
CLIFFWATER^{LLC}

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.

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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



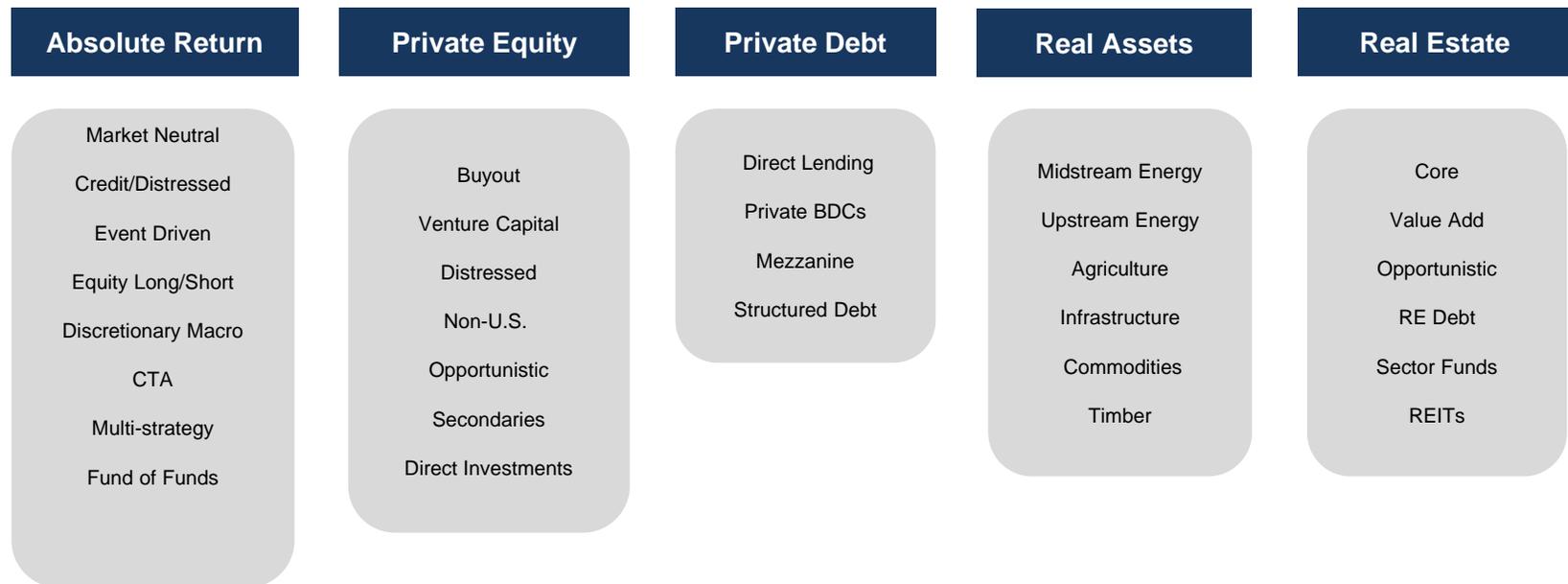
Thomas Brown
Chief Technology Officer

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



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					
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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.

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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

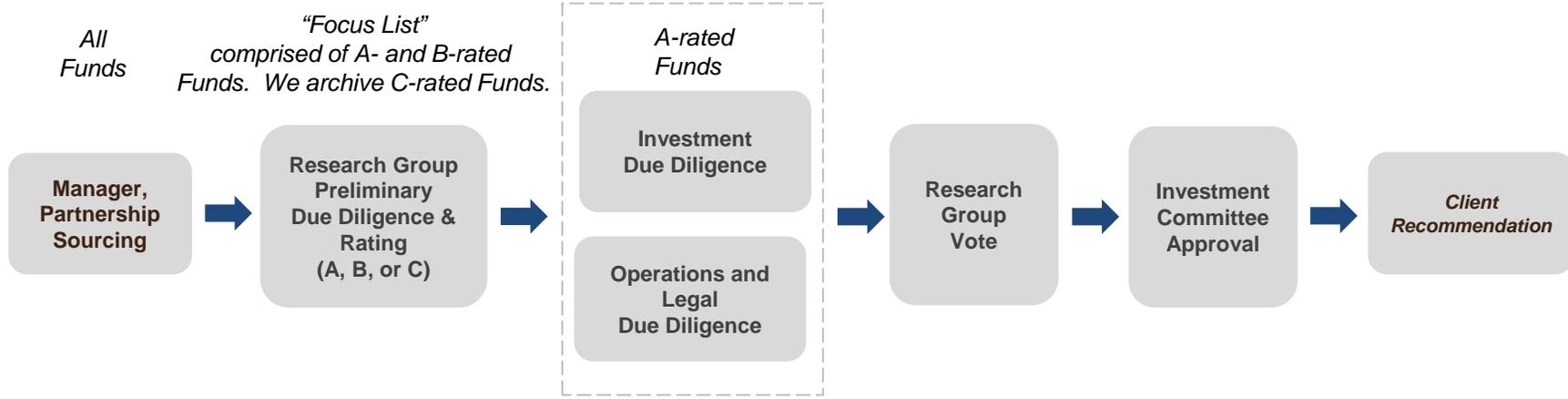
Transparency

Offer clients direct access to Cliffwater research and monitoring

Client Driven

Customized and collaborative approach with each client

Cliffwater Alternative Investment Selection Process



Our approval process is transparent and documented

Profile Report

Function	ABC Partners
File base	ABC
Manager	Cliffwater Longshore, LP
Strategy	Asia
Trading	Direct List II
Investment Date	11/15/2012
Investment Size	\$500
Investment Location	Asia
Investment Type	100% Asia Due
Investment	10

Notes

ABC is an India based fundamental Asian equity long-term fund founded in 2009 by John Doe, M.D. One previously managed approximately \$200 million in Asian equities within ABC's main fund, Mr. Doe left ABC along with three analysts to launch ABC in 2009. Since then, Mr. Doe has a portfolio manager and senior analyst of the fund to use a portfolio of fundamental and value oriented stocks. The fund has 8 investors & investment performance, the fund has had some recent turnover with 2 new analyst partner departures including a 2008 analyst. The fund has raised \$125 million of capital and equity since its inception in 2009. The fund has 100% Asia Due and current assets are \$125 million. The fund has a closed end and will not be subject to redemptions from its convertible and for its three year class capital comes out of lock-up in 2013. 70-75% of the capital is the three year lock-up class, which is where the firm targets replacement capital. The fund has a 20% fund fee gate. The fund has a high quality and includes 20% family office, 20% fund of funds, 20% institutional (pension/fundations & endowments), the other, the others.

