

Public Agenda Item #15

** Consideration of Annual Review of Private Equity Program*

May 17, 2023

Ricardo Lyra, Managing Director of Private Equity

Private Equity

Program Overview



Private Equity Program

- Program inception in 2008
- Cumulative commitments totaling \$12.0 billion

Investment Objective

- Outperform its benchmark over rolling 10-year periods
- Maintain risk compliance through portfolio diversification

Private Equity

Key Characteristics



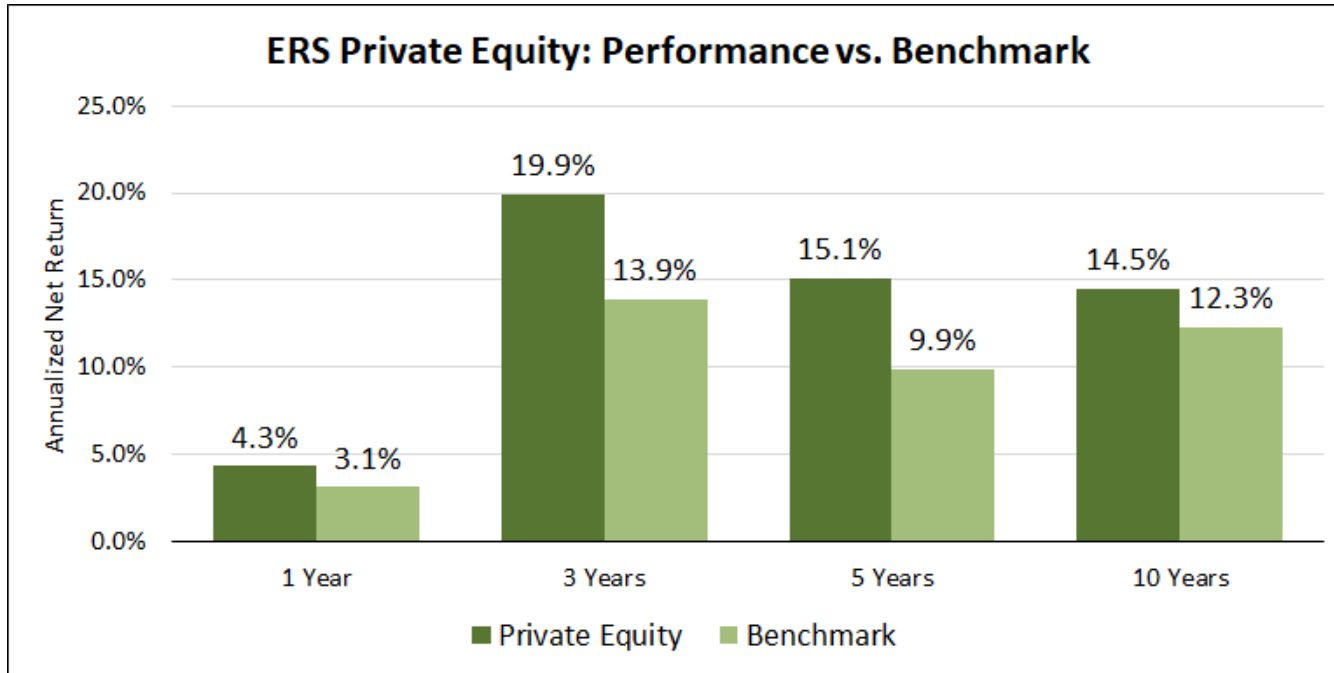
Attribute	Private Equity Portfolio
Type of Allocation	Return Seeking
Policy Allocation	Target weight of 16%, range from 11% to 21%
Performance Objective	Exceed median return of peers in Wilshire TUCS
Management Style	Externally managed closed-end funds
	Participate in co-investments to mitigate investment expenses
Risk Mitigation	Diversification across vintages, geographies, strategies, sectors and managers
Investment Expenses	163 bps external, 9 bps internal for FY22

