


THE
GROWTH
OF THE
NETWORK

THE ILPA ANNUAL REPORT 2014



INSTITUTIONAL LIMITED
PARTNERS ASSOCIATION

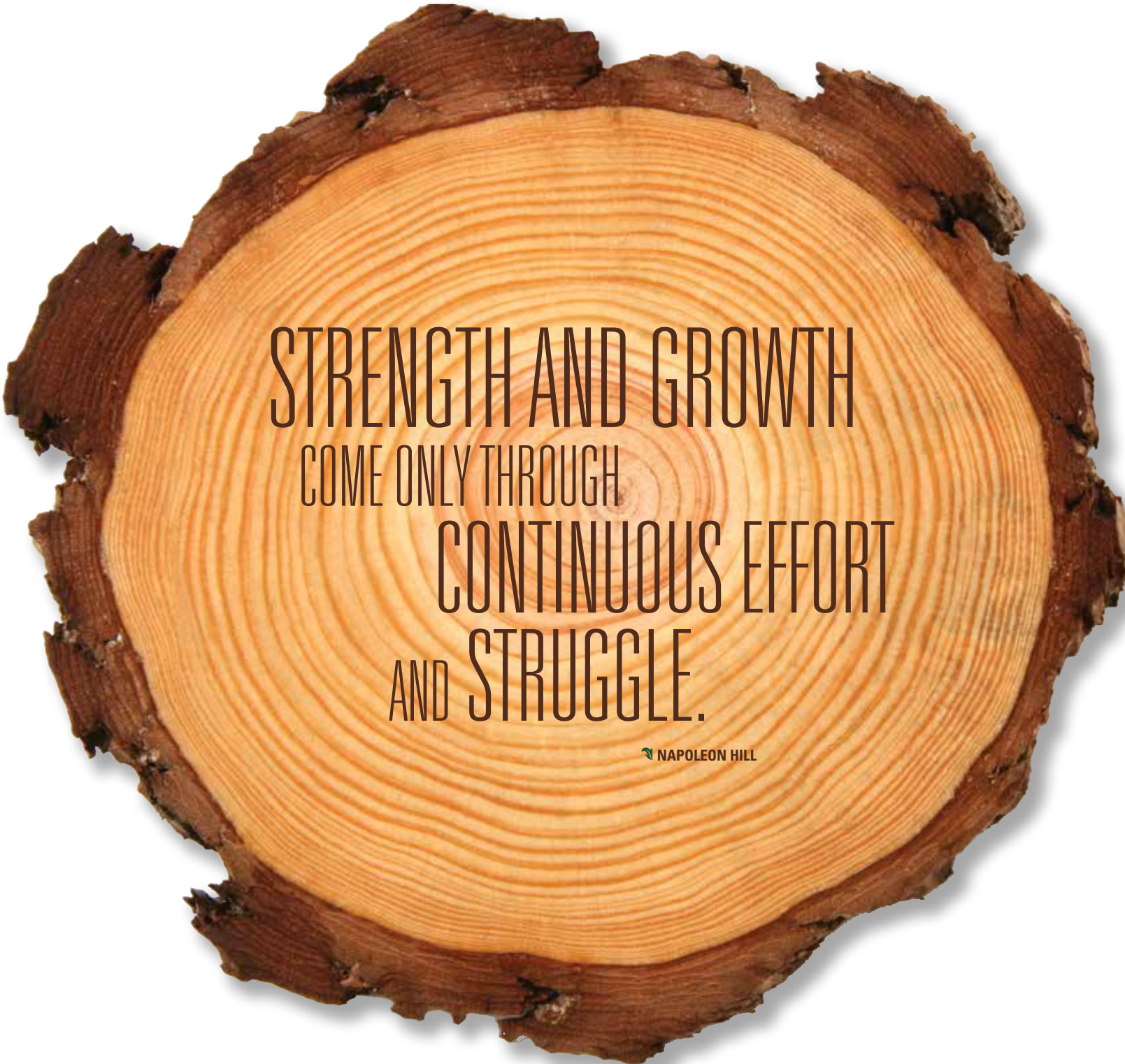




THE GROWTH OF THE NETWORK

THE ILPA ANNUAL REPORT 2014

MESSAGE FROM THE CHAIRMAN	5
THE ILPA BOARD OF DIRECTORS AND COMMITTEES	6
MESSAGE FROM THE EXECUTIVE DIRECTOR	8
TREASURER'S REPORT	10
MEMBERSHIP REPORT	12
GP SUMMIT REPORT	14
MEMBERS-ONLY CONFERENCE	16
EDUCATION REPORT	18
RESEARCH, BENCHMARKING & STANDARDS REPORT	20
INDUSTRY AFFAIRS	22



STRENGTH AND GROWTH
COME ONLY THROUGH
CONTINUOUS EFFORT
AND STRUGGLE.

