



# Management Presentation

*For use by the State of Rhode Island  
Investment Commission Only*

*Updated As Of:*  
**October 2019**

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This presentation contains forward-looking statements, including information about portfolio companies, which can be identified by the use of terms such as “may”, “will”, “should”, “expect”, “anticipate”, “project”, “estimate”, “intend”, “continue”, or “believe” (or the negatives thereof) or other variations thereof. Due to various risks and uncertainties, actual events, results or performance may differ materially from those reflected or contemplated in such forward-looking statements. These statements are based on a set of assumptions that may change over time or may prove to be incorrect, and there is no guarantee that the conditions on which such assumptions are based will materialize as anticipated or will be applicable to the Fund’s portfolio companies.

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# Disclaimer (Cont'd)

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Internal Rate of Return (“IRR”) is calculated based on monthly capital inflows and outflows from portfolio companies. The gross IRRs shown are calculated before fund expenses, management fees and carried interest, if any. Other than for Fund I, the net IRRs shown are calculated after fund expenses, management fees and carried interest, if any. Net IRR calculations for Fund I are hypothetical and not an actual net IRR since Fund I did not employ a traditional private equity structure. The assumptions for this Fund I net IRR calculation include a 2% management fee and 20% carried interest, but do not include fund-level expenses. Supporting data used in the net IRR calculations presented herein, are available upon request.

IRRs for unrealized investments and realized investments with remaining interest have been calculated by assuming that the remaining interest has been sold as of June 30, 2019 at the unrealized fair value as determined by the General Partner of the Fund. There can be no assurance that unrealized investments will ultimately be realized for such value. The actual realized returns will depend on, among other factors, future operating results, the value of assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the valuations contained herein are based.

The fund returns are presented at the fund level. The returns received by individual investors may differ from the returns presented due to a number of factors.

Certain assumptions have been made in calculating the return information and preparing the other information set forth in this document. While made in good faith, there can be no assurance that such assumptions will prove correct or will be applicable to a Fund’s actual investments.

# Executive Summary

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- Odyssey Investment Partners (“Odyssey”) has been investing in middle market companies for over 25 years and has managed over \$5.0 billion of capital commitments across 5 funds
- Odyssey targets control investments in middle market companies with a focus on the industrial and business services sectors
- **Long-term investment strategy centered around two growth-focused core concepts:**
  - Thematic Approach: Identify attractive market trends in order to proactively target specific industries
  - Operational Roadmap: Specific value creation strategy for each portfolio company to transform businesses into high growth market leaders
    - Organic growth initiatives
    - Management enhancement
    - Operational excellence
    - Acquisition strategy
- **Distinct Odyssey approach and culture**
  - Active Ownership: Strategic business partners to management teams with alignment of strategic and financial goals
  - Talent Development: Team-based apprenticeship model focused on internal development and career progression → 17 out of 19 senior investment professionals started out as Associates at Odyssey
- **Market leading historical returns across multiple funds over 25 years**
  - 3.8x gross return on realized investments; 3.6x<sup>(1)</sup> gross return on all realized and unrealized investments<sup>(2)</sup>
  - 50.4% gross IRR and 33.9%<sup>(1)</sup> net IRR on all realized and unrealized investments<sup>(2)</sup>

(1) Excludes Fund V investments given average age of portfolio (26 months); including Fund V investments, gross multiple is 2.7x and net IRR is 33.7%.

(2) Past performance is not indicative of future results and unrealized investments may not be realized at current valuations. Gross multiples do not reflect the impact of, among other things, management fees, carried interest and other expenses, all of which meaningfully reduce returns to investors. See the Disclaimer at the beginning of this presentation for important information about investment performance. Net multiples are not calculable on a deal by deal basis.

# Odyssey Overview

## Key Odyssey Strengths...

Experienced Team

Culture of Candor & Transparency

Thematic Approach → Differentiated Sourcing

Deep Sector Expertise

Roadmap for Business Transformation

Buy and Build Track Record

Active Ownership → Strategic Partners

## ... Lead to Strong Outcomes ...

### Investments

### Talent Development

#### Sourcing

- Broad and deep OIP network
- Diligence insights
- Preferred partner to management

