

Venture Capital Fund Commitment

Cardinal Venture Partners II, L.P.

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Charles J. Spiller, Director of
Private Markets and Real Estate

Cardinal Venture Partners II, L.P. – Venture Capital

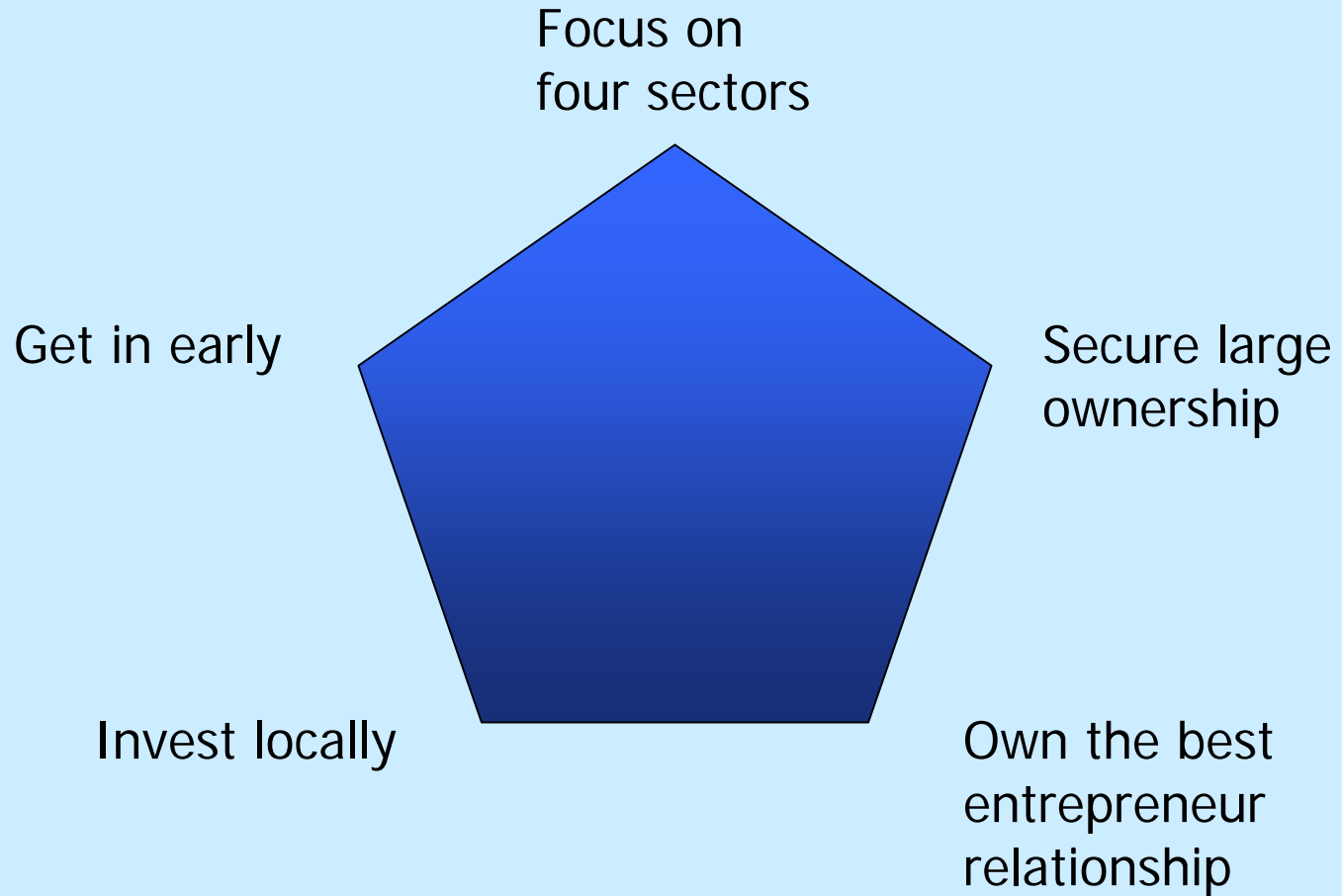
Overview

- Fund size is \$160 million
- Early stage technology investing
- Focus is on four software sectors: Digital Media, Mobility, Financial Technology, and Software-as-a Service

Fund Strategy

- A focused approach which includes securing large ownership, own the best entrepreneur relationship, invest locally and get in early.
- Aim to be first investor.
- Lead or co-lead investments.
- Pennsylvania Presence - N/A

The Cardinal Approach



Investment Focus Areas

- Highly impacted by software & the internet
- Decades of innovation ahead
- Match our investment & operating backgrounds

Digital Media



Mobility



Financial Technology



Software-as-a-Service



Cardinal Venture Partners II, L.P. – Venture Capital

Investment Team

- Four equal partners investing together for seven years.
- Have over 40 years combined experience.

GP “Value Add”

- Top-tier co-investors in Cardinal deals.
- Robust pipeline consistent with investment focus areas.

Performance

- Current FMV of Fund I is 1.52X invested capital.
- Two completed IPO's and four acquisitions from Fund I.

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History with PSERS

- This would be PSERS first fund relationship with Cardinal Ventures.

Recommendation

- Staff, together with Portfolio Advisors, recommends that the Board invest an amount equal to 90.9 percent of the committed capital, but not to exceed \$50 million plus reasonable normal investment expenses, in a side fund.