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Portfolio Objectives

Absolute Return Portfolio Objectives

Role in the total fund is to reduce total fund risk by reducing return volatility

Portfolio objectives:

- Low equity beta/correlation
- Equity market downside protection
- Good alpha generation

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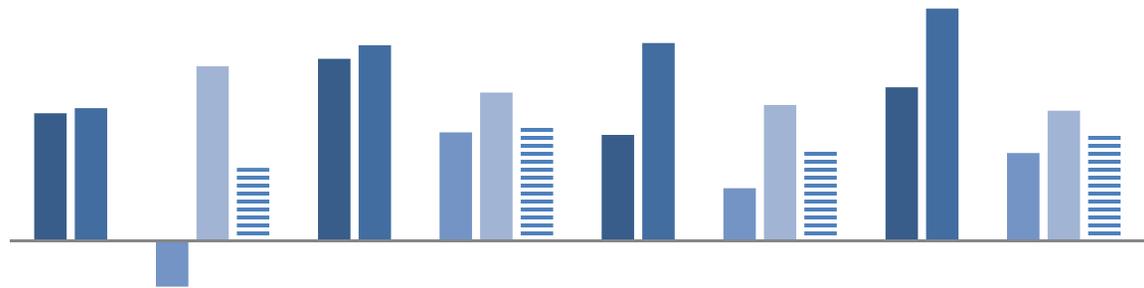
Performance Evaluation through February 2019

Performance Review – Total Return

Pro Forma and Actual portfolios have outperformed HFRI FoF Index over all periods.

The Pro Forma Portfolio has outperformed the Actual Portfolio in all periods .

Annualized Net Returns through February 2019



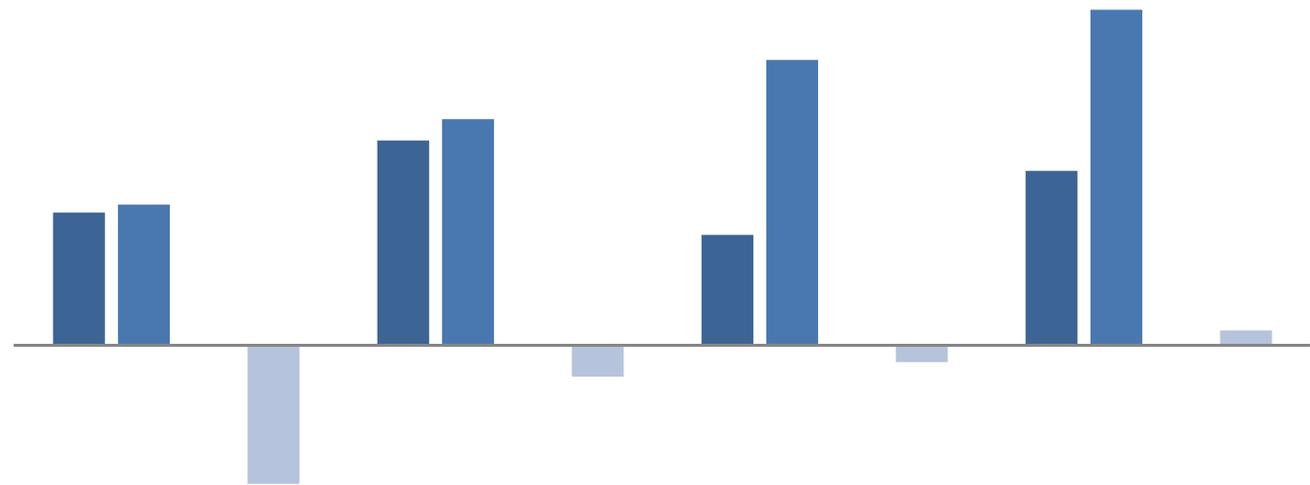
	1 Year	3 Year	5 Year	Since Inception
Actual	4.41%	6.30%	3.66%	5.31%
Pro Forma	4.59%	6.77%	6.85%	8.04%
HFRI FoF Index	-1.60%	3.75%	1.81%	3.03%
T-Bills+4%	6.04%	5.13%	4.70%	4.50%
80% Bonds/20% Stocks	2.52%	3.94%	3.21%	3.71%

Performance Review – Alpha (to MSCI ACWI)

Annualized Net Returns through February 2019

Pro Forma Portfolio has generated strong alpha of 4.00% or higher over 3 years and longer periods

Actual Portfolio has generated less alpha due to legacy managers but more alpha than benchmark



