

MEMORANDUM

To: Pennsylvania State Employees' Retirement System ("SERS") Board Members
From: StepStone Group ("StepStone")
Date: November 19, 2019
Re: Investment in Clearlake Capital Partners VI, L.P.

Recommendation

StepStone recommends that the State Employees' Retirement System Board approve a commitment of up to US\$75 million to Clearlake Capital Partners VI, L.P. ("WPP IX" or the "Fund") at the December 4th 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:

- Clearlake's Cohesive Senior Team
- Strong Risk-Adjusted Returns
- Flexible Investment Style
- Experience-Based Sector Approach

Overview

Clearlake Capital Partners ("Clearlake" or the "Firm") is a Santa Monica, California-based private equity firm focused on control-oriented buyout and special situations investments in North American Middle Market companies. The Firm was founded in 2006 and is led today by José Feliciano and Behdad Eghbali, who are supported by 24 additional investment professionals.

StepStone Due Diligence

StepStone's due diligence on CPP VI was led by Ian Aaker (Partner), Carson Kvaternik (Vice President), Brian Delpit (Associate) and Alisha Forgeron (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 – Special Situations 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

Disclaimer

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