MEKETA

California State Teachers Retirement System (CalSTRS)

September 23, 2026

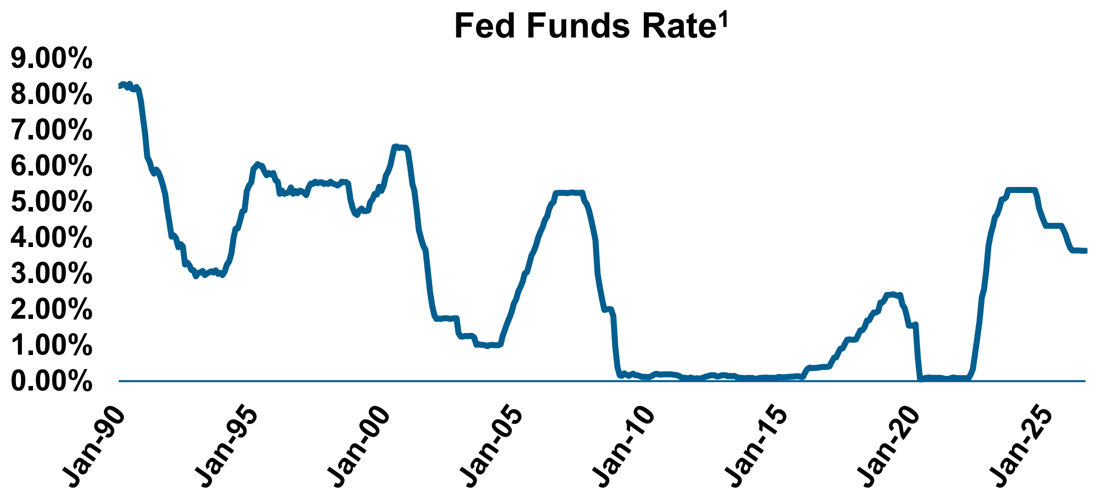
Semi-Annual Private Equity Executive Summary (Open Session)

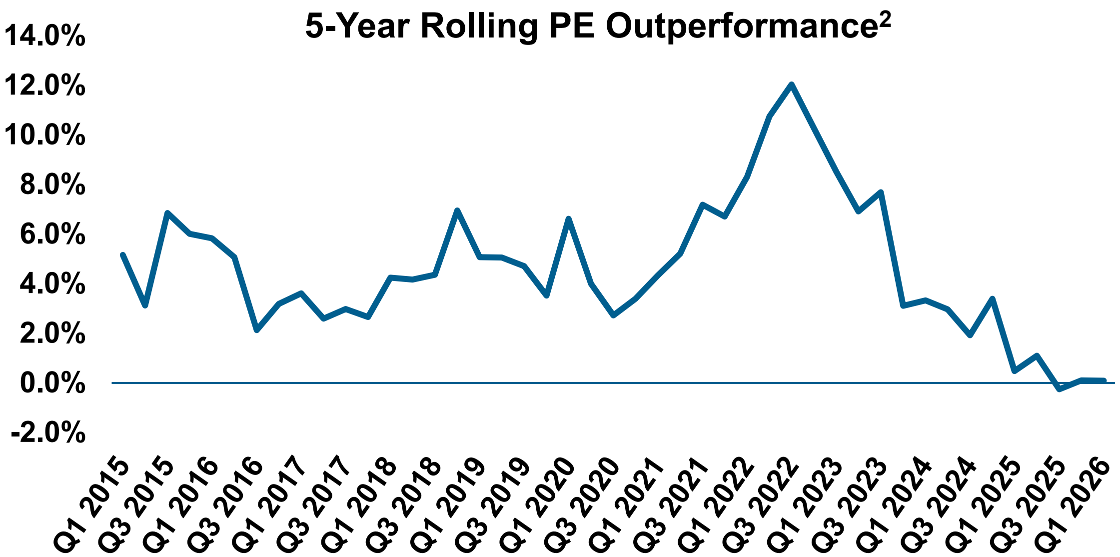
Illiquidity is More Expensive Today

→ Interest rates are materially higher than they were throughout the 2010s, increasing the cost of financing buyouts and other private asset purchases.

→ In more dynamic market environments, investors place a higher value on liquidity and flexibility.

