



INVESTMENT GROUP

# San Jose Federated City Employees' Retirement System

Second Quarter 2021

Private Markets Program  
PUBLIC

# San Jose Federated City Employees' Retirement System Private Markets Program

Program Snapshot | As of June 30, 2021

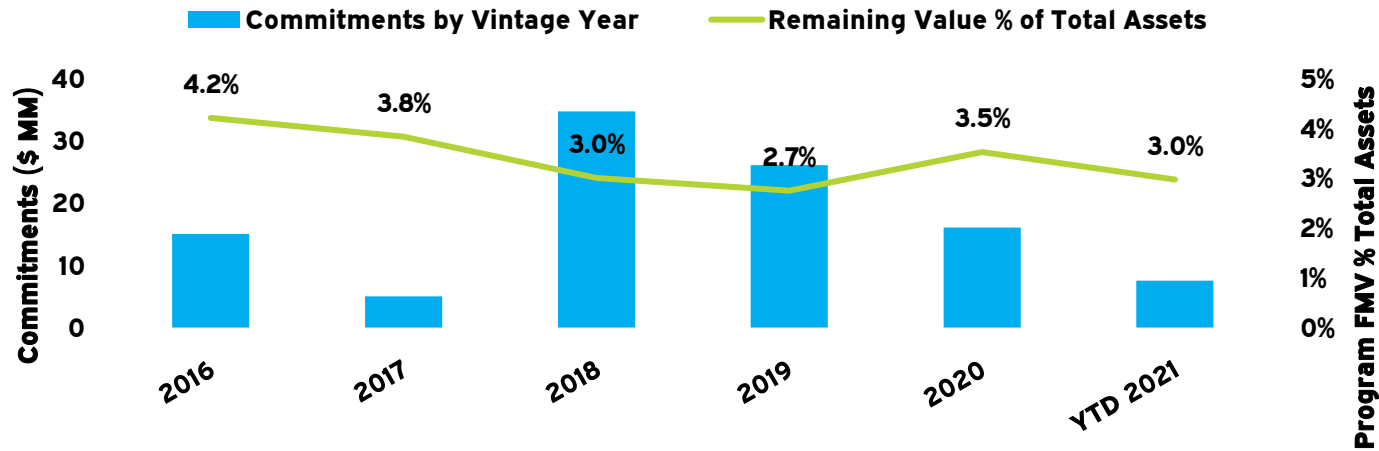
## Snapshot

### By Account

Account Type	Inception Year	Committed (\$ MM)	Unfunded (\$ MM)	Contributed (\$ MM)	Distributed (\$ MM)	Remaining Value (\$ MM)	TVPI (X)	IRR (%)	PME IRR (%)
Legacy Private Equity	2005	174.3	0.0	159.7	203.8	40.7	1.53	7.9	6.7
NB Fund of One	2017	261.8	14.5	151.0	12.9	251.7	1.75	34.7	19.2
Private Debt	2010	254.1	33.1	264.4	229.3	83.8	1.18	5.6	7.0
Real Estate	2007	223.3	47.4	198.1	160.2	92.6	1.28	6.4	8.2
Real Assets	2016	48.3	11.3	37.5	6.2	40.0	1.23	9.5	9.3
Venture Capital	2021	4.8	4.3	0.5	0.0	0.5	0.96	NM	NM
<b>Total</b>		<b>966.6</b>	<b>110.6</b>	<b>811.1</b>	<b>612.4</b>	<b>509.2</b>	<b>1.38</b>	<b>8.7</b>	<b>NA</b>

### Introduction

As of June 30, 2021, the San Jose Federated City Employees' Retirement System had committed \$254.1 million to 11 private debt partnerships and two co-investments. The reported fair value of the aggregate Private Debt Program was \$83.8 million at June 30, 2021, which equates to 3.0% of the overall Retirement System, matching the 3.0% policy target.



### Program Status

No. of Investments	13
Committed (\$ MM)	254.1
Contributed (\$ MM)	264.4
Distributed (\$ MM)	229.3
Remaining Value (\$ MM)	83.8

### Performance Since Inception

	Program	Peer Universe
DPI	0.87x	0.64x
TVPI	1.18x	1.38x
IRR	5.6%	10.7%

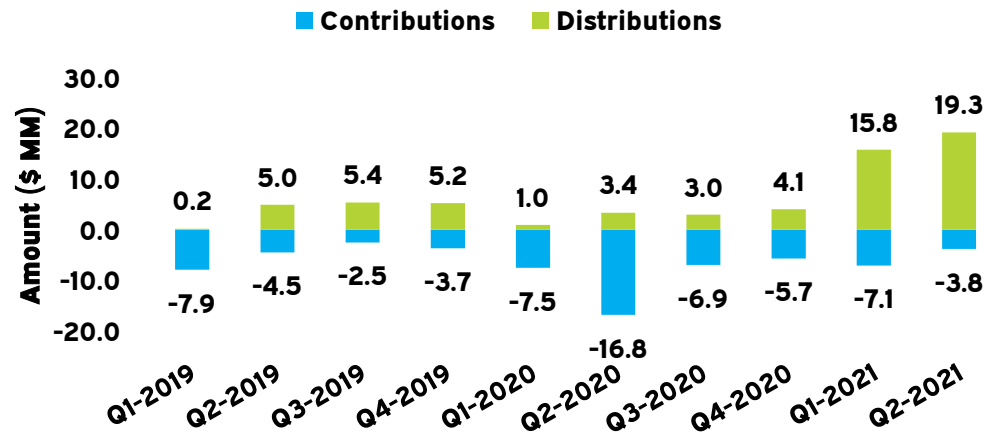
### Commitments

#### Commitments This Quarter

Fund	Region	Amount (MM)
Strategic Value V	Global: Developed	7.50

### Cash Flows

#### Recent Quarterly Cash Flows



#### Largest Contributions This Quarter

Fund	Vintage	Region	Amount (\$MM)
Arbour Lane II	2018	Global: All	2.41
HPS Special Sits.	2019	Global: Developed	0.75
Strategic Value V	2021	Global: Developed	0.38

#### Largest Distributions This Quarter

Fund	Vintage	Region	Amount (\$MM)
Octagon CLO III	2018	North America	14.69
Arbour Lane II	2018	Global: All	1.69
Crestline Fund II	2020	North America	1.26

### By Vintage

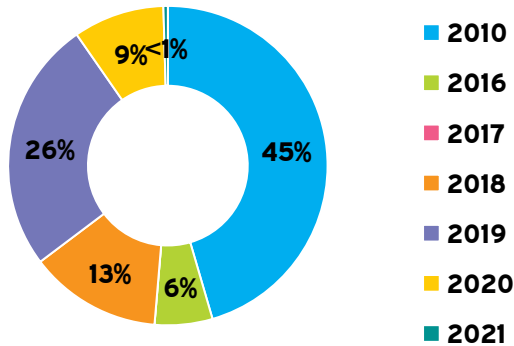
Group	Number	Committed (\$ MM)	Contributed (\$ MM)	Unfunded (\$ MM)	Distributed (\$ MM)	Remaining Value (\$ MM)	Exposure (\$ MM)	DPI (X)	TVPI (X)	IRR (%)	Peer IRR (%)
2010	3	150.0	183.4	0.0	175.9	38.1	38.1	0.96	1.17	4.3	10.5
2016	1	15.0	12.0	3.4	10.3	4.9	8.3	0.86	1.27	8.4	9.6
2017	1	5.0	5.0	0.0	6.1	0.0	0.0	1.22	1.22	12.9	11.0
2018	3	34.6	38.2	3.8	34.1	11.2	15.0	0.89	1.19	18.4	12.0
2019	2	26.0	17.3	9.7	1.5	21.5	31.1	0.09	1.33	28.0	22.9
2020	2	16.0	8.0	9.2	1.3	7.7	16.9	0.16	1.13	NM	NM
2021	1	7.5	0.4	7.1	0.0	0.4	7.5	0.00	1.00	NM	NM
<b>Total</b>	<b>13</b>	<b>254.1</b>	<b>264.4</b>	<b>33.1</b>	<b>229.3</b>	<b>83.8</b>	<b>117.0</b>	<b>0.87</b>	<b>1.18</b>	<b>5.6</b>	<b>10.7</b>

### Fund Performance: Sorted By Vintage And Strategy

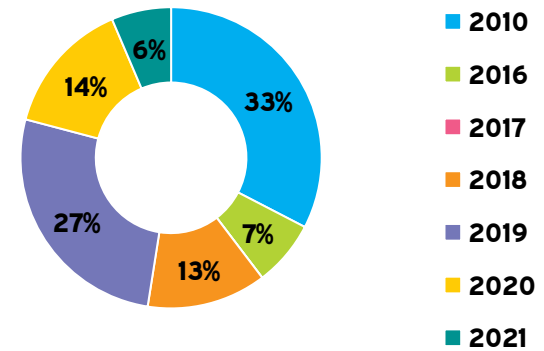
By Investment	Vintage	Committed (\$ MM)	Contributed (\$ MM)	Unfunded (\$ MM)	Distributed (\$ MM)	Remaining Value (\$ MM)	TVPI (X)	Peer TVPI (X)	IRR (%)	Peer IRR (%)
GSO Direct Lending	2010	50.0	43.4	0.0	45.0	3.7	1.12	1.41	4.1	10.5
Medley II	2010	50.0	51.7	0.0	48.6	10.2	1.14	1.41	2.5	10.5
White Oak DL	2010	50.0	88.3	0.0	82.3	24.2	1.21	1.41	6.1	10.5
Cross Ocean ESS II	2016	15.0	12.0	3.4	10.3	4.9	1.27	1.24	8.4	9.6
ArrowMark Sep Acct	2017	5.0	5.0	0.0	6.1	0.0	1.22	1.27	12.9	11.0
Arbour Lane II	2018	8.0	15.4	0.0	7.6	9.9	1.14	1.24	29.6	12.0
Crestline Co-Inv. I	2018	1.6	1.6	0.0	0.9	1.0	1.20	1.24	9.8	12.0
Octagon CLO III	2018	25.0	21.3	3.8	25.6	0.3	1.22	1.24	16.8	12.0
Cross Ocean ESS III	2019	18.0	14.5	4.1	1.2	18.5	1.35	1.21	26.8	22.9
HPS Special Sits.	2019	8.0	2.8	5.5	0.4	3.0	1.18	1.21	NM	NM
Crestline Fund II	2020	8.0	3.2	6.0	1.3	2.1	1.03	1.13	NM	NM
Eagle Point Income	2020	8.0	4.8	3.2	0.1	5.7	1.19	1.13	NM	NM
Strategic Value V	2021	7.5	0.4	7.1	0.0	0.4	1.00	NM	NM	NM
<b>Total</b>		<b>254.1</b>	<b>264.4</b>	<b>33.1</b>	<b>229.3</b>	<b>83.8</b>	<b>1.18</b>	<b>1.38</b>	<b>5.6</b>	<b>10.7</b>

#### By Vintage

Percent of FMV

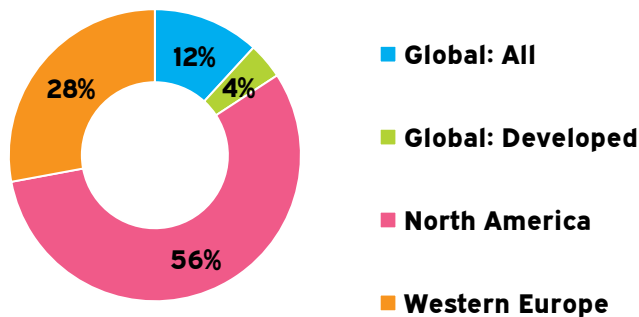


Percent of Exposure

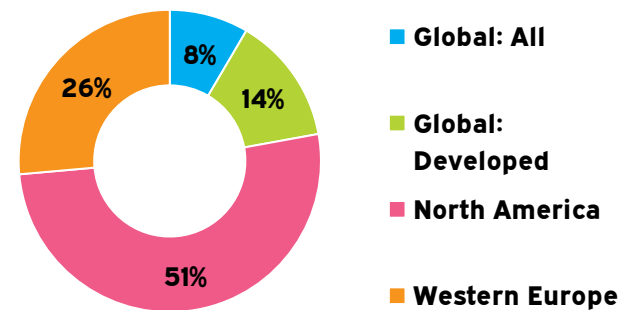


#### By Geographic Focus

Percent of FMV

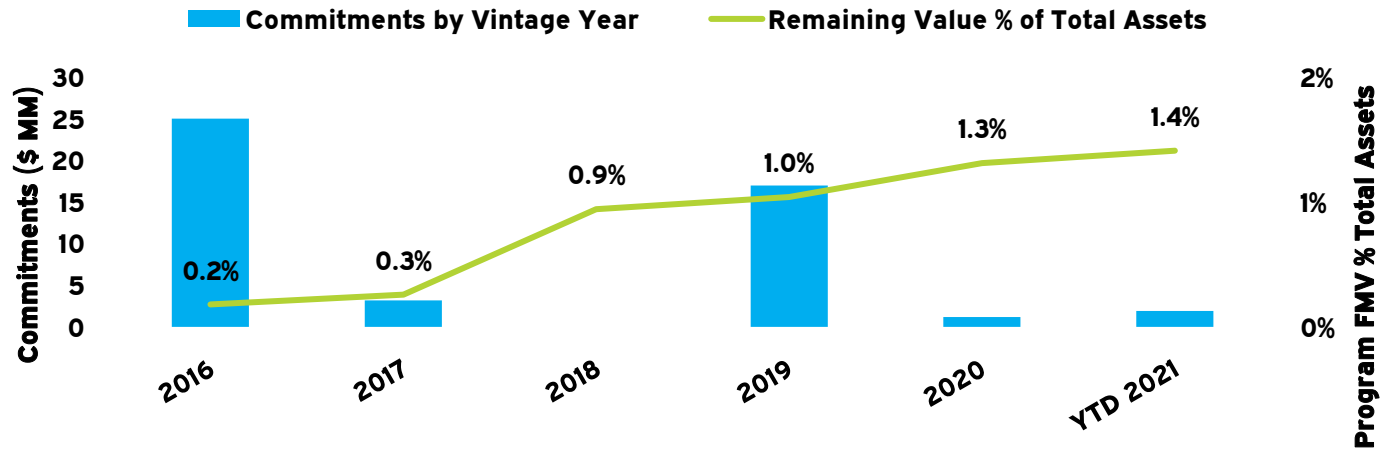


Percent of Exposure



### Introduction

As of June 30, 2021, the Retirement System had committed \$48.3 million to six real assets funds and two co-investments. The total reported fair value of real assets investments was \$40.0 million at June 30, 2021, which equates to 1.4% of the overall Retirement System, versus a 3.0% policy target.



