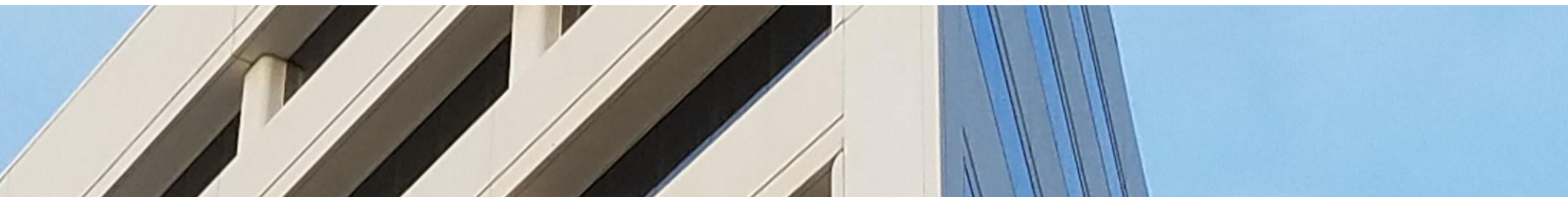




WILSHIRE ASSOCIATES

Wilshire Private Markets



Kentucky Retirement Systems – Existing Private Equity Portfolio Analysis and Future Implementation

December 12, 2017

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Wilshire Private Markets

AGENDA

EXISTING PORTFOLIO – PENSION

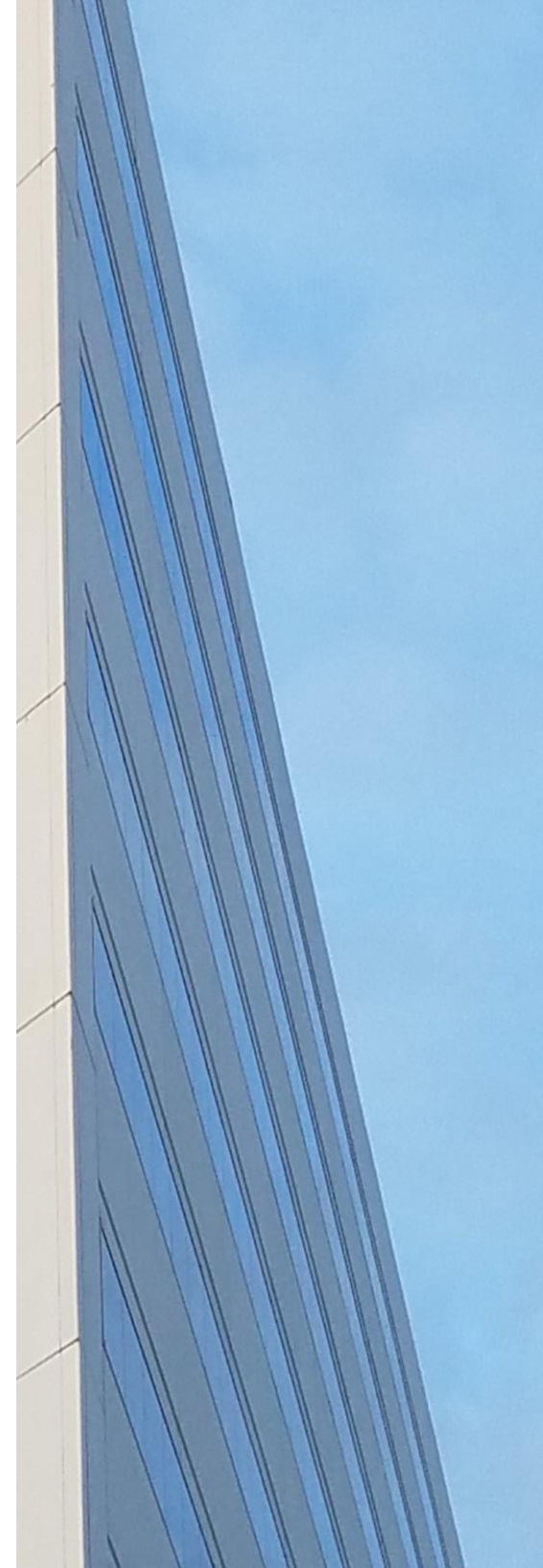
PACING AND PORTFOLIO CONSTRUCTION –
PENSION

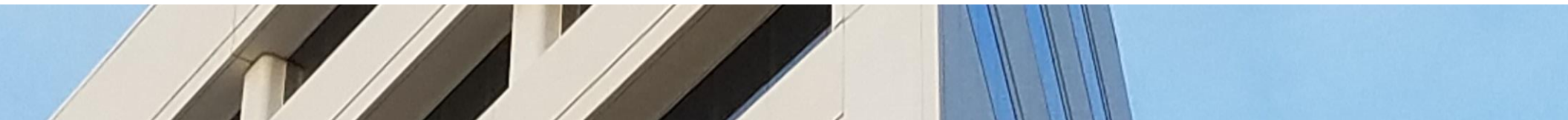
EXISTING PORTFOLIO – INSURANCE

PACING AND PORTFOLIO CONSTRUCTION –
INSURANCE

PACING AND PORTFOLIO CONSTRUCTION –
PENSION & INSURANCE

NORTH AMERICAN MARKET & SECTOR
THEMES

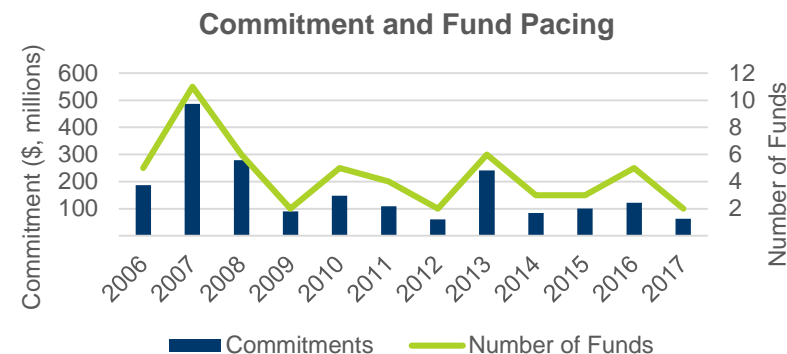




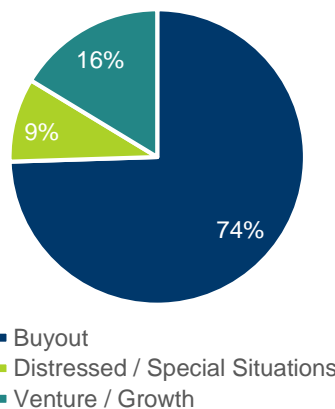
EXISTING PORTFOLIO PENSION

EXISTING PRIVATE EQUITY PORTFOLIO COMPOSITION - PENSION

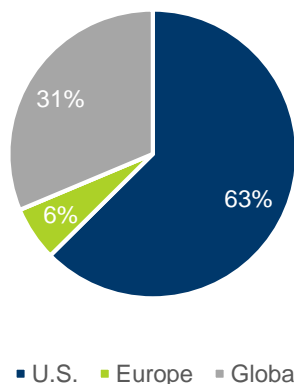
Investment Type	Market Value (\$M)	Market Value & Unfunded Commitments(\$M)*	% Total
Total	1,209	1,645	100%
Buyout	857	1,226	74%
Distressed / Special Situations	104	151	9%
Venture / Growth	248	269	16%
Number of GPs	37		
Number of Funds	66		
Average Deal Size	\$37.6		



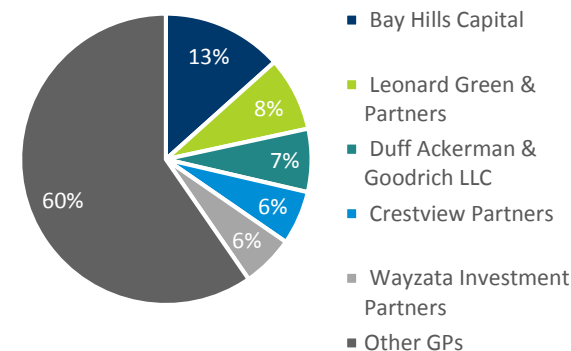
Market Value & Unfunded Commitments(%)



Existing Portfolio Geography (%)



Commitments to GP - Top 5 (%)**



*Market Value & Unfunded Commitments data as of Q3 2017.

** Commitments to GP chart reflects commitment percentages from 2006-present.

CURRENT PRIVATE EQUITY GEOGRAPHIC ALLOCATION - PENSION

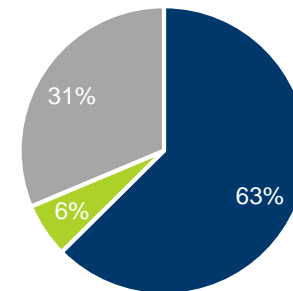
Existing Portfolio:

- The Pension Plan has limited non-US exposure, nearly entirely through global mandates
- Limited exposure to Europe and no exposure to Asia Pacific or Emerging Markets through dedicated private equity managers

Considerations for Future Allocations:

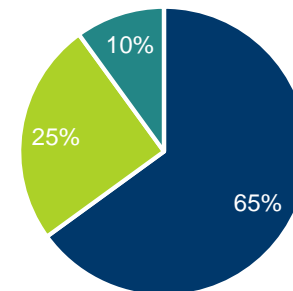
- Consider additional dedicated European strategies
- Consider allocating to dedicated Asia-Pacific strategies
- Gradually increase exposure to non-US based managers

Existing Portfolio Geography (%)



■ U.S. ■ Europe ■ Global

Target Commitment by Geography



■ U.S. ■ Europe ■ Asia-Pacific

CURRENT PRIVATE EQUITY SECTOR ALLOCATION - PENSION

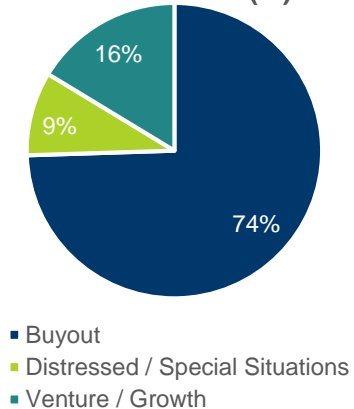
Existing Portfolio:

- The current portfolio is well diversified across private equity types based on current NAVs and commitments
- No venture or special situations dedicated commitments since 2015

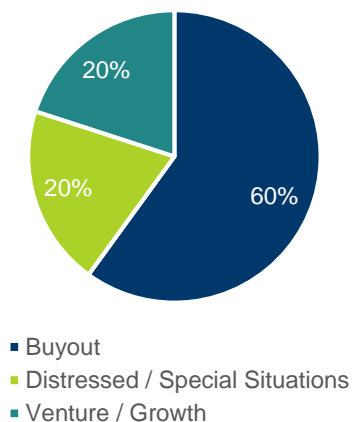
Considerations for Future Allocations:

- Consider increasing commitments to special situations strategies, focusing on increasing exposure to non-US based strategies
- Consider annual commitments to each strategy type to ensure appropriate vintage year diversification

Market Value & Unfunded Commitments(%)



Target Commitment by Sector



CURRENT PRIVATE EQUITY GP CONCENTRATION - PENSION

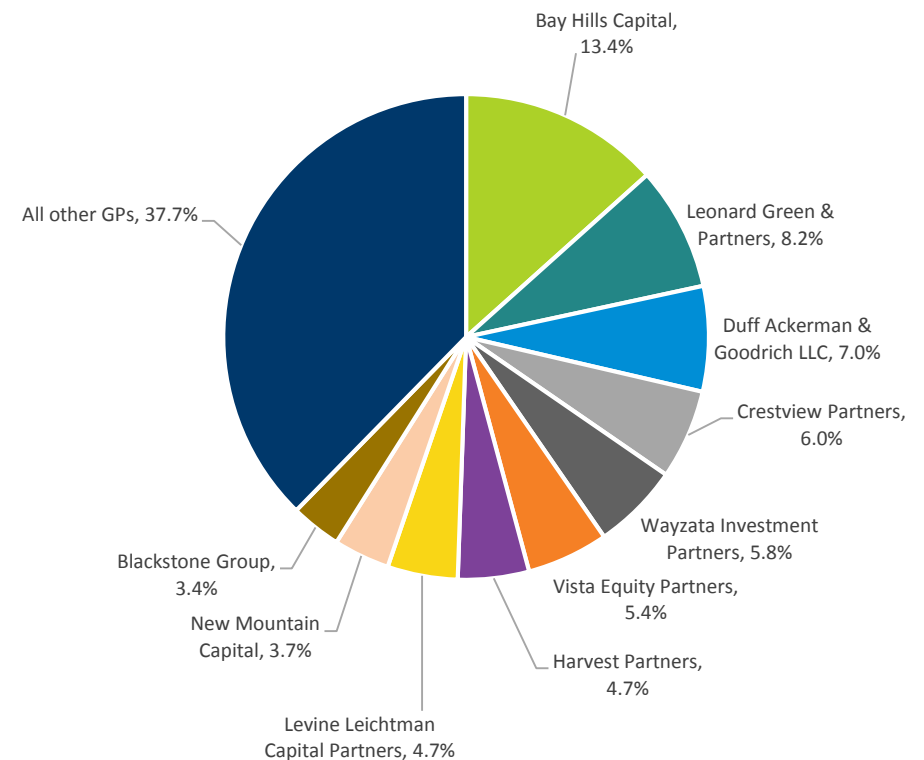
Existing Portfolio:

