

NEUBERGER	BERMAN
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# San Jose Federated City Employees' Retirement System

## Quarterly Report

March 31, 2019



Confidential Presentation

FCERS 10-17-19

# San Jose Federated City Employees' Retirement System

As of March 31, 2019

Fund Overview	San Jose Federated City Employees' Retirement System ("Legacy")	SJFED Private Equity Strategic Partnership, L.P. ("NB")	Combined Funds
Fund Close:	July 2004	May 2017	Various
Total Fund Size:	\$174.3 million	\$225.7 million	\$400.0 million
# Primary Investments:	8	16	24
# Secondary Investments:	-	1	1
# Co-Investment Investments:	-	17	17

Net Performance	San Jose Federated City Employees' Retirement System ("Legacy")	SJFED Private Equity Strategic Partnership, L.P. ("NB")	Combined Funds
Commitment - Fund Level	N/A	\$225.7 million	\$225.7 million
Commitment - Underlying Investments	\$174.3 million	\$133.5 million	\$307.8 million
Commitment - Remaining	N/A	\$92.2 million	\$92.2 million
Contributed Capital - Net*	\$149.5 million	\$43.7 million	\$193.2 million
Total Partners' Capital (NAV)	\$42.9 million	\$49.6 million	\$92.5 million
Distributions - Net	\$179.6 million	-	\$179.6 million
Total Value - Net	\$222.5 million	\$49.6 million	\$272.1 million
Net Multiple	1.5x	1.1x	1.4x
Net IRR	7.6%	18.2%	7.9%

*Note: Key Metrics are based on the Limited Partner, net of fees and carry.  
\*Amount includes capital contributions for management fees and expenses*

## San Jose Federated City Employees' Retirement System ("Legacy") Primary Fund Performance vs. Benchmarks As of March 31, 2019

Investments	Benchmark	Vintage	Commitment	IRR <sup>2</sup>	MOIC	IRR & MOIC Quartiles <sup>1</sup>	
Pathway Private Equity Fund VIII	Fund of Funds Index	2004	\$ 40,000,000	6.7%	1.46x	2nd	3rd
			1st Quartile	7.6%	1.60x		
			Median	6.1%	1.51x		
			3rd Quartile	5.3%	1.36x		
Pantheon Global Secondary Fund III 'B'	Secondary Funds Index	2006	\$ 40,000,000	2.2%	1.13x	4th	4th
			1st Quartile	8.7%	1.54x		
			Median	7.9%	1.42x		
			3rd Quartile	3.8%	1.20x		
Pantheon USA Fund VII	Fund of Funds Index	2006	\$ 40,000,000	10.1%	1.76x	2nd	2nd
			1st Quartile	10.5%	1.89x		
			Median	7.5%	1.55x		
			3rd Quartile	5.7%	1.38x		
Great Hill Equity Partners IV	Private Equity Index	2008	\$ 5,000,000	24.1%	2.49x	1st	1st
			1st Quartile	17.0%	1.98x		
			Median	10.9%	1.63x		
			3rd Quartile	5.0%	1.27x		
Partners Group Secondary 2008	Secondary Funds Index	2008	\$ 9,522,344	9.0%	1.44x	3rd	3rd
			1st Quartile	18.8%	1.83x		
			Median	13.2%	1.58x		
			3rd Quartile	8.2%	1.34x		
Partners Group Secondary 2011, L.P.	Secondary Funds Index	2011	\$ 20,000,000	17.7%	1.71x	1st	1st
			1st Quartile	17.7%	1.55x		
			Median	14.2%	1.47x		
			3rd Quartile	9.9%	1.33x		
Crestline Portfolio Financing Fund, L.P.	Private Equity Index	2018	\$ 15,000,000	NM	1.07x	NM	
Innovation Endeavors III, L.P.	Venture Capital Index	2018	\$ 4,800,000	NM	0.94x	NM	

Source: Cambridge Associates Pooled Return as of 3/31/19.

<sup>1</sup> Benchmark performance for vintage years 2018 and later are not available.

<sup>2</sup> Gross internal rate of return (IRR) calculated based on cash inflow/outflow to investment and the current net asset value. The Gross IRR of private equity investments is not meaningful (NM) in the early years.

## SJFED Private Equity Strategic Partnership, L.P. ("NB")

### Primary Fund Performance vs. Benchmarks

As of March 31, 2019

Investments	Benchmark	Vintage	Commitment	IRR <sup>1,3</sup>	MOIC	IRR & MOIC Quartiles <sup>2</sup>	
Investment 1	Private Equity Index	2016	\$ 9,000,000	43.6%	1.18x	1st	2nd
			1st Quartile	20.7%	1.20x		
			Median	10.6%	1.10x		
			3rd Quartile	2.4%	1.02x		
Investment 29	Private Equity Index	2017	\$ 7,940,000	-46.5%	0.79x	4th	4th
			1st Quartile	9.6%	1.08x		
			Median	-5.0%	0.97x		
			3rd Quartile	-12.4%	0.91x		
Investment 30	Private Equity Index	2018	\$ 7,900,000	N/M <sup>3</sup>	-	N/M <sup>2</sup>	
Investment 5	Private Equity Index	2018	\$ 8,680,000	N/M <sup>3</sup>	0.91x	N/M <sup>2</sup>	
Investment 7	Private Equity Index	2018	\$ 4,760,000	N/M <sup>3</sup>	1.09x	N/M <sup>2</sup>	
Investment 26	Venture Index	2018	\$ 2,500,000	N/M <sup>3</sup>	1.00x	N/M <sup>2</sup>	
Investment 27	Venture Index	2018	\$ 625,000	N/M <sup>3</sup>	-	N/M <sup>2</sup>	
Investment 28	Venture Index	2018	\$ 1,640,000	N/M <sup>3</sup>	1.00x	N/M <sup>2</sup>	
Investment 23	Venture Index	2018	\$ 4,760,000	N/M <sup>3</sup>	1.10x	N/M <sup>2</sup>	
Investment 24	Venture Index	2018	\$ 4,760,000	N/M <sup>3</sup>	0.86x	N/M <sup>2</sup>	
Investment 25	Venture Index	2018	\$ 4,800,000	N/M <sup>3</sup>	1.02x	N/M <sup>2</sup>	
Investment 9	Private Equity Index	2018	\$ 10,468,350	N/M <sup>3</sup>	1.41x	N/M <sup>2</sup>	
Investment 10	Private Equity Index	2018	\$ 4,240,000	N/M <sup>3</sup>	0.97x	N/M <sup>2</sup>	
Investment 16	Private Equity Index	2019	\$ 15,400,000	N/M <sup>3</sup>	-	N/M <sup>2</sup>	
Investment 18	Private Equity Index	2019	\$ 15,880,000	N/M <sup>3</sup>	-	N/M <sup>2</sup>	

Source: Cambridge Associates Pooled Return as of 3/31/19.

<sup>1</sup> Fund IRR performance is gross of NB management fees and other expenses.

