SHAWN T. WOODEN
TREASURER

State of Connecticut
Office of the Treasurer

DARRELL V. HILL
DEPUTY TREASURER

MEMORANDUM

TO: **Members of Investment Advisory Council**

FROM: **Shawn T. Wooden, State Treasurer and Council Secretary**

DATE: **July 9, 2021**

SUBJECT: **Investment Advisory Council Meeting – July 14, 2021**

Enclosed is the agenda package for the Investment Advisory Council meeting on Wednesday, July 14, 2021 starting at 9:00 A.M.

The following subjects will be covered at the meeting:

Item 1: **Approval of the Minutes of the June 9, 2021 IAC Meeting**

Item 2: **Opening Comments by the Treasurer**

Item 3: **Update on the Market and the CRPTF Performance**

Steven Meier, Interim Chief Investment Officer, will provide an update on the capital market environment and will report on the following:

- The CRPTF performance as of May 31, 2021

Item 4: **Presentation by and Consideration of Aldrich Capital Partners II**

Mark Evans, Principal Investment Officer, will provide opening remarks and introduce Aldrich Capital Partners II, a Private Investment Fund opportunity.

Item 5: **Presentation by and Consideration of Centerbridge Real Estate Fund II**

Raynald Leveque, Deputy Chief Investment Officer, will provide opening remarks and introduce Centerbridge Real Estate Fund II, a Real Assets Fund opportunity.

Item 6: **Presentation by and Consideration of Leeds Equity Partners VII, L.P.**

Mark Evans, Principal Investment Officer, will provide opening remarks and discuss Leeds Equity Partners Fund VII, L.P., a current Private Investment Fund investment.

Item 7: Consideration of the Core Fixed Income Fund Investment Manager Search

Lyndsey Farris, Principal Investment Officer, will review the project plan and scope of services for the Core Fixed Income Fund investment manager search.

Item 8: Report on the Connecticut Inclusive Investment Initiative

Raynald Leveque, Deputy Chief Investment Officer, will provide a report on the Connecticut Inclusive Investment Initiative.

Item 9: Other Business

- Discussion of the preliminary agenda for the August 11, 2021 IAC meeting

Item 10: Comments by the Chair

We look forward to reviewing these agenda items with you at the July 14th meeting.

If you find that you are unable to attend this meeting, please email katrina.farquhar@ct.gov.

STW/kf

Enclosures

INVESTMENT ADVISORY COUNCIL
Wednesday, June 9, 2021

SUCH MINUTES ARE IN DRAFT FORM AND SUBJECT TO THE FINAL REVIEW AND APPROVAL OF THE INVESTMENT ADVISORY COUNCIL

MEETING NO. 492

Members present:	D. Ellen Shuman, Chair Treasurer Wooden, Secretary Michael Knight Michael LeClair* Steven Muench William Murray Patrick Sampson
*11:27am departure	
Members absent:	Thomas Fiore, representing Secretary Melissa McCaw Joshua Hall
Others present:	Steven Meier, Interim Chief Investment Officer Kevin Cullinan, Chief Risk Officer Patricia DeMaras, Legal Counsel Mark Evans, Principal Investment Officer Lyndsey Farris, Principal Investment Officer John Flores, General Counsel Karen Grenon, Legal Counsel Darrell Hill, Deputy Treasurer Barbara Housen, Chief Compliance Officer, Deputy General Counsel Danita Johnson, Principal Investment Officer Harvey Kelly, Pension Fund Analyst Peter Gajowiak, Senior Investment Officer Felicia Genca, Pension Fund Analyst Raynald Leveque, Deputy Chief Investment Officer Alex Marcellino, Assistant Treasurer Paul Osinloye, Principal Investment Officer Veronica Sanders, Executive Secretary Christine Shaw, Assistant Treasurer for Corporate Governance & Sustainable Investment Michael Terry, Principal Investment Officer Olivia Wall, Investment Officer
Guests:	Sean Barber, Hamilton Lane Judy Chambers, Meketa Investment Group Gary Hudepohl, Hudepohl Associates Katie Moore, Hamilton Lane Matt Ritter, NEPC Public Line

With a quorum present, Chair D. Ellen Shuman called the Investment Advisory Council ("IAC") meeting to order at 9:01 a.m.

Chair Shuman recognized the service of former IAC member Carol Thomas and thanked her for her assistance, knowledge, time, and service over decades with the IAC. The Treasurer and other IAC members also thanked Ms. Thomas for her thoughtfulness and support and her work throughout the years.

Approval of Minutes of the May 10, 2021 IAC Personnel Subcommittee Meeting and the May 12, 2021 IAC Meeting

Chair Shuman called for a motion to accept the minutes of the May 10, 2021 IAC Personnel Subcommittee Meeting and the May 12, 2021 IAC Meeting. **Treasurer Wooden moved to approve the minutes. The motion was seconded by Steven Muench. There being no further discussion, the Chair called for a vote and the motion passed unanimously.**

Comments by the Treasurer

Treasurer Wooden welcomed IAC members and began by providing a few updates. He discussed that with to the State's fiscal standing, on May 26th, Connecticut received its latest credit rating upgrade from Fitch Ratings for Connecticut's Special Tax Obligation Bonds that fund transportation infrastructure projects across the state. He stated that this news was received on the heels of the Special Tax Obligation bonds receiving two other rating upgrades by Moody's Investor Services and Standard & Poor's Global Ratings, and the State's General Obligation bonds receiving an upgrade by all four major credit rating agencies as of March 31st.

Treasurer Wooden continued by stating that the unified recognition of Connecticut's progress and improved fiscal position will not only save taxpayers millions of dollars but will also pay dividends toward the State's long-term financial sustainability.

Next, he announced his decision to commit $75 million in Hg-CRPTF Co-Investment L.P., $75 million in Hg Titan 1, L.P., $100 million in Avance Investment Partners, L.P., $150 million Vistria Fund IV, LP, $180 million in Carlyle Realty Partners IX, L.P. and $75 million in Covenant Apartment Fund X, L.P.

Lastly, Treasurer Wooden bid farewell to Principal Investment Officer ("PIO") Danita Johnson, who after four years of dedicated service at the Office of Treasurer had accepted a new opportunity. He thanked Ms. Johnson for playing an integral role and for being an invaluable asset with respect to her strong consistent performance in the Real Estate, Infrastructure, and Natural Resources asset sectors throughout her tenure.

Update on the Market and the Connecticut Retirement Plans and Trust Funds Performance for Month Ending April 30, 2021

Steven Meier, Interim Chief Investment Officer ("CIO"), provided an update on the Connecticut Retirement Plans and Trust Fund's performance and commented on the capital market environment and the economic outlook.

Presentation by and Consideration of Basis Investment Group Real Estate Fund II

Ms. Johnson, PIO, provided opening remarks and introduced representatives of Basis Investment Group Real Estate Fund II ("Basis II"), a Real Assets Fund opportunity.

Basis, represented by Tammy Jones, Chief Executive Officer; Kunle Shoyombo, Chief Investment Officer; Rich Cadigan, General Counsel; Anisa Keith, Head of Investor Relations; and Nina Fuks, Investor Relations, made a presentation to the IAC.

Roll Call of Reactions for Basis Investment Group Real Estate Fund II

Michael Knight, Michael LeClair, Mr. Muench, William Murray, Patrick Sampson and Chair Shuman provided feedback on Basis. There being no further discussion, Chair Shuman called for a motion to waive the 45-day comment period. **A motion was made by Mr. Murray, seconded by Mr. Muench, to waive the 45-day comment period for Basis. The Chair called for a vote and the motion passed unanimously.**

Presentation by and Consideration of ICG Europe VIII

Mark Evans, PIO, provided opening remarks and introduced ICG Europe VIII ("ICG"), a Private Investment Fund ("PIF") opportunity.

ICG, represented by Jens Tonn, Head of DACH Region Equity and Mezzanine; Antje Hensel-Roth, Chief People and External Affairs Officer; and Chris Austin, Head of Consultant Relations and U.S. Marketing & Client Relations, made a presentation to the IAC.

Roll Call of Reactions for ICG Europe VIII

Messrs. Knight, LeClair, Muench, Murray, Sampson and Chair Shuman provided feedback on ICG. Chair Shuman called for a motion to waive the 45-day comment period. **A motion was made by Mr. Murray, seconded by Mr. Muench and Mr. LeClair, to waive the 45-day comment period for ICG. There being no additional discussion, the Chair called for a vote and the motion passed unanimously.**

Presentation by and Consideration of Strategic Value Special Situations Fund V

Mark Evans, PIO, provided opening remarks and introduced Strategic Value Special Situations Fund V ("SVSS"), a Private Investment Fund ("PIF") opportunity.

SVSS, represented by Victor Khosla, Founder and Chief Investment Officer; Ranji Nagaswami, Chief Strategy and Commercial Officer; and Carter Weil, Managing Director, made a presentation to the IAC.

Roll Call of Reactions for Strategic Value Special Situations Fund V

Messrs. Knight, LeCLair, Muench, Murray, Sampson and Chair Shuman provided feedback on ICG. Chair Shuman called for a motion to waive the 45-day comment period. **A motion was made by Mr. Murray, seconded by Mr. Muench and Mr. LeClair, to waive the 45-day comment period for SVSS. There being no additional discussion, the Chair called for a vote and the motion passed unanimously.**

Private Capital Pacing Plan Overview

Sean Barber and Katie Moore, representatives of Hamilton Lane, Private Capital Consultant, provided an overview of the pacing plans for the Private Investment Fund and the Private Credit Fund.

Real Estate Investments Pacing Plan Overview

Matt Ritter, representative of NEPC, Real Estate Consultant provided an overview of the pacing plan for real estate investments.

Infrastructure and Natural Resources Pacing Plan Overview

Judy Chambers, representative of Meketa, General Investment Consultant, provided an overview of the pacing plan for infrastructure and natural resources investments.

Other Business

Chair Shuman invited the council members to submit agenda items for the next meeting being held on July 14, 2021.

Executive Session

Chair Shuman asked for a motion to move into Executive Session. **A motion was made by Mr. Muench, seconded by Mr. Murray that the Investment Advisory Council enter into Executive Session to consider personnel matters and contractual matters at 12:22 p.m. The motion passed unanimously.** Darrell Hill, Deputy Treasurer; John Flores, General Counsel; Alex Marcellino, Assistant Treasurer; Gary Hudepohl, Search Consultant; and Steven Meier, Interim CIO were invited to attend the Executive Session.

Chair Shuman reconvened the regular session at 1:04 p.m**. Chair Shuman noted that no substantive votes or actions were taken during the Executive Session.**

Comments by the Chair

There being no further business, Chair Shuman called for a motion to adjourn the meeting. **Mr. Murray moved to adjourn the meeting and the motion was seconded by Mr. Sampson. There being no discussion, the meeting was adjourned at 1:05 p.m.**

TEACHER'S RETIREMENT FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
Teacher's Retirement Fund					**$21,810.8**	**1.77**	**5.82**	**22.69**	**6.75**	**25.95**	**9.64**	**10.15**	**7.78**	**7.82**
Policy Benchmark						*1.25*	*4.64*	*22.89*	*6.38*	*21.95*	*10.07*	*10.36*	*7.93*	*8.06*
Dynamic Benchmark						*1.31*	*4.85*	*22.60*	*6.52*	*23.12*	*10.07*	*10.38*	*7.93*	*N/A*
Domestic Equity	**23.4%**	**20.0**	15.0	25.0	**$5,111.0**	**0.56**	**9.75**	**40.58**	**12.62**	**43.70**	**17.87**	**17.34**	**13.93**	**14.11**
Russell 3000						*0.46*	*9.42*	*40.69*	*12.34*	*43.91*	*18.03*	*17.36*	*13.96*	*14.21*
Developed Markets ISF	**13.5%**	**11.0**	6.0	16.0	**$2,940.6**	**3.47**	**9.29**	**36.57**	**10.94**	**41.65**	**8.61**	**10.82**	**7.31**	**7.74**
MSCI EAFE IMI Net						*3.07*	*8.76*	*35.20*	*10.19*	*39.41*	*9.50*	*10.99*	*7.54*	*7.84*
Emerging Markets ISF	**12.7%**	**9.0**	4.0	14.0	**$2,761.7**	**3.05**	**3.35**	**45.62**	**7.03**	**57.43**	**13.05**	**15.05**	**7.95**	**4.99**
MSCI Emerging Markets IMI						*2.34*	*4.03*	*42.60*	*8.29*	*53.32*	*9.55*	*13.61*	*6.65*	*4.10*
Global Equities [4]	**49.6%**	**40.0**	25.0	55.0	**$10,813.3**	*1.97*	*7.92*	*40.55*	*10.69*	*46.10*	*13.95*	*14.73*	*10.57*	*N/A*
MSCI All Country World Net Index						*1.56*	*8.83*	*37.45*	*10.84*	*41.85*	*13.86*	*14.18*	*9.83*	*N/A*
Core Fixed Income	**12.5%**	**13.0**	8.0	18.0	**$2,716.9**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**3.23**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.29*
Emerging Market Debt	**5.2%**	**5.0**	0.0	10.0	**$1,144.4**	**1.97**	**2.13**	**10.22**	**-1.31**	**12.92**	**3.94**	**5.15**	**2.84**	**3.38**
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						*1.78*	*1.96*	*7.33*	*-1.78*	*9.47*	*4.83*	*5.10*	*2.72*	*4.05*
High Yield	**6.1%**	**3.0**	0.0	8.0	**$1,336.4**	**0.32**	**1.48**	**15.56**	**2.79**	**16.89**	**6.65**	**7.19**	**4.84**	**5.82**
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						*0.30*	*1.54*	*13.82*	*2.25*	*14.90*	*6.64*	*7.07*	*4.96*	*6.08*
Liquidity Fund	**1.5%**	**2.0**	0.0	3.0	**$337.5**	**0.00**	**0.01**	**0.12**	**0.03**	**0.16**	**1.45**	**1.41**	**0.92**	**0.73**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*0.83*
Real Assets[1]	**11.2%**	**19.0**	10.0	25.0	**$2,443.7**	**N/A**	**3.30**	**5.12**	**3.13**	**5.28**	**4.94**	**5.84**	**7.61**	**8.15**
*Blended Custom Benchmark 1Q in Arrears^* [2]						*N/A*	*1.76*	*2.69*	*1.25*	*3.72*	*5.27*	*6.14*	*7.94*	*9.12*
Private Investment[1]	**8.5%**	**10.0**	5.0	15.0	**$1,863.8**	**N/A**	**15.80**	**37.55**	**16.41**	**48.60**	**19.43**	**16.03**	**15.07**	**13.75**
*Russell 3000 + 250 basis points 1Q in Arrears^*						*N/A*	*7.89*	*58.91*	*18.60*	*27.22*	*18.43*	*17.42*	*14.23*	*14.51*
Private Credit[1]	**0.8%**	**5.0**	0.0	10.0	**$168.5**	**N/A**	**3.74**	**15.81**	**6.71**	**15.82**	**N/A**	**N/A**	**N/A**	**N/A**
*S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears^*						*N/A*	*3.48*	*22.21*	*6.23*	*6.00*	*N/A*	*N/A*	*N/A*	*N/A*
Alternative Investment Fund	**4.5%**	**3.0**	0.0	10.0	**$986.4**	**1.54**	**2.14**	**9.55**	**2.93**	**10.96**	**3.20**	**4.69**	**2.81**	**3.26**
Absolute Return Strategy blended benchmark [3]						*0.28*	*0.85*	*2.64*	*1.07*	*2.92*	*4.48*	*3.02*	*2.17*	*1.54*

(1) Actual performance, reported one quarter in arrears.

(2) A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

(3) A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.

(4) Unofficial Benchmark, for comparison purposes only

STATE EMPLOYEES' RETIREMENT FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
State Employees' Retirement Fund					**$16,034.2**	**1.77**	**5.82**	**22.78**	**6.75**	**26.04**	**9.70**	**10.21**	**7.84**	**7.86**
Policy Benchmark						*1.25*	*4.64*	*22.89*	*6.38*	*21.95*	*10.07*	*10.35*	*7.94*	*8.07*
Dynamic Benchmark						*1.31*	*4.86*	*22.69*	*6.52*	*23.20*	*10.13*	*10.48*	*8.04*	*N/A*
Domestic Equity	**23.3%**	**20.0**	15.0	25.0	**$3,739.5**	**0.56**	**9.75**	**40.58**	**12.62**	**43.70**	**17.87**	**17.34**	**13.93**	**14.11**
Russell 3000						*0.46*	*9.42*	*40.69*	*12.34*	*43.91*	*18.03*	*17.36*	*13.96*	*14.21*
Developed Markets ISF	**13.4%**	**11.0**	6.0	16.0	**$2,151.9**	**3.47**	**9.29**	**36.57**	**10.94**	**41.65**	**8.61**	**10.82**	**7.31**	**7.74**
MSCI EAFE IMI Net						*3.07*	*8.76*	*35.20*	*10.19*	*39.41*	*9.50*	*10.99*	*7.54*	*7.84*
Emerging Markets ISF	**12.6%**	**9.0**	4.0	14.0	**$2,021.9**	**3.05**	**3.35**	**45.62**	**7.03**	**57.43**	**13.05**	**15.05**	**7.95**	**4.99**
MSCI Emerging Markets IMI						*2.34*	*4.03*	*42.60*	*8.29*	*53.32*	*9.55*	*13.61*	*6.65*	*4.10*
Global Equities [4]	**49.4%**	**40.0**	25.0	55.0	**$7,913.3**	*1.97*	*7.92*	*40.55*	*10.69*	*46.10*	*13.95*	*14.73*	*10.57*	*N/A*
MSCI All Country World Net Index						*1.56*	*8.83*	*37.45*	*10.84*	*41.85*	*13.86*	*14.18*	*9.83*	*N/A*
Core Fixed Income	**12.4%**	**13.0**	8.0	18.0	**$1,989.1**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**3.23**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.29*
Emerging Market Debt	**5.2%**	**5.0**	0.0	10.0	**$836.8**	**1.97**	**2.13**	**10.22**	**-1.31**	**12.92**	**3.94**	**5.15**	**2.84**	**3.38**
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						*1.78*	*1.96*	*7.33*	*-1.78*	*9.47*	*4.83*	*5.10*	*2.72*	*4.05*
High Yield	**6.1%**	**3.0**	0.0	8.0	**$977.5**	**0.32**	**1.48**	**15.56**	**2.79**	**16.89**	**6.65**	**7.19**	**4.84**	**5.82**
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						*0.30*	*1.54*	*13.82*	*2.25*	*14.90*	*6.64*	*7.07*	*4.96*	*6.08*
Liquidity Fund	**2.0%**	**2.0**	0.0	3.0	**$328.4**	**0.00**	**0.01**	**0.12**	**0.03**	**0.16**	**1.46**	**1.42**	**0.92**	**0.74**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*0.83*
Real Assets[1]	**11.1%**	**19.0**	10.0	25.0	**$1,784.8**	**N/A**	**3.30**	**5.12**	**3.13**	**5.28**	**4.94**	**5.84**	**7.61**	**8.15**
*Blended Custom Benchmark 1Q in Arrears^* [2]						*N/A*	*1.76*	*2.69*	*1.25*	*3.72*	*5.27*	*6.14*	*7.94*	*9.12*
Private Investment[1]	**8.5%**	**10.0**	5.0	15.0	**$1,361.5**	**N/A**	**15.80**	**37.55**	**16.41**	**48.60**	**19.43**	**16.03**	**15.08**	**13.75**
*Russell 3000 + 250 basis points 1Q in Arrears^*						*N/A*	*7.89*	*58.91*	*18.60*	*27.22*	*18.43*	*17.42*	*14.23*	*14.51*
Private Credit[1]	**0.8%**	**5.0**	0.0	10.0	**$121.1**	**N/A**	**3.74**	**15.81**	**6.71**	**15.82**	**N/A**	**N/A**	**N/A**	**N/A**
*S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears^*						*N/A*	*3.48*	*22.21*	*6.23*	*6.00*	*N/A*	*N/A*	*N/A*	*N/A*
Alternative Investment Fund	**4.5%**	**3.0**	0.0	8.0	**$721.9**	**1.54**	**2.14**	**9.55**	**2.93**	**10.96**	**3.20**	**4.69**	**2.81**	**3.26**
Absolute Return Strategy blended benchmark [3]						*0.28*	*0.85*	*2.64*	*1.07*	*2.92*	*4.48*	*3.02*	*2.17*	*1.54*

[1] Actual performance, reported one quarter in arrears.

[2] A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

[3] A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.

[4] Unofficial Benchmark, for comparison purposes only

MUNICIPAL EMPLOYEES RETIREMENT FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
Municipal Employees' Retirement Fund					**$3,251.1**	**1.78**	**5.85**	**22.81**	**6.78**	**26.07**	**9.92**	**9.93**	**7.64**	**7.50**
Policy Benchmark						*1.25*	*4.64*	*22.89*	*6.38*	*21.95*	*10.15*	*10.00*	*7.60*	*7.78*
Dynamic Benchmark						*1.31*	*4.88*	*22.72*	*6.54*	*23.22*	*10.33*	*10.11*	*7.74*	*N/A*
Domestic Equity	**23.3%**	**20.0**	15.0	25.0	**$757.4**	**0.56**	**9.75**	**40.58**	**12.62**	**43.70**	**17.87**	**17.34**	**13.93**	**14.10**
Russell 3000						*0.46*	*9.42*	*40.69*	*12.34*	*43.91*	*18.03*	*17.36*	*13.96*	*14.21*
Developed Markets ISF	**13.5%**	**11.0**	6.0	16.0	**$437.6**	**3.47**	**9.29**	**36.57**	**10.94**	**41.65**	**8.61**	**10.83**	**7.31**	**7.74**
MSCI EAFE IMI Net						*3.07*	*8.76*	*35.20*	*10.19*	*39.41*	*9.50*	*10.99*	*7.54*	*7.84*
Emerging Markets ISF	**12.6%**	**9.0**	4.0	14.0	**$409.5**	**3.05**	**3.35**	**45.62**	**7.03**	**57.43**	**13.05**	**15.05**	**7.95**	**4.99**
MSCI Emerging Markets IMI						*2.34*	*4.03*	*42.60*	*8.29*	*53.32*	*9.55*	*13.61*	*6.65*	*4.10*
Global Equities [4]	**49.4%**	**40.0**	25.0	55.0	**$1,604.5**	*1.97*	*7.92*	*40.55*	*10.69*	*46.10*	*13.95*	*14.73*	*10.57*	*N/A*
MSCI All Country World Net Index						*1.56*	*8.83*	*37.45*	*10.84*	*41.85*	*13.86*	*14.18*	*9.83*	*N/A*
Core Fixed Income	**12.4%**	**13.0**	8.0	18.0	**$403.7**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**3.23**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.29*
Emerging Market Debt	**5.2%**	**5.0**	0.0	10.0	**$168.9**	**1.97**	**2.13**	**10.22**	**-1.31**	**12.93**	**3.94**	**5.15**	**2.84**	**3.38**
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						*1.78*	*1.96*	*7.33*	*-1.78*	*9.47*	*4.83*	*5.10*	*2.72*	*4.05*
High Yield	**6.1%**	**3.0**	0.0	8.0	**$197.5**	**0.32**	**1.48**	**15.56**	**2.79**	**16.89**	**6.65**	**7.19**	**4.84**	**5.82**
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						*0.30*	*1.54*	*13.82*	*2.25*	*14.90*	*6.64*	*7.07*	*4.96*	*6.08*
Liquidity Fund	**2.0%**	**2.0**	0.0	3.0	**$66.3**	**0.00**	**0.01**	**0.13**	**0.03**	**0.16**	**1.46**	**1.42**	**0.92**	**0.74**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*0.83*
Real Assets[1]	**11.1%**	**19.0**	15.0	25.0	**$362.0**	**N/A**	**3.30**	**5.12**	**3.13**	**5.28**	**4.94**	**5.84**	**7.61**	**8.15**
*Blended Custom Benchmark 1Q in Arrears^* [2]						*N/A*	*1.76*	*2.69*	*1.25*	*3.72*	*5.27*	*6.14*	*7.94*	*9.12*
Private Investment[1]	**8.5%**	**10.0**	5.0	15.0	**$276.4**	**N/A**	**15.80**	**37.55**	**16.41**	**48.60**	**19.43**	**16.03**	**15.08**	**13.75**
*Russell 3000 + 250 basis points 1Q in Arrears^*						*N/A*	*7.89*	*58.91*	*18.60*	*27.22*	*18.43*	*17.42*	*14.23*	*14.51*
Private Credit[1]	**0.8%**	**5.0**	0.0	10.0	**$25.2**	**N/A**	**3.74**	**15.81**	**6.71**	**15.82**	**N/A**	**N/A**	**N/A**	**N/A**
*S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears^*						*N/A*	*3.48*	*22.21*	*6.23*	*6.00*	*N/A*	*N/A*	*N/A*	*N/A*
Alternative Investment Fund	**4.5%**	**3.0**	0.0	10.0	**$146.5**	**1.54**	**2.14**	**9.55**	**2.93**	**10.96**	**3.20**	**4.69**	**2.81**	**3.26**
Absolute Return Strategy blended benchmark [3]						*0.28*	*0.85*	*2.64*	*1.07*	*2.92*	*4.48*	*3.02*	*2.17*	*1.54*

(1) Actual performance, reported one quarter in arrears.

(2) A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

(3) A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.

(4) Unofficial Benchmark, for comparison purposes only

OPEB FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
OPEB					**$1,984.1**	**1.79**	**5.88**	**23.01**	**6.82**	**26.30**	**10.22**	**9.72**	**7.73**	**N/A**
Policy Benchmark						*1.25*	*4.64*	*22.89*	*6.38*	*21.95*	*10.33*	*9.68*	*7.74*	*N/A*
Dynamic Benchmark						*1.32*	*4.90*	*22.94*	*6.60*	*23.45*	*10.80*	*9.93*	*7.95*	*N/A*
Domestic Equity	**23.1%**	**20.0**	15.0	25.0	**$458.4**	**0.56**	**9.75**	**40.58**	**12.62**	**43.70**	**17.88**	**17.35**	**13.92**	**N/A**
Russell 3000						*0.46*	*9.42*	*40.69*	*12.34*	*43.91*	*18.03*	*17.36*	*13.96*	*N/A*
Developed Markets ISF	**13.4%**	**11.0**	6.0	15.0	**$265.6**	**3.47**	**9.29**	**36.57**	**10.94**	**41.65**	**8.62**	**10.83**	**7.31**	**N/A**
MSCI EAFE IMI Net						*3.07*	*8.76*	*35.20*	*10.19*	*39.41*	*9.50*	*10.99*	*7.54*	*N/A*
Emerging Markets ISF	**12.6%**	**9.0**	4.0	14.0	**$249.5**	**3.05**	**3.35**	**45.62**	**7.03**	**57.43**	**13.05**	**15.06**	**7.95**	**N/A**
MSCI Emerging Markets IMI						*2.34*	*4.03*	*42.60*	*8.29*	*53.32*	*9.55*	*13.61*	*6.65*	*N/A*
Global Equities [4]	**49.1%**	**40.0**	25.0	54.0	**$973.5**	*1.97*	*7.92*	*40.55*	*10.69*	*46.10*	*13.95*	*14.73*	*10.57*	*N/A*
MSCI All Country World Net Index						*1.56*	*8.83*	*37.45*	*10.84*	*41.85*	*13.86*	*14.18*	*9.83*	*N/A*
Core Fixed Income	**12.3%**	**13.0**	8.0	18.0	**$244.3**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**N/A**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*N/A*
Emerging Market Debt	**5.3%**	**5.0**	0.0	10.0	**$104.8**	**1.97**	**2.13**	**10.22**	**-1.31**	**12.92**	**3.95**	**5.15**	**2.85**	**N/A**
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						*1.78*	*1.96*	*7.33*	*-1.78*	*9.47*	*4.83*	*5.10*	*2.72*	*N/A*
High Yield	**6.2%**	**3.0**	0.0	8.0	**$122.5**	**0.32**	**1.48**	**15.56**	**2.79**	**16.89**	**6.65**	**7.18**	**4.84**	**N/A**
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						*0.30*	*1.54*	*13.82*	*2.25*	*14.90*	*6.64*	*7.07*	*4.96*	*N/A*
Liquidity Fund	**2.2%**	**2.0**	0.0	3.0	**$43.3**	**0.00**	**0.01**	**0.12**	**0.03**	**0.16**	**1.46**	**1.47**	**0.96**	**N/A**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*N/A*
Real Assets[1]	**11.1%**	**19.0**	15.0	25.0	**$220.9**	**N/A**	**3.30**	**5.12**	**3.13**	**5.28**	**4.94**	**5.84**	**7.61**	**N/A**
*Blended Custom Benchmark 1Q in Arrears^* [2]						*N/A*	*1.76*	*2.69*	*1.25*	*3.72*	*5.27*	*6.14*	*7.94*	*N/A*
Private Investment[1]	**8.5%**	**10.0**	5.0	15.0	**$168.7**	**N/A**	**15.80**	**37.55**	**16.41**	**48.60**	**19.43**	**16.03**	**15.08**	**N/A**
*Russell 3000 + 250 basis points 1Q in Arrears^*						*N/A*	*7.89*	*58.91*	*18.60*	*27.22*	*18.43*	*17.42*	*14.23*	*N/A*
Private Credit[1]	**0.9%**	**5.0**	0.0	10.0	**$17.7**	**N/A**	**3.74**	**15.81**	**6.71**	**15.82**	**N/A**	**N/A**	**N/A**	**N/A**
*S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears^*						*N/A*	*3.48*	*22.21*	*6.23*	*6.00*	*N/A*	*N/A*	*N/A*	*N/A*
Alternative Investment Fund	**4.5%**	**3.0**	0.0	10.0	**$88.5**	**1.54**	**2.14**	**9.55**	**2.93**	**10.96**	**3.20**	**4.69**	**2.81**	**N/A**
Absolute Return Strategy blended benchmark [3]						*0.28*	*0.85*	*2.64*	*1.07*	*2.92*	*4.48*	*3.02*	*2.17*	*N/A*

[1] Actual performance, reported one quarter in arrears.

[2] A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

[3] A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.

[4] Unofficial Benchmark, for comparison purposes only

PROBATE JUDGES EMPLOYEES' RETIREMENT FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
Probate Judges Employees' Retirement Fund					**$138.1**	**1.77**	**5.80**	**22.77**	**6.73**	**26.02**	**9.82**	**9.87**	**7.62**	**7.53**
Policy Benchmark						*1.25*	*4.64*	*22.89*	*6.38*	*21.95*	*10.14*	*10.07*	*7.66*	*7.87*
Dynamic Benchmark						*1.31*	*4.85*	*22.68*	*6.51*	*23.19*	*10.37*	*10.21*	*7.81*	*N/A*
Domestic Equity	**22.4%**	**20.0**	15.0	25.0	**$31.0**	**0.56**	**9.75**	**40.58**	**12.62**	**43.70**	**17.87**	**17.34**	**13.93**	**14.10**
Russell 3000						*0.46*	*9.42*	*40.69*	*12.34*	*43.91*	*18.03*	*17.36*	*13.96*	*14.21*
Developed Markets ISF	**13.0%**	**11.0**	6.0	16.0	**$18.0**	**3.47**	**9.29**	**36.57**	**10.94**	**41.65**	**8.61**	**10.83**	**7.31**	**7.74**
MSCI EAFE IMI						*3.07*	*8.76*	*35.20*	*10.19*	*39.41*	*9.50*	*10.99*	*7.54*	*7.84*
Emerging Markets ISF	**12.2%**	**9.0**	4.0	14.0	**$16.9**	**3.05**	**3.35**	**45.62**	**7.03**	**57.43**	**13.05**	**15.05**	**7.95**	**4.99**
MSCI Emerging Markets IMI						*2.34*	*4.03*	*42.60*	*8.29*	*53.32*	*9.55*	*13.61*	*6.65*	*4.10*
Global Equities [4]	**47.7%**	**40.0**	25.0	55.0	**$65.8**	*1.97*	*7.92*	*40.55*	*10.69*	*46.10*	*13.95*	*14.73*	*10.57*	*N/A*
MSCI All Country World Net Index						*1.56*	*8.83*	*37.45*	*10.84*	*41.85*	*13.86*	*14.18*	*9.83*	*N/A*
Core Fixed Income	**12.0%**	**13.0**	8.0	18.0	**$16.5**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**3.23**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.29*
Emerging Market Debt	**5.1%**	**5.0**	0.0	10.0	**$7.0**	**1.97**	**2.13**	**10.22**	**-1.31**	**12.92**	**3.94**	**5.15**	**2.84**	**3.39**
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						*1.78*	*1.96*	*7.33*	*-1.78*	*9.47*	*4.83*	*5.10*	*2.72*	*4.05*
High Yield	**5.9%**	**3.0**	0.0	8.0	**$8.1**	**0.32**	**1.48**	**15.56**	**2.79**	**16.89**	**6.65**	**7.19**	**4.84**	**5.82**
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						*0.30*	*1.54*	*13.82*	*2.25*	*14.90*	*6.64*	*7.07*	*4.96*	*6.08*
Liquidity Fund	**5.5%**	**2.0**	0.0	3.0	**$7.5**	**0.00**	**0.01**	**0.12**	**0.03**	**0.16**	**1.46**	**1.41**	**0.92**	**0.74**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*0.83*
Real Assets[1]	**10.7%**	**19.0**	15.0	25.0	**$14.7**	**N/A**	**3.30**	**5.12**	**3.13**	**5.28**	**4.94**	**5.84**	**7.61**	**8.15**
*Blended Custom Benchmark 1Q in Arrears^* [2]						*N/A*	1.76	*2.69*	1.25	3.72	5.27	6.14	7.94	9.12
Private Investment[1]	**8.3%**	**10.0**	5.0	15.0	**$11.4**	**N/A**	**15.80**	**37.55**	**16.41**	**48.60**	**19.43**	**16.03**	**15.08**	**13.75**
*Russell 3000 + 250 basis points 1Q in Arrears^*						*N/A*	7.89	*58.91*	*18.60*	*27.22*	*18.43*	*17.42*	*14.23*	*14.51*
Private Credit[1]	**0.7%**	**5.0**	0.0	10.0	**$1.0**	**N/A**	**3.74**	**15.81**	**6.71**	**15.82**	**N/A**	**N/A**	**N/A**	**N/A**
*S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears^*						*N/A*	3.48	*22.21*	*6.23*	*6.00*	*N/A*	*N/A*	*N/A*	*N/A*
Alternative Investment Fund	**4.3%**	**3.0**	0.0	10.0	**$5.9**	**1.54**	**2.14**	**9.55**	**2.93**	**10.96**	**3.20**	**4.69**	**2.81**	**3.26**
Absolute Return Strategy blended benchmark [3]						*0.28*	*0.85*	*2.64*	*1.07*	*2.92*	*4.48*	*3.02*	*2.17*	*1.54*

[1] Actual performance, reported one quarter in arrears.

[2] A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

[3] A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.

[4] Unofficial Benchmark, for comparison purposes only

STATE JUDGES RETIREMENT FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
State Judges Retirement Fund					**$291.0**	**1.78**	**5.84**	**22.77**	**6.77**	**26.03**	**9.91**	**9.93**	**7.64**	**7.60**
Policy Benchmark						*1.25*	*4.64*	*22.89*	*6.38*	*21.95*	*10.15*	*10.00*	*7.60*	*7.78*
Dynamic Benchmark						*1.32*	*4.87*	*22.68*	*6.53*	*23.19*	*10.46*	*10.20*	*7.80*	*N/A*
Domestic Equity	**23.4%**	**20.0**	15.0	25.0	**$68.0**	**0.56**	**9.75**	**40.58**	**12.62**	**43.70**	**17.87**	**17.34**	**13.93**	**14.11**
Russell 3000						*0.46*	*9.42*	*40.69*	*12.34*	*43.91*	*18.03*	*17.36*	*13.96*	*14.21*
Developed Markets ISF	**13.4%**	**11.0**	6.0	16.0	**$39.1**	**3.47**	**9.29**	**36.57**	**10.94**	**41.65**	**8.61**	**10.83**	**7.31**	**7.74**
MSCI EAFE IMI Net						*3.07*	*8.76*	*35.20*	*10.19*	*39.41*	*9.50*	*10.99*	*7.54*	*7.84*
Emerging Markets ISF	**12.6%**	**9.0**	4.0	14.0	**$36.6**	**3.05**	**3.35**	**45.62**	**7.03**	**57.43**	**13.05**	**15.05**	**7.95**	**4.99**
MSCI Emerging Markets IMI						*2.34*	*4.03*	*42.60*	*8.29*	*53.32*	*9.55*	*13.61*	*6.65*	*4.10*
Global Equities [4]	**49.4%**	**40.0**	25.0	55.0	**$143.7**	*1.97*	*7.92*	*40.55*	*10.69*	*46.10*	*13.95*	*14.73*	*10.57*	*N/A*
MSCI All Country World Net Index						*1.56*	*8.83*	*37.45*	*10.84*	*41.85*	*13.86*	*14.18*	*9.83*	*N/A*
Core Fixed Income	**12.4%**	**13.0**	8.0	18.0	**$36.1**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**3.23**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.29*
Emerging Market Debt	**5.2%**	**5.0**	0.0	10.0	**$15.2**	**1.97**	**2.13**	**10.22**	**-1.31**	**12.92**	**3.94**	**5.15**	**2.84**	**3.39**
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						*1.78*	*1.96*	*7.33*	*-1.78*	*9.47*	*4.83*	*5.10*	*2.72*	*4.05*
High Yield	**6.1%**	**3.0**	0.0	8.0	**$17.7**	**0.32**	**1.48**	**15.56**	**2.79**	**16.89**	**6.65**	**7.19**	**4.84**	**5.82**
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						*0.30*	*1.54*	*13.82*	*2.25*	*14.90*	*6.64*	*7.07*	*4.96*	*6.08*
Liquidity Fund	**2.1%**	**2.0**	0.0	3.0	**$6.1**	**0.00**	**0.01**	**0.13**	**0.03**	**0.16**	**1.46**	**1.42**	**0.92**	**0.72**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*0.83*
Real Assets[1]	**11.1%**	**19.0**	15.0	25.0	**$32.2**	**N/A**	**3.30**	**5.12**	**3.13**	**5.28**	**4.94**	**5.84**	**7.61**	**8.15**
*Blended Custom Benchmark 1Q in Arrears^* [2]						*N/A*	*1.76*	*2.69*	*1.25*	*3.72*	*5.27*	*6.14*	*7.94*	*9.12*
Private Investment[1]	**8.6%**	**10.0**	5.0	15.0	**$24.9**	**N/A**	**15.80**	**37.55**	**16.41**	**48.60**	**19.43**	**16.03**	**15.08**	**13.75**
*Russell 3000 + 250 basis points 1Q in Arrears^*						*N/A*	*7.89*	*58.91*	*18.60*	*27.22*	*18.43*	*17.42*	*14.23*	*14.51*
Private Credit[1]	**0.7%**	**5.0**	0.0	10.0	**$2.1**	**N/A**	**3.74**	**15.81**	**6.71**	**15.82**	**N/A**	**N/A**	**N/A**	**N/A**
*S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears^*						*N/A*	*3.48*	*22.21*	*6.23*	*6.00*	*N/A*	*N/A*	*N/A*	*N/A*
Alternative Investment Fund	**4.4%**	**3.0**	0.0	10.0	**$12.9**	**1.54**	**2.14**	**9.55**	**2.93**	**10.96**	**3.20**	**4.69**	**2.81**	**3.26**
Absolute Return Strategy blended benchmark [3]						*0.28*	*0.85*	*2.64*	*1.07*	*2.92*	*4.48*	*3.02*	*2.17*	*1.54*

[1] Actual performance, reported one quarter in arrears.

[2] A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

[3] A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.

[4] Unofficial Benchmark, for comparison purposes only

STATE'S ATTORNEYS' RETIREMENT FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
State's Attorneys' Retirement Fund					**$2.6**	**1.77**	**5.82**	**22.71**	**6.74**	**25.95**	**9.38**	**9.92**	**7.35**	**7.29**
Policy Benchmark						*1.25*	*4.64*	*22.89*	*6.38*	*21.95*	*10.45*	*10.40*	*7.80*	*N/A*
Dynamic Benchmark						*1.31*	*4.86*	*22.62*	*6.52*	*23.15*	*10.43*	*10.38*	*7.82*	*N/A*
Domestic Equity	**23.3%**	**20.0**	15.0	25.0	**$0.6**	**0.56**	**9.75**	**40.58**	**12.62**	**43.70**	**17.88**	**17.35**	**13.93**	**14.11**
Russell 3000						*0.46*	*9.42*	*40.69*	*12.34*	*43.91*	*18.03*	*17.36*	*13.96*	*14.21*
Developed Markets ISF	**13.4%**	**11.0**	6.0	16.0	**$0.4**	**3.47**	**9.29**	**36.57**	**10.94**	**41.65**	**8.62**	**10.83**	**7.31**	**N/A**
MSCI EAFE IMI Net						*3.07*	*8.76*	*35.20*	*10.19*	*39.41*	*9.50*	*10.99*	*7.54*	*N/A*
Emerging Markets ISF	**12.6%**	**9.0**	4.0	14.0	**$0.3**	**3.05**	**3.35**	**45.62**	**7.03**	**57.43**	**13.05**	**15.05**	**7.95**	**N/A**
MSCI Emerging Markets IMI						*2.34*	*4.03*	*42.60*	*8.29*	*53.32*	*9.55*	*13.61*	*6.65*	*N/A*
Global Equities [4]	**49.2%**	**40.0**	25.0	55.0	**$1.3**	*1.97*	*7.92*	*40.55*	*10.69*	*46.10*	*13.95*	*14.73*	*10.57*	*N/A*
MSCI All Country World Net Index						*1.56*	*8.83*	*37.45*	*10.84*	*41.85*	*13.86*	*14.18*	*9.83*	*N/A*
Core Fixed Income	**12.3%**	**13.0**	8.0	18.0	**$0.3**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**3.27**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.29*
Emerging Market Debt	**5.2%**	**5.0**	0.0	10.0	**$0.1**	**1.97**	**2.13**	**10.22**	**-1.31**	**12.92**	**3.94**	**5.14**	**2.84**	**3.38**
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						*1.78*	*1.96*	*7.33*	*-1.78*	*9.47*	*4.83*	*5.10*	*2.72*	*4.05*
High Yield	**6.1%**	**3.0**	0.0	8.0	**$0.2**	**0.32**	**1.48**	**15.56**	**2.79**	**16.89**	**6.65**	**7.19**	**4.84**	**5.80**
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						*0.30*	*1.54*	*13.82*	*2.25*	*14.90*	*6.64*	*7.07*	*4.96*	*6.08*
Liquidity Fund	**2.5%**	**2.0**	0.0	3.0	**$0.1**	**0.00**	**0.01**	**0.13**	**0.03**	**0.16**	**1.46**	**1.43**	**0.93**	**0.74**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*0.83*
Real Assets[1]	**11.0%**	**19.0**	15.0	25.0	**$0.3**	**N/A**	**3.30**	**5.12**	**3.13**	**5.28**	**N/A**	**N/A**	**N/A**	**N/A**
*Blended Custom Benchmark 1Q in Arrears^* [2]						*N/A*	*1.76*	*2.69*	*1.25*	*3.72*	*N/A*	*N/A*	*N/A*	*N/A*
Private Investment[1]	**8.4%**	**10.0**	5.0	15.0	**$0.2**	**N/A**	**15.80**	**37.55**	**16.41**	**48.60**	**N/A**	**N/A**	**N/A**	**N/A**
*Russell 3000 + 250 basis points 1Q in Arrears^*						*N/A*	*7.89*	*58.91*	*18.60*	*27.22*	*N/A*	*N/A*	*N/A*	*N/A*
Private Credit[1]	**0.7%**	**5.0**	0.0	10.0	**$0.0**	**N/A**	**3.74**	**15.81**	**6.71**	**15.82**	**N/A**	**N/A**	**N/A**	**N/A**
*S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears^*						*N/A*	*3.48*	*22.21*	*6.23*	*6.00*	*N/A*	*N/A*	*N/A*	*N/A*
Alternative Investment Fund	**4.5%**	**3.0**	0.0	10.0	**$0.1**	**1.54**	**2.14**	**9.55**	**2.93**	**10.96**	**N/A**	**N/A**	**N/A**	**N/A**
Absolute Return Strategy blended benchmark [3]						*0.28*	*0.85*	*2.64*	*1.07*	*2.92*	*N/A*	*N/A*	*N/A*	*N/A*

[1] Actual performance, reported one quarter in arrears.

[2] A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

[3] A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.

[4] Unofficial Benchmark, for comparison purposes only

AGRICULTURAL COLLEGE FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
Agricultural College Fund	**100.0%**				**$0.7**	**0.32**	**0.24**	**-0.29**	**-2.09**	**0.66**	**4.98**	**3.53**	**3.06**	**3.20**
Policy Benchmark						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.21*
Dynamic Benchmark						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*N/A*
Core Fixed Income	**99.7%**	**100.0**	100.0	100.0	**$0.7**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**3.23**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.29*
Liquidity Fund [1]	**0.3%**				**$0.0**	**0.00**	**0.00**	**0.06**	**0.00**	**0.14**	**1.29**	**1.07**	**0.68**	**0.58**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*0.83*

[1] Operational cash balance and expense accruals

ANDREW C. CLARK FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
Andrew C. Clark Fund					**$1.4**	**0.85**	**2.91**	**11.24**	**2.05**	**13.18**	**7.95**	**7.04**	**5.52**	**5.85**
Policy Benchmark						*0.72*	*2.40*	*9.94*	*1.65*	*11.49*	*7.89*	*6.74*	*5.55*	*5.84*
Dynamic Benchmark						*0.76*	*2.58*	*10.49*	*1.84*	*12.09*	*8.04*	*6.85*	*5.63*	*N/A*
Domestic Equity	**16.9%**	**15.0**	10.0	20.0	**$0.2**	**0.56**	**9.75**	**40.58**	**12.62**	**43.70**	**17.88**	**17.35**	**13.93**	**14.09**
Russell 3000						*0.46*	*9.42*	*40.69*	*12.34*	*43.91*	*18.03*	*17.36*	*13.96*	*14.21*
Developed Markets ISF	**12.2%**	**11.0**	6.0	16.0	**$0.2**	**3.47**	**9.29**	**36.57**	**10.94**	**41.65**	**8.62**	**10.83**	**7.31**	**N/A**
MSCI EAFE IMI Net						*3.07*	*8.76*	*35.20*	*10.19*	*39.41*	*9.50*	*10.99*	*7.54*	*N/A*
Emerging Markets ISF	**4.3%**	**4.0**	0.0	5.0	**$0.1**	**3.05**	**3.35**	**45.62**	**7.03**	**57.43**	**13.05**	**15.05**	**7.95**	**N/A**
MSCI Emerging Markets IMI						*2.34*	*4.03*	*42.60*	*8.29*	*53.32*	*9.55*	*13.61*	*6.65*	*N/A*
Global Equities [1]	**33.4%**	**30.0**	16.0	41.0	**$0.5**	*1.97*	*7.92*	*40.55*	*10.69*	*46.10*	*13.95*	*14.73*	*10.57*	*N/A*
MSCI All Country World Net Index						*1.56*	*8.83*	*37.45*	*10.84*	*41.85*	*13.86*	*14.18*	*9.83*	*N/A*
Core Fixed Income	**64.6%**	**67.0**	57.0	77.0	**$0.9**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**3.23**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.29*
Liquidity Fund	**2.0%**	**3.0**	0.0	4.0	**$0.0**	**0.00**	**0.01**	**0.82**	**0.03**	**0.85**	**3.99**	**3.41**	**2.23**	**1.66**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*0.83*

[1] Unofficial Benchmark, for comparison purposes only

SOLDIERS' SAILORS' & MARINES' FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
Soldiers' Sailors' & Marines Fund					**$90.3**	**0.85**	**2.91**	**11.28**	**2.06**	**13.20**	**7.96**	**7.04**	**5.52**	**5.91**
Policy Benchmark						*0.72*	*2.40*	*9.94*	*1.65*	*11.49*	*7.89*	*6.74*	*5.55*	*5.89*
Dynamic Benchmark						*0.76*	*2.57*	*10.54*	*1.85*	*12.13*	*8.06*	*6.87*	*5.64*	*N/A*
Domestic Equity	**16.6%**	**15.0**	10.0	20.0	**$15.0**	**0.56**	**9.75**	**40.58**	**12.62**	**43.70**	**17.88**	**17.35**	**13.93**	**14.11**
Russell 3000						*0.46*	*9.42*	*40.69*	*12.34*	*43.91*	*18.03*	*17.36*	*13.96*	*14.21*
Developed Markets ISF	**12.3%**	**11.0**	6.0	16.0	**$11.1**	**3.47**	**9.29**	**36.57**	**10.94**	**41.65**	**8.62**	**10.83**	**7.31**	**N/A**
MSCI EAFE IMI Net						*3.07*	*8.76*	*35.20*	*10.19*	*39.41*	*9.50*	*10.99*	*7.54*	*N/A*
Emerging Markets ISF	**4.4%**	**4.0**	0.0	5.0	**$4.0**	**3.05**	**3.35**	**45.62**	**7.03**	**57.43**	**13.05**	**15.05**	**7.95**	**N/A**
MSCI Emerging Markets IMI						*2.34*	*4.03*	*42.60*	*8.29*	*53.32*	*9.55*	*13.61*	*6.65*	*N/A*
Global Equities [1]	**33.3%**	**30.0**	16.0	41.0	**$30.0**	*1.97*	*7.92*	*40.55*	*10.69*	*46.10*	*13.95*	*14.73*	*10.57*	*N/A*
MSCI All Country World Net Index						*1.56*	*8.83*	*37.45*	*10.84*	*41.85*	*13.86*	*14.18*	*9.83*	*N/A*
Core Fixed Income	**64.7%**	**67.0**	57.0	77.0	**$58.4**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**3.23**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.29*
Liquidity Fund	**2.1%**	**3.0**	0.0	4.0	**$1.9**	**0.00**	**0.01**	**0.13**	**0.03**	**0.16**	**1.45**	**1.42**	**0.92**	**0.75**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*0.83*

[1] Unofficial Benchmark, for comparison purposes only

SCHOOL FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
School Fund					**$13.7**	**0.84**	**2.88**	**11.33**	**2.01**	**13.27**	**7.96**	**7.06**	**5.54**	**5.83**
Policy Benchmark						*0.72*	*2.40*	*9.94*	*1.65*	*11.49*	*7.89*	*6.74*	*5.55*	*5.84*
Dynamic Benchmark						*0.76*	*2.54*	*10.59*	*1.80*	*12.19*	*8.05*	*6.87*	*5.65*	*N/A*
Domestic Equity	**16.6%**	**15.0**	10.0	20.0	**$2.3**	**0.56**	**9.75**	**40.58**	**12.62**	**43.70**	**17.88**	**17.35**	**13.93**	**14.11**
Russell 3000						*0.46*	*9.42*	*40.69*	*12.34*	*43.91*	*18.03*	*17.36*	*13.96*	*14.21*
Developed Markets ISF	**12.1%**	**11.0**	6.0	16.0	**$1.7**	**3.47**	**9.29**	**36.57**	**10.94**	**41.65**	**8.62**	**10.83**	**7.31**	**N/A**
MSCI EAFE IMI Net						*3.07*	*8.76*	*35.20*	*10.19*	*39.41*	*9.50*	*10.99*	*7.54*	*N/A*
Emerging Markets ISF	**4.2%**	**4.0**	0.0	5.0	**$0.6**	**3.05**	**3.35**	**45.62**	**7.03**	**57.43**	**13.05**	**15.05**	**7.95**	**N/A**
MSCI Emerging Markets IMI						*2.34*	*4.03*	*42.60*	*8.29*	*53.32*	*9.55*	*13.61*	*6.65*	*N/A*
Global Equities [1]	**33.0%**	**30.0**	16.0	41.0	**$4.5**	*1.97*	*7.92*	*40.55*	*10.69*	*46.10*	*13.95*	*14.73*	*10.57*	*N/A*
MSCI All Country World Net Index						*1.56*	*8.83*	*37.45*	*10.84*	*41.85*	*13.86*	*14.18*	*9.83*	*N/A*
Core Fixed Income	**66.3%**	**67.0**	57.0	77.0	**$9.1**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**3.23**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.29*
Liquidity Fund	**0.7%**	**3.0**	0.0	4.0	**$0.1**	**0.01**	**0.03**	**0.19**	**0.04**	**0.24**	**2.46**	**2.35**	**1.50**	**1.11**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*0.83*

[1] Unofficial Benchmark, for comparison purposes only

IDA EATON COTTON FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
IDA Eaton Cotton Fund					**$3.1**	**0.84**	**2.88**	**11.24**	**2.01**	**13.15**	**7.94**	**7.04**	**5.52**	**5.84**
Policy Benchmark						*0.72*	*2.40*	*9.94*	*1.65*	*11.49*	*7.89*	*6.74*	*5.55*	*5.84*
Dynamic Benchmark						*0.75*	*2.55*	*10.49*	*1.80*	*12.07*	*8.03*	*6.84*	*5.62*	*N/A*
Domestic Equity	**16.7%**	**15.0**	10.0	20.0	**$0.5**	**0.56**	**9.75**	**40.57**	**12.62**	**43.70**	**17.88**	**17.35**	**13.93**	**14.10**
Russell 3000						*0.46*	*9.42*	*40.69*	*12.34*	*43.91*	*18.03*	*17.36*	*13.96*	*14.21*
Developed Markets ISF	**12.1%**	**11.0**	6.0	16.0	**$0.4**	**3.47**	**9.29**	**36.57**	**10.94**	**41.65**	**8.62**	**10.83**	**7.31**	**N/A**
MSCI EAFE IMI Net						*3.07*	*8.76*	*35.20*	*10.19*	*39.41*	*9.50*	*10.99*	*7.54*	*N/A*
Emerging Markets ISF	**4.2%**	**4.0**	0.0	5.0	**$0.1**	**3.05**	**3.35**	**45.62**	**7.03**	**57.43**	**13.05**	**15.05**	**7.95**	**N/A**
MSCI Emerging Markets IMI						*2.34*	*4.03*	*42.60*	*8.29*	*53.32*	*9.55*	*13.61*	*6.65*	*N/A*
Global Equities [1]	**33.0%**	**30.0**	16.0	41.0	**$1.0**	*1.97*	*7.92*	*40.55*	*10.69*	*46.10*	*13.95*	*14.73*	*10.57*	*N/A*
MSCI All Country World Net Index						*1.56*	*8.83*	*37.45*	*10.84*	*41.85*	*13.86*	*14.18*	*9.83*	*N/A*
Core Fixed Income	**64.6%**	**67.0**	57.0	77.0	**$2.0**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**3.23**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.29*
Liquidity Fund	**2.4%**	**3.0**	0.0	4.0	**$0.1**	**0.00**	**0.01**	**0.70**	**0.03**	**0.73**	**4.31**	**3.58**	**2.34**	**1.73**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*0.83*

[1] Unofficial Benchmark, for comparison purposes only

HOPEMEAD FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
Hopemead Fund					**$4.9**	**0.84**	**2.88**	**11.22**	**2.01**	**13.14**	**7.90**	**7.00**	**5.49**	**5.75**
Policy Benchmark						*0.72*	*2.40*	*9.94*	*1.65*	*11.49*	*7.89*	*6.74*	*5.55*	*5.84*
Dynamic Benchmark						*0.75*	*2.55*	*10.49*	*1.80*	*12.07*	*8.00*	*6.82*	*5.60*	*N/A*
Domestic Equity	**16.7%**	**15.0**	10.0	20.0	**$0.8**	**0.56**	**9.75**	**40.58**	**12.62**	**43.70**	**17.88**	**17.35**	**13.93**	**14.09**
Russell 3000						*0.46*	*9.42*	*40.69*	*12.34*	*43.91*	*18.03*	*17.36*	*13.96*	*14.21*
Developed Markets ISF	**12.1%**	**11.0**	6.0	16.0	**$0.6**	**3.47**	**9.29**	**36.57**	**10.94**	**41.65**	**8.62**	**10.83**	**7.31**	**N/A**
MSCI EAFE IMI Net						*3.07*	*8.76*	*35.20*	*10.19*	*39.41*	*9.50*	*10.99*	*7.54*	*N/A*
Emerging Markets ISF	**4.3%**	**4.0**	0.0	5.0	**$0.2**	**3.05**	**3.35**	**45.62**	**7.03**	**57.43**	**13.05**	**15.05**	**7.95**	**N/A**
MSCI Emerging Markets IMI						*2.34*	*4.03*	*42.60*	*8.29*	*53.32*	*9.55*	*13.61*	*6.65*	*N/A*
Global Equities [1]	**33.0%**	**30.0**	16.0	41.0	**$1.6**	*1.97*	*7.92*	*40.55*	*10.69*	*46.10*	*13.95*	*14.73*	*10.57*	*N/A*
MSCI All Country World Net Index						*1.56*	*8.83*	*37.45*	*10.84*	*41.85*	*13.86*	*14.18*	*9.83*	*N/A*
Core Fixed Income	**64.6%**	**67.0**	57.0	77.0	**$3.2**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**3.23**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.29*
Liquidity Fund	**2.4%**	**3.0**	0.0	4.0	**$0.1**	**0.00**	**0.01**	**0.13**	**0.03**	**0.16**	**1.46**	**1.42**	**0.92**	**0.75**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*0.83*

[1] Unofficial Benchmark, for comparison purposes only

ARTS ENDOWMENT FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
Arts Endowment Fund					**$24.2**	**1.48**	**5.47**	**26.38**	**6.69**	**29.99**	**10.48**	**9.06**	**6.94**	**6.89**
Policy Benchmark						*1.21*	*5.17*	*25.40*	*6.35*	*26.93*	*10.23*	*8.62*	*6.87*	*6.97*
Dynamic Benchmark						*1.22*	*5.28*	*25.30*	*6.50*	*28.47*	*10.56*	*N/A*	*N/A*	*N/A*
Domestic Equity	**29.7%**	**28.0**	23.0	33.0	**$7.2**	**0.56**	**9.75**	**40.58**	**12.62**	**43.70**	**17.87**	**17.35**	**13.93**	**N/A**
Russell 3000						*0.46*	*9.42*	*40.69*	*12.34*	*43.91*	*18.03*	*17.36*	*13.96*	*N/A*
Developed Markets ISF	**17.7%**	**17.0**	12.0	22.0	**$4.3**	**3.47**	**9.29**	**36.57**	**10.94**	**41.65**	**8.62**	**10.84**	**7.32**	**N/A**
MSCI EAFE IMI Net						*3.07*	*8.76*	*35.20*	*10.19*	*39.41*	*9.50*	*10.99*	*7.54*	*N/A*
Emerging Markets ISF	**12.2%**	**12.0**	7.0	17.0	**$3.0**	**3.05**	**3.35**	**45.62**	**7.03**	**57.43**	**13.05**	**15.06**	**7.96**	**N/A**
MSCI Emerging Markets IMI						*2.34*	*4.03*	*42.60*	*8.29*	*53.32*	*9.55*	*13.61*	*6.65*	*N/A*
Global Equities [2]	**59.7%**	**57.0**	42.0	72.0	**$14.5**	*1.97*	*7.92*	*40.55*	*10.69*	*46.10*	*13.95*	*14.73*	*10.57*	*N/A*
MSCI All Country World Net Index						*1.56*	*8.83*	*37.45*	*10.84*	*41.85*	*13.86*	*14.18*	*9.83*	*N/A*
Core Fixed Income	**14.7%**	**16.0**	11.0	21.0	**$3.6**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**3.23**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.29*
Emerging Market Debt	**7.4%**	**8.0**	3.0	13.0	**$1.8**	**1.97**	**2.13**	**10.22**	**-1.31**	**12.92**	**N/A**	**N/A**	**N/A**	**N/A**
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						*1.78*	*1.96*	*7.33*	*-1.78*	*9.47*	*N/A*	*N/A*	*N/A*	*N/A*
High Yield	**8.6%**	**9.0**	4.0	14.0	**$2.1**	**0.32**	**1.48**	**15.56**	**2.79**	**16.89**	**N/A**	**N/A**	**N/A**	**N/A**
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						*0.30*	*1.54*	*13.82*	*2.25*	*14.90*	*N/A*	*N/A*	*N/A*	*N/A*
Private Credit[1]	**7.9%**	**9.0**	4.0	14.0	**$1.9**	**N/A**	**3.74**	**15.81**	**6.71**	**15.82**	**N/A**	**N/A**	**N/A**	**N/A**
*S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears^*						*N/A*	*3.48*	*22.21*	*6.23*	*6.00*	*N/A*	*N/A*	*N/A*	*N/A*
Liquidity Fund	**1.8%**	**1.0**	0.0	3.0	**$0.4**	**0.00**	**0.01**	**0.12**	**0.03**	**0.15**	**1.45**	**1.39**	**0.90**	**0.73**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*0.83*

[1] Actual performance, reported one quarter in arrears,

[2] Unofficial Benchmark, for comparison purposes only

POLICEMEN AND FIREMEN SURVIVORS' BENEFIT FUND

Net of All Fees and Expenses
Periods Ending May 31, 2021

Funds / *Benchmark*	Percent Holdings	Policy Weights	Lower Range	Upper Range	Market Value (mil.)	Month	Three Months	Fiscal YTD	Calendar YTD	One Year	Three Year	Five Year	Seven Year	Ten Year
											Compound, annualized returns			
Policemen and Firemen Survivors' Benefit Fund					**$46.5**	**1.78**	**5.83**	**22.70**	**6.75**	**25.94**	**9.75**	**10.00**	**7.72**	**8.05**
Policy Benchmark						*1.25*	*4.64*	*22.89*	*6.38*	*21.95*	*10.11*	*10.15*	*7.72*	*N/A*
Dynamic Benchmark						*1.32*	*4.86*	*22.57*	*6.52*	*23.10*	*10.29*	*10.27*	*7.86*	*N/A*
Domestic Equity	**23.3%**	**20.0**	15.0	25.0	**$10.8**	**0.56**	**9.75**	**40.58**	**12.62**	**43.70**	**17.87**	**17.34**	**13.93**	**14.29**
Russell 3000						*0.46*	*9.42*	*40.69*	*12.34*	*43.91*	*18.03*	*17.36*	*13.96*	*14.21*
Developed Markets ISF	**13.5%**	**11.0**	6.0	16.0	**$6.3**	**3.47**	**9.29**	**36.57**	**10.94**	**41.65**	**8.61**	**10.83**	**7.31**	**N/A**
MSCI EAFE IMI Net						*3.07*	*8.76*	*35.20*	*10.19*	*39.41*	*9.50*	*10.99*	*7.54*	*N/A*
Emerging Markets ISF	**12.6%**	**9.0**	4.0	14.0	**$5.9**	**3.05**	**3.35**	**45.62**	**7.03**	**57.43**	**13.05**	**15.05**	**7.95**	**N/A**
MSCI Emerging Markets IMI						*2.34*	*4.03*	*42.60*	*8.29*	*53.32*	*9.55*	*13.61*	*6.65*	*N/A*
Global Equities [4]	**49.4%**	**40.0**	25.0	55.0	**$23.0**	*1.97*	*7.92*	*40.55*	*10.69*	*46.10*	*13.95*	*14.73*	*10.57*	*N/A*
MSCI All Country World Net Index						*1.56*	*8.83*	*37.45*	*10.84*	*41.85*	*13.86*	*14.18*	*9.83*	*N/A*
Core Fixed Income	**12.4%**	**13.0**	8.0	18.0	**$5.8**	**0.32**	**0.24**	**-0.31**	**-2.09**	**0.63**	**4.93**	**3.49**	**3.02**	**3.29**
Barclays U.S. Aggregate Bond Index						*0.33*	*-0.14*	*-1.03*	*-2.29*	*-0.41*	*5.06*	*3.25*	*3.18*	*3.29*
Emerging Market Debt	**5.2%**	**5.0**	0.0	10.0	**$2.4**	**1.97**	**2.13**	**10.22**	**-1.31**	**12.92**	**3.94**	**5.15**	**2.84**	**3.38**
50% JPM EMBI Global Div / 50% JPM GBI EM Global Div						*1.78*	*1.96*	*7.33*	*-1.78*	*9.47*	*4.83*	*5.10*	*2.72*	*4.05*
High Yield	**6.1%**	**3.0**	0.0	8.0	**$2.8**	**0.32**	**1.48**	**15.56**	**2.79**	**16.89**	**6.65**	**7.19**	**4.84**	**5.80**
Bloomberg Barclays U.S. High Yield 2% Issuer Cap Index						*0.30*	*1.54*	*13.82*	*2.25*	*14.90*	*6.64*	*7.07*	*4.96*	*6.08*
Liquidity Fund	**2.0%**	**2.0**	0.0	3.0	**$1.0**	**0.00**	**0.01**	**0.13**	**0.03**	**0.16**	**1.46**	**1.42**	**0.92**	**0.74**
50% U.S. 3-Month T-Bill / 50% Bloomberg Barclays US Government Treasury 1 to 3 Year Index						*0.05*	*0.06*	*0.14*	*0.05*	*0.17*	*1.70*	*1.44*	*1.09*	*0.83*
Real Assets[1]	**11.1%**	**19.0**	15.0	25.0	**$5.1**	**N/A**	**3.30**	**5.12**	**3.13**	**5.28**	**4.94**	**5.84**	**7.61**	**8.11**
*Blended Custom Benchmark 1Q in Arrears^* [2]						*N/A*	*1.76*	*2.69*	*1.25*	*3.72*	*5.27*	*6.14*	*7.94*	*9.12*
Private Investment[1]	**8.5%**	**10.0**	5.0	15.0	**$4.0**	**N/A**	**15.80**	**37.55**	**16.41**	**48.60**	**19.43**	**16.03**	**15.08**	**N/A**
*Russell 3000 + 250 basis points 1Q in Arrears^*						*N/A*	*7.89*	*58.91*	*18.60*	*27.22*	*18.43*	*17.42*	*14.23*	*N/A*
Private Credit[1]	**0.7%**	**5.0**	0.0	10.0	**$0.3**	**N/A**	**3.74**	**15.81**	**6.71**	**15.82**	**N/A**	**N/A**	**N/A**	**N/A**
*S&P / LSTA Leveraged Loan Index + 150 basis points 1Q in Arrears^*						*N/A*	*3.48*	*22.21*	*6.23*	*6.00*	*N/A*	*N/A*	*N/A*	*N/A*
Alternative Investment Fund	**4.5%**	**3.0**	0.0	10.0	**$2.1**	**1.54**	**2.14**	**9.55**	**2.93**	**10.96**	**3.20**	**4.69**	**2.81**	**N/A**
Absolute Return Strategy blended benchmark [3]						*0.28*	*0.85*	*2.64*	*1.07*	*2.92*	*4.48*	*3.02*	*2.17*	*N/A*

[1] Actual performance, reported one quarter in arrears.

