



Los Angeles • New York

2017 Alternative Asset Fee and Expense Reporting  
MCERA Investment Retirement Board Meeting  
September 27, 2018

# Background

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California Assembly Bill 2833 was enacted in 2016 and became effective January 1, 2017 as California Government Code Section 7514.7 (the “Code”)

- The Code requires California public pension plans (“California Plans”) to obtain and publicly disclose certain fee and expense data and information on an annual basis in a public meeting

The law applies to any private fund that is an alternative investment vehicle whose contract with a California Plan was entered into on or after January 1, 2017, or for any existing contract as of December 31, 2016 for which an additional capital commitment is made on or after January 1, 2017

- California Plans are required to use “reasonable efforts” to obtain the required information for contracts entered into prior to January 1, 2017

The intent of the legislation is to increase transparency of the fees public investors are paying

## Code Section 7514.7 Disclosure Requirements

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1. The fees and expenses that the California Plan pays directly to the alternative investment vehicle, the fund manager, or related parties.
2. The California Plan's pro rata share of fees and expenses not included in paragraph (1) that are paid from the alternative investment vehicle to the fund manager or related parties.
3. The California Plan's pro rata share of carried interest distributed to the fund manager or related parties.
4. The California Plan's pro rata share of aggregate fees and expenses paid by all of the portfolio companies held within the alternative investment vehicle to the fund manager or related parties.
5. Any additional information described in subdivision (b) of Section 6254.26 of the Code.

The Code also requires that the California Plan's disclosure report include the since inception gross and net rate of return of each alternative investment vehicle.

## Code Section 6254.26 Disclosure Requirements

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1. The name, address, and vintage year of each alternative investment vehicle.
2. The dollar amount of the commitment made to each alternative investment vehicle by the California Plan since inception.
3. The dollar amount of cash contributions made by the California Plan to each alternative investment vehicle since inception.
4. The dollar amount, on a fiscal year end basis, of cash distributions received by the California Plan from each alternative investment vehicle.
5. The dollar amount, on a fiscal year end basis, of cash distributions received by the California Plan plus remaining value of partnership assets attributable to the California Plan's investment in each alternative investment vehicle.
6. The net internal rate of return of each alternative investment vehicle since inception.
7. The investment multiple of each alternative investment vehicle since inception
8. The dollar amount of the total management fees and costs paid on an annual fiscal year-end basis, by the California Plan to each alternative investment vehicle.
9. The dollar amount of cash profit received by the California Plan from each alternative investment vehicle on a fiscal year-end basis.

# Data Presentation

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Presentation of results broken out by asset class, shown separately for the Code (7514.7) and Section 6254.26

- Data provided for the Code shown for calendar year 2017
- Data provided for 6254.26 shown since inception

The reporting was provided to MCERA and Cliffwater from each fund manager

- Neither MCERA nor Cliffwater have conducted an independent verification or audit of the information

Reporting the data as of December 31, 2017 to meet the initial reporting requirements

- May consider converting the reporting period from calendar year end to fiscal year end



## Appendix – Fee and Expense Reporting Data

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# Private Equity Calendar Year 2017 (7514.7)

