

**PSG V PRESENTATION TO  
THE PENNSYLVANIA STATE EMPLOYEES'  
RETIREMENT SYSTEM**

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**APRIL 28, 2021**

**PSG**

# PSG Franchise

- **One of the largest software teams in private equity globally – 93 employees**
- **~\$4bn deployed across 60+ platforms & 280+ add-ons**
- **3x Gross MoM & 63% Gross IRR on all realized/partially realized investments across PSG platform (22) <sup>(1)</sup>**
- **PSG I and PSG II are both 1<sup>st</sup> quartile funds <sup>(2)</sup>**

Note: Data for first three bullet points as of December 31, 2020.

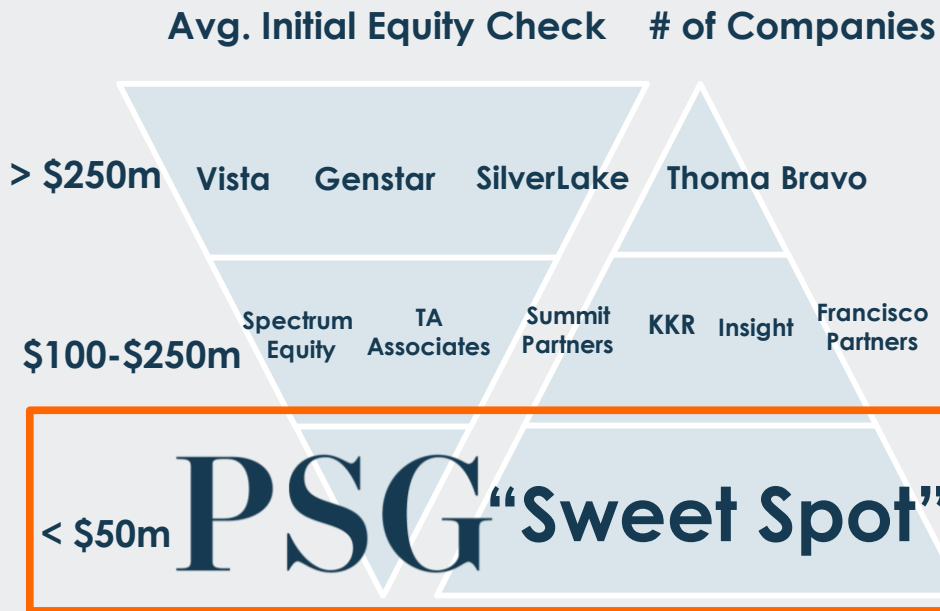
(1) The foregoing information is presented on an aggregate basis across PSG I, II, III and IV, and therefore does not reflect the investments of any fund. PSG I has a net IRR of 36% and a net MoM of 1.8x. PSG II has a net IRR of 44% and a net MoM of 2.3x. PSG III has a net IRR of 28% and a net MoM of 1.6x. PSG IV has a net IRR of 44% and a net MoM of 1.1x. The Gross IRR excludes PSG Europe because it has not realized any investments. The Gross IRR excludes all PSG portfolio companies without an exit event. Net performance is as of December 31, 2020 and is based on a hypothetical realization of fund assets at the valuation date and excludes the deduction of any taxes and transaction related expenses that are expected to be borne in connection with any realization.

(2) Based on Net IRRs. Please see disclaimers at the back of this presentation for important information regarding the calculation of IRRs. Hamilton Lane, by way of the Bison/Cobalt GP database, ranked PSG I's net IRR in the first quartile of 2014 vintages in North America Growth Equity as of 9/30/2020. Hamilton Lane, by way of the Bison/Cobalt GP database ranked PSG II's net IRR in the first quartile of the 2016 vintage in North America Growth Equity as of 9/30/2020.

Note: **PAST PERFORMANCE SHOULD NOT BE RELIED UPON AS AN INDICATION OF FUTURE RESULTS. INVESTMENT IN A FUND INVOLVES SIGNIFICANT RISKS, INCLUDING LOSS OF THE ENTIRE INVESTMENT.** Performance above is presented on a gross basis. Returns to the fund will be subject to the deduction of management fees, carried interest, taxes, transaction costs in connection with the disposition of unrealized investments and other expenses to be borne by investors, which reduce returns in the aggregate and are expected to be substantial.

