Hamilton Lane®

Portfolio Review and Pacing Analysis

Presentation to: Employees' Retirement Fund of the City of Dallas

November 2016

Employees' Retirement Fund of the City of DALLAS

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Relationship Overview

Hamilton Lane

Hamilton Lane has been working with ERF Dallas since 2009

2009

Hamilton Lane Secondary Fund II
Closed: July 2009
Commitment: $25M

2010

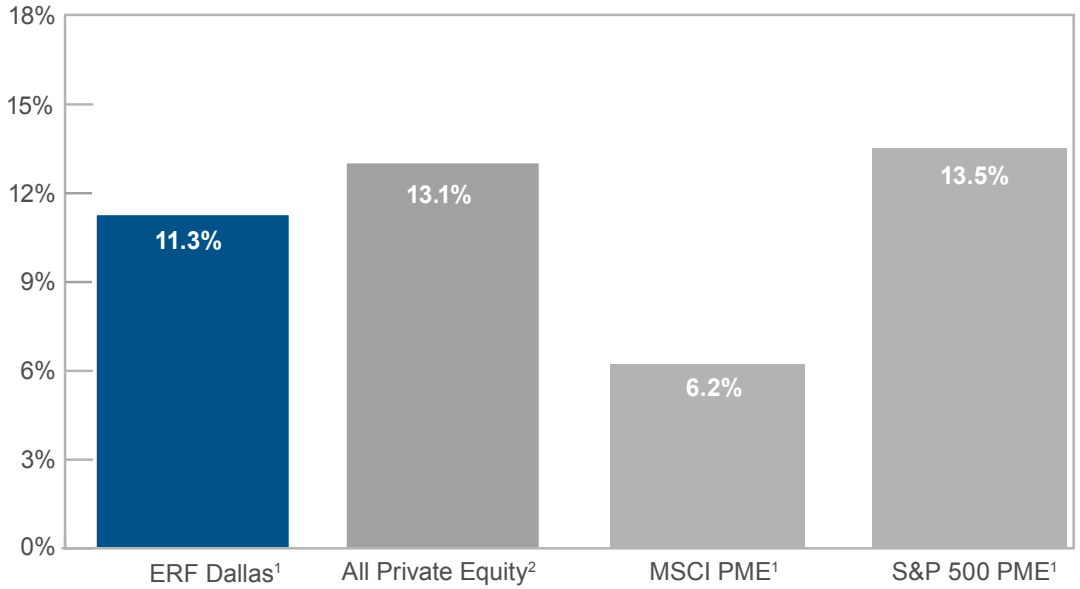
Hamilton Lane Private Equity Fund VII
Closed: December 2009 / June 2011
Commitment: $20M / $30M

2012

Hamilton Lane Secondary Fund III
Closed: June 2012
Commitment: $30M

Hamilton Lane Private Equity Fund VIII
Closed: October 2012
Commitment: $30M

ERF Dallas Portfolio Performance



- ERF Dallas' portfolio is outperforming MSCI World Index by 510 basis points
- 57% of capital called has already been sent back in distributions

[1] As of June 30, 2016
[2] Median All Private Equity benchmark from Thomson One/Cambridge Associates as of March 31, 2016.
Please refer to endnotes in Appendix

