



Hamilton Lane



# Los Angeles City Employees' Retirement System

4Q 2011 Performance Highlights

Overall Portfolio Snapshot			
\$ millions	9/30/2011	12/31/2011 <sup>(2)</sup>	Net Change
Active Partnerships	147	149	2
Active GP Relationships	82	83	1
Capital Committed <sup>(1)</sup>	\$2,236.0	\$2,313.8	\$77.8
Unfunded Commitment	\$577.4	\$600.5	\$23.1
Paid-in Capital	\$1,739.5	\$1,797.7	\$58.2
Capital Distributed	\$1,286.6	\$1,345.6	\$59.0
Market Value	\$1,086.1	\$1,150.6	\$64.5
Total Value Multiple	1.36x	1.39x	0.03x
Core Portfolio Since Inception IRR	10.74%	11.09%	35 bps
Avg Age of Commitments	6.6 years	6.5 years	(0.1 years)
Specialized Portfolio Since Inception IRR	(0.69%)	0.33%	102 bps
Avg Age of Commitments	4.4 years	4.7 years	0.3 years
<b>Overall Since Inception IRR</b>	<b>10.20%</b>	<b>10.58%</b>	<b>38 bps</b>

<sup>(1)</sup> The “change” from third quarter of 2011 to fourth quarter of 2011 reflects the actual commitments made by the Portfolio +/- currency movements.

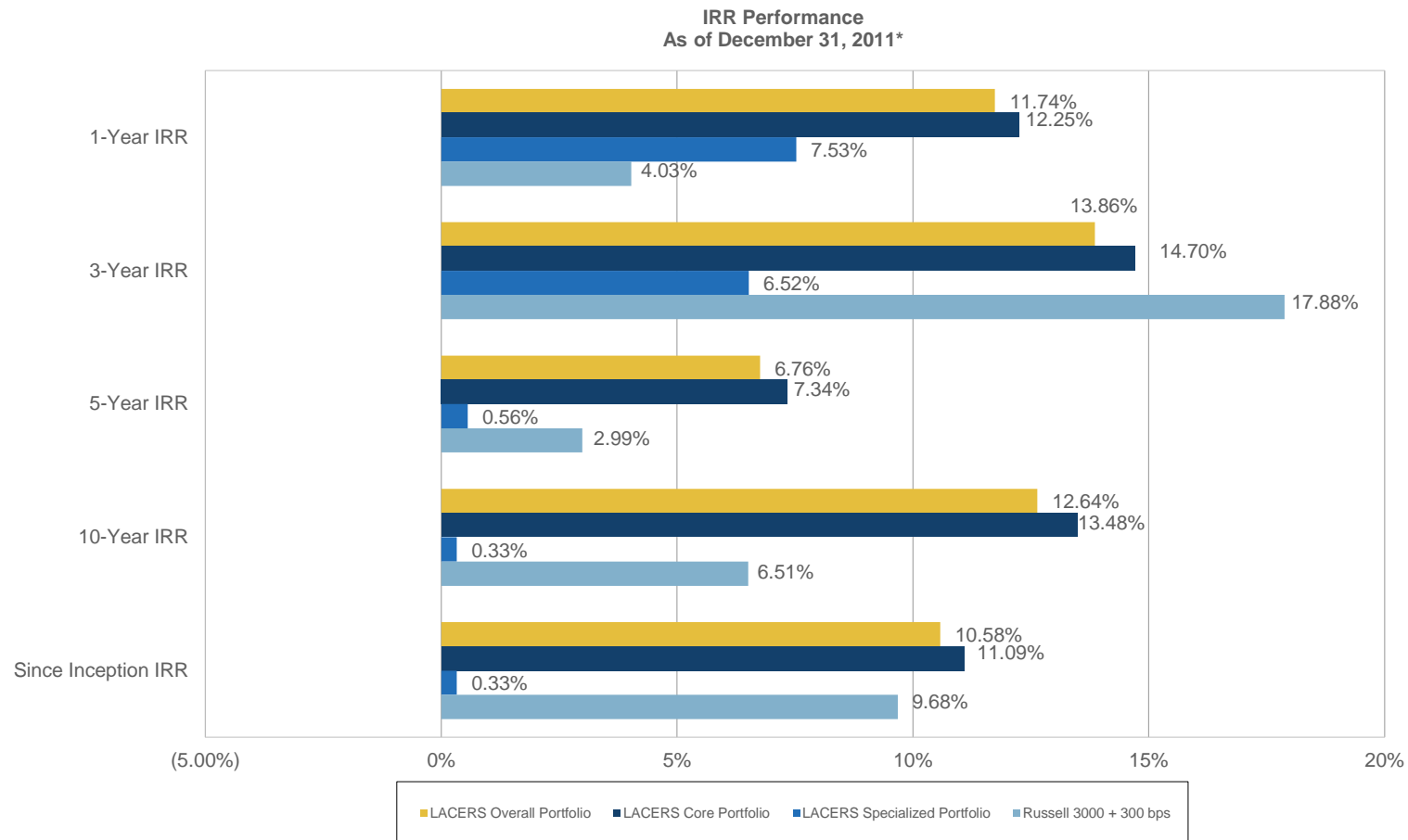
<sup>(2)</sup> 12/31/2011 data represents 88% of reported performance. The additional financial information has yet to be reported by the general partner and has been adjusted using the last reported value with interim cash flows taken into account.

