

AMERICAN INVESTMENT COUNCIL

Public Pension Study
May 2018



Methodology

This study conducted by the American Investment Council examines the private equity investments of 163 U.S. public pension funds. The information was collected from publicly available comprehensive annual financial reports and direct communication with public pension funds, when necessary.

About the American Investment Council

The American Investment Council (AIC) is an advocacy, communications, and research organization established to develop, analyze, and distribute information about the private equity and growth capital investment industry and its contributions to the national and global economy. Established in 2007 and formerly known as the Private Equity Council, the AIC is based in Washington, D.C. The members of the AIC consist of the world's leading private equity and growth capital firms united by their commitment to growing and strengthening the businesses in which they invest. More information about the AIC can be found at www.investmentcouncil.org.

Top 10 pension funds by private equity returns

Rank	Public Pension Fund	Annualized 10-Yr. Private Equity Return
1	Massachusetts Pension Reserves Investment Trust	13.37%
2	Ohio School Employees Retirement System	13.10%
3	Utah Retirement Systems ¹	12.05%
4	Los Angeles County Employees Retirement Association	11.60%
5	Houston Firefighters' Relief and Retirement Fund	11.10%
6	Iowa Public Employees' Retirement System	11.04%
7	Minnesota State Board of Investment	10.90%
8	San Francisco Employees' Retirement System	10.81%
9	Public School and Education Employee Retirement Systems of Missouri	10.70%
10	Nashville & Davidson County Metropolitan Government Employees' Benefit Trust Fund	10.59%

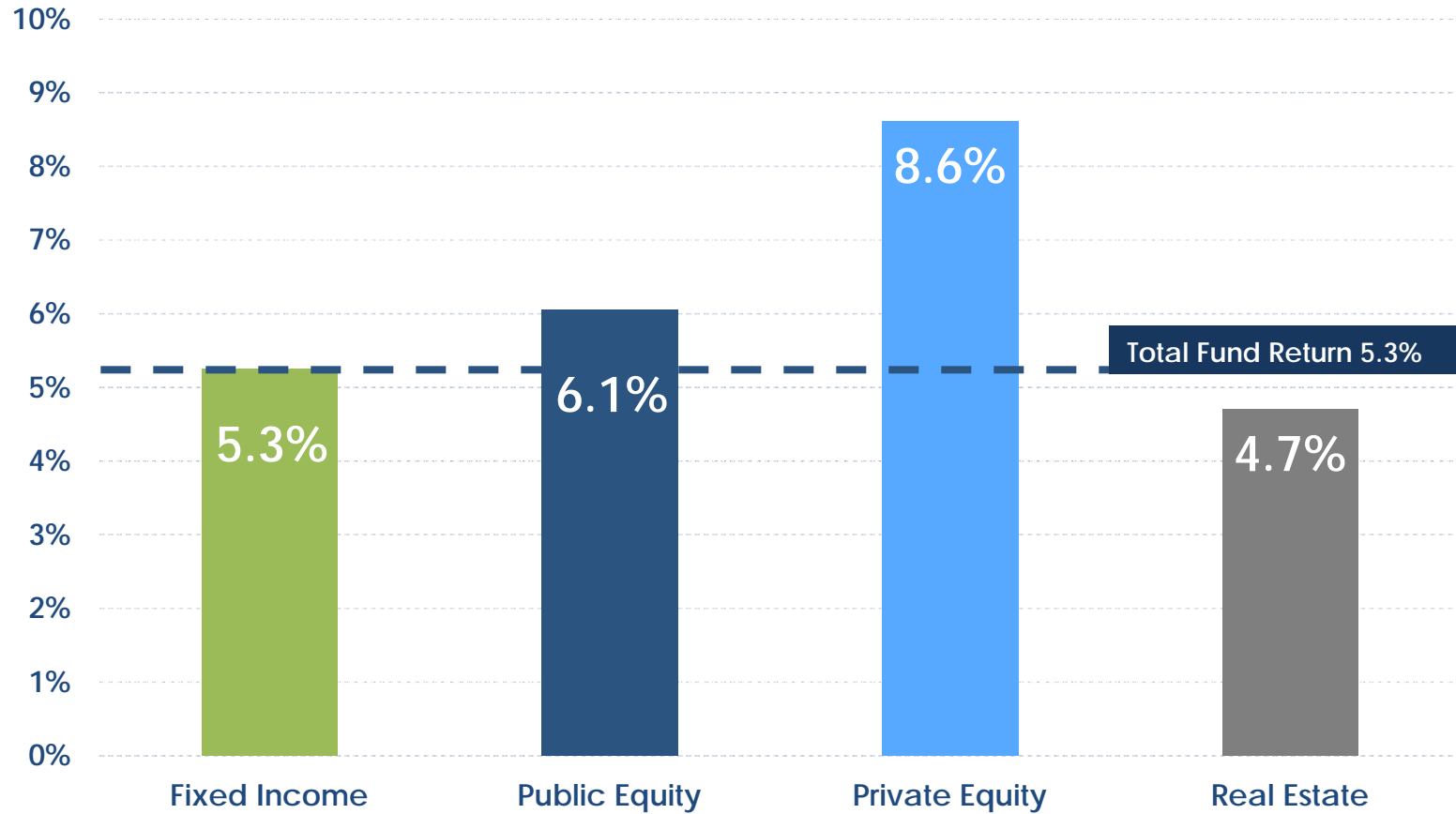
¹ Returns as of 12/31/2017.

