Hamilton Lane

JUNE 30, 2013

ANNUAL INVESTMENT REPORT

Silver State Opportunities Fund/NCIC*

3753 Howard Hughes Parkway, Suite 200, Las Vegas, NV 89169

Headquarters: One Presidential Boulevard, 4th Floor, Bala Cynwyd, PA 19004
www.hamiltonlane.com | P 610.934.2222 | F 610.617.9853

*See Appendix B

Silver State Opportunities Fund LLC

Fiscal Year 2013 Report

Content

Section 1:

Market Commentary

The Private Equity Market

Introduction

The global downturn that began around 2008 was such a significant event that it is now a named occurrence. It has been called such names as The Great Financial Crisis, Post-Lehman and The Great Recession. Each name is a shorthand way to evoke the memory that the world was on the brink of a global financial collapse that could have rivaled the Great Depression. Indeed, many were certain that there was no avoiding that second global depression.

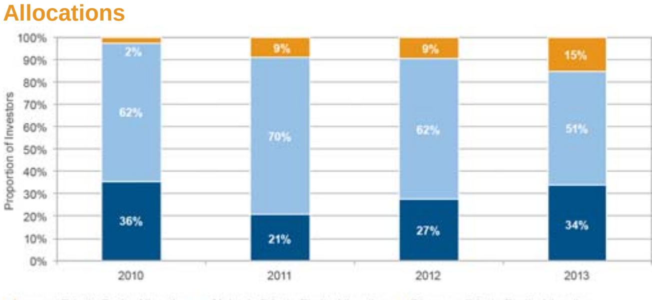
Much like our outlook on the global economic environment, it's a challenge to pinpoint any dramatic changes that took place in the private equity market over the last year or that are likely to occur over the coming year. Trends that were apparent in 2012 have continued, and it appears the shifts that are occurring will have less of an impact on investment opportunities and more of a structural impact on the industry itself.

Reviewing the private equity events that occurred during the quarter, 164 funds reached a final close and secured $124 billion in capital. In comparison to the previous quarter, the largest deal announced in 2Q13 was BMC Software, which was backed by Bain Capital, GIC, Special Investments, Golden Gate Capital, and Insight Venture Partners. Total deal value during the second quarter totaled to $62 billion, which is a 28% decrease from 1Q13. Exit activity appears to be steadily increasing from the prior quarter and secondary purchases are still poised to be a popular option for the opportunistic investor.

Consistent Allocations

With volatility across asset classes through 2013, investors continue to search for above average returns to strengthen portfolio performance. According to a Preqin survey taken in June of 2013, 51% of investors intended to maintain their allocation to private equity, while 34% of respondents intended to increase their allocation. In comparison to the year prior, when 62% of investors intended to maintain their allocation, only 27% intended to increase their allocation. Although there are an increased number of investors willing to increase allocation to the asset class, this is almost completely offset by the number of investors looking to rein in their PE allocation in the longer term.

Chart 1: Investors' Intentions for Their Private Equity Allocations



Source: Preqin Investor Outlook: Private Equity, 2Q 2013

Private Equity Performance

Overall, private equity has been a big winner among the asset classes. More specifically, U.S. private equity has been the big winner. Since the U.S. is one of the winners on the general economic side, this should be somewhat expected. Yet, given how negative the market was on U.S. private equity five years ago, it may very well be surprising to some.

Chart 2: 10 Year Asset Class Risk-Adjusted Performance

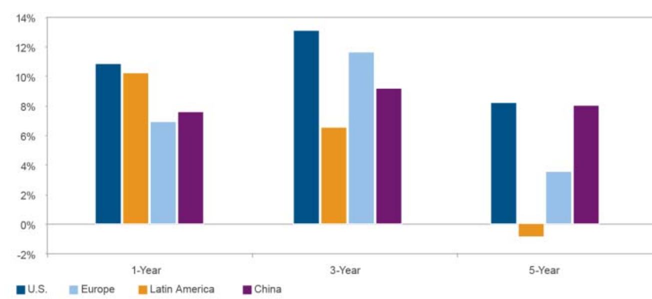
10-Year Asset Class Risk-Adjusted Performance - As of March 31, 2013			
Asset Class	Annualized Total Return	Annualized Volatility	Sharpe Ratio
Private Equity	13.2%	17.7%	0.54
High-Yield Bonds	9.8%	11.6%	0.54
Emerging Market Equities	17.1%	26.2%	0.52
High-Grade Bonds	7.0%	6.7%	0.51
Hedge Funds	7.0%	8.2%	0.42
REITs	12.4%	26.4%	0.34
U.S. Equities	9.2%	17.6%	0.32
International Equities	10.0%	21.2%	0.30
Commodities	3.7%	20.5%	0.01

Indices used: Hamilton Lane All Private Equity with volatility de-smoothed[1]; Russell 3000 Index; MSCI World ex-U.S. Index; MSCI Emerging Markets Index; Barclays Aggregate Bond Index; Credit Suisse High Yield Index; HFRI Composite Index; FTSE/NAREIT Equity REIT Index; Dow Jones-UBS Commodities Index

Source: Hamilton Lane All Private Equity with volatility de-smoothed, Russell 3000 Index; MSCI Worth ex-U.S. Index; MSCI Emerging Markets Index; Barclays Aggregate Bond Index; Credit Suisse High Yield Index; HFRI Composite Index; FTSE/NAREIT Equity REIT Index; Dow Jones-UBS Commodities Index

Geographically, U.S. private equity's performance relative to other regions has been stronger across all time periods. It is likely that the five-year return number for U.S. private equity will increase its delta over other geographies as more recent performance continues to be appreciably stronger than in any other region.