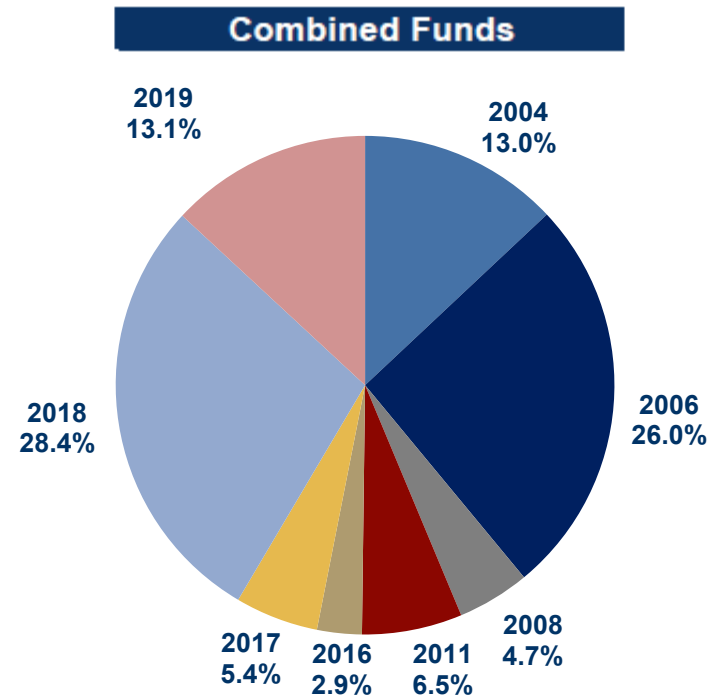
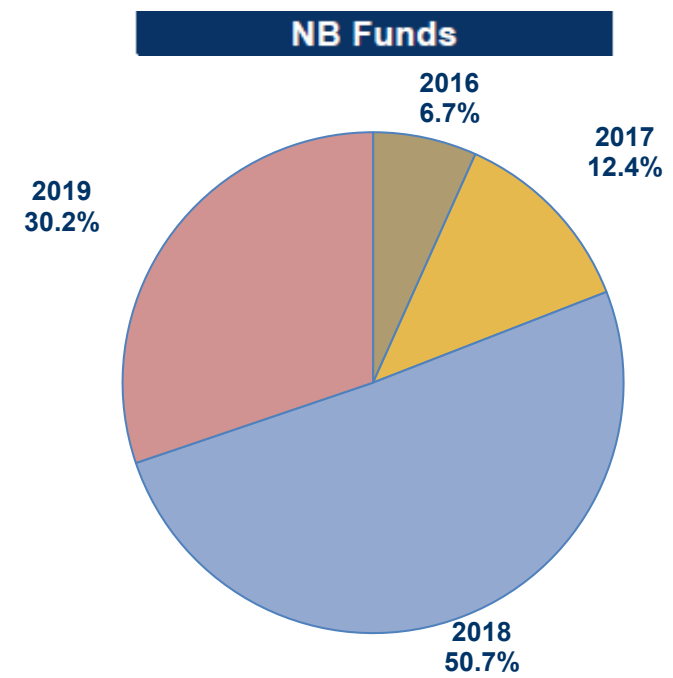
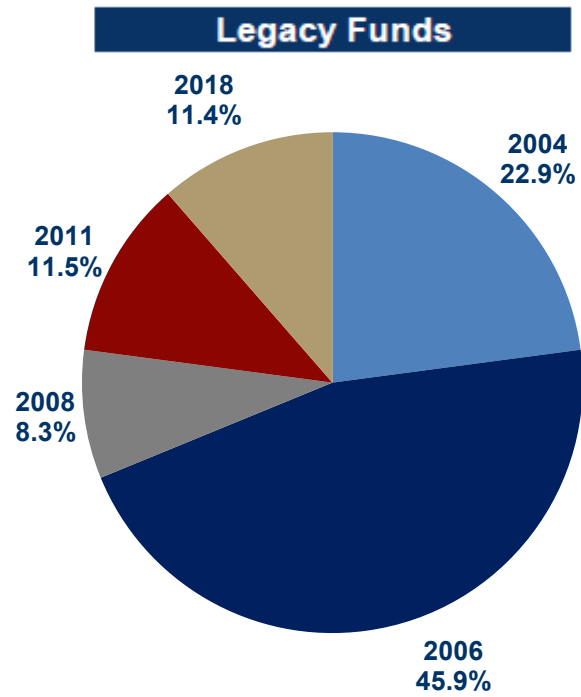
<sup>2</sup> Benchmark performance for vintage years 2018 and later are not available.

<sup>3</sup> Gross internal rate of return (IRR) calculated based on cash inflow/outflow to investment and the current net asset value. The Gross IRR of private equity investments is not meaningful (NM) in the early years.

# San Jose Federated City Employees' Retirement System

## Vintage Year<sup>7</sup> - Commitment

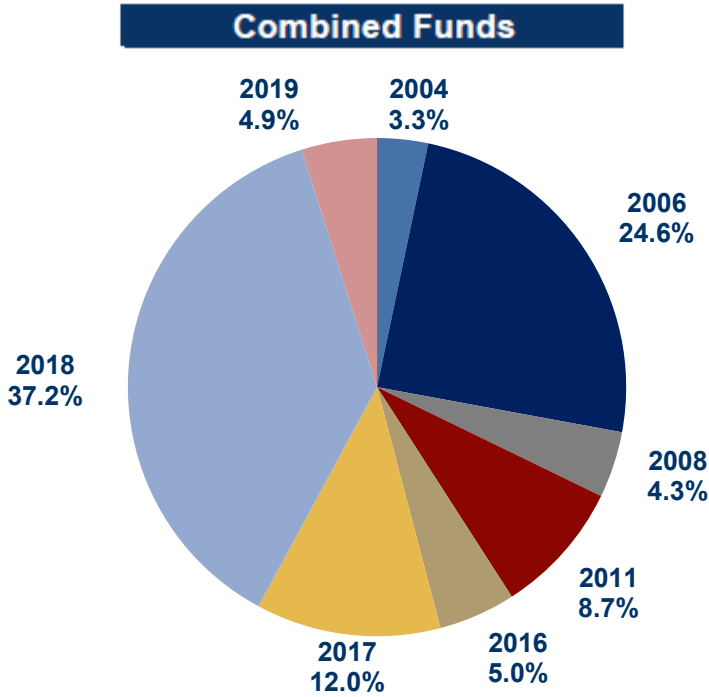
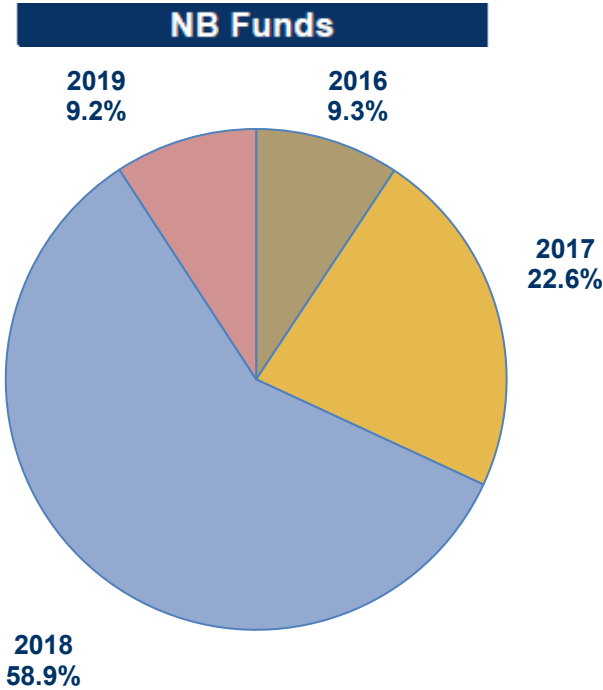
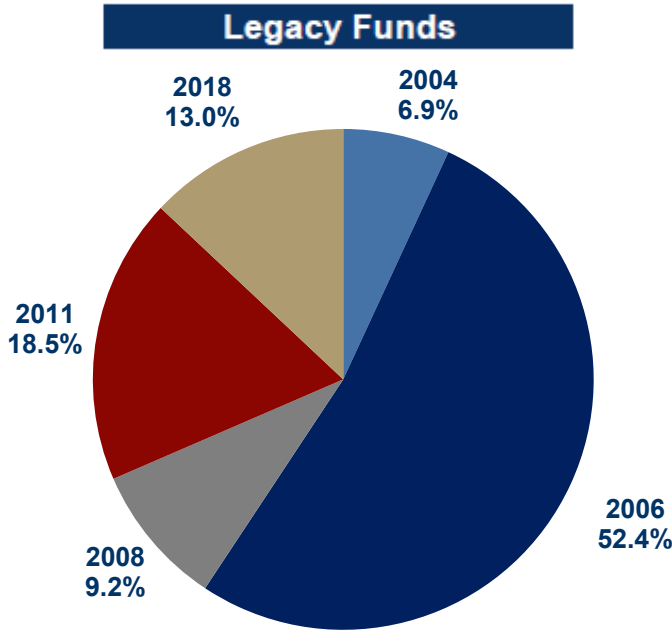
As of March 31, 2019



