



HAMILTON LANE

# LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

JUNE 30, 2008  
ALTERNATIVE INVESTMENT REVIEW

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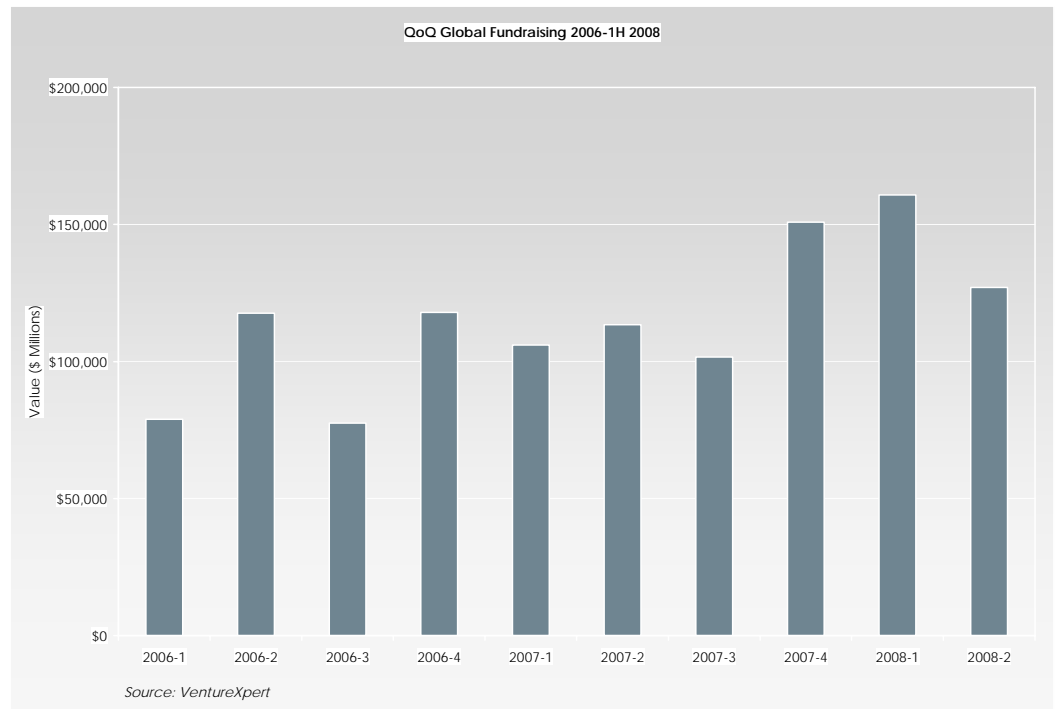
# Section 1 Market Update



## September 2008 Review

Just over a year after the onset of the credit crunch, the economic outlook is as uncertain as it has been over the past 12 months. Record oil and commodity prices coupled with continued struggles in the financial and housing sectors sent markets spiraling downward through mid-July, officially entering bear market territory for the first time since 2001. While markets have rebounded modestly as commodities have pulled back from record highs, inflation and unemployment statistics are at levels not seen for over a decade. Consumer confidence continues to falter amid recessionary concerns, with certain pundits believing the economy is in the throws of a "virtual" recession.

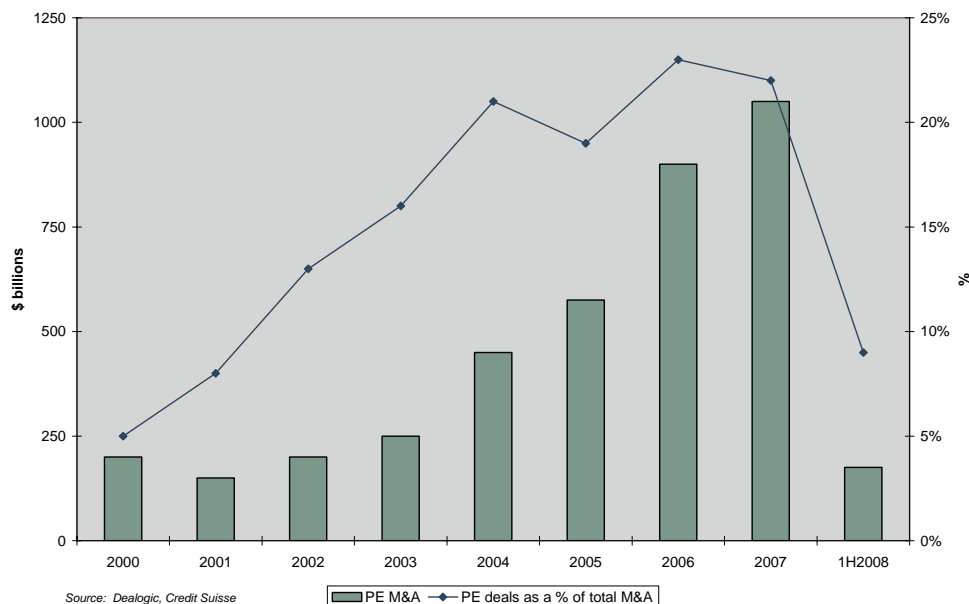
As would be expected, the impact of the economic slowdown on private equity has lagged the public markets, but by the end of the second quarter, signs of weakness are showing. Fundraising declined in the second quarter of 2008, with many prominent firms delaying closings or announcing reduced fund size targets. A good portion of the capital reflected in the 2008 totals (below) is from funds that started fundraising in 2007. Facing the perfect storm of declining public market valuations and stagnant distributions from private equity, many institutions are facing liquidity and allocation limit concerns for the first time since 2001-02. These factors will make it increasingly difficult for general partners to raise capital in the second half of 2008.





In addition to fundraising, general partners are finding it difficult to put capital to work. Private equity transaction volume continues to be hampered by 1) the price and availability of financing; and 2) the misalignment of price expectations between buyers and sellers. Pricing has not come down as expected and, in deals that are getting done, an increasing amount of equity is required. Strategic acquirers have become more active, as evidenced by the data presented below, showing that private equity represented only 9% of total M&A activity for the first half of 2008. With reduced activity on the investment front, general partners are increasingly focused on their existing portfolios, looking for ways to improve operations to offset declining revenues.

Private Equity Transaction Volume



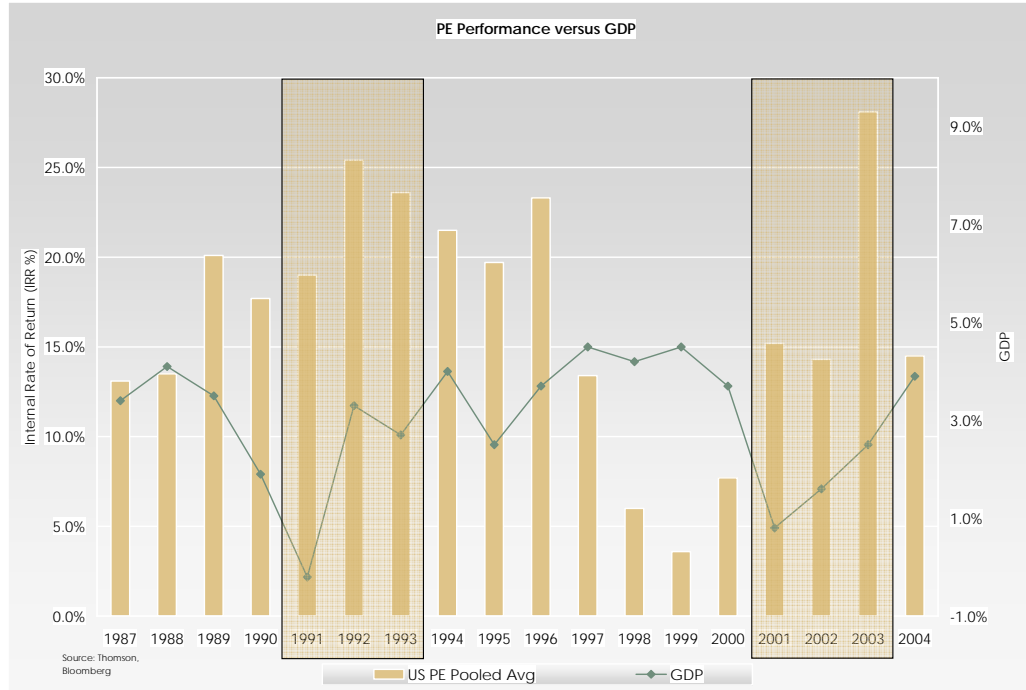
For limited partners, mark-to-market valuation policies brought about by FAS 157 are introducing increased volatility in private equity returns. Flat or declining earnings coupled with multiple contraction are leading to write-downs in many portfolios, specifically for investments made at the top of the market. However, in many portfolios, these write-downs are being offset by mark-ups of performing assets that may have otherwise been held at cost per traditional valuation policies. Investors will need to become accustomed to this increased volatility going forward.

