



Santa Barbara County Employees' Retirement System

Fourth Quarter 2017 PE Performance Update

Agenda

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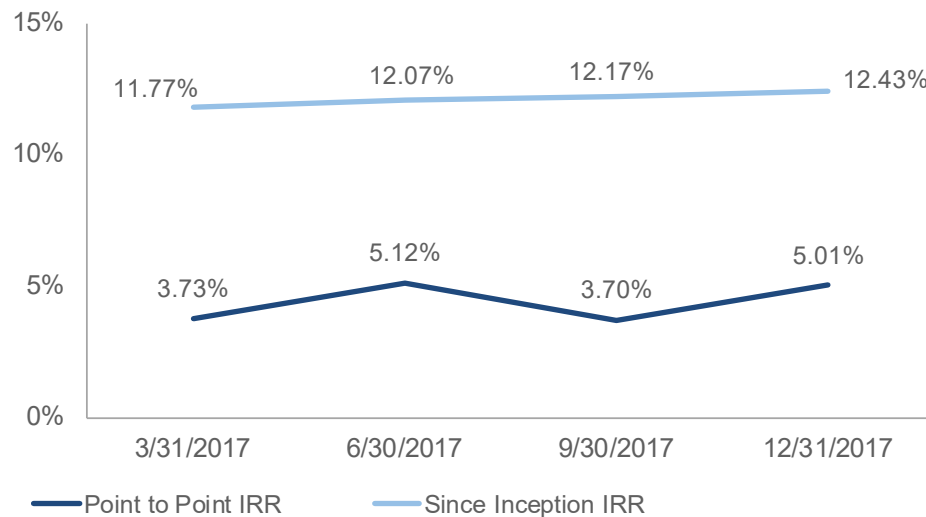


Q4 Private Equity Performance

Performance and Value Creation

- Portfolio outperforms the Russell 3000 + 300 bps (designated benchmark) for long-term periods
 - 25 bps since inception; 102 bps for 10-year period
- 18.71% point-to-point IRR for the one-year period, with four quarters of positive performance
- \$39.3M in total net value gains for the year
 - Market value grew each quarter

PE Portfolio Returns



PE Portfolio Value Created



SBCERS PE Portfolio Since-Inception Summary			
\$ in Million	As of 12/31/2016	As of 12/31/2017	Net Change
Active Partnerships	58	64	6
Active GP Relationships	30	30	-
Committed Capital	\$484.5	\$537.5	\$53.0
Unfunded Commitment	\$204.6	\$216.3	\$11.7
Paid-in Capital	\$338.7	\$395.3	\$56.6
Distributions	\$244.3	\$305.5	\$61.2
D/PI	72%	77%	5%
Net Invested Capital	\$94.4	\$89.8	(\$4.6)
Market Value	\$213.1	\$247.8	\$34.7
Total Exposure	\$417.7	\$464.1	\$46.4
Average Age of Commitments	4.5 years	5.1 years	0.6 years

- Six new investments added over the year, all to existing managers
- Portfolio is ~40% unfunded at 12/31/17
- Distributed-to-paid-in ratio increased to 77% over the year

- 83% of partnerships in the Portfolio created net gains for the one-year period
 - Each strategy generated positive returns for the year

Portfolio Summary					
	Quarter Ending				Year Ended
\$ in Million	3/31/2017	6/30/2017	9/30/2017	12/31/2017	12/31/2017
Beginning Market Value	\$213.1	\$217.3	\$226.9	\$241.3	\$213.1
Paid-in Capital	11.5	12.2	14.9	18.0	56.6
Distributions	(15.2)	(13.6)	(9.0)	(23.4)	(61.2)
Net Value Change	7.9	11.0	8.5	11.9	39.3
Ending Market Value	\$217.3	\$226.9	\$241.3	\$247.8	\$247.8
Unfunded Commitments	\$204.1	\$215.8	\$204.6	\$216.3	\$216.3
Total Exposure	\$421.4	\$442.7	\$445.9	\$464.1	\$464.1
Point-to-Point IRR	3.73%	5.12%	3.70%	5.01%	18.71%
Since Inception IRR	11.77%	12.07%	12.17%	12.43%	12.43%

Top Five Drivers for the Year Ending December 31, 2017						
Investment Name	Investment Strategy	Vintage Year	Net Value Change (\$M)	Point to Point IRR	Since Inception IRR	Total Value Multiple
Hellman & Friedman Capital Partners VII, L.P.	Mega Buyout	2011	\$6.5	66.36%	24.64%	2.23x
Providence Equity Partners VII, L.P.	Large Buyout	2012	2.2	42.00%	20.98%	1.53x
Apollo Investment Fund VIII, L.P.	Mega Buyout	2013	2.1	32.66%	20.66%	1.39x
Kelso Investment Associates IX, L.P.	Mid Buyout	2016	2.1	25.68%	45.24%	1.45x
Platinum Equity Capital Partners III, L.P.	Large Buyout	2012	1.9	37.10%	52.25%	1.89x
Subtotal			\$14.8	42.62%	27.85%	1.71x

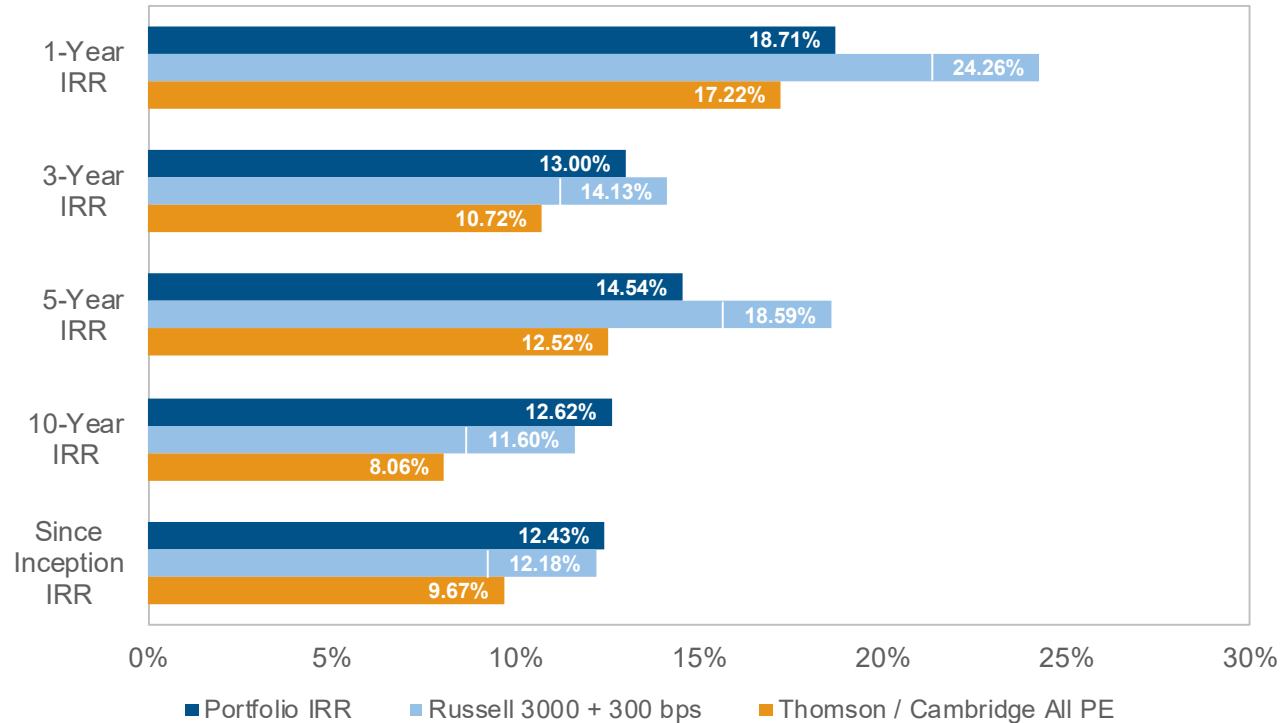
- Top positive drivers diversified among mega, large, and mid buyout strategies
 - Hellman & Friedman VII consistently top performer; strong underlying investment portfolio
- The top five partnerships accounted for 37% of positive net value gain during 2017

Bottom Five Drivers for the Year Ending December 31, 2017						
Investment Name	Investment Strategy	Vintage Year	Net Value Change (\$M)	Point to Point IRR	Since Inception IRR	Total Value Multiple
TPG Growth II, L.P.	Mid Buyout	2011	(\$0.3)	(3.40%)	21.28%	1.91x
First Reserve Fund XII, L.P.	Mega Buyout	2008	(0.2)	(5.10%)	(8.28%)	0.71x
Enhanced Equity Fund II, L.P.	Small Buyout	2010	(0.0)	(8.12%)	(22.95%)	0.55x
Hamilton Lane Venture Capital Fund (2017)	Venture Capital	2017	(0.0)	NM	NM	0.96x
TCV IX, L.P.	Growth Equity	2016	(0.0)	(1.69%)	(3.54%)	0.98x
Subtotal			(\$0.5)	(4.05%)	(0.85%)	0.97x

- Non-core managers (Enhanced and First Reserve) affected by underlying investments
 - Remaining position in Enhanced winding down as last investment liquidated
- The bottom five partnerships accounted for 95% of net value decline in 2017