Private Equity

Performance Snapshot



- Strong performance across all time horizons, including +220 bps over 10 years

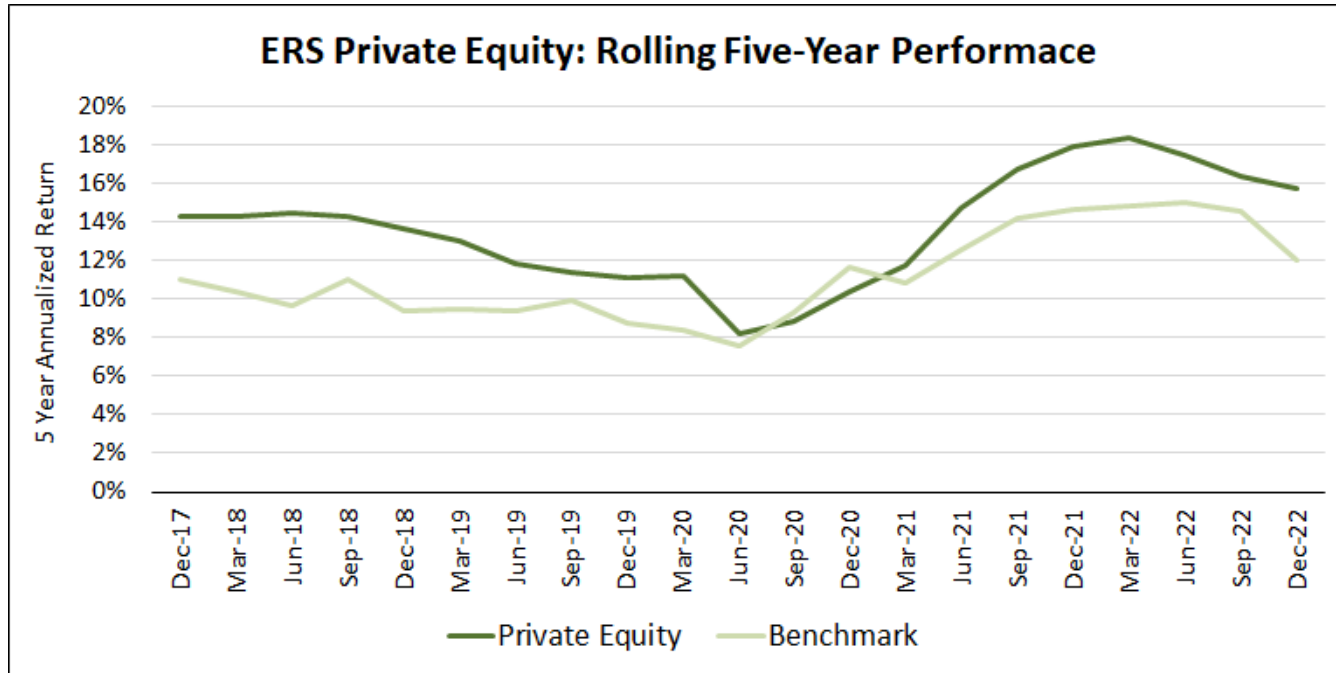


Private Equity

Historical Performance



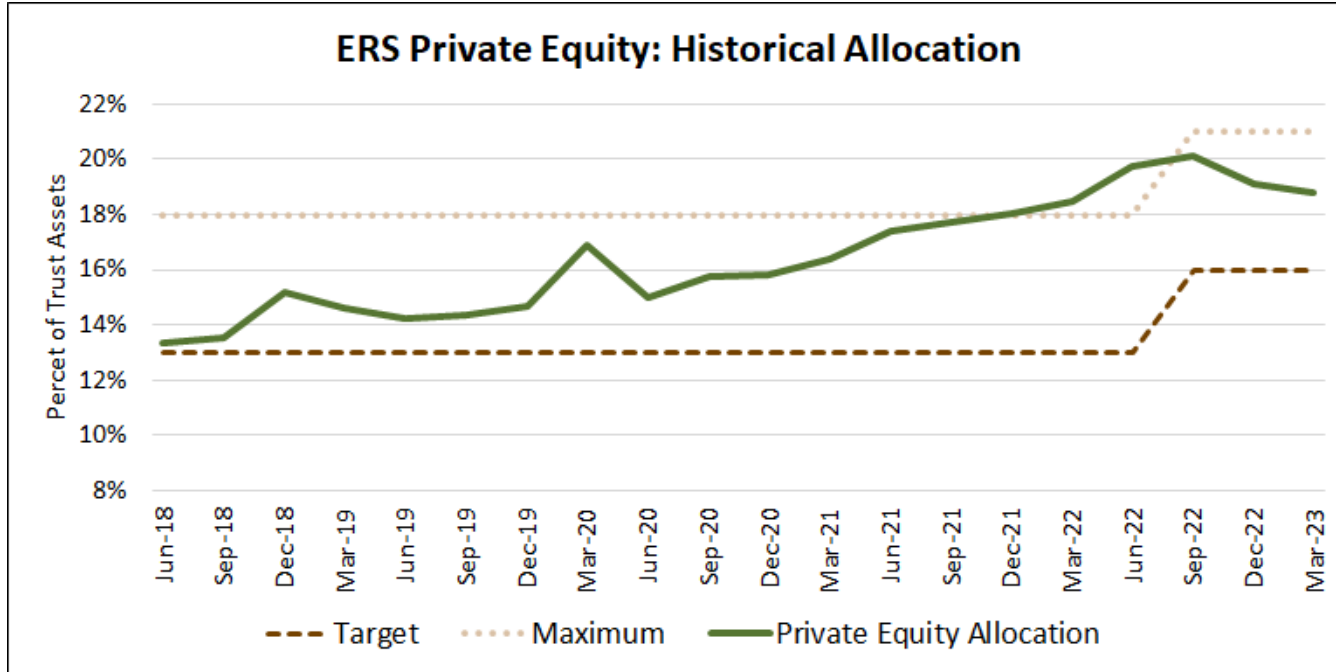
- Strong performance against peer universe across recent horizons



