

### Investment Recommendation

SERS Investment Office staff and SERS’ Private Equity Consultant, StepStone Group recommend that the Investment Committee of the State Employees’ Retirement Board interview Ardian (the “GP” or the “Firm”) at its meeting on September 22, 2022, to consider a potential commitment of up to (i) \$100 million to Ardian Secondary Fund IX L.P. (“Fund IX” or “ASF IX”), and (ii) \$50 million to Ardian Secondary Fund IX PA Co-Investment Fund L.P. (“Co-invest”), subject to successful completion of contract negotiations and execution and delivery of closing documents by all parties, including required Commonwealth legal approvals. The Firm is targeting commitments of \$15 billion for Fund IX. The fund will have a final close in Q2 of 2023.

### Investment Rationale

Staff believes Ardian IX represents a strong candidate for SERS’ capital commitment as it offers:

- Successful and stable track record of net returns
- Solves for the risks associated with primary fund investing such as blind pools and J-curve, resulting in shorter investment durations
- Experienced Investment Team
- Diversified Sourcing Channels and Active Monitoring Database

### Investment Risks & Mitigants

Staff identified the following potential risks:

- Senior Level Investment Departures
- Secondaries market is being flooded with capital experiencing a factor increase of 13 over the last 16 years
- Ardian’s team isn’t dedicated to secondaries only

### Portfolio Implications

The recommended commitment to Ardian would be a 2022 vintage allocation in the Private Equity asset class within the Special Situations sub-asset class. As of March 31, 2022, SERS’ market value of Special Situations investments was approximately 9.8% of the Core PE portfolio.

The following two charts show the Core PE portfolio allocations by sub-strategy as of March 31, 2022, on the left, and a prospective view of the allocation post a \$150 million commitment to Ardian on the right.

