



Private Debt Fund Commitment

Versa Capital Fund II, L.P.

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Versa Capital Fund II, L.P. – Control Distressed Debt

Overview

- Fund size is \$600 million with a hard cap of \$950 million
- Mid-market control distressed debt
- Invest in companies with a history of \$50 million to \$1 billion in annual revenue
- Primarily US based companies

Fund Strategy

- Experiencing some form of distress, such as a liquidity crisis, revenue retrenchment or regulatory challenges
- Calling for an investment of \$5 million to \$75 million in a single transaction
- Pennsylvania Presence – Versa is based in PA, but none of the portfolio companies to date are based in the state.

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Investment Team

- A team of 19, investment and portfolio operations professionals, is dedicated to supporting portfolio company investments
- Versa has one office, which is in Philadelphia, PA

GP “Value Add”

- Versa’s control strategy will allow them to have an impact on management changes, strategic redirections, or add-on acquisitions. Versa’s professionals are very experienced in this space.

Performance

- The IRR of this vintage year 2005 fund is not applicable
- There have been 3 exits to date, returning an average of 2.5x

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Market Opportunity

- Staff values the depth of the team and the affiliation with the Independence Capital Group. Versa may participate in acquiring investments in joint venture with the Lubert Adler Real Estate Funds.
- Versa II gives PSERS additional exposure to the middle market control distressed space

History with PSERS

- This would be PSERS second fund with Versa (Chrysalis)

Recommendation

- Staff, together with Portfolio Advisor's, recommends a commitment of \$150 million (hard cap is \$950 million)