



Hamilton Lane

Santa Barbara County Employees' Retirement System

2023 Private Equity Strategic Plan

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Program Review



PE Portfolio Highlights - September 30, 2022

Hamilton Lane (“HL”) is entering our 17th year of building the Santa Barbara County Employees’ Retirement System (“SBCERS”) PE Program

Performance

- Since inception IRR of 14.34% outperforms the benchmark (Russell 3000 + 300 bps) by 260 bps
- Generated positive performance for the one-year period, with a point-to-point IRR of 2.41%

Strategic Objectives

- Fulfilled all objectives outlined in the 2022 Strategic Plan
- PE target of 10% established in 2016; Portfolio at 14.19% as of September 30, 2022
- Established a strong foundation of top tier managers

Additional Highlights

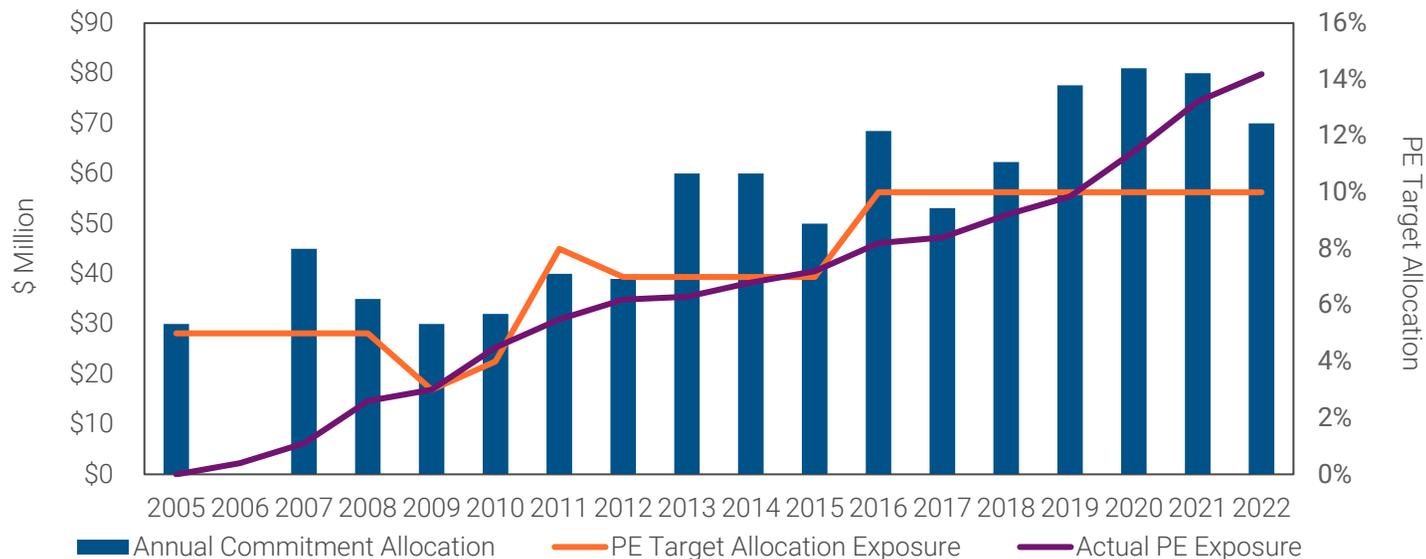
- Accessed highly sought, oversubscribed funds
- Received a reduced management fee for one fund in 2022 as a result of the HL platform
- Presented ESG Education and New Trustee Private Markets Education to Board Members

SBCERS' Private Equity Investment Milestones

Hamilton Lane was hired by SBCERS in 2006 to select new investments, monitor, and provide advice for the private equity portfolio

2005 - Lexington Capital Partners VI	• First private equity investment (made by SBCERS)
2006 - HL hired to build long-term PE allocation to 5%	• Original contract allowed HL to invest \$80M on behalf of SBCERS
2008 - Amendment to contract giving HL full discretion	• Recommended annual commitment pacing of \$40M to reach long term target
2009/2010 - Target allocation temporarily lowered	• Cautious commitment pacing as a result of the Global Financial Crisis
2011 - Target increased to 8% as global markets recover	• Annual commitment allocation increased to gradually reach target
2013 - Target allocation is set at 7%	• Annual commitments of \$60M in 2013 and 2014 to reach and maintain target
2015 - Investment Tranche extended	• Approved allocation of up to \$250M over three years
2016 - Target allocation is increased to 10%	• Annual commitments of \$60 - \$70M to reach target
2019 - Allocation to PE within 10 bps of target amount	• Allocation to PE is 9.94% as of September 30, 2019
2021 - Investment Tranche extended	• Approved allocation of up to \$425M over five years

