

MEMORANDUM

To: Pennsylvania State Employees' Retirement System ("SERS") Board Members
From: StepStone Group ("StepStone")
Date: February 11, 2020
Re: Investment in Altaris Health Partners V, L.P.

Recommendation

StepStone recommends that the State Employees' Retirement System Board approve a commitment of up to US\$50 million to Altaris Health Partners V, L.P. ("Altaris V", "Fund V" or the "Fund") at the February 26th PA SERS Board meeting. This recommendation is made solely within the context of Pennsylvania SERS' investment guidelines and is given solely for the benefit of Pennsylvania SERS.

The key investment highlights supporting the opportunity are as follows:

- Experienced Cohesive Senior Team
- Healthcare Sector Specialization
- Strong Risk-Adjusted Returns

Overview

Altaris Capital Partners, LLC ("Altaris" or the "Firm") is an investment firm focused exclusively on the healthcare industry. Altaris is based in New York and is led by co-founders George Aitken-Davies and Daniel Tully and Managing Directors David Ellison and James O'Brien.

StepStone Due Diligence

StepStone's due diligence on Altaris V was led by Thomas Bradley (Partner), Samar Abbas (Vice President), Meg von Schroeter (Analyst) and Morgan Heck (Analyst), supported by StepStone's broader private equity team. The Fund was reviewed and approved by StepStone's Investment Committee considering the context of Pennsylvania SERS' private equity investment objectives. Key diligence items included:

- Consideration of portfolio fit within the Pennsylvania SERS Private Equity – Buyout portfolio, including a review of other available opportunities
- In-person meetings with all of the Firm's senior investment professionals
- A review of the Firm's strategy and track record, including a review of drivers of historical returns
- Detailed operational due diligence

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