



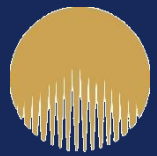
Joint Retirement Plan Committee

Howard County Retirement Plan

October 25, 2018

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Summit Strategies Group

Private Equity Update

Howard County Retirement Plans

October 25, 2018

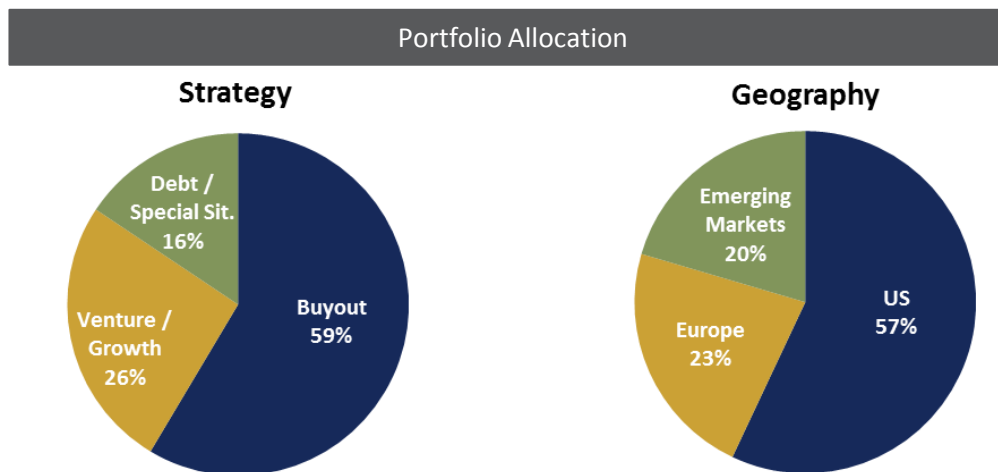
Private Equity Portfolio Update

■ Performance

- Howard County committed \$167.5 million to private equity fund of funds from 2007-2018.
- Paid-in capital is equal to \$117.6 million or 70% of total commitments (as of 3/31/2018).
- Total Value is equal to \$112.6 million or 1.43x capital drawn, including distributions of \$55.4 million (47% of paid-in capital).
 - Equates to a 14.4% net IRR since inception.

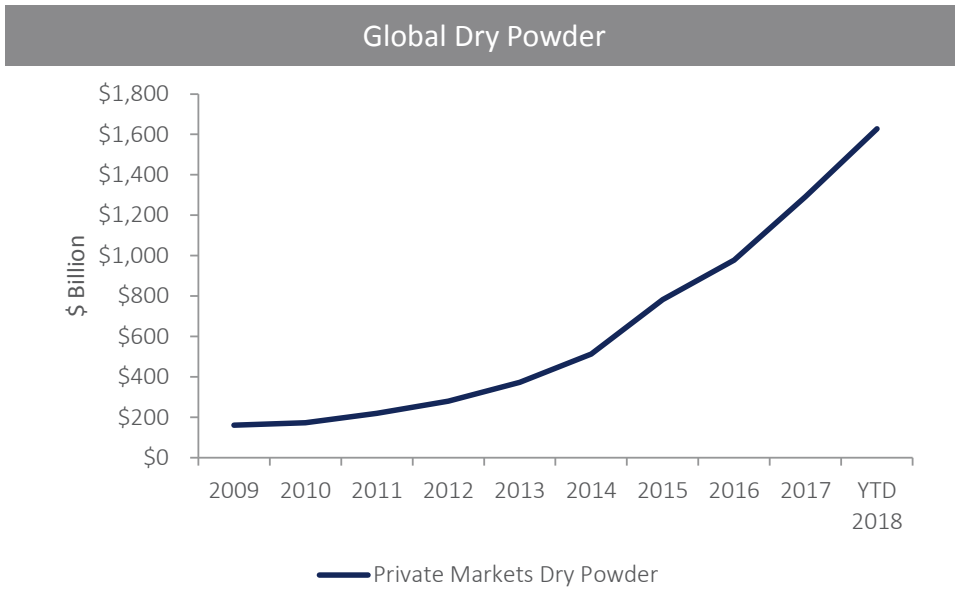
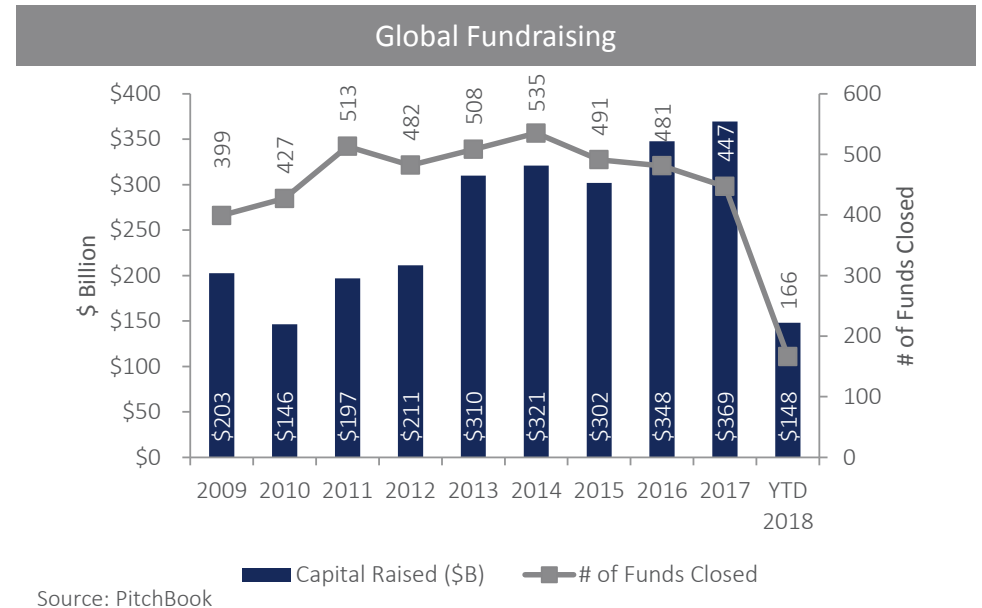
■ Allocation

- The portfolio is well-diversified by both strategy and geography, though the exposure to Debt/Special Situations is below Summit's typical recommendation of 25% and the exposure to Buyout is above Summit's typical recommendation of 50%.
- This is a result of the opportunity set since the beginning of the program.
- These allocation recommendations are simply guidelines, and Summit is comfortable with the existing exposure; however, moving forward, the underlying allocations should be watched to help ensure the portfolio remains well-balanced.

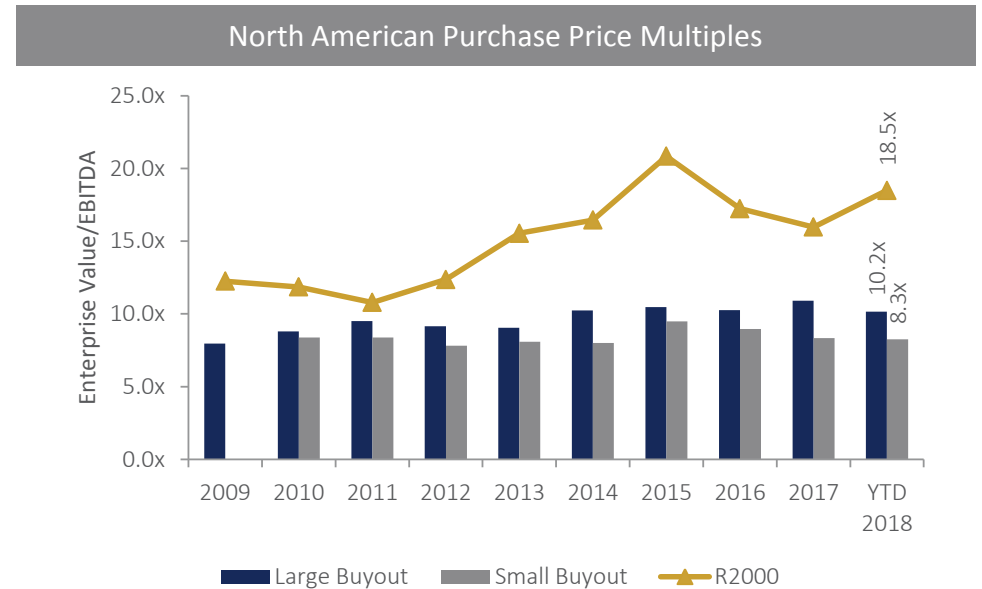


Market Observations

- Global private equity fundraising set a record high in 2017.
- This led to a further increase in dry powder, which remains at historical highs across all geographies.
- Despite being lower than at year-end 2017, pricing and debt levels remain near historic highs for both large- and mid-market transactions.



