AGENDA

A REGULAR MEETING OF THE EQUITY: PUBLIC/PRIVATE COMMITTEE

AND BOARD OF INVESTMENTS*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA

8:00 A.M., WEDNESDAY, MAY 9, 2018**

The Committee may take action on any item on the agenda,
and agenda items may be taken out of order.

I. CALL TO ORDER

II. APPROVAL OF THE MINUTES

A. Approval of the Minutes of the Equity: Public/Private Committee Meeting of February 14, 2018.

III. PUBLIC COMMENT

IV. REPORTS

A. Private Equity in Emerging Markets
StepStone Group LP
Jose Fernandez, Partner
Natalie Walker, Principal

Private Equity Long Dated Funds
StepStone Group LP
Tom Keck, Partner

(Memo dated April 27, 2018)

V. REPORT ON STAFF ACTION ITEMS

VI. GOOD OF THE ORDER (DO NOT NEED FOR COMMITTEE)
(For information purposes only)

VII. ADJOURNMENT

*The Board of Investments has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. Members of the Board of Investments who are not members of the Committee may attend and participate in a meeting of a Committee but may not vote, make a motion, or second on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.

**Although the meeting is scheduled for 8:00 a.m., it can start anytime thereafter, depending on the length of the Board of Investment meeting preceding it. Please be on call.

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Investments that are distributed to members of the Board of Investments less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Investments Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

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MINUTES OF THE REGULAR MEETING OF THE EQUITY: PUBLIC/PRIVATE

COMMITTEE OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

WEDNESDAY, FEBRUARY 14, 2018

PRESENT: Herman Santos, Chair

Wayne Moore, Vice Chair

Gina Sanchez

Shawn Kehoe

David Green, Alternate

MEMBERS AT LARGE:

Joseph Kelly

David Muir

Ronald Okum

Michael Schneider

<u>STAFF, ADVISORS, PARTICIPANTS</u>

Jonathan Grabel, Chief Investment Officer

Chris Wagner, Principal Investment Officer

Elin Szymanowski, Investment Officer

Calvin Chang, Senior Investment Analyst

STAFF, ADVISORS, PARTICIPANTS (Continued)

Meketa Investment Group
Stephen McCourt, Managing Principal
Leandro Festino, Managing Principal

StepStone Group, LP
Jose Fernandez, Partner

I. CALL TO ORDER

The Meeting was called to order by Chair Santos at 8:00 a.m., in the Board Room of Gateway Plaza.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Special Meeting of December 13, 2017.

Mr. Okum made a motion, seconded by Mr. Moore, to approve the minutes of the special meeting of December 13, 2017, with a revision to Item V.A., to reflect that Ms. Villarreal made a motion, seconded by Mr. Kelly to approve the recommendation, with the inclusion of the amendments submitted and accepted by Chair Santos. The motion carried by unanimous vote.

III. PUBLIC COMMENT

There were no requests from the public to speak.

IV. CONSENT ITEMS

There were no items.

V. NON-CONSENT ITEMS

There were no items.

VI. REPORTS

A. Private Equity Emerging Managers In-house Review: Evaluation of Management of Private Equity Emerging Manager Program
Christopher Wagner, Principal Investment Officer-Private Equity
Elin Szymanowski, Senior Investment Officer
Calvin Chang, Senior Investment Analyst

Mr. Wagner, Ms. Szymanowski, and Mr. Chang provided a presentation and answered questions from the Committee.

VII. REPORT OF STAFF ACTION ITEMS

There was nothing to report.

VIII. GOOD OF THE ORDER
(For information purposes only)

There were no comments.

IX. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 8:38 a.m.

L//.CERA

April 27, 2018

TO: Each Member
Equity: Public/Private Committee

FROM: Christopher J. Wagner
Principal Investment Officer

FOR: May 9, 2018 Board of Investments Meeting

SUBJECT: **PRIVATE EQUITY EDUCATION**

At the May 9, 2018 Board of Investments ("the Board" or the "BOI") Equity Committee Meeting, LACERA's private equity advisor StepStone Group LP ("StepStone") will make two educational presentations to familiarize Committee members with recent market developments in the asset category:

(1) **Private Equity in Emerging Markets:** This presentation discusses Emerging Market demographics, macroeconomics, performance, and risks to provide an understanding of the opportunities and challenges expected from seeking exposure to Developing Asia, Latin America, and Africa through the private equity asset category.

(2) **Private Equity Long Dated Funds:** This presentation introduces the concept of long dated private equity funds, an investment product becoming increasingly prevalent in the market. StepStone presents the rationale for this market innovation from the General Partner ("GP") and Limited Partner ("LP") perspectives, as well as merits and concerns to consider as an institutional investor evaluating an investment to a long dated private equity fund.

The Emerging Markets presentation (**Attachment 1**) will be led by Jose Fernandez and Natalie Walker. Tom Keck will present the Long Dated Funds presentation (**Attachment 2**). Please contact me at (626) 564 6000, x3302 or reach out to Mr. Fernandez directly, should you wish to discuss the presentations prior to May 9th.

Attachments

NOTED AND REVIEWED:

Jonathan Grabel
Chief Investment Officer

CW:mm

ATTACHMENT 1

STEPSTONE
inside private markets

LACERA Board Meeting

Private Equity - Emerging Markets

MAY 2018

Disclosure

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The presentation is being made based on the understanding that each recipient has sufficient knowledge and experience to evaluate the merits and risks of investing in private equity products. All expressions of opinion are intended solely as general market commentary and do not constitute investment advice or a guarantee of returns. All expressions of opinion are as of the date of this document, are subject to change without notice and may differ from views held by other businesses of StepStone.

All valuations are based on current values provided by the general partners of the Underlying Funds and may include both realized and unrealized investments. Due to the inherent uncertainty of valuation, the stated value may differ significantly from the value that would have been used had a ready market existed for all of the portfolio investments, and the difference could be material. The long-term value of these investments may be lesser or greater than the valuations provided.

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Prospective investors should inform themselves and take appropriate advice as to any applicable legal requirements and any applicable taxation and exchange control regulations in the countries of their citizenship, residence or domicile which might be relevant to the subscription, purchase, holding, exchange, redemption or disposal of any investments. Each prospective investor is urged to discuss any prospective investment with its legal, tax and regulatory advisors in order to make an independent determination of the suitability and consequences of such an investment.

An investment involves a number of risks and there are conflicts of interest. Please refer to the risks and conflicts disclosed herein.

Each of StepStone Group LP, StepStone Group Real Assets LP and StepStone Group Real Estate LP is an investment adviser registered with the Securities and Exchange Commission ("SEC"). StepStone Group Europe LLP is authorized and regulated by the Financial Conduct Authority, firm reference number 551580. Swiss Capital Invest Holding (Dublin) Ltd ("SCHIDL") is an SEC Registered Investment Advisor and Swiss Capital Alternative Investments AG ("SCAI") (together with SCHIDL, "Swiss Cap") is registered as a Relying Advisor with the SEC. Such registrations do not imply a certain level of skill or training and no inference to the contrary should be made.

All data is as of May 2018 unless otherwise noted.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. ACTUAL PERFORMANCE MAY VARY.

Overview

I. EXECUTIVE SUMMARY

Executive Summary

Executive Summary

- The purpose of this presentation is to discuss Emerging Market investment opportunities across private equity
  - The materials contained herein will address Emerging Market demographics, macroeconomics, performance and risks
  - Following the presentation, the Board should have a better understanding of private equity opportunities and challenges in Emerging Markets
  - For the purposes of this discussion, StepStone has focused on the principal economies in the following Emerging Markets: Developing Asia, Latin America and Africa

Portfolio Implications

- LACERA's 2018 Private Equity Investment Plan has a target allocation to non-U.S. private investments of 20-45%. Allocation to Emerging Markets is included within this target range
  - As of December 31, 2017, LACERA had exposure to non-U.S. based investments totaling $1,339 million, representing 26.2% of the private equity portfolio's fair market value ("FMV"). Of these investments, exposure to Emerging Markets was $377 million, representing 7.4% of the private equity portfolio's FMV as of December 31, 2017[1]
  - LACERA exposure to Emerging Markets is currently achieved through commitments to five fund managers with underlying exposure to companies in Asia and Latin America

Market Overview

- Emerging Markets are poised for significant growth, leading to attractive investment opportunities
- Exposure to Emerging Markets can positively impact a portfolio's overall returns
  - The limited universe of institutional investment opportunities presents barriers to entry
  - Manager selection is critical in capturing the upside given the inherent market risks
- Each market has its own opportunities and challenges, which should be evaluated carefully and independently

1. Source: State Street as of December 31, 2017. Total of non-U.S. investments based on company domicile across the portfolio. Due to the nature of the underlying assets of the funds, certain partnerships do not disclose data regarding underlying portfolio company positions. As such, the data presented herein is based on available data.

