PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Public Investment Memorandum

Greenoaks Capital Opportunities Fund V LP

Growth Equity Commitment

Allocation Implementation Committee
Approval Date: May 27, 2022

Executive Summary

Patrick G. Knapp, Portfolio Manager, and Hamilton Lane Advisors, L.L.C., ("Hamilton Lane") recommend that the Board commit an amount not to exceed $100 million plus reasonable normal investment expenses, to Greenoaks Capital Opportunities Fund V LP (the "Fund", or "GCO V"), and/or related investment vehicles.

Fund Name	Greenoaks Capital Opportunities Fund V LP
Firm Name	Greenoaks Capital Partners, LLC ("Greenoaks" or the "Firm")
Target Fund Size / Hard Cap	$2.25 billion / $2.7 billion
Recommended Commitment Amount	$100 million
Existing Relationship	Yes
Asset Class / Sub Asset Class	Private Equity / Growth Equity
Investment Office Professionals Due Diligence Team ("IOP")	Patrick G. Knapp, Portfolio Manager
Investment Office Oversight	Darren C. Foreman, Director Patrick G. Knapp, Portfolio Manager
External Consultant Oversight	Hamilton Lane Advisors, L.L.C.

Firm Overview:

Greenoaks, founded in 2012, is a San Francisco-based investment firm focused on identifying and investing in growth stage, tech, and internet-enabled businesses. Rather than considering the internet as a sector in and of itself, Greenoaks takes the view that it is an enabler of product, process, and business-model innovations that allow companies to offer new and better value propositions to customers in a variety of sectors and business models. Despite these innovations, many companies will be quickly copied or poorly adopted with few companies ever producing free cash flow (cash produced in excess of operational costs and capital expenditures). However, a limited subset of these companies will be competitively advantaged and drive enormous value creation in large addressable markets. Greenoaks, therefore, maintains a highly selective, data-driven process run by a unique team in the mid-stage venture to early growth space.

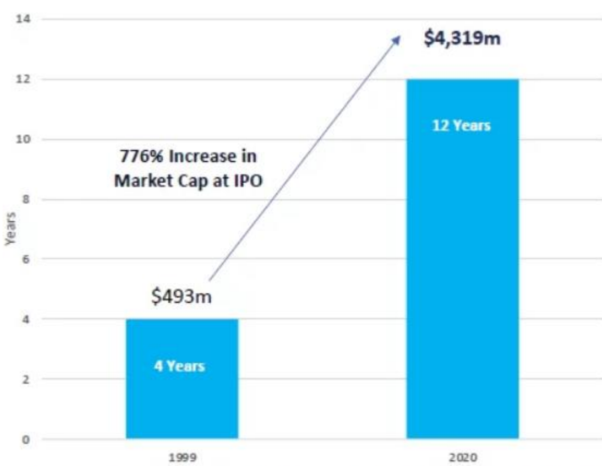
Market Opportunity:

Greenoaks will pursue global growth opportunities in tech and internet-enabled businesses. While Greenoaks does not prescribe geographic targets or limits for the Fund, the estimated Fund exposure will be 50% North America / 50% international. The Firm does not believe it possesses the requisite expertise and networks to successfully invest directly into China, and therefore this geography is not part of Greenoaks' opportunity set.

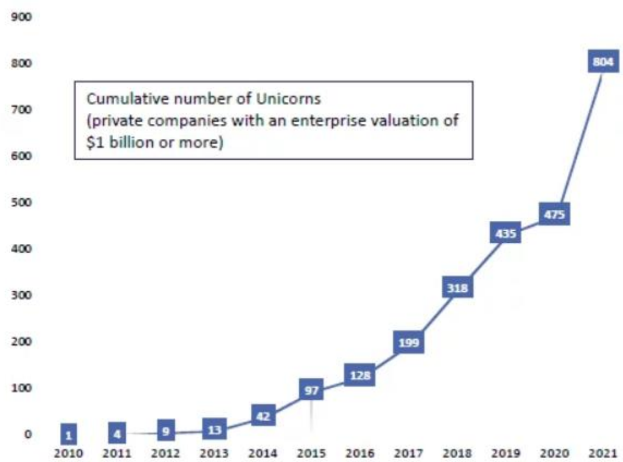
The venture ecosystem in the United States has seen some dramatic changes over the past decade. Large $100 million plus financings of venture-backed companies have gone from being essentially nonexistent to regular occurrences as these companies have trended toward staying private longer.

