
Q2
2021

LEVEL EQUITY

Lower Middle
Market Growth Investors

Executive Summary

Level Equity is raising Level Equity Growth Partners V and Level Equity Opportunities Fund 2021 to continue to invest and yield exceptional returns in rapidly growing technology businesses:

Experienced Team	Predictable Liquidity	Consistent Strategy
<ul style="list-style-type: none"> • 100+ investments made by Level Equity senior team • Led by founders who have been investing together since 2003 • Significant depth to investment and operating teams that have been built deliberately over past decade • No turnover on senior team since inception 	<ul style="list-style-type: none"> • First liquidity event in 2012, just over one year after closing LEGP I; liquidity every year since • 18 liquidity events since 2017, delivering \$560mm of gross liquidity to equity funds • Each fund showing the emergence of break out winners that can be category defining businesses and drive outsized returns 	<ul style="list-style-type: none"> • Level Equity platform, sector focus, and long history in software market creates unique ability to execute lower middle market growth equity strategy • Consistent strategy since inception • Growing investment and operating partner teams increasing execution capabilities

Level Equity has consistently generated exceptional gross and net returns in a market where we have significant competitive advantages

Mission & Tactics

Generate superior returns with a low loss ratio, operate transparently and ethically, and create an exceptional culture.

For our investors	For our investments	For ourselves
<ul style="list-style-type: none">• Deliver strong absolute and relative returns• Set the bar for ease of interface and transparency	<ul style="list-style-type: none">• Enhance ability to grow, accelerating enterprise value-creation• Provide leverage in hiring, business development and sales• Establish high quality boards and governance practices• Achieve great exit outcomes	<ul style="list-style-type: none">• Create a culture we are proud to be a part of and that attracts and retains talent• Create wealth and career advancement opportunities• Innovate in all aspects of our business

Senior Team



	Benjamin Levin Founder, CO-CEO	George McCulloch Founder, CO-CEO	Sarah Sommer Founder, Partner	Charles Chen Partner	Nathan Linn Chief Operating Officer	Barry Osherow Partner – SC
Previous Experience	Insight Partners Mentmore Holdings Salomon Brothers	Insight Partners Summit Partners	Insight Partners	Technology Crossover Ventures Morgan Stanley Facebook	Thiel Capital / Valar Ventures PayPal / eBay Wilson Sonsini Goodrich & Rosati	Enhanced Capital Oxford Square / Technology Investment Capital Wit Capital
Education	Harvard College, 1994	Stanford University, 1999	Wharton School, 2004	University of California, Berkeley, 2005 Wharton School, MBA, 2013	Stanford University, 1993 Northwestern University, JD, 1996	Babson College, 1994
Age	49	44	37	37	50	48
Years Working Together	18	18	17	8	8	4
Years in Private Equity	24	22	17	13	14	19

Founders have worked together since 2003, focused exclusively on high-growth, privately held software and other technology businesses – broader senior team has experience at many of the world’s largest, and most active growth equity investment firms

