

Strategic Investment Group Secures Majority Investment from New Long-Term Financial Partner, Northhill Capital

New Partnership Ensures Continued Independence for Strategic

London, 20 December 2018: Northhill Capital (“Northhill”) today announces it has agreed to purchase a majority stake in leading outsourced CIO (OCIO) business, Strategic Investment Group (“Strategic”) by acquiring the equity interest previously held by FFL Partners for an undisclosed sum. This partnership enables Strategic to build on its 31 years of operating independence as a leading provider of OCIO solutions through the support of Northhill’s permanent and patient capital base.

Strategic, founded in 1987 and based in Arlington, Virginia, is the largest independent investment manager dedicated to the OCIO sector, with discretionary AUM of over US\$28 billion. Strategic has delivered compelling performance for clients across market cycles and successfully transitioned to the second generation of its investment team. Acting as a seamless extension of clients’ investment teams and employees, the firm provides customized fiduciary solutions for clients.

As a result of the transaction, Strategic’s existing senior management and investment team will increase their direct ownership of the business to over 25%, with further increases expected in the years to follow. Northhill seeks to ensure that culturally and operationally successful management teams retain the autonomy to continue to run their businesses. Strategic will keep day-to-day operational independence, and members of the Northhill management team will join its Board of Directors. Strategic’s 96 employees will remain in Arlington, Virginia, thereby enabling the preservation of its distinctive culture.

OCIO services are a growing part of the investment management industry. Strategic, as a leader in this segment, provides high-quality, independent, customized solutions which are highly attractive to its pension, foundation, endowment, healthcare and sovereign wealth clients. Through its centralized, institutional investment process, the firm’s approach combines active portfolio management, rigorous risk management and open architecture manager selection.

Strategic’s partnership with Northhill provides the support and autonomy necessary for Strategic to achieve long-term outperformance and sustainable growth. The transaction will see Northhill’s AUM increase to over US\$84 billion from US\$56 billion at 30 November 2018, in its sixth acquisition to date.

Brian Murdock, Chief Executive of Strategic Investment Group, said:

“From its inception in 1987, Strategic has used private capital to back our leadership team so we can remain aligned with the long-term interests of our clients. As an OCIO industry pioneer, we appreciate that our operating independence is critical to preserving a disciplined focus on client outcomes while avoiding distractions that might conflict with that mission.

“This new partnership with Northhill gives us access to permanent and patient capital and deep industry expertise that will support and perpetuate our success as an independent firm, while

providing an internal mechanism for the firm's management to increase its ownership of the firm in the years ahead.

"We thank FFL Partners for their tremendous support and collaboration over the past six years. Our partnership with FFL ensured that Strategic was able to not just continue to operate as an independent OCIO leader, but also to grow our firm, enhance our practices and maintain our strong reputation."

Jon Little, Partner, Northhill Capital LLP, said:

"Strategic Investment Group is the gold standard independent investment firm in the OCIO/Solutions sector with a track record of success spanning over three decades. Strategic's investment-led approach and belief in value creation through active management is highly complementary to Northhill's approach and brings diversification to our investment portfolio.

"Northhill's investment in Strategic is consistent with our strategy to invest over the long-term in high-quality active investment businesses that create a strong strategic and cultural fit with Northhill. Strategic has built a passionate, talented, collegial team and the management team's increased ownership of the business is a strong vote of confidence in its future and that of the sector.

"As an owner alongside management, our focus is on being a long-term supportive partner, and we will work jointly with Strategic to ensure the business continues to grow and develop in a sustainable way whilst maintaining its independence, client-focused culture and strong investment performance."

Morgan Stanley & Co. LLC served as financial advisor to Strategic Investment Group.

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Notes to editors:**Northhill Capital**

Northhill Capital is an independent, privately held asset management business, established in London in 2010, with substantial financial backing from interests associated with the Bertarelli Family. Northhill's long-term strategy is to build a portfolio of high quality, specialist asset management businesses. Assets under management by businesses in which Northhill owns a majority interest total approximately US\$56 billion at 30 November 2018. Northhill brings deep industry experience and expertise and the patient, long-term application of substantial private capital to support skilled investment professionals to develop their businesses.

Northhill Capital LLP is authorised and regulated by the Financial Conduct Authority.

www.northhill.com

Strategic Investment Group

Strategic, founded in 1987 and based in Arlington, Virginia, is an OCIO pioneer, purpose-built to provide sophisticated, customized investment solutions to a select group of clients. Strategic offers customized investment solutions because no two institutions have the same objectives, core mission, strategic direction, and ability to bear risk. Strategic also understands the need to practice sound investment governance to avoid high manager turnover, lackluster performance, and excessive costs. Strategic has delivered for its clients, helping them achieve their objectives through experience, insight, discipline, efficiency, cost-consciousness, and sound governance. Over the past three decades, Strategic has built a client-centric, team-oriented culture based on these attributes which acts as the largest dedicated OCIO. From designing and implementing investment policies to providing a full-range of back office support, an OCIO handles the day-to-day tasks of investment management to allow clients to focus on their mission and strategic objectives. Operating at scale with significant operational investments made, Strategic has delivered compelling results across market cycles and made the successful transition to the second generation of its investment team. Acting as a seamless extension of clients' investment teams and staff, the firm provides comprehensive, customized fiduciary solutions for clients.

Strategic is registered as an investment adviser with the Securities and Exchange Commission.

www.strategicgroup.com

FFL Partners

FFL Partners is a San Francisco-based private equity firm with over \$4.5 billion under management. For twenty years, the firm has helped build industry-leading companies, providing capital and advice to exceptional management teams to grow businesses and unlock value. FFL has deep experience in investing and operations, and has brought large-company best practices and professional networks to smaller companies. Business growth has provided over 75% of the value created by FFL for its investors. FFL invests in business services, healthcare services, industrial products and services, financial services and consumer products and services. For additional information about FFL, please visit FFL's website at www.fflpartners.com.