Pomona Capital

Reimagining the 60/40 Portfolio with Private Equity Secondaries

Secondary private equity may add value to a traditional 60/40 portfolio

The core investment portfolio needed to balance return and risk – long viewed by financial advisors as a prototypical 60/40 stock/ bond allocation – is taking on a different look.

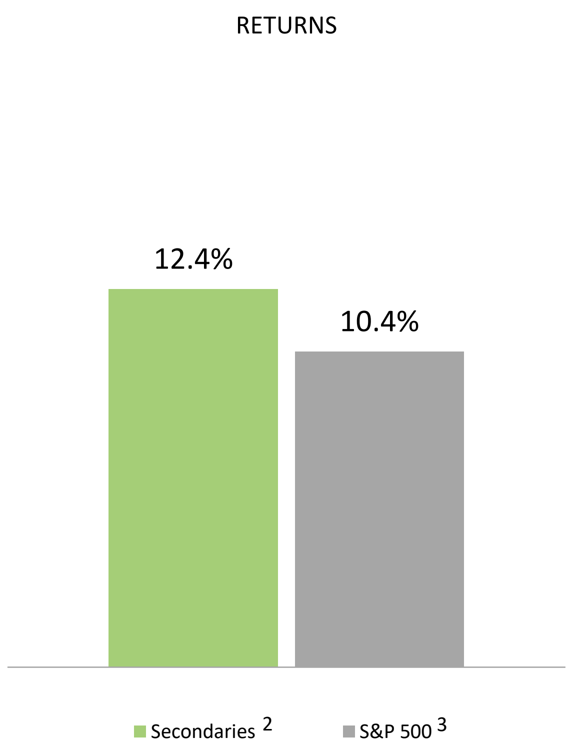
Pomona believes advisors are coming to the same conclusion as institutional investors: alternatives are not alternatives anymore. Accordingly, we believe advisors are making alternatives a core component of strategic asset allocations. As a result, some investors are seeking to add private markets to portfolios to potentially achieve greater long-term returns and mitigate risk.

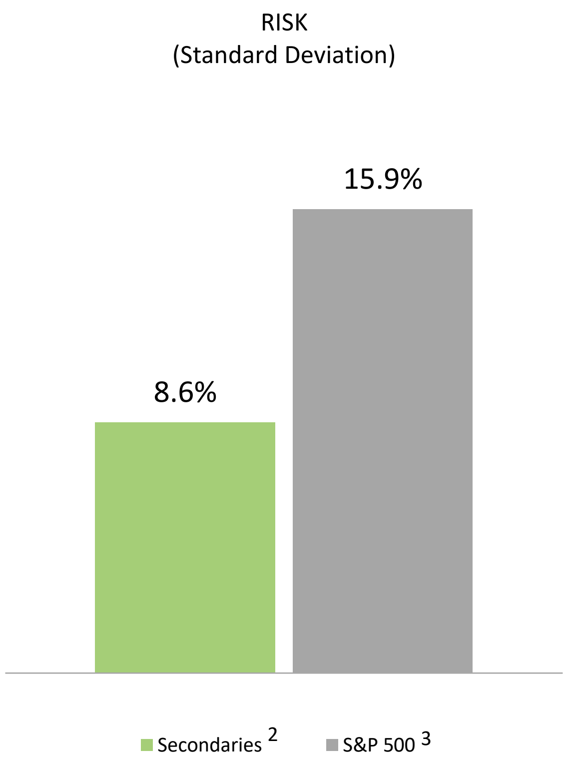
Established track record of higher returns with lower risk

Secondary private equity (PE) has emerged as one of several ways to gain access to the private equity asset class. Over the long term, secondary private equity has delivered higher absolute returns with less risk than public equities, resulting in higher overall risk-adjusted returns. These attributes make secondary private equity a useful component of many investors' portfolios.

