



Los Angeles • New York

Cliffwater Alternative Investment Consulting Services

Rhode Island State Investment Commission

April 25, 2018

Cliffwater Presenters



Thomas K. Lynch – Senior Managing Director

Tom is a Senior Managing Director of Cliffwater LLC in our New York office and a member of our portfolio advisory team. Prior to joining Cliffwater in 2008, Tom was a Senior Managing Director and principal of Wilshire Associates where he managed the firm's private equity business for 17 years. Previous experience includes working for the New York Life Insurance Company. He has served on the advisory boards of numerous private equity partnerships.

He earned a BS in Finance from Boston College, his JD from Duquesne University School of Law and holds the Chartered Financial Analyst® designation.



Gabrielle Zadra – Senior Managing Director

Gabrielle is a Senior Managing Director of Cliffwater LLC and leads our private assets research team. Prior to joining Cliffwater in 2004, Gabrielle was an Associate with Pathway Capital Management, LLC where she led due diligence on private equity investments including venture capital, buyout, debt-related and special situation partnerships. Previous experience includes working in investment banking with the Banc of America Securities Technology Group. She also worked for the Service Employees International Union / AFL-CIO.

She earned a BA in History and Women's Studies with high honors from Oberlin College, and an MBA from The Anderson School at the University of California, Los Angeles.



Mark Williams – Senior Managing Director

Mark is a Managing Director of Cliffwater LLC and a member of our private assets research team. Prior to joining Cliffwater in 2008, Mark was a Managing Director and principal of Wilshire Associates where he performed real estate research and consulting services and managed the development of the Compass institutional investment software and the RetirePath discretionary managed accounts system. Previous experience includes real estate research with The Meyers Group, and CJ Bonner Corporation.

He earned a BS in Finance from the University of Utah.



Firm Background

Cliffwater LLC

Founded in 2004

100% employee owned

SEC registered, accept fiduciary responsibility

Offices in Los Angeles and New York

Experienced professional staff

- 42 employees

Focused on institutional clients

- 46 total clients

Assets under advisement¹

- \$43 billion in alternative assets

¹ Includes discretionary and non-discretionary assets under advisement of current clients. Total assets include approximately \$1 billion in discretionary assets under management. Private assets as of September 30, 2017; all other assets as of December 31, 2017. (Private asset valuations generally lag by a quarter.)

Cliffwater Senior Leadership Team



Stephen Nesbitt
CEO / CIO

40 years of investment
experience



Kathleen Barchick,
CFA
*Senior Managing
Director*

24 years of investment
experience



Gabrielle Zadra
*Senior Managing
Director, Head of
Private Assets
Research*

17 years of investment
experience



Daniel Stern
*Senior Managing
Director, Head of
Absolute Return
Research*

26 years of investment
experience



Thomas Lynch, CFA
*Senior Managing
Director*

37 years of investment
experience



James Feidler
*Senior Managing
Director*

26 years of investment
experience



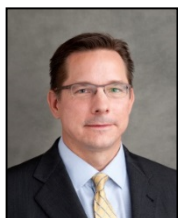
Jonathan Rogal
*General Counsel,
Chief Compliance
Officer*

18 years of investment
experience



Lance Johnson
*Chief Operations
Officer*

22 years of investment
experience



Pete Keliuotis, CFA
*Senior Managing
Director*

29 years of investment
experience



Mark Johnson
*Senior Managing
Director*

19 years of investment
experience



David Wippel
*Managing Director,
Head of Risk
Reporting*

19 years of investment
experience



Thomas Brown
*Chief Technology
Officer*

19 years of investment
experience

The Cliffwater Team

| Portfolio Advisory | Private Assets | Absolute Return | Operations Due Diligence | Legal & Compliance | Monitoring & Reporting | Technology | Corporate |
|--|--|---------------------------------------|---|---|------------------------------------|---|--|
| Stephen Nesbitt CEO / CIO | Gabrielle Zadra Sr. Managing Director | Daniel Stern Sr. Managing Director | Lance Johnson Chief Operations Officer | Jonathan Rogal General Counsel / CCO | David Wippel Managing Director | Thomas Brown Chief Technology Officer | Carol Komesu Treasurer / Controller |
| Kathleen Barchick Sr. Managing Director | Eric Abelson Managing Director | Aaron Dalrymple Managing Director | Jonathan Tabak Managing Director | Linda Baker Director | Joshua Belvedere Vice President | Reboot Networks Backstop Solutions Payoda | Fiona Roses Office Manager |
| James Feidler Sr. Managing Director | Bernard Gehlmann Managing Director | Andrew Rudolph Managing Director | Kevin McCann Director | Stanley Liu Director | Paulo Jeronymo Vice President | | Yvonne Mignon Admin Assistant |
| Mark Johnson Sr. Managing Director | Chris Rice-Shepherd Managing Director | Eli Sokolov Managing Director | Nelson McNeil Vice President | Jeffrey Loeb Vice President | Steve Thomas Vice President | | |
| Pete Keliuotis Sr. Managing Director | Mark Williams Managing Director | Chris Solarz Managing Director | | | Thidar Maw Sr. Associate | | |
| Thomas Lynch Sr. Managing Director | Jeffrey Topor Vice President | Susanne Wei Vice President | | | Nico Chavez Associate | | |
| | William Dornbrook Sr. Associate | Tori Irons Sr. Associate | | | Christina Nolan Associate | | |
| | Kyle Barber Sr. Associate | | | | Jordan Kelly Analyst | | |
| | | | | | D'Ann Patterson Analyst | | |

Cliffwater Alternative Asset Class Coverage

| Absolute Return | Private Equity | Private Debt | Real Assets | Real Estate |
|---|---|--|---|--|
| Market Neutral Credit/Distressed Event Driven Equity Long/Short Discretionary Macro CTA Multi-strategy Fund of Funds | Buyout Venture Capital Distressed Non-U.S. Opportunistic Secondaries Direct Investments | Direct Lending Private BDCs Mezzanine Structured Debt | Midstream Energy Upstream Energy Agriculture Infrastructure Commodities Timber | Core Value Add Opportunistic RE Debt Sector Funds REITs |

Cliffwater Team for ERSRI

| | | | | | | |
|--------------------------------|--|-------------------------------------|---|----------------------|-------------------|----------------------|
| Cliffwater Investment Research | Cliffwater Absolute Return Research Team Daniel Stern, SMD | | Cliffwater Private Asset Research Team Gabrielle Zadra, SMD | | | |
| | Daniel Stern, SMD | Chris Solarz, MD Susanne Wei, VP | Jeff Topor, VP | | Mark Williams, MD | Gabrielle Zadra, SMD |
| ERSRI Portfolio | Absolute Return | Crisis Risk Protection | Private Credit | Opportunistic Credit | Infrastructure | Private Equity |

| | | | | | | |
|--------------------|--|--|--|--|--|--|
| Cliffwater Support | Cliffwater Operations Due Diligence Team Jon Tabak, MD | | | | | |
| | Cliffwater Legal Due Diligence Team Jon Rogal, SMD | | | | | |
| | Risk Management and Reporting David Wippel, MD | | | | | |
| | Client Service Tom Lynch, SMD Kathy Barchick, SMD | | | | | |
| | | | | | | |

Representative Alternative Investment Advisory Clients

| Representative List of Private Assets Clients | |
|--|--|
| Endowment/Foundation American University Greater Miami Jewish Federation, Inc. Oberlin College Reed College The Principia Corporation University of Nebraska Foundation University of Ottawa VMI Investment Holdings, LLC West Point | Public Pension Houston Municipal EPS Maine PERS Merced County ERS National Pension Service of Korea Nova Scotia Teachers/Super Ohio STRS Sacramento County ERS Texas County & District Retirement |
| Corporate Duke Energy Huntington Ingalls Medstar Health Mercy Health | RIA/Family Office New Market Wealth Management Omnia Family Wealth |

This is a representative list of current Cliffwater private assets clients; however, Cliffwater is contractually precluded from disclosing the names of certain clients, including all of its high net worth clients. Inclusion in the list does not represent an endorsement or approval of Cliffwater or the advisory services provided.



Investment Philosophy and Process

Cliffwater Investment Philosophy

Our broad asset allocation perspective enables us to better execute alternative investment programs

How We Think...

Asset Allocation (Beta)

Understand the role of alternatives within the client's asset allocation

Manager Selection (Alpha)

Invest with a limited number of our top-tier managers; selection skill is critical

Inefficient Markets

Thoughtful implementation is key to successful programs

Risk Management

Diversification and thorough manager monitoring best ways to control risk

Terms & Costs

Alignment of interest and fee management matter

How We Execute...

Consistent Process

Disciplined and standardized due diligence and investment process

Collective Decision-Making

Research specialization supported by cross-team resources and firm wide investment committee process

Documentation

Meetings, analyses, recommendations in writing to track decision process

Transparency

Offer clients direct access to Cliffwater research and monitoring

Client Driven

Customized and collaborative approach with each client

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graph LR; A[Manager, Partnership Sourcing] --> B[Research Group Preliminary Due Diligence & Rating (A, B, or C)]; B --> C[A-rated Funds]; B --> D[Operations and Legal Due Diligence]; C --> E[Research Group Vote]; D --> E; E --> F[Investment Committee Approval]; F --> G[Client Recommendation];
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The flowchart illustrates the investment process, starting with **Manager, Partnership Sourcing**, which leads to **Research Group Preliminary Due Diligence & Rating (A, B, or C)**. This step is associated with the text: *"Focus List" comprised of A- and B-rated Funds. We archive C-rated Funds.* The process then branches into two parallel paths: **A-rated Funds** (which includes **Investment Due Diligence**) and **Operations and Legal Due Diligence**. Both paths converge at the **Research Group Vote** step, which leads to **Investment Committee Approval**, and finally to the **Client Recommendation**.

