

Private Equity Review

San Bernardino County Employees' Retirement Association

Pathway Private Equity Fund VII, LLC &
SBCERA Master Custody Account

NOVEMBER 2020



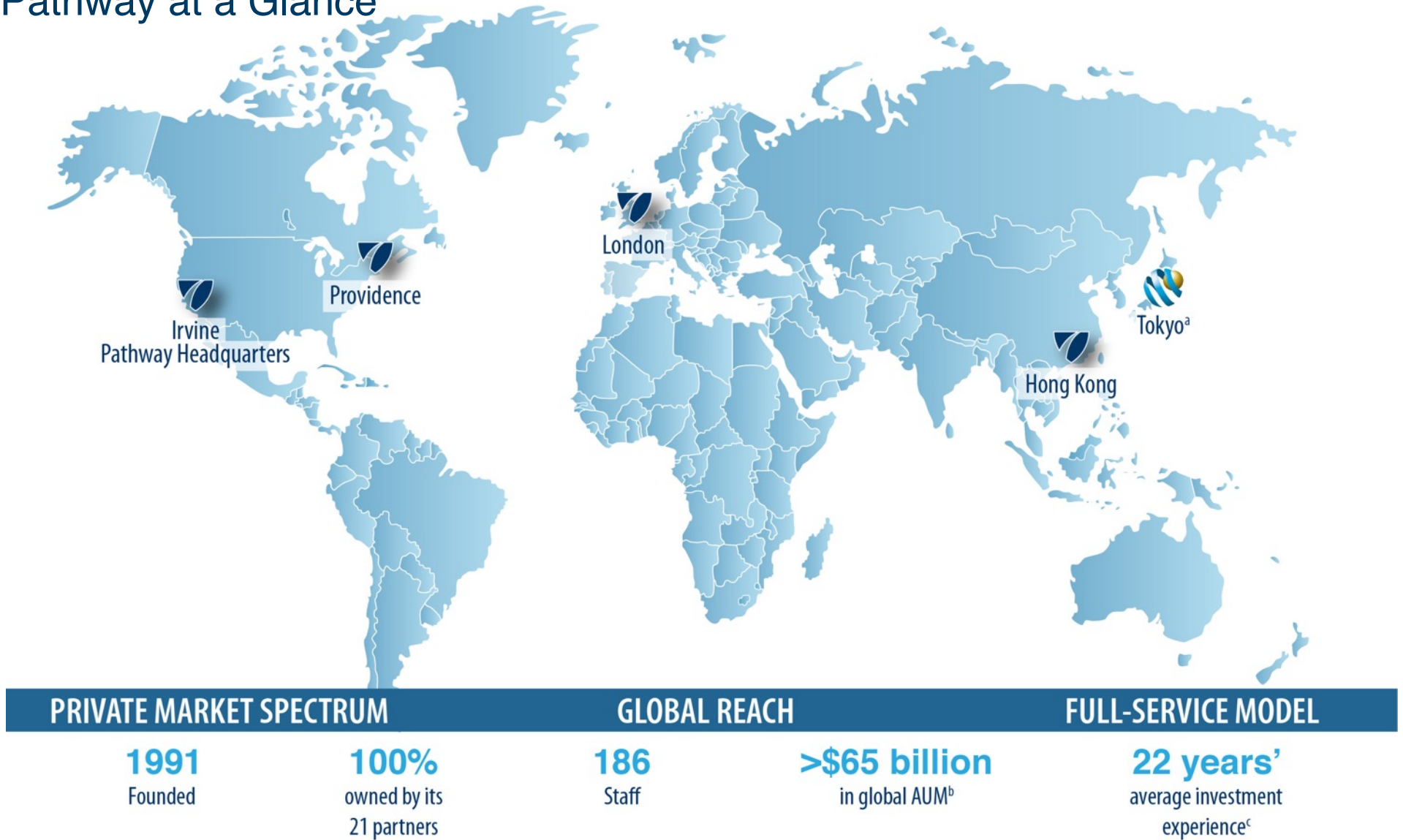
- Overview of Pathway
- Private Market Environment
- Program Overview
- Appendix



Overview of Pathway



Pathway at a Glance



^aStrategic alliance with Tokio Marine Asset Management. ^bRepresents roll-forward market value plus undrawn capital as of September 30, 2020. ^cRepresents Pathway's 19 investment partners.



