

National Private Equity Program Performance Update – Q4 2016

*Presented to
The Council Investment Committee of
The New Mexico State Investment Council
May 2, 2017*

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Q4 2016 PERFORMANCE UPDATE

PERFORMANCE DASHBOARD

Quarter-over-quarter net asset value increased by \$29.2 million

NM SIC National Private Equity Performance (by Investment Strategy)

As of December 31, 2016 (\$ in millions)

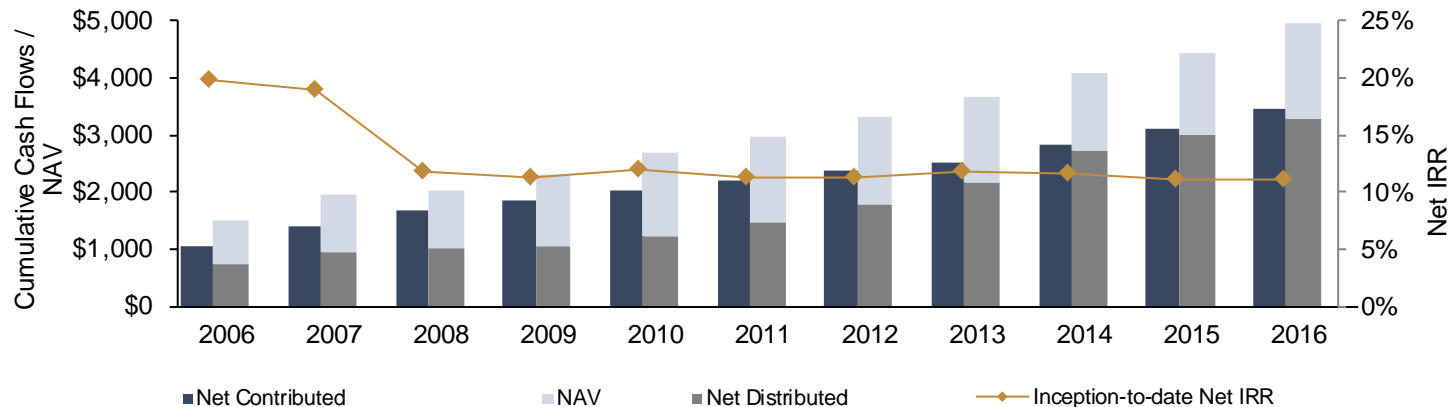
Strategy	# of Funds	Commit.	Net Contributed	Net Distributed	NAV	Total Value	Net Multiple ¹		Net IRR ¹	
							12/31/2016	12/31/2015	12/31/2016	12/31/2015
Active Commitments										
Venture Capital	14	\$ 210.0	\$ 206.4	\$ 180.1	\$ 31.2	\$ 211.2	1.02x	1.06x	0.3%	0.8%
Growth Equity	15	538.1	328.5	161.6	294.7	456.3	1.39x	1.28x	8.8%	6.2%
Buyout	63	2,629.2	1,624.4	1,406.7	1,042.5	2,449.2	1.51x	1.54x	11.9%	12.0%
Special Situations	25	996.2	593.9	493.3	285.9	779.2	1.31x	1.33x	7.6%	8.0%
Sub-total	117	\$ 4,373.5	\$ 2,753.2	\$ 2,241.7	\$ 1,654.3	\$ 3,896.0	1.42x	1.42x	9.0%	8.9%
Liquidated Funds	34	290.8	278.4	398.0	-	398.0	1.43x	1.52x	14.8%	16.9%
Sold Funds	46	457.5	423.6	655.9	-	655.9	1.55x	1.55x	26.6%	26.6%
Grand Total	197	\$ 5,121.7	\$ 3,455.2	\$ 3,295.6	\$ 1,654.3	\$ 4,949.9	1.43x	1.44x	11.1%	11.2%

Source: Invient

¹ Performance since inception

Cumulative Investment Performance

As of December 31, 2016 (\$ in thousands)



