



What Is Private Equity?

Private equity represents investments in companies that are not publicly traded, including companies in various stages of their life cycles across a diverse range of sectors.¹

Private equity firms raise capital from institutional and individual investors, who are referred to as limited partners (LPs). The manager of a private equity fund, referred to as the general partner (GP), uses the capital raised from LPs to invest in private companies and manages those investments on behalf of the LPs.

Private equity GPs take an active role in the companies they acquire, providing expertise and resources to help drive growth and increase value, creating the potential for significant returns.

Private equity is a type of “alternative investment”

Private equity is categorized as an “alternative investment” because it is an alternative to traditional stock and bond portfolios that hold publicly traded securities. The chart below shows some of the major asset classes within alternatives, including private equity.

MAJOR CATEGORIES OF ALTERNATIVE INVESTMENTS

Private equity	Private real estate	Private credit	Hedge funds	Other alternatives
<ul style="list-style-type: none"> Buyout Growth Capital Venture Capital Mezzanine Special Situation Infrastructure 	<ul style="list-style-type: none"> Office Retail Residential Commercial 	<ul style="list-style-type: none"> Direct lending Mezzanine debt Distressed debt Asset-based lending Infrastructure debt 	<ul style="list-style-type: none"> Long/Short Global Macro Event Driven Market Neutral Emerging Markets 	<ul style="list-style-type: none"> Natural Resources Energy Commodities

Main players in a private equity investment



Key distinctions of private equity

Private equity returns have historically exceeded those of public equities (see chart, next page); we attribute this to four factors:

1

Deep due diligence when GPs acquire private businesses

2

The influence and control GPs have on underlying businesses

3

Ability to align interests of management with investors

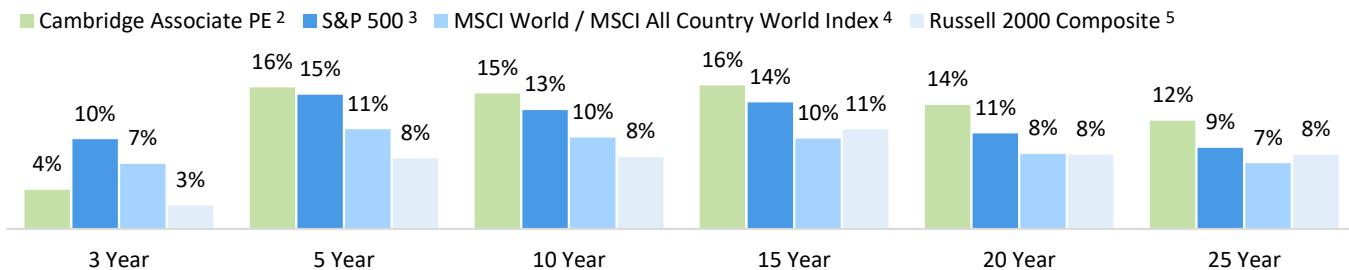
4

Potential to acquire privately held assets at attractive prices

This material is being provided for informational purposes only, is intended to be a high-level, non-exhaustive overview of private equity, and reflects the views and opinions of Pomona. 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. See disclaimers and footnotes on page 4.

Historical returns have consistently surpassed public equity markets

U.S. Private Equity vs. Market Indices (PME) (period ending 12/31/24)



