



ERICK RUSSELL
TREASURER

State of Connecticut
Office of the Treasurer

MEMORANDUM

TO: Members of the Investment Advisory Council

FROM: Erick Russell, State Treasurer, and Council Secretary

DATE: July 20, 2023

SUBJECT: Investment Advisory Council Special Meeting – July 26, 2023

Enclosed is the agenda package for the virtual Investment Advisory Council special meeting on Wednesday, July 26, 2023, starting at 10:00 A.M. The meeting will be held virtually by zoom.

The following subjects will be covered at the meeting:

- Item 1: Approval of the Minutes of the June 14, 2023, IAC Meeting**
- Item 2: Opening Comments by the Treasurer**
- Item 3: Presentation and Consideration of Private Credit Opportunity**
Mark Evans, Principal Investment Officer, and Carmen Melaragno, Investment Officer, will present Bregal Sagemount IV, L.P., a Private Credit Fund opportunity.
- Item 4: Presentation from Chief Investment Officer**
Ted Wright, Chief Investment Officer, will present PFM Investment Staff Professional Classification levels and salary ranges for certain of the levels.
- Item 5: Executive Session**
Discussion on (i) impact of PFM investment staff classification levels and salary ranges on current personnel and (ii) appointment of Principal Investment Officer, Equities.
- Item 6: Consent to the appointment of the Principal Investment Officer, Equities**
- Item 7: Approval of resolution consenting to the appointment of investment officers and other personnel (other than a chief investment officer, deputy chief**

investment officer and principal investment officers)

WHEREAS, C.G.S. 3-13a(a) was amended effective July 1, 2023, to expand the Treasurer's authority to appoint a chief investment officer, deputy chief investment officer and principal investment officers, to include appointment of investment officers and other personnel;

WHEREAS, recognizing the need to respond efficiently to staff vacancies and hiring opportunities, and ensure continuity of staff support functions, the IAC wishes to provide prospective consent for the appointment of any investment officer or other personnel, other than a chief investment officer, deputy chief investment officer or principal investment officers, provided that compensation is within the applicable salary ranges set by the Treasurer pursuant to Public Act 23-204; and

NOW THEREFORE, be it resolved that:

The IAC hereby consents to the Treasurer's appointment of any investment officer or other personnel, other than a chief investment officer, deputy chief investment officer or principal investment officers, provided that compensation is within the applicable salary ranges set by the Treasurer pursuant to Public Act 23-204. This consent shall remain in effect until revoked by the IAC.

Item 8: Other Business

- Revisions to IAC Calendar - 2024

Item 9: Adjournment

We look forward to reviewing these agenda items with you at the July 26th special meeting. Please confirm your attendance with Raymond Tuohey (raymond.tuohey@ct.gov) as soon as possible.

ER/rt
Enclosures

**DRAFT VERSION – MINUTES OF THE INVESTMENT ADVISORY COUNCIL REGULAR MEETING
WEDNESDAY, JUNE 14, 2023 – SUBJECT TO REVIEW AND APPROVAL
FINAL VERSION OF THESE MINUTES WILL BE POSTED AFTER APPROVAL OF THE INVESTMENT
ADVISORY COUNCIL AT THE NEXT MEETING, WHICH WILL BE HELD ON
WEDNESDAY, SEPTEMBER 13, 2023**

MEETING NO. 518

- Members present:** D. Ellen Shuman, Chair
Treasurer Russell, Secretary
Thomas Fiore, representing Secretary Jeffrey Beckham
William Murray
Michael Knight
William Myers
Myra Drucker
Patrick Sampson
- Members absent:** Michael LeClair
- Others present:** Sarah Sanders, Deputy Treasurer
Doug Dalena, General Counsel
Ginny Kim, Assistant General Counsel
Ted Wright, Chief Investment Officer
Mark Evans, Principal Investment Officer
Peter Gajowiak, Principal Investment Officer
Denise Stake, Principal Investment Officer
Michael Terry, Principal Investment Officer
Nishant Upadhyay, Principal Investment Officer
Olivia Wall, Senior Investment Officer
Pamela Moody, Investment Officer
Kan Zuo, Investment Officer
Philip Conner, Investment Officer
Carmen Melaragno, Investment Officer
Jan Hong, Pension Fund Accountant
Jeffrey McBride, Investment Technician
Gregory Picard, Pension Fund Accountant
Yvonne Welsh, Administrative Assistant
Harvey Kelly, Pension Fund Analyst
Raymond Tuohey, Executive Secretary
Olivia Reynolds, OTT Intern
Max Stein, OTT Intern
Jenny Horne, Schroders
Robyn Kaplan-Cho, Connecticut Education Association
Liz Smith, Alliance Bernstein
Chloe Kelley, PIMCO
Kwad Acheampong, PIMCO
Mary Mustard, Meketa
- Guests:** Public Line

With a quorum present, Chair D. Ellen Shuman called the Investment Advisory Council (“IAC”) regular meeting to order at 9:03 a.m.

Approval of the Minutes of the May 10, 2023, IAC Meeting

Chair Shuman noted that Ginny Kim should be added to the list of “Others Present,” and Ms. Drucker noted a misspelling of Tom Fiore’s name. Chair Shuman called for a motion to accept the minutes of the May 10, 2023, IAC Meeting, as amended to reflect the noted changes. **Mr. Myers moved to approve the minutes. The motion was seconded by Mr. Murray. There being no further discussion, the Chair called for a vote to accept the minutes of the meeting, and the motion passed unanimously.**

Comments by the Treasurer

Treasurer Russell welcomed the IAC members and shared recent updates at the Office of the Treasurer (OTT), including recently passed legislation allowing greater flexibility in compensation and position title in the PFM division. He thanked several of them for their advocacy and support for these changes. In the Private Investment Portfolio, Treasurer Russell announced his decision to commit \$150 million to Grain Communications Opportunity Fund IV; \$150 million to Hg Titan 2; \$75 million to Hg CT1 Co-Investment; \$175 million to Dover Street XI; and, \$175 million to Secondary Overflow Fund V. Lastly, Treasurer Russell provided an overview of the agenda.

Update on PFM Division

Ted Wright, Chief Investment Officer, stated that he appreciated and shared the IAC’s support in ensuring that their members are the best talent available, an area the recent legislative bill aids in. He also highlighted new staff in the Office of the Treasurer (OTT).

Presentation and Consideration of Real Estate Opportunity

Denise Stake, Principal Investment Officer, and Philip Conner, Investment Officer, provided an

overview of the Real Estate Fund and presented Penwood Select Industrial Partners VII, L.P., a Real Estate Fund opportunity.

Roll Call of Reactions for the Real Estate Opportunity

Members Patrick Sampson, William Murray, Myra Drucker, William Myers, Michael Knight, Thomas Fiore, and Chair Shuman provided feedback on the Real Estate investment opportunity. **There being no further discussion, Chair Shuman called for a motion to waive the 45-day comment period. A motion was made by Mr. Murray, seconded by Mr. Fiore, to waive the 45-day comment period for the Penwood Select Industrial Partners VII real estate investment opportunity. The Chair called for a vote, and the motion passed unanimously.**

Presentation and Consideration of Private Equity Opportunities

Mark Evans, Principal Investment Officer, provided opening remarks and Kan Zuo, Investment Officer, presented two Private Investment Fund opportunities: (1) Altaris Health Partners VI and (2) CT-Top Tier Venture.

Roll Call of Reactions for the Private Equity Opportunities

Members Myra Drucker, Tom Fiore, Michael Knight, William Myers, William Murray, Patrick Sampson and Chair Shuman provided feedback on the Private Equity investment opportunities. **There being no further discussion, Chair Shuman called for a motion to waive the 45-day comment period. A motion was made by Ms. Drucker, seconded by Mr. Sampson, to waive the 45-day comment period for the Private Equity investment opportunities. The Chair called for a vote, and the motion passed unanimously.**

Presentation and Consideration of Private Credit Opportunities

Carmen Melaragno presented two Private Credit Fund opportunities: (1) OSP Value Fund IV and (2) OSP Value Fund IV-B.

Roll Call of Reactions for the Private Credit Opportunities

Messrs. Tom Fiore, Michael Knight, William Myers, Myra Drucker, William Murray, Patrick Sampson and Chair Shuman provided feedback on the Private Credit investment opportunities. **There being no further discussion, Chair Shuman called for a motion to waive the 45-day comment period. A motion was made by Mr. Sampson, seconded by Mr. Murray, to waive the 45-day comment period for the Private Credit investment opportunities. The Chair called for a vote, and the motion passed unanimously.**

Presentation and Consideration of CBO Investment Opportunity

Nishant Upadhyay, Principal Investment Officer, Global Fixed Income and Risk Mitigation Strategies, presented an investment opportunity in the Shenkman CBO Fund.

Roll Call of Reactions for the CBO Investment Opportunity

Messrs. Tom Fiore, Michael Knight, William Myers, Myra Drucker, William Murray, Patrick Sampson and Chair Shuman provided feedback on the CBO investment opportunity. **There being no further discussion, Chair Shuman called for a motion to waive the 45-day comment period. A motion was made by Ms. Drucker, seconded by Mr. Myers, to waive the 45-day comment period for the Shenkman CBO investment opportunity. The Chair called for a vote, and the motion passed unanimously.**

Other Business

None.

Update from the Talent Resources Committee

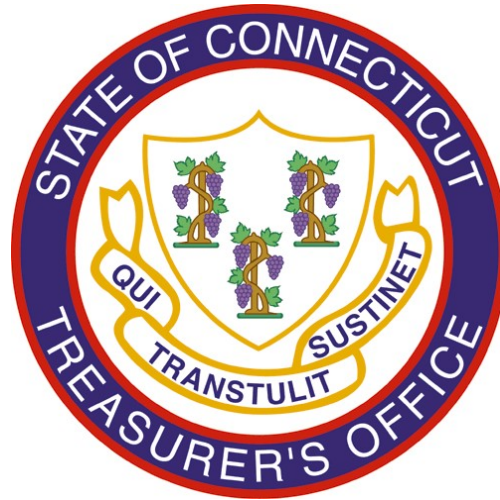
Myra Drucker, Chair of the Talent Resources Committee, reported that, with the help of Gary Hudepohl of Hudepohl & Associates, Inc. and the support of Treasurer Russell, the Committee will be evaluating compensation philosophies and benchmarking salaries for investment professionals against comparable peer groups. The Committee intends to bring recommendations based on such reviews to the Treasurer and the IAC. Ms. Drucker stated that the goal is to best position PFM to recruit and retain the best talent to manage the CRPTF, which will benefit state retirees and save taxpayer dollars.

Comments by the Chair

Chair Shuman briefly thanked Treasurer Russell for his help with the recent changes in legislation that were discussed earlier in the meeting.

Meeting Adjourned

There being no further business, Chair Shuman called for a motion to adjourn the meeting. **Ms. Drucker moved to adjourn the meeting, and the motion was seconded by Mr. Sampson. There being no discussion, the motion passed unanimously, and the meeting was adjourned at 11:28 a.m.**



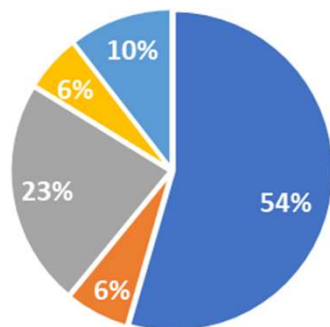
Private Credit Fund Investment Opportunity Overview

Investment Advisory Council
July 26, 2023

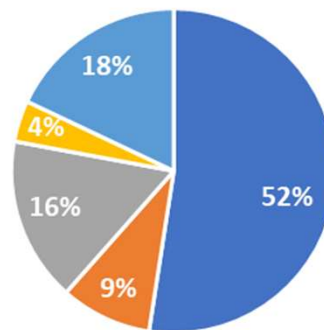
Private Credit Fund

- The Private Credit Fund’s market value represented approximately 3.4% of the total CRPTF value as of March 31, 2023.
 - The 2022 strategic asset allocation plan established a target allocation of 10% for private credit.
- The portfolio is developing in line with the PCF strategic pacing plan’s targeted sub-strategy exposure ranges for Senior Credit, Mezzanine, Special Situations, Distressed, and Co-Investments.
 - Individual commitments can skew sub-strategy weightings while the PCF portfolio is still early in its buildout stage.
- Current market conditions remain favorable for private credit managers with capital to deploy.
 - Managers continue to report on more favorable terms and conditions available, inclusive of lower overall leverage profiles.
 - Cycle-tested managers best positioned to balance credit quality risks against return potential.
- The recommended Bregal Sagemount Credit Opportunities and Direct Lending commitments will add complementary, senior credit exposure to the PCF portfolio through the expansion of the CRPTF’s relationship with Sagemount, a top-quality manager.

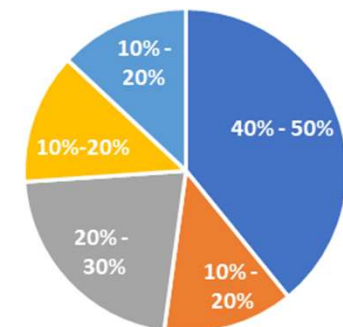
% Market Value*



% Total Exposure*



Targeted Exposure Ranges



■ Senior Credit ■ Mezzanine ■ Special Situations ■ Distressed ■ Co-Investments

*Estimated as of March 31, 2023; excludes PCF cash balances.