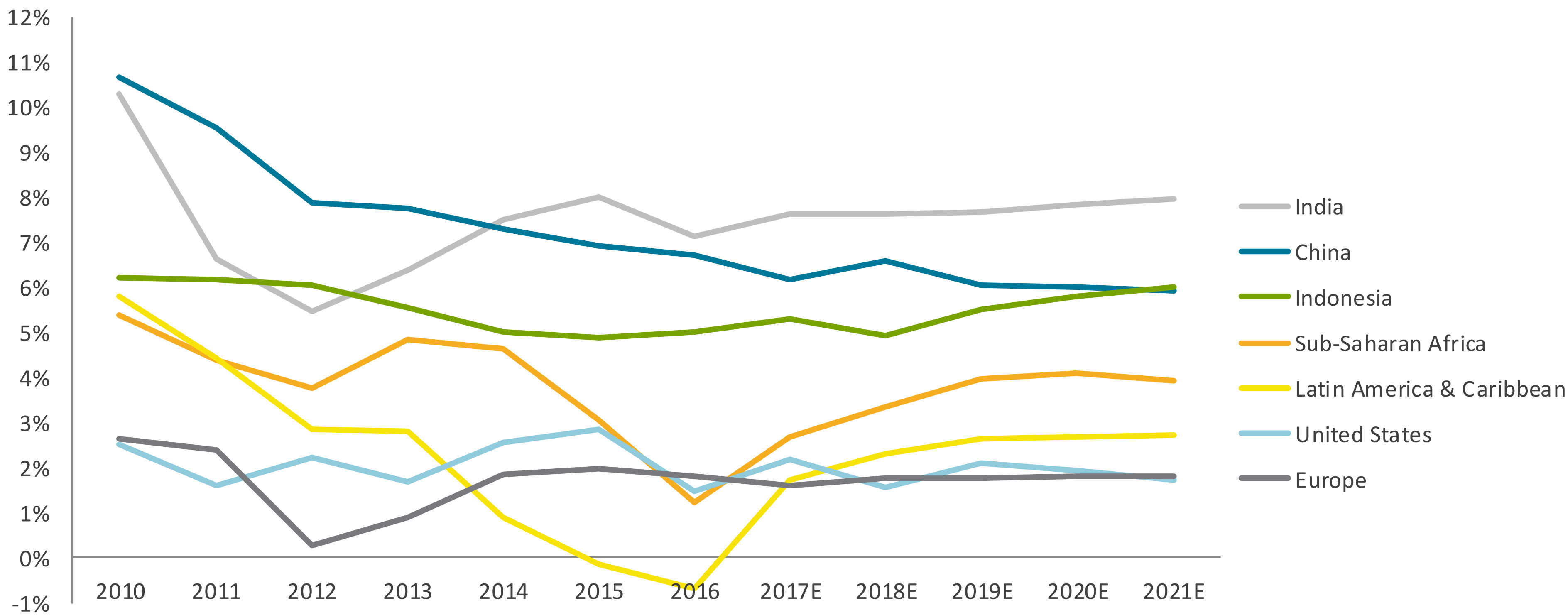
II. MARKET OVERVIEW

Growth in Emerging Markets

GDP growth rates in many Emerging Markets remain significantly higher than in the United States or Europe

- High growth is forecasted in India, China, and Indonesia
- Moderate growth is forecasted in Latin America and Sub-Saharan Africa, following a steep contraction
- Low but steady growth is expected to continue in the United States and Europe

REAL GDP GROWTH RATE (%)



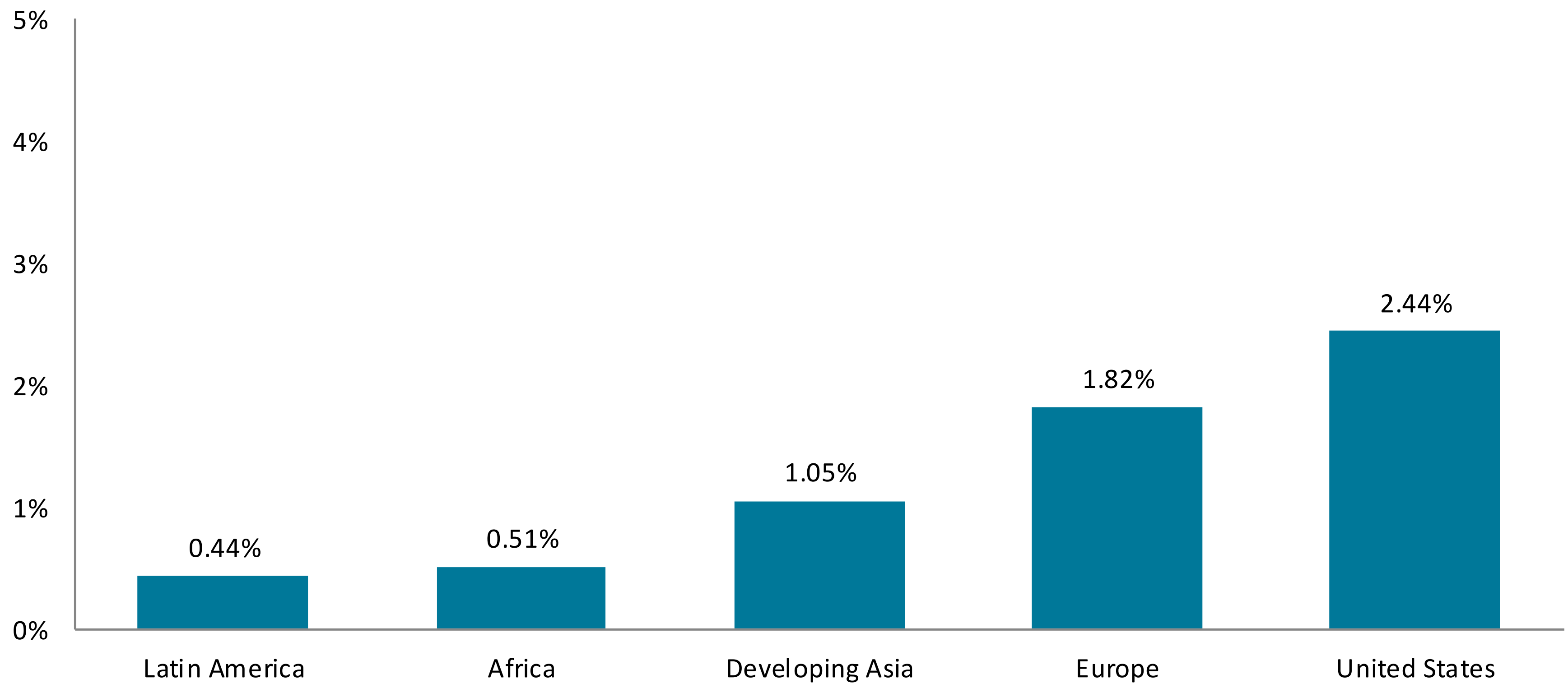
Sources: International Monetary Fund; World Economic Outlook Database. The World Bank.
Europe includes Central Asian countries per official classification by the IMF and World Bank.