→ Asset allocators question the adequacy of historical “illiquidity premiums”.





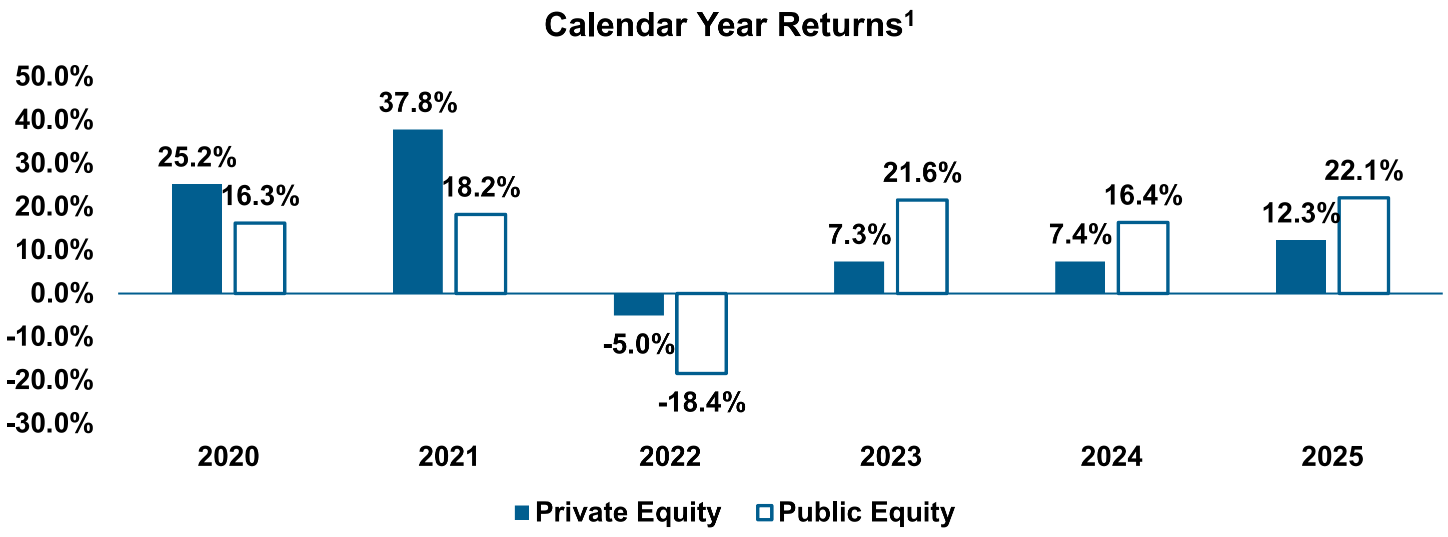
[1] Source: Federal Reserve Bank of St. Louis, Federal Funds Effective Rate. Data as of July 2026.

[2] Source: State Street Private Equity Index, FactSet. PE outperformance based on relative return of SSPEI 5-year IRR relative to MSCI ACWI IMI 5-year annualized time weighted return. Data as of March 2026.

