



**Thursday, April 6, 2023
Private Markets Committee Meeting**

9:00 A.M.

Virtual Meeting

The link to view the meeting virtually can be found at www.sib.wa.gov/meetings.html

OR

Members of the public may view the virtual meeting in person at the Washington State Investment Board Olympia Office located at 2100 Evergreen Park Drive SW, Olympia, WA, 98502

1. Call to Order/Roll Call (9:00a)

A. Call to Order

2. Adoption of the Minutes (9:00-9:05)

A. Adoption of the December 1, 2022, Minutes

3. Private Equity Investment Recommendation (9:05-10:20)

A. TPG Asia VIII, L.P.

4. Closing Log (10:20-10:25)

A. Closing Log

5. Other Items (10:25-10:30)

6. Adjourn (10:30a)

**WASHINGTON STATE INVESTMENT BOARD
Private Markets Committee Meeting Minutes
April 6, 2023**

The Private Markets Committee met in open public session via Microsoft Teams video conferencing available to participants and members of the public at <https://www.microsoft.com/en-us/microsoft-teams/join-a-meeting?rtc=1>, Meeting ID: 280 731 413 562, Passcode: qrNeAy, Dial-In Number: 1-360-726-3322, Phone Conference ID: 208 474 775#.

Members Present: Joel Sacks, Chair
Tracy Guerin
Ada Healey
Judy Kuschel
Yona Makowski
David Nierenberg

Other Board Members Present: Bill Longbrake

Members Absent: Senator Mark Mullet

Also Present: Chris Hanak, Chief Investment Officer
Fabrizio Natale, Senior Investment Officer – Private Equity
Michael J. Nelson II, Investment Officer – Private Equity
Stacy Conway, Executive Assistant
Ashana Wenzel, Administrative Assistant
Tammy Lee, Administrative Assistant

Tor Jernudd, Assistant Attorney General

Tom Cawkwell, Albourne America LLC
Jim Coulter, TPG Inc.
Joel Thickins, TPG Inc.
Ganen Sarvananthan, TPG Inc.
Josh Evans, TPG Inc.
Jonathan Chan, TPG Inc.
Fu Cheng Thio, TPG Inc.
Gillian Soh, TPG Inc.

CALL TO ORDER

Chair Sacks called the meeting to order at 9:02 a.m. and took roll call.

ADOPTION OF THE DECEMBER 1, 2022, MINUTES

**Chair Sacks moved to adopt the December 1, 2022, minutes.
Ms. Guerin seconded, and the motion carried unanimously.**

PRIVATE EQUITY INVESTMENT RECOMMENDATION – TPG Asia VIII, L.P.

Mr. Nelson stated that staff is recommending an investment of up to \$150 million, plus fees and expenses, in TPG Asia VIII, L.P. (TPG Asia VIII), a pan-Asian growth buyout and growth equity fund with a target size of \$6.5 billion. An investment in TPG Asia VIII is consistent with the model portfolio.

Mr. Nelson explained that TPG Asia VIII is expected to pursue growth buyouts and growth equity investments in businesses across the Asian-Pacific region, primarily in Southeast Asia, India, Australia and New Zealand, Greater China, and South Korea. The fund will focus on four key sectors: healthcare; consumer; financial services; and technology, media, and telecommunications/new economy. He noted that the fund is expected to make approximately 20 equity investments and is expected to be comprised of approximately 60 percent buyouts, 30 percent structured minority investments, and 10 percent opportunistic minority investments, with as much as 75 percent invested in emerging markets. Mr. Nelson addressed the Washington State Investment Board's (WSIB's) private equity model portfolio, the need for additional exposure to the international-emerging geography, and staff's focus on pan-Asian funds to gain this additional geographic exposure.

Mr. Nelson commented that this recommendation is supported by a comprehensive pan-Asian manager comparison conducted by Albourne America (Albourne). Based upon Albourne's work and staff's independent due diligence, staff concluded that at this time it makes the most sense to gain additional exposure to the international-emerging geography through a long-term trusted partner, rather than by adding a new relationship. Mr. Nelson discussed TPG Asia's past performance and staff's belief that the team is well-positioned to produce strong performance for TPG Asia VIII. He concluded that an investment in TPG Asia VIII represents an attractive opportunity to continue and broaden the WSIB's relationship with a high-quality, global general partner, while at the same time increasing exposure to the underweight international-emerging geography.

Discussion ensued regarding exposure to China, the risks related to the geopolitical tensions between the United States and China, and TPG Asia's outperformance relative to the WSIB's private equity portfolio benchmark.

Mr. Cawkwell discussed Albourne's view that TPG Asia is a strong and trusted partner for pan-Asian exposure due to their long history in the region. TPG Asia's strategy and mandate are flexible, which allows TPG Asia to take advantage of opportunities across Asia. Mr. Cawkwell relayed that Albourne believes TPG Asia is highly suitable for gaining additional exposure to emerging markets.

Mr. Coulter discussed the growth and opportunity set within Asian markets, noting that the Asian-Pacific region is the world's growth engine, Asian consumers are expected to propel global growth, the Asian-Pacific region is poised for growth driven by technology and innovation, and growing intra-regional connectivity will enable synergies across the region.

Mr. Thickins spoke to TPG Asia's differentiated strategy: a focus on opportunities that are geographically distributed, thematic growth investing, taking advantage of tech-enabled change, building platform companies across the region, and the operational value-add that TPG can bring. He explained that TPG expects 75 percent of the fund will be invested in Southeast Asia, India, and Australia, and overall exposure to China will be limited.

Mr. Coulter assured the Committee that TPG is strongly aligned with the WSIB regarding regional concerns.

Mr. Thickins concluded that TPG Asia VIII will target portfolio construction around geography, control profile, and core sectors focused on building a balanced, well-distributed portfolio across their core markets and sectors, while employing a structure-agnostic toolkit in their approach with a focus on strategic exits.

Chair Sacks moved that the Private Markets Committee recommend The Board invest up to \$150 million, plus fees and expenses, in TPG Asia VIII, L.P., subject to continuing due diligence and final negotiation of terms and conditions. Ms. Makowski seconded, and the motion carried unanimously.

PRIVATE MARKETS CLOSING LOG

The Private Markets Closing Log was presented for informational purposes.

OTHER ITEMS

There were no other items to come before the Committee, and the meeting adjourned at 10:15am.