SBCERS' PE Allocation



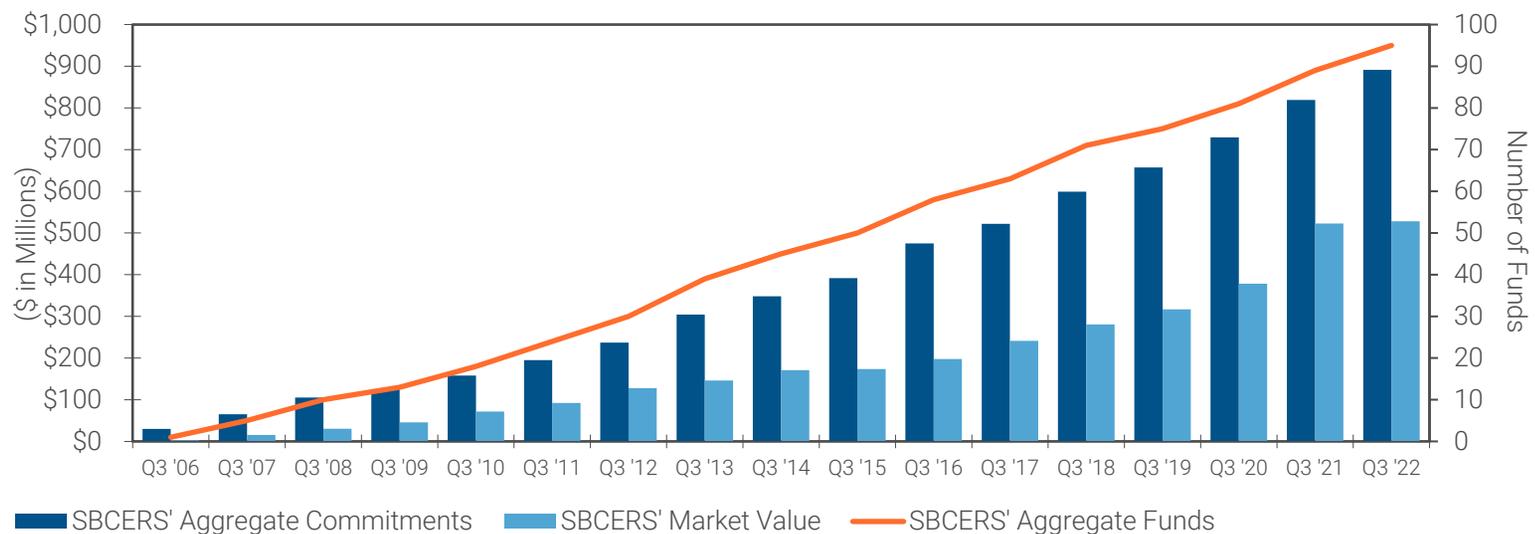
SBCERS' Private Equity Activity

SBCERS' Portfolio Snapshot

Portfolio Snapshot	
\$ millions	9/30/2022
Active Partnerships	95
Active GP Relationships	40
Capital Committed	\$891.1
Unfunded Commitment	\$275.3
Capital Contributed	\$731.6
Capital Distributed	\$660.8
D/PI	0.9x
Market Value	\$528.0
Total Value Multiple	1.6x
Since Inception IRR	14.34%
Active Avg Age of Commitments	6.4 years

- As of September 30, 2022, SBCERS committed \$891.2M to 95 partnerships across 40 managers
- Consistent vintage year allocation, market environment and fund/manager quality all factors in annual commitment pacing

