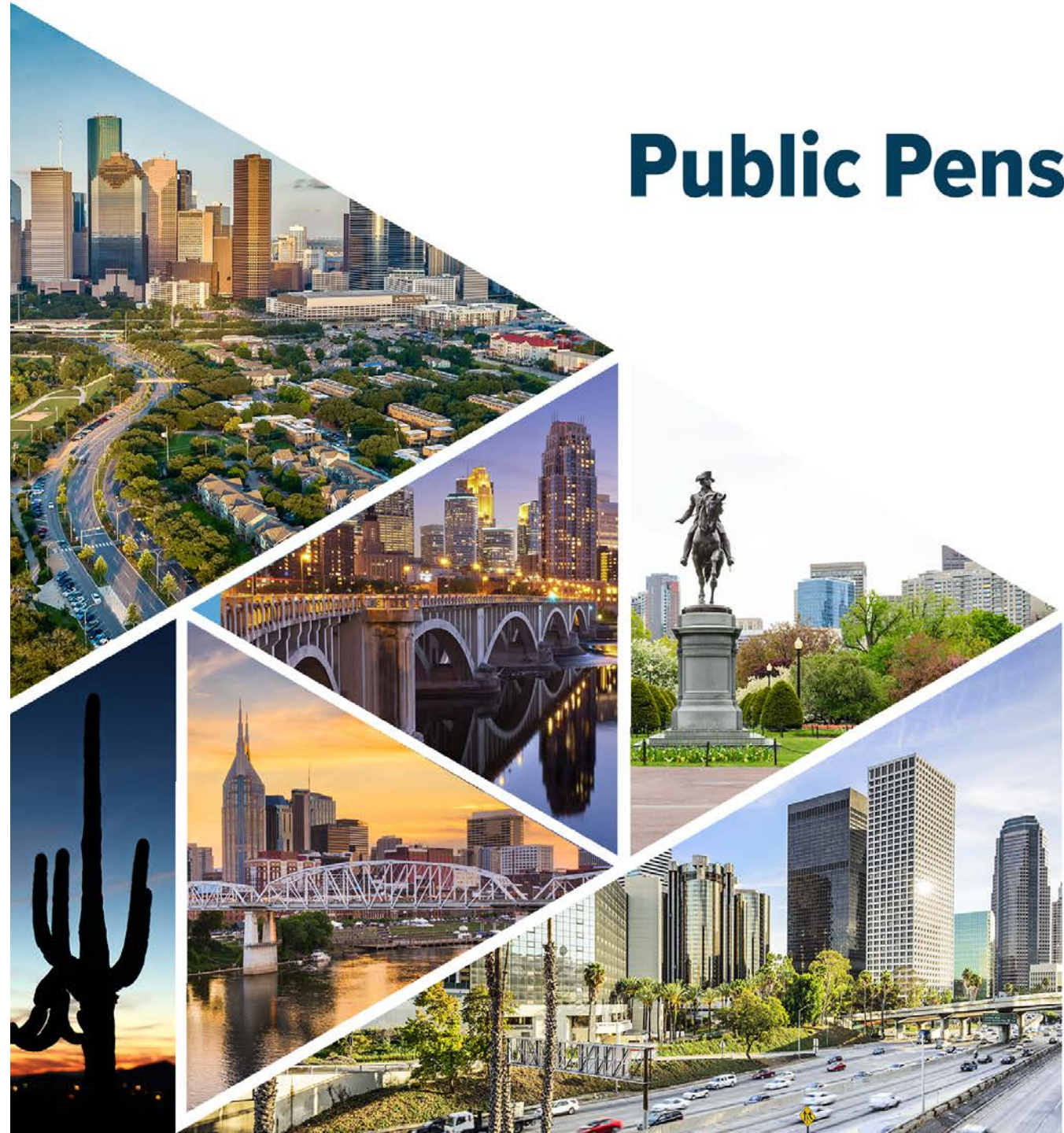


Public Pension Study

July 2019



**AMERICAN
INVESTMENT
COUNCIL**

Executive Summary

- For the past seven years, the American Investment Council has produced an annual public pension study examining the investments and returns of America's largest public pension funds.
- Each year, our study has found that private equity is the best returning asset class in a public pension portfolio, outperforming all other asset classes.
- **In 2018, private equity continued to provide strong return on investment, with a median annualized return of 10.2 percent over a 10 year period.**