**San Jose Federated City Employees' Retirement System**

**Vintage Year<sup>7</sup> - Net Asset Value**

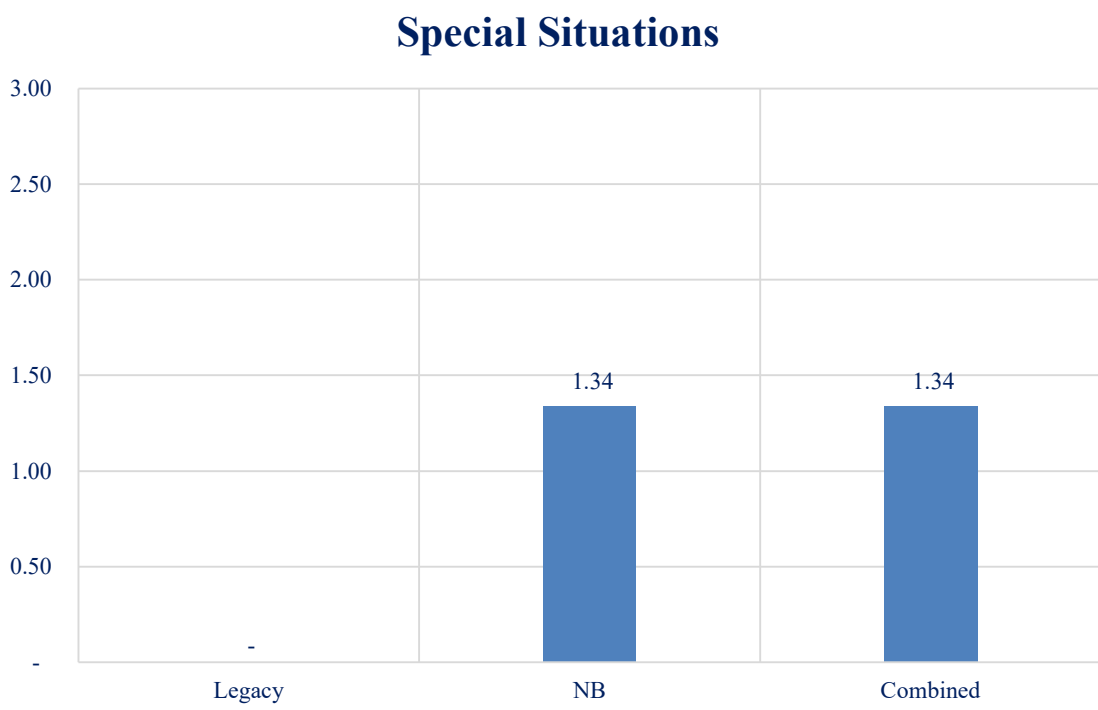
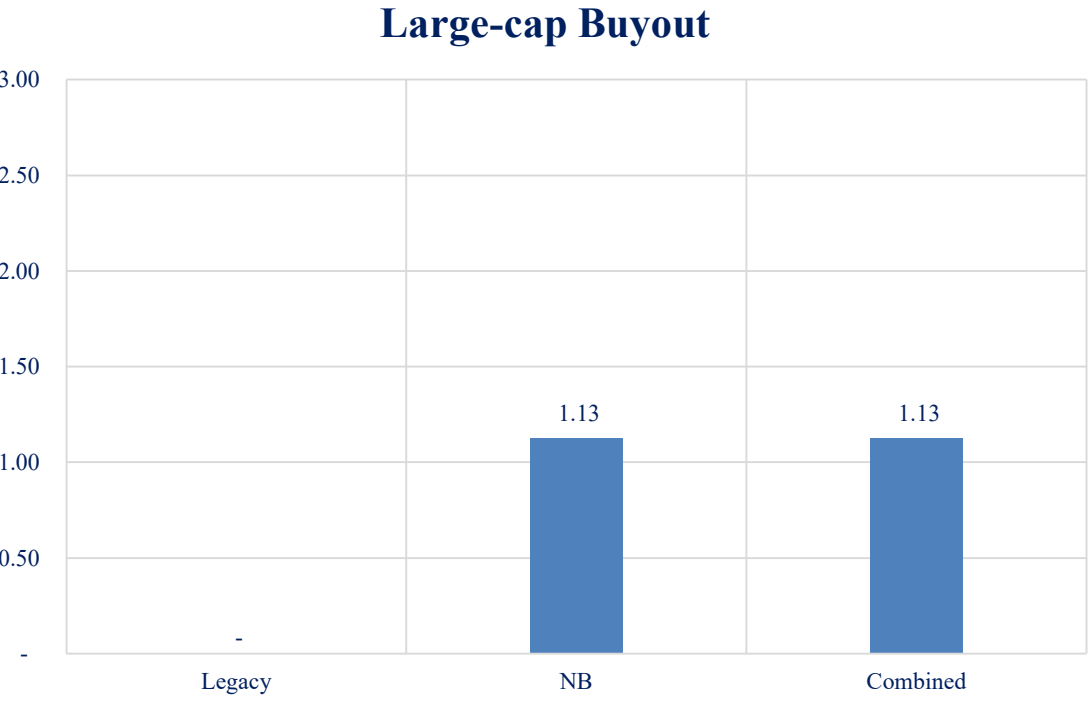
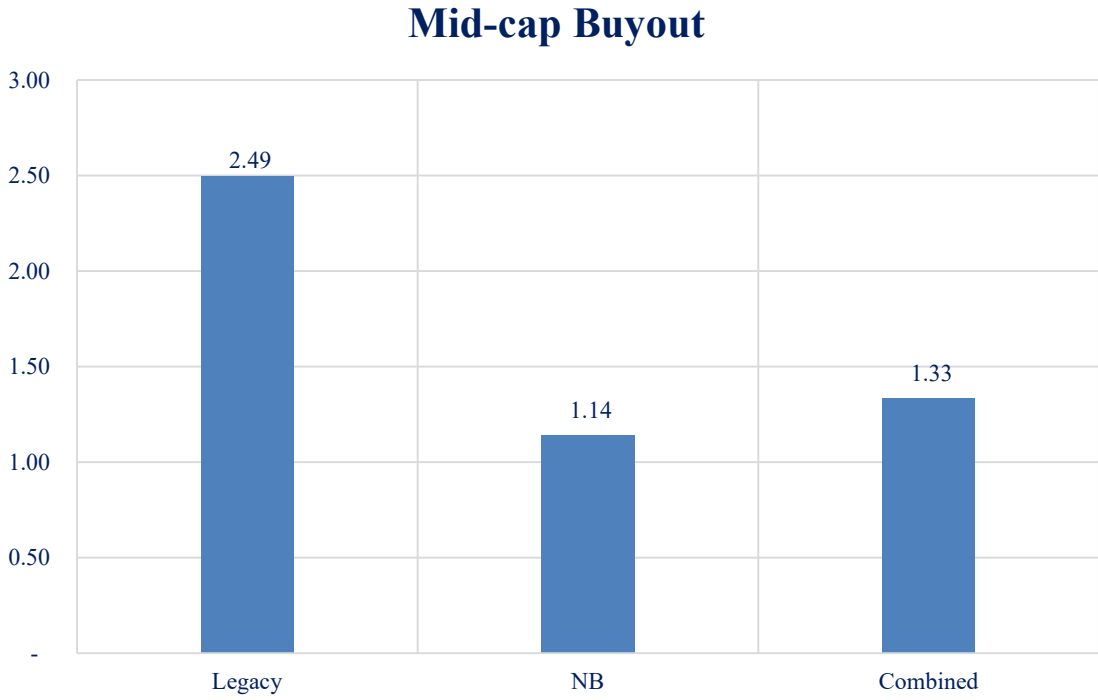
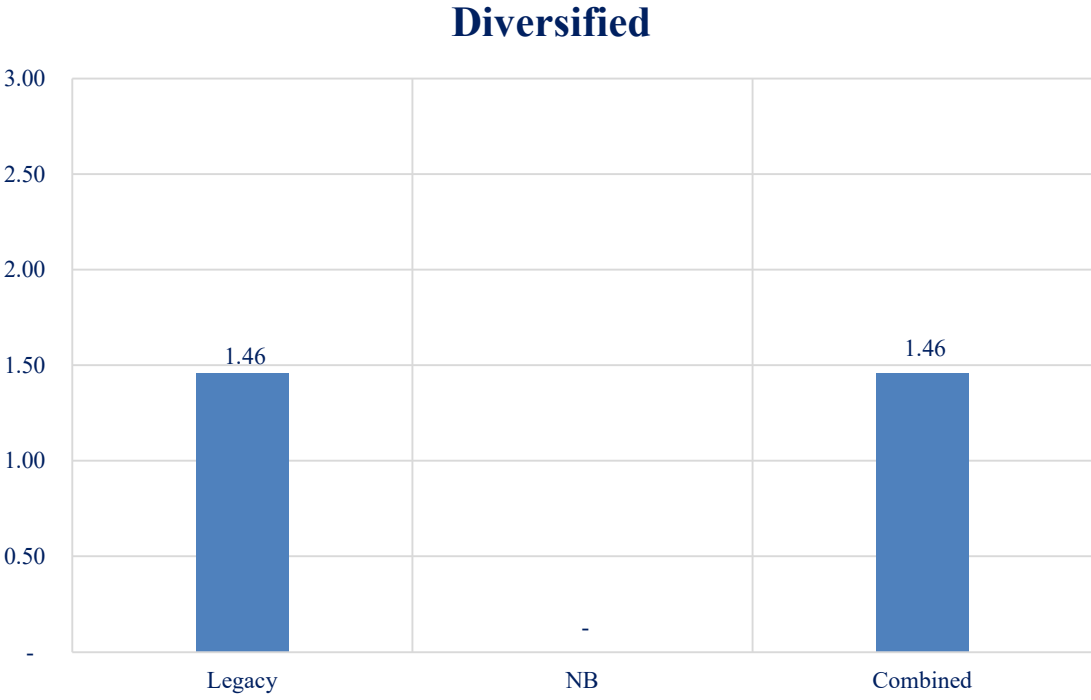
**As of March 31, 2019**



