

FIRE & POLICE PENSION ASSOCIATION of COLORADO



Private Markets

2019 Commitment Pacing and Portfolio Construction Recommendation

- **Commitment Pacing Plan**

- Required annually by the Investment Policy Statement
- Investment Committee concurs that the process is consistent with the IPS

- **Commitment Pacing Process**

- Mathematical exercise that estimates annual capital commitments to achieve a target allocation
- Commitment ranges are established for implementation flexibility
- Annual commitments are projected to increase prudently over time
- Implementation should not vary significantly due to public market appreciation/depreciation

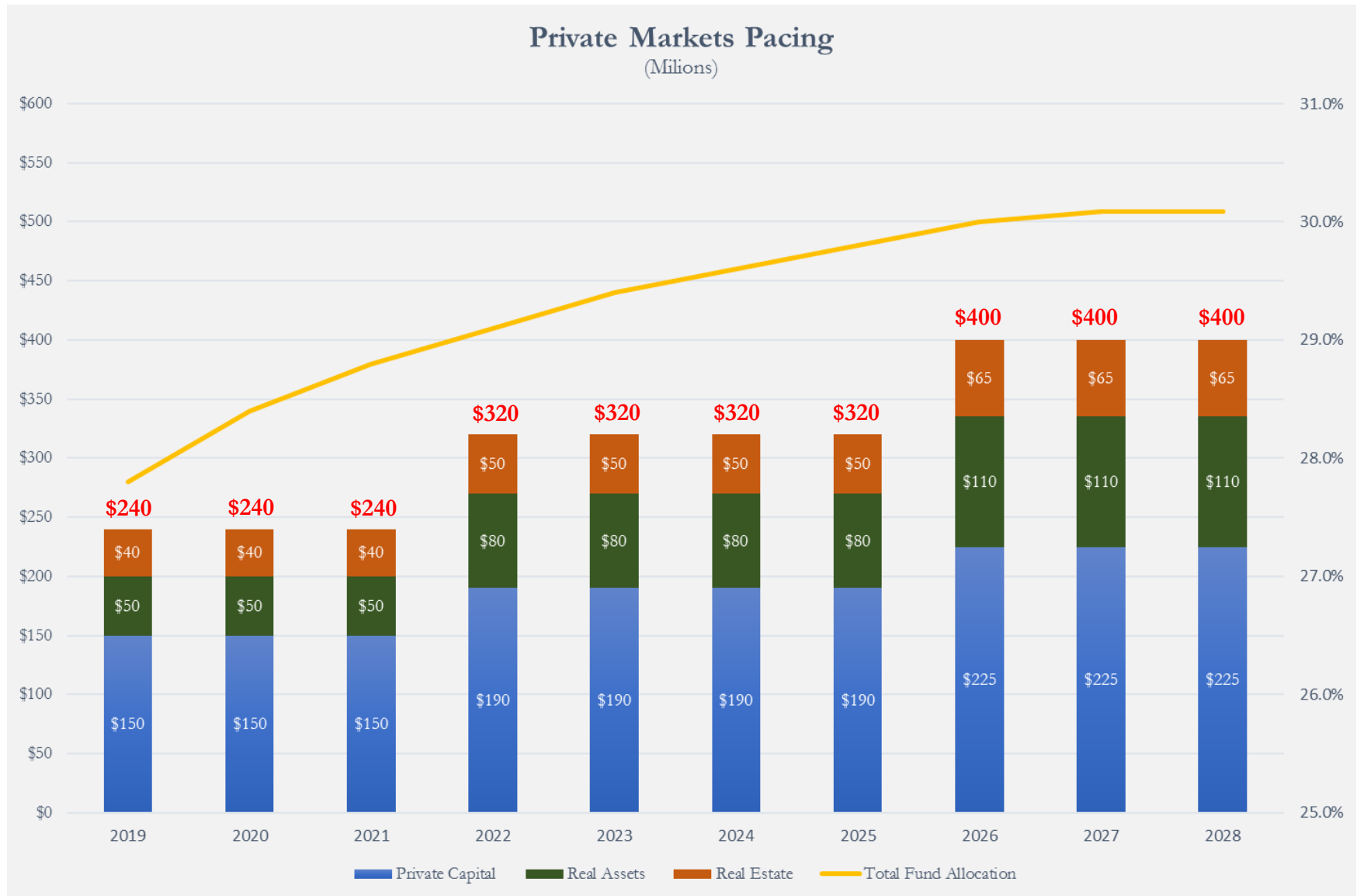
- **Historic Pacing Plans/(Actual)**

- 2013 - \$160 million (\$150 million)
- 2014 - \$200-250 million (\$250 million)
- 2015 - \$250-300 million (\$265 million)
- 2016 - \$200-300 million (\$145 million)
- 2017 - \$200-300 million (\$258 million)
- 2018 - \$250-350 million (\$350 million)

