

QUARTERLY PRIVATE CREDIT BOARD UPDATE

For the period ended December 31, 2021

Report Prepared For:

Pennsylvania State Employees' Retirement System



TABLE OF CONTENTS

| | |
|--|----|
| Performance Summary..... | 1 |
| Portfolio Performance vs S&P/LSTA US Leveraged Loan 100 Index..... | 2 |
| Quarterly Valuation Movement | 3 |
| Diversification..... | 4 |
| Fund Geographic Diversification | 4 |
| Cash Flow Activity..... | 5 |
| Quarterly Cash Flow Activity | 5 |
| Annual Cash Flow Activity | 6 |
| Cash Flow by Sector | 7 |
| Unfunded by Vintage Year..... | 8 |
| Schedule of Investments | 9 |
| Schedule of Investments by Vintage Year | 9 |
| Schedule of Investments by Sector | 10 |
| End Notes..... | 11 |
| Definitions..... | 12 |

Disclaimer on this Page - Redacted

PERFORMANCE SUMMARY

StepStone Group LP (“StepStone”) was engaged by Pennsylvania State Employees' Retirement System (“SERS”) to provide Private Credit services for prospective investment opportunities, as well as portfolio management.

StepStone monitors investments under the entity Pennsylvania State Employees' Retirement System (“the Portfolio”).

The following table illustrates the Portfolio's since inception investment performance as of December 31, 2021, as well as the quarter-over-quarter and year-over-year change.

The Portfolio is generating a since inception net IRR of 19.1% at December 31, 2021, down (76) basis points quarter-over-quarter.

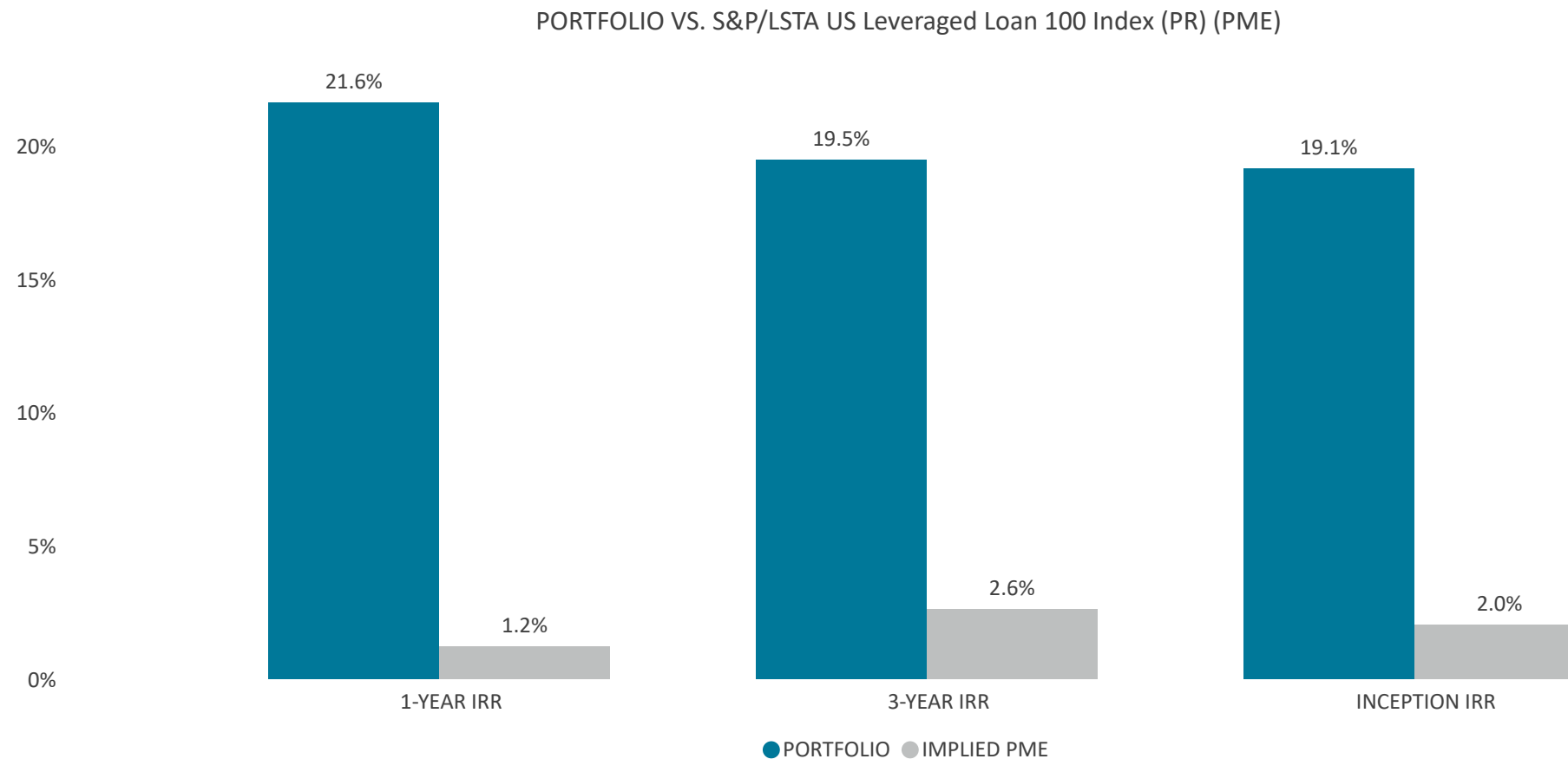
As of December 31, 2021. In USD millions.

