



Nebraska  
Investment  
Council

JULY 2020

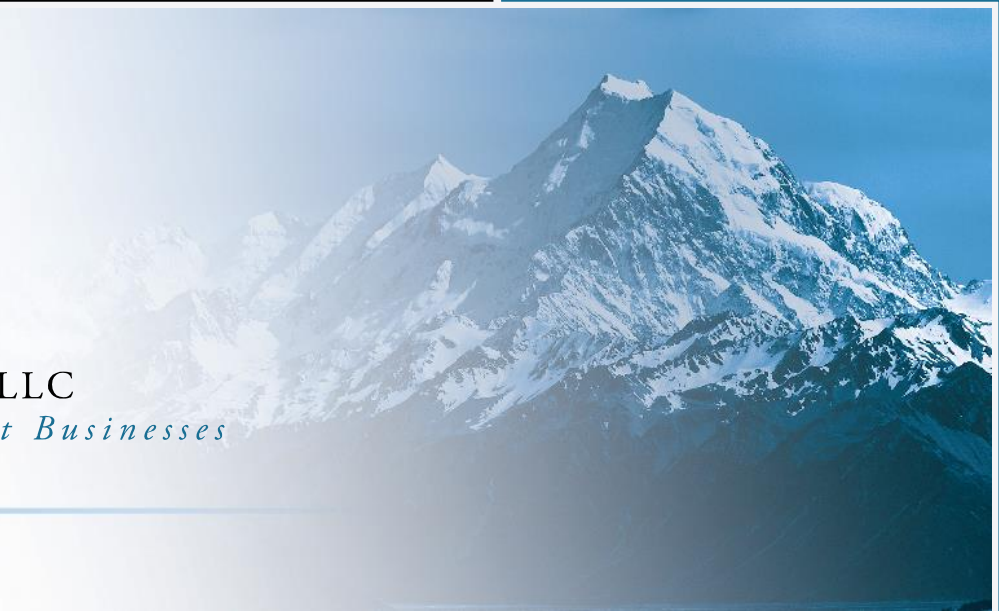
PRIVATE EQUITY INVESTMENT UPDATE

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NEW MOUNTAIN CAPITAL LLC

*Building Great Businesses*



## New Mountain Capital, L.L.C. Mission Statement



New Mountain's intention is to be "best in class" in the new generation of private equity managers as measured by:

- Returns
- Control of risk
- Service to our limited partners
- The quality of the businesses we build

New Mountain emphasizes growth and business building, rather than risk and debt, as the path to our goal of strong and consistent returns



## Consistent, Repeatable, Midmarket Strategy

<p><b>Target ~7 Midmarket Acquisitions Per Year</b></p>	<ul style="list-style-type: none"> <li>▪ \$500 million average enterprise value (typical range \$100 million to \$1 billion)</li> <li>▪ \$300 million average equity check (typical range \$100 to \$500 million)</li> <li>▪ Same strategy since Fund I (1999)</li> <li>▪ Same transaction size since Fund II (2005)</li> </ul>
<p><b>Unique Focus and Knowledge in Acyclical “Defensive Growth” Niches</b></p>	<ul style="list-style-type: none"> <li>▪ Systematic top down sector selection process</li> <li>▪ Successful previous sectors, plus fresh ideas each year</li> <li>▪ Designed to be repeatable and consistent across business cycles</li> </ul>
<p><b>Emphasis on Risk Controls; Business Building; Low Debt</b></p>	<ul style="list-style-type: none"> <li>▪ Never a portfolio company bankruptcy; never a missed interest payment</li> <li>▪ 0.4% realized loss ratio across five PE funds; unrealized loss ratio is 1.6% as of March 31, 2020<sup>(1)</sup></li> </ul>
<p><b>Hands-On, Ethical “Family Business” Mentality</b></p>	<ul style="list-style-type: none"> <li>▪ Frequently partnering with legacy shareholders</li> <li>▪ No acquisition in a sealed bid auction</li> </ul>
<p><b>Pursuit of Strong Returns</b></p>	<ul style="list-style-type: none"> <li>▪ Typically target 30% or greater in gross returns if full objectives are achieved<sup>(2)</sup></li> </ul>
<p><b>New Mountain has the Institutional Strengths of a Larger Fund</b></p>	<ul style="list-style-type: none"> <li>▪ ~165 team members, including ~100 investment professionals; combination of operating skills and financial skills</li> <li>▪ Compliance, operations and accounting support with a focus on transparency, social responsibility and client service</li> </ul>