Organizational Chart

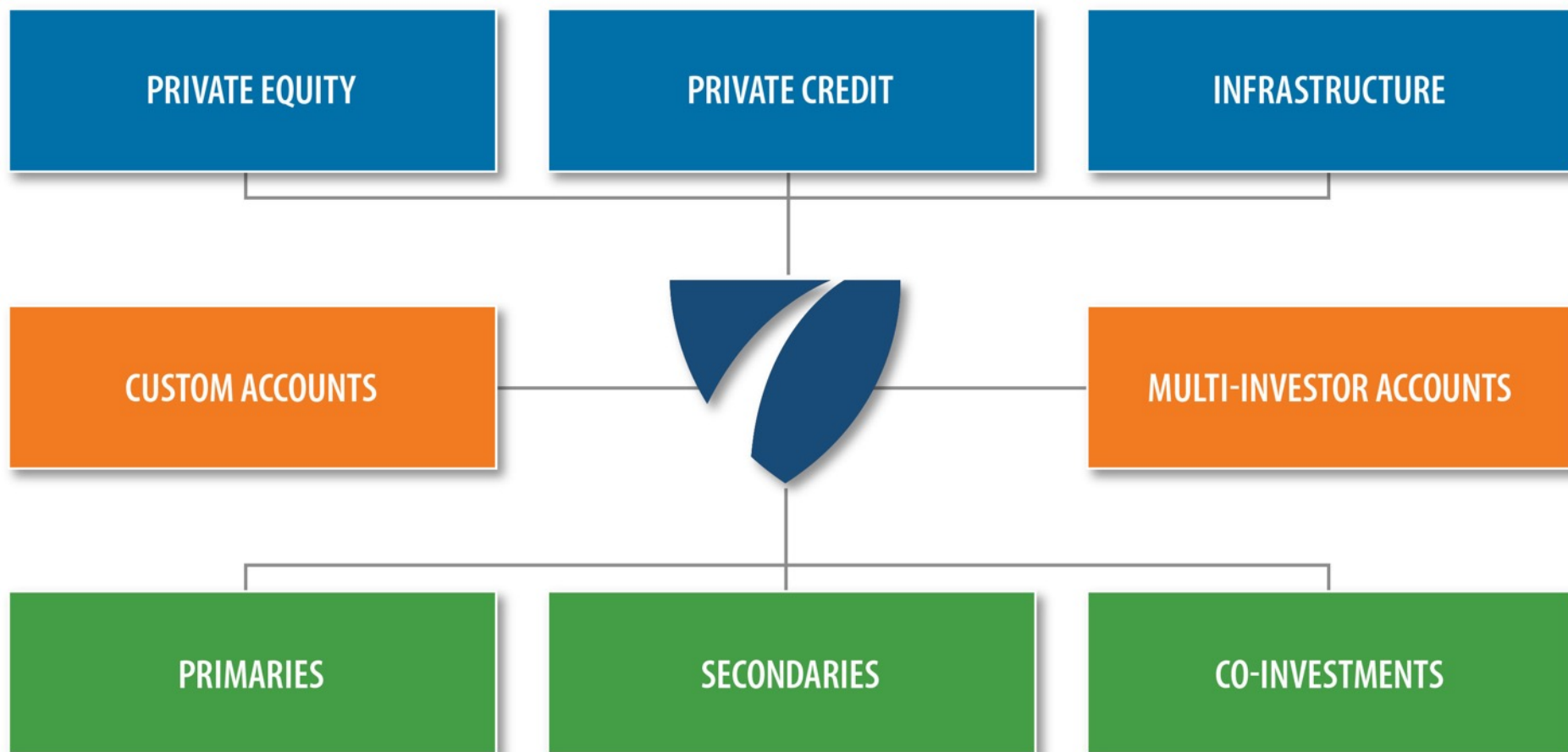
Investment Team

Douglas K. Le Bon Senior Managing Director		James H. Reinhardt Senior Managing Director		Karen J. Jakobi Senior Managing Director & Co-CIO		Alex M. Casbolt† Managing Director		James R. Chambliss Managing Director		Vincent P. Dee, CFA Managing Director					
Jason C. Jenkins, CFA Managing Director		Canyon J. Lew Managing Director		Matthew M. Lugar* Managing Director		Richard S. Mazer Managing Director		Terrence G. Melican Managing Director & Co-CIO		Derrek I. Ransford, CFA Managing Director		Valerie A. Ruddick Managing Director			
Wayne D. Smith, CFA* Managing Director		Pete Veravanich Managing Director		Simon Y.S. Lau† Director—Head of Hong Kong		John T. Ruggieri, CFA* Director		Mikael Sand, CFA† Director		Nicholas J. Siemsen, CFA Director					
Stefan Goettl† Principal		Bryan P. Nelson, CFA Principal		Paul J. de Groot, CFA Sr. Vice President		Kevin W. Bland Sr. Vice President		Jeffrey L. Bures* Sr. Vice President		Mitchell T. Clemente Sr. Vice President		Justin C. Maney, CFA Sr. Vice President		Jason K. Yu† Sr. Vice President	
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Benjamin Pittsley* Vice President		Brett W. Richardson, CFA Vice President		Hiral G. Savani, CPA Vice President		John T. Carpenter Associate		Brenton W. Croteau Associate		Nicholas R. Faulkner Associate		Jun Tae Park† Associate		Jack Pong† Associate	
Hunain Riaz Associate		Matthew R. Spader* Associate		Richard L. Wang Associate		Melanie Z. McKinley Sr. Investment Closing Manager		Johnathan P. Beaudette Sr. Investment Analyst		Timothy D. Berry, CAIA Sr. Investment Analyst		Jean-François L. Casanova† Sr. Investment Analyst		Adrian J. Gonzalez Sr. Investment Analyst	
Ryan J. Lassen Sr. Investment Analyst		Taylor V. Pijl Sr. Investment Analyst		Cameron T. Rinn* Sr. Investment Analyst		Christopher M. Thompson Sr. Investment Analyst		William A. Belmont* Investment Analyst		Jack K. Brennan Investment Analyst		Morgan A.L. Brokaw* Investment Analyst		Jingyi Chang† Investment Analyst	
Zakir S. Ghyaz Investment Analyst		Taylor C. Grenawalt Investment Analyst		Joseph R. Hegan† Investment Analyst		Ross D. Hooper Investment Analyst		Dillon E. Jalbert* Investment Analyst		Victor N. Kardos Investment Analyst		Matthew Pandit† Investment Analyst		Ada N. Pospi† Investment Analyst	
Yuhui M. Shi Investment Analyst		Andrew J. Vanderschans Investment Analyst													
Client Services				Legal				Corporate Accounting, Fund Accounting & Tax				Compliance		Risk Management	
Gerard R. Branka* Sr. Vice President		Ed Hoffman, CFA, FRM Sr. Vice President		Teri C. Noble Sr. Vice President		Martin J. Wing, CAIA Sr. Vice President		Ashok K. Tripathi, Esq. Sr. Vice President & General Counsel		Curtis P. Gerlach, CPA (inactive) Director & CFO		Milt M. Best, CFA Director & CCO		John Reynolds Sr. Vice President	
		7 Staff						8 Staff		53 Staff		6 Staff		1 Staff	
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Brian M. Leyran Systems Administration Mgr.				Michael C. Long Vice President—Software Development				Christopher M. Lopez Editor & Production Manager				David J. Tosches Vice President of HR			
5 Staff				5 Staff				5 Staff				27 Staff			

