



# Thoma Bravo Discover Fund V, L.P.

Presentation to Employees' Retirement System of Rhode Island (ERSRI)

May 2024

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# Thoma Bravo Private Equity at a Glance

## Strong PERFORMANCE<sup>1</sup>

- Realized Software track record: 3.5x Gross MoM, 47% Gross IRR
  - 2.8x Hypothetical Net MoM and 35% Hypothetical Net IRR

## Experienced ORGANIZATION

- Focused on Software investing for over two decades
- Managing Partners have worked together for ~18 years
- Responsible for around 445 Software acquisitions since 2003<sup>2</sup> representing around \$200B<sup>3</sup> of Enterprise Value

## Expanding Software MARKET

- About \$9.4T software public market capitalization, +840% increase since 2008<sup>4</sup>
- Most mature software companies are privately owned<sup>5</sup>
- Market generally lacks operational discipline, allows for Thoma Bravo value-add advantage

## Differentiated STRATEGY

- Strategy centered around accelerating growth through operational excellence

## Tested PROCESS

- Seek consistent execution of the strategy enabled by Thoma Bravo's proprietary processes, business metrics and Operating Partners<sup>6</sup>

**Thoma Bravo is an organization with over \$138B under management<sup>7</sup> and a long history of strong performance in a growing Software market**

Past performance is not an indicator of future results and all data is qualified by the Notes to Presentation. The complete investment history of Thoma Bravo is available upon request. 1) Returns are the result of Realized Investments in Software made by or under the supervision of persons now part of the Thoma Bravo investment staff while at Thoma Bravo or its predecessor firm, Thoma Cressey Bravo, Inc. Since in some cases the investments constituted only a portion of the funds in which they were made, no fund investor could have made such an investment and **no investor received the returns indicated even if an investor invested in all of the funds indicated.** See notes hhh and iii in the Notes to Presentation for information relating to the calculation of Hypothetical Net IRR and Hypothetical Net MoM, respectively, and note sss in the Notes to Presentation for additional information regarding hypothetical performance. The performance of an investment and the aggregate performance of investments were calculated using actual cash flows and the Value of Remaining Interests in the investments for the period from closing of the first investment in January 2003 through 12/31/23. The aggregate performance calculations were made as if each investment was made by one continuous fund beginning in January 2003. 2) Includes add-on acquisitions. 3) As of 12/31/23. Although Thoma Bravo's typical strategy is to acquire control positions in its Buyout Funds' portfolio companies, number also represents full value of acquisitions when investments were non-control, minority investments. 4) Source: S&P Capital IQ. Current market capitalizations are as of 12/31/23. See note uu in Notes to Presentation. 5) Source: S&P Capital IQ as of May 2021. See note uu in Notes to Presentation. "Mature software company" defined as a public software company with over \$1 million in market capitalization. 6) See note qq in the Notes to Presentation. 7) Flagship, Discover, Explore, Credit, Growth, Oasis and Access Funds have \$110.1B, \$17.2B, \$3.7B, \$4.9B, \$1.6B, \$0.5B and \$1.2M AUM, respectively as of 12/31/23. Flagship AUM includes \$21.8B of Co-Invest Funds. Discover AUM includes \$0.1B of Co-Invest Funds.

# Buyout Funds: Performance Summary

## BUYOUT FUNDS PERFORMANCE SUMMARY AS OF 12/31/23<sup>1</sup>

FUND	VINTAGE YEAR	FUND SIZE	NET MOM (TVPI) <sup>2</sup>	NET IRR TO LPs <sup>3</sup>
Fund VII	2001	\$554M	2.1x	23.9%
Fund VIII	2006	\$765M	2.9x	18.3%
Fund IX	2008	\$823M	3.8x	44.1%
Fund X	2012	\$1,275M	3.1x	38.0%
SOFI	2013	\$418M	3.1x	34.2%
Fund XI	2014	\$3,662M	3.5x	26.7%
SOFII	2015	\$1,065M	2.3x	16.3%
Fund XII	2016	\$7,604M	2.2x	16.8%
Fund XIII	2019	\$12,595M	1.9x	28.3%
Fund XIV	2021	\$17,897M	1.2x	6.7%
Fund XV	2022	\$24,342M	1.1x	9.8%
Discover Fund I	2016	\$1,074M	3.2x	35.9%
Discover Fund II	2018	\$2,438M	2.0x	24.8%
Discover Fund III	2021	\$3,929M	1.2x	8.8%
Discover Fund IV	2022	\$6,184M	1.1x	13.1%
Explore Fund I	2020	\$1,127M	1.5x	27.1%

