LOS ANGELES CITY

EMPLOYEES' RETIREMENT SYSTEM

JUNE 30, 2007

ALTERNATIVE INVESTMENT REVIEW

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PORTFOLIO OVERVIEW

Hamilton Lane was engaged by the Los Angeles City Employees' Retirement System ("LACERS") in January 2005 to select new investments, monitor, and provide advice in accordance with the investment objectives for the alternative portfolio (the "Portfolio") of LACERS. This report represents the review by Hamilton Lane of LACERS' portfolio investments as of June 30, 2007, *with highlights through September 30, 2007.*

With returns of over 40% for the 12-month period ending June 30, 2007, the Portfolio had a strong year to date. The value of the Portfolio at the end of the period of $732 million is up almost 39% over the prior year and distributions have remained strong with over $200 million returned to LACERS during the period. Returns were driven primarily by the large end of the buyout market during this period

As of June 30, 2007, the Portfolio managed by Hamilton Lane consisted of:

Portfolio Statistics		
$ millions	**6/30/2006**	**6/30/2007**
Commitments	$1,134.8	$1,452.3
Paid-In Capital	$741.8	$938.8
Distributions	$479.1	$684.9
Net invested capital	$262.7	$253.9
Market Value	$524.7	$731.8
Total value multiple	1.4x	1.5x
Since-Inception IRR	11.69%	15.10%
Avg. Age of the Portfolio	4.3 years	4.1 years
# of Partnerships	80	97
# of Managers	45	51

New Commitments

During the second quarter of 2007, LACERS' made commitments totaling $80.0 million to four partnerships. LACERS is an existing investor in three of these partnerships, only New Mountain Partners is a new relationship.

Avenue Special Situations Fund V, L.P. ($10 million) – will complete investments in the bonds and bank debt of companies in financial stress or distress, with a preference for senior debt. The fund will typically target companies that are in the following situations: i) potential for significant turnaround; ii) operating in industries that are in turmoil; and iii) undervalued due to discrete extraordinary events. The general partner will focus on sectors which are experiencing significant levels of dislocation and distress relative to the broader economy, and will actively manage the fund's exposure to particular sectors based on industry and company dynamics.

Carlyle Partners V, L.P. ($30 million) – has utilized a sector specific approach to investing; concentrating primarily in seven core industries where Carlyle believes it provides valuable synergies. These core sectors include: aerospace, defense, technology and business/government services, automotive, transportation and logistics, consumer and retail, healthcare, industrial, and telecommunications and media. This fund will generally target companies with strong and predictable cash flows, a leading market share, and a strong management team.

Kelso Investment Associates VIII, L.P. ($20 million) – will complete leveraged buyouts and, to a lesser extent, minority buy-in investments in companies with a history of predictable earnings, strong free cash flow, talented management teams, leading market positions, proprietary products or services, and valuable franchises. Kelso will attempt to acquire companies where they believe management can improve operating efficiencies and accelerate revenue growth. In addition, Kelso will only participate in situations where the interests of management teams and this fund are aligned by ensuring that key managers make significant personal investments alongside this fund.

New Mountain Partners III, L.P. ($20 million) – will complete control-oriented investments in growth companies with enterprise values ranging from $100 million to $1 billion. This fund will target companies in defensive, non-cyclical industries perceived as having high barriers to entry. These industries may include but are not limited to: information technology, business services, education, financial services, and healthcare. New Mountain anticipates using debt conservatively in funding investments and will attempt to generate returns by adding value through operational and managerial enhancements rather than through the use of financial leverage.

Subsequent to the second quarter of 2007, there was one additional partnership added to the Portfolio. LACERS is an existing investor with this venture capital manager.

Spark Capital II, L.P. ($9.75 million) – completes venture capital investments in early- to later-stage companies based in the United States. Spark targets 20% or greater equity ownership stakes, with investments ranging in size from $10 million to $20 million. The general partner seeks to invest in companies that are on the cutting edge of the media, entertainment and technology sectors and have the potential to create new markets and become category leaders by driving and taking advantage of the confluence of these sectors.

PORTFOLIO PERFORMANCE ASSESSMENT

The table below details the overall performance of the Portfolio over the last four quarters ending June 30, 2007.

Los Angeles City Employees Retirement System Portfolio Summary					
in $ millions	**Quarter Ending**				**Year Ending**
	9/30/2006	**12/31/2006**	**3/31/2007**	**6/30/2007**	**6/30/07**
Beginning Market Value	$524.7	$556.0	$641.4	$692.2	$524.7
Paid-in Capital	32.1	66.7	47.5	50.6	196.9
Distributions	(27.4)	(62.9)	(37.4)	(78.1)	(205.9)
Net Value Change	26.6	81.6	40.7	67.1	216.1
Ending Market Value	$556.0	$641.4	$692.2	$731.8	$731.8
Unfunded Commitments	$480.6	$472.2	$495.9	$529.2	$529.2
Total Exposure	$1,036.6	$1,113.6	$1,188.1	$1,261.0	$1,261.0
Point to Point IRR	5.04%	14.54%	6.30%	9.78%	40.45%
Since Inception IRR	12.03%	13.74%	14.20%	15.10%	15.10%

* *Including PCA's data, the Portfolio information as of 06/30/07 would be as follows: Beginning MV – $726.4., Ending MV – $772.6, Unfunded Commitments – $602.1, Total Exposure – $1,374.7.*

- As of June 30, 2007, the Portfolio generated a since inception IRR of 15.10%, an increase of 90 basis points over the since inception IRR one-quarter prior and 341 basis points over the Portfolio's IRR one year prior of 11.69%.

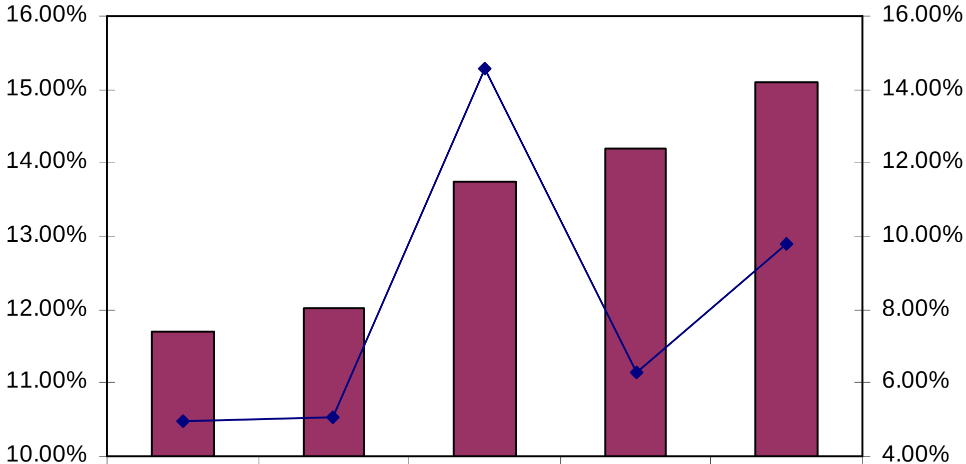
- Cash flow activity during the second quarter of 2007 was net positive with distributions of $78.1 million compared and paid-in capital of $50.6 million, marking one of the Portfolio's largest positive inflow of capital during a quarter.

- Net value change, which measures the unrealized appreciation/(depreciation) of the underlying assets in the Portfolio, increased $67.1 million during the quarter. Combined with distributions, the Portfolio had a total value creation of $145.2 million during the second quarter of 2007.

- The performance for the 12-month period ending June 30, 2007, generated an impressive 40.45% IRR.

The chart below shows the Portfolio's since inception and point-to-point IRR's over the last several quarters.

IRR Performance Summary by Quarter



	Quarter Ending 6/30/2006	Quarter Ending 9/30/2006	Quarter Ending 12/31/2006	Quarter Ending 3/31/2007	Quarter Ending 6/30/2007
Since Inception IRR	11.69%	12.03%	13.74%	14.20%	15.10%
Point to Point IRR	4.96%	5.04%	14.54%	6.30%	9.78%

- With the exception of the quarter ending December 31, 2006, the point-to-point IRRs have been increasing at a fairly steady rate. Similarly, since inception IRR continues to grow quarter over quarter, increasing approximately 85 basis points per quarter on average.

- The 4th quarter 2006 yielded strong returns as a result of the unrealized appreciation from the underlying portfolio companies. It is worth noting that during the fourth quarter of 2006, the unrealized appreciation of the Portfolio was 30% more than distributions. Only one other quarter out of the past five has unrealized appreciation exceeded distributions and it was only by 9%. There tends to be larger movement in the unrealized portion of the Portfolio at calendar year-end as the partnership's accounting auditors push for a mark-to-market.

TOP TEN PARTNERSHIPS

The table on the following page shows the top performing investments by Net Value change as of June 30, 2007.

Top 10 Performing Investments
By Net Value Change
For the One Year Ending June 30, 2007

Investment Name	Net Value Change ($ millions)	% Net Value Change	One-Year IRR (%)	Since Inception IRR (%)
Onex Partners, L.P.	$26.57	12.30%	255.81%	75.69%
Madison Dearborn Capital Partners IV, L.P.	$21.06	9.75%	90.82%	36.68%
CVC European Equity Partners III, L.P.	$10.22	4.73%	93.39%	46.13%
Permira Europe III, L.P.	$9.62	4.45%	73.92%	50.05%
Golder, Thoma, Cressey & Rauner Fund VIII, L.P.	$9.43	4.37%	92.18%	42.00%
Hellman & Friedman Capital Partners V, L.P.	$7.84	3.63%	98.25%	62.29%
Kelso Investment Associates VII, L.P.	$7.82	3.62%	79.15%	53.46%
TPG Partners IV, L.P.	$7.67	3.55%	38.99%	35.82%
TPG Partners III, L.P.	$7.45	3.45%	53.27%	27.09%
Alchemy Investment Plan (LACERS)	$7.34	3.40%	24.85%	18.72%

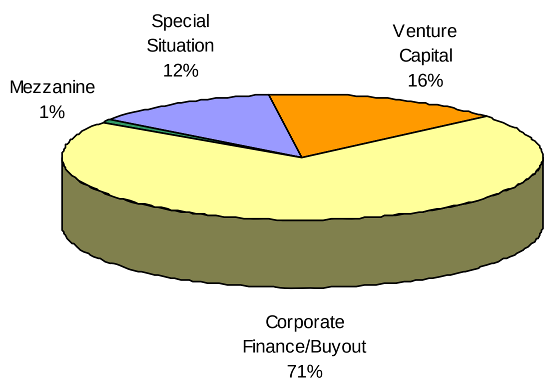
- Onex Partners continues to be the strongest performer in the Portfolio on both an IRR basis (one-year and since-inception) as well as a net value change basis. The outsized performance of this partnership is driven by a combination of unrealized value as well as distributions.