Chart 3: Private Equity Point-to-Point IRR Performance by Region as of March 31, 2013

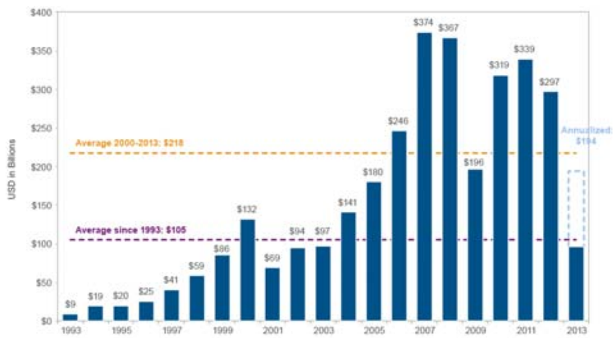


Source: Hamilton lane Fund Investment Database (July 2013)

Flat-line in Deal Activity

One of the most notable changes in trend, both from last year, specifically, and from historical norms, relates to global deal volume.

Chart 4: Global Private Equity Deal Volume



**Invested capital includes fees and expenses while excluding leverage*
Source: Hamilton Lane Fund Investment Database (July 2013), excludes real estate and funds-of-funds

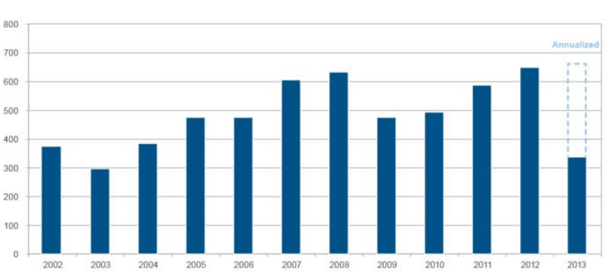
As Chart 4 indicates, while volume is expected to be on par with average numbers over the last 15 years, it is expected to decline from 2012 levels. This is highly unusual at this stage in an economic recovery. During the expansions of the mid-1990s and the mid-2000s, deal volume increased in every year and only declined as a result of a recession.

It has been conjectured that this is a result of some discipline in the market. However, it is also important to note that buyouts have had the ability to increase deal size over previous cycles, which is not happening in this cycle. Deal sizes are not growing to any great degree, making increased volume more difficult to attain. Not surprisingly, the steady pace of fundraising, coupled with the decline in deal volume, has resulted in no appreciable change in the capital overhang, whether viewed in aggregate or by segment.

Private Equity Fundraising

There is little doubt that the industry continues to rebound from the downturn, both with respect to investor interest in the asset class and general partner activity around the globe The number of PPMs Hamilton Lane will receive this year, generally a good barometer of the degree to which GPs want to, and believe they can, raise capital, is on pace to be the highest in our history. This volume reflects a number of factors, from the mundane – many people believe they can make a lot of money being general partners – to the more structural – increasing segmentation within the asset class continues and, as such, these numbers represent widely varying geographies, investing styles and asset sectors. The latter includes infrastructure, real assets and various types of debt, all of which are now falling under the private equity rubric.

Chart 5: PPMs Received by Hamilton Lane

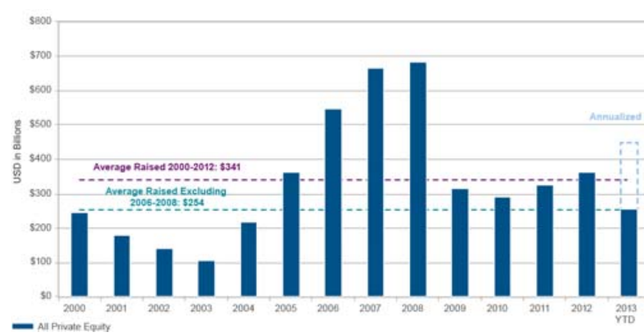


Source: Hamilton Lane Investment Database (July 2013)

While the number of PPMs may be at record levels, the fundraising market itself is not. Global fundraising in 2013 remains above the average levels of the last ten years, yet it is still some 50% below the peaks seen in 2007 and 2008. This difference between the level of general partners' capital raising hopes, represented by the record number of PPMs, and the actual growth of the private equity market, represented by the capital successfully raised, represents excess capacity in the system. How that capacity is reduced (or whether fundraising will return to peak levels) has important structural implications for the industry. Similar to the way the venture capital industry adjusted to the post-2000 capital raising environment, we believe we will see a significant reduction in the number of general partners in certain sectors.

One distinctive feature of today's market is that limited partners are increasingly using co-investments to access private equity. Much of the co-investment capital is not captured in the traditional fundraising data, giving rise to the notion of "shadow fundraising" and the idea that aggregate fundraising is, in fact, higher than advertised. Our estimate of the amount of "shadow" that exists is $200-$300 billion deployed since 2007. We estimate that an additional $50-$75 billion has been committed to separate accounts with some of the largest general partners. While additive to fundraising totals, co-investments and separate accounts are highly concentrated in the large buyout sector and debt strategies.

