



# San Bernardino County Employees' Retirement Assoc.

## Staff Report Details (With Text)

**File #:** 19-1126 **Name:**

**Type:** Information Item

**File created:** 10/19/2020 **In control:** INVESTMENT COMMITTEE

**On agenda:** 11/17/2020 **Final action:**

**Title:** Pathway Capital Management Manager Update.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit A: Pathway Capital Management Presentation

Date	Ver.	Action By	Action	Result
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**FROM:** Don Pierce, Chief Investment Officer

**SUBJECT:** Informational: Pathway Capital Management Manager Update

**RECOMMENDATION:**  
Pathway Capital Management Manager Update.

**BACKGROUND:**  
Pathway Capital Management (“PCM”) is a private assets manager based in Irvine, California. Founded in 1991 with a focus in private equity, PCM currently manages about \$65 billion in private equity, credit, and infrastructure investments.

SBCERA’s relationship with PCM started in January 2004 with an initial commitment of \$604 million (total commitment of \$906 million) to a fund-of-one vehicle called Pathway Private Equity Fund VII (“PPEFVII”). PPEF VII has generated a net 11.2% IRR and 1.8x TVPI since inception. In December 2013, SBCERA and PCM entered into an evergreen MCA agreement with an initial commitment of \$280 million (total commitment \$500 million). Since inception the Pathway MCA has generated a net 19.4% IRR and 1.8x TVPI.

Private Equity is an important source of investment return in the SBCERA portfolio with a target allocation of 16% and according to NEPC’s return projections an expected return of 10.9% over a 10-year period. SBCERA’s private equity budget for 2020 is \$600 million including an allocation of \$70 million to PCM.

**BUDGET IMPACT:**  
None.

**STRATEGIC PLANNING GOAL/OBJECTIVE:**  
Prudent Fiscal Management

**STAFF CONTACT:**

Amit Thanki

**ATTACHMENTS:**

Exhibit A: Pathway Capital Management Presentation