The historical returns achieved by any prior fund or individual investment are not a prediction of future performance or a guarantee of future results, and there can be no assurance that these or comparable returns will be achieved by investments made by a fund individually or in the aggregate. To the extent values include unrealized investments, Thoma Bravo believes the values used for such investments are reasonable and appropriate for these types of investments; however, there can be no assurance that proceeds will be realized on these investments or that, if and when realized, the proceeds will be equal to the values used. For the Net IRR to Limited Partners without the use of the Subscription Line of Credit, see page 15. All data is qualified by the Notes to Presentation. 1) The results of the Europe Fund, the Credit Funds, the Growth Fund, Explore Fund II, the Oasis Fund, Access Fund I and the Employee Fund are not included because the investment focus, objectives or strategies of such funds are not directly comparable to the strategies of the Buyout Funds included herein and/or because such funds have not made any investments to date. Information regarding these funds are available upon request. 2) See note pp in Notes to Presentation. 3) See note dd in Notes to Presentation.

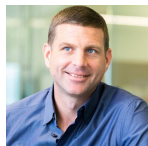
# Investment Team Leadership and Firm Culture

**Our mission: to deliver superior value to our investors and companies by forming collaborative partnerships**

## INVESTMENT TEAM LEADERSHIP

### Managing Partners

Seth Boro



Orlando Bravo



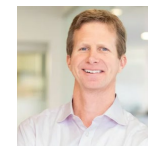
Scott Crabill



Lee Mitchell



Holden Spaht



Carl Thoma

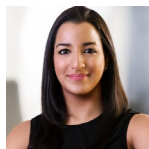


*Flagship*

### Partners



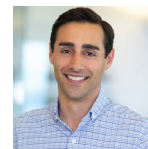
Andrew Almeida



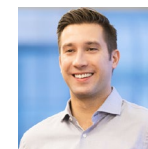
Tara Gadgil



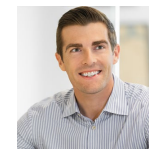
Mike Hoffmann



Brian Jaffee



Peter Stefanski



Chip Virnig

*Discover*

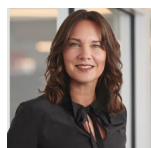


A.J. Rohde<sup>1</sup>



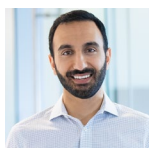
Hudson Smith

*Europe*



Irina Hemmers

*Explore*



Carl Press



Adam Solomon

*Growth*

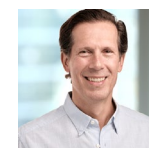


Ross Devor



Robert (Tre) Sayle

*Credit*



Oliver Thym

## CULTURE

### CULTURE OF COLLABORATION AND RESULTS

- No third-party ownership, fosters strong alignment with limited partners
- Members of Investment Team Leadership are responsible for the Software investments of the funds
- Promotion from within: 12 of the 20 Managing Partners and Partners joined at the level of Vice President or below

1) A.J. Rohde is a Senior Partner.

