

**MWRA EMPLOYEES' RETIREMENT BOARD MEETING**

**AGENDA**

**Thursday, January 27, 2022 10:00 a.m.**

**MWRA, 2 Griffin Way**

**Via Remote Participation**

Item 1 10:00 a.m. Meeting called to order

**OLD BUSINESS**

Item 2 Standing Committee Reports

- i. By-Laws Committee: Member Kevin McKenna
- ii. Human Resources Committee: Member Thomas J. Durkin, Member Frank Zecha
- iii. Special Committee, Stipend: Chair James M. Fleming, Member Kevin McKenna
- iv. Job Review Committee: Member James M. Fleming; Member Thomas J. Durkin

**NEW BUSINESS**

Item 3 Approval of December 16, 2021 Minutes – VOTE

Item 4 Approval of Warrants – VOTE

- a) Warrant 1-2022
- b) Warrant 1-2022A – Payroll

Item 5 Approval of Monthly Transfers 1-2022 – VOTE

Item 6 Acknowledgement of retirement applications under G.L. c 32 §5 – VOTE

- a) Michael DiMeco DOR 1/4/2022
- b) Thomas Lestrade DOR 1/4/2022
- c) Patricia Sullivan DOR 1/4/2022
- d) Godfrey Ezeigwe DOR 1/8/2022
- e) Joseph Barrett DOR 1/9/2022

Item 7 Approval of Bank Reconciliations – VOTE

- a) December 2020
- b) January 2021
- c) February 2021
- d) March 2021
- e) April 2021
- f) May 2021
- g) June 2021
- h) July 2021
- i) August 2021
- j) September 2021
- k) October 2021
- l) November 2021
- m) December 2021

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|------------|---|
| Item 8     | Manager Due Diligence Presentations                         |
| 10:30 a.m. | a) Select Equity Group                                      |
| 10:50 a.m. | b) TerraCap   |
| 11:20 a.m. | c) PineBridge   |
| 11:40 a.m. | d) Boston Partners  |
| <br>       |   |
| Item 9     | NEPC  |
|            | a) Flash Report as of 12/31/2021                            |
|            | b) Rebalance Recommendation – VOTE                          |
|            | c) Real Estate Search Review                                |
|            | d) Polen Capital Focus Growth Strategy – Guideline Question |
| <br>       |   |
| Item 10    | Update: Retirement Office Access                            |
| <br>       |   |
| Item 11    | Legal   |
|            | a) John Burke Section 7 Review                              |
|            | b) Attorney David Hass Motions                              |
|            | c) 91A Termination Hearing (if matter is not resolved)      |

.....**FOR YOUR INFORMATION and REVIEW** .....

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|------------|--|
| Item 99-1  | PERAC MEMO #34/2021 – 2021 Disability Data   |
| Item 99-2  | PERAC MEMO #35/2021 – 840 CMR 10:10(3) & 10:15(1)(c) – Annual Review of Medical Testing Fee    |
| Item 99-3  | PERAC MEMO #1/2022 – Fraud Attempt People’s Merger   |
| Item 99-4  | PERAC MEMO #2/2022 – 2022 Limits under Chapter 46 of the Acts of 2002                          |
| Item 99-5  | PERAC MEMO #3/2022 – 2022 Limits under Section 23 of Chapter 131 of the Acts of 2010           |
| Item 99-6  | PERAC MEMO #4/2022 – COLA Notice   |
| Item 99-7  | PERAC MEMO #4a/2022 – Clarification of Previous COLA Notice Memo                               |
| Item 99-8  | PERAC MEMO #5/2022 – 2022 Interest Rate set at 0.1%  |
| Item 99-9  | PERAC MEMO #6/2022 – Mandatory Retirement Board Member Training – 1 <sup>st</sup> Quarter 2022 |
| Item 99-10 | PERAC MEMO #7/2022 – Buyback and Make-up Repayment Worksheets                                  |
| Item 99-11 | JF Lehman Personnel Update   |
| Item 99-12 | ABS Global Investments Announcement  |

**The Board reserves the right to consider items on the agenda out of order. The listing of items is those reasonably anticipated by the Chair to be discussed received at least forty-eight (48) hours prior to the meeting. Not all items listed may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by law. Items identified for discussion in Executive Session may be conducted in open session, in addition to, or in lieu of discussion in Executive Session.**

**Date of next scheduled Retirement Board meeting is Thursday, February 24, 2022, 10:00 a.m., Chelsea**

**MASSACHUSETTS WATER RESOURCES  
AUTHORITY EMPLOYEES' RETIREMENT  
BOARD MEETING  
DECEMBER 16, 2021**

A meeting of the MWRA Employees' Retirement Board was conducted remotely on Thursday, December 16, 2021. Remote access was provided to the public via Zoom, with call-in information provided on the official Meeting Notice posted to mwraretirement.com and the MA Secretary of State's website. Participating in the remote meeting were Board members James Fleming, Thomas Durkin, Kevin McKenna, Andrew Pappastergion, and Frank Zecha and staff members Carolyn Russo and Julie McManus. Representatives from NEPC, Sebastian Grzejka and Kiley Fisher, as well as members of the public attended. Mr. Fleming called the meeting to order at 10:10 a.m.

- 1) Call the meeting to order-roll call of members: Mr. Fleming, Mr. Durkin, Mr. McKenna, Mr. Pappastergion, and Mr. Zecha present via remote access.
  
- 2) Standing Committee Reports
  - i. By-Laws Committee: No report
  - ii. Human Resources Committee:
    - a) Member Services Coordinator Position Update/Memo from Executive Director

The Executive Director Reported that the external candidate had withdrawn from the Member Services Coordinator hiring process. After discussing the matter with the Chair and one member of the HR Committee, and as directed by the Chair, the Executive Director made an offer of employment to the internal candidate at the rate of \$77,000 per year without steps, conditioned upon the full Board's approval at the December meeting. The candidate was advised that she would receive the same annual raises as Unit 6, as does the Retirement Coordinator. The internal candidate accepted the offer, so the Board may vote to approve or deny the hire. Mr. Zecha made a motion to approve the hire under the stated terms, which was seconded by Mr. Durkin. Under discussion Mr. Durkin then asked why the candidate was not offered steps, and whether this was a departure from previous procedure. Mr. McKenna asked the name of the internal candidate. The Executive Director reminded the Board that she had requested confidentiality until she has the opportunity to notify her manager, but responded Danielle DiRuzza. Mr. McKenna asked if Mr. Zecha would accept an amendment to the motion to add steps, and Mr. Zecha respectfully declined. He further explained that "there is no farm system" in the MA public retirement circles, anticipates that there will be high-level openings in the next few

years, that the Board may lose an employee or two, and that he does not want the Board locked into Unit 6 salary grades and steps. Mr. Fleming concurred, saying that Unit 6 terms should serve only as a guide for the Board in determining staff compensation.

On a motion made by Mr. Zecha and seconded by Mr. Durkin:

**VOTED**

to approve the hire of Ms. Danielle DiRuzza as the Member Services Coordinator at an annual salary of \$77,000, with consideration of future compensation changes remaining at the discretion of the Board. 5-0, roll call with Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, Mr. Durkin voting yes, and Mr. Fleming voting yes.

b) Fifth Member Appointment Update/Info. from Executive Director

The Executive Director reported that the Fifth Member's position was advertised as required. The notice was posted on PERAC's site beginning November 4, 2021 with a deadline of December 3, 2021. The Board received one letter of interest and resume, from incumbent Mr. Frank Zecha. The Executive Director noted that although the Board is well-familiar with Mr. Zecha's extensive credentials in this area, that for the benefit of those listening and for those who will read the posted minutes later, requested that Mr. Zecha present a brief summary of his experience. Mr. Zecha thanked the Board for the opportunity and stated that he has 36 years of experience in c. 32, including 14 years at PERAC, 4 years as the Deputy Director of the State Retirement Board, and 18 as the Director of the Brookline Retirement System. In addition, he served on the Board of Aldermen for the City of Chelsea. He has seen retirement issues from all sides, regulatory, State, local, as well as the impact on local finances. He stated that he enjoys serving on the MWRA Employees' Retirement Board, appreciates the dedication of its members, and hope to have the privilege of continuing to serve. Mr. Fleming stated that Mr. Zecha brings a wealth of knowledge and appreciates Mr. Zecha's contributions to the Board, and Mr. Pappastergion concurred. Mr. Durkin added that the Retirement Board positions are uncompensated and that he appreciates Mr. Zecha's service.

On a motion made by Mr. McKenna and seconded by Mr. Pappastergion:

**VOTED**

to appoint Mr. Frank Zecha as the Fifth Member of the MWRA Employees' Retirement Board for a three-year term to commence January 25, 2022. 4-0, roll call with Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Durkin voting yes, Mr. Fleming voting yes, and Mr. Zecha recorded as having abstained.



- iii. Special Committee, Stipend: No report
- iv. Job Review Committee: No report

3) Approval of Minutes – VOTE

- a) November 16, 2021 Minutes
- b) November 16, 2021 Executive Session Minutes

On a motion made by Mr. Pappastergion and seconded by Mr. McKenna:

**VOTED**

to approve the November 16, 2021 regular Meeting Minutes and Executive Session Minutes as submitted by the Executive Director. 5-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

4) Approval of Warrants – VOTE

- a) Warrant 12-2021

The Executive Director reported that Mr. Douglas Ralston has 22 years of creditable service and has requested a refund. Executive Director has requested that the member call into the meeting before payment is approved, and Mr. Ralston did so. Mr. Fleming informed the member that he thinks it is the wrong decision, that the member is giving up too much financially. Mr. Ralston reported that the Executive Director explained the value of the pension and the insurance and provided him retirement estimates. Mr. McKenna asked the Fifth Member to reaffirm what the member would be losing, in addition to the rights to the monthly retirement benefit. Mr. Zecha stated that because the member has more than ten years of service, he will be subject to the Social Security offset because he took the refund and may lose up to \$500 from his monthly Social Security benefit. He continued that the employer contribution of 75% toward the health insurance premiums over his lifetime is in the hundreds of thousands of dollars, and asked the Executive Director what the estimates were. The Executive Director responded that the estimate if Mr. Ralston were to retire right now would be approximately \$1,000 per month payable over his lifetime, and if he were to wait until age 55, about \$1,700. Mr. Zecha stated that Mr. Ralston is probably giving up about ten times the amount of his refund in Retirement, Social Security, and Insurance benefits, and advised the member to consult a financial planner before taking the refund. Mr. Ralston stated “I understand 100%” in regard to the permanent financial implications. The Chair affirmed that the member has stated that he has been thoroughly advised and still wants to take the refund, as is his right.

- b) Warrant 12-2021A – Payroll

On a motion made by Mr. Durkin and seconded by Mr. Pappastergion:

**VOTED**

to approve Warrants 12-2021 and 12-2021A. 5-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

5) Approval of Monthly Transfers 12-2021 – VOTE

On a motion by Mr. McKenna and seconded by Mr. Pappastergion:

**VOTED**

to approve the monthly transfers as presented and as recommended by NEPC. 5-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

6) Acknowledgement of retirement applications under G.L. c 32 §5 – VOTE

a)	Eugene Ironuma	DOR 10/30/2021
b)	George Bento	DOR 11/13/2021
c)	Rita Berkeley	DOR 11/13/2021
d)	Joan Levenson	DOR 11/13/2021
e)	Patrick Adesanya	DOR 11/20/2021
f)	Laura Ducott	DOR 11/20/2021
g)	Thomas Coffey, Jr.	DOR 12/4/2021

On an omnibus motion by Mr. McKenna and seconded by Mr. Durkin:

**VOTED**

to acknowledge the s. 5 retirements as detailed above. 5-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

7) Approval of Tomas Lopez-Gomez's buyback of 1 year and 1 month MWRA contract employment (3/19/2020-5/6/2021) – VOTE

Mr. Zecha asked if there are many employees eligible and if the contract practice represents a hidden liability for the System. Mr. Durkin reported that the practice has been largely curtailed, and that the Authority is down to roughly six such employees, who are typically working in the Labs or Mail Room. Mr. Pappastergion added that the Board of Directors has made concerted efforts in this regard and toward making permanent hires instead, which Mr. Fleming applauded. Mr. McKenna asked about the interest rate to be used for these purchases. The Executive Director reported that generally buyback rates depend upon the section under which the purchase is being made, but in the case of a purchase of contract employment service within the same system, it will be ½ of the actuarial rate. PERAC's Actuary has opined that we may begin using the lower rates the January following the reduction to the return assumption, e.g.,

that if in the 2020 valuation we used a return assumption of 6.9% we may use that to calculate service purchases beginning in January 2021.

On a motion made by Mr. Pappastergion and seconded by Mr. McKenna:  
**VOTED**

to approve the buyback of 1 year and 1 month of contract employment as requested by Tomas Lopez-Gomez. 5-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

- 8) Approval of Daniel Ouellette buyback of 5 months MWRA contract employment (6/21/2018-8/15/2019 prorated) – VOTE

On a motion made by Mr. Pappastergion and seconded by Mr. McKenna:  
**VOTED**

to approve the buyback of 5 months of contract employment as requested by Daniel Ouellette. 5-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

- 9) Approval of Jon Wladkowski's buyback of 1 year MWRA contract employment (8/11/2005-8/16/2006) – VOTE

On a motion made by Mr. Pappastergion and seconded by Mr. McKenna:  
**VOTED**

to approve the buyback of 1 year of contract employment as requested by Jon Wladkowski. 5-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

- 10) Acceptance of Section 7 Retirement Application re. John Honan – VOTE

On a motion made by Mr. McKenna and seconded by Mr. Durkin:

**VOTED**

to accept the application of Mr. John Honan for accidental disability, and to request the appointment of a medical panel review from PERAC. 5-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

- 11) Acceptance of Section 7 Retirement Application re. Sean Scott – VOTE

On a motion made by Mr. McKenna and seconded by Mr. Durkin:

**VOTED**

to accept the application of Mr. Sean Scott for accidental disability, and to request the appointment of a medical panel review from PERAC. 5-0, roll

call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

- 12) Approval of one month of creditable service for James Davis pursuant to s. 4(1)(c) – VOTE

On a motion by Mr. Durkin and seconded by Mr. Pappastergion:

**VOTED**

to approve the request of James Davis for one month of creditable service pursuant to 4(1)(c). 5-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

- 13) Approval of 2022 Proposed Budget – VOTE

Mr. Zecha stated that the Management Fee line item is a “best guess” and incorporates room for anticipated asset growth, since many of the fees have a performance component. The Salary line item also anticipates as yet unknown increases, but that he will hold off on recommending an additional allocation. The Board may make additional appropriations as needed for any unanticipated changes later. There is also an expected significant increase as reported by the Agent for the Fiduciary Liability Policy, which may require the same. Mr. Zecha commended the efforts of the Executive Director in preparing the budget.

On a motion by Mr. Zecha and seconded by Mr. Pappastergion:

**VOTED**

to approve the CY2022 Budget as submitted by the Executive Director. 5-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

Update from Executive Director regarding NEPC Contract

The Executive Director reported that in the process of preparing the CY2022 Budget, it came to her attention that the contract awarded to NEPC would expire on March 31, 2022. Mr. McKenna stated that he would be inclined to move to offer a one-year extension under the current terms, and Mr. Pappastergion seconded to the motion. Mr. Fleming stated that NEPC has done an excellent job on behalf of the System, and would suggest a five-year extension. The Executive Director explained that when the contract was originally awarded in 2017, NEPC was given a two-year term with an option for the Board to extend for three one-year terms. We are now at the end of the five years contemplated initially, so under s. 23B the maximum extension is for two years, for a period not to exceed seven years total. Mr. McKenna amended his prior motion to extend NEPC’s agreement for two years, and asked the Executive Director’s input as to

the impact of the extension on the Budget. She responded that she had level-funded Consulting Fees, not knowing whether the vote would be to extend for one year, two years, or to send an RFP out. Mr. Zecha asked whether NEPC could commit to keeping the current fees over the two-year extension, and Mr. Grzejka responded that NEPC would commit to keeping fees at their current rate over the next two years. Mr. Fleming noted the tremendous effort and amount of work performed by Mr. Grzejka and his team on behalf of the System, and commended his responsiveness and accessibility to the Board. Mr. Grzejka thanked the Board for their continued confidence, and stated that he enjoys working with the Board and Staff.

On a motion by Mr. Zecha and seconded by Mr. Pappastergion:

**VOTED**

to extend the NEPC Consulting Services Agreement for a period of two years as permitted by s. 23B. 5-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

14) NEPC

- a) Flash Report as of 11/30/2021
- b) Value-Add Real Estate RFP – VOTE

Mr. Grzejka reported that the Domestic Equity portfolio underperformed in November. International Equity underperformed the benchmark as well. Both were affected by unemployment and inflation numbers, which exceeded expectations. The new variant has introduced additional market uncertainty. The Fed has announced an expectation that rates will be systematically increased, likely up to three times in 2022. The EU and the UK have announced similar expected policy moves. ABS was funded with an initial \$16m redemption from Schroders. An additional \$6m will be wired on or about the 27<sup>th</sup> to bring the fund up to the \$22m allocated by the Board. Garcia Hamilton, Lord Abbett and TIPS performed well. Corbin's credit slant adversely affected their performance within the Hedge Fund portfolio. Real Estate is up 14.4% YTD, and Private Equity is up 32.4% for the year. The Northstar transaction netted the System a larger than anticipated distribution of nearly \$5m in November. Mr. McKenna asked about cash needs. Mr. Grzejka stated that he has been working with the Executive Director to anticipate the System's cash needs, and that the proceeds from the \$6m redemption from SEG approved by the Board, which required a 60-day lead time, will be coming in on or about January 3<sup>rd</sup>, the first business day of the month. The estimated payroll and accounts payable are estimated at \$3m, so by the beginning of January we hope to be back to enough cash for two or three months of expenses plus any capital calls, given that the new Constitution and Harbourvest funds both just closed. Mr. Grzejka expects returns to be good for December, although we are only half way through the month and a lot can happen in two weeks. So far Coho is ahead of the benchmark for the month.

NEPC currently has teams working on their expectations for 2022. If rates rise, we need to have a discussion as to how much risk the Board wants to assume. Mr. Fleming asked that NEPC provide 1-year return numbers as compared to the peer universe. Mr. Grzejka stated that that will be possible once December/Q4 numbers become available. Mr. Durkin asked with inflation being such a big topic when the System will see the benefits of the TIPS investment. Mr. Grzejka noted that the System has already seen the benefits over the last several months, adding that we're seeing them MTD for December as well. When TIPS were first introduced into the portfolio in 2016, the return expectation was 2.5%. The TIPS account has nearly doubled the expectation since inception, and nearly tripled it over the three-year. Even a modest interest rate change may have a drastic effect on real rates, and that needs to be considered in the asset allocation discussion.

Mr. McKenna remarked that the Asset Allocation and Funding Schedule approval meetings are the two most important meetings of the year. He asked what the impact will be if the System experiences a gain of 3% above the return assumption for 2021. Mr. Grzejka stated that the impact will be moderate since investment gains are smoothed over a five-year period. Inflation, yields, earnings expectations, cash flows, rates, etc. can all affect Asset Allocation recommendations, so the Board needs to have reporting through December to make an informed decision. Mr. Durkin remarked that the corridor on the smoothing is +/- 10%, meaning that the Actuarial Value of assets may not be more than 110% of the Market Value or less than 90% of the Market Value. Any excess can be rolled into the next valuation, or can be pulled back, like last year. The corridor can be modified as well. Some Systems have a corridor as small as 2%. Mr. McKenna reiterated that those are the two most important decisions the Board will make. Mr. Durkin noted that other changes, such as mortality rates, may result in gains or losses as well. Mr. Zecha asked that NEPC prepare a review of November and December numbers in early January. Mr. Zecha anticipates moving to do RFP's for strategies currently managed by Garcia Hamilton and Coho, but will wait for their December numbers. Mr. Grzejka reported that both have bounced back month-to-date for December so far, but acknowledged that they've been on a watch and brought in twice by the Board.

Mr. Grzejka stated that in the Value-Add Real estate RFP, the window to respond is mid-January. The RFP was intentionally left broad to allow the greatest number of responses, but did exclude secondaries, REITs, open-ended funds, and Fund of Funds products. Mr. Durkin asked the due date, and Mr. Grzejka responded January 17, 2022. Upon Board approval, it will be posted to PERAC's and NEPC's sites. He expects the process to take roughly six months. Mr. McKenna questioned the timeline, and Mr. Grzejka stated that the RFP process takes at least three months and then the Board has to secure PERAC approval, complete all the subscription documents, go back and forth with the attorneys about them and the side letter semantics, then arrange funding. Mr. McKenna asked which of the System's current managers would fall into this category

sought in the RFP, and whether TA Core would. Mr. Grzejka stated that it might be more comparable to Terracap. Mr. Zecha asked whether the PRIT Real Estate sleeve would be comparable. Mr. Grzejka stated that the PRIT Real Estate sleeve is “Core Plus”, which falls somewhere between core and value-add on the risk spectrum, and assumes more risk overall than the Morgan Stanley and TA products MWRAERS has currently. Mr. Durkin asked what the third risk classification is, and Mr. Grzejka described core-plus, giving the example that such a fund might purchase an apartment building in need of TLC, make upgrades, then sell it to a TA or a Morgan Stanley. Such a product may have a somewhat greater leverage exposure as well. Mr. McKenna asked what the most recent example of an opportunistic real estate fund would be in the portfolio, and Mr. Grzejka cited Cerberus and Intercontinental, which was more regional/value-add. The Invesco IMR fund could be described as opportunistic, and IMR II, Landmark, Stepstone, TA Fund X, and Terracap as value-add. Percentage wise the portfolio does not have a lot of exposure. Mr. Zecha asked if any of the Real Estate funds have been affected by the recent weather disasters, and Mr. Grzejka stated that he does not believe so because of the region. The opportunity set for the funds tends to be focused in areas of major commerce.

On a motion by Mr. Durkin and seconded by Mr. Zecha:

**VOTED**

to approve the posting of the Value-Add Real Estate RFP as drafted by NEPC. 5-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

15) PERAC Memo #32/2021 – Cyber Security and Cyber Security Training

The Executive Director stated that the PERAC Memo was forwarded to the MWRA’s IT Director and a member of IT Security Staff, to inform them of PERAC’s requirement that they be informed of any breach or attempted breach of IT infrastructure. Mr. Durkin asked if that is problematic given the number of spam/phishing reports. The Executive Director stated that she thinks the memo was aimed at serious attempted intrusions, rather than phishing emails, and perhaps at Systems with less robust IT resources, such as a municipality with a one or two-person IT department. The Executive Director gave the information to the IT department but ultimately has no way to enforce or ensure their compliance. She recommended highly that all Board and Staff take any Cybersecurity training offered by PERAC as soon as possible, for the protection of the System’s membership as well as for the Board as the governing body. Mr. Durkin asked if the Board members and Staff take the Ethics training. Mr. Fleming responded that it is required for all Board and Commission members state-wide. The Executive Director added that all staff take the Ethics training as well.

Mr. Zecha recognized the members of the media participating on the call, and the Chair welcomed them.

Having finished the rest of the agenda earlier than anticipated, Staff were asked to contact Board Counsel for the legal presentation.

Mr. Zecha asked Mr. Grzejka about cash flows, and whether it is routine to liquidate positions. Mr. Grzejka stated that most cash will come in from member deductions, appropriations, distributions and redemptions. Mr. Grzejka noted that new accounts have been funded from temporary placeholders or from accounts which were due to be rebalanced because they had exceeded their target allocations. Mr. Durkin asked Mr. Zecha if Brookline executes redemptions to fund payroll, and Mr. Zecha said they notify PRIT every year of what they will need for cash flow each month and the proceeds come in at the beginning of the month.

Given that PRIT has recently outperformed MWRAERS, Mr. McKenna asked Mr. Grzejka what PRIT is doing that we are not, in anticipation of the upcoming asset allocation meeting. Mr. Grzejka stated that PRIT's PE portfolio's returns have been very strong, and that MWRAERS' are not bad, but are not on equal footing either, because PRIT is not required to do RFP's, can close in two months, can negotiate better fee structures and has exclusive partnerships due to size. Mr. McKenna added that PRIT may also purchase assets local systems may not, and Mr. Grzejka concurred. He added that the Asset Allocation is the basis for the returns. MWRAERS is well-funded, and does not need to assume the additional risk necessary to other systems with lower funded ratios. For instance, PRIT has a higher overall equity exposure. Mr. McKenna noted that taking risk off the table doesn't sell as well as high returns. Mr. Grzejka stated the MWRAERS' asset allocation did in 2021 what it is intended to do, which is beat the 6.9% return assumption while taking risk off the table, and the Board can make adjustments as needed at the upcoming meeting.

#### 16) Legal Update

Attorney McDonough joined the call at 11:50 a.m. He asked if the Board has reviewed the disability applications, and the Chair responded affirmatively. He asked if the Board had discussed the PERAC Cybersecurity Memo, and the Chair responded affirmatively. The Executive Director added that she advised the Board and Staff to take whatever cybersecurity training PERAC offers.

Attorney McDonough reported that the Governor vetoed the Covid bonus bill due to the requirement contained therein of the creation of an overly cumbersome Covid Bonus Advisory Council. The deadline was the end of March to distribute funds, which doesn't leave much time. The Chair asked Counsel to clarify that the bill contains bonuses only, and Counsel affirmed. Mr. Durkin asked if an



override is expected, and Attorney McDonough stated that he hopes the terms will be negotiated. No one was able to give a cost estimate of a three-year bill, or agree upon the definition of a “front-line” worker, so essentially the bill died in committee. Mr. Durkin stated that the bill contains bonuses for both public and private sector employees. Attorney McDonough stated that the current language is for lower income workers, but that other groups such as Corrections Officers have already received bonuses regardless of income.

Through the Chair the Executive Director asked Counsel how the Board might enforce the provisions of PERAC’s cybersecurity memo. She stated that the Memo has already been provided to the MWRA’s IT director and a member of IT’s cybersecurity staff, but beyond that doesn’t know what she can do. Attorney McDonough suggested a meeting with IT to secure assurances that PERAC will be properly notified.

In regard to Ramon Stanton, Attorney Hass sent a Lien Notice to the State Treasurer’s Office, who in turn asked if Mr. McDonough would accept the notice on behalf of the MWRA. Mr. McDonough declined, stating that he does not represent either the MWRA or the Treasurer’s Office. Attorney Hass continues to insist that he is entitled to a percentage of not only the retroactive payment, but ongoing benefits as well. He has not heard from Attorney Hass since.

Attorney McDonough concluded the legal presentation at 12:07 p.m. and wished the Board and Staff Happy Holidays.

On a motion by Mr. Zecha and seconded by Mr. McKenna:

**VOTED**

to adjourn the December 16, 2021 meeting of the MWRA Employees’ Retirement Board. 5-0, roll call with Mr. Durkin voting yes, Mr. McKenna voting yes, Mr. Pappastergion voting yes, Mr. Zecha voting yes, and Mr. Fleming voting yes.

The meeting was adjourned at 12:08 p.m.

The following communications were distributed to the Board for their review:

2022 Retirement Board Meeting Dates

This Month in the Division of Open Government November 2021:

PERAC MEMO #33/2021 – Tobacco Company List

Polen Capital Adds Fourth Investment Franchise

Correspondence from Retiree Ruth O’Meara

**The Board reserves the right to consider items on the agenda out of order. The listing of items is those reasonably anticipated by the Chair to be discussed received at least forty-eight (48) hours prior to the meeting. Not all items listed may in fact be discussed and other items not listed may also be brought up for discussion to the extent permitted by**

**law. Items identified for discussion in Executive Session may be conducted in open session, in addition to, or in lieu of discussion in Executive Session.**

The next regularly scheduled meeting of the MWRA Employees' Retirement Board will be held Thursday January 27, 2022 at Massachusetts Water Resources Authority, 2 Griffin Way, Chelsea, at 10:00 a.m. if permissible, otherwise, will be held by publicly advertised conference call.

