



**County Employees Retirement System
Board of Trustees – Special Meeting
June 29, 2026, at 2:00 pm ET (1:00 pm CT)
Live Video Conference/Facebook Live**

AGENDA

- | | |
|--|--------------------------|
| 1. Call to Order | Lisle Cheatham |
| 2. Opening Statement | Eric Branco |
| 3. Roll Call | Sherry Rankin |
| 4. Public Comment | Sherry Rankin |
| 5. Chairman’s Corner | Lisle Cheatham |
| 6. Investment Committee | Dr. Merl Hackbart |
| a. Valor Equity Partners Fund VII* | Wilshire Team |
| b. Arctos Keystone Partners Fund I* | Investment Office |
| 7. Closed Session* | Eric Branco |
| | Michael Board |
| 8. Adjourn | Lisle Cheatham |

***Board May Take Action**

Wilshire



CERS— Private Equity

Valor Equity Partners VII

June 2026

CERS Private Markets Agenda

- Today's Agenda:
 - 2026 private equity portfolio implementation update
 - Consideration of a \$40 commitment to Valor Equity Partners VII
- Agenda for Future Meetings:
 - Recommendation for new commitments
 - Portfolio pacing and construction update

Portfolio Implementation – Private Equity

CERS Private Equity Portfolio Implementation

Fund	General Partner	Geography	Vintage	Target Commitment (\$M) ¹	Target Allocation Percent
Total					100%
Buyout					60%
<i>Capitol Meridian Fund II</i>	<i>Capitol Meridian</i>	<i>North America</i>	<i>2026</i>	<i>90</i>	<i>4%</i>
Reserved Buyout North America 2026	TBD	North America	2026	90	4%
Reserved Buyout Europe 2026	TBD	Europe	2026	90	4%
Reserved Buyout Asia-Pacific 2026	TBD	Asia-Pacific	2026	90	4%
Reserved Buyout North America 2027	TBD	North America	2027	75	3%
Reserved Buyout North America 2027	TBD	North America	2027	75	3%
Reserved Buyout North America 2027	TBD	North America	2027	75	3%
Reserved Buyout Europe 2027	TBD	Europe	2027	75	3%
Reserved Buyout North America 2028	TBD	North America	2028	75	3%
Reserved Buyout North America 2028	TBD	North America	2028	75	3%
Reserved Buyout Europe 2028	TBD	Europe	2028	75	3%
Reserved Buyout Asia-Pacific 2028	TBD	Asia-Pacific	2028	75	3%

¹ For this presentation, Target Commitment is defined as allocations within the four-year pacing and portfolio construction horizon (e.g., 2024-2027). Future Allocation should be +/-5% of Target Allocations. Wilshire takes into account commitments made to date in year 2025 within this total.

CERS Private Equity Portfolio Implementation

Fund	General Partner	Geography	Vintage	Target Commitment (\$M) ¹	Target Allocation Percent
Venture / Growth					20%
Reserved Venture / Growth North America 2026 (ex. Valor Equity Partners VII)	TBD	North America	2026	40	2%
Reserved Venture / Growth North America 2026	TBD	North America	2026	40	2%
Reserved Venture / Growth Asia-Pacific 2026	TBD	Asia-Pacific	2026	40	2%
Reserved Venture / Growth North America 2027	TBD	North America	2027	33	2%
Reserved Venture / Growth North America 2027	TBD	North America	2027	33	2%
Reserved Venture / Growth Europe 2027	TBD	Europe	2027	33	2%
Reserved Venture / Growth North America 2028	TBD	North America	2028	33	2%
Reserved Venture / Growth North America 2028	TBD	North America	2028	33	2%
Reserved Venture / Growth Asia-Pacific 2028	TBD	Asia-Pacific	2028	33	2%
Distressed Debt / Special Situations					20%
Reserved Distressed Debt / Special Situations North America 2026	TBD	North America	2026	60	3%
Reserved Distressed Debt / Special Situations North America 2026	TBD	North America	2026	60	3%
Reserved Distressed Debt / Special Situations North America 2027	TBD	North America	2027	50	2%
Reserved Distressed Debt / Special Situations Europe 2027	TBD	Europe	2027	50	2%
Reserved Distressed Debt / Special Situations North America 2028	TBD	North America	2028	50	2%
Reserved Distressed Debt / Special Situations North America 2028	TBD	North America	2028	50	2%

¹ For this presentation, Target Commitment is defined as allocations within the four-year pacing and portfolio construction horizon (e.g., 2024-2027). Future Allocation should be +/-5% of Target Allocations. Wilshire takes into account commitments made to date in year 2025 within this total.

