



**VCERA**  
VENTURA COUNTY EMPLOYEES'  
RETIREMENT ASSOCIATION

## Private Equity Annual Plan

*Ventura County Employees' Retirement Association*  
2024

## ANNUAL PLAN

For the period 1/1/24 through 12/31/24

### A. FUNDING LEVEL ANALYSIS

#### I. FUNDING LEVEL

##### Actual Funding Position<sup>1</sup>

	<u>1/1/2024</u>
Total Fund Market Value:	\$7,896 million
% Target for Private Equity:	18%
Total Private Equity Target Allocation:	\$1,421 million

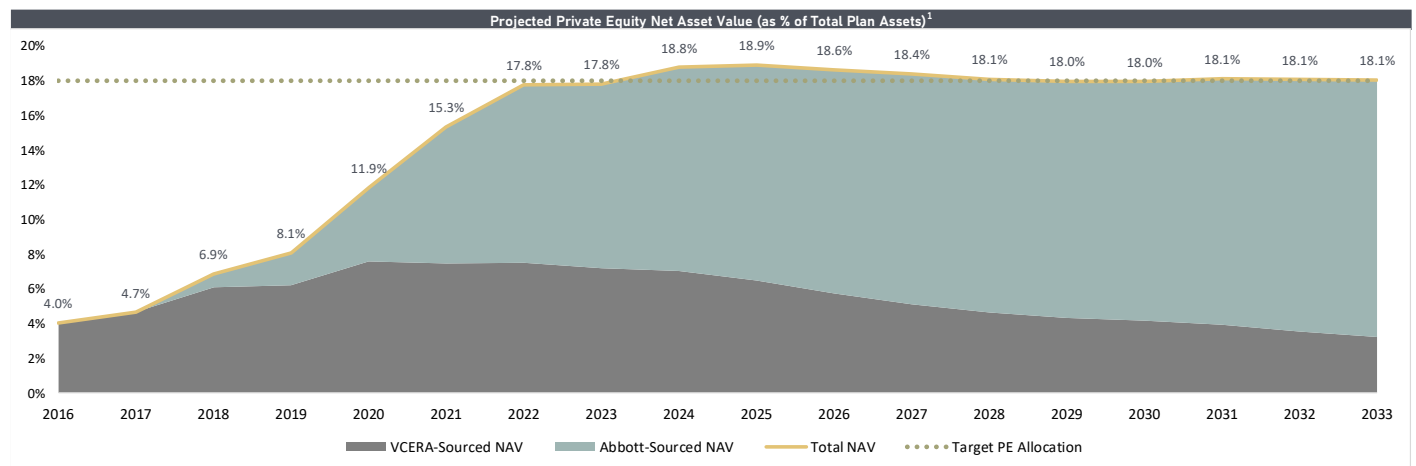
Abbott-Sourced Portfolio Net Asset Value (NAV):	\$840 million
VCERA-Sourced Portfolio Net Asset Value (NAV):	\$567 million
Total Net Asset Value:	\$1,407million

NAV in excess of (short of) Target	(\$15 million)
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##### Projected Funding Position<sup>2</sup>

	<u>12/31/2028</u>
Fund Market Value:	\$10,567 million
% Target for Private Equity:	18%
Total Private Equity Allocation:	\$1,902 million

2024 Commitment Target:	\$200 million
Projected Five-Year Commitment Average	\$367 million



Pacing Analysis (\$ million) <sup>1</sup>												
Year	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Annual Commitments <sup>3</sup>	285	231	200	250	425	450	510	510	510	475	475	500
PE NAV as a % of Total Plan	17.8%	17.8%	18.8%	18.9%	18.6%	18.4%	18.1%	18.0%	18.0%	18.1%	18.1%	18.1%

## II. FUNDING BY STRATEGY

As of December 31, 2023 (\$ million)

### ABBOTT-SOURCED PORTFOLIO

Strategy	NAV	Undrawn	Exposure
Venture Capital & Growth Equity (Global)	252	117	369
North American Buyouts & Special Situations	482	353	835
International Buyouts & Special Situations	95	118	213
Secondary & Co-Investment	11	0	12
<b>Total Abbott -Sourced Portfolio</b>	<b>840</b>	<b>588</b>	<b>1,428</b>