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James M. Fleming, Elected member

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Thomas Durkin, Appointed Member

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Kevin McKenna, Elected Member

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Andrew Pappastergion, Ex-Officio Member

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Frank Zecha, Fifth Member



**Firm: Select Equity Group, L.P.**

**Strategy/Product: Baxter Street**

**Client: MWRA Retirement System**

**NEPC Manager Due Diligence Questionnaire - Update**

**Instructions**

In support of our upcoming meeting we ask that you please complete this due diligence questionnaire. Please provide your responses in the form of brief descriptions, lists or tables added directly to this Word document.

Thank you for taking the time to complete this questionnaire. Please note that all materials submitted in relation to MWRA Retirement System may be subject to disclosure consistent with Massachusetts Public Record laws.

**Firm/Organization**

- 1. Have there been any changes in ownership or management in the past year?

**There were no material changes in 2021.**

**Maria V. Santos, our Director of Portfolio Administration, and Jennifer A. Vinsonhaler, our Chief Compliance Officer, were elected Principals of the Firm during 2021.**

- 2. List firm AUM, net flows and accounts gained/lost for the past 5 years.

**See below for Firm AUM and Net Flows, based on internal estimates as of 12/31/21:**

<b>Calendar Year</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>AUM (millions)</b>	<b>\$23,150</b>	<b>\$21,295</b>	<b>\$28,531</b>	<b>\$38,844</b>	<b>\$50,520</b>
<b>Net Flows (millions)</b>	<b>+\$134</b>	<b>-\$986</b>	<b>+\$503</b>	<b>+\$3,790</b>	<b>+5,659</b>



Please note that 12/31/21 AUM and 2021 flows are approximate and based on internal estimates.

As a Firm we have over 5,000 accounts and we have not historically kept a record of the number of accounts gained and lost.

3. Have there been any new or discontinued products in the past year?

We hard-closed our US Long/Short strategy, SEG Partners, at the end of 2021 and have established a waitlist to accommodate investors as capacity becomes available.

4. Are any products capacity constrained?

Capacity for any strategy is not static and is informed by a number of dynamic inputs including market volatility, liquidity, cash levels and the volume of actionable investment ideas. Capacity constraints are moving targets subject to periodic adjustments.

The Baxter Street strategy is hard-closed and not currently accepting new capital except to replace outflows.

The Firm's US Core Long-Only strategy is soft-closed, only accepting capital from existing client relationships.

The Firm's US long/short strategy, SEG Partners, is hard-closed and not currently accepting new capital except to replace outflows.

5. Describe any current or pending regulatory, compliance or litigation issues and the expected business impact.

The firm has not been subject to any material litigation arising out of the advisory business and is not aware of any such potential litigation.

As a policy matter, we do not discuss communications or requests for information from regulators. Should we become subject to a formal investigation or proceeding by a regulatory authority that we reasonably believe could materially affect our ability to provide investment management services, we will notify clients of such event to the extent permitted by law and such authority.

6. Describe your diversity, equity and inclusion efforts with regard to the firm and its employees.

We are committed to fostering diversity and inclusiveness. We strive to attract and develop employees who reflect not only the broader society in which we live and



do business but who improve our workplace, make us smarter and enhance our performance by contributing variety in their experiences, ideas, and points of view. The Firm strives to ensure that all of its employees are treated with respect, dignity and fairness.

Internally, we are accelerating our efforts toward becoming the Firm that we aspire to be. Externally, we continue to advocate for organizations that focus on increased equality and racial justice.

In keeping with our broader mission to provide our clients best in class service and extraordinary returns, our goal is to promote diversity and inclusion through thoughtful recruitment, robust engagement, inclusive leadership, and effective development.

The Firm has established a Diversity & Inclusion Steering Committee charged with making recommendations to the Firm's Management and Executive committees in order to further the Firm's goals related to diversity and inclusion.

When making talent decisions, Principals, Portfolio Managers, Team Leaders and supervisors are generally focused on:

- Broadening candidate slates to include talent from underrepresented groups
- Creating interview teams that include employees from underrepresented groups
- Promoting a culture of inclusion within committees, teams, departments and the Firm

The Firm also launched a "Women's Initiative". One of its programs is the Small Group Discussion Circles. The goal of these groups, which are made up of both women and men within the Firm, is to create more opportunities to talk to each other about issues that impact our lives both in and outside of the workplace.

In addition, we work with organizations that have missions to develop the careers of diverse populations. We interview and hire employees and interns who work with these organizations and others that focus on skill development and networking for individuals who are diverse based on a range of criteria such as gender, race/ ethnicity, returning parents, first-generation college students, immigrants and others. The Firm recently began sharing diversity information with leadership to further internal awareness and dialogue about team composition, hiring, retention and promotion.



### Portfolio Management Team

1. Have there been any changes in the portfolio management team in the past year?

**There were no changes in the Baxter Street portfolio management team in 2021.**

2. Are there any expected changes to the team in the future (planned additions or departures)?

**We do not generally target specific staff levels for any particular area. Rather, we opportunistically hire talent as needed to meet our operational needs, and historically have added to our team during uncertain economic periods when quality professionals become available.**

### Process

1. Have there been significant changes in any of the areas below in the past year?

- Identification of investment ideas
- Process for exploring and vetting ideas
- Portfolio trading practices including buy/sell rules
- Approach to portfolio monitoring and risk management

**There have been no material changes to the philosophy or process during the past year.**

### Philosophy

1. Describe recent changes in investment philosophy, if any.

**N/A**

### Portfolio

1. If not included in your meeting presentation, provide portfolio holdings, sector exposure, geographic exposure and common characteristics (yield, duration, market cap, P/E, etc.).

**Please refer to the Baxter Street presentation, attached separately.**

2. List strategy AUM, net flows and accounts gained/lost for the past 5 years.

**Historical Baxter Street strategy assets and net flows as of 12/31/21 are listed below. Please note that 12/31/21 AUM and YTD 2021 flows are approximate and based on internal estimates.**



Calendar Year	2017	2018	2019	2020	2021
AUM (millions)	\$7,214	\$6,654	\$8,624	\$11,024	\$10,797
Net Flows (millions)	+\$1,214	+\$12	+\$19	+691	-572

As a Firm we have over 5,000 accounts and we have not historically kept a record of the number of accounts gained and lost.

3. Describe investor concentration for the strategy and note the percent of AUM attributable to the top five investors.

The Baxter Street strategy investor information below is based on internal estimates, as of September 30, 2021.

**Summary by Client Type:**

Baxter Street	
Type	%
Private Bank	25%
Other Institutional	24%
Pension	24%
Foundation/Endowment	16%
HNW - Intermediary	9%
Fund of Funds	1%
HNW - Direct	0%
Employee	< 1%

As of September 30, 2021, the five largest client relationships account for roughly 54% of the Baxter Street strategy assets.

Please note that client concentration is estimated at the client relationship level, where a given relationship may encompass multiple underlying investors and/or accounts.



## Performance / Market Outlook

1. If not included in your meeting presentation, provide trailing returns as of the most recent quarter-end and calendar year returns for the past 10 years, both relative to benchmark.

**Please refer to the Baxter Street presentation, attached separately.**

2. Briefly discuss recent performance trends and identify environments in which the strategy is likely to be in or out of favor.

**In 2021, the Baxter Street strategy underperformed the MSCI ACWI ex US Index by approximately -3.7% gross and -5.2% net. Cash in the Baxter Street portfolio decreased from 8% (as of 12/31/2020) to roughly 5% (as of 12/31/2021), with an average cash weighting of approximately 4% during the year.**

- **Baxter Street entered 2021 in the process of repositioning for a global economic rebound, with over 60% of the portfolio exposed to recovery plays.**
- **Our exposure was in companies disproportionately in Europe and the UK that we believed should benefit from improving vaccination penetration and/or a return to normality. Many of these businesses lagged the Index, presumably due to additional delays in economic reopening and extensions of travel restrictions.**
- **Moreover, the sector rotation towards low-quality cyclicals contributed to Baxter Street's underperformance vs. the Index in early 2021, despite prospective earnings power for the majority of our holdings trending higher.**
  - **Within Industrials, the best-performing companies were those with the greatest cyclical sensitivity. Our holdings were higher-quality, more resilient businesses that tend to lag in the early stages of an economic recovery and come into their own in the mid and later stages.**
  - **Baxter Street was also underweight companies benefitting from rising Energy prices and low-quality, cyclical Financials responding to improving economic prospects and steepening yield curves.**
- **Throughout 2021, we took advantage of volatility to deploy capital and regenerate portfolio upside. The share prices of a number of holdings have frustratingly not kept up with earnings power this year. However, the silver lining is that this has resulted in some unusually attractive valuations. Volatility affords us opportunities to add value to the portfolio.**

**Given our focus on quality growth businesses and our typical exposure range of 80%-100%, relative underperformance can occur during periods when equities are discounting strong cyclical recoveries (which, by definition, are led by low-quality,**





economically sensitive sectors). The period since October 31, 2020 has seen the strongest such rebound in modern history, and Baxter Street has lagged the MSCI ACWI ex US Index. Conversely, our portfolios tend to outperform broader benchmark indices in periods of recession or pronounced equity market weakness as we saw during the first quarter of 2020.

3. Describe your market outlook and how strategy positioning is impacted by your views.

While the combination of inflationary pressure, imminent monetary tightening and slowing economic growth (albeit from a high base) stoked fears of 1970s-style stagflation, we consider these concerns to be excessive and see attractive opportunities in the portfolio. Baxter Street's 5% cash at the end of 2021 is well below its since-inception average of 11%. Stock-level volatility has been high, and we believe there is opportunity beneath the surface. The rotation into banks, energy and cyclicals has left behind many quality stocks, and we've been buying them. As a result, our estimate of portfolio upside has increased.

We have great confidence in our portfolio companies' abilities to navigate through the uncertain economic environment. Baxter Street has limited direct exposure to the most volatile and cyclical market segments and low exposure to the bank credit cycle. We are most overweight Information Technology and Industrials. Within the categories in which we do invest, we are generally diversified among niche companies that often have differentiating secular dynamics. The standard designations of these sector exposures do not always clearly reflect the nature of our businesses.

- **Sector Exposures (as of 12/31/21):**
    - Baxter Street is most overweight Information Technology and Industrials.
  - **Geographic exposures (as of 12/31/21):**
    - Baxter Street is most overweight North America and Europe ex Switzerland.
    - Baxter Street continues to be underweight Emerging Markets.
4. Could you please include a slide in your presentation that shows the MWRA's account history, initial contribution, cumulative subsequent contributions, cumulative subsequent distributions, gain/loss and current value.

Please refer to the Baxter Street presentation, attached separately

## **Important Performance Disclosures**

***You are urged to compare the information contained in this report to the account statements of your Administrator, which are the official books and records.***

The information contained in this report is provided for informational purposes only and is not intended as an offer or solicitation of an offer for the purchase or sale of any security and should not be relied upon by you in evaluating the merits of investing in any securities.

Select Equity Group, L.P. ("SEG") is a US-based investment management firm registered as an investment adviser with the Securities and Exchange Commission. Unless otherwise indicated, the performance and other data referred to in this letter/report represents the returns of Baxter Street Fund, L.P., which closely tracks Baxter Street Offshore Fund, Ltd. and Baxter Street Fund II, L.P., since their inceptions (collectively, the "Fund" or "Funds"). While the three Funds are managed in parallel, performance may differ among the entities due to the timing of fund flows and other factors. Each of the Funds is an unregistered pooled investment vehicle over which SEG maintains discretionary authority. Separate performance schedules are available for Baxter Street Offshore Fund, Ltd. and Baxter Street Fund II, L.P.

The performance data herein represents past performance, which is not indicative of future results. Performance is expressed in US dollars. Unless otherwise stated, performance results for the Fund reflect the performance earned by a Fund investor who had invested at the beginning of each year under a model fee structure of the highest fee structure in place for the respective fiscal years. From inception through September 2013, the Fund's performance is presented net of an annualized base management fee of 1.25% of net asset value charged monthly in arrears. From October 2013 onward, the performance is presented net of an annualized management fee of 1.50%. Separately managed accounts may be subject to different fee structures set forth in their investment management agreements.

Please note the returns presented in the attached for the Fund are inclusive of both the restricted and non-restricted interest/share classes. Performance between the restricted and non-restricted classes may differ due to allocations of new issues. Additional information regarding the allocation of specific IPOs, and their effect on the restricted and non-restricted interest/share class performance, is available upon request.

Fund performance is calculated monthly using the net asset value appreciation (net of all fees and expenses including a model fee structure described above) as a percentage of beginning-of-month net asset value (appropriately adjusted for any capital activity). Purchases and sales of securities are recorded on a trade date basis. Realized gains and losses from security transactions are generally determined using the specific identification method. Unrealized gains and losses from investment transactions are recognized as income. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. The Fund's annual returns are calculated by linking the monthly performance through compounded multiplication. Exposure to certain derivative instruments may not always be reflected in the data presented in this report (e.g., certain named securities may be owned via swap). The Fund's cumulative rate of return is calculated by linking the Fund's annual rates of return. Fund average annualized rates of return are equivalent to the annual rate of return which, if earned in each year of the indicated multi-year period, would produce the actual cumulative rate of return over the time period. Computations assume reinvestment of all dividends, interest and capital gains. Geographic exposure is determined by using the MSCI Global Investable Market Indices ("GIMI") Methodology for country classification. Sector exposure is derived from FactSet which uses GICS industry classification. Manager reserves the right to use a different or internal methodology for classification if a security is not classified by MSCI/GICS or if it does not agree with the assigned classification. Securities may currently be held in the portfolio where the manager used internal classification. Much of the data and other information contained in this letter/report is unaudited and is collected, in whole or in part, from a source believed by SEG to be reliable. SEG cannot guarantee the accuracy of the data/information and therefore shall not be held liable for inaccuracies. Assets are as of month end. The average exposure is calculated using daily exposures and such average exposures and the resulting internal return calculations are approximations. The cash position, if shown, is from our accounting system which assumes full payment of equity swaps. The actual cash held in the portfolio may differ significantly from this report.

Any discussions regarding potential future events and their impact on any Fund are based solely on historic information and SEG's estimates and/or opinions, are provided for illustrative purposes only, and are subject to further limitations as specified elsewhere in this material. No guarantee can be made of the occurrence of such events or the actual impact such events would have on any Fund's future performance.

This document may be issued in the United Kingdom by Select Equity Group, L.P. to, and/or is directed at, only persons to or at whom it may lawfully be issued or directed under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, including persons who are authorized under the Financial Services and Markets Act 2000 ("FSMA"), certain persons having professional experience in matters relating to investments, high net worth companies, high net worth unincorporated associations or partnerships, trustees of high value trusts or persons who qualify as certified sophisticated investors. Interests in the Fund are only available to such persons in the United Kingdom and this document must not be relied or acted upon by any other persons in the United Kingdom. In order to qualify as a certified sophisticated investor a person must: (a) have a certificate in writing or other legible form signed by an authorized person to the effect that he is sufficiently knowledgeable to understand the risks associated with a particular type of investment; and (b) have signed, within the last 12 months, a statement in a prescribed form declaring, amongst other things, that he qualifies as a sophisticated investor in relation to such investments. This document is exempt from the general restriction in Section 21 of FSMA on the communication of invitations or inducements to engage in investment activity on the grounds that it is being issued to and/or directed at only the types of person referred to above. The content of this document has not been approved by an authorized person and such approval is, save where this document is directed at or issued to the types of person referred to above, required by Section 21 of FSMA. An investment in the Fund may expose an investor to a significant risk of losing all of the amount invested. The Fund is a Limited Partnership (while offshore funds are Limited Companies) and any person who acquires interests in the Fund will not thereby be exposed to any significant risk of incurring additional liability. Any person who is in any doubt about investing in the Fund should consult an authorized person specializing in advising on such investments.

At various points in this letter/report, the returns of the Fund may be compared to the MSCI ACWI (All Country World Index) ex USA or the S&P 500. The MSCI ACWI ex USA Investable Market Index (IMI) captures large, mid and small cap representation across 22 of 23 Developed Markets (DM) countries (excluding the United States) and 21 Emerging Markets (EM) countries (lists available upon request). The S&P 500, which is a market capitalization-weighted index, contains the 500 most widely held companies chosen with respect to market size, liquidity and industry. The volatility of this index may be materially different from that of the Fund. Neither S&P nor its third party information providers shall be liable with respect to the data and information contained in this report or the context from which it is drawn. "S&P," "S&P 500" and "S&P 400" are registered trademarks of Standard & Poor's. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI/S&P data is permitted without MSCI's/S&P's express written consent.

Any investor who subscribes, or proposes to subscribe, for an investment in an unregistered pooled investment fund must be able to bear the risks involved and must meet an unregistered pooled investment fund's suitability requirements. Some or all alternative investment programs may not be suitable for certain investors. No assurance can be given that an unregistered pooled investment fund's investment objectives will be achieved. Such investments are typically speculative and involve a substantial degree of risk. An investor must realize that he or she could lose all or a substantial amount of his or her investment in an unregistered pooled investment fund. The investment manager has total trading authority over the unregistered pooled investment fund, and the fund is dependent upon the services of the investment manager. The use of a single adviser could mean lack of diversification and, consequently, higher risk. Unregistered pooled investment funds are generally highly illiquid. There is no secondary market for an investor's interest in an unregistered pooled investment fund and none should be expected to develop. There are restrictions on transferring interests in an unregistered pooled investment fund. The instruments in which an unregistered pooled investment fund invests may involve complex tax structures and there may be delays in distributing important tax information. Certain of the trades executed for an unregistered pooled investment fund may take place on foreign markets, which inherently involves a greater degree of risk. For a complete list of the risk factors and conflicts of interest with respect to an unregistered pooled investment fund in which you propose to invest or currently invest, please refer to the unregistered pooled investment fund's offering memorandum.

The information contained in this report is confidential and is intended only for the person to whom it has been sent. Under no circumstances may a copy of this report be shown, copied or transmitted or otherwise given to any person other than the originally intended recipient.

A COPY OF PART 2 OF SEG'S FORM ADV IS AVAILABLE UPON REQUEST

## Important Disclosures With Respect to The Attached Due Diligence Questionnaire

The responses to the attached questionnaire by Select Equity Group, L.P. ("SEG", sometimes referred to in this disclosure as the "Investment Managers"), with respect to the private funds it manages (the "Funds"), the investment strategies discussed and any other information provided to you with respect to the Investment Manager its affiliates, business or operations, are intended only for information and discussion purposes and are not intended as an offer or solicitation of an offer with respect to the purchase or sale of any security and should not be relied upon by you in evaluating the merits of investing in any securities. SEG is an investment advisor registered with the U.S. Securities and Exchange Commission. The information contained in these materials is expected to change over time, and the Investment Manager and its affiliates, are under no obligation to update these materials after such date.

Neither the domestic private funds (the "Domestic Funds") nor the offshore private fund (the "Offshore Funds") are registered as investment companies under the U.S. Investment Company Act of 1940, as amended (the "Company Act") in reliance upon the exemptions under either Section 3(c)(1) or Section 3(c)(7) thereunder and, accordingly, the provisions of the Company Act are not applicable to the Funds.

If you express an interest in investing in a private fund, you will be provided with an offering memorandum, limited partnership agreement (if a domestic fund) and subscription agreement for the applicable Fund (the "Fund Documents"). You must review the Fund Documents and risk factors disclosed in the Fund Documents prior to making a decision to invest. You should rely only on the information contained in the Fund Documents in making your decision to invest. If you are an existing investor in a Fund managed by an Investment Manager or a client in a separately managed account, the responses herein do not amend, supplement or override the terms of any Fund Document or separately managed account advisory agreement entered into between you and the Investment Manager or any of its affiliates, as applicable, and in the event of any conflict between the information in the responses and Fund Document or separately managed account advisory agreement, the Fund Document or separately managed account advisory agreement, as applicable, shall prevail. The Investment Manager also urges you to compare the responses contained herein to the applicable Fund Documents, separately managed account advisory agreement, and Parts 1 and 2 of the Form ADV for the Investment Manager.

Performance data and other information contained in these responses are also subject to the attached "Important Performance Disclosures."

An investment in a Domestic Fund or an Offshore Fund is suitable only for certain sophisticated investors who have no need for immediate liquidity in their investment. Such an investment provides limited liquidity because interests in the Funds are not freely transferable and may be withdrawn only under the limited circumstances set forth in the Fund Documents. There is no public or secondary market for interests in the Domestic Fund or the Offshore Fund, and it is not expected that a public or secondary market will develop.

Investing in financial markets involves a substantial degree of risk. There can be no assurance that the investment objectives described herein will be achieved. Investment losses may occur, and investors could lose some or all of their investment. Nothing herein is intended to imply that an investment in the Funds or the Funds' investment strategies may be considered "conservative," "safe," "risk free" or "risk averse." No regulatory authority has passed upon or endorsed the merits of an investment in the Funds.

Any discussions regarding potential future events and their impact on any Fund are based solely on historic information and Investment Manager's estimates and/or opinions are provided for illustrative purposes only, and are subject to further limitations as specified elsewhere in this material. No guarantee can be made of the occurrence of such events or the actual impact such events would have on any Fund's future performance.

Distribution of this information to any person other than the person to whom this information was originally delivered and to such person's advisors is unauthorized and any reproduction of these materials, in whole or in part, or the disclosure of any of the contents without the prior consent of the Investment Manager is prohibited. Notwithstanding anything to the contrary herein, each recipient of this questionnaire (and each employee, representative or agent of such recipient) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the Funds and any of their transactions, and all materials of any kind (including opinions or other tax analyses) relating to such tax treatment and tax structure.



# SELECT EQUITY

Rigorous Research, Disciplined Investing

## BAXTER STREET

International Long-Only

Massachusetts Water Resources Authority (“MWRA”)  
Employees’ Retirement System

January 27, 2022

Select Equity Group, L.P.  
380 Lafayette Street  
New York, New York 10003  
212.601.9675

# Executive Summary

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Select Equity Group (“SEG” or the “Firm”) was founded in 1990 on the premise that **RIGOROUS RESEARCH** and **DISCIPLINED INVESTING** will generate superior returns for our clients.

The Firm is **EMPLOYEE OWNED** and manages approximately \$50 billion across long/short and long-only equity strategies that invest in companies across geographies and market capitalizations.

Our Research Team of 74 professionals identifies what we believe to be the **HIGHEST-QUALITY BUSINESSES** that exhibit sustainable competitive advantages. We have no interest in owning the vast majority of public companies at any price.

We consider our research process to be **FIERCELY INDEPENDENT**, which we believe results in highly differentiated portfolios. We make almost no use of Wall Street research in our analysis on the long side, and we do not actively share our ideas with other managers. Our location at 380 Lafayette Street in NoHo is far from most peers.

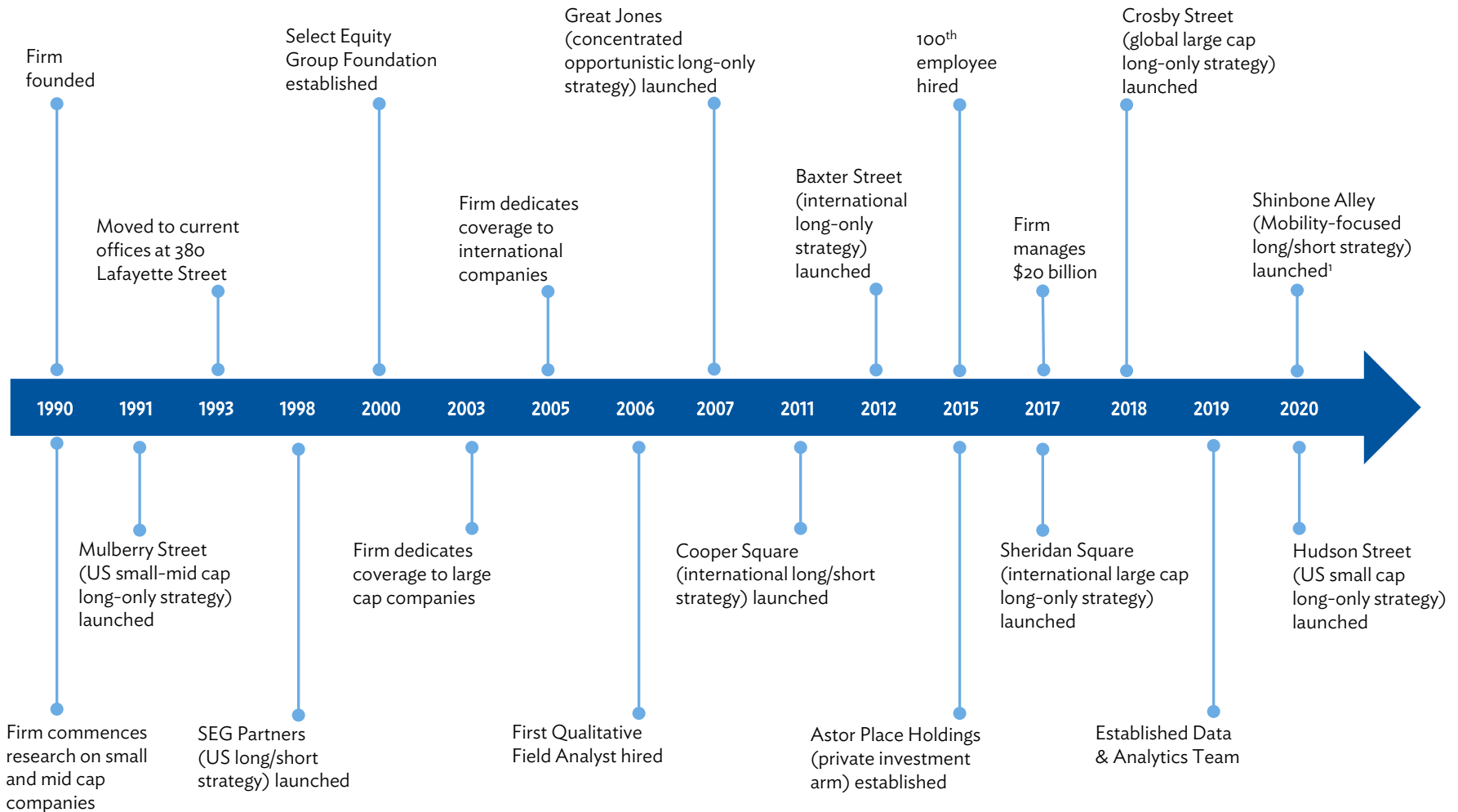
**FIELD RESEARCH** is a critical component of what we do. SEG employs a team of 17 former financial journalists and sourcing specialists that conducts deep-dive studies on companies, value chains and management teams.

Our dedicated Data & Analytics Team applies alternative **DATA ANALYTICS** to complement and add valuable context to our fundamental research and qualitative field research.

We are **LONG-TERM INVESTORS**. We seek to understand competitive dynamics that will play out over three to five years, rather than predict quarterly earnings.

We share a common cultural imperative for excellence embodied in the **CORE PRINCIPLES** (see Appendix) that shape our identity as a Firm and inform our actions.

# History



<sup>1</sup>Shinbone Alley began in 2003 as Delafield Hambrecht Partners Fund, L.P. Select Equity took over management of Delafield Hambrecht Partners Fund and renamed it Shinbone Alley in July 2020.



# Baxter Street Overview



Strategy	Launched in 2012, Baxter Street is the Firm's international equity long-only strategy with \$10.8 billion in assets.
Portfolio Management	Chad Clark has been Portfolio Manager since inception, and Matthew Pickering additionally assumed the role of Portfolio Manager in 2017. Chad and Matthew have worked together since inception. Brian Vollmer has served as the strategy's Associate Portfolio Manager since 2017.
Process	We employ a disciplined fundamental research process to identify high-quality businesses.
Exposures	Typical exposure is 80%-100%. Baxter Street is a high-conviction strategy with the top 15 positions often comprising nearly half of the Fund's assets.
Differentiation	We are geographically agnostic, which we believe is a competitive advantage vs. peers. We take advantage of the inherent volatility of international markets and deploy capital wherever discounts to intrinsic values have widened and the opportunity is greatest.