Resilience in downturns

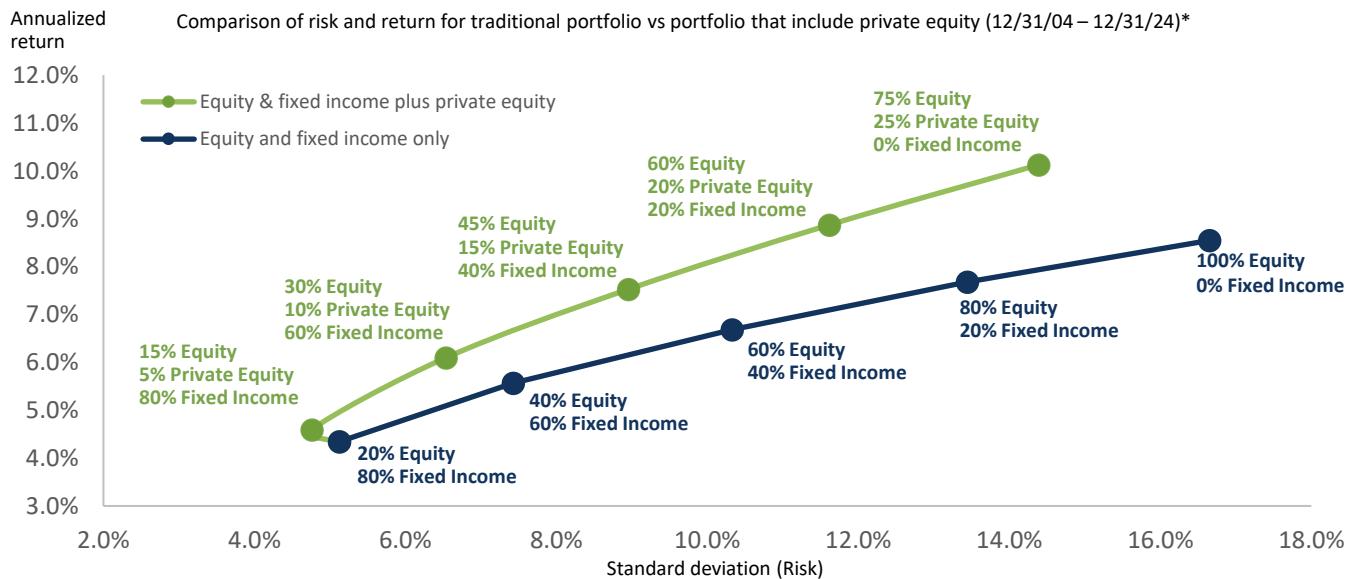
Private equity has historically exhibited better downside protection than traditional investments in periods of market distress. As shown here, private equity outperformed US public equities during even the most challenging global economic conditions.



Source: Cambridge Associates (www.cambridgeassociates.com) & Capital IQ (www.capitaliq.com). The data represents returns from 1/1-12/31 of each respective calendar year listed.

Including private equity in portfolios can enhance returns or mitigate risk

Because private equity has different return drivers and attributes, many investors include it in their portfolios to improve diversification. Data show that the addition of private equity to a traditional portfolio may reduce risk, improve returns or both. The chart below shows how the addition of private equity can, for any chosen level of risk, potentially improve returns.



*Data above is hypothetical 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. Assumptions: Traditional Portfolio contains only equity and fixed income. For the portfolios with private equity, the private equity allocations are funded entirely from the equity portion of the traditional portfolio. Indices used: Cambridge Associates U.S. Private Equity Index²; MSCI World Index⁴; Bloomberg US Aggregate Bond Index⁶. Investors cannot invest directly in the indices used.

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Private equity is an established, growing asset class

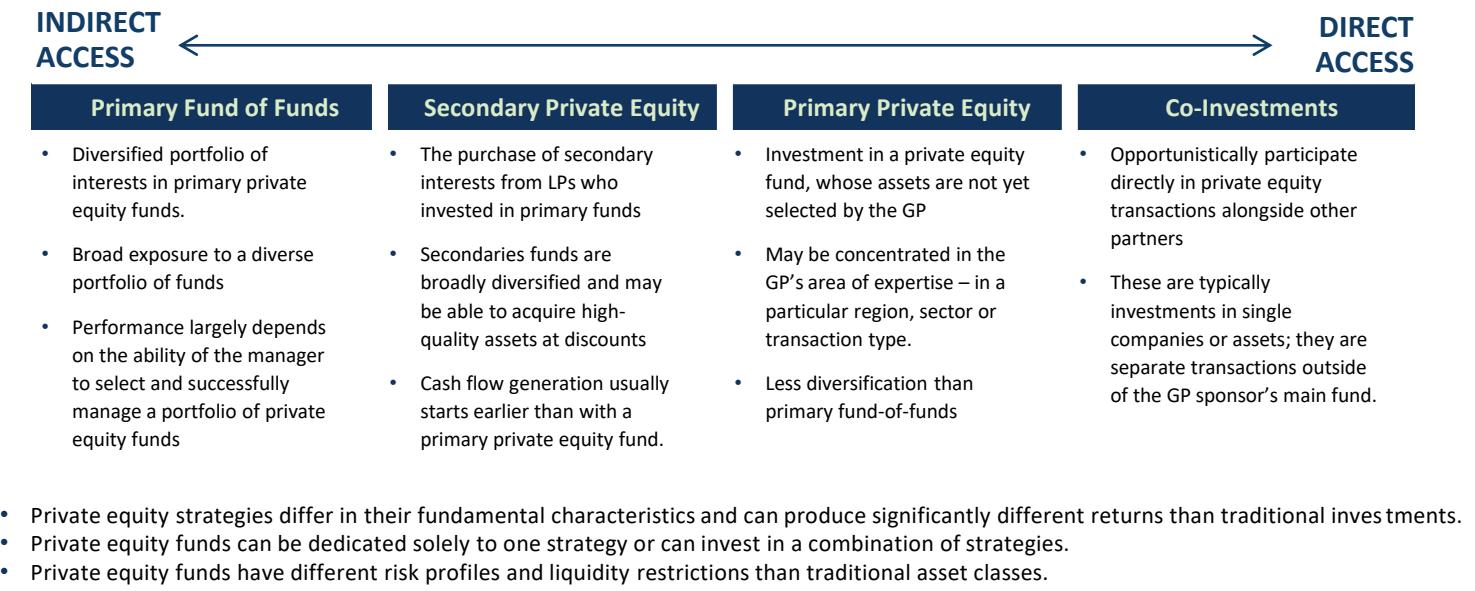
Over the past decade, the private equity industry has seen significant growth as an asset class. Approximately \$15 trillion was raised between 2012–2024.



