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: September 14, 2026
RE: Private Equity Trust Level Review, as of June 30, 2026

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 June 30, 2026[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 during the time period.

Performance

Private Equity continued to show strong absolute returns for the one-year period through the second quarter of 2026, albeit more modest relative to the prior quarter's report. The performance of the Portfolio still trailed the Policy Benchmark over the one-year period, similar to the prior quarter's 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.

Private Equity Performance as of June 30, 2026[1]

	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
CalPERS PE Portfolio[2]	**17.0**	**14.0**	**11.9**	**13.1**
Policy Benchmark[3]	*22.4*	*18.5*	*11.1*	*13.7*
Median Public Defined Benefit PE[4]	*8.8*	*6.9*	*10.6*	*12.8*
Excess vs. Policy Benchmark	⬇ -5.5	⬇ -4.5	⬆ 0.8	⬇ -0.6
Excess vs. Median Public Defined Benefit PE	⬆ 8.2	⬆ 7.1	⬆ 1.3	⬆ 0.3

The total Portfolio's one-year performance was somewhat higher than at the same time last year (17.0% vs. 14.3%), 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 June 30, 2026 are each reported with a one-quarter lag (i.e., values through March 31, 2026). 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.

[1] State Street's CalPERS Private Equity performance analysis for the period ended June 30, 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, which aligns with the data in this report.

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The Portfolio's NAV as of June 30, 2026 was $123.6 billion, an increase of $17.4 billion (net of cash flows) compared to the June 30, 2025 NAV of $98.3 billion. The current NAV represents 19.4% of the Total Fund, above the 17% long-term target. As we noted above, the Portfolio's NAV is calculated based upon March 31, 2026 values, while the overall CalPERS portfolio includes publicly traded assets valued as of June 30, 2026.

Performance by Strategy[1]

	NAV ($M)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Buyouts	66,664	5.7	9.8	10.3	12.7
Credit	721	5.9	5.0	5.3	4.8
Growth/Expansion	40,863	39.0	23.2	14.2	15.8
Opportunistic	4,760	13.1	10.4	10.5	12.4
Venture	10,491	28.8	14.1	11.3	9.5
Other[2]	73	NA	NA	NA	NA
CalPERS PE Portfolio	**123,571**	**17.0**	**14.0**	**11.9**	**13.1**

The table above highlights that Buyouts and Growth/Expansion strategies are the key components of the Portfolio, representing approximately 54% and 33% of NAV, respectively. Both strategy types have provided attractive returns overall, particularly over longer time periods. Buyouts have trailed other strategies over the trailing one-year and three-year time periods, but this has been offset by the strong performance of Growth/Expansion. For the trailing one-year performance, Growth/Expansion experienced a material 19.3 percentage point increase (19.7% to 39.0%) over the same time period, generating the strongest one-year return of any strategy as of June 30, 2026. Venture also experienced a material increase in trailing one-year performance over the last year, with the trailing one-year return increasing 15.9 percentage points (12.9% to 28.8%). Although up materially from last year, Venture remains a relatively small portion of the Portfolio at 8.5% of NAV. Opportunistic and Credit strategies also generated higher one-year returns compared to the trailing one-year period as of June 30, 2025, producing 13.1% (+4.7 percentage points) and 5.9% (+1.7 percentage points) returns over the last twelve months, respectively.

One Year Relative Performance[3]	Relatively Stronger	Relatively Weaker
Strategy	Growth/Expansion, Venture	Buyouts, Credit
Structure	CIA[4]	Co-Investments/Direct, Funds, Fund of Funds
Geography	United States	Developed International, Emerging Markets
Vintages	2023-2025	<2023

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.