Private Credit Investment Recommendation

Bregal Sagemount Credit Opportunities Series 2023
\$125 Million Commitment

&

Bregal Sagemount Direct Lending Series 2023
\$75 Million Commitment

- The Bregal Sagemount Credit Solutions strategies are focused on providing flexible, solutions-oriented capital to growth-oriented, North American middle market companies in Sagemount’s targeted software and tech-enabled services sectors.
 - The Credit Opportunities Series will have a broader mandate spanning senior secured credit through junior capital investments, with senior debt expected to comprise approximately 60% of the portfolio.
 - The Direct Lending Series will primarily focus on secured credit investments, with first lien debt instruments expected to comprise approximately 80% of the portfolio.
- The senior members of the Sagemount Credit Team have more than 25-years of credit underwriting and investment experience and have successfully executed senior and opportunistic credit strategies at Sagemount and prior firms.

- Progress toward the 2023 PCF strategic pacing plan objectives is outlined below.

PCF - 2023 Investment Activities & Summary Pacing Plan Targets											
Pacing Plan Target Ranges	Substrategy										
	Senior		Mezzanine		Special Situations		Distressed		Co-Investments		Total
Total Commitments	\$800	\$1,000	\$150	\$200	\$275	\$400	\$150	\$200	\$100	\$200	\$1,300
Commitment Size	\$150	\$250	\$75	\$200	\$100	\$275	\$75	\$200	\$100	\$200	
Number of Commitments	4	6	1	2	1	3	1	2	1	1	8 to 14
Investment / Status											
HarbourVest Co-Investment ^{1,2} - Closed*									\$150		\$150
Vistria Structured Credit I ¹ - Closed*			\$100								\$100
Hg Titan 2 - Closed			\$150								\$150
OSP Value Fund IV - Closed	\$155										\$155
OSP value Fund IV-B - Closed	\$55										\$55
Sagemount Credit Solutions: COF 2023 - Recommendation	\$125										\$125
Sagemount Credit Solutions: DL 2023 - Recommendation	\$75										\$75
Capital Commitments	\$410		\$250		\$0		\$0		\$150		\$810
Number of Commitments	4		2		0		0		1		7

1. Commitment amounts included in 2023 pacing plan although legal commitments closed in December 2022.

2. Amount shown represents targeted annual commitments of a multi-year program.





ERICK RUSSELL
TREASURER

State of Connecticut
Office of the Treasurer

SARAH SANDERS
DEPUTY TREASURER

July 14, 2023

Members of the Investment Advisory Council ("IAC")

Re: **Consideration of Bregal Sagemount Credit Solutions L.P.**

Dear Fellow IAC Member:

At the July 26, 2023 special meeting of the IAC, I will present for your consideration two private credit opportunities for the Private Credit Fund ("PCF") of the Connecticut Retirement Plans and Trust Funds ("CRPTF"): Bregal Sagemount Credit Opportunities Series 2023 ("COF 2023") and Bregal Sagemount Direct Lending Series 2023 ("DL 2023"). COF 2023 and DL 2023 are being raised by Bregal Sagemount Management L.P. ("Sagemount"), a private equity and credit investment management firm headquartered in New York, NY.

I am considering commitments of up to \$125 million in COF 2023 and up to \$75 million in DL 2023, the initial series raised as part of Bregal Sagemount Credit Solutions L.P. COF 2023 and DL 2023 will focus primarily on directly originated, private credit investments in lower and mid-market growth-oriented companies based in North America. Both series will leverage Sagemount's thematic sourcing and deep sector expertise in the software and tech-enabled services sectors to provide founder-owned and sponsor-backed companies with value enhancing capital solutions. DL 2023 will target primarily senior secured credit investments, and COF 2023 will target opportunistic credit investments from senior secured through junior capital instruments.

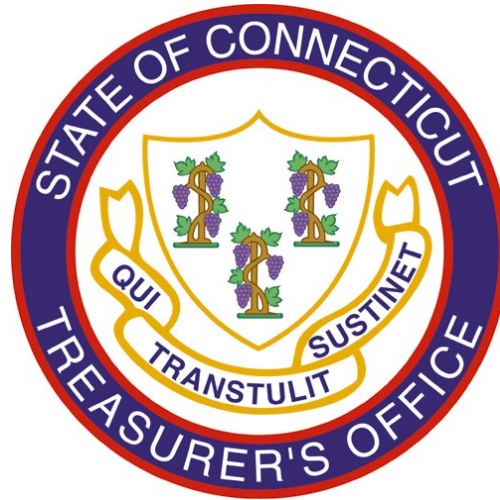
The COF 2023 and DL 2023 commitments would provide the PCF portfolio with diversifying exposure to well-structured, higher yielding credit investments managed by a cycle-tested, experienced credit team augmented by the resources and sourcing of the Sagemount's private equity platform. The commitments would also build upon the CRPTF's relationship with Sagemount, a high-conviction Private Investment Fund manager.

Attached for your review are the recommendation from Ted Wright, Chief Investment Officer, the due diligence report prepared by Hamilton Lane, and the investor presentation prepared by Sagemount. I look forward to our discussion of these materials at the July 26th meeting.

Sincerely,

A handwritten signature in black ink, appearing to read "Erick Russell".

Erick Russell
State Treasurer



**Full Due Diligence Report
Chief Investment Officer Recommendation
July 12, 2023**

Bregal Sagemount Credit Solutions L.P.

Table of Contents

	Page #
Executive Summary	3
Recommendation	4
General Partner	5
Investment Strategy	8
Track Record and Performance	10
Strategic Allocation and Pacing	11
Strengths and Rationale	13
Key Risks and Mitigants	14
Fundraising and Key Terms Summary	15
Legal and Regulatory Disclosure	17
Compliance and Diversity Review	18
Environmental, Social and Governance Analysis	19



Executive Summary

Manager Overview

- Bregal Sagemount Management, L.P. (“Sagemount” or “the Firm”)
- Founded in 2012
- The Firm is led by Gene Yoon, Managing Partner, and five partners focused on Sagemount’s private equity strategy
- The Sagemount Private Credit Team is led by Scott Simpson and Clayton Main
- Headquarters: New York, NY
- Offices: Palo Alto, Dallas, Miami
- \$6 billion+ of capital raised across four private equity funds and two private credit funds
- 29 investment professionals – including five dedicated credit investment professionals
- Focus is mainly on middle-market growth firms in software, fintech, digital infrastructure, healthcare IT and business services

Fund Summary

- Bregal Sagemount Credit Solutions L.P. (“Credit Solutions” or the “Fund”), comprised of the two initial series outlined below.
- Private Credit with a primary focus on North American, secured credit investments
- First/final close: Q3 2023 / Q4 2023
- **Unlevered Series: Bregal Sagemount Credit Opportunities Series 2023 L.P. (“COF 2023”)**
 - Strategy: Senior Debt & Opportunistic Credit
 - Target Size/Hard Cap: \$500 million/\$600 million
 - Management Fee: 1.5% of invested
 - Carry/Waterfall: 20% European
 - Preferred Return: 8%
 - GP Commitment: ≥ 1%
- **Levered Series: Bregal Sagemount Direct Lending Series 2023 L.P. (“DL 2023”)**
 - Strategy: Senior Debt
 - Target Size: \$250 million
 - Management Fee: 1% of invested capital
 - Carry/Waterfall: 15% European
 - Preferred Return: 6.5%
 - GP Commitment: ≥ 1%

Strategic Fit

- Private Credit Fund (“PCF”)
- Recommended Commitments:
 - \$125 million to COF 2023 / Unlevered Series:
 - \$75 million to DL 2023 / Levered Series
- IPS Category: Senior
 - IPS Range for Senior: 30% to 70% of total PCF exposure
 - Current Senior Exposure: approximately 71% as of March 31, 2023
- PCF Strategic Pacing Plan
 - Long-term Senior targeted exposure: 40% to 50% of total PCF exposure, exclusive of Senior exposure accessed through co-investments

Recommendation

- Based on the strategic fit within the PCF portfolio, as well as due diligence done by Pension Funds Management (“PFM”) investment professionals and Hamilton Lane, the Chief Investment Officer of the Connecticut Retirement Plans and Trust Funds (“CRPTF”) recommends consideration of commitments of up to \$125 million to Sagemount Credit Opportunities Series 2023 and \$75 million to Sagemount Direct Lending Series 2023.

Investment Considerations

- The recommended Sagemount commitments would enable the CRPTF to access higher yielding credit investments in both founder-owned and private equity sponsored growth-oriented companies.
- Sagemount Credit Solutions is led by experienced and dedicated credit investment professionals that benefit from the resources and sourcing of the Firm’s private equity platform.
- The recommended COF 2023 and DL 2023 commitments would expand the CRPTF’s relationship with Sagemount, a high conviction manager with a demonstrated expertise in and focus on downside protection through disciplined underwriting and structuring practices.

Firm Overview and History

- Gene Yoon founded Sagemount in 2012 with the backing from Bregal Investments (“BI”) and affiliates that have been the Firm’s anchor investor since inception.
 - Prior to founding Sagemount, Yoon was the Head of Private Equity for Goldman Sachs’ (“GS) Americas Special Situations Group and a partner with Great Hill Partners.
 - BI has committed more than \$3.8 billion across the Sagemount strategies, including over \$3.1 billion to private equity and \$650 million to private credit, inclusive of its COF 2023 and DL 2023 commitments.
- Since formation, Sagemount has focused on providing flexible, solution-oriented capital to durable growth companies in North America.
- Sagemount’s 45 employees work from offices in New York (headquarters), California, Texas and Florida.

Bregal Investments

- BI is a global private equity investment firm that provides a platform for five separate private investment strategies, including Sagemount, each managed by independent investment teams.
- The investment affiliates of the Brenninkmeijer family are the largest investor in the BI advised funds. The Brenninkmeijers are a German/Dutch family that founded an international chain of clothing stores and other businesses.
- BI provides Sagemount and all BI affiliated managers with operating and administrative infrastructure but is not actively involved in the Firm’s investment activities.
- Sagemount pays BI a fixed fee for services provided to the Firm, and BI will receive a portion of the Fund’s carried interest pool, which is shared across the BI professional team that supports Sagemount.

Sagemount Leadership & Team

- The Firm and its private equity strategy are led by Yoon and five partners: Adam Fuller, Blair Greenberg, Michael Kosty, Pavan Tripathi and Phillip Yates. Yoon previously worked with Fuller, Kosty and Tripathi at GS and with Yates at Great Hill Partners.
- Sagemount is comprised of 29 investment professionals across its private equity and credit teams and is supported by 16 additional employees spread across Growth Factors (operations) and administration.
- There are separate investment committees for the private equity and private credit funds. If necessary, Yoon, has ability to cast a tie-breaking vote or veto an investment on both.
- Carried interest is broadly distributed to Sagemount’s team and BI, with a portion allocated on a variable basis to reward productivity and significant contributions to the Firm’s investment results.

General Partner – (cont.)

Private Credit Team

- Sagemount began pursuing credit investments in 2014 when BI committed an additional \$150 million to Bregal Sagemount Equity Fund I specifically designated for credit opportunities.
- Sagemount's Private Credit team of five dedicated investment professionals is led by Scott Simpson and Clayton Main, with Gene Yoon as CIO and involved in all credit strategy investment decisions.
- Both Simpson and Main each have more than 25 years of credit underwriting expertise with similar strategies across multiple market cycles and have shared a long professional history with Yoon.
 - Simpson joined Sagemount in 2020 and was previously a Partner/Founding member of the team that scaled Brightwood Capital from \$230 million to over \$4 billion of assets under management.
 - Main spent 12 years at GS as a Founding member of the Goldman Sachs Specialty Lending Group.

Sagemount Investment Platform

- Sagemount's investment platform has grown to over \$6.1 billion in assets under management across its private equity and credit strategies.
- The private equity and credit strategies target the same sectors: software, data, healthcare (including IT), fintech, digital infrastructure and consumer subscription/business services.
- The Firm's highly structured sourcing practices provides significant, actionable deal flow for both the private equity and private credit teams based on Sagemount's capital solutions orientation.
- All Sagemount investment professional meet twice weekly to share market and portfolio information and to collaborate on opportunities under consideration.

Growth Factors

- Sagemount developed its Growth Factors strategy to support the Firm's underwriting capabilities and drive the value creation process for each of its portfolio company investments.
- The Growth Factors team is integrated with the investment team and is led by Curt Witte (Partner and Head of Growth Factors), Sandeep Swaminathan (Partner), and Jon Sonnenschein (Principal), each of whom have significant operating and private equity experience.
- The Sagemount Growth Factors team is complemented by the resources of Growth Factors Associates, an independent consulting firm that is frequently utilized by Sagemount and its portfolio companies.

General Partner (cont.)

CRPTF Relationship

- Bregal Sagemount is an existing manager in the Private Investment Fund (“PIF”) portfolio
- A summary of Connecticut’s existing commitment to Bregal Sagemount IV is provided in the table below.

(US\$ in millions, as of March 31, 2023)

Fund	Vintage Year	Status	Connecticut Commitment	Unfunded Commitment	NAV	Total Exposure	Net			
							IRR	TVM	DPI	
Private Investment Fund										
Bregal Sagemount IV	2022	Investing	\$125	\$119	\$5	\$124	n/m	0.8x	0.0x	
Bregal Sagemount Total in PIF			\$125	\$119	\$5	\$124				
% Total PIF					0%	3%				

Source: CRPTF returns from Solovis. TVM is total value multiple. DPI is distributions to paid-in-capital.