■ Actual
 ■ Pro Forma
 ■ HFRI FoF Index

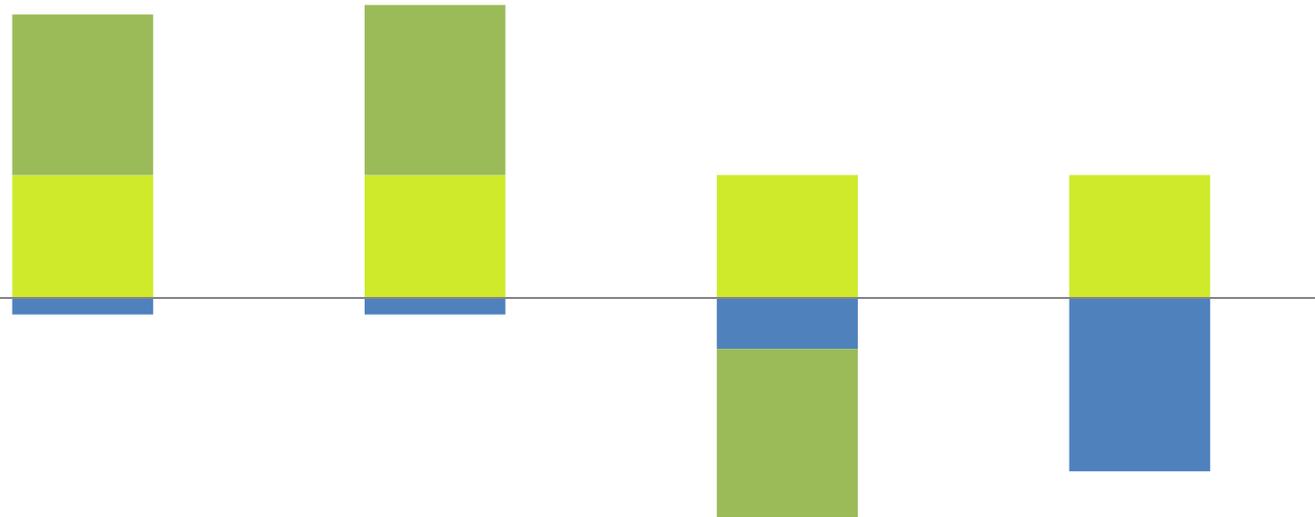
	1 Year	3 Year	5 Year	Since Inception
Actual	2.66%	4.11%	2.21%	3.50%
Pro Forma	2.82%	4.54%	5.73%	6.74%
HFRI FoF Index	-2.80%	-0.64%	-0.35%	0.29%

Performance Review – One Year Attribution

Annualized Net Returns through February 2019

61% of the Pro Forma Portfolio's performance has been generated from Alpha

The benchmark generated negative alpha over this period



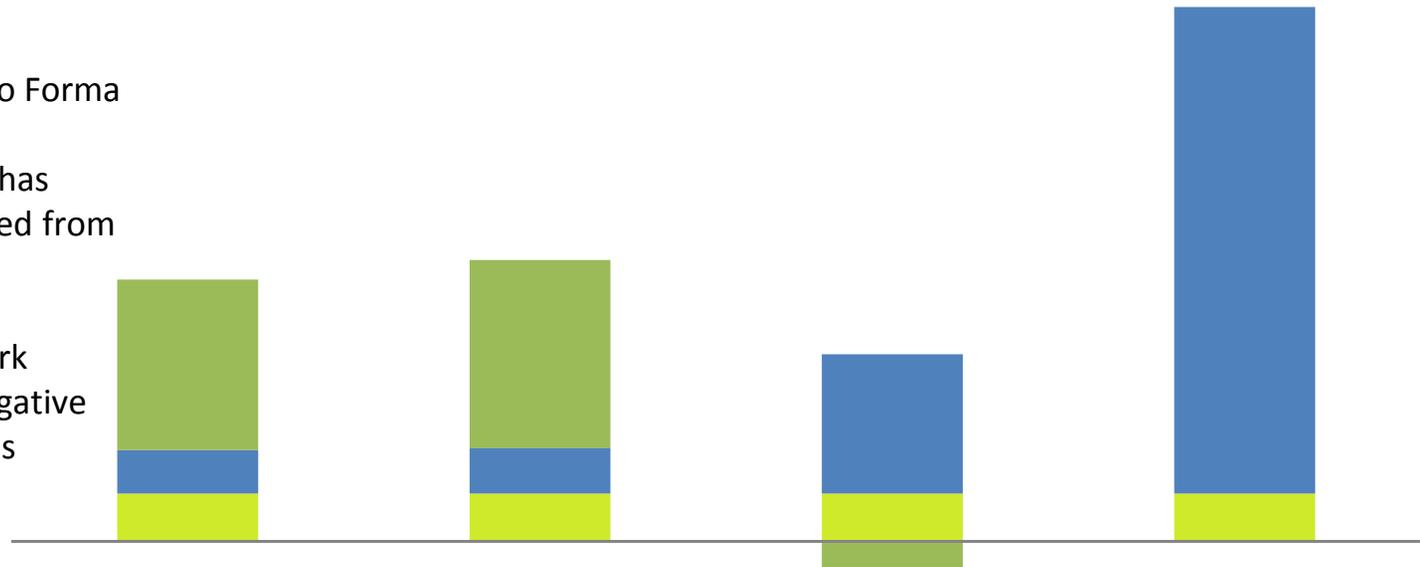
	Actual	Pro Forma	HFRI FoF Index	MSCI ACWI
Alpha	2.66%	2.82%	-2.80%	0.00%
Beta	-0.27%	-0.27%	-0.84%	-2.87%
Risk Free	2.04%	2.04%	2.04%	2.04%

