

# PRIVATE EQUITY



## The Basics



Current target allocation: 8.5%, which is set by the PERA Board through the asset/liability process



Typically invests in companies not traded on a stock exchange, like the NYSE



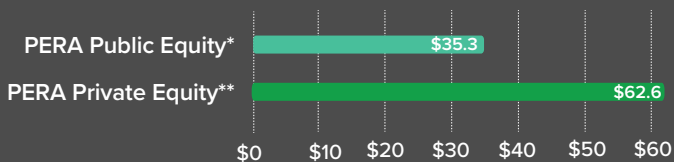
Provides transformational capital where General Partners use their expertise and resources to improve outcomes and drive increased valuations resulting in higher returns to Limited Partners (such as PERA)



Using this transformational, high-touch management, results in higher costs than active or passive investments in public equity

## 2022 Investment Expenses

Investment Expense (Dollars in millions)



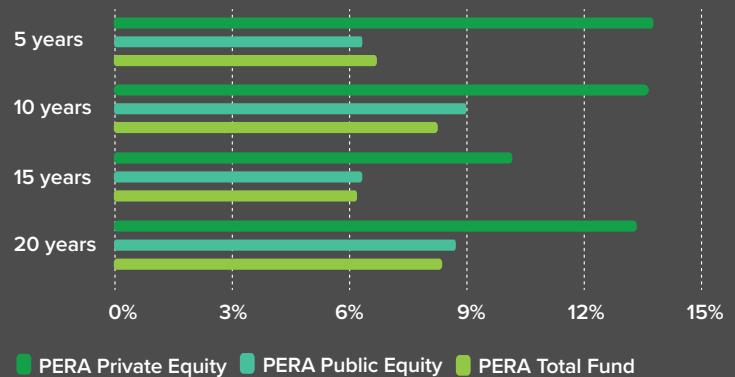
- PERA strives to lower fees when possible
- Over the past several years, staff has generally been successful in negotiating fees lower than the typical “2 and 20” standard charged by the private equity industry

### Estimated Expenses as a Percentage of Assets Under Management

PERA Public Equity\* **0.12%** PERA Private Equity\*\* **1.21%**

## 2022 Time-Weighted Returns

(as of 12/31/2022, net of expenses)



- Because of the higher private equity cost structure, its goal is to outperform, after fees (net), investments in public equity
- PERA’s investment in private equity has added value to the total fund over the last 20 years

## PROJECTED VALUE ADDED

Without investment in private assets, PERA would need greater than an additional **30 YEARS** to become fully funded<sup>†</sup>  
 Or additional contributions of **8.0%** would be needed to achieve full funding<sup>†</sup> by the 2048 target date  
<sup>†</sup>Estimated



## ACTUAL VALUE ADDED

Over the past **20 YEARS**, PERA has paid \$1.1 billion\*\* in management fees for private equity, which has generated **\$8.3 BILLION** in returns after fees

\* Includes a portion of internal manager expenses  
 \*\* Does not include carried interest  
 Data as of December 31, 2022