Does this game come with an instruction manual?

Pomona Capital

Pomona Perspectives

December 2022

Navigating today's secondaries market

Interest rate hikes, inflation, recession, geopolitical risks, pandemic, severe climate changes. Do you feel like everything is being thrown at you? You might see one of these market characteristics in a cycle or a combination of them every so often – but this time it seems different. As an investor it can be difficult to sort through today's market environment. We are left trying to figure out what to do next in an unpredictable and volatile market.

Pomona Capital has been secondary private equity investors for over 28 years. While today may feel different, we have seen our fair share of the good and bad. In either case, our investment philosophy is constant, and we are focused on delivering the fundamental premise of secondaries investing. While it may be tempting to press pause, we believe that secondaries present an interesting opportunity to capitalize on today's market dislocation and achieve attractive risk-adjusted returns.

Is there a game to be played?

It can't be ignored that the opportunity set in secondaries private equity is rapidly growing. In fact, the secondaries market has been one of the fastest growing segments of the private equity industry for the past seven years and volume exceeded $100 billion[1] for the first time in 2021. We believe this was primarily driven by (1) the volume of capital invested in private equity and (2) the turnover rate of those interests. There has been record capital inflows to private equity funds with over $10 trillion raised[2,3] over the last ten years. The increase in the amount transacted in secondaries is due to more investors accessing the secondary market for various reasons including liquidity needs, restructurings and portfolio management. Furthermore, we have seen the emergence of general partners utilizing secondaries as a way to actively manage their funds.

Today's volatility has the potential to create opportunities to purchase quality assets at attractive prices. We are seeing motivated sellers trying to free up capital to continue to make private equity commitments this year and next and others that may be impacted by the "denominator effect" and need to sell to rebalance their portfolios. As a result, there is plenty of deal activity occurring and it is anticipated that secondaries will have another strong year with over $100B in deal flow again.[1]

How do you play?

Plenty of deal activity and an opportunity to capitalize on undervalued quality assets doesn't mean you get a "free play." We are not uncorrelated to world events, and we are not market timers. While Pomona is not in the prediction business we are in the preparation business. What that means in the current environment is solving for a wide range of potential outcomes as we invest. It includes taking proactive steps to provide downside protection and positioning to capitalize on the upside. It does not mean simply extrapolating recent history into the future. It also certainly doesn't mean shifting our strategy.

For Pomona, it means further tightening of our existing focus on quality assets as the dispersion of return in private equity expands in more challenging markets. Discipline and selectivity are key.

For over 28 years, Pomona's approach is to deliver on the fundamental premise of secondary investing, solving for both growth and value with enhanced liquidity and a lower risk profile. We believe Pomona's risk conscious, secondaries investing approach is well suited to identify and execute opportunities that may emerge from uncertainty, now more than ever.

Pomona's fundamental strategy has remained constant throughout its history and has not shifted suddenly since the current market dislocation started. Pomona seeks to build diversified portfolios of choice by identifying mature, high quality assets managed by well-regarded GPs with meaningful growth potential and a margin of safety. Diversification today is even more important just as many market players are becoming more concentrated. Pomona seeks funds that are generally 70-90% funded (minimizing blind pool risk) with near-term liquidity (mitigating the J-curve prevalent in most private equity primary funds). Our modest fund size enables Pomona to be nimble, flexible and creative to source what we believe to be higher than market quality assets at compelling prices.

We know that we need to be price makers not price takers as we focus on consistently acquiring assets at a higher discount to NAV than market averages. Our average discount[7] is 18%.[A] Pomona does not seek to buy a slice of the generic secondaries market, and looks to avoid concentrated bets, troubled GP restructurings or tail-end funds and overexposure to public markets, emerging markets, and early-stage venture where it is difficult to assess risk.

How has the game been so far?

We shouldn't be too surprised that investors are experiencing some unrealized losses in their private equity portfolios in today's market. While there are asset classes that are meant to minimize the amount of correlation to the public markets, it is difficult to be fully immune to a volatile (or rising), market, including ours.