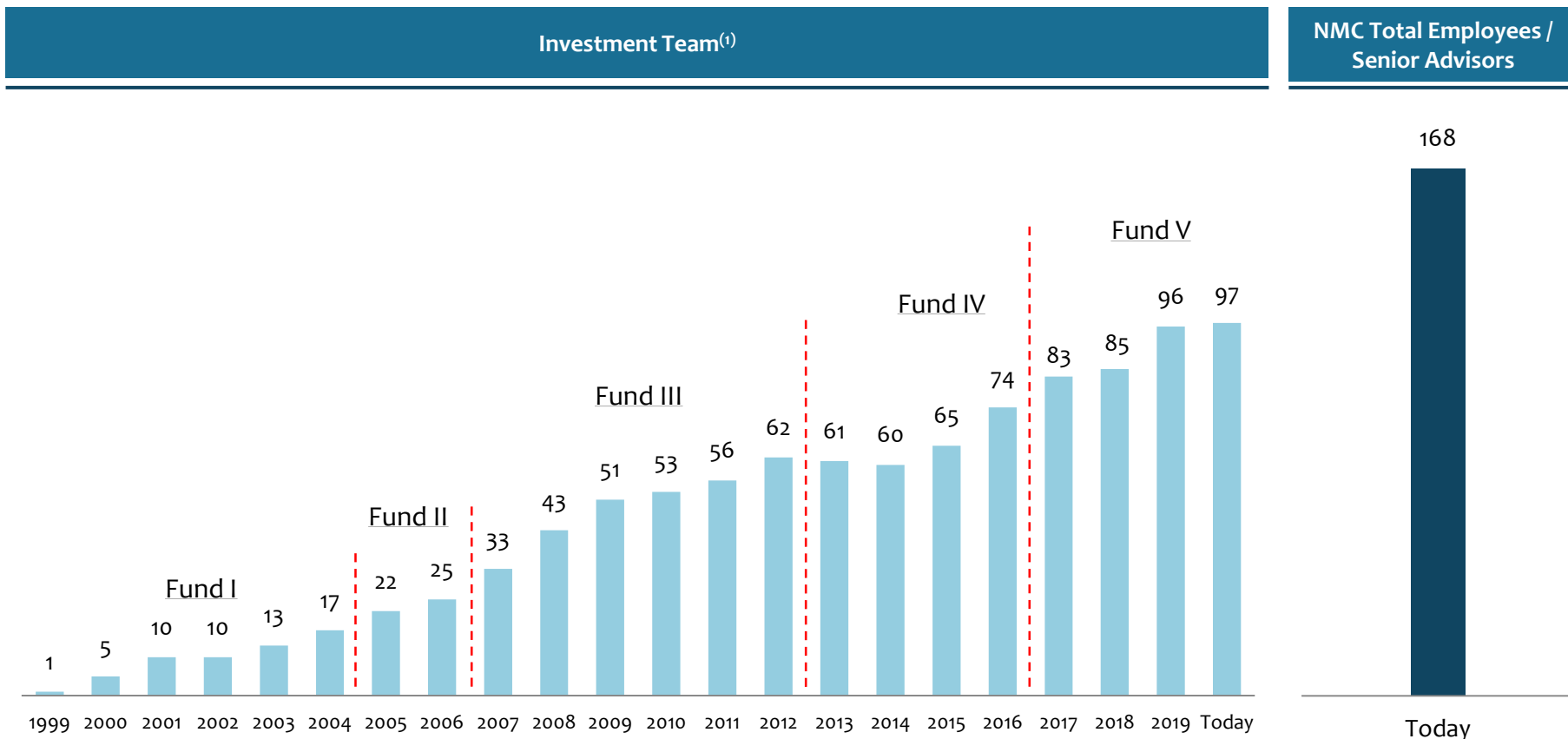
1. Please refer to slide 19 for additional details.

2. Historical target performance data quoted represents past performance targets and may not be indicative of future performance targets or future returns. Please see performance and target return disclosures at the end of this presentation and the appendix for Summary Fund Information, including gross and net IRRs and MICs for Funds I, II, III, IV and V.



## Team Growth Since Inception

- A flat, collaborative and intellectually focused culture
- We believe our team is at its strongest point in the firm’s history



1. Year end data, except for 1999 (which is as of July, 1999) and today’s count is as of June 1, 2020. Investment Professionals (“Investment Professionals” or “Investment Team”) includes 21 Senior Advisors, 11 Business Development professionals and those whose responsibilities also include non-investment areas as well, including New Mountain’s Head of Firm Operations & CFO and Chief Compliance Officer (“CCO”).

