COMMONWEALTH OF PENNSYLVANIA
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Public Investment Memorandum

ICG Europe Fund VII SCSp

High Yield Commitment

James F. Del Gaudio
Portfolio Manager

February 12, 2018

Recommendation:

Staff, together with Hamilton Lane Advisors, L.L.C. ("Hamilton Lane"), recommends the Board commit up to €150 million to ICG Europe Fund VII SCSp (the "Fund", or "Fund VII"). Intermediate Capital Group plc ("ICG" or the "Firm") is seeking to raise €4 billion for Fund VII to continue the Firm's flagship European subordinated debt strategy, focused on European middle-market companies.

Firm Overview:

Founded in 1989, ICG is a publicly listed asset manager operating across the credit landscape. Until 1994, ICG invested in European subordinated debt/intermediate capital exclusively from ICG plc's balance sheet. In 1994, ICG began managing funds on behalf of third-party investors through managed investment accounts. ICG was listed on the London Stock Exchange in June 1994, and trades under the ticker "ICP". In 1998, ICG raised ICG Europe Fund I, its first third-party fund targeting subordinated debt/intermediate capital investments across Europe. Additional third-party European funds, Asia Pacific funds and a North American fund have since been launched to invest in subordinated debt / intermediate capital opportunities.

The Firm expanded its investment strategy in the late 1990s to include senior secured loans and high yield bonds, capitalizing on the firm's deep knowledge of and experience in the leveraged buyout ("LBO") market. In 1999, ICG raised its first European collateralized debt obligation fund. In doing so ICG, through its wholly-owned European investment management subsidiary Intermediate Capital Managers Limited ("ICML"), became one of the first fund managers of European senior secured loans and high yield bonds. More recently, ICG established a European and Asian direct lending business, completed the acquisition of their remaining stake in Longbow Real Estate to create a full subsidiary and launched their Alternative Credit Fund, a multi-strategy structured credit hedge fund. Today, ICG has ~300 employees (136 investment professionals) across 15 offices in 13 countries. ICG's investment professionals are based in offices across London (Headquarters), Frankfurt, Madrid, Paris, Stockholm, Luxembourg, New York, Singapore, Tokyo, Hong Kong and Sydney,

As of September 30, 2017, ICG had total AUM of €27.2 billion, of which €6.9 billion is allocated to their flagship, subordinated debt strategy. The table below summarizes ICG's AUM and strategic focus by business segment as of September 30, 2017:

Segment	AUM	Focus
Private Market Corporate	€15.1 billion	• Senior Direct Lending, **Subordinated Debt & Equity Investments** • **Europe**, Asia Pacific & North America • Launched in 1989
Real Asset	€3.5 billion	• Real Estate Investment in Senior Debt, Subordinated Debt & Equity • Europe • Launched in 2011
Private Equity	€1.7 billion	• Private Equity Fund Restructuring & Private Equity Fund-of-Funds • Europe & North America • Launched in 2014
Capital Markets	€6.9 billion	• Multi-Asset Credit, Syndicated Loans, CLOs & Structured Credit • Europe & North America • Launched in 1999

PSERS previously committed €200 million to ICG Europe Fund V, L.P. ("Fund V"), a 2011 vintage / €2.5 billion fund and €150 million to ICG Europe Fund VI, L.P. ("Fund VI"), a 2015 vintage / €3.0 billion fund. Fund VII will continue ICG's European subordinated debt investment strategy, in which ICG has been investing from its own balance sheet since its inception 28 years ago and in which the first fund was launched in 1998. The target fund size is €4.0 billion of investor commitments, including €500 million from ICG's balance sheet.

Market Opportunity:

ICG's three-pillar European investment strategy allows it to deploy consistently across market cycles, as attractive Corporate, Opportunity, and Sponsored LBO transactions are expected to arise at varying points in the cycle *(see Investment Strategy)*.

