

QUARTERLY LETTER TO INVESTORS

MAKENA ENDOWMENT PORTFOLIO

Q2 2026
PERIOD ENDING
June 30, 2026

Dear Makena Investors,

At Makena, our approach to the Endowment Model rests on three tenets: maintaining a long-term investment horizon, partnering with skilled managers, and concentrating capital in high-quality companies. This quarter, we want to illustrate that approach through the stories of four portfolio companies that have reached, or are approaching, the public markets: SpaceX, Arxis, Forgent Power Solutions, and Anthropic.

Each of these companies reflects a distinct expression of our strategy:

- **SpaceX** reflects early-stage venture investing combined with long-term contrarian conviction and selective hybrid manager relationships, concentrating capital in generational companies.
- **Arxis** reflects our emphasis on emerging managers paired with a lower middle-market, operationally intensive approach to buyout investing.
- **Forgent Power Solutions** reflects another emerging manager relationship, alongside a disciplined approach to underwriting new opportunities in real assets.
- **Anthropic** reflects targeted venture co-investment activity in a category-defining company, sourced through deep manager relationships and disciplined portfolio construction.

SpaceX: Early-Stage Investing Combined with Selective Hybrid Managers¹

Our SpaceX exposure arrived through two different avenues. One manager led the first institutional round in 2008, at a time when reusable orbital launch was closer to a thought experiment than an industry — a reflection of that firm's ethos of leaning into spaces before consensus arrives. A second manager, whose founder spent fifteen years at a leading public-markets investment firm including a tenure as CIO, came at the opportunity from the opposite direction: building an integrated public and private platform that applies public-market discipline and a genuine cost-of-capital bar to late-stage private investing. That manager began investing in SpaceX in 2020 and continued adding to the position over time.

SpaceX is also a defining case study in staying private for longer. Over roughly eighteen years, the company built a dominant reusable launch franchise, reduced launch costs by more than 99%, and parlayed that capability into Starlink, which now serves millions of subscribers and generates substantial run-rate operating income. A third business segment has more recently emerged in AI compute.

The company priced its IPO in June and closed the quarter at a market capitalization more than double its year-end 2025 valuation, with a staggered lock-up structure that we expect to be a meaningful source of realized liquidity over time.²

Arxis: Lower Middle-Market Buy & Build, Executed by an Emerging Manager¹

Our Arxis position came through a specialist industrials buyout manager we initially backed in their first institutional fund. The manager's founding partner spent eighteen years leading the industrials group at a well-known private equity firm, and we built conviction in the team well before they launched their own firm in 2018. We came in as a founding investor and cornerstone partner from day one.

Arxis illustrates why we invest behind specialists rather than generalists. Rather than acquiring an existing platform, the manager built one from the ground up over roughly five years — acquiring and combining several formerly sub-scale

electronic components and industrial businesses into a single platform generating the majority of its revenue from proprietary IP across mission-critical aerospace, defense, medical technology, and specialized industrial applications.

Arxis was the first of the manager's industrial compounders to reach the public markets, pricing its IPO in April and re-rating further following a strong subsequent earnings release. As the post-IPO lockup expires later this year, we expect Arxis to be a meaningful driver of realized liquidity.

Forgent Power Solutions: An Emerging Manager Within a High-Conviction Strategy¹

Our relationship with this manager emerged from a broad internal research initiative evaluating energy-oriented strategies across our real assets, private equity, and public equity teams. The manager's founders are engineers by training who worked together for more than a decade in a leading firm's power investing group before starting their own platform, with a strategy built around identifying the second-order investments beneath major secular themes.

The manager pursues control investments in founder-owned businesses, typically as the first institutional capital, which allows them to enter at attractive multiples with modest leverage and create value through growth and operational improvement. Forgent Power Solutions is the clearest expression of that approach — a vertically integrated electrical distribution equipment business assembled from three portfolio companies acquired between 2023 and 2024, and identified early as a potential IPO candidate.

