I. Executive Summary
II. Due Diligence Process Review
III. Portfolio Construction
IV. Manager Selection & Recommendation
V. Requested Board Action

Names used in this presentation may be a shortened version of the full legal name 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
EXECUTIVE SUMMARY
Manager Recommendation

Executive Summary

<table>
<thead>
<tr>
<th>Recommended Manager/Fund</th>
<th>Strategy Classification</th>
<th>Target Return</th>
<th>Recommended Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northlane Capital Partners II LP (&quot;Northlane II&quot;)</td>
<td>Buy-Out</td>
<td>20% Net IRR</td>
<td>$60 million</td>
</tr>
</tbody>
</table>

Total Approximate Recommended Investments/Commitments $60 million
Section II

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

The 2019 Private Equity search process has culminated in ~$368 million of closed and/or recommended investments, in line with the $525 mm primary 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 III

PORTFOLIO CONSTRUCTION
Private Equity Portfolio Statistics
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.

2018: Steady state on pacing, selectively adding new relationships and European exposure

2019: Steady state on pacing, selectively adding new relationships and Venture and European exposure.
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 Portfolio Statistics
Geographic Diversification

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

![Pie chart showing geographic diversification by commitment.](chart.png)

The Target Portfolio keeps a conservative stance on international exposure.
Section IV

MANAGER SELECTION AND RECOMMENDATION
Northlane Capital Partners, LLC ("Northlane") is a Washington, D.C.-based buyout firm founded in 2017 that focuses on acquiring lower-middle market companies in the business services and healthcare sectors. These target companies will be profitable market leaders within their niches, typically generating up to $30 million of EBITDA while providing critical outsourced services to their customers. Northlane Capital Partners II LP ("Northlane II") is targeting $375 million to build a portfolio of 10 to 12 businesses requiring equity investments of up to $75 million, continuing to employ the prior fund’s strategy that was developed during the founders’ tenure at American Capital.
Section V

REQUESTED BOARD ACTION
Approval of Recommendation

- TMRS Staff and StepStone Group recommend that the Board of Trustees approve the selection of the following fund:

  **Recommendations:**
  - Northlane Capital Partners II LP $60 million
DISCLOSURES

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