NOTE: Bold type denotes Pathway partners. *Rhode Island staff. †London staff. ‡Hong Kong staff.



Global Provider of Private Market Solutions



An abstract graphic consisting of several overlapping curved shapes in various shades of blue, ranging from a light sky blue to a deep navy blue. A white curved shape is also visible, creating a sense of depth and movement. The graphic is positioned on the left side of the slide, partially overlapping the text area.

Private Market Environment



U.S. Private Equity Market Conditions Comparison

	Pre-GFC 2007	Pre-COVID-19 Pandemic 2019	Current 2Q20
U.S. Buyout Average Purchase-Price Multiple ¹	9.7x	11.5x	9.2x
U.S. Buyout Investment Activity ²	\$460 billion	\$199 billion	\$28 billion
% of Technology-Related Buyouts ² (Generally Trade at Higher Multiples)	9%	38%	27%
Average EBITDA/Cash Interest Coverage Ratio ¹	2.1x	2.7x	4.9x
Average Debt/EBITDA Ratio ¹	6.0x	5.8x	4.9x
Average Equity Contribution as a % of Total Capital ¹	30.9%	43.5%	46.1%
U.S. Buyout Fundraising ²	\$187 billion	\$233 billion	\$44 billion

NOTE: Data provided for informational purposes only.

1. SOURCE: S&P LCD.

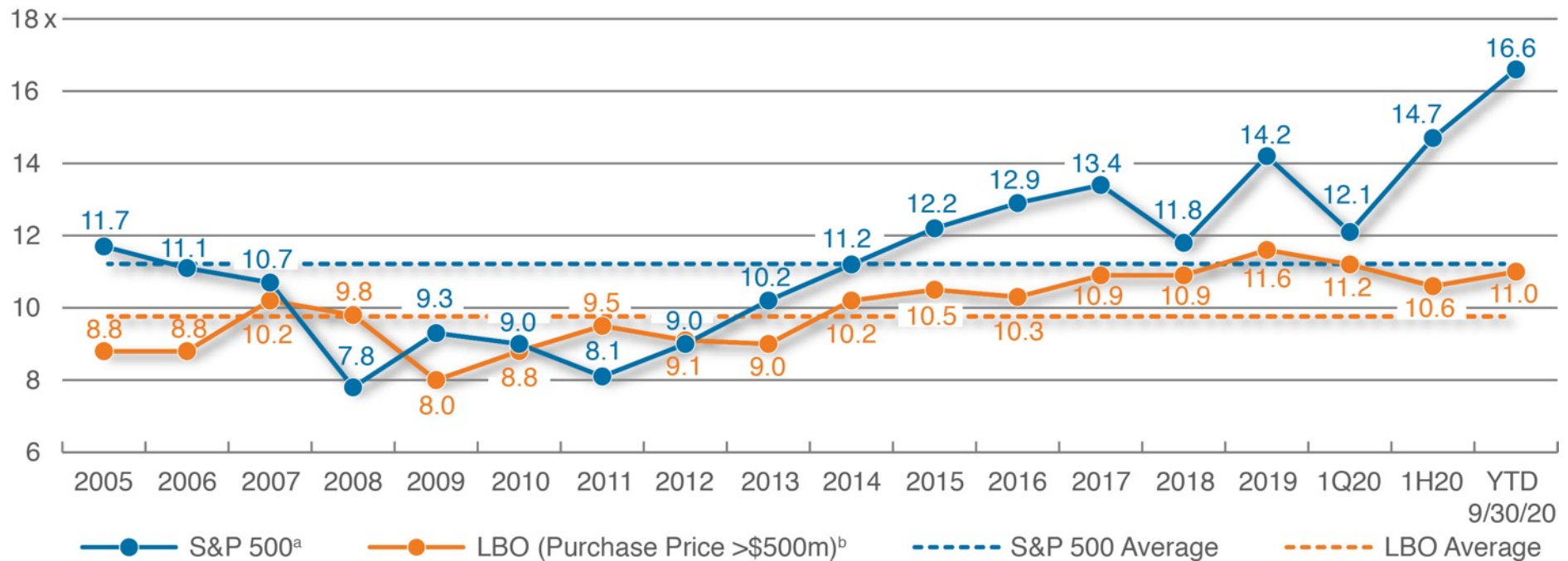
2. SOURCE: Refinitiv and Pathway Research. Fundraising amounts are based on net amounts raised, which are adjusted for fund-size reductions.