Performance Review – Three Year Attribution

Annualized Net Returns through February 2019

67% of the Pro Forma Portfolio's performance has been generated from Alpha

The benchmark generated negative alpha over this period



■ Alpha
■ Beta
■ Risk Free

Actual

Pro Forma

HFRI FoF Index

MSCI ACWI

4.11%

4.54%

-0.64%

0.00%

1.05%

1.09%

3.36%

11.73%

1.14%

1.14%

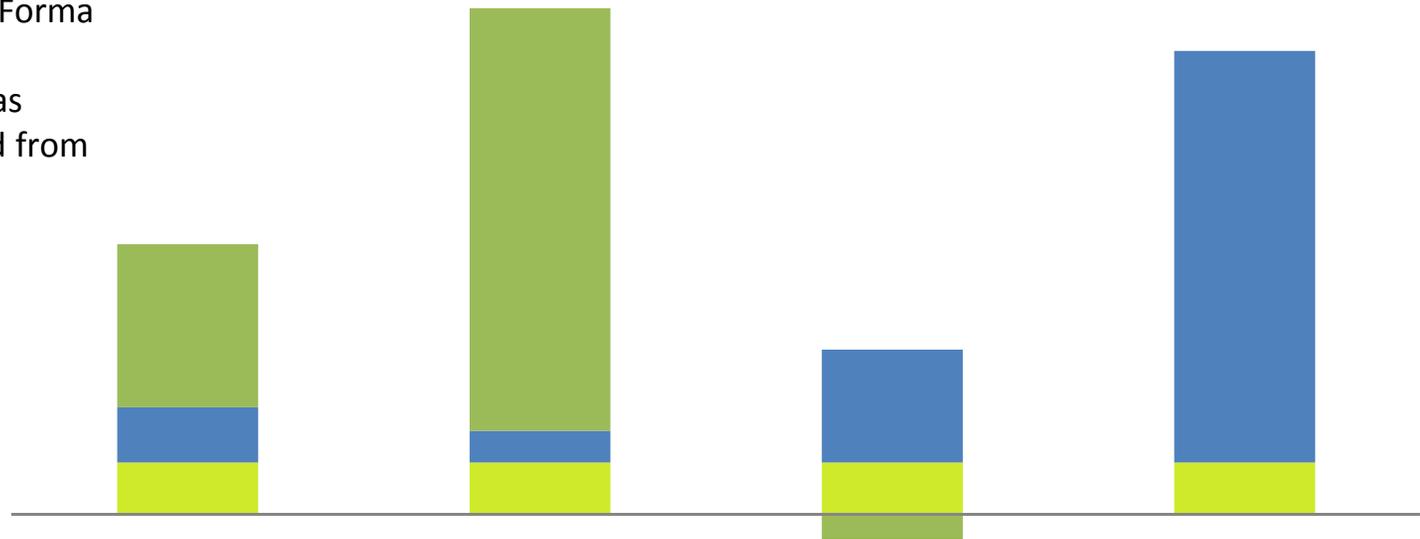
1.14%

1.14%

Performance Review – Five Year Attribution

Annualized Net Returns through February 2019

84% of the Pro Forma Portfolio's performance has been generated from Alpha



- Alpha
- Beta
- Risk Free

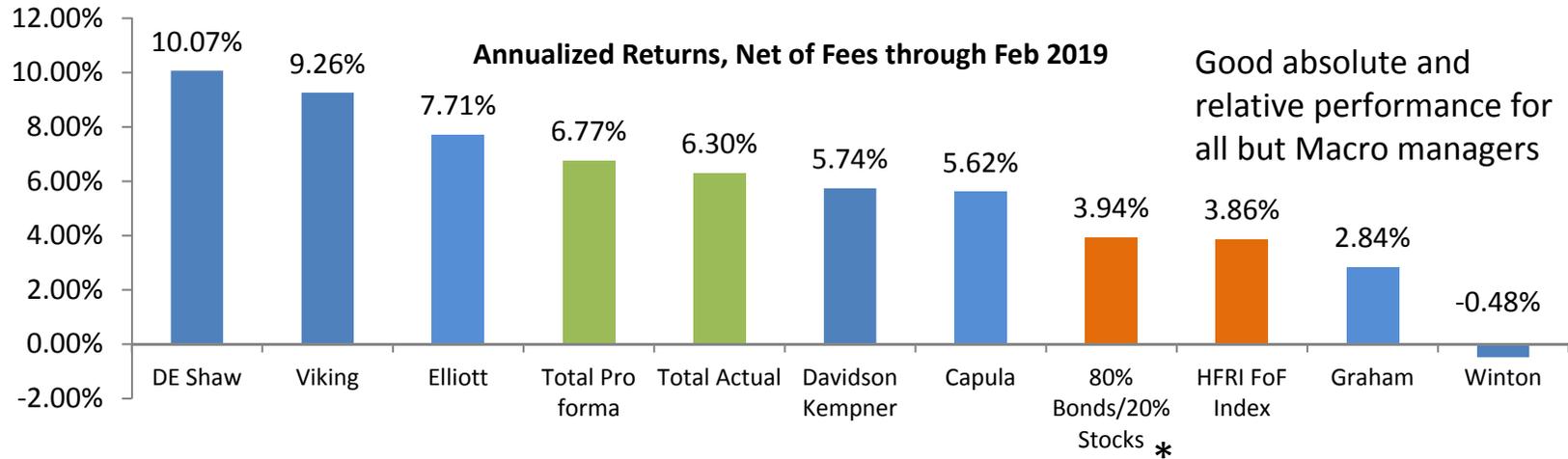
Actual
2.21%
0.75%
0.70%

Pro Forma
5.73%
0.43%
0.70%

HFRI FoF Index
-0.35%
1.53%
0.70%

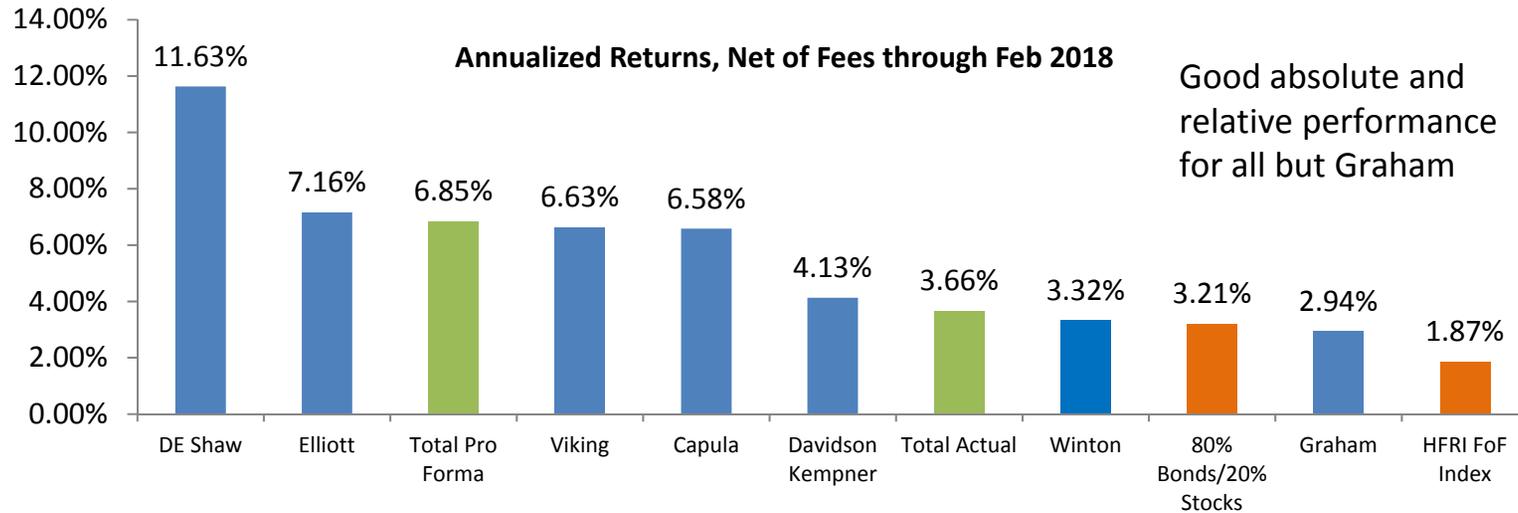
MSCI ACWI
0.00%
5.58%
0.70%

Manager Performance – Three Years



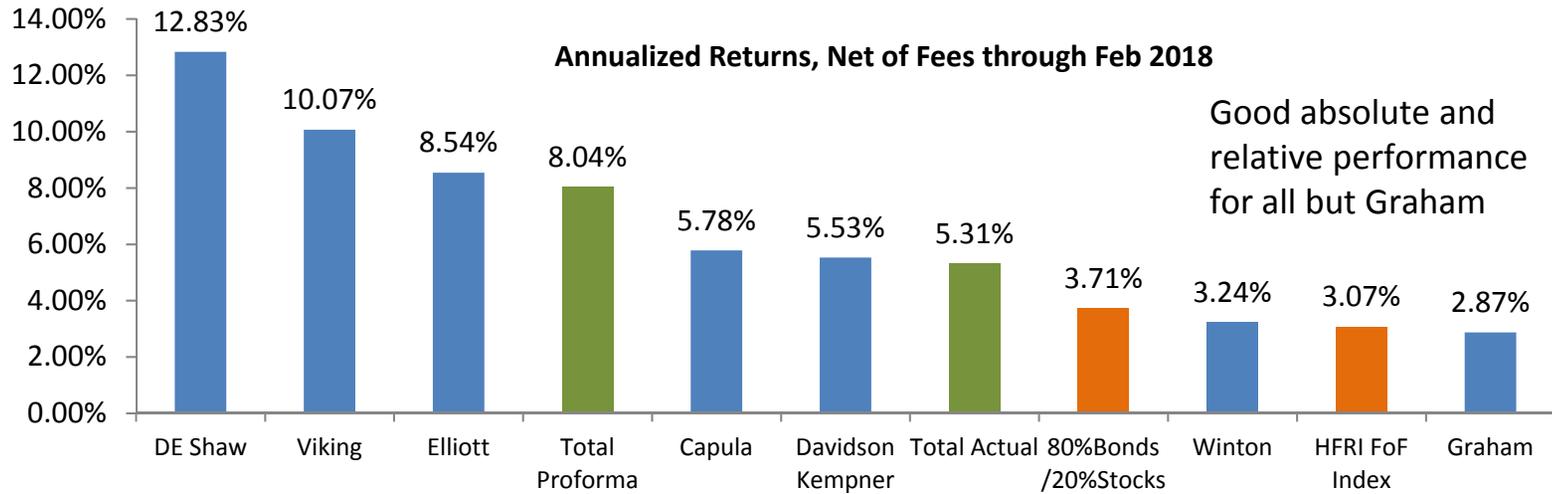