Private Equity

Historical Allocation

- Strong positive cash flow has led to decreased allocation to Private Equity

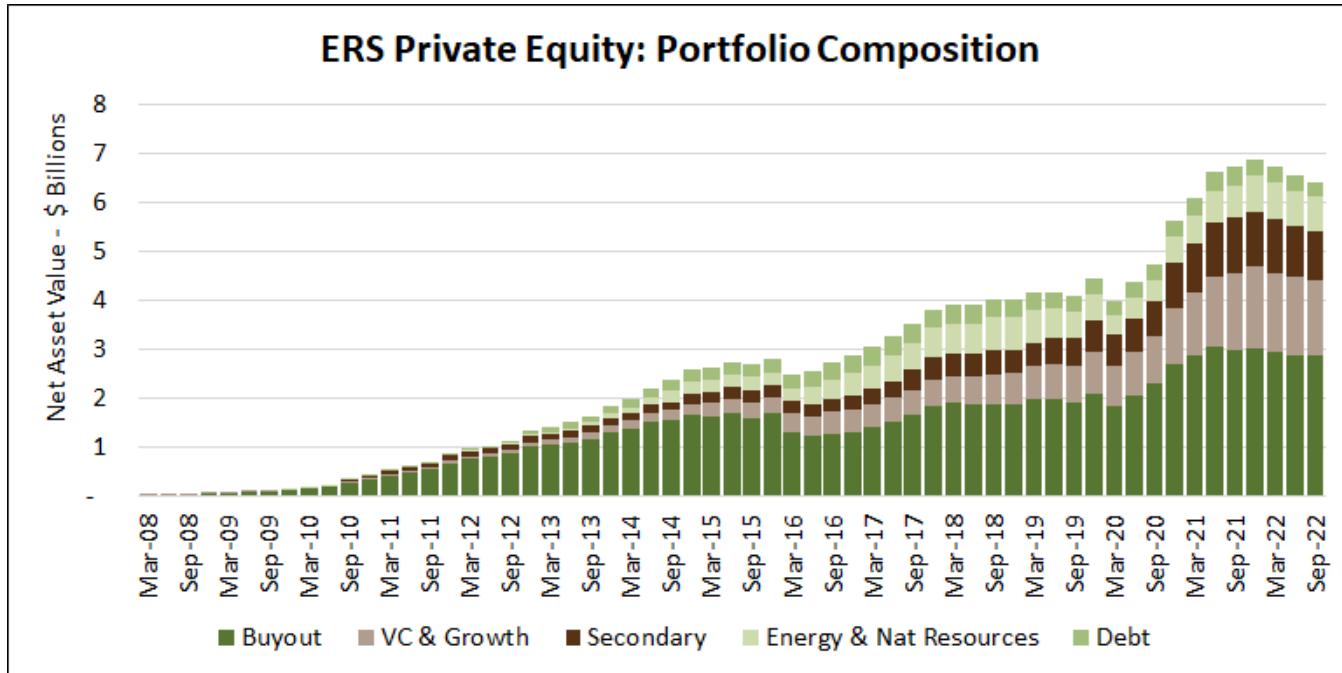


Private Equity

Historical Composition



- Portfolio has remained properly-diversified as assets have grown over time

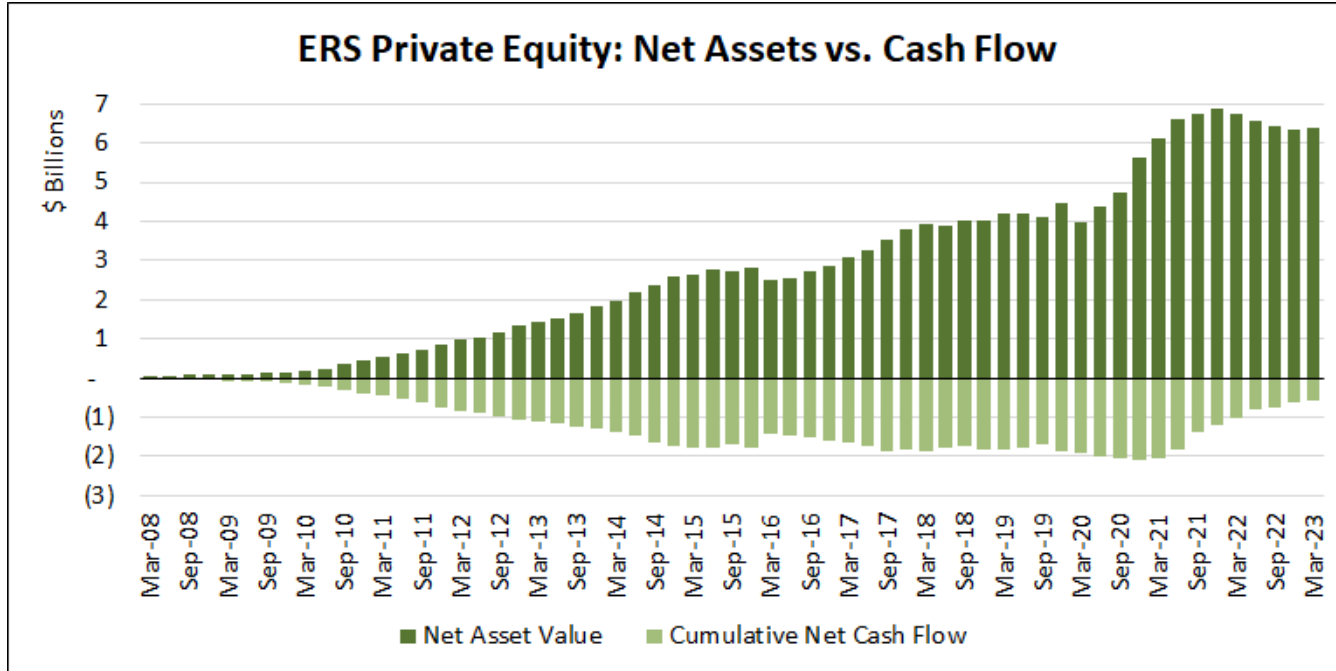


Private Equity

Historical Performance



- Strong positive cash flow has continued to reduce the allocation to Private Equity