# Baxter Street Performance Summary

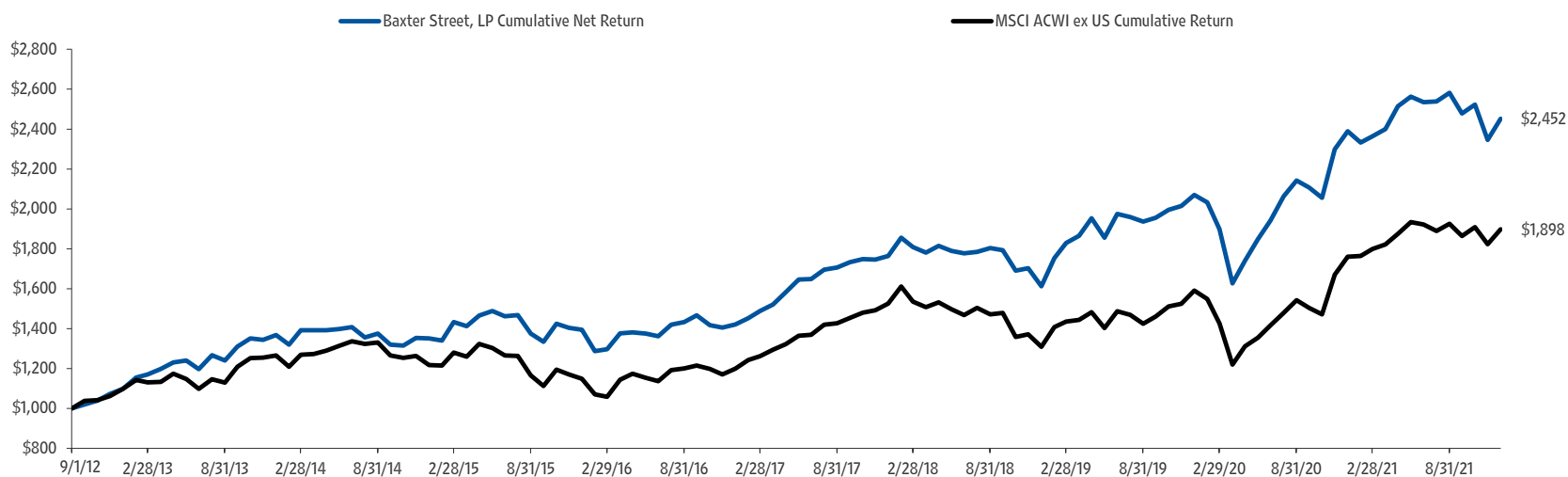


Since the strategy's inception, Baxter Street has outperformed the MSCI ACWI ex US by +3.0% annually on a net basis with less volatility.

## Since Inception Net Performance Statistics

	Baxter Street, LP Net	MSCI ACWI ex US
Net Return (Annualized)	10.1%	7.1%
Volatility	12.9%	13.6%
Active Share	93%	
Upside Capture	0.96	
Downside Capture	0.76	

## Growth of \$1,000



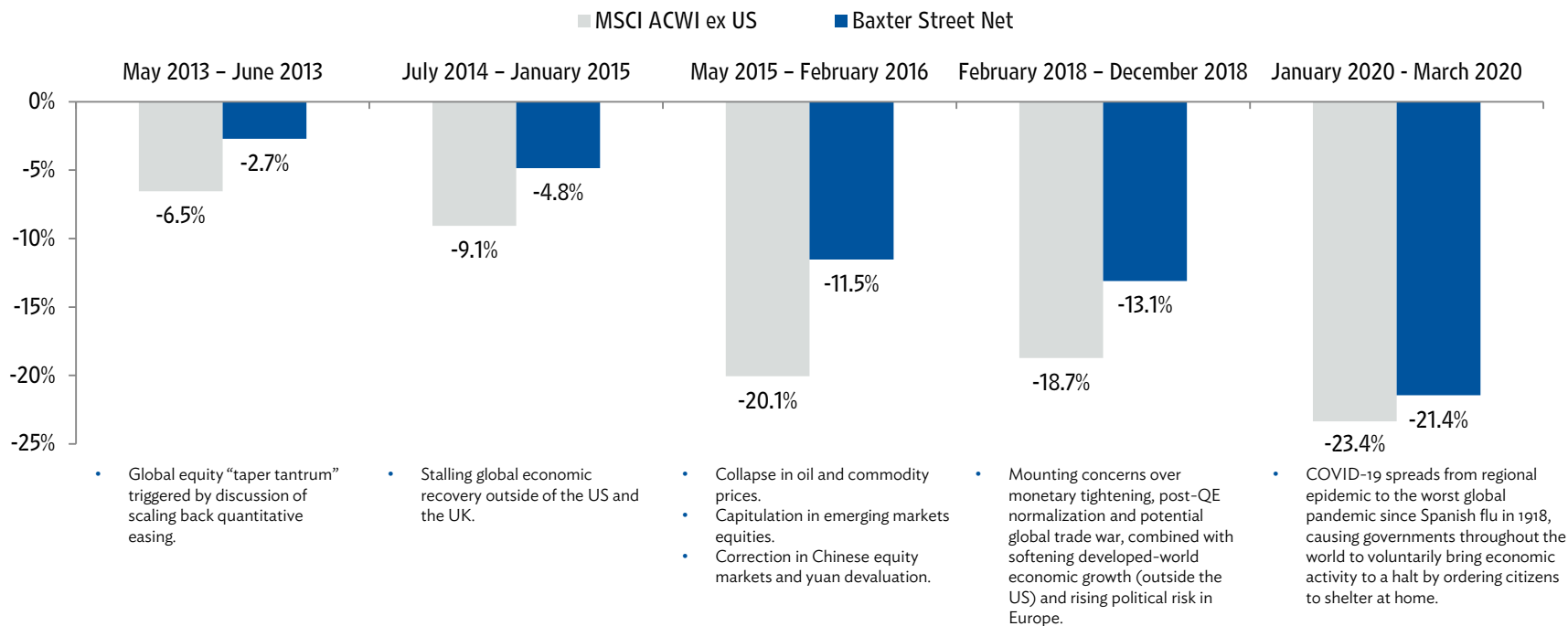
As of December 31, 2021. The most current month-end performance numbers are estimated. Past performance is not indicative of future results, which may vary. The returns presented include both the restricted and non-restricted share classes. Comparisons to financial indices are provided for illustrative purposes only. It is not possible to invest directly in an index. See important performance and other disclosures included at the back of this presentation. Volatility is calculated using the standard deviation, or variance between monthly return streams. Active Share measures the percentage of the most current quarter-end portfolio (based on position weights) that differs from the MSCI ACWI ex US. Upside/Downside Capture is calculated versus the MSCI ACWI ex US.



# Baxter Street Drawdown Analysis

During periods in which the MSCI ACWI ex US Index has experienced large drawdowns, Baxter Street consistently outperformed the market.

## MSCI ACWI ex US Index Five Largest Drawdowns Since Baxter Street's Inception



	MSCI ACWI ex US	Baxter Street Net
Average Performance During Top 5 Drawdowns	-15.6%	-10.7%
Months to Recover from Largest Drawdown	8 months	5 months

As of December 31, 2021. The most current month-end performance numbers are estimated. Past performance is not indicative of future results, which may vary. Comparisons to financial indices are provided for illustrative purposes only. It is not possible to invest directly in an index. Drawdown analysis calculations are based on month-end data. Source: MSCI. The time periods represent the five largest peak-to-trough drawdowns in the MSCI ACWI ex US Index since inception of the Baxter Street Fund. See important performance and other disclosures included at the back of this presentation.

# Baxter Street Portfolio Construction



Typical Exposure	80%-100%
Typical Position Count	30-60
Typical Position Size	1%-10%
Median Market Capitalization	\$42.4 billion
Typical Top 10 Concentration	~40%
Average Holding Period	> 2 years
Typical Regional Maximum	70%
Typical Country Maximum	30%
Typical Industry Maximum	25%

# Investment Philosophy

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Our investment philosophy is grounded in three elemental tenets.

## Great Businesses

We are focused on owning only what we believe are the world's best businesses.

## Rigorous Research

We are committed to understanding our businesses better than our peers through independent, granular and continuous research. We generate investment ideas internally and vet them with the assistance of our dedicated Qualitative Field Research and Data & Analytics Teams.

## Disciplined Investing

We wait patiently for the market to present opportunities to deploy capital at attractive discounts to intrinsic values.



# How We Define Great Businesses

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We are focused on owning businesses that share the following characteristics:

## PREDICTABLE GROWTH

Predictable and growing streams of cash earnings with annual earnings growth typically in excess of 10%.

## HIGH ROICs

High or rapidly improving returns on invested capital.

## EXPANDING BARRIERS TO COMPETITION

Consistent share gainers that increase their franchise values and distance themselves meaningfully from competitors.

## CLEAN BALANCE SHEETS

Businesses with little debt or the clear ability to reduce debt rapidly.

## OUTSTANDING CULTURES

Companies with excellent cultures that wow their customers.

## STRONG LEADERSHIP

Management teams that we believe to be ethical, outstanding operators and good stewards of capital.

We seek companies exhibiting the 5Ps:

The industry **PIE** is growing

Company's **PIECE OF THE PIE** (market share) is growing

Company has **PRICING POWER**

Business has a high level of **PREDICTABILITY**

Company is managed by **PEOPLE** who have created a culture of excellence

# Businesses We Generally Avoid

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We are not interested in owning roughly two-thirds of public companies regardless of price.

We typically have less exposure to the following types of businesses given a lack of predictability or an inability to defend their competitive moats:

COMMODITY-LINKED BUSINESSES

HIGHLY REGULATED BUSINESSES

CAPITAL-INTENSIVE BUSINESSES WITH  
UNDIFFERENTIATED PRODUCTS

BUSINESSES WITH UNPREDICTABLE PRODUCT  
LIFECYCLES



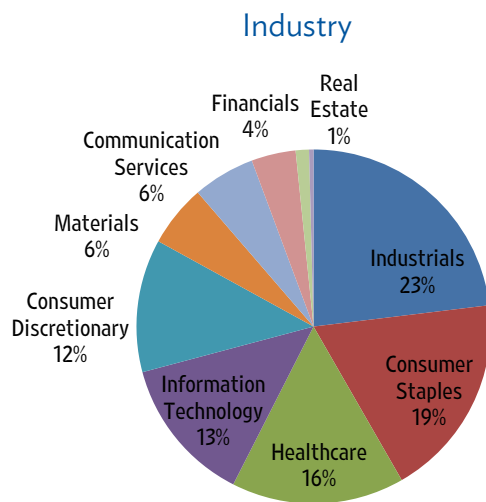
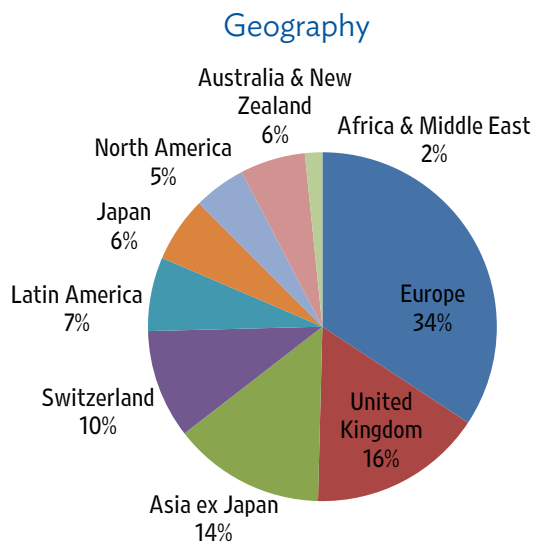
# Our Universe: The “SEG International 250”

In more than 20 years of investment research, we have identified roughly 250 businesses and multiple value chains—narrow slivers/subsets of the economy—that meet our criteria out of approximately 10,000 international public companies.

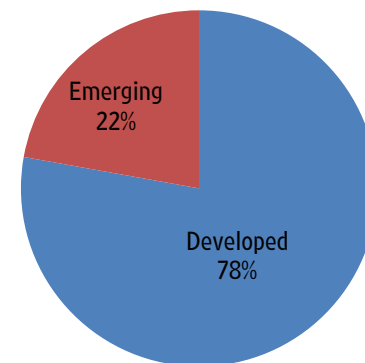
Our team covers these businesses whether we own them or not and maintains intrinsic value estimates for each.

The Approved List changes by 5%-10% annually as companies are added (IPOs, spin-offs, business transformations) and removed (M&A, shifts in competitive landscape).

## SEG International 250 Breakdown



## Developed Market/Emerging Market



## Examples of SEG Value Chains





# Our Coverage Universe



		Chad Clark International Team CIO							Jonathan Allen Chief International Strategist
		Matthew Pickering	Brian Vollmer	Loren Lewallen	Alex Apanovitch	Michael Archer	Joseph Buser	Pawel Kaczmarek	
Geographies	Industries	Flavors & Fragrances Food Services & QSR Hearing Aids	Freight Forwarders Online Services	Factory Automation Life Sciences Value-Added Distributors	Asia Life Insurance Optical Retail & Mfg.	Business & Info Svcs. Payments Processing Semiconductors	Aerospace Diagnostic Equipment FMCG	Testing & Inspection Spirits & Beer	
	EMEA	Spain United Kingdom		France South Africa	Benelux Germany	Italy	Switzerland	Emerging EU Scandinavia	
	Asia	Malaysia Singapore	Hong Kong/China	Japan	India South Korea	Taiwan Thailand	Australia/ New Zealand	Indonesia Philippines	
	Americas					Canada Mexico	Brazil		



# Qualitative Field Research

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## What is Qualitative Field Research?

Performing in-depth due diligence and delivery of proprietary investment insights to the Analyst team, resulting in a better understanding of the long-term dynamics of industries and value chains. We are not seeking to predict short-term outcomes, such as next quarter's earnings.

## Why is it important?

Qualitative field research is in our DNA: Select Equity was founded as a research firm, and we made our first hire of a former *Wall Street Journal* reporter in 2006. We believe field research provides insights that help us make better investment decisions.

## Who is on the team?

- **Nine Qualitative Field Analysts:** former investigative and business journalists with over 60 years of combined experience in investment management and approximately 120 years in journalism. The team covers the globe with individuals based in five US cities, London and Hong Kong and includes professionals fluent in Spanish, French, German, Mandarin and Portuguese.
- **Eight Sourcing Analysts:** specialists in identifying and contacting industry experts, former employees and customers, among others.

## Results

In the first nine months of 2021, our Research Team conducted interviews with over 1,500 industry contacts and authored over 250 field research reports.

# Data & Analytics

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In June 2019, we established a dedicated Data & Analytics Team (the “Data Team”) to apply alternative data analytics to our research process.

The Data Team sources and analyzes data to develop independent views on the long-term drivers for individual companies and value chains as well as macroeconomic trends. Our analysis is not focused on predicting short-term trading opportunities.

We aim to minimize confirmation bias by answering targeted questions, rather than corroborating specific investment theses.

We use data analytics to complement and add valuable context to our fundamental research and qualitative field research.

Our Data Team of six professionals is uniquely qualified to lead these efforts with experience in data science, consulting and fundamental research, in addition to educational backgrounds in engineering, mathematics and information sciences.

IN 2021, THE DATA TEAM COMPLETED OVER 400 PROJECTS ON COMPANIES AND VARIOUS TOPICS SPANNING MULTIPLE VALUE CHAINS AND GEOGRAPHIES.

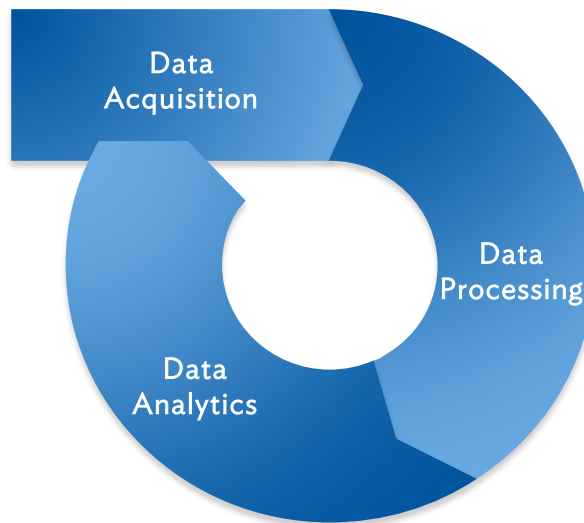


# Data & Analytics Process

Our vertically integrated approach to acquiring, processing and analyzing data enables our team to reach independent, unique conclusions.

## Acquisition

- Our differentiated approach begins with data acquisition—we focus on gathering data to understand the long-term competitive advantages of companies and value chains.
- We initiated robust due diligence on over 195 potential data vendors to select, so far, more than 35 diverse datasets, including those generated by consumer credit card transactions, app and web usage and airline schedules.
- In addition, we generate proprietary data internally through custom surveys. For example, we have conducted an ongoing dental survey to assess trends in practice consolidation and its impact on industry pricing.



## Processing

- We have developed machine learning tools, which include Natural Language Processing models, to help us enrich and process data. These models will enable deeper analyses, ranging from the ability to assess the sentiment and authenticity of employee reviews to matching products across websites at scale.
- We have built a scalable cloud infrastructure to ingest and quickly analyze our considerable amount of data (over 75 terabytes).

## Analytics

- We collaborate with investment Analysts and the Qualitative Field Research Team to triangulate information from multiple sources and inform investment decisions. Examples include analyzing customer churn in online streaming services using US consumer transaction data, as well as surveying over 100 US veterinarians to understand various aspects of the value chain including shifting market share dynamics and the impact of COVID-19.
- We create custom dashboards that enable Analysts to directly access data for specific projects or macro analysis. For example, the team analyzed US consumer transactions to monitor the spending behaviors of recipients of stimulus checks, unemployment insurance and child tax credits, which helped us identify companies projected to benefit from heightened government stimulus efforts.
- In 2021, we completed projects on approximately 35% of the top 10 positions across the Firm's strategies.

# Investment Process



## Idea Generation

- Our process is driven by internally generated and researched ideas.
- The Firm makes almost no use of Wall Street research for our long process, and we do not actively share our insights with other managers.
- While all Analysts are generalists, they often focus on specific value chains—studying suppliers, manufacturers, distributors and customers within a specialized area of the economy across market capitalizations.
- The team additionally generates new ideas through its on-the-ground worldwide travel.
- Analysts share timely ideas with the entire investment team on our daily 8:30am conference call. These ideas are later reviewed in detail during weekly group meetings.

## Fundamental Research

- In addition to detailed analysis of a company’s SEC filings and call transcripts, we generally visit key facilities and meet with the top executives.
- Analysts incorporate financially material ESG considerations in their comprehensive assessment of a business.
- We often approach the final vetting of potential new investments as a team that includes one or more Portfolio Managers, dedicated Qualitative Field Analysts and our Data & Analytics Team.



## Qualitative Field Research & Data Analytics

- Our due diligence process often includes fieldwork such as interviews with a company’s former employees, competitors, suppliers, distributors and customers.
- In addition, our dedicated Data & Analytics Team sources and analyzes data to develop views on the long-term drivers for individual companies and value chains as well as macroeconomic trends.
- We leverage our in-depth fieldwork and data analytics in our analysis of material ESG topics.
- Based on fundamental analysis, in-house fieldwork and data analytics, we formulate proprietary, actionable investment theses.
- Every step of the process adheres to rigid compliance guidelines in order to prevent exposure to material nonpublic information.

## Portfolio Management

- The “SEG International 250”: We actively monitor approximately 250 international companies that have been fully vetted through our research process and formally approved by our Investment Committee.
- Analysts synthesize their ESG insights and share findings with Portfolio Managers.
- Once we approve a business that meets our investment criteria, we wait for an opportunity to buy it at a compelling discount to its intrinsic value.
- We consistently update and maintain intrinsic value estimates for all Approved List businesses, whether we own the company or not.
- Individual position weightings vary based on several factors including quality of business, discount to intrinsic value and liquidity.
- We will often establish a new position at a small weighting and build the position opportunistically.
- Portfolio Managers hold sole discretion over all investment decisions.
- Associate Portfolio Managers’ primary responsibilities include playing devil’s advocate on the portfolio.



# Risk Management

TOP DOWN

Portfolio Managers have primary responsibility to oversee and manage risk, including liquidity, within clear portfolio-specific guidelines.

We typically will not own more than 10% of an underlying company.

We monitor regional, country and industry exposures and ensure we do not breach maximum allocations.

Approximately 92% of the portfolio can be liquidated in 30 days.<sup>1</sup>

While our primary focus continues to be fundamental, bottom-up analysis, the Firm's Director of Risk and Portfolio Analytics complements our process by providing situational awareness around potential portfolio risks, including unintended factor tilts and macroeconomic exposures, as well as collaborating with Portfolio Managers to manage these risks.

Our Analyst team reviews positions for the impact of macroeconomic circumstances.

Baxter Street employs FX hedging when the strategy has a large exposure to a given currency that is overvalued relative to long-term purchasing power parity, and it is cost effective to hedge.

BOTTOM UP

The Firm's Investment Committee, consisting of all Portfolio Managers, meets quarterly to conduct portfolio reviews including analysis of business quality, investment theses, exposures, ESG considerations, counterparties and liquidity.

Members of our team present opposing arguments and play devil's advocate for each investment.

Our most valuable risk management tool is the deep understanding we have of our businesses. We typically study a business for over two years before establishing a core position.

We believe our investment strategy is relatively defensive due to our investments in the highest-quality, predictable businesses with sustainable barriers to competition.

We weigh downside risk more heavily than upside reward, and our focus is on protecting against a permanent loss of capital.

Position sizing is determined by our estimates of upside to intrinsic value and downside risk, which are derived from cash flow analysis.

<sup>1</sup> As of December 31, 2021. The above liquidity analysis is based on gross exposure and derived using information from Bloomberg, assuming a six-month look back for average daily volume (ADV) and limiting our participation rate to 20% of ADV. The liquidity analysis excludes listed indices, custom basket swaps and options. The manager reserves the right to exclude any other securities, which either do not show volume on Bloomberg or, in the manager's opinion, show inaccurate volume. See additional disclosures at the end of this document. Nothing herein is intended to imply that an investment in the Funds or the Funds' investment strategies may be considered conservative. Investment losses may occur, and there can be no assurance that any investment objectives will be achieved.



# Environmental, Social and Governance (ESG) Policy

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The consideration of ESG factors is one of the key components of our investment process and assessment of a company's quality. ESG factors inform, but do not necessarily dictate, our research and portfolio management decisions.

## ESG PHILOSOPHY

Select Equity takes an ESG integration approach to sustainable investing. We analyze ESG factors solely as they relate to the financial risk and return of a company, focusing on dynamics that could impact the sustainability of a company's future earnings power and investor perceptions. We believe this approach is aligned with our fiduciary duty and our goal to maximize financial returns for our clients.

## OVERSIGHT

Our ESG Committee, chaired by our Director of Sustainable Investing, provides oversight of our ESG integration framework within our research process. The Committee includes senior members from the Portfolio Management, Research and Client Development Teams.

## RESEARCH

Analysts are responsible for understanding and integrating financially material ESG considerations as part of the research process. Our Qualitative Field Research and Data & Analytics Teams play an integral role in this effort. We believe our long history of proprietary, rigorous research complements areas for which third-party ESG research may be lacking.

## ENGAGEMENT

We communicate regularly with management teams and convey our concerns and questions regarding any issues, including material ESG risks, that we identify during our research process. We generally take a holistic view toward voting client proxies in an effort to increase shareholder value.

## Examples of ESG Factors:

### ENVIRONMENTAL

Climate change, pollution or waste, use of natural resources, sustainability of sourcing and investments in green building or clean technology.

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### SOCIAL

Workforce development, equal employment opportunity, fair compensation, health and safety, product liability (product quality and safety, privacy and data security), human rights and corporate culture.

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### GOVERNANCE

Board of Directors, ethics of management team, shareholder voting power, policies around management compensation and equity ownership and inter-company agreements.

SELECT EQUITY IS A MEMBER OR SIGNATORY OF ORGANIZATIONS THAT SUPPORT SUSTAINABLE INVESTING, INCLUDING THE UN-SUPPORTED PRINCIPLES FOR RESPONSIBLE INVESTMENT (UNPRI), THE CARBON DISCLOSURE PROJECT (CDP) AND THE SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB) ALLIANCE.

# Baxter Street Investment Team

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## *Chad M. Clark, Portfolio Manager, Analyst, Principal*

Mr. Clark joined Select Equity in August 2010. He has been responsible for the portfolio management of the Cooper Square strategy (the Firm's international long/short strategy) since its inception in January 2011 and of the Baxter Street strategy (the Firm's international long-only strategy) since its inception in September 2012. Mr. Clark is a member of the Firm's Management Committee. Prior to joining Select Equity, Mr. Clark spent 14 years at Harris Associates, where he was a Partner and co-managed the Oakmark International Small Cap Fund and Harris International Value L.P. Prior to Harris Associates, he was an Analyst in Corporate Finance at William Blair & Company. Mr. Clark is a CFA® charterholder. Mr. Clark received a B.S. from Carnegie Mellon University (summa cum laude).

## *Matthew C. Pickering, Portfolio Manager, Analyst, Principal*

Mr. Pickering joined Select Equity in December 2010. He is the Portfolio Manager of the Cooper Square strategy and the Baxter Street strategy. Prior to joining Select Equity, Mr. Pickering was an Analyst with Harris Associates for four years. Prior to Harris Associates, he worked for six years as an Analyst and Associate Portfolio Manager with Institutional Capital. Mr. Pickering is a CFA® charterholder. Mr. Pickering received a B.S. from Miami University (magna cum laude).

## *Brian M. Vollmer, Crosby Street Portfolio Manager, Analyst, Principal*

Mr. Vollmer began at Select Equity as an intern in 2005 and joined the Firm full time in August 2006. He has been responsible for the portfolio management of the Crosby Street strategy (the Firm's global large cap long-only strategy) since its inception and is responsible for the day-to-day management of the Sheridan Square strategy (the Firm's international large cap long-only strategy). He is also an Associate Portfolio Manager of the Baxter Street strategy and is a member of the Firm's Management Committee. Prior to joining Select Equity, Mr. Vollmer worked as a private equity Investment Analyst for Hicks, Muse, Tate & Furst. Prior to Hicks, Muse, Tate & Furst, he worked in the Investment Banking Division at Goldman Sachs. Mr. Vollmer received a B.S. from the University of Virginia (with distinction) and an M.B.A. from the Stanford Graduate School of Business, where he graduated as an Arjay Miller Scholar.

## *Loren S. Lewallen, Cooper Square Associate Portfolio Manager, Analyst, Principal*

Mr. Lewallen began at Select Equity as an intern in 2006 and joined the Firm full time in September 2007. He is an Associate Portfolio Manager of the Cooper Square strategy. Mr. Lewallen is a CFA® charterholder. Mr. Lewallen received a B.A. from Columbia University (magna cum laude).

## *Jonathan D. Allen, Chief International Strategist, Senior Analyst*

Mr. Allen joined Select Equity in April 2010. He is the Firm's Chief International Strategist. Prior to joining Select Equity, Mr. Allen was a Principal, Portfolio Manager and Analyst with Clay Finlay for 16 years. Mr. Allen is a CFA® charterholder. Mr. Allen received a B.A. from the University of Pennsylvania.





## Baxter Street Investment Team

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### *Alex Apanovitch, Analyst*

Mr. Apanovitch joined Select Equity in March 2018. Prior to joining Select Equity, Mr. Apanovitch was a Research Analyst at King Street Capital Management. Prior to King Street, he worked in the Investment Banking Division at Goldman Sachs. Mr. Apanovitch received a B.A. and B.Sc. from Western University in London, Ontario (with distinction).

### *Michael T. Archer, Analyst*

Mr. Archer joined Select Equity in August 2015. Prior to joining Select Equity, Mr. Archer was an Analyst in the Restructuring Group at Lazard. Mr. Archer received a B.S. from the University of Virginia (with distinction).

### *Joseph E. Buser, Analyst*

Mr. Buser joined Select Equity in August 2016. Prior to joining Select Equity, Mr. Buser was an Associate in the Americas Private Equity Group at KKR. Prior to KKR, he worked in the Investment Banking Division at UBS. Mr. Buser received a B.S. and a B.A. from Indiana University (with highest distinction).

