



# Private Debt Fund Commitment

Apollo European Principle Finance Fund, L.P.

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# Apollo European Principle Finance Fund, L.P. – Private Debt

## Overview

- Fund size is expected to be €1.5 billion with a €2.0 billion hard cap
- Fund will focus on non-performing loans
- The non-performing loan market in Europe is approximately €400 billion
- Will invest in privately traded portfolios of distressed loans, including real estate, corporate and individual debtors
- Primarily investments in the United Kingdom, Germany, Spain and Portugal

## Fund Strategy

- Apollo will invest in real estate loans secured by residential or commercial properties which commonly comprise a significant portion of NPL portfolios
- Apollo will also invest in corporate loans made to corporations that are secured by corporate assets or securities
- Apollo's investment approach is value-oriented, focusing on industries in which it has deep expertise and emphasizing downside protection and capital preservation
- Pennsylvania Presence – N/A

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## Investment Team

- Apollo has 10 investment professionals and 7 other professionals dedicated to the fund working out of Frankfurt and London
- Apollo has 2 strategic alliances with local partners in target markets. The alliance with Domusvenda provides leading NPL due diligence and servicing teams in Portugal and Spain. The alliance with Crown Westfalen Bank provides Apollo servicing capabilities in Germany and the United Kingdom.

## GP “Value Add”

- Knowledge sharing from Apollo’s internal library of information is a key component of the underwriting process, this leads to synergies in deal origination and asset management as well as a wider breadth of exit strategies

## Performance

- This is Apollo’s first non-performing loan fund. Apollo expects to attain an unlevered 20% gross IRR

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## Market Opportunity

- An investment in the Apollo European Principle Finance Fund would provide the pension fund exposure to the European non-performing loan market

## History with PSERS

- This would be PSERS first relationship with Apollo

## Recommendation

- Staff, together with Portfolio Advisors, recommends that the Board invest an amount equal to 90.9 percent of the committed capital, but not to exceed €100 million plus reasonable normal investment expenses, in a side fund to Apollo European Principle Finance Fund, L.P.

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