

# City of Quincy Retirement System

March 31, 2023

Interim Update

## Agenda

1. Executive Summary
  - March Market Overview
  - Manager Highlights
2. Interim Update as of March 31, 2023
3. Non-Core Real Estate Finalist Overviews
4. Disclaimer, Glossary & Notes

## **Executive Summary**

## Manager Highlights

#### Loomis Sayles High Yield

→ Loomis lagged its benchmark in March, returning 0.4% vs. the benchmark 1.1%.

- Underperformance was driven primarily by security selection. Yield curve positioning also weighed on performance throughout the month. Convertibles, high yield credit, and securitized sectors were the main detractors.

→ The allocation to convertibles limited performance for the month. On an absolute basis, performance in the sector had the greatest negative impact in the strategy. Exposure to securities issued by Dish Network detracted the most from performance.

→ Since inception, Loomis has returned 4.4%, trailing the benchmark, which has returned 5.0% over that period.

#### IFM Global Infrastructure

→ IFM outperformed its benchmark by 1.3% in March, posting a return of 2.0% vs the benchmark's 0.7%.

→ In the first quarter of 2023, IFM trailed the benchmark by 0.3%, returning 2.6% net of fees.

- The portfolio quarterly return was primarily driven by the increase in the share price of two listed assets, Vienna International Airport and Naturgy Energy Group. Top performers for the quarter were Vienna Airport (+15.3%), Naturgy (+10.5%) and Veolia Energia Polska (+10.4%) on a local currency basis.
- Arqiva Limited and Colonial Pipeline Company continued to be held at the low point of the valuation for the quarter.

→ Since inception, IFM has returned 10.8%, (through 3/31/23) outpacing the benchmark by 1.6%, net of fees.

#### Brown Small Cap Fundamental Value

→ Brown beat its benchmark by 0.2% in March, posting a return of -7.0 % vs the benchmark's -7.2%.

- The portfolio's IT, materials, and real estate holdings provided positive contribution, relative to the benchmark, for the month. Among the top five contributors were CTS Corporation (CTS), Onto Innovation (ONTO), and La-Z-Boy Incorporated (LZB).

→ Since inception, Brown has returned 7.1%, trailing the Russell 2000 Value by 0.4%, net of fees.

#### Driehaus Emerging Markets Growth

→ Driehaus outperformed its benchmark by 0.4% in the first quarter, posting a return of 4.4% vs the benchmark's 4.0%.

- Holdings in tech hardware and financials were the largest source of positive relative results.
- Utilities also contributed positively in the first quarter, particularly those whose valuation saw support from lower bond yields.

→ Since inception, Driehaus has returned 4.7%, well outpacing its benchmark which returned 1.0% over the period.

**Interim Update**  
**As of March 31, 2023**

Allocation vs. Targets and Policy				
	Current Balance	Current Allocation	Policy	Policy Range
US Equity	\$180,042,994	22%	24%	19% - 29%
Developed Market Equity	\$97,930,380	12%	13%	8% - 18%
Emerging Market Equity	\$61,849,763	8%	12%	7% - 17%
Investment Grade Bonds	\$73,147,868	9%	5%	2% - 8%
Long-Term Government Bonds	\$25,808,290	3%	7%	2% - 12%
TIPS	\$16,094,302	2%	4%	1% - 7%
Emerging Market Bonds	--	--	2%	0% - 4%
High Yield Bonds	\$39,968,799	5%	6%	3% - 9%
Bank Loans	\$8,224,535	1%	2%	0% - 4%
Private Equity	\$132,495,859	16%	10%	5% - 15%
Real Estate	\$84,614,142	10%	10%	5% - 15%
Natural Resources	\$17,731,903	2%	3%	0% - 6%
Infrastructure	\$12,507,213	2%	2%	0% - 5%
Opportunistic	\$36,948,226	5%	0%	0% - 5%
Balanced Assets	\$14,638,479	2%	--	--
Cash	\$8,049,238	1%	0%	0% - 5%
<b>Total</b>	<b>\$810,051,992</b>	<b>100%</b>	<b>100%</b>	
	Current Balance	Current Allocation	Policy	Policy Range
Total Equity Including PE	\$472,318,996	58%	59%	--
Total Fixed Income	\$163,243,794	20%	26%	--
Real Assets	\$114,853,258	14%	15%	--
Other	\$59,635,943	8%	0%	--



Asset Class Performance Summary											
	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)	Inception (%)	Inception Date
<b>Total Retirement System (gross)</b>	<b>810,051,992</b>	<b>100.0</b>	<b>1.6</b>	<b>3.9</b>	<b>-4.4</b>	<b>12.1</b>	<b>6.9</b>	<b>7.1</b>	<b>7.3</b>	<b>8.2</b>	<b>Jan-89</b>
<b>Total Retirement System</b>			<b>1.6</b>	<b>3.9</b>	<b>-4.5</b>	<b>11.9</b>	<b>6.7</b>	<b>6.8</b>	<b>7.0</b>	<b>7.8</b>	
<b>Domestic Equity Assets</b>	<b>180,042,994</b>	<b>22.2</b>	<b>1.6</b>	<b>5.7</b>	<b>-7.4</b>	<b>18.6</b>	<b>9.7</b>	<b>11.2</b>	<b>10.3</b>	<b>9.8</b>	<b>Jul-93</b>
<i>Russell 3000</i>			<i>2.7</i>	<i>7.2</i>	<i>-8.6</i>	<i>18.5</i>	<i>10.4</i>	<i>11.7</i>	<i>10.4</i>	<i>9.7</i>	<i>Jul-93</i>
<b>International Developed Market Equity Assets</b>	<b>97,930,380</b>	<b>12.1</b>	<b>2.1</b>	<b>8.4</b>	<b>-3.3</b>	<b>13.0</b>	<b>2.1</b>	<b>4.5</b>	<b>6.6</b>	<b>4.8</b>	<b>Feb-98</b>
<i>MSCI EAFE</i>			<i>2.5</i>	<i>8.5</i>	<i>-1.4</i>	<i>13.0</i>	<i>3.5</i>	<i>5.0</i>	<i>7.3</i>	<i>4.6</i>	<i>Feb-98</i>
<b>International Emerging Market Equity Assets</b>	<b>61,849,763</b>	<b>7.6</b>	<b>2.8</b>	<b>4.5</b>	<b>-10.3</b>	<b>12.2</b>	<b>3.0</b>	<b>3.1</b>	<b>--</b>	<b>5.8</b>	<b>Sep-08</b>
<i>MSCI Emerging Markets</i>			<i>3.0</i>	<i>4.0</i>	<i>-10.7</i>	<i>7.8</i>	<i>-0.9</i>	<i>2.0</i>	<i>9.3</i>	<i>2.7</i>	<i>Sep-08</i>
<b>Investment Grade Bond Assets</b>	<b>73,147,868</b>	<b>9.0</b>	<b>2.8</b>	<b>4.0</b>	<b>-8.0</b>	<b>-3.9</b>	<b>0.2</b>	<b>1.0</b>	<b>3.0</b>	<b>4.2</b>	<b>Jul-93</b>
<i>Bloomberg US Aggregate TR</i>			<i>2.5</i>	<i>3.0</i>	<i>-4.8</i>	<i>-2.8</i>	<i>0.9</i>	<i>1.4</i>	<i>3.2</i>	<i>4.5</i>	<i>Jul-93</i>
<b>Long-Term Government Bond Assets</b>	<b>25,808,290</b>	<b>3.2</b>	<b>2.9</b>	<b>4.3</b>	<b>-9.2</b>	<b>-3.9</b>	<b>1.3</b>	<b>--</b>	<b>--</b>	<b>1.9</b>	<b>Dec-15</b>
<i>PRIT Core Fixed Income</i>			<i>3.2</i>	<i>4.5</i>	<i>-9.0</i>	<i>-3.9</i>	<i>1.4</i>	<i>2.3</i>	<i>3.7</i>	<i>1.9</i>	<i>Dec-15</i>
<b>TIPS Assets</b>	<b>16,094,302</b>	<b>2.0</b>	<b>2.9</b>	<b>3.5</b>	<b>-6.1</b>	<b>1.7</b>	<b>2.9</b>	<b>1.5</b>	<b>--</b>	<b>3.6</b>	<b>Mar-07</b>
<i>Bloomberg US TIPS TR</i>			<i>2.9</i>	<i>3.3</i>	<i>-6.1</i>	<i>1.8</i>	<i>2.9</i>	<i>1.5</i>	<i>3.9</i>	<i>3.6</i>	<i>Mar-07</i>
<b>High Yield Bond Assets</b>	<b>39,968,799</b>	<b>4.9</b>	<b>0.8</b>	<b>3.0</b>	<b>-2.9</b>	<b>6.3</b>	<b>3.4</b>	<b>3.7</b>	<b>--</b>	<b>5.3</b>	<b>Apr-07</b>
<i>Bloomberg US High Yield TR</i>			<i>1.1</i>	<i>3.6</i>	<i>-3.3</i>	<i>5.9</i>	<i>3.2</i>	<i>4.1</i>	<i>7.1</i>	<i>5.9</i>	<i>Apr-07</i>
<b>Bank Loan Assets</b>	<b>8,224,535</b>	<b>1.0</b>	<b>0.0</b>	<b>3.7</b>	<b>2.0</b>	<b>7.8</b>	<b>3.3</b>	<b>--</b>	<b>--</b>	<b>3.3</b>	<b>Aug-14</b>
<i>Credit Suisse Leveraged Loans</i>			<i>-0.1</i>	<i>3.1</i>	<i>2.1</i>	<i>8.4</i>	<i>3.5</i>	<i>3.9</i>	<i>4.7</i>	<i>3.7</i>	<i>Aug-14</i>
<b>Total Real Estate</b>	<b>84,614,142</b>	<b>10.4</b>	<b>-2.3</b>	<b>-2.0</b>	<b>-2.0</b>	<b>6.1</b>	<b>6.0</b>	<b>8.2</b>	<b>--</b>	<b>--</b>	<b>Jan-89</b>
<i>NCREIF ODCE</i>			<i>-3.2</i>	<i>-3.2</i>	<i>-3.1</i>	<i>8.4</i>	<i>7.5</i>	<i>9.5</i>	<i>8.1</i>	<i>7.4</i>	<i>Jan-89</i>

