No pressure, no diamonds.

Thomas Carlyle
Diamonds are nothing more than chunks of coal that stuck to their jobs.

Malcolm S. Forbes
The strength of the ILPA comes from leveraging a world-wide membership base that is engaged both on a global and local level with important issues impacting our industry today. The focus of the organization remains developing networking opportunities, creating educational offerings, and affording members access to research and tools geared for private equity professionals. In order to succeed in becoming a global voice for private equity, the organization has recognized the need to expand its reach. In this regard, the ILPA has embarked on a global outreach program to be more inclusive of other important constituents in our asset class. Over the past year, the ILPA has engaged with general partners, fund of funds and other industry associations in order to advocate the benefits of private equity to regulators, government, and media in countries around the world.

The ILPA has relied on two of its core principles – research and education – to broaden the awareness of the important benefits of the asset class to its investors. We have conducted briefings in the US and in China; with the media, regulators and government officials, and have plans for additional visits to Washington and to Brussels in 2014. Our message is focused on conveying the importance of private equity in delivering attractive investment returns for institutional portfolios, which may also fund those organizations’ constituents. The approach to base discussion around facts and data has been favorably received.

Our educational offerings continue to expand with the development of advanced coursework, exciting new webcasts and content-rich workshops. In an effort to make our courses as accessible to members as possible, the ILPA Institute is now offered both in North America and in London, UK. Our research initiatives provide significant benefits to our membership. The ILPA-Cambridge Associates benchmark has been launched, and continues to gain traction with many members providing data. Importantly, more general partners are also providing performance information through Cambridge Associates which contributes to making the benchmark more robust. Last but not least, our tools and templates continue to increase in usage among our membership and in the industry.

This year’s annual report outlines in detail several of the ILPA’s important accomplishments, and highlights the numerous ways in which the ILPA is addressing the needs of its members. Without the contributions of a dedicated Board, hard-working staff and the many member volunteers that generously offer their time, the organization would not be able to achieve its goals. The future is bright for private equity and for the ILPA, and with our ever-growing membership and outreach, the ILPA is ideally positioned to represent the interests of private equity investors globally.

As Chairman of the ILPA this past year, I am encouraged by the progress we have made as an association. I take great pride in Chairing this organization and am personally committed to strengthening the association’s networks through collaboration with all industry participants so that the ILPA can continue to be the global voice advocating on behalf of the asset class.

Michael Mazzola
The ILPA is governed by a Board of Directors consisting of 12 individuals selected from member organizations from across the globe, representing a diverse group of investor types.

Each year, the Nominating Committee puts forward a slate of individuals for consideration by members and appointment at the Annual General Meeting.

**EXECUTIVE COMMITTEE**

Chairman
**Michael Mazzola**, Managing Director, Head of Alternative Investments
MetLife

Vice Chair
**Lindel Eakman**, Managing Director, Private Markets
University of Texas Investment Management Company (UTIMCO)*

Secretary
**Rich Hall**, Managing Director, Private Equity
Teacher Retirement System of Texas (TRS)

Membership Chair
**Robert van Schaik**, Portfolio Manager
Shell Asset Management Company

Education Chair
**Jennifer Kerr**, Vice President and Head of Funds
Canada Pension Plan Investment Board

Research, Benchmarking and Standards Committee Chair
**Tanya Carmichael**, Portfolio Manager
Ontario Teachers’ Pension Plan

GP Summit Chair
**Nicolas Drapeau**, Portfolio Manager –
Head of Infrastructure and Private Equity Investments
Bimcor
In addition to the ILPA Board and its Executive Committee, the ILPA has several committees which govern its numerous initiatives. Each committee is chaired by a Director of the Board; and includes ILPA staff and a diverse group of members.

**GOVERNANCE AND COMPENSATION COMMITTEE** ◆ Responsible for assisting the Board in fulfilling its oversight responsibilities for corporate governance, compensation, finances; acts as a resource for the Executive Director on overarching or time sensitive ILPA issues.