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Cifwaver LLC - Investment Committee

Date of Meeting: Friday, January 23, 2015

Attendees: See attached list for attendees.

Hedge Fund

Name Approved:

Fund A Capital Management LLC; Fund A Distressed Opportunities Fund III LP; Fund Along-Term Distressed Opportunities International III LP - Distressed

This fund will pursue a long-only, non-control distressed credit strategy targeting a mid-teens net IRR. This fund will focus on investments in the less liquid segments of the corporate, real estate, and asset-backed debt and equity markets. The Committee discussed the firm's history, the fund and the fund's performance. Certain risk factors were also discussed, including the lack of distributions by the prior fund. In addition, the Committee discussed the firm's back office operations and the fund's legal terms, including the increase in the management fees compared to the prior fund. The fund was approved for the hedge fund approval list, subject to completion of the due diligence binder. The fund is oversubscribed. Fund A has identified Client A, Client B and Client C as those clients which are eligible to commit to the fund. Client allocations were reviewed; see allocation sheet below.

Real Assets

Name Approved:

Corporation, U.S. L.P. - Agriculture

This fund will make equity investments in upstream and midstream farming assets located in the United States. The Committee discussed the fund's strategy and investor base, the firm's history, the team's experience and the prior funds' performance. Certain risk factors were also discussed, including the firm's unresponsiveness to due diligence inquiries and the lack of realizations. In addition, the Committee discussed the firm's back office operations, including the lack of regulatory oversight or a comprehensive compliance program and the consolidation of the fund's financial statements, and the fund's legal terms, including the change in management fee structure, the low GP commitment and the increase in the fund's size. The fund was approved for the real assets approval list, subject to completion of the due diligence binder and acceptable legal documentation. Further, Cifwaver's recommendation of the fund to a client is contingent on the client receiving an advisory committee seat. There is no capacity limitation for Cifwaver clients. Client allocations were reviewed; see allocation sheet below.

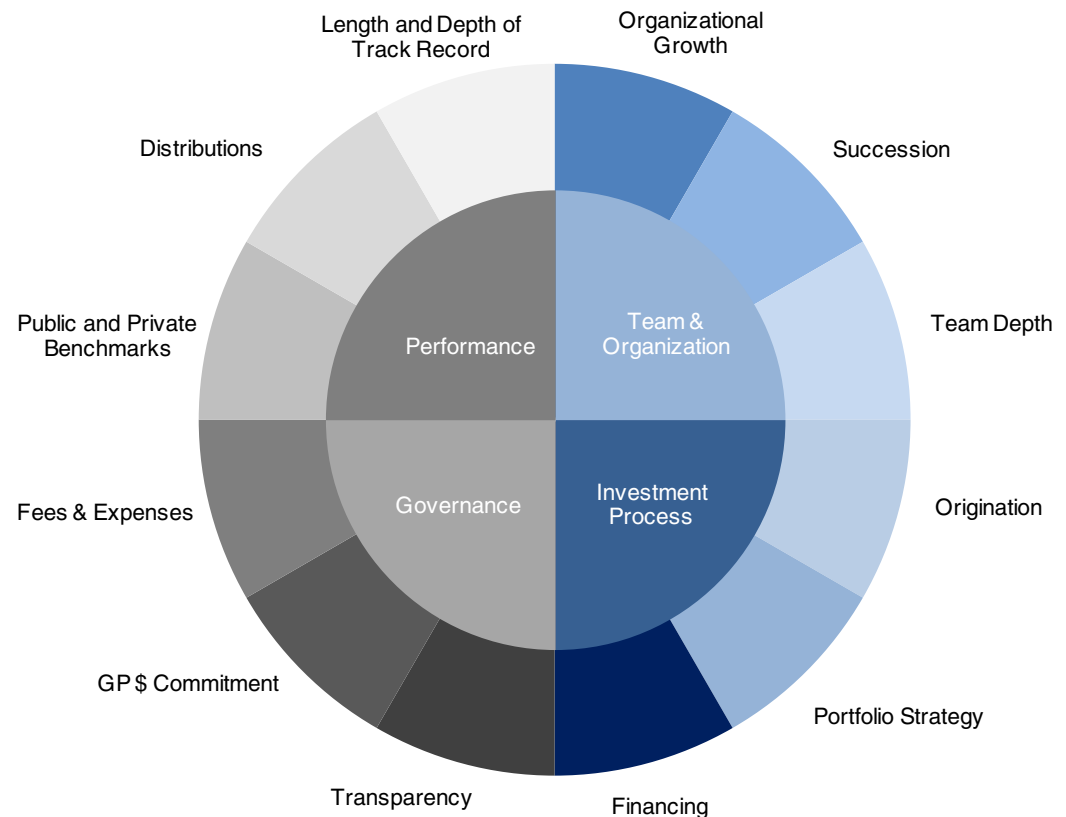
Investment Committee Minutes

Investment Due Diligence

Investment due diligence is led by senior research team members

- Research responsibilities organized by strategy
- In-depth diligence typically completed over several months
- Onsite meetings and reference calls conducted
- Multiple senior Cliffwater professionals involved in the due diligence process

Cliffwater utilizes a consistent and thorough diligence process for private asset fund recommendations

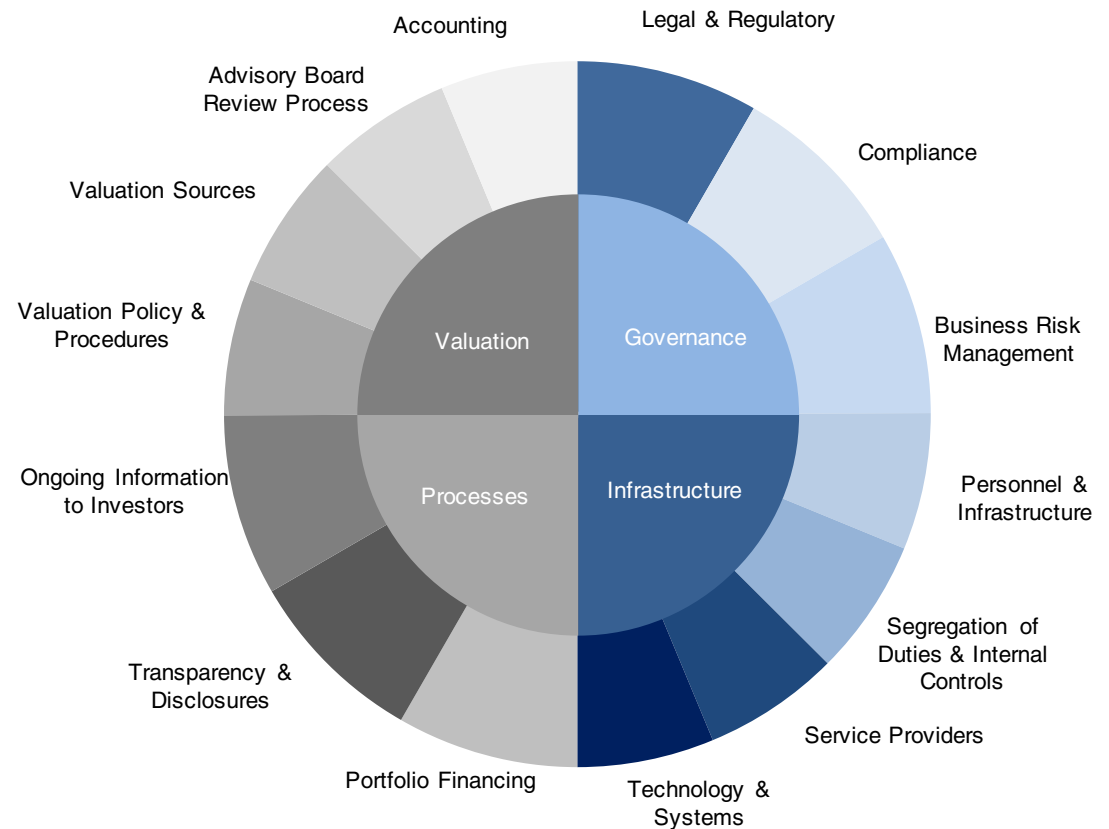


Operations Due Diligence

Dedicated, experienced operations due diligence team

- Independent review
- Evaluate primary areas of business risk
- Compare to industry best practices
- Monitor operational capabilities of recommended funds, re-underwrite operations with successive fundraise diligence
- Background checks as needed

