

Dan Schwartz
State Treasurer



STATE OF NEVADA
OFFICE OF THE STATE TREASURER

November 20, 2018

Rick Combs
Director of the Legislative Counsel Bureau
Legislative Building
401 S. Carson Street
Carson City, NV 89701

Subject: 2018 Annual Report of Nevada Capital Investment Corporation (NCIC)

Dear Mr. Combs:

Nevada Revised Statutes §355.270 requires the Nevada Capital Investment Corporation (NCIC) to provide an annual report to the Governor and the Director of the Legislative Counsel Bureau for transmission to the next session of the Legislature, if submitted in an even-numbered year. Please find attached the Silver State Opportunities Fund, LLC (SSOF) report.

This report details NCIC's investments in the SSOF. The SSOF is the investment vehicle managed by Hamilton Lane. As detailed in the report, during Fiscal Year 2018, SSOF was fully committed as of May 13, 2016. Approximately, 85% (\$42.8 million) of the committed capital has been drawn from the Permanent School Fund as of June 30, 2018.

In terms of financial performance, SSOF is generating a 4.59% net annual return to the State's Permanent School Fund. On a gross basis, SSOF is generating an 8.39% Internal Rate of Return (IRR). As of June 30, 2018, the NCIC has contributed \$42.8 million and received \$8.3 million in distributions, resulting in \$34.5 million in net contributed capital. The performance is driven by yield-producing fund investments and the Fund's co-investments are expected to contribute future positive value to the Fund.

As of June 30, 2018, twenty-nine (29) companies have received investments from SSOF to date. This includes investments throughout the entire State as noted in the SSOF report. This is a total of \$598 million (15x multiplier) invested in Nevada and its partners which stretches far beyond the \$50 million capital invested via the Permanent School Fund. The Fund investments have supported 2,362 Nevada employees with an average wage of \$65,000 annually which is higher than the national average wage.

CARSON CITY OFFICE

101 N. Carson Street, Suite 4
Carson City, Nevada 89701-4786
(775) 684-5600 Telephone
(775) 684-5623 Fax

STATE TREASURER PROGRAMS

Governor Guinn Millennium Scholarship Program
Nevada Prepaid Tuition Program
Unclaimed Property
College Savings Plans of Nevada
Nevada College Kick Start Program

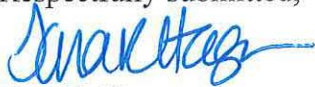
LAS VEGAS OFFICE

555 E. Washington Avenue, Suite 4600
Las Vegas, Nevada 89101-1074
(702) 486-2025 Telephone
(702) 486-3246 Fax

In Fiscal Year 2018, NCIC and Accion formed the Accion 2017G, LLC. The investment allows for earnings to be paid to NCIC over a ten-year period on the \$1 million investment. The Accion 2017G, LLC will serve as the investment vehicle to make micro and small business loans to Nevada businesses. Accion has the discretionary authority to make all investments within the statutory, regulatory and contractual parameters set by Nevada. 100% of the investment in Accion is used exclusively for small business loans to Nevadans.

In Fiscal Year 2018, Accion loaned a total of \$1.13 million from August 2017 through June 30, 2018 in Clark, Washoe, Lyon and Douglas counties. 94 loans were granted with these funds during this time period to Nevada micro and small businesses which helped to support 207 full-time employees employed throughout Nevada.

Respectfully submitted,



Tara R. Hagan
Chief Deputy Treasurer/
Treasurer, Nevada Capital Investment Corporation



Hamilton Lane®

20
18

Hamilton Lane
**Silver State
Opportunities Fund**



Fiscal Fourth Quarter Report

Table of Contents

| | |
|--|-----|
| Section 1 | |
| Executive Summary & Nevada Impact..... | 1-1 |
| Section 2 | |
| Portfolio Update..... | 2-1 |
| Section 3 | |
| Audited Financial Statements..... | 3-1 |
| Section 4 | |
| Market Update..... | 4-1 |
| Appendix A | |
| Glossary of Terms..... | 5-1 |
| Appendix B | |
| Disclosure Statements..... | 6-1 |

Executive Summary

Program Background:

Nevada Capital Investment Corporation ("NCIC") partnered with Hamilton Lane in August of 2012, to provide investment management services through the Silver State Opportunities Fund LLC ("Silver State", "SSOF" or the "Fund"). The Fund's primary objective is to generate attractive private equity returns by investing in private equity opportunities in Nevada, and its secondary objective is to help economic activity and employment in the state. In September 2012, Hamilton Lane opened its Nevada office to oversee the management of the Fund; David Helgerson, Miguel Luina, and Rob Reed serve as the main points of contact from Hamilton Lane. The NCIC has committed \$50 million to the Fund, and in order to maintain alignment with the NCIC, Hamilton Lane has allocated \$0.5 million to invest alongside the NCIC.

Portfolio Activity & Performance⁽¹⁾:

The Fund is fully committed as of May 13, 2016. Approximately 80% (\$40.1 million) of capital committed to funds has been drawn as of June 30, 2018.

The Fund is performing well both in terms of economic impact to the State and financial performance. The Fund, along with its general partners, has invested a total of \$597.5 million⁽²⁾ in 29 Nevada companies to date, an increase of roughly 8% compared to the total dollar amount invested at June 30, 2017. This represents 15 times more capital than has been drawn by the Fund. These investments have helped fuel rapid hiring at portfolio companies, which have grown Nevada employment by 64%⁽³⁾ since investment to 2,362 combined employees, compared to 2,389 employees as of June 30, 2017. The amount of employees remained relatively steady year-over-year with a minimal decrease. The jobs supported by these investments are high paying positions that boast average salaries of \$64,919, 44% higher than the average Nevada wage⁽⁴⁾ and 28% higher than the average national wage⁽⁴⁾ in 2017.

In terms of financial performance, the Fund is generating a 4.6% net annual return to the State's Permanent School Fund. On a gross basis, the Fund is generating a 8.4% IRR, 1.2x total value to paid in multiple ("TVPI"). As of June 30, 2018, the NCIC has contributed \$40.1 million and received \$8.6 million in distributions, resulting in \$31.5 million in net contributed capital. The performance is driven by yield-producing fund investments and the Fund's co-investments are expected to contribute future positive value to the Fund.

The Fund's impact on the State extends well beyond the returns to the Permanent School Fund, employment, and economic activity directly attributable to portfolio companies. The Fund's activities are helping to create a new private equity ecosystem in the State and providing local companies with access to the broader private investment community. Since the program's launch in 2012, SSOF managers opened four new offices and hired four local private equity investment professionals. The Fund has made over 270

⁽¹⁾ As of June 30, 2018

⁽²⁾ Includes capital invested by SSOF and funds that have received capital from SSOF.

⁽³⁾ Headcount growth calculated based on number of full time employees as of 6/30/18 compared to number of stabilized full time employees at portfolio companies as of the first SSOF investment. Stabilization adjustment performed only for companies that were not viable economic entities at time of investment.

⁽⁴⁾ Refer to footnotes located on page 2-1

Silver State Opportunities Fund LLC

Fourth Fiscal Quarter 2018 Report

introductions between Nevada-based companies and sources of capital. The State has also benefited from the two Silver State Investor Forums created by the Fund which has brought over 70 leading investment managers to the state, giving the local business community a chance to showcase its strengths and improve connections between Nevada-based companies and broader sources of capital. We believe the combination of investing capital directly into the state and developing a network of new investors, who are coming to Nevada to invest in local businesses, is critical to developing a vibrant private capital ecosystem.

Nevada Impact

The Fund has recently completed its investment period and, while still early, has already had a meaningful impact on Nevada's economy. The following table summarizes the economic impact of the Fund as of June 30, 2018.

| Nevada Impact | |
|---------------------------|---|
| Category | Examples |
| Nevada Investments | <ul style="list-style-type: none">- 29 Nevada companies have received investments to date- \$598mm invested in Nevada by SSOF & partners (15x multiplier)- \$2,136mm of capital raised by SSOF portfolio companies (43x multiplier)- Investments spread throughout state |
| PE Ecosystem | <ul style="list-style-type: none">- SSOF is developing the Nevada private equity ecosystem- Four new offices opened by institutional investors in Nevada- Four investment professional hires in Nevada- Seven funded managers actively seeking investments in the State |
| Employment | <ul style="list-style-type: none">- 2,362 Nevada employees supported by SSOF investments- 65%⁽¹⁾ Nevada employment growth (vs overall state growth of 21%⁽²⁾)- \$65k average wage for Nevada employees at SSOF companies<ul style="list-style-type: none">- 44% higher than the 2017 Nevada average wage ⁽³⁾- 28% higher than the 2017 US average wage ⁽⁴⁾ |
| Additional Impact | <ul style="list-style-type: none">- SSOF hosted two private equity conferences in Nevada<ul style="list-style-type: none">- 300+ Attendees- 70+ managers representing over \$100 billion of capital- 270+ investor introductions to Nevada companies- Multiple investment offers directly resulting from introductions |

⁽¹⁾ Headcount growth calculated based on number of full time employees as of 6/30/2018 compared to number of stabilized full time employees at portfolio companies as of the SSOF investment. Stabilization adjustments performed only for companies that were not long-term viable economic entities at time of investment.