Some asset classes may show skewed performance relative to month over month changes in market value, this is due to PRIM General Allocation funds having their performance user entered while their market values are estimated using PRIM's current asset allocation.

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)	Inception (%)	Inception Date
<b>Private Equity Assets</b>	<b>132,495,859</b>	<b>16.4</b>									
<b>Natural Resources Assets</b>	<b>17,731,903</b>	<b>2.2</b>									
<b>Infrastructure Assets</b>	<b>12,507,213</b>	<b>1.5</b>									
<b>Opportunistic Assets</b>	<b>36,948,226</b>	<b>4.6</b>									
<b>Balanced Assets (PRIT General Allocation Fund)</b>	<b>14,638,479</b>	<b>1.8</b>	<b>1.2</b>	<b>3.7</b>	<b>-5.5</b>	<b>11.5</b>	<b>7.1</b>	<b>7.9</b>	<b>8.4</b>	<b>8.3</b>	<b>Apr-90</b>
<i>60% Wilshire 5000 &amp; 40% Barclays Aggregate</i>			<i>2.7</i>	<i>5.6</i>	<i>-6.8</i>	<i>10.0</i>	<i>7.1</i>	<i>7.8</i>	<i>7.9</i>	<i>8.4</i>	<i>Apr-90</i>
<b>Cash</b>	<b>8,049,238</b>	<b>1.0</b>									

	Trailing Net Performance											Inception (%)	Inception Date
	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)			
<b>Total Retirement System (gross)</b>	<b>810,051,992</b>	<b>100.0</b>	<b>--</b>	<b>1.6</b>	<b>3.9</b>	<b>-4.4</b>	<b>12.1</b>	<b>6.9</b>	<b>7.1</b>	<b>7.3</b>	<b>8.2</b>	<b>Jan-89</b>	
<b>Total Retirement System</b>				<b>1.6</b>	<b>3.9</b>	<b>-4.5</b>	<b>11.9</b>	<b>6.7</b>	<b>6.8</b>	<b>7.0</b>	<b>7.8</b>		
<b>Domestic Equity Assets</b>	<b>180,042,994</b>	<b>22.2</b>	<b>22.2</b>	<b>1.6</b>	<b>5.7</b>	<b>-7.4</b>	<b>18.6</b>	<b>9.7</b>	<b>11.2</b>	<b>10.3</b>	<b>9.8</b>	<b>Jul-93</b>	
<i>Russell 3000</i>				<i>2.7</i>	<i>7.2</i>	<i>-8.6</i>	<i>18.5</i>	<i>10.4</i>	<i>11.7</i>	<i>10.4</i>	<i>9.7</i>	<i>Jul-93</i>	
RhumbLine Russell 1000 Growth Index	23,092,328	2.9	12.8	6.8	14.3	-10.9	18.6	13.7	14.5	--	11.0	Jun-05	
<i>Russell 1000 Growth</i>				<i>6.8</i>	<i>14.4</i>	<i>-10.9</i>	<i>18.6</i>	<i>13.7</i>	<i>14.6</i>	<i>11.6</i>	<i>11.1</i>	<i>Jun-05</i>	
RhumbLine Russell 1000 Value Index	26,560,397	3.3	14.8	-0.5	1.0	-5.9	17.9	7.5	9.1	--	7.4	Jun-05	
<i>Russell 1000 Value</i>				<i>-0.5</i>	<i>1.0</i>	<i>-5.9</i>	<i>17.9</i>	<i>7.5</i>	<i>9.1</i>	<i>9.2</i>	<i>7.4</i>	<i>Jun-05</i>	
Rhumbline QSI Index	30,591,761	3.8	17.0	1.9	4.1	-6.1	17.7	10.0	--	--	11.0	Aug-13	
<i>QSI Index</i>				<i>1.9</i>	<i>4.1</i>	<i>-6.1</i>	<i>17.8</i>	<i>10.0</i>	<i>11.7</i>	<i>10.7</i>	<i>11.1</i>	<i>Aug-13</i>	
<i>Russell 3000</i>				<i>2.7</i>	<i>7.2</i>	<i>-8.6</i>	<i>18.5</i>	<i>10.4</i>	<i>11.7</i>	<i>10.4</i>	<i>11.2</i>	<i>Aug-13</i>	
Brown Small Cap Fundamental Value	16,292,639	2.0	9.0	-7.0	-0.8	-4.2	22.0	4.6	--	--	7.1	Jul-16	
<i>Russell 2000 Value</i>				<i>-7.2</i>	<i>-0.7</i>	<i>-13.0</i>	<i>21.0</i>	<i>4.5</i>	<i>7.2</i>	<i>9.2</i>	<i>7.5</i>	<i>Jul-16</i>	
PRIT General Allocation Domestic Equity	83,505,869	10.3	46.4	2.6	7.1	-7.9	--	--	--	--	-10.3	Jan-22	
<i>PRIT Domestic Equity Benchmark</i>				<i>2.4</i>	<i>6.8</i>	<i>-8.4</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>-10.6</i>	<i>Jan-22</i>	
<b>International Developed Market Equity Assets</b>	<b>97,930,380</b>	<b>12.1</b>	<b>12.1</b>	<b>2.1</b>	<b>8.4</b>	<b>-3.3</b>	<b>13.0</b>	<b>2.1</b>	<b>4.5</b>	<b>6.6</b>	<b>4.8</b>	<b>Feb-98</b>	
<i>MSCI EAFE</i>				<i>2.5</i>	<i>8.5</i>	<i>-1.4</i>	<i>13.0</i>	<i>3.5</i>	<i>5.0</i>	<i>7.3</i>	<i>4.6</i>	<i>Feb-98</i>	
SSgA MSCI EAFE Index	40,605,015	5.0	41.5	2.5	8.5	-1.0	13.3	3.9	5.3	--	5.3	Oct-09	
<i>MSCI EAFE</i>				<i>2.5</i>	<i>8.5</i>	<i>-1.4</i>	<i>13.0</i>	<i>3.5</i>	<i>5.0</i>	<i>7.3</i>	<i>5.0</i>	<i>Oct-09</i>	
Axiom International Small Cap Equity	11,081,080	1.4	11.3	1.5	7.3	-13.1	--	--	--	--	8.3	May-20	
<i>S&amp;P Developed Ex-U.S. SmallCap</i>				<i>0.3</i>	<i>6.6</i>	<i>-8.9</i>	<i>13.2</i>	<i>1.2</i>	<i>5.7</i>	<i>9.5</i>	<i>9.4</i>	<i>May-20</i>	
<i>MSCI EAFE Small Cap</i>				<i>-0.2</i>	<i>4.9</i>	<i>-9.8</i>	<i>12.1</i>	<i>0.9</i>	<i>5.9</i>	<i>9.5</i>	<i>8.7</i>	<i>May-20</i>	
PRIT General Allocation Int. Equity	46,244,286	5.7	47.2	1.9	8.5	-2.8	--	--	--	--	-8.0	Jan-22	
<i>Custom MSCI World Ex-US IMI Net Divs</i>				<i>1.9</i>	<i>7.6</i>	<i>-4.0</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>-7.2</i>	<i>Jan-22</i>	