#### Ownership

- Accelerated growth
- Enhanced processes & systems
- Margin expansion

#### Exit

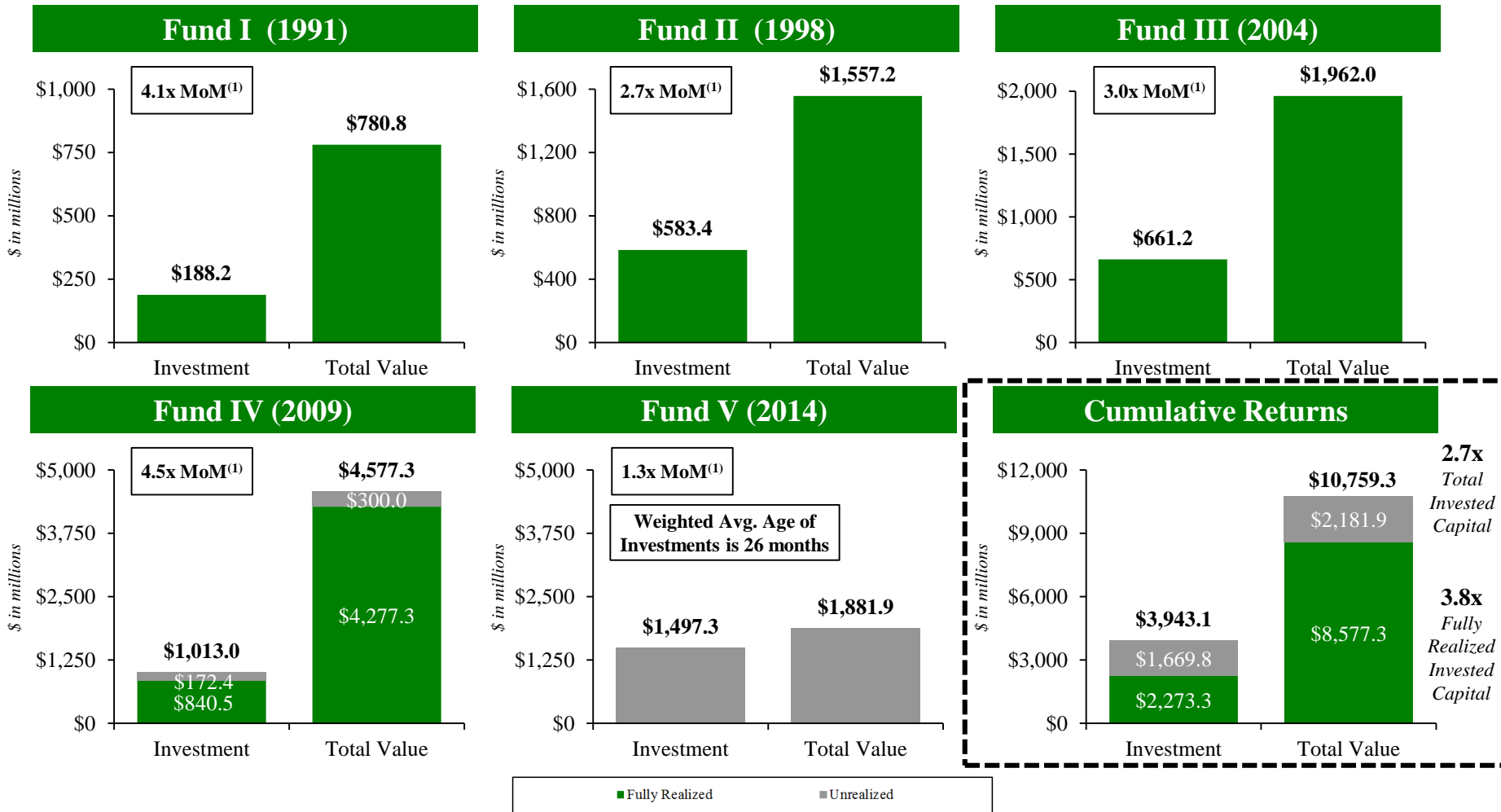
- Businesses built to last
- Premium multiples

#### Apprenticeship Model

- Attract
- Develop
- Retain

# Investment Performance Summary

**Generated 3.8x MoM on realized investments, generating over \$6.0 billion of value creation**



Note: As of June 30, 2019. As used herein, "Fund I" means the private equity investing activities of Odyssey Partners, L.P.; "Fund II" means Odyssey Investment Partners Fund, LP; "Fund III" means Odyssey Investment Partners Fund III, LP; and "Fund IV" means Odyssey Investment Partners Fund IV, LP. Past performance should not be relied upon as an indication of future results. There can be no assurance that investments will be realized at the valuations shown. See the Disclaimer for additional information.