[2] A blended benchmark comprised of the weightings of Real Estate, Infrastructure / Natural Resources and U.S. TIPS as of April 2020.

[3] A blended benchmark comprised of the weightings of each of the investments utilized within the fund of funds vehicle multiplied by their respective benchmarks as of April 2020.

[4] Unofficial Benchmark, for comparison purposes only

SHAWN T. WOODEN
TREASURER

State of Connecticut
Office of the Treasurer

DARRELL V. HILL
DEPUTY TREASURER

July 9, 2021

Members of the Investment Advisory Council ("IAC")

Re: **Aldrich Capital Partners Fund II, LP**

Dear Fellow IAC Member:

At the July 14, 2021 meeting of the IAC, I will present for your consideration a private equity opportunity for the Private Investment Fund ("PIF") in the Connecticut Retirement Plans and Trust Funds (the "CRPTF"): Aldrich Capital Partners Fund II, LP ("Aldrich II" or the "Fund"). The Fund is being raised by Aldrich Capital Partners LLC ("Aldrich"), a private equity firm headquartered in Vienna, VA.

I am considering a commitment of up to $75 million in Aldrich II, a fund that focuses on growth equity investments in lower middle market technology companies located in secondary and tertiary North American markets. Aldrich seeks value creation opportunities by partnering with founder-led technology and tech-enabled services companies to achieve accelerated growth through management and operating enhancements. A Fund commitment would provide the CRPTF with additional exposure to Aldrich's differentiated access to investments in smaller, high growth technology companies.

Attached for your review is the recommendation from Steven Meier, Interim Chief Investment Officer, and the due diligence report prepared by Hamilton Lane. I look forward to our discussion of these materials at the next meeting.

Sincerely,

Shawn T. Wooden
State Treasurer

65 CAPITOL AVE, HARTFORD, CT 06106-1773, TELEPHONE: (860) 702-3000
AN EQUAL OPPORTUNITY EMPLOYER

OFFICE OF THE STATE TREASURER

MEMORANDUM

DECISION

TO: **Shawn T. Wooden, Treasurer**

FROM: **Steven R. Meier, Interim Chief Investment Officer**

CC: **Darrell V. Hill, Deputy Treasurer**
Raynald D. Leveque, Deputy Chief Investment Officer
Mark E. Evans, Principal Investment Officer
Kevin J. Cullinan, Chief Risk Officer

DATE: **June 23, 2021**

SUBJECT: **Aldrich Capital Partners Fund II, LP – Final Due Diligence**

Summary

The purpose of this memorandum is to recommend that the Connecticut Retirement Plans and Trust Funds ("CRPTF") consider a commitment of up to $75 million to Aldrich Capital Partners Fund II, LP ("Aldrich II" or the "Fund"). Aldrich II will make growth equity investments in lower middle market technology companies with a focus on those active in the healthcare information technology, financial technology, and application software markets. The Fund has a target size of $350 million and a hard cap of $450 million. The first closing for Aldrich II was held earlier in June 2021 on approximately $315 million of commitments, and the Fund is expected to have a final close during the third quarter of 2021.

The Fund's general partner (the "GP") and investment manager are affiliates of Aldrich Capital Partners LLC ("Aldrich" or the "Firm"). Aldrich was founded in 2014 by Mirza Baig and Raheel "Raz" Zia, the Firm's Managing Partners. Aldrich is headquartered in Vienna, VA.

Strategic Allocation within the Private Investment Fund

The Fund's growth equity strategy falls under the Corporate Finance allocation of the Private Investment Fund ("PIF"). The Investment Policy Statement ("IPS") establishes target allocation ranges of 70% to 100% to Corporate Finance investments within the PIF portfolio as measured by a percentage of total exposure, defined as market value plus unfunded commitments. The PIF's total exposure to Corporate Finance strategies was approximately 84%, as of March 31, 2021.

The PIF's exposure to growth equity funds was approximately 2% as of March 31, 2021. A Fund commitment would be consistent with the PIF's FY22 strategic pacing plan objective of increasing the PIF's long-term targeted exposure to the growth equity sub-strategy in the range of 10% to 20%. The recommended Aldrich II commitment would represent the CRPTF's second investment with Aldrich and provide the CRPTF with additional exposure to Aldrich's sector expertise with high growth, lower middle market technology and tech-enabled companies.

Firm and Management Team

Aldrich is managed and led by its two founders and Managing Partners, Mirza Baig and Raheel "Raz" Zia (the "Founders"), who launched the Firm in 2014 to leverage their extensive experience as investors in, and operators of, high growth, technology companies. Baig and Zia have known each other for more than two decades, having first met while attending Harvard Business School in the late 1990s. The Founders later worked together on a successful investment in Imaging Advantage, a company that Baig co-founded in 2006 and Zia invested in during 2010.

Prior to co-founding Aldrich, Baig held several executive positions in strategic investment and financial management at AOL Time Warner, including serving as CFO of the eCommerce group, before becoming a serial entrepreneur and investor in several healthcare and technology companies. Before co-founding Aldrich, Zia was a Managing Director in the Principal Investment Area of Goldman, Sachs & Co., where he helped launch the growth equity investing practice. Previously, Zia was an investment professional at Bessemer Ventures and was also the co-founder and CEO of a mobile application software company that was successfully exited via a sale to Houghton-Mifflin.

The Managing Partners are currently supported by more than 30 professionals across Aldrich's investment, portfolio optimization, research, finance, and administration teams. The Founders currently comprise the Firm's investment committee and all investment decisions require the Founders' unanimous approval. In addition to the Founders, the Aldrich investment team is currently comprised of two Vice Presidents, two Associates, and five Senior Analysts and Analysts. Aldrich has hired an additional three Analysts that are scheduled to join the Firm in August 2021.

Aldrich's three-person portfolio optimization team supports the development and implementation of the Aldrich Performance Amplification Playbook ("PA Playbook"), the Firm's proprietary set of operating best practices and guidelines utilized to support each company in scaling operations, accelerating revenue growth, and improving profit margins. Aldrich plans on hiring a Director of Value Creation to join the portfolio optimization team during the second half of 2021.

The Aldrich research team is comprised of 17 full-time researchers, data scientists, and statisticians that are primarily focused on developing, maintaining and enhancing the Firm's proprietary sourcing and analytics engine platform, Predictive Analytics Sourcing Engine ("PASE").

The Founders have established a network of experienced entrepreneurs and executives that serve as Operating Advisors to Aldrich and its portfolio companies. The Operating Advisors are leveraged to enhance Aldrich's sourcing and due diligence efforts as well as to support the execution of the PA Playbook.

The majority of Aldrich's professionals are based out the Firm's headquarters in Vienna, VA. Zia works out of a satellite office in Los Altos, CA. The research team is based in Hyderabad, India but is managed by Aldrich's Vice President of Indian Operations, who is based in the Vienna, VA office.

Investment Strategy and Market Opportunity

Aldrich II will follow the same investment strategy that the Founders have developed and practiced for more than 18 years as investors and operators, including with Aldrich I. Specifically, the Fund will focus on making growth equity investments in lower middle market companies operating in three core technology markets: healthcare information technology; financial technology; and application software. Aldrich seeks to utilize its proven, operationally intensive strategy to support its companies with achieving accelerated growth through management and operating enhancements. Aldrich targets returns of 2.5x to 3.5x gross invested capital per company, which it seeks to generate through by driving revenue and profit growth as well as strategic value creation versus reliance on leverage.

Aldrich believes its targeted markets are particularly attractive due to the long-term, favorable growth dynamics impacting the health care IT, fintech, and application software markets. These macro tail winds include the rapid growth in innovation and demand driven by regulatory and governmental mandates, the expansion of value and performance-based health care, the shift from offline to online purchasing and the attendant growth of digital payments, continued cloud-based services adoption, and further acceptance of mobile based transaction models. The Founders purposefully focus Aldrich's investment strategy on lower middle market companies outside of established tech hubs such as Silicon Valley, Boston, and New York City. The Firm believes smaller, growth stage technology and tech-enabled companies located in secondary and tertiary North American markets present a particularly attractive market opportunity because these markets tend to be underserved by other private equity firms.

Within this rich opportunity set, Aldrich generally seeks to partner with companies that have validated business model viability and demonstrated a compelling customer value-proposition and generate annual revenues between $10 million and $30 million. The Firm is often the first institutional investor in its portfolio companies, which are generally founder-led enterprises that have been bootstrapped or raised small rounds of angel capital before Aldrich's investment.

The GP will seek to invest between $20 million and $50 million per company from the Fund and create a diversified portfolio of 10 to 12 investments. Consistent with Aldrich I, the GP expects the Fund to generate significant co-investment capacity to supplement the equity invested in each company by the Fund. Aldrich generally seeks control positions in each of its companies and most often will structure its investments with priority over other equity investors to provide the Fund with downside protection along with upside participation.

To address the challenges many technology-focused private equity firms face sourcing and performing diligence on smaller growth companies located in secondary and tertiary markets, Aldrich developed its proprietary Predictive Analytics Sourcing Engine platform. The Founders believe PASE provides the Firm with a competitive advantage in covering this highly fragmented and opaque market from a sourcing and diligence perspective. Notably, PASE led to the identification of six of the seven investments currently in the Aldrich I portfolio as well as several add-on investments completed by the Aldrich I companies.

PASE utilizes "big data" analytics to track over 250 variables sourced from public, private and non-traditional data sources and then applies proprietarily developed algorithms to identify the growth indicators of the more promising targets. Aldrich seeks to leverage PASE to identify

potential target companies in advance of other private equity investors or intermediaries. In addition, Aldrich utilizes PASE to develop an understanding of a prospect's business before engaging with the founder or executive team. Aldrich utilizes its proprietary information to not only identify challenges that the entrepreneur may be facing but more importantly to provide possible solutions and the framing of an organic and inorganic growth strategy. Aldrich reports that this capability has proven effective at enhancing its dialogue with entrepreneurs, demonstrating Aldrich's competitive advantage over other potential investors.

Post-acquisition, Aldrich's investment and portfolio optimization teams along with the Firm's Operating Advisors actively engage with each portfolio company to drive revenue growth, margin expansion, and increased strategic value. The Aldrich Performance Amplification Playbook provides demonstrated and replicable methodologies and functional operating frameworks designed to help portfolio companies scale and achieve growth targets. The PA Playbook has been developed to focus on key operating levers to drive the value creation process, which include sales, marketing and growth hacking, customer support and operations, business development, mergers and acquisitions, financial operations, technology and research and development, and talent management. The Aldrich Operating Partners, who are subject matter experts and practitioners in one or more functional areas, assist entrepreneurs with the implementation of the PA Playbook customized for each portfolio company.

Track Record

As of March 31, 2021, Aldrich I had invested $166 million in six portfolio companies, which generated a gross internal rate of return ("IRR") and a total-value-multiple ("TVM") of 39% and 1.9x, respectively. Aldrich I closed one new portfolio company investment in May 2021. Pro forma of this investment, Aldrich I had invested $200 million, and the fund is approximately 86% invested, committed, and reserved. Aldrich I and its co-investors invested a total of $287 million in the seven Aldrich I portfolio companies as of May 2021. Aldrich expects that Aldrich I will make one additional platform investment before being fully committed.

Prior to closing Aldrich I, the Founders completed investments in PhishMe, Lavu, and Woundtech ("Pre-Fund Deals") during 2015 and 2016. The Pre-Fund Deals were funded through a combination of capital from the Founders, co-investors, and prospective limited partners that agreed to provide warehouse financing until Aldrich I was raised. Upon the closing of Aldrich I, Aldrich's share of Lav and Woundtech were transferred to the fund at cost, or approximately $40 million. Aldrich's investment in PhishMe was not contributed to the fund as the company had raised additional capital at a premium to Aldrich's cost before the fund was raised. PhishMe was the smallest of the three Pre-Fund deals but was successfully exited in February 2018 returning more than 3x cost.

Aldrich I had generated a net IRR of 25% and a net TVM of 1.5x through March 31, 2021, as outlined in the following table.

($ US in millions, as of March 31, 2021)

Aldrich Capital Partners Investment Performance Summary													
	Vintage	Fund		Invested	Realized	Unrealized	Total	Gross / Net			Quartile Rank		
Fund	Year	Size	# Deals	Capital	Value	Value	Value	TVM	IRR	DPI	TVM	IRR	DPI
Pre-Fund[1]	-	-	3	$86	$17	$184	$201	2.3x	23%	0.2x	-	-	-
Aldrich I	2017	$256	6	$166	$0	$312	$312	1.9x / 1.5x	39% /25%	0.0x / 0.0x	2nd	2nd	4th

Source: Aldrich, Hamilton Lane Benchmark (North American Growth Equity; Funds Below $500M). Quartile Rank based on net returns.

1. Pre-Fund investment returns are at gross level. A portion of the Pre-Fund invested capital ($40 million) was contributed to Aldrich I.

Aldrich I ranked in the second quartile on an IRR and TVM basis relative to its peers in the Hamilton Lane North American Growth Equity benchmark for vintage year 2017 funds under $500 million in size. The fund's subpar distributed to paid in capital ranking is expected as the fund had not exited any of its investments. PFM investment professionals note that Hamilton Lane's benchmarks for March 31, 2021 had not been released as of the date herein, and, therefore, the quartile rankings in the performance table and referenced above are based on the comparison of Aldrich I's performance as of December 31, 2020 to the Hamilton Lane benchmarks for the same date. As of December 31, 2020, Aldrich I had generated a net IRR of 26% and a net TVM of 1.5x.

The Aldrich I portfolio companies are developing well with significant value creation evident in the fund's five investments held longer than two years, which were marked at an average gross TVM of 2.1x as of March 31, 2021. The impact of the Aldrich PA Playbook is demonstrated by the 22% compounded annual revenue growth rate of the Aldrich I portfolio companies through March 31, 2021, despite some of the challenges presented by COVID-19. Further, all Aldrich I companies are forecasted to growth revenue between 25% and 80% during 2021. Aldrich expects that two of the Aldrich I companies will be optimally positioned for exit in 2022 at significant premiums to current carrying values.

Key Strengths

1. ***Experienced Founding Team.*** Aldrich is led by two Founders with significant experience investing in and leading operational improvements with high growth companies in Aldrich's targeted technology sectors. Prior to Aldrich, Baig co-founded three companies, served as the CFO of AOL's ecommerce group, and was an active investor in, and advisor to, several other tech-enabled companies. Raz Zia was most recently a Managing Director with Goldman Sachs in the Principal Investment Area, where he led several successful growth equity investments, and previously co-founded a technology company. The Founders' investment track record prior to forming Aldrich demonstrates the ability to generate attractive returns with 13 fully realized investments returning 3.3x cost.

2. ***Attractive Market Opportunity & Differentiated Sourcing Model.*** Aldrich has identified an attractive market opportunity generally consisting of founder-led technology and tech-enabled services companies located outside of major tech hubs such as Silicon Valley and Boston. To effectively source and identify attractive investment opportunities in these smaller secondary and tertiary markets, Aldrich developed and maintains its proprietary PASE platform to provide the Firm with competitive sourcing and information advantages over other private equity firms. PASE is also used to develop insights into a prospect's business and potential growth challenges, which allows Aldrich to approach entrepreneurs with an informed view on the company, including a recommended plan for Aldrich to

support the company's growth objectives. The effectiveness of the PASE platform is evidenced by the fact that six of the seven Aldrich I portfolio companies were identified through PASE.

3. ***Growth Oriented, Operational Intensive Strategy.*** The Aldrich investment strategy is focused on supporting the continued growth of smaller, typically founder-led technology companies. The Firm takes a very hands-on, active role with each portfolio company with a goal of creating value by driving revenue growth and increased strategic value. The Aldrich PA Playbook has been developed to allow Aldrich's investment and portfolio optimization professionals, supported by experienced Operating Partners, to bring proven, best practices to improve the operations, infrastructure, and growth trajectory of its portfolio companies. Aldrich's investment strategy also includes little to no reliance on leverage to generate investment returns, which also provides smaller, high growth companies the added financial flexibility to prioritize growth over debt service obligations.

Major Risks and Mitigants

1. ***Unrealized Aldrich I Portfolio.*** As of March 31, 2021, Aldrich had not generated any partial or full realizations from the Aldrich I portfolio. This dynamic could raise concerns with the Firm's ability to realize returns in line with its return objectives. This concern is lessened by the favorable operating developments with each Aldrich I portfolio company as well as the Founders' proven track record of successfully leading prior investments to full realization. The Founders successfully realized Aldrich's investment in PhishMe, one of the Pre-Fund Deals completed in February 2015, through an exit in February 2018 that generated more than 3x cost. In addition, the Founders generated returns of more than 3x cost on 13 fully realized investments made prior to launching Aldrich.

Legal and Regulatory Disclosure (provided by Legal)

Pursuant to its response on Attachment G, Aldrich Capital Partners LLC and its affiliates states that in the last five years it has not been subject to (i) any material lawsuits, legal or administrative proceedings or governmental investigations, criminal actions or law enforcement activities, (ii) any material non-routine SEC inquiries or investigations, or (iii) any material claims under its fidelity, fiduciary or E&O insurance policies. These disclosures conform with the Firm's most recent ADV.

The Firm states that there have been no material changes to its organization or corporate structure in the past two years.

The Firm affirms that it has adequate internal investigation procedures in place.

Compliance Review

The Chief Compliance Officer's Workforce Diversity & Corporate Citizenship review is attached.

Environment, Social & Governance Analysis ("ESG")

The Assistant Treasurer for Corporate Governance & Sustainable Investment's Evaluation and Implementation of Sustainable Principles review is attached.

Comments

COMPLIANCE REVIEW FOR PRIVATE INVESTMENT FUND

SUMMARY OF LEGAL AND POLICY[1] ATTACHMENTS
SUBMITTED BY
ALDRICH CAPITAL PARTNERS LLC

I. Review of Required Legal and Policy Attachments

ALDRICH CAPITAL PARTNERS LLC ("Aldrich") a Virginia-based, minority (Asian-American)-owned firm completed all required legal and policy attachments. It disclosed no impermissible third party fees, campaign contributions, known conflicts, gifts or legal/regulatory proceedings.

II. Workforce Diversity (See Also 3 year Workforce Diversity Snapshot Page Attached)

As of December 2020 Aldrich employed 36, 8 more than the 28 employed in December 2018. No women and 2 minorities are Executive/Senior Level Officials and Managers. Over the last 3 years, 2 women and 1 minority were promoted within the ranks of professionals and mangers.

Commitment and Plans to Further Enhance Diversity

Aldrich values and recognizes the importance of diversity within the firm and its portfolio companies. The firm believes that companies with diverse teams outperform organizations with more homogenous personnel because of the innovation and creativity that different backgrounds and viewpoints bring to decision making. Aldrich has laid out the following diversity and inclusion initiatives across the firm and its portfolio companies:
Senior Leadership: expand opportunities for African-American professionals to attain leadership positions in Aldrich portfolio companies;
Middle Management: launch a 9-month accelerant program designed to train and develop young African-American and Hispanic leaders in portfolio companies;
Entry-level: hire and train at least 100 interns over the next five years from African-American, Hispanic and minority communities at Aldrich and portfolio companies;
Aldrich Team: increase representation of African-American, Hispanic and female professionals within the firm through improved outreach;
Incentive Alignment: compensation to be tied to achieving diverse goals; and
Measure, Monitor and Report: track progress and share with limited partners.

Workforce Statistics

For Executive/Senior Level Officials and Managers:

- Women held 0% (0 of 2) of these positions in all 3 years reported: 2020, 2019 and 2018.
- Minorities held 100% (2 of 2) (100% Asian) of these positions in all 3 years reported: 2020, 2019 and 2018.

At the Management Level overall:

- Women held 0% of these positions in all 3 years reported, as follows: 2020 (0 of 8), 2019 (0 of 7) and 2018 (0 of 5).

[1] The Treasury Unit responsible for reviewing Aldrich's ESG submission will prepare a separate report.

- Minorities held 100% (100% Asian) of these positions in all 3 years reported as follows: 2020 (8 of 8), 2019 (7 of 7) and (5 of 5) 2018.

At the Professional Level:

- Women held 11% (3 of 27) of these positions in 2020, down from 18% (6 of 33) in 2019, and 18% (4 of 22) in 2018.
- Minorities held 81% (22 of 27) (81% Asian) of these positions in 2020, slightly down from 82% (27 of 33) (82% Asian) held in 2019, and 82% (18 of 22) (77% Asian and 5% Black) in 2018.

Company-wide:

- Women held 19% (7 of 36) of these positions in 2020, down from 32% (13 of 41) held in 2019, and 32% (9 of 28) in 2018.
- Minorities held 86% (31 of 36) (83% Asian and 3% Black) of these positions in 2020, slightly up from 85% (35 of 41) (83% Asian and 2.44% Hispanic) held in 2019, and 85.71% (24 of 28) (78.57% Asian and 7.14% Black) in 2018.

III. Corporate Citizenship

***Charitable Giving**:*
Aldrich has historically supported civil rights organizations including, by making donations to social justice and civil rights groups. Over the last three years the firm has sponsored the Minority Student Leadership Program.

Internships/Scholarships:
Aldrich intends to hire and train at least 100 interns over the next five years. It does not offer scholarships at this time.

Procurement:
At present, Aldrich does not have a policy of program to engage diverse businesses.

Evaluation and Implementation of Sustainable Principles (provided by Assistant Treasurer of Corporate Governance and Sustainable Investing Policy)

	Criteria	Responses
1	Firm has an ESG policy	Yes
1a	If yes, firm described its ESG policy	Yes
2	If yes, firm provided examples of ESG factors considered in the decision-making process, explained the financial impact of these ESG factors	Yes
3	Designated staff responsible for sustainability policies and research	No
4	Firm provides training/resources on sustainability issues, explained sources of ESG-related data	No
5	Signatory/member of sustainability-related initiatives or groups	No
6	Policy for evaluating current or prospective relationships with manufacturers or retailers of civilian firearms	No
7	Policy that requires safe and responsible use, ownership or production of guns	No
8	Enhanced screening of manufacturers or retailers of civilian firearms	No
9	Enhanced screening of any industry/sector subject to increased regulatory oversight, potential adverse social and/or environmental impacts	Yes
10	Merchant credit relationships with retailers of civilian firearms and accessories	No
10a	If yes, firm confirms compliance with laws governing firearms sales	N/A
11	Overall assessment of responses (e.g., depth of approach to ESG and integration)	Aldrich's disclosure generally reflected good integration of ESG into its investment process. While the firm is not a member of any sustainability-oriented organizations, it disclosed that its ESG policy is consistent with standards promulgated by the UNPRI and the Private Equity Growth Capital Council's Guidelines for Responsible Investment. While Aldrich cited its plans to appoint "a firmwide ESG leader" to oversee all ESG policies and research, it does not provide ESG training or resources to its staff. The firm does not have a policy on investments in civilian firearms manufacturers or retailers, given that it has no exposure to this sector.
	SCORE: Excellent - 1 Detailed description of ESG philosophy and integration; ongoing ESG assessment; established framework; member of sustainability-oriented organizations; enhanced screening of firearms and/or higher-risk sectors Very Good - 2 Detailed description of ESG philosophy and integration; ongoing ESG assessment; established framework; member of sustainability-oriented+B3 organizations Satisfactory - 3 General description of ESG philosophy and integration; some evidence of framework for ongoing ESG assessment; member of sustainability-oriented organizations Needs Improvement - 4 Generic and/or vague description of ESG philosophy and integration; no ongoing ESG assessment; no dedicated ESG staff or resources Poor - 5 Incomplete or non-responsive	4

Hamilton Lane

Aldrich Capital Partners Fund II, LP

Recommendation Report

June 2021

Important Disclosures

All information contained within this report has been gathered from sources believed to be reliable, including but not limited to the general partner(s), other industry participants and the Hamilton Lane Investment Database, but its accuracy cannot be guaranteed.

The information contained in this report may include forward-looking statements regarding the fund presented or its portfolio companies. Forward-looking statements include a number of risks, uncertainties and other factors beyond the control of the fund or the portfolio companies, which may result in material differences in actual results, performance or other expectations. The opinions, estimates and analyses reflect our current judgment, which may change in the future.

The past performance information contained in this report is not necessarily indicative of future results and there is no assurance that the fund will achieve comparable results or that it will be able to implement its investment strategy or achieve its investment objectives. The actual realized value of currently unrealized investments will depend on a variety of factors, including future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the current unrealized valuations are based.

Any tables, graphs or charts relating to past performance included in this report are intended only to illustrate the performance of the fund or the portfolio companies referred to for the historical periods shown. Such tables, graphs and charts are not intended to predict future performance and should not be used as the basis for an investment decision.

By accepting receipt of this investment report and in consideration of access to the information contained herein (together with the investment report, the “Confidential Information”), the recipient agrees to maintain the strict confidentiality of any and all Confidential Information in accordance with the terms of this paragraph. The recipient acknowledges that (i) the Confidential Information constitutes proprietary trade secrets, and (ii) disclosure of any Confidential Information may cause significant harm to Hamilton Lane Advisors, L.L.C. (“Hamilton Lane”), its affiliates or any of their respective businesses. Unless otherwise required by law, the recipient shall not disclose any Confidential Information to any third party. If required by law to disclose any Confidential Information, the recipient shall provide Hamilton Lane with prompt written notice of such requirement prior to any such disclosure so that Hamilton Lane may seek a protective order or other appropriate remedy. Prior to making any disclosure of any Confidential Information required by law, the recipient shall use its reasonable best efforts to claim any potential exemption to such requirement and otherwise shall limit disclosure only to such information that is necessary to comply with such requirement.

The calculations contained in this document are made by Hamilton Lane based on information provided by the general partner (e.g. cash flows and valuations), and have not been prepared, reviewed or approved by the general partner.

Stacked bar charts or pie charts presented in the Strategy section in this report may not equate to 100% per the data labels on the charts due to rounding; however, all stacked bar charts and pie charts equate to 100% using exact proportions.

Table of Contents

	Page #
• Executive Summary & Recommendation	3
• General Partner	9
• Investment Strategy	14
• Track Record	18
• Environmental, Social & Governance	21
• CRPTF Portfolio Fit	22
• Appendix	23

Fund Information

Organization Overview

General Partner:

Aldrich Capital Partners LLC ("General Partner"), ("Aldrich")

Firm Inception:

2014

Team:

11 investment professionals

Senior Partners:

Raheel ("Raz") Zia and Mirza Baig

Locations:

Vienna, VA (headquarters); Los Altos, CA and Hyderabad, India

Fund Overview

Fund:

Aldrich Capital Partners Fund II, LP ("Fund")

Target Size/Hard Cap:

$350 million/not provided

Asset Class:

Private equity

Strategy:

Corporate finance/buyout

Substrategy:

Small buyout

Geography:

North America

Industries:

Information technology

Portfolio Construction

Enterprise Values:

$25 million to $85 million

Equity Investments:

$20 million to $50 million

Target Number of Investments:

10 to 12

Max Single Investment Exposure:

20%

Expected Hold Period Per Investment:

3 to 5 years

Target Returns:

2.5x to 3.5x gross multiple; 30% gross IRR

Executive Summary (cont.)

Net Performance and Benchmarks

Aldrich Capital Partners LLC Prior Investment Performance[1] As of 3/31/21								HL Benchmark Small Buyout As of 12/31/20			PME Benchmark MSCI USA Small Cap As of 3/31/21	J-Curve Benchmark Small Buyout As of 3/31/21
($mm) Fund	Vintage	Fund Size	% Drawn[2]	DPI	TVPI	Net IRR	Quarters to Break J-Curve	Spread vs. Top-Quartile			Spread vs. PME	Comparison to Peers (quarters)
								DPI	TVPI	Net IRR		
Fund I	2017	$256	85%	0.0x	1.5x	25.1%	1	-0.3x	0.0x	+112 bps	-67 bps	4 earlier

Fundraise Update

- First close expected on 6/9/21 on approximately $350 million of capital commitments
- Final close expected in late July 2021
- Aldrich intends to activate the Fund in August 2021

[1] Capital Drawn, Capital Distributed and NAV are calculated from the cash flows of fee-paying limited partners and excludes any cash flows from the General Partner's commitment
[2] Percent drawn provided by the General Partner as of May 2021 and estimated to be between 85% and 90%
Note: Peer J-Curve benchmark is calculated as of 12/31/20 by taking the median IRR of small buyout funds of similar vintages in Hamilton Lane's database at each quarter, which are simulated as investing at the same point of time

Executive Summary (cont.)

Key Terms[1]

Term	Summary
Investment Period	5 years
Fund Term	10 years; + 2 one-year extensions with advisory board approval
GP Commitment	2.0% (up to $8 million)
Management Fee	2.0% of aggregate commitments stepping down to 2.0% of net invested capital during the post-investment period
Fee Discount	None
Fee Offset	80%; 100% upon receiving $1 million in annual fees or $5 million in aggregate fees
Organization Expenses	$2 million
Carry/Preferred Return	20%/8%; full return of contributions
GP Catch-up	n/a
Clawback	Yes

[1] Refers to the terms proposed by the General Partner as of April 2021; terms are subject to change during fundraising

Executive Summary (cont.)

Investment Thesis

Seasoned senior leadership supported by dedicated functional resources	• Aldrich is led by Managing Partners Raz Zia and Mirza Baig, who have extensive expertise investing in and operating businesses within the technology sector • Messrs. Zia and Baig are supported by the General Partner's dedicated sourcing, investment and value creation teams comprised of experienced professionals that provide significant industry insight and augment investment capabilities
Hands-on investor focused on technology opportunities within underserved regions	• Aldrich targets companies within the healthcare IT, FinTech and application software verticals that are located outside of the traditional technology scope of Silicon Valley, Boston and New York and display attractive growth potential • The General Partner is positioned as a hands-on investor given its focus on control positions, operational expertise within the industry and dedicated value-add resources
Strong performance to date, albeit early and unrealized	• The Fund I portfolio experienced an immediate mark-up having warehoused portions of two Pre-Fund investments, which were subsequently transferred into the Fund at higher valuations • Although the existing portfolio is largely unrealized, Fund I remains early in its development and all current investments were held at or above cost as of 3/31/21

Executive Summary (cont.)

Investment Considerations

The General Partner will maintain cohesion across offices as the organization continues to grow	• Aldrich employs 36 professionals across its Vienna, VA headquarters and Los Altos, CA and Hyderabad, India offices, leading to concerns around firm cohesion • The General Partner facilitates collaboration across offices by ensuring each location plays a role in the investment and diligence process for every company • In addition, Messrs. Zia and Baig have experience working across several geographies and visit each office multiple times annually
Aldrich will consistently capture attractive opportunities in its target market	• Aldrich avoids competition by targeting companies in secondary and tertiary geographies within the U.S. and may face increased competition from established technology investors expanding their sourcing strategies in the Fund's target space • The General Partner takes a partnership approach to backing businesses where management rolls meaningful equity and are aligned with the value creation plan • Aldrich also benefits from its data-driven sourcing engine, which identifies direct opportunities in niche areas of the market and currently drives most of the deal flow
The General Partner will generate outperformance while adequately deploying commitments in Fund II	• The General Partner experienced a slowdown in investment activity in 2020, leading to concerns around deployment capabilities as it seeks to deploy a meaningfully larger fund • Aldrich plans to write larger checks and expand the number of companies it invests in Fund II as compared to Fund I • Since 2020, Aldrich has invested in two additional companies and expects to invest in one other deal in Fund I in the near term

Recommendation

Based on the analysis and information presented herein, Hamilton Lane believes that a commitment to Aldrich Capital Partners Fund II, LP works towards achieving the goals set forth for the Connecticut Retirement Plans and Trust Funds. A commitment to the Fund will maintain a relationship with a high-quality General Partner. Taking into account the investment strategy and portfolio diversification objectives of the Private Investment Fund, Hamilton Lane recommends a commitment to the Fund.

General Partner

Cohesive senior leadership with deep investment and operational expertise	• The investment team is led by Messrs. Zia and Baig, who have known each other for over 23 years and possess an average of 25 years of industry experience • Messrs. Zia and Baig's investment and operational expertise within the technology sector positions Aldrich as a knowledgeable investor in the lower-middle market technology space
Investment capabilities supported by dedicated functional teams and industry networks	• The General Partner's investment team is supported by a dedicated Research Team and Portfolio Optimization Team that focuses on managing its direct sourcing engine and implementing value creation initiatives, respectively • Aldrich also benefits from its network of Operating Advisors who have significant operating backgrounds within the technology sector and assist with diligence and value-add efforts
Focus on internal development, diversity and the balanced distribution of economics drive retention	• The General Partner plans to prioritize the advancement and development of its junior-level resources going forward having established an extensive onboarding training program as well as periodic trainings for existing professionals • Aldrich is a minority-owned firm and is actively focused on implementing initiatives to increase the diversity of its employee base and at the portfolio company level • The General Partner distributes carried interest down to the Vice President level

General Partner (cont.)

- The General Partner was founded in 2014 by Managing Partners Raz Zia and Mirza Baig, who continue to lead the firm today
  - Aldrich focuses on investing in lower-middle market opportunities within the technology sector across North America
- Prior to forming the General Partner, Messrs. Zia and Baig held investment and entrepreneurial roles that contributed to their knowledge within Aldrich's target market
  - Mr. Zia was previously a Managing Director at Goldman Sachs & Co., where he helped launch the growth equity platform
  - Mr. Baig founded several healthcare and technology companies and also held executive positions managing finance & strategic investments for AOL Time Warner
- Aldrich focuses on its sole product line and employs 36 professionals across its Vienna, VA headquarters, Los Altos, CA and Hyderabad, India offices

Snapshot:

Inception/Founders:
2014/Raz Zia and Mirza Baig

AUM:[1]
$502 million

Management Company:
Private

Headcount:
11 investment professionals and 25 other employees

Locations:
Vienna, VA (headquarters); Los Altos, CA and Hyderabad, India

Strategies/Product Lines:
Corporate finance/buyout

Current Leadership:
Raz Zia and Mirza Baig

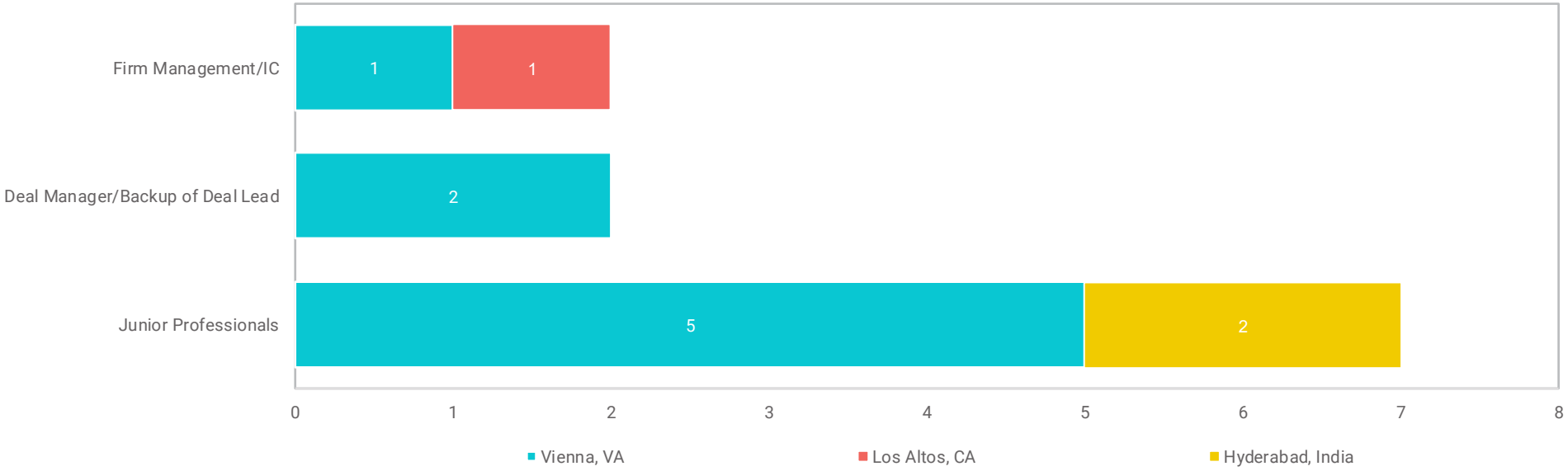
[1] As provided by the General Partner as of 12/31/20

General Partner (cont.)

- The investment team is distributed across the General Partner's three offices, with the majority of the team located in the firm's headquarters in Vienna, VA
  - Mr. Zai helps manage the firm from its Los Altos, CA location
  - The General Partner facilitates collaboration geographically by involving professionals in different offices at each stage of the investment and diligence process
  - Mr. Zai meets with the broader team at least four times annually and team members in Hyderabad, India usually visit Aldrich's headquarters two to three times per year

Investment Team by Role/Region[1]

As of May 2021



[1] Includes two junior professionals who split their time between the General Partner's Vienna, VA and Hyderabad, India locations

General Partner (cont.)

- Senior members of the investment team possess significant knowledge within the Aldrich target market, averaging approximately 19 years of experience in the space
  - Prior to forming the General Partner, Messrs. Zia and Baig developed meaningful industry expertise and networks as investors and company operators
- Messrs. Zia and Baig also display cohesion having known each other for over 23 years after initially attending Harvard Business School together
  - Mr. Baig co-founded Imaging Advantage in 2006, an evidence-based radiology service company; in 2010, Mr. Zia led an investment in the company and joined the board of directors
- Messrs. Zia and Baig comprise the investment committee and meet weekly to review opportunities
  - Messrs. Zia and Baig both represent ethnic minorities
  - Unanimous agreement is required for an investment to be approved
- Aldrich values the development and advancement of its professionals
- Aldrich also values the diversity of its professionals and has established specific goals to recruit diversity at each level of the organization as well as at the portfolio company level

Name	Title	Location	Tot. Exp. (yrs.)	Tenure (yrs.)	2011	2012	2013	2014	2015	2016	Fund I	2018	2019	2020	2021
Raheel ("Raz") Zia[1]	Managing Partner	Los Altos, CA	25	6											
Mirza Baig[1]	Managing Partner	Vienna, VA	24	6											
Ajmal Sheikh	Vice President	Vienna, VA	15	2											
Edward Chung	Vice President	Vienna, VA	12	2											

= Tenure with Aldrich Capital Partners LLC
= Total Experience

[1] Denotes members of the investment committee

General Partner (cont.)

- Aldrich has built two functional teams to support the investment team with direct sourcing and post-investment value creation initiatives
  - The Research Team is comprised of 17 full-time data scientists, statisticians, developers, programmers and analysts who focus on managing and developing Aldrich's Proprietary Analytics and Sourcing Engine ("PASE")
    - The Research Team is primarily located in Hyderabad, India
  - The Portfolio Optimization Team collaborates with the investment team to develop and implement value creation plans and provide legal and talent management resources to help portfolio companies further scale
    - The Portfolio Optimization Team comprises professionals from both the Vienna, VA and Hyderabad, India offices
    - The General Partner plans to hire a Director of Value Creation and a talent management professional in 2H 2021
- Aldrich is further supported by a group of seasoned technology executives that serve as advisors to the firm and its portfolio companies

Managing Partners
Raheel ("Raz") Zia & Mirza Baig

Portfolio Optimization Team	Research Team
Samba Rao	**Abdul Mateen**
Senior Director of Value Creation	Vice President of India Operations
Ganga Balaji	**Vijay Rowtula**
Human Resources/Legal	Chief Data Scientist
Jaleel Aijaz	**Arshiya Farheen**
Talent Management	Manager
	PASE Team
	14 Members[1]

[1] The PASE team is comprised of 14 data scientists, engineers an UI/UX designers

Investment Strategy

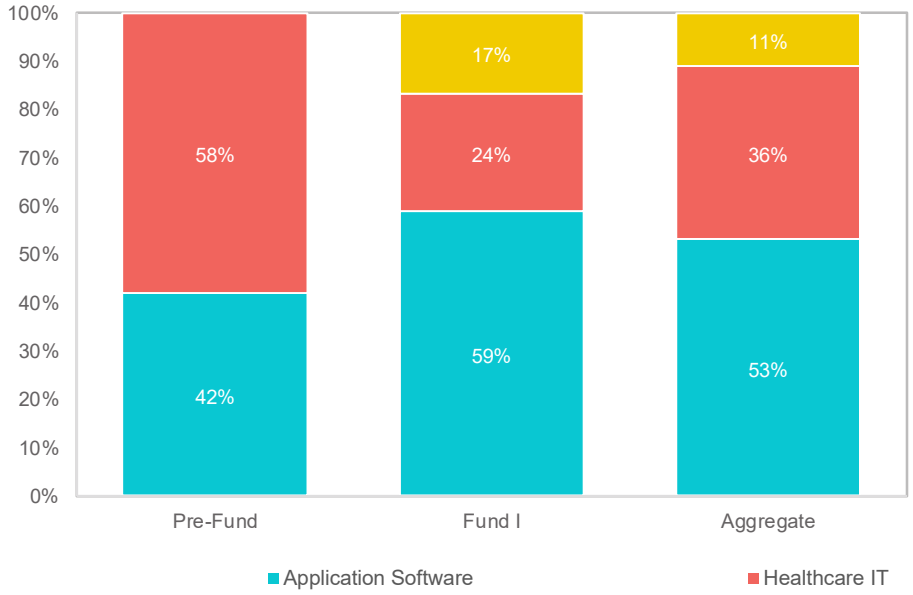
Thematic approach across three core verticals within the lower-middle market	• Consistent with Messrs. Zia and Baig's expertise, Aldrich targets healthcare IT, FinTech and application software opportunities within the lower-middle market • The General Partner employs a thematic approach, pursuing companies with proven business models that are in line with emerging technology trends
Direct sourcing engine drives differentiated deal flow within underserved geographies	• Aldrich's existing industry relationships are augmented by its internal sourcing engine, which uses a data-driven approach to identify companies that align with its strategy and possess growth qualities • The General Partner targets technology opportunities outside of the scope of Silicon Valley, Boston and New York, enabling it to reach companies early and operate outside of competitive processes
Control positions and operating expertise augment hands-on value creation strategy	• Aldrich targets majority positions, which allow it to work closely with management teams to implement post-investment value creation initiatives • The General Partner targets companies with healthy balance sheets and expects to create value without using leverage • Aldrich's operating expertise positions it to scale and professionalize businesses within its target market

Investment Strategy (cont.)

- The General Partner targets technology companies operating within the healthcare IT, FinTech and application software sectors
  - Within healthcare IT, Aldrich primarily seeks businesses focused on remote patient monitoring, chronic care management, clinical data management, biopharma informatics AI, medication adherence & hub services and clinical trial digitization
  - The General Partner currently targets investment themes within FinTech that include banking-as-a-service, working capital automation, lending management systems, accounting tech and payment facilitators
  - Within application software, Aldrich is focused on themes such as intelligent document processing, business process management, low-code/no-code development platforms and robotic process automation
- The General Partner specifically seeks businesses with subscription- or transaction-based pricing models

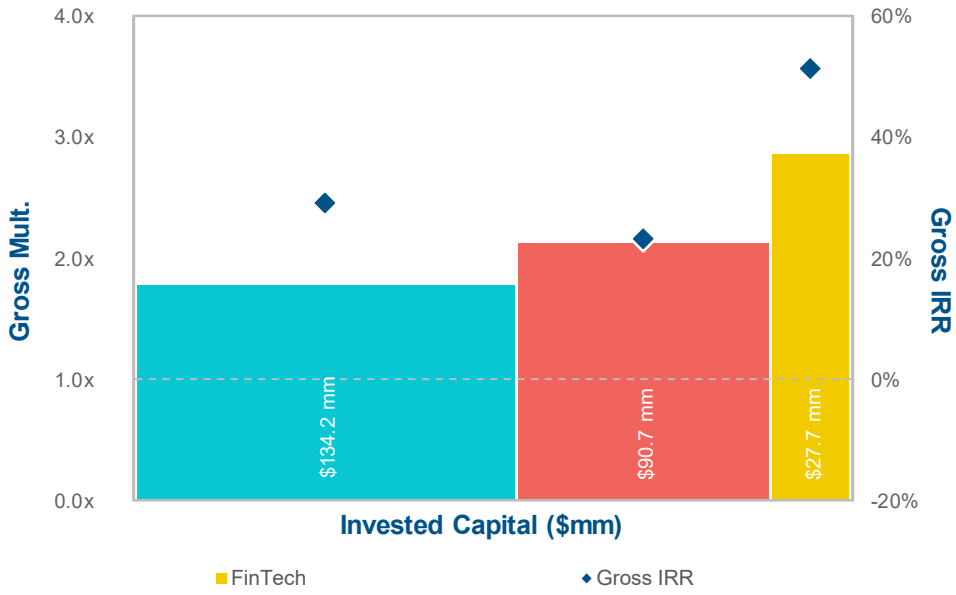
Prior Investments - % by Sector

As of 3/31/21



Aggregate Performance – by Sector

As of 3/31/21



Investment Strategy (cont.)

- Aldrich invests in technology companies operating in secondary and tertiary markets where it has built significant networks and can benefit from less institutional competition
- The General Partner intends to primarily structure investments in the form of senior preferred equity, enabling it to participate in potential upside while providing downside protection
  - Aldrich generally seeks protections such as anti-dilution rights, registration rights, right of first refusal, vetoes on certain corporate actions and redemption rights
- The General Partner targets companies with enterprise values between $25 million and $85 million, representing a modest step-up from prior funds
- The General Partner plans to invest between $20 million and $50 million per deal and target 10 to 12 investments, representing a slight step-up compared to prior funds
- Aldrich has developed its own analytics engine, PASE, to help the investment team source opportunities by identifying high-quality targets and providing market intelligence
  - PASE tracks over 290 variables across more than 200,000 companies within the General Partner's target sectors and provides real-time data and analytics, which is used to prioritize opportunities based on pre-determined factors that Aldrich believes are indicative of company growth
  - PASE allows the General Partner to quickly identify emerging trends within its target market and it often serves as the first source of institutional capital for companies
- Aldrich intends to acquire businesses at attractive purchase multiples in the Fund, avoiding competitive processes to maintain attractive entry pricing dynamics
  - The General Partner has been able to secure attractive purchase prices relative to industry comparables due to its sourcing engine, which enables Aldrich to identify and negotiate deals ahead of standard auction processes

Investment Strategy (cont.)

- Aldrich seeks to provide controlling interests in companies where the founder or senior team members are rolling meaningful ownership, enabling the General Partner to work collaboratively with management teams on aligned goals
  - The General Partner seeks to secure a role as a member of the board of directors of each company, which allows Aldrich to play a large role in future value creation initiatives
  - Aldrich will consider minority interests in instances where it can negotiate significant shareholder protective provisions
- The General Partner has developed a hands-on value creation approach known as the Performance Amplification Playbook ("PA Playbook"), which is comprised of operating best practices and guidelines for technology companies
- Aldrich primarily seeks to drive value by focusing on areas such as sales, marketing, customer support & operations, business development, add-on acquisitions, financial operations, research & development, talent management and diversity
- The General Partner establishes a 100-day value creation plan for a company prior to the initial investment, leveraging its Operating Advisors throughout the process

Track Record

Strong early performance in Fund I	• Fund I has generated attractive performance on a TVPI and net IRR basis • Fund I experienced an early mark-up having warehoused two Pre-Fund investments and transferring them into the fund at modest mark-ups, mitigating any initial impacts of the J-Curve
Healthy, growing unrealized portfolio	• The Fund I portfolio is early in its development, with an average hold period of 2.5 years, but is performing well to date given all companies are on or ahead of plan • The General Partner has maintained a healthy portfolio with all investments held at or above cost as of 3/31/21
Increased deployment expected to support step-up in fund size	• As of 3/31/21, the General Partner had a robust actionable pipeline • Since 2020, Aldrich has invested in two additional Fund I companies and expects to make one more Fund I investment by the end of 2021
Strong preservation of capital to date	• The General Partner has not written off any investments to date • As of 3/31/21, 60% of invested capital had generated above a 2.0x gross multiple

Track Record (cont.)

- Aldrich has generated attractive performance on a TVPI and net IRR basis in Fund I
  - Fund I has an average hold period of 2.5 years and continues to develop
  - As provided by the General Partner, Fund I was approximately 85% to 90% drawn at the end of May 2021 following the close of one investment in May 2021

Aldrich Capital Partners LLC Prior Investment Performance[1] As of 3/31/21									HL Benchmark Small Buyout As of 12/31/20			PME Benchmark MSCI USA Small Cap As of 3/31/21
($mm)									Top-Quartile			
Fund	Vintage	Fund Size	Capital Drawn	Capital Distributed	NAV	DPI	TVPI	Net IRR	DPI	TVPI	Net IRR	PME IRR
Fund I	2017	$256	$137.1	$0.0	$210.8	0.0x	1.5x	25.1%	0.3x	1.5x	23.9%	25.7%

[1] Capital Drawn, Capital Distributed and NAV are calculated from the cash flows of fee-paying limited partners and excludes any cash flows from the General Partner's commitment

Track Record (cont.)

- Aldrich has generated strong gross performance in Pre-Fund and Fund I
- The unrealized portfolio is tracking well with all investments held at or above cost as of 3/31/21

Aldrich Capital Partners LLC
Prior Investment Performance
As of 3/31/21

($mm) Fund	Vintage	# of Inv.		Fund Size	Amount Invested	Amount Realized	Unrealized Value	Gross Mult.	Gross IRR
		Total	Real.						
Pre-Fund	2015	3	1	n/a	$86.3	$17.4	$183.6	2.3x	22.6%
Fund I	2017	6	0	$256	166.3	0.0	312.3	1.9x	38.5%
Total		**9**	**1**		**$252.6**	**$17.4**	**$495.9**	**2.0x**	**28.3%**

Aldrich Capital Partners LLC
Realized Investment Performance
As of 3/31/21

($mm) Fund	Amount Invested	Amount Realized	Unrealized Value	Gross Mult.	Gross IRR
Pre-Fund	$5.0	$17.4	$0.0	3.5x	50.9%
Fund I	0.0	0.0	0.0	n/a	n/a
Total	**$5.0**	**$17.4**	**$0.0**	**3.5x**	**50.9%**

Aldrich Capital Partners LLC
Unrealized Investment Performance
As of 3/31/21

($mm) Fund	Amount Invested	Amount Realized	Unrealized Value	Gross Mult.	Gross IRR
Pre-Fund	$81.3	$0.0	$183.6	2.3x	20.5%
Fund I	166.3	0.0	312.3	1.9x	38.5%
Total	**$247.6**	**$0.0**	**$495.9**	**2.0x**	**27.1%**

Environmental, Social & Governance

- The General Partner is not a signatory to Principles of Responsible Investment ("PRI"); however, it has developed an internal ESG policy that is based on guidelines that are consistent with both PRI and the Private Equity Growth Capital Council Guidelines for Responsible Investment
- While Aldrich does not have a dedicated ESG professional at this time, Mr. Zia is primarily responsible for encouraging the adoption of best practices around ESG policies and is supported by Vice President of Finance Jonathan Hui
- The General Partner is a minority-owned firm and values the diversity of its employee base; Aldrich is focused on increasing diversity at each level of the organization through its recruiting process and has designed its diversity & inclusion initiatives based on best practices and the team's personal experiences
- The General Partner's target market naturally limits its exposure to ESG-related risks; however, Aldrich has placed an emphasis on social risks when evaluating investment opportunities and has made it a priority to develop employee benefits packages at all portfolio companies; the General Partner is particularly focused on securing employee healthcare, benefits, training and support & welfare at each company

ESG Summary

ESG Policy	Yes
ESG-Dedicated Professionals	Firmwide ESG initiatives led by Raz Zia and Jonathan Hui
Signatories	None
Environmental Focus	None
Diversity	11% Female/89% Male (all employees) 100% minority in decision-making and ownership 86% of professionals are minorities and/or women
ESG in Due Diligence Process	Included in standard due diligence of all new investments

Integration in Decision Making	Any material ESG-related risks are disclosed to the IC initially
ESG Focus – Planning	ESG factors are included in Aldrich's 100-day value creation plans
Monitoring	Frequently monitors adherence of ESG matters through board positions and conducts formal annual reviews with management teams
Reporting	Reports ESG-related updates to LPs at its annual meeting
Requirements of Portfolio Companies	Aldrich requires all portfolio companies to implement diversity & inclusion initiatives as well as employee compensation and benefits

CRPTF Portfolio Fit

Portfolio Fit

Based on the analysis and information presented herein, Aldrich Capital Partners Fund II, LP ("the Fund") meets the criteria and guidelines set forth in the CRPTF's Investment Policy Statement. The Fund would be considered a fiscal year 2022 commitment to the Small Buyout portfolio within the Private Investment Fund. As of December 31, 2020, CRPTF's investments in Small Buyouts represented 13% of Private Investment Fund exposure[1] and has generated a net IRR of 15.2%. Inclusive of CRPTF's investments approved after December 31, 2020, Small Buyout exposure increased to 14% following a commitment of up to $75 million to the Fund.

Exposure Analysis	CRPTF Current Exposure[1]	IRR	CRPTF Pro Forma Exposure
Strategy			
Small Buyout	13%	15.2%	14%

[1] As a percentage of total exposure, equal to net asset value plus unfunded commitments, as of December 31, 2020

Appendices

Team Bios

Experience of Investment Professionals						
Name	**Title**	**Location**	**Tot. Exp. (yrs.)**	**Tenure (yrs.)**	**Prior Experience**	**Educational Background**
Raheel ("Raz") Zia	Managing Partner	Los Altos, CA	25	6	• Goldman Sachs, Managing Director • Bessemer Venture Partners, Associate • Knumi, CEO	• Harvard Business School (MBA) • Kings College London (MSc) • The University of Manchester (BEng)
Mirza Baig	Managing Partner	Vienna, VA	24	6	• Imaging Advantage, Co-founder & CFO • Legal Advantage, Co-founder • AOL, Executive Director	• Harvard Business School (MBA) • Cornell University (BA)
Ajmal Sheikh	Vice President	Vienna, VA	15	2	• Education Growth Partners, Vice President • Nortec Software, Co-founder • UBS Investment Bank, Associate Director	• Harvard Business School (MBA) • New York University (BSc)
Edward Chung	Vice President	Vienna, VA	12	2	• The Beekman Group, Senior Associate • Providence Service Corporation, Strategy Analyst • Signal Hill Capital, Financial Analyst	• University of Pennsylvania (MBA) • University of Virginia (BSc)
Brandon Nestor	Associate	Vienna, VA	5	4	• First Capital Real Estate Advisors, Analyst	• George Mason University (BS)
Matt Lowen	Associate	Vienna, VA	5	3	• Cargo Sense, Analyst • Bodega Lagarde, Consultant	• University of Virginia (BS)

Definitions

Benchmark Analysis:	An analysis that compares the net IRR of the prior funds to the top-quartile net IRR benchmarks for similar funds (based on strategy and vintage) as reported by the Hamilton Lane database. The benchmark data shown is the most recent data available at this time
DPI:	Distributed-to-Paid In = (Amount of Distributions Received)/(Total Amount of Capital Paid-In)
ESG:	Environmental, Social and Governance
Gross IRR:	Internal Rate of Return ("IRR") of investments at the "fund level," excludes fees paid by LPs to the General Partner such as management fees and carried interest. For investments held less than one year, Hamilton Lane nominalizes the IRR to match the hold period of the investment in order to represent a more meaningful number
Investment Pacing:	An analysis of the total capital invested during the given years. Includes all prior investments, realized or unrealized
J-Curve Benchmark:	Peer (median by age) is calculated by taking the median IRR of similar funds (based on strategy and vintage) in Hamilton Lane's database at each quarter, which are simulated as investing at the same point in time. The length of time to break the J-Curve is calculated from inception to the first time each fund generated a positive net IRR
Loss Ratio Analysis:	An analysis of the capital invested in realized transactions generating different multiples of invested capital
Net IRR:	Annualized Internal Rate of Return ("IRR") of investments at the LP level inclusive of fees such as management fees and carried interest paid to the General Partner
Net Returns to Limited Partners:	The performance of the General Partner's prior investment vehicles at the net LP level, inclusive of all fees, carried interest and expenses. Performance data is as reported by the General Partner using actual capital contributions, distributions and net asset value for either all limited partners, or a sample set of limited partners, in the respective funds
Outlier Analysis:	An analysis of the gross returns of investments in prior funds, comparing overall performance against the performance when certain 'outlier' transactions are excluded. Outliers are defined as transactions that generate exceptionally positive or negative results
PME Analysis:	Calculated by taking the fund's monthly cash flows and investing them in the relevant Total Return Index (where all dividends are re-invested). Contributions were scaled by a factor such that the ending portfolio balance would be equal to the private equity net asset value (equal ending exposures for both portfolios). This prevents shorting of the public market equivalent portfolio in order to match the performance of an outperforming private equity portfolio. Distributions were not scaled by this factor. The IRRs were then calculated based on these adjusted cash flows. The selected PME represents the most relevant public market benchmark
Realized Attribution Analysis:	Analysis of the capital invested in, and performance of, the prior realized transactions according to the criteria indicated
Realized Investments:	Hamilton Lane classifies investments as "realized" if it has: i) an unrealized value of less than 20% of the total value; ii) a carrying value that has been written to zero or has been previously written-off; or iii) been fully exited and the GP has no remaining interest in the company
RVPI:	Remaining Value-to-Paid In = (Current Net Asset Value)/(Total Amount of Capital Paid-In)
TVPI:	Total Value-to-Paid In = (Amount of Distributions Received + Current Net Asset Value)/(Total Amount of Capital Paid-In)

Definitions (cont.)