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Performance by Structure[1]

	NAV ($M)	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)
Customized Investment Accounts	62,160	23.3	18.8	14.9	14.3
Co-Investments / Direct	10,340	11.4	14.6	12.7	14.1
Fund of Funds	1,317	-2.7	0.4	4.7	5.9
Funds	49,682	10.2	9.5	9.1	12.1
Other[2]	73	NA	NA	NA	NA
CalPERS PE Portfolio	**123,571**	**17.0**	**14.0**	**11.9**	**13.1**

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 generated the second strongest returns over the last twelve months and have also been additive to the Portfolio's performance, particularly over longer time periods. 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	100,945	19.1	15.1	12.8	13.4
Developed International	21,017	6.9	10.4	10.3	14.9
Emerging Markets	1,537	1.6	-1.9	-3.4	2.0
Other[4]	73	NA	NA	NA	NA
CalPERS PE Portfolio	**123,571**	**17.0**	**14.0**	**11.9**	**13.1**

The Portfolio has been primarily driven by the US investments, which also produced the highest returns over the trailing one-, three-, and five-year periods. Developed International investments (primarily in Europe) have been strong drivers of return over longer periods but lagged over the trailing one-year period. 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.

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Implementation

For the trailing twelve months ending June 30, 2026, Staff recorded an aggregate of $26.1 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 somewhat below the target range for Buyout and above the target range for Growth/Expansion, as demonstrated in the table below. Staff has indicated to the Board on several occasions that they believe a shift to Growth/Expansion and Venture, while decreasing exposure to Buyout, would be advantageous. During the second quarter, Staff notified the Board that the Portfolio has exceeded policy strategy limits a part of a deliberate shift in strategy construction. Additionally, we note that strategy limits have been eliminated as part of the adoption of TPA.

Strategy	NAV[1] ($M)	Percent of Total NAV (%)	CalPERS Target (%)	Target Range (%)
Buyout	66,664	53.9	65	55 - 80
Credit	721	0.6	0	0 - 10
Growth/Expansion	40,863	33.1	25	5 - 30
Opportunistic	4,760	3.9	4	0 - 10
Venture	10,491	8.5	6	0 - 12
Other[2]	73	0.1	NA	NA
Total Portfolio	**123,571**	**19.4[3]**	**17[4]**	**+/- 5**

[1] Source: State Street.
[2] Includes currency and stock holdings.
[3] PE portfolio NAV as a percent of total CalPERS portfolio as of June 30, 2026.
[4] In March 2024, the Board approved a 17% long term target allocation for the Portfolio.

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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 percent 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 the Staff has been executing on the Private Equity Strategic Plan, specifically:

→ Increasing capital deployment – Staff has increased its pace of net new commitments over the prior 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 first quarter of 2026.

Separately, on July 1, 2026, CalPERS adopted 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. In future quarters, Meketa will begin reporting on the private equity asset class in the context of its role within the TPA, and reflecting its contribution to risk and return at the total portfolio level.

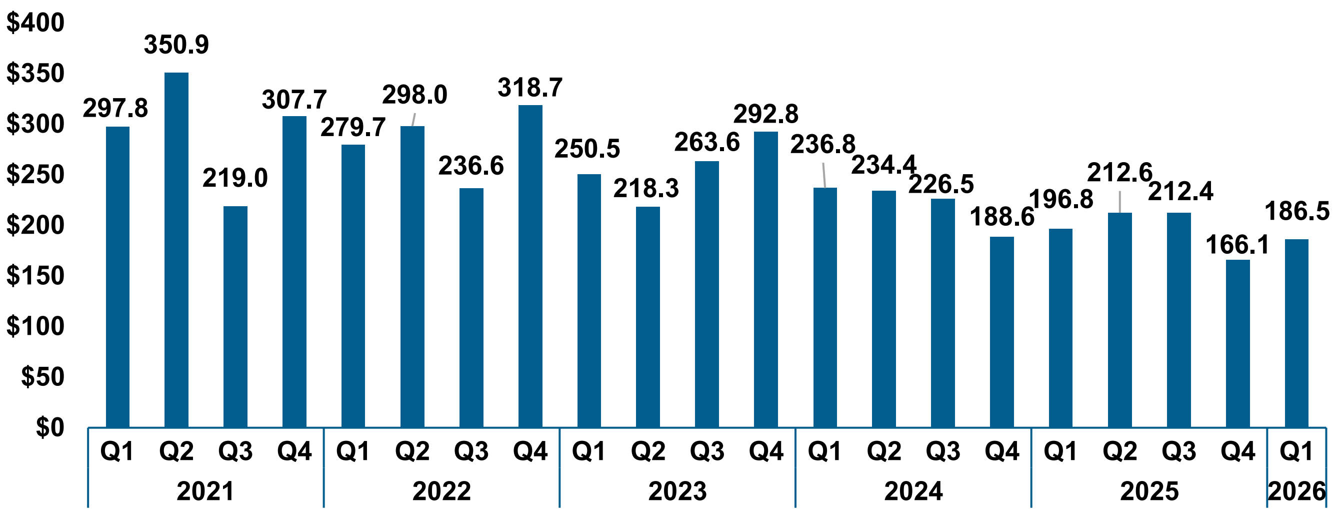
Please do not hesitate to contact us if you have questions or require additional information.

