

# LACERS

Los Angeles City Employees' Retirement System



## Report to Board of Administration

From: Daniel P. Gallagher, Chief Investment Officer

Agenda of: **SEPTEMBER 13, 2005**

ITEM: **IV-G**

**SUBJECT: NOTICE OF UP TO \$15 MILLION IN APOLLO INVESTMENT FUND VI, L.P.**

### Recommendation:

That the Board receive and file this notice and related attachments.

### Discussion:

Attached is an overview and recommendation prepared by Hamilton Lane for Apollo Investment Fund VI, L.P. (Apollo VI).

Apollo was formed in 1990. In 1998, the Board made an allocation of \$5 million to Apollo Investment Fund IV, L.P., which received \$3 billion in capital commitments. Apollo VI is projected to be a \$6 billion (hard cap of \$7.9 billion) diversified buy-out fund with a geographical emphasis in the U.S.; up to 25% may be invested outside the U.S. market. Similar to its predecessor funds, Apollo VI will make investments utilizing classic buyouts, corporate partnerships, and distressed buyouts. The GP seeks to fund 20 to 25 deals ranging in equity investments of \$100 million to \$600 million per company in deals ranging in size from \$1 billion to \$5 billion, with an average enterprise size of \$2.5 billion.

They will continue to use their existing investment philosophy of adding value along three stages, which include: 1) smart buy decisions characterized by attractive valuations, significant downside protections, significant control provisions or some combination thereof; 2) building value during the tenure of the investment; and, 3) maximizing value upon exit.

The prior Apollo funds invested a total of \$10.58 billion in capital, generated distributions of \$14.25 billion with a remaining value of \$6.62 billion, or 2.0x multiple. As of December 31, 2004, predecessor funds with 79 investments (60 realized investments) have earned gross realized IRRs of 46.9% (Apollo I, II & MA), 29.5% (Apollo III), 12.0% (Apollo IV), and 89.3% (Apollo V). The gross realized IRR for all prior Apollo Funds is 43.8% with a projected gross IRR of 40.3%.

The General Partner consists of seven senior partners and 37 investment professionals with a history of low turnover. Partners have an average tenure of 14 years with Apollo. The General Partner will commit \$100 million (1.6% of the projected minimum total capital commitments to the Fund).

Hamilton Lane recommended a commitment of \$15 million to Apollo VI. As staff concurs, no Board action is required. The adopted Board policy is attached.

DPG:RJ

Attachments

## Apollo Investment Fund VI, L.P.

### Fund Offering

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General Partner: **Apollo Investment Fund VI, L.P.**  
Size: **\$6.0 billion, with a hard cap of \$7.9 billion**  
Strategy: **Buyout**  
Geography: **Global**  
Industry: **Various**

### Overview

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Apollo Investment Fund VI, L.P. is being established to continue the firm's 15-year history of value-oriented buyouts in industries in which the firm has considerable knowledge. The General Partner has achieved its successful investment record, in part, by quickly adapting to changing market conditions through its three-pronged buyout approach: classic buyouts, corporate partnerships, and distressed buyouts. In addition, the General Partner places a strong emphasis on downside protection through protecting and building value in companies and building-in structural protections.

The General Partner was founded in 1990 and has executed the Fund's strategy through five prior investment vehicles (the "Prior Funds"): Apollo Investment Fund I ("Fund I") in 1990 with \$800.0 million in capital commitments, Apollo Investment Fund II ("Fund II") in 1992 with \$1.2 billion in commitments, Apollo Investment Fund III ("Fund III") in 1995 with \$1.5 billion in capital, Apollo Investment Fund IV ("Fund IV") in 1998 with \$3.0 billion, and Apollo Investment Fund V ("Fund V") in 2001 with \$3.7 billion in capital commitments.

The General Partner is headquartered in New York City and maintains offices in Los Angeles and London. The General Partner is led by Leon Black, Mark Rowan, John Hannon, Joshua Harris, Andy Africk, Larry Berg, and Peter Copses, who are supported by ten partners and 18 principals.

