



July 29, 2024

Board of Retirement
Ventura County Employees' Retirement Association
1190 South Victoria Avenue, Suite 200
Ventura, CA 93003

SUBJECT: \$35 Million Commitment to Adams Street Co-Investment Fund VI

Dear Board Members:

Attached is a memo from NEPC jointly recommending a \$35 million commitment to Adams Street Co-Investment Fund VI.

Discussion

The Board adopted its Private Equity Annual Plan at the March 25, 2024 meeting, with a goal of constructing and maintaining a diversified portfolio consisting of primaries, secondaries, and co-investments.

Co-investments are made in companies diversified by geography, stage, industry, and private equity sponsor. Investments are made alongside investors with unique knowledge or insight into individual transactions. Fund VI will target a net internal rate of return (net IRR) of 15% - 20%; a total value of invested capital (TVPI) multiple of 1.5x – 2.0x; and management fees will be based on the lesser of committed or invested capital. The stated fee is 100 basis points on invested capital per annum, with a 12.5% carried interest and an 8% preferred return. There is a 10 basis points early closing discount, plus an additional 10 basis points NEPC client aggregated assets under management (AUM) discount available upon qualification.

In 2018 VCERA committed \$30 million to Adams Street's Co-Investment Fund IV. Of the \$30 million committed, Adams Street has drawn \$28.5 million, which has grown to \$49.3 million, of which \$13.4 million has been distributed back to VCERA, leaving a current value of \$35.9 million. Fund IV is yielding a since-inception net IRR of 19.6%, with a TVPI of 1.7x. In 2021 VCERA committed \$35 million to Adams Street's Co-investment Fund V. Of the \$35 million committed, Adams Street has drawn \$11.4 million, which has grown to \$15.2 million, yielding a since-inception net IRR of 32.3%, with a TVPI of 1.3x. A commitment to Adams Street's Co-Investment Fund VI would be a follow-on investment to the immediately prior Funds IV and V.

As noted in NEPC's recommendation report, VCERA has committed a total of \$335 million across multiple Adams Street's funds. Of this amount, approximately \$248.2 million has been invested. The

\$248.2 million invested has grown to \$490.2 million, of which \$245 million has been distributed back to VCERA, leaving a current portfolio with a market value of \$245.2 million as of March 31, 2024.

The since-inception net IRR of Adams Street's overall investment program for VCERA is 14.5% with a 2.0x multiple of invested capital.

THEREFORE, IT IS RECOMMENDED THAT THE BOARD:

- 1. Approve a \$35 million commitment to Adams Street's Co-Investment Fund VI, and direct staff and counsel to negotiate the necessary legal documents; and,**
- 2. The Board authorize the Board Chair or the Retirement Administrator or in the absence of both the Chief Investment Officer to approve and execute the required documentation.**

Respectfully submitted,



Dan Gallagher
Chief Investment Officer