 NAPOLEON HILL

MESSAGE FROM THE CHAIRMAN



Mike Mazzola
Chairman

When considering the growth of the ILPA over the past 12 years, it is incredible to think that the member base has expanded from a small group of North American pension funds to over 300 institutions spanning five continents, representing insurance companies, endowments, family offices, sovereign wealth funds, and corporate pensions. This progress was made possible through the contributions of a dedicated board executing on a growth strategy, a strong team of staff to implement that strategy, as well as the ongoing contributions made from our many volunteer committee members. This combination of efforts has worked well for the ILPA over the years and while each contingent will continue to play an important role going forward, the potential to grow even further lies in strategically leveraging existing resources while adding expertise within the organization.

In order to execute the strategy, the ILPA staff has expanded from 9 to 15 people over the past six months; increasing its capabilities under three primary areas:

MEMBERSHIP: To better meet the needs of our members and to expand our reach, member recruitment, retention, and engagement are now the focus for our Managing Director, Membership and Events. We are expanding the use of member surveys, facilitated focus groups, regional events and one-on-one conversations, in order to share the collective views of membership throughout the organization and identify appropriate programs and resources to meet the needs of those members.

INDUSTRY AFFAIRS: As the ILPA extends its influence in the global private equity industry, activities to engage regulators, governments and influential third-parties will be coordinated and communicated to the membership by the Managing Director Industry Affairs. The ILPA aims to be on the forefront of issues impacting the asset class globally and will use its unique access to research and education to advocate for the PE industry.

OPERATIONS/INFRASTRUCTURE: Operational efficiency is a priority for the association so we have made investments into technology upgrades and continue to make improvements to the website interface for a more intuitive experience.

To balance the changes we have made in ILPA staff complement, we have refocused our Board and Committees towards guiding us on strategy, providing oversight of operations and organizational structure, and we have tapped into their individual areas of expertise. By empowering the staff and providing the resources necessary to accomplish all the goals of a growing entity, we can ensure that ILPA meets the long-term needs of our members.

The commitment to extend the global reach of the organization will increase benefits to members through more diverse offerings. We will also strive to support the asset class for the long term through advocacy efforts.

2014 BOARD OF DIRECTORS AND COMMITTEES

The ILPA is governed by a Board of Directors consisting of 14 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.

CHAIRMAN

Mike Mazzola, Managing Director,
Head of Alternative Investments
MetLife

VICE-CHAIR

Rich Hall, Managing Director, Private Equity
Harvard Management Company

SECRETARY AND GP SUMMIT COMMITTEE CHAIR

Nicolas Drapeau, Director – Private Markets
BIMCOR Inc

TREASURER

Jennifer Kerr, Vice-President, Head of Funds
Canada Pension Plan Investment Board (CPPIB)

EDUCATION COMMITTEE CHAIR

Tanya Carmichael, Director, Funds
Ontario Teachers' Pension Plan

MEMBERSHIP COMMITTEE CHAIR

Robert van Schaik, Portfolio Manager Private Equity
Shell Asset Management Company

RESEARCH, BENCHMARKING AND STANDARDS COMMITTEE CHAIR

Brad Woolworth, Deputy Chief Investment Officer
City of Philadelphia Board of Pensions and Retirement (CPBPR)

MEMBERS AT LARGE

Raquel Chmielewski, Senior Investment Analyst
Lockheed Martin Investment Management Company

William Chu, Executive Director
Zurich Alternative Asset Management, LLC

Mark Fehrs Haukohl, President
The Vero Group

Fabrizio Natale, ASIO
Washington State Investment Board

Dhvani Shah, Chief Investment Officer
Illinois Municipal Retirement Fund*

Stephen Whatmore, Principal
QIC

Kimberly Woods, Director of Private Markets
IAM National Pension Fund

**Term expires November 2014*

In addition to the ILPA Board and its Executive Committee, the ILPA has several committees governing 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 and act as a resource to the Executive Director on macro or time sensitive 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.

INDUSTRY AFFAIRS COMMITTEE

Responsible for advising the Board, and assisting the Managing Director, Industry Affairs on ways to strategically establish the ILPA's reputation as the voice for private equity globally.

NOMINATING COMMITTEE

Responsible for ensuring the independent selection of Directors, and 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, GPs, and facilitating networking events.