**FINANCE COMMITTEE** ◆ Responsible for overseeing the stewardship of the ILPA reserves, and for ensuring proper governance measures are employed to manage budgets, finances and dues.

**MEMBERSHIP COMMITTEE** ◆ Responsible for membership approval, new member initiatives and ILPA’s global presence.

**EDUCATION COMMITTEE** ◆ Responsible for enhancing educational programs offered to members and for development of curriculum for the executive programs. Content for programs such as webcasts, professional development and workshops is vetted by this committee for quality and relevance to ILPA members.

**RESEARCH, BENCHMARKING AND STANDARDS COMMITTEE** ◆ Responsible for fostering and maintaining best practices with respect to reporting, valuation policies, performance measurement and other such matters of interest to institutional investors in private equity.

**NOMINATING COMMITTEE** ◆ Responsible for ensuring the independent selection of Directors, and the smooth transition of Board positions.

**GP SUMMIT COMMITTEE** ◆ Responsible for ensuring the high quality of the ILPA’s flagship event, including enlisting panel participants, guest speakers, and GPs, and facilitating networking events.
The ILPA is well-positioned to execute on a very aggressive mandate over the next several years.

- The Education program is recognized globally as the leading source of private equity education, offering best-in-class instructors together with current and relevant curriculum. The priority is to continue to innovate the educational offerings on a yearly basis.

- The Research platform continues to aggregate more value-add data, research, and information for members to facilitate investment decisions.

To ensure the successful execution of such a mandate, the ILPA will invest in building out the ILPA team sufficiently to support the needs of the membership. The foundation for building out the ILPA capabilities has been set and 2014 is shaping up to be a very busy year.

The Finance and Audit Committee provides oversight of the ILPA’s reserves and employs governance measures over operating budgets.
ILPA STAFF

Kathy Jeramaz-Larson, Executive Director
Michael Elio, Managing Director, Industry Affairs
Nancy Hizaka-Vilardo, Director, Education
Christina Gyore, Membership and Events Manager
Stephanie Malek, Manager, Systems and Technology
Eva Kovarik, Manager, Finance and Operations
Laura Scadding, Membership and Events Coordinator
Erin Linton, Education Coordinator
Pamela Jenkins, Executive Assistant
Matthew DeMatteis, Senior Research Analyst
Wei Dai, Research Associate
Josephine Koopman, Summer Intern
David Venturi, Summer Intern
The strength of an association stems from the engagement of its members across all facets of the organization. The ILPA’s Membership Committee has been focused on member diversification, global representation and facilitating an environment for effective networking between its members. More recently it has expended its efforts to increase the level of engagement of its existing members.

With this added goal in mind, the ILPA hosted numerous regional events this year designed to connect current and prospective members, encourage networking and provide a forum for sharing information with other LPs. In 2013 alone, the ILPA hosted 15 events that attracted over 180 members organizations, 70 non-members and spanned North America, Europe, South America, Asia, and Australia. Discussions covered a diverse range of member interests, and also addressed unique issues affecting private equity within each region. The regional events are meant to be opportunities to gather in “one’s own back yard” and by doing so, the ILPA is able to continue to build relationships with local and visiting LPs from around the world.
BENEFITS OF MEMBERSHIP

- LP-only conferences provide unique opportunities to meet with other private equity professionals from around the world, in a closed environment, to discuss issues impacting the asset class
- Access to Members’ Edge provides on-line access to a global rolodex of LPs
- The annual GP Summit provides a forum for LPs to meet with selected General Partners in a one-on-one setting
- Weekly update blasts and quarterly newsletters keep members informed of ongoing activities
- Member organizations post job openings on the members’ private website
- Access to ilpa.org and all its proprietary resources including industry and custom research is centralized, searchable and downloadable
- The ILPA Institute courses and structured workshops are offered both in the US and Europe and offer executive level education and best-in-class instruction
- ILPA Institute, professional development seminars, and timely webcasts are offered to members at a heavily subsidized rate to encourage universal access
- Regional events are hosted around the world, allowing members to meet in-between ILPA events
- Access to select third-party industry events are provided for free or at a discount for members
- Afforded access to proprietary tools such as ILPA Ratings Tool, GP Economics Model and DDQ Tool
- Communication between and amongst LPs is facilitated through the ILPA’s LinkedIn group
- The ILPA Benchmark was launched in 2013 and results are released quarterly to members

