

**Kentucky Retirement Systems
Special Called Investment Committee Meeting
February 28, 2023 at 2:30 p.m. ET (1:30 p.m. CT)
Via Video Teleconference and Facebook Live**

AGENDA

- | | | |
|----|---|----------------|
| 1. | Call to Order | Prewitt Lane |
| 2. | Opening Legal Statement | Legal Services |
| 3. | Roll Call | Sherry Rankin |
| 4. | Public Comment | Sherry Rankin |
| 5. | Investment Recommendation – Adams Street Partners
Re-Up ASP Private Credit Fund III* | Steve Willer |
| 6. | Adjourn* | Prewitt Lane |

** Committee Action May be Taken*



KPPA

Kentucky Public Pensions Authority

KRS Investment Committee
Adams Street Partners
Senior Private Credit Fund III

February 28, 2023

Adams Street Partners Senior Private Credit Fund III

\$150 Million Recommendation

Adams Street Partners (“Adams Street” or the “Firm”) is one of the most respected and experienced private markets investment managers in the industry, providing clients with customized access to the spectrum of private market strategies. Adams Street manages \$52 billion for more than 560 institutional clients, including \$7.7 billion on their private credit platform.

The Fund will build upon the Firm’s flagship private credit strategy and seek to invest primarily in directly originated first lien senior secured loans of middle-market companies that are backed by private equity sponsors. Diversification across several metrics is a key tenant of the overall Fund investment strategy and the Fund is expected to invest in a wide variety of industry sectors building a geographically diverse portfolio focusing primarily across regions in North America and, to a lesser extent, parts of Europe. outside of bankruptcy.

Due Diligence Summary

Date of First KPPA Meeting
June 2016

Date of First Commitment
November 2019

Continued Due Diligence
Quarterly Portfolio Reviews
On-site Visits

Consultant Report
April 2022

Fund III Legal Negotiation Initiated
January 2023

Comparable Strategies Reviewed
28 (Private / Specialty Credit)





KENTUCKY PUBLIC PENSIONS AUTHORITY



INVESTMENTS

To: KRS Investment Committee

From: Steve Willer, CIO

Date: February 28, 2023

Subject: Investment Recommendation – Adams Street Partners Senior Private Credit Fund III

KPPA Investment Staff is proposing an investment in Adams Street Partners Senior Private Credit Fund III (the “Fund”) contingent on successful IMA negotiations. Adams Street Partners (“Adams Street” or the “Firm”) is one of the most respected and experienced private markets investment managers in the industry, providing clients with customized access to the spectrum of private market strategies. Adams Street manages \$52 billion for more than 560 institutional clients, including \$7.7 billion on their private credit platform. This investment recommendation is a "re-up" including the opportunity for a fee-free co-investment sidecar vehicle should it be approved and would be part of the Specialty Credit allocation.

KPPA Investment Staff started monitoring and began a dialogue with Adams Street Partners in 2016 when the firm recruited Bill Sacher, who previously led the mezzanine investing business at credit-centric investment management firm Oaktree Capital Management. While KPPA did not invest in their first private debt fund staff continued to perform due diligence on the firm and their processes and ultimately committed \$250 million to the Adams Street Partners Private Credit Fund II and an additional \$250 million investment to a co-investment side car vehicle. As one of two "anchor investors" KPPA was provided with attractive preferred pricing and a position on the Limited Partners Advisory Committee for the fund.

Business / People:

The firm that would become Adams Street was formed in 1972 as part of the First National Bank of Chicago. In 1989, Adams Street's predecessor organization, Brinson Partners, Inc., was organized and acquired the institutional asset management business from First Chicago. In 1995, Brinson Partners, Inc. and Swiss Bank Corporation combined their international institutional investment management organizations into a single investment management business. Union Bank of Switzerland and SBC subsequently merged in June 1998 to form UBS AG. Adams Street spun out of UBS AG on January 1, 2001 and was comprised of the members of Brinson Partners' Private Equity Group. Today Adams Street is an independent, 100% employee-owned organization.

The Adams Street Private Credit platform has seventeen dedicated investment professionals located in New York and London and leverage the expertise of over ninety investment professionals across their global investment platform to manage \$7.7 billion of assets. Bill Sacher is the Head of the Private platform and the Chair of Adams Street's Private Credit Investment Committee and a member of the Executive Committee. Bill leads the investment, portfolio construction and fundraising efforts of the team.

Fred Chung is the Head of Private Credit Underwriting and supports all aspects of the decision-making process of the team including sourcing, structuring, reviewing, and negotiating deal opportunities. Prior to joining Adams Street, he was a Vice President at Goldman Sachs where he focused on investing capital out of various private debt vehicles, including the firm's first Business Development Company (BDC).

James Charalambides is the Head of European Private Credit and a voting member of the Adams Street's Private Credit Investment Committee. Prior to joining Adams Street, James was a Managing Director in the Specialty Lending Europe Team at Sixth Street Partners.

Investment Process and Opportunity:

The Fund will build upon the Firm's flagship private credit strategy and seek to invest primarily in directly originated first lien senior secured loans of middle-market companies that are backed by private equity sponsors. Diversification across several metrics is a key tenant of the overall Fund investment strategy and the Fund is expected to invest in a wide variety of industry sectors building a geographically diverse portfolio focusing primarily across regions in North America and, to a lesser extent, parts of Europe. Based on the Fund's size and the anticipated length of its investment period the Firm expects that the Fund will invest in 40 to 50 portfolio companies. The Fund will seek to generate current income with attractive risk-adjusted returns and strong downside protection.

The Firm employs a capital preservation, loss avoidance philosophy seeking high quality borrowers, conservative leverage and significant equity cushions. Their credit intensive underwriting approach is designed with the goal of generating consistent results with low volatility, regular current income, and attractive all-in returns. Deal sourcing in the middle market remains heavily relationship driven. Adams Street is one of the largest and oldest Private Equity Fund-of-Funds firms in the world and is actively invested with over 460 general partners around the world. These GP relationships provide the firm unique access to financing opportunities within the private equity space. Also, Adams Street's position as an LP for over 40 years has provided them with an extensive database of portfolio company operating metrics. This proprietary database gives the firm a distinct advantage when evaluating potential loan opportunities.

Increasing regulation has caused commercial banks to substantially reduce their lending to middle-market companies while the demand for debt capital, particularly in the market for private equity-backed leveraged buyouts has continued to grow creating demand vs supply imbalance. Improvements in a number of key measures including absolute and relative yield, leverage, equity contributions, covenants, and lender's rights are creating positive dynamics and an attractive and compelling vintage opportunity for private credit. Relatively, private credit provides a premium spread of between 200 and 300 basis points over many liquid credit alternatives and offers defensive creditor protections. Meanwhile, the floating-rate nature of private credit provides a hedge against interest rate risk that fixed-coupon instruments lack. However, with elevated volatility and risk of a major, broad asset revaluation rigorous underwriting and careful credit selection will be key differentiators for private credit mandates.

Performance:

As of September 30, 2022

Vehicle / Investor Entity	Committed (millions)	Drawn (millions)	Distributions (millions)	NAV (millions)	Total Value (millions)	Gross Multiple	Gross IRR ¹	Net Multiple	Net IRR ¹
Adams Street Sr. Private Credit II-A1	\$175.0	\$125.4	\$9.9	\$138.6	\$148.5	1.22x	22.1%	1.18x	18.8%
Adams Street Sr. Private Credit II-B1	175.0	103.8	6.2	112.4	118.6	1.14x	12.3%	1.14x	12.3%
Kentucky Retirement Systems Total	350.0	229.2	16.1	251.0	267.1	1.18x	17.2%	1.17x	15.6%
Adams Street Sr. Private Credit II-A1	75.0	53.7	4.3	59.4	63.6	1.22x	22.1%	1.18x	18.8%
Adams Street Sr. Private Credit II-B1	75.0	44.5	2.7	48.2	50.8	1.14x	12.3%	1.14x	12.3%
Kentucky Retirement Systems Insurance Total	150.0	98.2	6.9	107.6	114.5	1.18x	17.2%	1.17x	15.6%
Adams Street Private Credit Program Total	\$500.0	\$327.4	\$23.0	\$358.5	\$381.6	1.18x	17.2%	1.17x	15.6%

1) Gross IRR is the since inception IRR of the Adams Street Partners fund to the client, which is gross of Adams Street Partners' fees, carried interest and expenses. Net IRR is the since inception IRR of the Adams Street Partners fund to the client, which is net of Adams Street Partners' fees, carried interest and expenses. The IRRs set forth above reflect the use of a credit line. It should not be assumed that the funds will ultimately achieve the returns set forth above; the ultimate returns of these funds may be materially lower.

Conclusion: Given the attractive economics and compelling market opportunity, Staff is recommending a “re-up” investment of up to \$75mm into the Adams Street Partners Senior Private Credit Fund III, and up to an additional \$75mm investment into a co-investment side car vehicle to be allocated proportionally among all KERS and SPRS Plans. KPPA will occupy an “anchor investor” position with preferred pricing and the co-investment vehicle will have a 0% management fee, and 0% carried interest. This "re-up" investment will maintain the Plans' current exposure to the Adams Street Private Credit Platform and will reside in the Specialty Credit allocation.