### Total Retirement System | As of March 31, 2023

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)	Inception (%)	Inception Date
<b>International Emerging Market Equity Assets</b>	<b>61,849,763</b>	<b>7.6</b>	<b>7.6</b>	<b>2.8</b>	<b>4.5</b>	<b>-10.3</b>	<b>12.2</b>	<b>3.0</b>	<b>3.1</b>	<b>--</b>	<b>5.8</b>	<b>Sep-08</b>
<i>MSCI Emerging Markets</i>				3.0	4.0	-10.7	7.8	-0.9	2.0	9.3	2.7	Sep-08
Driehaus Emerging Markets Growth	36,154,854	4.5	58.5	3.4	4.4	-10.6	9.7	--	--	--	4.7	Mar-19
<i>MSCI Emerging Markets</i>				3.0	4.0	-10.7	7.8	-0.9	2.0	9.3	1.0	Mar-19
Acadian Emerging Markets Small Cap	9,171,172	1.1	14.8	1.9	3.6	-11.0	21.6	3.3	--	--	6.1	Jun-14
<i>MSCI Emerging Markets Small Cap</i>				0.9	3.9	-11.0	20.7	1.8	3.2	10.4	3.2	Jun-14
PRIT General Allocation EME	16,523,738	2.0	26.7	2.3	5.1	-9.4	--	--	--	--	-11.8	Jan-22
<i>Custom MSCI Emerging Market IMI Net Divs</i>				2.3	3.5	-11.2	--	--	--	--	-13.8	Jan-22
<b>Investment Grade Bond Assets</b>	<b>73,147,868</b>	<b>9.0</b>	<b>9.0</b>	<b>2.8</b>	<b>4.0</b>	<b>-8.0</b>	<b>-3.9</b>	<b>0.2</b>	<b>1.0</b>	<b>3.0</b>	<b>4.2</b>	<b>Jul-93</b>
<i>Bloomberg US Aggregate TR</i>				2.5	3.0	-4.8	-2.8	0.9	1.4	3.2	4.5	Jul-93
SSgA U.S. Aggregate Bond Index-NL	20,878,148	2.6	28.5	2.5	3.1	-4.8	-2.7	0.9	1.4	--	3.0	Apr-04
<i>Bloomberg US Aggregate TR</i>				2.5	3.0	-4.8	-2.8	0.9	1.4	3.2	3.1	Apr-04
PRIT General Allocation Core FI	52,269,720	6.5	71.5	3.0	4.3	-9.1	--	--	--	--	-12.0	Jan-22
<i>PRIT Core Fixed Income</i>				3.2	4.5	-9.0	-3.9	1.4	2.3	3.7	-11.9	Jan-22
<b>Long-Term Government Bond Assets</b>	<b>25,808,290</b>	<b>3.2</b>	<b>3.2</b>	<b>2.9</b>	<b>4.3</b>	<b>-9.2</b>	<b>-3.9</b>	<b>1.3</b>	<b>--</b>	<b>--</b>	<b>1.9</b>	<b>Dec-15</b>
<i>PRIT Core Fixed Income</i>				3.2	4.5	-9.0	-3.9	1.4	2.3	3.7	1.9	Dec-15
PRIT Core Fixed Income	25,808,290	3.2	100.0	2.9	4.3	-9.2	-3.9	1.3	--	--	1.9	Dec-15
<i>PRIT Core Fixed Income</i>				3.2	4.5	-9.0	-3.9	1.4	2.3	3.7	1.9	Dec-15
<b>TIPS Assets</b>	<b>16,094,302</b>	<b>2.0</b>	<b>2.0</b>	<b>2.9</b>	<b>3.5</b>	<b>-6.1</b>	<b>1.7</b>	<b>2.9</b>	<b>1.5</b>	<b>--</b>	<b>3.6</b>	<b>Mar-07</b>
<i>Bloomberg US TIPS TR</i>				2.9	3.3	-6.1	1.8	2.9	1.5	3.9	3.6	Mar-07
SSgA TIPS Index	16,094,302	2.0	100.0	2.9	3.5	-6.1	1.7	2.9	1.5	--	3.6	Mar-07
<i>Bloomberg US TIPS TR</i>				2.9	3.3	-6.1	1.8	2.9	1.5	3.9	3.6	Mar-07