# New Mountain Capital

Over 160 Team Members (~100 Investment Professionals)<sup>(1)</sup>



## Managing Directors

- Steve Klinsky (CEO)
- Vig Aier
- Andrew Barous
- Matt Bennett
- Prasad Chintamaneni**
- Andrew Cooper**
- David Coquillette
- Joe Delgado
- Joseph Hartswell<sup>(3)</sup>
- Rob Hamwee (Credit)
- Laura Holson (Head of Capital Markets)**
- Matt Holt
- Lars Johansson
- Teddy Kaplan (Net Lease)
- Harris Kealey**
- Lew Klessel
- John Kline (Credit)
- Pete Masucci
- Andre Moura
- Bob Mulcare
- Bert Notini
- Kyle Peterson**
- Josh Porter (Credit)**
- Jack Qian
- Ignacio Sarria
- James Stone (Credit)
- Jonathan Waggoner**
- Adam Weinstein<sup>(3)</sup>

**New hires & promotions in last ~17 months**

## Senior Advisors<sup>(2)</sup> (Full Access)

- Larry Benjamin
- Christos Cotsakos
- Paul Farrell
- Clark Golestani
- Raj Gupta
- Bjorn Hofman**
- Lawrence Jackson
- Ed Lonergan
- Mat Lori
- Rakesh Sachdev**
- Fred Salerno
- Nadia Shouraboura
- Robert Tullman**
- David Vise
- Buzz Waterhouse
- Bob Weiler**

## Directors

- Art Cardillo**
- Tom DeCarlo (Net Lease)**
- Nikhil Devulapalli**
- Matt Dubbioso**
- Andrea Ferzoco**
- Ricardo Gonzalez
- Tom Libretto (Credit)
- Brian Murphy**
- Ivo Turkedjiev (Credit)**
- Joe Walker
- Joy Xu (Credit)**

## Senior Advisors for Special Projects<sup>(2)</sup>

- Raj Alva
- Bal Dail
- Matt Ebbel

## Vice Presidents

- Rishi Abuwala**
- Gandhi Bedi
- Sean Donovan
- Catherine Dunn (Capital Markets)**
- Alec Guzov**
- William Haley
- Sara Israel**
- Patrick O'Dolan**
- Mike Oshinsky
- Jacob Ulrich**

## Vantage Team

- Daniel Riley (PM)
- Chad Fauser<sup>(4)</sup>
- Chris Noelcke
- Giselle White**
- Nicholas Di Giorgio**
- Tyler Saitta

## Other Resources

- Executive Advisory Council
- Management Advisory Board
- Past and Present Portfolio Company Executives
- Executives on Retainer

## Associates

- Jacob Benedict
- Jacob Berney**
- Meredith Creighton**
- Sara DiMassimo
- Conor Donovan
- Connor Feeley
- C.J. Gray
- Lindsay Greig**
- Ajeet Hansra
- Jacob Himeles (Capital Markets)
- Nicolas Hubert**
- Megan Kingsley
- Dongze Li**
- Riley Lyons**
- Raj Merchant
- Lara Nosseir
- Malachi Price**
- Robert Rasmussen (Net Lease)
- Jason Rostovsky
- Peter Savarese
- Katherine Shu**
- Stephen Tully (Credit)
- Rohun Vaidya

## Credit Financial Analysts

- Christopher Kenney
- Matthew Lorenzetti**
- Kevin Schneider
- Jacob Zucker
- Patrick Farrell**

## Finance/Operations/Compliance/Legal/Administration

- Shiraz Kajee**
- Michael McCarthy
- Saaima Shahin**
- Linda Chiu
- Deborah Cox
- Karrie Jerry
- James Lavalley
- Phil Montesana
- Trish Molyneux
- Joe Cortese**
- Jessica Hanna
- John Hausler
- Scott Justin
- Patricia Last
- Arina Popova
- Jacquelyn Pultorak
- Sameet Rai
- Kaitlyn Grigoleit**
- Vivian Ko**
- Holly Lau**
- John Maris**
- Sucharita Mukherjee**
- James Shaw**
- Kellie Steele**
- Lindsey Wittmann**
- Michael Caballero**
- Natalie DeLacio**
- Michael Doyle**
- Tim Faranda
- Alec Freeman**
- Kayla Mango**
- Matthew Masino
- Matthew Miller**
- Abby O'Hara**
- Nirav Patel
- Kyle Sheridan
- Alexander Stern**
- Evelyn Wang**

