



Public Investment Memorandum

TDR Capital V L.P.

Private Equity Commitment

Allocation Implementation Committee
Approval Date: July 12, 2022



Executive Summary

G. Anthony Meadows, Portfolio Manager, and Hamilton Lane Advisors, L.L.C. (“Hamilton Lane”), recommend that the Board commit an amount not to exceed €95 million (~\$100 M) plus reasonable normal investment expenses, to TDR Capital V L.P. (the “Fund”), and/or related investment vehicles.

Fund Name	TDR Capital V L.P.
Firm Name	TDR Capital, LLP (“TDR”, “TDR Capital”, or the “Firm”)
Target Fund Size / Hard Cap	€4.0 billion / €4.5 billion
Recommended Commitment Amount	€95 million (~\$100 M)
Existing Relationship	No
Asset Class / Sub Asset Class	Private Equity / Buyout
Investment Office Professionals Due Diligence Team (“IOP”)	G. Anthony Meadows, Portfolio Manager Philip S. VanGraafeiland, Intermediate Investment Professional
Investment Office Oversight	Darren C. Foreman, Director G. Anthony Meadows, Portfolio Manager
External Consultant Oversight	Hamilton Lane Advisors, L.L.C.
ESG Policy (Y / N)	Y

Firm Overview

Founded by Manjit Dale and Stephen Robertson in 2002, TDR Capital is a mid-market private equity buyout firm headquartered in London with administrative offices in Jersey and Luxembourg. TDR is employee-owned and has maintained a single-strategy focus since inception. The Firm promotes a collaborative culture, with nearly all 51 of its employed professionals based in their primary office in London. TDR’s investment team is comprised of 26 members, of which 14 are partners who average 13 years of working together. Their investment efforts are complemented by seven operating partners and seven data scientists, all dedicated to providing support and additional expertise to the Firm’s investment processes and portfolio companies. In 2021, the Firm took meaningful steps in succession planning as co-founder Manjit Dale assumed the role of Chief Investment Officer, and Gary Lindsay and Tom Mitchell were promoted to Managing Partners. Mr. Lindsay and Mr. Mitchell, who have tenures at TDR of 14 and 15 years, respectively, oversee the management of the Firm, alongside the other 12 partners.

TDR has raised four funds, all employing the same investment strategy, and cumulatively invested approximately €10.6 billion in capital (including co-investment) across 23 platform portfolio companies since inception. As of December 31, 2021, 12 of those portfolio companies were fully exited for €6.1 billion in proceeds. The Firm’s Fund IV, a 2018 vintage, has invested approximately 80% of the €3.5 billion in capital raised. Given TDR is nearing completion of their investment activity for Fund IV, fundraising with a target of €4.0 billion for Fund V has commenced and is expected to conclude by Q3 2022.

Market Opportunity

The European Commission forecasts real GDP growth of 2.7% in 2022 and 2.3% in 2023 for the EU and euro area. While inflation, driven upwards by higher energy commodity prices, and persistent supply chain issues have slowed the continent’s full recovery from the economic impact of COVID-19, Europe’s labor market remains strong. Workforce participation has beyond recuperated from the adverse effects of the pandemic, with unemployment reaching 6.8% as of April 2022, the lowest in over two decades.¹ Despite

¹ European Commission, 2022, Spring 2022 Economic Forecast



these mixed signals and increased levels of economic uncertainty, challenging environments may reveal to TDR companies that would benefit from their ownership. Given the Firm's consistent strategy as a value-oriented investor focused on executing on a small number of platform companies per year, TDR has remained highly selective regarding the investments placed within their portfolios. Economic fluctuations may create market dislocations which allow well-established investment firms staffed with seasoned investors such as TDR to find strong investment opportunities.

TDR does not limit their investment scope to any specific industries or sectors, though previous thematic generation has led the team to opportunities within leisure and consumer services, financial services, and business services.

Fund Investment Strategy

TDR seeks to produce strong, risk-adjusted returns by investing in companies which are headquartered or have substantial operations in Western Europe and have fallen out of favor or where TDR sees an opportunity to take a business in a new strategic direction that the wider market is not valuing. Typically, these businesses are not reaching their full potential due to mismanagement, underinvestment, or are misunderstood by the market. TDR will take control or effectively control positions in these companies and partner with their management teams to drive transformational change, usually through strategic repositioning, operational improvements, capital investment, and/or a buy-and-build approach. Target companies tend to be resilient, produce strong cash flow, and contain attractive opportunities deemed actionable through TDR's due diligence efforts. Given these criteria for target companies, the Firm employs a sector-agnostic approach and invests on an opportunistic basis, when companies which fit TDR's criteria arise and the Firm believe they can unlock value.

