



Investment Summary

# New Mountain Partners VI, L.P.

A North American Buyout Fund

April 2020

## EXECUTIVE SUMMARY

### OVERALL RATING

New Mountain Capital, LLC (“New Mountain” or the “Firm”) has generated consistent performance across various market cycles while achieving a very low loss rate as a result of its downside focused investment approach and prudent use of leverage. New Mountain has built out a large and highly experienced team with numerous long tenured senior investment professionals and is capable of executing the Firm’s strategy in New Mountain Partners VI, L.P. (“Fund VI” or the “Fund”).

| Category           | Rating |
|--------------------|--------|
| Business           | ✓      |
| Staff              | ✓      |
| Process            | ✓      |
| Risk               | ✓      |
| Operations         | ✓      |
| Performance        | ✓      |
| Terms & Conditions | ✓      |

Aon has reviewed and performed an in-depth analysis of the above categories which includes, but is not limited to:

- Retention of Limited Partners
- Institutional Investor Representation
- Management Company Ownership
- Reporting Transparency
- Back-office Resources
- Complementary Skill Sets
- Alignment of Interest
- Turnover/Tenure
- Depth of Team Resources
- Management Team Network
- Firm Leadership
- Market Opportunity
- Stability of Strategy
- Investment Restrictions
- Approval process
- Ability to handle troubled deals
- Exit strategy
- Size of Fund
- Consistency / Volatility of Returns
- Realization Record
- Unrealized Portfolio Performance
- Write-Offs
- Transaction Experience in Strategy
- GP Attribution Concentration
- Management Fee and Offsets
- Priority of Distributions
- Clawback
- Investment Period
- No Fault Divorce
- Key Man
- Advisory Board
- Ability to Create Value in Deals
- Quality of Source
- Valuation Discipline
- Sole or Consortium Deals
- Overlap with Prior Portfolios

In addition, Aon’s Operational Due Diligence Team has reviewed the Firm from an operating perspective and has given New Mountain Partners VI, L.P. a passing rating.

### RECOMMENDATION

As part of its recommended 2020 private equity investment pacing of \$150 million for Nebraska Investment Council’s (“NIC”) Defined Benefit/Cash Balance Benefit plan, Aon supports NIC Staff’s recommendation to make up to a \$50 million commitment to New Mountain Partners VI, L.P. (the “Fund”) subject to completion of a legal review and satisfactory agreement of terms. This recommendation is based on our due diligence of this fund and is supported by our full due diligence report.

*Sponsor:*

|                    |  |                         |                           |
|--------------------|--|-------------------------|---------------------------|
| <b>Location(s)</b> | New York, NY (HQ), San Francisco, CA, and London, UK | <b>Parent</b>           | New Mountain Capital, LLC |
| <b>Gross AUM</b>   | \$23.0+ billion                                      | <b>Investment Staff</b> | 97                        |

*Portfolio Characteristics:*

|                         |                    |                          |  |
|-------------------------|--------------------|--------------------------|--|
| <b>Target Geography</b> | North America      | <b>Target Industries</b> | Diversified “Defensive Growth Sectors” |
| <b>Ownership</b>        | Primarily Majority |                          |  |

## STRATEGY

### OVERVIEW

New Mountain seeks to be best in class among alternative investment managers as measured by returns, control of risk, service to limited partners, and the quality of the businesses it builds. The Firm’s investment strategy emphasizes growth and value-add initiatives to generate returns and is designed to work in both strong and weak macroeconomic environments. New Mountain will continue its investment approach by emphasizing business building and growth in acyclical, defensive growth sectors. New Mountain proactively pursues companies in its chosen sectors, with the goal of avoiding auctions when possible.

New Mountain employs leverage prudently with a focus on tight control of risk. Every private equity investment professional at New Mountain is able to support the Firm’s portfolio companies, with many members of the investment team having previous operational or strategic experience.

## SPONSOR

### OVERVIEW

New Mountain Capital was founded by Steve Klinsky in 1999 with the assistance of Robert Grunsky and J. David Wargo. The Firm is headquartered in New York with additional small offices in San Francisco and London and has approximately 162 employees including investment, compliance, legal, investor relations, and finance professionals.