PRIVATE EQUITY INVESTMENT DUE DILIGENCE REPORT

Investment Due Diligence

Operations and Legal Due Diligence

Cliffwater LLC - Investment Committee

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Date of Meeting: Friday, January 23, 2015

Attendees: See attached list for attendees.

Hedge Fund

Name Approval:

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 midsize 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's strategy and the prior funds' 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 approved 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 Approval:

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 significant increase in the fund's size. The fund was approved for the real assets approved list, subject to completion of the due diligence binder and acceptable legal documentation. Further, Cliffwater's recommendation of the fund to a client is contingent on the client receiving an advisory committee seat. There is no capacity limitation for Cliffwater clients. Client allocations were reviewed; see allocation sheet below.

Preliminary Rating

Full Investment & Operations Due Diligence

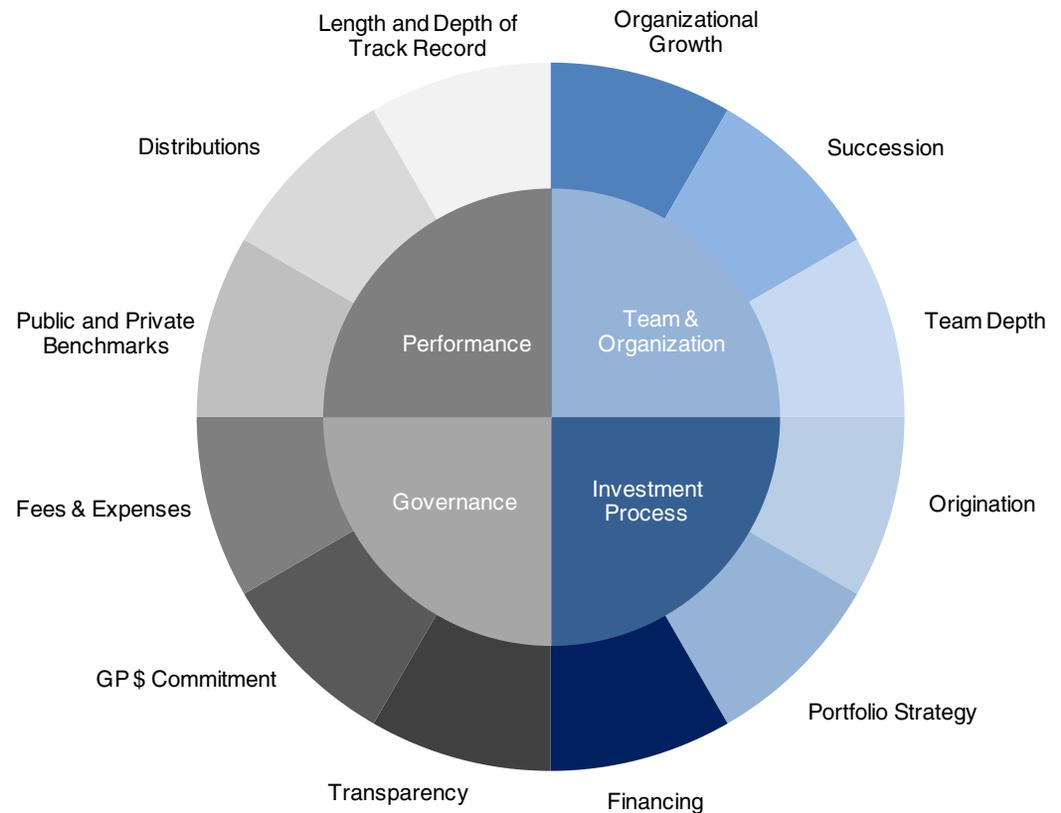
Investment Committee Minutes

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

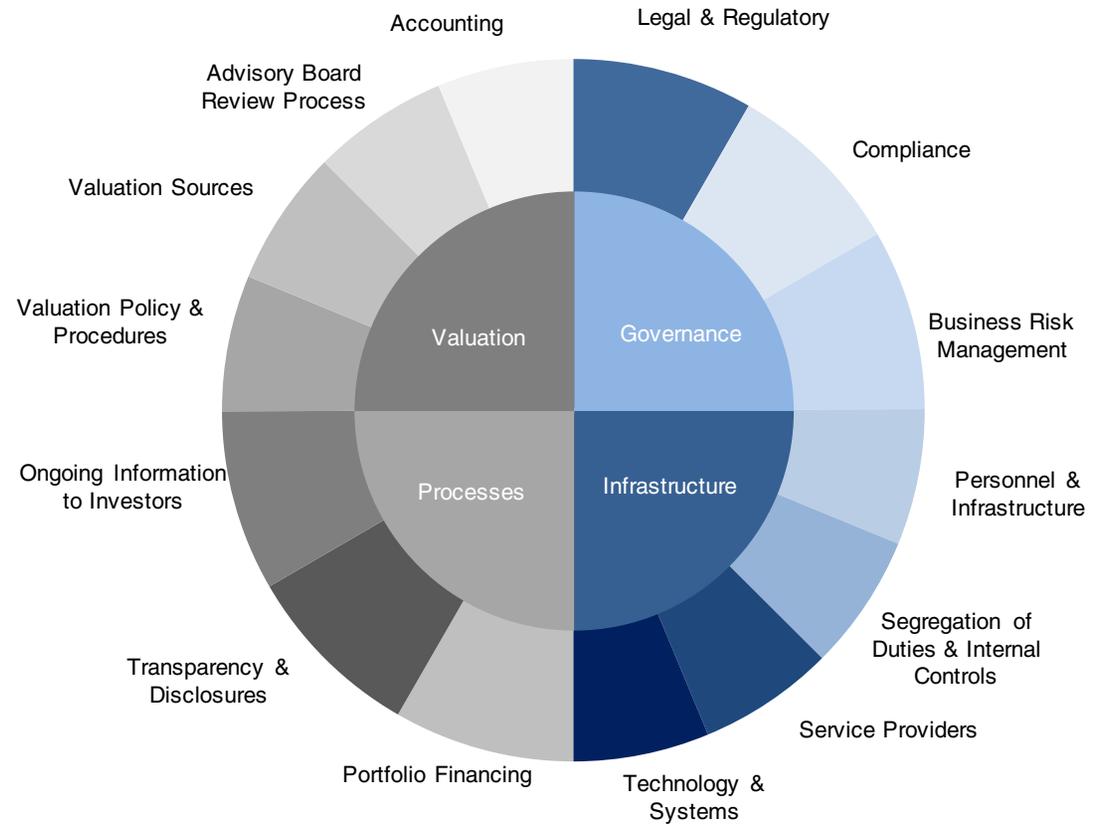


Operations Due Diligence

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



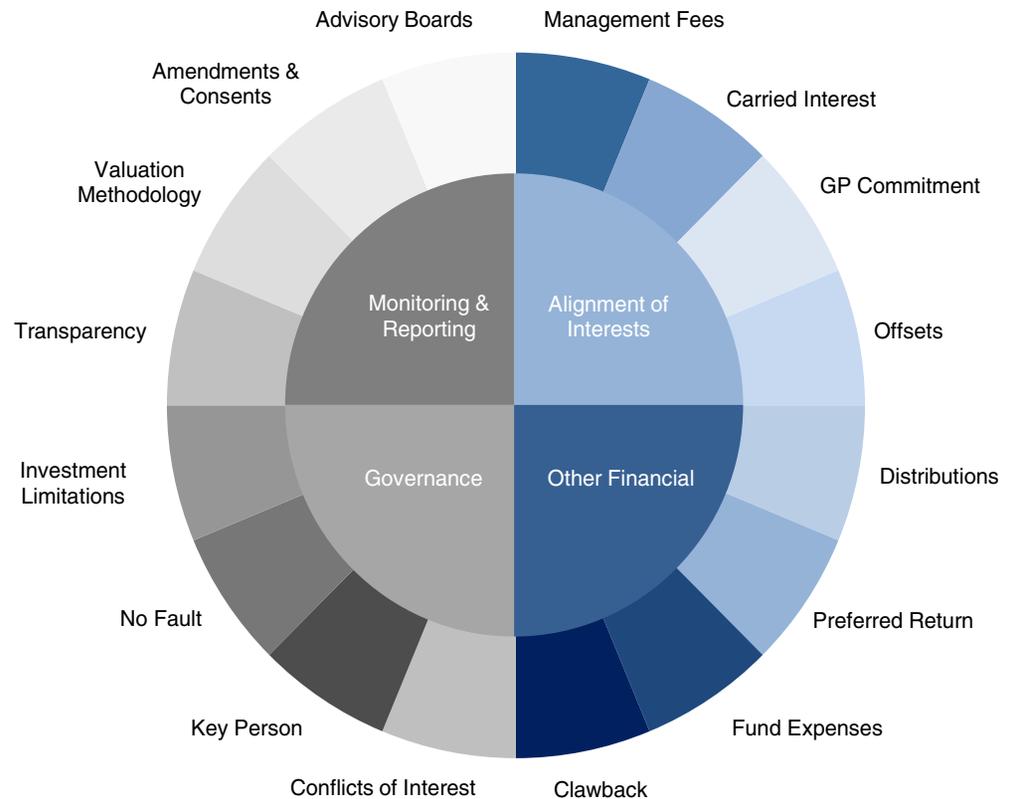
Legal Due Diligence

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



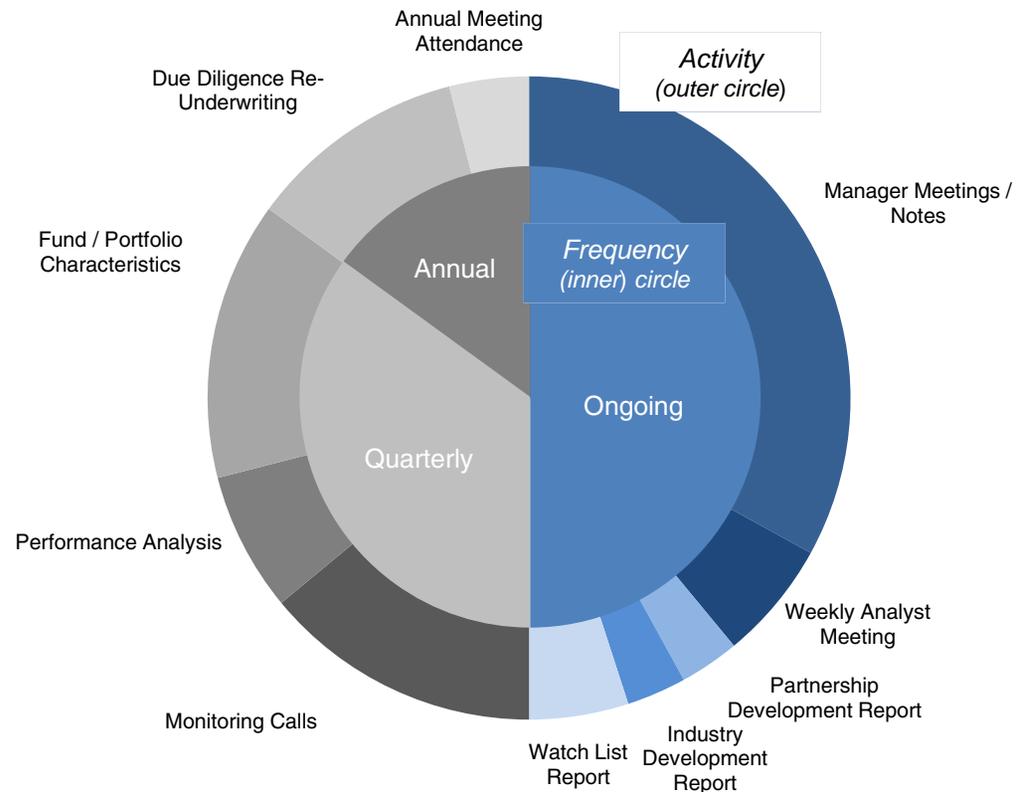
Monitoring – What we do after an investment is made

