CLIFFWATER LLC

Recommendation for Aristeia Partners, L.P.

To:	RISIC
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From:	Thomas Lynch, CFA, Senior Managing Director

The purpose of this memo is to provide RISIC with a summary of Cliffwater's recommendation on Aristeia Partners, L.P. ("Aristeia" or the "Fund"). Cliffwater has completed its investment due diligence and operational due diligence and recommends the Fund for the Absolute Return portfolio.

Summary of Aristeia Partners, L.P.

People and Organization: Aristeia is managed by Aristeia Capital (or the "Firm"). The Firm was founded in 1997 by Kevin Toner, Robert Lynch and Anthony Frascella, who previously worked together at UBS. Mr. Toner retired from direct portfolio management in 2001 and as Chairman of the Management Committee in December 2018. Anthony Frascella and Bill Techar now serves as co-CIOs. The Firm currently manages $4.3 billion, most of which is invested in the Fund, which pursues a convertible arbitrage and credit relative value strategy. Aristeia has 52 employees, including 18 investment professionals, all of whom are based in the Greenwich, CT or New York City offices. Prior to co-founding Aristeia, Mr. Frascella ran the convertible arbitrage business at UBS Securities. Mr. Techar joined Aristeia after receiving his undergraduate degree from Harvard in 2001 and worked his way up the ranks from analyst. Mr. Lynch serves as Chief Risk Officer and previously worked on the convertibles desk at UBS. The Firm is wholly owned by three partners (Anthony M. Frascella, William R. Techar, Robert H. Lynch), while four employees hold phantom equity (Robert Dorfman, Steven Robinson, Andrew Anderson, Andrew B. David). Aristeia has been registered with the SEC since 2005.

Investment Strategy and Process: Aristeia seeks to generate attractive risk-adjusted returns by investing in convertible arbitrage and credit relative value opportunities. The Fund dynamically allocates capital among the various sub-strategies, all of which have a relative value approach that is intended to mitigate exposure to residual market factors. Aristeia focuses on complex situations that require in-depth evaluation of issuer fundamentals, security terms and catalysts. While the Fund has diversified into other areas of credit relative value since the 2008 financial crisis, their deep understanding of convertible bonds helps them to better understand relative value across the capital structure. Aristeia seeks to isolate desired risks by using extensive hedges at both the position and portfolio level. The portfolio managers seek to manage the portfolio defensively during dangerous market conditions to position the Fund with dry powder in order to capitalize on attractive entry points. Aristeia combines deep fundamental research capabilities with a sophisticated proprietary technology framework in order to generate ideas, construct the portfolio, and identify and understand risks at both the position and portfolio level. Fundamental research includes financial statement analysis, capital structure review, liquidity forecasts, management meetings, and review of covenants. Quantitative research is supported by an extensive proprietary data infrastructure which collects over 500,000 data items daily.

Performance: Aristeia has exhibited strong risk-adjusted returns relative to the peer group. From August 1997 to October 2020, the Fund has generated an annualized return of +11.67% versus a return of +6.29% for the Fund's strategy benchmark, the HFRI Relative Value - Convertible Arbitrage Index. Including the partial years of 1997 and 2020, the Fund has outperformed the benchmark in 18 of 24 years since its inception. The Fund has generated positive attribution from most of its sub-strategies over time and the portfolio has shown attractive diversification characteristics among the individual strategies.

For the five-year period ending, September 30, 2020, Aristeia ranks as the 16th fund of 97 A- and B-rated hedge funds on Information Ratio in Cliffwater's market neutral focus list. The Fund has generated a 1.17 information ratio over this period. Alpha totaled 5.16% while alpha risk equaled 4.41%. Aristeia's beta to the MSCI ACWI World Index equaled 0.13, which is higher than the 0.09 average beta for the group. Cliffwater's believes that Aristeia has delivered strong after-fee, risk-adjusted alpha over the past five years.

Risk Management: Risk management is carefully considered at every phase of the investment process, from strategy-level capital allocation to investment selection and monitoring. The co-CIOs and the other portfolio managers generally assess the risks of each position during the initial evaluation. There is a continuous real-time dialogue with the analysts and traders, enhanced by the Firm's risk reporting systems. Aristeia's technological systems have various modules that assist the investment team with idea generation, relative valuations, and the sizing of portfolio hedges. The firm produces extensive 60-page risk reports daily, which cover a variety of hypothetical and historical stress scenarios and also assess portfolio liquidity, leverage and counterparty risk management.

Operations: Aristeia Capital's team of 34 non-investment professionals effectively manages all trading and business operations. Cliffwater's operation review provides Aristeia with an Operations Score of A (highest rating).

Investment Terms: Cliffwater recommends Aristeia's Class A shares of the on-shore fund. Class A has a management fee of 1.0% and a performance fee of 20% with a high water mark. The fund provides quarterly liquidity with 60 days notice and no initial lock-up.

Portfolio Construction

From a portfolio construction perspective, Cliffwater believes that Aristeia serves two primary objectives for the Absolute Return portfolio. First, improves the manager diversification by increasing the number of managers from six to seven. Second, Aristeia increases the market neutral exposure to approximate the Cliffwater Low Risk Model Portfolio exposure of 28%.

Cliffwater Recommendation

Cliffwater recommends an investment of $40 million in Aristeia Partners L.P.