



INDUSTRYventures

Industry Ventures Partnership Holdings III-C, L.P.
Investing in small venture capital funds

**Employees' Retirement System of Rhode Island
State Investment Commission Meeting**

January 28, 2015

Overview of Industry Ventures LLC

\$2 billion+ SEC-registered investment firm with two complementary strategies

Partnership Holdings Funds

Strategy

- Early/mid-stage assets with high multiple potential via early secondary LP interests, primary commitments, direct co-invest and special situations with small venture funds

Return Profile

- J-curve mitigation with high multiple potential

Secondary Liquidity Funds

Strategy

- Later-stage venture capital investments via secondary direct, LP interest and special situation transactions

Return Profile

- J-curve mitigation with high IRR potential

Large team with scale to consistently cover inefficient areas in the venture capital market

Information Advantages and Synergies

- With investments in over 120 private companies and 140 venture capital funds, the firm has unmatched scale in information flow, sourcing strategies and due diligence capabilities

Large Team with Deep Experience in VC

- Eleven investment professionals headquartered in San Francisco with an office in Washington D.C. area
- Experience in VC at all levels: operating, secondary and direct investments, and capital markets
- Aggressive sourcing and creative structuring approach creates unique value oriented investments

Impressive Track Record

- Over 20% Net IRR across all Secondary and Partnership Holdings funds since inception

Industry Ventures Team

Firm Management



Hans Swildens,
Founder & CEO
Speedera, Microline
UCSB | Columbia MBA



Robert May
COO & CCO
Founders Fund, Mohr Davidow,
Thomas Weisel

Investment Professionals



Ira Simkhovitch
Senior Associate
AlpInvest Partners, Commonfund
Capital, Booz Allen Hamilton
MIT | Columbia MBA



Eric Rachmel
Associate
FT Partners
CU Boulder



Kunal Jain
Associate
Moelis & Company
Duke University

Partnership Holdings Team



Roland Reynolds
Managing Director
Columbia Capital, JP Morgan
Princeton | Harvard MBA



Ken Wallace
Managing Director
Bessemer Trust
Wake Forest | UC Berkeley MBA



Brian Langner
Analyst
Standish Management
UCSB

Secondary Team



Victor Hwang
Managing Director
Internet Capital Group,
Goldman Sachs
Stanford BA | MBA



Justin Burden
Managing Director
GE Equity, Wells Fargo
UC Berkeley | London School of
Economics MSC



Will Quist
Managing Director
AlwaysOn, Banc of America
Securities
UC Berkeley



Lindsay Sharma
Vice President
Intuit, Great Hill Partners, Bear,
Stearns & Co. Inc.
Indiana University | Harvard MBA

Investor Relations



Lena McNulty
Investor Relations
Santa Clara University



Lisa Breiman
Investor Relations
University of Denver

Employees' Retirement System of the State of Rhode Island

- As of September 30th 2014, Employees' Retirement System of the State of Rhode Island's \$25M commitment to Industry Ventures has performed as follows:

Fund	Vintage Year	Commitment	Contributed Capital	Unfunded Capital	Distributions	Capital Account Value	% Called	DPI	TVPI	Net IRR
Industry Ventures Partnership Holdings III, L.P.	2013	\$25,000,000	\$4,250,000	\$20,750,000	\$0	\$4,668,823	17.0%	0%	1.10x	37.8%
Total		\$25,000,000	\$4,250,000	\$20,750,000	\$ -	\$4,668,823	17.0%	0%	1.10x	37.8%

Industry Ventures Partnership Holdings III, L.P. made its first distribution on October 7th and distributed \$412,573.94 to Rhode Island. The Fund is now 26% called with a current DPI of 6.35%

Partnership Holdings III Strategy

Our Approach to Early Stage VC *Invest with Small Funds*

Primary Commitments

- Low valuations with high multiple potential
- Receive all distributions from inception
- 12-15 Managers
- Target 40% of the fund