Time-Zero IRR:	Represents the gross IRR calculated as if every investment were initiated on the same date
Write-Down Ratio:	The ratio of capital invested in realized investments that have been sold for a value that is less than 1.0x their original cost basis, divided by the total capital invested in all realized investments
Write-Off Ratio:	The ratio of capital invested in realized investments that have been sold for a value that is less than 0.5x their original cost basis, divided by the total capital invested in all realized investments

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ALDRICH
CAPITAL PARTNERS

Active Investment
Passionate Partnerships

Firm Overview | June 2021

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See "Aldrich Investment Performance Endnotes" in the "Track Record and Other Investment Experience" section and "Disclosures" in the "Appendices" section in this presentation for additional information, including important information regarding performance.

Organization

Please see “Disclosures” in the “Appendices” section in this presentation.

Experienced Senior Investment Team

MIRZA BAIG
Managing Partner

YEARS OF EXPERIENCE
20+

REPRESENTATIVE EXPERIENCE
Imaging Advantage | Legal Advantage | AOL Time Warner

EDUCATION
Cornell University, BA with honors in Economics;
Harvard Business School, MBA

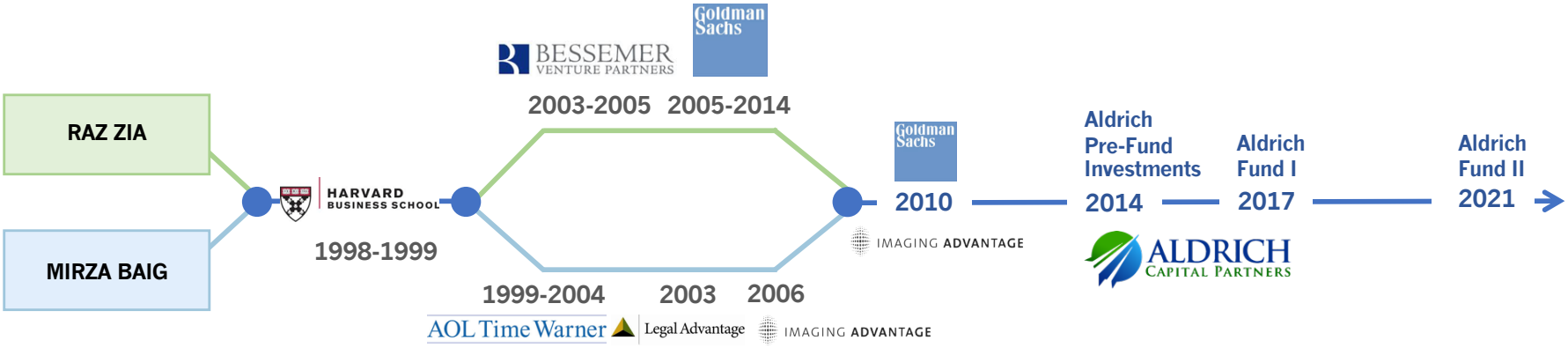
RAHEEL (RAZ) ZIA
Managing Partner

YEARS OF EXPERIENCE
20+

REPRESENTATIVE EXPERIENCE
Goldman Sachs | Bessemer Venture Partners | PricewaterhouseCoopers

EDUCATION
London University England, MSc in Advanced Computing;
Manchester University, BEng with honors in Microelectronic Systems Engineering;
Harvard Business School, MBA

Long Term Relationship Spanning 23 Years



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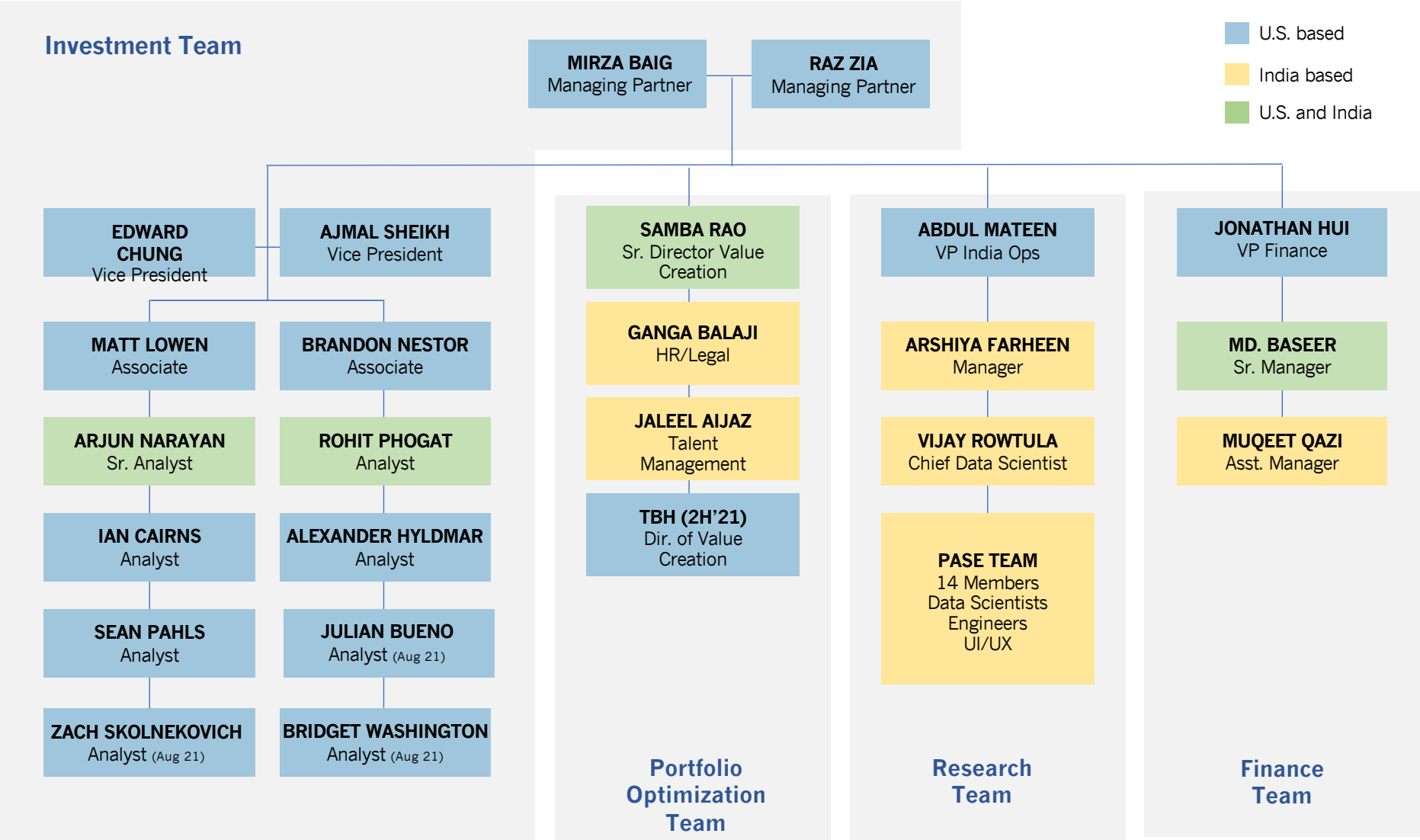
Value-Added Organizational Platform



As of March 2021; Please see "Disclosures" in the "Appendices" section in this presentation.

Value-Added Organizational Platform Responsibilities by Region

Team Involvement over Life Cycle of Investment

U.S. Team

Pre-Acquisition

Investment Team
- Direct company outreach
- Create customized presentations for management
- Relationship management
- Negotiations, legal and structuring

Portfolio Optimization Team and Operating Advisors
- Develop PA playbook
- Utilize Operating Advisors for due diligence (C-level expert calls, advise on best practices)

Post-Acquisition

Investment Team
- Lead recruiting and talent management
- Coordinate PA playbook implementation
- Execute on business development efforts
- Board seat representation
- Exit strategies

Portfolio Optimization Team and Operating Advisors
- Implement U.S.-facing operating initiatives – product road map, GTM process development,
- Pricing model optimization
- Operating Advisors involvement on best practices / network extension

India Team

Pre-Acquisition

Investment Team
- Analysts/Associates focused on financial modelling
- Market mapping & competitive benchmarking

Research Team
- Focused solely on managing PASE

Portfolio Optimization Team
- Utilize legal and HR resources to optimize costs prior to third-party involvement
- Financial diligence & QoE
- Leverage experts to validate technology and provide initiatives to PA playbook

Post-Acquisition

Investment Team
- Establish KPI reporting
- Support U.S. investment team on market / customer studies

Research Team
- Utilize PASE to source add-ons
- Competitive product monitoring

Portfolio Optimization Team and Operating Advisors
- Establish various offshore functions:
  - HR and Legal;
  - Finance and Accounting;
  - Product development and data science;
  - R&D;
  - Engineers;
  - Inside sales teams; and
  - Customer Success

Please see "Disclosures" in the "Appendices" section in this presentation.

Operating Advisors

TERRY FOKAS

- President & CEO, Parallel Networks
- Former Attorney at Law: Brobeck, Phleger & Harrison; Millbank, Tweed, Hadley & McCloy; Lehman Brothers Holdings

ANTHONY HAYES

- Chief Executive Officer, Alkido Pharma Inc.
- Previously: CEO, Spherix, Inc; Fund Manager, JaNSCOME IP Management & Patent Fund; Manager, Atwater Partners of Texas, LLC; Partner, Nelson Mullins

TERRY McAULIFFE

- Former Governor of Virginia, 2014-2018
- Previously: Chairman, American Heritage Homes; Investor, Global Crossing; GreenTech Automotive

KAUSIK RAJGOPAL

- Co-Managing Partner, McKinsey U.S. & Co-Lead McKinsey global financial technology
- Boards: Bay Area Council, San Francisco Symphony, the Commonwealth Club of California, Stanford University's Graduate School of Business

SUBRAH S. IYAR

- Investor, Advisor/Co-Founder & CEO, Moxtra
- Previously: CEO & Co-Founder, Webex
- Advisor and Angel Investor, Zoom

DAVID CUNNINGHAM

- Chairman of the Board, TrialCard
- Previously: Founder, President & CEO TrialCard
- Fmr. Manager, Sales Force Automation, Glaxo, Inc.

ADAM TUTON

- Co-Founder and President at American Traffic Solutions, Inc.

SAM BADE

- Director, Health Industry Business Unit, World Wide Public Sector, Amazon Web Services
- Previously: EVP and Chief Strategy Officer, Higi. VP Clinical Solutions, GE; Principal Product Planner, Microsoft

JIM O'NEILL

- Co-Founder & CTO, SaaSWorks
- Previously: Founding Team and C-level positions, HubSpot
- Former SVP & CTO, SunGard Omni

Please see "Disclosures" in the "Appendices" section in this presentation.

Demonstrated Commitment to Diversity and Inclusion Across the Firm and Portfolio

ALDRICH TEAM

Increase representation of Black, Hispanic & Female professionals within Aldrich through improved outreach

SENIOR LEADERSHIP

Expand opportunities for Black professionals to attain leadership positions in Portcos through internal development and external hiring processes

MIDDLE MANAGEMENT

Launch a nine-month "accelerant" program designed to train & develop young Black and Hispanic leaders in Portcos

ENTRY LEVEL

Hiring and training 100+ interns over the next five years from Black, Hispanic and minority communities at Aldrich and Portcos

INCENTIVE ALIGNMENT

Part of compensation for Portco CEOs is expected to be tied to achieving diverse employment goals at respective companies

MEASURE, MONITOR, REPORT

Track progress and share with LPs

Please see "Disclosures" in the "Appendices" section in this presentation.

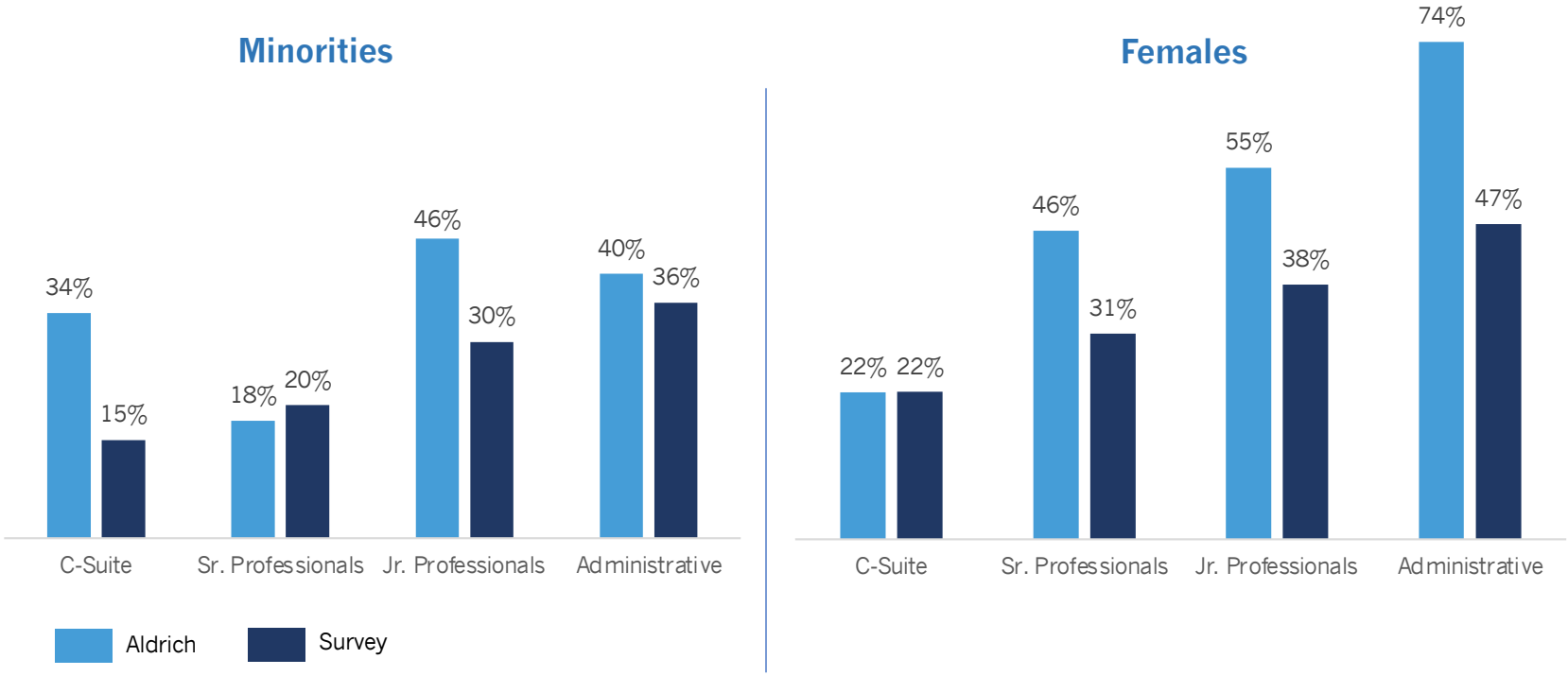
Diversity within Aldrich Portfolio Companies[1]

41%
Of Senior Management/ Professionals are minorities

41%
Of all employees are minorities

52%
Of Senior Management/ Professionals are women

60%
Of all employees are women



[1]As of 09/30/2020 within Aldrich portfolio companies, excluding teams in India
Survey Source: McKinsey & Company partnership with LeanIn.Org: Women in Workplace 2020.
Please see "Disclosures" in the "Appendices" section in this presentation.

Investment Strategy & Market Opportunity

Please see “Disclosures” in the “Appendices” section in this presentation.

The Aldrich Model

Hyper Focused

Lower middle market private equity investing in profitable, growing businesses

Secondary and Tertiary cities across North America

Control deals, no leverage at time of acquisition

Differentiated, Proactive Sourcing

Proprietary analytics-driven sourcing approach (PASE)

Platform investments plus add-ons, where appropriate

Find "under the radar" opportunities in a highly fragmented universe

Hands-on Growth Playbook

Operationally intensive "growth" playbook (PA Playbook) of best practices and process optimization

Implementation completed by investment professionals, Portfolio Optimization Team, and a broad bench of Operating Advisors

Please see "Disclosures" in the "Appendices" section in this presentation.

Key Characteristics

TARGET INVESTMENTS

Private companies that have

- Not raised institutional capital
- Validated technology viability and customer value-proposition

COMPANY PROFILE

Primarily companies that have annual revenue

> $10M

Profitable, with YoY revenue growth of

15%+

TARGET SECTORS

Application Software

Healthcare IT

Financial Technology

TARGET GEOGRAPHIES

North American secondary and tertiary markets that lack access to institutional capital

TRANSACTION PROFILE

Control investments, no leverage at acquisition

SIZE

Typical equity investment

$20M–$50M

VALUE CREATION

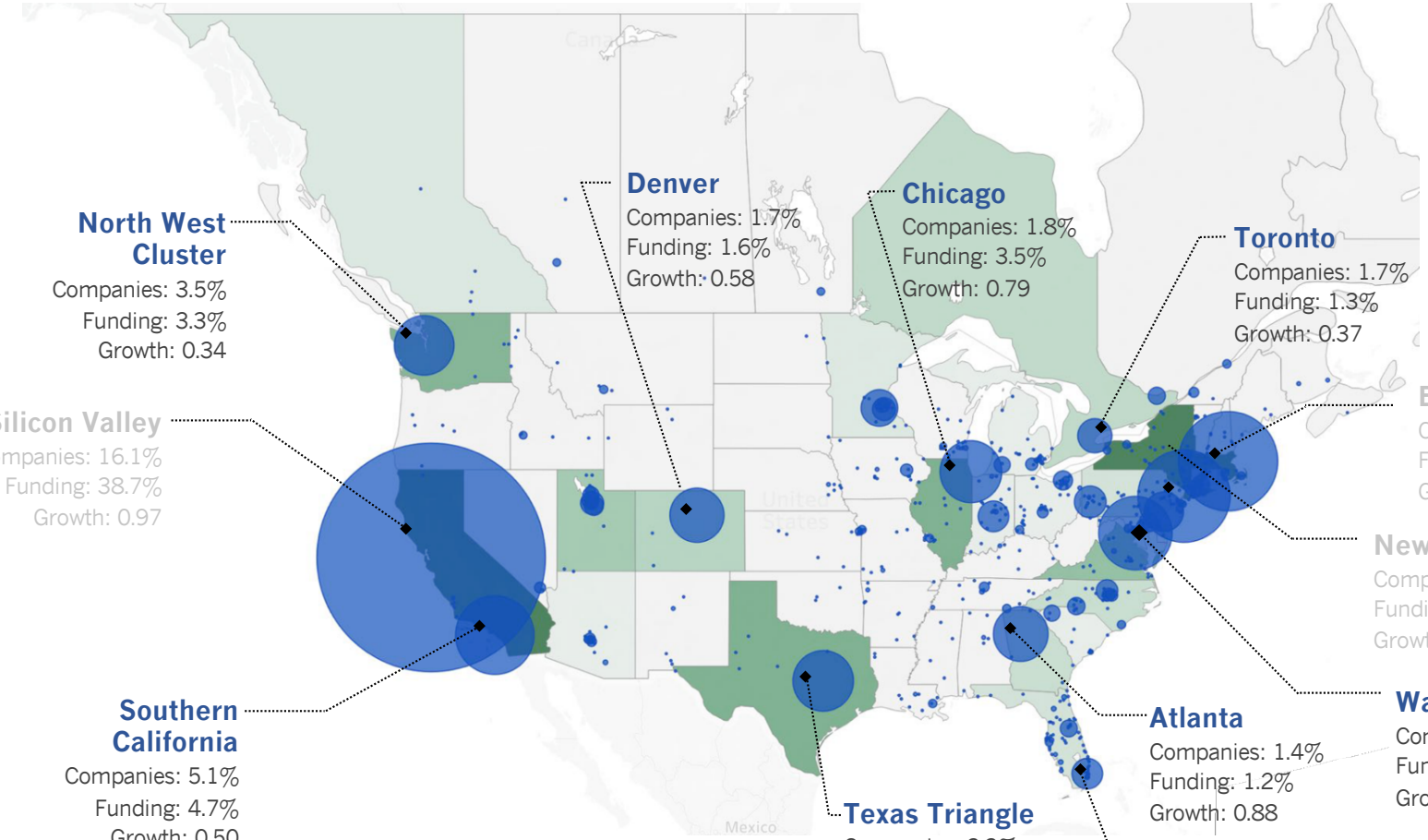
Intensive, hands-on involvement to drive organic revenue growth and/or margin expansion

GOVERNANCE

Active board participation

Please see "Disclosures" in the "Appendices" section in this presentation.

Software Theme: Opportunities in Secondary and Tertiary Cities



North West Cluster
Companies: 3.5%
Funding: 3.3%
Growth: 0.34

Silicon Valley
Companies: 16.1%
Funding: 38.7%
Growth: 0.97

Southern California
Companies: 5.1%
Funding: 4.7%
Growth: 0.50

Denver
Companies: 1.7%
Funding: 1.6%
Growth: 0.58

Chicago
Companies: 1.8%
Funding: 3.5%
Growth: 0.79

Texas Triangle
Companies: 3.3%
Funding: 3.5%
Growth: 0.42

Toronto
Companies: 1.7%
Funding: 1.3%
Growth: 0.37

Boston
Companies: 4.2%
Funding: 8.4%
Growth: 0.76

New York
Companies: 5.7%
Funding: 8.8%
Growth: 0.50

Washington, DC
Companies: 1.9%
Funding: 2.6%
Growth: 1.00

Atlanta
Companies: 1.4%
Funding: 1.2%
Growth: 0.88

Miami
Companies: 0.8%
Funding: 0.5%
Growth: 0.87

North America's cloud and software clusters

● *Size determined by sum of total growth*

"Growth" = Relative growth speed, a function of age, total capital raised and employee growth of a company (1.00 = fastest)

Source: Crozdesk, SaaS Cloud Startup Report 2018.

Please see "Disclosures" in the "Appendices" section in this presentation.

Current Investment Themes

HEALTHCARE IT

- Remote Patient Monitoring
- Chronic Care Management
- Clinical Data Management
- BioPharma Informatics AI
- Medication Adherence and Hub Services
- Clinical Trials Digitization
- Behavioral Health Practice Management/EMR
- Patient Engagement
- LIMS / ELN
- Tele-Psychiatry
- Healthcare Consumerization
- Provider Population Health

FINTECH

- Banking-as-a-Service
- Working Capital Automation/Q2C
- GRC/RegTech
- Lending Management Systems
- "Office of CFO" / Accounting Tech
- Payfacs
- InsurTech – decisioning systems
- Sector-Focused Issuer Processing
- Cloud-Based POS
- Shipping Audit and Payments

APPLICATION SOFTWARE

- "Office of CFO"/Accounting Tech
- Intelligent Document Processing
- BPM, IPA, Process Mining, RPA
- Government Contracting
- Warehouse Automation
- Verticalized Contract Management
- Distribution Order Management
- HigherEd – Student Lifecycle Mgmt
- Auto Dealer Management services
- Real Estate Technology
- Member Association / Non-Profit Software
- Legal Tech/Automation
- Field Services Automation

Current Focus Area | Ongoing Research | Evaluated, currently Inactive

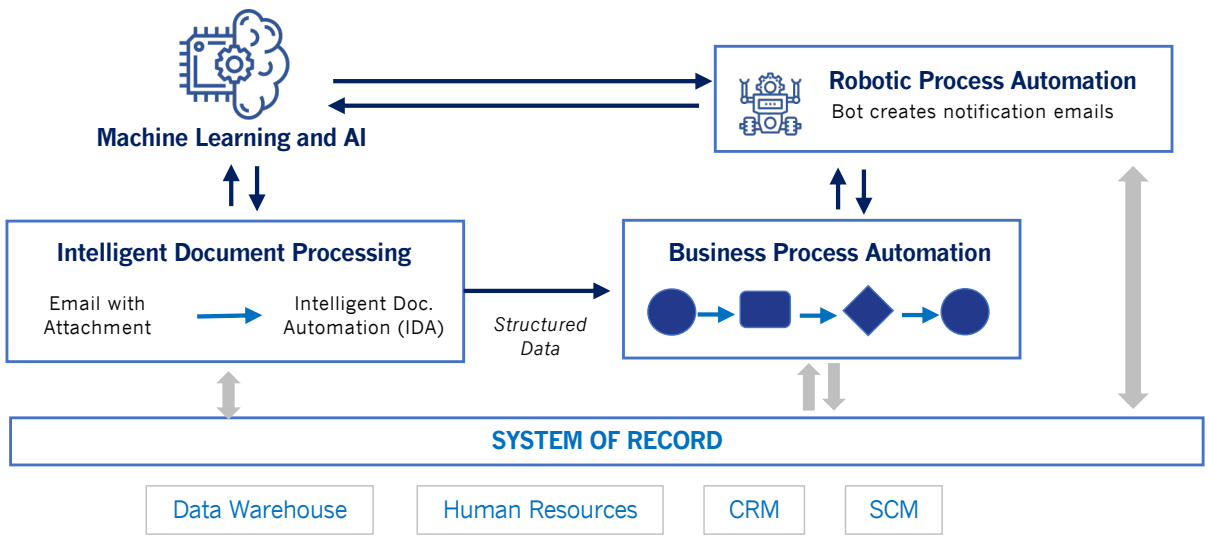
Please see "Disclosures" in the "Appendices" section in this presentation.

Software Theme: Proactive Thesis Currently Pursued

- Focus on Industry Verticals
- Business Value-Driven
- Low/No Code Architecture
- Full Stack Solution
- Incorporate Intelligent Automated Workflows

EXAMPLE: LOW/NO CODE DIGITAL BUSINESS AUTOMATION LANDSCAPE

	Business Process Automation	Robotic Process Automation	Intelligent Document Automation
HORIZONTAL	DECISIONS, ProcessMaker, PEGA, unqork	AUTOMATION ANYWHERE, UiPath, WorkFusion, blueprism	(h[s]) HYPERSCIENCE, ABBYY, KOFAX, PARASCRIPT
VERTICAL	XCM, sigga, snapIoT		



Green shading denotes Aldrich investments

Please see "Disclosures" in the "Appendices" section in this presentation.

Healthcare Theme: View on Sub-Sectors Pursuing

	Analytics Driving Decision-Making	Paying for Value	Consumerism in Healthcare	Patient Engagement to Drive Health Outcomes
Care Coordination & Patient Flow	✓	✓	✓	✓
Virtual Chronic Disease Management	✓	✓	✓	✓

EXAMPLE: VIRTUAL CHRONIC DISEASE MANAGEMENT

Sub-Sector	Overall Rating	Summary	Market Size	Market Growth	Company Concentration	Customer Churn	Fit with ACP
Patient Engagement Apps		▸ Global market size: ~$14B ▸ CAGR: ~13-21% ▸ High risk of churn, low barriers to entry					
Remote Patient Monitoring		▸ Global market size: ~$1B ▸ CAGR: ~7-17% ▸ Expanding market with favorable reimbursement					
Chronic Care Management / Disease Management		▸ US estimated Medicare spend on chronic patients: ~$19.9B ▸ High prevalence of chronic disease in Medicare and self-insured employer markets					
Medication Adherence		▸ Global market size: ~$2.4B ▸ CAGR: ~12-18%					
Population Health		▸ Global market size: ~$30B ▸ CAGR: ~16-22% ▸ Risk of EMR players in this space is eminent, difficult for stand-alone solutions to differentiate					

Please see "Disclosures" in the "Appendices" section in this presentation.

Appendices

Team Biographies

Disclosures

Mirza Baig | Managing Partner

Prior to co-founding Aldrich Capital Partners, Mr. Baig was a serial entrepreneur and investor in healthcare and technology, successfully scaling operations and driving sales growth to build large, independent businesses. As a co-founder of Imaging Advantage, he played a variety of roles in helping build the company from zero revenues and less than 10 employees to well over $100 million in run-rate revenue, and over 200 employees globally prior to his departure. Previously, Mr. Baig held executive positions in strategic investment and financial management at AOL Time Warner including CFO of the eCommerce group, a division with revenues that grew from $350 million to $850 million under his leadership.

Mr. Baig's involvement in the companies where AOL Time Warner was the investor goes beyond investing. He has led various efforts in these companies ranging from recruiting board members, recruiting and mentoring key executives, forming strategic partnerships and leading scaling up efforts.

Mr. Baig's previous investments include: Affinity Concepts, Amazon.com (NASDAQ: AMZN), Anka Systems (sold to Topcon Medical), eToys, KiwiTech, Health Recovery Systems, Imaging Advantage (Co-Founder), Legal Advantage, LiG (sold to Zynga), Loma Vista Medical (sold to Bard), MangoSoft (sold to Google), Naaya, Parallel Networks, Respond.com, Smartbargains.com (sold to GSI Commerce), Stamps.com (NASDAQ:STMP), Streamlined Medical (sold to Emcare) and Tech Fetch.

Mr. Baig currently serves on the Board of Directors of Aldrich portfolio companies Decisions, eHealth Technologies, Lavu, Paymerang, ProcessMaker and Woundtech.

Mr. Baig has an MBA from Harvard Business School and a BA with honors in Economics from Cornell University.

Raheel ("Raz") Zia | Managing Partner

Prior to co-founding Aldrich Capital Partners, Mr. Zia was a Managing Director in the Principal Investment Area ("PIA") of Goldman, Sachs & Co., where he helped launch the growth equity investing practice. Over the course of his private equity investing career, prior to launching Aldrich Capital Partners, he was a part of a team that invested approximately $634 million of capital across 12 growth equity investments from 2003 until August 2014.

Mr. Zia has worked extensively with technology businesses and helped companies in areas such as sales and marketing, channel distribution, acquisitions, new product launches and R&D. Mr. Zia has served on the boards of many technology companies including American Traffic Solutions (acquired by Platinum Equity), AnchorFree (acquired by syndicate led by WndrCo Holding), Benefitfocus (NASDAQ: "BNFT"), BuyerZone (acquired by Reed-Elsevier), Cambridgesoft (acquired by Perkin Elmer), Cofense (formerly PhishMe, an Aldrich Pre-Fund Investment; acquired by BlackRock and Pamplona Capital), iHealth Technologies (merged with Connolly Solutions), Imaging Advantage (acquired by Envision Healthcare), InfusionSoft, Spring Mobile, SyncSort (acquired by Clearlake Capital), TrialCard (acquired by Excellere Private Equity) and Wall Street On Demand (acquired by Markit).

Mr. Zia currently serves on the Board of Directors of Aldrich portfolio companies Decisions, eHealth Technologies, Lavu, Paymerang, ProcessMaker and Woundtech.

Mr. Zia has an MBA from Harvard Business School, an MSc in Advanced Computing from London University England, and a BEng with honors in Microelectronic Systems Engineering from Manchester University. He was also a qualified Chartered Accountant (inactive).

Please see "Disclosures" in the "Appendices" section in this presentation.

Disclosures

Past performance is not indicative of future results. There can be no assurance that:

- Funds will be able to implement their investment strategy or achieve their investment objectives;
- Historical trends will continue throughout the life of any Fund, nor that any Fund will be able to successfully implement its investment strategy;
- Funds will be able to implement their investment strategy or achieve their investment objectives;
- Operating Advisors will continue to be associated with Aldrich throughout the life of the Funds;
- That diversity objectives will be attained in the proposed timing and manner set forth herein;
- Any such plans will be attained in the proposed timing and manner set forth herein;
- With respect to any potential investment opportunities, neither ACP nor any Fund has consummated such potential investments, and there is no assurance that such potential investments will ever be purchased by the Fund. In addition, actual investments purchased by the Fund may differ materially in terms and performance from the potential investments shown herein; and
- Any plans described herein will be realized on the terms expressed herein or at all, and all such plans are subject to uncertainties and risks.

It is anticipated that co-investment opportunities, if available at all, will be offered to some limited partners and not to others. There is no guarantee that co-investment opportunities will be available at all and if such opportunities do exist, they will be allocated to certain limited partners and suitably qualified third parties at Aldrich's absolute discretion. Prospective investors should not invest in the Fund on the expectation that they will be offered co-investment opportunities. There is no guarantee that co-investments will be offered to any limited partner.

None of the Managing Partners' prior employers, entities or institutions are endorsing the investments.

Operating Advisors are not Aldrich employees.

Current investment themes provided for illustrative purposes only and subject to change.

References to investments included herein should not be construed as a recommendation of any particular investment or security. It should not be assumed that investments made in the future will be comparable in quality or performance to the investment described herein.

Actual investments purchased by the Fund may differ materially in terms and performance from the potential investments shown herein.

Information herein on "PA Playbook Goals" reflects current beliefs of Aldrich as of the date hereof and are based on a variety of assumptions and estimates that are subject to various risks.

Disclosures (Continued)

Investments presented herein are solely for illustrative purposes. References to investments included herein should not be construed as a recommendation of any particular investment or security. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein.

Aldrich's Views. Much of the information included herein is based on Aldrich's view of general market activity, industry or sector trends or other broad-based economic, market or political conditions. There is no guarantee that the views and opinions expressed in this presentation will occur. Such views and information should not be viewed, or relied on, as research or investment advice.

No Duty to Update. The information contained in this presentation is as of the date presented, unless otherwise stated. Aldrich undertakes no obligation to update such information after the date it is presented.

Pipeline and Pending Transactions. Any pending or potential transactions described herein remain subject to a number of contingencies, including but not limited to the execution of definitive documentation and customary closing conditions. There can be no assurance that any or all of the pending potential transactions will be completed on ACP's anticipated timeline or terms, if at all, or that any such completed transactions will match ACP's expectations. Any pending or potential transactions referenced herein should not be relied upon as an indication of future deal flow.

Investment Rationale. The investment rationale and criteria described herein reflect the beliefs of Aldrich and are based on a variety of assumptions and estimates that are subject to various risks. Such rationale and criteria describe the investment rationale and criteria generally considered by Aldrich at the time Aldrich makes an investment decision. There can be no assurances that the investments made by the Fund will meet these criteria.

SHAWN T. WOODEN
TREASURER

State of Connecticut
Office of the Treasurer

DARRELL V. HILL
DEPUTY TREASURER

July 9, 2021

Members of the Investment Advisory Council

Re: Centerbridge Partners Real Estate Fund II, L.P.

Dear Fellow IAC Member:

At the July 14, 2021 meeting of the Investment Advisory Council, I will present for your consideration a Real Asset Fund ("RAF") investment opportunity for the Connecticut Retirement Plans and Trust Funds: Centerbridge Partners Real Estate Fund II, L.P. ("CPREF II"" or "the Fund"). The Fund has a target size of $1.5 billion and is being raised by Centerbridge Partners, L.P. ("Centerbridge", or the "Firm"), headquartered in New York, NY.

I am considering a commitment of up to $200 million in CPREF II, which will pursue an opportunistic real estate strategy across capital structures, primarily within North America and Europe. The Fund will seek to capture the best risk-adjusted opportunities in all market cycles through collaboration with the Firm's private equity and credit/special situations investment disciplines. Since the Firm's 2005 founding, Centerbridge has invested over $9.5 billion in real estate investments, navigating through diverse economic market conditions.

Attached for your review is the recommendation from Steven Meier, Interim Chief Investment Officer, and the due diligence report prepared by NEPC. I look forward to our discussion of these materials at the next meeting.

Sincerely,

Shawn T. Wooden
State Treasurer

65 CAPITOL AVE, HARTFORD, CT 06106-1773, TELEPHONE: (860) 702-3000
AN EQUAL OPPORTUNITY EMPLOYER

OFFICE OF THE STATE TREASURER

MEMORANDUM

RECOMMENDATION

TO: **Shawn T. Wooden, Treasurer**

FROM: **Steven R. Meier, Interim Chief Investment Officer**

CC: **Darrell V. Hill, Deputy Treasurer**
Raynald Leveque, Deputy Chief Investment Officer
Kevin J. Cullinan, Chief Risk Officer
Danita Johnson, Principal Investment Officer
Olivia Wall, Investment Officer

DATE: **June 22, 2021**

SUBJECT: **Centerbridge Partners Real Estate Fund II, L.P.**

Summary

The purpose of this memorandum is to recommend that the Connecticut Retirement Plans and Trust Funds (the "CRPTF") make a commitment of up to $200 million to Centerbridge Partners Real Estate Fund II, L.P. ("CPREF II" or "the Fund"). The Fund's general partner is Centerbridge Partners Real Estate Associates II, L.P, a Delaware limited liability company (the "GP"), and an affiliate of Centerbridge Partners, L.P. ("Centerbridge" or the "Firm"). Centerbridge is a privately held, multi-strategy international investment firm headquartered in New York, NY, with $28 billion of assets under management ("AUM") with offices in London and New York. The GP is targeting a $1.5 billion fund size. The Fund closed on over $500 million in the Firm's first closing within the first quarter of 2021 and anticipates holding a final closing in late third quarter 2021.

Strategic Allocation within the Real Assets Portfolio

The Fund's opportunistic strategy falls under the real estate allocation of the Real Assets Fund ("RAF"). As of December 31, 2020, the RAF had a non-core real estate allocation of 41% which is within the target non-core allocation range of 40-60%. Pension Funds Management ("PFM") investment staff view a commitment to the Fund as consistent with the asset class strategic plan to maintain steady allocations to the real estate sector and to ultimately bring the non-core strategy allocation closer to the policy target of 50%. More broadly, as of December 31, 2020, CRPTF's total real estate allocation by market value was 6.3%, which is underweight the policy target allocation of 10%. An investment with CPREF II is an opportunity for the RAF to enhance portfolio geographic diversification and total returns, while focusing on downside protection. The recommended investment in CPREF II would be the CRPTF's first commitment with Centerbridge.

Overview

Centerbridge is a full-service investment firm that focuses on (i) real estate, (ii) private equity, and (iii) credit/special situations investment disciplines in the United States and Europe. The Firm has offices in New York and London with $28 billion in AUM as of December 2020. Since its founding, the Firm has focused on employing a flexible, all-weather, collaborative approach across its three investment disciplines to identify unique opportunities while preserving downside protection. Irrespective of geographic market and discipline, all investment professionals are encouraged to participate in joint weekly meetings to share ideas and identify opportunities thru a

multi-faceted approach. All investment team staff are encouraged to join initial deal and investment committee meetings regardless of assigned disciplines.

Co-founders Jeffrey Aronson, and Mark Gallogly formed Centerbridge in 2005. Prior to the Firm's founding, Jeffrey Aronson was a partner at Angelo, Gordon & Co., L.P., where he led the distressed securities and leveraged loan strategies. Previously, Mark Gallogly was a Senior Managing Director and the head of the Private Equity Group at The Blackstone Group. Mark Gallogly formally retired in December of 2020 to pursue civic interests, and Jeffrey Aronson is now the Firm's sole Managing Partner. Per discussions with the GP, Mark Gallogly's departure was planned for in advance with the Firm's existing Management Committee. Centerbridge's formal Management Committee was developed in September 2012 for succession planning and to develop future senior leaders. Jeffrey Aronson remains highly involved in the Firm's overall management and the Firm's Investment Committees, including the Real Estate Investment Committee. Per discussions with the GP, there are currently no plans for Jeffrey Aronson to retire.

While the Firm invested in real estate through its private equity and credit/special situation strategies since inception, the dedicated real estate strategy was not formally carved out into a stand-alone strategy until 2017. The key Centerbridge investment professionals that managed the real estate investments prior to the 2017 carve out continue to invest on behalf of the Firm in the dedicated CPREF fund series. In line with the Firm's collaborative approach, the seven-person Real Estate Investment Committee incorporates perspectives from across Centerbridge's three investment disciplines and two geographies. In addition to Jeffrey Aronson, the Real Estate Investment Committee also includes: (i) William Rahm, Senior Managing Director, Head of Real Estate, (ii) Adam Burinescu, Senior Managing Director, US Real Estate, (iii) Steven Skaar, Senior Managing Director, European Real Estate, (iv) Jed Hart, Senior Managing Director, Co-Head of Europe, Credit/Special Situations, (v) Ben. Langworthy, Senior Managing Director, Co-Head of Europe, Private Equity, and (vi) Vivek Melwani, Senior Managing Director, Co-Head of US, Credit/Special Situations. Investment Committee decisions are made with a majority vote, with both Jeffrey Aronson and William Rahm each having the ability to veto investments.

William ("Billy") Rahm joined Centerbridge in 2006 and heads the US and European real estate investment team, located in the Firm's New York and London offices. Previously, Billy Rahm was a member of the Real Estate Private Equity Group at The Blackstone Group focusing on real assets and Hotels/Leisure. Billy Rahm is supported with a 16-person investment team including two Senior Managing Directors, Adam Burinescu, and Steve Skaar, five Principals and nine Senior Associates/Associates. The senior real estate team has over 15 years of investing experience investing across property sectors, security types within private and public markets, given the Firm's use of corporate platforms, loans, securities, and direct properties to access real estate investments. Further, the real estate team also receives support from the broader Centerbridge platform, which includes 269 individuals, including 77 other investment professionals, and a nine-person Portfolio Operations Team, to drive value creation. The Portfolio Operations Team includes individuals with management consulting, ESG, talent, pricing, financing, project management, and technology backgrounds to drive operational efficiencies and provide functional expertise. Despite the two offices, and frequent partnership with the Firm's other disciplines, the real estate team operates as one cohesive real estate group, and the Firm's carry reflects this dynamic.

Investment Strategy

Centerbridge describes its opportunistic real estate strategy as being nimble across geographies, capital structures, and investment types to capture the best risk-adjusted opportunities in any

market cycle. CPREF II is expected to follow the same all-weather, diversified strategy employed by Centerbridge Partners Real Estate Fund I, L.P. ("CPREF I"), with a broad mandate with regards to industry sectors. CPREF II expects to proactively target the industry sectors of: digital real estate, industrial/logistics, lodging/leisure, self-storage, and to a lesser extent, retail. Further, while this is the Firm's second dedicated real estate commingled fund, Centerbridge has a successful track record of opportunistic real estate investing since the Firm's founding. Since inception and inclusive of CPREF I, the Firm completed approximately $9.5 billion of investments over 100 transactions that follow a similar strategy as the dedicated real estate fund series.

The Firm's strategy permits obtaining real estate market exposure through investments in (i) corporate platforms, (ii) loans and securities, and (iii) direct properties as market opportunities present themselves. Within corporate platforms, the Fund will seek real estate companies with recurring earnings power with potential for growth and/or efficiency improvements. The Fund will consider corporate platform investments through debt-for-control opportunities and/or equity investments. Within loans and securities, the Fund works with the Firm's capital markets team to acquire positions in debt, equity, or hybrid investments backed by real estate collateral, and where the Firm can create value by either influencing or controlling a workout/ reorganization. Within direct properties, the Fund will seek single and portfolio assets in attractive locations with compelling supply and demand imbalances that present opportunity to improve operations and asset quality.

The Fund's investment strategy is focused on investing at a discount to intrinsic value while also considering overall deal structure and inherent cashflows. Centerbridge views this value, structure, and liquidity focus as providing inherent downside protection during periods of economic uncertainty. This strategy is implemented using thematic and special situations investing. Within thematic investments, the Firm proactively identifies asset classes believed to have favorable macroeconomic/secular growth themes, industry fragmentation, and favorable supply/demand dynamics over a multi-year period. Within special situations investments, the Firms seeks assets selling at a discount to normalized earnings/replacement cost. The GP views that the portfolio will likely approximate 80% thematic and 20% special situations.

The real estate team works with the Firm's Portfolio Operations Team and with dedicated and outsourced asset management team members to implement value creation plans for properties and companies, including regular reviews of investment realization options. Additionally, the use of local operators compliments Centerbridge's dedicated asset management staff who work closely with the real estate investment team throughout the investment's life cycle. Further, the real estate team also works in conjunction with the Firm's private equity and credit/special situations teams to uncover intrinsic value outside of direct properties. While investing outside of direct properties calls for specialized expertise given structural complexity, this approach also provides for a larger opportunity set outside of more traditional real estate investing. The strategy invests globally but with a focus on North America and Europe: the GP views that the portfolio will likely approximate 70% North America and 30% Europe. Despite the international exposure, Centerbridge's preference is to not have un-hedged foreign currency exposures and will hedge where reasonable and possible. The Fund will target a 16% net internal rate of return ("IRR") and a 1.5x net total value to paid-in ("TVM") multiple and has historically kept overall asset-level leverage at around 50%.

2020 was a very active year for the Firm, as the team took advantage of the market dislocation caused by the COVID-19 pandemic and opportunistically tilted investments towards loans and

securities. As of the first quarter in 2021, CPREF I is 84% gross invested, inclusive of reserves for expected follow-on commitments to existing investments. Centerbridge has a robust pipeline of actionable opportunities at varying stages of diligence and expects to begin investing CPREF II in late second quarter 2021 or early third quarter 2021.

Track Record

Centerbridge closed on its first dedicated real estate fund, CPREF I, in December 2018 with $894 million of capital commitments. While CPREF I was the Firm's first formal real estate strategy carve out, CPREF I was to continue the Firm's successful approach to real estate investing as had been done with Centerbridge's prior private equity and credit/special situation fund vehicles. While CPREF I is still early in the j-curve, CPREF I ranks as a first quartile fund across all three relevant metrics when compared to the December 31, 2020, Cambridge Associates Thomson One North American Opportunistic Real Estate Closed-End fund benchmark (the "Benchmark").

Since the Firm's founding, Centerbridge has invested over $9.5 billion in real estate investments, navigating through diverse economic market conditions. Centerbridge's real estate deals, including CPREF I, generated a gross IRR of 23%, a gross TVM of 1.6x, and a gross distribution to paid-in capital ("DPI") of 0.9x as of December 31, 2020. Across over 100 real estate deals, including CPREF I, the Firm's cumulative loss ratio was approximately 1.5%. Per our consultant, NEPC, this loss ratio is lower than other opportunistic real estate managers and indicative of the Firm's focus on downside protection.

While CPREF I is largely unrealized with a DPI of 0.3x, PFM investment professionals reviewed the Firm's prior investments and noted the strong performance summarized in Table A. Further, as the performance of pre-CPREF I investments spanned several independent investment vehicles over various time frames, PFM investment professionals elected to assess the pre-CPREF I investments' versus the public market equivalent performance.

PFM investment professionals compared the performance of pre-CPREF I investments versus the public market equivalent as represented by the FTSE NAREIT Equity REITs Index (total return index). As shown in Table B below, the respective TVM multiple for the pre-CPREF I investments exceeded the comparable KS PME multiple value as of December 31, 2020. Similarly, the pre-CPREF I investments outperformed the Direct Alpha IRR (%) as of December 31, 2020. Overall, the public market equivalent analyses indicate that investors in the pre-CPREF I investments benefited from investing in these private funds as compared to the public market equivalent.

Table A – Centerbridge Track Record

($US in millions, as of December 31, 2020)

Centerbridge Partners, L.P. Investment Performance Summary, Real Estate Investments														
								Gross/Net Performance [1]			Quartile Rank			Loss
Fund	Vintage Year	Fund Size	Fund Status	Invested Capital	Realized Value	Unrealized Value	Total Value	TVM	IRR	DPI	TVM	IRR	DPI	Ratio
Pre CPREF I, real estate investments	*NA (range 2007 - 2018)*	NA	NA	$8,822	$12,695	$1,055	$13,750	1.6x / NA	23% / NA	0.9x / NA	NA	NA	NA	1.4%
CPREF I	2018	$894	Investing	$709	$300	$596	$896	1.4x / 1.2x	28% / 24%	0.3x / 0.3x	1	1	1	3.1%
Total				**$9,530**	**$12,995**	**$1,650**	**$14,645**							

Source: Centerbridge, CRPTF, NEPC, Cambridge Associates Opportunistic Benchmark 12/31/20

1. Excludes impact from recycling capital

Table B – Pre- CPREF I Investments Centerbridge Track Record Public Market Equivalent
12/31/2020

Metric	Value
Pre- CPREF I Investments Gross IRR	23.0%
Pre- CPREF I Investments Gross TVM Multiple	1.6x
Direct Alpha IRR	8.2%
Kaplan Schoar PME	1.2x

Source: Centerbridge, CRPTF, NEPC

Key Strengths

- Opportunistic, All-Weather Strategy: Centerbridge's investment expertise positions the Firm and Fund exceptionally well for its investment period, which is expected to include both continued economic and capital market volatility as well as elevated levels of corporate financial stress in certain real estate sectors. As detailed in the above Track Record section, Centerbridge has generated strong investment returns by providing flexible capital solutions through various market and credit cycles, often involving complex transactions with companies experiencing stress or distress. While Centerbridge's real estate investing has fundamental roots in properties, the Firm will also invest in these assets through a company that owns them or loans and securities that are issued by real estate owners. The Firm's valuation, underwriting, structuring and portfolio management practices should allow Centerbridge to deliver attractive, downside-protected returns through a challenging economic period.

  Most recently, leading into the initial COVID-19 dislocation that began in March 2020, CPREF I was well-positioned with both capital and a dedicated asset management team to actively deploy capital. At the time, with more than 50% of CPREF I un-invested, the real estate investment team was able to act quickly and rapidly shift resources to the loans and securities opportunities at hand. From the initial onset in mid-March through June 30, 2020, CPREF invested approximately $179 million in loans & securities. CPREF I has taken advantage of market strengthening in the second quarter of 2020 to exit many of its recent loans & securities investments at highly attractive returns.

- Hands on Operations: Centerbridge's real estate strategy can draw asset management resources internally from across the Firm to quickly enhance the dedicated CPREF I and II real estate operations team's capacity. Having both dedicated internal and external resources has allowed the Firm to pivot and respond to various market conditions. This active approach to servicing assets provides the ability to anticipate 'issues' early on and, therefore, the opportunity to minimize risk to each investment's underwritten business plan.

- Experienced and Cohesive Team: The real estate team has experienced no senior-level turnover since the formation of CPREF I. Centerbridge's real estate team is led by William Rahm, who has been at the Firm for 15 years. The senior real estate leadership team also includes two Senior Managing Directors, each with 20 years of experience in the industry. Adam Burinescu, who leads real estate investing in the US, has been with Centerbridge for 10 years. Steve Skaar, who leads real estate investing in Europe, has been with the Firm for 5 years.

- Track Record: The Centerbridge team demonstrates the ability to invest throughout economic cycles- including the 2008 Global Financial Crisis and COVID-19 pandemic as detailed in the Track Record section above. The team's consistent approach to investing is highlighted by a research-driven, value-based investment philosophy and a disciplined investment process that has allowed the group to generate attractive returns through diverse market and economic conditions. Notably, as of December 31, 2020, CPREF I is ranked as a 1st quartile fund for the performance measures, including net IRR, DPI, and TVM. Centerbridge's pre CPREF I aggregate deal performance generated a gross IRR of 23%, a gross TVM of 1.6x and a gross DPI of 0.9x.

Risks and Mitigants

- CPREF I Largely Unrealized: As NEPC notes, while CPREF I is currently ranked top quartile on a net IRR basis and just below top quartile on a net TVM basis, much of the performance is largely unrealized.

  Mitigant: As a 2018 vintage fund, much of the performance is expected to be currently unrealized given the Fund's four-year investment period. Additionally, when compared to peer quartile rankings, CPREF I is ranked first quartile on a net DPI basis. PFM investment professionals reviewed the strong real estate realizations by Centerbridge prior to the formal carve out of the dedicated real estate fund series and noted that approximately 90% of initial investments have been realized to date.

- Multiple Active Platforms: Centerbridge does not have another investment strategy that would directly compete with CPREF II. However, as NEPC notes, the Firm will continue to provide its private equity and credit funds exposure to real estate investments which might construe competition for overlapping deal flow.

  Mitigant- PFM investment professionals have reviewed the Firm's formal allocation policy and view the policy sufficient to address potential conflicts regarding overlapping investment opportunities within the real estate investment discipline. Further, while the Firm's dedicated fund series in each of its other two investment disciplines (private equity and credit/special situations) will continue to invest in real estate, the real estate fund series would reserve "first-look." PFM investment professionals note that more significant investment opportunities may be shared with the Firm's non-real estate fund series given appropriate sizing concentration considerations/limits for the real estate fund series.

- GP-Friendly Waterfall Structure: The Fund uses a deal-by-deal waterfall subject to certain modifications in lieu of a more LP-friendly waterfall, whereby carry is calculated on a whole-fund basis.

  Mitigant- PFM investment professionals have reviewed the Fund's terms and noted that this waterfall structure has been present in CPREF I and the Firm's other private equity and credit/special situations fund series. Further, the deal-level carried interest, is subject to the Fund's net asset value being marked at a minimum of 1.25x of cost prior to carry distributions which is more LP friendly than standard American style waterfalls.

Legal and Regulatory Disclosure (provided by Legal)

Pursuant to its response on Attachment G, Centerbridge Partners, L.P. (along with its affiliates, "the "Firm") states that in the last five years it has not been subject to (i) any material lawsuits,

legal or administrative proceedings or governmental investigations, criminal actions or law enforcement activities, (ii) any material non-routine SEC inquiries or investigations, or (iii) any material claims under its fidelity, fiduciary or E&O insurance policies. The Firm notes that on a regular basis it has been subject to various lawsuits and tax proceedings related to its underlying portfolio companies, which it does not consider to have the potential to have a material adverse effect on the Firm as a whole. As a practice, the Firm discloses and updates such information to its limited partners on an ongoing basis.

Other than ownership changes resulting from the retirement of one of its managers, the Firm states that there have been no material changes to its organization or corporate structure in the past two years and none are pending.

The Firm affirms that it has adequate internal investigation procedures pursuant to its Conflicts of Interest Policy, Code of Ethics and Employee Handbook. The firm is a registered investment advisor.

Compliance Review (provided by Compliance)

The Chief Compliance Officer's Workforce Diversity and Corporate Citizenship review is attached.

Environmental Social and Governance ("ESG") Analysis

The Assistant Treasurer for Corporate Governance & Sustainable Investment's review is attached.

5/27/21

COMPLIANCE REVIEW FOR CENTERBRIDGE PARTNERS REAL ESTATE FUND II, L.P.

SUMMARY OF LEGAL AND POLICY[1] ATTACHMENTS

SUBMITTED BY

CENTERBRIDGE PARTNERS, L.P.

I. Review of Required Legal and Policy Attachments

CENTERBRIDGE PARTNERS, L.P. ("Centerbridge") a New York City-based firm, completed all required legal and policy attachments. The firm disclosed no impermissible third party fees, campaign contributions, known conflicts, or gifts. Its disclosure of legal/ regulatory proceedings is being reviewed by the Legal Unit.

II. Workforce Diversity (See Also 3 year Workforce Diversity Snapshot Page Attached)

As of December 2020, Centerbridge employed 234, 2 less than the 236 employed in December 2018. The firm identified 15 women and 8 minorities as Executive/Senior Level Officials and Managers, i.e., serving at the senior-most level. Over the past 3 years, 46 women[2] and 24 minorities[3] were promoted within the ranks of professionals and managers.

Commitment and Plans to Further Enhance Diversity

Diversity and inclusion are an integral priority at Centerbridge. The firm has partnered with Bain & Company to develop a comprehensive strategic plan that outlines key priorities and goals. The priorities that emerged are four-fold: developing the mission and vision, expanding talent pipelines, fostering a culture of inclusion and portfolio engagement. In December 2020 the firm announced its participation in Institutional Limited Partners Association (ILPA)'s Diversity in Action Initiative as a founding signatory. The IPLA Initiative serves as a means for GPs and LPs to publicly acknowledge their commitment to take concrete steps to advance diversity, equity and inclusion both within their organizations and the Industry.

The firm has instituted a practice requiring a diverse slate of candidates for all open positions. When employing a search firm, Centerbridge requires the search firm to present a diverse range of potential candidates. In 2020 the firm introduced interview score cards using a consistent framework and competency-based assessment criteria to

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[1] The Treasury Unit responsible for reviewing Centerbridge's ESG submission will prepare a separate report.

[2] Count includes Centerbridge women globally.

[3] Count is for US employees only; ethnicity/race is tracked in the US only.

evaluate candidates. These changes, along with the firm's outreach efforts have resulted in more diverse hiring over the past two years. For example, the 2021 Associate class is 55% female. In addition, in 2020 the firm began tracking diversity statistics across US portfolio company boards and executive leadership teams. In 2021 it implemented a commitment to target at least 2 diverse directors for each portfolio company board, with a focus on characteristics of gender, race and ethnicity. In Q4 2020 the firm launched the Career Sponsor Program whereby Black and rising female team members are assigned a partner sponsor to facilitate career development and advancement.

Workforce Statistics [4]

For Executive/Senior Level Officials and Managers:

- Women held 32% (15 of 47) of these positions in 2020 up from 30% (15 of 50) in 2019, and 31% (14 of 45) in 2018.
- Minorities held 17.02% (8 of 47) (10.64% Asian, 4.26% Hispanic and 2.13% Two or More Races) of these positions in 2020, down from 18% (9 of 50) (10% Asian, 6% Hispanic and 2% Two or More Races) in 2019, and 22.22% (10 of 45) (15.56% Asian, 4.44% Hispanic and 2.22% Two or More Races) in 2018.

At the Management Level overall:

- Women held 38% (51 of 135) of these positions in 2020, up from 35% (50 of 141) in 2019, and 36% (45 of 125) in 2018.
- Minorities held 25.19% (34 of 135) (16.3% Asian, 6.67% Hispanic, 1.48% Black and 0.74% Two or More Races) of these positions in 2020, slightly down from 25.53% (36 of 141) (17.02% Asian, 6.38% Hispanic, 1.42% Black and 0.71% Two or More Races) in 2019, but up from 24% (30 of 125) (16% Asian, 6.4% Hispanic, 0.8% Black and 0.8% Two or More Races) in 2018.

At the Professional Level:

- Women held 45% (30 of 67) of these positions in 2020, slightly down from 46% held in both 2019 (35 of 76), and 2018 (36 of 79).
- Minorities held 43.28% (29 of 67) (34.33% Asian, 4.48% Hispanic and 4.48% Two or More Races) of these positions in 2020, up from 34.21% (26 of 76) (26.32% Asian, 3.95% Hispanic and 2.63% Two or More Races) in 2019, and 34.18% (27 of 79) (29.11% Asian, 3.8% Hispanic and 1.27% Two or More Races) in 2018.

Firm-wide:

- Women held 47% (110 of 234) of these positions in 2020, up from 46% held in both 2019 (116 of 252) and 2018 (109 of 236).
- Minorities held 32.05% (75 of 234) (21.37% Asian, 6.41% Hispanic, 3.85% Black and 0.43% Two or More Races) of these positions in 2020, up from 28.97% (73 of 252) (19.44% Asian, 5.95% Hispanic, 3.17% Black and 0.4% Two or More Races) held in 2019, and 29.24% (69 of 236) (19.92% Asian, 6.36% Hispanic, 2.54% Black and 0.42% Two or More Races) in 2018.

III. Corporate Citizenship

[4] Data pertains to US employees only.

Charitable Giving:
Centerbridge has always believed in creating value for investors, portfolio investments, employees and the communities where it operates. The Centerbridge Foundation was established in 2007 to support local nonprofits in the community where the firm has offices. The Foundation's mission is to increase access to educational and economic opportunities and to support young people in achieving their full potential. The Foundation offers a variety of ways for the Centerbridge team to be involved, ranging from selecting grant partners to providing direct volunteer service.

Internships/Scholarships:
Centerbridge is committed to developing a more diverse pipeline of future talent. It is focusing on underrepresented groups and is leveraging partnerships with organizations such as, Level 20 (whose mission is to inspire more women to succeed in private equity), Sponsors for Educational Opportunity (an educational and career development organization for underserved and underrepresented students) and the City University of New York Career Success Initiative, which provides opportunities for career exploration and skill development.
In 2020 Centerbridge launched the inaugural Founders Fellowship for the 2020-2021 academic school year. This year-long professional development program offers experiential learning, career coaching, networking and mentorship for women interested in pursuing investment careers.

Procurement:
At present, Centerbridge does not have a formal procurement policy or program to foster diverse business relationships.

