

# Private Markets The Texas Way

December 2020



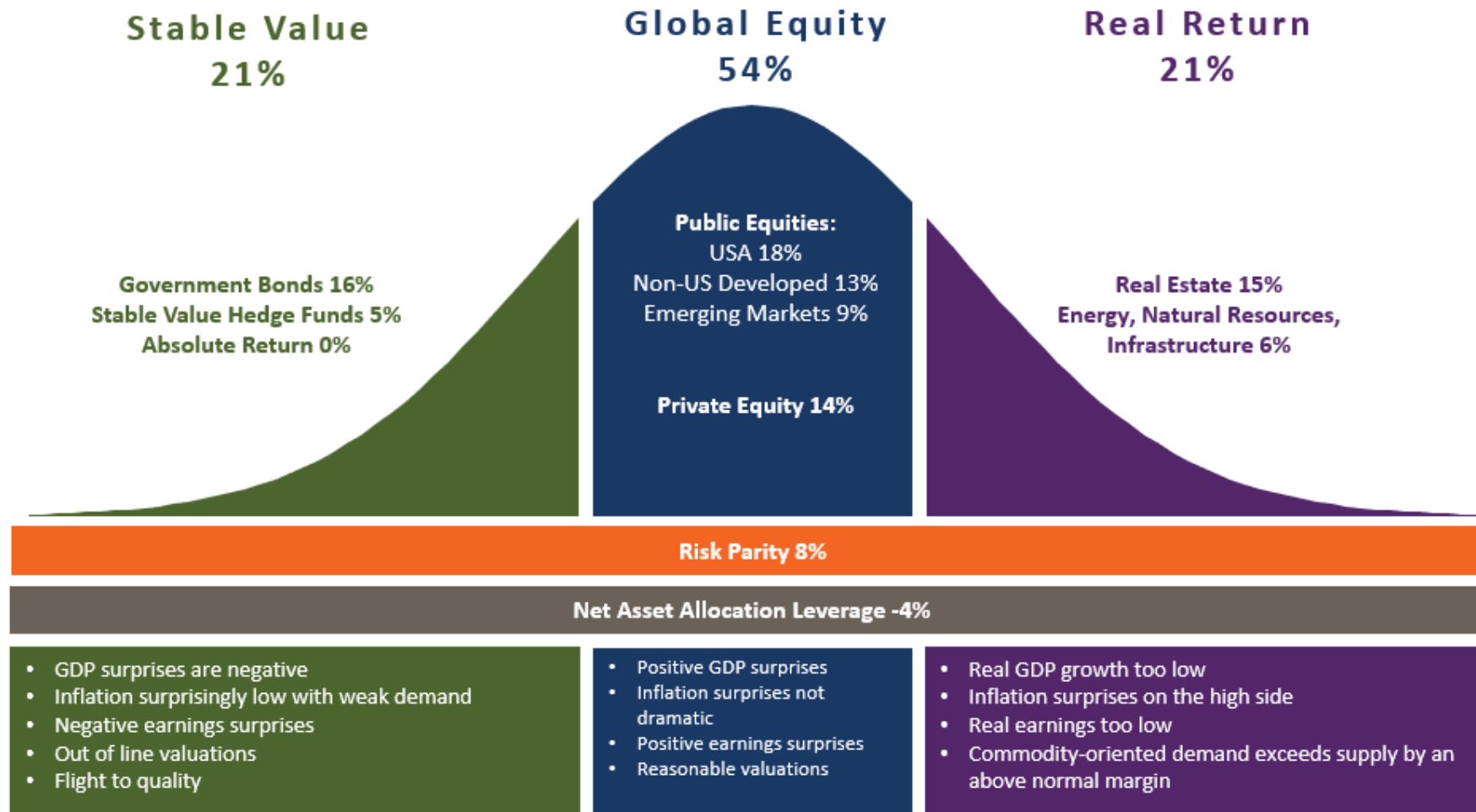
# Overview of TRS: History & Mission

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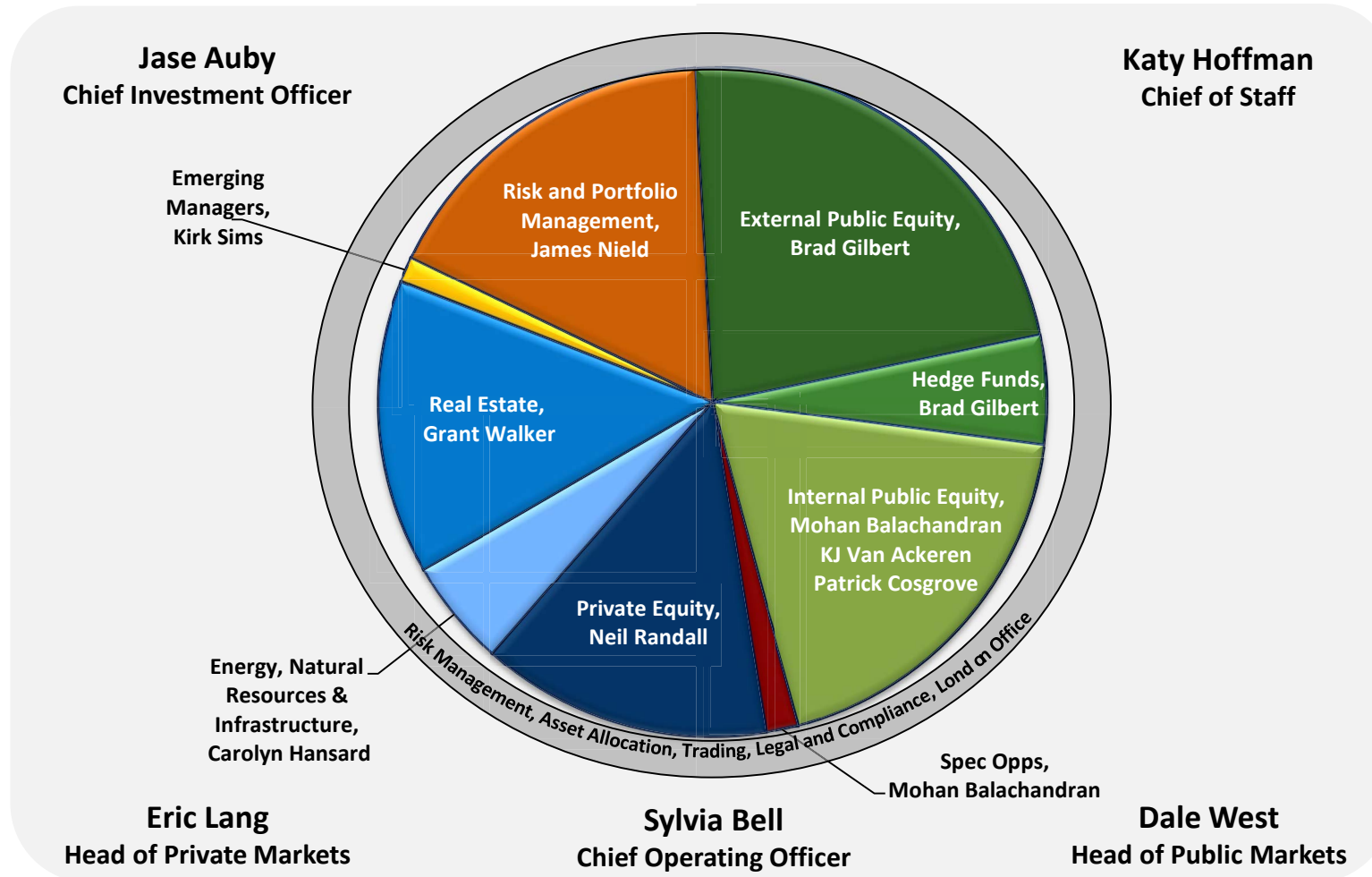
- History
  - Established by State Constitution in 1937
  - Paid out nearly \$11.4 billion of pension benefits in FY 2019
- Mission
  - Improving the retirement security of Texas educators by prudently investing and managing trust assets and delivering benefits that make a positive difference in members' lives
  - Provides retirement and health benefits to over 1.6 million participants
  - One out of every 20 Texans is a member of TRS
- Size
  - Trust Value: \$155.2 billion as of June 30, 2020
- Return Targets
  - Actuarial target returns of 7.25 % per annum