IRR Performance

As of December 31, 2017



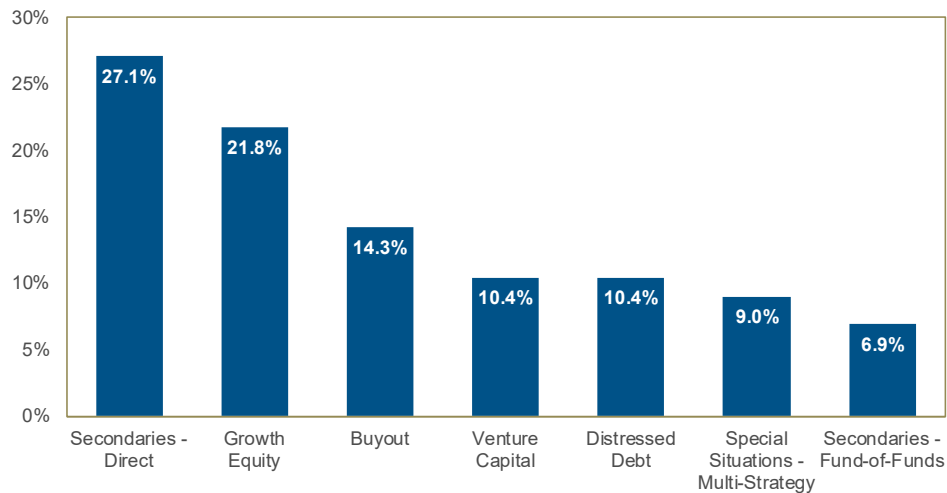
Note: Thomson / Cambridge all PE benchmark calculating pooled horizon returns
 Excluding Lexington, Portfolio outperforms the public benchmark by 148 bps and All PE benchmark by 399 bps

- Portfolio outperforms designated public benchmark by 25 bps and all PE benchmark by 276 bps inception
- Portfolio outperformed all PE benchmark across all time periods by an average of 262 bps

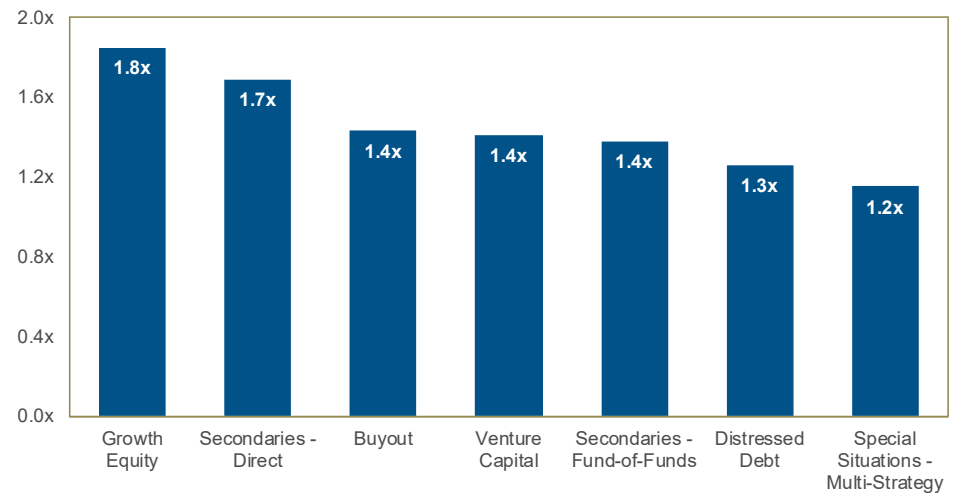
As of December 31, 2017

Strategy	Capital Committed	Unfunded Commitments	Paid-In Capital	Percentage Contributed	Capital Distributed	Percentage Distributed	Reported Market Value	As a % of Total Exposure	TVM	IRR
Secondaries - Direct	\$10.1	\$0.5	\$9.8	96.8%	\$13.7	140.2%	\$2.8	0.7%	1.7x	27.1%
Growth Equity	26.0	14.7	11.3	43.5%	8.7	77.1%	12.2	5.8%	1.8x	21.8%
Buyout	331.5	134.5	227.5	68.6%	150.6	66.2%	175.0	66.7%	1.4x	14.3%
Large Buyout	72.5	36.3	44.4	61.2%	24.8	56.0%	37.7	15.9%	1.4x	19.5%
Mid Buyout	94.0	31.9	72.3	76.9%	49.0	67.7%	60.1	19.8%	1.5x	18.2%
Mega Buyout	115.5	45.5	78.8	68.2%	60.7	76.9%	53.3	21.3%	1.4x	12.0%
Small Buyout	49.5	20.8	32.0	64.7%	16.2	50.6%	23.9	9.6%	1.3x	8.6%
Distressed Debt	72.7	36.1	68.7	94.5%	72.9	106.1%	13.7	10.7%	1.3x	10.4%
Venture Capital	43.4	17.8	25.5	58.8%	6.5	25.6%	29.4	10.2%	1.4x	10.4%
Special Situations	23.9	12.7	20.7	86.6%	14.0	67.5%	9.8	4.8%	1.2x	9.0%
Secondaries - FoF	30.0	0.0	31.9	106.2%	39.1	122.7%	4.8	1.0%	1.4x	6.9%
Total	\$537.5	\$216.3	\$395.3	73.5%	\$305.5	77.3%	\$247.8	100.0%	1.4x	12.4%

Portfolio Performance - IRR



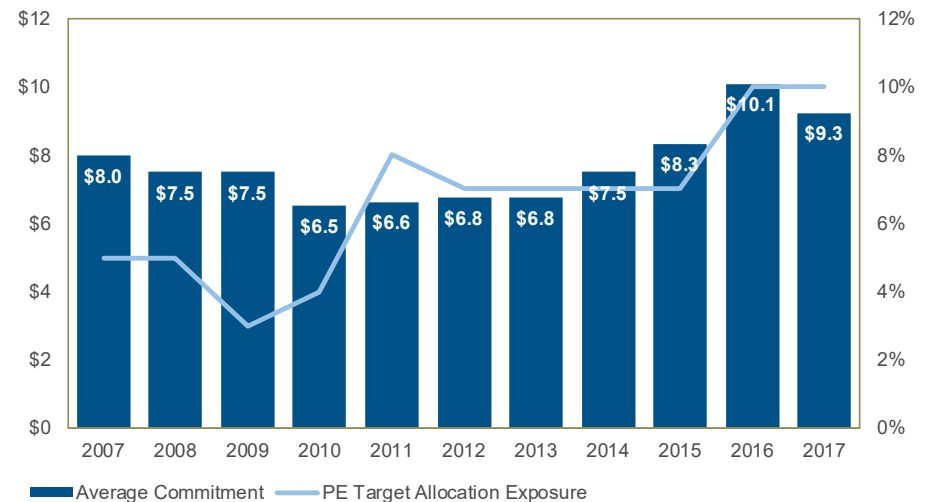
Portfolio Performance - TVM



Commitment Activity				
Closing Date	Partnership	Investment Strategy	Geographic Focus	Commitment (\$M)
2017 Allocation				
2/10/2017	Hamilton Lane Venture Capital Fund, L.P. (Series 2017)	Venture	North America	\$7.0
5/19/2017	CVC Capital Partners VII, L.P.	Mega Buyout	Europe	€9.4/\$11.3
6/1/2017	Apollo Investment Fund IX, L.P.	Mega Buyout	Global	\$10.0
9/22/2017	The Rise Fund, L.P.	Growth Equity	Global	\$6.0
9/29/2017	TPG Growth IV, L.P.	Mid Buyout	Global	\$4.0
10/31/2017	Ascribe Opportunities Fund IV, L.P.	Distressed Debt	North America	\$15.0
Total				\$53.1
2018 Allocation				
2/23/2018	American Securities Partners VIII, L.P.	Large Buyout	North America	\$10.0
3/16/2018	Kelso Investment Associates X, L.P.	Mid Buyout	North America	\$10.0
5/15/2018	TPG Tech Adjacencies, L.P.	Growth Equity	North America	\$10.0
June 2018	Fund A	Small Buyout	North America	\$10.0
June 2018	Fund B	Mega Buyout	North America	\$10.0
TBD 3Q	Fund C	Growth Equity	North America	\$10.0
Total				\$60.0

- 2017 allocation at lower-end of target range, \$53.1M in total commitments
- 2018 activity – three commitments closed (\$30M), three pending legal (\$30M)
 - Pending commitments represent two strong existing managers and one new manager
 - Targeting \$65M - \$75M for the year

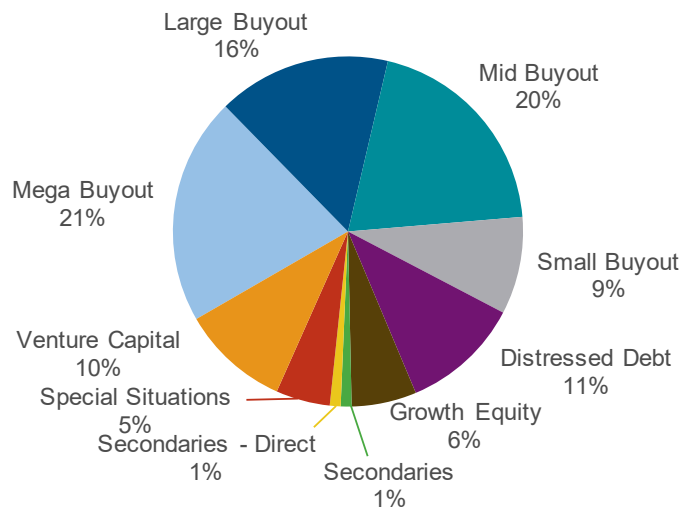
Average Commitment Size by Vintage Year*
(\$ in Million)



*Program began with \$30 million secondary commitment in 2005 to Lexington Capital Partners VI, L.P.

