



Hamilton Lane

FCERA Quarterly Reporting

Fourth Quarter 2019



Market Update



Public Markets in 2020 – Volatility Reigns

2020 YTD Index Performance

Through 4/30/2020, Indexed to 100 as of 1/1/2020



Source: Bloomberg (May 2020)

- The COVID-19 pandemic has caused significant dislocation in the global equity markets
 - Stimulus measures supported equity market performance during April and May
 - There are some signs of renewed optimism as some countries begin to re-open their economies
- High yield debt experienced its largest decline since the GFC and defaults are expected to rise
- A steep decline in crude oil prices has significantly impacted commodity indices

The information contained herein is based on the latest available information and Hamilton Lane's opinions as of the date of this presentation and subject to change at the Firm's discretion.

COVID-19 – Containment Measures Easing

Hamilton Lane's Country Response Report Card

As of May 26, 2020

	Testing and Medical Preparedness	Fiscal Stimulus	Effectiveness of Re-opening
Asia			
China	A	C	A
South Korea	A	C	A
Japan	B	A	C – Early but encouraging
Australia	A	A	B – Early but encouraging
Europe			
Italy	C	B	Too early
Germany	A	B	B
Spain	C	B	Too early
UK	C	A	Too early
France	C	A	Too early
Sweden	B	C	No change
North America			
U.S.	B	A	C – Early but encouraging
Canada	C	C	No re-opening
Mexico	F	F	No re-opening
Rest of World			
Brazil	F	D	No change
Israel	B	C	B

- In North America: All states in the US are in some stage of re-opening. Canada & Mexico remain mostly in lockdown
- Denmark, Switzerland, Czechia, Norway, Austria and Germany all show continued flat or declining active case and death levels
- We are in the early days in understanding what the impact on world economies will be or how consumer behaviors will change. There are indications from China that consumer behavior has not returned to pre-COVID levels

The information contained herein is based on the latest available information as of 5/26/20 and Hamilton Lane's opinions as of the date of this presentation and subject to change at the Firm's discretion.

COVID-19 – Where Do We Go From Here?

Containment Measures: Possible Outcomes

Hamilton Lane Assessment as of 5/26/2020

35%

Series of lesser intensity peaks and valleys but outbreaks are quickly controlled

30%

Containment measures are eased; COVID-19 returns in October/November; some containment measures are re-instated

15%

Peaks and valleys across regions over the next year, some equal in intensity to initial outbreak peaks

10%

Effective COVID-19 treatment options developed, allowing increased hospital capacity and better outcomes for patients

5%

Containment is generally maintained until a vaccine is developed, probably at some point in 2021

5%

Vaccine is developed and implementation started in 2020

- Fast, easy and reliable testing is a prerequisite for any meaningful lift of containment measures. Companies report faster tests, but poor testing, inadequate supplies and false negatives are all reality today
- Potential vaccines are still in the early stages of development. Vaccines developed by Moderna and Oxford University have both moved to phase 2 trials and researchers at Beijing University isolated an antibody that appears effective in shortening recovery time and providing some longer term immunity

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Private Markets



Key Private Markets Observations

Portfolio reviews ongoing

- Hamilton Lane has conducted a comprehensive outreach to hundreds of GPs in order to assess investments and outlook
- LP portfolios are, generally, well-diversified with varying degrees of exposure to some of the industries most severely impacted by COVID-19
- The ultimate impact will depend on the speed with which global economies are able to re-open

Q1 valuations likely down but relatively muted

- Q1 valuations will be available early-mid June
- Given the volatility in the public markets and the impacts across business activity in Q1, we expect softness in performance across our portfolios
- Hamilton Lane estimates Q1 2020 marks will be down in the high negative single digits¹

Limited near-term cash flow concerns

- Slight uptick in capital calls in March and April 2020, though we have not observed the surge of capital calls discussed in the news or feared by LPs
- Credit managers are driving recent capital calls as they look to “play offense”
- Exits will likely remain limited for some time – distribution activity in April the lowest since January 2012

Investment opportunity set evolving

- There is a very high bar for approving new investments
- Portfolios with remaining capital to invest will lean into areas with attractive opportunities, such as distressed credit, rescue finance, secondary investments, and turnaround deals
- Private markets, with plenty of dry powder, are well positioned to take advantage of new investment opportunities

¹ Actual results may differ from Hamilton Lane estimates. Hamilton Lane analysis and estimates are based on the evaluation of information available to Hamilton Lane at the time of the estimate. Estimates are subject to change as new information becomes available and are not a guarantee of future performance

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Portfolio Reviews Ongoing

GP and Hamilton Lane portfolio reviews are ongoing

What GPs are doing?

