officers (I, II, and III), and one Admin.

While we believe the staffing levels are sufficient to execute the current investment strategy, we note there are several open positions currently. CalPERS regularly fills open positions through promotions, augmented with external hires. Almost all external hires since 2022 have been at the investment officer level. Over time, the Program will likely need further additions to Staff as well as an expansion of skills to identify, execute, and monitor an increasingly complex portfolio.

¹ Source: State Street.

² Includes currency and stock holdings.

³ PE portfolio NAV as a percent of total CalPERS portfolio as of March 31, 2026.

⁴ In March 2024, the Board approved a 17% long term target allocation for the Portfolio.



Conclusion

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

Additionally, as a percentage of CalPERS' total portfolio, the Portfolio sits above CalPERS' long-term target of 17% but 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 Staff has been executing on the Private Equity Strategic Plan, specifically:

- Increasing capital deployment – Staff has been making approximately \$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.
- 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 been strong on an absolute basis as well as relative to the median public defined benefit PE program. 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 fourth quarter of 2025.

Separately, on July 1, 2026 CalPERS will adopt 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.

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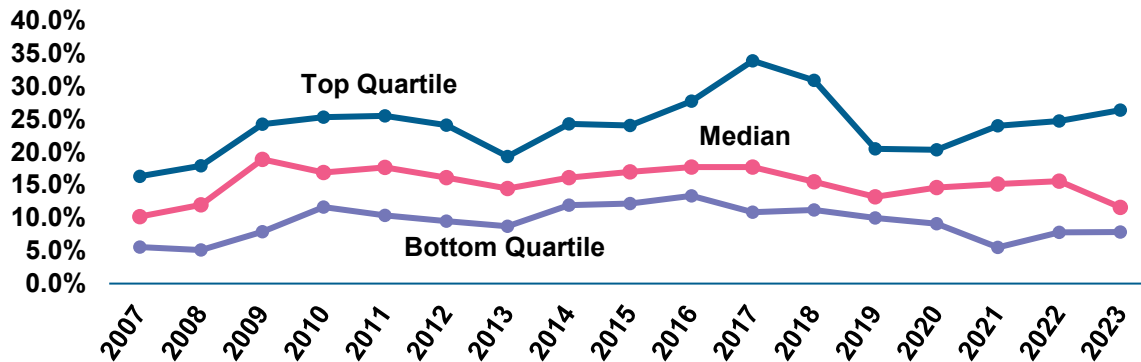
Attachments

Private Equity Market Commentary – Q4 2025

Private Equity Performance by Horizon¹

Horizon	Private Equity (%)	Buyout (%)	Venture Capital (%)	Growth Equity (%)
1 Year to 9/2025	8.4	7.4	14.1	11.3
3 Years to 9/2025	6.4	7.2	0.2	7.3
5 Years to 9/2025	13.3	13.9	9.2	12.0
10 Years to 9/2025	13.4	14.2	10.5	13.3

Private Equity Performance by Vintage Year²



As of September 30, 2025, one-year private equity returns increased from the prior quarter, generating an 8.4% IRR over the trailing 12 months through Q3 2025. This compares to the trailing 12-month return of 7.4% as of Q2 2025 and a one-year return of 6.4% at Q3 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 Q3 2025.

The spread between first and third quartile performance in private equity has increased slightly since the Global Financial Crisis but has averaged approximately 15% through 2023 vintage funds, supporting the importance of manager selection when allocating to the asset class. Additionally, private equity returns have declined slightly since the late 2010s with top quartile returns dipping down to ~20% net IRR across 2019 and 2020 vintage funds, in part due to the higher cost of leverage and a decline in asset values from their peak in the early 2020s.