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

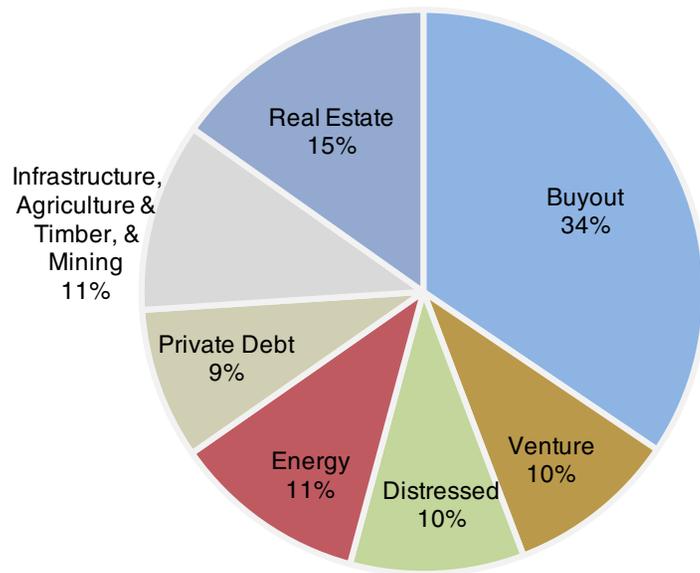


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Private Asset Consulting

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

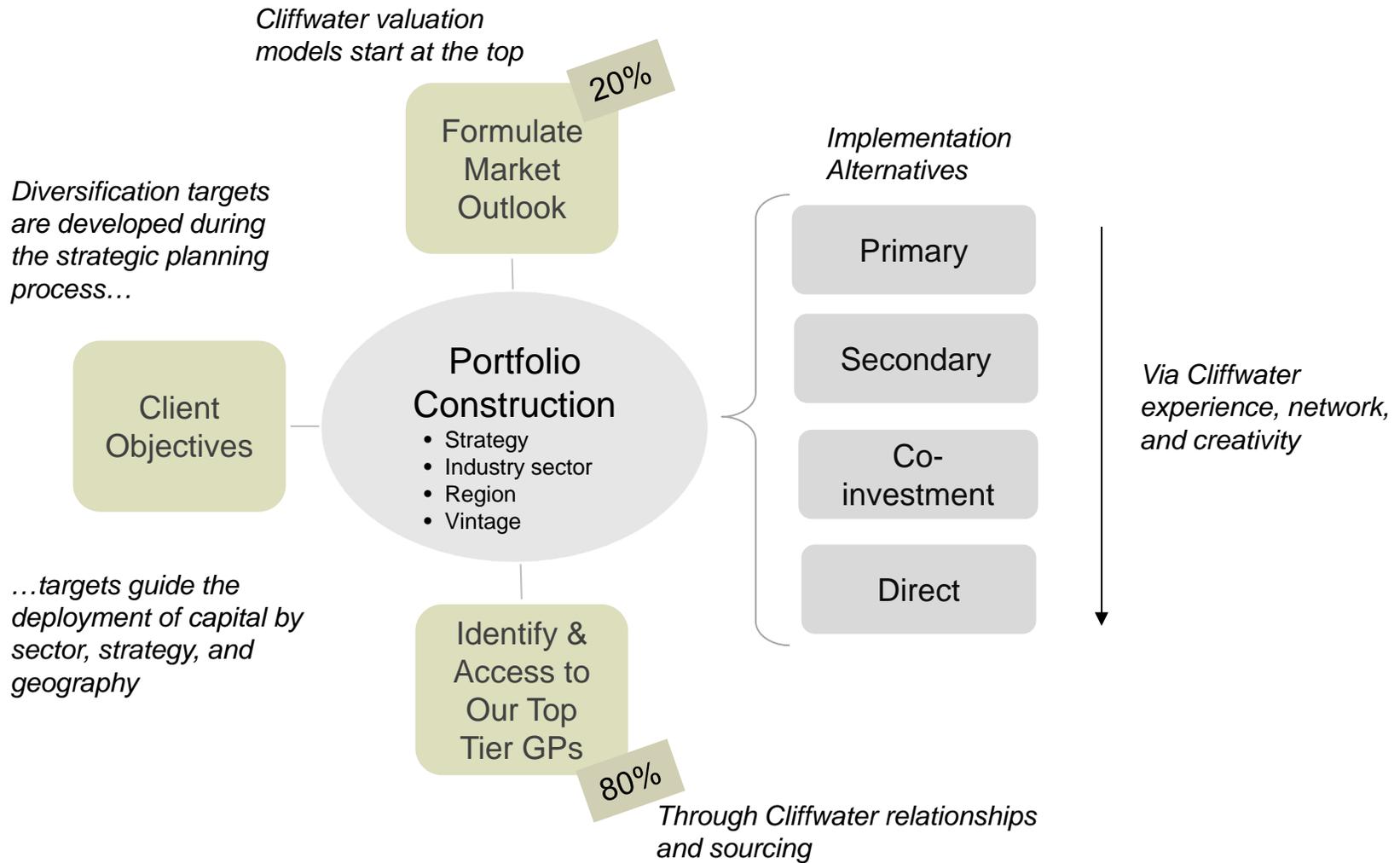
Notes on the above information:

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 Gabriela.Zeller@cliffwater.com (310-440-5010) 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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Companies that Closed During the First Quarter

Large Buyout	New York	\$12.5 billion
<p>Large North America buyout transactions and may pursue opportunistic investments in real estate and KR 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 totaling a gross return of 26% and 2.3 times invested capital.</p>		
Mid-Market Buyout	San Francisco	\$3.0 billion
<p>Mid-market buyouts, software, financial services, and industrial technology companies. The firm is headquartered in the United States or Canada and will make equity investments ranging from \$100 million to \$500 million with enterprise values between \$50 million and \$1 billion. Transactions will take the form of acquisitions, 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 funds of equal or better than two times paid-in capital with the exception of the vintage 2004 fund.</p>		
Mid-Market Buyout	Hermosa Beach	\$2.0 billion
<p>Mid-market buyouts through 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 firm typically pursues a buy-and-build strategy and uses operating resources to strengthen companies. The firm is currently the head of M&A and an investment committee member at The Gore Group. As of September 30, 2016, the firm has generated a net IRR of 15.7% and Martin Equity IV has generated a net IRR of 24.8% across all funds since inception.</p>		
Mid-Market Buyout	Los Angeles	\$6.5 billion
<p>Mid-market investments in underperforming, value-oriented, or operationally complex companies. The firm is currently focused on operational difficulty with an emphasis on industrial and manufacturing businesses. 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 firm has generated a gross return of 2.3 times invested capital as of June 30, 2016. Fund IV started investing in middle-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors. 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 firm has generated a gross return of 2.3 times invested capital as of June 30, 2016. Fund IV started investing in middle-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors.</p>		
Mid-Market Buyout	New York	\$3.0 billion
<p>Mid-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors. 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 firm has generated a gross return of 2.3 times invested capital as of June 30, 2016. Fund IV started investing in middle-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors.</p>		
Mid-Market Buyout	Boston	\$3.0 billion
<p>Mid-market investments in companies with a total enterprise value between \$250 million and \$1.3 billion. 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 firm has generated a gross return of 2.3 times invested capital as of June 30, 2016. Fund IV started investing in middle-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors.</p>		
Small Buyout	Hermosa Beach	\$500 million
<p>Small buyouts in complex situations where the business is undergoing operational, financial, or situational challenges. The fund will typically employ a buy-and-build strategy with smaller initial equity investments and subsequent acquisitions and completions. As of September 30, 2016, Martin Heritage I, a 2014 vintage, has generated a gross return of 26.9% and a net IRR of 28.9%. The firm has generated a net IRR of 24.8% across all funds since inception.</p>		
European Buyout	Paris	€1.0 billion
<p>European buyouts in middle market companies primarily located in France, Germany and Italy. Chequers has a long-term focus on the geographic market of France and has built a broader network of relationships across Europe. The firm is currently the head of M&A and an investment committee member at The Gore Group. As of September 30, 2016, the firm has generated a gross return of 2.3 times invested capital as of June 30, 2016. Fund IV started investing in middle-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors.</p>		
Direct Lending	Chicago	\$1.0 billion
<p>Direct lending to middle market sponsor-backed companies with an average EBITDA of \$10 million to \$50 million. 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 firm has generated a gross return of 2.3 times invested capital as of June 30, 2016. Fund IV started investing in middle-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors.</p>		