- Madison Dearborn Capital Partners IV also produced strong returns during the past twelve months, with a 90.82% one-year IRR that helped raise the partnerships since inception to 36.68%, a significant increase over the IRR of 21.60% as of June 30, 2006.

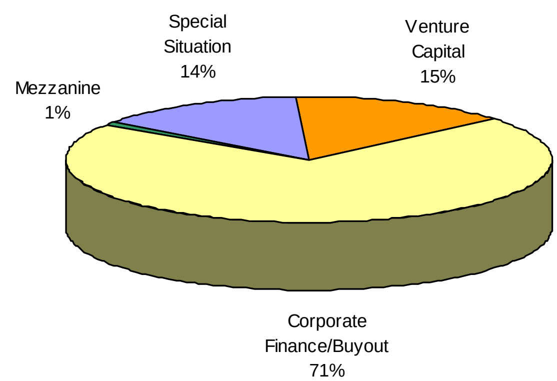
PORTFOLIO DIVERSIFICATION BY STRATEGY

The charts below display the Portfolio's strategic diversification by market value and total exposure, respectively. While market value measures the current value of the partnerships and their underlying investments, total exposure is the sum of unfunded commitments plus market value and thus takes into consideration the Portfolio's current exposure plus future trajectory.

Market Value
as of June 30, 2007



Total Exposure
as of June 30, 2007



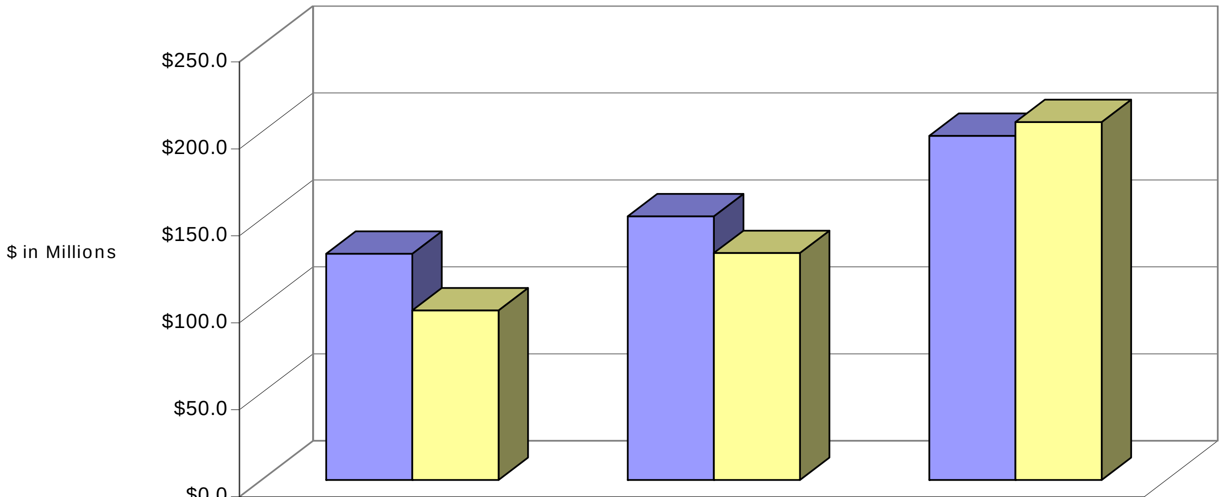
* *Including PCA's data, the Market Value information as of 06/30/07 would be as follows: Corporate Finance/Buyout – 69%, Mezzanine – 1%, Special Situation – 14%, Venture Capital – 16%. The Total Exposure information as of 06/30/07 would be as follows: Corporate Finance/Buyout – 65%, Mezzanine - 1%, Special Situation – 16%, Venture Capital – 18%.*

- The Portfolio's strategic diversification is within the target ranges as set forth in the Strategic Plan, including 71% of both market value and total exposure being concentrated in the corporate finance/buyout strategy. In addition, just over a quarter of the Portfolio is invested in strategies outside of the Corporate Finance/Buyout space, particularly Special Situation (12% / 14%) and Venture Capital (16% / 15%), with a small (one partnership) commitment to Mezzanine.

- It is worth noting that the Portfolio's Corporate Finance/Buyout market value diversification is further broken down into the following sub-strategies 12% to mega, 62% to large, 24% to mid, and 2% to small.

CASH FLOW ANALYSIS

The chart below highlights the Portfolio's cash flow activity over the past three years ending June 30, 2007.

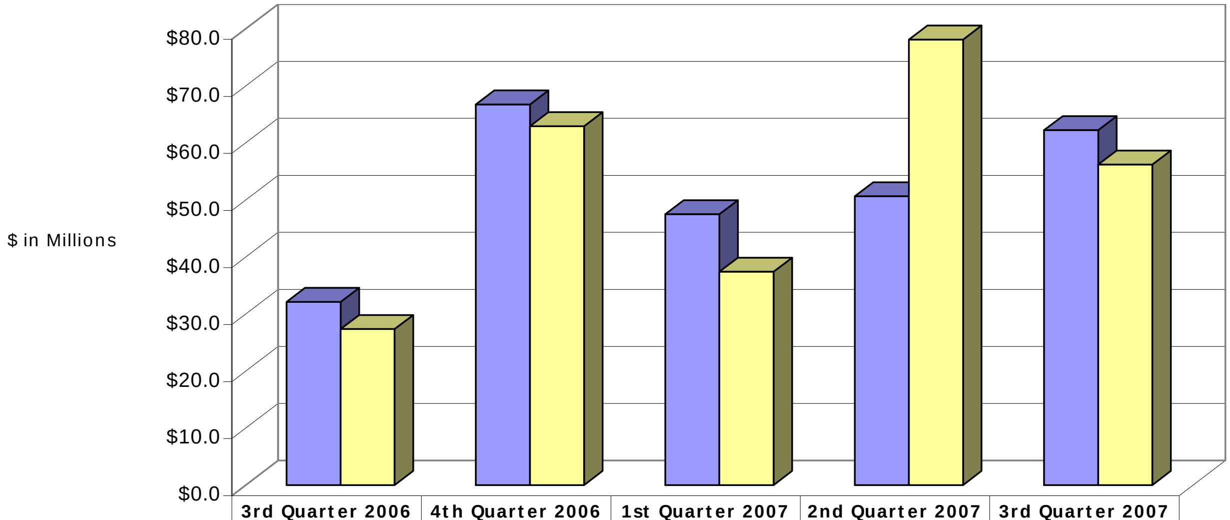


	June 30, 2005	June 30, 2006	June 30, 2007
Paid-In Capital	$130.1	$151.6	$197.9
Capital Distributed	$97.5	$130.5	$205.9

- Cash flow activity has steadily increased over the last three years ending June 30, 2007, as distributions and paid-in capital have continued to increase, which is expected given LACERS board's decision to increase allocation to the private equity asset class. The Portfolio statistics chart on page 1 highlights this fact as the average age of commitments of the underlying partnerships in the Portfolio has actually dropped from 4.3 years to 4.1 years in the past twelve months. This is a result of more dollars being deployed to new commitments, subsequently reducing the average age of the Portfolio.

- The Portfolio for the year ended June 30, 2007 has generated net positive cash flow, led mostly by the distribution activity during the 2nd quarter 2007 as shown on the next chart.

The chart below highlights the Portfolio's cash flow activity over the past five quarters ending September 30, 2007.



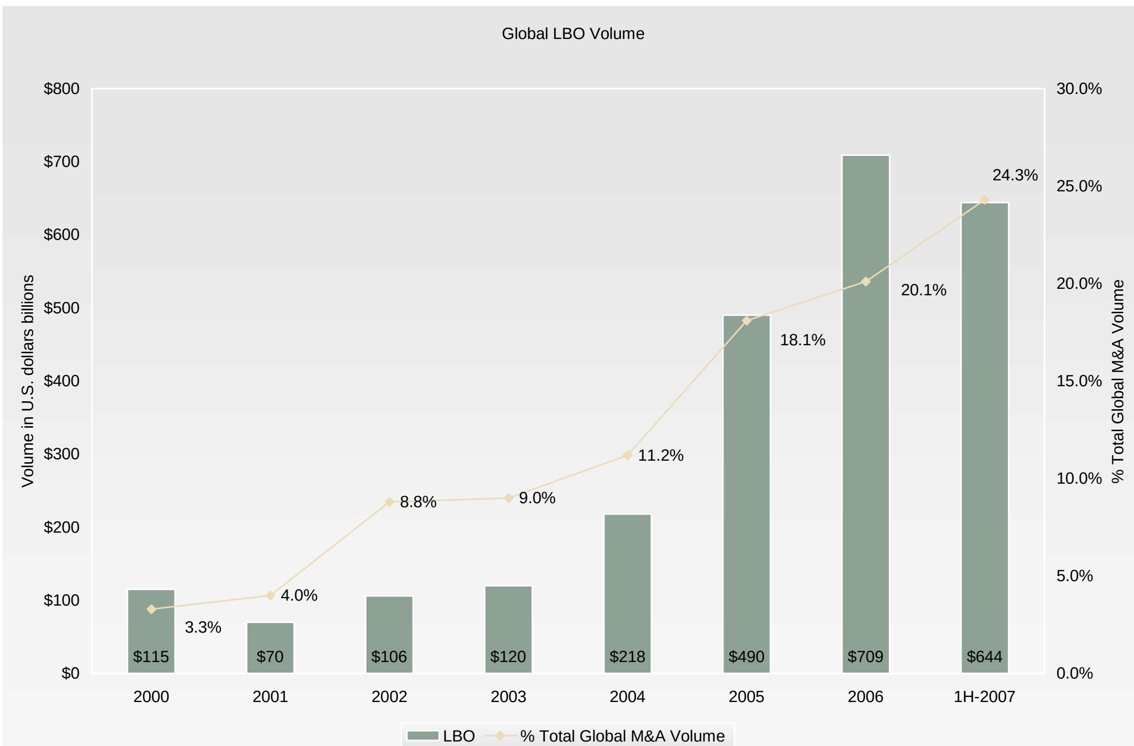
	3rd Quarter 2006	4th Quarter 2006	1st Quarter 2007	2nd Quarter 2007	3rd Quarter 2007
Paid-In Capital	$32.1	$66.7	$47.5	$50.6	$62.2
Capital Distributed	$27.4	$62.9	$37.4	$78.1	$56.2

- During the second quarter of 2007, distributions exceeded paid-in capital by 54% or $27.5 million. This is the largest cash positive quarter that LACERS has experienced during its relationship with Hamilton Lane.

- The third quarter was marked by a rise in cash outflow, with $62.2 million in capital calls compared with $56.2 million in distributions. Two partnerships were particularly active during the quarter and accounted for approximately 20% of all cash flow in and out of the LACERS portfolio.