Having said that, not everything in private equity will be impacted equally. Some of the dispersions are driven by how much exposure the private equity manager might have to the public markets or assets that may be more levered or not have consistent and resilient revenue streams.

Relative to public markets, the Pomona Investment Fund was nearly flat, down 5%[9] compared to (25%) in the MSCI[5] YTD. Overall. the Pomona Investment Fund reflects strong returns over a 1 year, 3 year and 5 year period as noted in the below chart.

While the game doesn't come with an instruction manual, our strategy and values are intact. We believe our targeted approach to secondaries investing is well suited to navigate current market conditions and generate attractive, risk-adjusted returns.

A) Data as of 9/30/2022 and provided for Pomona Capital VIII-X and the Pomona Investment Fund. Please read in conjunction with disclaimers andfootnotes on pages 3-6.

Pomona Investment Fund Performance[9]

Share Class As of 9/30/22	Inception	QTD (%)	YTD (%)	1 Year (%)	3 Year (%)	5 Year (%)	Since Inception (%)	Annualized Standard Deviation	NAV/Share
Class A	5/7/2015	-1.20	-5.39	-0.14	21.64	16.92	14.20	9.87	13.99
Class I[E]	4/1/2018	-1.07	-4.99	0.42	22.31	N/A	18.46	12.26	14.62
Class M2[E]	10/1/2016	-1.07	-4.99	0.40	22.31	17.56	17.06	10.66	14.62
MSCI[(5)]	—	-6.08	-25.13	-19.25	5.06	5.84	6.53	17.22	-

As of 9/30/22. **Past performance is no guarantee of future results. The performance quoted represents past performance**. Investment return and principal value of an investment will fluctuate, and shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data quoted. Returns greater than one year are annualized. Please see http://www.pomonainvestmentfund.com/ for more information. The information herein regarding Pomona Investment Fund ("PIF") (1) is for informational purposes only, (2) is not an offer or solicitation to buy or sell any PIF securities, and (3) should not be relied upon to make any investment decisions related to PIF.

Please read in conjunction with disclaimers and footnotes on pages 3-6.

Past performance is not an indication of future performance.

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.

Unless otherwise noted, the above commentary reflects Pomona's opinions and general market strategy and there is no guarantee that every investment will share one or more of these characteristics.

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Past performance of investments described herein is provided for illustrative purposes only and is not indicative of a Fund's future investment results. There can be no assurance that a Fund will achieve comparable results or be able to avoid losses. Totals may not add due to rounding. All information provided is historical, unaudited and investment returns will fluctuate. There is no assurance that a Fund's investment objective will be achieved or that it will be able to avoid losses. An investment in the Funds involves a high degree of risk and may pose a high degree of risk of loss.

Any opinions expressed in this document may be subject to change without notice.

Investment in a Fund will involve risks that are addressed in the document. Investors should have the financial ability and willingness to accept the risk characteristics of a Fund's investments. Investors should make their own investigations and evaluations of an investment in a Fund. Prior to closing, investors will be given the opportunity to ask questions and receive additional information concerning the terms and conditions of the offering and other relevant matters. Each prospective investor should consult with its own attorneys, business advisors and tax advisors as to legal, business, tax and related matters concerning the proposed offering.

Pomona makes no assurances that pending transactions will be completed. Pending transactions reflect late stage deals that have yet to formally close and are in process. These may change without notice.

Reference to "top quartile" or "high-quality" funds, managers or investments are relative to Cambridge Associates indices for reporting firms for a given vintage who are performing above the median as defined by Cambridge Associates.

Index performance is for informational purposes only. Investors cannot invest directly in an index. Indices are unmanaged and do not reflect management fees and transaction costs that are associated with some investments. Past performance is not indicative of future results.