Direct Lending	London	€800 million
<p>Direct lending to lower middle market companies. The firm was founded in 2011 and currently has 14 professionals. 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 firm has generated a gross return of 2.3 times invested capital as of June 30, 2016. Fund IV started investing in middle-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors.</p>		
Direct Lending	Chicago	\$300 million
<p>Direct lending to sponsor backed middle market companies with EBITDA between \$7 million and \$35 million. 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 firm has generated a gross return of 2.3 times invested capital as of June 30, 2016. Fund IV started investing in middle-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors.</p>		
Direct Lending	Santa Monica	\$1.0 billion
<p>Direct lending to middle market non-sponsor companies and less competitive sponsor-backed transactions. 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 firm has generated a gross return of 2.3 times invested capital as of June 30, 2016. Fund IV started investing in middle-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors.</p>		
Mezzanine	Boston	\$1.0 billion
<p>Mezzanine investments in profitable media, communications, information services, and business services. 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 firm has generated a gross return of 2.3 times invested capital as of June 30, 2016. Fund IV started investing in middle-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors.</p>		
Energy	New York	\$350 million
<p>Energy investments in royalty interests specifically located in the Delaware Basin within Texas. 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 firm has generated a gross return of 2.3 times invested capital as of June 30, 2016. Fund IV started investing in middle-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors.</p>		
Opportunistic Real Estate	Chicago	\$850 million
<p>Opportunistic real estate investments in the education, healthcare and storage property sectors through both its opportunistic and core strategies. 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 firm has generated a gross return of 2.3 times invested capital as of June 30, 2016. Fund IV started investing in middle-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors.</p>		
Value Added Real Estate	San Francisco	\$250 million
<p>Value added real estate investments in multi-tenant, small bay, light industrial properties in urban locations nationally. 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 firm has generated a gross return of 2.3 times invested capital as of June 30, 2016. Fund IV started investing in middle-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors.</p>		
Value-Added Real Estate	Chicago	\$1.3 billion
<p>Value-added real estate investments in 1000 and invests exclusively in double and triple net lease commercial properties. 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 firm has generated a gross return of 2.3 times invested capital as of June 30, 2016. Fund IV started investing in middle-market companies that provide services to government-related customers, including those at the defense, aerospace, and energy sectors.</p>		

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

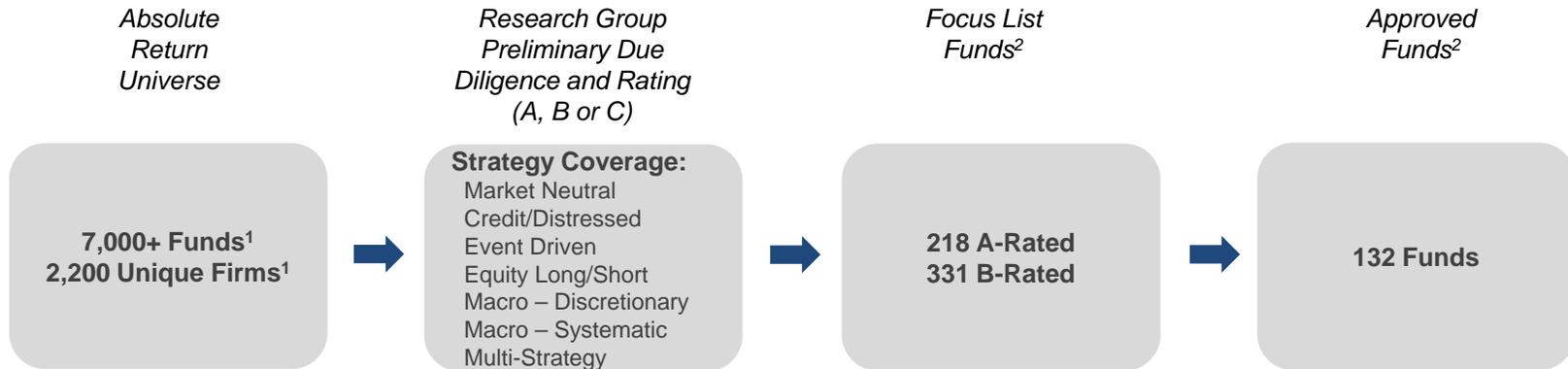


Fund selection driven by manager quality and client portfolio fit

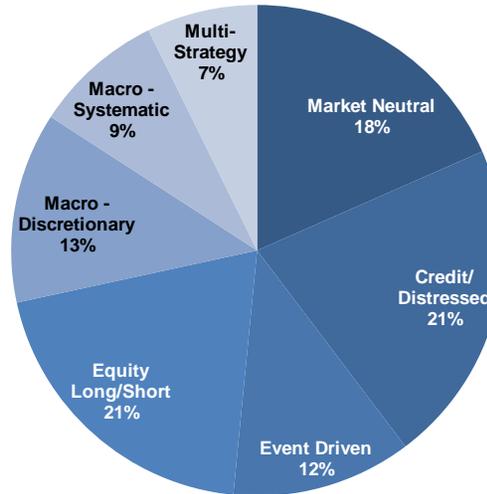
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Absolute Return Consulting

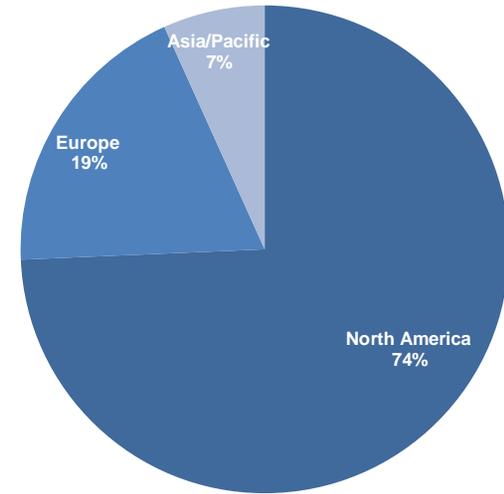
Absolute Return Coverage



*Focus List Funds²
Absolute Return Strategies*



*Focus List Funds²
Firm Headquarters*



Annual Activity by Research Group³

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



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



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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