(1) MoM represents total fund gross multiple of investment excluding fees and expenses; i.e. calculated as gross dollars received at exit divided by dollars invested in business

# Investment Performance Summary (Cont'd.)<sup>(1)</sup>



(\$ in millions)	Fund I <sup>(2)</sup>	Fund II	Fund III	Fund IV <sup>(4)</sup>	Fund V <sup>(4)</sup>
<b>Vintage Year</b>	1991	1998	2004	2009	2014
<b>Fund Size</b>	\$188	\$760	\$750	\$1,500	\$2,000 <sup>(3)</sup>
<b>Invested Capital</b>					
Realized	188.2	583.4	661.2	840.5	–
Unrealized	–	–	–	172.4	1,497.3
<b>Total Invested Capital</b>	<b>\$188.2</b>	<b>\$583.4</b>	<b>\$661.2</b>	<b>\$1,013.0</b>	<b>\$1,497.3</b>
<b>Total Proceeds / Value</b>					
Realized	780.8	1,557.2	1,962.0	4,277.3	–
Unrealized	–	–	–	300.0	1,881.9
<b>Total Proceeds / Value</b>	<b>\$780.8</b>	<b>\$1,557.2</b>	<b>\$1,962.0</b>	<b>\$4,577.3</b>	<b>\$1,881.9</b>
<b>Realized Investments</b>					
Gross Mult of Investment	4.1x	2.7x	3.0x	5.1x	N/A
Gross IRR	57.4%	21.5%	36.1%	50.5%	N/A
<b>Total Fund</b>					
Gross Mult. of Investment	4.1x	2.7x	3.0x	4.5x	1.3x
Net Mult. of Total Cost	3.2x	2.0x	2.3x	3.1x	1.1x
Gross IRR	57.4%	21.5%	36.1%	47.1%	11.5%
Net IRR	45.0%	14.6%	23.9%	33.2%	3.3%

Note: As used herein, “Fund I” means the private equity investing activities of Odyssey Partners, L.P.; “Fund II” means Odyssey Investment Partners Fund, LP; “Fund III” means Odyssey Investment Partners Fund III, LP; “Fund IV” means Odyssey Investment Partners Fund IV, LP; and “Fund V” means Odyssey Investment Partners Fund V, LP.

(1) As of June 30, 2019. Please see the Disclaimer at the beginning of this presentation for important information regarding the calculation of IRRs. Unrealized investments are valued at fair value as determined in good faith by the applicable general partner as of June 30, 2019 in accordance with FAS 157 and Odyssey’s valuation policy. Fund V investments in Aramsco and Barcodes, which have been held less than one year as of June 30, 2019, are held at cost. Past performance should not be relied upon as an indication of future results. There can be no assurance that investments will be realized at the valuations shown. Gross figures do not reflect the impact of, among other things, management fees, carried interest and other expenses.

(2) Fund I did not have a traditional private equity fund structure and therefore did not have a first and final closing, pool of committed capital, or bear management fees, carried interest, or fund level expenses. Net figures for Fund I assume a 2% management fee and 20% carried interest, but not fund level expenses.

(3) Excludes GP commitments of \$69 million

(4) Funds IV and V provided guarantees to financings for certain portfolio companies, none of which were called. Odyssey believes these guarantees benefitted investors. Any possible benefits of such guarantees is included in the IRRs.

# Experienced, Cohesive Team

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**Odyssey Team has invested successfully for over 25 years through a variety of economic conditions**

- **Broad, experienced team**
  - 30 investment professionals → ~300 years of collective experience at Odyssey
- **Consistent leadership throughout Odyssey’s 25+ year history**
- **Successful apprenticeship model → experienced Odyssey investment team and strong talent pipeline**
  - 17 of 19 senior investment professionals started as Associates at Odyssey
  - Principals and Vice Presidents trained in methods of Active Ownership
  - Track record of “hands on” operational experience and career development / internal promotions → significant advantage in recruiting strong candidates
- **Proven operating platform across two offices for the last 15 years**
- **Investment team supported by experienced professionals across all key functional areas**