Flexible Capital Solutions Strategy

- Sagemount Credit Solutions will make investments in durable growth companies in the same sectors and geography that Sagemount has targeted since its founding: software and tech-enabled North American companies.
- Credit Solutions is focused on providing flexible, solutions-oriented capital across opportunistic credit and direct lending to middle market businesses with enterprise values of \$100 million to \$1 billion that generate stable, recurring and contractual revenue and cash flow.
- COF 2023 will target 15 to 20 investments in the range of \$20 million to \$50 million while DL 2023 will target 20 to 30 investments expected to range from \$15 million to \$35 million.
- Sagemount expects to allocate over 50% of the Credit Solutions capital to first lien investments, source most investments through non-sponsored channels, and take a lead role in its transactions.

Credit Opportunities Series 2023 (COF 2023) - Unlevered

- COF 2023 will target senior secured and subordinated investments, with senior debt investments expected to comprise approximately 60% of the portfolio and the balance spread across a variety of junior capital instruments.
 - First lien investments are expected to be weighted toward lower mid-market companies having maximum loan to values (“LTV”) of approximately 50%.
 - Second lien and junior capital investments are expected to be weighted toward larger companies having a maximum LTV of 60% to 75%.
- COF 2023 investments will target unlevered gross IRRs of 12% to 18% and multiples of 1.4x to 1.6x invested capital.
 - The targeted return will primarily be generated through contractual terms, including cash and PIK interest, fees, and call protection, with potential upside through warrants or other equity participations.

Direct Lending Series (DL 2023) - Levered

- DL 2023 will focus on secured debt investments, with first lien investments expected to account for approximately 80% of the portfolio and company LTV of up to 50%.
- The levered DL 2023 sleeve will utilize maximum leverage of 1:1 on first lien investments and 0.5:1 on second lien investments.
- DL 2023 levered will target gross levered returns of 12% to 18% IRR and multiples of 1.4x to 1.6x invested capital, with the yield-based return generated primarily through cash-pay interest and fees.

Investment Strategy (cont.)

Focus on Durable Growth Companies and Sectors

- Sagemount focuses on established and growing companies that operate in industries with strong secular growth trends.
- The Firm seeks to identify companies with key investment attributes including strong demand drivers and high, stable recurring revenue and cash flow business models.
 - Sagemount will target companies and industries whose performance are often uncorrelated to the broader macroeconomic environment
- Typically, Sagemount's credit investments are utilized by borrowers to accelerate growth potential investments with the capital used to fund mergers and acquisitions, recapitalizations, or growth initiatives.

Deep Industry Research and Sourcing

- Investment sourcing is derived from the Firm's deep sector research that focuses on generating deal flow and building relationships with target companies well ahead of a potential transaction and often leads to deals originated on a direct, non-competitive basis.
- As subsectors are approved, investment professionals will engage in a proactive sourcing program to target companies directly and develop relationships while gathering financial information and exchanging ideas for a potential investment.
- The Firm's extensive industry research helps identify subsectors and companies that meet Sagemount's key investment criteria and supports the Credit Team's ability to prioritize and screen for high conviction opportunities.

Investment Committee

- The Credit Solutions' investment committee ("IC") will be comprised of Yoon, Simpson and Main with investment and divestment decisions requiring the approval of a majority of the IC, including Yoon.
- Members of the Credit Team and IC are constantly engaged to discuss investments, but the IC formally meets on a monthly basis to evaluate portfolio investments with deal teams providing updates on the progress and status of investments.
- The role of the IC is to provide a platform for collaboration to challenge the deal team and ensure that investment objectives and discipline are maintained.
- The IC continually evaluates the leadership of each portfolio company and will meet semi-annually to review exit plans with the deal teams.

Track Record and Performance

Sagemount Credit Opportunities Fund I ("COF I") was not organized in a traditional fund structure. BI provided an incremental commitment of \$150 million to Sagemount Equity I that was designated for debt investments subject to certain structural restrictions, including a limited number of originated investments per calendar year – with no permitted recycling.

- The COF I portfolio was fully realized, as of March 31, 2023, and generated a gross IRR of 12% and a gross total value multiple ("TVM") of 1.3x.
- While COF I achieved its overall return objectives, its relative performance was adversely affected by its structural restrictions and a realized loss on a sponsor-backed company that was impacted by COVID-19.
- Sagemount has incorporated lessons learned from the COF I experience into its current underwriting practices, including a focus on strategic alignment between management and its shareholders/sponsors, limiting customer concentration exposure, and ensuring capital protections relative to other debt providers.

Sagemount Credit Opportunities Fund II ("COF II") had generated a gross IRR of 22% and a gross TVM of 1.2x, as of March 31, 2023, .

- COF II had realized seven investments, as of March 31, 2023, which generated a gross IRR of approximately 27% and a TVM of 1.2x over an average hold period of under 1.5 years.
- The fund's nine unrealized investments were held at, or above, cost and generated a gross IRR of approximately 16%, as of March 31, 2023, with an average hold period of under 1.3 years. These nine investments had returned 0.3x capital invested, as of March 31, 2023.
- The higher yields targeted by Sagemount, combined with the shorter hold periods of the COF II realized investments, contributed to the fund's strong relative performance on an IRR and DPI basis; however, the fund's shorter overall hold periods and limited capital recycling through March 31, 2023 contributed to the fund's sub-par TVM quartile ranking.
- Sagemount anticipates that the fund will generate an overall return in line with a targeted TVM of 1.5x as current unrealized investments continue to season and available capital is recycled into new investments identified for COF II.

The COF I and COF II gross-net spreads have been negatively impacted by a management fee structure that charged on committed capital and a slower pace of deployment.

- The net returns for the COF 2023 and DL 2023 series are expected to benefit from a shift to management fees paid on invested capital and Sagemount now having a full credit team in place to deploy capital at a more consistent pace.

(\$US in millions, as of March 31, 2023)

Bregal Sagemount													
Investment Performance Summary - Private Credit													
Fund	Vintage Year	Fund Size	# Deals	Invested Capital	Realized Value	Unrealized Value	Total Value	Gross / Net			Quartile Rank		
								TVM	IRR	Net DPI	TVM	IRR	DPI
COF I	2014	\$150	10	\$147	\$190	\$0	\$190	1.3x / 1.2x	12% / 8%	1.2x	3 rd	3 rd	1 st
COF II	2019	\$262	16	\$244	\$198	\$92	\$291	1.2x / 1.1x	22% / 14%	0.8x	4 th	2 nd	1 st
Composite		\$412	26	\$391	\$388	\$92	\$481	1.3x / 1.2x	14% / 9%	1.0x			

Source: Bregal Sagemount, Hamilton Lane Benchmark (Private Credit). Quartile Rank based on net returns.



Strategic Allocation and Pacing Plan

Bregal Sagemount Credit Opportunities Series 2023

&

Bregal Sagemount Direct Lending Series 2023

- The COF 2023 and DL 2023 series investment strategy falls under the Senior sub-strategy allocation of the PCF.
 - The IPS sets a target allocation of 30% to 70% for Senior investments within the PCF portfolio, based on total exposure.
 - Senior strategies represented approximately 71% of the PCF's total exposure as of March 31, 2023.

The recommended COF 2023 and DL 2023 commitments are supportive of the PCF strategic pacing plan objectives as noted below.

- ✓ The PCF's strategic pacing plan targets long-term exposure to Senior credit of 40% to 50%, exclusive of Senior exposure accessed through co-investments.
 - While the PCF's current Senior exposure is slightly above this range, sub-strategies may be temporarily overweighted to target ranges while the portfolio is still in the early stages of development.
- ✓ Adding diversifying credit exposure by leveraging an existing manager with significant experience successfully structuring investments across the capital stack.
 - The Bregal Sagemount Credit Solutions platform will target investments across two separate investment strategy sleeves:
 - Credit Opportunities Series 2023 will make opportunistic senior to junior credit investments on an unlevered basis.
 - Direct Lending Series 2023 will make levered, senior secured credit investments.
 - The Bregal Credit Team focuses on higher yielding opportunities that would be complementary to the PCF's existing senior credit exposure, including non-sponsored transactions as well as sponsored transactions where Sagemount's sector expertise and company insights provide the Firm with access to off-market investments.

Strategic Allocation and Pacing Plan (cont.)

- The recommended COF 2023 and DL 2023 opportunities would represent the sixth and seventh commitments toward the PCF 2023 pacing period.
- The PCF's 2023 pacing plan targets and investment activity to date is summarized below.

PCF - 2023 Investment Activities & Summary Pacing Plan Targets											
Pacing Plan Target Ranges	Substrategy										
	Senior		Mezzanine		Special Situations		Distressed		Co-Investments		Total
Total Commitments	\$800	\$1,000	\$150	\$200	\$275	\$400	\$150	\$200	\$100	\$200	\$1,300
Commitment Size	\$150	\$250	\$75	\$200	\$100	\$275	\$75	\$200	\$100	\$200	
Number of Commitments	4	6	1	2	1	3	1	2	1	1	8 to 14
Investment / Status											
HarbourVest Co-Investment ^{1,2} - Closed*										\$150	\$150
Vistria Structured Credit I ¹ - Closed*			\$100								\$100
Hg - Titan 2 - Closed			\$150								\$150
OSP IV - Closed	\$155										\$155
OSP IV-B - Closed	\$55										\$55
Sagemount Credit Solutions: COF 2023 - Recommendation	\$125										\$125
Sagemount Credit Solutions: DL 2023 - Recommendation	\$75										\$75
Capital Commitments	\$410		\$250		\$0		\$0		\$150		\$810
Number of Commitments	4		2		0		0		1		7

1. Commitment amounts included in 2023 pacing plan although legal commitments closed in December 2022.

2. Amount shown represents targeted annual commitments of a multi-year program.

Strengths and Rationale

Deep Sector Research Generating Attractive Return Profile

- Sagemount performs deep sector research to identify industries that are relatively insulated from the broader macroeconomic environment due to investments in companies with strong and predictable recurring revenue and cash flows.
- The flexible Credit Solutions strategies allow the Sagemount Credit team to provide valued capital solutions for its borrowers to support strategic organic growth initiatives, M&A, and recapitalizations.
- The Sagemount Credit Team has demonstrated success executing the sector-focused, Credit Solutions strategies to generate attractive returns evidenced by the gross IRR of 27% on COF II's realized investments.

Experienced and Cohesive Team

- Simpson and Main lead the Credit Team and each have over 20 years experience structuring credit investments and shared professional history with Yoon and the other Sagemount Partners.
- Sagemount is led by six Partners who are seasoned investment professionals, and many have worked together at prior investment firms including Goldman Sachs and Great Hill Partners.

Collaborative Sagemount Platform

- The Credit Team benefits from the overall Sagemount investment platform and the resources of the Growth Factors team to help identify and generate attractive investments.
- Sagemount's control private equity investment experience and capabilities is a significant resource to the Credit Team should a credit investment underperform or need to be restructured.
- Sagemount's Partners have created a culture that fosters and incentivizes cross-platform idea generation, sourcing, and underwriting.
 - At least one private equity Partner has been involved with each investment in the COF II portfolio.

Key Risks and Mitigants

Key Person Event

- Gene Yoon, Sagemount's Managing Partner, is very involved in the investment and divestment decisions across the platform. If Yoon is no longer able to lead Sagemount or actively participate in the credit investment decisions, there is a risk that Sagemount may not be able to effectively execute its credit investment strategy.
 - Yoon is unlikely to voluntarily separate from Bregal Sagemount as he continues to be very engaged in Firm and investment management and is a significant investor in all Sagemount private equity and private credit funds.
- Simpson and Main lead Bregal's Credit Team and the execution of its Credit strategies. Both have the deep credit experience and skills necessary to continue leading Bregal's Credit investments should Yoon no longer be active at Sagemount.
 - A key person provision will suspend Credit Solutions investment activities if Yoon's involvement significantly decreases.

Bregal Investments' Role

- Bregal Investments has been a strategic partner and resource to Sagemount since its founding and any material change to the relationship would cause concern on how the Firm would transition without the support of BI.
- BI affiliates continue to be Sagemount's largest investor across all Sagemount funds, including Credit Solutions, and its interests are aligned with Sagemount's success.
- Sagemount benefits from BI's operational infrastructure, however, Sagemount's leadership has independently and effectively managed its investment activities since its inception.

Team Capacity

- The targeted sizes of the COF 2023 and DL 2023 series would result in a significant increase in capital to be deployed by the Credit Team compared to COF II, which could raise concerns regarding the Credit Team's capacity to prudently deploy a larger capital base.
- Sagemount's Credit Team has grown to six investment professionals, including Yoon, with one additional Associate-level hire expected. The dedicated Credit Team's capacity is bolstered by the sourcing and underwriting support provided by the broader Sagemount platform.
- As of March 31, 2023, the Credit Team was managing only nine unrealized investments, including two portfolio companies that are in the market to be sold by the respective sponsors, and has ample capacity to finish investing COF II while launching the Credit Solutions investment activities.
- The Credit Team also could have deployed more capital into many of its historical transactions, when hold positions were sized smaller, in line with portfolio concentration practices.

Fundraising and Key Terms Summary

	Credit Opportunities Series 2023	Direct Lending Series 2023 - Levered
Target Size / Hard Cap	\$500 million / \$600 million	\$250 million
GP Commitment	Minimum of \$5 million	Minimum of \$2.5 million
Fundraising Status	Actively fundraising; in the market	Actively fundraising; in the market
Target Final Close	Q4 2023	Q4 2023
Fund Term	7 years + 2 optional, one-year extensions at GP discretion	7 years + 2 optional, one-year extensions at GP discretion
Investment Period	3 years, with a one-year extension at GP discretion	3 years, with a one-year extension at GP discretion
Management Fee	1.5% on invested capital	1.0% on invested capital
Fee Discounts & Offsets	100%	100%
Carry & Waterfall Type	20% European	15% European
Preferred Return	8%	6.5%
GP Catch-up	100%	100%
Clawback	Yes	Yes
Other Key Provisions	Mix of cash-pay/PIK/equity	Primarily cash-pay interest

Connecticut has requested seats on the limited partner advisory committees for COF 2023 and DL 2023.