Alternative Investment Research and Education

Research Papers

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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 Advisors. 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 how private equity firms collect fees resulting from limited partners to the General Partner of portfolio companies, or our investment, operations, and legal underwriting a manager's practice and add in the industry regarding such fees and expenses should help in the

have created a list of investing firms seek to compare to other have a 5 years. The firm spectrum of the fund period of 70 the current or recoveries, reposition.

ach manager works with its portfolio or consulting, transaction, monitoring, or disclose the various fees that they of fees during due diligence and in faster will continue to systematically study should further the progress of

in-house teams of operations-focused forming portfolio company work that for private equity firms to change its done by third parties, but now carried out in often that its fee is competitive at towards the needs of the portfolio partner's work in detail with portfolio and intermediaries who observe the investment team works in tandem with them, the General Partner's reporting needs. Since audited fund financial fees paid by portfolio companies to the er, portfolio company executives, and

fund's governing documents allow as manager review process begins with

your and/or subject to change without notice, all "changes" that are considered as "material" fees as to the accuracy or completeness of the fund's financials, operational use, or the overall investment thesis, are subject to the prior written consent of investors/limited partners, "changes" resulting from the use of the information, that

are large private equity firms 1 party ownership, and invest ed investment strategy is inagers have either utilized a fund to one of two senior all firms have raised smaller,

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A Comparison of Long Dated Funds to Traditional Fund Structures

CLIFFWATER DIRECT LENDING

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	Return (IRR)
1995	10.20%
1996	10.20%
1997	10.20%
1998	10.20%
1999	10.20%
2000	10.20%
2001	10.20%
2002	10.20%
2003	10.20%
2004	10.20%
2005	10.20%
2006	10.20%
2007	10.20%
2008	10.20%
2009	10.20%
2010	10.20%
2011	10.20%
2012	10.20%
2013	10.20%
2014	10.20%

Average Mezzanine Fund IRR = 10.03%

Source: PitchBook U.S. Mezzanine Funds

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Webinars

SAVE THE DATE

Cliffwater's Asset Allocation Outlook Q2 2017
WebEx Presentation

Thursday April 20th 2017
11:00 AM PST/ 2:00 PM EST




Pete Kelluotis Senior Managing Director Mark Johnson Senior Managing Director

Pete Kelluotis and Mark Johnson will lead a review of Cliffwater's asset allocation outlook for the second quarter of 2017.

WebEx
To join the program on Thursday, April 20th

Teleconference
To join the teleconference, please:

REMINDER

Cliffwater's Private Assets Activity for Q2 2017
WebEx Presentation

Wednesday April 19th 2017
11:00 AM PST/ 2:00 PM EST







Gabrielle Zadra Senior Managing Director Eric Abelson Managing Director Bernard Gubmann Managing Director Chris Rice-Shepard Managing Director Mark Williams Managing Director

Cliffwater's senior private market specialists, will host a review of Q2 2017 private assets research activity. They will discuss the current investment environment, market opportunities, and the most compelling strategies in private equity, real assets, and real estate sectors.

WebEx
To join the program on Wednesday, April 19th click on the link below: *(No pre-registration required)*

Teleconference
To join the teleconference, please:

[Cliffwater's Private Assets Activity for Q2 2017](#)

Password: cliff

If link above does not work, please copy and paste the address below into your web browser:
<https://cliffwater.webex.com>

Dial: 1-800-431-2204 (in the U.S.)
(or 1-847-619-6151 if outside the U.S.)

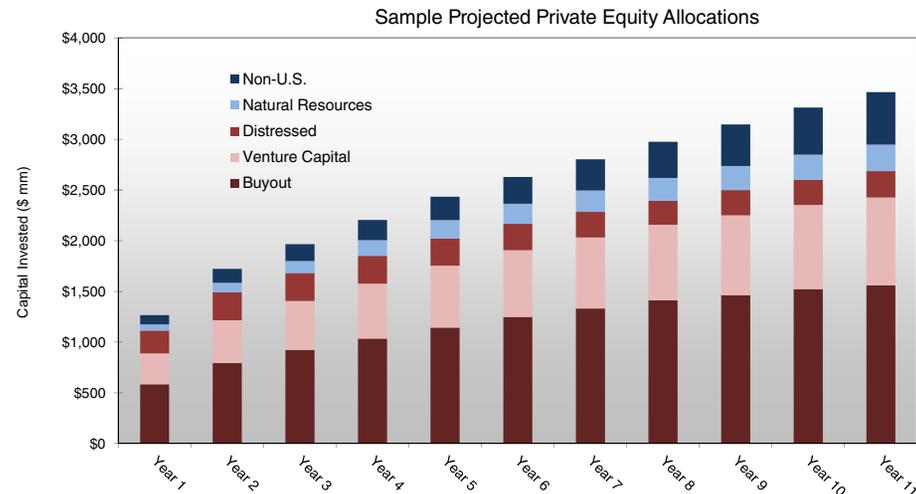
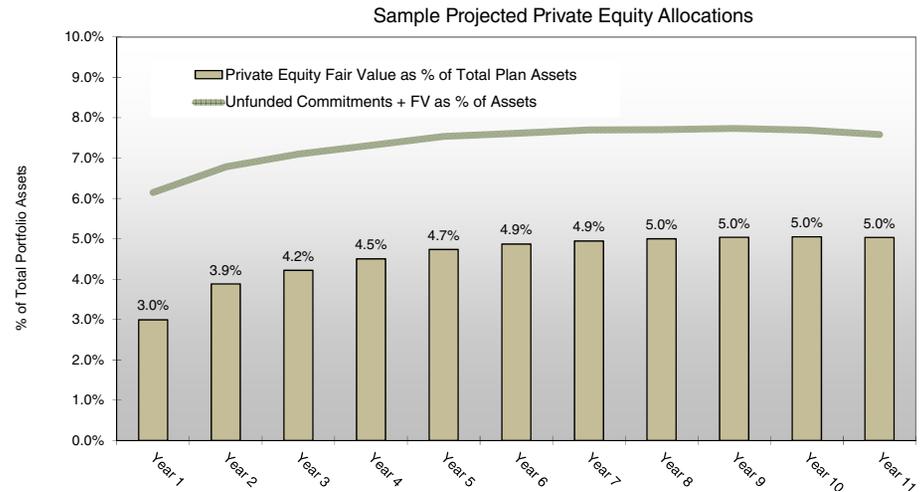
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Annual Capital Budget – Projected Allocations and Pacing

