



San Bernardino County Employees' Retirement Assoc.

Staff Report Details (With Text)

File #: 21-018.1 **Name:**

Type: Information Item

File created: 7/15/2021 **In control:** BOARD OF RETIREMENT

On agenda: 8/5/2021 **Final action:**

Title: 2021 Private Equity Pacing Plan Update.

Sponsors:

Indexes:

Code sections:

Attachments: 1. Exhibit A: SBCERA Private Equity Manager Structure Slide

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

SUBJECT: Informational: 2021 Private Equity Pacing Plan Update

RECOMMENDATION:
2021 Private Equity Pacing Plan Update.

BACKGROUND:

The 2021 pacing plan for SBCERA's private equity ("PE") program was approved in January 2021 with a total budget of \$550 million. Capital allocations to existing SBCERA managers totaled \$230 million leaving \$320 million available to be deployed opportunistically.

In the first calendar quarter of 2021, SBCERA's investment team and NEPC worked to identify opportunities in private equity that would benefit the PE program and could implement without material changes to our approach. The identified opportunities include increasing commitment size to primary/direct funds and co-investments, minimizing blind-pool risk when committing to primary/direct funds, and further leveraging MCA capabilities. As a result, SBCERA's investment team has identified investments in private credit and equity in MCA relationships with Ares Management and Partners Group respectively. The Ares MCA will invest the \$50 million allocation in US direct lending opportunities via a commitment to Ares PCS II and Partners Group MCA will invest the \$70 million allocation in private equity co-investment opportunities.

The updated allocations bring the 2021 PE pacing plan to \$350 million of capital allocated leaving \$200 million available to invest opportunistically. A detailed breakdown of the allocations is provided in Exhibit 1: 2021 Private Equity Budget Update.

Exhibit 1: 2021 Private Equity Budget Update.

Manager Allocations (\$ Million)	2020 Total	2021 Total	2021 Addition	2021 Revised
Aberdeen Standard Co-Investment II	\$50	-	-	-

Adams Street Partners MCA	\$50	\$50	-	\$50
Ares MCA	-	-	\$50	\$50
Crestline Portfolio Fin. Fund II/MCA	\$100	-	-	-
Gramercy MCA	\$25	-	-	-
Industry Ventures MCA	\$50	\$15	-	\$15
Kayne Anderson MCA	\$50	\$15	-	\$15
Partners Group MCA	\$50	\$25	\$70	\$95
Pathway Capital MCA	\$70	\$100	-	\$100
Waterfall MCA	\$10	\$25	-	\$25
Allocated PE Budget	\$455	\$230	\$120	\$350
Unallocated PE Budget	\$145	\$320		\$200
Total PE Budget	\$600	\$550		\$550

COMMITTEE REVIEW:

This item was reviewed by the Investment Committee at its July 13, 2021 meeting.

BUDGET IMPACT:

None.

STRATEGIC PLANNING GOAL/OBJECTIVE:

Prudent Fiscal Management

STAFF CONTACT:

Amit Thanki

ATTACHMENTS:

Exhibit A: SBCERA Private Equity Manager Structure Slide