MARKET UPDATE

In August, the financial markets were roiled by the idea that losses in subprime mortgage might spill into the larger credit markets and global economy. The turbulence has shown how investors have become fatigued by loose lending terms on debt ranging from mortgages to corporate loans. As markets fell, hedge funds and other debt investors sold assets across the board to raise liquidity, and that sidelined them as investors in leveraged buyout-related debt. More than $300 billion of such debt on the forward calendar remains frozen in the capital markets pipeline. Prior to this credit dislocation, global leveraged buyout volume had been strong, reaching $644 billion in announced deals for the first half of 2007, up 95 percent over the same period last year, according to Thomson Financial.



Source: Thomson Financial

Summer Subprime Worries

In June, Bear Stearns had to fend off creditors over sustained losses in two of its hedge funds. In early August, BNP Paribas announced it was freezing redemptions in three hedge funds, because it could not accurately price the asset-backed securities in the portfolios. Goldman Sachs in mid-August characterized a $3 billion equity injection into a struggling hedge fund as a "good investment opportunity," rather than a rescue. In Germany several small banks had to be bailed out. Reports that mortgage-backed conduits had been bought by money market accounts forced further flight into short-term U.S. Treasuries. Cash management firm Sentinel Management filed for bankruptcy protection, claiming unusual market circumstances while the U.S. Securities Exchange Commission investigated the firm for possible fraud. The losses caused the inter-bank credit market to freeze, spilling over into commercial paper trading, as counterparties became unsure of which entities might be sitting with significant losses on their balance sheets. The markets saw significant sell-offs across a variety of asset classes, as hedge funds and other credit providers sought to raise cash.

Buyout Financing Pipeline, Selected Large Deals
(U.S. dollars in billions, except share price)

Company	Ticker	Financing Needed	Estimated Closing Date	Recent Price	Deal Price
TXU	TXU	$37.4	Oct. 15	$67.15	$69.25
Clear Channel	CCU	$23.6	Nov. 15	$36.55	$39.20
Alltel	AT	$23.2	Dec. 15	$67.85	$71.50
First Data	FDC	$23.0	Sep. 30	$32.90	$34.00
Hilton Hotels	HLT	$21.0	Nov. 15	$45.45	$47.50
Archstone-Smith	ASN	$17.1	Oct. 5	$58.29	$60.75
Sallie Mae	SLM	$16.5	Nov. 15	$49.24	$60.00
Cablevision	CVC	$9.2	Oct. 31	$32.71	$36.26
Harrah's	HET	$9.0	Dec. 15	$85.75	$90.00

Source: Dow Jones / Barron's, September 3, 2007

To relieve the liquidity backup in the short-term credit markets, the U.S. Federal Reserve intervened through the repurchase agreements ("repo") market and lowered its overnight discount rate. The European Central Bank and the Bank of Japan also acted to pump liquidity into their respective markets. The fixed income markets reflect expectations that the Federal Reserve will cut interest rates this year. There are probably more subprime-related losses to shoulder. More than $170 billion of adjustable rate mortgages are still set to reset this year, with another $400 billion resetting next year.

That credit dynamic has made the banks and debt investors more gun-shy about taking on new underwritings for now. In turn, that has put the large leveraged buyouts markets on hold. Loan terms that have been generally more favorable for corporate issuers and the private equity firms sponsoring their buyouts have suddenly become much less acceptable to debt providers. More than $300 billion in buyout-related debt on the forward calendar remains un-syndicated. Indicative loan pricing levels reflect sizeable discounts. The size of potential losses should be kept in context, however. An assumption of 10 percent to 15 percent losses on the sales of these loans would mean hits of $30 billion to $45 billion to the balance sheets of the major banks. After tax write-offs and taking fees received into account, estimated "real" losses would amount to roughly $12 billion to $18 billion. Large banks such as Bear Stearns, Deutsche Bank, Morgan Stanley, Merrill Lynch, Goldman Sachs, J.P. Morgan and Citigroup collectively generated about $69 billion in 2006 earnings.

Despite the changed credit market environment, the private equity markets hope that the recent repricing of the Home Depot Supply deal (one of the more challenging transactions because of its direct exposure to the housing market) is a signal that other transactions will be completed in the next few months. In early September, KKR was reported to be close to agreeing to new covenant terms in its First Data transaction.

Crisis and Opportunity

Some private equity market participants argue that crisis brings opportunity. Firms that focus more on acquiring platform companies, employing buy and build strategies, and using less leverage say they welcome the lower purchase multiples that a more conservative environment would bring. Additionally:

- Distressed debt investors argue that the recent credit volatility is the catalyst that they have been long expecting. A number of distressed debt investors, in fact, raised the targets on the funds they currently have in the market. Distressed investors raised $15.6 billion in the year-to-date July 2007, more than the $13.9 billion raised during all of 2006, according to Private Equity Intelligence. A few investors are also bravely wading into more troubled sectors. W.L. Ross & Co. in early August, for instance, announced that it had provided a debtor-in-possession loan to

American Home as part of a foray into the subprime mortgage space.

- Middle market buyout participants are arguing that their smaller-sized deals make them less dependent on the large banking syndicates for the execution of their deals and that the traditional lenders in their space are less likely to be the ones currently having to grapple with issues over hung bridge loans.

- Yet the traditional mega buyout funds also see opportunity. Several of the mega funds, including TPG, Blackstone and Kohlberg Kravis Roberts have reportedly been in the market to raise vehicles to invest in the hung bridge loans and other paper trading at discounts in the credit markets. Additionally, while the credit tightening will likely dampen private equity returns expectations, pricing and leverage multiples likewise are expected to fall, making companies less expensive.

- Mezzanine funds have seen fundraising rise for the first time in years, as second-lien loan providers such as hedge funds, which previously crowded them out of financing opportunities, are now themselves sidelined.

- Interest in Asia and other emerging markets remains keen. By the end of this year, more than $40 billion will have been raised for the Asia private equity markets by both global and regional participants, according to the Center for Asia Private Equity Research.

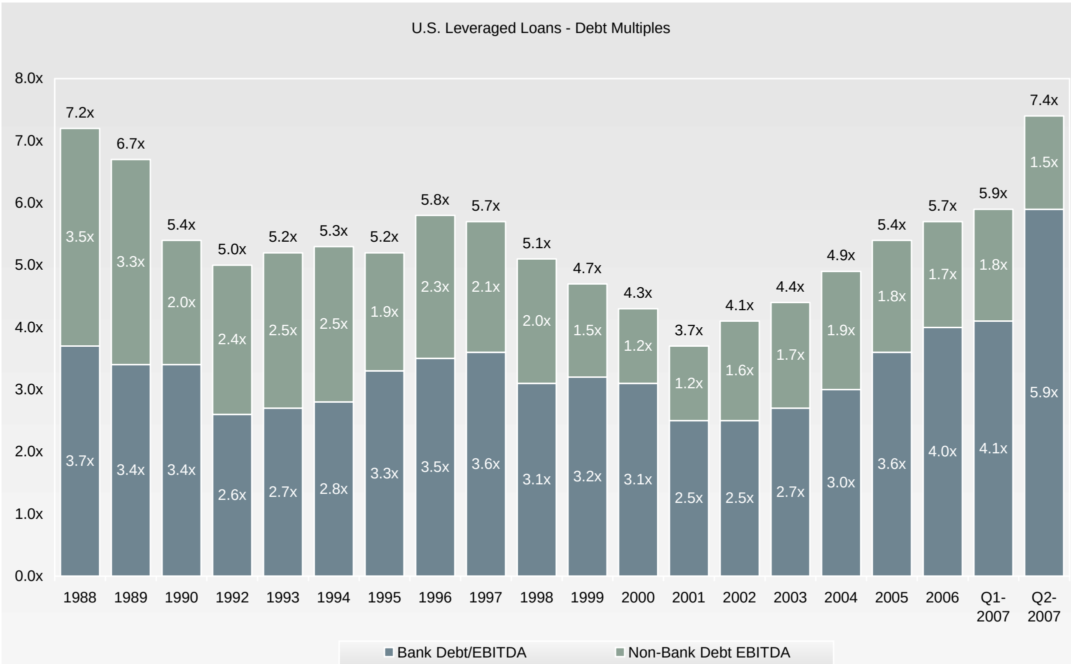
Before this summer's credit woes, the U.S. legislature and U.K. parliament made headlines with proposals for changing the taxation of carried interest for private equity practitioners. Those proposals seem to be getting somewhat less traction now that lawmakers realize that extricating the tax treatment of private equity partnerships from real estate and other partnerships might not be as straightforward as they initially believed. Additionally, the turmoil in the mortgage and credit markets seem to have made the issue less pressing for the moment.

Wheat and Chaff

The change in the credit markets signals a long-anticipated reassessment of risk. In this market turbulence, banks and debt investors are seeking—and getting tougher terms. The market is seeing fewer covenant lite and PIK toggle loans, for instance. As debt providers become more conservative, private equity firms might be forced to rethink leverage levels and how much equity needs to be put into new transactions. Such changes likely will affect returns expectations. That said, the repricing of bank debt will have a more immediate impact on bank earnings than on private equity returns, which (assuming corporate profits remain healthy and the credit markets rebound) will not be hit unless and until the enterprise value of existing deals change. Additionally, the change in the credit markets likely means lower purchase multiples, and the mega funds generally still have plenty of dry powder for more deals.

