



BOARD OF RETIREMENT

Staff Report

File #: 19-469.1

Agenda Date: 9/5/2019

Agenda #: 23.

FROM: Don Pierce, Chief Investment Officer

SUBJECT: Informational Item: Private Equity Review

RECOMMENDATION:
Private Equity Review.

BACKGROUND:

San Bernardino County Employees' Retirement Association (SBCERA) has a long-term strategic target allocation of 16% to private equity. This allocation is expected to deliver a higher return by earning a premium for taking liquidity and complexity risk. In addition, private equity General Partners often have engagement at the company board levels which should also drive value for investors. SBCERA includes a wide variety of private assets within the private equity allocation, including distressed debt, private debt, and secondary LP interests along with more traditional buyout and venture capital strategies.

Attached as Exhibit A is a summary presentation prepared by NEPC regarding SBCERA's performance in private equity, which was discussed at the Committee by Allan Martin of NEPC.

COMMITTEE REVIEW:

This item was reviewed by the Investment Committee at its August 13, 2019 meeting.

BUDGET IMPACT:

None.

STRATEGIC PLANNING GOAL/OBJECTIVE:

Prudent Fiscal Management

STAFF CONTACT:

Don Pierce

ATTACHMENTS:

Exhibit A: Private Equity Review Presentation