



Radcliffe Capital Management, L.P.

Specialty Finance Debt Strategy

October 6, 2014

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Radcliffe Capital Management, L.P.

Overview of the Firm

- SEC registered investment advisor
- Founded in 1996
- Pennsylvania-based
- 100% employee-owned
- AUM \$1.3billion

Investment Team

- Specialized and highly experienced team
 - 12 employees
 - 5 credit professionals with an average of over 16 years of experience
 - Steve Katznelson, Partner & CIO, has over 25 years experience investing in and managing large portfolios of fixed income securities
 - Christopher Hinkel, Partner & Director of Research, has over 18 years experience

See Recommendation page for Disclaimer

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- Investment opportunity
 - Fixed income specialized finance debt bonds with small and middle market businesses
 - Market dislocation opportunity due to increased regulatory environment placed on commercial and investment banks
 - Higher yields than similar investment grade bonds with higher asset coverage and lower risk of principal loss

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Other

- Separate account: Yes
- Relationship with HEK: None
- Placement Agents: None
- Political Contributions in PA: None
- Introduction Source: Radcliffe is a current manager
- History with PSERS: Currently manage a Ultra-short high yield fund
 - Annualized net alpha of 2.03% over return objective since inception 9/2012
- Fees:
 - Management fee: 50bps
 - Incentive fee: 15% split on excess performance above 6 month LIBOR plus 50bps
 - Capped at 50bps total incentive
 - High water mark: yes

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Recommendation

Staff, together with HEK, recommends (i) that the Board retain Radcliffe Capital Management, L.P. to manage an initial amount of \$300 million in their Specialty Finance Debt Strategy, and (ii) that the Investment Office shall have the discretion to invest additional sums within the target ranges established in Exhibit E of the Investment Policy Statement, Objectives and Guidelines.

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