**San Jose Federated City Employees' Retirement System**

**Private Equity Asset Class MOIC Performance**

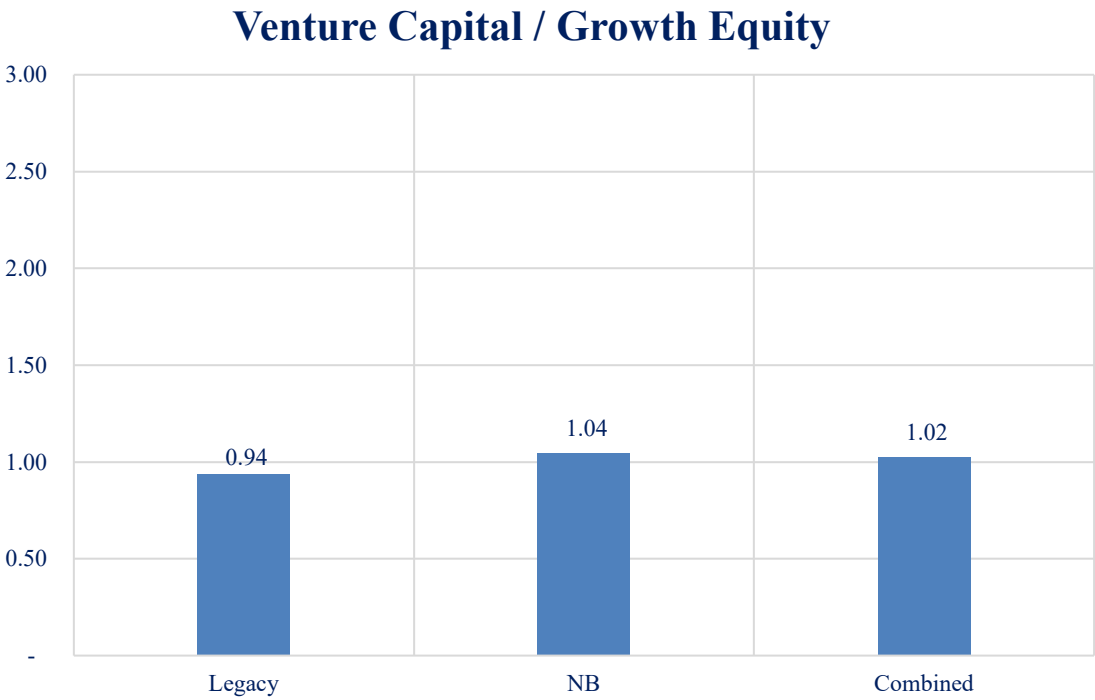
**As of March 31, 2019**



**San Jose Federated City Employees' Retirement System**

**Private Equity Asset Class MOIC Performance**

**As of March 31, 2019**

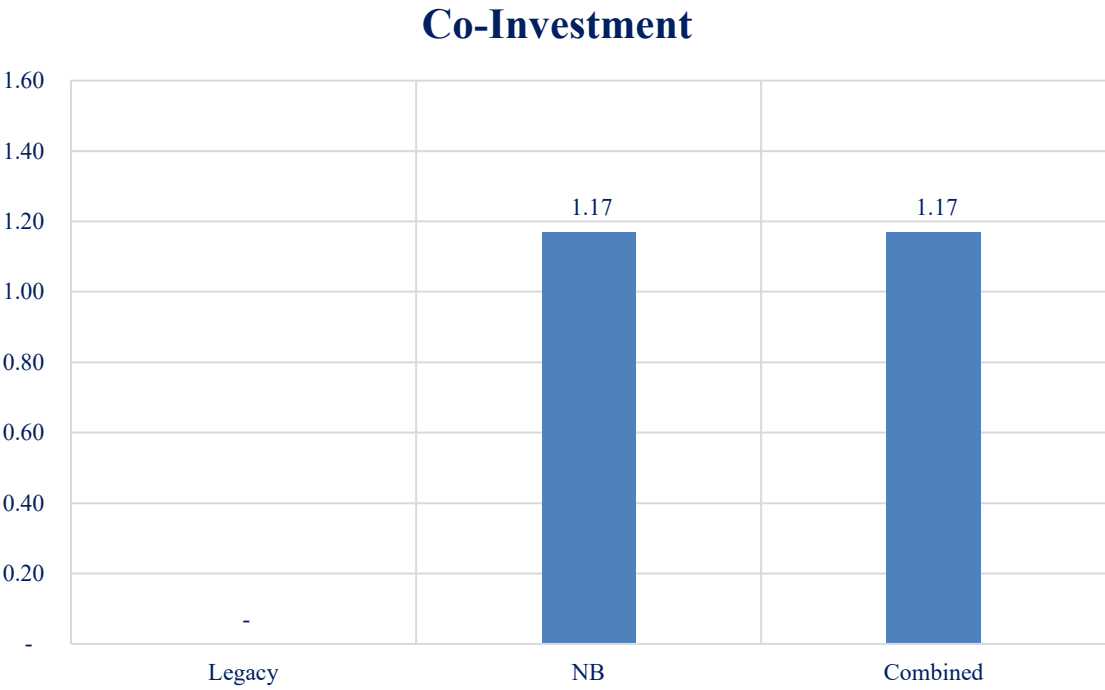
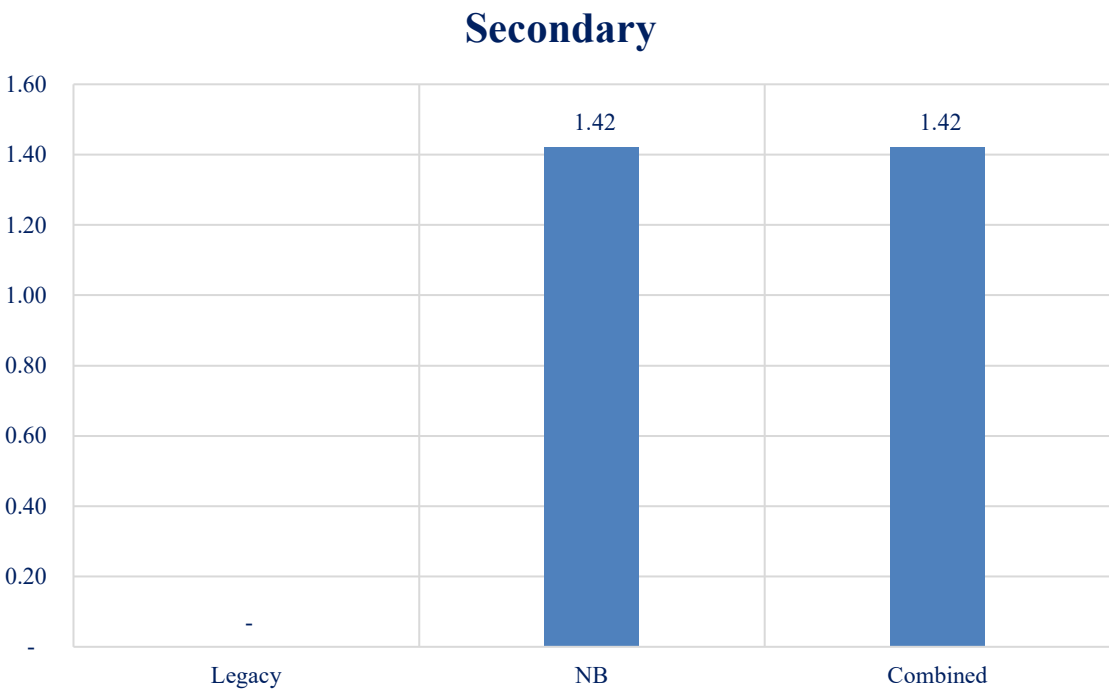
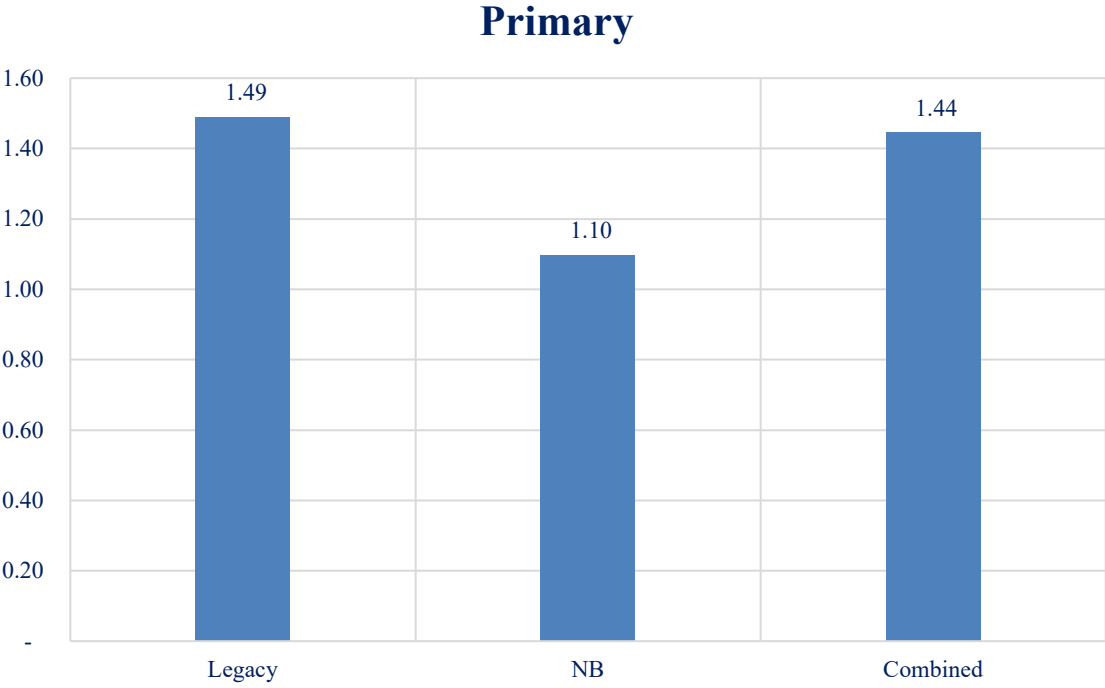