Early Secondary Investments

- Distressed sellers looking to relieve unfunded liabilities accept deep discounts
- Mitigates J-curve with earlier distributions
- 8-12 Transactions
- Target 40% of the fund

Direct Co-Investments

- Concentrate in best companies, typically with \$10mm+ of revs.
- Capitalize on excess pro-rata rights of small funds
- 15-20 Companies
- Target 20% of the fund

Overage Fund Opportunity

- ERSRI has secured option to form Overage Fund when closed commitment to Industry Ventures Partnership Holdings III, LP (Main Fund) in Q3 2014
- Two other public pension plans formed separate Overage Funds which have already completed investments along side Industry Ventures Partnership Holdings III, LP
- Overage Fund investment opportunities are generated when the Main Fund invests up to maximum concentration limitations in specific deals
- Industry Ventures, as General Partner, has Overage Fund investment discretion within investment guidelines and allocation guidelines between the other Overage Funds

Terms

Fund	Main Fund (“PH III”)	Overage Fund (“PH III-C”)
Structure	Delaware limited partnership	Delaware limited partnership
ERSRI commitment	\$25M	Up to \$15M
Term	10 years	10 years
Management Fee	1%	0.5%
Carry	5% primary; 10% early secondary/special situations; 20% direct co-invest	2.5% primary; 5% early secondary/special situations; 10% direct co-invest
Preferred Return	6%	6%

Appendix

Investment Team Bios



Hans Swildens, *Founder and CEO*

Hans is the CEO of Industry Ventures responsible for the origination and execution of secondary, partnership holdings and special situation investment opportunities for the firm. Additionally, he directs the firm's investment processes, operations and limited partner relationships.

Prior to founding Industry Ventures, Hans was the co-founder and President of Microline Software. Microline was acquired by Blaze Software (IPO), which was subsequently acquired by Fair Isaac. Hans was also an advisor to the founders of Speedera Networks (acquired by Akamai), where he completed the firm's first secondary investment and debt restructuring transaction.

Hans holds an MBA from Columbia Business School and a BA with distinction from the University of California at Santa Barbara.



Robert May, *COO & CCO*

Robert is the Chief Operating Officer and Chief Compliance Officer for Industry Ventures.

Prior to joining Industry Ventures, Robert worked as a Consultant for Standish Management and led the Palo Alto office. Robert has over 20 years of experience in Finance, Operations and Management with 12 of those years specifically in Venture Capital. Previously, Robert was the COO and CFO for Founders Fund in San Francisco, CA. Prior to Founders Fund, Robert spent four years as the CFO of Thomas Weisel Venture Partners. Robert started his career in Venture Capital as the Controller for Mohr, Davidow Ventures. Robert was also a Senior Financial Analyst at Hewlett-Packard and Production Control Analyst at Drexler Technologies.

Robert had earlier careers as both a commercial pilot and studio guitarist. Robert graduated from San Jose State University with a BS in Business Administration, emphasis in Finance. He is a past original member of the Board of Directors for the Private Equity CFO Association (PECFOA), an agency comprised of senior accounting and finance executives.

Investment Team Bios



Roland Reynolds, *Managing Director*

Roland is a Managing Director focused on sourcing and evaluating early secondary, primary commitments as well as co-investments for the firm's Partnership Holdings strategy.

Prior to joining Industry Ventures, Roland was the founder and Managing Partner of Little Hawk Capital, which was acquired by Industry Ventures. Prior to that he was a Principal with Columbia Capital, a leading communications and IT venture capital firm. Before that, Roland worked in investment banking at JP Morgan & Co.

Roland received a MBA from Harvard Business School and a BA from Princeton University, where he graduated with high honors.



Kenneth Wallace III, *Managing Director*

Ken is a Managing Director focused on sourcing and evaluating early secondary purchases, primary commitments as well as co-investments for the firm's Partnership Holdings strategy.