Funds for Consideration – Private Equity

Private Markets : Private Equity Recommendation

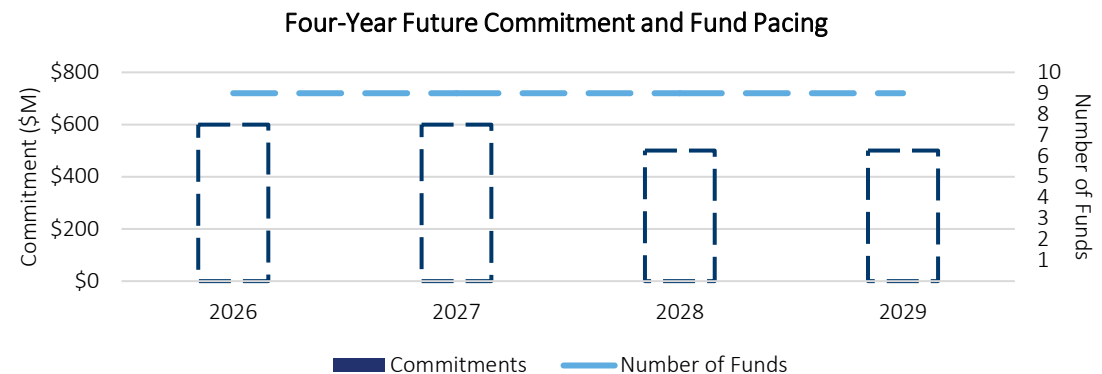
- One \$40 million commitment in Private Equity – Venture/Growth
 - Valor Equity Partners VII

Appendix

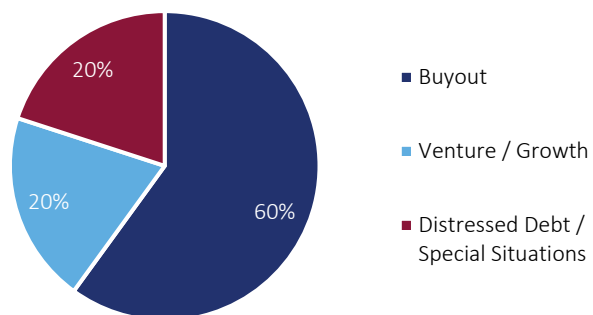
Private Equity Portfolio Construction

Next Four Years

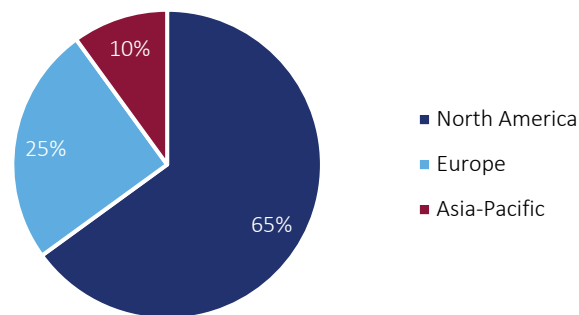
Investment Type	Target Commitment (\$M)	% Total Target Commitment	Future Annual Commitments (\$M) ¹			
			2025	2026	2027	2028
Total Future Commitments	2,200	100%	600	600	500	500
Buyout	1320	60%	360	360	300	300
Venture / Growth	440	20%	120	120	100	100
Distressed Debt / Special Situations	440	20%	120	120	100	100
Number of Funds	36		9	9	9	9
Average Deal Size	61		67	67	56	56