| SERS PORTFOLIO PERFORMANCE SUMMARY | | | | | |
|------------------------------------|-------------------|--------------------|-------------------|-----------------|----------------|
| | DECEMBER 31, 2021 | SEPTEMBER 30, 2021 | DECEMBER 31, 2020 | QUARTERLY Δ | ANNUAL Δ |
| Number of Managers | 10 | 10 | 10 | 0 | 0 |
| Number of Investments | 19 | 17 | 17 | 2 | 2 |
| Number of Active Investments | 19 | 17 | 17 | 2 | 2 |
| Committed Capital | \$1,678.3 | \$1,554.5 | \$1,559.7 | \$123.8 | \$118.6 |
| Unfunded Commitment | 798.3 | 776.6 | 990.9 | 21.7 | (192.6) |
| Total Exposure | 1,873.0 | 1,728.0 | 1,656.2 | 145.0 | 216.8 |
| Total Contributed | 991.6 | 881.2 | 628.7 | 110.4 | 362.9 |
| Total Distributed | 199.3 | 177.7 | 80.4 | 21.7 | 118.9 |
| Total Market Value | 1,074.7 | 951.4 | 665.3 | 123.4 | 409.4 |
| Since Inception G/L | 282.4 | 247.9 | 117.0 | 34.6 | 165.5 |
| Total Value | \$1,274.1 | \$1,129.0 | \$745.7 | \$145.0 | \$528.3 |
| Net DPI | 0.2x | 0.2x | 0.1x | | |
| Net TVM | 1.3x | 1.3x | 1.2x | | |
| Net IRR | 19.1% | 19.9% | 17.0% | (76 bps) | 215 bps |

Past performance is not necessarily indicative of future results and there can be no assurance that the investment will achieve comparable results or avoid substantial losses.

