HAMILTON LANE

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

DECEMBER 31, 2007
ALTERNATIVE INVESTMENT REVIEW

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Market Update

2007 Year in Review

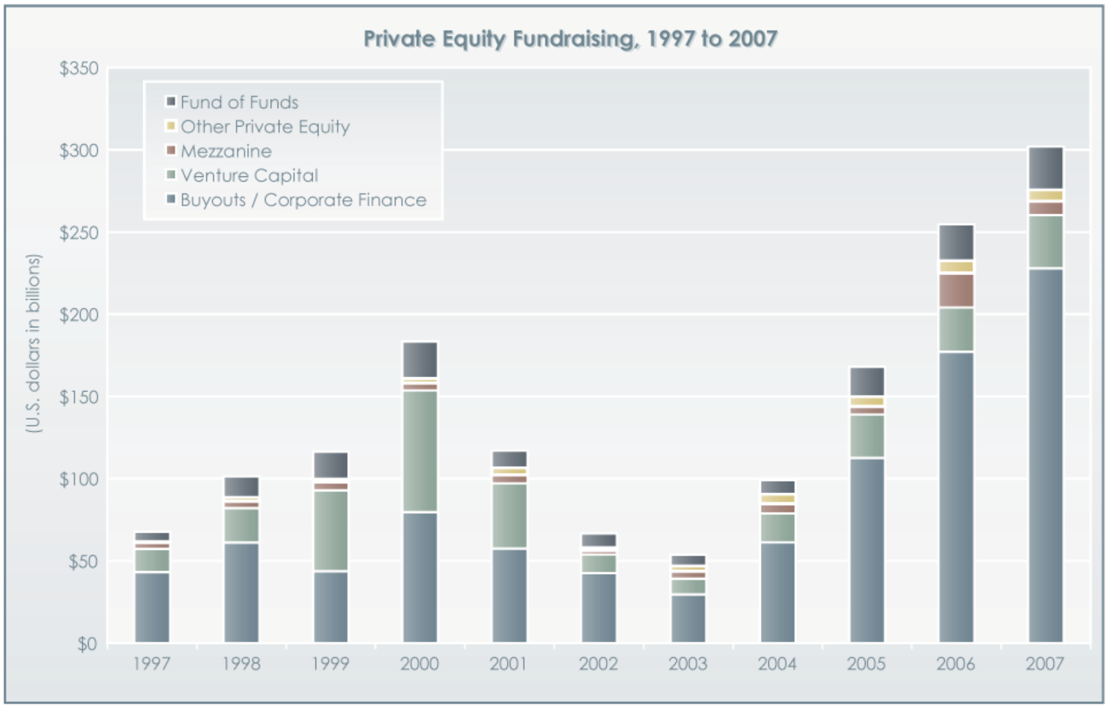
Private equity in 2007 was record-breaking in several ways. Private equity firms raised more funds, did more leveraged buyouts and executed the largest-sized deals ever. The credit turmoil that developed around mid-year last year might have made a few of those records the high water mark for now. However, U.S. banks have made progress on the overhang of leveraged buyout loans, paring their exposures to $129 billion from $163 billion at the beginning of the year. Working out the credit issues does not necessarily mean that private equity will quickly return to recent high levels, but conditions are likely to become more "normalized," as pricing, credit terms and returns expectations go back to levels last seen a few years ago. Going forward, the market will likely be driven by (i) continued growing interest in private equity and other alternative investments; (ii) more normalized deal characteristics, (iii) more rationalized returns expectations; and (iv) a greater focus on alternative and down-cycle strategies.

Continued growing interest in private equity.

Several private equity firms have reportedly pushed back their closing dates, but firms are demonstrating that they are still able to close funds. Institutional investors are still increasing their allocations to private equity and other alternative investment strategies as they seek ways to outperform the markets. Even though growth in private equity is expected to slow from the rapid pace of recent years, leveraged buyout-related assets are expecting to rise to $1.4 trillion by 2012, compared to more than $700 billion today, according to McKinsey & Company. Global fundraising rose to $518 billion in 2007 versus $516 billion in 2006, according to Private Equity Analyst. Most of the limited partner investment interest in recent years has been concentrated in buyouts. U.S. private equity firms raised $58.5 billion during the first quarter of 2008, up 32 percent over the $44.3 billion raised in the same period last year.

Large sovereign wealth and pension funds continue to demonstrate their interest in the asset class. A number of institutions, in fact, are making direct investments into private equity firms. CalPERs in January bought a stake in Silver Lake. China Investment Corporation (CIC) last year invested in Blackstone, while the Abu Dhabi Investment Authority (ADIA) invested in Carlyle and Apollo.

Market Update



(Source: Private Equity Analyst)

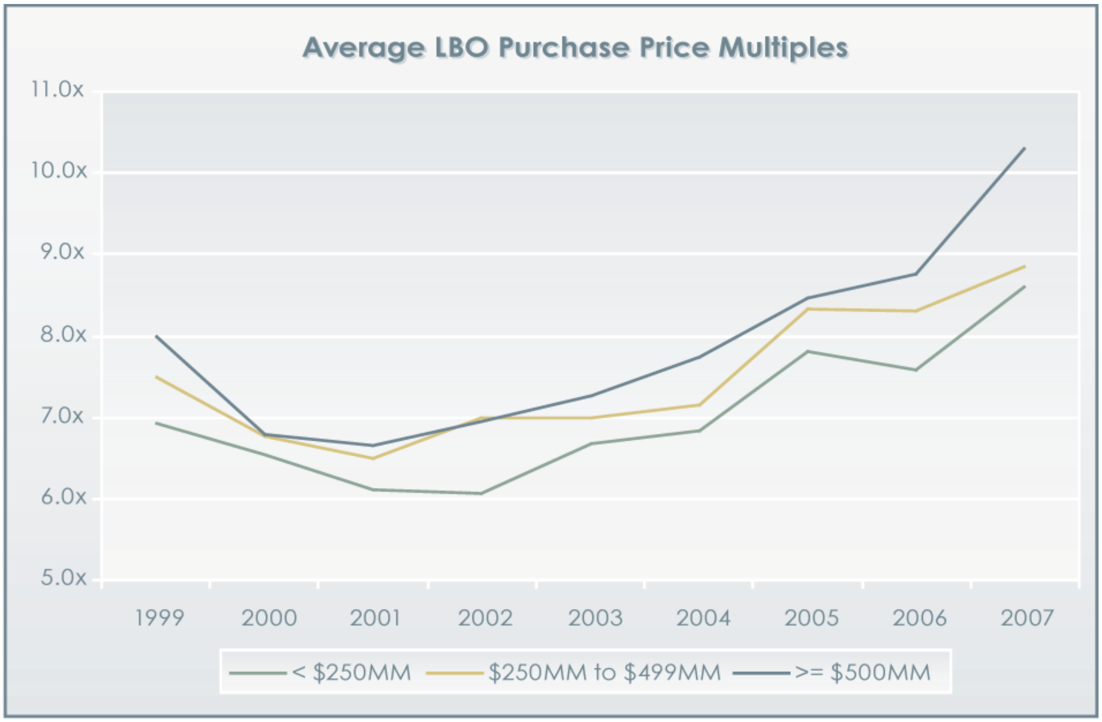
More normalized deal characteristics.

With the freeze in the credit markets, private equity firms in recent months have focused on smaller-sized transactions. In the United States, firms have executed leveraged buyouts in the first quarter of 2008 at an average size of $265 million versus a 2006-2007 average of approximately $643 million. In Europe, large buyouts made up 20.4 percent of investment activity in 2007 versus 10.2 percent in 2006, while mid-market buyouts rose to 32.5 percent from 25.9 percent, according to the European Venture Capital Association. Transaction volumes in the first quarter of 2008 are off of 2007 levels, floating towards volumes last seen in 2005. Until the $7 billion Washington Mutual deal announced in April. the private equity market had not seen a transaction larger than $5 billion since July of last year.

Private equity is seeing less large club deals, while firms are settling for less leverage. The slowdown is different from the implosion of venture capital during the dot.com era, however, when venture capital funds raised sizeable funds to invest in companies that had little or no revenues or cash flow. In contrast to early-stage venture capital, buyout funds generally target companies with real revenues and cash flow. The market is re-centering on proper pricing levels for these assets, rather than whether the assets are real.

During the height of the recent loose credit conditions, paid-in-kind (PIK) toggle notes and covenant lite loans emerged. As lenders struggle to re-strengthen their balance sheets, however, LBO leverage multiples are expected to continue falling from the 6.2x debt to EBITDA multiples for companies with greater than $50 million EBITDA and 5.6x multiples for companies with less than $50 million EBITDA seen in 2007. The median leverage multiples for the past decade were 4.8x and 4.2x, respectively. The tougher credit conditions will also likely push down overall purchase multiples—from their headier 2007 levels ranging from 8.6x purchase price to EBITDA for transactions less than $250 million to 10.3x for deals $500 million or greater in size. Lower expectations for exit multiples mean that funds will have to focus more on operational improvements in their portfolio companies.

(Source: S&P LCD)



Source: S&P LCD

More normalized returns expectations.

U.S. and European buyout returns were strong in 2007. U.S. Buyout returns were 25.9 percent and European Buyout returns were 16.1 percent, respectively, for the 12-months ended September 30, 2007 and year-ended December 31, 2007. U.S. venture capital, at 31.2 percent returns for the 12-months ended September 30, 2007, saw one of its best recent periods. Investors, however, are concerned about how issues in the credit markets will impact private equity returns going forward. The credit turmoil will likely impact investment hold periods, but it is also more normal to expect hold periods of three to seven years, instead of the experience of recent years when funds have sometimes been able to recap or sell investments within one to two years.