⁽²⁾ Nevada employees on non-farm payrolls growth from 6/30/2012 to 6/30/2018 according to U.S. Bureau of Labor Statistics

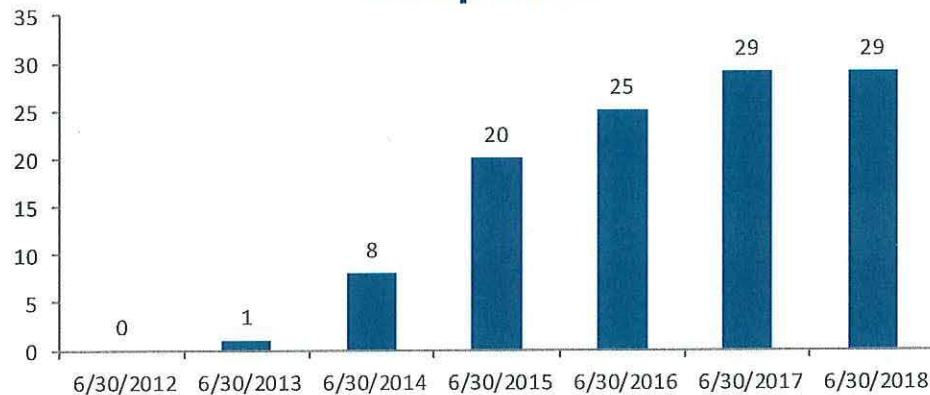
⁽³⁾ Based on Bureau of Labor Statistics May 2017 average wage for all Nevada occupations.

⁽⁴⁾ Based on Bureau of Labor Statistics May 2017 average wage for all U.S. occupations.

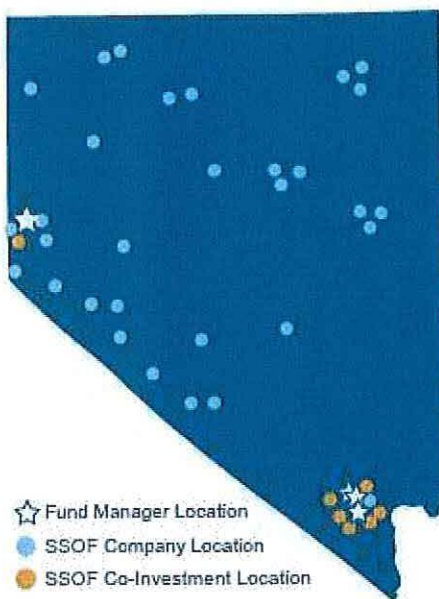
Nevada Investments

Since its inception in 2012, the Fund has seen a steady growth of Nevada businesses in the portfolio. As of June 30, 2018, the SSOF has invested in 29 Nevada-based companies.

SSOF Nevada-Based Portfolio Companies

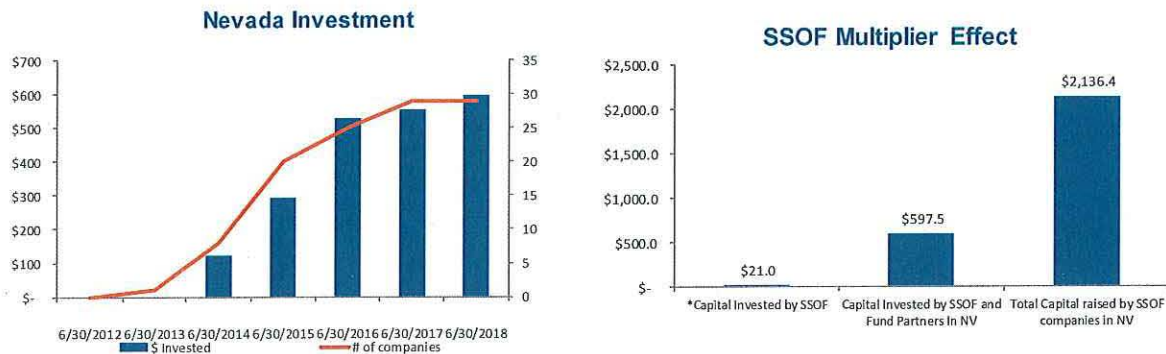


The program's impact on the State has been widespread with fund partners opening offices and seeking investments across the North, South and rural regions of the State.



Multiplier Effect

The SSOF has leveraged its capital to have a meaningfully larger impact on Nevada than its fund size. The SSOF and its partners have invested a total of \$597.5 million in 29 Nevada companies as of 6/30/18, which represents over 15x the total capital committed by the Fund. This capital, in turn, has helped support \$2,136 million of total capital raised by Nevada companies.

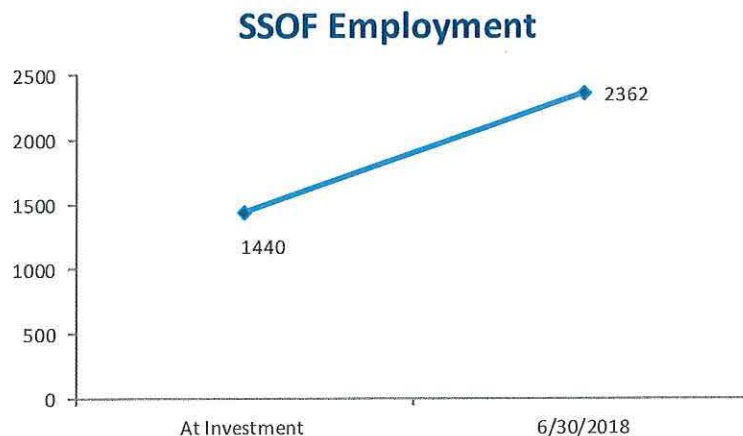


Private Equity Ecosystem

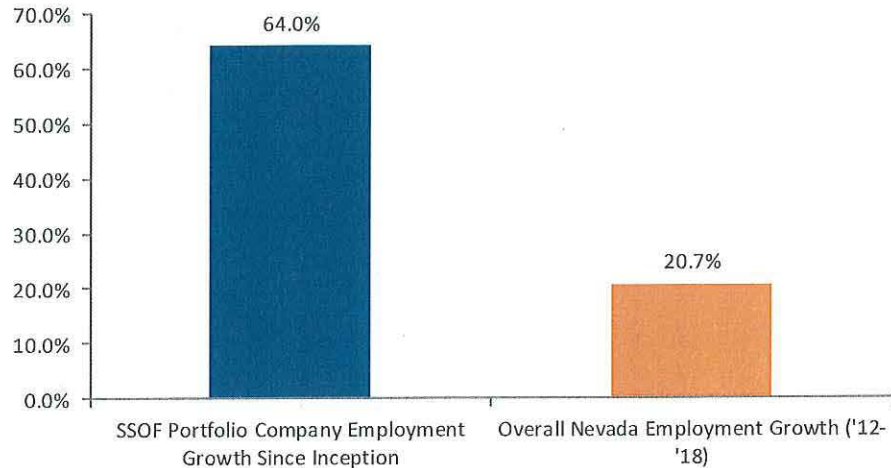
In addition to providing Nevada companies with much-needed capital, the SSOF has laid the groundwork for a thriving private equity ecosystem. Prior to the launch of SSOF, there were no institutional private equity firms located in Nevada. Through the SSOF's work, four new private equity offices have opened in Nevada, creating four new private equity positions within the State.

Employment

The SSOF has had a significant positive impact on employment within the State. Businesses which have received SSOF capital currently employ 2,362 Nevadans as of June 30, 2018.



At the portfolio company level, SSOF investments have grown employment by 64.0%⁽¹⁾ since investment to 2,362 employees, compared to 20.7%⁽²⁾ overall employment growth in Nevada over the same time period.

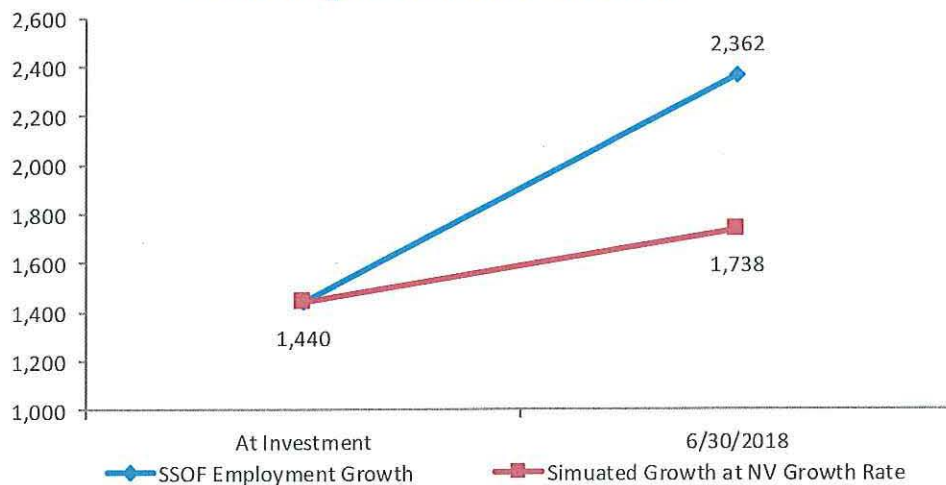


⁽¹⁾ Headcount growth calculated based on number of full time employees as of 6/30/18 compared to number of stabilized full time employees at portfolio companies as of the first SSOF investment. Stabilization adjustment performed only for companies that were not long-term viable economic entities at time of investment.

⁽²⁾ Nevada employees on non-farm payrolls growth from 6/30/12 to 6/30/18 according to U.S. Bureau of Labor Statistics.

The capital provided by SSOF and its partners have helped portfolio companies meaningfully outpace Nevada's overall employment growth. As a result, the Fund's portfolio companies added approximately 624 more jobs than the average Nevada company would have over the same time period.

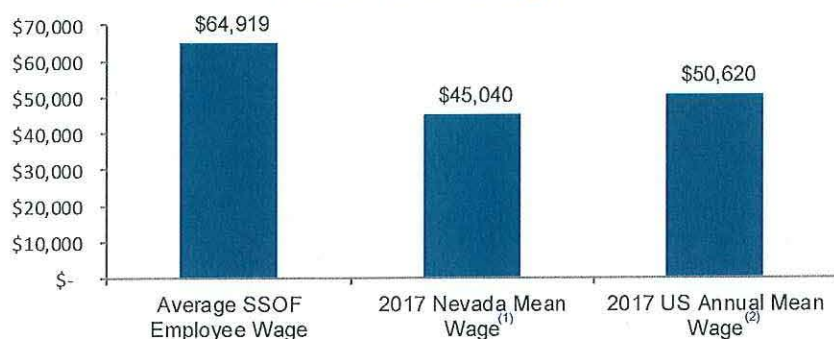
SSOF Impact on Job Growth



⁽¹⁾ Simulated employment calculated by applying average unadjusted Nevada non-farm employment growth from 6/30/12 to 6/30/18, according to the U.S. Bureau of Labor Statistics, to portfolio company employment at the time of original investment.