Source: Invient



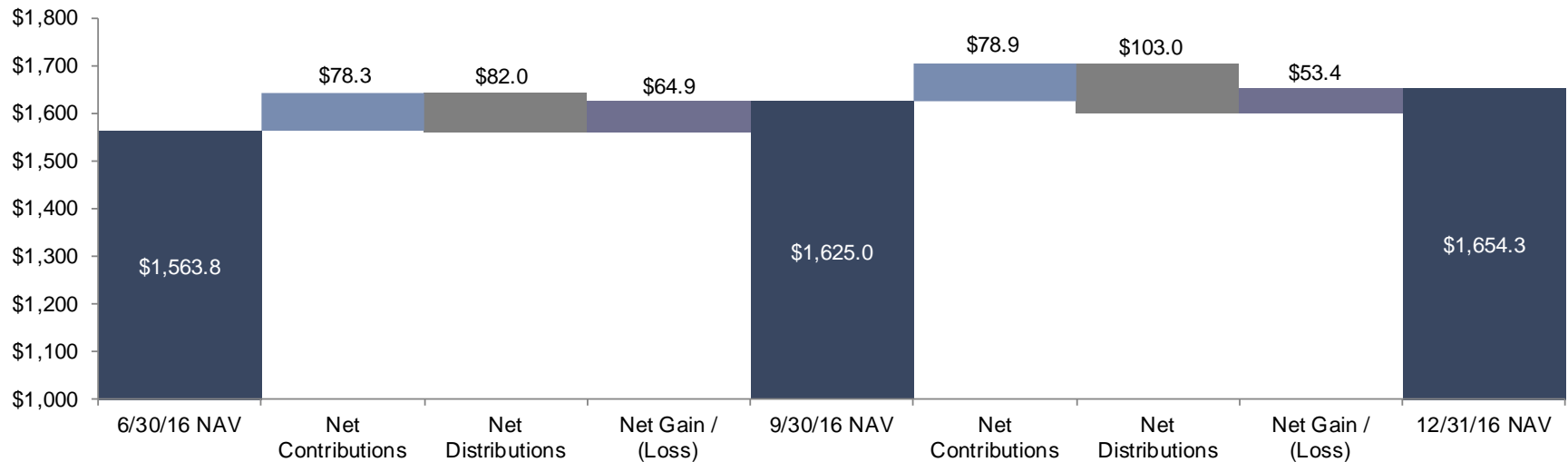
QUARTER-OVER-QUARTER PERFORMANCE

Distributions outpaced contributions by \$24.1 million in Q4 2016

- ❑ In Q4 2016, Venture Capital generated a net loss of \$4.4 million, while Buyout, Growth Equity and Special Situations generated net gains of \$39.6 million, \$13.4 million and \$4.8 million, respectively
- ❑ 56 funds reported net gains, while 52 funds reported net losses
- ❑ Across all funds, the portfolio has experienced a \$118.3 million net gain in 2H 2016.

NM SIC Private Equity Portfolio – Quarterly NAV Changes

As of December 31, 2016 (\$ in millions)



Source: Invient.



DIVERSIFICATION: VINTAGE YEAR

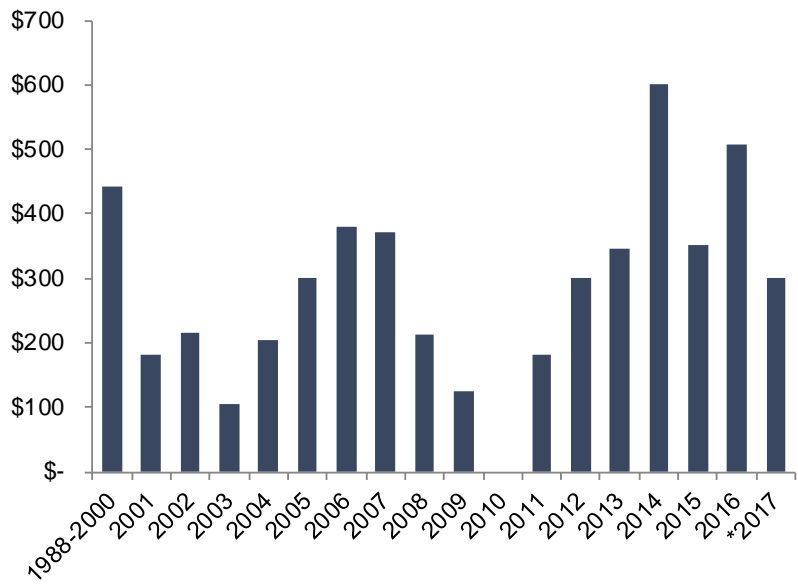
The Program has exposure across multiple vintage years