Total Retirement System | As of March 31, 2023

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)	Inception (%)	Inception Date
<b>High Yield Bond Assets</b>	<b>39,968,799</b>	<b>4.9</b>	<b>4.9</b>	<b>0.8</b>	<b>3.0</b>	<b>-2.9</b>	<b>6.3</b>	<b>3.4</b>	<b>3.7</b>	<b>--</b>	<b>5.3</b>	<b>Apr-07</b>
<i>Bloomberg US High Yield TR</i>				<i>1.1</i>	<i>3.6</i>	<i>-3.3</i>	<i>5.9</i>	<i>3.2</i>	<i>4.1</i>	<i>7.1</i>	<i>5.9</i>	<i>Apr-07</i>
Loomis Sayles High Yield Conservative	11,662,054	1.4	29.2	0.4	2.6	-6.1	4.8	2.1	3.2	--	4.4	Feb-12
<i>Bloomberg US High Yield TR</i>				<i>1.1</i>	<i>3.6</i>	<i>-3.3</i>	<i>5.9</i>	<i>3.2</i>	<i>4.1</i>	<i>7.1</i>	<i>5.0</i>	<i>Feb-12</i>
Columbia High Yield	11,709,076	1.4	29.3	1.5	3.7	-2.6	5.7	3.6	--	--	3.8	Dec-16
<i>Bloomberg US High Yield TR</i>				<i>1.1</i>	<i>3.6</i>	<i>-3.3</i>	<i>5.9</i>	<i>3.2</i>	<i>4.1</i>	<i>7.1</i>	<i>3.9</i>	<i>Dec-16</i>
PRIT General Allocation Value Added FI	16,597,669	2.0	41.5	0.6	2.8	-1.0	--	--	--	--	-2.2	Jan-22
<i>PRIT Public Value-Added Fixed Income</i>				<i>0.6</i>	<i>3.2</i>	<i>-1.5</i>	<i>5.9</i>	<i>1.9</i>	<i>2.1</i>	<i>5.8</i>	<i>-3.9</i>	<i>Jan-22</i>
<b>Bank Loan Assets</b>	<b>8,224,535</b>	<b>1.0</b>	<b>1.0</b>	<b>0.0</b>	<b>3.7</b>	<b>2.0</b>	<b>7.8</b>	<b>3.3</b>	<b>--</b>	<b>--</b>	<b>3.3</b>	<b>Aug-14</b>
<i>Credit Suisse Leveraged Loans</i>				<i>-0.1</i>	<i>3.1</i>	<i>2.1</i>	<i>8.4</i>	<i>3.5</i>	<i>3.9</i>	<i>4.7</i>	<i>3.7</i>	<i>Aug-14</i>
Beach Point Loan Fund	8,224,535	1.0	100.0	0.0	3.7	2.0	7.8	3.3	--	--	3.3	Aug-14
<i>Credit Suisse Leveraged Loans</i>				<i>-0.1</i>	<i>3.1</i>	<i>2.1</i>	<i>8.4</i>	<i>3.5</i>	<i>3.9</i>	<i>4.7</i>	<i>3.7</i>	<i>Aug-14</i>

Total Retirement System | As of March 31, 2023

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)	Inception (%)	Inception Date
<b>Total Real Estate</b>	<b>84,614,142</b>	<b>10.4</b>	<b>10.4</b>	<b>-2.3</b>	<b>-2.0</b>	<b>-2.0</b>	<b>6.1</b>	<b>6.0</b>	<b>8.2</b>	<b>--</b>	<b>--</b>	<b>Jan-89</b>
<i>NCREIF ODCE</i>				-3.2	-3.2	-3.1	8.4	7.5	9.5	8.1	7.4	Jan-89
UBS Trumbull Property Income Fund	10,912,024	1.3	12.9	-2.2	-2.2	-2.7	5.1	5.1	6.7	7.1	7.2	Jan-89
<i>NCREIF ODCE (net)</i>				-3.4	-3.4	-3.9	7.5	6.6	8.5	7.1	6.4	Jan-89
UBS Trumbull Property Fund	2,672,098	0.3	3.2	-7.2	-7.2	-15.8	-0.4	0.0	4.2	5.5	6.1	Jan-89
<i>NCREIF ODCE (net)</i>				-3.4	-3.4	-3.9	7.5	6.6	8.5	7.1	6.4	Jan-89
JPMCB Strategic Property Fund	11,036,565	1.4	13.0	-1.3	-3.0	-3.5	7.2	--	--	--	6.6	Jan-19
<i>NCREIF ODCE (net)</i>				-3.4	-3.4	-3.9	7.5	6.6	8.5	7.1	6.5	Jan-19
AEW Partners VII	449,065	0.1	0.5									
Rockwood X	6,121,187	0.8	7.2									
Torchlight Debt Opportunity Fund VI	3,679,287	0.5	4.3									
TerraCap Partners IV (Institutional), L.P.	4,586,956	0.6	5.4									
Rockwood Capital Real Estate Partners Fund XI, L.P.	6,194,948	0.8	7.3									
PRIT General Allocation Real Estate	38,962,012	4.8	46.0	-2.5	-1.4	-0.7	--	--	--	--	5.7	Jan-22
<i>PRIT Real Estate Benchmark</i>				-5.0	-4.4	7.1	--	--	--	--	10.3	Jan-22

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)	Inception (%)	Inception Date
<b>Private Equity Assets</b>	<b>132,495,859</b>	<b>16.4</b>	<b>16.4</b>									
Adams Street Partners 2010	5,756,845	0.7	4.3									
Goldman Sachs Private Equity Partners 2005	462,364	0.1	0.3									
North American Strategic Partners 2006	28,181	0.0	0.0									
Brookfield Capital Partners IV	3,822,266	0.5	2.9									
PRIT Vintage Year 2001	62,598	0.0	0.0									
PRIT Vintage Year 2002	10,023	0.0	0.0									
Ridgemont Equity Partners II	6,120,659	0.8	4.6									
TA XII	3,052,668	0.4	2.3									
LLR Equity Partners V	6,700,541	0.8	5.1									
Wellspring Capital Partners VI	6,403,291	0.8	4.8									
Trilantic Capital Partners VI	5,919,769	0.7	4.5									
Brookfield Capital Partners V, L.P.	4,350,200	0.5	3.3									
FS Equity Partners VIII L.P.	6,402,330	0.8	4.8									
Ridgemont Equity Partners III	9,501,651	1.2	7.2									
Searchlight Capital III	4,121,619	0.5	3.1									
Charlesbank Technology Opportunities Fund	5,303,801	0.7	4.0									
LLR Equity Partners VI, L.P.	2,670,143	0.3	2.0									
PRIT General Allocation Private Equity	61,806,911	7.6	46.6	1.0	2.2	-6.5	--	--	--	--	-2.1	Jan-22
<i>State Street PE Index (SSPEI) All PE Excluding PD</i>				1.3	1.3	-6.1	--	--	--	--	-0.7	Jan-22