U.S. Private Equity - Horizon Returns
For the Periods Ended September 30, 2007

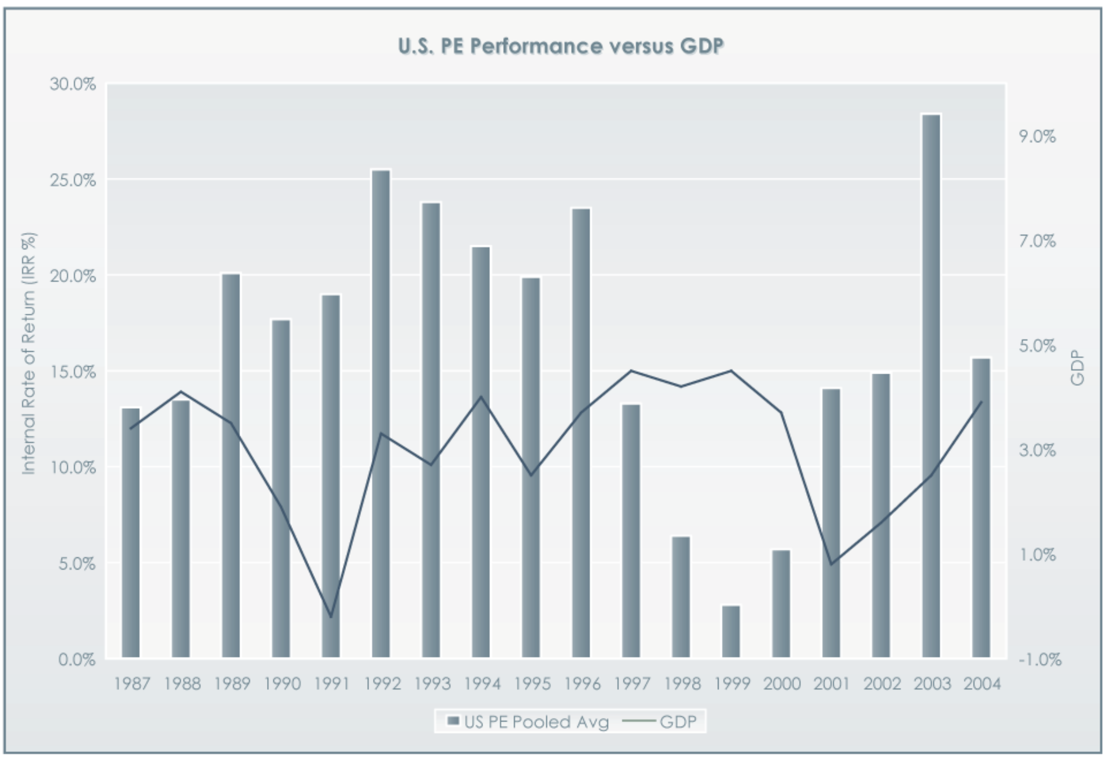
	1 Year	3 Year	5 Year	10 Year	20 Year
All Buyouts	25.9	15.2	14.5	8.5	12.9
Venture Capital	31.2	10.7	6.9	17.8	16.4
Mezzanine	16.7	5.5	5.2	6.1	8.3
All Private Equity	28.2	14.0	12.0	10.6	13.9
NASDAQ	14.2	12.2	17.9	4.8	9.4
S&P 500	10.8	10.7	13.1	4.9	8.1

Source: Thomson Venture Xpert as of April 2008

European Private Equity - Horizon Returns For the Periods Ended December 31, 2007				
	1 Year	3 Year	5 Year	10 Year
All Buyouts	16.1	21.9	15.9	16.6
Venture Capital	4.5	4.4	0.9	1.8
All Private Equity	11.7	17.1	11.5	11.5

Source: European Venture Capital Association

Lengthier hold periods and more modest exit multiples will dampen returns. Private equity firms will have to focus more on entry multiples and operational improvements. However, buyout pooled returns from 1987 to 2004 show that the buyout strategy maintains positive performance in recessionary times (when gross domestic product is slow or negative). In fact, the strategy sometimes has had its best returns in the years following recessions. Additionally, since recessions and other economic periods are difficult to predict until after the fact, steady year over year deployment of capital into the asset class—regardless of market conditions—makes more sense than trying to time the markets. The dispersion of returns between top quartile and bottom quartile funds can vary from year to year. Private equity best aligns the economic interests of management and shareholders; it returns long-term thinking to value creation, moving away from the quarter to quarter focus of the public markets. Private equity is an asset class for long-term investors, not investors who are concerned about market timing.



Source: Thomson Financial

Greater focus on alternative and down-cycle strategies.

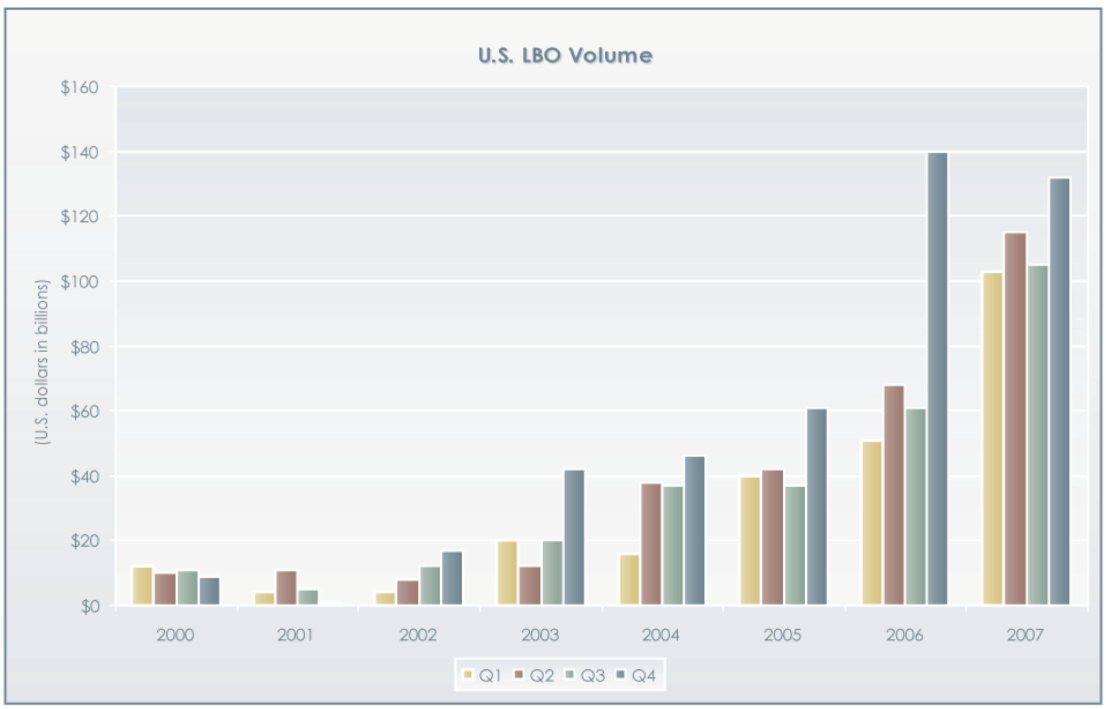
A number of leading funds believe that the dislocation in the credit markets spells opportunities. Several firms have raised vehicles to invest in hung bridge loans and other distressed debt investing opportunities. Uncertainty surrounds how long the period for these credit-related opportunities will last. Institutional investors are considering different strategies to complement their base buyout exposures.

- Credit Funds - In early April, Citigroup was reportedly selling more than $12 billion in leveraged loans to a group of private equity investors including TPG, Blackstone and Apollo. Pricing was said to be a little less than 90 cents on the dollar.

- Distressed Investing - Distressed Debt funds raised $35.1 billion in 2007 compared to $12.7 billion in 2006.

- Mezzanine – The absence of traditional lenders in the marketplace is also leading to opportunities for providers of mezzanine. In recent months, Goldman Sachs has raised $20 billion and TCW $4.5 billion for mezzanine investing.

- Emerging Markets - Many institutional investors are also diversifying geographically. Emerging markets private equity funds raised approximately $59.0 billion in 2007, a jump of more than 77 percent versus the $33.2 billion in 2006, according to the Emerging Markets Private Equity Association (EMPEA).



Source: Thomson Financial

Outlook

To cope with changing market conditions, institutional investors are broadening their interest to the international markets, distressed debt and mezzanine. Leveraged buyouts exist because various parties have found that the private model is effective for aligning the interests of various stakeholders. Institutional investors remain interested in private equity as a strong investment option.

The change in the markets since last year will slow private equity from the phenomenal growth rates of recent years. Moreover, returns expectations will be dampened as purchase and leverage multiples decline. Transactions are likely to be smaller—at least into the near future. As in past cycles, the mega funds are well placed to take advantage of market trends. The change in transaction characteristics should not change the overall viability of the asset class. Long-time investors believe that the dislocation cannot last forever. Yet they are staying flexible in the way they approach the private equity asset class.

Section 2
Portfolio Update

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 December 31, 2007 with highlights through March 31, 2008.

Private Equity Target: LACERS currently has a target allocation to private equity of 8% of the total plan assets ($12.1 billion as of year end) by 2009. Given the recent drop in the public markets, LACERS was at almost 7% as of year end and 8% as of March 31, 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 (240/60) between the "Core" Portfolio managed by Hamilton Lane and the "Carve-out" portfolio managed by PCA. During the past quarter, the Portfolio added two new investments, totaling $45.0 million in commitments.