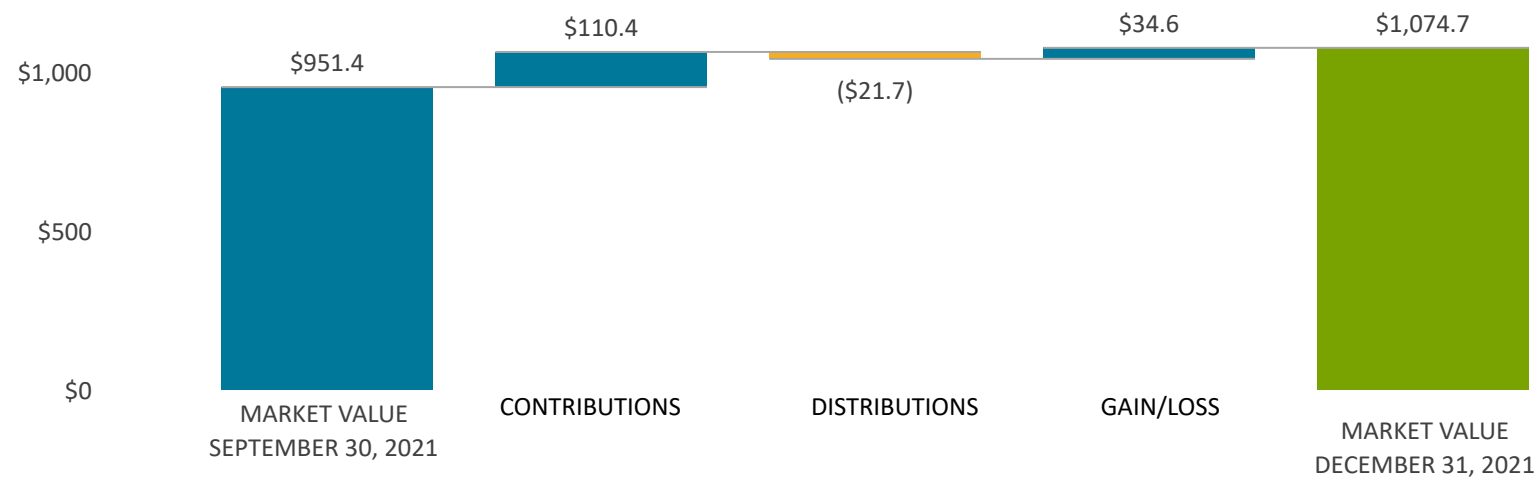
PERFORMANCE SUMMARY CONTINUED

The following table illustrates the Portfolio's point-to-point investment performance as of December 31, 2021, as well as the public market equivalent (PME) based on the S&P/LSTA US Leveraged Loan 100 Index (PR) index.



QUARTERLY VALUATION MOVEMENT

During the fourth quarter of 2021, the value of the Portfolio increased by \$34.6 million, or 3.6%.



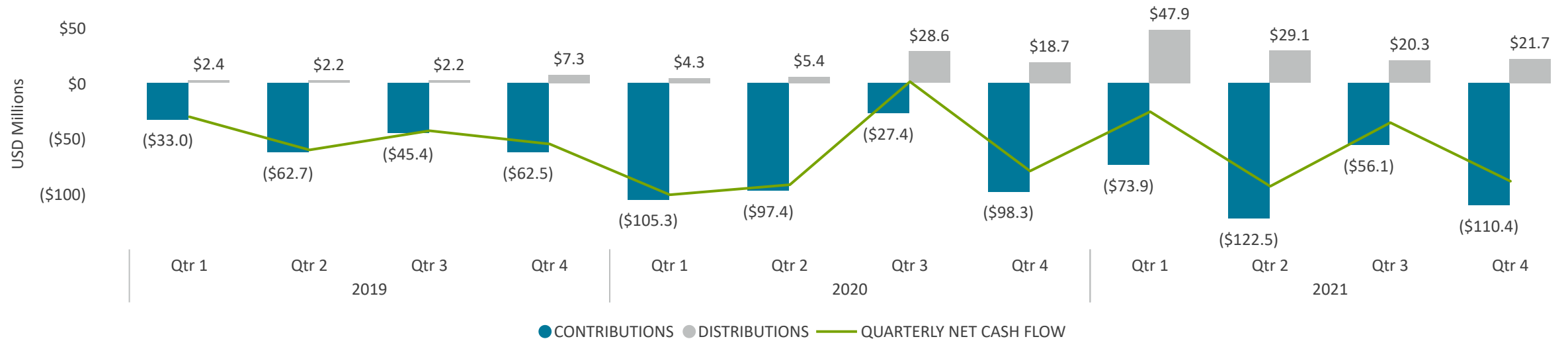
FUND GEOGRAPHIC DIVERSIFICATION

As of December 31, 2021. In USD millions.