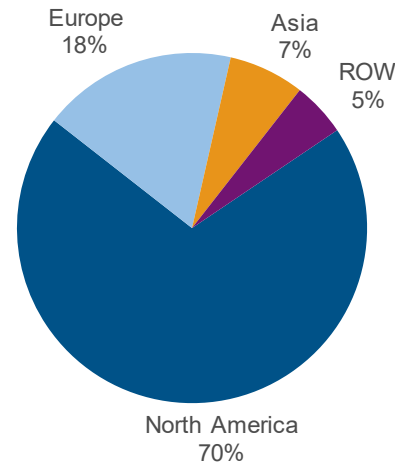
Strategic Diversification by Total Exposure

As of December 31, 2017



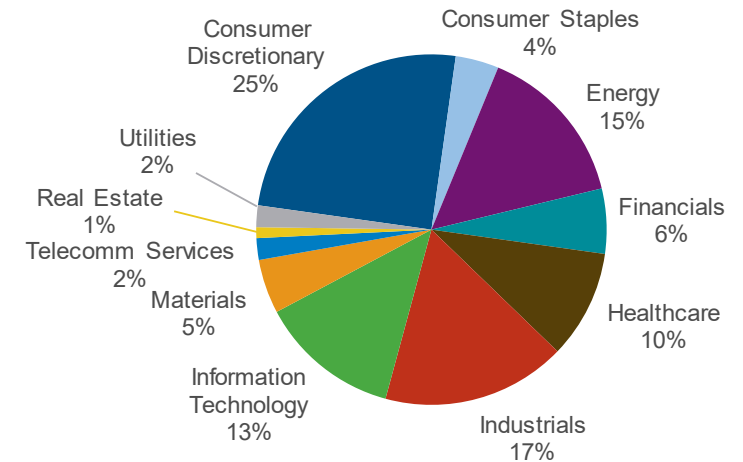
Underlying Investment Diversification* by Geography

As of December 31, 2017



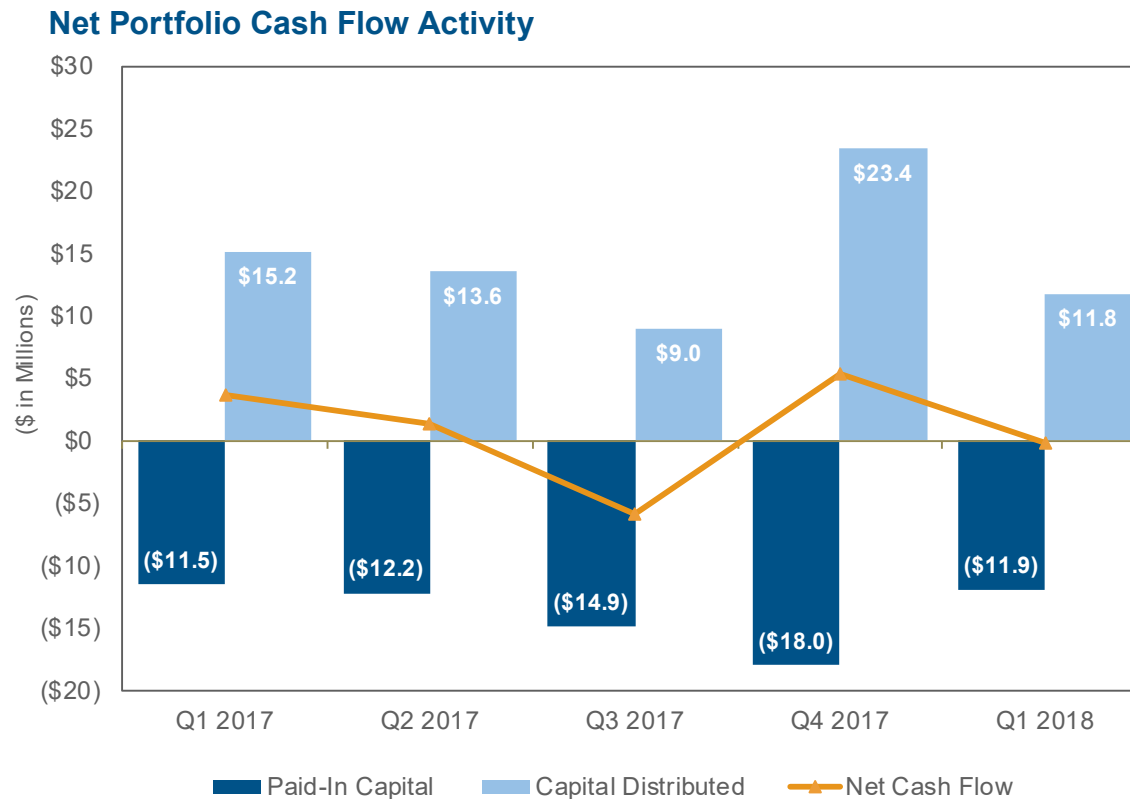
Underlying Investment Diversification* by Industry

As of December 31, 2017



- Strategy – Buyout focused, exposure to Mega Buyout increased by 3% over the year due to new commitments and positive performance over the year
- Geography – Slight increase to Europe over the year, four of the new commitments in 2017 will add global exposure
- Industry – well-diversified, buyout partnerships drive Consumer Discretionary exposure

*The above data is excluding the Fund of Funds of Lexington VI, HL Venture Capital Fund (Series 2010, 2011, 2014, 2015, 2016, and 2017)



- Slowdown in cash flow activity in the first quarter of 2018, consistent with overall market
- Kohlberg VII and SSG III returned combined \$2.0 million during the quarter
- Paid-in capital activity driven by newer funds
 - 2016 and 2017 vintage partnerships called over half of Portfolio's quarterly contributions



Deal Reviews

American Securities Partners VIII, L.P.

Kelso Investment Associates X, L.P.

TPG Tech Adjacencies, L.P.

Fund Information	
General Partner:	American Securities Capital Partners
Fund:	American Securities Partners VIII, L.P.
Firm Inception:	1994
Fund Size/Hard Cap:	\$6 billion
Strategy:	Large Buyout
Geography:	North America
Team:	28 investment professionals, 34 operating professionals and 53 professionals
Senior Partners:	Michael Fisch, David Horing, Marc Saiontz, Scott Wolff, Kevin Penn, Loren Easton and Will Manuel
Location	New York and Shanghai
Industries:	Diversified
Equity Investments:	\$200 million to \$600 million

Approach:

- Focus on the industrials sector and opportunistically pursue investments in their four core verticals: services, healthcare, energy and consumer sectors
- GP expects to invest entirety of the fund in the United States
- American Securities expects to be the lead investor and controlling shareholder in each investment in order to determine strategic direction and drive the firm's value creation initiatives
- Focus on low leverage facilitates greater free cash flow, enabling the GP to make larger investments in growth initiatives and providing additional downside protection

American Securities, LLC - Prior Investment Performance as of 9/30/2017						
(Smm) Fund	Capital Drawn	Capital Distributed	NAV	DPI	TVPI	Net IRR
Total	\$10,153.4	\$9,570.9	\$7,375.9	0.9x	1.7x	19.4%

Total includes Fund I through Fund VII

Key Features:

- Generated attractive returns across vintages, with top-quartile net IRR and TVPI performance in the majority of prior funds
- Excluding Fund IV, American Securities has generated attractive j-curve profiles, driven by strong early performance and the use of a leverage facility to manage capital calls
- Perform particularly well on realized basis, demonstrating ability to successfully exit positions

On behalf of SBCERS', Hamilton Lane approved a \$10.0 million commitment to
American Securities Partners VIII, L.P.

Fund Information	
General Partner:	Kelso & Company, L.P.
Fund:	Kelso Investment Associates X, L.P.
Firm Inception:	1971
Fund Size/Hard Cap:	\$2.5 billion / \$2.8 billion (includes GP commitment)
Strategy:	Mid-market Buyout
Geography:	Primarily North America
Team:	28 investment professionals
Senior Partners:	Frank Nickell, Phile Berney, Frank Loverro
Location	New York
Industries:	Diversified
Equity Investments:	\$100 million to \$250 million

Approach:

- Focus on six core industries: energy, financial services, healthcare, industrials, services and consumer
- GP expects to invest majority of its investments in the United States, with the ability to invest up to 40% of the Fund outside of the U.S.
- Kelso targets opportunities where it has a unique edge as a result of its deep expertise or where it can purchase an undervalued business due to market dislocation, leading to attractive entry pricing across prior funds
- Focused on implementing value creation initiatives early in an investment's life to drive EBITDA growth and prepare companies for the integration of add-on acquisitions

Kelso & Company, L.P. - Prior Investment Performance as of 9/30/2017								
(\$mm) Fund	Vintage	Fund Size	Capital Drawn	Capital Distributed	NAV	DPI	TVPI	Net IRR
Fund VII	2004	\$2,100.0	\$2,297.8	\$3,574.0	\$50.8	1.6x	1.6x	11.4%
Fund VIII	2007	4,879	5,593.9	4,506.3	2,922.3	0.8x	1.3x	7.9%
Fund IX*	2015	1,938	877.0	0.0	1,311.7	0.0x	1.5x	43.2%
Total			\$8,768.7	\$8,080.3	\$4,284.9	0.9x	1.4x	10.0%

*SBCERS is invested in Fund IX

Key Features:

- Generated top-quartile performance in Fund IX, which is reflective of the expected portfolio construction and targeted returns for the Fund
- Meaningful gross performance across core investments
- Substantial, healthy unrealized portfolio with additional upside expected

On behalf of SBCERS', Hamilton Lane approved a \$10.0 million commitment to
Kelso Investment Associates X, L.P.