SSOF portfolio companies create high quality jobs, resulting in attractive wages for their employees. The average wage for Nevada employees at SSOF portfolio companies is \$65k, 44% higher than the average Nevada wage⁽¹⁾ and 28% higher than the average national wage⁽²⁾ in 2017.

SSOF Salaries Outperform State and National Averages

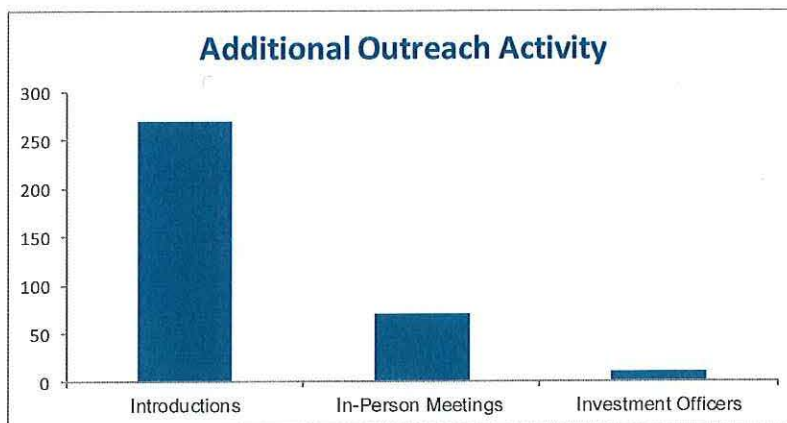


⁽¹⁾ Based on Bureau of Labor Statistics May 2017 average wage for all Nevada occupations.

⁽²⁾ Based on Bureau of Labor Statistics May 2017 average wage for all U.S. occupations.

Additional Outreach

Hamilton Lane's presence and involvement in the Nevada community has created benefits beyond the capital invested by the SSOF. These efforts have helped attract additional capital to the state, educate local market participants, build deeper relationships within the Nevada private equity community and connect local businesses with sources of capital.



Silver State Investor Forum

Hamilton Lane, in partnership with the State Treasurer's Office and the NCIC, has hosted two private equity conferences in Nevada, one in Northern Nevada and one in Southern Nevada. Both conferences sold out and attracted a combined 300+ attendees, including 70+ investment managers representing over

\$100 billion of capital. The conferences provided educational content on private markets and created an environment that connected local companies and intermediaries to sources of capital.

Sponsorships

Silver State has selectively sponsored events for local businesses to increase the visibility of the program within the community. These events have led to positive publicity and incremental deal flow.

Active Outreach

Hamilton Lane is an active member of the Nevada business community, helping connect the local business community with the broader private equity community. Since the Fund's inception, Hamilton Lane has made over 270 introductions to private equity firms on behalf of Nevada companies.

Event Attendance

The Fund's representatives have attended and supported dozens of local business conferences, including events hosted by SciTech, the Reno-Gazette Journal, the Governor's Office of Economic Development, chambers of commerce, the Department of Business and Industry, the Rocky Mountain Venture Capital Association, NCET and several others.

Portfolio Update

Executive Summary

We are pleased to provide you with the fiscal fourth quarter 2018 report for Silver State Opportunities Fund LLC ("Silver State" or the "Fund", or the "Portfolio") which summarizes the Fund's results and investment activity, as well as provides key updates. This report represents the review by Hamilton Lane of the Silver State Opportunities Fund LLC as of June 30, 2018.

- As of June 30, 2018, the Fund has made \$44.6 million of commitments to 14 investments, 13 of which are active.
- Since inception, the Fund has generated a gross Internal Rate of Return ("IRR") of 8.39% and a total value multiple of 1.23x
- On a net basis, the Fund has a since-inception IRR of 4.59%

Background of the Fund

Hamilton Lane was engaged by the Nevada Capital Investment Corporation ("NCIC") in August of 2012, to provide investment management services through the Silver State Opportunities Fund LLC ("Silver State" or the "Fund"). In September 2012, Hamilton Lane opened its Nevada office to oversee management of the Fund; Miguel Luina, Rob Reed, and Dave Helgersen serve as the main points of contact from Hamilton Lane for the Fund. Silver State's investments are to include both partnerships and co-investments focusing on compelling investments across various investment strategies (buyout, venture capital, growth, mezzanine, distressed, and special situations) with a significant presence in Nevada. The NCIC has committed \$50 million to the Fund, and Hamilton Lane has committed \$0.5 million to the vehicle.

Silver State Opportunities Fund LLC

| | |
|-------------------------------|-------------------------------------|
| First Closing Date | August 1, 2012 |
| Vintage Year | 2013 |
| Termination Date ¹ | August 1, 2022 |
| Current Lifecycle | Post-Investment Period |
| Total Fund Size | \$50,505,051 |
| Manager | Hamilton Lane Advisors, LLC |
| Investment Strategy | Targeted Investment Program |
| Administrator | Stone Pine Accounting Services, LLC |
| Auditors | Ernst & Young |

¹ Term may be extended by the Manager for up to two successive one-year periods in its sole discretion. Per the terms of the Amended and restated LLC Agreement, NCIC and the Manager may make an additional capital commitment at the end of the Commitment Period of the First Tranche. Should NCIC elect to make a Second Tranche Commitment, the termination date of the Fund will change.

Silver State by the Numbers

2013
Vintage Year

\$51M
Fund Size

14
Total Investments

\$45M
Committed

\$40M
Contributed

\$9M
Distributed

0.2x
Gross DPI

1.2x
Total Value Multiple

8.4%
Gross IRR

4.6%
Net IRR

Portfolio Update

Performance

| | Since Inception as of 6/30/2018 |
|-----------------------------------|---------------------------------|
| Gross Fund Multiple | 1.23x |
| Gross Fund IRR | 8.39% |
| NCIC Net Multiple | 1.12x |
| NCIC Partner Net IRR ¹ | 4.59% |

¹ Net IRR includes Hamilton Lane management fees and Fund expenses.

Net LP Summary

| | Since Inception to 6/30/2017 | Since Inception to 6/30/2018 | Change |
|---|---------------------------------|---------------------------------|---------|
| Total Committed to Partnerships | \$44.6 | \$44.6 | - |
| Percent Committed | 88.3% | 88.3% | - |
| Total Contributions from LPs | \$40.1 | \$42.8 | \$2.7 |
| Percent Contributed | 80.2% | 85.6% | 5.5% |
| Total Distributions to LPs | \$5.5 | \$8.3 | \$2.8 |
| Percent of Contributions | 13.8% | 19.5% | 5.7% |
| Unfunded Commitments | \$11.4 | \$8.7 | (\$2.7) |
| Net Asset Value | \$36.5 | \$39.8 | \$3.3 |
| Total Value to Paid-in Capital ¹ | 1.05x | 1.12x | 0.07x |

¹ Total Value to Paid-in Capital Multiple ("TVPI") represents the fund's market value plus distributions, divided by total contributed capital.

Gross Fund Summary

| | Since Inception to 6/30/2017 | Since Inception to 6/30/2018 | Change |
|---------------------|---------------------------------|---------------------------------|---------|
| Active Investments | 14 | 13 | (1) |
| Active Managers | 14 | 13 | (1) |
| Capital Committed | \$44.6 | \$44.6 | - |
| Unfunded Commitment | \$8.3 | \$6.1 | (\$2.2) |
| Capital Contributed | \$37.7 | \$40.1 | \$2.4 |
| Capital Distributed | \$5.8 | \$8.6 | \$2.8 |
| Market Value | \$36.9 | \$40.6 | \$3.7 |
| Gross DPI | 0.15x | 0.22x | 0.07x |

¹ The June 30, 2017 data is based upon information provided in the Silver State Opportunities Fund LLC Fourth Fiscal Quarter 2017 report and Audited Financial Statements. Silver State Opportunities Fund fiscal year-end is June 30, 2018.

Portfolio Value and Performance

| Portfolio Quarter-Over-Quarter Summary | | | | | |
|--|------------------------|-------------------------|------------------------|-----------|------------|
| in \$ millions | Quarter Ended | | | | Year Ended |
| | 9/30/2017 ¹ | 12/31/2017 ¹ | 3/31/2018 ¹ | 6/30/2018 | 6/30/2018 |
| Beginning Market Value | \$36.9 | \$37.9 | \$37.9 | \$39.8 | \$36.9 |
| Paid-in Capital | 0.6 | 1.2 | 0.2 | 0.3 | 2.4 |
| Distributions | (1.3) | (0.6) | (0.4) | (0.5) | (2.8) |
| Net Value Change | 1.7 | 1.4 | 0.1 | 1.1 | 4.2 |
| Ending Market Value | \$37.9 | \$39.9 | \$39.8 | \$40.6 | \$40.6 |
| Unfunded Commitments | \$7.8 | \$6.6 | \$6.4 | \$6.1 | \$6.1 |
| Total Exposure | \$45.7 | \$46.5 | \$46.2 | \$46.8 | \$46.8 |
| Point-to-Point IRR | 4.65% | 3.74% | 0.06% | 2.68% | 11.52% |
| Since Inception IRR | 8.25% | 8.92% | 8.16% | 8.39% | 8.39% |

¹Prior quarter information is based upon the financial information presented in the respective quarter's Quarterly Report.

