

Public Investment Memorandum

Insight Vision Capital II, L.P.

Private Equity Commitment

Allocation Implementation Committee
Approval Date: September 20, 2022



Executive Summary

G. Anthony Meadows, Portfolio Manager, and Hamilton Lane Advisors, L.L.C. (“Hamilton Lane”), recommend that the Board commit an amount not to exceed \$20 million plus reasonable normal investment expenses, to Insight Vision Capital II, L.P. (the “Fund”), and/or related investment vehicles.

Fund Name	Insight Vision Capital II, L.P.
Firm Name	Insight Venture Management, LLC (“Insight” or the “Firm”)
Target Fund Size / Hard Cap	\$50.0 million / \$150.0 million (excluding commitments by the Firm and its affiliates)
Recommended Commitment Amount	\$20 million
Existing Relationship	Yes, with Firm
Asset Class / Sub Asset Class	Private Equity / Venture Capital
Investment Office Professionals Due Diligence Team (“IOP”)	G. Anthony Meadows, Portfolio Manager Patrick G. Knapp, Senior Portfolio Manager
Investment Office Oversight	Darren C. Foreman, Director G. Anthony Meadows, Portfolio Manager
External Consultant Oversight	Hamilton Lane Advisors, L.L.C.
ESG Policy (Y / N)	Y

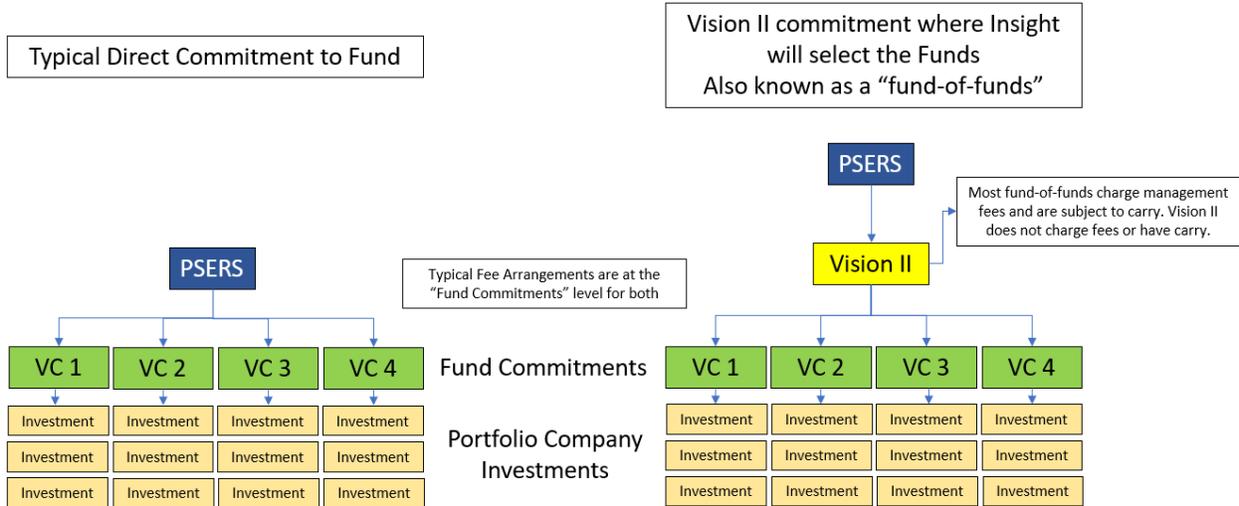
Firm Overview

Founded in 1995 and based in New York City, Insight is a manager of private investment funds that focuses primarily on investing in growth-stage software, software-enabled services, and internet businesses. The Firm has a particular focus on software as a service (“SaaS”) subscription-based business models with a high degree of recurring revenue. Since inception, Insight has raised 22 funds with aggregate capital commitments of approximately \$53 billion, all focused on the software sector. The Firm has invested in over 600 companies on behalf of these funds.

Fund Investment Strategy

Insight Vision Capital II, L.P., will operate as a fund-of-funds vehicle as a passive investor. Its twofold goal is to add value for themselves and their limited partners while simultaneously opening doors for smaller venture capital firms owned and operated by women and minorities.

