



INSTITUTIONAL
LIMITED PARTNERS
ASSOCIATION

The What & The Why

Annual Report
2018



The Institutional Limited Partners Association (ILPA) engages, empowers and connects limited partners to maximize their performance on an individual, institutional and collective basis. With approximately 500 member institutions representing more than \$2 trillion USD of private equity assets under management, ILPA is the only global organization dedicated exclusively to advancing the interests of LPs and their beneficiaries through best-in-class education, research, advocacy and events.

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Message from the Chair



As I reflect upon 2018, my last full year as Chair of the ILPA Board, I am struck with a tremendous sense of pride and purpose. Collectively, we have accomplished a great deal on behalf of limited partners around the world. And we did so not only for our growing membership, but also for the millions of beneficiaries whom we all serve. The private equity landscape continued to evolve, increasing in complexity and creating both opportunities and challenges for all those participating in the asset class. Amidst it all, due to the diligent work of ILPA, LPs are well-educated, informed and represented within the PE market, allowing us to fulfill our fiduciary duty in a manner worthy of our stakeholders.

Our focus on community, education, and advocacy remained steadfast, engendering more ways to connect with one another and share best practices effectively and efficiently. We enabled our membership to come together both in person and online with the launch of our Local and Onsite ILPA Institute programs and our ILPA Connect member-only virtual platform. We continued to set private equity industry standards with our work in reporting, disclosures and model legal documents across a number of fronts. And we found more ways to bring our diverse community together through the advent of networks comprised of investors sharing similar roles and strategies. These foundational accomplishments will continue to bear fruit in the coming year and beyond.

When I complete my tenure as Chair in June 2019, I will leave a Board that is committed, strong and energized to govern our Association. The proven ILPA staff has strengthened under the leadership of CEO Steve Nelson who joined the team in March of this past year. Steve hit the ground running and has taken ILPA to the next level in terms of strategic vision and operational efficiency. We are extremely fortunate to have such dedicated professionals working every day for limited partners everywhere.

On behalf of everyone at ILPA, and especially, our members, I'd like to say thank you for an outstanding year. It has been an honor to chair this Association of my distinguished peers. There remains plenty of good work to be done in 2019. I look forward to continuing to be a part of it.

Sincerely,

Tanya Carmichael

Managing Director, Global Funds
Ontario Teachers' Pension Plan
Chair, ILPA Board of Directors

ILPA Board of Directors 2018

OFFICERS

Tanya Carmichael, Chair
Managing Director, Global Funds,
Ontario Teachers' Pension Plan

Stephen Whatmore, Vice-Chair
Principal, QIC

Rob Ross, Treasurer
Portfolio Manager, California State
Teachers' Retirement System

Serra Erdogmus, Secretary
Senior Portfolio Manager, Private Assets,
Canadian Medical Protective Association

COMMITTEE CHAIRS

Maurice Gordon, Membership Chair
Managing Director, Head of Private Equity, Guardian Life Insurance Corporation of America

Paul Mace, Education Chair
Director of Investments, Tufts University

Fabrizio Natale, ILPA Summit Chair
Senior Portfolio Manager, Washington State Investment Board

Neil Randall, Research & Benchmarking Chair
Senior Director, Private Equity, Teacher Retirement System of Texas

Stephen Moseley, Industry Affairs & Standards Chair
Head of Private Equity and Special Opportunities, Alaska Permanent Fund Corporation

MEMBERS AT-LARGE

Anne Fossemalle, Director, Equity Partner, Funds, European Bank for Reconstruction & Development

John Hershey, Director of Alternative Investments, Oregon State Treasury

Jennifer Magaña, Vice President and Director, Private Equity, WLD Enterprises

Kevin McDowell, Co-Head of Private Equity, Alberta Teachers' Retirement Fund

Dennis Montz, Managing Director | Director of Private Investments, Sentinel Trust Company

Scott Penwell, Director, M&G Private Funds Investment

Anders Strömblad, Head of Alternative Investments, AP2-Second Swedish National Pension Fund

Message from the CEO



When I became CEO of ILPA in March of 2018, I joined an Association that had demonstrated incredible success delivering on a vision of supporting global limited partners on an individual, institutional and collective basis. I inherited a team that was committed to its membership, and had a compelling plan for continuing to exceed expectations in a dynamic market. The ILPA value proposition was resonating in the private equity ecosystem, and membership was growing at double digit rates. ILPA's future was incredibly bright, with countless opportunities to expand and make an even deeper impact on the market. All of these factors contributed to why I was so excited to lead the organization.