- The Pension Plan is diversified by general partner
- The largest allocation to a single GP is a fund-of-funds strategy

Considerations for Future Allocations:

- Continue to pursue a diversified portfolio of commitments by general partner

Commitment to GP - Top 10 (%)



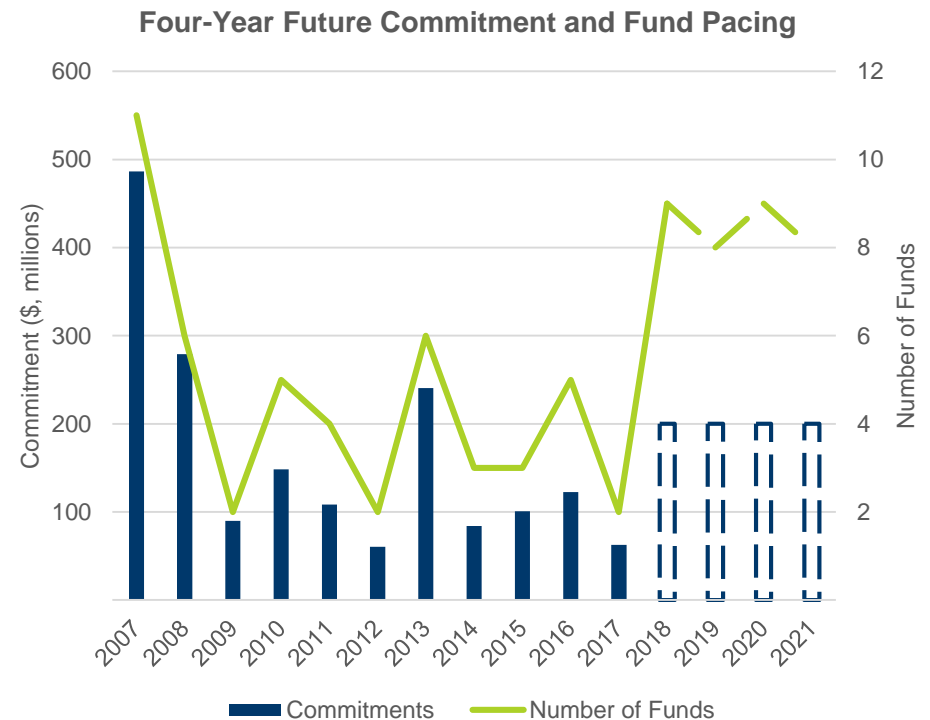
CURRENT PRIVATE EQUITY COMMITMENT AND FUND PACING - PENSION

Existing Portfolio:

- The Pension Plan has averaged between two and six private equity commitments per year
- Annual dollars committed has been in the \$100 million range over the past few years

Considerations for Future Allocations:

- Begin increasing the number of commitments on an annual basis to ensure appropriate vintage year and manager diversification
- Increase the annual dollars committed to maintain current 10% allocation target for private equity strategies (see pacing assumptions)



KRS EXISTING PORTFOLIO – PENSION (CURRENT)

Fund	General Partner	Geography	Vintage	Currency	Existing Commitment (\$M)*	TVPI**	TVPI Quartile	IRR**	IRR Quartile
Total					1,163				
Buyout					899				
Green Equity Investors IV, L.P.	Leonard Green & Partners	U.S.	2003	USD	68	1.9x	2 nd	11%	3 rd
New Mountain Partners II, L.P.	New Mountain Capital	U.S.	2005	USD	25	1.7x	2 nd	12%	2 nd
Harvest Partners V, L.P.	Harvest Partners	U.S.	2007	USD	36	1.9x	2 nd	19%	1 st
Hellman and Friedman Capital Partners VI, L.P.	Hellman & Friedman	U.S.	2007	USD	20	1.4x	4 th	10%	3 rd
Green Equity Investors V, L.P.	Leonard Green & Partners	U.S.	2007	USD	90	1.9x	2 nd	17%	2 nd
New Mountain Partners III, L.P.	New Mountain Capital	U.S.	2007	USD	34	1.5x	3 rd	10%	3 rd
Crestview Partners II, L.P.	Crestview Partners	U.S.	2008	USD	68	1.7x	2 nd	15%	2 nd
Vista Equity Partners III, L.P.	Vista Equity Partners	U.S.	2008	USD	45	2.6x	1 st	29%	1 st
Keyhaven Capital Partners Fund III, L.P.	Keyhaven Capital	Europe	2010	EUR	30	1.3x	3 rd	9%	2 nd
Vista Equity Partners IV, L.P.	Vista Equity Partners	U.S.	2011	USD	27	1.9x	1 st	19%	2 nd
Harvest Partners VI, L.P.	Harvest Partners	U.S.	2012	USD	28	1.7x	2 nd	22%	2 nd
Green Equity Investors VI, L.P.	Leonard Green & Partners	U.S.	2012	USD	32	1.3x	4 th	12%	4 th
H.I.G. Capital Partners V, L.P.	H.I.G. Capital LLC	U.S.	2013	USD	13	1.1x	3 rd	5%	4 th
Levine Leichtman Capital Partners V, L.P.	Levine Leichtman Capital Partners	U.S.	2013	USD	46	1.1x	3 rd	10%	3 rd
Triton Fund IV, L.P.	Triton Partners	Europe	2013	EUR	30	1.1x	3 rd	3%	4 th
CVC European Equity Partners VI, L.P.	CVC Capital Partners	Europe	2014	EUR	26	1.2x	2 nd	11%	3 rd
Secondary Opportunities Fund III, L.P.	Deutsche Alternative Asset Management	Global	2014	USD	25	1.3x	2 nd	27%	2 nd
New Mountain Partners IV, L.P.	New Mountain Capital	U.S.	2014	USD	33	1.3x	2 nd	19%	2 nd
Crestview Partners III, L.P.	Crestview Partners	U.S.	2015	USD	39	1.0x	3 rd	0%	NA
Harvest Partners VII, L.P.	Harvest Partners	U.S.	2016	USD	20	0.0x	NA	NM	NA
Kayne Anderson Energy Fund VII, L.P.	Kayne Anderson Capital Advisors	U.S.	2016	USD	50	1.2x	1 st	NM	NA
Keyhaven Capital Partners Fund IV, L.P.	Keyhaven Capital	Europe	2016	EUR	14	1.4x	1 st	53%	NA
KCP IV Co-Invest L.P.	Keyhaven Capital	Europe	2016	EUR	14	0.9x	2 nd	-8%	NA
Vista Equity Partners VI, L.P.	Vista Equity Partners	U.S.	2016	USD	25	1.0x	NA	0%	NA
Green Equity Investors VII, L.P.	Leonard Green & Partners	U.S.	2017	USD	25	0.0x	NA	NM	NA
Levine Leichtman Capital Partners VI, L.P.	Levine Leichtman Capital Partners	Europe	2017	USD	38	0.0x	NA	NM	NA
Distressed / Special Situations					232				
Wayzata Opportunities Fund, L.P.	Wayzata Investment Partners	U.S.	2005	USD	68	1.4x	2 nd	8%	2 nd
Wayzata Opportunities Fund II, L.P.	Wayzata Investment Partners	U.S.	2007	USD	68	1.9x	1 st	16%	1 st
Wayzata Opportunities Fund III, L.P.	Wayzata Investment Partners	U.S.	2013	USD	36	1.0x	4 th	0%	4 th
Ares Special Situations Fund IV, L.P.	Ares Management	Global	2015	USD	26	0.7x	4 th	-20%	NA
BDCM Opportunity Fund IV, L.P.	Black Diamond Capital Management	Global	2015	USD	36	1.0x	3 rd	2%	NA
Venture / Growth					32				
H.I.G. Venture Partners II, L.P.	H.I.G. Capital LLC	U.S.	2005	USD	18	1.2x	3 rd	4%	2 nd
H.I.G. BioVentures II, L.P.	H.I.G. Capital LLC	U.S.	2011	USD	14	1.3x	3 rd	11%	3 rd

Benchmark information based on Preqin U.S. and Europe most up-to-date information Buyout, Distressed / Special Situations, and Venture / Growth funds per vintage.

*For this presentation, Existing Commitment includes commitments made to KRS' "Current Managers" list through 2017.

** TVPI and IRR performance numbers as of Q3 2017

KRS PORTFOLIO AND HISTORICAL PERFORMANCE – PENSION (RUNOFF)

Fund	General Partner	Geography	Vintage	Currency	Existing Commitment (\$M)*	TVPI**	TVPI Quartile	IRR**	IRR Quartile
Total					1,318				
Buyout					783				
JW Childs Equity Partners III, L.P.	J.W. Childs Associates	U.S.	2002	USD	36	2.0x	2 nd	16%	2 nd
Oak Hill Capital Partners II, L.P.	Oak Hill Capital Partners	U.S.	2005	USD	68	1.7x	2 nd	10%	3 rd
Warburg Pincus Private Equity IX, L.P.	Warburg Pincus	U.S.	2005	USD	50	1.5x	3 rd	8%	3 rd
Arbor Capital II, L.P.	Arbor Investments	U.S.	2006	USD	23	2.6x	1 st	20%	1 st
Blackstone Capital Partners V, L.P.	Blackstone Group	Global	2006	USD	48	1.3x	3 rd	6%	3 rd
Golder Thoma Cressey Rauner IX-A, L.P.	GTCR	U.S.	2006	USD	63	1.8x	2 nd	13%	1 st
Bay Hills Capital I, L.P.	Bay Hills Capital	Global	2007	USD	68	0.0x	NA	NM	NA
Oak Hill Capital Partners III, L.P.	Oak Hill Capital Partners	U.S.	2007	USD	34	1.2x	3 rd	4%	4 th
Warburg, Pincus Private Equity X, L.P.	Warburg Pincus	Global	2007	USD	39	1.3x	3 rd	6%	4 th
Mill Road Capital I, L.P.	Mill Road Capital	U.S.	2008	USD	27	1.9x	2 nd	13%	2 nd
Tenaska Power Fund II, L.P.	Tenaska Capital Management LLC	Global	2008	USD	27	0.9x	4 th	-2%	4 th
Bay Hills Emerging Partners II, L.P.	Bay Hills Capital	Global	2009	USD	45	2.7x	1 st	28%	1 st
Arcano KRS Fund I, L.P.	Arcano Group	Global	2010	USD	36	1.2x	3 rd	5%	4 th
Bay Hills Emerging Partners II-B, L.P.	Bay Hills Capital	Global	2010	USD	45	1.4x	3 rd	12%	3 rd
Blackstone Capital Partners VI, L.P.	Blackstone Group	Global	2011	USD	60	1.4x	2 nd	11%	3 rd
Bay Hills Capital III, L.P.	Bay Hills Capital	Global	2013	USD	81	1.1x	4 th	9%	3 rd
Riverside Capital Appreciation Fund VI, L.P.	Riverside Company	U.S.	2013	USD	36	1.3x	2 nd	13%	3 rd
Distressed / Special Situations					185				
MatlinPatterson Global Opportunities Partners	MatlinPatterson Global Advisers	Global	2003	USD	45	1.8x	1 st	30%	1 st
MatlinPatterson Global Opportunities Partners II	MatlinPatterson Global Advisers	Global	2004	USD	45	0.6x	4 th	-22%	4 th
Merit Mezzanine Fund IV, L.P.	Merit Capital Partners	U.S.	2005	USD	27	1.8x	1 st	11%	1 st
MatlinPatterson Global Opportunities Partners III	MatlinPatterson Global Advisers	Global	2007	USD	45	1.2x	4 th	4%	4 th
CM Growth Capital Partners, L.P.	The Camelot Group	U.S.	2010	USD	23	1.0x	4 th	0%	4 th
Venture / Growth					350				
VantagePoint Venture Partners IV, L.P.	VantagePoint Capital Partners	Global	2003	USD	36	1.3x	2 nd	4%	2 nd
Columbia Capital Equity Partners IV, L.P.	Columbia Capital	U.S.	2005	USD	27	2.2x	1 st	12%	1 st
DAG Ventures II, L.P.	Duff Ackerman & Goodrich LLC	U.S.	2006	USD	27	0.6x	4 th	-6%	4 th
VantagePoint Venture Partners 2006, L.P.	VantagePoint Capital Partners	Global	2006	USD	27	0.5x	4 th	-11%	4 th
DAG Ventures III, L.P.	Duff Ackerman & Goodrich LLC	U.S.	2007	USD	27	1.6x	2 nd	9%	2 nd
Institutional Venture Partners XII, L.P.	Institutional Venture Partners	U.S.	2007	USD	27	2.7x	1 st	26%	1 st
DAG Ventures IV, L.P.	Duff Ackerman & Goodrich LLC	U.S.	2008	USD	90	1.1x	3 rd	1%	3 rd
Essex Woodlands Fund VIII, L.P.	Essex Woodlands Health Ventures, Inc	U.S.	2008	USD	23	1.1x	3 rd	3%	3 rd
Horsley Bridge International Fund V, L.P.	Horsley Bridge Partners LLC	Global	2009	USD	45	1.7x	1 st	16%	1 st
DCM VI, L.P.	DCM	U.S.	2010	USD	14	1.4x	2 nd	7%	3 rd
DAG Ventures V, L.P.	Duff Ackerman & Goodrich LLC	U.S.	2011	USD	8	3.3x	1 st	33%	1 st

Benchmark information based on Preqin U.S. and Europe most up-to-date information Buyout, Distressed / Special Situations, and Venture / Growth funds per vintage.

