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Market Commentary

DEBT RELATED

— **HY issuance was up and leveraged loan issuance was down.** In 2020, US high yield issuance was up 54.2% at a record high of $411.6 billion compared to 2019. Leverage loan issuance volume was $711 billion in 2020, down 12.0% from the same time last year.

— **HY Credit Index and BB index spreads loosened, while CCC index spreads tightened.** US HY Credit Index and BB index spreads loosened by 20 bps and 43 bps in 2020 (+5.4% and +16.4 from 2019, respectively). At the same time, CCC index tightened by 198 bps (-14.5% versus 2019 levels). B spreads remained flat, tightening by 1bp.

— **With decline in LBO debt issuance, interest coverage increased significantly in US.** Total leverage averaged 5.7x (Debt / EBITDA) in 2020 for US new issue loans, down 3.0% from 2019. Interest coverage averaged 3.5x (EBITDA / Cash Interest), up 27.8% from 2019. In Europe with 2020 LBO Loan volume at $43.8 billion down 17.5% from 2019 and down 68.2% from $137.7 billion peak in 2007, leverage multiples nudged up 4.5% to 5.9x in 2020, still below 6.1x peak in 2007.

GLOBAL

— **Investment activity was down, average deal size was up.** During 2020, global PE firms invested in $810.1 billion worth of deals, up 6.3% from the same time prior year and closed on 24,482 transactions, down 5.1% from same time in 2019.

— **PE dry powder continued to surge globally.** In 2020, global total PE dry powder was at $1.75 trillion, up 10.6% from 2019. US total PE was up by 12.5% to $970.7 billion; Europe total PE increased by 6.6% to $329.5 billion; Asia total PE was up by 7.8% to $363.1 billion; and the rest of world total PE was up by 3.6% to $57.6 billion. By sub-asset, VC dry powder grew most in the US (26.5%), Europe (23.0%), and Asia (17.8%).

US BUYOUTS

— **Dry powder increased.** In 2020, US buyout dry powder was $525.3 billion, up by 8.2% from the same time in 2019.

— **Fundraising activity was down significantly.** In 2020, US firms across all buyout strategies raised $172.0 billion, down by 39.5% from same time prior year. Average fund size decreased 30.3%, from $1.79 billion in 2019 to $1.25 billion in 2020.

— **Investment activity was up, average deal size was down.** During 2020, US buyout firms invested in $241.1 billion worth of deals (-4.7% from 2019) into 3,244 deals (+2.9%).
Market Commentary

— **LBO price multiples were up.** As of December 31, 2020, US LBO purchase price multiples (Enterprise Value / EBITDA) were at 11.4x, a 2.2% increase from end of 2019.

— **Exit activity increased, but with smaller transactions.** During 2020, US buyout firms exited 3,244 companies, representing $241.1 billion in total transaction value. This represented a 2.9% increase in the number of exits and a 4.7% decrease in total transaction value compared to the same time last year.

**US VENTURE CAPITAL**

— **Dry powder increased.** In 2020, US VC dry powder was at $153.6 billion, up 26.5% from 2019.

— **Fundraising activity slowed down, but average fund size increased.** US VC firms raised $77.3 billion during 2020, a 45.3% increase from the same period last year. 459 funds closed in 2020, a 13.1% decrease from the same period last year. The average US VC fund size increased to $168.4 million by 67.1% versus the same period last year.

— **Investment activity was down, average deal size was up.** US VC firms deployed $181.8 billion in capital in 2020, a 28.8% increase from 2019 as deal activity skewed from early to late stage. The number of rounds closed at 6,384, a 10.2% decrease from the same time last year. The average investment per deal increased to $35.7 million, a 43.4% increase from prior year.

— **Seed stage valuation was down, but Early and Late VC valuations increased.** Compared to December 31, 2020, the average pre-money valuations decreased for Seed-stage VC in 2020, down 16.7% at from $6.0 million to $5.0 million. The average pre-money valuations increased for both early VC and late VC stages in 2020: up 7.1% at $30.0 million for Early-stage VC, and 18.3% at $76.9 million for Late-stage. Over the past 3 years, the average pre-money valuations of Seed-, Early- and Late-stage investments were up 16.7%, 66.7%, and 61.8%, respectively.

— **Exit activity increased significantly with larger transactions.** US VC firms exited 998 companies in 2020, up by 47.9% from last year and 47.6% from three years ago. This represented the record high $241.0 billion in transaction value, up by 201.3% from the same period last year and 366.1% from three years ago. Largest sectors exited were Technology Services and Health Technology.
EX US

— **Dry powder grew ex-US, but absolute level still less than in the US.** PE dry powder outside the US grew to $776.9 billion for 2020, an 8.4% increase versus last year\(^4\). However, dry powder outside the US was still 20% less than dry powder in the US ($970.7 billion)\(^4\).