### Key Features

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- The General Partner has a deep, experienced, cohesive investment team with minimal turnover.
- In the aggregate, the General Partner has generated a gross IRR of 41% and has a very low loss percentage.
- The General Partner will have the ability to recycle capital on any investment held for less than 18 months, which could significantly increase the size of the Fund.

### Recommendation

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Based on the foregoing analysis, Hamilton Lane recommends Los Angeles City Employees Retirement System (LACERS) make a commitment of \$15 million to the Fund.

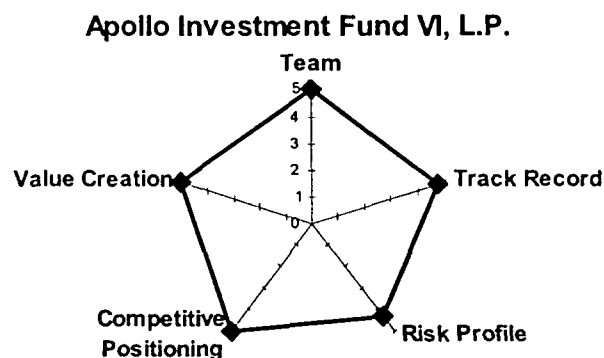
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## Hamilton Lane General Partner Rating System (GPRS) <sup>1</sup>



Criteria	Weighted Score
<i>Team</i>	1.0
<i>Track Record</i>	1.2
<i>Risk Profile</i>	1.1
<i>Competitive Positioning</i>	0.5
<i>Value Creation</i>	1.0
<b>Total</b>	<b>4.8</b>

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<sup>1</sup> The **GPRS** is a proprietary model developed by **Hamilton Lane** to evaluate each General Partner and provide a means to compare one fund to another on a more quantitative basis. Each of the five categories (Team, Track Record, Risk Profile, Competitive Positioning and Value Creation) is comprised of several subcategories which are weighted and totaled to create an overall value for the fund.

The ratings for each category and subcategory are 1 through 5, with 5 being the best.

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**Apollo Investment Fund VI, L.P.**

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## **SECTION 1 – Investment Strategy**

### **I. APPROACH**

The Fund will employ a flexible strategy of classic buyout investing with a distressed option. During times of economic expansion, the General Partner typically seeks to complete classic and corporate partner buyouts, while during a recessionary period the General Partner will likely focus on distressed opportunities. The Fund will be opportunistic in selecting investments across a wide range of industries, though the General Partner has experience in the following sectors: chemicals, communications, consumer and retail, distribution and transportation, financial services, hospitality and leisure, manufacturing and industrial, media, entertainment, cable, and publishing.

The Fund will continue the General Partner's strategy of applying creative solutions to complex transactions, while maintaining a conservative risk profile and providing for attractive returns. These complex transactions usually involve situations complicated by such factors as intricate business plans, an industry in the midst of structural, tax, regulatory or accounting reform, or distressed companies. Important elements that the General Partner seeks in an investment include unique or highly respected products, strong market share positions, non-cyclical industries that have strong barriers to entry, highly efficient production, a strong, experienced management team and an ability to supply superior value to the customer.

Apollo's investment philosophy is grounded in the belief that there are three stages for value creation to any investment, and that successful investors must ultimately and consistently excel at creating value in each of the stages. The stages include: (i) smart buy decisions characterized by attractive valuations, significant downside protections, significant control provisions or some combination thereof; (ii) building value during the tenure of an investment; and (iii) maximizing value upon exit.

### **II. PORTFOLIO COMPOSITION**

The Fund will seek to complete between 20 and 25 deals with equity investments ranging between \$100.0 million to \$600.0 million per portfolio company. Deals will range in size from \$1.0 billion to \$5.0 billion, with an average enterprise value of \$2.5 billion. The General Partner expects to complete between five and seven deals per year.

### **III. EXIT STRATEGIES**

The General Partner will seek to exit investments through the public markets, public-to-private transactions, sales to strategic buyers, sales to corporate buyers, and other unique exit opportunities.