### Program Status

No. of Investments	8
Committed (\$ MM)	48.3
Contributed (\$ MM)	37.5
Distributed (\$ MM)	6.2
Remaining Value (\$ MM)	40.0

### Performance Since Inception

	Program	Peer Universe
DPI	0.16x	0.14x
TVPI	1.23x	1.25x
IRR	9.5%	10.3%



### Commitments

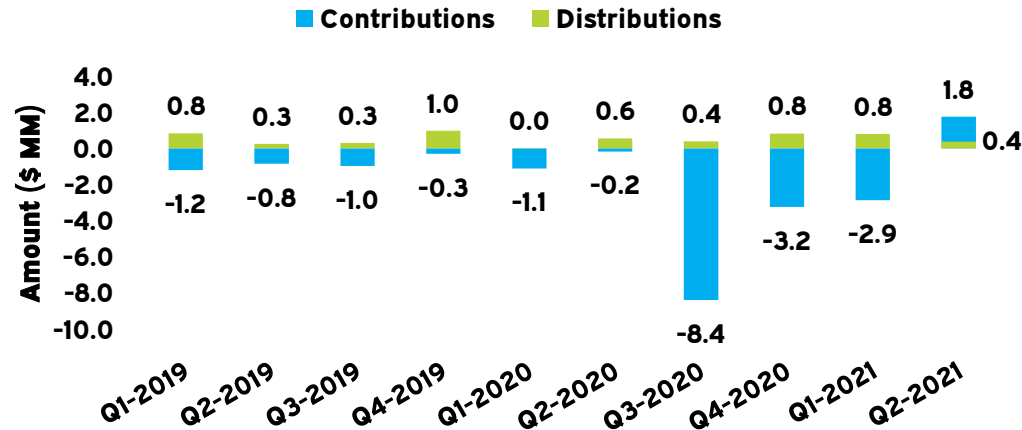
#### Commitments This Quarter

Fund	Region	Amount (MM)
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None to report.

### Cash Flows

#### Recent Quarterly Cash Flows\*



#### Largest Contributions This Quarter

Fund	Vintage	Region	Amount (\$MM)
GIP IV	2019	Global: Developed	0.13
GIP III	2016	Global: Developed	0.11
Lime Rock VIII	2017	North America	0.08

#### Largest Distributions This Quarter

Fund	Vintage	Region	Amount (\$MM)
GIP III	2016	Global: Developed	0.16
Lime Rock New Energy	2019	Global: Developed	0.11
Lime Rock VIII	2017	North America	0.06

\*Total of Q2 contributions actually resulted in net cash inflows due to return of excess contra-contributions in which previously contributed capital was returned prior to being invested.

#### By Vintage

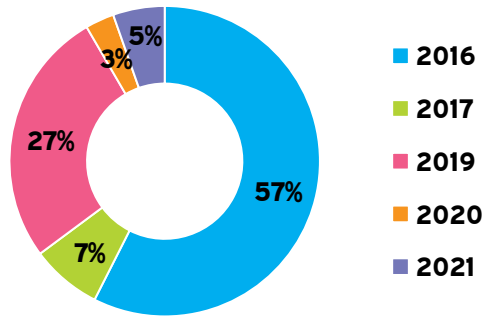
Group	Number	Committed (\$ MM)	Contributed (\$ MM)	Unfunded (\$ MM)	Distributed (\$ MM)	Remaining Value (\$ MM)	Exposure (\$ MM)	DPI (X)	TVPI (X)	IRR (%)	Peer IRR (%)
2016	1	25.0	23.2	2.3	5.5	23.0	25.2	0.24	1.23	7.4	8.4
2017	1	3.2	2.7	0.6	0.1	2.9	3.6	0.05	1.14	6.5	8.6
2019	4	17.0	8.5	8.4	0.5	10.7	19.1	0.06	1.31	NM	NM
2020	1	1.2	1.2	0.0	0.0	1.2	1.2	0.00	1.00	NM	NM
2021	1	1.9	1.9	0.0	0.0	2.2	2.2	0.00	1.13	NM	NM
<b>Total</b>	<b>8</b>	<b>48.3</b>	<b>37.5</b>	<b>11.4</b>	<b>6.2</b>	<b>40.0</b>	<b>51.3</b>	<b>0.16</b>	<b>1.23</b>	<b>9.5</b>	<b>10.3</b>

#### Fund Performance: Sorted By Vintage And Strategy

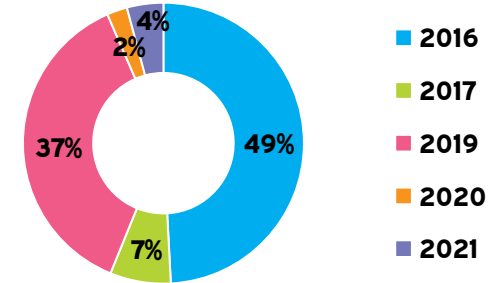
By Investment	Vintage	Committed (\$ MM)	Contributed (\$ MM)	Unfunded (\$ MM)	Distributed (\$ MM)	Remaining Value (\$ MM)	TVPI (X)	Peer TVPI (X)	IRR (%)	Peer IRR (%)
GIP III	2016	25.0	23.2	2.3	5.5	23.0	1.23	1.22	7.4	8.4
Lime Rock VIII	2017	3.2	2.7	0.6	0.1	2.9	1.14	1.21	6.5	8.6
Kimmeridge Energy V	2019	3.8	3.4	0.4	0.3	5.6	1.76	1.17	NM	NM
Orion Mine III	2019	5.0	2.3	2.7	0.0	2.2	0.96	1.17	NM	NM
GIP IV	2019	3.2	0.5	2.7	0.0	0.3	0.70	1.17	NM	NM
Lime Rock New Energy	2019	5.0	2.3	2.7	0.1	2.5	1.15	1.17	NM	NM
Energy Co-Invest	2020	1.2	1.2	0.0	0.0	1.2	1.00	1.06	NM	NM
Crestline Co-Inv. II	2021	1.9	1.9	0.0	0.0	2.2	1.13	NM	NM	NM
<b>Total</b>		<b>48.3</b>	<b>37.5</b>	<b>11.4</b>	<b>6.2</b>	<b>40.0</b>	<b>1.23</b>	<b>1.25</b>	<b>9.5</b>	<b>10.3</b>

#### By Vintage

Percent of FMV

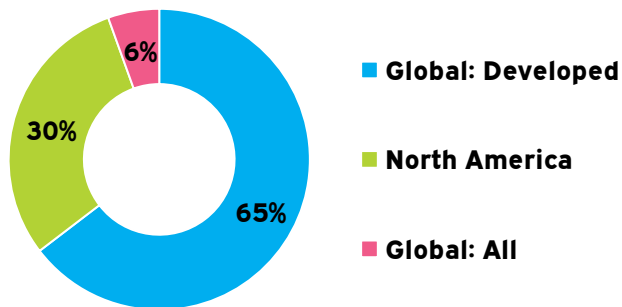


Percent of Exposure

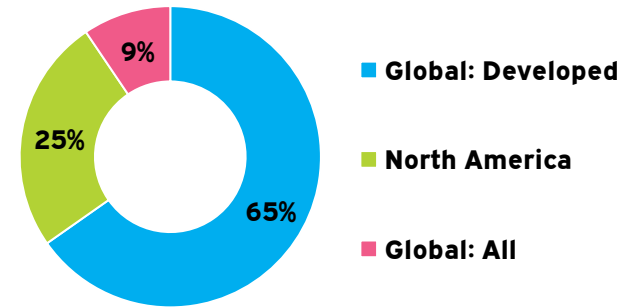


#### By Geographic Focus

Percent of FMV

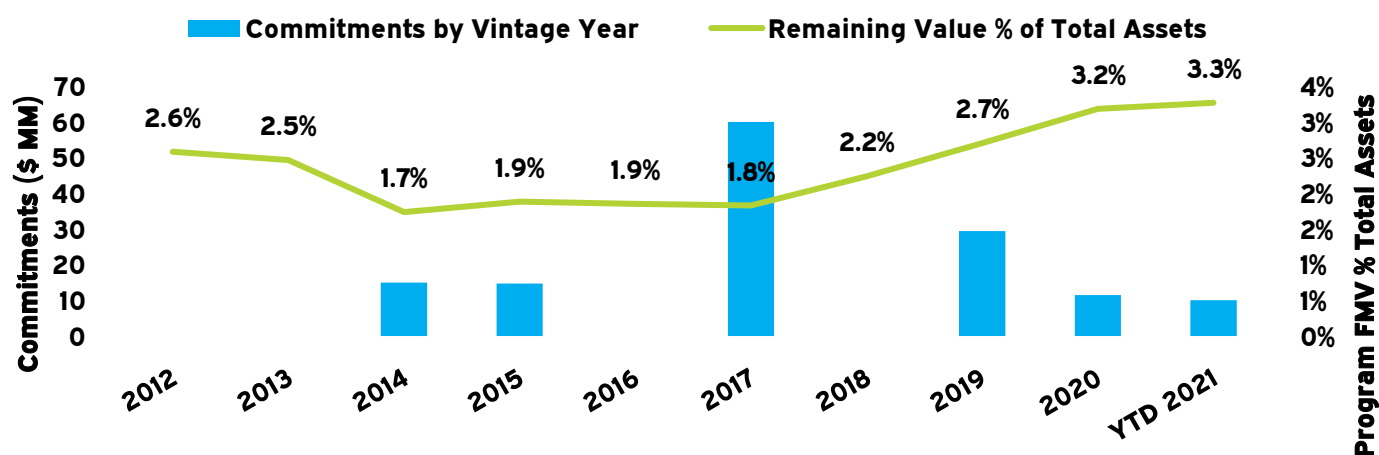


Percent of Exposure



### Introduction

As of June 30, 2021, the Retirement System had committed a total of \$223.3 million to 16 closed-end real estate funds. The Real Estate Program's reported fair value of real estate investments was \$92.6 million at June 30, 2021, which equates to 3.3% of the overall Retirement System, versus a 3.0% policy target.



### Program Status

No. of Investments	16
Committed (\$ MM)	223.3
Contributed (\$ MM)	198.1
Distributed (\$ MM)	160.2
Remaining Value (\$ MM)	92.6

### Performance Since Inception

	Program	Peer Universe
DPI	0.81x	0.88x
TVPI	1.28x	1.31x
IRR	6.4%	6.5%

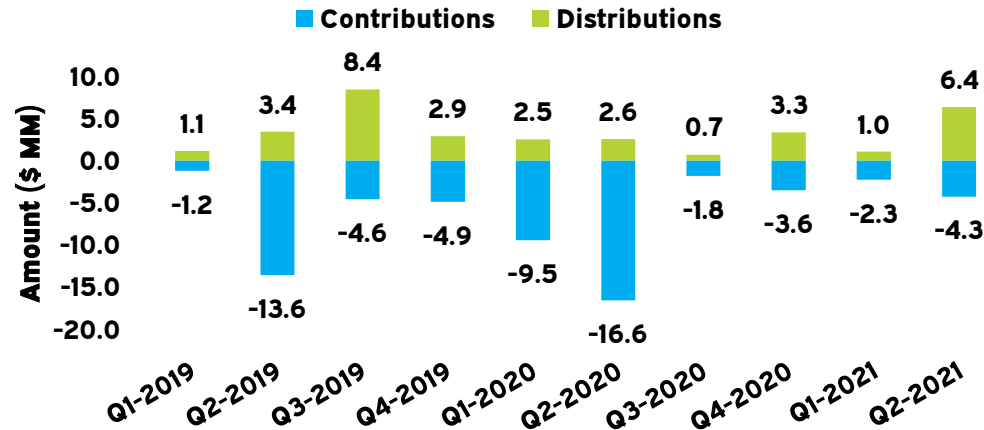
#### Commitments

##### Commitments This Quarter

Fund	Region	Amount (MM)
Centerbridge RE II	Global: Developed	10.00

#### Cash Flows

##### Recent Quarterly Cash Flows



##### Largest Contributions This Quarter

Fund	Vintage	Region	Amount (\$MM)
EPISO 5	2019	Western Europe	2.40
Torchlight Debt VII	2020	North America	0.60
Exeter V	2020	North America	0.55

##### Largest Distributions This Quarter

Fund	Vintage	Region	Amount (\$MM)
Torchlight VI	2017	North America	1.99
DRA VIII	2014	North America	1.97
DRA IX	2017	North America	0.99

#### By Vintage

Group	Number	Committed (\$ MM)	Contributed (\$ MM)	Unfunded (\$ MM)	Distributed (\$ MM)	Remaining Value (\$ MM)	Exposure (\$ MM)	DPI (X)	TVPI (X)	IRR (%)	Peer IRR (%)
2005	1	20.0	30.5	0.0	40.3	0.0	0.0	1.32	1.32	5.3	0.4
2006	1	20.0	18.2	1.8	8.8	0.0	1.8	0.48	0.48	-10.9	0.2
2007	2	27.6	28.4	0.0	40.8	0.4	0.4	1.43	1.45	8.8	3.2
2011	1	15.0	16.4	0.0	35.2	1.5	1.5	2.15	2.24	21.5	11.9
2014	1	15.0	18.2	0.0	16.0	7.2	7.2	0.88	1.27	8.1	9.9
2015	1	14.7	13.3	1.4	4.1	14.3	15.7	0.31	1.39	11.4	10.9
2017	3	60.0	60.0	6.1	14.4	55.5	61.6	0.24	1.16	9.5	11.8
2019	3	29.5	9.9	19.7	0.6	10.2	29.9	0.06	1.08	12.8	8.7
2020	2	11.5	3.1	8.4	0.0	3.5	11.9	0.00	1.13	NM	NM
2021	1	10.0	0.0	10.0	0.0	0.0	10.0	0.00	NM	NM	NM
<b>Total</b>	<b>16</b>	<b>223.3</b>	<b>198.1</b>	<b>47.4</b>	<b>160.2</b>	<b>92.6</b>	<b>140.0</b>	<b>0.81</b>	<b>1.28</b>	<b>6.4</b>	<b>6.5</b>

