



Hamilton Lane

June 24, 2022

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

Re: TDR Capital V, L.P.

Dear Trustees:

TDR Capital, LLP (“TDR”, “General Partner”) was founded in 2002 by Manjit Dale and Stephen Robertson, who have worked together since 1995 at DB Capital Partners and its predecessor, BT Capital Partners. In December 2021, the General Partner finalized a transfer of firm management responsibilities, with Messrs. Lindsay and Mitchell being promoted to Managing Partners; Mr. Mitchell was previously CFO and Lindsay was a Partner focused on investments. Mr. Robertson remains a Founding Partner and is part of the investment committee, while Mr. Dale assumed the role of Chief Investment Officer and Founding Partner and will continue to focus on investment activity. The General Partner is a high-conviction investor in European buyouts that focuses on a single product strategy with a sizable general partner commitment of at least 10% of the fund size, demonstrating a high level of alignment with limited partners. The senior investment team is experienced and well-tenured, averaging over 14 years at TDR and over 25 years of total experience. The team operates out of a single office to drive cohesive decision-making and collaboration, discussing potential deals as a group and engaging multiple professionals across TDR over the life of each investment. TDR typically integrates multiple professionals across functions into portfolio companies, with significant hands-on engagement early to drive value before stepping down to wider personnel as complexity abates. TDR is well-resourced, with its broad investment team supported by a deep bench of Operating Partners and Data Science professionals; the seven-person, in-house data science function was created in 2016. The General Partner is targeting €4.0 billion in commitments from limited partners for its fifth fund TDR Capital V, L.P. (the “Fund”). TDR expects to hold a first close on July 13, 2022. The General Partner will commit at least 10% of commitments to invest in or alongside the Fund.

TDR is regionally agnostic but has historically invested predominantly in the U.K. and Northern Europe; non-Europe exposure in the Fund will be capped at 15%. TDR maintains a thematic investment approach, with sector themes developed by the integrated investment, operating and data science teams. The General Partner will remain opportunistic in its sector approach but historically has frequently invested in the leisure & consumer services, financial services, and business services sectors, where TDR has developed significant investment experience. The General Partner invests flexibly across the upper middle-market to large-cap buyout market, targeting under-managed, and underinvested companies. TDR is a generalist investor and employs a top-down approach to sourcing, identifying themes of interest to track companies of interest with strong fundamental value but signaling temporary performance challenges or operating in misunderstood sectors. TDR’s ability to track opportunities in areas of interest until they signal stress or temporary underperformance has been augmented by its Data Science team, delivering fact-based insights to build investment conviction. Team members collaborate with portfolio company management to drive value creation, with broad involvement across the General Partner’s team in each deal; early de-risking is typically part of the investment agenda. The Fund will target approximately 7 to 10 investments of €250 million to €750 million. The General Partner has generated top-quartile net IRR and TVPI performance across Funds I, III and IV, with further upside expected across the portfolio.

TDR Capital V, L.P.’s investment thesis can be summarized as follows:



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- Established buyout investor maintaining a single product approach; significant alignment via large general partner commitment
- Integrated investment, Operating and Data Science teams driving value through hands-on engagement
- Attractive performance across prior funds; focus on gross outsized multiple driven performance

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 15, 2022; the on-site due diligence was conducted on April 27, 2022; the fund was approved by Hamilton Lane's Investment Committee on May 31, 2022; and the recommendation to PSERS was issued on June 24, 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 TDR'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:

Mitesh Pabari – Principal, London Office
Fredrik Green – Associate, London Office
Joshua Nicholas – Analyst, London Office

Based on the above, Hamilton Lane recommends that PSERS commit up to €95 million (~\$100 M) in TDR Capital V, 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