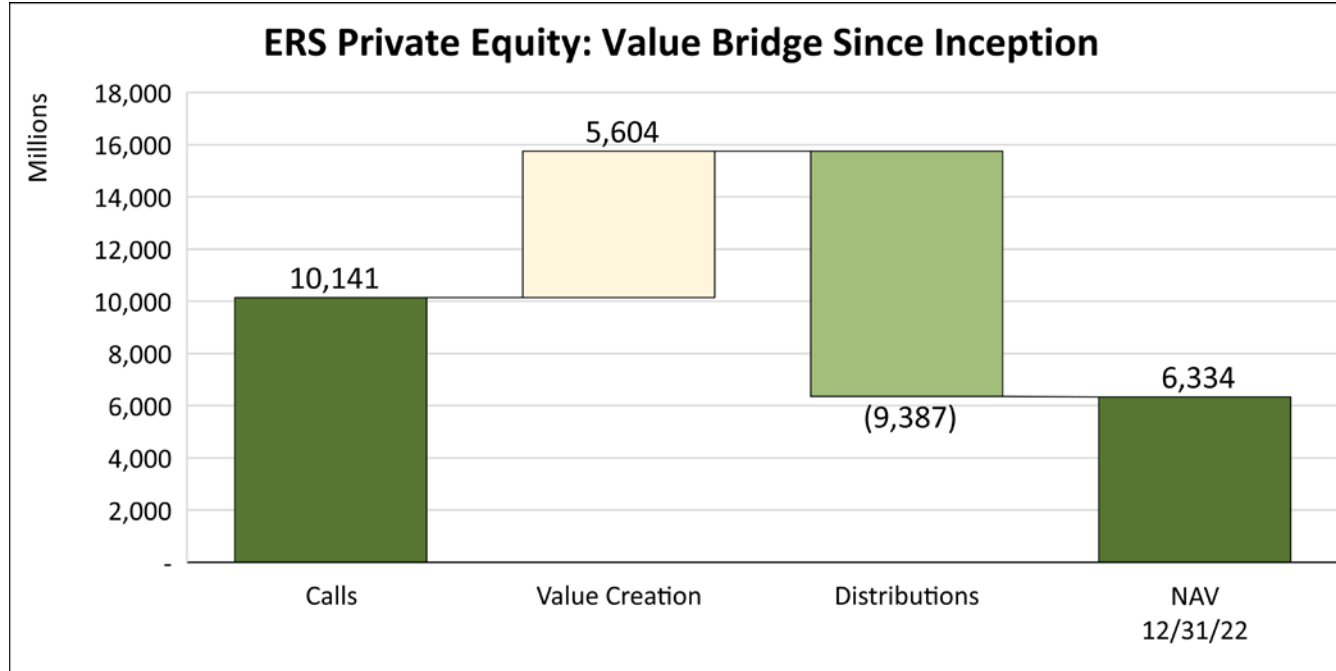


Private Equity

Value Bridge



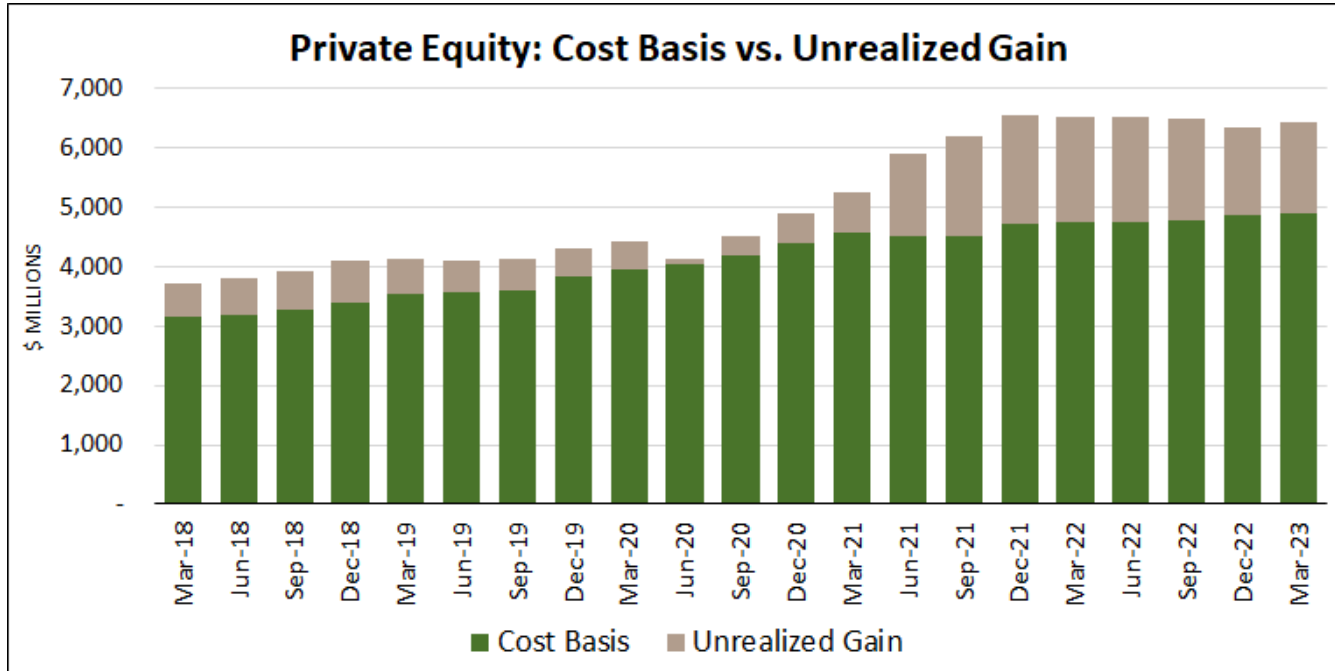
- The portfolio has distributed 93% of called capital since inception in 2008



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Cost Basis vs. Unrealized Gains