Working with banks/lenders to manage cash needs

Evaluating availability of government aid for portfolio companies

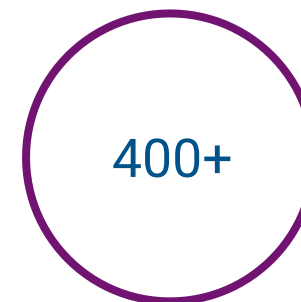
Scenario planning and implementation

Considering opportunities for improved competitive positioning or M&A

GP's Contacted¹



Update Calls/Meetings¹



- HL internal efforts supported by extensive investment database and active monitoring program

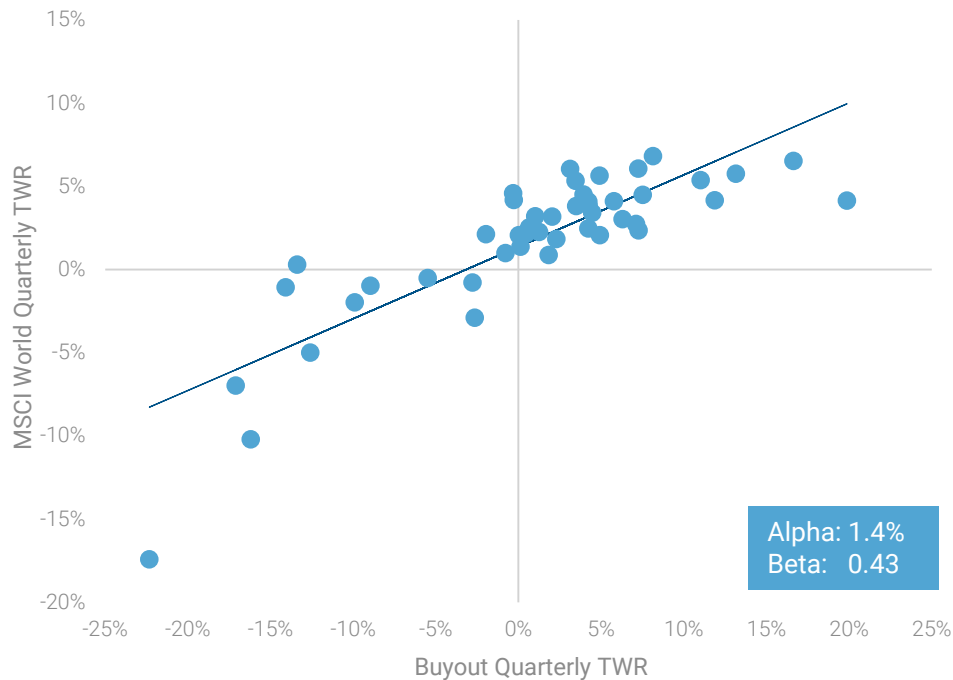
¹As of May 5, 2020

Q1 Valuation Softness Expected

Understanding the relationship between public and private markets is one piece of the larger valuation puzzle

Buyout vs MSCI World Regression Results

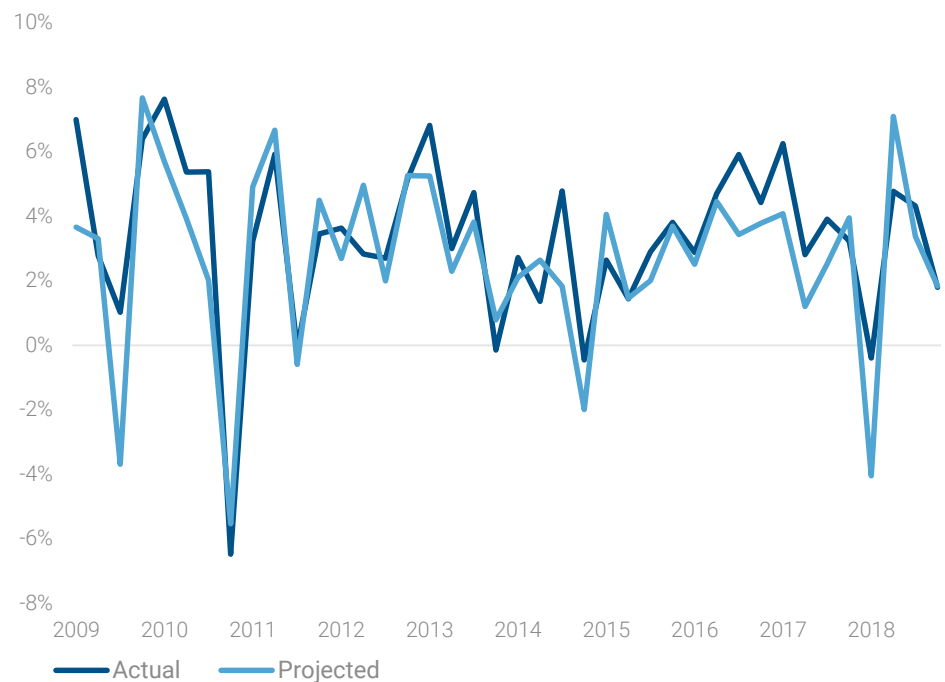
2008 - Q3 2019



Source: Hamilton Lane; Bloomberg (April 2020)

Buyout Quarterly Returns

Actual vs Alpha Beta Model Projections



Source: Hamilton Lane (April 2020)

- Private market valuations lag 60 to 90 days after quarter end
- Historically buyout beta has been 0.43 with respect to public equity markets, with a quarterly alpha of about 1.4%
- Assuming that beta and alpha, we estimate Q1 2020 valuations will be down in the high single digits, though individual funds will vary widely by region and sector