Portfolio Summary			
$ millions	12/31/2006	12/31/2007	Change
Active Partnerships	89	100	11
Active GP Relationships	51	53	2
Capital Committed	$1,301.2	$1,509.6	208.4[(1)]
Unfunded Commitment	$472.2	$458.1	($14.1)
Capital Contributed	$840.7	$1,070.6	$229.9
Capital Distributed	$569.4	$785.6	$216.2
Market Value	$641.4	$795.0	$153.5
Total Value Multiple	1.4x	1.5x	0.1x
Since Inception IRR	13.74%	14.70%	96 bps
Avg Age of Commitments	4.25	4.53	0.28 years

(1) $3.6 million of the $208.4million reflects a change in the exchange rate for f based commitments.

Performance: As of December 31, 2007, the Portfolio consists of 100 partnerships, and 53 underlying fund managers. Eleven new partnerships were added over the past year, nine of which were existing relationships for LACERS. At year-end, the Portfolio had generated a since-inception internal rate of return ("IRR") of 14.70%, and a total value multiple ("TVM") of 1.5x. On a near-term basis, the Portfolio generated point-to-point IRRs of 21.75% for the one-year period and 1.20% for the one-quarter period.

Value Analysis:

- **Value Drivers:** During the fourth quarter of 2007, the Portfolio's market value increased $33.5 million, $9.4 million of which was net value gain from appreciation of underlying investments. For the year ending December 31, 2007, the Portfolio experienced a total market value increase of $153.5 million, of which $139.9 million represented net value gain.

- **Cash Flow Drivers:** During the fourth quarter of 2007, LACERS paid-in capital of $68.6 million and received distributions of $44.5 million, for a one-quarter cash outflow of $24.1 million. For the year ended 2007, LACERS paid-in $229.9 million compared with distributions of $216.2 million, for a 12-month net cash outflow of $13.7 million.

Portfolio Exposures: The Portfolio has buyout exposure of 72% of total market value and 69% by total exposure. The Portfolio also has exposure to Special Situation and Venture Capital on a market value basis (12%, 16%, respectively) and on a total exposure basis (13%, 17%, respectively). With regard to geography, the Portfolio is primarily focused in North America with 72% of market value based there.

Portfolio Overview

Commitments

During the four quarters of 2007, the Private Equity Portfolio committed $204.8 million. The table below highlights the commitments that closed during 2007.

2007 Commitments			
Closing Date	Partnership	Investment Strategy	Commitment Amount
1/4/2007	Providence Equity Partners VI, L.P.	Buyout	$30.0 million
3/7/2007	OCM Opportunities Fund VII, L.P.	Special Situation	$10.0 million
3/7/2007	OCM Opportunities Fund VII-B, L.P.	Special Situation	$10.0 million
3/14/2007	TPG STAR, L.P.	Special Situation	$20.0 million
5/4/2007	Avenue Special Situations Fund V, L.P.	Special Situation	$10.0 million
5/25/2007	New Mountain Partners III, L.P.	Buyout	$20.0 million
5/30/2007	Carlyle Partners V, L.P.	Buyout	$30.0 million
6/21/2007	Kelso Investment Associates VIII, L.P.	Buyout	$20.0 million
7/11/2007	Spark Capital II, L.P.	Venture Capital	$9.8 million
10/31/2007	TCV VII, L.P.	Venture Capital	$20.0 million
10/31/2007	Vista Equity Partners Fund III, L.P.	Buyout	$25.0 million
TOTAL			**$204.8 million**

During the fourth quarter of 2007, LACERS closed on two new investments, TCV VIII and Vista Equity Partners Fund III, totaling $45 million in commitments. TCV VII is an existing relationship for the Portfolio that focuses on the technology space, while Vista III is a new relationship with an emerging minority manager.

During the first quarter of 2008, LACERS closed on four new investments, totaling $85 million in commitments. Three of the investments represent existing relationships for LACERS, including one, Yucaipa American Alliance Fund II, which is the first manager to "graduate" from the Carve-Out portfolio.

Advent International GPE VI ($20 million) makes sector-focused control buyout investments in upper middle-market companies, primarily in Europe (between 65% and 75% of capital invested), and in North America (between 25% and 35%). The general partner expects to invest up to 10% of capital committed outside of Europe and North America.

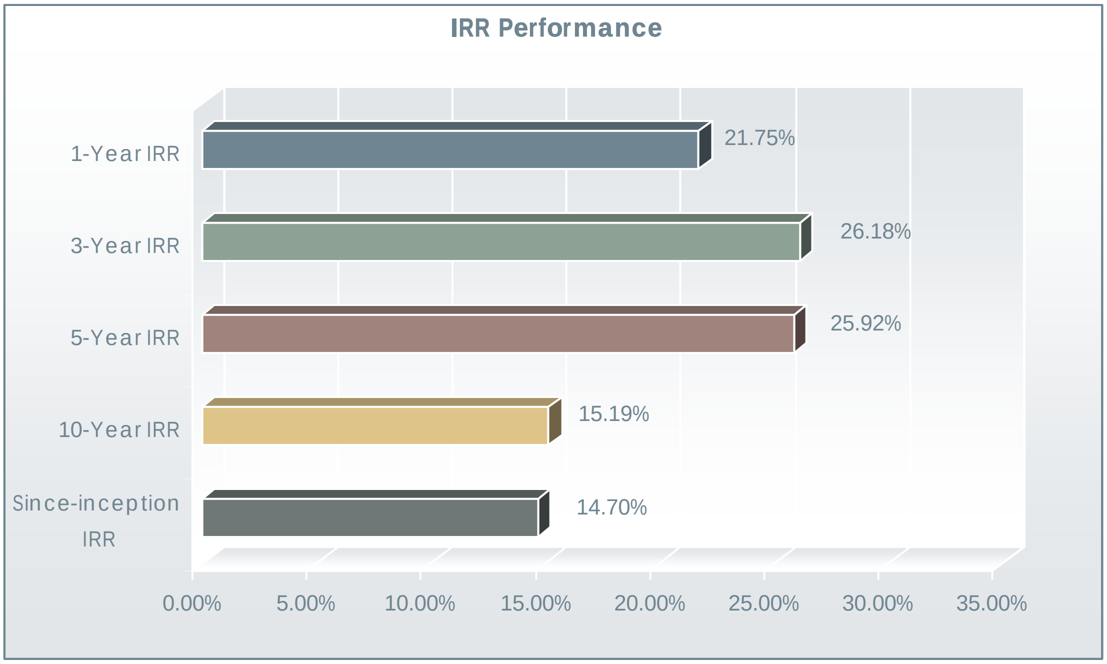
Apollo Investment Fund VII, L.P. ($20 million) invests in companies based in North America and Western Europe. The fund will make control-oriented buyout investments in undervalued franchise assets, employing a range of transaction approaches including classic buyouts, distressed buyouts, and corporate partner buyouts, depending on market conditions.

TPG Partners VI, L.P. ($25 million) seeks to complete control-oriented private equity investments in large companies based in North America, Europe, and Asia. Investments will generally be structured as buyouts, but TPG may also complete select growth capital investments, and they may utilize a wide variety of transaction structures, including leveraged and management buyouts, recapitalizations, restructurings, large-scale start-ups, etc., in its various portfolio investments.

Yucaipa American Alliance Fund II ($20 million) pursues controlling buyout investments in domestic distribution/logistics, manufacturing and retail companies, with a particular focus in the consumer food and light industrial sectors. The firm intends to build a portfolio of ten to 15 companies with equity investments that will range from $50 million to $300 million. Yucaipa is a hands-on investor and focuses on enhancing the operations, strategic positioning and/or financial management of the target company.

Performance

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



- The Portfolio has attractive 10-year and since-inception time performance; particularly strong over the last five years, consistently above an aggregate 20% IRR. The Portfolio's return over these times periods is driven by mature partnerships that are now distributing cash back to LACERS.

The table below details quarterly performance of the Portfolio for the year ending December 31, 2007.

Portfolio Summary					
	Quarter Ending				Year Ending
in $ millions	3/31/2007	6/30/2007	9/30/2007	12/31/2007	12/31/2007
Beginning Market Value	$641.4	$692.2	$731.8	$761.5	$641.4
Paid-in Capital	47.5	50.6	63.1	68.6	229.9
Distributions	(37.4)	(78.1)	(56.2)	(44.5)	(216.2)
Net Value Change	40.7	67.1	22.8	9.4	139.9
Ending Market Value	$692.2	$731.8	$761.5	$795.0	$795.0
Unfunded Commitments	$495.9	$529.2	$480.3	$458.1	$458.1
Total Exposure	$1,188.1	$1,261.0	$1,241.8	$1,253.1	$1,253.1
Point to Point IRR	6.29%	9.78%	3.08%	1.20%	21.75%
Since Inception IRR	14.20%	15.10%	15.03%	14.70%	14.70%

- As of December 31, 2007, the Portfolio generated a since-inception IRR of 14.70%, a slight decrease compared to one-quarter prior, but an increase of 50 basis points over one-year prior. The point-to-point IRR for the fourth quarter of 2007 is 1.20%. While the fourth quarter performance was not quite as strong as the other three quarters of 2007, the Portfolio had a very strong year overall, registering a 21.75% IRR, driven by $139.9 million in net value gain.

- The top driver of net value gain for the one-year period was Madison Dearborn Partners, which generated a $14.0 million increase in unrealized appreciation for the Portfolio through the performance of its underlying companies. This partnership is described in greater detail below.

- The Portfolio ended the year with a net cash outflow, having paid-in capital of $229.9 million compared with distributions of $216.2 million. After three quarters the Portfolio was on pace to have its first cash flow positive year, however the dislocation of the credit markets mid-2007, reduced exit avenues for portfolio companies and slowed portfolio liquidity.