| GEOGRAPHY | NAV | % OF TOTAL | UNFUNDED | % OF TOTAL | TOTAL EXPOSURE | % OF TOTAL |
|---------------|------------------|---------------|----------------|---------------|------------------|---------------|
| North America | \$878.4 | 81.7% | \$652.1 | 81.7% | \$1,530.5 | 81.7% |
| Europe | \$196.4 | 18.3% | \$146.2 | 18.3% | \$342.5 | 18.3% |
| Total | \$1,074.7 | 100.0% | \$798.3 | 100.0% | \$1,873.0 | 100.0% |

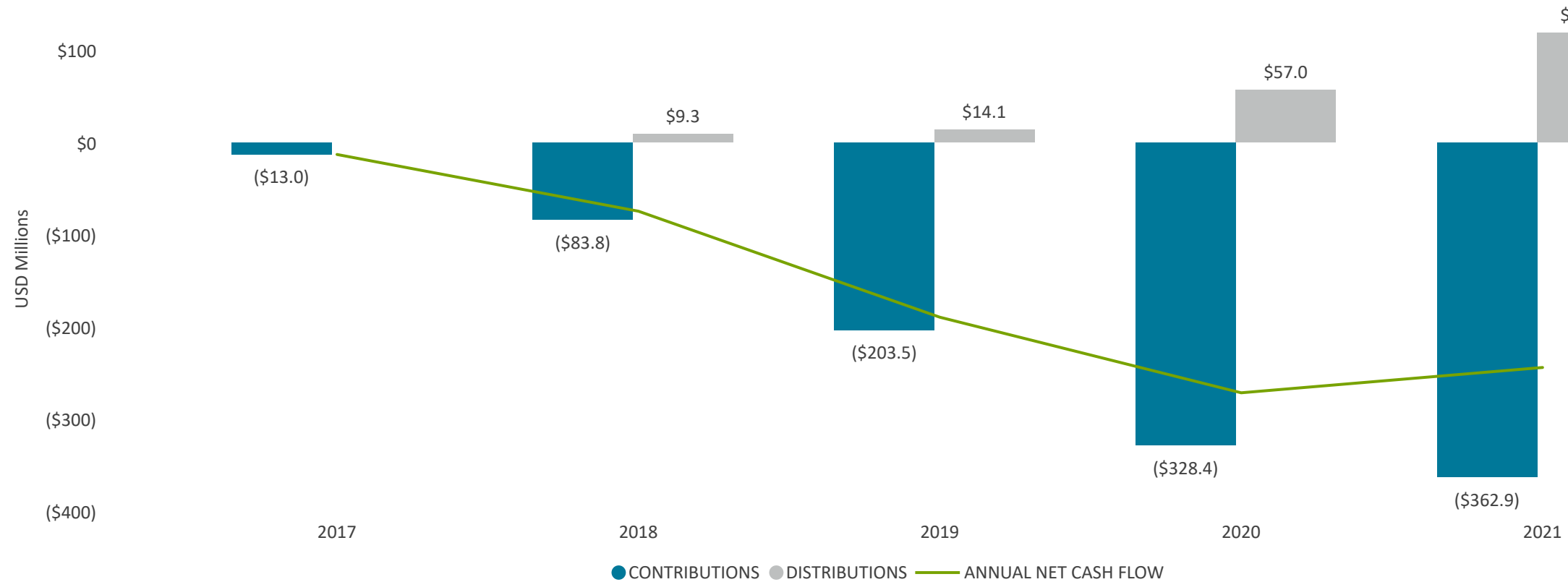
QUARTERLY CASH FLOW ACTIVITY

During the fourth quarter of 2021, the Portfolio contributed \$110.4 million and received \$21.7 million of distributions, for a net cash outflow of \$88.8 million.