*For this presentation, Existing Commitment includes commitments made to KRS' "Runoff/Legacy Managers" list through 2017.

** TVPI and IRR performance numbers as of Q3 2017.



PACING & PORTFOLIO CONSTRUCTION - PENSION

PRIVATE EQUITY PORTFOLIO ALLOCATION - PENSION

- The Pension plan has a 10% target to private equity investments based on its current Investment Policy Statement
 - The current private equity portfolio includes investments into buyout, venture/growth capital, and special situations managers
- The Pension's current allocation to private equity is approximately 10%, or at target, based on its current Net Asset Value ("NAV")
- With steady annual commitments of **\$200 million**, the Insurance plan is expected to maintain its target allocation going forward, with minimal expected deviation
 - The Plan is modeled to have no nominal asset growth in the near term
 - Pension plan pacing assumes no commitments from K&S plans going forward
 - New commitments should be diversified by type within each vintage year, including buyout, distressed / special situations, and venture/growth investments
 - New commitments should be diversified across the US, Europe, and Asia-Pacific

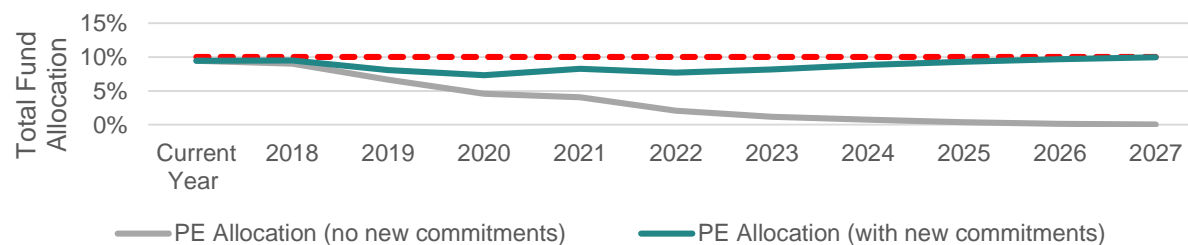
PRIVATE EQUITY COMMITMENT PACING - PENSION

- With steady annual commitments of approximately \$200 million per year, KRS will maintain its 10% allocation allowing for appropriate vintage year diversification

Model Input Summary

Plan Asset Value as of 10/31/17 in \$M	9,867
Private Markets Target Allocation	10%
Expected Nominal Growth Rate (after plan expenditures)	0%

Private Equity Allocation



(\$M)	Current Year	Year 2018	Year 2019	Year 2020	Year 2021	Total Target
Total Fund Market Value	9,867	9,867	9,867	9,867	9,867	
Private Markets Total Allocation	987	987	987	987	987	
Private Markets Net Asset Value	932	938	799	723	814	
Over/Under Allocated	(54)	(48)	(188)	(264)	(173)	
Private Markets Net Asset Value	9%	10%	8%	7%	8%	
Over/Under Allocated	-1%	0%	-2%	-3%	-2%	

Existing Commitments

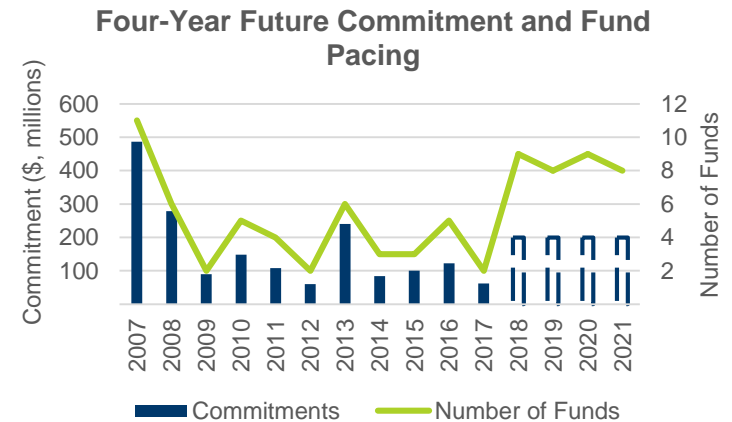
Net Asset Value	932	889	656	453	400
Capital Calls		179	54	42	45
Expected Distributions		243	313	272	126

Total Future Commitments

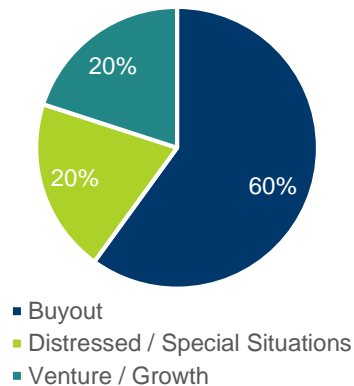
	200	200	200	200	800
Net Asset Value	50	143	270	414	
Capital Calls	50	99	141	172	
Distributions	-	13	36	68	

PRIVATE EQUITY TARGET PORTFOLIO CONSTRUCTION - PENSION

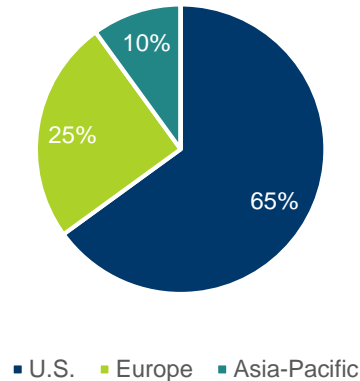
Investment Type	Future Commitment (\$M)	% Total Future Commitment	Future Annual Commitments (\$M) ¹			
			2018	2019	2020	2021
Total Future Commitments	800	100%	200	200	200	200
Buyout	480	60%	120	120	120	120
Distressed / Special Situations	160	20%	40	40	40	40
Venture / Growth	160	20%	40	40	40	40
Number of Funds	34		9	8	9	8
Average Deal Size	24		22	25	22	25



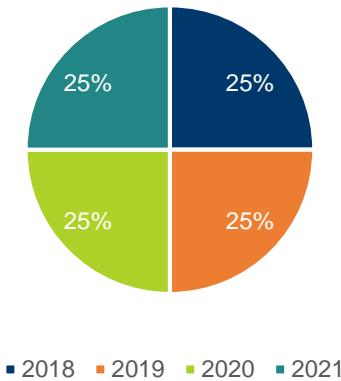
Target Commitment by Sector*



Target Commitment by Geography*



Target Commitment by Vintage*



¹ For this presentation, Future Commitment is defined as commitments made by KRS during the four-year pacing and portfolio implementation timeline (e.g. 2018-2021).

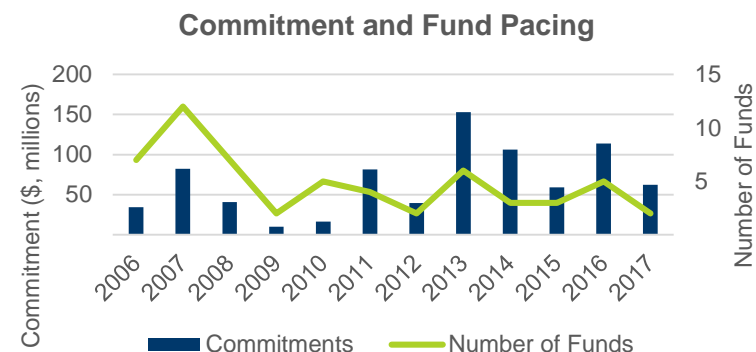
*Portfolio allocation implementation should be +/- 5% of these targets.



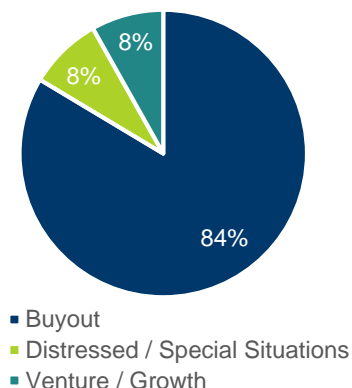
EXISTING PORTFOLIO INSURANCE

EXISTING PRIVATE EQUITY PORTFOLIO COMPOSITION - INSURANCE

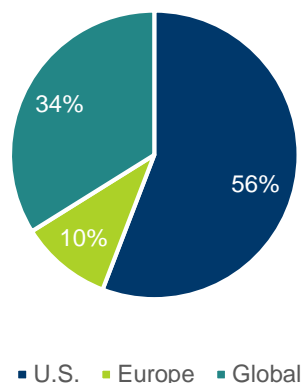
Investment Type	Market Value (\$M)	Market Value & Unfunded Commitments(\$M)*	% Total
Total	463	699	100%
Buyout	382	585	84%
Distressed / Special Situations	31	58	8%
Venture / Growth	51	57	8%
Number of GPs	42		
Number of Funds	72		
Average Deal Size	\$12.0		



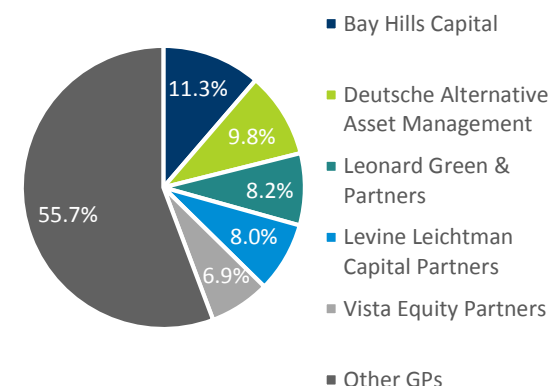
Market Value & Unfunded Commitments(%)



Existing Portfolio Geography (%)



Commitment to GP - Top 5 (%)**



*Market Value & Unfunded Commitments data as of Q3 2017.

