

Private Equity Recommendations

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Agenda

- I. Due Diligence Process Review
- II. Portfolio Construction
- III. Manager Selection & Recommendations
- IV. Requested Board Action

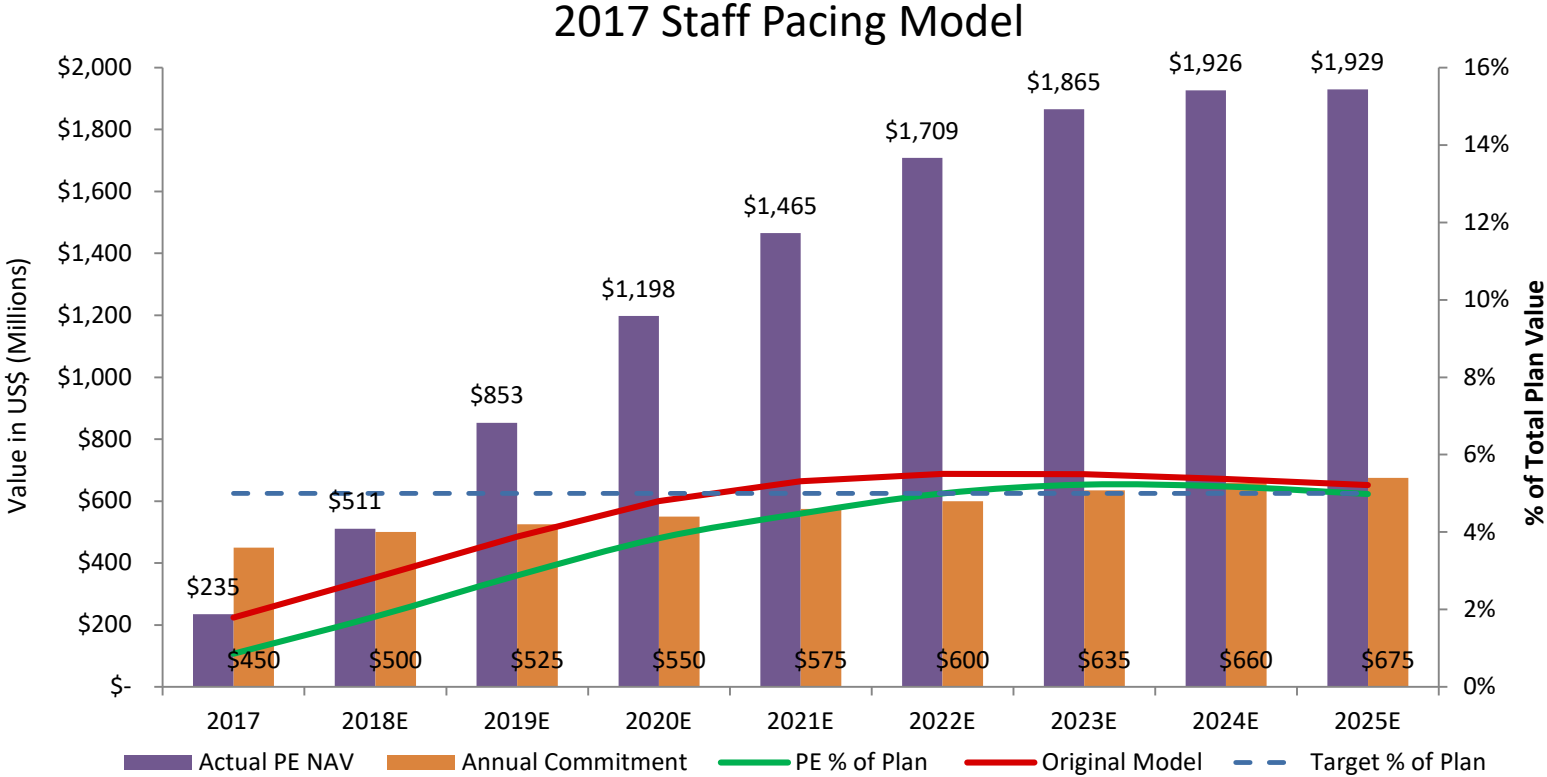
*Names used in this presentation are a shortened version that is used for ease of communication purposes throughout this document. The formal recommendations to the Board on the last page of this presentation reflect the full legal names of the investments.