Investment and Terms Summary:

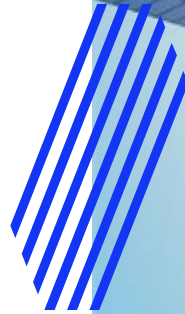
Type of Investment:	Specialty Credit - First Lien Senior Secured Debt
Fund Target Size:	\$3.0 billion
Structure:	GP / LP
Management Fee:	0.35% on Gross Invested Assets
Performance Fee:	10% over 7% return hurdle
Co-Investment:	0% management fee / 0% performance fee
Target Net Return:	11% - 13%
Sponsor Commitment:	At least 1% of the total capital commitments
Investment Period:	Three years from the date of the final close
Term:	Six years, subject to up to two one-year extensions
Risks:	Credit Risk, Liquidity Risk, Manager Risk, Macro-economic Risk

* No placement agents have been involved or will be compensated as a result of this recommendation.

A Global Leader in Private Markets

LEADING WITH FORESIGHT™

Adams Street strives to generate actionable investment insights across market cycles by drawing on over 50 years of private markets experience, proprietary intelligence, and trusted relationships.





Why Adams Street Partners

Adams Street Partners has been recognized as one of the most respected and experienced private markets investment managers in the industry.

<p>\$52bn Assets Under Management¹</p>	<p>100% Independent and Employee-owned</p>	<p>460+ Adams Street General Partners Worldwide²</p>
<p>40+ Years of Proprietary Data</p>	<p>29,000+ Companies Tracked</p>	<p>2,000+ Funds Tracked</p>

INTEGRATED PLATFORM

- 280+ employees
- 12 offices worldwide; 30 languages spoken
- 90+ investment professionals
- Shared insights and data across investment teams

EXTENSIVE RELATIONSHIPS

- 560+ institutional investors
- 510+ advisory board seats

ALIGNMENT OF INTERESTS

- 100% independent and employee-owned
- \$600mm+ invested alongside clients

RESPONSIBILITY

- ESG principles help identify risks and opportunities for value creation
- Committed to diversity, equity, inclusion, volunteerism and charitable giving

As of September 30, 2022.

1. Firmwide AUM as of September 30, 2022; does not include the more recent private credit closings or private credit leverage which may be discussed herein or is available upon request.
2. Represents the number of general partners in which Adams Street is invested.



Strategically Integrated Platform



Jeff Diehl
 Managing Partner &
 Head of Investments
 29 Years of Experience*



Bon French
 Chairman
 46 Years of Experience*

PRIMARY INVESTMENTS - \$31.3BN AUM

Provider of LP capital commitments to sponsors since 1979



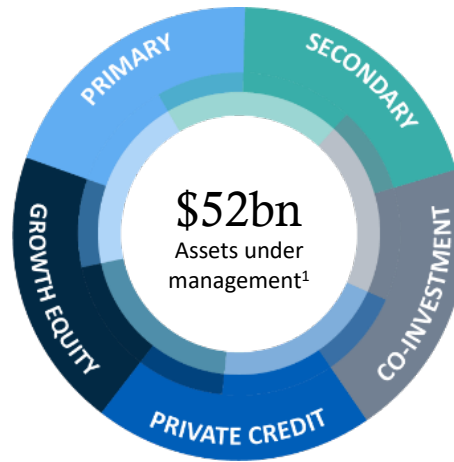
Brijesh Jeevarathnam ■ 1,280+ funds
 Partner & Global Head ■ 360+ GP
 of Fund Investments relationships
 26 Years of Experience* ■ 510+ advisory
 boards
 ■ 28 Professionals

GROWTH EQUITY - \$2.7BN AUM

Provider of long-term capital to growth stage companies since 1972



Robin Murray ■ 300+ companies
 Partner & Head of ■ 12 Professionals
 Growth Equity
 Investments
 33 Years of Experience*



SECONDARY INVESTMENTS - \$7.6BN AUM

Purchaser of secondary LP interests since 1986



Jeff Akers ■ 580+ funds
 Partner & Head of ■ 220+ GP
 Secondary Investments relationships
 25 Years of Experience* ■ 15 Professionals

CO-INVESTMENTS - \$4.3BN AUM

Provider of direct equity co-investments to sponsor-backed transactions since 1989



David Brett ■ 210+ companies
 Partner & Head of ■ 120+ GP
 Co-Investments relationships
 38 Years of Experience* ■ 10 Professionals

PRIVATE CREDIT - \$7.7BN AUM²

Provider of debt financing solutions to private equity-backed transactions



Bill Sacher ■ 250+ GP
 Partner & Head of relationships
 Private Credit ■ 18 Professionals
 38 Years of
 Experience*

*Investment and Operational
 AUM figures as of September 30, 2022.

1. Firmwide AUM as of September 30, 2022; does not include the more recent private credit closings or private credit leverage which may be discussed herein or is available upon request.
 2. AUM for Private Credit consists of total capital committed by investors (except with respect to funds for which the investment period has ended, in which case NAV is used) plus deployed and anticipated leverage. Capital committed by investors is \$6.6bn (updated to reflect applicable investor capital commitments closed upon between 10/1/2022 and 1/4/2023).



Adams Street Private Credit

Scaled private credit platform with a range of solutions for our investors

ADAMS STREET PRIVATE CREDIT



MIDDLE MARKET DIRECT LENDING

- ✓ Senior Only – First lien senior secured
- ✓ Flexible – Primarily first lien senior secured with second lien, mezzanine, preferred equity, and other forms of junior capital

INVESTOR SOLUTIONS

- ✓ Closed-end, evergreen, and bespoke SMA vehicles
- ✓ Levered and unlevered options
- ✓ Currency hedging
- ✓ Rated options

As of September 30, 2022.

1. AUM for Private Credit consists of total capital committed by investors (except with respect to funds for which the investment period has ended, in which case NAV is used) plus deployed and anticipated leverage. Capital committed by investors is \$6.6bn (updated to reflect applicable investor capital commitments closed upon between 10/1/2022 and 1/4/2023).



Dedicated Private Credit Team on Integrated Platform

Shared insights from global investment platform and leveraging 90+ investment professionals

Bill Sacher	Fred Chung	James Charalambides	Justin Lawrence	Leland Richards	Nolan Pauker	Emily Shiau					
Partner & Head of Private Credit	Partner & Head of Credit Underwriting	Partner & Head of European Private Credit	Partner	Partner	Principal	Principal					
Nisha Haran	Dennis Kan	Ervis Vukaj	Matthew Wachtel	Daniel Bracho	Julien Nifong	Margaret Ellen Crawford	William Dellow	Joseph Duffy	New Hire Mar-23	Chris Yang	Thomas Vuu
Vice President	Vice President	Vice President	Vice President	Senior Associate	Senior Associate	Associate	Associate	Associate	Associate	Analyst	Vice President, Business Services

ORIGINATION & UNDERWRITING SUPPORT

Jeff Akers	Dave Brett	Brian Dudley	Greg Holden	Jim Korczak	Robin Murray	Yar-Ping Soo	Andy Wang
Matt Autrey	Jeff Burgis	Joe Goldrick	Morgan Holzaepfel	Saguna Malhotra	Pinal Nicum	Michael Taylor	Fred Wang
Troy Barnett	Mattias de Beau	Terry Gould	Brijesh Jeevarathnam	Sunil Mishra	Sergey Sheshuryak	Benjamin Wallwork	Craig Waslin
Tom Bremner	Jeff Diehl	Doris (Yiyang) Guo	Alex Kessel	Ross Morrison			