SH/LR/JM/SPM/jls

Attachments

Private Equity Market Commentary – Q1 2026

Private Equity Global Fundraising Capital Raised ($B)[1]



Fundraising activity for private equity funds in the first quarter of 2026 increased by 12% quarter-over-quarter (QoQ) but decreased by 5% year over-year (YoY) with $186.5 billion raised. The number of funds closed during the quarter fell 10% QoQ and 20% YoY, reflecting an ongoing trend toward manager consolidation and 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 8% compared to the prior quarter while aggregate deal value was down 3%. Year-over-year, the number of deals was down 15% in the first quarter but deal value was up 4% compared to Q1 2025. Generally, deal activity in the software space has been muted amid concerns over AI disruption while the US/Iran conflict has further added to macroeconomic uncertainty for market participants.

Exit activity (by number) was down 2% compared to the prior quarter while the aggregate exit value was down 34%. Year-over-year, exit count and exit value were both down 16% compared to Q1 2025. These statistics reveal that today's exit environment still remains challenging as private equity holding periods continue to extend.

The Federal Reserve (the Fed) last cut interest rates in December 2025 to a target range of 3.50% to 3.75%, which has held steady year-to date in 2026. Persistent inflation and a resilient labor market have led to a more hawkish stance from the Fed, despite the recent leadership transition to Chair Kevin Warsh. Generally, market forecasters are split on future interest rate movements with some predicting rate increases later in the year rather than cuts. 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.

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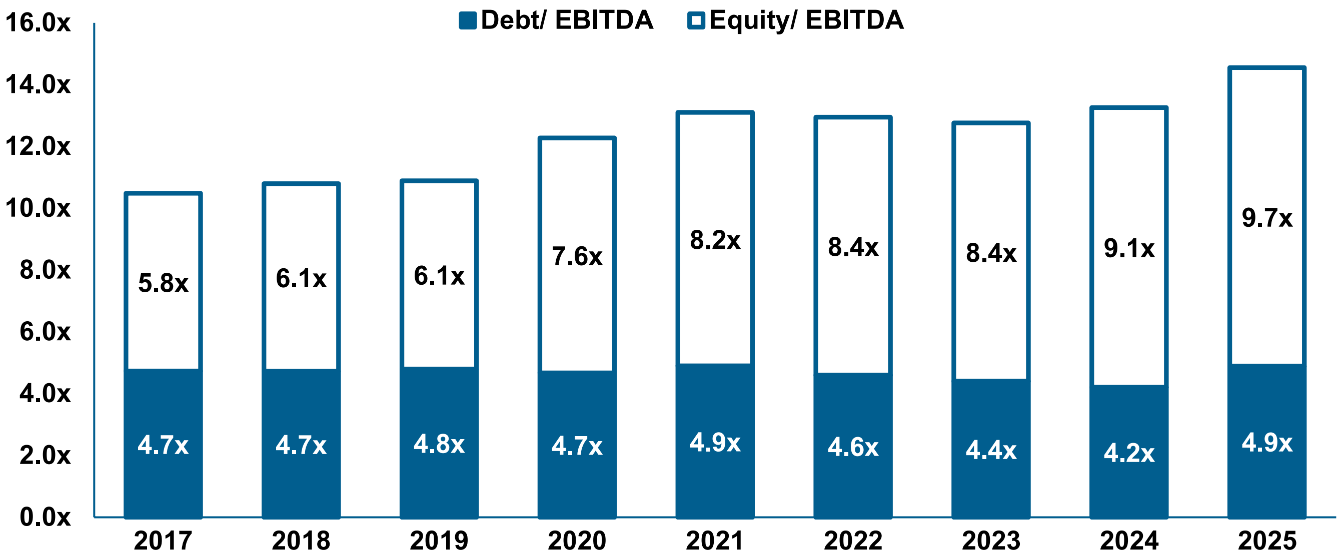
Purchase Price Breakdown, All LBOs[1]