** Commitments to GP chart reflects commitment percentages from 2006-present.

CURRENT PRIVATE EQUITY GEOGRAPHIC ALLOCATION - INSURANCE

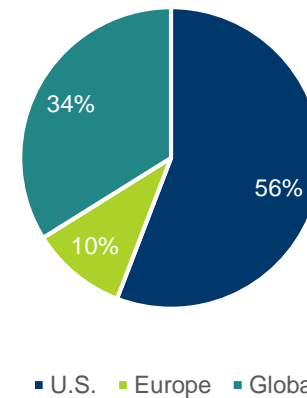
Existing Portfolio:

- The portfolio has limited non-US exposure, with a significant portion through global mandates
- Limited exposure to Europe and no exposure to Asia Pacific or Emerging Markets through dedicated private equity managers

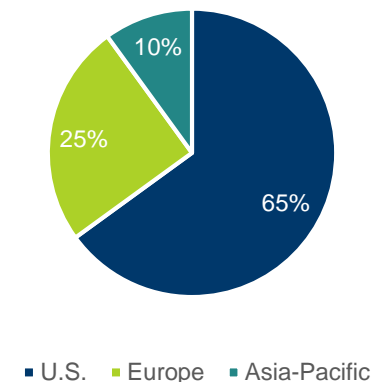
Considerations for Future Allocations:

- Consider additional dedicated European strategies
- Consider allocating to dedicated Asia Pacific strategies
- Gradually increase exposure to non-US based managers

Existing Portfolio Geography (%)



Target Commitment by Geography



CURRENT PRIVATE EQUITY INVESTMENT TYPE- INSURANCE

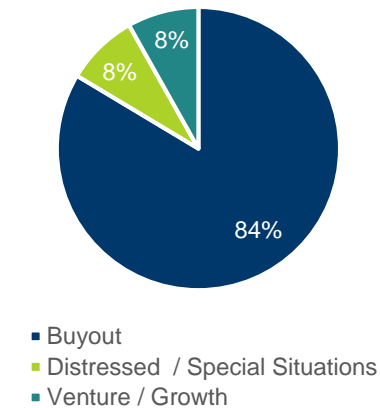
Existing Portfolio:

- The current portfolio is well diversified across private equity types based on current NAVs and commitments
- The portfolio is moderately overweight to buyouts, with no venture or special situations dedicated commitments since 2015

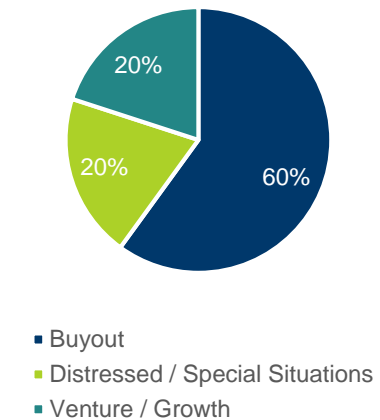
Considerations for Future Allocations:

- Consider increasing commitments to distressed / special situations and venture / growth strategies
- Consider annual commitments to each strategy type to ensure appropriate vintage year diversification

Market Value & Unfunded Commitments(%)



Target Commitment by Sector*



CURRENT PRIVATE EQUITY GP CONCENTRATION - INSURANCE

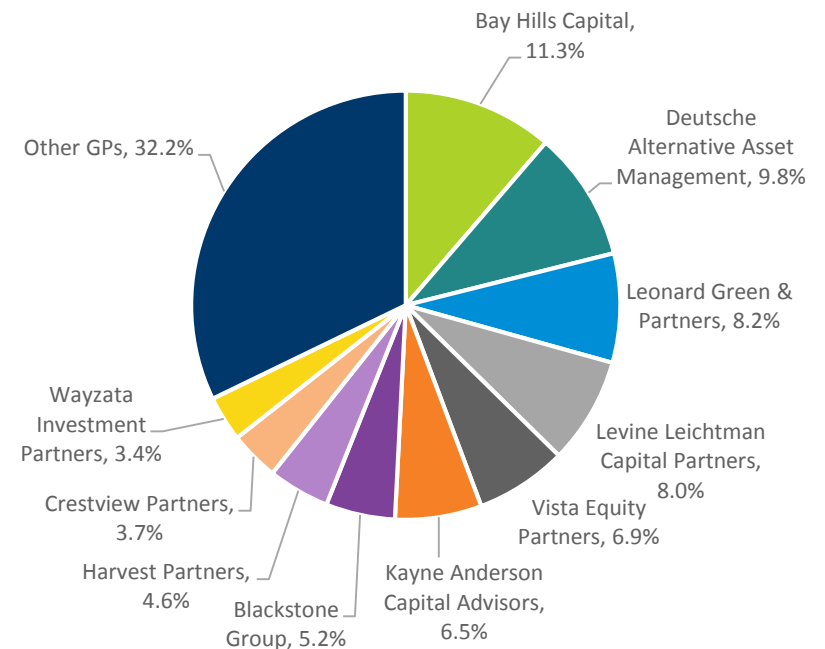
Existing Portfolio:

- The Insurance Plan is diversified by general partner
- The largest allocation to a single GP is a fund-of-funds strategy

Considerations for Future Allocations:

- Continue to pursue a diversified portfolio of commitments by general partner

Commitment to GP - Top 10 (%)



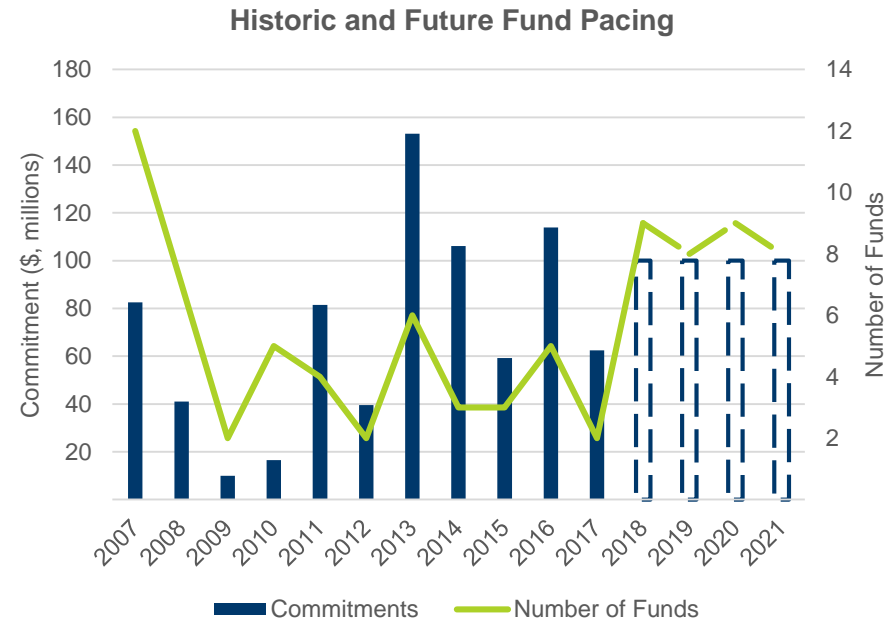
CURRENT PRIVATE EQUITY COMMITMENT AND FUND PACING - INSURANCE

Existing Portfolio:

- The Insurance Plan has averaged between two and six private equity commitments per year
- Annual dollars committed has been in the \$100 million range over the past few years

Considerations for Future Allocations:

- Begin increasing the number of commitments on an annual basis to ensure appropriate vintage year and manager diversification
- Increase the annual dollars committed to maintain current 10% allocation target for private equity strategies (see pacing assumptions)



KRS PORTFOLIO AND HISTORICAL PERFORMANCE – INSURANCE (CURRENT)

Fund	General Partner	Geography	Vintage	Currency	Existing Commitment (\$M)*	TVPI**	TVPI Quartile	IRR**	ITT Quartile
Total					555				
Buyout					470				
Green Equity Investors IV, L.P.	Leonard Green & Partners	U.S.	2003	USD	8	2.0x	2 nd	11%	3 rd
New Mountain Partners II, L.P.	New Mountain Capital LLC	U.S.	2005	USD	5	1.9x	2 nd	14%	2 nd
New Mountain Partners III, L.P.	New Mountain Capital LLC	U.S.	2007	USD	8	1.8x	3 rd	13%	3 rd
Green Equity Investors V, L.P.	Leonard Green & Partners	U.S.	2007	USD	10	2.0x	2 nd	17%	2 nd
Harvest Partners V, L.P.	Harvest Partners	U.S.	2007	USD	4	1.9x	2 nd	19%	1 st
Hellman and Friedman Capital Partners VI, L.P.	Hellman & Friedman	U.S.	2007	USD	8	1.8x	4 th	13%	3 rd
Crestview Partners II, L.P.	Crestview Partners	U.S.	2008	USD	8	1.7x	2 nd	15%	2 nd
Vista Equity Partners III, L.P.	Vista Equity Partners	U.S.	2008	USD	5	2.6x	1 st	29%	1 st
Keyhaven Capital Partners Fund III, L.P.	Keyhaven Capital Partners Ltd	Europe	2010	EUR	3	1.3x	3 rd	9%	2 nd
Vista Equity Partners IV, L.P.	Vista Equity Partners	U.S.	2011	USD	23	1.9x	1 st	19%	2 nd
Green Equity Investors VI, L.P.	Leonard Green & Partners	U.S.	2012	USD	28	1.3x	4 th	12%	4 th
Harvest Partners VI, L.P.	Harvest Partners	U.S.	2012	USD	12	1.6x	2 nd	20%	2 nd
Triton Fund IV, L.P.	Triton Partners	Europe	2013	EUR	16	1.1x	3 rd	3%	4 th
H.I.G. Capital Partners V, L.P.	H.I.G. Capital LLC	U.S.	2013	USD	7	1.1x	3 rd	5%	4 th
Levine Leichtman Capital Partners V, L.P.	Levine Leichtman Capital Partners	U.S.	2013	USD	24	1.1x	3 rd	10%	3 rd
CVC European Equity Partners VI, L.P.	CVC Capital Partners	Europe	2014	EUR	14	1.2x	2 nd	11%	3 rd
Secondary Opportunities Fund III, L.P.	Deutsche Alternative Asset Management	Global	2014	USD	75	1.3x	2 nd	27%	2 nd
New Mountain Partners IV, L.P.	New Mountain Capital LLC	U.S.	2014	USD	17	1.3x	2 nd	19%	2 nd
Crestview Partners III, L.P.	Crestview Partners	U.S.	2015	USD	21	1.0x	3 rd	0%	NA
Keyhaven Capital Partners Fund IV, L.P.	Keyhaven Capital Partners Ltd	Europe	2016	EUR	9	1.4x	1 st	53%	NA
KCP IV Co-Invest L.P.	Keyhaven Capital Partners Ltd	Europe	2016	EUR	9	0.9x	2 nd	-8%	NA
Vista Equity Partners VI, L.P.	Vista Equity Partners	U.S.	2016	USD	25	1.0x	NA	0%	NA
Kayne Anderson Energy Fund VII, L.P.	Kayne Anderson Capital Advisors	U.S.	2016	USD	50	1.2x	1 st	NM	NA
Harvest Partners VII, L.P.	Harvest Partners	U.S.	2016	USD	20	0.0x	NA	NM	NA
Green Equity Investors VII, L.P.	Leonard Green & Partners	U.S.	2017	USD	25	1.0x	NA	NM	NA
Levine Leichtman Capital Partners VI, L.P.	Levine Leichtman Capital Partners	Europe	2017	USD	38	1.0x	NA	NM	NA
Distressed / Special Situations					72				
Wayzata Opportunities Fund, L.P.	Wayzata Investment Partners	U.S.	2005	USD	8	1.4x	2 nd	8%	2 nd
Wayzata Opportunities Fund II, L.P.	Wayzata Investment Partners	U.S.	2007	USD	8	1.9x	1 st	16%	1 st
Wayzata Opportunities Fund III, L.P.	Wayzata Investment Partners	U.S.	2013	USD	19	1.0x	4 th	0%	4 th
BDCM Opportunity Fund IV, L.P.	Black Diamond Capital Management	Global	2015	USD	24	1.0x	4 th	1%	NA
Ares Special Situations Fund IV, L.P.	Ares Management	Global	2015	USD	14	0.7x	3 rd	-20%	NA
Venture / Growth					14				
H.I.G. Venture Partners II, L.P.	H.I.G. Capital LLC	U.S.	2005	USD	2	1.2x	3 rd	4%	2 nd
H.I.G. BioVentures II, L.P.	H.I.G. Capital LLC	U.S.	2011	USD	12	1.3x	3 rd	11%	3 rd

Benchmark information based on Preqin U.S. and Europe most up-to-date information Buyout, Distressed / Special Situations, and Venture / Growth funds per vintage.

*For this presentation, Existing Commitment includes commitments made to KRS' "Current Managers" list through 2017.