**IT IS ALWAYS WISE
TO LOOK AHEAD,
BUT DIFFICULT
TO LOOK
FURTHER THAN YOU CAN SEE.**

 **SIR WINSTON CHURCHILL**

MESSAGE FROM THE EXECUTIVE DIRECTOR



Kathy Jeramaz-Larson
Executive Director

The ILPA finds itself at yet another inflection point in its evolution. The association has grown considerably over the past 12 years; moving from a one-person operation, to a team of 15 professionals located in three offices. Our programs have developed and grown to where their brands are well recognized around the world. Specifically, the ILPA Institute, the regional event series, the members-only conference and the ILPA GP Summit. Within each offering, we continue to improve and enhance that which is delivered to our members. So as not to rest on one's laurels, we will continue to expand our horizons.

We need to have a louder and more unified voice for private equity, especially given the world-wide regulatory framework which is emerging around us. From formalizing an outreach program with GPs and service providers, to hosting delegations around the world to share best practices, our approach will continue to be an educational and collaborative one. Participation by members in each of our industry affairs initiatives strengthens our voice as we tackle issues affecting investors in various countries around the world.

Member engagement is our best measure of whether we are meeting the association's expectations. To that end, proactive outreach to members is not only mandatory, but very helpful as we move to innovate and develop new programs. All of our efforts are aimed at delivering value across all platforms and therefore we seek insights and views on what matters most to members. By systematically surveying our members, and amassing the necessary data to determine future expansion, the association will remain relevant to the membership.

As the association grows in numbers, the diversity of member mandates becomes more apparent. By being actively involved, members can help drive the direction of the future and have a distinct voice in how we look over the next 12 years.

THE ILPA STAFF



Kathy Jeramaz-Larson
Executive Director

Nicole Caty
Managing Director
Membership and Events

Laura Scadding
Manager, Events

Pamela Jenkins
Coordinator,
Membership and Events

Jennifer Choi
Managing Director,
Industry Affairs

Nancy Hizaka-Vilardo
Director, Education

Erin Linton
Coordinator,
Education

Eva Kovarik
Manager,
Finance and
Operations

Trudy Agyeman
Web Developer

Frank Ko
Application Support Analyst

Sophie Virtue
Executive Assistant

Mandy Ilk
Accounting and
Education

Matthew DeMatteis
Director, Research

Tyler Burton
Research Associate

Wei Dai
Research
Associate

TEAMWORK IS THE ABILITY TO WORK AS A GROUP
TOWARD A COMMON VISION
EVEN IF THAT VISION
BECOMES BLURRY.



Jennifer Kerr
Treasurer

TREASURER'S REPORT

The expansion of the association's membership base and its global diversity requires the ILPA to maintain the financial capability and agility to meet the ever-growing demands of our members. At the core of our mandate, is the commitment to offer our members affordable, accessible and often subsidized resources and services; all with the objective of being timely, relevant and value-add. Long-term planning will allow the ILPA to further build out its programs including augmenting the suite of Institute programs, building best practices and reference tools, continuing to support the evolution of the ILPA's Private Equity Benchmark, and support customized regional events to promote conversation amongst and between limited partners.

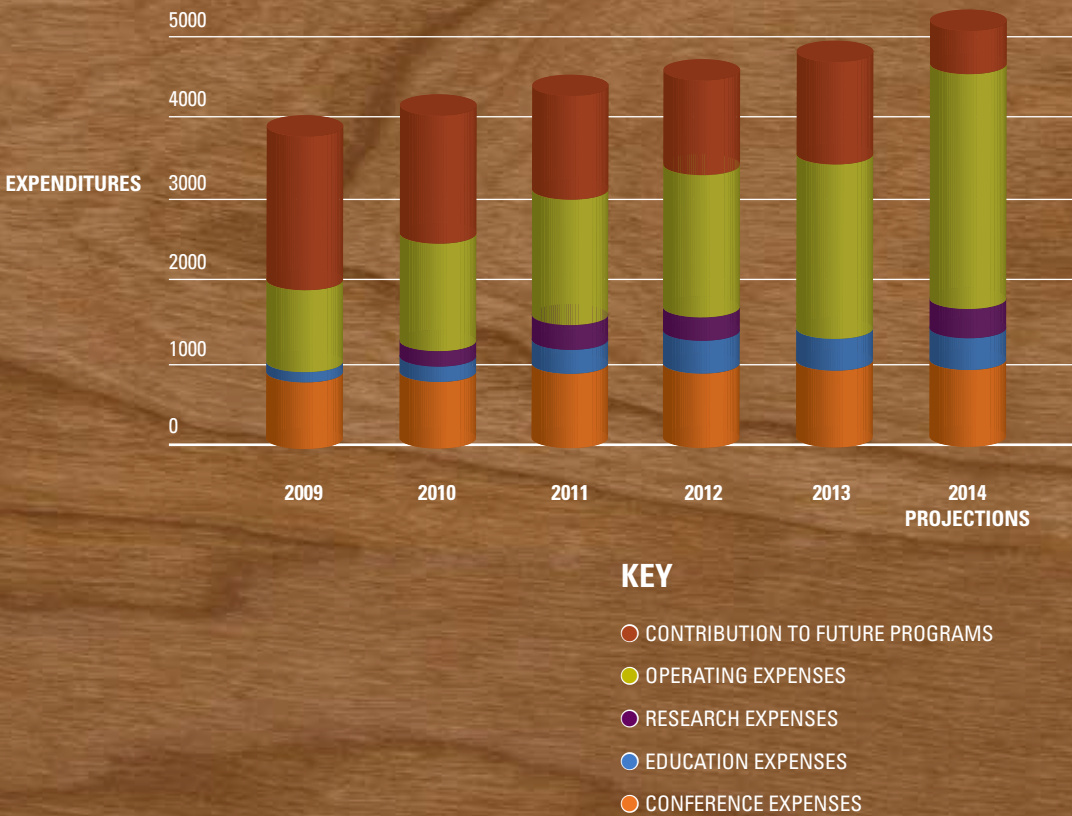
We are building a culture that reflects the organization's goal to meet member needs and one that allows ILPA staff to responsibly access those resources in order to deliver on those expectations.

