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.

2020 Investment Expenses

<table>
<thead>
<tr>
<th>Investment Expense (Dollars in millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERA Public Equity</td>
</tr>
<tr>
<td>$0</td>
</tr>
<tr>
<td>$10</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

2020 Time-Weighted Returns

(as of 12/31/2020, net of expenses)

PERA Private Equity

- 5 years: 12%
- 10 years: 15%
- 15 years: 10%
- 20 years: 5%

PERA Public Equity

- 5 years: 0%
- 10 years: 3%
- 15 years: 6%
- 20 years: 9%

PERA Total Fund

- 5 years: 9%
- 10 years: 12%
- 15 years: 15%
- 20 years: 18%

- 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

Estimated Expenses as a Percentage of Assets Under Management

- PERA Public Equity: 0.08%
- PERA Private Equity: 1.29%

PROJECTED VALUE ADDED

Without investment in private assets, PERA would need at least an additional 12 YEARS to become fully funded.

Or additional contributions of 5.0% would be needed to maintain the current number of years for PERA to achieve full funding.

ACTUAL VALUE ADDED

Over the past 20 YEARS, PERA has paid $985 million* in management fees for private equity, which has generated $3.2 BILLION in returns after fees.

* Does not include carried interest
Data as of December 31, 2020