



Hamilton Lane®

confidential
Delphine Bonfanti
seinecap.com
Feb 02, 2024 12:25 PM EST

Hamilton Lane

Strategic Opportunities Fund III Offshore

Third Quarter Report 2023

HAMILTON LANE ADVISORS, L.L.C.

CONFIDENTIAL & PROPRIETARY INFORMATION

Access and/or use of these materials ("Confidential Information") by you and/or your authorized representatives who have a need to know (together, "You"), is solely for the purpose of evaluating our investment solutions ("Review"). You shall keep the Confidential Information strictly confidential and shall not disclose, in whole or in part, or use, directly or indirectly, any of the Confidential Information in any other manner and/or for any other purpose. You shall be responsible for any breaches of this provision.

Delphine Bonfanti
seinecap.com
Feb 02, 2024 12:25 PM EST



Background of the Fund

The Fund is a short-duration private market portfolio managed by Hamilton Lane. The Fund seeks to create a portfolio of opportunistically-oriented private market investments that generate attractive risk-adjusted returns through a flexible and diversified investment strategy. The Fund invests across the entire capital structure, primarily in credit co-/direct investments. The Fund may opportunistically pursue credit-like investments primarily in the form of opportunistic/preferred equity and tail-end secondaries to create a portfolio biased toward shorter-duration exposures with downside protection and current yield.

Hamilton Lane Strategic Opportunities Fund III (Series 2017) LP

First Closing Date	January 31, 2017
Committed Capital	\$434,979,798
Vintage Year	2017
Investment Period	April 30, 2018
Termination Date ^{1,2}	April 30, 2024
Strategy	Credit-oriented Direct Investments & Secondaries
Lifecycle	Post-Investment Period
Manager	Hamilton Lane Advisors, L.L.C.
Administrator	Gen II Fund Services, LLC
Auditor	KPMG

¹ Committed Capital includes a \$16.5 million commitment to HL Strategic Opportunities 2017 Holdings LP by HL Strategic Opportunities 2017 Fund SCS.

² The Term of the Fund has been extended one additional year to April 30, 2024. The term may be extended by, and at the discretion of, the General Partner for additional periods with the consent of the Partnership's advisory committee or a majority interest.

Net LP Summary

	Q2 2023	Q3 2023	Change
Total Committed to the Portfolio Investments	\$432.5	\$432.5	-
Percent Committed	99.4%	99.4%	-
LP Commitment	\$414.1	\$414.1	-
Total Contributions from Partners	\$442.3	\$442.6	\$0.3
Percent Contributed	106.8%	106.9%	0.1%
Total Distributions to Partners	\$426.1	\$450.7	\$24.6
Percent of Contributions	96.3%	101.8%	5.5%
Total Recallable Distributions to Partners	\$108.2	\$108.4	\$0.2
Unfunded Commitments	\$80.0	\$79.9	(\$0.1)
Net Asset Value	\$134.9	\$109.1	(\$25.8)
Residual Value Multiple	0.30x	0.25x	(0.05x)
Offshore Limited Partner Net IRR ¹	9.5%	9.3%	(0.2%)
Offshore Limited Partner Net Multiple	1.26x	1.26x	-
Credit Suisse Leverage Loan Index PME ²	3.9%	4.1%	0.2%

¹ Net IRR includes management fees and fund expenses. The Net IRR and multiple shown are for Hamilton Lane Strategic Opportunities Fund III Offshore Fund. The Net IRR for the Main Fund is 9.5% as of September 30, 2023.