Private Equity: Underperformed the Last Three Calendar Years

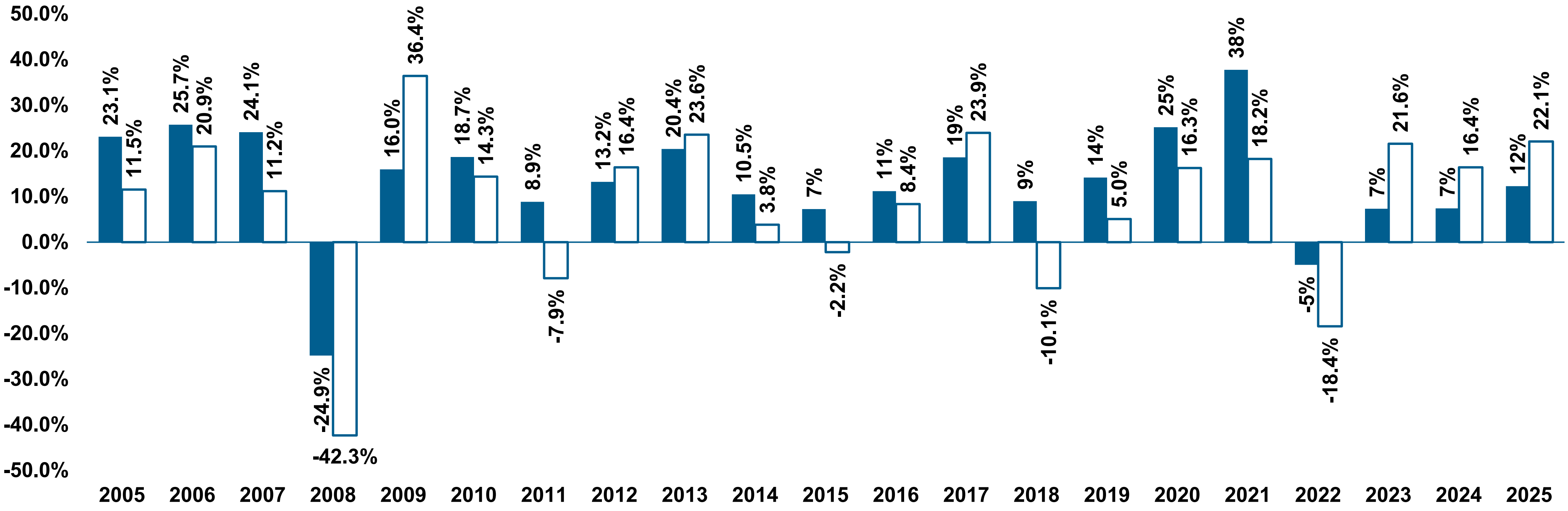
→ Partly driven by exceptional returns from the largest stocks, public equities have generated outstanding performance over the last three years.

→ Over the same period, private equity performance has been challenged in a higher interest rate environment.



[1] Source: State Street Private Equity Index, FactSet. Calendar year returns based on return of SSPEI 1-year IRR ("Private Equity") and MSCI ACWI IMI 1-year annualized time weighted return ("Public Equity"). Data as of March 2026.

Private Equity: Outperformed Public Equity in 14 of the Last 21 Years[1]



Private Equity Outperformance	11.5%	4.8%	12.9%	17.5%	-20.4%	4.3%	16.7%	-3.2%	-3.1%	6.6%	9.4%	2.8%	-5.4%	19.1%	9.1%	8.9%	19.5%	13.4%	-14.3%	-9.0%	-9.8%

[1] Source: State Street Private Equity Index, FactSet. Calendar year returns based on return of SSPEI 1-year IRR ("Private Equity") and MSCI ACWI IMI 1-year annualized time weighted return ("Public Equity"). Data as of March 2026.

Private Equity: Higher Returns and Diversification

- → CalSTRS PE Program has outperformed public equity, net of fees, over the last five and ten years.[1]
- → According to an annual survey of institutional investors, average expected returns over ten- and twenty-year horizons remain highest for private equity.[2]
- → Private equity provides exposure to a broader universe of companies than public markets alone, including venture- and growth-stage businesses that may never list publicly.

Trailing Returns	CalSTRS Private Equity (%)	State Street Private Equity (%)	Public Equity (%)
1 Year	8.4	11.0	20.6
3 Year	8.5	8.4	16.2
5 Year	9.3	9.1	9.0
10 Year	13.2	13.0	11.1
Next 10 Years (Projected)		9.1	7.0 to 7.9