# Investment Strategy

## Competitive Positioning



## Key Investment Thesis

SaaS Software Focus

<\$50m Initial Equity

Target High Growth Companies

Sectors with Roll-up Opportunities

Majority / Control Positions

Note: Based on PSG's opinion. There can be no guarantee that any of these targets will be achieved.

Source: Pitchbook October 2019. # of Companies includes add-ons.

Note: **PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. ANY INVESTMENT INVOLVES SIGNIFICANT RISKS, INCLUDING LOSS OF THE ENTIRE INVESTMENT.** Target portfolio characteristics are provided for illustrative purposes only and do not reflect guaranteed portfolio characteristics of the Fund. No representation is being made that the Fund will or is likely to achieve the targeted characteristics described above, and such characteristics may differ significantly from those shown. Future market conditions are unpredictable, and may vary significantly from current and past conditions, particularly given world-wide market uncertainty.

# PSG USA & Europe Team



**Team Members: 93**



**% Gender Diversity: 23%**



**% Minority Diversity: 40%**



**Female & Minority Hires: 11 in Dec-17 to 44 in Mar-21**

Note: Gender diversity stat represents both U.S. and European teams, minority diversity stat based on U.S. team only. As of March 12, 2021.

# PSG's Role within ESG Investing

PSG is committed to the incorporation of ESG values in our investment decisions and internal policies

## PSG's Focus on ESG Initiatives that are Compatible with our Investment Strategy

- **Environmental:** paperless offices, clean energy, environmentally friendly transport
- **Social:** health & wellness, diversity & inclusion, social justice, philanthropy
- **Governance:** policies & procedures, cybersecurity, reporting, corporate citizenship

# Predictive Trends in Software and IT

**65%** of Global GDP to be digitalized  
by 2022

Infrastructure

Labor

Operations

By 2023, **75% of Global 2000 IT organizations plan to adopt automated operations** practices to transform their IT workforce

By 2022, **45% of repetitive work tasks will be automated and/or augmented** by AI, robotics, and RPA

By 2022, organizations will **increase their investments in Digital Engineering organizations, data governance, and digital operations technology by 40%**

Source: IDC 2021 Predictions Preview, October 2020.

Note: Estimates are inherently uncertain and subject to change. Future market conditions are unpredictable, and may vary significantly from current and past conditions, particularly given current worldwide market uncertainty.

# Predictive Trends in Software and IT

## Automation initiatives driven by TaskApps

### Enterprise Applications

Designed to automate specific sets of business processes to increase productivity

### Task Applications

Performs or completes one aspect of a business process

### TaskApps Provide:

- Digitalization
- Automated workflows
- Efficiency gains

**Need to automate business processes**

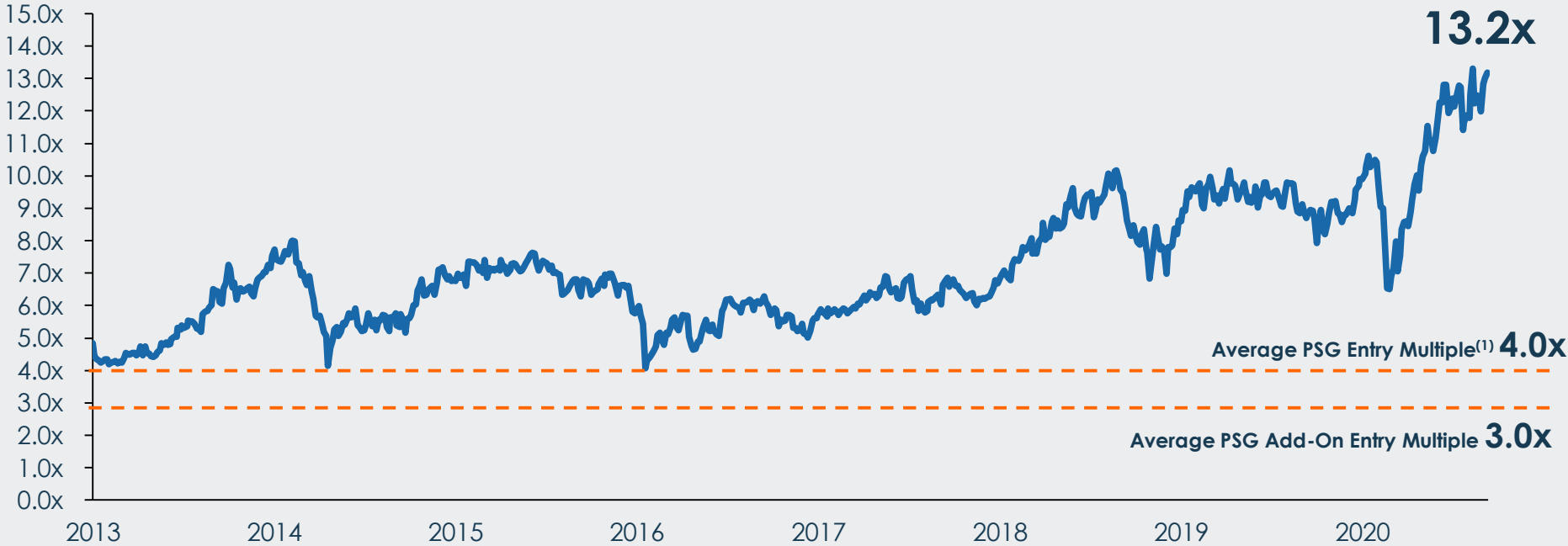
**Estimated  
\$10B in enterprise  
spending by 2024**