Chart 6: Global PE Fundraising by Final Close



Source: Preqin (July 2013)

Global fundraising in 2013 remains above the average levels of the last ten years, yet it is still some 50% below the peaks seen in 2007 and 2008. This difference between the level of general partners' capital raising hopes, represented by the record number of PPMs, and the actual growth of the private equity market, represented by the capital successfully raised, represents excess capacity in the system. How that capacity is reduced (or whether fundraising will return to peak levels) has important structural implications for the industry. Similar to the way the venture capital industry adjusted to the post-2000 capital raising environment, we believe we will see a significant reduction in the number of general partners in certain sectors.

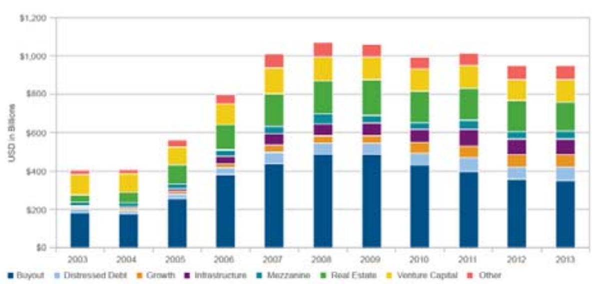
One distinctive feature of today's market is that limited partners are increasingly using co-investments to access private equity. Much of the co-investment capital is not captured in the traditional fundraising data, giving rise to the notion of "shadow fundraising" and the idea that aggregate fundraising is, in fact, higher than advertised. While additive to fundraising totals, co-investments and separate accounts are highly concentrated in the large buyout sector and debt strategies.

A corollary to shadow funding is the relative return of larger funds as a percentage of fundraising. In the peak years of 2007 and 2008, funds larger than $5 billion represented about 50% of capital raised by fund size. In 2010, that figure was zero. By 2012, the number had grown to almost 30%, and we estimate 2013 to be even higher. Certainly, the mega-funds, defined as those greater than $10 or $15 billion, are not prominently featured in today's market. But the idea that large funds have fallen victim to the downturn is generally false. When you factor in the amount of co-investment being placed alongside these large funds by many of their limited partners, it becomes evident that the large segment of the market is probably going to take record levels of market share within the next few years.

The Old Overhang Issue

In line with our assertions over the past few years, the capital overhang has had little impact on the market or pricing. It has been a fevered issue for pundits and conference speakers, but has had no measurable impact on the industry. In fact, the decline in deal volume and, as we'll discuss later, stability in pricing, suggests that the overhang has had the opposite impact of that predicted. We believe that general partners, uncertain of the fundraising environment, will continue to be very cautious about spending the capital they currently have.

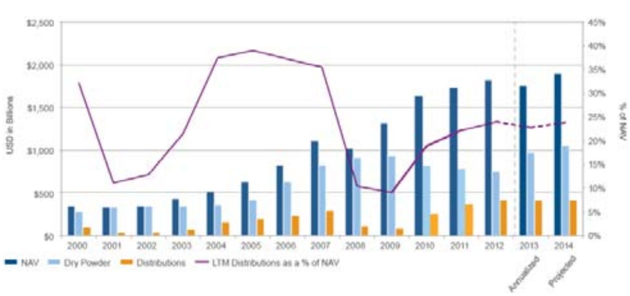
Chart 7: Global PE Dry Powder by Fund Type



Source: Preqin (July 2013)

It would be logical to expect that lighter deal volume would have a material impact on the rising level of NAVs in LP portfolios, but this has not been the case.

Chart 8: Industry Level All Private Equity NAV, Dry Powder, and Distributions



Source: Hamilton Lane Fund Investment Database (July 2013), excludes real estate and funds-of-funds

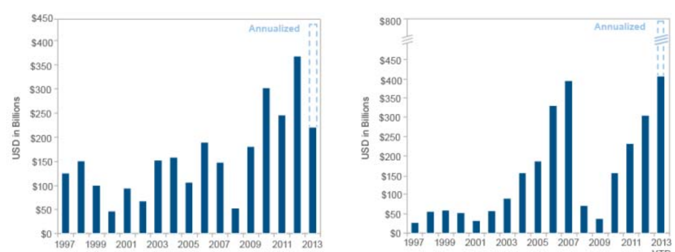
The data from Hamilton Lane's extensive database shows a modest decline in portfolio NAV despite the continued record levels of distributions. Those record distributions continue to come from all vintage years, with more than half (51%) from 2006 and earlier-funds formed fully 7+ years ago. This is a remarkable statistic, and we can't really judge whether it is good or bad. The money is returning to investors and that's a positive, but a large proportion of those returns are from vintages that pre-date the massive increase in PE activity.

Interestingly, despite much anecdotal evidence that sponsor-to-sponsor deals have increased and account for the bulk of exits, the data shows that, with the exception of quarterly fluctuations, the annual proportion of such exits has remained in the 25% to 30% range for the last three years. As we have said in the past, this NAV overhang cannot continue without inevitably creating some problems for the industry, whether manifested in reduced allocations available because of high NAV levels in portfolios or in diminished IRRs as value sits in portfolios at lesser growth rates than those expected for private equity returns. This IRR concern is heightened by data showing that average holding periods in portfolios have now increased to 5.36 years, the highest level in 20 years. That is a worrisome trend, particularly if the economic cycle turns in the next year or two and these portfolios need to go through another full cycle before companies can be sold.

Debt Markets

The debt market story, particularly in the U.S., is similar to what was seen last year.