PE Penetration in Emerging Markets

Private equity penetration remains low in Emerging Markets relative to the United States and Europe

- Latin America, Africa and Developing Asia remain significantly underserved
- Despite higher exposures in the US and Europe, PE penetration remains less than 3.0% of GDP

PRIVATE EQUITY PENETRATION (% OF GDP)



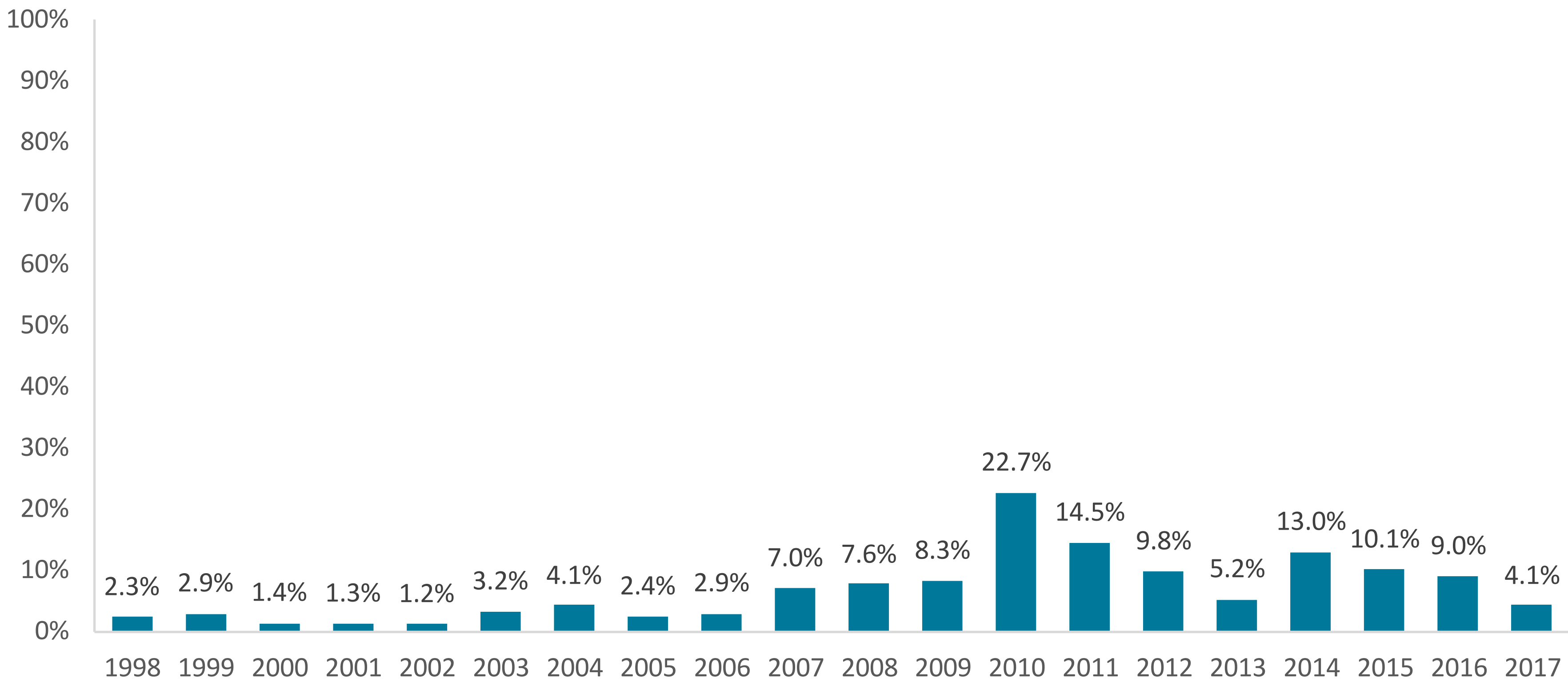
Source: Pitchbook; International Monetary Fund. Private equity penetration is defined as the amount of capital invested in private equity and venture capital as a percent of GDP as of December 31, 2017. Latin America includes Central America and South America; Developing Asia includes Caucasus, Central Asia, South Asia and South East Asia.

Emerging Market Capital Flows

Despite increasing appetite, dollars raised by Emerging Markets funds remains a fraction of global fundraising

- Over the past 10 years, Developing Asia has represented 81% percent of Emerging Markets capital flows
- In 2017, Developing Asia represented 80% of Emerging Markets dollars raised, followed by Latin America (17%) and Africa (3%)

EMERGING MARKET FUNDRAISING (% OF TOTAL GLOBAL FUNDRAISING)



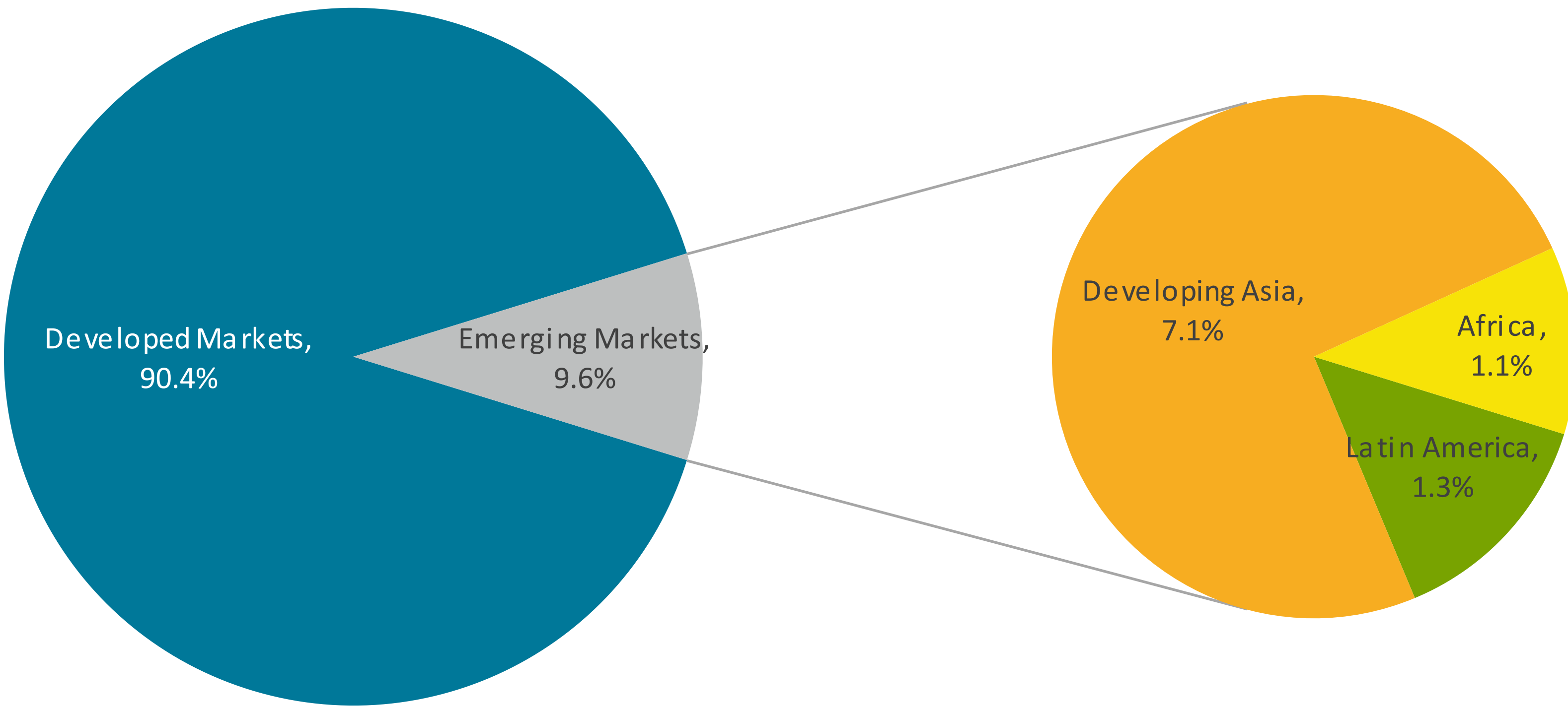
Source: Pitchbook. Emerging Markets includes Latin America, Developing Asia, and Africa.

