

Private Equity Recommendations

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Agenda

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

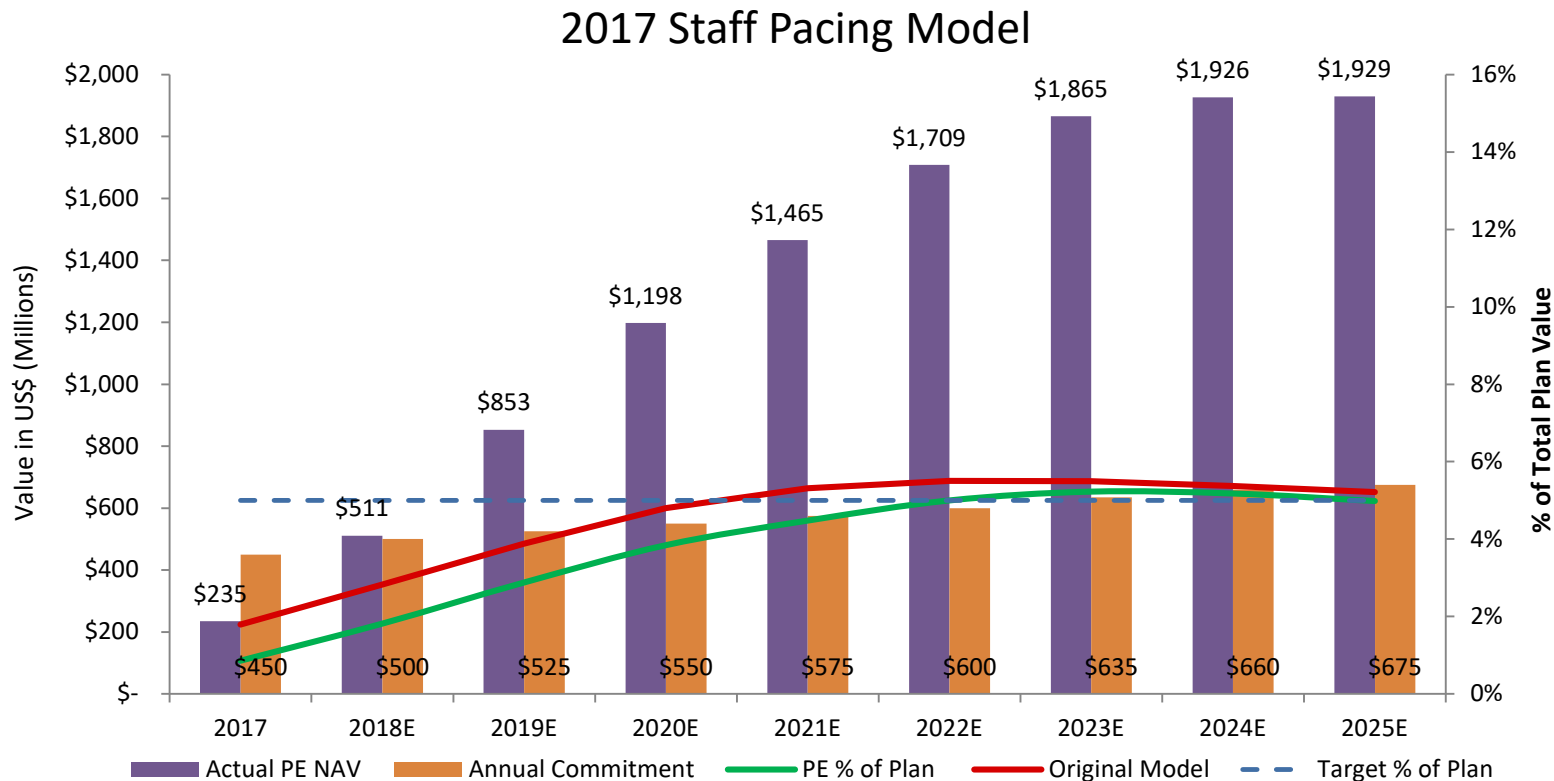
*Names used in this presentation are shortened versions that are used for ease of communication purposes throughout this document. The formal recommendations to the Board on the last page of this presentation reflect the full legal names of the investments.