Legal and Regulatory Disclosure

Bregal Sagemount Management, L.P.

In its disclosure to the Office of the Treasurer, Bregal Sagemount Management, L.P. (“Sagemount”), states that it has no material legal or administrative proceedings to report, no claims under its fidelity, fiduciary or E&O insurance policies, and no ongoing internal investigations to report.

Sagemount states it has adequate procedures in place to undertake internal investigations of its employees, officers and directors.

Bregal Sagemount Management, L.P. (“Bregal”)

Compliance Certifications and Disclosures

Bregal disclosed no third-party fees, campaign contributions or known conflicts

Commitment to Diversity

The Bregal Helps Initiative in 2022 focused on three pillars, one of which being Diversity and Inclusion. The initiative funded MOZAIKA, the largest LGBTQ+ umbrella organization supported by one of Bregal’s portfolio companies, to help finance an HIV testing program and upkeep of a community center.

Employees

The firm has focused on bringing in a diverse class of interns in the summers of 2022 and 2023.

Industry

In 2022, the firm joined SEO’s alternative investment fellowship program, which built on grants in 2021 targeted at building economic equity through increased job opportunities. The firm also supported Skillful.ly, a public benefit corporation aimed at developing an equitable employment platform for diverse interns.

Suppliers

The firm does not report a written supplier diversity policy.

Nexus to Connecticut

The firm does not report a formal nexus to Connecticut.

Compliance and Diversity Review

Bregal Sagemount Management LP (“Bregal”)

Workforce Diversity

Bregal provided data as of March 31, 2023

- Data provided for last two years only (the firm started collecting diversity data in 2021)
- Total firm size (46 employees) relatively constant since 2021

For the two-year reporting period

- For 2023, the firm reported executives and managers combined
- Proportion of Women Managers and Professionals increased significantly
- Proportion of Minority Managers and Professionals remained relatively constant

WOMEN

	EXEC	MGMT	PROF	FIRM
2023	16% 3 of 19	16% 3 of 19	33% 8 of 24	30% 14 of 46
2022	0% 0 of 19	11% 2 of 19	26% 6 of 23	23% 10 of 44

MINORITIES¹

	EXEC	MGMT	PROF	FIRM
2023	26% 5 of 19	26% 5 of 19	33% 8 of 24	28% 13 of 46
2022	50% 1 of 2	26% 5 of 19	35% 8 of 23	30% 13 of 44

¹ 2023 Minority breakdown: 4 exec (1 Black, 3 Asian); 9 mgmt (4 Black, 5 Asian); 11 prof (6 Black, 2 Hispanic, 1 Asian, 2 Two+)



Environmental, Social and Governance Analysis

Overall Assessment : Evaluation and Implementation of Sustainable Principles

Bregal Sagemount's disclosure described a detailed integration of ESG factors. The disclosure emphasized the firm's extensive due diligence process in the pre-investment phase of its investments, which mandates the inclusion of an ESG section in all investment memos.

The firm adopted a formal ESG policy in 2018 and has since created a Responsible Investment Policy in February 2022 that informs the firm's engagement strategy with portfolio companies. Bregal Sagemount is a signatory to the UN PRI and has made science-based target-aligned climate commitments. The investment team manages the firm's ESG program, while the Head of ESG and Investment Committee oversees ESG investment considerations. ESG staff engage each other and outside consultants for data and resources, but the firm has plans to offer more formal ESG and climate training later this year.

Bregal Sagemount has a set of exclusion criteria that includes weaponry. The firm does not have any relationships with civilian firearms manufacturers.

Overall, the firm's disclosure demonstrated comprehensive ESG integration, with room to improve on formal training.

SCORE

2

Criteria	Response
Firm has an ESG policy	Yes
If Yes, firm described its ESG policy	Yes
If Yes, firm provided examples of ESG factors considered in the decision-making process, explained the financial impact of these ESG factors	Yes
Designated staff responsible for sustainability policies and research	Yes
Firm provides training/resources on sustainability issues, explained sources of ESG-related data	No
Signatory/member of sustainability-related initiatives or groups	Yes
Policy for evaluating current or prospective relationships with manufacturers or retailers of civilian firearms	No*

Criteria	Response
Policy that requires safe and responsible use, ownership or production of guns	No*
Enhanced screening of manufacturers or retailers of civilian firearms	No*
Enhance screening of any industry/sector subject to increased regulatory oversight, potential adverse social and/or environmental impact	Yes
Merchant credit relationship with retailers of civilian firearms and accessories	No
If Yes, firm confirms compliance with laws governing firearms sales	N/A

*No, given that the firm does not invest in civilian firearms manufacturers or distributors.





Hamilton Lane

Bregal Sagemount Credit Solutions L.P.

Recommendation Report

June 2023

All information contained within this report has been gathered from sources believed to be reliable, including but not limited to the general partner(s), other industry participants and the Hamilton Lane Investment Database, but its accuracy cannot be guaranteed.

The information contained in this report may include forward-looking statements regarding the fund presented or its portfolio companies. Forward-looking statements include a number of risks, uncertainties and other factors beyond the control of the fund or the portfolio companies, which may result in material differences in actual results, performance or other expectations. The opinions, estimates and analyses reflect our current judgment, which may change in the future.

The past performance information contained in this report is not necessarily indicative of future results and there is no assurance that the fund will achieve comparable results or that it will be able to implement its investment strategy or achieve its investment objectives. The actual realized value of currently unrealized investments will depend on a variety of factors, including future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the current unrealized valuations are based.

Any tables, graphs or charts relating to past performance included in this report are intended only to illustrate the performance of the fund or the portfolio companies referred to for the historical periods shown. Such tables, graphs and charts are not intended to predict future performance and should not be used as the basis for an investment decision.

By accepting receipt of this investment report and in consideration of access to the information contained herein (together with the investment report, the “Confidential Information”), the recipient agrees to maintain the strict confidentiality of any and all Confidential Information in accordance with the terms of this paragraph. The recipient acknowledges that (i) the Confidential Information constitutes proprietary trade secrets, and (ii) disclosure of any Confidential Information may cause significant harm to Hamilton Lane Advisors, L.L.C. (“Hamilton Lane”), its affiliates or any of their respective businesses. Unless otherwise required by law, the recipient shall not disclose any Confidential Information to any third party. If required by law to disclose any Confidential Information, the recipient shall provide Hamilton Lane with prompt written notice of such requirement prior to any such disclosure so that Hamilton Lane may seek a protective order or other appropriate remedy. Prior to making any disclosure of any Confidential Information required by law, the recipient shall use its reasonable best efforts to claim any potential exemption to such requirement and otherwise shall limit disclosure only to such information that is necessary to comply with such requirement.

The calculations contained in this document are made by Hamilton Lane based on information provided by the general partner (e.g. cash flows and valuations), and have not been prepared, reviewed or approved by the general partner.

Stacked bar charts or pie charts presented in the Strategy section in this report may not equate to 100% per the data labels on the charts due to rounding; however, all stacked bar charts and pie charts equate to 100% using exact proportions.

	<u>Page #</u>
• Executive Summary & Recommendation	3
• General Partner	9
• Investment Strategy	12
• Track Record	16
• Environmental, Social & Governance	19
• Appendices	20

Fund Information

Organization Overview

General Partner:

Bregal Sagemount Management, L.P.
("General Partner"), ("Sagemount")

Firm Inception:

2012

Team:

6 dedicated investment professionals and
22 additional investment professionals

Senior Partners:

Gene Yoon, Scott Simpson and Clayton
Main

Locations:

New York, NY (headquarters); Dallas, TX;
Palo Alto, CA; Miami, FL

Fund Overview

Fund:

Bregal Sagemount Credit Solutions, L.P.
("Fund")
Bregal Sagemount Credit Opportunities
Series 2023 L.P. ("Credit Opps")
Bregal Sagemount Direct Lending Series
2023 L.P. ("Direct Lending")

Target Size/Hard Cap:

Credit Opps: \$500 million/not provided
Direct Lending: \$250 million/not provided

Asset Class:

Private debt

Strategy:

Credit Opps: Opportunistic origination¹
Direct Lending: Senior debt

Substrategy:

Credit Opps: Risk-adjusted debt
Direct Lending: Opportunistic senior

Geography:

North America

Industries:

Software & tech-enabled services

Portfolio Construction

Enterprise Values:

\$100 million to \$1.0 billion

Equity Investments:

\$15 million to \$50 million

Target Number of Investments:

Credit Opps: 15 to 20

Direct Lending: 20 to 30

Max Single Investment Exposure:

15%

Expected Hold Period Per Investment:

Credit Opps: 1 to 3 years

Direct Lending: 2 to 4 years

¹ Opportunistic origination includes senior though junior debt

Net Performance and Benchmarks

Bregal Sagemount Management, L.P. Prior Investment Performance ¹ As of 3/31/23								HL Benchmark Credit As of 12/31/22			PME Benchmark CS HY Index III Value Index As of 3/31/23		J-Curve Benchmark Mezzanine As of 12/31/22	
(\$mm)	Vintage	Fund Size	% Drawn ²	DPI	TVPI	Net IRR	Quarters to Break J-Curve	Spread vs. Top-Quartile			Spread vs. PME	Comparison to Peers (quarters)		
Fund							DPI	TVPI	Net IRR					
Fund II	2018	\$262.0	117%	0.7x	1.1x	13.6%	2	0.0x	-0.2x	+73 bps	+950 bps	Equal		

¹ Capital Drawn, Capital Distributed and NAV are calculated from the cash flows of Fund II's onshore investment vehicle of fee-paying limited partners and exclude any cash flows from the General Partner's commitment

² Percent drawn provided by the General Partner, inclusive of the offshore and onshore vehicle

Bregal Sagemount Management, L.P. Prior Investment Performance As of 3/31/23									
(\$mm) Fund	Vintage	# of Inv.		Fund Size	Amount Invested	Amount Realized	Unrealized Value	Gross Mult.	Gross IRR
		Total	Real.						
Pre-Fund ³	2014	10	10	\$150	\$146.9	\$190.2	\$0.0	1.3x	11.5%

³ Represents performance of private credit investments made from a \$150 million credit-focused allocation from Bregal Sagemount I, L.P., a 2014 vintage equity-focused vehicle, plus an additional \$80 million raised in 2016 to solely pursue private credit investments. The General Partner did not deploy the full amount raised due to the launching of Fund II.

Fundraise Update

- First close targeted for Q3 2023
- Final close targeted for Q4 2023

Key Terms¹

Term		Summary
Investment Period		3 years; + 1 one-year extension at the General Partner's approval
Fund Term		7 years; + 1 one-year extension at the General Partner's approval, + 1 additional one-year extension with advisory board approval
GP Commitment²	Credit Opps	At least 2.0%
	Direct Lending	At least 2.0%
Management Fee	Credit Opps	1.5% of invested capital
	Direct Lending	1.0% of invested capital
Fee Offset		100%
Organization Expenses		\$1.75 million
Carry/ Preferred Return	Credit Opps	20%/8%; deal-by-deal
	Direct Lending	15%/6.5%; deal-by-deal
GP Catch-up		100%
Clawback		Yes

¹ Refers to the terms proposed by the General Partner as of June 2023; terms are subject to change during fundraising

² GP commitment relates to onshore target commitments (\$250 million of target commitments for Credit Opps and \$125 million of target commitments for Direct Lending)

Investment Thesis**Experienced dedicated credit team benefitting from the Sagemount platform**

- The credit team is led by Partner & Head of Credit Scott Simpson and Partner Clayton Main, experienced credit investors with deep structuring and underwriting expertise who have deployed similar strategies prior to joining the General Partner
- The dedicated credit team operates within the Sagemount platform, which is led by Managing Partner Gene Yoon, and benefits from the networks and specialized sector expertise of the broader platform
- Sagemount continues to be affiliated with Bregal Investments ("BI"), a global platform that provides capital and institutional support

Opportunistic mandate creates a broad opportunity set and positions Sagemount as a solutions provider

- The General Partner takes an opportunistic approach, raising both a direct lending and an opportunistic credit vehicle, which creates a broad opportunity set
- Sagemount takes a flexible approach, investing across the capital structure in senior secured, junior debt and preferred equity instruments, seeking to provide bespoke capital solutions based on companies' needs
- The General Partner exclusively invests in software and tech-enabled services businesses that are primarily operating in the equity team's targeted verticals, enabling deep underwriting expertise and driving meaningful levels of deal flow

Demonstrated ability to deploy capital and generate attractive performance

- Sagemount has generated attractive risk-adjusted performance across its Pre-Fund and Fund II, which pursued similar strategies to the Credit Opps vehicle's expected strategy
- The unrealized portfolio remains healthy with all investments held at or above cost, as of 3/31/23
- The General Partner has demonstrated its ability to preserve capital, achieving a loss ratio of 6% (which represents a single investment) as of 3/31/23

Investment Considerations

The General Partner will effectively deploy the larger fund size

- Sagemount is seeking to raise \$750 million in aggregate across its Credit Opps and Direct Lending vehicles, a significant step up in fund size
- The increase in fund size will enable Sagemount to write larger checks, speak for greater portions of tranches and be less reliant on co-investment syndication, enabling the team to better capitalize on opportunities
- The Credit Opps vehicle is expected to pursue a strategy consistent with Fund II, which Sagemount deployed and managed effectively

Sagemount will successfully execute its direct lending strategy

- The Direct Lending strategy will exclusively target senior secured opportunities and represents a new vehicle for the General Partner, however the General Partner has made investments fitting this strategy in the past
- Sagemount is raising the Direct Lending vehicle to focus on the increased number of senior-secured opportunities that it has been observing as it has built out its credit platform but did not fit the risk-return profile of its Credit Opps mandate
- The Direct Lending opportunity set is adjacent and complementary to the General Partner's historic focus and will enable Sagemount to effectively invest across the capital structure

The credit team is well-equipped to invest the Fund

- The credit team is lean and is led by Mr. Simpson, who joined Sagemount in 2020, raising potential capacity and cohesion concerns
- Mr. Simpson is a seasoned credit investor who held prior leadership roles at Brightwood Capital and has known Mr. Yoon for over 20 years, demonstrating his expertise and cohesion
- The General Partner has appropriately built out the credit team, recently hiring an additional Principal, and benefits meaningfully from the broader Sagemount platform for sourcing support

Recommendation

Based on the analysis and information presented herein, Hamilton Lane believes that a commitment to Bregal Sagemount Credit Solutions, L.P. works towards achieving the goals set forth for the Connecticut Retirement Plans and Trust Funds. A commitment to the Fund will maintain a relationship with a high-quality General Partner. Taking into account the investment strategy and portfolio diversification objectives of the Private Credit Fund, Hamilton Lane recommends a commitment to the Fund.