Top 10 pension funds by dollars invested in private equity

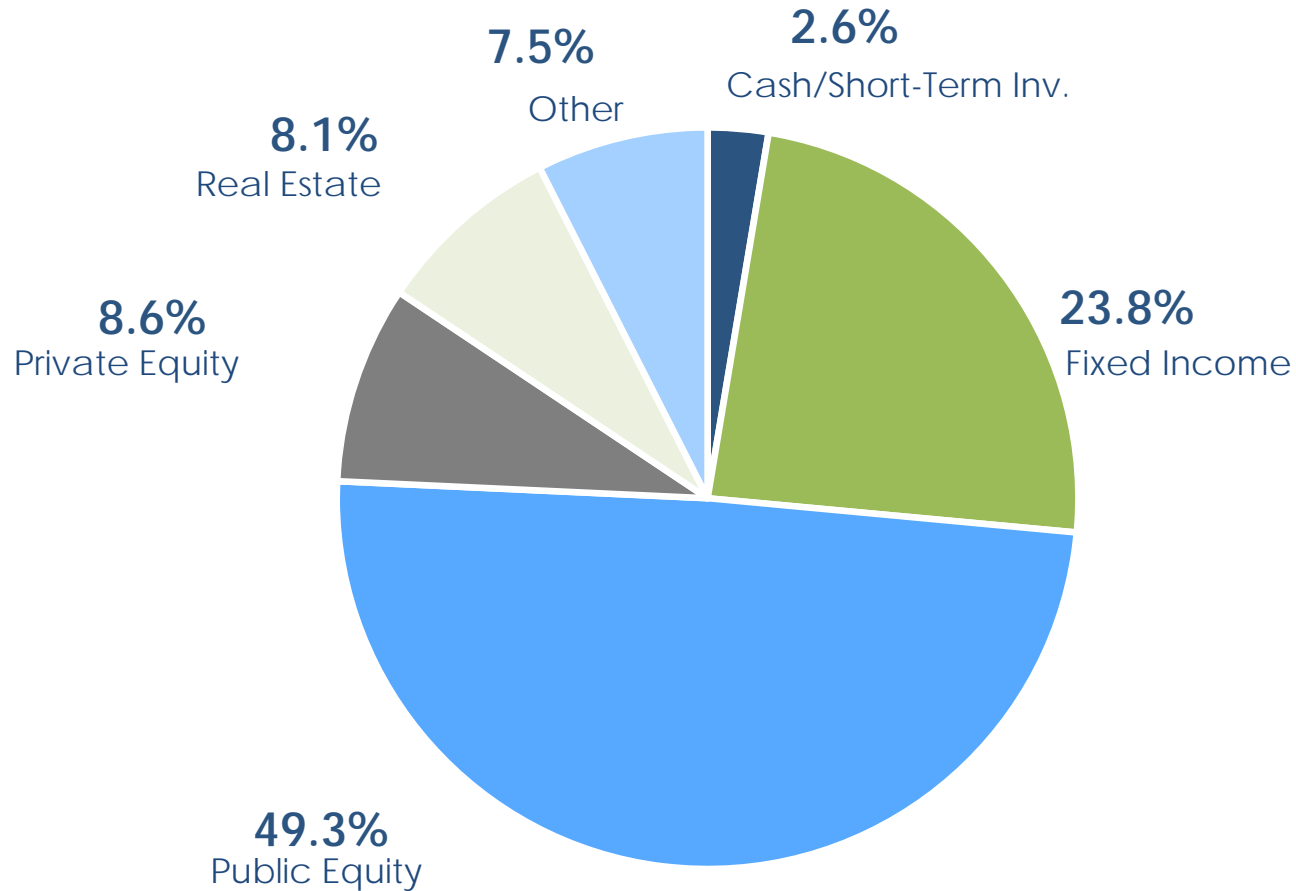
Rank	Public Pension Fund	Private Equity Investment (Bil.)
1	California Public Employees' Retirement System	\$26.00
2	Washington State Investment Board	\$19.03
3	Teacher Retirement System of Texas	\$18.48
4	California State Teachers' Retirement System	\$16.91
5	New York State Common Retirement Fund	\$15.34
6	Oregon Public Employees Retirement System	\$14.30
7	New York City Public Pension Funds	\$11.02
8	The Florida Retirement System	\$9.80
9	State of Michigan Retirement System	\$9.60
10	Ohio Public Employees Retirement System	\$8.85