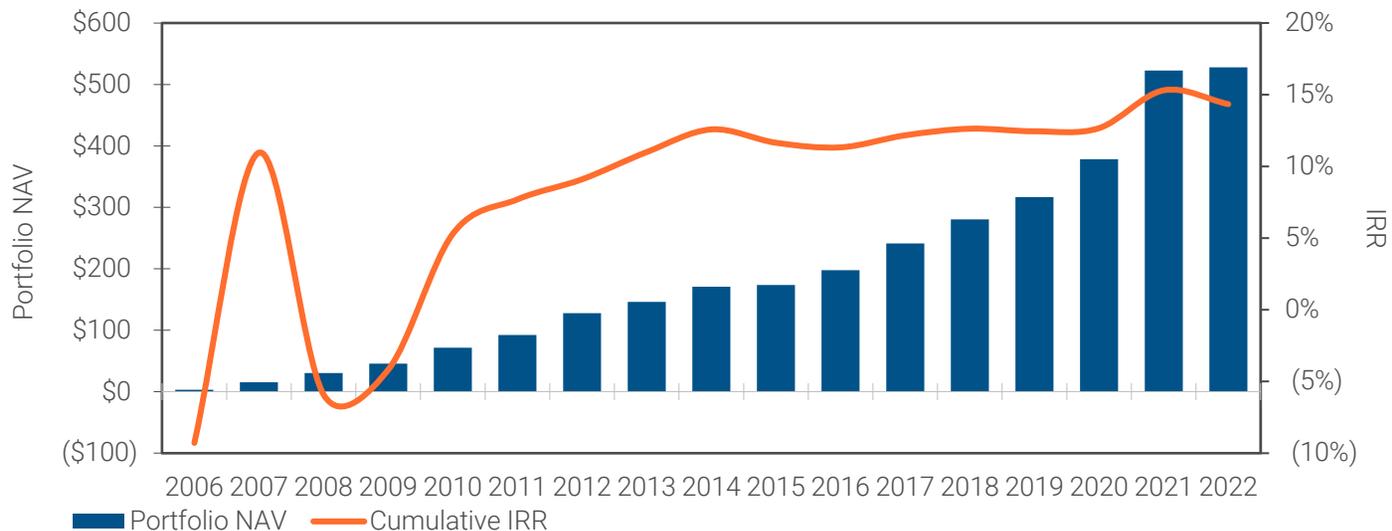
SBCERS' Portfolio Growth



SBCERS' Performance and Growth

2007	Initial IRR strong due to investment in Lexington secondary fund
2008	Net IRR decline as a result of investing in primary funds (j-curve effect)
2009	Performance increases through Global Financial Crisis (GFC)
2010	J-curve broken after two years
2011	Performance continues to improve post GFC
2012	Since inception IRR approaches double digits
2013	Performance increases each quarter reaching a new apex
2014	IRR apex of 13% achieved
2015	IRR stabilizes despite the lag in shorter-term public benchmarks performance
2016	NAV increase to just below \$200M, IRR stable at 11%
2017	Since Inception IRR rises above 12%
2018	Total commitments reached just below \$600M
2019	D/PI reached a high watermark of 0.8x
2020	Portfolio weathered impact from COVID-19 and rebounded strongly
2021	Record performance; Portfolio generated 15.31% since inception IRR as of September 30, 2021
2022	Performance held up despite public market volatility