Full operations due diligence conducted on private asset fund recommendations



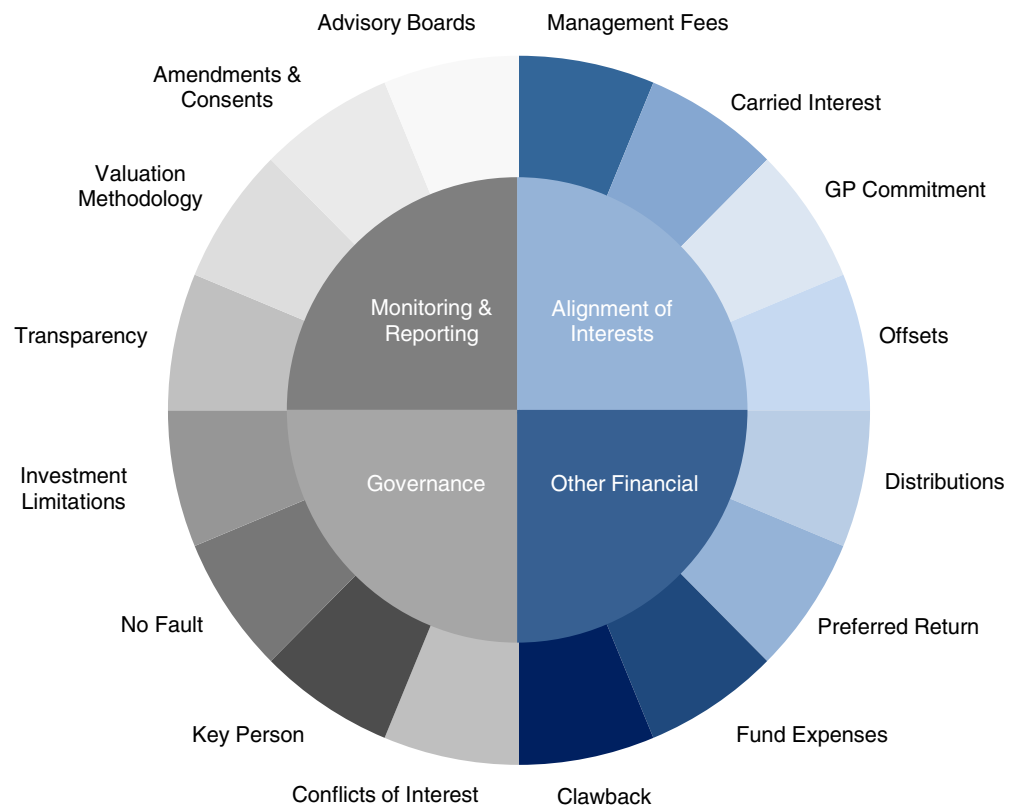
Legal Due Diligence

Legal team reviews fund documents and negotiates business terms across multiple dimensions

- Investor protections
- Fees
- Alignment of interests

Cliffwater seeks to improve terms in fund documents and through side letters on behalf of all clients

When desired, Cliffwater's team will work together with client's internal and/or outside counsel



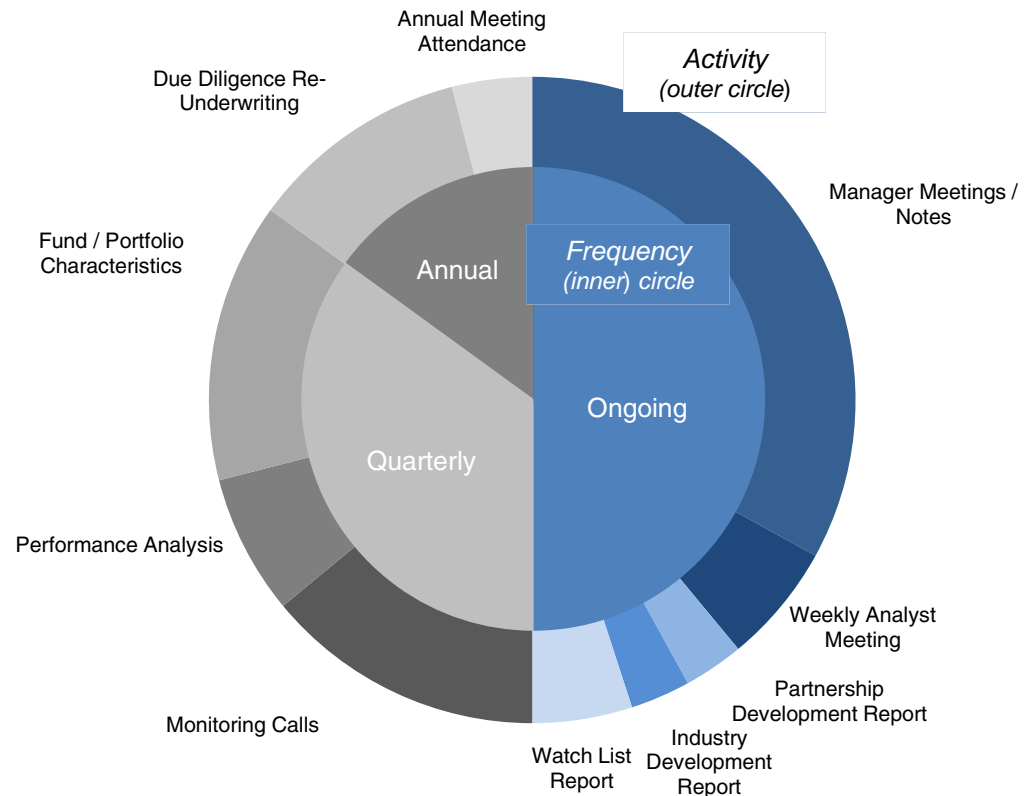
Monitoring – What we do after an investment is made

Process oriented approach to private asset fund monitoring/risk management

- Market commentary
- Performance reporting
- Portfolio characteristics & partnership highlights
- Watch List reports
- Annual meeting reports
- Advisory boards, where applicable
- Partnership development reports
- Partnership amendments & consent recommendations

Cliffwater promotes transparency across the industry

- AltExchange member

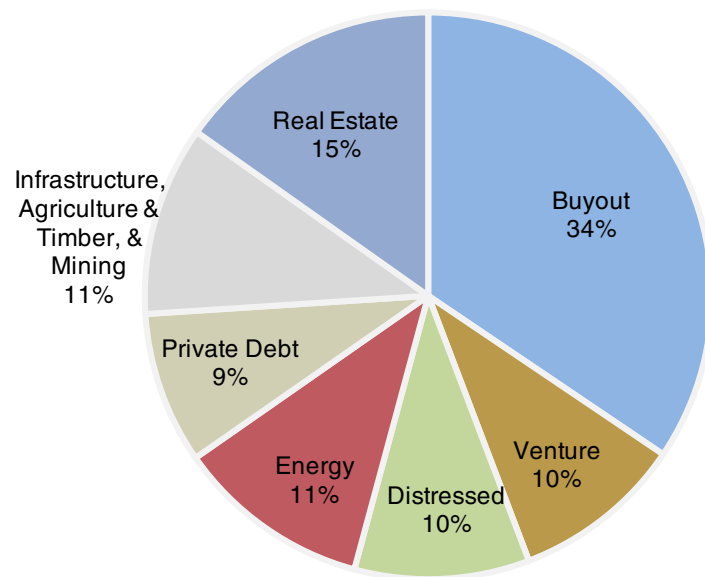




Private Asset Consulting

Cliffwater Private Assets Experience

Cliffwater Cumulative Client Commitments



| Strategy | Commitments (\$000s) |
|----------------------|----------------------|
| Buyout | 9,515,646 |
| Venture | 2,700,000 |
| Distressed | 2,754,474 |
| Energy | 3,070,248 |
| Private Debt | 2,392,851 |
| Infrastructure | 1,753,833 |
| Agriculture & Timber | 991,600 |
| Mining | 245,000 |
| Real Estate | 4,197,397 |
| Total | 27,621,049 |