40+ Investment Professionals Not Shown Here

FINANCE & ACCOUNTING 50 Professionals	LEGAL & COMPLIANCE 19 Professionals	INVESTMENT STRATEGY AND RISK MANAGEMENT 11 Professionals	INFORMATION TECHNOLOGY 39 Professionals ¹	INVESTOR RELATIONS 42 Professionals	MARKETING 11 Professionals	HUMAN RESOURCES & ADMINISTRATION 31 Professionals
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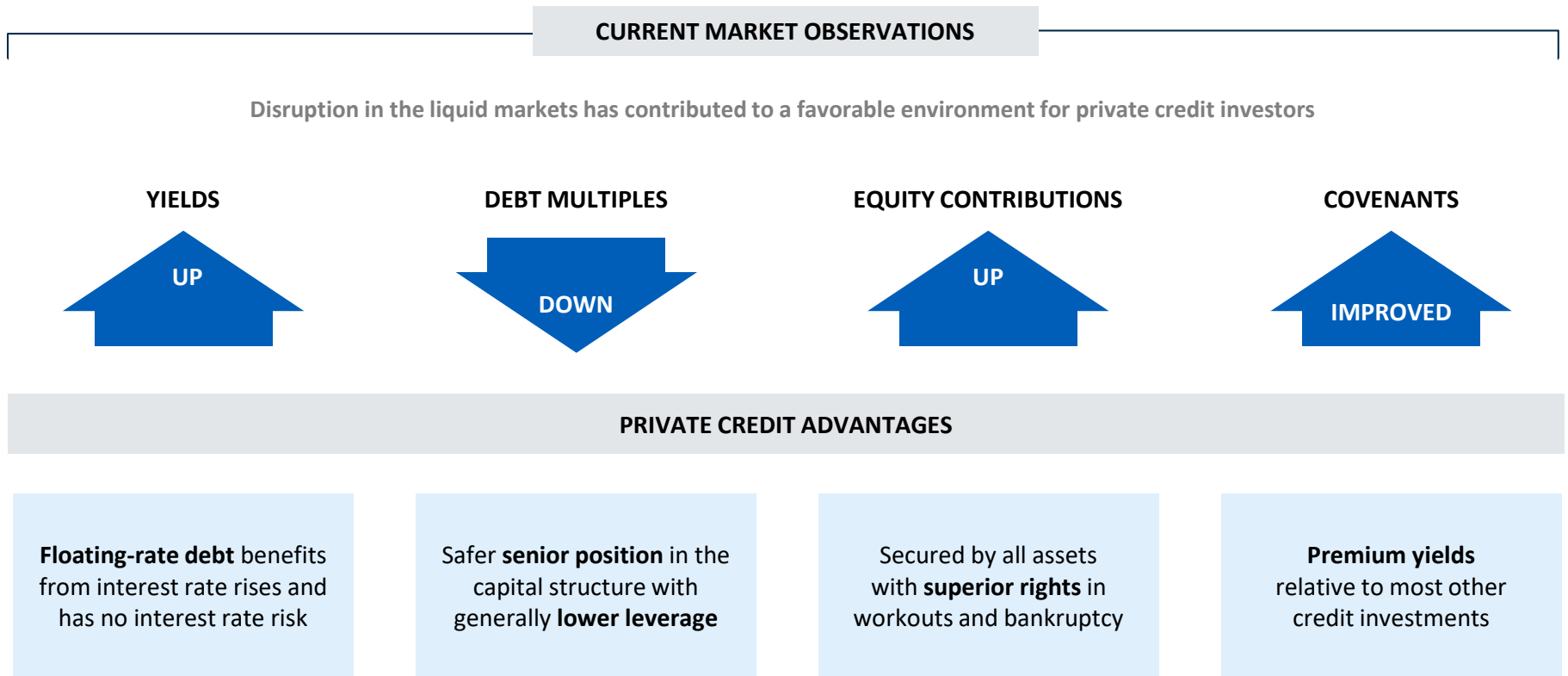
As of February 2023.

1. Includes 10 consultants and contractors.



Why Private Credit Now?

We believe private credit is well suited for the current environment, offering premium yields with defensive creditor protections



Based on Adams Street Private Credit market observations. Above statements generally represent a mixture of (i) objective data attained through a variety of sources which are available upon request, as well as (ii) Adams Street analysis based on market observations, historical deal flow or other factors; provided, however, that there can be no guarantee that this represents a complete universe of relevant data. Statements made represent current views and opinions as of 01/12/22 and are subject to change. While Adams Street believes in the merit of private credit investing, private credit investments are nevertheless subject to a variety of risk factors. There can be no guarantee against a loss, including a complete loss, of capital.



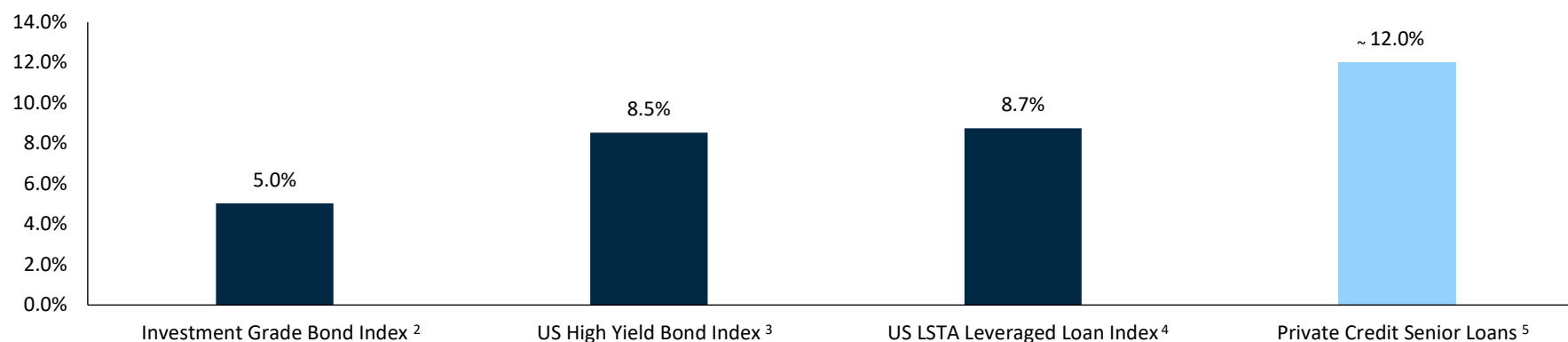
Market Update

PRIVATE CREDIT CONTINUES TO OFFER PREMIUM YIELDS THAT COMPARE FAVORABLY TO MOST CREDIT ALTERNATIVES

Deal Terms Summary¹

	2019	2020	2021	2022
Avg. Spreads⁽¹⁾	+/- 500	+/- 600	+/- 525	650 – 700
Avg. OID⁽¹⁾	1.5%	2.0%	1.5%	2.5%
Base Rate⁽¹⁾	1.91%	0.24%	0.21%	4.51%
Avg. Leverage⁽¹⁾	5.75x	5.00x	6.00x	5.5x
Avg. Equity Contribution⁽¹⁾	40%	45%	47%	50%

Credit Alternatives Yield Comparison



Statements made represent current views and opinions as of 12/31/22 and are subject to change.

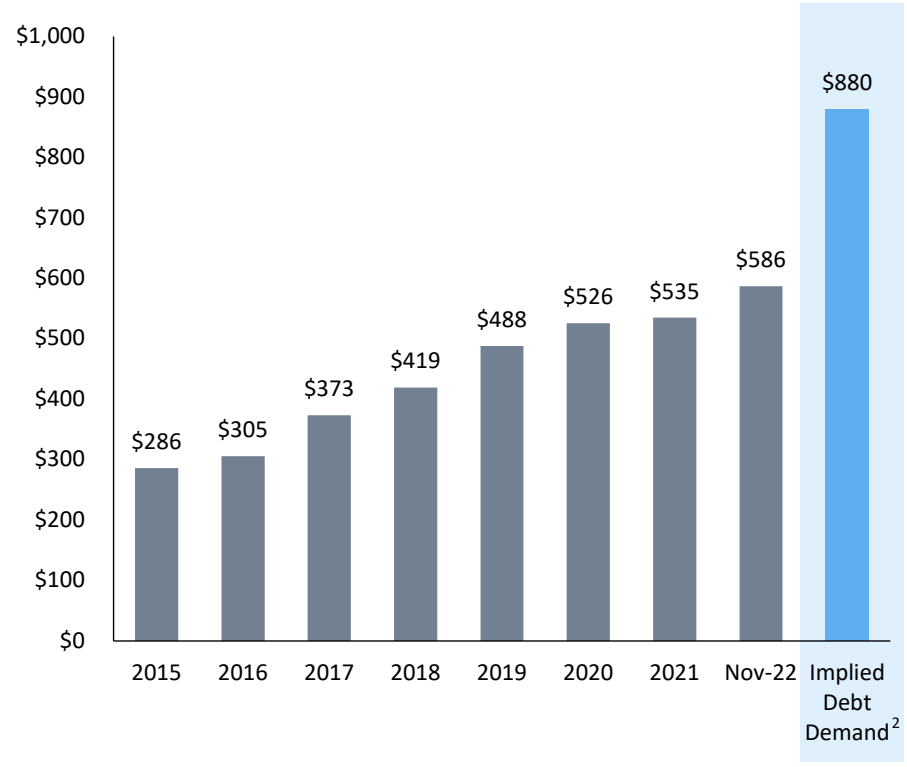
- Based on Adams Street Private Credit market observations. Base Rate represents 3-month Libor as of the last day of each calendar year for 2019-2021 and 3-month term SOFR as of December 16, 2022 for Current.
- US Investment Grade from S&P 500 Investment Grade Corporate Bond Index as of December 16, 2022.
- High Yield Bonds from S&P U.S. High Yield Corporate Bond Index as of December 16, 2022.
- Leveraged Loans from MorningStar LSTA U.S. Leveraged Loan 100 Index as of December 16, 2022.
- Private Credit Senior Loans yield calculated based on observed market spreads of +/-650bps, 451bps SOFR as of December 16, 2022, and upfront fees of 2.5% amortized over 2.5 years.



