



Private Equity Fund Commitment

GoldPoint Partners Co-Investment V, L.P.

March 14, 2013

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Private Markets & Real Estate

GoldPoint Partners Co-Investment V, L.P. – Private Equity Fund

Overview

- New York Life Capital Partners has rebranded as GoldPoint Partners
- PSERS has been a major investor, along with SERS and New York Life Insurance Company
- GoldPoint has significant equity Co-investment deal flow and an invaluable due diligence network
- Deal flow is pre-screened by top-performing sponsors
- Investments will range from \$10 million to \$40 million in a single transaction
- Gross IRR targets of 20% to 25%
- Fund will not pay any management fees or carried interest on Co-investments

Fund Strategy

- Cornerstone of the strategy is Co-investing with 50 longstanding fund sponsors, the “Core Partners” that:
 - Have historically produced superior returns
 - Share a similar investment philosophy
 - Desire to expand their relationships through Co-investments
 - Provide substantive due diligence insights given targeted sector expertise
 - Have been a stable source of high quality deal flow

Investment Team

- 7 Managing Principals with an average of over 17 years with New York Life
- Managing Principals supported by 10 investment professionals, with potential to add 2-3 more

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GP “Value Add”

- Depth and longevity of Core Partners relationships allows the Fund to be positioned to see the majority of the Co-investment opportunities generated by top-performing financial sponsors
- GoldPoint conducts substantial disciplined independent due diligence to assess the target company’s prospects and confirm the sponsor’s investment thesis prior to investing
- Active monitoring of portfolio companies once invested

Performance as of (9/30/2012)

Fund Name	Commitment	Vintage Year	Net Multiple	Net IRR
• NYLCP:	\$200M	1999	1.16x	2.53%
• NYLCP II:	\$200M	2001	2.71x	32.58%
• NYLCP III:	\$200M	2005	0.79x	-5.31%
• NYLCP IV:	\$100M	2008	1.24x	9.45%
• All Co-investment funds since inception:			1.50x	10.60%
PSERS also has two debt relationships:				
• NYLIM Mezzanine:	\$75M	2003	1.44x	11.82%
• NYLIM Mezzanine II:	\$150M	2006	1.22x	6.75%

Market Opportunity

- Increasing supply of Co-investment deal flow given the difficult fundraising environment for PE sponsors looking to put money to work in a resilient and active buyout market
- Amount of dry powder left for sponsors to invest from funds raised in the peak 2006-2008 years has decreased sharply, greatly increasing the attractiveness of co-investments

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History with PSERS

- This would be PSERS fifth Co-investment commitment with GoldPoint

Board Issues

- Pennsylvania Presence – 20 Investments, 214 Locations, 9,246 people employed, \$359 million payroll, PSERS share of cost \$68 million; valuation \$85 million. (data as of 9.30.12)
- Placement agents –
 - Konomi, Inc. – assists with marketing in Japan
 - Equus Financial Consulting LLC – assists with marketing in the US and Canada
 - Newcastle Distributors LLC – assists with marketing to Taft-Hartley plans and their consultants.
- PA political contributions – None
- Relationship with consultant – No investing relationship with Portfolio Advisors

Recommendation

- Staff, together with Portfolio Advisors LLC, recommends that the Board invest an amount not to exceed \$50 million plus reasonable normal investment expenses



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