Correspondingly, the value created by venture-backed companies increasingly accrues to investors before they go public. Venture backed tech companies today are significantly larger and more developed when they go public than they have been in the past. According to data collected by Jay Ritter at University of Florida, in 1999 the median tech company went public (IPO) with a market cap of $493 million and was 4 years old. Fast forward to 2021 and the respective numbers were $3.1 billion market cap and 12 years old. Companies that had an IPO in 2021 also had median sales of $208 million vs. $12 million for the 1999 cohort. Today, companies are regularly achieving unicorn status ($1 billion valuation) while privately owned, once a rare occurrence.

Private Tech Company Median Age & Market Cap at IPO*

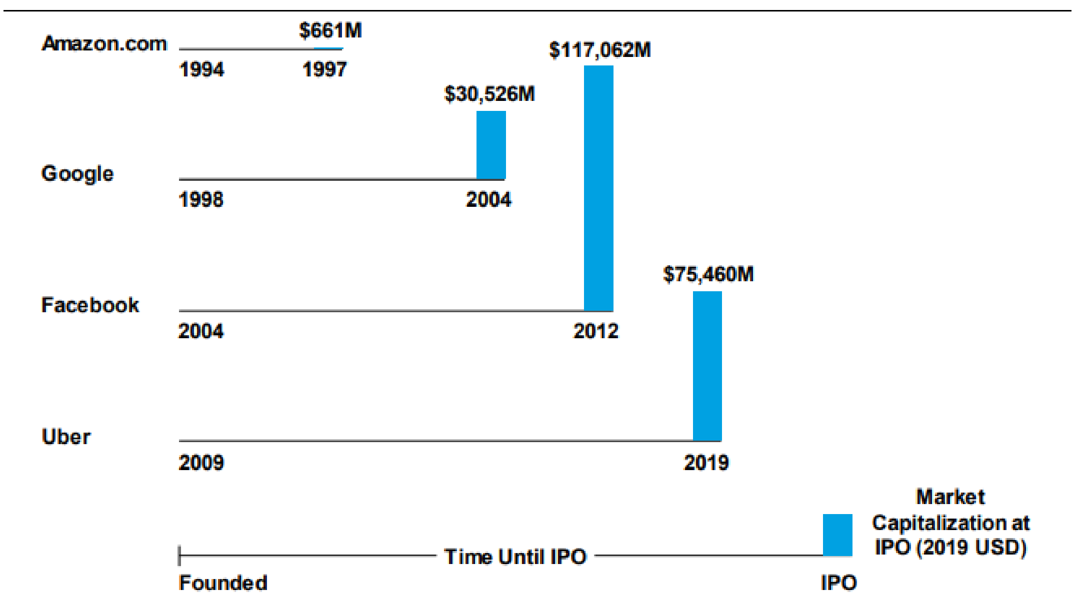


Unicorns Have Increased Dramatically**



*Reflects larger private market, not Fund holdings. Source: Initial Public Offerings: Updated Statistics, Jay R. Ritter, Cordell Professor of Finance, University of Florida, August 25, 2021.
**Source: CB Insights, as of 8/31/2021.

Consider, for example, that Amazon has gained nearly all of its current $1.1 trillion market cap (as of 5/11/2022) as a public company. Amazon went public valued at $661 million. Public market investors have benefitted from dramatic wealth creation by participating in Amazon. A decade later when Facebook ~~IPO'd~~ went public, it was already valued at $117 billion and has a current market cap of $531 billion (as of 5/11/2022), merely-4.5x its IPO value.