As I have shared on many occasions this year, the "why" is so important to consider in all that we do. The "what" demonstrates progress; the "why" demonstrates meaning.

When enjoying significant growth and ample prospects for success, it is far too easy to ride the wave and embrace each and every chance that presents itself. By seeking out the "why" behind our efforts, ILPA is able to evaluate our priorities in a more deliberate way. Opportunities to serve our members and contribute to a vibrant private equity ecosystem are boundless; and we aim to execute on our mission in a way that is most impactful. In the pages of this year's Annual Report, you will read about what we accomplished, and you will also understand why we dedicated ourselves to these particular initiatives with such resolve. Together, the "what" and the "why" translated into another meaningful year for ILPA.

Nothing that was accomplished could have been realized without the ILPA Board of Directors. On behalf of the staff and the membership, I would like to thank them for their ongoing support and guidance as we embark upon an ambitious and important agenda in the coming year.

And to our members: It is a privilege to work on behalf of such a dedicated cadre of professionals. From standard setting and best practices to education and advocacy to connections and conversations, ILPA's core objective remains empowering all of you, a driving force within the private equity industry.

Thank you for the opportunity to make a difference.

Sincerely,

Steve Nelson
CEO, ILPA

ILPA Staff 2018

Steve Nelson, Chief Executive Officer

Jennifer Choi, Managing Director, Industry Affairs

Greg Durst, Managing Director, Corporate Development

Matthew Kelly, Managing Director, Education

Emily Mendell, Managing Director, Membership, Events & Communications

Katie Barber, Director, Membership

Matthew DeMatteis, Director, Research & Benchmarking

Nancy Hizaka-Vilardo, Director, Membership

Chris Hayes, Director, Industry Affairs

Pamela Jenkins, Director, Events

Eva Kovarik, Director, Finance & Operations

Nicky Cavanagh, Manager, Membership

Mandy Ilk, Manager, Education

Pravi Kaur, Accounting Coordinator

Kirsten Lombardo, Membership Coordinator

Holly Makarchuk, Events Coordinator

Samantha Anders, Research Associate

Wei Dai, Research Associate

Brian Hoehn, Research Associate

Frank Ko, IT, AMS Analyst

Vanessa Fountain-Allen, Office Manager & Executive Assistant

THE WHAT

Growing Our Membership

For the third consecutive year, ILPA's membership enjoyed double digit growth in terms of new organizations joining our Association. Attrition also remained low at 3%, resulting in total member organizations at year-end 2018 of 490, up 10% year-on-year. Our membership now comprises more than 4600 active professionals in 48 countries for whom our *"for LPs by LPs"* value proposition resonates strongly.

Our membership is also more diverse than ever before; by LP-type, geographic location, and in terms of individual roles. Areas of notable expansion include our family offices where there is a strong demand for sharing experiences among peers. Our European members continued to grow at a steady rate as we increased our presence outside of North America during 2018. And while front-office investment roles remain the strongest among our individual professionals, the past year has seen a sizable increase in back- and middle-office positions in the areas of finance, legal, compliance and operations taking advantage of ILPA resources. We expect these growth trends to continue in the coming year as we seek to expand even further into areas of strategic importance to the Association.