## **SECTION 2 – General Partner**

### **I. ORGANIZATION**

The General Partner was formed in 1990 and is now comprised of 37 investment professionals, of which seven are Senior Partners (the "Principals"). The Principals are supported by a seasoned team of investment professionals who possess a broad range of transactional, financial, managerial, and investment skills.

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## II. BIOGRAPHIES

**Andrew D. Africk** joined the General Partner in 1992. Prior to that time, Mr. Africk was employed by Sidley & Austin, a national law firm. He received a B.A. in Economics from UCLA, a JD from the University of Pennsylvania Law School, and an MBA from the University of Pennsylvania's Wharton School of Business.

**Lawrence M. Berg** joined Apollo in 1992. Prior to that time, Mr. Berg was a member of the Mergers & Acquisitions Group of Drexel Burnham Lambert Incorporated. Mr. Berg received an MBA from the Harvard Business School and a BS in Economics from the University of Pennsylvania's Wharton School of Business.

**Leon D. Black** founded Apollo in 1990. He also founded Lion Advisors, L.P. ("Lion"), which acts as financial advisor and representative for certain institutional investors with respect to securities investments, and Apollo Real Estate Advisors, L.P., which serves as general partner of the Apollo Real Estate Investment Funds. Prior to founding these entities, Mr. Black was a Managing Director and senior executive of Drexel Burnham Lambert Incorporated, serving as head of the Mergers & Acquisitions Group and Co-head of the Corporate Finance Department. Mr. Black graduated from Dartmouth College with a BA in Philosophy and History and graduated from Harvard Business School with an MBA.

**Peter P. Copses** joined Apollo in 1990. In 1990, Mr. Copses was a Vice President of Donaldson, Lufkin & Jenrette Securities Corporation. Prior to that time, Mr. Copses was with Drexel Burnham Lambert Incorporated, concentrating on the structuring and negotiation of mergers and acquisitions. Mr. Copses received a Bachelor of Commerce degree at the University of Toronto and an MBA degree from the Stanford Business School.

**John J. Hannan** joined Apollo and Lion in 1990 and Apollo Real Estate Advisors in 1993. Prior to joining Apollo, Mr. Hannan was a Managing Director of Drexel Burnham Lambert Incorporated, serving as second in charge of the Mergers & Acquisitions Group and as head of International Corporate Finance. Prior to that time, Mr. Hannan was with Kidder, Peabody & Co., spending most of his tenure as a partner. Mr. Hannan received a BBA from Adelphi University and an MBA from the Harvard Business School.

**Joshua J. Harris** joined Apollo in 1990. Prior to that time, Mr. Harris was a member of the Mergers & Acquisitions Group of Drexel Burnham Lambert Incorporated. Mr. Harris graduated from the University of Pennsylvania's Wharton School of Business with a BS in Economics and received an MBA from the Harvard Business School.

**Marc J. Rowan** joined Apollo in 1990. Prior to joining Apollo, Mr. Rowan was with Drexel Burnham Lambert Incorporated, most recently as Vice President. Mr. Rowan graduated from the University of Pennsylvania's Wharton School of Business with a BS and an MBA in Finance.

## III. REFERENCES

Over the course of its relationship, Hamilton Lane has performed numerous reference calls regarding the General Partner. Hamilton Lane has performed diligence on several of the General Partner's prior funds, and as a limited partner of these funds has remained in constant contact with various investment professionals throughout the years. The Principals have been

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uniformly viewed as individuals of high integrity and intelligence. Specifically, the Principals were consistently complimented on their restructuring and turnaround skills. The General Partner is viewed as one of the top buyout firms in the market, with a deep, experienced team and a long history of performance.

#### **IV. LITIGATION**

The General Partner and the Principals have been involved in litigation, all of which can be described as a normal course of business and have been resolved successfully or settled for immaterial amounts.

#### **V. COMPETITION**

The General Partner typically competes with other mega-buyout funds, including Blackstone Capital Partners, Thomas H. Lee, Bain, Texas Pacific Group, and KKR. Within the distressed environment, the General Partner may encounter competition from hedge funds. However, since the General Partner often targets more complex investments, competition is typically limited.

