

Investment Recommendation

The SERS Investment Office staff (“SERS IO Staff”) and SERS’ Private Equity Investment Consultant, StepStone Group, recommend that the State Employees’ Retirement System Investment Committee interview PSG Equity L.L.C. (“PSG” or the “Firm”) at the April 28, 2026 Investment Committee Meeting to consider a potential commitment of up to €100 million to PSG Europe III S.C.SP. (“PSG Europe III” or “PSGE III” or the “Fund”), subject to the satisfactory completion of legal due diligence.

PSG Europe III will be a Euro-denominated fund and SERS’ target commitment would approximate \$115.9 million (the USD equivalent of €100 million) based on prevailing currency exchange rates. PSG Europe III is targeting capital commitments of €3.4 billion, with a hard cap still to be determined. The Fund expects to hold a final close in Q2 2026.

Investment Rationale

SERS IO Staff identified PSG Europe III as a strong candidate for a capital commitment, as it offers:

- Strong Absolute Performance
- Strong Relative Performance
- Secular Growth Exposure
- Advantaged Market Positioning
- Above-Market GP Commitment
- Consistent with SERS’ Private Equity Portfolio Objectives

Investment Risks & Mitigants

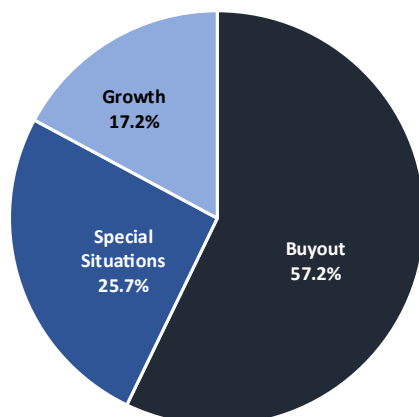
SERS IO Staff identified the following potential risks of a commitment to PSG Europe III, as well as factors potentially mitigating such risks:

- Relatively Young Fund Series in a New Geographical Market/Team Turnover
- Elevated Entry Multiples
- Fund Size Evolution
- Key Person Risk

Portfolio Implications

A commitment to PSGE III would be a 2026 vintage allocation in the Private Equity asset class and Growth Equity sub-asset class. As of September 30, 2025, SERS’ market value of Growth Equity investments was approximately 17.2% of the Core PE portfolio. A PSGE III commitment can be expected to add ~1.4% of Growth Equity market value before factoring in future cash flow or capital gains activity.

SERS Core PE Sub-Strategy Allocation as of 9/30/2025



SERS Projected Core PE Sub-Strategy Allocation