Executive Summary

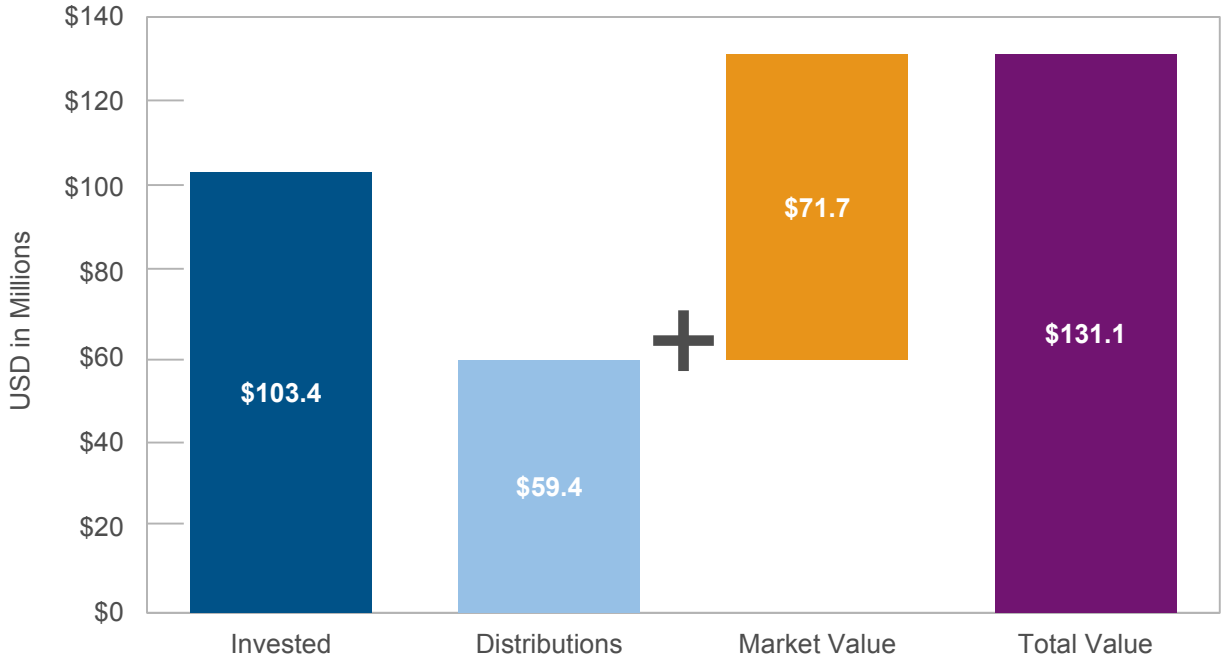
Dallas Summary

- Total Committed: $135.0M
- Total Invested: $103.4M (77%)
- Total Distributed: $59.4M (57%)
- NAV: $71.7M
- DPI: 0.57x
- TVPI: 1.3x
- Net IRR: 11.3%

Key Highlights

- Cash Flows for Q2 2016
  - Called: $0.7M
  - Distributed: $0.8M
- Strong portfolio performance
  - Outperforming MSCI PME

ERF Dallas Portfolio Performance



As of June 30, 2016

Summary of PE Investments

Hamilton Lane

Dallas ERF Summary of Investments								
Fund/Partnership Name	Vintage Year	Strategy	Commitment	Paid-In	Remaining Commitment	Distributions	Market Value	Valuation Date
Hamilton Lane Secondary Fund II	2008	Secondary	$25,000,000	$22,058,532	$2,941,468	$28,158,870	$3,973,456	6/30/2016
Hamilton Lane Private Equity Fund VII	2010	Fund-of-Funds	$50,000,000	$43,417,522	$6,582,478	$16,544,843	$39,312,260	6/30/2016
Hamilton Lane Secondary Fund III	2012	Secondary	$30,000,000	$21,628,481	$8,371,519	$11,295,632	$15,591,823	6/30/2016
Hamilton Lane Private Equity Fund VIII	2012	Fund-of-Funds	$30,000,000	$15,338,504	$14,661,496	$2,383,341	$13,605,181	6/30/2016
Credit Suisse/ GCM Fund I	2011	Fund of One	$75,000,000	$55,597,210	$19,402,790	$17,469,194	$64,099,448	6/30/2016
GCM/ CFIG Fund II	2014	Fund of One	$60,000,000	$17,607,320	$42,392,680	$69,063	$17,165,382	6/30/2016
GCM Co-Invesment Fund III	2015	Co-Investments	$20,000,000	$653,733	$19,346,267	$0	$649,240	6/30/2016
Fairview Capital	2015	Fund of One	$40,000,000	$1,657,694	$38,342,306	$0	$1,861,742	6/30/2016
TOTAL			**$330,000,000**	**$177,958,995**	**$152,041,005**	**$75,920,943**	**$156,258,534**	

Horizon Model Ouput

Commitment pace every year - attempt to reach and maintain 5% exposure

(Secondary and Fund-of-Funds)

Horizon Model Scenario Summary - Dallas ERF								
USD in Millions	To Date	2016	2017	2018	2019	2020	2021	2022
Commitments								
Secondary Fund		$30	$ -	$30	$ -	$35	$ -	$55
Fund-of-Funds		$ -	$30	$ -	$35	$ -	$45	$ -
Co-Investment Fund		$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL	$330	$30	$30	$30	$35	$35	$45	$55
Annual Cash Flows								
Annual Capital Calls		$39	$52	$43	$37	$34	$32	$36
Annual Distributions		$24	$46	$57	$64	$69	$70	$68
Cumulative Cash Flows								
Capital Calls	$178	$205	$258	$300	$338	$372	$404	$440
Distributions	$76	$93	$139	$196	$260	$329	$399	$468
Private Equity Exposure								
PE Market Value	$156	$183	$218	$237	$244	$242	$235	$231
Overall Plan Value	$3,278	$3,442	$3,614	$3,794	$3,984	$4,183	$4,393	$4,612
PE Exposure as % of Plan Value	**4.8%**	**5.3%**	**6.0%**	**6.2%**	**6.1%**	**5.8%**	**5.3%**	**5.0%**