Summary of Responses to Attachment M:
Evaluation and Implementation of Sustainable Principles

Submitted by: Centerbridge Partners

June 15, 2021

	Criteria	Responses
1	Firm has an ESG policy	Yes
1a	If yes, firm described its ESG policy	Yes
2	If yes, firm provided examples of ESG factors considered in the decision-making process, explained the financial impact of these ESG factors	Yes
3	Designated staff responsible for sustainability policies and research	Yes
4	Firm provides training/resources on sustainability issues, explained sources of ESG-related data	Yes
5	Signatory/member of sustainability-related initiatives or groups	Yes
6	Policy for evaluating current or prospective relationships with manufacturers or retailers of civilian firearms	Yes
7	Policy that requires safe and responsible use, ownership or production of guns	No
8	Enhanced screening of manufacturers or retailers of civilian firearms	No
9	Enhanced screening of any industry/sector subject to increased regulatory oversight, potential adverse social and/or environmental impacts	Yes
10	Merchant credit relationships with retailers of civilian firearms and accessories	No
10a	If yes, firm confirms compliance with laws governing firearms sales	N/A
11	Overall assessment of responses (e.g., depth of approach to ESG and integration)	The firm described a good integration of ESG into its investment process. Centerbridge is currently seeking membership with the UN PRI. The firm's ESG Steering Group includes the COO and Head of Investor Relations, and is in charge of all ESG policies and research. Centerbridge uses third party consultants such as Environmental Resources Management, and relies on standards promulgated by SASB (Sustainability Accounting Standards Board) and TCFD (Task Force on Climate-related Financial Dislcosures) to inform and improve their ESG practices. The firm does not have a policy on investments with civilian firearms manufacturers and retailers.
	SCORE: Excellent - 1 Detailed description of ESG philosophy and integration; ongoing ESG assessment; established framework; member of sustainability-oriented organizations; enhanced screening of firearms and/or higher-risk sectors Very Good - 2 Detailed description of ESG philosophy and integration; ongoing ESG assessment; established framework; member of sustainability-oriented+B3 organizations Satisfactory - 3 General description of ESG philosophy and integration; some evidence of framework for ongoing ESG assessment; member of sustainability-oriented organizations Needs Improvement - 4 Generic and/or vague description of ESG philosophy and integration; no ongoing ESG assessment; no dedicated ESG staff or resources Poor - 5 Incomplete or non-responsive	3

NEPC Private Markets Investment Due Diligence Report

Centerbridge Partners

Centerbridge Partners Real Estate Fund II, L.P.

June 2021

BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | PORTLAND | SAN FRANCISCO

Table of Contents

Table of Contents 1
Executive Summary 2
Positives: 3
Negatives 4
Fund Characteristics 5
Firm Description 6
Fund Investment Strategy 7
Fund Investment Process 10
Fund Economics 13
Fund Administration, Structure and Policies 14
Litigation, Regulation and Compliance 15
Appendix A: Firm Track Record 16
Appendix B: Key Fund Professionals 18
Appendix C: ESG Rating Output 20
Disclaimers and Disclosures 21

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Executive Summary

Centerbridge Partners ("Centerbridge," the "Firm," or the "Manager") is targeting $1.5 billion in total capital commitments for Centerbridge Partners Real Estate Fund II ("CPREF II" or the "Fund"). This is Centerbridge's second dedicated real estate vehicle. The Firm has a successful track record of opportunistic real estate investing, having completed approximately $9.4 billion of transactions since the Firm's inception. CPREF II will follow a similar opportunistic strategy as its predecessor fund.

CPREF II will target a diversified pool of real estate investments across property and security types in the United States and Europe. One of the key attributes that differentiates Centerbridge from traditional real estate investment managers is the multi-faceted approach by which the Firm can access investments. The Fund's mandate allows it to invest in companies, loans and securities, and direct properties. While there are many real estate firms that engage in direct property acquisitions, few have the expertise and capability to underwrite investments through corporate acquisitions or securities which can have additional layers of complexity. This multi-faceted approach provides a wider net from which to uncover deals that may be mispriced, and therefore, have higher value potential once repositioned. The Fund will target at least a 16% net internal rate of return ("IRR") and a 1.5x net total value to paid-in ("TVPI") multiple.

Centerbridge was founded in 2005 by Jeffrey Aronson and Mark Gallogly who were previously senior executives at the Blackstone Group and Angelo Gordon. As of June 30, 2020, Centerbridge had $26 billion in capital under management across three main product lines: private equity, credit/special situations, and real estate. Although the Firm engages in multiple strategies, every investment professional participates in collective weekly meetings across markets and products. The Firm believes that an integrated approach to viewing the investment landscape helps its investment teams find areas of mispricing and opportunities that may not be evident through a single strategy lens. Additionally, the Firm has a rigid focus on capital preservation which is consistent across team cultures. The Firm employs 100 investment professionals, with an additional 193 professionals supporting back office functions such as accounting, tax, and compliance.

The Firm's dedicated real estate team is comprised of 17 investment professionals led by William Rahm, Senior Managing Director, who joined Centerbridge in 2006 from Blackstone. The team has extensive experience investing across property sectors, security types, and both private and public markets. In addition, the team will leverage the Firm's credit and operational expertise to drive value creation.

CPREF II will hold a first close at the end of February 2021 and will likely be open for new capital commitments for a year thereafter.

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Positives:

- ***Strong Track Record:*** Since 2007, Centerbridge has deployed over $9.4 billion in real estate or real estate related investments, generating a gross IRR of 23% and a 1.6x gross TVPI multiple. Approximately $10.1 billion of proceeds, or 87% of the initial investments, have been realized to date.

  Across over 112 real estate investments, the Firm has generated over $4.8 billion of cumulative net investment gains with less than $167 million of cumulative net investment losses, representing a loss ratio of less than 2%. This loss ratio is lower than many other opportunistic real estate managers and emphasizes Centerbridge's central focus on capital protection.

- ***Experienced Team:*** Led by William Rahm, Senior Managing Director, the real estate team consists of 17 dedicated investment professionals with diversified real estate experience across reputable institutions such as Blackstone, Brookfield, Rockpoint, and Goldman Sachs. This collective experience has been instrumental in helping the team to design and implement best practices. The team has extensive experience investing across property sectors, capital structures, and both private and public markets. This collective experience has created a robust pipeline of real estate opportunities across geographies and security types. In addition, the real estate team will also be able to leverage deal sourcing and expertise from 80 additional investment professionals within the private equity and credit platforms, further enhancing the depth of the team.

- ***Differentiated Investment Approach:*** The Fund has a flexible, opportunistic mandate, allowing Centerbridge to execute on its multi-faceted approach, accessing investments through companies, loans and securities, and direct properties. While there are many real estate firms who engage in direct property acquisitions, few have the expertise and capability to underwrite investments through corporate acquisitions or securities which have additional layers of complexity. This multi-faceted approach provides a wider net from which to uncover deals that may be mispriced, and therefore, have higher value potential once repositioned. Additionally, the ability to access investments agnostically through public/private markets and across the capital structure can be advantageous in finding cyclical dislocations.

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Negatives

- ***Largely Unrealized Fund I:*** The CPREF I portfolio has performed well and has generated a net IRR of 18% and a net TVPI of 1.1x as of September 30, 2020. Although Fund I is in the first quartile on a DPI basis, only about 20% of the funded capital has been realized, meaning that much of this performance is still unrealized. Fund I is also in the first quartile on an IRR basis and in the second quartile on a TVPI basis (versus peers in the C|A Thomson One Global Value-Add and Opportunistic Real Estate universe). Additionally, Centerbridge executed the sale of its "Boston Industrial" asset in the fourth quarter of 2020 at a 3.7x gross TVPI, generating over $50 million of proceeds for Fund I (this realization is not reflected in the performance data as it occurred after September 30).

  These early realizations are supportive of Centerbridge's opportunistic investment style and team strength, but it will be important to monitor the asset management and the eventual liquidity options for existing investments. CPREF has material exposure to the hospitality assets, a sector which has been challenged during the COVID-19 pandemic. While NEPC believes that Centerbridge has done a good job managing these investments, a continued recovery will be critical to the ultimate return profile.

- ***Shared Pools of Capital:*** Although CPREF II is dedicated to real estate and real estate-related investments, the Firm will to continue to provide its private equity and credit funds exposure to real estate investments as was done historically in order to provide Limited Partners who have been investors in those vehicles a consistent mandate. As a result, real estate investments may be shared across multiple pools of capital (depending on capacity across the various vehicles), although Centerbridge management will maintain investment decisions. A formal allocation policy has been established to guide allocations.

- ***GP-Friendly Waterfall Structure:*** The Fund will use a modified American distribution waterfall on a deal-by-deal basis. Under this structure, the GP will have rights to 20% of the profits on each deal, after achieving the 8% preferred rate of return. The deal-level carried interest, however, is subject to the Fund's net asset value being marked at a minimum of 1.25x of cost. While American waterfall structures are less common today, the minimum fund-level multiple threshold provides a modification that helps ensure the fund will achieve at least a 1.25x multiple of cost prior to GP carry distribution. This waterfall structure has been the norm historically at Centerbridge with its closed-end real estate fund series.

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Fund Characteristics

Investment Vehicle	Centerbridge Partners Real Estate Fund II, L.P. ("CPREF II")
Investment Manager	Centerbridge Partners ("Centerbridge")
Target Size/Max Size	$1.5 billion
Amount Raised	An initial closing is expected to occur as soon as practicable
Minimum Investment Size	$10 million, subject to lesser amounts being accepted
Target Final Close Date	12 months after the first close
Investment Period	Four years from the Final Closing Date
Fund Term	Five years from the end of Commitment Period, subject to extension for a one-year period at the discretion of the GP and for a second successive one-year period with the approval of the LP Advisory Committee or a majority in interest of the combined Limited Partners
Sponsor's Investment	A minimum of 3.0% of the third-party Limited Partner capital commitments
Capital Commitments	N/A
Investment Focus	Non-Core Real Estate
Geographic Focus	North America and Europe
Projected Number of Investments	Approximately 10-25 investments
Deal Size	$50 million - $125 million
Target Fund Return	16% net IRR / 1.5x+ net multiple
Leverage	The maximum limit on leverage at the Fund-level is 70% LTV
Annual Management Fee	1.50% per annum during Commitment Period and 1.25% per annum thereafter A Limited Partner that is admitted to the initial close of CPREF II will be given a Management Fee holiday of three months starting at the Effective Date; the GP may offer other fee rates in certain instances
Other Fees	None
Organizational Costs	The aggregate organizational expenses of CPREF II may not exceed $2.5 million, with any excess offsetting management fees on a dollar for dollar basis
Carried Interest	20.0%
Preferred Return	8.0%
Distribution Waterfall	Modified American (Deal-by-Deal) such that: 1. 100% to the Limited Partner until it receives all of its capital contributions and an 8% annual rate of return on its capital contributions 2. 80% to the GP and 20% to the Limited Partner until the GP "catches up" to an overall 20% carried interest 3. Followed by 80% to the Limited Partner and 20% to the GP The GP will not receive distributions of carried interest if the value of such Limited Partner's interest in unrealized portfolio investments is less than 125% of its capital contributions with respect to the portfolio investments
ERISA Fiduciary	Centerbridge does not expect to be an ERISA fiduciary
Fund Auditor	PricewaterhouseCoopers LLP
Fund Legal Counsel	Simpson Thacher & Bartlett LLP
Placement Agents	Hodes Weill & Associates
Website	www.centerbridge.com

Firm Description

Firm Overview

Centerbridge was founded in 2005 by Jeffrey Aronson and Mark Gallogly who have combined over 60 years of experience investing in distressed credit and private equity. Prior to cofounding Centerbridge, Mr. Aronson was a partner at Angelo, Gordon & Co., L.P., where he led the Firm's distressed securities and leveraged loan efforts. Mr. Gallogly was a Senior Managing Director and the head of the Private Equity Group at The Blackstone Group. Mr. Gallogly retired in December of 2020, as had been communicated by Centerbridge over the past year. Mr. Aronson is now the Firm's sole Managing Partner.

Centerbridge maintains offices in both New York and London and employed 293 individuals as of June 30, 2020, which includes accounting, operations, tax, legal, compliance, and investor relations professionals.

The Centerbridge team has extensive experience in both private and public investing, including distressed restructurings, leveraged buyouts, and corporate partnerships. The team's tenure in these areas of the alternative investment market provides perspective, insight, and experiences that Centerbridge believes afford the Firm a competitive advantage in identifying the most attractive investment opportunities.

Team Overview

The real estate investment team, led by William Rahm, has grown over time and currently consists of 17 professionals (twelve in New York and five in London). In addition to Billy Rahm, the senior leadership of the real estate team includes two Senior Managing Directors, Adam Burinescu, who leads real estate investing in the U.S., and Steve Skaar, who leads real estate investing in Europe. The real estate team operates as one integrated group between New York and London and there is a single global Real Estate Investment Committee evaluating transactions. The real estate regularly works with other members of Centerbridge's credit and private equity teams when evaluating investments in companies.

The senior members of the real estate team, including three Senior Managing Directors and three Managing Directors, have an average of over 15 years of experience investing and approximately seven years average tenure at Centerbridge. They are supported by five Principals and six Senior Associates and Associates in New York and London.

Recent Turnover/ Key Departures

In October 2019, Mr. Gallogly announced plans to retire from the Firm and formally retired October 2020 or later in Q4 2020. The real estate team has experienced no senior-level turnover since the formation of CPREF.

Succession Planning

With Mr. Gallogly's retirement in 2020, Jeffrey Aronson holds overall control of the Firm and is highly involved in the daily investment activity and management. In September 2012, Centerbridge formalized a Management Committee, whose nine members are Jeffrey H. Aronson, Susanne V. Clark, Jed A. Hart, Matthew S. Kabaker, Ben C. Langworthy, Vivek Melwani, Bill Neuenfeldt, William D. Rahm and Steven M. Silver. The Management Committee meets regularly throughout the year, drawing on insights from other senior leaders as circumstances warrant.

Additionally, the Firm's leadership structure has evolved over time to give more responsibility to the most senior leaders, including the appointment of William D. Rahm to lead the Real Estate business, Matthew S. Kabaker and Steven M. Silver to co-head the Private Equity business and Gavin Baiera, Richard J. Grissinger, Jed A. Hart and Vivek Melwani as Portfolio Managers in the Credit, Distressed Strategies and Special Situations business. Centerbridge believes that it has built a deep bench that will serve to provide leadership in the case of Mr. Aronson's departure.

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Fund Investment Strategy

Investment Strategy

The Fund will have an opportunistic mandate, consistent with Centerbridge's strategy in its predecessor fund, CPREF. The Fund will focus on three major investment types: companies, loans and securities, and properties.

- **Companies:** The Fund intends to invest in high quality operating businesses run by experienced management teams. Investments will be made throughout cycles. Equity investments will be made when equity capital markets are functioning well, while debt-for control investments will be made during times of market dislocation. The Fund will utilize Centerbridge's portfolio operations team in order to improve portfolio company performance in capital allocation and capital structure management.

- **Loans and Securities:** Investments in this strategy can include loans, publicly-traded equities, and structured products. The Fund will seek to exploit volatile capital markets and invest in areas of the markets where financing options are limited and there is a general lack of liquidity. The fund will then use its capital markets and restructuring expertise to maximize the value of its investment and will join creditor groups when it feels that it can influence a favorable outcome.

- **Properties:** The Fund will directly invest in single properties as well as portfolios of assets. This strategy will focus on geographies with compelling supply/demand imbalances and transitional assets with the opportunity to improve operations or asset quality. CPREF II will partner with best-in-class operators to drive deal flow and enhance relationships with tenants.

One of the keys to Centerbridge's strategy is the ability to invest during different market cycles by shifting the Fund's investment approach, as described above to the best relative value opportunities in both public and private markets. Centerbridge believes that history shows that real estate is a cyclical asset class, leading to times when certain parts of the capital structure are more attractively priced than others. The Manager believes that its flexible approach may allow it to capitalize on these market dynamics, which differentiates it from other real estate investment managers who focus on making investments solely in properties.

Centerbridge intends to look across the capital structure and transaction types to find opportunities it believes to be attractively priced on an absolute basis. While the Firm's investment pace across the three transaction types has varied throughout its history, this flexible strategy has consistently generated attractive risk-adjusted returns.

Target Return

The Fund is targeting a 16% net IRR and a 1.5x+ net multiple.

Target Fund Size

The Manager is seeking $1.5 billion in capital commitments for the Fund.

Target Investment Type

The Fund will be property type agnostic. Currently, Centerbridge expects to focus on sectors with secular tailwinds such as single family residential as self-storage as well as most distressed asset types such as hotels. Centerbridge has experience investing across a wide spectrum of property types.

Target Geographic Focus

The Fund will primarily target investments in North America and Europe.

Target Deal Size

The Manager expects to execute a total of approximately 10 to 25 investments, with a typical deal size of approximately $50 million to $125 million of equity.

Use of Leverage

The Fund has a maximum loan-to-value ratio (LTV) of 70% across the portfolio but can be flexible with the debt profile of each investment. Additionally, the Manager intends to establish a Fund-level line of credit for the purpose of providing short-term capital between capital calls. Such a line of credit has been used conservatively in other strategies.

Recycling of Capital

Recycling of capital is permitted during the commitment period against realized cost.

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Environmental, Social, and Governance Considerations

Centerbridge considers the application of socially responsible behavior, including environmentally conscious and good governance procedures, within the Firm and at portfolio companies to be a core principle. Centerbridge has formalized various procedures to systematically integrate ESG considerations into its investment and operational processes, including an ESG due diligence template and an annual ESG assessment. By incorporating this approach to ESG considerations, Centerbridge believes it can enhance the Firm's citizenship, help mitigate ESG-related risks, and identify value-enhancement opportunities within the Firm and its investments. The Firm has developed an internal ESG committee to guide and report on the Firm's ESG efforts.

Each investment professional is trained to include Centerbridge's formal ESG policy when evaluating and managing investments. Investment teams utilize Centerbridge's portfolio operations team to help implement best practices when engaging with management teams and local operators.

Centerbridge has received a rating of 2 based on NEPC's proprietary ESG Ratings system, where five indicates no integration and one indicates a best in class approach. See **Appendix C** for NEPC's detailed ESG matrix.

Manager's View of Current Market Conditions

In March 2020, when market volatility arose due to the COVID-19 pandemic, Centerbridge's real estate team shifted resources toward real estate-related loans & securities opportunities, where Centerbridge believed there was a large, addressable opportunity to invest at material discounts to intrinsic value.

Centerbridge notes that certain well-established trends accelerated during the COVID-19 pandemic, and specific themes were also directly impacted by responses to the health crisis. For example, Centerbridge expects a continued shift in consumer behavior from physical to online shopping. This trend was well-established pre-COVID-19 with the average quarterly growth rate over the last decade greater than 15%. Retailers and other e-commerce providers in general recently have highlighted that e-commerce sales growth will be well in excess of historical levels. Grocers have seen e-commerce sales nearly double year-over-year in the second quarter of 2020, according to several large public grocery companies. Centerbridge expects that the consumer shift to increased online spend during the COVID-19 pandemic will accelerate the digitization of the economy. Centerbridge prefers to play this e-commerce transition in the form of last-mile industrial and grocery derivatives, particularly cold storage and delivery, which will be one of the final deals in CPREF.

A key component of Centerbridge's thematic approach is long-term secular demand trends. For example, in self-storage, Centerbridge identified that the U.S. population's utilization of self-storage facilities increased by almost 40% from 2010 to 2018. Similarly, digital real estate has experienced a significant increase in demand in recent years; in 2019 alone, mobile traffic approximately 30% in North America with outsized growth continuing in 2020.

As debt delinquencies rise and transaction volumes remain below historical levels, the Firm believes the opportunity set for its real estate strategy should increase substantially. Centerbridge feels that it can invest in a wide range of opportunities in the public markets, as well as in the private markets, including, for example, investments in rescue financing, convertible debt, deleveraging capital, distressed-for-control, restructurings and privately negotiated financing arrangements.

Expected Fund Investor Base

The Manager anticipates the Fund investor base comprising primarily of endowments, family offices, foundations, and public pensions, similar to its capital base in its predecessor fund.

Current Fund Investments

The Fund has not made any investments to date.

Example of Prior Investment

In January 2019, Centerbridge acquired Boston Industrial, an infill last-mile logistics property in Boston's Seaport district. The asset is fully-leased and anchored by DHL. The Manager believed, at acquisition, that the asset had substantial upside from potential re-zoning in a high-growth real estate market. Centerbridge leveraged its research on industrial & logistics as a high conviction theme and moved quickly when the asset became available. Centerbridge saw upside potential through the opportunity to relocate the current tenant, unencumbering the building from its lease and up-zoning the site consistent with surrounding sites. The Firm's upside case assumed an eventual exiting through the sale of the land to a developer as an ideal site for office or life sciences use. Centerbridge was in the process of completing re-zoning plans in 2020 to increase the allowable building density of the site and to assist the existing tenants for relocation to unencumber the asset for development.

Centerbridge invested $15 million of CPREF I's capital and sold the asset to a developer in the fourth quarter of 2020, generating a 3.7x gross TVPI and a 107% gross IRR.

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Fund Investment Process

Deal Sourcing

The Fund will leverage the cumulative experience of the Firm to source opportunities across a range of asset classes, geographies, and parts of the capital structure. At senior levels, most investment professionals focus on industry verticals, within which they seek investment opportunities throughout the capital structure—a unique approach relative to many other firms. Centerbridge believes that the diverse backgrounds of the investment team enable the Firm to identify and capitalize on opportunities that others may overlook.

Centerbridge has an extensive network of relationships with traditional real estate industry participants, including investment sales and capital markets brokers, corporate real estate advisors, local operating partners, attorneys and investment bankers. This extensive network is further augmented by the broader Firm's relationships with business executives, management teams, portfolio company executives, investment and commercial bankers, Wall Street trading desks, broker-dealers, high-yield analysts, industry consultants, strategic investors and restructuring professionals.

Centerbridge's capital markets participation provides access to a unique flow of investment opportunities. Investment ideas also may be generated in a number of different ways, including by monitoring news and other events, analyzing issuers' SEC or other publicly available disclosures, reviewing trade journals and industry publications and reviewing investment research and periodicals.

Investment Due Diligence:

Initial Deal Analysis

Across all Fund strategies, Centerbridge reviews each pipeline opportunity on a weekly basis. Investment professionals from all strategies are encouraged to participate in these meetings and contribute feedback. Once opportunities have been identified, the team will prioritize each investment idea based on conviction and assign a small team to initially evaluate each opportunity. The assigned team will first analyze the investment, factoring in a wide-range of variables such as risk return analysis, financial projections, and property tours.

Due Diligence

Centerbridge employs a structured, in-depth due diligence process across companies, loans and securities, and properties that is focused on market dynamics and asset characteristics. The investment team's collective experience highlights what the Firm believes are several of its core capabilities: the bottom-up skills involved in performing in-depth, bottom-up business and asset diligence, and the top-down expertise of market and event analysis, and the ability to negotiate and structure complex transactions.

As diligence on an opportunity proceeds, the deal team shares key findings with the Investment Committee. At the outset of diligence on a new opportunity, the transaction team reviews the opportunity with the broader real estate team during the weekly team meeting, discusses an introductory investment memo with the full Investment Committee and requests approval for any material costs expected to be incurred in due diligence. Over the course of the diligence process, the Firm typically holds at least two Investment Committee meetings. All investment team members are encouraged to join these meetings. At the conclusion of the discussion, the Firm's senior leadership makes a decision whether to invest.

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Investment Committee
The Real Estate Investment Committee incorporates perspectives from across Centerbridge's three core strategies—real estate, private equity and credit—as well as across the U.S. and the U.K., reflecting the diversity of backgrounds among its members. A majority of Investment Committee members must decide in favor of making an investment in order for the Firm to proceed. Additionally, the Firm's Managing Principals and the Head of Real Estate each have the ability to veto an investment.

Investment Committee Members:

- Jeffrey H. Aronson *(Managing Partner, Co-Founder)*
- William D. Rahm *(Senior Managing Director, Head of Real Estate)*
- Adam Burinescu *(Senior Managing Director)*
- Steven Skaar *(Senior Managing Director)*
- Jed A. Hart *(Senior Managing Director, Co-Head of Europe)*
- Ben C. Langworthy *(Senior Managing Director, Co-Head of Europe)*
- Vivek Melwani *(Senior Managing Director)*

Asset Management/Value Creation
The Fund implements an integrated approach to real estate asset management to create or capture value in its real estate investments. The team seeks to optimize capital structures and improve talent, strategy, and operations at real estate companies to enhance the performance of the underlying properties as well as oversee the re-positioning and value creation in directly-owned assets. Most, if not all of the value-creation opportunities for each platform/asset have been identified prior to investment.

For companies, Centerbridge focuses on improving operations and/or management (leveraging the Firm's portfolio operations team), accretively investing additional capital into capex or add-on acquisitions, and improving the company's capital structure

For loans and securities investments, Centerbridge leverages the Firm's deep experience in restructuring through its vast network of lawyers and financial advisors and joins creditor groups to influence outcomes in distressed situations.

For Properties, the team repositions assets and executes accretive capital improvements to optimize performance and value. The team has dedicated asset management and operational capabilities and also collaborates with operating partners that provide local expertise and enhance relationships with tenants.

Exit
Centerbridge is highly focused on maximizing each investment's returns with respect to timing and exit mechanism. The team actively discusses potential exit options prior to the outset of each investment to assess the potential universe of buyers.

Timing of an exit is generally a function of the price that a buyer is willing to pay vs intrinsic value of the asset. Centerbridge will also opportunistically assess the relative upside of continued involvement in an investment versus the risks associated with holding such investment. In addition, the Firm evaluates new investment ideas to gauge the opportunity cost of continuing to hold a current investment. The Firm rigorously considers the range of options for realizing returns (strategic buyers, financial sponsors, public markets, restructuring) and has substantial flexibility with respect to the manner in which it exits investments.

Centerbridge believes that its history demonstrates that it has the ability to successfully execute a broad range of exit strategies. Throughout the lifecycle of each investment, the team continuously evaluates exit strategy and takes a nimble approach to realizing investments and returning capital opportunistically.

Risk Mitigation
Centerbridge believes the risk inherent in each investment is the potential for a permanent impairment of capital. Risk is quantified through an extensive due diligence process that includes a thorough analysis of the potential business, financial, credit, operating, legal and market risks inherent in any investment.

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Centerbridge holds weekly meetings to review portfolio investments, which highlight risks and track key performance metrics. Centerbridge believes it is appropriate to re-evaluate risks throughout the life of each investment. Investments are sized based on the perceived probability of permanent loss, not potential gains, with an emphasis on the preservation of capital.

Investment restrictions on CPREF II include:

- No more than 20% in a single investment, subject to certain limited exceptions
- No more than 25% of aggregate capital commitments outside North America and Europe
- No more than 5% of aggregate capital commitments in investments outside of the OECD (Organization for Economic Cooperation and Development)
- Leverage will not exceed 70% of the total portfolio asset value

Fund Economics

Management Fee
The fund will charge an annual 1.50% management fee on committed capital during the investment period and an annual 1.25% management fee on invested unreturned capital thereafter. A Limited Partner that is admitted to the initial close of CPREF II will be given a Management Fee holiday of three months starting at the Effective Date; the GP may offer other fee rates in certain instances.

Distribution Waterfall
The distribution waterfall is as follows:

1. First, 100% to the Limited Partner until it receives all of its Capital Contributions and an 8% annual rate of return on its Capital Contributions
2. Then, 80% to the General Partner and 20% to the Limited Partner until the General Partner "catches up" to an overall 20% Carried Interest
3. Followed by 80% to such Limited Partner and 20% to the General Partner

The General Partner will not receive distributions of carried interest if the value of the Limited Partner's interest in unrealized portfolio investments is less than 125% of its capital contributions with respect to such portfolio investments.

Allocation of Carried Interest
In prior closed-end Centerbridge Funds, Mr. Aronson and Mr. Gallogly have been allocated between 45% and 65% of carried interest, with the remainder being distributed among the rest of the senior team members. While the allocation of carried interest has not been determined for CPREF II, it is expected to be in-line with previous Centerbridge funds.

Clawback Provision
At the end of the Fund's life there will be a clawback test to ensure that Limited Partners have received an 8% preferred return before the General Partner receives its carry and the General Partner has not received more than 20% of the profits.

The ultimate clawback obligation is capped at the after-tax amount of all carried interest distributions received by the General Partner. There is an interim clawback, which is triggered upon a realized loss that has not been recouped as of the end of the fiscal quarter in which the one year anniversary of such disposition occurs.

Other Fees and Expenses
Each Partner will bear its pro rata share of the Limited Partnership's and General Partner's organizational expenses including legal, accounting, travel, and capital raising. To the extent the Partnership is required to pay any placement agent fees, each Limited Partner with respect to which a placement agent fee has been paid will contribute its share of the amount of such fee to the Partnership and the Management Fee otherwise payable will be reduced by 100% of such Limited Partner's share.

Sponsor's Investment
The GP will contribute a minimum of 3.0% of aggregate LP commitments.

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Fund Administration, Structure and Policies

Fund Structure
The Fund is structured as a Delaware limited partnership.

ERISA Provisions
The General Partner will use reasonable best efforts to (a) limit equity participation in the Partnership by "benefit plan investors," within the meaning of Section 3(42) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), to less than 25% of the total value of each class of equity interests in the Partnership or (b) otherwise structure or operate the Partnership in such that the assets of the Partnership should not constitute "plan assets" of any "benefit plan investor" which invests in the Partnership.

UBTI Considerations
The Fund may make investments that will generate UBTI. The Fund may structure investments in such a way to minimize or block UBTI, to the extent pre-tax income may still be maximized.

Labor Policy
The Fund does not have a formal labor policy.

Key Persons Provision
If a key person event is triggered, the investment period will be automatically suspended unless a majority in interest of the LPs approves a resumption. A Key Person Event will be triggered if:

1. Both of Jeffrey H. Aronson (key person) and William D. Rahm (key person) cease to devote the required involvement

2. Either Key Person ceases to devote the required involvement and both of Adam M. Burinescu and Steven J. Skaar cease to devote the required involvement

GP Removal Provision
The General Partner may be removed for cause with the approval of a majority interest of the Limited Partners within 60 days of the Manager notifying investors of such an event. In the event that the General Partner is removed, CPREF II will purchase the interest of the General Partner or the Manager's unfunded commitment amount is reduced to zero and any existing interest in the Fund will be converted to a Limited Partner interest. In such a scenario, the Manager will not be entitled to the management fee. Please refer to the Fund's Limited Partner Agreement (LPA) for additional details.

LP Advisory Committee
The Fund will have an advisory committee (the "LP Advisory Committee") of members designated by certain unaffiliated Limited Partners selected by the General Partner. The LP Advisory Committee will provide advice and counsel as requested by the General Partner in connection with conflicts of interest that the General Partner determines to be material and other matters related to the Partnership.

Reporting
The Firm will provide audited financial statements and annual reports. On a quarterly basis, each Limited Partner will be furnished with unaudited financial statements of the Partnership. The financial statements will be prepared in accordance with U.S. generally accepted accounting principles. In addition, commencing in 2022, the General Partner will conduct an annual informational meeting for the Limited Partners.

Valuation Policy
Centerbridge provides internal valuations on a quarterly basis utilizing a market multiple approach or other comparable valuation techniques, as appropriate. This valuation policy is consistent with the policy for Centerbridge's other strategies. The firm currently employs five valuation professionals. In addition, the Firm uses Cushman & Wakefield and Alvarez & Marsal as third-party valuation consultants.

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Litigation, Regulation and Compliance

Current Litigation

In connection with ordinary course investing activities, Centerbridge may become involved in litigation either as a plaintiff or a defendant. Matters considered by The Firm to be material to a Limited Partner's investment in a Centerbridge Fund are ones that would warrant disclosure. There is no pending litigation against members of the real estate team or its investment with recourse to Centerbridge or CPREF.

Compliance Staff and Philosophy

Susanne Clark, General Counsel, is responsible for overseeing all of the Firm's compliance activities. Elizabeth Uhl is the Firm's Chief Compliance Officer and reports to Ms. Clark. Centerbridge conducts a formal compliance training program for each employee, which focuses on global anti-corruption, entertainment policies, information security and other components of the Firm's code of ethics.

SEC Oversight

Centerbridge Partners, L.P. is registered as an investment advisor with the Securities and Exchange Commission (SEC).

Subject to Other Regulators

The Firm is registered with the FCA in the U.K. and certain of Centerbridge funds are registered with CIMA in the Cayman Islands.

Personal Trading

All Centerbridge employees are required to certify they understand and agree to comply with the personal trading policy, which requires pre-clearance for each personal trade from the Firm's Chief Compliance Officer (or, with her approval, a Legal & Compliance Manager) and from Jeff Aronson and Bill Neuenfeldt (and also Ben Langworthy and Jed Hart for requests by London office personnel). Pre-clearance determinations take into account, among other things, actual or potential conflicts that exist or could arise with the interests of the funds, any trading restrictions that may apply under applicable securities laws and the Firm's policy against short-term trading. The Firm obtains duplicate brokerage statements and trade confirmations and reviews such statements and trade confirmations to confirm compliance with the personal trading policies, including the pre-clearance requirement. The Firm's compliance files include employee certifications, records of pre-clearance requests and responses, brokerage statements and reviews of such statements.

Appendix A: Firm Track Record

Past Fund Track Record

Fund-Level Returns									
Fund	Vintage Year	Capital Committed	Capital Funded	Reported Value	Amount Distributed	Total Value, Net of Carry	TVPI Multiple	DPI Multiple	Current Net IRR
CPREF	2018	$894	$421	$384	$70	$442	1.1x	0.2x	17.5%

Note: $ in millions; data as of 9/30/2020 and provided by the Manager. IRRs are net and are calculated after the deduction of carried interest and expenses charged directly to the respective funds. TVPI multiples are calculated using fund-level contributions and fund-level distributions to-date, as well as the respective fund's equity balance, net of promote.

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Track Record Benchmarking

Vintage Year Benchmarking Analysis

Net IRR

Vintage Year
2018

Centerbridge

Fund	Current Net IRR	Quartile
CPREF	17.5%	1

Vintage Year Benchmark Net IRR Comparison

# Funds	Upper Quartile	Median	Lower Quartile
21	9.4%	1.6%	(9.9%)

DPI Multiple

Vintage Year
2018

Centerbridge

Fund	DPI Multiple	Quartile
CPREF	0.2x	1

Vintage Year Benchmark DPI Multiple Comparison

# Funds	Upper Quartile	Median	Lower Quartile
21	0.1x	0.0x	0.0x

TVPI Multiple

Vintage Year
2018

Centerbridge

Fund	TVPI Multiple	Quartile
CPREF	1.1x	2

Vintage Year Benchmark TVPI Multiple Comparison

# Funds	Upper Quartile	Median	Lower Quartile
21	1.1x	1.0x	0.9x

Notes:

1. *$ in millions; data as of 9/30/2020 and provided by the Manager.*
2. *Note: For benchmarking purposes, we compared fund performance to the C|A Value-Add and Opportunistic Real Estate universe with data as of 9/30/2020*
3. *IRRs are net and are calculated after the deduction of carried interest and expenses charged directly to the respective Fund. TVPI multiples are calculated using fund-level contributions and fund-level distributions to date as well as the respective fund's equity balance, net of promote.*
4. *GREEN shaded cells indicate that the fund outperformed the benchmark. RED shaded cells indicate that the fund underperformed the benchmark.*

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Appendix B: Key Fund Professionals

Detailed Biographies – Investment Team and Members of the Real Estate Investment Committee

Jeffrey Aronson, Managing Principal, Cofounder

Mr. Aronson cofounded Centerbridge Partners in October 2005 with Mark T. Gallogly. Together, they oversee and have ultimate responsibility for the Firm's investment activities and serve as members of the Management Committee. Mr. Aronson has been active in alternative investments, including credit, distressed strategies & special situations, private equity and real estate, for more than 30 years, and has been deeply involved in many U.S. and overseas restructurings. He was previously a Partner at Angelo, Gordon & Co., where he led that firm's distressed securities and leveraged loan efforts. Before joining Angelo, Gordon in 1989, Jeff served as Senior Corporate Counsel at L.F. Rothschild & Co. He began his career as a securities attorney with the law firm of Stroock & Stroock & Lavan.

Mr. Aronson graduated with honors from Johns Hopkins University and received a J.D. from New York University School of Law.

William Rahm, Senior Managing Director, Head of Real Estate

Mr. Rahm joined Centerbridge in 2006 and leads the Firm's global real estate investing activities. He also serves as a member of the Firm's Management Committee. Prior to joining Centerbridge, Mr. Rahm was a member of the Real Estate Private Equity Group at The Blackstone Group L.P., where he completed investments in lodging businesses and real assets.

Mr. Rahm graduated cum laude from Yale College. He received his J.D. cum laude from Harvard Law School and his M.B.A. with distinction from Harvard Business School.

Adam Burinescu, Senior Managing Director

Mr. Burinescu joined Centerbridge in July 2012 and focuses on investments in the real estate sector. Prior to joining Centerbridge, he was a Director at Rockpoint Group, where he focused on investing in opportunistic real estate assets. Prior to Rockpoint, Mr. Burinescu worked at Morgan Stanley advising corporate clients in the investment banking group as well as making principal investments on behalf of the Morgan Stanley Real Estate Funds.

Mr. Burinescu graduated magna cum laude from Cornell University.

Steven Skaar, Senior Managing Director

Mr. Skaar joined Centerbridge in 2016 and focuses on real estate investing activities. Prior to joining Centerbridge, he was a Senior Vice President at Brookfield Asset Management, Inc. where he led the opportunistic real estate investments team in Europe. Prior to Brookfield, Mr. Skaar spent 10 years at Citigroup, most recently as a Director at Citi Property Investors, where he focused on European opportunistic investments. He also spent time in Citigroup's Global Corporate and Investment Bank, working both in the real estate advisory and lending businesses.

Mr. Skaar received a B.S. from the University of Utah and an M.B.A., with distinction, from Cornell University.

Jed A. Hart, Senior Managing Director, Co-Head of Europe

Mr. Hart joined Centerbridge in 2008 and is a portfolio manager for the Firm's global credit, distressed strategies & special situations investing activities. He also co-leads the Firm's London office and serves as a member of the Firm's Management Committee. Mr. Hart relocated to the London office in August 2012. Prior to joining Centerbridge, Mr. Hart was a Managing Director at Angelo, Gordon, & Co. and the Portfolio Manager for the distressed securities funds. Previously, he worked in the High Yield Trading Group at Merrill Lynch & Co., from 1993 to 1995, focusing on distressed and special situation investing. Mr. Hart began his career in investment banking, specializing in financial institutions at Fox-Pitt, Kelton Inc.

Mr. Hart received a B.S. from the Wharton School of the University of Pennsylvania.

Ben C. Langworthy, Senior Managing Director, Co-Head of Europe

Mr. Langworthy joined Centerbridge in 2006 and co-leads the Firm's London office, where he oversees all private equity activities in Europe and serves as a member of the Firm's Management Committee. Mr. Langworthy focuses on investments in the Financial Services and related sectors. He relocated to the London office in April 2012. Prior to

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joining Centerbridge, Mr. Langworthy was an Associate in the private equity group of Soros Fund Management. Previously, he was a member of the Mergers & Acquisitions Groups of Donaldson, Lufkin & Jenrette and Credit Suisse First Boston.

Mr. Langworthy received a B.A., magna cum laude, from Yale College and was elected to Phi Beta Kappa. He holds an M.B.A. from Harvard Business School.

Vivek Melwani, Senior Managing Director

Mr. Melwani joined Centerbridge in 2008 and is a portfolio manager for the Firm's global credit, distressed strategies & special situations investing activities. He also serves as a member of the Firm's Management Committee and focuses on special situations, event-driven and restructuring-oriented investments. Prior to joining Centerbridge, Mr. Melwani was a Partner in the Bankruptcy and Restructuring department at Fried, Frank, Harris, Shriver & Jacobson LLP, a leading international law firm. In 2006, he was named an "Outstanding Young Restructuring Lawyer" by Turnarounds and Workouts. While practicing law, Mr. Melwani also was honored consistently by Chambers USA: America's Leading Lawyers for Business as a leading individual in Bankruptcy/Restructuring.

Mr. Melwani received a B.B.A. from Hofstra University and a J.D., with distinction, from Hofstra University School of Law.

Appendix C: ESG Rating Output

General Fund Information	
Firm	Centerbridge Partners
Fund	Centerbridge Partners Real Estate Fund II, L.P.
Strategy-Type	Non-core real estate
WMBE Firm	No

ESG Rating
ESG 2
ESG Ratings are on a scale of 1 through 5, with 1 indicating a best in class approach and 5 indicating no integration.

Analyst Opinion
Centerbridge considers the application of socially responsible behavior, including environmentally conscious and good governance procedures, within the Firm and at portfolio companies to be a core principle. Centerbridge has formalized various procedures to systematically integrate ESG considerations into its investment and operational processes, including an ESG due diligence template and an annual ESG assessment. By incorporating a this approach to ESG considerations, Centerbridge believes it can enhance the Firm's citizenship, help mitigate ESG-related risks, and identify value-enhancement opportunities within the Firm and its investments. The Firm has developed an internal ESG committee to guide and report on the Firm's ESG efforts. Each investment professional is trained to include Centerbridge's formal ESG policy when evaluating and managing investments. Investment teams utilize Centerbridge's portfolio operations team to help implement best practices when engaging with management teams and local operators.

Evaluation Criteria and Commentary	
Firm-Level	
Firm-Level Commitment	Centerbridge has a formal ESG policy that is focused on three key pillars: corporate governance and ethics, inclusive growth and social responsibility, and resource use and environmental impact. Centerbridge has formed an ESG Steering Committee to guide and report on Centerbridge's ESG efforts.
Resources	The Portfolio Operations Team has a dedicated ESG specialist that focuses full-time on implementing Centerbridge's ESG efforts across the Firm and portfolio, including partnering with investment professionals.
Engagement Policies	In developing its ESG Policy and approach across the Firm, the Centerbridge Foundation and portfolio companies, Centerbridge has engaged a diverse group of of stakeholders and considered industry guidelines, including the United Nations supported Principles of Responsible Investment ("PRI"), alongside research on ESG emerging trends and best practices.
Strategy-Level	
Overview	The real estate team integrates Centerbridge's real estate policy into its investment framework when evaluating and managing investments. Particularly, the Centerbridge real estate team focuses on designing strong board and management structures with effective internal controls and applying high standards of legal and ethical conduct.
Integration Process	The team works closely with local operators and management teams to ensure that best practices are being followed and that buildings are being operated efficiently with minimal environmental impact.
Resources	The Portfolio Operations Team has a dedicated ESG specialist that focuses full-time on implementing Centerbridge's ESG efforts across the Firm and portfolio, including partnering with investment professionals.

Disclaimers and Disclosures

- Past performance is no guarantee of future results.
- The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.
- Information used to prepare this report was obtained directly from the investment manager, and market index data was provided by other external sources. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

In addition, it is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds, real estate and private equity:

1. Performance can be volatile and investors could lose all or a substantial portion of their investment
2. Leverage and other speculative practices may increase the risk of loss
3. Past performance may be revised due to the revaluation of investments
4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms
5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value
6. These funds are not subject to the same regulatory requirements as registered investment vehicles
7. Managers may not be required to provide periodic pricing or valuation information to investors
8. These funds may have complex tax structures and delays in distributing important tax information
9. These funds often charge high fees
10. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy

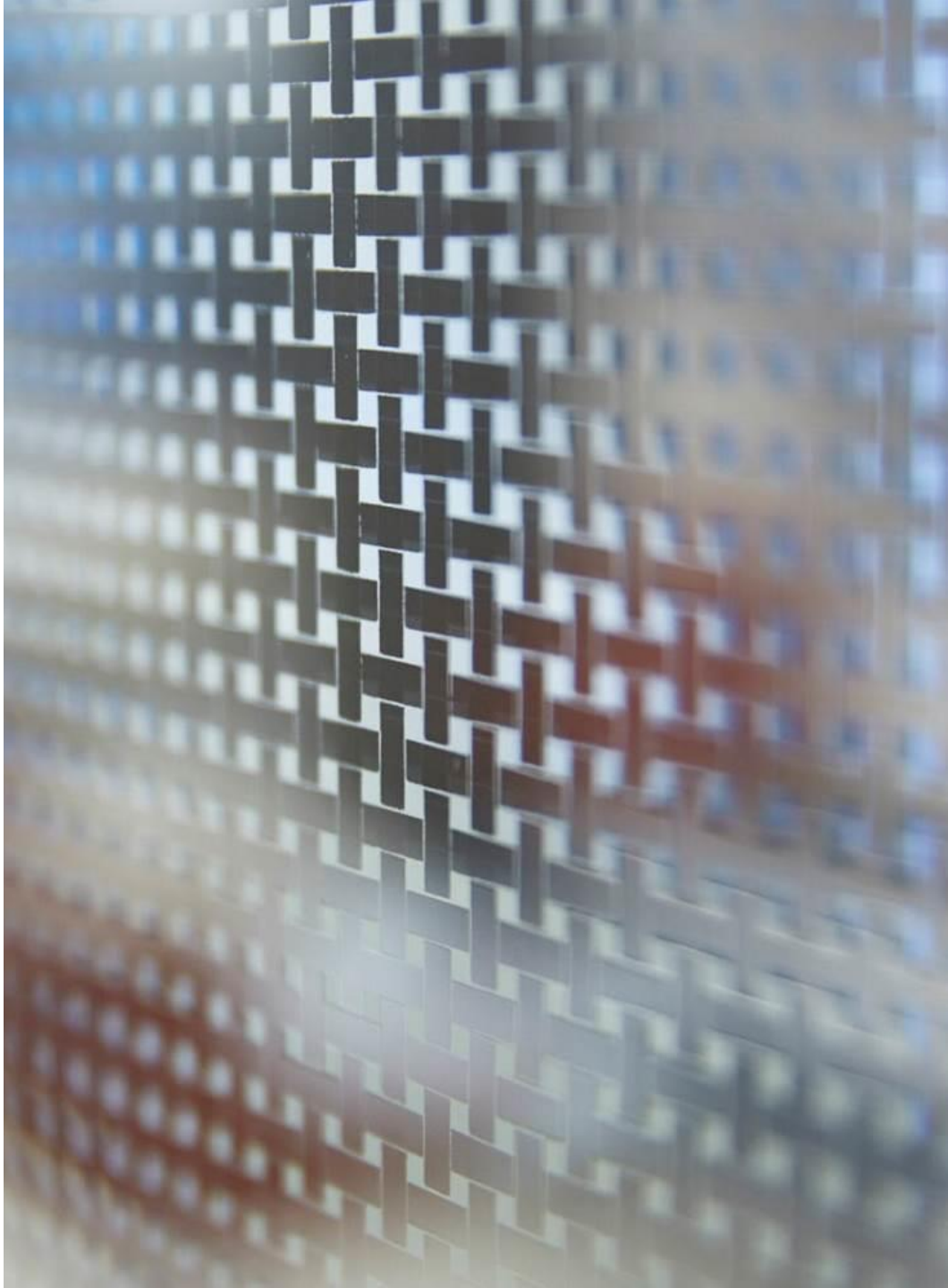
PUBLIC

Centerbridge

Introduction to Centerbridge Partners Real Estate Fund II, L.P.

July 14, 2021

Prepared for the State of Connecticut



Trade Secret and Strictly Confidential
All information herein is presented as of March 31, 2021
except as otherwise expressly noted.

Important Information: General

- These pages, and the Endnotes that accompany this confidential presentation (this "Presentation"), contain important disclosures and information that must be read and considered together with the other portions of this Presentation.
- This Presentation is being provided, for investment due diligence purposes, by Centerbridge Partners, L.P. on behalf of each of the general partners of Centerbridge Capital Partners, L.P. ("CCP I"), Centerbridge Capital Partners II, L.P. ("CCP II"), Centerbridge Capital Partners III, L.P. ("CCP III"), Centerbridge Capital Partners IV, L.P., the successor fund to CCP III ("CCP IV" and, together with CCP I, CCP II and CCP III, the "Capital Partners Funds"), Centerbridge Special Credit Partners, L.P. ("SC I" or "Special Credit I"), Centerbridge Special Credit Partners II, L.P. ("SC II" or "Special Credit II") Centerbridge Special Credit Partners III, L.P. ("SC III-Main" or "Special Credit III-Main"), Centerbridge Special Credit Partners III-Flex, L.P. ("SC III-Flex" or "Special Credit III-Flex," which was activated effective March 18, 2020; SC III-Main together with SC III-Flex are referred to as "SC III"), Centerbridge Special Credit Partners IV, L.P., Centerbridge Special Credit Partners IV Cayman, L.P. and Centerbridge Special Credit Partners IV Master, L.P., collectively, the successor fund to SC III ("SC IV"; collectively, SC I, SC II, SC III-Main, SC III-Flex and SC IV are referred to as the "Special Credit Funds"), Centerbridge Credit Partners, L.P. (together with its related funds, the "Credit Partners Funds," and, together with the Special Credit Funds, the "Credit Funds"), Centerbridge Partners Real Estate Fund, L.P. ("CPREF"), Centerbridge Partners Real Estate Fund II, L.P., the successor fund to CPREF ("CPREF II" and, together with CPREF, the "Real Estate Funds"); collectively, the Capital Partners Funds, the Credit Funds, and the Real Estate Funds, "Funds" and, collectively with their respective general partners and Centerbridge Partners, L.P., as the context may require, "Centerbridge" or the "Firm") on a confidential basis, to existing limited partners in such Funds and the related funds that invest alongside such Funds and certain other recipients permitted by Centerbridge. References to "the Fund" or "a Fund" also include related funds and/or parallel vehicles where the context requires; however, figures in this Presentation do not reflect amounts invested by Centerbridge pursuant to its co-investment rights, amounts co-invested by any limited partners or third-parties, and, in the case of CCP I, amounts invested by the "friends and family" vehicle.
- This Presentation does not constitute a prospectus. It is not intended to be relied upon, and must not be taken solely as the basis for, any investment decision. This Presentation is neither advice nor a recommendation to enter into any transaction with any of the Funds or their portfolio companies.
- This Presentation does not constitute an offer to sell or a solicitation of an offer to purchase interests in any of the Funds or any other Centerbridge fund or other entity. Any offer or solicitation of interests in any Centerbridge fund shall only be made pursuant to a confidential private placement memorandum, which would qualify in its entirety the information set forth herein and which should be read carefully prior to investment in any Centerbridge fund for a description of the merits and risks of such an investment.
- An investment in any of the Funds or any other Centerbridge fund is speculative and entails a high degree of risk and is subject to potential conflicts of interest (in each case, as described in the applicable fund's confidential private placement memorandum and governing documents) and no assurance can be given that the investing entity's investment objective will be achieved or that you will receive a return of your capital. Interests in the Funds are illiquid, are not freely transferable (and there is no market for interests in the Funds) and may only be transferred in accordance with their respective limited partnership agreements.
- Centerbridge and its affiliates may purchase or sell securities on behalf of other accounts or funds they advise or control (collectively, the "Other Centerbridge Accounts") which may differ from those purchased or sold for one or more of the Funds, even though their investment objectives may be the same or similar. A Fund, for example, may make an investment at the same time that one or more of the Other Centerbridge Accounts is disposing of the same or a similar investment, including due to, among other considerations, lifecycle and structural differences among the Funds. Accordingly, with SC I and II and CCP I and II in late harvest, the priority is harvesting investments with a view to making distributions to limited partners; accordingly, absent exceptional circumstances, SC I, SC II, CCP I and CCP II are not expected to make Follow-On Investments to existing investments (including those shared with other funds). Additionally, there will be times when funds that are in harvest (such as CCP I, CCP II, SC I, SC II and SC III-Main) will not increase or will reduce holdings in strategies when other funds increase their holdings or do not make a corresponding reduction. Likewise, a Fund may make an investment in a position which is already held by one or more of the Other Centerbridge Accounts or a position that is subordinated or senior to or otherwise adverse to a position held by one or more of the Other Centerbridge Accounts. It is possible that the activities or strategies used for the Other Centerbridge Accounts could conflict with the activities and strategies employed in managing the assets of one or more of the Funds and affect the prices and availability of the securities and instruments in which the Funds invest. It is the policy of Centerbridge to allocate investment opportunities fairly and equitably.

  Certain investments described herein have been allocated to one or more Other Centerbridge Accounts pursuing a similar strategy. It is possible that a change in investment thesis could result in investments in issuers that overlap across the Credit Funds and Capital Partners Funds (and potentially the Real Estate Funds), as to which Centerbridge actively seeks to avoid capital structure conflicts across the investing funds.
- This Presentation contains highly confidential and proprietary information regarding Centerbridge's investments, strategy and organization, including highly confidential and proprietary information of portfolio companies. Consistent with the obligations under the applicable Fund's limited partnership agreement, we remind you that your acceptance of such information from Centerbridge constitutes your agreement to (i) keep confidential all the information contained herein, as well as any information derived by you from the information contained herein (collectively, "Confidential Information"), and not disclose any such Confidential Information to any other person, (ii) not use any of the Confidential Information for any purpose other than to monitor investments in the applicable Fund in which you are a limited partner, determine (if applicable) if you wish to make additional investments in such Fund or otherwise to learn more about Centerbridge generally, (iii) not to use or rely on such Confidential Information for purposes of trading any securities, (iv) not copy this document without the prior written consent of Centerbridge, and (v) promptly return this document and any copies hereof to Centerbridge upon Centerbridge's request.
- You should not construe the contents of this Presentation as tax, investment or accounting advice. You should consult with your own advisors with respect to the legal, tax, regulatory, financial, accounting and other similar consequences of an investment in the companies presented or any Centerbridge fund.
- Except as otherwise indicated, information in this Presentation is presented as of the date indicated on the Presentation cover, and delivery of this Presentation shall not at any time create under any circumstances an implication that the information contained in this Presentation is correct as of any other date. Centerbridge is under no obligation to update the information contained in this Presentation. Current performance may be lower or higher than the performance data presented. You should bear in mind that past performance is not necessarily indicative of future results. There can be no assurance that any Centerbridge fund or portfolio company described herein will achieve comparable results or that any Centerbridge fund or portfolio company will be able to implement its investment strategy and investment approach or achieve its investment objective or the potential outcomes described in this Presentation within the timeframes contemplated or at all.
- The information in this Presentation is summary in nature and does not purport to include a complete description of the companies named herein, of the portfolio of any Fund or the risks associated with the investments described herein or an investment in any of the Funds or any other Centerbridge fund. For example, the Presentation does not include descriptions of "Designated Investments" or certain positions that a Fund may have held in prior periods but does not hold as of the date of this Presentation. For a discussion of the significant risks associated with the investments described herein, please refer to the applicable Fund's confidential private placement memorandum.
- Unless otherwise indicated, all internal rates of return and multiples of money are presented on a "gross" basis (i.e., they do not reflect the management fees, carried interest, taxes and other expenses to be borne by investors in the Partnership, which reduce returns and in the aggregate are expected to be substantial). Such fees, expenses and carried interest are described in the final governing documents of the relevant Centerbridge fund as well as in Part 2A of Form ADV maintained by Centerbridge Partners, L.P., which is registered as an investment adviser with the U.S. Securities and Exchange Commission (the "SEC"). A copy of Part 2A of Centerbridge's Form ADV is available upon request. Actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, legal and contractual restrictions on transfer that may limit liquidity, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the valuations used in the prior performance data contained herein are based. Accordingly, the actual realized returns on unrealized investments may differ materially from the returns indicated herein.

Important Information: General

- The selected examples and case studies presented in or referred to in this Presentation may not be representative of all transactions of a given type or of investments generally, and are merely intended to be illustrative of some of the types of investment techniques or transaction types that may be made or used by a Centerbridge fund.
- Certain investments presented or referred to in this Presentation are shared or have been shared with other Centerbridge Funds. Additional information concerning current and historical overlapping investments is available upon request.
- Statements contained herein that are not historical facts are based on current expectations, estimates, projections, opinions, and/or beliefs of Centerbridge. Such statements are not facts and involve known and unknown risks, uncertainties, and other factors. Prospective investors should not rely on these statements as if they were fact. Moreover, certain information contained herein constitutes "forward-looking statements," which can be identified by the use of terms such as "may," "will," "seek," "should," "could," "expect," "anticipate," "project," "estimate," "intend," "continue," "target," "plan" or "believe" (or the negatives thereof) or other variations thereon or comparable terminology. We caution you that such information is inherently less reliable. Due to various risks and uncertainties, actual events or results or actual performance may differ materially from that reflected or contemplated in such forward-looking statements, which may arise from a variety of factors, including general economic conditions, as well as factors specific to each of the companies discussed in this Presentation, including factors identified in any registration statements and reports filed by the companies with the SEC or other regulatory bodies. As a result, you should not rely on such forward-looking statements in making any investment decisions. No representation or warranty is made as to future performance or such forward-looking statements. None of the information contained herein has been filed with the SEC, any securities administrator under any securities laws of any U.S. or non-U.S. jurisdiction or any other U.S. or non-U.S. governmental or self-regulatory authority. No such governmental or self-regulatory authority will pass on the merits of an investment in any Centerbridge fund or the adequacy of the information contained herein. Any representation to the contrary is unlawful.
- In preparing the information presented, including the estimates and other forward-looking statements provided in this Presentation, Centerbridge has relied without independent verification on certain information prepared or provided by third parties, including information prepared by company management and agents of the portfolio companies referred to herein, and has made various assumptions. Further information regarding the assumptions underlying any such estimates and forward-looking statements is available upon request. The timing and outcome of any investment made by the Funds is uncertain; actual results will differ and such differences could be material.
- Certain economic, market and other information contained herein (including forward-looking statements and information) has been obtained from published sources and / or prepared by other parties and in certain cases has not been independently verified or updated through the date hereof. While such sources are believed to be reliable, none of Centerbridge or any of its respective directors, officers, employees, partners, members, shareholders or their affiliates or any other person assumes any responsibility for the accuracy or completeness of such information. Such information may not be updated through the date hereof and none of Centerbridge nor any of its respective directors, officers, employees, partners, members, shareholders or their affiliates or any other person shall have any obligation to update or otherwise revise such information or any other information contained herein. Additional source information is available upon request.
- Comparisons to published indices, benchmarks and other reference measures are subject to inherent limitations in light of parameters pursuant to which the relevant reference index, benchmark or other measure is constructed and / or managed. The composition of the applicable reference index, benchmark or other measure, the terms and strategy of the particular funds that underlie a reference index, benchmark or other measure and the performance of such reference index, benchmark or other measure will necessarily vary from that of the Funds. It should not be assumed that a Fund would invest in any specific securities that comprise the reference index, benchmark or other measure, nor should it be understood to mean that there is a correlation between a Fund's returns and the reference index, benchmark or other measure's performance. There may be other reference measures, including other indices, benchmarks, funds, stocks, studies or rankings relative to which the Funds would compare differently and perhaps less favorably. Indices are unmanaged, include the reinvestment of dividends and cannot be purchased directly by investors. Index returns, unlike fund returns, do not reflect fees or expenses. Per the index sponsor:
  - The REIT-focused FTSE Nareit U.S. Real Estate Index Series tracks the performance of the U.S. REIT industry at both an industry-wide level and on a sector-by-sector basis. The FTSE EPRA/Nareit Global Real Estate Index represents the performance of real estate equities worldwide. The performance of both indexes are reported on a real-time basis.
  - The MSCI U.S. REIT Index is a free float-adjusted market capitalization weighted index that is comprised of equity Real Estate Investment Trusts (REITs). The index includes equity REIT sub-industries which are part of the real estate sector according to the Global Industry Classification Standard (GICS ®) structure. To be eligible for inclusion in the index, companies must have an equity REIT structure, real estate exposure and REIT tax status as per the Internal Revenue Code requirements mentioned above. As a result, select specialized REITs that do not meet these criteria are excluded from the index. Launched in June 2005, the index is currently built from the MSCI USA Investable Market Index (IMI), which aims to represent the performance of large, mid and small caps securities. The MSCI USA Investable Market Index is governed by the MSCI Global Investable Market Indexes methodology.
- Figures contained in this Presentation are unaudited, unless otherwise expressly noted, and may be based on estimates. In addition, the Funds are not required by applicable law to follow any standard methodology when calculating and representing performance data; performance of the Funds, therefore, may not be directly comparable to the performance of other funds.
- Except as otherwise indicated, all amounts are expressed in U.S. dollars. In the case of investments denominated in a currency other than U.S. dollars, the realized proceeds and unrealized value have been calculated based on the rate of exchange between such other currency and the U.S. dollar as of the date of receipt by the Fund or as of the applicable valuation date indicated in this Presentation, respectively. Except for per share figures, all dollar amounts are expressed in millions unless otherwise noted.

General Disclosures Relating to Centerbridge Partners Europe, LLP

- Centerbridge Partners Europe, LLP is authorised and regulated by the Financial Conduct Authority. Information is available through the FCA register (www.fca.org.uk; FCA # 544525).

Notice for Recipients Resident in or with Registered Office in the EEA

- Persons resident in the European Economic Area ("EEA") should be aware that Centerbridge and its affiliates have registered with the U.K. Financial Conduct Authority and certain select E.U. regulatory authorities to market the Funds within the EEA, and therefore, Centerbridge is subject to the Alternative Investment Fund Managers Directive ("AIFM Directive") solely with respect to such jurisdictions. With the exception of the U.K., the Netherlands, Finland and Sweden, this Presentation is made available to persons resident in the EEA only at the specific request of such persons or their agent. We further note that the effectiveness of Brexit on December 31, 2020 creates some limitations on the ability of marketing activities directed from the U.K. into other European jurisdictions. Accordingly, marketing into E.U.-member jurisdictions presently is being undertaken from the U.S. unless Centerbridge has received a reverse inquiry. Centerbridge may in the future make AIFM registrations in select other jurisdictions relating to certain of its other sponsored fund vehicles; please contact us for additional details.