**San Jose Federated City Employees' Retirement System**

**Private Equity Investment Type MOIC Performance**

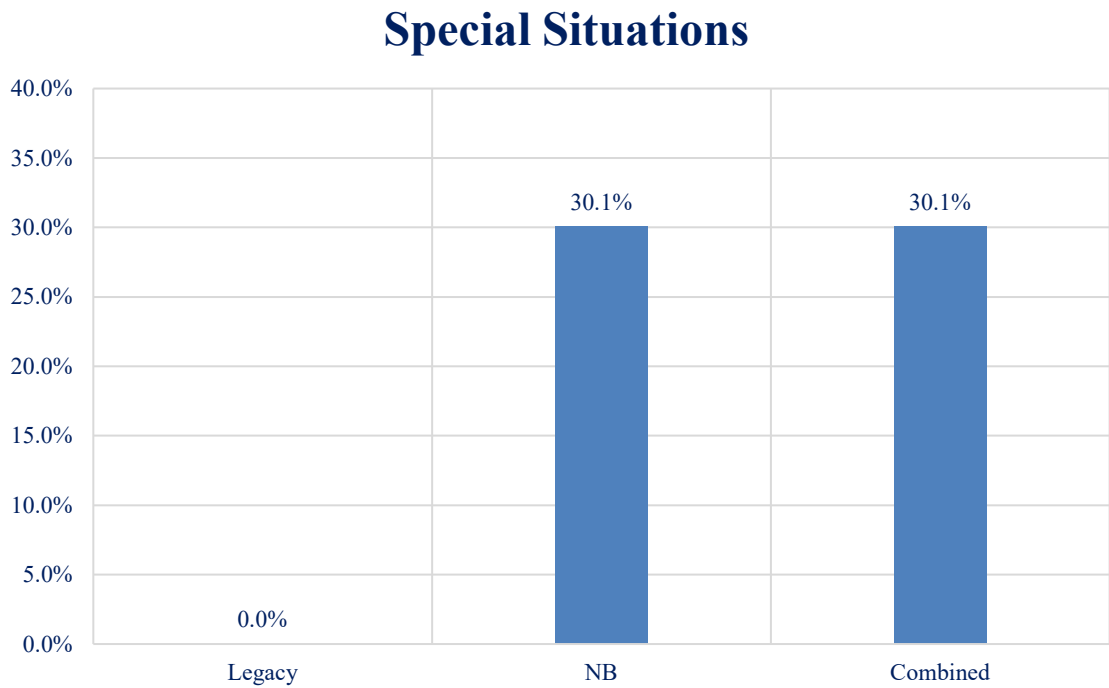
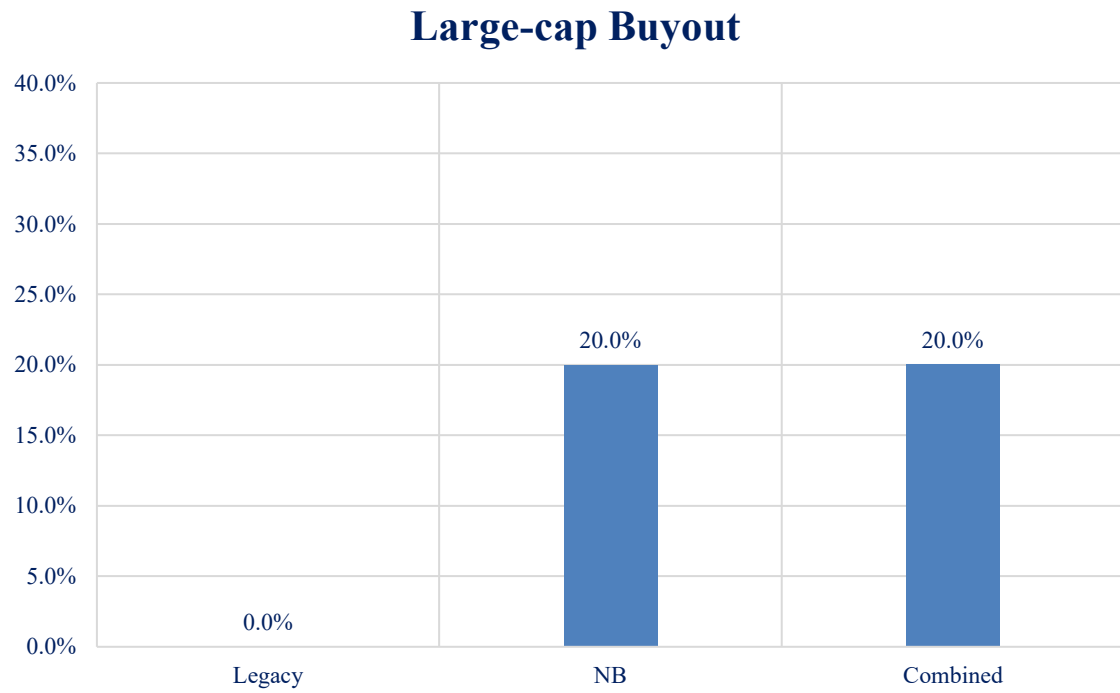
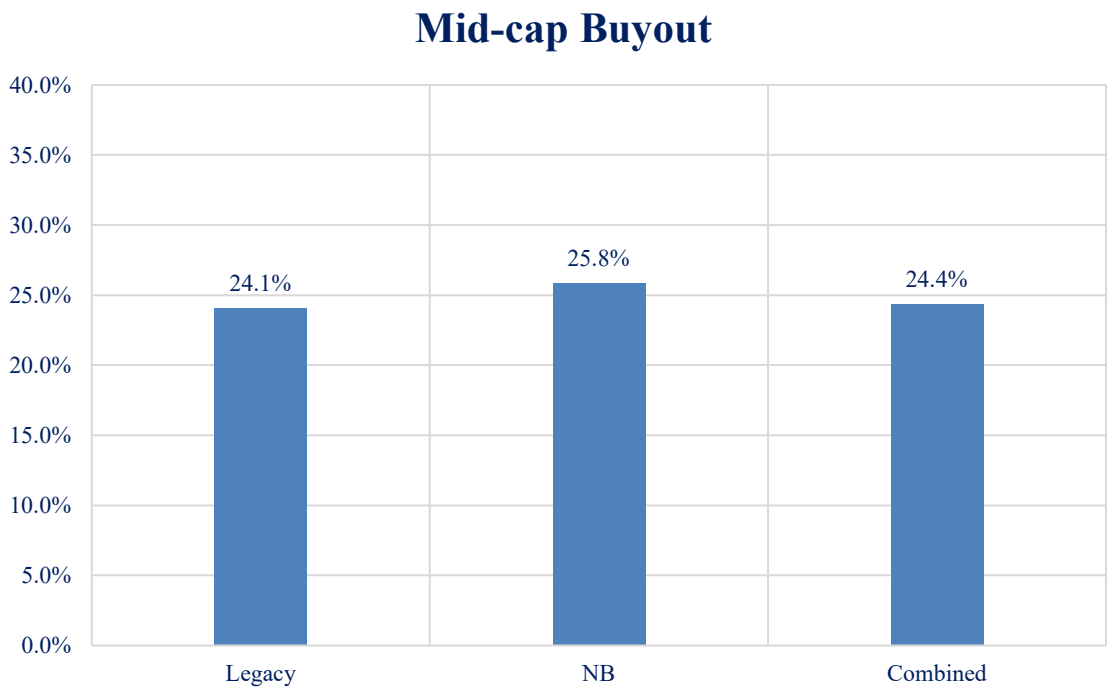
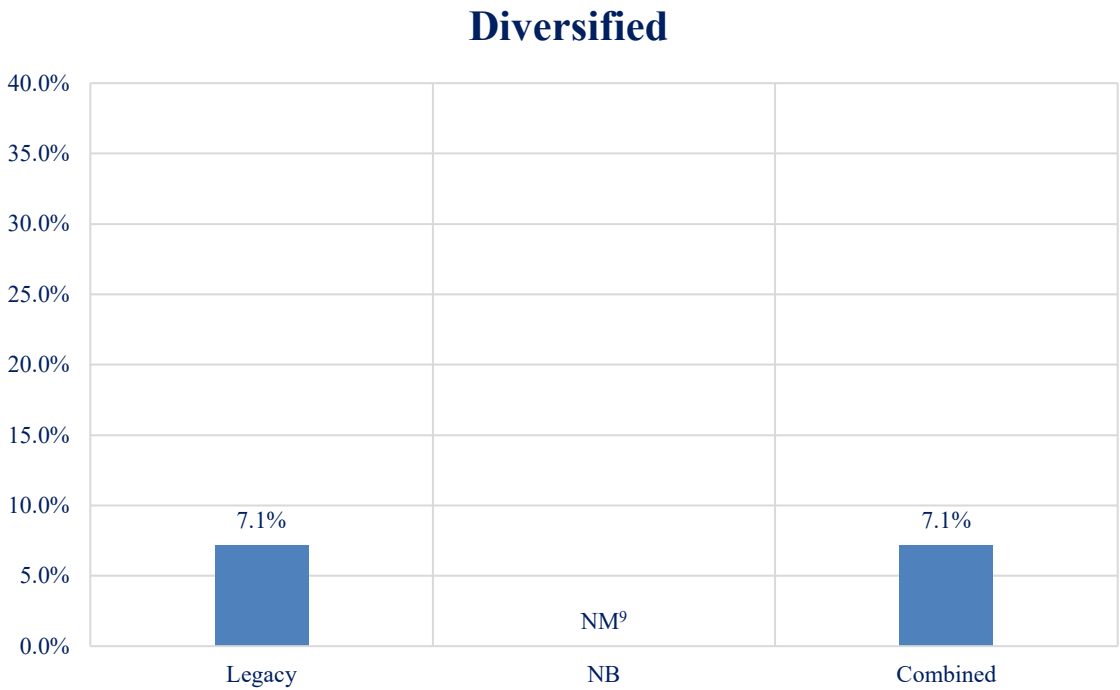
**As of March 31, 2019**