- Private Equity portfolio gains have been declining since 2021

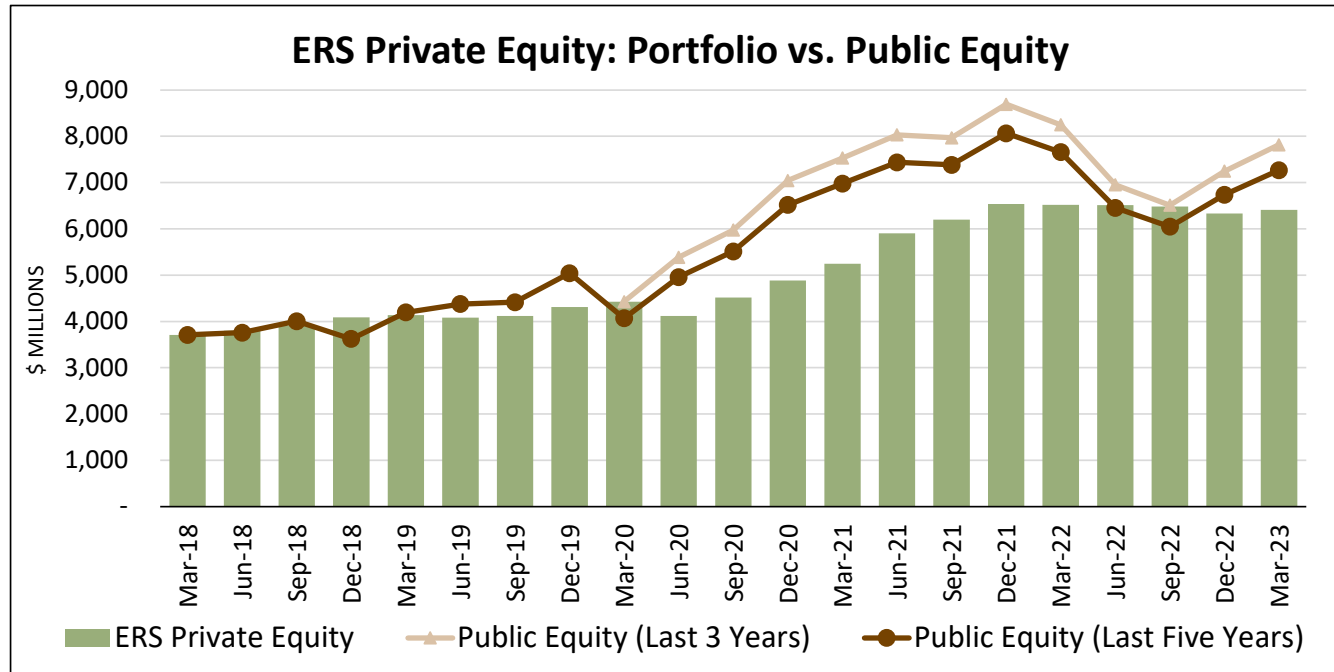


Private Equity

Comparison to Public Proxies



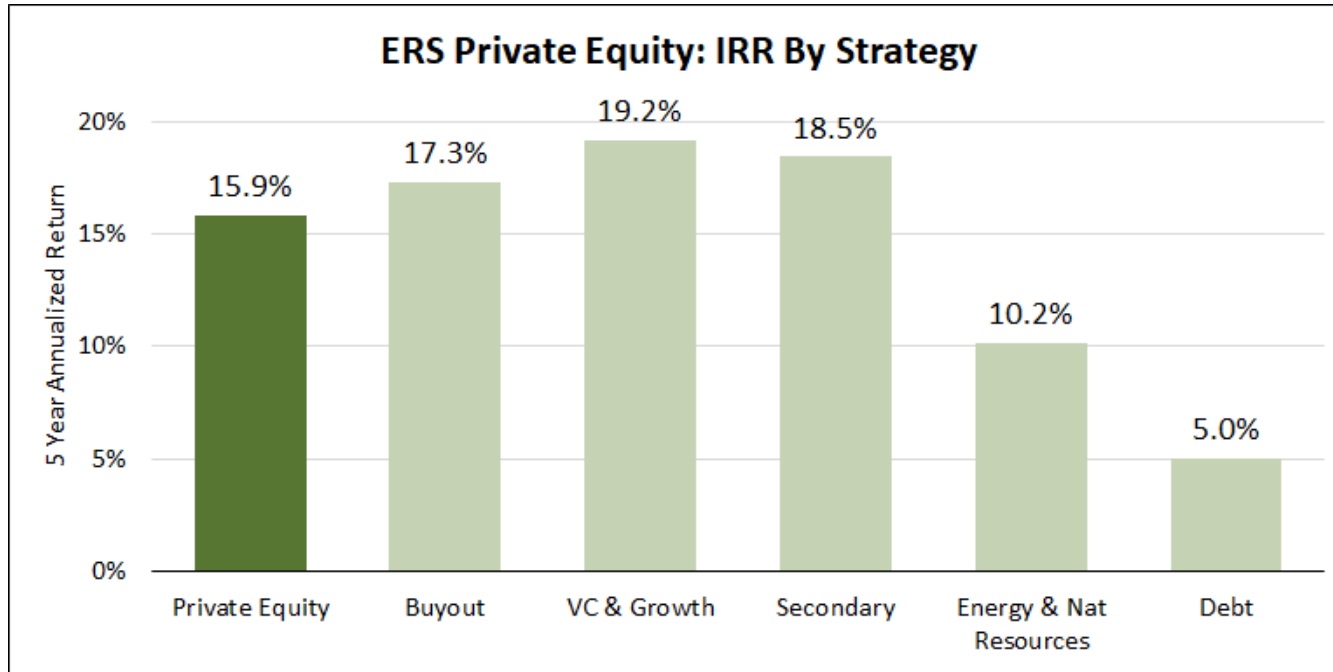
- Private Equity portfolio undervalued by 12-18% versus public equity markets



Private Equity

Performance Drivers

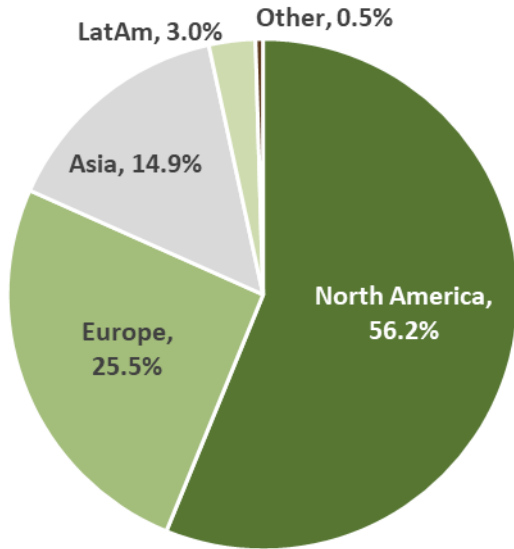
- Venture Capital/Growth continue to lead returns in spite of flat returns for the year



