



Eureka IV, L.P.
Presentation Materials for Retirement Board of
Employees' Retirement System of Rhode Island

May 29, 2019

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Executive Summary

Eureka is a value-oriented small buyout firm building niche-market leaders in partnership with proven managers

<p>Experienced, Cohesive Team</p>	<ul style="list-style-type: none"> • Partners together for 12 years and averaging 15 years with Eureka • Combine extensive financial and consulting experience
<p>Proven Strategy Focused on Lower Middle Market</p>	<ul style="list-style-type: none"> • Focus on high-potential companies with up to \$100 million of revenue in four targeted sectors • Provide first institutional capital in true partnership with management teams that are “net buyers” in transactions bringing greater ownership to key operators • Leverage expertise in completing carve-outs of non-core divisions from both publicly-traded and privately-held corporate parents to unlock dormant growth opportunities • Source deals outside of competitive auctions from deep relationships, leading to lower purchase price multiples
<p>Driving Portfolio Value by Professionalizing the Business</p>	<ul style="list-style-type: none"> • Drive growth and performance through strategic and operating initiatives • Enhance management team to deepen bench and lead functional objectives • Identify and complete strategic add-on acquisitions to build scale and expand capabilities
<p>Strong Track Record Across Vintages and Economic Cycles</p>	<ul style="list-style-type: none"> • Completed six platform deals in Fund III; distributed 98% of contributed capital from two exits and two dividend recaps; generated 5.3x gross MOIC and 82.7% gross IRR on realized investments • Returned 94% of Fund II’s contributed capital with 4 of 11 assets remaining • Fully realized Fund I with net DPI of 1.72x

Overview

➤ Eureka Equity Partners

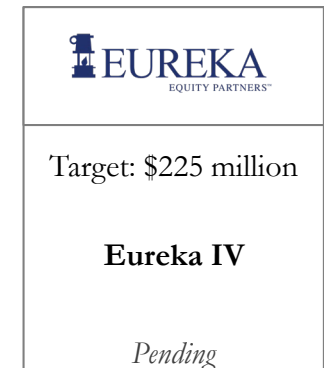
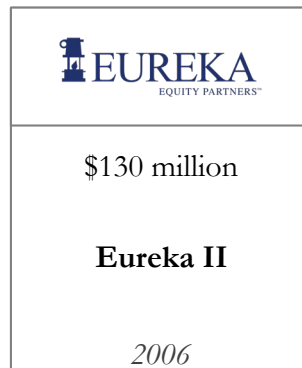
- Value-oriented small buyout firm
- Founded in 2004 by Chris Hanssens
- Headquartered in Philadelphia, PA with 10 professionals (11th starting in July 2019)

➤ Consistent strategy

- Focus on control U.S. lower middle market transactions
- Become first institutional capital partner with strong management teams
- Drive value through active ownership focused on building management team, defining business strategy and improving operations

➤ Successfully invested three prior funds

- Invested approximately \$280 million across 33 portfolio companies
- To date, fund-level gross realized proceeds of 218%, 112%, and 129% of invested capital from Funds I, II, and III, respectively

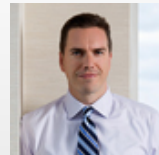


Strong Continuity and Prior Connections Across Team

Partners



Chris Hanssens
 Managing Partner
19 Years with Eureka
 Berwind Financial Group
 Andersen Consulting
MBA: The Wharton School
BS: Villanova University



Chris Miller
 Partner
14 Years with Eureka
 L.E.K. Consulting
 Berwind Financial Group
MBA: The Wharton School
AB: Princeton University



Jonathan Chou
 Partner
12 Years with Eureka
 L.E.K. Consulting
 Value Asset Management
MBA: The Wharton School
BA: Columbia University

Investment Professionals



Tassie Oswald
 Principal
9 Years with Eureka
 Goldman Sachs
 Eureka (Summer Intern)
MBA: The Wharton School
BA: the University of Virginia



Lisa Millhauser
 Vice President
5 Years with Eureka
 TA Associates
 Goldman Sachs
MBA: The Wharton School
BA: Harvard College