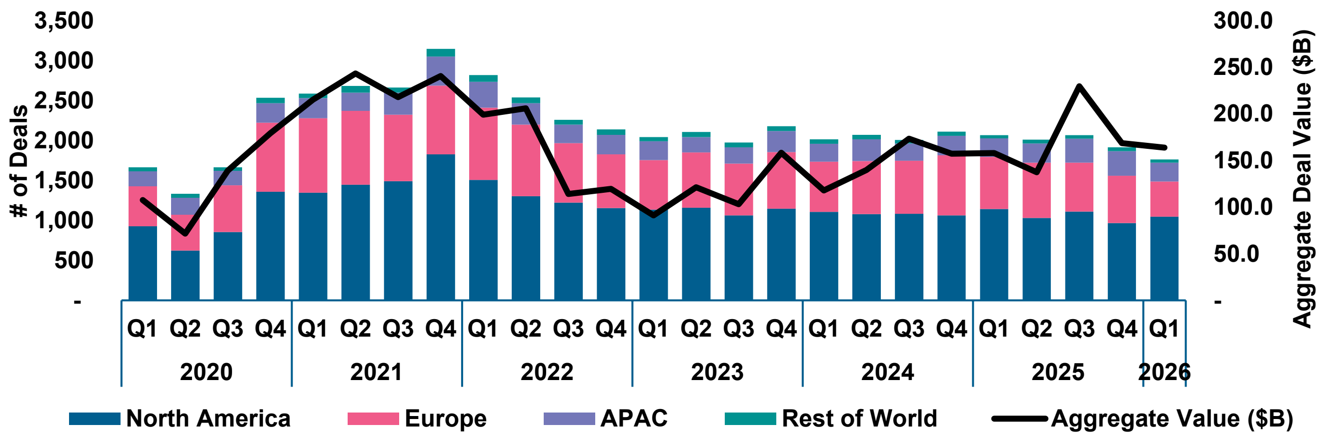
Compared to 2024, the global median private equity buyout purchase price multiple increased from 13.3x EBITDA to 14.6x EBITDA in 2025. This represents a 9.7% increase from 2024 relative to the 3.9% increase observed in 2024 from 2023.

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 66-68%, compared to mid-50s% from 2017 to 2019. Investors' appetite for private equity co-investments have aided GPs in securing additional equity capital for deals.

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 June 22, 2026.