- Current strategy targets an annual pace of \$550 million to \$650 million (assuming 12% target)
 - The SIC approved six commitments totaling \$550 million in 2016, with \$300 million of past commitments being classified as a 2017 vintage year based on the fund’s first cash flow
 - Additionally, the SIC approved one commitment totaling \$100 million in 2017

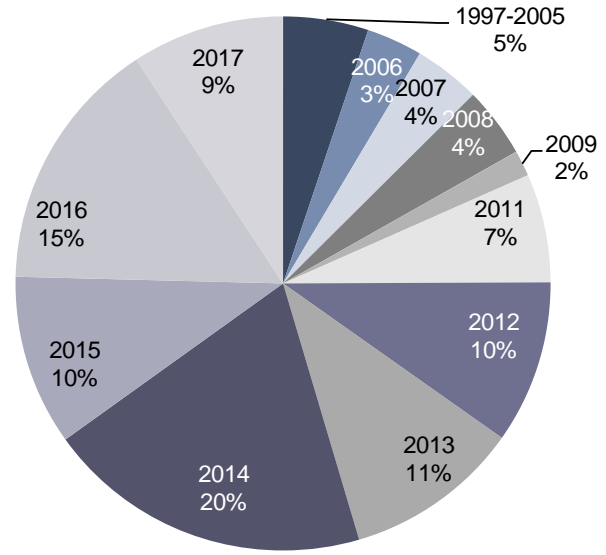
Diversification and Pacing by Vintage Year – NM SIC National Private Equity Program Active Commitments

As of December 31, 2016 (\$ in millions)

Pacing by Vintage Year



Exposure by Vintage Year



Source: Invient. Exposure defined as net asset value plus unfunded commitments.
 Vintage year defined by the first cash flow of the fund.
 * Includes commitments approved in 2016, which were reclassified to 2017 based on the fund's first cash flow.

DIVERSIFICATION: STRATEGY

Portfolio is within current strategy allocation targets

Strategy Allocation

As of December 31, 2016 (\$ in millions)

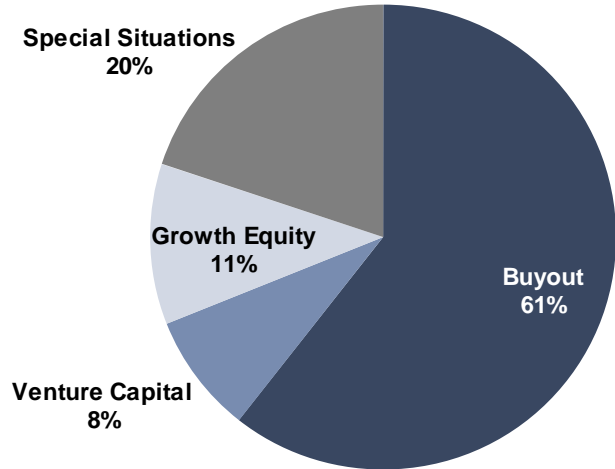
Strategy	Target Allocation			NAV		Unfunded		Total Exposure	
	Low		High	\$	%	\$	%	\$	%
Venture Capital	0%	-	10%	\$ 31.2	2%	\$ 3.6	0%	\$ 34.8	1%
Growth Equity	10%	-	20%	294.7	18%	212.2	13%	506.8	16%
Buyout	50%	-	70%	1,042.5	63%	982.6	62%	2,025.2	62%
Special Situations	10%	-	25%	285.9	17%	397.0	25%	682.9	21%
Total				\$ 1,654.3	100%	\$ 1,595.4	100%	\$ 3,249.6	100%

Source: Data from Invient and target allocations from January 24, 2012 strategy presentation to NM SIC. Target allocation refers to portfolio's total exposure (NAV + Unfunded).