	Total Actual	Total Pro Forma	Capula	DE Shaw	Graham	Winton	Davidson Kempner	Elliott	Viking	HFRI FoF Index
Three Years										
#months	36	36	36	36	36	36	36	36	36	36
Total Return	6.30%	6.77%	5.62%	10.07%	2.84%	-0.48%	5.74%	7.71%	9.26%	3.86%
Total Risk	1.91%	1.87%	1.61%	4.13%	6.98%	7.78%	1.83%	3.11%	7.31%	3.42%
Return/Risk	3.30	3.63	3.48	2.44	0.41	(0.06)	3.13	2.48	1.27	1.13
Correlation	0.48	0.51	(0.03)	(0.16)	0.25	0.22	0.61	0.15	0.64	0.89
Beta	0.09	0.09	(0.00)	(0.06)	0.16	0.16	0.11	0.05	0.44	0.29
Beta Return	1.05%	1.09%	0.00%	-0.70%	1.93%	1.89%	1.27%	0.56%	5.14%	3.36%
Beta Risk	0.95%	1.00%	0.00%	-0.64%	1.76%	1.73%	1.16%	0.51%	4.68%	3.06%
Alpha	4.11%	4.54%	4.48%	9.63%	-0.23%	-3.51%	3.33%	6.01%	2.98%	-0.64%
Alpha Risk	1.65%	1.58%	1.61%	4.08%	6.75%	7.59%	1.42%	3.07%	5.61%	1.53%
Info Ratio*	2.49	2.87	2.77	2.36	(0.03)	(0.46)	2.34	1.96	0.53	(0.42)
Risk-free	1.14%	1.14%	1.14%	1.14%	1.14%	1.14%	1.14%	1.14%	1.14%	1.14%

