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# Investment Committee Quarterly Activity Report

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| 8. PRIVATE EQUITY

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## CALSTRS INVESTMENT COMMITTEE QUARTERLY ACTIVITY REPORT

### PRIVATE EQUITY PROGRAM SUMMARY

Market Value* (in 000's)	Market Value + Unfunded Commitments* (in 000's)
\$ 17,135,723	\$ 27,133,588

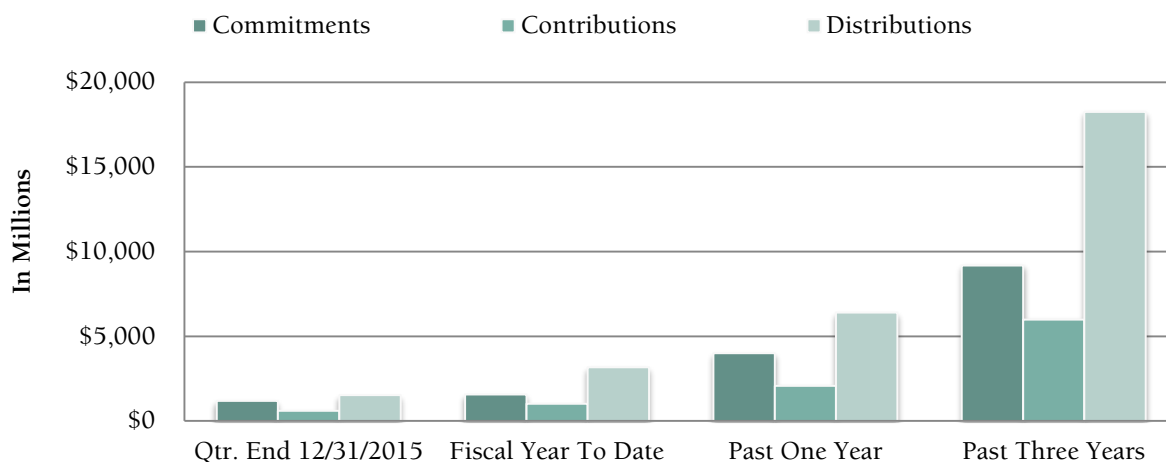
\* Market value is actual as of September 30, 2015, adjusted for cash flows through December 31, 2015.

Table 1 below describes Private Equity's investment activity for the period starting October 1, 2015 through December 31, 2015 and historical information for selected time periods.

**Table 1**

**As of December 31, 2015**

	Quarter End 12/31/2015	Fiscal Year To Date	Past One Year	Past Three Years
Commitments	\$1,200,776,535	\$1,585,668,202	\$4,004,267,964	\$9,182,849,092
Contributions	\$608,083,407	\$1,023,051,140	\$2,081,493,591	\$5,992,985,763
Distributions	\$1,535,988,873	\$3,187,575,880	\$6,409,057,888	\$18,251,218,497



## CALSTRS INVESTMENT COMMITTEE QUARTERLY ACTIVITY REPORT

Figure 1 shows the vintage year diversification of Private Equity Contributions and Unfunded Commitments.