Source: PitchBook



Private Equity Summary

March 31, 2018

Partnerships	Vintage Year	Investment Strategy	Capital Commitment (\$)	Drawn Down (\$,1)	Distributed (\$,1)	Market Value (\$,1,2)	IRR (%) (3)	TVPI Multiple (3)	Valuation Date
Private Equity									
Siguler Guff Distressed Opps III	2007	Distressed Debt (FOF)	10,000,000	10,220,383	14,029,239	1,854,157	10.49	1.55	03/31/2018
Greenspring IV	2008	Venture Capital (FOF)	4,000,000	3,796,255	4,032,032	4,687,585	18.39	2.30	03/31/2018
Pantheon Global Secondaries IV	2010	Secondaries (FOF)	3,000,000	2,186,420	2,648,421	625,451	13.93	1.50	03/31/2018
LGT Crown Asia-Pacific II	2011	International Private Equity (FOF)	14,000,000	11,425,006	4,060,000	13,839,551	12.88	1.57	03/31/2018
Greenspring V	2011	Venture Capital (FOF)	7,000,000	6,143,846	5,211,500	7,275,650	20.15	2.03	03/31/2018
Adveq Europe V	2012	Buyout - Small (FOF)	10,000,000	7,313,337	2,129,112	7,093,825	9.01	1.26	03/31/2018
LGT Crown Global Secondaries III	2012	Secondaries (FOF)	10,000,000	6,284,447	3,260,000	5,689,384	15.08	1.42	03/31/2018
Flag Private Equity V	2013	Diversified (FOF)	15,000,000	13,214,188	5,786,926	12,369,927	15.69	1.37	03/31/2018
HarbourVest Partners 2013 Direct	2013	Diversified (COI)	15,000,000	15,748,646	8,051,401	15,819,568	19.09	1.52	03/31/2018
Greenspring VI	2014	Venture Capital (FOF)	7,500,000	5,851,152	1,473,750	7,012,589	15.81	1.45	03/31/2018
Greenspring Secondaries Fund I	2014	Secondaries	2,500,000	2,399,097	636,664	2,972,922	18.74	1.51	03/31/2018
Adveq Europe VI	2015	Buyout - Small (FOF)	7,500,000	2,857,944	431,732	2,904,424	13.53	1.17	03/31/2018
Flag Private Equity VI	2014	Buyout - Small (FOF)	15,000,000	9,075,000	1,686,086	9,389,800	17.46	1.22	03/31/2018
57 Stars	2015	Diversified (FOF)	7,000,000	3,542,837	407,889	3,441,451	6.83	1.09	03/31/2018
NB Crossroads XXI	2015	Diversified (FOF)	15,000,000	7,125,000	750,000	6,865,588	6.38	1.07	03/31/2018
LGT Crown Asia-Pacific III	2014	International Private Equity (FOF)	5,000,000	2,643,161	-	3,429,161	19.09	1.30	03/31/2018
HarbourVest IV	2016	Buyout - Mid (COI)	10,000,000	6,630,747	875,000	6,291,924	11.81	1.08	03/31/2018
Aberdeen US Private Equity VII	2017	Buyout - Small (FOF)	5,000,000	700,223	-	700,223	0.00	1.00	03/31/2018
Greenspring VIII B	2017	Venture Capital (FOF)	5,000,000	400,000	-	375,755	-10.88	0.94	03/31/2018
Total Private Equity			167,500,000	117,557,689	55,469,752	112,638,935	14.43	1.43	03/31/2018

Private Equity Fund of Funds Pipeline Manager Selection



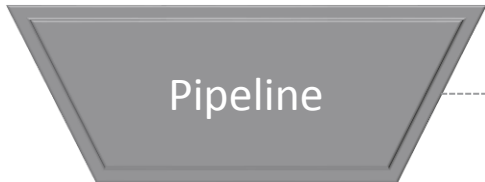
Screening

- Over 500 private equity fund of funds managers tracked by PitchBook database.
- ~300 private equity fund of funds in the market seeking to raise more than \$29 billion.*



Analysis

- Prior track record of strong performance.
- \$250 million of private equity assets under management (AUM) and individual fund offering of \$100 million or greater.
- Minimum of 5 years experience in private equity with seasoned investment team.
- Provides diversified exposure by partnership, sector, and vintage year.



Pipeline

- Summit 2018 Pipeline Managers:
 - Schroders Adveq Europe
 - Neuberger Berman Special Situations
 - Greenspring

Key Manager Evaluation Metrics	Schroders Adveq Europe	Neuberger Berman	Greenspring
Team	↑	↑	↑
Strategy	↑	↑	→
Track Record	→	→	↑
Terms	→	→	→

Excellent	↑
Good	→
Poor	↓

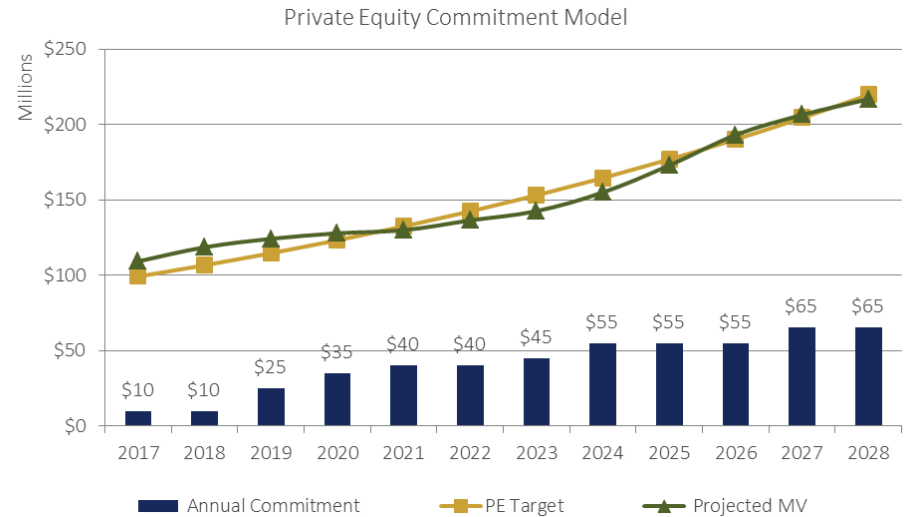
*Source: PitchBook

Private Equity—Recap and Look Ahead

- In 2017, Howard County approved the following commitments, totaling \$10.0 million.
 - Aberdeen US Private Equity VII—\$5.0 million.
 - Greenspring VIII—\$5.0 million.
- For 2018, there is a proposed a \$10 million commitment budget.
 - Recommendation of two \$5 million commitments – both managers are existing relationships for Howard County.
 - \$5 million to Schroders Adveq Europe VII/ Europe Direct II, a European buyout fund of fund focused on the lower middle market. \$4 million would be allocated to the Europe VII fund and \$1 million would be allocated to Direct II.
 - \$5 million to Neuberger Berman Crossroads XXII Special Situations, a global fund of fund that will commit to opportunistic strategies including turnarounds, distressed debt, and deep value buyouts.
- Looking ahead to 2019, the anticipated commitment budget is \$25 million commitment budget.
 - Due to the current over-allocation versus target, the recommended annual pacing had been reduced the last couple of years. This, combined with natural realizations from existing funds, has helped reduce the actual allocation back down toward target. As a result, the portfolio is now in a position where it is appropriate to begin increasing the annual commitment pacing.
 - Based on a \$25 million budget in 2019, the expectation for 2019 would be three commitments at \$8 million each.
 - As the first commitment from the 2019 budget, the recommendation is for an \$8 million commitment to Greenspring Global Partners IX.
 - Greenspring, an existing venture capital fund of funds manager for Howard County, is raising their flagship fund and they are projected to have a single closing in December 2018. Given the timing of the closing, it is appropriate to commit now using a portion of the 2019 budget.

Private Equity Commitment Model

- The Commitment Model attempts to predict how much capital will actually be in private equity funds at a given point in time. The model:
 - Estimates the commitments needed to reach and maintain the allocation target.
 - Diversifies the portfolio by staggering commitments to reduce vintage year risk.
- The Commitment Schedule is monitored and adjusted over time by Summit Strategies.
- The Commitment Model for Howard County is based on the following assumptions:
 - \$991.4 million of total plan assets as of December 31, 2017.
 - Annual portfolio growth rate of 7.5%.
 - 10.0% target private equity allocation.
- Based on the Commitment Model, a \$10 million private equity commitment budget is recommended for 2018.



Year	Annual Commitments	Cumulative Commitments	Projected Market Value	Private Equity Target (10% of Total Assets)
2017	\$10.0	\$167.5	\$109.2	\$99.1
2018	\$10.0	\$177.5	\$118.5	\$106.6
2019	\$25.0	\$202.5	\$124.2	\$114.6
2020	\$35.0	\$237.5	\$127.8	\$123.2
2021	\$40.0	\$277.5	\$129.9	\$132.4
2022	\$40.0	\$317.5	\$136.4	\$142.3
2023	\$45.0	\$362.5	\$142.5	\$153.0
2024	\$55.0	\$417.5	\$154.9	\$164.5
2025	\$55.0	\$472.5	\$172.9	\$176.8
2026	\$55.0	\$527.5	\$193.1	\$190.1
2027	\$65.0	\$592.5	\$206.3	\$204.3
2028	\$65.0	\$657.5	\$216.8	\$219.7

Potential Manager Ideas

■ Schroders Adveq Europe VII/ Europe Direct II

- Pros: Continued commitment to focusing on the lower middle market is attractive; European exposure helps to diversify current portfolio; Fund will commit to a mixture of industry specialists, turnaround, and transformational managers that can add value throughout the market cycle; An additional allocation to the Direct fund could help augment the portfolio by lowering overall fees and by driving higher net returns.
- Cons: The fund will be exposed to foreign exchange risk as most investments are denominated in euros and pounds; With ~30% projected allocation to the UK, the fund will also be exposed to risks associated with the uncertainty surrounding Britain's departure from the European Union early next year; In 2017, the Adveq team was acquired by Schroders, which has led to a change in leadership of the Adveq division.

