



International Private Equity Fund Commitment

Capital International Private Equity Fund VI (CIPEF VI), L.P.

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Charles J. Spiller, Managing Director,
Private Markets and Real Estate

Capital International PE Fund VI, L.P. – International Private Equity Fund

Overview

- Fund size and hard cap is \$3 billion
- Will invest in emerging markets growth equity and control buyouts
- Invest between \$100 million & \$300 million of equity capital in companies with enterprise values between \$750 million and \$1 billion

Fund Strategy

- The fund will make investments in the upper middle market in Asia, Africa, Central and Eastern Europe, and Latin America
- Use a global bottom-up strategy that focuses on leading companies

Investment Team

- The fund will be led by the original co-founders, Koenraad Foulon and Lam Nguyen-Phuong
- Capital's 9 Partners have an average of more than 24 years of investment experience and an average tenure with Capital of 13 years
- Capital has offices in: Singapore, London, Hong Kong, Geneva, and San Francisco

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GP “Value Add”

- An active role in strengthening senior management, Capital took such action in 23 of the 47 investments in prior funds
- Expertise to underlying portfolio companies such as capital markets planning, including IPOs, financial restructurings, etc.
- Providing a unique source of global perspective, knowledge and insights to management teams as they consider capital markets transactions and strategic expansions

Performance

- Capital (CIPEF V) a vintage year 2007 fund, has a net 1.1x MOC and a 4.58% IRR (12/31/2010)
- Capital (CIPEF IV) a vintage year 2004 fund, has a net 1.8x MOC and a 20.3% IRR (12/31/2010)
- Capital (CIPEF III) a vintage year 1998 fund, has a net 1.9x MOC and a 18.9% IRR (12/31/2010)

Market Opportunity

- Private equity has become more viable and a valuable form of financing and development in the emerging markets
- The growth rate of many emerging market economies are expected to outpace that of developed countries

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History with PSERS

- This will be PSERS second commitment to Capital International. PSERS committed \$200 million to Capital International PE Fund V a vintage 2007 fund

Board Issues

- Pennsylvania Presence – None
- Placement agents – MVision Private Equity Advisors USA is the global placement agent (there is no placement agent for PSERS); Noble Fame (Asia) is the placement agent for investors in China
- PA political contributions – In May 2010, David Fisher made a \$1,000 contribution to Mark Critz Campaign for congress. Mark S. Critz is the U.S. Representative for Pennsylvania's 12th congressional district.
- Relationship with consultant – Portfolio Advisors is an LP in CIPEF V with a \$35 million commitment and sits on the advisory committee; Portfolio Advisors sits on the advisory committee in CIPEF III and IV on behalf of a client

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 \$100 million plus reasonable normal investment expenses.

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