SBCERS' PE Portfolio

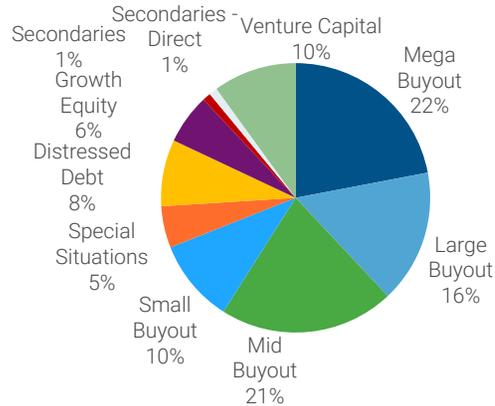


Strategically Building the Portfolio

Strategic Diversification by Exposure

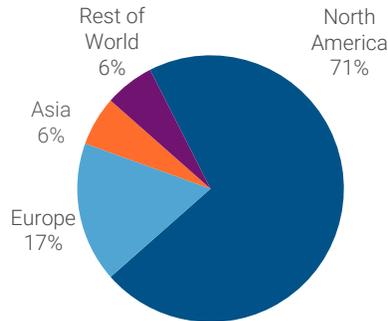
9/30/2017

Strategy



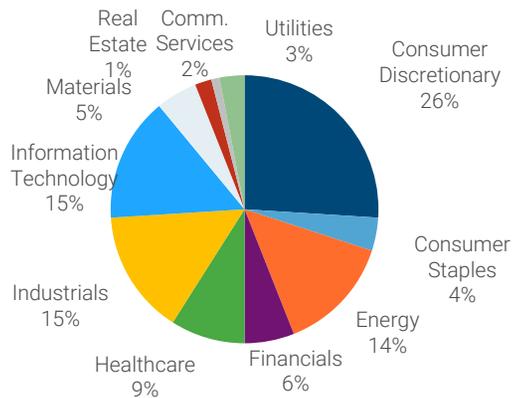
Strategy: Buyout exposure remains largest exposure; Growth Equity increased while Distressed Debt declined

Geography



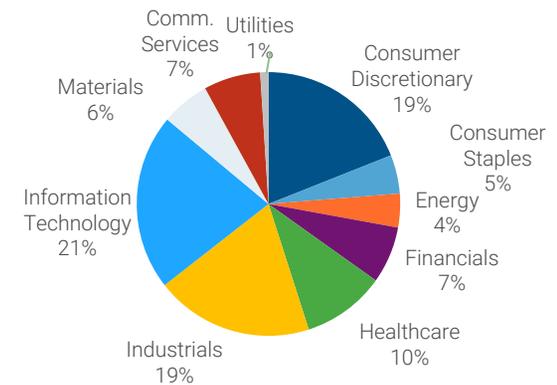
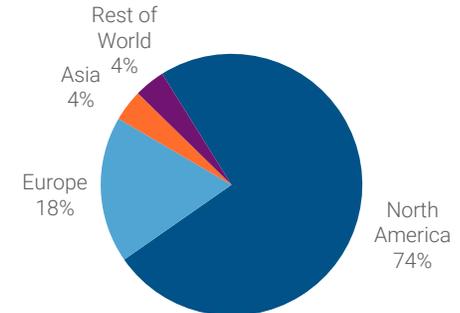
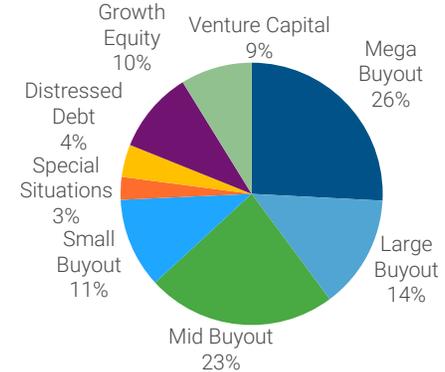
Geography: Continues to be weighted towards North America

Industry



Industry: Remains well diversified; IT exposure increased while Energy exposure decreased