Limited Investable Universe

There are significantly fewer private equity funds raised in Emerging Markets than Developed Markets

- Over the past 10 years, Emerging Markets have represented less than 10% of funds raised
- In 2017, there were 48 funds raised in Developing Asia, followed by 10 funds in Latin America and 4 funds in Africa

NUMBER OF FUNDS RAISED (% OF TOTAL)

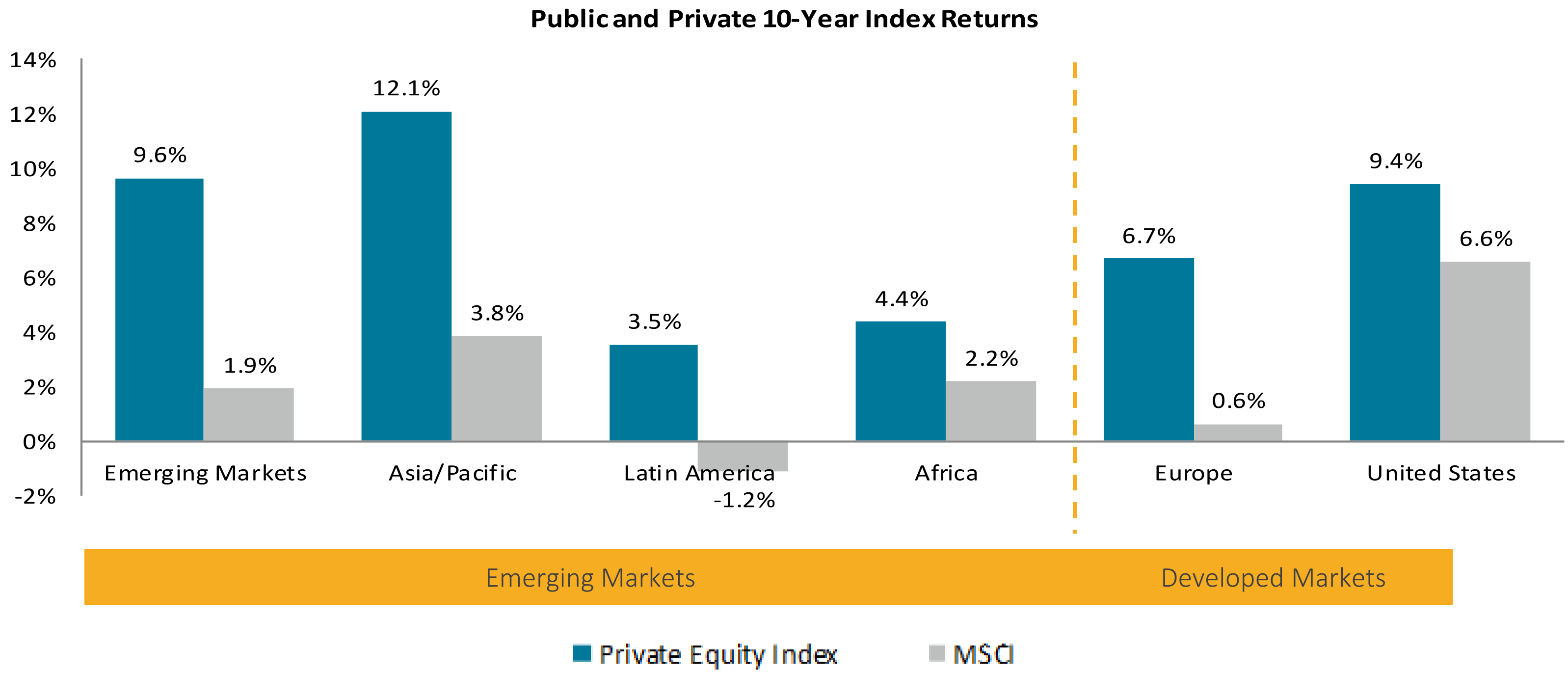


Source: Pitchbook. Percentages based on number of funds raised between 2008 and 2017. Emerging Markets includes Latin America, Developing Asia, and Africa.

Emerging Market Performance

Performance in Emerging Markets has been driven by strong performance in Asia

EMERGING MARKET PERFORMANCE



Sources: Cambridge Associates LLC, MSCI Inc. MSCI End of Day Data - Regional Net Total Returns. Ten-year returns as of June 30, 2017.

The Private Equity Index is a horizon calculation based on data compiled from 642 emerging markets private equity (buyout, growth equity, private equity energy and mezzanine funds), and venture capital funds (includes funds investing primarily in Africa, Asia/Pacific–Emerging, Europe–Emerging, Latin America & Caribbean and Middle East–Emerging) including fully liquidated partnerships, formed between 1986 and 2016. The Asia Emerging Markets Index consists of 380 funds, the Latin America & Caribbean Index consists of 66 funds, and the Africa Index consists of 51 funds. Please note that the Emerging Markets Index contains 32 funds that do not fall into these specific regions stated above.

Private indices are pooled horizon internal rate of return (IRR) calculations, net of fees, expenses, and carried interest. The timing and magnitude of fund cash flows are integral to the IRR performance calculation. Public indices are average annual compounded return (AACR) calculations which are time weighted measures over the specified time horizon, and are shown for reference and directional purposes only.

Relative Attractiveness of Emerging Markets

In comparing the relative attractiveness of the principal economies in Emerging Markets, we believe Developing Asia provides the most favorable private equity investment environment

EMERGING MARKET COMPARISON

	MACROECONOMIC CHARACTERISTICS			PRIVATE EQUITY CHARACTERISTICS		
REGION	PROJECTED GDP GROWTH	GEOPOLITICAL ENVIRONMENT	FOREIGN EXCHANGE	PE PENETRATION	INVESTABLE UNIVERSE	HISTORICAL PERFORMANCE
DEVELOPING ASIA	VERY ATTRACTIVE	MODERATELY ATTRACTIVE	MODERATELY ATTRACTIVE	VERY ATTRACTIVE	MODERATELY ATTRACTIVE	VERY ATTRACTIVE
LATIN AMERICA	MODERATELY ATTRACTIVE	MODERATELY ATTRACTIVE	LESS ATTRACTIVE	VERY ATTRACTIVE	LESS ATTRACTIVE	LESS ATTRACTIVE
AFRICA	MODERATELY ATTRACTIVE	LESS ATTRACTIVE	LESS ATTRACTIVE	VERY ATTRACTIVE	LESS ATTRACTIVE	LESS ATTRACTIVE

VERY ATTRACTIVE MODERATELY ATTRACTIVE LESS ATTRACTIVE

Source: StepStone Analysis
The opinions expressed herein reflect the current opinions of StepStone as of the date appearing in this material only. There can be no assurance that views and opinions expressed in this document will come to pass. Foreign Currency opinion from the perspective of a USD denominated investor's perspective.

Accessing Emerging Markets

BUILD A DIRECT PORTFOLIO

Description

- Invest directly in individual country or regionally focused private equity funds, allowing LACERA to invest with leading GPs and determine their own geographic exposure

Advantages

- Targeting leading managers in most attractive markets is best approach for outperforming the broader Emerging Markets
- Ability to determine appropriate geographic allocations
- Leverage StepStone's local presence and coverage of Emerging Markets

Disadvantages

- Multiple commitments required to create an appropriately diversified Emerging Markets portfolio
- Time and attention as it may take several years to identify and secure allocations to top managers
- Magnifies the J-curve effect relative to investing with one pan-Emerging Markets fund

PAN-EMERGING MARKETS FUNDS

Description

- Invest with a single pan-Emerging Markets manager

Advantages

- Diversified emerging markets portfolio through a single commitment
- Lower fees than fund of funds or SMA approach

Disadvantages

- Likely results in an indexed approach to the Emerging Markets because unlikely to attract high quality teams in all regions
- Central decision making is sub-optimal structure
- Some of the global funds lack true local presence or do not provide pure Emerging Markets exposure; many provide exposure to developed economies outside the US as well

FUND OF FUNDS OR SMA

Description

- Commit to an Emerging Markets fund of funds, which will then build a portfolio of country or regionally focused fund commitments; OR
- Establish a Separately Managed Account ("SMA") with a private equity advisor to build direct portfolio specific to LACERA

Advantages

- Diversified emerging markets portfolio through a single commitment

Disadvantages

- Likely results in an indexed approach to the Emerging Markets and/or over-diversification, leading to sub-par returns
- Most expensive option; fees on fees dilutive to overall investment returns and objectives of program
- Even funds of funds / SMA managers tend to focus by geography and don't provide full Emerging Markets coverage
- Provide arms length relationships through third party; i.e. typically limited/no direct relationship with underlying GPs

Source: StepStone Research.

III. APPENDIX I – EMERGING MARKET SNAPSHOTS

Asia Snapshot

China, India, and Indonesia are the three principal Asian economies ("PAE") in Developing Asia with more established investing environments. Despite recent deceleration, growth rates in developing Asia remain higher than the US or Europe.