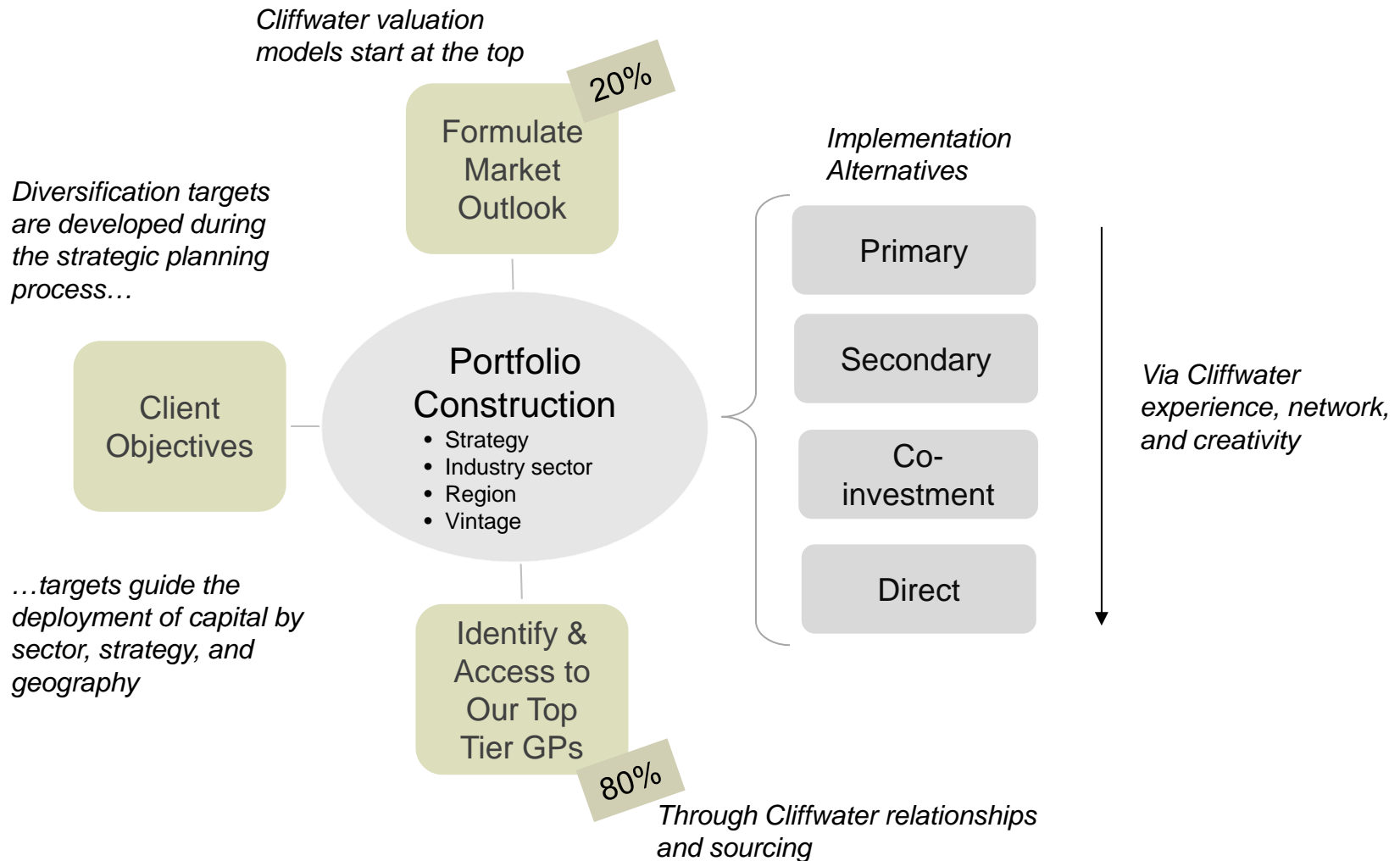
Notes on the above information:

Private Debt includes Mezzanine, Opportunistic Credit, Direct Lending, and Bank Loan strategies

Real Estate includes Real Estate Debt, Opportunistic, and Value-Add strategies

"Commitments" are based on the cumulative amount of capital committed by Cliffwater private assets clients, both discretionary and non-discretionary, to funds or accounts recommended by Cliffwater. Amounts are calculated from inception of the relevant strategy through June 30, 2017. The inception dates for the strategies are as follows: Buyout, August 1, 2005; Venture, January 1, 2006; Distressed, August 30, 2005; Energy, October 14, 2005; Private Debt, March 23, 2006; Infrastructure, September 28, 2012; Agriculture & Timber, October 24, 2014; Mining, March 25, 2010; and Real Estate, January 24, 2006.

Cliffwater Private Assets Investment Strategy



Cliffwater Quarterly Outlook Guides Research & Selection

| | | |
|-----------------------|--|-------------|
| U.S. Large Buyout | High valuations, ample amounts of leverage, and heavy competition for deals persist, as managers seek to deploy a significant amount of unfunded capital. On the positive side, distributions and recapitalizations continue. | Underweight |
| U.S. Mid/Small Buyout | Competition and pricing pressure in the middle market has increased, as firms raise more capital and large cap funds seek value in smaller deals. Greater opportunities for outperformance exist for investors with competitive advantages in value creation and focused strategies. | Neutral |
| Distressed | High issuance of lower-rated credit, looser underwriting standards and rising interest rates suggest the potential for large volume of distressed opportunities, but timing is unclear. Large amount of dry powder suggests caution. | Neutral |
| Private Debt | Private debt continues to generate strong relative value with an attractive spread between public and private yields. "Covenant lite" terms and EBITDA adjustments are becoming more common for larger direct lending deals. | Overweight |
| Venture | Strategic and sovereign wealth investors continue to aggressively invest capital pressuring valuations and holding periods. Innovation across multiple sectors has led to accelerating growth and selected strong exits. | Neutral |
| Europe | A gradual economic recovery has increased buyer and seller confidence. As in the U.S., strong competition and high prices persist, reducing value opportunities. Managers with strong sourcing capabilities, a consistent approach, and multiple levers to improve and grow companies are best positioned. | Neutral |
| Asia | A focus on high-quality growth and financial sector health suggests rational and steady sector-based growth in China; however, the threat of a trade wars with the U.S. is generating uncertainty, particularly for export-oriented businesses. | Neutral |
| Latin America | Economic growth and positive market sentiment in Brazil continue to improve private equity deal activity and debt availability. Upcoming presidential elections, particularly in Mexico, are generating uncertainty in the market, limiting new deal activity and realizations. | Neutral |
| Energy | Energy market transaction activity remains low and is dominated by private equity investors. Despite increasing U.S. shale production, crude oil prices are resilient with OPECs adherence to production limits. | Neutral |
| Infrastructure | Several firms have launched super-core funds targeting lower returning assets with very low risk. The substantial amount of dry powder chasing a limited amount of transactions may be driving the new fund strategies allowing the investors to compete for the lower risk assets. | Neutral |
| Natural Resources | Corn and soybean prices continue to be pressured by overproduction; permanent crops offer strong pricing and consumer demand. New precious metal resources continue to decline and offer investment opportunities for new mines. | Neutral |
| Real Estate – Equity | Downward pressure on values may result from recent rapid increases in interest rates despite overall market strength. Rising debt service and decreased NOI of value-add and opportunistic properties may follow, along with more limited refinancing options for stabilized assets. Defensive, core plus opportunities remain attractive. | Neutral |
| Real Estate – Debt | Increases in CRE floating rates have accompanied economic growth, while overall leverage levels remain at moderate and sustainable levels. | Overweight |

The information on this page contains Cliffwater's Q2 2018 views, projections regarding future events, and forecasts regarding the strategies described herein. There is no assurance that such events or forecasts will be achieved, and may be significantly different from that shown here.

Cliffwater Private Assets Forward Calendars

Private Asset Research Activity Report – Second Quarter 2017

This quarterly report provides a review of private equity, private debt, real asset, and real estate funds, which are currently in active due diligence or expected to be reviewed in the coming months. Please contact your client service representative or Gabrielle Zeller gabriele.zeller@cliffwater.com (770-440-5010) with any questions.

| | | |
|-----------------------|--|-------------|
| U.S. Large Buyout | Competitive and efficient market. Dependent on capital markets for exits. | Underweight |
| U.S. Mid/Small Buyout | More fragmented acquisition market. Selling opportunities with financial and strategic buyers. | Overweight |
| Distressed | Low defaults, rising interest rates, and uncertain political climate. No clear opportunity. | Underweight |
| Private Debt | Market uncertainty and rising interest rates make senior-focused strategies more attractive. | Overweight |
| Venture | Exits and valuations are expected to improve in 2017. | Neutral |
| Europe | Uncertainty persists, which should benefit opportunistic investors. | Neutral |
| Asia | Lower long-term macroeconomic growth in China. Favor control deals or higher-growth sectors. | Underweight |
| Latin America | Attractive entry valuations as many traditional sources of capital have left the market. | Neutral |
| Energy | Pockets of opportunity exist but commodity price volatility may continue to disrupt upstream investing. | Neutral |
| Infrastructure | A buoyant fundraising market has created a more competitive market. | Neutral |
| Natural Resources | Metal and mineral commodity prices remain subdued though a lack of investment in new production will result in increasing prices. Acquisition activity for low crop acreage should increase. | Neutral |
| Real Estate – Equity | Headwinds from rising cap rate risks are offset by the increased scarcity of transaction debt. | Underweight |
| Real Estate – Debt | Rising interest rates and declining debt proceeds enhance debt opportunities for lenders. | Overweight |

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The information on this page contains Cliffwater's current views, projections regarding future events, and forecasts regarding the strategies described herein. There is no assurance that such events or forecasts will be achieved, and may be significantly different from that shown here.