9/30/2022





Portfolio Snapshot and Performance Summary



Portfolio and Performance Summary

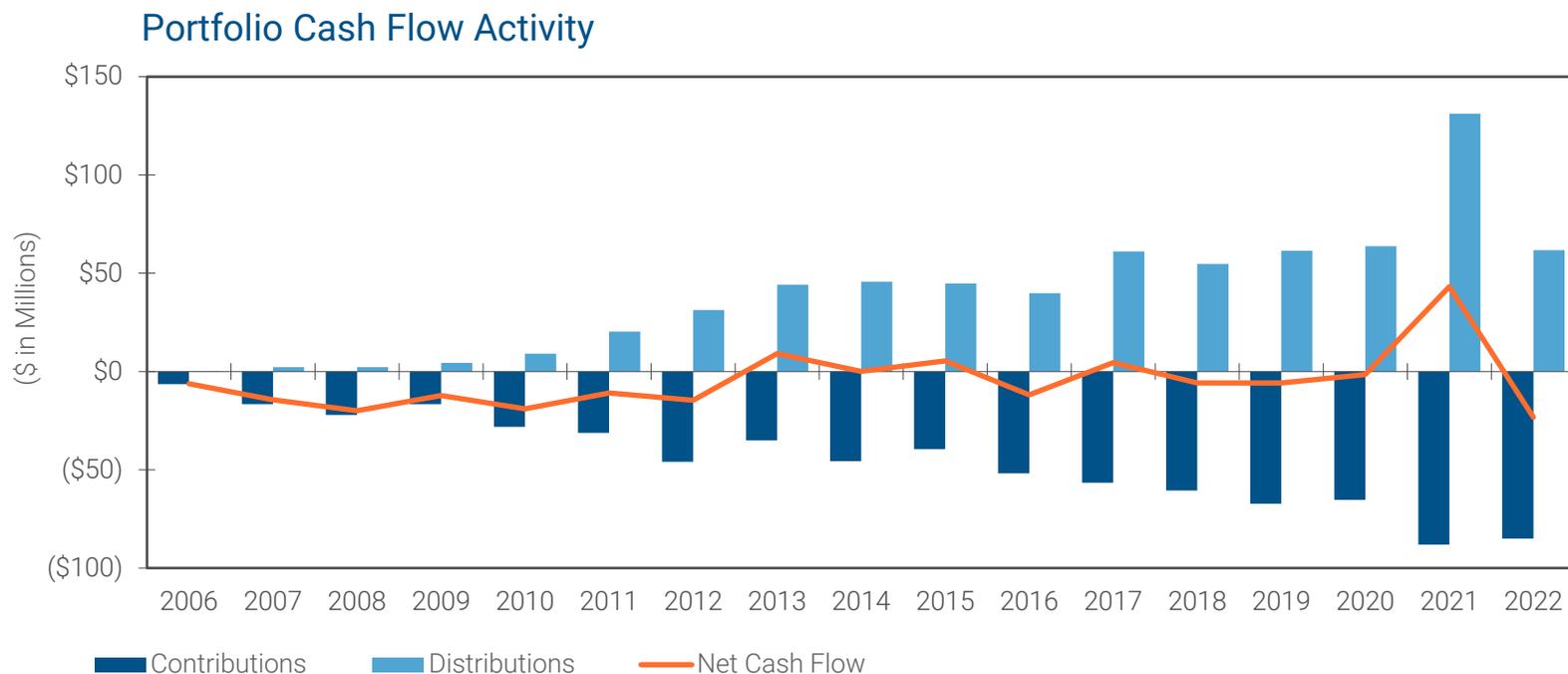
SBCERS PE Portfolio Since Inception Summary			
\$ in Millions	As of 9/30/2021	As of 9/30/2022	Net Change
Active Partnerships	89	95	6
Active GP Relationships	40	40	-
Committed Capital	\$819.1	\$891.1	\$72.0
Unfunded Commitment	\$281.8	\$275.3	(\$6.5)
Paid-In Capital	\$645.0	\$731.6	\$86.5
Distributions	\$567.0	\$660.8	\$93.7
D/PI	0.9x	0.9x	-
Net Invested Capital	\$78.0	\$70.8	(\$7.2)
Market Value	\$522.8	\$528.0	\$5.2
Total Exposure	\$804.6	\$803.3	(\$1.3)
Average Age of Commitments	6.3 years	6.4 years	0.1 years

- Positive net value gains of \$12.4M during the one-year period
 - Two out of four quarters generated gains during this period

- Active partnerships increased by six over the one-year period ended September 30, 2022
- Market value and total exposure has remained relatively consistent year-over-year

SBCERS PE Portfolio Annual Performance Summary		
\$ in Millions	As of	
	9/30/2021	9/30/2022
Beginning Market Value	\$378.3	\$522.8
Paid-in Capital	78.6	86.5
Distributions	114.3	93.7
Net Value Change	180.3	12.4
Ending Market Value	\$522.8	\$528.0
Point-to-Point IRR	50.06%	2.41%
Since Inception IRR	15.31%	14.34%
Total Value Multiple	1.7x	1.6x

Activity Review



- Net cash outflow of \$23.3M in 2022
- Solid annual distribution activity in 2022
 - 22 funds generated distributions greater than \$1M during the year
- Significant annual contribution activity in 2022
 - 28 funds called greater than \$1M during the year

Top Manager Exposure

Investment Guidelines limits exposure to one manager to a maximum of 25% of total Program

- Portfolio is well diversified by manager with top exposure at 8.2% of the total Program

