



Investment Committee

Agenda Item 8a

April 15, 2019

Item Name: Review of Private Equity Co-Investments

Program: Total Fund

Item Type: Information

Executive Summary

At the February 2019 Investment Committee Meeting a Committee Member asked for a review of co-investments and the Chair directed staff to come back to the Committee with a review. This review provides an overview of the benefits and risks of co-investments and current market conditions.

Strategic Plan

This item supports California Public Employees' Retirement System (CalPERS) Strategic Plan goal of improving long-term pension and health benefit sustainability. Co-investments may be used as a way to maintain or increase the investment exposure to the Private Equity asset class over time which could improve the overall returns of the CalPERS Portfolio.

Investment Beliefs

This item supports the following CalPERS' Investment Beliefs:

- Investment Belief 1: Liabilities must influence asset structure
- Investment Belief 2: A long time investment horizon is a responsibility and an advantage
- Investment Belief 4: Long-term value creation requires effective management of the three forms of capital: financial, physical and human
- Investment Belief 6: Strategic asset allocation is the dominant determinant of portfolio risk and return

Background

The strategic business model for private equity includes four Pillars. This item covers one of the segments of Pillar Two, co-investments.

Analysis

Not applicable.

Budget and Fiscal Impacts

There are currently no additional costs or fees associated with this agenda item.

Benefits and Risks

By conducting this review, both staff and the Board will ensure that the plan stays true to the strategic goals and is in alignment with CalPERS Investment Beliefs.

Attachment

Attachment 1 – Review of Private Equity Co-Investments Presentation

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