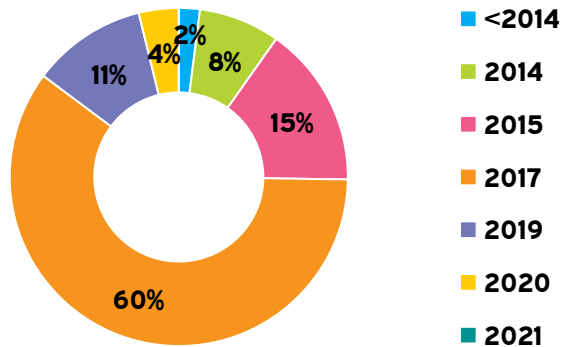
#### Fund Performance: Sorted By Vintage And Strategy

By Investment	Vintage	Committed (\$ MM)	Contributed (\$ MM)	Unfunded (\$ MM)	Distributed (\$ MM)	Remaining Value (\$ MM)	TVPI (X)	Peer TVPI (X)	IRR (%)	Peer IRR (%)
DRA V	2005	20.0	30.5	0.0	40.3	0.0	1.32	1.02	5.3	0.4
GEAM Value Add	2006	20.0	18.2	1.8	8.8	0.0	0.48	1.01	-10.9	0.2
DRA VI	2007	9.7	10.6	0.0	17.1	0.4	1.66	1.18	10.6	3.2
Fidelity RE III	2007	17.9	17.9	0.0	23.7	0.0	1.33	1.18	7.3	3.2
DRA VII	2011	15.0	16.4	0.0	35.2	1.5	2.24	1.48	21.5	11.9
DRA VIII	2014	15.0	18.2	0.0	16.0	7.2	1.27	1.37	8.1	9.9
EPISO 4	2015	14.7	13.3	1.4	4.1	14.3	1.39	1.36	11.4	10.9
Torchlight VI	2017	30.0	33.2	1.0	5.0	30.0	1.06	1.26	3.9	11.8
GEM VI	2017	10.0	5.8	4.3	0.6	5.8	1.11	1.26	7.6	11.8
DRA IX	2017	20.0	21.1	0.8	8.8	19.7	1.35	1.26	14.7	11.8
Rockpoint VI	2019	6.5	1.1	5.4	0.1	1.3	1.30	1.09	NM	NM
DRA X	2019	10.0	2.8	7.5	0.5	2.6	1.14	1.09	NM	NM
EPISO 5	2019	13.0	6.1	6.9	0.0	6.2	1.02	1.09	3.8	8.7
Torchlight Debt VII	2020	6.0	1.2	4.8	0.0	1.2	1.00	1.05	NM	NM
Exeter V	2020	5.5	1.9	3.6	0.0	2.3	1.21	1.05	NM	NM
Centerbridge RE II	2021	10.0	0.0	10.0	0.0	0.0	NM	NM	NM	NM
<b>Total</b>		<b>223.3</b>	<b>198.1</b>	<b>47.4</b>	<b>160.2</b>	<b>92.6</b>	<b>1.28</b>	<b>1.31</b>	<b>6.4</b>	<b>6.5</b>

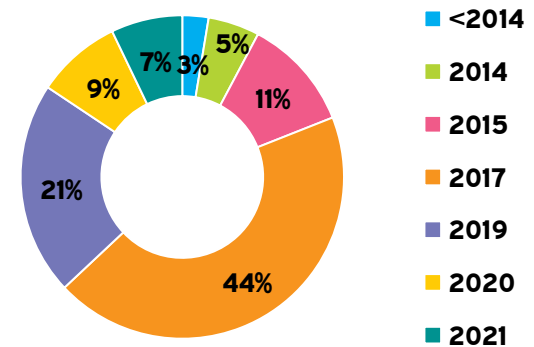


#### By Vintage

Percent of FMV

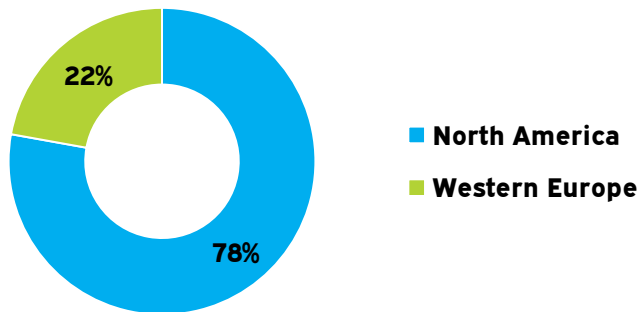


Percent of Exposure

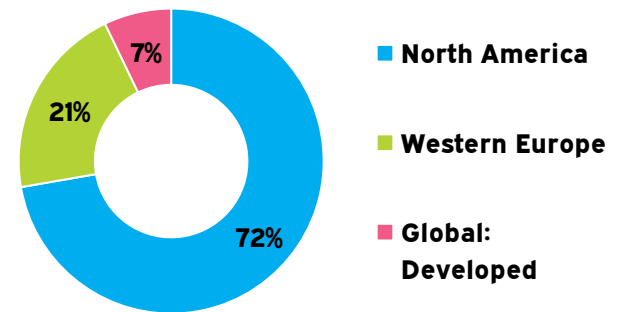


#### By Geographic Focus

Percent of FMV

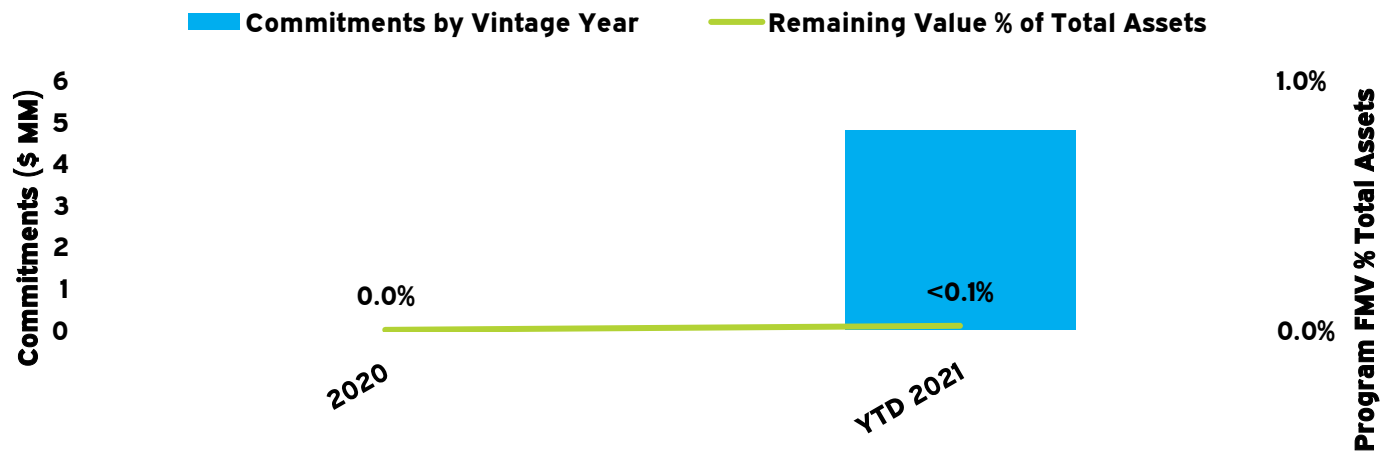


Percent of Exposure



### Introduction

As of June 30, 2021, the Plan had committed \$4.8 million to one venture capital fund. The total reported fair value of the Venture Capital Program's investments was \$0.5 million at June 30, 2021, which equates to 0.2% of the overall Retirement System, versus a 4.0% policy target.



### Program Status

No. of Investments	1
Committed (\$ MM)	4.8
Contributed (\$ MM)	0.5
Distributed (\$ MM)	0.0
Remaining Value (\$ MM)	0.5

### Performance Since Inception

	Program	Peer Universe
DPI	0.00x	0.00x
TVPI	0.96x	1.07x
IRR	NM	NM

### Commitments

#### Commitments This Quarter

Fund	Region	Amount (MM)
Innovation Endeavors IV	North America	4.80

### Cash Flows

#### Recent Quarterly Cash Flows



#### Largest Contributions This Quarter

Fund	Vintage	Region	Amount (\$MM)
Innovation Endeavors IV	2021	North America	0.48

#### Largest Distributions This Quarter

Fund	Vintage	Region	Amount (\$MM)
None to report.			

#### By Vintage

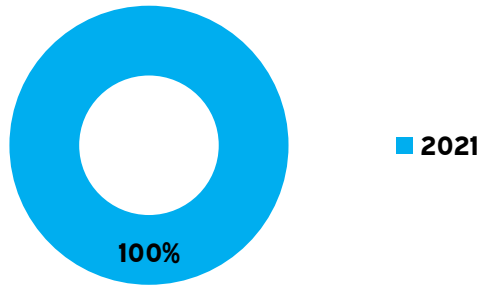
Group	Number	Committed (\$ MM)	Contributed (\$ MM)	Unfunded (\$ MM)	Distributed (\$ MM)	Remaining Value (\$ MM)	Exposure (\$ MM)	DPI (X)	TVPI (X)	IRR (%)	Peer IRR (%)
2021	1	4.8	0.5	4.3	0.0	0.5	4.8	0.00	0.96	NM	NM
<b>Total</b>	<b>1</b>	<b>4.8</b>	<b>0.5</b>	<b>4.3</b>	<b>0.0</b>	<b>0.5</b>	<b>4.8</b>	<b>0.00</b>	<b>0.96</b>	<b>NM</b>	<b>NM</b>

### Fund Performance: Sorted By Vintage And Strategy

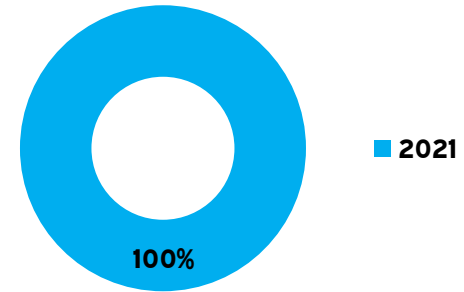
By Investment	Vintage	Committed (\$ MM)	Contributed (\$ MM)	Unfunded (\$ MM)	Distributed (\$ MM)	Remaining Value (\$ MM)	TVPI (X)	Peer TVPI (X)	IRR (%)	Peer IRR (%)
Innovation Endeavors IV	2021	4.8	0.5	4.3	0.0	0.5	0.96	0.98	NM	NM
<b>Total</b>		<b>4.8</b>	<b>0.5</b>	<b>4.3</b>	<b>0.0</b>	<b>0.5</b>	<b>0.96</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>

#### By Vintage

Percent of FMV

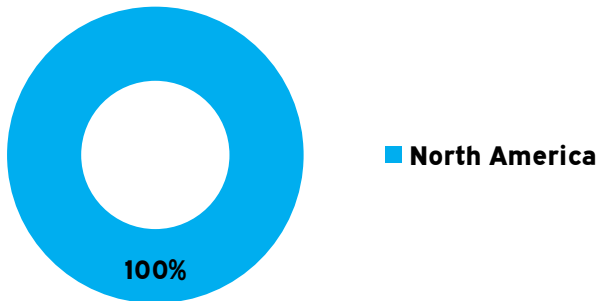


Percent of Exposure

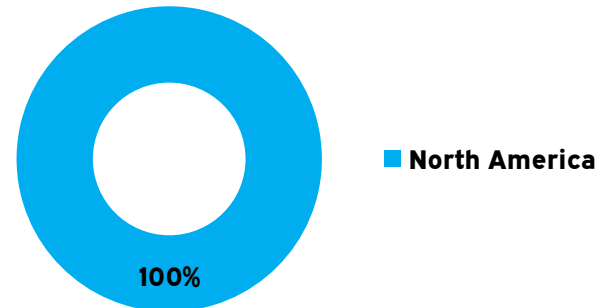


#### By Geographic Focus

Percent of FMV



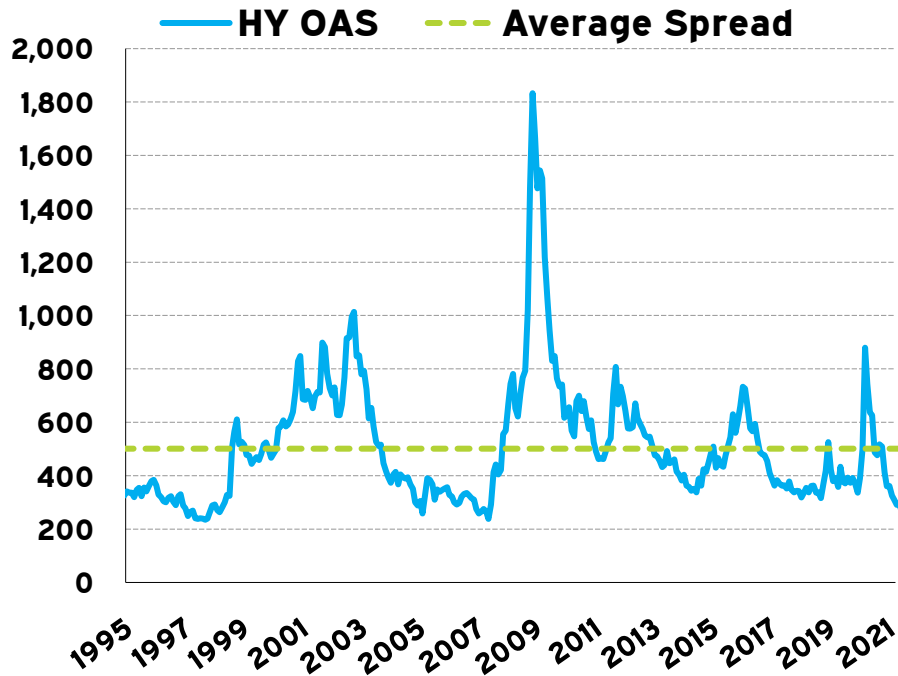
Percent of Exposure



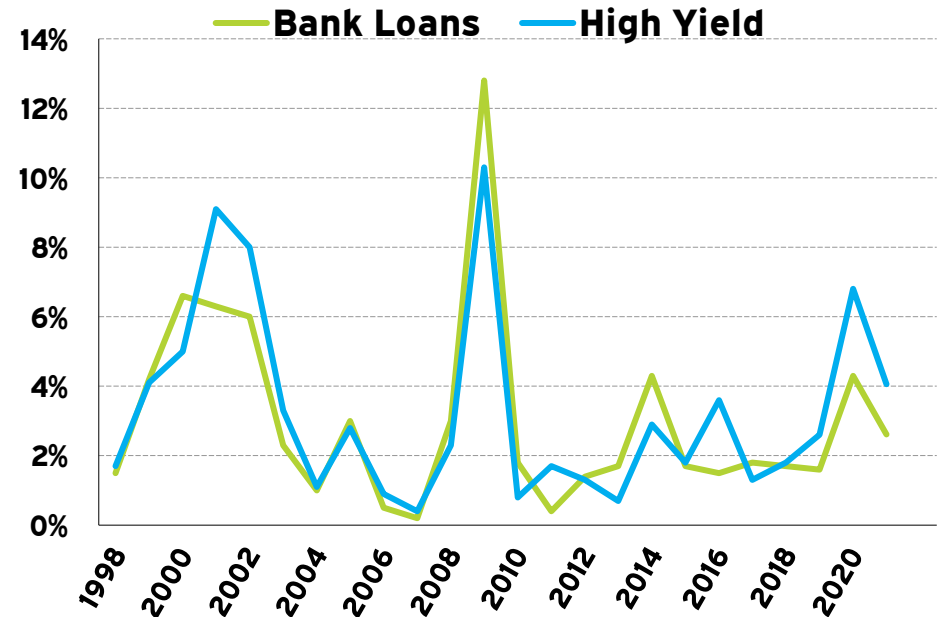
### Private Debt

Credit markets continued to rally in the first quarter. High yield spreads finished the quarter at 310 basis points, significantly tighter than the wide levels of approximately 880 basis points one year prior. High yield bonds continue to touch new historic yield lows as the market yield-to-worst finished the quarter at 4.3%. Default activity remained muted in the first quarter.