Public Market vs. Private Market EV/EBITDA Multiples

At September 30, 2020

PUBLIC MARKET VS. PRIVATE MARKET EV/EBITDA MULTIPLES



NOTE: Investors should consider the limitations inherent in comparisons between public and private markets; private market investments may pose additional and/or different risks.

^aSOURCE: Bloomberg. Represents the trailing EV/EBITDA multiple of all companies included in the S&P 500 index, as of the years listed.

^bSOURCE: S&P LCD. Represents the average trailing EV/EBITDA multiple for transactions with enterprise values of \$500 million or greater included in the S&P LCD data set during the years listed.

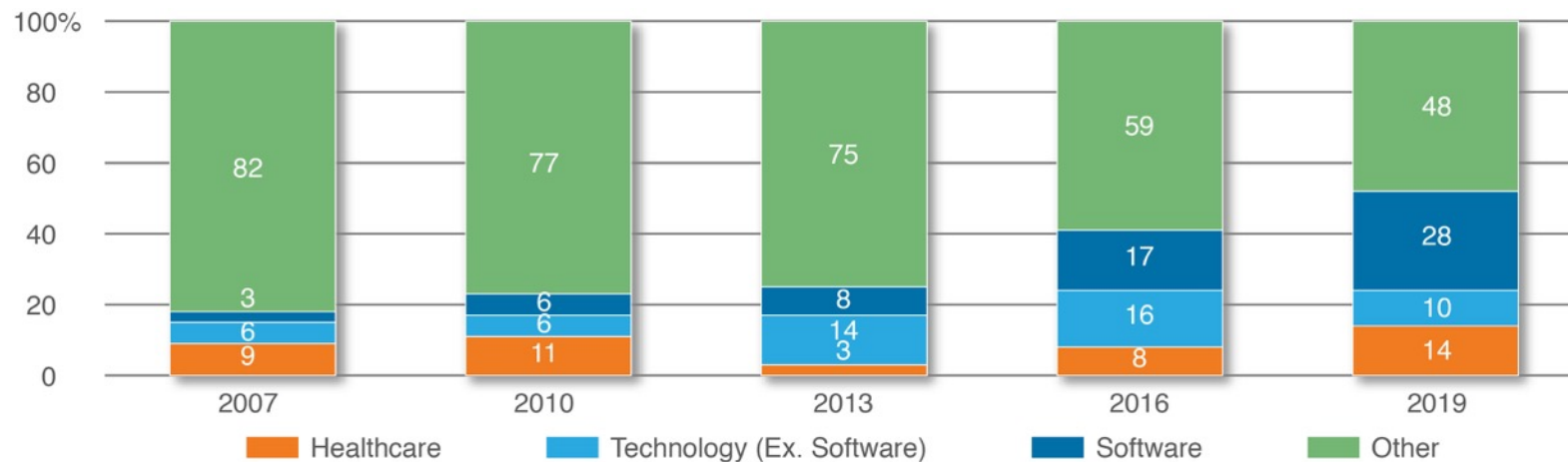


Pandemic Impact on Private Equity

Although the pandemic has had a pronounced effect on the economy, thus far there have been a variety of factors that have resulted in a limited financial impact on private equity to date.

- Structural Advantages
- **Shift toward Non-/Countercyclical Industries**
- Lessons Learned from the GFC
- Operational Resources
- Diversified Financing Sources

U.S. BUYOUT ACTIVITY BY INDUSTRY



SOURCE: Refinitiv and Pathway Research.

An abstract graphic on the left side of the slide, consisting of several overlapping curved shapes in various shades of blue and one white shape, creating a dynamic, flowing effect.

Program Overview



Program Overview

(\$ in millions)

	PPEF VII Jan 2004	SBCERA MCA Mar 2014	TOTAL PORTFOLIO Jan 2004
INCEPTION			
<i>As of October 31, 2020</i>			
TOTAL VEHICLE SIZE	\$906.0	\$500.0	\$1,406.0
STATUS	Fully Committed	Evergreen ^a	NA
CONTRIBUTIONS ("PAID-IN")	\$856.1	\$209.0	\$1,065.1
% CONTRIBUTED (OF TOTAL VEHICLE SIZE)	94%	42%	76%
DISTRIBUTIONS	\$1,234.4	\$21.3	\$1,255.7
DPI (DISTRIBUTIONS/PAID-IN)	1.4x	0.1x	1.2x
<i>As of June 30, 2020</i>			
NAV	\$325.7	\$358.4	\$684.1
TVPI (TOTAL VALUE/PAID-IN)	1.8x	1.8x	1.8x
NET IRR	11.2%	19.4%	11.8%
CURRENT COMPANIES	712	853	1,565

- The Program has been invested in accordance with the investment plans set forth in the PPEF VII and SBCERA MCA agreements.
- Both vehicles are performing at or ahead of Pathway's expectations and, with commitments to high-quality managers with multi-cycle experience, are well-positioned to navigate the current macroeconomic environment.

NOTES: Amounts presented on this page and throughout the presentation are for the entirety of PPEF VII, of which SBCERA's interest is 99.8%.

Amounts may not foot due to rounding.