Level Equity Team



Benjamin Levin
CO-CEO



George McCulloch
CO-CEO

INVESTMENT TEAM



Charles Chen
PARTNER



Barry Osherov
PARTNER



Sarah Sommer
PARTNER



Michael Bauer
PRINCIPAL
STRUCTURED CAPITAL



Nick Berardo
PRINCIPAL



Gautam Gupta
PRINCIPAL



Chris Isaac
VICE PRESIDENT



Brad Kniejski
VICE PRESIDENT



Arthur Tingas
VICE PRESIDENT



Chris Barrand
SENIOR ASSOCIATE



David Fleishman
SENIOR ASSOCIATE



Zachary Friedman
SENIOR ASSOCIATE
STRUCTURED CAPITAL



Luis Spradley
SENIOR ASSOCIATE



Hanna Yu
SENIOR ASSOCIATE



Austin Feinstein
ASSOCIATE



Madeleine Hazard
ASSOCIATE



Hannah Lass
ASSOCIATE



Vincent Liber
ASSOCIATE



Jack Raque
ASSOCIATE



Jake Rudolph
ASSOCIATE



Rohit Iyer
ANALYST



Matthew Lazris
ANALYST



Nato Sandweiss
ANALYST

OPERATIONS TEAM



Nathan Linn
COO



Jake Foster
CTO



Any Kramer
OPERATING PARTNER



Arin Wolfson
OPERATING PARTNER



Riki Zable
DIRECTOR OF FINANCE



Madison Brown
EXECUTIVE ASSISTANT



Amber Harris
EXECUTIVE ASSISTANT



Viviana Lozito
EXECUTIVE ASSISTANT &
ADMINISTRATIVE MANAGER



Angela Sitwell
EXECUTIVE ASSISTANT

Firm Overview

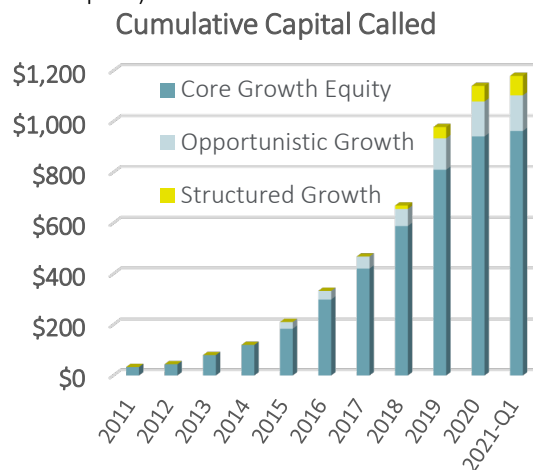
Level has established a strong franchise in lower middle market growth investing

\$1.7 billion raised to-date across 7 funds, SPVs & co-investment vehicles

- **Core Growth Equity**
 - LEGP I (\$130m)
 - LEGP II (\$255m)
 - LEGP III (\$357m)
 - LEGP IV (\$546m)
- **Opportunistic Growth**
 - LEOF 2015 (\$66.3m)
 - LEOF 2018 (\$204m)
- **Structured Growth**
 - LSC I (\$92m)
- **72 investments**; 33 liquidity events across 29 businesses
- **49 active companies**
- **30,000+ companies** screened by Level's outbound team; sourced 56 of 72 investments
- **34 team members in New York (26) and San Francisco (8)**

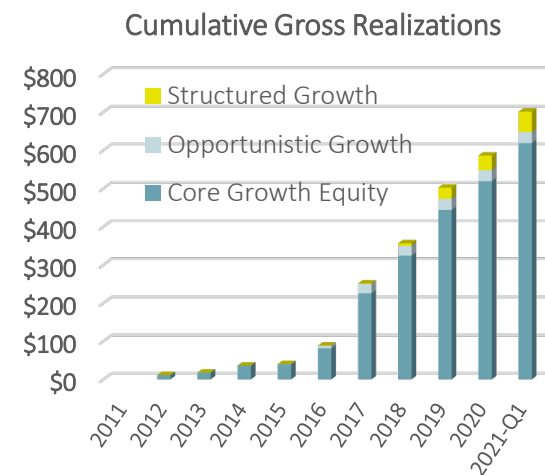
72 Investments to Date

- **Invested \$1.1 billion since 2011**
 - 2011 – 2015: Invested \$204 million across 18 investments
 - 2016 – 2018: Invested \$432 million across 25 investments
 - 2019: Invested \$308 million across 16 new investments (9 equity; 7 structured capital) and 11 follow-ons
 - 2020: Invested \$150 million across 10 new investments (5 equity; 5 structured capital) and 15 follow-ons
 - 2021 YTD: Invested \$80 million across 2 new investments (1 equity; 1 structured capital) and 10 follow-ons