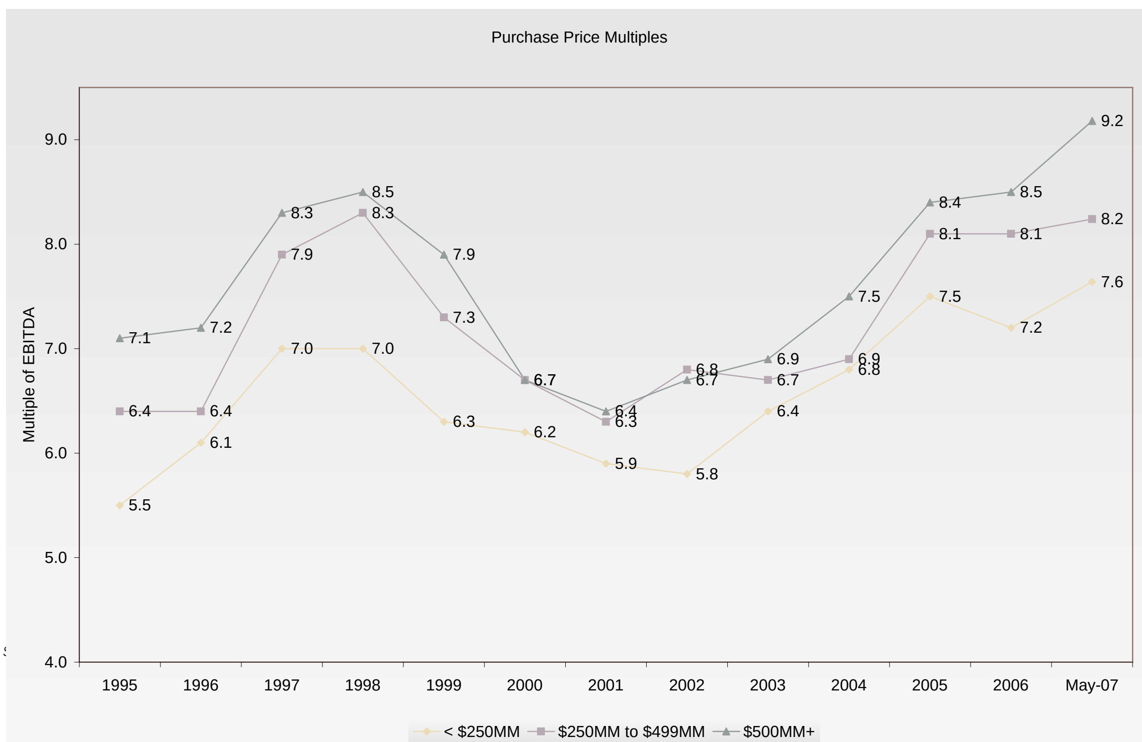
Some prognosticators have grown so bold as to declare the era of the buyout over. That statement is, of course, premature. An asset class that has had several decades now to mature and become more diversified is far from finished, but private equity firms might not again have the same favorable conditions of historically low interest rates and loose lending terms for some time. Going forward, the markets probably will again make a firmer distinction between private equity firms that rely largely on financial engineering—and those that have a demonstrated track record for focusing on operational engineering and improving portfolio company strategy.

Appendix



Source: S&P, Allied Capital

Before the credit turmoil of the summer, buyout leverage and purchase price multiples had reached historical highs.



Source: S&P LCD, Bank of America

U.S. Private Equity Performance
Investment Horizon Performance through March 31, 2007

Fund Type	1 Year	3 Year	5 Year	10 Year	20 Year
All Venture	17.8%	9.6%	2.7%	21.0%	16.4%
All Buyouts	21.6%	15.0%	11.4%	8.9%	13.1%
All Private Equity	21.1%	13.1%	8.7%	11.3%	14.0%
NASDAQ	3.5%	6.7%	5.6%	7.1%	9.0%
S&P 500	9.7%	8.1%	4.4%	6.5%	8.2%

Source: Thomson Financial

SECTION 2

PORTFOLIO ASSESSMENT

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PERFORMANCE SUMMARY BY INVESTMENT
AS OF JUNE 30, 2007

INVESTMENT NAME	VINTAGE YEAR	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL	CAPITAL DISTRIBUTED [1]	REPORTED MARKET VALUE	NET IRR
Acon-Bastion Partners II, L.P.	2006	Corporate Finance/Buyout - Small	$ 5,000,000	$ 757,515	$ 60,926	$ 671,122	(4.88%)
Alchemy Investment Plan (LACERS)	1999	Special Situation - Distressed/Turnaround	43,094,146	37,600,611	26,031,541	37,153,395	18.72%
Apollo Investment Fund IV, L.P.	1998	Corporate Finance/Buyout - Large	5,000,000	4,966,971	5,679,669	2,362,180	8.92%
Apollo Investment Fund VI, L.P.	2006	Corporate Finance/Buyout - Mega	15,000,000	6,614,747	1,201,523	6,170,680	30.89%
Austin Ventures VII, L.P.	1999	Venture Capital - Early Stage	17,000,000	16,484,853	5,285,979	8,078,995	(4.81%)
Austin Ventures VIII, L.P.	2001	Venture Capital - Early Stage	8,300,000	8,155,176	2,297,051	6,387,153	2.55%
Avenue Special Situations Fund IV, L.P.	2006	Special Situation - Distressed/Turnaround	10,000,000	10,000,000	-	11,898,284	22.02%
Avenue Special Situations Fund V, L.P.	2007	Special Situation - Distressed/Turnaround	10,000,000	2,000,000	-	1,965,526	(2.56%)
Blackstone Capital Partners V, L.P.	2006	Corporate Finance/Buyout - Mega	20,000,000	7,052,141	667,611	6,896,940	12.23%
Carlyle Partners IV, L.P.	2005	Corporate Finance/Buyout - Mega	20,000,000	15,141,286	1,694,099	15,775,828	15.97%
Carlyle Partners V, L.P.	2007	Corporate Finance/Buyout - Mega	30,000,000	-	-	-	N/A
CGW Southeast Partners III, L.P.	1996	Corporate Finance/Buyout - Small	9,000,000	8,645,139	11,083,673	1,270,208	6.81%
CGW Southeast Partners IV, L.P.	1999	Corporate Finance/Buyout - Small	10,000,000	8,536,566	9,051,184	3,618,639	8.57%
Charterhouse Capital Partners VIII, L.P.	2006	Corporate Finance/Buyout - Large	21,299,539	9,719,221	-	9,994,202	7.00%
Chisholm Partners IV, L.P.	1999	Special Situation - Multi-Stage	9,000,000	8,511,899	1,996,994	4,761,264	(3.95%)
CHP III, L.P.	2007	Venture Capital - Early Stage	15,000,000	1,710,244	-	1,467,274	(19.59%)
CHS Private Equity V, L.P.	2005	Corporate Finance/Buyout - Mid	20,000,000	8,171,339	751,557	7,803,708	4.86%
CVC European Equity Partners II, L.P.	1998	Corporate Finance/Buyout - Large	10,000,000	9,138,376	18,999,754	3,038,569	20.17%
CVC European Equity Partners III, L.P.	2001	Corporate Finance/Buyout - Large	15,000,000	13,864,985	27,623,708	10,921,030	46.13%
CVC European Equity Partners IV, L.P.	2005	Corporate Finance/Buyout - Mega	25,951,404	14,979,331	9,525,847	12,297,494	57.66%
CVC European Equity Partners, LP	1996	Corporate Finance/Buyout - Mid	10,000,000	9,736,644	24,159,506	2,695,559	24.09%
Enhanced Equity Fund, L.P.	2006	Corporate Finance/Buyout - Small	10,000,000	3,968,910	-	3,660,040	(13.93%)
Essex Woodlands Health Ventures Fund IV, L.P.	1998	Venture Capital - Early Stage	4,000,000	4,000,000	4,358,030	1,197,839	9.45%
Essex Woodlands Health Ventures Fund V, L.P.	2000	Venture Capital - Multi-Stage	10,000,000	8,975,000	6,615,883	7,906,918	14.77%
Essex Woodlands Health Ventures Fund VI, L.P.	2004	Venture Capital - Early Stage	15,000,000	10,987,500	-	10,761,858	(1.34%)
First Reserve Fund X, L.P.	2004	Special Situation - Industry Focused	20,000,000	18,420,089	16,794,699	13,415,000	56.96%
First Reserve Fund XI, L.P.	2006	Special Situation - Industry Focused	30,000,000	2,511,593	-	2,251,000	(16.00%)
Golder, Thoma, Cressey & Rauner Fund IX, L.P.	2006	Corporate Finance/Buyout - Mid	15,000,000	1,999,804	948,346	1,606,650	69.84%
Golder, Thoma, Cressey & Rauner Fund V, LP	1997	Corporate Finance/Buyout - Mid	10,000,000	10,000,000	16,781,545	1,663,352	11.29%
Golder, Thoma, Cressey & Rauner Fund VI, L.P.	1998	Corporate Finance/Buyout - Mid	10,000,000	10,000,000	8,048,375	2,693,727	2.29%
Golder, Thoma, Cressey & Rauner Fund VII, L.P.	2000	Corporate Finance/Buyout - Large	18,750,000	18,281,250	28,761,584	10,999,475	21.29%
Golder, Thoma, Cressey & Rauner Fund VII-A, L.P.	2001	Corporate Finance/Buyout - Mid	6,250,000	3,546,875	8,507,137	1,625,400	83.19%
Golder, Thoma, Cressey & Rauner Fund VIII, L.P.	2003	Corporate Finance/Buyout - Large	20,000,000	18,400,000	15,217,953	15,545,935	42.00%
Green Equity Investors V, L.P.	2007	Corporate Finance/Buyout - Large	20,000,000	-	-	-	N/A
Halifax Capital Partners II, L.P.	2006	Corporate Finance/Buyout - Small	10,000,000	1,883,878	212,420	1,324,008	(21.59%)
Hellman & Friedman Capital Partners V, L.P.	2004	Corporate Finance/Buyout - Large	11,000,000	9,428,053	1,413,845	16,168,502	62.29%
Hellman & Friedman Capital Partners VI, L.P.	2007	Corporate Finance/Buyout - Large	20,000,000	3,475,872	-	2,612,879	(28.76%)
InterWest Partners VI, L.P.	1997	Venture Capital - Early Stage	5,000,000	5,000,000	14,128,445	368,169	48.96%
J.H. Whitney IV, L.P.	2000	Venture Capital - Multi-Stage	25,000,000	22,448,463	6,285,092	2,406,435	(15.35%)
J.H. Whitney VI, L.P.	2005	Corporate Finance/Buyout - Mid	15,000,000	6,997,262	2,628,513	5,658,094	19.19%
Kelso Investment Associates VI, L.P.	1998	Corporate Finance/Buyout - Mid	5,000,000	4,298,360	4,758,018	1,063,616	9.27%