Value Drivers

The table below displays the Portfolio's top five performance drivers by net value change as of the year ended December 31, 2007. In addition it shows the one-year point-to-point and since-inception IRR's for each partnership.

Top Five Driver Partnerships For the Year Ending December 31, 2007				
Investment Name	Net Value Change ($ Millions)	% of Gain	Point-to-Point IRR	Since-Inception IRR
Madison Dearborn Capital Partners IV, L.P.	$14.00	10.0%	56.2%	28.7%
First Reserve Fund X, L.P.	$8.15	5.8%	72.6%	58.6%
Hellman & Friedman Capital Partners V, L.P.	$8.04	5.8%	77.7%	51.8%
Permira Europe III, L.P.	$7.85	5.6%	52.6%	44.3%
CVC European Equity Partners III, L.P.	$6.17	4.4%	65.2%	45.9%

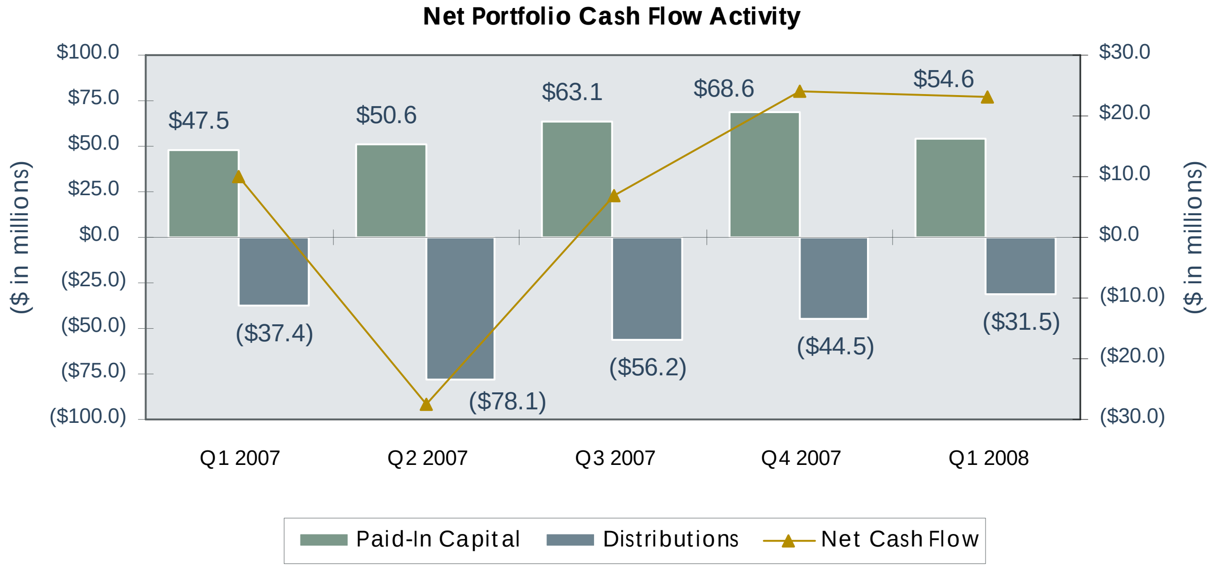
- The five partnerships listed above accounted for 31.6% of the Portfolio's total net change in value or $44.2 million over the past quarter. In aggregate, these five partnerships generated a 62.37% IRR and $37.0 million in distributions (17% of total) for 2007.

    - The primary driver behind the net value created in 2007 was Madison Dearborn Capital Partners IV, which generated a one-year IRR of 56.15% in addition to net value gain of $14.0 million and distributions totaling $3.6 million.

- Also of note, First Reserve Fund X, generated strong performance for LACERS through two funds (Fund X and Fund XI). The partnership distributed $8.5 million in 2007 and generated a strong 72.64% one-year IRR. First Reserve is currently fundraising for the follow-on fund, First Reserve XII, which is expected to close before year-end 2008.

Cash Flow Drivers

The chart below highlights the cash flows of the Portfolio over the past five quarters ended March 31, 2008.



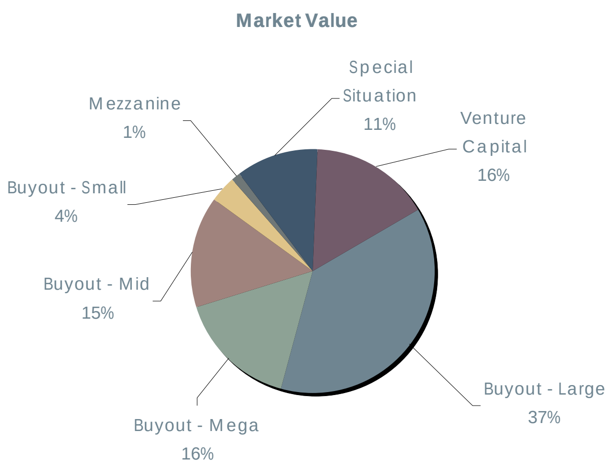
- During the fourth quarter of 2007, LACERS paid in a total of $68.6 million compared with $44.5 million in distributions, equating to a net cash outflow of $24.1 million. $13.2 million of the paid-in capital during the quarter was called by TPG V ($6.8 million) and Vista Equity III ($6.4 million).

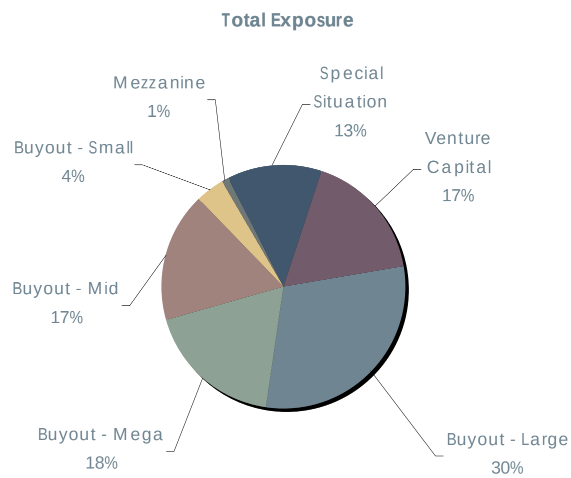
- The first quarter of 2008 was notable for a decrease in the pace of investing among the Portfolio's underlying partnerships. The tightening of the credit markets has generally had a slowing effect on the majority of private equity partnerships; however some deals are still proceeding.

Portfolio Exposures

Strategy

The charts below represent the Portfolio's diversification by investment strategy in terms 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.



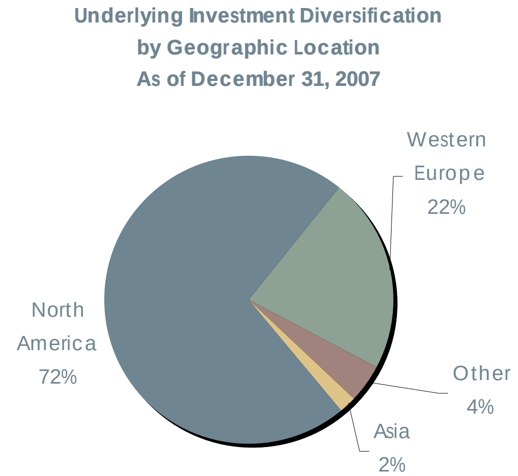


- The Portfolio's diversification by investment strategy is relatively in line with the stated targets from the yearly strategic plan (Buyout 65-80%, Special Situation 5-15%, Venture Capital 0-10%). Buyout and Special Situation are well within the target ranges, while Venture is slightly above the target range, this is attributable to recent opportunities in the space that Hamilton Lane accessed on behalf of LACERS.

- The Portfolio is weighted towards the Large Buyout sub-strategy with regard to market value. As can be seen in the total exposure chart, the exposure to the Large sector decreases as the other Buyout funds call capital.

Geography

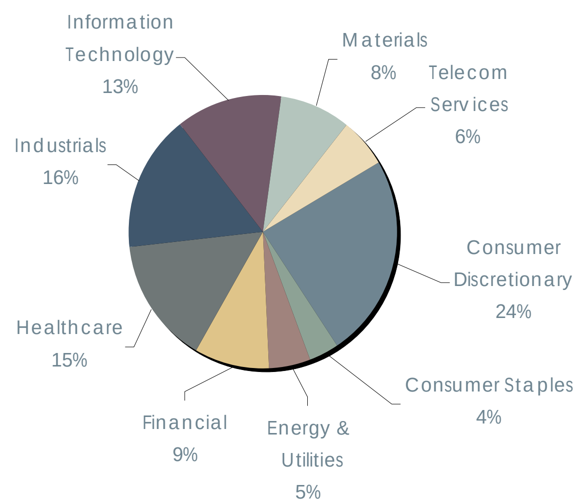
The chart below shows the diversification of the Portfolio in terms of geographic location of the underlying portfolio companies.



- The Portfolio is concentrated in North America, with 72% of the market value. Recent commitments to managers such as Advent, Apollo, and TPG, will increase the prospective European exposure. In addition, global managers, like TPG, will increase the geographic exposure to Asia.

Industry

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



- The Portfolio is well diversified, normal for a seasoned private equity portfolio like LACERS. The Portfolio has a healthy exposure to both the Consumer Discretionary (24%) and Industrials (16%) sectors, which are both typical industry concentrations for buyout managers.