US Corporate High Yield Spread<sup>1</sup>



US Corporate Default Rate<sup>2</sup>



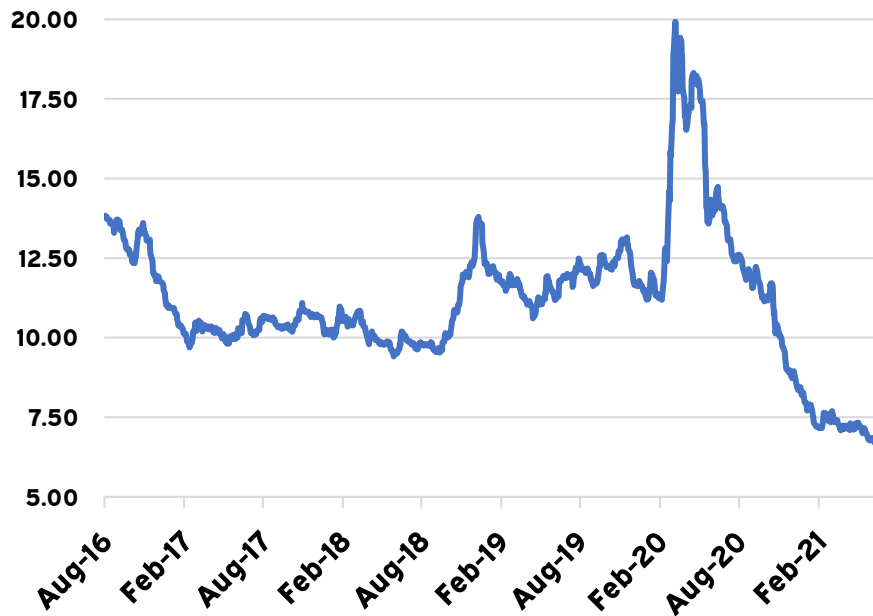
<sup>1</sup> Source: Barclays Capital

<sup>2</sup> Source: JP Morgan

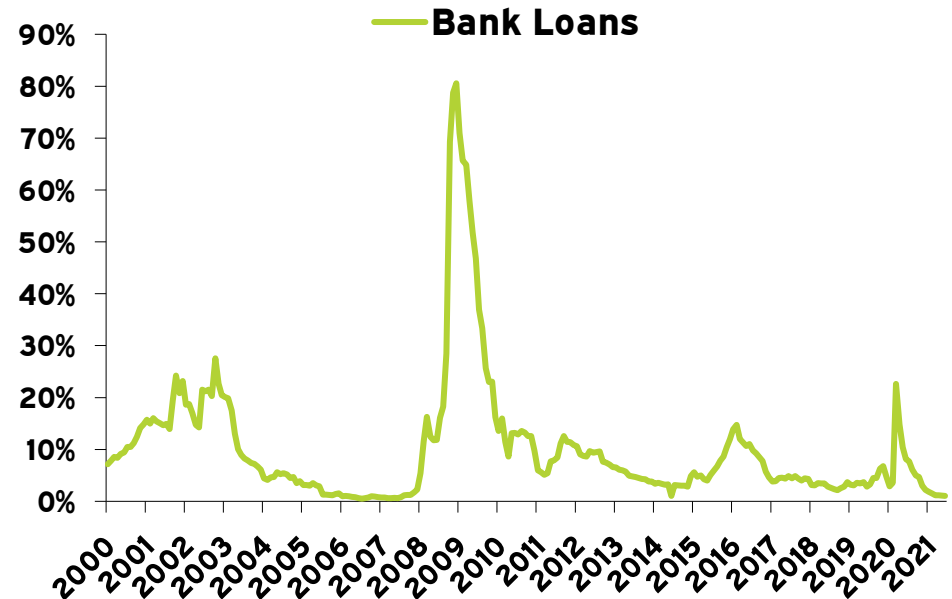
### Distressed & Opportunistic Debt

The yields on lower rated debt continued to trend downward and remain near historical low levels. The distressed ratio remains near historic lows. Most stressed and opportunistic investment opportunities continue to be in industries directly impacted by the COVID-19 pandemic such as travel, lodging, and certain consumer segments.

**Lower Rated Debt Yield<sup>1</sup>**



**Distressed Ratio<sup>2</sup>**



<sup>1</sup> Source: St. Louis FRED data

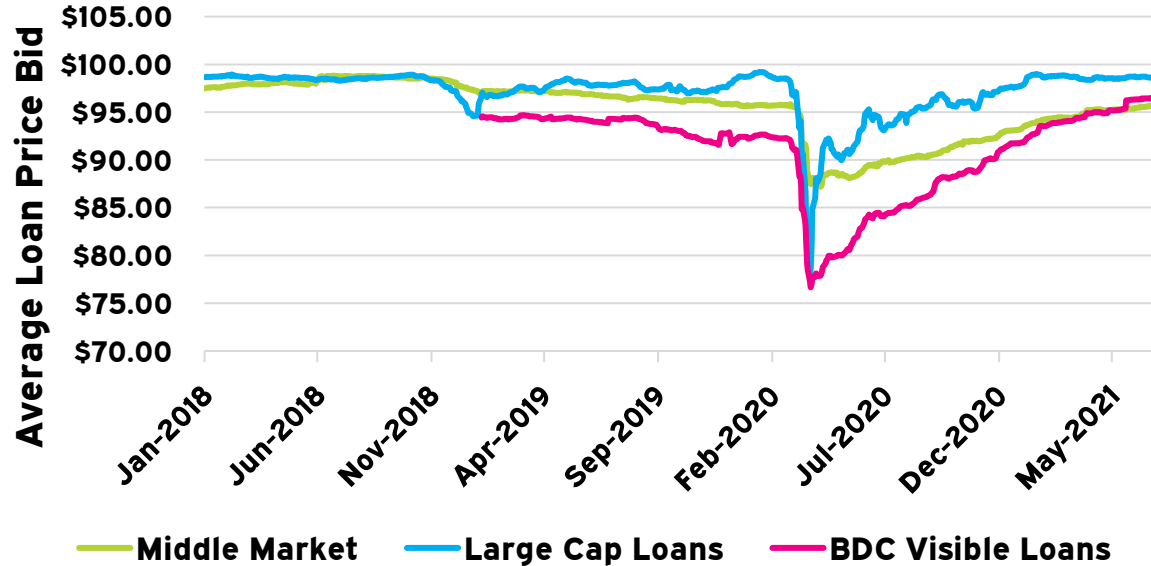
<sup>2</sup> Source: Bank Loans trading below \$80, Credit Suisse



Private Senior Debt

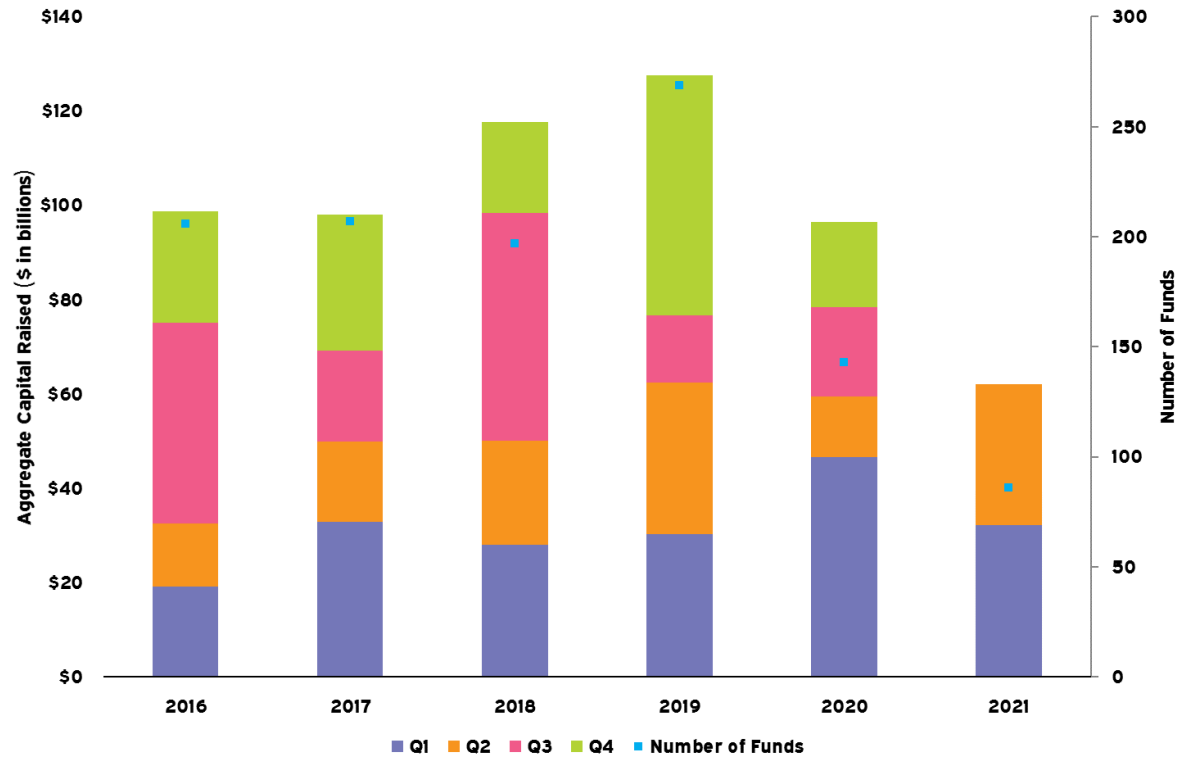
Secondary market pricing of middle market and large cap loans remained largely unchanged during the quarter, while BDCs continued to recover. The middle market loans trading at a discount tend to be those in industries that have struggled most as a result of the COVID-19 pandemic. It is also important to note that the Refinitiv/LPC universe is only a subset of the overall private middle market loan universe.

Senior Loan Secondary Market Pricing<sup>1</sup>



<sup>1</sup> Source: Refinitiv LPC

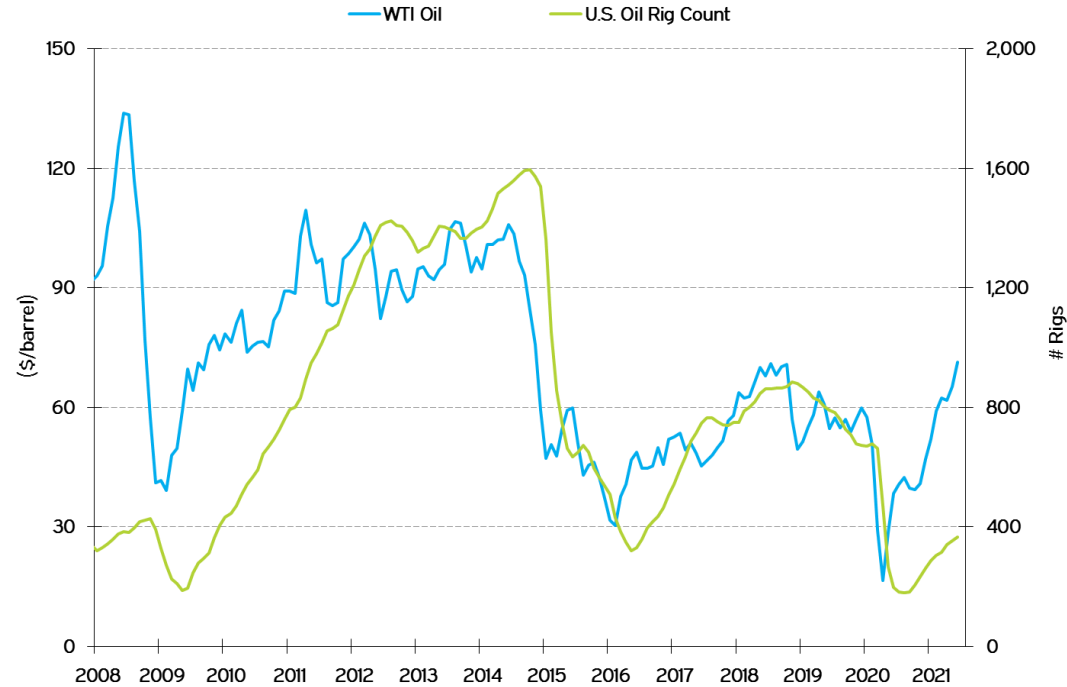
Global Quarterly Unlisted Natural Resource Fundraising<sup>1</sup>



After a full year following the declaration of the global pandemic, fundraising continued to improve. During the quarter, approximately \$29.9 billion was raised across 40 funds with the average fund size raised averaging approximately \$0.8 billion of commitments. As of June 30, 2021, Preqin reported a total of 411 unlisted natural resources funds with a combined fundraising target of approximately \$215 billion. The majority of natural resources managers fundraising during the second quarter were focused on North America, accounting for half of cumulative targeted capitalization in the market.