While the outlook is uncertain, private equity is cyclical and we have been through this before. Interim returns are likely to decline broadly in the near term, but the long-term nature of this asset class affords companies the flexibility to weather these trying times. A write-down does not predispose an investment to failure, as there are many examples of investments that struggled out of the gate, which ultimately performed well. What one can expect are longer hold periods and fewer exits relative to the last few years.



# Los Angeles City Employees' Retirement System

In closing, it is important to point out that private equity funds raised during and shortly after periods of economic downturn have outperformed, as shown below. An environment of declining valuations and softness in the markets has historically provided attractive investment opportunities for private equity general partners and there is no reason to believe that this cycle will be different.







## Section 2 Portfolio Update



# Los Angeles City Employees' Retirement System

## Portfolio Snapshot

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 "Core" alternative portfolio (the "Portfolio") of LACERS. This report represents the review by Hamilton Lane of LACERS' portfolio investments as of June 30, 2008, with highlights through September 30, 2008.

**Private Equity Target:** LACERS currently has a target allocation to private equity of 8% of the total plan assets. Given the recent drop in the public markets, LACERS was at approximately 7.9% as of June 30, 2008.

**Investment Pacing/Commitments:** In order to achieve the stated target allocation, the Portfolio has a commitment pace of \$300 million per year to private equity. This amount is split (80/20) between the "Core" Portfolio managed by Hamilton Lane and the "Carve-out" portfolio managed by PCA. During the past quarter, the Portfolio added four new investments, totaling \$72.1 million in commitments.

Portfolio Summary			
\$ millions	3/31/2008	6/30/2008	Change
Active Partnerships	104	108	4
Active GP Relationships	55	55	0
Capital Committed	\$1,596.7	\$1,668.6	\$71.9*
Unfunded Commitment	\$491.3	\$526.3	\$35.0
Capital Contributed	\$1,125.2	\$1,165.0	\$39.8
Capital Distributed	\$817.0	\$837.1	\$20.1
Market Value	\$807.7	\$828.1	\$20.4
Total Value Multiple	1.4x	1.4x	0.0
Since Inception IRR	14.04%	13.59%	(45 bps)
Avg Age of Commitments	4.62	4.71	0.09 years

\*Changes in commitment amounts are a product of new commitments as well as currency fluctuation in Non-USD commitments.

**Performance:** Four new partnerships were added over the second quarter, all of which were existing relationships for the Portfolio. The Portfolio generated point-to-point internal rates of return ("IRRs") of 0.07% for the one-quarter period and a since inception IRR of 13.59%

### Value Analysis:

- **Value Drivers:** During the second quarter of 2008, the Portfolio generated a net value increase of \$0.7 million. The top performing partnership during the quarter was First Reserve Fund X, which had a net value increase of \$3.4 million.
- **Cash Flow Drivers:** During the second quarter of 2008, LACERS had paid-in capital of \$39.8 million and received distributions of \$20.1 million, for a one-quarter cash outflow of \$19.7 million. First Reserve Fund XI called the most capital during the quarter, \$4.7 million.

**Portfolio Exposures:** As of June 30, 2008, the Portfolio's largest exposure by market value is to the Buyout strategy (70%), the Portfolio also has exposure to Venture Capital (16%), Special Situation (13%) and Mezzanine (1%). With regard to geography, the Portfolio's largest exposure is to North America (72%). The portfolio also has exposure to Western Europe (22%) and small exposure to the Rest of the World (6%).



## Portfolio Overview

### Commitments

The table below highlights the commitments that the Portfolio closed on during the first half of 2008.

2008 Commitments			
Closing Date	Partnership	Investment Strategy	Commitment Amount
2/5/2008	Apollo Investment Fund VII, L.P.	Buyout	\$20.0 million
2/19/2008	TPG Partners VI, L.P.	Buyout	\$25.0 million
3/12/2008	Advent International GPE VI-A, L.P.	Buyout	\$20.0 million
3/14/2008	Yucaipa American Alliance Fund II, L.P.	Buyout	\$20.0 million
4/18/2008	CVC European Equity Partners V, L.P.	Buyout	\$22.1 million
5/2/2008	TCW/Crescent Mezzanine Partners V, L.P.	Mezzanine	\$10.0 million
5/13/2008	Levine Leichtman Capital Partners IV, L.P.	Special Situation	\$20.0 million
5/21/2008	Lindsay Goldberg III, L.P.	Buyout	\$20.0 million
<b>TOTAL</b>			<b>\$157.1 million</b>

During the second quarter of 2008, LACERS closed on four new investments: CVC European Equity Partners V; TCW/Crescent Mezzanine Partners V; Levine Leichtman Capital Partners IV; and Lindsay Goldberg III for a total of \$72.1 million in commitments.

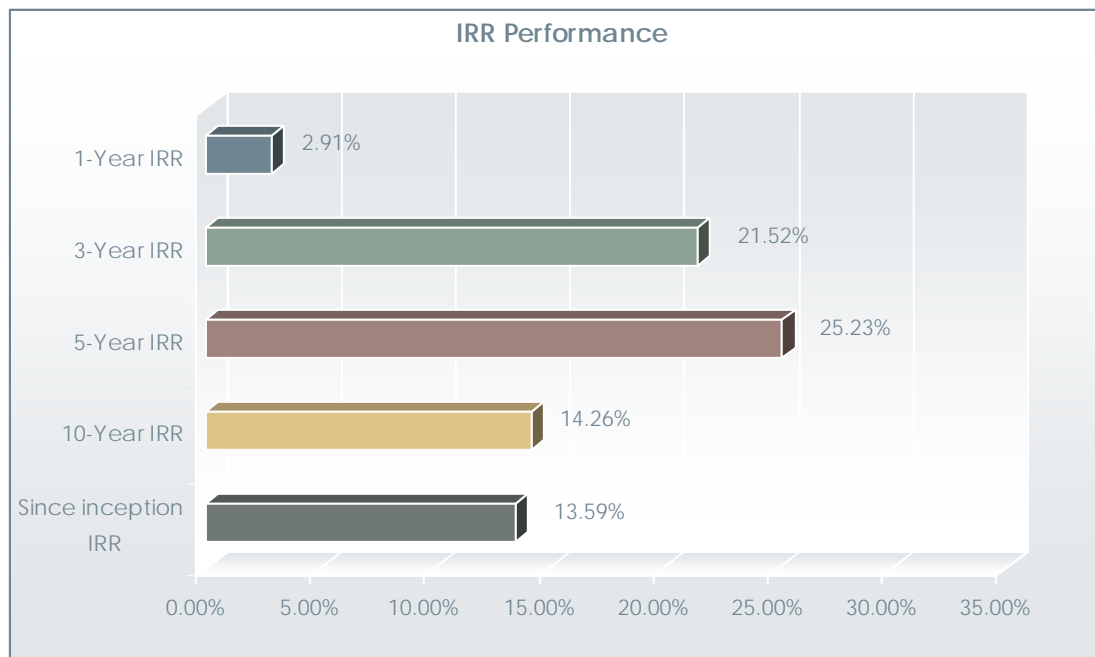
Subsequent to the second quarter of 2008, LACERS completed one additional commitment totaling \$25.0 million in commitments. A brief description is provided below.

**First Reserve Fund XII, L.P. (\$25.0 million)** will complete equity investments in global energy companies ranging in size from \$150 million to \$15 billion in enterprise value. Investments will generally be made across a wide range of industry segments with the general partner working closely with experienced industry or regional partners. First Reserve has a history of proactively generated deal flow and will seek to make investments of \$50 million to \$2 billion.

# Los Angeles City Employees' Retirement System

## Performance

The chart below is a graphic depiction of the IRR performance of the Portfolio showing to 1-, 3-, 5-, 10-year and since inception time periods.



- While the near-term performance of the Portfolio continues to struggle with the current economic slowdown, the 3-, 5-, 10-year and since inception performance remain strong. Private equity is a long-term asset class and as such, is more appropriately measured using longer periods rather than the shorter periods which are inherently more volatile.

The table below details quarterly performance of the Portfolio for the twelve months ending June 30, 2008.

Portfolio Summary					
	Quarter Ending				Year Ending
in \$ millions	9/30/2007	12/31/2007	3/31/2008	6/30/2008	6/30/2008
Beginning Market Value	\$731.8	\$761.5	\$794.9	\$807.7	\$731.8
Paid-in Capital	63.1	68.6	54.6	39.8	226.1
Distributions	(56.2)	(44.5)	(31.5)	(20.1)	(152.2)
Net Value Change	<u>22.8</u>	<u>9.2</u>	<u>(10.3)</u>	<u>0.7</u>	<u>22.4</u>
Ending Market Value	\$761.5	\$794.9	\$807.7	\$828.1	\$828.1
Unfunded Commitments	<u>\$480.3</u>	<u>\$458.1</u>	<u>\$491.3</u>	<u>\$526.3</u>	<u>\$526.3</u>
Total Exposure	\$1,241.8	\$1,253.0	\$1,299.0	\$1,354.4	\$1,354.4
Point to Point IRR	3.08%	1.19%	(1.28%)	0.07%	2.91%
Since Inception IRR	15.03%	14.70%	14.04%	13.59%	13.59%

- As of June 30, 2008, the Portfolio generated a since inception IRR of 13.59%, which represents a decrease of 45 basis points from the first quarter. The point-to-point IRR for the second quarter is 0.07%, an increase of 135 basis points from the first quarter point-to-point IRR of (1.28%). The positive IRR is attributable to the unrealized value appreciation that occurred during the second quarter.