# Thoma Bravo Breadth of Software Investing Experience

## APPLICATION SOFTWARE

\$59.0B Invested<sup>1</sup> Since 2003



## INFRASTRUCTURE SOFTWARE

\$12.1B Invested<sup>1</sup> Since 2004



## SECURITY SOFTWARE

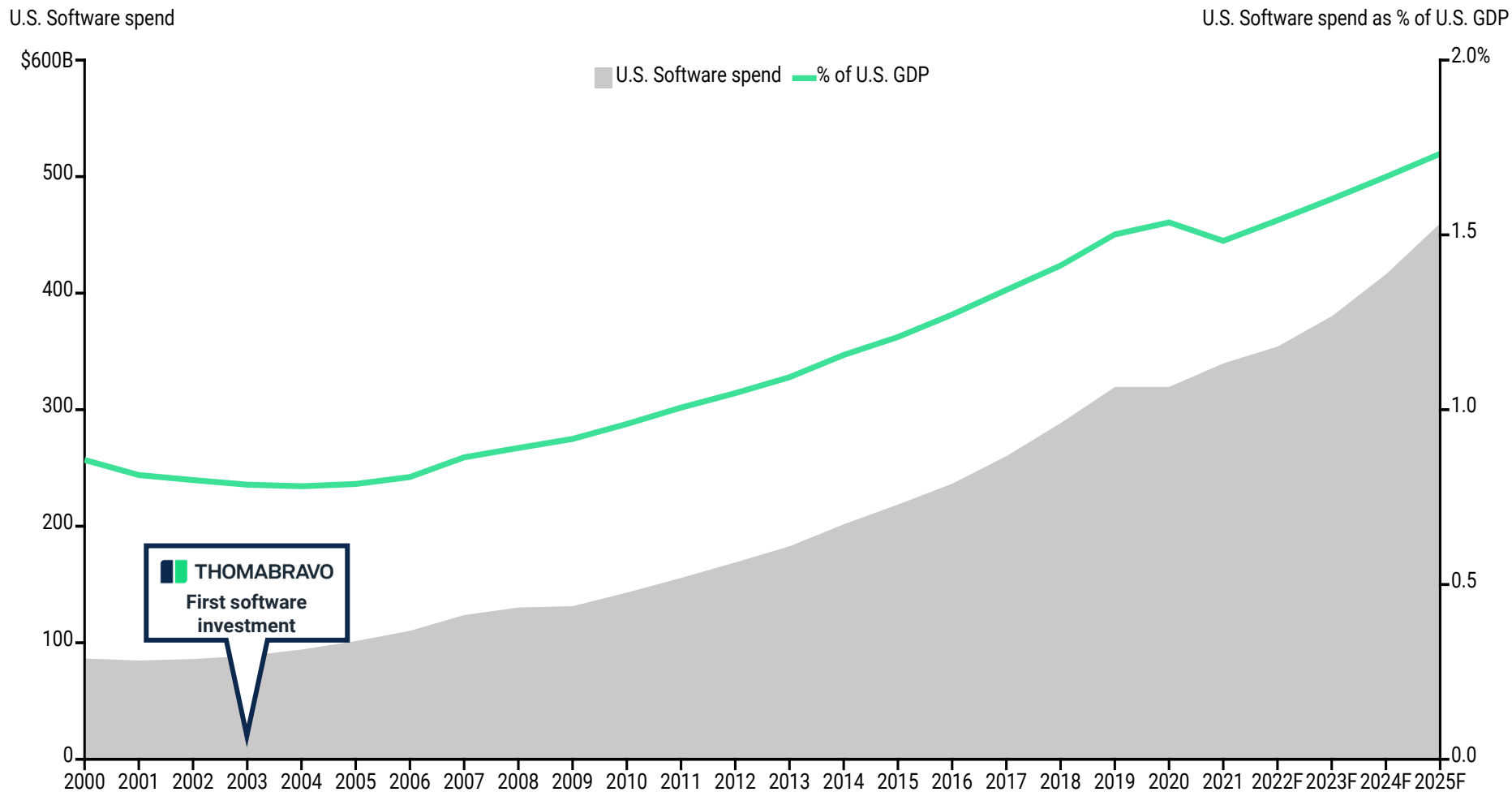
\$29.5B Invested<sup>1</sup> Since 2009



Responsible for around 445 acquisitions<sup>2</sup> since 2003 representing around \$200 billion<sup>3</sup> of Enterprise Value

Representative software-related past and current portfolio companies shown; does not include all investments made by the Equity Funds. The companies whose logos appear on this slide include both portfolio companies acquired with an equity investment by a Thoma Bravo fund and add-on investments acquired by a portfolio company without an equity investment by a Thoma Bravo fund. Not all investments have been successful. 1) Invested dollar amount represents Total Capital Invested by the Equity Funds managed by Thoma Bravo plus about \$26.8B of equity from co-investors as of 12/31/23. 2) Includes add-on acquisitions. 3) As of 12/31/23. Although Thoma Bravo's typical strategy is to acquire control positions in its Buyout Funds' portfolio companies, number also represents full value of acquisitions when investments were non-control, minority investments.