  ▪ **Europe VC and buyout dry powders both up.** VC at $37.5 billion and buyout at $218.6 billion were up 23.0% and 8.2% from 2019, respectively\(^4\).

  ▪ **In Asia, VC dry powder increase paralleled US and Europe. Growth equity dry powder decreased as buyout saw increase.** VC dry powder at $124.0 billion was up 17.8% from 2019\(^4\). Growth equity declined to $116.2 billion (-4.8% from 2019), but with larger funds raised targeting control deals, buyout dry powder increased to $99.7 billion (+16.7%)\(^4\). In aggregate, growth equity and buyout dry powder was $215.9 billion, up 4.2% from 2019\(^4\).

— **Ex-US fundraising down, driven by a significant drop in Asia.** In 2020, ex-US fundraising dropped 12.9% from 2019 to $274.3 billion\(^5\). The decrease was caused by Asian funds which raised $95.5 billion, down 44.7%\(^5\). Fundraising in Europe and ROW increased by 24.4% and 34.7% from 2019 to $155.5 billion and $23.3 billion, respectively\(^5\).

— **Capital deployment increased in all but European buyouts.**

  ▪ **In both Europe and Asia, VCs invested more capital into fewer deals.** Investment activity declined by 3.6% and 7.1% in Europe and Asia from 2019\(^6\). But capital deployed increased by 11.9% to $46.2 billion and by 26.5% to $119.8 billion, respectively, in Europe and Asia\(^6\).

  ▪ **Buyout deal activity and capital deployment declined in Europe, but rose in Asia.** In Europe, buyout firms transacted invested $115.5 billion in aggregate value (-14.6% from 2019) in 2,038 deals (-3.1%)\(^6\). Asia buyout firms invested $75.8 billion in aggregate value (+18.1%) in 494 deals (+6.5%)\(^6\).

— **Europe purchase price multiples dropped.** As of December 31, 2020, Europe median purchase price multiples dropped 7.6% from 8.7x to 8.1x EBITDA from the same time last year\(^1\).

— **Similar to US, exit activity strengthened in Asia and Europe. Exits were smaller in Asia, but larger in Europe.** Europe PE aggregate exit value amounted to $184.8 billion, a 31.5% increase from 2019, while Asia PE exit value declined by 6.5% to $105.1 billion\(^6\).
Market Commentary

Outlook

— **PE allocations likely to continue rising steadily.** A recent survey of institutional investors conducted in December 2020 indicated that 39% intend to increase their allocation for private equity compared to 45% during the same period last year; 38% intend to maintain their allocation for private equity compared to 36% during the same period last year; 2% intend to commit less capital to private equity compared to 2% during the same period last year\(^\text{12}\).  

— **Institutional investors most interested in investing in North America and like small- to mid-market buyouts.** Based on the survey conducted in December 2020, institutional investors view North America as the most attractive location to invest in the current economic climate with 91% choosing it as their preferred developed market investment destination, followed by Western Europe (82%) and Asia (68%)\(^\text{12}\). China (58%) and India (27%) are the top two desired countries in the emerging markets for investors\(^\text{12}\). In the same survey, North American respondents were heavily focused on U.S. Middle Market (78%), U.S. Growth Capital Funds (59%), and Small Market Buyouts (56%) with European Middle Market Buyouts (44%) just slightly behind\(^\text{12}\).

Notes

1. Leveraged Loan Monthly Thomson Reuters LPC  
2. Guggenheim High-Yield Bank Loan Outlook  
3. LCD’s Leveraged Buyout Review  
4. Prequin Dry powder by Geography (Prequin Website) Dry powder includes Buyout, Distressed PE, Growth, Mezzanine, Co-investments, Balanced, and Venture Strategies.  
5. Prequin Private Equity Historical Fundraising Statistics  
6. Prequin Pro Buyout and Venture Deals and Exits  
7. US LBO Review  
8. PitchBook-NVCA Venture Monitor  
9. PitchBook’s VC Valuations  
10. LCD European Leveraged Buyout Review  
11. European Leveraged Lending Review  
   a. Ex US Multiples were estimated utilizing a number of sources including Prequin Private Equity-Backed Buyout Deals and Exits Factsheet, LCD’s Leveraged Buyout Review, Pitchbook Europe M&A and Leveraged Loan Monthly Thomson Reuters LPC.  
12. Probitas Partners 2021 Institutional Investors Private Equity Survey
PE Portfolio Overview

Portfolio Summary

— As of December 31, 2020, the Private Equity Portfolio had a total market value of $384.0M, with $171.2M in Buyout, $163.0M in Venture Capital, and $49.8M in Debt-Related/Special Situations. Total market value is the current reported value of investments, excluding the remaining amount of unfunded commitments.