Top 5 GP Relationships by Total Exposure* As of September 30, 2022					
General Partner	Investment Strategy	Number of Funds	Total Exposure (\$M)	% of Total Portfolio	Since Inception IRR
Hamilton Lane	Venture Capital	6	\$66.1	8.2%	20.2%
Gridiron Capital	Small/Mid Buyout	4	62.0	7.7%	28.3%
Platinum Equity Capital Partners	Mid/Large/Mega Buyout	5	53.3	6.6%	32.2%
Technology Crossover Ventures	Growth Equity	6	52.1	6.5%	20.3%
Blackstone	Mid/Large/Mega Buyout	4	39.8	4.7%	11.4%
Total		25	\$279.7	33.8%	21.7%

*Total Exposure defined as Reported Market Value plus Unfunded Commitment

- Top four manager exposures are all generating greater than 20% since inception returns
- In aggregate the managers are generating an IRR over 21%
- Gridiron, Platinum, and TCV all added new commitments in 2022
- Hamilton Lane Venture Capital vehicles have contributed a positive 45 bps to the Portfolio's since inception IRR



Strategic Plan



2022 Strategic Plan Update

Review of themes and objectives identified for 2022

Continue to Manage PE Exposure

- Met target commitment range with \$70M in commitments

Manager Concentration

- Six commitments represent existing managers, one new manager (NewView)

Strategic Exposure

- Added five commitments to Buyout and two commitments to Growth Equity

Geographic Allocation

- Added one commitment to a European manager

Board and Staff Education

- Presented New Trustee Private Markets Education in February and ESG Education in August 2022

Portfolio Targets

Sector Target Exposure vs. Actual Exposure			
Strategy/Sub-strategy	Target Range	9/30/2021	9/30/2022
Corporate Finance/Buyout	60-80%	68%	74%
Large/Mega Buyout	25-45%	37%	40%
Small/Mid Buyout	25-45%	31%	34%
Special Situations	0-20%	8%	7%
Distressed Debt	0-10%	5%	4%
Secondaries	0-10%	0%	0%
Secondaries – Direct	0-10%	0%	0%
Special Situations	0-10%	3%	3%
Venture/Growth Equity	15-35%	23%	19%

Geographic Target Exposure vs. Actual Exposure			
Location	Target Range	9/30/2021	9/30/2022
North America	60-80%	72%	74%
Europe	15-35%	17%	18%
Asia	0-10%	5%	4%
Rest of World	0-10%	6%	4%

- As of September 30, 2022, all strategy exposures are at target ranges identified in the PE Investment Policy
 - Venture/Growth breakout: Venture at 9%, Growth Equity at 10%
- Europe exposure at low end of target range - new European fund added in 2022 to increase exposure to this region
- Asia/Rest of World exposure within ranges – opportunistic approach to investing in these regions