# Thoma Bravo Has Been Investing in Software Since the Start of the U.S. Software Market's Growth



Source: IDC Worldwide Black Book Live Edition - Forecast 2021, Federal Reserve Bank of St. Louis. Forecast U.S. GDP spend as % of GDP assumes no change in trailing 10-year annual compound growth.

# Thoma Bravo Buyout Strategy

## TARGET COMPANY CHARACTERISTICS

Market-leading<sup>1</sup>

Mission-critical software

High recurring revenue and revenue retention

Strong existing management teams

1

## COST REDUCTION

- Seek to Improve Margins at Closing
- Experience Creates Confidence to Change Cost Structure

2

## PROFITABLE GROWTH

- Reorganize Company into Profit Centers
- Invest in and/or Refocus Sales
- Monitor and Manage Monthly

3

## ADD-ON ACQUISITIONS

- Accretive
- Debt-Financed
- Acquire Customers and/or Product

## RESOURCES

Aligned COMPANY MANAGEMENT

Proprietary Best Practices and OPERATING METRICS

Experienced OPERATING PARTNERS<sup>2</sup>

Expertise in CONSOLIDATION STRATEGY

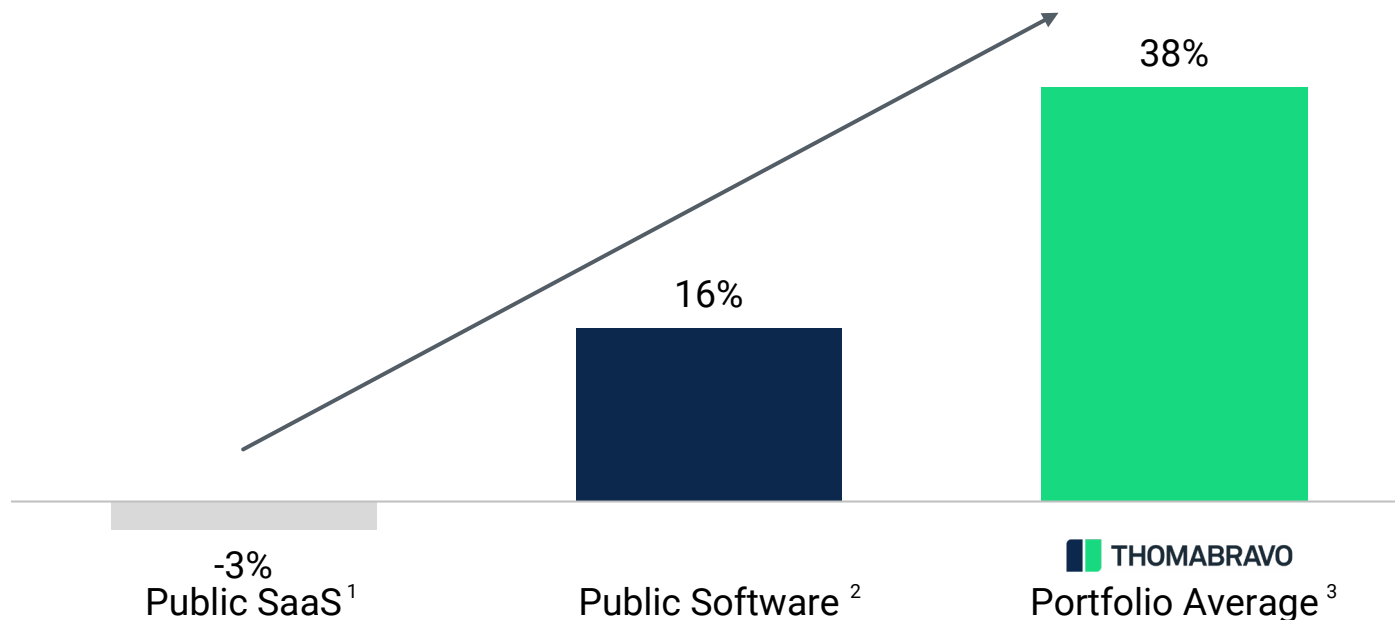
Thoma Bravo has honed its strategy through a highly-tested investment process