Fund Information	
General Partner:	TPG Partners
Fund:	TPG Tech Adjacencies, L.P.
Firm Inception:	1992
Fund Size/Hard Cap:	\$1.5 billion
Strategy:	Growth equity
Geography:	Primarily North America
Team:	14 technology investment professionals, 6 Investment Committee members and 8 senior sponsors
Senior Partners:	David Bonderman, James Coulter, Jonathan Coslet, Jon Winkelriener, David Trujillo and Nehal Raj
Location	San Francisco
Industries:	Technology
Equity Investments:	\$50 million to \$150 million

Approach:

- TPG is poised to serve as a solutions provider to a growing market of private companies that combined represent more than \$1 trillion of enterprise value
- Will target three primary investment approaches: structured solutions, opportunistic common equity and employee option liquidity
- Historically, the General Partner has invested more capital in technology investments within the software and services, media and healthcare equipment and services sectors than any other sector
- TPG expects to primarily target technology companies based in the United States
- Expects to invest between \$50 million and \$150 million per deal in companies expected to be high-growth, scaled technology companies

TPG Partners - Prior Investment Performance* as of 9/30/2017						
((\$mm) Fund	Vintage	Amount Invested	Amount Realized	Unrealized Value	Gross Multiple	Gross IRR
Pre-Fund	2010	\$7,240.3	\$6,563.0	\$9,409.5	2.2x	27.0%

*The Pre-Fund includes technology investments from the flagship and growth fundlines led by the senior investment professionals from the Technology team

Key Features:

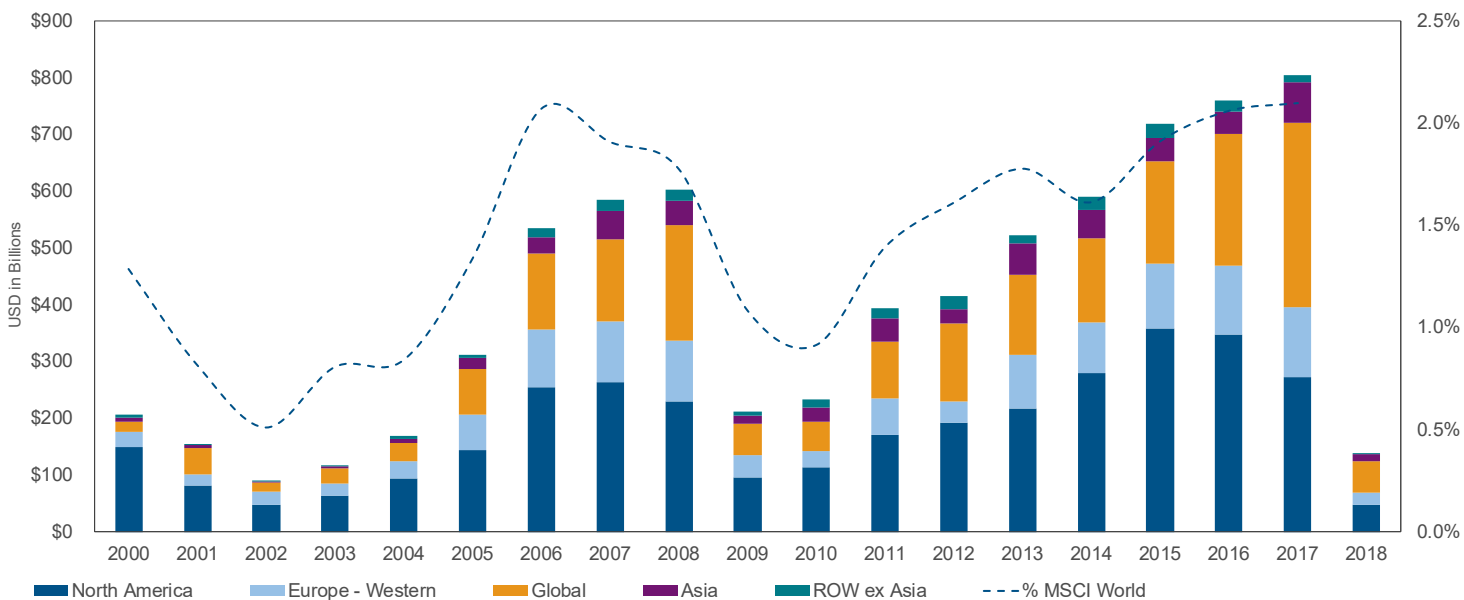
- Generated attractive gross performance in its Pre-Fund track record, with approximately equal performance across realized and unrealized investments
- TPG has demonstrated the ability to deploy significant capital in technology investments
- Expected to generate attractive capital preservation through a combination of structured deals and investing in attractive, high-growth technology companies at prices significantly below current valuations, reducing the risk of capital impairment

On behalf of SBCERS', Hamilton Lane approved a \$10.0 million commitment to
TPG Tech Adjacencies, L.P.



Private Equity Market Update

Global Private Markets Fundraising by Geography



Source: Cobalt (March 2018)

What will 2018 fundraising bring?

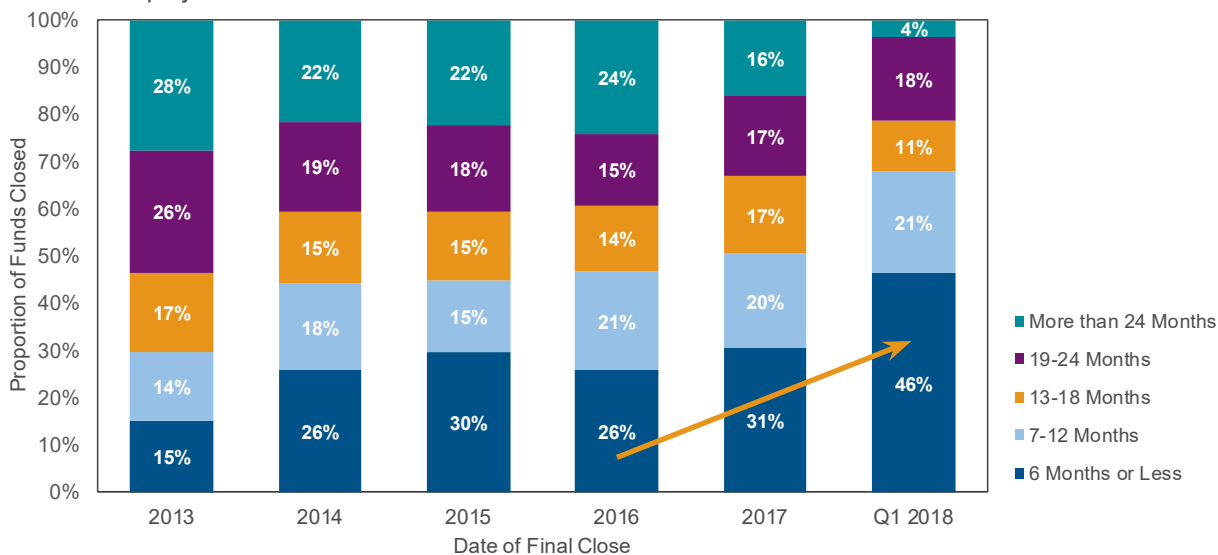
- Early days, but no sign of a hangover given pipeline
- In Q1 2018, aggregate capital of \$138.5 million raised

Fast-paced fundraising continues

- Prevalence of 'first and final' fund closings
- 51% of funds closed in 2017 spent a year or less in market
- Funds spending less than 6 months in market growing

Time Spent in Market

Private Equity Funds Closed in 2013 – Q1 2018

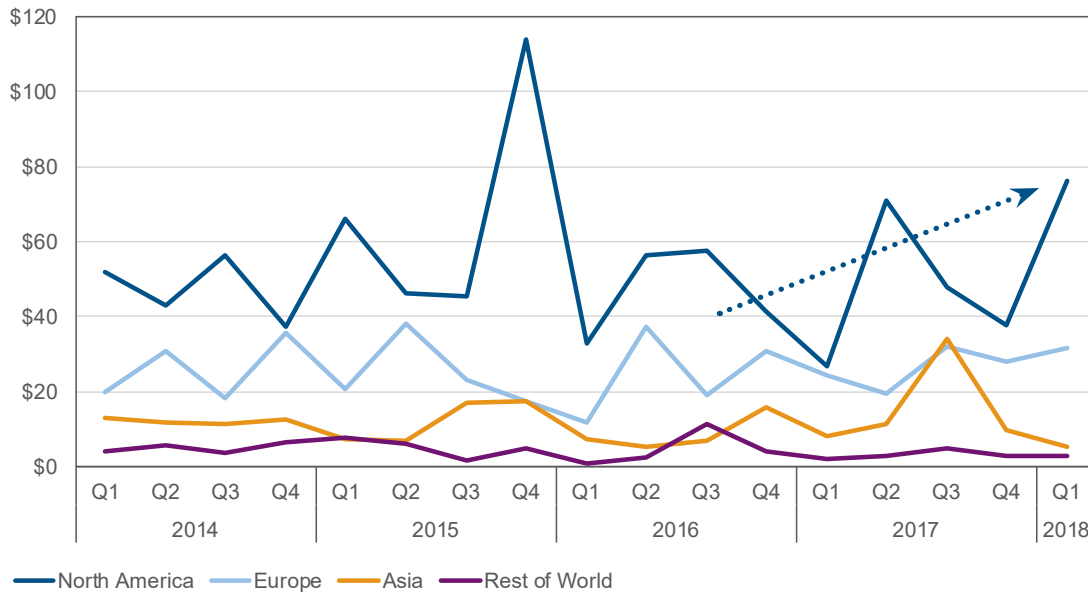


Source: Preqin (1Q 2018 Quarterly Update)