Section I

DUE DILIGENCE PROCESS REVIEW

Due Diligence Processes

As part of Multi-year time periods

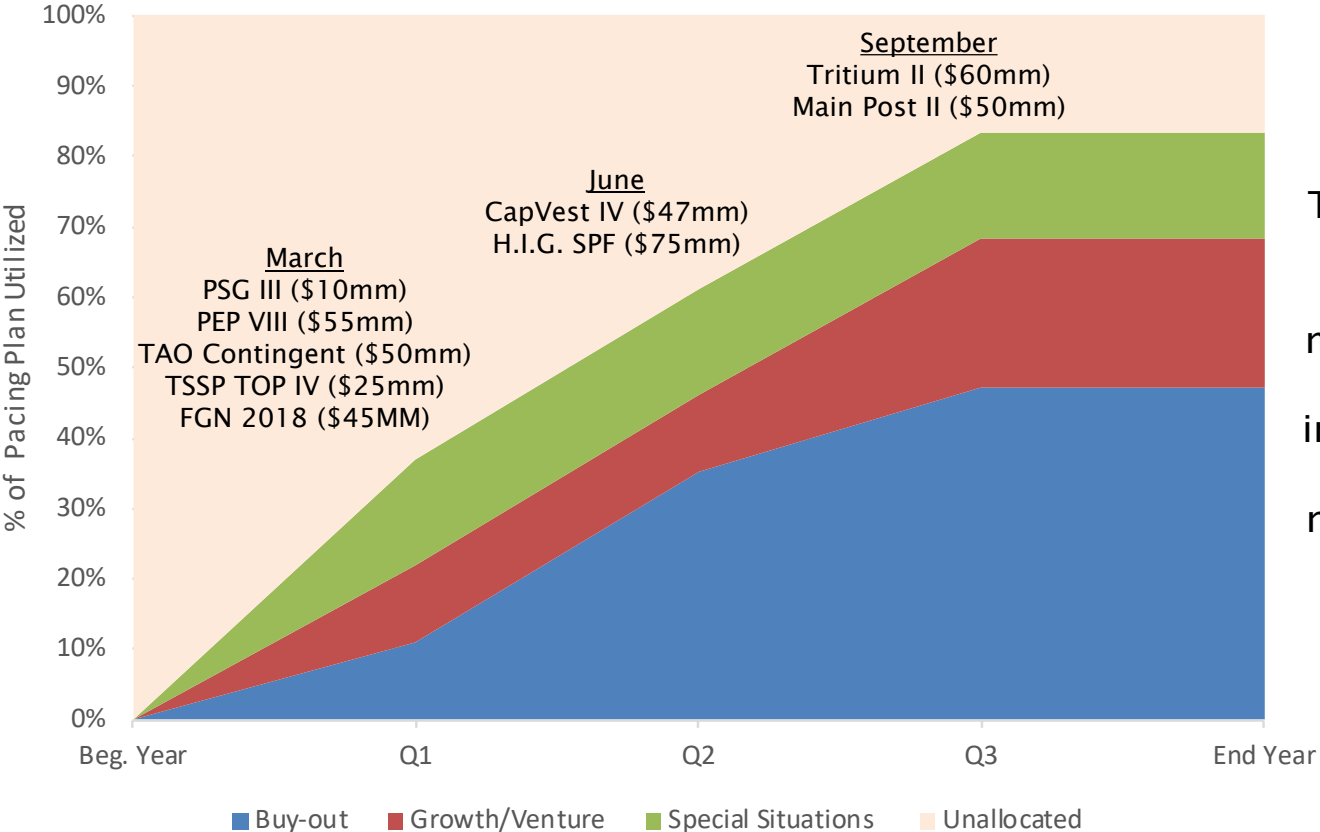


Annual pacing plans are developed in the context of multiple year investment horizons. This is necessary because private capital investments deploy and return capital over time rather than all at once.