### VCERA-SOURCED PORTFOLIO

Strategy	NAV	Undrawn	Exposure
Venture Capital & Growth Equity (Global)	52	11	63
North American Buyouts & Special Situations	102	11	113
International Buyouts & Special Situations	61	7	68
Secondary & Co-Investment	352	228	580
<b>Total VCERA-Sourced Portfolio</b>	<b>567</b>	<b>257</b>	<b>824</b>

### TOTAL PORTFOLIO

Strategy	NAV	Undrawn	Exposure
Venture Capital & Growth Equity (Global)	304	127	432
North American Buyouts & Special Situations	584	364	948
International Buyouts & Special Situations	156	125	280
Secondary & Co-Investment	363	229	592
<b>Total Portfolio</b>	<b>1,407</b>	<b>845</b>	<b>2,252</b>

NAV is estimated based on September 30, 2023 net asset values, adjusted by net cash flows through December 31, 2023. NAV is estimated based on information available as of January 23, 2024, using the most recent available NAV, adjusted by subsequent net cash flows, other than amounts identified by the general partner as contributions for management fees and/or other expenses, through December 31, 2023. Undrawn represents the balance of uncalled commitments as of December 31, 2023 (Commitment - Paid In). Commitment amounts, which may fluctuate due to exchange rate changes, were converted as of December 31, 2023. Undrawn does not take into account recyclable amounts. Totals may not sum due to rounding.

## III. STRATEGIC PORTFOLIO STRUCTURE

VCERA's Private Equity Portfolio will continue to be constructed over time to be in accordance with the diversification guidelines described in VCERA's Investment Policy. The projected year-end 2028 Private Equity Target Allocation is \$1,902 million<sup>2</sup>. The projected NAV and Exposure by strategy is approximate and shown in the table below. Note that the actual NAV and Exposure will depend on market conditions, investment opportunities available to VCERA, and other factors.

Total Private Equity Target at 12/31/2028:		\$1,902m
Strategy	Projected Exposure	Target Range
Venture Capital & Growth Equity (Global)	22%	10%-30%
North American Buyouts & Special Situations	36%	35%-55%
International Buyouts & Special Situations	16%	5%-30%
Secondary & Co-Investment	26%	20%-40%
<b>Total Portfolio</b>	<b>100%</b>	

Totals may not sum due to rounding.

## B. 2023 INVESTMENT ACTIVITY: ABBOTT-SOURCED PORTFOLIO

### I. PRIMARY COMMITMENTS

As of December 31, 2023; (\$ million)

Fund	Strategy	Commitment
BlackFin Financial Services Fund IV^	International Buyouts & Special Situations	20.3
Charlesbank Technology Opportunities Fund II	North America Private Equity	30.0
Genstar Capital Partners XI	North America Private Equity	20.0
Graycliff Private Equity Partners V	North America Private Equity	10.0
GTCR Fund XIV	North America Private Equity	20.0
Hellman & Friedman Capital Partners XI	North America Private Equity	20.0
Parthenon Investors VII	North America Private Equity	20.0
TA XV	North America Private Equity	20.0
Vitruvian Investment Partnership V^	International Buyouts & Special Situations	20.2
<b>TOTAL</b>		<b>180.5</b>

^Non-USD denominated funds. Commitment amounts, which may fluctuate due to exchange rate changes, were converted at the time of closing.

In 2023, on behalf of VCERA, Abbott made commitments to nine managers totaling \$181 million. Two of these managers were new to VCERA's portfolio including Graycliff Partners, which invests in lower middle-market value-oriented opportunities across manufacturing, business services, and value-added distribution businesses, and BlackFin Capital Partners, which invests in lower mid-market financial services companies primarily based in Continental Europe.

In aggregate, including a VCERA-sourced commitment of \$50 million detailed in Section C, VCERA closed on \$231 million of commitments during the year, compared to the target of \$235 million.

### II. SECONDARY PURCHASES

No direct secondary purchases were made during 2023.

### III. OTHER INVESTMENT ACTIVITY

In 2017, the Board approved the formation of Buenaventure One, LLC, a fund of one, to facilitate VCERA's participation in certain fund investments. Buenaventure One made its first commitment to an underlying fund in 2018. Since inception, Buenaventure One has made 33 commitments totaling \$290 million across Venture Capital & Growth Equity and North American Buyouts & Special Situations. No commitments were made in Buenaventure One in 2023.

### IV. DIVESTMENT, LIQUIDATION AND TERMINATION ACTIVITY

No funds were divested, liquidated, or terminated during the year.