** TVPI and IRR performance numbers as of Q3 2017.

KRS PORTFOLIO AND HISTORICAL PERFORMANCE – INSURANCE (RUNOFF)

Fund	General Partner	Geography	Vintage	Currency	Existing Commitment (\$M)*	TVPI**	TVPI Quartile	IRR**	IRR Quartile
Total					312				
Buyout					224				
JW Childs Equity Partners III, L.P.	J.W. Childs Associates	U.S.	2002	USD	4	2.0x	2 nd	16%	2 nd
Warburg Pincus Private Equity IX, L.P.	Warburg Pincus LLC	U.S.	2005	USD	10	1.7x	3 rd	10%	3 rd
Oak Hill Capital Partners II, L.P.	Oak Hill Capital Partners	U.S.	2005	USD	8	1.7x	2 nd	10%	3 rd
Arbor Capital II, L.P.	Arbor Investments	U.S.	2006	USD	3	2.6x	1 st	20%	1 st
Blackstone Capital Partners V, L.P.	Blackstone Group	Global	2006	USD	13	1.7x	3 rd	8%	3 rd
Golder Thoma Cressey Rauner IX-A, L.P.	GTCR	U.S.	2006	USD	7	1.8x	2 nd	13%	1 st
Bay Hills Capital I, L.P.	Bay Hills Capital	Global	2007	USD	8	1.9x	NA	13%	NA
Oak Hill Capital Partners III, L.P.	Oak Hill Capital Partners	U.S.	2007	USD	13	1.6x	3 rd	10%	4 th
Warburg, Pincus Private Equity X, L.P.	Warburg Pincus LLC	Global	2007	USD	8	1.5x	3 rd	8%	4 th
Mill Road Capital I, L.P.	Mill Road Capital	U.S.	2008	USD	3	1.9x	2 nd	13%	2 nd
Tenaska Power Fund II, L.P.	Tenaska Capital Management LLC	Global	2008	USD	3	0.9x	4 th	-2%	4 th
Bay Hills Emerging Partners II, L.P.	Bay Hills Capital	Global	2009	USD	5	2.7x	1 st	28%	1 st
Horsley Bridge International Fund V, L.P.	Horsley Bridge Partners LLC	Global	2009	USD	5	1.7x	1 st	16%	1 st
Arcano KRS Fund I, L.P.	Arcano Group	Global	2010	USD	4	1.2x	3 rd	4%	4 th
Bay Hills Emerging Partners II-B, L.P.	Bay Hills Capital	Global	2010	USD	5	1.4x	3 rd	12%	3 rd
Blackstone Capital Partners VI, L.P.	Blackstone Group	Global	2011	USD	40	1.4x	2 nd	12%	3 rd
Bay Hills Capital III, L.P.	Bay Hills Capital	Global	2013	USD	69	1.1x	4 th	10%	3 rd
Riverside Capital Appreciation Fund VI, L.P.	Riverside Company	U.S.	2013	USD	19	1.3x	2 nd	13%	3 rd
Distressed / Special Situations					42				
MatlinPatterson Global Opportunities Partners	MatlinPatterson Global Advisers	Global	2003	USD	5	1.8x	1 st	30%	1 st
MatlinPatterson Global Opportunities Partners II	MatlinPatterson Global Advisers	Global	2004	USD	5	0.6x	4 th	-22%	4 th
Sun Capital Partners IV, L.P.	Sun Capital Partners	U.S.	2005	USD	2	1.4x	3 rd	5%	3 rd
Merit Mezzanine Fund IV, L.P.	Merit Capital Partners	U.S.	2005	USD	3	1.8x	1 st	11%	1 st
MHR Institutional Partners III LP	MHR Institutional Partners III LP	U.S.	2006	USD	4	1.2x	3 rd	5%	3 rd
MatlinPatterson Global Opportunities Partners III	MatlinPatterson Global Advisers	Global	2007	USD	5	1.2x	4 th	4%	4 th
Avenue Special Situations Fund V, L.P.	Avenue Capital Group	U.S.	2007	EUR	7	1.3x	3 rd	11%	3 rd
OCM Opportunities Fund VII-B, L.P.	Oaktree Capital Management	U.S.	2008	USD	8	1.7x	2 nd	16%	2 nd
CM Growth Capital Partners, L.P.	The Camelot Group	U.S.	2010	USD	3	0.5x	4 th	-10%	4 th
Venture / Growth					46				
VantagePoint Venture Partners IV, L.P.	VantagePoint Capital Partners	Global	2003	USD	4	1.3x	2 nd	4%	2 nd
Institutional Venture Partners XI, L.P.	Institutional Venture Partners	U.S.	2005	USD	2	1.1x	3 rd	1%	3 rd
Columbia Capital Equity Partners IV, L.P.	Columbia Capital	U.S.	2005	USD	3	2.2x	1 st	12%	1 st
DAG Ventures II, L.P.	Duff Ackerman & Goodrich LLC	U.S.	2006	USD	3	0.6x	4 th	-6%	4 th
VantagePoint Venture Partners 2006, L.P.	VantagePoint Capital Partners	Global	2006	USD	3	0.5x	4 th	-11%	4 th
TCV VI, L.P.	Technology Crossover Ventures	U.S.	2006	USD	3	1.7x	2 nd	14%	1 st
Institutional Venture Partners XII, L.P.	Institutional Venture Partners	U.S.	2007	USD	3	2.7x	1 st	26%	1 st
DAG Ventures III, L.P.	Duff Ackerman & Goodrich LLC	U.S.	2007	USD	3	1.6x	2 nd	9%	2 nd
Essex Woodlands Fund VIII, L.P.	Essex Woodlands Health Ventures, Inc	U.S.	2008	USD	5	1.2x	3 rd	4%	3 rd
DAG Ventures IV, L.P.	Duff Ackerman & Goodrich LLC	U.S.	2008	USD	10	1.1x	3 rd	1%	3 rd
DCM VI, L.P.	DCM	U.S.	2010	USD	2	1.4x	2 nd	7%	3 rd
DAG Ventures V, L.P.	Duff Ackerman & Goodrich LLC	U.S.	2011	USD	7	3.2x	1 st	32%	1 st

Benchmark information based on Preqin U.S. and Europe most up-to-date information Buyout, Distressed / Special Situations, and Venture / Growth funds per vintage.

*For this presentation, Existing Commitment includes committed commitments made to KRS' "Runoff/Legacy Managers" list through 2017.

** TVPI and IRR performance numbers as of Q3 2017.

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PACING & PORTFOLIO CONSTRUCTION - INSURANCE

PRIVATE EQUITY PORTFOLIO ALLOCATION - INSURANCE

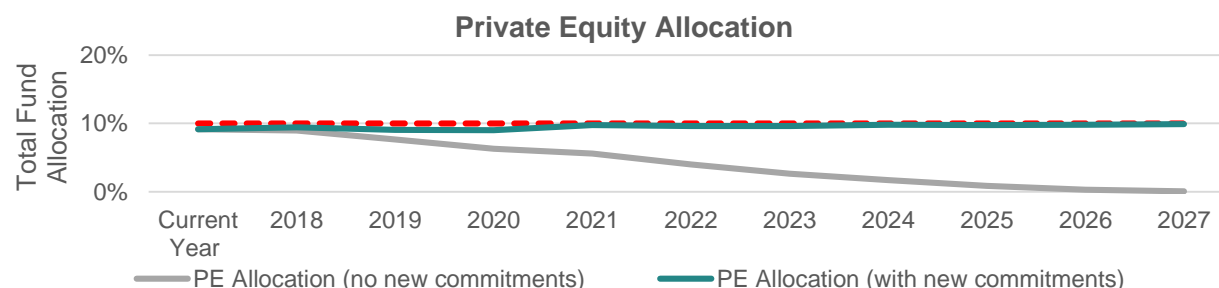
- The Pension plan has a 10% target to private equity investments based on its current Investment Policy Statement
 - The current private equity portfolio includes investments into buyout, venture/growth capital, and special situations managers
- The Pension's current allocation to private equity is approximately 10%, or at target, based on its current Net Asset Value ("NAV")
- With steady annual commitments of **\$100 million**, the Insurance plan is expected to maintain its target allocation going forward, with minimal expected deviation
 - New commitments should be diversified by type within each vintage year, including buyout, distressed / special situations, and venture/growth investments
 - New commitments should be diversified across the US, Europe, and Asia Pacific

PRIVATE EQUITY COMMITMENT PACING - INSURANCE

- With steady annual commitments of approximately \$100 million per year, KRS will maintain its 10% allocation target allowing for appropriate vintage year diversification

Model Input Summary

Plan Asset Value as of 10/31/17 in \$M	4,972
Private Markets Target Allocation	10%
Expected Nominal Growth Rate (after plan expenditures)	0%



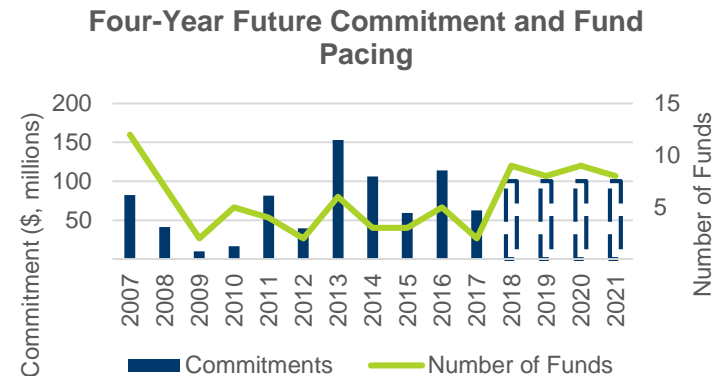
(\$M)	Current Year	Year 2018	Year 2019	Year 2020	Year 2021	Total Target
Total Fund Market Value	4,972	4,972	4,972	4,972	4,972	
Private Markets Total Allocation	497	497	497	497	497	
Private Markets Net Asset Value	454	470	451	447	484	
Over/Under Allocated	(43)	(27)	(46)	(50)	(13)	
Private Markets Net Asset Value	9%	9%	9%	9%	10%	
Over/Under Allocated	-1%	-1%	-1%	-1%	0%	

Existing Commitments

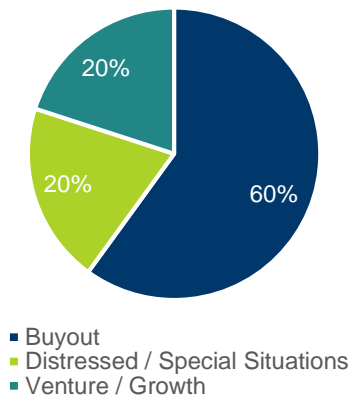
Net Asset Value	454	445	379	313	277	
Capital Calls		74	44	32	46	
Expected Distributions		125	147	137	118	
Total Future Commitments		100	100	100	100	400
Net Asset Value		25	71	135	207	
Capital Calls		25	49	71	86	
Distributions		-	6	18	34	

PRIVATE EQUITY TARGET PORTFOLIO CONSTRUCTION - INSURANCE

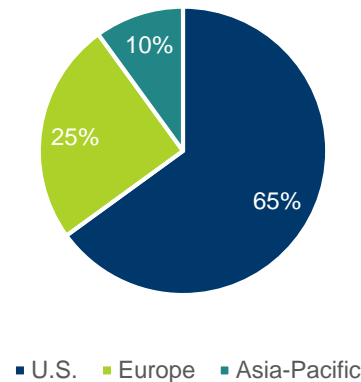
Investment Type	Future Commitment (\$M)	% Total Future Commitment	Future Annual Commitments (\$M) ¹			
			2018	2019	2020	2021
Total Future Commitments	400	100%	100	100	100	100
Buyout	240	60%	60	60	60	60
Distressed Debt / Special Situations	80	20%	20	20	20	20
Venture / Growth	80	20%	20	20	20	20
Number of Funds	34		9	8	9	8
Average Deal Size	12		11	13	11	13



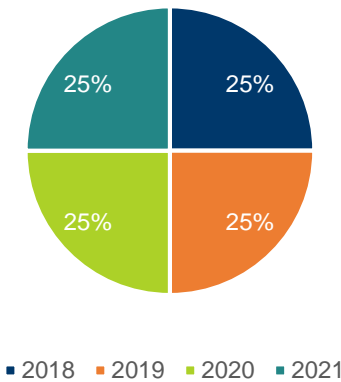
Target Commitment by Sector*



Target Commitment by Geography*



Target Commitment by Vintage*



¹ For this presentation, Future Commitment is defined as commitments made by KRS during the four-year pacing and portfolio implementation timeline (e.g. 2018-2021).

*Portfolio allocation implementation should be +/- 5% of these targets.