Ken joined Industry Ventures as an Associate on the secondary investment team. Prior to joining the firm, Ken worked as an Associate Vice President at Bessemer Trust's Private Equity Funds Group, where he led the firm's venture capital fund investment strategy. Before that he was in Business Development with Bessemer Trust.

Ken received a MBA from the Haas School of Business at the University California, Berkeley and a BA from Wake Forest University.

Investment Team Bios



Victor Hwang, *Managing Director*

Victor is a Managing Director focused on the origination and execution of secondary investments.

Victor joined Industry Ventures as a Venture Partner. Prior to joining the firm, Victor was the founder of Agile Capital Partners, where he focused on opportunistic investments in growth stage companies. Before that he was with Internet Capital Group, where he was CEO and Chairman of ICG Asia and a Managing Director, Acquisitions. He began his career as an investment banker at Goldman Sachs where he helped build the Internet investment banking business by leading the IPOs of eBay and Yahoo!. Victor received his MBA from the Stanford Graduate School of Business, where he was an Arjay Miller scholar, and his BA from Stanford University.



William Quist, *Managing Director*

Will is a Managing Director focused on originating and executing secondary investments.

Will joined Industry Ventures as an Associate. Prior to joining the firm, he was an investment banker at Bank of America Securities, focused on raising capital for growth companies in the technology, media, and healthcare sectors. Before that, he was with the AlwaysOn Network, where he covered technology startups and managed the AO100, which was a selection of the 100 most innovative companies in the world. Will earned a BA from the University of California, Berkeley.



Justin Burden, *Managing Director*

Justin is a Managing Director focused on the origination and execution of secondary investments.

Prior to joining Industry Ventures, Justin worked at GE Equity where he made venture investments in the technology, consumer, media, and telecom sectors. Before that, he worked in Wells Fargo High Yield group, purchasing high yield instruments related to buyout transactions. Justin holds a MSc from the London School of Economics and a BA from University of California, Berkeley.

Legal Disclaimer

This information has been prepared by Industry Ventures, LLC (together with its affiliates, “Industry”) solely to determine preliminary investor interest in Industry Ventures Partnership Holdings III-C, L.P. (the “Fund”); it is not an offer or solicitation, and may not be used or relied upon in connection with any offer or solicitation, with respect to the Fund or any other future Industry limited partnership. An offer or solicitation with respect to the Fund, if made, will be made only through the final confidential Private Placement Memorandum (the “Memorandum”) and the limited partnership agreement and subscription agreement of the Fund. Investment in the Fund will involve significant risks, including risks of loss of the entire investment. The final Memorandum will be available to qualified investors upon request and will contain, among other things, a description of the risks associated with an investment in the Fund. Investors should have the financial ability and willingness to accept the risk characteristics of the Fund’s investments.

This information, including the performance data presented herein, is qualified in its entirety by reference to the Memorandum and the limited partnership agreement for the Fund, and all of the information presented herein is subject to change without notice to you or any other recipient hereof. Some of the information presented herein may constitute “forward-looking information.” Forward-looking information is based on numerous assumptions and is speculative in nature and may vary significantly from actual results.

Certain performance data contained herein is based upon or includes the value of unrealized investments. In many cases, the value of the unrealized investment is estimated due to the lack of a trading market. There can be no assurance that estimated values or returns based on those values can be realized or that actual returns or results will not be materially lower than those stated herein. Certain assumptions have been made to simplify the presentation and, accordingly, actual results may differ, perhaps materially, from those presented. The information in this presentation is intended to be current only as of the date of this presentation. The following includes a summary of the past performance of the investments held by predecessor funds of the Fund which are managed by the principals of Industry and which deploy a similar investment strategy as the Fund. In considering any performance information contained herein, prospective investors should bear in mind that past performance is not necessarily indicative of future results, and there can be no assurance that the Fund will achieve comparable results in the future. The Fund is not expected to hold any or all of the securities which generated the returns described herein. There can be no assurance that the Fund’s investment strategy will achieve profitable results.