

International Private Equity Fund Commitment

Actis Emerging Markets 3, L.P.

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Actis Emerging Markets 3, L.P. – International Private Equity

Overview

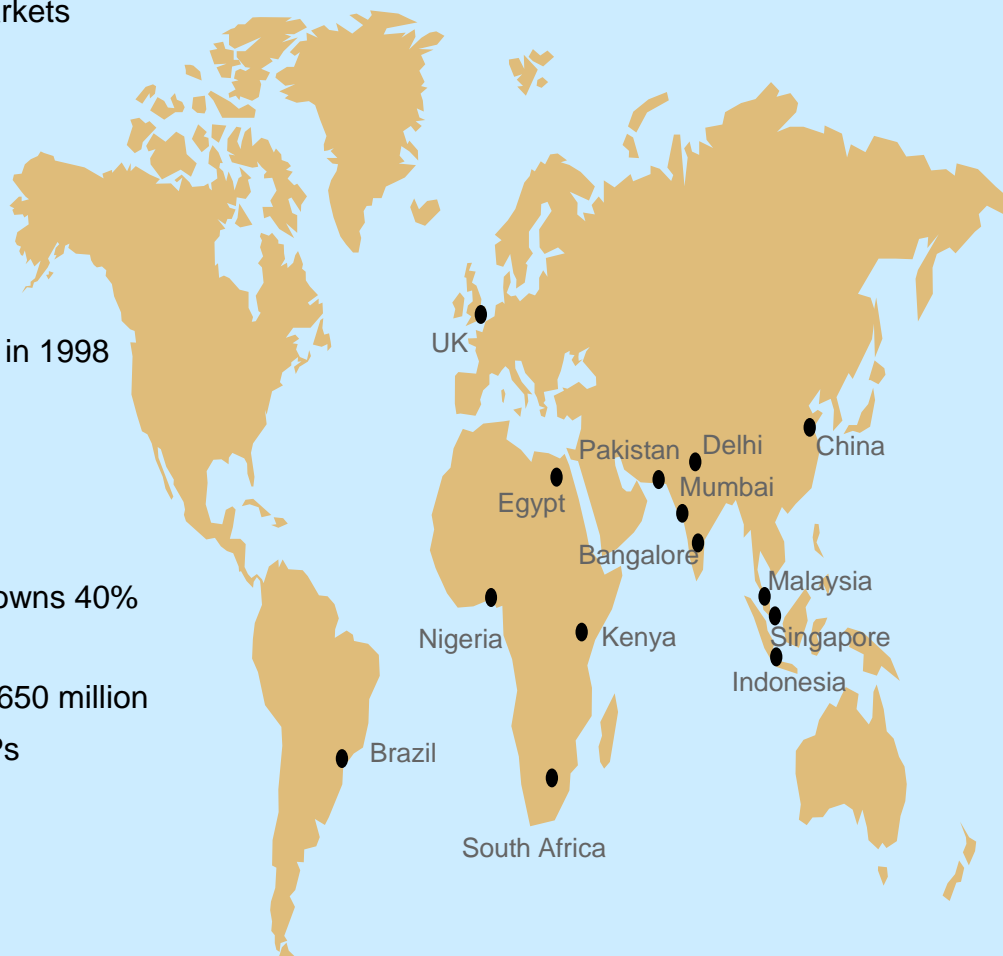
- Fund size is \$1.25 billion in a pan-emerging fund with an additional \$1.25 billion in regional side pools, \$3 billion hard cap
- Portfolio will consist of 40 to 60 positions
- 20-30% of the fund will be in China; 20-30% India/South Asia; 10-15% Southeast Asia; 20-30% Africa and 10-15% in Latin America
- Spun-out in 2004 from CDC Group, a UK Government established firm with a goal of investing in developing economies

Fund Strategy

- Primarily control buyouts and growth capital investments
- Actis will consider restructurings and privatizations
- Pennsylvania Presence – N/A

Actis History, Shareholdings and Office Map

- 60-year history as a dedicated emerging markets investor: focus on PE investing since 1998
- Investing exclusively in emerging markets since 1948, initially as part of CDC
- CDC founded by UK government to promote economic development in Africa, Asia and the Caribbean
- Shifted focus purely to private equity in 1998
- Actis management led an MBO of the business in February 2004
- Partners own 60%, UK government owns 40%
- Actis's anchor LP, CDC, will invest \$650 million on the same terms as all 34 other LPs



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Investment Team

- 23 partners and 79 other investment professionals
- 14 offices across 12 countries

GP “Value Add”

- Actis’ sector expertise across markets plays a key role in creating value in portfolio companies, coupled with the international network that enables the portfolio companies to drive cross-border growth.

Performance

- A 31% Gross IRR and a 2.3x return multiple across both funds

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Market Opportunity

- They have a deep team across 14 offices, and very good performance in their first two funds
- Actis Emerging Markets 3 would offer PSERS additional exposure to the emerging markets

History with PSERS

- This would be PSERS first fund relationship with Actis

Recommendation

- Staff, together with Portfolio Advisor's, recommends that the Board invest an amount equal to 25 percent of the committed capital, but not to exceed \$200 million plus reasonable normal investment expenses.