Dan Black
 Senior Associate
2 Years with Eureka
 Bessemer Securities
 Metalmark Capital
BA: University of Pennsylvania



Colin Baker
 Analyst
2 Years with Eureka
 Fifth Third Securities
MS: Duke University
BS: Penn State University

Business Development



T.J. Haas
 Managing Director of Business Development
4 Years with Eureka
 Fesnak, LLP
 Berwind Financial Group
MBA: University of Notre Dame
BS: Cornell University

Operations



Mike Foran
 CFO & Chief Compliance Officer
15 Years with Eureka
 Berwind Corporation
 Asher & Company
BS: LaSalle University



Rachelle Sellers
 Office Manager
2018 Hire
 BlueLine Associates
Educated in the Netherlands

Demonstrated Performance Through Multiple Cycles

Summary Performance (\$ in MM, as of March 31, 2019)

	Vintage Year	No. of Investments	Capital Invested	Realized Proceeds	Unrealized Value ⁽¹⁾	Total Value	Gross MOIC ⁽²⁾	Gross IRR ⁽²⁾	Net TVPI ⁽³⁾	Net IRR ⁽³⁾
Eureka I	1999	16	\$74.1	\$161.2	-	\$161.2	2.2x	26.4%	1.7x	15.3%
Eureka II	2006	11	119.7	133.6	47.0	180.6	1.5x	8.8%	1.3x	5.0%
Eureka III	2012	6	87.4	113.2	120.9	234.1	2.7x	64.7%	1.9x	42.3%
Total		33	\$281.2	\$408.0	\$167.9	\$575.9				

Realized and Partially Realized Investments⁽⁴⁾

	No. of Investments	Gross MOIC	Gross IRR
Eureka I	16	2.2x	26.4%
Eureka II	8	1.9x	13.3%
Eureka III	2	5.3x	82.7%

Highlights

- Completed 21 add-on acquisitions
- Recruited 27 C-suite level professionals
- Average purchase price multiple: 4.9x (Eureka II) and 4.5x (Eureka III)⁽⁵⁾
- Average debt to EBITDA: 2.9x (Eureka II) and 2.0x (Eureka III)⁽⁶⁾

Source: Past performance is not indicative of future results. No assurance can be given that Eureka IV's investment objective will be achieved or that an investor will receive a return of all or any part of such investor's investment. Investment results may vary significantly over any given time period. The information is shown for illustrative purposes only. The performance represents unaudited performance. Please refer to page 1 for disclosures.

⁽¹⁾ Unrealized values are March 31, 2019 balance sheet values, as determined by the General Partner in accordance with FASB ASC 820, based on publicly-traded comparable company multiple analyses, discounted cash flow analyses and available comparable transaction multiple data.

⁽²⁾ Gross MOIC (multiple of invested capital) and IRRs are before deductions for management fees, expenses and carried interest.

⁽³⁾ Net TVPI and IRR to Limited Partners as of March 31, 2019 reflects paid management fees, expenses and carried interest paid or allocated to the General Partner.

⁽⁴⁾ Partially Realized Investments defined as active portfolio company investments that have returned at least 100% of fund's aggregate investment to date.

⁽⁵⁾ Eureka II average for 9 platforms valued as a multiple of EBITDA. Eureka III average for six platforms closed to date.

⁽⁶⁾ Eureka II average of 7 platforms with long-term debt at close. Eureka III average for five platforms with long-term debt at close.

Consistent Investment Strategy Focused on Small Companies

Portfolio Construction

- Approximately 8 to 10 investments
- Typical initial equity per investment of \$10 to \$25 million
- Targeted sectors: business and healthcare services, consumer, and specialty manufacturing
- Typically control investments

Typical Company Characteristics

- Revenue of \$10 to \$100 million
- Niche-market leaders, primarily located in the eastern U.S.
- Well-positioned in a growing addressable market
- Underutilized assets through which exceptional value can be realized



