### 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

<table>
<thead>
<tr>
<th>Investment Expense (Dollars in millions)</th>
<th>PERA Public Equity*</th>
<th>PERA Private Equity**</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>$0.12%</td>
<td>1.21%</td>
</tr>
</tbody>
</table>

- 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

### 2022 Time-Weighted Returns

<table>
<thead>
<tr>
<th>(as of 12/31/2022, net of expenses)</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 years</td>
</tr>
<tr>
<td>10 years</td>
</tr>
<tr>
<td>15 years</td>
</tr>
<tr>
<td>20 years</td>
</tr>
</tbody>
</table>

- PERA Private Equity
- PERA Public Equity
- PERA Total Fund

- **PERA Total Fund**
- **PERA Public Equity**
- **PERA Private Equity**

- *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*

### 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

### PROJECTED VALUE ADDED

Without investment in private assets, PERA would need greater than an additional **30 YEARS** to become fully funded†

Or additional contributions of **8.0%** would be needed to achieve full funding by the 2048 target date

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