Pomona investment fund disclaimers

TYPES OF INVESTMENTS AND RELATED RISKS

The value of the Pomona Investment Fund's ("the Fund's) total net assets is expected to fluctuate in response to fluctuations in the value of the Investment Funds, direct investments and other assets in which the Fund invests. Discussed below are the investments generally made by Investment Funds and the principal risks that the Adviser and the Fund believe are associated with those investments and with direct investments in operating companies. These risks will, in turn, have an effect on the Fund. In response to adverse market, economic or political conditions, the Fund may invest in investment grade fixed income securities, money market instruments and affiliated or unaffiliated money market funds or may hold cash or cash equivalents for liquidity or defensive purposes, pending investment in longer-term opportunities. In addition, the Fund may also make these types of investments pending the investment of assets in Investment Funds and Co-Investment Opportunities or to maintain the liquidity necessary to effect repurchases of Shares. When the Fund takes a defensive position or otherwise makes these types of investments, it may not achieve its investment objective.

Investment Risk. An investment in the Fund involves a high degree of risk, including the risk that the Shareholder's entire investment may be lost. The Fund's performance depends upon the Adviser's selection of Investment Funds and direct investments in operating companies, the allocation of offering proceeds thereto, and the performance of the Investment Funds, direct investments, and other assets. The Investment Funds' investment activities and investments in operating companies involve the risks associated with private equity investments generally. Risks include adverse changes in national or international economic conditions, adverse local market conditions, the financial conditions of portfolio companies, changes in the availability or terms of financing, changes in interest rates, exchange rates, corporate tax rates and other operating expenses, environmental laws and regulations, and other governmental rules and fiscal policies, energy prices, changes in the relative popularity of certain industries or the availability of purchasers to acquire companies, and dependence on cash flow, as well as acts of God, uninsurable losses, war, terrorism, earthquakes, hurricanes or floods and other factors which are beyond the control of the Fund or the Investment Funds. Unexpected volatility or lack of liquidity, such as the general market conditions that prevailed in 2008, could impair the Fund's performance and result in its suffering losses. The value of the Fund's total net assets is expected to fluctuate. To the extent that the Fund's portfolio is concentrated in securities of a single issuer or issuers in a single sector, the investment risk may be increased. The Fund's or an Investment Fund's use of leverage is likely to cause the Fund's average net assets to appreciate or depreciate at a greater rate than if leverage were not used.

The Fund is a non-diversified, closed-end management investment company with limited performance history that a Shareholder can use to evaluate the Fund's investment performance. The Fund may be unable to raise substantial capital, which could result in the Fund being unable to structure its investment portfolio as anticipated, and the returns achieved on these investments may be reduced as a result of allocating all of the Fund's expenses over a smaller asset base. The initial operating expenses for a new fund, including start-up costs, which may be significant, may be higher than the expenses of an established fund. The Investment Funds may, in some cases, be newly organized with limited operating histories upon which to evaluate their performance. As such, the ability of the Adviser to evaluate past performance or to validate the investment strategies of such Investment Funds will be limited. In addition, the Adviser has not previously managed the assets of a closed-end registered investment company.

Closed-End Fund; Liquidity Risks. The Fund is a non-diversified closed-end management investment company designed principally for long-term investors and is not intended to be a trading vehicle. An investor should not invest in the Fund if the investor needs a liquid investment. Closed-end funds differ from open-end management investment companies (commonly known as mutual funds) in that investors in a closed-end fund do not have the right to redeem their shares on a daily basis at a price based on net asset value.

General Risks to Consider:

Secondary investments: The ability of the manager to select and manage successful investment opportunities, underlying fund risks; these are non-controlling investments, no established market for secondaries, identify sufficient investment opportunities, and general economic conditions.

Primary investment: Identify sufficient investment opportunities, blind pool, the manager's ability to select and manage successful investment opportunities, the ability of a private equity fund to liquidate its investments, diversification, and general economic conditions.

Venture Capital: Characterized by a higher risk and a small number of outsize successes, has the most volatile risk/reward profile of the private equity asset class.

Growth Equity: These companies typically maintain positive cash flow and therefore present a more stable risk/reward profile.