<sup>1</sup> Source: Preqin Private Capital Fundraising Update, Q2 2021.

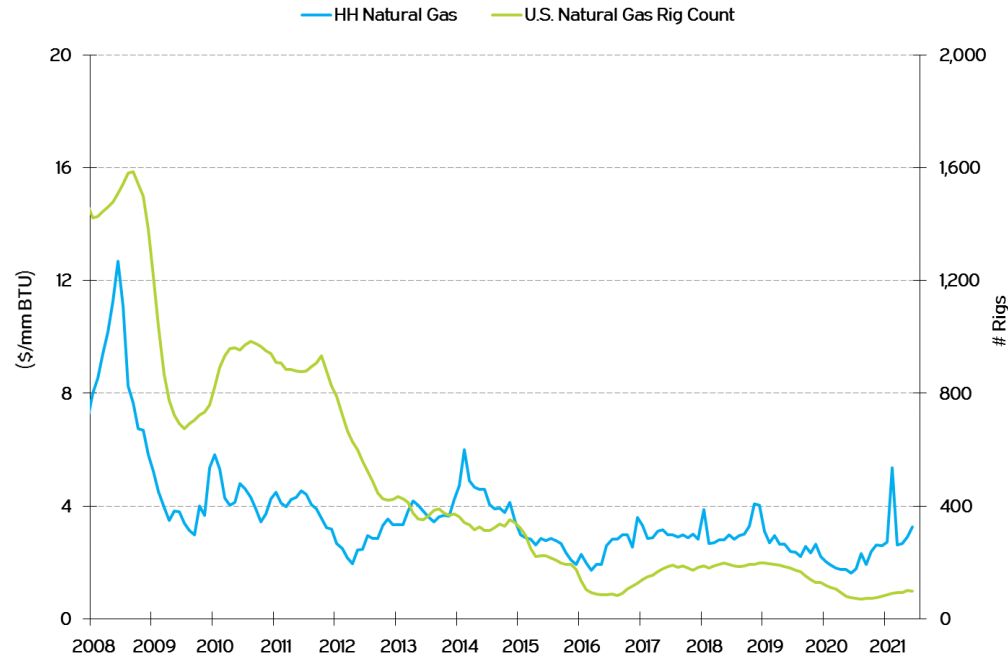
### Extracted Resources Oil Price vs. Active US Rigs<sup>1</sup>



Oil prices ended the quarter at \$71 per barrel representing a 15% increase from the prior quarter and an 86% increase from one year prior. Global demand continues to modestly increase while increases in production from the U.S. and OPEC+ have been muted. Also during the quarter, the Colonial Pipeline, a pipeline system that transports gasoline and other fuels, suffered a cyberattack that led to shortages across the Southeast. During the quarter, the active U.S. oil rig count increased by 52 to 367. International oil, as represented by Brent prices, increased by 12% to \$73 per barrel. U.S. gasoline prices for regular blend increased to \$3.28 per gallon representing a 9% quarterly increase and 45% yearly increase.

<sup>1</sup> Source: EIA and Baker Hughes.

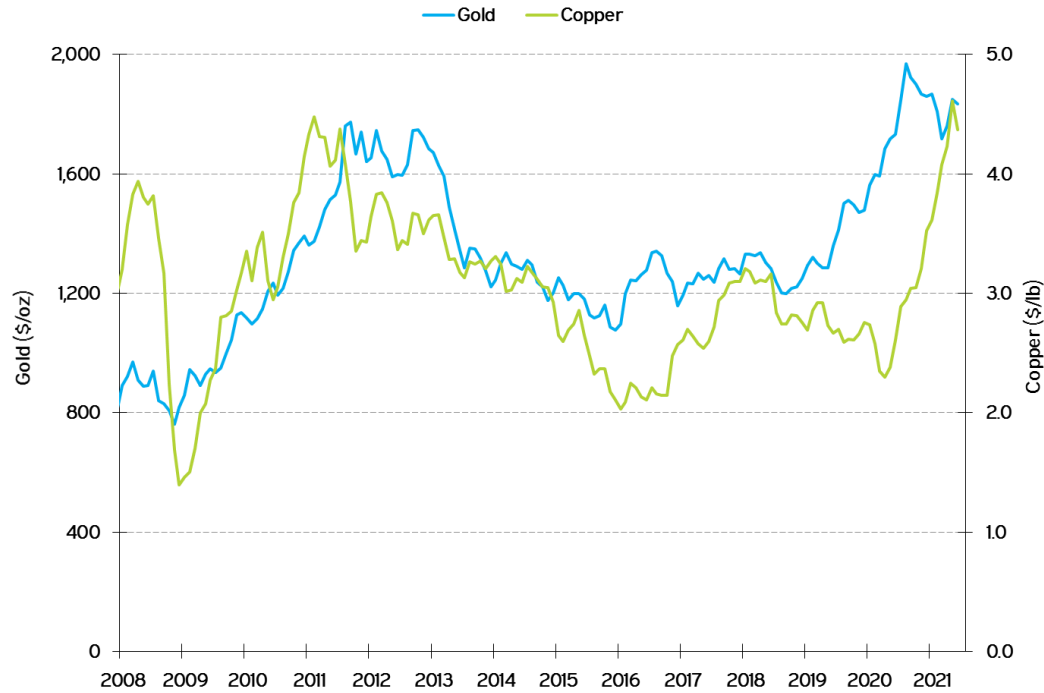
### Extracted Resources<sup>1</sup> Natural Gas Price vs. Active US Rigs



Natural gas demand continues to remain robust while production remains constrained with limited drilling activity and less associated gas produced from oil production. Henry Hub gas prices ended the second quarter at \$3.26 after temporarily spiking to \$5.35/mm BTU in February during the Texas Freeze. Supply concerns have started to emerge in Europe and Asia, two regions that rely heavily on piped and liquefied natural gas imports, and prices have started to trend higher. Relative to one year prior, natural gas prices are up 100%. During the quarter, the U.S. natural gas rig count increased by 5 to 97. Total U.S. natural gas production averaged almost 102 billion cubic feet per day during the quarter.

<sup>1</sup> Source: EIA and Baker Hughes.

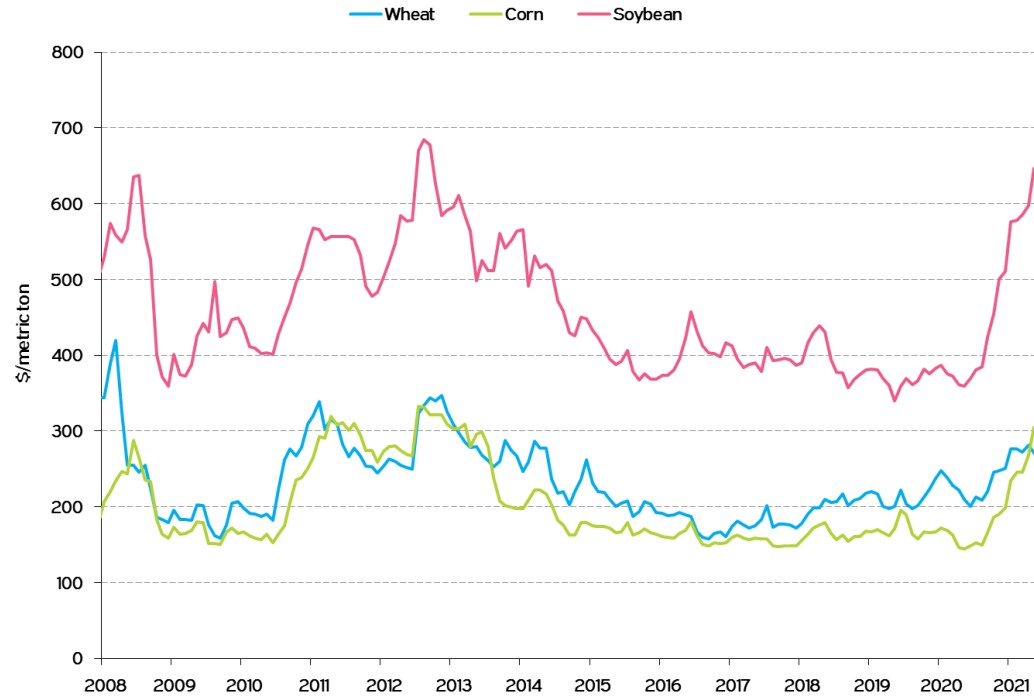
### Extracted Resources Metals Prices<sup>1</sup>



Generally, many metals increased in price during the quarter on strong demand from a variety of sectors including manufacturing, electrical vehicles, and renewable energy projects. Gold prices ended the quarter at approximately \$1,835 per ounce representing a quarterly increase of 7% and a 6% increase from one year prior. Copper prices ended the quarter at \$4.37 per pound representing a 7% increase for the quarter and a 67% increase from one year prior.

<sup>1</sup> Source: World Bank

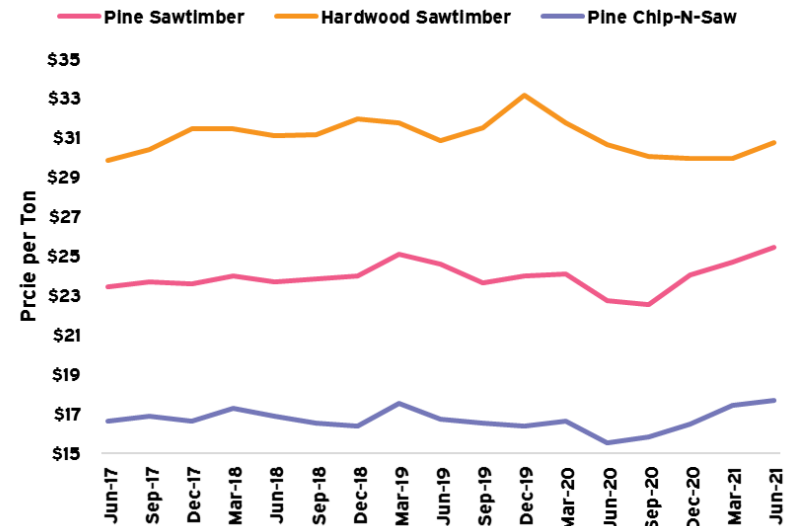
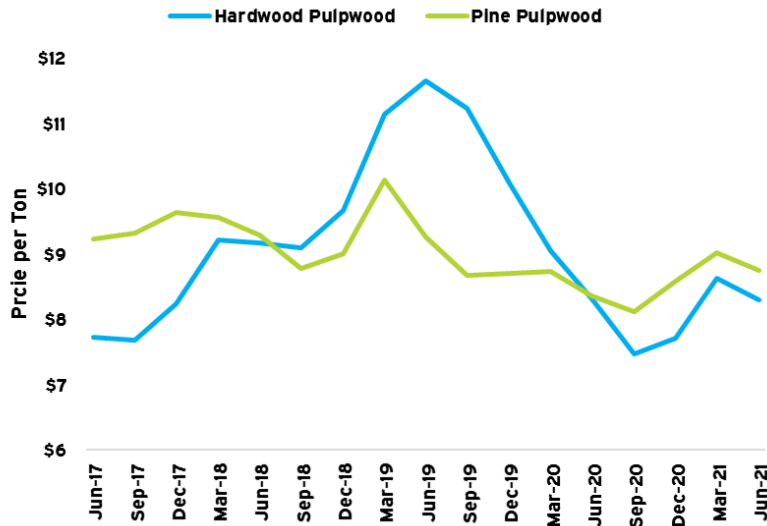
### Harvested Resources Wheat, Corn, & Soybean<sup>1</sup>



After several years of low crop prices, contributed to by bumper harvests around the world and decreased exports to China, grain prices began strengthening over the past year. During the quarter, wheat, corn, and soybean prices experienced a -3%, 19%, and 5% change, respectively. Relative to one year prior, the grains were up by 31%, 98%, and 66%, respectively. The NCREIF Farmland index increased by 1.5% during the quarter driven by income returns of 0.6% and appreciation of 0.9%.

<sup>1</sup> Source: World Bank

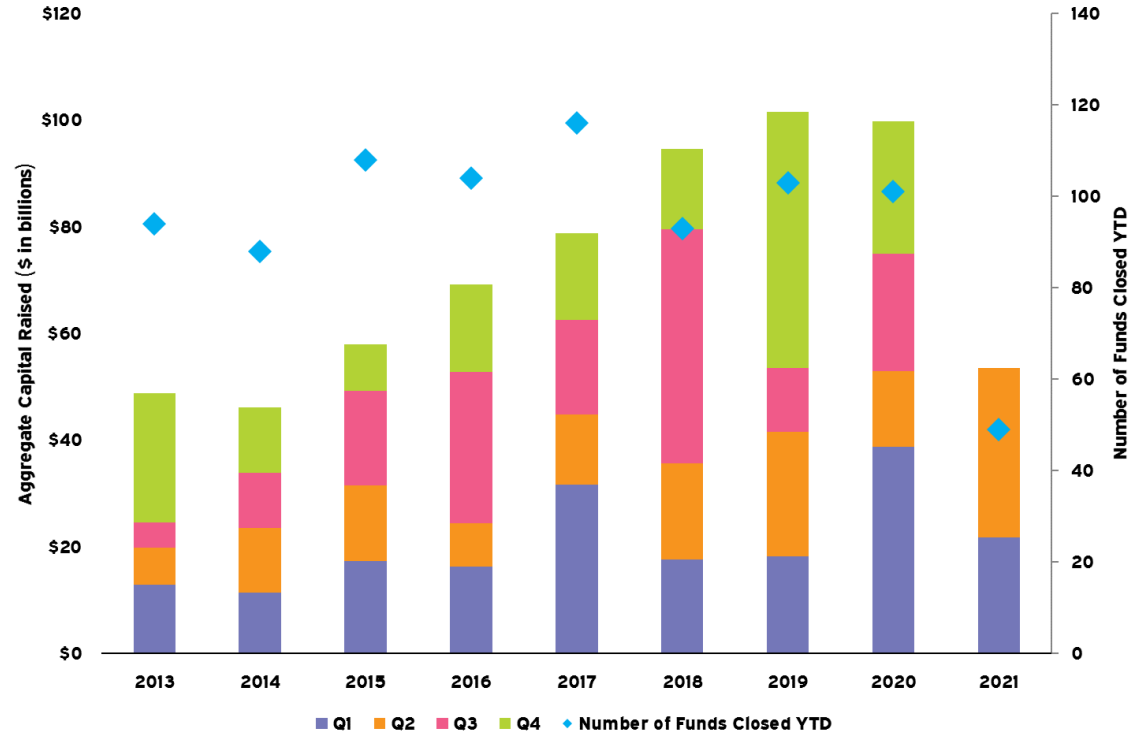
### Harvested Resources US South Timber Prices<sup>1</sup>



Significant increases in demand from new home construction and remodeling activity helped boost prices for cut wood products such as lumber and panels. However, limited mill capacity and an oversupply of logs in the U.S. South continue to limit the price increases for sawlogs. U.S. South average timber prices for sawtimber and chip-n-saw have remained fairly consistent over the past several years, while pulpwood experienced more volatility. Hardwood pulpwood experienced a quarterly decrease of 3.9% and was down 0.2% for the trailing one-year period. Pine pulpwood decreased 3.1% during the first quarter but was up 4.7% over the past year. Pine sawtimber prices were relatively stable increasing by 3.0% and 11.7% during the quarter and one year period, respectively. The quarterly NCREIF Timberland index increase of 1.7% was driven by income returns of 0.8% and appreciation of 0.9%.