■ Neuberger Berman Crossroads XXII – Special Situations

- Pros: A flexible mandate allows the team to tactically balance the portfolio between credit and equity-oriented strategies based on market cycle; Large, experienced team and access to resources of the broad NB platform; The fund will have a 35% allocation to secondaries and co-investments to mitigate J-curve; Concentrated portfolio of 8-12 fund investments will allow best ideas to impact the overall portfolio.
- Cons: Differential carry for primaries (5%) and secondaries/co-investments (10%) could produce a conflict of interest between the manager and its LPs; Although NB has consistently outperformed peers on a multiple basis, this has not been the case on an IRR basis, implying it takes longer to realize the return.

■ Greenspring Global Partners IX

- Pros: Existing manager relationship; Fund will utilize co-investments and secondaries to lower overall fees and enhance returns; Strong, consistent track record particularly within the co-investment allocation.
- Cons: Fees are higher than certain peers, and there is differential carry for primaries versus co-investments/secondaries; Greenspring has continued to raise its AUM and expand its product base, which can sometimes lead to conflicts of interest; Fund IX, specifically, will be a meaningful increase versus the prior flagship fund—there is always risk when managers raise their fund size that future returns could decline.

Schroders Adveq Europe VII

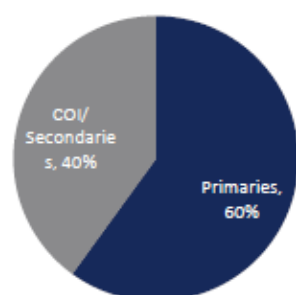
Overview

- Schroders Adveq is the private equity subsidiary of Schroders, who acquired Adveq in July 2017. The firm has a global presence, operating out of seven offices around the world.
- The Europe team is made up of thirteen investment professionals, led by Tim Creed. Tim is joined by Rainer Ender, Nils Rode, and Lee Gardella on the investment committee. Beyond the Europe team, Schroders Adveq employs 100 professionals who manage and service the private equity funds globally.
- Europe VII will mirror the strategy of the preceding fund, which focused on fund managers pursuing one of three strategies: 1) value-oriented transformation, 2) industry specialist buyout, and 3) complex turnarounds. Targeted funds will be less than EUR 2 billion in size.
- Europe VII will target a 60% allocation to primary investments and a 40% allocation to transactional investments, namely secondaries and co-investments.

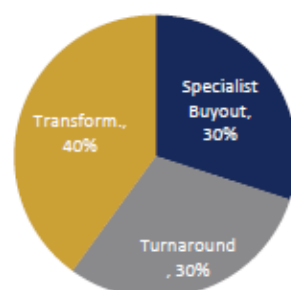
Expected Portfolio Characteristics

Asset Class	Private Equity	Target Size Min	EUR 100 million
Primary Strategy	Buyout FOF	Target Size Max	EUR 2,000 million
Positions	15-20		

Fund Exposure



Strategy Exposure



Schroders Adveq

Firm

Founded	1997
Primary Office	Zurich, Switzerland
Ownership	Owned by Schroders
Assets Managed	\$8.0 billion
Strategies Covered	Fund-of-funds
Employees	100

Investment Team

Total Professionals	13
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Key Personnel

	Title	Joined Firm
Tim Creed	Head of Invest. Europe	2004
Rainer Ender	Head of Invest. Mgmt.	2001
Nils Rode	Chief Invest. Officer	2005
Lee Gardella	Head of Risk Mgmt.	2007

Fees & Key Terms

Annual Mgmt Fee	62 bps average annual fee over life of the fund
Carried Interest	8%
Preferred Return	8%
Investment Period	3 Years
Fund Term	12 Years, with 3 One-Year extensions
GP Commitment	1%

Investment Information

Target Size	EUR 600 million
Commitments	EUR 300 million
Minimum	EUR 10 million, or manager discretion
Final Close Date	December 6th, 2018

Schroders Adveq Europe VII

Schroders Adveq

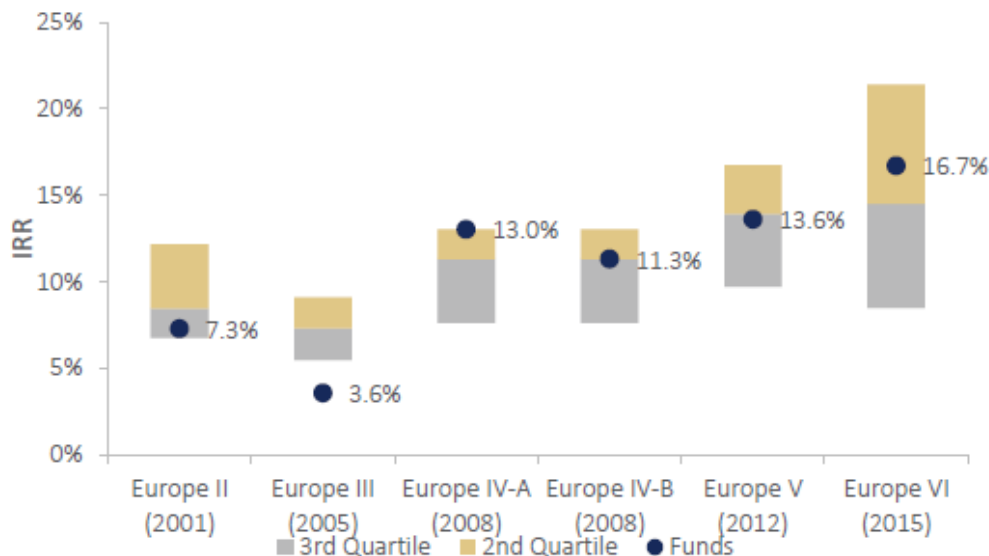
Observations

- Performance for prior funds in the series has been mixed. As of 6/30/18, Europe IV-A, Europe IV-B, and Europe VI have outperformed the median fund-of-fund in terms of TVPI and IRR.
- Europe V is only marginally trailing the median and still possesses significant unrealized value, giving it the opportunity to outperform the median fund in the future.
- Worth mentioning is the shift of strategy for Europe V and VI. Europe V was the first fund in the series to invest exclusively in small buyout funds. Prior funds invested in large buyout and venture funds as well. Europe VII will follow the strategy implemented in Europe V and VI.

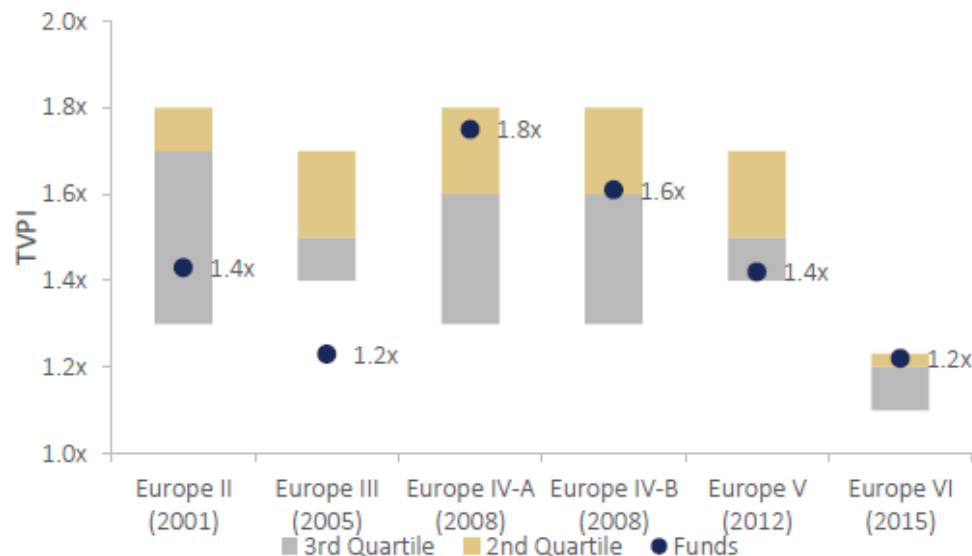
Track Record (EUR Millions)

Fund	Vintage Year	Fund Size	Invested Capital	Realized Value	Unrealized Value	Net IRR	Net TVPI
Europe II	2001	249.3	246.8	350.7	1.6	7.3%	1.4x
Europe III	2005	350.4	336.4	324.1	89.3	3.6%	1.2x
Europe IV-A	2008	155.6	143.1	142.6	107.8	13.0%	1.8x
Europe IV-B	2008	218.2	213.8	185.1	158.7	11.3%	1.6x
Europe V	2012	315.9	260.6	94.9	274.6	13.6%	1.4x
Europe VI	2015	462.3	198.8	26.1	215.8	16.7%	1.2x
Europe I*	1998	94.5	94.5	110.7	0.0	3.4%	1.2x

IRR Vintage Analysis



TVPI Vintage Analysis



Performance data as of 6/30/18. Vintage comparison uses Pitchbook Fund of Funds data as of 6/30/18.