23 Full Realizations to Date

- **Generated \$701 million of gross realizations:**
 - 2011 – 2015: \$40 million across 2 full exits
 - 2016 – 2018: \$316 million across 12 full exits and 2 partial exits
 - 2019: \$146 million across 6 full exits and 1 partial exit
 - 2020: \$84 million across 1 full exit and 2 partial exits
 - 2021-Q1: \$115 million across 2 full exits and 1 partial exit



2021 to date as of June 10, 2021

Investment Strategy

Level invests across the capital structure in rapidly growing, privately held, capital efficient, technology businesses that we identify proactively:

Critical elements of our strategy:

- 1 **We mostly source our own deals:** Cold call thousands of companies to create proprietary investment opportunities; leverage deep technical stack for sourcing and tracking
- 2 **We create attractive transaction prices & structures:** Purchase senior equity and credit securities with enhanced return features that provide strong downside protection; low absolute & relative valuations
- 3 **We build winning teams & add value:** Our team of operating partners and program of value-add strategies & activities allow us to develop world class management teams, financial sophistication, M&A capabilities and exit readiness for our portfolio investments
- 4 **We generate consistent & profitable liquidity:** Realize strong returns in reasonably priced, commonly occurring exits across market conditions with low loss ratio

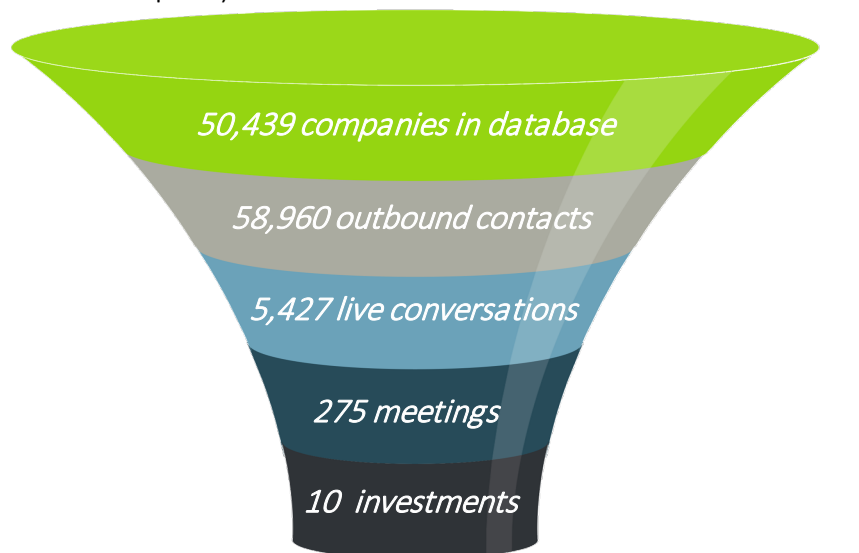
For every investment we make, a simple analysis of the target's income statement and balance sheet should make our investment rationale obvious

Deal Origination

We mostly source our own deals; cold calling, is at the heart of everything we do

2020 Deal Funnel

- Closed 10 new investments (5 equity, 5 structured capital)



Sourcing Platform

- **People**
 - 32 associates/analysts since inception; 16 currently
 - 4 years of summer internship program
- **Systems**
 - Customized and proprietary data capture, and investment workflow technology stack
 - Training and continuous measurement
- **Outcomes**
 - 48 of 54 equity deals sourced by our platform
 - 8 of 18 credit deals sourced by our platform
 - 5 deals sourced by senior team relationships
- **Looking Ahead**
 - Our “flywheel” of proprietary investment data and coverage keeps growing

Deal Enhancement

We build winning teams & add value

Operating Partner Program



- **Future potential Operating Partner additions include:**
 - Marketing
 - Customer Success
 - Product
 - Talent / HR