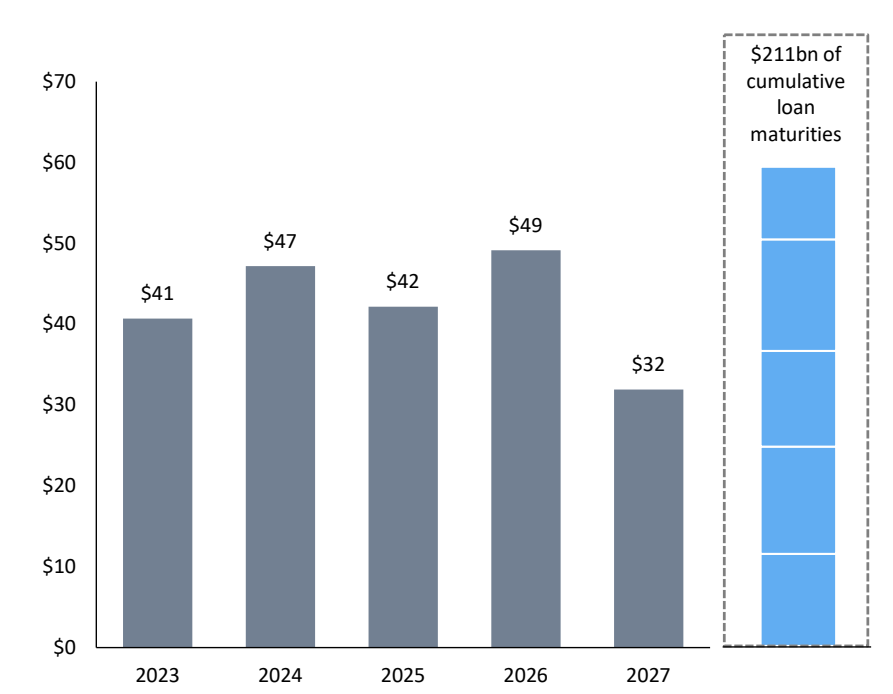
Private Credit Supply and Demand

WE BELIEVE THE DEMAND/SUPPLY IMBALANCE FAVORING PRIVATE CREDIT REMAINS INTACT

US Private Equity Dry Powder (\$bn)¹



Middle-Market Cumulative Sponsored Leveraged Loan Maturities³



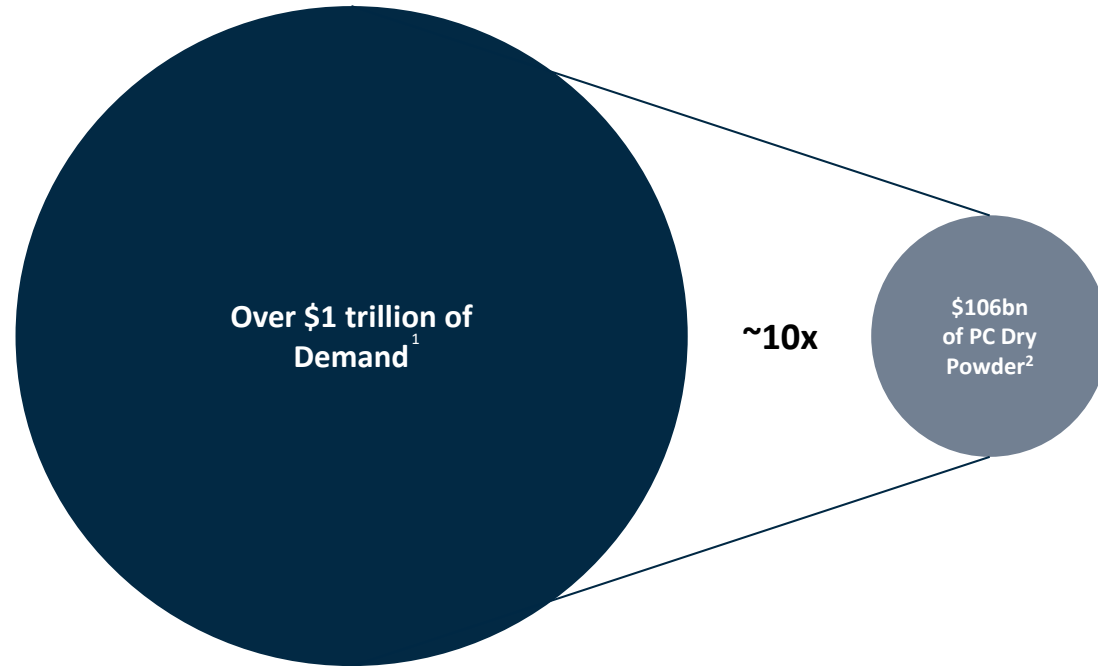
Statements made represent current views and opinions as of 12/31/22 and are subject to change.

1. Source: Preqin, North America focused Buyout funds only, as of November 22, 2022.
2. Implied debt demand assumes private equity dry powder is deployed at an average equity contribution of 40%. Equity contribution percentage is based on historical values observed from 2000 – YTD Q3 2022 per LCD's Q3 2022 Leveraged Buyout Review.
3. Source: Thompson Reuters 3Q 2022 Middle Market Lending Review. Middle-market defined as issuers with revenue of less than \$500mm and total deal size of less than \$500mm.

Private Credit Supply and Demand – Continued

US Prospective Financing Demand

Over \$1 trillion of Debt Financing Demand¹

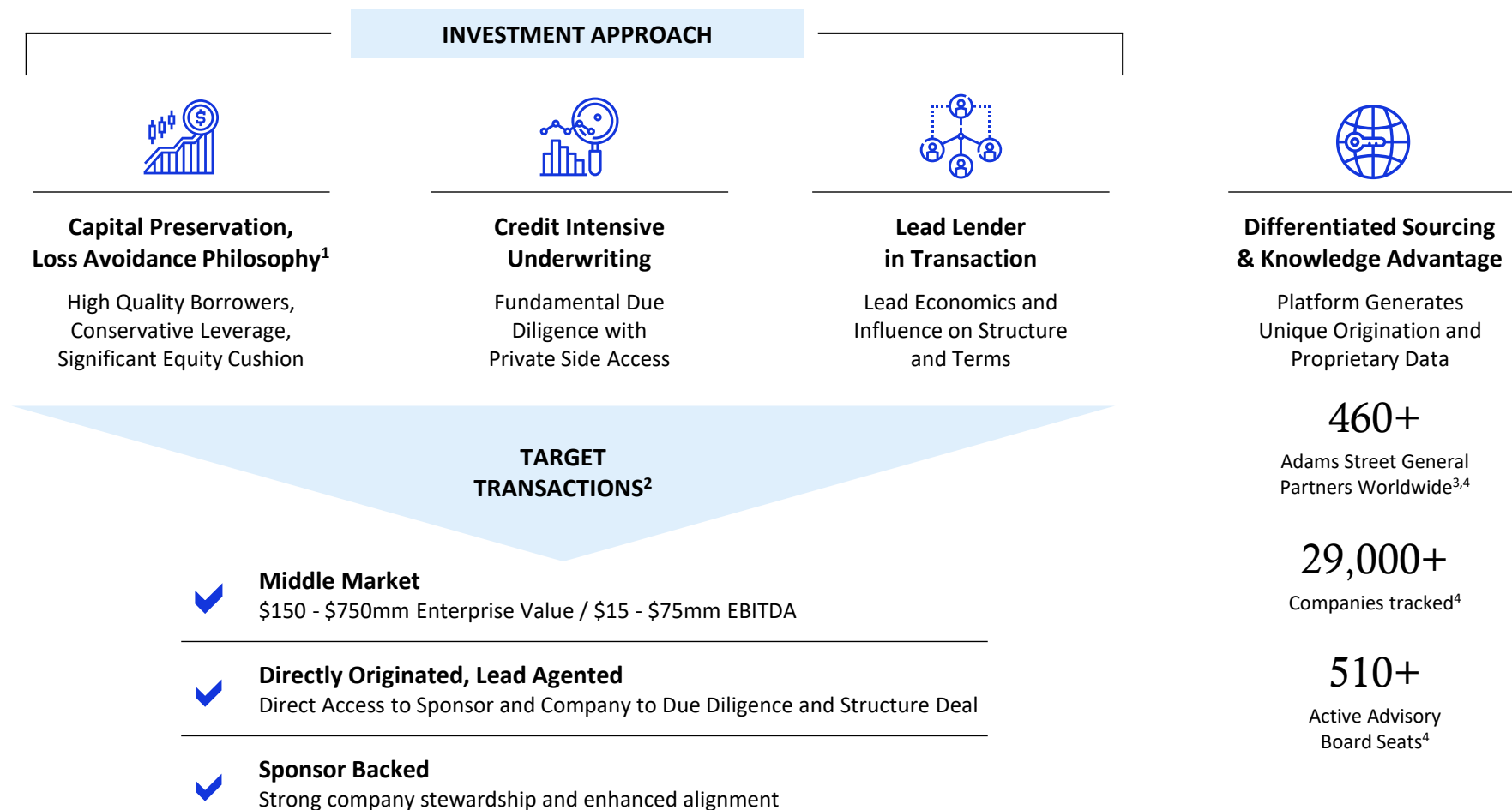


Significant private equity dry powder and existing middle market leveraged loan maturities create debt financing demand well in excess of current private credit supply

Statements made represent current views and opinions as of 12/31/22 and are subject to change.

1. Debt financing demand is a combination of private equity implied debt demand and cumulative loan maturities from prior slide.
2. Source: Preqin, North American focused Direct Lending Private Credit funds, as of November 22, 2022.

Our Approach and Investment Philosophy



1. Represent the aspirational goals of our investment philosophy and our approach to underwriting; provided, however, that past performance is not a guarantee of future results and there can be no guarantee against a loss, including a complete loss, of capital.