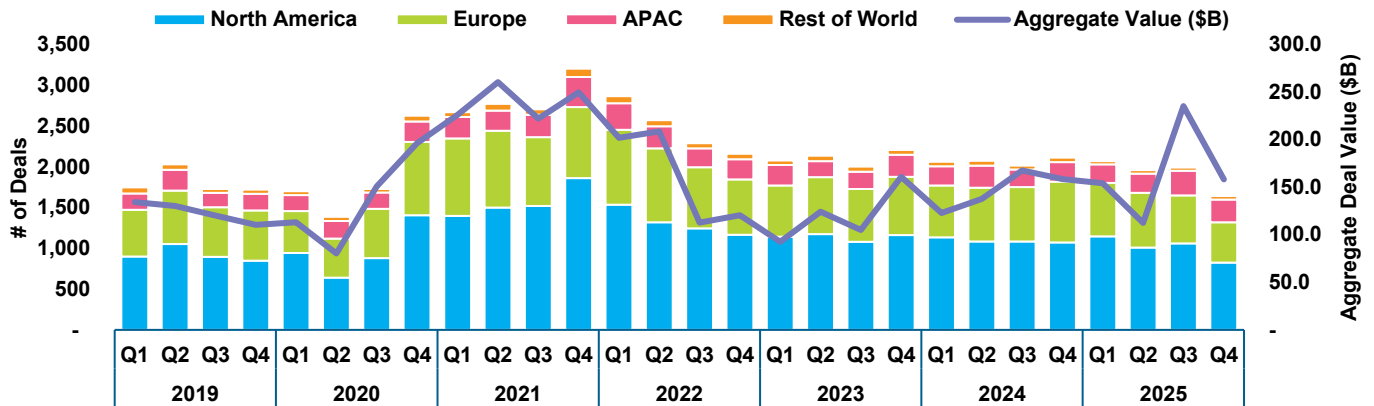
Deals remain competitive, keeping multiples high. Higher debt costs make it more difficult to capture value through leverage. A consistent, differentiated value creation model and clear strategies for maintaining growth and performance over the long term are more important than ever.

¹ Preqin Indices Private Equity Quarterly Performance through September 30, 2025. Data as of December 31, 2025, is not yet available.

² Source: Preqin, Private Equity – All, Quartile Returns as of December 31, 2025. Data pulled on March 25, 2026.



Private Equity Buyout Deals by Region¹



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 Q4 2025, the number of buyout deals completed decreased by approximately 18% and 22% QoQ and YoY, respectively. For the year, deal count was down 7% from the 2024 total.

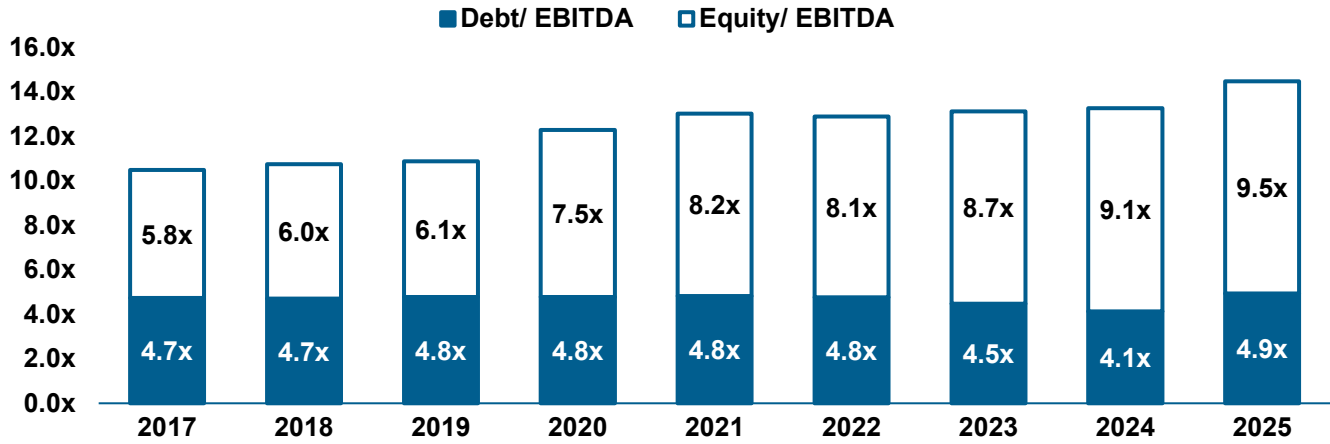
Aggregate deal value has also decreased since 2021 with a sharp drop in 2022 into H1 2023 before a slight rebound in late 2023 and 2024. After a decrease in deal value in H1 2025 following tariff announcements and related uncertainty, in Q3 2025, deal value jumped as several mega deals inflated aggregate deal value for the quarter. Aggregate deal value dropped 33% QoQ in the fourth quarter but outpaced the average quarterly deal value over the past three years.

