

Recommendation Advent Global Private Equity X, L.P.

To: RISIC
Prepared: April 15, 2022
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 X, L.P. ("Advent GPE X" or the "Fund"). Cliffwater has completed its investment due diligence and operational due diligence and recommends the Fund.

Summary of Advent GPE X

Fund Overview: Advent GPE X 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 1984 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 three private equity platforms, the Global Private Equity Program ("GPE"), and the Latin American Private Equity Program ("LAPEF"), and the Advent Tech Program. The Firm employs 256 investment professionals across 14 offices in 12 countries. Advent is overseen by 13 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 targets control-oriented buyouts and minority recapitalizations primarily in mid-market and large cap companies across North America and Europe. Advent has gradually increased its focus on Asia, but investments outside of North America and Europe are capped at 25% of the fund. The GPE funds invest selectively in core Asian markets such as India and China, where the Firm has an established local presence, as well as opportunistically in other Asian countries. Value creation is dependent on the underlying strategy of the investment; however, common characteristics of historical value creation have primarily been through business transformation of market leading companies and improving earnings growth. GPE X will invest in companies in high-growth subsectors, platform investments with potential for acquisition, businesses with international expansion potential, and operationally intense situations including carve-outs. Advent seeks to invest \$100 million to \$2.0 billion per transaction in companies with enterprise values of up to \$5.0 billion. Advent anticipates that GPE X will invest in 35 to 40 portfolio companies over a six-year investment period. Advent invests across five broad sector categories including business & financial services; healthcare; industrial; retail, consumer & leisure; and technology. The Firm's historical focus in Technology, Media, and Telecom, has been refocused towards software and technology-enabled business services in concert with the Firm's efforts raising and investing alongside the Advent Tech platforms.

Performance: As of September 30, 2021, funds GPE IV through GPE IX have generated a net return of 2.3 times invested capital, a 32.0% net IRR, and 1.2 times DPI in aggregate. Since inception and across all GPE fund vehicles, Advent has generated a gross return of 2.8 times invested capital. As of September 30, 2021, Advent funds GPE IV through GPE IX have generated a net IRR of 32.0% (in USD). Investing in the Russell 3000 Index during the same period would have generated a return of 19.8%; Advent has

This report reflects information only through the date hereof. Our due diligence and reporting rely upon the accuracy and completeness of financial information (which may or may not be audited by the fund manager) and other information publicly available or provided to us by the fund manager, its professional staff, and through other references we have contacted. We have not conducted an independent verification of the information provided other than as described in this report. Our conclusions do not reflect an audit of the investment nor should they be construed as providing legal advice. Past performance does not guarantee future performance. The information contained herein is confidential commercial or financial information, the disclosure of which would cause substantial competitive harm to you, Cliffwater LLC, or the person or entity from whom the information was obtained, and may not be disclosed except as required by applicable law.

outperformed the Index by 12.1%. On a EUR basis, funds GPE IV through GPE IX have generated first quartile or top decile performance across all Cambridge benchmark metrics.

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 \$700 million in the Fund.

Cliffwater Recommendation

Cliffwater recommends an investment of up to \$50 million to Advent International GPE X, L.P. as part of ERSRI's private equity allocation.