Value Add Activities

- **People**
 - 157 senior executive hired since inception; 3 per investment
 - Deep long-standing search firm relationships
- **Summits**
 - CTO Summit since 2014; 203 attendees
 - CFO Summit since 2018; 41 attendees
 - Demand Gen Summit since 2020; 72 attendees
- **M&A**
 - 218 acquisitions at portfolio since inception
 - 4 transformative deals (public co. divestitures, take privates, etc.)
- **Financial Sophistication**
 - 20 systems implemented
 - iLevel reporting

Performance Summary

<i>\$ millions</i> <i>As of 03/31/21</i>	Core Growth Equity				Opportunistic Growth		Structured Growth
	LEGP I (2011)	LEGP II (2013)	LEGP III (2016)	LEGP IV (2018)	Opportunities Fund 2015	Opportunities Fund 2018	LSC I (2017)
Fund Commitments	\$130.0	\$255.0	\$357.0	\$546.0	\$66.4	\$204.0	\$91.8
Invested Capital	\$129.4	\$228.5	\$255.2	\$239.8	\$69.9	\$76.8	\$73.3
Gross Proceeds	\$237.3	\$290.6	\$90.9	\$0.0	\$29.2	\$0.0	\$37.6
Net Distributions ⁽¹⁾	\$179.0	\$250.0	\$78.0	\$0.0	\$14.6	\$0.0	\$36.6
Gross MOIC	3.4x	2.7x	1.9x	1.9x	3.0x	2.4x	1.3x
Gross IRR	29.9%	36.3%	25.5%	52.6%	36.3%	79.1%	30.2%
Net MOIC	2.9x	2.1x	1.6x	1.5x	2.5x	2.3x	1.2x
Net IRR	21.8%	25.2%	16.8%	32.0%	31.0%	63.1%	17.2%
DPI	1.5x	1.0x	0.3x	0.0x	0.4x	0.0x	0.5x

(1) Excludes recalled distributions and carried interest

Summary of Fund Terms

The Partnership	Level Equity Growth Partners V, L.P.	Level Equity Opportunities Fund 2021, L.P.
Committed Capital Target	\$650 million	\$250 million
Minimum Commitment	\$5 million, subject to waiver	\$2 million, subject to waiver
Commitment Period	6 years	6 years
Term	10 years; 3 one-year extensions	10 years; 3 one-year extensions
Diversification Limitation	20%	33%
Preferred Return	8%	8%
Carried Interest	20%	15%, or 20% if a return hurdle of a 20% IRR to LPs is met
GP Clawback	Yes	Yes
Management Fee	2.5% of capital commitments during the Commitment Period; thereafter, 2.0% of invested capital	1.0% of invested capital

Disclaimer

This document is being furnished to Employees' Retirement System of Rhode Island to provide summary information regarding funds or vehicles managed by Level Equity Management, LLC ("Level Equity") and their underlying investments.

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Financial performance data for funds, investment vehicles, and portfolio companies should be assumed to be unaudited unless specifically identified as audited. All performance data for funds, investment vehicles, and portfolio companies is presented as of 3/31/21 (the most recent quarterly reporting period) and is unaudited, preliminary, subject to change, and may be based on good faith estimates by Level Equity or its portfolio companies.

Fund-level gross returns presented are based on investment-related cashflows to limited partners and current fair market value adjusted for uncalled/undistributed cash; these returns include the benefit of the use of a capital call line, if applicable, but do not include fees, expenses, or carried interest which will be substantial in the aggregate and materially reduce returns to investors. Net returns are calculated on the basis of non-affiliated limited partners cash flows and partners' capital, and include the impact of fees, expenses, and carried interest (including estimated unrealized carried interest as of 3/31/21).

Gross return multiples are calculated as investment proceeds and current fair value as a multiple of investments into portfolio companies. Net multiples are calculated as distributions to non-affiliated limited partners excluding recycled distributions and non-affiliated limited partner capital account balance as a multiple of capital contributions excluding recycled distributions. Aggregate deployment and liquidity figures include all funds managed by Level Equity.

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