**Figure 1**

### Private Equity Contributions and Unfunded Commitments by Vintage Year

As of September 30, 2015

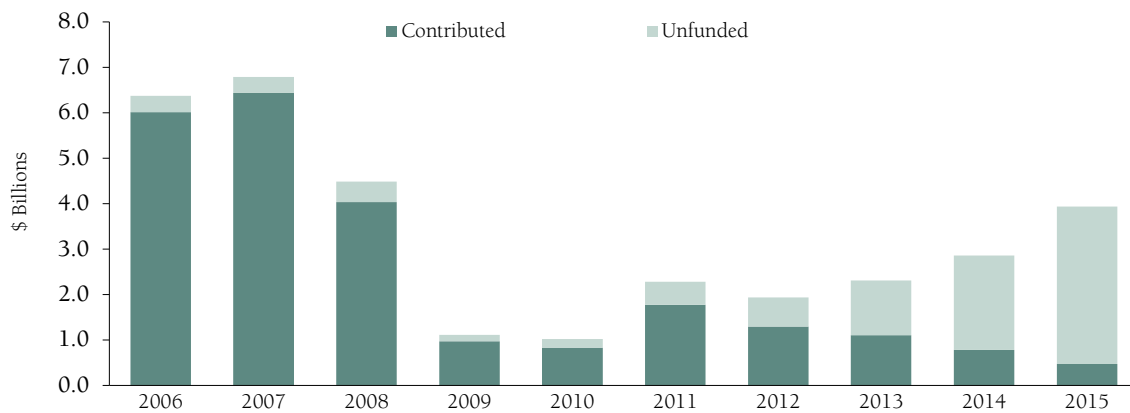
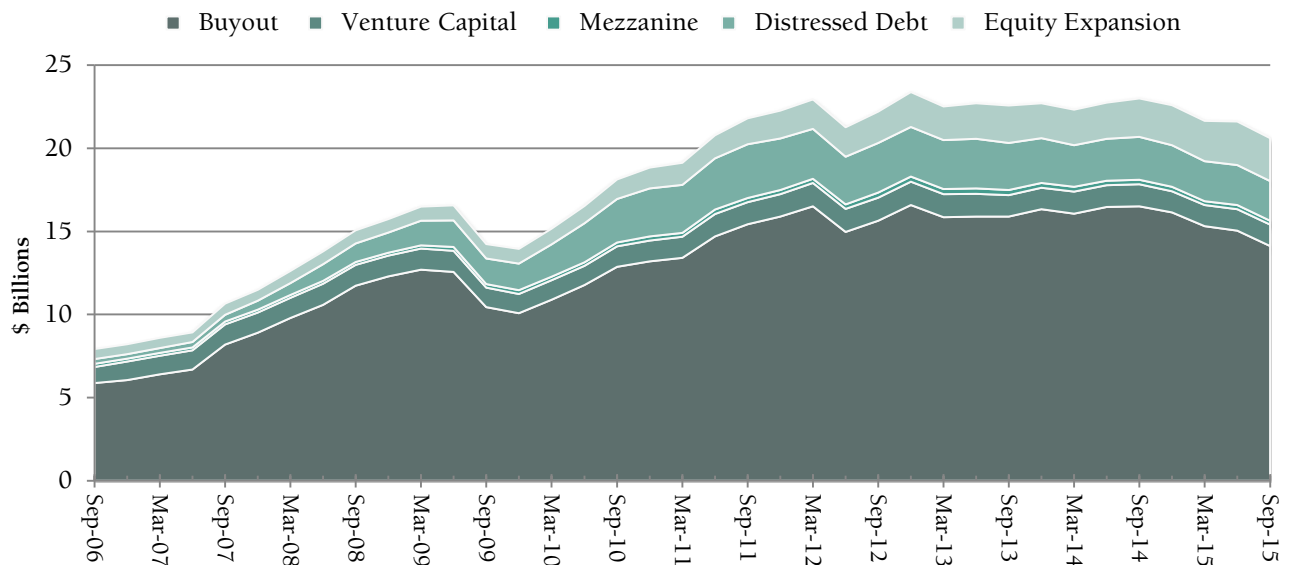


Figure 2 shows ten years of market value growth for each Private Equity sub-asset class.

**Figure 2**

### Based on GP Reported Market Values

As of September 30, 2015



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## CALSTRS INVESTMENT COMMITTEE QUARTERLY ACTIVITY REPORT

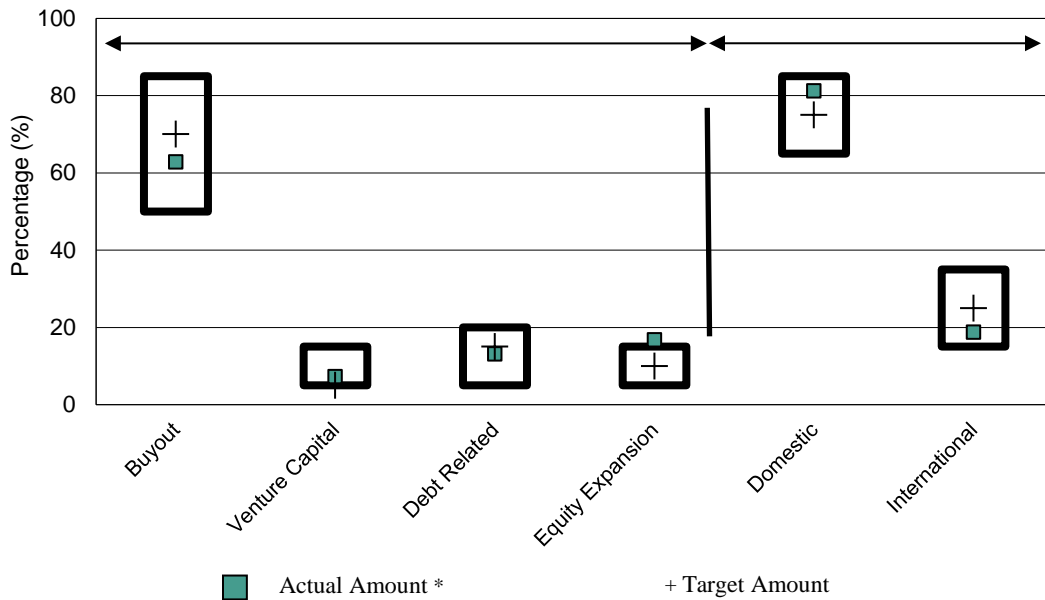
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Figure 3 shows how the Private Equity Investments Portfolio is diversified by sub-asset class. Allocation ranges, targets and actual values are shown.