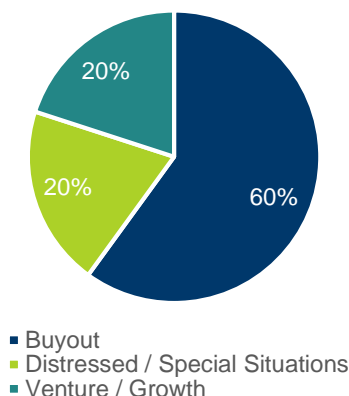


PRIVATE EQUITY PORTFOLIO SAMPLE IMPLEMENTATION – PENSION & INSURANCE

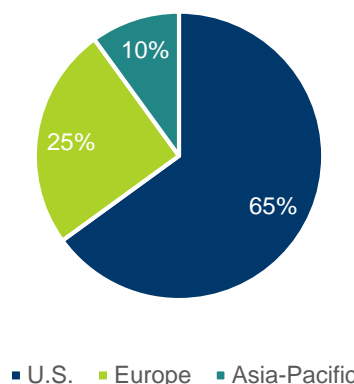
PRIVATE EQUITY TARGET PORTFOLIO CONSTRUCTION – PENSION & INSURANCE

Investment Type	Future Commitment (\$M)	% Total Future Commitment	Future Annual Commitments (\$M) ¹			
			2018	2019	2020	2021
Total Future Commitments	1,200	100%	300	300	300	300
Buyout	720	60%	180	180	180	180
Distressed / Special Situations	240	20%	60	60	60	60
Venture / Growth	240	20%	60	60	60	60
Number of Funds ²	68		18	16	18	16
Average Deal Size	18		17	19	17	19

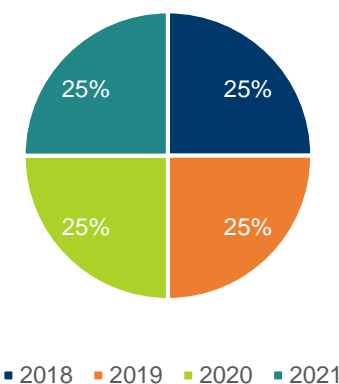
Target Commitment by Sector*



Target Commitment by Geography*



Target Commitment by Vintage*



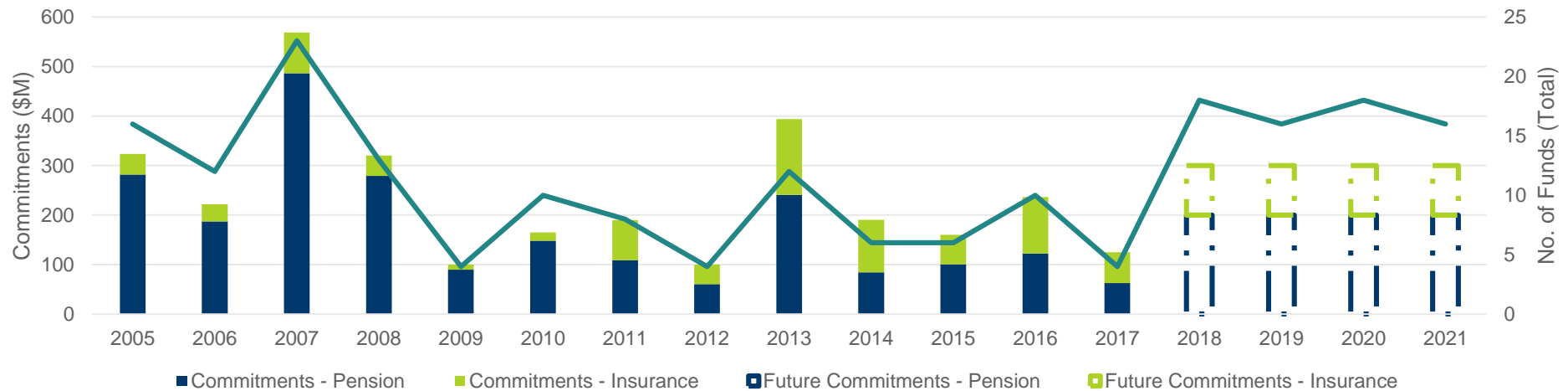
¹ For this presentation, Future Commitment is defined as commitments made by KRS during the four-year pacing and portfolio implementation timeline (e.g. 2018-2021). Future Commitments on this page are representative of both plans' combined annual commitments and number of funds recommended.

² Number of funds includes commitments from both the pension and insurance plans separately

*Portfolio allocation implementation should be +/- 5% of these targets.
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Private Equity Portfolio Historical Commitment Pacing and Sample Implementation

Commitment and Fund Pacing



*Commitment and Fund pacing chart is reflective of KRS' combined commitments between the Pension and Insurance vehicles. Invested Capital per year and Number of Funds per year are representative of KRS' existing portfolio as well as WPM's recommended implementation

Considerations for Future Allocations:

- Consider increasing the number of commitments by vintage year across plans
 - Average of 6 to 10 commitments per year per plan
 - Expect allocations from each plan per year
- Increase the dollars committed by plan to maintain 10% plan targets
 - Average \$300 million across the Pension and Insurance Plans annually
- Diversify annual commitments by investment type, geography, and GP

KRS PRIVATE EQUITY PORTFOLIO IMPLEMENTATION – PENSION & INSURANCE

Fund	General Partner	Geography	Vintage	Future Commitment Pension (\$M)*	Future Commitment Insurance (\$M)*	Total Future Commitment (\$M)*	Target Allocation Percent
Total				200	100	300	25%
Buyout				120	60	180	15%
<i>Reserved Buyout U.S. 2018</i>	<i>TBD</i>	<i>U.S.</i>	<i>2018</i>	<i>57</i>	<i>29</i>	<i>86</i>	<i>7%</i>
<i>Reserved Buyout U.S. 2018</i>	<i>TBD</i>	<i>U.S.</i>	<i>2018</i>	<i>14</i>	<i>7</i>	<i>21</i>	<i>2%</i>
<i>Reserved Buyout Europe 2018</i>	<i>TBD</i>	<i>Europe</i>	<i>2018</i>	<i>17</i>	<i>9</i>	<i>26</i>	<i>2%</i>
<i>Reserved Buyout Europe 2018</i>	<i>TBD</i>	<i>Europe</i>	<i>2018</i>	<i>11</i>	<i>6</i>	<i>17</i>	<i>1%</i>
<i>Reserved Buyout Asia-Pacific 2018</i>	<i>TBD</i>	<i>Asia-Pacific</i>	<i>2018</i>	<i>20</i>	<i>10</i>	<i>30</i>	<i>3%</i>
Distressed / Special Situations				40	20	60	5%
<i>Reserved Distressed / Special Situations U.S. 2018</i>	<i>TBD</i>	<i>U.S.</i>	<i>2018</i>	<i>20</i>	<i>10</i>	<i>30</i>	<i>2.5%</i>
<i>Reserved Distressed / Special Situations Europe 2018</i>	<i>TBD</i>	<i>Europe</i>	<i>2018</i>	<i>20</i>	<i>10</i>	<i>30</i>	<i>2.5%</i>
Venture / Growth				40	20	60	5%
<i>Reserved Venture / Growth U.S. 2018</i>	<i>TBD</i>	<i>U.S.</i>	<i>2018</i>	<i>29</i>	<i>14</i>	<i>43</i>	<i>4%</i>
<i>Reserved Venture / Growth Europe 2018</i>	<i>TBD</i>	<i>Europe</i>	<i>2018</i>	<i>11</i>	<i>6</i>	<i>17</i>	<i>1%</i>

* For this presentation, Future Commitment is defined as KRS' allocations within the four-year pacing and portfolio implementation horizon (e.g. 2018-2021). Future Allocation should be +/- 5% of KRS' target allocations.

KRS PRIVATE EQUITY PORTFOLIO IMPLEMENTATION – PENSION & INSURANCE

Fund	General Partner	Geography	Vintage	Future Commitment Pension (\$M)*	Future Commitment Insurance (\$M)*	Total Future Commitment (\$M)*	Target Allocation Percent
Total				200	100	300	25%
Buyout				120	60	180	15%
<i>Reserved Buyout U.S. 2019</i>	TBD	U.S.	2019	57	29	86	7%
<i>Reserved Buyout U.S. 2019</i>	TBD	U.S.	2019	29	14	43	4%
<i>Reserved Buyout Europe 2019</i>	TBD	Europe	2019	17	9	26	2%
<i>Reserved Buyout Europe 2019</i>	TBD	Europe	2019	17	9	26	2%
Distressed / Special Situations				40	20	60	5%
<i>Reserved Distressed / Special Situations U.S. 2019</i>	TBD	U.S.	2019	20	10	30	2.5%
<i>Reserved Distressed / Special Situations Asia-Pacific 2019</i>	TBD	Asia-Pacific	2019	20	10	30	2.5%
Venture / Growth				40	20	60	5%
<i>Reserved Venture / Growth U.S. 2019</i>	TBD	U.S.	2019	29	14	43	4%
<i>Reserved Venture / Growth Europe 2019</i>	TBD	Europe	2019	11	6	17	1%

* For this presentation, Future Commitment is defined as KRS' allocations within the four-year pacing and portfolio implementation horizon (e.g. 2018-2021). Future Allocation should be +/- 5% of KRS' target allocations.

KRS PRIVATE EQUITY PORTFOLIO IMPLEMENTATION – PENSION & INSURANCE

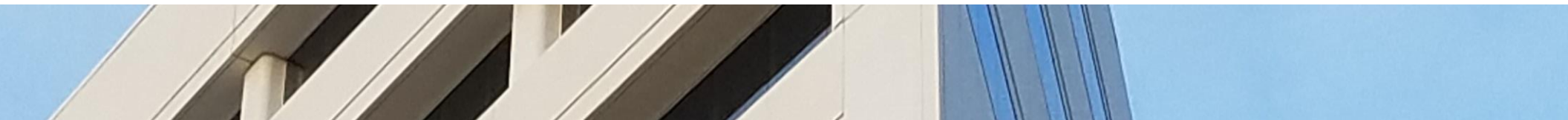
Fund	General Partner	Geography	Vintage	Future Commitment Pension (\$M)*	Future Commitment Insurance (\$M)*	Total Future Commitment (\$M)*	Target Allocation Percent
Total				200	100	300	25%
Buyout				120	60	180	15%
<i>Reserved Buyout U.S. 2020</i>	TBD	U.S.	2020	57	29	86	7%
<i>Reserved Buyout U.S. 2020</i>	TBD	U.S.	2020	14	7	21	2%
<i>Reserved Buyout Europe 2020</i>	TBD	Europe	2020	17	9	26	2%
<i>Reserved Buyout Europe 2020</i>	TBD	Europe	2020	11	6	17	1%
<i>Reserved Buyout Asia-Pacific 2020</i>	TBD	Asia-Pacific	2020	20	10	30	3%
Distressed / Special Situations				40	20	60	5%
<i>Reserved Distressed / Special Situations U.S. 2020</i>	TBD	U.S.	2020	20	10	30	2.5%
<i>Reserved Distressed / Special Situations Europe 2020</i>	TBD	Europe	2020	20	10	30	2.5%
Venture / Growth				40	20	60	5%
<i>Reserved Venture / Growth U.S. 2020</i>	TBD	U.S.	2020	29	14	43	4%
<i>Reserved Venture / Growth Europe 2020</i>	TBD	Europe	2020	11	6	17	1%

* For this presentation, Future Commitment is defined as KRS' allocations within the four-year pacing and portfolio implementation horizon (e.g. 2018-2021). Future Allocation should be +/- 5% of KRS' target allocations.