Section I

DUE DILIGENCE PROCESS REVIEW

Due Diligence Processes

As part of Multi-year time periods

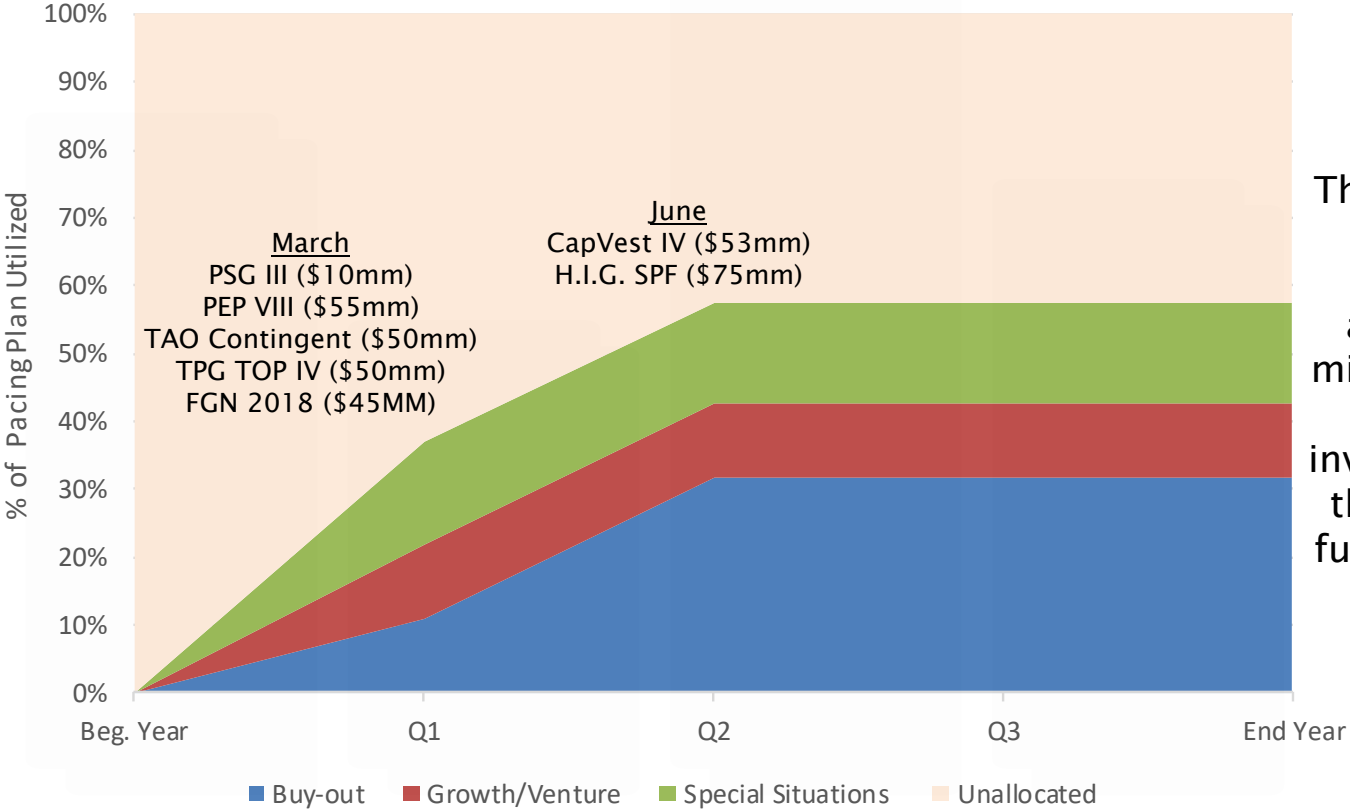


Annual pacing plans are developed in the context of multiple year investment horizons. This is necessary because private capital investments deploy and return capital over time rather than all at once.

Due Diligence Processes

As part of Annual Search Processes

2018 Private Equity Pacing Plan Progress



The 2018 Private Equity search process has culminated in approximately \$338 million of closed and/or recommended investments, in line with the \$500 mm primary fund pacing model goal for the year.

Search processes are approved in annual amounts. Progress will be made throughout the year as opposed to all at once.