MEMBERSHIP COMMITTEE CHARTER

- Determine the eligibility of an applicant for membership based on the institution or individual possessing the requisite qualifications to be a member
- Gain organization wide commitment around membership recruitment to develop diversity of views, gain global support for ILPA initiatives and strengthen the “voice” of the ILPA
- Commit to a culture of knowledge transfer and collaboration amongst other ILPA committees in order to leverage the work being completed by all ILPA volunteers
The value of the GP Summit to our members, sponsors and GPs has continued to improve over the last few years due to the commitment and efforts of the GP Summit Committee. Supported by ILPA staff, this group of volunteers, comprised of both LPs and GPs, focuses its attention on creating a valuable experience for all industry professionals in attendance. The GP Summit has become known as the leading event for investment professionals and other thought leaders in private equity to gather to discuss important topics related to the asset class.

The Summit’s success is contingent upon the ILPA’s ability to attract a global and diverse set of LPs. The key to attracting a LP to the Summit is to offer a slate of best-in-class GPs. This exercise is often a challenge, but achieving this fine balance has been a critical factor to the continued success of this unique industry event.

Registered attendees for the 2013 event include over 200 institutional investors, over 300 GPs from 75 organizations, 8 event sponsors and dynamic industry speakers; both keynote and panel participants. With the theme “Investing in Growth: Technology”, discussions will focus on the challenges and opportunities of investing in technology, as well the impact on investment decisions and business models.

As Chair of the GP Summit Committee, I strive to help the ILPA meet and exceed its goals with regards to this industry leading event. I have the pleasure of working with a dedicated and engaged group and I would like to thank them for their participation and all their hard work. I encourage ILPA members who wish to be involved in the committee to reach out as your input is valuable to the trajectory of this event.

The ILPA GP Summit is held annually at the Waldorf=Astoria in New York City. Over the course of two days, GPs and LPs have the opportunity to connect with one another and identify possible business partnerships through a series of one-on-one meetings and networking opportunities, as well as discuss relevant industry issues.
London Called and ILPA Members Answered!

- Held at the historical Royal Horseguards overlooking the River Thames in beautiful London, UK
- Steeped in history and the perfect setting for relaxed networking
- ILPA members from around the world attended in June 2013
- Conference presentations, keynotes and workshops are archived on ilpa.org
The ILPA has invested significant resources over the past five years to develop a comprehensive educational platform that provides members with a depth of private equity course content as a means of enhancing practical knowledge on private equity issues. This year was particularly notable, as it marked the completion of the successful development of the Level I and all five advanced Level II modules of the ILPA Institute program. The Institute, coupled with the ILPA’s ancillary offerings (workshops, professional development seminars and timely webcasts) ensures members are provided with ample opportunity to hone their skills as professionals of private equity.

Over 260 Limited Partners from 14 countries and 8 organization types participated in the ILPA Institute program in 2013. Over the past five years, almost 50% of the membership base has attended the executive level courses offered by the ILPA. World-class instructors coupled with ILPA member content contributors have created a valuable set of course curricula that, when combined with interactive exercises, have made the offerings extremely valuable to participants. While we are pleased with the quality of the program, we remain committed to continued growth and development of course content so that it represents the latest industry trends and issues. Enhancements to the program are driven by member input and expectations, to ensure that these programs are relevant and practical for members globally.