²Totals may be off due to rounding

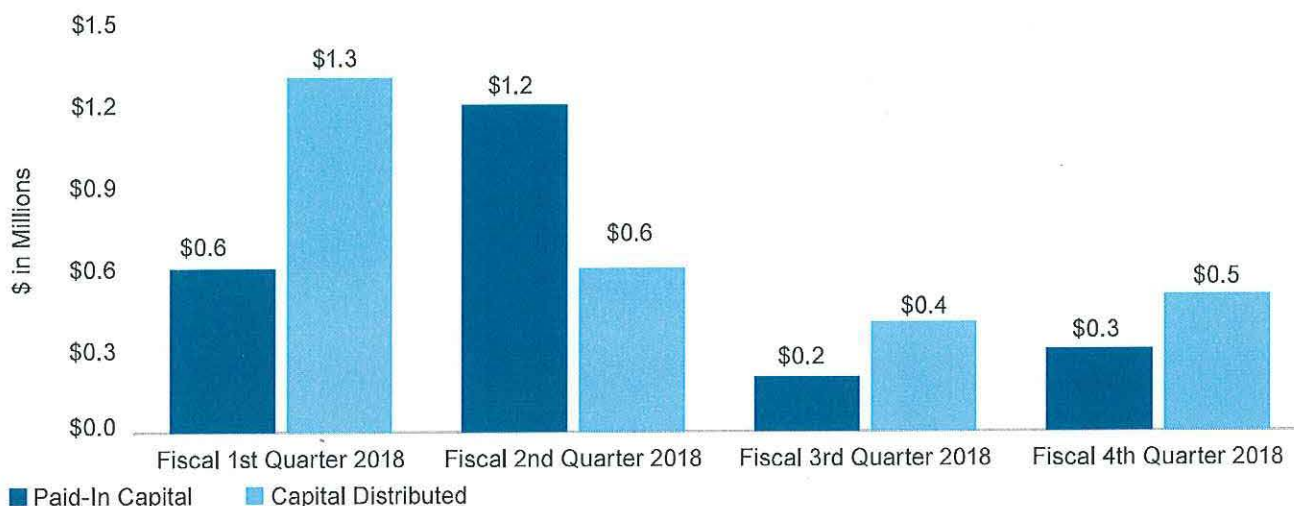
- The Portfolio generated a net value gain of \$4.2 million and a point-to-point IRR of 11.52% for the year ended June 30, 2018. Ten investments experienced a combined net value gain of \$4.6 million while two investments experienced a combined net value loss of \$0.4 million. One investment did not experience any net value change during the year.
 - Convergent Capital Partners III, L.P. generated the largest net value gain during the year with \$1.1 million. The net value gain was largely attributed to increase in value of Allstar Construction Holdings, LLC, which saw its multiple increase to 2.1x from 1.4x over the past twelve months. Allstar Construction completed the first half of 2018 with exceptional financial results and a continued strong backlog, primarily related to increased sales efforts and continued positive economic conditions.
 - Kareo, Inc., a provider of software as a service for independent medical practices, generated \$0.7 million in net value increase during the year, the largest amount for a co-investment. The increase was a result of continued strong performance primarily due to growing revenues, increased gross margins, and dramatically decreased operating expenses.

Cash Flow Activity

The chart below highlights the cash flows in the Fund over the past four quarters ended June 30, 2018.

Quarterly Gross Cash Flows

As of June 30, 2018



- Huntington Capital Fund III drove distributions during the year, accounting for \$1.5 million or 53% of the annual total. On August 29, 2017, MidCap Financial Services, LLC, closed the \$17.5M debt and equity recapitalization of Mission Senior Living resulting in a distribution to the HCAP III in the amount of \$1.5M.

The chart below highlights the cumulative cash flows from inception to June 30, 2018.

Cumulative Gross Cash Flows

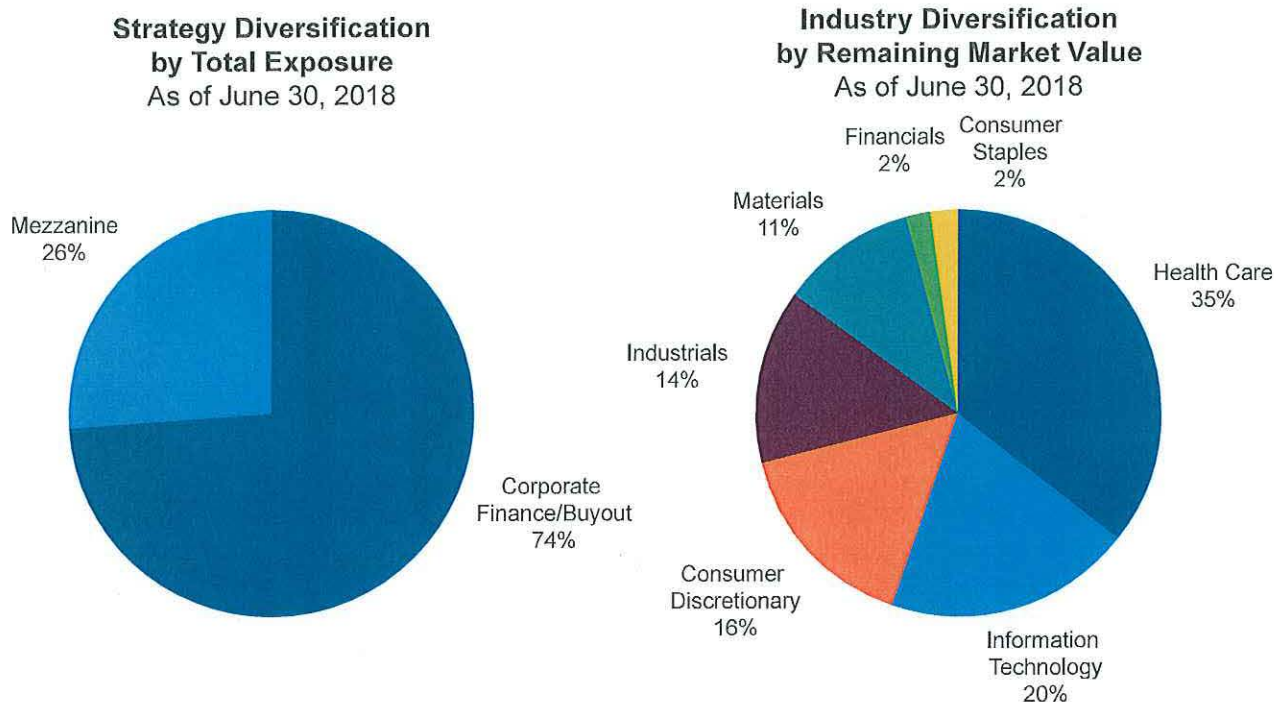
As of June 30, 2018



- As of quarter-end, the Fund reached a Distribution-to-Paid-In ratio (DPI) of 0.22x. Since inception, the top distributing investment has been HCAP III returning \$3.2 million. As of June 30, 2018, HCAP III generated a 11.64% net IRR and 0.66x DPI.

Portfolio Diversification

The chart below represents the Fund's diversification by strategy as measured by total exposure as of June 30, 2018. Total exposure is the sum of the market value and the unfunded commitment of the underlying investments. The chart related to diversification by industry is presented by remaining market value calculated at underlying holdings level based off of the June 30, 2018 actual valuations.



- The Portfolio is well diversified by industry, with Health Care and Information Technology representing the top two industry exposures.
 - Co-Investments are driving industry market value exposure to Health Care (West Dermatology, Kareo) and Information Technology (Software Paradigms).
- Convergent Capital Partners III accounts for the Portfolio's largest share of underlying company market value at \$5.6 million or 13.6% of the Portfolio.

Portfolio Summary by Investment

As of June 30, 2018

| Investments | Closing Date | Investment Strategy | Commitment | Paid In Capital ¹ | Distributions | Market Value | Since Inception IRR ² |
|--|--------------|---------------------|---------------------|------------------------------|--------------------|---------------------|----------------------------------|
| Brentwood Associates Private Equity V, L.P. | 11/21/2014 | Corp Fin/Buyout | \$3,000,000 | \$3,282,186 | \$750,188 | \$2,932,990 | 7.88% |
| Convergent Capital Partners III, L.P. | 11/12/2014 | Mezzanine | 5,000,000 | 4,014,482 | 411,862 | 5,546,371 | 15.58% |
| Enhanced Small Business Investment Company, L.P. | 08/13/2013 | Mezzanine | 2,600,000 | 1,689,929 | 760,077 | 1,756,972 | 12.72% |
| Graycliff Private Equity Partners III, L.P. | 12/30/2015 | Corp Fin/Buyout | 1,000,000 | 800,292 | 482,572 | 662,971 | 32.13% |
| Huntington Capital Fund III, L.P. | 05/31/2013 | Mezzanine | 5,000,000 | 4,743,792 | 3,154,587 | 2,558,904 | 11.64% |
| Sorenson Capital Partners III, L.P. | 03/26/2015 | Corp Fin/Buyout | 2,000,000 | 1,606,141 | 536 | 1,777,354 | 5.35% |
| Waterton Precious Metals Fund II Cayman, L.P. | 10/24/2013 | Corp Fin/Buyout | 5,000,000 | 3,027,604 | 948,016 | 3,056,715 | 11.02% |
| Partnerships Total | | | \$23,600,000 | \$19,164,425 | \$6,507,838 | \$18,292,277 | 12.37% |
| Co-Investments | | Co-Investments | 21,008,209 | 20,887,675 | 2,115,723 | 22,346,462 | 5.57% |
| Total Portfolio | | | \$44,608,209 | \$40,052,100 | \$8,623,561 | \$40,638,739 | 8.39% |

¹ Paid-In Capital includes amounts paid for investments, management fees and expenses.

² IRR is net of management fees, but gross of HL Fees.