- The net value change for the quarter was comprised of unrealized appreciation of \$17.6 million and offsetting unrealized depreciation of \$16.9 million. 42 of the Portfolio's 108 active partnerships contributed to the \$17.6 million gain. 61 partnerships reported a net value loss for the second quarter of 2008, with the largest loss of (\$2.2 million) reported by Kelso Investment Associates VII. Five partnerships reported neither a gain nor loss as they had not yet drawn down capital. In addition, eleven of the underperforming partnerships that had a decrease in net value were of vintage year 2007 and 2008, and as such it is still too early to measure performance.
  - The top value driver in the Portfolio during the quarter was First Reserve Fund X, which experienced an increase of \$3.4 million in net value during the quarter, which translated into a 20.79% one-quarter IRR. The partnership has also performed well on a since inception basis, generating an IRR of 60.57% as of June 30, 2008.
  - The largest value depreciation during the quarter occurred in the portfolio of Kelso Investment Associates VII, L.P., which reported a decline in net value of \$2.2 million. The majority of Kelso's depreciation was caused by the drop in net carrying value of two underlying holdings.

### Value Drivers

The table below displays the Portfolio's top five performance drivers by net value change as of the quarter ending June 30, 2008. In addition, it shows the quarterly point-to-point and since inception IRR's for each partnership.

Top Five Driver Partnerships For the Quarter Ending June 30, 2008				
Investment Name	Vintage Year	Net Value Change (\$ Millions)	Point-to-Point IRR	Since Inception IRR
First Reserve Fund X, L.P.	2004	\$3.4	20.8%	60.6%
Lindsay Goldberg & Bessemer II, L.P.	2006	\$1.8	17.0%	18.0%
Levine Leichtman Capital Partners III, L.P.	2003	\$1.6	10.1%	17.9%
Golder, Thoma, Cressey & Rauner Fund VIII, L.P.	2003	\$1.0	6.5%	38.7%
OCM Opportunities Fund VII, L.P.	2007	\$0.9	10.5%	13.3%

- The five partnerships listed above accounted for \$8.7 million or 49% of the Portfolio's value appreciation over the past quarter. In addition, these five partnerships generated a 13.06% IRR for the quarter ended June 30, 2008. During the second quarter, these partnerships distributed \$4.1 million on paid-in capital of \$6.0 million.
- As was mentioned above, the top performing partnership in the Portfolio during the second quarter was First Reserve Fund X. The partnership's underlying portfolio consists of 12 active companies, 10 of which are currently valued above cost.



# Los Angeles City Employees' Retirement System

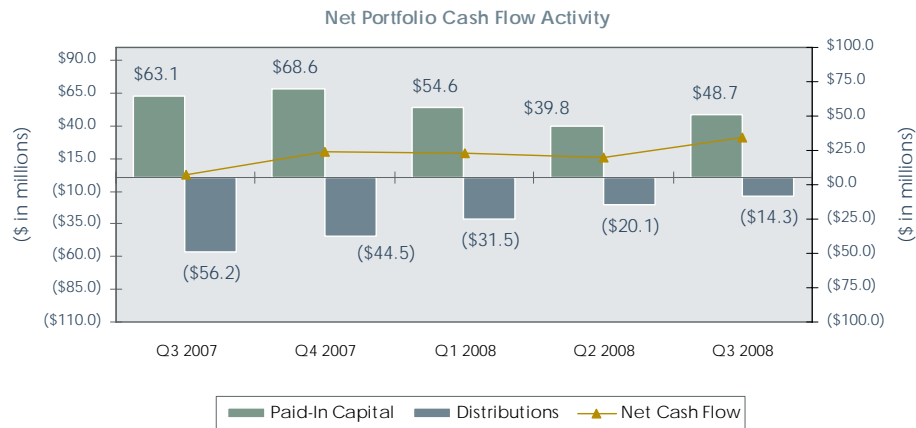
In comparison to the chart on the prior page, the table below provides insight into the partnerships in the Portfolio which had a negative change in value during the second quarter of 2008.

Bottom Five Driver Partnerships For the Quarter Ending June 30, 2008				
Investment Name	Vintage Year	Net Value Change (\$ Millions)	Point-to-Point IRR	Since Inception IRR
Kelso Investment Associates VII, L.P.	2004	(\$2.2)	(9.0%)	36.7%
TPG Partners V, L.P.	2006	(\$1.3)	(5.7%)	(7.6%)
Permira Europe IV, L.P.	2006	(\$1.2)	(21.2%)	(30.0%)
Madison Dearborn Capital Partners IV, L.P.	2000	(\$1.2)	(4.3%)	22.6%
KKR European Fund II, L.P.	2005	(\$1.1)	(7.9%)	(3.2%)

- In aggregate, the five partnerships listed above combined for an aggregate unrealized depreciation of (\$7.0 million) or more than 41% of the Portfolio's total depreciation during the quarter. While these five partnerships generated an aggregate IRR of (7.40%) for the one-quarter period, two of the five partnerships (Kelso VII & Madison Dearborn IV) continue to maintain strong since inception IRRs.
  - The poor performance by Kelso VII during the quarter was driven by a significant write-down in two portfolio companies. Despite the poor one-quarter performance, the partnership remains one of the top performers in the Portfolio with a 36.7 % IRR and a 1.7x multiple of cost since inception.

## Cash Flow Drivers

The chart below highlights the cash flows of the Portfolio over the past five quarters ended September 30, 2008.



- During the second quarter of 2008, LACERS paid in a total of \$39.8 million compared with \$20.1 million in distributions, equating to a net cash outflow of \$19.7 million. First Reserve was the most active manager during the quarter, calling \$5.1 million and distributing \$2.4 million in aggregate between Funds X and XI.
  - First Reserve Fund XI called \$4.7 million during the quarter for investments in several underlying holdings.
  - In addition, First Reserve Fund X distributed \$2.4 million related to proceeds from two portfolio companies.
- During the third quarter of 2008, the Portfolio experienced its fifth consecutive quarter of declining distributions as the general economic slowdown continues to constrict the potential avenues for

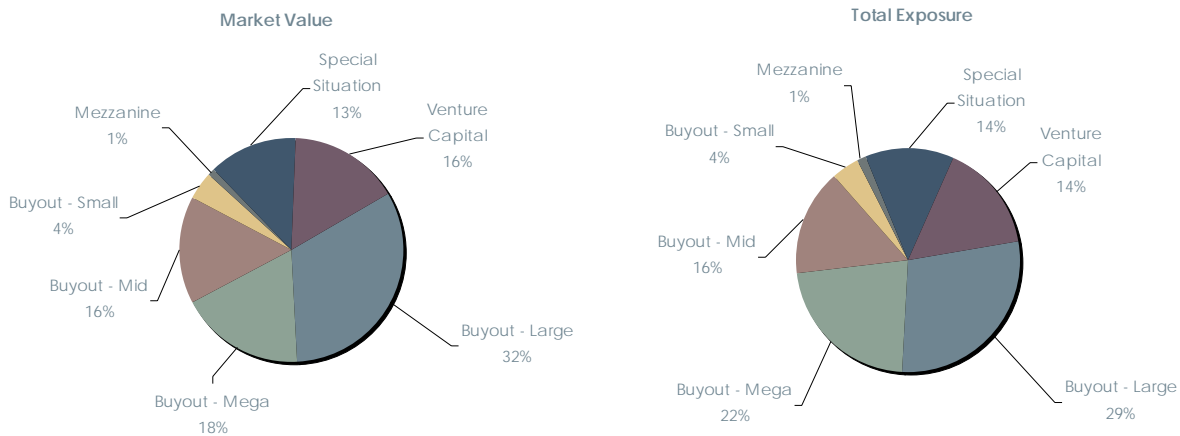
liquidity. The decline in distributions combined with a slight increase in capital calls lead to a cash flow negative position (\$34.4 million) for the quarter. First Reserve was once again active in acquiring portfolio companies; the recently closed First Reserve Fund XII made it's first capital calls.

- o First Reserve Fund XII called \$1.2 billion from investors (\$5.6 million from LACERS) for investments in several underlying holdings.

## Portfolio Exposures

### Strategy

The charts below represent the Portfolio's strategic diversification, as measured by of market value and total exposure. Total exposure is the sum of the market value and the unfunded commitments and provides a snapshot of the Portfolio's expected diversification going forward.

