



January 4, 2013

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

Re: Triton Fund IV, L.P.

Dear Trustees:

Triton Partners ("Triton" or "the General Partner") is seeking to raise €2.4 billion (approximately \$3.1 billion) of limited partnership interests for its fourth fund, Triton Fund IV, L.P. ("the Fund"). The Fund will continue to pursue buyout and special situations investments in mid-market businesses in the German-speaking and Nordic countries. Triton plans to hold a first closing at the end of January. The General Partner will invest a minimum of 3% of total commitments.

Triton will seek to take active ownership positions in out-of-favor and/or under-resourced mid-market businesses with significant value creation potential. Target sectors are Industrials, Business Services and Consumer. Preferred areas of investing are orphaned corporate carve-outs, complex situations and turnarounds as well as debt for control positions. Geographically, Triton is focused on companies with their core activities in German-speaking or Nordic countries. The target range for each region is 30% to 70% of invested capital, and in prior funds the split was approximately 50/50. As the German market is more mature and the current deal pipeline is more heavily weighted towards this region, Triton expects a slightly higher percentage (55% to 60%) of German deals in the Fund. The enterprise value of target companies ranges from €50 million to €500 million. Fund IV is targeting a portfolio of 15 – 25 investments.

Depending on the circumstances and reflecting the complex state that businesses sometimes are in, the Fund will have the flexibility to invest in both equity and debt instruments. The Firm's flexible investment strategy allows Triton to select investments from a broad range of opportunities. Individual countries or sub-sectors tend to experience different cycles, varying degrees of growth, competition and fluctuating exchange rates. Triton has the ability to focus on the most attractive sub-sector, country or market segment at any point in time. Further, target companies often have an international focus with sales, plants or divisions in other parts of Europe, North America and Asia. Triton will seek to capitalize on recurring macro, industry and profitability cycles by investing through cycles and seeking to generate strong, cycle-independent returns for investors.

Triton prefers moderate leverage levels for its portfolio companies. For the current unrealized portfolio across all funds, the average leverage ratio is 3.1x net debt/LTM EBITDA as of June 30, 2012. Due to the challenging market conditions in Europe, there will likely be a larger number of investments that Triton



accesses through debt positions. This will be a continuation of the current strategy as 6 out of the 13 recent transactions were sourced through investments in the debt of the target companies.

Portfolio Advisors' recommendation is based upon the following analytical factors and is made within the context of PSERS' investment guidelines.

- Detailed due diligence, including interviews with industry peers and private equity professionals.
- 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.
- 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 Portfolio Advisors who were primarily involved in the due diligence process for Triton Fund IV, L.P. are:

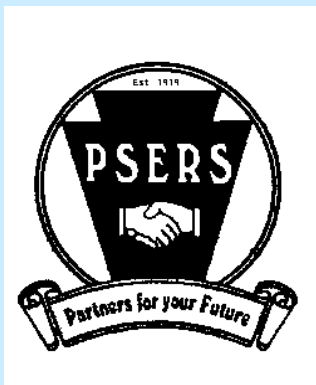
Peter Schwanitz - Managing Director, Zurich Office
Nicolas von der Schulenburg - Managing Director, Zurich Office
Nadine Zangger – Senior Associate, Zurich Office

Based on the above, Portfolio Advisors recommends that PSERS commit to up to €100 million of limited partnership interests in Triton Fund IV, L.P. Portfolio Advisors 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. Portfolio Advisors does not provide legal or other non-investment-related advice.

Sincerely,

WILLIAM J. INDELICATO
MANAGING DIRECTOR



International Private Equity Fund

Triton IV, L.P.

January 24, 2013

See Last Page for Disclaimer

Luke M. Jacobs
Sr. Investment Analyst, Private Markets

Triton IV, L.P. – International Private Equity

Overview

- Target fund size is 2.4 billion Euros, with a hard cap of 3.0 Billion Euros
- Mid-market, out of favor/under resourced businesses in the Industrial, Business Services, and Consumer sectors
- Invest in companies that can deliver 2.5X/30% IRR on invested capital at reasonable risk, independent of cycles
- Businesses typically have activities in German-speaking or Nordic countries

Fund Strategy

- It proactively promotes the pursuit of out-of-favor, under-resourced, over-leveraged businesses with significant development potential
- Triton typically invests in businesses where it has access to first-rate board and management talent. As owner, Triton introduces skills and resources that can increase efficiencies, boost growth and enhance market positions through operational improvements, buy & build and separation of parts strategies

Investment Team

- 78 investment professionals and 77 support staff
- Established in Jersey, has offices in London, Stockholm, Luxembourg and Frankfurt

Triton IV, L.P. – International Private Equity

GP “Value Add”

- Triton estimates that 85% of the increase in realized value is due to Operational improvements (i.e. revenue growth, margin improvement and net debt reduction)
- Triton has been the lead or co-lead on all investments