San Jose Federated City Employees' Retirement System

Private Equity Asset Class IRR Performance

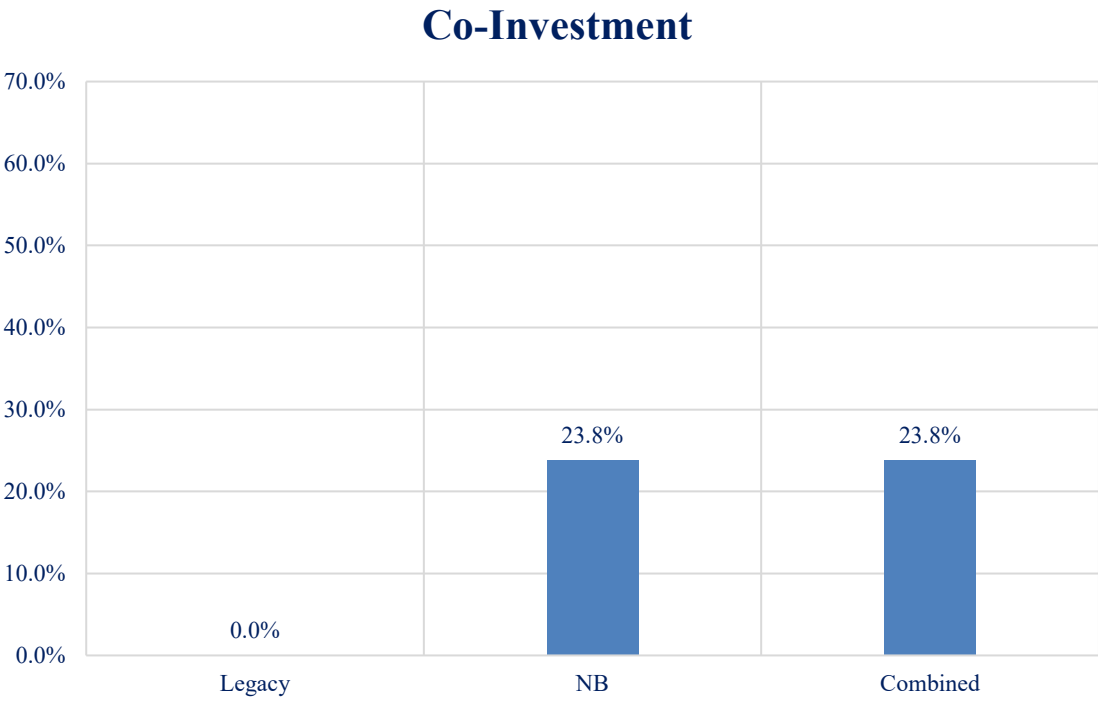
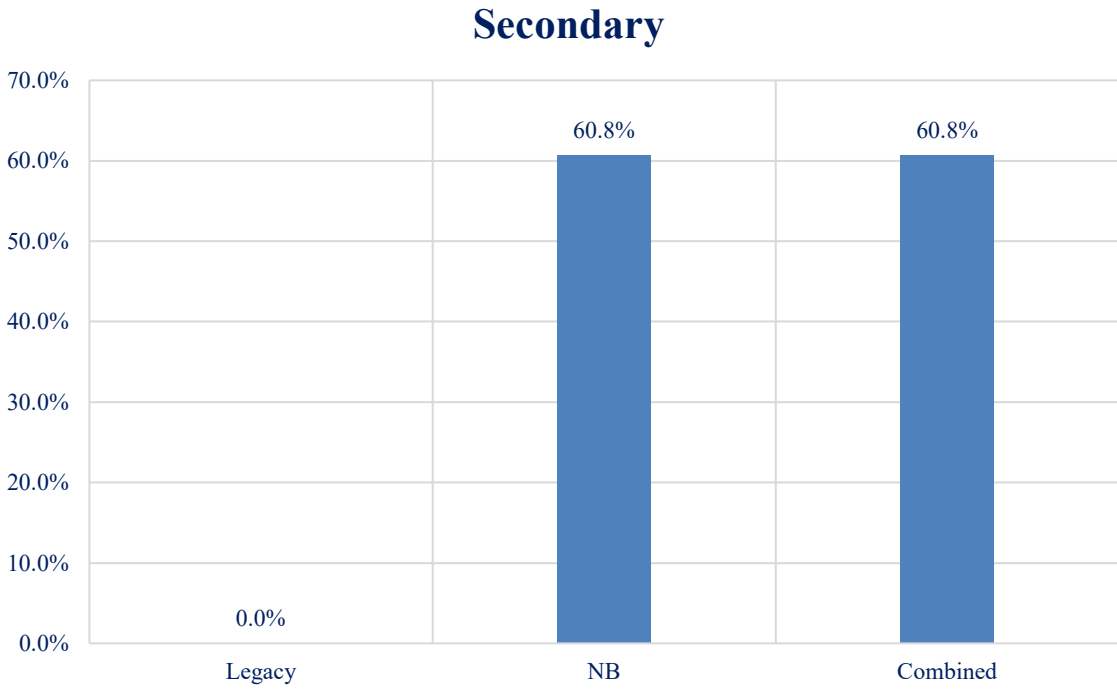
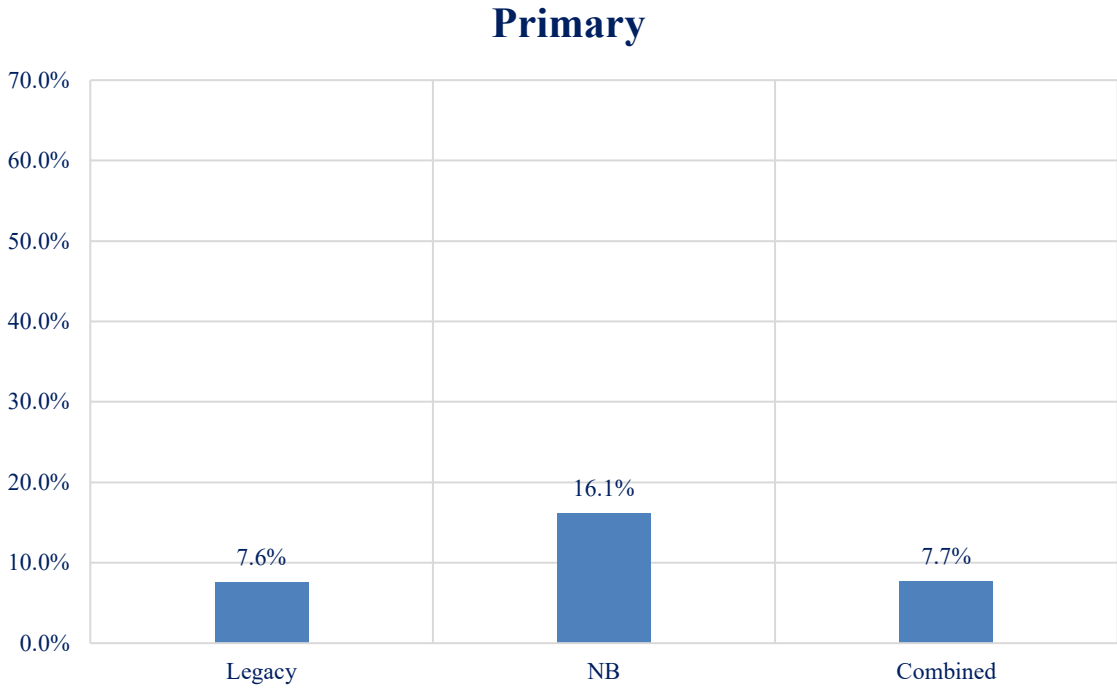
As of March 31, 2019