Overall, market conditions in Europe remain favorable and Europe's middle-market corporate sector should continue to present attractive investment opportunities. Deal flow is expected to remain robust, with continued economic expansion and abundant liquidity supporting corporate activity. Private equity dry powder is at an all-time high, with roughly €150 billion available for deployment in Europe as of September 30, 2017 (according to Preqin), driving continued private equity sponsored deal activity. Non-sponsored corporate activity in Europe should also remain well supported by macro and corporate fundamentals. European banks remain under regulatory pressure to further shore up their balance sheets keeping pressure on their capacity to lend to middle market corporates. Strong deal flow and limitations on banks' middle market lending activity should continue to support strong demand for private debt and other non-traditional sources of finance. As a result, ICG has laid out two potential paths for Fund VII:

A. **Current market dynamics continue due to strong European fundamentals.** In this case, ICG expects the composition of Fund VII to look broadly similar to Fund VI, with a majority of Corporate deals (non-sponsored) and a smaller proportion of Sponsored LBO deals. Fund VI has operated in such markets, identifying over €1B of investment opportunities per year on average.

B. **There is a market correction or dislocation.** In this case, ICG would expect Fund VII to consist of a comparatively higher proportion of Opportunity deals.

Overall, ICG believes that market conditions will continue to be favorable for private credit, and should provide Fund VII with attractive investment opportunities. ICG does not currently anticipate substantial structural changes in the markets in which it operates. However, uncertainty about the potential economic and corporate impact of the United Kingdom's planned exit from the European Union will continue to raise the bar for capital deployment in the UK. High valuations and new entrants in some segments of the market will continue to put a premium on selectivity in investment exposures and a bias towards directly sourced deals using ICG's proprietary network of locally based teams and established corporate relationships. That said, market conditions are always evolving and ICG's ability to flexibly invest in directly sourced Corporate, Opportunity, and Sponsored LBO situations should give them an advantage relative to competitors.

Portfolio Fit:

Fund VII will be allocated to the Mezzanine bucket of PSERS' High Yield portfolio and the table below summarizes PSERS' projected exposure inclusive of a recommended €150 million commitment:

Investment Type ($M)	Active Commitments[1]	%	Market Value	%	Unfunded[1]	%	Total Exposure[1]	%
Opportunistic	$ 3,600.0	38.5%	$ 2,061.3	44.9%	$ 871.0	30.6%	$ 2,932.2	39.4%
Senior Loans	3,504.3	37.5%	1,437.6	31.3%	1,061.4	37.3%	2,499.1	33.6%
Real Assets	1,326.2	14.2%	620.6	13.5%	565.0	19.9%	1,185.6	15.9%
Mezzanine	924.0	9.9%	474.0	10.3%	346.2	12.2%	820.2	11.0%
Total	**$ 9,354.5**	**100.0%**	**$ 4,593.5**	**100.0%**	**$ 2,843.6**	**100.0%**	**$ 7,437.1**	**100.0%**

(1) Include post Q3'2017 pending/closed commitments.

A commitment to Fund VII allows PSERS to continue its relationship with a high-conviction manager that is well positioned to execute their investment strategy, focused on providing flexible financing solutions to European middle-market companies. The Fund's return target is in-line with PSERS' objective for the High Yield portfolio of generating double-digit net returns over the life of the investment. In addition, the Senior

Loan and Mezzanine buckets of PSERS' High Yield portfolio are currently weighted to managers focused on sponsor-backed corporate lending which has become more competitive in the current market environment. A commitment to Fund VII will help further diversify and increase PSERS' High Yield portfolio exposure to non-sponsored corporate lending transactions.

Investment Strategy:

The Fund will target locally sourced, directly originated, and privately negotiated subordinated debt/intermediate capital investments in European mid-market companies (€100M - €1.5B total enterprise value), and will invest flexibly across the capital structure in a range of instruments. ICG expects to generate investment opportunities for the Fund through the local relationships of its network of investment executives. These executives operate from seven cities across Europe and have built relationships with European mid-market sponsors, management teams, family owners and other stakeholders. This direct approach to investment origination should enable the Fund to negotiate bespoke investment terms to meet both the financing needs of such stakeholders and the Fund's investment criteria. The Fund's potential investment universe encompasses a broad range of Corporate transactions in European mid-market companies, Opportunity transactions in volatile market environments, as well as Sponsored LBO deals in specific circumstances.