Manager Performance – Five Years



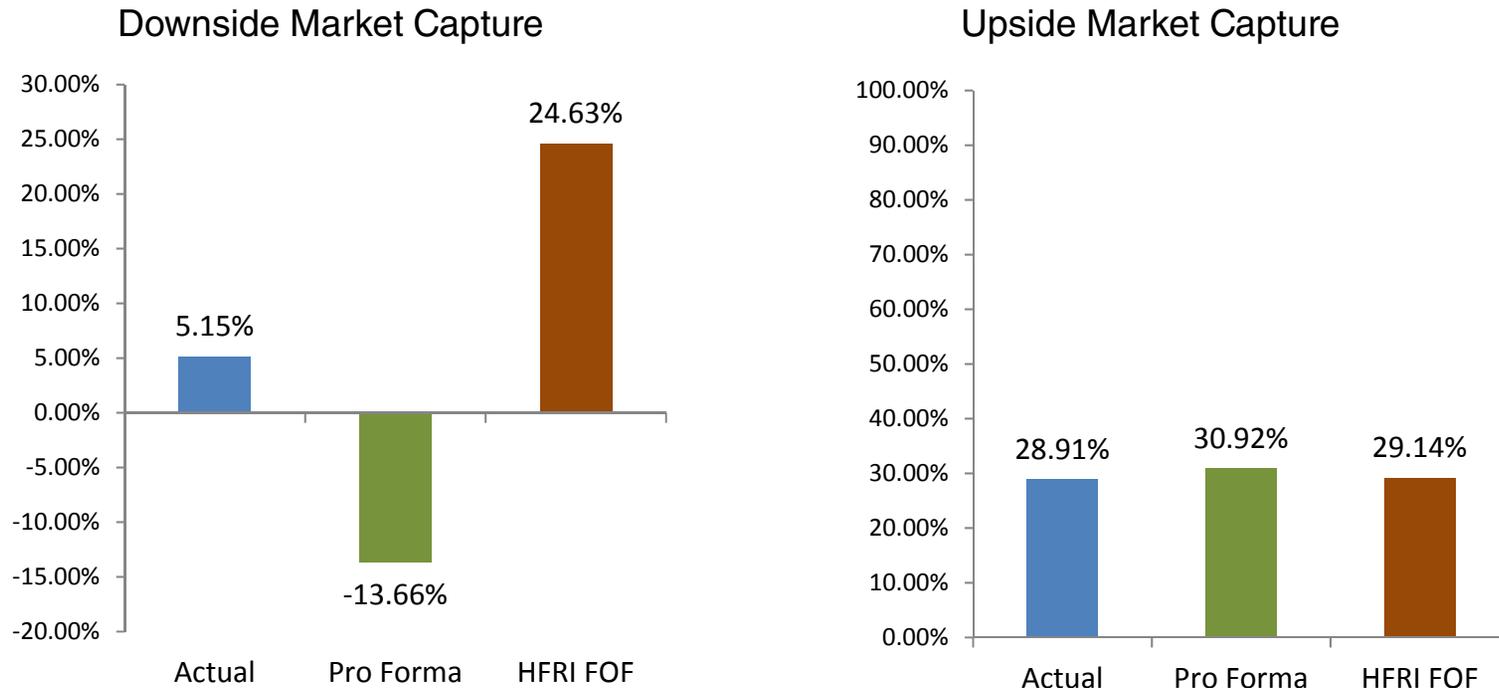
	Total Actual	Total Pro Forma	Capula	DE Shaw	Graham	Winton	Davidson Kempner	Elliott	Viking	HFRI FoF Index
Five Years										
#months	60	60	60	60	60	60	60	60	60	60
Total Return	3.66%	6.85%	6.58%	11.63%	2.94%	3.32%	4.13%	7.16%	6.63%	1.87%
Total Risk	2.84%	2.13%	1.58%	4.38%	6.54%	8.67%	2.01%	3.59%	8.15%	3.63%
Return/Risk	1.29	3.21	4.17	2.66	0.45	0.38	2.05	2.00	0.81	0.52
Correlation	0.53	0.40	(0.20)	0.04	0.10	0.11	0.50	0.10	0.52	0.83
Beta	0.13	0.08	(0.03)	0.01	0.06	0.08	0.09	0.03	0.38	0.27
Beta Return	0.75%	0.43%	-0.16%	0.08%	0.33%	0.47%	0.51%	0.19%	2.13%	1.53%
Beta Risk	1.49%	0.85%	-0.32%	0.16%	0.65%	0.94%	1.01%	0.37%	4.22%	3.02%
Alpha	2.21%	5.73%	6.04%	10.85%	1.91%	2.15%	2.93%	6.27%	3.80%	-0.35%
Alpha Risk	2.42%	1.96%	1.55%	4.37%	6.50%	8.62%	1.74%	3.57%	6.98%	2.01%
Info Ratio*	0.91	2.93	3.91	2.48	0.29	0.25	1.68	1.76	0.54	(0.18)
Risk-free	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%	0.70%