## Merced County Employees' Retirement Association - Calendar Year 2017 Data (7514.7) - Private Equity

Investment	Commitment	Ending Valuation	Realized Gain/Loss	Mgmt. Fee	Partnership Expenses	Offsets	Other Fees & Expenses Paid to GP <sup>1</sup>	Carried Interest Paid	Fees & Expenses Paid by Port. Companies
ASP 2005 Non-US Fund	1,500,000	452,215	104,038	6,000	292	0	0	744	0
ASP 2005 US Fund	3,500,000	1,245,684	221,600	14,000	948	0	0	928	0
ASP 2007 Direct Fund	450,000	285,931	38,809	4,490	139	100	0	13,114	100
ASP 2007 Non-US Fund	1,575,000	992,395	138,948	9,450	312	0	0	1,260	0
ASP 2007 US Fund	2,475,000	1,477,433	300,201	14,850	690	0	0	7,355	0
ASP 2011 Direct Fund	500,000	432,083	57,351	8,961	384	347	73	4,263	347
ASP 2011 Emerging Markets Fund	500,000	516,022	31,428	5,000	226	0	0	0	0
ASP 2011 Non-US Developed Fund	1,500,000	1,066,759	111,044	15,000	296	0	0	2,782	0
ASP 2011 US Fund	2,500,000	2,252,403	210,491	25,000	836	0	0	3,684	0
Invesco Partnership Fund IV, L.P.	10,000,000	2,225,715	1,127,298	0	0	0	0	0	0
Invesco Partnership Fund VI, L.P.	5,000,000	5,832,466	0	42,500	8,794	0	0	0	0
Ocean Avenue Fund II	10,000,000	7,939,881	122,279	85,000	36,379	0	(28,933)	0	0
Pantheon Asia Fund VI	1,000,000	888,868	93,230	7,499	409	0	(2,636)	0	0
Pantheon Euro Fund VII	1,674,348	1,363,594	182,166	10,462	728	0	(2,664)	0	0
Pantheon Global Secondary Fund III "B"	10,000,000	1,385,209	451,162	64,937	3,842	0	(18,240)	0	0
Pantheon Ventures Euro Fund IV	1,200,250	210,075	61,830	4,843	2,420	0	(4,406)	0	0
Pantheon Ventures USA Fund IX	2,000,000	1,833,817	230,363	15,001	961	0	(5,655)	0	0
Pantheon Ventures USA Fund VI	3,750,000	1,252,701	314,616	17,769	863	0	(6,311)	0	0
Raven Asset-Based Opportunity Fund II	10,000,000	4,929,259	138,528	95,577	40,980	0	0	0	0

*This reporting relies upon the accuracy and completeness of information (which may or may not be audited by the fund manager) provided to MCERA and Cliffwater by each fund manager or its professional staff. Neither MCERA nor Cliffwater has conducted an independent verification of the information provided nor have we conducted an audit of such information.*

<sup>1</sup> Other fees and expenses paid to the GP are reported gross of income wherever possible.

\* N/A = not available or not applicable

# Private Equity Since Inception (6254.26)

## Merced County Employees' Retirement Association - Since Inception Data (6254.26) - Private Equity

Investment	Address	Vintage/ Inception	Commitment	Contributions	Distributions	Remaining Value	Total Value	S.I. Net IRR	S.I. Gross IRR	Net Inv. Multiple
ASP 2005 Non-US Fund	Chicago, IL	2005	1,500,000	1,425,750	1,517,387	452,215	1,969,602	5.2%	7.0%	1.38
ASP 2005 US Fund	Chicago, IL	2005	3,500,000	3,323,250	3,767,058	1,245,684	5,012,742	6.8%	8.7%	1.51
ASP 2007 Direct Fund	Chicago, IL	2007	450,000	436,050	625,735	285,931	911,666	11.3%	15.5%	2.09
ASP 2007 Non-US Fund	Chicago, IL	2007	1,575,000	1,497,040	1,234,757	992,395	2,227,152	7.8%	10.0%	1.49
ASP 2007 US Fund	Chicago, IL	2007	2,475,000	2,359,917	2,622,380	1,477,433	4,099,813	11.8%	14.2%	1.74
ASP 2011 Direct Fund	Chicago, IL	2011	500,000	456,139	374,271	432,083	806,354	16.5%	23.8%	1.77
ASP 2011 Emerging Markets Fund	Chicago, IL	2011	500,000	391,250	78,383	516,022	594,405	12.6%	15.4%	1.52
ASP 2011 Non-US Developed Fund	Chicago, IL	2011	1,500,000	1,178,250	573,141	1,066,759	1,639,900	11.9%	15.7%	1.39
ASP 2011 US Fund	Chicago, IL	2011	2,500,000	2,144,502	859,819	2,252,403	3,112,222	13.9%	16.5%	1.45
Invesco Partnership Fund IV, L.P.	New York, NY	2004	10,000,000	7,897,828	14,344,277	2,225,715	16,569,992	12.1%	13.0%	2.10
Invesco Partnership Fund VI, L.P.	New York, NY	2011	5,000,000	3,674,159	526,116	5,832,466	6,358,582	20.6%	16.8%	1.73
Ocean Avenue Fund II	Santa Monica, CA	2014	10,000,000	7,000,000	1,196,646	7,939,881	9,136,527	11.7%	20.9%	1.31
Pantheon Asia Fund VI	London, United Kingdom	2011	1,000,000	744,318	203,803	888,868	1,092,671	11.3%	17.2%	1.47
Pantheon Euro Fund VII	London, United Kingdom	2011	1,674,348	1,302,643	482,212	1,363,594	1,845,806	9.2%	15.5%	1.35
Pantheon Global Secondary Fund III "B"	London, United Kingdom	2006	10,000,000	9,460,000	9,070,000	1,385,209	10,455,209	1.9%	4.2%	1.11
Pantheon Ventures Euro Fund IV	London, United Kingdom	2005	1,200,250	1,143,058	1,403,017	210,075	1,613,092	4.8%	8.6%	1.30
Pantheon Ventures USA Fund IX	London, United Kingdom	2011	2,000,000	1,504,000	413,822	1,833,817	2,247,639	12.1%	16.0%	1.49
Pantheon Ventures USA Fund VI	London, United Kingdom	2005	3,750,000	3,543,750	4,205,842	1,252,701	5,458,543	7.0%	8.9%	1.54
Raven Asset-Based Opportunity Fund II	New York, NY	2014	10,000,000	9,525,926	4,015,415	4,929,259	8,944,674	-2.9%	0.0%	0.94