Due Diligence Processes

As part of Annual Search Processes

2018 Private Equity Pacing Plan Progress



The 2018 Private Equity search process has culminated in \$417 million of closed and/or recommended investments, in line with the \$500 mm 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

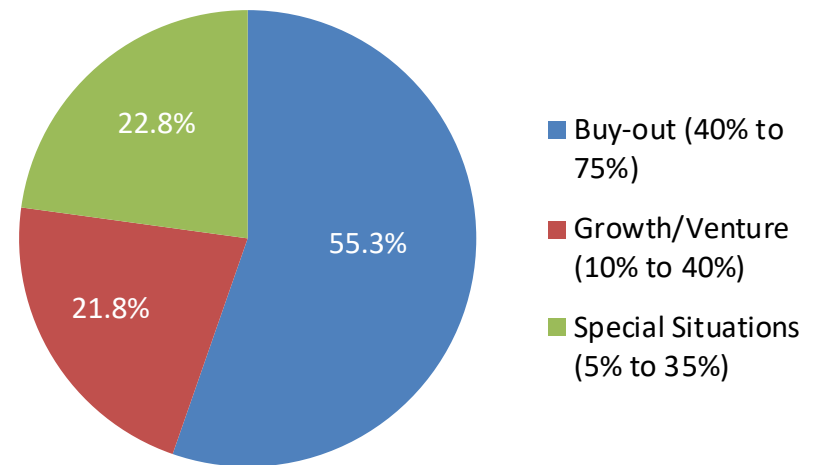
Strategy considerations:

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

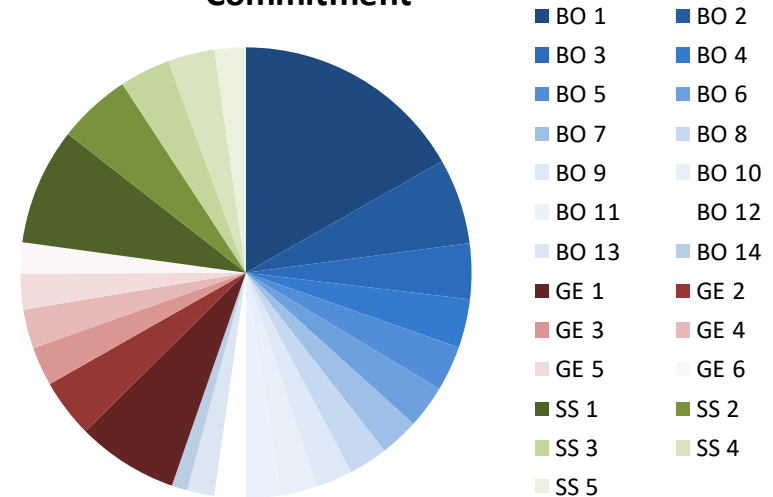
The overall goal remains identifying top quartile performers to partner with.