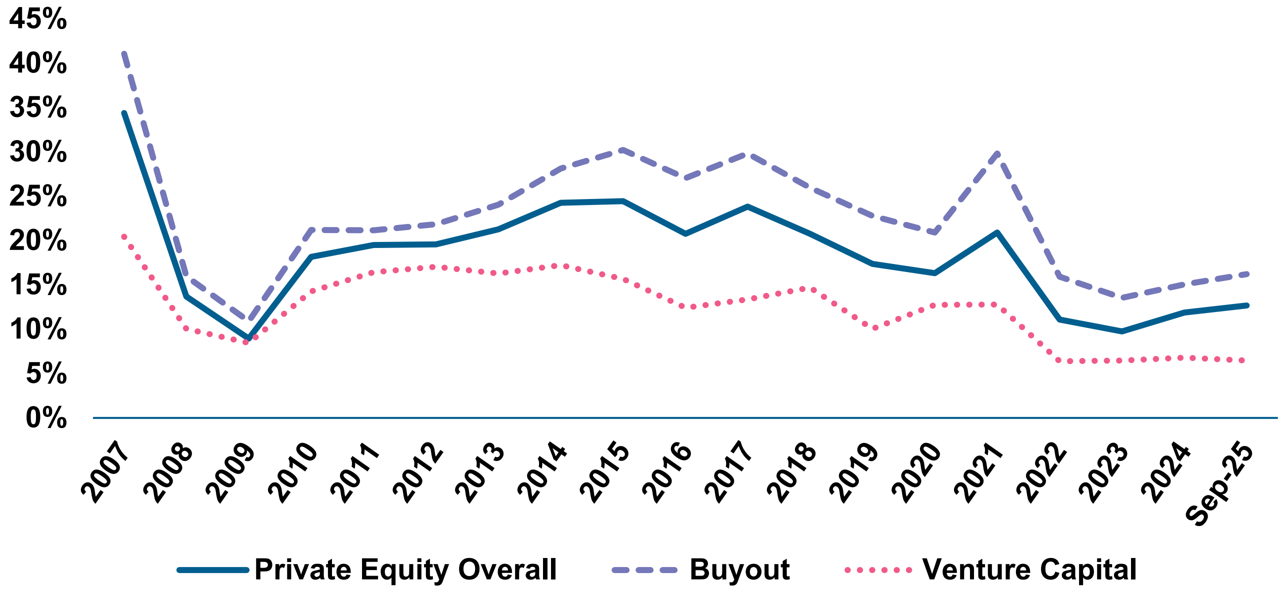
[1] Source: State Street Private Equity Index, FactSet, Horizon Actuarial Services 2025 Survey. Trailing returns based on trailing CalSTRS IRR ("CalSTRS Private Equity") SSPEI IRR ("State Street Private Equity") and MSCI ACWI time weighted return ("Public Equity"). Next 10 Years (Projected) range represents the 10-year average expected return from US Equity (Large Cap), Developed Non-US Equity, and Emerging Equity.

[2] Source: Horizon Actuarial Services 2025 survey, which included 41 respondents for the 10-year horizon and 27 respondents for the 20-year horizon.

Distribution Yields Remain Below Historical Norms

- → Scarcer, more expensive debt has made it harder for GPs to underwrite deals to their target returns.
- → The gap between buyer and seller price expectations slowed transactions.
- → Exits have rebounded in 2025 and into 2026, but nearly 80% of value was concentrated in mega-sized companies.[1]
- → Market participants have begun to question valuations and have placed greater emphasis on Distributed capital relative to Paid-In capital, the "DPI" ratio.

Distribution Rates by Strategy and Year[2]



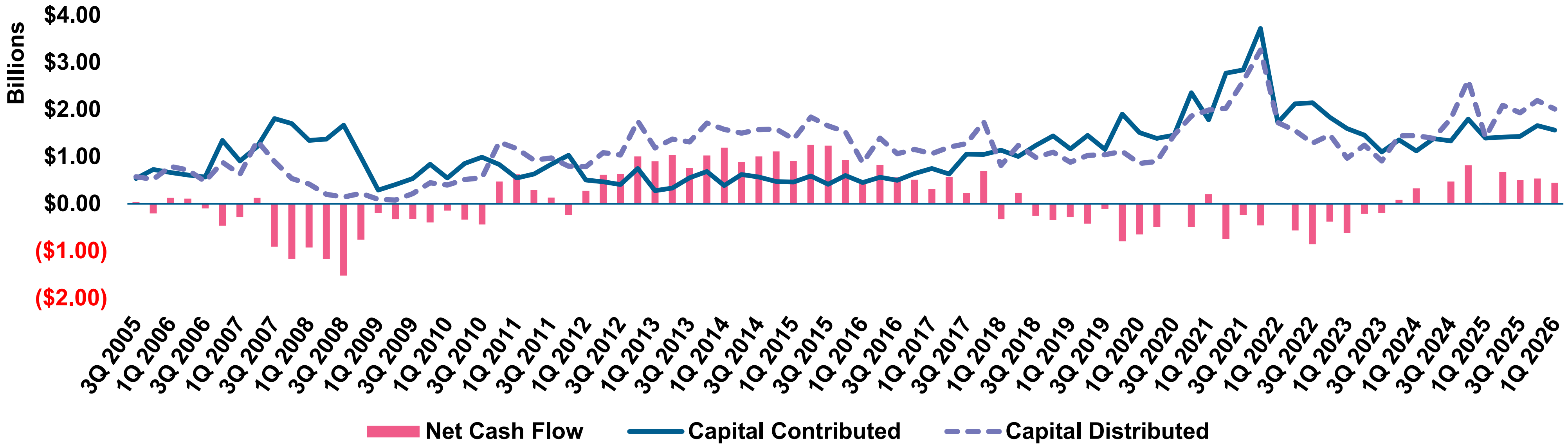
[1] Source: Allianz.
[2] Source: Preqin Data, Meketa calculations as of September 30, 2025. Figures based on estimated distributions relative to estimated NAVs at beginning of prior year. September 2025 figure represents annualized figure based on distributions over first three quarters of 2025.