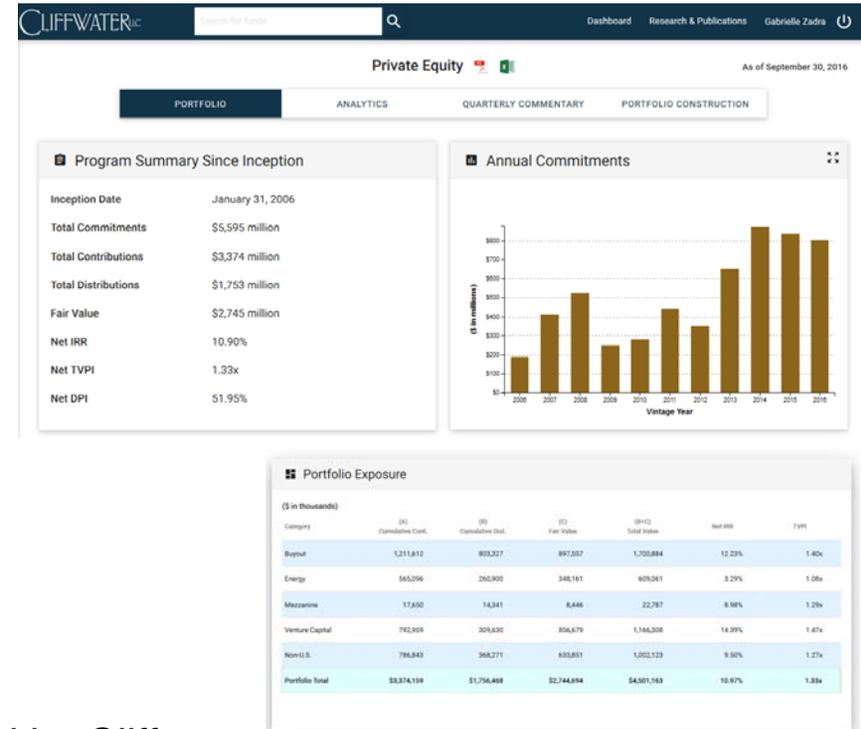
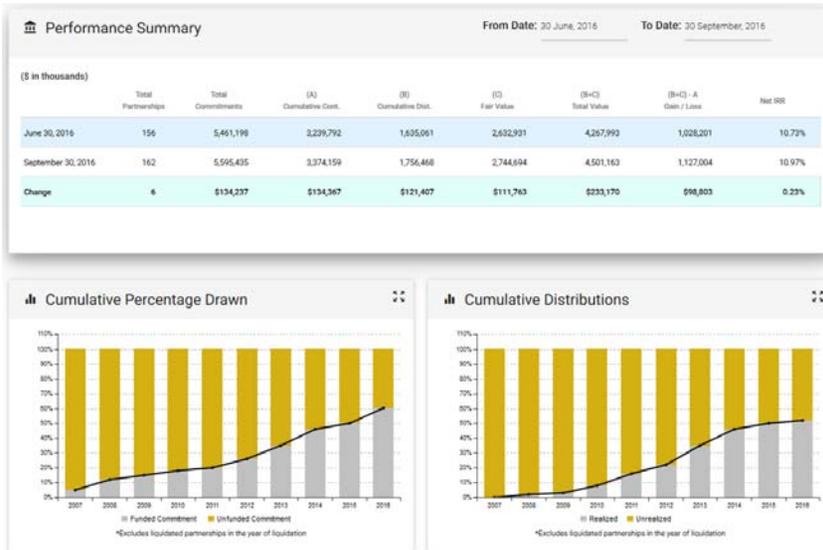
Cliffwater models clients' existing portfolios to determine future annual commitment pacing

- 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:

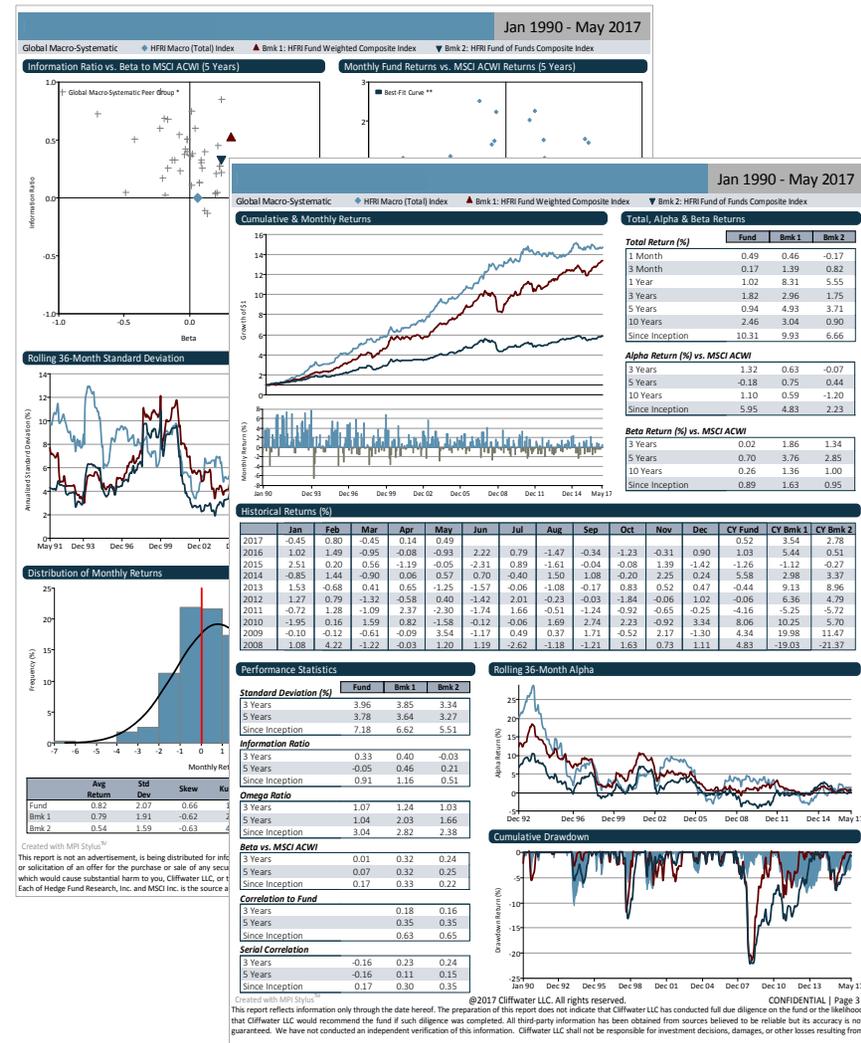
- Organizational/firm issues
- How fund is positioned/where taking risk
- Drivers of performance