### Total Retirement System | As of March 31, 2023

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	20 Yrs (%)	Inception (%)	Inception Date
<b>Natural Resources Assets</b>	<b>17,731,903</b>	<b>2.2</b>	<b>2.2</b>									
Hancock Timberland IX	3,924,183	0.5	22.1									
PRIT General Allocation Timberland <i>NCREIF Timberland</i>	11,976,937	1.5	67.5	-1.7 1.7	-1.8 1.7	-2.3 11.3	-- 8.1	-- 5.5	-- 5.8	-- 7.0	-0.6 11.7	Jan-22 Jan-22
Oppenheimer Natural Resources	1,830,783	0.2	10.3									
<b>Infrastructure Assets</b>	<b>12,507,213</b>	<b>1.5</b>	<b>1.5</b>									
IFM Global Infrastructure (U.S.), L.P. <i>CPI+5%</i>	8,476,852	1.0	67.8	2.0 0.7	2.6 2.9	9.6 10.2	11.8 10.6	-- 9.1	-- 7.8	-- 7.6	10.8 9.2	Oct-18 Oct-18
Global Infrastructure Partners IV	4,030,362	0.5	32.2									
<b>Opportunistic Assets</b>	<b>36,948,226</b>	<b>4.6</b>	<b>4.6</b>									
HarbourVest Co-Investment Fund V, L.P.	4,940,198	0.6	13.4									
EnTrustPermal Special Opportunities Evergreen Fund, Ltd.	4,875,090	0.6	13.2									
PRIT General Allocation Hedge Funds <i>HFRI FOF Composite Index</i>	27,132,938	3.3	73.4	-0.8 -0.7	1.7 0.7	-1.1 -1.9	-- 7.0	-- 3.0	-- 3.2	-- 3.5	-0.2 -4.0	Jan-22 Jan-22
<b>Balanced Assets (PRIT General Allocation Fund)</b>	<b>14,638,479</b>	<b>1.8</b>	<b>1.8</b>	<b>1.2</b>	<b>3.7</b>	<b>-5.5</b>	<b>11.5</b>	<b>7.1</b>	<b>7.9</b>	<b>8.4</b>	<b>8.3</b>	<b>Apr-90</b>
<i>60% Wilshire 5000 &amp; 40% Barclays Aggregate</i>				2.7	5.6	-6.8	10.0	7.1	7.8	7.9	8.4	Apr-90
PRIT General Allocation <i>60% Wilshire 5000 &amp; 40% Barclays Aggregate</i>	14,638,479	1.8	100.0	1.2 2.7	3.7 5.6	-5.5 -6.8	11.5 10.0	7.1 7.1	7.9 7.8	8.4 7.9	8.3 8.4	Apr-90 Apr-90
<b>Cash</b>	<b>8,049,238</b>	<b>1.0</b>	<b>1.0</b>									
Cash Account <i>91 Day T-Bills</i>	7,533,739	0.9	93.6									
				0.4	1.1	2.5	0.9	1.3	0.8	1.2	1.2	Jan-02
PRIM Cash Account	515,499	0.1	6.4									



Cash Flow Summary

	Beginning Market Value	Contributions	Withdrawals	Net Investment Change	Ending Market Value	Month Return
Acadian Emerging Markets Small Cap	\$8,993,773	\$0	-\$9,553	\$186,952	\$9,171,172	1.87%
Adams Street Partners 2010	\$5,847,401	\$0	\$0	-\$90,556	\$5,756,845	-1.55%
AEW Partners VII	\$435,243	\$0	\$0	\$13,822	\$449,065	3.18%
Axiom International Small Cap Equity	\$10,913,736	\$0	-\$7,387	\$174,731	\$11,081,080	1.53%
Beach Point Loan Fund	\$8,226,429	\$0	-\$3,427	\$1,533	\$8,224,535	-0.02%
Brookfield Capital Partners IV	\$3,809,337	\$0	\$0	\$12,929	\$3,822,266	0.34%
Brookfield Capital Partners V, L.P.	\$4,149,982	\$0	\$0	\$200,218	\$4,350,200	4.82%
Brown Small Cap Fundamental Value	\$17,503,438	\$0	-\$14,935	-\$1,195,864	\$16,292,639	-7.00%
Cash Account	\$5,540,748	\$1,992,991	\$0	\$0	\$7,533,739	0.00%
Charlesbank Technology Opportunities Fund	\$5,687,621	\$0	-\$383,820	\$0	\$5,303,801	0.00%
Columbia High Yield	\$11,537,890	\$0	-\$4,001	\$175,186	\$11,709,076	1.48%
Driehaus Emerging Markets Growth	\$34,978,430	\$0	\$0	\$1,176,423	\$36,154,854	3.36%
EnTrustPermal Special Opportunities Evergreen Fund, Ltd.	\$4,436,100	\$0	\$0	\$438,990	\$4,875,090	9.90%
FS Equity Partners VIII L.P.	\$6,056,157	\$304,820	\$0	\$41,353	\$6,402,330	0.68%
Global Infrastructure Partners IV	\$3,985,938	\$0	\$0	\$44,424	\$4,030,362	1.11%
Goldman Sachs Private Equity Partners 2005	\$462,364	\$0	\$0	\$0	\$462,364	0.00%
Hancock Timberland IX	\$3,549,954	\$0	\$0	\$374,229	\$3,924,183	10.54%
HarbourVest Co-Investment Fund V, L.P.	\$4,538,578	\$0	\$0	\$401,620	\$4,940,198	8.85%
IFM Global Infrastructure (U.S.), L.P.	\$8,310,040	\$0	\$0	\$166,812	\$8,476,852	2.01%
JPMCB Strategic Property Fund	\$11,176,066	\$0	\$0	-\$139,501	\$11,036,565	-1.33%
LLR Equity Partners V	\$6,318,843	\$0	\$0	\$381,698	\$6,700,541	6.04%
LLR Equity Partners VI, L.P.	\$2,606,108	\$0	\$0	\$64,035	\$2,670,143	2.46%
Loomis Sayles High Yield Conservative	\$11,612,236	\$0	-\$4,373	\$54,191	\$11,662,054	0.39%
North American Strategic Partners 2006	\$65,081	\$0	-\$36,900	\$0	\$28,181	0.00%

Total Retirement System | As of March 31, 2023

	Beginning Market Value	Contributions	Withdrawals	Net Investment Change	Ending Market Value	Month Return
Oppenheimer Natural Resources	\$1,984,612	\$0	-\$153,830	\$0	\$1,830,783	0.00%
PRIM Cash Account	\$1,516,318	\$3,483,875	-\$4,500,000	\$15,306	\$515,499	1.03%
PRIT Core Fixed Income	\$25,069,585	\$0	-\$2,366	\$741,071	\$25,808,290	2.95%
PRIT General Allocation	\$14,730,178	\$0	-\$3,483,876	\$3,392,177	\$14,638,479	1.22%
PRIT General Allocation Core FI	\$51,949,179	\$0	\$0	\$320,542	\$52,269,720	2.96%
PRIT General Allocation Domestic Equity	\$83,508,492	\$0	\$0	-\$2,623	\$83,505,869	2.55%
PRIT General Allocation EME	\$16,791,654	\$0	\$0	-\$267,916	\$16,523,738	2.28%
PRIT General Allocation Hedge Funds	\$27,998,583	\$0	\$0	-\$865,645	\$27,132,938	-0.75%
PRIT General Allocation Int. Equity	\$47,264,007	\$0	\$0	-\$1,019,722	\$46,244,286	1.88%
PRIT General Allocation Private Equity	\$62,743,813	\$0	\$0	-\$936,902	\$61,806,911	0.99%
PRIT General Allocation Real Estate	\$40,704,768	\$0	\$0	-\$1,742,756	\$38,962,012	-2.47%
PRIT General Allocation Timberland	\$12,181,445	\$0	\$0	-\$204,508	\$11,976,937	-1.68%
PRIT General Allocation Value Added FI	\$16,941,579	\$0	\$0	-\$343,910	\$16,597,669	0.55%
PRIT Vintage Year 2001	\$62,077	\$1	\$0	\$521	\$62,598	0.84%
PRIT Vintage Year 2002	\$7,848	\$0	\$0	\$2,175	\$10,023	27.71%
Rhumblin QSI Index	\$30,016,537	\$0	-\$1,785	\$577,009	\$30,591,761	1.92%
Rhumblin Russell 1000 Growth Index	\$21,618,436	\$0	-\$1,299	\$1,475,191	\$23,092,328	6.82%
Rhumblin Russell 1000 Value Index	\$26,681,527	\$0	-\$1,494	-\$119,635	\$26,560,397	-0.45%
Ridgemont Equity Partners II	\$5,377,446	\$0	\$0	\$743,213	\$6,120,659	13.82%
Ridgemont Equity Partners III	\$8,631,034	\$0	\$0	\$870,616	\$9,501,651	10.09%
Rockwood Capital Real Estate Partners Fund XI, L.P.	\$6,311,130	\$0	\$0	-\$116,181	\$6,194,948	-1.84%
Rockwood X	\$6,562,090	\$0	\$0	-\$440,903	\$6,121,187	-6.72%
Searchlight Capital III	\$4,009,670	\$0	\$0	\$111,949	\$4,121,619	2.79%
SSgA MSCI EAFE Index	\$39,594,374	\$0	\$0	\$1,010,641	\$40,605,015	2.54%
SSgA TIPS Index	\$15,647,269	\$0	\$0	\$447,033	\$16,094,302	2.85%