- Our study found that 91 percent of the public pensions in our sample had some exposure to private equity and on a dollar weighted basis private equity makes up 8.7 percent of public pension portfolios.
- The study analyzed 165 U.S public pension funds which represent more than 20 million public sector workers and retirees.
- The pension with the best performing private equity portfolio is Massachusetts Pension Retirement Investment Trust which had a 10-year annualized return of 13.63 percent as of June 30, 2018.

Top 10 pension funds by private equity returns

Rank	Public Pension Fund	Members	Annualized 10-Yr. Private Equity Return
1	Massachusetts Pension Reserves Investment Trust	N/A	13.63%
2	Ohio School Employees Retirement System	244,766	13.30%
3	Minnesota State Board of Investment	341,339	11.70%
4	Los Angeles County Employees' Retirement Association	171,824	11.40%
5	Public Safety Personnel Retirement System of the State of Arizona	35,673	11.36%
6	West Virginia Investment Management Board	140,000	11.22%
7	Kansas Public Employees Retirement System	297,153	11.10%
7	Houston Firefighters' Relief and Retirement Fund	7,354	11.10%
9	Kentucky Retirement System Insurance Fund	253,874	11.02%
10	Nashville & Davidson County Metropolitan Government Employees Benefit Trust Fund	24,815	10.90%

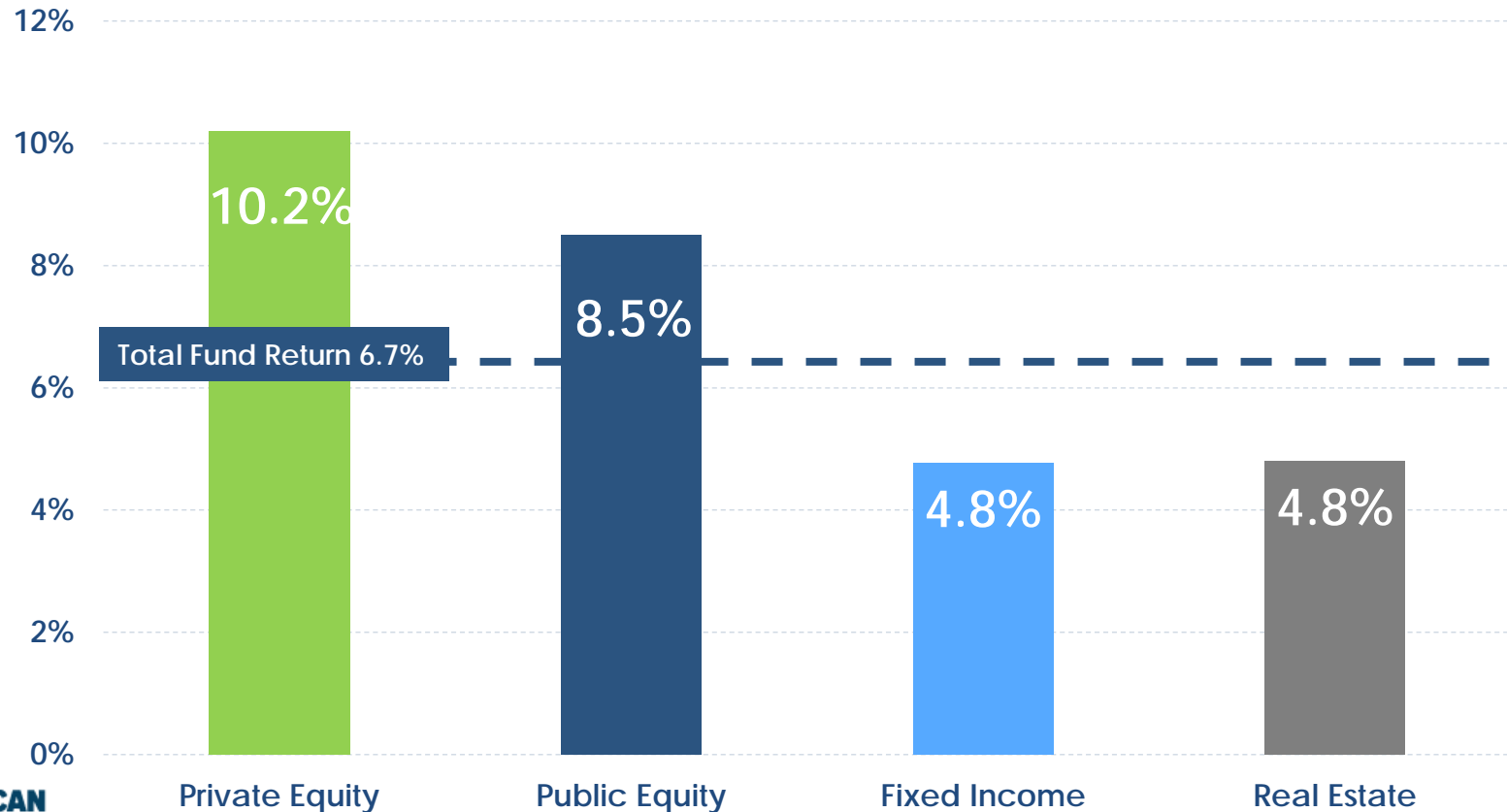
Top 10 pension funds by dollars invested in private equity

