

State of Wyoming—Treasurer’s Investment Conference

Direct Investment Opportunities: Doing More with Our Peers, Examples from the Alaska Permanent Fund Corporation (APFC)

(Presented on 14th September 2017, Saddlestring, WY)

- I. **Private Equity/Infrastructure/Real Estate Fund Opportunities—Project Constellation**
 - a. **Fund Size:** \$500-750 million (3-5 sovereign investors)
 - b. **Thesis:** Identify and invest into the GP and LP stakes of newly formed private equity opportunities with seasoned teams (generally spin-offs from larger shops) with specialized and compelling capabilities in specific geographies and deal types (e.g., Indian infrastructure)
 - c. **Value-Added Rationale:** By providing GP investment into especially promising new PE firms with proven specialist capabilities, the group of high-impact well-respected sovereign funds can confer a “halo effect” to propel the success of both the new investment companies and their funds.
 - d. **Investment Manager Selected:** Wafra Investments (New York City)
 - e. **Investment Firm Track Record on Theme:** 9 strategic investments (25%+ IRR)
 - f. **Investment Return Target:** 20%+ IRR
 - g. **Investment Deployment Horizon:** 2-4 years (6-8 year total fund life)
 - h. **Initial Sovereign Partners:** APFC, PIFSS (Kuwait), RailPen (UK)
- II. **Real Estate Club Deal Opportunity—Project Mango**
 - a. **Aggregate Investment Opportunity:** \$1.5 billion
 - b. **Thesis:** Offer equity sharing on appreciated but still highly attractive US real estate assets which currently represent a disproportionate concentrated risk position in APFC’s overall portfolio.
 - c. **Investment Target on Selected Core Real Estate Assets:** CPI+5% or better
- III. **Private Equity Club Opportunity—Project TinMan**
 - a. **Aggregate Investment Opportunity:** \$300 million
 - b. **Thesis:** Participate in the formation and operations of what will become the world’s low-cost producer of aluminum utilizing the proven but leading edge new aluminum-materials technology from MIT. Anchor orders have been secured from the world’s key aircraft manufacturers and several selected automobile manufacturers. EPC contracting is turnkey, without construction risk.
 - c. **Investment Return Target:** 5x invested capital (over a 5-yr investment horizon)
- IV. **Public Market Fund Formation Opportunity—Project MEASA**
 - a. **Aggregate Investment Opportunity:** \$500 million-\$1 billion during first year
 - b. **Thesis:** Design/participate in value-added stock market opportunities in the fast-growing MEASA Region (Middle East, Africa, South Asia) while participating in the equity ownership associated with is targeted to become a multi-billion fund
 - c. **Investment Return Target:** MSCI EM Stocks+4% (plus revenue share)