



Hamilton Lane

January 25, 2022

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

Re: Oak HC/FT Partners V, L.P.

Dear Trustees:

Oak HC/FT Management Company, LLC (“Oak HC/FT,” “General Partner”) was founded in 2014 and has exclusively targeted healthcare and financial technology opportunities since inception. The General Partner is led by Annie Lamont, Andrew Adams, and Patricia Kemp (collectively, “the Co-founders”) who possess an average of 24 years of industry experience and eight years of tenure, which positions Oak HC/FT as a knowledgeable, sector-focused investor and preferred partner. The General Partner’s investment team is organized by sector domain, which has allowed professionals to develop meaningful industry knowledge, starting at the junior level. The investment team is supported by a team of Technology, Venture and Talent Partners (“TVT Partners”) who average approximately 29 years of experience within their respective fields, as well as senior advisors who assist with portfolio company diligence and value-add initiatives in areas of their respective expertise. Oak HC/FT has demonstrated a commitment to the development and growth of its team, evidenced by the historical promotion of investment professionals as well as incentivizing all professionals by broadly distributing carried interest across the firm down to the junior level. Oak HC/FT is targeting \$1.75 billion in commitments from limited partners for its fifth fund, Oak HC/FT Partners V, L.P. (the “Fund”). Oak HC/FT plans to hold a first close for the Fund on March 1, 2022, and a final close is targeted for May 11, 2022.

The General Partner will maintain a consistent focus by continuing to target investments within the healthcare and financial technology sectors. While Oak HC/FT primarily targets companies operating within the United States, the General Partner has also leveraged its industry relationships on a global scale to opportunistically source investments within Israel and Canada. The General Partner also has added two LatAm Advisors to explore opportunities in that region, which represents a growing, addressable market. The domain expertise of investment professionals has enabled Oak HC/FT to expand its target investment type to include a variety of stages such as early-stage venture capital, growth, and later-stage growth opportunities, which has also led to participation in follow-on investment rounds. Oak HC/FT leverages its reputation in the market and its deep network to create a channel of direct deal flow and provide portfolio companies access to industry-leading experts. Additionally, the General Partner seeks active board representation to further augment value-add capabilities by contributing to the oversight of business operations and activities. The Fund will target 13 to 14 growth equity investments, eight to nine early-stage venture investments, and three to four later-stage growth equity investments. Investment sizes will range from \$75 million to \$100 million for growth equity investments, regardless of stage, and approximately \$40 million for early-stage venture investments. Oak HC/FT has generated consistent, net performance across prior funds, producing top-quartile returns in Funds I, II and III on a TVPI and net IRR basis. Fund IV remains early with no visible impairments; all investments were held at or above cost as of September 30, 2021.

Oak HC/FT Partners V, L.P.’s investment thesis can be summarized as follows:

- Oak HC/FT has a reputable organization supported by a cohesive, experienced senior team.
- The General Partner is a sector-focused investor with a thematic investment approach.



Hamilton Lane

- Oak HC/FT has steadily increased capital deployment over time in line with growth in fund sizes, while maintaining an attractive dispersion of returns across prior funds.

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 initial review was completed on January 10, 2022; the on-site due diligence was conducted on January 11, 2022; the fund was approved by Hamilton Lane's Investment Committee on January 24, 2022; and the recommendation to PSERS was issued on January 25, 2022.
- 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 Oak HC/FT'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
- The strategy proposed for the Fund is appropriate for the private equity partnership component of the portfolio.

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

Andrew Rich – VP Fund Investment, San Francisco Office

Gregory DiSanto– Associate, Conshohocken Office

Jesten Jacob– Analyst, Conshohocken Office

Based on the above, Hamilton Lane recommends that PSERS commit up to \$100 million in Oak HC/FT Partners V, L.P. 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