Source: IDC 2021 Predictions Preview, October 2020

Note: Views expressed are those of PSG. Estimates are inherently uncertain and subject to change. Future market conditions are unpredictable, and may vary significantly from current and past conditions, particularly given current worldwide market uncertainty.

# Finding Value Amidst Growing Public SaaS Multiples

## Median EV / NFY Revenue



Source: S&P CapitalIQ, October 2020. SaaS comp multiples based on constituents of BVP Nasdaq Emerging Cloud Index as of October 2020.  
(1) Includes entry multiples of PSG I, PSG II, PSG III, PSG IV and PSG Europe.



## Key Investment Highlights

While competitors address pieces of the value proposition, PSG combines a variety of key strategic elements into a differentiated “package” to back entrepreneurs

- **Focus on lower mid-market (<\$50m equity ticket), majority investments**
- **North American scale-up / roll-up**
- **Sourcing and Operations teams are key differentiators**
- **Robust infrastructure and software experience**
- **Team’s diversity and cultural fit with founders and entrepreneurs**
- **Strong, continued commitment to ESG and Social Justice**

# Disclaimer (1 of 3)

The information contained herein is being provided to you for informational purposes only. The information contained herein (i) is not, and may not be relied on in any manner as, legal, tax or investment advice or as an offer to sell or a solicitation of an offer to buy an interest in a Fund sponsored by PSG or any other security, which may only be made pursuant to the delivery of the related organizational and offering documents for a Fund (the "Organizational Documents") and (ii) is qualified in its entirety by the applicable Organizational Documents. No person has been authorized to make any statement concerning a Fund other than as set forth in the applicable Organizational Documents and any such statements, if made, may not be relied upon. Furthermore, in certain respects, the information contained herein is incomplete without being supplemented by the accompanying oral presentation and discussion.

This presentation does not constitute an offer to invest in any fund or strategy including "PSG V". Any projections or goals regarding the potential strategy of PSG V has inherent limitations, including that actual market or economics factors, the availability or ability to source suitable investments, or future assumptions of PSG may differ materially from those assumed for purposes of the strategy described herein.

In certain respects, the information contained herein is incomplete without being supplemented by the accompanying oral presentation and discussion.

The valuations of unrealized investments rely on a variety of assumptions about future market conditions. The global outbreak of the novel coronavirus ("COVID-19"), together with resulting restrictions on travel, limitations on transportation, production and sale of goods and services, prohibitions on large events, efforts to engage in "social distancing", and shelter in place practices, has continued to meaningfully disrupt the global economy and certain of PSG's portfolio companies and, given the unprecedented nature of COVID-19, has introduced greater uncertainty regarding future market conditions and portfolio company results. Additionally, COVID-19 has wreaked havoc on certain industries and specific businesses. Even as restrictions have been lifted in certain jurisdictions, they have been reimposed in others, and this pattern is expected to continue for the foreseeable future. The protracted implementation of the COVID-19 vaccine and the spread of new variations of the virus have hampered recovery efforts and created further uncertainty. Although the long-term economic fallout of COVID-19 is difficult to predict, it has contributed to, and is likely to continue to contribute to, market volatility and may continue to adversely impact a Fund's investments. Future market conditions are unpredictable, and may vary significantly from current and past conditions. The COVID-19 pandemic and its effects are expected to continue through 2021 and beyond, and therefore the adverse impacts on a Fund's investments may be material and permanent.