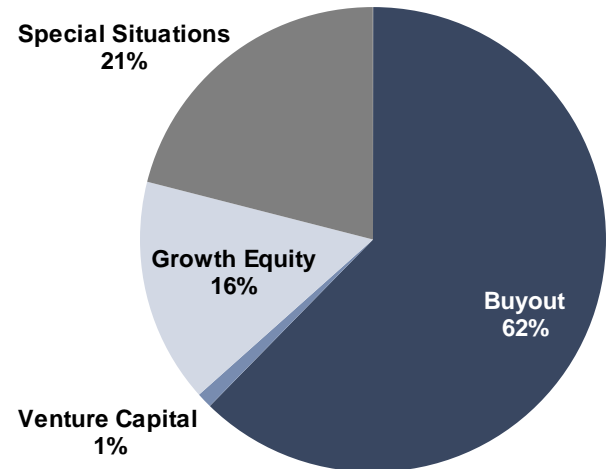
Diversification by Strategy – NM SIC National Private Equity Program Active Commitments

As of December 31, 2016

By Commitment



By Exposure



Source: Invient. Exposure defined as net asset value plus unfunded commitments.

DIVERSIFICATION: GEOGRAPHY AND INDUSTRY

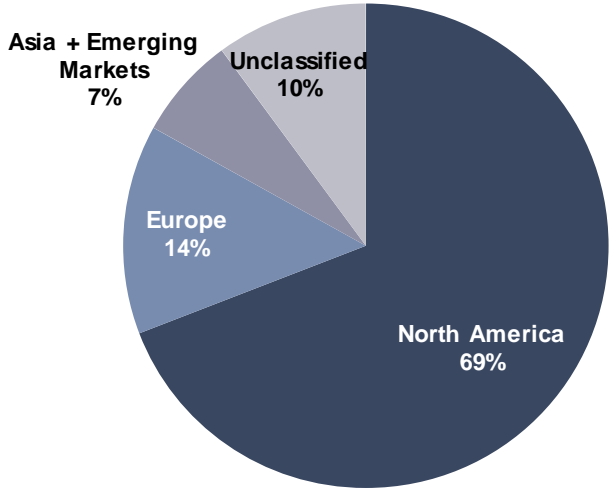
Portfolio is concentrated in North America and diversified across industries

- ❑ Geographic diversification is based on the headquarters of the underlying portfolio companies
- ❑ The portfolio's exposure to Europe (target of 15% to 25%) is expected to increase over time due to recent commitments
- ❑ The underlying companies are diversified across a number of industries, with consumer companies having the largest allocation and information technology companies having the second largest allocation

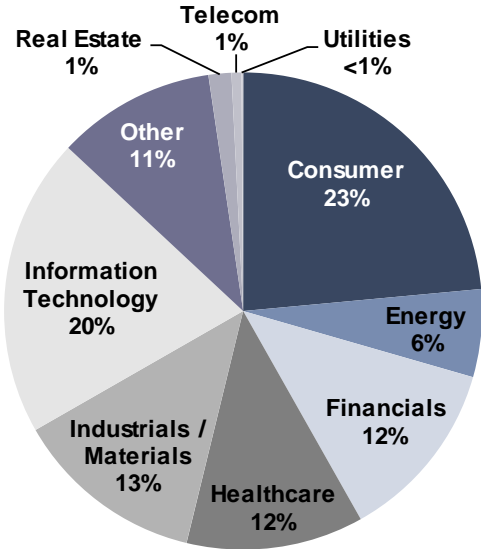
Underlying Portfolio Company Diversification (By Remaining Value)