Chart 9: High Yield Issuance

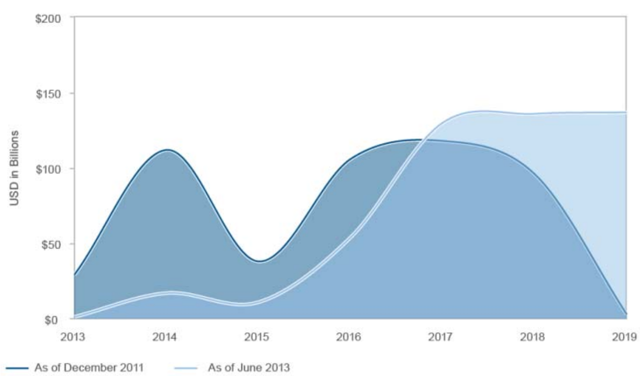


Source: JP Morgan, S&P LCD (June 2013)

The figures show that both high yield and leveraged loan issuance are on pace to hit record numbers. In light of earlier figures showing that deal volume is down, it is apparent the issuance went toward a number of things, but of particular interest to PE is that much of this financing went toward extending maturities or dividend recaps. Dividend and stock repurchase volume increased substantially in 2012 to $56 billion and is expected to trend even higher in 2013 with an annualized figure of $67 billion.

In addition to the capital overhang issue, the other repeatedly discussed topic over the last few years has been the wall of maturity that LBO shops face.

Chart 10: U.S. Maturity Wall

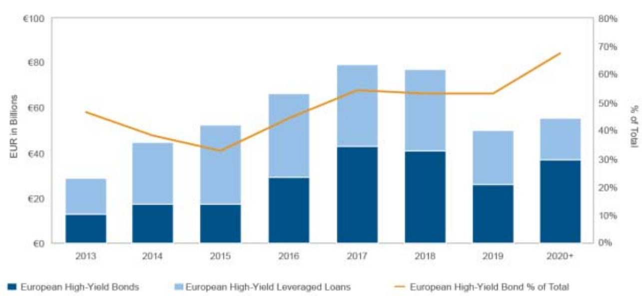


Source: S&P LCD (June 2013)

In the U.S., that wall has been transformed into a barely noticeable berm. What's more, it is likely that the pricing on those pushed out maturities has been significantly reduced from the levels at which they were first borrowed. And while we make no claim that this will create great returns on those levered transactions, we maintain that most of those deals will live to be sold in another cycle and not lose capital.

The European debt market landscape remains more difficult than that in the U.S.

Chart 11: European Leveraged Loan & High-Yield Maturity Wall



Source: Fitch & Bloomberg (May 2013)

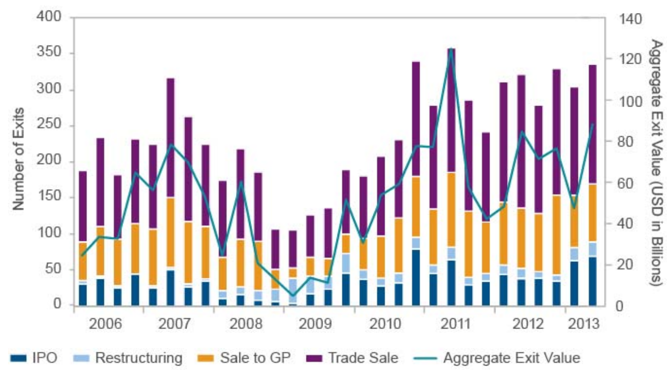
While European maturities in 2017 and 2018 are larger than those in the 2014-2016 timeframe, Europe is facing proportionately greater shorter-term maturities than the U.S. Given the more difficult operating and economic environment in Europe, this creates greater pressure on European general partners. One ameliorating factor is that, in general, European lenders have been more cooperative in difficult lending situations than their U.S. counterparts. Whether this continues as European banks face increasing leverage and capital issues has yet to be determined.

The debt market opportunity in the U.S. and Europe looks similar to last year. The first characteristic being the U.S. markets are relatively unappealing at the larger end. The market is highly liquid and efficient, with little distress or general market trends and opportunities. The smaller end remains more interesting, but harder to access. Second, in theory, Europe provides numerous opportunities, driven by bank capital needs and a more difficult economic backdrop. However, the volume of transactions has been light, and we see no impetus for that to change. The ECB has essentially promised that banks will not fail in any of the major countries. That means pressure to sell bad assets, particularly at appealing prices to investors, is absent. We like the markets, but investors will need to accept the slow pace of transactions.

Spike in Exit Activity

The second quarter experienced one of the highest levels of exit activity since the second quarter of 2011, which aggregated $127.7 billion in exits.

Chart 12: Aggregate Value of Private Equity-Backed Exits by Type

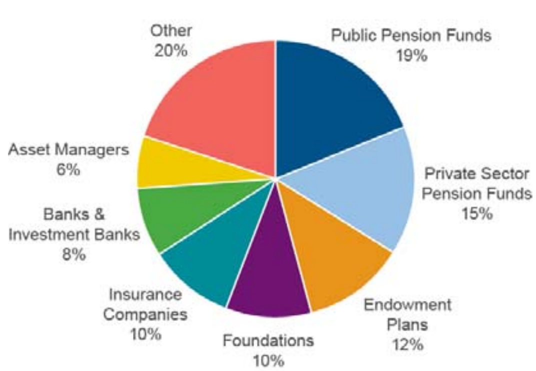


Source: Preqin Buyout Deals Analyst

The North American region proved the most popular region for private equity buyout-backed exits for the second quarter of 2013; however, this was a 58% decrease in activity from the first quarter of 2013. Conversely, European exit activity increase 233% quarter-over-quarter. Looking ahead, the remainder of 2013 is poised to have a full pipeline of exits, with two-thirds of investments made during 2006-2007 having yet been exited.