Firm Overview

Firm Overview

Centerbridge Founding	• Established in 2005 by Jeffrey H. Aronson and Mark T. Gallogly,[1] predicated on the complementary relationship between private equity and credit investing through the full investment cycle
Investment Philosophy & Approach	**All-Weather Investing**: Leverages the team's combined equity and credit intelligence with the objective of consistently generating compelling returns across economic cycles **One-Team Approach**: Equity and debt professionals, integrated and organized by six industry sectors, executing investments across the capital structure in both public and private markets **Intrinsic Value Focus**: Applies the Centerbridge intrinsic value lens with the objective of finding the optimal entry point for each investment
Team	• 281 professionals across offices in New York and London[2] • 101 experienced investment professionals with a breadth of industry and transaction experience[2]
Capital Under Management	**Firm Capital Under Management: $31bn[3]** **Private Equity** $16.4bn[3] **Credit, Distressed Strategies & Special Situations** $13.0bn[3] **Real Estate** $1.8bn[3]
Focus on Alignment	• General Partner represents ~6% of total assets across the Firm (approximately $1.7 billion)[4] • Carried interest is allocated among investment professionals as well as certain non-investment team members across the platform • No unaffiliated or outside ownership in any Centerbridge firm or GP entities

Past performance is not indicative of future results. Projections and other forward-looking statements are subject to inherent limitations. All performance figures herein are as of March 31, 2021 unless otherwise noted. Please see the "Important Information" disclosures at the beginning of this Presentation and in the Endnotes section beginning on page 20 of this Presentation.

One-Team Approach

Real Estate Insights Gleaned From Other Sectors

TMT — *Differentiated view on real estate needs of tech / telecom companies*

Healthcare — *Insight into assets used by growing healthcare services, pharma and biotech companies*

Financials — *Deep understanding of financial instruments with real estate as collateral*

Consumer — *Perspectives on consumer behaviors shaping work, play and shopping habits*

Industrials — *Identify trends through data from portfolio companies*

In-House Specialists

- Portfolio Operations
- Trading
- Capital Markets
- Restructuring
- Asset-Based Special Situations

18 Dedicated Real Estate Professionals Leverage Insight of Broader 101-Person Investment Team[1]

[1] Headcount figure as of June 1, 2021.

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Integrated Approach to ESG and I&D Driving Real Impact

Integrated Sustainable Value Creation Framework

Firm	Portfolio	Community
Commitments and processes stemming from our culture, governance and fiduciary responsibility to our investors	*ESG integration within the investment process, from diligence to exit, to help mitigate risk and identify value enhancement opportunities*	*Access to education and employment pathways, including expanding opportunity through talent pipelines*

ESG Initiative Highlights

- ✓ **UN PRI:** In process of becoming a UN PRI signatory to publicly demonstrate our commitment to sustainable value creation
- ✓ **CEO ESG Commitment Statement:** Signed by 100% of portfolio company CEOs
- ✓ **Annual ESG Assessment:** Undergoing 2021 assessment and in process of reviewing results to identify areas of opportunity

I&D Initiative Highlights

- ✓ **ILPA Diversity in Action:** Joined ILPA's Diversity in Action initiative as a founding signatory in December 2020
- ✓ **Expanding and Diversifying Talent Pipelines:** CUNY Fellowship, Women's Recruiting Boot Camp, Diversity Partnerships (CUNY, SEO, MLT, Level20, O4U, 100 Black Interns) and Founders' Fellowship
- ✓ **Support, Advancement & Retention:** Career Sponsor Program, inclusion workshops, Black Caucus at Centerbridge ("BCAC")
- ✓ **Board Diversity:** Implemented target of at least two diverse directors on every portfolio company board[1]

[1] Applies to newly acquired, controlled portfolio companies in CPREF, CPREF II and CCP IV.

Real Estate Strategy Overview and Performance Update

Centerbridge

Performance Across Centerbridge Real Estate

Performance as of March 31, 2021

	Gross IRR	Net IRR	Gross MOIC	Net MOIC
CPREF[1]	36%	32%	1.6x	1.3x
Centerbridge Real Estate Track Record[2,3,4]	23%	16%	2.1x	1.7x

Centerbridge Real Estate Track Record

- **~$10 billion of equity** invested in **over 110 real estate investments** since inception[5,6]
- **86%** of capital invested Fully or Materially Realized[7]
- **Gain to loss ratio of 39:1** across all real estate investments[8]
- Fund **leverage ratio of 38% in CPREF** as of Q1 2021

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Centerbridge Real Estate Strategy

Investing in high conviction themes and special situations, which allows us to invest across market cycles

All-Weather Strategy

Downside-protected investments with multiple ways to win

Flexible Mandate

Thematic

Strong fundamentals and secular tailwinds

Special Situations

Incremental value creation opportunities

Three-Pronged Approach

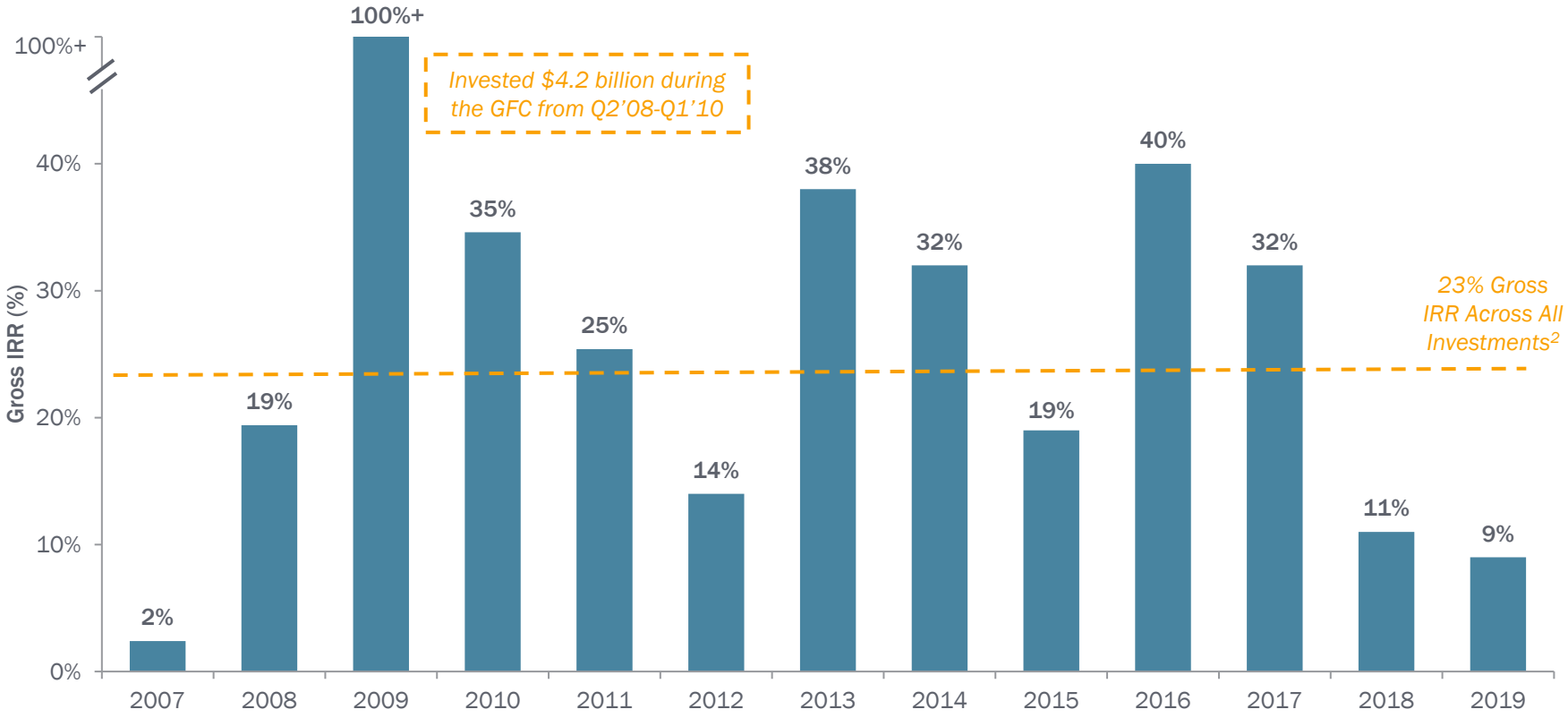
1. Properties
2. Companies
3. Loans & Securities

CPREF Continues Centerbridge's Longstanding Approach to Real Estate Investing

Past performance is not indicative of future results. Projections and other forward-looking statements are subject to inherent limitations. All performance figures herein are as of March 31, 2021 unless otherwise noted. Please see the "Important Information" disclosures at the beginning of this Presentation and in the Endnotes section beginning on page 20 of this Presentation.

Consistently Executing Our All-Weather Strategy

Centerbridge Real Estate Investment Track Record by Year of Investment[1]



$9.9 Billion Invested in Real Estate Generating 23% Gross IRR Across All Investments[1,2]

Information as of March 31, 2021.
For each full vintage year shown in the table above, the performance of such vintage year's invested capital is shown once 12 months have passed since the end of such vintage year. Accordingly, performance information for the 2020 vintage year, as to which the gross IRR for such vintage year's invested capital was 49.7% through March 31, 2021, is not presented in the table, as 12 months have not passed since December 31, 2020. The gross IRRs presented on this page have not been reduced by management fees, carried interest (if applicable), taxes or other expenses that are borne by an investor in a private investment fund, which may be substantial. The gross and net IRRs for all Real Estate Investments can be found on the slide "Performance Across Centerbridge Real Estate."

Past performance is not indicative of future results. Projections and other forward-looking statements are subject to inherent limitations. All performance figures herein are as of March 31, 2021 unless otherwise noted. Please see the "Important Information" disclosures at the beginning of this Presentation and in the Endnotes section beginning on page 20 of this Presentation.

1 Our Strategy: Properties

What Do We Invest In?

- Single assets or portfolios of properties in attractive locations

When Do We Invest?

- Compelling supply and demand imbalances
- Transitional assets within high barrier-to-entry markets
- Opportunity to improve operations and / or asset quality

How Do We Drive Value?

- Reposition assets to optimize performance and value
- Execute accretive capital improvements
- Collaborate with trusted local partners that provide local market or property type experience

Select Investments

Boston Industrial[1]

Midway South Industrial

European Industrial Portfolio

LA Industrial

The Met Hollywood

Philadelphia Industrial

32% Gross IRR[2] (58% Realized) Across 22 Investments

[1] Formerly known as 420 E Street.
[2] Gross IRR has not been reduced by management fees, carried interest (if applicable), taxes or other expenses that are borne by an investor in a private investment fund, which may be substantial. The gross and net IRRs for all Real Estate Investments can be found on the slide "Performance Across Centerbridge Real Estate."

2 Our Strategy: Companies

What Do We Invest In?

- Real estate companies with recurring earnings power that we can improve, grow and capitalize efficiently

When Do We Invest?

- Throughout the cycle:
  - Debt-for-control in periods of dislocation
  - Equity investments when capital markets are functioning well
- Ability to expand market position in fragmented industries
- Opportunity to improve operations

How Do We Drive Value?

- Recruit or support first-class management team and board of directors
- Partner with Centerbridge Portfolio Operations Team to improve performance
- Strategic capital allocation
- Capital structure management

Select Investments

Merit Hill Capital

carefree

BRIXMOR®
2011 Investment

Self-Storage Group

radius[1] global infrastructure

freshdirect

Resort Finance America

extended STAY AMERICA
2010 Investment

Great Wolf Lodge

Suntex Marinas

LENNAR[2] SFR Venture

22% Gross IRR[3] (67% Realized) Across 13 Investments

[1] Formerly known as Digital Landscape Group, Inc.
[2] On March 16, 2021, Centerbridge entered into a definitive agreement to lead a Joint Venture with Lennar Corporation and other institutional investors to acquire homes in the Single Family Rental space. As of March 31, 2021, CPREF had not yet invested any capital in Lennar SFR Venture.
[3] Gross IRR has not been reduced by management fees, carried interest (if applicable), taxes or other expenses that are borne by an investor in a private investment fund, which may be substantial. The gross and net IRRs for all Real Estate Investments can be found on the slide "Performance Across Centerbridge Real Estate."

3 Our Strategy: Loans and Securities

What Do We Invest In?

- Loans
- Bonds
- CMBS
- Equities
- Special situations
- Structured investments

When Do We Invest?

- Volatility in capital markets
- Scarce financing available
- Lack of liquidity
- Highly complex capital structures

How Do We Drive Value?

- Identify market mispricing
- Leverage restructuring experience with vast network of lawyers and financial advisors
- Capitalize on differentiated insights gained through deep industry relationships
- Join creditor groups, where considered potentially helpful, to influence outcomes

Select Investments

Hilton
CAESARS ENTERTAINMENT
CenterParcs
extended STAY AMERICA
2020 Investment
STAR FINANCIAL
CAPMARK
AvalonBay COMMUNITIES
GGP
Blackstone Mortgage Trust
Parkdean Resorts Creating Amazing Memories

22% Gross IRR[1] (98% Realized) Across 77 Investments

[1] Gross IRR has not been reduced by management fees, carried interest (if applicable), taxes or other expenses that are borne by an investor in a private investment fund, which may be substantial. The gross and net IRRs for all Real Estate Investments can be found on the slide "Performance Across Centerbridge Real Estate."

Real Estate High Conviction Themes and Opportunities

Self Storage	*Fragmented industry that stands to benefit from consolidation and institutionalization of assets*
Digital Real Estate	*Growing total addressable market in an industry with stable, mission-critical infrastructure assets*
Industrial & Logistics	*Strong e-commerce tailwinds continue to drive demand for facilities*
Residential	*Home price appreciation and rent growth outpacing wage growth creating a supply and demand imbalance in housing*
COVID-19 Disruption	*Decline in pricing across asset classes that otherwise have positive tailwinds, which we expect to continue upon market stabilization* ***Affected subsectors: Leisure & Experience and Lodging***

Thematic Focus on Sectors with Strong Fundamentals and Tailwinds

Past performance is not indicative of future results. Projections and other forward-looking statements are subject to inherent limitations. All performance figures herein are as of March 31, 2021 unless otherwise noted. Please see the "Important Information" disclosures at the beginning of this Presentation and in the Endnotes section beginning on page 20 of this Presentation.

Appendix A

CPREF II Terms

CPREF II: Key Terms & Timing

Fund	Centerbridge Partners Real Estate Fund II, L.P., a Delaware limited partnership
General Partner	Centerbridge Partners Real Estate Associates II, L.P., a Delaware limited partnership
Advisor	Centerbridge Partners Real Estate Advisors II, LLC, a Delaware limited liability company and wholly-owned subsidiary of Centerbridge Partners, L.P.
Fund Size	Seeking $1.5 billion in aggregate capital commitments
Minimum Commitment	$10 million, subject to lesser amounts being accepted
General Partner Commitment	A minimum of 3.0% of aggregate third-party Limited Partner commitments
Commitment Period	4 years from the Final Closing Date
Term	5 years from the end of Commitment Period, subject to extension for a one-year period at the discretion of the General Partner and for a second successive one-year period with the approval of the LP Advisory Committee or a Majority in Interest of the Combined Limited Partners
Incentive Allocation	20% with General Partner clawback; interim clawback
Preferred Return	8% per annum compounded
Management Fee	• 1.50% per annum of aggregate Limited Partner capital commitments during Commitment Period; • 1.25% per annum of Capital Under Management after Commitment Period **A Limited Partner that is admitted to the initial close of CPREF II will be given a Management Fee holiday of three months starting at the Effective Date. A Limited Partner will be given a Management Fee discount for achieving certain aggregate Capital Commitment thresholds and for making a capital commitment to at least one of Centerbridge Capital Partners IV, L.P., Centerbridge Special Credit Partners IV, L.P. or a parallel fund thereof. The General Partner may offer other fee rates in certain instances.*
Fee Offset	100% of the Limited Partners' (other than affiliates of the General Partner) share of all net transaction, directors, consulting, management, investment banking, monitoring, closing, topping, break-up and other similar fees paid to or received by the Advisor or its affiliates in connection with Portfolio Investments or its unconsummated transactions will be applied to reduce the Management Fee
Legal Counsel	Simpson Thacher & Bartlett LLP

Appendix B

Centerbridge Team

Centerbridge Real Estate Team

* Denotes member of Real Estate Investment Committee

Billy Rahm* ***Head of Real Estate, Senior Managing Director, New York***
- Joined Centerbridge in 2006
- Serves on the Boards of Great Wolf Resorts, Inc., Merit Hill Capital, Brixmor Property Group, Inc., Radius Global Infrastructure, Inc.[1] and Suntex Marina Investors, LLC
- Also serves as a member of the Firm's Management Committee and the Private Equity Investment Committee
- Prior Firm: The Blackstone Group L.P.

Adam Burinescu* ***Senior Managing Director, New York***
- Joined Centerbridge in 2012
- Serves on the Board of FreshDirect
- Prior Firm: Rockpoint Group, LLC

Steve Skaar* ***Senior Managing Director, London***
- Joined Centerbridge in 2016
- Chairman of the Board of Self Storage Group ASA
- Prior Firm: Brookfield Asset Management, Inc.

Matt Dabrowski ***Managing Director, New York***
- Joined Centerbridge in 2011
- Serves on the Boards of Great Wolf Resorts, Inc., Merit Hill Capital and Suntex Marina Investors, LLC
- Prior Firm: The Blackstone Group L.P.

John Gonnella ***Managing Director, New York***
- Joined Centerbridge in 2015
- Serves on the Board of Resort Finance America, LLC
- Prior Firm: Northwood Investors

Nico Papamichael ***Managing Director, London***
- Joined Centerbridge in 2014
- Serves on the Board of Robyg S.A.
- Prior Firm: Goldman Sachs

Danny Wurwarg ***Managing Director, New York***
- Joined Centerbridge in 2019
- Prior Firm: Sculptor Capital Management, Inc. (formerly known as Och-Ziff Capital Management Group LLC)

Ally Heyburn ***Principal, New York***
- Joined Centerbridge in 2014
- Prior Firm: Moelis & Company

Dominik Jochem ***Principal, London***
- Joined Centerbridge in 2016
- Serves on the Board of FLI Hospitality Management[2]
- Prior Firm: Cerberus Capital Management

Cyril Pietrafesa ***Principal, New York***
- Joined Centerbridge in 2017
- Prior Firm: Goldman Sachs

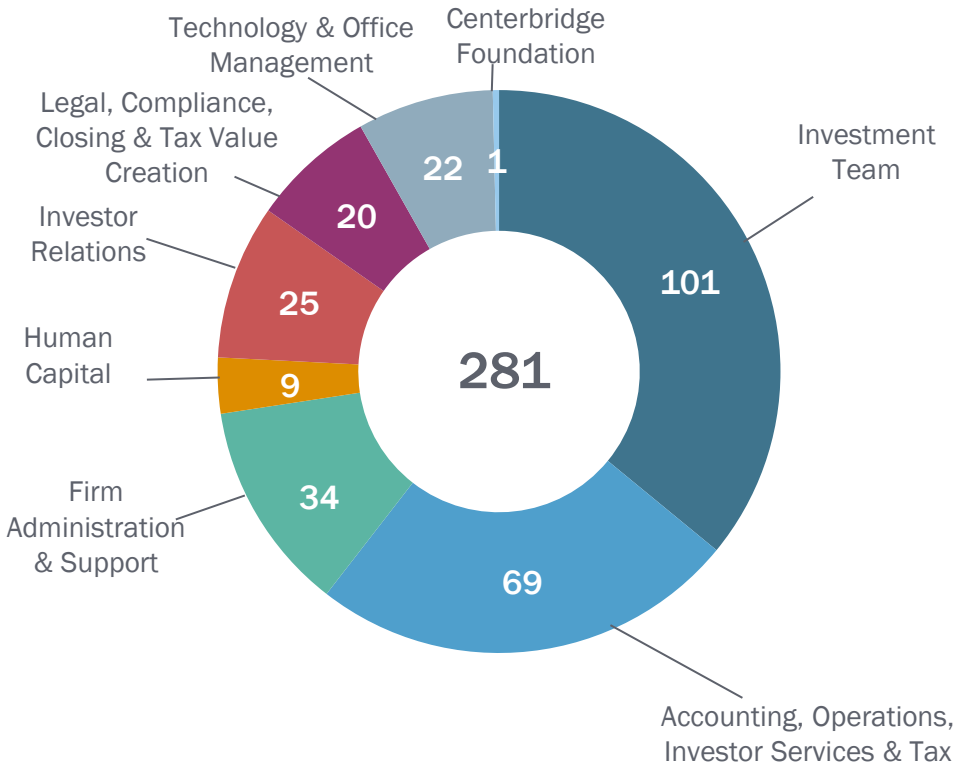
David Sukenik ***Principal, New York***
- Joined Centerbridge in 2015
- Prior Firm: Walton Street Capital

Seven Senior Associates and Associates in New York and London

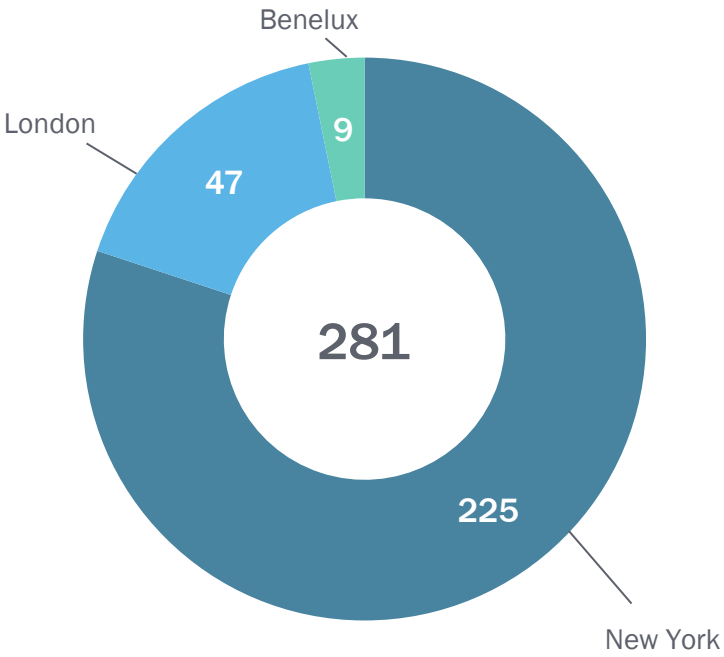
[1] Formerly known as Digital Landscape Group, Inc.
[2] Formerly known as Brabo Hotel Portfolio.

Centerbridge Team

Functional Departments



Geographies



Well-Resourced Across Functional Departments and Geographies

Information as of June 1, 2021.

Endnotes

Important Information: General

Certain Risk Factors

- An investment in any of the Funds or any other Centerbridge fund is speculative and involves significant risks and potential conflicts of interest and is suitable only for persons who can afford an entire loss of their investment. In addition to the risks previously disclosed in the applicable confidential private placement memorandum and in Part 2A of Centerbridge's Form ADV, we remind you of the following risks as you consider the information in this Presentation:
  - No Assurance of Investment Return. There can be no assurance that the investing entity will be successful, or that the objectives and/or potential outcomes described in this Presentation will be achieved within the timeframes contemplated or at all, and it is possible that you may lose all or a substantial portion of your investment;
  - Leveraged Capital Structure of Portfolio Companies. The capital structure of the companies in which the Funds or any other Centerbridge fund may invest may involve significant leverage, and such companies may be subject to restrictive financial and operating covenants, which may impair their ability to finance future operations and capital needs and will increase the exposure of such companies (and in turn the relevant Centerbridge funds) to adverse economic factors;
  - Various Industries are Highly Regulated. Certain of the companies described this Presentation operate in industries that are highly regulated and are subject to ongoing legislative and regulatory initiatives (e.g., the banking, restaurant, gaming and communications industries), some of which may adversely affect the ability of an investor such as the Funds or other Centerbridge funds to participate in, make and exit attractive investment opportunities;
  - Non-Controlling Interests. Investments in banks and certain other heavily regulated industries can be subject to a requirement that an investor, such as a Centerbridge fund, acquire minority or non-controlling interests, and as a result such an investor may have limited ability to control or influence the operations and affairs of the company in which an investment is made;
  - Material, Non-Public or Price-Sensitive Information. By reason of their responsibilities in connection with other activities of Centerbridge, certain professionals may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. Due to these restrictions, the Funds or other Centerbridge funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. In addition, information disclosed to you by Centerbridge for your investment monitoring purposes with respect to either Fund or another Centerbridge fund, including information in this Presentation, may include information that may be material and non-public or price sensitive, the possession of which may give rise to limitations on trading imposed by applicable securities laws;
  - Potential Conflicts of Interest. There may be occasions when a Fund's general partner, the principals and their affiliates will encounter potential conflicts of interests in connection with such Fund's activities, including, without limitation, the allocation of investment opportunities, relationships with Centerbridge's other funds or accounts, and the diverse interests of the Fund's limited partner group;
  - General Economic and Market Conditions. The success of the Funds' investment activities will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances;
  - No Market for Interests. Interests in the Funds will not be readily marketable and are generally neither redeemable at the option of the limited partners, nor may they be transferred, assigned, mortgaged or pledged without the prior written consent of the applicable Fund's general partner; and
  - Distressed Investments. The Fund's investment program includes making distressed investments. Securities or instruments of financially troubled issuers and operationally troubled issuers are less liquid and more volatile than securities or instruments of companies not experiencing financial difficulties.

Other Disclosures

- All headcount figures are presented as of June 1, 2021. Any consultant who is a "Senior Advisor" is not included in this figure. The term "Senior Advisor" refers to seasoned professionals, compensated as a fund or portfolio company expense, who serve as independent consultants to Centerbridge and whose capabilities include sourcing, diligence and lending their skills to portfolio companies to help portfolio companies achieve their objectives.
- All numbers relating to portfolio company investments and real estate investments made since the Firm's inception are presented as of March 31, 2021, unless otherwise noted.

COVID-19-Specific Risk Factors

- Currently, there is an outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a "Public Health Emergency of International Concern" and a pandemic. The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility and liquidity concerns in certain equity, debt, derivatives and commodities markets. The global impact of the outbreak is evolving rapidly, and many countries, states, local and provincial governments have reacted by declaring states of emergency and by instituting (or strongly encouraging) quarantines, prohibitions on travel and movement, the closure of offices, businesses, schools, retail stores, restaurants, hotels, courts and other public venues, and other restrictive measures designed to help slow the spread of COVID-19. On March 13, 2020, the President of the United States declared the COVID-19 outbreak a national emergency and the United States federal government and state and local governments are continuing to implement a variety of actions to mobilize efforts to mitigate the ongoing and expected impact, and the U.S. Centers for Disease Control and Prevention is implementing its pandemic preparedness and response plans, working on multiple fronts, including providing specific guidance on measures to prepare communities to respond to the local spread of COVID-19 throughout the United States. Businesses also are implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, sports and entertainment, industries related to natural resources production and development and other industries. Moreover, with the continued spread of COVID-19, governments and businesses have taken increasingly aggressive measures to help slow its spread. For this reason, among others, as COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. The rapid development of this situation precludes any prediction as to the ultimate adverse impact of the novel coronavirus. There are no comparable recent events in the United States that provide guidance as to the effect of the spread of COVID-19 and a potential pandemic on the economy as a whole and the specific sectors in which the Fund invests. Accordingly, while there have been proposed, and in some cases enacted, economic stimulus measures aimed at curbing the negative economic impacts to the U.S. and other countries as a result of COVID-19, it cannot be determined at this time whether such stimulus measures will have a stabilizing economic effect.

Important Information: General (Continued)

COVID-19-Specific Risk Factors (Continued)

While the U.S. Food and Drug Administration and other similar regulators globally have approved COVID-19 vaccines for emergency use, due to limited supply, these vaccines are not currently expected to be available to the general public in the U.S. until summer 2021 (and potentially later in many non-U.S. jurisdictions). Furthermore, a substantial proportion of the population may simply elect to wait before getting vaccinated, and a portion of vaccinated individuals may not be fully protected against the disease, both of which could prolong the effects of COVID-19 even following availability of vaccines to the general public. Therefore, the economic and social impacts of COVID-19 can be expected to continue through 2021 and potentially thereafter.

Any public health emergency, including any outbreak of COVID-19, SARS, H1N1/09 flu, avian flu, other coronavirus, Ebola or other existing or new epidemic diseases, or the threat thereof, could have a significant adverse impact on Centerbridge and/or the investment manager, a Fund and its investments and could adversely affect a Fund's ability to fulfill its investment objectives.

The extent of the impact of any public health emergency on a Fund or the companies in which it invests will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and spending levels, and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, all of which are highly uncertain and cannot be predicted. In addition, health crises caused by a pandemic could exacerbate other pre-existing political, social, economic, market and financial risk. The effects of a public health emergency may materially and adversely impact the value and performance of a Fund's investments, a Fund's ability to source, manage and divest investments, and a Fund's ability to achieve its investment objectives, all of which could result in significant losses to a Fund and, in the case of an open-ended fund, impair a Fund's ability to meet withdrawal requests. Furthermore, a counterparty's ability to meet or willingness to honor its financial obligations (including, without limitation, its ability to extend credit or otherwise to transact with a particular Fund or portfolio company) may be negatively impacted. Current conditions may affect how counterparties interpret their obligations (and an applicable Fund's obligations) pursuant to counterparty arrangements such that the applicability, or lack thereof, of force majeure or similar provisions could also come into question and ultimately could work to the detriment of a Fund. In addition, the operations of a Fund, its portfolio companies, and Centerbridge may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, voluntary and precautionary restrictions on travel and movement, remote working requirements and other social, political, financial, legal and regulatory or other factors related to an actual or threatened public health emergency (such as COVID-19), including its potential short-term and/or long-term adverse impact on the health of the personnel of any such entity or the personnel of any such entity's key service providers. These circumstances also may hinder Centerbridge's, a Fund's and/or its portfolio companies' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance. No previous success by Centerbridge or its affiliates in dislocated markets is any guarantee of a particular Fund's success in respect of investing and managing any investment during and after the COVID-19 pandemic.

Important Information: Definitions and Their Related Endnotes

- "**Assets Under Management**", as of the applicable reporting period, reflects Capital Commitments of the closed-ended funds in their Investment Period or Commitment Period, as applicable, or NAV plus either (i) unfunded commitments (in the case of the Special Credit Funds) or (ii) available capital reserved for Follow-On Investments (in the case of the Capital Partners Funds) if the closed-ended fund is in its harvest period. Reflects NAV for the Credit Partners Funds as of May 31, 2021, inclusive of subsequent month contributions, unless otherwise noted.
- "**CAGR**" refers to compounded annual growth rate.
- "**Capital at Risk**" equals Invested Capital less Realized Proceeds.
- "**Capital Under Management**", as of the applicable reporting period, reflects Capital Commitments of the closed-ended funds and NAV for the Credit Partners Funds as of May 31, 2021, inclusive of subsequent month contributions, unless otherwise noted.
- "**Committed Capital**" is the aggregate amount of capital committed by all partners of each respective fund.
- "**Contingent Commitment**" represents a commitment or other legal obligation to fund capital into, or in support of, a Portfolio Investment upon certain contingent events.
- "**Credit Investments**" represent investments in debt and other securities and / or other debt instruments (including bank loans and other forms of indebtedness) made by CCP I, CCP II, CCP III, CCP IV and CPREF and that are not "Portfolio Company Investments."
- "**Designated Investments**" refer to those portfolio investments for which the identities thereof have not been disclosed (including to limited partners in CCP I, CCP II, CCP III, CCP IV and CPREF) as such disclosure could have an adverse effect on the Firm's ability to acquire or sell these investments and similar investment opportunities in the future. Further information regarding certain characteristics of the Designated Investments is available upon request. Certain Designated Investments (that are not "Toehold Investments") have been realized, typically following a conclusion that a restructuring opportunity for control or influence is not likely to occur. Certain information relating to certain Designated Investments may be disclosed in filings on Form 13F made with the SEC (www.sec.gov).
- "**Exit Event**" refers to events which result in a substantial realization and receipt of proceeds or a precursor event for anticipated future realizations such as an initial public offering of common stock (IPO). For a Credit Investment, Exit Events may include open market sales, recapitalizations and maturities.
- "**Exit Event Date**" refers to, for a Portfolio Company Investment, the date upon which the Exit Event, defined above, occurs. For a Fully Realized Credit Investment, the Exit Event Date represents the last sale date. For a Materially Realized Credit Investment, the Exit Event Date represents the date on which Centerbridge has determined that the investment became Materially Realized. The Exit Event Date for an investment may be updated or supplemented as additional Exit Events occur.
- "**Fully Realized**" refers to those portfolio investments as to which CCP I, CCP II, CCP III, CCP IV or CPREF has fully exited its position as of the applicable valuation date as set forth herein.
- "**Invested Capital**" represents the aggregate amount of cash invested by CCP I (which as used herein excludes Centerbridge Capital Partners Strategic, L.P. (a parallel fund of CCP I) and amounts invested by Centerbridge pursuant to its co-investment rights) or CCP II (which as used herein excludes amounts invested by Centerbridge pursuant to its co-investment rights) or CCP III (which as used herein excludes amounts invested by Centerbridge pursuant to its co-investment rights) or CCP IV (which as used herein excludes amounts invested by Centerbridge pursuant to its co-investment rights) or SC I, SC II, SC III, or the Credit Partners Funds and excludes amounts co-invested by any limited partners or third-parties. In the case of investments denominated in a currency other than U.S. dollars, the amount invested has been calculated based on the rate of exchange between such other currency and the U.S. dollar as of the date of investment by CCP I, CCP II, CCP III, CCP IV, CPREF, SC I, SC II, SC III, or the Credit Partners Funds.
- "**Materially Realized**" refers to those portfolio investments as to which as of the applicable valuation date as set forth herein (i) a realization event has occurred with respect to a portion of such investment that Centerbridge believes is material (including through an initial public offering or similar event or through a refinancing such that a majority of capital has been returned), (ii) the Fund has entered into a definitive agreement pursuant to which all of such investment, or portion of such investment that Centerbridge believes is material, is expected to be realized, or (iii) the remaining unrealized value is less than 10% of Invested Capital (including after giving effect to pending sale or reorganization transactions) and Centerbridge has ceased to have board representation or substantially reduced its board or similar oversight activities. This category excludes Designated Investments and Toehold Investments.
- "**Portfolio Company Investments**" are investments that are not Designated Investments and (i) in which CCP I, CCP II, CCP III or CCP IV currently has equity ownership or (ii) in which the definitive transaction documents upon the issuance of the applicable investment contemplates the eventual conversion of our investment into equity.
- "**Realized Proceeds**" represent total investment proceeds that have been or are expected to be received by CCP I, CCP II, CCP III, CCP IV, CPREF, SC I, SC II or SC III. In the case of proceeds denominated in a currency other than U.S. dollars, the amount realized has been calculated based on the rate of exchange between such other currency and the U.S. dollar as of the date of receipt by CCP I, CCP II, CCP III, CCP IV, CPREF, SC I, SC II or SC III or, if not yet received, based on the rate of exchange as of the applicable valuation date as set forth herein.
- "**TEV Required to Return Capital at Risk**" or "**TEVR**"
  i. Represents the total value required in a sale of the company for CCP I, CCP II, CCP III, CCP IV or CPREF to recover its current cost basis, calculated as Invested Capital less Realized Proceeds. For example, this represents for an investment in common equity, the enterprise value minus total realized proceeds received by all common equity holders. Total realized proceeds received by all common equity holders is derived based on CCP I's, CCP II's, CCP III's, CCP IV's or CPREF's Realized Proceeds and CCP I's, CCP II's, CCP III's, CCP IV's or CPREF's primary ownership of the common equity.
  ii. For those investments where Invested Capital less Realized Proceeds is less than or equal to zero, the figure is not meaningful, as CCP I, CCP II, CCP III, CCP IV or CPREF has recovered all of its capital at risk.
- "**Toehold Investment**" is a position as to which total Invested Capital is less than 1% of total Committed Capital.
- "**Total Enterprise Value**" or "**TEV**" is calculated as net debt plus total equity at fair value as determined by Centerbridge, including publicly available information as appropriate.
- "**Total Value**" equals Realized Proceeds plus Unrealized Value.
- "**Transaction Close**" represents the date when CCP I, CCP II, CCP III, CCP IV or CPREF obtained equity ownership for Portfolio Company Investments or the first trade date for Credit Investments.
- "**Unrealized and Partially Realized**" refers to those portfolio investments that are neither Fully Realized nor Materially Realized.
- "**Unrealized Value**" represents Centerbridge's determination of the fair value of the applicable investment(s) as of the applicable valuation date as set forth herein. While Centerbridge's valuations of unrealized investments are based on assumptions that Centerbridge believes are reasonable under the circumstances, the actual realized returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs, and the timing and manner of sale, all of which may differ from the assumptions on which the valuations used in the above performance data contained herein are based. Accordingly, the actual realized returns on these unrealized investments may differ materially from the returns indicated herein. In the case of investments denominated in a currency other than U.S. dollars, the Unrealized Value has been calculated based on the rate of exchange between such other currency and the U.S. dollar as of the applicable valuation date as set forth herein.

Important Information: Performance Information and Definitions

Composite Performance Across the Capital Partners Funds

For the Capital Partners Funds, the CCP I, CCP II and CCP III Composite "Gross MOIC" is derived by dividing the Total Value of Capital Contributed for Investments for CCP I, CCP II and CCP III on a composite basis by Capital Contributed for Investments for CCP I, CCP II and CCP III on a composite basis, and excludes CCP IV. Composite gross and net Investment IRRs (defined below) have been calculated using aggregated cash flows of CCP I, CCP II, and CCP III as if all investments had been invested in a single hypothetical pooled vehicle, and excludes CCP IV. The hypothetical composite performance information presented herein has been prepared for illustrative purposes only to facilitate an understanding of the collective performance of the Capital Partners Funds. It should be understood that the investments of the respective funds were made by various Centerbridge Funds, including instances in which the same investment was made in multiple Centerbridge Funds, each of which has its own commitment and post-commitment periods, fee and expense structure and other terms.

Composite Performance Across the Special Credit Funds

For the Special Credit Funds the SC I, SC II and SC III Composite "Gross MOIC" is derived by dividing the Total Value of Capital Contributed for Investments for SC I, SC II and SC III on a composite basis by Capital Contributed for Investments for SC I, SC II and SC III on a composite basis. Composite gross and net internal rate of returns ("IRR") have been calculated using aggregated cash flows of the Limited Partners of SC I, SC II, and SC III, excluding Centerbridge Special Credit Partners DCE, L.P., and Centerbridge Special Credit Partners DCE II, L.P., as if all such capital is contributed by, distributed to or deemed distributed to such partners of a single hypothetical pooled vehicle. The hypothetical composite performance information presented herein has been prepared for illustrative purposes only to facilitate an understanding of the collective performance of the Special Credit Funds. It should be understood that the investments of the respective funds were made by various Centerbridge Funds, including instances in which the same investment was made in multiple Centerbridge Funds, each of which has its own commitment and post-commitment periods, fee and expense structure and other terms.

SC III Combined

The SC III combined Gross MOIC is derived by dividing the Total Value of Capital Contributed for Investments for SC III-Main and SC III-Flex in aggregate by Capital Contributed for Investments for SC III-Main and SC III-Flex in aggregate. SC III combined gross and net internal rate of returns ("IRR") have been calculated using aggregated cash flows for an example Limited Partner of SC III who participated in the fund's Initial Closing, as if all such capital is contributed by, distributed to or deemed distributed to such partners of a single hypothetical pooled vehicle. The hypothetical combined performance information presented herein has been prepared for illustrative purposes only to facilitate an understanding of the collective performance of SC III. It should be understood that the investments of the respective funds were made by various Centerbridge Funds, including instances in which the same investment was made in multiple Centerbridge Funds, each of which has its own commitment and post-commitment periods, fee and expense structure and other terms.

"Gross Invested Percentage"

For the Capital Partners Funds and Centerbridge Partners Real Estate Fund, L.P., Gross Invested Percentage includes contributions for investments and expenses through April 30, 2021 and is pro forma for amounts invested not yet called for Portfolio Investments and expenses and pro forma for equity commitment letters in connection with existing Portfolio Investments and Portfolio Investments that have been fully financed through a credit facility issued at Centerbridge's investment holding company, which Centerbridge expects to ultimately fund.

"Gross Multiple of Invested Capital by Investment" or "Gross MOIC"

For the Capital Partners Funds and Centerbridge Partners Real Estate Fund, L.P., "Gross MOIC" is derived by dividing the Total Value of Capital Contributed for Investments by (Pro Forma) Capital Contributed for Investments since the applicable fund's inception, in each case net of recycled distributions (as applicable) before applicable fees and expenses. The denominator, (Pro Forma) Capital Contributed for Investments, reflects the aggregate amount of Capital Contributed for Investments by all partners plus amounts invested not yet called for Portfolio Investments, as applicable. Such amount is lower than total Invested Capital due to the applicable fund's ability to recycle certain amounts otherwise distributable to the applicable fund's partners. The numerator, Total Value of Capital Contributed for Investments, reflects the aggregate amount of Capital Contributed for Investments by all partners in the applicable fund plus amounts invested not yet called for Portfolio Investments, as applicable, plus the cumulative net gains / (losses) from the applicable fund's investment activities since inception (including foreign exchange gains / (losses) with regard to the applicable fund's foreign currency hedging activities). The MOIC calculated on a net Limited Partner basis (reduced by Management Fees, Carried Interest, taxes or other expenses that are borne by limited partners) would be materially lower.

For the Special Credit Funds, the "Gross MOIC" is derived by dividing the Total Value of Capital Contributed for Investments by Capital Contributed for Investments since the applicable fund's inception, in each case before applicable fees and expenses. The denominator, Capital Contributed for Investments, reflects the aggregate amount of capital contributions made for investments by all partners in the applicable fund. The numerator, Total Value of Capital Contributed for Investments, reflects the aggregate amount of capital contributions made for investments by all partners in the applicable fund plus the cumulative net gains from the applicable fund's investment activities since inception (including foreign exchange gains / (losses) with regard to the applicable fund's foreign currency hedging activities). The MOIC calculated on a net Limited Partner basis (reduced by Management Fees, Carried Interest, taxes or other expenses that are borne by limited partners) would be lower, possibly materially.

Internal Rate of Return: Capital Partners Funds

"Investment IRR" means an aggregate, compounded, annual internal rate of return on Limited Partner investments (excluding Friends & Family Limited Partners where applicable), and is calculated from the date capital contributions made to the applicable Capital Partners Fund relating to each Portfolio Investment are invested in the Portfolio Investment to the date investment proceeds are received by the applicable Capital Partners Fund (or deemed received in calculating returns for unrealized investments). In the case of realized and unrealized investments, the Investment IRRs are based on realizations and internal valuations by Centerbridge as of the applicable date (i.e., assuming that unrealized investments were sold at their respective valuations for cash). Gross Investment IRR has not been reduced by Management Fees, Carried Interest (if applicable), taxes or other expenses that are borne by Limited Partners in the applicable Capital Partners Fund (excluding Friends & Family Limited Partners where applicable), which may be substantial. Net Investment IRR has been reduced by Management Fees, Carried Interest (if applicable), taxes or other expenses that are borne by Limited Partners in the applicable Capital Partners Fund.

"Limited Partner Net IRR" represents the aggregate, compound annual internal rate of return of all Limited Partners' capital (excluding Friends & Family Limited Partners), and is calculated from the date capital is contributed by, distributed to or deemed distributed to such Limited Partners, through the applicable date, during which time borrowings of the fund facility may have been outstanding. The Limited Partner Net IRR as reported is after Management Fees, Carried Interest (if applicable), taxes or other expenses that are borne by such Limited Partners. The fair value of the Limited Partners' capital account is assumed to be the terminal cash flow.

"Illustrative Net IRR Pro Forma for 180-Day Facility Performance" figures presented herein are entirely hypothetical in nature and have been prepared for illustrative purposes only to facilitate a theoretical understanding of potential performance figures as if CCP III were to utilize a 180-day line of credit since its inception and borrowings thereunder were drawn one day prior to the associated capital need and a capital contribution was made 180 days subsequent to the borrowing. Amounts borrowed are assumed to have been outstanding at an assumed rate of 1-month LIBOR plus 1.70%. Distributions are deemed to have been made within three weeks of the receipt of investment proceeds in excess of $25 million by CCP III.

"Illustrative Net IRR Pro Forma for 365-Day Facility Performance" figures presented herein are entirely hypothetical in nature and have been prepared for illustrative purposes only to facilitate a theoretical understanding of potential performance figures as if CCP III were to utilize a 365-day line of credit since its inception and borrowings thereunder were drawn one day prior to the associated capital need and a capital contribution was made 365 days subsequent to the borrowing. Amounts borrowed are assumed to have been outstanding at an assumed rate of 1-month LIBOR plus 1.70%. Distributions are deemed to have been made within three weeks of the receipt of investment proceeds in excess of $25 million by CCP III.

Internal Rate of Return: Centerbridge Partners Real Estate Fund, L.P.

"Gross IRR" means an aggregate, compounded, annual internal rate of return on Limited Partner investments (other than employees, Affiliates of the General Partner, their charitable programs or related entities, and Friends & Family Limited Partners) and is calculated from the date capital contributions made to the Fund relating to each portfolio investment are invested in the portfolio investment to the date investment proceeds are received by the Fund (or deemed received in calculating returns for unrealized investments). In the case of realized and unrealized investments, the Gross IRRs are based on realizations and internal valuations by Centerbridge as of the applicable date (i.e., assuming that unrealized investments were sold at their respective valuations for cash). Gross IRR has not been reduced by management fees, carried interest (if applicable), taxes or other expenses that are borne by Limited Partners in the Fund (other than employees, Affiliates of the General Partner, their charitable programs or related entities, and Friends & Family Limited Partners), which may be substantial.

"Net IRR" represents the aggregate, compounded annual internal rate of all limited partners' capital (other than employees, Affiliates of the General Partner, their charitable programs or related entities, and Friends & Family Limited Partners), and is calculated from the date capital is contributed by, distributed to or deemed distributed to such limited partners, through March 31, 2021. The Net IRR is after management fees, carried interest (if applicable), taxes or other expenses that are borne by such limited partners. The fair value of the limited partners' capital account is assumed to be the terminal cash flow. Each Limited Partner's IRR may vary from that reported herein (possibly materially), based on the timing of such individual Limited Partner's commitment to the Fund and such Limited Partner's allocable share of applicable fees and expenses, including the timing of when placement agent fees offset management fees (if applicable). Unless otherwise stated, Net IRR includes the effect of CPREF's facility.

Important Information: Performance Information and Definitions (Cont'd)

Internal Rate of Return: Special Credit Funds

For the Special Credit Funds, the performance figures presented are for an example Limited Partner of the respective fund who participated in the fund's Initial Closing. The Internal Rate of Return ("IRR") is calculated from the date capital is contributed by, distributed to or deemed distributed to such Limited Partner, through the applicable reporting period. The Gross IRR is before Management Fees, Partnership Expenses, Organizational Expenses and an accrued Carried Interest allocation. The Net IRR is after Management Fees, Partnership Expenses, Organizational Expenses and an accrued Carried Interest allocation. Each Limited Partner's IRR will vary, and the information reported herein will vary from that reported the respective fund as a whole (possibly materially), based on the timing of such individual Limited Partner's commitment to the fund, the net asset value of the fund at that time, such Limited Partner's tax elections and/or tax status (and resulting allocations), and allocable share of applicable fees and expenses.

Hypothetical Internal Rate of Return: Special Credit III

The illustrative performance figure presented as if SC III-Main's Management Fees had been calculated based on the cost basis of Portfolio Investments is entirely hypothetical in nature and has been prepared for illustrative purposes only to facilitate a theoretical understanding of potential performance if SC III-Main Management Fees had been calculated based on the cost basis of Portfolio Investments held by SC III-Main on the last day of the preceding quarterly period in lieu of Committed Capital as is the case with respect to SC III-Main. Certain adjustments (namely, excluding short proceeds posted as collateral plus the additional margin required to be posted, collateral on forwards and the fully funded value of each credit facility) were made to the calculation of SC III-Main Management Fees for purposes of presenting the hypothetical performance. As a result, the methodology applied for this purpose does not correspond to the manner by which the cost basis of Portfolio Investments is determined for the purpose of calculating the Management Fee in other contexts, such as is the case during the harvest period for SC III-Main.

"Net IRR – Management Fee If Based on Capital Under Management Pro Forma for Six-Month Facility" figures presented herein are entirely hypothetical in nature and have been prepared for illustrative purposes only to facilitate a theoretical understanding of potential performance figures as if SC III-Main were to utilize a six-month line of credit and borrowings thereunder remained outstanding for the full six months at an assumed rate of 1-month LIBOR plus 1.70%. In calculating the hypothetical performance of SC III-Main as if it had applied a six-month line of credit, it was assumed that all actual capital call dates were financed for 30 days with SC III-Main's existing line of credit. In order to reflect the adjusted results of a six-month line of credit, 150 days were added to all actual capital call dates to arrive at the hypothetical performance as if all capital calls were financed for 180 days prior to being received by SC III-Main. As a result, the amounts presented may not be representative of the actual usage of a six-month line of credit.

"Net Multiple of Invested Capital by Investment" or "Net MOIC"

For the Capital Partners Funds and Centerbridge Partners Real Estate Fund, L.P., the "Net MOIC" is derived by dividing the Limited Partners' (other than employees, Affiliates of the General Partner, their charitable programs or related entities, and Friends & Family Limited Partners) Total Value of Capital Contributed for Investments and Expenses plus Temporary Investment Income (if any), which has been reduced by Partnership Expenses, Organizational Expenses, Management Fees, Carried Interest (if applicable), taxes or other expenses, that are borne by such Limited Partners of the Fund by such Limited Partners' Capital Contributed for Investments and Expenses since the Fund's inception, in each case net of recycled distributions. Such amounts include investments and expenses made that are yet to be called.

"Net MOIC" as it pertains to the Special Credit Funds is as of March 31, 2021 and is derived by dividing the Limited Partners' Total Value of Capital Contributed for Investments and Expense, which has been reduced by Partnership Expenses, Organizational Expenses, Management Fees, Carried Interest (if applicable), taxes or other expenses, that are borne by Limited Partners of the Fund by Limited Partners' Capital Contributed for Investments and Expenses since each fund's inception.

Rate of Return ("RoR"): Credit Partners Funds Performance

For periods commencing on and after January 1, 2020, these performance figures reflect the blended returns of all Limited Partners in the Fund who have Limited Partner interests in the Fund's general portfolio and bear fees and excludes, for example, interests held by the General Partner, its affiliates and "Friends and Family" investors. These performance figures are determined using a time-weighted rate of return methodology in which each applicable period's rate of return is geometrically linked. Individual returns of the Fund may vary, and the information reported herein may vary from that reported for the Fund as a whole (possibly materially), based on (i) the timing of capital activity and (ii) the timing of and participation in Special Investments.

For reporting periods as of and prior to December 31, 2019, these performance figures reflect the returns of the earliest contribution held in the Fund which during the relevant period was charged full fees, participated in all Special Investments and during such period had no withdrawals (which over time, has shifted from one representative investor to another so that the foregoing criteria would continuously apply). Performance figures for such periods have been determined using a time-weighted rate of return methodology in which each applicable period's rate of return is geometrically linked. Individual returns of the Fund may vary, and the information reported herein may vary from that reported for the Fund as a whole (possibly materially), based on (i) the timing of capital activity and (ii) the timing of and participation in Special Investments.

Inception to date performance and portfolio composition presented herein for Centerbridge Credit Partners, L.P. is substantially similar to that of its parallel funds, Centerbridge Credit Partners Offshore, Ltd. and Centerbridge Credit Partners TE, L.P. (which commenced operations on January 1, 2010), and collectively, as referenced above, the "Fund."

"Net Invested Percentage"

The Net Invested Percentage is the Gross Invested Percentage net of recycled and recallable proceeds, as well as recyclable proceeds.

Target Returns

References herein to target net IRR or other variations thereon or comparable terminology are provided as indicators as to how Centerbridge intends to manage the Fund and are not intended to be viewed as indicators of likely performance returns to investors. Target returns presented are net of carried interest, management fees and other expenses that may be taken into account. Target IRR and other similar information is based upon estimates and assumptions that a potential investment will yield a return equal to, or greater than, the target. There can be no assurance that target returns will be met or that Centerbridge will be successful in finding investment opportunities for the Fund that meet these anticipated return parameters. The estimate of potential return from a potential investment is not a guarantee as to the quality of the investment or a representation as to the adequacy of the methodology or assumptions used in estimating returns. The magnitude of market inefficiencies experienced over the course of the investment period may partially dictate overall returns. For the definition and calculation methodology of net IRR, see the Important Information in this section. Performance information set forth herein is intended solely to provide prospective investors with information about Centerbridge funds' prior investments. Past performance is not indicative, nor a guarantee, of future results. All information contained herein respecting IRR or other return or performance information calculations is qualified by the Important Information in this section.

Pipeline

This document reflects the indicative current pipeline of those opportunities that Centerbridge is considering for its Capital Partners Funds, Credit Funds and Real Estate Fund as of the date hereof, which is highly dynamic and a function of Centerbridge's own underwriting and due diligence and also process considerations and market conditions, which are continuously evolving. Such factors will affect the opportunities in Centerbridge's pipeline, as to which there may be additions and also opportunities that cease to be actively considered over time, and also will affect the nature, size and structure of the opportunities under consideration. There can be no assurances as to such matters, and the information herein is subject to change.

Set-Up

For purposes of calculating purchase and creation multiples, Centerbridge takes into consideration its assessment of a company's Adjusted EBITDA, which refers to Centerbridge's determination of a company's EBITDA, as adjusted to exclude what it considers to be non-recurring items of expense, charges or gains, certain non-cash charges or pro forma adjustments for events or circumstances such as acquisitions, dispositions or discontinued businesses, as well as run-rate adjustments for ongoing synergy and cost-saving initiatives, in each case for the purpose of indicating what Centerbridge considers to be a more accurate depiction of the company's current ongoing operating performance, and involves various assumptions which Centerbridge considers to be reasonable taking into account inputs considered by it. Other methodologies or inputs may exist that would yield a different result.

Endnotes

Firm Overview

1. As communicated to Limited Partners in October 2019, Mark Gallogly retired from the Firm, effective December 7, 2020.
2. Centerbridge also has support offices in Luxembourg and the Netherlands. Headcount figures are presented as of June 1, 2021.
3. Capital Under Management reflects the Credit Partners Funds' NAV in USD as of May 31, 2021 (inclusive of subsequent month contributions) and Capital Commitments for the Special Credit Funds, Capital Partners Funds and the Real Estate Fund as of March 31, 2021, inclusive of funds which are actively fundraising. Includes Centerbridge Capital Partners Strategic, L.P. (a parallel fund of CCP I). Reflects current commitments to Centerbridge Capital Partners IV, L.P. through the close effective June 16, 2021 (and includes commitments to co-investment vehicles agreed to in conjunction with such closings), which includes commitments that are subject to automatic incremental acceptance and will be activated in conjunction with a subsequent closing, current commitments to Centerbridge Partners Real Estate Fund II, L.P. through the close effective July 1, 2021 and current commitments to Centerbridge Special Credit Partners IV, L.P. and Centerbridge Special Credit Partners IV Cayman, L.P., through the close effective June 30, 2021.
4. Percentages and amount reflect the Credit Partners Funds' NAV in USD as of March 31, 2021 (inclusive of subsequent month contributions) and capital commitments of the General Partner and its affiliates for the Special Credit Funds, the Capital Partners Funds and the Real Estate Funds as of March 31, 2021. In the case of CCP IV, commitments are through the close effective June 16, 2021 (and includes commitments to co-investment vehicles agreed to in conjunction with such closings). In the case of CPREF II, commitments are through the close effective July 1, 2021. In the case of SC IV, commitments are through the close effective June 30, 2021.

Performance Across Centerbridge Real Estate

1. Please refer to the performance definitions for CPREF, which can be found in the Important Information: Performance Information and Definitions section of this Presentation.
2. "Gross IRR" means an aggregate compounded, annual internal rate of return, and is calculated from the date capital contributions made to the Centerbridge Funds relating to each Real Estate Investment are invested to the date investment proceeds are received by the Centerbridge Funds (or deemed received in calculating returns for unrealized investments). In the case of realized and unrealized investments, the IRRs are based on realizations and internal valuations by Centerbridge as of the applicable date (*e.g.*, assuming that unrealized investments were sold at their respective valuations for cash). Please refer to Endnote 3 below for additional information.
3. The Hypothetical Fund Net IRR is 16%. The Hypothetical Pooled Performance information presented herein has been prepared for illustrative purposes only to facilitate an understanding of the collective performance of Real Estate Investments included in the track record information presented on the Centerbridge Funds Track Record page. It should be understood that the Real Estate Investments were made by various Centerbridge Funds, including instances in which the same investment was made in multiple Centerbridge Funds, each of which has its own commitment and post-commitment periods, fee and expense structure and other terms. This Hypothetical Pooled Performance for the Hypothetical Fund (as defined below) is subject to all of the additional important disclosures set forth in these Endnotes, which include important limitations and qualifications which should be read carefully when considering this information. Further, the preparation of this Hypothetical Pooled Performance has involved various assumptions, including but not limited to the following:

   a. Centerbridge has aggregated the Real Estate Investments as if all such Real Estate Investments had been invested in a single hypothetical pooled vehicle (the "Hypothetical Fund"). Stand-alone performance information for CPREF's investments also is presented herein; however, Centerbridge expects to continue to provide the Hypothetical Fund performance information in the near- to medium-term to facilitate an understanding of the performance of Real Estate Investments made prior to CPREF's Effective Date.

   b. Except as described below, Centerbridge has applied the terms and conditions of the LPA of CPREF to the Hypothetical Fund, including the fees, expenses and waterfall provisions of CPREF, in order to facilitate a pooled performance calculation for the Hypothetical Fund (it should be understood that actual investments were made in Centerbridge Funds and would have been subject to the actual terms and conditions applicable to such investments within the respective Centerbridge Fund(s) in which they were made (and which may differ from CPREF), as part of and affected by the larger pool of investments made by such Centerbridge Fund).

   c. In light of the multi-year timeframe over which the Real Estate Investments were made – between February 27, 2007 and March 31, 2021 – in order to more closely reflect the timeframe over which recycling of proceeds and expenses would have been permissible, Centerbridge has grouped the Real Estate Investments in the Hypothetical Fund into three sub-pools, each with an assumed 5-year commitment period ("Portfolio 1", "Portfolio 2" and "Portfolio 3"), and has applied the terms of the LPA to each sub-pool on a stand-alone basis.

   d. Centerbridge has assumed that the commitment period for Portfolio 1 commenced as of February 27, 2007 (the date Centerbridge made its first Real Estate Investment), and ended on December 31, 2011; Centerbridge has assumed that the commitment period for Portfolio 2 commenced on January 1, 2012 and ended on December 31, 2016; Centerbridge has assumed that the commitment period for Portfolio 3, which includes investments held by CPREF, commenced on January 1, 2017. Stand-alone performance information for CPREF's investments is also presented herein.

   e. Centerbridge has assumed partnership expenses, including organizational expenses, for the Hypothetical Fund based on the average of the historical expense ratios of the Capital Partners Funds, and assumed a quarterly accrual of such expenses for Portfolio 1, Portfolio 2 and Portfolio 3 at an average annual rate equal to 0.45% of capital commitments during each sub-pool's commitment period and 0.19% during each sub-pool's post-commitment period.

Endnotes (Continued)

Performance Across Centerbridge Real Estate (continued)

f. The Hypothetical Pooled Performance assumes the following additional structural features of the Hypothetical Fund:

i. a total limited partner capital commitment size for the Hypothetical Fund equal to $5.2 billion, which has been derived from assumptions regarding the hypothetical amount of capital that would have been required to support the investing activity for each sub-pool's commitment period, net of recycling, with a further assumption that approximately 90% of such capital commitment would be drawn, resulting in an assumed capital commitment of approximately $2.6 billion attributable to Portfolio 1, approximately $1.4 billion attributable to Portfolio 2 and as of March 31, 2021, approximately $1.2 billion attributable to Portfolio 3;

ii. a capital commitment of the general partner within the Hypothetical Fund equal to 2%; with 60% of such general partner's capital commitment being made through a deemed contribution in exchange for a reduced management fee;

iii. all limited partner capital invested in the Hypothetical Fund is fee bearing, with a management fee equal to 1.5% of limited partners' capital commitments during the commitment period and 1.25% of capital under management thereafter, such amount to be reduced for the deemed contribution, and no reduction for any "Other Fees," as defined in the LPA, that may have been received in relation to Real Estate Investments and that may have actually resulted in a reduction of the management fee for the Centerbridge Fund(s) in which such Real Estate Investment was made;

iv. distributions assume a full return of capital contributions previously made for each portfolio investment and its pro rata share of costs in advance of amounts being distributed to the general partner, and assume an 80/20 split thereafter and does not take into account whether the Fair Value of the Partnership's Unrealized Portfolio Investments is equal to at least 125% of its Capital Contributions with respect to such Unrealized Portfolio Investments; and

v. in determining the application of recycling, the Hypothetical Fund assumes a methodology consistent with the definition of "Unpaid Capital Commitment" in the LPA, except that the Unpaid Capital Commitment for the Hypothetical Fund is increased by the amount of investment proceeds distributed to a limited partner, up to the aggregate amount of the capital contributions made by such limited partner which was used for partnership expenses, organizational expenses, deemed contribution amounts or management fees, plus, the amount of all capital contributions made by such partner for the acquisition of a portfolio investment (other than deemed contributions) which is distributed to such partner as investment proceeds with respect to such portfolio investment, including upon the disposition of such portfolio investment, prior to the scheduled end of the commitment period. In contrast, the recycling provisions of the LPA, as described in Section VII—"Summary of Principal Terms" of the PPM, provide that Unpaid Capital Commitments are increased by any investment proceeds received by CPREF II during its commitment period, up to the aggregate amount of the capital contributions made by a limited partner which was used for partnership expenses, organizational expenses, deemed contribution amounts or management fees, plus, the aggregate amount of capital contributions previously made for realized portfolio investments (as also is the case for CPREF).

g. The Hypothetical Pooled Performance assumes that, at any point in time,

i. all investing activity within each quarter occurred on the last day of such quarter, with an aggregated net capital event (including recycling, expenses, fees and carried interest) assumed to have been processed on such quarter end date (but not for the purpose of the calculation of Investment IRR attributable to the Real Estate Investments made in the Centerbridge Funds, which is calculated from the date capital contributions were invested to the date investment proceeds were received by such Centerbridge Funds);

ii. there were no cash balances within the Hypothetical Fund (it should be understood that at any point in time, the Centerbridge Funds in which such investments actually were made may have had cash balances, which would affect the overall performance of such Centerbridge Fund);

iii. all investments of the Hypothetical Fund were made in U.S. dollars and that there were no gains or losses associated with foreign currency exchange;

iv. no hedging transactions were made by the Hypothetical Fund and therefore there were no gains or losses from hedging of any single position or the Real Estate Investments overall (i.e., no allocation of hedging gains or losses (or associated costs) has been made to the Real Estate Investments within the Hypothetical Fund); and

v. no capital call bridging facilities were utilized in connection with such investments (i.e., therefore no allocation of costs associated with such facilities has been allocated to the Real Estate Investments within the Hypothetical Fund).