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

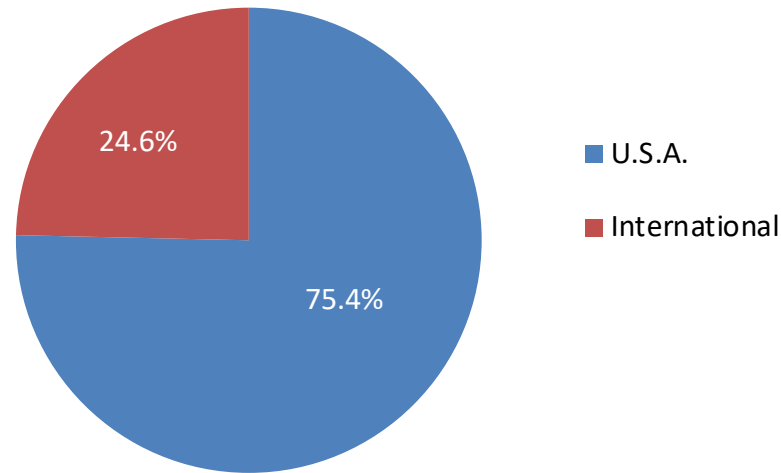


Manager Selection Portfolio Considerations

Geographic Diversification

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

Private Equity Geographic Diversification by Commitment



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
Tritium II (Tritium)	Buy-Out	25% Net IRR	\$60 million
Main Post II (Main Post)	Growth	25% Net IRR	\$50 million
Total Approximate Recommended Investments/Commitments			Up to \$110 million

Inclusive of the above recommendations, 2018 year to date total private equity recommendations approved will equal ~\$417 million (with the committed amount to be determined), within limits set forth in the 2018 Private Equity Pacing Model and the IPS.

Top Candidate Characteristics – Tritium

\$60 million Recommendation (follow on fund)

Tritium Partners is an Austin-based lower middle market growth/buy-out firm founded in 2013 that targets companies in internet/information services, supply chain/logistics, and business/financial services businesses across the United States. Tritium is targeting \$375 million to make 12 to 14 control investments, and will seek opportunities in which they can invest \$15 million to \$50 million into companies generating \$2 million to \$20 million of EBITDA. Tritium will continue to execute the same strategy employed in the prior fund, which was developed during the founders' time at Austin Ventures.

Tritium Due Diligence Summary

Date of First TMRS Meeting

7/27/2015 (Austin)

Dates of Subsequent Meetings

3/22/2016 (GP Office)

6/28/2016 (Austin)

11/15/2016 (GP office)

2/16/2017 (LPAC call)

4/15/2017 (Austin)

6/13/2017 (Austin)

4/12/2018 (Annual Meeting)

Dates of Diligence Advancement

'B' Rating – 8/3/2015

'A' Rating – 9/1/2015

'A' Re-affirmed – 8/1/2018

Date of Consultant Report

September, 2018

Legal Negotiation Initiated

7/27/2018

Comparable Strategies Reviewed

18 (Small Growth Buy-outs)

19 (Diversified Growth Equity)

Buy-out Meetings

135 manager meetings

Growth Meetings

131 manager meetings

Top Candidate Characteristics – Main Post

\$50 million Recommendation

Main Post Partners is a San Francisco-based growth equity firm founded in 2014 that focuses on consumer value chain businesses, specifically in the beauty, restaurant, wellness, branded goods, and food & beverage categories. Main Post is targeting \$600 million to build a portfolio of high growth opportunities requiring \$20 million to \$100 million of equity, where they can partner with the existing founder/management to take control or non-control positions. Main Post will continue to execute the same strategy employed in their prior fund, which was developed during the founders' time at Weston Presidio.

Main Post Due Diligence Summary

Date of First TMRS Meeting
9/4/2015 (Call)

Dates of Subsequent Meetings
9/17/2015 (Onsite)
5/19/2017 (Update)
5/4/2018 (Update)
7/23/2018 (Onsite)

Dates of Diligence Advancement
'B' Rating – 12/1/2015
'A' Rating – 6/19/2018

Date of Consultant Report
September, 2018

Legal Negotiation Initiated
September, 2018

Comparable Strategies Reviewed
10 (Consumer-focused Growth)
14 (Consumer-focused Buy-Outs)

Buy-Out Meetings
135 manager meetings

Growth Meetings
112 manager meetings

Section IV

REQUESTED BOARD ACTION

Recommendations

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

Recommendations:

- Tritium II, LP \$60 million
- Main Post Growth Capital II, L.P. \$50 million

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