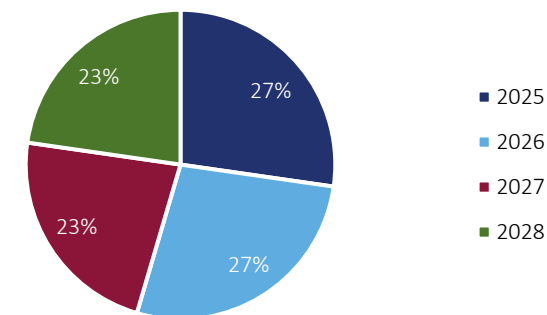
Target Commitment by Sector*



Target Commitment by Geography*



Target Commitment by Vintage*



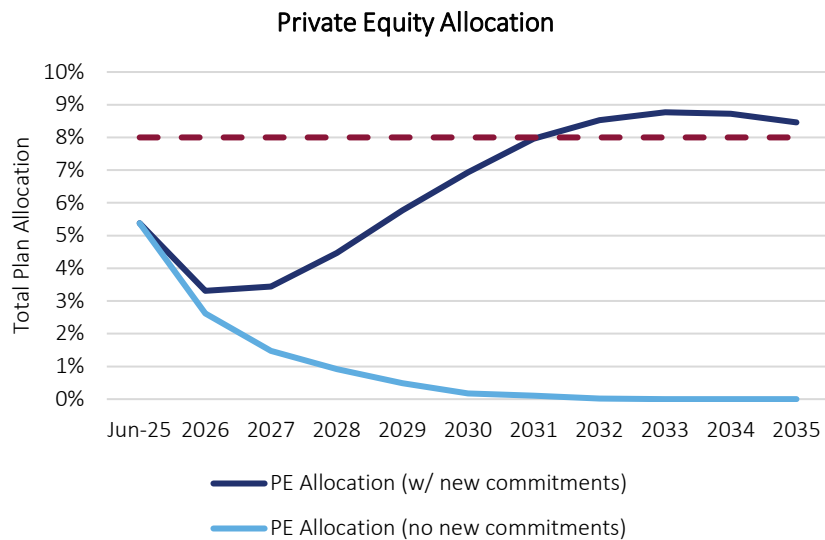
*Portfolio allocation implementation should be +/- 5% of these targets.

Private Equity Commitment Pacing

CERS

With annual commitments of \$600 million, stepping down to \$500 million in 2027, and stepping down to \$400 million thereafter, CERS is expected to achieve and maintain its 8.0% allocation target to private equity, additionally allowing for appropriate vintage year diversification.

Model Input Summary	
Plan Asset Value as of 6/30/2025	\$20,054
Private Equity Target Allocation	8.0%
Expected Nominal Growth Rate (after plan expenditures)	2.5%



Private Equity NAV as of Wilshire's Q2 2025 report.

(All figures in \$M)	Dec-24	Year 2025	Year 2026	Year 2027	Year 2028
Total Plan Market Value	20,054	20,555	21,069	21,596	22,136
Private Equity Target Allocation	1,604	1,644	1,686	1,728	1,771
Private Equity Net Asset Value	<u>1,078</u>	<u>681</u>	<u>725</u>	<u>965</u>	<u>1,277</u>
Over/Under Allocated (\$)	(526)	(964)	(960)	(763)	(494)
Private Equity Net Asset Value	<u>5%</u>	<u>3%</u>	<u>3%</u>	<u>4%</u>	<u>6%</u>
Over/Under Allocated (%)	-3%	-5%	-5%	-4%	-2%

Existing Commitments					
Net Asset Value	1,078	538	311	198	108
Contributions		23	1	4	0
Distributions		421	251	119	92

Total Future Commitments					
Net Asset Value		600	600	500	500
Contributions		143	284	389	473
Distributions		0	36	102	192

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Valor Equity VII



Overview:

Valor Equity Partners (“Valor” or the “Firm”) is a Chicago-based venture / growth equity firm founded in 1995 by Antonio Gracias. The Firm takes a generalist investment approach but naturally has significant technology exposure given its focus on companies that are “disrupting large addressable markets” and “exhibit the potential to scale.”

Valor closed its first institutional vehicle (Fund II) in 2007 with ~\$300 million and fund size has grown steadily with each raise. Fund VI closed with \$2.35 billion of commitments in August 2024. Fund VII launched its fundraising process in 2H 2025 with a target of \$2.5 billion and a hard cap of \$3.75 billion.

The IPO of SpaceX earlier this month was a significant event for Valor, as its funds have historically had outsized exposure to Elon Musk-related companies in general and SpaceX specifically (see below).