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Funds that Closed During the First Quarter

| | | |
|---|---------------|----------------|
| Large Buyout | New York | \$12.5 billion |
| The fund will target large companies with over \$1 billion in total enterprise value. The fund will invest in at least 10 companies with equity investments ranging from \$500 million to \$1 billion. The firm has realized 55 investments creating a gross return of 26% and 2.3 times invested capital. | | |
| Mid-Market Buyout | San Francisco | \$3.0 billion |
| The fund is headquartered in the United States or Canada and will make equity investments ranging from \$100 million to \$500 million in companies with enterprise values between \$50 million and \$1 billion. Transactions will take the form of leveraged buyouts, growth equity financings, and carve-outs. The firm seeks to partner with strong management teams and resources to accelerate revenue and earnings growth. The firm's mature portfolio of investments has generated a net IRR of 24.8% across all funds since inception. | | |
| Mid-Market Buyout | Hermosa Beach | \$2.0 billion |
| The fund is focused on complex transactions, corporate carve-outs, and distressed investments. The firm will invest in capital intensive industries including software, healthcare IT, business services, and consumer products. The fund typically pursues a buy-and-build strategy and uses operating resources to strengthen companies. The firm's portfolio of investments has generated a net IRR of 24.8% across all funds since inception. | | |
| Mid-Market Buyout | Los Angeles | \$6.5 billion |
| The fund is focused on middle-market companies that provide services to government-related customers, including those at the state and local government level. The fund will target a portfolio of seven to ten companies with total enterprise values between \$100 million and \$500 million. As of September 30, 2016, the fund has generated a net IRR of 24.8% across all funds since inception. | | |
| Mid-Market Buyout | New York | \$3.0 billion |
| The fund is focused on middle-market companies that provide services to government-related customers, including those at the state and local government level. The fund will target a portfolio of seven to ten companies with total enterprise values between \$100 million and \$500 million. As of September 30, 2016, the fund has generated a net IRR of 24.8% across all funds since inception. | | |
| Mid-Market Buyout | Boston | \$3.0 billion |
| The fund is focused on middle-market companies that provide services to government-related customers, including those at the state and local government level. The fund will target a portfolio of seven to ten companies with total enterprise values between \$100 million and \$500 million. As of September 30, 2016, the fund has generated a net IRR of 24.8% across all funds since inception. | | |
| Small Buyout | Hermosa Beach | \$500 million |
| The fund is focused on middle-market companies that provide services to government-related customers, including those at the state and local government level. The fund will target a portfolio of seven to ten companies with total enterprise values between \$100 million and \$500 million. As of September 30, 2016, the fund has generated a net IRR of 24.8% across all funds since inception. | | |
| European Buyout | Paris | €1.0 billion |
| The fund is focused on middle-market companies primarily located in France, Germany and Italy. Chequers has a long-term geographic market of France and has built a broader network of relationships across Europe. The fund will target a portfolio of seven to ten companies with total enterprise values between \$100 million and \$500 million. As of September 30, 2016, the fund has generated a net IRR of 24.8% across all funds since inception. | | |
| Direct Lending | Chicago | \$1.0 billion |
| The fund is focused on middle-market companies that provide services to government-related customers, including those at the state and local government level. The fund will target a portfolio of seven to ten companies with total enterprise values between \$100 million and \$500 million. As of September 30, 2016, the fund has generated a net IRR of 24.8% across all funds since inception. | | |

| | | |
|---|---------------|---------------|
| Direct Lending | London | €800 million |
| The fund is focused on middle-market companies that provide services to government-related customers, including those at the state and local government level. The fund will target a portfolio of seven to ten companies with total enterprise values between \$100 million and \$500 million. As of September 30, 2016, the fund has generated a net IRR of 24.8% across all funds since inception. | | |
| Direct Lending | Chicago | \$300 million |
| The fund is focused on middle-market companies that provide services to government-related customers, including those at the state and local government level. The fund will target a portfolio of seven to ten companies with total enterprise values between \$100 million and \$500 million. As of September 30, 2016, the fund has generated a net IRR of 24.8% across all funds since inception. | | |
| Direct Lending | Santa Monica | \$1.0 billion |
| The fund is focused on middle-market companies that provide services to government-related customers, including those at the state and local government level. The fund will target a portfolio of seven to ten companies with total enterprise values between \$100 million and \$500 million. As of September 30, 2016, the fund has generated a net IRR of 24.8% across all funds since inception. | | |
| Direct Lending | Boston | \$1.0 billion |
| The fund is focused on middle-market companies that provide services to government-related customers, including those at the state and local government level. The fund will target a portfolio of seven to ten companies with total enterprise values between \$100 million and \$500 million. As of September 30, 2016, the fund has generated a net IRR of 24.8% across all funds since inception. | | |
| Direct Lending | New York | \$350 million |
| The fund is focused on middle-market companies that provide services to government-related customers, including those at the state and local government level. The fund will target a portfolio of seven to ten companies with total enterprise values between \$100 million and \$500 million. As of September 30, 2016, the fund has generated a net IRR of 24.8% across all funds since inception. | | |
| Opportunistic Real Estate | Chicago | \$850 million |
| The fund is focused on middle-market companies that provide services to government-related customers, including those at the state and local government level. The fund will target a portfolio of seven to ten companies with total enterprise values between \$100 million and \$500 million. As of September 30, 2016, the fund has generated a net IRR of 24.8% across all funds since inception. | | |
| Value Added Real Estate | San Francisco | \$250 million |
| The fund is focused on middle-market companies that provide services to government-related customers, including those at the state and local government level. The fund will target a portfolio of seven to ten companies with total enterprise values between \$100 million and \$500 million. As of September 30, 2016, the fund has generated a net IRR of 24.8% across all funds since inception. | | |
| Value-Added Real Estate | Chicago | \$1.3 billion |
| The fund is focused on middle-market companies that provide services to government-related customers, including those at the state and local government level. The fund will target a portfolio of seven to ten companies with total enterprise values between \$100 million and \$500 million. As of September 30, 2016, the fund has generated a net IRR of 24.8% across all funds since inception. | | |

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Cliffwater produces quarterly private asset “pipeline” reports for clients...
...used as the basis for investment planning over the next several quarters

Fund Selection Process – Transparent and Forward Looking

Sector Research

Manager list by sector:

- Buyouts
- Venture/Growth
- Private Debt
- Energy
- Nat Resources
- Infrastructure
- Real Estate

Portfolio Construction

Analytic tool organizes sourcing pipeline by sub-strategy & expected vintage year

3-4 year forward plan to build relationships and improve access

Ongoing Analysis

Quarterly private assets activity report

Regular webinar with market review & sector outlook

Focus List of managers available to clients

Approximate annual activity:

- 1,200 manager meetings / calls
- 500 fund reviews
- 200 annual meetings



**~180 Managers on
Our Private Assets
Top Tier List**

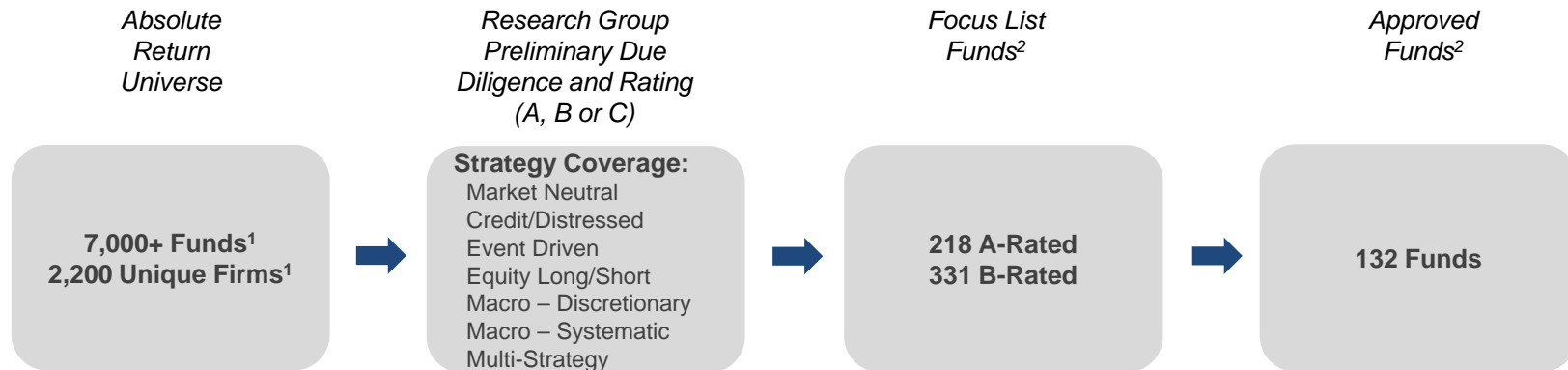


Fund selection driven by manager quality and client portfolio fit

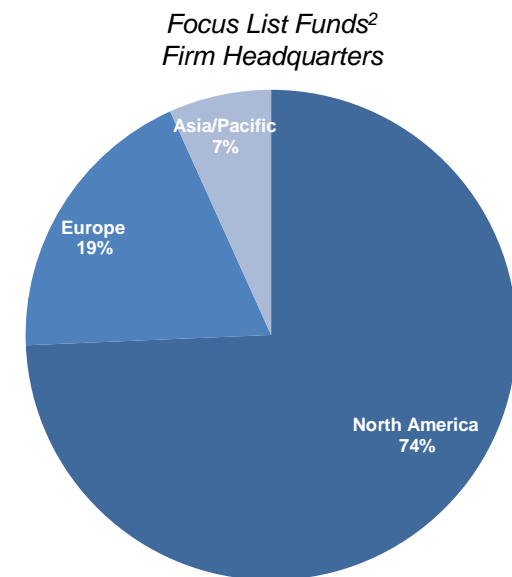
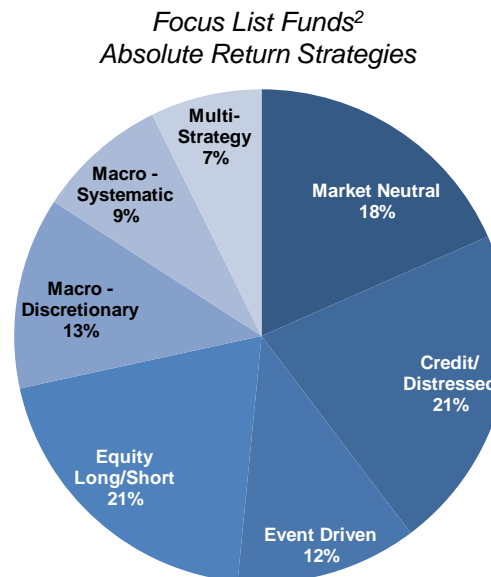
CLIFFWATER^{LLC}

Absolute Return Consulting

Absolute Return Coverage



| Annual Activity by Research Group ³ | |
|--|---|
| 360 | Funds sourced and reviewed ⁴ |
| 175 | Initial Fund meetings |
| 936 | Investment due diligence meetings |
| 104 | Operations due diligence meetings |
| 2,462 | Manager calls |



¹ Source: HFRI.