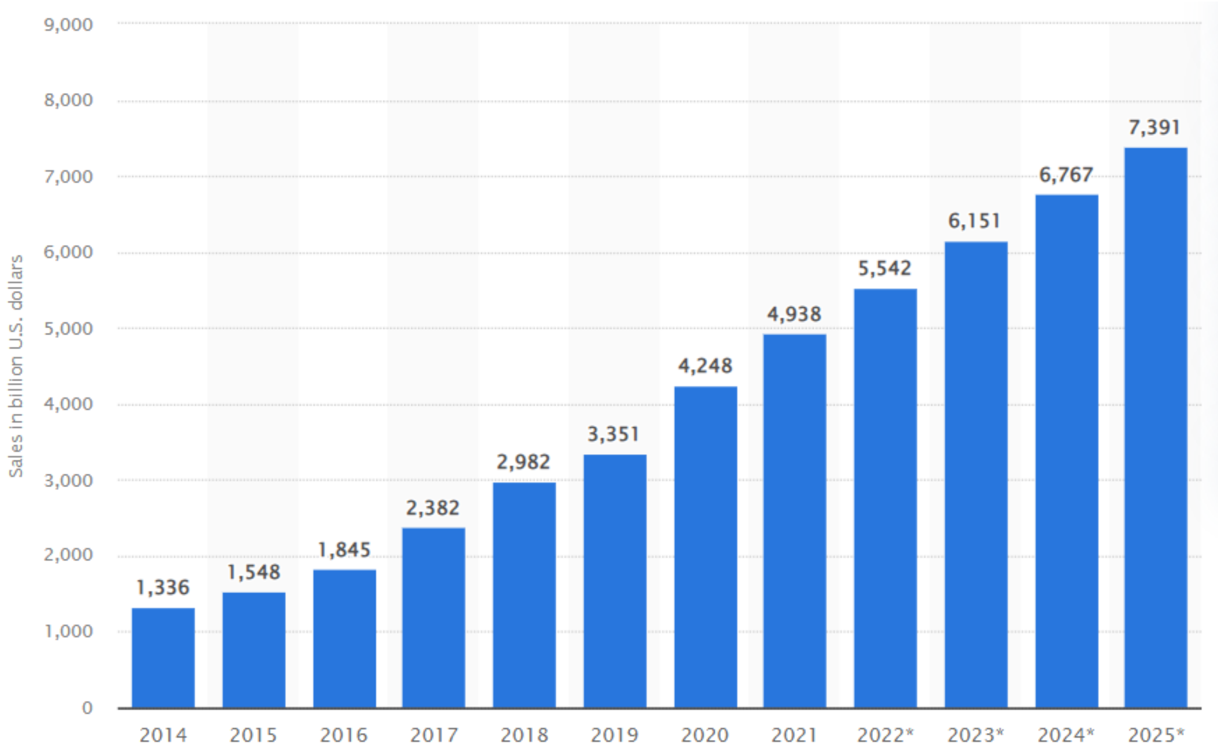


Source: Company reports and Counterpoint Global

While Facebook's more than four-fold rise in the public market is still an attractive return, it pales in comparison with post-IPO performance of many older venture-backed companies. Few venture-backed companies (even many of those with current lofty valuations) will achieve such rosy outcomes. However, this trend toward wealth creation in successful businesses being disproportionately captured by private investors is real and does not appear to be changing.

Global consumer behavior has seen a long-term trend toward online purchases of goods and services. Online retail sales totaled $4.9 trillion in 2020 and are forecast to grow to north of $7 trillion by 2025.