Institutional investors still have an interest in making secondary purchases within the next 24 months, according to a Preqin survey. Conversely only 16% of investors who held private equity fund interests were interest in selling these positions in the secondary market.

Chart 13: Break-down of Secondary Market Sellers by Firm Type



Source: Preqin

Hamilton Lane's Fund Investment Database suggests that industry-wide quarterly distributions were up slightly from the prior quarter. The spike in distributions during the fourth quarter of 2012 was in response to uncertainty of the fiscal policy in the United States set to be enacted in 2013.

Chart 14: Industry Net Cash Flow- All PE Funds

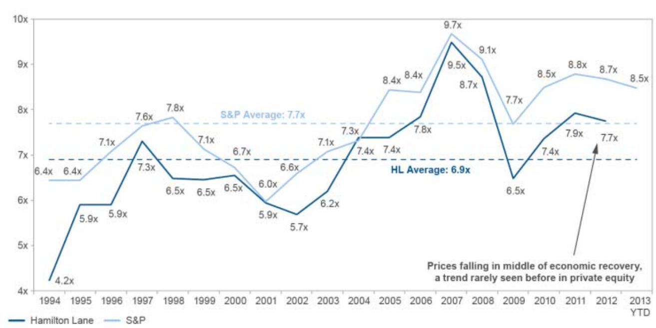
Source: Hamilton Lane Fund Investment Database, cash flows extrapolated to industry level, excludes Real Estate, Fund-of-Funds, and Secondaries (July 2013)*

**Fund level cash flow data in the Hamilton Lane Fund Investment Database grouped by vintage year and then multiplied by the ratio of total PE commitments by vintage year per Preqin over total fund size represented in Hamilton Lane's data to generate a proxy for the PE universe. Some totals may change slightly from quarter to quarter as the data points in the Hamilton Lane Fund Investment Database increase.*

GP Sentiment

Purchase price multiples, particularly in the U.S., exhibit a similar departure from prior patterns that we noted for deal volume.

Chart 15: Average Purchase Price Multiples of All LBOs



Source: S&P LCD & Hamilton Lane Fund Investment Database (August 2013)

It is highly unusual for multiples to decline in the middle of an economic recovery; in fact, this is a trend rarely seen before in private equity. The typical pattern, similar to deal volume, is for multiples to increase during a recovery and decline as economies falter. One concern we have regarding the purchase price multiple data is that commonly-quoted prices are heavily weighted toward the largest deals. As we will explore later in this overview, our own data follows a similar pattern, but at a lower overall level. Irrespective of the pattern, prices remain above longer-term averages. The interest rate levels remain far below normal averages and certainly account for some of the reason why prices have stayed high. However, these relatively high prices throughout the downturn are contributing to our neutral outlook on private equity in general. Nothing in the markets has been cheap for the last few years. Taking a look at debt multiples, the companion to purchase multiples, we observe they have remained level with 2012, although still quite high.

Section 2:

Portfolio Summary

Silver State Opportunities Fund LLC

Fiscal Year 2013 Report

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 the management the Fund; David Helgerson, Miguel Luina, and Anup Sharma 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. The chart below presents an overview of the Fund and investment portfolio statistics as of June 30, 2013.

Silver State Opportunities Fund LLC Overview		
General Overview		
Closing Date	August 1, 2012	
Vintage Year	2013	
Termination Date of Fund [(1)]	August 1, 2022	
Committed Capital (Fund Size)	$50,505,051	
$ millions	**8/1/2012**	**6/30/2013**
Partnerships	0	1
Capital Committed to Partnerships	$0.0	$5.0
Unfunded Commitment to Partnerships	$0.0	$4.9
Paid-In Capital	$0.0	$0.1
Capital Distributed	$0.0	$0.0
Market Value	$0.0	$0.0
Since Inception IRR (gross)	N/A	NM
Active Co-Investments	0	1
Paid-In Capital to Co-Investments	$0.0	$2.0
Capital Distributed from Co-Investments	$0.0	$0.3
Market Value	$0.0	$1.9
Since Inception IRR (gross)	N/A	14.32%
Silver State Total		
Total Capital Committed to Investments	$0.0	$7.0
Paid-In Capital	$0.0	$2.1
Capital Distributed	$0.0	$0.3
Market Value	$0.0	$1.9
Total Value Multiple	N/A	1.11x
Since Inception IRR (gross) [(2)]	N/A	12.66%

(1) Term may be extended by the Manager in its sole discretion for up to two successive one-year periods. Per the terms of the Amended and Restated LLC Agreement dated August 1, 2012, 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.

(2) Gross IRR does not include payments made by the Members for Hamilton Lane management fees or Fund partnership expenses.

Investments

Since the Fund's closing in August 2012, $2.6 million has been called from the investors to make investments and to pay management fees and Fund expenses.

In April of 2013, the Fund received a $0.3 million distribution related to its debt investment in Miller Heiman, Inc. ("MH") from cash on the balance sheet and an increase in the senior debt facility. Additional investment details as of June 30, 2013 are provided in the chart below.