*Europe I, a 1998 vintage fund, was omitted from vintage analysis due to a lack of sufficient peer data in the Pitchbook dataset.

Schroders Adveq Europe Direct II

Overview

- Schroders Adveq is the private equity subsidiary of Schroders, who acquired Adveq in July 2017. The firm has a global presence, operating out of seven offices around the world.
- The Europe team is made up of thirteen investment professionals, led by Tim Creed. Tim is joined by Rainer Ender, Nils Rode, and Lee Gardella on the investment committee. Beyond the Europe team, Schroders Adveq employs 100 professionals who manage and service the private equity funds globally.
- Europe Direct II will invest exclusively in co-investments alongside European specialist GPs, creating a more concentrated portfolio of small buyout deals.
- The team will look to leverage their relationships with GPs to source capacity-constrained opportunities on a no fee or carry basis.
- The fund will have a focus on "Core Europe", which includes primarily countries located in the Nordics and Western Europe.

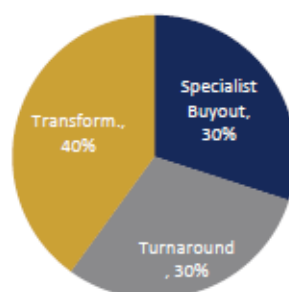
Expected Portfolio Characteristics

Asset Class	Private Equity	Target Size EV Min	EUR 50 million
Primary Strategy	Co-Investment Fund	Target Size EV Max	EUR 500 million
Positions	~20 companies		

Fund Exposure



Strategy Exposure



Schroders Adveq

Firm

Founded	1997
Primary Office	Zurich, Switzerland
Ownership	Owned by Schroders
Assets Managed	\$8.0 billion
Strategies Covered	Fund-of-funds
Employees	100

Investment Team

Total Professionals	13
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Key Personnel

	Title	Joined Firm
Tim Creed	Head of Invest. Europe	2004
Rainer Ender	Head of Invest. Mgmt.	2001
Nils Rode	Chief Invest. Officer	2005
Lee Gardella	Head of Risk Mgmt.	2007

Fees & Key Terms

Annual Mgmt Fee	1.5% on committed for 5 years, then 1.5% on the lower of NAV or committed
Carried Interest	10%
Preferred Return	8%
Investment Period	3 Years
Fund Term	10 Years, with 3 One-Year extensions
GP Commitment	1%

Investment Information

Target Size	EUR 300 million
Commitments	-
Minimum	Manager Discretion
Expected Close Date	Early close discount thru Nov 2018; final close June 2019

Schroders Adveq Europe Direct II

Schroders Adveq

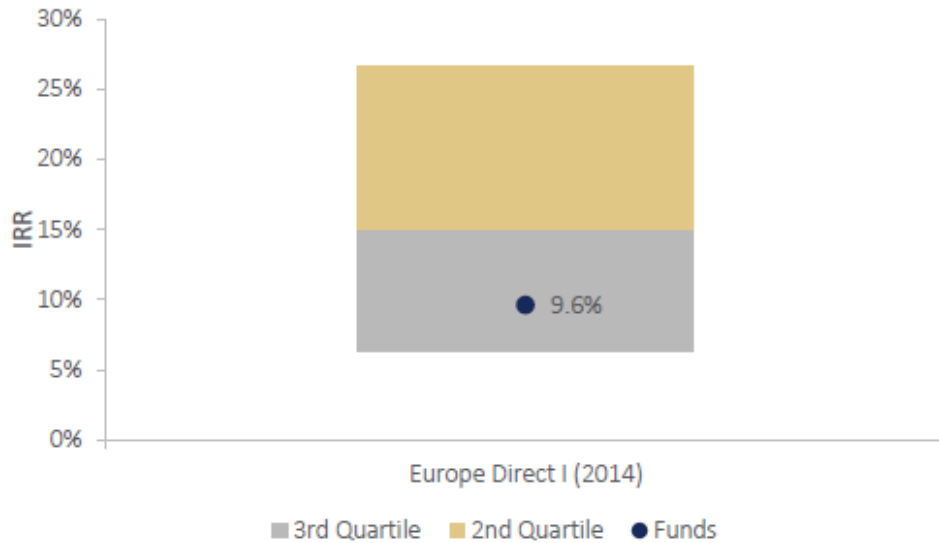
Observations

- Schroder Adveq has only one prior European direct-only fund and has completed ~35 co-investments to-date.
- Their first fund, Europe Direct I, is currently lagging the median buyout fund on an IRR and TVPI basis.
- Approximately half of Fund I was invested after 2015 and the majority of the fund's investments are still marked at cost.
- Fund I is still relatively young and performance will likely change.

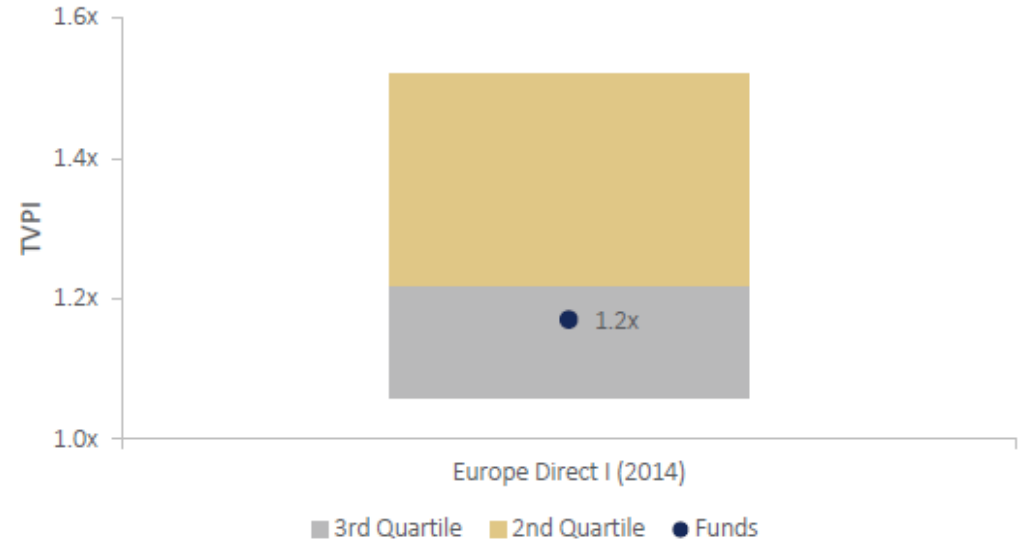
Track Record (EUR Millions)

Fund	Vintage Year	Fund Size	Invested Capital	Realized Value	Unrealized Value	Net IRR	Net TVPI
Europe Direct I	2014	101.7	91.5	7.8	99.0	9.6%	1.2x

IRR Vintage Analysis



TVPI Vintage Analysis



Performance data as of 6/30/18. Vintage comparison uses Pitchbook Buyouts data as of 6/30/18.

NB Crossroads XXII - Special Situations

Overview

Fund Manager: Neuberger Berman's private equity team is part of the larger NB organization that spun out of Lehman Brothers in 2008/2009. The PE platform encompasses both fund investments and direct investments, and covers multiple underlying strategies such as buyout, venture capital and credit.

Team: The investment team dedicated to private equity includes over 100 professionals located in New York, Dallas, Boston, London, Milan, Hong Kong and Bogota. The Special Situations fund is led by Jonathan Shofet.

Strategy: This fund is one investment option within the broader Crossroads program. The Special Situations fund will invest globally in distressed, turnaround and other opportunistic strategies that take advantage of market dislocations and operational issues at underlying companies. Primary strategies being pursued will be value buyout and turnaround, which have a distressed orientation but attractive upside return potential.

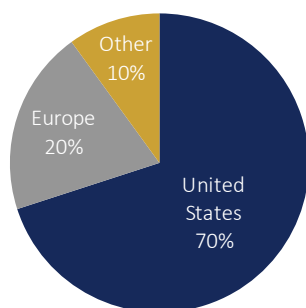
Investment Thesis: The fund will run a concentrated portfolio of high conviction ideas to drive overall returns. The fund will also allocate up to 35% of its capital to secondaries and co-investments, which should help mitigate the J-Curve and reduce the overall fee burden. The fund is already seeded with 6 primaries, 4 co-investments and 1 secondary, helping reduce blind pool risk.

Key Risks: Concentration can increase risk. The inclusion of co-investments and secondaries, while additive from fee and return perspective, could produce a conflict of interest because the manager charges a differential profit share for these types of deals. Further, while NB has generated mixed results in terms of performance. While they have made appropriate changes over time to help address this, it is still a consideration.