Note: Not every characteristic may apply to every investment, as each investment is different. 1) Based on various criteria. Targets may not be market-leading in all or even most criteria. 2) See note qq in Notes to Presentation.



# Thoma Bravo Value Creation Advantage

As the software market has expanded and new companies have been created and scaled, the average software company operating profile generally has not changed

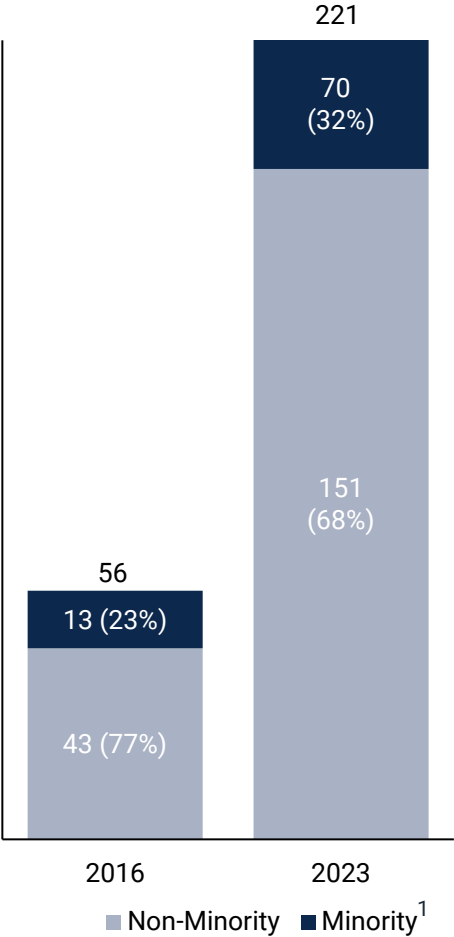


Margin improvement opportunity is between approximately 25–40%, a dynamic that persists in various market environments

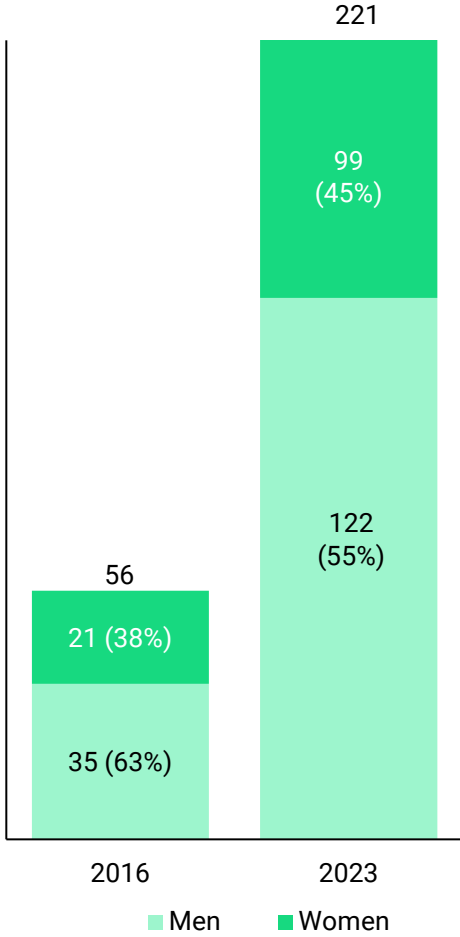
The "Public Software Companies - SaaS," "Public Software Companies" and the Thoma Bravo Software companies may not be directly comparable. For example, the software companies have different business characteristics. Accordingly, the comparison is inherently limited in nature. See note uuu in the Notes to Presentation for further information regarding the inherent limitations of comparisons to indices. 1) This value represents the 2023 SEG SaaS Index Median EBITDA margin from Software Equity Group's Annual SaaS Report 2024. 2) Based on Truist Securities Public Software Index constituent companies' average 2023E EBITDA margin as of 12/31/23. Excludes companies with revenues greater than \$2.5B. 3) Thoma Bravo EBITDA margin is the average of current Software investments in the Buyout Funds as of 12/31/23 but excludes portfolio companies valued on a revenue multiple.

