



# Hamilton Lane

September 2, 2022

Board of Trustees  
Commonwealth of Pennsylvania  
Public School Employees' Retirement System  
5 North 5<sup>th</sup> Street  
Harrisburg, PA 17101

Re: Insight Vision Capital II, L.P.

Dear Trustees:

Insight Venture Management, LLC (“Insight”, “General Partner”) was founded in 1995 by Jeffrey Horing and Jerry Murdock in order to invest in venture capital and growth equity opportunities in the software sector. The General Partner launched its Vision fund line in 2020 using the General Partner's capital, as a venture capital fund-of-funds targeting emerging, diverse managers; Insight Vision II, L.P. (the “Fund”) represents the first time that Insight is raising outside institutional capital for the strategy. Insight is led by a cohesive, experienced group of senior investment professionals, averaging 20 years of experience and approximately 14 years of tenure. Insight has designated a select group of members from the investment and Insight Onsite (“Onsite”) teams to dedicate part of their time to diligence and sourcing for Vision, alongside their existing day-to-day responsibilities. The General Partner’s mission-driven mandate has attracted team members from across the firm, with members of the investment team as well as the Onsite team spearheading the investment process. The investment team leverages an array of resources from the broader Insight team, leading to better operational and sourcing capabilities. Additionally, Insight’s resources and networks are made available to Vision’s underlying managers on an as-needed basis. Insight benefits from the expertise and networks of professionals with different skillsets across the firm to inform its investment decision making. The General Partner is targeting \$50 million in commitments, ultimately expecting to raise \$100 million, from limited partners for the Fund. The first close was held on December 13, 2021, on \$15 million, which represents the general partner commitment. As of August 2022, the General Partner has closed on approximately \$61 million of aggregate commitments, and expects a final close for the Fund in October 2022.

The Fund is expected to largely consist of managers investing in early-stage technology businesses in North America, an area in which Insight has developed significant expertise. The General Partner will also opportunistically target funds investing in other sectors, such as the consumer space, to aid in portfolio diversification. The General Partner maintains a market-leading position within the growth equity space, which is expected to drive significant inbound deal flow. Vision's managers are able to access Insight’s investment team, networks and Onsite resources to help them on an as-needed basis. The General Partner seeks emerging, diverse managers with prior investing or operating experience who have recently launched their own general partner and are raising one of their first few funds, including an emphasis on first-time fund managers. In Fund I, 43% of all investments were first-time funds, 81% of general partners were Black- or Latinx-led and 38% of general partners were women-led. Insight targets funds investing in pre-seed through early-stage technology and consumer businesses across diversified end markets, which represent areas Insight has established deep networks. In addition to generating attractive returns, Insight's primary focus for Vision is to increase diverse representation within the venture capital industry. The Fund will target approximately 20 to 40 funds with commitment sizes ranging from \$0.5 million to \$4 million. The General Partner has consistently generated attractive returns in its flagship fund line. While Fund I remains nascent, the unrealized portfolio is healthy and continues to develop.

Insight Vision Capital II, L.P.’s investment thesis can be summarized as follows:



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- Leading growth investor with a robust platform and experienced working team
- Deep networks in the technology venture capital and growth space drive access to leading diverse managers
- Consistent outperformance across flagship growth equity product expected to benefit manager selection

Hamilton Lane's recommendation is based upon the following analytical factors and is made within the context of the Commonwealth of Pennsylvania, Public School Employees' Retirement System's ("PSERS") investment guidelines.

- Detailed due diligence including interviews with industry peers and private equity professionals. The initial review was completed on April 25, 2022; the on-site due diligence was conducted on April 22, 2022; the fund was approved by Hamilton Lane's Investment Committee on May 2, 2022; and the recommendation to PSERS was issued on September 2, 2022.
- Evaluation of the composition of the investment team, how they work together, compensation structure and other factors that help determine whether a group is likely to be able to replicate past successes as currently configured
- Detailed operational due diligence, including interviews with Insight's back-office team to review the controls and processes surrounding the firm's finance, fund administration, tax, legal, compliance, IT, HR, and accounting functions
- Evaluation of the Fund's proposed investment strategy within the context of the current investment environment
- The strategy proposed for the Fund is appropriate for the private equity partnership component of the portfolio.

The individuals at Hamilton Lane who were involved in the due diligence process for the Fund are:

Ilene Levinson – Principal, Conshohocken Office  
Conor Kelly – Senior Associate, Conshohocken Office  
Catherine Oliver – Analyst, Conshohocken Office

Based on the above, Hamilton Lane recommends that PSERS commit up to \$20 million in Insight Vision Capital II, L.P. Hamilton Lane makes this recommendation considering the General Partner's qualifications and PSERS' overall investment guidelines.

This recommendation is given solely for the benefit of PSERS and cannot be relied upon by other investors considering an investment in the Fund since their needs, objectives, and circumstances may not be identical to those of PSERS. The scope of this recommendation is limited to the investment merits of the Fund. Hamilton Lane does not provide legal or other non-investment-related advice.

Sincerely,

Michael Koenig,  
Chief Client Officer

Corina English,  
Principal