INVESTMENT NAME	INVESTMENT STRATEGY	CAPITAL COMMITTED	PAID-IN CAPITAL	CAPITAL DISTRIBUTED	REPORTED MARKET VALUE	IRR[1]
Partnerships						
Huntington Capital Partners III, L.P.	Mezzanine	$ 5,000,000	$ 51,819	-	22,148.00	NM
Co-Investments						
Miller Heiman, Inc.	Co-Investment	2,000,000	2,000,000	$ 338,868	$ 1,918,672	14.32%
Total		**$ 7,000,000**	**$ 2,051,819**	**$ 338,868**	**$ 1,940,820**	**12.66%**

[1] NM -- Not Meaningful

Huntington Capital Partners III, L.P. - The fund seeks to complete unsponsored mezzanine investments, primarily in the Western United States. Huntington will invest its capital in a diversified portfolio of established companies in the manufacturing, business and professional services, healthcare, information technology and software, consumer products and services, and aerospace/defense sectors.

Miller Heiman, Inc. - A leading provider of sales training solutions to companies, serving 35% of the Fortune 500. Silver State and Providence Equity Partners acquired Miller Heiman with a plan to pursue an aggressive expansion strategy consisting of organic growth and roll-up acquisitions to consolidate the industry and increase MH's market share. At the time of the initial investment, Silver State's $2.0 million investment in MH consisted of approximately 56% equity and 44% debt. Subsequent to June 30, 2013, Silver State's debt investment in MH was converted entirely to equity.

Subsequent to the 2013 fiscal year end, Silver State has made one fund investment to date.

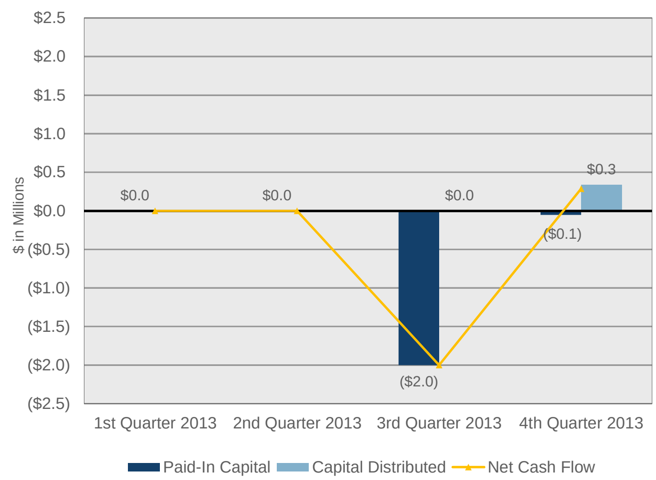
Enhanced Small Business Investment Company, L.P. – The fund expects to focus on investing in privately negotiated debt investments, warrants and a limited number of direct equity investments in growth-orientated small and medium-sized businesses. The fund will target companies in geographic areas that are underserved by transitional sources of capital and where pricing is most attractive.

Performance Drivers

Performance information for the Fund's investments since inception through June 30, 2013 is presented below.

Since Inception through June 30, 2013		
Investment Name	Net Value Change ($ Millions)	Since Inception Gross IRR
Miller Heiman, Inc.	$0.26	14.32%
Huntington Capital Fund III, L.P.	($0.03)	NM

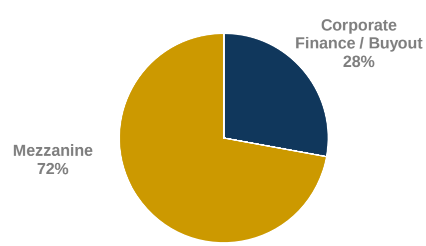
The chart below presents the investment cash flow since inception through June 30, 2013.



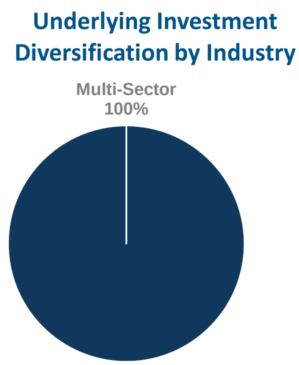
Diversification

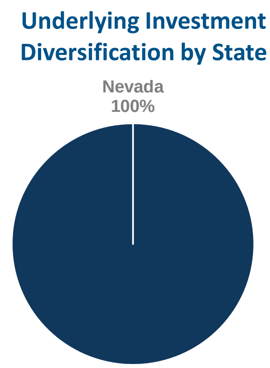
The Fund has committed capital to one co-investment and one fund investment as of June 30, 2013. The diversification information presented in the chart below is based on total exposure as of June 30, 2013, which is the sum of unfunded commitments plus market values. The Fund will continue to focus on investments in partnerships and companies with a market presence in Nevada.

Strategic Diversification by Total Exposure



The charts below display the diversification of the Fund's underlying holdings by industry and geographic location as of June 30, 2013. At this time, the only underlying holding value is that of Miller Heiman, Inc. These amounts will change as new investments are made across varying investment strategies and industries. The Fund will continue to focus on investments in partnerships and companies with a market presence in Nevada.