Private equity investments outperform other asset classes based on 10-year annualized returns

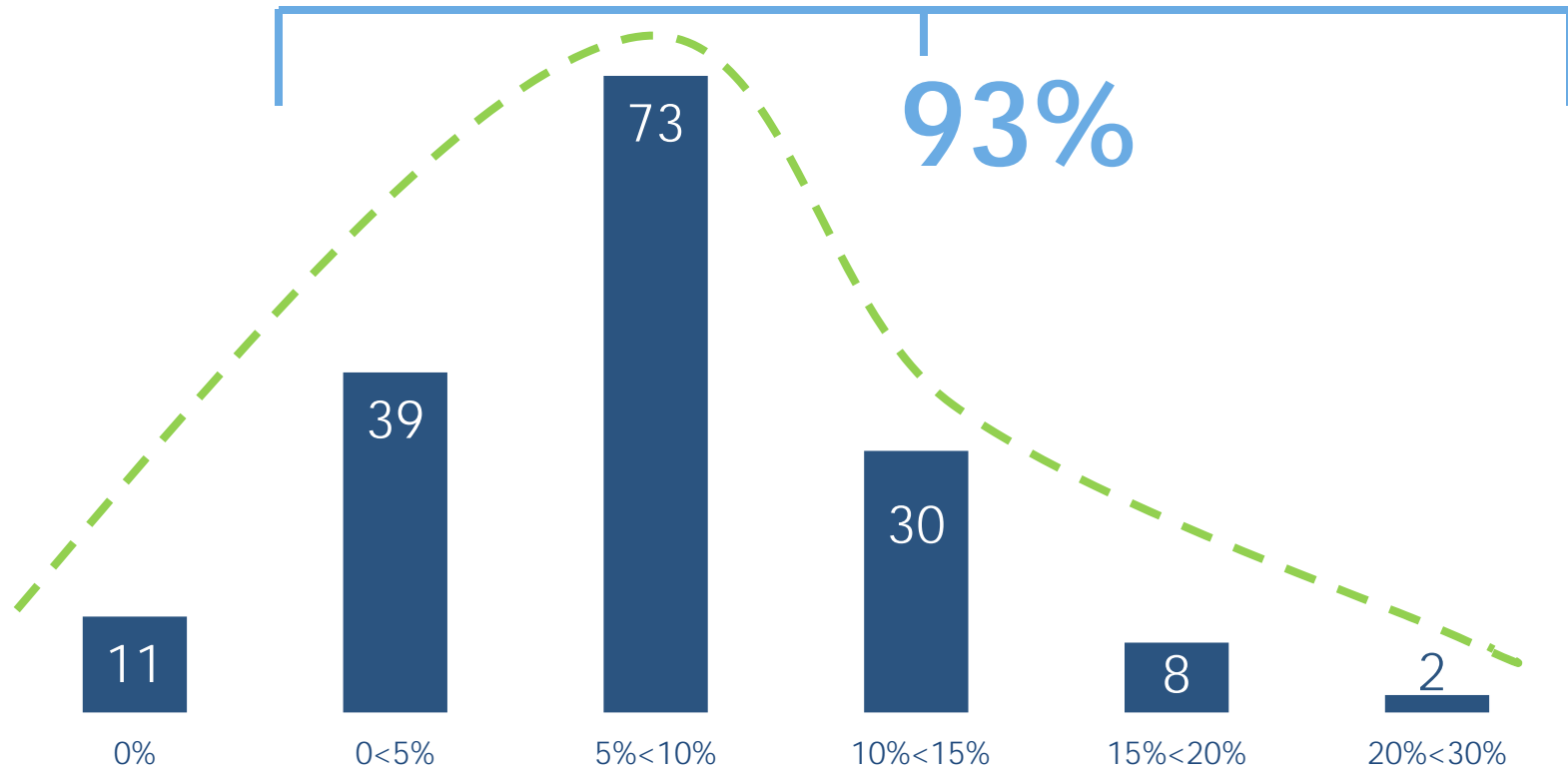
Median Pension 10-Year Annualized Return