### *Pranay J. Gosalia, Analyst*

Mr. Gosalia joined Select Equity in October 2020. Prior to joining Select Equity, Mr. Gosalia was an Investment Analyst at Kensico Capital Management. Prior to Kensico Capital Management, he was a Private Equity Analyst at Brookfield Asset Management. Prior to Brookfield Asset Management, he worked in the Financial Restructuring Group at Houlihan Lokey. Mr. Gosalia received a B.S. from Indiana University (with distinction) and an M.B.A. from the Kelley School of Business at Indiana University.

### *Pawel Kaczmarek, Analyst*

Mr. Kaczmarek joined Select Equity in September 2016. Prior to joining Select Equity, Mr. Kaczmarek was a multi-industry Research Associate on the Domestic team at Harris Associates. Prior to Harris Associates, he worked as an Associate Analyst at Advisory Research, an institutional investment manager in Chicago. Mr. Kaczmarek also worked as a sell-side Research Associate covering Industrial Distribution at William Blair & Co. Mr. Kaczmarek is a CFA® charterholder. Mr. Kaczmarek received a B.S. from Indiana University (with distinction and with honors in business).

### *Vedran Milosevic, Analyst*

Mr. Milosevic joined Select Equity in September 2021. Prior to joining Select Equity, Mr. Milosevic was an Analyst at Surveyor Capital. Prior to Surveyor Capital, Mr. Milosevic was a Senior Analyst at Glenview Capital Management. Prior to Glenview Capital, he worked in the M&A Group at Credit Suisse. Mr. Milosevic received an H.B.A. from Western University in London, Ontario (with distinction).

# Baxter Street Investment Team

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## Vrajesh Shah, Analyst

Mr. Shah joined Select Equity in February 2020. Prior to joining Select Equity, Mr. Shah was an Analyst at Partner Fund Management. Prior to Partner Fund Management, Mr. Shah was an Analyst at Conatus Capital. Prior to Conatus, he was an Associate at Apollo Global Management. Mr. Shah received an H.B.A. from Western University in London, Ontario.

INTEGRATED WITH THE ENTIRE SELECT EQUITY GROUP RESEARCH TEAM OF 74.



# Terms and Service Providers

Minimum Subscription

\$1,000,000

Fiscal Year

Calendar

Reporting

Monthly performance and attribution, quarterly commentaries and annual audited financials

Management Fee

Net Asset Value	Management Fee Rate
\$0-\$24,999,999	1.50% per annum (0.125% per month)
\$25,000,000-\$99,999,999	1.25% (0.1041% per month)
\$100,000,000 or greater	1.00% (0.0833% per month)

Lockup

None

Liquidity

Monthly

Notice Period

30 days written notice

Administrator

SEI Global Services, Inc.

Prime Broker

Morgan Stanley & Co.

Auditor

PricewaterhouseCoopers LLP

Legal Counsel

Willkie Farr & Gallagher LLP



# APPENDIX



# Select Equity Investment Strategies

	LONG-ONLY STRATEGIES						LONG/SHORT STRATEGIES		
	Mulberry Street	Great Jones	Baxter Street	Sheridan Square <sup>1</sup>	Crosby Street	Hudson Street <sup>2</sup>	SEG Partners	Shinbone Alley	Cooper Square
<b>Strategy Focus</b>	<i>US Small-Mid Cap Long-Only</i>	<i>Concentrated Opportunistic Long-Only</i>	<i>International Long-Only</i>	<i>International Large Cap Long-Only</i>	<i>Global Large Cap Long-Only</i>	<i>US Small Cap Long-Only</i>	<i>US Long/Short</i>	<i>Mobility-Focused Long/Short</i>	<i>International Long/Short</i>
<b>Status</b>	Open	Open	Hard-Closed	Open	Open	Open	Hard-Closed <sup>3</sup>	Open	Open
<b>Portfolio Managers</b>	George Loening Laura McKenna	Abigail Schumer	Chad Clark Matthew Pickering	Brian Vollmer	Brian Vollmer	Nancy Walker	George Loening	J.D. Delafield	Chad Clark Matthew Pickering
<b>Inception</b>	1991	2007	2012	2017	2018	2020	1998	2003	2011
<b>Assets (in millions)<sup>4</sup></b>	\$8,317	\$1,815	\$10,797	\$5,253	\$4,041	\$95	\$10,971	\$317	\$2,071
<b>Positions &amp; Portfolio Weightings<sup>5</sup></b>									
Long Positions	25 - 40	10 - 20	30 - 60	40 - 60	40 - 60	35 - 65	50 - 80	10 - 20	40 - 60
Long Weightings	0.5% - 10%	1% - 25%	1% - 10%	0.75% - 6%	0.5% - 6%	1% - 8%	0.25% - 7.5%	2% - 15%	1% - 10%
Short Positions	-	-	-	-	-	-	65 - 95	0 - 5	30 - 60
Short Weightings	-	-	-	-	-	-	0.25% - 4%	1% - 3%	0% - 5%
Gross Exposure	80% - 100%	80% - 100%	80% - 100%	80% - 100%	80% - 100%	80% - 100%	160% - 200%	90% - 100%	140% - 180%
<b>Geographic Exposure</b>	US	Flexible	Non-US	Non-US	Global	US	Flexible	Flexible	Non-US
<b>Typical International Exposure<sup>5</sup></b>	5%	<30%	100%	100%	50%	10%	<20%	<20%	100%
<b>Portfolio Performance &amp; Statistics</b>									
Annualized Net Performance	15.6%	11.3%	10.1%	11.3%	16.8%	68.1%	12.6%	16.4%	8.6%
Volatility <sup>6</sup>	16.1%	17.3%	12.9%	14.7%	16.1%	18.5%	11.1%	16.6%	11.1%
Active Share (LO) & Beta (L/S) <sup>7</sup>	95%	97%	93%	91%	92%	97%	0.42	0.75	0.67

As of December 31, 2021. The most current month-end performance and AUM numbers are estimated. Past performance is not indicative of future results, which may vary. The returns presented include both the restricted and non-restricted share classes. Portfolio characteristics are subject to change. The above assets include separately managed accounts and/or private funds. See important performance and other disclosures included at the back of this presentation. <sup>1</sup> The historical performance shown above is that of a composite that includes the performance of the Sheridan Square Funds and portfolios managed substantially similarly. Composite performance and Volatility are provided only as a reference and are estimated. The net composite performance is calculated using gross composite performance and modeled with a 1% management fee since inception of the composite on February 24, 2017. Brian Vollmer has primary responsibility for the day-to-day portfolio management and trading of Sheridan Square. <sup>2</sup> Performance between the restricted and non-restricted classes may differ due to allocations of new issues. The Since Inception net annualized returns for the restricted and non-restricted share classes are +59.4% and +97.6%, respectively. Additional information regarding the allocation and impact of specific new issues on the restricted and non-restricted interest/share class performance is available upon request. <sup>3</sup> We hard-closed the SEG Partners strategy at the end of 2021. <sup>4</sup> In addition to the above listed strategies, SEG manages a variety of customized strategies representing approximately \$6,843 million as of December 31, 2021. <sup>5</sup> The ranges provided are indicative of typical portfolio exposures. The Fund's offering documents, which control any investment, may not mandate that the Fund's portfolio be within these ranges. <sup>6</sup> Volatility is calculated using the standard deviation, or variance between monthly net return streams. <sup>7</sup> Active Share measures the percentage of the most current quarter-end portfolio (based on position weights) that differs from the strategy's relevant benchmark. Active Share and Net Beta are calculated versus the S&P 500 for Great Jones, SEG Partners and Shinbone Alley. Mulberry Street is calculated versus the Russell Midcap. Baxter Street, Sheridan Square and Cooper Square are calculated versus the MSCI ACWI ex US. Crosby Street is calculated versus the MSCI ACWI. Hudson Street is calculated versus the Russell 2000.



## Baxter Street Performance Summary

	Baxter Street, LP Gross Return	Baxter Street, LP Net Return	MSCI ACWI ex US
<b>Since Inception</b>	11.7%	10.1%	7.1%
<b>Last 3 Years</b>	16.7%	15.0%	13.2%
<b>Last 5 Years</b>	13.2%	11.5%	9.6%
<b>Years</b>			
2021	4.2%	2.6%	7.8%
2020	17.1%	15.4%	10.7%
2019	30.3%	28.4%	21.5%
2018	-7.2%	-8.6%	-14.2%
2017	26.0%	24.2%	27.2%
2016	3.5%	1.9%	4.5%
2015	4.7%	3.2%	-5.7%
2014	0.2%	-1.2%	-3.9%
2013	26.2%	24.6%	15.3%
2012 <sup>1</sup>	10.3%	9.8%	9.8%

<sup>1</sup> 2012 performance represents performance for the year beginning September 1, 2012, the inception of the Fund.

As of December 31, 2021. The most current month-end and 2021 performance numbers are estimated. Past performance is not indicative of future results, which may vary. The returns presented include both the restricted and non-restricted share classes. Comparisons to financial indices are provided for illustrative purposes only. It is not possible to invest directly in an index. See important performance and other disclosures included at the back of this presentation.



## MWRA Performance Summary

Account	Inception Date	Fund Name	Reporting Date
MWRA Employees' Retirement System	May 2016	Baxter Street Offshore Fund, Ltd.	12/31/2021

### Year-End Assets & Performance

Year	Ending Value	Net Capital Flows	Account Gross	Account Net	MSCI ACWI ex US	Net Excess
2016	\$28,103,461	\$27,500,000	3.9%	3.2%	2.2%	1.0%
2017	\$28,789,288	(\$6,000,000)	25.8%	24.6%	27.2%	-2.6%
2018	\$26,476,414	-	-7.1%	-8.0%	-14.2%	6.2%
2019	\$34,180,021	-	30.4%	29.1%	21.5%	7.6%
2020	\$40,962,049	\$1,000,000	17.4%	16.2%	10.7%	5.6%
2021	\$36,180,242	(\$6,000,000)	4.0%	3.0%	7.8%	-4.9%

Returns	Account Gross	Account Net	MSCI ACWI ex US	Net Excess
QTD	-0.9%	-1.1%	1.8%	-2.9%
2021	4.0%	3.0%	7.8%	-4.9%
Last 3 Years (Annualized)	16.8%	15.6%	13.2%	2.4%
Last 5 Years (Annualized)	13.2%	12.1%	9.6%	2.5%
Since Inception (Annualized)	12.3%	11.2%	8.9%	2.4%



## Baxter Street Exposure Summary

Geographic Exposure <sup>1</sup>	Baxter Street	MSCI ACWI ex US
Australia & New Zealand	3%	5%
Asia ex Japan	9%	25%
Japan	8%	14%
Europe	38%	27%
Switzerland	6%	7%
United Kingdom	10%	9%
Latin America	0%	2%
North America	22%	7%
Africa & Middle East	0%	3%
Multi-Country	0%	0%
<b>Total</b>	<b>95%</b>	<b>100%</b>

Sector Exposure <sup>2</sup>	Baxter Street	MSCI ACWI ex US
Energy	0%	5%
Materials	5%	8%
Industrials	21%	13%
Consumer Discretionary	9%	12%
Consumer Staples	6%	9%
Healthcare	9%	9%
Financials	11%	19%
Information Technology	31%	14%
Communication Services	3%	6%
Utilities	0%	3%
Real Estate	0%	2%
Multi-Sector	0%	0%
<b>Total</b>	<b>95%</b>	<b>100%</b>

Market Cap Exposure <sup>3</sup>	Baxter Street	MSCI ACWI ex US
\$50B+	38%	49%
\$20-\$50B	28%	25%
\$10-\$20B	13%	15%
\$0-\$10B	15%	12%
<b>Total</b>	<b>95%</b>	<b>100%</b>

Developed/Emerging Markets Exposure <sup>1</sup>	Baxter Street	MSCI ACWI ex US
Developed Markets	86%	71%
Emerging Markets	9%	29%
<b>Total</b>	<b>95%</b>	<b>100%</b>

<sup>1</sup> Geographic exposure is determined by using the MSCI Global Investable Market Indices (GIMI) Methodology for country classification.

<sup>2</sup> Source: FactSet using GICS sector classification.

<sup>3</sup> Market Cap Exposures do not include any non-equity-based positions and portfolio insurance investments.

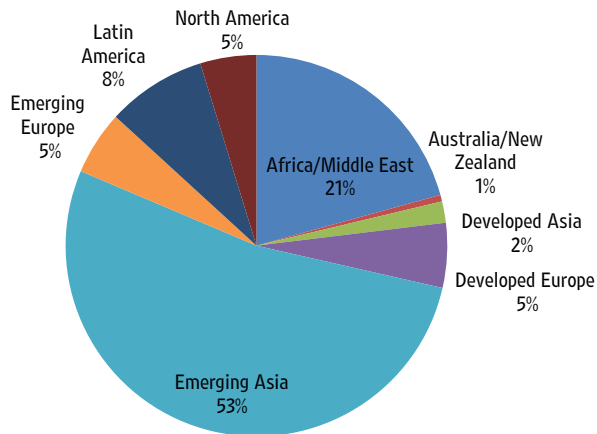
December 31, 2021 exposure is internal and subject to change. Numbers may not foot due to rounding. See important performance and other disclosures included at the back of this presentation. Baxter Street, LP exposure figures do not include FX hedge positions.



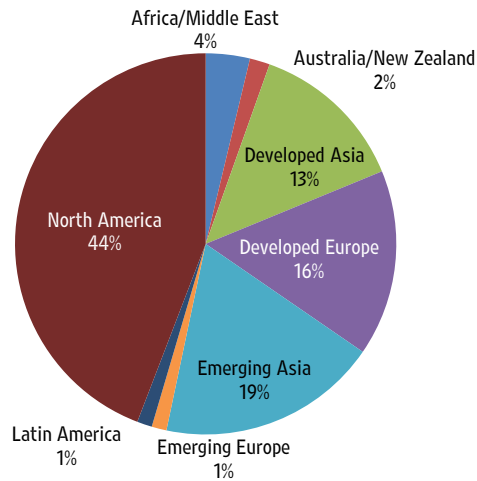


# Different Ways to View the World

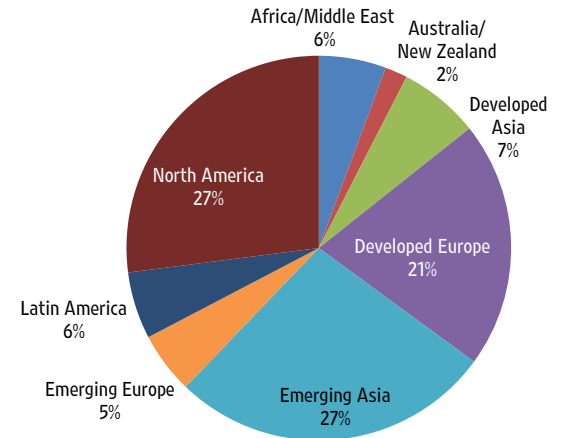
Population



Market Capitalization



GDP





# Baxter Street: Top 15 Equity Holdings

## Top 15 Baxter Street Portfolio Equity Holdings

9/30/2021

Equity Holdings	Mkt Cap (\$B)	Tr Op Mgn	Tr ROE	3-5-Yr Avg EPS Δ Est	12-Mth Fwd P/E	3-Yr FCF/NI	Company Descriptions
Edenred	\$13	35%	NMF	17%	29.9	145%	Global B2B provider of employee benefits, fuel & fleet cards and payment services
Fidelity National Information Services	\$75	36%	11%	12%	17.9	81%	Leading provider of outsourced processing services and software to US banks and payment-processing services to global merchants
Safran	\$54	10%	12%	21%	31.2	77%	Manufacturer of engines, equipment and systems for the aerospace and defense industry
Alcon	\$41	17%	NMF	17%	35.0	NMF	#1 Global maker of surgical equipment and consumables for the eye care industry
SAP	\$166	26%	18%	12%	22.5	100%	#1 Global developer of business enterprise resource planning software
Sensata Technologies	\$9	19%	12%	10%	14.0	89%	Manufacturer of sensors and controls, primarily in the auto and off-road vehicle markets
Inditex	\$115	14%	18%	6%	27.1	86%	Branded specialty apparel manufacturer and retailer focused on affordable fashion for the mass-market consumer
Brookfield Asset Management <sup>1</sup>	\$84	71%	12%	12%	NMF	NMF	Global asset manager in the infrastructure, real estate and renewable power sectors
AIA Group	\$140	14%	16%	11%	19.6	70%	Emerging Asia's oldest life insurer with leading positions in 17 growth markets
Shiseido	\$27	5%	6%	20%	46.6	NMF	Global maker and marketer of beauty and personal care products with a focus on prestige skincare, cosmetics and fragrances
CRH	\$37	13%	11%	8%	14.2	86%	Global building materials manufacturer
Melrose Industries	\$10	4%	NMF	44%	54.6	69%	Hybrid private equity/industrial turnaround specialist
JD.com	\$113	2%	21%	45%	42.0	70%	#2 E-commerce company in China
Amadeus IT Group	\$30	NMF	NMF	15%	39.8	92%	#1 Global airline seat reservation system operator
Experian	\$39	26%	30%	14%	37.4	104%	#1 Global credit bureau
Median	\$41	15%	12%	14%	30.6	86%	

<sup>1</sup> Tr Op Mgn includes listed affiliate dividends without incremental expenses and excludes non-core business operations reflected in distributable earnings. Tr ROE excludes dispositions and assumes distributable earnings are equal to net income.

Op Mgn is operating margin or earnings before interest and tax as a percent of sales. Trailing operating margin has been adjusted to exclude non-cash amortization when we view it as material and not reflective of ongoing capital requirements. The operating margin and return on equity ratios are trailing based on company financials. Average EPS Δ is our estimate of normalized three- to five-year EPS growth. Average EPS growth and 12-Mth forward P/E are based on our internal estimates. Fwd P/E multiples are based on 9/30/21 equity prices. FCF/NI is all operating cash flow from the last three years, minus all cap ex, compared to adjusted net income over that time.



# Representative Investment

## AIA Group (1299 HK) Emerging Asia's oldest life insurer, with leading positions in 17 growth markets

### BACKGROUND

AIA Group is the preeminent life insurance provider in the Asia-Pacific region serving over 36 million individual policyholders and more than 16 million corporate plan participants. AIA is the largest pan-regional Asian life insurer with a presence in 18 different countries. The Company serves its customers with a strong focus on agency sales, which account for more than 75% of its Value of New Business (VONB).

Life insurance in emerging Asia remains in its infancy with annual premiums per capita of roughly \$200, just 5% of the G7 average. AIA sits in the sweet spot of multiple powerful structural tailwinds: aging populations, rising dependency ratios, middle class wealth formation, urbanization, increasing prevalence of lifestyle-related diseases, high savings rates and minimal societal safety nets (public spend per capita is less than 20% of the G7 average).

### INVESTMENT ATTRIBUTES

**Competitive Moat:** AIA's network of over 200,000 agents makes it one of the world's most powerful and secure distribution franchises. With best-in-class productivity and recruitment, AIA's agency force is able to sell more valuable policies, more frequently, to the most desirable clients. AIA's diversification also provides it with tremendous financial strength—the Company is the dominant provider in its three largest markets and a top three provider almost everywhere else.

**Growth:** Over the last five years through 2019, AIA has delivered annualized new premiums and VONB CAGRs of 12% and 18%, respectively. AIA's operating profit has grown at a 12% five-year CAGR.

**Returns:** Underlying new business IRRs (including full loading of central costs) are over 20% and have been stable to rising every year since the IPO with average terms of 20 to 30 years. Despite the funding strain that this entails (\$1.5 billion), AIA produces over \$3 billion in free cash flow per year.

### 5Ps ANALYSIS

**Pie Growth:** The overall market for life and health insurance in the Asia-Pacific region is growing low double digits per year. The two most important markets, Hong Kong and China, will grow high single digits and mid-teens, respectively, driven by a lack of social safety nets and rising affluence.

**Piece of the Pie:** AIA has gained share in most markets in which it operates, including Hong Kong and China. This is due to a general focus on agency, as well as a differentiated foreign brand that consumers trust.

**Pricing Power:** There appears to be little price competition in Asia today, driven by the fact that companies are more focused on finding the incremental buyer, rather than stealing away clients.

**Predictability:** Insurance sales have generally been predictable in Asia given the secular growth tailwinds, but savings products are likely to be more cyclical going forward as penetration continues to rise.

**People:** AIA is led by CEO Lee Yuan Siong, who received strong marks leading Ping An Insurance as its co-CEO in China. He is also a former executive of Prudential plc where he worked under Mark Tucker.

### CURRENT VALUATION

AIA trades at roughly 2.4x its embedded value, or 16x its implied 2022 VONB, and 20x earnings. We expect double-digit growth in VONB, embedded value and operating profits through our forecast period.

Source: SEG research as of December 2020.

All information provided in this slide is for informational purposes only and should not be deemed as a recommendation to buy or sell the securities mentioned. This presentation is intended to effectively convey SEG's investment methodologies and representative investments held in the Fund. The specific securities identified and discussed do not represent all of the securities purchased, sold or recommended for the Fund or its related accounts, and the reader should not assume that investments in the securities identified and discussed were or will be profitable.



# Representative Investment

## Edenred (EDEN FP) Global Provider of prepaid corporate services

EDEN is the world's largest provider of prepaid benefits (~2/3 of revenues, mostly food and child care vouchers) and expense management solutions (~1/3, mostly fuel and fleet), which improve efficiency for its 680,000 corporate clients, increase the purchasing power of their 42 million employees and drive business to 1.4 million merchant affiliates. EDEN demerged from global hotel chain Accor and listed in 2011. Free float is 100%.

The employee benefits addressable market is worth €180 billion annually and growing 5%-7% annually, but still only 22% penetrated. EDEN has 36% share of this (see middle chart). Annual corporate spend on fuel & fleet in EDEN's two key regions, Europe and Latin America, is €400 billion, with penetration below 20%. EDEN is #1 in Brazil and Mexico and #2 in Europe.

**Growth:** Over the last five years, EDEN has delivered revenue, EBITA and EPS CAGRs of 2%, 1% and -2%, respectively, due to erosion from Latin American FX depreciation and falling interest rates. However, on a constant currency basis revenue growth has consistently been 8%-9% annually, and operating EBITA (excluding financial income) 11%-17% annually. Financial income will rebound with interest rates and drop almost 100% to EBITA.

**Returns:** 33% EBITA margin, infinite ROCE and ROE because the entire business is funded by corporate prepayments. FCF > 150% of NI. Net debt is 1.3x EBITDA.

### Competitive Moat:

**Scale and Network Economics** – Fees per beneficiary are very small, requiring large volumes to recover commercial fixed costs. Corporate clients want access to the most affiliates, and affiliates want access to the most beneficiaries. Scale across all stakeholders maximizes negotiating with each.

**Trust and Reputation** – EDEN invented the meal voucher 50 years ago, and its solutions are central to employee retention. HR departments want a partner that's trustworthy and dependable; affiliates want to know they'll be paid. Net Promoter Scores are far ahead of rivals'.

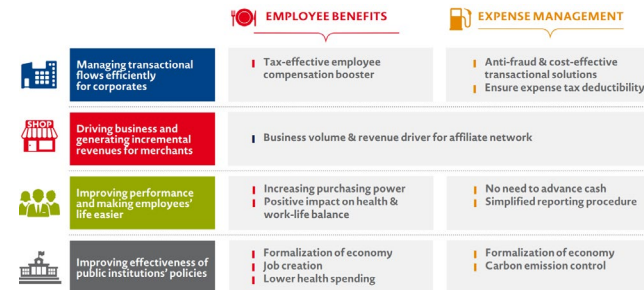
**Digitization** makes possible new products (including a possible new segment in corporate payments) and also leads to greater stickiness through integration with corporate customer IT platforms. EDEN began investing earlier and has spent more than all rivals.

We expect annual revenue growth of 6%-8% in benefits and >10% in expense management, with EBITA margin rising towards 39% over the next five years on operating leverage, resulting in double-digit EBITA and EPS growth with high visibility for the foreseeable future.

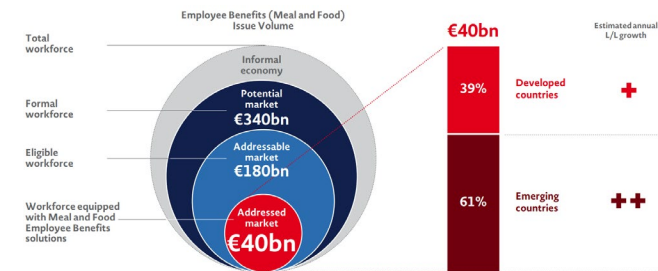
Source: SEG research as of August 2017.

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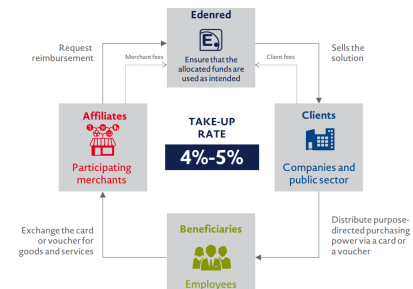
### How Edenred Adds Value



### Benefits Market Size



### Benefits Business Model



Source: Edenred Corporate Presentation, November 2016.



## Qualitative Field Research Case Study

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### Objective

To understand how political tensions between Seoul and Beijing were impacting the market for Korean cosmetics in China.

### Background

In retaliation for South Korea's deployment of the THAAD missile defense system, the Chinese government has been tightening its customs enforcement, making it more difficult for Korean companies to reach Chinese customers. For Korean cosmetics companies, this has affected sales in Chinese department stores, and also, potentially, through the movement of goods through the grey market ("parallel traders" or "daigou" in Chinese). Our goal was to determine the impact on cosmetic sales.

### Process

Agents operating in the grey market in China are not enthusiastic about sharing the details of their businesses, so we turned to the wholesale markets that sell to parallel traders in Seoul, one rung higher on the supply chain. In an outer suburb, we interviewed eight store managers. As an indication of how much these wholesalers depend on the "daigou" business, they nearly all spoke Chinese and none spoke English.

### Result

A clear picture emerged—the grey market was suffering heavily from heightened customs enforcement at China's borders. The Chinese "daigou" were buying far less than previously, as they could no longer get the products into China. While additional fieldwork indicated that political tensions were unlikely to dampen long-term demand for Korean cosmetics in China, the trip to Seoul helped us understand the impact of Beijing's actions.



# Data & Analytics Case Study

We sought to better understand the competitive positioning of e-commerce and brick-and-mortar pet food retailers during the COVID-19 pandemic.

## Key Questions

We reviewed consumer credit card panel data and leveraged a custom survey on US consumers that we initiated during the COVID-19 pandemic to answer the following questions:

- What is the potential impact of e-commerce retailers on brick-and-mortar players?
- Were there any material changes in the competitive landscape due to COVID-19-related lockdowns and store closures?
- Have pet food retailers experienced customer turnover?

## Key Findings

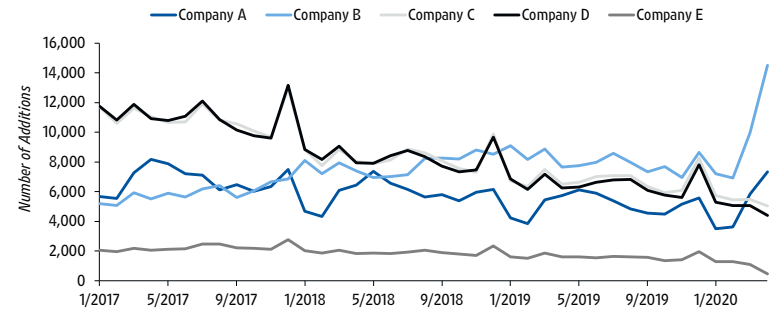
- “Company A,” a brick-and-mortar retailer (which carries essential goods and remained open throughout the pandemic), added more new customers than other retailers that struggled with industry-wide shutdowns.
- “Company B,” an e-commerce pet-food retailer, benefitted from the shift to online shopping, more than doubling its customer additions during this period.
- Company A has a large share of pet-food spend in rural areas, particularly in the South, and Company B continues to gain share across geographies with more than 20% share in most states.
- Company B has experienced less customer turnover than its brick-and-mortar competitors (including Company A), and our survey suggested that its customer profile skews wealthier, potentially making it more economically resilient.