KRS PRIVATE EQUITY PORTFOLIO IMPLEMENTATION – PENSION & INSURANCE

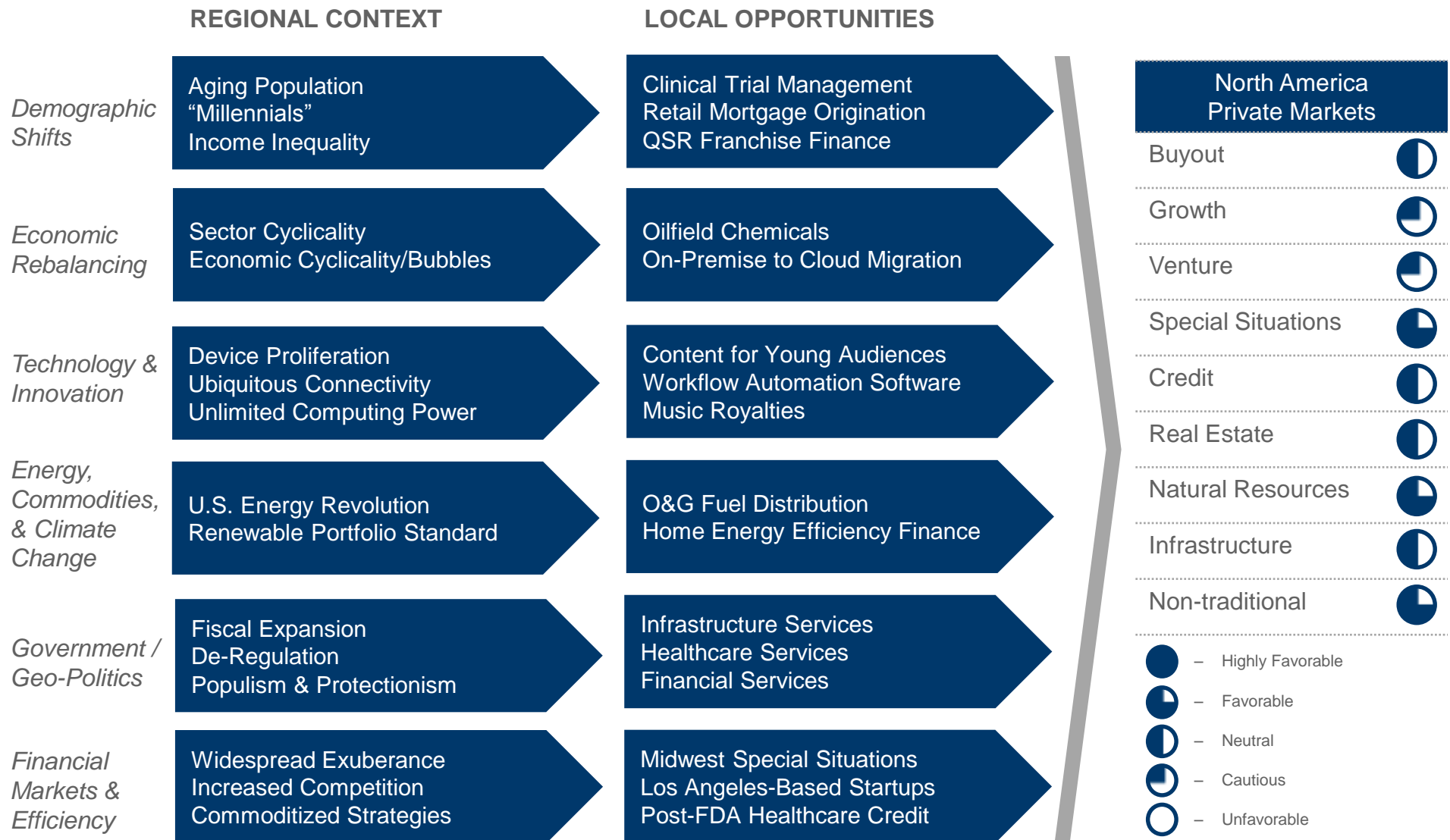
Fund	General Partner	Geography	Vintage	Future Commitment Pension (\$M)*	Future Commitment Insurance (\$M)*	Total Future Commitment (\$M)*	Target Allocation Percent
Total				200	100	300	25%
Buyout				120	60	180	15%
<i>Reserved Buyout U.S. 2021</i>	TBD	U.S.	2021	57	29	86	7%
<i>Reserved Buyout U.S. 2021</i>	TBD	U.S.	2021	29	14	43	4%
<i>Reserved Buyout Europe 2021</i>	TBD	Europe	2021	17	9	26	2%
<i>Reserved Buyout Europe 2021</i>	TBD	Europe	2021	17	9	26	2%
Distressed / Special Situations				40	20	60	5%
<i>Reserved Distressed / Special Situations U.S. 2021</i>	TBD	U.S.	2021	20	10	30	2.5%
<i>Reserved Distressed / Special Situations Asia-Pacific 2021</i>	TBD	Asia-Pacific	2021	20	10	30	2.5%
Venture / Growth				40	20	60	5%
<i>Reserved Venture / Growth U.S. 2021</i>	TBD	U.S.	2021	29	14	43	4%
<i>Reserved Venture / Growth Europe 2021</i>	TBD	Europe	2021	11	6	17	1%

* For this presentation, Future Commitment is defined as KRS' allocations within the four-year pacing and portfolio implementation horizon (e.g. 2018-2021). Future Allocation should be +/- 5% of KRS' target allocations.



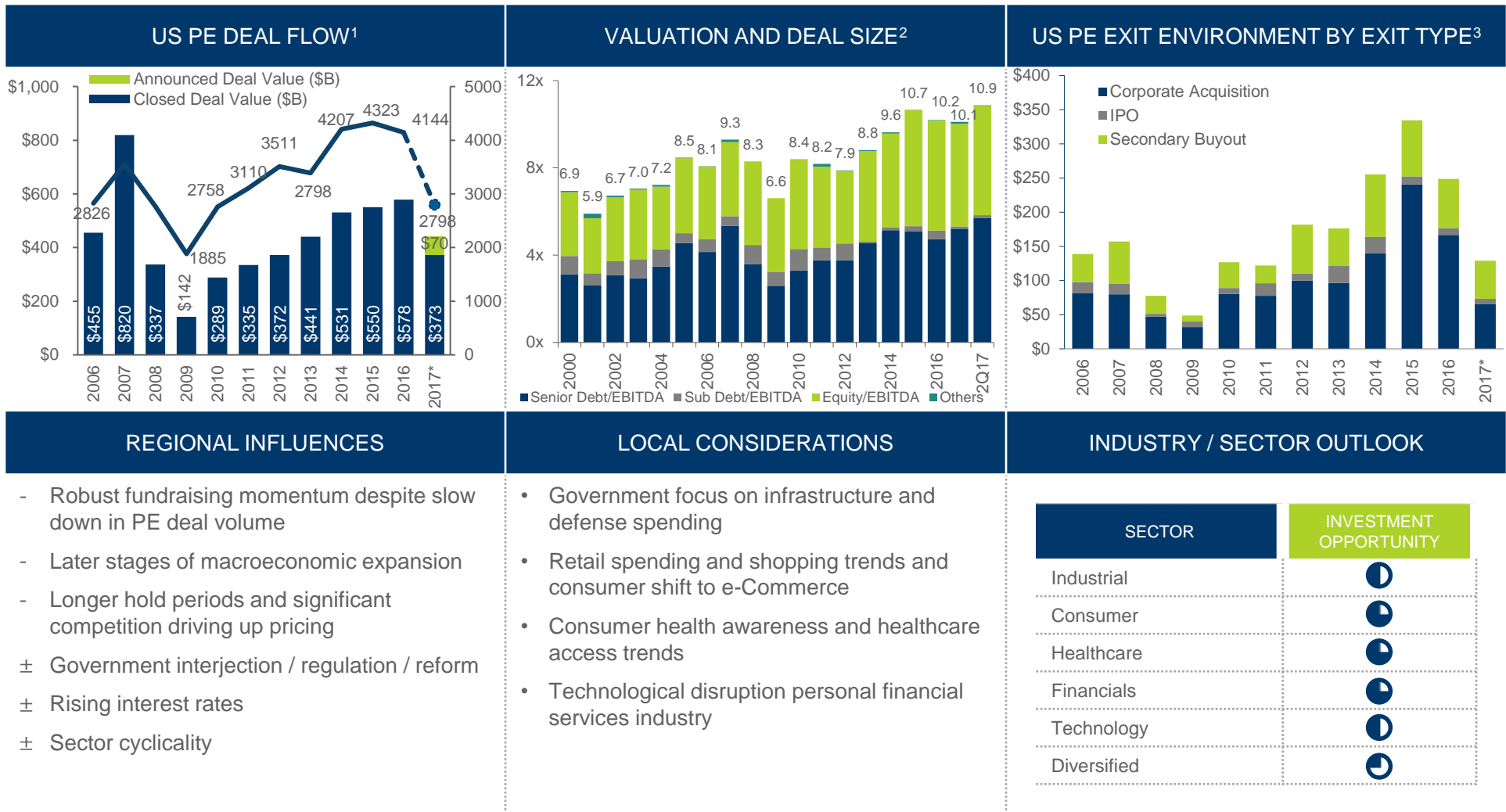
NORTH AMERICAN MARKET AND SECTOR STRATEGIC THEMES

NORTH AMERICA INVESTMENT THEMES



Represents the current opinion of WPM as of the date of preparation and are subject to change without notice. WPM assumes no duty to update any such statements.

U.S. BUYOUT OUTLOOK: NEUTRAL









¹ Source: Pitchbook, US Deal Flow by Year. *Data as of Q3 2017

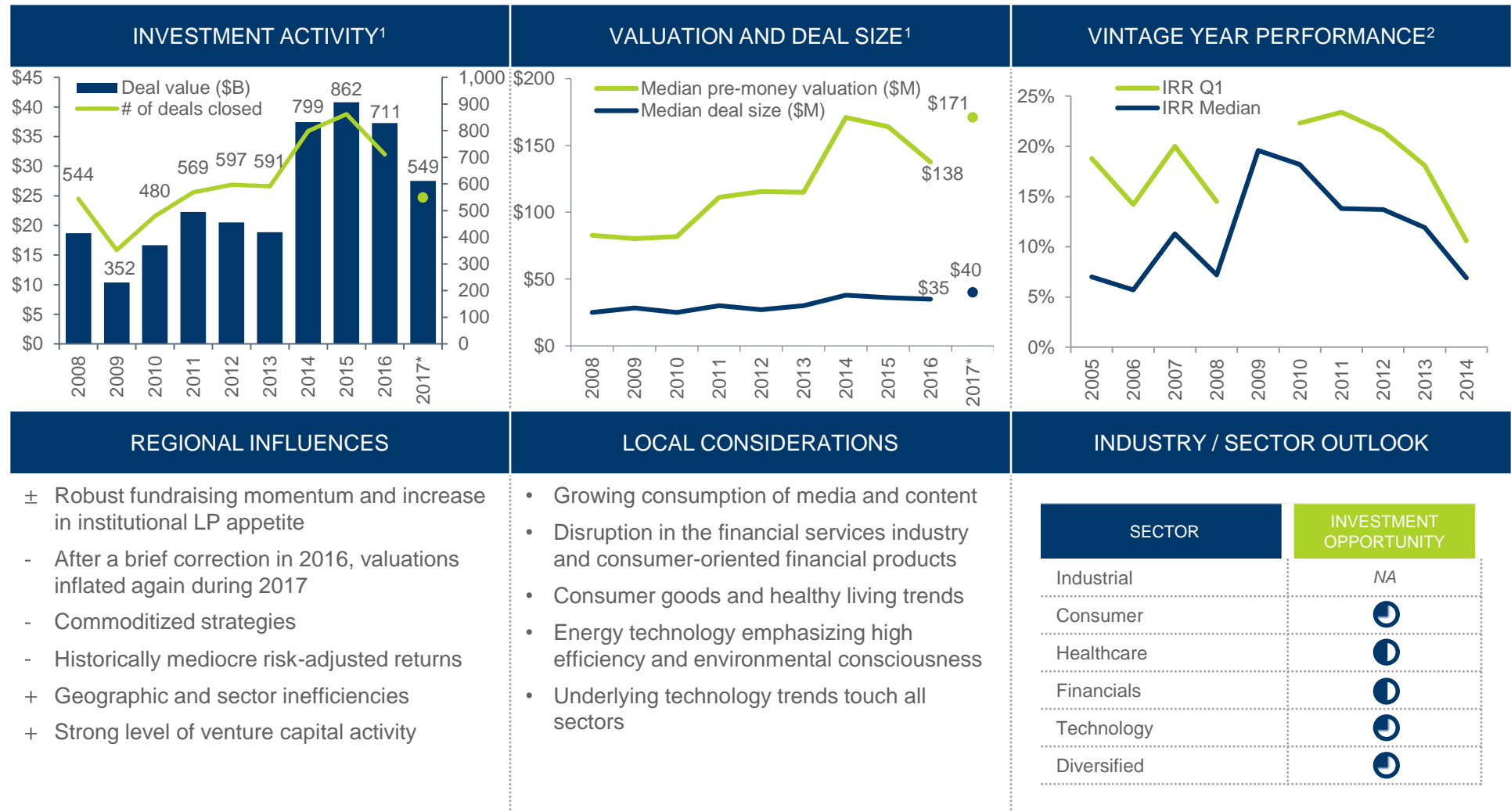
² Source: S&P LCD Purchase Price Multiple as of June 30, 2017.

³ Source: PitchBook 2017 Q3 US PE-backed exits as of September 30, 2017.

U.S. BUYOUT INDUSTRY/SECTOR OUTLOOK

SECTOR	INVESTMENT OPPORTUNITY	RATIONALE
Industrial		Investment opportunities are often highly cyclical in nature and exposed to the significant commodity price risks given the rising raw material costs. The increased level of government spending in the sector still renders attractive opportunities. Relatively low barriers to entry increases competition amongst sector-focused and generalist funds.
Consumer		Investment opportunities are benefiting from the recently strengthening consumer sentiment. Although the consumer discretionary spending exhibits cyclical nature, the overall cycle resilient nature of valuations is attractive. Relatively low barriers to entry increases competition amongst sector-focused and generalist funds.
Healthcare		Investment opportunities are driven by an aging population, consumer awareness, and an increasing demand for healthcare products and services. Although government interventions continue to increase and drive down product pricing, the sector specialists are benefiting from the resulting complexity.
Financials		Investment opportunities are benefiting from the rising interest rate environment as well as a more favorable capital supply/demand due to complexity of the financial services industry. Although historical entry price multiples are high, industry specialists are still able to drive growth and return.
Technology		Investment opportunities exhibit strong growth and high recurring revenue potential given the recent development towards software and cloud. While the market has reached a historical peak in price multiples and continues to see new competition entering, the growth adjusted valuation still remains fairly attractive.
Diversified		Broad investment opportunities require differentiated sourcing, value creation methods, and industry focus and specialization to provide an edge against increased level of sector focused funds. Significant dry powder and continued fundraising has driven broad asset pricing up warranting increased purchasing discipline.