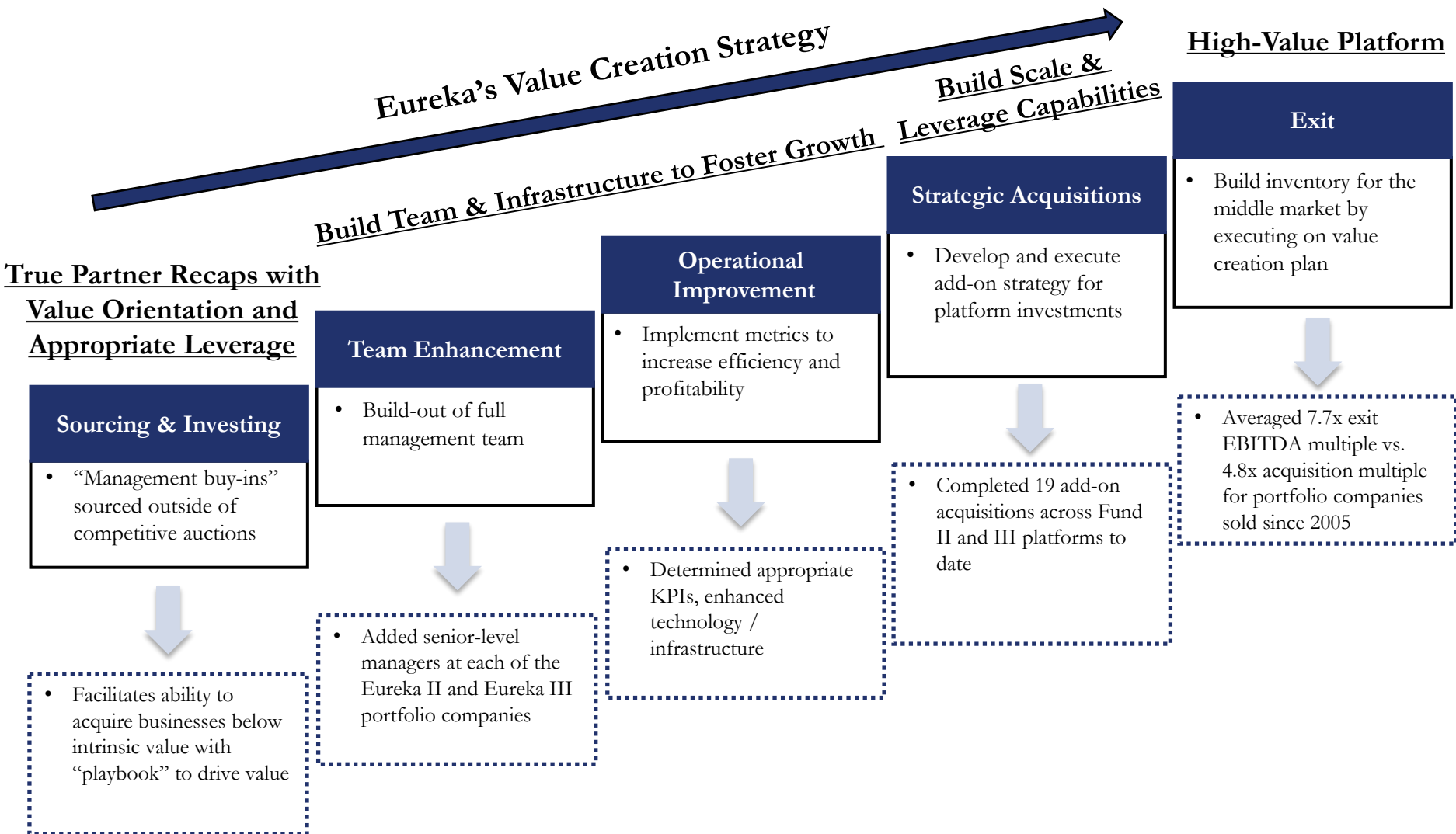
Value Creation

- Human capital – professionalize management
- Strategic – define long-term strategy implementation plan and exit timing and approach
- Operational – performance improvement
- M&A – add-on acquisitions

Strategic Transaction Themes

- First institutional capital
- Transition of ownership to key managers
- Corporate carve-outs from public or private parents
- Reasonable leverage