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	Beginning Market Value	Contributions	Withdrawals	Net Investment Change	Ending Market Value	Month Return
SSgA U.S. Aggregate Bond Index-NL	\$20,360,979	\$0	\$0	\$517,168	\$20,878,148	2.53%
TA XII	\$3,090,921	\$0	-\$148,500	\$110,247	\$3,052,668	3.57%
TerraCap Partners IV (Institutional), L.P.	\$4,457,357	\$0	\$0	\$129,599	\$4,586,956	2.91%
Torchlight Debt Opportunity Fund VI	\$3,632,861	\$0	\$0	\$46,426	\$3,679,287	1.28%
Trilantic Capital Partners VI	\$5,830,789	\$0	\$0	\$88,979	\$5,919,769	1.53%
UBS Trumbull Property Fund	\$2,898,069	\$0	-\$16,473	-\$209,497	\$2,672,098	-7.23%
UBS Trumbull Property Income Fund	\$11,154,123	\$0	\$0	-\$242,099	\$10,912,024	-2.17%
Wellspring Capital Partners VI	\$6,460,939	\$0	-\$57,648	\$0	\$6,403,291	0.00%
<b>Total</b>	<b>\$806,531,180</b>	<b>\$5,781,687</b>	<b>-\$8,831,667</b>	<b>\$6,570,792</b>	<b>\$810,051,992</b>	<b>--</b>

Private Market Managers' Performance Overview<sup>1</sup>

Managers	Strategy	Vintage Year	Commitment Amount (\$mm)	% called	Median Peer IRR	Quartile Rank	Net IRR	Net Multiple
<b>Real Estate Managers</b>								
AEW Partners VII	Opportunistic	2013	5.0	93%	20.0	4	10.5%	NA
Rockwood X	Value-Added	2016	10.0	94%	15.1	3	10.4%	1.4x
Torchlight Debt Opportunity Fund VI	Opportunistic	2017	5.0	100%	21.9	4	8.7%	1.2x
TerraCap Partners IV	Value-Added	2017	5.0	100%	19.5	3	12.5%	NA
Rockwood XI	Value-Added	2019	8.0	51%	19.5	2	23.3%	1.3x
<b>Private Equity Managers</b>								
Adams Street Partners	Fund of Funds	2010	10.0	89%	9.8	NA	15.2%	2.3x
Goldman Sachs PE Partners	Fund of Funds	2005	10.0	100%	8.0	NA	NA	NA
North American Strategic Partners	Fund of Funds	2006	9.1	88%	NA	NA	NA	NA
PRIT Vintage Year 2001	Fund of Funds	2001	2.5	NA	9.0	NA	NA	NA
PRIT Vintage Year 2002	Fund of Funds	2002	0.5	NA	8.8	NA	NA	NA
Brookfield Capital Partners IV	Buyout	2015	4.0	86%	22.0	1	43.3%	2.5x
LLR Equity Partners V	Buyout	2017	5.0	92%	22.0	2	22.0%	1.7x
Ridgemont Equity Partners II	Buyout	2015	6.0	92%	22.0	3	20.9%	2.0x

<sup>1</sup> As of 6/30/2022.

<sup>2</sup> NM indicates that a fund is early in its investment period; therefore, the return is not yet meaningful. NA indicates that the relevant data is not available at the time of report generation.

Private Market Managers' Performance Overview (continued)<sup>1</sup>

Managers	Strategy	Vintage Year	Commitment Amount (\$mm)	% called	Median Peer IRR	Quartile Rank	Net IRR	Net Multiple
TA XII	Growth Equity	2016	4.0	100%	23.5	1	39.0%	2.9x
Wellspring VI	Buyout	2017	5.0	96%	22.0	2	24.7%	1.5x
Trilantic Capital Partners VI	Buyout	2018	5.0	85%	23.2	3	19.3%	1.4x
Brookfield Capital Partners V	Buyout	2019	4.0	77%	22.7	3	16.5%	1.2x
FS Equity Partners VIII	Buyout	2019	5.0	62%	22.7	2	34.4%	1.7x
Ridgemont Equity Partners III	Buyout	2019	6.0	85%	22.7	1	54.7%	2.0x
Searchlight Capital III	Special Situations	2020	5.0	65%	16.9	1	45.1%	1.7x
Charlesbank Technology Opportunities	Buyout	2019	5.0	54%	NM	NM	NM	NM
LLR Equity Partners VI	Buyout	2020	4.0	54%	NM	NM	NM	NM
<b>Opportunistic Managers</b>								
HarbourVest Co-Investment Fund V	Opportunistic	2019	4.0	78%	NA	NA	30.3%	1.7x
EnTrustPermal Spec. Opps. Evergreen Fund	Opportunistic	2020	6.0	55%	NM	NM	NM	NM
<b>Infrastructure Managers</b>								
Global Infrastructure Partners IV	Value-Added	2019	5.0	48%	--	--	--	--
<b>Natural Resources Managers</b>								
Hancock Timberland	Timber	2008	8.0	100%	--	--	-1.5%	1.0x
Oppenheimer Natural Resources	Natural Resources	2010	7.0	100%	--	--	-2.7%	0.7x

<sup>1</sup> As of 6/30/2022.

<sup>2</sup> NM indicates that a fund is early in its investment period; therefore, the return is not yet meaningful. NA indicates that the relevant data is not available at the time of report generation.

## **Non-Core Real Estate RFP Finalist Review**

### Search Overview

- To maintain a 10% target to real estate, the Retirement System should make annual commitments to a diversified non-core real estate fund.
  - Meketa recommends the Retirement Association commit \$7 million to \$10 million in 2023 to non-core real estate managers.
- To help execute this strategy, Meketa issued an RFP for non-core real estate managers with responses due back on March 24, 2023.
- After reviewing all of the respondents, the Board voted to interview four finalists for evaluation in today's meeting: AEW Partners Real Estate Fund X, Stockbridge Value Fund V, Torchlight Debt Fund VIII, and TerraCap Partners Fund VI.

