



International Private Equity Fund Commitment

HgCapital 6, L.P.

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HgCapital 6, L.P. – International Private Equity

Overview

- Fund size is £1.75 billion, no hard cap has been established
- Pan European middle market investments
- Primarily investments in the United Kingdom, Germany and the Benelux
- Will invest in 15 to 20 companies with an average equity investment of £80 million - £120 million

Fund Strategy

- HgCapital has a sector-based approach to investing, which is undertaken by specialist teams concentrating exclusively on the TMT (telecom, media, technology), industrials, healthcare, consumer/leisure and service sectors
- HgCapital typically seeks to identify companies with market leading potential, high return on capital and predictable revenues, targeting growth through rollout, rollup, and performance improvement
- Pennsylvania Presence – N/A

HgCapital 6, L.P. – International Private Equity

Investment Team

- Hg Capital has 12 partners and 39 other investment professionals

GP “Value Add”

- Leveraging its long history of successful, control-orientated, hands-on investing, in 1999 HgCapital sought to support the Sector Teams with dedicated Portfolio Management resources to implement transformational value creation strategies in its portfolio companies. HgCapital believes that focusing on intensive portfolio management is critical to consistently generate superior investment returns.

Performance

- Hg 5 (2006 vintage) 22% gross IRR as of June 30, 2008
- MUST 4 (2001 vintage) 33% gross IRR as of June 30, 2008
- MUST 3 (1997 vintage) 16% gross IRR as of June 30, 2008
- Total for all Funds, 36% gross IRR as of June 30, 2008

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Market Opportunity

- Hg Capital would provide additional pan European middle market exposure which would complement Bridgepoint in the PSERS private markets portfolio

History with PSERS

- This would be PSERS first relationship with Hg Capital

Recommendation

- Staff, together with Portfolio Advisors, recommends that the Board invest an amount equal to 25 percent of the committed capital, but not to exceed £120 million plus reasonable normal investment expenses

NEXT

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