Private Equity Buyout Deals by Region[1]



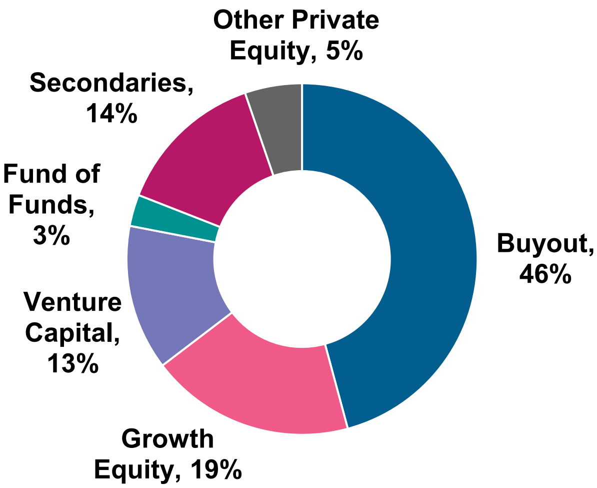
Deal volume has continued to trend downward since peak M&A activity in 2021. In Q1 2026, the number of buyout deals completed decreased by approximately 8% and 15% QoQ and YoY, respectively.

Aggregate deal value has also decreased since 2021 with a sharp drop in 2022 into H1 2023 before a slight rebound in late 2023 through 2025. 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 3% QoQ in the first quarter of 2026 but outpaced the average quarterly deal value over the past three years.

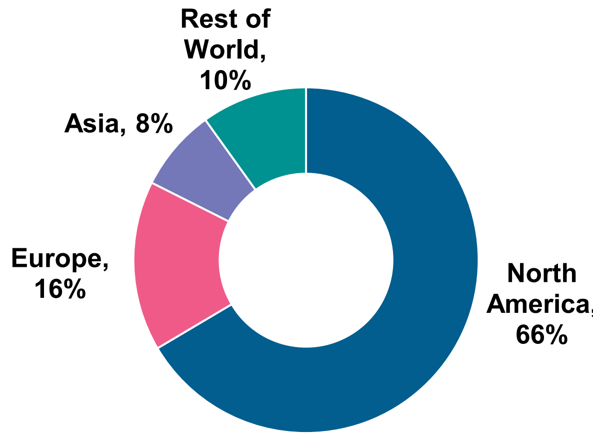
Year	Qtr	North America (#)	Europe (#)	APAC (#)	Rest of World (#)	Aggregate Value ($B)	Total # of Deals
2020	Q1	928	502	184	46	107.4	1,660
	Q2	622	452	207	49	71.6	1,330
	Q3	855	584	183	40	138.9	1,662
	Q4	1,360	862	245	68	179.2	2,535
2021	Q1	1,348	930	254	53	215.3	2,585
	Q2	1,447	923	226	85	243.3	2,681
	Q3	1,489	833	275	66	217.9	2,663
	Q4	1,826	861	362	96	240.7	3,145
2022	Q1	1,505	904	325	83	199.0	2,817
	Q2	1,303	897	265	75	205.8	2,540
	Q3	1,223	744	231	61	114.1	2,259
	Q4	1,156	672	242	67	119.4	2,137
2023	Q1	1,134	619	237	53	91.2	2,043
	Q2	1,160	689	192	67	121.1	2,108
	Q3	1,064	647	203	60	103.1	1,974
	Q4	1,145	709	264	59	158.3	2,177
2024	Q1	1,106	630	224	55	117.9	2,015
	Q2	1,080	663	271	55	139.7	2,069
	Q3	1,081	667	213	46	173.3	2,007
	Q4	1,063	753	242	54	157.4	2,112
2025	Q1	1,142	653	231	40	157.8	2,066
	Q2	1,031	690	243	46	137.5	2,010
	Q3	1,110	611	303	42	229.4	2,066
	Q4	966	592	309	48	168.6	1,915
2026	Q1	1,047	441	236	38	163.8	1,762

[1] Source: Preqin.

Capital Raised by Strategy[1]



Capital Raised by Geography[2]



Buyout (46% of all private equity capital raised) and Growth Equity (19%) represented the private equity sub-strategies with the most capital raised during the first quarter of 2026. Secondaries (14%) fundraising highlights the persistent muted exit environment which has 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).