#### **VI. SUMMARY**

The General Partner is considered one of the preeminent private equity firms, with a deep and cohesive investment team. The Principals have a long history of working together and have substantial distressed and restructuring experience.



**SECTION 3 – Investment Experience**

**I. PRIOR INVESTMENTS**

Apollo VI, L.P. - Prior Investment History										
Prior Investment Performance										
As of 12/31/04										
(USD Millions)										
Fund	Vintage	# of Inv.		Amount Invested	Actual		Amount Remaining	Gross Real. IRR	Pro Forma	
		Total	Real		Amount Distributed	Mult.			Gross IRR	
Fund I,II, MA	1990	31	31	\$2,822	\$6,976	\$0	46.9%	2.5x	46.9%	
Fund III	1995	16	13	1,521	2,240	490	29.5%	1.8x	19.2%	
Fund IV	1998	19	11	3,328	2,230	3,359	12.0%	1.7x	11.8%	
Fund V	2001	13	5	2,910	2,804	2,771	89.3%	1.9x	76.7%	
<b>Total</b>		<b>79</b>	<b>60</b>	<b>\$10,581</b>	<b>\$14,250</b>	<b>\$6,620</b>	<b>43.8%</b>	<b>2.0x</b>	<b>40.3%</b>	

Unrealized valuations presented by the General Partner have been adjusted by Hamilton Lane based on financial performance as of December 31, 2004 and public stock prices as of June 15, 2005.

**II. REMAINING FUND CAPITAL**

Fund V is approximately 70% invested, and there are two deals that the General Partner expects to close before the summer, which will bring Fund V to 80% invested. If all of Fund V's capital has not been deployed by the closing of the Fund, both Fund V and the Fund will invest pro 50/50 in each of the deals until Fund V is fully invested.

**III. INSTITUTIONAL SPONSORSHIP**

Limited partners in prior funds include: Alpinvest, Auda Capital Management, BPMT Pension Fund, Colorado PERS, General Motors Pension Fund, Robert Wood Johnson Foundation, and Welcome Trust.

**SECTION 4 – Evaluation of the Investment Proposal**

**Investment Merits:**

1. **Over a 15-year history and through numerous economic cycles, the General Partner has deployed significant capital and generated an attractive and consistent track record.** The General Partner has invested more than \$12.0 billion and completed 76 buyout transactions since the firm's inception. Apollo has generated a gross IRR of 43% on all realized and publicly traded investments and a gross IRR of approximately 41% on all investments, including \$3.0 billion of unrealized investments that are held at cost. This return is not solely based on one or a small number of outperforming investments, but rather is driven by a broad number of successes and a low loss percentage. Approximately 90% of Apollo's investments have generated a positive return and none of the funds have lost capital on a net basis. Additionally, Apollo's 20 best transactions have generated approximately \$8.0 billion of realized profits, whereas its worst 20 transactions have generated only \$1.0 billion of losses, or 8.3% of total invested capital.

Fund V, the General Partner's most recent fund, has generated a gross IRR of 85% and a multiple of 2.5x invested capital on realized and publicly traded investments. Most notable though is that Fund V has returned approximately 75% of committed capital and has substantial value in its unrealized investments. Investments approaching realization in 2005 are expected to increase the overall Fund V gross IRR to 102%. Lastly, though several of Fund V's peers have also generated substantial returns, they have not returned as much capital as Fund V.

Though Fund IV has performed poorly compared to the General Partner's other funds, it is an excellent example of one of the General Partner's key strengths, its restructuring skills. At its lowest point, Fund IV was valued at 1.0x, had generated a net IRR of 0.4%, and had distributed only 12.7% of total invested capital four years into its investment period. The General Partner has worked tirelessly to turn the portfolio around and repair several portfolio companies. Ultimately, the General Partner's tenacity will result in Fund IV achieving top tier performance status amongst its peers.