Rank	Public Pension Fund	Members	Private Equity Investment (Bil.)
1	California Public Employees' Retirement System	1,962,935	\$27.19
2	Teacher Retirement System of Texas	1,591,955	\$21.24
3	Washington State Investment Board	572,279	\$20.92
4	California State Teachers' Retirement System	949,370	\$18.32
5	New York State Common Retirement Fund	1,122,626	\$17.50
6	Oregon Public Employees Retirement System	360,029	\$14.31
7	New York City Public Pension Funds	572,755	\$12.00
8	The Florida Retirement System	N/A	\$11.43
9	State of Michigan Retirement System	530,000	\$11.08
10	Ohio Public Employees Retirement System	1,340,488	\$9.30

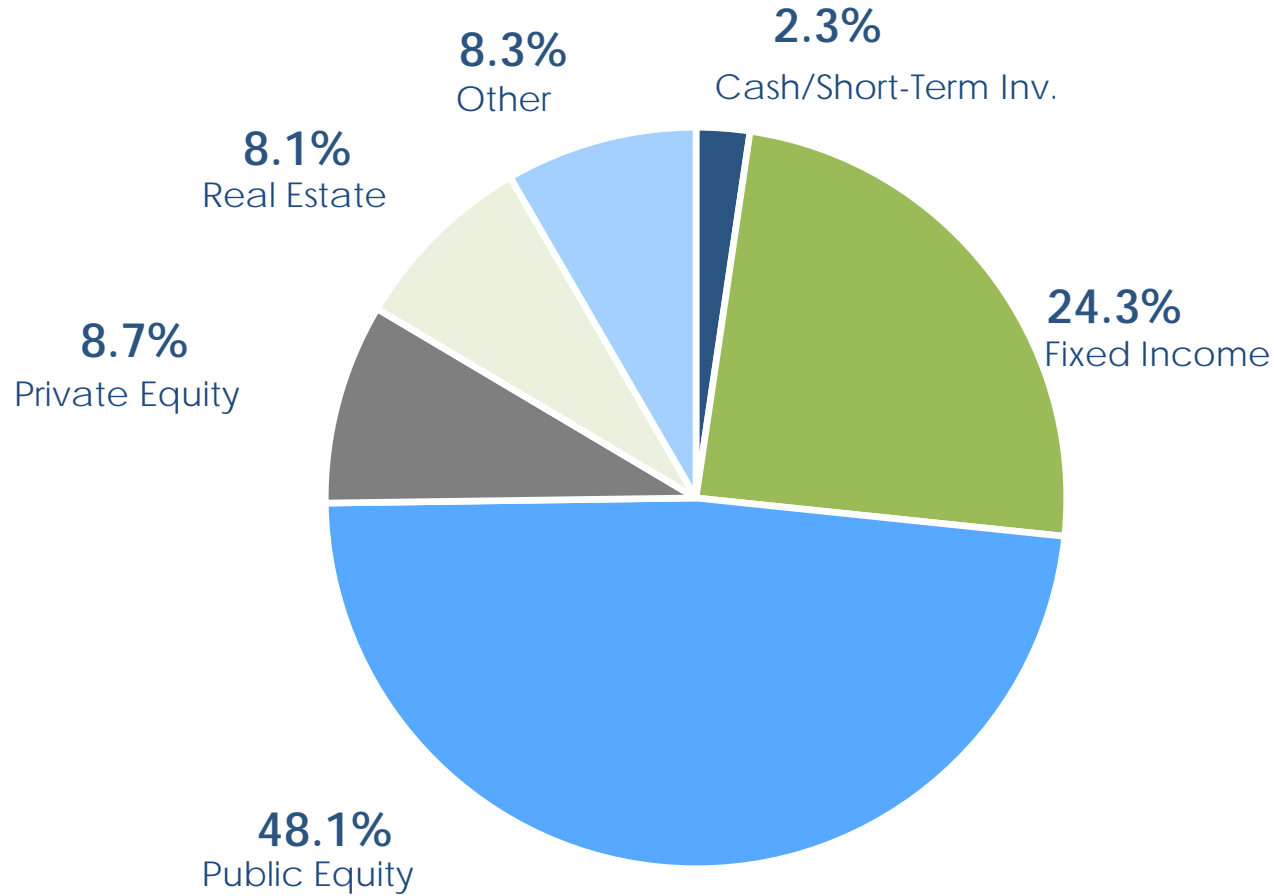
Private equity investments outperform other asset classes based on 10-year annualized returns