The strength of ILPA’s network permeates all of the educational offerings, demonstrated not only by the dedication of volunteers that develop curriculum and review content, but also by the caliber of high quality instructors who lead the Institute. Institute attendees comment consistently on the invaluable opportunity to learn and discuss current issues with instructors and peers from diverse backgrounds and locations in an educational setting. The LP-only environment also fosters high engagement and idea sharing on industry opportunities and challenges. It is the strength of the ILPA network combined with the continued evolution of educational initiatives that make our Institute courses, webcasts, workshops, and professional development seminars, ‘must attend’ events for all private equity professionals.

“I am pleased to be one of the first to have completed all of the ILPA Institute courses. I attended the Level I program in 2010, the first year our organization became a member. It was because of the quality of the program and the exceptional networking opportunity that I decided to pursue completion of the entire Institute Program (Level I and Level II Module 1 through Module 5).

The experience has been valuable and enjoyable. Although I’ve been in the PE industry for several years, by participating in these courses, I’ve acquired useful reference material and practical tools, and continue to develop important peer relationships. Each of the courses has provided different insights and new perspectives on how to be a better investor in the asset class. I would highly recommend them.”

Anselm Adams, Director, PECA Limited
Inauguration of ILPA Institute Level I
Establish ILPA Institute Working Group
Approved as a CFA Program-Provider

2009

Launch of ILPA Institute Level II Module 1
The LPA and Other Material Agreements
Expand Level I offerings to Europe
Approved as a NASBA CPE Sponsor

2010

Launch ILPA Institute Level II Module 2
Establishing The LP Portfolio Framework and Management

2011

Launch ILPA Institute Level II Module 3
Executing LP Roles and Responsibilities
Expand Level II offerings to Europe

2012

Launch ILPA Institute Level II Module 4
An Inside Look at Private Equity Fund Managers
Launch ILPA Institute Level II Module 5
The General Partner Framework for Creating Value
First class of Alumni to complete all Level II courses

2013
The historical outperformance of and future expectations for private equity, coupled with investors' increasing allocations to the asset class are the foundation for the mandate of the Research, Benchmarking and Standards Committee. This mandate is to provide members with enhanced tools, data and analysis. An increased understanding of both the managers and their investments drive many members to seek additional ways to analyze the General Partner universe. The RBS Committee has had a tremendous year refining its initiatives and products to assist members in their research, evaluation and diligence of current and potential fund investments. After several years of development, in 2013 the ILPA released the first quarterly results of the ILPA Private Markets Benchmark in collaboration with Cambridge Associates. With the participation of over one hundred members, a universe of over 2,600 funds (to date) has been created, and held confidentially, to form a benchmark that accurately and consistently represents the global investible universe and asset class performance for institutional investors in private equity. The benchmark is released quarterly on ilpa.org and we continue to refine and tailor the package to reflect the unique needs of the membership. We will continue to evolve the product by driving member and General Partner participation through the contribution of data.

While having achieved these considerable milestones of the past year, ILPA's RBS initiatives continue. As a follow-up to the tools released in 2012, efforts in 2013 focused on enhanced ways to assist members in systematically gathering data. For example, the Due Diligence Tool is a comprehensive questionnaire that was distributed in draft form earlier this year. This tool was developed as a potential solution for GPs to respond to numerous and duplicative data requests during a fundraise. After incorporating the feedback from members, general partners, placement agents and other associations, it was released in Q4 2013. It is hoped that its publication will facilitate efficiency for both limited partners and general partners. The creation of an association-wide database in early 2012 has facilitated the collection of data as a means of systemically supporting all of the ILPA initiatives. This year, one of the key beneficiaries of this technology is Members' Edge; ILPA’s proprietary database. This ilpa.org offering, most often used by members to connect with their peers, provides a platform for members to research global General Partners and data related to their funds. The ILPA collected, processed and scrubbed thousands of data points related to GPs and their funds, and by rolling out access of this website to General Partners for self-population, the site will further assure LPs that displayed searches contain accurate and timely information.