### V. PERFORMANCE COMMENTARY

VCERA approved its Private Equity Policy and first Annual Plan in June 2017, at which time Abbott began pursuing investments on VCERA's behalf. From the inception of VCERA's program through December 31, 2023, Abbott sourced commitments of \$1,231 million to 101 private equity funds with 39 managers<sup>3</sup>.

The years leading up to 2022 were quite strong for private equity in general, and for VCERA's portfolio. However, a mixed economic environment and fluctuating financial markets impacted private equity activity over the past two years. The downward trends that emerged in 2022 continued into last year. VCERA received lower capital calls and distributions, given slowed investment and liquidity activity. While both contributions and distributions were subdued, the latter appears to have been more impacted and has led to a buildup in NAV. If markets normalize, we would expect VCERA's distributions to increase and the overall PE portfolio to become self-funded within the next three years.

## VI. SPECIFIC SITUATIONS REQUIRING ADDITIONAL MONITORING

Abbott often seeks advisory board or valuation committee seats for the funds to which it commits on behalf of its clients. Abbott's practice is to attend the annual meetings for each of the funds in our clients' portfolios. In addition, Abbott regularly meets with managers, virtually and in their offices, as part of its ongoing monitoring and due diligence of new fund offerings, and managers frequently visit Abbott to provide updates. Beyond formal updates, Abbott speaks to managers on a regular basis using these opportunities to deepen its understanding of the general partner groups, as well as the performance of the underlying portfolio companies. This active monitoring enables Abbott to make informed decisions regarding whether groups in the portfolio should be supported in the future. Abbott also carefully evaluates amendment requests to Limited Partnership Agreements that can occur over the life of a fund.

As of year-end, there were no specific situations identified by Abbott requiring additional monitoring. More generally, however, 2023 continued to be challenging for investors on many fronts. Inflation, rising global interest rates, U.S. regional banking crises, and geopolitical conflicts, among other occurrences, continued to impact investor sentiment and negatively affected performance across venture capital and private equity. Abbott will continue to monitor the effects of these variables on VCERA's portfolio and on underlying portfolio companies.

## C. 2023 INVESTMENT ACTIVITY: VCERA-SOURCED PRIVATE EQUITY PORTFOLIO

### I. COMMITMENTS

As of December 31, 2023; (\$ million)

Fund	Strategy	Commitment	Paid In	Undrawn
Abbott Secondary Opportunities III, L.P.	Secondary & Co-Investment	50.0	0.0	50.0
<b>TOTAL</b>		<b>50.0</b>	<b>0.0</b>	<b>50.0</b>

*Commitment and Paid In as of December 31, 2023. Undrawn represents the balance of uncalled commitments as of December 31, 2023 (Commitment - Paid In). Totals may not sum due to rounding.*

In 2023, VCERA sourced and closed on one commitment totaling \$50 million, as shown in the table above.

### II. SECONDARY PURCHASES

There were no direct secondary purchases in 2023.

### III. OTHER INVESTMENT ACTIVITY

There was no other investment activity in the VCERA-sourced portfolio in 2023.

#### IV. DIVESTMENT, LIQUIDATION AND TERMINATION ACTIVITY

No funds were divested, liquidated, or otherwise terminated in 2023.

#### V. TOTAL VCERA-SOURCED PRIVATE EQUITY PORTFOLIO

As of December 31, 2023; (\$ million)