CalSTRS' PE Portfolio Continues to be Cash Flow Positive

→ Despite the slow down in distribution rates, CalSTRS PE portfolio has generated more in distributions than contributions in each of the last ten quarters.

→ The "net cash flow positive" profile of the portfolio today is like many other public pensions with mature PE programs.

CalSTRS Historical Private Equity Cash Flows[1]



[1] Source: State Street.

Fewer Exits and Lower Returns → Slower Fundraising and "Liquidity Engineering"

→LP Demand

- Slower distributions have left LPs with less capital available to re-commit; reduced re-ups may also reflect softening in sentiment.
- 70% of LPs surveyed plan to maintain or increase private equity allocations in 2026.[1]
- At the same time, several public pension funds reduced private equity targets in 2025, including Washington, Maine, Nevada, Ohio, and Alaska Retirement.[2]

→Retail Capital

- GPs view the retail channel as the next major source of capital, with new distribution being built through registered investment advisers and defined contribution plans.

→GP-Engineered Liquidity

- GPs have generated liquidity through NAV loans, continuation vehicles (CVs), and other GP-led secondaries. These structures can introduce conflicts of interest and additional leverage.
- To date, the PE Team has generally elected liquidity rather than rolling exposure in CVs and has seen increasing GP adherence to ILPA guidance on CVs.

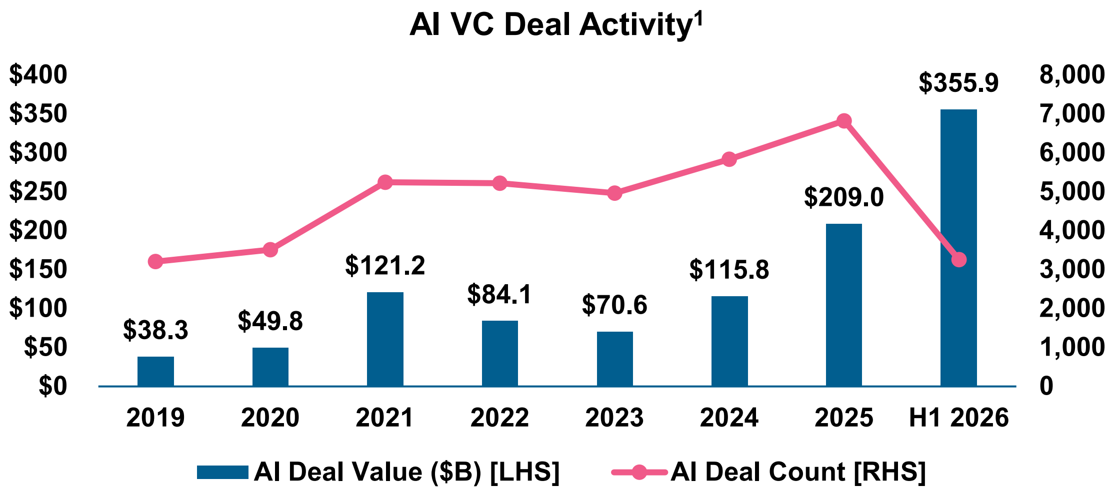
[1] Source: McKinsey' Global Private Markets Report 2026 based on a January 2026 survey of 300 global LPs.
[2] Source: Private Equity International 2025 Investor Report.