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PERFORMANCE SUMMARY BY INVESTMENT
AS OF JUNE 30, 2007

INVESTMENT NAME	VINTAGE YEAR	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL	CAPITAL DISTRIBUTED [1]	REPORTED MARKET VALUE	NET IRR
Kelso Investment Associates VII, L.P.	2004	Corporate Finance/Buyout - Mid	18,000,000	13,471,453	4,035,909	19,628,061	53.46%
Kelso Investment Associates VIII, L.P.	2007	Corporate Finance/Buyout - Mid	20,000,000	-	-	-	N/A
KKR 1996 Fund, LP	1997	Corporate Finance/Buyout - Large	25,000,000	26,261,197	39,301,835	7,494,609	13.82%
KKR 2006 Fund, L.P.	2006	Corporate Finance/Buyout - Mega	30,000,000	3,349,079	1,024	2,968,000	(18.27%)
KKR European Fund II, L.P.	2005	Corporate Finance/Buyout - Large	15,000,000	10,817,833	118,228	11,534,595	9.10%
Levine Leichtman Capital Partners III, L.P.	2003	Corporate Finance/Buyout - Mid	20,000,000	13,888,856	5,135,727	10,853,824	13.63%
Lindsay Goldberg & Bessemer II, L.P.	2006	Corporate Finance/Buyout - Large	20,000,000	5,128,034	-	4,847,952	(14.69%)
Madison Dearborn Capital Partners III, L.P.	1999	Corporate Finance/Buyout - Large	16,000,000	15,854,153	18,847,742	7,752,290	10.90%
Madison Dearborn Capital Partners IV, L.P.	2000	Corporate Finance/Buyout - Large	25,000,000	23,238,501	9,803,814	43,462,676	36.68%
Menlo Ventures IX, L.P.	2001	Venture Capital - Early Stage	20,000,000	17,000,000	664,669	18,361,623	3.45%
Menlo Ventures VII, L.P.	1997	Venture Capital - Early Stage	5,000,000	5,000,000	22,926,596	1,033,266	135.82%
Menlo Ventures VIII, L.P.	1999	Venture Capital - Early Stage	18,000,000	17,100,000	5,657,814	3,257,276	(14.54%)
Nautic Partners V, L.P.	2000	Corporate Finance/Buyout - Mid	15,000,000	13,768,691	11,083,366	10,252,432	17.25%
New Mountain Partners III, L.P.	2007	Corporate Finance/Buyout - Large	20,000,000	-	-	-	N/A
Newbridge Asia IV, L.P.	2005	Corporate Finance/Buyout - Large	10,000,000	6,210,065	4,200	8,117,260	30.08%
Nordic Capital V, L.P.	2004	Corporate Finance/Buyout - Mid	13,959,095	14,320,431	6,445,070	18,270,582	32.90%
Oak Investment Partners XII, L.P.	2006	Venture Capital - Multi-Stage	15,000,000	3,514,793	-	3,747,341	10.83%
OCM Opportunities Fund II, L.P.	1998	Special Situation - Distressed/Turnaround	11,000,000	11,000,000	16,359,708	124,143	8.34%
OCM Opportunities Fund III, L.P.	1999	Special Situation - Distressed/Turnaround	10,000,000	10,500,000	14,736,821	575,430	11.84%
OCM Opportunities Fund IV, L.P.	2001	Special Situation - Distressed/Turnaround	10,000,000	10,000,000	15,519,771	921,343	28.39%
OCM Opportunities Fund V, L.P.	2004	Special Situation - Distressed/Turnaround	7,100,000	7,100,000	7,781	12,157,551	23.62%
OCM Opportunities Fund VII, L.P.	2007	Special Situation - Distressed/Turnaround	10,000,000	2,000,000	-	2,053,190	3.84%
OCM Opportunities Fund VII-B, L.P.	2007	Special Situation - Distressed/Turnaround	10,000,000	-	-	-	N/A
OCM Opportunities Fund, LP	1996	Special Situation - Distressed/Turnaround	11,000,000	11,000,000	17,742,303	101,371	10.21%
Olympus Growth Fund IV, L.P.	2003	Corporate Finance/Buyout - Mid	7,000,000	5,559,625	976,247	6,593,386	18.27%
Onex Partners, L.P.	2003	Corporate Finance/Buyout - Large	20,000,000	16,902,498	21,318,985	25,291,856	75.69%
Permira Europe III, L.P.	2004	Corporate Finance/Buyout - Large	21,582,846	16,990,976	7,153,757	23,619,719	50.05%
Permira Europe IV, L.P.	2006	Corporate Finance/Buyout - Mega	14,805,546	3,797,213	-	3,662,238	(6.79%)
Pharos Capital Partners II-A, L.P.	2006	Special Situation - Multi-Stage	5,000,000	2,325,000	-	1,996,122	(14.68%)
Polaris Venture Partners V, L.P.	2006	Venture Capital - Multi-Stage	15,000,000	1,500,000	-	1,228,595	(25.94%)
Providence Equity Partners V, L.P.	2005	Corporate Finance/Buyout - Large	18,000,000	16,961,681	652,043	18,010,100	8.55%
Providence Equity Partners VI, L.P.	2007	Corporate Finance/Buyout - Mega	30,000,000	4,063,837	-	3,861,613	(8.82%)
Resolute Fund, L.P.	2002	Corporate Finance/Buyout - Mid	20,000,000	16,077,176	1,932,876	20,052,700	17.10%
Richland Ventures III, L.P.	1999	Venture Capital - Late Stage	18,000,000	18,000,000	11,055,547	6,532,406	(0.46%)
Spark Capital, L.P.	2005	Venture Capital - Multi-Stage	9,000,000	3,825,000	747,998	3,251,530	8.20%
TA X, L.P.	2006	Corporate Finance/Buyout - Large	6,000,000	2,340,000	-	2,309,007	(2.78%)
TCV V, L.P.	2004	Venture Capital - Late Stage	19,500,000	15,607,800	4,722,901	18,287,684	18.77%
TCW/Crescent Mezzanine Partners IV, L.P.	2006	Mezzanine	10,000,000	6,159,280	2,154	6,406,746	4.05%
Thoma Cressey Fund VI, L.P.	1998	Corporate Finance/Buyout - Mid	5,000,000	4,845,000	1,237,072	2,228,553	(5.56%)
Thomas H. Lee Equity Fund IV, L.P.	1998	Corporate Finance/Buyout - Large	7,000,000	6,305,929	5,394,144	855,169	(0.16%)
Thomas H. Lee Equity Fund V, L.P.	2001	Corporate Finance/Buyout - Large	15,000,000	14,490,849	12,113,260	12,224,764	22.40%

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PERFORMANCE SUMMARY BY INVESTMENT
AS OF JUNE 30, 2007

INVESTMENT NAME	VINTAGE YEAR	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL	CAPITAL DISTRIBUTED [1]	REPORTED MARKET VALUE	NET IRR
TPG Partners III, L.P.	2000	Corporate Finance/Buyout - Large	25,000,000	22,907,076	39,401,381	15,703,775	27.09%
TPG Partners IV, L.P.	2003	Corporate Finance/Buyout - Large	25,000,000	25,775,359	12,304,035	27,825,131	35.82%
TPG Partners V, L.P.	2006	Corporate Finance/Buyout - Mega	30,000,000	8,352,598	476	8,498,048	4.06%
TPG STAR, L.P.	2007	Special Situation - Multi-Stage	20,000,000	1,936,313	-	1,670,807	(18.96%)
Trident Capital Fund V, L.P.	2000	Venture Capital - Multi-Stage	10,587,999	8,559,672	2,978,527	5,901,895	1.20%
Trident Capital Fund V, L.P. - Secondary	1999	Venture Capital - Multi-Stage	3,781,680	2,656,785	1,042,817	2,107,953	7.95%
Trident Capital Fund VI, L.P.	2005	Venture Capital - Multi-Stage	8,500,000	4,250,000	264,177	3,507,344	(8.61%)
VantagePoint Venture Partners IV, L.P.	2000	Venture Capital - Multi-Stage	15,000,000	14,250,000	3,809,075	12,143,145	4.16%
Vestar Capital Partners IV, L.P.	1999	Corporate Finance/Buyout - Large	17,000,000	16,105,688	12,994,406	9,118,913	11.73%
Welsh, Carson, Anderson & Stowe IX, L.P.	2000	Corporate Finance/Buyout - Large	15,000,000	13,950,000	11,430,277	13,352,766	17.42%
Welsh, Carson, Anderson & Stowe VII, LP	1995	Corporate Finance/Buyout - Large	15,000,000	15,000,000	31,122,551	1,662,549	17.90%
Welsh, Carson, Anderson & Stowe VIII, L.P.	1998	Corporate Finance/Buyout - Large	15,000,000	15,000,000	9,623,539	10,516,890	4.30%
Weston Presidio Capital IV, L.P.	2000	Corporate Finance/Buyout - Mid	15,000,000	14,077,500	5,475,328	9,134,770	1.35%
Weston Presidio Capital IV, L.P. - Secondary	1999	Corporate Finance/Buyout - Mid	2,826,000	2,632,230	1,109,849	1,851,603	6.04%
Whitney V, L.P.	2001	Corporate Finance/Buyout - Large	10,000,000	10,696,287	16,117,959	6,746,126	28.86%
TOTAL PORTFOLIO:			**$ 1,452,288,255**	**$ 938,834,411**	**$ 684,944,265**	**$ 731,825,664**	**15.10%**

[1] Capital distributed includes recallable returns of capital, which will increase the unfunded commitment.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PERFORMANCE SUMMARY BY CATEGORY
AS OF JUNE 30, 2007

	CAPITAL COMMITTED	PAID-IN CAPITAL	PERCENTAGE CONTRIBUTED	CAPITAL DISTRIBUTED [1]	PERCENTAGE DISTRIBUTED	REPORTED MARKET VALUE	NET IRR
Investment Strategy							
Corporate Finance/Buyout - Large	$ 481,632,385	$ 368,210,854	76.45%	$ 345,398,669	93.80%	$ 322,088,919	19.66%
Corporate Finance/Buyout - Mega	215,756,950	63,350,233	29.36%	13,090,580	20.66%	60,130,841	25.43%
Corporate Finance/Buyout - Mid	228,035,095	153,391,245	67.27%	104,014,441	67.81%	123,676,017	15.81%
Corporate Finance/Buyout - Small	44,000,000	23,792,007	54.07%	20,408,203	85.78%	10,544,017	6.85%
Mezzanine	10,000,000	6,159,280	61.59%	2,154	0.03%	6,406,746	4.05%
Special Situation - Distressed/Turnaround	132,194,146	101,200,611	76.55%	90,397,924	89.33%	66,950,233	14.13%
Special Situation - Industry Focused	50,000,000	20,931,682	41.86%	16,794,699	80.24%	15,666,000	54.47%
Special Situation - Multi-Stage	34,000,000	12,773,212	37.57%	1,996,994	15.63%	8,428,193	(5.18%)
Venture Capital - Early Stage	107,300,000	85,437,773	79.63%	55,318,585	64.75%	50,913,453	13.15%
Venture Capital - Late Stage	37,500,000	33,607,800	89.62%	15,778,448	46.95%	24,820,090	4.90%
Venture Capital - Multi-Stage	111,869,679	69,979,713	62.55%	21,743,568	31.07%	42,201,156	(2.58%)
TOTAL PORTFOLIO:	**$ 1,452,288,255**	**$ 938,834,411**	**64.65%**	**$ 684,944,265**	**72.96%**	**$ 731,825,664**	**15.10%**
Vintage Year							
1995	$ 15,000,000	$ 15,000,000	100.00%	$ 31,122,551	207.48%	$ 1,662,549	17.90%
1996	30,000,000	29,381,782	97.94%	52,985,482	180.33%	4,067,138	14.18%
1997	45,000,000	46,261,197	102.80%	93,138,421	201.33%	10,559,396	26.10%
1998	72,000,000	69,554,636	96.60%	74,458,308	107.05%	24,080,686	7.12%
1999	164,701,826	153,982,785	93.49%	107,810,694	70.01%	84,808,163	5.80%
2000	174,337,999	160,456,152	92.04%	125,644,326	78.30%	131,264,287	13.87%
2001	84,550,000	77,754,172	91.96%	82,843,555	106.55%	57,187,439	24.89%
2002	20,000,000	16,077,176	80.39%	1,932,876	12.02%	20,052,700	17.10%
2003	92,000,000	80,526,337	87.53%	54,952,947	68.24%	86,110,132	44.79%
2004	126,141,941	106,326,302	84.29%	40,573,962	38.16%	132,308,957	34.58%
2005	141,451,404	87,353,797	61.76%	16,386,662	18.76%	85,955,953	17.81%
2006	282,105,086	80,973,806	28.70%	3,094,480	3.82%	80,136,975	5.32%
2007	205,000,000	15,186,266	7.41%	-	0.00%	13,631,289	(23.85%)
TOTAL PORTFOLIO:	**$ 1,452,288,255**	**$ 938,834,411**	**64.65%**	**$ 684,944,265**	**72.96%**	**$ 731,825,664**	**15.10%**