Retail E-commerce Sales Worldwide

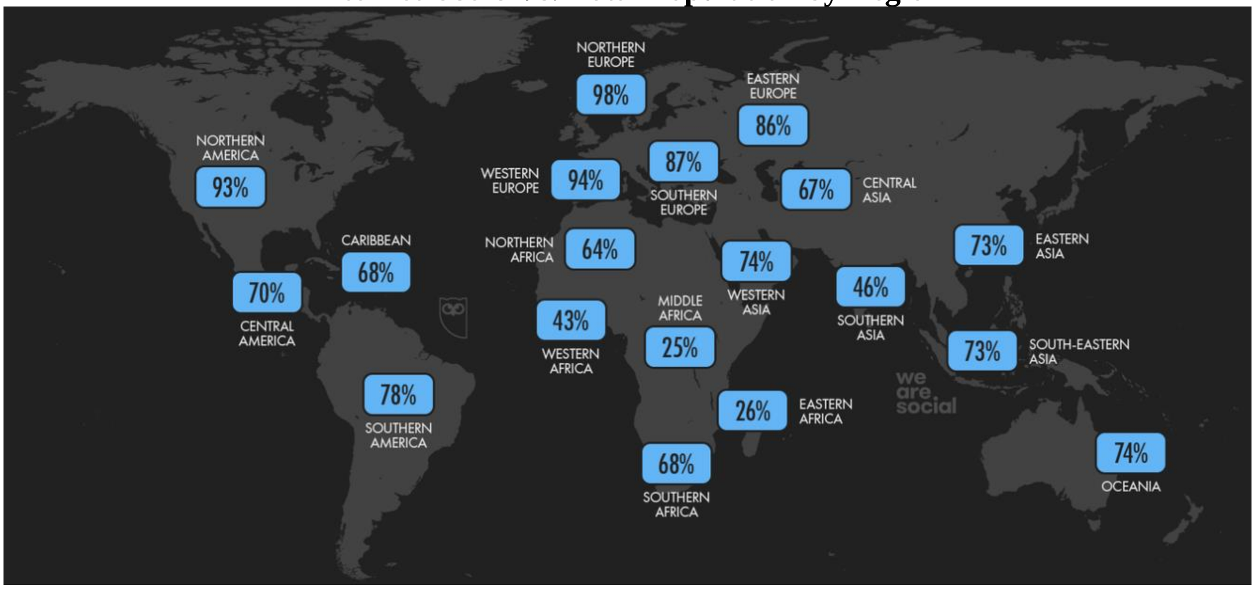


Source: Statista

Source: Statista Digital Market Outlook

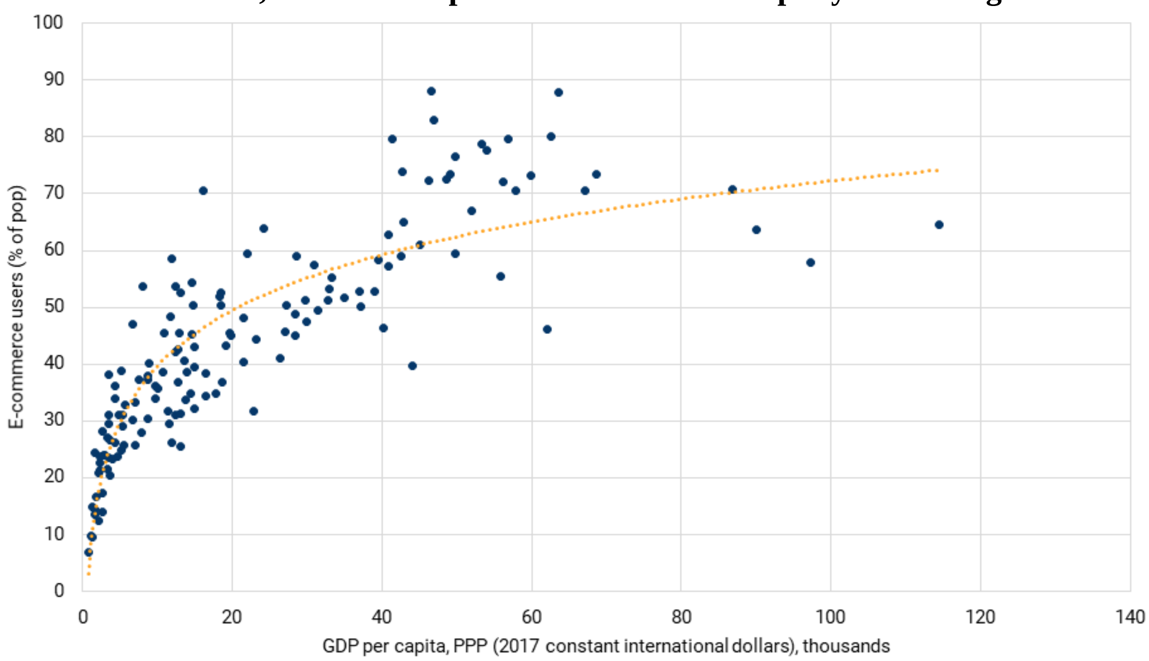
Developing countries in particular have additional long-term tailwinds due to increasing access to the internet from current relative deficits as well as growing incomes and purchasing power.