TDR is notably different from many of its peers by taking a concentrated approach to portfolio construction. The team expects to construct a concentrated portfolio of seven to ten platform companies, investing in one to three platform investments per year. This patient and focused approach allows the Firm to dedicate significant time and resources to their portfolio companies to drive the transformational change desired. In addition to the Firm's investment partners, directors, and associates, TDR utilizes operating partners, who are full-time employees and work exclusively for the Firm, to assist in delivering performance. Operating partners may take interim management positions at portfolio companies, provide functional expertise in their respective areas of experience, and directly assist management teams and boards on key strategic decisions. The Firm's capabilities are further enhanced by a group of seven in-house, dedicated data scientists. TDR employs data science to analyze large datasets and produce valuable insights at the Firm- and portfolio company-level. The data science group has been integrated into many of TDR's processes including forming investment themes, confirming investment theses, and constructing value creation plans for portfolio companies.

While the Firm seeks to invest in companies with outsized upside potential, downside protection is equally stressed. TDR is committed to returning capital to its investors and de-risking their positions early. This prudent approach to risk mitigation has resulted in no realized losses since Firm inception. TDR has consistently utilized the same investment strategy across all four of their previous funds.

PSERS History & Performance

This commitment would represent PSERS' first investment with TDR Capital.



Portfolio Fit

A commitment to the Fund would be allocated to the Buyout sleeve of PSERS' Private Equity portfolio. The table below summarizes PSERS' projected Private Equity portfolio exposure inclusive of a recommended €95 million (~\$100 M) commitment to the Fund:

Investment Type	Market Value ¹	Unfunded ^{1,2}	Total Exposure	%	Pending Current Recommendations		
					Aug 2022	Total Exposure	%
					\$ M	\$ M	
Buyout	\$ 8,618	\$ 3,713	\$ 12,331	69.5%	\$ 100	\$ 12,431	69.5%
Growth Equity	1,334	948	2,282	12.8%	-	2,282	12.8%
Venture Capital	1,251	224	1,475	8.3%	-	1,475	8.3%
Internal Co-Invest	1,390	281	1,671	9.4%	-	1,671	9.4%
Total	\$ 12,593	\$ 5,166	\$ 17,759	100.0%	\$ 100	\$ 17,859	100.0%

¹As of December 31, 2021; ² Includes all commitments up to last Board meeting and/or notational ballot voting

Investment Highlights

- Alignment of Interests
- Strong Historical Performance
- Value-Oriented, High Conviction Investor
- Single-Strategy Firm

Investment / Risk Considerations

- Concentrated Portfolio
- Recent Change in Managing Partners
- Portfolio Financing
- Business & Market Risk



Investment Committee Disclosure

Relationship with Hamilton Lane:	<p>Five discretionary Hamilton Lane clients and/or commingled products have committed an aggregate \$78.9 million across prior TDR funds. Additionally, one discretionary Hamilton Lane client and/or commingled product has approximately \$3.0 million of secondary exposure to prior TDR funds.</p> <p>Preliminary Hamilton Lane allocation data as of June 15, 2022, indicates that two discretionary Hamilton Lane clients and/or comingled products plan to commit an aggregate \$29.3 million to Fund V. Please note that this information is subject to change pending client by client discussions at Allocation Committee and is available to PSERS upon request.</p>
Introduction Source:	PSERS Staff
Compliance with Placement Agent Policy:	As confirmed by PSERS' Office of Chief Counsel on July 5, 2022, this investment complies with the Board's policy.
PA Political Contributions:	None Disclosed
PA Presence:	Yes
Potential Conflicts:	PSERS is not aware of any actual or potential conflicts of interest that would be created by PSERS' investment in the Fund.
Litigation Disclosure:	TDR Capital receives communications from regulators and may be involved in litigation from time to time in the ordinary course of business and to the best of TDR Capital's knowledge, the Firm and its funds are not involved in any litigation which has or may have a material effect on TDR Capital or the Fund.
Has the Firm reimbursed and/or paid for PSERS IOP travel in the past two calendar years?	No
Certification of Due Diligence Costs:	IOP certifies there was no travel associated with the due diligence of TDR Capital V L.P. and PSERS was not reimbursed for any travel costs related to due diligence of the Fund.