Source: Bain & Company Searching for Momentum: Private Equity Midyear Report 2025 (www.bain.com)

How to gain exposure to private equity

Investors can access private equity through a variety of products and structures, with co-investments and primary private equity funds offering the most direct participation.



About Pomona Capital

Founded in 1994, Pomona Capital is a global private equity firm that has \$20 billion⁷ in capital commitments across its sponsored funds and separate accounts.

Pomona manages a series of secondary and primary strategies for a global group of over 350 sophisticated investors. Pomona fields a team of experienced professionals with local networks, country expertise and GP relationships across both mature and developing markets. The team has an established record of originating, analyzing, negotiating and closing diverse transaction types.

Over our 30-year history, we have analyzed \$1T+ in secondary transactions and purchased ~750 funds, totaling investments in 10,000+ companies. Pomona has a demonstrated track record of strong returns and liquidity with a low risk profile⁸ over multiple economic cycles.

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Footnotes & Disclaimers

Past performance of investments described herein is provided for illustrative purposes only and is not indicative of future investment results of any Pomona fund whose past performance is shown herein. Totals may not add due to rounding. There is no assurance that losses will not be incurred or any investment shown herein will achieve its investment objectives. Please note that a Pomona fund's utilization of deferred payments and fund-level leverage may favorably impact a fund's net performance figures, including IRR, multiple and DPI, as it may result in deferring the calling of capital from limited partners. Any opinions expressed in this document may be subject to change without notice. All information provided is as of the date noted and is unaudited. Figures will change without notice.

- (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) Cambridge Associates U.S. Private Equity Index: The Cambridge Associates U.S. Private Equity Index represents the horizon calculation based on data compiled from 1,635 U.S. private equity funds, including fully liquidated partnerships, formed between 1986 and 2024. The investments within a private equity fund and the corresponding performance volatility thereof may differ significantly from the securities that comprise the Cambridge Index, which may contain strategies and asset types a private equity fund does not utilize. 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. Pomona does not pay any fees to Cambridge Associates to be ranked.
- (3) S&P 500 Index: The S&P 500 Index is a market-capitalization weighted index containing the 500 most widely held publicly-traded companies (400 industrial, 20 transportation, 40 utility and 40 financial companies) chosen with respect to market size, liquidity, and industry. 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.
- (4) 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. 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 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) Russell 2000 Composite: The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set. 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 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.
- (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.
- (7) Represents (i) aggregate capital commitments from investors to Pomona-sponsored funds, (ii) investments made by Pomona on behalf of its discretionary separate account clients, and (iii) investment recommendations made to Pomona's non-discretionary separate account clients, which total \$715M. Pomona's regulatory assets under management (RAUM) as of December 31, 2024 (latest available) is \$13.3B. RAUM is defined by the U.S. SEC and further information is available: <https://reports.adviserinfo.sec.gov/reports/ADV/148269/PDF/148269.pdf>.
- (8) Low risk profile refers to the "Loss Ratio" which encompasses transactions that are realized and unrealized that are below cost (1.0x), (ii) using paid-in capital less distributions and current net asset value of the transaction, and (iii) net of all actual underlying fund-level management fees, carried interest and expenses but gross of any Pomona fund-level management fees, carried interest and expenses.

This document is being provided for informational purposes only and is not intended to be investment advice. Any references to specific investments are for illustrative purposes only. The information herein does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or need of individual investors.

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