4. The Hypothetical Fund Gross MOIC of 2.1x is derived by dividing the Total Value of Capital Contributed for Real Estate Investments by Capital Contributed for Real Estate Investments before applicable fees and expenses. The denominator, Capital Contributed for Investments, of $4,669 million, reflects the aggregate amount of Capital Contributed for Real Estate Investments in the Hypothetical Fund. The numerator, Total Value of Capital Contributed for Real Estate Investments, of $9,964 million, reflects the aggregate amount of Capital Contributed for Real Estate Investments in the Hypothetical Fund of $4,669 million, plus the cumulative net gains / (losses) attributable to the Centerbridge Funds' Real Estate Investment activities (subject to the above-described assumptions) since inception (which, as noted above, excludes foreign exchange gains / (losses) and foreign currency hedging activities). The MOIC of the Hypothetical Fund, if calculated on a net limited partner basis (after hypothetical partnership expenses, organizational expenses, management fees, carried interest, if any, or other expenses of the Hypothetical Fund), would be materially lower.

Endnotes (Continued)

Performance Across Centerbridge Real Estate (Continued)

5. Information as of March 31, 2021. "Real Estate Investment" refers to (i) investments made by CPREF and (ii) real estate-related investments made by the Centerbridge Funds prior to the beginning of CPREF's investment period that were identified prior to the Effective Date for CPREF (as defined in its Limited Partnership Agreement ("LPA")) as corresponding to the real estate strategies that Centerbridge had employed and expected to continue to employ through CPREF and other Centerbridge Funds. Information is since the Firm's inception through March 31, 2021. In the case of the Real Estate Investments referred to in clause (ii) above that are presented herein, such investments were made by Centerbridge Funds whose investment programs on an overall basis differed significantly from those of CPREF, including because, with the exception of CPREF, such funds are not focused on Real Estate Strategies. In addition, such Real Estate Investments were not managed as a single portfolio and did not involve all Centerbridge professionals who are involved in the management and operations of CPREF. Moreover, the actual investments to be made by CPREF II will differ from the investments presented herein and will be made under different market conditions. In addition, CPREF II may use different amounts of leverage than were used in connection with the investments presented herein and, consequently, CPREF II's investments may have a different risk-return profile. Accordingly, there can be no assurance that the investment performance of CPREF II will be comparable to the past or projected performance of the investments set forth herein or that CPREF II will be able to implement its investment strategy or achieve its investment objective. As described further herein, the Real Estate Investments presented in this document were made within the broader portfolios of one or more of the Centerbridge Funds, including CPREF. Each Centerbridge Fund had incurred fees and expenses, including management fees, carried interest, taxes and other expenses borne by an investor in a private investment fund (and which are further described in Centerbridge's ADV Part 2A) which are not necessarily specifically associated with particular investments but which would serve to reduce the returns as a whole to the investors of the Centerbridge Funds. These factors make the presentation of an actual net IRR for the Real Estate Investments in the aggregate infeasible. The returns for the Real Estate Investments presented herein are gross investment returns and have not been reduced by such fees or expenses, which may be substantial.
6. Prior to the inception of the Real Estate Fund, Real Estate Investments were not managed as a single portfolio.
7. Amounts include real estate-related investments made by the Centerbridge Funds that have been identified as corresponding to the real estate strategies that Centerbridge has employed and continues to employ through CPREF and other Centerbridge Funds. Information is since the Firm's inception through March 31, 2021. Realized refers to Fully Realized and Materially Realized Investments. "Fully Realized" refers to those Real Estate Investments as to which the applicable Centerbridge Fund has fully exited its position as of the applicable valuation date as set forth herein. "Materially Realized" refers to those Real Estate Investments as to which as of the applicable valuation date as set forth herein (i) a realization event has occurred with respect to a portion of such investment that Centerbridge believes is material (including through an initial public offering or similar event or through a refinancing such that a majority of capital has been returned), (ii) the Centerbridge Funds have entered into a definitive agreement pursuant to which all of such investment, or portion of such investment that Centerbridge believes is material, is expected to be realized, or (iii) the remaining unrealized value is less than 10% of Invested Capital (including after giving effect to pending sale or reorganization transactions) and Centerbridge has ceased to have board representation or substantially reduced its board or similar oversight activities.
8. Cumulative net investment gains and losses include realized and unrealized gains/(losses), interest and dividend income earned on Real Estate Investments since inception.

Consistently Executing Our All-Weather Strategy

1. Information as of March 31, 2021. "Real Estate Investment" refers to (i) investments made by CPREF and (ii) real estate-related investments made by the Centerbridge Funds prior to the beginning of CPREF's investment period that were identified prior to the Effective Date for CPREF (as defined in its Limited Partnership Agreement ("LPA")) as corresponding to the real estate strategies that Centerbridge had employed and expected to continue to employ through CPREF and other Centerbridge Funds. Information is since the Firm's inception through March 31, 2021. In the case of the Real Estate Investments referred to in clause (ii) above that are presented herein, such investments were made by Centerbridge Funds whose investment programs on an overall basis differed significantly from those of CPREF, including because, with the exception of CPREF, such funds are not focused on Real Estate Strategies. In addition, such Real Estate Investments were not managed as a single portfolio and did not involve all Centerbridge professionals who are involved in the management and operations of CPREF. Moreover, the actual investments to be made by CPREF II will differ from the investments presented herein and will be made under different market conditions. In addition, CPREF II may use different amounts of leverage than were used in connection with the investments presented herein and, consequently, CPREF II's investments may have a different risk-return profile. Accordingly, there can be no assurance that the investment performance of CPREF II will be comparable to the past or projected performance of the investments set forth herein or that CPREF II will be able to implement its investment strategy or achieve its investment objective. As described further herein, the Real Estate Investments presented in this document were made within the broader portfolios of one or more of the Centerbridge Funds, including CPREF. Each Centerbridge Fund had incurred fees and expenses, including management fees, carried interest, taxes and other expenses borne by an investor in a private investment fund (and which are further described in Centerbridge's ADV Part 2A) which are not necessarily specifically associated with particular investments but which would serve to reduce the returns as a whole to the investors of the Centerbridge Funds. These factors make the presentation of an actual net IRR for the Real Estate Investments in the aggregate infeasible. The returns for the Real Estate Investments presented herein are gross investment returns and have not been reduced by such fees or expenses, which may be substantial.

Endnotes (Continued)

Consistently Executing Our All-Weather Strategy (continued)

2. The Hypothetical Fund Net IRR is 16%. The Hypothetical Pooled Performance information presented herein has been prepared for illustrative purposes only to facilitate an understanding of the collective performance of Real Estate Investments included in the track record information presented on the Centerbridge Funds Track Record page. It should be understood that the Real Estate Investments were made by various Centerbridge Funds, including instances in which the same investment was made in multiple Centerbridge Funds, each of which has its own commitment and post-commitment periods, fee and expense structure and other terms. This Hypothetical Pooled Performance for the Hypothetical Fund (as defined below) is subject to all of the additional important disclosures set forth in these Endnotes, which include important limitations and qualifications which should be read carefully when considering this information. Further, the preparation of this Hypothetical Pooled Performance has involved various assumptions, including but not limited to the following:
   a. Centerbridge has aggregated the Real Estate Investments as if all such Real Estate Investments had been invested in a single hypothetical pooled vehicle (the "Hypothetical Fund"). Stand-alone performance information for CPREF's investments also is presented herein; however, Centerbridge expects to continue to provide the Hypothetical Fund performance information in the near- to medium-term to facilitate an understanding of the performance of Real Estate Investments made prior to CPREF's Effective Date.
   b. Except as described below, Centerbridge has applied the terms and conditions of the LPA of CPREF to the Hypothetical Fund, including the fees, expenses and waterfall provisions of CPREF, in order to facilitate a pooled performance calculation for the Hypothetical Fund (it should be understood that actual investments were made in Centerbridge Funds and would have been subject to the actual terms and conditions applicable to such investments within the respective Centerbridge Fund(s) in which they were made (and which may differ from CPREF), as part of and affected by the larger pool of investments made by such Centerbridge Fund).
   c. In light of the multi-year timeframe over which the Real Estate Investments were made – between February 27, 2007 and March 31, 2021 – in order to more closely reflect the timeframe over which recycling of proceeds and expenses would have been permissible, Centerbridge has grouped the Real Estate Investments in the Hypothetical Fund into three sub-pools, each with an assumed 5-year commitment period ("Portfolio 1", "Portfolio 2" and "Portfolio 3"), and has applied the terms of the LPA to each sub-pool on a stand-alone basis.
   d. Centerbridge has assumed that the commitment period for Portfolio 1 commenced as of February 27, 2007 (the date Centerbridge made its first Real Estate Investment), and ended on December 31, 2011; Centerbridge has assumed that the commitment period for Portfolio 2 commenced on January 1, 2012 and ended on December 31, 2016; Centerbridge has assumed that the commitment period for Portfolio 3, which includes investments held by CPREF, commenced on January 1, 2017. Stand-alone performance information for CPREF's investments is also presented herein.
   e. Centerbridge has assumed partnership expenses, including organizational expenses, for the Hypothetical Fund based on the average of the historical expense ratios of the Capital Partners Funds, and assumed a quarterly accrual of such expenses for Portfolio 1, Portfolio 2 and Portfolio 3 at an average annual rate equal to 0.45% of capital commitments during each sub-pool's commitment period and 0.19% during each sub-pool's post-commitment period.
   f. The Hypothetical Pooled Performance assumes the following additional structural features of the Hypothetical Fund:
      i. a total limited partner capital commitment size for the Hypothetical Fund equal to $5.2 billion, which has been derived from assumptions regarding the hypothetical amount of capital that would have been required to support the investing activity for each sub-pool's commitment period, net of recycling, with a further assumption that approximately 90% of such capital commitment would be drawn, resulting in an assumed capital commitment of approximately $2.6 billion attributable to Portfolio 1, approximately $1.4 billion attributable to Portfolio 2 and as of March 31, 2021, approximately $1.2 billion attributable to Portfolio 3;
      ii. a capital commitment of the general partner within the Hypothetical Fund equal to 2%; with 60% of such general partner's capital commitment being made through a deemed contribution in exchange for a reduced management fee;
      iii. all limited partner capital invested in the Hypothetical Fund is fee bearing, with a management fee equal to 1.5% of limited partners' capital commitments during the commitment period and 1.25% of capital under management thereafter, such amount to be reduced for the deemed contribution, and no reduction for any "Other Fees," as defined in the LPA, that may have been received in relation to Real Estate Investments and that may have actually resulted in a reduction of the management fee for the Centerbridge Fund(s) in which such Real Estate Investment was made;
      iv. distributions assume a full return of capital contributions previously made for each portfolio investment and its pro rata share of costs in advance of amounts being distributed to the general partner, and assume an 80/20 split thereafter and does not take into account whether the Fair Value of the Partnership's Unrealized Portfolio Investments is equal to at least 125% of its Capital Contributions with respect to such Unrealized Portfolio Investments; and
      v. in determining the application of recycling, the Hypothetical Fund assumes a methodology consistent with the definition of "Unpaid Capital Commitment" in the LPA, except that the Unpaid Capital Commitment for the Hypothetical Fund is increased by the amount of investment proceeds distributed to a limited partner, up to the aggregate amount of the capital contributions made by such limited partner which was used for partnership expenses, organizational expenses, deemed contribution amounts or management fees, plus, the amount of all capital contributions made by such partner for the acquisition of a portfolio investment (other than deemed contributions) which is distributed to such partner as investment proceeds with respect to such portfolio investment, including upon the disposition of such portfolio investment, prior to the scheduled end of the commitment period. In contrast, the recycling provisions of the LPA, as described in Section VII—"Summary of Principal Terms" of the PPM, provide that Unpaid Capital Commitments are increased by any investment proceeds received by CPREF II during its commitment period, up to the aggregate amount of the capital contributions made by a limited partner which was used for partnership expenses, organizational expenses, deemed contribution amounts or management fees, plus, the aggregate amount of capital contributions previously made for realized portfolio investments (as also is the case for CPREF).
   g. The Hypothetical Pooled Performance assumes that, at any point in time,
      i. all investing activity within each quarter occurred on the last day of such quarter, with an aggregated net capital event (including recycling, expenses, fees and carried interest) assumed to have been processed on such quarter end date (but not for the purpose of the calculation of Investment IRR attributable to the Real Estate Investments made in the Centerbridge Funds, which is calculated from the date capital contributions were invested to the date investment proceeds were received by such Centerbridge Funds);
      ii. there were no cash balances within the Hypothetical Fund (it should be understood that at any point in time, the Centerbridge Funds in which such investments actually were made may have had cash balances, which would affect the overall performance of such Centerbridge Fund);
      iii. all investments of the Hypothetical Fund were made in U.S. dollars and that there were no gains or losses associated with foreign currency exchange;
      iv. no hedging transactions were made by the Hypothetical Fund and therefore there were no gains or losses from hedging of any single position or the Real Estate Investments overall (i.e., no allocation of hedging gains or losses (or associated costs) has been made to the Real Estate Investments within the Hypothetical Fund); and
      v. no capital call bridging facilities were utilized in connection with such investments (i.e., therefore no allocation of costs associated with such facilities has been allocated to the Real Estate Investments within the Hypothetical Fund).

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SHAWN T. WOODEN
TREASURER

State of Connecticut
Office of the Treasurer

DARRELL V. HILL
DEPUTY TREASURER

July 9, 2021

Members of the Investment Advisory Council ("IAC")

Re: **Leeds Equity Partners VII, L.P.**

Dear Fellow IAC Member:

At the July 14, 2021 meeting of the IAC, I will present for your consideration a private equity opportunity for the Private Investment Fund ("PIF") in the Connecticut Retirement Plans and Trust Funds (the "CRPTF"): Leeds Equity Partners VII, L.P. ("Leeds VII" or the "Fund"). Leeds VII will make control-oriented private equity investments in the education, training, and information services sectors with a primary focus on middle market North American companies. The Fund is expected to reach its hard cap of $1.25 billion and is being raised by Leeds Equity Partners ("Leeds"), based in New York, NY.

The CRPTF closed a $75 million commitment to the Fund in June 2020 after the opportunity was presented for consideration at the May 13, 2020 IAC meeting. Based on the continued attractive performance of the CRPTF's existing investments with Leeds and the favorable outlook for the firm's sector focused strategy, I am now considering an additional commitment of up to $50 million to Leeds VII. A larger Fund commitment is consistent with several objectives of our private equity strategic plan, including increasing the CRPTF's exposure to existing PIF managers executing proven, sector focused strategies.

Attached for your review is the recommendation from Steven Meier, Interim Chief Investment Officer, and the due diligence report prepared by Hamilton Lane. I look forward to our discussion of these materials at the next meeting.

Sincerely,

Shawn T. Wooden
State Treasurer

65 CAPITOL AVE, HARTFORD, CT 06106-1773, TELEPHONE: (860) 702-3000
AN EQUAL OPPORTUNITY EMPLOYER

OFFICE OF THE STATE TREASURER

MEMORANDUM

DECISION

TO: **Shawn T. Wooden, Treasurer**

FROM: **Steven R. Meier, Interim Chief Investment Officer**

CC: **Darrell V. Hill, Deputy Treasurer**
Raynald D. Leveque, Deputy Chief Investment Officer
Kevin Cullinan, Chief Risk Officer
Mark E. Evans, Principal Investment Officer

DATE: **July 2, 2021**

SUBJECT: **Leeds Equity Partners VII, L.P. – Additional Commitment**

Summary

The purpose of this memorandum is to recommend that the Connecticut Retirement Plans and Trust Funds ("CRPTF") consider an additional commitment of up to $50 million to Leeds Equity Partners VII, L.P ("Leeds VII" or the "Fund"). You previously approved of the CRPTF committing $75 million to Leeds VII and that commitment closed in June 2020. Leeds VII will pursue control-oriented private equity investments in the education, training, and information services sectors with a primary focus on middle market North American companies.

Leeds Equity Associates VII, L.P. is the Fund's general partner (the "GP") and an affiliate of Leeds Equity Partners ("Leeds", or the "Firm"), a New York, NY based investment management firm formed in 1993. The GP established a target fund size of $1.0 billion and a $1.25 billion hard cap.

The GP is targeting a final Fund closing in July 2021 at its hard cap.

Strategic Allocation within the Private Investment Fund

The Fund's buyout strategy falls under the Corporate Finance allocation of the Private Investment Fund ("PIF"). The Investment Policy Statement ("IPS") establishes target allocation ranges of 70% to 100% to Corporate Finance investments within the PIF portfolio as measured by a percentage of total exposure, defined as market value plus unfunded commitments. The PIF's total exposure to Corporate Finance strategies was approximately 84%, as of March 31, 2021.

Leeds VII is further categorized a small-mid market buyout fund, which represented approximately 30% of the PIF's total exposure as of March 31, 2021. The PIF's strategic pacing plan establishes a long-term target allocation to the small-mid market buyout sub-strategy of 40% to 50% of the PIF's total exposure.

The recommended incremental Leeds VII commitment would be consistent with the PIF strategic plan objectives of continuing to partner with a core of high-quality managers, particularly sector focused firms such as Leeds. As summarized in the table below, Leeds has utilized its Knowledge Industries focus and expertise to generate attractive returns for the CRPTF through across Leeds Equity Partners V and Leeds Equity Partners VI.

($US in millions, as of March 31, 2021)

Fund	Vintage Year	Status	Connecticut Commitment	Unfunded Commitment	NAV	Net IRR	Net TVM	Net DPI
Leeds Equity Partners V	2008	Harvesting	$40	$5	$32	19.5%	2.2x	1.6x
Leeds Equity Partners VI	2016	Active	$75	$7	$109	23.7%	1.6x	0.0x

Source: Connecticut returns from Burgiss Private i.

Update since Full Due Diligence Memo Dated March 13, 2020

The Investment Strategy and Market Opportunity, Firm and Management Team, Key Strengths, and Major Risks and Mitigants sections of the Leeds VII full due diligence memorandum dated March 13, 2020 are largely unchanged.

There has been no turnover at the senior level of the investment team since March 2020.

PFM investment professionals note that the Firm has made progress with portfolio company realizations as outlined in the Track Record Update. In addition, Leeds has begun investing the Fund and has made three investments consistent with the Firm's Knowledge Industries focus. These developments are consistent with the mitigants to the Major Risks identified in the March 13, 2020 full due diligence memorandum.

Track Record Update

The investment performance of Leeds Equity Partners through March 31, 2021 is summarized in the following chart.

($US in millions, as of March 31, 2021)

Leeds Equity Partners Investment Performance Summary													
Fund	Vintage Year	Fund Size	# Deals	Invested Capital	Realized Value	Unrealized Value	Total Value	Gross/Net TVM	Gross/Net IRR	Gross/Net DPI	Quartile Rank TVM	Quartile Rank IRR	Quartile Rank DPI
Pre-2003 Vintage Year Funds													
Leeds Equity Parners I	1995	$48	7	$43	$130	-	$130	3.0x / 2.2X	26% / 17%	3.0x / 2.2x	1st	2nd	1st
Leeds Equity Parners II	1996	$13	1	$13	$47	-	$47	3.6x / 3.3X	79% / 72%	3.6x / 3.3x	1st	1st	1st
Leeds Equity Parners III	1999	$158	11	$138	$219	-	$219	1.6x / 1.3X	21% / 10%	1.6x / 1.3x	3rd	2nd	3rd
Leeds Equity Parners IV	2003	$430	8	$382	$595	-	$595	1.6x / 1.3X	8% / 4%	1.6x / 1.3x	3rd	4th	4th
Pre-2003 Vintage Year Funds[1]		**$649**	**27**	**$576**	**$991**	**-**	**$991**	**1.7x**	**17%**				
Vintage Year 2008 and Later Funds													
Leeds Equity Parners V	2008	$522	11	$452	$1,021	$476	$1,497	3.3x / 2.6X	27% / 19%	2.3x / 1.7x	1st	1st	2nd
Leeds Equity Parners VI	2016	$760	10	$613	$6	$1,227	$1,233	2.0x / 1.6X	33% / 25%	0.0x / 0.0x	2nd	2nd	4th
Leeds IV-A	2018	$96	1	$96	$387	$0	$387	4.0x / 3.4X	163% / 105%	4.0x / 3.4x	n/a	n/a	n/a
Vintage Year 2008 and Later Funds		**$1,378**	**22**	**$1,161**	**$1,414**	**$1,704**	**$3,118**	**2.7x / 2.1x**	**30% / 22%**	**1.2x / 0.9x**			

Source: Leeds, CRPTF, Hamilton Lane Small Buyout Benchmark as of 12/31/20. Quartile Rank based on net returns.
1. Composite returns for Pre-2003 Vintage Year Funds shown at gross level.

The Leeds VII full due diligence memorandum dated March 13, 2020 included an assessment of the Leeds investment performance as of September 30, 2019. Leeds I through IV were fully realized as of September 30, 2019.

The performance of Leeds V has improved since September 30, 2019 as the fund's portfolio continued to mature, which has resulted in increased realized and total value. Between September 30, 2019 and March 31, 2021, the fund's total value increased by 7% while its realized value increased by $208 million, or 26%. The fund's gross and net total value multiples ("TVM") both

increased by 0.2x during the period while its gross and net internal rate of return ("IRR") were largely unchanged. The fund's net distributed to paid in ("DPI") multiple improved from 1.4x as of September 30, 2019 to 1.7x as of March 31, 2021 as the result of the successful realization of portfolio company EdCentric in February 2020.

Subsequent to March 31, 2021, Leeds completed the sale of BARBRI, a portfolio company of Leeds V and Leeds VI. Pro forma of the BARBRI exit in April 2021, Leeds V had three remaining portfolio company investments. Leeds was in advanced stages of successfully exiting another Leeds V portfolio company as of the date herein.

The performance of the Leeds VI portfolio also improved between September 30, 2019 and March 31, 2021. The fund's net TVM and net IRR increased by 0.4x and 600 basis points, respectively, during the period, with all companies marked at or above cost. The fund closed on its tenth portfolio company investment in February 2020, acquiring a minority interest in Anthology, a provider of software solutions to the higher education market. As noted, Leeds VI fully realized its first investment through the sale of BARBRI in April 2020.

Leeds IV-A was formed in 2018 as a continuation vehicle to acquire Campus Management, which was a Leeds IV portfolio company. The company was successfully exited in early.

Legal and Regulatory Disclosure (provided by Legal)

In its disclosure, Leeds Equity Advisors, Inc. ("Leeds") references a lawsuit involving a buyout by Leeds Equity IV of Instituto de Banca y Comercio, Inc. ("IBC") in March 2007. It is alleged that there was a prior dispute at IBC with FirstBank Corp., where First Bank Corp. claimed an economic interest in IBC in connection with a loan. Leeds acquired this suit through the acquisition of IBC. Leeds received an indemnification provision from FirstBank Corp. in connection with the merger agreement, whereby Leeds put the full amount of any damages in escrow. Despite this provision, a suit was filed in the U.S. District Court of Puerto Rico in October 2009 against Leeds Equity IV and Jeffrey Leeds. The case is ongoing, and Leeds indicates there will be no impact to Leeds or its funds.

Leeds indicates that it does not have any material claims under its fidelity, fiduciary or E&O insurance policies; or ongoing investigations to report.

The Company states it has adequate procedures to undertake internal investigations of its employees, officers and directors.

Compliance Review

The Chief Compliance Officer's Workforce Diversity & Corporate Citizenship review is attached.

Environment, Social & Governance Analysis ("ESG")

The Assistant Treasurer for Corporate Governance & Sustainable Investment's Evaluation and Implementation of Sustainable Principles review is attached.

6/29/21

COMPLIANCE REVIEW FOR PRIVATE INVESTMENT FUND

SUMMARY OF LEGAL AND POLICY[1] ATTACHMENTS
SUBMITTED BY
LEEDS EQUITY ADVISORS, INC.

I. Review of Required Legal and Policy Attachments

LEEDS EQUITY ADVISORS INC., ("Leeds") a New York City-based firm completed all required legal and policy attachments. It disclosed no impermissible third party fees, campaign contributions, known conflicts, or gifts. Its disclosure of legal/regulatory proceedings is being reviewed by the Legal unit.

II. Workforce Diversity (See Also 3 year Workforce Diversity Snapshot Page Attached)

As of May 2021, Leeds employed 24, 3 more than the 21 employed in December 2019. One woman and 0 minorities are Executive/Senior Level Officials and Managers. Over the last 3 years, 1 woman and 2 minorities were promoted within the ranks of professionals and mangers.

Commitment and Plans to Further Enhance Diversity

Leeds typically utilizes placement firms when looking to fill an investment or administrative position. It engages the recruitment firm and specifically requests that women and minority candidates be given preference all else being equal as the firm is actively trying to diversify its employee base. Over the last three years, 6 of the last 8 hires have been women or minorities including, 4 of the last 5 investment professionals.

Workforce Statistics

For Executive/Senior Level Officials and Managers:

- Women held 20% (1 of 5) of these positions in both 2021 and 2020, up from 17% (1 of 6) in 2019.
- Minorities held 0% (0 of 5) of these positions in both 2021 and 2020, and 0% (0 of 6) in 2019.

At the Management Level overall:

- Women held 38% (5 of 13) of these positions in 2021, up from 20% (2 of 10) in 2020, and 18% (2 of 11) in 2019.
- Minorities held 15.38% (2 of 13) (7.69% Hispanic and 7.69% Black) of these positions in 2021, up from 10% (1 of 10) (10% Black) in 2020, and 9.09% (1 of 11) (9.09% Black) in 2019.

At the Professional Level:

- Women held 56% (5 of 9) of these positions in 2021, up from 33% (3 of 9) in 2020, and 29% (2 of 7) in 2019.

[1] The Treasury Unit responsible for reviewing the Leeds ESG submission will prepare a separate report.

- Minorities held 44.44% (4 of 9) (3.33% Asian and 11.11% Hispanic) of these positions in 2021, the same 44.44% (4 of 9) (44.44% Asian) in 2020, down from 57.14% (4 of 7) (57.14% Asian) held in 2019.

Company-wide:

- Women held 50% (12 of 24) of these positions in 2021, up from 33% (7 of 21) in 2020, and 38% (8 of 21) in 2019.
- Minorities held 25% (6 of 24) (12.5% Asian, 8.33% Hispanic and 4.17% Black) of these positions in 2021, up from 23.81% (5 of 21) (19.05% Asian and 4.76% Black) held in both 2020 and 2019.

III. Corporate Citizenship

***Charitable Giving**:*
For over 20 years Leeds has focused exclusively on investing in "knowledge" industries, that is, education, training, and information services. The firm encourages employees to support education- related charities. The firm has supported education-related charities such as, the Hetrick-Martin Institute and Edible Schoolyard. Leeds provides both event sponsorship and financial support.

Internships/Scholarships:
Leeds currently does not have an internship program. BARBRI, a Leeds V company, offers scholarships for underrepresented communities in the legal profession, and Cerify, a Leeds VI company, offers scholarships for underrepresented communities in the financial planning profession.

Procurement: At present, Leeds does not have a formal policy of program to engage diverse businesses, however, the firm has started an initiative to launch a growth impact fund led and staffed by women.

Evaluation and Implementation of Sustainable Principles as of July 1, 2021 (provided by Assistant Treasurer of Corporate Governance and Sustainable Investing Policy)

	Criteria	Responses
1	Firm has an ESG policy	Yes
1a	If yes, firm described its ESG policy	Yes
2	If yes, firm provided examples of ESG factors considered in the decision-making process, explained the financial impact of these ESG factors	Yes
3	Designated staff responsible for sustainability policies and research	Yes
4	Firm provides training/resources on sustainability issues, explained sources of ESG-related data	Yes
5	Signatory/member of sustainability-related initiatives or groups	Yes
6	Policy for evaluating current or prospective relationships with manufacturers or retailers of civilian firearms	No
7	Policy that requires safe and responsible use, ownership or production of guns	No
8	Enhanced screening of manufacturers or retailers of civilian firearms	No
9	Enhanced screening of any industry/sector subject to increased regulatory oversight, potential adverse social and/or environmental impacts	Yes
10	Merchant credit relationships with retailers of civilian firearms and accessories	No
10a	If yes, firm confirms compliance with laws governing firearms sales	N/A
11	Overall assessment of responses (e.g., depth of approach to ESG and integration)	The firm described a solid integration of ESG into its investment process. Leeds became a signatory to the UN PRI in 2020. Peter Lyons, Partner at Leeds, and Assistant Controller Gwen Yang oversee all ESG policies and research. They also have an ESG Committee that meets semi-annually to evaluate portfolio company plans and progress. The firm provides training to new employees and when the policy is updated. The firm does not have a policy on investments in civilian firearms manufacturers and retailers, given that it has no exposure to this sector.
	SCORE: Excellent - 1 Detailed description of ESG philosophy and integration; ongoing ESG assessment; established framework; member of sustainability-oriented organizations; enhanced screening of firearms and/or higher-risk sectors Very Good - 2 Detailed description of ESG philosophy and integration; ongoing ESG assessment; established framework; member of sustainability-oriented+B3 organizations Satisfactory - 3 General description of ESG philosophy and integration; some evidence of framework for ongoing ESG assessment; member of sustainability-oriented organizations Needs Improvement - 4 Generic and/or vague description of ESG philosophy and integration; no ongoing ESG assessment; no dedicated ESG staff or resources Poor - 5 Incomplete or non-responsive	2

Hamilton Lane

Leeds Equity Partners VII, L.P.

Performance Addendum Report

June 2021

Important Disclosures

All information contained within this report has been gathered from sources believed to be reliable, including but not limited to the general partner(s), other industry participants and the Hamilton Lane Investment Database, but its accuracy cannot be guaranteed.

The information contained in this report may include forward-looking statements regarding the fund presented or its portfolio companies. Forward-looking statements include a number of risks, uncertainties and other factors beyond the control of the fund or the portfolio companies, which may result in material differences in actual results, performance or other expectations. The opinions, estimates and analyses reflect our current judgment, which may change in the future.

The past performance information contained in this report is not necessarily indicative of future results and there is no assurance that the fund will achieve comparable results or that it will be able to implement its investment strategy or achieve its investment objectives. The actual realized value of currently unrealized investments will depend on a variety of factors, including future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the current unrealized valuations are based.

Any tables, graphs or charts relating to past performance included in this report are intended only to illustrate the performance of the fund or the portfolio companies referred to for the historical periods shown. Such tables, graphs and charts are not intended to predict future performance and should not be used as the basis for an investment decision.

By accepting receipt of this investment report and in consideration of access to the information contained herein (together with the investment report, the “Confidential Information”), the recipient agrees to maintain the strict confidentiality of any and all Confidential Information in accordance with the terms of this paragraph. The recipient acknowledges that (i) the Confidential Information constitutes proprietary trade secrets, and (ii) disclosure of any Confidential Information may cause significant harm to Hamilton Lane Advisors, L.L.C. (“Hamilton Lane”), its affiliates or any of their respective businesses. Unless otherwise required by law, the recipient shall not disclose any Confidential Information to any third party. If required by law to disclose any Confidential Information, the recipient shall provide Hamilton Lane with prompt written notice of such requirement prior to any such disclosure so that Hamilton Lane may seek a protective order or other appropriate remedy. Prior to making any disclosure of any Confidential Information required by law, the recipient shall use its reasonable best efforts to claim any potential exemption to such requirement and otherwise shall limit disclosure only to such information that is necessary to comply with such requirement.

The calculations contained in this document are made by Hamilton Lane based on information provided by the general partner (e.g. cash flows and valuations), and have not been prepared, reviewed or approved by the general partner.

Stacked bar charts or pie charts presented in the Strategy section in this report may not equate to 100% per the data labels on the charts due to rounding; however, all stacked bar charts and pie charts equate to 100% using exact proportions.

Table of Contents

	Page #
• Executive Summary	3
• General Partner	5
• Recent Activity	6
• Track Record	7
• Appendices	9

Fund Information

Organization Overview

General Partner:

Leeds Equity Partners LLC ("General Partner"), ("Leeds")

Firm Inception:

1993

Team:

15 investment professionals

Senior Partners:

Jeffrey Leeds, Jacques Galante, Peter Lyons, Scott VanHoy and Susan Cates

Location:

New York

Fund Overview

Fund:

Leeds Equity Partners VII, L.P. ("Fund")

Target Size/Hard Cap:

$1.0 billion/$1.25 billion

Asset Class:

Private equity

Strategy:

Corporate finance/buyout

Substrategy:

Small buyout

Geography:

North America

Industries:

Education, training and information services

Portfolio Construction

Equity Investments:

$40 million to $150 million

Target Number of Investments:

10 to 14

Max Single Investment Exposure:

15%

Expected Hold Period Per Investment:

3 to 6 years

Executive Summary (cont.)

Net Performance and Benchmarks

Leeds Equity Partners LLC Prior Investment Performance[1] As of 3/31/21							HL Benchmark Small buyout As of 12/31/20			PME Benchmark MSCI USA Small Cap As of 3/31/21
($mm) Fund	Vintage	Fund Size	% Drawn[2]	DPI	TVPI	Net IRR	Spread vs. Top-Quartile			Spread vs. PME
							DPI	TVPI	Net IRR	
Fund V	2008	$522	95%	1.7x	2.6x	19.0%	0.0x	0.7x	+230 bps	+724 bps
Fund VI	2016	760	88%	0.0x	1.6x	24.7%	-0.5x	-0.1x	+186 bps	+464 bps
Fund IV-A[3]	2018	96	101%	3.4x	3.4x	105.0%	3.3x	2.0x	+7514 bps	+12094 bps
Total				**0.9x**	**2.1x**	**21.7%**				**+1017 bps**

Fundraise Update

- First close held on 3/26/20 on $317 million of commitments
- Interim closes held through April 2021 on an additional $844 million of commitments
- Final close expected at the hard cap of $1.25 billion

[1] Capital Drawn, Capital Distributed and NAV are calculated from the cash flows of fee-paying limited partners and excludes any cash flows from the General Partner's commitment
[2] Percent drawn is calculated from both the cash flows of the limited partners and the General Partner's commitment
[3] Fund IV-A was created as a continuation vehicle for Campus Management

General Partner

- The General Partner has been active with the expansion of its platform, hiring three new Associates, one Management Company Accountant, one Executive Assistant and one Controller
- Since 9/30/19, five professionals departed the firm

Recent Activity

- New investments:
  - Since 9/30/19, Leeds has completed one investment in Fund VI
  - Leeds has begun investing out of the Fund, completing two investments in Q2 2021
- Liquidity events:
  - Since 9/30/19, the General Partner exited two investments
    - Leeds exited an investment in Fund IV-A, initially rolling its exposure in the investment into a continuation vehicle and then subsequently fully exiting the investment in February 2020
    - The General Partner exited one investment in Fund V

Track Record

- Leeds has generated attractive net performance, with Fund V producing top-quartile TVPI & net IRR performance and Fund VI producing top-quartile net IRR performance
- Fund IV-A generated top-quartile performance across all metrics
  - Fund IV-A was established as a continuation vehicle for one investment from Fund IV
- The General Partner intends to utilize a line of credit to facilitate capital calls and assist with managing gross-to-net spreads

Leeds Equity Partners LLC Prior Investment Performance[1] As of 3/31/21									HL Benchmark Small buyout As of 12/31/20			PME Benchmark MSCI USA Small Cap As of 3/31/21
($mm)									Top-Quartile			
Fund	Vintage	Fund Size	Capital Drawn	Capital Distributed	NAV	DPI	TVPI	Net IRR	DPI	TVPI	Net IRR	PME IRR
Fund V	2008	$522	$494.5	$861.0	$409.1	1.7x	2.6x	19.0%	1.8x	1.9x	16.7%	11.8%
Fund VI	2016	760	672.3	0.0	1,092.0	0.0x	1.6x	24.7%	0.5x	1.7x	22.9%	20.1%
Fund IV-A[2]	2018	96	96.8	326.0	0.5	3.4x	3.4x	105.0%	0.1x	1.4x	29.8%	-16.0%
Total			**$1,263.6**	**$1,187.0**	**$1,501.6**	**0.9x**	**2.1x**	**21.7%**				**11.5%**

[1] Capital Drawn, Capital Distributed and NAV are calculated from the cash flows of fee-paying limited partners and excludes any cash flows from the General Partner's commitment
[2] Fund IV-A was created as a continuation vehicle for a single investment

Track Record (cont.)

- The General Partner maintains a healthy and growing unrealized portfolio
  - In aggregate as of 3/31/21, unrealized investments are being held at a 2.3x gross multiple and a 21.6% gross IRR
- Since 9/30/19, four investments were significantly marked up as of 3/31/21

Leeds Equity Partners LLC
Prior Investment Performance
As of 3/31/21

($mm) Fund	Vintage	# of Inv.		Fund Size	Amount Invested	Amount Realized	Unrealized Value	Gross Mult.	Gross IRR
		Total	Real.						
Fund V	2008	11	6	$522	$452.1	$1,021.0	$476.3	3.3x	27.1%
Fund VI	2016	10	0	760	613.3	6.2	1,227.0	2.0x	32.8%
Fund IV-A[1]	2018	1	1	96	95.9	386.8	0.4	4.0x	136.2%
Total		**22**	**7**		**$1,161.3**	**$1,414.1**	**$1,703.7**	**2.7x**	**29.8%**

Leeds Equity Partners LLC
Realized Investment Performance
As of 3/31/21

($mm) Fund	Amount Invested	Amount Realized	Unrealized Value	Gross Mult.	Gross IRR
Fund V	$251.5	$851.5	$0.3	3.4x	36.8%
Fund VI	0.0	0.0	0.0	n/a	n/a
Fund IV-A[1]	95.9	386.8	0.4	4.0x	136.2%
Total	**$347.4**	**$1,238.4**	**$0.7**	**3.6x**	**39.2%**

Leeds Equity Partners LLC
Unrealized Investment Performance
As of 3/31/21

($mm) Fund	Amount Invested	Amount Realized	Unrealized Value	Gross Mult.	Gross IRR
Fund V	$200.6	$169.4	$476.0	3.2x	17.0%
Fund VI	613.3	6.2	1,227.0	2.0x	32.8%
Fund IV-A[1]	0.0	0.0	0.0	n/a	n/a
Total	**$813.9**	**$175.7**	**$1,703.0**	**2.3x**	**21.6%**

[1] Fund IV-A was created as a continuation vehicle for a single investment

Appendices

Definitions

Benchmark Analysis:	An analysis that compares the net IRR of the prior funds to the top-quartile net IRR benchmarks for similar funds (based on strategy and vintage) as reported by the Hamilton Lane database. The benchmark data shown is the most recent data available at this time
DPI:	Distributed-to-Paid In = (Amount of Distributions Received)/(Total Amount of Capital Paid-In)
ESG:	Environmental, Social and Governance
Gross IRR:	Internal Rate of Return ("IRR") of investments at the "fund level," excludes fees paid by LPs to the General Partner such as management fees and carried interest. For investments held less than one year, Hamilton Lane nominalizes the IRR to match the hold period of the investment in order to represent a more meaningful number
Investment Pacing:	An analysis of the total capital invested during the given years. Includes all prior investments, realized or unrealized
J-Curve Benchmark:	Peer (median by age) is calculated by taking the median IRR of similar funds (based on strategy and vintage) in Hamilton Lane's database at each quarter, which are simulated as investing at the same point in time. The length of time to break the J-curve is calculated from inception to the first time each fund generated a positive net IRR
Loss Ratio Analysis:	An analysis of the capital invested in realized transactions generating different multiples of invested capital
Net IRR:	Annualized Internal Rate of Return ("IRR") of investments at the LP level inclusive of fees such as management fees and carried interest paid to the General Partner
Net Returns to Limited Partners:	The performance of the General Partner's prior investment vehicles at the net LP level, inclusive of all fees, carried interest and expenses. Performance data is as reported by the General Partner using actual capital contributions, distributions and net asset value for either all limited partners, or a sample set of limited partners, in the respective funds
Outlier Analysis:	An analysis of the gross returns of investments in prior funds, comparing overall performance against the performance when certain 'outlier' transactions are excluded. Outliers are defined as transactions that generate exceptionally positive or negative results
PME Analysis:	Calculated by taking the fund's monthly cash flows and investing them in the relevant Total Return Index (where all dividends are re-invested). Contributions were scaled by a factor such that the ending portfolio balance would be equal to the private equity net asset value (equal ending exposures for both portfolios). This prevents shorting of the public market equivalent portfolio in order to match the performance of an outperforming private equity portfolio. Distributions were not scaled by this factor. The IRRs were then calculated based on these adjusted cash flows. The selected PME represents the most relevant public market benchmark
Realized Attribution Analysis:	Analysis of the capital invested in, and performance of, the prior realized transactions according to the criteria indicated
Realized Investments:	Hamilton Lane classifies investments as "realized" if it has: i) an unrealized value of less than 20% of the total value; ii) a carrying value that has been written to zero or has been previously written-off; or iii) been fully exited and the GP has no remaining interest in the company
RVPI:	Remaining Value-to-Paid In = (Current Net Asset Value)/(Total Amount of Capital Paid-In)
TVPI:	Total Value-to-Paid In = (Amount of Distributions Received + Current Net Asset Value)/(Total Amount of Capital Paid-In)

Definitions (cont.)

Time-Zero IRR:	Represents the gross IRR calculated as if every investment were initiated on the same date
Write-Down Ratio:	The ratio of capital invested in realized investments that have been sold for a value that is less than 1.0x their original cost basis, divided by the total capital invested in all realized investments
Write-Off Ratio:	The ratio of capital invested in realized investments that have been sold for a value that is less than 0.5x their original cost basis, divided by the total capital invested in all realized investments

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State of Connecticut
Office of the Treasurer

SHAWN T. WOODEN
TREASURER

May 8, 2020

Members of the Investment Advisory Council ("IAC")

Re: **Leeds Equity Partners VII, L.P.**

Dear Fellow IAC Member:

At the May 13, 2020 meeting of the IAC, I will present for your consideration a private equity opportunity for the Private Investment Fund ("PIF") in the Connecticut Retirement Plans and Trust Funds (the "CRPTF"): Leeds Equity Partners VII, L.P. ("Leeds VII" or the "Fund"). The Fund has a target size of $1.0 billion and is being raised by Leeds Equity Partners ("Leeds"), based in New York, NY.

I am considering an investment of up to $75 million in Leeds VII, a fund that will make control-oriented private equity investments in the education, training, and information services sectors with a primary focus on middle market North American companies. The Leeds investment strategy is focused on companies providing critical services or products that deliver positive, measurable outcomes for a wide range of constituents, attributes that become increasingly important during an economic downturn. Leeds will seek to utilize its deep sector expertise to identify attractive investment opportunities for the Fund in targeted sectors that have proven to be largely resilient across economic cycles. A Fund commitment would provide the CRPTF with additional exposure to an existing PIF manager that has generated attractive investment returns through the execution of the same, sector focused strategy.

Attached for your review is the recommendation from Laurie Martin, Chief Investment Officer, and the due diligence report prepared by StepStone. I look forward to our discussion of these materials at next week's meeting.

Sincerely,

Shawn T. Wooden
State Treasurer

OFFICE OF THE STATE TREASURER

MEMORANDUM

DECISION

TO: **Shawn T. Wooden, Treasurer**

FROM: **Laurie Martin, Chief Investment Officer**

CC: **Darrell V. Hill, Deputy Treasurer**
Raynald D. Leveque, Deputy Chief Investment Officer
Kevin Cullinan, Chief Risk Officer
Mark E. Evans, Principal Investment Officer
Casi Kroth, Investment Officer

DATE: **March 13, 2020**

SUBJECT: **Leeds Equity Partners VII, L.P. – Final Due Diligence**

Summary

The purpose of this memorandum is to recommend that the Connecticut Retirement Plans and Trust Funds ("CRPTF") consider a commitment of up to $75 million to Leeds Equity Partners VII, L.P. ("Leeds VII", or the "Fund"). Leeds VII will pursue control-oriented private equity investments in the education, training, and information services sectors with a primary focus on middle market North American companies.

The Fund's general partner, Leeds Equity Associates VII, L.P. (the "GP"), is targeting a $1.0 billion Fund size, with a $1.25 billion hard cap. The GP is an affiliate of Leeds Equity Partners ("Leeds", or the "Firm"), a New York, NY based investment management firm formed in 1993. The Firm currently has approximately $1.6 billion in assets under management across its two active funds.

Strategic Allocation within the Private Investment Fund

The Fund's buyout strategy falls under the Corporate Finance allocation of the Private Investment Fund ("PIF"). The Investment Policy Statement ("IPS") establishes target allocation ranges of 70% to 100% to Corporate Finance investments within the PIF portfolio as measured by a percentage of total exposure, defined as market value plus unfunded commitments. The PIF's total exposure to Corporate Finance strategies was approximately 81%, as of September 30, 2019.

The Fund's sub-strategy is categorized as a small buyout fund, which represented approximately 23% of the PIF's estimated total market value as of September 30, 2019. The PIF's Strategic Pacing Plan objectives targets a long-term exposure to the small buyout sub-strategy of 12% of the PIF's total market value. While the PIF portfolio is currently overweight to the small buyout target, Pension Funds Management ("PFM") investment professionals note that more than one-third of the PIF's current small buyout market value is attributable to designated fund-of-funds programs. In addition, the majority of the PIF's remaining direct small buyout exposure is derived from commitments to managers that the CRPTF no longer invests with or are now raising middle market funds.

The recommended Fund commitment would be consistent with the PIF's strategic objective of partnering with high quality, lower middle-market managers. An investment in Leeds VII would provide the CRPTF with increased exposure to a Firm that has utilized its sector expertise and evolved investment strategy to generate attractive returns for the CRPTF as summarized in the table below.

($US in millions, as of September 30, 2019)

Fund	Vintage Year	Fund Status	CRPTF Commitment	Net	
				TVM	IRR
Leeds Equity Partners V	2008	Harvesting	$40	2.4x	19.9%
Leeds Equity Partners VI	2016	Active	$75	1.2X	18.1%

Investment Strategy and Market Opportunities

Leeds pursues lower middle-market buy-out investments exclusively within the education, training, and information services sectors, which the Firm refers to as the "Knowledge Industries." Within the targeted sectors, Leeds seeks to identify leading education and training providers, content developers, and information service providers that offer innovative solutions driving value for students, educators, and administrators as well as employees and employers. Leeds believes these service providers are integral to the changing labor markets, particularly those that are experiencing a widening skills gap as a result of the increasing importance of knowledge and service-based employees in developed economies.

While Leeds has focused on investments in the Knowledge Industries for more than two decades, the Firm has refined its investment strategy significantly as a result of changing market dynamics and lessons learned. Prior to Leeds V, the Firm made venture, minority growth equity, and private investments in public company investments in addition to buyout transactions. Also, Leeds previously invested in hardware and durable goods companies serving the Knowledge Industries as well as sub-sectors that were highly regulated and/or dependent on public funding. Starting with Leeds V, the Firm has been focused exclusively on small buyout and opportunistic growth equity transactions under the direction of the Firm's current leadership team. Consistent with Leeds V and VI, the Fund will invest primarily in companies based in the U.S. However, Leeds expects to continue to invest selectively in opportunities outside of the U.S., specifically in companies that have a significant presence in the U.S. or international add-on acquisitions for an existing U.S.-based portfolio company.

The Knowledge Industries market opportunity in the U.S. is large, diverse and exhibits positive and resilient long-term growth profiles. According to independent research, annual spending in the U.S. preschool through postsecondary education markets exceeds $779 billion exclusive of teacher and instructor compensation. Spending on training in the U.S. is estimated to exceed $167 billion annually while the U.S. information services market represents more than a trillion dollars of annual spend. Leeds believes the continued need for increased individual and organizational effectiveness and efficiencies will be positive, long-term demand drivers for the Knowledge Industries and generate a large and attractive pool of investment opportunities for the Fund.

Based on its sector expertise and investment experience, Leeds targets investments with companies that provide differentiated, mission critical services or products that provide positive, measurable outcomes for its users/clients. Leeds believes that companies meeting these criteria have sustainable competitive advantages based on efficacy and outcomes, which the Firm has found to

be a key value creation driver. Through its long-term presence and reputation for being a supportive and strategic partner to Knowledge Industry entrepreneurs and executives, Leeds believes it has created several competitive advantages in its targeted markets. Leeds has developed a large proprietary database of opportunities built over many years, which is continuously populated and updated through information and insights generated through former and current portfolio company executives, frequent attendance of key industry conferences and trade shows, and sector-focused advisors and bankers. The Firm seeks to leverage its deep sector expertise and networks to identify and close investment opportunities outside of traditional auctions, where purchase price multiples are generally higher due to competitive dynamics.

The Fund will generally focus on companies with total enterprise values between $125 million to $300 million. Leeds VII will target 10 to 14 portfolio company investments, each requiring total equity investments of $80 million to $125 million from the Fund. The GP expects to offer co-investment opportunities to the Fund's limited partners as it has done with investors in Leeds V and VI.

Leeds seeks to be the control or lead investor in its portfolio companies and plays an active role in supporting the development and growth of each portfolio company. Leeds professionals, in concert with members of the Leeds Board of Advisors (the "Board"), provide portfolio companies with strategic guidance, management team resources, key new customer and relationship introductions, sourcing and execution of M&A opportunities, and access to best practices and cost savings opportunities across the Leeds portfolio.

Firm and Management Team

Leeds Equity Partners was founded in 1993 by Jeffery Leeds and Robert Bernstein. Jeffery Leeds has over 27 years of experience investing in private equity transactions in the Knowledge Industry. Prior to co-founding the Firm, Leeds spent seven years specializing in mergers and acquisitions and corporate finance at Lazard Freres & Co, where he and Bernstein worked together. Jeffery Leeds remains active with the Firm and has championed its transition from a founder-led organization to a true partnership. As a result of this process, the Firm is now led by Leeds and along with three senior Partners: Jacques Galante, Scott VanHoy, and Peter Lyons. Bernstein stepped back from day-to-day activities at the Firm in 2016 and has transitioned to an Advisor role on the Leeds Board.

Jacques Galante and Scott VanHoy have worked together at Leeds for more than ten years and have an average of 20 years of relevant investing experience. While Galante and VanHoy were promoted to Partner with Leeds VI, both have been leading investments at Leeds for some time and, together with Jeffery Leeds, have been responsible for most of the investments in Leeds V and VI. Peter Lyons, Partner & CFO, has been with Leeds for more than 20 years. Leeds, Galante, VanHoy, and Lyons are members of the Firm's Management Committee, which is responsible for the Firm's strategy, personnel and staffing decisions, and day-to-day operations. These four senior Partners also comprise the Leeds Investment Committee.

In addition to the four senior Partners, the Leeds investment team is comprised of two Managing Directors, two Principals, one Senior Associate, and four Associates. Consistent with the Leeds practices of hiring and developing junior investment professionals, the Firm's two Managing Directors and two Principals have been with Leeds for an average tenure of over 10 years and have

been promoted several times. and have been investing for the past 15 years. The Leeds' investment and operations professionals are located in the Firm's New York office.

During 2019, Leeds recruited Susan Cates to lead the Firm's new growth initiatives team, which focuses on identifying and implementing strategic growth initiatives for the Leeds portfolio companies. Cates was well-known to the Firm through her more than 20 years of experience as an advisor, investor and operator in the Knowledge Industries. Prior to joining Leeds as a Partner, Cates had prior experience as the Chief Operating Officer of 2U Inc., an education technology company, and the President of Executive Development at the University of North Carolina Kenan-Flagler Business School. Elizabeth Chou also joined the Leeds growth initiative team in 2019 after spending nearly a decade investing in high growth companies in the Knowledge Industries. Cates and Chou work from a satellite office in North Carolina.

The Leeds investment team is further supported by an active Board that is led by Tim Shriver, the Chairman of the Special Olympics. The Board frequently consults on a broad array of activities and decisions including individual investments, business growth opportunities, market trends, and regulatory policies.

Track Record

As of September 30, 2019, Leeds had invested more than $1.5 billion in 47 transaction across its six prior funds. The Firm's investments generated a gross internal rate of return ("IRR") of 20% and a gross total value multiple ("TVM") of 2.0x as of September 30, 2019. Through the same date, Leeds had realized 33 investments, which generated a gross IRR of 21% and returned $1.8 billion of total value, or 2.3x invested capital of $786 million.

On a net basis, Leeds overall track record showed an IRR of 13% and a TVM of 1.7x as of September 30, 2019. While a summary of the Firm's inception to date track record is provided in the table below, PFM investment professionals note that the Firm's investment returns prior to Leeds V were impacted by venture capital and other investments that are no longer part of the Leeds investment strategy.

($US in millions, as of September 30, 2019)

Leeds Equity Partners													
Investment Performance Summary													
								Gross/Net			Quartile Rank		
Fund	Vintage Year	Fund Size	# Deals	Invested Capital	Realized Value	Unrealized Value	Total Value	TVM	IRR	DPI	TVM	IRR	DPI
Leeds Equity Parners I	1995	$48	7	$43	$130	-	$130	3.0x / 2.2X	26% / 17%	3.0x / 2.2x	1st	2nd	1st
Leeds Equity Parners II	1996	$13	1	$13	$47	-	$47	3.6x / 3.3X	79% / 72%	3.6x / 3.3x	1st	1st	1st
Leeds Equity Parners III	1999	$158	11	$138	$219	-	$219	1.6x / 1.3X	21% / 10%	1.6x / 1.3x	3rd	2nd	3rd
Leeds Equity Parners IV	2003	$430	8	$382	$595	-	$595	1.6x / 1.3X	8% / 4%	1.6x / 1.3x	3rd	3rd	3rd
Leeds Equity Parners V	2008	$522	11	$452	$813	$582	$1,395	3.1x / 2.4X	28% / 19%	1.8x / 1.4x	1st	2nd	3rd
Leeds Equity Parners VI	2016	$760	9	$509	$2	$691	$693	1.4x / 1.2X	31% / 20%	0.0x / 0.0x	2nd	2nd	3rd
Total		**$1,931**	**47**	**$1,537**	**$1,806**	**$1,273**	**$3,079**	**2.0x / 1.7X**	**20% / 13%**	**1.2x 1.0x**			

Source: Leeds, CRPTF, Burgiss Private iQ 9/30/19 U.S. Private Equity Buyouts Benchmark. Quartile Rank based on net returns.

Prior to Leeds V, the Firm's investment performance was inconsistent with stronger returns dampened or offset by significant losses or underperforming investments. Through strategy refinements implemented under the Firm's current senior leadership, the absolute and relative performance of Leeds V and VI have improved along with a significant decline in loss ratios.

Relative to vintage year peers, Leeds V ranked as first and second quartile fund across the relevant TVM and IRR metrics, respectively, as of September 30, 2019. The Leeds V portfolio was constructed with eight control buyout investments and three structured debt or equity investments. As of September 30, 2019, the fund had realized five control buyouts and one structured debt investment, which generated strong results with a combined gross TVM in excess of 3.5x and a gross IRR greater than 35%.

Despite the strong performance of the Leeds V realized investments, the fund's distribution rate lagged the average for 2008 vintage year funds. This is largely because Leeds V made its first investment in 2008 with all other fund investments made between 2011 and 2016. This protracted investment period also contributes to the fund's relatively wide gross and net return spread. However, the fund's distribution rate is expected to continue to improve as Leeds seeks liquidity for the fund's remaining investments. In fact, Leeds V closed on the sale of Edcentric in March 2020 at a valuation that exceeded the fund's September 30, 2019 mark by 40%. Pro forma of the Edcentric exit, the Leeds V portfolio had returned more than 2.2x total capital invested with substantial value to be realized in the four remaining fund investments.

Fund VI, while still developing, is off to a solid start. The fund made its first investment in December 2016, with nine platform companies held for an average of 1.5 years as of September 30, 2019. Leeds recently closed on one of the two remaining platform investments expected to be added to the Leeds VI portfolio before it is fully committed. The Leeds VI portfolio is performing well with companies generating average revenue and EBITDA growth rates in excess of 15% and 20%, respectively, with a leverage multiple of 3.9x EBITDA, which is in line with the average leverage multiple in the small buyout market per Step Stone's SPI database.

Key Strengths

1. **Experienced, Sector-Focused Team.** The Firm's senior team members have an average tenure of more than 16 years at Leeds, which has been focused on investments in the Knowledge Industries for more than two decades. The Firm's deep sector expertise and investment experience allows Leeds to identify important trends impacting and creating attractive investment opportunities for the Leeds funds. Leeds seeks to create information advantages gained from prior investments and due diligence performed in the relevant subsector as well as its vast network of relationships with vendors, management teams, and advisors throughout the Knowledge Industries. These deep industry insights and long-term perspectives provide Leeds with competitive advantages used to source, diligence, transact and manage investment opportunities. Further, Leeds' brand recognition has positioned the Firm to be the partner of choice for many founder and management led companies seeking a capital partner that has successfully supported the growth of other Knowledge Industry companies.

2. **Strong Performance through Strategy Refinements**. While Leeds I through IV generated an overall gross return of 1.7x invested capital, the Firm's performance with these funds was inconsistent. Leeds incorporated lessons learned from these earlier funds over time and had completely refined its investment strategy by Leeds V, including the elimination of venture stage investments as well as investments in Knowledge Industries sub-sectors involving hardware/durable goods or significant regulatory risks. The portfolio construction and performance of Leeds V and VI have demonstrated the positive impact of the Firm's maturation and willingness to drive continued improvements across its professionals and investment practices. Leeds V had generated a net TVM of 2.4x as of September 30, 2019,

with Leeds anticipating additional value appreciation with the fund's remaining investments. Leeds VI, while a less mature fund, is off to a strong start with companies executing against organic and M&A-driven growth initiatives. These attractive returns have been generated with the modest use of leverage and a zero loss ratio across Leeds V and VI as of September 30, 2019.

Major Risks and Mitigants

1. **Increased Fund Size.** The GP is targeting limited partner commitments of $1.0 billion for Leeds VII with a hard cap of $1.25 billion, which would represent increases of 32% and 64%, respectively, over the size of Leeds VI. The larger anticipated size of Leeds VII raises concerns that Leeds may be looking to shift its strategy toward larger, more competitive deals or lack the capacity to effectively deploy a larger pool of capital. Despite the likely increase in the size of Leeds VII, Leeds is expected to continue to focus on the same middle market investment opportunities it has historically targeted. The GP anticipates that the Fund will make total investments of $80 million to $125 million per company, including the original platform investments and equity for add-on acquisitions. As of December 31, 2019, the nine Leeds VI platform investments had been funded with an average equity investment of over $85 million provided by Leeds VI and limited partner co-investment capital. This average is expected to increase as several of the Leeds VI will continue to make add-on acquisitions.

   PFM investment professionals gained comfort that Leeds has the necessary capacity to effectively deploy Leeds VII. The GP expects to construct the Fund's portfolio with 10 to 14 portfolio companies, which would result in a slightly larger portfolio than the 11 companies in Leeds V and anticipated for Leeds VI. The Firm has continued to add resources, including the growth initiative team, which are expected to provide more than enough capacity to invest and manage the Fund. In addition, Leeds continues to pursue exit opportunities for several Leeds V companies, which should create additional team capacity as the investment activities for Leeds VII ramp up.

2. **Unrealized Fund VI Portfolio Investments.** Leeds VI is a 2016 vintage fund that was 87% committed across nine companies and fully unrealized as of September 30, 2019. While the fund's investments are generally performing well, the portfolio is relatively immature with an average hold period of less than 1.5 years and there is a risk that the Leeds VI investments will not be realized in line with the Firm's underwriting expectations. This risk is mitigated by several factors. Leeds has assembled the fund's portfolio consistent with its strategy, including a focus on companies exhibiting strong organic growth in the Knowledge Industries. Leeds believes it has acquired the fund's companies at attractive multiples relative to Knowledge Industries comps while the portfolio was prudently levered with an average 3.6x net debt to EBITDA multiple as of September 30, 2019. Over the last five years, Leeds has generally realized its portfolio companies at actual values in excess of the interim valuation two quarters prior to exit. Lastly, there are several Leeds VI companies that may provide near-term partial liquidity through dividend recaps with one potential full exit possible during 2020. The combination of these factors provides confidence that Leeds will continue to grow and extract value from the unrealized Leeds VII portfolio.