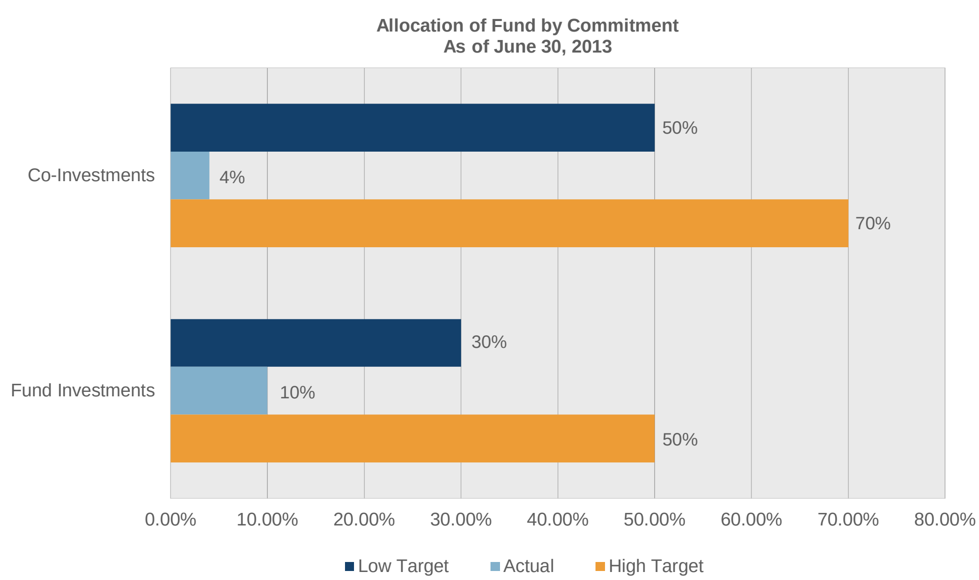




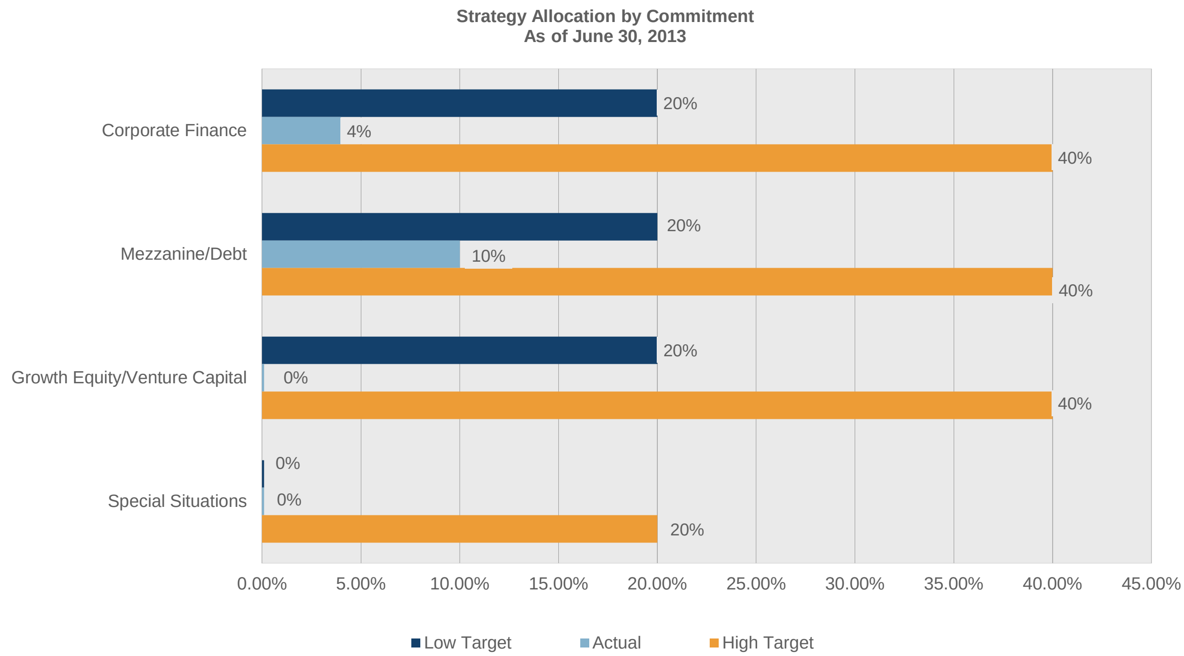
Comparison to Strategic Plan

Hamilton Lane has prepared a Strategic Plan to deploy capital for Silver State. This includes recommendations on the allocation of the Fund between co-investments and fund investments, the number of investments to be made in each category and targets for strategy allocation. Although the Fund is very young, investments are tracking in line with the Strategic Plan.

The chart below shows the allocation of the fund by commitment between co-investments and fund investments as of June 30, 2013 as compared to the target allocation in the strategic plan.



The chart below shows the strategy allocation of the fund by commitment as of June 30, 2013 as compared to the target allocation in the strategic plan.

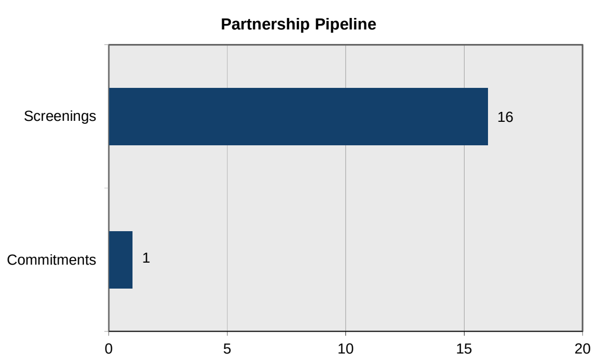


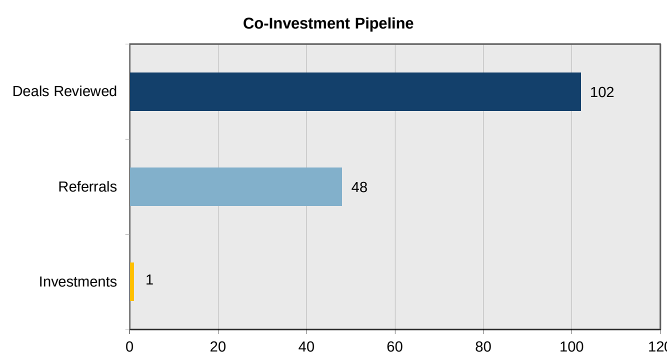
Investment Returns

As of June 30, 2013, the Fund has generated a gross internal rate of return (“IRR”) of 12.66% and a total value multiple of 1.11x. Net performance measurements are not yet meaningful as the Fund is still very early in its investment period.