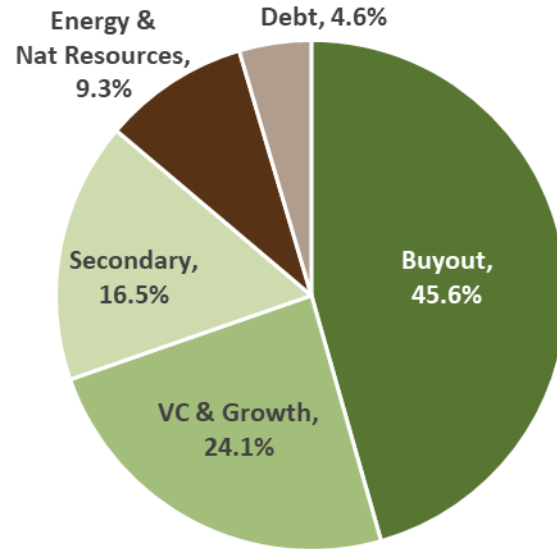
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Risk Diversification

Portfolio Value by Geography



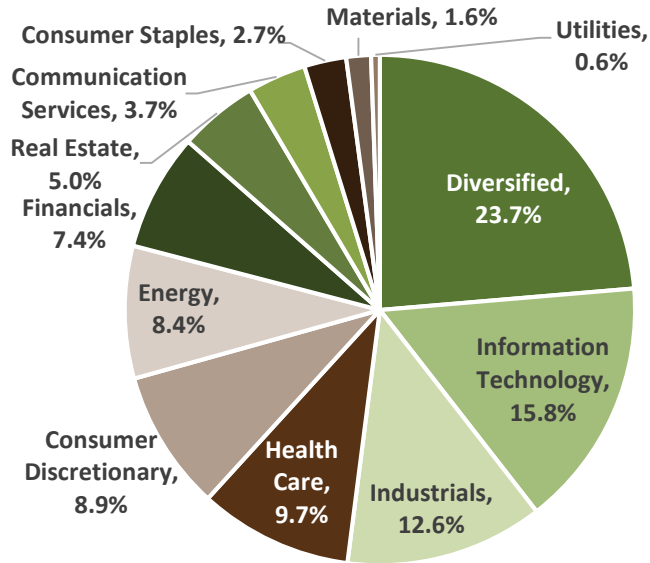
Portfolio Value by Strategy



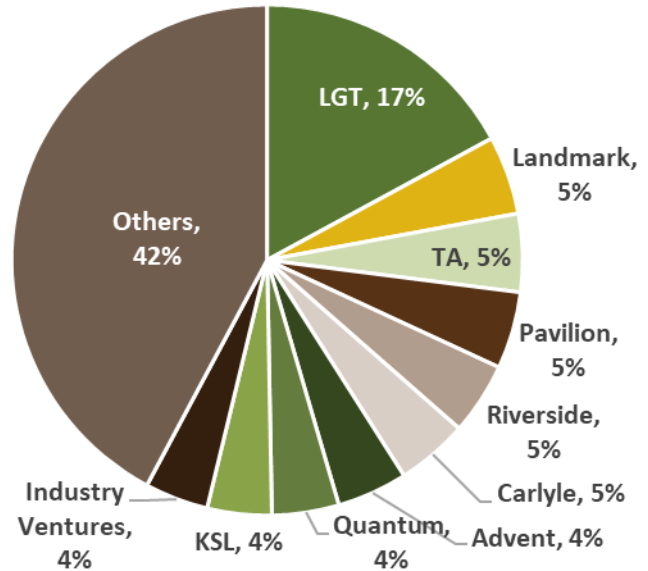
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Risk Diversification