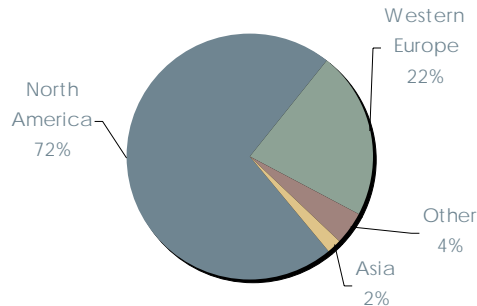


- With regard to the Portfolio's diversification by investment strategy, little has changed over the past quarter. LACERS continues to have a balanced portfolio, well diversified across the various strategies and sub-strategies. The one area of concern is the Small Buyout sub-strategy. Given the lack of debt available to general partners, the smaller end of the market offers a good risk/return profile because there is less equity required as deals are more growth oriented. Hamilton Lane continues to try and identify opportunities in this space that would be a good fit for the LACERS Portfolio.

# Los Angeles City Employees' Retirement System

## Geography

The chart below shows the diversification of the Portfolio in terms of geographic location of the underlying portfolio companies as of June 30, 2008.

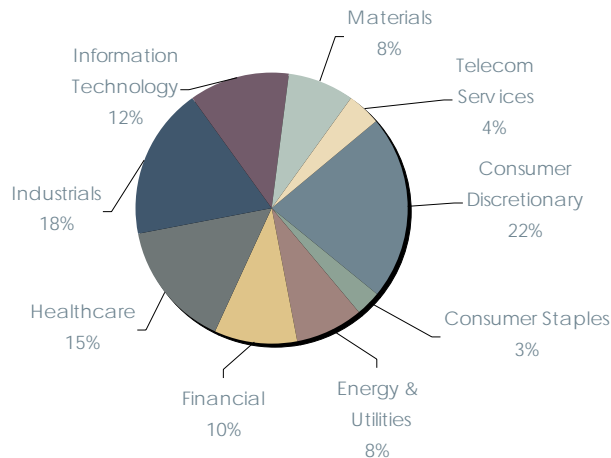


- The Portfolio's diversification by Geography remains relatively unchanged over the last quarter. The exposure is primarily focused in North America (72%), with a significant portion (22%) in Western Europe. The Rest of the World is currently only 6%, with 2% in Asia, however Hamilton lane expects this region to grow in exposure over the next five to ten years as emerging markets continue to develop as viable areas for private equity investment.

## Industry

The chart below highlights the diversification of the Portfolio in terms of industry classification as of June 30, 2008. Hamilton Lane uses the GICS classification to capture the industry classification of the underlying portfolio companies.

**Industry Diversification  
As of June 30, 2008**



- The Portfolio has well balanced exposure to all industry sectors. There was some slight movement in the weightings since last quarter, but nothing material that would be potentially negative to the Portfolio. Consumer Discretionary is the largest exposure at 22%, hardly enough to be of concern.





## **Section 3 Portfolio Assessment**



**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
PERFORMANCE SUMMARY BY INVESTMENT  
AS OF JUNE 30, 2008**

INVESTMENT NAME	VINTAGE YEAR	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL	CAPITAL DISTRIBUTED <sup>(1)</sup>	REPORTED MARKET VALUE	NET IRR <sup>(2)</sup>
Acon-Bastion Partners II, L.P.	2006	Corporate Finance/Buyout - Small	\$ 5,000,000	\$ 1,889,054	\$ 14,661	\$ 1,713,733	(8.58%)
Advent International GPE VI-A, L.P.	2008	Corporate Finance/Buyout - Large	20,000,000	-	-	-	N/A
Alchemy Investment Plan (LACERS)	1999	Special Situation - Distressed/Turnaround	43,112,340	39,723,931	29,956,495	27,338,198	12.52%
Apollo Investment Fund IV, L.P.	1998	Corporate Finance/Buyout - Large	5,000,000	4,966,971	5,867,031	2,274,471	8.72%
Apollo Investment Fund VI, L.P.	2006	Corporate Finance/Buyout - Mega	15,000,000	12,992,241	2,106,879	11,713,696	8.13%
Apollo Investment Fund VII, L.P.	2008	Corporate Finance/Buyout - Mega	20,000,000	1,520,451	-	1,552,940	2.60%
Austin Ventures VII, L.P.	1999	Venture Capital - Early Stage	17,000,000	16,690,914	6,169,918	6,293,073	(6.03%)
Austin Ventures VIII, L.P.	2001	Venture Capital - Early Stage	8,300,000	8,453,867	2,695,742	7,979,152	7.43%
Avenue Special Situations Fund IV, L.P.	2006	Special Situation - Distressed/Turnaround	10,000,000	10,000,000	2,589,797	8,290,300	4.64%
Avenue Special Situations Fund V, L.P.	2007	Special Situation - Distressed/Turnaround	10,000,000	4,689,915	49,738	4,448,013	(5.88%)
Blackstone Capital Partners V, L.P.	2006	Corporate Finance/Buyout - Mega	20,000,000	13,111,868	1,038,422	12,084,744	0.08%
Carlyle Partners IV, L.P.	2005	Corporate Finance/Buyout - Mega	20,000,000	19,742,725	1,849,169	20,697,922	8.46%
Carlyle Partners V, L.P.	2007	Corporate Finance/Buyout - Mega	30,000,000	6,541,586	9,555	6,036,001	(10.69%)
CGW Southeast Partners III, L.P.	1996	Corporate Finance/Buyout - Small	9,000,000	8,645,139	13,852,054	719,813	9.18%
CGW Southeast Partners IV, L.P.	1999	Corporate Finance/Buyout - Small	10,000,000	8,536,566	9,204,950	3,410,881	8.05%
Charterhouse Capital Partners VIII, L.P.	2006	Corporate Finance/Buyout - Large	22,857,240	16,408,764	-	17,692,415	7.37%
Chisholm Partners IV, L.P.	1999	Special Situation - Multi-Stage	9,000,000	8,606,037	2,743,539	4,021,126	(3.75%)
CHP III, L.P.	2007	Venture Capital - Early Stage	15,000,000	2,678,870	-	2,226,201	(17.48%)
CHS Private Equity V, L.P.	2005	Corporate Finance/Buyout - Mid	20,000,000	12,086,755	751,557	12,973,986	8.72%
CVC European Equity Partners II, L.P.	1998	Corporate Finance/Buyout - Large	10,000,000	9,152,734	19,524,466	1,957,568	19.51%
CVC European Equity Partners III, L.P.	2001	Corporate Finance/Buyout - Large	15,000,000	13,864,985	32,032,750	8,639,826	45.18%
CVC European Equity Partners IV, L.P.	2005	Corporate Finance/Buyout - Mega	27,017,103	23,389,999	10,238,723	24,953,775	43.60%
CVC European Equity Partners V, L.P.	2008	Corporate Finance/Buyout - Mega	22,057,700	-	-	-	N/A
CVC European Equity Partners, LP	1996	Corporate Finance/Buyout - Mid	10,000,000	9,753,529	24,280,233	2,360,803	23.83%
Enhanced Equity Fund, L.P.	2006	Corporate Finance/Buyout - Small	10,000,000	5,330,119	-	5,575,566	3.51%
Essex Woodlands Health Ventures Fund IV, L.P.	1998	Venture Capital - Early Stage	4,000,000	4,000,000	4,358,030	1,094,377	8.60%
Essex Woodlands Health Ventures Fund V, L.P.	2000	Venture Capital - Multi-Stage	10,000,000	9,675,000	8,188,903	8,676,976	15.61%
Essex Woodlands Health Ventures Fund VI, L.P.	2004	Venture Capital - Multi-Stage	15,000,000	12,337,500	-	11,455,499	(3.18%)
First Reserve Fund X, L.P.	2004	Special Situation - Industry Focused	20,000,000	19,712,665	22,031,445	18,617,000	60.57%
First Reserve Fund XI, L.P.	2006	Special Situation - Industry Focused	30,000,000	18,897,940	-	20,905,000	22.95%
Golder, Thoma, Cressey & Rauner Fund IX, L.P.	2006	Corporate Finance/Buyout - Mid	15,000,000	3,499,094	948,346	2,888,465	15.85%
Golder, Thoma, Cressey & Rauner Fund V, LP	1997	Corporate Finance/Buyout - Mid	10,000,000	10,000,000	17,893,922	762,137	11.35%
Golder, Thoma, Cressey & Rauner Fund VI, L.P.	1998	Corporate Finance/Buyout - Mid	10,000,000	10,000,000	8,342,502	2,137,011	1.43%
Golder, Thoma, Cressey & Rauner Fund VII, L.P.	2000	Corporate Finance/Buyout - Mid	18,750,000	18,468,750	37,019,232	3,835,683	21.07%
Golder, Thoma, Cressey & Rauner Fund VII-A, L.P.	2001	Corporate Finance/Buyout - Mid	6,250,000	3,593,750	10,400,450	812,511	83.78%
Golder, Thoma, Cressey & Rauner Fund VIII, L.P.	2003	Corporate Finance/Buyout - Large	20,000,000	18,504,960	18,886,123	15,647,681	38.72%
Green Equity Investors V, L.P. <sup>(3)</sup>	2007	Corporate Finance/Buyout - Large	20,000,000	2,822,668	-	2,778,279	(1.69%)
Halifax Capital Partners II, L.P.	2006	Corporate Finance/Buyout - Small	10,000,000	3,446,933	1,069,490	2,475,841	2.83%
Hellman & Friedman Capital Partners V, L.P.	2004	Corporate Finance/Buyout - Large	11,000,000	9,579,223	8,479,801	11,587,564	43.54%
Hellman & Friedman Capital Partners VI, L.P.	2007	Corporate Finance/Buyout - Large	20,000,000	10,094,650	16,203	10,258,416	2.54%
InterWest Partners VI, L.P.	1997	Venture Capital - Early Stage	5,000,000	5,000,000	14,128,445	441,602	48.94%
J.H. Whitney IV, L.P.	1999	Venture Capital - Late Stage	25,000,000	22,448,463	6,657,252	2,437,028	(13.80%)