Internet Users Vs. Total Population by Region



Sources: DataReportal; Kepios analysis; ITU; GSMA Intelligence; Eurostat; GWI; CIUA World Factbook CNNIC; APJII; local government authorities; United Nations
Notes: Percentages represent share of the total population. Regions based on the United Nations Geoscheme

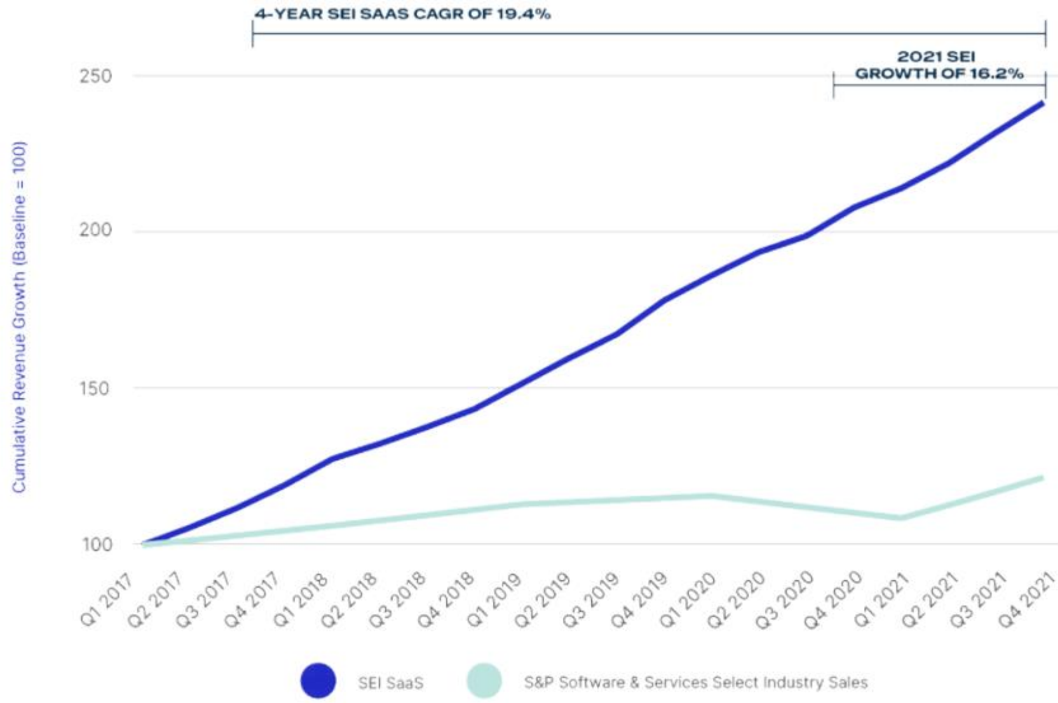
Across countries, e-commerce penetration increases rapidly with rising incomes



Source: statista.com (2021 ecommerce est); World Bank World Development Indicators (2019 actuals)

BROOKINGS

Greenoaks' opportunity set also includes the significant positive trends in cloud computing and the continued adoption of subscription models for enterprise software, payments, and other business use cases. Along with the tremendous growth in the business model, subscription-based businesses have proven remarkably resilient in the face of COVID-19 with sales growth throughout the COVID pandemic.