In a typical venture capital commitment, PSERS invests with one fund manager, known as the general partner (“GP”). The GP then selects the portfolio companies that fit the stated fund’s investment goals. In a fund-of-funds structure, the manager (in this case Insight) invests in several smaller firms, creating a pool of general partners. The individual general partners within the pool then select their portfolio companies to fit their respective investment mandates. The graphic below seeks to visually explain the difference in these strategies.



Insight -- led by one of the venture capital industry's most successful leadership teams -- believes the fund-of-fund investment method is an ideal way to expand investment opportunities for others. As the name implies, Insight Vision Capital II has the capability to discover, select, and invest with younger qualified female and minority general partners who are operating their own fledgling venture capital firms but may not have the name recognition or the finances to help female- and minority-owned start-up companies succeed.

Over the past decade, the early-stage venture capital ecosystem has grown significantly, with a seven-fold increase in the number of startups raising Seed-stage funding from 2016-2020 versus the five-year period a decade earlier (2006-2010¹). Insight believes that diverse fund managers, who are significantly underrepresented within this ecosystem, have access to differentiated perspectives, networks, and deal flow capable of driving top tier fund returns. Vision Capital I was established to take advantage of this compelling investment opportunity, while also promoting diversity within the venture capital ecosystem.

Vision Capital II will target investments with diverse fund managers who have demonstrated the ability to succeed, often through direct investing experience or as a successful entrepreneur. The Fund primarily targets first or second vintage funds investing in software, software-enabled services, internet, or other technology companies. Funds targeted by Vision Capital are principally investing in early-stage companies in their pre-Seed and Seed funding rounds. Insight believes that it is able to evaluate and support early-stage fund managers given their extensive experience evaluating founders against their ability to execute and its field expertise within the venture capital ecosystem.