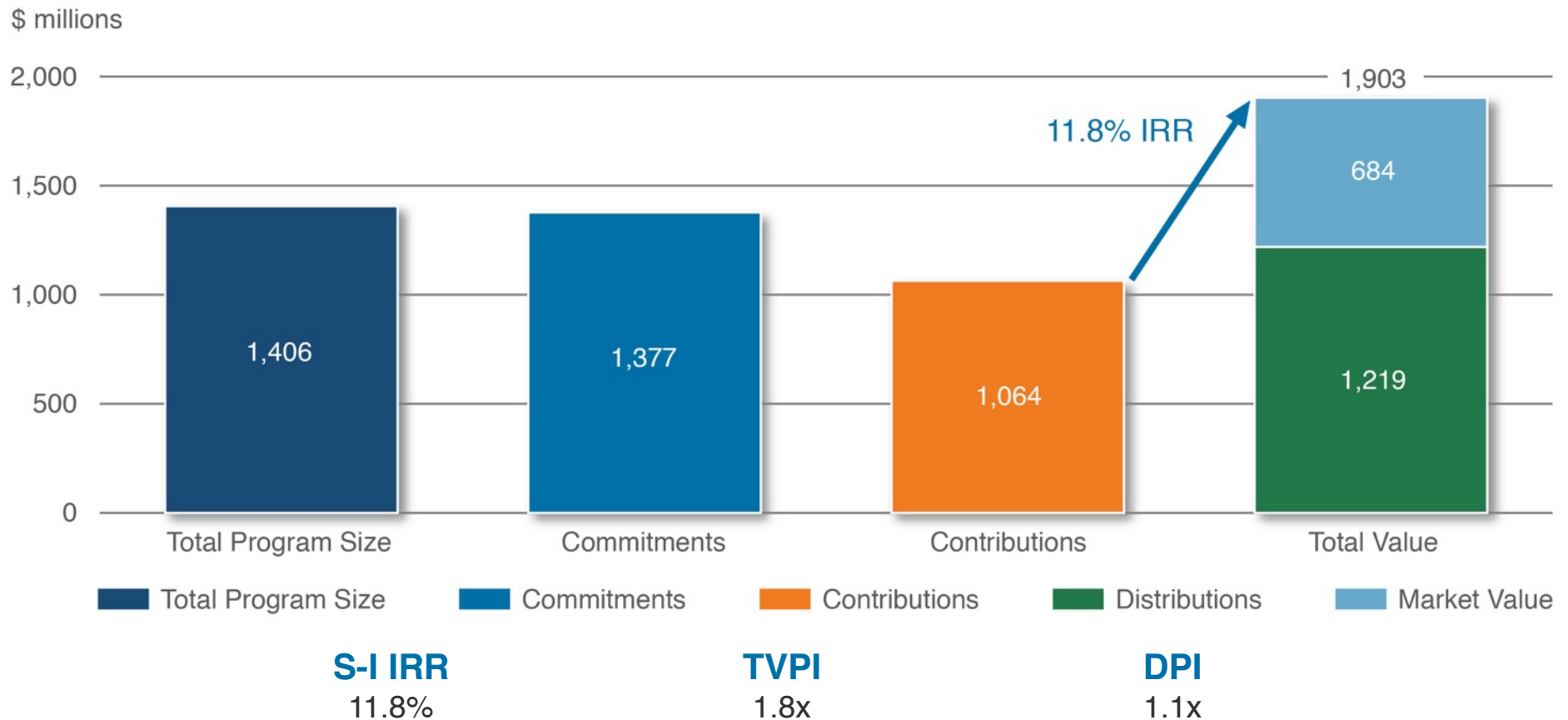
NA=Not applicable.

^aPending execution of amendment to the LPA.



Program Overview

At June 30, 2020



NOTES: Amounts may not foot due to rounding. Net of underlying partnerships' fees, expenses, and carried interest and net of the Fund's and the MCA's management fees and expenses.

- The Program has generated a since-inception gain of \$840 million and a net IRR of 11.8%, as of June 30, 2020.
- Performance compares favorably with private and public benchmarks.