DEVELOPING ASIA	
Principal Asian Economies ("PAE")	Developing China, India, Indonesia
Population PAE	2,964 million
GDP PAE	US$12.6 trillion
# of PE Managers	~1100 GPs
PE Fundraising 2017	US$81 billion
PE Investments 2017	US$130 billion

Source: AVCJ, SPI.

DEVELOPING PAE COUNTRY SNAPSHOTS

Peoples Republic of China
Population: 1,379MM
GDP: US$9,459B
GDP per capita (PPP): US$8,563
GDP growth 2016A/2017E: 6.7%/6.4%

Indonesia
Population: 261MM
GDP: US$918B
GDP per capita (PPP): US$3,570
GDP growth 2016A/2017E: 5.2%/5.4%

India
Population: 1,324MM
GDP: US$2,264B
GDP per capita (PPP): US$1,670
GDP growth 2016A/2017E: 7.4%/7.6%

Source: CIA World Factbook, IMF, 2016.

DEVALUATION OF PAE CURRENCIES

Source: CapitalIQ.

Developing Asia: Opportunities

GROWTH THROUGH REFORM

- Leadership in China focused on restructuring the economy in search of "balanced growth"
- Modi in India and Jokowi in Indonesia continuing structural reforms
- Abenomics in Japan and chaebol reform in South Korea are stimulating growth
- Frontier markets in Vietnam and Myanmar growing rapidly through policy support

PROSPECTS REMAIN STRONG

- We believe Asia remains the engine for global GDP growth, with private equity underpenetrated
- Urbanization and growing middle class spurring domestic consumption, which remains a private equity mainstay
- Asia is not just China and India; opportunities in Southeast Asia, North Asia and frontier markets

FUNDRAISING STILL ACTIVE

- StepStone is currently tracking 132 USD-denominated funds raising US$80+ billion for 2018/2019
- Comprehensive geographic coverage: China 37%, Pan-Asia 31%, India 12%, South Korea 6%, Australia 6%, Southeast Asia 5%, Japan 4% (by aggregate fundraising)
- 68% of funds tracked are under US$500 million in size – smaller opportunities require institutional knowledge and experience

Source: StepStone Analysis.

Latin America Snapshot

Brazil, Chile, Colombia, Mexico and Peru are the five principal Latin America economies ("PLAE") with more developed investing environments. The region is currently recovering from recent macroeconomic headwinds.

LATIN AMERICA	
Principal Latam Economies ("PLAE")	Brazil Chile Colombia Mexico Peru
Population PLAE	431 million
GDP PLAE	US$4.0 trillion
# of PE Managers	~235 GPs
PE Fundraising 2017	US$4.3 billion
PE Investments 2017	US$8.5 billion

Source: IMF, LAVCA 2018 Industry Data Report, SPI.

PLAE COUNTRY SNAPSHOTS

Brazil
Population: 207.7MM[1]
GDP: US$2.1T[2]
GDP per capita (PPP): US$15,500[2]
GDP growth 2017A/2018E: 0.7%/1.5%[1]

Mexico
Population: 123.5MM[1]
GDP: US$1.1T [2]
GDP per capita (PPP): US$19,480[2]
GDP growth 2017A/2018E: 2.1%/1.9%[1]

Colombia
Population: 49.3MM[1]
GDP: US$307B[2]
GDP per capita (PPP): US$14,450[2]
GDP growth 2017A/2018E: 1.7%/2.8%[1]

Chile
Population: 18.4MM[1]
GDP: US$263B[2]
GDP per capita (PPP): US$24,590[2]
GDP growth 2017A/2018E: 1.4%/2.5%[1]

Peru
Population: 31.8MM[1]
GDP: US$210B[2]
GDP per capita (PPP): US$13,340[2]
GDP growth 2017A/2018E: 2.7%/3.8%[1]

Source: IMF.
1. IMF Data Mapper, October 2017.
2. GDP 2017 (current exchange rate).

DEVALUATION OF PLAE CURRENCIES

Source: Capital IQ, as of April 2018.

Latin America Opportunities

DEFENSIVE SECTORS

- Defensive and under-penetrated sectors such as Healthcare, Education, Consumer Staples, certain Financial Services, selective Tech rollouts, and other transformational opportunities are expected to outperform GDP

INFRASTRUCTURE

- Private investors are critical to Latin America's infrastructure development, as governments and national savings cannot finance capital requirements alone. Traditional major players are sidelined

BUY AND BUILD

- The consolidation of fragmented industries is expected to create "buy and build" strategies that are generally uncorrelated to slower economic growth

FINANCIAL RESTRUCTURINGS

- As a result of the deep recession in the past years, credit restriction and high cost of debt, there are a number of companies with over levered Balance Sheets

DISLOCATION OF THE ECONOMY

- Private Equity and Debt: A still slow economy and a reduced role for state-owned banks should usher in a period of lower purchase multiples and increased capital needs, providing good opportunities for GPs
- Real Estate: Overbuilt in both residential and corporate sectors; assets trading at below replacement cost
- Infrastructure: As a result of the Petrobras scandal, most construction companies and their suppliers, service providers and lenders have their hands tied while the demand for infrastructure remains strong. We expect to see a lot of asset sales, spin-outs, restructurings, contract transfers and increased participation of foreign players

Source: StepStone analysis.

Sub-Saharan Africa Snapshot

South Africa, Nigeria, Ghana, Kenya and Tanzania are the five principle Sub-Saharan African economies ("PSSAE") with more developed investing environments. While these countries have been affected by macroeconomic and currency headwinds, growth rates have, for the most part, been higher than in the US and Europe

SUB-SAHARAN AFRICA	
Principal Sub-Saharan African Economies	South Africa Nigeria Ghana Kenya Tanzania
Population PSSAE	375 million
GDP PSSAE	US$914 billion
# of PE Managers	~140 GPs
PE Fundraising 2017	US$2.3 billion
PE Investments 2017	US$3.8 billion

Source: The World Bank, AVCA , SPI.

PSSAE COUNTRY SNAPSHOTS

South Africa
Population: 54.8MM[1]
GDP: US$344B[2]
GDP per capita (PPP): US$13,400[2]
GDP growth 2016A/2017E: 0.3%/0.7%[3]

Nigeria
Population: 190.6MM[1]
GDP: US$395B[2]
GDP per capita (PPP): US$5,900[2]
GDP growth 2016A/2017E: -1.6%/0.8%[3]

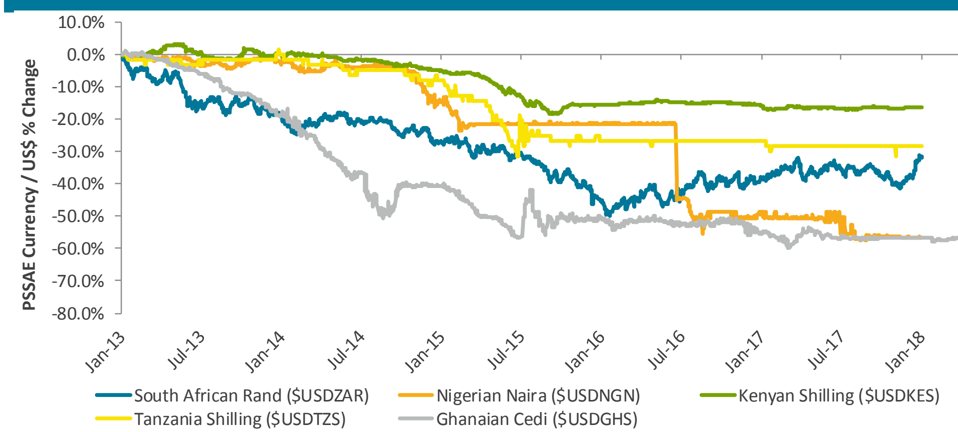
Ghana
Population: 27.5MM[1]
GDP: US$45B[2]
GDP per capita (PPP): US$4,600[2]
GDP growth 2016A/2017E: 3.5%/5.9%[3]

Kenya
Population: 47.6MM[1]
GDP: US$78B[2]
GDP per capita (PPP): US$3,500[2]
GDP growth 2016A/2017E: 5.8%/5.0%[3]

Tanzania
Population: 54.0MM[1]
GDP: US$52B[2]
GDP per capita (PPP): US$3,300[2]
GDP growth 2016A/2017E: 7.0%/6.5%[3]

Source: CIA World Factbook, IMF, S&P.
1. As of July 2017 (Est.).
2. GDP 2017 (current exchange rate).
3. IMF Database, October 2017.

