



State of New Jersey

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April 24, 2025

MEMORANDUM TO: The State Investment Council

FROM: Shoaib Khan Director New Jersey Division of Investment

SUBJECT: **Private Equity Investment in Khosla Ventures Seed G, L.P.,
Khosla Ventures IX, L.P. and Khosla Ventures
Opportunity III, L.P.**

The Division of Investment (the “Division”) is proposing an investment of up to \$100 million across Khosla Ventures Seed G, L.P, Khosla Ventures IX, L.P. and Khosla Ventures Opportunity III, L.P. (the “KV Funds”). The Division will allocate up to \$20 million in Khosla Ventures Seed G, L.P.; \$40 million to Khosla Ventures IX, L.P; and \$40 million to Khosla Ventures Opportunity III, L.P. This memorandum is presented to the State Investment Council (the “Council”) pursuant to N.J.A.C. 17:16-69.9.

The Division is recommending this investment based on the following factors:

Strong Overall Performance & Portfolio Fit: Investing capital with Khosla Ventures allows the Division to make a commitment to an existing, high-conviction early-stage, multi-sector venture manager with a focus on the U.S. The firm has a strong performance track record and over the past 21 years has partnered with founders of traditional and frontier technology companies. When benchmarked against North American venture firms of similar vintages mature Khosla funds have regularly produced first and second quartile rankings.

Experienced Team & Thematic Approach: The six managing directors have worked together for an average of 17 years and have built an investment team and operating partner bench with deep networks and a profound level of scientific and technical expertise. Khosla will prosecute investable themes across traditional venture investing in consumer, enterprise and fintech; deep tech/frontier investing in artificial intelligence, manufacturing and robotics; and health-related investing in medtech and diagnostics, digital health and therapeutics.

A report of the Investment Policy Committee (“IPC”) summarizing the details of the proposed investment is attached.

Division Staff and its private equity consultant, Aksia LLC, undertook extensive due diligence on the proposed investment in accordance with the Division’s Alternative Investment Due Diligence Procedures.

As part of its due diligence process, staff determined that the Fund has not engaged a third-party solicitor ("placement agent").

The Firm has a formal ESG Policy. Khosla's current ESG Policy and related diligence disclosures were reviewed by the Corporate Governance team in accordance with the Council's ESG Policy. Khosla incorporates ESG consideration into its investment process and will continue to monitor ESG factors post investment.

Staff will work with representatives of the Division of Law and outside counsel to review and negotiate specific terms of the legal documents to govern the investment. A preliminary Disclosure Report of Political Contributions has been obtained in accordance with the Council's regulation governing political contributions (N.J.A.C. 17:16-4), and no political contributions have been disclosed. An updated Disclosure Report will be obtained at the time of closing.

Note that the investment is authorized pursuant to Articles 69 and 90 of the Council's regulations. KV Funds are considered private equity investments, as defined under N.J.A.C. 17:16-90.1.

A formal written due diligence report for the proposed investment was sent to each member of the IPC and a meeting of the IPC was held on April, 14 2025. In addition to the formal written due diligence report, all other information obtained by the Division on the investment was made available to the IPC.

We look forward to discussing the proposed investment at the Council's April 30, 2025 meeting.

Khosla Ventures IX, LP
Khosla Ventures Seed G, LP
Khosla Ventures Opportunity III, LP

- **DOI Commitment:** up to \$100 million (~\$20 million KV Seed G, ~\$40 million KV IX, ~\$40 million Opportunity III)
- **Strategy:** Venture Capital
- **Investment Focus:** Khosla Ventures will pursue early-stage venture investments primarily based in North America in traditional and frontier/deeptech technology companies. Highly technical team and operating group have deep expertise to invest in category defining companies. Equity checks will be in the range of \$1 million to \$30 million in 100-200 companies.
- **Target Returns:** Target returns are a minimum of 20% net IRR across all funds; a minimum 2.5x net MOIC for KV Opportunity Fund III; and a minimum 3.0x net MOIC for KV Seed G and KV IX
- **Investments Thesis:**
 - Strong overall performance across multiple economic cycles
 - Partner with a best-in-class private equity venture manager
 - Provide diversification with existing venture fund managers in the NJDOI private equity portfolio