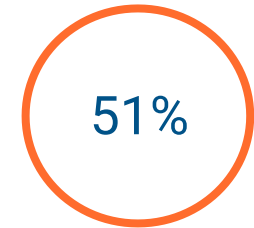
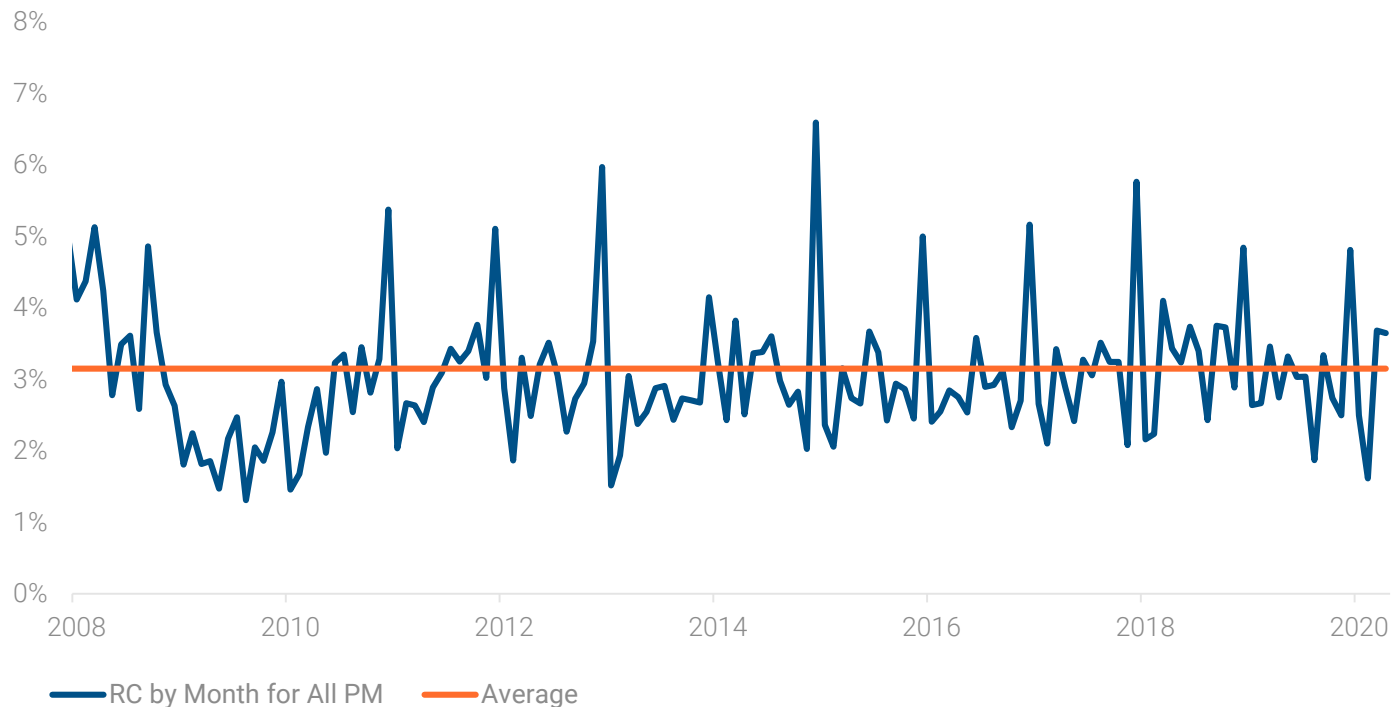
For illustrative purposes only. Actual results may differ from Hamilton Lane estimates. Hamilton Lane analysis and estimates are based on the evaluation of information available to Hamilton Lane at the time of the estimate. Estimates are subject to change as new information becomes available and are not a guarantee of future performance.

Cash Flows – Limited Cause For Alarm

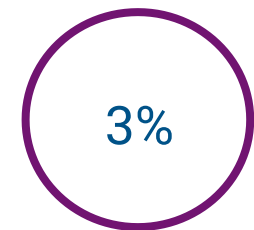
To date, we have not seen the surge of capital calls discussed in the news or feared by LPs

Rate of Contributions by Month for All PM

Monthly Contributions as a % of Unfunded Commitment



Funds expect capital calls in Q2 2020¹



Projected average % of commitments to be called in Q2 2020¹

Source: Hamilton Lane; Bloomberg (April 2020)

- Total capital calls for Q4 2019 and Q1 2020 were up approximately 5% and down approximately 16%, respectively, from historical quarterly averages
- However, on a monthly basis, March and April were about 15 to 20% higher than historical averages
- Total contributions not expected to increase significantly quarter over quarter as new deal activity has slowed

¹Based on Hamilton Lane survey of 306 fund partnerships; includes vintage years 2010 to 2020. Excludes Fund-of-Funds and Secondaries. Figures in charts are rounded to nearest percentage point. The information contained herein is based on the latest available information and Hamilton Lane's opinions as of the date of this presentation and subject to change at the Firm's discretion.