Section 3
Portfolio Assessment

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PERFORMANCE SUMMARY BY INVESTMENT
AS OF DECEMBER 31, 2007

INVESTMENT NAME	VINTAGE YEAR	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL	CAPITAL DISTRIBUTED (1)	REPORTED MARKET VALUE	NET IRR (2)
Acon-Bastion Partners II, L.P.	2006	Corporate Finance/Buyout - Small	$ 5,000,000	$ 1,697,191	-	$ 1,561,584	(13.08%)
Alchemy Investment Plan (LACERS) (5)	1999	Special Situation - Distressed/Turnaround	43,113,180	39,716,822	$ 29,385,619	28,000,005	13.44%
Apollo Investment Fund IV, L.P.	1998	Corporate Finance/Buyout - Large	5,000,000	4,966,971	5,679,669	2,507,303	9.00%
Apollo Investment Fund VI, L.P.	2006	Corporate Finance/Buyout - Mega	15,000,000	7,385,488	1,783,304	7,223,740	31.03%
Austin Ventures VII, L.P.	1999	Venture Capital - Early Stage	17,000,000	16,484,853	5,285,979	7,932,733	(4.72%)
Austin Ventures VIII, L.P.	2001	Venture Capital - Early Stage	8,300,000	8,155,176	2,297,051	7,061,698	4.83%
Avenue Special Situations Fund IV, L.P.	2006	Special Situation - Distressed/Turnaround	10,000,000	10,000,000	-	11,259,925	9.06%
Avenue Special Situations Fund V, L.P.	2007	Special Situation - Distressed/Turnaround	10,000,000	3,189,915	49,738	2,962,401	(8.10%)
Blackstone Capital Partners V, L.P. (5)	2006	Corporate Finance/Buyout - Mega	20,000,000	11,867,262	1,038,422	11,571,051	8.46%
Carlyle Partners IV, L.P.	2005	Corporate Finance/Buyout - Mega	20,000,000	19,661,662	1,768,645	19,950,039	8.78%
Carlyle Partners V, L.P.	2007	Corporate Finance/Buyout - Mega	30,000,000	6,783,704	1,114	6,577,900	(8.53%)
CGW Southeast Partners III, L.P.	1996	Corporate Finance/Buyout - Small	9,000,000	8,645,139	13,852,054	655,268	9.15%
CGW Southeast Partners IV, L.P.	1999	Corporate Finance/Buyout - Small	10,000,000	8,536,566	9,204,950	3,413,709	8.26%
Charterhouse Capital Partners VIII, L.P.	2006	Corporate Finance/Buyout - Large	22,185,005	13,509,722	-	14,001,445	5.01%
Chisholm Partners IV, L.P.	1999	Special Situation - Multi-Stage	9,000,000	8,565,432	2,743,539	4,019,021	(3.85%)
CHP III, L.P.	2007	Venture Capital - Early Stage	15,000,000	2,678,870	-	2,351,445	(19.32%)
CHS Private Equity V, L.P.	2005	Corporate Finance/Buyout - Mid	20,000,000	11,924,238	751,557	13,475,384	17.66%
CVC European Equity Partners II, L.P.	1998	Corporate Finance/Buyout - Large	10,000,000	9,152,734	19,418,470	2,259,681	19.75%
CVC European Equity Partners III, L.P.	2001	Corporate Finance/Buyout - Large	15,000,000	13,864,985	31,753,229	8,336,369	45.88%
CVC European Equity Partners IV, L.P.	2005	Corporate Finance/Buyout - Mega	26,596,843	22,077,302	9,626,556	22,230,162	52.41%
CVC European Equity Partners, LP	1996	Corporate Finance/Buyout - Mid	10,000,000	9,753,529	24,280,233	2,880,202	24.08%
Enhanced Equity Fund, L.P.	2006	Corporate Finance/Buyout - Small	10,000,000	4,592,148	-	4,958,496	8.22%
Essex Woodlands Health Ventures Fund IV, L.P.	1998	Venture Capital - Early Stage	4,000,000	4,000,000	4,358,030	1,113,581	8.87%
Essex Woodlands Health Ventures Fund V, L.P.	2000	Venture Capital - Multi-Stage	10,000,000	9,475,000	7,812,479	7,388,481	14.16%
Essex Woodlands Health Ventures Fund VI, L.P.	2004	Venture Capital - Multi-Stage	15,000,000	11,437,500	-	11,445,541	0.04%
First Reserve Fund X, L.P. (5)	2004	Special Situation - Industry Focused	20,000,000	18,952,840	18,097,814	16,654,000	58.62%
First Reserve Fund XI, L.P.	2006	Special Situation - Industry Focused	30,000,000	5,741,595	-	6,723,000	38.00%
Golder, Thoma, Cressey & Rauner Fund IX, L.P.	2006	Corporate Finance/Buyout - Mid	15,000,000	2,653,341	948,346	2,189,140	48.52%
Golder, Thoma, Cressey & Rauner Fund V, LP	1997	Corporate Finance/Buyout - Mid	10,000,000	10,000,000	17,521,991	1,136,503	11.39%
Golder, Thoma, Cressey & Rauner Fund VI, L.P.	1998	Corporate Finance/Buyout - Mid	10,000,000	10,000,000	8,193,077	2,518,971	2.13%
Golder, Thoma, Cressey & Rauner Fund VII, L.P.	2000	Corporate Finance/Buyout - Large	18,750,000	18,468,750	35,568,517	5,964,938	21.62%
Golder, Thoma, Cressey & Rauner Fund VII-A, L.P.	2001	Corporate Finance/Buyout - Mid	6,250,000	3,546,875	9,771,609	1,222,933	84.11%
Golder, Thoma, Cressey & Rauner Fund VIII, L.P.	2003	Corporate Finance/Buyout - Large	20,000,000	18,504,960	17,435,856	16,033,432	41.53%
Green Equity Investors V, L.P. (3)	2007	Corporate Finance/Buyout - Large	20,000,000	2,728,750	-	2,747,275	0.78%
Halifax Capital Partners II, L.P.	2006	Corporate Finance/Buyout - Small	10,000,000	1,981,469	1,065,210	1,073,479	6.54%
Hellman & Friedman Capital Partners V, L.P.	2004	Corporate Finance/Buyout - Large	11,000,000	9,579,223	1,636,203	17,933,321	51.78%
Hellman & Friedman Capital Partners VI, L.P.	2007	Corporate Finance/Buyout - Large	20,000,000	6,955,484	16,203	7,124,624	4.24%
InterWest Partners VI, L.P.	1997	Venture Capital - Early Stage	5,000,000	5,000,000	14,128,445	420,880	48.96%
J.H. Whitney IV, L.P.	1999	Venture Capital - Late Stage	25,000,000	22,448,463	6,657,252	2,096,599	(14.84%)
J.H. Whitney VI, L.P.	2005	Corporate Finance/Buyout - Mid	15,000,000	8,358,490	2,628,513	7,416,058	17.59%
Kelso Investment Associates VI, L.P.	1998	Corporate Finance/Buyout - Mid	5,000,000	4,301,484	5,379,802	500,231	9.38%