Manager Performance – Since Inception



SI	Total Actual	Total Pro Forma	Capula	DE Shaw	Graham	Winton	Davidson Kempner	Elliott	Viking	HFRI FoF Index
#months	88	86	87	88	86	87	88	88	87	88
Total Return	5.31%	8.04%	5.78%	12.83%	2.87%	3.24%	5.53%	8.54%	10.07%	3.07%
Total Risk	2.92%	2.11%	1.79%	4.28%	5.67%	8.38%	2.01%	3.53%	7.32%	3.58%
Return/Risk	1.82	3.81	3.22	3.00	0.51	0.39	2.74	2.42	1.38	0.86
Correlation	0.59	0.45	(0.24)	0.08	0.12	0.18	0.56	0.25	0.52	0.84
Beta	0.15	0.09	(0.04)	0.03	0.06	0.13	0.10	0.08	0.34	0.27
Beta Return	1.31%	0.79%	-0.34%	0.27%	0.58%	1.21%	0.86%	0.67%	3.11%	2.28%
Beta Risk	1.73%	0.97%	-0.42%	0.35%	0.71%	1.50%	1.13%	0.89%	3.85%	3.01%
Alpha	3.50%	6.74%	5.61%	12.05%	1.78%	1.51%	4.17%	7.36%	6.45%	0.29%
Alpha Risk	2.34%	1.87%	1.74%	4.27%	5.62%	8.25%	1.67%	3.42%	6.22%	1.94%
Info Ratio*	1.49	3.59	3.22	2.83	0.32	0.18	2.50	2.15	1.04	0.15
Risk-free	0.51%	0.52%	0.51%	0.51%	0.52%	0.51%	0.51%	0.51%	0.51%	0.51%

Downside/Upside Equity Market Capture



The Pro Forma Portfolio has produced superior downside capture (negative), generating on average positive returns in down equity markets

The Pro Forma Portfolio has produced upside market capture comparable to Actual Portfolio and HFRI Fund of Funds Index

Note: Data for period Jan 2012 – Feb 2019

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Portfolio Exposures

Portfolio versus Construction Objectives

Five Year Beta (ACWI)			Five Year Alpha (annualized, net)	
Capula	(0.03)		10.85%	DE Shaw
DE Shaw	0.01		6.27%	Elliott
Elliott	0.03		6.04%	Capula
Graham	0.06		5.73%	Total Pro Forma
Total Pro Forma	0.08	← Low Beta	3.80%	Viking
Winton	0.08	and	2.93%	Davidson Kempner
Davidson Kempner	0.09	High Alpha ↗	2.15%	Winton
HFRI FoF Index	0.27		1.91%	Graham
Viking	0.38		-0.35%	HFRI FoF Index