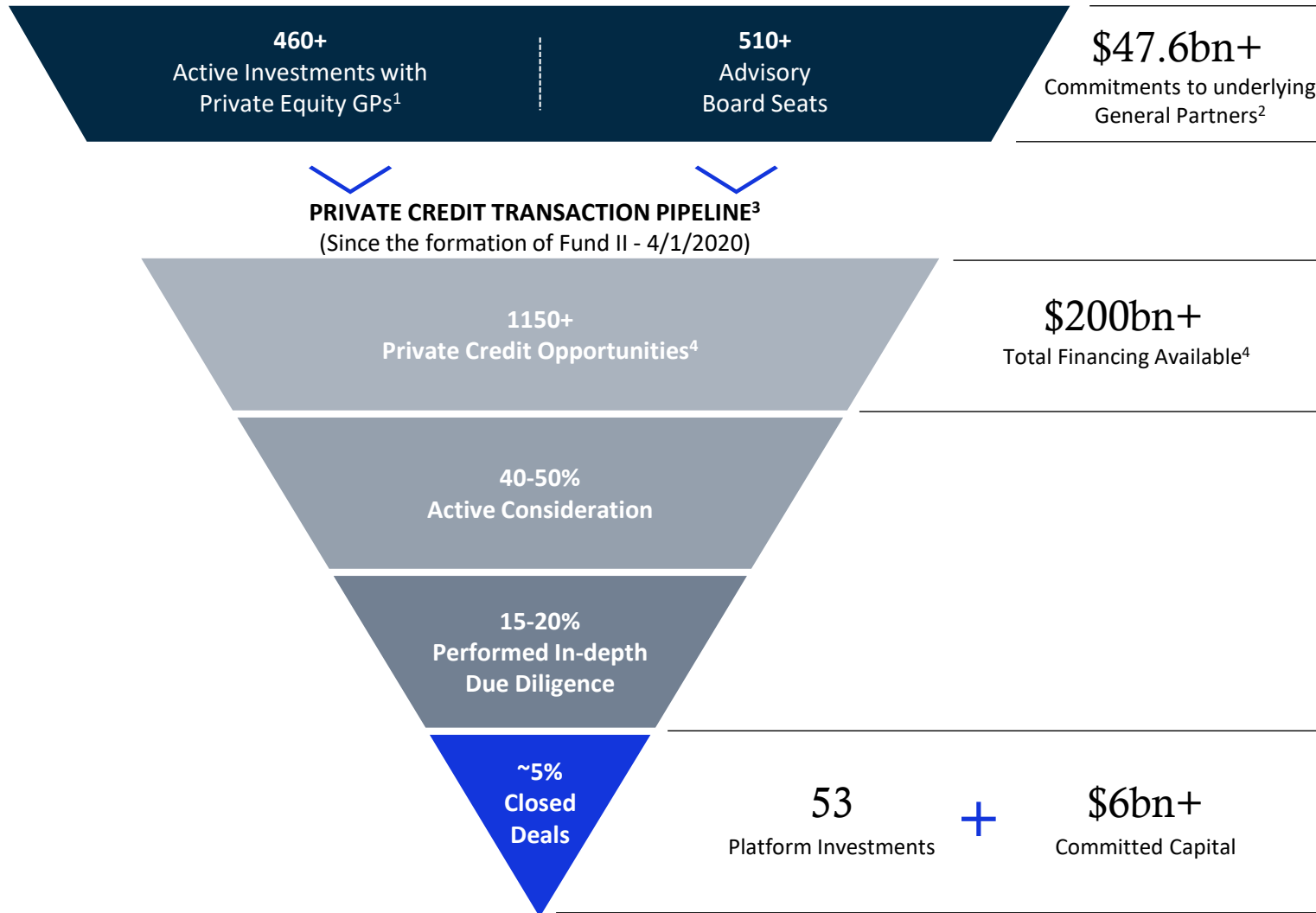
2. Represent target attributes, provided, however, that there can be no guarantee that all investments will display such attributes.

3. Represents the number of general partners in which Adams Street is invested.

4. As of September 30, 2022.



Sourcing Advantage and Large Opportunity Set Allows Us to be Selective



*A complete list of general partners in whose funds Adams Street has invested is available upon request.

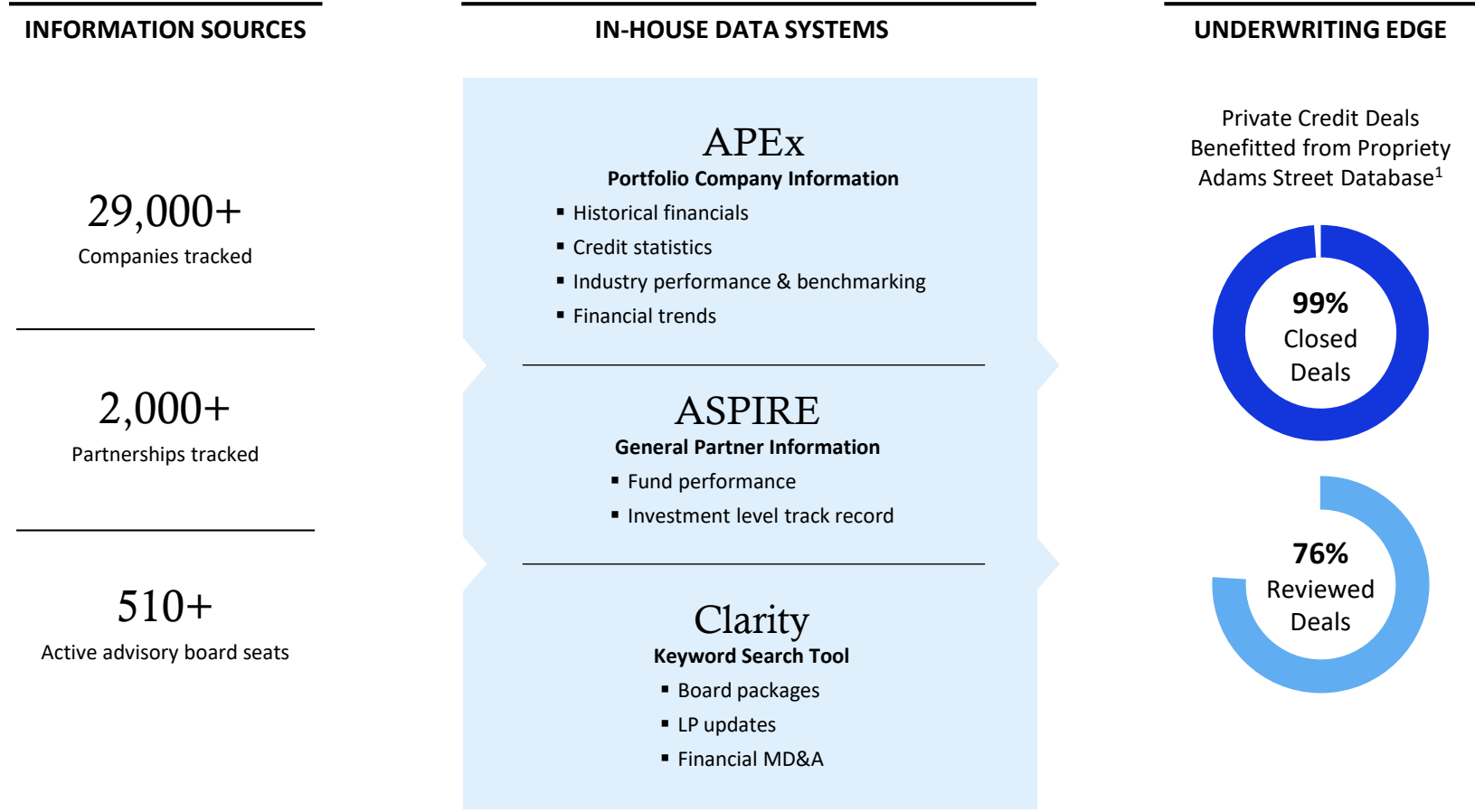
1. Represents number of general partners in whose funds Adams Street is invested, as of September 30, 2022.

2. Represents aggregate commitments, as of September 30, 2022, to underlying Private Equity and Venture Capital funds on a primary or secondary basis by all funds and separate accounts of which Adams Street Partners is the general partner / investment manager.

3. There can be no guarantee that deal flow will maintain prior levels or that similarly attractive investments will be available.