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PERFORMANCE SUMMARY BY INVESTMENT
AS OF DECEMBER 31, 2007

INVESTMENT NAME	VINTAGE YEAR	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL	CAPITAL DISTRIBUTED (1)	REPORTED MARKET VALUE	NET IRR (2)
Kelso Investment Associates VII, L.P. (5)	2004	Corporate Finance/Buyout - Mid	18,000,000	15,665,923	5,258,181	24,719,640	51.57%
Kelso Investment Associates VIII, L.P. (5)	2007	Corporate Finance/Buyout - Mid	20,000,000	348,152	-	332,655	(4.52%)
KKR 1996 Fund, LP	1997	Corporate Finance/Buyout - Large	25,000,000	26,264,903	41,447,849	4,893,473	13.52%
KKR 2006 Fund, L.P.	2006	Corporate Finance/Buyout - Mega	30,000,000	19,677,344	19,237	19,347,081	(3.24%)
KKR European Fund II, L.P.	2005	Corporate Finance/Buyout - Large	15,000,000	13,634,552	1,855,689	12,485,943	4.60%
Levine Leichtman Capital Partners III, L.P.	2003	Corporate Finance/Buyout - Small	20,000,000	18,886,760	7,222,087	15,346,288	16.27%
Lindsay Goldberg & Bessemer II, L.P.	2006	Corporate Finance/Buyout - Large	20,000,000	8,548,355	28,869	8,541,985	0.46%
Madison Dearborn Capital Partners III, L.P.	1999	Corporate Finance/Buyout - Large	16,000,000	15,854,153	21,068,787	5,068,817	10.36%
Madison Dearborn Capital Partners IV, L.P. (5)	2000	Corporate Finance/Buyout - Large	25,000,000	23,238,501	10,865,241	37,683,893	28.73%
Menlo Ventures IX, L.P.	2001	Venture Capital - Early Stage	20,000,000	18,000,000	7,460,987	14,001,129	5.05%
Menlo Ventures VII, L.P.	1997	Venture Capital - Early Stage	5,000,000	5,000,000	22,926,596	1,070,727	135.81%
Menlo Ventures VIII, L.P.	1999	Venture Capital - Early Stage	18,000,000	17,100,000	5,657,814	3,552,476	(12.95%)
Nautic Partners V, L.P.	2000	Corporate Finance/Buyout - Mid	15,000,000	13,840,382	13,272,537	8,784,357	17.12%
New Mountain Partners III, L.P.	2007	Corporate Finance/Buyout - Mid	20,000,000	1,291,606	12,520	1,096,605	(11.11%)
Newbridge Asia IV, L.P.	2005	Corporate Finance/Buyout - Large	10,000,000	8,078,117	1,732,096	9,115,683	27.80%
Nordic Capital V, L.P.	2003	Corporate Finance/Buyout - Mid	13,918,633	14,588,219	6,445,070	18,926,774	28.12%
Oak Investment Partners XII, L.P. (5)	2006	Venture Capital - Multi-Stage	15,000,000	5,125,740	-	5,463,462	8.11%
OCM Opportunities Fund II, L.P.	1998	Special Situation - Distressed/Turnaround	11,000,000	11,000,000	16,433,039	107,182	8.39%
OCM Opportunities Fund III, L.P.	1999	Special Situation - Distressed/Turnaround	10,000,000	10,500,000	15,084,495	259,726	11.85%
OCM Opportunities Fund IV, L.P.	2001	Special Situation - Distressed/Turnaround	10,000,000	10,000,000	16,393,368	50,474	28.36%
OCM Opportunities Fund V, L.P.	2004	Special Situation - Distressed/Turnaround	7,100,000	7,100,000	5,332,781	6,475,800	18.95%
OCM Opportunities Fund VII, L.P.	2007	Special Situation - Distressed/Turnaround	10,000,000	4,500,000	73,753	4,304,033	(5.27%)
OCM Opportunities Fund VII-B, L.P.	2008	Special Situation - Distressed/Turnaround	10,000,000	-	-	-	N/A
OCM Opportunities Fund, LP	1995	Special Situation - Distressed/Turnaround	11,000,000	11,000,000	17,742,303	118,661	10.21%
Olympus Growth Fund IV, L.P.	2003	Corporate Finance/Buyout - Mid	7,000,000	5,975,101	1,771,163	6,395,426	16.10%
Onex Partners, L.P.	2003	Corporate Finance/Buyout - Large	20,000,000	18,490,962	21,318,985	24,802,528	62.99%
Permira Europe III, L.P.	2003	Corporate Finance/Buyout - Large	21,774,244	20,747,952	17,299,819	18,579,066	44.31%
Permira Europe IV, L.P.	2006	Corporate Finance/Buyout - Mega	15,688,378	5,282,968	-	4,656,283	(20.20%)
Pharos Capital Partners II-A, L.P.	2006	Special Situation - Multi-Stage	5,000,000	2,750,000	573,516	2,018,410	(4.64%)
Polaris Venture Partners V, L.P.	2006	Venture Capital - Multi-Stage	15,000,000	3,075,000	-	2,681,081	(20.03%)
Providence Equity Partners V-A L.P. (4)	2005	Corporate Finance/Buyout - Large	18,000,000	17,131,331	934,462	21,345,929	17.17%
Providence Equity Partners VI, L.P.	2007	Corporate Finance/Buyout - Mega	30,000,000	9,514,159	-	9,202,903	(6.12%)
Resolute Fund, L.P.	2002	Corporate Finance/Buyout - Mid	20,000,000	16,587,705	5,509,109	17,097,260	14.43%
Richland Ventures III, L.P.	1999	Venture Capital - Late Stage	18,000,000	18,000,000	13,283,047	3,476,149	(1.39%)
Spark Capital II, L.P.	2008	Venture Capital - Multi-Stage	9,750,000	-	-	-	N/A
Spark Capital, L.P.	2005	Venture Capital - Multi-Stage	9,000,000	4,927,500	818,578	4,351,720	6.44%
TA X, L.P.	2006	Corporate Finance/Buyout - Large	6,000,000	3,270,000	480,000	3,057,343	10.49%
TCV V, L.P.	2004	Venture Capital - Multi-Stage	19,500,000	16,724,200	7,712,901	18,089,871	18.82%
TCV VII, L.P.	2008	Venture Capital - Late Stage	20,000,000	-	-	-	N/A
TCW/Crescent Mezzanine Partners IV, L.P.	2006	Mezzanine	10,000,000	8,715,902	1,713,628	7,697,170	9.97%
Thoma Cressey Fund VI, L.P.	1998	Corporate Finance/Buyout - Small	5,000,000	4,845,000	2,195,961	1,759,602	(3.15%)

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PERFORMANCE SUMMARY BY INVESTMENT
AS OF DECEMBER 31, 2007

INVESTMENT NAME	VINTAGE YEAR	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL	CAPITAL DISTRIBUTED [1]	REPORTED MARKET VALUE	NET IRR [2]
Thomas H. Lee Equity Fund IV, L.P.	1998	Corporate Finance/Buyout - Large	7,000,000	6,310,441	5,394,144	222,551	(2.14%)
Thomas H. Lee Equity Fund V, L.P.	2000	Corporate Finance/Buyout - Mega	15,000,000	14,490,849	12,792,903	11,336,543	20.35%
TPG Partners III, L.P.	1999	Corporate Finance/Buyout - Large	25,000,000	22,887,873	42,510,577	12,935,351	26.53%
TPG Partners IV, L.P.	2003	Corporate Finance/Buyout - Large	25,000,000	26,615,800	14,707,565	27,571,612	31.12%
TPG Partners V, L.P.	2006	Corporate Finance/Buyout - Mega	30,000,000	17,843,739	433,423	17,242,802	(1.60%)
TPG STAR, L.P.	2007	Special Situation - Multi-Stage	20,000,000	3,655,904	11,223	3,284,404	(14.59%)
Trident Capital Fund V, L.P. [5]	2000	Venture Capital - Multi-Stage	10,587,999	9,089,072	3,704,076	6,935,497	4.80%
Trident Capital Fund V, L.P. - Secondary [5]	1999	Venture Capital - Multi-Stage	3,781,680	2,845,869	1,301,918	2,477,126	12.04%
Trident Capital Fund VI, L.P. [5]	2004	Venture Capital - Multi-Stage	8,500,000	5,355,000	492,714	4,848,414	(0.17%)
VantagePoint Venture Partners IV, L.P.	2000	Venture Capital - Multi-Stage	15,000,000	14,250,000	3,809,075	12,049,383	3.47%
Vestar Capital Partners IV, L.P. [5]	1999	Corporate Finance/Buyout - Large	17,000,000	16,127,127	16,838,430	8,972,800	15.64%
Vista Equity Partners Fund III, L.P.	2007	Corporate Finance/Buyout - Mid	25,000,000	6,396,548	-	6,030,277	(5.73%)
Welsh, Carson, Anderson & Stowe IX, L.P.	2000	Corporate Finance/Buyout - Large	15,000,000	13,950,000	14,716,672	10,674,952	17.09%
Welsh, Carson, Anderson & Stowe VII, LP	1995	Corporate Finance/Buyout - Large	15,000,000	15,000,000	31,122,551	1,581,089	17.83%
Welsh, Carson, Anderson & Stowe VIII, L.P.	1998	Corporate Finance/Buyout - Large	15,000,000	15,000,000	12,019,267	7,593,942	3.80%
Weston Presidio Capital IV, L.P.	2000	Venture Capital - Multi-Stage	15,000,000	14,450,073	6,351,191	10,147,843	4.36%
Weston Presidio Capital IV, L.P. - Secondary	1999	Corporate Finance/Buyout - Mid	2,826,000	2,707,750	1,287,386	2,056,952	9.53%
Whitney V, L.P.	2001	Corporate Finance/Buyout - Large	10,000,000	11,002,671	17,990,809	5,148,041	27.80%
TOTAL PORTFOLIO:			**$ 1,509,621,961**	**$ 1,070,603,135**	**$ 785,567,867**	**$ 794,959,730**	**14.70%**

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

[2] The IRR net of Hamilton Lane fees is 14.64%, the IRR gross of Hamilton Lane fees is 14.70%

[3] 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.

[4] 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 or the fair value of its interest in the Partnership, (b) should not be used to compare returns among multiple private equity funds and (c) has not been calculated, reviewed, verified or in any way sanctioned or approved by the General Partner or the Management Company.

[5] Unaudited 4Q07 financial statements were available and used for this partnership at the time of this analysis.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PERFORMANCE SUMMARY BY CATEGORY
AS OF DECEMBER 31, 2007

	CAPITAL COMMITTED	PAID-IN CAPITAL	PERCENTAGE CONTRIBUTED	CAPITAL DISTRIBUTED [1]	PERCENTAGE DISTRIBUTED	REPORTED MARKET VALUE	NET IRR
Investment Strategy							
Corporate Finance/Buyout - Large	$ 447,709,249	$ 379,884,317	84.85%	$ 383,839,959	101.04%	$ 297,183,386	19.06%
Corporate Finance/Buyout - Mega	232,285,221	134,584,477	57.94%	27,463,604	20.41%	129,338,504	17.63%
Corporate Finance/Buyout - Mid	232,994,633	137,939,344	59.20%	103,031,094	74.69%	116,779,368	18.41%
Corporate Finance/Buyout - Small	69,000,000	49,184,272	71.28%	33,540,262	68.19%	28,768,426	7.45%
Mezzanine	10,000,000	8,715,902	87.16%	1,713,628	19.66%	7,697,170	9.97%
Special Situation - Distressed/Turnaround	132,213,180	107,006,737	80.94%	100,495,096	93.91%	53,538,207	12.23%
Special Situation - Industry Focused	50,000,000	24,694,435	49.39%	18,097,814	73.29%	23,377,000	57.44%
Special Situation - Multi-Stage	34,000,000	14,971,336	44.03%	3,328,278	22.23%	9,321,835	(4.57%)
Venture Capital - Early Stage	92,300,000	76,418,899	82.79%	62,114,902	81.28%	37,504,669	14.22%
Venture Capital - Late Stage	63,000,000	40,448,463	64.20%	19,940,299	49.30%	5,572,748	(8.07%)
Venture Capital - Multi-Stage	146,119,679	96,754,954	66.22%	32,002,931	33.08%	85,878,419	8.02%
TOTAL PORTFOLIO:	**$ 1,509,621,961**	**$ 1,070,603,135**	**70.92%**	**$ 785,567,867**	**73.38%**	**$ 794,959,730**	**14.70%**
Vintage Year							
1995	$ 26,000,000	$ 26,000,000	100.00%	$ 48,864,854	187.94%	$ 1,699,750	14.53%
1996	19,000,000	18,398,668	96.84%	38,132,288	207.26%	3,535,470	17.46%
1997	45,000,000	46,264,903	102.81%	96,024,881	207.55%	7,521,583	25.96%
1998	72,000,000	69,576,630	96.63%	79,071,457	113.65%	18,583,044	6.82%
1999	214,720,860	201,774,909	93.97%	170,309,794	84.41%	84,261,464	5.70%
2000	139,337,999	131,252,627	94.20%	108,892,690	82.96%	110,965,887	16.85%
2001	69,550,000	64,569,707	92.84%	85,667,053	132.67%	35,820,644	25.37%
2002	20,000,000	16,587,705	82.94%	5,509,109	33.21%	17,097,260	14.43%
2003	127,692,877	123,809,754	96.96%	86,200,545	69.62%	127,655,126	37.87%
2004	99,100,000	84,814,686	85.58%	38,530,594	45.43%	100,166,587	29.74%
2005	133,596,843	105,793,192	79.19%	20,116,096	19.01%	110,370,918	20.04%
2006	283,873,383	133,717,263	47.10%	8,083,955	6.05%	131,267,476	5.87%
2007	220,000,000	48,043,092	21.84%	164,551	0.34%	46,014,522	(9.43%)
2008	39,750,000	-	N/A	-	N/A	N/A	N/A
TOTAL PORTFOLIO:	**$ 1,509,621,961**	**$ 1,070,603,135**	**70.92%**	**$ 785,567,867**	**73.38%**	**$ 794,959,730**	**14.70%**