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
PERFORMANCE SUMMARY BY INVESTMENT  
AS OF JUNE 30, 2008**

INVESTMENT NAME	VINTAGE YEAR	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL	CAPITAL DISTRIBUTED <sup>(1)</sup>	REPORTED MARKET VALUE	NET IRR <sup>(2)</sup>
J.H. Whitney VI, L.P.	2005	Corporate Finance/Buyout - Mid	15,000,000	9,966,276	2,628,513	8,873,996	11.85%
Kelso Investment Associates VI, L.P.	1998	Corporate Finance/Buyout - Mid	5,000,000	4,301,922	5,429,668	411,047	9.14%
Kelso Investment Associates VII, L.P.	2004	Corporate Finance/Buyout - Mid	18,000,000	17,065,176	7,452,713	21,947,959	36.65%
Kelso Investment Associates VIII, L.P.	2007	Corporate Finance/Buyout - Mid	20,000,000	410,371	4,189	326,132	(12.84%)
KKR 1996 Fund, LP	1997	Corporate Finance/Buyout - Large	25,000,000	26,268,621	42,253,135	3,676,984	13.29%
KKR 2006 Fund, L.P.	2006	Corporate Finance/Buyout - Mega	30,000,000	21,697,344	19,237	22,361,549	3.41%
KKR European Fund II, L.P.	2005	Corporate Finance/Buyout - Large	15,000,000	15,490,839	1,855,689	12,956,186	(3.18%)
Levine Leichtman Capital Partners III, L.P.	2003	Corporate Finance/Buyout - Small	20,000,000	19,111,463	7,755,512	16,765,105	17.85%
Levine Leichtman Capital Partners IV, L.P.	2008	Special Situation - Multi-Stage	20,000,000	2,322,838	22,927	2,334,910	2.75%
Lindsay Goldberg & Bessemer II, L.P.	2006	Corporate Finance/Buyout - Large	20,000,000	11,884,536	70,727	13,574,880	17.95%
Lindsay Goldberg III, L.P.	2008	Corporate Finance/Buyout - Large	20,000,000	-	-	-	N/A
Madison Dearborn Capital Partners III, L.P.	1999	Corporate Finance/Buyout - Large	16,000,000	15,854,153	21,393,928	3,169,133	9.13%
Madison Dearborn Capital Partners IV, L.P.	2000	Corporate Finance/Buyout - Large	25,000,000	23,467,688	17,401,046	26,570,899	22.58%
Menlo Ventures IX, L.P.	2001	Venture Capital - Early Stage	20,000,000	18,000,000	7,741,291	12,423,227	3.00%
Menlo Ventures VII, L.P.	1997	Venture Capital - Early Stage	5,000,000	5,000,000	22,926,596	1,083,237	135.81%
Menlo Ventures VIII, L.P.	1999	Venture Capital - Early Stage	18,000,000	18,000,000	5,741,966	4,231,725	(12.58%)
Nautic Partners V, L.P.	2000	Corporate Finance/Buyout - Mid	15,000,000	13,840,382	13,364,737	8,984,466	16.56%
New Mountain Partners III, L.P.	2007	Corporate Finance/Buyout - Large	20,000,000	2,502,696	19,820	2,137,838	(20.36%)
Newbridge Asia IV, L.P.	2005	Corporate Finance/Buyout - Large	10,000,000	9,929,199	1,829,480	10,909,165	19.65%
Nordic Capital V, L.P.	2004	Corporate Finance/Buyout - Mid	13,873,170	14,672,242	6,790,483	19,778,892	25.94%
Oak Investment Partners XII, L.P.	2006	Venture Capital - Multi-Stage	15,000,000	7,468,935	586,093	7,068,935	2.65%
OCM Opportunities Fund II, L.P.	1998	Special Situation - Distressed/Turnaround	11,000,000	11,000,000	16,433,039	111,716	8.39%
OCM Opportunities Fund III, L.P.	1999	Special Situation - Distressed/Turnaround	10,000,000	10,500,000	15,084,495	284,375	11.87%
OCM Opportunities Fund IV, L.P.	2001	Special Situation - Distressed/Turnaround	10,000,000	10,000,000	16,393,368	56,364	28.36%
OCM Opportunities Fund V, L.P.	2004	Special Situation - Distressed/Turnaround	7,100,000	7,100,000	9,035,554	2,661,449	17.52%
OCM Opportunities Fund VII, L.P.	2007	Special Situation - Distressed/Turnaround	10,000,000	9,000,000	73,753	9,630,783	13.31%
OCM Opportunities Fund VII-B, L.P.	2008	Special Situation - Distressed/Turnaround	10,000,000	750,000	-	720,330	(3.96%)
OCM Opportunities Fund, LP	1995	Special Situation - Distressed/Turnaround	11,000,000	11,000,000	17,847,456	25,119	10.22%
Olympus Growth Fund IV, L.P.	2003	Corporate Finance/Buyout - Mid	7,000,000	6,499,249	1,834,615	6,775,035	13.06%
Onex Partners, L.P.	2003	Corporate Finance/Buyout - Large	20,000,000	18,541,268	21,592,290	18,968,265	49.50%
Pemira Europe III, L.P.	2004	Corporate Finance/Buyout - Large	21,830,106	21,388,207	23,086,441	14,618,014	41.39%
Pemira Europe IV, L.P.	2006	Corporate Finance/Buyout - Mega	16,469,248	7,214,468	-	5,494,567	(29.96%)
Pharos Capital Partners II-A, L.P.	2006	Special Situation - Multi-Stage	5,000,000	3,200,000	573,516	2,802,513	3.71%
Polaris Venture Partners V, L.P.	2006	Venture Capital - Multi-Stage	15,000,000	5,250,000	-	4,819,625	(11.50%)
Providence Equity Partners V, L.P. <sup>(4)</sup>	2005	Corporate Finance/Buyout - Large	18,000,000	17,301,413	934,462	20,400,058	10.47%
Providence Equity Partners VI, L.P.	2007	Corporate Finance/Buyout - Mega	30,000,000	12,041,662	7,438	11,982,254	(0.55%)
Resolute Fund, L.P.	2002	Corporate Finance/Buyout - Mid	20,000,000	18,009,101	5,603,634	19,125,531	13.47%
Richland Ventures III, L.P.	1999	Venture Capital - Late Stage	18,000,000	18,000,000	13,283,047	3,312,575	(1.55%)
Spark Capital II, L.P.	2008	Venture Capital - Multi-Stage	9,750,000	916,500	-	824,982	(19.01%)
Spark Capital, L.P.	2005	Venture Capital - Multi-Stage	9,000,000	6,115,500	818,578	5,657,438	5.78%
TA X, L.P.	2006	Corporate Finance/Buyout - Large	6,000,000	3,801,000	540,000	3,236,391	(0.84%)
TCV V, L.P.	2004	Venture Capital - Multi-Stage	19,500,000	17,071,300	9,122,987	16,099,141	15.13%
TCV VII, L.P.	2008	Venture Capital - Late Stage	20,000,000	-	-	-	N/A



