



Los Angeles • New York

2018 Alternative Asset Fee and Expense Reporting
MCERA Investment Retirement Board Meeting
September 26, 2019

Background

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

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

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

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 2018
- 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, 2018 to meet the reporting requirements

- This follows the prior annual disclosure reporting as of December 31, 2017
- May consider converting the reporting period from calendar year end to fiscal year end



Appendix – Fee and Expense Reporting Data

Private Equity Calendar Year 2018 (7514.7)

Merced County Employees' Retirement Association - Calendar Year 2018 Data (7514.7) - Private Equity

Investment	Commitment	Ending Valuation	Realized Gain/Loss	Mgmt. Fee	Partnership Expenses	Offsets	Other Fees & Expenses Paid to GP ¹	Carried Interest Paid	Fees & Expenses Paid by Port. Companies
ASP 2005 Non-US Fund	1,500,000	320,829	68,458	4,500	246	0	0	18	0
ASP 2005 US Fund	3,500,000	793,291	193,789	10,500	855	0	0	2,301	0
ASP 2007 Direct Fund	450,000	267,359	50,961	3,590	109	87	(0)	6,301	87
ASP 2007 Non-US Fund	1,575,000	781,439	161,340	7,875	317	0	0	1,576	0
ASP 2007 US Fund	2,475,000	1,230,285	224,162	12,375	830	0	(0)	5,021	0
ASP 2011 Direct Fund	500,000	385,710	90,184	7,961	255	85	24	44,642	85
ASP 2011 Emerging Markets Fund	500,000	589,175	35,690	4,500	213	0	0	0	0
ASP 2011 Non-US Developed Fund	1,500,000	1,091,266	161,112	13,500	360	0	0	3,472	0
ASP 2011 US Fund	2,500,000	2,302,312	285,220	22,500	1,008	0	0	5,302	0
Carrick Capital Partners III, L.P.	5,000,000	709,554	0	54,911	31,596	0	22,495	0	0
Cressey & Company Fund VI LP	5,000,000	444,228	0	50,000	17,807	22,227	10,192	0	0
Davidson Kempner Long-Term Distressed Opportuni	5,000,000	1,695,578	0	44,863	N/A	N/A	0	0	52
GTCR XII	5,000,000	383,998	0	77,795	47,935	12,121	0	0	N/A
Invesco Partnership Fund IV, L.P.	10,000,000	474,703	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Invesco Partnership Fund VI, L.P.	5,000,000	6,599,704	N/A	198,473	41,944	N/A	N/A	N/A	0
Ocean Avenue Fund II	10,000,000	9,730,272	1,376,989	85,000	14,303	0	35,555	0	0
Pantheon Asia Fund VI	1,000,000	955,131	53,031	7,499	350	0	(4,089)	0	0
Pantheon Euro Fund VII	1,610,877	1,299,079	162,104	10,462	598	0	(4,068)	0	0
Pantheon Global Secondary Fund III "B"	10,000,000	1,257,621	193,719	58,701	2,950	0	(17,106)	0	0
Pantheon Ventures Euro Fund IV	1,154,750	134,002	(13,911)	4,358	2,078	0	(809)	0	0
Pantheon Ventures USA Fund IX	2,000,000	1,923,730	237,778	15,001	1,215	0	(2,269)	0	0
Pantheon Ventures USA Fund VI	3,750,000	869,953	261,643	15,992	516	0	(1,049)	0	0
Raven Asset-Based Opportunity Fund II	10,000,000	3,483,258	(1,036,151)	94,470	17,353	0	(2,197)	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.