[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 DECEMBER 31, 2007

CORPORATE FINANCE/BUYOUT NORTH AMERICA		
VINTAGE YEAR	NET IRR	POOLED AVG IRR (1)
1995	17.83%	7.50%
1996	9.15%	5.60%
1997	12.77%	8.70%
1998	3.17%	2.30%
1999	16.63%	9.60%
2000	21.48%	12.90%
2001	36.43%	17.40%
2002	14.43%	18.40%
2003	38.86%	36.10%
2004	51.66%	18.10%
2005	14.73%	9.80%
2006	6.09%	22.60%
2007	(6.98%)	(56.70%)

MEZZANINE NORTH AMERICA		
VINTAGE YEAR	NET IRR	POOLED AVG IRR (1)
1995	N/A	N/A
1996	N/A	3.30%
1997	N/A	10.10%
1998	N/A	4.80%
1999	N/A	6.90%
2000	N/A	6.50%
2001	N/A	N/A
2002	N/A	6.10%
2003	N/A	N/A
2004	N/A	N/A
2005	N/A	17.70%
2006	9.97%	N/A
2007	N/A	N/A

SPECIAL SITUATION NORTH AMERICA		
VINTAGE YEAR	NET IRR	POOLED AVG IRR (1)
1995	10.21%	19.70%
1996	N/A	23.40%
1997	N/A	13.50%
1998	8.39%	6.40%
1999	3.63%	2.90%
2000	N/A	6.80%
2001	28.36%	14.50%
2002	N/A	14.20%
2003	N/A	29.70%
2004	38.81%	14.30%
2005	N/A	8.80%
2006	10.34%	12.60%
2007	(12.41%)	(13.80%)

(1) Source: Venture Economics, 09/30/2007 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 DECEMBER 31, 2007

VENTURE CAPITAL NORTH AMERICA		
VINTAGE YEAR	NET IRR	POOLED AVG IRR [1]
1995	N/A	59.90%
1996	N/A	83.70%
1997	90.88%	49.70%
1998	8.87%	19.50%
1999	(7.64%)	(6.20%)
2000	6.61%	1.90%
2001	4.99%	5.50%
2002	N/A	3.70%
2003	N/A	6.60%
2004	11.65%	4.20%
2005	6.44%	(1.90%)
2006	(0.92%)	(5.50%)
2007	(19.32%)	(25.70%)

CORPORATE FINANCE/BUYOUT WESTERN EUROPE		
VINTAGE YEAR	NET IRR	POOLED AVG IRR [1]
1995	N/A	36.40%
1996	24.08%	18.70%
1997	N/A	15.20%
1998	19.75%	9.00%
1999	N/A	7.40%
2000	N/A	14.00%
2001	45.88%	29.40%
2002	N/A	29.20%
2003	35.60%	31.70%
2004	N/A	8.00%
2005	31.42%	13.90%
2006	(1.05%)	(4.80%)
2007	N/A	N/A

SPECIAL SITUATION WESTERN EUROPE		
VINTAGE YEAR	NET IRR	POOLED AVG IRR [1]
1995	N/A	32.50%
1996	N/A	17.30%
1997	N/A	12.30%
1998	N/A	7.70%
1999	13.44%	3.80%
2000	N/A	6.00%
2001	N/A	25.50%
2002	N/A	28.60%
2003	N/A	24.60%
2004	N/A	8.10%
2005	N/A	13.60%
2006	N/A	(3.60%)
2007	N/A	(0.90%)

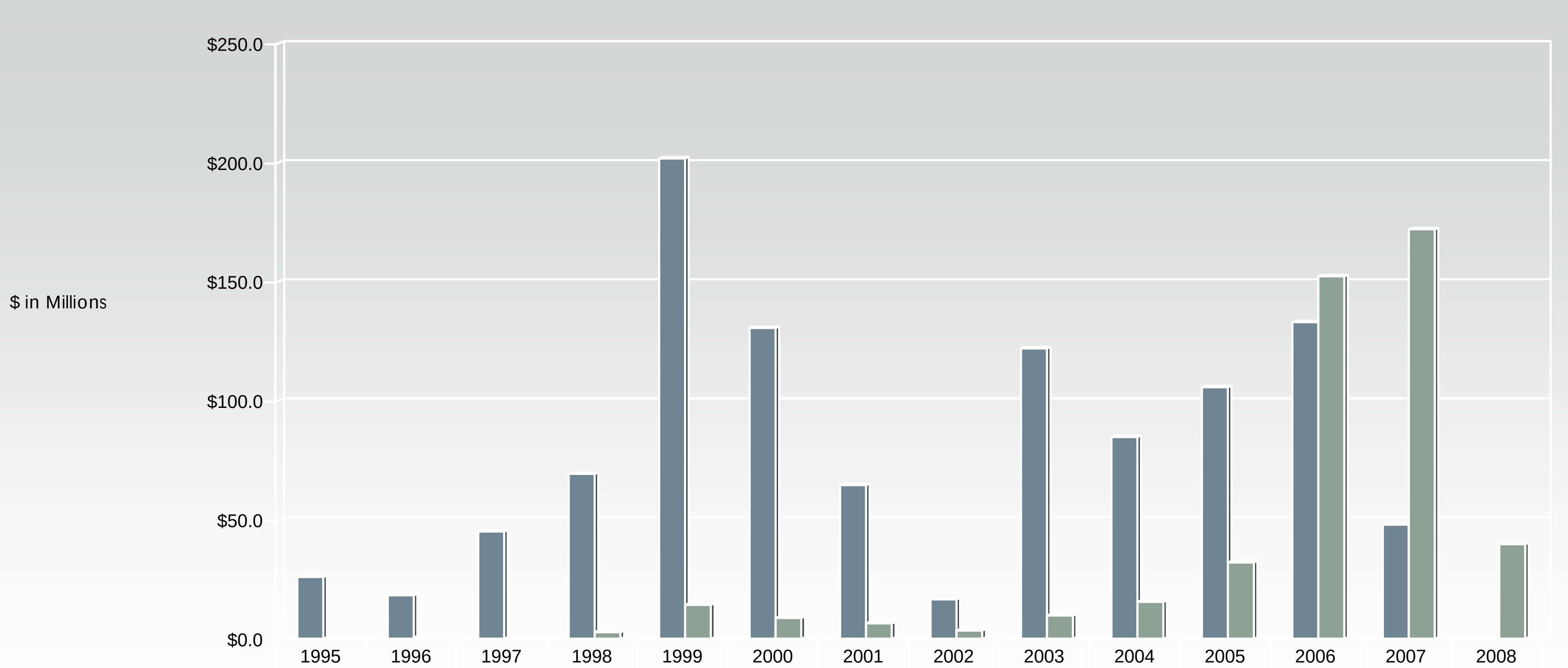
(1) Source: Venture Economics, 09/30/2007 Benchmarks. The benchmarks reflect pooled average returns from the vintage year to the latest available reported date in Venture Economics.

