



State of Rhode Island
Office of the General Treasurer

Staff Recommendation: SkyKnight Capital Fund V

May 2026

Asset Class: Private Equity – Buyout

Recommendation

- **Rhode Island Employees' Retirement System Pooled Trust (ERSRI):** Approve a commitment of up to \$30 million to SkyKnight Capital Fund V ("Fund V").
- **Rhode Island OPEB System Trust (OPEB):** Approve a commitment of up to \$1 million to Fund V.

Allocation

Plan	Current Allocation	2026 Pacing Plan	Recommended Commitment	Pro Forma 2026 Commitments
ERSRI	Private Equity: 15.2% vs. 12.5% target	\$320 million across 5 to 10 funds	Up to \$30 million	\$110 million
OPEB	Private Growth: 2.3% vs. 5.0% target	\$8 million across 5 to 10 funds	Up to \$1 million	\$6 million

Portfolio Fit

The proposed commitment to SkyKnight Fund V would complement the existing private equity program by expanding exposure to smaller buyout opportunities and targeted sector themes, while supporting long-term diversification and vintage-year pacing. The strategy advances the program's 2026 focus on small buyout managers with distinct origination models, flexible transaction structures, and operational value creation levers relative to existing middle- and upper-market exposures. SkyKnight fits this profile through its sector-focused thematic sourcing model, ability to pursue control and structured minority investments, and demonstrated performance across varied deal types.

Firm and Fund Strategy Overview

SkyKnight Capital is a Burlingame, California-based private equity manager founded in 2015 by Matt Ebbel, formerly a Managing Director and Investment Committee member at New Mountain Capital. The firm's institutional private equity strategy began with Fund II, a 2018 vintage fund. Fund V will continue this approach by constructing a portfolio of 10 to 14 U.S.-based platform investments across financial services, healthcare services, and tech-enabled services.

SkyKnight targets non-cyclical sectors with fragmented competitive landscapes and secular growth tailwinds. The firm seeks businesses where its flexible partnership model can support unique access and transaction execution outside broadly intermediated processes. The firm partners with founders and management teams through control or structured minority investments, typically preserving meaningful management and broad-based employee ownership post-investment.

Merits

- **Consistent Historical Performance:** SkyKnight's institutional funds have ranked in the top quartile on both return and realization metrics relative to peers in their respective vintages. Results have been generated across a range of subsectors, company sizes, transaction structures, and value creation

approaches, reflecting the firm's ability to execute a flexible strategy while reducing concentration risk in the track record.

- **Flexible Sourcing and Transaction Approach:** SkyKnight's strategy is built around flexibility in both sourcing and transaction structure. Its thematic approach supports relationship-driven origination outside broadly marketed processes, while its ability to offer flexibility on structure allows the firm to partner with businesses across a wider range of ownership scenarios and capital needs. The firm's conservative use of leverage preserves operational flexibility through market cycles and has contributed to zero realized losses since inception.
- **Exit Optionality and Realization Discipline:** SkyKnight has realized liquidity through multiple channels, including strategic sales, sponsor-to-sponsor sales, IPOs, recapitalizations, and continuation vehicles, demonstrating flexibility across market environments without dependence on any single channel. The institutional funds have produced top-quartile distribution rates, reflecting asset quality and disciplined portfolio management in a challenging exit environment.

Key Considerations

- **Key Person Concentration:** Matt Ebbel remains central to SkyKnight's sourcing network, investment judgment, and firm leadership, creating key person risk as the firm scales.
 - **Mitigant:** Staff views Mr. Ebbel's personal investment and firm economics as meaningful alignment factors, but will continue to monitor delegation of investment authority and the continued development of the broader senior team.
- **Firm Build-Out Integration:** SkyKnight has expanded its investment and portfolio operations teams since Fund IV, creating execution and integration risk as newer senior professionals assume greater responsibility.
 - **Mitigant:** Staff views the additions constructively, particularly around sector coverage and portfolio support, but will monitor deal attribution, retention, and consistency of investment judgment over the fund's deployment period.
- **Fund Size Scaling:** Fund V is targeting \$1.5 billion, a 50% increase from Fund IV, which introduces execution risk around deployment pace, sourcing selectivity, and entry valuation discipline.
 - **Mitigant:** The firm plans to deploy incremental capital primarily through a greater number of platform investments, rather than pursuing materially larger transactions. Staff notes this approach is further supported by the fund's hard cap, expanded team capacity, and portfolio construction framework.

ESG & Diversity

SkyKnight is classified as an ESG integrator. The firm maintains a formal Responsible Investment policy, is a signatory to the UN Principles for Responsible Investment and is an annual contributor to the ESG Data Convergence Initiative. ESG risks and opportunities are evaluated during underwriting, incorporated into post-investment value creation plans, and monitored through board-level engagement.

Diversity efforts are led by Partner Mara Hunt and encompass inclusive hiring practices, quarterly employee development reviews, an annual culture and engagement survey, and external industry engagement.

Fees

Management fee of 1.75% on committed capital during the investment period and 1.75% on net invested capital thereafter. Carried interest is 20% with an 8% preferred return compounded annually, an American-style waterfall, and a 100% GP catch-up. Staff views the proposed management fee as competitive for a fund of this strategy and size, with carried interest and waterfall terms generally consistent with market practice.