# Odyssey Team

<b>Brian Kwait (58)</b> CEO* <i>Joined 1989</i>	<b>Bill Hopkins (56)</b> Vice Chairman* <i>Joined 1994</i>	<b>Steve Berger (80)</b> Chairman* <i>Joined 1993<sup>(1)</sup></i>	<b>Jeff McKibben (48)</b> Sr. Managing Principal* <i>Joined 2000</i>	<b>Craig Staub (48)</b> Sr. Managing Principal* <i>Joined 2003</i>
<b>Robert Aikman (41)</b> Managing Principal* <i>Joined 2002</i>	<b>Dennis Moore (42)</b> Managing Principal* <i>Joined 2003</i>	<b>Jason Cowett (40)</b> Managing Principal <i>Joined 2004</i>	<b>Jonathan Place (38)</b> Managing Principal <i>Joined 2007</i>	<b>Jeffrey Moffett (38)</b> Managing Principal <i>Joined 2011</i>
<b>Wil Bishop (37)</b> Principal <i>Years at Odyssey: 10</i>	<b>Tug Fisher (33)</b> Principal <i>Years at Odyssey: 9</i>	<b>Matt Brown (35)</b> Principal <i>Years at Odyssey: 8</i>	<b>Jonathan Hall (31)</b> Principal <i>Years at Odyssey: 8</i>	
<b>Henry Bendit (30)</b> Vice President <i>Years at Odyssey: 6</i>	<b>Thomas Cutting (30)</b> Vice President <i>Years at Odyssey: 6</i>	<b>Rob Denious (31)</b> Vice President <i>Years at Odyssey: 2</i>	<b>Bill Schwartz (28)</b> Vice President <i>Years at Odyssey: 4</i>	<b>David Napoletan (28)</b> Vice President <i>Years at Odyssey: 4</i>
<b>Doug Hitchner (58)</b> Managing Principal; COO <i>Years at Odyssey: 22</i>	<b>Brian Zaumeyer (47)</b> Managing Principal; Business Development <i>Years at Odyssey: 11</i>	<b>Vivian Hadis (40)</b> GC and CCO <i>Years at Odyssey: 4</i>	<b>Jennifer Rogg (43)</b> Investor Relations <i>Years at Odyssey: 6</i>	<b>Teresa Paggi (49)</b> Controller <i>Years at Odyssey: 17</i>

<b><u>New York:</u></b>	
<i>Managing Principals:</i>	8
<i>Principals / Vice Presidents:</i>	5
<i>Associates:</i>	5
<b>Total:</b>	<u>18</u>

<b><u>Los Angeles:</u></b>	
<i>Managing Principals:</i>	4
<i>Principals / Vice Presidents:</i>	4
<i>Associates:</i>	4
<b>Total:</b>	<u>12</u>

\* Member of Investment Committee  
**Green Outline:** Los Angeles Office

(1) Does not include tenure at Odyssey Partners from 1983 – 1985

# Odyssey Strategy: Disciplined and Consistent

**Odyssey’s investment strategy is based upon the same two principles that we have successfully employed for the last 25+ years**

## Thematic Approach

Invest with a *thematic approach* to identify growing industries and become sector experts

- |                          |                          |
|--------------------------|--------------------------|
| ➤ Secular trends         | ➤ Government regulations |
| ➤ Growth characteristics | ➤ Market dislocations    |
| ➤ Economic changes       |                          |



- “Thematic Approach” employed to proactively target specific industries
  - In-depth research to identify sectors with long-term growth in excess of GDP
  - Attend conferences and tradeshows; meet with consultants, industry experts, customers, suppliers, and management teams
  - Significant time invested learning industry fundamentals before approaching companies of interest

## Operational Roadmap

Business transformation process through an *Operational Roadmap*

- |   |                          |
|---|--------------------------|
| ➤ Organic growth initiatives            | ➤ Operational excellence |
| ➤ Management/Organizational enhancement | ➤ Acquisition strategy   |



- Partner with management teams to develop “Operational Roadmap” → specific value creation strategy for each portfolio company
  - Use our “buy and build” approach to transform businesses into high growth market leaders
  - Metrics established to measure progress

**Odyssey applies a disciplined process and a consistent approach across the investment lifecycle → developing deep sector expertise and the ability to execute a repeatable playbook**

# Thematic Approach: Develop Deep Sector Expertise

Applying the Thematic Approach for 25+ years has led to a depth of experience and expertise in multiple sectors

## Industrial Services <sup>(1)</sup>



## Aerospace / Defense



## Automated Equipment / Industrial Technology



## Insurance Services



## Energy Services <sup>(1)</sup>



## Safety and Testing



## Packaging



## Pharma Outsourcing



## Human Capital Management



## Event Outsourcing



*New Fund V Sectors*

Denotes current portfolio company as of September 2019

(1) Odyssey equipment rental investments have predominantly been in Industrial and Energy Services

# Operational Roadmap: Organic Growth Levers

**Consistent execution of focused, metrics-driven Operational Roadmap to transform businesses**

## Operational Roadmap Initiatives

- **Organic growth initiatives**

- Geographic enhancement
- Strategic pricing
- Go-to-market strategy
- New product development
- Capital investment
- Adjacent market expansion