The Finance and Audit Committee is responsible for oversight of the ILPA's financial reporting process, selection of the independent auditor, and receipt of audit results. The committee assists the Board of Directors to fulfill its corporate governance responsibilities in relation to ILPA's financial reporting, internal control system, risk management and audit functions. The Finance and Audit Committee provides oversight of the stewardship of the ILPA's reserves to meet the future needs of its membership.

FINANCIAL HIGHLIGHTS 2014

- ILPA staff expanded from 9 employees to a team of 15
- Two Managing Directors were hired to lead priority strategies; Membership and Industry Affairs
- Opening of the ILPA satellite office in Washington, DC
- Upgraded technology enhanced *Members' Edge* database
- The global advocacy program was launched with the objective of addressing industry and regulatory concerns
- Enhancements were made to the website to improve usability
- The ILPA's Institute launched its Modules 4 & 5
- Member benefits continued to be subsidized to afford access to webcasts, educational programs and ILPA hosted regional events around the world

Financial Highlights and Forward Thinking Information





Robert van Schaik
Membership Committee Chair

MEMBERSHIP REPORT

The ILPA membership continues to flourish; surpassing the milestone of reaching 300 member organizations. As the ILPA expands, the Membership Committee remains focused on cultivating a diverse and global membership. Our newest members represent 6 continents and range across all investor types from small family offices, foundations and endowments, to larger corporate and public pensions, sovereign wealth funds, and insurance companies; truly representative of the voice of LPs globally.

To sustain this growth and to meet the needs of existing members, a Managing Director, Membership & Events was hired with a mandate to continue to strengthen membership engagement and to develop an awareness around the benefits of being part of the ILPA. By enhancing our engagement activities, and remaining dedicated to our recruitment philosophy, the association aims to be closer to its members and to be better positioned to understand where we can best add value. Cross-platform initiatives and sharing of industry intelligence is expected to be conveyed through streamlined and two-way communication with our members. Ultimately, increasing our interaction with members and seeking their views on a regular basis will help us scope out our future activities and services.

Growth of Membership - 7 Year Trend

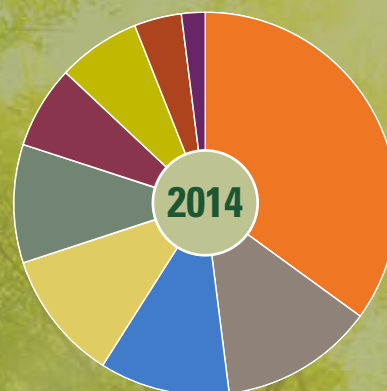
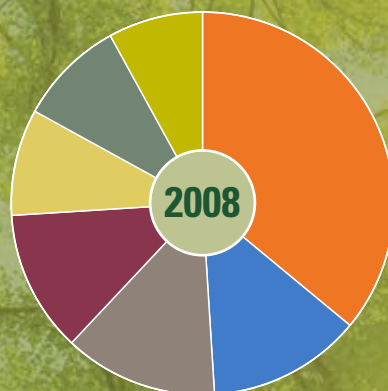
2008 • 215
2009 • 217
2010 • 243
2011 • 256
2012 • 272
2013 • 297
2014 • 312