Year	Qtr	North America (#)	Europe (#)	APAC (#)	Rest of World (#)	Agg. Value (\$B)	Total # of Deals
2019	Q1	900	573	201	72	134.4	1,746
	Q2	1,052	658	253	69	130.2	2,032
	Q3	897	608	175	48	120.2	1,728
	Q4	847	619	202	53	110.4	1,721
2020	Q1	941	515	197	48	113.0	1,701
	Q2	641	478	217	50	80.4	1,386
	Q3	882	603	201	42	150.9	1,728
	Q4	1,408	896	252	72	196.2	2,628
2021	Q1	1,399	950	264	57	226.3	2,670
	Q2	1,499	945	245	84	260.5	2,773
	Q3	1,520	843	276	68	222.1	2,707
	Q4	1,862	871	370	100	249.6	3,203
2022	Q1	1,534	920	325	87	201.9	2,866
	Q2	1,318	910	269	76	208.7	2,573
	Q3	1,244	750	232	62	112.8	2,288
	Q4	1,165	681	246	67	120.6	2,159
2023	Q1	1,144	629	251	55	92.6	2,079
	Q2	1,176	699	194	67	124.2	2,136
	Q3	1,080	648	213	61	104.9	2,002
	Q4	1,162	715	271	59	160.8	2,207
2024	Q1	1,135	637	233	56	122.8	2,061
	Q2	1,084	661	271	57	137.8	2,073
	Q3	1,084	668	216	46	167.7	2,014
	Q4	1,073	747	238	54	158.5	2,112
2025	Q1	1,148	655	227	39	154.2	2,069
	Q2	1,009	670	237	45	112.3	1,961
	Q3	1,059	589	302	40	235.3	1,990
	Q4	826	492	281	41	158.2	1,640

¹ Source: Preqin.



Purchase Price Breakdown, All LBOs¹



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.

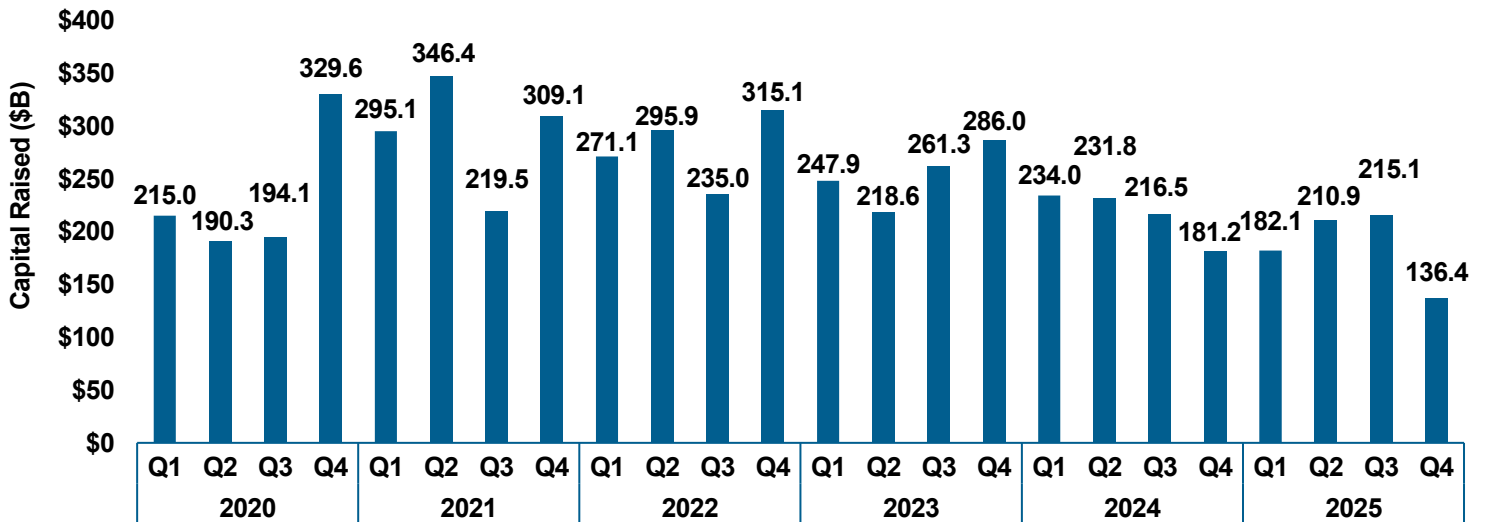
Due to today’s higher interest rate environment, recent deals, in aggregate, have been financed with more equity capital, as well. From 2023 through 2025, the median equity contribution ranged from 66-69%, compared to mid-50s% from 2017 to 2019.

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.

¹ Source: Preqin: Transaction Intelligence. Data pulled on March 25, 2026.



Global Fundraising¹



Fundraising activity for private equity funds in the fourth quarter of 2025 decreased by 37% quarter-over-quarter (QoQ) and 25% year-over-year (YoY) with \$136.4 billion raised. Overall, private equity fundraising was down 14% in 2025 compared to the prior year, and the number of funds closed during the year fell 28%, 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 apply liquidity pressure on limited partners, limiting new fundraising efforts. Investors remain selective and conservative in deploying new capital.

