

Recommendation for Wynnchurch Capital Partners VI, L.P.

To: RISIC
Prepared: November 27, 2023
From: Thomas Lynch, CFA, Senior Managing Director

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

Summary of Wynnchurch VI

Fund Overview: Wynnchurch VI will pursue a sector-focused buyout strategy to acquire industrial and manufacturing companies with an equity investment ranging from \$50 million to \$750 million.

People and Organization: Wynnchurch (or "the Firm") was founded in 1999 by John Hatherly and two former partners. Prior to co-founding the Firm, Hatherly spent 12 years at General Electric Capital Corporation in various roles including leading GE Capital's Merchant Banking Group and managing the group's leveraged buyout lending activities. The Firm is led by Chris O'Brien who joined in 2000. The Firm has 45 employees including 22 investment professionals. The investment professionals are led by four managing partners. The investment professionals are divided into deal origination, deal execution and operating responsibilities. In addition, the Firm has four professionals dedicated to origination and an operations group of 8 professionals that focus on company performance. The Firm is headquartered in Rosemont, Illinois. The Firm has offices in Toronto, Canada and El Segundo, California.

Investment Strategy and Process: Wynnchurch plans to continue with its strategy of buying privately owned industrial and manufacturing companies, as well as completing corporate carve-out transactions. The Fund will pursue the acquisition of underperforming companies, stressed and distressed businesses, cyclical companies, as well as healthy companies that can be acquired at a discount. Post-investment, Wynnchurch works with company management on organic growth initiatives and to pursue add-on as well as transformative acquisitions during the ownership period. Wynnchurch opportunistically looks for platform companies through direct contact with potential private and corporate sellers, small bankers and brokers, and by canvassing middle market and larger investment banks to find companies that have proven difficult to sell. Wynnchurch is differentiated by its strategy of engaging in complex transactions and its in-house operations-focused resources which are used to assess potential investments and work with company management on organic growth and operational improvement initiatives. Wynnchurch intends to build a portfolio of 16 to 22 platform companies. The Fund will invest in smaller buyout transactions on an opportunistic basis.

Performance: Since inception, Wynnchurch has generated a net IRR of 22.7% and a net return of 1.92 times paid-in capital as of June 30, 2023. Each of the Firm's mature funds have generated a net return of more than 2.1 times paid-in capital. Since inception, Wynnchurch' five funds have outperformed the Russell 2000 by 8.8% per year. Each of the mature funds rank in the first quartile or first decile on a net IRR basis. TVPI and DPI rankings are not as consistent but each fund has performed well on an absolute basis. Fund V began investing in the first half of 2020 and is too early in its development for a benchmark comparison to be meaningful.

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.

Investment Terms: Cliffwater finds the investment terms, taken as a whole, to be in accordance with industry standards. The management fee is 2% of aggregate commitments during the six year investment period and, thereafter, 2% of invested capital. The Fund charges a carried interest of 20% with an 8% preferred return.

Cliffwater Recommendation

Cliffwater recommends an investment of up to \$30 million to Wynnchurch Capital Partners VI as part of ERSRI's Private Equity allocation and an investment of up to \$1 million to Wynnchurch Capital Partners VI as part of OPEB's Private Equity Asset allocation.