**San Jose Federated City Employees' Retirement System**

**Private Equity Investment Type IRR Performance**

**As of March 31, 2019**



**San Jose Federated City Employees' Retirement System**  
**Status of the Portfolio**  
As of March 31, 2019

Investments	Fund	Vintage Year <sup>7</sup>	Exposure Commitment <sup>1</sup>	% of Total	Cumulative Contributions <sup>2</sup>	Unfunded Commitment <sup>8</sup>	Cumulative Distributions <sup>5</sup>	Cost <sup>3</sup>	Fair Value <sup>4</sup>	Total Value <sup>6</sup>	Gross IRR <sup>9</sup>	Gross MOIC <sup>10</sup>
<b>Diversified</b>												
Pathway Private Equity Fund VIII	Legacy	2004	\$ 40,000,000	13.0%	\$ 39,819,246	\$ 4,014,883	\$ 55,243,973	\$ 832,140	\$ 2,978,224	\$ 58,222,197	6.7%	1.46x
Pantheon Global Secondary Fund III 'B'	Legacy	2006	40,000,000	13.0%	37,840,000	2,160,000	37,840,000	-	4,927,118	42,767,118	2.2%	1.13x
Pantheon USA Fund VII	Legacy	2006	40,000,000	13.0%	36,960,000	3,040,000	47,461,259	-	17,559,708	65,020,967	10.1%	1.76x
Partners Group Secondary 2008	Legacy	2008	9,522,344	3.1%	10,123,420	1,163,270	13,358,866	-	1,266,537	14,625,403	9.0%	1.44x
Partners Group Secondary 2011, L.P.	Legacy	2011	20,000,000	6.5%	13,053,192	7,393,985	14,387,691	-	7,937,738	22,325,429	17.7%	1.71x
Crestline Portfolio Financing Fund, L.P.	Legacy	2018	15,000,000	4.9%	5,658,744	10,821,938	1,525,572	4,421,891	4,523,002	6,048,574	NM	1.07x
<b>Total Diversified</b>			\$ 164,522,344	53.4%	\$ 143,454,602	\$ 28,594,076	\$ 169,817,361	\$ 5,254,031	\$ 39,192,327	\$ 209,009,688	7.1%	1.46x
<b>Mid-cap Buyout</b>												
Great Hill Equity Partners IV	Legacy	2008	\$ 5,000,000	1.6%	\$ 5,000,000	\$ -	\$ 9,769,352	\$ 745,091	\$ 2,701,038	\$ 12,470,390	24.1%	2.49x
Investment 1	NB	2016	9,000,000	2.9%	5,988,753	4,173,381	2,545,778	3,639,792	4,528,364	7,074,142	43.6%	1.18x
Investment 2	NB	2017	1,175,000	0.4%	1,179,698	-	-	1,175,000	1,174,017	1,174,017	(0.3%)	1.00x
Investment 3	NB	2017	1,768,837	0.6%	1,927,501	(10,991)	1,777,202	150,297	962,050	2,739,252	53.6%	1.42x
Investment 4	NB	2017	2,120,000	0.7%	2,120,000	-	22,987	2,124,305	3,184,305	3,207,292	36.5%	1.51x
Investment 5	NB	2018	8,680,000	2.8%	1,425,611	7,254,389	-	1,299,644	1,299,644	1,299,644	NM	0.91x
Investment 6	NB	2018	690,000	0.2%	690,000	-	-	690,000	965,294	965,294	NM	1.40x
Investment 7	NB	2018	4,760,000	1.5%	1,416,100	3,343,900	-	1,338,878	1,543,446	1,543,446	NM	1.09x
Investment 8	NB	2018	1,270,000	0.4%	1,273,656	-	-	1,266,407	1,209,432	1,209,432	NM	0.95x
Investment 9	NB	2018	10,468,350	3.4%	733,469	8,929,235	-	733,469	1,030,868	1,030,868	NM	1.41x
Investment 10	NB	2018	4,240,000	1.4%	2,150,803	2,084,552	15,102	2,078,069	2,071,815	2,086,917	NM	0.97x
Investment 11	NB	2018	1,935,000	0.6%	1,344,087	479,233	-	1,366,096	1,848,183	1,848,183	NM	1.38x
Investment 12	NB	2018	2,170,000	0.7%	2,170,000	-	-	2,170,000	2,170,000	2,170,000	NM	1.00x
Investment 13	NB	2018	1,640,000	0.5%	1,640,000	-	-	1,640,000	1,521,440	1,521,440	NM	0.93x
Investment 14	NB	2018	1,943,000	0.6%	1,560,215	388,600	-	1,557,348	1,945,948	1,945,948	NM	1.25x
Investment 15	NB	2019	1,513,474	0.5%	1,523,198	-	-	1,523,198	1,523,198	1,523,198	NM	1.00x
Investment 16	NB	2019	15,400,000	5.0%	-	15,400,000	-	-	-	-	NM	-
Investment 17	NB	2019	2,720,000	0.9%	2,720,000	-	-	2,719,830	2,719,830	2,719,830	NM	1.00x
Investment 18	NB	2019	15,880,000	5.2%	-	15,880,000	-	-	-	-	NM	-
<b>Total Mid-cap Buyout</b>			\$ 92,373,661	30.0%	\$ 34,863,091	\$ 57,922,298	\$ 14,130,421	\$ 26,217,424	\$ 32,398,872	\$ 46,529,293	24.4%	1.33x
<b>Large-cap Buyout</b>												
Investment 19	NB	2017	\$ 931,000	0.3%	\$ 931,000	\$ -	\$ -	\$ 931,000	\$ 1,415,120	\$ 1,415,120	35.8%	1.52x
Investment 20	NB	2018	2,120,000	0.7%	2,120,000	-	-	2,120,000	2,120,000	2,120,000	NM	1.00x
Investment 21	NB	2018	1,170,000	0.4%	1,172,035	-	-	1,171,228	1,375,497	1,375,497	NM	1.17x
Investment 22	NB	2018	1,110,000	0.4%	1,110,284	-	-	1,110,137	1,351,637	1,351,637	NM	1.22x
Investment 23	NB	2018	1,800,000	0.6%	1,819,272	-	-	1,818,608	1,799,680	1,799,680	NM	0.99x
<b>Total Large-cap Buyout</b>			\$ 7,131,000	2.3%	\$ 7,152,591	\$ -	\$ -	\$ 7,150,973	\$ 8,061,934	\$ 8,061,934	20.0%	1.13x
<b>Venture Capital / Growth Equity</b>												
Innovation Endeavors III, L.P.	Legacy	2018	\$ 4,800,000	1.6%	\$ 1,089,603	\$ 3,720,000	\$ 39	\$ 1,080,000	\$ 1,023,606	\$ 1,023,645	NM	0.94x
Investment 23	NB	2018	4,760,000	1.5%	2,380,000	2,380,000	1,630	2,223,735	2,607,773	2,609,403	NM	1.10x
Investment 24	NB	2018	4,760,000	1.5%	428,002	4,331,998	-	367,780	367,780	367,780	NM	0.86x