Secondaries returns have historically delivered higher returns than public equities with less risk

Total return and standard deviation for the 20-year period ending 12/31/24



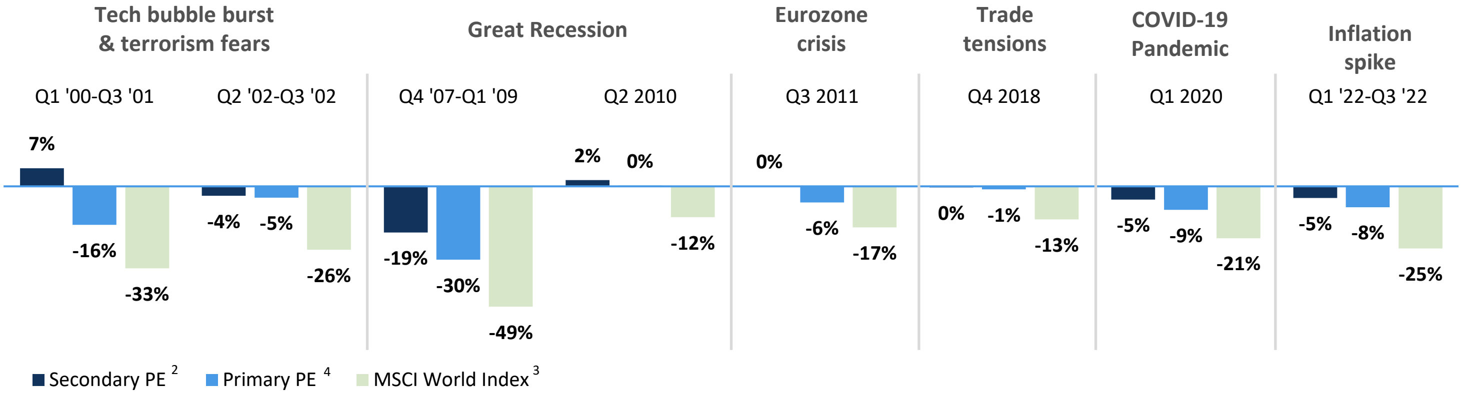


As of 12/31/24. Source: S&P 500 and Cambridge Associates. Past performance is no guarantee of future results. See disclosures for index definitions and other disclosures. Please see footnote 1 for risks of investing in private equity.

Historically, secondaries have offered strong downside protection

When broader market conditions deteriorate, secondary private equity investments have exhibited lower volatility and downside risk compared to public equity, and even primary private equity investments.

In Downturns, Secondaries Have Demonstrated Resilience
Cumulative returns during equity drawdown periods



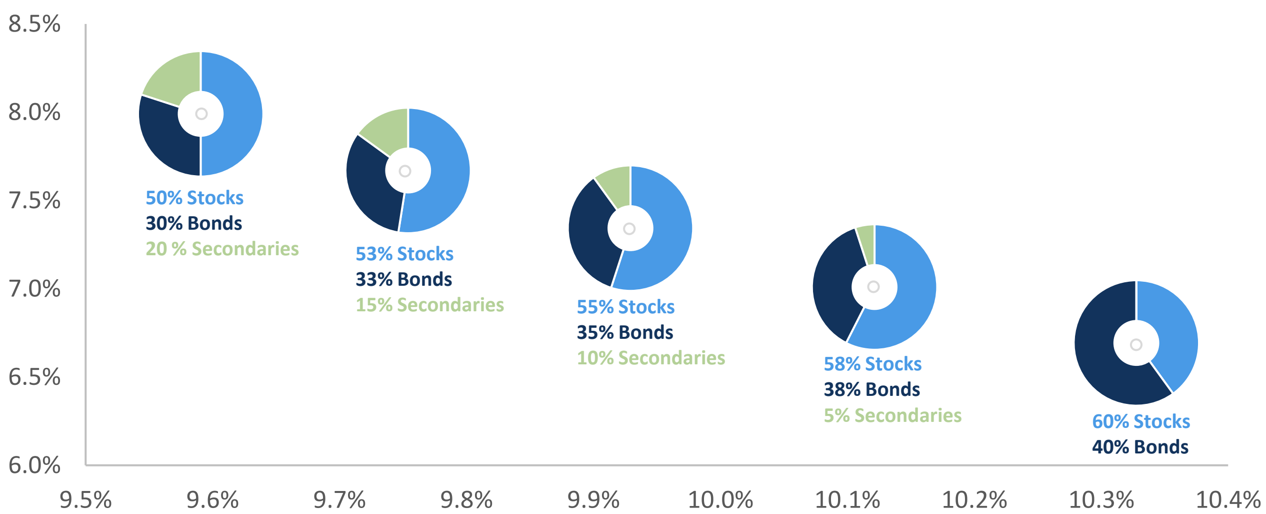
As of 12/31/24. Source: Pomona Capital, Capital IQ (S&P), Cambridge Associates (CA Index). Data show cumulative quarterly returns during drawdown periods from 1999 to 2024. Past performance is not an indication of future performance. There is no guarantee that an investment in a Pomona-sponsored fund will ultimately be profitable. See disclosures for index definitions and risks.