HIGHLIGHTS

- ✎ Addition of a new Managing Director to the ILPA team, focused on membership and event strategies
- ✎ Expansion and continued evolution of the Regional Event program; over 320 members hosted at 15 events around the world featuring customized content at each location
- ✎ Members-Only Conference in Boston with 184 members representing 131 organizations from 11 countries
- ✎ Improved lines of communication with members through weekly e-mail blasts

ILPA Membership by Organization Type



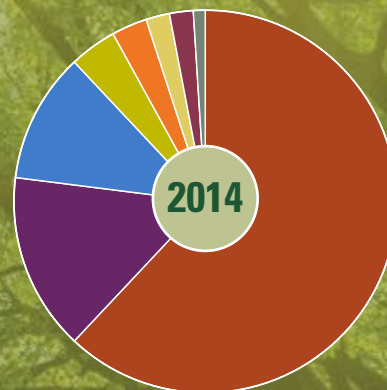
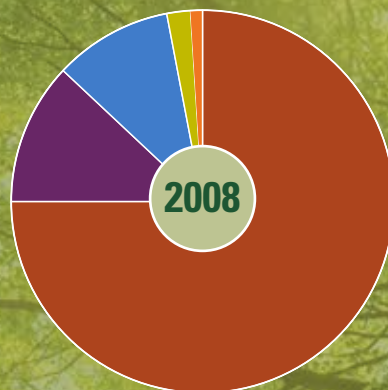
2008

PUBLIC PENSION	36%
ENDOWMENT/FOUNDATION	13%
CORPORATE PENSION	13%
OTHER	12%
INSURANCE COMPANY	9%
FAMILY OFFICE	9%
INVESTMENT COMPANY	8%

2014

PUBLIC PENSION	35%
CORPORATE PENSION	13%
ENDOWMENT	11%
INSURANCE COMPANY	11%
FAMILY OFFICE	10%
OTHER	7%
INVESTMENT COMPANY	7%
SOVEREIGN WEALTH FUND	4%
FOUNDATION	2%

ILPA Membership by Region



2008

UNITED STATES	75%
EUROPE	12%
CANADA	10%
ASIA	2%
MIDDLE EAST	1%

2014

UNITED STATES	62%
EUROPE	15%
CANADA	11%
ASIA	4%
MIDDLE EAST	3%
OCEANIA	2%
SOUTH AMERICA	2%
AFRICA	1%

GP SUMMIT REPORT



Nicholas Drapeau
GP Summit Committee Chair

It is remarkable to me that 2014 marks the 10th anniversary of the ILPA's GP Summit. Remarkable not only because the time seems to have flown by, but also because the event has grown in such stature that it is recognized industry-wide as an event that adds value to GP-LP relationships. The quality and efficiency of the one-on-one meetings continues to improve year after year, and the ongoing innovation of programing has been a welcome addition for participants.

2005 69 GPs
50 LPs

INAUGURAL GP SUMMIT

MEETING SCHEDULES
MANUALLY PRODUCED

VERY PATIENT
PARTICIPANTS

2006 72 GPs
55 LPs

MOVED VENUE TO
WALDORF ASTORIA TO
ACCOMMODATE ALL MEETINGS ON
ONE FLOOR

FIRST COME, FIRST SERVE
MEETING SCHEDULES

2007 75 GPs
64 LPs



2008 84 LPs

AS PANELIST DURING OPENING
SEGMENT, DAVID RUBENSTEIN
PREDICTS A CHANGE
TO THE PE MODEL;
HE WAS RIGHT

2009



Given this 10-year milestone, it is natural to take a look back and reflect upon our successes, challenges and growth. We have moved from a format that focused primarily on the one-on-one meetings, to one that also offers robust panel discussions, notable keynote speakers, and the incorporation of key investment themes. We have endured debilitating weather conditions and demanding travel schedules in order to reconnect with old colleagues, expand networks, and share information in a time and cost efficient way.

What may not be as obvious to participants of the Summit is the contribution and effort made by the GP Summit committee to shape a high quality event worthy of global attendance. The committee members are tasked with developing innovative ideas to enhance the GP Summit, and maximize the value proposition of the event. They strive to incorporate your suggestions, ideas, and insights into the program to push the envelope, to draw quality investors and managers, and to make this the global private equity event of the year. This committee, comprised of both ILPA members and our highly involved general partners, spends the entire year collaborating to bring the event through to fruition. Without the help of this dynamic team, my job as Chair would not be possible.

The timeline below perfectly illustrates the development of the GP Summit over the last decade. I hope you join me in celebrating its continued growth.

