

**Recommendation for Shamrock Capital Growth Fund VI, L.P., and
Shamrock Capital Clover Fund I, L.P.**

To: RISIC
Prepared: April 15, 2024
From: George Bumeder, Managing Director

The purpose of this memo is to provide the RISIC with a summary of Cliffwater's recommendation on Shamrock Capital Growth Fund VI, L.P. ("SCGF VI" or the "Growth Fund") and Shamrock Capital Clover Fund I, L.P. ("Clover I", and together with SCGF VI, the "Funds"). Cliffwater has completed its investment due diligence and operational due diligence and recommends the Funds as part of ERSRI and OPEB's Private Equity allocations.

Summary of Shamrock Capital Growth Fund VI and Shamrock Capital Clover Fund I

Fund Overview: The Funds will make lower middle-market buyouts and growth equity investments in North American media, entertainment, communications, and related services companies. The manager has started the Clover fund series to make investments that are too small for SCGF VI to pursue given its size. SCGF VI will target equity investments of \$45 million to \$300 million per company, while Clover I will target equity investments of \$20 million to \$45 million.

People and Organization: The predecessor of Shamrock Capital Advisors, LLC ("Shamrock" or the "Firm"), Shamrock Holdings, was founded in 1978 as the family office of Roy E. Disney, the nephew and son of the co-founders of The Walt Disney Company. Shamrock Holdings initially invested money from the family of Roy E. Disney and later raised third-party capital on a deal-by-deal basis. Early on, approximately half of the firm's investments were in media and entertainment companies. In 2001, Shamrock Holdings formed Shamrock Capital Growth Fund, L.P. to invest in U.S.-based media, entertainment and communications assets in the lower middle market. In 2010, after Roy E. Disney passed away, the Shamrock Capital Growth Fund team, led by Stephen Royer, Robert Perille, William Wynperle, Michael LaSalle and Andrew Howard, acquired a majority interest in the private equity business to effectuate a spin out forming the current management company. Later, in 2017, the Firm acquired the balance of the interests from the Disney family and is now wholly owned by the current partners. Since 2001, the Firm's partners have raised five commingled private equity funds as part of the Firm's flagship growth equity series, totaling approximately \$1.8 billion of capital commitments.

The Shamrock Capital team has deep industry experience. The team is led by three senior partners, including Stephen Royer, Michael LaSalle, and Andrew Howard, who have an average tenure of 25 years. The three senior partners are supported by three partners, Laura Held, Michael Wilkins, and David Simpson, one operating partner, Brian Barnum, two principals, four vice presidents, and eight associates. Stephen Royer joined Shamrock in 1991 and previously worked at Cain Brothers and Lehman Brothers as an investment banker in the health care and public finance groups, respectively. He has led the largest number of transactions in Shamrock's portfolio. All senior members of the investment team work on origination, execution, and post-investment company related work. The Firm's office architecture is open allowing team members to work collaboratively and easily share information.

Investment Strategy and Process: Shamrock Capital Growth Fund VI and Clover Fund I will invest in lower middle market media, entertainment, and communications companies. SCGF VI will target businesses with a total enterprise value in the range of \$100 million to \$300 million, which is consistent with the size companies that Shamrock has invested in the previous two funds. Clover I will target businesses with a

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total enterprise value in the range of \$50 million to \$150 million. Transactions will take the form of leveraged growth buyouts, growth equity investments, and recapitalizations. Minority, growth equity investments will be structured with significant negative controls. Shamrock's proactive origination work has enabled the team to close investments outside of competitive processes and to have more time to complete due diligence. Following investment, Shamrock professionals are active in figuring out how to accelerate company growth and improve competitive positioning. Shamrock is active in adding new management team members and customers through strong industry relationships. Shamrock is considered a top-tier sector focused fund in the media, entertainment, and communications sector. Shamrock's 40 years of institutional knowledge have enabled the Firm to establish an early identification of thematic trends and changes in target sectors.

Performance: Since 2001, Shamrock has raised \$2.6 billion of total commitments across five prior dedicated private equity funds and invested a total of approximately \$1.8 billion in 49 investments. The Firm has called \$2.0 billion, distributed \$2.7 billion, and generated a net return of 1.9 times invested capital and a net IRR of 22.6%. Shamrock has realized 32 of 49 investments, representing 54.5% of total invested capital, generating a gross return of 3.34 times invested capital and a gross IRR of 35.9%. As of September 30, 2023, Shamrock's five previous funds have generated a net IRR of 22.6% since 2001, outperforming the Russell 2000 Index¹ by 9.1%. Three of the Firm's prior funds have generated second quartile or better performance on a net IRR and net DPI basis relative to Cambridge Associates' U.S. buyout benchmarks. Fund III is a top decile firm ranked by net IRR, net TVPI, and DPI. The Firm's 2016 vintage fund was impacted by Covid-19 and ranks in the third quartile on both a net IRR and net TVPI basis. Shamrock employs a conservative valuation policy and expects Fund IV to continue to improve in performance.

Investment Terms: Cliffwater finds the investment terms, taken as a whole, to be in accordance with industry standards. The Funds have a 5-year investment period and 10-year term. The Funds will charge a 2.0% management fee on committed capital during the five-year investment period and 2.0% of net invested capital thereafter. The Funds will charge a 20% carried interest with an 8% preferred return, 100% GP catch up, and a clawback of excess carried interest.

Cliffwater Recommendation

Cliffwater recommends an investment of up to \$20 million to SCGF VI and \$10 million to Clover I as part of ERSRI's Private Equity allocation and an investment of up to \$1 million to SCGF VI and \$500,000 to Clover I as part of OPEB's Private Equity allocation.

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