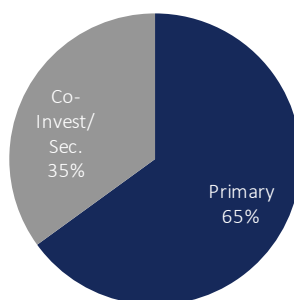
Expected Portfolio Characteristics

Asset Class:	Private Equity	Target Fund Size Min	Varies
Primary Strategy:	Special Situations	Target Fund Size Max	Varies
Positions:	7-10 primaries		

Geographic Focus



Investment Styles



Neuberger Berman

Firm

Founded	1939
Primary Office	Simsbury, CT
Ownership	100% employee owned
Assets Managed	>\$55 billion (private equity platform)
Strategies Covered	Primaries, Co-investments, Secondaries
Employees	~1,900

Investment Team

Total Professionals	>100 private equity investment professionals
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Key Personnel	Title	Joined Firm
Jonathon Shofet	Managing Director	2005
John Buser	Managing Director	1999
Joana Rocha Scaff	Managing Director	2008
Brien Smith	Managing Director & COO	2001
David Stonberg	Managing Director	2002
Anthony Tutrone	Managing Director	2001

Fees & Key Terms

Annual Mgmt Fee	0.26%-0.59% avg. annual fee depending on size
Carried Interest	5% on funds, 10% on secondaries & Co-invests
Preferred Return	8%
Investment Period	4 years from 1st close
Fund Term	10 years from 1st close
Extensions	Up to 2 one-year extensions
GP Commitment	1.00%

Investment Information

Target Size	\$650 million across all strategies, 10-25% to Special Situations
Commitments	\$84 million raised to date
Minimum	\$2 million, subject to GP discretion
Final Close	Expected to be Dec. 2018

NB Crossroads XXII - Special Situations

Neuberger Berman

Observations

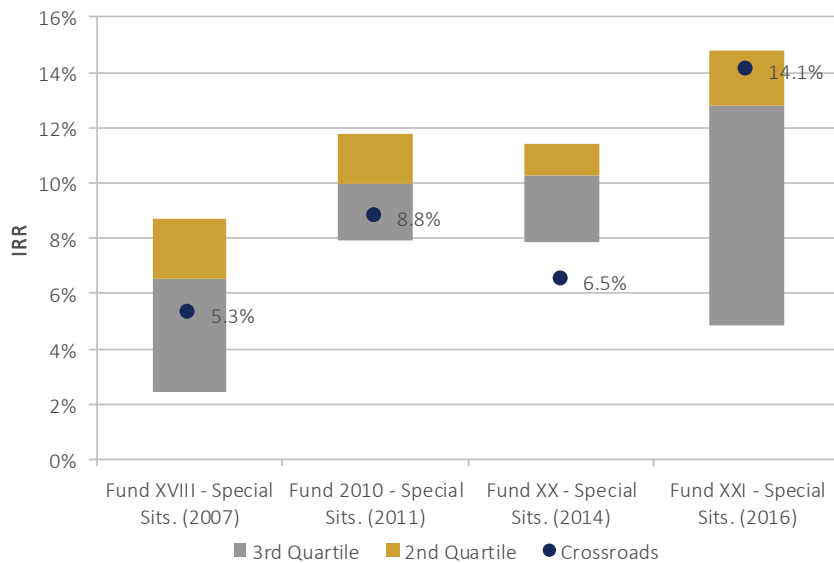
- NB Crossroads has shown mixed results versus peers. Performance here is being compared to direct credit funds, which is appropriate given the focus of the special situations strategy.
- Fund XVIII and Fund 2010 were heavily skewed toward distressed credit strategies which helped ensure some degree of downside protection, but has weighed on IRR as time has gone on due the fairly limited upside associated with these types of investments. Recycling at the underlying fund level helped increase each fund's multiple. Of note, these funds also had very limited exposure to co-investments, which can reduce overall fees and result in higher performance.
- Funds XX and XXI are both still relatively young, but are shaping up well. They both have increased allocations to co-investments, and are structurally weighted toward value buyout/turnaround strategies that have a distressed orientation but allow for better return potential. Because of their value orientation it can sometimes take these managers longer to create value, but over time this shift in portfolio construction is expected to generate attractive returns (both absolute and relative).

Track Record (\$ Millions)

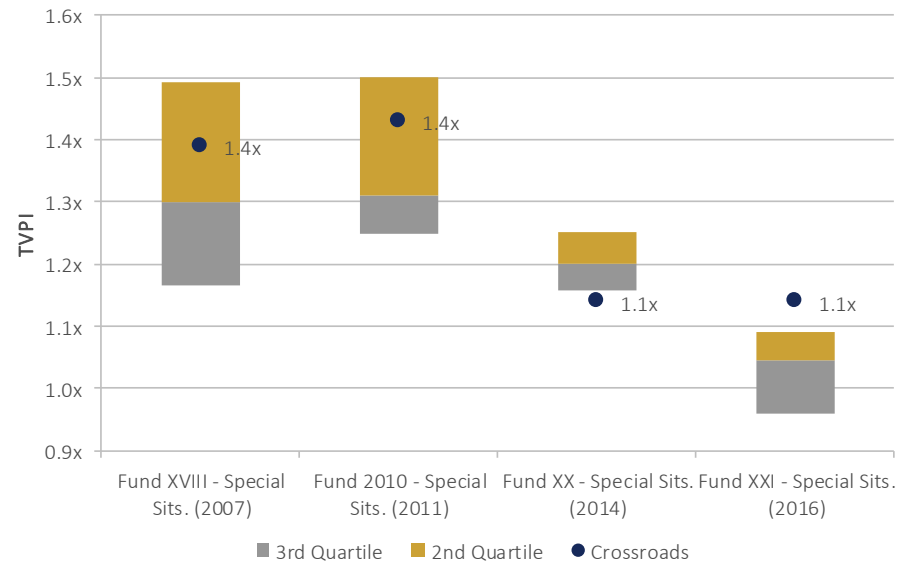
Fund	Vintage Year	Fund Size	Called Capital	Distributed Capital	Unrealized Value	Net IRR	Net TVPI
Fund XVIII - Special Sits.	2007	\$204	\$186	\$203	\$56	5.3%	1.39x
Fund 2010 - Special Sits.	2011	\$120	\$91	\$64	\$65	8.8%	1.43x
Fund XX - Special Sits.	2014	\$240	\$125	\$5	\$137	6.5%	1.14x
Fund XXI - Special Sits.	2016	\$150	\$64	\$0	\$72	14.1%	1.14x

*Performance as of 3/31/2018

IRR Vintage Analysis



TVPI Vintage Analysis



Vintage comparison uses PitchBook Global Private Debt data through 3/31/2018.

Global Partners IX

Greenspring Associates

Overview

Fund Manager: Greenspring was founded as Montagu Newhall in 2000 by Rupert Montagu and Ashton Newhall. The firm was renamed Greenspring in 2010 after the retirement of Rupert. The firm has offices in Maryland and California and is led by Ashton Newhall and Jim Lim who both serve as Managing General Partners. Their flagship strategy remains their venture fund of funds, but they have since raised dedicated funds for direct investments and secondary investments.

Team: Greenspring has a deep team that is very well connected within the venture capital ecosystem. They have continued to add to their depth of expertise, working to differentiate themselves as value-added partners to their managers.

Strategy: The fund will look to invest 70% of its capital in primary funds, with most of the remainder going to direct co-investments. Regarding the latter, Greenspring is currently raising an early stage direct co-investment fund that Fund IX will have some exposure to on a no fee/no carry basis. The fund will primarily target technology-related investments, with a much smaller focus on Healthcare (~10% expected allocation). A similar split will apply to US (90%) versus international (10%) investments.

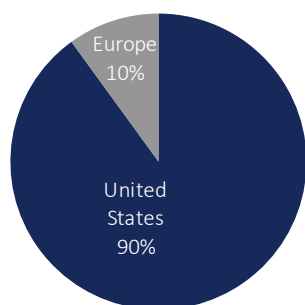
Investment Thesis: Greenspring has a well-established network, a deep experienced team and a consistent historical track record. All of these elements have made them one of the premier venture-focused fund of funds, with a proven ability to access attractive opportunities and balance risk and return.

Key Risks: Venture valuations have moderated somewhat over the last year, but are still high when viewed in a historical context. In addition, Greenspring continues to expand their product suite. While all of their products are venture-oriented and can therefore leverage the team's existing efforts, there is a risk that their focus on any one particular fund/product gets reduced.