**AEW Partners Real Estate Fund X**



### Firm Overview

AEW Capital Management	
Firm Location (Headquarters)	Boston, MA
Firm Inception	1981
Strategy Inception	1988
Firm AUM (As of 9/30/2022)	\$51 billion
Real Estate AUM	\$51 billion

- Founded in 1981, AEW is a wholly owned subsidiary of Natixis Investment Managers, a global asset management firm. AEW operates autonomously from its parent company with respect to day-to-day business and investment management, and is Natixis’s only real estate investment affiliate.
- AEW focuses exclusively on real estate investment strategies and has an open-end core fund, an open-end US value-add fund, an Asian value-add fund series, a US opportunistic fund series (fund under consideration), a senior housing strategy, an affordable housing strategy, a REIT strategy, as well as a number of separate accounts and co-investments.

### Investment Team

- Across the entire firm, AEW has 253 employees. By function, AEW staffing is as follows: portfolio management (15), research (7), acquisitions (35), asset management (73), investment committee (7), accounting/financial (79), legal (13), other (24).
- AEW has a dedicated fund team of 15 investment professionals. The Partners Fund team is led by Senior Portfolio Manager Anthony Crooks, who is supported by two additional portfolio managers who average 19 years at AEW.
- Executive MD Pamela Herbst retired in December 2021. Previously Pamela was Head of Direct Investments. Her responsibilities were assumed by Michael Byrne. Additionally, MD Maureen Joyce left the firm to pursue another opportunity in June 2021.

### Investment Terms

Partnership Name	AEW Partners Real Estate Fund X
Partnership Type	Limited Partnership
Investment Strategy/Focus	Opportunistic Real Estate
Geographic Focus	United States
Vintage Year	2023
Fund Size	\$2 billion target
Total Term	Eight years from final close
<b>Fees / Expenses:</b>	
Management Fee	1.25% of committed capital during the Commitment Period; thereafter, 1.25% of invested capital.
Preferred Return	9%
Carried Interest / Performance Fee	20% Carried Interest with a 50/50 catch-up.

### Investment Strategy

- Fund X will pursue an opportunistic strategy comparable with predecessor funds, adapting as economies, property markets and capital markets transition through cycles. The Fund will focus on four key themes: disruption, capital market dislocations, migration, and demographics.
- Value will be created through repositioning, refinancing, development, redevelopment, market recovery, and emerging locations.
- AEW will invest in markets with concentrations in sectors with favorable growth prospects. AEW does not select target markets or submarkets, and instead evaluates their pipeline for opportunities that provide the highest return for the lowest risk. AEW's integrated research team plays an integral role in making these evaluations.
- The Fund will target a net IRR of 15%, with leverage below 67%.
- Fund X is expected to make approximately 40 to 50 investments with an average equity investment size between \$25 million and \$40 million.

Historical Track Record  
As of September 30, 2022

	Inception Year	Fund Size (\$ mm)	Invested Capital (\$ mm)	Net Multiple (x)	Net IRR (x)	Benchmark <sup>1</sup> (%)
Fund I	1988	875.0	875.0	1.7	9.4	N/A
Fund II	1996	288.0	288.0	1.9	11.8	12.8
Fund III	1998	505.0	505.0	1.5	8.8	11.4
Fund IV	2000	360.5	360.5	1.7	25.0	17.4
Fund V	2005	686.1	615.5	1.1	2.0	2.8
Fund VI	2008	424.0	384.5	1.9	16.5	9.8
Fund VII	2013	565.0	525.5	1.4	10.5	15.7
Fund VIII	2016	614.9	589.7	1.5	21.5	13.9
Fund IX	2020	1,215.0	699.5	1.0	5.0	24.0

<sup>1</sup> Preqin, US Non-Core Real Estate, Median. As of September 30, 2022.

## Stockbridge Value Fund V

### Firm Overview

Stockbridge	
Firm Location (Headquarters)	San Francisco, CA
Firm Inception	2009
Strategy Inception	2011
Firm AUM (As of 9/30/2022)	\$33.8 billion
Real Estate AUM	\$15.7 billion

- Stockbridge was founded in 2009 and is headquartered in San Francisco. Stockbridge operates two main lines of business, the Stockbridge Platforms Business and the Core and Value Advisors business.
- Stockbridge manages approximately \$15.7 billion in real estate AUM across its core fund, logistics fund, and value add fund series.

### Investment Team

- Stockbridge has 116 real estate professionals, with employees spread between portfolio management (16), research (1), acquisitions (15), asset management (28), accounting (25), investment committee (8), and other (23). Stockbridge's acquisition and asset management professionals maintain an on-the-ground presence in their targeted markets, with professionals located in San Francisco, Chicago, and Atlanta.
- The Value Fund Series is led by Portfolio Manager Doug Sturiale and Senior Vice President Elizabeth Kirley, who have been a part of the fund team since 2011. The portfolio managers are supported by three additional dedicated professionals.



### Investment Terms

Partnership Name	Stockbridge Value Fund V
Partnership Type	Limited Partnership
Investment Strategy/Focus	Value-Add Real Estate
Geographic Focus	United States
Vintage Year	2023
Fund Size	\$750 million
Total Term	Eight years
<b>Fees / Expenses:</b>	
Management Fee	1.5% of committed capital during the Investment Period; thereafter, 1.5% of invested capital
Preferred Return	8%
Carried Interest / Performance Fee	20% carried interest with an 50/50 catch-up

### Investment Strategy

- Value Fund V seeks to acquire a diversified portfolio of distressed real estate assets, with a goal of generating gross equity returns of 12% to 15% and a net return of 10% to 13%. The strategy is two-pronged, focused on thematic trends and market dislocation. Thematic investments will be an extension of the prior fund's strategy to pursue opportunities in logistics, older vintage multifamily and defensive retail. Market dislocation investments will focus on distressed multifamily development, repurposing of existing retail, novice industrial operator opportunities, and "new" office stabilization.
- Fund V will target high growth markets and strategic emerging markets throughout the US. The Fund will invest in industrial, multifamily, retail, select office and rescue capital opportunities.
- Fund V is expected to make 25 to 35 investments with an average equity investment between \$10 million and \$50 million. Leverage is limited to 65% of the fair market value of gross assets.

Historical Track Record  
As of September 30, 2022

	Inception Year	Fund Size (\$ mm)	Net Multiple (x)	Net IRR (%)	Benchmark <sup>1</sup> (%)
Fund I	2011	217.9	1.8	20.7	20.8
Fund II	2014	320.5	1.7	16.4	14.0
Fund III	2017	350.0	1.5	17.8	18.6
Fund IV	2020	562.0	1.2	28.3	24.0

<sup>1</sup> Preqin, US Non-Core Real Estate, Median. As of September 30, 2022.

## Torchlight Debt Opportunity Fund VIII

### Firm Overview

Torchlight Investors	
Firm Location (Headquarters)	New York, NY
Firm Inception	1995
Strategy Inception	2003
Firm AUM (As of 3/31/2020)	\$4.9 billion
Real Estate AUM	\$4.9 billion

- Torchlight Investors was founded in 1995 by Daniel Heflin as a joint venture with Jones Lang Wootton Realty Advisors. In 1998, Torchlight registered as an investment adviser with the Securities and Exchange Commission (“SEC”). In 2002, ING Group acquired a passive minority interest in the firm, which was renamed ING Clarion Capital, LLC. In several transactions starting in 2010, Daniel Heflin used personal funds to repurchase the interests of ING Group, as well as the passive interests held by former affiliates of ING and Torchlight.
- The firm is entirely owned by senior officers of Torchlight (except for 0.4% held by a former colleague), with the majority held by founder Daniel Heflin.