Challenging Market, But Opportunities Exist

The new investment opportunity set will shift over time, requiring flexibility, expertise, capital and speed of execution

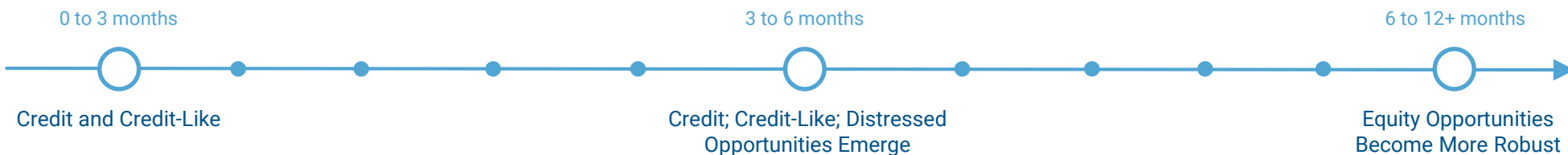
Direct Investment Landscape

Investment Area	Current Deal Flow	Investment Prospects (Today)	Investment Prospects (1 year)
Liquid/Traded Credit	Slightly Favorable	Slightly Unfavorable	Slightly Favorable
Preferred/Structured - Liquidity Based Financings	Slightly Favorable	Slightly Favorable	Neutral
Rescue Financing	Neutral	Slightly Favorable	Slightly Favorable
Distressed	Slightly Favorable	Neutral	Slightly Favorable
Secondary-LP Market	Slightly Unfavorable	Slightly Unfavorable	Favorable
Secondary-GP led	Slightly Unfavorable	Slightly Unfavorable	Favorable
Buyout	Slightly Unfavorable	Neutral	Slightly Favorable
Growth Equity	Neutral	Slightly Unfavorable	Slightly Favorable
Follow-On Equity	Neutral	Slightly Unfavorable	Neutral
PIPES (Private Investment in Public Equity)	Slightly Unfavorable	Slightly Unfavorable	Neutral
Venture	Slightly Unfavorable	Neutral	Neutral

■ Favorable
 ■ Slightly Favorable
 ■ Neutral
 ■ Slightly Unfavorable
 ■ Unfavorable

Real Assets Direct Investment Landscape

Investment Area	Current Deal Flow	Investment Prospects (Today)	Investment Prospects (1 year)
Energy	Neutral	Unfavorable	Slightly Favorable
Infrastructure	Slightly Favorable	Neutral	Slightly Favorable
Agriculture	Unfavorable	Unfavorable	Slightly Unfavorable
Real Estate	Neutral	Neutral	Neutral



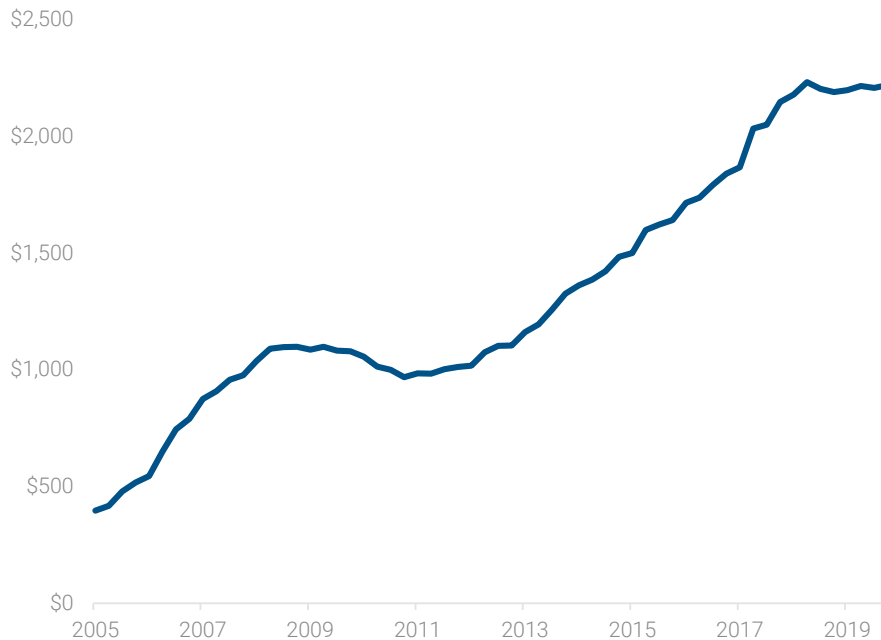
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Dry Powder Remains Robust