Looking forward to 2019, we intend to connect with and gather feedback from our members in new and meaningful ways. Through our Salesforce platform, ILPA now has the means to measure the engagement of our membership, and seek ways to improve individual and institutional involvement across our entire base. Late in 2018, we launched our LP Insights Program, a weekly calling program that allows us to identify and analyze the most important issues facing our members. This initiative will allow us to connect with hundreds of LP professionals in the coming year. In 2019, ILPA will also embark upon a Membership Experience Survey where we will seek actionable input from the limited partners we serve.

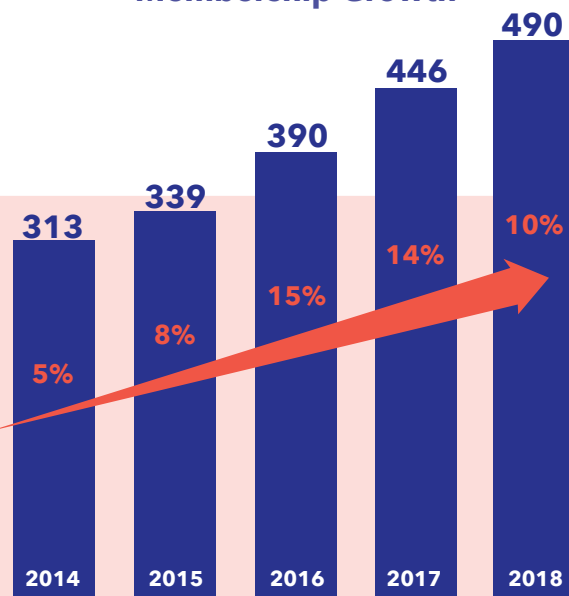
As a membership organization, we are focused squarely on anticipating the needs of our LPs and then exceeding expectations in meeting those needs. We are privileged to have the opportunity to serve such a committed set of professionals over the past year and look forward to raising the bar each year in terms of member impact, satisfaction and value.

THE WHY

Stronger together, the increasing breadth, depth and diversity of our membership allows ILPA to best represent limited partners in the most fulsome manner on a global basis.

Membership Growth

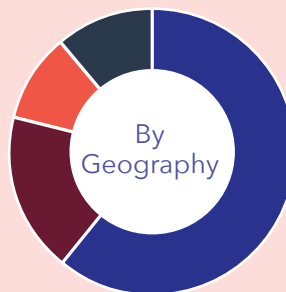
57%
5-Year Cumulative Growth



Membership Diversity



Public Pension	28%
Family Office	16%
Endowment and Foundation	13%
Corporate Pension	13%
Insurance Company	11%
Sovereign Wealth/ Superannuation	6%
Development	6%
Other	7%



United States	61%
Europe	18%
Canada	10%
Rest of World	11%

THE WHAT

Fostering Meaningful Connections

ILPA has a long legacy of connecting limited partners with not only one another but with other important players in the private equity industry as well. Whether it is at a large event comprised of hundreds of professionals or smaller gatherings in person or online, we focus on the unique benefits of sharing perspectives, approaches and strategies.

Major Events

The year began with our second annual **European Forum** in London, UK where we gathered the largest ever group of our European members for interactive workshops, roundtables, keynote presentations and networking. Our **Members' Conference** in Chicago followed in June with record attendance and featuring deep-dive sessions on curated subjects, network gatherings and meet-and-greet opportunities. Chicago was also the venue for our second **CIO Symposium**, which successfully hosted Chief Investment Officers from across our membership in a day of thought leadership and conversation. The year culminated with our 14th Annual **ILPA Summit** in New York, which connected 600 LPs, GPs and service providers in more than 1400 meetings over the course of two days.

Global Events and Networks

Our Global Event Series gathers more intimate groups of limited partners in person to discuss important issues in the private equity industry. In 2018, we held 44 events across the world, covering topics such as GP Stake Sales, Portfolio Construction Strategies, and Manager Selection, and connecting with more than 1000 members. This past year, we also formed a number of networks within our membership based on LP type and role. Our Family Office and Insurance Networks met several times during the year alongside major events; our Legal Network established quarterly virtual town halls and began planning for an annual gathering in the spring of 2019.