# NMC Sector “Deep Dive” Process

## Targeting “Defensive Growth” Companies



### Characteristics of “Defensive Growth”

- Strong, consistent growth across macro-cycle
- High barriers to competitive entry
- Strong free cash flow; high return on assets
- Niche market dominance
- Recurring dependable revenue

### Building a Competitive Sourcing Advantage

- Map industry landscape in detail
- Develop sub-thesis for investment within sector
- Partner with executives, consultants, advisors to identify primary potential targets
- Attend and participate in industry conferences
- Arrange proprietary introductions outside of process

### Advantages of Sector “Deep Dive” Approach

- Consistent approach across years and cycles
- Seeks optimal balance of flexibility and specialization – “Flexible specialization”
- Allows specialization and gives first mover advantage in smaller/emerging sectors
- No need to reinvent strategy; firm can keep building on its base each year
- Positions New Mountain to add operating managers and experts in these fields





# New Mountain's Current Primary Sectors of Focus

The "deep dive" process allows the Firm to be proactive while building on its base each year. The process eliminates pressure to find deals in any specific sectors, but over the years the Firm has executed a number of deals in particular niches.

### ADVANCED MATERIALS / NICHE PRODUCT TECHNOLOGIES

### "MUST HAVE" INFORMATION AND DATA

### TECHNOLOGY-ENABLED BUSINESS SERVICES

### HUMAN CAPITAL MANAGEMENT

### FINANCIAL SERVICES / TECHNOLOGIES

### SPECIALIZED SOFTWARE

### DEFENSIVE GROWTH CONSUMER / PRODUCTS

### NON-REIMBURSED HEALTHCARE SERVICES

### EXAMPLES OF OTHER FOCUS SECTORS:

- Food Products/Food Service & Facilities Mgmt.
- Infrastructure Services
- Home Services

# Acquisitions Without Sealed Bid Auctions<sup>(1)</sup>

Sourcing is driven by proprietary top down sector identification. Partnerships with legacy shareholders have prevented auctions.

Portfolio Company	Proprietary	Broke Auction	Seller Ownership <sup>(2)</sup>
1 Strayer	✓		49% <sup>(3)</sup>
2 Surgis	✓		—
3 Apptis	✓		30%
4 Overland		✓	2%
5 National Medical	✓		45% <sup>(3)</sup>
6 MailSouth		✓	11%
7 Deltek	✓		25%
8 Validus	✓		n/a
9 Connexions		✓	26%
10 Paris Re	✓		—
11 Ikaria	✓		49%
12 Inmar	✓		25%
13 Oakleaf <sup>(4)</sup>		✓	13%
14 Intermarine	✓		20%
15 Tygris <sup>(5)</sup>	✓		n/a
16 Camber		✓	12%
17 Guardian <sup>(6)</sup>	✓		n/a
18 Blue Yonder (JDA)	✓		—
19 Avantor	✓		—

Portfolio Company	Proprietary	Broke Auction	Seller Ownership <sup>(2)</sup>
20 Stroz Friedberg	✓		50%
21 NuSil		✓	40%
22 IRI	✓		19%
23 SNL	✓		40%
24 AmWins		✓	32%
25 ABB		✓	14%
26 Western		✓	—
27 MSD		✓	2%
28 ACA	✓		35%
29 Alexander Mann		✓	10%
30 CIOX	✓		1%
31 DFS		✓	5%
32 Zep	✓		1%
33 Equian	✓		2%
34 Careismatic Brands (SPI)		✓	6%
35 Topix <sup>(7)</sup>	✓		14%
36 Alteon Health		✓	35%
37 Convey Health	✓		21%
38 Gelest	✓		32%
39 TRC		✓	4%

Portfolio Company	Proprietary	Broke Auction	Seller Ownership <sup>(2)</sup>
40 Alight Solutions		✓	—
41 Legends <sup>(8)</sup>	✓		61%
42 OneDigital	✓		6%
43 Sparta Systems		✓	29%
44 DRB Systems		✓	3%
45 Cytel		✓	5%
46 Revint Solutions <sup>(9)</sup>	✓ (Revint)	✓ (IMA)	30%
47 Signify Health <sup>(10)</sup>	✓ (Advance)	✓ (Censeo)	6%
48 MAG		✓	21%
49 Beeline	✓		1%
50 Remedy Partners	✓		49%
51 Aceto		✓	—
52 W2O		✓	15%
53 Ontario Systems		✓	2%
54 emids		✓	20%
55 Horizon		✓	7%
56 Classic Collision	✓		1%
57 ILC Dover		✓	3%
58 Pearce Services		✓	15%