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# Real Assets and Real Estate Calendar Year 2017 (7514.7)

## Merced County Employees' Retirement Association - Calendar Year 2017 Data (7514.7) - Real Assets

Investment	Commitment	Ending Valuation	Realized Gain/Loss	Mgmt. Fee	Partnership Expenses	Offsets	Other Fees & Expenses Paid to GP <sup>1</sup>	Carried Interest Paid	Fees & Expenses Paid by Port. Companies
EnCap Energy Capital Fund XI, L.P.	5,000,000	132,803	0	43,269	1,817	0	0	0	0
GSO Energy Select Opportunities Fund	7,500,000	3,091,926	95,796	38,673	11,341	0	9,765	0	0
KKR Global Infrastructure II	10,000,000	8,783,795	N/A	N/A	N/A	N/A	N/A	N/A	N/A
North Haven Infrastructure Partners II LP	10,000,000	4,536,380	306,026	135,000	17,601	0	8,154	0	0
Taurus Mining Finance Annex Fund	5,000,000	793,230	0	62,500	5,867	0	(93,546)	0	0
Taurus Mining Finance Fund	5,000,000	1,716,383	0	62,500	3,192	0	(170,380)	0	0

## Merced County Employees' Retirement Association - Calendar Year 2017 Data (7514.7) - Real Estate

Investment	Commitment	Ending Valuation	Realized Gain/Loss	Mgmt. Fee	Partnership Expenses	Offsets	Other Fees & Expenses Paid to GP <sup>1</sup>	Carried Interest Paid	Fees & Expenses Paid by Port. Companies
Carlyle Realty Partners VIII, L.P.	5,000,000	17,014	0	31,438	8,585	2,681	2,828	0	0
Greenfield Acquisition Partners VII, L.P.	13,000,000	12,160,562	1,360,854	195,000	38,584	0	9,849	0	3,399
Patron Capital Fund V	14,282,971	3,687,947	33,341	208,250	3,874	0	0	0	0
UBS Trumbull Property Fund	17,000,000	42,264,767	9,201	383,558	16,498	0	(1,891,020)	0	0

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# Real Assets and Real Estate Since Inception (6254.26)

## Merced County Employees' Retirement Association - Since Inception Data (6254.26) - Real Assets

Investment	Address	Vintage/ Inception	Commitment	Contributions	Distributions	Remaining Value	Total Value	S.I. Net IRR	S.I. Gross IRR	Net Inv. Multiple
EnCap Energy Capital Fund XI, L.P.	Houston, TX	2017	5,000,000	177,867	0	132,803	132,803	-43.0%	0.0%	0.75
GSO Energy Select Opportunities Fund	New York, NY	2015	7,500,000	2,514,031	0	3,091,926	3,091,926	21.1%	30.7%	1.23
KKR Global Infrastructure II	New York, NY	2014	10,000,000	8,617,545	822,532	8,783,795	9,606,327	12.9%	N/A	1.11
North Haven Infrastructure Partners II LP	New York, NY	2014	10,000,000	4,498,202	741,535	4,536,380	5,277,915	11.6%	25.3%	1.17
Taurus Mining Finance Annex Fund	Sydney, Australia	2016	5,000,000	891,928	232,270	793,230	1,025,500	51.5%	164.0%	1.15
Taurus Mining Finance Fund	Sydney, Australia	2015	5,000,000	2,214,985	864,976	1,716,383	2,581,359	15.5%	25.7%	1.17