Performance (as of 3/31/2026):

Fund	Vintage	Size (\$ MM)	Net IRR	Net Multiple	DPI
Valor II	2007	\$303			
Valor III	2013	\$494			
Valor IV	2017	\$1,100			
Valor V	2019	\$1,700			
Valor VI	2022	\$2,350			

Fund	Gross Multiple		Fund Gain / Loss (\$ MM)		SpaceX % of	
	With SpaceX	Without SpaceX	With SpaceX	Without SpaceX	Total Invested	Total \$ Gain / Loss
Valor II						
Valor III						
Valor IV						
Valor V						
Valor VI						



Valor Equity VII



Strengths:

- Strong performance
- Operational focus and dedicated team (Scale Group)

Key Risks / Concerns:

- SpaceX / Elon Musk concentration: Backing Musk has been profitable for Valor for 20+ years – can it repeat / continue?
- Limited realizations: performance of most recent 3 funds (9 years, 85% of total \$ invested) consists of almost entirely unrealized gains (0.16x DPI)
- American waterfall: non-alignment potential, especially if there is an outsized winner in a fund that is disappointing overall

- Key person focus: Gracias has an estimated personal net worth of over \$20 billion after the SpaceX IPO; spent 4 months in 2025 working full-time for DOGE; and is also involved in other Valor strategies such as seed stage ventures, food tech, AI, and data center leasing
- Valuations / technology risk – SPCX valued at \$2 trillion vs consensus 2027 revenue and EBITDA of \$65 million and \$29 million, respectively. Company also faces increasing capex requirements as it competes in AI
- Team turnover – 8 “senior departures” and 14 “rotational roles” left investment team from 2020-25

Key Terms:

- Fund Term:** 10 years, with three 1-year extensions (1st at GP discretion, remaining with majority LPAC or LP approval)
- Mgmt Fee:** Years 1-5: 2% on committed capital
Years 6+: 2% on invested capital
- Carry:** 20% of profits above an 8% hurdle - deal by deal



Private Equity Recommendation – Arctos Keystone I

Overview:

Arctos Partners (“Arctos” or the “Firm”) is a Dallas-based investment firm founded in 2019 that focuses on solving complex problems for other private markets investors and managers.

The Firm was acquired by KKR (NYSE: KKR) last month, with Arctos becoming part of KKR Solutions, a new multi-asset class secondaries investing division that will be led by Arctos co-founder Ian Charles.

KPPA is currently an investor with Arctos’s sports strategy, which primarily owns a diversified portfolio of non-control stakes in major US professional sports franchises. The Firm has been uniquely able to source and invest in teams by providing leagues and owners with bespoke liquidity solutions and structured growth capital that helps them continue to grow. To date, Arctos remains the only private investment firm that owns teams in Major League Baseball, the National Basketball Association, National Football League, and National Hockey League.

Strategy:

Similarly, the Arctos Keystone (“Keystone”) strategy seeks to provide liquidity and growth solutions for other private markets managers (“sponsors” or “GPs”). This builds off a strategy that the team had started at their prior firm, Landmark Partners, a secondaries private equity manager that was acquired by Ares in 2021.

Keystone primarily provides preferred equity for sponsors that would like additional capital but do not want to sell a permanent minority equity stake in their firm.

In exchange for its capital, Keystone is secured against collateral such as management fees, carried interest, and GP commitments from the GP’s underlying private funds. Keystone’s investments are typically ‘self-liquidating,’ as they receive [REDACTED]

Uses for Keystone’s capital include financing GP commitments in current or upcoming funds; repurchases of other firm ownership stakes; and supporting new fund strategies that are being launched.

