

Recommendation Advent International Global Private Equity IX, L.P.

To: RISIC
Prepared: March 18, 2019
From: Thomas Lynch, CFA, Senior Managing Director

The purpose of this memo is to provide RISIC with a summary of Cliffwater's recommendation on Advent International Global Private Equity IX, L.P. ("Advent GPE IX" or the "Fund"). Cliffwater has completed its investment due diligence and operational due diligence and recommends the Fund.

Summary of Advent GPE IX

Fund Overview: Advent GPE IX will target control-oriented buyouts and recapitalizations primarily in North America and Europe. Value Creation is achieved through business transformation and earnings growth.

People and Organization: Advent International ("Advent", or the "Firm") was formed in 1994 when the international operations of TA Associates were spun-out. Peter Brooke was the founding partner who established Advent as an independent organization. Advent actively invests across two private equity platforms, the Global Private Equity Program ("GPE"), and the Latin American Private Equity Program ("LAPEV"). The Firm employs 193 investment professionals across 14 offices in 12 countries. Advent is overseen by 14 managing partners, five of which form the executive committee. Advent's investment professionals are organized across five target sectors. These sector teams often collaborate across geographies to share best practices and exchange geographically specific industry knowledge. The GPE team works primarily out European offices in London, Frankfurt, Paris, Madrid, and Luxembourg; plus two United States offices located in Boston and New York. Over the past three funds, the Firm has grown its presence in Asia, with offices in Mumbai, Shanghai, and Hong Kong.

Investment Strategy and Process: Advent seeks control-oriented buyouts and recapitalizations of companies with enterprise values of up to \$5.0 billion on a global basis. The Firm invests opportunistically across five sector categories including business & financial services; industrial; retail, leisure & consumer; healthcare; and TMT (technology, media and telecommunications). Each category is comprised of several subsector concentrations, which Advent refers to as cells. Advent targets equity investments of \$100 million to \$1.0 billion per transaction. The Firm anticipates that GPE IX will invest in 30 to 35 portfolio companies over a six-year period

Performance: Overall, Advent has raised capital for eight GPE vehicles with a core focus on North America and Europe. GPE IV through GPE VIII are more indicative of the current GPE strategy. The earlier funds made small investments in growth equity, venture, and small buyout transactions. As of September 30, 2018, funds GPE IV through GPE VIII have generated a net return of 1.9 times invested capital, 23.7% net IRR, and 1.4 times DPI in aggregate. Across all GPE fund vehicles since inception, Advent has generated a gross return of 2.2 times invested capital across realized and unrealized investments. The Firm's more mature funds (GPE IV through GPE VII) have outperformed the Russell 3000 by 340 basis points or more on an annualized basis. GPE IV and GPE V generated top decile results, and GPE VI and GPE VII have generated first and second quartile results on a net IRR, net TVPI, and DPI basis in USD as of September 2018. On a EUR currency basis, GPE IV through GPE VII rank in the first quartile or better on a net IRR, net TVPI, and DPI basis as of September 2018.

The views expressed herein are the views of Cliffwater only through the date of this report and are subject to change based on market or other conditions. All information has been obtained from sources believed to be reliable, but its accuracy is not guaranteed. This report is being distributed for informational purposes only and should not be considered investment advice. The information we provide does not take into account any investor's particular investment objectives, strategies, tax status or investment horizon. Past performance does not guarantee future performance.

Investment Terms: Cliffwater finds the investment terms, taken as a whole, to not be in accordance with industry standards for large buyout funds. The primary departure is the lack of a preferred return hurdle. The Fund will charge a 1.5% management fee during the six-year investment period and 1.5% of net invested capital thereafter. The management fee will be offset by 100% of all director, transaction, monitoring, and other such fees. The Firm is investing at least \$500 million in the Fund.

Cliffwater Recommendation

Cliffwater recommends an investment of up to \$60 million to Advent International GPE IX, L.P. as part of ERSRI's private equity allocation.