<sup>1</sup> Source: Bloomberg and TimberMart South

Global Quarterly Unlisted Infrastructure Fundraising<sup>1</sup>

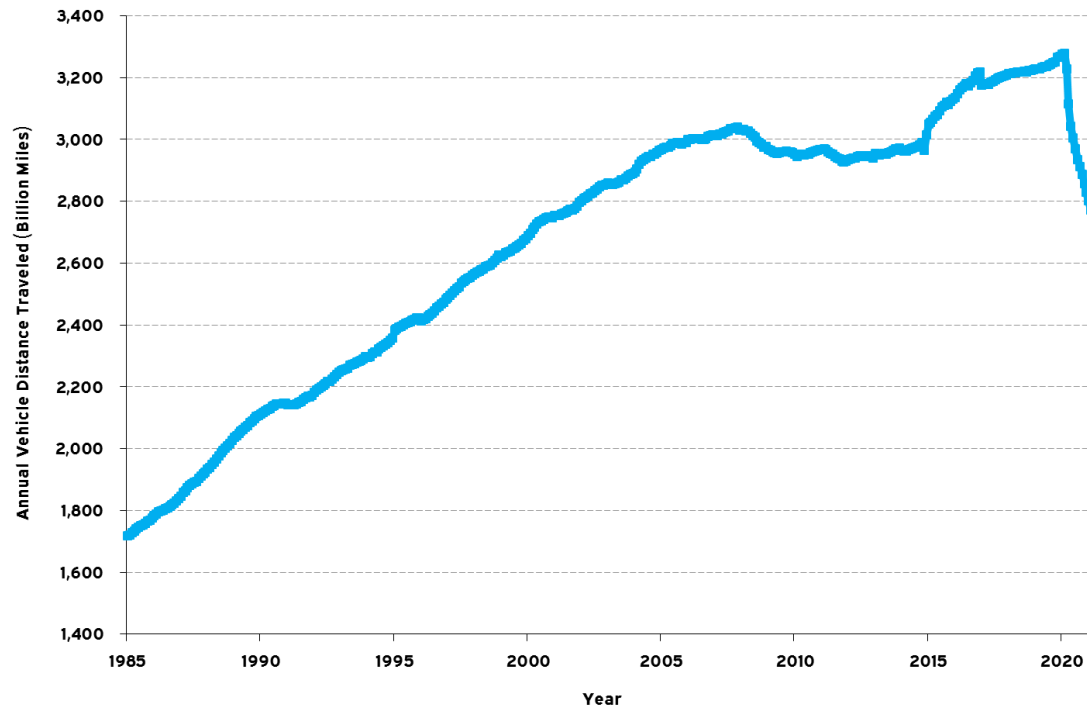


Capital raised in the second quarter of 2021 was more than the first quarter of 2021 and more than the capital raised in the second quarter of 2020. The average fund raised so far in 2021 is \$1.1 billion, which is greater than the 2020 average of \$786 million. As of June 30, 2021, a total of 328 unlisted infrastructure funds were in market, according to Preqin, with a combined fundraising target of approximately \$238 billion.

<sup>1</sup> Source: Preqin 2Q 2021 Global Infrastructure Report.



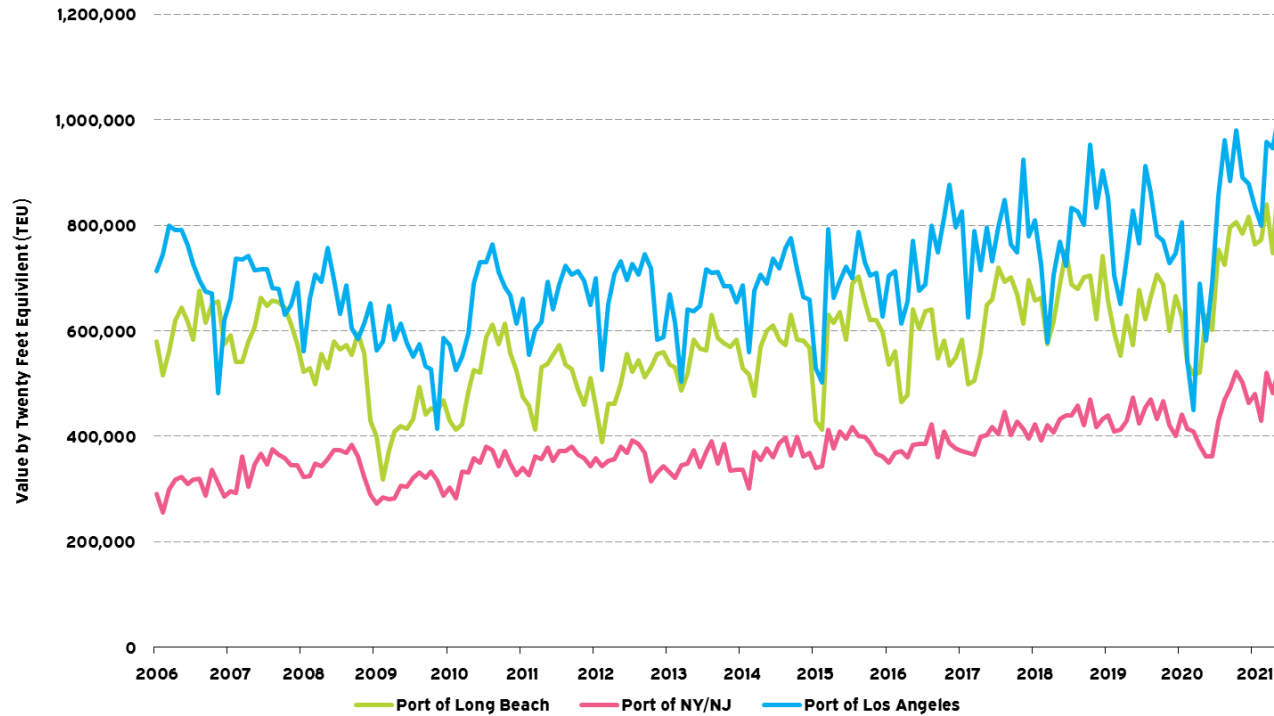
**Moving 12-month Total on All US Roads<sup>1</sup>**



The second quarter was the highest distance traveled on US roads since before the global pandemic, with a total of approximately 813 billion miles. This represented an increase of 13% over the same period in 2020. The travel data is trending back to higher values, indicating a natural return to travel as COVID-19 restrictions continue to loosen. Up to this point in 2021, the average US price of a gallon of gas went down to a monthly average of \$2.85 per gallon, with a peak of \$3.16. This compares to \$2.26 and \$2.64 seen in 2020, respectively.

<sup>1</sup> Source: US Department of Transportation, Federal Highway Administration: Office of Highway Policy Information.

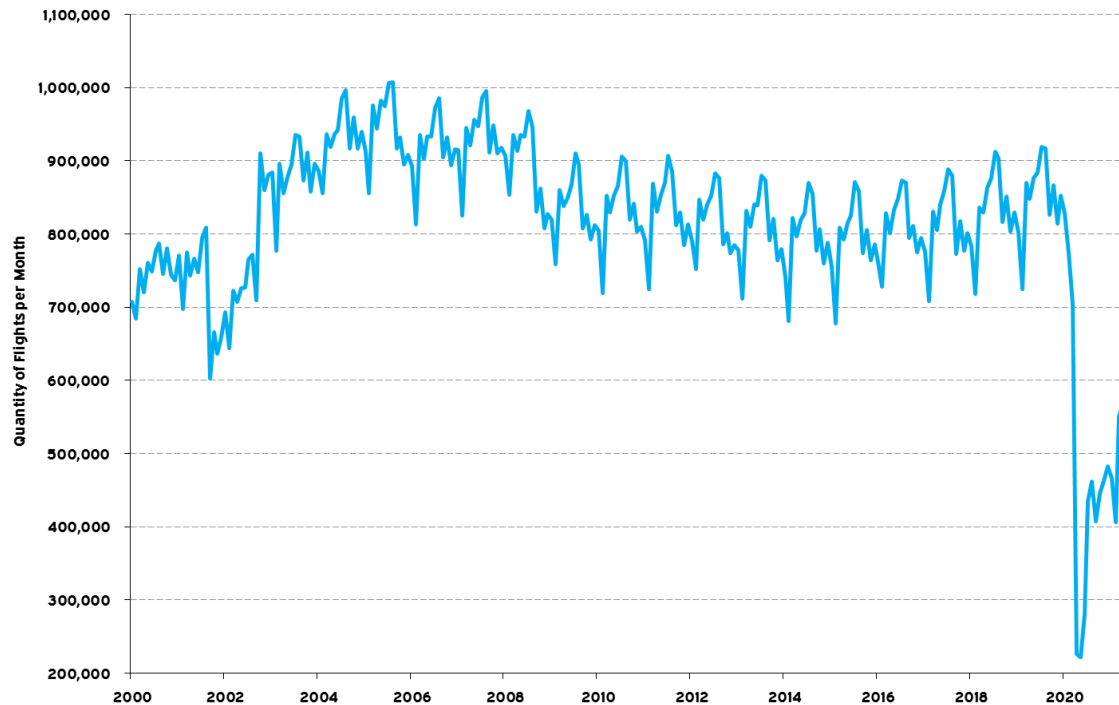
**US Port Activity – Container Trade in TEUs<sup>1</sup>**



The chart presents the top three US ports by container volume, as measured by twenty-foot equivalent units (TEU). Activity at the three ports provides a high-level representation of the volume at US ports more broadly. During the second quarter of 2021, volumes at the three ports increased by 1.9 million units relative to the same period in 2020. On a year-over-year basis, the combined port volumes increased by 5.2 million TEU, or 24.7%, over the prior 12-month period. The Port of Long Beach recorded an increase of 27.8% (2.1 million TEU), the Port of NY/NJ reported an increase of 16.0% (0.8 million TEU) and the Port of Los Angeles recorded an increase of 27.1% (2.3 million TEU) over the prior 12 months.

<sup>1</sup> Source: [www.polb.com](http://www.polb.com), [www.panynj.gov](http://www.panynj.gov), and [www.portoflosangeles.org](http://www.portoflosangeles.org).

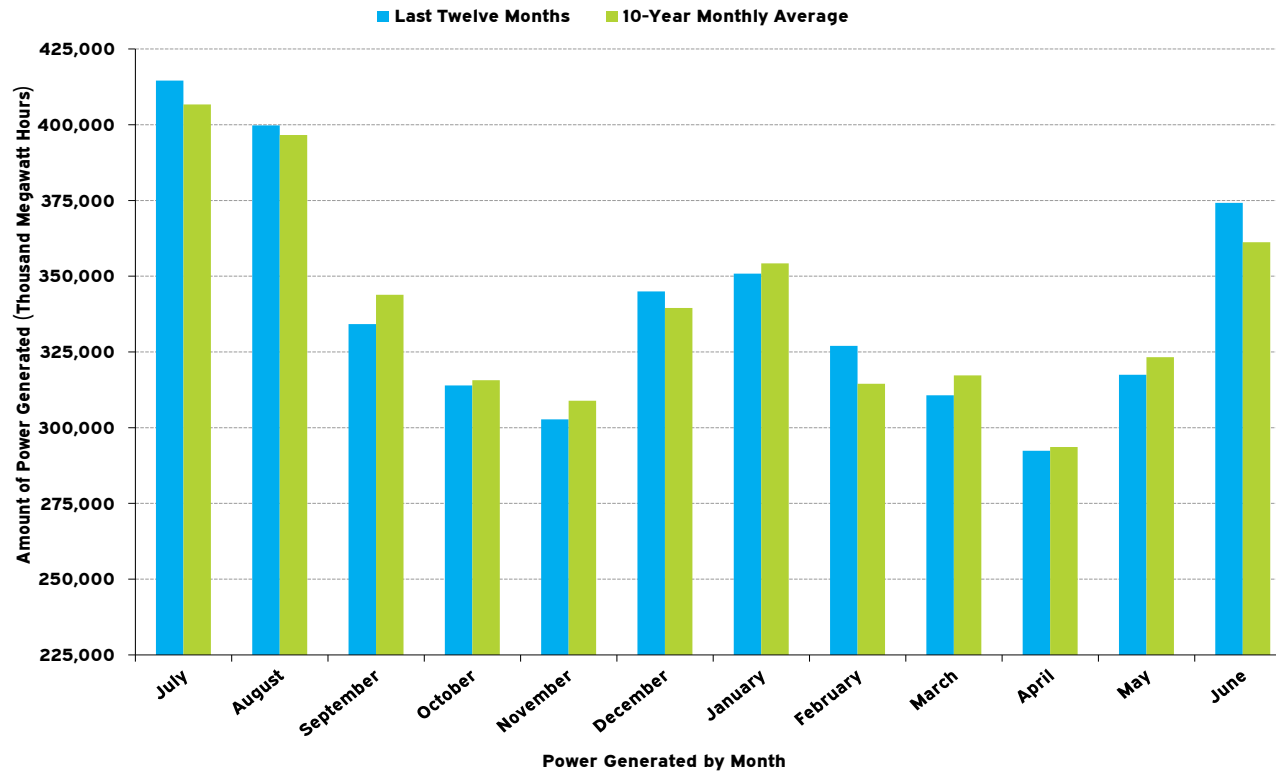
**Total US Domestic and International Flights<sup>1</sup>**



The chart above presents all US domestic and international flights, excluding foreign point-to-point flights by month. Historically, air traffic is cyclical with peaks in the summer months and troughs in the winter months. There were 1.2 million more flights during the second quarter of 2021, representing a 159.8% increase compared to the same period in 2020. Air traffic activity decreased by 27% over the 12-month period ending June 30, 2021 over the previous 12 months. In addition to the number of flights during the second quarter decreasing year-over-year, the total number of passengers travelling on US and international airlines decreased by 42% from 2020 to 2021 with the lowest level of international travelers since 2003.