Summary of Co-investments

As of June 30, 2018

| Investments | Closing Date | Commitment | Paid In Capital ¹ | Distributions ² | Market Value ¹ | Since Inception IRR ² |
|----------------------------------|--------------|---------------------|------------------------------|----------------------------|---------------------------|----------------------------------|
| Kareo, Inc. | 4/29/2015 | \$3,400,000 | \$3,400,000 | - | \$4,895,196 | 12.66% |
| Marshall Retail Group (MRG) | 12/8/2014 | 2,000,000 | 2,000,000 | - | 2,903,949 | 11.04% |
| Miller Heiman, Inc. | 2/21/2013 | 3,894,328 | 3,894,328 | \$372,919 | - | N/A |
| Rural Physicians Group | 4/2/2015 | 2,157,680 | 2,157,680 | - | 3,012,214 | 11.23% |
| Software Paradigms International | 5/13/2016 | 5,000,000 | 4,900,000 | 1,314,236 | 4,832,500 | 12.58% |
| Super Color Digital | 1/8/2016 | 2,056,201 | 2,035,668 | 428,568 | 1,502,603 | (2.35%) |
| West Dermatology | 3/11/2015 | 2,500,000 | 2,500,000 | - | 5,200,000 | 33.04% |
| Total Portfolio | | \$21,008,209 | \$20,887,675 | \$2,115,723 | \$22,346,462 | 5.57% |

Portfolio Summary by Investment

As of June 30, 2018

A listing of Nevada companies having received an investment from the Fund as of June 30, 2018 is provided in the chart below.

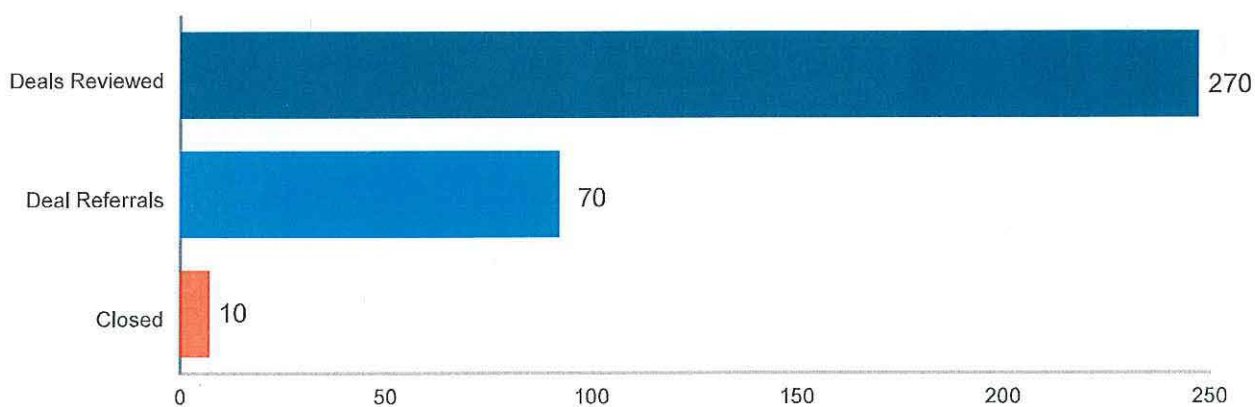
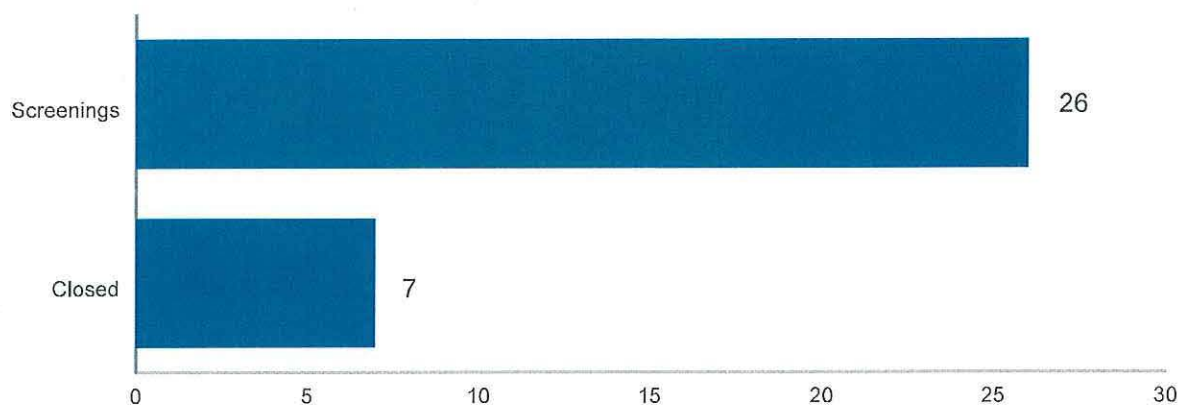
| Name ¹ | Location | Description |
|--------------------------------------|---|--|
| Miller Heiman, Inc. | Washoe County | Corporate education company |
| The Marshall Retail Group | Las Vegas | Specialty retailer providing turnkey solutions to casino hotel and airport operators |
| Las Vegas Color Graphics | Las Vegas | Privately-owned, full service commercial printing company |
| West Dermatology | Henderson | Operates a network of 26 dermatology clinics |
| Kareo, Inc. | Las Vegas | Cloud-based office software platform for small physician practices |
| Mission Senior Living | Carson City, Reno, Fernley, Gardnerville | Operator of multiple retirement and assisted living centers |
| Rural Physicians Group | Las Vegas | Provides rotating hospitalists to critical access and rural hospitals in the US |
| Super Color Digital | Las Vegas | Provides printing and graphics for various brands |
| Software Paradigms International | Las Vegas | Provides IT services and solutions for retailers globally |
| Elko Mining Group | Elko County | Mining operator |
| Reno Mining Office | Reno | Mining operator |
| Esmeralda Mine and Mill | Mineral County | Ore processing facility and precious metal extraction |
| Spring Valley / Gold Rock | White Pine and Pershing Counties | Precious Metal Deposit |
| Borealis Mine | Mineral County | Precious Metal extraction |
| Hollister Mine | Elko County | Precious Metal extraction |
| Mineral Ridge Mine | Esmeralda County | Precious Metal extraction |
| Pinson Mine | Humboldt County | Precious Metal extraction |
| Reward Gold Mine | Nye County | Precious Metal extraction |
| Clover | Elko County | Precious Metal extraction |
| Goldfield (Gemfield) | Esmeralda County | Precious Metal extraction |
| Converse | Humboldt County | Precious Metal extraction |
| Iceberg | Eureka County | Precious Metal extraction |
| Ruby Hill Mine | Eureka County | Gold extraction |
| Mt. Hamilton | White Pine County | Precious Metal extraction |
| Burke Williams | Las Vegas | Owns and operates multiple spas |
| Prologistics Distribution | Henderson | Provides distribution services to the B2B and B2C markets |
| Lazy Dog Restaurant & Bar | Las Vegas, Summerlin | Casual restaurant and bar |
| Z Gallerie | Las Vegas | Retailer providing furniture, decor, tableware and bedding |
| Contact Gold | Churchill, Douglas, Elko, Esmeralda, Eureka, Humboldt, Lander, Lyon, Mineral, Nye, Pershing, Storey, Washoe and White Pine Counties | 13 project investments through debt financings, minority equity and similar arrangements to other mining companies with operations in Nevada |
| Allied Nevada Exploration Properties | Churchill, Douglas, Elko, Esmeralda, Eureka, Humboldt, Lander, Lyon, Mineral, Nye, Pershing, Storey, Washoe and White Pine Counties | 39 unpatented projects; 29 patented projects |

¹ Chart includes exited investments

Deal Flow

The charts below provide detail regarding partnership and co-investment deal flow for the Fund during the Commitment Period.

Partnership Pipeline



Marketing Expenses

The following chart shows Hamilton Lane's marketing expenditures relative to its original budget for the fiscal year ended June 2018. Hamilton Lane has made a concerted effort to limit marketing expenses and focus on supporting events with the highest impact for the Fund.

| Items | Marketing Expenses |
|--------------------|--------------------|
| Marketing Expenses | \$201 |
| Marketing Budget | \$50,000 |

Audited Financial Statements sent separately.

Private markets capitalizing on strong economic conditions

After Dow 25,000, the Party Has to End. But When?

- *New York Times*, January 2018

PE Firms Raise Money at Fastest Pace since 2006

- *Financial Times*, July 2018

U.S. Inflation Pressures Rise in July; Fed on Track to Lift Rates

- *NY Times*, July 2018

'Mega Round' Investors Shower Start-Ups with Millions

- *New York Times*, August 2018

The reality is that there's a lot of money out there — and if you don't take it, your competitor will

- *Fortune*, August 2018



Have we seen this show before?

