

Executive Summary

Private Equity Report – Open Session

Key Topics in Report¹

- The Private Equity portfolio's performance was positive over the prior six months but still negative over the trailing 1-year period as short-term performance has shown a cool off from the very strong returns seen during the 2020-2021 recovery from the COVID-19 pandemic lows. Longer-term results as of March 31, 2023, remain strong on both an absolute basis and relative to benchmarks. The Program is outperforming both the Custom State Street Index and the Custom Benchmark over the trailing 3-, 5-, and 10-year periods.
 - The Program's outperformance against the Custom State Street Index over intermediate time periods was largely driven by strong Buyouts performance.
- Staff has achieved the 13% long-term allocation target. Private Equity currently makes up 15.9% of the Total Plan, compared to 15.8% six months ago. Despite negative returns over the trailing 1-year period, the Program's NAV, at \$48.8 billion, is still up slightly since March 31, 2022, due to contributions outpacing distributions.
- On a net of cash flow basis, the Program's NAV increased by \$2.1 billion during the prior six months but decreased by \$0.7 billion since March 31, 2022.
- Commitment pacing has been consistent over recent years but the annual target has been reduced for 2023. Continued disciplined activity will be required to maintain the long-term target.
 - Staff has increased its relative pace to co-investments, which now represent approximately 21% of the Private Equity Program.
- The Portfolio remains well diversified across Strategy and Geography type and is in line with sub-asset and diversification targets.

¹ Performance is based on data as of March 31, 2023.