Median 10 year Annualized Return

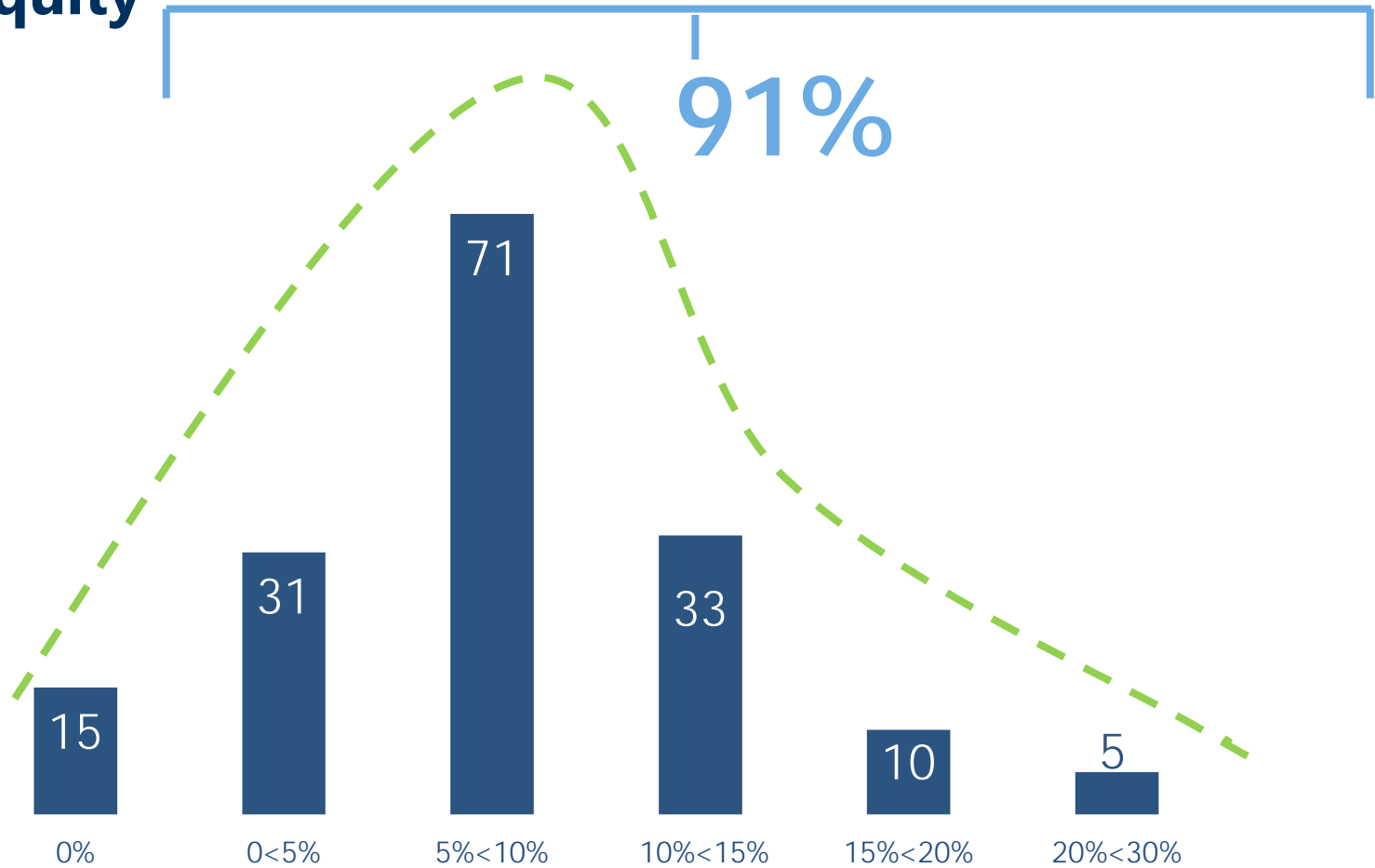
Median 10-Yr. Annualized Return



U.S. public pension funds invest 8.7% of their portfolios in private equity, on a dollar-weighted basis