Deal activity (by number) was down 18% compared to the prior quarter while aggregate deal value was down 33%. For the year, deals were down 7% in 2025 but deal value was up 12% compared to 2024, largely driven by several mega deals in the third quarter.

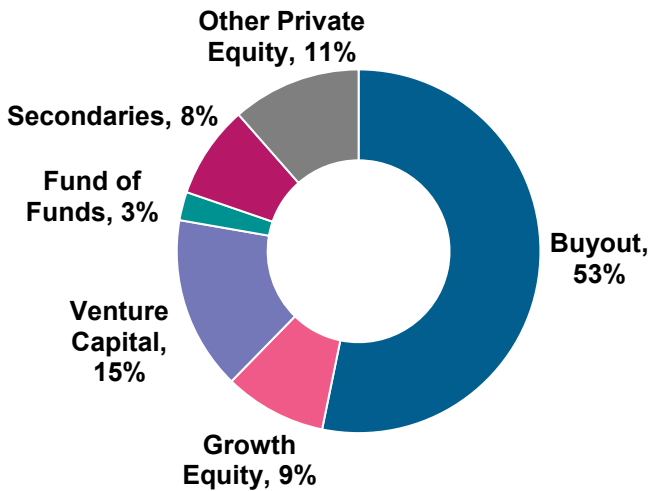
Exit activity (by number) was down 21% compared to the prior quarter while the aggregate exit value was up 1%. For the year, exits were down 18% in 2025 compared to 2024 despite aggregate exit value down only 1%. These statistics reveal that premium assets, especially at the larger end of the market, are still trading in today's market.

The Federal Reserve (the Fed) last cut interest rates in December to a target range of 3.50% to 3.75%, which has held steady in early 2026. Private equity relies heavily on current interest rates, which tie directly to cost of capital and asset valuations. Valuation mismatches, macro uncertainty and volatility, and delayed interest rate cuts have continued to mute exit activity at large.

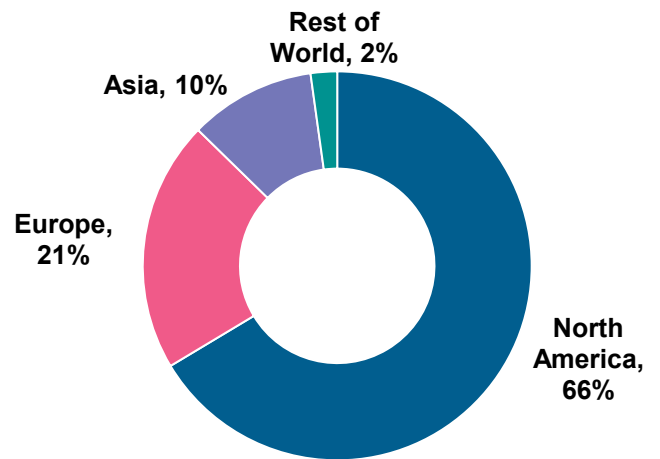
¹ Source: Preqin.



Capital Raised by Strategy¹



Capital Raised by Geography²



Buyout (53% of all private equity capital raised) and Venture Capital (15%) represented the private equity sub-strategies with the most capital raised during the fourth quarter of 2025.

Compared to 2024, fundraising by strategy for the full year remained relatively consistent with no primary strategy type changing by more than 3% from 2024 to 2025. Buyout represented 48% of total capital raised in 2025 (down 3%), followed by Growth Equity (16%), Venture Capital (13%), and Secondaries (10%). Other Private Equity increased from 4% of total capital raised in 2024 to 9% in 2025, which partly reflects an increased appetite for co-investments.

North America-focused vehicles represented the majority of aggregate capital raised during the fourth quarter, representing 66% of total capital and 65% of the total number of funds closed. The share of commitments to Europe increased quarter-over-quarter from 9% of capital raised (and 9% of funds closed) to 21% of capital raised (and 13% of funds closed) during the fourth quarter. Asia-focused funds accounted for approximately 10% of total capital raised, an increase of 7% relative to the prior quarter.

Compared to 2024, North America’s share of private equity fundraising increased by 11% to 68% of total capital raised in 2025. Conversely, Europe represented 24% of total capital raised in 2025, down 2%, and Asia accounted for 5% of total capital raised, down 5%.

¹ Source: Preqin.

² Source: Preqin.



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