# Overview of TRS: TRS Investment Diversification Framework

The Trust is allocated across the following groups:

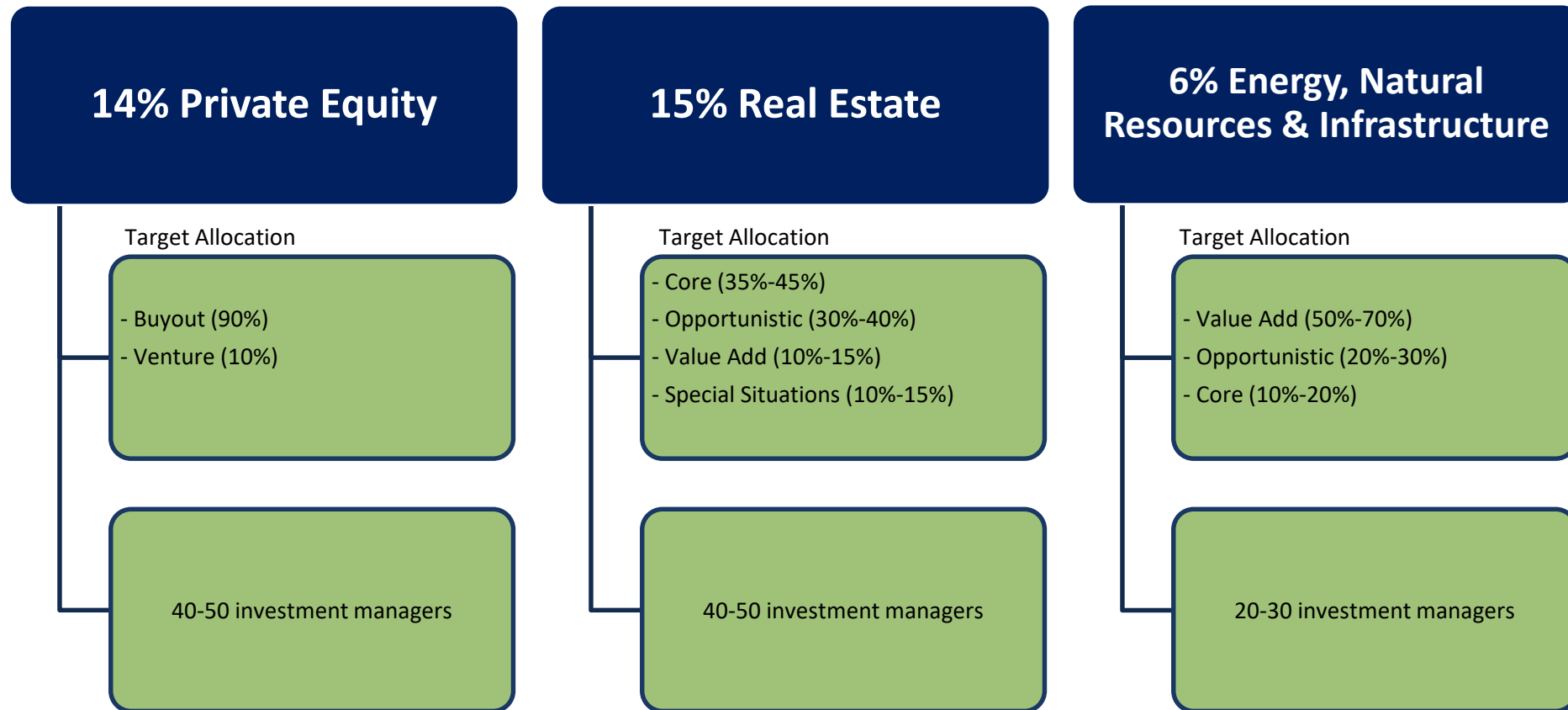


# Overview of TRS: Investment Management Division



# Private Markets Introduction

Private Equity, Real Estate and Energy, Natural Resources & Infrastructure combined target allocation is 35% of the overall Trust:



Note: Figures as of 06/30/2020

# Private Markets Philosophy

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- **Culture and Team:** Demonstrating the TRS IMD culture through collaboration, openness, candor and meritocracy of ideas. Hire and retain great investors for internal capabilities.
- **World Class Investors through Partnership:** Being the partner of choice for our managers using speed, consistency, predictability, and our people.
- **Transparency:** Using improved transparency through reporting and communication both internally and externally.
- **Innovate:** Utilizing unique partnership and investment structures. Focusing on technology and data; and continuously evolving.
- **Value Driven:** Finding value where others are not looking.
- **Industry Leadership:** Maintaining industry leadership roles across all private asset classes.

# TRICOT

## Teacher Retirement Investment Company of Texas (TRICOT London)

TRS opened its London Office in November 2015. The London office demonstrates TRS commitment to the U.K. and European markets and provides:



### Vision

To be the preferred destination for all attractive investment opportunities with our partners in Europe



Focus on the European market, not just the UK



Replicate the TRS culture and values, and integrate into the broader Trust



Source and execute accretive investments, and monitor / manage them actively



### Mission

To provide alpha, diversification and deep, local market knowledge to the Trust through investing in European markets



Develop strong, meaningful relationships with all market participants



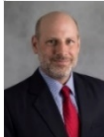
Develop local market knowledge to develop proactive viewpoints and manage risks appropriately



Communicate effectively with Austin HQ and develop a strong feedback loop


# Private Markets Overview: Organizational Structure

**Private Markets**  
35% of Trust Benchmark




**Eric Lang**  
Senior Managing Director  
BBA, UT Austin  
MBA, University of Houston

**Private Equity**  
14% of Trust Benchmark



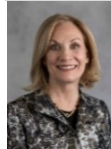
**Neil Randall**  
Managing Director  
BBA, Texas A&M  
MS, Texas A&M

**Real Estate**  
15% of Trust Benchmark




**Grant Walker**  
Senior Director  
BBA, Baylor  
MBA, St. Edwards

**ENRI**  
6% of Trust Benchmark



**Carolyn Hansard**  
Director  
BS, UT Austin  
MBA, UT Austin

**Private Markets Analytics**



**Tim Koek**  
Director  
BA, Griffith University  
LLB, Griffith University


**Portfolio Initiatives**




**LeAnn Gola, CPA**  
Portfolio Initiatives Manager  
BBA, Texas State University  
MAcy, Texas State University

## TRICOT – TRS LONDON


## PRIVATE MARKETS ANALYTICS AND SUPPORT



**Kimberly Carey**  
TRICOT Lead  
Director, RE  
BBA, Texas A&M



**Justin Wang**  
Investment Manager, PE  
BBA, UT Austin



**Barbara Woodard, CPA**  
Senior Associate  
BBA, Texas A&M




**Jeff Stafford**  
Senior Associate  
BS, Pepperdine University,  
Canberra



**Nikhil Mothukuri**  
Contractor  
B-Tech, JNTU, India  
MS, University of Hartford




**Emerson Halstead**  
Investment Manager, ENRI  
BS, UT Austin  
MBA, Indiana University  
MA, Harvard University




**Stephanie Daul**  
Associate, PE  
BBA, Texas State University




**Tyler Kniskern**  
Contractor  
BBA, New Mexico State  
University




**Sam Zedan**  
Senior Analyst  
BA, University of Illinois




**Alex Huang**  
Analyst  
BS, New York University



**Sara Shan**  
Contractor



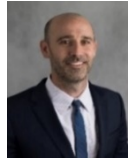
**Melissa Kleihege**  
Analyst  
BS, Texas A&M