Dedicated credit team, operating within the Sagemount platform

- Sagemount was founded in 2012 by Gene Yoon as an affiliate of BI, a global investment manager and family office that serves as the Fund's anchor investor
- Mr. Yoon continues to lead the firm, which functions independently of the BI platform, and oversees both the equity and credit strategies
- The General Partner's credit strategy is led by Head of Credit & Partner Scott Simpson and Partner Clayton Main who collectively average 25 years of experience and have deep credit investing expertise

Lean, experienced team benefitting from Sagemount's networks

- Messrs. Simpson and Main lead a team of credit investors who exclusively focus on sourcing, underwriting and executing investments for the Fund
- The team benefits from the broader Sagemount platform, which includes specialized equity-focused investment professionals responsible for covering multiple verticals in the software and tech-enabled services spaces, augmenting sourcing and contributing to domain expertise

Thoughtful distribution of economics promotes alignment and retention

- The General Partner thoughtfully distributes carried interest across the platform and the investment team, driving alignment and promoting collaboration
- Sagemount allocates a meaningful portion of carried interest to a variable pool, driving retention across the team

- The General Partner was founded in 2012 by Managing Partner Gene Yoon in conjunction with BI seeking to provide flexible capital solutions to software and tech-enabled businesses
- Mr. Yoon continues to lead the firm today with support from seven additional Partners, two of which are dedicated to private credit investing
- Sagemount is affiliated with the broader BI platform, a global private investment firm offering five distinct, independently managed investment platforms

Snapshot:¹**Inception/Founders:**

2012/Gene Yoon

AUM:²

\$6.1 billion

Management Company:

Private

Headcount:

6 dedicated credit investment professionals, 22 additional investment professionals, 12 BI platform professionals

Locations:

New York, NY (headquarters); Dallas, TX; Palo Alto, CA; Miami, FL

Strategies/Product Lines:

Direct lending, risk-adjusted debt and corporate finance/buyout

Current Leadership:

Gene Yoon

¹ Provided by the General Partner as of 3/31/223

² Represents total capital raised by the General Partner as of 3/31/23

- The General Partner launched its private credit investment strategy in 2014
- The dedicated credit investment team is led by Partner & Head of Credit Scott Simpson and Partner Clayton Main, with support from one Principal and two Senior Associates
 - The dedicated team is overseen by Mr. Yoon, who is actively involved in sourcing and decision making for the Fund
 - The senior investment team is experienced in investing in the space, averaging 25 year of relevant industry experience
- The investment team primarily operates out of its headquarters in New York and maintains an office in Dallas, where Mr. Main is located
- The credit team benefits from the broader Sagemount platform, which is comprised of 22 additional investment professionals who provide support and sector expertise as needed
 - Specifically, the team often leverages the expertise and networks of the equity team's Partners, who are segmented vertically and responsible for thematically covering an area of the tech-enabled and software market
- The investment committee is comprised of Messrs. Yoon, Simpson and Main with investment and divestment decisions requiring majority approval and Mr. Yoon maintaining veto
 - Alain Carrier, CEO of Bregal Investments, and Alvar De Wolff, Head of ESG & Responsible Investment, will be observers to the investment committee
 - The investment committee is 66.7% ethnically diverse and has no gender diversity
- Deal teams are typically comprised of one Partner and one to two mid- and junior- level professionals during the due diligence phase
- Sagemount has developed a cohesive platform and has faced minimal unplanned senior-level turnover across its equity or credit teams to date

Opportunistic mandate primarily focused on senior positions

- The General Partner opportunistically invests across the capital structure, targeting a combination of senior-secured, junior debt and preferred equity instruments that will be allocated to the Credit Opps and Direct Lending vehicles based on risk-return profile
- Regardless of investment type, Sagemount focuses on downside protection, seeking to lead or co-lead transactions in order to drive structuring and ensure downside protections are included

Focus on credit opportunities in North American software and tech-enabled services businesses

- The General Partner seeks to construct a diversified portfolio of credit investments in North American software and tech-enabled businesses, an area in which it has developed deep expertise and broad networks
- Sagemount seeks positions in durable, middle-market businesses that are cash flow positive

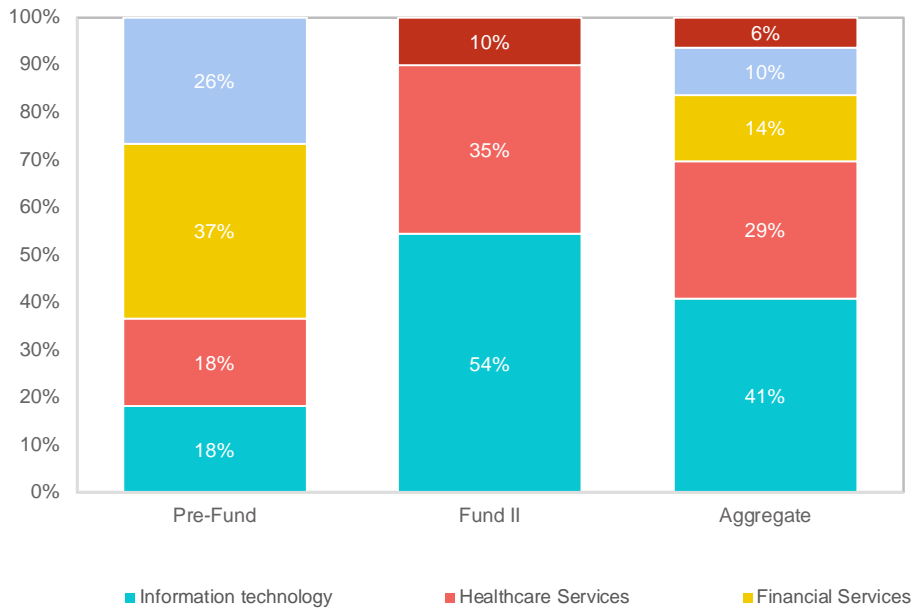
Equity platform and sponsor relationships drives deal flow

- The General Partner leverages the networks and expertise of its equity platform, which exclusively focuses on middle-market tech-enabled and software businesses, to assist with identifying opportunities and to offer sector-specific expertise during diligence
- Sagemount targets sponsored and non-sponsored opportunities and has developed broad networks within the technology space given its focus since inception

- Sagemount takes an opportunistic approach, targeting business services, financial services, healthcare services and information technology businesses operating across a variety of end markets that are facing positive tailwinds
- The General Partner primarily seeks subscription-based businesses with high gross margins
- The credit team may leverage the sector-specific expertise of Sagemount's equity investment team, which targets middle-market software and tech-enabled businesses to support and inform its underwriting process
- Consistent with its prior investments, Sagemount expects to largely invest in U.S.-based businesses

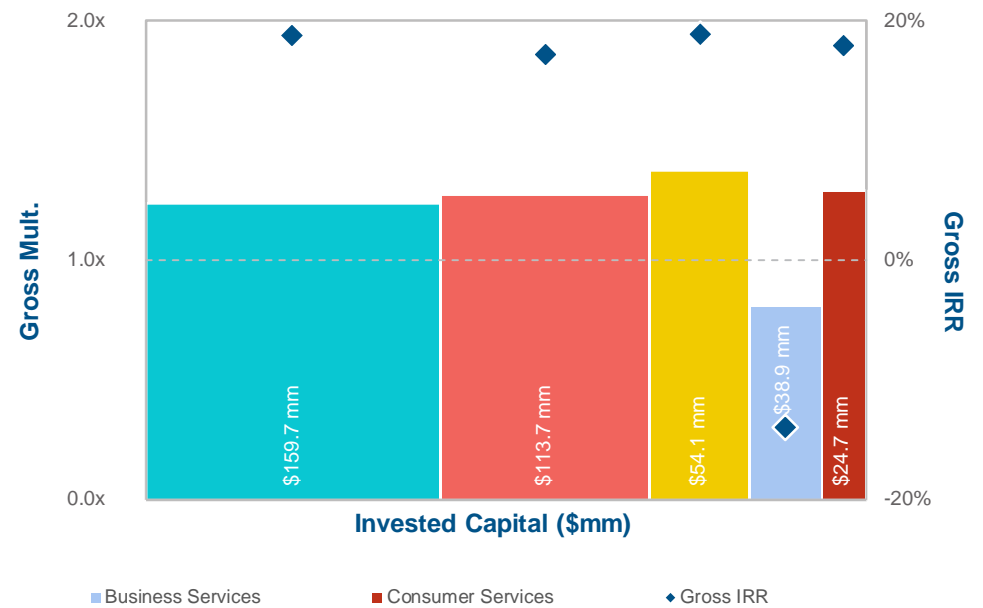
Prior Investments – % by Sector

As of 3/31/23



Aggregate Performance – by Sector

As of 3/31/23



- The General Partner seeks to construct a diversified portfolio of debt investments across a variety of instrument types and risk-return profiles
- Sagemount plans to construct a portfolio of 15 to 20 investments in the Credit Opps vehicle, with expected average investment sizes of \$30 to \$35 million, and 20 to 30 investments in the Direct Lending vehicle, with expected average investment sizes of \$20 million to \$30 million
- The General Partner targets businesses with enterprise values of \$100 million to \$1 billion
- Sagemount aims to be thoughtful in its positioning within the capital structure, exclusively seeking senior positions for the Direct Lending vehicle while remaining opportunistic for the Credit Opps vehicle
- The General Partner will allocate investment opportunities to its Credit Opps or Direct Lending vehicles based on each investments risk-return profile
 - The Credit Opps vehicle is expected to include senior secured positions alongside opportunistic credit investments, such as holdco notes, preferred equity and warrants
 - Sagemount expects approximately 60% of the Credit Opps vehicle to be allocated to senior-secured positions and approximately 40% to be allocated to other opportunistic credit investments
 - The Direct Lending vehicle will exclusively be comprised of senior-secured positions
 - The General Partner expects to utilize leverage in the Direct Lending vehicle, with first lien investments expected to be levered 1:1 and second lien investments expected to be levered 0.5:1
- Sagemount expects to primarily generate returns through cash or PIK interest augmented by OID, call protections and warrants/equity participation
- Regardless of security, the General Partner seeks to provide growth capital, M&A financing or recapitalization funding and will not invest in any deals owned by Sagemount's equity platform

- The General Partner expects to invest in opportunities with average attachment and detachment points of 2.5x and 5.5x, respectively, with opportunities in the Direct Lending vehicle expected to be most senior in the capital structure
- Sagemount seeks to lead or co-lead each investment in order to drive influence and have control of structuring, contributing to downside protection
 - The General Partner intends to maintain active dialogue with portfolio company leadership, receive information rights and opportunistically take board seats
- The General Partner expects to allocate approximately 60% of the Credit Opps and Direct Lending vehicles to non-sponsored positions and 40% to sponsored positions
- The General Partner seeks to primarily source its deals directly, leveraging the relationships of its credit team as well as the broader Sagemount platform

Attractive net performance in Fund II

- Fund II had generated top-quartile returns on a net IRR basis as of 3/31/23
- Sagemount expects to utilize a credit facility to bridge capital calls, remaining thoughtful in regard to fund management and intends to recycle capital throughout the investment period

Strong deal-level performance with a healthy unrealized portfolio

- The General Partner has generated attractive deal-level performance across its Pre-Fund and Fund II
- The unrealized portfolio remains healthy, with additional upside expected in Fund II

Demonstrated ability to deploy and preserve capital

- Sagemount has effectively scaled its deployment as it has grown its credit platform and AUM
- The General Partner has exited the majority of its deals between a 1.0x and 1.5x gross multiple
- Sagemount has only realized one deal below cost in the Pre-Fund, representing just 6.2% of realized capital, as of 3/31/23, demonstrating its focus on downside protection

- The General Partner has generated attractive net returns in Fund II
 - As of 3/31/23, Fund II had achieved top-quartile performance on a net IRR basis and second quartile performance on a DPI and TVPI basis
 - As of 3/31/23, including the onshore and offshore vehicle Fund II was 117% drawn
- Consistent with Fund II, Sagemount expects to utilize a credit facility to bridge capital calls
- The General Partner expects to recycle throughout the investment period