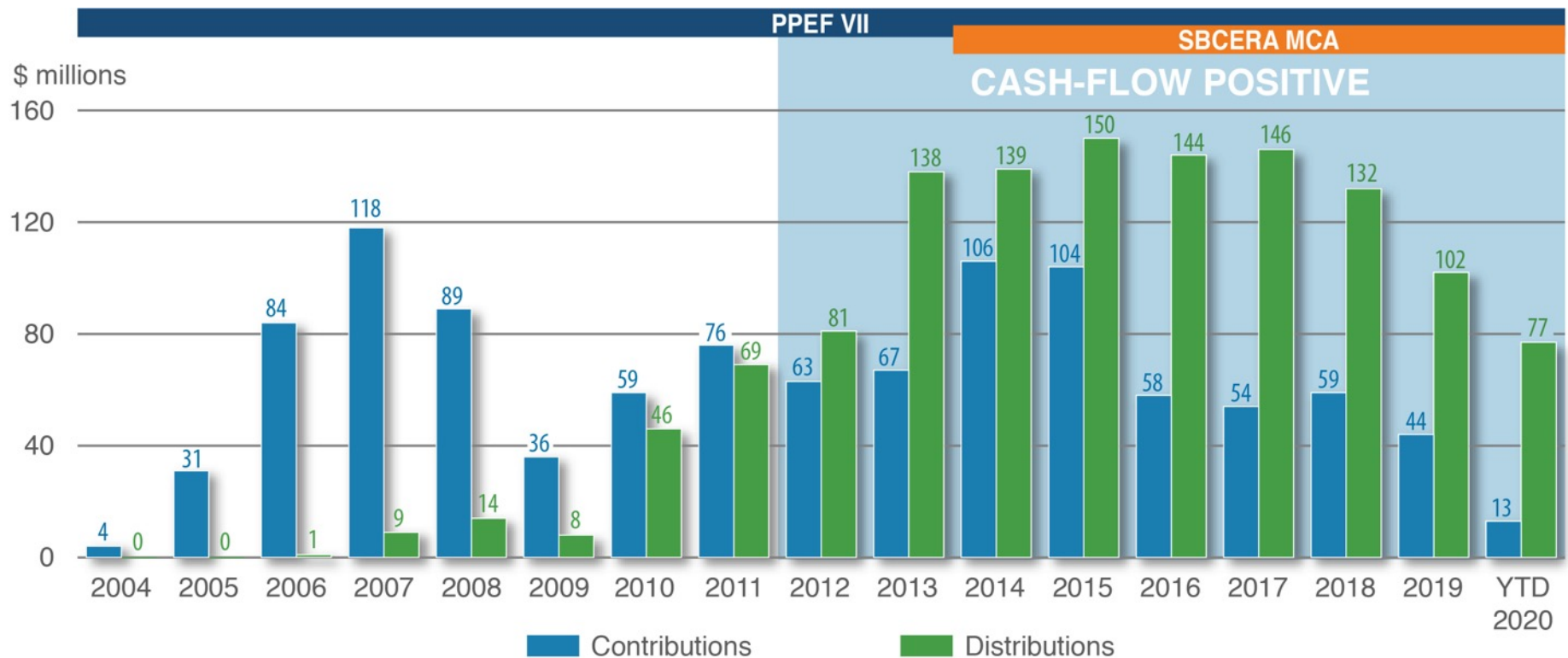


Program Contribution and Distribution Activity

At October 31, 2020

- The Program has been cash-flow positive since 2012 and to date has distributed \$191 million more than has been called since inception.

ANNUAL CONTRIBUTIONS AND DISTRIBUTIONS



NOTE: Amounts represent contributions to and distributions from PPEF VII and the SBCERA MCA.



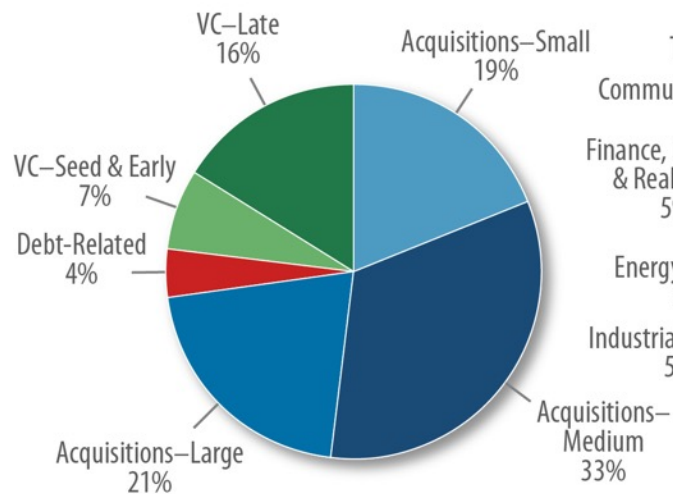
Program Portfolio Company Diversification

Company Market Value—1,565 Investments

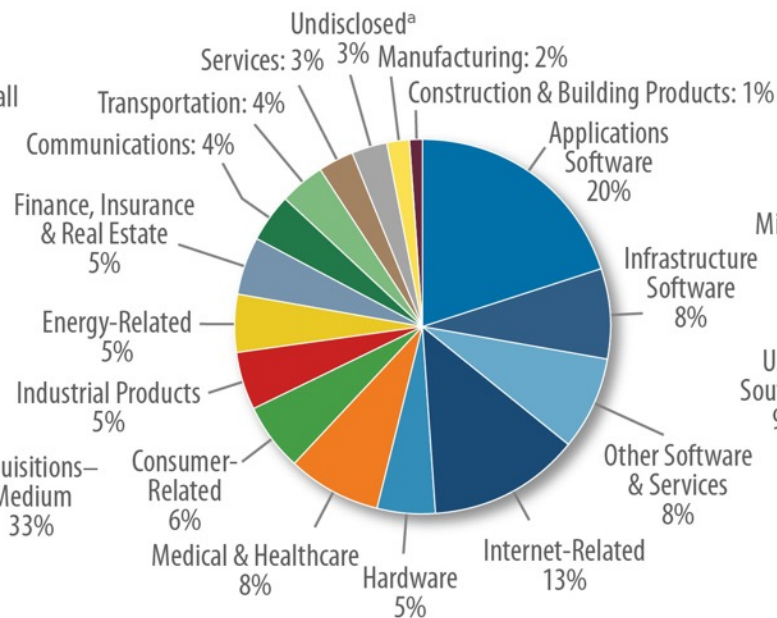
At June 30, 2020

- The Total Portfolio is well diversified at the portfolio company level.