- Market Value and returns increased in the 4<sup>th</sup> quarter as a result of improved performance from underlying managers driven by the recovery in the public markets
- Of the \$2.3 billion in capital committed, 26% remains unfunded
- Of the capital paid-in to underlying investments, 75% has been returned through distributions
- The Overall Portfolio was cash flow positive during the 4<sup>th</sup> quarter as distributions ( \$59.0 million) outweighed contributions (\$58.2 million)

Overall Portfolio Summary						
in \$ millions	Quarter Ending					Year Ending
	3/31/2011	6/30/2011	9/30/2011	12/31/2011 <sup>(1)</sup>		12/31/2011 <sup>(1)</sup>
Beginning Market Value	\$1,079.0	\$1,111.3	\$1,114.1	\$1,086.1		\$1,079.0
Paid-in Capital	34.1	29.2	51.6	58.2		173.2
Distributions	(63.4)	(64.4)	(36.5)	(59.0)		(223.4)
<b>Net Value Change</b>	<b>61.6</b>	<b>38.0</b>	<b>(43.1)</b>	<b>65.4</b>		<b>121.8</b>
Ending Market Value	\$1,111.3	\$1,114.1	\$1,086.1	\$1,150.6		\$1,150.6
<b>Unfunded Commitments</b>	<b>\$533.6</b>	<b>\$551.4</b>	<b>\$577.4</b>	<b>\$600.5</b>		<b>\$600.5</b>
Total Exposure	\$1,644.9	\$1,665.5	\$1,663.5	\$1,751.1		\$1,751.1
Point-to-Point IRR - Core	6.07%	3.67%	(4.21%)	6.37%		12.25%
Point-to-Point IRR - Specialized	3.11%	1.70%	(0.78%)	3.35%		7.53%
Since Inception IRR - Core	11.34%	11.44%	10.74%	11.09%		11.09%
Since Inception IRR - Specialized	(1.13%)	(0.49%)	(0.69%)	0.33%		0.33%