**Susan White**  
Junior Analyst  
BS, Penn State University



# Organizational Structure: Private Equity Team



**Neil Randall\***  
**Managing Director**  
*BBA, Texas A&M*  
*MS, Texas A&M*

## FUNDS

## PRINCIPAL INVESTMENTS

## TRICOT\*\* (PRIVATE EQUITY)



**Scott Ramsower\***  
**Co-Head of Funds**  
**Director**  
*BBA, Texas A&M*



**Shelby Wanstrath, CFA\***  
**Co-Head of Funds**  
**Director**  
*BBA & MS, SMU*  
*MBA, London Business*



**Courtney Villalta\***  
**Director**  
*BA, St. Edward's*  
*University*



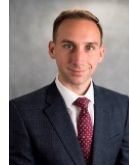
**Michael Lazorik\***  
**Head of Technology**  
**Director**  
*BBA, UT Austin*



**Tamara Polewik\***  
**Head of Consumer/**  
**Internet Director**  
*BA, Dartmouth College*  
*MBA, University of Chicago*



**Kaitlin Miles**  
**Investment Manager**  
*BBA, University of*  
*Richmond*



**Mikhael Rawls, CFA**  
**Investment Manager**  
*BA, Harvard University*



**Will Carpenter, CFA\***  
**Head of Industrials**  
**Director**  
*BBA, Texas A&M*  
*MS, Texas A&M*



**Thomas Albright, CFA**  
**Head of Financials**  
**Investment Manager**  
*BA, Dartmouth College*



**Justin Wang**  
**Investment Manager**  
*BBA, UT Austin*



**Yemi Ojutiku**  
**Senior Associate**  
*BA, University of N. Carolina*  
*JD, Georgetown Law School*  
*MBA, The Wharton School*



**Deniz Oran**  
**Senior Associate**  
*BBA, College of William*  
*& Mary*



**Caitlyn Macdonald**  
**Senior Associate**  
*BA, Williams College*



**Samuel Dobberpuhl**  
**Associate**  
*BA, Pepperdine*  
*University*



**Chase Ratliff**  
**Senior Associate**  
*BA, University of North*  
*Carolina*  
*MBA, UT Austin*



**Stephanie Daul**  
**Associate**  
*BBA, Texas State*  
*University*



**Travis Gauntt**  
**Associate**  
*BBA, Texas Christian*  
*University*  
*MBA, UT Austin*



**Heidi Piper**  
**Associate**  
*BA/BS, McGill University*  
*MBA, NYU Stern*  
*MS, DePaul University*



**D'Oncee Brockington**  
**Senior Analyst**  
*BBA, UT Austin*



**Edward Stroud**  
**Senior Analyst**  
*BA, Washington & Lee*  
*University*



**Jake Melville**  
**Senior Analyst**  
*BA, Denison University*



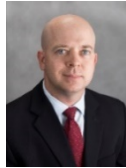
**Beth Booker**  
**Contractor**  
*BA, Ursuline College*  
*MLIS, Kent State University*

Team members work across Funds & Principal Investments



Note: TRS PE leverages Blackrock secondees in Austin and London  
 \* Private Equity Investment Committee (PEIC) members; PEIC also includes Eric Lang  
 \*\* TRICOT is TRS' London office

# Organizational Structure: Real Estate Team



**Grant Walker**  
Senior Director  
*BBA, Baylor*  
*MBA, St. Edwards*



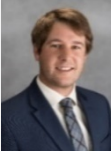
**Craig Rochette, CFA, CAIA\***  
Director  
*BS, University of Arizona*



**Jennifer Wenzel\***  
Director  
*BBA, UT Austin*



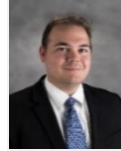
**Matt Halstead\***  
Director  
*BBA, UT Austin*  
*MPA, UT Austin*