² Internal Rate of Return ("IRR") is calculated on a pooled basis using daily cash flows. The index presented for comparison is the Credit Suisse ("CS") Leveraged Loan calculated on a Public Market Equivalent ("PME") basis. The Index tracks the investable universe of the \$US-denominated leveraged loan market. The PME calculation methodology assumes that capital is being invested in, or withdrawn from, the Index on the days the capital was called and distributed from the underlying fund managers. Contributions were scaled by a factor such that the ending portfolio would be equal to the private equity net asset value. The scaling factor is found by taking the sum of all shares sold (SS), the sum of all shares purchased (SP) and calculating the number of shares the ending value is worth (SEV). Dividing SEV + SS by SP solves for the PME scaling factor. The scaling of contributions prevents shorting of the public market equivalent portfolio in order to match the performance of an outperforming private equity portfolio. Realized and unrealized amount were not scaled by this factor.



Portfolio Update

Gross Fund Summary

	Q2 2023	Q3 2023	Change
Total Investments	20	20	-
Active Investments	7	6	(1)
Capital Committed	\$432.5	\$432.5	-
Unfunded Commitment	\$0.3	-	(\$0.3)
Capital Contributed	\$447.5	\$447.5	-
Capital Distributed	\$449.6	\$475.5	\$25.9
Market Value	\$152.1	\$125.1	(\$27.0)
Gross Fund IRR	12.2%	11.9%	(0.3%)
Gross Fund Multiple	1.34x	1.34x	-

Portfolio Value and Performance

USD In \$ millions	Quarter Ended				Year Ended
	12/31/2022	3/31/2023	6/30/2023	9/30/2023	9/30/2023
Beginning Market Value	\$134.2	\$140.0	\$143.0	\$152.1	\$134.2
Paid-in Capital	-	-	-	-	-
Distributions	(\$1.1)	(\$3.1)	(\$2.0)	(\$25.9)	(\$32.1)
Net Value Change	\$6.9	\$6.1	\$11.1	(\$1.1)	\$23.0
Ending Market Value	\$140.0	\$143.0	\$152.1	\$125.1	\$125.1
Unfunded Commitments	\$0.3	\$0.3	\$0.3	-	-
Total Exposure	\$140.3	\$143.3	\$152.4	\$125.1	\$125.1
Point-to-point IRR	5.1%	4.4%	7.8%	(0.8%)	18.0%
Since Inception IRR	11.7%	11.8%	12.2%	11.9%	11.9%

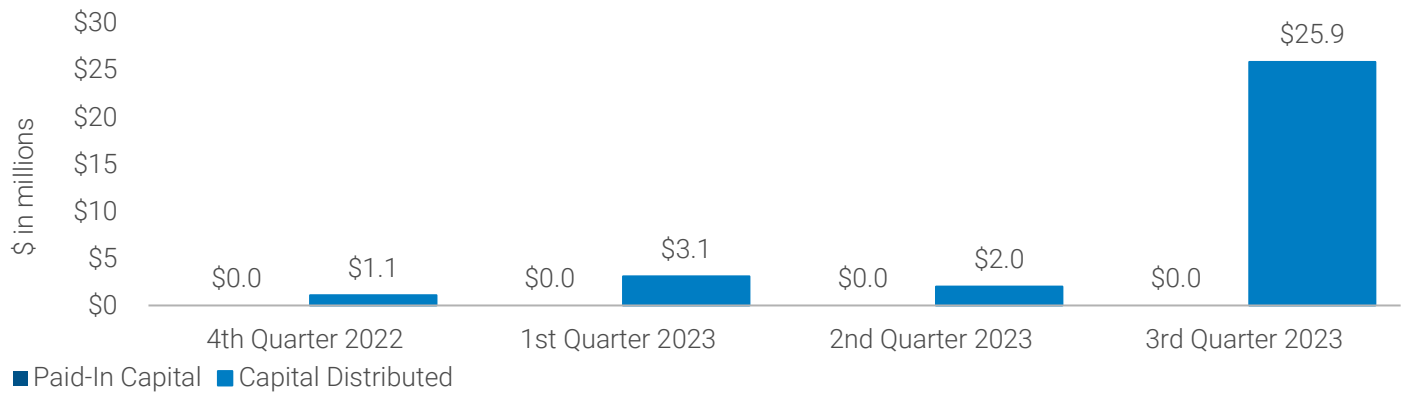


Cash Flow Activity

The chart below highlights the cash flows in the Fund over the past year.