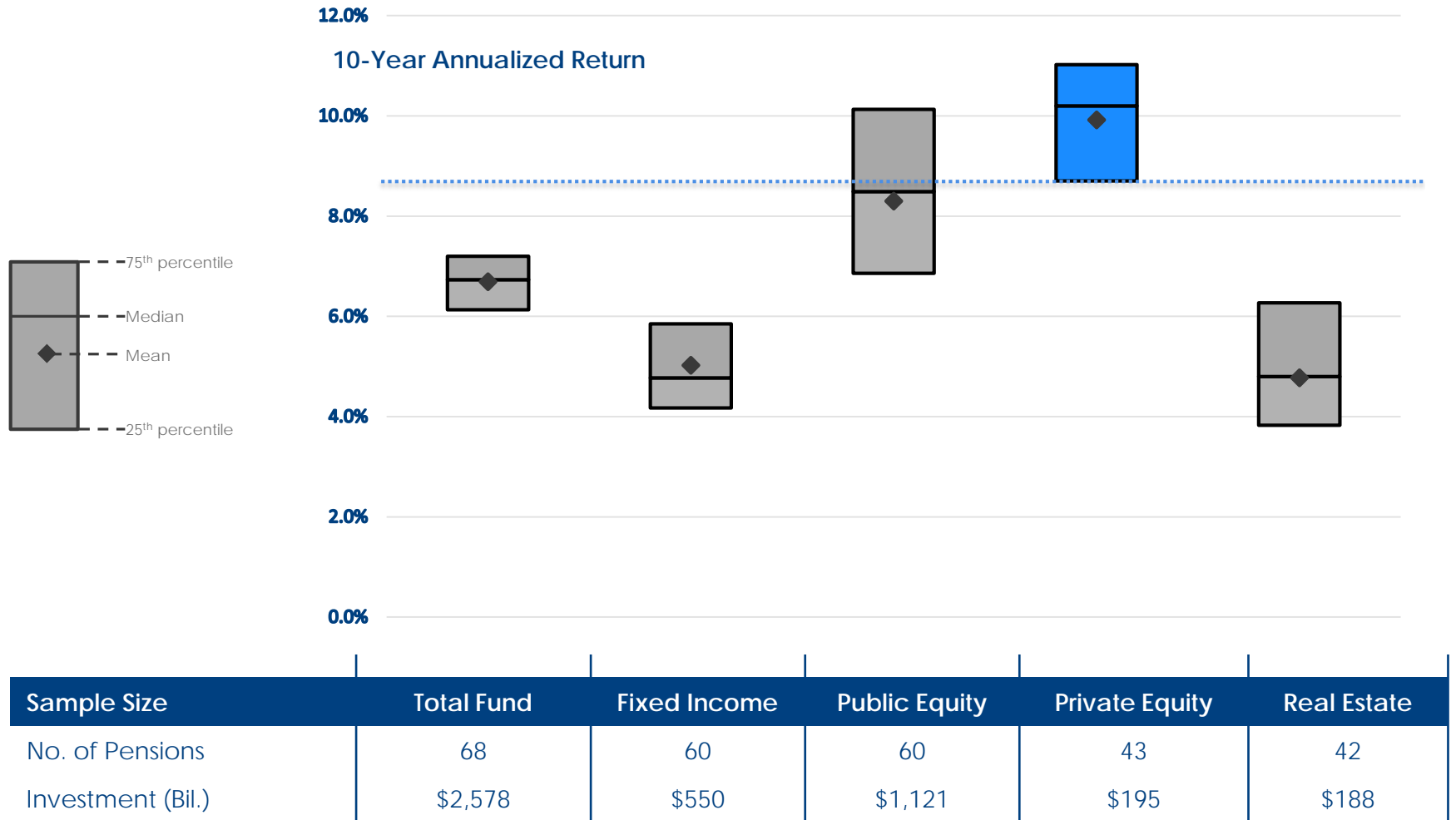


91% of public pension funds have some exposure to private equity



Number of Pensions by PE Allocation

The 25th percentile private equity return exceeds the median public equity return



Notes on study

This study conducted by the American Investment Council examines the private equity investments of 165 U.S. public pension funds. The information was collected from publicly available comprehensive annual financial reports and direct communication with public pension funds, when necessary.

The reporting date for data used in this study ranges from December 31, 2016 to January 31, 2019, with most dates as of June 30, 2018. When data as of June 30, 2018 were unavailable, information from the most recent available financial report at the time of analysis was used. All returns are net of fees and carry.

The analysis of pension fund investment returns is based on available 10-year return data as of June 30, 2018, except where noted. Pension funds typically report returns for private equity and other illiquid assets net of management fees and carry, while marketable securities can be reported net or gross of fees. Not all pension funds report 10-year returns or returns for each asset class. Asset classes may be defined slightly differently, depending on the pension fund.

The breakdown of invested capital by pension funds is determined by summing the total dollars invested in each asset class for all 165 public pension funds and calculating the percentage by asset class.

About the American Investment Council

The American Investment Council (AIC) is an advocacy, communications, and research organization established to develop, analyze, and distribute information about the private equity and growth capital investment industry and its contributions to the national and global economy. Established in 2007 and formerly known as the Private Equity Council, the AIC is based in Washington, D.C. The members of the AIC consist of the world's leading private equity and growth capital firms united by their commitment to growing and strengthening the businesses in which they invest. More information about the AIC can be found at www.investmentcouncil.org.



799 9th Street NW, Suite 200
Washington, DC 20001

Investmentcouncil.org
202.465.7700
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