In the past twelve months as RBS Chair, I have appreciated the ongoing contributions of the individuals on the committee on multiple projects. Their ongoing insight helps the ILPA to develop ways to make the asset class work for all participants and deliver comprehensive, durable and polished tools to our members.
**RESEARCH, BENCHMARKING AND STANDARDS COMMITTEE TACKLES INDUSTRY CHALLENGES**

**PROBLEM BENCHMARKING YOUR MANAGERS?**

**ILPA PRIVATE MARKETS BENCHMARK**

Benchmarking a General Partner’s fund performance has always been a challenge. To address this, the ILPA embarked on a multi-year process to create a relevant benchmark for institutional investors in private equity. In 2013, the ILPA completed the journey and launched its proprietary performance benchmark in partnership with Cambridge Associates. The ongoing goal of the benchmark is to accurately and consistently represent the global investible universe and asset class performance most relevant to ILPA members. The benchmark is issued to members on a quarterly basis and includes detailed returns and metrics for over 2,600 funds from vintage years 1981 to the present. Why is this benchmark different from the myriad of benchmarks currently in the market? Unlike other benchmarks that gauge the movement of the entire private equity asset class, the ILPA Private Markets Benchmark measures the returns of the universe of funds most relevant to its institutional investor members. By having both LPs and GPs submit their data for inclusion in the calculations, the ILPA Private Markets Benchmark will be the leading benchmark standard for institutional investors.

**CHALLENGES WITH SOURCING ACCURATE INDUSTRY INFORMATION?**

**MEMBERS’ EDGE**

The existence of research sites that publish inaccurate GP information creates a great deal of concern to GPs, when ultimately, LPs may consider this information to be factual. To tackle this issue, the ILPA has expanded its online Members’ Edge tool, normally available only to its members, to allow GPs to populate their own information into ILPA templates. Improved search functionality, enhanced web profiles, GP-submitted updated information will allow LPs to efficiently and accurately track GPs of interest. With high level metrics on thousands of general partners, funds and third-parties, Members’ Edge has become a valuable service to members as a platform to efficiently research the private equity universe.

**HAVING ISSUES CONSISTENTLY SCREENING MANAGERS?**

**DUE DILIGENCE TOOL**

The due diligence process is daunting enough for both LPs and GPs when information is readily and easily available. When LPs ask for information in a myriad of ways and GPs provide data in a myriad of styles, the task is that much more challenging. The search for a more efficient process and a means of minimizing the administrative burden of fundraising on all parties prompted the ILPA to reach out to General Partners, Limited Partners, Placement Agents and other interested parties to craft a Due Diligence Questionnaire that may...just may...offer up those efficiencies. The tool was released in October and made available to the industry on ilpa.org.
The ILPA continues to be heard as an advocate of the benefits of private equity around the world. Delegations of ILPA members and staff visited European, U.S. and Chinese industry associations, regulators, and media to address the knowledge gap surrounding the asset class.

**WASHINGTON DELEGATION**

On the heels of the success of the inaugural private equity educational effort that took place in both New York and Washington in 2012, ILPA extended its advocacy efforts in 2013 with a follow-up trip to Capitol Hill. The ILPA delegation presented the Limited Partner’s perspective of the merits and advantages of private equity. The session provided a powerful opportunity for senior ILPA members to engage and inform congressional staffers on the importance of private equity in their respective programs, as many staffers are becoming increasingly involved in the asset class.

**EDUCATIONAL ENGAGEMENT**

The ILPA was invited to provide the Securities and Exchange Commission insight into investor initiatives that drive the goals of alignment, governance and transparency between and amongst general partners and institutional investors. ILPA delivered its presentation to hundreds of SEC examiners and met in one-on-one meetings with leaders of the several SEC divisions. The SEC, in kind, participated in webcasts for ILPA members to share their insights into those same issues from the regulator’s perspective.

2013 Washington Delegation pictured (left to right): Mike Mazzola, Dhvani Shah, Michael Elio, and Neil Randall
Perhaps time’s definition of coal is the diamond.

Kahlil Gibran