## Investment Implications

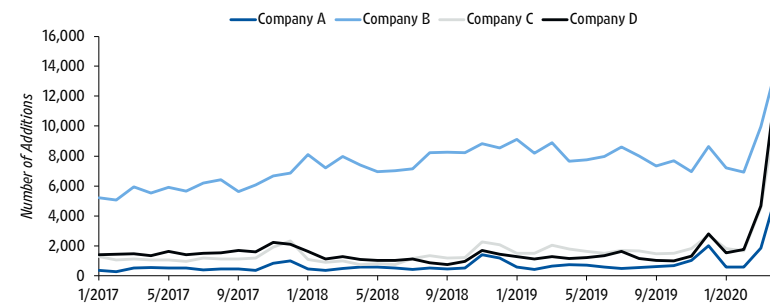
- We invested in Company A because we expected it to take market share and emerge from the COVID-19 pandemic in a stronger position.
- Data showed the shift in the consumer spending pie away from travel and entertainment, which created strong tailwinds for product categories that represent a large portion of Company A’s sales.
- We were encouraged that Company A experienced accelerated customer growth during the pandemic, which we expect to translate into permanent market share gains.
- Negative findings for our thesis were that Company A and Company B’s customer overlap has been increasing over time. In addition, Company A’s customers acquired during the pandemic had an even greater propensity to also shop at Company B, indicating a growing threat from e-commerce for one of Company A’s key product categories.

As of May 31, 2020.  
Source: SEG research.

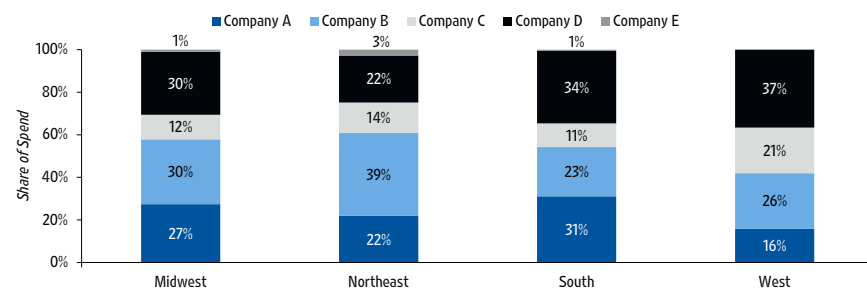
Monthly New Customer Additions



Monthly New E-Commerce Customer Additions



Share of Spend by Geographic Region





## Culture

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We strive to be recognized as a Firm of excellence, not individuals of excellence.

### Client Focus

We serve our clients first, the Firm second, our teams third and our individual selves last. Our culture is defined by our Core Principles (outlined on the following page) that reflect who we are and inform our actions and goals.

### People

We attract, develop and empower extraordinary talent. We seek to hire smart, motivated individuals of differing backgrounds, experiences and perspectives. We believe that fostering a diverse and inclusive work environment benefits our clients and the Firm.

### Select Equity Group Foundation

Established in 2000, the mission of the Select Equity Group Foundation is to make a positive impact by actively engaging all employees in identifying, supporting and participating in charitable organizations of excellence. To date, over \$40 million in grants have been awarded to local, national and international not-for-profit organizations.



## Core Principles

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### ORIGINALITY

We generate our own ideas and never deploy common practice without skepticism. We strive to avoid the herd.

### INNATE CURIOSITY

There are no dumb questions. We challenge universally accepted beliefs and seek new angles of understanding.

### CHARITY

We recognize our good fortune and give back to society in meaningful and thoughtful ways.

### CONTINUOUS IMPROVEMENT

We always strive to improve our performance and measure ourselves absolutely, not relatively.

### HUMILITY

We seek no acclaim individually or as a Firm other than earning the gratitude of our clients.

### TEAMWORK

We trust our colleagues and communicate with transparency and respect. Ours is a culture of giving credit, not seeking credit.





# Select Equity Principals

## INVESTMENT MANAGEMENT & RESEARCH

### PORTFOLIO MANAGEMENT

George S. Loening, *Chairman, Portfolio Manager, Analyst, Principal*

Mr. Loening founded Select Equity in January 1990. He has been responsible for the portfolio management of the Mulberry Street strategy (the Firm's US small-mid cap long-only strategy) since its inception in January 1991, of SEG Partners (the Firm's US long/short strategy) since its inception in April 1998 and of the SEG Blackwall strategy (the Firm's US core long-only strategy) since its inception in January 2008. Mr. Loening is a member of the Firm's Management Committee. Mr. Loening received a B.A. from Columbia University.

Chad M. Clark, *Portfolio Manager, Analyst, Principal*

Mr. Clark joined Select Equity in August 2010. He has been responsible for the portfolio management of the Cooper Square strategy (the Firm's international long/short strategy) since its inception in January 2011 and of the Baxter Street strategy (the Firm's international long-only strategy) since its inception in September 2012. Mr. Clark is a member of the Firm's Management Committee. Prior to joining Select Equity, Mr. Clark spent 14 years at Harris Associates, where he was a Partner and co-managed the Oakmark International Small Cap Fund and Harris International Value L.P. Prior to Harris Associates, he was an Analyst in Corporate Finance at William Blair & Company. Mr. Clark is a CFA® charterholder. Mr. Clark received a B.S. from Carnegie Mellon University (summa cum laude).

Laura S. McKenna, *Portfolio Manager, Analyst, Principal*

Ms. McKenna began at Select Equity as an intern in 1993 and later joined the Firm full time in September 2001. She is the Portfolio Manager of the Mulberry Street strategy and is a member of the Firm's Management Committee. Ms. McKenna served as Director of Research from 2010 to 2013. Prior to joining Select Equity, Ms. McKenna was a Senior Analyst and Managing Director at Wanger Asset Management. Ms. McKenna is a CFA® charterholder. Ms. McKenna received a B.A. from the University of Virginia and an M.B.A. from the University of Michigan (with high distinction).

Matthew C. Pickering, *Portfolio Manager, Analyst, Principal*

Mr. Pickering joined Select Equity in December 2010. He is the Portfolio Manager of the Cooper Square strategy and the Baxter Street strategy. Prior to joining Select Equity, Mr. Pickering was an Analyst with Harris Associates for four years. Prior to Harris Associates, he worked for six years as an Analyst and Associate Portfolio Manager with Institutional Capital. Mr. Pickering is a CFA® charterholder. Mr. Pickering received a B.S. from Miami University (magna cum laude).

Abigail E. Schumer, *Portfolio Manager, Co-Director of Research, Analyst, Principal*

Ms. Schumer joined Select Equity in September 2005. She is the Portfolio Manager of the Great Jones strategy (the Firm's concentrated opportunistic long-only strategy) and is a member of the Firm's Management and Executive Committees. Ms. Schumer received a B.A. from Yale College (cum laude).

Brian M. Vollmer, *Portfolio Manager, Analyst, Principal*

Mr. Vollmer began at Select Equity as an intern in 2005 and joined the Firm full time in August 2006. He has been responsible for the portfolio management of the Crosby Street strategy (the Firm's global large cap long-only strategy) since its inception and is responsible for the day-to-day management of the Sheridan Square strategy (the Firm's international large cap long-only strategy). He is also an Associate Portfolio Manager of the Baxter Street strategy and is a member of the Firm's Management Committee. Prior to joining Select Equity, Mr. Vollmer worked as a private equity Investment Analyst for Hicks, Muse, Tate & Furst. Prior to Hicks, Muse, Tate & Furst, he worked in the Investment Banking Division at Goldman Sachs. Mr. Vollmer received a B.S. from the University of Virginia (with distinction) and an M.B.A. from the Stanford Graduate School of Business, where he graduated as an Arjay Miller Scholar.



## Select Equity Principals

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Nancy D. Walker, *Portfolio Manager, Analyst, Principal*

Ms. Walker joined Select Equity in July 2002. She has been responsible for the portfolio management of the Hudson Street strategy (the Firm's US small cap long-only strategy) since its inception. Ms. Walker served as Director of Research from 2014 to 2016. Prior to joining Select Equity, Ms. Walker was an Associate at Goldman Sachs Asset Management and worked in the Investment Banking Division at Goldman Sachs. Ms. Walker received a B.A. from the University of Chicago (with honors).

### RESEARCH

Evan C. Guillemain, *Co-Director of Research, Associate Portfolio Manager, Analyst, Principal*

Mr. Guillemain joined Select Equity in April 2004 as the Firm's Chief Financial Officer. He is an Associate Portfolio Manager of the Crosby Street strategy and is a member of the Firm's Management and Executive Committees. Prior to joining Select Equity, Mr. Guillemain was Chief Financial Officer and then Chief Operating Officer of Delia's Inc., a publicly traded retailing company. He also served as Director of Acquisitions at Primedia. Mr. Guillemain received a B.A. from Yale College and an M.B.A. from Harvard Business School (with distinction).

Loren S. Lewallen, *Associate Portfolio Manager, Analyst, Principal*

Mr. Lewallen began at Select Equity as an intern in 2006 and joined the Firm full time in September 2007. He is an Associate Portfolio Manager of the Cooper Square strategy. Mr. Lewallen is a CFA® charterholder. Mr. Lewallen received a B.A. from Columbia University (magna cum laude).

### QUALITATIVE FIELD RESEARCH

James R. Hagy, *Director of Qualitative Field Research, Qualitative Field Analyst, Principal*

Mr. Hagy joined Select Equity in September 2007. Prior to joining Select Equity, Mr. Hagy worked at CBM Capital as a Research Analyst for nine years. Prior to CBM Capital, he worked as a journalist for 11 years, including two years at *SmartMoney* magazine. Mr. Hagy received a B.A. from the University of Florida.

## OPERATIONS

### FINANCE

David D. Conover, *Chief Financial Officer, Principal*

Mr. Conover joined Select Equity in July 2007. Mr. Conover is a member of the Firm's Executive Committee. Prior to joining Select Equity, Mr. Conover spent seven years working in the PricewaterhouseCoopers Hedge Fund Group. Mr. Conover received a B.S. from Penn State University.

### TRADING & PORTFOLIO ADMINISTRATION

Jonathan M. Bearman, *Head of Global Trading, Principal*

Mr. Bearman joined Select Equity in August 2003. Mr. Bearman is a member of the Firm's Executive Committee. Prior to joining Select Equity, Mr. Bearman was a Trader at Merrill Lynch. Mr. Bearman received a B.A. from the University of Vermont.

Maria V. Santos, *Director of Portfolio Administration, Principal*

Ms. Santos joined Select Equity in May 2005. Ms. Santos is a member of the Firm's Executive Committee. Prior to joining Select Equity, Ms. Santos was Vice President of Investment Administration at J.&W. Seligman & Co. Prior to J.&W. Seligman & Co, she was Director of Fixed Income Compliance and Technology at INVESCO (formerly Chancellor LGT) and Head of Portfolio Administration at Fiduciary Trust Company International. Ms. Santos received a B.A. from New York University.



## Select Equity Principals

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### LEGAL & COMPLIANCE

Jennifer A. Vinsonhaler, *Chief Compliance Officer, Principal*

Ms. Vinsonhaler joined Select Equity in February 2000 and served as a senior member of the Trading team before becoming Director of Operations in 2006 and the Chief Compliance Officer in 2010. Ms. Vinsonhaler is a member of the Firm's Executive Committee. Prior to joining Select Equity, Ms. Vinsonhaler managed Trading and Operations for private New York-based asset managers Arbor Partners and Aynsworth Financial Partners. She also served as an Assistant Vice President at Merrill Lynch and PaineWebber, specializing in proprietary trading of NASDAQ-listed issues. Ms. Vinsonhaler received a B.A. from Hobart and William Smith Colleges.



# Disclosures

## IMPORTANT DISCLOSURES

The attached presentation of Select Equity Group, L.P. ("SEG" or "Manager"), the private funds it manages (the "Funds"), the investment strategies discussed and any other materials provided to you are intended only for pre-qualification and discussion purposes and are not intended as an offer or solicitation of an offer with respect to the purchase or sale of any security and should not be relied upon by you in evaluating the merits of investing in any securities. SEG is an investment adviser registered with the US Securities and Exchange Commission. The information contained in these materials is expected to change over time and is represented as accurate only as of the date of this presentation, and the Manager is under no obligation to update these materials after such date. These materials are not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution or use is contrary to local law or regulation.

If you express an interest in investing in a private fund, you will be provided with an offering memorandum, limited partnership agreement (if a domestic fund) and subscription agreement for the applicable fund (the "Fund Documents"). You must review the Fund Documents and risk factors disclosed in the Fund Documents prior to making a decision to invest. You should rely only on the information contained in the Fund Documents in making your decision to invest.

Neither the domestic private funds ("Domestic Funds") nor the offshore private funds ("Offshore Funds") are registered as investment companies under the US Investment Company Act of 1940, as amended (the "Investment Company Act"), in reliance upon the exemptions under either Section 3(c)(1) or Section 3(c)(7) thereunder and, accordingly, the provisions of the Investment Company Act are not applicable to the Funds.

An investment in a Domestic Fund or an Offshore Fund is suitable only for certain sophisticated investors who have no need for immediate liquidity in their investment. Such an investment provides limited liquidity because interests in the Funds are not freely transferable and may be withdrawn only under the limited circumstances set forth in the Fund Documents. There is no public or secondary market for interests in the Domestic Funds or the Offshore Funds, and it is not expected that a public or secondary market will develop.

Investing in financial markets involves a substantial degree of risk. There can be no assurance that the investment objectives described herein will be achieved. Investment losses may occur, and investors could lose some or all of their investment. Nothing herein is intended to imply that an investment in the Funds or the Funds' investment strategies may be considered "conservative," "safe," "risk free" or "risk averse." No regulatory authority has passed upon or endorsed the merits of an investment in the Funds.

Any discussions regarding potential future events and their impact on any Fund are based solely on historic information and SEG's estimates and/or opinions, are provided for illustrative purposes only, and are subject to further limitations as specified elsewhere in this material. No guarantee can be made of the occurrence of such events or the actual impact such events would have on any Fund's future performance.

## PERFORMANCE AND OTHER DISCLOSURES APPLICABLE TO ALL FUNDS:

SEG is a US-based investment management firm registered as an investment adviser with the Securities and Exchange Commission. The performance data if referred to in this letter/report refers to returns for Funds over which SEG maintains discretionary authority. Separate performance schedules are available for each of the Funds.

The performance data herein represent past performance, which is not indicative of future results. Performance is expressed in US dollars. Unless otherwise stated, for long-only Funds, performance results for an individual Fund reflect the performance earned by a Fund investor who had invested at the beginning of each year under a model fee structure of the highest fee structure in place for the respective fiscal years. For long/short Funds, as of January 31, 2017 we have changed the methodology for calculating fund's performance. Performance results for an individual Fund reflect the performance earned by a Fund investor using loss carry forward under a model fee structure of the highest fee structure in place for each year. Should you have any questions with regards to this calculation please contact [clients@selectequity.com](mailto:clients@selectequity.com). Individual investor performance as well as the aggregate performance of each Fund may differ from the performance reflected herein.

The Funds' cumulative rates of return are calculated by linking the Funds' annual rates of return. Fund average annualized rates of return are equivalent to the annual rate of return which, if earned in each year of the indicated multi-year period, would produce the actual cumulative rate of return over the time period.



## Disclosures

All computations assume the reinvestment of dividends, interest and capital gains. Much of the data and other information contained in this letter/report is unaudited and is collected, in whole or in part, from a source believed by SEG to be reliable. SEG cannot guarantee the accuracy of the data/information and therefore shall not be held liable for inaccurate data/information. Assets are as of month end. Unless otherwise indicated, certain marketing analytics (e.g., tracking error, beta) use data drawn from only one of the Fund vehicles (Data referring to market cap exposure, positions and weightings are derived from the Firm's internal systems or prime brokerage/admin statements generally referring to only one of the Fund vehicles. The Fund vehicles in each strategy, however, are managed substantially similarly on a portfolio weightings basis. The average long/short exposure is calculated using daily exposures and such average exposures and the resulting internal return calculations are approximations. Geographic exposure is determined by using the MSCI Global Investable Market Indices ("GIMI") Methodology for country classification. Sector exposure is derived from FactSet which uses GICS industry classification. Manager reserves the right to use a different or internal methodology for classification if a security is not classified by MSCI/GICS or if it does not agree with the assigned classification. Securities may currently be held in the portfolio where the manager used internal classification."

For each Fund, performance is calculated monthly using the net asset value appreciation (net of fees and expenses) as a percentage of beginning-of-month net asset value (appropriately adjusted for any capital activity). Beginning 12/1/2015, third party expenses are no longer included in calculating net performance. Purchases and sales of securities are recorded on a trade date basis. Unrealized gains and losses from investment transactions are recognized as income. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. The Funds' annual returns are calculated by linking the monthly performance through compounded multiplication. Realized gains and losses from security transactions are generally determined using the specific identification method.

At various points in this letter/report, the returns of the Funds may be compared to the S&P 500 Index, the S&P 400 MidCap Index, the Russell Midcap Index and/or the Russell 2000. The S&P 500, which is a market capitalization-weighted index, contains the 500 most widely held companies chosen with respect to market size, liquidity and industry. The S&P 400 MidCap Index contains the 400 domestic companies immediately below the top 500 companies as listed in the S&P 500 Index. The Russell Midcap Index is intended to measure the performance of the mid cap segment of the US equity universe. The Russell Midcap Index is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 Index measures the performance of the 2,000 smallest companies in the Russell 3000 Index. The MSCI All Country World Index (ACWI) is market capitalization weighted index designed to provide a broad measure of performance throughout the world. The MSCI ACWI ex USA captures large, mid and small cap representation across various Developed Markets (DM) countries (excluding the United States) and Emerging Markets (EM) countries (lists available upon request). The volatility of these indices may be materially different from that of the Funds'. In addition, the holdings in the Funds will generally differ significantly from the securities that make up the indices. These indices have not been selected to represent an appropriate benchmark to compare the Funds' performance, but rather are used to allow for comparison to well-known and widely recognized indices. Neither S&P nor its third-party information providers shall be liable with respect to the data and information contained in this report or the context from which it is drawn. "S&P," "S&P 500" and "S&P 400" are registered trademarks of Standard & Poor's. Neither MSCI nor any other party involved in or related to compiling, computing or creating the MSCI data makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to any of such data. Without limiting any of the foregoing, in no event shall MSCI, any of its affiliates or any third party involved in or related to compiling, computing or creating the data have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits), even if notified of the possibility of such damages. No further distribution or dissemination of the MSCI data is permitted without MSCI's express written consent. The HFRI Equity Hedge (EH) Total Index is an equally weighted performance index. It uses the HFR database and consists only of Equity Hedge funds with a minimum of US \$50 million AUM or a 12-month track record and that report assets in USD. It is calculated and rebalanced monthly and shown net of all fees and expenses. Equity Hedge strategies invest in a core holding of long equities at all times with short sales of stocks and/or stock index options. HFR compiles the performance numbers from sources it believes to be reliable but makes no representations and assumes no responsibility or liability, express or implied, as to the accuracy or completeness of these numbers. Source: Hedge Fund Research, Inc., [www.hedgefundresearch.com](http://www.hedgefundresearch.com), © 2020 Hedge Fund Research, Inc. All rights reserved.

Any investor who subscribes, or proposes to subscribe, for an investment in an unregistered pooled investment fund must be able to bear the risks involved and must meet an unregistered pooled investment fund's suitability requirements. Some or all alternative investment programs may not be suitable for certain investors. No assurance can be given that an unregistered pooled investment fund's investment objectives will be achieved. Such investments are typically speculative and involve a substantial degree of risk. An unregistered pooled investment fund may use leverage and/or engage in other speculative investment practices that may increase the risk of investment loss. Past results of the unregistered pooled investment fund's investment manager are not indicative of future performance of the fund, and the fund's performance may be volatile. An investor must realize that he or she could lose all or a substantial amount of his or her investment in an unregistered pooled investment fund. The investment manager has total trading authority over the unregistered pooled investment fund, and the fund is dependent upon the services of the investment manager. The use of a single adviser could mean lack of diversification and, consequently, higher risk. Unregistered pooled investment funds are generally highly illiquid. There is no secondary market for an



## Disclosures

investor's interest in an unregistered pooled investment fund and none should be expected to develop. There are restrictions on transferring interests in an unregistered pooled investment fund. The instruments in which an unregistered pooled investment fund invests may involve complex tax structures and there may be delays in distributing important tax information. Certain of the trades executed for an unregistered pooled investment fund may take place on foreign markets, which inherently involves a greater degree of risk. An unregistered pooled investment fund is subject to various other risk factors and conflicts of interest. For further information regarding the risk factors and conflicts of interest with respect to an unregistered pooled investment fund in which you propose to invest or currently invest, please refer to the unregistered pooled investment fund's offering memorandum.

This document may be issued in the United Kingdom by Select Equity Group, L.P. to, and/or directed at, only persons to or at whom it may lawfully be issued or directed under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, including persons who are authorized under the Financial Services and Markets Act 2000 ("FSMA"), certain persons having professional experience in matters relating to investments, high net worth companies, high net worth unincorporated associations or partnerships, trustees of high value trusts or persons who qualify as certified sophisticated investors. Interests in the Fund are only available to such persons in the United Kingdom and this document must not be relied or acted upon by any other persons in the United Kingdom. In order to qualify as a certified sophisticated investor a person must: (a) have a certificate in writing or other legible form signed by an authorized person to the effect that he is sufficiently knowledgeable to understand the risks associated with a particular type of investment; and (b) have signed, within the last 12 months, a statement in a prescribed form declaring, amongst other things, that he qualifies as a sophisticated investor in relation to such investments. This document is exempt from the general restriction in Section 21 of FSMA on the communication of invitations or inducements to engage in investment activity on the grounds that it is being issued to and/or directed at only the types of person referred to above. The content of this document has not been approved by an authorized person and such approval is, save where this document is directed at or issued to the types of person referred to above, required by Section 21 of FSMA. An investment in the Fund may expose an investor to a significant risk of losing all of the amount invested. The Fund is a Limited Partnership (while offshore funds are Limited Companies) and any person who acquires interests in the Fund will not thereby be exposed to any significant risk of incurring additional liability. Any person who is in any doubt about investing in the Fund should consult an authorized person specializing in advising on such investments.

Please note the returns presented are inclusive of both the restricted and non-restricted interest/share classes. Performance between the restricted and non-restricted classes may differ due to allocations of new issues. Additional information regarding the allocation of specific IPOs, and their effect on the restricted and non-restricted interest/share class performance, is available upon request.

The Funds may invest in debt securities, options, privately negotiated derivative instruments and other private transactions and, as of the date of this report, may currently be invested in these instruments. Exposure to these instruments may not be reflected in the data presented in this report (e.g., certain named securities may be owned via swap).

### **APPLICABLE TO SEG PARTNERS ONLY:**

Unless otherwise stated, performance results for an individual Fund reflect the performance earned by a Fund investor inclusive of loss carry forward, if applicable, under a model fee structure of the highest fee structure in place for the respective fiscal years. The Fund's performance is presented net of an annualized base management fee of 1% of net asset value charged monthly in arrears and a performance allocation/fee of 15% (from 1998 through 2001) and 20% (from 2002–thereafter) of profits. Individual investor performance as well as the aggregate performance of each Fund may differ from the performance reflected herein. Actual management fees for the Funds were charged quarterly in advance through 2009 and monthly in arrears from 2010 onwards.

### **APPLICABLE TO THE GREAT JONES FUNDS ONLY:**

Modeled since inception to date the net performance numbers, unless otherwise stated, are presented net of an annualized base management fee of 0.5% of asset value charged monthly in arrears and a performance allocation/fee of 15% over the S&P 500 ("the Hurdle"). The performance allocation/fee is applied on a year-by-year basis. The Hurdle is calculated on a cumulative basis and the underperformance relative to the Hurdle (if any) from prior year(s) is included in the performance allocation/fee calculation. Prior to September 2017 performance was modeled under a different methodology that used the highest fee on offer during the applicable measurement periods. We believe the inclusion of multiple fee structures (only one of which is currently on offer), while conservative, is of limited utility to current and prospective investors as no single investor could have experienced such a performance history since inception. We believe the consistent application of a singular fee structure (that is currently on offer and which the great majority of our existing investors have selected) would be more relevant and useful to both current and prospective investors. The prior performance calculation methodology is discussed in the following paragraph.



## Disclosures

Under the performance calculation model used prior to September 2017, net performance numbers were net of the highest performance fee and (where applicable) management fee offered for the period reported and assumed investment at the beginning of each year. Unless otherwise indicated in those reports, for 2007, the performance of the Fund was presented net of a 10% performance allocation/fee and all other expenses such as commissions, custodial fees and legal and accounting fees. For 2008 and 2009, the performance of the Fund was presented net of an annualized base management fee of 0.5% of asset value charged monthly in arrears and a performance allocation/fee of 15%. From 2010 to November 2013, the performance of the Fund was presented net of an annualized base management fee of 1% of asset value charged monthly in arrears and a performance allocation/fee of 10% over the S&P 500. The actual returns reflecting the preceding fee structures that were on offer from inception to December 2013, while not reflected in this report, are available upon request. From December 2013 until August 2017, the performance of the Fund was presented net of an annualized base management fee of 0.5% of asset value charged monthly in arrears and performance allocation/fee of 15% over the S&P 500. The performance allocation/fee was applied on a year-by-year basis and the underperformance relative to the Hurdle (if any) from prior year was not considered in the performance allocation/fee calculation. Actual management fees for the funds were charged quarterly in advance through 2009 and monthly in arrears from 2010 onward.

### **APPLICABLE TO THE COOPER SQUARE FUNDS ONLY:**

Unless otherwise stated, performance results for an individual Fund reflect the performance earned by a Fund investor inclusive of loss carry forward, if applicable, under a model fee structure of the highest fee structure in place for the respective fiscal years. The Fund's performance is presented net of an annualized base management fee of 1% of net asset value charged monthly in arrears and a performance allocation of 20% of profits. Individual investor performance as well as the aggregate performance of each Fund may differ from the performance reflected herein. Actual management fees for the funds are charged monthly in arrears.

### **APPLICABLE TO THE BAXTER STREET FUNDS ONLY:**

Unless otherwise stated, performance results for an individual Fund reflect the performance earned by a Fund investor who had invested at the beginning of each year under a model fee structure of the highest fee structure in place for the respective fiscal years. From inception through September 2013, the Fund's performance is presented net of an annualized base management fee of 1.25% of net asset value charged monthly in arrears. From October 2013 onwards, the performance is presented net of an annualized management fee of 1.50%. Individual investor performance as well as the aggregate performance of each Fund may differ from the performance reflected herein.

### **APPLICABLE TO THE SHERIDAN SQUARE FUNDS ONLY:**

Unless otherwise stated, performance results for an individual Fund reflect the performance earned by a Fund investor who had invested at the beginning of each year under a model fee structure of the highest fee structure in place for the respective fiscal years. Fund's performance is presented net of an annualized base management fee of 1.00% of net asset value charged monthly in arrears. For historical performance purposes, we may also show performance of International Large Cap Composite ("Composite"). The Composite includes return of the Funds and individual portfolios which are managed substantially similarly. The historical performance is shown only as a representative example. The Composite performance is calculated using gross performance of the individual portfolios and the Funds, net of annualized model base management fee of 1.00% of net asset value.

### **APPLICABLE TO THE CROSBY STREET FUND ONLY:**

Unless otherwise stated, performance results for the Fund reflect the performance earned by a Fund investor who had invested at the beginning of each year under a model fee structure of the highest fee structure in place for the respective fiscal years. Fund's performance is presented net of an annualized base management fee of 0.80% of net asset value charged monthly in arrears.

### **APPLICABLE TO THE HUDSON STREET FUND ONLY:**

Unless otherwise stated, performance results for the Fund reflect the performance earned by a Fund investor who had invested at the beginning of each year under a model fee structure of the highest fee structure in place for the respective fiscal years. Fund's performance is presented net of an annualized base management fee of 1% of net asset value charged monthly in arrears and performance allocation/fee of 20% of profits over the Russell 2000 Index.