4. Since April 1, 2020 through December 31, 2022.

Knowledge Advantage from Proprietary Data Has Provided an Underwriting Edge



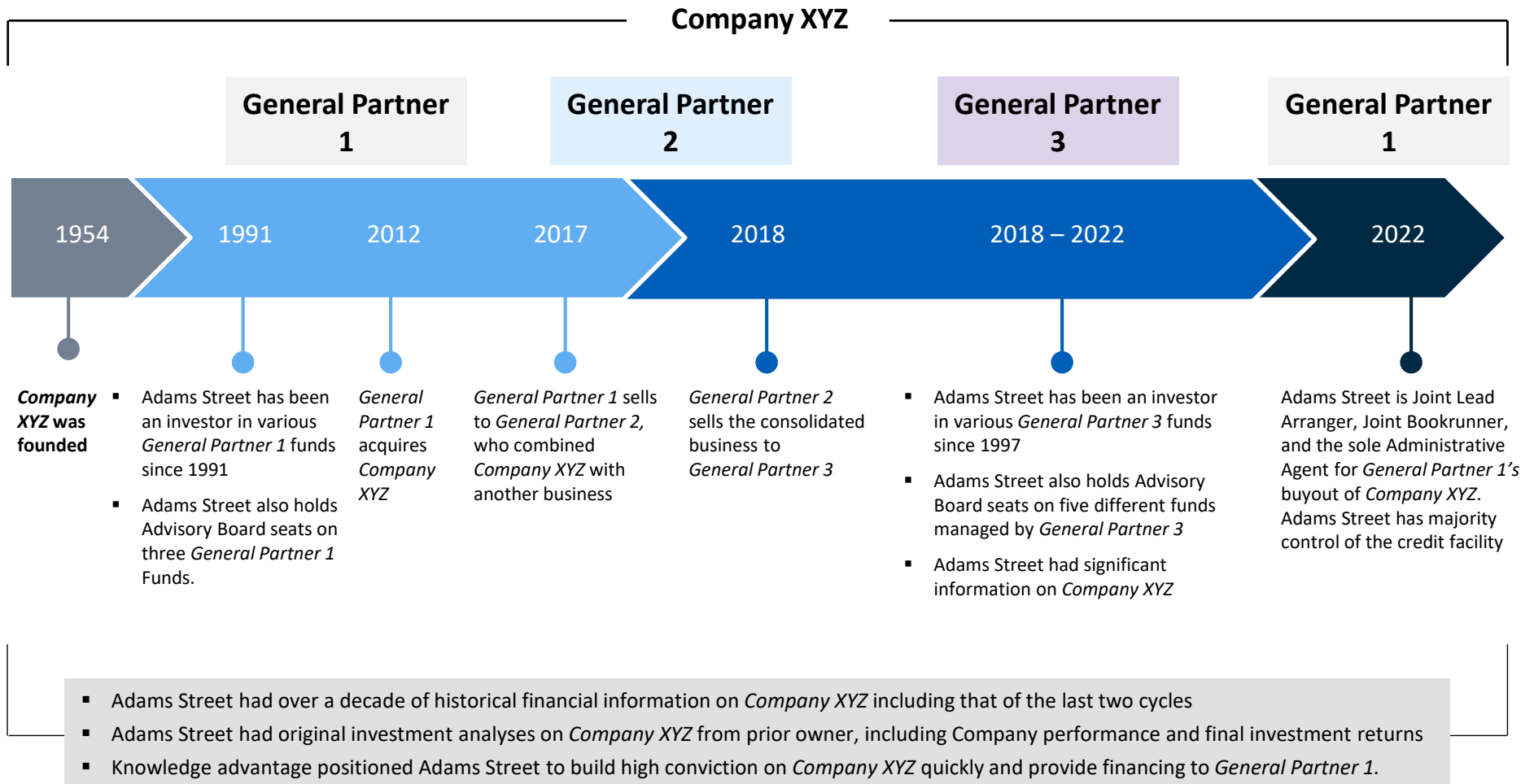
As of September 30, 2022, unless otherwise noted.

1. As of December 31, 2022. Private Credit deals benefitting from proprietary Adams Street database represents the percent of deals since inception (March 2017) where Adams Street had knowledge relating to either the company or the General Partner sponsoring the deal. Examples include but are not limited to historical company financials, credit statistics, industry performance & benchmarking, General Partner track record, and board packages.



Knowledge Advantage in Action

Case Study: Company XYZ*



*For illustrative purposes only. This case study is provided solely to demonstrate Adams Street's process, views and analysis in implementing its investment strategy and is subject to change. It is not intended to predict the performance of any Adams Street investment. The views, opinions and information presented herein, including (but not limited to) with respect to Adams Street's perception of its advantages, were current as of the date the investment was made and (unless the context indicates otherwise) are not subject to update. Past performance is not indicative of future results. A complete list of Adams Street's investments is available upon request.

Fund II Update





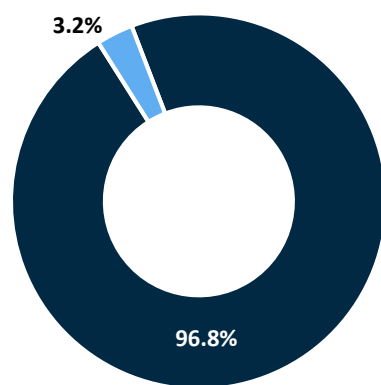
Senior Private Credit II Portfolio Highlights

Fund Statistics ¹	Senior Private Credit II
First Investment	May 29, 2020
Fund Capital Raised	\$1,311mm
Number of Portfolio Companies (active)	50
Weighted Average Unlevered Yield (current) ^{3,4}	11.6%
Weighted Average Equity Cushion (current) ⁵	55.4%
Weighted Average EBITDA (current) ⁵	\$90.7mm
Weighted Average Net Leverage (current) ^{5,6}	5.4x

Adams Street Senior Private Credit II is a diversified portfolio of directly originated senior secured loans

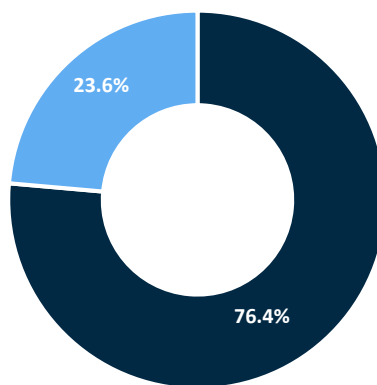
Asset Mix

■ First Lien ■ Preferred & Common Equity



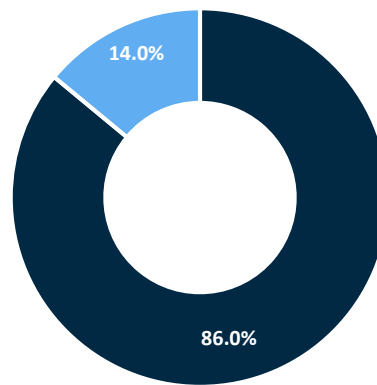
Covenants vs. Cov-Lite

■ Covenant ■ Cov-Lite



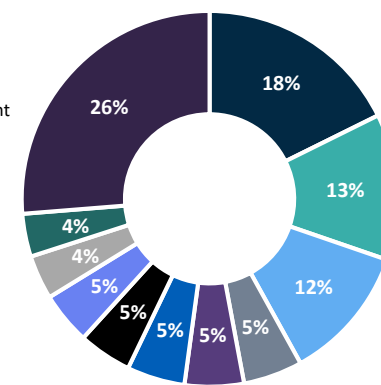
Titled Lead Lender

■ Titled Lead Lender ■ Club Member



Industry

- Health Care Services
- Specialized Consumer Services
- Aerospace & Defense
- Health Care Equipment
- Diversified Support Services
- Construction and Engineering
- Industrial Machinery
- Application Software
- Forest Products
- Gas Utilities
- All Other



Preliminary December 31, 2022

Please refer to page entitled "Notes to Private Credit II Program Portfolio Highlights" for detailed footnotes, including with respect to the Current Yield.



Kentucky Retirement Systems – Senior Private Credit Fund II Performance¹

Fund	Vintage	Size (millions) ²	Amount Drawn (millions)	Gross MOIC ³	Net MOIC ⁴	Gross IRR ^{5,7}	Net IRR ^{6,7}
Senior Private Credit II (Consolidated)	2020	\$500.0	\$327.4	1.18x	1.17x	17.2%	15.6%
Senior Private Credit II (Levered)	2020	\$250.0	\$179.1	1.22x	1.18x	22.1%	18.8%
Senior Private Credit II (Unlevered)	2020	\$250.0	\$148.3	1.14x	1.14x	12.3%	12.3%

1. Performance as of 9/30/2022. Past performance is not a guarantee of future results. The performance data set forth above includes unrealized investments. There can be no guarantee that unrealized investments included in this performance data will ultimately be liquidated at values reflected above.
2. Size reflects total capital commitments as of final close.
3. Gross MOIC (multiple of invested capital) is equal to total value (comprised of the investor's ending NAVs for the quarter plus distributions to the investor, less recallable distributions if applicable) gross of Adams Street Partners' fees, carried interest and expenses / amount drawn from investors, less recallable distributions if applicable. The Gross MOIC figure reflects the use of a credit line.
4. Net MOIC is equal to total value (comprised of the investor's ending NAV for the quarter plus distributions to the investor, less recallable distributions if applicable) net of Adams Street Partners' fees, carried interest and expenses / amount drawn from investors, less recallable distributions if applicable. Net MOIC is calculated excluding the value of the GP's investment in the fund. The Net MOIC figure reflects the use of a credit line.
5. Gross IRR is the since inception internal rate of return for your investment in the Adams Street Senior Private Credit Fund II, gross of Adams Street Partners' fees, carried interest and expenses, which reduce returns to investors.
6. Net IRR is the since inception internal rate of return for your investment in the Adams Street Senior Private Credit Fund II, which is net of Adams Street Partners' fees, carried interest, and expenses.
7. The IRRs set forth above reflect the use of a credit line. It should not be assumed that the funds will ultimately achieve the returns set forth above; the ultimate returns of these funds may be materially lower.

