Private Equity Recommendation
January 24, 2020

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Agenda

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>FTV VI, L.P. (&quot;FTV VI&quot;)</td>
<td>Growth Equity</td>
<td>20% Net IRR</td>
<td>$25 million (top-up)</td>
</tr>
<tr>
<td>Total Approximate Recommended Investments/Commitments</td>
<td></td>
<td></td>
<td>$25 million</td>
</tr>
</tbody>
</table>

After the Investment Staff recommendation and Board of Trustees approval of a $50 million commitment to FTV VI at the September 2019 Board of Trustees meeting, the manager presented the opportunity for TMRS to increase this original commitment by $25 million, for a total commitment of $75 million.

The above recommendation for this increase in commitment size will instead apply towards 2019 to align it with the original investment approval given in September 2019, and the total private equity recommendations approved for that year will now equal ~$488 million, within limits set forth in the 2019 Private Equity Pacing Model and the IPS.
Section II

DUE DILIGENCE PROCESS REVIEW
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.
The 2019 Private Equity search process has culminated in ~$488 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 added 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.*

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

MANAGER SELECTION AND RECOMMENDATION
FTV Capital ("FTV" or the "Firm") is a San Francisco and New York based growth equity firm founded in 1998 that targets investments across the Enterprise Technology & Services, Financial Services, and Payments & Transaction Processing sectors. FTV is targeting $1 billion for FTV VI, L.P. ("FTV VI" or the "Fund") to make both control and structured non-control investments ranging from $20 million to $85 million. These companies will have proven business models, generating $10 million to $100 million in recurring revenue while growing at least 20% annually with high gross margins. The Firm will continue executing the same strategy it has employed since Fund III, when they fully refocused from venture capital to growth equity.
Section V

REQUESTED BOARD ACTION
Recommendation

- TMRS Staff and StepStone Group recommend that the Board of Trustees approve an additional commitment to the following fund:

Recommendation:
- FTV VI, L.P. $25 million (top-up)
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