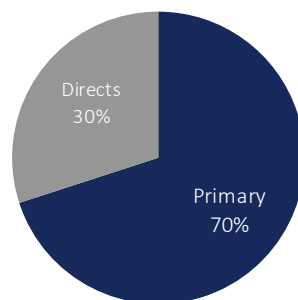
Expected Portfolio Characteristics

Asset Class:	Private Equity	Target Fund Size Min	Varies
Primary Strategy:	Venture Capital	Target Fund Size Max	Varies
Positions:	~25 primaries		

Geographic Focus



Investment Styles



Firm

Founded	2000
Primary Office	Owings Mills, MD
Ownership	Employee owned
Assets Managed	\$7.3 billion
Strategies Covered	Primaries, Co-investments, Secondaries
Employees	56

Investment Team

Total Professionals	25
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Key Personnel	Title	Joined Firm
Ashton Newhall	Managing General Partner	2000
Jim Lim	Managing General Partner	2004
John Avirett	General Partner	2005
Hunter Somerville	Partner	2011

Fees & Key Terms

Annual Mgmt Fee	0.75% avg. annual fee
Carried Interest	5% on funds; 20% on directs
Preferred Return	None
Investment Period	5 years from Effective Date
Fund Term	15 years from Effective Date
Extensions	Up to 3 one-year extensions at GP discretion
GP Commitment	1% of total commitments

Investment Information

Target Size	\$750 million
Commitments	N/A
Minimum	\$1 million subject to GP discretion
Final Close	First and final in December 2018

Global Partners IX

Observations

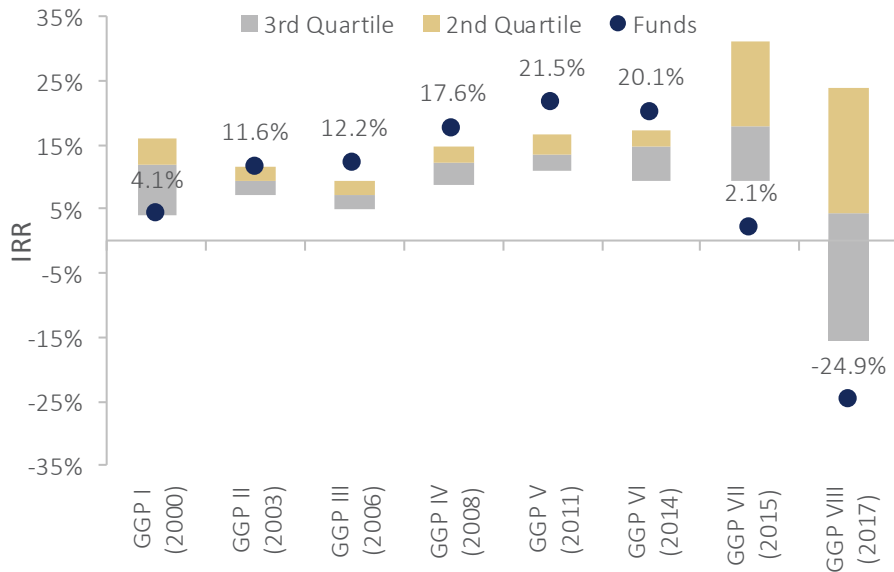
- Greenspring's prior Global Partners funds have performed remarkably well relative to other fund-of-funds and secondary funds of the same vintage year.
- With the exception of Global Partners I, VII, and VIII, all funds have generated top quartile performance in terms of net IRR and TVPI.
- While currently marked as bottom quartile in terms of both net IRR and TVPI, given the recency of their vintages, Global Partners VII and VIII's performance is immature and should not be meaningfully judged.

Greenspring Associates

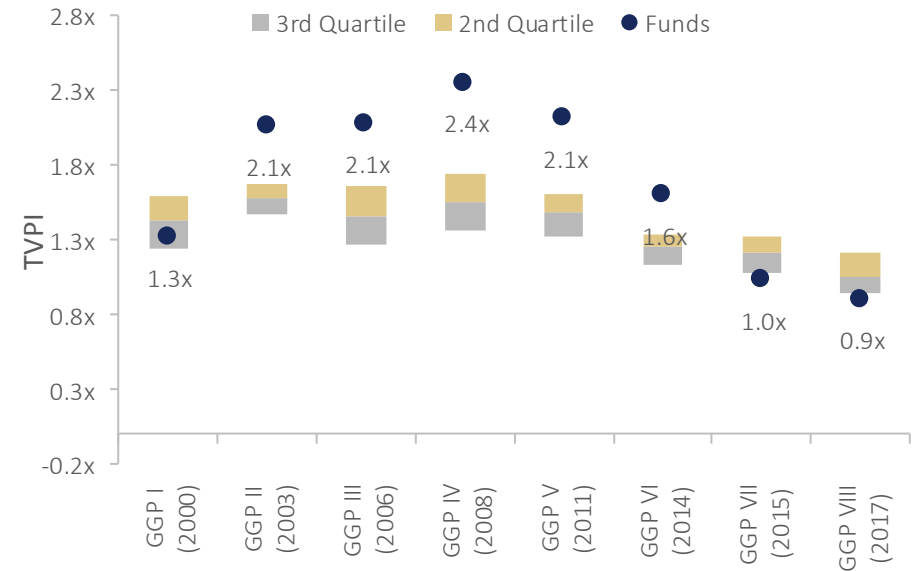
Track Record (\$ Millions)

Fund	Vintage Year	Fund Size	Invested Capital	Realized Value	Unrealized Value	Net IRR	Net TVPI
GGP I	2000	52	50	53	14	4.1%	1.3x
GGP II	2003	155	153	252	63	11.6%	2.1x
GGP III	2006	250	248	348	168	12.2%	2.1x
GGP IV	2008	469	437	468	559	17.6%	2.4x
GGP V	2011	356	285	241	360	21.5%	2.1x
GGP VI	2014	399	291	73	394	20.1%	1.6x
GGP VII	2015	430	256	0	262	2.1%	1.0x
GGP VIII	2017	595	43	0	38	-24.9%	0.9x

IRR Vintage Analysis



TVPI Vintage Analysis



Performance data as of 3/31/18. Vintage comparison uses most recently available Pitchbook Fund-of-Funds & Secondaries data.

Forward Pipeline

Manager	Fund	Strategy	Notes
Greenspring Associates	Greenspring Secondaries IV	A venture capital fund of funds manager that will target secondary transactions, primarily related to technology assets. The fund will pursue both LP fund interests and direct company interests, with an expected skew toward the latter.	Greenspring has a well-established network, a deep experienced team and a consistent historical track record. All of these elements have made them one of the premier venture-focused fund of funds managers, with a proven ability to access attractive opportunities and balance risk and return.
HarbourVest	Dover Street X	Secondary fund targeting a diversified portfolio of underlying interests, both in terms of strategy and geography. The fund will blend “complex” transactions such as fund restructurings, with “traditional” transactions such as purchases of single LP interests of portfolios of interests.	HarbourVest has a robust primary fund of funds platform that the secondary fund can leverage for deal flow and insight. The team has a good secondary track record, and the inclusion of more complex situations is attractive. However, the market that HarbourVest plays in has gotten very competitive, creating concerns around pricing and future returns.
LGT	LGT Crown Asia-Pacific Private Equity (CAPE) IV	An Asia-Pacific fund of funds focused on small and middle market growth buyout strategies in the emerging markets of Asia. The fund will be concentrated around 15-20 primary commitments, and will supplement with healthy weights to secondaries (20-25%) and co-investments (10-20%).	LGT’s focus on country-specific managers is attractive, and its local presence in Asia could provide an advantage over firms that try to operate out of the US or Europe. Further, LGT makes a big effort to mitigate the J-Curve, as evidenced by the fund’s high allocation to secondaries and co-investments.
Aberdeen	Aberdeen US Private Equity VIII	A fund of funds that will construct a concentrated portfolio of US-based small-and mid-sized private equity funds managed by experienced, operationally-oriented investors that typically target companies smaller than \$250 million in enterprise value. Aberdeen will also strategically invest in co-investments and/or secondaries (up to 30% combined) to mitigate the J-curve and enhance the portfolio’s return profile.	The concentrated portfolio results in only the “best ideas” making it into the portfolio, which we believe results in superior performance. The firm’s track record helps support this thesis, as all previous funds have beaten the Preqin median on an IRR basis, and only Fund IV has underperformed on a TVPI basis.

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**HOWARD COUNTY RETIREMENT PLAN AND
HOWARD COUNTY POLICE AND FIRE EMPLOYEES'
RETIREMENT PLAN
INVESTMENT POLICY STATEMENT**

OCTOBER~~FEBRUARY~~ 25~~26~~, 2018~~5~~

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I. INTRODUCTION

Howard County, Maryland, a body corporate and politic of the State of Maryland (the "County"), has established this Investment Policy Statement to clearly define the long-term investment objectives, risk tolerance and constraints of the Howard County Police and Fire Employees' Plan (the "Police and Fire Plan") and the Howard County Retirement Plan (the "Employees Plan"). The Police and Fire Plan and the Employees Plan are collectively referred to as the "Plans". This written policy statement shall assist the County in effectively supervising, managing, and monitoring the investments of the Plans.

The Police and Fire Plan is a single-employer defined benefit public employee retirement system established and administered by the County to provide defined pension benefits to uniformed career police and firefighters that do not participate in the Maryland State Retirement Systems. Pursuant to Council Bill 118-1989, effective March 13, 1990, the Police and Fire Plan, which is presently codified in Sections 1.401A through 1.478A of the Howard County Code, was adopted by the County. The Police and Fire Plan is administered by a Retirement Plan Committee (the "Police and Fire Committee") comprised of County representatives; the Chief Administrative Officer, the Director of Finance, the Budget Officer and the Human Resources Administrator; and union and fire and police management representatives.

The Employees Plan is a single-employer defined benefit public employee retirement system established and administered by the County to provide defined pension benefits for general County employees that do not participate in the Police and Fire Plan or the Maryland State Retirement Systems. Pursuant to Council Bill 21-1995, effective June 12, 1995, the Employees Plan, which is presently codified in Sections 1.401 through 1.485 of the Howard County Code,

was adopted by the County. The Employees Plan is administered by a Retirement Plan Committee (the "Employees Committee") comprised of County representatives; the Chief Administrative Officer, the Director of Finance, the Budget Officer and the Human Resources Administrator; and union and employee representatives. The Police and Fire Committee and the Employees Committee will be collectively referred to as the "Retirement Plan Committees".