Quarterly Gross Cash Flows

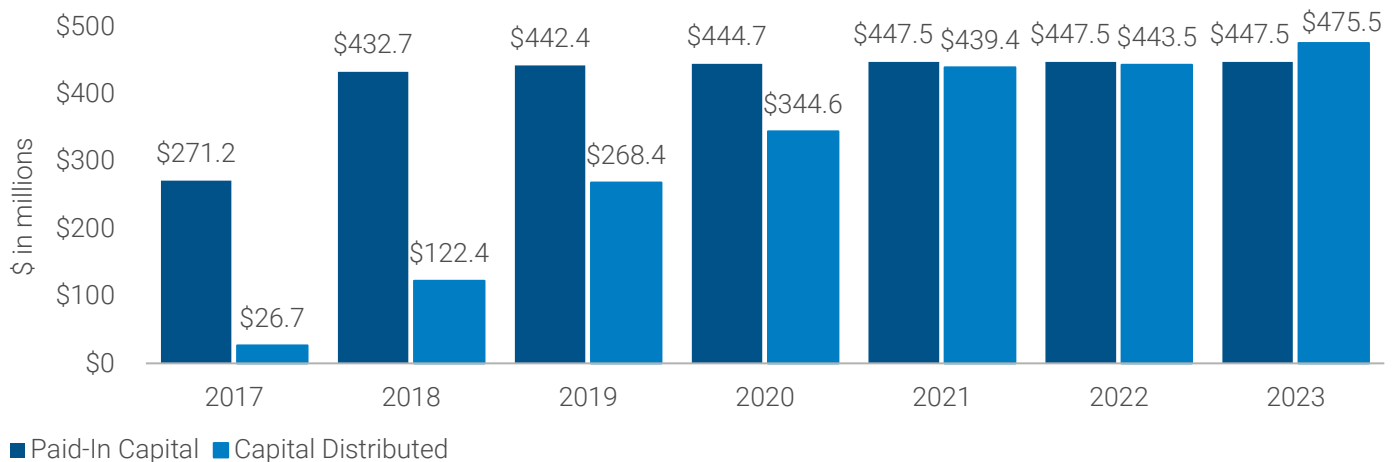
As of September 30, 2023



The chart below highlights the cumulative cash flows from inception to September 30, 2023.

Cumulative Gross Cash Flows

As of September 30, 2023



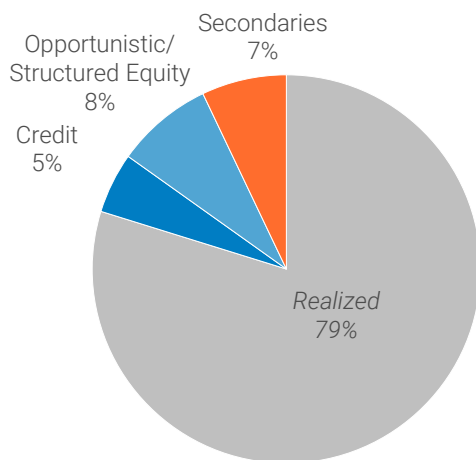


Portfolio Diversification

The charts below represents the Fund's diversification as measured by Total Value as of September 30, 2023. Total Value is measured as the sum of the Fund's remaining market value and total capital distributed, which is shown as "Realized" charts below.