Assumes 5% annual growth rate
Projections showing year end starting December 31, 2016
2016 representative of the sum of actual cash flows through 1H 2016 and cash flow projections for 2H 2016

Please refer to endnotes in Appendix

Horizon Model Ouput

Hamilton Lane

Runoff scenario assumes no future commitments to PE

Horizon Model Scenario Summary - Dallas ERF								
USD in Millions	To Date	2016	2017	2018	2019	2020	2021	2022
Commitments								
Secondary Fund		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Fund-of-Funds		$ -	$ -	$ -	$ -	$ -	$ -	$ -
Co-Investment Fund		$ -	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL	$330	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Annual Cash Flows								
Annual Capital Calls		$39	$43	$29	$19	$11	$5	$2
Annual Distributions		$24	$45	$54	$59	$61	$58	$52
Cumulative Cash Flows								
Capital Calls	$178	$205	$248	$276	$295	$306	$311	$313
Distributions	$76	$93	$138	$191	$250	$310	$369	$421
Private Equity Exposure								
PE Market Value	$156	$178	$204	$209	$199	$176	$146	$114
Overall Plan Value	$3,278	$3,442	$3,614	$3,794	$3,984	$4,183	$4,393	$4,612
PE Exposure as % of Plan Value	**4.8%**	**5.2%**	**5.6%**	**5.5%**	**5.0%**	**4.2%**	**3.3%**	**2.5%**

Assumes 5% annual growth rate
Projections showing year end starting December 31, 2016
2016 representative of the sum of actual cash flows through 1H 2016 and cash flow projections for 2H 2016

Please refer to endnotes in Appendix

Hamilton Lane Secondary Fund IV

Leading Private Equity Manager

Experienced

- Independent firm dedicated to private equity for 24+ years
- More than $39B of discretionary assets under management*
- More than $315B in assets under management and supervision*

Global

- 12 offices worldwide*
- More than 350 clients in 35 countries*
- Over 260 global employees who speak 21 languages*

Influential

- More than 300 partnership advisory board seats
- Size and scale = differentiated set of advantages for our secondary business
- Hamilton Lane is viewed as a preferred partner within the GP community

Performance

- Strong returns through different market environments

* As of June 30, 2016

Our Secondary Approach

Our Secondary Approach

Focus on opportunities where:

1. We have a distinct competitive advantage
2. Purchase high quality assets managed by leading GPs
3. At attractive prices (or discounts)

1. Leverage the HL Platform

One of the largest allocators of primary capital

- More than $22 billion of annual commitments made in 2015[1]

Information advantage

- $3.0 trillion fund assets monitored[2]
- Greater insight into assets – Clear advantage in restricted transactions

Preferred Partner for GPs

- More than 1,000 GP relationships – Access to top quality funds
- Viewed as a strategic partner due to size and scale

2. Targeted Approach

Off market, less competitive processes

- We see the market, but invest where we have a competitive advantage

Attractive risk-adjusted profile

- Mitigating risk through prudent diversification: multi year commitment pace, multiple vintage years, diversified strategies and global exposure

Quality assets and managers

- 70% of investments in prior funds recommended by our Fund Investment Team[3]

3. Discipline

Extremely Selective

- Investments in less than 1% of deal flow

Price Discipline

- HL has historically sourced deals at significant discounts – averaging 21% discount[4] across 3 prior funds

Disciplined and collaborative investment process

- Better decision making through a collaborative diligence process

Please refer to endnotes in appendix

HLSF IV Update

Hamilton Lane

Secondary Fund IV Update

$1.2B*
Commitments Secured

Target: $1.25B

Soft Circled: $300M

Great fundraise response/progress

Next close end of Q4 2016

$263M*
Investment Activity

$263M in closed & pending commitments across 9 transactions

100% of transactions proprietary or restricted

Deals funded 75% on average

Hamilton Lane Secondary Fund IV Terms

- **Target size:** $1.25B
- **Minimum commitment:** $5M
- **Commitment Period:** 3 years
- **Partnership Term:** 10 years
- **Hamilton Lane Commitment:** $12.5 million*
- **Management Fees:**