2010

78 LPs

**MEETING OPTIMIZATION
TECHNOLOGY LAUNCHED**
THE FINANCIAL CRISIS
AND HIGH UNEMPLOYMENT
CONTINUES

2011



2012

97 LPs

**PROFESSIONAL DEVELOPMENT
SEMINAR ADDED TO AGENDA
FOR LPs**

**INTRODUCTION OF
SECTOR THEME FOCUS**

**HURRICANE SANDY
SHUTS DOWN NYC
DAYS PRIOR TO THE EVENT**

**MEDIA FOCUSES ON
NEGATIVE ASPECTS
OF PRIVATE EQUITY
DURING THE US ELECTIONS**

2013

107 LPs

**THE SCOTTISH GOVERNMENT
PUBLISHES ITS PROSPECTUS
ON SCOTTISH
INDEPENDENCE**

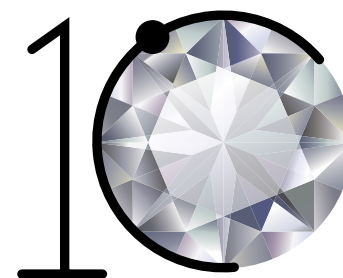
**APPROVAL OF THE
VOLCKER RULE**

2014

80 GPs

109 LPs

**10 YEAR
ANNIVERSARY
CELEBRATION**
HEALTHCARE THEME



**CELEBRATING THE 10TH ANNUAL
GENERAL PARTNER SUMMIT**



Photographs from the 2013 General Partner Summit

MEMBERS-ONLY CONFERENCE A GREAT SUCCESS!



**184 MEMBERS REPRESENTING
131 ORGANIZATIONS
FROM 11 COUNTRIES**



SAVE THE DATE FOR 2015
WHEN ILPA RETURNS
TO PASADENA, CA JUNE 2 - 4



EDUCATION REPORT



Tanya Carmichael
Education Committee Chair

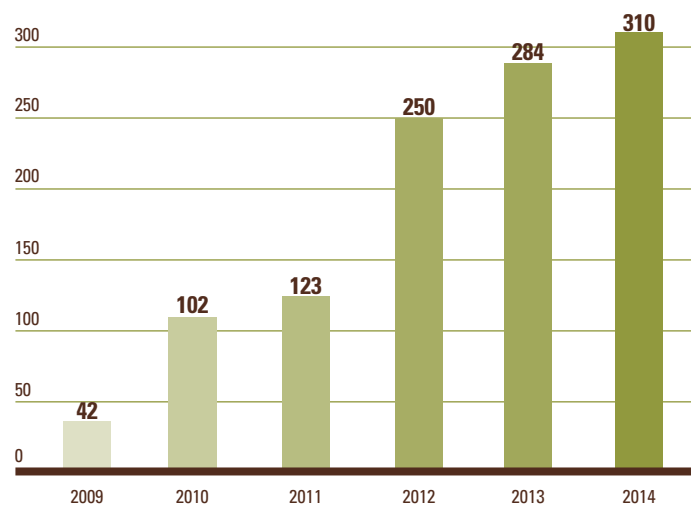
The ILPA remains an industry leader in executive education, creating and delivering courses exclusively for limited partners investing in private equity. Through the education platform that includes the ILPA Institute, Professional Development Seminars, Webcasts, and Workshops, we maintain our position as global leaders in private equity curriculum development and as the key resource for professional development of our members.

The success of the ILPA Institute in 2014 came in the form of global growth and diversity. The Institute program welcomed members from over 15 countries and 5 continents, bringing a diverse perspective to classrooms that spanned across North America and into Europe. Our global offerings expanded to include Level II Module 2 Establishing the LP Portfolio Framework and Management course offered for the first time in Europe.

Collaboration internally and externally has been integral to the continued growth and development of the education platform. Various experts spanning a diverse group of academics, GPs and other service providers have worked closely with the ILPA to provide comprehensive content and unique networking opportunities. The Education Committee and its working groups have been instrumental in maintaining high value and first-rate quality throughout the educational platform. As we look ahead, we are focused on continuing to demonstrate our commitment to this goal, and with the help of our members and through their feedback, we can continue to grow in a diverse and global way.

A priority for both the Board and the Education Committee is to leverage the efforts of our colleagues on the Research, Benchmarking and Standards Committee and those of the Industry Affairs Committee, to bring topics of interest to our members and offer them through the ILPA education channels. Continuous innovation, ongoing collaboration and keeping apprised of industry trends will be the keys to remaining relevant, comprehensive, and truly educational.

ILPA Institute Participant Rate





EXECUTIVE EDUCATION IN ACTION



Each of the six ILPA Institute courses
(Level I and all five advanced Level II modules)
I attended was a rewarding experience that
directly applied to my responsibilities as an
Investment Officer overseeing a PE portfolio.
The knowledgeable instructors made even
the most intense material in the course clear
and comprehensible and I appreciated the
use of various teaching techniques, particularly
the case studies and break-out sessions that
helped to enhance my problem-solving and
decision-making skills in a private equity
context. I will continue to recommend the
ILPA Institute to my colleagues as it is a
fundamental resource for learning new skills
and networking within the industry.