Finally! Dow Finishes Above 14,000

- *CNN Money*, May 2007

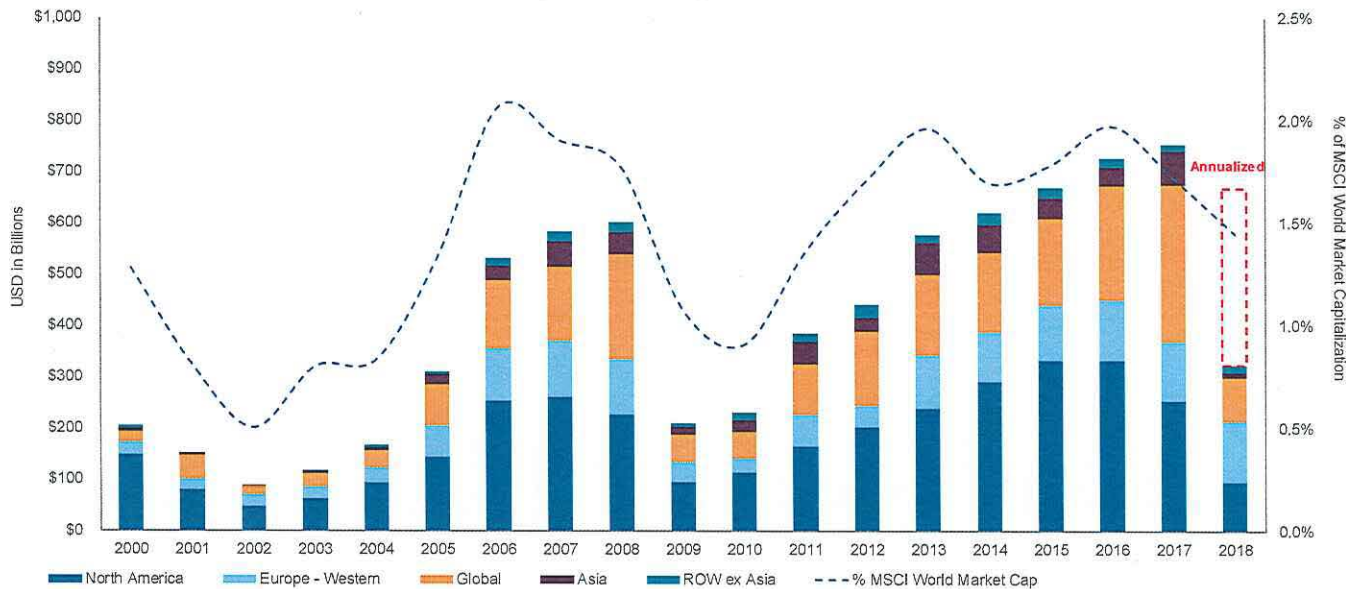
The greatest economic boom ever

- *Fortune*, July 2007

Markets Soar After Fed Cuts Key Rate by a Half Point

- *New York Times*, September 2007

Global Private Markets Fundraising by Geography



2018 fundraising on pace to be strong, albeit lower

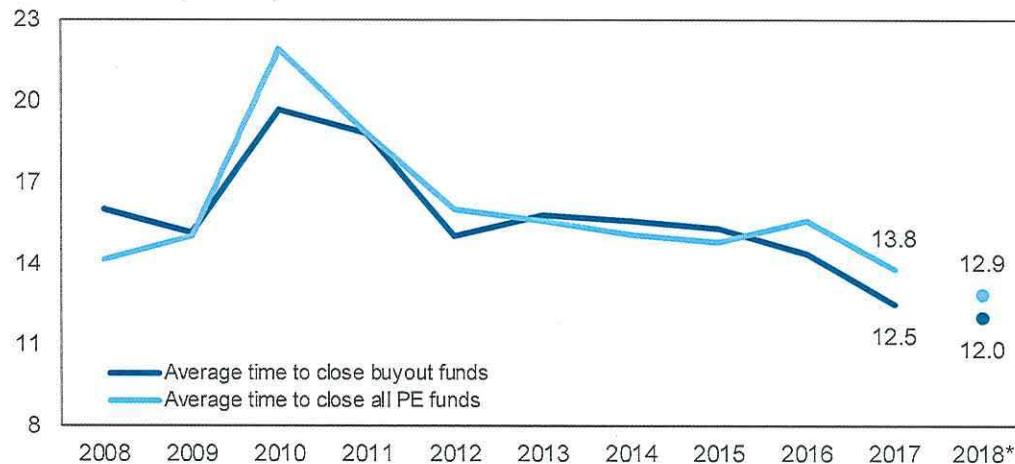
- \$325B closed to-date
- Is it Europe's year?
 - 37% raised by Western Europe funds (\$120B)
 - Eclipses North America

Need for speed continues

- U.S. buyout funds average 12 months to close through 1H 2018
 - Fastest pace over the last decade

U.S. PE Fundraising

Time to Close (Months)



Global Private Equity-Backed Buyout Deals

Q1 2014 - Q2 2018



Source: Preqin (July 2018)

Deal volume steady over past three quarters

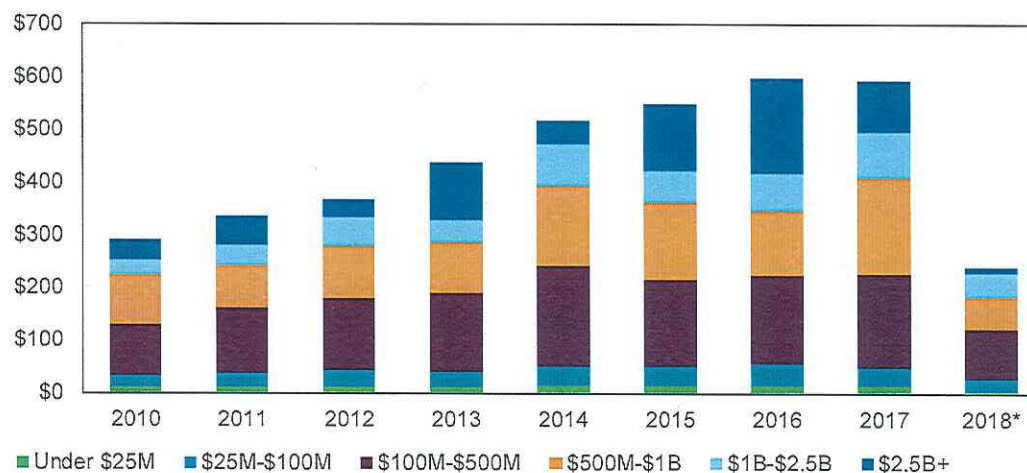
- Aggregate deal value of \$239B in 1H 2018, compared to \$167B in 1H 2017
- Active despite high pricing

Six mega deals (\$5B+) through June 2018 (PitchBook)

- Driven by KKR going mega
 - Big is Back: \$8.5B BMC Software deal in May 2018 (biggest acquisition since GFC)
 - Eclipsed one month later: Envision Healthcare at \$9.9B

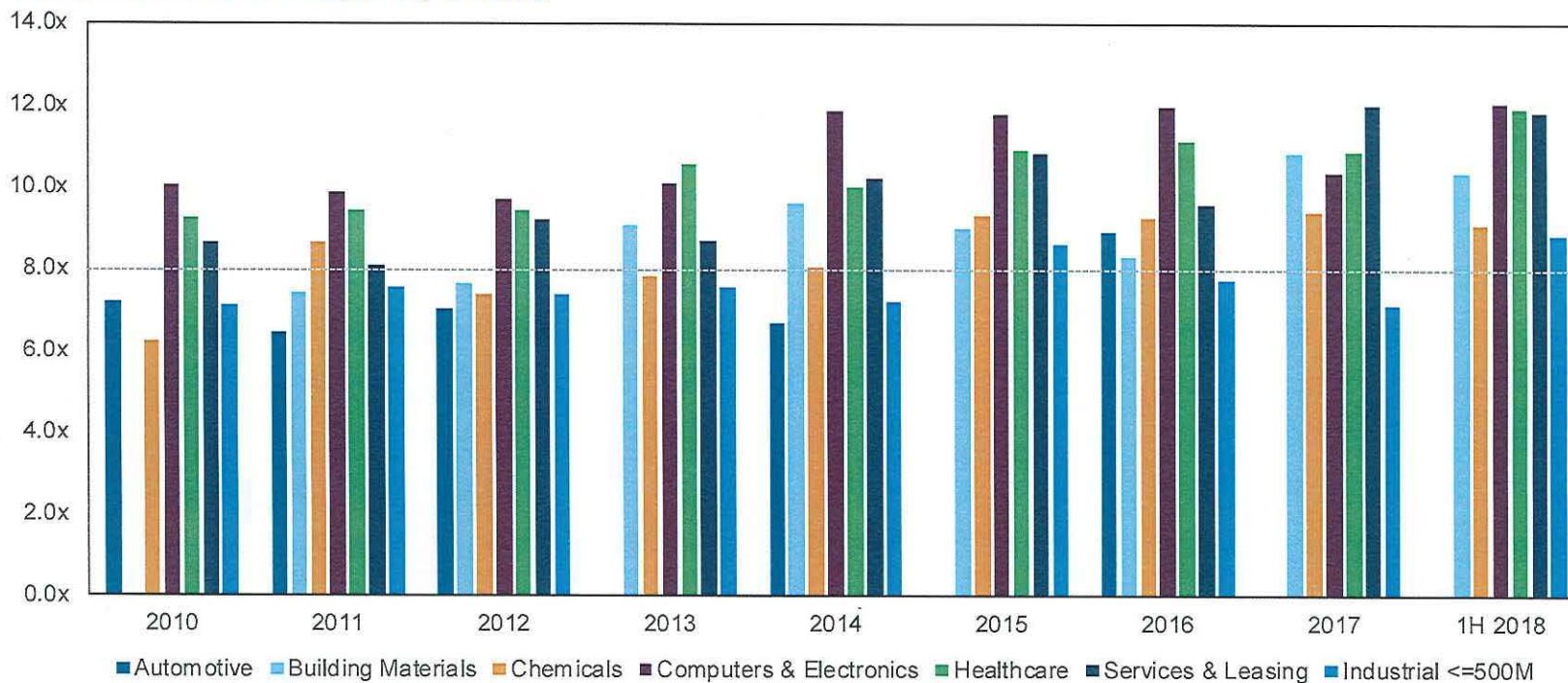
U.S. Private Equity Activity

USD in Billions



Source: Pitchbook (April 2018)