Section II

PORTFOLIO CONSTRUCTION

Manager Selection Portfolio Considerations

Strategy Diversification

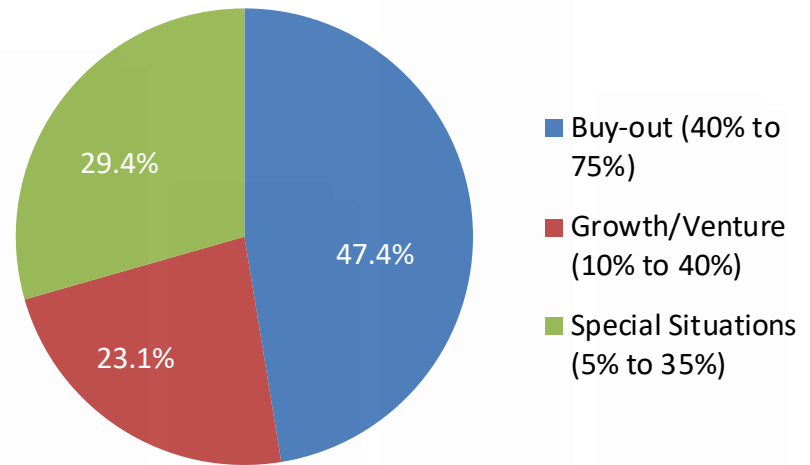
Strategy considerations:

2015: Overweight special situations early for J-Curve mitigation, efficiency of capital deployment, and tactical opportunities.

2016: Focus on growth opportunity set and continue to add buy-out exposure.

2017: Round out buy-out portfolio, and opportunistically add to growth and credit.

Private Equity Strategy Diversification by Commitment



Manager Selection Portfolio Considerations

Manager Implementation

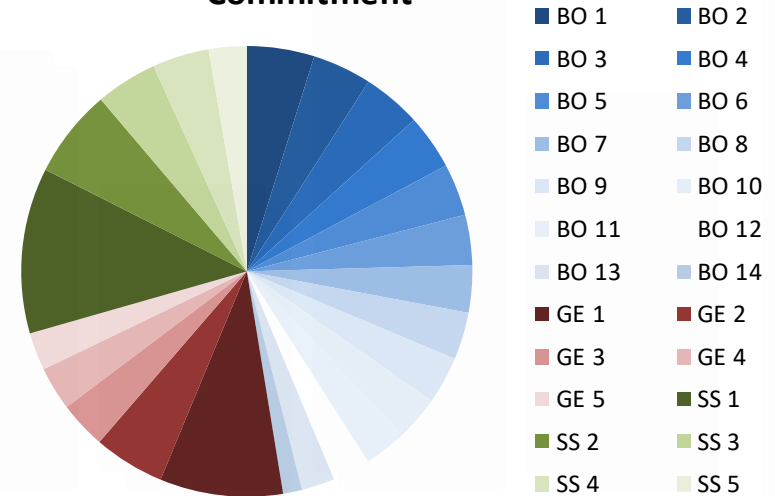
The overall goal remains identifying top quartile performers to partner with.

Position sizing considerations:

Continue to reduce the unallocated portion of the private equity portfolio while sensibly balancing the trade-off between diversification and concentration.

Areas of focus are enhancing manager diversification, and building strategic relationships where possible/appropriate.

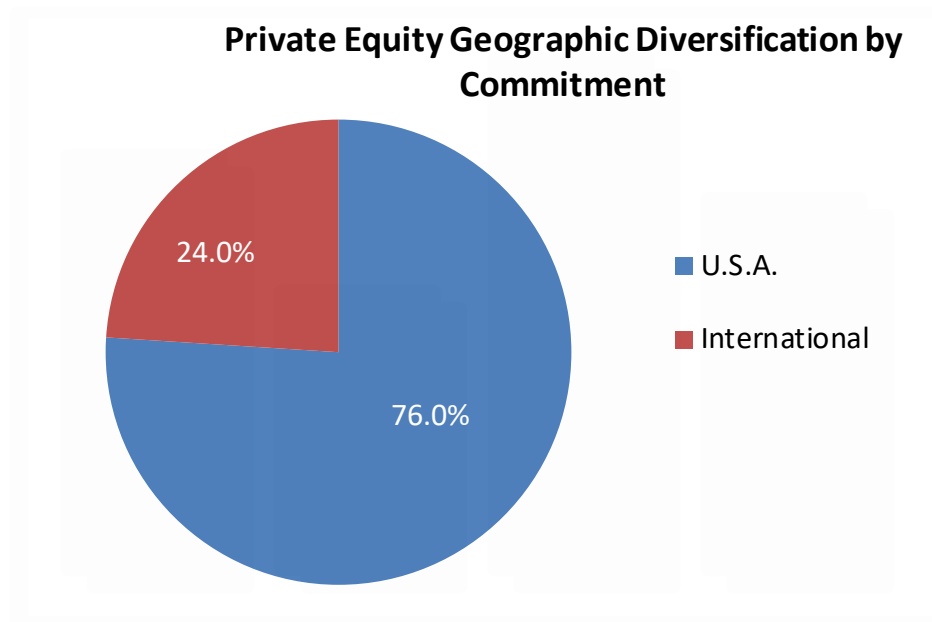
Private Equity Manager Diversification by Commitment



Manager Selection Portfolio Considerations

Geographic Diversification

TMRS is focused on taking a measured approach to global geographic diversification.