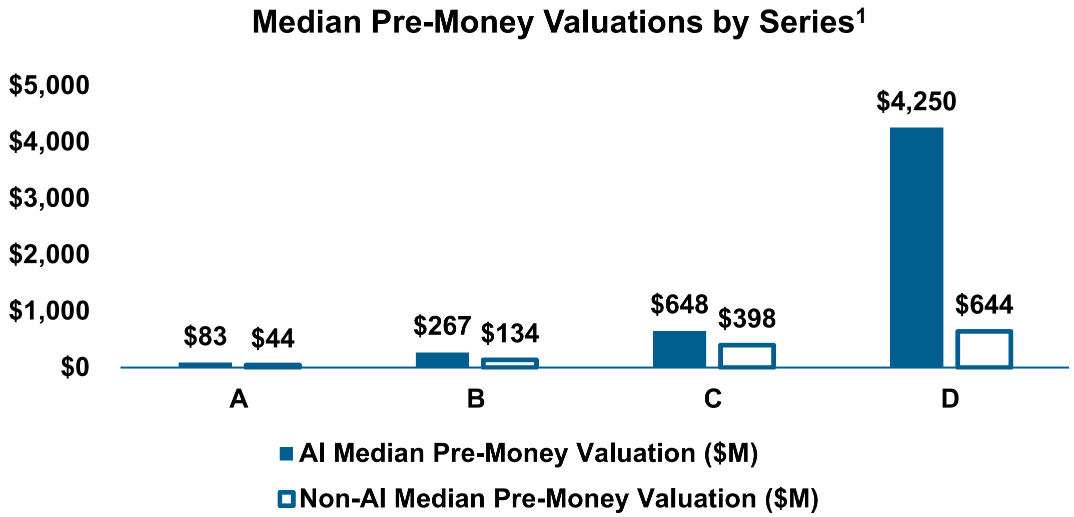
AI Exposure in Venture Portfolios and IPOs

→ Many venture funds, particularly of recent vintage years, are likely to realize significant gains from AI holdings including xAI (now part of SpaceX), OpenAI and Anthropic, likely distributed as shares subject to a lockup period.

→ In the first half of 2026, 86% of Venture Capital deal volume and 43% of deal counts went into AI deals, with OpenAI and Anthropic capturing much of the total.[1]

- SpaceX, OpenAI, and Anthropic may comprise as much as ~10%+ of certain Venture Capital peer benchmarks.





[1] Source: PitchBook NVCA Venture Monitor Report Q2 2026.

Performance (as of March 31, 2026)

	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
CalSTRS PE Program	**8.4**	**8.5**	**9.3**	**13.2**	**13.0**
Custom State Street Index[1]	*9.0*	*7.7*	*9.2*	*12.5*	*13.2*
Custom Benchmark[2]	*22.8*	*18.1*	*10.9*	*13.1*	*NA*
Excess vs. Custom State Street Index	↓ 0.6	↑ 0.9	↑ 0.1	↑ 0.7	↓ 0.2
Excess vs. Custom Benchmark[3]	↓ 14.4	↓ 9.5	↓ 1.7	↑ 0.1	NA

→ Performance exceeding Custom State Street Index over the 3-, 5- and 10-year time periods.

- Investment selection and partnering with high-quality firms has contributed to outperformance.

→ Performance lagging the Custom Benchmark (global stocks plus 150 basis points) over the 1-, 3- and 5-year time periods.

- Material deviations can occur between public can private market returns over short periods.

[1] Reflects the customized PE Index methodology discussed in the updated Private Equity Investment Policy. Utilized to assess Program performance for periods less than 10 years. Calculated by State Street.
[2] Custom Benchmark as of July 2019 is MSCI ACWI IMI plus 1.5%. Calculated by State Street. Utilized to assess Program performance for periods of 10 years or more. The Custom Benchmark is customized for certain investment restrictions such as tobacco.
[3] Arrows indicate program outperformance or underperformance against the respective benchmark.