Two portfolio companies of Fund IV exhibit the General Partner's intensive involvement and distressed skills, Wyndham International and Sirius Satellite Radio. Wyndham International, a company in which Fund IV invested \$254.0 million, struggled considerably post September 11, 2001. A large debt load and diminished revenue stream resulted in the General Partner valuing the investment at 0.75x. The General Partner spent a significant amount of time fending off creditors, selling properties, and restructuring the company's balance sheet, which has ultimately resulted in the sale of the company in June 2005 for 1.2x the cost of the investment.

Sirius Satellite Radio was even further distressed, and at its lowest point was being valued at 0.28x cost for Fund IV (cost basis of \$251.4 million). The General Partner has restructured their investment in Sirius numerous times, has been placed in numerous positions within the company's capital structure, and ultimately has created substantial value. Currently, Sirius' market value is 4.5x cost, which represents a substantial increase in value. At present, Sirius has become Fund IV's top performer, both in terms of multiple of invested capital and total value.

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2. **The Fund will be managed by an experienced and cohesive investment team.** The Founding Partners have worked together in excess of 16 years, on average, and the firm's 19 partners have all worked together in excess of ten years, on average. The chart below provides detail on the Senior Partners history.

	Years w/ Senior Partners	Years w/ Apollo	Years in Private Equity	# of Boards
Andy Africk	12	12	12	3
Larry Berg	13	13	13	5
Leon Black	19	14	14	5
Peter Copses	14	14	14	4
Michael Gross	17	14	14	6
John Hannan	18	14	14	3
Josh Harris	16	14	14	9
Marc Rowan	19	14	14	6
<b>Average</b>	<b>16</b>	<b>14</b>	<b>14</b>	<b>5</b>

The General Partner has always had, and benefited from, a capital markets capability, primarily based on their deep credit focus while at Drexel Burnham Lambert. Active participation in the capital markets generates unique insight that benefits the firm's investing, operating and exit activities. Importantly, without Apollo's credit expertise, it would be difficult for the firm to acquire debt positions necessary to build distressed buyouts. Within its portfolio investments, this capital markets edge enables Apollo to better recognize strengths and weakness across the company's capital structure and to identify acquisition targets.

Lastly Apollo has had very minimal turnover. Two partners left in 2002 through the spin-off of Ares, Apollo's high yield and mezzanine focused arm. One partner left in 1998 to join an investment bank, and one partner departed to join Apollo Real Estate, an affiliate of the General Partner. The General Partner attributes a portion of its success to its low turnover of staff.

3. **Apollo employs a unique strategy, which has served to differentiate the General Partner from other private equity firms, and, therefore, to limit its competition.** The General Partner has built a strong reputation of investing in buyouts during both expansionary and recessionary periods. Apollo's expertise in capital markets and focus on core industries allows it to respond quickly to changing environments. During expansionary periods, Apollo has invested approximately \$7.4 billion in classic and corporate buyouts. However, Apollo differentiates itself through the creation of distressed buyouts during recessionary periods, and has invested approximately \$1.4 billion to effect distressed buyouts when the debt securities of strong cash flow companies trade at deeply discounted values. The chart below further details how the General Partner has been able to adapt its strategy to changing market environments while maintaining investment discipline.

	Recession 1990 -1993	Recovery 1994 - 1997	Boom Era 1998 - 2000	Recession 2001 - 2003 Q3	2003 Q4 - Today
Liquidity	Low	High	High	Low	High
Valuation	Low	Low - Medium	High	Low	Medium
Typical LBO Firm	Inactive	Great Investment Period	Inactive or Paid High Prices	Inactive	Active and Paying High Prices
Apollo	Great investment period with distressed as buyout entry point	Traditional buyouts	Used complex buyouts and corporate partners to reduce entry multiple	Great investment period with distressed as buyout entry point	Traditional buyouts using industry expertise to reduce entry multiple
Classic buyouts/corporate partnerships	\$547	\$1,453	\$3,130	\$518	\$1,659
Distressed buyouts and debt investments	\$3,010	\$60	\$0	\$1,305	\$169

The General Partner's flexible investment approach and experience in all market environments positions the Fund to proactively capitalize on opportunities as they surface, regardless of the economic conditions prevalent. Apollo focuses on complex transactions, which are generally not actively pursued by other large buyout firms due to the heavy time involvement, and the substantial structuring and execution risks assumed. Further, unlike most other mega-buyout funds, Apollo has been an active provider of minority equity capital.