DEVALUATION OF PSSAE CURRENCIES



As of April 17, 2018.
Source: Capital IQ.

Africa: Opportunities

PE PENETRATION IS LOW

- Private Equity investment in Africa remains very low relatively to world standards. Private Equity assets under management as a percentage of GDP is approximately 2-3% in US and Europe versus 0.2% in Africa

SCARCITY OF PRIVATE CAPITAL

- The difficulty that African companies face in raising capital from local equity and debt markets presents a big opportunity for Private Equity. Only Egypt, Morocco, Nigeria and South Africa have stock exchanges with a market capitalization of more than US$50 billion. The small scale of the African equity markets makes it difficult for companies to raise the capital they need to grow through IPOs. There were only 28 IPOs across Africa in 2017, representing less than 2% of the number of IPOs done globally

POSITIVE MACRO TRENDS

- Economic growth is expected to expand Africa's Private Equity capacity. Physical infrastructure and large scale investment in real estate, industry and services will be required. Number of middle-class Africans is projected to triple by 2030

INVESTMENT ECOSYSTEM IMPROVING

- Despite the economic challenges and policy missteps in many African economies, the overall investment ecosystem is developing steadily across the region. As more Private Equity funds, investment banks, and institutional investors establish a local presence in more African countries, they are bringing expertise in greater variety of deal structures and investment techniques. The pool of lawyers, auditors and bankers with Private Equity experience is also expending. Similarly, more African companies are gaining experience in advanced finance. While political risk remains high in the continent, it is improving in many economies, with a number of governments becoming more business friendly

Source: StepStone analysis.

Risks and Other Considerations

Risks Associated with Investments. Identifying attractive investment opportunities and the right underlying fund managers is difficult and involves a high degree of uncertainty. There is no assurance that the investments will be profitable and there is a substantial risk that losses and expenses will exceed income and gains.

Restrictions on Transfer and Withdrawal; Illiquidity of Interests; Interests Not Registered. The investment is highly illiquid and subject to transfer restrictions and should only be acquired by an investor able to commit its funds for a significant period of time and to bear the risk inherent in such investment, with no certainty of return. Interests in the investment have not been and will not be registered under the laws of any jurisdiction. Investment has not been recommended by any securities commission or regulatory authority. Furthermore, the aforementioned authorities have not confirmed the accuracy or determined the adequacy of this document.

Limited Diversification of Investments. The investment opportunity does not have fixed guidelines for diversification and may make a limited number of investments.

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Carried Interest. The entitlement of StepStone and the underlying portfolio fund managers to carried interest over and above their basic management fees could create an incentive for StepStone and the portfolio fund managers to make investments that are riskier or more speculative than would otherwise be the case.

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Material, Non-Public Information. From time to time, StepStone may come into possession of material, non-public information that would limit their ability to buy and sell investments.

ATTACHMENT 2

LACERA Board Meeting

Long Dated Fund Review

MAY 2018

Disclosure

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All valuations are based on current values provided by the general partners of the Underlying Funds and may include both realized and unrealized investments. Due to the inherent uncertainty of valuation, the stated value may differ significantly from the value that would have been used had a ready market existed for all of the portfolio investments, and the difference could be material. The long-term value of these investments may be lesser or greater than the valuations provided.

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Prospective investors should inform themselves and take appropriate advice as to any applicable legal requirements and any applicable taxation and exchange control regulations in the countries of their citizenship, residence or domicile which might be relevant to the subscription, purchase, holding, exchange, redemption or disposal of any investments. Each prospective investor is urged to discuss any prospective investment with its legal, tax and regulatory advisors in order to make an independent determination of the suitability and consequences of such an investment.

An investment involves a number of risks and there are conflicts of interest. Please refer to the risks and conflicts disclosed herein.

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All data is as of May 2018 unless otherwise noted.

PAST PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS. ACTUAL PERFORMANCE MAY VARY.

Overview

I. EXECUTIVE SUMMARY

Executive Summary

Executive Summary

- By definition, Long Dated Funds refer to private equity funds with longer durations than a typical 10-year private equity term. In most instances, Long Dated Funds target higher multiples of invested capital and lower Internal Rates of Return (“IRR”) with lower fee structures
- The purpose of this presentation is to review the private equity concept of Long Dated Funds
  - Over the last several years, StepStone has seen an increase of Long Dated products as General Partners (“GPs”) continue to expand into ancillary strategies
  - GPs observed that they were rejecting high quality investment opportunities that did not meet the firms’ private equity return threshold
  - Limited Partners (“LPs”) have been drawn to the strategy as a way to potentially generate attractive risk-adjusted returns over longer investment horizons, and as a way to emulate the “Berkshire Hathaway” model

Long Dated Fund Review

- As a strategy, Long Dated Funds are growing in demand due to the following factors:
  - LPs demand for lower risk, lower return investment opportunities
  - Enables LPs to deploy large amounts of capital in fewer managers
  - Potential to reduce the frictional costs of buying and selling assets
  - GPs view it as a natural extension to their core private equity business
  - Priority access to co-investments as a means to help reduce effective management fees and carried interest

II. LONG DATED FUND REVIEW

Long Dated Funds vs. Traditional Funds

Long Dated Funds differ from traditional private equity due to the following:

Risk and Return Expectations: Long Dated funds typically target stable companies with lower volatility, but also lower return expectations. Target portfolio company characteristics include strong operating metrics, stable management teams, and are market leaders. Long Dated Funds target lower net IRRs (10 - 15%), but higher net multiples on invested capital (3.5x - 4.3x) relative to the 15 - 20% net IRR and 2.0x net returns traditionally targeted by buyout funds.

Target Returns	Long Dated	Traditional Large Buyout
Net IRR Target	10 - 15%	15 - 20%
Net Multiple on Invested Capital	3.5x - 4.3x	2.0x

Legal Structure and Fees: Management fees are typically based on a percentage of invested capital (ranging from 1.0% - 1.5%) and the carried interest charged is lower (10% - 15%) relative to traditional private equity funds.

Legal Terms & Fees	Long Dated	Traditional Large Buyout
Management Fees	1.0 - 1.5%	1.5%
Carried Interest	10 - 15%	20%

Fund Terms: Long Dated Funds have terms of at least 15 years with expected average holding periods of 5 - 10 years per investment. Traditional private equity partnerships have a term of 10 years with investments held on average for 5 years.

Timing (Years)	Long Dated	Traditional Large Buyout
Fund Term	15	10
Portfolio Company Hold Period	5 - 10	5

Source: Target returns are based on StepStone analysis.

Note: Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Future performance indications and financial market scenarios are no guarantee of current or future performance. There can be no assurance that such target net IRRs will be achieved or that the fund will be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses. Further information regarding net target IRR calculation is available upon request.