## Disclosures

### **APPLICABLE TO SHINBONE ALLEY ONLY:**

**Performance results for the Fund from inception through June 30, 2020 are hypothetical** showing returns for an investor who invested at Fund inception with no subsequent capital contributions or withdrawals. Net Hypothetical performance shown includes the deduction of a management fee of 1% of net asset value charged monthly in arrears and a performance allocation/fee of 20% of profits accrued monthly and crystalized annually. Hypothetical performance also includes brokerage or other commissions, and any other expenses that a client would have paid. Monthly gross returns were calculated by grossing up the actual net monthly returns using 1% annual management fee and 20% annual incentive fee applied to the Year-to-Date net return. Loss carry forward from previous year, if applicable, was taken into consideration. No representation is being made that any investor will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between day 1 investor performance results and the actual results achieved by investors, depending upon, among other things, the timing of capital contributions and withdrawals. Aggregate performance of the fund may also differ materially from the hypothetical day 1 investor performance reflected herein. Hypothetical day 1 investor performance shown prior to July 1, 2020 is calculated by assuming a day 1 penny investor. Allocations of gains/losses and expenses and fees are applied to the penny investor monthly and a new hypothetical NAV is calculated monthly.

**Starting July 1, 2020** Performance results for the Fund reflect the performance earned by a Fund investor using loss carry forward under a model fee structure of the highest fee structure in place for each year. The Funds' performance is presented net of an annualized base management fee of 1% of net asset value charged monthly in arrears and a performance allocation/fee of 20% of profits. Returns post July 1, 2020 are inclusive of both the restricted and non-restricted interest/share classes.

### **APPLICABLE TO MULBERRY STREET (AND, IF APPLICABLE, SELECT EQUITY FUNDS) ONLY:**

Unless otherwise stated, the performance data referred to in this letter/report reflects the returns of SEG's Mulberry Street composite which includes all individually-managed accounts in this Strategy (other than those managed for less than a calendar month or where certain portfolio or account customizations effected at the request of the client would, in SEG's reasonable determination, warrant exclusion). The performance of the composite may differ from the performance achieved by the individual client accounts due to moderate differences in weightings of individual securities, the timing of individual transactions, different fee arrangements, the influence of additions and withdrawals and restrictions that clients may have placed on individual accounts. Most annual advisory fees collected from client accounts included in the composite ranged from 0% to 2.0% during the period depicted. Certain accounts included in the composite have other fee arrangements including performance-based fee arrangements. Additionally, Mulberry Street composite performance may vary from the performance of Select Equity Fund, L.P. and Select Equity Offshore, Ltd. (Mulberry Street private funds).

Beginning 12/1/2015, the following additional changes have been implemented:

Dividends are accrued daily, management fees are accrued on the last business day of each quarter, performance fees, if applicable, are accrued on the last business day of the fiscal year, cash flow weighting for subscriptions and redemptions is at beginning of day and 2015 YTD returns for the composite are calculated by geometrically linking the eleven monthly returns under the cash basis of accounting and the final month under the accrual basis of accounting.

Unless otherwise stated, performance results for an individual Fund reflect the performance earned by a Fund investor who had invested at the beginning of each year under a model fee structure of 1.5% annual management fee (2% before November 2012), accrued monthly. The Funds' performance is presented net of an annualized base management fee of 1.5% (2% before November 2012) of net asset value charged monthly in arrears. Individual investor performance as well as the aggregate performance of each Fund may differ from the performance reflected herein. Beginning January 2010, the Funds also started offering the option of a 1% management fee and 20% performance allocation over the Russell Midcap (the "Hurdle"). Actual returns reflecting the deduction of 1% management fee and 20% performance allocation over the Hurdle are available upon request. The performance allocation is applied on an annual basis. The Hurdle is calculated on a cumulative basis and any underperformance relative to the Hurdle from prior year(s) is included in the performance allocation calculation. Prior to September 2017, performance returns for this fee structure were calculated using beginning of year investment and any underperformance relative to the Hurdle from prior year(s) was not included in the performance allocation calculation.

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A COPY OF PART 2 OF SEG'S FORM ADV IS AVAILABLE UPON REQUEST



# Baxter Street

International Long-Only

STRATEGY INCEPTION | SEPTEMBER 2012



SELECT EQUITY

DECEMBER 2021

Strategy Assets (in millions)<sup>1</sup> **\$10,797**

Monthly Performance (Net)	JAN-21	FEB-21	MAR-21	APR-21	MAY-21	JUN-21	JUL-21	AUG-21	SEP-21	OCT-21	NOV-21	DEC-21	YTD
Baxter Street, LP	-2.4%	1.4%	1.5%	4.8%	1.9%	-1.1%	0.2%	1.7%	-4.0%	1.8%	-7.0%	4.5%	<b>2.6%</b>
Baxter Street II, LP	-2.4%	1.3%	1.5%	4.8%	1.9%	-1.1%	0.2%	1.7%	-4.0%	1.8%	-7.0%	4.5%	<b>2.7%</b>
Baxter Street Offshore	-2.4%	1.4%	1.5%	4.8%	1.9%	-1.1%	0.2%	1.8%	-4.0%	1.8%	-7.1%	4.5%	<b>2.5%</b>
MSCI ACWI ex US	0.2%	2.0%	1.3%	2.9%	3.1%	-0.6%	-1.6%	1.9%	-3.2%	2.4%	-4.5%	4.1%	<b>7.8%</b>

<sup>1</sup> Includes assets held in separately managed accounts.

The performance data herein represents past performance, which is not indicative of future results. The returns presented include both the restricted and non-restricted share classes. Comparisons to financial indices are provided for illustrative purposes only. It is not possible to invest directly in an index.

## HISTORICAL PERFORMANCE (Net, Annualized)

	Baxter Street, LP	MSCI ACWI ex US
2020	15.4%	10.7%
Last 3 Years	15.0%	13.2%
Last 5 Years	11.5%	9.6%
Since Inception	<b>10.1%</b>	<b>7.1%</b>
Volatility	12.9%	13.6%

Full history since inception (9/2012) on reverse.

Volatility is calculated using the standard deviation, or variance between monthly return streams since inception.

## EXPOSURES

### GEOGRAPHIC EXPOSURE

	Baxter Street	MSCI ACWI ex US
Australia & New Zealand	3%	5%
Asia ex Japan	9%	25%
Japan	8%	14%
Europe	38%	27%
Switzerland	6%	7%
United Kingdom	10%	9%
Latin America	0%	2%
North America	22%	7%
Africa & Middle East	0%	3%
Multi-Country	0%	0%

### MARKET CAP EXPOSURE

\$50B+	38%
\$20-\$50B	28%
\$10-\$20B	13%
<\$10B	15%

### DEVELOPED/EMERGING MARKETS EXPOSURE

	Baxter Street, LP	MSCI ACWI ex US
Developed Markets	86%	71%
Emerging Markets	9%	29%

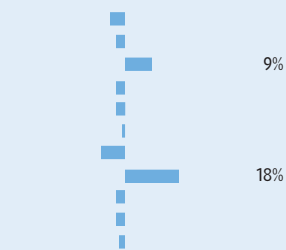
Geographic Exposure is determined by using the MSCI Global Investable Market Indices (GIMI) Methodology. Market Cap Exposures do not include any non-equity-based positions and portfolio insurance investments. See additional disclosures at the end.

## SECTOR EXPOSURE & ATTRIBUTION

### EXPOSURE

	Baxter Street	MSCI ACWI ex US
Energy	0%	5%
Materials	5%	8%
Industrials	21%	13%
Consumer Discretionary	9%	12%
Consumer Staples	6%	9%
Healthcare	9%	9%
Financials	11%	19%
Information Technology	31%	14%
Communication Services	3%	6%
Utilities	0%	3%
Real Estate	0%	2%
Multi-Sector	0%	0%
<b>Total</b>	<b>95%</b>	<b>100%</b>

### EXPOSURE VS. MSCI ACWI ex US



### MONTHLY ATTRIBUTION

	Baxter Street	MSCI ACWI ex US
Energy	0.0%	0.2%
Materials	0.4%	0.5%
Industrials	1.7%	0.7%
Consumer Discretionary	-0.5%	0.1%
Consumer Staples	0.1%	0.5%
Healthcare	0.9%	0.3%
Financials	0.2%	1.0%
Information Technology	1.6%	0.6%
Communication Services	0.3%	0.0%
Utilities	0.0%	0.2%
Real Estate	0.0%	0.0%
Multi-Sector	0.0%	0.0%
<b>Total</b>	<b>4.6%</b>	<b>4.1%</b>

Source: FactSet using GICS sector classification. Multi-Sector includes portfolio insurance investments. Portfolio insurance may include exchange traded notes (ETNs) and/or put spread options intended to protect capital in the event of a market sell-off. For attribution purposes, performance is stated gross of fees. Attribution figures do not include approximately 0.0% of contribution from the FX hedge positions. See additional disclosures at the end.

## PORTFOLIO SNAPSHOT

### TOP 10 EQUITY HOLDINGS

Edenred
SAP
Sensata Technologies
Alcon
Brookfield Asset Management
CRH
Amadeus IT Group
Inditex
AIA Group
Melrose Industries

### POSITIONS & PORTFOLIO WEIGHTINGS

Equity Holdings	44
Top Holding	4.7%
Top 5 Holdings	22.2%
Top 10 Holdings	40.6%
Portfolio Insurance <sup>2</sup>	0.0%
Cash	5.2%

<sup>2</sup>Portfolio insurance may include ETNs and/or put spread options intended to protect capital in the event of a market sell-off. The information above represents the 10 largest equity holdings by market value (equity swap positions are reflected as fully paid) in Baxter Street, LP as of the most current month end. Each month, Select Equity Group, L.P. uses the same objective, non-performance-based criteria to select the 10 largest long equity holdings. The securities listed above do not represent all of the securities purchased or sold for SEG's clients, and the reader should not assume that investments in the securities identified were or would be profitable.

Numbers may not foot due to rounding. The most current month-end and YTD performance, weightings and AUM numbers are estimated. Exposure figures do not include FX hedge positions. With respect to net performance calculations, see disclosures at the end.

**Select Equity Group, L.P.** manages approximately \$50 billion across long-only and long/short equity strategies. The Firm was founded on the premise that rigorous, independent research and disciplined, long-term investing will generate superior returns for our clients. **Baxter Street** is an international long-only equity strategy that invests primarily in non-US-domiciled companies across the market cap spectrum. The portfolio generally has 30-60 positions with weightings that range from 1%-10%.

The ranges provided are indicative of typical portfolio exposures. The Fund's offering documents, which control any investment, may not mandate that the Fund's portfolio be within these ranges.

## SELECT EQUITY GROUP, L.P.

380 Lafayette Street  
New York, New York 10003  
212.601.9675

cs@selectequity.com

### HISTORICAL PERFORMANCE

	Baxter Street, LP Gross Return	Baxter Street, LP Net Return	MSCI ACWI ex US
Since Inception	11.7%	10.1%	7.1%
<b>Year</b>			
2021	4.2%	2.6%	7.8%
2020	17.1%	15.4%	10.7%
2019	30.3%	28.4%	21.5%
2018	-7.2%	-8.6%	-14.2%
2017	26.0%	24.2%	27.2%
2016	3.5%	1.9%	4.5%
2015	4.7%	3.2%	-5.7%
2014	0.2%	-1.2%	-3.9%
2013	26.2%	24.6%	15.3%
2012	10.3%	9.8%	9.8%

### PORTFOLIO MANAGEMENT

**Chad M. Clark**, Portfolio Manager  
**Matthew C. Pickering**, Portfolio Manager  
**Brian M. Vollmer**, Associate Portfolio Manager

### TERMS<sup>3</sup>

**Management Fee:** 1.50%  
**Incentive Fee:** N/A  
**Lockup:** None  
**Liquidity:** Monthly  
**Notice Period:** 30 days written notice

**Administrator:** SEI Global Services, Inc.  
**Prime Broker:** Morgan Stanley & Co.  
**Auditor:** PricewaterhouseCoopers LLP  
**Legal Counsel:** Willkie Farr & Gallagher LLP

<sup>3</sup>The highest fee on offer is shown above. A fee schedule is available upon request.

### IMPORTANT PERFORMANCE DISCLOSURES

You are urged to compare the information contained in this report to the account statements of your Administrator, which are the official books and records.

The information contained in this report is provided for informational purposes only and is not intended as an offer or solicitation of an offer for the purchase or sale of any security and should not be relied upon by you in evaluating the merits of investing in any securities.

Select Equity Group, L.P. ("SEG" or "Manager") is a US-based investment management firm registered as an investment adviser with the Securities and Exchange Commission. Unless otherwise indicated, the performance and other data referred to in this letter/report represents the returns of Baxter Street Fund, L.P., which closely tracks Baxter Street Offshore Fund, Ltd. and Baxter Street Fund II, L.P., since their inceptions (collectively, the "Fund" or "Funds"). While the three Funds are managed in parallel, performance may differ among the entities due to the timing of fund flows and other factors. Each of the Funds is an unregistered pooled investment vehicle over which SEG maintains discretionary authority. Separate performance schedules are available for Baxter Street Offshore Fund, Ltd. and Baxter Street Fund II, L.P.

The performance data herein represents past performance, which is not indicative of future results. Performance is expressed in US dollars. Unless otherwise stated, performance results for the Fund reflect the performance earned by a Fund investor who had invested at the beginning of each year under a model fee structure of the highest fee structure in place for the respective fiscal years. From inception through September 2013, the Fund's performance is presented net of an annualized base management fee of 1.25% of net asset value charged monthly in arrears. From October 2013 onward, the performance is presented net of an annualized management fee of 1.50%. Separately managed accounts may be subject to different fee structures set forth in their investment management agreements.

Please note the returns presented in the attached for the Fund are inclusive of both the restricted and non-restricted interest/share classes. Performance between the restricted and non-restricted classes may differ due to allocations of new issues. Additional information regarding the allocation of specific IPOs, and their effect on the restricted and non-restricted interest/share class performance, is available upon request.

Fund performance is calculated monthly using the net asset value appreciation (net of all fees and expenses including a model fee structure described above) as a percentage of beginning-of-month net asset value (appropriately adjusted for any capital activity). Purchases and sales of securities are recorded on a trade date basis. Realized gains and losses from security transactions are generally determined using the specific identification method. Unrealized gains and losses from investment transactions are recognized as income. Dividend income is recorded on the ex-dividend date and interest income is recorded on an accrual basis. The Fund's annual returns are calculated by linking the monthly performance through compounded multiplication. Exposure to certain derivative instruments may not always be reflected in the data presented in this report (e.g., certain named securities may be owned via swap). The Fund's cumulative rate of return is calculated by linking the Fund's annual rates of return. Fund average annualized rates of return are equivalent to the annual rate of return which, if earned in each year of the indicated multi-year period, would produce the actual cumulative rate of return over the time period. Computations assume reinvestment of all dividends, interest and capital gains. Geographic exposure is determined by using the MSCI Global Investable Market Indices ("GIMI") Methodology for country classification. Sector exposure is derived from FactSet which uses GICS industry classification. Manager reserves the right to use a different or internal methodology for classification if a security is not classified by MSCI/GICS or if it does not agree with the assigned classification. Securities may currently be held in the portfolio where the manager used internal classification. Much of the data and other information contained in this letter/report is unaudited and is collected, in whole or in part, from a source believed by SEG to be reliable. SEG cannot guarantee the accuracy of the data/information and therefore shall not be held liable for inaccuracies. Assets are as of month end. The average exposure is calculated using daily exposures and such average exposures and the resulting internal return calculations are approximations. The cash position, if shown, is from our accounting system which assumes full payment of equity swaps. The actual cash held in the portfolio may differ significantly from this report.

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This document may be issued in the United Kingdom by Select Equity Group, L.P. to, and/or directed at, only persons to or at whom it may lawfully be issued or directed under the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, including persons who are authorized under the Financial Services and Markets Act 2000 ("FSMA"), certain persons having professional experience in matters relating to investments, high net worth companies, high net worth unincorporated associations or partnerships, trustees of high value trusts or persons who qualify as certified sophisticated

investors. Interests in the Fund are only available to such persons in the United Kingdom and this document must not be relied on or acted upon by any other persons in the United Kingdom. In order to qualify as a certified sophisticated investor a person must: (a) have a certificate in writing or other legible form signed by an authorized person to the effect that he is sufficiently knowledgeable to understand the risks associated with a particular type of investment; and (b) have signed, within the last 12 months, a statement in a prescribed form declaring, amongst other things, that he qualifies as a sophisticated investor in relation to such investments. This document is exempt from the general restriction in Section 21 of FSMA on the communication of invitations or inducements to engage in investment activity on the grounds that it is being issued to and/or directed at only the types of person referred to above. The content of this document has not been approved by an authorized person and such approval is, save where this document is directed at or issued to the types of person referred to above, required by Section 21 of FSMA. An investment in the Fund may expose an investor to a significant risk of losing all of the amount invested. The Fund is a Limited Partnership (while offshore funds are Limited Companies) and any person who acquires interests in the Fund will not thereby be exposed to any significant risk of incurring additional liability. Any person who is in any doubt about investing in the Fund should consult an authorized person specializing in advising on such investments.

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Any investor who subscribes, or proposes to subscribe, for an investment in an unregistered pooled investment fund must be able to bear the risks involved and must meet an unregistered pooled investment fund's suitability requirements. Some or all alternative investment programs may not be suitable for certain investors. No assurance can be given that an unregistered pooled investment fund's investment objectives will be achieved. Such investments are typically speculative and involve a substantial degree of risk. An investor must realize that he or she could lose all or a substantial amount of his or her investment in an unregistered pooled investment fund. The investment manager has total trading authority over the unregistered pooled investment fund, and the fund is dependent upon the services of the investment manager. The use of a single adviser could mean lack of diversification and, consequently, higher risk. Unregistered pooled investment funds are generally highly illiquid. There is no secondary market for an investor's interest in an unregistered pooled investment fund and none should be expected to develop. There are restrictions on transferring interests in an unregistered pooled investment fund. The instruments in which an unregistered pooled investment fund invests may involve complex tax structures and there may be delays in distributing important tax information. Certain of the trades executed for an unregistered pooled investment fund may take place on foreign markets, which inherently involves a greater degree of risk. For a complete list of the risk factors and conflicts of interest with respect to an unregistered pooled investment fund in which you propose to invest or currently invest, please refer to the unregistered pooled investment fund's offering memorandum.

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A COPY OF PART 2 OF SEG'S FORM ADV IS AVAILABLE UPON REQUEST



# Baxter Street

International Long-Only

STRATEGY INCEPTION | SEPTEMBER 2012



## FOURTH QUARTER 2021

Performance (Baxter Street, LP)	Q4 2021	FY 2021	3-Yr CAGR	5-Yr CAGR	Since Inception
Baxter Street Gross	-0.7%	4.2%	16.7%	13.2%	11.7%
Baxter Street Net	-1.1%	2.6%	15.0%	11.5%	10.1%
MSCI ACWI ex US	1.8%	7.8%	13.2%	9.6%	7.1%
<b>Average Exposure</b>					
Long Exposure	97%	96%			
Portfolio Insurance <sup>1</sup>	0%	0%			

<sup>1</sup>Portfolio insurance may include exchange traded notes (ETNs) and/or put spread options intended to protect capital in the event of a market sell-off. See additional disclosures on reverse.

For comparative purposes, performance for the most current quarter for Baxter Street II, LP was -0.7% gross of fees and -1.1% net of fees and for Baxter Street Offshore was -0.9% gross of fees and -1.3% net of fees. The performance data herein represents past performance, which is not indicative of future results. The returns presented include both the restricted and non-restricted share classes. Comparisons to financial indices are provided for illustrative purposes only. It is not possible to invest directly in an index.

### TOP CONTRIBUTORS

Q4 2021	Average Weight	Contribution
Sensata Technologies	4.0%	0.5%
Brookfield Asset Management	4.0%	0.5%
Experian	2.7%	0.4%
CRH	3.7%	0.4%
Alcon	4.2%	0.4%
<b>FY 2021</b>	<b>Average Weight</b>	<b>Contribution</b>
ASML Holding	2.6%	1.5%
Alcon	4.1%	1.4%
Constellation Software	2.5%	1.2%
Brookfield Asset Management	2.4%	1.0%
PerkinElmer	2.7%	1.0%

### BOTTOM CONTRIBUTORS

Q4 2021	Average Weight	Contribution
Edenred	4.9%	-0.8%
Fidelity National Information Services	3.5%	-0.5%
Shiseido	2.8%	-0.5%
AIA Group	3.4%	-0.5%
Inditex	3.5%	-0.4%
<b>FY 2021</b>	<b>Average Weight</b>	<b>Contribution</b>
Fidelity National Information Services	4.0%	-1.1%
Edenred	5.0%	-1.0%
Clarivate	2.2%	-0.8%
Worldline	0.9%	-0.7%
Safran	3.6%	-0.7%

For more information with respect to the methodology used in the attribution analysis above and/or how to obtain a list showing each holding's contribution to the overall Fund's performance for the most current quarter and FY, please contact us. The securities listed above do not represent all of the securities purchased or sold for Select Equity Group's clients. Past performance does not guarantee future results.

### SECTOR EXPOSURE & ATTRIBUTION

#### QUARTER-END EXPOSURE

	Baxter Street	MSCI ACWI ex US
Energy	0%	5%
Materials	5%	8%
Industrials	21%	13%
Consumer Discretionary	9%	12%
Consumer Staples	6%	9%
Healthcare	9%	9%
Financials	11%	19%
Information Technology	31%	14%
Communication Services	3%	6%
Utilities	0%	3%
Real Estate	0%	2%
Multi-Sector	0%	0%
<b>Total</b>	<b>95%</b>	<b>100%</b>

#### Q4 ATTRIBUTION

	Baxter Street	MSCI ACWI ex US
	0.0%	0.0%
	0.6%	0.3%
	0.0%	0.3%
	-0.6%	-0.1%
	-0.5%	0.3%
	0.4%	0.0%
	-0.4%	0.4%
	-0.2%	0.7%
	0.0%	-0.2%
	0.0%	0.2%
	0.0%	-0.1%
	0.0%	0.0%
<b>Total</b>	<b>-0.7%</b>	<b>1.8%</b>

#### FY ATTRIBUTION

	Baxter Street	MSCI ACWI ex US
	0.0%	1.1%
	1.3%	0.8%
	1.0%	1.6%
	-1.4%	-0.9%
	-0.2%	0.5%
	2.1%	0.4%
	0.7%	3.0%
	0.9%	1.9%
	-0.1%	-0.5%
	0.0%	0.1%
	0.0%	-0.1%
	0.0%	0.0%
<b>Total</b>	<b>4.2%</b>	<b>7.8%</b>

Source: FactSet using GICS sector classification. Multi-Sector includes portfolio insurance investments. For attribution purposes, performance is stated gross of fees. Attribution figures do not include approximately 0.0% of contribution from the FX hedge positions. See additional disclosures on reverse.

### CHARACTERISTICS

	12/31/21	12/31/20	12/31/19	12/31/18
<b>Gross Exposure</b>				
Equities	95%	92%	83%	95%
Options/Other	0%	0%	0%	0%
<b>Median Market Cap</b>	<b>\$42.4B</b>	<b>\$34.1B</b>	<b>\$27.8B</b>	<b>\$14.8B</b>
<b>Active Share</b>	<b>93%</b>			

### CURRENCY HEDGES

EUR	0%
GBP	0%
JPY	0%
Other	0%

### ASSETS (in millions)

	12/31/21	12/31/20	12/31/19	12/31/18
Baxter Street, LP	\$1,236	\$1,212	\$906	\$737
Baxter Street II, LP	\$1,563	\$1,592	\$1,206	\$864
Baxter Street Offshore	\$2,126	\$2,219	\$1,728	\$1,398
Separate Accounts	\$5,873	\$6,001	\$4,784	\$3,655
<b>Baxter Street Total</b>	<b>\$10,797</b>	<b>\$11,024</b>	<b>\$8,624</b>	<b>\$6,654</b>
<b>Firm Total</b>	<b>\$50,520</b>	<b>\$38,844</b>	<b>\$28,531</b>	<b>\$21,295</b>

Source: FactSet. Equities include custom equity basket swaps, and Options/Other include options and any non-equity-based positions. Active Share measures the percentage of the most current quarter-end portfolio (based on position weights) that differs from the MSCI ACWI ex US.

The Other category represents all other currencies invested in the portfolio.

Numbers may not foot due to rounding. The most current quarter-end and FY performance, weightings and AUM numbers are estimated. Exposure figures do not include FX hedge positions. With respect to net performance calculations, see disclosures on reverse.

**IMPORTANT PERFORMANCE DISCLOSURES**

**You are urged to compare the information contained in this report to the account statements of your Administrator, which are the official books and records.**

The information contained in this report is provided for informational purposes only and is not intended as an offer or solicitation of an offer for the purchase or sale of any security and should not be relied upon by you in evaluating the merits of investing in any securities.

Select Equity Group, L.P. ("SEG" or "Manager") is a US-based investment management firm registered as an investment adviser with the Securities and Exchange Commission. Unless otherwise indicated, the performance and other data referred to in this letter/report represents the returns of Baxter Street Fund, L.P., which closely tracks Baxter Street Offshore Fund, Ltd. and Baxter Street Fund II, L.P., since their inceptions (collectively, the "Fund" or "Funds"). While the three Funds are managed in parallel, performance may differ among the entities due to the timing of fund flows and other factors. Each of the Funds is an unregistered pooled investment vehicle over which SEG maintains discretionary authority. Separate performance schedules are available for Baxter Street Offshore Fund, Ltd. and Baxter Street Fund II, L.P.

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**Firm: TerraCap Management LLC**

**Strategy/Product: TerraCap Partners IV (Institutional) LP & TerraCap Partners III (Institutional) LP**

**Client: MWRA Employees' Retirement Board**

**NEPC Manager Due Diligence Questionnaire - Update**

**Instructions**

In support of our upcoming meeting we ask that you please complete this due diligence questionnaire. Please provide your responses in the form of brief descriptions, lists or tables added directly to this Word document.

Thank you for taking the time to complete this questionnaire. Please note that all materials submitted in relation to MWRA Retirement System may be subject to disclosure consistent with Massachusetts Public Record laws.

**Firm/Organization**

1. Have there been any changes in ownership or management in the past year?

There have not been any changes in ownership or management in the past year.

2. List firm AUM, net flows and accounts gained/lost for the past 5 years.

Year	# of Clients Added	Cumulative # of Clients	Gross AUM
2015	22	207	295,354,402
2016	13	220	508,442,040
2017	19	239	692,328,622
2018	14	253	781,628,459
2019	20	273	1,109,818,764
2020	58	331	1,223,378,689
2021	37	368	1,541,587,053

3. Have there been any new or discontinued products in the past year?

There have not been any new or discontinued products in the past year.

4. Are any products capacity constrained?

TerraCap Partners V (Institutional) LP has a target of \$400 million and to date, has oversubscribed. However, the General Partner has the flexibility to over subscribe.

5. Describe any current or pending regulatory, compliance or litigation issues and the expected business impact.



There are no current or pending regulatory, compliance or litigation issues.

6. Describe your diversity, equity and inclusion efforts with regard to the firm and its employees.

The Firm prioritizes diversity in the workplace. We believe we have cultivated a diverse body of team members that adds to the cultural inclusiveness that makes for a successful and productive atmosphere. Among our team members we have minorities and women not only in senior and back office positions but also in executive positions and as partners. In fact, approximately 44% of TerraCap Management's staff is comprised of minorities or women. The founder and majority owner of the firm is also a minority. The Firm does not believe that employees or candidates for employment should be judged based on race, gender, ethnicity, religious belief, or any other representation that is unrelated to the employees ability to carry out their duties. All employees and candidates for employment are evaluated based on their experience, education, competence, and contribution or potential contribution to the Firm. In 2021, 8% of the Firm's employees were promoted in 2021. Of that, 50% were of a minority class – female.

### Portfolio Management Team

1. Have there been any changes in the portfolio management team in the past year?

There have not been any changes in the portfolio management team.

2. Are there any expected changes to the team in the future (planned additions or departures)?

There are no expected changes to the portfolio management team.