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 4
Portfolio Analytics

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
COMMITMENTS BY VINTAGE YEAR
AS OF DECEMBER 31, 2007

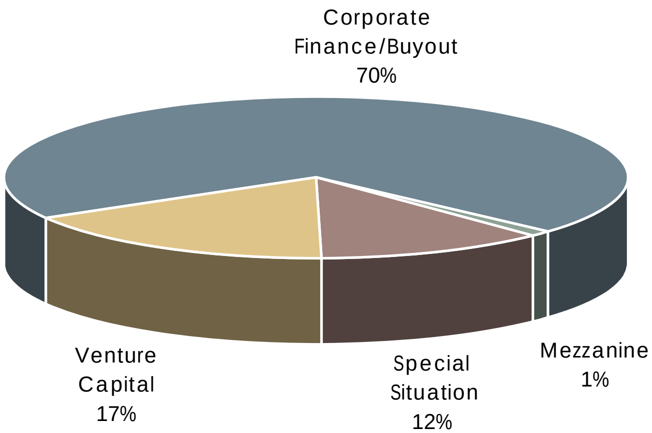


	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Funded Commitments	$26.0	$18.4	$45.0	$69.3	$201.7	$130.6	$64.6	$16.6	$122.0	$84.8	$105.7	$133.0	$47.9	$0.0
Unfunded Commitments	$0.0	$0.6	$0.0	$2.8	$14.3	$8.8	$6.5	$3.6	$9.9	$15.6	$32.0	$152.3	$172.1	$39.8

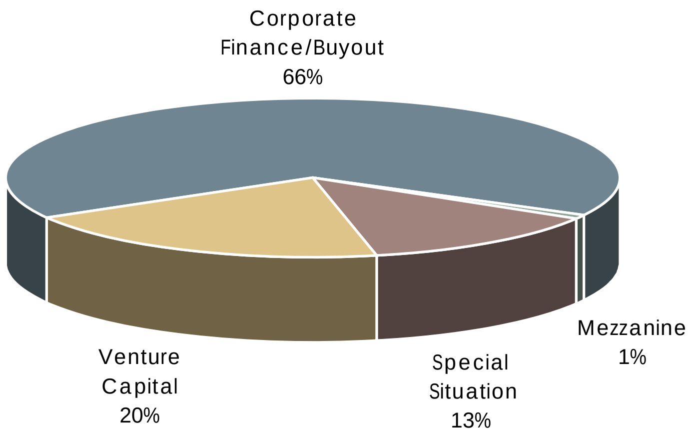
Funded Commitments exclude additional fees.
Unfunded Commitments include recallable returns of capital.

PORTFOLIO STRATEGIC DIVERSIFICATION
AS OF DECEMBER 31, 2007

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



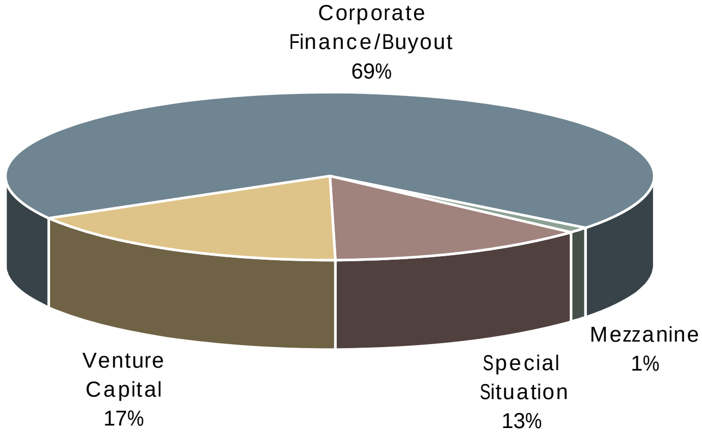
AS MEASURED BY
MARKET VALUE OF FUNDED PLUS UNFUNDED COMMITMENTS
(MANAGED BY HL AND PCA)



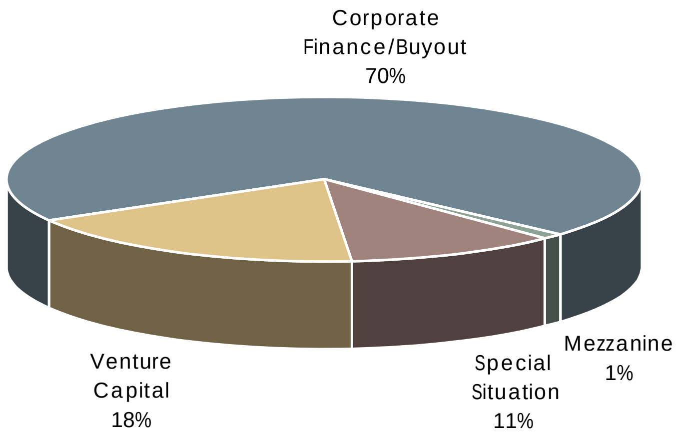
Note: Based on reported market values provided by the general partners.

PORTFOLIO STRATEGIC DIVERSIFICATION
AS MEASURED BY
MARKET VALUE OF FUNDED PLUS UNFUNDED COMMITMENTS
AS OF DECEMBER 31, 2007
(MANAGED BY HL)

As of December 31, 2007



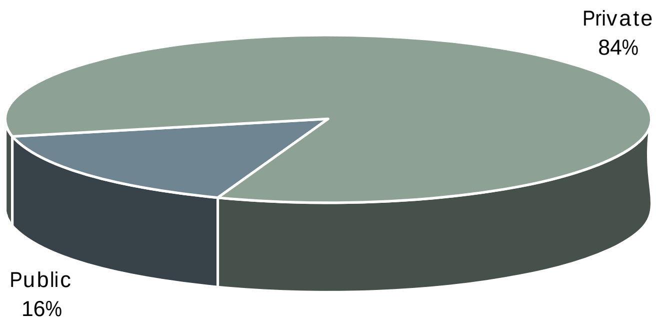
As of December 31, 2006



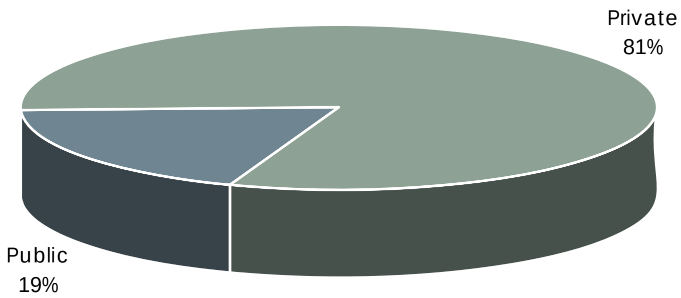
Note: Based on reported market values provided by the general partners.

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
PUBLIC VS. PRIVATE HOLDINGS
AS OF DECEMBER 31, 2007

Based on Number of Companies

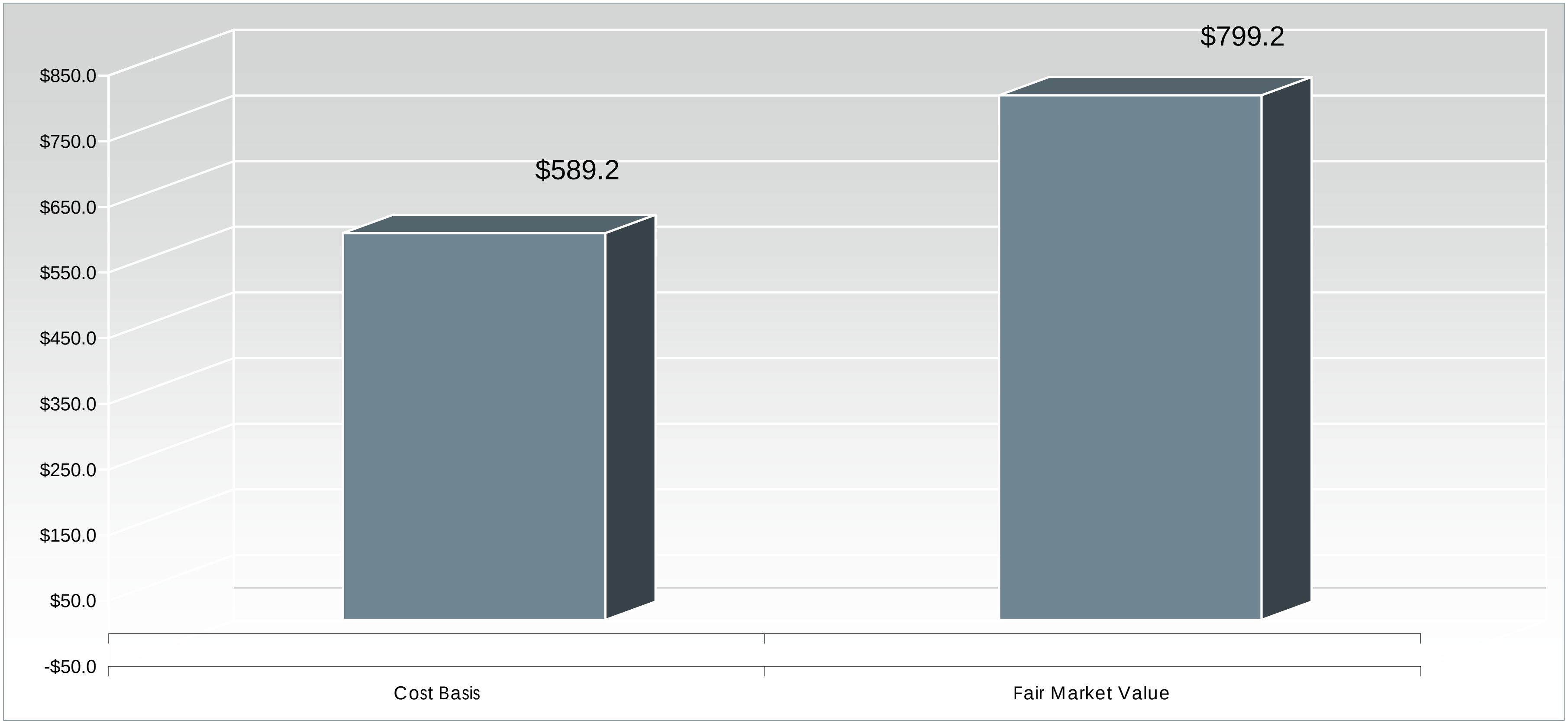


Based on Reported Market Value



Note: Portfolio Company information as of 4Q07 for First Reserve XI, L.P. was not available at the time of this analysis. Market values for underlying holdings have been carried forward from last quarter. 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 DECEMBER 31, 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 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 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.