- **2019 Recommended Commitment Pacing Plan**

- \$190-290 million (YTD \$10 million)
- Consistent with the Underlying Plan Review effort; commitments will only be allocated to the Long-Term Plan Group

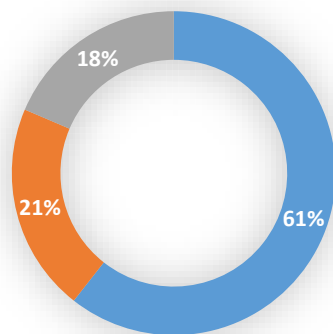
2019 Commitment Pacing





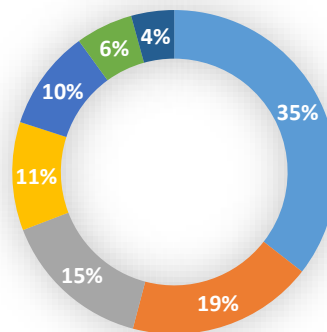
2018/2019 COMMITMENT PACING

Asset Class



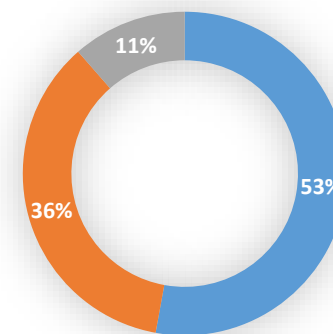
■ Private Capital ■ Real Assets ■ Real Estate

Strategy



■ Growth Equity ■ Real Estate
 ■ Buyout ■ Credit
 ■ Financial Assets ■ Venture Capital
 ■ Natural Resources Energy