### Process

1. Have there been significant changes in any of the areas below in the past year?

- Identification of investment ideas

TerraCap continues to use its strategy of identifying specific economic drivers in markets where there is employment and population growth, business formation, corporate relocations, GDP growth, and in migration. This process has been consistent and indeed, even in these times, the Covid-19 pandemic and national protest/social issues have advanced our conviction to avoid overpriced softening core markets as we have done since inception.

- Process for exploring and vetting ideas

There have been no changes to our rigorous existing due diligence process.

- Portfolio trading practices including buy/sell rules





TerraCap has maintained its existing practices by only acquiring assets that fit our strategy and avoiding core primary gateway markets as well as retail, student housing, and senior housing.

- Approach to portfolio monitoring and risk management

TerraCap continues to use responsible leverage in making acquisitions and limiting that leverage to a maximum of 70% of the Fund's equity and 75% of the asset level LTV. Additionally, all loans are non-recourse and we do not cross collateralize assets. The Fund does not use subscription lines.

## Philosophy

1. Describe recent changes in investment philosophy, if any.

The only adjustments TerraCap has needed to make is in our acquisition weighting in direct response to the performance of the market. We are underweighting commercial office and hospitality while the economy continues to stabilize due to the Covid-19 pandemic and the ensuing socioeconomic effects of the pandemic. While there is still a need for this product in the marketplace, we have strategically decided to weight our Fund V portfolio with more multi-family and industrial flex where markets are trending. We continue to target commercial low rise class A/B office but more strategically so; identifying that product which is most likely to see both a return to the workforce, reoccupying downsized space, and growth in the workforce, occupying additional space. We believe this type of product will continue to be attractive as the corporate relocations accelerate and continue to these TerraCap high demand markets and new construction continues to be scarce and overpriced. We adapt our strategy to the market and the economy as necessary. As such, we have continued to look for geographic and asset type diversification where we can apply our investment model and identify our driving factors.

## Portfolio

1. If not included in your meeting presentation, provide portfolio holdings, sector exposure, geographic exposure and common characteristics (yield, duration, market cap, P/E, etc.).

Included in presentation.

2. List strategy AUM, net flows and accounts gained/lost for the past 5 years.

Note - First Capital Call Date 10/01/2020

Date	# of Clients Added	Cumulative # of Clients	Cumulative Commitments
Oct-20	52	52	198,733,000
Dec-20	6	58	242,734,850
Feb-21	0	58	242,734,850
Apr-21	17	75	337,698,446
Jun-21	13	88	419,103,446
Oct-21	7	95	473,773,446



3. Describe investor concentration for the strategy and note the percent of AUM attributable to the top five investors.

Investor	Commitment	Percent of Total Commitments
Pension	50,000,000	10.55%
Pension	40,000,000	8.44%
Pension	30,000,000	6.33%
Pension	20,000,000	4.22%
ERISA	20,000,000	4.22%
Total	160,000,000	33.77%

### Performance / Market Outlook

1. If not included in your meeting presentation, provide trailing returns as of the most recent quarter-end and calendar year returns for the past 10 years, both relative to benchmark. In presentation.

See Attachment TerraCap Returns Inception to Date 09.30.2021

2. Briefly discuss recent performance trends and identify environments in which the strategy is likely to be in or out of favor.

Performance trends have stayed constant for TerraCap. In our opinion, there has been downward pressure overall on national returns as the markets have seen more stabilization and less volume in opportunistic or value buying. TerraCap assets that have had pressure to meet investor guidance have been offset with various assets that are outperforming. Value add opportunities do exist below replacement cost giving a defensive starting position with capital appreciation upside. However, the opportunities with these characteristics are not as plentiful as 2-6 years ago. We continue to locate opportunities that have the potential to meet investor guidance. However, the total return profile has a more balanced split between yield and capital appreciation in the TerraCap model than in the past. The split is closer to 50/50 today when in the past it was more weighted toward capital appreciation. This creates a more yield oriented/stabilized asset from day one reducing and, in some cases, almost eliminating the “J” curve in the TerraCap model which has been viewed favorably by investor as they are seeing more distributions sooner and more frequently.

3. Describe your market outlook and how strategy positioning is impacted by your views.

We have found multi-family and industrial flex trending up and growing in demand while commercial office is still being sought, albeit not as aggressively as pre-pandemic. Retail, which we do not invest in, has continued to trend downwards. These trends are likely the continued fall out of the uncertainty resulting from the Covid-19 pandemic. Many companies are still debating to determine whether they will need more office space in the near term as employees return to a traditional work environment or less space as employees continue to work from home. We are confident that companies will continue





seeking to increase and maintain commercial office occupancy as the various vaccines roll out and the traditional workplace returns. What has not changed is the out migration from primary core gateway markets into the high demand, lower cost, secondary markets where we invest. Especially in times of economic uncertainty, the workforce will seek to either downsize, read by us as occupying more multi-family, and will otherwise seek a lower cost of living which the markets we focus on offer. As a result, in our most recent offering, we are weighting heavier in multi-family and industrial flex with an aim at further diversifying our geographic footprint. We always strive to stay consistent with our thesis and adapt to the evolving market.

4. Could you please include a slide in your presentation that shows the MWRA's account history, initial contribution, cumulative subsequent contributions, cumulative subsequent distributions, gain/loss and current value.

Fund III

MWRA Employees Retirement Board	
Initial Investment	-
Contributions Since Inception	2,610,264
Distributions Since Inception	(2,163,383)
Gain/Loss Since Inception	733,892
Syndication Cost Since Inception	(2,435)
Operating Income Since Inception	656,671
Management Fees Since Inception	(234,175)
Market Value as of 9/30/2021	<b>1,600,833</b>
Total Value Since Inception	<b>3,764,216</b>

Fund IV

MWRA Employees Retirement Board	
Initial Investment	-
Contributions Since Inception	4,000,000
Distributions Since Inception	(1,770,264)
Gain/Loss Since Inception	1,061,480
Syndication Cost Since Inception	(10,864)
Operating Income Since Inception	314,412
Management Fees Since Inception	(149,822)
Market Value as of 9/30/2021	<b>3,444,942</b>
Total Value Since Inception	<b>5,215,206</b>



# TERRACAP PARTNERS V

U.S. VALUE-ADD COMMERCIAL REAL ESTATE FUND  
JANUARY 2022



MWRA Employees'  
Retirement System

Private & Confidential



TerraCap Management is a privately held real estate investment manager.

**100%**  
Employee-Owned

**25**  
Total Employees

**11**  
Co-Investor Employee Partners

**20 Years**  
Sr. Team Avg. Real Estate Experience

**6**  
Investment Committee Members

**4 Offices**  
Atlanta | Denver | Tampa | Naples, FL

**316**  
Total Investors

**112**  
Institutional Investors

**548,000**  
Pensioners

**\$1.7B**  
AUM

**14M SF**  
Total Managed

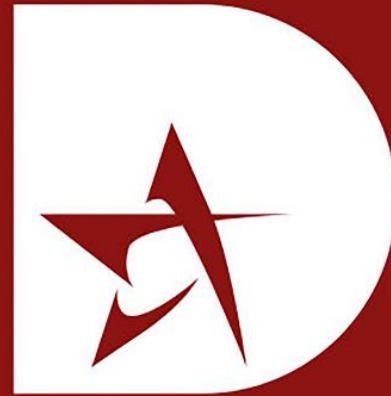
**9M SF**  
Currently Managed

Assets under management represent approximate gross market value of all assets and accounts managed by TerraCap Management based on values at stabilization, excluding partners' share of equity and partners' share of debt on partnership investments.

## MASSACHUSETTS WATER RESOURCE AUTHORITY EMPLOYEES' RETIREMENT SYSTEM

TerraCap Partners III	
Initial Investment	-
Contributions Since Inception	2,610,264
Distributions Since Inception	(2,163,383)
Gain/Loss Since Inception	733,892
Syndication Cost Since Inception	(2,435)
Operating Income Since Inception	656,671
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privateequitywire

**US AWARDS WINNER 2020**

**Best Real Estate Manager (fund size below USD1bn)**  
**TerraCap Management, LLC**

Disclosure: Private Equity Wire (PEW) awards are based on a 'peer review system' whereby readers are invited to elect a 'best in class' in a series of categories via an online survey. In each category, the firms with the most votes at the end of the voting period are subject to a final review by PEW. TerraCap Management LLC (TerraCap) is unaware of any facts that would call into question the validity of the rating or the appropriateness of advertising the rating. TerraCap is unaware of any unfavorable rating that should be disclosed along with the favorable rating of PEW. Criteria for selection was as follows: the fund manager universe included all funds managed by US-headquartered GPs; all funds in each category were grouped into their respective vintages and ranked on the basis of their net IRR as at the end of December 2019; for all categories, five vintages of funds were analyzed – 2014, 2015, 2016, 2017 and 2018; all GPs that had more than one fund ranked among the top performers across those five vintages were shortlisted for that category; for all categories, the minimum fund size was set at \$100 million; for the asset band groupings, asset thresholds were based on the respective individual fund sizes – not the overall assets under management of the GP in that category. This rating may not be representative of any one person's experience because the rating reflects an average of all, or a sample of all, of the experiences with the adviser provided to PEW. Past performance is not indicative of future results. TerraCap did not pay a fee to participate in the evaluation by PEW for this award. TerraCap was shortlisted by Bloomberg for participation and then completed a requested information packet to participate. Bloomberg, provided the data on which the nominations for the top-performing private equity fund managers were based across a range of asset classes and investment strategies.



## TERRACAP PARTNERS V LP - EXECUTIVE SUMMARY

Target Equity Raise:

**\$400 Million**

Target Returns:

**14% Net IRR**

### TARGET MARKETS

- Geographically diversified throughout the U.S. – Growth Only Markets
- Secondary Cities benefitting from corporate relocations, in-migration, and now COVID
- Affordability creates strong employment and population growth
- Limited future supply

### TARGET ACQUISITION PRICES

- Between \$30 and \$100 million

### DIVERSIFIED PROPERTY TYPES

- Multifamily
- Flex/Industrial/Warehouse
- Office
- Hospitality

**TerraCap Management, LLC** considers thematic factors such as business formation, employment growth and population growth on a market-by-market basis, as most metros and submarkets have different economic-based industries and therefore move through their economic cycles differently. The Investment Manager makes moderate strategic overweighting or underweighting to markets, depending on the specific economic drivers influencing supply and demand. The Investment Manager intends to invest the Fund's assets so that no economic industry base will be allowed to dominate any property or the portfolio's performance.\*

**Fund Opened: 10/1/2020**

**Total Capital Raised as of 12/1/2021 = \$514 Million**

\*The specific terms of an investment in Fund V are subject to the Offering Documents. Such terms may change from the time you receive these materials and the time you receive the Offering Documents. Return targets or objectives, if any, are used for measurement or comparison purposes and only as a guideline for prospective investors to evaluate a particular investment program's investment strategies and accompanying information. Targeted returns reflect subjective determinations by TerraCap based on a variety of factors, including, among others, internal modeling, investment strategy, prior performance of similar products (if any), volatility measures, risk tolerance and market conditions. Performance may fluctuate, especially over short periods. Targeted returns should be evaluated over the time period indicated and not over shorter periods. Targeted returns are not intended to be actual performance and should not be relied upon as an indication of actual or future performance.

## ACHIEVING YIELD & CAPITAL APPRECIATION TODAY

- TerraCap seeks the best built and best located remaining vacancy in high demand markets.
- Create value during ownership as an Operator, not an Allocator.
  - Improve properties physically, operationally, and financially.
- Invests defensively in high-demand Secondary growth markets only.
- Resulting in the ability to increase lease rates and rental rates and ultimately NOI for value creation.
- Avoids investing in overpriced Primary Gateway Core markets.
- Independent 3<sup>rd</sup> Party evaluations of performance.
  - Public Market Equivalent (PME) Alpha, CapEx Efficiency – Return on Investment (ROI), Ex-Ante Risk Adjusted Performance.
- Hold weekly asset management and quarterly business plan meetings.
- Avoids new construction risk in a rising cost environment.
- Avoids industry, tenant, and single asset strategy concentration risk.
- Focuses on minimizing the J-curve and producing investor cashflow.
  - 7-year average – 1 distribution every 2.5 months.
- Current portfolio resilient through recent times of crisis – COVID-19 pandemic.
  - 93-99% of normal revenues across Funds.



## FUND INVESTMENT FOCUS

### INVESTMENT SIZE

- Target Equity investments of \$10 - \$35M; taking advantage of what TerraCap believes to be market inefficiencies in middle-market transactions; expect 25-30 investments

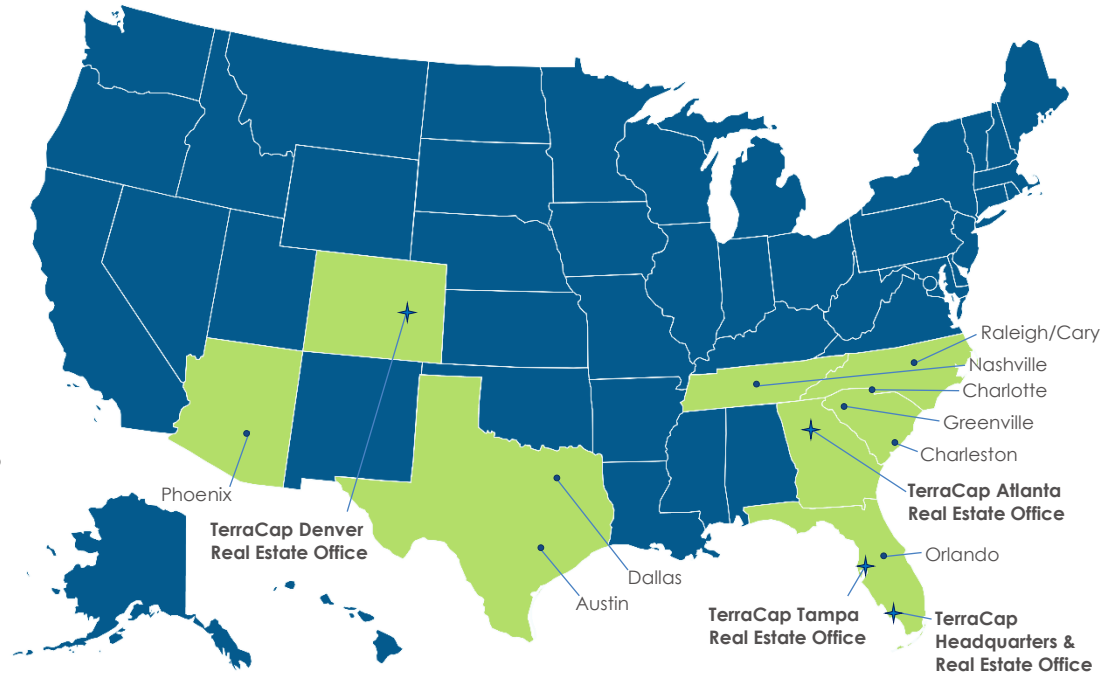
### LEVERAGE

- TerraCap's historic leverage is less than 60%
- Fund level leverage limit of 70%
- Non-recourse loans only
- No cross collateralization

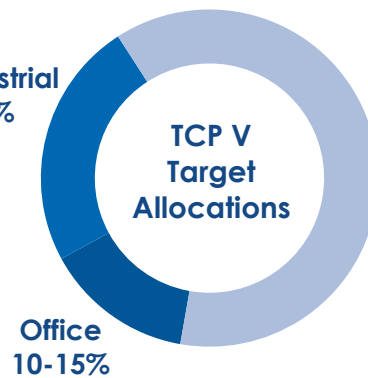
### VALUATIONS

- Annual/Quarterly

## REGION OF FOCUS



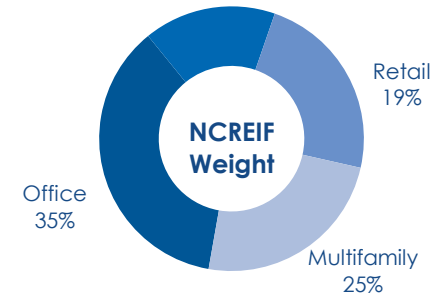
Flex/Industrial  
20-25%



Multifamily  
65-70%

Office  
10-15%

Flex/Industrial  
21%



Retail  
19%

Office  
35%

Multifamily  
25%

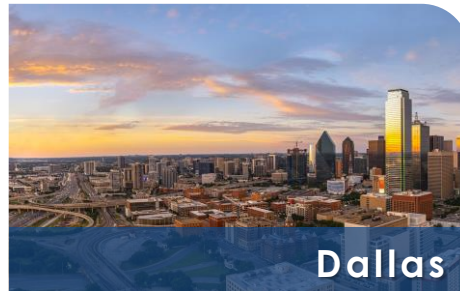


## DEMAND MARKETS CREATING VALUE



### Atlanta

- 6 Million Residents
- 1.8% Job Growth in 2020
- +545k Jobs Since 2010
- #2 World's Busiest Airport
- #5 Moving Destination



### Dallas

- 7.6 Million Residents
- 2.0% Job Growth in 2020
- +845k Jobs Since 2010
- #1 MSA in Pop. Gains
- #2 in Corp. Relocations



### Orlando

- 2.6 Million Residents
- 2.6% Job Growth in 2020
- +344k Jobs Since 2010
- #1 US Tourism Destination
- #7 Moving Destination



### Denver

- 3 Million Residents
- 1.7% Job Growth in 2020
- +320k Jobs Since 2010
- #3 Moving Destination
- 2.2% Unemployment



### Tampa

- 3.2 Million Residents
- 1.9% Job Growth in 2020
- +266k Jobs Since 2010
- #4 in Corp. Relocations
- #10 Moving Destination



### Charlotte

- 2.6 Million Residents
- 2.0% Job Growth in 2020
- +272k Jobs Since 2010



### Phoenix

- 4.9 Million Residents
- 2.3% Job Growth in 2020
- +464k Jobs Since 2010
- #2 Moving Destination

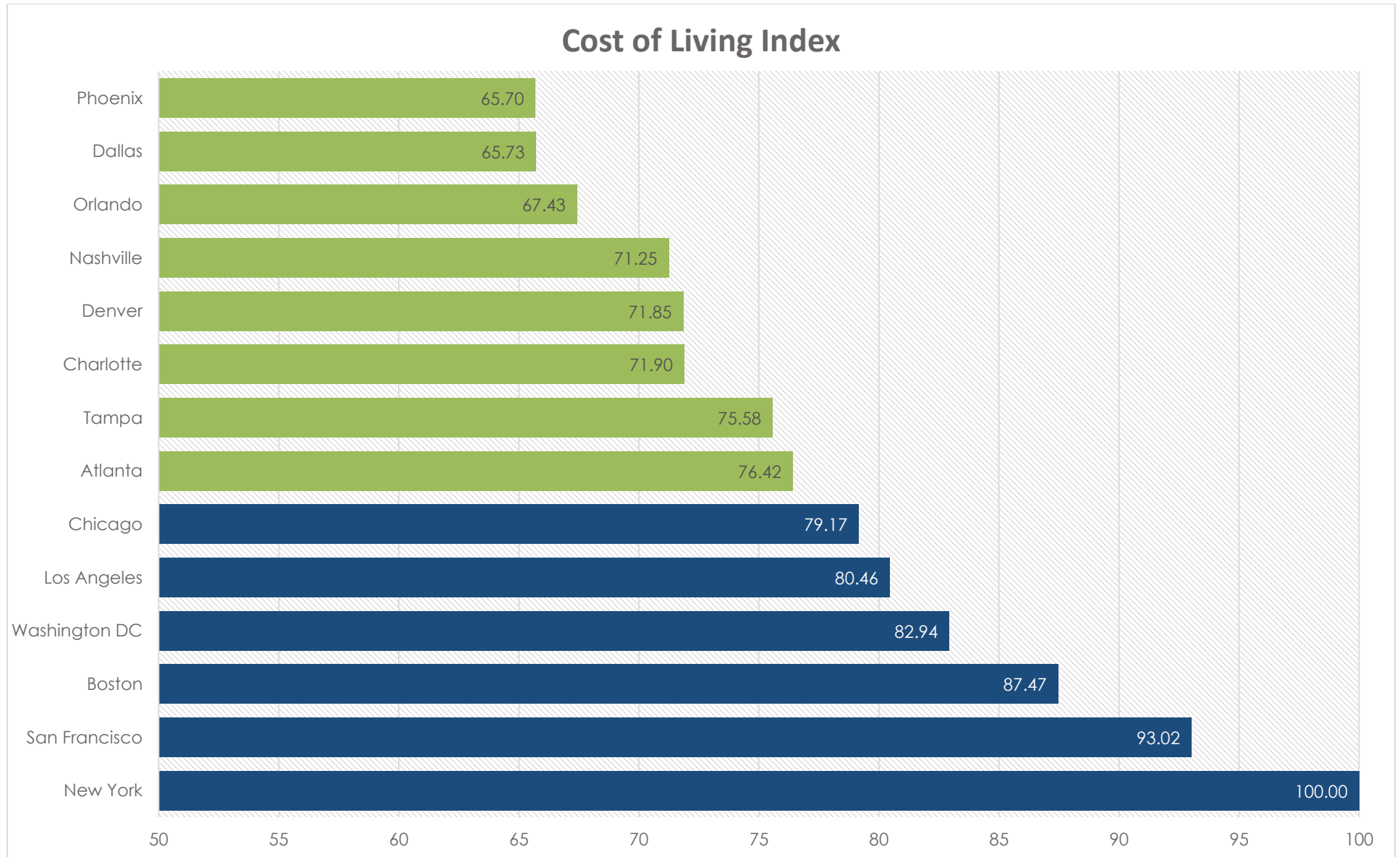
Sources: U.S. Census Bureau. Penske Truck Rental's list of Top Moving Destinations 2019. U.S. Department of Labor. Site Selector/Conway Projects Database. <https://www.globenewswire.com/news-release/2019/05/10/1821626/0/en/Orlando-Announces-Record-75-Million-Visitors-Solidifies-Ranking-as-No-1-U-S-Travel-Destination.html> Atlanta Airport Source: Airports Council International. IHS Global Insight (USA) Inc., U.S. Metro Economies: GMP and Employment Report: 2018-2020 (2019), available at <https://www.usmayors.org/wp-content/uploads/2019/09/mer-2019-09.pdf>.

## CONTINUED EMPLOYMENT GROWTH IN SECONDARY MARKETS

Metropolitan Statistical Area	% ch EMPL 2018	% ch EMPL 2019	% ch EMPL 2020	Total Employment (000's)	Job Gains 2010-2019 (000's)	% ch 2010- 2019
Orlando-Kissimmee-Sanford, FL	3.7	3.3	<b>2.6</b>	1,341.3	343.9	25.6%
Phoenix-Mesa-Scottsdale, AZ	3.4	2.9	<b>2.3</b>	2,168.8	464.1	21.4%
Charlotte-Concord-Gastonia, NC-SC	2.4	2.4	<b>2.0</b>	1,241.6	272.6	22.0%
Dallas-Fort Worth-Arlington, TX	2.4	2.6	<b>2.0</b>	3,813.2	845.2	22.2%
Tampa-St. Petersburg-Clearwater, FL	2.4	1.7	<b>1.9</b>	1,380.9	266.1	19.3%
Atlanta-Sandy Springs-Roswell, GA	2.2	1.9	<b>1.8</b>	2,845.7	545.3	19.2%
Nashville-Davidson--Murfreesboro--Franklin, TN	3.1	2.0	<b>1.7</b>	1,034.3	260.3	25.2%
Denver-Aurora-Lakewood, CO	2.5	1.3	<b>1.7</b>	1,525.2	320.3	21.0%
San Francisco-Oakland-Hayward, CA	2.3	2.5	<b>1.5</b>	2,507.8	563.5	22.5%
Washington-Arlington-Alexandria, DC-VA-MD-WV	1.1	1.1	<b>1.4</b>	3,338.8	327.3	9.8%
Boston-Cambridge-Newton, MA-NH	1.1	1.0	<b>1.0</b>	2,802.2	368.5	13.2%
<b>National Average</b>	<b>1.3</b>	<b>1.2</b>	<b>0.9</b>			
Los Angeles-Long Beach-Anaheim, CA	1.6	1.0	<b>0.8</b>	6,246.2	917.5	14.7%
Chicago-Naperville-Elgin, IL-IN-WI	1.0	1.1	<b>0.7</b>	4,809.2	530.8	11.0%
New York-Newark-Jersey City, NY-NJ-PA	1.3	1.3	<b>0.7</b>	9,945.6	1280.7	12.9%

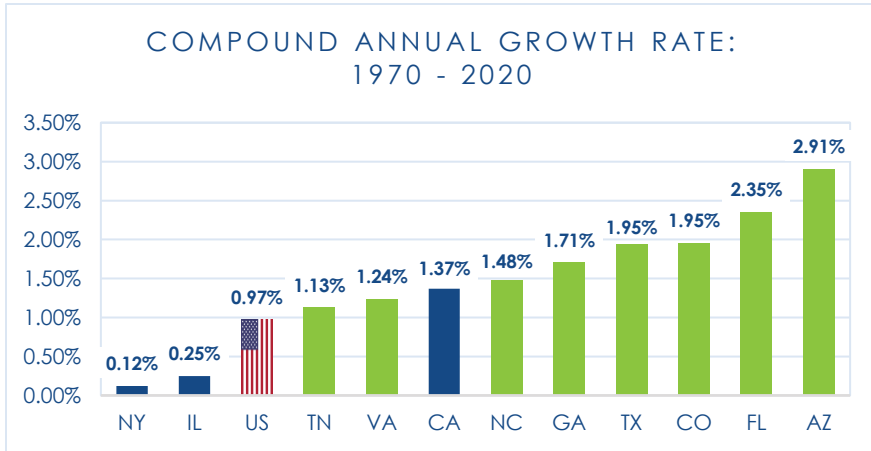
Sources: IHS Global Insight (USA) Inc., U.S. Metro Economies: GMP and Employment Report: 2018-2020 (2019), available at <https://www.usmayors.org/wp-content/uploads/2019/09/mer-2019-09.pdf>.