Certain information contained herein (including financial information) has been obtained from published and non-published sources, including the management of the applicable portfolio companies, and has not been independently verified by PSG, which does not assume responsibility for the accuracy of such information. Except where otherwise indicated herein, the information provided herein is based on matters as they exist as of the date of preparation and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof.

Except where otherwise indicated herein, (i) all investment performance data is calculated as of December 31, 2020 and is unaudited and subject to change, (ii) all IRRs and other performance figures related to specific portfolio companies are gross and calculated before fund expenses, taxes, transaction expenses, management fees and carried interest, if any, and net performance would have been lower, (iii) all publicly traded investments are valued at the applicable closing price as of December 31, 2020, and (iv) all other unrealized investments are unaudited and valued at fair value as determined in good faith by the applicable general partner as of December 31, 2020 in accordance with Financial Accounting Standard Codification 820 and PSG's valuation process and procedures. There can be no assurance that unrealized investments will ultimately be realized for their December 31, 2020 values.

Financial information at the portfolio company level generally has been provided by the portfolio companies as of December 31, 2020 or latest available, and has not been independently verified by PSG.

**PAST PERFORMANCE SHOULD NOT BE RELIED UPON AS AN INDICATION OF FUTURE RESULTS. INVESTMENT IN A FUND INVOLVES SIGNIFICANT RISKS, INCLUDING LOSS OF THE ENTIRE INVESTMENT.** There can be no assurance that the results achieved by PSG's past investments will be achieved in the future. Not all portfolio companies had performance that equaled the performance of the companies shown in this presentation. It should not be assumed that recommendations made in the future will be profitable or will equal the performance of the investments shown herein. Market and economic conditions in the future may vary.

Certain assumptions have been made in calculating the return information and preparing the other information set forth in this document. While made in good faith, there can be no assurance that such assumptions will prove correct or will be applicable to a Fund's actual investments.

"Invested Capital" represents the aggregate amount of equity invested in the portfolio company by PSG I, PSG II, PSG III, PSG IV and PSG Europe.

"Realized Proceeds" represents the sum of all cash dividends, interest income, other fees and cash proceeds received from the dispositions of interests in portfolio investments. "Realized Proceeds" is calculated before giving effect to management fees, carried interest and other partnership expenses, which in aggregate may be substantial.

"Unrealized Value" represents fair value as determined in good faith as of December 31, 2020 in accordance with Financial Accounting Standard Codification 820 and the Investment Manager's valuation process and procedures. There is no guarantee that such value will ultimately be realized by the applicable fund or that such value reflects the actual value of the investment. To the extent that such value is not realized, the returns of such fund could be lower.

Internal rate of return ("IRR") is a measure of the discounted cash flows (inflows and outflows) related to an investment. Specifically, IRR is the discount rate at which the net present value of all cash flows and any remaining investment value is equal to zero. In other words, IRR is the discount rate at which (i) the present value of all capital invested in an investment (including expenses specifically allocable to the investment) is equal to (ii) the present value of all returns from the investment (whether or not realized). The IRRs shown were calculated on the basis of the actual timing of deployed capital into portfolio companies and, in the case of unrealized investments, the value of such investments as of December 31, 2020, as determined by PSG; expenses are assumed to occur at the midpoint of each quarter. All IRR calculations are unaudited and are annualized.

## Disclaimer (2 of 3)

Gross IRRs and multiples are calculated on the basis of the actual timing of investment inflows (based on the date proceeds are received by the applicable fund from the applicable portfolio investment) and outflows (based on the date cash is invested by the applicable fund in the applicable portfolio investment), and the return is annualized for investments held over 1 year. For publicly traded investments and unrealized investments, Gross IRRs and multiples are calculated as of December 31, 2020. Gross IRRs and multiples are calculated before fund expenses, fund borrowings, carried interest and management fees. PSG I's multiples are based on invested capital. If based on committed capital due to recycled capital, PSG I's gross multiple is 2.8x. PSG II's multiples are based on invested capital. If based on committed capital due to recycled capital, PSG I's gross multiple is 2.8x.