Geography

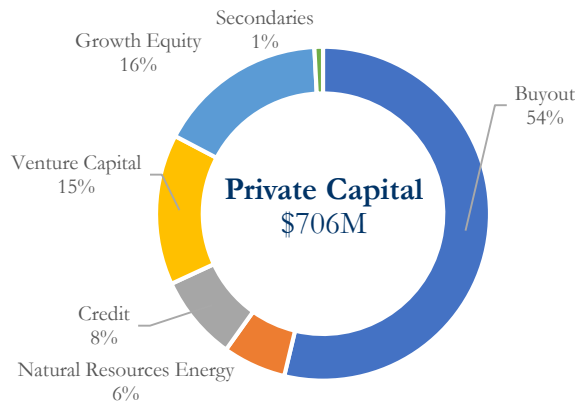


■ United States ■ Europe ■ Global

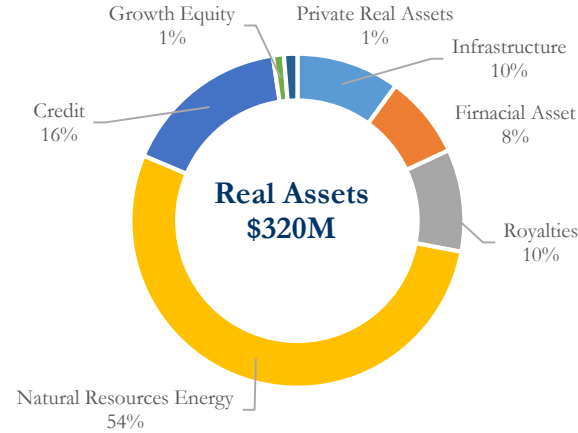
IIC Date	Investment	Vintage Year	Asset Class	Commitment	Strategy	SubStrategy	Geography
1/22/2018	Mayfair Equity Partners II, L.P.	2019	Private Capital	32,654,767	Buyout	Mid Cap	Western Europe
1/31/2018	BroadRiver III, L.P.	2018	Real Assets	35,000,000	Financial Assets	Life Settlements	North America
1/31/2018	Prime Storage Fund II, L.P.	2017	Real Estate	25,000,000	Real Estate	Value Add	United States
3/12/2018	Incus Capital European Credit Fund III, L.P.	2018	Real Assets	22,885,259	Credit	Direct Lending	Western Europe
4/9/2018	Questa Capital Partners I, L.P.	2017	Private Capital	25,000,000	Growth Equity	Small Cap	United States
4/9/2018	Three Hills Capital Solutions III, L.P.	2018	Private Capital	22,885,259	Growth Equity	Mid Cap	Western Europe
6/11/2018	Dyal Capital Partners IV, L.P.	2018	Private Capital	20,000,000	Growth Equity	Mega Cap	North America
6/29/2018	Locust Point Private Credit Fund, L.P.	2017	Real Estate	20,000,000	Real Estate	Debt	United States
6/29/2018	Scout Energy Partners IV-B L.P.	2018	Real Assets	15,000,000	Natural Resources Energy	Upstream	United States
6/29/2018	Warren Equity Partners Fund II, L.P.	2018	Private Capital	20,000,000	Buyout	Small Cap	United States
7/23/2018	Raine Partners III	2019	Private Capital	20,000,000	Growth Equity	Mid Cap	Global
8/31/2018	MVM Fund V, L.P.	2019	Private Capital	20,000,000	Venture Capital	Late Stage	Europe
11/5/2018	Wavecrest Growth Partners I, L.P.	2019	Private Capital	15,000,000	Growth Equity	Small Cap	United States
11/26/2018	Blackstone Real Estate Partners	2019	Real Estate	20,000,000	Real Estate	Value Add	Global
11/26/2018	Crestline Opportunities Fund Iii	2019	Private Capital	15,000,000	Credit	Direct Lending	United Kingdom
12/10/2018	Gradiente II	2019	Private Capital	11,442,630	Growth Equity	Small Cap	Europe
1/14/2019	Pacific Growth Investors	2019	Private Capital	10,000,000	Growth Equity	Small Cap	North America
Total: 17				\$ 349,867,915			

- **Portfolio Construction Process**
 - Recommended by the CIO
 - Consistent with the risk/return assumptions in the asset/liability study
 - Consistent with policy allocation ranges established by the Board and the IPS
 - Reviewed by the IIC and IC through investment class reviews
 - IC concurs on the appropriateness of portfolio construction recommendations
 - Confirmed by the general consultant
- **July 2018 Investment Allocation Target and Ranges**
 - Long-term target allocation to Private Markets 30.0% (+/- 5%) (~26% at 12/31)
- **Performance/Risk Objective:** Over the long-term, private markets strategies are expected to exceed the performance of appropriate peer universe benchmarks, net of fees, while maintaining similar risk profiles
- **Policy Benchmark:** Blend of ILPA, Cambridge and NCREIF indexes
- **Active/Passive:** Allocations will be within active strategies
- **2019 Portfolio Construction Recommendation**
 - No changes to portfolio construction pending finalization of the Underlying Plan Review effort and the Asset Liability Study (estimated for June 2019)

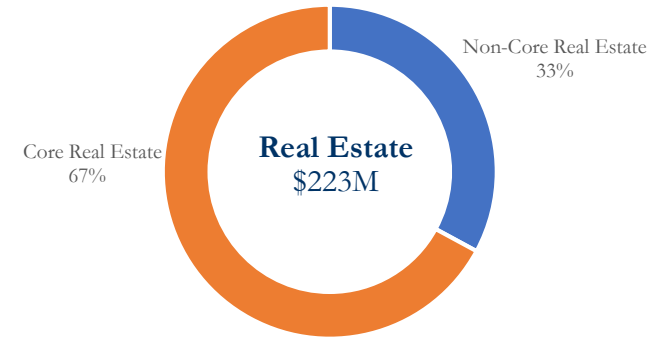
PORTFOLIO CONSTRUCTION PRIORITIES



- Maintain discipline; prioritize manager selection over pacing
- Maintain flexible commitment sizing
- Continue to add international exposures
- Initiate co-investment implementation



- Maintain discipline; selectively add new exposures
- Further diversify; add infrastructure, other uncorrelated and, international exposures



- Assess and respond to UPR impact on Core
- Complete Core/RE analysis
- Maintain discipline; selectively add exposure
- Further diversify; add strategies and international exposures