<sup>1</sup> Source: Bureau of Transportation Statistics: Flights, All US, and Foreign Carriers.

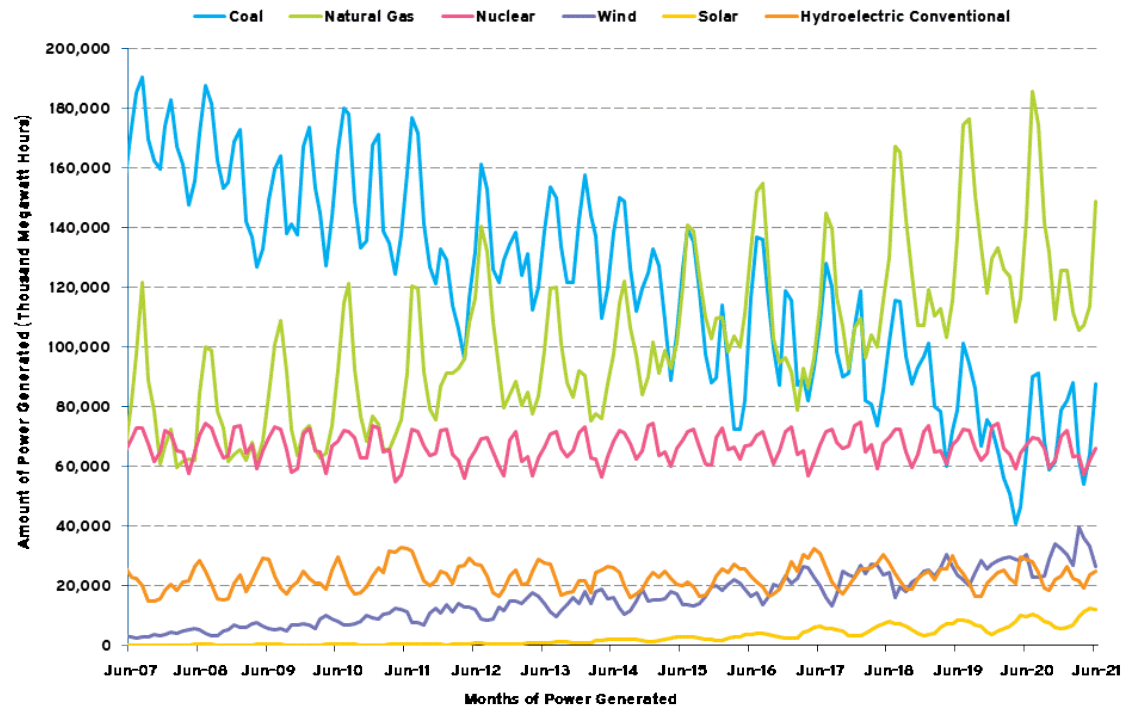
### Total US Power Generation<sup>1</sup>



The graph above presents the total net generation for the past 12 months compared to the 10-year average for each month. Over the past year, power generation was below the 10-year average in seven out of 12 months. Net energy generation in the US increased by 5.7% during the second quarter, compared to the same period in 2020. For the 12-month period ending June 30, 2021, net energy generation increased by 1.0% over the previous 12 months.

<sup>1</sup> Source: US Energy Information Administration: Electric Power Monthly, June 2021.

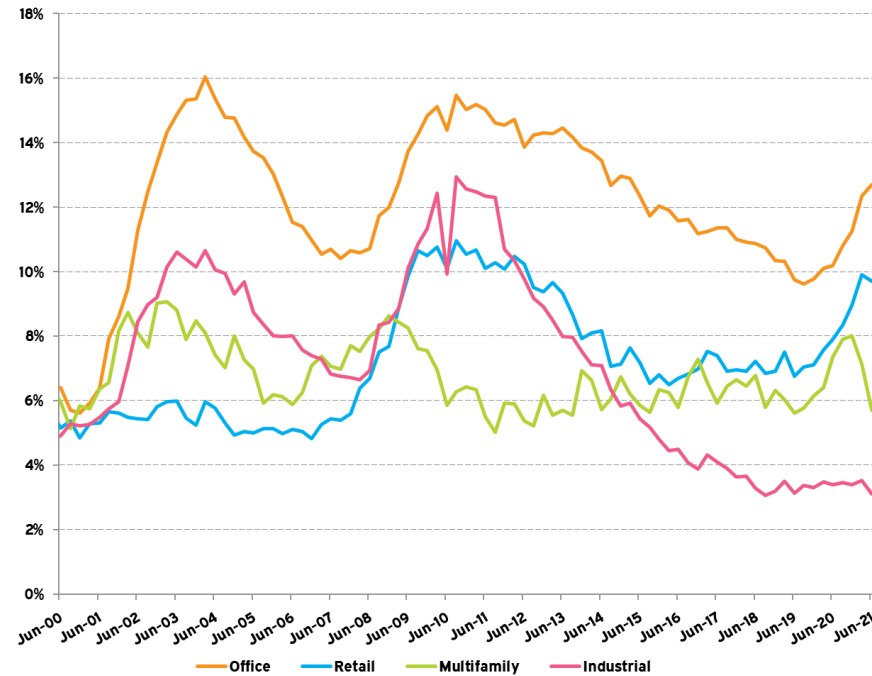
### US Power Generation by Source<sup>1</sup>



Three power generation sources in the US—coal, wind, natural gas, and solar—increased 35%, 10%, 1% and 30%, respectively, in the second quarter of 2021 (versus the same period in the previous year). Generation from nuclear and hydroelectric conventional dropped by 3% and 14%, respectively, during the same period. Wind and utility-scale solar continue to make up a small portion of total net energy generation in the US, accounting for only 10% and 7% of energy generation in the second quarter, respectively, while coal, natural gas, and nuclear accounted for 21%, 38%, and 19%, respectively. However, the growth of wind and solar as sources of energy generation continues to increase at a faster rate than coal and natural gas, especially over the last couple of years.

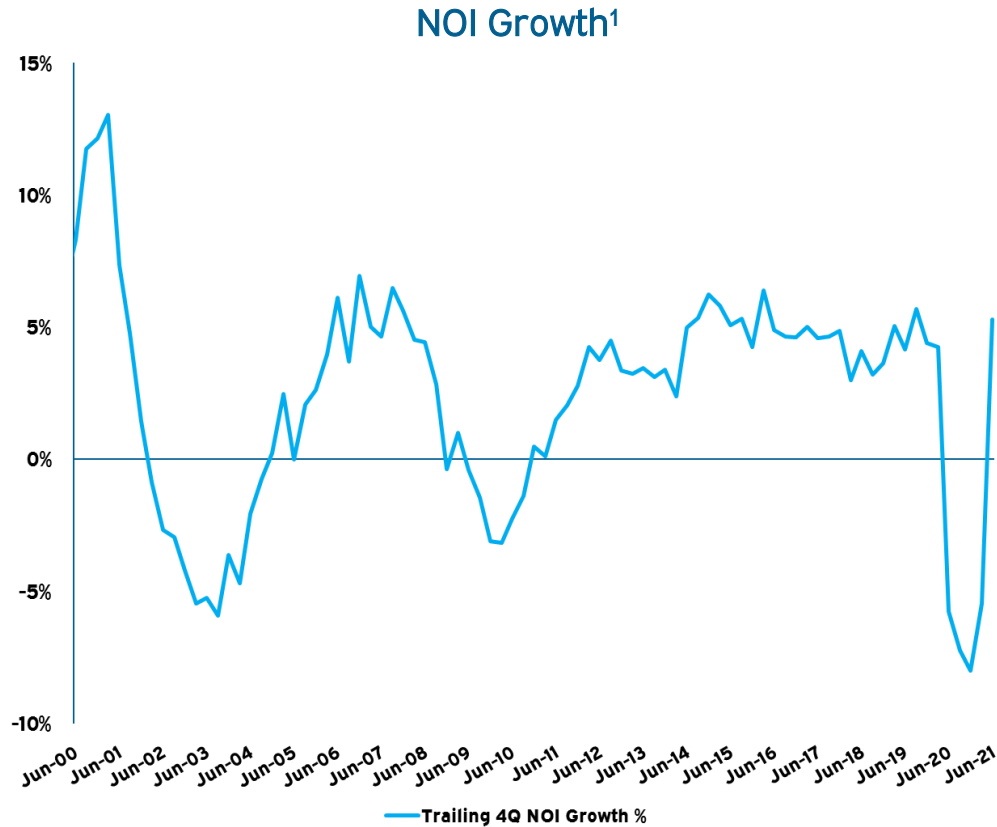
<sup>1</sup> Source: US Energy Information Administration: Electric Power Monthly, June 2021.

### Real Estate Fundamentals Vacancy by Property Type<sup>1</sup>



In the second quarter of 2021, vacancy rates decreased for all property types except office. Multifamily vacancies decreased by 143 basis points in the second quarter after reaching 8.0% in the fourth quarter of 2020. Industrial vacancies appeared to have bottomed in 2018 just above 3.0% and is currently tracking at 3.1%. Office and retail have seen sharp increases in vacancy due to the COVID-19 pandemic. Office and retail saw increases in vacancy over the trailing twelve months, while industrial and retail have seen decreases over the same period. Compared to one year ago, vacancy rates in multifamily decreased 167 basis points, office increased 251 basis points, industrial decreased 28 basis points, and retail increased 180 basis points. Overall, the vacancy rate across all properties increased 1 basis point from Q2 2020.

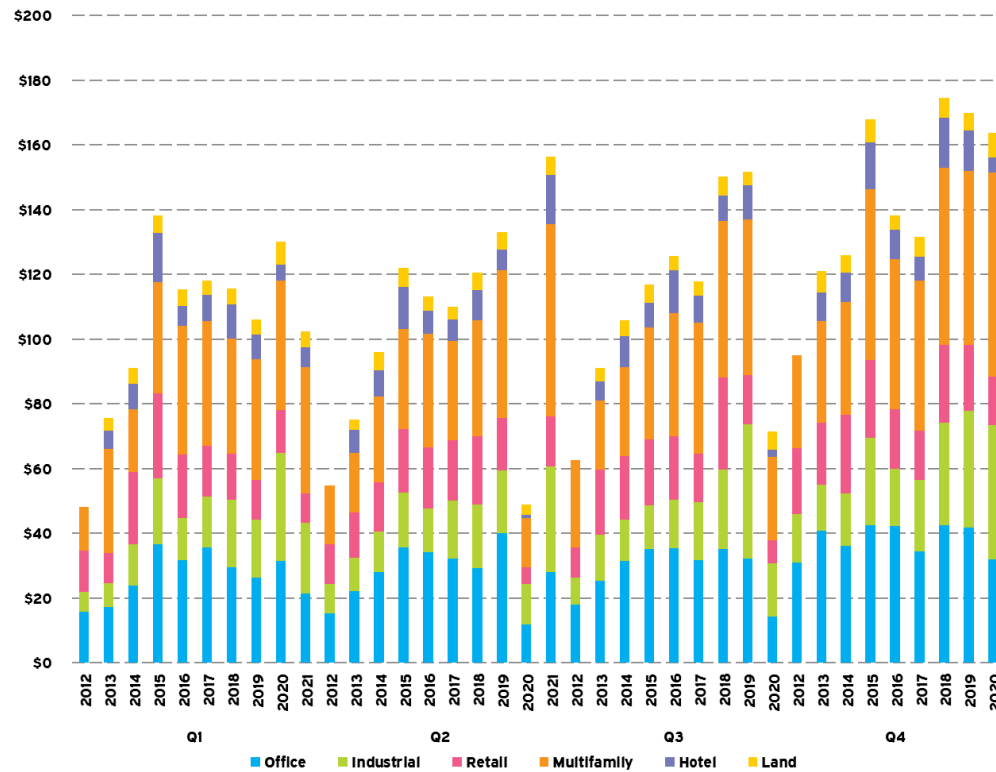
<sup>1</sup> Source: NCREIF



The trailing twelve-month rate of NOI growth increased sharply in Q2 2021 to 5.3%. The ongoing COVID-19 pandemic has negatively impacted commercial property operations as revenue declines outpaced declines in operating expenses, particularly for retail and urban multifamily properties. Industrial NOI growth has increased, now trending above 10.0% for the trailing year ending Q2 2021. Office NOI growth trended down slightly to 2.5% year-over-year, and Apartment NOI (a sector with “gross” rents, compared to “net” rents in other property types) experienced negative NOI growth at 5.3% year-over-year, as occupancy in many core CBD locations declined, and delinquencies increased in Q2 and Q3 2020. Retail NOI growth has improved significantly from the previous four quarters, now at 21.1% year-over-year.