As of December 31, 2016

Geography



Industry



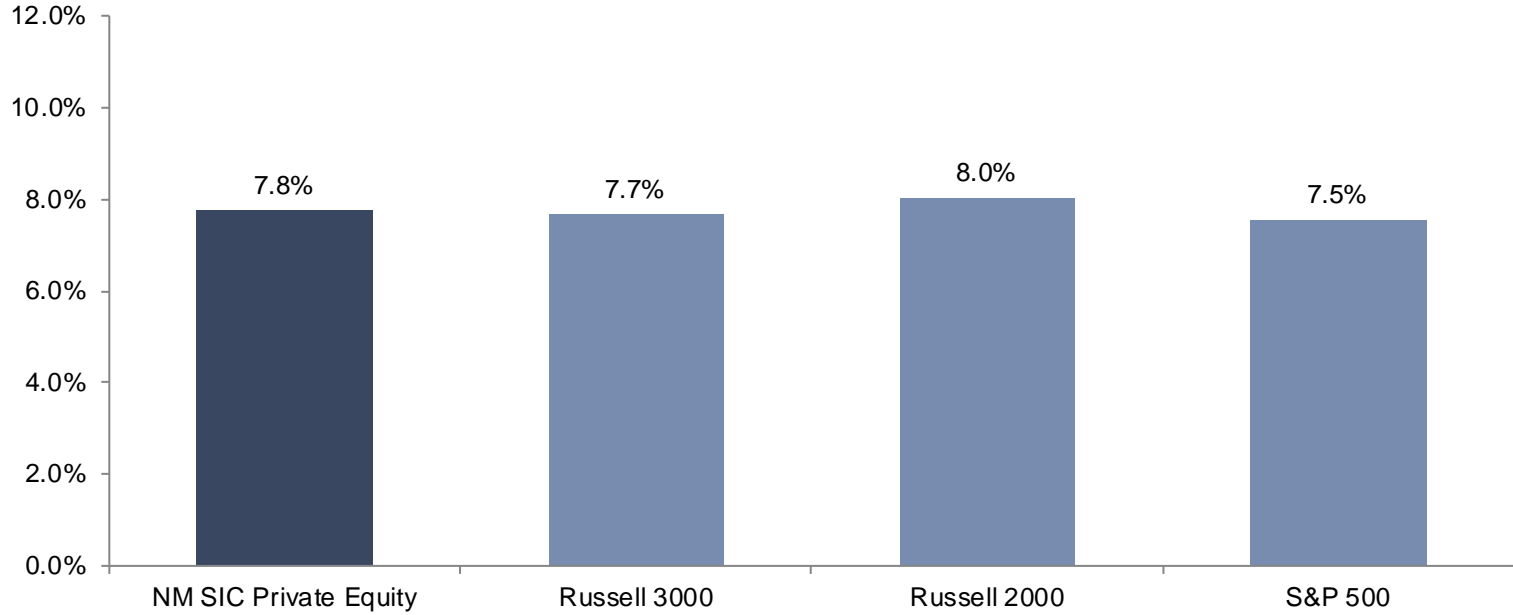
Source: Invient. Does not include liquidated or sold funds.
 Geography and industry based on the headquarters and primary industry of the underlying portfolio companies..

PUBLIC MARKET EQUIVALENT PERFORMANCE – 10-YEAR

Private equity performance has performed above the Russell 3000 and S&P 500 and below the Russell 2000

NM SIC National Private Equity Performance Relative to Benchmarks

Last 10 years through December 31, 2016



Source: Invient.

APPENDIX

PERFORMANCE DASHBOARD (TOTAL)

NM SIC National Private Equity Performance Since Inception

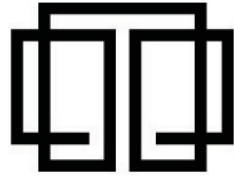
As of December 31, 2016 (\$ in millions)

Strategy	# of Funds	Committed	Net Contributed	Net Distributed	NAV	Total Value	Net Multiple ¹		Net IRR ¹	
							12/31/2016	12/31/2015	12/31/2016	12/31/2015
Venture Capital	57	\$ 426.4	\$ 406.1	\$ 472.2	\$ 31.2	\$ 503.4	1.24x	1.26x	10.6%	11.1%
Growth Equity	20	571.8	361.9	202.8	294.7	497.5	1.37x	1.35x	10.2%	9.7%
Buyout	91	3,103.8	2,069.3	2,094.5	1,042.5	3,137.0	1.52x	1.54x	12.2%	12.2%
Special Situations	29	1,019.7	617.9	526.1	285.9	812.0	1.31x	1.33x	7.8%	8.2%
Grand Total	197	\$ 5,121.7	\$ 3,455.2	\$ 3,295.6	\$ 1,654.3	\$ 4,949.9	1.43x	1.44x	11.1%	11.2%

Source: Invient

¹ Performance since inception





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