Consistent Execution of Defined Strategy Builds Value



Eureka III Investment | Leading higher education publishing business focused on the U.S. law school market

Background

- Introduced through co-investors directly to development officer of large public information company seeking to divest non-core publishing assets after learning initial sale process was terminated
- Partnered with current management of division and leveraged Eureka's extensive industry resources

Value Enhancement / Strategic Initiatives

- Expanded team of 50 coming from corporate parent at acquisition to 81, including new CFO and CTO
- Restructured and refocused sales organization to drive higher-value digital product sales and reduce costs from legacy comp copy promotional efforts
- Ignited dormant digital product development efforts including digital assessment product, more robust subscription-based study aids and interactive digital casebooks
- Leveraged dominance of brand in legal studies to introduce products for undergraduate legal studies market
- Increased law schools under contract for digital study aid subscriptions from 28 to 94
- Launched digital assessment tool, realizing 70% growth in year-over-year classroom adoptions

Investment Thesis

- Compelling negotiated purchase price for industry leader with sustainable competitive advantage and senior management remaining with company due to potential complexities of corporate carve-out
- Recurring revenue, high margin business with strong free cash flow to support near-term dividend recapitalization opportunities
- Legal content market represented nascent market for digital product offerings to bring more value and recapture share from secondary market
- Potential to build-out infrastructure and stand-alone operations to drive multiple expansion

Results / Progress

- **Sold in December 2018**

Eureka III Investment | Leading provider of healthcare professional interaction management services

Background

- Sourced directly from holding company's lender introducing Eureka as solution to carve out business in partnership with minority shareholder operating business
- Negotiated transaction with controlling shareholder with support of CEO and ongoing operating team

Value Enhancement / Strategic Initiatives

- Recruited new CFO and supported carve-out from parent holding company, including selection and implementation of ERP system and transfer of benefits plans
- Completed build-out of management team with VP of Information Technology and Director of Human Resources
- Significantly improved working capital position through superior cash management, vendor payment program and renegotiated client payment terms where possible
- Expanded outbound sales and marketing effort with recruitment of dedicated Director of Business Development and focus on inside sales efforts
- Completed directly-sourced add-on acquisition of provider of scientific content

Investment Thesis

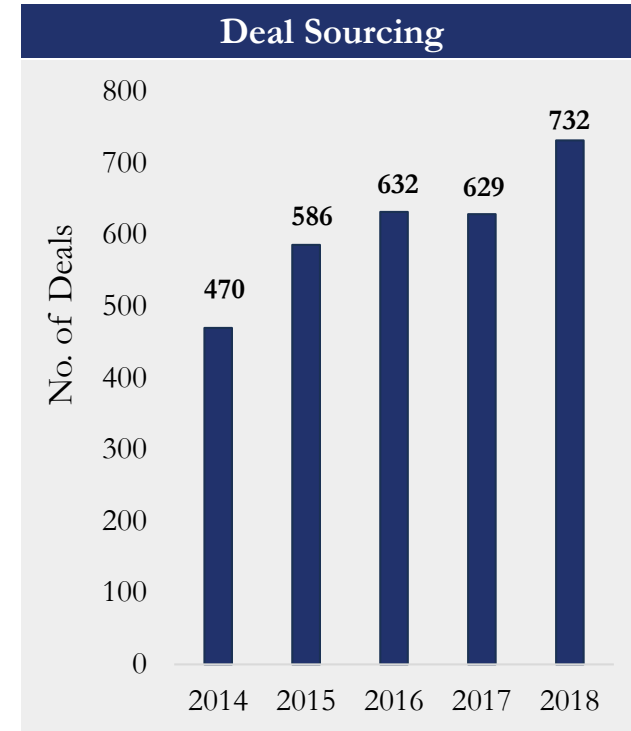
- Proprietary deal for an industry leader with experienced and invested management team
- Strong margins with minimal capex and “sticky” recurring revenue
- Strong value proposition for blue-chip customers representing longstanding relationships
- Compelling opportunity post carve-out to expand business development effort to accelerate historic revenue growth
- Attractive potential add-ons of several smaller players with limited brand exposure