ILPA Connect

As a global organization, ILPA is committed to bridging physical distances through the smart use of technology. In 2018, we launched ILPA Connect, a virtual online community where members can query their peers on issues of common interest, share experiences and grow their network of like-minded practitioners. More than 1400 members logged on to ILPA Connect in 2018 and we expect this platform to continue to grow in the coming year.

THE WHY

Nothing we do creates more immediate value than when we bring together members of the private equity ecosystem to share experiences and build meaningful relationships.



THE WHAT

Empowering a Global Industry

The past year was one of meaningful expansion for ILPA's educational offerings. The ILPA Institute remains the cornerstone of our platform; our courses in 2018 were well attended with close to 700 professionals participating during the year. We held 14 courses in Chicago, San Francisco and London which included our *Level I: Introduction to Private Equity* with the University Chicago Booth School of Business as well as our *Level II Modules on Legal Documents, Portfolio Construction, LP Diligence, PE Managers* and *GP Value Creation*. In addition to our existing Specialist Series on *Secondary Fund Modeling*, ILPA also developed with Aksia a course dedicated to *Private Credit* investing which we will be rolling out globally in early 2019.

In 2018, ILPA broke new educational ground with the addition of our Local and Onsite editions of the ILPA Institute. Designed by ILPA and taught by seasoned practitioners, these programs deliver a comprehensive overview of PE investing to regional locations and organizations around the world. The 8-module, 2-day program allows limited partners who are not able to travel to our traditional Institute to learn alongside peers and colleagues in their region or exclusively at their own facilities. Local and Onsite editions were held in the second half of 2018 in Austin, Texas and Manila, Philippines respectively with plans for a robust schedule of programs in 2019.

Our webcast program continued apace in 2018 with 12 unique webinars held virtually over the course of the year. More than 1200 ILPA members registered for these webcasts during the year, with topics ranging from GP Economics to Fund Term Sensitivities to LP Professional Development Strategies. We also added a new High Impact Tools (HIT) series to our roster where we bring together leading service providers and members to explore best practices in addressing common operating challenges that limited partners face.

THE WHY

In a dynamic and evolving market, broad access to high quality, learning and development educational opportunities designed specifically for limited partners allows for strong foundations from which organizations can effectively improve their performance.



LPs
FUEL THE
FUTURE

THE WHAT

Advocating for LPs

ILPA continued to build our advocacy program in 2018, embarking on important efforts that raise the LP voice in areas that impact investors globally. During the year, the engagement of close to 250 ILPA member organizations truly made a difference in our effectiveness with policy makers and regulators around the world.

Fiduciary Duty: ILPA spent meaningful time in 2018 engaging with the US Securities & Exchange Commission (SEC) on the growing practice of advisers contracting away fiduciary duties to their investors in private equity limited partnership agreements. Through detailed comment letters and a series of meetings with SEC leadership and staff, including Chairman Jay Clayton, ILPA and our members encouraged SEC action to prohibit such waivers of fiduciary duties going forward.

US Regulatory and Legislative

Engagement: In the United States, ILPA worked throughout the year to discourage efforts to roll back SEC registration requirements for GPs. Specifically, we successfully opposed a proposal to extend the exemption from SEC registration for VC funds to encompass growth equity funds as well. We also held our inaugural Policy Forum in Washington, DC which brought together ILPA members who share an interest in advocacy for a day of interactive policy discussions and Congressional visits.

Promoting Standards and Anticipating

Brexit in the UK and EU: In the United Kingdom, ILPA successfully advocated with the Financial Conduct Authority (FCA) for the

ILPA Reporting Template to be the preferred and accepted alternative to an FCA-mandated template for private equity cost reporting. This effort was part of a larger initiative to establish standardized disclosures across all asset classes. Additionally, we worked to remain abreast of developments associated with Brexit—both how the ultimate outcome may impact the private equity markets, as well as how ILPA can be most supportive of limited partners in a changed regulatory environment.