## Merced County Employees' Retirement Association - Since Inception Data (6254.26) - Real Estate

Investment	Address	Vintage/ Inception	Commitment	Contributions	Distributions	Remaining Value	Total Value	S.I. Net IRR	S.I. Gross IRR	Net Inv. Multiple
Carlyle Realty Partners VIII, L.P.	Washington, DC	2017	5,000,000	32,229	0	17,014	17,014	-47.2%	0.0%	0.53
Greenfield Acquisition Partners VII, L.P.	Westport, CT	2014	13,000,000	10,866,908	2,788,757	12,160,562	14,949,319	14.1%	20.0%	1.38
Patron Capital Fund V	London, United Kingdom	2016	14,282,971	3,693,342	133,853	3,687,947	3,821,800	10.1%	21.4%	1.09
UBS Trumbull Property Fund	New York, NY	1999	17,000,000	17,000,000	19,714,923	42,264,767	61,979,690	9.3%	9.3%	3.65

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# Hedge Funds Calendar Year 2017 (7514.7)

## Merced County Employees' Retirement Association - Calendar Year 2017 Data (7514.7) - Hedge Funds

Investment	Commitment	Ending Valuation	Realized Gain/Loss	Mgmt. Fee	Partnership Expenses	Offsets	Other Fees & Expenses Paid to GP <sup>1</sup>	Carried Interest Paid	Fees & Expenses Paid by Port. Companies
Archipelago Partners, L.P.	N/A	3,050,183	N/A	10,076	N/A	N/A	753	9,174	N/A
Graham Absolute Return Trading Ltd. - Class A	N/A	2,969,238	N/A	20,005	N/A	N/A	N/A	0	N/A
KLS Diversified Fund LP	N/A	3,018,914	(37,796)	15,000	2,086	N/A	33,214	0	0
MW Eureka Fund Class B2	N/A	3,020,882	26,508	5,052	23	N/A	N/A	0	0
OZ Domestic Partners II, LP	N/A	17,131,738	N/A	203,206	N/A	N/A	N/A	524,614	N/A
Silver Point Capital Fund, L.P.	N/A	4,022,673	0	6,545	2,340	121	0	5,668	0
Winton Futures Fund Limited - Class B	N/A	3,077,761	N/A	4,351	786	N/A	0	0	N/A

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# Hedge Funds Since Inception (6254.26)

## Merced County Employees' Retirement Association - Since Inception Data (6254.26) - Hedge Funds

Investment	Address	Vintage/ Inception	Commitment	Contributions	Distributions	Remaining Value	Total Value	S.I. Net IRR	S.I. Gross IRR	Net Inv. Multiple
Archipelago Partners, L.P.	Boston, MA	2017	N/A	3,000,000	0	3,050,183	3,050,183	1.7%	2.0%	1.02
Graham Absolute Return Trading Ltd. - Class A	Rowayton, CT	2017	N/A	3,000,000	2,517	2,969,238	2,971,756	-0.9%	-0.4%	0.99
KLS Diversified Fund LP	New York, NY	2017	N/A	3,000,000	0	3,018,914	3,018,914	0.6%	1.3%	1.01
MW Eureka Fund Class B2	London, United Kingdom	2017	N/A	3,000,000	0	3,020,882	3,020,882	0.7%	1.0%	1.01
OZ Domestic Partners II, LP	New York, NY	2014	N/A	14,000,000	0	17,131,738	17,131,738	5.9%	8.9%	1.22
Silver Point Capital Fund, L.P.	Greenwich, CT	2017	N/A	4,000,000	0	4,022,673	4,022,673	0.6%	0.9%	1.01
Winton Futures Fund Limited - Class B	London, United Kingdom	2017	N/A	3,000,000	0	3,077,761	3,077,761	2.6%	3.1%	1.03

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