



State of New Jersey

PHILIP D. MURPHY
Governor

DEPARTMENT OF THE TREASURY
DIVISION OF INVESTMENT
P.O. BOX 290
TRENTON, NJ 08625-0290
Telephone (609) 292-5106
Facsimile (609) 984-4425

ELIZABETH MAHER MUOIO
State Treasurer

TAHESHA L. WAY
Lt. Governor

SHOAIB KHAN
Director

January 23, 2025

MEMORANDUM TO: The State Investment Council

FROM: Shoaib Khan
Director

SUBJECT: **Private Equity Investment – BPEA Private Equity Fund IX, SCSp**

The Division of Investment (the “Division”) is proposing an investment of up to \$200 million in BPEA Private Equity Fund IX, SCSp. (the “Fund”). This memorandum is presented to the State Investment Council (the “Council”) pursuant to N.J.A.C. 17:16-69.9.

The Division is recommending this investment based on the following factors:

Strong Overall Performance & Portfolio Fit: A commitment to the Fund allows the Division to make a commitment to a new, high-conviction Pan-Asian, buyout manager that can help produce strong returns for the private equity portfolio. The Firm was founded in 1997 and is one of Asia’s most experienced and largest Private Equity platforms. The Firm has a strong track record of investing in five core sectors: services, technology, technology services, healthcare and industrial technology. When benchmarked against Pan-Asian, buyout funds of similar vintages, the mature EQT Asia funds have consistently produced top quartile performances.

Experienced and stable team: The team’s long tenure of operating together, deep sector focus, and consistency of strategy enable them to find attractive opportunities regardless of economic cycles. Investment committee members have worked together for 21 years on average, whereas the Partners have worked together for 15 years on average. The number of investment professionals has increased from 77 professionals in 2021 to 109 today. The investment team is strongly aligned with its Fund LPs and will invest a minimum of 3.0%.

A report of the Investment Policy Committee (“IPC”) summarizing the details of the proposed investment is attached.

Division Staff and its private equity consultant, Aksia LLC, undertook extensive due diligence on the proposed investment in accordance with the Division’s Alternative Investment Due Diligence Procedures.

As part of its due diligence process, staff determined that the Fund engaged a third-party solicitor (“placement agent”) in the fundraising of the fund, but the placement agent was not used to solicit New Jersey’s potential investment and was not compensated in connection with facilitating New Jersey’s potential investment.

The Firm’s ESG Policy and related diligence disclosures were reviewed by the Corporate Governance team in accordance with the Council’s ESG Policy. The Firm incorporates ESG considerations into its investment process and will continue to monitor these factors post investment, while the focus will remain on attractive returns for its LPs.

Staff will work with representatives of the Division of Law and outside counsel to review and negotiate specific terms of the legal documents to govern the investment. A preliminary Disclosure Report of Political Contributions has been obtained in accordance with the Council’s regulation governing political contributions (N.J.A.C. 17:16-4), and no political contributions have been disclosed. An updated Disclosure Report will be obtained at the time of closing.

Note that the investment is authorized pursuant to Articles 69 and 90 of the Council’s regulations. BPEA Private Equity Fund IX, SCSp is considered a private equity investment, as defined under N.J.A.C. 17:16-90.1.

A formal written due diligence report for the proposed investment was sent to each member of the IPC and a meeting of the IPC was held on January 17, 2025. In addition to the formal written due diligence report, all other information obtained by the Division on the investment was made available to the IPC.

We look forward to discussing the proposed investment at the Council’s January 29, 2025 meeting.

BPEA Private Equity Fund IX, SCSp

- **DOI Commitment:** \$200 million
- **Strategy:** Middle-Market Buyout
- **Investment Focus:** BPEA Fund IX will follow a control buyout investment strategy consistent with prior Asia funds, acquiring Asian companies in five core sectors: services, technology services, technology, healthcare, and industrial technology. The Firm has investment team members in Hong Kong, India, Japan, Mainland China, Australia, Southeast Asia and Korea. BPEA Fund IX check sizes will range between \$300 million to \$1 billion and will seek to complete 25-30 investments.
- **Target Returns:** 2.5x MOIC (gross) / 25% IRR (gross)
- **Investment Thesis:**
 - Institutional Pan-Asian investment platform
 - Experienced, tenured and largest private equity teams
 - Strong performance across multiple economic cycles
 - Control middle-market buyout focused across 5 core sectors

Fund Name: BPEA Private Equity Fund IX, L.P. January 23, 2025 Agenda Item 4(a)(ii)

Contact Info: Adil Haque
Fund Details:

Total Firm Assets:	€269 billion	Key Investment Professionals
Strategy:	Large Cap Buyout	Jean Eric Salata: Jean Eric Salata is the Chairman of EQT Asia and Head of EQT PC Asia. Jean started the regional Asian private equity investment program for UK-based Baring Private Equity Partners Ltd in 1997 and later led the management buyout of this program in 2000 to establish BPEA as an independent Firm. He has since been responsible for the investment activity of BPEA, and now EQT PC Asia. Prior to joining EQT, Jean was a Director of Hong Kong-based AIG Global Investment Corporation (Asia) Ltd., the Asian private equity investment arm of AIG. Prior to that, Jean was the Executive Vice President of Finance of Shiu Wing Steel, a Hong Kong-based industrial concern, and prior to that a management consultant with Bain & Company based in Hong Kong, Sydney and Boston.
Year Founded:	1994	
Headquarters:	Stockholm, Sweden	Jack Hennessy: Mr. Hennessy joined EQT in 2001 and is a Partner in the EQT PC Asia team. Prior to joining EQT, Jack was a General Partner with Allen & Buckeridge, a leading Australian private equity firm. Jack began his career as a senior consultant with Accenture in Asia and the U.S
GP Commitment:	Ar least 3% of total commitments	Kosmo Kalliarekos: Mr. Kalliarekos is a Partner in the EQT PC Asia team. Kosmo began advising EQT in 2004 and fully joined the company in 2008. Prior to joining EQT, Kosmo was a founding member and Senior Partner of The Parthenon Group/EY, an advisory firm headquartered in Boston, USA. Kosmo serves on the Board of several portfolio companies. Kenneth Cheong: Mr.Cheong joined EQT in 1998 and is a Partner in the EQT PC Asia team. Kenneth has investment experience across Southeast Asia, China, Korea, U.S. and India. Prior to joining EQT, Kenneth worked as a manager at BZW Asia for three years, where he was involved in corporate finance and M&A in Southeast Asia. Prior to that, Kenneth spent three years at DBS Bank, where he was involved in credit, marketing and loan syndications. Jimmy Mahtani: Mr.Mahtani joined EQT in 2006 and is a Partner in the EQT PC Asia team. Jimmy is responsible for India, in addition to being a member of the Portfolio Management Committee and the Co-Head of the Technology Services team. Jimmy currently serves on the Board of several portfolio companies including Hexaware, CMS, Citius, Virtusa and AGS Healthcare. Prior to joining EQT, Jimmy was with General Atlantic in Mumbai where he founded the India office. Prior to this, Jimmy worked for Bear Stearns and Merrill Lynch in the U.S.

Existing and Prior Funds					
BPEA Private Equity IX will invest across Asia in large-cap control buyouts targeting five core sectors: Services, Technology Services, Technology, Healthcare, and Industrial Technology. It will have a geographically diversified investment platform and cover all key Asia regions including India, Southeast Asia, Japan, Korea, China, Australia and New Zealand and cross border investments. India cross-border deals will continue to receive a large allocation while Japan, Australia and Southeast Asia will receive an increase relative to previous funds. China and Korea will be opportunistic.	BP	<u>Funds</u>	<u>Vintage Year</u>	<u>Strategy</u>	<u>Returns: Net IRR, Net TVPI, Net DPI</u>
		BPEA Private Equity Fund VI	2015	Buyout	13.2%, 1.83x, 1.26x
		BPEA Private Equity Fund VII	2018	Buyout	21.4%, 1.92x, 0.64x
		BPEA Private Equity Fund VIII	2022	Buyout	19.7%, 1.13x, 0.0x
		Source of Returns - Burgess Asia & Pacific Buyout			*Net as of 9/30/2024
IRR = Internal Rate of Return; TVPI = Total Value to Paid-In; DPI = Distributions to Paid-In					

Vehicle Information:

Inception:	2024	Auditor:	KPMG
Fund Size :	\$12.5 billion (\$14.5 billion hard cap)	Legal Counsel:	Debevoise & Plimpton
Management Fee:	1.70% of capital commitments during the investment period (subject to first close and volume discounts) Thereafter, 1.35% of capital contributions used to fund the cost of, and which remain invested in, portfolio investments. (First close \$200 million commitment qualifies for 1.5% management fee)		
Carry:	20%		
Hurdle:	8%		
Additional Expenses:	100% Management Fee Offset		

NJ AIP Program			
Recommended Allocation (\$mil.):	up to \$200 million	LP Advisory Board Membership:	YES - Subject to First Close
% of Fund:	0.17%	Consultant Recommendation:	YES
		Placement Agent:	NO
		Compliance w/ Division Placement Agent Policy:	N/A
		Compliance w/ SIC Political Contribution Reg:	YES

*This review memorandum was prepared in accordance with the State Investment Council rules governing the Alternatives Investment Program and the policies and procedures related thereto.