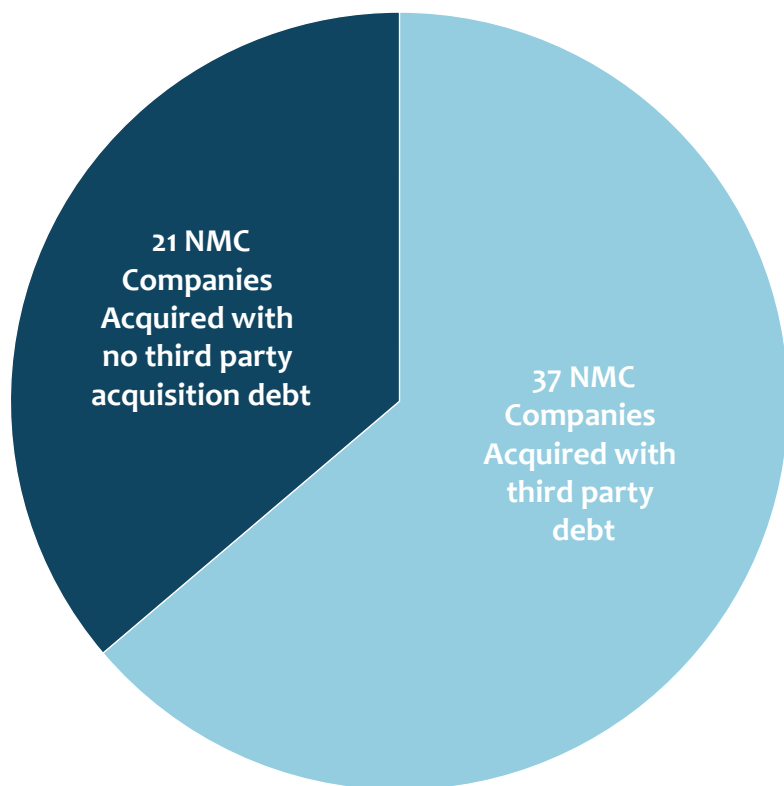
1. NMC has never bought a company in a traditional sealed bid auction process which NMC defines as multiple parties putting forth a marked contract with a price to purchase a business whereby the highest price wins; 2. Represents ownership alongside New Mountain position post acquisition; 3. Control acquisition of public companies; 4. Now, Valet Waste; 5. Now, EverBank Financial; 6. Now, NMF; 7. The ownership percentage shown above includes shares that are unvested and are contingent upon the company meeting certain targets over the next two years; 8. NMC is the largest single shareholder. The New York Yankees, Dallas Cowboys and Live Nations split the remaining equity; 9. Revint was a proprietary deal. IMA launched a process but granted NMC exclusivity after the management meeting with Revint; 10. Signify Health was formed by combining CenseoHealth and Advance Health. Censeo launched a process and accepted bids, but ultimately granted NMC exclusivity and Advance was a proprietary deal.