Secondary PE: A Potential Path To More Attractive Risk-Adjusted Returns

Adding secondary private equity to a 60/40 portfolio is a possible strategy to help enhance risk-adjusted returns. As the data below illustrates, reallocating a portion of a portfolio from public equities and bonds to secondary private equity may enhance the risk-return profile.

By strategically incorporating secondary private equity into a traditional 60/40 allocation, advisors can seek to enhance risk-adjusted returns, diversify their holdings, and create a more balanced and resilient investment strategy for their clients' portfolios.

Adding secondary PE to a 60/40 portfolio may increase returns and lower risk
Annualized returns and standard deviation over 20 years*



As of 12/31/24. Assumptions: Portfolio with Secondary PE takes 50% of the allocation from Bonds and Stocks each. Indices used: Cambridge Associates Secondary Index; Stocks: MSCI World Index; Bonds: Bloomberg U.S. Aggregate Bond Index.[6]

*The above reflects a hypothetical investment in the stated allocations if invested on 01/01/05 and held through 12/30/24. The data above is being shown for hypothetical purposes and is intended to show potential returns that may be achieved based on the above investment allocations across equity, private equity, and fixed income in a particular portfolio. It Is not intended to show actual returns for each portfolio in every case. The statements made above are the opinions of Pomona Capital and are subject to change. There can be no assurance that any investment made in a Pomona fund will have any or all of the investment characteristics described herein. Prospective investors should consult their financial, tax and legal advisors prior to making a commitment to any Pomona-sponsored fund. Investments in private equity involve a substantial degree of risk; there is no guarantee that any investment in a Pomona-sponsored fund will ultimately be profitable and an investor could lose some or all of its investment. Past performance is not indicative of future results. Please read in conjunction with footnotes and disclaimers. Please see footnote 1 for risks of investing in private equity.

Risks of investing and important disclosures

Private equity may not be suitable for every investor, may involve a high degree of risk, and may be appropriate investments only for sophisticated investors who are capable of understanding and assuming the risks involved. Private equity investments are subject to various risks. These risks are generally related to: (i) the ability of the manager to select and manage successful investment opportunities; (ii) the quality of the management of each company in which a private equity fund invests; (iii) the ability of a private equity fund to liquidate its investments; and (iv) general economic conditions. Private equity funds that focus on buyouts have generally been dependent on the availability of debt or equity financing to fund the acquisitions of their investments. Depending on market conditions, however, the availability of such financing may be reduced dramatically, limiting the ability of such private equity funds to obtain the required financing or reducing their expected rate of return. Private equity funds, as well as securities that invest in such funds and companies in which such funds or securities may invest, tend to lack the liquidity associated with the securities of publicly traded companies and as a result are inherently more speculative. All equity investing involves risks of fluctuating prices and the uncertainties of rates of return and yield inherent in investing.

Past performance is no guarantee of future results. There are no guarantees a diversified portfolio will outperform a non-diversified portfolio. Diversification does not guarantee a profit or ensure against loss.

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Footnotes & Disclaimers

(1) Investment in private equity involves a substantial degree of risk and the appropriateness of private equity for any individual portfolio will vary. Index performance is not representative of the Fund's performance. There are significant differences between public and private equities, which include but are not limited to, the fact that public equities have a lower barrier to entry than private equities. There is also greater access to information about public companies. Investments in private equities typically have a longer time horizon than investments in public equities before profits, if any, are realized. Additionally, public equities typically provide greater liquidity than private equities, whereas private equities are considered highly illiquid. The date range is based on a common period of data availability. The referenced indices are shown for general market comparisons and are not meant to represent any particular investment. There are significant differences in the risks and potential for volatility of the Fund relative to an index. An investor cannot invest directly in an index. Moreover, indices do not reflect commissions or fees that may be charged to an investment product based on the index, which may materially affect the performance data presented. Past performance is no guarantee of future results.