— Since its initial allocation to Private Equity, SamCERA has contributed $364.7M towards its Private Equity commitments, with $214.4M to Buyouts, $57.4M to Venture Capital, and $92.9M in Debt-Related / Special Situations. Unfunded commitments total $194.8M.

— The portfolio exposure at 6.9% is above the 6.0% policy target but within its 4-8% target range. Compared to December 31, 2019, portfolio exposure is up 0.4%, driven by Venture Capital’s strong performance. Buyout remains below its policy target, Venture capital above its target and Debt-Related / Special Situations below its policy target but all within policy ranges.

Portfolio Activity

— In the second half of 2020, SamCERA committed $30.0M to CD&R XI, $20.0M to Endeavor VIII and $15.0M to Canvas Ventures III in order to maintain exposure to policy over time.

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Policy Target</th>
<th>Policy Range</th>
<th>Market Value %</th>
<th>Market Value $(000)</th>
<th>Unfunded Commitment $(000)</th>
<th>Market Value + Unfunded $(000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SamCERA - Total Plan</td>
<td></td>
<td></td>
<td>100.0%</td>
<td>5,533,847</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Buyout (60% +/- 20%)</td>
<td>3.6%</td>
<td>2.4%-4.8%</td>
<td>3.1%</td>
<td>171,186</td>
<td>142,602</td>
<td>313,788</td>
</tr>
<tr>
<td>Venture Capital (20%, 0%-30%)</td>
<td>1.2%</td>
<td>0.0%-1.8%</td>
<td>2.9%</td>
<td>163,025</td>
<td>21,723</td>
<td>184,748</td>
</tr>
<tr>
<td>Debt-Related/Special Situations (20% +/- 10%)</td>
<td>1.2%</td>
<td>0.6%-1.8%</td>
<td>0.9%</td>
<td>49,796</td>
<td>30,437</td>
<td>80,233</td>
</tr>
<tr>
<td>Total Private Equity*</td>
<td>6.0%</td>
<td>4%-8%</td>
<td>6.9%</td>
<td>384,006</td>
<td>194,762</td>
<td>578,769</td>
</tr>
</tbody>
</table>

* The Private Equity Policy Target of 7.0% was reduced to 6.0% effective 10/1/2018.
PE Performance

Performance

— The Private Equity portfolio’s performance, as measured by net IRR, is 21.83%, 477 bps above the same cash flow invested in Russell 3000 Total Return Index of 17.06%. Capital weighted average investment age of the portfolio is 5.6 years.

— The portfolio is currently valued at $384.0M. Together with $390.7M in realized distributions, the Total Value at $774.7M is approximately $410.0M above $364.7M total capital contributions, resulting in a total value multiple of 2.12x and a distribution multiple of 1.07x.

— Distributions surpassed contributions with a ratio of 3.5:1 in 2020 compared to 2.3:1 in 2019, 0.9:1 in 2018 and 1.4:1 in 2017 and 2016.

— Attribution of returns:
  - Buyouts up $134.8M / +62.8% versus cost (Great Hill V & VI, Sycamore, Warburg Pincus XI, ABRY VII and Cevian II leading), with 83.0% of called capital realized and distributed;
  - Venture Capital up $264.5M / +460.8% versus cost (Emergence Capital III, General Catalyst VI, NEA 14, and Third Rock III leading), with 276.8% of called capital realized and distributed; and
  - Debt-related/Special Situations up $10.7M / +11.5% versus cost (ABRY Advanced Securities II, ABRY Senior V and OHA II leading), with 57.9% of called capital realized and distributed.

— Within Private Equity, the current allocation of market value exposure is 44.6% to Buyout, 42.4% to Venture Capital, and 13.0% to Debt-Related/Special Situations.
### Private Equity Portfolio: Current Exposure

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Commitment</th>
<th>Reported Value</th>
<th>Current Exposure as % of Private Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buyout</td>
<td>329,001,040</td>
<td>171,185,554</td>
<td>44.6%</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>79,000,000</td>
<td>163,024,565</td>
<td>42.4%</td>
</tr>
<tr>
<td>Debt-Related/Special Situations</td>
<td>114,500,000</td>
<td>49,795,920</td>
<td>13.0%</td>
</tr>
<tr>
<td><strong>Total Private Equity</strong></td>
<td><strong>522,501,040</strong></td>
<td><strong>384,006,040</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>
### Geography

**Portfolio Diversification**

**Period Ending: December 31, 2020**

<table>
<thead>
<tr>
<th>Geography</th>
<th>Current Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>339,247,367</td>
</tr>
<tr>
<td>Europe*</td>
<td>25,233,317</td>
</tr>
<tr>
<td>Asia</td>
<td>17,511,761</td>
</tr>
<tr>
<td>Rest of World**</td>
<td>2,013,594</td>
</tr>
<tr>
<td><strong>Total Private Equity</strong></td>
<td><strong>384,006,040</strong></td>
</tr>
</tbody>
</table>

Based on the value of portfolio companies as of December 31, 2020, if provided by the partnerships. Differences between reported value and the total portfolio valuation is due to temporary cash funds, fees, other expenses, and holdings with undisclosed geography breakdown.