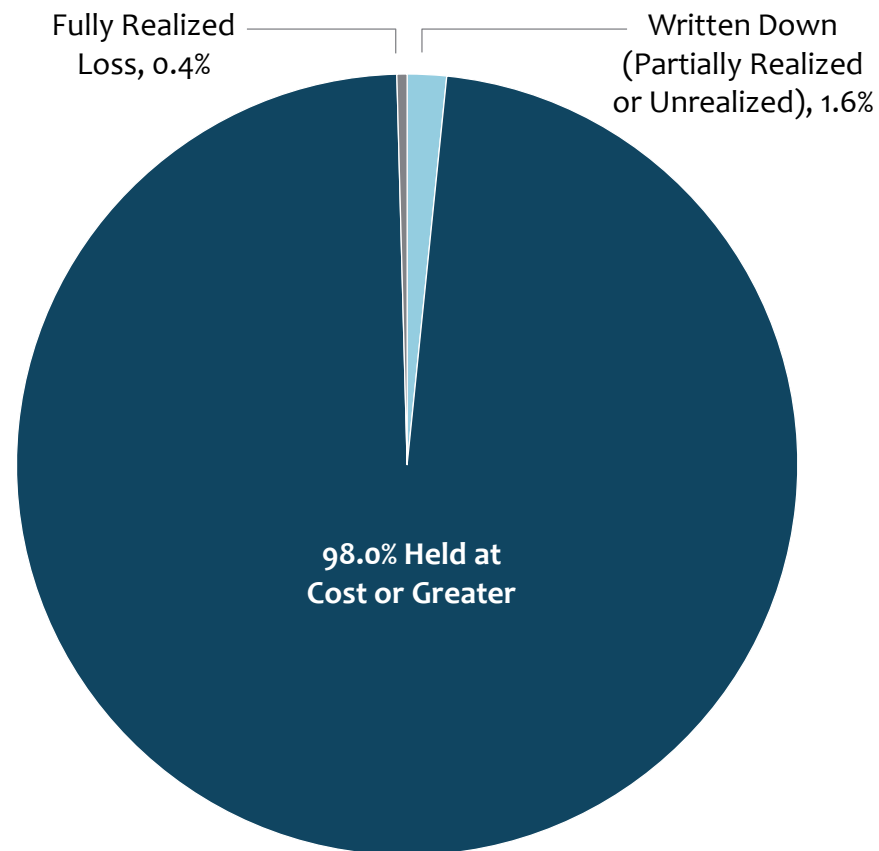


## Focus on Tight Control of Risk...

### NMC Acquisition Leverage



### Loss Ratio<sup>(1)</sup>



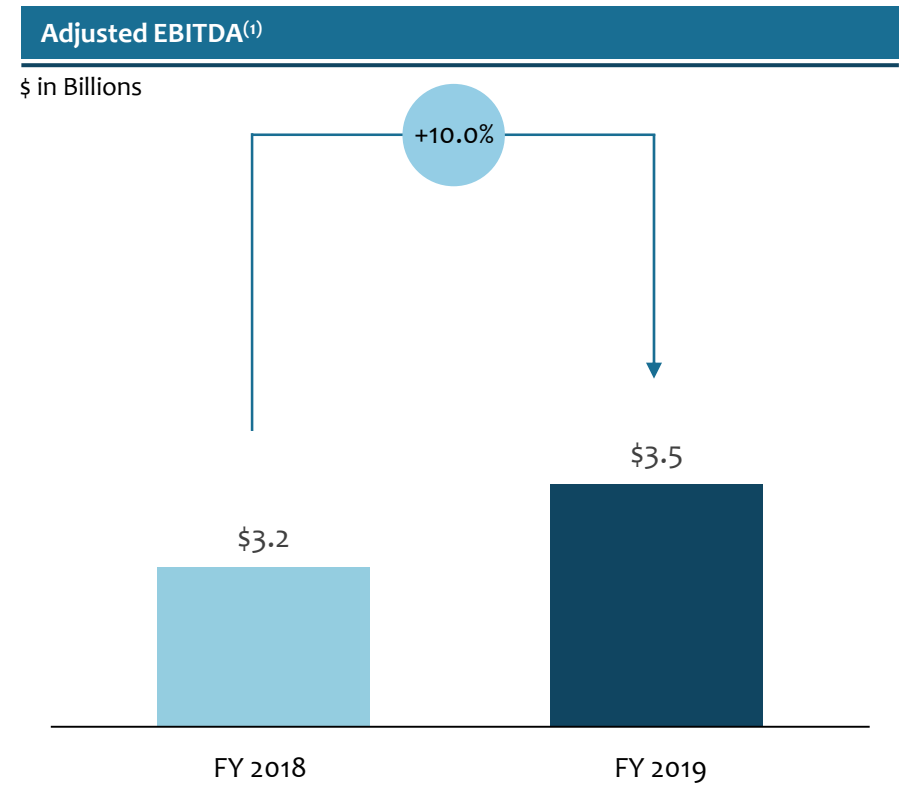
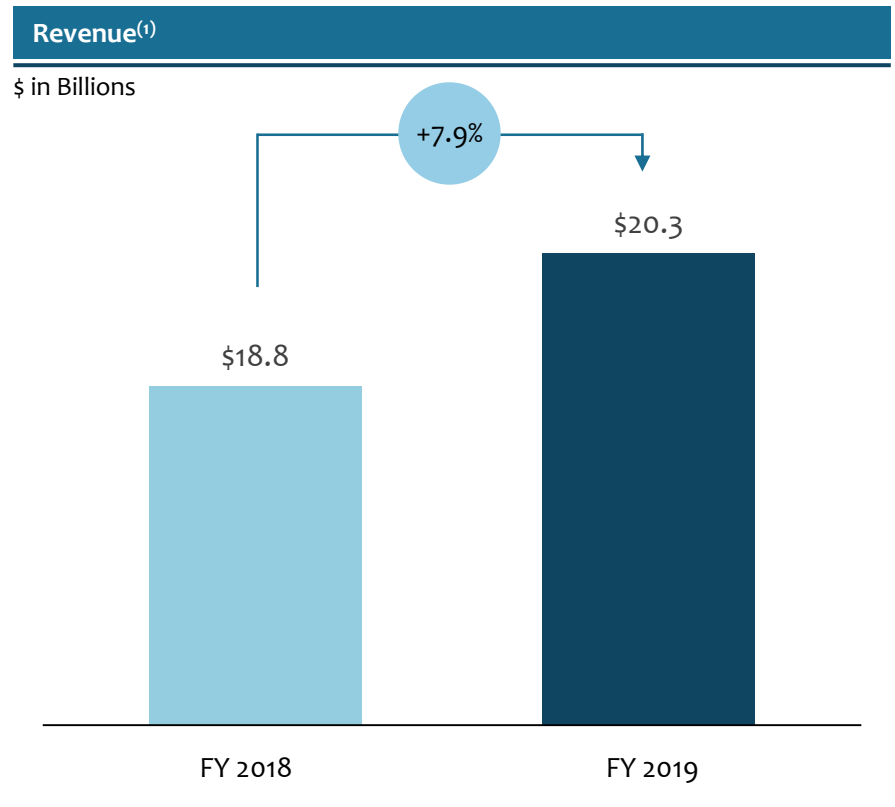
Note: Names of individual portfolio companies available upon request. A low interest rate line of credit has been utilized to acquire most Fund IV and Fund V portfolio companies. Performance data quoted represents past performance and is not indicative of future results. Please see the appendix for Summary Fund Information, including gross and net IRRs and MICs for Funds I, II, III, IV and V.