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

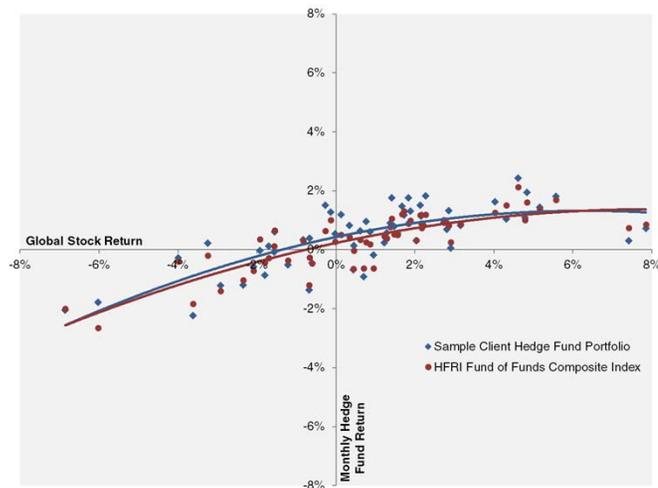
Cliffwater conducts attribution analyses of client performance against client benchmarks, the Cliffwater Model Portfolio, and other Cliffwater client portfolios

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

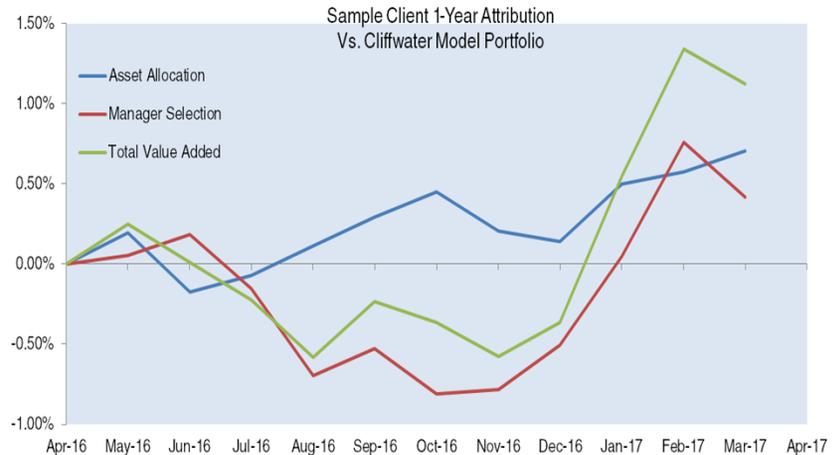
We also disaggregate client performance into alpha and beta components

- 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

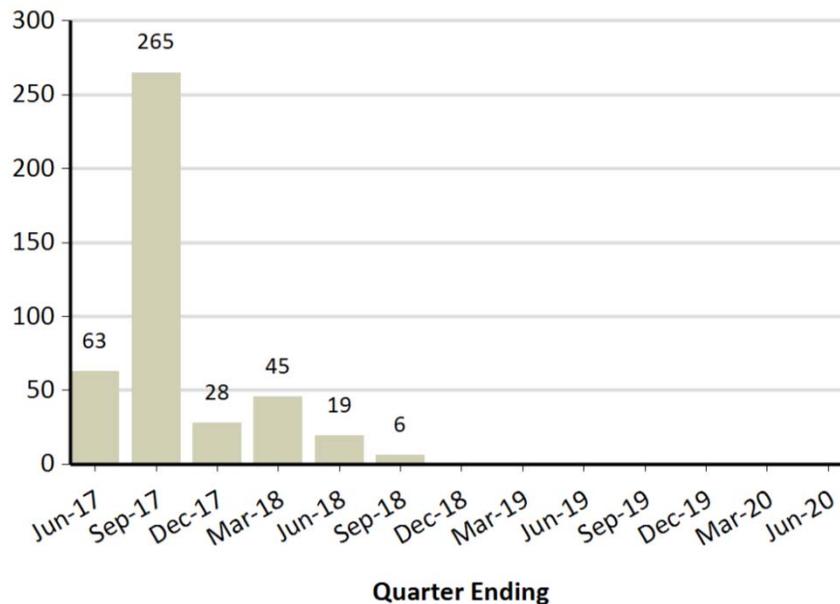
Monthly evaluation of client portfolio performance, exposures and positioning

- Portfolio positioning may inform fund rebalancing decisions

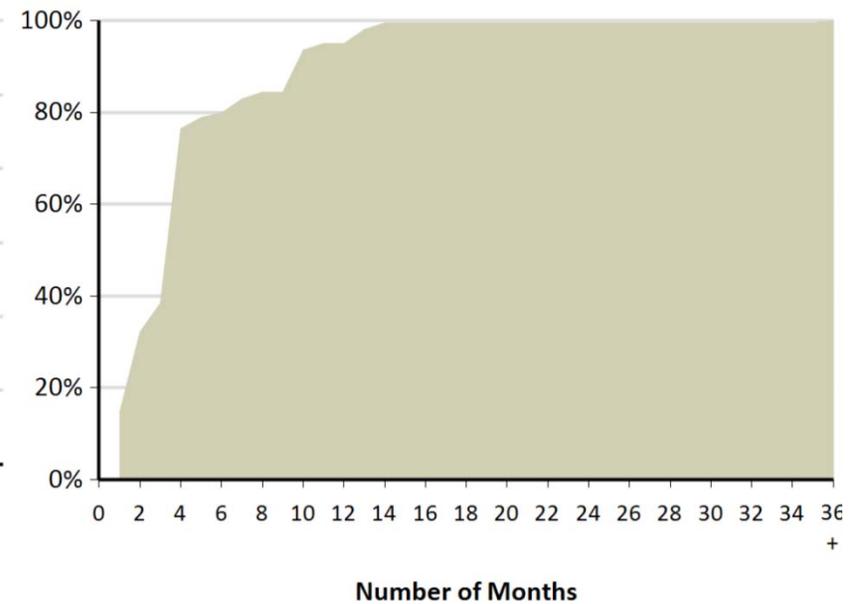
Cliffwater tracks each fund's liquidity terms; maintains client portfolio liquidity calendars

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

Liquidity by Quarter (\$ Millions)



Liquidity Profile as of Current Month



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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