Public Market Equivalent Analysis

	KS PME[1]
CalSTRS PE Program	
MSCI ACWI IMI[2]	*1.18*
MSCI ACWI IMI + 1.5%	*1.13*

→ As of September 30, 2025, the PE Program significantly outperformed the MSCI ACWI IMI (and MSCI ACWI IMI + 1.5%), generating approximately \$1.18 (\$1.13) in relative value for every \$1.00 contributed, net of fees.

[1] Based on Kaplan-Schoar PME methodology. Analysis period covers August 1988 (first Program cash flow) through September 30, 2025.
[2] Represents MSCI ACWI IMI returns since June 1994 spliced with MSCI World returns from inception of the Program through May 1994. Calculated by Meketa. Does not represent customized benchmark exclusive of certain industries.

Performance by Strategy[1,2]

	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Buyouts	↓ 6.1	↑ 8.2	↑ 9.9	↑ 13.7	↑ 12.6
SSGX – Custom Buyouts	*7.6*	*7.4*	*9.9*	*12.6*	*12.1*
Venture Capital	↑ 25.0	↑ 10.7	↓ 4.2	↓ 13.7	↓ 23.9
SSGX – Custom Venture Capital[3]	*21.8*	*9.2*	*5.6*	*15.4*	*34.8*
Debt Related	↑ 12.9	↑ 11.0	↑ 10.1	↑ 9.9	↓ 10.0
SSGX – Custom Debt Related[3]	*8.1*	*8.8*	*9.4*	*9.4*	*10.2*
Special Mandates	↑ 10.8	↓ 5.4	↑ 8.5	↓ 10.4	↓ 6.5
SSGX –Special Mandates	*6.1*	*5.6*	*7.8*	*10.9*	*10.6*
CalSTRS PE Program	**8.4**	**8.5**	**9.3**	**13.2**	**13.0**

→ Buyouts (75% of NAV) outperformed the custom benchmark over the 3-, 5- and 10-year time periods.

→ Venture Capital (9% of NAV) and Debt Related (6% of NAV) were highest performers on an absolute basis over the last year.

[1] Strategy classifications reflect the newly adopted categorizations and the Customized PE Index methodology discussed in the updated Private Equity Investment Policy. Multi-Strategy and Longer-Term Strategy performance is not included as performance is not yet meaningful.
[2] Arrows indicate program outperformance or underperformance against benchmarks.
[3] SSGX custom benchmark returns were calculated by State Street for each listed strategy.
[4] SSGX – Buyouts Index (not customized) minus 200 basis points.

Investment Structure (Fund / Co-Investment)

	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
Fund Investments	8.4	7.9	8.8	12.9	13.2
Co-Investments	8.5	10.9	11.2	14.9	11.3
CalSTRS PE Program	**8.4**	**8.5**	**9.3**	**13.2**	**13.0**

→ Fund investments comprise a majority of the portfolio and are key drivers of overall performance.

→ Co-Investment exposure increased from 24.6% to 26% over the last six months.

- The Co-Investment program has been a strong contributor to results over the past ten years.
- Relative to one year ago, returns on the co-investment program have decreased on an absolute basis.

→ Pacing targets for 2026 include $6 billion for fund investments and $3 billion for co-investments, reflecting an increased allocation to co-investments (33% of total, compared to 25% in 2025).

- With ~60% of the target deployed to-date in 2026, deployment is on track for the year.

Geographic Exposures

	1 Year (%)	3 Year (%)	5 Year (%)	10 Year (%)	Since Inception (%)
North America	↓ 8.5	↓ 8.6	↓ 9.6	↓ 13.2	↓ 12.8
SSGX – US Funds	*11.5*	*9.1*	*9.8*	*13.6*	*13.1*
Non-North America	↓ 8.1	↑ 8.4	↑ 8.2	↑ 13.2	↑ 13.8
SSGX – Non-US[1]	*9.9*	*7.0*	*7.7*	*11.7*	*11.4*
CalSTRS PE Program	**8.4**	**8.5**	**9.3**	**13.2**	**13.0**