The Plans are maintained by the County for eligible employees in accordance with the terms, conditions, and provisions of the Plans, as set forth in each Plan document. The Plans were established and are maintained to provide retirement income and other benefits for certain of its employees and their beneficiaries.

The Retirement Plan Committees shall establish and approve any and all modifications to this Investment Policy Statement. Specific investment goals stated herein shall be reviewed at least annually, and when appropriate, new goals and standards shall be adopted by the Retirement Plan Committees. The Retirement Plan Committees administer the Investment Policy Statement and provide oversight and supervision for the management of the Plans' assets. To assist the Retirement Plan Committees in this function, they are authorized and permitted to engage the services of an Investment Consultant who possesses the necessary specialized research facilities and skilled manpower to assure its expertise under the governing laws as may now, or in the future, apply to the investments of the Plans.

The Plans and the benefits provided thereunder are funded through a combination of investment earnings on the Plans' assets and contributions specified in each Plan document. On December 24, 1997 the County established the Howard County Master Trust, an arrangement under which the assets of the Plans are commingled and pooled under common investment management.

II. DELEGATION OF RESPONSIBILITIES

A. Retirement Plan Committees - The Retirement Plan Committees and staff have no role and shall not exert any influence in the actual investment process performed by the Investment Managers. Specific oversight responsibilities of the Retirement Plan Committees in the investment process, to be performed with the advice and assistance of appropriate consultants, professional advisors, and staff, include:

1. complying with applicable laws, regulations and rulings appropriate thereto;
2. developing a sound and consistent investment policy including asset allocation, diversification and quality guidelines;
3. communicating clearly the major duties and responsibilities of those accountable for achieving investment results and to whom specific responsibilities have been delegated;
4. selecting and maintaining qualified Investment Managers and Investment Consultants;
5. monitoring and evaluating results to ensure that policy guidelines are being adhered to and that policy objectives are being met;
6. taking action under appropriate circumstances to discharge an Investment Manager or Investment Consultant for failing to meet stated expectations or to abide by this Investment Policy Statement; and
7. undertaking such work and studies as may be necessary to keep the Retirement Plan Committees adequately informed as to the status of the Plans' assets.

B. Responsibilities of the Investment Consultant

1. Evaluate the performance results for each Investment Manager quarterly and in writing.
2. Advise the Retirement Plan Committees as to the continuing appropriateness of each Investment Manager.
3. Recommend to the Retirement Plan Committees modifications of the overall investment structure including objectives, guidelines or performance standards for each asset class.
4. Keep the Retirement Plan Committees informed on current investment trends and issues.
5. Advise the Retirement Plan Committees of significant organizational changes at the Investment Managers' firms including: significant changes in key personnel, principals and other individuals providing advice and investment services to the Retirement Plan Committees.
6. Advise the Retirement Plan Committees of significant organizational changes at the Investment Consultant's firm including: changes in key personnel, principals and other individuals providing advice to the Retirement Plan Committees.
7. Provide a written fiscal year analysis of the performance of the Police and Fire Plan and the Employees Plan.

C. Responsibilities of the Investment Managers

1. Manage the portion of the assets under their control in accordance with;
 - a. the objectives, guidelines and performance standards as stated herein,
 - b. the prudent expert standards required by law, and
 - c. their specific contracts with the County.

2. Exercise full investment discretion within the objectives and guidelines included herein as to buy, hold and sell decisions for all assets under management.
3. Promptly inform the Retirement Plan Committees regarding significant matters pertaining to the investment of the assets under their control. This includes, at a minimum, the following:
 - a. A quarterly, written analysis of portfolio performance.
 - b. Oral and written communication of substantive changes in investment strategy and portfolio structure.
 - c. Oral and written communication of changes in ownership, organizational structure, financial condition of the Investment Manager's firm and changes in professional staffing, which relate to the investment of the assets under their control.
 - d. A statement of brokerage policy and average cents per share commission experience.
 - e. A statement of proxy voting policy and voting records, if requested.
4. Provide input as appropriate regarding progress toward the specific objectives developed herein, as well as suggestions on possible modifications to the investment guidelines.
5. Vote proxies in accordance with the objectives and guidelines included herein and report their proxy voting to the Retirement Plan Committees. The Retirement Plan Committees reserve the right to direct the voting of proxies upon adequate notice.

D. Custodian – The custodian has been delegated the following responsibilities:

1. Perform, participate in and exercise such rights, privileges, duties and responsibilities possessed by any other owner or holder of bonds or other evidence of indebtedness and common and preferred stock, except

for the voting of proxies, which shall be delegated to investment managers;

2. Safekeep all assets including securities, cash and cash equivalents;
3. Receive instructions from Investment Managers to purchase and sell various securities and ensure that transactions are settled according to established settlement procedures;
4. Provide monthly transaction accounting on security holdings with reports provided to the Retirement Plan Committees in a timely manner;
5. Process all benefit distributions to retirees and beneficiaries in a timely manner;
6. Provide annual tax reporting to the Internal Revenue Service and to retirees and beneficiaries in a timely manner; and
7. Forward proxy materials to Investment Managers promptly after receiving them.

E. Legal Counsel - The Retirement Plan Committees' designated legal counsel will advise and represent the Retirement Plan Committees in all matters requiring legal insight and advice.

F. Plan Actuary - The Retirement Plan Committees' designated plan actuary shall have the following responsibilities:

1. Prepare, on a frequency determined by the Retirement Plan Committees, a comprehensive evaluation of the funded status and required contribution levels for the Police and Fire Plan and the Employees Plan and attest to the appropriateness of the assumptions and funding policy for both the Police and Fire Plan and the Employees Plan; and

2. Conduct special experience and actuarial studies as required by the Retirement Plan Committees.

III. INVESTMENT OBJECTIVES

- A. The Plans' objective is to provide benefits as anticipated through a carefully planned and executed investment program that achieves a reasonable long term total return consistent with the level of risk assumed.
- B. The Plans seek to:
 1. Achieve an annualized total rate of return of at least 7.5% net of investment expenses, over a full market cycle.
 2. Achieve adequate investment growth such that the purchasing power of the principal amount of the Plans' assets is maintained over time.
 3. Diversify assets sufficiently and in accordance with modern portfolio theory.
- C. The Plans shall maintain sufficient liquidity levels in order to meet near term obligations and fund current operations.

IV. ASSET ALLOCATION POLICY

In an attempt to construct a portfolio of several different asset classes that will ultimately lower total expected risk (as measured by volatility of returns) and increase total expected return, the Plans' assets will be diversified in accordance with Modern Portfolio Theory. The Retirement Plan Committees have received and reviewed long-term performance expectations while focusing on the risk and rewards of capital market behavior. Based on the Plans' time horizon, risk tolerance, liquidity needs, and investment objectives, an efficient or optimal portfolio was identified.

The asset allocation policy identifies the target allocation to the classes of assets the Plans can utilize and the ranges around the targets that the asset classes can fluctuate. This policy is expected to provide diversification of assets in an effort to maximize investment return to the Plans consistent with prudent market and economic risk. All of the Plans' assets are to remain invested at all times in the asset classes as designated by this policy. The following strategic asset allocation policy was adopted by the Plans on February 24, 2011:

Asset Class	Minimum Allocation	Target	Maximum Allocation
Equities	30.0%	40.0%	50.0%
U.S. Equities	15.0%	20.0%	25.0%
International Equities	8.0%	13.0%	18.0%
Emerging Market Equities	2.0%	7.0%	12.0%
Alternative Investments	15%	22.5%	27.5%
Private Equity	5%	10%	15%
Hedge Funds	10%	12.5%	15%
Fixed Income	20%	30%	40%
Core Plus U.S. Fixed Income	15%	25%	35%
Emerging Market Debt	0%	5%	10%
Real Assets	2.5%	7.5%	12.5%
Core Real Estate	2.5%	5%	7.5%
Other Real Assets	0%	2.5%	5.0%
Cash Equivalents	0%	0%	5%

It is understood that the ranges noted above are targets and that deviations may occur from time to time as a result of capital market fluctuations. However, in the absence of a compelling reason, the Retirement Plan Committees with the advice of the Investment Consultant will rebalance the assets should the allocation to

the classes fall outside the stated tactical ranges. Unless the Retirement Plan Committee with the advice of the Investment Consultant determines that it is unnecessary, rebalancing back to target allocations shall occur at least annually.

A limited review of the asset allocation policy shall be conducted annually to determine whether the level of investment in illiquid assets presents risk to the Fund. A formal review of the asset allocation policy shall be conducted at least every five years to ensure that the current asset mix is consistent with the long-term objectives of the Plans.

If multiple Investment Managers with different investment styles (i.e. growth and value) are used by the Plans within the sub-asset classes noted above then equal target allocations will be made so that there is no distinct style bias within the Plans' overall portfolio.

V. PROFESSIONAL INVESTMENT MANAGERS AND ADVISORS

The Retirement Plan Committees shall employ professional Investment Managers to manage the assets of the Plans. The Retirement Plan Committees may establish separate account structures with Investment Managers or invest in mutual funds, limited partnerships, group trusts, funds of funds and other commingled vehicles ("Pooled Investment Funds"). The Retirement Plan Committees and their staff have no role and shall not exert any influence in the actual investment process performed by the Investment Managers. Unless the prospectus or offering memorandum of a Pooled Investment Fund provides otherwise, Investment Managers must be investment advisors registered under the Investment Advisors Act of 1940, banks or insurance companies. In addition,

each Investment Manager must be registered in the State of Maryland and licensed to conduct business in the State if legally required to do so.