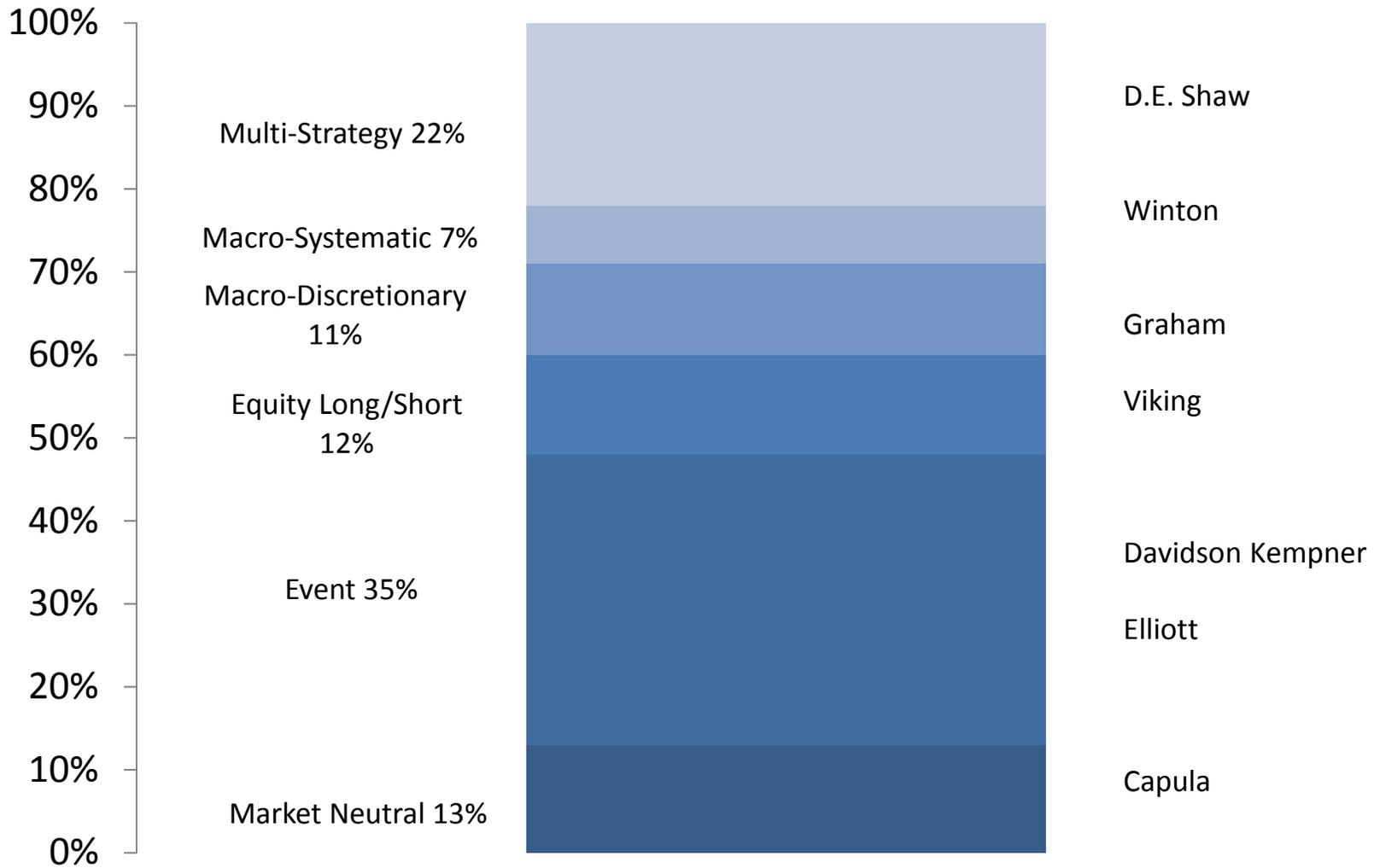
Objective for the Absolute Return

Low Beta

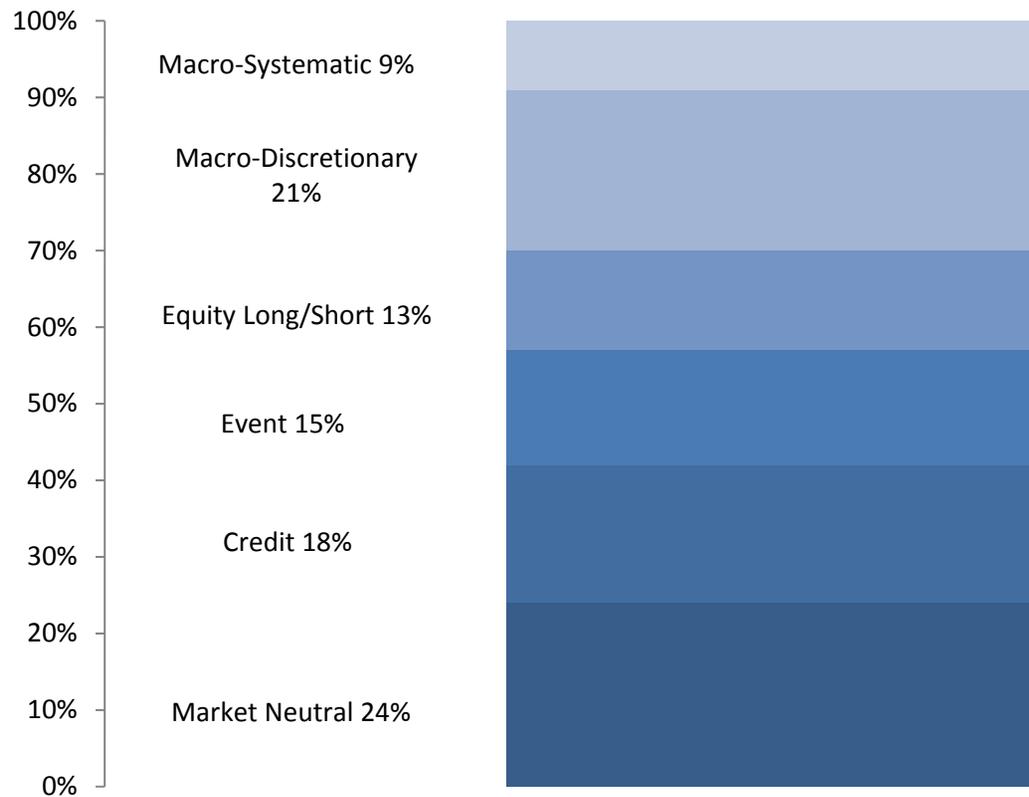
and

High Alpha

Portfolio Construction (Strategy Allocation by Cliffwater Manager Designation)