Legal and Regulatory Disclosure (provided by Legal)

In its disclosure, Leeds Equity Advisors, Inc. (the "Advisor") references a lawsuit involving a buyout by Leeds Equity IV of Instituto de Banca y Comercio, Inc. ("IBC") in March 2007. It is alleged that there was a prior dispute at IBC with FirstBank Corp., where First Bank Corp. claimed an economic interest in IBC in connection with a loan. Leeds acquired this suit through the acquisition of IBC. Leeds received an indemnification provision from FirstBank Corp. in connection with the merger agreement, whereby Leeds put the full amount of any damages in escrow. Despite this provision, a suit was filed in the U.S. District Court of Puerto Rico in October 2009 against Leeds Equity IV and Jeffrey Leeds. The case is ongoing, and counsel is actively negotiating to release Leeds from the suit. Leeds indicates there will be no impact to Leeds or its funds.

Another suit involved a merger agreement to acquire control of Staffing Solutions Holdings, Inc. by Leeds Equity IV. The suit was filed in Delaware State Court. Leeds Equity IV sold its interest in Staffing Solutions to TrueBlue, Inc. The suit arose as a result of a provision that required a specified accounting to be concluded. The dispute surrounded who was responsible for the accounting. The Court dismissed most of the claims against Leeds and the case was resolved in 2016 with TrueBlue accepting a $3.75 million payment from Leeds' escrow accounts to cover its expected losses.

Leeds indicates that it does not have any material claims under its fidelity, fiduciary or E&O insurance policies; or ongoing investigations to report.

The Advisor's ADV is consistent with its disclosure to the Office of the Treasurer.

The Advisor states it has adequate procedures to undertake internal investigations of its employees, officers and directors.

Compliance Review (provided by Compliance)

The Chief Compliance Officer's Worforce Diversity & Corporate Citizenship review is attached.

Environment, Social & Governance Analysis ("ESG") (provided by Policy)

The Assistant Treasurer for Policy's Evaluation and Implementation of Sustainable Principles review is attached.

SUMMARY OF RESPONSES FROM LEEDS EQUITY ADVISORS

TO ATTACHMENT M: EVALUATION AND IMPLEMENTATION OF SUSTAINABLE PRINCIPLES

SUBMITTED BY THE TREASURY'S POLICY UNIT

Leeds became a signatory to the UN Principles of Responsible Investment in January 2020. Otherwise, the firm is not a member of any of the sustainability-oriented organizations identified by the Treasury (e.g., Carbon Disclosure Project; International Corporate Governance Network; Investor Network on Climate Risk or UK Stewardship Code).

The firm recently established its own ESG policy, which includes examples of the types of risks considered during the investment decision-making process, including environmental, public health, safety, and social factors associated with potential investments. Its deal teams are responsible for evaluating and monitoring investment performance; and while there is no attempt to quantify ESG metrics, teams may "hire third party subject matters experts to assist in the evaluation of the potential impact," such as environmental engineers or compensation consultants.

Leeds recently established a standing ESG Committee (its first meeting will be held in April of 2020) which will evaluate material ESG issues relevant to long-term sustainable investing, which include ESG factors, governance structures, and adequate compliance. Leeds intends to engage with their portfolio companies on ESG issues, where appropriate, and encourage progress against ESG metrics along with encouraging sufficient internal and external reporting. According to the company's ESG Policy, portfolio companies will be required to present their ESG risks and opportunities to the committee on a periodic basis.

Overall, Leeds' disclosure reflects good integration of ESG considerations into its investment process, as well as a commitment to growing and evolving its approach to these factors.

12/19/19

COMPLIANCE REVIEW FOR LEEDS EQUITY PARTNERS VII, LP

SUMMARY OF LEGAL AND POLICY[1] ATTACHMENTS
SUBMITTED BY
LEEDS EQUITY ADVISORS, INC.

I. Review of Required Legal and Policy Attachments

LEEDS EQUITY ADVISORS, INC. ("Leeds") completed all necessary attachments. It disclosed no third party fees, campaign contributions, known conflicts, or gifts. Its disclosure of legal/regulatory proceedings is being reviewed by the Legal Unit.

II. Workforce Diversity (See Also 3 year Workforce Diversity Snapshot Page Attached)

As of December 2019, Leeds, a New York-based firm, employed 21, an increase of 4 employees since December 2017. The firm identified 1 woman as an Executive/Senior Level Official and Manager (the senior-most level of the firm). No minorities serve at this level, however 1 minority male serves at the Management Level. Over the 3 year period reported (2017 through 2019) 1 minority male was promoted into a Professional or Managerial position. Overall, women and minorities are better represented at levels below Management.

The firm reported that it "typically hires only one or two individuals over a three-year period and has prioritized the hiring of women and minorities. Since 2017, five of the last seven new hires have been either women or minorities including three female investment professionals."

Workforce Statistics

For Executive/Senior Level Officials and Managers:

- Women held 17% (1 of 6) of these positions in 2019, 0% (0 of 5) in 2018, and 0% (0 of 2) in 2017.
- Minorities held 0% (0 of 6) of these positions in the 3 year period reported (2017 through 2019).

At the Management Level Overall:

- Women held 18% (2 of 11) of these positions in 2019, 0% (0 of 9) in 2018, and 0% (0 of 6) in 2017.
- Minorities held 9% (9% Black) or 1 of 11 of these positions in 2019, 11% (1% Black) or 1 of 9 in 2018, and 0% (0 of 6) in 2017).

[1] The Treasury's Policy Unit will prepare a separate Summary with respect to Leeds's ESG submission.

At the Professional Level:

- Women held 29% (2 of 7) of these positions in 2019, up from 17% (1 of 6) in 2018, and 11% (1 of 9) in 2017.
- Minorities held 57% (57% Asian) or 4 of 7 of these positions in 2019, up from 33% (33% Asian) or 2 of 6 of these positions in 2018, and 22% (11% Asian and 11% Black) or 2 of 9 of these positions in 2017.

Firm-wide:

- Women held 38% (8 of 21) of these positions in 2019, up from 22% (4 of 18) in 2018, and 24% (4 of 17) in 2017.
- Minorities held 24% (19% Asian and 5% Black) or 5 of 21 of these positions in 2019, up from 17% (11% Asian and 6% Black) or 3 of 18 of these positions in 2018, and 12% (6% Asian and 6% Black) or 2 of 17 of these positions in 2017.

III. Corporate Citizenship

Charitable Giving:

Leeds has prioritized its corporate citizenship on "supporting educational causes". Some of the organizations supported include: Green Dot, The Edible Schoolyard[2], the Hetrick Martin Institute, and Friends of the Children of NY. The nature of the firm's support ranges from serving on boards, on-going financial support and event support.

Internships/Scholarships:

The firm did not submit a response.

Procurement:

Leeds does not have a written procurement program with respect to women-owned, minority-owned and/or emerging businesses. However, the firm reported that "such [a] policy is under consideration."

[2] The Edible Schoolyard network includes several locations in Connecticut.

OFFICE OF THE STATE TREASURER

MEMORANDUM

INFORMATION

TO: **Shawn T. Wooden, Treasurer**

FROM: **Laurie Martin, Chief Investment Officer**

CC: **Darrell V. Hill, Deputy Treasurer**
Raynald D. Leveque, Deputy Chief Investment Officer
Kevin Cullinan, Chief Risk Officer
Mark E. Evans, Principal Investment Officer
Casi Kroth, Investment Officer

DATE: **April 15, 2020**

SUBJECT: **Leeds Equity Partners VII, L.P. – Update**

Summary

The purpose of this memorandum is to provide you with information on the Leeds Equity Partners VII, L.P. ("Leeds VII", or the "Fund") investment opportunity in light of potential impacts of the COVID-19 pandemic. The Fund will be managed by Leeds Equity Partners ("Leeds", or the "Firm"), a New York, NY based investment management firm formed in 1993.

StepStone has also provided a memorandum on the expected impact of COVID-19 on Leeds and the Fund, which is attached for your reference.

Impact on Leeds Strategy and Market Opportunity

While the full economic and societal impact of COVID-19 on the Leeds investment strategy is not knowable, the Firm's sector focus and expertise combined with its value creation practices should continue to be an advantage to Leeds and the Fund. Over its history, Leeds has continued to refine its focus to now include only Knowledge Industries sub-sectors that exhibit positive and resilient growth profiles driven by favorable long-term, macro trends. Economic disruptions caused by COVID-19 are unlikely to derail the increased importance of and need for knowledge and service-based employees in developed economies.

The U.S. PreK-12 and higher education sectors have generally proven to be resilient during historical recessionary periods. Most recently, U.S. PreK-12 spending increased from 2007 through 2010 despite a recessionary period caused by the Global Financial Crisis ("GFC"). While a prolonged economic downturn may have a negative impact on birth rates, a leading indicator for future enrollments, and spending on private education, the expected demand for improved education outcomes, quality content and tools, and specialized services is not expected to abate over the long-term. Higher education also proved to be counter-cyclical during the GFC as displaced workers seeking education opportunities to expand their future career opportunities led to increased U.S. enrollment and higher ed spending from 2007 through 2010.

The long-term demand drivers for training are like those of the U.S. education market: organizations and individuals are expected to continue to invest in training to fill core skills gaps while also allowing employees to advance their careers and employers to benefit from improved productivity. U.S. training expenditures, estimated to be $96 billion in 2018, did decline by approximately 13% from 2007 to 2009 but returned to pre-GFC levels by 2011. Within the broader training market, Leeds has focused on specific sub-sectors, including e-learning, software, and professional certifications that are expected to continue to grow faster than the overall training market. While corporate spending on training would be expected to decline in the near-term aftermath of COVID-19, the long-term growth drivers remain favorable for the types of training companies that Leeds targets: those that allow individuals to retool skillsets for new or advanced employment opportunities while delivering demonstrable returns on investment for employers.

At nearly $1.5 trillion in annual spend, the U.S. information services market is large and diverse with spending increasingly on software and information services that are critical to the on-going operations of businesses and organizations across all sectors and sizes. While spending may be negatively impacted during a recession due to organizational budget tightening, the long-term growth profile remains positive due to the many benefits provided to users and organizations, including improved employee efficiency and productivity, increased ability to management and analyze data, and the automation of increasingly complex compliance or regulatory requirements. Leeds tends to focus on information services providing "pain point" solutions, proprietary content, or workforce productivity tools that are difficult to displace while delivering attractive ROIs. While any one information services company or sub-sector could be negatively impacted for an extended period, Leeds should continue to find attractive investments in this large and diverse opportunity set.

The sector expertise of the Leeds team should provide a stronger competitive advantage and prove particularly valuable during times of uncertain market conditions. The Leeds team has followed or developed relationships with many Knowledge Industries companies for years, which should allow the Firm to exploit its information advantages of perspective and insights not available to most other private equity firms. Faced with a challenging economic outlook, founders and management teams are likely to place an increased value on Leeds' well-established track record of successfully supporting companies with organic and M&A growth strategies.

Lastly, Leeds investment strategy and practices are not dependent on excessive leverage to drive returns. In fact, Leeds continued to use leverage levels in line with its market averages while its average purchase price multiples were higher than industry averages across Leeds V and VI. Despite this dynamic, Leeds has delivered strong realized returns from the more mature Leeds V portfolio due to value creation driven by stronger financial performance and increased strategic value of its portfolio companies and not financial engineering. Going forward, Leeds and the Fund should benefit from moderated entry price expectations and the Firm's historical discipline of building value without the excessive use of leverage Z tighter credit markets are likely until sometime after the economy begins recovering from the impacts of COVID-19.

State of Connecticut
Retirement Plans and Trust Funds

Recommendation Report

Leeds Equity Partners VII

March 13th, 2020

Table of Contents

Executive Summary 3

Investment Strategy 7

Management Team 11

Track Record 16

Fundraising 20

Portfolio Fit 20

Environmental, Social & Governance 20

Appendix 22

Executive Summary

Fund	Leeds Equity Partners VII ("Leeds VII", "Fund VII" or the "Fund")
General Partner	Leeds Equity Partners ("Leeds", the "GP" or the "Firm")
Report Date	Data as of September 30, 2019
Fundraising	Leeds is currently in market with its seventh institutional fund, Leeds Equity Partners VII, targeting US$1.0 billion in commitments. There is no formal hardcap stated in the LPA; however, Leeds has verbally communicated that an informal hardcap will be set at US$1.3 billion.
Source	Connecticut Retirement Plans and Trust Funds ("CRPTF") sourced the investment opportunity directly for evaluation for the Private Investment Fund ("PIF"). Leeds is an existing manager in the PIF portfolio.
Key Terms	Management Fee: 2.00% Management Fee per annum of an amount equal to the Non Affiliated Partners' Percentage of the aggregate Commitment during the Investment Period. Thereafter, 2.00% per annum of the Non-Affiliated Partners' Percentage of an amount equal to the aggregate amount of Investment Contributions made. Carried Interest: The Carried Interest allocation will be 20% after an 8% Preferred Return for Limited Partners (with 100% General Partner catch-up), subject to clawback. Termination Provisions: For cause termination of the Fund permitted upon written notice of the Limited Partners holding at least a majority of the Aggregate Commitments. No fault termination of the Fund permitted after the second anniversary of the Effective Date with written notice of Limited Partners and Parallel Fund Limited Partners holding at least 80% of the Aggregate Commitments Key Person: In Leeds VII, a key person event will generally be triggered if two of Jeffrey Leeds, Jacques Galante and Scott VanHoy ceases to devote substantially all of their business time and attention to the affairs of the Partnership, the Executive Fund, the Parallel Fund, any Alternative Investment Vehicle and any Person formed primarily to invest side-by-side with the Partnership in one or more Portfolio Companies, for any reason (a "Cessation Event").
Investment Strategy	Leeds is a Lower Middle Market private equity firm focused primarily on control buyout investments in the Knowledge Industry, which Leeds defines as the education, training, and information services markets. Fund VII will target profitable North American businesses offering a differentiated, mission-critical product or service that can be sourced outside of broad auction processes through existing relationships such as past or present portfolio companies, the Firm's Board of Advisors, intermediaries, and through proactive outreach at industry conferences and trade shows. Leeds'

target companies are often owned and operated by management teams that will have a significant continuing equity stake. In Fund VII, the Firm will seek to build a portfolio of 10-14 investments, with equity check sizes ranging from US$80-125 million in companies with TEVs ranging from US$125-300 million.

Management Team

The Firm was founded in 1993 by Jeffrey Leeds and Robert Bernstein (the "Co-Founders"). Prior to the Firm's formation, the Co-Founders worked together at Lazard Frères. Mr. Leeds is now the Managing Partner at the Firm, while Mr. Bernstein serves in an Advisor role. The GP's investment team (the "Investment Team") is comprised of a Managing Partner, two Partners, two Managing Directors, two Principals, one Senior Associate, and four Associates. The Firm also recently added a two-person Portfolio Growth Team, including one non-investment Partner, that are focused on sourcing and identifying unique diligence and value-creation angles. The Firm also has a six-person Operations Team that includes its CFO. All Leeds professionals apart from the Portfolio Growth Team professionals are based in the GP's New York City office. The Portfolio Growth Team is based in North Carolina.

Track Record

Since inception, Leeds has raised US$1.9 billion across five institutional funds and one single transaction vehicle. The GP has invested US$1.5 billion across 47 investments since inception, generating a gross TVM/IRR of 2.0x/20% and a net TVM/IRR of 1.7x/12% as of September 30, 2019. Across its portfolio, Leeds has generated a DPI of 1.0x. Leeds is currently investing out of Leeds Equity Partners VI LP ("Leeds VI" or "Fund VI"), which is a 2016 vintage fund with US$760 million in capital commitments. Fund VI has invested US$509 million across nine platform investments and is 81% committed. It is marked at a 1.4x/31% gross TVM/IRR and a 1.2x/20% net TVM/IRR. Fund VI is completely unrealized.

(US$ in millions, as of September 30, 2019)

Leeds Investment Performance													
Fund	Vintage Year	Fund Size	# of Deals	Invested Capital	Realized Value	Unrealized Value	Total Value	Gross TVM	Gross IRR	Loss Ratio	Net TVM	Net IRR	DPI
Leeds I	1995	$48	7	$43	$130	-	$130	3.0x	26%	10%	2.2x	17%	2.2x
Leeds II	1996	13	1	13	47	-	47	3.6x	79%	0%	3.3x	72%	3.3x
Leeds III	1999	158	11	138	219	-	219	1.6x	21%	47%	1.3x	10%	1.3x
Leeds IV	2003	430	8	382	595	-	595	1.6x	8%	44%	1.3x	4%	1.3x
Realized Funds		**$649**	**27**	**$576**	**$991**	**-**	**$991**	**1.7x**	**17%**	**41%**			
Leeds V	2008	$522	11	$452	$813	$582	$1,395	3.1x	28%	0%	2.4x	19%	1.4x
Leeds VI	2016	760	9	509	2	691	693	1.4x	31%	0%	1.2x	20%	0.0x
Unrealized Funds		**$1,282**	**20**	**$961**	**$814**	**$1,273**	**$2,088**	**2.2x**	**28%**	**0%**			
Total Realized Companies			**33**	**786**	**1,736**	**34**	**1,770**	**2.3x**	**21%**	**30%**			
Total Unrealized Companies			**14**	**751**	**69**	**1,240**	**1,309**	**1.7x**	**18%**	**0%**			
Total		**$1,931**	**47**	**$1,537**	**$1,805**	**$1,273**	**$3,079**	**2.0x**	**20%**	**15%**	**1.7x**	**12%**	**1.0x**

Investment Evaluation

(+) Tenured & Experienced Senior Team: Leeds is led and managed by Managing Partner and Co-Founder Jeffery Leeds, who is joined by two additional investment partners, Jacques Galante and Scott VanHoy. Together, Leeds' three investment Partners have an average tenure of 15 years with the Firm and average 22 years of private equity experience. The three Partners have been investing together for a decade and are nearly entirely responsible for deploying the last two funds, Funds V and VI, which are most reflective of the Firm's go-forward strategy. Beneath Messrs. Galante and Vanhoy, the Firm's two Managing Directors, Eric Geveda and

Chris Mairs, are similarly tenured, having been with the Firm for eight and 11 years, respectively. The Leeds senior team and capabilities of Messrs. Galante, Vanhoy, Geveda and Maris are regarded highly by portfolio company CEOs and LPs.

(+) Sector Specialized Manager with Strong Brand and Network: Leeds has been investing in companies operating in the Knowledge Industry since 1993. The Firm has completed multiple transactions and has gained extensive experience and a broad network across the industry. Leeds' longstanding track record in the Knowledge Industry and theme-based sourcing positions the Firm as the partner of choice in competitive situations often as a result of the Firm's knowledge and experience with a particular industry and business model, as well as the conviction and speed with which the Firm can transact. The Firm's experience in the Knowledge Industry and ability to leverage its network to attract value-add board members to its companies has been cited as a key reason among references with portfolio company CEOs that the Firm has been chosen as a preferred partner.

(+) Strong Recent Performance: Leeds has posted strong returns in Funds V and VI, which both rank in the first or second quartile on a net TVM and net IRR basis, as of September 30, 2019. Both Fund V and Fund VI have also generated zero losses, to-date. Fund V's six realized investments have collectively generated a gross TVM of 3.0x+. While Fund V's DPI is third quartile, the fund is expected to realize three portfolio companies in the next six months, and each are expected to be realized at mark-ups to their current carrying values. Leeds VI is immature and unrealized, but is experiencing early momentum and strong growth across the portfolio. Average EBITDA growth across the portfolio is 15%, and all investments are performing on or ahead of plan, with the exception of one company, which experienced early miss-steps in its add-on strategy, but has since course corrected and is marked at cost.

(+) Attractive Realized Returns: Fund V has realized six portfolio companies that have generated an aggregate gross TVM of 3.0x+. While Fund IV was volatile, with three deals that suffered significant capital impairment, Leeds has incorporated lessons learned from these investments into their go-forward strategy that have led to improved loss ratios across Fund V and VI portfolios (though StepStone notes that the Fund VI portfolio remains immature). Excluding the three loss-generating deals in Fund IV that would not be targeted under the Firm's current strategy, the remaining five realized deals in Fund IV were also strong performers, having generated an aggregate gross TVM of 2.0x+.

(-) Historical Turnover: Leeds has seen the departure of eight Managing Directors and three Principals since 2001. In the last five years there has only been one Managing Director departure. Diligence has highlighted fit issues with Leeds as a recurring motivation for many of the senior-level departures. However, StepStone notes that in the last five years the Firm has only seen the departure of one Managing Director. Apart from this one individual, the current Partners and Managing Directors have been with the Firm for approximately 10 years and are largely responsible for the deployment of Fund V and Fund VI. No departed professional has been the primary or secondary deal lead on any Fund VI of Fund V investment. This provides

StepStone with some comfort around the stability of the team. Further, StepStone believes there is more consensus-driven decision making at the Firm across the two recent funds. StepStone believes this mitigates some of the historical concern around concentrated decision-making authority in Jeffrey Leads, which motivated some of the historical departures before Leeds transitioned from a founder-led Firm to a partnership model.

(-) Poor Performance of Cycle Funds: Funds III and IV, which were 1999-vintatge and 2003-virage funds, respectively, were deployed over a period of time leading up to a cycle and generated unattractive returns on an absolute and relative basis. Both funds also recorded above-market loss ratios of 47% and 44%, respectively. The underperformance of Funds III and IV were primarily driven by the funds' off-strategy venture/growth-equity investments, as well as investments completed in deals with binary regulatory risk or companies that sold hardware products subject to technological disruption. StepStone notes that Funds I-IV were each deployed over a decade ago and were also largely invested and managed by a different senior team, as two of three active Partners and the two Managing Directors, who will be responsible for leading deals in Fund VII, had not yet joined the Firm or had held more junior roles at the time of Fund IV's launch. Leeds incorporated lessons learned from its underperforming deals across Funds III and IV into a refined strategy beginning in Fund V. Since Fund V, Leeds has executed primarily controlled buyout transactions operating within the Knowledge Industry and has avoided investing in companies exposed to binary regulatory risk, or that sell hardware products or durable goods. Fund V and VI have generated zero losses to-date. Despite Fund VI's immaturity, the overall active portfolio is healthy, and no investment has been identified by the GP as at risk of being marked under cost. StepStone believes the GP has been thoughtful in constructing a Fund VI portfolio that exhibits defensibility during a downturn. Key to the GP's investment criteria are companies that provide products with a strong value proposition and discernable ROI for customers. Additionally, the majority of companies are high margin businesses with recurring revenue models.

(-) Unrealized Fund V and Fund VI: Funds V and VI remain largely unrealized and have provided relatively limited liquidity to-date. Both funds rank in the third quartile by DPI, and StepStone prefers to see greater exits out of the Firm's prior funds ahead of a fundraise. Additionally, there are limited proof points in the Firm's ability to generate attractive returns among its higher priced deals given the relatively immaturity of its more expensive deals completed out of Fund VI. The Firm's active portfolio appears healthy, and certain assets are experiencing strong momentum. Fund VI's portfolio has grown EBITDA at an average CAGR of 15%. All investments, with the exception of Simplify Compliance, are progressing on or ahead of plan. The Firm has continued to execute on M&A across the Fund VI portfolio as a way to scale and diversify its companies. Value drivers in the Fund VI portfolio, including Exterro, Fusion, BARBRI and CeriFi, continue to progress positively. Leeds anticipates exiting three Fund V investments over the next six months, including Edcentric, which the Firm announced the sale of in December 2019, BARBRI and Prosci. Leeds anticipates exiting each investment at mark-ups relatively to their valuations, as of September 30, 2019.

(-) Above-Market Purchase Prices: Over the last three funds, Leeds has purchased assets for an average of 10.8x EBITDA, which is noticeably above the market average of 8.2x EBITDA over the same time period. Per StepStone's SPI database, Leeds' average purchase price by fund has increased over each fund cycle since Fund IV. StepStone is concerned that the Firm's increase in purchase prices over time will adversely impact Leeds' ability to generate outsized investment returns, particularly in today's high-valuation environment that is likely to experience market-wide multiple contraction in the coming years. However, despite an increase in average purchase prices, Leeds has demonstrated an ability to identify high-quality and scalable assets that justify above-market valuations. Moreover, the Firm has demonstrated an ability to create value across the portfolio and transform its portfolio companies into more attractive platforms of scale. This is evidenced by Leeds' successful recent sales of Fund V portfolio companies to both strategic and financial buyers at multiples that represent uplifts to Leeds' entry multiple. While the Firm's purchase prices have increased over each of the last three fund cycles, StepStone notes that they have increased at a rate that is mostly in-line with the valuation increases across the broader market. StepStone also learned through reference calls with groups that have co-invested alongside the GP that the Firm has underwritten multiple contraction in a number of Fund VI deals.

(-) Fund Size Increase: The Fund's target fund size of US$1.0 billion represents over a 30% increase from Fund VI's US$760 million capitalization. The GP has verbally communicated a hard cap of US$1.25 billion, which represents a 64% increase over Fund VI. A larger fund size may have an impact on the Firm's strategy, as it may necessitate participation in larger deals or in a more competitive part of the market. A larger fund size could also cause capacity issues as it relates to the Investment Team's ability to deploy the Fund. StepStone is comforted given the GP has historically syndicated a significant amount of equity capital to LP co-investors. Leeds has used LP co-invest in all but two of the Fund VI platform investments. On average, Fund VI used more than US$45 million of LP co-invest capital in each platform investment where LP co-investment was used. Inclusive of LP co-invest, the average equity check size in Fund VI is US$92 million, which is consistent with the anticipated equity check size per platform in Fund VII. Given this historical use of co-investor equity, StepStone is more comfortable with the anticipated increase in the equity check size for Fund VII. The GP anticipates that the average equity check size for Fund VII will be US$80-125 million, which is only slightly larger than what was presented for Fund VI during its fundraise. Fund VII is expected to have a slightly larger portfolio size of 10 to 14 platform investments, compared to Fund VI, which is expected to ultimately have 11 platform investments. Leeds' target company profile will remain consistent with Fund VI, with Fund VII seeking investments in companies with US$125-300 million of total enterprise value. Fund VI's average entry valuation for a platform is US$215 million. Fund VII's anticipated target valuation range at entry suggests that the Fund will continue the Firm's strategy of investing in the LMM. With the promotions of Messrs. Galante and VanHoy to Partner over the life of Fund VI, across the Managing Partner, Partner and Managing Director tranches, Leeds currently has five professionals. All of these professionals are responsible for leading

deals in Fund VII. As such, with these promotions, the number of deal leads at Leeds has remained consistent since the activation of Fund VI. The GP is also expecting some near-term exits across the portfolio, which should free up some capacity within the Investment Team.

(-) Early Fund VI Valuation Mark Ups: Fund VI has benefited from early mark-ups in three assets that have been held for less than a year. StepStone generally views mark-ups for investments held under a year as aggressive, but notes that the mark-ups among the three assets are minimally driven by multiple inflation, with the three companies being held at an average multiple that is 0.5x turns higher than entry. StepStone views the majority of mark-ups as supported by strong operating metrics.

Recommendation

StepStone believes that a commitment to Leeds Equity Partners represents an attractive opportunity to back a sector specialist Lower Middle Market manager led by a tenured and experienced senior team that has invested alongside each other in the Knowledge Industry for nearly a decade. StepStone believes Leeds has built a robust network within its sectors of focus that have enabled it to avoid competitive processes and be chosen often by management teams as the preferred partner of choice. The Firm has generated strong returns across its two most recent funds, Funds V and VI, which each rank first or second quartile by net IRR and TVM. Fund V has generated a number of strong exits and has line of sight into a number of additional liquidity events, all at expected mark-ups to their current valuations.

Investment Strategy

Leeds is a Lower Middle Market private equity firm focused primarily on control buyout investments in the Knowledge Industry: Education, Training, and Information Services. Fund VII will target profitable North American businesses offering a differentiated, mission-critical product or service that can be sourced outside of broad auction processes through existing relationships: past or present portfolio companies, the Firm's Board of Advisors, intermediaries, and through proactive outreach at industry conferences and trade shows. Leeds' target companies are often owned and operated by management teams that will have a significant continuing equity stake. Excluding the impact of management incentive plans, the average ongoing ownership of Leeds' portfolio companies' management teams was 18%. Leeds will seek to scale these companies organically and through add-on acquisitions. In Fund VII, the Firm will seek to build a portfolio of 10-14 investments, with equity check sizes ranging from US$80-125 million in companies with TEVs ranging from US$125-300 million.

While Leeds has always invested in the Knowledge Industry, The Firm's investment strategy has evolved over time. The Firm's first fund consisted entirely of growth equity investments. Leeds' second fund consisted of one deal, a late-stage venture investment in an education company. Because of Leeds' underperformance with venture capital and minority investments, the Firm has focused almost entirely on control buyout investments since Fund IV's inception in 2003.

Portfolio Characteristics

Purchase Prices: Across all deals since the inception of Fund IV, Leeds has paid an average purchase price of 10.8x EBITDA, noticeably above the market average over the same time period of 8.2x EBITDA, as per Step Stone's SPI database. While the Firm's proprietary and limited auction purchase prices are above-market, Leeds has been able to purchase assets sourced via these approaches for approximately three turns of EBITDA less than its broad auctions deals. However, the above market entry valuations evident in the GP's portfolio generates some risk around potential multiple contraction at exit. This is especially relevant in the current market environment, which is characterized by an extended market expansion that is expected to be followed by a market downcycle. A potential downcycle could result in valuation multiple contraction across the broader market, and investments made at above-market entry valuations could see outsized adverse impacts. As such, while StepStone views Leeds' focus on sourcing opportunities on a proprietary basis as favorable, it sees some risk around the Firm's general willingness to pay above market prices. However, despite these elevated purchase prices, the Firm has been able to consistently sell its portfolio companies for even higher multiples upon exit. Further, though Fund V's assets have been purchased for the largest premiums of 36%, the Firm's realizations from Fund V have experienced the largest average exit multiple expansion of 4.7x. This demonstrates Leeds' ability to identify quality, scalable assets, grow these companies into platforms of scale and sell them at uplifted valuation multiples.

Use of Leverage: Leeds' approach to using leverage across its portfolio is largely in line with the broader market. Since Fund IV, Leeds' portfolio companies have had an average net debt/EBITDA multiple at entry of 3.9x, which is equivalent to the Middle and Small Market average over the same time period, per StepStone's SPI database. Fund IV's average leverage multiple of 4.9x was the highest over the time period, while Fund V's average leverage multiple of 3.0x was the most conservative. To date, the average leverage multiple across the Fund VI portfolio is 4.0x, which is below the market average over the fund's investment period of 4.5x, per StepStone's SPI database.

Competitive Landscape

While the Lower Middle Market ("LMM") for Leeds' provides ample investment opportunities it is highly competitive, largely fragmented and exhibiting various secular tailwinds. Leeds competes for attractive assets with a variety of capital sources including sector-focused sponsors, generalist sponsors, and strategic acquirers. While Leeds does not repeatedly compete with any specific LMM private equity firms for investments, there are a number of firms who pursue similarly sized investments with a similar sector-focused approach out of comparably-sized funds.

- **Generalist LMM Managers:** While many firms grow out of the LMM with larger funds, there are a number of generalist North American private equity firms focused on the small end of the market. Generalist funds invest

across multiple industries, targeting businesses with healthy fundamentals that may not require robust industry expertise to implement value creation plans. Repeat competition between a generalist and industry-focused manager is therefore unlikely as their target portfolios are not expected to frequently overlap. Leeds employs a sector-focused approach and a strategy that is more focused on industry-specific operational value-add in its portfolio companies relative to generalist managers.

- **Sector-Focused Funds:** Fund VII may compete with other funds targeting investments within the same or adjacent industries. However, differences in size and niche strategy will reduce overlap with such funds. Leeds is differentiated from many of its competitors given the Firm's reputation, relationships, and industry insights it has developed over its 25-year history of investing in the Knowledge Industry. While there may be some overlap amongst these managers, each has niche strategies and areas of focus that differentiate these firms from each other. StepStone conducted a number of reference calls with former and current portfolio company CEOs that stressed the value Leeds helped create by introducing management to other thought leaders and market participants in their respective industries. Additionally, in many instances, larger, sector-focused managers are potential buyers of Leeds' portfolio companies.

- **Strategic M&A:** Leeds may compete with strategic buyers. Given the Firm's industry expertise and network-based approach to sourcing, StepStone believes Leeds is well positioned to capture proprietary deal flow, which has represented approximately 41% of the Firm's deal flow since inception. Additionally, the GP's value-add approach differentiates it from strategic acquirers. StepStone believes that founders and entrepreneurs in the lower end in the market would likely prefer to work with Leeds over being acquired by a larger competitor.

StepStone believes that Leeds' experience and network built through having invested in the Knowledge Industry for approximately 25 years gives the Firm a competitive advantage in the Small Market and LMM. The Leeds brand name is well recognized and respected in the market, which was confirmed through reference calls with portfolio company CEOs, banks, and acts a differentiator to win deals based on being the partner of choice rather than the highest price.

StepStone notes that Leeds has been outbid on valuation on multiple occasions by other sponsors, but that prevailed in processes due to the perceived value-add the Firm brings from its sector experience and industry relationships. These factors have been frequently cited in reference calls conducted by StepStone as the deciding factor that allows Leeds to win processes despite having a lower valuation. Leeds has also sourced various opportunities outside of processes on a proprietary basis due to its ability to leverage those same industry relationships that is has established over time.

Evaluation of the Strategy

Merits

- **Sector Specialist Focused on the Knowledge Industry:** Leeds invests solely in the Knowledge Industry and, as a result, has established a reputation in the space as a specialized, value-add investor. The team has an expansive network of relationships within the Education/Training space, which has allowed the Firm to source deals and facilitate exits to financial and strategic buyers.

- **Advantaged Sourcing via Industry Network:** Since inception, the Firm has sourced a majority of its investments via proprietary and limited processes. StepStone believes the Firm's sourcing benefits from its long-standing reputation of investing in the space and deep network of Knowledge Industry executives, which has allowed the Firm to identify attractive investment opportunities that fit its mandate and engage in dialogue with management teams often prior to the company wanting to transact. StepStone believes While the Firm's purchase prices across each of its sourcing channels remain above market, the Firm has derived benefits in valuation across its deals sourced via proprietary processes and limited auctions. Assets sourced via proprietary processes and limited auctions have been acquired for an average TEV/EBITDA multiple 3.0x turns less than that of assets purchased via broad auctions.

Risks

- **Above-Market Purchase Prices:** Over the last three funds, Leeds has purchased assets for an average of 10.8x EBITDA, which is noticeably above the market average of 8.2x EBITDA over the same time period, per StepStone's SPI database. Leeds' average purchase price by fund has increased over each fund cycle since Fund IV. StepStone is concerned that Leeds' increased purchase prices will adversely impact the Firm's ability to generate outsized investment returns. This is particularly important in today's high-valuation environment that is likely to experience market-wide multiple contraction in the coming years. Despite an increase in average purchase price, Leeds has demonstrated an ability to identify high-quality and scalable assets that justify above-market valuations. Moreover, the Firm has demonstrated an ability to create value across the portfolio and transform its portfolio companies into more attractive platforms of scale. This is evidenced by Leeds' successful recent sales of Fund III-Fund V portfolio companies to both strategic and financial buyers at multiples that represent uplifts to Leeds' entry multiple. Across the Firm's 10 most recent exits to both strategic and financial buyers, Leeds has sold its portfolio companies for multiples that represent an average uplift 2.4x EBITDA relative to its entry multiples. While the Firm's purchase prices have increased over each of the last three fund cycles, StepStone notes that they have increased at a rate that is mostly in-line with the valuation increases across the broader market.

  Fund Size Increase: The Fund's target fund size of US$1.0 billion represents over a 32% increase from Fund VI's US$760 million capitalization. The Fund's informal hard cap of US$1.25 billion represents a 64% increase over Fund VI. A larger fund size may have an impact on the Firm's strategy, as it may necessitate participation in larger deals or in a more competitive part of the market and could cause capacity issues as it relates to the Investment Team's ability to deploy the Fund. StepStone is comforted given the GP has historically syndicated a significant amount of equity capital to LP co-investors. Leeds has used LP co-invest in all but two of the Fund VI platform investments. On average, Fund VI used more than US$45 million of LP co-invest capital in each platform investment where LP co-investment was used. Inclusive of LP co-invest, the average equity check size in Fund VI is US$92 million, which is consistent with the anticipated equity check size per platform in Fund VII. Given this historical use of co-investor equity, StepStone is more comfortable with the anticipated increase in the equity check size for Fund VII. The GP anticipates that the average equity check size for Fund VII will be US$80-125 million, which is only slightly larger than what was presented for Fund VI during its fundraise. Fund VII is expected to have a slightly larger portfolio size of 10 to 14 platform investments, compared to Fund VI, which is expected to ultimately have 11 platform investments. Leeds' target company profile will remain consistent with Fund VI, with Fund VII seeking investments in companies with US$125-300 million of total enterprise value. Fund VI's average entry valuation for a platform

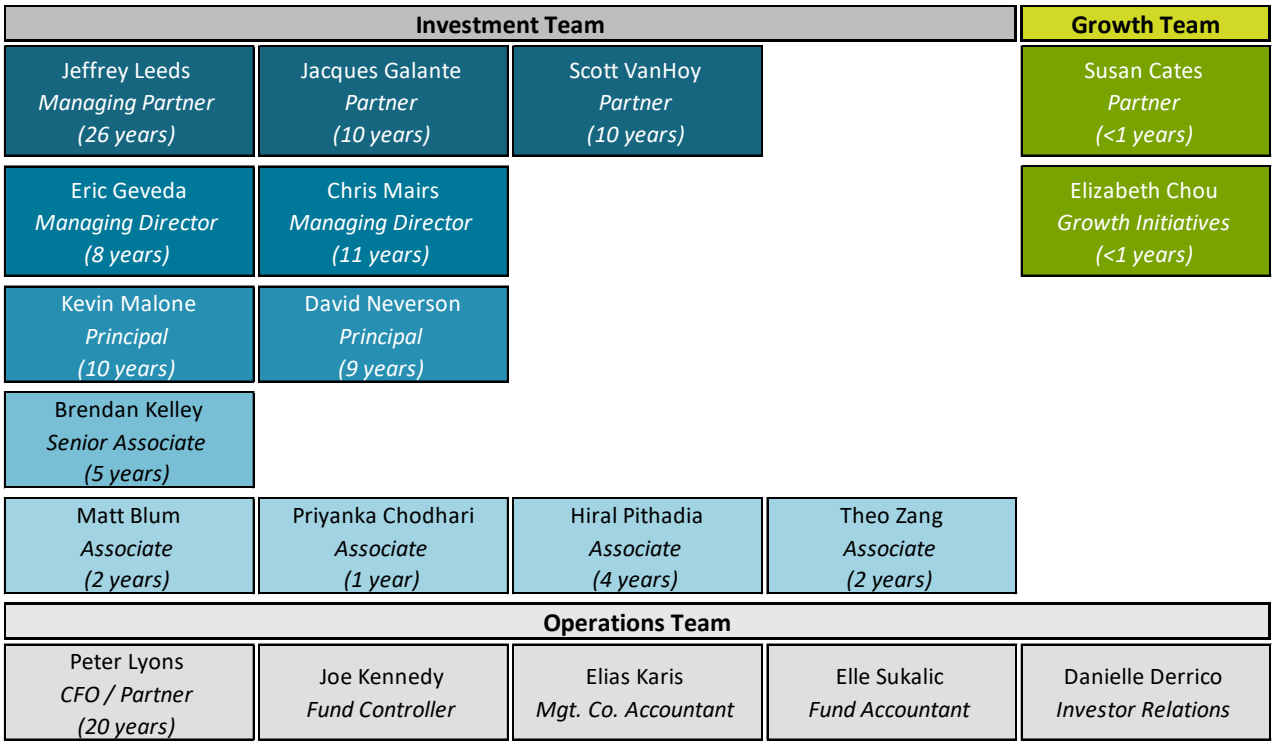
is US$215 million. Fund VII's anticipated target valuation range at entry suggests that the Fund will continue the Firm's strategy of investing in the LMM. With the promotions of Messrs. Galante and VanHoy to Partner over the life of Fund VI, across the Managing Partner, Partner and Managing Director tranches, Leeds currently has five professionals. All of these professionals are responsible for leading deals in Fund VII. As such, with these promotions, the number of deal leads at Leeds has remained consistent since the activation of Fund VI. The GP is also expecting some near-term exits across the portfolio, which should free up some capacity within the Investment Team.

Management Team

Leeds is led and managed by Managing Partner and Co-Founder Jeffery Leeds and two additional investment Partners, Jacques Galante and Scott VanHoy. Together, Leeds' three investment Partners have an average tenure of 15 years with the Firm and average 22 years of private equity experience. The three Partners have been investing together for a decade and nearly entirely responsible for deploying the last two funds, Funds V and VI, which are most reflective of the Firm's go-forward strategy. The Firm's two Managing Directors, Eric Geveda and Chris Mairs, are similarly tenured, having been with the Firm for eight and 11 years, respectively.

In late 2019, the GP added a Portfolio Growth Team to the organization. This includes a non-investment Partner, Susan Cates, as well as one Growth Initiatives resource. These Portfolio Growth Team professionals have the industry experience and networks that are expected to provide the Firm with unique angles in sourcing, diligence and value creation.

Leeds Organizational Chart



Source: Leeds.

Professionals

Leeds has a Senior Team that includes a Managing Partner and two Partners. Jeffrey Leeds is the Co-Founder and Managing Partner of Leeds. He has historically led the management of the Firm's operations and investment process. Mr. Leeds has 26 years of private equity investment experience. Mr. Leeds is 64 years old but remains actively involved in all operations of the Firm. While he has no near-term plans to retire, Mr. Leeds is no longer regularly a primary diligence lead on new opportunities and spends more of his time around sourcing, portfolio company board responsibilities and Firm management. Based on StepStone's diligence and reference calls, the Firm has begun succession planning, as demonstrated by the promotion of Messrs. Galante and VanHoy to Partner as well as the development of these individuals' roles around managing the Firm.

Messrs. Galante and VanHoy have an average tenure of 10 years at Leeds and an average of 20 years of relevant experience. In StepStone's reference calls, many individuals indicated that Messrs. Galante and VanHoy have been

operating in Partner roles since the tail end of Fund V. Both have existing, sizable track records deals that they have led at the Firm, where they were operating independently from the Co-Founders. The Firm's Partners have independently led transactions, navigated management team relationships, and executed on value creation initiatives without oversight from the Co-Founders in Fund VI. Messrs. Galante and VanHoy have been the primary deal leads on the majority of Fund VI deals.

The Firm's Managing Directors, Eric Geveda and Chris Mairs, have been with Leeds for an average tenure of nearly 10 years and have an average of 15 years of relevant experience. Both joined Leeds as junior professionals, developing internally at the Firm. Prior to joining Leeds Equity in 2011, Mr. Geveda worked at Arsenal Capital Partners as a Senior Associate and Lightyear Capital as an Associate. Mr. Mairs worked as an M&A Analyst at Greenhill & Co prior to joining Leeds. As Managing Directors, Messrs. Geveda and Mairs, are responsible for sourcing, executing diligence, deal negotiations and structuring, as well as portfolio company monitoring at the board level. However, Messrs. Mairs and Geveda will spend considerably less time sourcing deals relative to the Firm's Partners. Both are considered the next tranche of investment Partners at the Firm.

Messrs. Mairs and Geveda have not historically been the primary deal leads on platform investments. However, both referenced well with both Leeds portfolio company executives and co-investors highlighting the Managing Directors' acumen and ability to be leading deals going forward. While Messrs. Mairs and Geveda have led diligence workflows and serve as the main point of contact for portfolio companies as it relates to post-close value add, they continue to have oversight from a Partner or Co-Founder.

Leeds Investment Team

Leeds Equity Partners Investment Team					
Professional	Title	Year Joined	Leeds Tenure	Years of Experience	Age
Jeffrey Leeds	Managing Partner & Co-Founder	1993	26	26	64
Jacques Galante	Partner	2009	10	22	45
Scott VanHoy	Partner	2010	10	18	43
Eric Geveda	Managing Director	2011	8	16	40
Chris Mairs	Managing Director	2008	11	14	38
Kevin Malone	Principal	2010	10	12	37
David Neverson	Principal	2011	9	15	39
Brendan Kelley	Senior Associate	2015	5	7	30
Matt Blum	Associate	2018	2	3	26
Priyanka Chodhari	Associate	2019	1	2	25
Hiral Pithadia	Associate	2016	4	5	29
Theo Zhang	Associate	2018	2	5	29

Source: Leeds.

In 2019, Leeds formed a separate Portfolio Growth Team with the intent to have professionals at the Firm that are dedicated to identifying strategic growth opportunities for Leeds portfolio companies, leverage their industry networks for the Firm's sourcing and value creation efforts, and identify relevant industry trends for the Firm to explore. As part of this effort, the Firm hired Susan Cates as a Partner. Ms. Cates has over 25 years of experience in investment banking, private equity and education leadership. In addition to Ms. Cates, the GP also added Elizabeth Chou to the Portfolio Growth Team. Ms. Chou has over 15 years of investment experience, most recently as a General Partner at New Markets Venture Partners. Ms. Chou will support Ms. Cates on the Portfolio Growth Team. Ms. Chou is also based in North Carolina and is not considered a part of the Investment Team.

The role of the Portfolio Growth Team at Leeds is to leverage its network to source opportunities as well as for diligence purposes, and provide industry insights around new trends that may benefit the portfolio or Leeds' investment strategy. This is especially the case in the lower end of the middle market, where this team will be helpful in sourcing potential add-on opportunities for Leeds portfolio company. The GP also believes the introduction of this team helps to add

industry relationships that the Firm did not previously have. Ms. Cates has already sourced two add-ons for Leeds' portfolio companies since joining, and Ms. Chou has been meaningfully involved in diligence processes.

Turnover

Since inception, Leeds has experienced significant turnover but has seen a stabilization in the last five years. Eight Managing Directors and three Principals have departed the Firm since 2001. However, in the last five years there has only been one Managing Director departure.

Capacity

StepStone analyzed Leeds' historical investment pace and how Fund VII is likely to be invested, at both the target fund size of US$1.0 billion and the informal hardcap set by the GP of US$1.3 billion.

At the Fund's target fund size of US$1.0 billion, Fund VII will be 32% larger than Fund VI. At its hard cap of US$1.3 billion, the Fund would be 64% larger than Fund VI. The GP anticipates that the average equity check size for Fund VII will be at US$80-125 million, which is only slightly larger than what is was presented for Fund VI during its fundraise. The more meaningful expected change in portfolio construction in Fund VII will be a slightly larger portfolio size of 10 to 14 platform investments. Fund VI is expected to ultimately have 11 platform investments.

Despite the turnover that the Firm has seen historically, the number of deal leads has remained consistent over time. Through internal promotions, the Firm has developed its talent to replace some of the more senior level departures that Leeds has seen. With the increase in fund size, the average annual invested capital per deal lead and the overall size of the portfolio will increase in Fund VII. StepStone has some concern around this as well as the size of the Investment Team at 12 professionals for a fund that will be at least US$1.0 billion in size. StepStone typically sees a larger Investment Team for a fund of this size. While this may raise some concern, the profile of the deal leads at Leeds has shifted towards a younger and more driven group compared to some of the departed deal leads.

Fund Size & Capacity Analysis

Leeds Equity Partners Capacity Analysis						
					Fund VII	
Professional	Fund III	Fund IV	Fund V	Fund VI	Target	Hard Cap
Vintage Year	1999	2003	2008	2016	2020	2020
Fund Size	$158	$430	$522	$760	$1,000	$1,250
Invested Capital *(+ Projected)* [1]	$138	$382	$452	$684	$900	$1,125
Investment Period[2]	5	5	8	5	5	5
Avg. Capital Committed per Year	$27	$71	$54	$137	$180	$225
# of Platform Investments *(+ Projected)*	11	8	11	10	12	12
Avg. Investment Size	$13	$48	$41	$68	$75	$94
Number of Deal Leads[3]	2	3	3	5	5	5
Avg. # of Deals per Deal Lead	6	3	4	2	2	2
Avg. Annual Invested Capital per Deal Lead	$13	$24	$18	$27	$36	$45

Source: Leeds.

1. Represents actual invested capital for Funds III-V, and assumes 90% of total committed capital is invested for Fund VI and Fund VII.

2. Represents actual number of years required to deploy Funds III-V.

3. Represents Partners and Managing Directors on the Leeds Investment Team.

GP Commit

The Fund's formal GP commitment will be a minimum of US$20 million or 2% of the Fund's target size. This is in line with the market, which is 2%, providing for sufficient LP alignment.

Investment Committee

The Firm considers the investment decision-making process to be an iterative process that involves significant deliberation within the deal team, the Firm and the Firm's Investment Committee. The Firm holds weekly meetings to discuss new and active potential investment opportunities, sourcing activities, market trends and recently completed transactions, and portfolio company progress towards strategic and financial goals. During these weekly meetings, investment teams solicit feedback from the Investment Committee on new investment opportunities. All potential deals are presented and discussed for consideration by the Investment Committee, which consists of the Messrs. Leeds, Galante, VanHoy and the Firm's CFO, Peter Lyons.

Management Committee

The Management Committee at the Firm is responsible for strategic and operational decisions at the Firm. The Management Committee comprises of Messrs. Leeds, Galante, VanHoy and Lyons. These individuals share management authority at the Firm. This includes managing junior investment professionals as well as personnel, staffing and compensation decisions.

Evaluation of the Management Team

Merits

- **Tenured & Experienced Senior Team:** The Senior Team is comprised of Messrs. Leeds, Galante and VanHoy who have an average tenure of 15 years at Leeds and an average of 22 years of relevant experience. These individuals have been investing together at Leeds for approximately 10 years and have been primarily responsible for the deployment of Fund V and Fund VI. The Firm's Managing Directors who are also expected to lead deals in Fund VII have an average tenure of nearly 10 years at Leeds and an average of 15 years of relevant experience.

- **Sector Specialized Manager with Strong Brand and Network:** Leeds has been investing within the Knowledge Industry for over 25 years. The GP's longstanding track record in this space has afforded it with extensive experience and a broad network across its sectors of focus. This domain expertise and networking not only benefits the Firm's sourcing effort and positions the Firm well as a partner of choice for management teams in competitive situations, but also provides a competitive advantage as it relates to diligence resources and value creation angles.

Risks

- **Historical Turnover:** Leeds has seen the departure of eight Managing Directors and three Principals since 2001. In the last five years there has only been one Managing Director departure. Diligence identified fit issues with Leeds as a recurring motivation for many of the senior-level departures. The departed professionals have in aggregate, generated strong returns. This raises concerns around the Firm's ability to retain high-performing individuals. In the last five years the Firm has only seen the departure of one Managing Director. Apart from this one individual, the current Partners and Managing Directors have been with the Firm for approximately 10 years and are largely responsible for the deployment of Fund V and Fund VI. No departed professional has been the primary or secondary deal lead on any Fund VI of Fund V investment. This provides StepStone with some comfort around the stability of the team, which demonstrates a recent stabilization within the Investment Team. Further, StepStone believes there is more consensus-driven decision making at the Firm across the two recent funds. StepStone believes this mitigates some of the historical concern around concentrated decision-making authority before Leeds transitioned from a founder-led Firm to a partnership model.

- **Key Person Provision:** Following feedback the GP received from LPs, Leeds amended its key person provision from being triggered when of all three of Messrs. Leeds, Galante and VanHoy fail to meet the time and attention requirements, to now being triggered if two of three individuals among Messrs. Leeds, Galante and VanHoy are no longer able to devote substantially all of their professional time to the Fund. StepStone believes the change is an improvement, but would prefer to see a key person event triggered by the departure of any single individual among Messrs. Leeds, Galante and VanHoy. StepStone views each individual as equally important to the Firm and believes the departure of any single person would be highly detrimental to the ongoing operations of the Firm.

Track Record

Since the Firm's founding in 1993, Leeds has raised six funds and invested US$1.5 billion across 47 transactions. In aggregate, Leeds' since inception track record has generated a gross TVM/IRR of 2.0x/20% and net TVM/IRR of 1.7x/12%, as of September 30, 2019. The Firm's overall track record has been inconsistent and has resulted in strategy refinements throughout the Firm's first four funds. Over the course of Funds I-IV, Leeds pursued investments outside of the Knowledge Industry, as well as venture, minority and PIPE investments in small-cap companies. The Firm had also invested in companies exposed to binary regulatory risk that the Firm has stated it will no longer make on a go-forward basis. Funds I-IV, which were each deployed over a decade ago and are fully realized, were also largely invested and managed by a different senior team, as two of three active Partners and the two Managing Directors, who will be responsible for leading deals in Fund VII, had not yet joined the Firm or had held more junior roles at the time of Fund IV's launch. As such, StepStone has focused its track record analysis on Funds V and VI, given they are most reflective of the Fund VII investment strategy and the Firm's current Investment Team.

Leeds Performance Summary

(US$ in millions, as of September 30, 2019)

				Leeds Investment Performance									
Fund	Vintage Year	Fund Size	# of Deals	Invested Capital	Realized Value	Unrealized Value	Total Value	Gross TVM	Gross IRR	Loss Ratio	Net TVM	Net IRR	DPI
Leeds I	1995	$48	7	$43	$130	-	$130	3.0x	26%	10%	2.2x	17%	2.2x
Leeds II	1996	13	1	13	47	-	47	3.6x	79%	0%	3.3x	72%	3.3x
Leeds III	1999	158	11	138	219	-	219	1.6x	21%	47%	1.3x	10%	1.3x
Leeds IV	2003	430	8	382	595	-	595	1.6x	8%	44%	1.3x	4%	1.3x
Realized Funds		**$649**	**27**	**$576**	**$991**	**-**	**$991**	**1.7x**	**17%**	**41%**			
Leeds V	2008	$522	11	$452	$813	$582	$1,395	3.1x	28%	0%	2.4x	19%	1.4x
Leeds VI	2016	760	9	509	2	691	693	1.4x	31%	0%	1.2x	20%	0.0x
Unrealized Funds		**$1,282**	**20**	**$961**	**$814**	**$1,273**	**$2,088**	**2.2x**	**28%**	**0%**			
Total Realized Companies			**33**	**786**	**1,736**	**34**	**1,770**	**2.3x**	**21%**	**30%**			
Total Unrealized Companies			**14**	**751**	**69**	**1,240**	**1,309**	**1.7x**	**18%**	**0%**			
Total		**$1,931**	**47**	**$1,537**	**$1,805**	**$1,273**	**$3,079**	**2.0x**	**20%**	**15%**	**1.7x**	**12%**	**1.0x**

Relative Performance

Beginning in Fund V, Leeds refined its investment strategy as primarily control-investing in growth-oriented businesses within the Knowledge Industry that provide differentiated products and services. Funds V and VI have generated attractive relative returns on a net TVM and IRR basis, each ranking first or second quartile across the two metrics. Fund V and VI's DPI performance is weak on a relative basis, as both rank in the third quartile by DPI. Fund V is a 2008-vintage fund that remains 42% unrealized. However, the fund is anticipated to generate meaningful liquidity in the near term through three full exits, including the announced sale of one portfolio, which will be exited a substantial mark-up to the investment's current valuation.

Relative Performance

(US$ in millions, as of September 30, 2019)

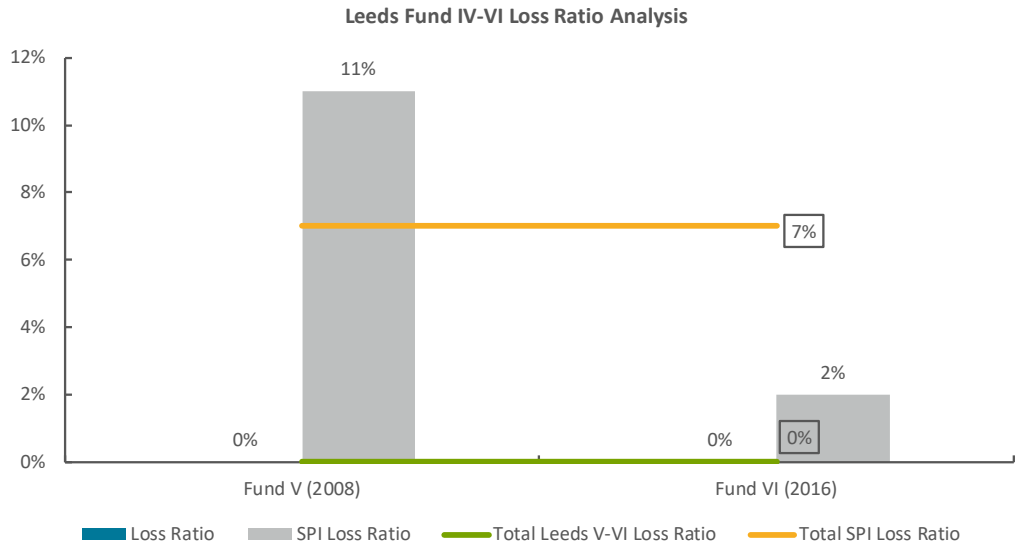
Leeds Net Relative Performance						*Private iQ*					
			Leeds			*United States* First Quartile			*Leeds* Quartile Rank		
Fund	Vintage	Fund Size	Net TVM	Net IRR	DPI	Net TVM	Net IRR	DPI	Net TVM	Net IRR	DPI
Leeds I	1995	$48	2.3x	17%	2.3x	2.1x	22%	2.1x	First	Second	First
Leeds II	1996	13	3.3x	72%	3.3x	2.1x	21%	2.1x	First	First	First
Leeds III	1999	158	1.3x	10%	1.3x	1.9x	15%	1.8x	Third	Second	Third
Leeds IV	2003	430	1.3x	4%	1.3x	2.3x	27%	2.2x	Fourth	Fourth	Fourth
Leeds V	2008	522	2.4x	19%	1.4x	2.1x	20%	1.7x	First	Second	Third
Leeds VI	2016	760	1.3x	20%	0.0x	1.4x	21%	0.3x	Second	Second	Third
Total		**$1,931**	**1.7x**	**12%**	**1.0x**						

Source: GP; Burgiss Private iQ Private Equity: Buyout (US) benchmarks

Loss Ratio Analysis

StepStone assessed Leeds' loss ratio across the Firm's three most recent funds. Across Funds V-VI, Leeds has generated a total loss ratio of 0%, as of September 30, 2019, which is below the overall loss ratio among Small Buyout managers over the same time frame per StepStone's SPI database of 7%. As previously discussed, the Firm incorporated lessons learned from underperforming deals in Funds I-IV, such as avoiding investing in highly-regulated sub-sectors or companies that provide hardware products or durable goods, which StepStone believes has helped the Firm reduce its volatility.

Leeds Loss Ratio



Evaluation of the Track Record

Merits

- **Strong Recent Performance:** Leeds has posted strong returns in Funds V and VI, which both rank in the first or second quartile on a net IRR and net TVM basis, as of September 30, 2019. Both funds have also generated zero losses, to-date. Fund V's six realized investments have collectively generated a gross TVM of 3.0x+. While Fund V's DPI is third quartile, the fund is expected to realize three portfolio companies in the next six months, and each are expected to be realized at mark-ups to their current carrying values. Leeds VI is immature and unrealized but is experiencing early momentum and strong growth across the portfolio. Average EBITDA growth across the portfolio is 15%, and all investments are performing on or ahead of plan, with the exception of one company, Simplify Compliance, which experienced early miss-steps in its add-on strategy, but has since course corrected and is not anticipated to be marked below cost.

- **Attractive Realized Returns:** Fund V has realized six portfolio companies that have generated an aggregate gross TVM of 3.0x+. While Fund IV was volatile, with three deals that suffered significant capital impairment, Leeds has incorporated lessons learned from these investments into their go-forward strategy that have led to improved loss ratios across the Fund V and VI portfolio (though StepStone notes that the Fund VI portfolio is still maturing). Excluding the three loss-generating deals in Fund IV that would not be targeted under the Firm's current strategy, the remaining five realized deals in Fund IV were also strong performers, having generated an aggregate gross TVM of 2.0x+.

Risks

- **Poor Performance of Cycle Funds:** Funds III and IV, which were 1999-vintage and 2003-vintage funds, respectively, were deployed over a period of time leading up to a cycle and generated unattractive returns on an absolute and relative basis. Both funds also recorded above-market loss ratios of 47% and 44%, respectively. The underperformance of Funds III and IV were primarily driven by the funds' off-strategy venture/growth-equity investments, as well as investments completed in deals with binary regulatory risk or sold hardware products that were subject to technological disruption. Funds I-IV were each deployed over a decade ago and were also largely invested and managed by a different senior team, as two of three active Partners and the two Managing Directors, who will be responsible for leading deals in Fund VII, had not yet joined the Firm or had held more junior roles at the time of Fund IV's launch. Leeds incorporated lessons learned from its underperforming deals across Funds III and IV into a refined strategy beginning in Fund V. Since Fund V, Leeds has executed primarily controlled buyout transactions operating within the Knowledge Industry and has avoided investing in companies exposed to binary regulatory risk, or that sell hardware products or durable goods. Fund V and VI have generated zero losses to-date. Despite Fund VI's immaturity, the overall active portfolio is healthy, and no investment has been identified by the GP as at risk of being marked under cost. StepStone believes the GP has been thoughtful in constructing Fund VI portfolio that exhibits defensibility during a downturn. Key to the GP's investment criteria are companies that provide products with strong value propositions and discernable ROI for customers. Additionally, the majority of companies are high margin businesses with recurring revenue models.