### Investment Team

- The team consists of 60 professionals including 28 investment professionals. The investment management and acquisitions team is comprised of 14 professionals who average 18 years of experience. The asset management and credit team is comprised of 13 professionals with an average of 16 years of experience.
- Torchlight uses a team approach with regard to the management of Fund investments. The acquisitions, underwriting and asset management teams work dynamically and collaboratively. This allows Torchlight flexibility in allocating resources when necessary.
- Torchlight has experienced three senior-level departures over the past five years and two senior level additions.

### Investment Terms

Partnership Name	Torchlight Debt Opportunity Fund VIII
Partnership Type	Limited Partnership
Investment Strategy/Focus	Value-Add Real Estate Debt
Geographic Focus	United States
Vintage Year	2023
Fund Size	\$2.0 billion
Total Term	Ten years from final close
<b>Fees / Expenses:</b>	
Management Fee	1.5% during the Commitment Period; thereafter, 1.5% of invested capital.
Preferred Return	7%
Carried Interest / Performance Fee	20% Carried Interest with an 50/50 catch-up

### Investment Strategy

- Fund VIII pursues investments across a broad spectrum of debt and other interests relating to commercial real estate, including, but not limited to senior mortgages, mezzanine loans, CMBS, preferred equity and equity positions. The mandate of the Debt Fund series affords Torchlight the flexibility needed to pursue various strategies as different parts of the real estate capital stack become more attractive at different times in their respective cycles. As such, Torchlight can avoid product types it believes are overvalued and focus on products where Torchlight perceives attractive risk-adjusted opportunity.
- The fund is targeting 75 to 125 investments. Investments typically ranging in size from \$25 million to \$50 million.
- Fund VIII will target transitional properties in primary or secondary markets requiring stabilization, including restructuring, redevelopment, releasing or repositioning. Fund VIII will target a net IRR of 10% to 12% and will limit leverage to 40%.



Historical Track Record  
As of September 30, 2022

	Inception Year	Fund Size (\$ mm)	Invested Capital (\$ mm)	Net TVPI (x)	Net IRR (%)	Benchmark <sup>1</sup> (%)
Fund I	2003	282.6	282.6	1.5	25.1	17.6
Fund II	2006	732.1	732.1	0.9	-1.2	2.9
Fund III	2008	764.8	764.8	1.5	13.7	9.8
Fund IV	2012	941.6	941.6	1.4	9.3	16.9
Fund V	2015	1,359.0	1,087.2	1.3	10.5	14.7
Fund VI	2017	1,683.5	1,515.2	1.3	8.8	18.6
Fund VII	2020	2,044.5	1,022.3	1.1	6.1	24.0

<sup>1</sup> Prequin, US Non-Core Real Estate, Median, as of September 30, 2022

## TerraCap Partners VI

### Firm Overview

TerraCap Management	
Firm Location (Headquarters)	Estero, FL
Firm Inception	2008
Strategy Inception	2008
Firm AUM (As of 3/31/2020)	\$2.5 billion
Real Estate AUM	\$2.2 billion

- TerraCap was founded in 2008 and is a privately, minority-owned business. W. Stephen Hagenbuckle owns the majority of the firm, with the remainder owned by Robert Gray.
- TerraCap has approximately \$2.5 billion of assets under management and over 70 years of combined experience among its principals.
- The Firm was founded to take advantage of distressed real estate markets in Florida. Over time, TerraCap has evolved to focus more broadly across the South Atlantic, West Central South, and West Mountain regions of the United States.
- The fund series under consideration is TerraCap’s only product offering.

### Investment Team

- TerraCap's team has 12 real estate investment professionals, with 20 employees working across functions such as portfolio management (1), acquisitions (3), asset management (6), strategy/research (1), accounting (8), investor relations (4) and admin (1). Some professionals work across multiple roles.
- TerraCap is headquartered in Estero, FL with additional offices in Tampa, FL, Atlanta, GA, and Denver, CO.
- TerraCap has had three senior level departures in the last five years.

## Investment Terms

Partnership Name	TerraCap Fund V
Partnership Type	Limited Partnership
Investment Strategy/Focus	Value-add Real Estate
Geographic Focus	North America
Vintage Year	2023
Fund Size	\$500 million
Total Term	Eight years from the final closing date
<b>Fees / Expenses:</b>	
Management Fee	1.50% of commitments during the investment period; thereafter 1.50% on invested capital.
Preferred Return	8%
Carried Interest / Performance Fee	20% Carried Interest with an 50/50 catch-up

### Investment Strategy

- Fund VI will pursue a value-add real estate strategy targeting multifamily, industrial, and flex properties in the South Atlantic, West Central South, and West Mountain regions of the US. TerraCap will avoid large gateway markets such as New York, Los Angeles, San Francisco, Seattle, Miami and Chicago.
- Fund VI will focus on investing in remaining vacancy in well-built and well-located properties, where TerraCap can position for lease-up. TerraCap will also target undercapitalized owners, tenant in common dysfunctional ownership, and inheritance properties. Thematic factors will be considered such as business formation, employment and population growth, corporate relocations, GDP growth and market migration.
- The fund expects to make 25 to 30 investments, with average investment size ranging from \$20 million to \$40 million of equity and \$30 million to \$120 million total capitalization. The fund will target a net IRR of 14% and utilize leverage between 65% and 70%.

Historical Track Record  
As of September 30, 2022

	Inception Year	Fund Size (\$ mm)	Net TVPI (x)	Net IRR (%)	Benchmark <sup>1</sup> (%)
Fund II	2011	25.2	1.6	12.2	20.8
Fund III	2014	141.1	1.6	9.8	14.0
Fund IV	2017	718.4	1.5	11.3	18.6
Fund V	2020	1,627.6	1.2	12.9	24.0

<sup>1</sup> Preqin, US Non-Core Real Estate, Median, as of September 30, 2022.

## **Disclaimer, Glossary, and Notes**



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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.

**Credit Risk:** Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security.)

**Duration:** Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

**Information Ratio:** This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

**Jensen's Alpha:** A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk.  $\text{Portfolio Return} - [\text{Risk Free Rate} + \text{Beta} * (\text{market return} - \text{Risk Free Rate})]$ .

**Market Capitalization:** For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

**Market Weighted:** Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

**Maturity:** The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

**Prepayment Risk:** The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

**Price-Book Value (P/B) Ratio:** The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.

**Price-Earnings (P/E) Ratio:** A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

**Quality Rating:** The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

**Sharpe Ratio:** A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

**STIF Account:** Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

**Standard Deviation:** A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

**Style:** The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

**Tracking Error:** A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, as defined by the difference in standard deviation.

**Yield to Maturity:** The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

**Yield to Worst:** The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the issuer.

**NCREIF Property Index (NPI):** Measures unleveraged investment performance of a very large pool of individual commercial real estate properties acquired in the private market by tax-exempt institutional investors for investment purposes only. The NPI index is capitalization-weighted for a quarterly time series composite total rate of return.

**NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE):** Measures the investment performance of 28 open-end commingled funds pursuing a core investment strategy that reflects funds' leverage and cash positions. The NFI-ODCE index is equal-weighted and is reported gross and net of fees for a quarterly time series composite total rate of return.

Sources: *Investment Terminology*, International Foundation of Employee Benefit Plans, 1999.  
*The Handbook of Fixed Income Securities*, Fabozzi, Frank J., 1991

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.