Bregal Sagemount Management, L.P. Prior Investment Performance ¹ As of 3/31/23								
(\$mm)	Vintage	Fund Size	Capital Drawn	Capital Distributed	NAV	DPI	TVPI	Net IRR
Fund								
Fund II	2018	\$262	\$225.8	\$165.0	\$87.7	0.7x	1.1x	13.6%

HL Benchmark Credit As of 12/31/22			PME Benchmark CS HY Index III Value Index As of 3/31/23
Top-Quartile			PME IRR
DPI	TVPI	Net IRR	
0.8x	1.3x	12.9%	4.1%

¹ Capital Drawn, Capital Distributed and NAV are calculated from the cash flows of fee-paying limited partners in the onshore vehicle and exclude any cash flows from the General Partner's commitment

- The General Partner has generated attractive deal-level performance on a realized and unrealized basis
- Sagemount has identified an actional pipeline of opportunities for both the Credit Opps and Direct Lending vehicles
- The General Partner has generated a realized dispersion of returns in line with its target, demonstrating its focus on downside protection

Bregal Sagemount Management, L.P. Prior Investment Performance As of 3/31/23									
(\$mm) Fund	Vintage	# of Inv.		Fund Size	Amount Invested	Amount Realized	Unrealized Value	Gross Mult.	Gross IRR
		Total	Real.						
Pre-Fund	2014	10	10	\$150	\$146.9	\$190.2	\$0.0	1.3x	11.5%
Fund II ¹	2018	16	7	262	244.1	198.1	92.3	1.2x	22.1%
Total		26	17		\$391.0	\$388.3	\$92.3	1.2x	14.1%

Bregal Sagemount Management, L.P. Realized Investment Performance As of 3/31/23						Bregal Sagemount Management, L.P. Unrealized Investment Performance As of 3/31/23					
(\$mm) Fund	Amount Invested	Amount Realized	Unrealized Value	Gross Mult.	Gross IRR	(\$mm) Fund	Amount Invested	Amount Realized	Unrealized Value	Gross Mult.	Gross IRR
Pre-Fund	\$146.9	\$190.2	\$0.0	1.3x	11.5%	Pre-Fund	\$0.0	\$0.0	\$0.0	n/a	n/a
Fund II ¹	109.9	138.3	0.0	1.3x	26.7%	Fund II ¹	134.2	59.8	92.3	1.1x	15.8%
Total	\$256.8	\$328.5	\$0.0	1.3x	13.9%	Total	\$134.2	\$59.8	\$92.3	1.1x	15.8%

¹ Represents amount invested, amount realized, unrealized value and performance metrics of the onshore vehicle; total amount invested by the General Partner across the offshore and onshore vehicles was \$293 million, as of 3/31/22

- The General Partner has three internal ESG dedicated professionals and additionally leverages the broader BI platform to assist with ESG implementation and tracking at the portfolio company level
- Sagemount does not require portfolio companies to follow specific ESG guidelines but does emphasize the importance of mitigating ESG risks and encourages adoption of ESG best practices across its portfolio companies
- The General Partner has a DE&I policy and continues to consider diverse perspectives within its culture as well as recruiting and developing diverse talent

ESG Summary

ESG Policy	Yes	Integration in decision-making	IC memos include ESG requirements
ESG-Dedicated Professionals	Three dedicated ESG professionals	ESG focus – planning	Yes; ESG is considered across the investment process
Signatories	PRI	Monitoring	Ad hoc
Environmental Focus	Climate Policy	Reporting	Annual
Diversity	71.0% male/29.0% female firm wide 66.7% minority in decision making 72.5% minority in ownership	Requirements of portfolio companies	The General Partner does not create requirements surrounding ESG for portfolio companies
ESG in due diligence process	ESG due diligence screenings		



Section 4 | Appendices

Experience of Investment Professionals					
Name	Title	Location	Tot. Exp. (yrs.)	Tenure (yrs.)	Prior Experience
Gene Yoon	Managing Partner	New York	25	12	<ul style="list-style-type: none"> ● Goldman, Sachs & Co., Head of Private Equity ● Great Hill Partners, Partner ● Special Situations America Group
Scott Simpson	Partner & Head of Credit	New York	30	3	<ul style="list-style-type: none"> ● Brightwood Capital Advisors, Partner & Head of Originations ● Citi, Managing Director ● Credit Suisse, Managing Director
Clayton Main	Partner	Dallas	20	9	<ul style="list-style-type: none"> ● Goldman, Sachs & Co., Vice President
Steve Dorsey	Principal	New York	13	<1	<ul style="list-style-type: none"> ● 3i Group, Head of Digital Infrastructure ● Hastings Funds Management, Vice President ● BNP Paribas, Investment Banking Analyst
Stephen Griffin	Senior Associate	New York	17	3	<ul style="list-style-type: none"> ● Post Road Group, Senior Associate ● Foundation Capital Partners, Vice President ● CRH, Industry Analyst
Cameron Vazquez	Senior Associate	New York	10	2	<ul style="list-style-type: none"> ● Credit Suisse, Investment Banking Associate ● ING, M&A Associate ● Bain Capital, Senior Finance Associate

Benchmark Analysis:	An analysis that compares the net IRR of the prior funds to the top-quartile net IRR benchmarks for similar funds (based on strategy and vintage) as reported by the Cobalt LP database. The benchmark data shown is the most recent data available at this time
DPI:	$\text{DPI} = \frac{\text{Amount of Distributions Received}}{\text{Total Amount of Capital Paid-In}}$
ESG:	Environmental, Social and Governance
Gross IRR:	Internal Rate of Return (“IRR”) of investments at the “fund level,” excludes fees paid by LPs to the General Partner such as management fees and carried interest. For investments held less than one year, Hamilton Lane nominalizes the IRR to match the hold period of the investment in order to represent a more meaningful number
Investment Pacing:	An analysis of the total capital invested during the given years. Includes all prior investments, realized or unrealized
J-curve Benchmark:	Peer (median by age) is calculated by taking the median IRR of similar funds (based on strategy and vintage) in Hamilton Lane’s database at each quarter, which are simulated as investing at the same point in time. The length of time to break the J-curve is calculated from inception to the first time each fund generated a positive net IRR
Loss Ratio Analysis:	An analysis of the capital invested in realized transactions generating different multiples of invested capital
Net IRR:	Annualized Internal Rate of Return (“IRR”) of investments at the LP level inclusive of fees such as management fees and carried interest paid to the General Partner
Net Returns to Limited Partners:	The performance of the General Partner’s prior investment vehicles at the net LP level, inclusive of all fees, carried interest and expenses. Performance data is as reported by the General Partner using actual capital contributions, distributions and net asset value for either all limited partners, or a sample set of limited partners, in the respective funds
Outlier Analysis:	An analysis of the gross returns of investments in prior funds, comparing overall performance against the performance when certain ‘outlier’ transactions are excluded. Outliers are defined as transactions that generate exceptionally positive or negative results
PME Analysis:	Calculated by taking the fund’s monthly cash flows and investing them in the relevant Total Return Index (where all dividends are re-invested). Contributions were scaled by a factor such that the ending portfolio balance would be equal to the private equity net asset value (equal ending exposures for both portfolios). This prevents shorting of the public market equivalent portfolio in order to match the performance of an outperforming private equity portfolio. Distributions were not scaled by this factor. The IRRs were then calculated based on these adjusted cash flows. The selected PME represents the most relevant public market benchmark
Realized Attribution Analysis:	Analysis of the capital invested in, and performance of, the prior realized transactions according to the criteria indicated
Realized Investments:	Hamilton Lane classifies investments as “realized” if it has: i) an unrealized value of less than 20% of the total value; ii) a carrying value that has been written to zero or has been previously written-off; or iii) been fully exited and the GP has no remaining interest in the company
RVPI:	$\text{RVPI} = \frac{\text{Current Net Asset Value}}{\text{Total Amount of Capital Paid-In}}$
TVPI:	$\text{TVPI} = \frac{\text{Amount of Distributions Received} + \text{Current Net Asset Value}}{\text{Total Amount of Capital Paid-In}}$

Time-Zero IRR:	Represents the gross IRR calculated as if every investment were initiated on the same date
Write-Down Ratio:	The ratio of capital invested in realized investments that have been sold for a value that is less than 1.0x their original cost basis, divided by the total capital invested in all realized investments
Write-Off Ratio:	The ratio of capital invested in realized investments that have been sold for a value that is less than 0.5x their original cost basis, divided by the total capital invested in all realized investments

Philadelphia (Headquarters)

Seven Tower Bridge
110 Washington Street
Suite 1300
Conshohocken, PA 19428
USA
+1 610 934 2222

London

4th Floor
10 Bressenden Place
London SW1E 5DH
United Kingdom
+44 20 8152 4163

Portland

Kruse Woods II
5335 Meadows Rd
Suite 280
Lake Oswego, OR 97035
USA
+1 503 624 9910

Shanghai

One ICC, Shanghai International
Commerce Centre
No. 288 South Shaanxi Road,
Xuhui, Shanghai Municipality
200031
+021 8012 3630

Tokyo

13F, Marunouchi Bldg.
2-4-1, Marunouchi
Chiyoda-ku
Tokyo 100-6313, Japan
+81 (0) 3 5860 3940

Denver

10333 East Dry Creek Road
Suite 310
Englewood, CO 80112
USA
+1 866 361 1720

Mexico City

Av. Paseo de la Reforma 333
Espacio de oficina 417
Cuauhtémoc, 06500
Ciudad de México, CDMX
Mexico
+52 55 6828 7930

San Diego

7817 Ivanhoe Avenue
Suite 310
La Jolla, CA 92037
USA
+1 858 410 9967

Singapore

12 Marina View
Asia Square Tower 2
Suite 26-04
Singapore, 018961
+65 6990 7850

Toronto

2001 – 2 Bloor Street West
Toronto, Ontario
Canada
M4W 3E2
+1 437 600 3006

Frankfurt

Schillerstr. 12
60313 Frankfurt am Main
Germany
+49 69 153 259 290

Miami

999 Brickell Avenue
Suite 720
Miami, FL 33131
USA
+1 954 745 2780

San Francisco

201 California Street, Suite 550
San Francisco, CA 94111
USA
+1 415 365 1056

Stockholm

Östermalmstorg 1
Floor 4
114 42 Stockholm
Sweden
+46 8 535 231 40

Zug

Hamilton Lane
(Switzerland) AG
Baarerstrasse 14
6300 Zug
Switzerland
+41 (0) 43 883 0352

Hong Kong

Room 1001-3, 10th Floor
St. George's Building
2 Ice House Street
Central Hong Kong, China
+852 3987 7191

Milan

Via Filippo Turati 30
20121 Milano
Italy
+39 02 3056 7133

Scranton

30 Ed Preate Drive
Suite 101
Moosic, PA 18507
USA
+1 570 247 3739

Sydney

Level 33, Aurora Place
88 Phillip Street
Sydney NSW 2000
Australia
+61 2 9293 7950

Las Vegas

3753 Howard Hughes Parkway
Suite 200
Las Vegas, NV 89169
USA
+1 702 784 7690

New York

610 Fifth Avenue, Suite 401
New York, NY 10020
USA
+1 212 752 7667

Seoul

12F, Gangnam Finance Center
152 Teheran-ro, Gangnam-gu
Seoul 06236
Republic of Korea
+82 2 6191 3200

Tel Aviv

6 Hahoshlim Street
Building C 7th Floor
Herzliya Pituach, 4672201
P.O. Box 12279
Israel
+972 73 2716610



BregalSagemount

Bregal Sagemount Credit Solutions

Investor Presentation – CRPTF

Q3 2023

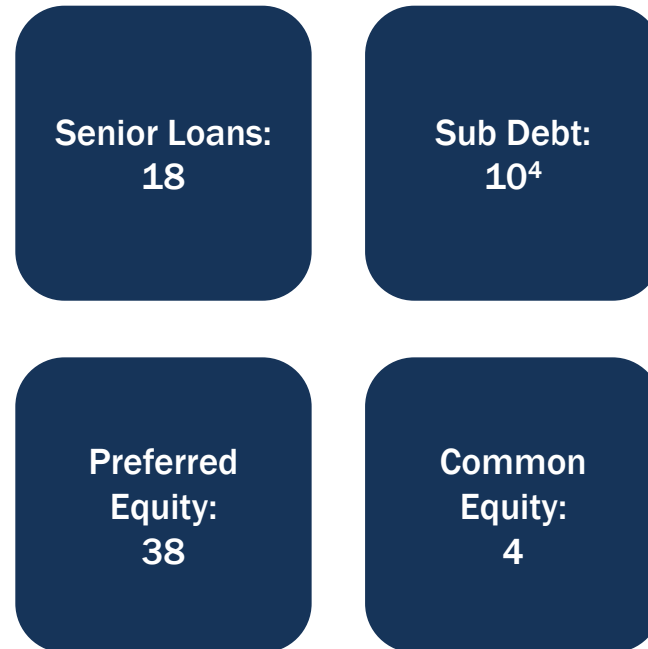
A Bregal Investments Fund
Strictly Private and Confidential



BregalSagemount

- ◆ Founded in 2012
- ◆ Growth platform
- ◆ >\$6.0B AUM³
- ◆ Over 70 Investments
- ◆ Top Quartile Returns⁵
- ◆ Minority Owned GP
- ◆ Non-sponsored / Founder Owned Focus