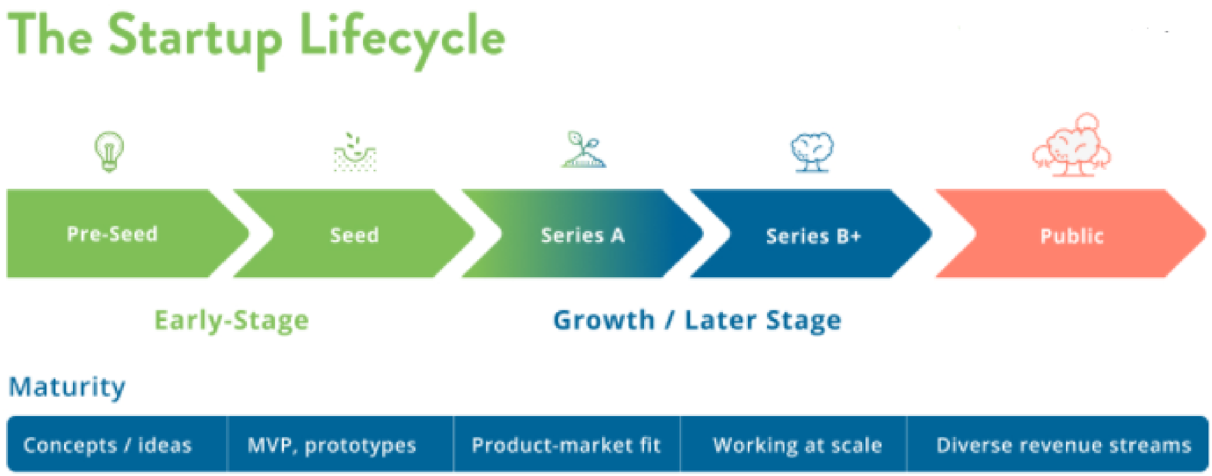
SEI = Subscription Economy Index
SaaS = Software as a Service
Source: Zuora, company reports

Fund Investment Strategy:

Greenoaks' goal is to make meaningful, long-term investments in businesses capable of growing free cash flow at above market rates over long periods of time. These companies possess specific traits which Greenoaks seeks to build conviction around, including:

- Exceptional management characterized by high energy, intellectual honesty, and extraordinary capabilities including a strong grasp of operational details, demonstrated ability to build data-driven, systems-oriented organizations and the ability to attract and retain high quality talent.
- Large addressable markets where the business can create broad platforms and capture an expanding portion of customer spend over time.
- An incredible customer experience indicated by low customer acquisition cost, attractive customer acquisition payback periods, and sustained repeat customer behavior.
- Attractive unit economics that show a clear path to profitability at scale.
- Durable competitive advantages that prevent the natural erosion of margins due to competitive forces.

Greenoaks seeks to invest in companies as early as they can develop conviction around these traits. The Greenoaks team has demonstrated broad range within the tech/internet enabled ecosystem, both by end market and lifecycle stage, with the majority of invested capital historically deployed in the Series B round or later.



Source: MintyMint

Given their focus on rigorous fundamental underwriting, the Firm pursues a relatively concentrated investment approach with approximately 15 core portfolio companies per fund. Downside protection is sought through deep understanding of business and market dynamics, the growth profile of the companies they invest in, and identification of a variant view which results in mispricing at their point of investment. This concentrated portfolio allows Greenoaks to devote a substantial amount of team resources to each investment, both in due diligence and post investment, as well as maintain high underwriting standards. Initial investments generally range from $25 million to $75 million, with the expectation that additional investment dollars may be made in subsequent rounds of funding, allowing for the benefit of investing as an insider and experience working with portfolio company management to shape the business and fundraising strategy.

Greenoaks places a high priority on sourcing potential opportunities well before their point of investment, recognizing the best opportunities are developed over a period of months or years. They maintain an active outbound effort directed by thematic research and data efforts focused on monitoring specific signals across a variety of areas including, but not limited to, credit card data, app usage, and employee movement. Complementing their outbound efforts, Greenoaks proactively cultivates inbound opportunities through their growing reputation as a high-quality partner.