1. Loss ratio defined as amount of value decline below cost on any transaction (no positive offset from profitable investments) divided by total invested capital. Includes investments in Overland, EverBank and Stroz Friedberg, which have been fully realized and Alteon Health, Sparta Systems and DFS, which are unrealized. Estimated valuations are available upon request. Loss ratio data is estimated as of March 31, 2020.



## Growth In New Mountain Portfolio Companies

- All New Mountain Companies, as One Company (at 12/31/2019)
  - Revenues of ~\$20.3 billion, with ~\$3.5 billion EBITDA
  - EBITDA up 10.0% year over year



Source: Portfolio Company Management and New Mountain.

1. Please see Disclosures at the end of this presentation for information on estimates. Revenue and EBITDA above are shown for all portfolio companies held as of 12/31/2019 and may or may not have been held for the full period of financial information shown above. The portfolio companies included are: Intermarine, JDA, Avantor (post-merger with VWR), IRI, ABB, Western Dental, CIOX Health, DFS, Zep, Equian, Careismatic Brands, Topix, Alteon Health, Convey Health, Gelest, Alight, Legends, TRC, OneDigital, Sparta Systems, DRB Systems, Cytel, Revint, Signify Health, MAG, Beeline, Remedy, Aceto, W2O, Ontario, emids and Horizon Services. Metrics do not include minority investments in Bellerophon and Alexander Mann Solutions. For certain companies pro forma revenue and EBITDA adjustments have been included for various add-on acquisitions and/or operational improvements.

## Disclosures



The information contained herein is intended to provide information about certain private funds for which New Mountain Capital, L.L.C. and/or its affiliates (together with its affiliated funds) and the funds under its management (directly or indirectly) (collectively “New Mountain”) serve as investment manager.

Nothing presented herein is intended to constitute or should be construed as an offer or a solicitation for the sale of a security or the solicitation of an offer to buy interests in any investment vehicle.

Performance data and returns represent past performance, are based on management estimates, are unaudited and are not guaranteed. Past performance is not a guarantee of future results. Future returns are not guaranteed and may be higher or lower than those presented herein. The performances of individual companies held by the New Mountain Funds do not necessarily represent the performance of the New Mountain Funds. Due to various risks and uncertainties, including but not limited to the effects of market and/or economic conditions, or political, legal, environmental or regulatory developments, actual performance may differ materially from the anticipated performance shown herein. An investment could result in a partial or total loss for the fund. Portfolio holdings will vary. Investors should not assume they will participate in these or similar investments.

Information regarding portfolio holdings and other characteristics are presented to illustrate examples of the types of investments that that New Mountain and the funds under its management (directly or indirectly) may have made as of a particular date. It may not be representative of any current or future investments. The performance of these investments is not necessarily indicative of the overall performance of other investments made by New Mountain. Depending on market conditions and opportunities, the actual investments to be made by New Mountain going forward may differ substantially from the examples included herein.

A list of all recommendations made by New Mountain within the immediately preceding period of not less than one year is available upon request and will be furnished separately.