* Europe includes 100% market value from Cevian II.

** Rest of World includes Kenya, United Arab Emirates, Turkey, and Brazil.
## Industry Portfolio Diversification

**Period Ending: December 31, 2020**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Current Exposure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biotechnology</td>
<td>17,164,059</td>
</tr>
<tr>
<td>Communications</td>
<td>6,684,214</td>
</tr>
<tr>
<td>Computer Related</td>
<td>73,098,274</td>
</tr>
<tr>
<td>Consumer Related</td>
<td>79,239,160</td>
</tr>
<tr>
<td>Energy Related</td>
<td>8,244,201</td>
</tr>
<tr>
<td>Industrial Products</td>
<td>14,371,611</td>
</tr>
<tr>
<td>Medical/Health Related</td>
<td>58,266,776</td>
</tr>
<tr>
<td>Other</td>
<td>77,009,611</td>
</tr>
<tr>
<td>Other Electronics Related</td>
<td>49,928,132</td>
</tr>
<tr>
<td><strong>Total Private Equity</strong></td>
<td><strong>384,006,040</strong></td>
</tr>
</tbody>
</table>

Based on the value of portfolio companies as of December 31, 2020, if provided by the partnerships. Differences between reported value and the total portfolio valuation is due to temporary cash funds, fees, other expenses, and holdings with undisclosed geography breakdown.
## Vintage Year
### Portfolio Diversification

**Period Ending: December 31, 2020**

<table>
<thead>
<tr>
<th>Vintage Year</th>
<th>Commitment as of 12/31/2020</th>
<th>% of Portfolio Commitment</th>
<th>Reported Value as of 12/31/2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>75,000,000</td>
<td>14.35%</td>
<td>27,285,431</td>
</tr>
<tr>
<td>2012</td>
<td>68,000,000</td>
<td>13.01%</td>
<td>143,930,409</td>
</tr>
<tr>
<td>2013</td>
<td>35,000,000</td>
<td>6.70%</td>
<td>39,247,128</td>
</tr>
<tr>
<td>2014</td>
<td>72,500,000</td>
<td>13.88%</td>
<td>54,946,710</td>
</tr>
<tr>
<td>2015</td>
<td>53,000,000</td>
<td>10.14%</td>
<td>45,317,840</td>
</tr>
<tr>
<td>2016</td>
<td>17,000,000</td>
<td>3.25%</td>
<td>11,149,423</td>
</tr>
<tr>
<td>2017</td>
<td>30,000,000</td>
<td>5.74%</td>
<td>34,491,076</td>
</tr>
<tr>
<td>2018</td>
<td>35,000,000</td>
<td>6.70%</td>
<td>8,844,752</td>
</tr>
<tr>
<td>2019</td>
<td>50,000,000</td>
<td>9.57%</td>
<td>17,351,864</td>
</tr>
<tr>
<td>2020</td>
<td>67,001,040</td>
<td>12.82%</td>
<td>1,441,407</td>
</tr>
<tr>
<td>2021</td>
<td>20,000,000</td>
<td>3.83%</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total Private Equity</strong></td>
<td><strong>522,501,040</strong></td>
<td><strong>100%</strong></td>
<td><strong>384,006,040</strong></td>
</tr>
</tbody>
</table>

### Pie Chart:
- VY 2011: 14%
- VY 2012: 13%
- VY 2013: 7%
- VY 2014: 14%
- VY 2015: 10%
- VY 2016: 3%
- VY 2017: 6%
- VY 2018: 7%
- VY 2019: 9%
- VY 2020: 13%
- VY 2021: 4%
- VY 2020: 13%
Material Exceptions to Policy

Significant Events

Period Ending: December 31, 2020

— As of December 31, 2020, the Private Equity Portfolio exposure at 6.9%, is greater than that of the plan’s 6.0% policy target, but within its 4-8% target range.

• Compared to December 31, 2019, portfolio exposure is down 0.4%, driven by recent exists from the Venture Capital portfolio in 2020.

• Venture Capital remains above its policy target, as a result of significant increase in value in two select companies.