– Erika Tiedge,
Los Angeles Fire and Police Pensions

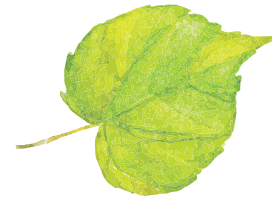


Brad Woolworth

Research, Benchmarking & Standards Chair

RESEARCH, BENCHMARKING & STANDARDS REPORT

The focus of the Research, Benchmarking & Standards team in 2014 was to build on the functionality of existing tools offered to ILPA members, create awareness around those tools and to continue to listen to the needs of members. In response to member feedback, we've made significant changes to our current offerings, bringing added value to ILPA members and the entire asset class.



With our 2014 goals in sight, we've also begun looking at new potential enhancements and initiatives for 2015. Thanks to the faithful efforts of the research committee and the ILPA research team, and with the continued support of the ILPA's members, I look forward to seeing these offerings take shape in the coming year.

**GOOD TIMBER DOES NOT GROW WITH EASE.
THE STRONGER THE WIND THE STRONGER
THE TREES.**

 **J. WILLARD MARRIOTT**



ILPA PRIVATE MARKETS BENCHMARK

BENCHMARKING remains a primary area of our focus, as limited partners continue to evaluate their current policies and resources. Increased academic and industry scrutiny of the datasets used in commercial benchmarks, plus the recent agreement between benchmark providers, Cambridge Associates and Thomson Reuters, have prompted LPs to renew their search for the most relevant benchmark source. Now in its second year of existence, the ILPA Private Markets Benchmark addresses members' needs for a benchmark that represents their investible universe of funds. The ILPA Benchmark seeks to minimize the transparency issues found in other benchmarks by only including funds that are in ILPA member portfolios. The benchmark stands at over 2,800 funds and \$2.4 trillion of fund size, driven by fund list submissions from over 125 ILPA members.

In August 2014, the benchmark reports were expanded to include detail relevant to the diverse range of interests and investment strategies among the ILPA's members. Appendices were added that feature analytics on specific strategies and subsets of funds, including emerging markets, growth equity and mezzanine.

A SHARPER EDGE

The ILPA's other data-oriented initiatives have grown as well, with the **MEMBERS' EDGE** database now boasting searchable online profiles for over 2,500 GPs and 6,500 funds. This tool allows members to independently research the managers of a given segment in the private equity universe.

DATA COLLECTION

The ILPA surveys its members on information that is timely, topical and relevant, with the goal of identifying industry trends and forming a sharper understanding around the characteristics of the beneficiaries that our members represent. These include our annual member compensation survey, the results of which will be released mid-autumn, as well as an updated member metrics survey that includes organization profiles, member demographics and data on investment strategies.





Stephen Whatmore
Industry Affairs Chair

INDUSTRY AFFAIRS

This year marks an important juncture for the ILPA as we look to formalize and expand our engagement with industry stakeholders and to extend our reach as the institutional voice of private equity around the world. I am privileged to helm the next stage of the ILPA's global advocacy and outreach program, which will be well supported by both external expertise and the committed volunteers who serve on the newly launched Industry Affairs Committee. The mandate will be steered by a dedicated senior staff resource based in Washington, our new Managing Director, Industry Affairs.

The ILPA's advocacy program began modestly, with an invitation from Chinese regulators in 2011, growing over time to include a repeat delegation to China in 2012, and meetings with government officials, regulators and the media in New York and Washington in 2012 and 2013. These early efforts revealed considerable opportunity to elevate understanding about the ILPA's members and the Limited Partner's differentiated perspective, particularly as it pertains to regulation and economic policy issues.

We will therefore focus initially on building awareness and relationships among key constituencies in the United States and Europe. Our aim is to deliver messages that are locally relevant but that reinforce our goals to be a global, independent and authoritative resource on private equity.

Our redoubled efforts to engage with stakeholders in Brussels and Washington take place at a crucial moment for our industry. The European Alternative Investment Fund Managers Directive is moving from concept to reality during a time of leadership transition in both the European Parliament and Commission. In the US, regulatory scrutiny of our industry has intensified as a result of the Dodd-Frank Act and the SEC presence exams program. The ILPA is responding to these and other developments on many levels: working to represent our members' viewpoints with regulators, government officials, General Partners and the media; sharpening our market intelligence capabilities to identify developments relevant to the limited

partner community; and leveraging all of these activities in formulating education and research offerings that will inform our members about the technical and practical aspects of emerging issues.

