

## US snapshot: LPs still sweet on private equity

Published: **23 July 2015**

By: **Anastasia Donde**

*Pension fund representatives speaking at the Private Equity Exclusive conference in Chicago are making ever bigger allocations to PE, but opinions on the best strategies, mandate size and number of GPs to employ varied widely.*

Senior investment professionals from large US public pension funds speaking at the Pension Bridge's Private Equity Exclusive conference in Chicago said they plan to keep increasing exposure to private equity strategies.

Speaking at the event on 20 July, they also shared details about the PE strategies they find most attractive, the level of their pacing commitments and how they are dealing with issues of transparency and negotiating better fees and terms with their GPs.

The Chicago Teachers Pension Fund has a positive outlook for private equity going forward, and is looking to increase its allocation to secondaries, co-investments and emerging markets according to director of investments Angela Miller-May.

The fund has been focusing its strategy on secondaries, co-investments and emerging markets lately.

"Emerging markets seem to be at the forefront of what we're thinking about and getting information on right now," she said.

Grant Leslie, a senior portfolio manager in private equity at the Tennessee Consolidated Retirement System (TCRS), said his pension fund's stance on PE is currently "cautiously optimistic."

The pension fund has been investing in the sector since 2009 via buyout, venture and distressed debt strategies. Leslie said it was a fairly nascent program but that he has been pleased with the returns so far and is looking to increase exposure to late-stage venture strategies.

On several panels, the trend of "fewer managers and larger cheques" came up and attendees were split on the trend.

The TCRS has 32 managers on board, and Leslie said he is aiming to have about 36. "So there is less seats left, but several other investors I've met here seem to think that's high," he added. Foundation investors he talked to said they targeted around 20 GPs.

John Drake, senior investment officer from the State of Wisconsin Investment Board (SWIB), said his fund targets a higher number of managers. "There have been a lot of headlines lately, but our strategy is to be diversified across the lower end of the market and the higher end of the market. The pension has about 70-75 managers on board and plans to keep it that way."

SWIB usually does \$1.5 billion in PE investments per year, with a lot of the commitments being re-ups.

The Chicago Teachers pension, on the other hand, had just 10 private equity firms, with five of them funds of funds. Miller-May added that she was comfortable that number achieved sufficient diversification due to their exposure to fund of funds.