² As of December 31, 2017.

³ Unless otherwise indicated, approximate annual activity, based on average over past three years (2015, 2016, 2017).

⁴ Estimated approximate annual activity.

Absolute Return Diligence – Thorough Documentation

Cliffwater clients receive multiple research reports, recommendation reports and update notes on their investments and managers

- Timely information and analysis enables clients to stay informed and make relevant decisions
- Reports provide Cliffwater's views and opinions, as well as a recommended course of action

| Report | Description | Frequency |
|--|--|-----------------------------------|
| Profile Report | 4 - 6 page due diligence report with fund rating | Generally updated every two years |
| Investment Due Diligence Report | Approximately 20 page investment due diligence report for approved funds | Generally updated annually |
| Operations Due Diligence Report | Approximately 20 page operations due diligence report for approved managers | Generally updated annually |
| Partnership Development Report | Report outlining material events such as changes to organization, team or investment process | As needed |
| Partnership Amendment and Recommendation Report | Report outlining proposed changes to fund documents and a recommendation on how to vote | As needed |
| Watch List Report | Report outlining significant concerns (performance, organizational or other) that merit closer monitoring, followed by regular updates | As needed |

| Report | Description | Frequency |
|---|---|-----------|
| Meeting / Call Notes | Notes of meetings or calls between Cliffwater analysts and the funds | Ongoing |
| Monitoring Notes | Summary outlining portfolio positioning and exposures, key drivers of performance and any organizational issues | Monthly |
| Performance Reports | Return and risk analytics including measures of alpha and market risk exposures | Monthly |
| Redemption Recommendation Report | Recommendation report to redeem from a fund that no longer meets Cliffwater's investment expectations | As needed |
| Annual Meeting Report | Report covering a fund's annual meeting, if any | Annually |
| Industry Development Report | Report addressing emerging topics in the industry | As needed |

Portfolio Management Process

1) Fund Monitoring

- Monthly manager calls
- Performance/risk/positioning
- Watch List report
- Monthly fund review team meeting

2) Portfolio Monitoring

- Performance/risk/positioning
- Attribution
- Monthly portfolio review team meeting

3) Portfolio Rebalancing

- Strategy allocation changes
- Liquidity requirements
- Fund changes

Cliffwater combines a comprehensive monitoring process with tactical asset class views to adjust strategy and fund exposures over time

Cliffwater is Committed to a Successful Relationship with ERSRI

Experienced Staff

Broad Network

Proactive Sourcing

Focus on Client Access

Transparent Process

Client-driven Approach





Appendix

Comprehensive, Customized Advisory Services

| Objective | Tasks | Frequency | Deliverables / Tasks |
|---|---|--------------------------------|---|
| Strategic Review | Review strategic objectives Assessment of current program Capital markets assumptions Recommend investment plan | Annual | Annual strategic plan Investment Policy revisions |
| Manager Sourcing and Due Diligence | Sourcing qualified managers/funds Investment due diligence Operations & Legal due diligence | Ongoing | Profile report Investment due diligence report Operations due diligence report Legal review of fund documents |
| Investment Program Monitoring | Capital markets updates Asset class commentary Alternative investment strategy outlook Portfolio assessments and outlook | Quarterly / Ongoing | Performance report Fund and portfolio analytics Research activity reports and webinars |
| Manager Monitoring | Manager monitoring meetings/calls Review of financials AGMs & LPAC meetings | Monthly / Quarterly / Ongoing | Partnership development reports Watch List reports Meeting notes Partnership amendment reports |
| Operations Support | Review transactions Review account statements Assistance with annual audit if needed | Monthly or Quarterly / Ongoing | Record and reconcile cash flow activity Record and reconcile fund valuations Audit documentation as requested by client |
| Staff and Board calls / meetings | Calls to update on activity and issues Review new investments in process | Ongoing | Regularly scheduled and ad hoc calls Client web access to fund reports Board / IC / Staff meetings |
| Education | Board education Staff training | Ongoing | Educational presentations Special board/staff session attendance Cliffwater client conference |

Cliffwater Client Website

Cliffwater's website provides clients easy access to research, analytics, and reports

The library of client reports and research materials includes:

- Client performance reports
- Client portfolio reports
- Cliffwater's manager research reports and monitoring notes
- Market commentary
- Cliffwater's industry research reports
- Cliffwater webinars

Clients can access portfolio analytics for their specific portfolios

- Performance analyses
- Portfolio allocations
- Portfolio holdings

Cliffwater also includes analytical tools that clients can download from the website

- Total portfolio asset allocation
- Portfolio construction

Readily accessible reports and analytics can be viewed online or downloaded

- Highlight updated and newly issued research and reports
- Searchable manager universe

CLIFFWATER

Regulatory Attention to Fees and Expenses in Private Equity

Summary

Increased regulation within the private equity industry has required a large number of private equity firms to register with the Securities and Exchange Commission (SEC) as Registered Investment Advisers. In late 2012, the SEC began a two-year Presence Exam initiative in order to gain an understanding of the private equity industry and its management, conflicts of interest, and the quality of its management. Conflicts of interest have been a focus of the SEC's attention, with the SEC's focus on the management of conflicts of interest. The SEC has also been looking at the fees and expenses paid by private equity firms, with the SEC's focus on the fees and expenses paid by private equity firms. The SEC has also been looking at the fees and expenses paid by private equity firms, with the SEC's focus on the fees and expenses paid by private equity firms.

A Comparison of Long Dated Funds to Traditional Fund Structures

JULY 2016

U.S. Mezzanine Debt

And Its Relationship to Other Credit Driven Asset Classes

February 23, 2017

Mezzanine debt encompasses a set of junior securities that sit in priority just above equity and below senior and other secured debt. These securities are generally non-traded and can be attractive to investors that seek both current yield and potential capital gains through equity warrants, conversion features, and corporate control in distressed situations. It is not uncommon for mezzanine debt to be underwritten to offer a 15-20% gross return. On the other hand, mezzanine debt can present greater risks compared to more senior securities, including weaker covenants and higher losses (lower recoveries) given default. This report looks at past performance to gauge the attractiveness of mezzanine debt, both absolute and relative to other corporate securities.

We find that investment funds focused on mezzanine debt produced realized returns and risk levels consistent with their capital structure ranking and absolute returns averaging 10% over the 20 year history examined. More generally, we also find significant return premiums for private debt compared equivalent public debt during the study period.

Research Results

Exhibit 1 reports mezzanine debt fund "vintage year" returns from 1995 through 2014. Performance is measured through June 30, 2016. More recent 2015 and 2016 vintage funds are omitted, following industry convention, because they are too early in development to have returns representative of longer term performance. For example, mezzanine funds started in 1995 earned a 10.20% return, while mezzanine funds started in 2005 earned a 4.54% return.

Exhibit 1: U.S. Mezzanine Fund Return (IRR) by Vintage Year
Performance through June 30, 2016

| Vintage Year | Cumulative Annualized IRR (%) |
|--------------|-------------------------------|
| 1995 | 10.20 |
| 1996 | ~12 |
| 1997 | ~10 |
| 1998 | ~12 |
| 1999 | ~10 |
| 2000 | ~12 |
| 2001 | ~10 |
| 2002 | ~12 |
| 2003 | ~10 |
| 2004 | ~12 |
| 2005 | 4.54 |
| 2006 | ~10 |
| 2007 | ~12 |
| 2008 | ~10 |
| 2009 | ~12 |
| 2010 | ~10 |
| 2011 | ~12 |
| 2012 | ~10 |
| 2013 | ~12 |
| 2014 | ~10 |

Source: PIMCO U.S. Mezzanine Funds

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companies with lower volatility
s are generally characterized by
long-dated funds will
net multiples on invested
times net return traditionally

to based on a percentage of
vally be lower (10% to 15%)
the terms to be generally
a longer period of time that
potential to accrue more in
its within a traditional private

earnings through growth and
Long-dated fund strategies
will primarily target control
to complete with their flagship
and lower return expectation of

noted by General Partners and are

are large private equity firms
a party ownership, and invest
related investment strategy. In
managers have either utilized a
fund to one or two senior
nal firms have raised smaller.