[1] *Capital distributed includes recallable returns of capital, which will increase the unfunded commitment.*

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PRIVATE EQUITY BENCHMARKS
AS OF JUNE 30, 2007

CORPORATE FINANCE/BUYOUT NORTH AMERICA		
VINTAGE YEAR	NET IRR	POOLED AVG IRR [1]
1995	17.90%	7.60%
1996	6.81%	5.50%
1997	12.94%	8.60%
1998	3.43%	2.50%
1999	10.45%	10.10%
2000	22.67%	10.60%
2001	30.27%	18.10%
2002	17.10%	20.20%
2003	44.79%	36.10%
2004	56.85%	19.20%
2005	11.61%	13.80%
2006	3.11%	(18.00%)
2007	(33.41%)	N/A

MEZZANINE NORTH AMERICA		
VINTAGE YEAR	NET IRR	POOLED AVG IRR [1]
1995	N/A	N/A
1996	N/A	3.40%
1997	N/A	10.00%
1998	N/A	4.90%
1999	N/A	7.30%
2000	N/A	6.10%
2001	N/A	N/A
2002	N/A	5.20%
2003	N/A	N/A
2004	N/A	N/A
2005	N/A	18.50%
2006	4.05%	N/A
2007	N/A	N/A

SPECIAL SITUATION NORTH AMERICA		
VINTAGE YEAR	NET IRR	POOLED AVG IRR [1]
1995	N/A	20.00%
1996	10.21%	23.50%
1997	N/A	13.50%
1998	8.34%	6.30%
1999	3.74%	2.80%
2000	N/A	5.30%
2001	28.39%	13.60%
2002	N/A	14.80%
2003	N/A	29.00%
2004	39.52%	15.00%
2005	N/A	12.50%
2006	11.19%	(13.00%)
2007	(15.26%)	N/A

[1] Source: Venture Economics, 06/30/2007 Benchmarks. The benchmarks reflect pooled average returns from the vintage year to the latest available reported date in Venture Economics.

N/A - No investments made in the specified vintage year in the defined investment strategy.

Newbridge Asia IV, L.P., OCM Opportunities Fund VII, L.P., and OCM Opportunities Fund VII-B, L.P. are not included in this analysis because there is no relevant benchmark available for this investment at this time

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PRIVATE EQUITY BENCHMARKS
AS OF JUNE 30, 2007

VENTURE CAPITAL NORTH AMERICA			CORPORATE FINANCE/BUYOUT WESTERN EUROPE			SPECIAL SITUATION WESTERN EUROPE		
VINTAGE YEAR	NET IRR	POOLED AVG IRR [1]	VINTAGE YEAR	NET IRR	POOLED AVG IRR [1]	VINTAGE YEAR	NET IRR	POOLED AVG IRR [1]
1995	N/A	59.90%	1995	N/A	36.50%	1995	N/A	34.10%
1996	N/A	83.70%	1996	24.09%	19.00%	1996	N/A	15.60%
1997	90.89%	50.00%	1997	N/A	13.20%	1997	N/A	10.90%
1998	9.45%	19.90%	1998	20.17%	9.00%	1998	N/A	7.60%
1999	(5.07%)	(7.00%)	1999	N/A	7.10%	1999	18.72%	3.90%
2000	(2.86%)	0.60%	2000	N/A	14.10%	2000	N/A	6.20%
2001	3.21%	3.10%	2001	46.13%	24.70%	2001	N/A	22.50%
2002	N/A	4.10%	2002	N/A	25.70%	2002	N/A	25.70%
2003	N/A	3.30%	2003	N/A	23.80%	2003	N/A	18.20%
2004	12.84%	5.90%	2004	40.73%	1.50%	2004	N/A	3.50%
2005	(3.91%)	2.40%	2005	37.38%	18.90%	2005	N/A	18.20%
2006	(1.25%)	(2.10%)	2006	2.79%	(9.20%)	2006	N/A	(7.20%)
2007	(19.59%)	N/A	2007	N/A	N/A	2007	N/A	N/A

[1] Source: Venture Economics, 06/30/2007 Benchmarks. The benchmarks reflect pooled average returns from the vintage year to the latest available reported date in Venture Economics.

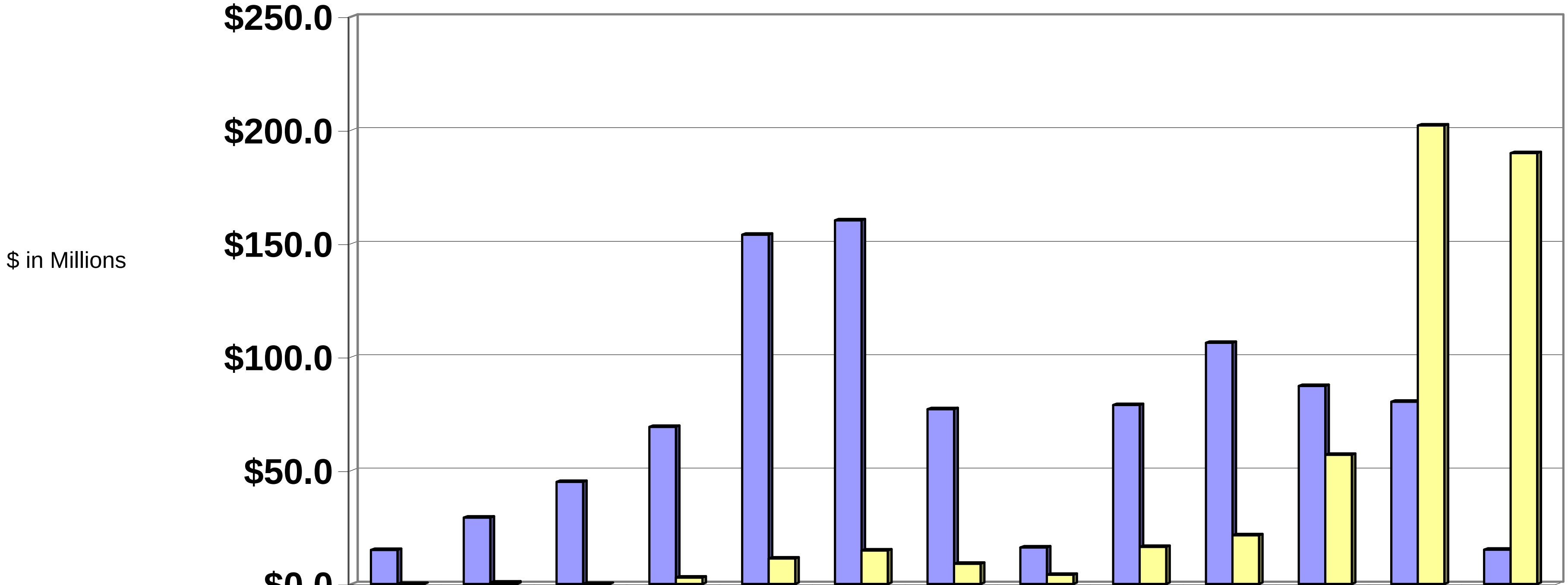
N/A - No investments made in the specified vintage year in the defined investment strategy.

Newbridge Asia IV, L.P., OCM Opportunities Fund VII, L.P., and OCM Opportunities Fund VII-B, L.P. are not included in this analysis because there is no relevant benchmark available for this investment at this time

SECTION 3

PORTFOLIO ANALYTICS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
COMMITMENTS BY VINTAGE YEAR
AS OF JUNE 30, 2007

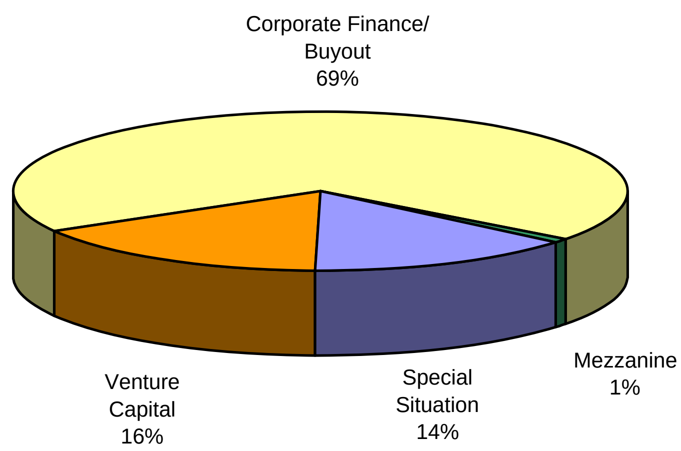


	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Funded Commitments	$15.0	$29.3	$45.0	$69.3	$154.0	$160.3	$77.1	$16.1	$78.9	$106.3	$87.3	$80.3	$15.2
Unfunded Commitments	$0.0	$0.7	$0.0	$2.8	$11.2	$14.9	$8.9	$4.1	$16.4	$21.5	$57.0	$202.1	$189.8

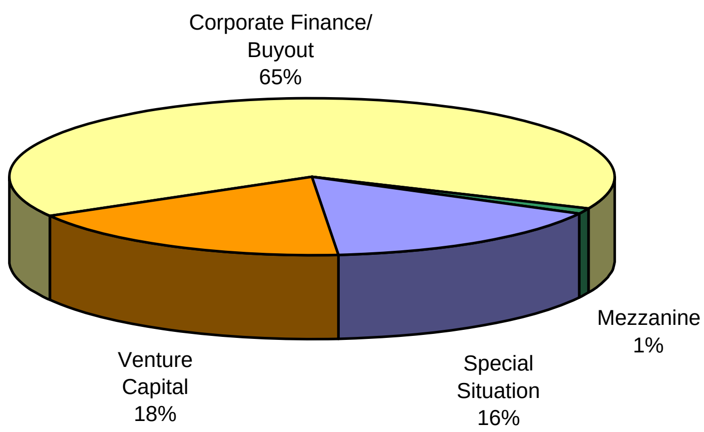
Funded Commitments exclude additional fees.
Unfunded Commitments include recallable returns of capital.