**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
PERFORMANCE SUMMARY BY INVESTMENT  
AS OF JUNE 30, 2008**

INVESTMENT NAME	VINTAGE YEAR	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL	CAPITAL DISTRIBUTED <sup>(1)</sup>	REPORTED MARKET VALUE	NET IRR <sup>(2)</sup>
TCW/Crescent Mezzanine Partners IV, L.P.	2006	Mezzanine	10,000,000	9,932,977	2,053,912	8,723,054	7.70%
TCW/Crescent Mezzanine Partners V, L.P.	2008	Mezzanine	10,000,000	-	-	-	N/A
Thoma Cressey Fund VI, L.P.	1998	Corporate Finance/Buyout - Small	5,000,000	4,845,000	2,195,961	1,598,788	(3.68%)
Thomas H. Lee Equity Fund IV, L.P.	1998	Corporate Finance/Buyout - Large	7,000,000	6,314,965	5,394,144	101,080	(2.57%)
Thomas H. Lee Equity Fund V, L.P.	2001	Corporate Finance/Buyout - Mega	15,000,000	14,654,665	13,296,595	10,440,013	18.25%
TPG Partners III, L.P.	2000	Corporate Finance/Buyout - Large	25,000,000	22,876,025	45,107,847	10,030,814	25.95%
TPG Partners IV, L.P.	2003	Corporate Finance/Buyout - Large	25,000,000	26,615,800	15,129,541	26,232,409	25.17%
TPG Partners V, L.P.	2006	Corporate Finance/Buyout - Mega	30,000,000	24,379,326	433,423	22,313,559	(7.56%)
TPG Partners VI, L.P.	2008	Corporate Finance/Buyout - Mega	25,000,000	1,133,548	1,045	650,174	(43.23%)
TPG STAR, L.P.	2007	Special Situation - Multi-Stage	20,000,000	3,637,149	30,175	3,181,462	(12.40%)
Trident Capital Fund V, L.P.	2000	Venture Capital - Multi-Stage	10,587,999	9,406,712	5,616,257	5,871,325	5.73%
Trident Capital Fund V, L.P. - Secondary	1999	Venture Capital - Multi-Stage	3,781,680	2,959,319	1,984,885	2,097,039	12.53%
Trident Capital Fund VI, L.P.	2004	Venture Capital - Multi-Stage	8,500,000	6,205,000	492,714	5,790,680	0.73%
VantagePoint Venture Partners IV, L.P.	2000	Venture Capital - Multi-Stage	15,000,000	15,000,000	3,809,075	13,210,940	3.82%
Vestiar Capital Partners IV, L.P.	2000	Corporate Finance/Buyout - Large	17,000,000	16,164,083	16,838,430	8,906,183	14.87%
Vista Equity Partners Fund III, L.P.	2007	Corporate Finance/Buyout - Mid	25,000,000	10,534,292	49,657	9,989,127	(6.76%)
Welsh, Carson, Anderson & Stowe IX, L.P.	2000	Corporate Finance/Buyout - Large	15,000,000	14,250,000	14,960,563	10,157,022	15.77%
Welsh, Carson, Anderson & Stowe VII, LP	1995	Corporate Finance/Buyout - Large	15,000,000	15,000,000	31,122,551	1,523,133	17.78%
Welsh, Carson, Anderson & Stowe VIII, L.P.	1998	Corporate Finance/Buyout - Large	15,000,000	15,000,000	12,019,267	5,935,591	2.50%
Weston Presidio Capital IV, L.P.	2000	Venture Capital - Multi-Stage	15,000,000	14,450,073	6,351,191	10,358,166	4.35%
Weston Presidio Capital IV, L.P. - Secondary	1999	Corporate Finance/Buyout - Mid	2,826,000	2,707,750	1,287,386	2,099,584	8.93%
Whitney V, L.P.	2001	Corporate Finance/Buyout - Large	10,000,000	11,002,671	17,990,809	4,943,371	26.84%
Yucaipa American Alliance Fund II, L.P.	2008	Corporate Finance/Buyout - Mid	20,000,000	5,086,099	120	4,940,109	(2.86%)
<b>TOTAL PORTFOLIO <sup>(3)</sup>:</b>			<b>\$ 1,668,562,585</b>	<b>\$ 1,164,977,420</b>	<b>\$ 837,113,792</b>	<b>\$ 828,051,686</b>	<b>13.59%</b>

<sup>(1)</sup> Capital distributed includes recallable returns of capital, which will increase the unfunded commitment.

<sup>(2)</sup> The IRR net of Hamilton Lane fees is 13.53%.

<sup>(3)</sup> The ratios and performance information (including but not limited to the cash-on-cash return, the investment multiple and the internal rate of return) have been calculated by HLA as LACERS's advisor.

<sup>(4)</sup> The data presented for Providence Equity Partners V L.P. is confidential and must be kept confidential except to the extent that disclosure is required by law. This information (a) does not necessarily accurately reflect the current or expected future performance of the Partnership.

<sup>(b)</sup> The aggregate IRR of partnerships managed by Hamilton Lane and Pension Consulting Alliance for LACERS is 12.85%, as reported by Northern Trust.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
PERFORMANCE SUMMARY BY CATEGORY  
AS OF JUNE 30, 2008**

	CAPITAL COMMITTED	PAID-IN CAPITAL	PERCENTAGE CONTRIBUTED	CAPITAL DISTRIBUTED (1)	PERCENTAGE DISTRIBUTED	REPORTED MARKET VALUE	NET IRR
<b>Investment Strategy</b>							
Corporate Finance/Buyout - Large	\$ 489,687,346	\$ 379,057,119	77.41%	\$ 374,346,545	98.76%	\$ 268,883,636	17.55%
Corporate Finance/Buyout - Mega	300,544,051	158,419,883	52.71%	29,000,486	18.31%	150,281,194	11.32%
Corporate Finance/Buyout - Mid	251,699,170	170,494,739	67.74%	144,081,956	84.51%	129,022,474	17.82%
Corporate Finance/Buyout - Small	69,000,000	51,804,274	75.08%	34,092,628	65.81%	32,259,727	7.57%
Mezzanine	20,000,000	9,932,977	49.66%	2,053,912	20.68%	8,723,054	7.70%
Special Situation - Distressed/Turnaround	132,212,340	113,763,846	86.05%	107,463,694	94.46%	53,566,647	11.81%
Special Situation - Industry Focused	50,000,000	38,610,605	77.22%	22,031,445	57.06%	39,522,000	55.69%
Special Situation - Multi-Stage	54,000,000	17,766,024	32.90%	3,370,157	18.97%	12,340,011	(3.58%)
Venture Capital - Early Stage	92,300,000	77,823,651	84.32%	63,761,988	81.93%	35,772,594	12.70%
Venture Capital - Late Stage	63,000,000	40,448,463	64.20%	19,940,299	49.30%	5,749,603	(7.77%)
Venture Capital - Multi-Stage	146,119,679	106,855,840	73.13%	36,970,682	34.60%	91,930,746	7.29%
<b>TOTAL PORTFOLIO:</b>	<b>\$ 1,668,562,585</b>	<b>\$ 1,164,977,420</b>	<b>69.82%</b>	<b>\$ 837,113,792</b>	<b>71.86%</b>	<b>\$ 828,051,686</b>	<b>13.59%</b>
<b>Vintage Year</b>							
1995	\$ 26,000,000	\$ 26,000,000	100.00%	\$ 48,970,007	188.35%	\$ 1,548,252	14.49%
1996	19,000,000	18,398,668	96.84%	38,132,288	207.26%	3,080,616	17.27%
1997	45,000,000	46,268,621	100.00%	97,202,098	210.08%	5,963,960	25.84%
1998	72,000,000	69,581,592	96.64%	79,564,107	114.35%	15,621,649	6.28%
1999	172,720,020	164,027,134	94.97%	113,507,861	69.20%	58,694,737	1.10%
2000	166,337,999	157,598,713	94.75%	168,657,280	107.02%	106,602,474	17.28%
2001	84,550,000	79,569,938	94.11%	100,551,005	126.37%	45,294,464	23.42%
2002	20,000,000	18,009,101	90.05%	5,603,634	31.12%	19,125,531	13.47%
2003	92,000,000	89,272,740	97.04%	65,198,081	73.03%	84,388,495	32.00%
2004	134,803,276	125,131,314	92.83%	86,492,138	69.12%	122,556,199	27.99%
2005	134,017,103	114,022,706	85.08%	20,906,171	18.34%	117,422,526	14.13%
2006	285,326,488	180,413,599	63.23%	12,044,503	6.68%	173,734,833	3.12%
2007	220,000,000	64,953,859	29.52%	260,528	0.40%	62,994,506	(3.84%)
2008	196,807,700	11,729,436	5.96%	24,092	0.21%	11,023,445	(10.94%)
<b>TOTAL PORTFOLIO:</b>	<b>\$ 1,668,562,585</b>	<b>\$ 1,164,977,420</b>	<b>69.82%</b>	<b>\$ 837,113,792</b>	<b>71.86%</b>	<b>\$ 828,051,686</b>	<b>13.59%</b>

(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, 2008**

CORPORATE FINANCE/BUYOUT NORTH AMERICA		
VINTAGE YEAR	NET IRR	POOLED AVG IRR (1)
1995	17.78%	7.40%
1996	9.18%	5.40%
1997	12.60%	7.90%
1998	2.36%	1.70%
1999	8.78%	10.20%
2000	20.71%	14.70%
2001	27.69%	16.30%
2002	13.47%	17.20%
2003	32.00%	29.40%
2004	39.45%	14.40%
2005	9.69%	5.60%
2006	2.27%	(10.10%)
2007	(4.50%)	(28.00%)
2008	(9.63%)	N/A

MEZZANINE NORTH AMERICA		
VINTAGE YEAR	NET IRR	POOLED AVG IRR (1)
1995	N/A	N/A
1996	N/A	3.10%
1997	N/A	9.80%
1998	N/A	4.50%
1999	N/A	6.80%
2000	N/A	6.50%
2001	N/A	N/A
2002	N/A	5.00%
2003	N/A	N/A
2004	N/A	N/A
2005	N/A	17.40%
2006	7.70%	N/A
2007	N/A	N/A
2008	N/A	N/A

SPECIAL SITUATION NORTH AMERICA		
VINTAGE YEAR	NET IRR	POOLED AVG IRR (1)
1995	10.22%	19.60%
1996	N/A	22.90%
1997	N/A	13.10%
1998	8.39%	5.50%
1999	3.54%	3.50%
2000	N/A	8.00%
2001	28.36%	13.40%
2002	N/A	13.10%
2003	N/A	24.90%
2004	40.43%	11.70%
2005	N/A	10.10%
2006	9.26%	(8.00%)
2007	(9.21%)	(18.70%)
2008	2.75%	N/A

(1) Source: Venture Economics, 06/30/2008 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.