**Brendan Cooper\***  
Director  
*BA, Carleton College*  
*MS, University of Minnesota*



**Joyce Chow\***  
Director  
*BA, Princeton*  
*MBA, Wharton*



**Jared Morris, CFA\***  
Director  
*BBA, Texas A&M*  
*MS, Texas A&M*



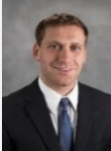
**Catherine Cagley**  
Senior Associate  
*BBA, Duke University*



**Haley Trainor, CFA**  
Senior Associate  
*BS, Northwestern University*



**Elliott Fry, CFA**  
Senior Associate  
*BBA, University of Georgia*  
*MBA, Columbia University*



**Gavin Greenblum**  
Associate  
*BBA, University of Georgia*



**Tucker McCrabb**  
Associate  
*BBA, Babson College*



**Rodney Herenton**  
Analyst  
*BA, Stanford University*



**Luke Luttrell**  
Analyst  
*BBA, Abilene Christian University*  
*JD/MBA, Texas Tech*



**Thomas Maguire**  
Analyst  
*BBA, University of Wisconsin - Madison*



**Gracie Marsh**  
Analyst  
*BA, University of California - Davis*

## TRICOT\* (REAL ESTATE)



**Kimberly Carey**  
Director, TRICOT Lead  
*BA, Texas A&M*



**Chase Lewis**  
Senior Analyst  
*BBA, UT Austin*

# Organizational Structure: ENRI Team



**Carolyn Hansard\***  
**Sr. Director**  
*BS, UT Austin*  
*MBA, UT Austin*



**Eric Chang\***  
**Director**  
*BBA, UT Austin*



**Daniel Judd, CFA\***  
**Director**  
*BBus, Griffith University*  
*MBA, Bond University*



**Ryan Zafereo\***  
**Director**  
*BBA, UT Austin*



**Maddie Kurapati**  
**Senior Associate**  
*BS, Osmania University, India*  
*MS, Stanford University*  
*MBA, UT Austin*



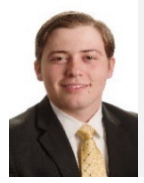
**Chris Fusco**  
**Associate**  
*BA, Bates College*  
*MSF, Villanova University*



**Matt Lenz**  
**Associate**  
*BBA, UT Austin*



**DeMarius McKee**  
**Associate**  
*BS, UT Dallas*

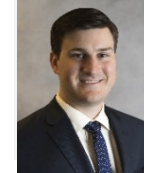


**Emiliano De Leon**  
**Analyst**  
*BBA, UT San Antonio*



**Mary Bishop**  
**Contractor**  
*BA, Southwestern University*  
*MBA, Texas State University*

## TRICOT\*\* (ENRI)



**Emerson Halstead**  
**Investment Manager**  
*BS, UT Austin*  
*MBA, Indiana University*  
*MA, Harvard University*

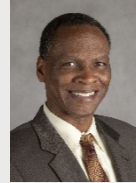
# Principal Investment Program

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## Opportunity for TRS to invest additional capital into individual investments alongside of existing TRS General Partners.

- Fundamental Premises for Principal Investments:
  - Gain in-depth insights into GPs
  - Higher returns than LP commitments to funds
  - Obtain real-time market intelligence
  - Create ability to invest in tactical opportunities
  - Low-cost investment structures