Deal activity led by the Middle Market

Aggregate Value of Private Equity-Backed Buyout Deals

By Deal Value (\$B); By Region Q1 2014 - Q1 2018



Source: Preqin

Q1 2018: 1,023 PE-backed buyout deals for aggregate value of \$116B

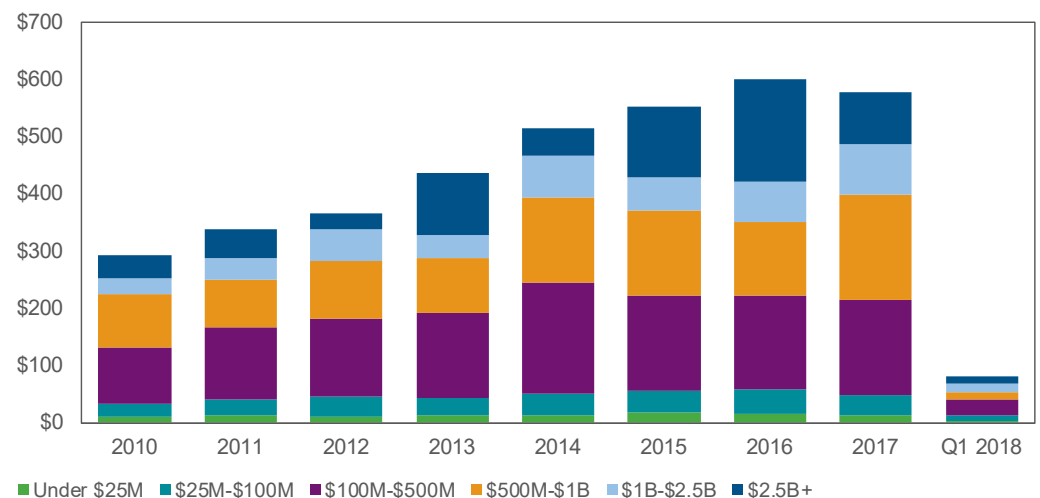
- North America deal value of \$76B represented 66% of total
- Two mega deals: Keurig and Dr. Pepper merger at \$21B and Thomson Reuters Corporation takeover at \$17B

Strong 2017 for U.S. middle market deals (sub \$1B TEV)

- \$338B in 2017
 - 2017 represented records for both deal count and value
- \$54B invested in Q1 2018

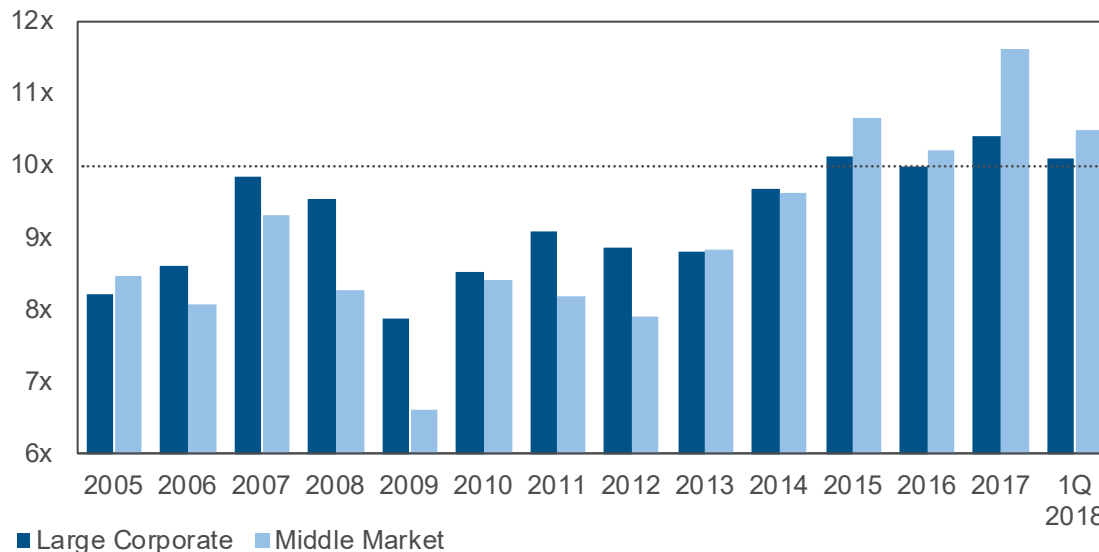
U.S. Private Equity Activity

By Size (\$B)



Source: Pitchbook (April 2018)

U.S. Purchase Price Multiples



Source: LCD, an offering of S&P Global Market Intelligence (April 2018)

Plenty of capital for deals, but market is fully priced: purchase price multiples staying above 10.0x

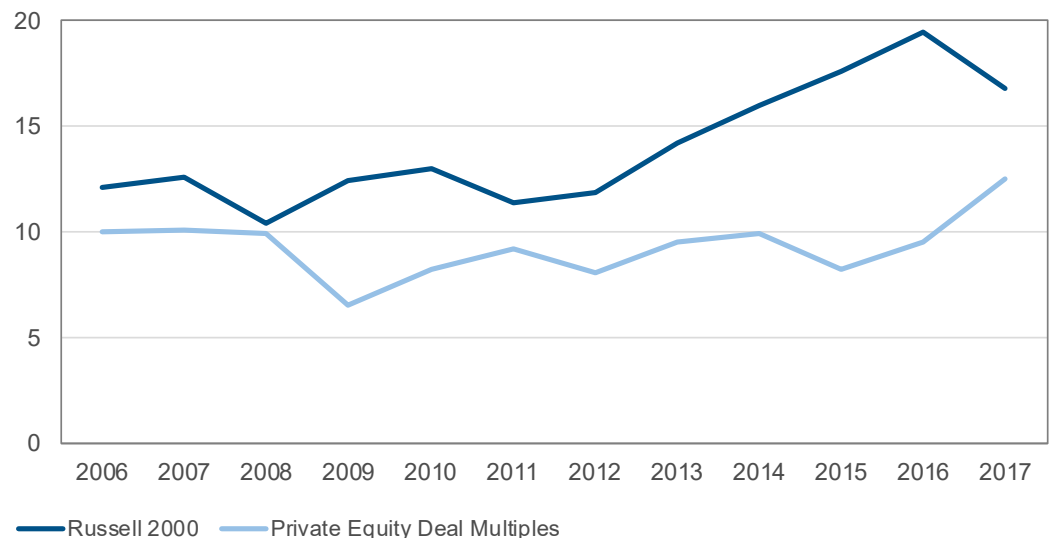
- Middle Market pricing continues to outpace Large Corporate; a trend seen since 2015

Private deal pricing increases

- Gap between prices paid for private and public companies narrows in 2017
- Investors paid 12.5x for private companies vs. 16.8x for public companies in 2017

Public and Private Company Valuations

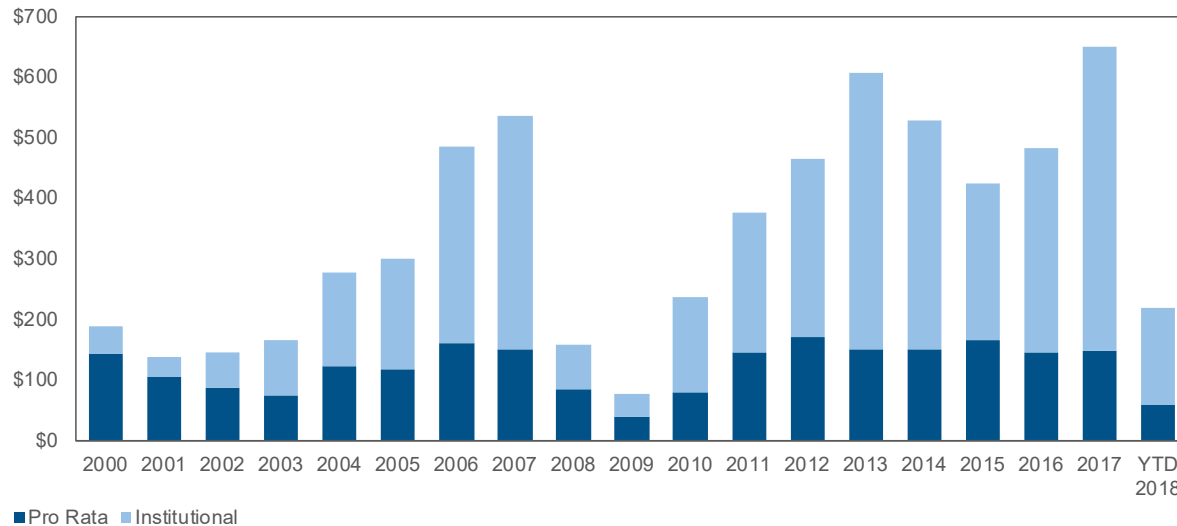
Enterprise Value/EBITDA (ratio)



Source: Boston Consulting Group (April 2018)

U.S. Leveraged Loan Volume

By Capital (\$B)



Source: LCD, an offering of S&P Global Market Intelligence (April 2018)