¹ 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	1,633,593	320,829	1,954,422	4.9%	6.7%	1.37
ASP 2005 US Fund	Chicago, IL	2005	3,500,000	3,323,250	4,255,611	793,291	5,048,902	6.7%	8.6%	1.52
ASP 2007 Direct Fund	Chicago, IL	2007	450,000	436,050	704,464	267,359	971,823	11.7%	15.8%	2.23
ASP 2007 Non-US Fund	Chicago, IL	2007	1,575,000	1,497,040	1,495,078	781,439	2,276,517	7.7%	9.8%	1.52
ASP 2007 US Fund	Chicago, IL	2007	2,475,000	2,359,917	2,970,755	1,230,285	4,201,040	11.6%	14.0%	1.78
ASP 2011 Direct Fund	Chicago, IL	2011	500,000	456,139	466,719	385,710	852,429	16.1%	23.0%	1.87
ASP 2011 Emerging Markets Fund	Chicago, IL	2011	500,000	435,750	130,941	589,175	720,116	13.2%	15.7%	1.65
ASP 2011 Non-US Developed Fund	Chicago, IL	2011	1,500,000	1,178,250	709,794	1,091,266	1,801,060	12.5%	15.9%	1.53
ASP 2011 US Fund	Chicago, IL	2011	2,500,000	2,174,502	1,164,632	2,302,312	3,466,944	14.1%	16.5%	1.59
Carrick Capital Partners III, L.P.	San Francisco, CA	2018	5,000,000	803,428	0	709,554	709,554	-11.0%	-21.3%	0.88
Cressey & Company Fund VI LP	Chicago, IL	2018	5,000,000	500,000	0	444,228	444,228	-11.2%	N/A	0.89
Davidson Kempner Long-Term Distressed Opportuni	New York, NY	2018	5,000,000	1,550,000	0	1,695,578	1,695,578	18.4%	37.4%	1.09
GTCR XII	Chicago, IL	2017	5,000,000	758,000	44,084	383,998	428,082	-79.1%	-23.1%	0.56
Invesco Partnership Fund IV, L.P.	New York, NY	2004	10,000,000	7,897,828	15,814,096	474,703	16,288,799	11.8%	N/A	2.06
Invesco Partnership Fund VI, L.P.	New York, NY	2011	5,000,000	3,674,159	526,116	6,599,704	7,125,820	18.9%	N/A	1.94
Ocean Avenue Fund II	Santa Monica, CA	2014	10,000,000	8,400,000	3,346,646	9,730,272	13,076,919	16.6%	17.7%	1.56
Pantheon Asia Fund VI	London, United Kingdom	2011	1,000,000	825,318	300,801	955,131	1,255,932	11.0%	14.9%	1.52
Pantheon Euro Fund VII	London, United Kingdom	2011	1,610,877	1,409,528	722,032	1,299,079	2,021,111	9.5%	13.4%	1.43
Pantheon Global Secondary Fund III "B"	London, United Kingdom	2006	10,000,000	9,460,000	9,370,000	1,257,621	10,627,621	2.1%	4.4%	1.12
Pantheon Ventures Euro Fund IV	London, United Kingdom	2005	1,154,750	1,277,740	1,535,410	134,002	1,669,412	4.7%	7.2%	1.31
Pantheon Ventures USA Fund IX	London, United Kingdom	2011	2,000,000	1,688,000	817,821	1,923,730	2,741,551	13.0%	17.1%	1.62
Pantheon Ventures USA Fund VI	London, United Kingdom	2005	3,750,000	3,543,750	4,632,948	869,953	5,502,901	6.9%	8.8%	1.55
Raven Asset-Based Opportunity Fund II	New York, NY	2014	10,000,000	9,525,926	5,830,348	3,483,258	9,313,606	-0.8%	2.6%	0.98

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* N/A = not available or not applicable

Real Assets and Real Estate Calendar Year 2018 (7514.7)

Merced County Employees' Retirement Association - Calendar Year 2018 Data (7514.7) - Real Assets

Investment	Commitment	Ending Valuation	Realized Gain/Loss	Mgmt. Fee	Partnership Expenses	Offsets	Other Fees & Expenses Paid to GP ¹	Carried Interest Paid	Fees & Expenses Paid by Port. Companies
EnCap Energy Capital Fund XI, L.P.	5,000,000	412,382	(4,274)	75,000	387	0	(162)	0	0
EnCap Flatrock Midstream IV, L.P.	3,000,000	804,125	0	43,125	1,593	0	0	0	0
GSO Energy Select Opportunities Fund	7,500,000	4,422,573	160,793	60,092	7,550	0	3,450	0	0
ISQ Global Infrastructure Fund II	5,000,000	1,323,549	444	80,000	10,096	(9,896)	34,382	0	8,341
KKR Global Infrastructure II	10,000,000	10,428,821	N/A	N/A	N/A	N/A	N/A	N/A	N/A
KKR Global Infrastructure Investors III	5,000,000	308,608	0	32,962	7,344	9,093	5,228	0	11,183
North Haven Infrastructure Partners II LP	10,000,000	9,947,255	8,593	135,000	38,948	510	14,655	0	510
Taurus Mining Finance Annex Fund	5,000,000	1,598,263	0	62,500	7,318	0	(212,199)	0	0
Taurus Mining Finance Fund	5,000,000	2,331,105	0	62,500	5,789	0	(193,573)	0	0

Merced County Employees' Retirement Association - Calendar Year 2018 Data (7514.7) - Real Estate