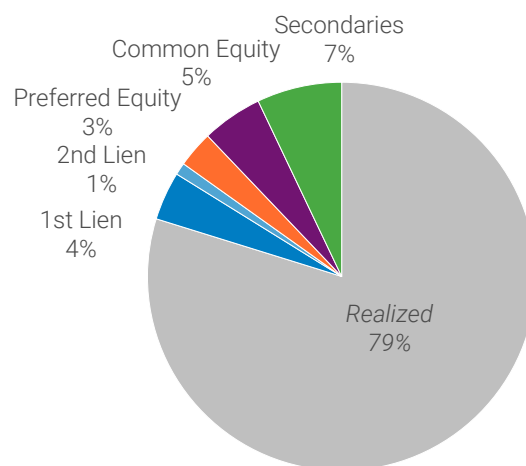
Strategic Diversification by Total Value²

As of September 30, 2023



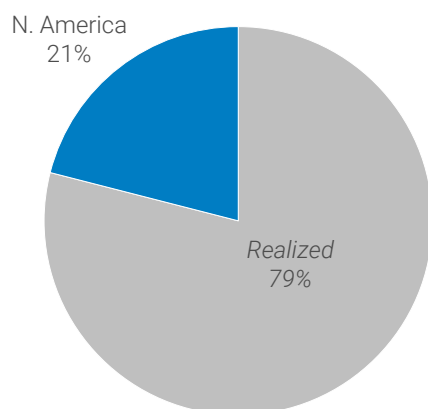
Security Type Diversification by Total Value²

As of September 30, 2023²



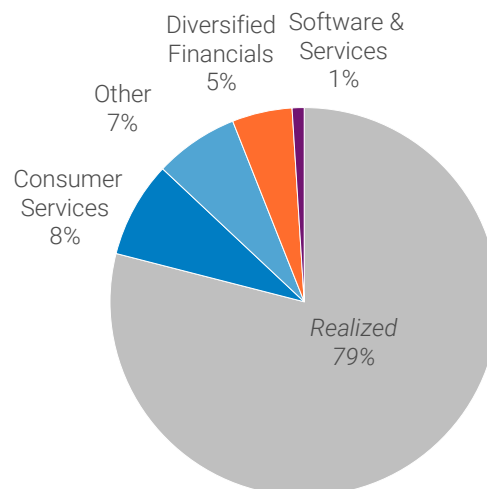
Geographic Diversification by Total Value²

As of September 30, 2023



Industry Diversification by Total Value²

As of September 30, 2023¹



¹ Other includes FoF Holdings which represent Webster Capital's portion of remaining value which is mostly comprised of companies in Health Care Equipment & Services industry.

² Total Value is equivalent to market value plus capital distributed. A fund's market value contains unrealized investments.

Note: Totals may not sum due to rounding



Portfolio Update

Performance By Strategy

Strategy	Invested	Market Value	DPI	Since Inception IRR2
Credit	\$378,883,075	\$52,205,401	1.13x	11.2%
Tail-end Secondaries	25,453,469	41,701,483	0.33x	15.3%
Opportunistic/Structured Equity	43,203,176	31,166,798	0.94x	13.0%
Fund Total	\$447,539,720	\$125,073,682	1.06x	11.9%