The Fund's three primary investments types (and anticipated exposure) are summarized below:

Investment Type	Description
Corporate (30% – 80%)	Situations in which the Fund will seek to support management-led transactions, capital reorganizations around family owners or other key stakeholders, or the continued organic and inorganic development of mature mid-market companies.
Sponsored LBO (20% - 50%)	Situations in which the Fund will seek to support private equity sponsors in financing mid-market LBOs. ICG expects the Fund to invest in LBO transactions where it has comparative advantage, such as a local relationship with a key stakeholder or where ICG believes that it has specific expertise relevant to the proposed investment. The Fund will avoid investments which do not offer appropriate legal protections and governance rights, and will not generally invest in transactions that are part of a syndication.
Opportunity (20% - 50%)	Situations in which the Fund will seek to invest primarily in companies that are known to ICG and that are performing well but are impeded by their capital structures. This pillar of the ICG European strategy is designed to take advantage of significant levels of dislocation and volatility in the market and, in such events, should benefit that vintage year performance. The Fund intends to support these companies by providing capital in support of recapitalizations led by private equity sponsors or lenders, providing liquidity for key stakeholders, or acquiring positions from forced sellers.

ICG seeks to invest in profitable businesses that are market leaders in their respective sectors, which are highly cash generative and demonstrate stable performance; and in which there is a realistic exit opportunity within three to five years. ICG's European investment team has broad geographical and sector experience, and they will seek to build a diversified portfolio (15 – 25 investments) both in terms of geographic and sector exposure. ICG recognizes that most businesses have a degree of cyclicality, but will typically seek to limit the Fund's exposure to inherently cyclical industries. ICG is agnostic to geography with key European markets but has historically been overweight in the UK and France.

ICG always seeks board representation and, even in debt-only investments, expects to be granted up to two board seats (usually a Directorship and an observer seat) to allow it to actively monitor the business through the investment and exit process. In all instances, having a board observer seat provides ICG with enhanced access to, and influence over, the company management and shareholders and helps ICG to stay close to the business and, ultimately, maximize the returns from its investment.

Exits will be achieved either through the refinancing of debt in connection with a change of control, recapitalization or through the scheduled repayment of debt by the company. ICG will play an active role with management in taking the company to an exit. For Sponsored LBOs, exit strategies fall into three broad categories: secondary buyouts, trade sales, and initial public offerings ("IPO"). In these investments, the method of divestment is decided by the private equity owner of the company and will be based on market conditions at the time.

Investment Structure:

Opportunity and Sponsored LBO transactions generally invest less, or no, equity, while Corporate deals will normally have a comparatively larger proportion of equity. The composition of ICG's investment will also vary according to idiosyncratic deal factors, jurisdiction, and tax structuring. For example, it is sometimes preferable to structure mezzanine instruments as preferred equity. Similarly, many equity instruments that ICG invests in have debt-like characteristics such as an agreed money multiple (MoC) and IRR, and are stapled to the debt instruments so that an exit on the debt instruments triggers an exit of the equity instruments.

The Fund will not utilize leverage at the fund level. ICG intends to utilize a bridge facility to finance the acquisition of new investments and manage working capital demands, including mark to market FX movements on the FX hedging program. This will allow the General Partner to execute deal funding within a shorter funding timetable and will allow Limited Partners to benefit from a more streamlined capital call and distribution profile. The Fund will be denominated in Euro and the majority of its investments will be in Euro. However, investments may also be denominated in other Western European currencies. As a result, the returns on non-Euro investments may be affected by currency exchange rate fluctuations. ICG intends to hedge the Fund's exposure to foreign currency fluctuations on its investments using fixed forwards or swap arrangements with approved counterparties. The policy is intended to hedge only the principal invested, not routine interest or investment gains.

Investment Instruments:

The Fund will have the ability to invest flexibly throughout the capital structure of portfolio companies in a range of debt and equity-like instruments. ICG expects that the Fund will invest in a blend of senior and subordinated debt, preferred stocks, and other equity-like instruments, structured to deliver both a significant contractual return and an attractive overall risk-adjusted return for investors.