Commitment Activity

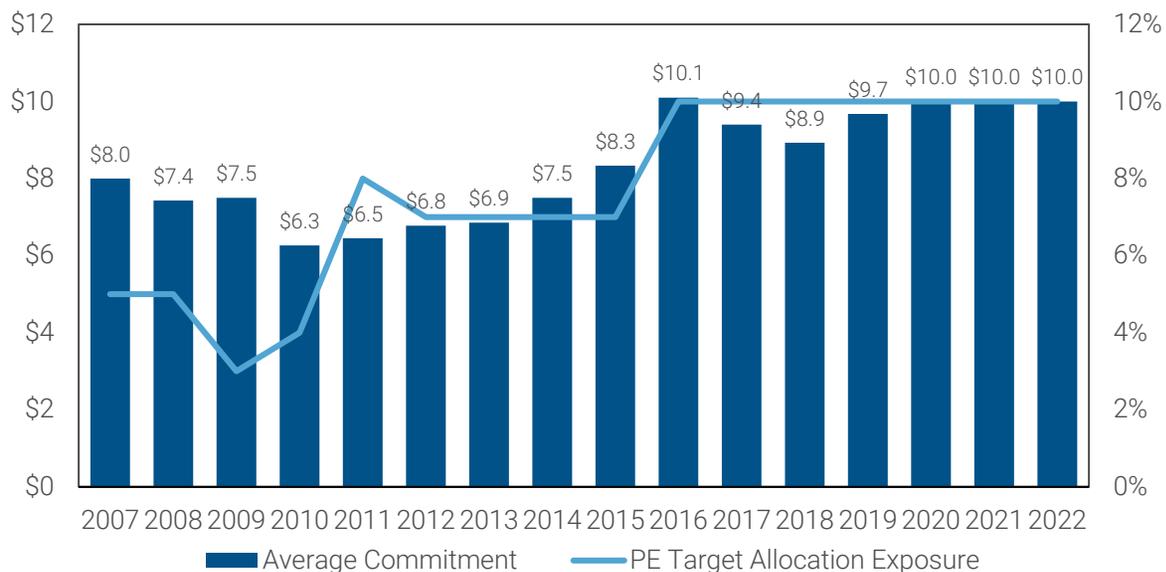
Commitment Activity				
Closing Date	Partnership	Investment Strategy	Geographic Focus	Commitment (\$mil)
2022 Allocation				
2/3/2022	Thoma Bravo Fund XV, L.P.	Mega Buyout	North America	\$10.0
2/7/2022	Gridiron Capital Fund V, L.P.	Mid Buyout	North America	\$10.0
4/22/2022	Platinum Equity Capital Partners VI, L.P.	Mega Buyout	North America	\$10.0
4/28/2022	Advent International GPE X, L.P.	Mega Buyout	Global	\$10.0
6/27/2022	TCV XII, L.P.	Growth Equity	Global	\$10.0
7/7/2022	The Eighth Cinven Fund	Mega Buyout	Western Europe	\$10.0
12/14/2022	NewView Capital Fund III, L.P.	Growth Equity	North America	\$10.0
Total				\$70.0

Note: Change in commitment amounts due to FX fluctuations.

Achieved targeted commitments of \$65M-\$85M in 2022

- 2022 activity - seven commitments closed (\$70.0M)
 - Consistent with the 2022 Strategic Plan, added new relationship to increase Growth Equity exposure
 - Six of seven partnerships represent re-ups
- 2023 activity - two commitments closed
 - Represent existing relationships with North American managers

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



Where Are We Headed?

Identifying 2023 Portfolio Objectives

Continue to Manage PE Exposure

- Target commitments of \$65M - \$85M to maintain 10% long-term PE target allocation

Manager Concentration

- Focus on committing to core existing managers, while evaluating new managers

Strategic Exposure

- Consider new commitment to SMID Buyout and/or Venture Capital/Growth Equity

Geographic Allocation

- Continue primary geographic exposure to North America, consider adding European exposure