Structured Investments¹



Sector Focus on Uncorrelated Growth²

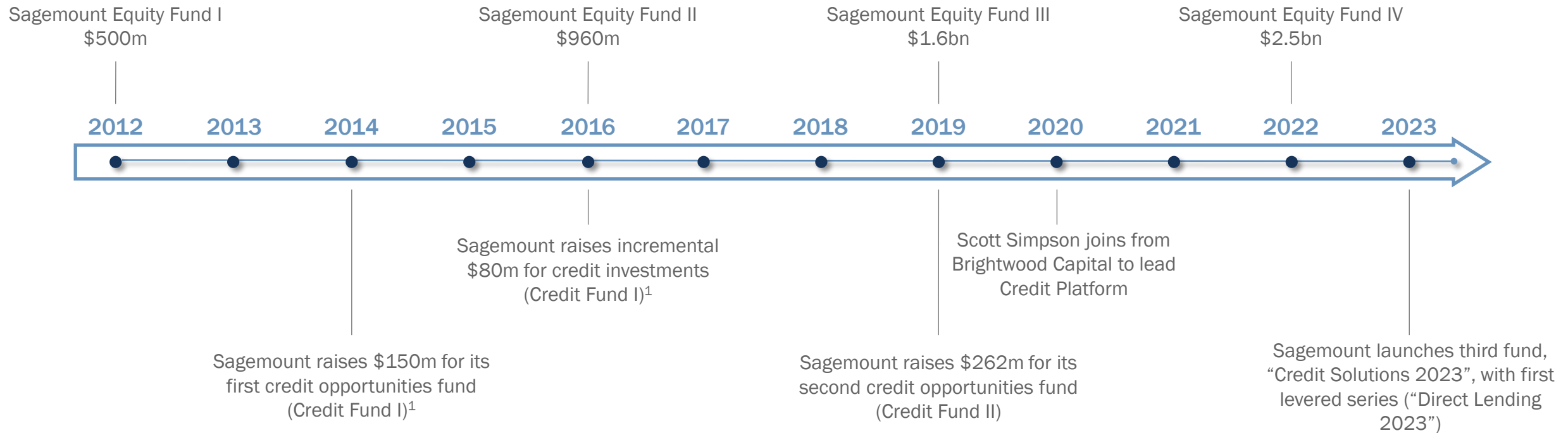
<p>Software, Tech-Enabled Services</p>	<p>Healthcare Services</p>
<p>Info, Internet, Data Infrastructure</p>	<p>Financial Technology</p>
<p>Consumer Services</p>	<p>Business Services</p>

1. As of March 31, 2023.
 2. Logos are protected trademarks of their respective owners and Sagemount disclaims any association with them and any rights associated with such trademarks.
 3. Representative of capital raised as of March 31, 2023.
 4. Includes HoldCo Preferred Equity investments.
 5. Refers to Sagemount equity funds. Per Burgiss Group, net IRR and net MOIC are top quartile for Fund I and Fund II based on peer sets consisting of same vintage year North American buyout and growth funds. Investment values presented as of March 31, 2023 with the valuation of remaining Open Lending shares held as of March 31, 2023.

Bregal Sagemount (“Sagemount”) History



BregalSagemount



1. Bregal Sagemount Fund I LP (“Fund I”) was increased from \$500 million to \$650 million in 2014, with the incremental \$150 million allocated specifically to pursue credit investments. In 2016, an additional \$80 million was added dedicated solely to credit investments in Bregal Sagemount Debt Investment Fund LP (“Bregal Sagemount Debt Investment Fund”) for a total of \$230 million of capital commitments, referred to herein as “Credit Fund I.”

Experienced, Dedicated (and Growing) Credit Team



BregalSagemount



Gene Yoon
Managing Partner



Scott Simpson
Head of Credit



Clayton Main
Partner – Credit



Steve Dorsey
Principal



Steve Griffin, CFA
Senior Associate



Cameron Vazquez
Senior Associate

Prior Experience

- Founded Sagemount in 2012
- Chairman of Investment Committee for Bregal Sagemount Credit since inception
- Credit Committee for GS Bank and GS Specialty Lending Group
- Joined Sagemount in 2020
- Partner & Founding member of team that scaled Brightwood Capital from \$230mm to >\$4bn AUM
- Led originations and investments, driving over ~\$2bn in 2019
- Citigroup, Credit Suisse, DLJ
- Joined Sagemount in 2014
- Prior to Sagemount, Clayton spent 12 years at Goldman Sachs and was a Founding member of the GS Specialty Lending Group
- Joined Sagemount in 2023
- Prior to Sagemount, Steve co-founded E/Marconi, a telecom software business, and Navi, a data insights engine
- Previously, Head of Digital Infrastructure, Americas at 3i Group
- Hastings, BNP Paribas
- Joined Sagemount in 2020
- Prior to Sagemount, Steve spent 3 years at Post Road Group, a TMT-focused private equity firm specializing in Digital Infrastructure
- Foundation Capital Partners, Davy (Dublin, Ireland)
- Joined Sagemount in 2021
- Prior to Sagemount, Cameron spent 4 years in investment banking at Credit Suisse in the Media & Telecom group, and ING in the mergers & acquisitions group

Education

- University of Pennsylvania (MBA)
- University of Pennsylvania (BS)
- Columbia University (MBA)
- University of Maryland (BS)
- Southern Methodist University (BBA)
- Bucknell University (BA)
- Trinity College, Dublin (BA)
- CFA Charterholder
- Loyola Marymount University (BS)

Team composition as of January 1, 2023. The team is looking to add an investment professional at the associate level in 2023.



INVESTMENT TEAM



21
Managing Partner
Gene Yoon
Goldman, Great Hill



15
Partner
Adam Fuller
Goldman



18
Partner
Blair Greenberg
TCV



15
Partner
Michael Kosty
Goldman



12
Partner
Pavan Tripathi
Goldman



22
Partner
Phil Yates
Great Hill, Carousel



25
Partner/Credit Head
Scott Simpson
Brightwood Capital



20
Partner – Credit
Clayton Main
Goldman



9
Principal
Jaskaran Heir
CIVC Partners



5
Principal
Jordan Walton



5
Principal
William Breskman



Principal
New Hire



12
Principal
Steve Dorsey
3i Group



6
Vice President
Harrison Brunelli



7
Vice President
Cameron Eskandari



5
Vice President
David Greenbaum
Level Equity, Brighton



5
Vice President
Bobby Henderson



2
Senior Associate
Harrison Boyajian



3
Senior Associate
Zach Month



4
Senior Associate
Connor Pams



11
Senior Associate
Stephen Griffin
Post Road, Foundation



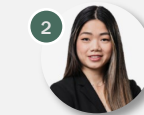
2
Senior Associate
Cameron Vazquez
Credit Suisse, ING



2
Associate
Nihar Sheth



2
Associate
Joshua Zirman



2
Biz Dev
Juno Cheng¹



Associate
TBD



1
Associate
Wendy Dong



1
Associate
Stephanie Li



1
Associate
Isabelle Stone



Executive Assistant
Nicole Alfieri



Executive Assistant
Mia Hansen



Executive Assistant
TBD

PLATFORM



30
CEO
Alain Carrier
CPPIB, Goldman



33
CFO
Dwight Cupit
Englefield



23
G. Counsel & CCO
Michelle Riley
ICON Cap, Paul Weiss



20
Capital Formation
Shea Goggin
Houlihan, UBS



16
Finance Director
Kevin Richardson
Fortress Inv Group



19
Chief People Officer
Jennifer Fass



15
VP Finance/Risk
CJ Lim



13
Mktg & Comm
Jillian Hazelton
Audax, Providence



6
Principal of ESG
Nandini Hampole



4
Senior IR Associate
Nicki Rutishauser



4
Finance Associate
Victoria Lukic



2
Finance Associate
Melissa Haskins

1. Ms. Cheng is an independent contractor to Sagemount.

Targeted Focus

Sector Growth/Industry Tailwinds

- Target sectors with **clear growth & industry tailwinds**
- **Uncorrelated** to general macro-economic volatility

Key Industries/Verticals

- Software
- Financial Technology
- Digital Infrastructure
- Healthcare IT / Services
- Business / Consumer Services

Recurring Revenue Focus

- Mitigates performance volatility and creates **asymmetric risk**
- **Sticky revenue** leads to resilient valuations in down markets
- Benefits from **operating leverage** and **financial leverage** in up markets

Strong Margin Profile

- Target **high gross margins** to mitigate pressure from suppliers
- Ability to **underwrite steady-state EBITDA/profitability** under varying growth assumptions

Systems, Sector Dives, and Culture

Extensive and **continuous** investment in systems, data, and personnel

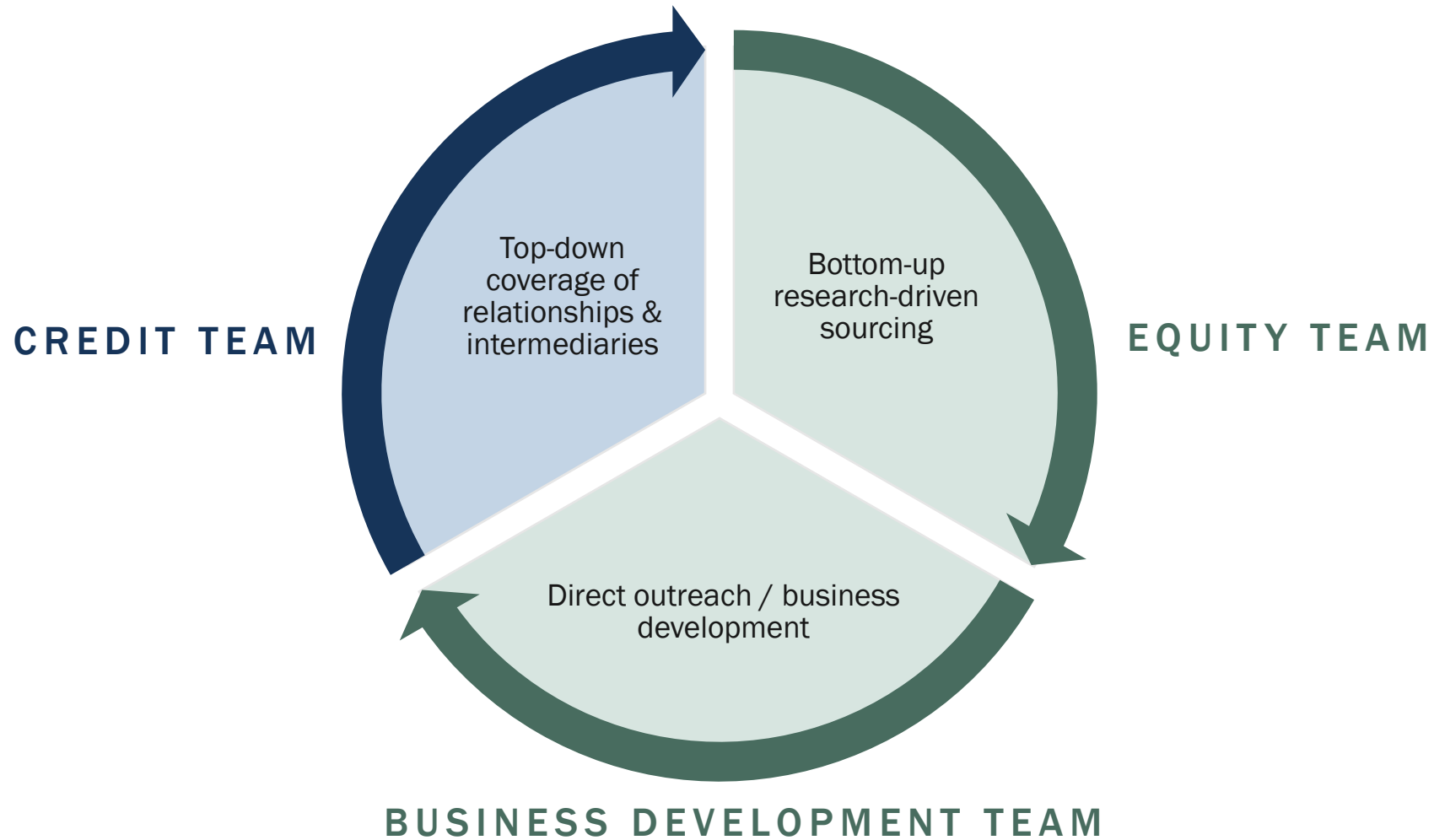
- **Early adopter** of data scraping and bringing data into our CRM (now commoditized)
- **Continue to innovate** on adding new signals and analysis to drive **proprietary insights** and actionable workflow
- Addition of Michael Kang in 2019 to run **data strategy**
- Addition of Juno Cheng in 2020 to augment business development / lead **generation efforts**
- “Eat our own cooking” by **utilizing Growth Factors sales best practices** into our own origination efforts

Compounding Domain Expertise

- Consistent generation of sub-sector dives: **200+ since 2012**
- Sector work drives proactive and very **informed outreach** to target companies, leading to **higher-quality interactions** and **differentiated, long-term relationships**
- **Success begets success**: investments sourced by sector dives, and sector dives themselves, **generate new ideas and deal flow**

High Velocity Culture

- Intense focus up and down the organization on **finding and nurturing prospects**
- **Incentives aligned with outcomes** to drive behavior (variable carry, sourcing contest, etc.)
- Rigorously **track metrics** on a weekly basis



Strong Sourcing Results



BregalSagemount

26 Credit Platform Investments Since Inception

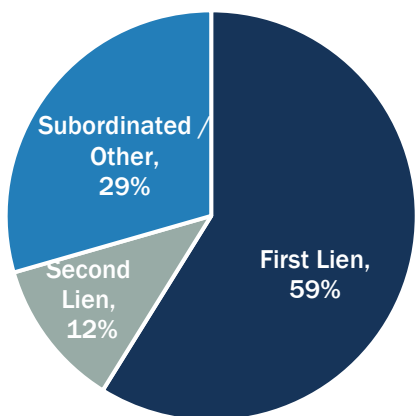
- 61% first lien¹
- 14% second lien¹
- 26% subordinated / other¹
- 75% of deals in Credit Fund II have been proprietary²

