



Investment Summary

# Wynnchurch Capital Fund V, L.P.

A Middle-Market Turnaround Fund

December 2019

## EXECUTIVE SUMMARY

### OVERALL RATING

Wynnchurch Capital (“Wynnchurch” or the “Firm”) has extensive experience and demonstrated success with its value-oriented and operationally-focused investment strategy. The Firm benefits from a proactive and unique sourcing structure that enables Wynnchurch to access investment opportunities at disciplined pricing. Significant value creation initiatives include strategic and operating opportunities and position portfolio companies for eventual exit.

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 Wynnchurch Capital Fund V, L.P. a passing rating.

### RECOMMENDATION

As part of its recommended 2019 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 a \$50 million commitment to Wynnchurch Capital Fund V (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>	Rosemont, IL (HQ)	<b>Parent</b>	Wynnchurch Capital, LLC
<b>Gross AUM (6/30/2019)</b>	\$2.3 billion	<b>Investment Staff</b>	23

*Portfolio Characteristics:*

<b>Target Geography</b>	United States and Canada	<b>Target Industries</b>	Niche Manufacturing & Business Services: diversified industries
<b>Ownership</b>	Control		

**STRATEGY****OVERVIEW**

Wynnchurch will continue the strategy it has utilized since inception, seeking to invest in companies in complex, overlooked, and underperforming situations and positioning them for performance improvement. Company situations vary and may include: deep distress, general underperformance, and opportunistic.

Wynnchurch invests in mature companies in the manufacturing and business service sectors, with a focus on the following industries: aerospace & defense, automotive, building products, consumer, chemicals, energy services, industrials, mining and construction, distribution, and manufacturing. The Firm has executed transactions including: corporate carve-outs, turnarounds, recapitalizations, special situations, out-of-favor industries, growth capital, succession planning, conversion of purchased debt to equity, and traditional buyouts.

Value creation initiatives are a keystone of Wynnchurch's strategy. These initiatives are designed for each investment, with a focus on improving operational effectiveness, the implementation of new market strategies, and enhancing commercial arrangements.

**SPONSOR****OVERVIEW**

Wynnchurch Capital was co-founded by John Hatherly in 1999 to make lower middle-market investments in turnaround, complex, and special situations. Wynnchurch is a value-based, operationally-focused investment firm. Since inception, Wynnchurch has invested \$1.6 billion in 62 platform investments across its prior four funds.

The Firm is led by John Hatherly and two additional managing partners, Frank Hayes and Chris O'Brien, who are supported by 20 investment professionals. Wynnchurch has a robust back office and administrative team. Headquartered in Rosemont, IL, the Firm has additional offices in El Segundo, CA, Toronto, Canada, and Montreal, Canada dedicated to back office and portfolio management.

**COMPETITORS**

H.I.G. Private Equity	Industrial Opportunity Partners
KPS Capital Partners	Trive Capital
Platinum Equity	Sun Capital Partners
American Industrial Partners	Monomoy Capital Partners

## INVESTMENT TEAM

## Investment Staff:

- Wynnchurch employs an investment team of 23, located in its Rosemont, IL headquarters. The investment team is further supported by an origination team and an Operations Group comprised of managing directors and operating partners.