Private markets well positioned to take advantage of dry powder

All Private Markets: Total Dry Powder

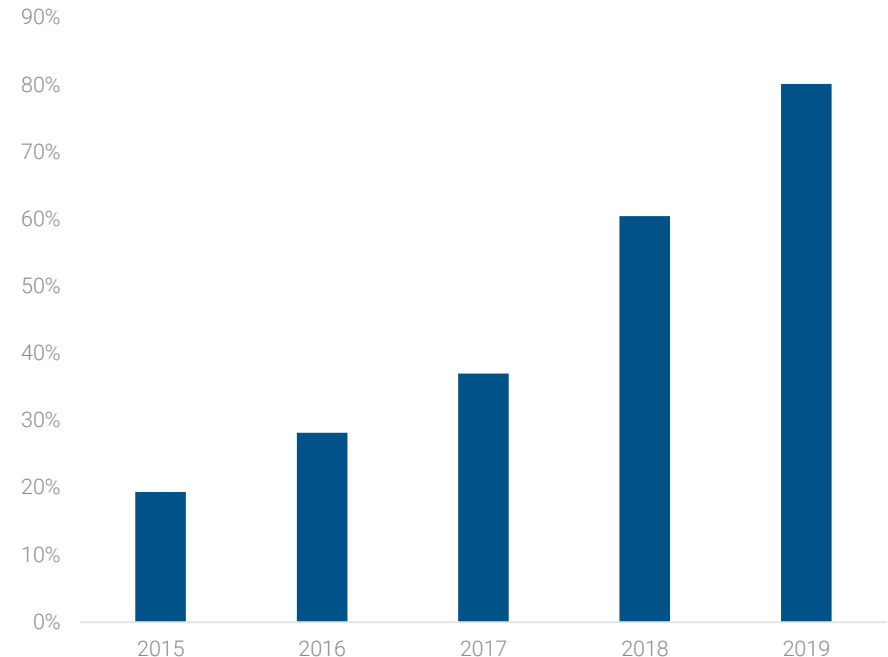
Billions (USD)



Source: Hamilton Lane via Cobalt (May 2020)

All Private Markets: Unfunded % by Vintage Year

Unfunded/Commitments



Source: Hamilton Lane via Cobalt (May 2020)

- 2018 and 2019 vintage year funds on average have over 60% of dry powder at their disposal
- Older vintages are not as well positioned to take advantage of upcoming opportunities

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FCERA PE Portfolio Summary

Private Equity Portfolio Summary

Private Equity Mandate			
Tranche:	First Tranche		
Capital Commitments:	\$250 million; \$240 million to Primaries, \$10 million to Secondaries		
Commitment Period:	November 1, 2017 - November 1, 2020		
Capital Commitments to Date			
Close Date	Fund	Strategy	Commitment
Primaries			
4/11/2018	Kelso Investment Associates X, L.P.	Buyout - Mid	\$7.5
6/12/2018	Platinum Equity Small Cap Fund, L.P.	Buyout - Mid	\$7.5
7/20/2018	SK Capital Partners Fund V, L.P.	Buyout - Mid	\$10.0
8/30/2018	Thomas H. Lee Equity Fund VIII, L.P.	Buyout - Large	\$7.5
9/14/2018	K4 Private Investors, L.P.	Buyout - Mid	\$5.0
9/25/2018	H.I.G. Growth Buyouts & Equity Fund III, L.P.	Buyout - Small	\$10.0
12/10/2018	Verdane Capital X AB	Secondaries	\$7.5
12/14/2018	TPG Partners VIII, L.P.	Buyout - Mega	\$10.0
4/5/2019	Gridiron Capital Fund IV, L.P.	Buyout - Mid	\$10.0
4/18/2019	The Seventh Cinven Fund	Buyout - Mega	\$8.6
4/29/2019	Avista Capital Partners V, L.P.	Buyout - Small	\$10.0
7/1/2019	Platinum Equity Capital Partners V, L.P.	Buyout - Mega	\$10.0
7/3/2019	Aurora Equity Partners VI, L.P.	Buyout - Mid	\$10.0
7/22/2019	ZMC III, L.P.	Buyout - Small	\$6.8
9/20/2019	NewQuest Asia Fund IV, L.P.	Secondaries	\$10.0
11/26/2019	Insight Partners XI, L.P.	Growth Equity	\$10.0
12/6/2019	HGGC Fund IV, L.P.	Buyout - Mid	\$10.0
12/24/2019	JFL Equity Investors V, L.P.	Buyout - Mid	\$10.0
4/22/2020	K5 Private Investors, L.P.	Buyout - Large	\$10.0
5/1/2020	Bridgepoint Development Capital IV, L.P.	Buyout - Mid	\$9.8
5/1/2020	CVC Capital Partners VIII, L.P.	Buyout - Mega	\$10.0
5/15/2020	Sterling Group Partners V, L.P.	Buyout - Mid	\$10.0
Subtotal Primaries			\$200.1
Secondaries			
12/1/2017	Avista Capital Partners IV, L.P.	Secondaries	\$10.0
Subtotal Secondaries			\$10.0
Total Primaries and Secondaries			\$210.1

Private Equity Portfolio Summary

FCERA Private Equity Portfolio			
(USD in Millions)	9/30/2019	12/31/2019	Change
Total Active Partnerships	10	10	-
Total Active HL Partnerships	17	20	3
Exited Investments	-	-	-
Active GP Relationships	20	23	3
Capital Committed	\$583.5	\$614.0	\$30.5
Unfunded Commitment	\$207.2	\$223.8	\$16.6
Paid-In Capital	\$390.5	\$407.6	\$17.1
Capital Distributed	\$353.7	\$361.5	\$7.8
Market Value	\$240.6	\$260.0	\$19.4
Total Value Multiple (TVPI)	1.5x	1.5x	-
Avg. Age of Commitments	7.2 years	7.1 years	(0.1 years)
Since Inception IRR Performance			
Portfolio Net IRR ¹	13.11%	13.17%	6 bps