Commitment	Management Fee During Commitment Period	Management Fee After Commitment Period
$5-$49M	1.0%	Declining by 10% per year
$50-$99M	.85%	
$100M+	.75%	

- **Carried Interest:** 12.5%
- **Preferred Return:** 8%
- **The Fund Structure:** Several options available

*As of September 19, 2016

Appendix

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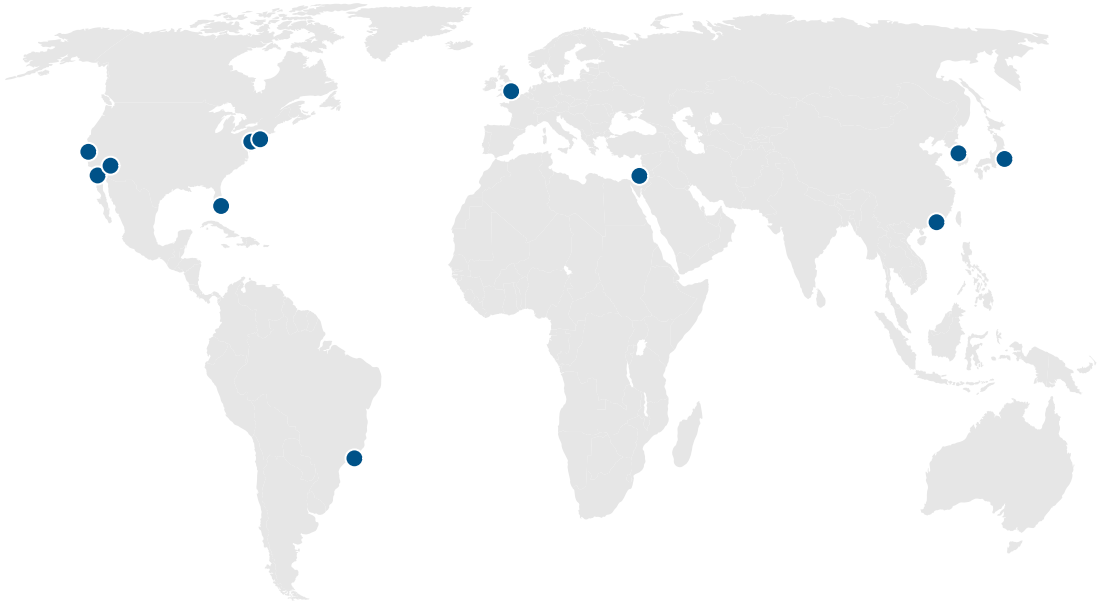

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Endnotes

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[1] The indices presented for comparison are the S&P 500 and the MSCI World, calculated on a Public Market Equivalent (PME) basis. The PME calculation methodology assumes that capital is being invested in, or withdrawn from, the index on the days the capital was called and distributed from the underlying fund managers. Contributions were scaled by a factor such that the ending portfolio balance would be equal to the private equity net asset value. The scaling factor is found by taking the sum of all shares sold (SS), the sum of all shares purchased (SP) and calculating the number of shares the ending value is worth (SEV). Dividing SEV + SS by SP solves for the PME scaling factor. The scaling of contributions prevents shorting of the public market equivalent portfolio in order to match the performance of an outperforming private equity portfolio. Realized and unrealized amounts were not scaled by this factor. The S&P 500 Total Return Index is a capitalization weighted index that measures the performance of 500 U.S. large cap stocks. The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The indices are presented merely to show general trends in the markets for the relevant periods shown. The comparison between Hamilton Lane performance and the index is not intended to imply that a fund's or separate account's portfolio is benchmarked to the index either in composition or level of risk. The index is unmanaged, has no expenses and reflects the reinvestment of dividends and distributions. The spreads are provided for comparative purposes only. A variety of factors may cause an index to be an inaccurate benchmark for any particular fund or separate account and the indices do not necessarily reflect the actual investment strategy of a fund or separate account.

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Endnotes

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[1] The 2015 capital invested includes all primary commitments for which Hamilton Lane retains a level of discretion and all advisory client commitments for which Hamilton Lane performed due diligence and made an investment recommendation. The 2015 capital invested also includes all discretionary secondary and co-investments.

[2] As of 6/30/16

[3] Represents HLSF II and HLSF III as of 6/30/16

[4] Since inception through June 30, 2016

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As of November 3, 2016