- **Management enhancement**

- Organization design
- C-Suite upgrading
- New positions

- **Operational excellence**

- Business processes / systems / infrastructure
- Process improvement
- Sustainable cost reduction
- Metrics driven approach

**History of strong organic growth → weighted average organic EBITDA growth rate of the Odyssey portfolio of core investments has exceeded 6%<sup>1</sup>**

*(1) Since 2000, Odyssey has only made investments in core sectors. Reflects core investments only and excludes Montpellier Re, an insurance Company whose value was not measured by EBITDA. Odyssey defines its “Core Sectors” to include investments in the industrial and business services sectors and to exclude telecom and venture investments from Fund I and Fund II. See the Disclaimer for important information regarding returns. (1)Weighted by investments’ initial EBITDA.*

# Operational Roadmap: Add-on Acquisitions

**Add-on acquisitions are an integral part of the Operational Roadmap & help accelerate business transformation**

## Buy and Build Approach

- **Accelerate growth → with strategic guidance and technical support, we believe Odyssey’s involvement is a catalyst for change and gives management confidence to increase the pace of M&A**
- **Focus on strategic acquisitions that we believe will deliver tangible benefits**
  - Market consolidation
  - Broader product / service offering
  - Enhanced capabilities
  - Operational talent
  - Expanded geographic coverage
- **Share diligence and integration capabilities**
  - Leverage a broad network of outside experts to support the team
- **Develop people and processes to institutionalize M&A as an imbedded capability**

**Experienced acquirers → across 39 core sector platform investments<sup>(1)</sup> in Funds I - V, Odyssey has executed nearly 200 add on investments**

(1) Since 2000, Odyssey has only made investments in core sectors. Odyssey defines its “Core Sectors” to include investments in the industrial and business services sectors and to exclude telecom and venture investments from Fund I and Fund II. Includes Montpellier (OIP I), in platform count but does not include EBITDA contribution from this company. Reflects core investments only.

# Operational Roadmap – Investment Case Studies

**Repeatable playbook across multiple industries and management partnerships**

<b>Organic Growth Initiatives</b>	<ul style="list-style-type: none"> <li>Implemented strategic pricing initiatives</li> <li>Restructured commercial organization around attractive end-markets</li> </ul>	<ul style="list-style-type: none"> <li>New product development</li> <li>Pursued strategic pricing initiatives</li> <li>Reorganization of go-to-market strategy</li> </ul>
<b>Management Enhancement</b>	<ul style="list-style-type: none"> <li>Supplemented strong existing team with a new position in aerospace (GM) and medical (GM)</li> </ul>	<ul style="list-style-type: none"> <li>Recruited entirely new management team → CEO, CFO, VP of Operations, VP of Marketing and VP of business development</li> </ul>
<b>Operational Excellence</b>	<ul style="list-style-type: none"> <li>Structured organization to create focus by end market (aerospace, medical, industrial)</li> <li>Expanded medical clean-room and doubled production size of facility in Mexicali, Mexico</li> </ul>	<ul style="list-style-type: none"> <li>Facility rationalization</li> <li>Global sourcing</li> <li>New / upgraded ERP system</li> </ul>
<b>M&amp;A</b>	<ul style="list-style-type: none"> <li>4 add-on acquisitions</li> <li>\$12.7M of acquired EBITDA</li> <li>Divested smaller commodity segments</li> <li>Unlocked value of aerospace segment with strategic divestiture</li> </ul>	<ul style="list-style-type: none"> <li>8 add on acquisitions</li> <li>\$44M of acquired EBITDA</li> <li>Expanded product offering and end-markets</li> </ul>

Note: For illustrative purposes only. See the Disclaimer at the beginning of this presentation. Past performance is not necessarily indicative of future results. The above investments are not representative of all of the investments in Odyssey's funds.

# Executive Summary of Terms

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The Fund	Odyssey Investment Partners Fund VI, LP, a Delaware limited partnership, together with any parallel funds established to accommodate the investment requirements of certain investors.
Capital Commitments	Target: \$2.75 billion. Cap: \$3.25 billion.
Closings	Target first close: mid-late November 2019. Target final close: January 2020.
Investment Period	6 years.
Term	10 years, with 2 one year extensions by consent of Advisory Committee.
Management Fee	During the Investment Period: 2.0% of Capital Commitments. Thereafter, 1.75% of invested capital.
Distributions	8% hurdle, followed by an 80/20 split, 20% carried interest
Transaction, Break-Up and Other Fees	100% management fee offset.

**Disclaimer:** This summary of terms is subject to the final definitive Limited Partnership Agreement of the Fund.