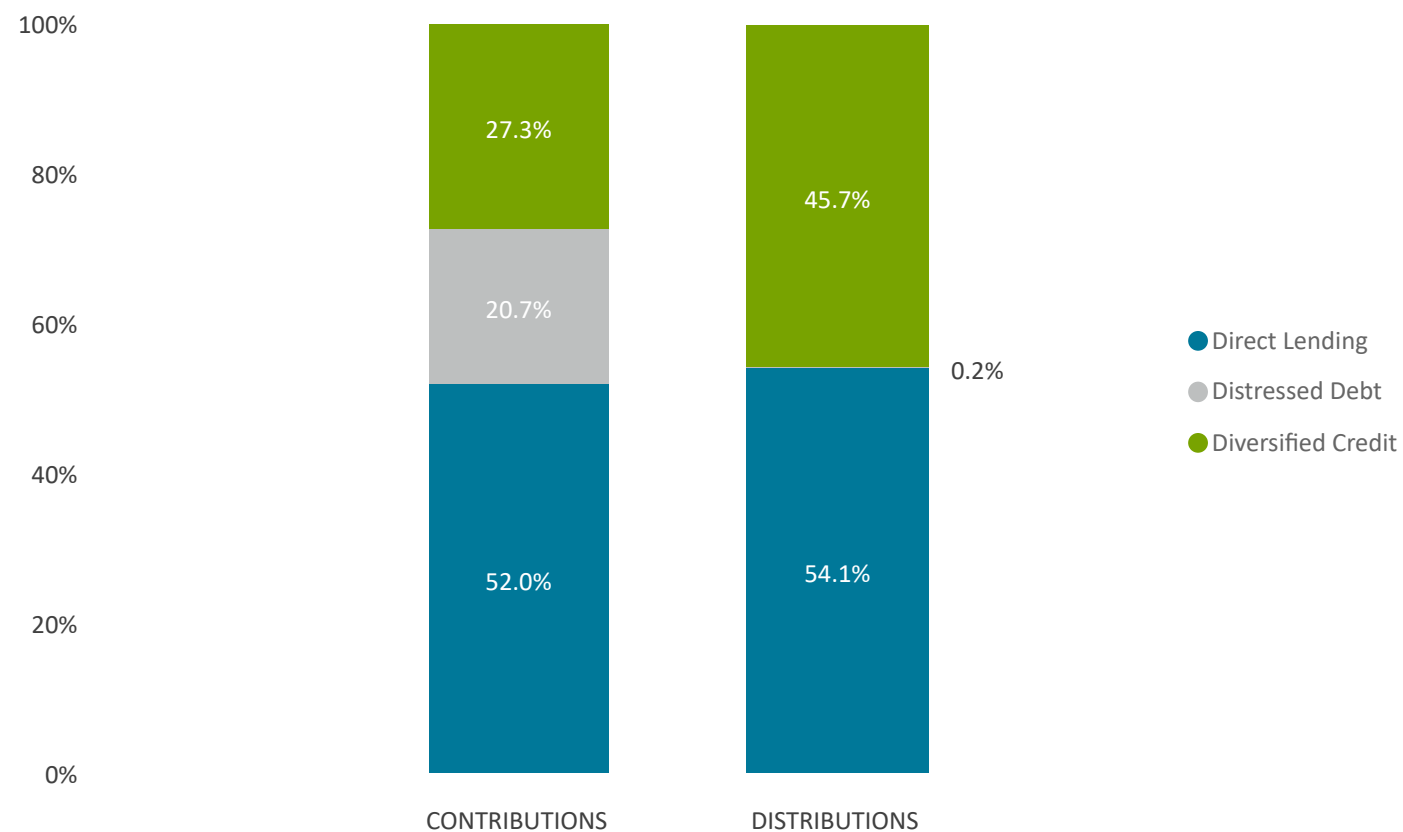


ANNUAL CASH FLOW ACTIVITY

During the twelve months ended December 31, 2021, the Portfolio contributed \$362.9 million and received \$118.9 million of distributions, for a net cash outflow of \$244.0 million.