Portfolio Summary by Investment

Investments	Strategy / Security	Commitment	Paid-in-Capital	Distributions	Market Value	TVPI	DPI	IRR (Annualized) ^{1,2}
Ciox Health ¹¹	Credit / 2nd Lien	\$20,000,000	\$19,700,000	\$27,933,760	-	1.42x	1.42x	12.0%
Empire Communities ¹¹	Credit / Senior Notes	25,000,000	25,354,429	34,054,282	-	1.34x	1.34x	14.0%
Focus Financial Partners ³	Credit / 2nd Lien	24,375,000	24,359,375	30,448,392	\$331,171	1.26x	1.25x	14.5%
Global Employment Solutions ^{4,11}	Credit / 1st Lien	25,200,000	20,538,000	26,136,330	-	1.27x	1.27x	13.3%
Highgate Hotels, L.P.	Credit / 1st Lien	25,000,000	24,544,271	8,623,228	25,743,338	1.40x	0.35x	7.2%
Intralinks Holdings, Inc. ^{5,11}	Credit / 2nd Lien	28,000,000	34,700,000	42,315,963	-	1.22x	1.22x	35.4%
Learning Care Group (US), Inc. ⁸	Credit / 2nd Lien	25,000,000	24,425,000	26,689,143	19,568,937	1.89x	1.09x	14.1%
LegalShield (Debt) ^{9,11}	Credit / 2nd Lien	10,000,000	9,900,000	12,273,555	-	1.24x	1.24x	10.4%
Lighthouse Network ^{6,11}	Credit / 2nd Lien	20,000,000	29,750,000	35,944,487	-	1.21x	1.21x	13.0%
PatientPoint ¹¹	Equity	15,000,000	15,000,000	28,144,310	-	1.88x	1.88x	17.6%
Perforce Software Holdings, Inc. ⁷	Credit / 2nd Lien	22,000,000	27,605,000	36,143,099	6,561,955	1.55x	1.31x	30.6%
Premiere Global Services, Inc. (PGI) ^{10,11}	Credit / 2nd Lien	23,500,000	23,030,000	7,227,387	-	0.31x	0.31x	(44.6%)
Preston Hollow Capital	Equity	28,202,394	28,203,176	12,310,882	31,166,798	1.54x	0.44x	10.3%
RealD Inc. ¹¹	Credit / 1st Lien	14,737,500	14,590,125	16,357,099	-	1.12x	1.12x	10.8%
Sirius Computer Solutions, Inc. ¹¹	Credit / 2nd Lien	25,000,000	25,000,000	29,725,675	-	1.19x	1.19x	12.4%
Syncsort, Inc ¹¹	Credit / 2nd Lien	23,000,000	22,655,000	31,792,637	-	1.40x	1.40x	12.1%
Transperfect ¹¹	Credit / 1st Lien	15,000,000	14,700,000	16,644,934	-	1.13x	1.13x	12.7%
Value-Based Care Solutions ¹¹	Credit / 2nd Lien	25,000,000	24,750,000	26,956,313	-	1.09x	1.09x	17.1%
Webster Capital II-A, L.P.	Secondaries	25,000,000	25,453,469	8,383,052	41,701,483	1.97x	0.33x	15.3%
WIRB Copernicus Group ¹¹	Credit / 2nd Lien	13,450,000	13,281,875	17,421,884	-	1.31x	1.31x	12.0%
Fund Total		\$432,464,894	\$447,539,720	\$475,526,411	\$125,073,682	1.34x	1.06x	11.9%

Portfolio Update

¹ The IRRs shown are gross of Hamilton Lane Fees, but net of fees charged by the General Partners. The net IRR is 9.5% as of September 30, 2023.

² IRR has been annualized for investments that were held less than a year. The nominal IRR was 9.1% for VBC.

³ \$2.5M of the total commitment to Focus Financial Partners is related to an equity investment that closed on September 25, 2017.

⁴ A private equity fund managed by Hamilton Lane made a \$12 million co-investment in the equity securities of GES in March 2014. Similar to Hamilton Lane Strategic Opportunities 2017 Fund's passive, minority co-investment in the 1st lien debt of GES, this investment was made by Hamilton Lane alongside a lead equity sponsor in its capacity as a passive, minority co-investor.

⁵ On November 30, 2017, the Fund invested \$35 million in Intralinks consisting of \$30 million in 2nd Lien debt and \$5 of equity. The Fund subsequently sold \$7 million of its 2nd Lien position retaining \$23 million of 2nd Lien debt and \$5 million equity.

⁶ On October 23, 2017, the Fund invested \$10 million in the 2nd Lien debt of Lighthouse, which was fully repaid on November 30, 2017 as part of refinancing of the company's balance sheet. On December 11, 2017, the Fund rolled its initial \$10 million commitment and an additional \$10 million commitment into the new facility resulting in a net commitment of \$20 million.