Advent International GPE VI-A, L.P., 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 these investments at this time.

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
PRIVATE EQUITY BENCHMARKS  
AS OF JUNE 30, 2008**

VENTURE CAPITAL NORTH AMERICA		
VINTAGE YEAR	NET IRR	POOLED AVG IRR (1)
1995	N/A	59.90%
1996	N/A	83.30%
1997	90.87%	49.50%
1998	8.60%	18.60%
1999	(7.63%)	(5.40%)
2000	7.27%	1.80%
2001	4.29%	5.10%
2002	N/A	3.90%
2003	N/A	9.80%
2004	8.07%	3.00%
2005	5.78%	9.50%
2006	(2.27%)	(1.30%)
2007	(17.48%)	(9.00%)
2008	(19.01%)	N/A

CORPORATE FINANCE/BUYOUT WESTERN EUROPE		
VINTAGE YEAR	NET IRR	POOLED AVG IRR (1)
1995	N/A	36.00%
1996	23.83%	11.40%
1997	N/A	14.60%
1998	19.51%	8.90%
1999	N/A	11.00%
2000	N/A	15.00%
2001	45.18%	26.00%
2002	N/A	23.30%
2003	N/A	26.50%
2004	33.01%	21.90%
2005	23.21%	4.90%
2006	(1.89%)	(12.90%)
2007	N/A	1.80%
2008	N/A	N/A

SPECIAL SITUATION WESTERN EUROPE		
VINTAGE YEAR	NET IRR	POOLED AVG IRR (1)
1995	N/A	32.00%
1996	N/A	11.60%
1997	N/A	11.70%
1998	N/A	7.30%
1999	12.52%	6.60%
2000	N/A	6.50%
2001	N/A	21.50%
2002	N/A	23.20%
2003	N/A	20.80%
2004	N/A	18.60%
2005	N/A	4.50%
2006	N/A	(6.40%)
2007	N/A	1.00%
2008	N/A	N/A

(1) Source: Venture Economics, 06/30/2008 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.

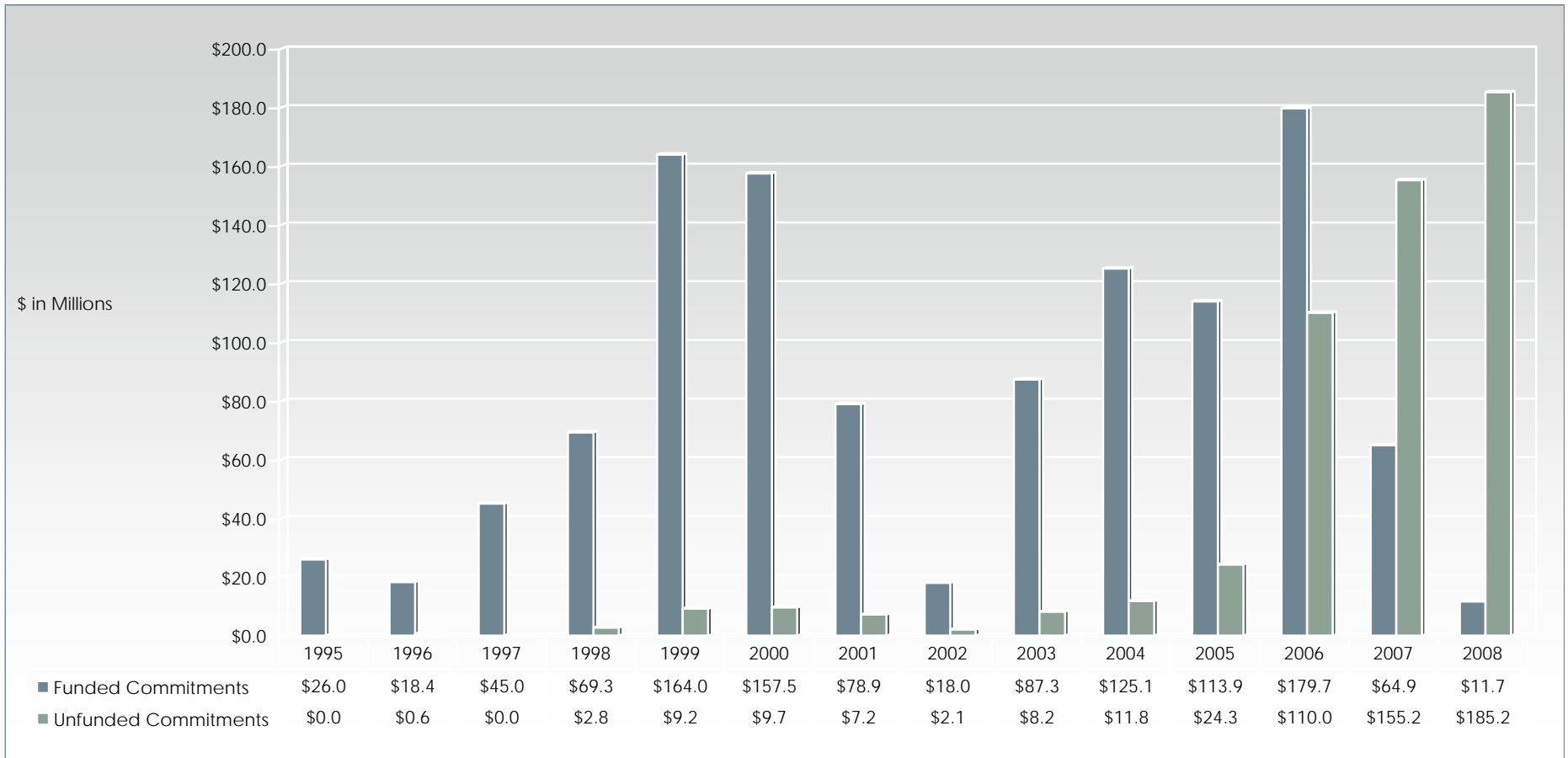
Advent International GPE VI-A, L.P., Newbridge Asia IV, L.P., OCM Opportunities Fund VII, L.P., and OCM Opportunities Fund VII-B, L.P. are not included in this analysis because there is no relevant benchmark available for these investments at this time.



## Section 4 Portfolio Analytics



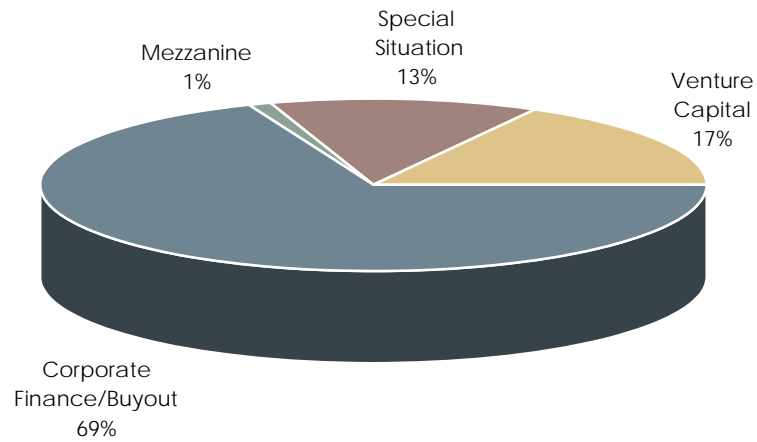
**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
COMMITMENTS BY VINTAGE YEAR  
AS OF JUNE 30, 2008**