- **Unrealized Fund V and VI:** Funds V and VI remain largely unrealized. Both funds rank in the third quartile by DPI. StepStone prefers to see greater exits out of the a firm's prior funds ahead of a fundraise and notes that there are limited proof points in the Firm's ability to generate attractive returns among its higher priced deals given the relatively immaturity of its more expensive deals completed out of Fund VI. The Firm's active portfolio appears healthy, and certain assets are experiencing strong momentum. Fund VI's portfolio has grown EBITDA at an average CAGR of 15%. All investments, with the exception of Simplify Compliance, are progressing on or ahead of plan. The Firm has continued to execute on M&A across the Fund VI portfolio as a way to scale and diversify its companies. Value drivers in the Fund VI portfolio, including Exterro, Fusion, BARBRI and CeriFi, continue to progress positively. Leeds anticipates exiting three Fund V investments over the next six months, including

Edcentric, which the Firm announced the sale of in December 2019, BARBRI and Prosci. Leeds anticipates exiting each investment at mark-ups relatively to their valuations, as of September 30, 2019.

- **Early Fund VI Valuation Mark Ups:** Fund VI has benefited from early mark-ups in three assets that have been held for less than a year. StepStone generally views mark-ups for investments held under a year as aggressive. The mark-ups among the three assets are minimally driven by multiple inflation, with the three companies being held at an average multiple that is 0.5x turns higher than entry. StepStone views the majority of mark-ups as supported by strong operating metrics.

Fundraising

Leeds is currently in market with its seventh institutional fund, Leeds Equity Partners VII, targeting US$1.0 billion in commitments. There is no formal hardcap stated in the LPA; however, Leeds has verbally communicated that an informal hardcap will be set at US$1.3 billion.

Portfolio Fit

The Fund meets the investment criteria and guidelines set forth in CRPTF's Investment Policy Statement. Leeds Equity Partners VII would be considered a 2020 commitment to the Small Buyout portfolio within the Private Investment Fund. As of September 30, 2019, Connecticut's direct investments in Small Buyout funds (exclusive of Small Buyout exposure gained through components of the in-state program and/or CHF designated allocations) represented 14% of aggregate PIF exposure, defined as NAV plus unfunded, and has generated a net IRR of 14%. Inclusive of PIF investments approved after September 30, 2019, a US$75 million commitment to the Fund would increase PIF's Small Buyout exposure to 15%.

Leeds Equity Partners VII	Direct CRPTF Current Exposure	IRR	Direct CRPTF Pro Forma Exposure	Total CRPTF Current Exposure[1]	Total CRPTF Pro Forma Exposure[1]
Strategy					
Small Buyout	14%	14%	15%	23%	24%

(1) Includes PIF's small buyout exposure gained through commitments from the in-state program and/or CHF designated allocations

Note: Table reflects active investments only, liquidated funds excluded.

Environmental, Social & Governance

In 2019, Leeds became a signatory of the UN PRI and initiated the process of implementing a formal ESG policy. The Firm expects this policy to be fully functioning before the end of 2020. Leeds has also created an ESG Committee that will oversee the implementation of the Firm's ESG policy. The Firm's ESG Committee currently has its first meeting scheduled for April 2020.

The Firm's implementation of its ESG Policy will be overseen by the Firm's ESG Committee. This committee is led by Timothy Shriver, the Chairman of the Special Olympics, and Dov Seidman, the Chairman of LRN Corporation, a Leeds portfolio company and one that is well-known for being a leader in ethics and compliance. In addition to Messrs. Shriver and Seidman, the committee will consist of Leeds' CFO, Peter Lyons, as well as a large Leeds LP.

The ESG Committee's first meeting is scheduled for April 2020, when it plans to set ESG-related goals for the firm and determine how the committee will operate going forward. Currently, the committee plans to develop specific ESG-related goals for each portfolio company and have each company report back to the committee at least annually on its progress towards those goals. Starting in 2020, the committee will also ensure that all Leeds employees are trained on ESG matters prior to making any investments.

The ESG Committee will ensure the Firm's ESG policy is implemented with respect to both pre-investment ESG considerations as well as engagement during Leeds' ownership period. As the Firm is still developing its ESG policy, the policy does not yet establish guidelines for considering ESG-related factors in exit planning. In the pre-investment phase, the ESG Committee will ensure that all material ESG issues are identified and discussed with the Investment Committee and ESG Committee. On an as-needed basis, the ESG Committee may engage external advisors to conduct additional ESG-related due diligence, and will ensure that Leeds and any external advisors work alongside company management to develop and implement a corrective action plan to address any material issues. During the Firm's ownership, the ESG Committee will monitor and document the progress of portfolio companies where material ESG concerns have been identified and continue to work alongside management to iterate upon any corrective action plans to ensure any issues are addressed during Leeds' ownership.

As the Firm's ESG policies are still nascent, Leeds has not yet established any formal reporting practices around its ESG-related initiatives. Similarly, Leeds is not currently considering reporting on TCFD. However, the Firm has expressed

interest in using StepStone as a resource in learning more about industry standard best practices with respect to ESG-related reporting as Leeds continues to iterate upon and enhance its ESG practices over time.

Though Leeds does not have any diversity-focused initiatives in place, the Firm takes the general stance that diversity leads to better investment and social outcomes across its portfolio. Leeds' investment team consists of three females, including a Partner, a mid-level professional, and an associate, who was the Firm's most recent associate-level hire. Additionally, the Partner and mid-level professionals were recent additions to the Firm's investment team, as they were the first hires on the Firm's newly formed Portfolio Growth team. Leeds stated that these professionals were hired because they were the most qualified candidates for the positions and not because they were looking to hire more females. In aggregate, six of the Firm's 15 investment professionals are of minority status.

StepStone is encouraged by Leeds' advocacy of responsible investing, underpinned by its newfound status as a signatory of UNPRI. StepStone believes Leeds' policies and monitoring tools to be appropriate and has conviction in the Firm's ability to enforce and continuously improve upon its ESG policy and best practices given its internal ESG Committee. While the Firm does not yet consider ESG factors in the exit strategy of its investment and has not yet implanted ESG-specific reporting practices, StepStone notes that the Firm's adoption of a formal ESG policy is nascent and believes that the Firm's ESG implementation and reporting practices will only improve as the team continues to expand upon its efforts at the firm and portfolio company level.

Recommendation

StepStone believes that a commitment to Leeds Equity Partners represents an attractive opportunity to back a sector specialist Lower Middle Market manager led by a tenured and experienced senior team that has invested alongside each other in the Knowledge Industry for nearly a decade. StepStone believes Leeds has built a robust network within its sectors of focus that have enabled it to avoid competitive processes and be chosen often by management teams as the preferred partner of choice. The Firm has generated strong returns across its two most recent funds, Funds V and VI, which each rank first or second quartile by net IRR and TVM. Fund V has generated a number of strong exits and has line of sight into a number of additional liquidity events, all at expected mark-ups to their current valuations.

Appendix I
Summary of Due Diligence Performed

In our review of the offering, we conducted the following additional due diligence:

- October 2019
  - Interim update with GP
- January 2020
  - Met onsite with members of the Fund's investment team
  - Prepared and completed an investment memorandum

Appendix II
Investment Team Member Biographies

Jeffrey Leeds, Managing Partner

Mr. Leeds has over 26 years of experience investing in private equity transactions in the Knowledge Industries. Prior to co-founding Leeds Equity, Mr. Leeds spent seven years specializing in mergers and acquisitions and corporate finance at Lazard Freres & Co. Prior to Lazard, Mr. Leeds served as a law clerk to the Hon. William J. Brennan, Jr. of the Supreme Court of the United States. Jeffrey also worked in the corporate department of the law firm of Cravath, Swaine & Moore in New York after graduating from law school. Mr. Leeds graduated summa cum laude from Yale University with a B.A. in History and attended Oxford University as a Marshall Scholar. Mr. Leeds earned his J.D., magna cum laude, from Harvard Law School.

Jacques Galante, Partner

Mr. Galante has over 22 years of private equity and investment banking experience. Prior to joining Leeds Equity in 2009, Mr. Galante spent over 9 years with The Carlyle Group where he worked as a Principal in the firm's U.S. Buyout team. During his tenure at Carlyle, Mr. Galante was an integral member of the team which founded the firm's Global Communications and Media Group. Prior to joining Carlyle, Mr. Galante was an investment banker in the Mergers and Acquisitions Group at Salomon Smith Barney. Mr. Galante graduated summa cum laude from the University of Illinois at Champaign-Urbana with a B.S. in Finance with a concentration in accounting.

Scott VanHoy, Partner

Mr. VanHoy has over 18 years of private equity and investment banking experience. Prior to joining Leeds Equity in 2010, Mr. VanHoy worked at DLJ Merchant Banking Partners as a Principal and Quad-C Management as an Associate. He started his career as an investment banker in the Leveraged Finance Group at Bank of America. Mr. VanHoy graduated with highest distinction from the University of North Carolina with a B.A. in Economics and graduated with high honors from the University of Chicago Graduate School of Business with an M.B.A. in Entrepreneurship & Finance.

Peter Lyons, Partner & Chief Financial Officer

Mr. Lyons has over 20 years of private equity investing experience. His areas of responsibility at Leeds Equity include financial and tax management, financial reporting, investor relations, compliance and risk. Prior to joining Leeds Equity in 1999, Mr. Lyons spent 10 years at Ernst & Young where he led the audits of some of the firm's largest clients in the retail and consumer products industry. Mr. Lyons graduated from Saint Michael's College with a B.S. in Accounting and earned an M.B.A. from New York University's Leonard N. Stern School of Business.

Susan Cates, Partner

Mrs. Cates has over 25 years of experience in investment banking, private equity and education leadership. Prior to joining Leeds Equity, Mrs. Cates was Chief Operating Officer at 2U, Inc., where she oversaw all product and service delivery operations. She was a founding team member of ThinkEquity Partners, where she led the education banking vertical, and later led investments in education platforms in the sector across the U.S. and Latin America. Mrs. Cates served as President of Executive Development at the University of North Carolina Kenan-Flagler Business School, which designs and delivers executive leadership programs for Fortune 500 companies. While at UNC, Mrs. Cates also led the creation and growth of the school's ground-breaking online MBA program, MBA@UNC. Mrs. Cates began her career as an investment banker at Wachovia Bank and Merrill Lynch. Mrs. Cates received a B.A. in Public Studies from Duke University and a M.B.A. from the University of North Carolina Kenan-Flagler Business School.

Eric Geveda, Managing Director

Mr. Geveda has over 16 years of private equity and investment banking experience. Prior to joining Leeds Equity in 2011, Mr. Geveda worked at Arsenal Capital Partners as a Senior Associate and Lightyear Capital as an Associate. He started his career at Credit Suisse First Boston, where he was an Analyst in the Mergers and Acquisitions Group. Mr. Geveda graduated with a B.A. in Finance and Economics, magna cum laude, from the University of Notre Dame and an M.B.A. from the Stanford University Graduate School of Business.

Chris Mairs, Managing Director

Mr. Mairs has over 14 years of private equity and investment banking experience. Prior to joining Leeds Equity in 2008, Mr. Mairs worked in both London and New York for Greenhill & Co. as an Analyst in the Mergers and Acquisitions Group. Mr. Mairs graduated with First Class honors from the University of St. Andrews, Scotland, with a BSc in Mathematics.

Kevin Malone, Principal

Mr. Malone has over 12 years of private and investment banking experience. Mr. Malone joined Leeds Equity in 2010 as an Associate and was previously an investment banking Analyst at Harris Williams & Co. Mr. Malone graduated from the Olin Business School at Washington University, with a B.S. in Business Administration.

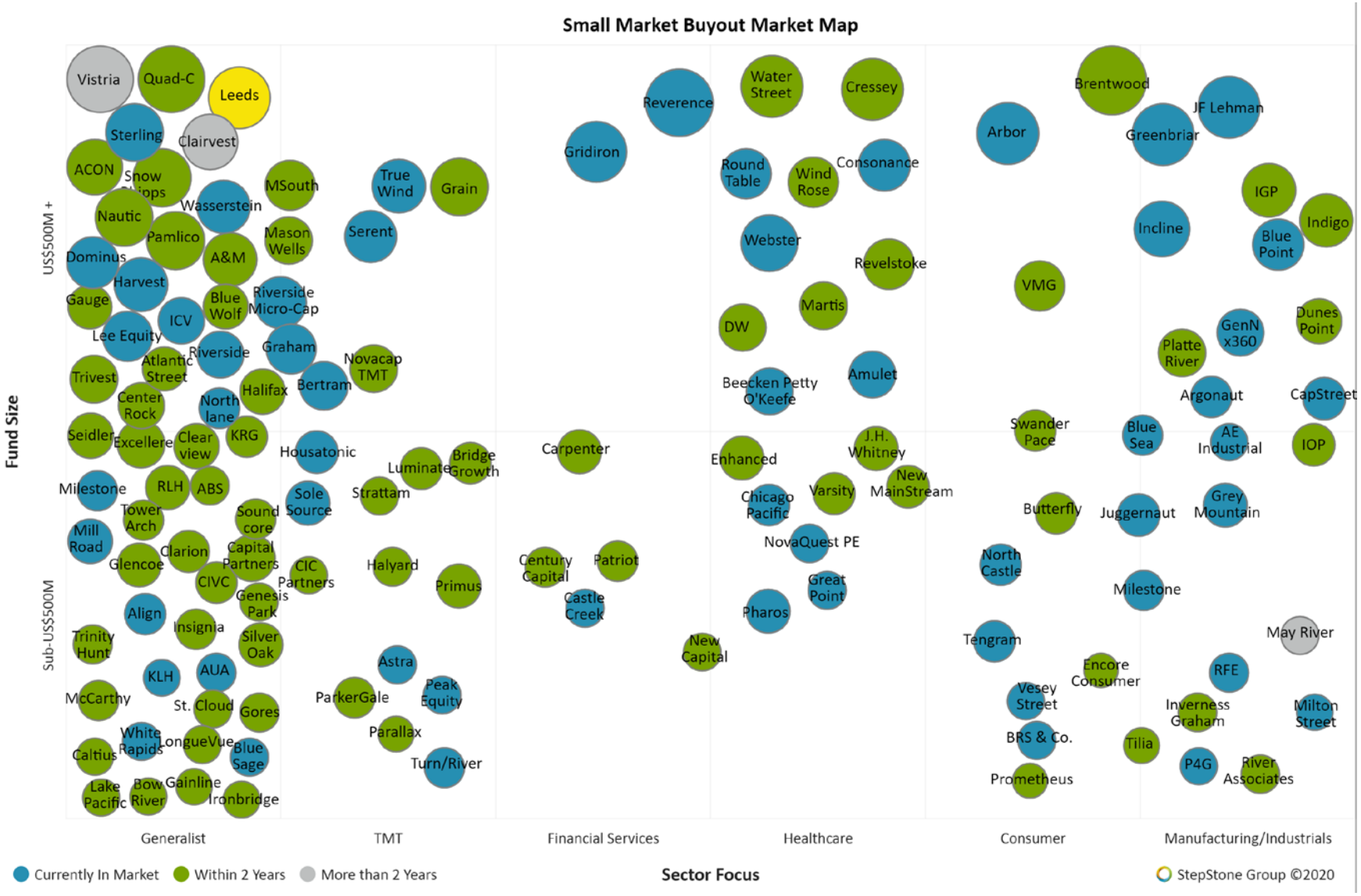
David Neverson, Principal

Mr. Neverson has over 15 years of private equity and investment banking experience. Prior to joining Leeds Equity in 2011, Mr. Neverson worked at ICV Partners as an Associate and was a GOTV Organizer with the Ohio Campaign for Change. Mr. Neverson began his career at Lehman Brothers, where he was an investment banker in the Global Consumer / Retail Group. Mr. Neverson graduated magna cum laude from Morehouse College with a B.A. in Business Administration and received his MBA from The Wharton School at the University of Pennsylvania.

Elizabeth Chou, Growth Initiatives

Ms. Chou has over 15 years of investment experience across the capital structure from equity to senior and mezzanine debt. Prior to joining Leeds Equity, Ms. Chou was a General Partner at New Markets Venture Partners where she spent nearly a decade investing in early and growth stage companies in K12, higher education and workforce development. Prior to joining New Markets, Ms. Chou was a Senior Associate at The Gladstone Companies where she focused on control equity and mezzanine debt investments. Ms. Chou began her career as an Account Executive with M&T Bank's Commercial & Industrial Middle Market Lending Group.

Appendix III
Market Map



Glossary

Term	Definition
Balanced Stage Venture Capital	A Venture Capital fund focused on both Early Stage and Late Stage companies
Bridge Financing	Temporary funding that will eventually be replaced by permanent capital from equity investors or debt lenders
Buyout	Fund whose strategy is to acquire controlling interests in companies
Carried Interest	The general partner's share of the profits. The carried interest, rather than the management fee, is designed to be the general partner's chief incentive to strong performance.
Co/Direct Investment	Investment made directly into a company, rather than indirectly through a fund
Committed Capital	Total dollar amount of capital pledged to a fund
Contributed Capital	Total capital contributed to a fund for investments, fees and expenses, including late closing interest paid, less returns of excess capital called and bridge financing
Cost Basis	Remaining amount of invested capital
Debt	Security type that signifies a repayment obligation by a company (e.g. senior debt, subordinated debt, bridge loan etc.)
Distressed	A company's final Stage of development. Company is generally experiencing operational or financial distress
Distressed / Turnaround	Fund whose strategy it is to acquire the Equity or Debt of companies experiencing operational or financial distress
Distributed Capital	Capital distributed to the limited partners, including late closing interest earned
Dow Jones US Total Stock Market Total Return Index	The Dow Jones US Total Stock Market Total Return Index measures all U.S. equity securities with readily available prices. It is a free float-adjusted market capitalization weighted index and is calculated with dividend reinvestment
DPI (Distributions to Paid In / The Realization Multiple)	Total gross distributions divided by total gross contributions
Early Stage	A company's first Stage of development. Company is generally generating modest or no revenues
Equity	Security type that signifies ownership of a company (e.g. common stock, preferred stock, warrants, etc.)
Expansion Stage	A company's third Stage of development. Company is generally experiencing high growth and nearing profitability
Exposure	Sum of Remaining Value plus Unfunded Commitment
Fund-of-Funds	Fund whose strategy is to make investments in other funds
Fund Stage	A fund progresses through three stages over its life: investment (investment period), distribution (post-investment period), and liquidation
Geographic Region	Market location of a company: North America, Western Europe, Africa/Middle East, Latin America, Asia/Pacific Rim
Growth Equity	Fund whose strategy is to invest in companies to expand or restructure operations, enter new markets or finance an acquisition without a change of control of the business
Infrastructure	Fund whose strategy is to acquire interests in physical structures and networks that provide the essential services for society's economic and social needs, e.g. roads, tunnels, communication networks, etc.
Internal Rate of Return (IRR)	The discount rate that results in a net present value of zero of a series of cash flows. The IRR considers both cash flow timing and amount and is the preferred performance measure for private market funds
Invested Capital	Capital invested by a fund in portfolio holdings
Investment Type	Classification of an investment vehicle: Primary Fund, Secondary Fund, Fund-of-Funds
J-Curve	Refers to the shape of the curve illustrating a fund's performance over time. During the initial years of a fund's life, as a result of illiquidity, stagnant valuations, fees and expenses, a fund's performance tends to be negative (the bottom of the "J"). Eventually, as portfolio companies are realized or increase in value and fees become a smaller percentage of overall contributions, performance improves and investors' returns move up the "J" shaped curve
Large	Company with a Size greater than $1 billion
Late Stage	A company's second Stage of development. Company is generally generating high revenue growth and high losses

Term	Definition
Loss Ratio	The percentage of capital in deals with a total value below cost, over total invested capital
Lower-Mid	Company with a Size greater than $100 million, but less than $250 million
Lower Quartile	The point at which 75% of all returns in a group are greater and 25% are lower.
Mature	A company's fourth Stage of development. Company is generally generating modest to no growth and operating profitably
Mega Buyout	Fund whose strategy is to acquire or recapitalize Large businesses, Fund size over $6 billion
Mezzanine	Fund whose strategy is to acquire subordinated debentures issued by companies
Middle-Market Buyout	Fund whose strategy is to acquire or recapitalize middle-market businesses, Fund size between $1-$3 billion
MSCI ACWI Index - Total Return	The MSCI ACWI Total Return is a reflection of the performance of the MSCI ACWI Index, including dividend reinvestment, as calculated by Bloomberg. The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices
Multi-Strategy	A Fund that invests across multiple strategies
Natural Resources	Fund whose strategy is to acquire interests in naturally occurring, economically valuable raw materials and all physical facilities and capabilities required for the extraction, refinement, and delivery to end users, e.g. oil and gas properties, timberland, etc.
Net Asset Value ("NAV")	In the context of this report, represents the fair value of an investment, as defined within each limited partnership agreement, yet in compliance with the governmental regulation, generally prepared on a GAAP basis
Net IRR	Annualized effective compound rate of return using daily contributions, distributions and Remaining Value as of the Report Date, net of all fees and expenses, including late closing interest
Percent Interest	Represents an investor's economic interest in a fund based upon the investor's commitment divided by total fund commitments
Primary Investment	An interest in a private equity fund acquired directly from the fund manager during the fundraising period
Public Market Equivalent (PME)	A private equity benchmark that represents the performance of a public market index expressed in terms of an IRR, using the same cash flows and timing as the investor's investment activity in private equity. The PME serves as a proxy for the return the investor could have achieved by investing in the public market. The PME benchmark return assumes cash flows are invested at the end of each day
Publication Date	Refers to the date this report was created as reflected in the Executive Summary
Quartile	Segment of a sample representing a sequential quarter (25%) of the group.
Real Assets	Fund whose strategy is to invest in assets that are tangible or physical in nature such as land, machinery, and livestock
Real Estate	Fund whose strategy is to acquire interests in real estate property
Realized Capital	Capital distributed to a fund from portfolio holdings
Recallable / Recyclable Capital	Capital that has been previously distributed by a fund to investors but may be called again for investment purposes. It is generally associated with realizations that have occurred in the early years of a fund or refers to uninvested capital that has been temporarily returned (i.e. returns of excess capital)
Recapitalization	The reorganization of a company's capital structure
Remaining Value	Capital account balance as reported by the General Partner, generally on a fair value basis
Report Date	Refers to the end date of the reporting period as reflected on the cover page
Return on Investment (ROI)	Ratio of Realized Capital plus Unrealized Value to Invested Capital

Term	Definition
Russell 1000® Total Return Index	The Russell 1000® Total Return Index measures the performance, including dividend reinvestment, of the large-cap segment of the U.S. equity universe. It is a subset of the Russell 3000® Index and includes approximately 1000 of the largest securities based on a combination of their market cap and current index membership. The Russell 1000 represents approximately 92% of the U.S. market.
Russell 3000® Total Return Index	The Russell 3000® Total Return Index measures the performance, including dividend reinvestment, of the largest 3000 U.S. companies representing approximately 98% of the investable U.S. equity market.
RVPI (Residual Value to Paid In)	The current value of all remaining investments within a fund divided by total gross contributions
S&P 500 Price Index	The S&P 500 Price Index is a capitalization-weighted index of 500 stocks. The index is designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
S&P 500 Total Return Index	The S&P 500 Total Return Index is a reflection of the performance of the S&P 500 Index, including dividend reinvestment. All regular cash dividends are assumed to be reinvested in the S&P 500 Index on the ex-date. Special cash dividends trigger a price adjustment in the price return index.
Secondary Investment	Investments that involve the purchase of private equity fund interests or portfolios of direct investments in privately held companies from existing institutional Investors
Sector	Industry in which the company operates: technology, telecommunications, healthcare, financial services, diversified, industrial, consumer, energy, etc.
Size	Capitalization size of a company: Large, Upper-Mid, Lower-Mid, Small
Small	Company with a Size of less than $100 million
Small Business Investment Company (SBIC)	Lending and investment firms that are licensed and regulated by the Small Business Administration (SBA). The licensing enables them to borrow from the federal government to supplement the private funds of their Investors
Small Buyout	Fund whose strategy is to acquire or recapitalize Small businesses
Stage	The course of development through which a company passes from its inception to its termination: Early, Late, Expansion, Mature, Distressed
Sub-Asset Class	Private equity investments are generally classified as Buyout, Venture Capital, Mezzanine, Distressed/Turnaround, and Fund-of-Funds
Subordinated Debt	Debt with inferior liquidation privileges to senior debt in case of a bankruptcy and consequently, will carry higher interest rates than senior debt to compensate for the subordination.
Term Sheet	A summary of key terms between two or more parties. A non-binding outline of the principal points which definitive agreements will supercede and cover in detail.
TVM (Total Value Multiple) / TVPI (Total Value to Paid In)	Net asset value plus gross distributions divided by total gross contributions
Unfunded Commitment	Amount of capital that remains to be contributed to a fund as defined in a fund's limited partnership agreement
Unrealized Value	Holding value of a portfolio company assigned by the General Partner, which generally represents fair value
Upper-Mid	Company with a Size greater than $250 million but less than $1 billion
Upper Quartile	The point at which 25% of all returns in a group are greater and 75% are lower.
Venture Capital	Fund whose strategy is to make investments in Early Stage and/or Late Stage companies
Vintage Year	The calendar year in which an investor first contributes capital to a fund
Vintage Year	The calendar year in which an investor first contributes capital to a fund
Write-Down	A reduction in the value of an investment.
Write-Off	The write-down of a portfolio company's holdings to a valuation of zero and the venture capital investors receive no proceeds from their investment.
Write-Up	An increase in the value of an investment.

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Memorandum

RE: Leeds Equity Partners, VII COVID Impact
TO: File
FROM: SSG Deal Team
DATE: April 2, 2020

Like nearly all private equity portfolios, Leeds Equity's investments will be impacted by COVID-19 and the impending recession. But StepStone's view is that this impact will be temporal and less severe in the existing active portfolio given the GP's refocusing on software and tech-enabled services investments into the "Knowledge Industries". Leeds is an investor in the education sector, which has been impacted by the closure of schools as a result of shelter-in-place mandates and the like that have limited public gatherings during the current pandemic. However, in more recent funds, the GP has transitioned its focus to what it describes as the Knowledge Industries, which it defines as industries that include companies seeking to enable individuals and organizations to be more effective and efficient in an increasingly information intensive, fast changing, global and competitive marketplace. A function of this sector focus is Leeds targeting tech-enabled businesses that provide training and information services to a variety of end markets. StepStone believes these types of businesses are more insulated from shocks to the market like COVID-19 as well as more recession resilient.

Several of the GP's Fund VI and Fund V portfolio companies are providers of software related to compliance, productivity, data and process management, and training for corporations and higher education institutions (e.g., LRN, Astra/Campus Insights, Exterro, Knowledge Factor). These types of businesses have recurring revenue models and are better insulated from recessions. Other Leeds portfolio companies provide mission critical services or are relatively cycle resilient (e.g., INTO, Vital Smart, Prosci), or sell into resilient industries (e.g., BARBRI, Simplify Compliance). The GP has also been focused on investments in virtual modalities across the portfolio, which have enabled some portfolio companies to adjust to the current environment of restricted in-person engagement. Leeds' school businesses (e.g., Endeavor, Fusion) are now making efforts to teach students in virtual classrooms and Leeds' training businesses (e.g., CeriFi) have pivoted to virtual sessions.

On a portfolio-wide basis, the GP stands to benefit from more virtual learning as well as the introduction of new offerings (e.g., COVID-19 specific content, general response training). There is also an argument to be made around more individuals turning towards continuing education as we enter a recession and unemployment increases. This trend would benefit a number of Leeds portfolio companies. Leeds is also focused on prudent capitalization with an average net leverage ratio of 3.6x across the portfolio, and ample liquidity over the next quarter.

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SHAWN T. WOODEN
TREASURER

State of Connecticut
Office of the Treasurer

DARRELL V. HILL
DEPUTY TREASURER

July 9, 2021

Members of the Investment Advisory Council ("IAC")

Re: **Consideration of the Core Fixed Income Fund Investment Manager Search**

Dear Fellow IAC Member:

At the July 14, 2021 meeting of the IAC, I will present for your consideration the proposed project plan and required screening and selection criteria for the purpose of procuring a Core Fixed Income Fund ("CFIF") investment manager for the Connecticut Retirement Plans and Trust Funds ("CRPTF"). My office will conduct a competitive search through a Request for Proposal ("RFP"), resulting in the hiring of one or possibly more managers.

Currently, the CFIF has five active managers and one passive panel manager. An RFP search for this fund has not been completed for several years. Three active managers date back to 1997. Two active managers are former Connecticut Horizon Fund (now Connecticut Inclusive Investment Initiative) sub-managers which graduated to the main portfolio in 2018.

The CFIF will invest primarily in fixed-income securities in the domestic U.S. markets in order to meet the State of Connecticut's Retirement Plans and Trust Funds ("CRPTF") asset allocation guidelines for Core Fixed Income. In the overall asset allocation, CFIF's goal is to achieve a long-term, real rate of return above the US inflation rate and provide a stream of income to meet cash flow needs of the plans and trusts. While fixed income securities may exhibit volatility on a year-to-year basis, that volatility is expected to be diminished over longer periods. The inclusion of a core fixed income class will provide a source of diversification to other asset classes within the CRPTF during different economic environments. A full complement of CFIF managers is optimum to execute the investment strategy.

I look forward to discussing this search with you at the July 14th IAC meeting.

Sincerely,

Shawn T. Wooden
State Treasurer

65 CAPITOL AVE, HARTFORD, CT 06106-1773, TELEPHONE: (860) 702-3000
AN EQUAL OPPORTUNITY EMPLOYER

State of Connecticut Retirement Plans & Trust Funds
Core Fixed Income Fund Investment Manager Search
Proposed Project Plan

GENERAL PROCESS	Timing	PFM	Treasurer	IAC
Review and Approve Draft RFP and Proposed Project Plan and Search Criteria	Week of July 5, 2021	Incorporate Treasurer's comments; send to Treasurer for approval	Review and approve project action plan	
Present Proposed Project Plan/Selection Criteria	July 14, 2021		Present to IAC	Comment and advise
Issue RFP	July 16, 2021	Post RFP on Treasurer's website		
RFP Deadline	August 27, 2021	Verify submissions		
Conduct Due Diligence and Select Semi-Finalists	September 2021	Review RFP responses; Conduct due diligence, interview candidates and provide semi-finalist recommendations	Review recommendation and approve semi-finalist candidates	
Interview Semi-Finalists	September 2021	Participate in interviews	Interview firms/ Select finalist(s) for presentation to the Treasurer during 2nd half of August 2021	IAC invited to participate in interviews
Present Treasurer's Recommendation to IAC	October 13, 2021		Present finalist(s) at September 8th IAC meeting and request waiver of 45-day comment period[1]	Review Treasurer's recommendation and communicate feedback. Act on waiver request
Designate Preferred Vendor	Week of October 18, 2021		Finalize selection/designate Preferred Vendor. Announce decision to IAC at November 10th meeting	
Notify Preferred Vendor	Week of October 18, 2021	Draft Preferred Vendor notification letter	Issue notification letter	
Negotiate Fee and Contract Terms	Initiate October if IAC waives comment period.	Participate in negotiations; prepare and review contract and submit to Treasurer for approval	Approve contract terms and consultant fees; sign contract	
Obtain Final Contract Authorization	December 2021	Work with the Attorney General's Office to secure final execution of contract		
Award Contract	December 2021			

[1] 45 day comment period ends November 27, 2021

State of Connecticut Retirement Plans & Trust Funds
Core Fixed income Fund Investment Manager Search
Screening and Selection Criteria[2]

---

1. Organization/Management

a. Firm size, management, and ownership
b. Stability (financial and organization)
c. Technology infrastructure (e.g., for trading, analytics, operations, compliance, cybersecurity, and reporting)
d. Risk management – organization, process and integration
e. Compliance operations
f. Client service resources and coverage
g. Commitment of firm to investment services (e.g., revenue percentage from investment management business)
h. Percentage of institutional assets under management
i. Number and dollar amounts of client relationships gained and lost over past five years

2. Relevant Experience and Client Base

a. Overall investment management experience of the domestic fixed income investment management team
b. Research, trading and analytics teams supporting the domestic fixed income portfolio managers
c. Minimum three-year performance track record against domestic fixed income indices and peer comparison for similar strategy
d. Investment process
e. Quality and timeliness of performance attribution reporting, monitoring, compliance and other CRPTF reporting requirements
f. Assets under management in domestic fixed income strategies at year end over the past five years
g. Experience with and references from pension funds or similar institutional clients
h. General understanding of CRPTF investment needs

3. Other Specific Criteria

a. Responsible corporate citizenship and commitment to CRPTF's Policies (e.g., Diversity Principles, Guns)
b. Incorporation of Environmental, Social and Governance issues into the investment selection process
c. Possible site visit
d. Manager's identification of any terms of CRPTF's Investment Management Agreement that are <u>not</u> negotiable

4. Cost of Proposal

[2]Such factors as conformance with RFP instructions/specifications and state-mandated contractual terms and disclosure requirements.

Connecticut Inclusive Investment Initiative (Ci^3)

Program Summary for IAC

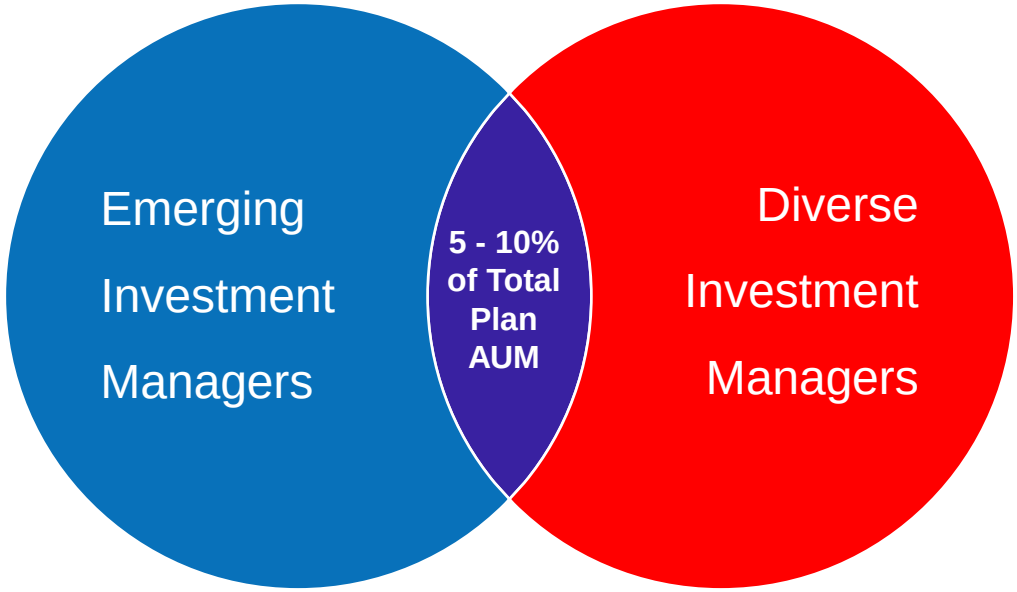
Period End: March 31, 2021

Ci^3 Program Policy

Program Policy & Target

- The Ci^3 program will afford opportunities to both emerging and diverse managers to compete for investment mandates consistent with the goals of the CRPTF and fiduciary standards
- The Ci^3 program defines an emerging manager as an asset management firm that is newly formed or relatively small that meets the criteria for assets under management ("AUM") and/or length of track record
- The Ci^3 program defines a diverse manager as an asset management firm with the following qualifications: owned in a majority form by either minority individuals, women, veterans or persons with a disability[1]. On a case-by-case basis, the Ci^3 program will consider a firm as diverse if it has ownership by a group which qualifies as a protected class under Connecticut law[2]

1 refer to Connecticut General Statutes § 4a-60a(e) – Minority Business Enterprise
2 refer to Connecticut General Statutes § 4a-60a(a)(1)

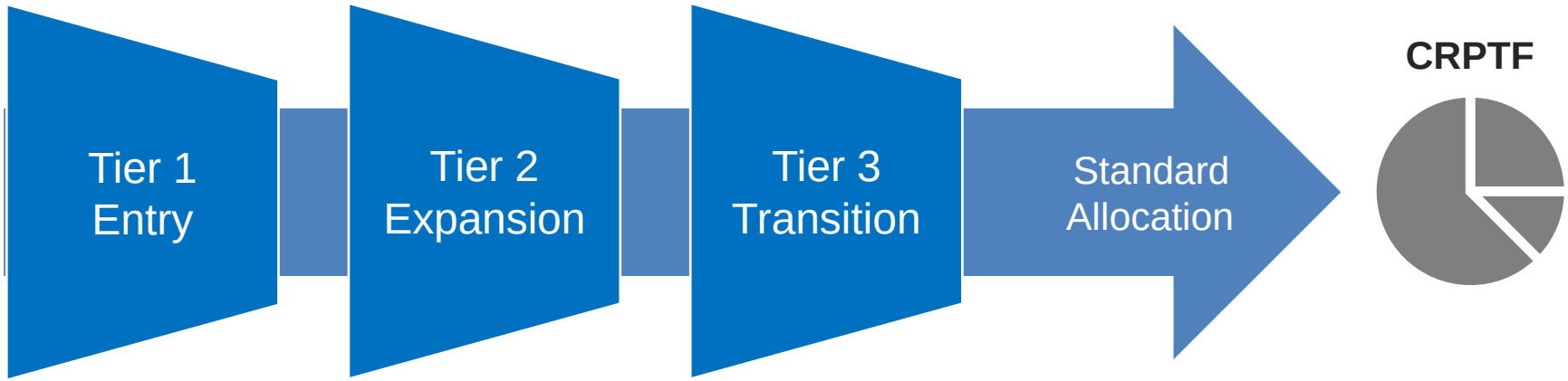


Emerging Manager Asset Class Criteria & Lifecycle

	Public Market Asset Classes		Alternative Asset Classes		
	Global Equity	**Global Fixed Income**	**Hedge Funds**	**Private Equity / Private Credit**	**Real Assets**
Total Firm Assets	< $10B	< $10B	< $3B	< $5B	< $5B
Fund Size	N/A	N/A	N/A	< $2B	< $2B
Fund #	N/A	N/A	N/A	Third generation or earlier	Third generation or earlier
Firm Tenure	< 10 years	< 10 years	< 7 years	Minimum one year	Minimum one year

Source: CRPTF Staff

Ci^3 Program Manager Lifecycle



Source: CRPTF Staff

Ci^3 Partners

Ci³ Program Partners

Public Markets
Global Equity & Global Fixed Income

Private Markets
Private Equity & Private Real Estate

Xponance
RockCreek
ATTUCKS
BIVIUM CAPITAL
LeadingEdge LEIA®

m² MULLER & MONROE
ONE ROCK* CAPITAL PARTNERS
ARTEMIS
GenNx360 Capital Partners
RUBICON POINT* ▲ PARTNERS
PENZANCE* ▲
ALDRICH CAPITAL PARTNERS
BIG BASIS INVESTMENT GROUP, LLC
stellex* CAPITAL MANAGEMENT
AVANCE* ▲

* Fund not yet in drawdown
▲ Fund not yet closed

~$1.79B	~4.29%	29
Total Capital Allocated incl. Unfunded Commitments	Percent of CRPTF incl. Unfunded Commitments	Number of Investments

Asset Allocation

Summary of Activity To Date

- The Ci^3 program completed an RFP search for Global Equity and Global Fixed Income Manager of Managers ("MoM") partners
  - **Xponance** was awarded a $200M mandate for Developed International Equity
  - **Rock Creek Group** was awarded $300M mandate for Emerging Markets Equity
  - **Attucks** was awarded $500M mandate for Core Fixed Income, High Yield and Emerging Market Debt asset classes
  - **Bivium** and **Leading Edge** were contracted by the Treasurer for use in future program mandates in the Public Markets asset classes

- Treasurer Wooden has approved direct commitments to several General Partners who fit the parameters for inclusion in the Ci^3 Program
  - **OneRock** Capital Partners III - $125M commitment
  - **Stellex** Capital Partners II – $100M commitment
  - **Rubicon** First Ascent I - $50M commitment
  - **Penzance** DC Real Estate - $50M commitment
  - **Avance** Fund I– $100M commitment

- **Rock Creek** and **Appomattox** hedge fund mandates will exit the Ci^3 program due to asset class changes in the Alternative Investment portfolio

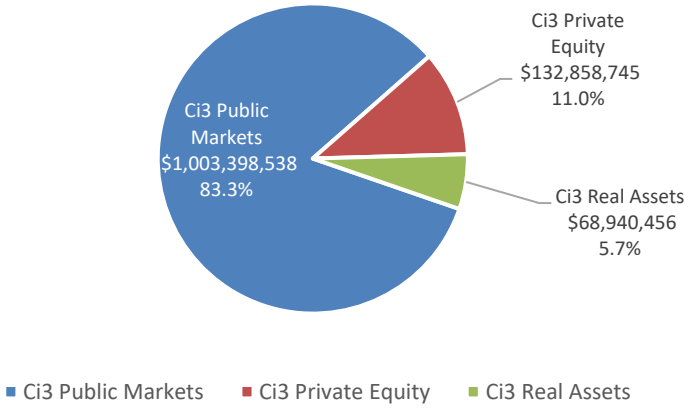
Total Plan Ci³ Asset Allocation

Parent Manager	Mandate / Fund Name	Strategy	Market Value / NAV	Commitment	Percentage of Total CRPTF	Percentage of Asset Class	Asset Class
Xponance	Xponance EAFE Mandate	Developed Int'l Equity	$ 218,566,961	-	0.52%	3.96%	DEVELOPED MARKET INT'L STOCK FUND (DMISF)
Rock Creek	Rock Creek EM (Proxy Index)	Emerging Int'l Equity	$ 294,033,280	-	0.70%	5.58%	EMERGING MARKET INT'L STOCK FUND (EMISF)
Attucks	Attucks Core Mandate	Core Fixed Income	$ 262,868,559	-	0.63%	4.84%	CORE FIXED INCOME FUND (CFIF)
Attucks	Attucks High Yield SMA Mandate	High Yield	$ 101,343,871	-	0.24%	3.84%	HIGH YIELD DEBT FUND (HYDF)
Attucks	Attucks EMD Mandate	Emerging Markets Debt	$ 126,585,867	-	0.30%	5.78%	EMERGING MARKET DEBT FUND (EMDF)
		Total Ci3 Public Markets	**$ 1,003,398,538**				
Artemis	Artemis RE Ptnrs Income & Growth Fund**	Diversified Value-Add	$ 27,837,071	$ 100M	0.07%	0.58%	REAL ASSETS FUND (RAF)
Basis Inv Group	Basis Fund I, L.P.*	Opportunistic Debt	$ 41,103,385	$ 65M	0.10%	0.86%	REAL ASSETS FUND (RAF)
Aldrich	Aldrich I, L.P.**	Growth Equity	$ 43,438,470	$ 50M	0.10%	12.95%	PRIVATE INVESTMENT FUND (PIF)
GenNx360	GENNX360 Capital Partners II, L.P.**	Buyout Fund	$ 29,401,768	$ 25M	0.07%	1.26%	PRIVATE INVESTMENT FUND (PIF)
Muller & Monroe	Freeman CT Horizon, L.P.*	Buyout Fund-of-Fund	$ 18,019,222	$ 50M	0.04%	0.53%	PRIVATE INVESTMENT FUND (PIF)
Muller & Monroe	CT Emerging M-2 Private Equity, L.P.*	Multi-Strategy Fund of Fund	$ 43,830,435	-	0.10%	1.30%	PRIVATE INVESTMENT FUND (PIF)
Muller & Monroe	Connecticut Horizon Legacy, L.P.*	Multi-Strategy Fund of Fund	$ 928,962	-	0.00%	0.03%	PRIVATE INVESTMENT FUND (PIF)
		Total Ci3 Private Markets	**$ 204,559,313**				
		Total CI3 Public + Private	**$ 1,207,957,851**		**2.89%**		

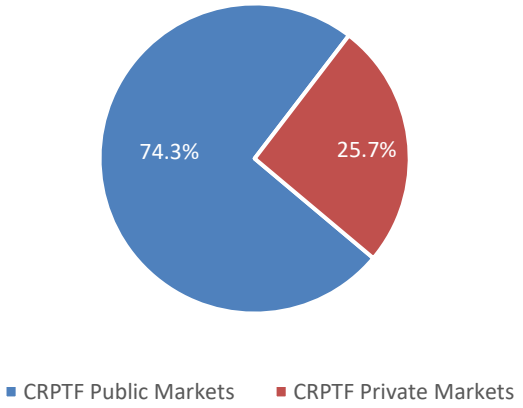
** Adjusted Valuation as of 12/31/20*

*** Adjusted Valuation as of 03/31/21*

Ci³ Net Asset Value by Asset Class



CRTPF Public vs. Private Allocations



Developed Markets Equity Ci³ Sub-Advisors

Xponance Developed Equity Sub-Advisors	Strategy	Diverse Ownership		Assets as of 03/31/21
Bayard Asset Management	Deep Value	Asian Owned	$	32,814,694
Channing Global	Quality / GARP	African American Owned	$	21,334,642
Denali Advisors	Value	Native American Owned	$	36,619,743
Frontier Global	Quality / Growth	Hispanic Owned	$	32,513,311
Martin Investment Management	Defensive	Woman Owned	$	27,633,203
Redwood Investments	Growth (Quant)	Woman Owned	$	33,860,558
Trinity Alps	Cyclical Growth	Asian Owned	$	33,382,756
Total Market Value ……			**$**	**218,158,907**

Source: CRPTF Staff

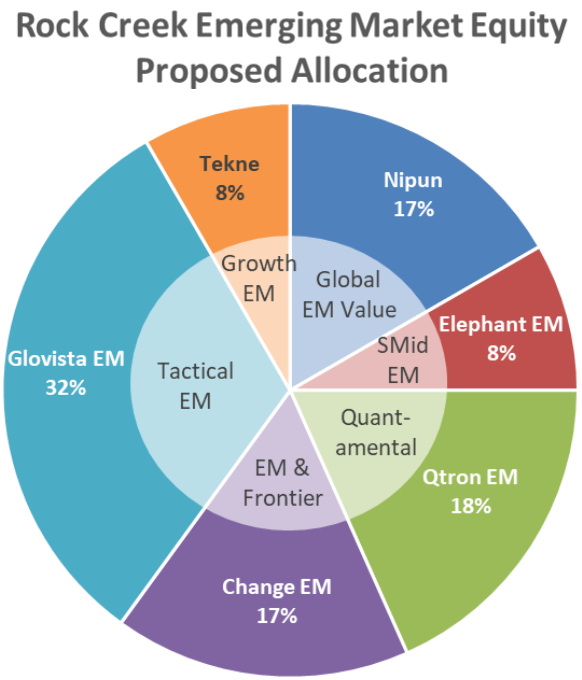
Xponance EAFE Allocation

Emerging Markets Equity Ci³ Sub-Advisors

Rock Creek Emerging Equity Sub-Advisors	Strategy	Diverse Ownership		Proposed Allocation
Nipun	Global EM Value	Asian Owned	$	50,000,000
Elephant EM	Small Midcap EM	Woman / Asian Owned	$	25,000,000
Qtron EM	Quantamental EM	Woman / Asian Owned	$	55,000,000
Change EM	EM & Frontier Markets	Woman Owned	$	50,000,000
Glovista EM	Tactical EM	Hispanic Owned	$	95,000,000
Tekne	Concentrated Growth EM	Asian Owned	$	25,000,000

Total Anticipated Allocation ..... $ 300,000,000

Source: Rock Creek Group

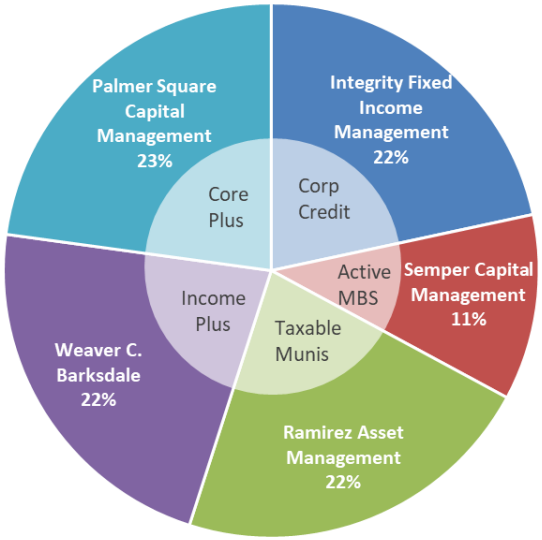


Global Fixed Income Ci³ Sub-Advisors

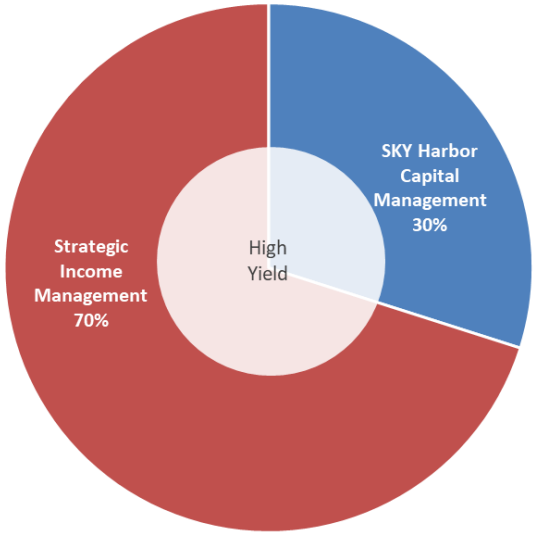
Attucks Global Fixed Income Sub-Advisors	Strategy	Diverse Ownership		Assets as of 03/31/21
Integrity Fixed Income Management	Core Gov't / Credit	Woman Owned	$	56,906,969
Semper Capital Management	Core Active MBS	African American Owned	$	29,581,586
Ramirez Asset Management	Core Taxable Munis	Hispanic Owned	$	58,048,915
Weaver C. Barksdale	Core Plus	Woman Owned	$	58,453,384
Palmer Square Capital Management	Core Income Plus	Woman Owned	$	60,057,642
SKY Harbor Capital Management	Broad High Yield	Woman Minority Owned	$	30,332,695
Strategic Income Management	High Yield	Emerging	$	71,089,718
RVX Asset Management	EM Credit	Hispanic Owned	$	83,980,495
New Century Advisors	EM Sovereign	Woman Owned	$	42,703,489
Total Market Value ……			**$**	**491,154,893**

Source: CRPTF Staff

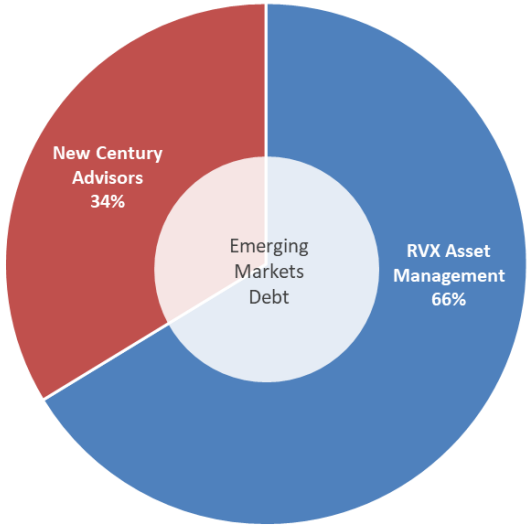
Attucks Core Fixed Income Allocation



Attucks High Yield Allocation



Attucks Emerging Market Debt Allocation



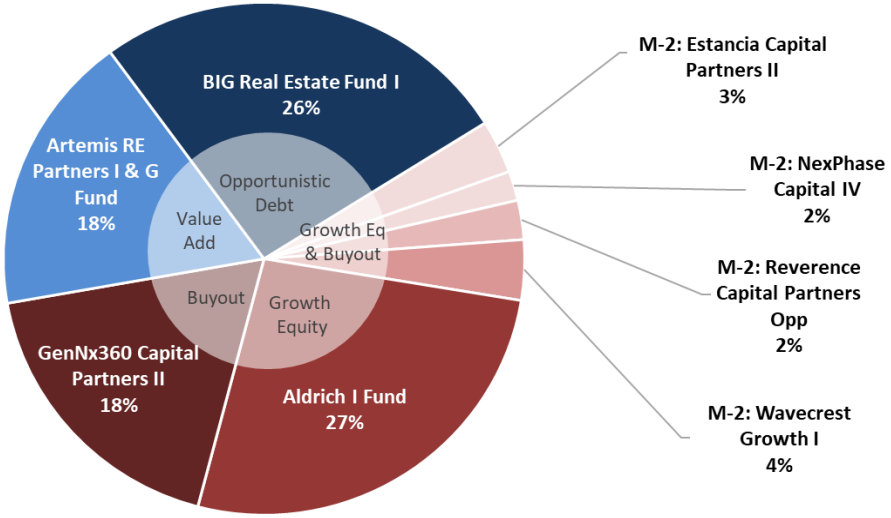
Private Markets Ci³ Partners

Ci³ Alternative Fund Partnership	Investment	Strategy	Diverse Ownership	Net Asset Value	Vintage Year
M-2 - Freeman CI3 Investment Fund	Estancia Capital Partners	Buyout	Hispanic Owned	$ 5,284,238	2018
M-2 - Freeman CI3 Investment Fund	NexPhase Capital IV	Buyout	Asian Owned	$ 2,909,781	2019
M-2 - Freeman CI3 Investment Fund	Reverence Capital Partner	Buyout	Emerging	$ 3,893,568	2018
M-2 - Freeman CI3 Investment Fund	Wavecrest Growth I	Growth Equity	Asian Owned	$ 5,970,615	2017
Aldrich I Fund	Aldrich I Fund	Growth Equity	Asian Owned	$ 43,438,470	2018
GenNx360 Capital Partners II	GenNx360 Capital Partner	Buyout	African-American Owned	$ 29,401,768	2014
Artemis RE Partners I & G Fund	Artemis RE Partners I & G	Value-Add Real Estate	Woman Owned	$ 27,837,071	2019
Basis Investment Group Fund	BIG Real Estate Fund I	Opportunistic Debt	Woman Owned	$ 41,103,385	2018

Total Net Asset Value ..... $ 159,838,896

Source: CRPTF, Valuation Dates: 3/31/21, except Basis & M-2 Investments: 12/31/20

Private Equity and Real Assets Allocation



Manager Performance & Commentary

Performance for Ci^3 Mandates : Public Markets

- Still very early to report on new Ci^3 Public Market mandates
  - Two of three Ci^3 Public Market MoMs were invested in February 2021 (**Xponance** and **Attucks**) have less than one quarter of performance history on 3/31
  - **Rock Creek Group** was funded in May 2021 with two of six sub-managers with expectation of full mandate ramp-up by Q3-2021
  - Next quarterly IAC report on the Ci^3 Program will include the performance of all the Public Market MoMs

Performance for Ci^3 Mandates : Private Markets

Ci^3 Alternative Partners	Vintage	Commitment	Contributed Capital	Unfunded Commitment	Market Value	SI-IRR	SI-TVPI
Private Investment Fund							
M2 - CT Horizon Legacy Fund, L.P.	2008	$ 15,000,000	$ 12,599,950	$ 2,566,933	$ 913,573	-5.64	0.72x
M2 - Connecticut Emerging Private Equity Fund-of-Funds, L.P.	2007	$ 105,000,000	$ 105,585,473	$ 6,426,245	$ 48,317,224	7.74	1.44x
M2 - Freeman CT Horizon Investment Fund, LLC	2019	$ 50,000,000	$ 14,577,752	$ 35,930,492	$ 15,520,561	2.82	1.03x
Aldrich Capital Partners Fund, L.P.	2018	$ 50,000,000	$ 28,448,050	$ 21,551,950	$ 43,438,470	26.52	1.51x
GenNx360 Capital Partners II, L.P.	2014	$ 25,000,000	$ 29,467,396	$ 1,479,821	$ 29,401,768	15.18	1.61x
Sub Total Private Investment Fund:		**$ 245,000,000**	**$ 190,678,621**	**$ 67,955,441**	**$ 129,965,801**	**7.55**	**1.35x**
Real Asset Fund							
BIG Real Estate Fund I, L.P.	2018	$ 65,000,000	$ 59,150,531	$ 22,545,616	$ 41,103,385	8.81	1.11x
Artemis Real Estate Partners Income & Growth Fund, L.P.	2019	$ 100,000,000	$ 31,216,135	$ 70,265,718	$ 27,837,071	-5.45	0.94x
Sub Total Real Asset Fund:		**$ 165,000,000**	**$ 90,366,666**	**$ 92,811,334**	**$ 70,214,653**	**4.51**	**1.05x**
Total Private Markets Ci3 Mandates		**$ 410,000,000**	**$ 281,045,287**	**$ 160,766,775**	**$ 200,180,454**	**7.39**	**1.26x**

Source: Burgiss Private I, Valuation Dates: M2 and BIG: 12/31/20, Artemis, Aldrich and GenNx360: 3/31/21

- **Artemis** and **Basis** have funds still in the J-curve and trending very well in their respective Alternative strategies
- **Aldrich** and **GenNx360** are performing well and on track for solid performance
- **Muller & Monroe (M^2)** : Two funds are winding down
  - CT Horizon Legacy Mandate is in liquidation – originally another mandate transferred to M^2
  - CT Emerging PE FoF assets were sold in the secondary market due to limited upside in fund
- **M^2** : Freeman CT Horizon Investment Fund is tracking well with 30% of portfolio committed with solid pipeline of sub-advisors

Program Diversity Statistics

Ci³ Diversity Statistics of Current Managers

	Ci³ Sub-Advisors			
Diversity Classification	**Number of Sub-Advisors**	**% of Total Advisors**	**Net Asset Value**	**% of NAV of All Sub-Advisors**
African American Owned	4	16.7%	$ 121,421,381	14.0%
Woman Owned	8	33.3%	$ 348,555,701	40.1%
Hispanic Owned	4	16.7%	$ 179,826,959	20.7%
Asian Owned	6	25.0%	$ 151,029,627	17.4%
Native American Owned	1	4.2%	$ 36,619,743	4.2%
Veteran Owned	1	4.2%	$ 29,581,586	3.4%
Connecticut Based	1	4.2%	$ 30,332,695	3.5%
Emerging Manager	24	100.0%	$ 869,152,696	100.0%

Total Number of Managers **8**

Total Net Asset Value **$ 869,152,696**

Source: CRPTF

	CRPTF Diversity Classified Managers			
Diversity Classification	**Number of Managers**	**% of Total Advisors**	**Net Asset Value**	**% of NAV of All Diverse Managers**
Connecticut Based	7	23.3%	$ 5,013,560,630	36.3%
Women Owned	10	33.3%	$ 6,565,635,908	47.5%
Minority Owned	21	70.0%	$ 8,224,881,073	59.6%

Total Number of Managers **30**
Total Number of Investments **52**

Total Net Asset Value **$ 13,811,505,946**

Source: CRPTF

2021 Program Initiatives

2021 Initiatives for the Ci^3 Program

- Conduct search for Ci^3 Partners in the Private Markets Asset Classes
  - Search for new GP relationship in the Private Equity & Real Assets asset classes
  - Recommend managers for new Ci^3 Private Markets partners in Fall 2021
  - Source new managers for the Alternative Investment Fund post asset class restructuring

- Transition Candidates to Broader CRPTF
  - Began discussions with Public Market MoMs to identify program for transition to broader portfolio
  - PFM will target early 2022 for consideration of transitioning managers

- Inaugural Ci^3 Investment Conference – anticipated in Q4 2021
  - Hybrid event – virtual and in-person at 165 Capitol Avenue
  - Foster greater awareness of Ci^3 program & source undiscovered and emerging firms to Staff and its partners
  - Engagement with Connecticut based institutional investors with regards to emerging managers (e.g., Endowments & Foundations, Municipal and Corporate Plans)

Watchlist for Transition to Broader CRPTF

REDWOOD INVESTMENTS

- Co-CIO / female founded firm.
- Redwood focuses on high quality companies with strong fundamentals and attractive valuations, implemented through a combination of a quantitative model and in-depth fundamental analysis.
- Their quant alpha model is dynamic in nature. When their "Volatility" indicator demonstrates a "Rising Volatility" market environment, their model will shift from Revision/Momentum factors to Valuation/Stability/Quality factors, and vice versa.
- **Possible Candidate for Expansion Tier**

PALMER SQUARE CAPITAL MANAGEMENT®

- CIO/ female owner (since 2013) was a leader on Wall Street in this niche with decades of experience.
- Corporate and structured credit boutique that seeks to exploit absolute and relative value opportunities while mitigating interest rate and credit risks.
- Top-notch intellectual capital, track record of performance. Multi-step, holistic investment process is consistently applied by a team with experience through multiple credit cycles. Utilize proprietary structured credit modeling, fundamental credit analysis and scenario analysis. Unique in the emerging manager universe.
- **Possible Candidate for Expansion Tier**

SKY HARBOR GLOBAL FUNDS

- Firm is 100% female-led; private equity firm stake is passive. The founders seek to rework ownership structure over 3-5 years. Founders Hannah Strasser and Anne Yobage have invested together through multiple market cycles over 30+ years, focused exclusively on the unique risks and opportunities in the high yield market, and are well-respected in the industry (pioneers in short duration high yield).
- SKY Harbor constructs portfolios using a proprietary quantitative framework that balances risks and opportunities to outperform the benchmark with lower volatility of returns.
- **Possible Candidate for Expansion Tier**

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