Investment Team:

The day-to-day investment activities of Fund VII will be overseen by 24 local investment professionals, operating from ICG's offices in Amsterdam, Frankfurt, London (headquarters), Luxembourg, Madrid, Paris and Stockholm. The Fund's European investment team all report via country heads to Benoît Durteste, ICG's Chief Investment Officer and Chief Executive Officer. The Fund's investment activities are led by a five-member investment committee ("IC") comprised of senior members of ICG's European deal team, with an average of 23 years of experience. Unanimous consent is required for investment approval. The following table summarizes the experience of ICG's the senior members of the Firm's European investment team:

Name	Role	Yrs. Experience ICG / Total	Prior Experience
Benoît Durteste* (London)	CIO & CEO	15 / 25	Swiss Re, BNP Paribas, GE Capital
Hadj Djemai* (London)	Managing Director - Head of Southern Europe	17 / 20	BNP Paribas
James Roddis* (London)	Managing Director – Head of UK	10 / 27	Montagu Private Equity, PricewaterhouseCoopers
Jens Tonn* (Frankfurt)	Managing Director – Head of DACH	5 / 24	Vestar Capital Partners, Candover Partners, Citicorp
Luigi Bartone* (London)	Managing Director – Head of Italy	14 / 21	AT Kearney, Mars & Co
Timo Larjomaa (Stockholm)	Managing Director – Head of Nordics	12 / 14	Roschier, Boston Consulting Group
Jaime Chocrón (Madrid)	Managing Director – Head of Iberia	10 / 13	JP Morgan, Goldman Sachs, Santander Investment
Pascal Borello (Paris)	Managing Director	10 / 21	BNP Paribas, Casino Group
Erwan Le Tanneur (Paris)	Managing Director	5 / 14	PAI Partners, Fondations Capital, Boston Consulting Group
Paul Barry (Paris)	Managing Director	4 / 16	Edmond de Rothschild Private Equity, Goldman Sachs, PAI Partners
Matthew Robinson (London)	Managing Director	17 / 20	KPMG
Gareth Knight (London)	Managing Director	10 / 18	Goldman Sachs, Royal Bank of Scotland

* *Denotes IC member*

Investment Highlights:

Stable & Experienced Senior Investment Team
ICG's senior investment team is experienced and well tenured with broad networks across Europe. The Fund's five IC members possess over 115 years of collective investment experience, having managed investment portfolios across numerous economic and capital markets cycles. In addition, ICG has the insight and local market knowledge acquired from more than 200 board or observer seats on portfolio companies operating in a range of geographies, industries and market cycles historically. While this team has experienced some senior-level turnover since raising Fund VI in 2015, this has not materially affected the Firm. Importantly, Benoît Durteste, now ICG's Chief Investment Officer and Chief Executive Officer, has led ICG's European sub-debt / intermediate capital strategy since 2006 and will continue to lead the investment activities of Fund VII and is a named key-person.
Flexible Investment Strategy / Downside Protected Structures
ICG's experience as an investor in complex capital structures and in implementing bespoke financing packages for portfolio companies assists it in sourcing and executing investments. ICG believes that structuring its investments to incorporate a combination of instruments across more than one tranche of the capital structure helps it to achieve an optimal combination of pricing and protection. The Fund will invest in a combination of debt and equity in the underlying portfolio companies. The balance between these debt and equity components will depend on the circumstances surrounding the transaction. Some management teams prefer to keep their company's leverage low, and will want to minimize the amount of debt in any investment. In other situations, the management team will want to keep their ownership of the company as high as possible and therefore will prefer a more substantial investment in debt. ICG's investment strategy allows the Fund to invest flexibly in partnership with management. This flexibility is a key competitive differentiator for ICG. The Fund structures each investment to maximize the risk/return profile of the deal as a whole. When investing both debt and equity, these positions are typically stapled together so that an exit from the debt piece triggers an exit for the equity piece. This flexible structuring means that ICG is able to provide downside protection (through the use of contractual return instruments) while maintaining the upside potential (through co-investing in equity and equity-like instruments), offering what it believes to be almost private equity-like returns with private debt-like risk.
Alignment of Interest / Significant GP Commitment
ICG will commit €500 million to Fund VII, demonstrating a strong alignment of interest given the Firm will be the Fund's largest investor at 12.5% of total commitments (assuming a €4 billion total fund size). In addition, individual team members expect to commit an incremental €12 - €15 million to the Fund.