Fund III





Senior Private Credit Fund III

Key Terms and Conditions

Fund	Senior Private Credit Fund III (Unlevered)	Senior Private Credit Fund III (Levered)
Targeted Size	\$4.5 billion	
Strategy	Invest primarily in 1st lien senior secured debt	
Minimum Commitment	\$10 million ¹	
Sponsor Commitment	At least 1% of the total capital commitments	
Investment Period	Three years from the date of the final close	
Term	Six years, subject to up to two one-year extensions	
Targeted Net Return	8-10% ²	11-13% ²
Target Leverage	0.0x	~1.5x
Geography	Primarily North America	
Management Fees	[REDACTED]	
Carried Interest and Hurdle	[REDACTED]	

Fund terms are potentially subject to adjustment as represented in the final governing documents of such fund.

- Adams Street Partners reserves the right to waive the minimum subscription amount.
- Targeted net returns (after Adams Street's fees, expenses and carried interest) are only targets, aspirational in nature and based on Adams Street's historical experience as an investor; returns have not been modeled for the fund using assumptions related to returns, expenses or other factors. There is no guarantee that Adams Street or any investment vehicle advised thereby will achieve returns in the targeted range.



Proposed Commitment to Senior Private Credit Fund III Kentucky Public Pensions Authority – Anchor Terms

Key Terms and Conditions

Fund	Senior Private Credit Fund III (Unlevered)	Senior Private Credit Fund III (Levered)
Anchor Minimum Commitment	[REDACTED]	[REDACTED]
Anchor Management Fees	[REDACTED]	[REDACTED]
Anchor Carried Interest	[REDACTED]	[REDACTED]
Anchor Co-Investment	[REDACTED]	[REDACTED]

Notes





Confidentiality Statement and Other Important Considerations

As of February 2023

Adams Street Partners has provided this presentation (the "Presentation") to the recipient on a confidential and limited basis.

Potential investors should refer to the confidential private placement memorandum, limited partnership agreement, subscription agreement, or similar documents (collectively "Final Documentation") before making any final investment decision; the information contained herein should not be used or relied upon in connection with the purchase or sale of any security. Potential investors should take into account all the characteristics or objectives of any Adams Street-managed investment vehicle. The Final Documentation contains important information regarding risk factors, performance, costs and other material aspects of any proposed investment.

This Presentation is not an offer or sale of any security or investment product or investment advice. Offerings are made only pursuant to the Final Documentation.

Any information included herein is preliminary, subject to adjustment as represented in, and qualified in its entirety by, and is replaced by the information in the Final Documentation. Subscriptions to an Adams Street-managed investment vehicle will only be made and accepted on the basis of the Final Documentation.

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The internal rate of return (IRR) data and multiples provided in the Presentation are calculated as indicated in the applicable notes to the Presentation, which notes are an important component of the Presentation and the performance information contained herein. IRR performance data may include unrealized portfolio investments; there can be no assurance that such unrealized investments will ultimately achieve a liquidation event at the value assigned by Adams Street Partners or the General Partner of the relevant Investment, as applicable. Any fund-level net IRRs and net multiples presented herein for the 2015 Global Program Funds and all subsequently formed commingled Funds reflect the use of the Fund's capital call credit line (or, in the case of an Adams Street Global Fund, capital call credit lines of the underlying Funds) and are calculated using limited partner capital call dates, rather than the earlier dates on which the investment was made using the line of credit. The use of such dates generally results in higher net IRR and net multiple calculations, and the related differences in net IRR and net multiple figures could be material. The use of leverage has the potential to increase returns for positive investments, but can also result in substantially increased losses or returns on negative investments.

Any target returns are only targets, are aspirational in nature and based on Adams Street's historical experience as an investor; returns have not been modeled for a particular vehicle using assumptions related to returns, expenses or other factors. There is no guarantee that targeted returns will be realized or achieved or that an investment strategy will be successful. Investors should keep in mind that the securities markets are volatile and unpredictable. There are no guarantees that the historical performance of an investment, portfolio, or asset class will have a direct correlation with its future performance.

Continued on next page



Confidentiality Statement and Other Important Considerations

As of February 2023

Any gross performance figures displayed herein should be taken in context with applicable net figures which include the effect of management fees, carried interest and expenses which reduce returns to investors. A full description of the costs of participation in an Investment, including such management fees, carried interest and expenses, is available in the relevant Final Documentation and relevant net figures are also included herein, including a detailed description of Adams Street's calculation methodology with respect to performance that represents a composite or extract which can be found on the pages entitled "Methodology and Assumptions Associated with Calculation of Composites and Extracts".

Past performance is not a guarantee of future results and there can be no guarantee against a loss, including a complete loss, of capital. Projections or forward-looking statements contained in the Presentation are only estimates of future results or events that are based upon assumptions made at the time such projections or statements were developed or made. There can be no assurance that the results set forth in the projections or the events predicted will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections or forward-looking statements. Therefore, the returns an investor ultimately realizes will depend on a variety of factors, including but not limited to how the market performs and the length of investment. **FOR ADDITIONAL IMPORTANT INFORMATION RELATED TO POTENTIAL RISKS ASSOCIATED WITH AN INVESTMENT, PLEASE SEE THE KEY RISK FACTORS PAGES AT THE END OF THIS PRESENTATION.**

References to the Investments and their underlying portfolio companies and to the Funds should not be considered a recommendation or solicitation for any such Investment, portfolio company, or Fund. Any case studies included in this presentation are for illustrative purposes only and have been selected to provide, among other things, examples of investment strategy and/or deal sourcing. These investments do not represent all the investments that may be selected by Adams Street Partners with respect to a particular asset class or a particular Fund or account.



Notes to Private Credit II Program Portfolio Highlights

As of December 2022

1. Deal statistics for Private Credit Fund II. Does not include commitments made to Private Credit portfolio companies by other Adams Street Funds or repayments.
2. Private Credit II refers to the successor fund to Private Credit Fund I and is a flexible mandate fund investing across the capital structure.
3. Weighted Average Unlevered Yield calculated as weighted average of deal level spreads, with weighting based on deal level investment amount. Deal level cash yield calculated based on weighted-average pricing spread, 3-month SOFR of 4.64% as of 01/09/2023, applicable LIBOR or SOFR floors, amortization of upfront fees and OID, and compounding impact. Assumes pre-payment periods as follows: assumes 1st lien is prepaid in 2.5 years, 1st lien unitranche prepaid in 3.25 years, and 2nd lien is prepaid in 4.5 years. There can be no guarantee that the foregoing assumptions will ultimately prove accurate or that the yields set forth above will be realized.
4. Yield only measures income, as an annual percentage rate, and Adams Street considers such performance metric distinct from more comprehensive overall return metrics that take into account current value, ultimate disposition, and other factors that impact total return. Additionally, yield for individual investments is not reflective of the return achieved by the relevant fund; for fund-level performance information on Adams Street's dedicated private credit funds, see the slide titled "Strong, Consistent Performance Across Our Commingled Funds" in this presentation.
5. Preliminary data as of December 31, 2022.
6. Weighted Average Net leverage represents constituent company level leverage, weighted based on deal level investment amount.

Past performance is not a guarantee of future results. There can be no guarantee that performance of other investments will equal or exceed performance of investments identified herein.



Key Risk Factors

This document identifies a number of benefits associated with, or inherent in, Adams Street's services and operations on behalf of a particular investment strategy or a fund; however, it is important to note that all investments come with material risks, some of which may be magnified in a private markets investment, which may pursue highly speculative investments and which have limited liquidity, as further identified in the Fund's definitive documents. Further, although Adams Street believes that the firm and its personnel will have competitive advantages in identifying, diligencing, monitoring, consulting, improving and ultimately selling investments on behalf of vehicles managed by the firm, there can be no guarantee that Adams Street will be able to maintain such advantages over time, outperform third parties or the financial markets generally, or avoid losses.

THE RISK FACTORS LISTED BELOW ARE NOT INTENDED TO BE EXHAUSTIVE; ADDITIONAL IMPORTANT RISKS ASSOCIATED WITH AN INVESTMENT IN A FUND ARE INCLUDED IN THE RELEVANT FINAL DOCUMENTATION.

Past Performance Not Necessarily Predictive of Future Performance: There is no assurance that the performance of any Adams Street-managed fund will equal or exceed the past investment performance of entities managed by Adams Street or its affiliates.

Appropriateness of Investments: An investment in an Adams Street-managed fund is not appropriate for all investors. An investment is appropriate only for sophisticated investors and an investor must have the financial ability to understand and willingness to accept the extent of its exposure to the risks and lack of liquidity inherent in an investment in an Adams Street-managed fund. Investors should consult their professional advisors to assist them in making their own legal, tax, accounting and financial evaluation of the merits and risks of investment in a fund in light of their own circumstances and financial condition. An investment in an Adams Street-managed fund requires a long-term commitment, with no certainty of return. There may be little or no near-term cash flow available to the limited partners. Many of a fund's portfolio investments will be highly illiquid. Consequently, dispositions of such portfolio investments may require a lengthy time period or may result in distributions in kind to the limited partners.

High Risk Asset Class: Private markets investments, whether made directly into portfolio companies or indirectly via investment funds or CLOs, are high-risk and subject to loss, even loss of a part or all of an investor's entire investment.