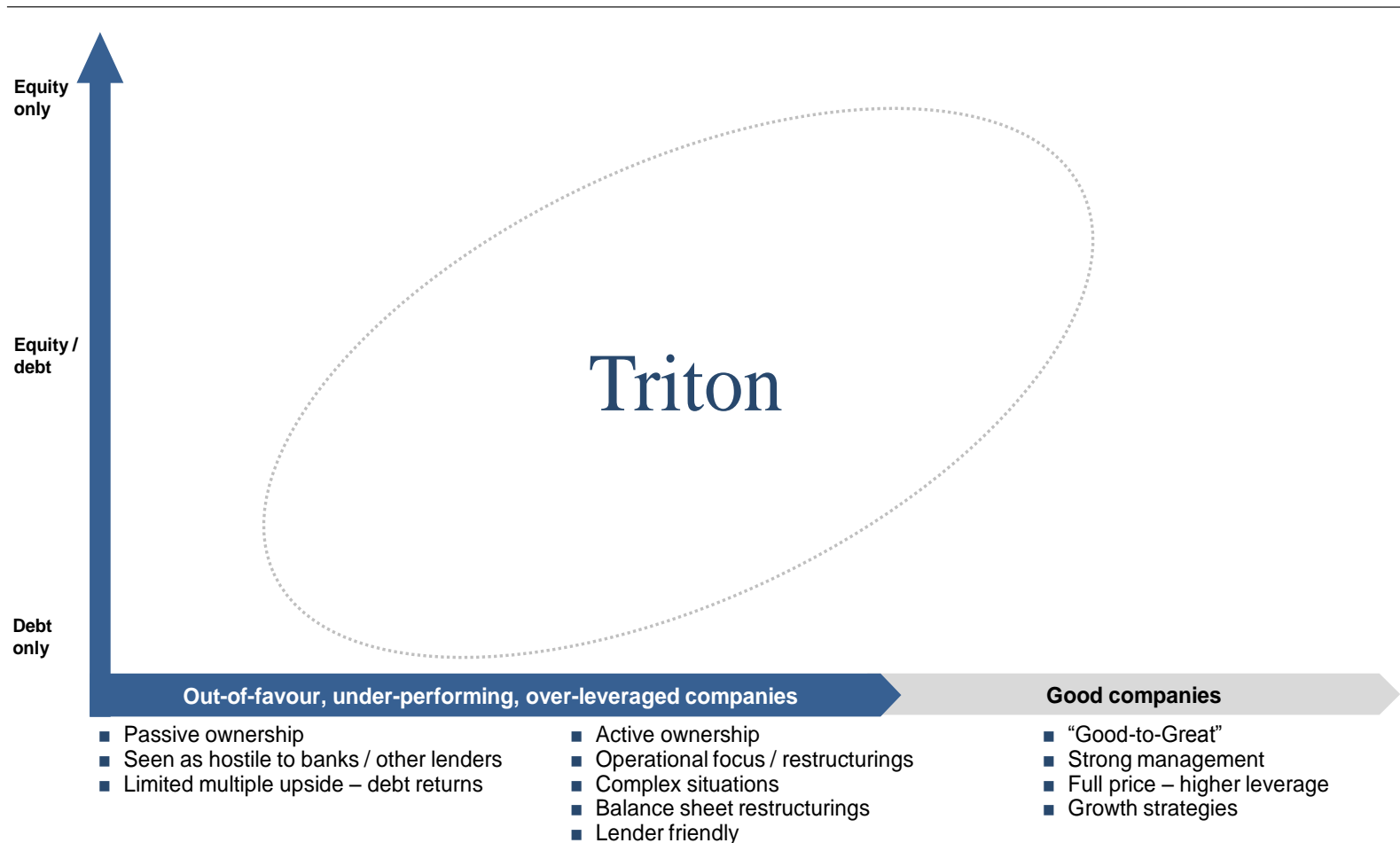
Performance (as of 09/30/12)

- Triton I, a 1999 vintage fund, has a net 2.3x MOC and a 24.0% net IRR
- Triton IA, a 2002 vintage fund, has a net 3.5x MOC and a 62.0% net IRR
- Triton II, a 2006 vintage fund, has a net 2.1x MOC and a 20.0% net IRR
- Triton III, a 2009 vintage fund, has a net 1.1x MOC and a 7.0% net IRR

Market Opportunity

- Staff highly values the depth of the team, the top performance across prior funds
- Triton IV would offer PSERS exposure to the mid-market space in Northern Europe

Triton IV, L.P. – International Private Equity



Triton IV, L.P. – International Private Equity

History with PSERS

- This would be PSERS first fund relationship with Triton

Board Issues

- Pennsylvania Presence – N/A
- Placement agents – The General Partner has retained Lazard Freres & Co. LLC, as a placement agent for Fund IV. Lazard is registered with the SEC and is a member of the Financial Industry Regulatory Authority. Fee is not a fund expense
- PA Political contributions – None
- Relationship with consultant – Portfolio Advisors Private Equity Fund VII will be an investor in this fund

Recommendation

- Staff, together with Portfolio Advisor's, recommends that the Board invest an amount not to exceed €100 million plus reasonable normal investment expenses

Notice: This document was presented to the Public School Employees' Retirement Board at the public meeting at which the Board acted on the resolution to which the information relates. The sole purpose for posting the presentation information on this website is to enable the public to have access to documents that were utilized at a public meeting of the Public School Employees' Retirement Board, and no other purpose or use is intended.