U.S. Purchase Price Multiples by Industry

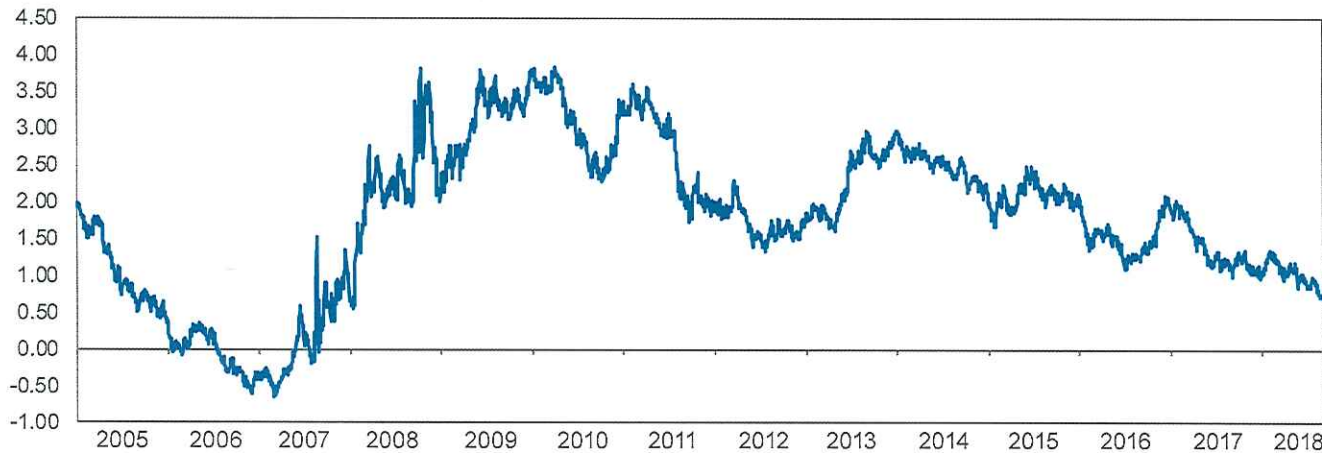


Source: S&P LCD (July 2018)

...Driven by several industries

- Two sectors, Healthcare and Computers/Electronics
 - Both consistently above 10.0x over last 5+ years
- Services & Leasing hit 12.0x peak in 2017
 - Accounted for 23% of LBO transaction volume through July 2018

Yield Spread - 10Y and 3M Treasury



Spread trend signaling economic slowdown

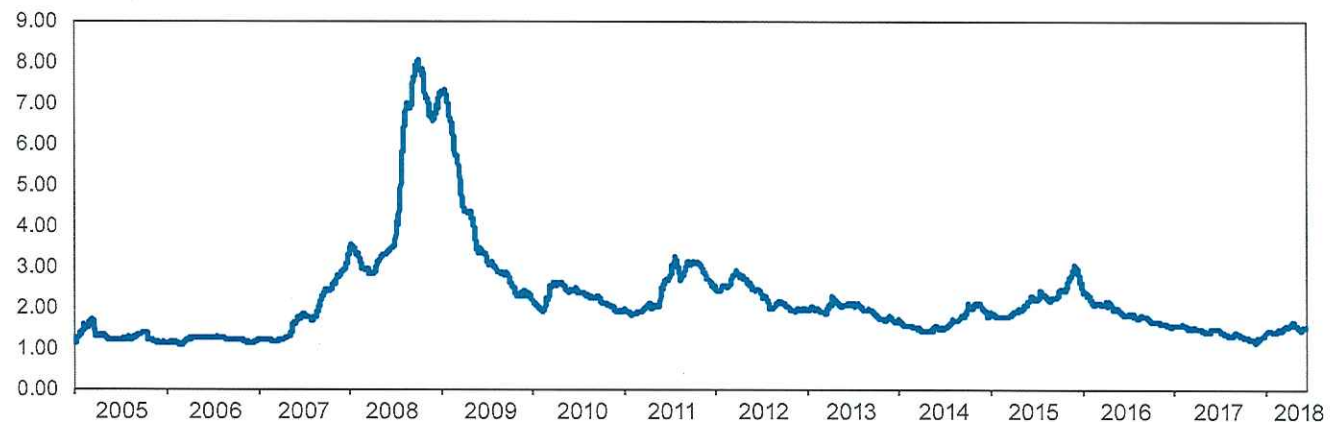
- Yield spread at its lowest point since 2008 recession
- One good thing? It's still positive

Source: Federal Reserve Bank of St. Louis, 10-Year Treasury Constant Maturity Minus 3-Month Treasury Constant Maturity [T10Y3M], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/T10Y3M>, September 12, 2018

Credit spreads narrowing

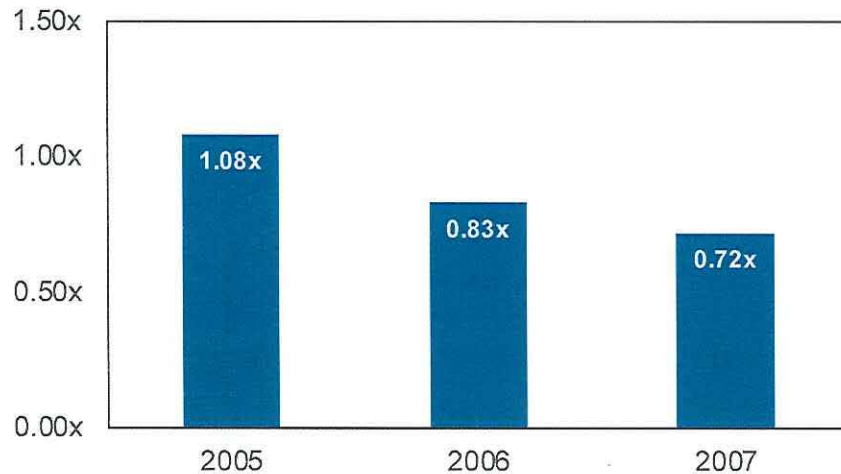
- Currently trading around premium of ~1.5%
 - Well below the 8% height seen in 2008
 - Signals continued confidence in corporate market

U.S. Corporate BBB Option-Adjusted Spread



Source: ICE Benchmark Administration Limited (IBA), ICE BofAML US Corporate BBB Option-Adjusted Spread [BAMLC0A4CBBB], retrieved from FRED, Federal Reserve Bank of St. Louis; <https://fred.stlouisfed.org/series/BAMLC0A4CBBB>, August 28, 2018

Liquidity Ratio "Then"

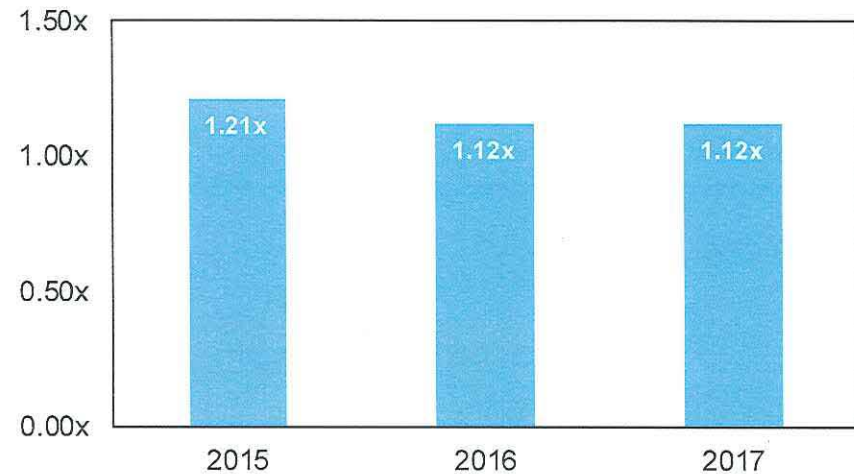


Liquidity Ratio = Distributions/Contributions

Source: Hamilton Lane Data via Cobalt (September 2018)

Includes Growth Equity, Buyout, Credit, Venture Capital, Fund of Funds, Secondaries, Co-Investment

Liquidity Ratio "Now"



Liquidity Ratio = Distributions/Contributions

Source: Hamilton Lane Data via Cobalt (September 2018)

Includes Growth Equity, Buyout, Credit, Venture Capital, Fund of Funds, Secondaries, Co-Investment

Liquidity ratios trending higher in most recent years, compared to a decade ago

- Consistent with record distribution activity in the market
- Indication of market growth and increased opportunities?

Liquidity moderating: Analysis of private markets cash flow data over last ten quarters*

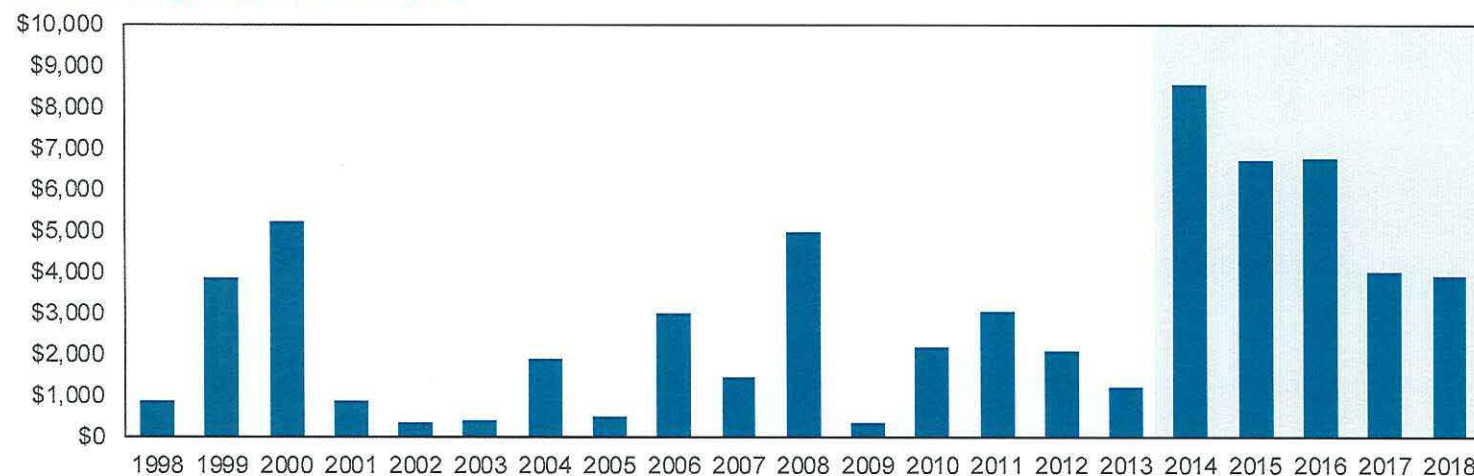
- Distributions peaked in Q4 2017
- Liquidity ratio >1.0x for 5 of 10 quarters