Portfolio Value by Sector



Economic Exposure by Manager

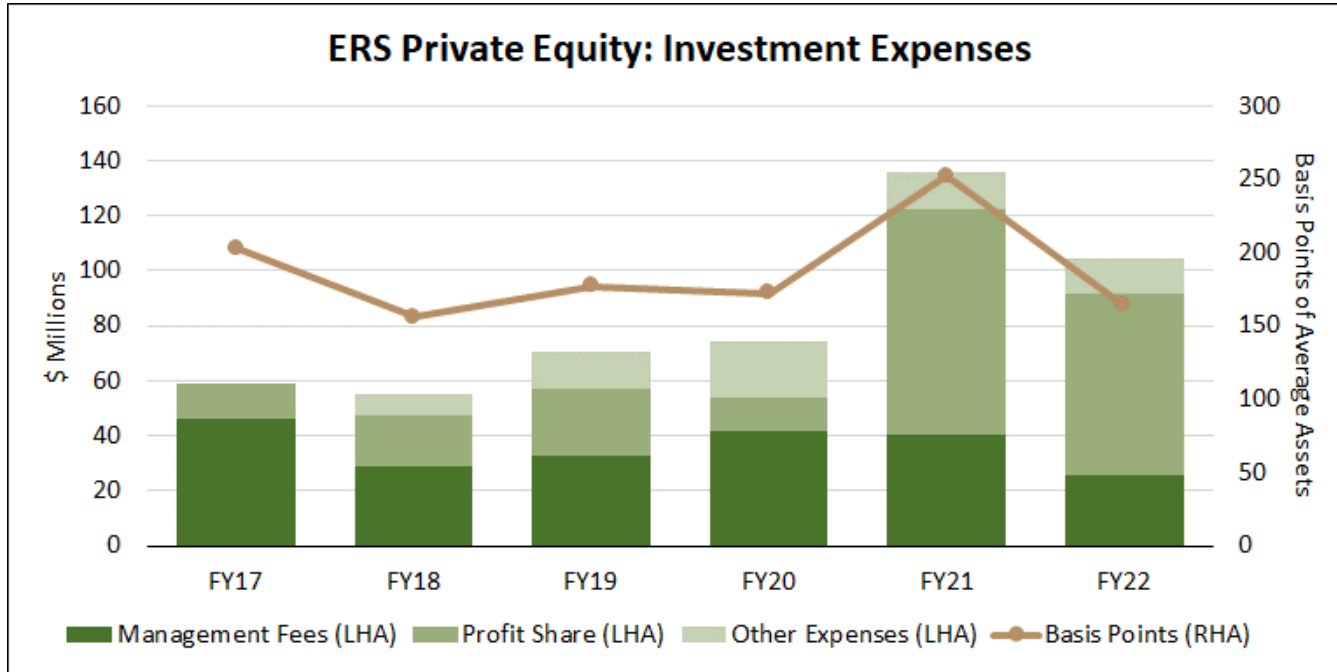


Private Equity

Investment Expenses



- Strong exits continued in FY22, translated into above-average profit share

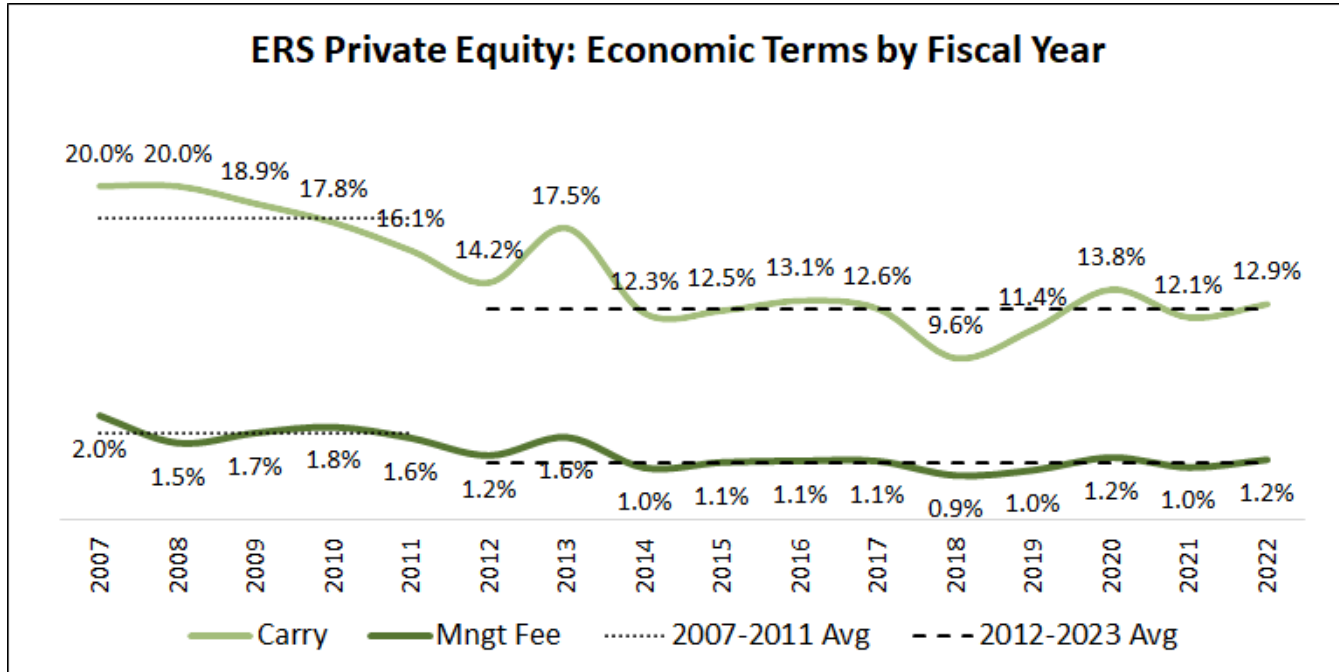


Private Equity

Investment Expenses



- Strong performance from allocation to co-investments and negotiated terms



Private Equity

Goals and Objectives for Fiscal Years 2023 & 2024



FY23

- Execute on Tactical Plan – Ongoing
- Target Allocation Strategy Adjustments

FY24

- Execute on Tactical Plan
- Continued Monitoring/Reporting Improvements
- Co-Investment Sourcing

Discussion