U.S. GROWTH OUTLOOK: CAUTIOUS



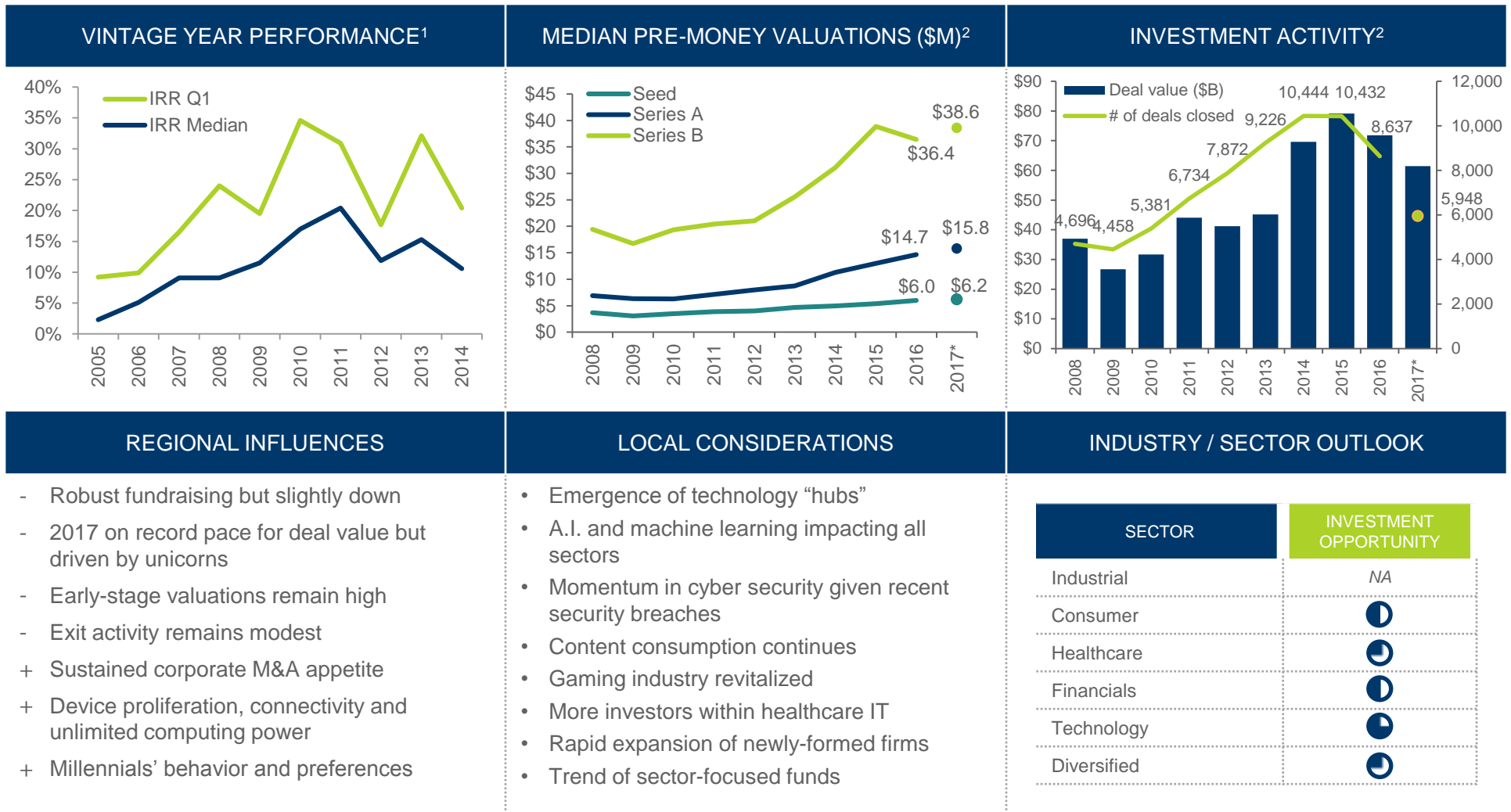
¹ PitchBook/NVCA Venture Monitor –Growth Equity, as of September 30, 2017. *YTD through September 30, 2017.

² Preqin North America Expansion/Late Stage VC and Growth benchmark, as of most up-to-date. Note: Inadequate number of funds prevents quartile analysis in certain vintage years.

U.S. GROWTH INDUSTRY/SECTOR OUTLOOK

SECTOR	INVESTMENT OPPORTUNITY	RATIONALE
Industrial	NA	Industrial-focused strategies are less common in growth-stage investing and more relevant to buyout investing.
Consumer		Selective consumer investments that are supported by favorable trends such as an increasing awareness of healthy living can be compelling. Certain consumer growth investments witness high valuations and are relatively correlated to broader markets.
Healthcare		Healthcare, including life science, investments in the growth stage offer a more attractive risk/return profile than early-stage investments, which have generally not met return expectations.
Financials		The financial services industry has been experiencing technological advancements and a shift towards consumer-oriented products and services. However, certain sectors, such as fintech, are exposed to valuation risk.
Technology		Although supported by compelling underlying fundamentals and trends, growth-stage technology investments are exposed to arguably the highest amount of valuation risk. This is evident by the volatility of valuations within the unicorn universe. Investors must be highly selective within this area of the market.
Diversified		The generalist approach is less common in growth-stage investing and more relevant to early-stage investing. When these opportunities do exist, they are typically less differentiated and more commoditized. Investors must be highly selective within this area of the market.






U.S. VENTURE OUTLOOK: CAUTIOUS



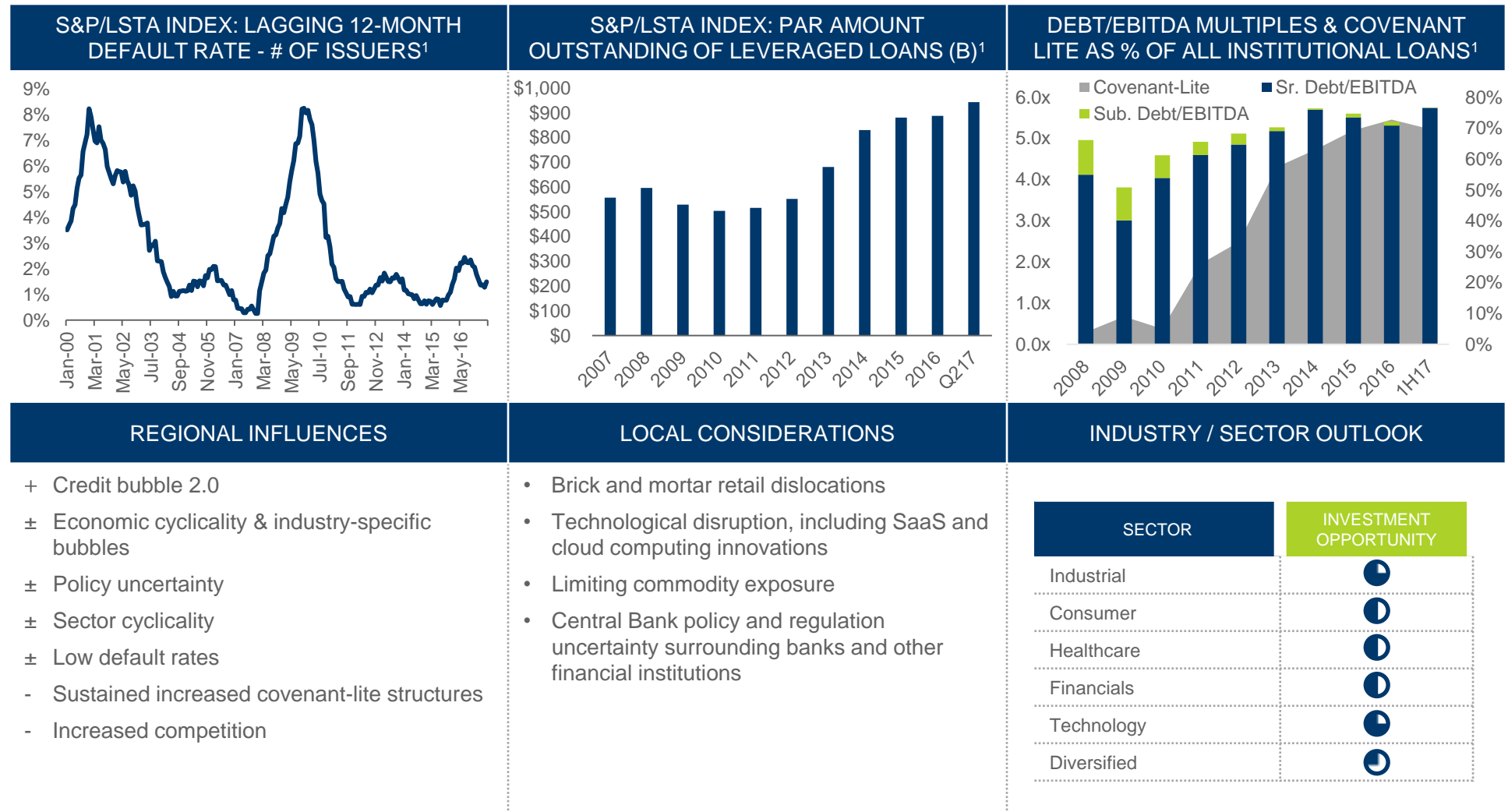
¹ Preqin North America Venture Capital benchmark as of most up-to-date. Note: Inadequate number of funds prevents quartile analysis in certain vintage years.

² PitchBook/NVCA Venture Monitor . Valuations as of June 30, 2017 and investment activity as of September 30, 2017.

U.S. VENTURE INDUSTRY/SECTOR OUTLOOK







SECTOR	INVESTMENT OPPORTUNITY	RATIONALE
Industrial	NA	Industrial-focused strategies are less common in venture capital investing and more relevant to buyout investing.
Consumer		Venture capitalists typically have a certain degree of exposure to the consumer industry within their portfolios. In general, early-stage consumer investments can be difficult to successfully execute given the consumer behavior element. However, these investments can generate substantial returns when successful.
Healthcare		Historical returns for the broadly defined healthcare and life sciences industry have not met expectations. Many firms have dissolved and are no longer in business. Limited amount of active, established, and successful firms. Healthcare IT becoming a larger component of broader healthcare strategies.
Financials		Venture capital activity within the financials sector, especially fintech, has increased over the last several years. While competitive, fintech remains a promising area of venture investing as many large companies have been created within the space.
Technology		Remains the most attractive sector for early-stage venture capital given capital efficiency and low startup costs for technology companies. The majority of highly successful firms in recent history have biased their portfolios to the technology sector.
Diversified		Generalist approach – including both IT and HC strategies – has been out of favor in recent years as many established firms have become industry-focused organizations. Domain expertise, competition and returns have predominantly driven these dynamics. The generalist approach is difficult to execute in today's market but some firms remain successful.

U.S. SPECIAL SITUATIONS OUTLOOK: FAVORABLE



¹ S&P LCD, as of June 30, 2017

U.S. SPECIAL SITUATIONS INDUSTRY/SECTOR OUTLOOK

SECTOR	INVESTMENT OPPORTUNITY	RATIONALE
Industrial / Energy		As economic recovery slows, industrials could begin to lag; sector tends to be adversely affected by a downturn. Prolonged energy downturn has created distressed opportunities in upstream and midstream
Consumer		Continued emergence of e-commerce has led to stress and distress among traditional brick and mortar retailers; sector adversely affected by downturn
Healthcare		Demographic trends remain a tailwind for the fast growing, cycle-resistant sector; uncertainty due by to public policy persists
Financials		Complex business models and an economic downturn could provide opportunity, but Central Bank policy and deregulation could propel sector
Technology		Innovation and new development will continue to drive advancements in new technologies and displace traditional products. Typically lower valuations in special situations investments vis-à-vis mainstream technology buyouts.
Generalist / Diversified		Generalists can struggle to compete in a strategy where the best opportunities are often the most complex