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October 23, 2025

MEMORANDUM TO: The State Investment Council

FROM: Shoaib Khan
Director

SUBJECT: **Private Equity Investment – PSG Europe III S.C.Sp.**

The Division of Investment (the "Division") is proposing an investment of up to $150 million in PSG Europe III S.C.Sp. (the "Fund") managed by PSG Equity L.L.C. (the "Firm"). 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: Investing capital into PSG Europe III S.C.Sp. allows the Division to make a commitment in a new fund alongside an existing, core manager that can help drive strong returns for the private equity portfolio. The Division currently has capacity to increase both "Growth Equity" and "European" exposures. As of June 30, 2025, the first two PSG Europe funds have generated strong net returns of 1.5x MOIC / 17% IRR / 0.4x DPI and 1.2x MOIC / 33% IRR / 0.3x DPI, respectively. When benchmarked against European growth equity and buyout funds of similar vintages, the PSG Europe funds have produced mostly first and second quartile rankings.

Experienced Team & Thematic Approach: PSG Europe is led by Mark Hastings, Peter Wilde and Dany Rammal. Each of them has over 25 years of private equity investment experience and together they oversee an experienced team of 76 professionals across Europe (collectively, the "PSG Europe Team") that will be primarily responsible for managing the Fund. This makes it one of the largest European teams focused on emerging growth B2B software companies with multiple levers to meet the needs of a growing portfolio company. The Operations Team in Europe is led by Antony Edwards, Managing Director and Head of Operations. The operations leadership team has over 150 years combined experience, and the broader team includes dedicated operations professionals with over 250 years combined experience. The dedicated Sourcing Team in Europe is led by Derek Pimentel, Managing Director and Head of Sourcing, and is augmented by PSG's proprietary sourcing framework OPTX. PSG Europe's deep teams of industry professionals invest in bootstrapped founder and family-led businesses targeting growth oriented, lower-middle market software, data, and technology-enabled service providers that have proven business models with mission-critical applications, substantial recurring revenue, experienced management teams, high capital efficiency and differentiated technologies.

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 engaged or paid in connection with New Jersey's potential investment.

The Firm has a formal ESG Policy. PSG's current ESG Policy and related diligence disclosures were reviewed by the Corporate Governance team in accordance with the Council's ESG Policy. PSG incorporates ESG consideration into its investment process and will continue to monitor ESG factors post investment.

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. PSG Europe III S.C.Sp. 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 October 20, 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 meeting on October 29, 2025.

PSG Europe III S.C.Sp.

DOI Commitment: $150 million

Strategy: European Growth Equity

Investment Focus: PSG Europe III S.C.Sp. will seek investments in Europe with bootstrapped founder and family-led businesses targeting growth oriented, lower-middle market software, data and technology-enabled service providers. PSG plans to construct a portfolio of 25-30 investments with equity checks expected to be between €10 million to €200 million.

Target Returns: 3.0x MOIC (gross) /30% IRR (gross)

Investments Thesis:

- Well-resourced platform with a highly experienced and cohesive European investment team
- Sector specialist investing in an attractive segment of the European software market
- Strong track record with majority first and second quartile performance in Europe Funds I and II
- Scaled sourcing and operations teams deeply integrated within the Firm’s investing activities

Fund Name: PSG Europe III S.C.Sp. — **October 23, 2025**

Contact Info: ***Lisa Lee, 401 Park Drive, Suite 204, Boston, MA***

Fund Details:

Total Firm Assets:	$29 Billion
Strategy:	Growth Equity
Year Founded:	2014
Headquarters:	Boston, MA
GP Commitment (millions):	€ 150

Key Investment Professionals:

Mark Hastings: Mr. Hastings is a co-founder and CEO of PSG. Previously, he was founder and a managing partner of Garvin Hill Capital Partners. Prior to forming Garvin Hill in 2009, Mr. Hastings led CIBC's technology focused growth equity team in the U.S. Before his career at CIBC, he was a principal and general partner at BCI Partners. He started his career at Edison Ventures.

Peter Wilde:C Mr. Wilde is a co-founder and Chairman of PSG and is based in the Firm's Boston office. He is a member of the investment committee of PSG's North America and European funds. Peter joined Providence Equity Partners in 2002, and co-ran North America from 2012 to 2020.

Dany Rammal: Mr. Ramal is a managing director and Head of PSG Europe in the London office. He is a member of the PSG Europe Investment Committee. Previously, Dany was a Managing Director at Providence Equity Partners, which he joined in 2008. Prior to that, he was a vice president in the media and communications group within investment banking at Morgan Stanley in London, where he worked on a variety of European TMT transactions. Dany also worked in Paris as a management consultant with both KPMG Consulting and Diamondcluster International, focusing on the TMT sector.

Antony Edwards: Antony is a managing director in the London office. He focuses on supporting portfolio companies with product and technology strategy and general operational scalability. Previously, Antony held a variety of C-level roles in high-growth software companies including Eggplant, Scientific Games and Symbian.

Investment Summary

PSG Europe III S.C.Sp. ("Fund III" or the "Fund") will, target investments in fast-growing software, data, and technology enabled service providers. The Fund will seek to make 25-30 platform investments with equity checks ranging between €10 million and €200 million. Platform investments will constitute a mix of majority and minority control positions, with a preference for preferred securities and structure downside protection. PSG will look to grow revenue and EBITDA organically and through selective buy-and-build that leverages the Firm's unique sourcing capabilities and extensive operational resources.

Existing and Prior Funds — Net as of 6/30/2025

Funds	*Vintage Year*	*Strategy*	*Net Returns*
PSG Europe I	2019	Growth Equity	17.2% IRR; 1.5x TVPI; 0.4x DPI
PSG Europe II	2022	Growth Equity	33.1% IRR; 1.2x TVPI; 0.3x DPI

Source of Returns -Aksia

IRR = Internal Rate of Return; TVPI = Total Value to Paid-In; DPI = Distributions to Paid-In

Vehicle Information:

	PSG Europe III		
Inception:	2026	**Auditor:**	**Ernst & Young**
Fund Size (billions) :	€ 3.25	**Legal Counsel:**	**Ropes & Gray**
Management Fee:	2.0% on Committed Capital during the Investment Period; 1.5% on Active Invested Capital during the Harvest Period		
Incentive Fee:	20% with a 8% Hurdle		
Additional Expenses:	100% Management Fee Offset		

NJ AIP Program

Recommended Allocation (million):	$ 150	**LP Advisory Board Membership:**	**TBD**
% of PSG Europe III:	4.62%	**Consultant Recommendation:**	**YES**
		Placement Agent:	**YES**
		Compliance w/ Division Placement Agent Policy:	**YES**
		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.