

Recommendation on CVC VII, L.P.

To: RISIC
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From: Thomas Lynch, CFA, Senior Managing Director

The purpose of this memo is to provide RISIC with a summary of Cliffwater's recommendation on CVC VII, L.P. Cliffwater has completed its investment due diligence and operational due diligence and recommends the Fund.

Summary of CVC VII, L.P.

Fund Overview: CVC VII, L.P. ("Fund VII" or the "Fund") will make control-oriented investments in good quality, cash generative, upper middle-market and large companies located primarily in Europe and opportunistically in North America.

People and Organization: CVC Capital Partners, L.P. ("CVC" or the "Firm") began operations in 1981 as the private equity arm of Citigroup under the name Citicorp Venture Capital Europe. In 1993, several senior members of the team took the Firm private under the name of CVC Capital Partners. The Firm formed its first private equity partnership in 1996 and has raised seven pan-European private equity funds with total commitments of approximately €38.9 billion. The Firm is led by Donald Mackenzie, Rolly van Rappard, and Steve Koltes who act as co-chairmen. The Firm consists of approximately 450 employees, including 200 investment professionals across all private equity and credit strategies. The Flagship European-focused funds have 107 dedicated investment professionals. The CVC managing partners have an average tenure of 17 years at the Firm.

Investment Strategy and Process: CVC will focus on making upper-middle market and large, control buyout investments in Europe and opportunistically in the US. CVC will target well-performing businesses with strong management. Western Europe remains the primary focus, which is an area that CVC has invested successfully since 1981. CVC utilizes eleven geographical teams and three sector teams across Europe and North America. CVC has enhanced its network over the years by adding new teams and investment offices to increase its investment capacity. CVC focuses on making investments in companies that operate in stable, non-cyclical markets and that have some or all of the following characteristics: a defensible market position, predictable cash flows, products and services that are needed in all environments, diversified customer bases and the capability to have a broad geographical footprint. Target company management teams must have a proven track record in creating value in companies that they have previously managed. CVC will target investments that have upside potential through the implementation of growth and operational improvement initiatives. CVC will augment existing management teams, improve operational efficiencies, generate cost savings, identify and pursue organic and acquisition growth strategies and optimize the capital structures of portfolio companies.

Performance: As of December 31, 2016, the Firm's prior European-focused fund vehicles generated a total net return of 1.74 times paid-in-capital, distributed 1.28 times paid-in capital to limited partners, and generated a combined net annualized IRR of 20.3% since inception (in Euros). Investing in the MSCI Europe Index (public stocks) during the same period would have generated a return of 5.3%. The Firm's European-focused flagship funds have generated consistent first quartile net IRR's (Cambridge Associates Private Equity Universe) since inception with the exception of the 2007 Tandem Fund which was a top-up fund vehicle. The Firm's more

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recent fund vehicles, CVC V (2008 vintage) and CVC VI (2014 vintage) have generated first quartile performance on a net IRR, net TVPI, and net DPI basis as of December 31, 2016.

Investment Terms: The Fund is targeting €16.5 billion in commitments. The Fund will charge a 1.5% management fee during the six-year investment period and 1.25% of invested capital thereafter. The management fee will be offset by 100% of director fees, advisory, break-up and other transaction fees. The Fund has a 10 year term and will charge a 20% carried interest subject to a preferred return of 6%. The Firm will commit at least 3% of total commitments.

Cliffwater Recommendation

Cliffwater recommends a commitment of €35 million in CVC Fund VII.