Apollo has consistently employed downside risk protection in its investments through conservative transaction structures. The Firm frequently structures its investments to minimize risk, without foregoing upside return potential. Apollo has considerable experience with building varying degrees of downside protection into the structure of its transactions. The General Partner has taken more senior positions in the capital structure, such as through preferred, convertible or debt securities, with equity conversion rights or warrants, in order to minimize downside exposure while retaining the potential for equity-like returns. Further, by investing alongside corporate partners, operating synergies are often times immediately created, which also serves to protect and build value. The General Partner's intense focus on capital preservation has resulted in approximately 90% of the investments having generated positive returns. The focus on capital preservation and downside risk is most visible in the turnaround of Fund IV, as discussed above.

#### Investment Issues:

1. **The Fund will have a hard capitalization of \$7.9 billion, which when coupled with a recycle provision, would be a significant increase from prior funds.** The General Partner has the option to recycle capital when it is returned to investors within 18 months of its original call from limited partners. This recycle provision has historically resulted in a substantial amount of additional capital. Fund V was capitalized at \$3.9 billion plus recycled capital, which resulted in total capital of \$5.1 billion. Over five funds, the recycling provision has resulted in approximately \$3.4 billion of capital, substantially increasing the size of the prior funds.

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There is concern that with a proposed capitalization of \$7.9 billion and a recycling provision, the Fund's size could potentially be close to the amount of capital invested throughout the firm's entire 15-year history. With a significant increase in its capital base, and a market that will ultimately be comprised of several funds in excess of \$8.0 billion of capital, there is concern regarding the General Partner's ability to effectively deploy the Fund's capital. There is also concern that the General Partner may seek to complete significantly larger deals in order to deploy the Fund's capital.

However, this concern is somewhat mitigated given several factors. First, Fund V did not represent a step up in fund size from Fund IV. Though the General Partner would have ultimately liked to raise between \$5.0 billion and \$6.0 billion for Fund V, the timing of the fund launch and the performance of Fund IV resulted in a much lower capitalization for Fund V. At the same time, many other large buyout firms did increase the size of their respective funds and hovered around the \$5.0 billion to \$6.0 billion mark. As the General Partner has primarily the same number of investment professionals and comparable experience as other firms such as Thomas H. Lee, Blackstone, and Texas Pacific Group, it is understood that Apollo would have been able to manage a fund of \$6.0 billion in 2001. As such, had the General Partner raised a fund of similar size to Blackstone, Texas Pacific, or Thomas H. Lee in 2001, then the Fund would not be considered a significant step up in capital under management.

Additionally worth noting is the circumstances that generated the recycled capital in Fund V. Of the \$1.2 billion of capital that was recycled, approximately \$386.0 million represents a typical recycling of debt investments that were not converted into control positions and were liquidated within 18-months. The rest of the capital that was recycled was primarily due to the unusual market conditions over the last two years and the General Partner's ability to recapitalize deals quickly after completing the initial investment. The recapitalizations resulted in the recycling of approximately \$547.0 million of invested capital. Lastly, \$276.0 million of recycled capital was due to three instances (Cablecom, PrimaCom, and Spectrasite) in which the securities increased in value to a level where the General Partner felt the investment had achieved full value, and therefore was exited the investment before converting to a control position.

Lastly, the General Partner has given away some of their investment positions from Fund V as co-investments to other firms such as Goldman Sachs. These investments totaled approximately \$565.0 million, and the General Partner offered these to outsiders for relationship purposes. Through Fund V, the General Partner has also given limited partners approximately \$400.0 million in co-investments.