Investment	Commitment	Ending Valuation	Realized Gain/Loss	Mgmt. Fee	Partnership Expenses	Offsets	Other Fees & Expenses Paid to GP ¹	Carried Interest Paid	Fees & Expenses Paid by Port. Companies
Carlyle Realty Partners VIII, L.P.	5,000,000	247,532	0	75,000	7,390	1,273	21,156	0	N/A
Greenfield Acquisition Partners VII, L.P.	13,000,000	12,882,088	1,815,743	190,021	42,035	0	(6,264)	0	0
Patron Capital Fund V	13,741,530	5,619,728	313,283	208,250	110,215	0	0	0	0
Taconic CRE Dislocation Fund II	5,000,000	1,241,598	(27)	2,632	9,954	0	(4,127)	0	0
UBS Trumbull Property Fund	17,000,000	43,391,888	4,910	361,503	16,962	N/A	(1,922,822)	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	536,067	0	412,382	412,382	-29.7%	-1.2%	0.77
EnCap Flatrock Midstream IV, L.P.	Houston, TX	2018	3,000,000	847,715	0	804,125	804,125	-11.8%	0.3%	0.95
GSO Energy Select Opportunities Fund	New York, NY	2015	7,500,000	4,102,544	464,092	4,422,573	4,886,665	12.5%	18.4%	1.19
ISQ Global Infrastructure Fund II	New York, NY	2017	5,000,000	1,345,177	56,790	1,323,549	1,380,339	9.1%	20.1%	1.03
KKR Global Infrastructure II	New York, NY	2014	10,000,000	9,907,626	1,178,152	10,428,821	11,606,973	10.4%	13.1%	1.17
KKR Global Infrastructure Investors III	New York, NY	2018	5,000,000	346,439	0	308,608	308,608	-29.0%	N/A	0.89
North Haven Infrastructure Partners II LP	New York, NY	2014	10,000,000	10,439,806	1,964,440	9,947,255	11,911,695	11.5%	21.7%	1.14
Taurus Mining Finance Annex Fund	Sydney, Australia	2016	5,000,000	1,822,154	678,926	1,598,263	2,277,189	36.2%	67.2%	1.25
Taurus Mining Finance Fund	Sydney, Australia	2015	5,000,000	3,019,295	1,412,018	2,331,105	3,743,123	16.8%	26.1%	1.24

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	374,306	135	247,532	247,667	-64.0%	-57.6%	0.66
Greenfield Acquisition Partners VII, L.P.	Westport, CT	2014	13,000,000	12,661,667	5,170,096	12,882,088	18,052,184	13.1%	N/A	1.43
Patron Capital Fund V	London, United Kingdom	2016	13,741,530	5,717,725	1,134,750	5,619,728	6,754,478	13.4%	24.3%	1.18
Taconic CRE Dislocation Fund II	New York, NY	2018	5,000,000	1,250,000	0	1,241,598	1,241,598	-1.1%	N/A	0.99
UBS Trumbull Property Fund	New York, NY	1999	17,000,000	17,188,992	21,465,110	43,391,888	64,856,998	9.2%	9.2%	3.77

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Hedge Funds Calendar Year 2018 (7514.7)

Merced County Employees' Retirement Association - Calendar Year 2018 Data (7514.7) - Hedge Funds

Investment	Commitment	Ending Valuation	Realized Gain/Loss	Mgmt. Fee	Partnership Expenses	Offsets	Other Fees & Expenses Paid to GP ¹	Carried Interest Paid	Fees & Expenses Paid by Port. Companies
Archipelago Partners, L.P.	N/A	5,784,946	N/A	48,611	N/A	N/A	N/A	N/A	N/A
Graham Absolute Return Trading Ltd. - Class A	N/A	3,005,547	71,259	62,132	N/A	N/A	N/A	0	N/A
KLS Diversified Fund LP	N/A	5,075,589	399,443	94,091	20,448	0	375,589	14,169	0
Laurion Capital, Ltd. Class A 18-07	N/A	5,115,919	166,180	50,261	N/A	N/A	50,261	28,980	N/A
MW Eureka Fund Class B2	N/A	3,014,905	0	63,418	N/A	N/A	N/A	49,479	N/A
OZ Domestic Partners II, LP	N/A	9,266,285	N/A	171,298	N/A	N/A	N/A	345,488	N/A
Silver Point Capital Fund, L.P.	N/A	6,883,708	0	102,025	29,901	2,919	0	0	0
Taconic Opportunity Fund L.P.	N/A	9,960,622	(77,182)	11,634	1,075	0	8,618	0	0
Winton Futures Fund Limited - Class B	N/A	3,058,587	N/A	27,915	N/A	N/A	8,557	(5,561)	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	11,000,000	0	5,784,946	5,784,946	-0.7%	-0.1%	0.53
Graham Absolute Return Trading Ltd. - Class A	Rowayton, CT	2017	N/A	7,000,000	2,517	3,005,547	3,008,065	0.3%	2.3%	0.43
KLS Diversified Fund LP	New York, NY	2017	N/A	9,000,000	0	5,075,589	5,075,589	2.0%	N/A	0.56
Laurion Capital, Ltd. Class A 18-07	New York, NY	2018	N/A	5,000,000	0	5,115,919	5,115,919	4.7%	N/A	1.02
MW Eureka Fund Class B2	London, United Kingdom	2017	N/A	3,000,000	0	3,014,905	3,014,905	0.5%	N/A	1.00
OZ Domestic Partners II, LP	New York, NY	2014	N/A	14,000,000	8,000,000	9,266,285	17,266,285	4.0%	N/A	1.23
Silver Point Capital Fund, L.P.	Greenwich, CT	2017	N/A	12,000,000	0	6,883,708	6,883,708	-0.5%	0.9%	0.57
Taconic Opportunity Fund L.P.	New York, NY	2018	N/A	10,000,000	0	9,960,622	9,960,622	-4.6%	-0.3%	1.00
Winton Futures Fund Limited - Class B	London, United Kingdom	2017	N/A	6,000,000	0	3,058,587	3,058,587	2.0%	3.2%	0.51

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