Illiquidity: An investment will be highly illiquid. There will be no market for interests, investors will have only very limited withdrawal rights for specific legal or regulatory reasons, and any transfer of an interest will be subject to the approval of the general partner of the relevant entity. The interests will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), or any state or other securities laws and may not be transferred unless registered under applicable federal or state securities laws or unless an exemption from such laws is available. In addition, the direct or indirect portfolio company investments that a fund will make are also generally and similarly illiquid.

Valuations May Fluctuate: The valuations of investments are calculated based upon good faith assessment of the fair value of the assets. Therefore, valuations of investments for which market quotations are not readily available may differ materially from the values that would have resulted if a liquid market for such investments had existed. Even if market quotations are available for any of the investments made pursuant to a fund's strategy, such quotations may not reflect the realizable value. A fund may experience fluctuations in results from period to period due to a number of factors, including changes in the values of the investments made pursuant to a fund's strategy, changes in the frequency and amount of drawdowns on capital commitments, distributions, dividends or interest paid in respect of investments, the degree of competition, the timing of the recognition of realized and unrealized gains or losses and general economic and market conditions (including, but not limited to, the effect of any catastrophic and other force majeure events on the financial markets, the economy overall and/or various industries). As an asset class, private markets have exhibited volatility in returns over different periods and it is likely that this will continue to be the case in the future. Such variability may cause results for a particular period not to be indicative of performance in a future period.

Key Risk Factors (continued)

Extraordinary Events: Terrorist activities, anti-terrorist efforts, armed conflicts involving the United States, its interests abroad or other countries and natural disasters may adversely affect the United States, other countries, global financial markets and global economies and could prevent a fund from meeting its investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, acts of war or hostility and natural disasters have created many economic and political uncertainties in the past and may do so in the future, which may adversely affect certain financial markets and any Adams Street-managed fund(s) for the short or long term in ways that cannot presently be predicted.

Force Majeure Events: Investments may be subject to catastrophic events and other force majeure events. These events could include fires, floods, earthquakes, adverse weather conditions, pandemics, assertion of eminent domain, strikes, acts of war (declared or undeclared), riots, terrorist acts, “acts of God” and similar risks. These events could result in the partial or total loss of an investment or significant down time resulting in lost revenues, among other potentially detrimental effects. Some force majeure risks are generally uninsurable and, in some cases, investment project agreements can be terminated if the force majeure event is so catastrophic that it cannot be remedied within a reasonable time period.

Impact of Borrowings: Borrowing will directly impact (positively or negatively) the returns of an investment in an Adams Street-managed fund and increase the risks associated with an investment in such fund. Calculations of net and gross IRRs in respect of investment and performance data included and/or referred to in performance materials, and with respect to an Adams Street-managed fund, as reported to limited partners from time to time, are based on the payment date of capital contributions received from the applicable limited partner or timing of investment inflows and outflows received or made by the investing entity. In instances where an Adams Street-managed fund utilizes borrowings under a fund’s subscription-based credit facility or asset-backed facility (or other facility), use of such facility (or other leverage) may result in a higher reported IRR (on an investment level and/or fund level) than if the facility had not been utilized because such borrowings were used in lieu of capital contributions or in advance of related capital contributions that would only be made at a later date. Use of a subscription-based credit facility (or other long-term leverage) may present conflicts of interest as a result of certain factors and the applicable fund’s general partner may make distributions prior to the repayment of outstanding borrowings.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of an Adams Street-managed fund and its limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the applicable fund’s general partner’s ability to consent to the transfer of a limited partner’s interest in such fund or impose concentration or other limits on such fund’s investments, and/or financial or other covenants, that could affect the implementation of such fund’s investment strategy.

As a result of the foregoing and similar factors, use of such leverage arrangements with respect to investments may provide the applicable fund’s general partner with an incentive to fund investments through long-term borrowings in lieu of capital contributions. Moreover, the costs and expenses of any such borrowings will generally be borne as costs and expenses of such fund, which will increase the expenses borne by the applicable limited partners and would be expected to diminish net cash on cash returns.

Subject to the limitations set forth in the applicable partnership agreements, Adams Street maintains substantial flexibility in choosing when and how subscription-based credit facilities or other lending facilities are used. Adams Street is authorized to adopt from time to time policies or guidelines relating to the use of such credit facilities. Such policies may include using the credit facilities to systematically defer calling capital from investors (such as seeking to call capital only once a year). In addition to using such facilities to defer capital calls, Adams Street may elect to use short or long-term fund-level financing for investments including (a) for investments that have a longer lead time to generate cash flow or to acquire assets, (b) for platform investments that require capital to fund operating expenses prior to developing sufficient scale to self-fund or generate enterprise value, (c) for investments where cash is retained in the business to fund activity that results in incremental returns for the investment, (d) to make margin payments as necessary under currency hedging arrangements, (e) to fund management fees otherwise payable by investors, (f) for investments with revenues in a foreign currency and (g) when Adams Street otherwise determines that it is in the best interests of the applicable fund.

Key Risk Factors (continued)

Availability of High-Quality Investment Opportunities: Investors will be dependent on the ability of Adams Street and its affiliates to provide access to high-quality private markets investment opportunities. There is no assurance that such opportunities will be available during the period over which an investor's investment will be allocated to investments or that high-quality investment opportunities will be available at attractive prices. In addition, in the event Adams Street does identify any such opportunities, it should not be assumed that an Adams Street-managed investment vehicle will be allocated a portion of any such opportunity. The application of the factors described herein, and applied under Adams Street's investment allocation policy (the "Investment Allocation Policy"), will result in the exclusion of certain managed entities from an allocation, and the Investment Allocation Policy does not require that a managed entity, including any particular investment vehicle, participate in every entity in which it is eligible to invest.

Competition: Investment vehicles managed by Adams Street will compete for investments with third parties, including other financial managers, investment funds, pension funds, corporations, endowments and foundations, wealthy individuals and family offices, among many others. Investment vehicles, including those managed by Adams Street will compete for limited capacity in such investments. There can be no assurance that Adams Street will be able to locate and complete attractive investments or that the investments which are ultimately made will satisfy all of the relevant objectives.

Compliance with the AIFMD: The European Union Alternative Investment Fund Managers Directive (EU 2011/61/EU) as implemented in each European Union member state and the United Kingdom (together with Commission Delegated Regulation (EU) No 231/2013, as well as any similar or supplementary law, rule or regulation, including any equivalent or similar law, rule or regulation to be implemented in the United Kingdom as a result of its withdrawal from the European Union, or subordinate legislation thereto, as implemented in any relevant jurisdiction, the "AIFMD") applies to (i) alternative investment fund managers (each, an "AIFM") established in the European Economic Area ("EEA") and the UK who manage EEA or non-EEA alternative investment funds (each, an "AIF"), (ii) non-EEA AIFMs who manage EEA or UK AIFs, and (iii) non-EEA AIFMs who market their AIFs within the EEA or the UK. European secondary implementation legislation has been adopted, and individual EEA member states were required to implement the AIFMD into domestic law by July 22, 2013. The AIFMD imposes various operating requirements on EEA and UK AIFMs, and, to a lesser extent, non-EEA AIFMs seeking to market an AIF within the EEA or the UK. As a result of the AIFMD's implementation, Adams Street or its agents may be required to give notice to or seek the approval of regulators in certain countries in connection with the marketing of certain investment vehicles. This may preclude Adams Street from marketing to you further until such notice is given or approval is obtained or otherwise significantly disrupt marketing activity. Compliance by Adams Street with the transparency, reporting and disclosure requirements of the AIFMD will significantly increase the regulatory burden and costs of doing business within the EEA and the UK and this may have an adverse impact on certain investment vehicles and Adams Street. The operating requirements imposed by the AIFMD include, among other things, rules relating to the remuneration of certain personnel, minimum regulatory capital requirements, restrictions on use of leverage, restrictions on early distributions ("asset stripping" rules), disclosure and reporting requirements to both investors and home state regulators, and independent valuation of an AIF's assets. As a result, the AIFMD could have an adverse effect on Adams Street and certain of its investment vehicles by, among other things, imposing extensive disclosure obligations significantly restricting marketing activities within the EEA and the UK, increasing the regulatory burden and costs of doing business in the UK and in EEA member states, and potentially requiring Adams Street to change its compensation structures for key personnel, thereby affecting Adams Street's ability to recruit and retain these personnel. The AIFMD could also limit Adams Street's operating flexibility and an Adams Street-managed fund's investment opportunities, as well as expose Adams Street and/or such fund to conflicting regulatory requirements in the United States (and elsewhere) and the EEA or the UK. The European Council and Parliament are in negotiations to finalize the revisions to the AIFMD and Directive 2009/65/EC. While the final text is yet to be published, there are proposals which, if implemented and applied to Non-EEA AIFMs, could adversely affect Adams Street's ability to market an Adams Street-managed fund in the EEA, could increase the costs associated with the management and operation of such fund as a result of additional disclosure and reporting requirements, and could affect the ability of such fund to conduct its operations, including but not limited to: concentration limits, limits on lending to connected entities, risk retention requirements, and mandated liquidity management mechanisms, to the extent applicable to such fund.