Debt still in strong supply

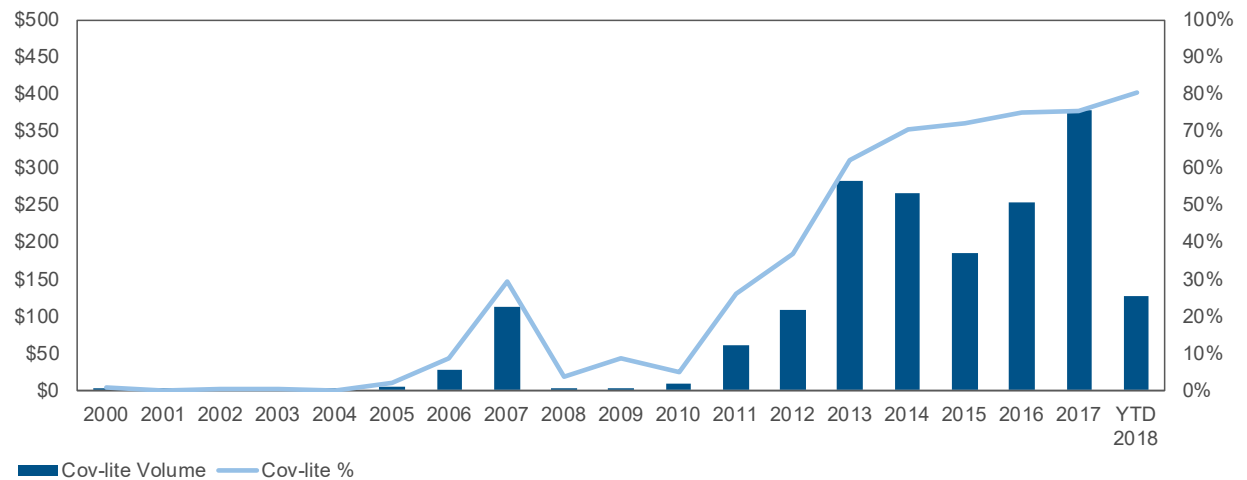
- 2017 was record year for volume at \$650B
- Three months into 2018 volume already at \$218B

Covenant lite loans accounted for 75% of the leveraged loan market in 2017

- Highest volume on record in last 18 years
 - Better financial health across companies in recent years
- How long will this credit cycle last?

U.S. Covenant Lite Loans

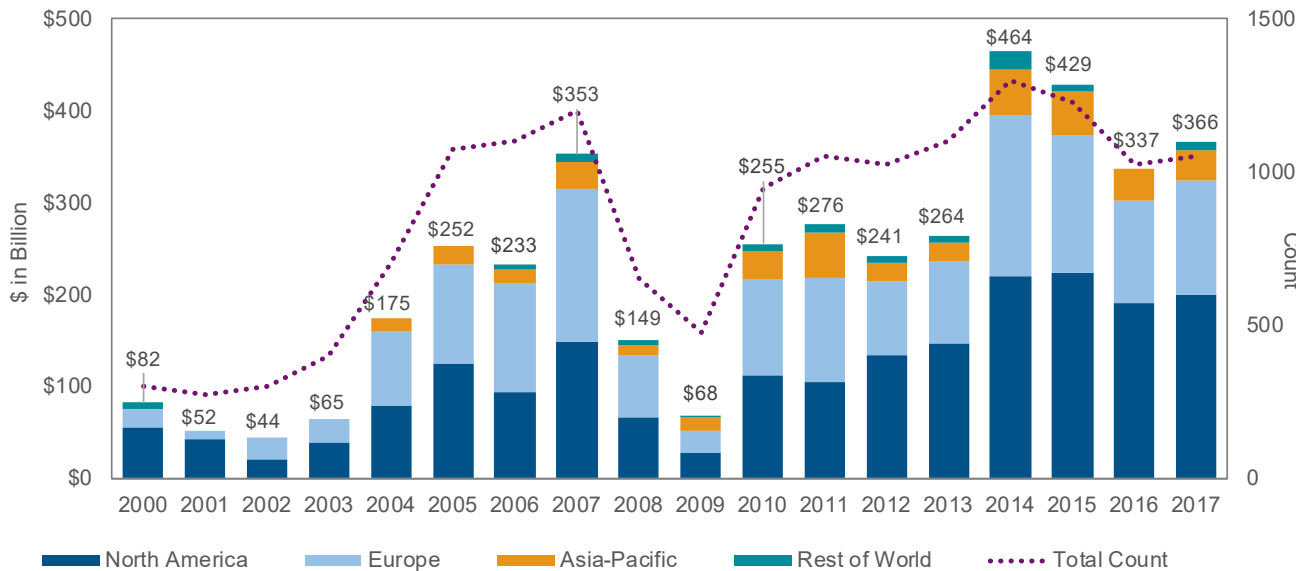
In \$B; Percent of Leveraged Loan Market



Source: LCD, an offering of S&P Global Market Intelligence (April 2018)

Market moving towards being a net investor? Given buyout liquidity ratios converging to 1.0x

Global Buyout-Backed Exits



\$366B exit activity in 2017, uptick from lower value and count seen in 2016

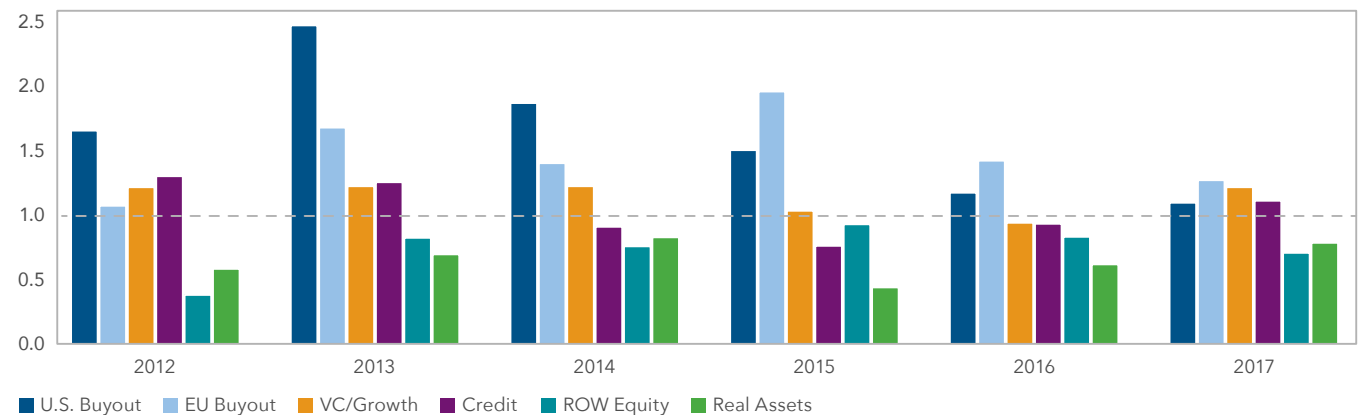
- Lower liquidity value expected – according to Bain: by 2017, more than 80% of exits involved companies that PE firms had acquired from 2009-on
- Value in North America relatively steady last four years

Source: Bain, Dealogic (March 2018)

Liquidity ratios see movement

- VC and Credit rebound to >1.0x ratio
- U.S./EU Buyout see declines, but hold on to be net distributors
- Note, year is young but Q1 2018 liquidity strong

Annual Liquidity Ratio by Strategy (Distributions/Contributions)



Source: Hamilton Lane Data via Cobalt (January 2018)



