

## Memorandum

**Date:** February 18, 2004

**To:** Jon Bauman  
Stan Rupnik

**From:** Scott Parrish

**Subject:** Stockwell Capital Investment Program

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The Stockwell Capital Investment Program ("Stockwell") will make co-investments with other private equity funds. The co-investments will be made with buyout, mezzanine, and venture capital funds. Stockwell plans to further diversify by geography, industry, and vintage years. Stockwell describes itself as a lower cost fund of funds manager. Stockwell is targeting gross returns of 25% for buyout and venture capital co-investments and 20% for mezzanine co-investments. Deal flow for Stockwell primarily comes from the GPs in the portfolios of large pension funds.

Stockwell is not a good fit within our current strategy. The System is not currently looking at fund of funds. Stockwell is affiliated with Glencoe. The System already has a \$50 million exposure to Glencoe (\$25M to the main fund and \$25M to the co-investment fund). Stockwell will more than likely be co-investing with Glencoe, and the System will already be participating in co-investment opportunities with Glencoe. A strategy of Stockwell is to co-invest with current GPs of the investor. The System has enough exposure through its current managers that it does not need to co-invest with them. Even if the System decides to incorporate fund of funds in the private equity strategy, there are more experienced managers (Adams Street, Harbourvest, and Paul Capital).