Approximately 2,000 companies are reviewed by Greenoaks' 12-person investment team annually with initial interactions with companies of interest led by one or two investment team members. The opportunity set is winnowed quickly as clear absence of their investment criteria is often evident in companies. A small subset (~100) is subject to deeper review by a team of two or three investment team members to validate desired characteristics and identify key topics for further diligence. Detailed company data is requested at this point, and the Greenoaks investment team conducts diligence, such as analysis of customer cohort behavior through transaction logs, quantifying customer sentiment through web scraping and filtering of reviews, and building a detailed understanding of the company's immediate and potential addressable market. For approximately 20 companies per year, the entire Greenoaks' investment team becomes involved. Granular analysis occurs on the unit economics, customer benchmarking, and company-specific data analyses. The analysis also includes survey work, detailed reference calls, and third-party audits. All of this work culminates in the writing of a due diligence document laying out the investment narrative, key points and concerns, and relevant findings. The entire investment team participates in reviewing these investments via an open debate where members are divided into teams on either side of the investment case. Ultimately, the final investment decision lies with Greenoaks' Managing Partners, Neil Mehta and Benjamin Peretz, who must unanimously agree on the few investments Greenoaks makes in any given year.

Post investment, Greenoaks seeks to provide strategic support to their portfolio companies and founders. This support is not limited to a specific individual who led the investment for Greenoaks, but rather the entire Greenoaks' team. The deep understanding of the businesses developed through pre-investment due diligence is leveraged in order to be constructive partners, and ongoing data efforts used in monitoring are often shared with companies to provide strategic insights.

Given the focus on investing in market leading businesses, Greenoaks underwrites companies with the expectation for realizations via the public market in a five to seven-year time frame.

PSERS History & Performance[1]

Investment (Vintage)	Commitment	Contributions	Distributions	NAV	Net IRR	Net MoC
Measure	*$M*	*$M*	*$M*	*$M*	*%*	*0.0x*
Greenoaks Capital Opportunities Fund III LP	100.0	$85.7	$9.0	$147.6	129.3%	1.8x
Total	100.0	**$85.7**	**$9.0**	**$147.6**	**129.3%**	**1.8x**

Portfolio Fit

The table below summarizes PSERS' projected Private Equity exposure, as of September 30, 2021, inclusive of a recommended maximum amount of $100 million commitment to the Fund:

					Pending Current Commitments		
Investment Type	**Market Value**	**Unfunded [1]**	**Total Exposure**	**%**	**Jun 2022**	**Total Exposure**	**%**
Buyout	$ 9,082	$ 4,067	$ 13,149	71.4%	$ -	$ 13,149	71.0%
Growth Equity	1,454	864	2,318	12.6%	100	2,418	13.1%
Venture Capital	1,090	287	1,377	7.5%	-	1,377	7.5%
Internal Co-Invest	1,306	257	1,563	8.5%	-	1,563	8.4%
Total	**$ 12,932**	**$ 5,475**	**$ 18,407**	**100.0%**	**$ 100**	**$ 18,507**	**100.0%**

[1] Includes commitments approved through May 2022

Investment Highlights

- Unique Team Composition and Experience
- Rigorous Underwriting
- Broad Opportunity Set
- Delighted Founder Group
- Creative Structuring with Downside Protection
- Return Skew
- Valuation Environment

Investment / Risk Considerations

- Concentration Risk
- Public Investment
- IPO Exits
- Fund Size
- Developing Reputation

[1] As of 12/31/2021

Investment Committee Disclosure

Relationship with Hamilton Lane:	No discretionary Hamilton Lane clients will be committing to GCO V. Hamilton Lane is completing diligence of the Fund on behalf of one additional advisory client whose investment size is not yet determined.
Introduction Source:	Existing PSERS Relationship
Compliance with Placement Agent Policy:	As confirmed by PSERS' Office of Chief Counsel on May 26, 2022, this investment complies with the Public School Employees' Retirement Board Placement Agent Policy.
PA Political Contributions:	None Disclosed
PA Presence:	No
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:	Greenoaks receives communications from regulators and may be involved in litigation from time to time in the ordinary course of business. At this time and to the best of Greenoaks' knowledge, the Firm and its funds are not involved in any litigation which has or may have a material effect on Greenoaks 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 that PSERS paid all travel costs, if any, and was not reimbursed for the travel costs related to due diligence of the Fund.