Appendix

Portfolio Summary

As of December 31, 2017

Investment Name	Vintage Year	Investment Strategy	Capital Committed	Paid-In Capital	Capital Distributed ¹	Reported Market Value	Net IRR ²	Net Multiple
Lexington Capital Partners VI, L.P.	2005	Secondaries - Fund-of-Funds	\$30,000,000	\$31,854,913	\$39,075,641	\$4,802,260	6.90%	1.38x
Kohlberg Investors VI, L.P.	2007	Corporate Finance/Buyout - Mid	10,000,000	9,010,718	15,406,931	409,739	16.54%	1.76x
KPS Special Situations Fund III, L.P.	2007	Corporate Finance/Buyout - Mid	10,000,000	9,784,236	14,790,487	3,288,012	22.41%	1.85x
Montreux Equity Partners IV, L.P.	2007	Venture Capital - Early Stage	5,000,000	4,976,866	2,741,697	4,405,157	6.42%	1.44x
Providence Equity Partners VI, L.P.	2007	Corporate Finance/Buyout - Mega	10,000,000	11,408,256	11,334,371	4,389,959	6.31%	1.38x
Tennenbaum Opportunities Fund V, LLC	2007	Distressed Debt - Control	5,000,000	5,000,000	5,434,482	1,929,114	5.98%	1.47x
Apollo Investment Fund VII, L.P.	2008	Corporate Finance/Buyout - Mega	10,000,000	11,998,602	18,580,447	2,389,502	23.46%	1.75x
Avenue Europe Special Situations Fund, L.P.	2008	Distressed Debt - Non-Control	3,195,310	4,213,531	6,295,345	-	15.96%	1.49x
CVC European Equity Partners V, L.P.	2008	Corporate Finance/Buyout - Mega	9,417,046	9,711,051	14,267,473	3,317,503	15.47%	1.81x
First Reserve Fund XII, L.P.	2008	Corporate Finance/Buyout - Mega	10,000,000	11,086,317	5,283,780	2,613,793	(8.28%)	0.71x
TCV VII, L.P.	2008	Growth Equity	5,000,000	4,920,122	8,406,814	4,502,705	23.27%	2.62x
Energy Capital Partners II, L.P.	2009	Corporate Finance/Buyout - Large	10,000,000	10,019,412	10,719,071	4,443,387	13.27%	1.51x
OHA Strategic Credit Fund IB, L.P.	2009	Distressed Debt - Non-Control	5,000,000	4,475,666	6,613,673	156,451	12.68%	1.51x
Apollo European Principal Finance Fund (Feeder), L.P.	2010	Distressed Debt - Non-Control	7,565,466	10,806,186	14,669,328	72,318	20.41%	1.36x
Ascribe Opportunities Fund II, L.P.	2010	Distressed Debt - Control	10,000,000	25,718,451	23,284,819	6,070,578	8.40%	1.14x
Enhanced Equity Fund II, L.P.	2010	Corporate Finance/Buyout - Small	5,000,000	4,827,766	2,429,400	237,130	(22.95%)	0.55x
Hamilton Lane Venture Capital Fund, L.P. (Series 2010)	2010	Venture Capital - Multi-Stage	3,850,000	3,826,164	1,892,756	4,603,823	13.74%	1.70x
Avenue Europe Special Situations Fund II, L.P. (Euro)	2011	Distressed Debt - Non-Control	6,975,727	6,979,963	6,018,026	1,950,577	3.75%	1.14x
Blackstone Energy Partners, L.P.	2011	Corporate Finance/Buyout - Mid	10,000,000	11,201,384	5,906,324	9,841,315	13.26%	1.41x
Gilde Buyout Fund IV L.P.	2011	Corporate Finance/Buyout - Small	4,456,456	4,447,661	2,837,364	3,014,805	7.79%	1.32x
Hamilton Lane Venture Capital Fund, L.P. (Series 2011)	2011	Venture Capital - Multi-Stage	5,000,000	4,916,034	1,415,304	7,192,114	14.57%	1.75x
Hellman and Friedman Capital Partners VII, L.P.	2011	Corporate Finance/Buyout - Mega	10,000,000	9,492,385	7,784,521	13,361,080	24.64%	2.23x
TPG Growth II, L.P.	2011	Corporate Finance/Buyout - Mid	5,000,000	5,203,661	2,409,814	7,513,905	21.28%	1.91x
Actis Global 4, L.P.	2012	Corporate Finance/Buyout - Mid	7,500,000	5,893,733	977,699	5,618,117	4.76%	1.12x
Gridiron Capital Fund II, L.P.	2012	Corporate Finance/Buyout - Small	10,000,000	10,195,572	7,235,467	7,938,424	13.32%	1.49x
Kohlberg Investors VII, L.P.	2012	Corporate Finance/Buyout - Mid	7,500,000	7,138,543	2,473,723	7,507,103	15.71%	1.40x
Platinum Equity Capital Partners III, L.P.	2012	Corporate Finance/Buyout - Large	7,500,000	6,848,457	6,920,805	6,002,933	52.25%	1.89x
Providence Equity Partners VII, L.P.	2012	Corporate Finance/Buyout - Large	7,500,000	6,848,044	4,016,436	6,432,864	20.98%	1.53x
Secondary Investment SPV-1 L.P.	2012	Secondaries - Direct	1,996,865	1,846,654	2,608,277	509,036	32.04%	1.69x
Secondary Investment SPV-2 L.P.	2012	Secondaries - Direct	5,850,312	5,762,952	9,192,480	1,144,783	29.73%	1.79x
SSG Capital Partners II, L.P.	2012	Special Situations - Multi-Strategy	6,365,714	10,755,248	9,194,945	3,786,817	9.67%	1.21x
Apollo Investment Fund VIII, L.P.	2013	Corporate Finance/Buyout - Mega	10,000,000	7,691,827	1,778,045	8,878,764	20.66%	1.39x
CVC Capital Partners VI, L.P.	2013	Corporate Finance/Buyout - Mega	8,840,710	7,784,224	949,854	8,331,743	14.51%	1.19x
High Road Capital Partners II, L.P.	2013	Corporate Finance/Buyout - Small	5,000,000	2,490,302	1,258,725	2,587,856	17.88%	1.54x

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

² The IRR net of Hamilton Lane fee is 11.77%

The analysis was completed using available information provided by the general partner of each investment, unless otherwise noted. Cash flows are representative of SBCERS' actual cash paid and received. Market values reflect SBCERS' unrealized interest in each investment. The IRRs are representative SBCERS' return to date and not the IRR reported by the general partner.

As of December 31, 2017

Investment Name	Vintage Year	Investment Strategy	Capital Committed	Paid-In Capital	Capital Distributed ¹	Reported Market Value	Net IRR ²	Net Multiple
KPS Special Situations Fund IV, L.P.	2013	Corporate Finance/Buyout - Large	10,000,000	3,558,629	1,466,831	3,013,892	26.49%	1.26x
Secondary Investment SPV-4, L.P.	2013	Secondaries - Direct	2,231,943	2,149,059	1,881,785	1,147,672	13.92%	1.41x
Waterton Precious Metals Fund II Cayman, L.P.	2013	Corporate Finance/Buyout - Small	5,000,000	3,097,098	1,017,510	2,908,933	11.11%	1.27x
Ascribe Opportunities Fund III, L.P.	2014	Distressed Debt - Multi-Strategy	10,000,000	11,006,426	10,545,108	3,040,913	21.39%	1.23x
Energy Capital Partners III, L.P.	2014	Corporate Finance/Buyout - Large	7,500,000	4,645,246	712,528	5,053,030	13.33%	1.24x
Hamilton Lane Venture Capital Fund, L.P. (Series 2014)	2014	Venture Capital - Multi-Stage	7,500,000	6,020,424	143,268	7,573,717	12.17%	1.28x
SSG Capital Partners III, L.P.	2014	Special Situations - Multi-Strategy	7,500,000	9,328,175	4,762,278	5,470,723	7.87%	1.10x
TCV VIII, L.P.	2014	Growth Equity	5,000,000	4,240,569	312,597	5,584,006	15.65%	1.39x
Blackstone Energy Partners II, L.P.	2015	Corporate Finance/Buyout - Large	10,000,000	4,670,025	87,540	4,913,243	9.24%	1.07x
Gridiron Capital Fund III, L.P.	2015	Corporate Finance/Buyout - Small	10,000,000	4,964,033	1,383,270	5,272,365	22.41%	1.34x
Hamilton Lane Venture Capital Fund, L.P. (Series 2015)	2015	Venture Capital - Multi-Stage	5,000,000	2,498,328	19,337	2,626,354	4.44%	1.06x
Advent International GPE VIII-B, L.P.	2016	Corporate Finance/Buyout - Mega	8,500,000	3,837,750	-	4,120,162	12.77%	1.07x
American Securities Partners VII, L.P.	2016	Corporate Finance/Buyout - Large	10,000,000	4,939,874	105,103	5,556,265	18.44%	1.15x
Blackstone Capital Partners VII, L.P.	2016	Corporate Finance/Buyout - Mega	10,000,000	2,173,330	137,729	2,169,798	10.70%	1.06x
Hamilton Lane Venture Capital Fund, L.P. (Series 2016)	2016	Venture Capital - Multi-Stage	10,000,000	2,478,937	312,484	2,288,932	6.11%	1.05x
Hellman & Friedman Capital Partners VIII, L.P.	2016	Corporate Finance/Buyout - Mega	7,500,000	3,650,750	536,393	3,695,798	51.80%	1.16x
Kelso Investment Associates IX, L.P.	2016	Corporate Finance/Buyout - Mid	15,000,000	8,761,436	-	12,680,318	45.24%	1.45x
Platinum Equity Capital Partners IV, L.P.	2016	Corporate Finance/Buyout - Large	10,000,000	2,845,863	808,075	2,283,182	17.03%	1.09x
Roark Capital Partners IV, L.P.	2016	Corporate Finance/Buyout - Mid	10,000,000	7,973,936	137,358	8,061,668	3.44%	1.03x
Saw Mill Capital Partners II, L.P.	2016	Corporate Finance/Buyout - Small	10,000,000	1,963,647	9,559	1,969,519	1.00%	1.01x
TCV IX, L.P.	2016	Growth Equity	10,000,000	2,155,000	-	2,116,059	(3.54%)	0.98x
Hamilton Lane Venture Capital Fund, L.P. (Series 2017)	2017	Venture Capital - Multi-Stage	7,000,000	790,960	-	758,444	(11.99%)	0.96x
Kohlberg Investors VIII, L.P.	2017	Corporate Finance/Buyout - Mid	10,000,000	2,003,869	10	2,120,353	33.42%	1.06x
OHA Strategic Credit Fund II, L.P.	2017	Distressed Debt - Non-Control	10,000,000	500,000	-	487,831	(2.43%)	0.98x
SSG Capital Partners IV, L.P.	2017	Special Situations - Multi-Strategy	10,000,000	587,635	1,554	573,198	(2.09%)	0.98x
The Rise Fund, L.P.	2017	Growth Equity	6,000,000	-	-	-	N/A	N/A
TPG Growth IV, L.P.	2017	Corporate Finance/Buyout - Mid	4,000,000	-	-	-	N/A	N/A
Apollo Investment Fund IX, L.P.	2018	Corporate Finance/Buyout - Mega	10,000,000	-	-	-	N/A	N/A
Ascribe Opportunities Fund IV, L.P.	2018	Distressed Debt - Multi-Strategy	15,000,000	-	-	-	N/A	N/A
CVC Capital Partners VII, L.P.	2018	Corporate Finance/Buyout - Mega	11,260,722	-	-	-	N/A	N/A
Total Portfolio³			\$537,506,272	\$395,319,281	\$305,451,700	\$247,819,879	12.43%	1.40x

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

² The IRR net of Hamilton Lane fee is 11.77%

³ Total includes a \$5.0 million commitment to American Securities Partners VI, L.P.