Forgent listed on the NYSE in February, becoming the largest sponsor-backed industrials IPO on record, with an order book many times oversubscribed. The manager has taken a disciplined approach to monetizing the position over time through the IPO and subsequent secondary offerings, while underlying business fundamentals — bookings, backlog, revenue, and earnings — have continued to exceed expectations.

Anthropic: A Generational Venture Company Co-Investment¹

In early 2025, our research on the frontier AI model layer highlighted a gap in our venture portfolio: meaningful exposure to one leading AI lab, but limited exposure to a second scaled platform. When a manager we have partnered with since 2021 secured an opportunity to invest in Anthropic, we built on our existing conviction in the company, informed by that manager's differentiated underwriting.

Two things made this manager the right partner for the opportunity. First, they study businesses and history across sectors and recognized a familiar pattern: companies undertaking large capital buildouts that create durable competitive moats, which are then monetized as category leaders. Second, their proximity to the Anthropic team mattered in a fast-moving business whose metrics were changing week to week.

The business also crossed several thresholds that gave us increasing conviction over time. Gross margins turned positive, and the launch of Claude Code provided an important proof point that Anthropic could extend beyond the model layer into applications, supporting both adoption and margin expansion.

The company's progress since has been substantial: gross margins have improved meaningfully, customer concentration has diversified significantly across large enterprises, and revenue has grown many times over. Anthropic filed confidentially for a public listing, which is anticipated imminently.

A Broader Market Backdrop

These four stories unfolded against a market environment defined by an accelerating pace of change — from a wave of open-source AI model releases and debate among AI industry leaders about the pacing of frontier development, to a new Federal Reserve chair, surging long-term interest rates, and what is on track to be the largest wave of IPO activity in history.

Corporate earnings have remained the foundation of the market's strength. S&P 500 earnings per share grew substantially year-over-year in the second quarter — a rare level of growth outside a recessionary recovery — marking the seventh consecutive quarter of double-digit earnings growth, with gains broadening beyond the largest technology companies.

The AI-driven capital expenditure cycle is also beginning to show tangible returns. Hyperscalers' cloud revenue growth has reaccelerated alongside substantial increases in capital spending, and these same companies — some of the world's most sophisticated capital allocators — are increasingly choosing to take illiquid, private exposure to the AI buildout as part of that strategy.

At the same time, markets remain vulnerable to sharp reversals, as July demonstrated: a broad pullback in AI-related and semiconductor equities culminated in the near-failure of a heavily leveraged hedge fund manager, which ultimately sold its public portfolio at a discount to stabilize its position — a reminder of why disciplined risk management remains one of our core investment principles.

The software sector also saw two notable developments this quarter: the acquisition of a private enterprise software company at a valuation well below its prior peak (though with more nuanced outcomes for early investors than the headline suggested), and early reports of a major private equity investor's interest in acquiring a large public software company — a potential signal that private equity capital may increasingly establish a valuation floor beneath public software markets.

Finally, 2026 has brought several of the largest private companies to the public markets. While the scale of this issuance is significant, it remains modest relative to the overall size of public equity markets, and history suggests venture-backed, high-growth companies have generally been well received by public investors both at IPO and over the following several years.

Looking Ahead

The four companies profiled above underscore the long-term relationships that underpin our investment partnerships. Superior manager execution has, in these cases, resulted in outsized outcomes — but sustaining that requires continually refreshing the portfolio with the next generation of high-conviction opportunities, many of which are sourced through the same long-standing manager relationships that produced these results.

We remain enthusiastic about the pipeline of opportunities ahead of us, particularly within our private asset classes, and grateful for the continued confidence and partnership of the Makena investor community as we pursue long-term compounding together.

On behalf of the Partners, thank you for your continued confidence and partnership. We remain deeply aligned in our shared pursuit of long-term compounding.

Sincerely,

Jackson Garton on behalf of the Partners of Makena Capital Management

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Illustrative case studies and liquidity-event statements

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