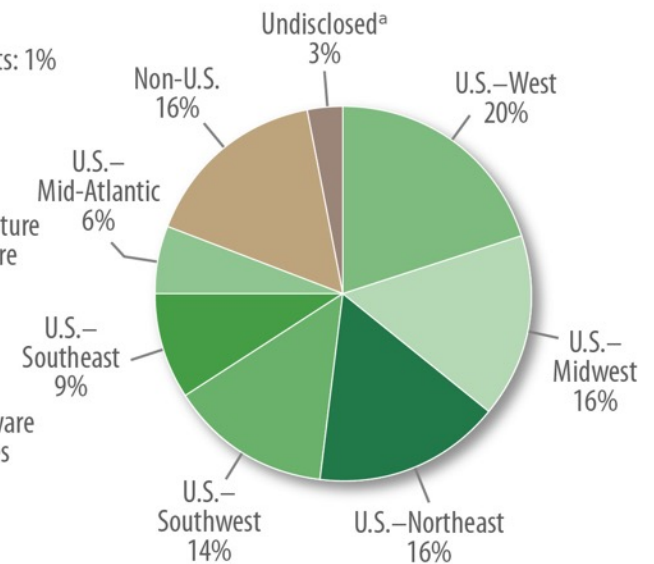
STRATEGY



INDUSTRY



REGION



NOTE: Acquisition substrategies are based on the following ranges of total enterprise values: Mega >\$10 billion, Large \$1–\$10 billion, Medium \$200 million–\$1 billion, and Small <\$200 million.

^aComprises seed investments, toehold investments, and other investments for which industry classifications were not disclosed by the partnerships.

^aComprises seed investments, toehold investments, and other investments for which geographic classifications were not disclosed by the partnerships.

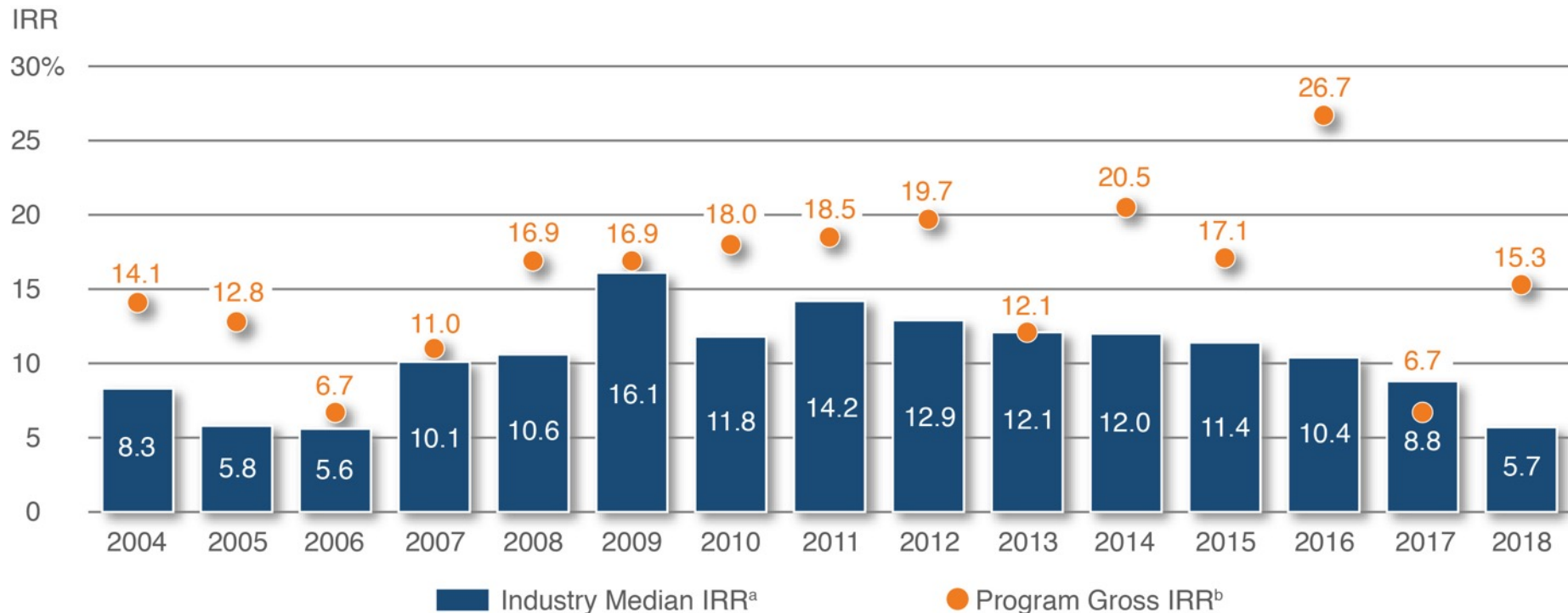


Program Vintage Year Performance vs. Private Market Benchmarks

At June 30, 2020

- The Program compares well with private market benchmarks: average outperformance across the Portfolio's 15 more-mature vintages exceeds 510 basis points.

SINCE-INCEPTION IRR



NOTES: For partnerships formed after 2017, Pathway believes that it is too early in these partnerships' investment cycles for performance to be meaningful. Performance for vintage years subsequent to 2017 is shown for illustrative purposes only.

^aNet of underlying partnerships' fees, expenses, and carried interest and gross of management fees and expenses for PPEF VII and the MCA.