Members and interested industry participants alike can expect increased communication from the ILPA on a range of regulatory and industry issues through briefings and research notes, periodic surveys, webcasts and conference content. Members will have opportunities to participate in forthcoming delegations and events in Brussels and other European cities, New York and Washington and Latin America. We will continue to organize forums for structured exchange on best practices related to governance, transparency and reporting including the annual GP/LP Roundtable and Fund of Funds Roundtable. Finally, we will draw on member input and ILPA research to shape messages in public fora, including the media, that reflect our members and our industry in the most accurate light possible.

FOCUS ISSUES

- Registered Investment Adviser Disclosures, related to SEC exams
- European Alternative Investment Fund Managers Directive Implementation
- Solvency II and the Institutions for Occupational Retirement Provision (IORPs) Directive

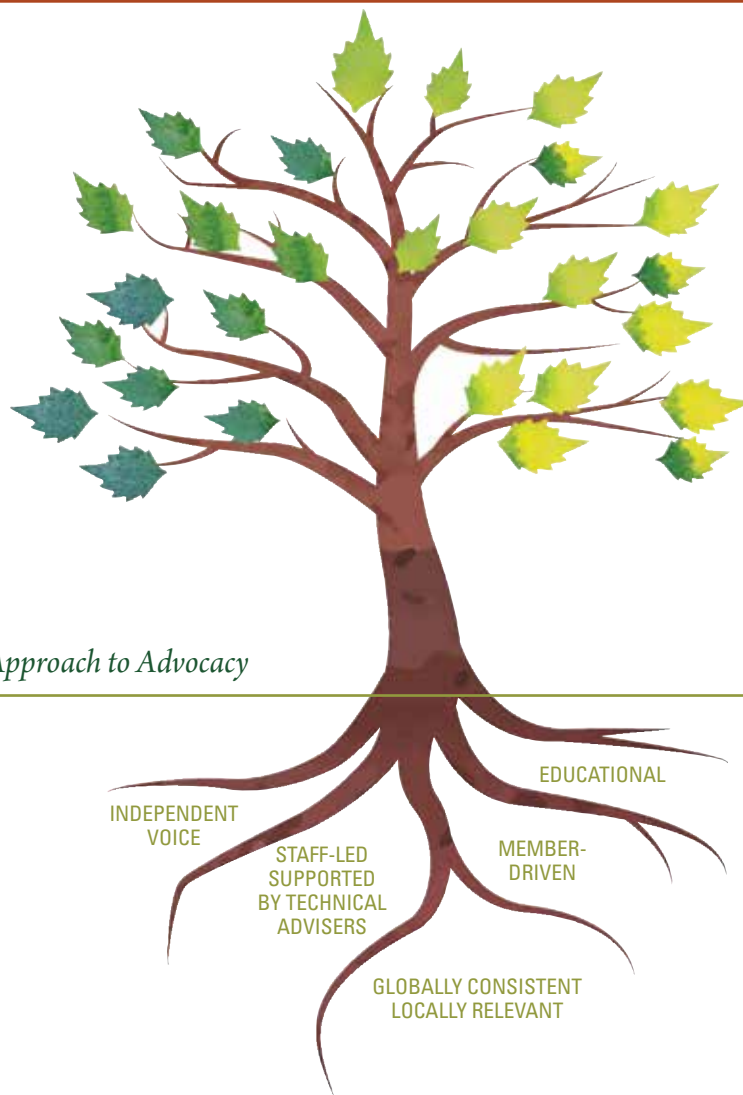
ENGAGEMENT PRIORITIES

- Visits to Brussels, Rome, Paris, London and Stockholm in 2014
- An ILPA-hosted event for officials in Brussels
- Quarterly outreach in Washington/New York
- Structured collaboration with peer industry associations
- Forums for industry dialogue: GP/LP Roundtable and Fund of Funds Roundtable

SOMEONE IS SITTING IN THE SHADE TODAY
BECAUSE SOMEONE PLANTED A TREE
A LONG TIME AGO.

WARREN BUFFETT

ILPA's Approach to Advocacy



Industry Affairs: the proactive engagement and communication of the strategic priorities of the ILPA's members with various stakeholders and industry participants including regulators, government officials, other industry participants and the financial press while serving as a conduit of information for the organization. – ILPA Board of Directors, April 2014

1102





THE ILPA ANNUAL REPORT 2014

INSTITUTIONAL LIMITED PARTNER ASSOCIATION
55 YORK STREET, SUITE 1200
TORONTO, ON M5J 1R7 CANADA

ilpa.org