On a dollar-weighted basis, U.S. public pension funds invest 8.6% of their portfolios in private equity

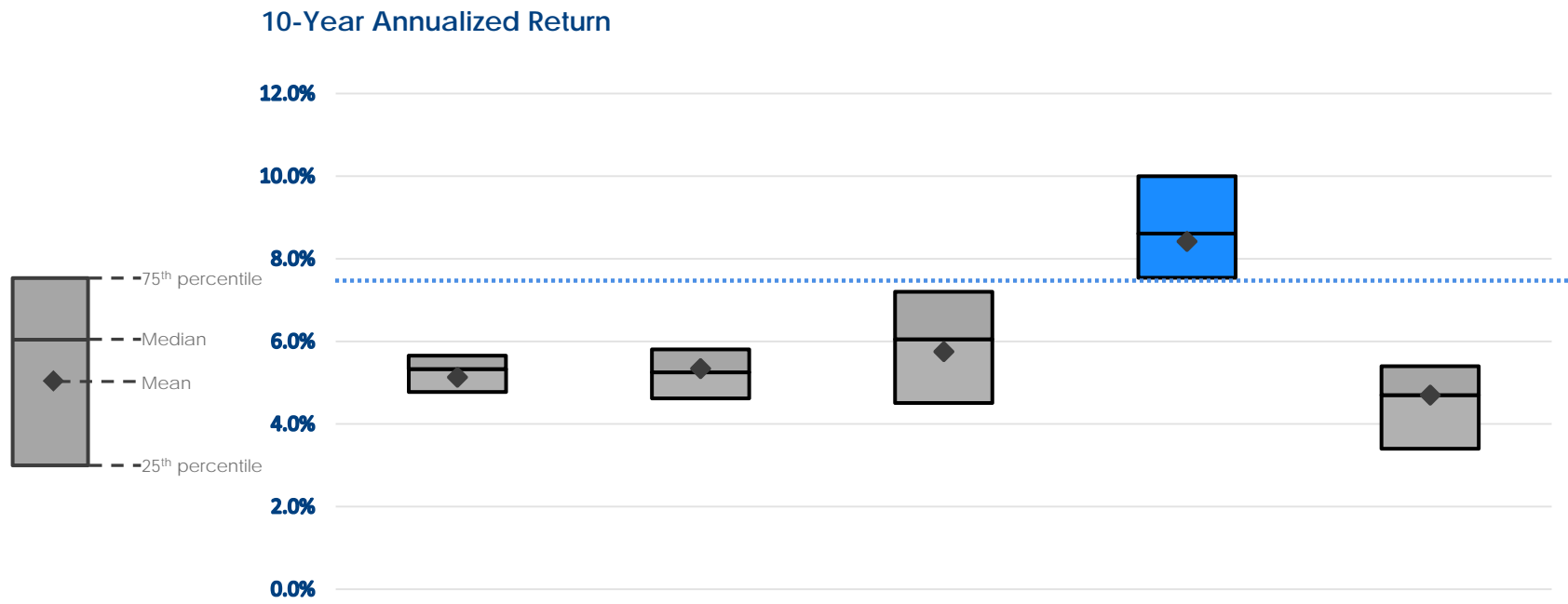


Most public pension funds have some exposure to private equity



Number of Pensions by PE Allocation

The 25th percentile private equity return exceeds the 75th percentile of all asset classes



Sample Size	Total Fund	Fixed Income	Public Equity	Private Equity	Real Estate
No. of Pensions	101	89	90	63	71
Investment (Bil.)	\$3,428	\$820	\$1,691	\$296	\$282

Notes on study

The reporting date for data used in this study ranges from September 30, 2016 to November 30, 2017, with most dates as of June 30, 2017. When data as of June 30, 2017 were unavailable, information from the most recent available financial report at the time of analysis was used. All returns are net of fees and carry.

The analysis of pension fund investment returns is based on available 10-year return data as of June 30, 2017, except where noted. Pension funds typically report returns for private equity and other illiquid assets net of management fees and carry, while marketable securities can be reported net or gross of fees. Not all pension funds report 10-year returns or returns for each asset class. Asset classes may be defined slightly differently, depending on the pension fund.

The breakdown of invested capital by pension funds is determined by summing the total dollars invested in each asset class for all 163 public pension funds and calculating the percentage by asset class.

The logo for the American Investment Council, featuring three horizontal white bars of varying lengths to the left of the text. The text is stacked in three lines: "AMERICAN", "INVESTMENT", and "COUNCIL".

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799 9th Street NW, Suite 200
Washington, DC 20001

Investmentcouncil.org
202.465.7700
[@AmericanInvests](https://twitter.com/AmericanInvests)