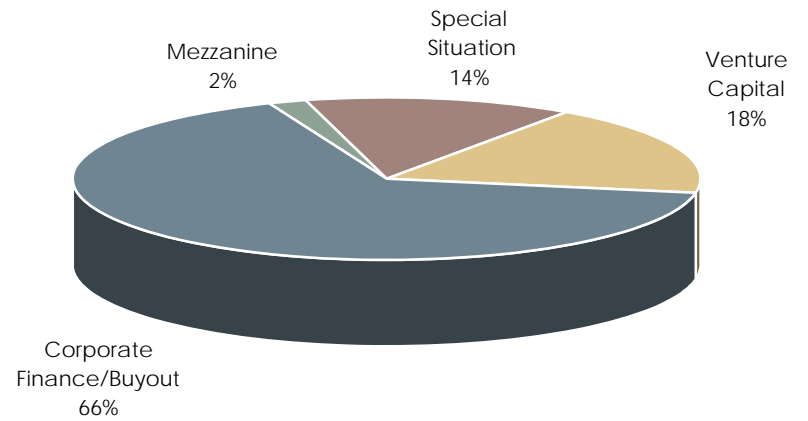
*Funded Commitments exclude additional fees.  
Unfunded Commitments include recallable returns of capital.*

# PORTFOLIO STRATEGIC DIVERSIFICATION AS OF JUNE 30, 2008

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)

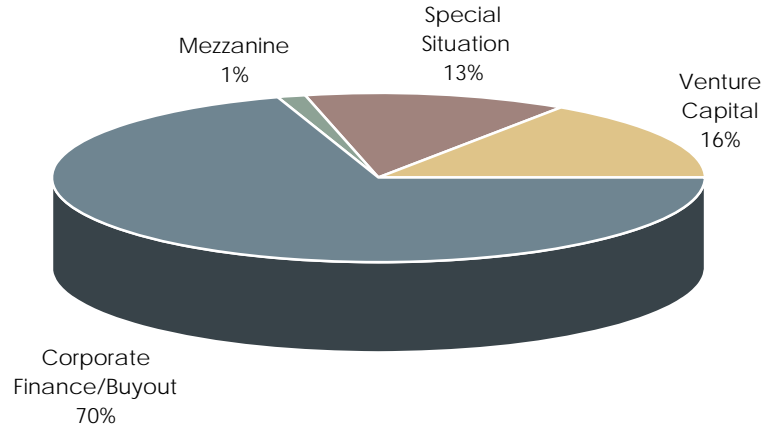


*Note: Based on reported market values provided by the general partners.*

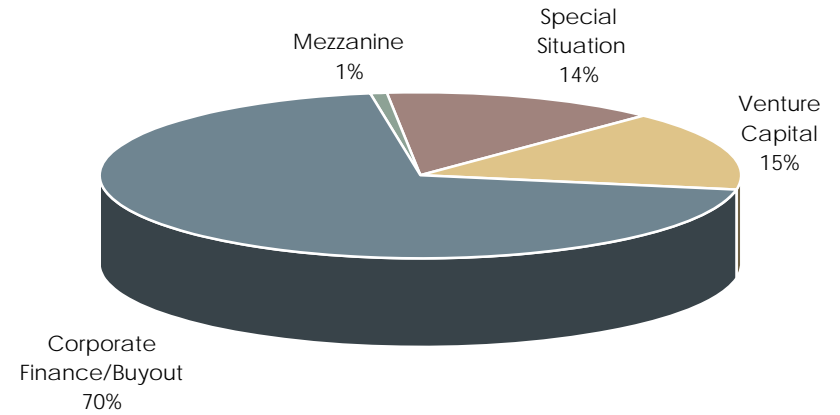


PORTFOLIO STRATEGIC DIVERSIFICATION  
AS MEASURED BY  
MARKET VALUE OF FUNDED PLUS UNFUNDED COMMITMENTS  
AS OF JUNE 30, 2008  
(MANAGED BY HL)

As of June 30, 2008



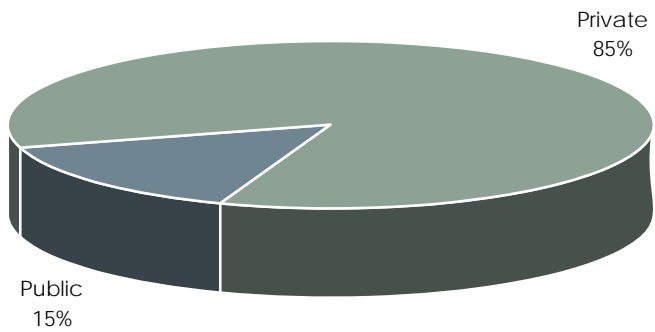
As of June 30, 2007



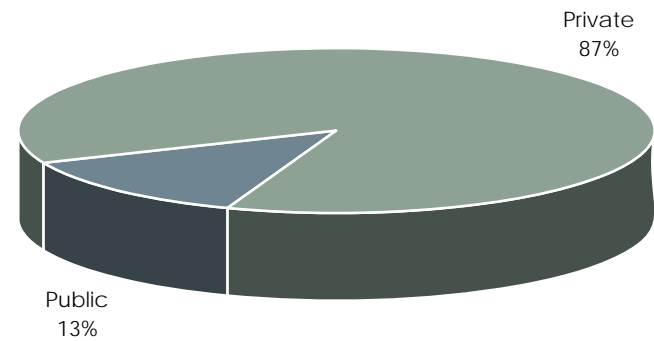
*Note: Based on reported market values provided by the general partners.*

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
PUBLIC VS. PRIVATE HOLDINGS  
AS OF JUNE 30, 2008

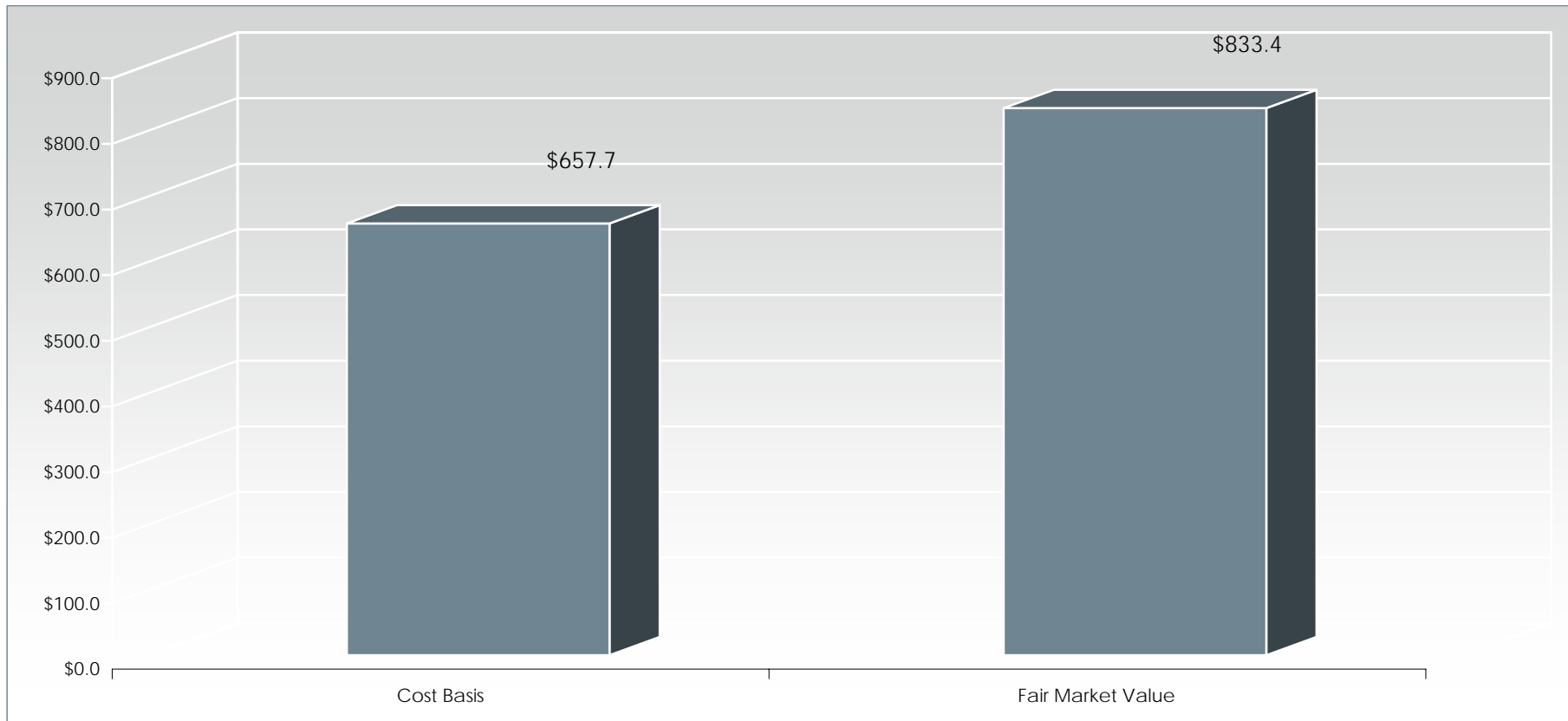
Based on Number of Companies



Based on Reported Market Value



LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
COST AND FAIR MARKET VALUE (EXPOSED MARKET VALUE) OF PORTFOLIO HOLDINGS  
AS OF JUNE 30, 2008



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





## **Appendix A 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.



**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 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**



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