Investment 25	NB	2018	4,800,000	1.6%	1,440,000	3,360,000	-	1,347,411	1,465,548	1,465,548	NM	1.02x
Investment 26	NB	2019	2,500,000	0.8%	125,000	2,375,000	-	125,000	125,000	125,000	NM	1.00x
Investment 27	NB	2019	625,000	0.2%	-	625,000	-	-	-	-	NM	-
Investment 28	NB	2019	1,640,000	0.5%	82,000	1,558,000	-	82,000	82,000	82,000	NM	1.00x
<b>Total Venture Capital / Growth Equity</b>			\$ 23,885,000	7.8%	\$ 5,544,605	\$ 18,349,998	\$ 1,669	\$ 5,225,926	\$ 5,671,707	\$ 5,673,376	5.2%	1.02x

San Jose Federated City Employees' Retirement System  
Status of the Portfolio  
As of March 31, 2019

Investments	Fund	Vintage Year <sup>7</sup>	Exposure Commitment <sup>1</sup>	% of Total	Cumulative Contributions <sup>2</sup>	Unfunded Commitment <sup>8</sup>	Cumulative Distributions <sup>5</sup>	Cost <sup>3</sup>	Fair Value <sup>4</sup>	Total Value <sup>6</sup>	Gross IRR <sup>9</sup>	Gross MOIC <sup>10</sup>
Special Situations												
Investment 28	NB	2017	\$ 2,650,000	0.9%	\$ 2,651,669	\$ -	\$ 812,580	\$ 2,186,684	\$ 3,406,829	\$ 4,219,409	37.8%	1.59x
Investment 29	NB	2017	7,940,000	2.6%	1,019,683	6,920,317	-	811,314	800,989	800,989	(46.5%)	0.79x
Investment 30	NB	2018	7,900,000	2.6%	-	7,900,000	-	-	-	-	NM	-
Investment 31	NB	2018	790,000	0.3%	816,189	(26,189)	-	816,189	838,359	838,359	NM	1.03x
Investment 32	NB	2018	641,300	0.2%	660,539	(19,239)	-	660,539	1,031,092	1,031,092	NM	1.56x
Total Special Situations			\$ 19,921,300	6.5%	\$ 5,148,080	\$ 14,774,889	\$ 812,580	\$ 4,474,726	\$ 6,077,269	\$ 6,889,849	30.1%	1.34x
Legacy investments			\$ 174,322,344	56.6%	\$ 149,544,205	\$ 32,314,076	\$ 179,586,752	\$ 7,079,122	\$ 42,916,971	\$ 222,503,723	7.6%	1.49x
NB investments			\$ 133,510,961	43.4%	\$ 46,618,764	\$ 87,327,186	\$ 5,175,279	\$ 41,243,958	\$ 48,485,138	\$ 53,660,417	24.6%	1.15x
Total investments			\$ 307,833,305	100.0%	\$ 196,162,969	\$ 119,641,262	\$ 184,762,031	\$ 48,323,080	\$ 91,402,109	\$ 276,164,140	7.9%	1.41x

# San Jose Federated City Employees' Retirement System

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## Footnotes

- 1 For primary investments, exposure commitment is the commitment to the investment. For secondary and co-investments, exposure commitment is the purchase price paid plus unfunded commitment on the day of purchase.
  - 2 Cumulative Contributions represent all amounts funded to the investments, including amounts contributed for fees and expenses.
  - 3 The cost basis of the investments in private equity limited partnerships is determined utilizing the Partners' proportionate share of the cost basis of each limited partnership and their portfolio companies, as well as net other assets.
  - 4 We use the best information we have reasonably available to determine or estimate fair value. We estimate fair value for private interests based on a methodology that begins with the most recent information available from the general partner of the underlying fund or partnership, and considers subsequent transactions, such as capital contributions or distributions. The investments include adjustments based on information judged to be reliable that reports or indicates valuation changes, including realizations and other portfolio company events.
  - 5 Cumulative Distributions represents all amounts distributed by the investment and includes additional cash receipts.
  - 6 Total value equals Fair value plus Cumulative Distributions.
  - 7 Vintage year is based on the year of first investment with exception for the secondary investments of which it is the year of the purchase.
  - 8 Unfunded Commitment represents contributions applied to commitment less recallable distributions. This amount also includes payables to investments. Commitments denominated in foreign currency are translated into U.S. dollar equivalents using spot rates as of March 31, 2019.
  - 9 Gross internal rate of return (IRR) calculated based on cash inflow/outflow to investment and the current net asset value. IRR is presented net of underlying investment fees but gross of NB fees and carried interest. The Gross IRR of private equity investments is not meaningful (NM) in the early years.
  - 10 Gross multiple of invested capital (MOIC) is computed based on commencement-to-date distributions plus the current net asset value divided by commencement-to-date capital contributions. MOIC is presented net of underlying investment fees but gross of NB fees and carried interest.
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## San Jose Federated City Employees' Retirement Fund

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