*Figure 3*

### Asset Allocation Ranges

Cash Adjusted Market Value as of December 31, 2015



*Note: In the event of a sub-asset allocation being off target, it is not possible to quickly rebalance a portfolio of private equity funds as may be done to a portfolio of marketable assets. This is due to the illiquidity of the securities and the intermittent availability of appropriate investments. Also, especially with regards to Venture Capital (VC), there is sometimes a long-term shortage of investment opportunities that meet our risk/return requirements.*

*\*Actual amount represents cash adjusted market value plus unfunded commitment.*

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## CALSTRS INVESTMENT COMMITTEE QUARTERLY ACTIVITY REPORT

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The Attribution Analysis below compares the performance of each sub-asset class on an absolute basis. Figure 4 compares the Market Value to Outstanding Commitments by sub-asset class. This data provides the Cash

Flows, Fair Market Value, Gain, IRR, Multiple, and Average Age for each sub-asset class based on market value.

### Figure 4

#### Attribution Analysis - Cash Adjusted Market Values

as of December 31, 2015 (dollars in thousands)

Private Equity Sub-Category	Capital Distributed	Fair Market Value	Capital Contributed	Since Inception Total Gain/Loss*	Weighted Average Age	Investment Multiple	Since Inception Net IRR	Contribution to IRR
Total	\$47,990,078	\$17,135,723	\$42,116,105	\$22,984,363	9.05	1.55x	12.95%	12.95%
Buyout	\$34,043,697	\$11,076,209	\$29,091,289	\$16,019,864	9.52	1.55	11.73%	9.03%
Venture Capital	\$3,391,771	\$1,463,957	\$3,189,939	\$1,664,938	10.65	1.52	16.40%	0.94%
Expansion Capital	\$5,081,381	\$2,387,182	\$4,498,332	\$2,969,844	7.68	1.66	21.16%	1.67%
Distressed Debt	\$4,506,489	\$1,999,964	\$4,588,413	\$1,907,761	6.47	1.42	9.43%	1.07%
Mezzanine	\$966,741	\$208,411	\$748,133	\$421,956	11.80	1.57	13.13%	0.24%

\* Total Gain = Capital Distributed + Fair Market Value - Capital Contributed - Late Entry Fee

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## CALSTRS INVESTMENT COMMITTEE QUARTERLY ACTIVITY REPORT

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### Private Equity Commitments Quarter Ending 12/31/2015

#### *Partnership Investments*

Investment Name	New / Existing Relationship	Industry Focus	Category	Fund Size (millions)	CalSTRS Commitment (millions)	Advisor Recommendation
Carlyle U.S. Equity Opportunity Fund II, L.P.	Existing	Large Cap	Buyout	\$2,250	\$150	Cambridge
Investment Thesis: The fund will focus on U.S buyouts.						
Coller International Partners VII, L.P.	Existing	Secondary	Secondary	\$5,500	\$150	Altius
Investment Thesis: The fund will focus on traditional secondary and direct secondaries.						
Bain Capital Asia Fund III, L.P.	Existing	International	Buyout	\$2,500	\$125	Cambridge
Investment Thesis: The fund will focus on Asia buyout and minority/growth focus funds.						
Madison Dearborn Capital Partners Fund VII-A/B, L.P.	Existing	Growth	Buyout	\$4,000	\$200	Cambridge
Investment Thesis: The fund will focus on buyout and growth equity investment primarily in the U.S.						
PAG Asia II LP	Existing	International	Buyout	\$3,000	\$150	Cambridge
Investment Thesis: The fund will focus on growth equity, restructurings, and special situations' investments.						

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Investment Name	New / Existing Relationship	Industry Focus	Category	Fund Size (millions)	CaSTRS Commitment (millions)	Advisor Recommendation
ASF VII B L.P.	New	Secondary	Secondary	\$6,500	\$250	Altius
Investment Thesis: The fund will focus on traditional secondary (large end of secondary market – portfolios greater than \$500 million).						
Summit Partners Venture Capital Fund IV-A, L.P.	Existing	Small Growth	Equity Expansion	\$600	\$50	Cambridge
Investment Thesis: The fund will focus on small growth equity investments in technology and healthcare.						
Summit Partners Growth Equity Fund IX-A, L.P.	Existing	Growth	Equity Expansion	\$3,000	\$100	Cambridge
Investment Thesis: This fund will focus on companies in the Technology, Healthcare, and Growth Products & Services sectors.						

### Co-Investments

Investment Name	Sponsor(s)	Industry	CaSTRS Commitment (millions)	Advisor Recommendation
Carlyle Innovation Partners, L.P (Tiger)	Carlyle	Insurance	£17Mil	N/A