Private Equity		INVESTMENT POLICY COMMITTEE REPORT TO THE STATE INVESTMENT COUNCIL	
Fund Name: Private Equity Investment in Khosla Ventures Seed G, L.P., Khosla Ventures IX, L.P. and Khosla Ventures Opportunity III, L.P.		4/24/2025	
Contact Info: Arash Rebek, 2128 Sand Hill Road, Menlo Park, CA 94025			
Fund Details:			
Total Firm Assets:	\$16 Billion	Key Investment Professionals: Vinod Khosla : (Co-Founder, Managing Director) Mr. Khosla co-founded Khosla Ventures in 2004 with Samir Kaul and David Weiden. Prior to starting Khosla Ventures, Mr. Khosla founded and served as the CEO of Sun Microsystems in 1982. In 1986, he joined Kleiner Perkins Caufield and Byers as a General Partner focusing on technology startups. He is responsible for management of the management company. He also serves on the boards of select portfolio companies. Samir Kaul: (Co-Founder, Managing Director) Prior to co-founding Khosla Ventures, Mr. Kaul spent five years at Flagship Ventures where he started and invested in early stage biotechnology companies. At Khosla, he is responsible for Healthcare sector. He also serves on the boards of select portfolio companies. David Weiden: (Co-Founder, Managing Director) Prior to co-founding Khosla Ventures, Mr. Weiden was the VP of marketing and business development at Tellme Networks for five years and previously he led AOL's communications, community instant messaging product divisions. At Khosla Ventures, he focuses on fintech and consumer technology companies. He also serves on the boards of select portfolio companies. Sven Strohband: (Partner, Managing Director) Prior to joining the executive team at Khosla Ventures, Mr. Strohband was a project manager for Electronics Research Lab at Volkswagen, where he led technical projects. At Khosla, he is responsible for the AI sector. He also serves on the boards of select portfolio companies. Peter Buckland: (Managing Director and COO) Prior to joining Khosla Venture, Mr. Buckland was Vice Chairman of the Corporate Group at WilmerHale, where he built the firm's west-coast practice working over 14 years with entrepreneurs, startups and VC firms, including Khosla Ventures. At Khosla, he is responsible for Operations. <input type="checkbox"/> Keith Rabois: Mr. Rabois joined Khosla Ventures in 2013, and left to join Founders Fund in 2019, and rejoined Khosla Ventures in January 2024. Founder and CEO of OpenStore (a Khosla Ventures portfolio company). He is the Chief Operating Officer of Block (formerly known as Square – and a Khosla Ventures portfolio company). Mr. Rabois was the Executive VP of Business Development, Public Affairs & Policy at PayPal and the Vice President of Business and Corporate Development of LinkedIn. <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	
Strategy:	Venture Capital		
Year Founded:	2004		
Headquarters:	Menlo Park, California		
GP Commitment Khosla Ventures Opportunity III:	Minimum \$50mm and 5% across all three funds		
GP Commitment Khosla Ventures IX:	Minimum \$50mm and 5% across all three funds		
GP Commitment Khosla Ventures Seed G:	Minimum \$50mm and 5% across all three funds		
Investment Summary			
<p>Khosla Ventures (KV) is a leading venture capital firm focused on investing across multiple sectors. KV was founded in 2004 by Vinod Khosla, co-founder of Sun Microsystems, together with Samir Kaul and David Weiden, initially to invest their own capital in early-stage venture capital opportunities. KV focuses on a broad range of areas including consumer, enterprise, education, advertising, financial services, semiconductors, health, big data, agricultural, food, sustainable energy, and robotics. The Firm has more than 60 employees all based in KV's sole office in Menlo Park, California. The Firm currently has \$16 billion in assets under management across five vintages comprising Seed, Main, and Opportunity funds. Khosla IX will invest in projects that require over \$10 million in a round of financing. The Seed Fund will invest in new, very early stage and "science project" stage companies. The Opportunity Fund will invest in expansion stage companies in its best companies as they scale.</p>		Existing and Prior Funds	
		Funds	Vintage Year
		Strategy	Returns: Net IRR, Net TVPI, Net DPI
		Khosla Ventures IV	2011
		Khosla Ventures V	2014
		Khosla Ventures VI	2018
		Khosla Ventures VII	2021
		Khoska Ventures VIII	2023
		Khosla Seed B	2012
		Khosla Seed C	2015
		Kholsa Seed D	2018
		Khosla Seed E	2021
		Khosla Seed F	2023
		Khosla Opportunity I	2021
		Khosla Opportunity II	2023
Source of Returns - NJDOI		*Net as of 09/30/2024	
IRR = Internal Rate of Return; TVPI = Total Value to Paid-In; DPI = Distributions to Paid-In			
Vehicle Information:			

Inception:	Khosla Ventures IX	Auditor:	Ernst & Young LLP
Fund Size :	2025 Estimated \$2.0- \$2.1 billion	Legal Counsel:	Gunderson Dettmer Stough Villeneuve Franklin & Hachigian, LLP
Management Fee:	A 2.0% on committed capital with a 0.25% annualized step-down starting on the sixth anniversary following the initial contribution, and an additional 0.25% reduction each year for the following three years		
Profit Allocation	30%		
Hurdle	None		
Additional Expenses:	100% Management Fee Offset		
Khosla Ventures Opportunity III			
Inception:	2025 Estimated		
Fund Size :	\$1.3 -\$1.4 billion		
Management Fee:	1.0% on committed capital during the Investment Period; 1% on actively invested during the Harvest Period.		
Hurdle	None		
Profit Allocation:	20%		
Additional Expenses:	100% Management Fee Offset		
Khosla Ventures Seed G			
Inception:	2025 Estimated		
Fund Size :	\$750 million - \$850 million		
Management Fee:	2.5% on committed capital with a 0.25% annualized step-down starting on the sixth anniversary following the initial contribution, and an additional 0.25% reduction each year for the following three years.		
Hurdle	None		
Profit Allocation:	30%		
Additional Expenses:	100% Management Fee Offset		

NJ AIP Program			
Recommended Allocation (\$mil.):	\$100 Million	LP Advisory Board Membership:	NO
% of Seed G Fund:	2.35%	Consultant Recommendation:	YES
% of Venture IX Fund:	1.90%	Placement Agent:	NO
% of Opportunity III Fund:	2.86%	Compliance w/ Division Placement Agent Policy:	N/A
		Compliance w/ SIC Political Contribution Reg:	YES

*This review memorandum was prepared in accordance with the State Investment Council rules governing the Alternatives Investment Program and the policies and procedures related thereto.