Active Commitment to a Vibrant PE

Industry: A healthy global private equity industry is contingent upon an honest and open dialogue among all players across the marketplace. In 2018, ILPA held in-person events with general and limited partners to promote this dialogue and advocate for LPs' interests. Our annual GP/LP roundtables, which bring together the senior-most thought leaders from the private equity community to identify and address issues impacting the industry, were held in New York and London, helping to shape industry views on topics such as diversity, evolving PE models and ownership transitions. Each year the valuable insights from these gatherings help steer ILPA best practices and responses to emerging industry issues.

THE WHY

Sound policies and regulations that ensure adequate transparency for investors and a level playing field for all stakeholders should be enacted and preserved to foster a healthy and vibrant private equity ecosystem.



THE WHAT

Setting Standards and Best Practices

Diversity & Inclusion: In 2018, ILPA undertook a number of initiatives to support a more diverse and inclusive private equity industry. We took great care to expand our standard Due Diligence Questionnaire (DDQ) to include a template to measure the gender and ethnic composition of employees by role at fund managers along with a new section of questions regarding HR policies and procedures at PE firms themselves. ILPA also published a guide for the PE industry to create a Code of Conduct for Harassment, Discrimination and Workplace Violence at LPs, GP, and portfolio companies. We intend to continue to encourage all industry stakeholders to embrace diversity and inclusion in support of meaningful progress in the years ahead.

Portfolio Metrics Template: In order to reduce the use of bespoke templates to report portfolio company data, ILPA collaborated with a working group of LPs, GPs, consultants and service providers to develop a standard template to report this information. The draft template was shared publicly in the third quarter, comments were submitted and considered with the final template due out in 2019. This PortCo template, which is designed for buyout and growth funds, will allow LPs to better measure risk, exposure and value creation across a fund's portfolio.

Model Documents: In late 2018, ILPA neared completion on an initial draft of the Model Limited Partnership Agreement (LPA), the very first publicly available resource of its kind. Developed by a small and dedicated group of external and internal LP counsel, the Model LPA will guide first-time fund managers seeking capital and will also be a useful tool to inform investors' dialogue with more established managers where common language can be sourced and negotiated. The Model LPA will also be used as a resource for our ILPA Institute courses.

Reporting Template for Fees, Expenses and Carried Interest: Since the launch in 2016, more than 175 LPs, GPs and service providers have endorsed ILPA's Template for reporting fees, expenses and carried interest. Each quarter, a steady wave of new endorsements are received, and we estimate that over 300 general partners have adopted the template at the request of their investors. ILPA continues to assert that broad use of standard reporting formats will enable enhanced comparative analysis by LPs of their fund manager relationships.

THE WHY

Tremendous efficiencies are realized when an industry comes together to embrace standardization and best practices in support of effective transparency, robust governance and strongly aligned interests.



THE WHAT

Optimizing Resources

Just as limited partners serve as trusted financial stewards for millions of beneficiaries around the globe, so too does ILPA on behalf of our members. In 2018, ILPA continued to enjoy revenue growth which was driven by expanding membership and educational programs, increased participation at our major events, and deeper relationships with third party service providers. For the year, revenues were \$8.1 million, a 10% increase over 2017.