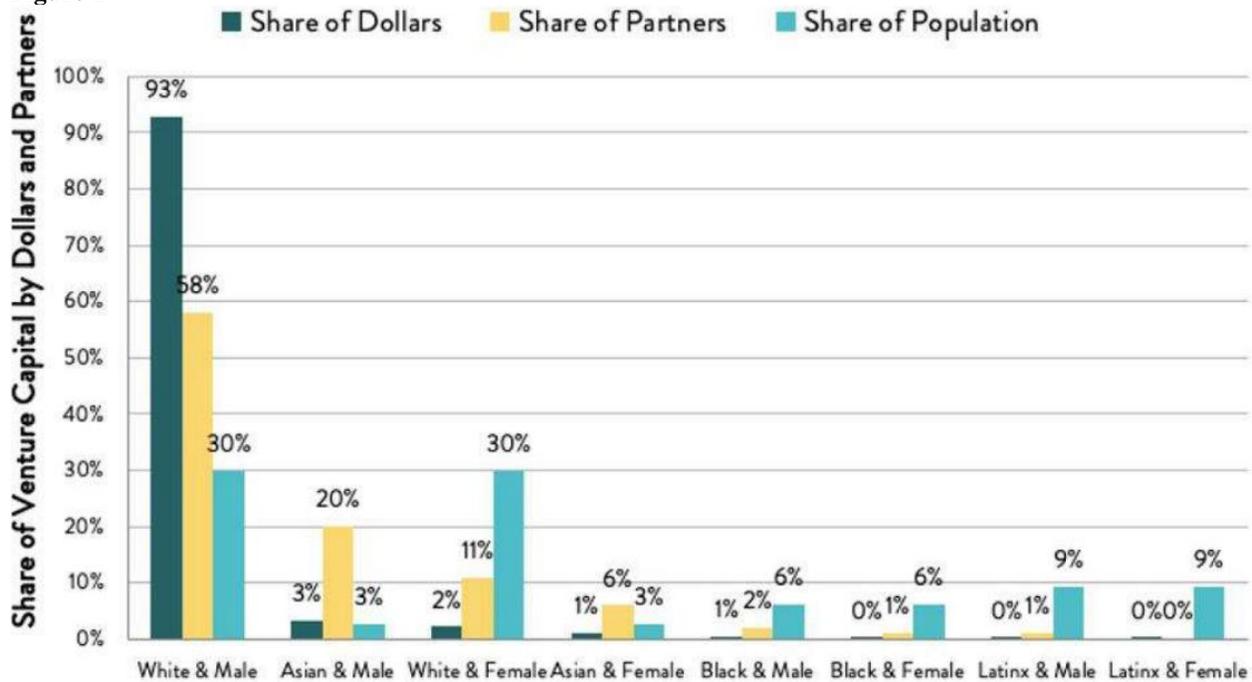
Market Opportunity

Of the \$70 trillion invested in the asset management industry, less than 2% is controlled by women or minority fund managers. Although slightly better, this ethnic, racial, and gender imbalance is also reflected within the venture capital market segment. Figure 1 demonstrates the underrepresentation of diverse investors by illustrating the share of venture capital dollars under management by race and gender relative to each group's total population share.

Academic studies and media accounts have documented the scarcity of minority and female leadership in the asset management industry – despite the growing dominance and importance those demographics have in the marketplace.

¹ Crunchbase "How Seed Funding Has Exploded In The Past 10 Years", October 28, 2021 (<https://news.crunchbase.com/news/seed-funding-startups-top-vc-firms-a16z-nea-khosla/>).

Figure 1²



The underrepresented groups among venture capital investors account for a large portion of economic decision makers. Women, for example, represent significant purchasing power, driving 70 – 80% of all consumer purchasing decisions³. Similarly, non-white consumers in the United States represent roughly \$5 trillion in annual combined buying power⁴, and it is estimated that there is an additional \$300 billion in annual untapped spending available to companies that better serve the needs of African American consumers⁵.

Diversity benefits fund management by bringing a unique perspective on a broad range of markets, differentiated networks, and access to unique deal flow. Diverse fund managers tend to know and invest in other diverse companies. For example, gender-diverse general partners are more likely to invest in gender-diverse founding teams and in a female CEO⁶. Venture capital has historically been a very geographically limited opportunity set with the vast majority of capital invested in and around Silicon Valley due to a unique blend of educational and financial institutions, tech knowledge, and capital. Within this ecosystem, venture capitalists are highly reliant on existing personal and firm networks to find prospective investments, potentially leading to a self-reinforcing cycle of the same types of companies and founders that receive funding. The proliferation of venture capital and advent of cloud computing has created shifts in venture investment, leading to geographic expansions within the United States and elsewhere for start-up companies and their respective target markets. This shift creates opportunities for people with different backgrounds and networks to make compelling investments and create world class companies. PSERS' IOP believe diversity within our investment manager opportunity set is a natural extension of our core portfolio construction tenet of diversification.

² Forbes “Check Your Stats: The Lack Of Diversity In Venture Capital Is Worse Than It Looks”, February 24, 2021 (<https://www.forbes.com/sites/elizabethwards/2021/02/24/check-your-stats-the-lack-of-diversity-in-venture-capital-is-worse-than-it-looks/?sh=6ae2685b185d>). Forbes data sourced from James L. Knight Foundation 2019 report.

³ Inc. “Women Drive Majority of Consumer Purchasing and It's Time to Meet Their Needs”, (<https://www.inc.com/amy-nelson/women-drive-majority-of-consumer-purchasing-its-time-to-meet-their-needs.html>).

⁴ University of Georgia “Consumer buying power is more diverse than ever”, August 11, 2021 (<https://news.uga.edu/selig-multicultural-economy-report-2021/>).

⁵ McKinsey & Company “A \$300 billion opportunity: Serving the emerging Black American consumer”, August 6, 2021 (<https://www.mckinsey.com/featured-insights/diversity-and-inclusion/a-300-billion-dollar-opportunity-serving-the-emerging-black-american-consumer>).

⁶ Forbes “Diversity As Superpower: The (Well-Known) Data Against Homogeneous Teams In Venture Capital”, September 22, 2020 (<https://www.forbes.com/sites/committeeof200/2020/09/22/diversity-as-uperpower-the-well-known-data-against-homogeneous-teams-in-venture-capital/?sh=de2693320194>).



PSERS History & Performance

This commitment would represent PSERS' first investment in the Insight Vision strategy. PSERS has previously committed to six funds and three co-investments with Insight. As of June 30, 2022, the Firm represented \$955.1 million of PSERS' total exposure (NAV plus unfunded commitments). The table below summarizes PSERS' performance with Insight as of June 30, 2022 (in millions).