Merits & Considerations

Merits:

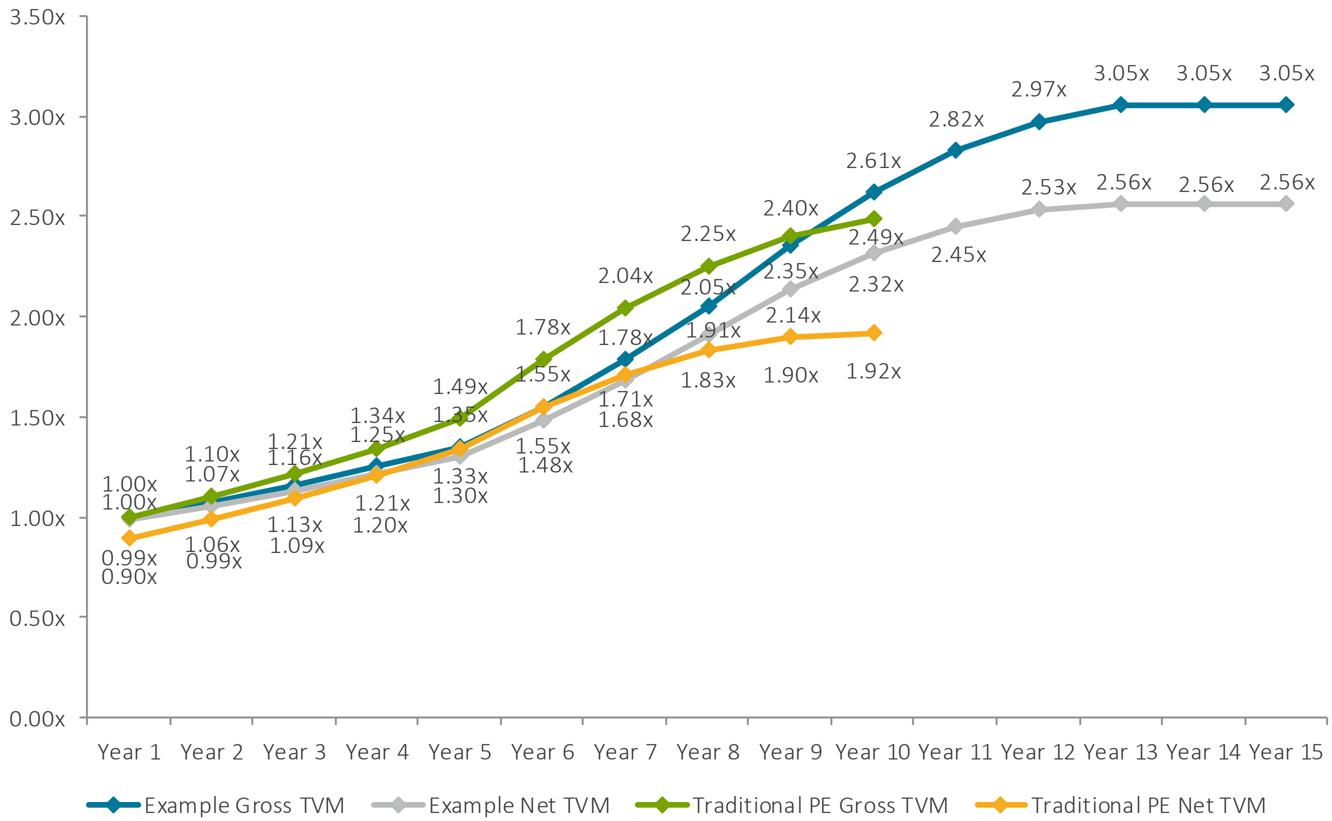
1.	Greater Projected Multiples on Invested Capital
2.	Reduced Fees and Economics
3.	Less Volatile Investments with a Focus on Growth and Free Cash Flow
4.	Lower Frictional Costs
5.	Minimal Reinvestment Risk
6.	Priority Access to Co-Investments

Considerations:

1.	Lower Target Returns
2.	Elevated Purchase Prices / Use of Leverage
3.	Unproven Strategy / Limited Track Record
4.	Duration / Illiquidity Risk
5.	Portfolio Concentration
6.	Potential Allocation Conflicts

Return Timeline

Long Dated Funds target investments with longer value creation horizons, but are expected to generate greater cash-on-cash multiples due to longer holds and fewer frictional costs.



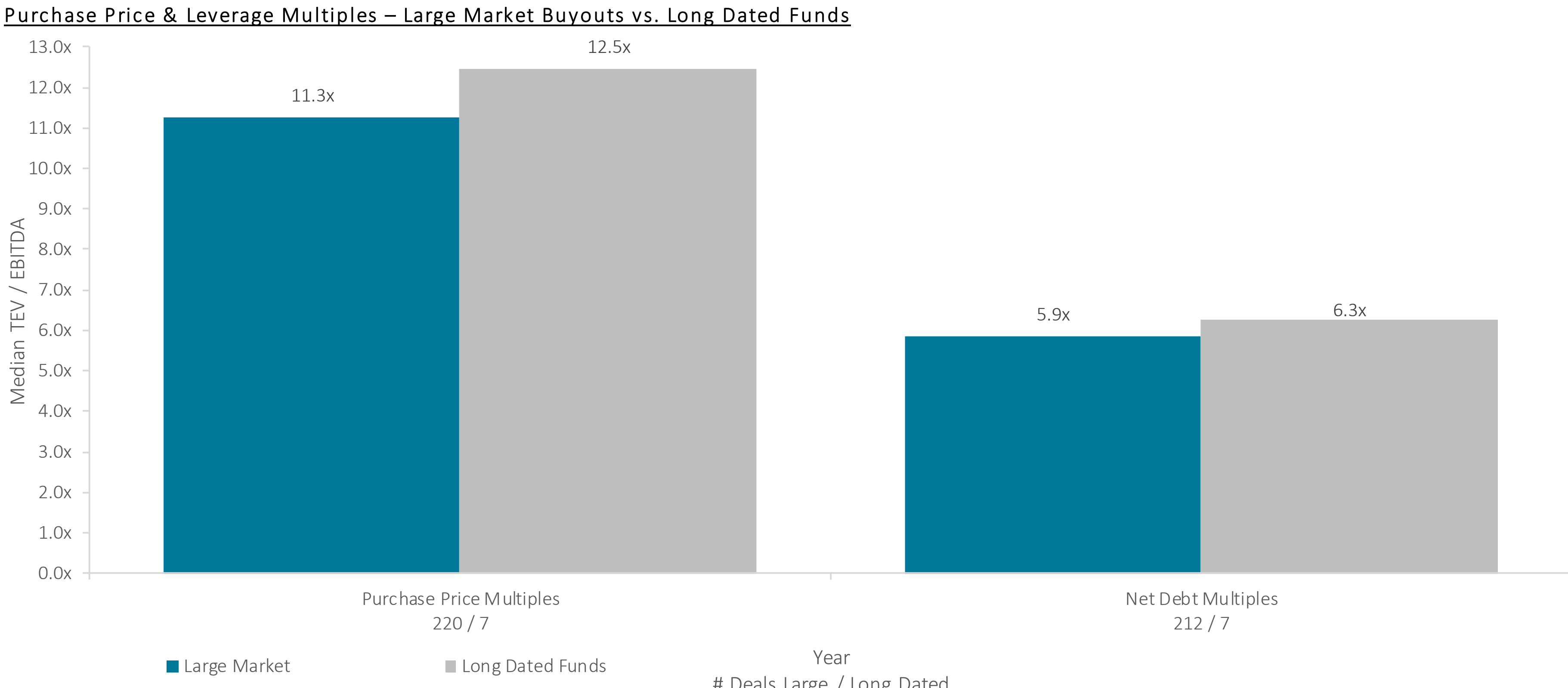
Long Dated Return Assumptions: 15% Gross IRR, 12% Net IRR, 15% Carried Interest, and a 1.2% Management Fee on invested capital.
Traditional PE Return Assumptions: 20% Gross IRR, 14.4% Net IRR, 20% Carried Interest, and a 2% Management Fee on committed/invested capital.
Exit Assumptions: Tradition PE assets are liquidated over 10 years; Long Dated Fund assets are liquidated over 15 years.

Note: Certain assumptions have been made for modeling purposes and are unlikely to be realized. No representations and warranties are made as to the reasonableness of the assumptions. This information is provided for illustrative purposes only.

Entry Multiples

- Since 2016, Large Market investments with more than US$500 million of total enterprise value have been acquired at a median of 11.3x EBITDA, versus 12.5x EBITDA for Long Dated investments (sample size of 7 investments).
- Since 2016, Large Market investments with more than US$500 million of total enterprise value have been acquired using median leverage of 5.6x, versus 6.3x net debt/EBITDA for Long Dated investments (sample size of 7 investments).