*Source: Hamilton Lane Data via Cobalt

Since 2014, roughly \$34B of VC-backed tech IPOs vs. \$110B raised from mega late-stage rounds

- Private IPOs - big rounds; big values

VC Late Stage Capital Raised (\$B)



Source: Bison data via Cobalt (August 2018)

Derivative of transportation technology (DoorDash):

“We have a thesis at Sequoia that good investing addresses one of the seven deadly sins. Tony addressed two of them: Sloth and Gluttony.” Alfred Lin, Partner at Sequoia Capital

As of August 2018, DoorDash raised \$978 million in funding and is valued at \$4 billion (including its recent \$250 million round of financing) *

*Source: Fortune, Term Sheet (August 17, 2018)

**Adding to Webster's Dictionary:
Did you: Uber? Lyft? Bird? Lime?**



Transportation shift and the Mega Round

- New companies created by disintermediation
- Started with rideshare, evolving to bikes, scooters, delivery services

Bird Scooter Example

- Founded in April 2017 in Santa Monica, “last-mile” transportation solution
- Backed by several big name VCs: Sequoia, Accel, B Capital Group, CRV, Greycroft, Sound Ventures, e.ventures
- Operates in 29 U.S. cities and internationally in Paris
 - Seven states with multiple cities including three in the Midwest

Bird's Funding Rounds



Source: Reuters (June 2018)

| VC-Backed Transportation Technology Company Valuations | | | |
|--|---|-------------------|---------------------------------------|
| Company | Services Provided | Headquarters | Reported Valuation (\$B) ¹ |
| Uber | Rideshare transportation; food delivery | San Francisco, CA | \$62.0 |
| Didi | Rideshare transportation | Beijing | \$57.6 |
| Lyft | Rideshare transportation | San Francisco, CA | \$15.1 |
| Grab | Ridehailing and ridesharing | Singapore | \$11.0 |
| Ola | Online cab aggregator | Bangalore | \$3.4 |
| Mobike* | Station-free bikeshare | Beijing | \$3.4 |
| Ofo | Station-free bikeshare | Beijing | \$3.0 |
| Bird | Dockless electric scooters | Santa Monica, CA | \$2.0 |
| Hellobike | Bikeshare | Shanghai | \$1.5 |
| Lime | Dockless electric scooters; e-assist bikes; pedal bikes | San Mateo, CA | \$1.1 |

¹Source: PitchBook August 2018 / *Sold to food delivery company Meituan Dianping (Bloomberg, April 2018)



Glossary of Terms

Additional Fees: The amount of capital an investor pays into a fund/investment that does not count against the investors' commitment. Additional fees typically consist of management fees or late-closing interest expense.

Capital Committed: An investor's financial obligation to provide a set amount of capital to the investment.

Capital Contributed: Capital contributed from an investor's capital commitment to fund partnership investments, organizational expenses and management fees.

Capital Distributed: Cash or stock disbursed to the investors of an investment.

Co/Direct Investment: A direct investment is a purchased interest of an operating company. A co-investment is a direct investment made alongside a partnership.

Corporate Finance/Buyout: Funds seeking to make controlling and non-controlling investments in established companies which have the potential to achieve greater value through improved performance.

Cost Basis: Capital contributions less return of principal.

Fund-of-Funds: An investment vehicle which invests in other private equity partnerships.

Fund/Investment Size: The total amount of capital committed by investors to a fund.

Investment Category: Used to identify investments in one of the following categories: co/direct investments, fund-of-funds, primary funds, secondary fund-of-funds or secondary purchases.

Investment Strategy: A sub-classification of a partnership's investment type, such as Co/Direct Investment, Corporate Finance/Buyout, Mezzanine, Real Estate, Special Situation, Venture Capital.

Life Cycle Period: The current stage of a partnership depending on the percentage contributed to date. Life cycle periods are investment and realization.

Mezzanine: An investment strategy involving the purchase of subordinated debt. These securities exist between the senior debt and equity of a holding's capital structure. Subordinated debt carries a lower level of risk than pure equity structures because they generate current income and have a more senior position in the company's capital structure.

Net Internal Rate Of Return ("IRR"): The discount rate that equates the net present value of the partnership's cash outflows with its inflows and residual value at the time of calculation. The calculation is net of management fees and the general partner's carried interest.

Originator: The institution responsible for recommending a client commit to an investment.

Ownership Percentage: The investor's percent of ownership as measured by capital committed divided by fund/investment size.

Paid-In Capital: The amount of capital an investor has contributed to a partnership, which includes capital contributions and additional fees.

Pooled Average IRR: An IRR calculation which aggregates cash flows (paid-in capital and capital distributed) and the reported market values of each investment within a portfolio to create one portfolio investment and return.

Portfolio Holding Exposure: The limited partner's pro rata allocation to an underlying investment based on the ownership percentage of the partnership.

Primary Fund: Defines when the investor acquired an interest in the partnership. Primary fund is the investment category when an investor participates in a closing at the inception of the partnership.

Private Equity Partnership: A professionally managed pool of capital that generally invests in unlisted companies or securities. Common investment strategies include corporate finance/buyout, mezzanine, special situations and venture capital.

Realized Multiple: Ratio of cumulative distributions to paid-in capital.

Return On Investment ("ROI"): A calculation based on the total value (market value plus distributions) divided by paid-in capital for an investment.

Reported Market Value: The investment's capital account balance at quarter end, which includes the general partner's reported value of the underlying holdings and other assets and liabilities.

Secondary Fund-of-Funds: A private equity vehicle formed to purchase active partnership interests from an investor.

Secondary Purchase: A purchase of an existing partnership interest or pool of partnership interests from an investor.

Special Situation: Partnerships that invest using a unique strategy. Examples include distressed and turnaround, industry focused and multi-stage partnerships.

Total Exposure: Calculated by the summation of market value and unfunded commitments.

Venture Capital: An investment strategy that provides start-up or growth capital to companies in the early stages of development. Venture investments generally involve a greater degree of risk, but have the potential for higher returns.

Vintage Year: The year in which a partnership makes its first capital call for an investment into a portfolio company/holding.

Disclosures

Non-public information contained in this report is confidential and intended solely for dissemination to Silver State Opportunities Fund and/or its Affiliates. Hamilton Lane has prepared this report to enable Silver State Opportunities Fund and/or its Affiliates to assess the performance and status of its alternative investment portfolio. Hamilton Lane hereby disclaims any liability resulting from any unauthorized dissemination of the attached information.

The information contained in this report may include forward-looking statements regarding the funds presented or their portfolio companies. Forward-looking statements include a number of risks, uncertainties and other factors beyond the control of the funds or the portfolio companies, which may result in material differences in actual results, performance or other expectations. The information presented is not a complete analysis of every material fact concerning each fund or each company. The opinions, estimates and analyses reflect our current judgment, which may change in the future.

All opinions, estimates and forecasts of future performance or other events contained herein are based on information available to Hamilton Lane as of the date of this presentation and are subject to change. Past performance of the investments described herein is not indicative of future results. Certain of the information included in this presentation has not been reviewed or audited by independent public accountants. Certain information included herein has been obtained from sources that Hamilton Lane believes to be reliable but the accuracy of such information cannot be guaranteed.

The past performance information contained in this report is not necessarily indicative of future results and there is no assurance that the funds will achieve comparable results or that they will be able to implement their investment strategy or achieve their investment objectives. The actual realized value of currently unrealized investments will depend on a variety of factors, including future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the current unrealized valuations are based.

Any tables, graphs or charts relating to past performance included in this report are intended only to illustrate the performance of the funds or the portfolio companies referred to for the historical periods shown. Such tables, graphs and charts are not intended to predict future performance and should not be used as the basis for an investment decision.

As of November 5, 2018

Contact Information

► Philadelphia

One Presidential Blvd., 4th Floor
Bala Cynwyd, PA 19004
USA
+1 610 934 2222

► London

8-10 Great George Street
London SW1P 3AE
United Kingdom
+44 (0) 207 340 0100

► Tel Aviv

14 Shenkar Street
Nolton House
Herzliya Pituach, 46733
P.O. Box 12279
Israel
+972 9 958 6670

► San Francisco

201 California Street, Suite 550
San Francisco, CA 94111
USA
+1 415 365 1056

► New York

610 Fifth Avenue, Suite 401
New York, NY 10020
USA
+1 212 752 7667

► San Diego

7817 Ivanhoe Avenue, Suite 310
La Jolla, CA 92037
USA
+1 858 410 9967

► Tokyo

17F, Imperial Hotel Tower
1-1-1, Uchisaiwai-cho, Chiyoda-ku
Tokyo 100-0011
Japan
+81 (0) 3 3580 4000

► Miami

999 Brickell Avenue
Suite 720
Miami, Florida 33131
USA
+1 954 745 2780

► Hong Kong

Room 1001-3, 10th Floor
St. George's Building
2 Ice House Street
Central Hong Kong, China
+852 3987 7191

► Rio de Janeiro

Av. Niemeyer 2, Sala 102
Leblon Rio de Janeiro
Brasil 22450-220
+55 21 3520 8903

► Las Vegas

3753 Howard Hughes Parkway
Suite 200
Las Vegas, NV 89169
USA
+1 702 784 7690

► Seoul

16/17 Fl., Posco P&S Tower
Teheran-ro 134, Gangnam-Gu
Seoul 135-923, Republic of Korea
+82 2 2015 7679

► Sydney

Level 36, Governor Phillip Tower,
1 Farrer Place,
Sydney, NSW 2000
Australia
+61 2 8823 3741

► Munich

Hamilton Lane
Leopoldstrasse 8-10
80802 Munich
Germany
+49 89 954537901

► Portland

15350 SW Sequoia Pkwy
Suite 260
Portland, OR 97224
USA
+1 503 624 9910