Credit Fund II Proprietary Investments³

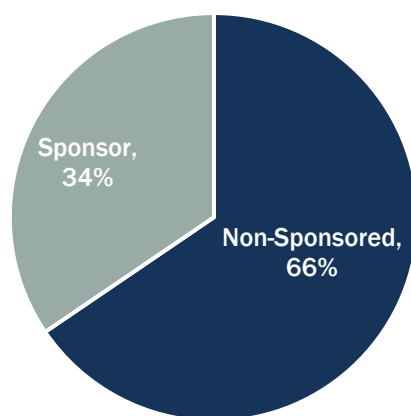


Credit Fund II Investments⁴

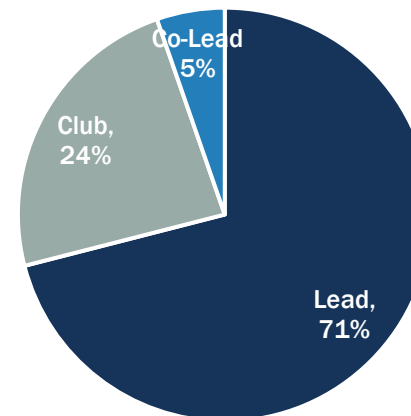
Security Composition



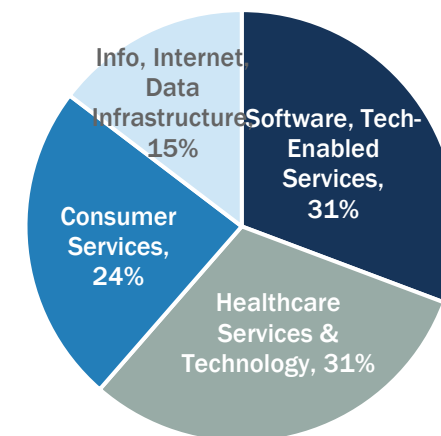
Spon. / Non-Spon.



Role



Industry Composition



Note: As of March 31, 2023.

- Based on amount committed by the Credit Funds, which excludes the amount of co-investment commitments.
- Based on proprietary deal count in Credit Fund II.
- Examples of specific investments are included for illustrative purposes only in order to show the investment process and strategies that Sagemount utilizes. Specific investments are not intended to be, and should not be construed as, investment advice or a recommendation to purchase or sell any particular security. There can be no assurance that any investments will be profitable. Inherent in any investment is the potential for loss.
- Based on amount committed by Credit Fund II, which excludes the amount of co-investment commitments. The above allocations are subject to change.

	← First Lien	Second Lien	HoldCo	→ Pref. / Equity
Company Profile	<ul style="list-style-type: none"> ▪ Founder-owned / non-sponsored businesses ▪ Mid-market sponsored businesses ▪ ~50% LTV ▪ \$0 - \$30+mm EBITDA 	<ul style="list-style-type: none"> ▪ Scaled non-sponsored growth-oriented businesses ▪ Scaled sponsor businesses ▪ >\$15mm EBITDA 	<ul style="list-style-type: none"> ▪ Primarily growth-oriented sponsor businesses ▪ 60-75% LTV ▪ >\$15mm EBITDA 	<ul style="list-style-type: none"> ▪ Coinvest equity in non-sponsored businesses ▪ Equity in high return sponsored prop opportunities ▪ >\$50mm EBITDA
Unlevered Target Returns	<ul style="list-style-type: none"> ▪ ~10% - 12% gross IRR ▪ Warrant or equity upside in <\$10mm EBITDA businesses 	<ul style="list-style-type: none"> ▪ ~11% - 14% gross IRR 	<ul style="list-style-type: none"> ▪ ~11% - 15% gross IRR 	<ul style="list-style-type: none"> ▪ ~15% - 20%+ gross IRR
Fund Series	<ul style="list-style-type: none"> ▪ Levered Series ▪ Unlevered Series 	<ul style="list-style-type: none"> ▪ Levered Series ▪ Unlevered Series 	<ul style="list-style-type: none"> ▪ Unlevered Series 	<ul style="list-style-type: none"> ▪ Unlevered Series

Target Portfolio Returns are shown for illustrative purposes only. Sagemount provides no assurance or guarantee that these targeted returns will be achieved. It should not be assumed that any investment discussed herein will be profitable or that any investment decisions in the future will be profitable. Performance figures are unaudited. These estimated returns are provided for discussion purposes only and are not intended to represent, and should not be construed as representing, predictions of future rates of return.

Credit and Equity Mandate Comparisons

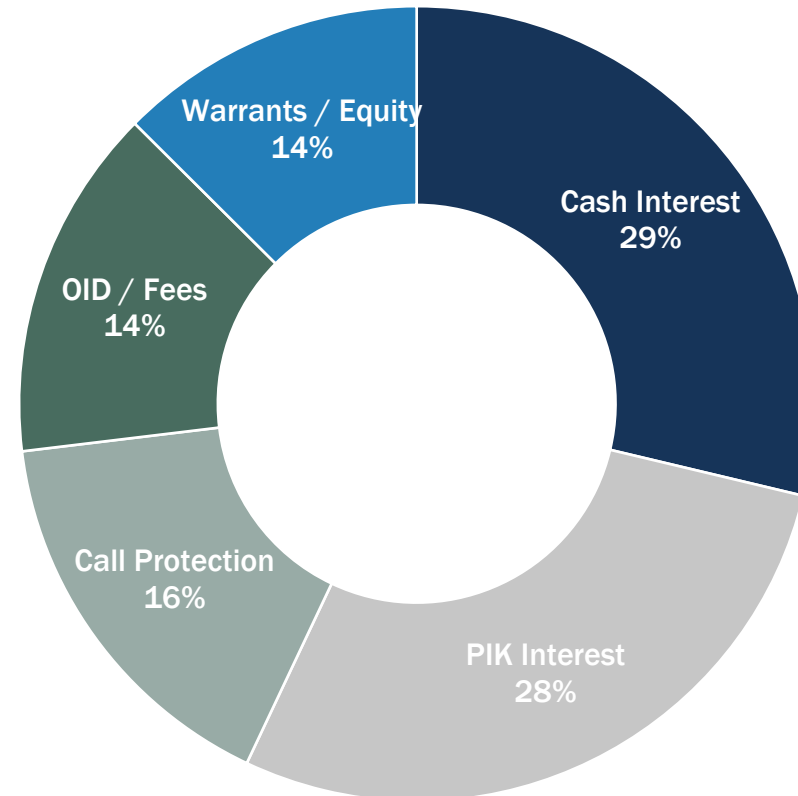


BregalSagemount

	Levered Series (“Direct Lending 2023”)	Unlevered Series (“Credit Opportunities 2023”)	Equity Fund IV
Investment Purpose	Growth capital, M&A financing, recapitalizations	Growth capital, M&A financing, recapitalizations	Growth, buyout and structured minority investments
Company / Borrower Size	Predominantly > \$10m EBITDA	1L+2L typically < \$10m EBITDA	~\$5m–\$50+m EBITDA
Investment Size	\$15m–\$35m per investment	\$20m–\$50m per investment	\$75m–\$225m per investment
Target LTV	~50%	Up to 75%	Up to 100%
Security	100% senior secured loans (1st and 2nd lien)	Senior secured/HoldCo/Pref/Warrants/Equity Co-Invest	Preferred/Common Equity
Target Gross Returns	9%–14% unlevered IRR (12%-18% levered) / 1.0–1.2x unlevered MOIC (1.4x–1.6x levered)	12%–18% unlevered IRR/1.4x–1.6x unlevered MOIC	20-25% IRR/2.0x–3.0x MOIC
Yield	Primarily cash-pay interest	Mix of cash-pay/PIK/equity	Equity
Covenants	100% will have covenants	In 1L + 2L deals; sometimes cross-default in HoldCo	NA
Holding Period	2–4 years	1–3 years	2–4 years
Number of Portfolio Companies	20–30	15–20	15–20

Sagemount seeks to construct investments to produce profits / returns from a number of elements

Gross IRR Composition (% of Total Profit)



87% of returns generated from contractual / negotiated terms



This presentation (the "Presentation") is being circulated on a confidential basis by Bregal Investments, Inc. ("Bregal Investments" or the "Firm") to a limited number of sophisticated investors, at their request, for informational purposes only. It is not an offer to sell or a solicitation of an offer to buy shares, or acquire an interest, in any Bregal Investments vehicle.

By accepting delivery of this Presentation, you agree that you will keep confidential all information contained within it, and will not disclose, reproduce or distribute any such information to any person without the prior consent of the Firm.

This Presentation is not intended to be relied upon as the basis for an investment decision, and is not, and should not be assumed to be, complete. This Presentation does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to subscribe for, underwrite or otherwise acquire, any securities of the Fund or any product advised or managed by the Firm, or any member of the Firm's or its parent company's group.

This Presentation is provided for information purposes only. This Presentation discusses general market activity, industry or sector trends, or other broad-based economic, market or political conditions and should not be construed as research or investment advice. Any investment is subject to various risks, none of which are outlined herein. All such risks should be carefully considered by prospective investors before they make any investment decision. The contents herein are not to be construed as legal, business, or tax advice, and each prospective investor should consult its own attorney, business advisor, and tax advisor as to legal, business, and tax advice.

The case studies referenced in the Presentation are for informational purposes only to illustrate how Bregal Investments seeks to source, structure, grow, and dispose of its portfolio company investments. There can be no assurance that any Bregal Investments vehicle will be able to implement its investment strategy or achieve its investment objectives. In considering any performance information contained herein, recipients should bear in mind that past, targeted or projected performance is not necessarily indicative of future results, and there can be no assurance that comparable results or that target returns, if any, will be met. This Presentation includes forward-looking statements, which includes all statements other than statements of historical facts, including any statements preceded by, followed by or that include forward-looking terminology such as the words "targets", "believes", "estimates", "expects", "aims", "intends", "can", "may", "anticipates", "would", "should", "could" or similar expressions or the negative thereof. Any forward-looking statements contained in this Presentation are subject to known and unknown risks and uncertainties and other important factors beyond the Fund's control that may cause actual results to be materially different from those contemplated by such statements. These forward-looking statements speak only as at the date of this Presentation. In particular, details included in this Presentation are subject to updating, revision, further verification and amendment, although there is no obligation to do so, and refer to events as having occurred which have not occurred at the date of this Presentation but which are expected to happen in the future. No representation or warranty is made as to future performance or such forward-looking statements. Unless otherwise indicated, IRR's are presented on a gross basis that does not reflect any fees, taxes, transaction costs in connection with the disposition of assets or other expenses to be borne by investors, which will reduce returns and, in the aggregate, are expected to be substantial.

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 economic and market information contained herein has been obtained from published sources prepared by other parties. Such information has not been independently verified and the Firm assumes no responsibility for the accuracy or completeness of such information.

No representation or warranty, express or implied, is given as to the accuracy or completeness of material contained herein on the part of the Firm. Any information contained herein has not been audited or verified by an independent party. Unless otherwise indicated, IRR's are presented on a gross basis and do not reflect any fees, taxes, transaction costs or carried interest in connection with the acquisition, management and disposition, as applicable of assets or other expenses to be borne by investors, which will reduce returns and, in the aggregate, are expected to be substantial.

This document is intended only for and will be distributed only to persons resident in jurisdictions where such distribution or availability would not be contrary to applicable laws or regulations.

IMPORTANT INFORMATION FOR RECIPIENTS IN THE FOLLOWING JURISDICTIONS

United States of America

Any future offering of interests will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or any state or other securities laws or the laws of any non-U.S. jurisdiction. Any future offering of interests will be offered and sold only to US investors that are "accredited investors" as defined in Regulation D promulgated under the Securities Act and "qualified purchasers" as defined under the U.S. Investment Company Act of 1940 (the "Investment Company Act") Any future interests offered will be sold for investment only and will be subject to restrictions on transferability and resale and may not be transferred or resold except as provided in the subscription documents relating to any such offering, and as permitted under the Securities Act. Accordingly, investors should be aware that they will be required to bear the financial risks of any investment in such interests for an indefinite period of time. None of the limited partnerships to which any future offering relates will be registered as an investment company under the Investment Company Act, as amended. Investors will not be afforded the protections of the Investment Company Act of the U.S. Investment Advisers Act of 1940, as amended.

United Kingdom

This Presentation is being communicated in the UK by Bregal Investments, which is authorized and regulated by the FCA, only to persons who (i) fall within Article 14 ("Investment Professionals") of the UK Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 (as amended) (the "CIS Order"), (ii) fall within Article 22 ("High net worth companies, unincorporated associations etc.") of the CIS Order, (iii) fall within one or more of the categories of persons referred to in COBS 4.12 of the FCA's Handbook of rules and guidance, or (iv) are persons to whom this communication may otherwise be lawfully communicated (the persons referred to in (i) – (iv) being referred to collectively as "Relevant Persons"). This Presentation must not be acted on or relied on by persons who are not Relevant Persons. Any shares or interest to which this relates are available only to Relevant Persons.

INVESTMENT ADVISORY COUNCIL
MEETING SCHEDULE
CALENDAR YEAR 2024

MEETING DATE

January 10, 2024

March 13, 2024

May 8, 2024

July 10, 2024

September 11, 2024

November 13, 2024