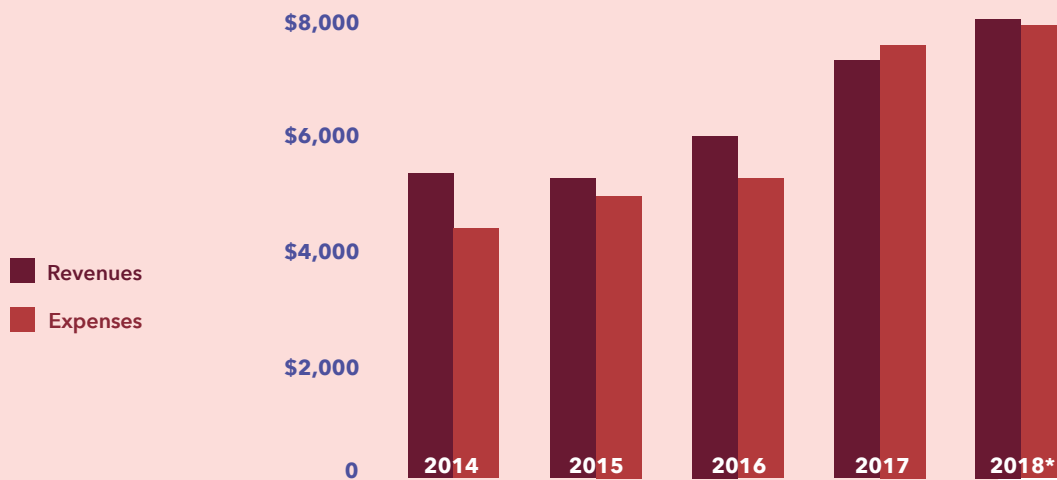
ILPA continued to manage costs in a prudent manner. Total expenses for the year were \$7.9 million, a 4% increase from 2017. The increase in expenses was driven by investment into our growing educational platform, our CEO transition, integration of our CRM platform with the full set of ILPA systems, including the ILPA website, and the launch of our ILPA Connect platform.

These revenue and expense factors resulted in achieving a breakeven year. Looking forward to 2019, ILPA will continue to invest in the growth of our organization and engagement of our members. We anticipate a continuing expansion of our membership, programs and relationships, all with the goal of serving global limited partners in a meaningful way.

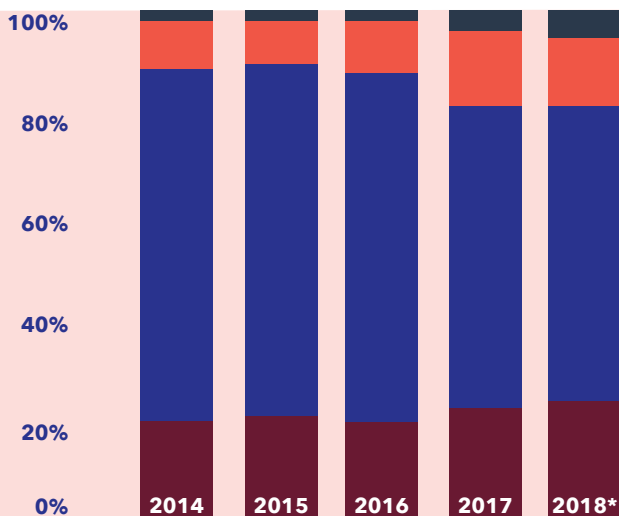
THE WHY

Our ability to deliver outstanding value rests on operating in a fiscally responsible manner, directing limited resources to areas that will have the greatest impact.

2014 - 2018
ILPA Revenues and Expenses

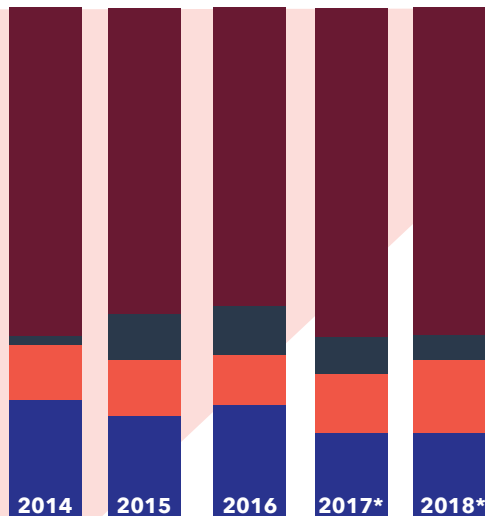


2014 - 2018
ILPA Revenue Composition



Member Dues
Events and Conferences
Education
Other

2014 - 2018
ILPA Expense Composition



Events and Conferences
Education
Industry Affairs and Research
Operating Expenses**

* Unaudited

** Operating expenses includes staff compensation, benefits, IT, office and administrative and travel.



INSTITUTIONAL LIMITED PARTNERS ASSOCIATION

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