# TRS Emerging Manager Program



**Kirk Sims, CFA**  
Program Director  
Emerging Manager  
Program

## EM Program Team



**Tommy Heitz, CAIA**  
Senior Investment Analyst  
Emerging Manager  
Program



**Olivia Dwan**  
Admin - Contractor  
Emerging Manager  
Program / Talent  
Management

## Key Partners

Private Markets

Public Markets

**GCM GROSVENOR**

**Rock Creek**



**Charles Phippen**  
Dedicated GCM Secondee  
(Onsite at TRS in Austin)

## EM Program Advisors



**Jase Auby, CFA**  
Chief Investment Officer



**Sylvia Bell, CPA**  
Chief Operating Officer



**Carolyn Hansard**  
Senior Director  
Energy, Infrastructure,  
& Natural Resources



**Scott Ramsower**  
Director  
Private Equity



**Matt Halstead**  
Director  
Real Estate



**Michael Ijeh, CAIA**  
Associate  
Public Markets

# Emerging Manager Program

## Emerging Manager Definition

TRS typically defines emerging managers as those with:

- Assets Under Management
  - › Firms that manage **less than \$3 billion**
- Target Fund Size
  - › **Preference for Funds less than \$1 billion**
- Generation
  - › **Fourth generation** or earlier institutional funds

## Asset Classes

The EM Program currently targets the following asset classes:

- Private Equity
- Real Estate
- Energy, Natural Resources, and Infrastructure
- Hedge Funds
- Long Only

## Manager Criteria

The EM Program targets managers with, but not limited to, the following attributes:

- Attributable track record within target strategy
- Investment teams with history of working together
- Principals known in the investment community and are positively referenceable
- Availability of co-investment opportunities
- Strategic alignment of interests

## Private Markets Investment Focus

The EM program includes the following types of investments:

- › Fund commitments
- › Co-investments
- › Fundless sponsors
- › Joint ventures
- › Seeding arrangements
- › Secondaries
- Primarily U.S. based investment strategies

Learn More [EmergingManagers@trs.texas.gov](mailto:EmergingManagers@trs.texas.gov)

[https://www.trs.texas.gov/Pages/investment\\_team\\_emerging\\_managers.aspx](https://www.trs.texas.gov/Pages/investment_team_emerging_managers.aspx)

*Emerging Manager definition is applied at the aggregate ownership level.  
Fund size and generation apply to private market investments.*

# Premier List Process

- Private Markets reviews the Premier List semi-annually
  - Criteria to be considered for the Premier List:
    - Best-in-class manager in terms of performance, partnership quality, openness and transparency
    - Each Premier List manager is analyzed on several categories, subcategories and on additional quantitative and qualitative criteria
    - Manager composition is appropriately aligned to achieve long-term allocation targets by strategy and geography
- TRS may remove a GP from the Premier List for any reason, including the following:
  - Poor performance
  - Bad behavior or bad acts
  - Portfolio change by TRS or strategy change by the GP
  - Succession issues



TRS Private Markets Web Address:

[https://www.trs.texas.gov/Pages/investment\\_team\\_external\\_private\\_markets.aspx](https://www.trs.texas.gov/Pages/investment_team_external_private_markets.aspx)

# Private Markets: TRS' Legal Non-Negotiable Items

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TRS will not commit to any investment fund which does not adhere to the following legal items:

- Conflicts Regarding TRS Persons: GP must represent and disclose certain conflicts with TRS Persons including with respect to personal or private relationships or interests in the Fund.
- Sovereign Immunity/Indemnification: TRS maintains all the protections of a State of Texas sovereign entity (cannot waive any rights of protections of the State) and maintains its immunity from suit and unlimited liability (except for the obligation to contribute capital). TRS cannot directly indemnify any other party.
- Restricted Securities: TRS is restricted from directly holding certain securities and must report direct and indirect holdings of such securities.
- Ex parte Communications; Political Contributions: GP must make certain representations regarding it or the Fund's lobbying activities or political contribution to Texas elected officials.
- Placement Agent; Placement Fees; Improper Influence Policy: GP must complete the questionnaire and comply with the Policy and the remedies that occur if the GP or its Placement Agent violates the Policy.
- Benefits and Bribery: TRS must comply with state law requirements that prohibits TRS persons from receiving certain benefits or gifts. TRS must also comply with Texas anti-bribery statutes.
- Public Information Act: TRS must comply with state law requirements and its process for addressing public information requests.