# Diversity, Equity and Inclusion

## Racial Diversity



## Gender Diversity



## DEI Initiatives Have Continued to Expand

62%

of Thoma Bravo employees are women and / or members of diverse groups<sup>1</sup>

Our rate of hiring women or members of diverse groups has exceeded that of our headcount growth

## ... and We Are Committed to Continued Evolution

Thoma Bravo’s deal team launched a formal mentorship program in Fall 2023

Exploring more external partnerships to help expand pipeline of diverse candidates

As of 12/31/2023. 1) Defined as individuals who self-identify as an ethnicity other than Caucasian.

<b>Investment Date</b>	July 2022
<b>Source of Investment</b>	Auction
<b>Sector</b>	Application Software
<b>Company Description</b>	Provider of workflow software for forensic examiners to analyze digital evidence
<b>Transaction</b>	Created through the merger of Grayshift and Magnet Forensics
<b>Headquarters</b>	Waterloo, Canada

### Investment Thesis:

1

**Scaled platform with end-to-end offering for public / private sectors**

2

**Favorable outlook due to durable demand and rapid adoption of digital forensics**

3

**Combination creates comprehensive product offering with larger footprint, opportunity for cross-sell and additional M&A**

### Thoma Bravo Impact:

- **Effectuating Transformative M&A:** Shortly after acquiring Grayshift, we began talks with Magnet to merge with Grayshift; helped management think through diligence and integration planning, as well as navigate the nuances of a take-private
- **Cost Optimization:** Identified duplicative costs that could be removed from the business without compromising growth and improved EBITDA margins
- **Rigorous Tracking of Bookings/Renewals:** Worked with management to set up weekly tracking of non-renewal and renewal bookings, leading to improvement in gross retention
- **Pricing & Packaging:** Worked with Magnet to execute its first price increase in company history, contributing incremental ARR in CY 2023 and further price increases expected in CY 2024 and beyond
- **Tuck-in M&A:** Acquired Griffeye in August 2023, a leader in digital forensics for child abuse investigations; expanded product capabilities and added customers spanning Europe and North America

The complete investment history of Thoma Bravo is available upon request.

## Summary Fund Terms – Fund XVI and Discover Fund V

	Fund XVI	Discover V
TARGET FUND SIZE	\$20B	\$7B
GP COMMITMENT	Not less than an amount equal to 2% of unaffiliated limited partner commitments	Not less than an amount equal to 2% of unaffiliated limited partner commitments
MANAGEMENT FEE	1.5%	2.0%
CARRIED INTEREST	20%	20%
HURDLE RATE / PREFERRED RETURN	N/A; Fair value test is applied	N/A; Fair value test is applied
INVESTMENT / COMMITMENT PERIOD AND TERM	6 years; 10 years, plus three one-year extensions	6 years; 10 years, plus three one-year extensions

This slide summarizes certain fund terms. It is incomplete, does not address many other important fund terms and is subject to, and qualified in its entirety by, each fund's governing documents. Accordingly, it should not be relied upon when making an investment decision. Please refer to each fund's governing documents for complete terms.