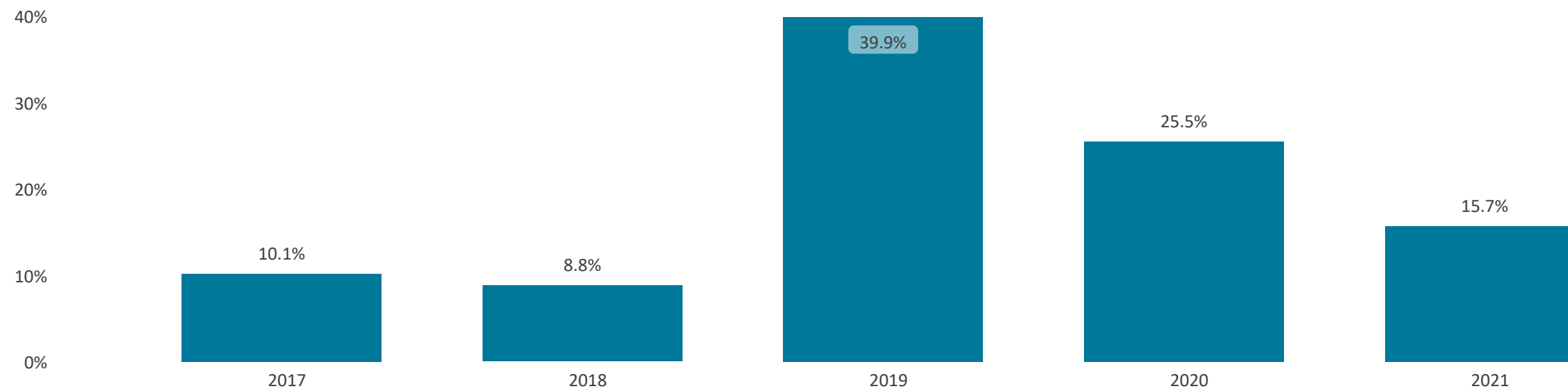


CASH FLOW BY SECTOR



UNFUNDED % BY VINTAGE YEAR

The following chart provides unfunded commitments by vintage year as a percentage of the Portfolio's total unfunded commitments.



SCHEDULE OF INVESTMENTS BY VINTAGE YEAR

As of December 31, 2021

| VINTAGE | FUND | SECTOR | COMMITMENT | CONTRIBUTIONS | DISTRIBUTIONS | MARKET VALUE | GAIN/LOSS | TVM | IRR | IRR RANK | TVM RANK |
|---|---|--------------------|----------------------|--------------------|--------------------|----------------------|--------------------|-------------|--------------|--------------|---------------|
| 2017 | Audax Direct Lending Solutions Fund-A | Direct Lending | 100,000,000 | 75,031,205 | 26,216,860 | | | | | | |
| 2017 | Sixth Street TAO 4.0 (B) | Diversified Credit | 100,000,000 | 85,919,236 | 30,540,221 | | | | | | |
| 2017 Total | | | 200,000,000 | 160,950,441 | 56,757,081 | | | | | | |
| 2018 | Apollo Hybrid Value Fund | Diversified Credit | 100,000,000 | 118,198,993 | 58,249,679 | | | | | | |
| 2018 | Brightwood Capital Fund IV | Direct Lending | 100,000,000 | 100,000,000 | 33,802,191 | | | | | | |
| 2018 | ICG Europe Fund VII | Diversified Credit | 92,200,321 | 67,504,936 | 3,922,740 | | | | | | |
| 2018 | Sixth Street Opportunities Partners IV | Distressed Debt | 50,000,000 | 38,156,161 | 3,729,515 | NM | NM | NM | NM | NM | NM |
| 2018 Total | | | 342,200,321 | 323,860,090 | 99,704,125 | 316,205,701 | 92,049,737 | 1.3x | 15.1% | First | Second |
| 2019 | Ares PA Opportunities Fund, L.P. - Distressed Debt | Distressed Debt | 100,000,000 | 68,903,420 | 2,770,995 | NM | NM | NM | NM | NM | NM |
| 2019 | Clearlake Opportunity Partners II | Diversified Credit | 75,000,000 | 19,063,943 | 209,533 | NM | NM | NM | NM | NM | NM |
| 2019 | Glendon Opportunities Fund II | Distressed Debt | 150,000,000 | 105,000,000 | - | NM | NM | NM | NM | NM | NM |