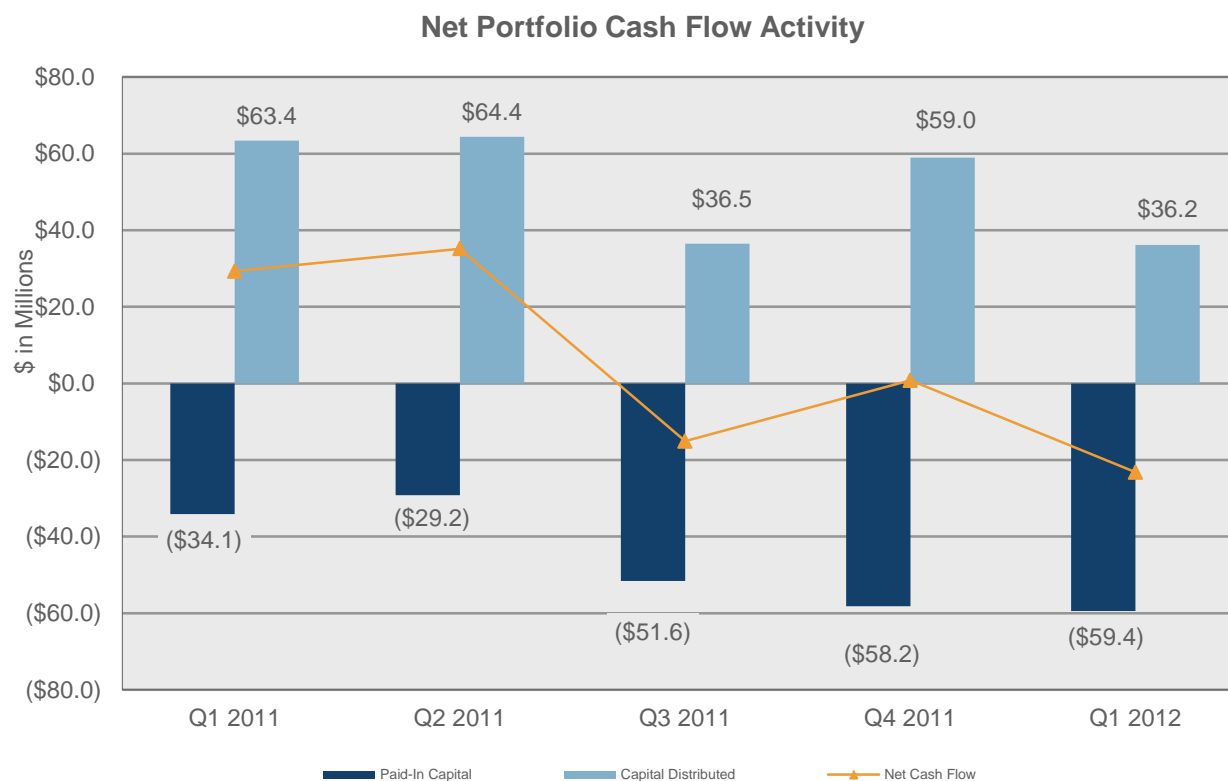
<sup>(1)</sup> 12/31/2011 data represents 88% of reported underlying fund valuations. The additional financial information has yet to be reported by the general partner and has been adjusted using the last reported value with interim cash flows taken into account.

- Performance in the 4<sup>th</sup> quarter rebounded and losses experienced from the prior quarter were recovered
  - The Specialized Portfolio's since inception IRR is now positive driven by a strong one-year return
- The Core Portfolio created \$111.6 million in net value over the past year and produced a one-year point-to-point return of 12.25%
  - In total, 68% of Core Portfolio partnerships generated positive net value for the year
- The Specialized Portfolio had a net value increase of \$10.2 million for the one-year period, which led to a point-to-point return of 7.53%
  - Aggregated, 64% of the Specialized Portfolio's partnerships created positive value for the year
- For the year ending December 31, 2011, the Portfolio had net cash inflows of \$50.2 million



\*12/31/2011 data represents 88% of reported performance. The additional financial information has yet to be reported by the general partner and has been adjusted using the last reported value with interim cash flows taken into account.

- The Overall and Core Portfolios outperform the Russell 3000 + 300 bps benchmark over all periods with the exception of the 3-year time frame
- In aggregate, the Core Portfolio outperforms the benchmark by an average of 355 bps over all time periods
- The Specialized Portfolio has a slight negative impact to the return of the Overall Portfolio - however, has generated positive performance across all time periods for the 1<sup>st</sup> time



- Over the past five quarters, distributions outweighed contributions by \$27.0 million
  - Overall Portfolio distributions for 2011 were the second highest one-year total since inception
- Distribution activity declined by 39% in the 1<sup>st</sup> quarter of 2012 compared to the prior quarter, while contributions have been relatively consistent over the past three quarters

- **Portfolio**

- LACERS' Portfolio added three new partnerships (with one liquidated fund - Menlo Ventures VII, L.P.) in the 4<sup>th</sup> quarter of 2011 and now consists of 83 GP relationships across 149 active funds
- In terms of number of partnerships, the Core Portfolio accounts for 85% of the total

- **Performance**

- Performance in the 4<sup>th</sup> quarter was strong and helped increase the since inception IRR by 35 bps for the Core Portfolio and 102 bps for the Specialized Portfolio
- The Overall Portfolio, led by the performance of Core, has a since inception IRR of 10.58% up 38 bps from the prior quarter
  - The Specialized Portfolio's since inception return turned positive in the 4<sup>th</sup> quarter of 2011 for the first time in its history

- **Cash flows**

- The Overall Portfolio had net cash inflows of \$50.2 million in 2011, the highest positive net cash flow total in the Portfolio's history