“Gross IRR” means an aggregate, compound, annual gross internal rate of return on investment. “Gross IRRs” and “Gross MIC” do not reflect the management fees, carried interest, taxes, transaction costs in connection with the disposition of unrealized investments and other expenses to be borne by investors in New Mountain funds, which will reduce returns and in the aggregate are expected to be substantial. For a description of such fees, carried interest and expenses, please see the private placement memorandum of the applicable Fund and Part 2A of Form ADV. In the case of portfolios of realized and unrealized investments, the “Gross IRRs” and “Gross MIC” are based on realizations and internal valuations of New Mountain as of the applicable date. “Net” IRRs and “Net MIC” reflect all management fees, carried interest, transaction costs, and other expenses (other than taxes) borne or to be borne by investors. Net performance figures represent a full fee paying limited partner of each stated Fund and exclude the general partner.

Net IRR also reflects the impact of leverage due to a fund’s use of a subscription line or other credit facility, which may be significant.

Information provided reflects New Mountain’s views as of a particular time. Such views are subject to change at any point and New Mountain shall not be obligated to provide notice of any change. Any forward looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While New Mountain has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third party information presented herein.

Unrealized investments are shown at their fair market value. The Funds may not be able to liquidate these assets when New Mountain desires to do so or at what it believes to be fair market value.

The New Mountain Funds’ assets generally will be denominated in the currency of the jurisdiction in which the assets are located. Consequently, the return realized by investors whose functional currency is not the currency of the jurisdiction in which the assets are located may be adversely affected by movements in currency exchange rates, in addition to the performance of the investment itself. Furthermore, the New Mountain Funds and investors may incur costs in connection with conversions between various currencies.

Except where otherwise indicated herein, the information provided herein is based on matters as they exist as of the date of preparation and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available, or circumstances existing or changes occurring after the date hereof.

Certain information contained in this presentation constitutes “forward-looking statements,” which can be identified by the use of forward-looking terminology such as “may,” “will,” “should,” “expect,” “anticipate,” “target,” “project,” “estimate,” “intend,” “continue” or “believe,” or the negatives thereof or other variations thereon or comparable terminology. Due to various risks and uncertainties, actual events or results or the actual performance of any New Mountain Fund may differ materially from those reflected or contemplated in such forward-looking statements. Recipients should not rely on these forward-looking statements for any purpose.

## Disclosures (Cont'd)



“Net” IRRs and “Net MIC” reflect all management fees, carried interest, transaction costs, and other expenses (other than taxes) borne or to be borne by investors. “Net MIC” is calculated by dividing Total Distributions plus Net Asset Value by Total Contributions. Net performance figures represent a full fee paying limited partner of each stated Fund and exclude the general partner. A full fee paying limited partner may not be subject to certain investor specific fees and expenses that do not impact the full fund and relate to agreements between the General Partner and a specific investor (such as investor specific placement fees). For funds IV and V, Net IRR also reflects the impact of leverage due to a fund’s use of a subscription line or other credit facility, which may be significant.

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The interests in the New Mountain Funds were not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). The securities were offered and sold on the basis of the exemption provided by Section 4(2) of the Securities Act and Regulation D promulgated thereunder and other exemptions of similar import in the laws and the states and jurisdictions where the offering will be made.

In the United Kingdom, this communication is only being distributed to and is only directed at (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Order”), (ii) high net worth companies, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order, or (iii) any other person to whom it may lawfully be communicated, (all such persons together being referred to as “relevant persons”). Any investment to which this communication relates is only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such investments will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents. Transmission of this information to any other person in the U.K. is unauthorized and may contravene the Financial Services and Markets Act of 2000.

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Recipients should make their own investigations and evaluations of the information contained herein. Each recipient should consult its own attorney, business adviser, and tax adviser as to legal, business, tax and related matters concerning the information contained herein.

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Throughout the document, Senior Advisors are included in all references to staff members, team members, investment professionals or operating partners/executives unless stated otherwise. Generally, New Mountain Senior Advisors are similar to "Operating Partners" who provide general or specific industry expertise on particular projects or transactions. All persons listed in the Senior Advisors (Full Access) category are designated “access persons” pursuant to Rule 204A-1 under the Investment Advisers Act of 1940, as amended, and are subject to New Mountain’s Code of Ethics, which therefore allows them to be fully included in New Mountain’s investment reviews. Based on a variety of factors, Senior Advisors for Special Projects are designated as “non-access persons” and are not subject to New Mountain’s Code of Ethics.



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