ach manager works with its portfolio
of consulting transaction, monitoring
to disclose the various fees and the
of fees during due diligence and the
faster will continue to systematically
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for private equity firms to change its
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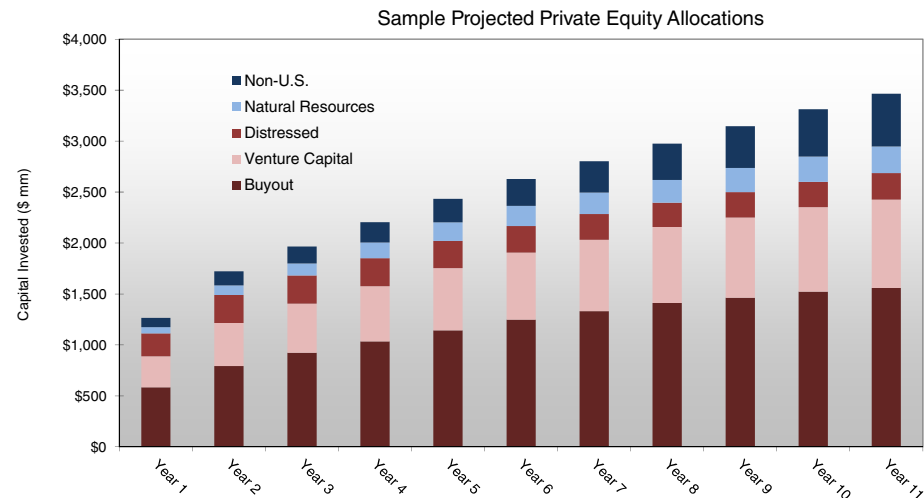
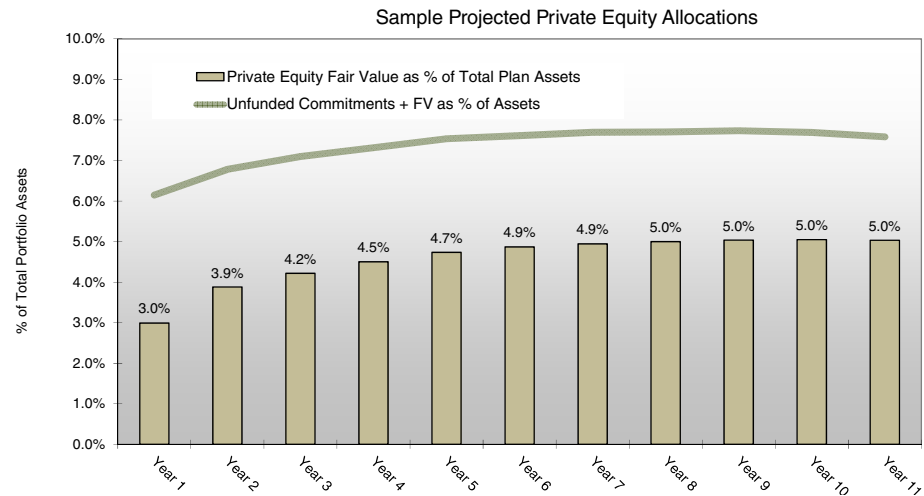
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Annual Capital Budget – Projected Allocations and Pacing

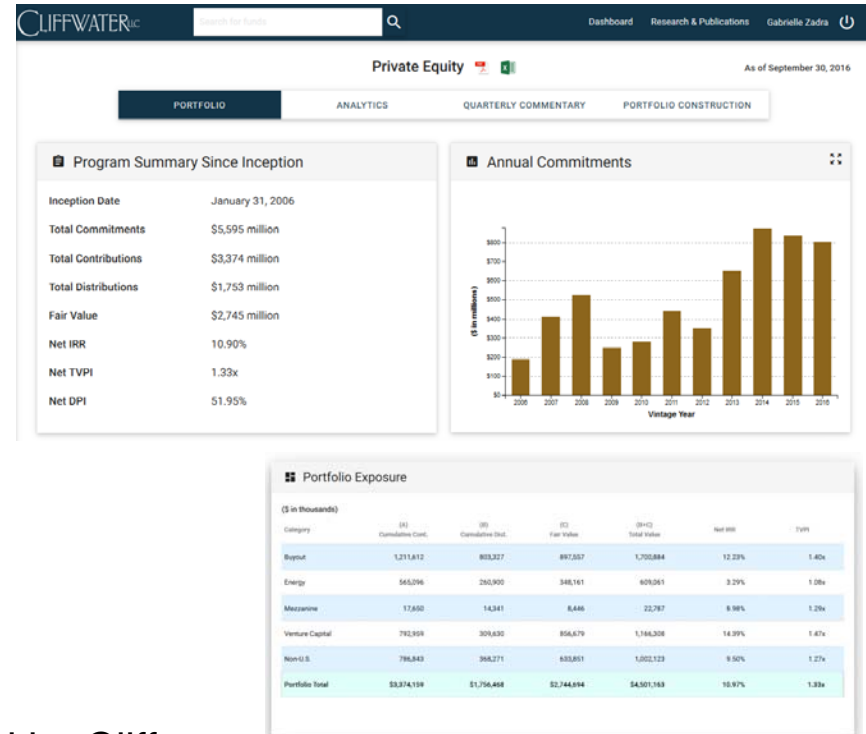
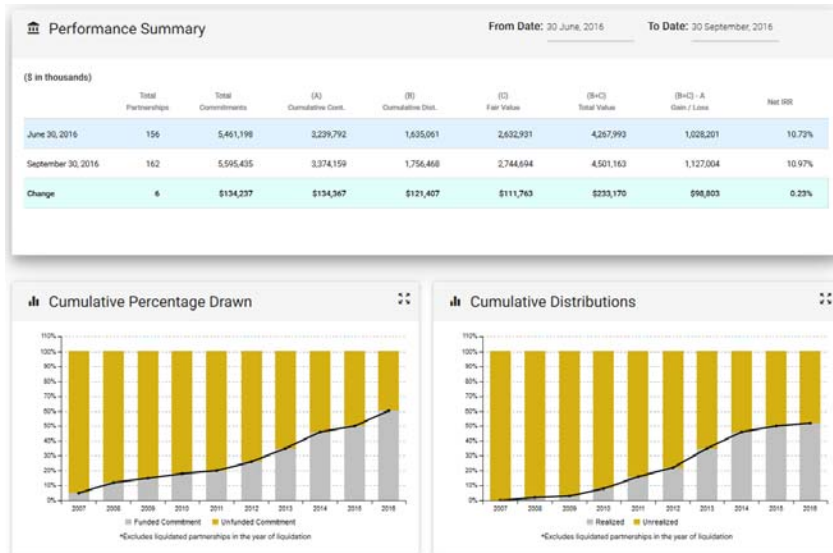
Cliffwater models clients' existing portfolios to determine future annual commitment pacing

- Includes cash flow and strategy composition
- Stress testing capabilities
- Incorporated into client's strategic annual plan
- Strive for meaningful commitment sizes per fund while maintaining time, strategy, and geographic diversification
- Opportunistically scale cyclical strategies such as distressed debt



The charts shown above are provided for illustrative purposes only. The charts are intended to show examples of the capital budget models Cliffwater generates for its clients. Actual allocations will vary depending on the specific client circumstances and will differ.

Client Private Asset Program Reporting



Client private assets portfolio data maintained by Cliffwater
 Clients can access and export portfolio data via Cliffwater's secure website
 Cliffwater provides quarterly client reports that include:

- Performance by portfolio, strategy, vintage year, and partnership
- Significant partnership events
- Portfolio characteristics from company level data for funds and for the total portfolio

Provided to illustrate client reporting only.

Monthly Analysis: Individual Funds

Analysis of:

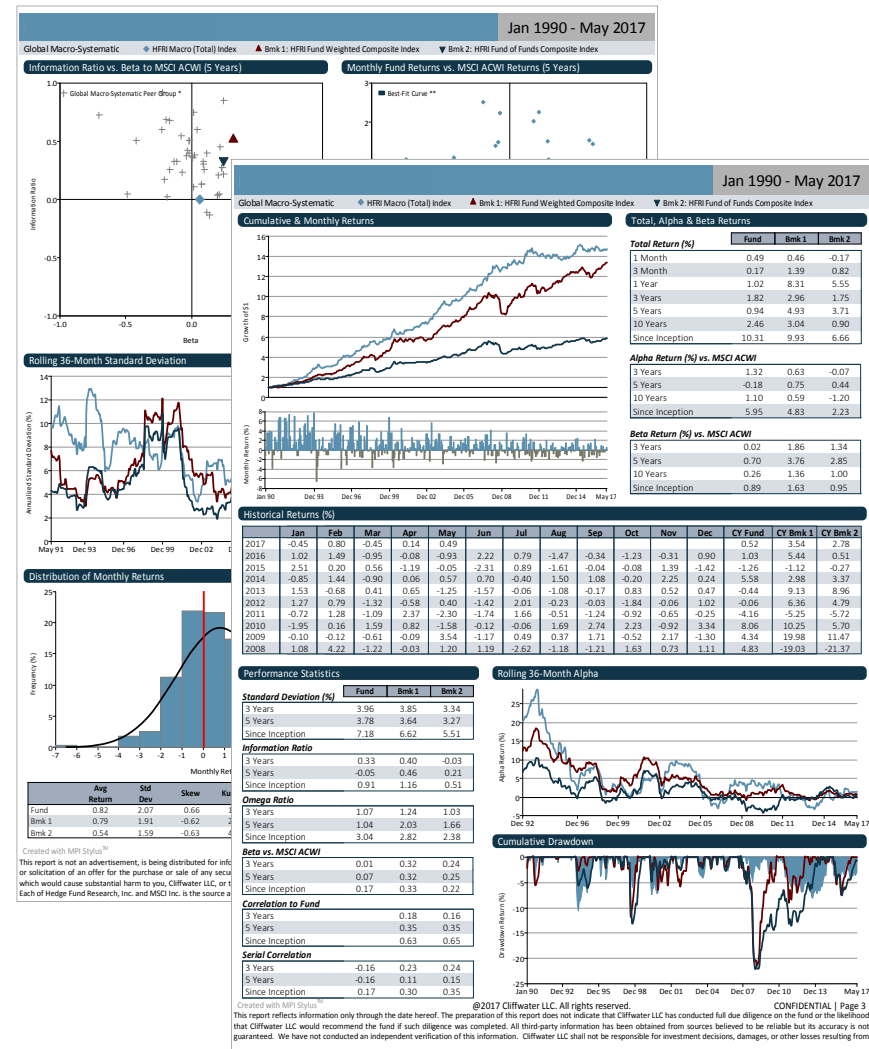
- Organizational/firm issues
- How fund is positioned/where taking risk
- Drivers of performance

