



International Private Equity Fund Commitment

The Fifth Cinven Fund, L.P.

August 10, 2011

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Private Markets and Real Estate

The Fifth Cinven Fund, L.P. – International Private Equity Fund

Overview

- Fund size is anticipated to be 5 billion Euros
- Will invest in large European buyouts
- Invest between 150 million Euros & 600 million Euros of equity capital in companies with enterprise values between 300 million Euros and 3 billion Euros

Fund Strategy

- The fund will make investments in the large market in Europe primarily France, United Kingdom, Germany, and the Netherlands
- Strategy will focus on companies that are the market leader with stable and predictable cash flows

Investment Team

- The team consists of 54 investment professionals and 56 others in finance, marketing, and administrative support in six offices located in London, Paris, Frankfurt, Milan, Luxembourg, and Hong Kong
- There are 22 Partners who have an average of 12 years working together

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GP “Value Add”

- Cinven takes an active ownership approach to implementing value creation strategies. This approach involves working hand in hand with management to set the growth strategy and agenda, monitor progress, and effect change that will drive accelerated growth

Performance as of March 31, 2011 in US\$

- Cinven IV (2006 vintage) has a net 1.24x MOC and a 7% IRR
- Cinven III (2001 vintage) has a net 2.0x MOC and 34% IRR
- Cinven II (1998 vintage) has a net 1.5x MOC and 9% IRR
- Cinven I (1996 vintage) has a net 1.7x MOC and 19% IRR

Market Opportunity

- Cinven has been investing successfully in Europe for 25 years. Cinven’s local presence and experience enables the firm to identify and invest in cross border transactions

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History with PSERS

- This will be PSERS second fund investment with Cinven. PSERS is an LP in The Fourth Cinven Fund

Board Issues

- Pennsylvania Presence – Cinven doesn't have a PA presence
- PA political contributions - None
- Placement agents – Strategic Advisor: Cinven has retained the CSFB Private Fund Group as a strategic advisor for the Fifth Cinven Fund fundraising in an effort to reduce some of the fundraising preparation and support work for the Cinven organization and to allow the firm to continue to focus on investments and managing portfolio companies. CSFB's primary role at this time will be to assist Cinven in the preparation of marketing and due diligence materials
- Relationship with consultant – Portfolio Advisors committed \$3.25 million to Fund III

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 Euros plus reasonable normal investment expenses

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