The Target Portfolio keeps a conservative stance on international exposure.

Section III

MANAGER SELECTION & RECOMMENDATIONS

Manager Recommendations

Executive Summary

Summary of Recommendations			
Recommended Manager/Fund	Strategy	Target Return	Recommended Amount
CapVest Equity Partners IV SCSp (Capvest)	Buy-Out	20% Net IRR	€45 million (approx. \$53 million)
H.I.G. Strategic Partners Fund (HIG or SPF)	Buy-Out	20% Net IRR	\$200 million in SPF fund \$100 million co-investment
Total Approximate Recommended Investments/Commitments			Up to \$353 million

Inclusive of the above recommendations, 2018 year to date total private equity recommendations approved will equal ~\$338 million (with the committed amount to be determined), within limits set forth in the 2018 Private Equity Pacing Model and the IPS. Please note that HIG will be a vintage year diversified fund of funds, as per the IPS, the full commitment is excluded from 2018 annual pacing concentration calculations and is accounted for as \$75mm per year, for 4 years, in the pacing model.

Top Candidate Characteristics – CapVest

€45 million (approx. \$53 million) Recommendation

CapVest Partners ("CapVest" or the "Firm") is a London-based middle market buy-out (MMBO) firm founded in 1999 that targets companies in consumer staples, healthcare, and "essential services" businesses across Northern and Western Europe. Post-investment, the firm seeks to implement its "CapVest Toolbox" of organic and inorganic initiatives to drive value within its portfolio. CapVest Equity Partners Fund IV ("CapVest IV") is targeting €1 billion to acquire 6 to 8 platform investments, and will seek opportunities in which the Fund can invest €75 million to €125 million into companies with enterprise values between €100 million to €500 million.

CapVest Due Diligence Summary

Date of First TMRS Meeting
1/23/2018 (GP Office)

Dates of Subsequent Meetings
2/6/2018 (Austin)

Dates of Diligence Advancement
'B' Rating – 1/23/2018
'A' Rating – 2/20/2018

Date of Consultant Report
May, 2018

Negotiation Initiated
4/23/2018

Comparable Strategies Reviewed
Buy-out Managers (129)
European Middle Market (21)

European MMBO Meetings
13 manager meetings

Top Candidate Characteristics – H.I.G.

\$200 million and a \$100 million co-investment Recommendation

H.I.G. Capital ("H.I.G.") is a global alternative investment firm founded in 1993 that invests in leveraged buyouts, growth equity, special situations, credit, direct lending, and real estate. H.I.G. Strategic Partners Fund ("SPF" or the "Fund") is targeting \$1 billion to invest in the firm's 12 underlying funds as they return to market over the next four years, in addition to making co-investments on an opportunistic basis alongside the underlying funds. H.I.G. is currently raising SPF to provide a select group of their limited partners the opportunity to lock in allocations to their oversubscribed fund lines, while building in diversification across their strategies to create an attractive risk-adjusted return profile.

H.I.G. Due Diligence Summary

Date of First TMRS Meeting

8/26/2015 (Call)

Dates of Subsequent Meetings

9/22/2015 (On-site Miami)

8/26/2015 (Call)

11/9/2016 (TMRS)

7/19/2017 (TMRS)

9/27/2017 (On-site Miami)

4/18/2018 (TMRS)

5/11/2018 (On-site NY)

Dates of Diligence Advancement

'B' Rating – 4/10/2018

'A' Rating – 5/11/2018

Date of Consultant Report

June, 2018

Negotiation Initiated

5/21/2018

Comparable Strategies Reviewed

14 (Global Private Markets firms)

Global Private Markets Meetings

54 manager meetings

Section IV

REQUESTED BOARD ACTION

Approval of Recommendation

TMRS Staff and StepStone Group recommend that the Board of Trustees approve the selection of the following funds as detailed in the Board Communication Memo:

Recommendations:

- CapVest Equity Partners IV SCSp €45 million
(approx. \$53 million)
- H.I.G. Strategic Partners Fund, L.P. \$200 million
\$100 million co-investment

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