¹ Portfolio Net IRR, gross of Hamilton Lane Fees
 Note: Change over the period may not sum due to rounding

Private Equity Portfolio Summary

Fresno County Employees' Retirement Association Portfolio Performance Summary by Investment as of December 31, 2019

Hamilton Lane Portfolio	Vintage Year	Strategy	Capital Committed	Unfunded Commitment	Paid-In Capital	Capital Distributed	Market Value	Since Inception IRR	TVPI
Aurora Equity Partners VI, L.P.	2019	Buyout - Mid	\$10,000,000	\$10,000,000	\$-	\$-	\$-	N/A	N/A
Avista Capital Partners IV, L.P.	2018	Secondaries	10,000,000	991,686	11,049,069	4,850,160	8,958,737	31.18%	1.2x
Avista Capital Partners V, L.P.	2019	Buyout - Small	10,000,000	10,000,000	-	-	(123,145)	N/A	N/A
Cinven Seventh Fund	2019	Buyout - Mega	8,593,443	8,593,443	-	-	(22,386)	N/A	N/A
Gridiron Capital Fund IV, L.P.	2019	Buyout - Mid	10,000,000	10,000,000	-	-	(175,991)	N/A	N/A
H.I.G. Growth Buyouts & Equity Fund III, L.P.	2019	Buyout - Small	10,000,000	9,695,026	304,974	-	79,390	(73.97%)	0.3x
Hamilton Lane Secondary Fund IV, L.P.	2017	Secondaries	75,000,000	22,939,628	61,404,479	16,768,295	57,148,029	19.24%	1.2x
HGGC Fund IV, L.P.	2019	Buyout - Mid	10,000,000	10,000,000	-	-	-	N/A	N/A
Insight Partners XI, L.P.	2019	Growth Equity	10,000,000	10,000,000	-	-	(23,094)	N/A	N/A
JFL Equity Investors V, L.P.	2019	Buyout - Mid	10,000,000	10,000,000	-	-	-	N/A	N/A
K4 Private Investors, L.P.	2018	Buyout - Mid	5,000,000	1,740,806	3,259,194	507	3,322,062	3.08%	1.0x
Kelso Investment Associates X, L.P.	2018	Buyout - Mid	7,500,000	6,193,958	1,320,297	16,704	1,355,376	8.36%	1.0x
NewQuest Asia Fund IV, L.P.	2019	Secondaries	10,000,000	10,000,000	-	-	(123,747)	N/A	N/A
Platinum Equity Capital Partners V, L.P.	2019	Buyout - Mega	10,000,000	9,965,904	34,096	-	25,813	N/A	0.8x
Platinum Equity Small Cap Fund, L.P.	2018	Buyout - Mid	7,500,000	6,227,602	1,319,963	47,565	795,825	(57.56%)	0.6x
SK Capital Partners Fund V, L.P.	2018	Buyout - Mid	10,000,000	7,192,047	2,807,953	3,497	2,772,143	(1.65%)	1.0x
Thomas H. Lee Equity Fund VIII, L.P.	2019	Buyout - Large	7,500,000	5,832,303	1,764,798	145,652	2,069,295	106.30%	1.3x
TPG Partners VIII, L.P.	2019	Buyout - Mega	10,000,000	9,900,148	99,852	-	(118,257)	N/A	N/A
Verdane Capital X AB	2019	Secondaries	7,144,509	6,614,099	530,410	-	949,096	78.94%	1.8x
ZMC III, L.P.	2019	Buyout - Small	6,764,374	6,764,374	-	-	-	N/A	N/A
Sub Total - Hamilton Lane Portfolio			\$245,002,326	\$172,651,024	\$83,895,085	\$21,832,380	\$76,889,146	18.62%	1.2x

Note: Capital distributed includes recallable returns of capital, which will increase the unfunded.
Total Portfolio IRR net of Hamilton Lane fees as of December 31, 2019 is 13.15%

Private Equity Portfolio Summary

Fresno County Employees' Retirement Association Portfolio Performance Summary by Investment as of December 31, 2019