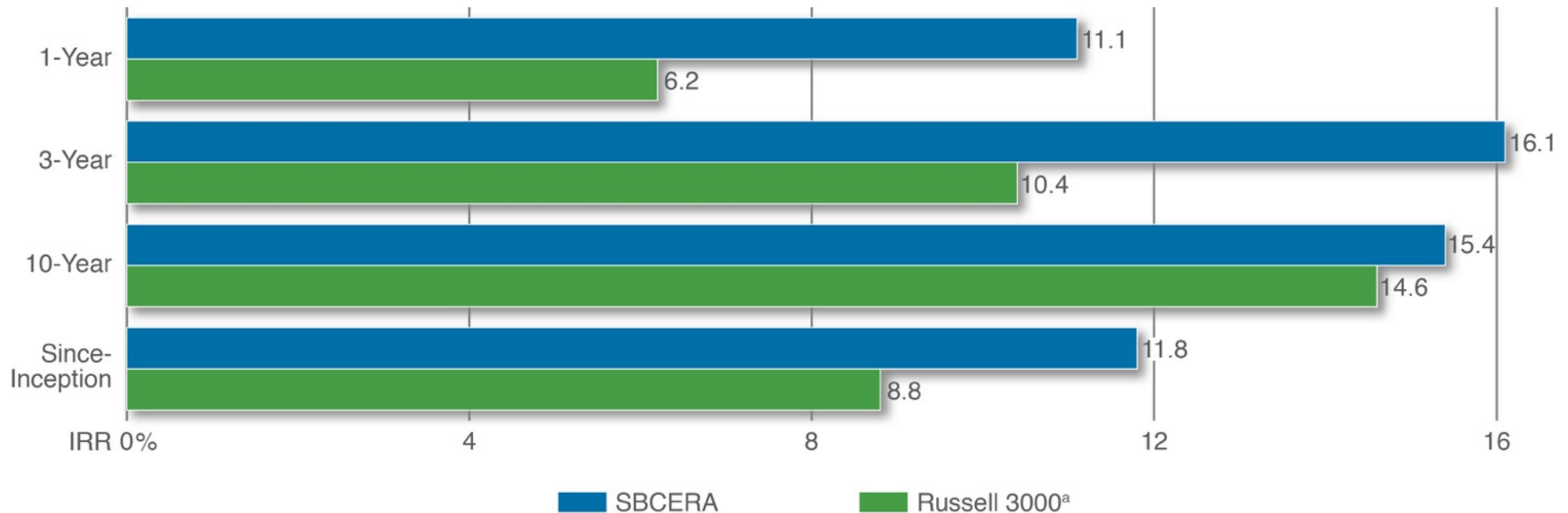
^bBurgiss Private iQ U.S. all private equity return benchmark for each vintage year, as of June 30, 2020, as produced using Burgiss data.



Program Investment Returns Summary

At June 30, 2020

HORIZON PERFORMANCE



NOTE: Net of underlying partnerships' fees, expenses, and carried interest and net of management fees and expenses for PPEF VII and the MCA.

^aDollar-weighted.

- The Program has generated attractive returns over both short- and long-term time horizons, despite navigating periods of macroeconomic volatility.
- Performance continues to compare well with public indices, outperforming the Russell 3000 by approximately 300 basis points since inception.



Recent Significant Events

Since October 2019

GoHealth[®]

one medical

Uber

The RealReal

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DiscoverOrg

PPD[®]

SurveyMonkey[®]

NETFLIX

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Pinduoduo Inc.
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More Savings
More Fun

ORION
ADVISOR TECH

KRONOS[®]

rdc
Smarter Screening

ancestry[®]

Compuware[®]

GROCERYOUTLET
bargain market



Delivery Hero

PELOTON[®]

Clarivate

Udemy

Spotify[®]

Hello
FRESH

NOTE: Comprises portfolio companies in both PPEF VII and SBCERA MCA.



Total Program Summary

- The Program continues to generate attractive performance over both short- and long-term time horizons, despite navigating periods of macroeconomic volatility.
- Long-term performance compares favorably with both private and public benchmarks.
- Distributions have been robust: the Program has been cash-flow positive since 2012 and has distributed \$191 million more than has been called since inception.
- PPEF VII is fully committed and progressing through its value-creation and harvesting phase.
- The SBCERA MCA remains in its investment and value-creation phase.

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Appendix



Biographies



James H. Reinhardt
Senior Managing Director

Mr. Reinhardt is a senior managing director and cofounder of Pathway whose private market experience dates back to 1983. Based in Pathway's California office, Mr. Reinhardt is involved in all aspects of Pathway's investment and client-servicing activities. He is a member of various Pathway committees, including the firm's Management Committee, Investment Committee, and Co-investment Investment Subcommittee.

Before forming Pathway, Mr. Reinhardt cofounded the Special Investments Division of Wilshire Associates Inc. This independent division of Wilshire focused exclusively on assisting institutions with investment in the private equity asset class. Mr. Reinhardt has served on the advisory boards and valuation committees of several private market investment partnerships. He received a BS in business management from the University of Redlands and an MBA from California State University, Northridge.



James R. Chambliss
Managing Director

Mr. Chambliss joined Pathway in 1994 and is a managing director in the California office. He is responsible for investment analysis and conducting due diligence on primaries, secondaries, and co-investments; negotiating and reviewing investment vehicle documents; and client servicing. Mr. Chambliss is a member of various Pathway committees, including the firm's Management Committee, Investment Committee, and Co-investment Investment Subcommittee. Mr. Chambliss also serves on the advisory boards of several private market partnerships.

Mr. Chambliss received a BS in business administration, with an emphasis in finance, from Loyola Marymount University and an MBA from the Marshall School at the University of Southern California.



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