Fund	Vintage	Commitment	Cumulative Distributions	NAV
Abbott Secondary Opportunities, L.P.	2016	25.0	31.5	10.4
Abbott Secondary Opportunities II, L.P.	2021	40.0	7.0	30.5
Abbott Secondary Opportunities III, L.P.	2024	50.0	0.0	0.0
Adams Street 2010 Direct Fund	2010	8.5	12.6	2.8
Adams Street 2013 Global Fund	2013	75.0	73.3	73.6
Adams Street 2016 Global Fund	2016	60.0	27.6	73.4
Adams Street Co-Investment Fund IV A	2018	30.0	12.1	36.4
Adams Street Co-Investment Fund V	2022	35.0	0.0	13.3
Adams Street Global Secondary Fund 7	2022	25.0	0.0	11.9
Adams Street Partnership Fund - 2010 Non-U.S. Developed Markets Fund	2010	25.5	34.5	10.1
Adams Street Partnership Fund - 2010 Non-U.S. Emerging Markets Fund	2010	8.5	8.5	7.0
Adams Street Partnership Fund - 2010 U.S. Fund	2010	42.5	69.9	24.3
Drive Capital Fund II	2016	15.0	5.0	15.0
Drive Capital Fund III	2019	7.5	1.8	5.3
Drive Capital Fund IV	2022	10.0	0.0	5.0
Drive Capital Overdrive Fund I	2019	7.5	0.0	9.4
Drive Capital Overdrive Fund II	2022	10.0	1.5	4.7
HarbourVest - Dover Street IX	2016	60.0	55.6	36.1
HarbourVest - Dover Street VIII	2012	67.5	99.1	6.1
HarbourVest - Dover Street X	2019	40.0	10.2	32.9
HarbourVest - Dover Street XI	2023	40.0	0.0	8.9
HarbourVest Partners Co-Investment IV	2016	30.0	24.0	23.1
HarbourVest Partners Co-Investment V	2019	35.0	6.9	41.1
HarbourVest Partners Co-Investment VI	2021	35.0	0.0	25.5
Pantheon Global Secondary Fund IV	2010	15.0	15.1	0.8
Pantheon Global Secondary Fund V	2015	50.0	33.9	29.4
Pantheon Global Secondary Fund VI	2020	25.0	7.0	24.9
Pantheon Global Secondary Fund VII	2022	25.0	0.2	4.6
<b>TOTAL</b>		<b>897.5</b>	<b>537.2</b>	<b>566.6</b>

NAV is estimated based on September 30, 2023 net asset values, adjusted by net cash flows through December 31, 2023. NAV is estimated based on information available as of January 23, 2024, using the most recent available NAV, adjusted by subsequent net cash flows, other than amounts identified by the general partner as contributions for management fees and/or other expenses, through December 31, 2023. NAV for Adams Street Partners funds is a projection for December 31, 2023, which has been provided by Adams Street Partners. Totals may not sum due to rounding.

As of December 31, 2023, the VCERA-sourced portfolio included total commitments of \$898 million of which \$640 million had been paid-in. From inception through December 31, 2023, VCERA had received cumulative distributions of approximately \$537 million, resulting in a DPI of 0.84x. The estimated remaining fair market value was \$559 million and the TVPI (Total Value to Paid In) was 1.71x.

#### VI. MONITORING OF THE VCERA-SOURCED PORTFOLIO

Abbott will continue to collect performance data on and to monitor developments in the VCERA-sourced portfolio. Abbott is currently not aware of any specific situations requiring additional monitoring. As noted

above, Abbott will closely monitor the economic environment and financial markets, among other variables, and their potential effects on all aspects of VCERA's portfolio.

VCERA-sourced investments were also impacted by the challenging environment, capital calls and distributions continued the slower pace that began in 2022

## D. 2024 INVESTMENT PLAN

### I. POTENTIAL PIPELINE

To build a portfolio capable of withstanding market cycles, Abbott will continue to seek to diversify the portfolio over multiple vintage years with the goal of achieving the Strategic Portfolio Structure as shown on page two.

In 2024, Abbott will continue to review partnerships that meet the guidelines of VCERA's strategic portfolio structure across all broad categories of private equity. Abbott is currently in active due diligence on two managers that may be appropriate for VCERA's portfolio. The currently-identified forward pipeline (not yet in due diligence) includes nine Venture Capital & Growth Equity funds, 34 North American Buyouts & Special Situations funds, and four International Buyouts & Special Situations funds. Commitments made through March 15, 2024, plus the forward pipeline represent well in excess of \$200 million of potential commitments for VCERA in 2024. For 2024, Abbott expects to source approximately eight to 10 commitments, of which three commitments were made in the first quarter, as described below.

### II. DOLLAR AMOUNT TO BE INVESTED

Based on the current state of the portfolio, the projected capital calls, distributions, NAV appreciation, and Plan growth rate, VCERA should seek to commit approximately \$200 million in 2024 and an average of approximately \$350 million per year for the next five years to maintain the Private Equity Target Allocation of 18%. As Abbott seeks to build diversified portfolios over multiple vintage years it is often difficult to hit one-year targets. Therefore, VCERA is encouraged to look at its commitment pace over multiple years, and not solely at any 12-month period. The pacing model projects VCERA will slightly exceed the target allocation in 2024 but remain within the approved bands. We believe that this is primarily the result of a contraction in the overall Plan size that occurred in 2022 and a slowdown in distributions leading to a NAV buildup compared to prior projections. We expect the allocation to private equity to rebalance over time as the overall Plan resumes its projected rate of growth along with a measured approach to future private equity commitments.