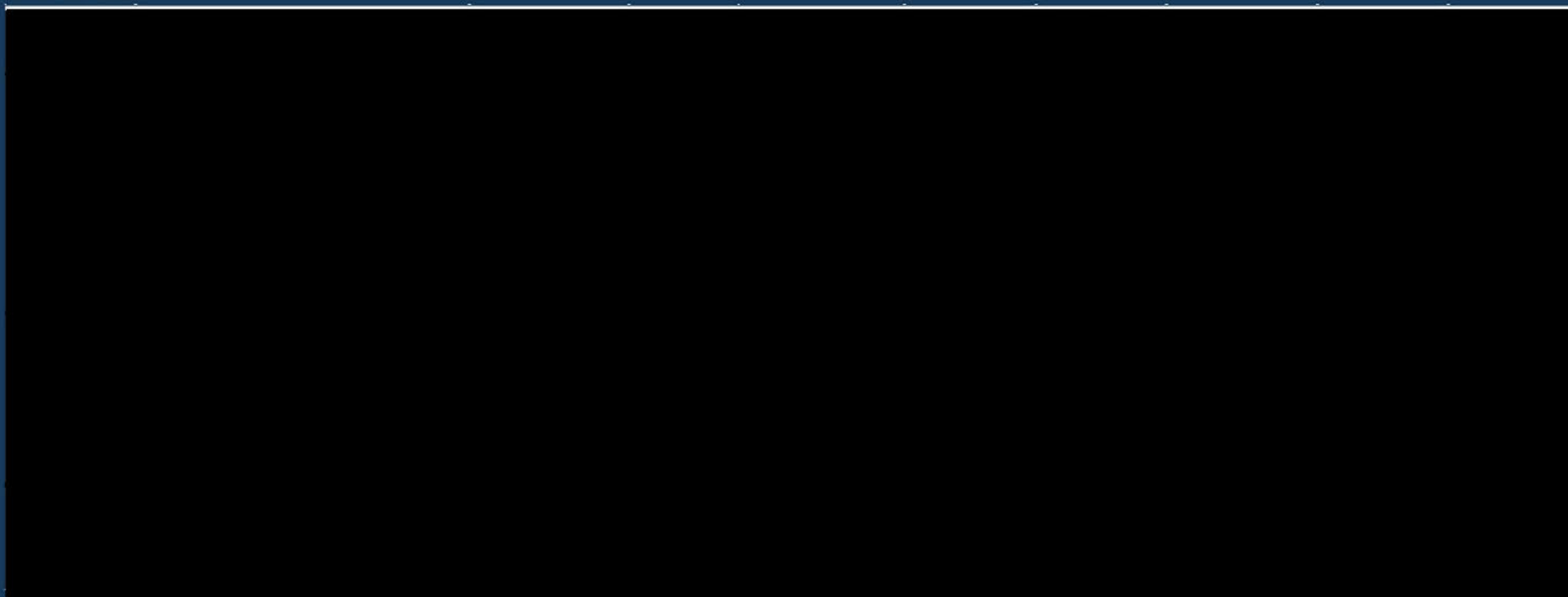
Private Equity Recommendation – Arctos Keystone I

Fund I status:

As of early June, Arctos Keystone I had closed on [redacted] billion target. The fund is holding its final close at the end of June and expects to raise more than [redacted] billion, including \$125 million that has been committed by KRS.

Keystone I has closed on [redacted] deals and is over [redacted] committed.

Portfolio:



Key Terms:

Fund Term: [redacted] years, with liquidity processes available

Mgmt Fee: Years 1-5: [redacted] on committed capital
Years 6+: [redacted] on invested capital; steps

Profit Sharing: down to [redacted] of profits above an [redacted] hurdle until LP receives a [redacted] then [redacted] thereafter – modified deal by deal

Private Equity Recommendation – Arctos Keystone I

Strengths:

- Experienced, networked secondaries team that chose to work together again
- Offers CERS exposure to growth in private markets, but with structured downside protection and liquidity options
- Portfolio visibility: Approximately one-third of the Fund has been committed to 10 closed deals (see prior slide)
- Portfolio diversification: Fund I is diversified across private market asset classes (e.g. buyout, credit, growth, special situations) and lifecycle stage (emerging managers up to scaled platforms)

Risks / Concerns:

- KKR acquisition: potential changes in team and culture, as well as increased pressure to raise assets
- First time fund under Arctos / KKR brand
- Continued private markets slowdown: pressure on fundraising and exits and could result in collateral being worth less than Arctos expected
- Extension / sponsor underperformance risk: manager or asset underperformance could extend the timeline to payback or impair it altogether
- Competition: Secondaries, GP stakes, NAV lending, and sponsor inertia could pressure Arctos's deal flow

Recommendation:

Staff is recommending an investment of \$225 million in Arctos Keystone I to be shared among all CERS plans.

When fully called, this would represent an additional ~1% of plan assets (depending on fluctuations in market value).

A capital call for [REDACTED] of the commitment is expected to occur in July, which will help CERS plans get closer to their target private equity weight.