PORTFOLIO STRATEGIC DIVERSIFICATION
AS OF JUNE 30, 2007

AS MEASURED BY
MARKET VALUE OF FUNDED COMMITMENTS
(MANAGED BY HL AND PCA)

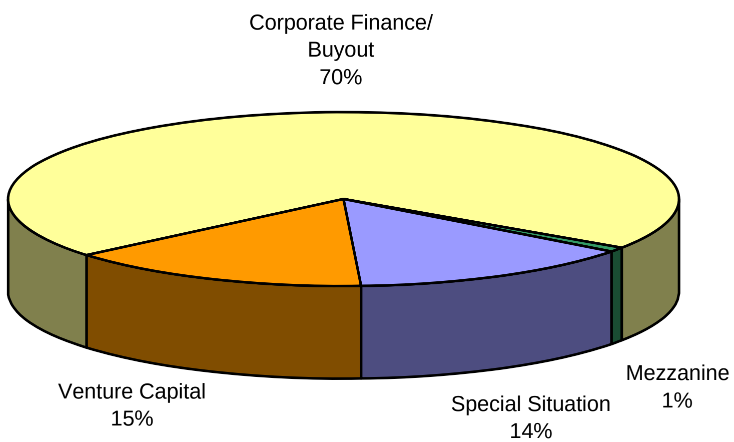


AS MEASURED BY
MARKET VALUE OF FUNDED PLUS UNFUNDED COMMITMENTS
(MANAGED BY HL AND PCA)

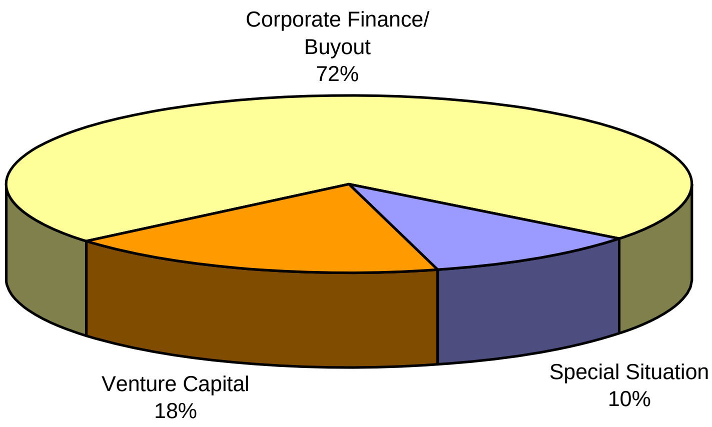


PORTFOLIO STRATEGIC DIVERSIFICATION
AS MEASURED BY
MARKET VALUE OF FUNDED PLUS UNFUNDED COMMITMENTS
AS OF JUNE 30, 2007
(MANAGED BY HL)

AS OF JUNE 30, 2007



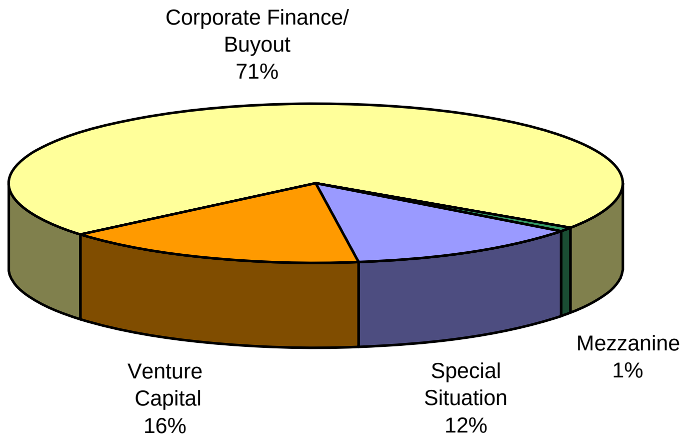
AS OF JUNE 30, 2006



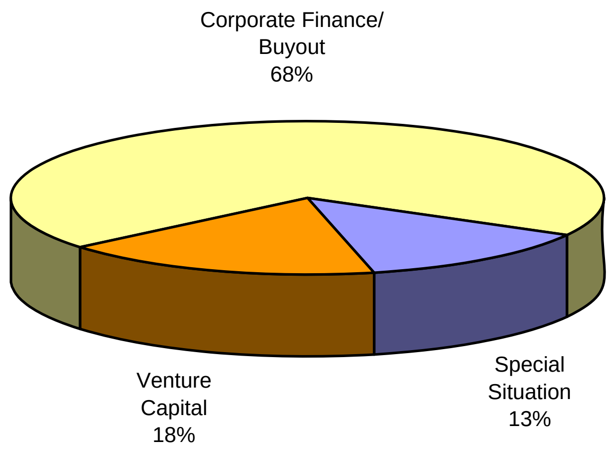
Note: Based on reported market values provided by the general partners.

PORTFOLIO STRATEGIC DIVERSIFICATION
AS MEASURED BY
MARKET VALUE OF FUNDED COMMITMENTS
AS OF JUNE 30, 2007
(MANAGED BY HL)

AS OF JUNE 30, 2007

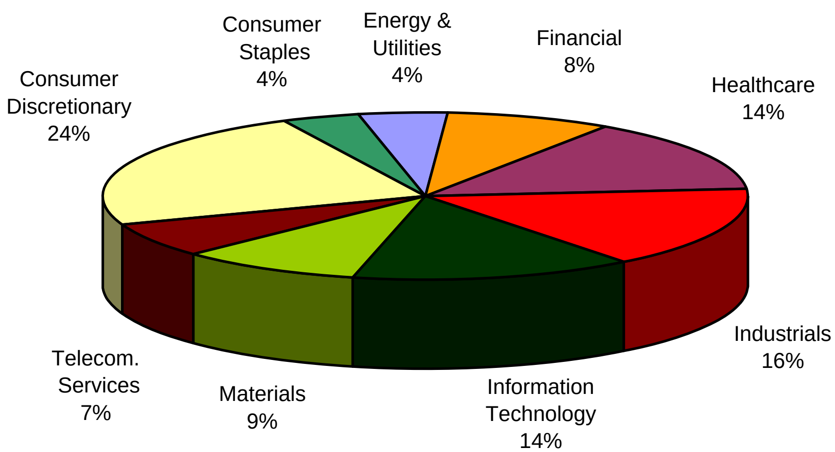


AS OF JUNE 30, 2006

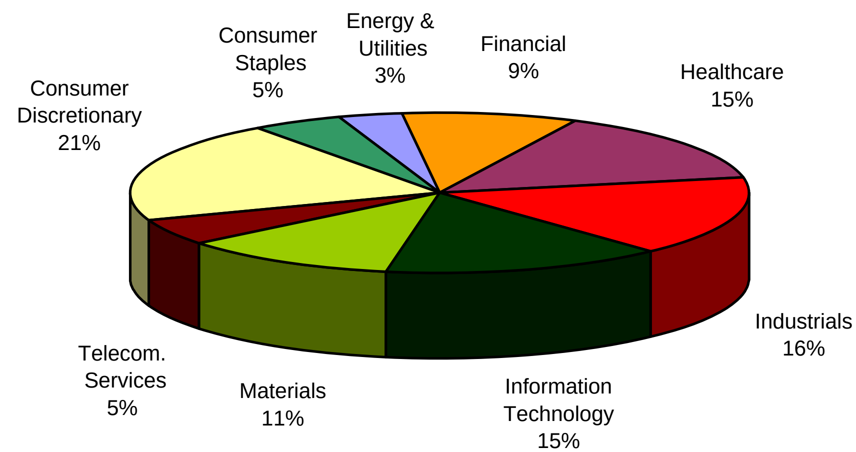


LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
UNDERLYING INVESTMENT DIVERSIFICATION
BY INDUSTRY CLASSIFICATION

As of June 30, 2007



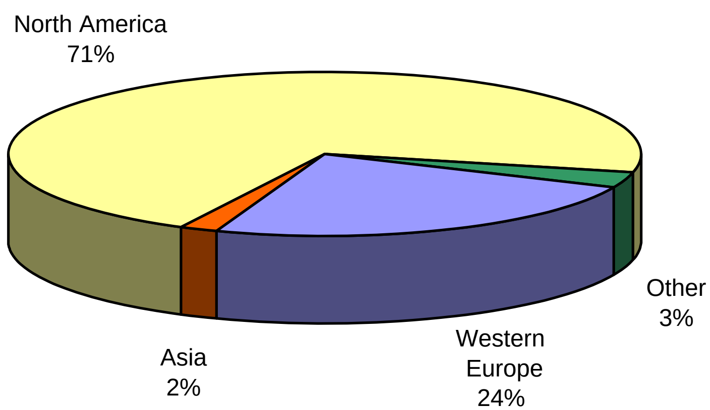
As of June 30, 2006



Note: Based on reported market values provided by the general partners.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
UNDERLYING INVESTMENT DIVERSIFICATION
BY GEOGRAPHIC LOCATION

As of June 30, 2007



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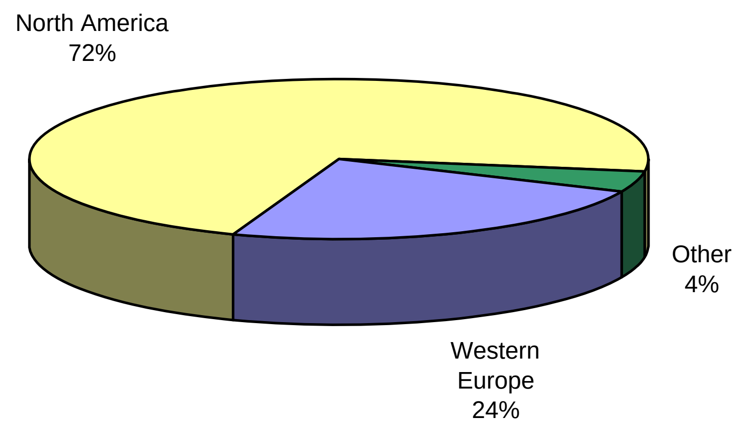
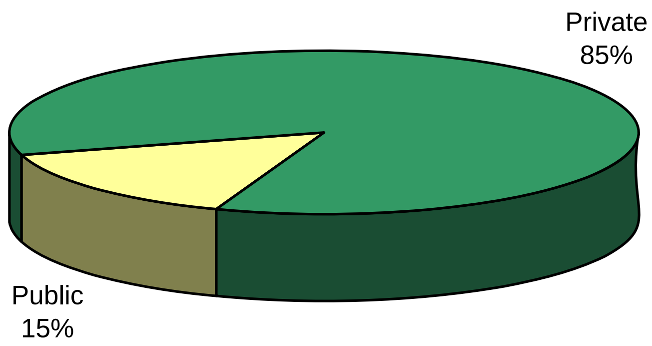