In the first quarter of 2024, Abbott committed to three managers, totaling \$59 million, on behalf of VCERA. No VCERA-sourced commitments have been made yet in 2024.

### Abbott-Sourced Commitments

As of March 15, 2024; (\$ million)

Fund	Strategy	Commitment
Clearlake Capital VIII	North America Private Equity	25.0
Main Capital VIII Coöperatief U.A. <sup>^</sup>	International Buyouts & Special Situations	24.9
The Sterling Group VI	North America Private Equity	9.1
<b>TOTAL</b>		<b>59.0</b>

<sup>^</sup>Non-USD denominated fund. Commitment amounts, which may fluctuate due to exchange rate changes, were converted at the time of closing.



The timing of investments is largely determined by the fundraising cycle of the various partnerships. Following the global financial crisis, steady performance of private equity as well as the relatively healthy credit markets and a high volume of M&A activity generated significant liquidity for Limited Partners. This, along with strong institutional investor demand for private equity, led to elevated fundraising activity. Beginning in 2022, there has been a notable slowdown in fundraising activity as the past two years have proved challenging for investors on many fronts. Fundraising timelines across virtually all strategies has elongated due to the sluggish exit environment that has resulted in a scarcity of available capital to reallocate to new funds. While fundraising conditions have softened materially, Abbott has a healthy pipeline of attractive opportunities in 2024 consisting of both new groups and existing relationships. We note that each fund, whether sponsored by a group already in VCERA's portfolio or new to VCERA, is subject to Abbott's thorough due diligence process and review. While the program continues to focus on larger dollar commitments, capacity in top-tier private equity funds remains a constraint. As such, the program will remain flexible with commitment sizes to gain exposure to high-quality investment opportunities.

## **E. SUMMARY**

Across both the Abbott-sourced portion and the VCERA-sourced portion of the portfolio, VCERA closed on \$231 million of commitments in 2023<sup>4</sup>. Notably, VCERA is approaching its target allocation of 18.0% of the total Plan in private equity investments. As of year end 2023, Private Equity represented 17.8% of VCERA's total Plan, in line with 17.8% at the end of 2022, and below of last year's projection of 19.5%.

As previously discussed, private equity activity declined dramatically in 2022, and this trend has since continued. The 2024 Annual Plan is being presented during a time of continued uncertainty. In 2023, VCERA's private equity capital calls and distributions were 18% and 33% lower than the prior year, respectively. There appears to be the potential for valuations to remain depressed as well as fundraising activity to remain moderate given the slower pace of investments and distributions than the last several years. Historically, investors who have remained consistent in their long-term pacing plan have the opportunity to benefit from dollar-cost averaging into private equity through access to attractive vintage year performance during and immediately following times of economic and capital markets disruption.

Current modeling of the portfolio supports a commitment pace of **\$200 million** in 2024, followed by commitments of \$250 million in 2025. Note that market conditions, especially the Plan's actual attained growth rate, and the pace of capital calls, distributions, and NAV appreciation in the private equity portfolio, may cause the projected commitment pace to change in the future.

Year to date 2024, VCERA committed approximately \$59 million to one International Buyouts and Special Situations and two North American Buyouts and Special Situations funds<sup>4</sup>. With a healthy pipeline visible for the balance of the year, Abbott expects VCERA to reach the commitment target for 2024. We believe our long-standing commitment to portfolio diversification and our thorough due diligence processes will continue to provide the best potential for attractive risk-adjusted returns for our clients. As always, the program will maintain its rigorous selection criteria with the goal of building a diversified portfolio across all private equity strategies.



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<sup>1</sup> Total fund market value (total plan value) as of December 31, 2023 has been provided by VCERA. NAV is estimated based on September 30, 2023 net asset values, adjusted by net cash flows through December 31, 2023. NAV is estimated based on information available as of January 23, 2024, using the most recent available NAV, adjusted by subsequent net cash flows, other than amounts identified by the general partner as contributions for management fees and/or other expenses, through December 31, 2023. Estimated NAV as of December 31, 2023 for Adams Street Partners funds is a projection for December 31, 2023, which has been provided by Adams Street Partners.

<sup>2</sup> Projected total fund market value derived from the projected net growth rate provided by NEPC in March 2024.

<sup>3</sup> Annual Commitment amounts, which may fluctuate due to exchange rate changes, were converted as of December 31, 2023.

<sup>4</sup> Commitment amounts, which may fluctuate due to exchange rate changes, were converted at the time of closing.