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Manager Monitoring

Santa Barbara County Employees' Retirement System - Manager Monitoring Private Equity Portfolio			
Fund Manager	Significant Events (Yes/No)	Last HL Meeting	Comments
Actis Capital LLP	No	March 2018	<ul style="list-style-type: none"> Torbjorn Caesar appointed to Senior Partner, was previously co-head of Energy; Paul Fletcher (Executive Chairman) will assume the role of Non-Executive Chairman Added Andrew Newington as COO—previously spent 13 years at BC Partners, as managing partner/co-head of their London office, and since leaving firm in 2013 has been based in Sydney, Aust. where he founded and ran West Heath Capital, a private advisory and investment office
Advent International	No	May 2018	<ul style="list-style-type: none"> Promoted Carmine Petrone and Ken Prince to Partners; John Maldonado promoted to Managing Partner Steve Collins (Managing Director) and Bob Taylor (Managing Partner) retired Andy Dawson (Managing Director) left the firm for personal reasons
American Securities Capital Partners	No	March 2018	<ul style="list-style-type: none"> Promoted David Bard and Mark Lovett to the Principal-level Expanded its investment team through the additions of one senior-level professional, one mid-level professional, and five junior professionals
Apollo Management	No	May 2018	<ul style="list-style-type: none"> An agreement Apollo struck in August to take control of a real-estate investment business from Nicholas Schorsch with roughly \$19 billion of assets did not go through
Avenue Capital Group	No	April 2018	<ul style="list-style-type: none"> N/A
Blackstone Group	No	April 2018	<ul style="list-style-type: none"> Hired six additional Associates, four in New York and two in London, whom will be joining the firm in Summer 2018
CVC Capital Partners	No	November 2017	<ul style="list-style-type: none"> N/A
Energy Capital Partners	No	January 2018	<ul style="list-style-type: none"> Opened a small New York office, to better coordinate meetings with management teams visiting New York Tom Lane has transitioned to a Vice Chairman role as a transitional step towards retirement, which has triggered promotions to maintain an appropriately staffed investment team Andrew Singer is a Partner & General Counsel and will no longer lead investment teams In 2017, Messrs. Advani, Coppedge and Rogan were promoted to Partner and Murray Karp was promoted to Partner, CFO and COO
Enhanced Capital Partners, LLC	No	March 2018	<ul style="list-style-type: none"> Enhanced dismissed four partners because of poor investment decisions that occurred under inadequate supervision, restructured equity and compensation for the current team In 2017, the General Partner changed its name to Hark Capital, to better differentiate itself in the market place

*N/A represents no material update

Santa Barbara County Employees' Retirement System - Manager Monitoring Private Equity Portfolio			
Fund Manager	Significant Events (Yes/No)	Last HL Meeting	Comments
First Reserve Corporation	No	May 2018	<ul style="list-style-type: none"> GP sold its energy infrastructure business to BlackRock in Q1 2017 Bill Macauley has transitioned from Co-CEO to Chairman but will remain an active member of the investment committee Alex Kruger has transitioned from Co-CEO to CEO Cathleen Ellsworth, former Chief Marketing Officer, has moved to BlackRock Ed Bialas, former Managing Director on the investment team, will partially transition to an investor relations position
Gilde Buyout Partners	No	June 2018	<ul style="list-style-type: none"> Hired a new Head of IR and Co-Investments who will start in January of 2018 to replace Karl van de Paer, who passed away recently Hired Joost Heeremans on PEP (operational team) from McKinsey
Gridiron Capital	No	May 2018	<ul style="list-style-type: none"> Added Kallie Haggood as Managing Director of Investor Relations and Sean Kelley as Principal of Business Development
Hellman & Friedman	No	May 2018	<ul style="list-style-type: none"> In January 2019, the General Partner plans to initiate its fifth leadership transition, as Philip Hammarckjold will become Executive Chairman and Patrick Healy will become sole CEO H&F began to facilitate this transition in January 2018 as it promoted Patrick Healy from Deputy CEO to Co-CEO alongside Philip Hammarckjold
High Road Capital Partners	No	June 2018	<ul style="list-style-type: none"> Hired Matt Hadley and Stuart Sitterson as Business Development professionals
Kelso & Company	No	November 2017	<ul style="list-style-type: none"> Hired its second Operating Partner, Mike Letourneau, a vice President of Capital Markets, Michael Nichols and two Associates
Kohlberg Investors	No	November 2017	<ul style="list-style-type: none"> Promoted Jean Roberts to Principal and Gus Harwood as Vice President Hired Albert Scheer as Director of Credit Opportunities, Nick Garuccio as Director of Valuations and Sung Hee Kim-Kastner as Director of Compliance Operating Partner Rick Frank to retire; added Michael Quinn as Operating Partner, likely to add a former CEO from Fund VI as an Operating Partner in 2018 Currently searching for a full-time Chief Compliance Officer
KPS	No	February 2018	<ul style="list-style-type: none"> Bruce Curley retiring as Head of Operating Team; Jeff Hykins to replace the role Promoted Bhumika Shah to CFO
Lexington Advisors Inc.	No	April 2018	<ul style="list-style-type: none"> In April 2018, Charles Grant announced that he will depart from the firm in June 2018 and will be succeeded by Boston-based Partners Lee Tesconi and Mark Andrew
Montreux Equity Partners	No	April 2018	<ul style="list-style-type: none"> Mike Mayer joined in early 2016 as Senior Adviser Michael Matly, MD promoted to Managing Director in Jan 2016

*N/A represents no material update

Santa Barbara County Employees' Retirement System - Manager Monitoring Private Equity Portfolio			
Fund Manager	Significant Events (Yes/No)	Last HL Meeting	Comments
Oak Hill Advisors, L.P.	No	May 2018	<ul style="list-style-type: none"> C. J. Foster and Nathaniel Furman were promoted to Managing Director, Adam Nankervis and Michael Rothbart were promoted to Principal
Platinum Equity Capital Partners	No	February 2018	<ul style="list-style-type: none"> N/A
Providence Equity Partners, Inc.	No	May 2018	<ul style="list-style-type: none"> N/A
Roark Capital Group, Inc.	No	May 2018	<ul style="list-style-type: none"> Promoted Paul Ginsberg to President, Ezra Field and Erik Morris to Senior Managing Directors, Mike Thompson to Principal, Tommy D'Alessandro to Senior Associate, Ben Lee to Associate and Wes Lee to Senior Finance Manager Since the start of 2017, hired five professionals, including four Analysts and one administrative professional; Roark expects to recruit an additional five professionals
Saw Mill Capital	No	November 2017	<ul style="list-style-type: none"> Promoted Scott VandeKerckhoff to Principal and hired Brett Lancer as Vice President Scott Budoff departed from the General Partner to establish CommonView Capital; Mr. Krupinski replaced Mr. Budoff on the Investment Committee
SSG Capital Management	No	November 2017	<ul style="list-style-type: none"> Plans to hire a former Goldman Sachs professional focused on the South Korean market to improve its knowledge base within the region
Technology Crossover Ventures	No	March 2018	<ul style="list-style-type: none"> John Doran and Kail Venkatachalam were promoted to General Partner Amol Helkar was promoted to Principal Chris Degiere, head of the General Partner's data group, was promoted the Vice President General Partner John Rosenberg announced that he will be leaving the firm to pursue other opportunities; responsibilities of managing the firm's European office and other activities will be taken over by John Doran
Tennenbaum Capital Partners, LLC	No	April 2016	<ul style="list-style-type: none"> N/A
Texas Pacific Group	No	May 2018	<ul style="list-style-type: none"> Hired two new Managing Directors, one Principal and one Vice Principal Firm experienced two departures
Waterton Global Resources	No	February 2018	<ul style="list-style-type: none"> N/A

*N/A represents no material update

Santa Barbara County Employees' Retirement System - Placement Agent Disclosures for 2017				
External Manager	Placement Agent(s) Disclosed	Placement Agent(s) Compensation	Material Violations?	
CVC Capital Partners VII	N/A	N/A	No	
Apollo Investment Fund IX	Stephane Drescher Danielle Thorsen	Heather Berger Andrew Gosden	Base salary and a discretionary bonus	No
The Rise Fund*	28 employees of TPG Funding LLC	Base salary and a discretionary bonus	No	
TPG Growth IV*	28 employees of TPG Funding LLC	Base salary and a discretionary bonus	No	
Ascribe Opportunities Fund IV	N/A	N/A	No	
American Securities Partners VII	N/A	N/A	No	
Kelso Investment Associates	N/A	N/A	No	
TPG Tech Adjacencies*	27 employees of TPG Funding LLC	Base salary and a discretionary bonus	No	

* Full list available upon request

The information contained in this presentation may include forward-looking statements regarding returns, performance, opinions, the fund presented or its portfolio companies, or other events contained herein. Forward-looking statements include a number of risks, uncertainties and other factors beyond our control, or the control of the fund or the portfolio companies, which may result in material differences in actual results, performance or other expectations. The opinions, estimates and analyses reflect our current judgment, which may change in the future.

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The following hypothetical example illustrates the effect of fees on earned returns for both separate accounts and fund of funds investment vehicles. The example is solely for illustration purposes and is not intended as a guarantee or prediction of the actual returns that would be earned by similar investment vehicles having comparable features. The example is as follows: The hypothetical separate account or fund of funds consisted of \$100 million in commitments with a fee structure of 1.0% on committed capital during the first four years of the term of the investment and then declining by 10% per year thereafter for the 12-year life of the account. The commitments were made during the first three years in relatively equal increments and the assumption of returns was based on cash flow assumptions derived from a historical database of actual private equity cash flows. Hamilton Lane modeled the impact of fees on four different return streams over a 12-year time period. In these examples, the effect of the fees reduced returns by approximately 2%. This does not include performance fees, since the performance of the account would determine the effect such fees would have on returns. Expenses also vary based on the particular investment vehicle and, therefore, were not included in this hypothetical example. Both performance fees and expenses would further decrease the return.

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