| 2019 | ICG Europe Mid-Market Fund | Diversified Credit | 76,098,357 | 31,267,064 | 821 | NM | NM | NM | NM | NM | NM |
| 2019 | ICG North American Private Debt Fund II | Direct Lending | 50,000,000 | 25,187,872 | 9,206,341 | NM | NM | NM | NM | NM | NM |
| 2019 | Permira Credit Solutions IV Master (Feeder) SCSp | Direct Lending | 75,000,000 | 50,037,166 | 7,100,367 | NM | NM | NM | NM | NM | NM |
| 2019 | Sixth Street TAO Contingent (D) | Diversified Credit | 150,000,000 | 69,752,659 | 14,722,467 | NM | NM | NM | NM | NM | NM |
| 2019 Total | | | 676,098,357 | 369,212,124 | 34,010,523 | 463,841,044 | 128,639,443 | NM | NM | NM | NM |
| 2020 | Ares PA Opportunities Fund, L.P. - Direct Lending | Direct Lending | 100,000,000 | 33,029,129 | - | NM | NM | NM | NM | NM | NM |
| 2020 | Ares PA Opportunities Fund, L.P. - Diversified Credit | Diversified Credit | 100,000,000 | 25,056,151 | 478,410 | NM | NM | NM | NM | NM | NM |
| 2020 | HPS Mezzanine Partners 2019 | Direct Lending | 75,000,000 | 67,214,727 | 7,859,552 | NM | NM | NM | NM | NM | NM |
| 2020 | Permira Susquehanna Opportunities - Credit | Direct Lending | 60,000,000 | 12,287,712 | 539,209 | NM | NM | NM | NM | NM | NM |
| 2020 Total | | | 335,000,000 | 137,587,719 | 8,877,171 | 145,124,269 | 16,413,721 | NM | NM | NM | NM |
| 2021 | Clearlake Opportunities Partners III | Diversified Credit | 75,000,000 | - | - | NM | NM | NM | NM | NM | NM |
| 2021 | Sixth Street Opportunities Partners V | Distressed Debt | 50,000,000 | - | - | NM | NM | NM | NM | NM | NM |
| 2021 Total | | | 125,000,000 | - | - | NM | NM | NM | NM | NM | NM |
| Total: Commonwealth of Pennsylvania State Employees' Retirement System | | | 1,678,298,677 | 991,610,373 | 199,348,899 | 1,074,706,561 | 282,445,087 | 1.3x | 19.1% | First | First |