Professionals	Title	Years at Firm	Relevant Prior Work Experience
John Hatherly	Managing Partner	20	<ul style="list-style-type: none"> <li>Co-founded Wynnchurch in 1999</li> <li>General Electric Capital Corp.</li> <li>First National Bank</li> <li>BankOne Corporation</li> <li>BA, University of Notre Dame</li> <li>MBA, University of Wisconsin</li> </ul>
Frank Hayes	Managing Partner	18	<ul style="list-style-type: none"> <li>MD, Catalyst Equity Partners (turnaround)</li> <li>MD, GKH Partners (leveraged buyout)</li> <li>Citicorp Leveraged Capital</li> <li>CPA, PricewaterhouseCoopers</li> <li>BBA, University of Michigan</li> </ul>
Chris O'Brien	Managing Partner	17	<ul style="list-style-type: none"> <li>Deloitte &amp; Touche, Financial Advisory Services Group</li> <li>Consultant, IPC Group</li> <li>BBA, with honors, University of Notre Dame</li> <li>MBA, with honors, University of Chicago</li> </ul>
Brian Crumbaugh	Managing Director	9	<ul style="list-style-type: none"> <li>ShoreView Industries</li> <li>Piper Jaffray</li> <li>MBA, University of Pennsylvania</li> <li>BBA, University of Wisconsin-Madison</li> </ul>
Scott Fitch	Managing Director	4	<ul style="list-style-type: none"> <li>Platinum Equity</li> <li>UBS</li> <li>Wells Fargo Securities</li> <li>MBA, UCLA</li> <li>BA, University of California-Santa Barbara</li> </ul>
Gregory Gleason	Managing Director	11	<ul style="list-style-type: none"> <li>Houlihan Lokey Howard &amp; Zukin</li> <li>Bank of America</li> <li>MBA, University of Chicago</li> <li>BS, University of Illinois</li> </ul>
Neel Mayenkar	Managing Director	13	<ul style="list-style-type: none"> <li>Houlihan Lokey Howard &amp; Zukin</li> <li>PricewaterhouseCoopers</li> <li>BA, University of Illinois</li> </ul>
Erin Murphy	Managing Director	9	<ul style="list-style-type: none"> <li>Quinten Road Fund</li> <li>GE Capital</li> <li>MBA, University of Chicago</li> <li>BSBA, John Carroll University</li> </ul>
Michael Teplitsky	Managing Director	11	<ul style="list-style-type: none"> <li>Lime Rock Partners</li> <li>UBS AG</li> <li>MBA, Northwestern University</li> <li>BA, Northwestern University</li> </ul>

Professionals	Title	Years at Firm	Relevant Prior Work Experience
Morton White	Managing Director	11	<ul style="list-style-type: none"> <li>▪ GE Capital</li> <li>▪ MBA, University of Michigan</li> <li>▪ B.Commerce, McGill University</li> </ul>
Duncan Bourne	Managing Director	16	<ul style="list-style-type: none"> <li>▪ BDO Seidman LLP</li> <li>▪ AlixPartners LLC</li> <li>▪ Ernst &amp; Young</li> <li>▪ MBA, University of Chicago</li> <li>▪ BS, Northwestern University</li> </ul>
Michelle Cormier	Operating Partner	18	<ul style="list-style-type: none"> <li>▪ CFO at TNG Corporation</li> <li>▪ Alcan Aluminum Limited</li> <li>▪ CPA-CA degree from McGill University</li> <li>▪ BBA, Bishop's University</li> <li>▪ ASC, University of Laval</li> </ul>
Paul Ciolino	Operating Partner	3	<ul style="list-style-type: none"> <li>▪ US Pipe</li> <li>▪ Griffin Pipe Products Co.</li> <li>▪ ASF-Keystone Europe</li> <li>▪ UNIT Rail Anchor Co.</li> <li>▪ MBA, Rutgers University</li> <li>▪ BS, Cornell University</li> </ul>
Daniel Needham	Operating Partner	6	<ul style="list-style-type: none"> <li>▪ Lotos Group</li> <li>▪ Charter Consulting</li> <li>▪ Mercantile Capital Management</li> <li>▪ Security Capital</li> <li>▪ Morgan Stanley Dean Witter</li> <li>▪ BA, Drake University</li> </ul>
Scott Farrell	Operating Partner	2	<ul style="list-style-type: none"> <li>▪ SafeWorks LLC</li> <li>▪ Danaher and Eaton Corporation</li> <li>▪ Zoneworks</li> <li>▪ MBA, Michigan State University</li> <li>▪ BA, Michigan State University</li> </ul>
Stephen Welborn	Managing Director	10	<ul style="list-style-type: none"> <li>▪ Gateway Marketing International</li> <li>▪ AT&amp;T Corporation</li> <li>▪ Adams Harris</li> <li>▪ MBA, St. Louis University</li> <li>▪ BSBA, University of Missouri</li> </ul>

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