TEV/EBITDA & NET DEBT/EBITDA AT ENTRY (2016 – 2017)

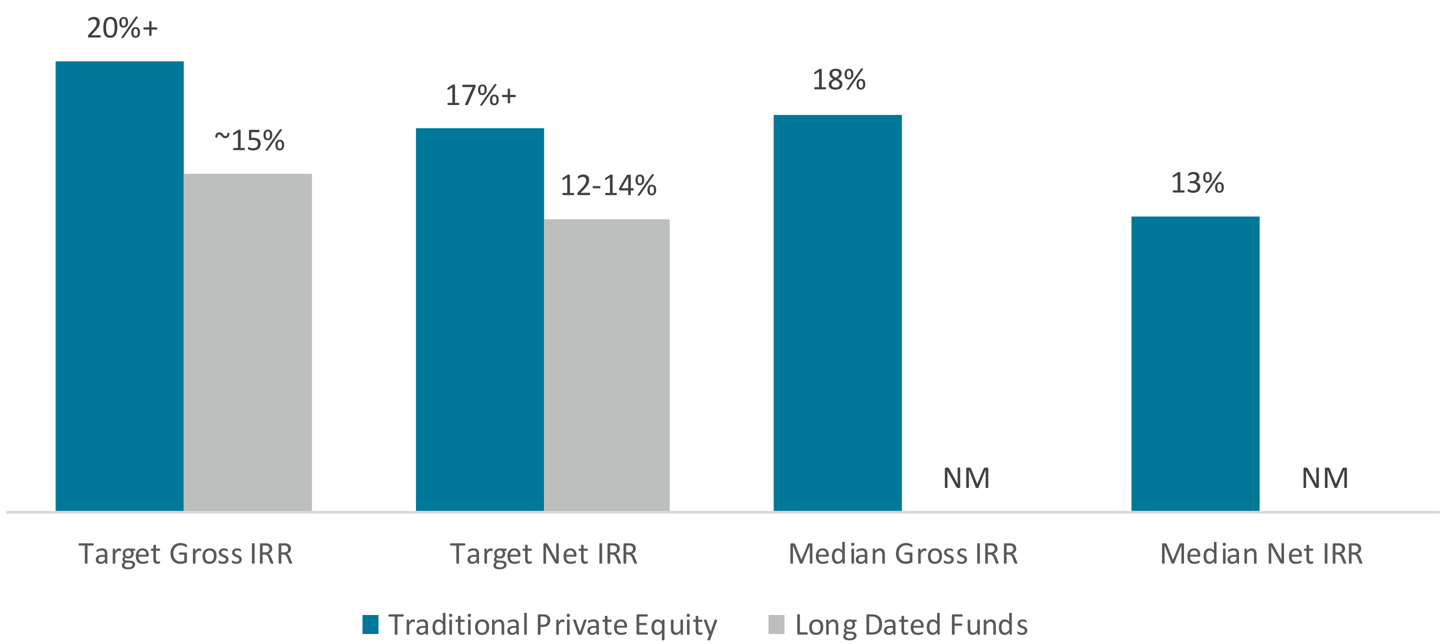


Source: StepStone Private Markets Intelligence (SPI), as of September 30, 2017. Includes Large Market Buyout investments made between 2016 and 2017 in companies with at least US$500 million of TEV. StepStone acquires proprietary operating metrics through investment due diligence and portfolio monitoring.

Target Return Profiles

- Long Dated Funds are targeted to generate double-digit IRRs over a long-term time horizon.
- Traditional Private Equity funds typically underwrite target gross IRRs of 20%+ and net returns of 17%+. However, Large and Global Buyout funds from 2005 - 2015 have generated a median gross IRR of 18% and a median net IRR of 13%.
- Given the immaturity of the Long Dated portfolios, returns are not yet meaningful for this strategy.

TARGET & ACTUAL RETURNS



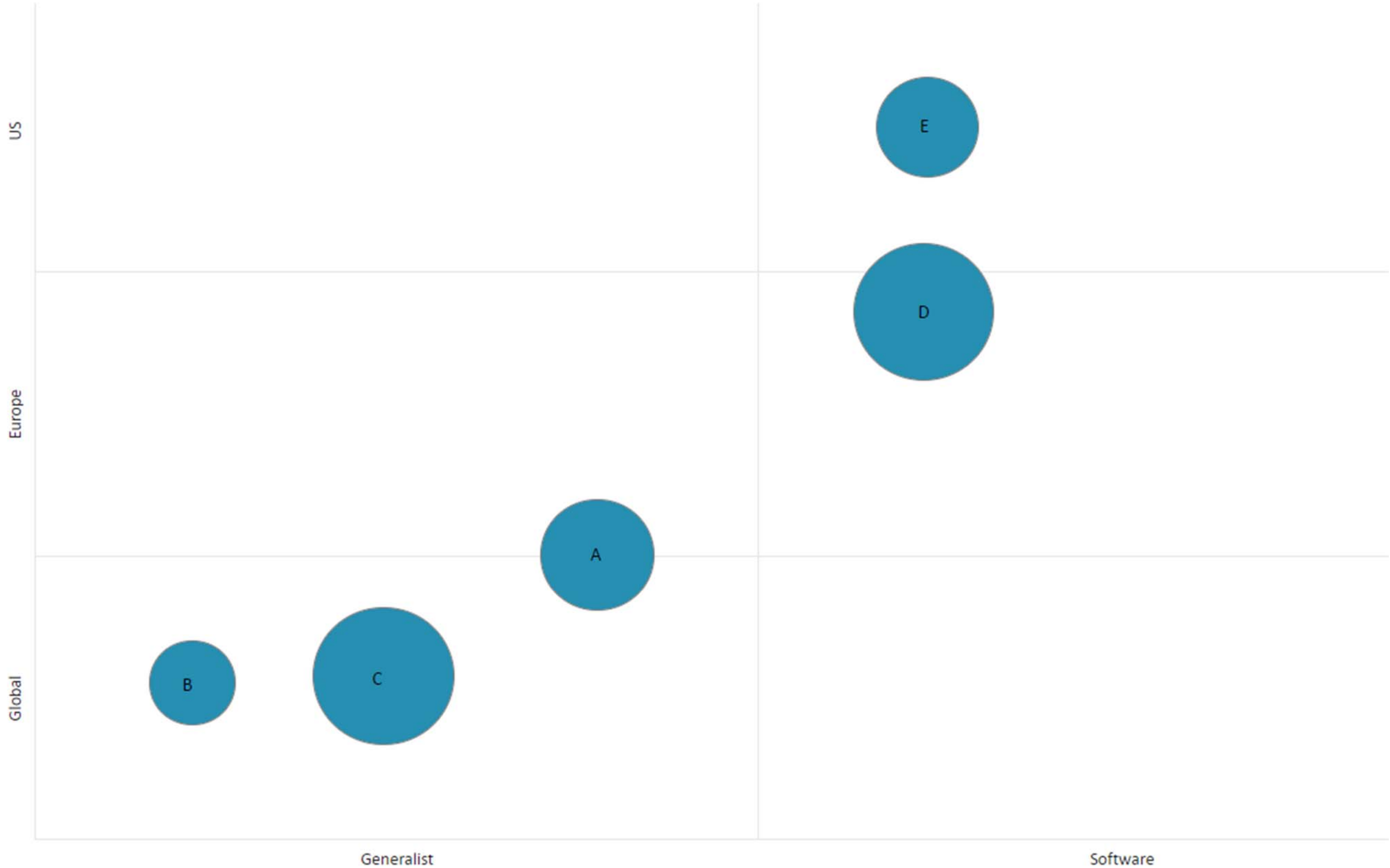
Source: SPI data as of September 30, 2017; Burgiss Private iQ as of September 30, 2017. Includes Large and Global Buyout investments made between 2005 and 2015.

Note: Returns of less than two years are considered not meaningful. Target returns are based on StepStone analysis. Past performance is not necessarily indicative of future results and there can be no assurance that the fund will achieve comparable results or avoid substantial losses. Target returns are hypothetical and are neither guarantees nor predictions or projections of future performance. Future performance indications and financial market scenarios are no guarantee of current or future performance. There can be no assurance that such target net IRRs will be achieved or that the fund will be able to implement its investment strategy, achieve its investment objectives or avoid substantial losses. Further information regarding net target IRR calculation is available upon request.

Strategy Definitions: Large ($3B-$6B), Global (>$6B).

Market Map

The Long Dated strategy has typically focused on generalist strategies with a global focus. However, the enterprise software sector has been identified as well-suited for longer term hold periods.



Risks and Other Considerations

Risks Associated with Investments. Identifying attractive investment opportunities and the right underlying fund managers is difficult and involves a high degree of uncertainty. There is no assurance that the investments will be profitable and there is a substantial risk that losses and expenses will exceed income and gains.

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