Strong Historical Track Record / Low Loss Rate
Since the Firm's inception (1989) through September 30, 2017, ICG has invested over €16.2 billion in subordinated debt / intermediate capital opportunities in Europe; generating ~€20.5 billion in realized proceeds with ~€4.6 billion remaining value (>1.5x MoC). Since 1989, the annualized default rate for ICG investments is 4.1%. The annualized actual loss rate, which is the realized loss of invested capital as a proportion of the total invested capital, is only 1.3%. Note this loss has been more than fully compensated by the recovery on the other defaulted deals, and the average recovery rate across all defaulted deals is 1.1x invested cost.

Historical Co-Investment Deal Flow
To date, Fund VI has offered over €650 million of co-investment opportunities to its limited partners. While there is no guarantee of future co-investments offered along Fund VII, PSERS has developed a strong working relationship with ICG, participating in two co-investments last year; investing ~€26 million for the PSERS Private Debt Internal Program.

Investment / Risk Considerations:

Borrower Default Risk
The primary risk involved in the Fund's strategy is underlying borrower default risk. ICG considers that it has created a firm-wide culture based on rigorous credit analysis that assists in the recovery of its invested principal. In order to minimize the risk of default, ICG seeks to invest in businesses that can demonstrate strong and sustainable future cash flows and for this reason does not invest in young or start-up businesses. ICG tends to invest in mature, mid-market businesses with enterprise values between €100 million and €1.5 billion. ICG portfolio companies tend to have a sustainable track record of cash flow generation from products or services with proven market acceptance and low risk of technological obsolescence. The Fund will target companies with leading market positions, for the most part in non-cyclical industries, which are led by first-class management teams whom ICG believes have the ability and motivation to drive business growth. As discussed above, ICG has achieved a low historical loss rate since inception.

Competition
While competition does exist across the European private debt space, ICG's strategy is differentiated due to their ability to consistently invest across market cycles as attractive Corporate, Opportunity, and Sponsored LBO transactions arise at varying points. Given ICG does not target a particular sector, or a particular country within Western Europe, their competitors can vary widely depending on numerous factors including sector, region, type of transaction, the potential structure of the investment, etc. ICG does not compete to win deals on price; instead, it attempts to differentiate itself through offering a bespoke solution with flexible structuring. With regard to PSERS' High Yield portfolio, it is currently weighted to managers focused on sponsor-backed corporate lending which has become more competitive in the current market environment. A commitment to Fund VII will help further diversify and increase the portfolio's exposure to non-sponsored corporate lending transactions, which ICG expects to comprise the majority of Fund VII's exposure.

Liquidly & Leverage Profile
ICG will have the ability to recycle capital realized within 36 months of the acquisition of an investment (during the Fund's five-year investment period). As a result, these investment proceeds will increase PSERS' undrawn commitments (up to the amount of its initial commitment) and will be available for recall. After the expiration of the investment period, the Fund will have up to five years to harvest its investments, subject to extension of up to two years with the consent of a majority in interest of the limited partners. ICG will not utilize leverage at the fund level to increase buying power. However, ICG intends to utilize a bridge facility to finance the acquisition of new investments and manage working capital demands, including mark-to-market FX movements on the FX hedging program. This can allow the General Partner to execute deal funding within a shorter funding timetable and may allow Limited Partners to benefit from a more streamlined capital call and distribution profile.

PSERS History & Performance:

PSERS previously committed €200 million to Fund V, a 2011 vintage / $2.5 billion fund and €150 million to Fund VI, a 2015 vintage / €3.0 billion fund. In aggregate, these two investments generated a 14.5% net IRR / 1.32 x net MoC as of September 30, 2017 in local currency (EUR).

Fund (€M)	Portfolio	Vintage	Commitment	Contributions	Distributions	NAV	Net IRR	Net MoC
Fund V	HY	2011	€ 200.0	€ 219.8	€ 164.8	€ 131.6	12.3%	1.35x
Fund VI	HY	2015	€ 150.0	€ 89.6	-	€ 112.5	52.6%	1.26x
Total (ICG)			**€ 350.0**	**€ 309.4**	**€ 164.8**	**€ 244.1**	**14.5%**	**1.32x**

Investment Committee Disclosure:

Relationship with Hamilton Lane:	In aggregate, Hamilton Lane clients and commingled products have committed ~$280 million across prior ICG funds. • ICG Recovery Fund 2008: $110M, across 7 clients / commingled products • ICG Europe Fund V: $70M, across 2 clients • ICG Europe Fund VI: $100M, across 2 clients Hamilton Lane anticipates committing ~$135M to Fund VII on behalf of 7 clients.
Introduction Source:	Fund Sponsor
Placement Agent:	No
PA Political Contributions:	None Disclosed
PA Presence:	None Disclosed
Potential Conflicts:	We are not aware of ICG having any investment conflicts.
First Time Fund With PSERS:	No
PSERS Allocation Implementation Committee Approval:	February 12, 2018

Oversight Responsibility:

Investment Office:	Charles J. Spiller	Deputy CIO, Non-Traditional Investments
	James F. Del Gaudio	Portfolio Manager
External Consultant:	Hamilton Lane	

January 29, 2018

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

Re: ICG Europe Fund VII SCSp

Dear Trustees:

Intermediate Capital Group ("ICG") was founded in 1989 as a publicly listed asset manager operating across the credit landscape. In 1998, ICG launched its first third-party fund, targeting subordinated debt / intermediate capital investments across Europe. The General Partner has since diversified its franchise with newer investment offerings such as its high yield bond fund, real estate fund, alternative credit strategy and strategic secondaries. ICG's investment team is comprised of 24 professionals, split between 12 senior professionals and 12 other employees; the senior investment team is experienced and well-tenured, with broad networks across Europe. The General Partner maintains investment professionals in London, Frankfurt, Paris, Madrid, Amsterdam and Stockholm; ICG's longstanding and well-networked local investment teams drive deal flow. Investment decision-making is led by an experienced investment committee comprised of Benoit Durteste, Hadj Djemai, James Roddis, Jens Tonn and Luigi Bartone, with all approvals requiring unanimous vote. ICG is targeting €4.0 billion in commitments, split between €3.5 billion from limited partners and €0.5 billion from the General Partner, for ICG Europe Fund VII SCSp (the "Fund"). ICG expects to hold a first close in April 2018.

The General Partner employs a flexible strategy across its three core investment types: sponsored LBO's, corporate (non-sponsored) and opportunistic transactions. ICG expects to see more corporate (sponsorless) deals at times of rising markets while more opportunistic deals are expected during periods of market distress; in periods of market stability, sponsored deals offer attractive risk, reward characteristics. The General Partner often participates in several different tranches of a company's capital structure, from the equity through to the senior debt. ICG leverages its broad sourcing networks in Europe to drive deal flow; transactions are typically sourced through relationships with sponsors, management teams and corporates. ICG has the ability to structure complex transactions across the capital structure, which gives the General Partner a competitive edge in sourcing and deal execution. The General Partner consistently monitors portfolio companies for the lifetime of the investment and senior members of the deal team often take board seats. ICG typically exits investments through refinancing its loan position or completing a sale of the underlying asset. The General Partner is agnostic to geography within key European markets but has historically been overweight in the UK and France. ICG opportunistically invests across sectors; however, ICG has historically deployed a large proportion of capital into services and consumer products. The Fund will primarily target investments in the range of €60 million to €600 million, targeting companies with enterprise values between €100 million and €1.5 billion. ICG estimates that the Fund will make approximately 20 investments. The General Partner has generated consistently attractive risk-adjusted returns since Fund III.

ICG Europe Fund VII's investment thesis can be summarized as follows:

- The General Partner has a strong brand name and local presence in key European markets
- Flexible, differentiated investment strategy
- ICG maintains an experienced senior investment team that drives decision making

- Attractive returns across prior funds

Hamilton Lane's recommendation is based upon the following analytical factors and is made within the context of 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 December 27, 2017; the on-site due diligence was conducted January 9, 2018; the fund was approved by Hamilton Lane's Investment Committee on January 22, 2018 and the recommendation to PSERS was issued January 29, 2018.

- 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 ICG'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 High Yield / Private Credit component of the portfolio.

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

Jim Strang – Managing Director, London Office
Nina Kraus – Senior Associate, London Office
Patrick Donegan – Analyst, London Office

Based on the above, Hamilton Lane recommends that PSERS commit up to €150 million in ICG Europe Fund VII SCSp. 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,
Managing Director

Corina English,
Principal