Monthly performance attribution

Top holdings/themes and their contribution to performance for each client-invested fund are discussed during monthly analyst calls

Analysts seek to identify signs of style drift or significant changes in portfolio positioning

A Watch List Report is prepared for funds when Cliffwater has significant concerns that merit closer monitoring, and may lead to a redemption recommendation



The charts shown above are provided for illustrative purposes only. The charts are intended to show examples of Cliffwater's hedge fund client reporting only and, therefore, in lieu of showing the performance of an individual hedge fund, we have shown the performance of a hedge fund index, the HFRI Macro (Total) Index.

Monthly Analysis: Portfolio Attribution

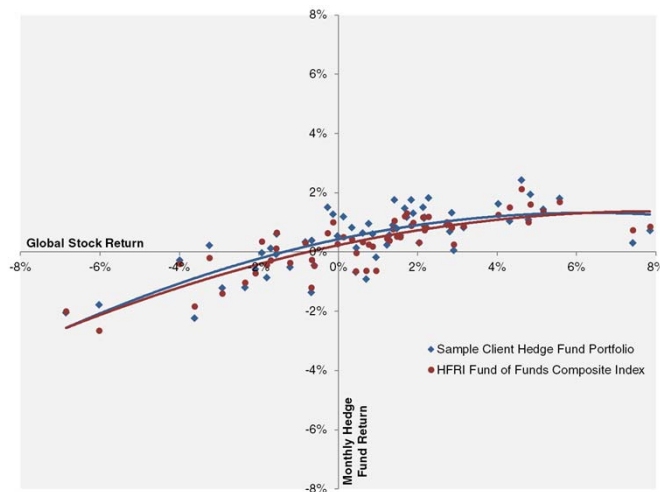
Cliffwater conducts attribution analyses of client performance against client benchmarks, the Cliffwater Model Portfolio, and other Cliffwater client portfolios

- Total value added/lost; impact of manager selection and strategy allocation

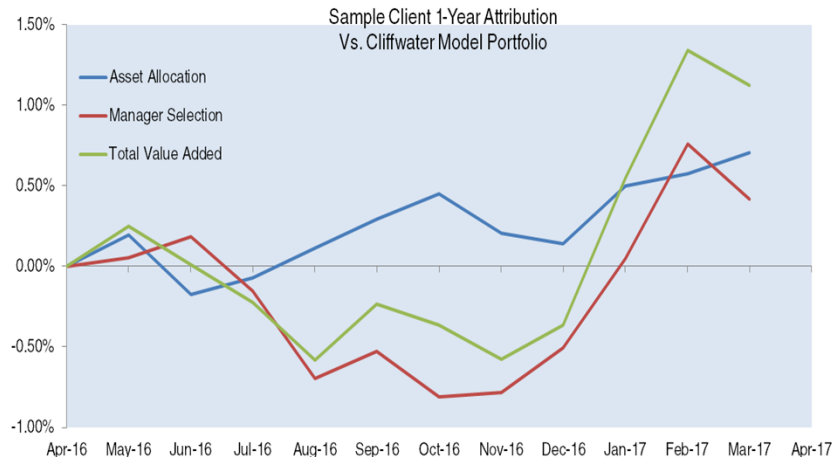
We also disaggregate client performance into alpha and beta components

- Evaluate Information Ratio, Beta, and Convexity

Sample Client Portfolio Convexity Analysis



Sample Client Portfolio Attribution Analysis



The charts shown above are provided for illustrative purposes only. The charts are intended to show examples of the types of performance analysis Cliffwater can conduct.

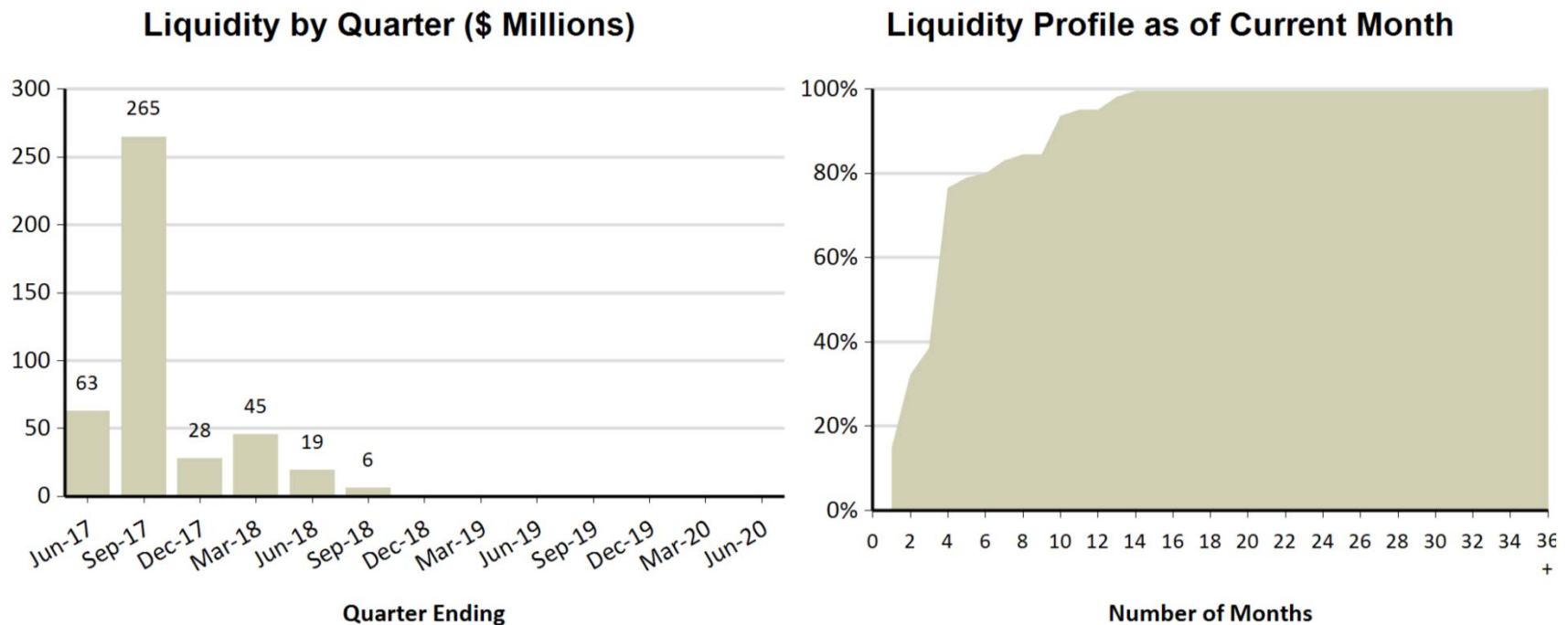
Monthly Analysis: Portfolio Review and Rebalancing

Monthly evaluation of client portfolio performance, exposures and positioning

- Portfolio positioning may inform fund rebalancing decisions

Cliffwater tracks each fund's liquidity terms; maintains client portfolio liquidity calendars

- Liquidity impacted by lock-ups, gates, redemption windows, and notice periods
- Available liquidity may impact redemption/rebalancing decisions



The charts shown above are provided for illustrative purposes only. The charts are intended to show examples of Cliffwater's hedge fund client reporting only.

Cliffwater Client Portfolio Reporting

Cliffwater provides clients with a detailed monthly report on their absolute return portfolios. The report includes information and analysis on the full portfolio and each individual fund.

Components of the monthly absolute return report include:

- Performance analysis (portfolio, funds and benchmarks)
- Market exposure (beta coefficients)
- Drawdown analysis
- Strategy allocations
- Geographic exposures
- Leverage and long/short exposure
- Asset class exposure
- Liquidity profile and upcoming notice and redemption dates

Additionally, Cliffwater is available to conduct monthly calls with the client to discuss the portfolio and individual managers.

- Review of performance
- Discussion of recommended changes (rebalancing, manager additions/terminations)
- Analysts are available to discuss individual funds

Clients can also access and export portfolio data via Cliffwater's secure website.

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