Results / Progress

- **Distributed 67% of initial invested capital as a result of strong EBITDA and cash flow growth**
- **Forecasting revenue and EBITDA growth of 66% and 68%, respectively in 2019 compared to prior year.**

Targeted Business Development Effort Drives Strong, Exclusive Deal Flow

- **Drive deep relationships with regional focus and experience**
- **Developed a reputation as “go to” firm for successful operating teams with small market platform opportunities**
- **Generate programmatic deal flow from dedicated Managing Director of Business Development**
- **Target more complicated transactions that “thin the herd”**
 - Corporate carve-outs of orphaned divisions difficult to separate from connected tissue
 - Identify and overcome operational issues based on past experience
 - Avoid traditional auction processes
- **Leverage extensive network of non-traditional deal sources**
 - Lawyers and Accountants
 - Wealth Management Professionals
 - Small Business Owners and Operators
 - Management and Industry Consultants
 - Insurance and Business Brokers



Meaningful Competitive Advantage

Eureka's consistent focus, dedication and track record provide a competitive advantage over new entrants to the small deal market as many other successful funds transition

- **Strong team continuity with partners investing together for more than a decade**
- **Database of “low-profile” deal sources with limited overlap with traditional middle market sources**
- **Ability to demonstrate sensitivity to owners'/operators' issues given their lack of familiarity with and skepticism of private equity capital**
- **Experience and capability to manage perceived risks at smaller companies to capitalize on opportunities to realize dormant intrinsic value**
- **Proven track record in providing strategic direction and driving operational improvements to increase value for management partners**

Summary of Terms

The following information is presented as a summary of certain Fund IV key terms only and is qualified in its entirety by reference to the more comprehensive Summary of Principal Terms in the Confidential Private Placement Memorandum and Limited Partnership Agreement as amended from time to time.

Target Fund Size	\$225 million
GP Commitment	\$5 million
Investment Period	5 years from final close
Term	10 years with two 1-year extensions
Management Fee	2.0% on committed capital during the Investment Period; 2.0% on invested capital after the Investment Period
Management Fee Offset	100% offset for all fee income above \$1 million per annum
Preferred Return	8%
Carried Interest	20%

Appendix

- **Biographies**
- **Additional Eureka III Investment Profiles**

Biographies

Christopher Hanssens – Managing Partner

Chris is Managing Partner and co-founder of Eureka Equity Partners (Eureka). He is responsible for overall management of the firm, in addition to transaction sourcing, structuring and negotiation, portfolio company management, and limited partner relations. Chris also chairs Eureka's Investment Committee and serves on its Valuation Committee. He joined Eureka's predecessor general partner in 2000 and co-founded Eureka in 2004 to continue to manage Eureka's family-office-sponsored first fund as an independent private equity firm, growing raised capital to nearly \$400 million today. Prior to Eureka, Chris worked for Murray, Devine & Co., and with Andersen Consulting (now Accenture) as a management consultant, where he focused on systems integration and business process re-engineering engagements. He received an MBA from the Wharton School of the University of Pennsylvania and a BS in Accounting from Villanova University. Chris is a former member of the Board of Directors of the Association for Corporate Growth (ACG), Philadelphia Chapter. He is also a Chartered Financial Analyst.

Christian Miller – Partner

Chris is a Partner and joined Eureka in 2005. He is responsible for transaction sourcing, evaluation and negotiation, managing senior and subordinated debt lender relationships, and working with portfolio company management teams on strategic initiatives. Chris also serves on Eureka's Investment and Valuation Committees. Prior to joining Eureka, he was a Consultant with L.E.K. Consulting, where he supported public and private companies in developing acquisition strategies and managed M&A due diligence teams for private equity clients across a host of industries. Prior to L.E.K., Chris worked as an Investment Banking Associate with Berwind Financial Group and as a Strategy and Operations Consultant with Accenture. He received an MBA from the Wharton School of the University of Pennsylvania and an AB in Economics from Princeton University.