Legacy Portfolio	Vintage Year	Strategy	Capital Committed	Unfunded Commitment	Paid-In Capital	Capital Distributed	Market Value	Since Inception IRR	TVPI
Blackstone Capital Partners IV, L.P.	2003	Buyout - Mega	\$20,000,000	\$597,726	\$22,648,846	\$52,986,528	\$513,040	29.61%	2.4x
Hamilton Lane Private Equity Fund IX L.P.	2016	Fund-of-Funds	100,000,000	27,040,013	72,959,987	18,486,194	82,315,215	17.29%	1.4x
Hamilton Lane Private Equity Fund VI, LP	2007	Fund-of-Funds	70,000,000	7,388,235	62,611,765	84,086,084	18,879,989	9.41%	1.6x
Horsley Bridge XI Growth Buyout L.P.	2016	Fund-of-Funds	30,000,000	12,187,347	17,812,653	525,613	20,053,370	10.16%	1.2x
Landmark Equity Partners XIV, L.P.	2009	Secondaries	30,000,000	872,369	29,129,792	33,554,507	4,749,255	9.74%	1.3x
New Mountain Partners III, L.P.	2007	Buyout - Large	15,000,000	1,028,824	15,363,060	20,426,018	11,713,361	13.59%	2.1x
Warburg Pincus Equity Partners, L.P.	1998	Special Situations	20,000,000	-	20,000,000	33,046,892	78,813	10.26%	1.7x
Warburg Pincus Private Equity VIII, L.P.	2001	Special Situations	25,000,000	-	26,100,000	58,286,084	90,410	14.50%	2.2x
Warburg Pincus Private Equity X, L.P.	2007	Special Situations	25,000,000	-	25,046,896	35,213,799	7,198,422	8.95%	1.7x
Warburg Pincus Private Equity XII, L.P.	2015	Special Situations	34,000,000	2,023,000	31,994,364	3,054,346	37,525,457	13.34%	1.3x
Sub Total - Legacy Portfolio			\$369,000,000	\$51,137,514	\$323,667,363	\$339,666,065	\$183,117,332	13.06%	1.6x
Total Portfolio			\$614,002,326	\$223,788,538	\$407,562,448	\$361,498,445	\$260,006,478	13.17%	1.5x

Note: Capital distributed includes recallable returns of capital, which will increase the unfunded.
Total Portfolio IRR net of Hamilton Lane fees as of December 31, 2019 is 13.15%

K5 Private Investors, L.P.

Fund Information	
General Partner:	K1 Investment Management
Fund:	K5 Private Investors, L.P.
Firm Inception:	2010
Target Size:	\$3.5 billion
Strategy:	Buyout – Large
Geography:	North America
Team:	47 investment professionals
Senior Partners:	Neil Malik, Taylor Beaupain, Hasan Askari, Sujit Banerjee, and Ronald Cano
Location	El Segundo, CA
Industries	Enterprise Software

- K1 Investment Management targets high-growth enterprise software companies across North America.

Bridgepoint Development Capital IV, L.P.

Fund Information	
General Partner:	Bridgepoint Development Capital (“BDC”)
Fund:	Bridgepoint Development Capital IV, L.P.
Firm Inception:	1984 (spun out in 2000)
Target Size:	£1.0 billion
Strategy:	Buyout – Mid
Geography:	Western Europe
Team:	27 investment professionals
Senior Partners:	Michael Black, Raoul Hughes, Johan Dahlfors, Olivier Nemsguern, Alan Payne
Location	London (headquarters), Paris, Stockholm
Industries	Diversified

- BDC focuses on buyouts and growth capital investments in businesses with an enterprise value between £30 million to £200 million in the Consumer & Leisure, Healthcare & Life Sciences, Industrials, Media & Technology, and Business Services sectors.

CVC Capital Partners VIII, L.P.

Fund Information	
General Partner:	CVC Capital Partners ("CVC")
Fund:	CVC Capital Partners VIII, L.P.
Firm Inception:	1981
Target Size:	€17.5 billion
Strategy:	Buyout – Mega
Geography:	Global; primarily Europe
Team:	109 investment professionals
Senior Partners:	22 Managing Partners
Location	23 Offices Worldwide
Industries	Diversified

- CVC seeks to acquire large-cap companies primarily in European and North American markets. CVC covers all sectors, with three specialist investment teams focusing on Healthcare, Financial Services, and TMT.

Sterling Group Partners V, L.P.

Fund Information	
General Partner:	The Sterling Group, L.P. ("Sterling")
Fund:	Sterling Group Partners V, L.P.
Firm Inception:	1982
Target Size:	\$1.75 billion
Strategy:	Buyout – Mid
Geography:	North America
Team:	18 investment professionals
Senior Partners:	John Hawkins, Gary Rosenthal, Kent Wallace, Greg Elliot, Brian Henry, Brad Staller, Scott MacLaren
Location	Houston (headquarters) and Dallas
Industries	Industrial and Industrial Services

- Sterling has consistently targeted North American middle-market companies operating across a variety of industrials and industrial services subsectors.



Endnotes



Definitions

Strategy Definitions

All Private Markets – Hamilton Lane’s definition of “All Private Markets” includes all private commingled funds excluding fund-of-funds, and secondary fund-of-funds.

CI Funds – Any fund that either invests capital in deals alongside a single lead general partner or alongside multiple general partners.

Co/Direct Investment Funds – Any PM fund that primarily invests in deals alongside another financial sponsor that is leading the deal.

Corporate Finance/Buyout – Any PM fund that generally takes control position by buying a company.

Credit – This strategy focuses on providing debt capital.

Distressed Debt – Includes any PM fund that primarily invests in the debt of distressed companies.

EU Buyout – Any buyout fund primarily investing in the European Union.

Fund-of-Funds (FoF) – A fund that manages a portfolio of investments in other private equity funds.

Growth Equity – Any PM fund that focuses on providing growth capital through an equity investment.

Infrastructure – An investment strategy that invests in physical systems involved in the distribution of people, goods, and resources.

Late Stage VC – A venture capital strategy that provides funding to developed startups.