(2) The Cambridge Secondary Funds Index is based on unaudited quarterly performance data compiled from 327 secondary funds (excluding hard assets funds), including fully liquidated partnerships, formed between 2000 and 2023. The index has limitations (some of which are typical to other widely used indices) and cannot be used to predict performance of the Fund. These limitations include: 1. Survivorship bias (the returns of the index may not be representative of all secondary funds in the universe because of the tendency of lower performing funds to not report returns to the index); 2. Lack of transparency (the specific funds that are included in this index are not disclosed by Cambridge Associates, and therefore cannot be independently verified); 3. Heterogeneity (not all secondary funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and 4. Limited data (many funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown). The index does not represent the Fund's performance and has not been selected to represent an appropriate benchmark to compare an investor's performance but rather is provided to allow for comparison to that of certain well-known and widely recognized indices. Further, as Cambridge Associates recalculates the index each time a new fund is added, the historical performance of this index is not fixed, cannot be replicated, and differs over time from the data presented in this communication. See Cambridge Associates for a complete explanation on IRR calculations and assumptions. The investments within Pomona Investment Fund and the corresponding performance volatility thereof may differ significantly from the securities and or funds that comprise the Cambridge Index, which may contain strategies and asset types Pomona does not utilize. The Cambridge Index is not subject to any of the fees and expenses to which Pomona Investment Fund would be subject and no fund sponsored by Pomona Capital will attempt to replicate the performance of the Cambridge Index. Pomona does not pay any fees to Cambridge Associates to be ranked.

(3) The S&P 500 Index measures the value of stocks of the 500 largest corporations by market capitalization listed on the New York Stock Exchange or Nasdaq Composite. Standard & Poor's intention is to have a price that provides a quick look at the stock market and economy. The composite performance of the S&P 500 is shown strictly for the purpose of comparison between the performance information contained herein and these popular public equity market indices. The S&P 500 is a widely recognized, unmanaged index of market activity based upon the aggregate performance of a selected portfolio of publicly traded common stocks. The performance of the S&P 500 shown in this document reflects the reinvestment of dividends and other distributions. In addition, the S&P 500 shown in this document is not subject to any of the fees and expenses to which any Pomona-sponsored fund would be subject. The S&P 500 has been selected as a general indicator of market health despite the lack of similarity of its underlying components to Pomona-sponsored funds. The S&P 500 index is not subject to any of the fees and expenses to which any Pomona fund would be subject to; Pomona-sponsored funds will invest in other market investment vehicles and will not attempt to replicate the performance of the S&P 500. http:// us.spindices.com/indices/equity/sp-500.

(4) Cambridge Associates LLC U.S. Private Equity: The index is a horizon calculation based on data compiled from 2,378 US private equity funds, including fully liquidated partnerships, formed between 2000 and 2023. The investments within a private equity fund and the corresponding performance volatility thereof may differ significantly from the securities that comprise the index, which may contain strategies and asset types a private equity fund does not utilize. The index is calculated on an annualized total return basis with dividends reinvested. The index has not been selected to represent an appropriate benchmark to compare an investor's performance but rather is shown as a comparison to that of a well-known and widely recognized index. The index is not subject to any of the fees and expenses to which any private equity fund would be subject and no private equity fund will attempt to replicate the performance of the index.

(5) The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of the following 23 developed market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States. (https://www.msci.com/world) while Pomona' focuses on primarily purchasing secondary interests in private equity funds. The MSCI World Index has not been selected to represent an appropriate benchmark to compare an investor's performance but rather is shown as a comparison to that of a well-known and widely recognized index. The MSCI World Index is not subject to any of the fees and expenses to which any Pomona fund would be subject and no fund sponsored by Pomona Capital will attempt to replicate the performance of the MSCI World Index.

(6) The Bloomberg US Aggregate Bond Index measures the performance of the US investment-grade fixed-rate taxable bond market, which includes the following types of securities and typically only includes securities that have $300 million or more of outstanding face value and at least one year remaining to maturity: investment-grade US Treasury bonds, government-related bonds, investment-grade corporate bonds, mortgage passthrough securities, commercial mortgage-backed securities and asset-backed securities that are publicly offered for sale in the U.S. The investments within a private equity fund and the corresponding performance volatility thereof may differ significantly from the securities that comprise the index, which may contain strategies and asset types a private equity fund does not utilize. The index is calculated on a total return basis. The index has not been selected to represent an appropriate benchmark to compare an investor's performance but rather is shown as a comparison to that of a well-known and widely recognized index. The index is not subject to any of the fees and expenses to which any private equity fund would be subject and no private equity fund will attempt to replicate the performance of the index.

Contact Us:

Vivian Flynn, Managing Director
+1 212-401-4697
vflynn@pomonacapital.com

NEW YORK
780 Third Avenue, 46 FL
New York, NY 10017

LONDON
80 Brook Street
London, W1K 5EG

HONG KONG
Suite 1506-7, 15th Floor Prince's Building,
10 Chater Road, Central H.K.