Mezzanine Financing: Has the most repayment risk if the borrower files for bankruptcy and in return, mezzanine debt generally pays a higher interest rate.

Leveraged Buyout: Generally exited through an initial IPO, a sales to a strategic rival or another private equity fund, or through a debt-financing special dividend, called a dividend recapitalization.

Distressed Buyout: Offer the opportunity to invest in debt securities that trade at discounted or distressed levels with the potential for higher future value if the company recovers.

General Private Equity Risks.

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. Securities or private equity funds, as well as the portfolio companies these funds invest in, tend to be more illiquid, and highly speculative.

An investor should consider the investment objectives, risks, charges and expenses of the Fund(s) carefully before investing. For a free copy of the Fund's prospectus, which contains this and other information, visit us at www.voyainvestments.com or call (800) 334-3444. Please read prospectus carefully before investing.

Footnotes:

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. 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. 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.

1) Source: Jefferies Global Secondary Market Review (Jul 2022) (www.jefferies.com).
2) Source: Preqin Global Private Equity Report 2022 (www.Preqin.com).
3) Source: Bain & Co Private Equity Report 2021 report (http://www.bain.com).
4) Statement refers to the subset of the net Gain/Loss Performance of Pomona Capital flagship secondary funds that were in existence in comparison to the MSCI World index during the noted periods of recent market volatility. The noted periods include the Dotcom period (2000-2002) and Great Recession (2008-2009). Pomona's net Gain/Loss Performance as compared to the MSCI World Index during the Dotcom and Great Recession periods were -2% vs -16% and -7% vs. -13%, respectively. Further information available upon request.
5) **MSCI World Index Total Return.** 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. MSCI World Index ("MSCI World") performance is presented as (a) Quarter-to-Date Total Return (b) 1 Year Total Return (c) 3 Year Total Return (d) 5 Year Total Return (e) Inception-to-Date Total Return and (g) Annualized Standard Deviation.
   a) Quarter-to-Date Total Return represents the difference between (A) quotient of (i) the Index Value of the MSCI World Total Return Gross per Capital IQ as of September 30, 2022 and the Index Value of the MSCI World Total Return Gross per Capital IQ as of June 30, 2022 and (B) 1.
   b) 1 Year Total Return represents the difference between (A) the quotient of (i) the Index Value of the MSCI World Total Return Gross per Capital IQ as of September 30, 2022 and (ii) the Index Value of the MSCI World Total Return Gross per Capital IQ as of September 30, 2021; and (B) 1
   c) 3 Year Total Return Annualized = [(the Index Value of the MSCI World Total Return Gross per Capital IQ as of September 30, 2022/the Index Value of the MSCI World Total Return Gross per Capital IQ as of September 30, 2019)^(1/3)] – 1
   d) 5 Year Total Return Annualized = [(the Index Value of the MSCI World Total Return Gross per Capital IQ as of September 30, 2022/the Index Value of the MSCI World Total Return Gross per Capital IQ as of September 30, 2017)^(1/5)] – 1
   e) Inception-to-Date Total Return Annualized = {[1 + Inception-to-Date Total Return (as defined in definitions below)]^[1/(number of days between May 7, 2015 and September 30, 2022/365)]} – 1
   f) Standard deviation is a statistical measure of volatility over time; a lower standard deviation indicates historically less volatility. Annualized standard deviation calculated using quarterly performance.
6) Reserved.
7) **Lifetime Average Discount.** The "Lifetime Average Discount" for Pomona Capital I-IX, represents the discount to the net asset value of the underlying secondary investments at the time of each transaction's closing date (taking into account post-record date contributions and distributions) and adjusted to reflect the benefit of any deferred payments or for pending transactions, the discount is based on the most recently reported NAV at the time of bid but prior to final close of the transaction. Discounts are subject to change and may differ due to rounding. Discounts shown are for illustrative purposes only. There is no guarantee future discount rates will be similar. Discounts are based on manager NAVs, which may be unaudited and subject to change.
8) Reserved.
9) **Pomona Investment Fund Disclosures & Footnotes**
   a) Performance data does not take into consideration account transaction fees or brokerage commissions. The NAV of the Fund will equal, unless otherwise noted, the value of the total assets of the Fund, less all of its liabilities, including accrued fees and expenses, each determined as of the relevant Valuation Date. Total Return based on net asset value per Share is the combination of changes in net asset value per Share and reinvested dividend income at net asset value per Share, if any. These figures are net of all the Fund's fees and expenses, including management and performance incentive fees or allocations payable pursuant to the respective organizational documents of each Investment Fund.
   b) 5 year total return is only available for share classes that have been operating for more than 5 years.
   c) Since inception calculation for the MSCI World Index begins on May 7, 2015. All share classes utilize the applicable inception date noted above as the starting point for this calculation. The annualized total return for the MSCI World Index from October 1, 2016 through September 30, 2022 is 7.90% and 5.49% for the period from April 1, 2018 through September 30, 2022.
   d) NAV/Share is the per-share dollar amount of each share class, calculated by dividing the total value of the assets attributable to each share class, less any liabilities attributable to each share class, by the number of shares outstanding for each respective share class.
   e) Class I and Class M2 expense ratios are identical; therefore, PIF expects performance for these share classes to be generally comparable.
   f) Fund AUM is calculated as the sum of the Fund's Net Asset Value as of September 30, 2022 ($703.1 million) and the amount of capital received from subscriptions effective October 3, 2022 ($132.0 million).