⁷ \$2.0 million of the total commitment to Perforce Software Holdings, Inc. is related to an equity investment that closed on December 28, 2017.

⁸ \$7.5 million of the total commitment to Learning Care Group is related to an equity investment that closed on March 13, 2018. In August 2023, Learning Care Group was refinanced out of its Second Lien position. The remaining value is preferred equity.

⁹ A private equity fund managed by Hamilton Lane is co-investing \$37.5 million in the common equity securities of LegalShield at approximately the same time as this debt investment by Hamilton Lane Strategic Opportunities 2017 Fund. The equity co-investment by Hamilton Lane is a passive, minority investment representing approximately 3% of LegalShield's total outstanding equity and is being made alongside, and via a special purpose entity controlled by, lead equity sponsor Mid-Ocean Equity Partners.

¹⁰ PGI is considered exited as of December 31, 2022 based on information received after the release of the December 31, 2022 financials. The company will be winding down through 2023.

¹¹ Exited investment.



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.

Disclosure Statements

Non-public information contained in this report is confidential and intended solely for dissemination to Hamilton Lane Strategic Opportunities Fund III (Series 2017) LP and/or its Affiliates. Hamilton Lane has prepared this report to enable Hamilton Lane Strategic Opportunities Fund III (Series 2017) LP 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 December 1, 2023



Contact Information

Philadelphia (Headquarters)

Seven Tower Bridge
110 Washington
Street
Suite 1300
Conshohocken, PA
19428
USA
+1 610 934 2222

London

4th Floor
10 Bressenden Place
London SW1E 5DH
United Kingdom
+44 20 8152 4163

Portland

Kruse Woods II
5335 Meadows Rd
Suite 280
Lake Oswego, OR
97035
USA
+1 503 624 9910

Shanghai

One ICC, Shanghai
International
Commerce Centre
No. 288 South
Shaanxi Road, Xuhui,
Shanghai Municipality
200031
+021 8012 3630

Tokyo

13F, Marunouchi
Bldg.
2-4-1, Marunouchi
Chiyoda-ku
Tokyo 100-6313,
Japan
+81 (0) 3 5860
3940

Denver

10333 East Dry Creek
Road
Suite 310
Englewood, CO 80112
USA
+1 866 361 1720

Mexico City

Ave Paseo de la
Reforma 333 Espacio
de oficina 417
Cuauhtemoc, 06500
Ciudad de Mexico,
CDMX Mexico
+52 55 6828 7930

San Diego

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

Singapore

12 Marina View
Asia Square Tower 2
Suite 26-04
Singapore, 018961
+65 6990 7850

Toronto

2001 – 2 Bloor
West
Toronto, Ontario
Canada
M4W 3E2
+1 437 600 3006

Frankfurt

Schillerstr. 12
60313 Frankfurt am
Main
Germany
+49 69 153 259 290

Miami

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

San Francisco

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

Stockholm

Östermalmstorg 1
Floor 2
114 42 Stockholm
Sweden
+46 8 535 231 40

Zug

Hamilton Lane
(Switzerland) AG
Baarerstrasse 14
6300 Zug
Switzerland
+41 (0) 43 883
0352

Hong Kong

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

Milan

Via Filippo Turati 30
20121 Milano
Italy
+39 02 3056 7133

Scranton

54 Glenmaura
National Blvd
3rd Floor Suite 302
Moosic, PA 18507
USA
+1 570 247 3739

Sydney

Level 33, Aurora Place
88 Phillip Street
Sydney NSW 2000
Australia
+61 2 9293 7950

Las Vegas

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

New York

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

Seoul

12F, Gangnam
Finance Center
152 Teheran-ro,
Gangnam-gu
Seoul 06236
Republic of Korea
+82 2 6191 3200

Tel Aviv

6 Hahoshlim Street
Building C 7th Floor
Herzliya Pituach,
4672201
P.O. Box 12279
Israel
+972 73 2716610