## THOMABRAVO

**EXPERIENCED**  
Organization

**EXPANDING SOFTWARE**  
Market

**DIFFERENTIATED**  
Strategy

**TESTED**  
Process



Realized Software Investment  
**PERFORMANCE<sup>1</sup>**

**GROSS IRR**  
47%

**GROSS MoM**  
3.5x

**HYPOTHETICAL  
NET IRR**  
35%

**HYPOTHETICAL  
NET MoM**  
2.8x

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# Appendix

# Additional Fund Metrics – Buyout Funds

## BUYOUT FUNDS ADDITIONAL FUND METRICS AS OF 12/31/23<sup>1</sup>

FUND	LP COMMITMENTS <sup>2</sup>	LP CONTRIBUTIONS <sup>3</sup>	LP PAID-IN-CAPITAL MULTIPLE <sup>4</sup>	LP DISTRIBUTIONS <sup>5</sup>	DPI <sup>6</sup>	RVPI <sup>7</sup>	NET IRR to LPs	NET IRR WITHOUT SLC <sup>8</sup>
<b>Fund VII</b>	\$534M	\$534M	1.0x	\$1,144M	2.1x	0.0x	23.9%	23.5%
<b>Fund VIII</b>	\$711M	\$703M	1.0x	\$2,056M	2.9x	0.0x	18.3%	18.1%
<b>Fund IX</b>	\$773M	\$773M	1.0x	\$2,901M	3.8x	0.0x	44.1%	42.9%
<b>Fund X</b>	\$1,166M	\$1,446M	1.2x	\$4,117M	2.8x	0.2x	38.0%	37.1%
<b>SOFI</b>	\$400M	\$456M	1.1x	\$1,313M	2.9x	0.2x	34.2%	33.3%
<b>Fund XI</b>	\$3,452M	\$3,589M	1.0x	\$9,275M	2.6x	1.0x	26.7%	26.4%
<b>SOFII</b>	\$1,000M	\$1,035M	1.0x	\$1,234M	1.2x	1.1x	16.3%	16.2%
<b>Fund XII</b>	\$7,283M	\$7,941M	1.1x	\$8,209M	1.0x	1.1x	16.8%	16.6%
<b>Fund XIII</b>	\$11,948M	\$14,438M	1.2x	\$9,931M	0.7x	1.2x	28.3%	27.4%
<b>Fund XIV</b>	\$17,164M	\$16,528M	1.0x	\$2,118M	0.1x	1.0x	6.7%	6.6%
<b>Fund XV</b>	\$23,315M	\$15,825M	0.7x	\$0M	0.0x	1.1x	9.8%	9.2%
<b>Discover Fund I</b>	\$1,000M	\$1,135M	1.1x	\$2,923M	2.6x	0.6x	35.9%	35.2%
<b>Discover Fund II</b>	\$2,336M	\$2,499M	1.1x	\$1,632M	0.7x	1.3x	24.8%	23.3%
<b>Discover Fund III</b>	\$3,659M	\$3,652M	1.0x	\$0M	0.0x	1.2x	8.8%	8.5%
<b>Discover Fund IV</b>	\$5,703M	\$3,224M	0.6x	\$0M	0.0x	1.1x	13.1%	11.1%
<b>Explore Fund I</b>	\$1,027M	\$989M	1.0x	\$249M	0.3x	1.3x	27.1%	24.8%

The historical returns achieved by any prior fund or individual investment are not a prediction of future performance or a guarantee of future results, and there can be no assurance that these or comparable returns will be achieved by investments made by a fund individually or in the aggregate. To the extent values include unrealized investments, Thoma Bravo believes the values used for such investments are reasonable and appropriate for these types of investments; however, there can be no assurance that proceeds will be realized on these investments or that, if and when realized, the proceeds will be equal to the values used. All data is qualified by the Notes to Presentation. 1) The results of the Europe Fund, the Credit Funds, the Growth Fund, Explore Fund II, the Oasis Fund, Access Fund I and the Employee Fund are not included because the investment focus, objectives or strategies of such funds are not directly comparable to the strategies of the Buyout Funds included herein and/or because such funds have not made any investments to date. Information regarding these funds is available upon request. 2) See note jii in Notes to Presentation. 3) See note iii in Notes to Presentation. 4) See note nnn in Notes to Presentation. 5) See note mmm in Notes to Presentation. 6) See note ooo in Notes to Presentation. 7) See note ppp in Notes to Presentation. 8) See note qqq in Notes to Presentation.



## Notes to Presentation



Available in Materials Provided to ERSRI Staff



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