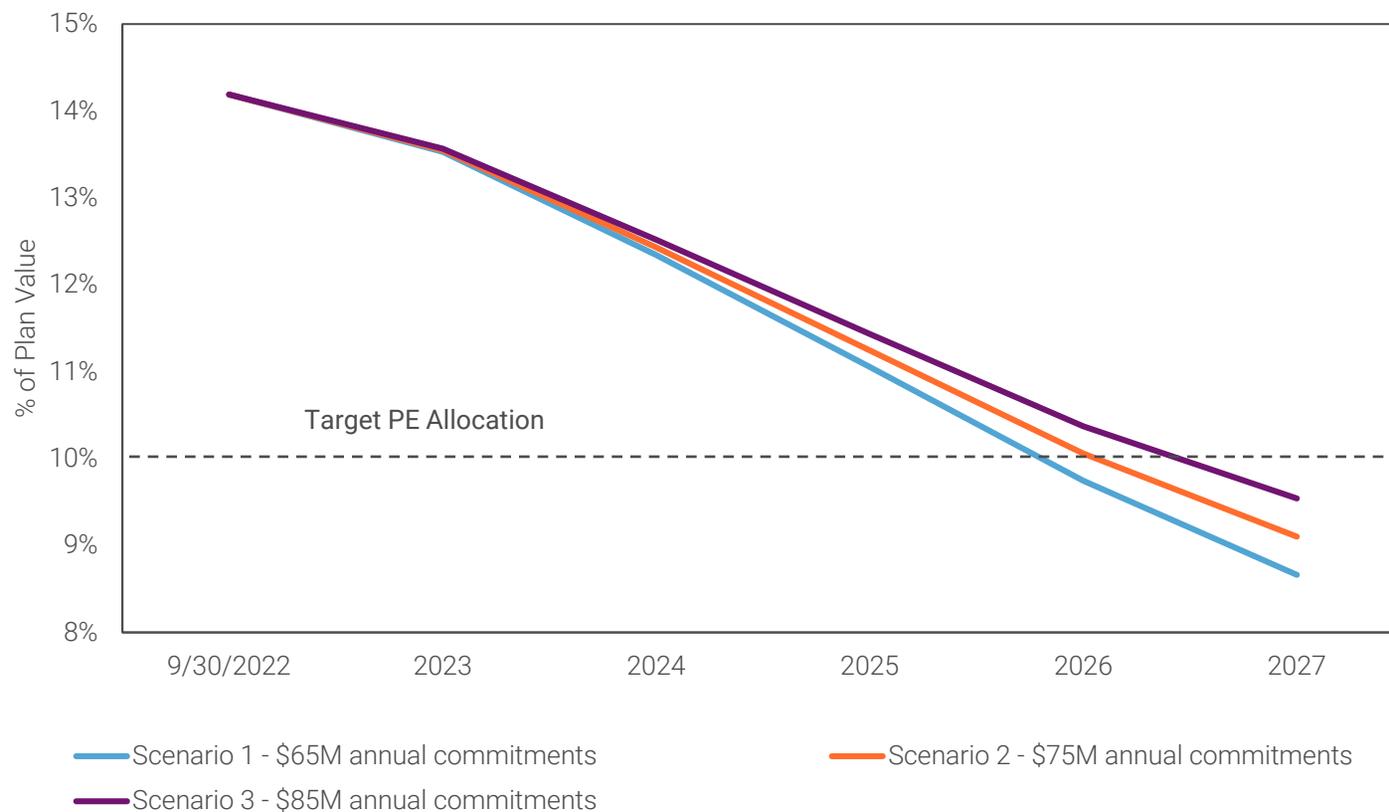
Board and Staff Education

- Present Board Education on Private Markets

Horizon Model

Scenario	As of 9/30/22	2023	2024	2025	2026	2027
Scenario 1: \$65M annual commitments	14.2%	13.5%	12.3%	11.1%	9.7%	8.7%
Scenario 2: \$75M annual commitments	14.2%	13.5%	12.4%	11.2%	10.1%	9.1%
Scenario 3: \$85M annual commitments	14.2%	13.6%	12.5%	11.4%	10.4%	9.5%

Projected Allocation - Assumes 7.0% Total Plan Growth Rate



Forward Calendar

2023 Commitment Activity				
Closing Date	Partnership	Investment Strategy	Geographic Focus	Commitment (\$M)
2023 Allocation Closed				
1/12/2023	GTCR Fund XIV, L.P.	Large Buyout	North America	\$10.0
1/31/2023	STG VII, L.P.	Mid Buyout	North America	\$10.0
2023 Total				\$20.0

2023 Commitment Outlook			
Partnership	Investment Strategy	Geographic Focus	Prior Commitment (\$M)
Existing Manager Relationships - likely to come back to market			
Apollo Investment Fund X, L.P.	Mega Buyout	Global	\$10.0
Bridgepoint Development Capital V, L.P.	Mid Buyout	Western Europe	\$9.0
CVC Capital Partners IX, L.P.	Mega Buyout	Western Europe	\$9.3
FSN Capital VII, L.P.	Mid Buyout	Western Europe	\$8.5
Hellman & Friedman Capital Partners XI, L.P.	Mega Buyout	North America	\$10.0
Kohlberg Investors X, L.P.	Large Buyout	North America	\$10.0
KPS Special Situations Fund VI, L.P.	Large Buyout	North America	\$10.0
Platinum Equity Small Cap Fund II, L.P.	Mid Buyout	North America	\$9.8
Sterling Group Partners VI, L.P.	Mid Buyout	North America	\$10.0
ZMC IV, L.P.	Small Buyout	North America	\$10.0
Total			\$96.6

- Two commitments closed to-date in 2023; both represent existing manager relationships
- Existing managers back to market include several buyout managers, diversified by geographic focus



Appendix



Important Disclosures

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