Mega/Large Buyout – Any buyout fund larger than a certain fund size that depends on the vintage year.

Mezzanine – Includes any PM fund that primarily invests in the mezzanine debt of private companies.

Multi-Management CI – A fund that invests capital in deals alongside a lead general partner. Each deal may have a different lead general partner.

Multi-Stage VC – A venture capital strategy that provides funding to startups across many investment stages.

Natural Resources – An investment strategy that invests in companies involved in the extraction, refinement, or distribution of natural resources.

Origination – Includes any PM fund that focuses primarily on providing debt capital directly to private companies, often using the company’s assets as collateral.

Private Equity – A broad term used to describe any fund that offers equity capital to private companies.

Real Assets – Real Assets includes any PM fund with a strategy of Infrastructure, Natural Resources, or Real Estate.

Real Estate – Any closed-end fund that primarily invests in non-core real estate, excluding separate accounts and joint ventures.

ROW - Any fund with a geographic focus outside of North America and Western Europe.

ROW Equity – Includes all buyout, growth, and venture capital-focused funds, with a geographic focus outside of North America and Western Europe.

Secondary FoF – A fund that purchases existing stakes in private equity funds on the secondary market.

Seed/Early VC – A venture capital strategy that provides funding to early-stage startups.

Single Manager CI – A fund that invests capital in deals alongside a single lead general partner.

SMID Buyout – Any buyout fund smaller than a certain fund size, dependent on vintage year.

U.S. Mega/Large – Any buyout fund larger than a certain fund size that depends on the vintage year and is primarily investing in the United States.

U.S. SMID – Any buyout fund smaller than a certain fund size that depends on the vintage year and is primarily investing in the United States.

VC/Growth – Includes all funds with a strategy of venture capital or growth equity.

Venture Capital – Venture Capital includes any PM fund focused on any stages of venture capital investing, including seed, early-stage, mid-stage, and late-stage investments.

Index Definitions

Barclays U.S. Corporate Aggregate Index – Tracks the performance of U.S. fixed rate corporate debt rated as investment grade.

BofAML High Yield Index – The BofAML High Yield index tracks the performance of below investment grade U.S. dollar-denominated corporate bonds publicly issued in the U.S. domestic market.

Credit Suisse High Yield Index – The Credit Suisse High Yield index tracks the performance of U.S. sub-investment grade bonds.

Credit Suisse Leveraged Loan Index – The CS Leveraged Loan Index represents tradable, senior-secured, U.S. dollar-denominated non-investment grade loans.

FTSE/NAREIT Equity REIT Index – The FTSE/NAREIT All Equity REIT Index tracks the performance of U.S. equity REITs.

HFRI Composite Index – The HFRI Composite Index reflects hedge fund industry performance.

MSCI Emerging Markets Index – The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets.

MSCI Europe Index – The MSCI Europe Index tracks large and mid-cap equity performance across 15 developed market countries in Europe.

MSCI World Energy Sector Index – The MSCI World Energy Sector Index measures the performance of securities classified in the GICS Energy sector.

MSCI World ex U.S. Index – The MSCI World ex U.S. Index tracks large and mid-cap equity performance in developed market countries, excluding the U.S.

MSCI World Index – The MSCI World Index tracks large and mid-cap equity performance in developed market countries.

Russell 3000 Index – The Russell 3000 Index is composed of 3000 large U.S. companies, as determined by market capitalization.

Russell 3000 Net Total Return Index – The Russell 3000 NTR Index is composed of 3000 large U.S. companies, as determined by market capitalization with net dividends reinvested.

S&P 500 Index – The S&P 500 Index tracks 500 largest companies based on market capitalization of companies listed on NYSE or NASDAQ.

S&P Global Infrastructure Index – The S&P Global Infrastructure Index tracks the performance of 75 companies from around the world that represent the infrastructure industry.

Other

Desmoothing – A mathematical process to remove serial autocorrelation in the return stream of assets that experience infrequent appraisal pricing, such as private equity. Desmoothed returns may more accurately capture volatility than reported returns. The formula used here for desmoothing is:

Where $rD(t)$ = the desmoothed return for period t , $r(t)$ = the return for period t , ρ = the autocorrelation

$$rD(t) = (r(t) - r(t-1) * \rho) / (1 - \rho)$$

PME (Public Market Equivalent) – Calculated by taking the fund cash flows and investing them in a relevant index. The fund cash flows are pooled such that capital calls are simulated as index share purchases and distributions as index share sales. Contributions are scaled by a factor such that the ending portfolio balance is equal to the private equity net asset value (equal ending exposures for both portfolios). This seeks to prevent shorting of the public market equivalent portfolio. Distributions are not scaled by this factor. The IRR is calculated based off of these adjusted cash flows.

Sharpe Ratio – The Sharpe Ratio is the average return earned in excess of the risk-free rate per unity of volatility or total risk.

Time-weighted Return – Time-weighted return is a measure of compound rate of growth in a portfolio,

Total Exposure – Total Exposure is equal to NAV + Unfunded Commitment.

Volatility – Volatility is a statistical measure of dispersion of return, specifically standard deviation.

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