Deal Flow

The charts below provide detail regarding partnership and co-investment deal flow for the Fund as of June 30, 2013.





To date, Hamilton Lane has evaluated 16 partnership and 102 co-investment opportunities for the Fund. The Fund has closed on one fund commitment and one co-investment deal. Hamilton Lane will continue to evaluate and refer high quality investment opportunities that complement the client's overall investment objectives.

Direct investment deal flow over the first year has been robust driven by Hamilton Lane's proactive deal sourcing efforts and increasing public awareness of the fund. Hamilton lane has reviewed over $2.4 billion of co-investment opportunities in a variety of sectors and strategies. Deal flow has largely reflected the diverse nature of Nevada's emerging industries. The top three sectors for new opportunities include technology, energy and healthcare. The top three strategies reviewed include venture, growth and buyout. Over time, deal flow has become more targeted and we are pleased with the current opportunity set. In instances where deals do not fit the Silver State Opportunity Fund's investment profile, introductions to other sources of capital and State resources are offered.

Fund Marketing

Hamilton Lane has undertaken a pro-active outreach strategy to improve public awareness of the Silver State Opportunities Fund, catalyze private market activity within the State and attract outside investors to local opportunities. Outreach efforts have included the following:

Silver State Investors Forum

In April 2013, Hamilton Lane organized and hosted an event in Las Vegas that brought together over 200 members of the local and regional private equity community. Attendees included over 67 executives of companies seeking capital and 32 private equity fund managers representing billions of dollars in available capital. The event served to educate market participants, introduce the Fund to the public, increase communication within the State's economy and showcase Nevada's opportunity set on the regional and national stage.

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.

Event Attendance

Aside from hosting the Silver State Investors Forum, the Fund's representatives attended and supported dozens of 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.

Other Outreach

Hamilton Lane representatives have attended in-person meetings or held conference calls with over 100 Nevada-based companies in the first fiscal year. In addition, Hamilton Lane has met with Nevada-based economic development groups, services providers (accountants, attorneys, consultants, etc.), angels, government officials, and other interested groups to learn the landscape and help improve communication across the state.

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

Marketing Expenses Fiscal Year Ended June 30, 2013				
Category	**Description**	**Examples**	**Budget**	**Actual**
Silver State Conference	Organized and hosted PE event in Las Vegas Sold out - over 200 attendees - 67 representatives from companies seeking capital - 32 PE managers representing billions of capital Spurred discussion and created new connections Positive feedback from participants		$ 30,000	$ 22,584
Event Sponsorship	Sponsor and participate in local business events to support development of local expertise and promote the Fund's name	- SciTech Hookup - Sierra Region Manufacturer's Conference - Governor's Conference on Small Business	$ 10,000	$ 2,000
Event Attendance	Attend events to market fund and learn about Nevada's needs	- NCET Expo - Rocky Mountain Venture Conference - Chamber events - Networking luncheons	$ 5,000	$ 90
Other Items	Generally promote the Fund's visibility and stature within the community as opportunities arise	- Rocky Mountain Venture Capital Associatio membership	$ 5,000	$ 1,000
Total Marketing Expenses			**$ 50,000**	**$ 25,674**

Ancillary Benefits

Following are the statistics on the ancillary benefits provided by Silver State for the fiscal year ended June 30, 2013. This data is collected by Hamilton Lane on an annual basis from direct and partnership investments within the Portfolio. The ancillary benefits as of June 30, 2013 are not meaningful at this stage of the Fund's life. The Fund made two investments as of June 30, 2013, one direct and one fund investment. The fund investment did not call capital for investments prior to June 30, 2013

Ancillary Benefits - Silver State Opportunities Fund Fiscal Year Ended June 30, 2013	
Monies invested in Nevada companies by funds with Silver State participation	$2.0 million
Total monies invested in Nevada companies with Silver State participation	$214.6 million
Number of Nevada companies receiving investments	1
Number of Nevada employees of companies and funds receiving investments	35
Number of Nevada jobs created/retained	35
Estimated payroll/average salary of jobs created/retained	Average $70K

Appendix A:

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.

Appendix B:

Disclosure Statements

Silver State Opportunities Fund LLC

Fiscal Year 2013 Report

Silver State Opportunities Fund is the Nevada limited liability company (LLC) which was created among Hamilton Lane Fund Manager LLC and the Nevada Capital Investment Corporation (NCIC), pursuant to Senate bill 75, on behalf of the Nevada Office of the State Treasurer. Pursuant to the agreement, NCIC has committed $50 million to the Fund and Hamilton Lane has committed $0.5 million to the vehicle. The financial statements accompanying this report are solely representative of Silver State Opportunities Fund, LLC.

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.