9) Pomona Investment Fund Disclosures & Footnotes (cont'd)

g) Investment Risk. An investment in the Fund involves a high degree of risk, including the risk that the Shareholder's entire investment may be lost. The Fund's performance depends upon the Adviser's selection of Investment Funds and direct investments in operating companies, the allocation of offering proceeds thereto, and the performance of the Investment Funds, direct investments, and other assets. The Investment Funds' investment activities and investments in operating companies involve the risks associated with private equity investments generally. Unexpected volatility or lack of liquidity, such as the general market conditions that prevailed in 2008, could impair the Fund's performance and result in its suffering losses. The value of the Fund's total net assets is expected to fluctuate. To the extent that the Fund's portfolio is concentrated in securities of a single issuer or issuers in a single sector, the investment risk may be increased. The Fund's or an Investment Fund's use of leverage is likely to cause the Fund's average net assets to appreciate or depreciate at a greater rate than if leverage were not used.

h) Closed-End Fund; Liquidity Risks. The Fund is a non-diversified closed-end management investment company designed principally for long-term investors and is not intended to be a trading vehicle. An investor should not invest in the Fund if the investor needs a liquid investment.

i) General Private Equity Risks. The Fund is subject to those risks that are inherent in private equity investments. These risks are generally related to: (i) the ability of each Investment Fund to select and manage successful investment opportunities; (ii) the quality of the management of each company in which an Investment Fund invests; (iii) the ability of an Investment Fund to liquidate its investments; and (iv) general economic conditions. Securities of private equity funds, as well as the portfolio companies these funds invest in, tend to be more illiquid, and highly speculative.

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k) General Risks of Secondary Investments. There is no established market for secondaries and the Adviser does not currently expect a liquid market to develop. Moreover, the market for secondaries has been evolving and is likely to continue to evolve. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number and attractiveness of investment opportunities available to the Fund and adversely affecting the terms upon which investments can be made. Accordingly, there can be no assurance that the Fund will be able to identify sufficient investment opportunities or that it will be able to acquire sufficient secondaries on attractive terms.

l) The Fund is subject to other risks. For a complete listing of all the Fund's risks, with their descriptions, please refer to the "Types of Investments and Related Risks" section of the Fund's prospectus.

m) The Fund's shares do not represent a deposit or obligation of, and are not guaranteed or endorsed by, any bank or other insured depository institution, and are not insured by the FDIC, the Federal Reserve Board or any other government agency. You may lose money by investing in common shares of the Fund.

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