Jonathan Chou – Partner

Jonathan is a Partner and joined Eureka in 2007. He is responsible for transaction sourcing, evaluation and negotiation, managing senior and subordinated debt lender relationships, and working with portfolio company management teams on strategic initiatives. Jonathan also serves on Eureka's Investment Committee. Prior to joining Eureka, he was an Engagement Manager at L.E.K. Consulting. While at L.E.K., Jonathan managed over 20 strategy consulting engagements and 15 private equity due diligence transactions as part of L.E.K.'s M&A and Strategy Consulting practices. Prior to L.E.K., he executed acquisitions of investment management firms as an Associate with Value Asset Management and worked as a Financial Analyst in the investment banking division of BT Alex Brown. Jonathan received an MBA from the Wharton School of the University of Pennsylvania and a BA in Economics from Columbia University.

Biographies (cont'd)

Alexandra (Tassie) Oswald – Principal

Tassie is a Principal and joined Eureka in 2009. She is responsible for sourcing and evaluating new investment opportunities, due diligence, working with Eureka's senior and subordinated debt lender relationships, and working with portfolio company financial officers on corporate finance matters. Prior to joining Eureka, Tassie was an Analyst in the investment banking division of Goldman, Sachs & Co. She received an MBA from the Wharton School of the University of Pennsylvania and a BA in Economics and Foreign Affairs from the University of Virginia.

Lisa Millhauser – Vice President

Lisa is a Vice President and joined Eureka in 2014. She is responsible for sourcing and evaluating new investment opportunities, due diligence, working with Eureka's senior and subordinated debt lender relationships and working with portfolio company financial officers on corporate finance matters. Prior to joining Eureka, Lisa was a Vice President at TA Associates, where she sourced, evaluated and drove the execution of minority and control private equity investments in high growth private companies across a variety of industries. Prior to TA Associates, she worked in strategy and financial planning and analysis at Apple, Inc and evaluated and assisted in executing private equity and distressed investments as an Associate at Centerbridge Partners. Lisa also worked as an Analyst in the investment banking division of Goldman, Sachs & Co. She received an MBA from the Wharton School of the University of Pennsylvania and a BA in Social Studies from Harvard College.

Daniel Black – Senior Associate

Dan is a Senior Associate and joined Eureka in 2017. He is responsible for sourcing and evaluating new investment opportunities, due diligence and working with Eureka's senior and subordinated debt lender relationships. Prior to joining Eureka, Dan was an Associate Vice President at Bessemer Securities, where he evaluated, executed and monitored investments in private equity, real estate, public equity and specialty yield situations across a variety of industries. Prior to Bessemer, he worked as an Associate at Metalmark Capital where he focused on buyout and growth investments in the business services, industrials, healthcare and energy industries. Prior to Metalmark, Dan worked as an Analyst in the M&A group at Greenhill & Company. He received a BA in Economics from the University of Pennsylvania.

Colin Baker – Analyst

Colin is an Analyst and joined Eureka in 2017. He is responsible for evaluating new investment opportunities, due diligence, and supporting Eureka's deal teams and portfolio company management teams. Prior to joining Eureka, Colin worked as an Analyst at Fifth Third Securities, a middle-market investment banking firm focused on M&A advisory services, where he provided sector research, process execution, and financial analysis to assist management teams and senior bankers throughout the M&A process. He received an MS in Management Studies from Duke University's Fuqua School of Business and a BS in Economics from the Pennsylvania State University.

Biographies (cont'd)

Michael Foran – CFO and Chief Compliance Officer

Mike is CFO and Chief Compliance Officer and joined Eureka at its inception in 2004. He is responsible for all of the firm's financial administration, including budgeting, cash management and forecasting as well as all financial reporting to the firm's limited partners. Mike also chairs Eureka's Valuation Committee. As Chief Compliance Officer, he is responsible for monitoring and managing compliance with all federal, state and related securities regulations. Prior to joining Eureka, Mike was manager of financial reporting and analysis for Berwind Corporation, managing the financial reporting for a portfolio of operating companies representing several billion dollars in enterprise value. He also provided support to the corporate development group on acquisitions and divestitures and to the treasury department on financing transactions. Previously, Mike was a public accountant with Asher & Company, where he worked primarily with private equity funds and real estate investment partnerships. He received a BS in Accounting and Finance from LaSalle University and is a Certified Public Accountant.