Net IRRs and multiples are calculated on the basis of the actual timing of investment inflows (based on the date proceeds are received by the applicable fund from the applicable portfolio investment) and outflows (based on the date cash is invested by the applicable fund in the applicable portfolio investment), and the return is annualized if the portfolio is over 1 year old. Fund borrowings and repayment of borrowings are incorporated into the Net IRR calculation. Cash flows are determined on a blended basis across all parallel funds and alternative investment vehicles of the applicable fund. Cash flows are not determined based upon actual cash flows to and from limited partners, and as a result the actual performance of the investment by a limited partner would be lower. For publicly traded investments and unrealized investments, Net IRRs and multiples are calculated as of December 31, 2020 and fund performance (including calculation of carried interest, if any) is determined on the basis of a hypothetical liquidation of the fund based on reported values as of such date. Net IRRs and multiples take into account carried interest, management fees, fund borrowings and fund expenses borne by limited partners, but exclude taxes borne by limited partners and certain taxes paid by the applicable fund on behalf of the limited partners (e.g. taxes on the sale of "blocker corporations"). The IRR has been calculated based on the date the applicable fund reimbursed PSG. Net IRR does not include non-fee paying accounts. PSG I's multiples are based on invested capital. If based on committed capital due to recycled capital, PSG I's net multiple is 2.6x. PSG II's multiples are based on invested capital. If based on committed capital due to recycled capital, PSG II's net multiple is 2.5x.

A Fund may borrow funds in advance or in lieu of capital contributions by partners or a portfolio company may borrow directly through such Fund facility. Such use of borrowed funds will impact the calculation of a Fund's net performance and may make such Fund's net IRR calculations higher than such metrics otherwise would be without fund-level borrowing, as these calculations generally depend on the amount and timing of capital contributions as well as the level of the organizational structure at which such borrowed funds are borrowed or deployed.

All references to a particular Fund in this presentation refer generally to the applicable PSG Fund and its related parallel funds, feeder funds and alternative investment funds, as appropriate (excluding certain separately managed accounts established as parallel or feeder funds). An investor's performance may vary from the aggregate performance shown depending on its participation in such main funds, parallel funds, feeder funds or alternative investment funds.

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Any projection of the performance of an individual investment or targets provided by PSG herein or in any related discussion is highly speculative and represents PSG's opinion, which may change. The projected performance or targets are based on PSG's investment models, predictions and assumptions. To the extent these models, predictions and assumptions are not correct or circumstances change, the actual performance may vary substantially, and be less than, the projected performance or targets. The projected performance or targets are not guaranteed returns and investment in a Fund includes significant risks, including the loss of your entire investment.

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# Disclaimer (3 of 3)

Accordingly, no key information document required by Regulation (EU) no 1286/2014 (the "PRIIPs Regulation") for offering or selling interests in each Fund or otherwise making them available to retail investors in the EEA or the UK has been prepared. Offering or selling the interests in each Fund or otherwise making them available to any retail investor in the EEA or the UK may be unlawful under the PRIIPs Regulation. If EEA and UK investors invest in each Fund on their own initiative, they will not receive the protections or benefits available under AIFMD. The offering of interests in each Fund is not subject the requirement to publish a prospectus under Regulation (EU) No 2017/1129 on the basis that an exemption to the obligation to publish a prospectus applies.

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## Calculation of YoY and QoQ

YoY returns represent the change in remaining value from the prior year and QoQ returns represent the change in remaining value from the prior quarter. Such returns are adjusted for distributions and investments made during the period. Unrealized investments are unaudited, and valued at fair value as determined in good faith by the applicable general partner as of December 31, 2020 in accordance with Accounting Standards Codification 820 and PSG's valuation process and procedures.

# PSG

Providence Strategic Growth Capital Partners L.L.C.  
401 Park Drive, Suite 204 | Boston, MA 02215  
617-544-8800 | [www.psequity.com](http://www.psequity.com)