### COMPETITORS

|                     |                |
|---------------------|----------------|
| The Jordan Company  | GTCR           |
| CCMP                | Welsh Carson   |
| Court Square        | Warburg Pincus |
| American Securities |                |

## INVESTMENT TEAM

### Investment Staff:

- New Mountain employs 12 managing directors that are dedicated exclusively to its private equity platform, with an additional 15 managing directors across the Firm that support and meaningfully contribute to the private equity platform.
- The Firm has also recently created an Executive Advisory Council, where New Mountain can recruit and work with industry executives, with the main purpose of helping to source transactions in the Firm's deep dive areas.

| Professionals         | Title                               | Year Joined | Relevant Prior Work Experience  |
|-----------------------|-------------------------------------|-------------|---|
| Steve B. Klinsky      | Managing Director, Founder, and CEO | 1999        | <ul style="list-style-type: none"> <li>▪ Co-founder of the Leverage Buyout Group of Goldman Sachs &amp; Co.</li> <li>▪ Associate Partner at Forstmann Little</li> <li>▪ B.A. with high honors from the University of Michigan; M.B.A. from Harvard Business School</li> </ul> |
| Vignesh Aier          | Managing Director                   | 2006        | <ul style="list-style-type: none"> <li>▪ McKinsey &amp; Company</li> <li>▪ OppenheimerFunds</li> <li>▪ B.A. in Economics-Mathematics from Columbia University</li> </ul>  |
| Raj Alva              | Senior Advisor for Special Projects | 2016        | <ul style="list-style-type: none"> <li>▪ Worked with numerous family offices</li> <li>▪ Credit Suisse</li> <li>▪ Lazard</li> <li>▪ B.A. with high distinction from the University of Michigan; M.B.A. from Harvard Business School</li> </ul>                                 |
| Alberto "Joe" Delgado | Managing Director                   | 2015        | <ul style="list-style-type: none"> <li>▪ CCMP Capital Advisors</li> <li>▪ JP Morgan</li> <li>▪ A.B. in History and Spanish from Duke University</li> </ul>  |
| Joseph Hartswell      | Managing Director & CCO             | 2015        | <ul style="list-style-type: none"> <li>▪ Mount Kellet Capital Management</li> <li>▪ PricewaterhouseCoopers LLP</li> <li>▪ AIG Investments</li> <li>▪ B.S. from University of Maryland</li> <li>▪ Chartered Financial Analyst</li> </ul>                                       |
| Matthew Holt          | Managing Director, President of PE  | 2001        | <ul style="list-style-type: none"> <li>▪ Lehman Brothers</li> <li>▪ A.B. with honors in English and American Literature from Harvard College</li> </ul>   |
| Mathew Lori           | Managing Director                   | 2007        | <ul style="list-style-type: none"> <li>▪ CCMP Capital Advisors</li> <li>▪ JP Morgan</li> <li>▪ B.S. from the University of Windsor; M.B.A. from Northwestern</li> </ul>   |

| Professionals      | Title  | Year Joined | Relevant Prior Work Experience   |
|--------------------|--|-------------|--|
| Peter N. Masucci   | Managing Director  | 2004        | <ul style="list-style-type: none"> <li>▪ Kohlberg Kravis Roberts &amp; Co.</li> <li>▪ Goldman Sachs &amp; Co.</li> <li>▪ B.A. from University of Iowa; M.B.A. from the Stanford Graduate School of Business</li> </ul> |
| Andre Moura        | Managing Director  | 2005        | <ul style="list-style-type: none"> <li>▪ McKinsey &amp; Company</li> <li>▪ A.B., magna cum laude, in Computer Science from Harvard College; M.B.A. with high distinction from Harvard Business School</li> </ul>       |
| Adam Weinstein     | Managing Director,<br>CFO and Chief<br>Administrative<br>Officer | 2005        | <ul style="list-style-type: none"> <li>▪ Deloitte &amp; Touche, LLP</li> <li>▪ B.S., summa cum laude, from Binghamton University</li> <li>▪ Certified Public Accountant</li> </ul>                                     |
| Lars Johansson     | Managing Director  | 2007        | <ul style="list-style-type: none"> <li>▪ Goldman Sachs &amp; Co.</li> <li>▪ Sc.B., summa cum laude, in Computer Science and Economics from Brown University</li> </ul>   |
| Harris Kealey      | Managing Director  | 2008        | <ul style="list-style-type: none"> <li>▪ Deutsche Bank Securities Inc.</li> <li>▪ B.S., magna cum laude from the University of Pennsylvania</li> </ul>   |
| Robert Mulcare     | Managing Director  | 2007        | <ul style="list-style-type: none"> <li>▪ McKinsey &amp; Company</li> <li>▪ A.B., summa cum laude, Princeton University; Masters with highest honors from the National University of Ireland</li> </ul>                 |
| Jack Qian          | Managing Director  | 2007        | <ul style="list-style-type: none"> <li>▪ Morgan Stanley</li> <li>▪ B.A., summa cum laude, from Yale University</li> </ul>  |
| Prasad Chitamaneni | Managing Director  | 2019        | <ul style="list-style-type: none"> <li>▪ Cognizant – President of Global Industries and Consulting</li> </ul>  |

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