Compared to the prior quarter, fundraising by strategy remained relatively consistent with Growth Equity increasing the most from 9% to 19% of capital raised. Buyouts represented 53% of total capital raised in the prior quarter, followed by Venture Capital (15%) and Other Private Equity (11%).

North America-focused vehicles represented the majority of aggregate capital raised during the first quarter, representing 66% of total capital and 74% of the total number of funds closed. The share of commitments to Europe decreased quarter-over-quarter from 21% of capital raised (and 13% of funds closed) to 16% of capital raised (and 9% of funds closed) during the first quarter. Asia-focused funds accounted for approximately 8% of total capital raised, a slight decrease of 2% relative to the prior quarter.

Buyout and North America continue to represent the lion's share of private equity fundraising by strategy and geography, respectively. Growth Equity and Secondaries had strong relative fundraising totals during the first quarter of the year while Europe, Asia, and Rest of World collectively remained in line with the prior quarter

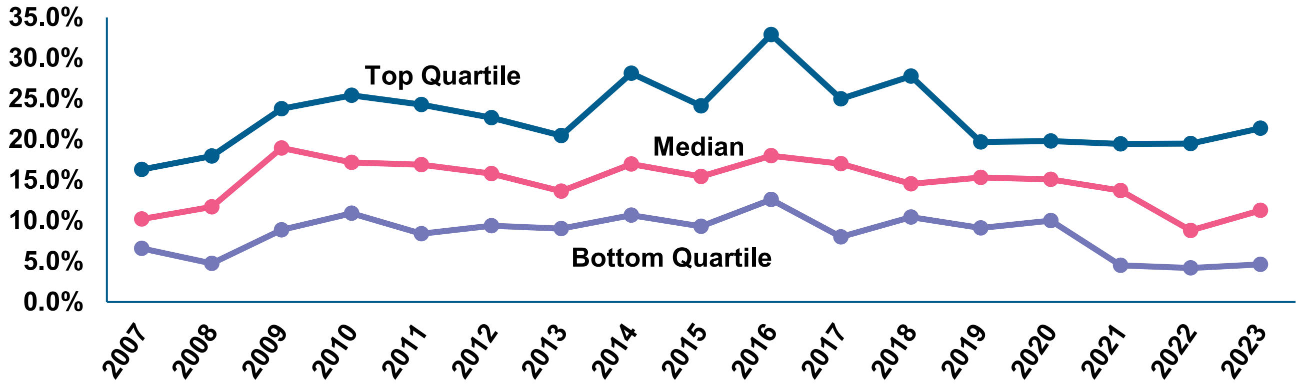
[1] Source: Preqin.
[2] Source: Preqin.

Private Equity Performance

Private Equity Performance by Horizon[1]

Horizon	Private Equity (%)	Buyout (%)	Venture Capital (%)	Growth Equity (%)
1 Year to 12/2025	9.6	7.7	23.9	12.3
3 Years to 12/2025	7.4	7.6	5.6	8.7
5 Years to 12/2025	11.3	11.7	8.1	10.0
10 Years to 12/2025	13.5	14.1	11.3	13.5

Private Equity Performance by Vintage Year[2]



As of December 31, 2025, one-year private equity returns increased from the prior quarter, generating a 9.6% IRR over the trailing 12 months through Q4 2025. This compares to the trailing 12-month return of 8.6% as of Q3 2025 and a one-year return of 6.6% at Q4 2024. Overall, private equity returns have proven resilient but remain below the highs of recent years, as evidenced by the trailing 3-year return across each sub-strategy.

In general, performance has been strong in each vintage year since the Global Financial Crisis although private equity returns have declined since 2019. 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 Q4 2025.

The spread between first and third quartile performance in private equity has increased slightly since the Global Financial Crisis and averaged approximately 14.5% 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 below 20% net IRR across 2019 through 2022 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 December 31, 2025. Data as of March 31, 2026, is not yet available.
[2] Source: Preqin, Private Equity – All, Quartile Returns as of March 31, 2026. Data pulled on June 22, 2026.

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