New Investment Managers may be added and participation in Pooled Investment Funds may be approved only after a formal search and selection process is conducted by the Retirement Plan Committees. This process shall consider, among other things, the qualitative and quantitative characteristics of potential Investment Managers and Pooled Investment Funds from among a universe of available Investment Managers and Pooled Investment Funds.

It is understood that investing through a Pooled Investment Fund means that the investments will be governed by the Pooled Investment Fund's own set of guidelines and restrictions. While it is the intent to invest in Pooled Investment Funds that meet the general intent of these guidelines, there may, in fact, be instances in which the Pooled Investment Fund's guidelines differ in a number of ways. In such cases, the Pooled Investment Fund's guidelines and restrictions will supersede those outlined herein. For that reason, investments in Pooled Investment Funds may be made by an Investment Manager only with the prior approval of the Retirement Plan Committees. The Investment Manager shall provide the Retirement Plan Committees with a copy of the prospectus or offering memorandum of any Pooled Investment Fund that it proposes to use, and shall specifically identify any guidelines and restrictions that differ from those outlined herein. To the extent that Pooled Investment Funds are implemented by an Investment Manager, the fees imposed should be at no higher cost than that incurred if the securities were separately managed by the Investment Manager.

Investment Managers shall have full discretion over the investment decisions they make pursuant to a separate set of investment guidelines and subject to the following policies:

- A. Investment decisions should be made in accordance with the documents and instruments governing the Plans and with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent individual acting in a like capacity and familiar with such matters would use in the conduct of a like character and with like aims.
- B. Investments should be diversified to minimize the risk of large losses.
- C. Although investments should be made with long-term objectives, assets may be disposed of, without regard to the length of time they have been held, whenever investment considerations make such action desirable. Investment results will be judged on the basis of unrealized and realized gains and losses so there is no accounting incentive to hold or sell a security.
- D. Investment Managers are permitted to invest the Plans' assets in futures, options, swaps and derivatives, but only if the investment guidelines that are incorporated into the Manager's agreement with the County (or the prospectus or offering memorandum in the case of a Pooled Investment Fund) specifically permits such investments.
- E. Periodic asset valuation reports (at least quarterly) shall be furnished to the Plans' Investment Consultant by each of the Plans' Investment Managers.
- F. The County employs a commission recapture program (the "Program"), in which several Investment Managers participate. Each Investment Manager that is separately notified of its participation in the Program shall comply with the following objectives and guidelines:
 - 1. Objectives

- For those trades that are executed on behalf of the Plans, the Investment Manager shall attempt to direct 25% to 30% of the commission generated to the brokerage firms providing services within the Program, subject to the guidelines set forth below.
- Any commission that is generated through the Program shall solely benefit the participants and beneficiaries of the Plans.

2. Guidelines

- Commission rates shall be negotiable and the Investment Manager must seek best price and execution at all times. The Investment Manager is not required to use a participating brokerage firm if the participating brokerage firm fails to provide best execution.
- The Investment Manager shall pay commissions that are reasonable in relation to the services received. The selection of a broker shall take into account relevant factors such as price, the broker's facilities, reliability, financial responsibility, and research services, and the ability of the broker to effect the transactions, particularly with regard to such aspects as timing, order size and execution of orders.
- In order to satisfy the direction request of the Program, the Investment Manager is encouraged to use "step-out" trades and in no event shall the Investment Manager "sequence" the Plans' trades.
- The County will evaluate the Program and the participating brokerage firms' abilities on an annual basis. This evaluation shall include communication with the Investment Manager regarding the brokerage firms' potential for achieving best execution, an analysis of the brokerage firms' trading skills, the ability of the

Investment Manager to satisfy the Program's objectives, the Investment Manager's trading style and liquidity needs.

- The Investment Manager is responsible for ongoing monitoring of the participating brokerage firms' abilities and shall notify the Investment Consultant immediately should any of the brokerage firms fail to meet the Investment Manager's standards for execution quality.

- G. This Section G. applies to each Investment Manager unless the prospectus or offering memorandum of a Pooled Investment Fund provides otherwise. The County has delegated its right to vote the proxy solicitations received on the Plans' behalf to the Investment Managers it employs. The Retirement Plan Committees reserve the right to direct the voting of proxies upon adequate notice. In all proxy situations, the Investment Manager has a duty to make independent proxy decisions and to decide with objectivity what is in the best interests of the Plans' participants and beneficiaries. All proxies must be voted.

Proxy voting rights are the Plans' assets and must be exercised in accordance with the fiduciary duties of loyalty and prudence. The duty of loyalty requires that the proxy voting fiduciary exercise its proxy voting authority solely in the interests of participants and beneficiaries of the Plans and for the exclusive purpose of providing the Plans' benefits to participants and beneficiaries of the Plans. The voting fiduciary may not subordinate the interests of participants and beneficiaries of the Plans to unrelated objectives.

In order to meet this fiduciary duty it is expected that each Investment Manager employed by the County will establish policies and procedures

to ensure that issues are noted, analyzed and considered before voting. Investment Managers shall consider, but are not limited to, the following guidelines when adopting proxy voting policies and procedures:

1. Develop initial, specific guidelines and institute a regular review process, including review of new or controversial proxy issues.
2. Provide a review mechanism for any unusual proposals, such as an opposition slate of directors, corporate restructuring related to hostile takeovers, or any proposals that appear not to be in the best interests of shareholders.
3. Provide regular reports to the Retirement Plan Committees that effectively exhibit how proxies are voted and why.
4. Maintain adequate records of all proxies that are received and voted.
5. Avoid or minimize conflicts of interest.
6. Develop a system to monitor any delegation of proxy voting responsibility to others.
7. Monitor for the timely receipt of proxies from the Plans' custodian or its agent.
8. Educate and train staff.
9. Provide a copy of the proxy voting policies and procedures to the County when the account is funded and whenever changes or amendments are made thereafter.

VI. PERFORMANCE OBJECTIVES

Investment performance shall be measured on two levels: against objectives for the total Plans and against objectives for the individual Investment Managers. Investment performance shall be measured no less frequently than quarterly and

performance relative to objectives shall be judged over a period of three to five years.

The Plans' total performance will be measured against a composite benchmark. The Investment Consultant will set the composite benchmark based on unmanaged benchmark indexes provided below weighted in proportion to the Plans' target asset allocation (provided in Part IV above) in each of the equivalent asset classes. When the target allocation for any asset class reflects a future goal, a transitional composite benchmark will be used. The performance objective of the total Plans is to provide an annualized total rate of return of at least 7.5% net of investment expenses, and match or outperform the composite benchmark over a full market cycle, net of investment expenses.

Asset Class	Index
Large Cap U.S. Equities	S&P 500 Index <u>Russell 1000 Index</u>
Non-Large U.S. Equities	Russell 2500 <u>Index</u>
International Equities	MSCI EAFE Index
Emerging Markets Equity	MSCI EM Index
Core Plus U.S. Fixed Income	Lehman Aggregate Bond Index <u>Bloomberg Barclays U.S. Aggregate</u>
Emerging Market Debt	JPM GBI EM Global Diversified
Real Estate/ Real Assets	NCREIF Index
Private Equity	S&P 500 Index plus 400 BPs
Hedge Funds	HFRI Fund of Funds Conservative Index

The performance objectives of individual Investment Managers shall be documented within separate investment guidelines. The performance of Pooled Investment Funds shall be measured against the performance the unmanaged

market indexes identified above or any appropriate style specific index. In general, Investment Managers and Pooled Investment Funds are expected to outperform an appropriate benchmark over 3 to 5 year periods.

VII. REVIEW PROCEDURES

The Retirement Plan Committees and the Investment Consultant will review the performance of the Investment Managers on a periodic basis, to determine whether or not the Investment Managers selected have performed in accordance with this Investment Policy Statement and the applicable investment guidelines. Failure by an Investment Manager to comply with this Investment Policy Statement and the applicable investment guidelines may be cause for termination.

A. Each Investment Manager will be expected to meet with the Retirement Plan Committees and/or their representative(s) as requested (generally, once every two years) and to provide:

1. A verbal and written review of their investment performance and portfolio structure.
2. A synopsis of their key investment decisions, their underlying rationale and expected future implications.
3. An organizational update.

B. The Retirement Plan Committees and the Investment Consultant will also review each Investment Manager and Pooled Investment Fund and the overall investment program on a periodic basis, but no less than annually. Key issues will include:

1. Current trends and developments in the capital markets and manager community.
2. The ongoing appropriateness of the policies included herein.
3. The continuing diversification of the investment funds as managed by the current Investment Managers. It is the intent of the Retirement Plan Committees to review this document on an annual basis as future circumstances could require modifications.

This policy was approved by the Retirement Plan Committees of the Howard County Retirement Plan and Howard County Police and Fire Employees' Retirement Plan on March 21, 2002 and last amended on February 26, 2015.

Wanda Hutchinson

Chairperson, Retirement Plan Committees

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