



# BOARD OF RETIREMENT

## Staff Report

**File #:** 21-018.1

**Agenda Date:** 8/5/2021

**Agenda #:** 11.

**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
<b>Allocated PE Budget</b>	<b>\$455</b>	<b>\$230</b>	<b>\$120</b>	<b>\$350</b>
<b>Unallocated PE Budget</b>	<b>\$145</b>	<b>\$320</b>		<b>\$200</b>
<b>Total PE Budget</b>	<b>\$600</b>	<b>\$550</b>		<b>\$550</b>

**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