- 2. The Fund will have the ability to invest up to 25% of capital commitments outside of the United States.** The General Partner has stated that any opportunities considered outside the U.S. typically will be in Western Europe in industries that Apollo has experience. However, the General Partner does not have a presence in Europe nor have they created a brand in the region. Given that the European private equity market has become considerably crowded over the last 18 months from both local and US based funds, there is concern regarding the General Partner's ability to successfully source investment opportunities.

There is also concern regarding the General Partner's experience in exiting transactions based outside of the U.S. Throughout its entire history, the General Partner has only

invested in three companies that were located outside of the U.S. (all of which were located in Western Europe) Most concerning is that all three of these investments are currently unrealized and held at cost. Therefore, the General Partner does not have first-hand experience exiting an investing in Europe.

## **SECTION 5 – Investment Recommendation**

### **I. CONCLUSION**

Apollo is one of the buyout industry's premier firms, as evidenced by its strong and cohesive team and impressive investment history. Though Fund IV has underperformed, the General Partner has worked extensively and tenaciously to improve its performance and ultimately turn around several portfolio companies. The General Partner is a strong performer under many different market environments.

### **II. RECOMMENDATION**

An investment in the Fund is recommended.

# Discretion in a Box

	Role of Board	Role of Staff	Role of Hamilton Lane
Strategy/Policy	<ul style="list-style-type: none"> <li>Select alternative investments consultant.</li> <li>Approve asset class funding level.</li> <li>Annually review, provide input, and adopt investment policies, procedures, guidelines, allocation targets, ranges, and other assumptions.</li> </ul>	<ul style="list-style-type: none"> <li>With Hamilton Lane and PCA, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.</li> </ul>	<ul style="list-style-type: none"> <li>With staff and PCA, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.</li> </ul>
Investment Selection	<ul style="list-style-type: none"> <li>Review investment analysis reports.</li> <li>Interview and approve investments in new management groups of amounts greater than \$20 million prior to investment.</li> <li>Interview and approve investments in follow-on partnerships of amounts greater than \$30 million prior to investment.</li> </ul>	<ul style="list-style-type: none"> <li>Refer investments to Hamilton Lane for preliminary screening.</li> <li>Conduct meetings with potential new investments prior to recommending to the Board, if practical.</li> <li>In conjunction with Hamilton Lane, invest up to \$20 million for new partnerships, and up to \$30 million for follow-on funds without Board approval. If staff opposes, refer to Board for decision.</li> <li>In conjunction with Hamilton Lane, make recommendations to Board for approval for investments over \$20 million in new partnerships, or over \$30 million in follow-on funds.</li> <li>Execute agreements.</li> </ul>	<ul style="list-style-type: none"> <li>Conduct extensive analysis and due diligence on investments.</li> <li>Recommend for Board approval investments over \$20 million for new managers, or over \$30 million in follow-on funds.</li> <li>With staff concurrence, approve investment of up to \$20 million for new partnerships, and up to \$30 million in follow-on funds.</li> <li>Provide investment analysis report for each new investment.</li> <li>Communicate with staff regarding potential opportunities undergoing extensive analysis and due diligence.</li> <li>Coordinate meetings between staff, Board, and general partner upon request.</li> <li>Negotiate legal documents.</li> </ul>
Investment Monitoring	<ul style="list-style-type: none"> <li>Review quarterly, annual, and other periodic monitoring reports.</li> </ul>	<ul style="list-style-type: none"> <li>Review quarterly, annual and other periodic monitoring reports prepared by Hamilton Lane.</li> <li>Conduct meetings with existing managers periodically.</li> <li>Attend annual partnership meetings when appropriate.</li> <li>Fund capital calls and distributions.</li> <li>Review Hamilton Lane's recommendations on amendments.</li> <li>Execute amendments to agreements.</li> </ul>	<ul style="list-style-type: none"> <li>Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio.</li> <li>Recommend amendments to staff for approval.</li> <li>Provide quarterly, annual, and other periodic monitoring reports.</li> </ul>