



Hamilton Lane

April 16, 2021

Board of Trustees
Commonwealth of Pennsylvania
Public School Employees' Retirement System
5 North 5th Street
Harrisburg, PA 17101

Re: Insight Partners XII, L.P.

Dear Trustees:

Insight Venture Management, LLC (“Insight,” “General Partner”) was founded in 1995 to focus on venture and growth-stage opportunities within the software sector. The General Partner is led by six senior managing directors who possess deep software expertise and average 15 years of tenure at the firm. Insight maintains broad coverage of the software market through its best-in-class sourcing platform comprised of 47 dedicated junior-and mid-level professionals and a proprietary, AI-driven CRM software. The General Partner has established Insight Onsite, a team of 75 operating professionals organized by Centers of Excellence, which is tailored to accelerate growth at software businesses and drive value throughout the life of the investment. Onsite professionals are deeply integrated with the investment team and assist in winning deals, supporting deal selection, scaling portfolio companies and managing successful exits. Insight distributes carried interest down to the associate level and includes the Insight Onsite team, although allocation is concentrated, in the six senior managing directors. Insight is targeting \$11.5 billion in commitments from limited partners for Insight Partners XII, L.P. (“Fund XII,” the “Fund”). Insight is also targeting \$2.0 billion in limited partner commitments for Insight Partners XII Buyout Annex Fund, L.P. Insight plans to hold a first close on May 3, 2021 and a final close in Q3 2021.

Since inception, Insight has targeted high-growth, technology businesses located primarily in North America, Europe and Israel. The General Partner has refined its strategy to focus specifically on software as a service (“SaaS”), software-enabled services and internet companies, which is driven by the attractive dynamics of these business models such as rapid revenue growth and highly recurring revenue. Insight has a robust sourcing team and an AI-driven CRM software platform enabling broad market coverage, identification of emerging software trends and early relationships with prospective companies. Insight maintains a multi-stage strategy targeting minority, venture buyout and leverage buyout opportunities, allowing it to capture a broad opportunity set of high-quality businesses. Lastly, Insight leverages its Onsite Center of Excellence to accelerate value creation and provide expertise in functional areas such as CEO leadership, marketing, sales/customer success, strategy, technology and business development. Fund XII will target investments in the range of \$10 million to \$500 million. Across prior funds, Insight has consistently generated top-quartile returns on a TVPI and net IRR basis.

Insight Partners XII, L.P.’s investment thesis can be summarized as follows:

- Experienced senior investment team supported by scaled, deeply integrated sourcing and operating platforms
- Highly-focused software approach, consistently identifying top-tier businesses with attractive growth profiles
- Consistent outperformance with strong capital preservation



Hamilton Lane

Hamilton Lane's recommendation is based upon the following analytical factors and is made within the context of the Commonwealth of Pennsylvania, Public School Employees' Retirement System's ("PSERS") investment guidelines.

- Detailed due diligence including interviews with industry peers and private equity professionals. The on-site due diligence was conducted on March 16, 2021; the Fund was approved by Hamilton Lane's investment committee on April 12, 2021; and the recommendation to PSERS was issued on April 16, 2021.
- Evaluation of the composition of the investment team, how they work together, compensation structure and other factors that help determine whether a group is likely to be able to replicate past successes as currently configured.
- Detailed operational due diligence, including interviews with Insight's back office team, to review the controls and processes surrounding the firm's finance, fund administration, tax, legal, compliance, IT, HR, and accounting functions.
- Evaluation of the Fund's proposed investment strategy within the context of the current investment environment.
- Confirmation that the strategy proposed for the Fund is appropriate for the private equity portfolio.

The individuals at Hamilton Lane who were involved in the due diligence process for the Fund are:

Miguel Luiña – Managing Director, San Francisco Office

Connor Kelly – Associate, Bala Cynwyd Office

Brandon Pons – Analyst, Bala Cynwyd Office

Based on the above, Hamilton Lane recommends that PSERS commit up to \$200 million, plus reasonable normal investment expenses, to Insight Partners XII, L.P. (and/or related investment vehicles). The recommended commitment of \$200.0 million would be allocated as follows: \$150 million to Insight Partners Fund XII (Fund XII) and/or related investment vehicles, including sidecars in 2021, and \$50 million to a possible future follow-on vehicle. The contemplated follow-on vehicle would invest in Fund XII investments where additional capital is necessary but not available from Fund XII, to drive growth in select portfolio companies. The follow-on vehicle would be subject to PSERS' Investment Office Professionals (IOP) review and PSERS' Asset Implementation Committee (AIC) approval and would be subject to Board policies enforce at the time of commitment. Hamilton Lane makes this recommendation considering the General Partner's qualifications and PSERS' overall investment guidelines.

This recommendation is given solely for the benefit of PSERS and cannot be relied upon by other investors considering an investment in the Fund, since their needs, objectives, and circumstances may not be identical to those of PSERS. The scope of this recommendation is limited to the investment merits of the Fund. Hamilton Lane does not provide legal or other non-investment-related advice.

Sincerely,

Michael Koenig,
Chief Client Officer

Corina English,
Principal