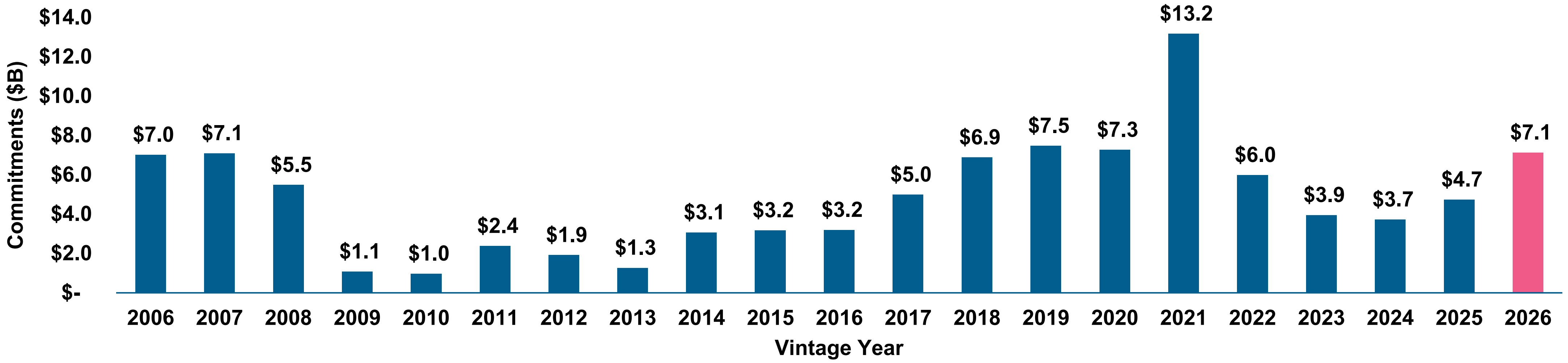
→ Program has been primarily driven by the North America investments.

- Represents the largest proportion of capital (~77% of NAV).
- Trailing the benchmark across each time period, despite strong absolute returns.

→ Non-North America investments have posted strong absolute returns, and outperformed the benchmark over the 3-, 5- and10-year periods.

[1] SSGX benchmark returns were calculated by State Street for each listed region. Matching SSGX benchmarks for Developed (Non-US) and Non-Developed market investments are not available.

Implementation



→CalSTRS adjusts its annual commitment budgets to reflect portfolio and market dynamics.

- The Private Equity Team aims for one-third of 2026 deployment to be in co-investments.
- *Note that the year of CalSTRS commitment to an investment may not match its ultimate vintage year designation, which is based on when the manager first calls/invests capital.*

Key Policy Parameters

Strategy[1,2]	NAV ($M)	Percent of Total NAV (%)	CalSTRS Interim Target (%)	Target Range (%)
Buyouts	43,921	74.8	75	60-85
Venture Capital	5,466	9.3	10	0-15
Debt Related	3,735	6.4	6	5-20
Longer-Term Strategy	1,644	2.8	2	0-10
Special Mandates	2,414	4.1	4	0-8
Multi-Strategy	1,512	2.6	3	0-5
Total Program	**58,692**	**15.0**[3]	**14**[4]	**NA**

→The Portfolio is compliant with key parameters related to strategy diversification.

[1] Strategy classifications reflect recently adopted categorizations. Updated interim targets and ranges were adopted in February 2022 and will be reflected in future reports.
[2] Commitments to secondary, private liquidation, co-investments, and other sub-strategies are allocated based on their strategy.
[3] Estimated PE exposure as of March 31, 2026.
[4] CalSTRS has a long-term target of 14% for Private Equity.

Summary

→ Asset allocators are increasingly mindful of the illiquidity premium.

- Private equity has underperformed public equity for an extended period but remains an attractive long term return driver and diversifier.
- Industry-wide distribution yields remain below historical norms, though the CalSTRS program has seen an uptick in that metric and will be meaningfully net cash flow positive for 2026.
- AI has driven outsized returns in venture portfolios and is likely to generate significant realized gains via a few historic IPOs.
- Long-term performance continues to outperform the benchmark, driven by the Buyout segment.

→ Portfolio is compliant with key parameters related to strategy diversification and is on track to meet its deployment goals for 2026.