SCHEDULE OF INVESTMENTS BY SECTOR

As of December 31, 2021

| SECTOR | FUND | VINTAGE | COMMITMENT | CONTRIBUTIONS | DISTRIBUTIONS | MARKET VALUE | GAIN/LOSS | TVM | IRR | IRR RANK | TVM RANK |
|---|---|---------|----------------------|--------------------|--------------------|----------------------|--------------------|-------------|--------------|---------------|---------------|
| Direct Lending | Ares PA Opportunities Fund, L.P. - Direct Lending | 2020 | 100,000,000 | 33,029,129 | - | NM | NM | NM | NM | NM | NM |
| Direct Lending | Audax Direct Lending Solutions Fund-A | 2017 | 100,000,000 | 75,031,205 | 26,216,860 | | | | | | |
| Direct Lending | Brightwood Capital Fund IV | 2018 | 100,000,000 | 100,000,000 | 33,802,191 | | | | | | |
| Direct Lending | HPS Mezzanine Partners 2019 | 2020 | 75,000,000 | 67,214,727 | 7,859,552 | NM | NM | NM | NM | NM | NM |
| Direct Lending | ICG North American Private Debt Fund II | 2019 | 50,000,000 | 25,187,872 | 9,206,341 | NM | NM | NM | NM | NM | NM |
| Direct Lending | Permira Credit Solutions IV Master (Feeder) SCSp | 2019 | 75,000,000 | 50,037,166 | 7,100,367 | NM | NM | NM | NM | NM | NM |
| Direct Lending | Permira Susquehanna Opportunities - Credit | 2020 | 60,000,000 | 12,287,712 | 539,209 | NM | NM | NM | NM | NM | NM |
| Direct Lending Total | | | 560,000,000 | 362,787,811 | 84,724,519 | 342,705,340 | 64,642,048 | 1.2x | 12.2% | Second | Second |
| Distressed Debt | Ares PA Opportunities Fund, L.P. - Distressed Debt | 2019 | 100,000,000 | 68,903,420 | 2,770,995 | NM | NM | NM | NM | NM | NM |
| Distressed Debt | Glendon Opportunities Fund II | 2019 | 150,000,000 | 105,000,000 | - | NM | NM | NM | NM | NM | NM |
| Distressed Debt | Sixth Street Opportunities Partners IV | 2018 | 50,000,000 | 38,156,161 | 3,729,515 | NM | NM | NM | NM | NM | NM |
| Distressed Debt | Sixth Street Opportunities Partners V | 2021 | 50,000,000 | - | - | NM | NM | NM | NM | NM | NM |
| Distressed Debt Total | | | 350,000,000 | 212,059,581 | 6,500,510 | 293,901,488 | 88,342,417 | NM | NM | NM | NM |
| Diversified Credit | Apollo Hybrid Value Fund | 2018 | 100,000,000 | 118,198,993 | 58,249,679 | | | | | | |
| Diversified Credit | Ares PA Opportunities Fund, L.P. - Diversified Credit | 2020 | 100,000,000 | 25,056,151 | 478,410 | NM | NM | NM | NM | NM | NM |
| Diversified Credit | Clearlake Opportunities Partners III | 2021 | 75,000,000 | - | - | NM | NM | NM | NM | NM | NM |
| Diversified Credit | Clearlake Opportunity Partners II | 2019 | 75,000,000 | 19,063,943 | 209,533 | NM | NM | NM | NM | NM | NM |
| Diversified Credit | ICG Europe Fund VII | 2018 | 92,200,321 | 67,504,936 | 3,922,740 | | | | | | |
| Diversified Credit | ICG Europe Mid-Market Fund | 2019 | 76,098,357 | 31,267,064 | 821 | NM | NM | NM | NM | NM | NM |
| Diversified Credit | Sixth Street TAO 4.0 (B) | 2017 | 100,000,000 | 85,919,236 | 30,540,221 | | | | | | |
| Diversified Credit | Sixth Street TAO Contingent (D) | 2019 | 150,000,000 | 69,752,659 | 14,722,467 | NM | NM | NM | NM | NM | NM |
| Diversified Credit Total | | | 768,298,677 | 416,762,981 | 108,123,871 | 438,099,733 | 129,460,623 | 1.3x | 20.3% | First | First |
| Total: Commonwealth of Pennsylvania State Employees' Retirement System | | | 1,678,298,677 | 991,610,373 | 199,348,899 | 1,074,706,561 | 282,445,087 | 1.3x | 19.1% | First | First |

END NOTES

Performance Summary

Commitment reflects current commitment include FX fluctuations for non-USD funds.

Contributed Capital includes contributions for investments, management fees and expenses to underlying partnership investments.

Net DPI, or Distributed to Paid-In-Multiple, is calculated as Distributed Capital divided by Contributed Capital.

Net TVM, or Total Value Multiple, is calculated as Total Value, which is comprised of Market Value plus Distributed Capital, divided by Contributed Capital.

Net IRR is net of managers' fees, expenses, and carried interest.

Portfolio Performance vs Benchmarks

Benchmark is a dollar-weighted calculation of quarterly changes in the S&P/LSTA U.S. Leveraged Loan 100 Index. S&P Dow Jones is the source and owner of the trademark, service marks and copyrights related to the S&P Dow Jones Indexes.

Returns shown are dollar-weighted IRR.

Schedule of Investments by Vintage Year & Sector

Commitment reflects current commitment including FX fluctuations for non-USD funds.

Contributions includes management fees and expenses.

Gain/Loss represents since inception total value change of active investments unless otherwise noted.

NM - Not Meaningful

IRR and TVM for certain vehicles may have been impacted by Stepstone's or the underlying GPs' use of subscription-backed credit facilities by such vehicles. Reinvested/recycled amounts increase contributed capital.

Fund quartile rankings provided by Burgiss Private iQ as of December 31, 2021 and represent sector-comparable funds aggregated by vintage year, asset class and geography in which SERS made investments. These figures have been prepared by Stepstone on behalf of SERS and have not been provided by any General Partner.

Past performance is not necessarily indicative of future results and there can be no assurance that the fund will achieve comparable results or avoid substantial losses.

Definitions on Pages 12-13 - Redacted