

**London Borough of Hillingdon Pension Fund
Adams Street Partners Update: First Quarter 2014**

Market Update

The private equity markets continued to be strong during the first quarter of 2014, continuing the trend of 2013. This continued strong performance contrasts with public equity markets, which were generally flat in the first quarter after a very strong 2013.

As in 2013, the dominant theme in the private equity markets is the high level of liquidity generated by General Partners (GPs) in all subclasses on a global basis. The strong public equity markets have fostered a significant increase in IPO activity. In addition, very strong debt markets have led to a surge in recapitalizations for many buyout fund portfolio companies.

Global investors are again allocating money to private equity. Venture capital fundraising in the first quarter was solid, with 81 firms raising \$10 billion, compared to \$22 billion from 269 firms during 2013.

In spite of some weakness in the technology sector in the public equity markets during the first quarter, there were 38 venture capital-backed Initial Public Offerings (IPOs), just over half the number for the whole of last year (74).

Portfolio Statistics as of March 31, 2014

All in USD	Inception Date	Committed / Subscription	Draw n / Subscription	Total Value / Draw n	IRR Since Inception Gross*	IRR Since Inception Net	Public Market	1Q14 Gross IRR	1Q14 Net IRR
Total Hillingdon Portfolio	02/2005	100%	86%	1.35	9.10%	6.77%	6.22%	5.83%	5.15%
2005 Subscription	02/2005	100%	91%	1.34x	8.23%	6.18%	5.71%	2.91%	2.67%
2006 Subscription	01/2006	100%	89%	1.31x	8.44%	6.09%	6.34%	5.96%	5.04%
2007 Subscription	01/2007	100%	83%	1.37x	12.26%	9.03%	8.53%	6.22%	5.24%
2009 Subscription	01/2009	100%	54%	1.29x	19.77%	12.29%	15.09%	4.31%	3.46%
Direct Co-Investment Fund	09/2006	100%	96%	1.26x	5.24%	3.78%	3.83%	8.88%	8.68%
Co-Investment Fund II	01/2009	100%	63%	1.97x	41.46%	34.25%	14.21%	22.90%	21.49%

Notes:

- Since Inception figures in GBP are: 11.10% (Gross) and 8.60% (Net). Q1 2014 figures in GBP are: 5.16% (Gross) and 4.49% (Net).
- The Public Market is the equivalent return achieved by applying Hillingdon's cash flows to the MSCI World Index.

Portfolios Are Well Positioned

Our venture capital funds have performed quite well over the last several quarters. This trend is also true in our direct venture capital growth equity portfolio, where the majority of our companies are very healthy, with strong operating metrics. A number in fact are very well positioned for future success, with six S1s on file for IPOs as of the end of the first quarter. Year to date we have had a total of eight direct venture / growth equity portfolio companies go public.

Our US and Developed Markets Buyout and Co-Investment performance is also solid, driven by the strong IPO and debt markets referred to above.

Within our Secondary portfolio we are pleased with investment performance as measured by both IRR and distributions. While it has been a challenging market environment for new transactions, we believe the market outlook is favoring our investment strategy.

Co-Investment Fund II

During the second quarter of 2014, there were no new investments in the Adams Street Co-Investment II Fund ("Fund II"). As of June 30, 2014 there are 21 investments in Fund II and the Fund is 74% committed.

Final Thoughts

We sincerely appreciate your support and continued confidence in Adams Street Partners. As always, if you have questions, or would like additional information about any of our investment programs, please contact us.