<sup>1</sup> Source: NCREIF

### Transaction Volume (\$bn)<sup>1</sup>

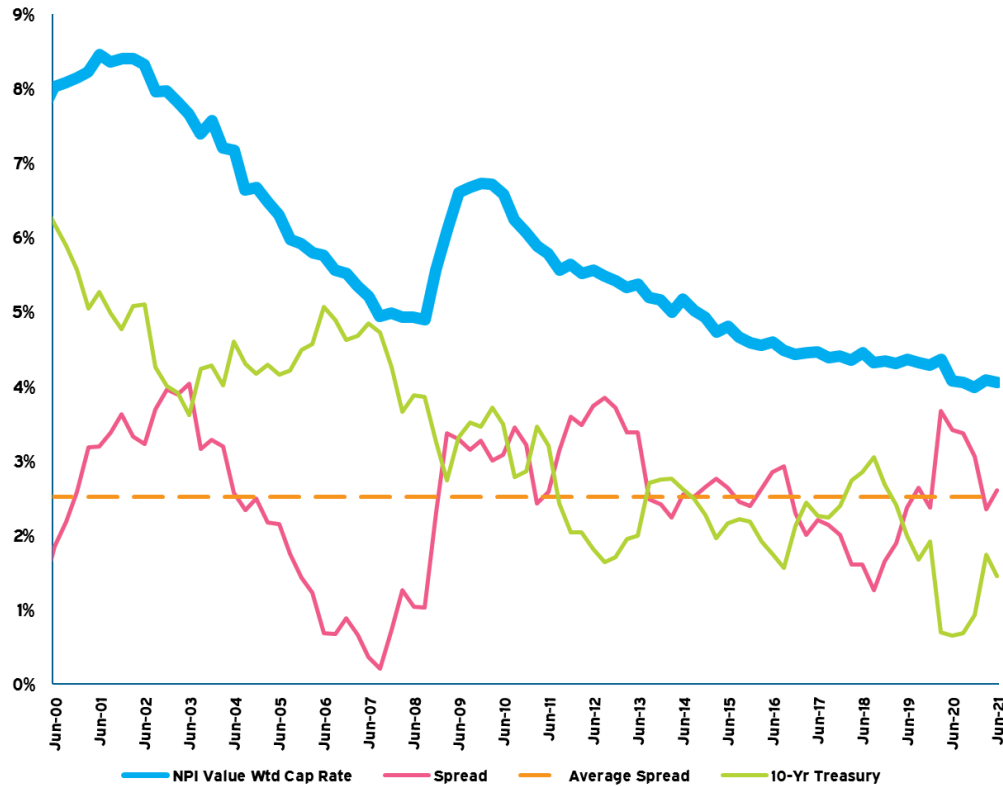


Private real estate transaction volume for properties valued over \$2.5 million for Q2 2021 was up significantly from Q2 2020 to \$156.3 billion. Compared to a year ago, all property types saw major increases in transaction volume: office (+135%), industrial (+165%), retail (202%), multifamily (286%), hotel (1,788%) and land (73%). Multifamily and industrial properties made up the largest percentages of total transaction volume during the quarter, at 38% and 21%, respectively.

<sup>1</sup> Source: PREA



Real Estate Capital Markets  
Cap Rates vs. 10-Year Treasury<sup>1</sup>



The NPI Value Weighted Cap Rate decreased 3 basis points in Q2 2021 to 4.1%. The 10-year Treasury yield decreased by 29 basis points in Q2 2021 from the previous quarter, and is still well below historical yields. The spread between cap rates and treasury yields (261 basis points) is back above the long-term average spread of 252 basis points.

<sup>1</sup> Source: NCREIF and US Department of the Treasury

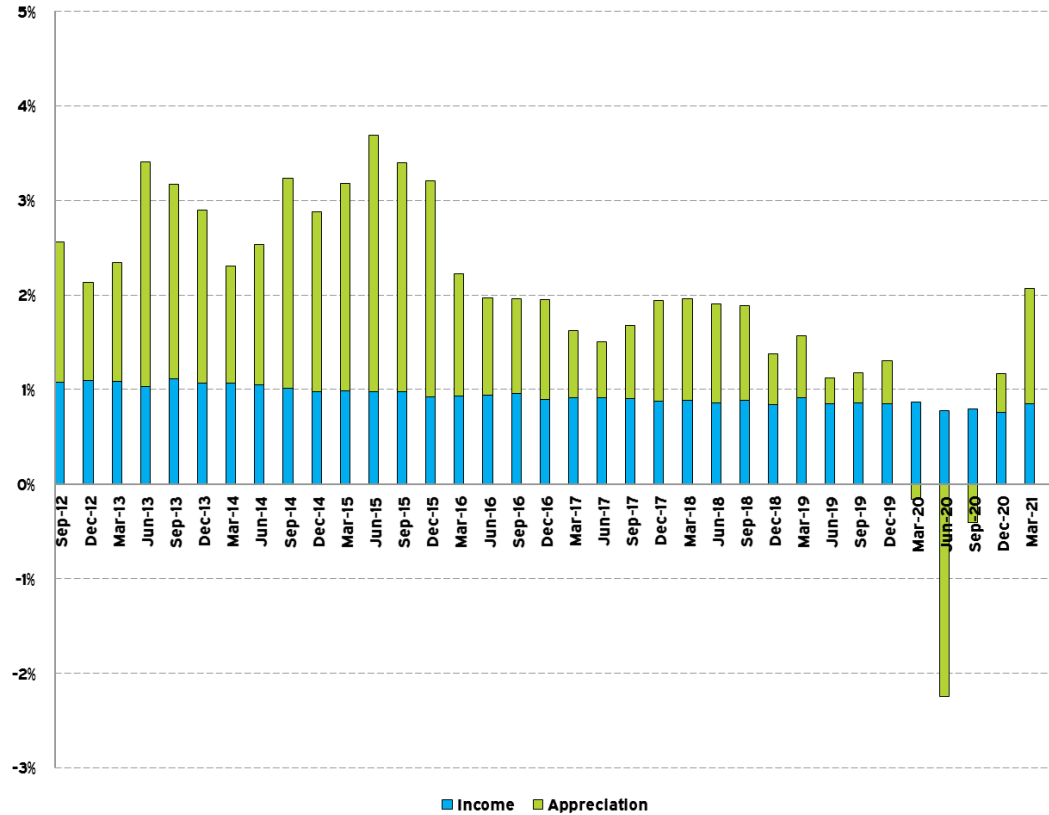
Trailing Period Returns<sup>1</sup>

<i>As of June 30, 2021</i>	1 Year	3 Years	5 Years	10 Years
NFI-ODCE (EW, net)	8.0%	5.2%	6.1%	8.9%
NFI-ODCE (VW, net)	7.1	4.6	5.6	8.7
NCREIF Property Index	8.0	5.2	6.1	8.8
NAREIT Equity REIT Index	32.8	11.8	8.0	10.3

Private real estate indices were positive in Q2 2021 and continue to be positive over the 1-year, 3-year, 5-year, and 10-year time horizons. Public real estate performance in 2020 and into 2021 has been volatile, returning 12.0% in Q2 2021, after posting a negative return (-5.1%) over the course of 2020.

<sup>1</sup> Source: NCREIF

### ODCE Return Components <sup>1</sup> (Equal Weight, Net)



The NFI-ODCE Equal Weight return for Q2 2021 was positive at 4.2%, posting the highest quarterly return since Q2 2011. The income component of the quarterly return was consistent at 0.9%, and appreciation for the quarter was very strong at 3.4%.

<sup>1</sup> Source: NCREIF

Below are details on specific terminology and calculation methodologies used throughout this report:

<b>Committed</b>	The original commitment amount made to a given fund. Some funds may be denominated in non-USD currencies, and such commitment amounts represent the sum of fund contributions translated to USD at their daily conversion rates plus the unfunded balance translated at the rate as of the date of this report.
<b>Contributed</b>	The amount of capital called by a fund manager against the commitment amount. Contributions may be used for new or follow-on investments, fees, and expenses, as outlined in each fund's limited partnership agreement. Some capital distributions from funds may reduce contributed capital balances. Some funds may be denominated in non-USD currencies, and such aggregate contributions represent the sum of each fund contribution translated to USD at its daily conversion rate.
<b>Distributed</b>	The amount of capital returned from a fund manager for returns of invested capital, profits, interest, and other investment related income. Some distributions may be subject to re-investment, as outlined in each fund's limited partnership agreement. Some funds may be denominated in non-USD currencies, and such aggregate distributions represent the sum of each fund distribution translated to USD at its daily conversion rate.
<b>DPI</b>	Acronym for "Distributed-to-Paid-In", which is a performance measurement for Private Market investments. The performance calculation equals Distributed divided by Contributed. DPIs for funds and groupings of funds are net of all fund fees and expenses as reported to by fund managers to Meketa.
<b>Exposure</b>	Represents the sum of the investor's Unfunded and Remaining Value.
<b>IRR</b>	Acronym for "Internal Rate of Return", which is a performance measurement for Private Market investments. IRRs are calculated by Meketa based on daily cash flows and Remaining Values as of the date of this report. IRRs for funds and groupings of funds are net of all fund fees and expenses as reported by fund managers to Meketa.
<b>NCV</b>	Acronym for "Net Change in Value", which is a performance measurement for Private Market investments. The performance calculation equals the appreciation or depreciation over a time period neutralized for the impact of cash flows that occurred during the time period.
<b>NM</b>	Acronym for "Not Meaningful", which indicates that a performance calculation is based on data over too short a timeframe to yet be meaningful or not yet possible due to inadequate data. Meketa begins reporting IRR calculations for investments once they have reached more than two years since first capital call. NM is also used within this report in uncommon cases where the manager has reported a negative Remaining Value for an investment.

### Peer Universe

The performance for a set of comparable private market funds. The peer returns used in this report are provided by Thomson ONE, based on data from Cambridge Associates as of the date of this report. Program-level peer universe performance represents the pooled return for a set of funds of corresponding vintages and strategies across all regions globally. Fund-level peer performance represents the median return for a set of funds of the same vintage and the program's set of corresponding strategies across all regions globally. Data sets that include less than five funds display performance as "NM". Meketa utilizes the following Thomson ONE strategies for peer universes:

Infrastructure: Infrastructure

Natural Resources: Private Equity Energy, Upstream Energy & Royalties, and Timber

Private Debt: Subordinated Capital, Credit Opportunities, Senior Debt, and Control-Oriented Distressed

Private Equity (including Private Debt): Venture Capital, Growth Equity, Buyout, Subordinated Capital, Credit Opportunities, Senior Debt, and Control-Oriented Distressed

Private Equity (excluding Private Debt): Venture Capital, Growth Equity, and Buyout

Real Assets (excluding Real Estate): Infrastructure, Private Equity Energy, Upstream Energy & Royalties, and Timber

Real Assets (including Real Estate): Infrastructure, Private Equity Energy, Upstream Energy & Royalties, Timber, and Real Estate

Real Estate: Real Estate

### Public Market Equivalent ("PME")

A calculation methodology that seeks to compare the performance of a portfolio of private market investments with public market indices. The figures presented in this report are based on the PME+ framework, which represents a net IRR value based on the actual timing and size of the private market program's daily cash flows and the daily appreciation or depreciation of an equivalent public market index. Meketa utilizes the following indices for private market program PME+ calculations:

Infrastructure: Dow Jones Brookfield Global Infrastructure Index

Natural Resources: S&P Global Natural Resources Index

Private Debt: Barclays Capital U.S. Corporate High Yield Bond Index

Private Equity: MSCI ACWI Investable Market Index

Real Assets (excluding Real Estate): Equal blend of Dow Jones Brookfield Global Infrastructure Index and S&P Global Natural Resources Index

	<p>Real Assets (including Real Estate): Equal blend of Dow Jones Brookfield Global Infrastructure Index, S&amp;P Global Natural Resources Index, and Dow Jones U.S. Select Real Estate Securities Index</p> <p>Real Estate: Dow Jones U.S. Select Real Estate Securities Index</p>
<p><b>Remaining Value</b></p>	<p>The investor's value as reported by a fund manager on the investor's capital account statement. All investor values in this report are as of the date of this report, unless otherwise noted. Some funds may be denominated in non-USD currencies, and such remaining values represent the fund's local currency value translated to USD at the rate as of the date of this report.</p>
<p><b>TVPI</b></p>	<p>Acronym for "Total Value-to-Paid-In", which is a performance measurement for Private Market investments. The performance calculations represents Distributed plus Remaining Value, then divided by Contributed. TVPIs for funds and groupings of funds are net of all fund fees and expenses as reported to by fund managers to Meketa.</p>
<p><b>Unfunded</b></p>	<p>The remaining balance of capital that a fund manager has yet to call against a commitment amount. Meketa updates unfunded balances for funds to reflect all information provided by fund managers provided in their cash flow notices. Some funds may be denominated in non-USD currencies, and such unfunded balances represent the fund's local currency unfunded balance translated to USD at the rate as of the date of this report.</p>

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Meketa Investment Group has prepared this report on the basis of sources believed to be reliable. The data are based on matters as they are known as of the date of preparation of the report, and not as of any future date, and will not be updated or otherwise revised to reflect information that subsequently becomes available.

If we manage your assets on a discretionary basis, please contact us if there are any changes in your financial situation or investment objectives, or if you want to impose any reasonable restrictions on our management of your account or reasonably modify existing restrictions.

In general, the valuation numbers presented in this report are prepared by the custodian bank for listed securities, and by the fund manager or appropriate General Partner in the case of unlisted securities. The data used in the market comparison sections of this report are sourced from various databases. These data are continuously updated and are subject to change.

This report does not contain all the information necessary to fully evaluate the potential risks of any of the investments described herein. Because of inherent uncertainties involved in the valuations of investments that are not publicly traded, any estimated fair values shown in this report may differ significantly from the values that would have been used had a ready market for the underlying securities existed, and the differences could be material.

This document may contain certain forward-looking statements, forecasts, estimates, projections, and opinions ("Forward Statements"). No representation is made or will be made that any Forward Statements will be achieved or will prove to be correct. A number of factors, in addition to any risk factors stated in this material, could cause actual future results to vary materially from the Forward Statements. No representation is given that the assumptions disclosed in this document upon which Forward Statements may be based are reasonable. There can be no assurance that the investment strategy or objective of any fund or investment will be achieved, or that the client will receive a return of the amount invested.

In some cases Meketa Investment Group assists the client in handling capital calls or asset transfers among investment managers. In these cases we do not make any representations as to the managers' use of the funds, but do confirm that the capital called or transferred is within the amounts authorized by the client.

Because there is no readily accessible market for private markets assets (companies and partnerships), the values placed on private markets assets are calculated by General Partners using conservative and industry standard pricing procedures. Annually, an independent auditor reviews the pricing procedures employed by the General Partner of each partnership.

The values of companies and partnerships are audited at year-end, and are not audited at other quarter-end periods. While financial information may be audited, there is some discretion as to the method employed to price private companies and, therefore, private markets partnerships. At all times, Meketa Investment Group expects General Partners to utilize conservative and industry standard pricing procedures, and requires the General Partners to disclose those procedures in their reports. However, because of the inherent uncertainty of valuation, these estimated values may differ from the values that would be used if a ready market for the investments existed, and the differences could be significant.