Fund	Vintage Year	Original Commitment	Contributions	Distributions	NAV	Net IRR	Net MoC
Insight Partners X, L.P.	2018	\$ 100.0	\$ 102.7	\$ 42.9	\$ 259.5	41.8%	2.9x
Insight Partners XI, L.P.	2019	150.0	145.9	.3	280.0	54.9%	1.9x
Insight Opportunities Fund I, L.P.	2020	75.0	59.3	-	64.6	11.3%	1.1x
Honeydew Co-Invest, L.P.	2020	93.8	77.0	-	82.3	8.1%	1.1x
Insight Partners XII, L.P.	2021	75.0	39.3	-	38.7	-2.0%	1.0x
Insight Partners XII Buyout Annex Fund, L.P.	2021	\$ 50.0	27.6	-	27.6	-0.3%	1.0x
Funds Sub-Total		\$ 543.8	\$ 451.8	\$ 43.2	\$ 752.7	40.6%	1.8x
Co-Investments		70.1	65.1	-	105.3	44.1%	1.6x
Insight Total		\$ 613.9	\$ 516.9	\$ 43.2	\$ 858.0	40.9%	1.7x

Portfolio Fit

A commitment to the Fund would be allocated to the Venture Capital sleeve of PSERS' Private Equity portfolio. The table below summarizes PSERS' projected Private Equity portfolio exposure inclusive of a recommended \$20 million commitment to the Fund:

Investment Type	Market Value ¹	Unfunded ^{1,2}	Total Exposure	%	Pending Current Recommendations		
					Oct 2022	Total Exposure	%
					\$ M	\$ M	
Buyout	\$ 8,618	\$ 3,728	\$ 12,346	69.4%	\$ 125	\$ 12,471	69.5%
Growth Equity	1,334	948	2,282	12.8%	-	2,282	12.7%
Venture Capital	1,251	224	1,475	8.3%	20	1,495	8.3%
Internal Co-Invest	1,390	306	1,696	9.5%	-	1,696	9.5%
Total	\$ 12,593	\$ 5,206	\$ 17,779	100.0%	\$ 145	\$ 17,944	100.0%

¹As of March 31, 2021; ² Includes all commitments up to last Board meeting and/or notational ballot voting

Investment Highlights

- Alignment of Interests
- Successful Organization
- Advantaged Sourcing
- Pipeline Opportunity

Investment / Risk Considerations

- Manager Selection
- Emerging Manager Risk
- Market and Stage Risk
- Regulatory Matters



Investment Committee Disclosure

Relationship with Hamilton Lane:	<p>Thirty-one discretionary Hamilton Lane clients and/or commingled products have committed an aggregate \$1.08 billion across prior Insight funds. Additionally, seven discretionary Hamilton Lane clients and/or commingled products have approximately \$195.2 million of secondary exposure to prior Insight funds. Ten discretionary Hamilton Lane clients and/or commingled products have made co-investments alongside Insight for an aggregate \$110.0 million.</p> <p>Preliminary Hamilton Lane allocation data as of August 31, 2022, indicates that three advisory Hamilton Lane clients and/or commingled products, including PSERS, plan to commit an aggregate \$75.0 million to Fund II. Please note that this information is subject to change as the noted preliminary allocations and processes for committing the intended allocations will be managed by each respective advisory client.</p>
Introduction Source:	PSERS IOP
Compliance with Placement Agent Policy:	As confirmed by PSERS' Office of Chief Counsel on September 9, 2022, this investment complies with the Board's policy.
PA Political Contributions:	Yes, disclosed
PA Presence:	Yes
Potential Conflicts:	PSERS is not aware of any actual or potential conflicts of interest that would be created by PSERS' investment in the Fund.
Litigation Disclosure:	Insight receives communications from regulators and may be involved in litigation from time to time in the ordinary course of business. At this time and to the best of Insight's knowledge, the Firm and its funds are not involved in any litigation which has or may have a material effect on Insight or the Fund.
Has the Firm reimbursed and/or paid for PSERS IOP travel in the past two calendar years?	No
Certification of Due Diligence Costs:	IOP certifies there was no travel associated with the due diligence of Insight Vision Capital II, L.P. and PSERS was not reimbursed for any travel costs related to due diligence of the Fund.