T.J. Haas – Managing Director of Business Development

T.J. is Managing Director of Business Development and joined Eureka in 2015. He leads the firm's sourcing and origination activities and has over 15 years of middle market M&A experience working as an investment banker, principal investor and origination professional, completing transactions across a variety of industries. Prior to joining Eureka, T.J. was Director-in-Charge of Transaction Advisory Services at Fesnak, LLP, a leading regional accounting firm, providing financial due diligence services to middle market buyers and sellers. Prior to Fesnak, he provided outsourced sourcing and origination services to the private equity community with Private Capital Research LLC. Prior to PCR, T.J. was Director of Acquisitions for Alliance Holdings, Inc., an employee-owned holding company investing in a diversified portfolio of operating companies, where he was responsible for sourcing and originating potential acquisition candidates, executing transactions, and was a member of the holding company investment committee. Other previous experience includes the Special Situations Group at National City Investment Banking (formerly SSG Capital Advisors) where he worked on over 40 transactions, including mergers and acquisitions, Plans of Reorganization, corporate divestitures, financial restructurings, and the private placement of senior debt, subordinated debt and equity; and Berwind Financial, L.P., a regional middle market investment banking firm. T.J. received an MBA from the University of Notre Dame's Mendoza College of Business and a BS from Cornell University's School of Hotel Administration.

Rachelle Sellers – Office Manager

Rachelle is Office Manager and joined Eureka in 2018. She is responsible for overseeing all of Eureka's administrative functions, including human resources and office management, as well as supporting Eureka's senior team members. Prior to joining Eureka, Rachelle was the Assistant to the Mayor of the West Chester Borough, in which she managed the daily operations of the Mayor's office and served as the primary liaison between government officials and constituents. Previously, she was the Executive Assistant to the Managing Partner of BlueLine Associates, a global professional services firm. Rachelle was educated in the Netherlands, with a degree in Office Management, and is fluent in four languages.

Eureka III Investment | Global design and sourcing resource for home accent and gift products

Background

- Sourced from investment banking relationship that had shown Eureka assets in related consumer products category
- Eureka provided unique structure to reduce founder’s ownership and increase key manager’s ownership to benefit from growth opportunities

Value Enhancement / Strategic Initiatives

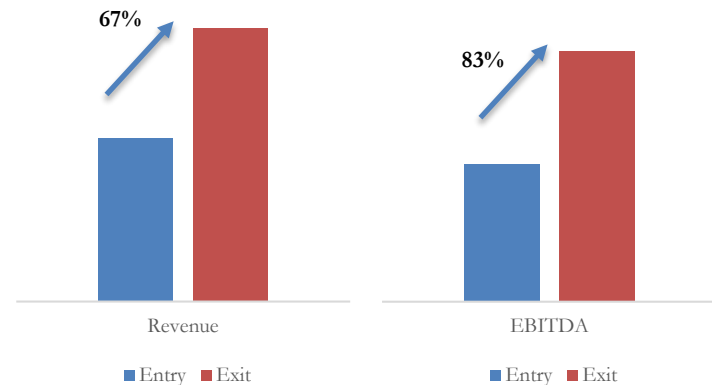
- Significant team enhancements with addition of 6 new senior team members, including CFO
- Collaborated with management team to identify strategic new product categories and distribution channel expansion as focus for M&A activity
- Sourced and closed acquisition of leading, Denmark-based European brand
- Developed plan for product launch of European brand in the U.S. market

Investment Thesis

- Leader in home accent category for independent retailers that rely on the company as critical source for well-designed, quality products
- Attractive industry dynamics in large addressable market and minimal design risk
- Captive Asian sourcing operations, including relationships with over 200 manufacturers, resulting in scalable, asset-light business model
- Identifiable growth opportunities through product line expansion, increased international sales and deep pool of acquisition targets