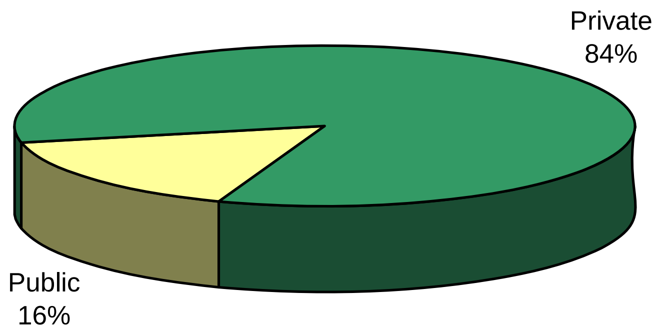
Note: Based on reported market values provided by the general partners.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PUBLIC VS. PRIVATE HOLDINGS
AS OF JUNE 30, 2007

Based on Number of Companies

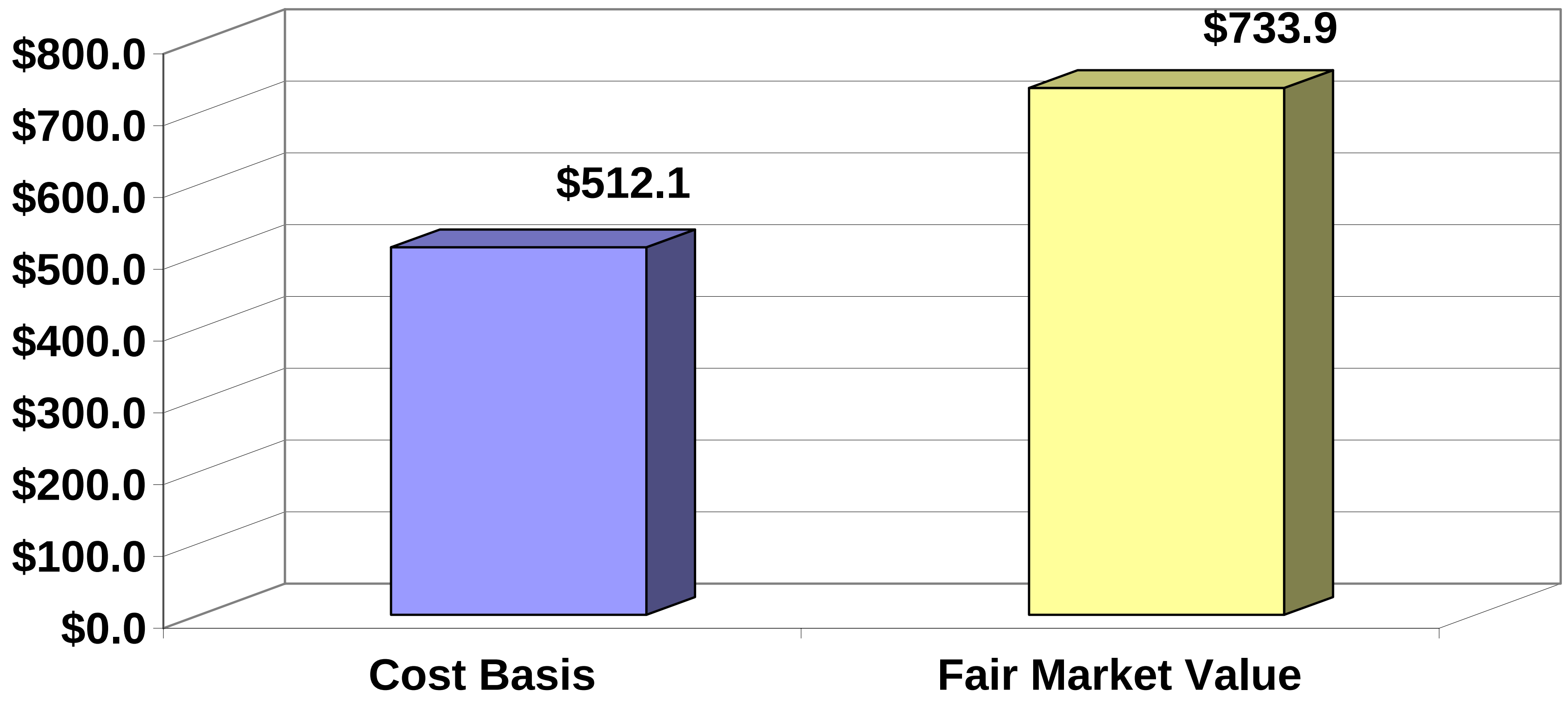


Based on Reported Market Value



Note: Based on reported market values provided by the general partners.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
COST AND FAIR MARKET VALUE (EXPOSED MARKET VALUE)
OF PORTFOLIO HOLDINGS
AS OF JUNE 30, 2007



Note: Based on the reported market values provided by the general partners.

APPENDIX A

GLOSSARY OF TERMS

GLOSSARY OF TERMS

ADDITIONAL FEES: The amount of capital an investor pays into a fund/investment that does not count against the investors' commitment. Additional fees typically consist of management fees or late-closing interest expense.

CAPITAL COMMITTED: An investor's financial obligation to provide a set amount of capital to the investment.

CAPITAL CONTRIBUTED: Capital contributed from an investor's capital commitment to fund partnership investments, organizational expenses and management fees.

CAPITAL DISTRIBUTED: Cash or stock disbursed to the investors of an investment.

CO/DIRECT INVESTMENT: A direct investment is a purchased interest of an operating company. A co-investment is a direct investment made alongside a partnership.

CORPORATE FINANCE/BUYOUT: Funds seeking to make controlling and non-controlling investments in established companies which have the potential to achieve greater value through improved performance.

COST BASIS: Capital contributions less return of principal.

FUND-OF-FUNDS: An investment vehicle which invests in other private equity partnerships.

FUND/INVESTMENT SIZE: The total amount of capital committed by investors to a fund.

INVESTMENT CATEGORY: Used to identify investments in one of the following categories: co/direct investments, fund-of-funds, primary funds, secondary fund-of-funds or secondary purchases.

INVESTMENT STRATEGY: A sub-classification of a partnership's investment type, such as Co/Direct Investment, Corporate Finance/Buyout, Mezzanine, Real Estate, Special Situation, Venture Capital.

LIFE CYCLE PERIOD: The current stage of a partnership depending on the percentage contributed to date. Life cycle periods are investment and realization.

MEZZANINE: An investment strategy involving the purchase of subordinated debt. These securities exist between the senior debt and equity of a holding's capital structure. Subordinated debt carries a lower level of risk than pure equity structures because they generate current income and have a more senior position in the company's capital structure.

NET INTERNAL RATE OF RETURN ("IRR"): The discount rate that equates the net present value of the partnership's cash outflows with its inflows and residual value at the time of calculation. The calculation is net of management fees and the general partner's carried interest.

ORIGINATOR: The institution responsible for recommending a client commit to an investment.

GLOSSARY OF TERMS

OWNERSHIP PERCENTAGE: The investor's percent of ownership as measured by capital committed divided by fund/investment size.

PAID-IN CAPITAL: The amount of capital an investor has contributed to a partnership, which includes capital contributions and additional fees.

POOLED AVERAGE IRR: An IRR calculation which aggregates cash flows (paid-in capital and capital distributed) and the reported market values of each investment within a portfolio to create one portfolio investment and return.

PORTFOLIO HOLDING EXPOSURE: The limited partner's pro rata allocation to an underlying investment based on the its ownership percentage of the partnership.

PRIMARY FUND: Defines when the investor acquired an interest in the partnership. Primary fund is the investment category when an investor participates in a closing at the inception of the partnership.

PRIVATE EQUITY PARTNERSHIP: A professionally managed pool of capital that generally invests in unlisted companies or securities. Common investment strategies include corporate finance/buyout, mezzanine, special situations and venture capital.

REALIZED MULTIPLE: Ratio of cumulative distributions to paid-in capital.

RETURN ON INVESTMENT ("ROI"): A calculation based on the total value (market value plus distributions) divided by paid-in capital for an investment.

REPORTED MARKET VALUE: The investment's capital account balance at quarter end, which includes the general partner's reported value of the underlying holdings and other assets and liabilities.

SECONDARY FUND-OF-FUNDS: A private equity vehicle formed to purchase active partnership interests from an investor.

SECONDARY PURCHASE: A purchase of an existing partnership interest or pool of partnership interests from an investor.

SPECIAL SITUATION: Partnerships that invest using a unique strategy. Examples include distressed and turnaround, industry focused and multi-stage partnerships.

TOTAL EXPOSURE: Calculated by the summation of market value and unfunded commitments.

VENTURE CAPITAL: An investment strategy that provides start-up or growth capital to companies in the early stages of development. Venture investments generally involve a greater degree of risk, but have the potential for higher returns.

VINTAGE YEAR: The year in which a partnership makes its first capital call for an investment into a portfolio company/holding.

APPENDIX B

DISCLOSURE STATEMENTS

DISCLOSURE STATEMENTS

Non-public information contained in this report is confidential and intended solely for dissemination to Los Angeles City Employees' Retirement System and/or its Affiliates. Hamilton Lane has prepared this report to enable Los Angeles City Employees' Retirement System and/or its Affiliates to assess the performance and status of its alternative investment portfolio. Hamilton Lane hereby disclaims any liability resulting from any unauthorized dissemination of the attached information.

The information contained in this report may include forward-looking statements regarding the funds presented or their portfolio companies. Forward-looking statements include a number of risks, uncertainties and other factors beyond the control of the funds or the portfolio companies, which may result in material differences in actual results, performance or other expectations. The information presented is not a complete analysis of every material fact concerning each fund or each company. The opinions, estimates and analyses reflect our current judgment, which may change in the future.

All opinions, estimates and forecasts of future performance or other events contained herein are based on information available to Hamilton Lane as of the date of this presentation and are subject to change. Past performance of the investments described herein is not indicative of future results. Certain of the information included in this presentation has not been reviewed or audited by independent public accountants. Certain information included herein has been obtained from sources that Hamilton Lane believes to be reliable but the accuracy of such information cannot be guaranteed.

The past performance information contained in this report is not necessarily indicative of future results and there is no assurance that the funds will achieve comparable results or that they will be able to implement their investment strategy or achieve their 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 funds 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.