Portfolio Construction (Manager Portfolio Positioning)



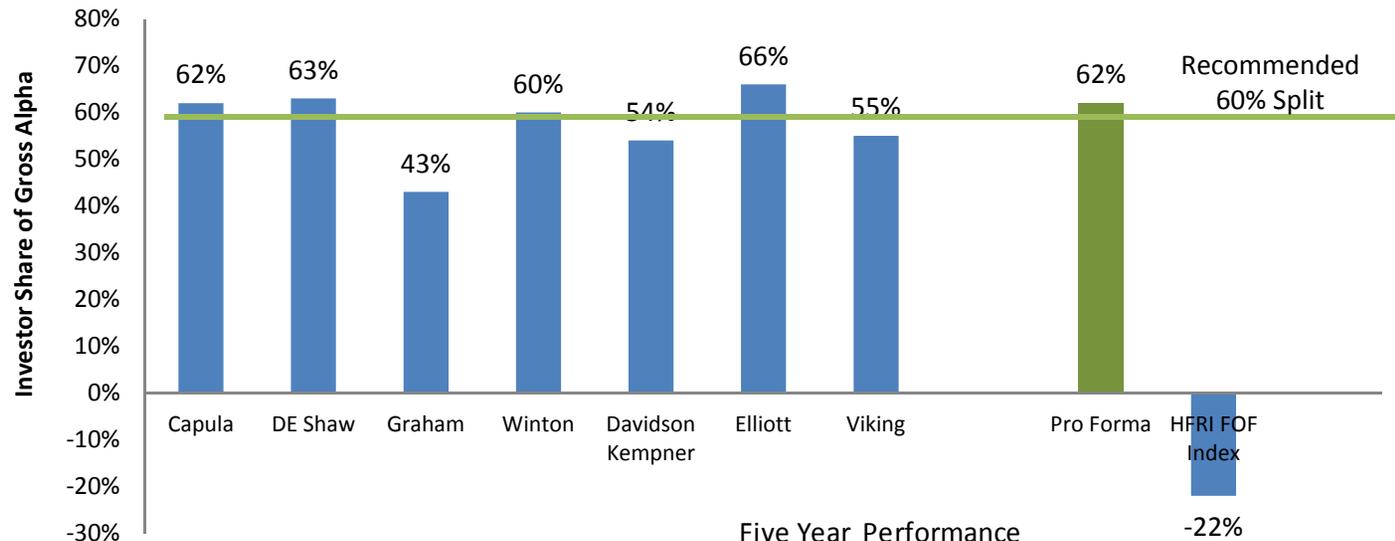
Portfolio Construction – Geography and Asset Type





Fees and Economics

Fees and Sharing of Economics



	Five Year Performance		Five Year Performance				Gross Alpha Split	
			Net of Fees		Gross of Fees			
			Total Return	Alpha	Total Return	Alpha		
	Management Fee	Performance Fee						
Capula	2.00%	20.00%	6.58%	6.04%	10.23%	9.69%	38%	62%
DE Shaw	2.50%	25.00%	11.63%	10.85%	18.01%	17.23%	37%	63%
Graham	1.80%	20.00%	2.94%	1.91%	5.47%	4.45%	57%	43%
Winton	0.80%	16.00%	3.32%	2.15%	4.75%	3.58%	40%	60%
Davidson Kempner	1.50%	20.00%	4.13%	2.93%	6.67%	5.46%	46%	54%
Elliott	1.50%	20.00%	7.16%	6.27%	10.45%	9.56%	34%	66%
Viking	1.50%	20.00%	6.63%	3.80%	9.79%	6.96%	45%	55%
Total Pro Forma	1.76%	20.67%	6.85%	5.73%	10.40%	9.28%	38%	62%
HFRI FOF Index	1.50%	20.00%	1.87%	-0.35%	3.84%	1.61%	122%	-22%

Rebalancing Recommendation

Rebalancing Recommendation

Manager	28-Feb-19		Target Weight	Recommended Rebalancing	Notice Date	Redemption Date
	Value	Weight				
Capula	75,115,487	13.5%	15%			
Davidson Kempner	89,080,608	16.0%	15%	(8,000,000)	26-Apr	30-Jun
DE Shaw	121,077,807	21.7%	20%			
Elliott	108,935,641	19.5%	20%			
Viking	64,473,643	11.6%	10%	(8,000,000)	15-Oct	30-Nov
Graham	61,334,841	11.0%	10%	(9,000,000)	31-May	30-Jun
Winton	37,802,016	6.8%	10%			
ARP Total	557,820,042	100.0%	100%	(25,000,000)		

The total fund's current allocation to the Absolute Return Portfolio is over the target allocation requiring an estimated \$25 million reduction in the ARP

The table above shows Cliffwater's recommended changes to reach the target allocation

The target weight shown in the table reflects Cliffwater's recommended target weight for each manager based on expected alpha, risk, and correlation with other managers

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