Results / Progress

- Sold in October 2015



Eureka III Investment | Provider of outsourced, value-added specialty packaging solutions

Background

- Sourced from investment banking relationship looking for management's partner in carve-out from parent company controlled by uninvolved majority shareholder
- Eureka's proposal supported by CEO interested in Eureka's experience building infrastructure in carve-outs and expanding off-shore operations

Value Enhancement / Strategic Initiatives

- Identified CFO pre-close to provide support for carve-out, including selection of new headquarters, ERP and finance system, insurance program and employee benefits and compensation plans
- Expanded sales organization to leverage design flexibility across new consumer product segments
- Completed add-on acquisition to provide a physical presence in China and opportunity to meaningfully improve gross margins
- Completed 2 additional add-on acquisitions to bolster focus on health & beauty packaging

Investment Thesis

- Rapidly-growing, highly scalable business with differentiated design and production business model in large and expanding industry
- Strong, experienced operating team making significant investment in carve-out transaction
- Diversified and global vendor partnerships provide reliable, low-cost manufacturing not limited by materials or production methods
- Significant growth opportunities, including increased penetration of existing customers, new customer verticals and add-on acquisitions

Results / Progress

- **Distributed 82% of initial invested capital as a result of strong growth and performance**
- **Strong organic growth and synergistic acquisitions driving forecasted 2019 growth in revenue and EBITDA of 43% and 66%, respectively**

Eureka III Investment | Leading provider of outsourced exterior facilities management services

Background

- Sourced directly through introduction to founding shareholders
- Sale necessitated by lender's rejection of restructuring plan from majority owner
- Eureka's strong reputation with lender facilitated selection of Eureka as solution

Value Enhancement / Strategic Initiatives

- Recruited new CEO with direct industry expertise and 17 years of experience as President of \$1 billion+ distributed services business unit
- Hired National Sales Director
- Developed first true sales strategy and incentive plans for roll-out to sales organization
- Recruited new CFO to lead implementation of new cloud-based ERP and field technology solutions
- Rationalized historical accounts improving margins and driving operational efficiencies
- Evaluating strong pipeline of strategic acquisitions to expand branch capabilities in most attractive geographies and increase density within footprint of existing branch network
- Completed first tuck-in acquisition to expand service footprint

Investment Thesis

- Large, fragmented exterior facilities management services industry with increased reliance of large customers on outsourced solution
- Historically profitable platform with identified solutions to pre-close challenges to significantly improve financial performance
- Scalable business model with strong network of contract service providers
- Significant pipeline of untapped new business opportunities as company's business development function rebuilt

Results / Progress

- **Successfully exited legacy commodity-service contracts increasing prospective service margins**
- **In active dialogue with three prospective add-on acquisitions to expand geographic footprint of branch network and increase services offered**

Eureka III Investment | Global provider of damage prevention solutions

Background

- Sourced from regional investment bank representing founder and sole owner who had transitioned day-to-day operating responsibilities to senior management team
- Gained support for deal from senior management given Eureka's portfolio experience with targets's customer segment and international expansion, and proposed capital structure

Value Enhancement / Strategic Initiatives

- Established key metrics and goals for newly-established profit improvement team focused on product pricing and gross margins
- Increased resources dedicated to key account teams to capitalize on new opportunities within existing customer base
- Developed go-to-market strategy for launch of new rated bollard product
- Established new financial reporting protocols related to international accounting oversight and coordination
- Recruited C-Suite talent and support to financial function
- Streamlined international operations providing faster response to market opportunities
- Profit improvement efforts funding portion of investment in growth initiatives

Investment Thesis

- Market leader within niche damage prevention product industry
- Strong product development history with broad product line and significant patented product portfolio
- Design flexibility and scalability without significant capital investment with outsourced manufacturing model
- Strong, experienced management team with first opportunity for equity ownership and equity partner to support growth initiatives

Results / Progress

- **U.S. material handling product sales up 87% in 2018 compared to 2017**
- **Newly-developed and launched rated bollard product generated initial verbal order from single customer estimated at \$16 million over three to four years**