## COST OF LIVING



Sources: 2009-2021 Numbeo, [https://www.numbeo.com/cost-of-living/region\\_rankings\\_current.jsp?region=021&displayColumn=0](https://www.numbeo.com/cost-of-living/region_rankings_current.jsp?region=021&displayColumn=0)

## POPULATION GROWTH RATES



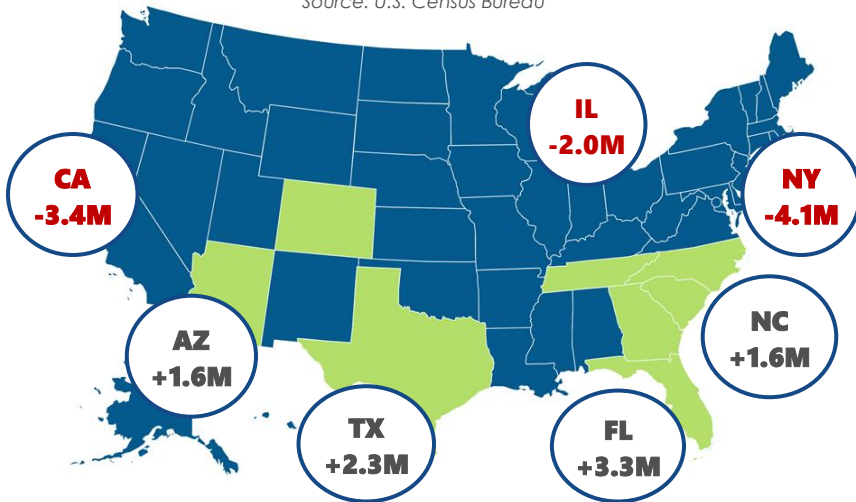
Source: Annual Estimates of the Resident Population for the United States, Regions, States, and Puerto Rico: April 1, 2010 to July 1, 2020 - U.S. Census Bureau; 1970 Census - Population, Advance Report: Final Population Counts

<https://www.census.gov/library/publications/1971/dec/pc-v1.html>

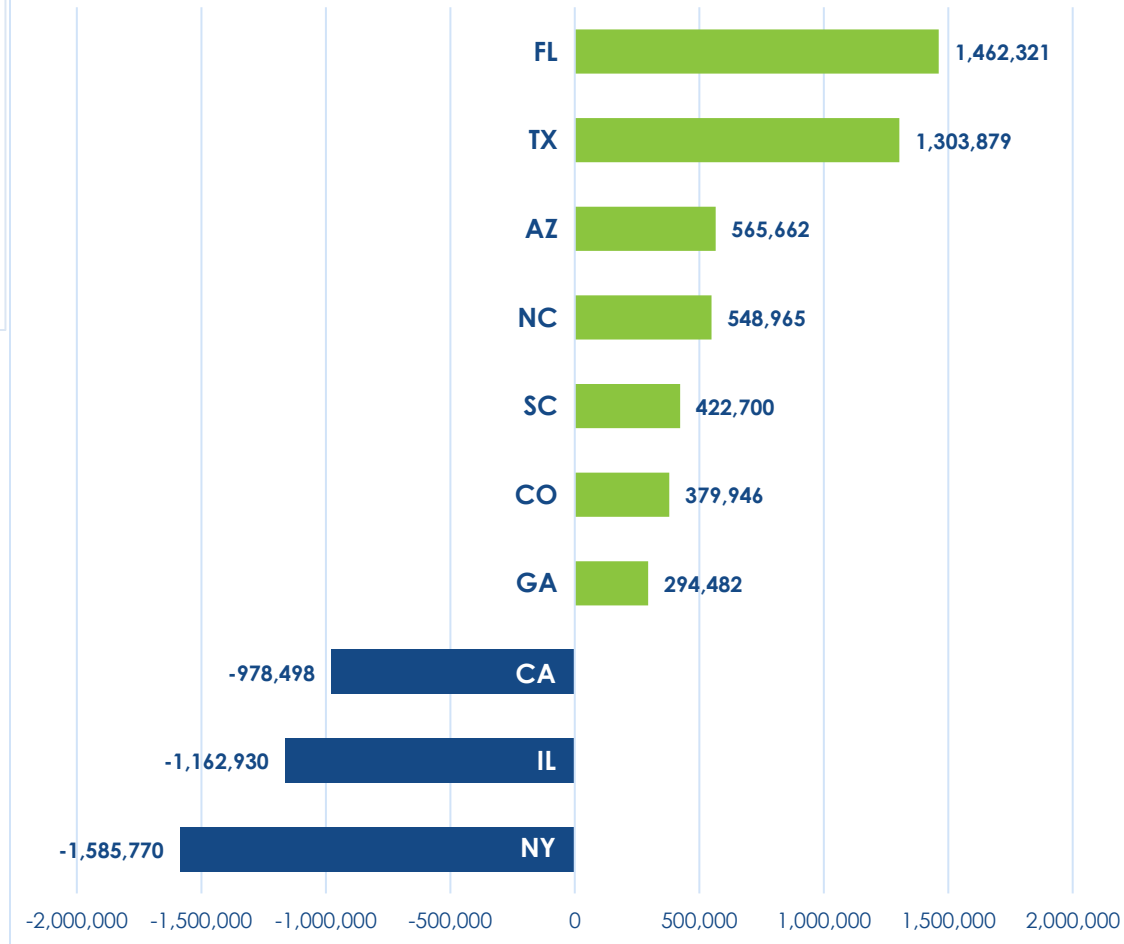
■ TerraCap Areas of Focus shown in green

## Domestic Migration by State: 1995-2020

Source: U.S. Census Bureau



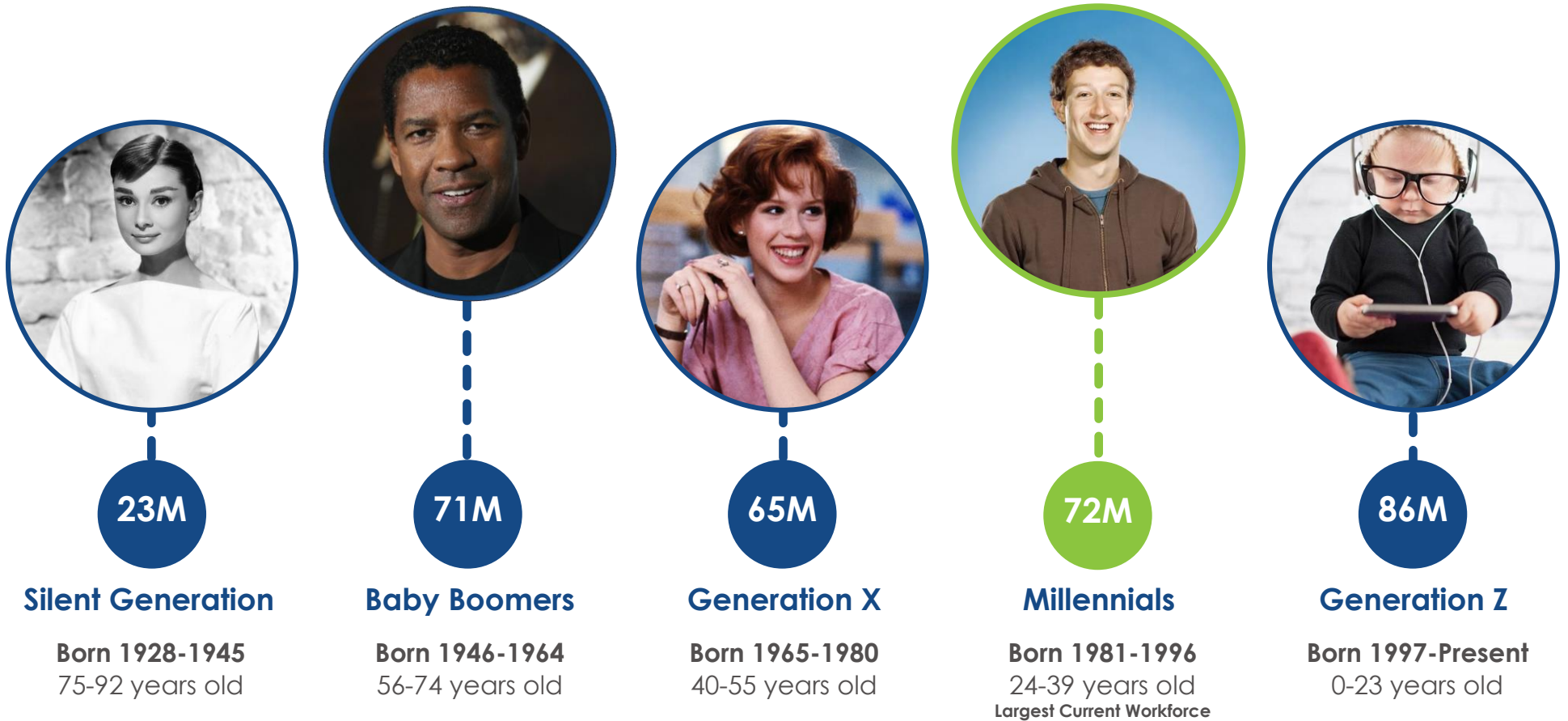
## DOMESTIC MIGRATION BY STATE: 2010 - 2020



Source: Cumulative Estimates of the Components of Resident Population Change for the United States, Regions, States, and Puerto Rico: April 1, 2010 to July 1, 2020 - U.S. Census Bureau

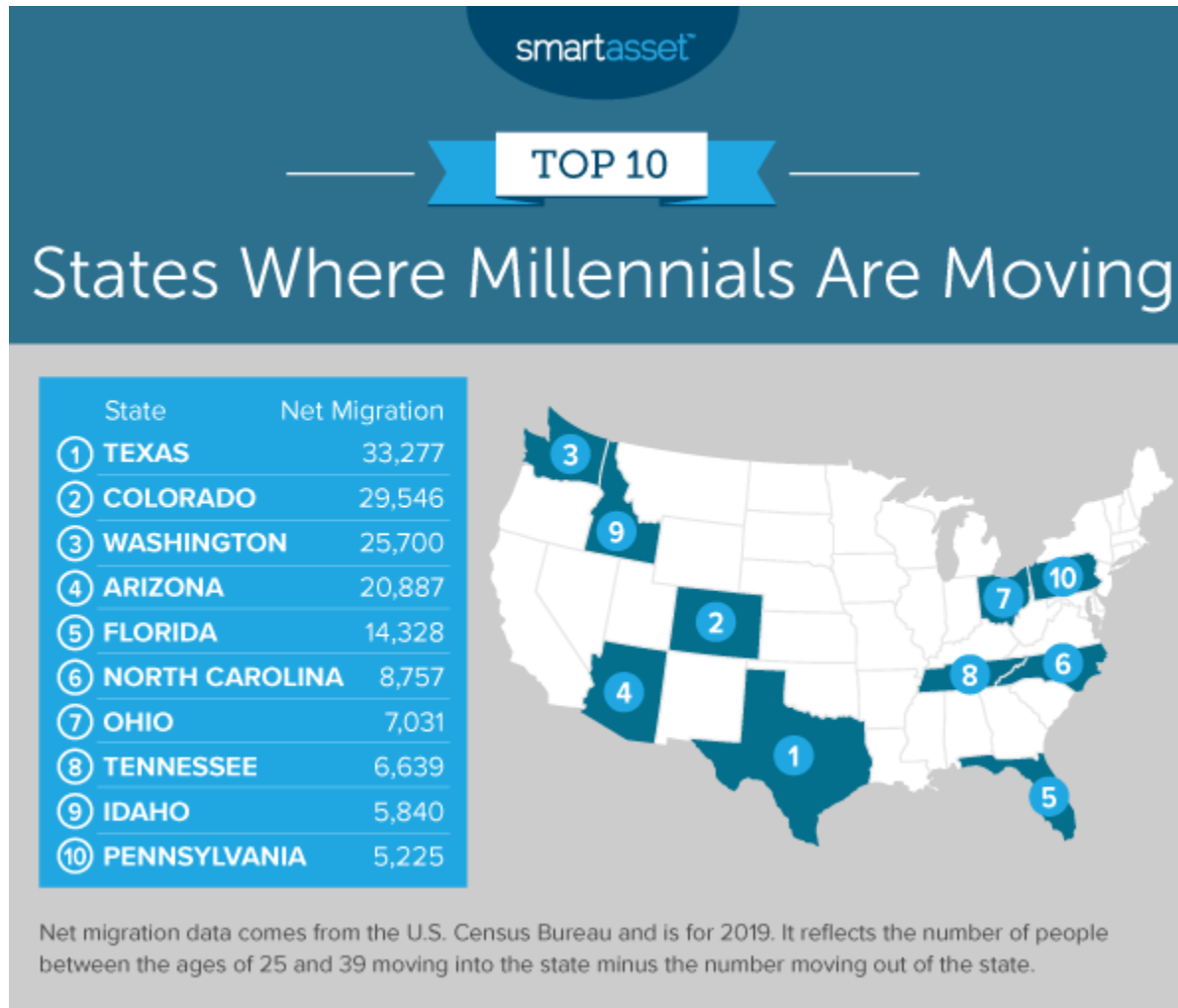
■ TerraCap Areas of Focus shown in green

## MILLENNIALS ARE NOW THE LARGEST WORKING AGED GENERATION IN THE US



Source: The Pew Research Group, <https://pewrsr.ch/2szqtJz>

## AGING MILLENNIALS LEAVING URBAN CENTERS



Source: <https://smartasset.com/mortgage/where-millennials-are-moving-2021>



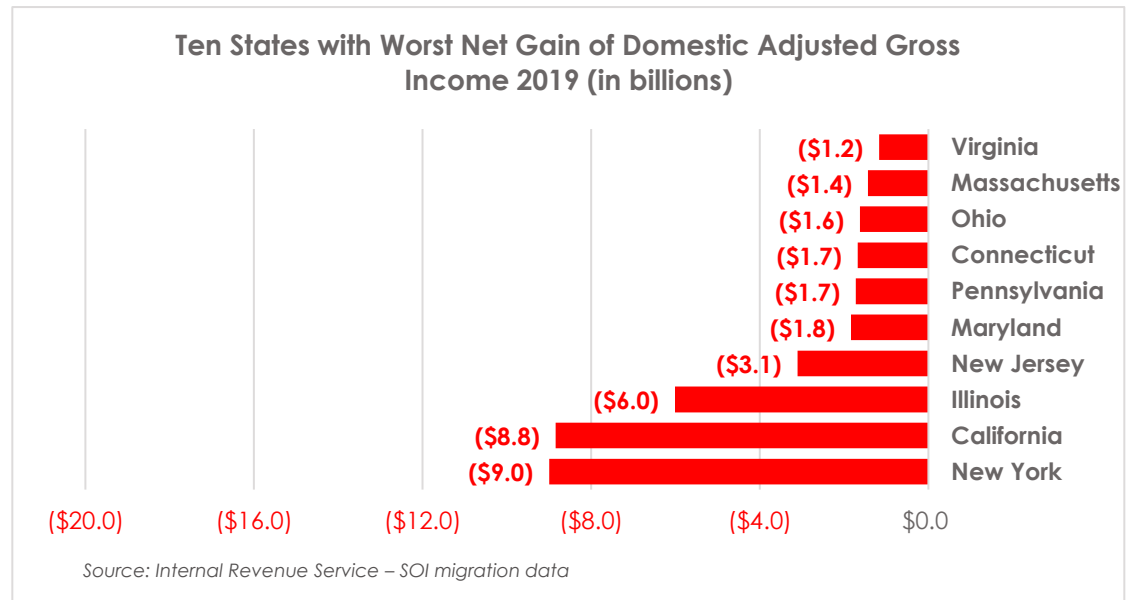
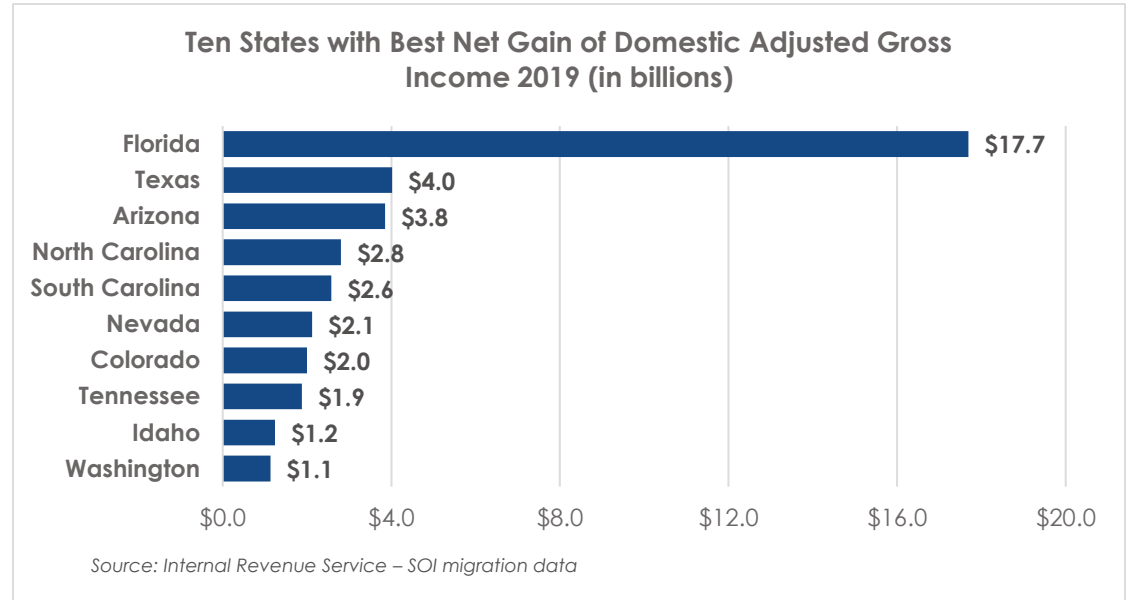
## STATES RECEIVING DOMESTIC MIGRATION ENJOY BENEFITS

Progressive tax states lose people & income to flat and zero income tax states.

“The nation’s seventeen flat and no income tax states won a net 1.9 million residents and \$120 billion in Adjusted Gross Income (AGI) from progressive tax states during the 2000-2018 period.”

Zero Tax States	Flat Tax States
Florida	Colorado
Nevada	North Carolina
Washington	Utah
Tennessee	New Hampshire
Wyoming	Indiana
Texas	Michigan
South Dakota	Pennsylvania
Alaska	Massachusetts
	Illinois

Source: <https://wirepoints.org/progressive-tax-states-lose-people-income-to-flat-and-no-income-tax-states-wirepoints/>



## TERRACAP PERFORMANCE VS. PUBLIC MARKET EQUIVALENTS<sup>1</sup>

	TerraCap II 12.31.2011	TerraCap III 6.30.2014	TerraCap IV 4.21.2017
<b>Fund Level Gross IRR (Since Inception as of 6/30/21)</b>	15.10%	9.37%	12.88%
<b>Fund Level Net IRR (Since Inception as of 6/30/21)</b>	12.51%	9.19%	10.92%
<b>Equity-Weighted Holding Period for Realized Investments (years)</b>	3.5	3.7	2.9
<b>NCREIF Property Index PME Net IRR (as of 6/30/21)</b>	8.90%	7.70%	7.97%
<b>TerraCap Net IRR Direct Alpha</b>	<b>+3.61%</b>	<b>+1.49%</b>	<b>+2.95%</b>
<b>TerraCap NOI Compound Annual Growth Rate</b>	<b>28.3%</b>	<b>2.3%</b>	<b>5.6%</b>
<b>TerraCap CapEx Efficiency</b>	<b>+66%</b>	<b>+107%</b>	<b>+93%</b>
<b>TerraCap Levered Net Ex-Ante Return Expectation = 8%</b>	<b>+4.51%</b>	<b>+1.19%</b>	<b>+2.92%</b>
	<b>NCREIF Property Index PME</b>		
<b>TerraCap Aggregate Direct Alpha Weighted by Capital Call</b>	<b>+2.74%</b>		
<b>TerraCap Aggregate Direct Alpha Weighted by NAV Quarters</b>	<b>+2.70%</b>		

<sup>1</sup>Information about indices is provided to allow for comparison of the performance of the Adviser to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in indices and they are not actively managed. Therefore, they do not have transaction costs, management or performance fees or other operational expenses. The volatility of indices may be materially different from the performance of the Adviser. In addition, the Adviser's recommendations may differ significantly from the securities that comprise the indices. See Pages 47-49 for important disclosures. Past performance is not indicative of future results and there can be no assurance that Fund V or investments by Fund V, as the context requires, will achieve comparable results. References to past performance are not a guarantee, projection or prediction for Fund V, nor are they necessarily indicative of future results for Fund V.



## TERRACAP PARTNERS II PORTFOLIO PERFORMANCE<sup>1</sup>

Realized Properties	Property Type	Building Size	Acquisition Date	TerraCap's Equity Basis at Purchase	Purchase Price	TerraCap's Equity Basis at Disposition	TerraCap Sales Date	TerraCap Sales Price	Realized Net IRR	Realized Net EM
Villa Sol Village	Land	n/a	08/01/13	\$1,481,261	\$1,368,422	\$1,482,938	8/7/2014	\$2,050,000	29.9%	1.29
Hampton Inn & Suites	Hospitality	80,000	10/29/12	\$4,610,728	\$4,350,000	\$5,127,905	10/2/2014	\$9,425,000	27.9%	1.53
Coconut Office Center	Office	11,000	08/08/12	\$799,514	\$800,000	\$985,042	1/13/2015	\$1,442,000	15.2%	1.37
Westlinks Gateway (1)	Flex	228,280	08/06/12	\$7,443,129	\$7,200,000	\$6,809,696	5/5/2015	\$17,689,000	31.7%	1.49
Gateway RSW International (1)	Flex	112,398	03/29/13	\$3,522,791	\$3,300,000	\$3,724,737	5/5/2015	\$8,730,000	31.7%	1.49
Eastlinks RSW International (1)	Flex	174,950	07/08/13	\$6,400,000	\$9,373,365	\$9,316,259	5/5/2015	\$13,581,000	31.7%	1.49
North Gateway Office Center	Flex	36,240	11/22/13	\$1,518,587	\$1,500,000	\$2,200,848	11/12/2015	\$3,500,000	21.7%	1.37
La Quinta Inn & Suites	Hospitality	60,000	03/30/12	\$2,873,527	\$2,852,000	\$96,564	12/3/2015	\$8,100,000	20.0%	1.65
Coral Cove Condos (2)	Residential	210,000	12/27/12	\$1,646,667	\$8,133,333	\$1,410,006	2/4/2016	\$14,550,000	22.2%	2.00
Sarasota Sun Center Lot	Land	n/a	05/20/14	\$1,468,702	\$1,442,000	\$1,510,297	3/30/2016	\$2,750,000	19.3%	1.38
Gulf Coast Office Center	Office	11,500	10/30/13	\$910,461	\$900,000	\$1,182,425	11/17/2016	\$1,326,045	-0.7%	0.98
Hancock Office Center	Office	10,000	12/06/12	\$164,108	\$435,000	\$262,838	11/18/2016	\$615,000	5.0%	1.21
Bradenton Office Center	Office	32,040	06/13/13	\$1,885,370	\$1,925,000	\$1,994,207	6/9/2017	\$1,601,250	-8.8%	0.69
Palms of Estero	Land	n/a	02/24/12	\$182,722	\$1,459,190	\$771,664	Multiple	\$2,533,431	11.8%	1.39
Tampa Int'l Business Center	Office	331,148	08/26/13	\$5,072,589	\$12,116,000	\$13,022,863	11/14/2017	\$45,050,000	16.8%	1.53
Capital Commerce Center	Office	274,440	12/02/13	\$3,417,339	\$3,200,000	\$7,433,683	1/19/2018	\$44,656,500	40.2%	2.32
Celebration IV	Office	125,974	02/20/14	\$7,152,564	\$17,877,000	\$7,148,412	3/16/2018	\$21,770,000	11.2%	1.33
Sarasota Sun Center	Office	95,000	02/14/14	\$4,335,199	\$11,500,000	\$3,526,732	5/1/2018	\$16,350,000	14.1%	1.79
Lakeview	Office	186,309	03/14/14	\$8,407,485	\$15,912,918	\$3,492,093	5/11/2018	\$21,750,000	11.9%	1.51
Colonial Corporate Center	Office	61,239	12/20/13	\$4,054,969	\$4,000,000	\$4,984,263	12/17/2018	\$5,900,000	-2.7%	0.9
Punta Gorda Reserve	Land	n/a	02/24/12	\$505,613	\$1,182,916	\$960,790	3/22/2021	\$1,730,000	6.4%	1.51
Eastpointe	Office	81,717	03/14/14	\$3,653,215	\$6,987,082	\$4,352,138	9/23/2021	\$10,100,000	6.1%	1.31
<b>Total Realized:</b>		<b>2,122,235</b>		<b>\$71,506,540</b>	<b>\$117,814,226</b>	<b>\$81,796,400</b>		<b>\$255,199,226</b>	<b>18.0%</b>	<b>1.62</b>
Unrealized Projected Properties	Property Type	Building Size	Acquisition Date	TerraCap Equity Basis at Purchase	Purchase Price	TerraCap's Current Equity Basis				
Jones Loop Road Assemblage (2)	Land	n/a	03/21/12	\$2,408,643	\$11,750,000	\$2,936,979				
<b>Total Projected Unrealized:</b>		<b>0</b>		<b>\$2,408,643</b>	<b>\$11,750,000</b>	<b>\$2,936,979</b>				
<b>Total Portfolio:</b>		<b>2,122,235</b>		<b>\$73,915,183</b>	<b>\$129,564,226</b>	<b>\$84,733,379</b>				

(1) Westlinks Gateway, Gateway RSW International, and Eastlinks RSW International were owned with a JV Partner. TerraCap's share was 57%.

(2) Coral Cove Condos was owned with a JV Partner. Jones Loop Road is owned with a JV Partner. TerraCap's share is 20%.

Properties highlighted in green are under contract to sell or being marketed for sale.

- Fund II closed in **December 2013** and has made **21** distributions in **8 years** from both yield and capital appreciation.
  - A total of **\$161M** or **158%** of invested capital has been distributed.

1. See Important Disclosures, Certain Performance-Related Notes for disclosures regarding gross and unrealized performance.

## TERRACAP PARTNERS III PORTFOLIO PERFORMANCE<sup>1</sup>

Realized Properties	Property Type	Building Size	Acquisition Date	TerraCap's Equity Basis at Purchase	Purchase Price	TerraCap's Equity Basis at Disposition	TerraCap Sales Date	TerraCap Sales Price	Realized Net IRR	Realized Net EM
Harbour Pointe Apartments	Multifamily	209,155	01/20/15	\$7,280,365	\$21,115,000	\$7,497,359	1/10/2017	\$27,600,000	31.4%	1.69
Lake Destiny Center II	Office	23,160	12/18/15	\$1,521,657	\$1,524,000	\$1,257,579	2/3/2017	\$3,300,000	74.3%	1.76
Keller Center	Office	159,840	10/07/14	\$9,131,543	\$9,304,400	\$10,231,599	6/1/2018	\$27,950,000	12.7%	1.50
Royal Office Center	Office	139,292	09/19/16	\$5,448,644	\$14,010,000	\$5,533,547	6/5/2019	\$16,850,000	12.8%	1.33
Sarasota Commerce Center	Office	259,247	05/07/15	\$12,337,515	\$37,129,000	\$10,419,995	9/3/2019	\$45,200,000	14.3%	1.64
Kennesaw Commerce Center	Office	305,000	01/27/16	\$11,925,404	\$30,179,000	\$11,410,063	12/3/2019	\$46,100,000	13.4%	1.58
Lake Destiny Center I	Office	57,359	12/18/15	\$3,546,103	\$3,556,000	\$3,508,014	12/20/2019	\$7,000,000	5.7%	1.17
Barrett Commerce Center	Office	197,522	01/13/16	\$6,587,608	\$18,750,000	\$7,635,980	4/14/2021	\$21,150,000	4.8%	1.22
<b>Total Realized:</b>		<b>1,350,575</b>		<b>\$57,778,839</b>	<b>\$135,567,400</b>	<b>\$57,494,135</b>		<b>\$195,150,000</b>	<b>13.8%</b>	<b>1.50</b>
Unrealized Projected Properties	Property Type	Building Size	Acquisition Date	TerraCap Equity Basis at Purchase	Purchase Price	TerraCap's Current Equity Basis				
Tampa Oaks Office Center	Office	104,080	03/23/16	\$4,555,530	\$12,944,000	\$4,618,508				
Cary Hospitality	Hotel	66,606	05/25/16	\$8,692,918	\$8,550,000	\$7,699,858				
Huntcrest Commerce Center	Office	394,258	06/01/16	\$22,129,437	\$61,421,320	\$20,769,947				
Sugarloaf Commerce Center	Office	168,153	08/09/16	\$8,447,136	\$25,370,000	\$8,985,000				
Forest Park II & III	Office	89,176	12/16/16	\$3,501,867	\$8,150,000	\$4,455,630				
<b>Total Projected Unrealized:</b>		<b>822,273</b>		<b>\$47,326,888</b>	<b>\$116,435,320</b>	<b>\$46,528,942</b>				
<b>Total Portfolio:</b>		<b>2,172,848</b>		<b>\$105,105,727</b>	<b>\$252,002,720</b>	<b>\$104,023,077</b>				

Properties highlighted in green are under contract to sell or being marketed for sale.

- Fund III closed in **July 2016** and has made **16** distributions in **5 years** from both yield and capital appreciation.
  - A total of **\$102M** or **85%** of invested capital has been distributed.

1. See Important Disclosures, Certain Performance-Related Notes for disclosures regarding gross and unrealized performance.

## TERRACAP PARTNERS IV PORTFOLIO SUMMARY<sup>1</sup>

Realized Properties	Property Type	Building Size	Acquisition Date	TerraCap's Equity Basis at Purchase	Purchase Price	TerraCap's Equity Basis at Disposition	TerraCap Sales Date	TerraCap Sales Price	Realized Net IRR	Realized Net EM
NAVA Arbors	Multifamily	130,291	09/29/17	\$4,925,480	\$12,250,000	\$4,948,994	12/18/2019	\$16,050,000	16.3%	1.40
Resource Square Office Center	Office	245,111	05/24/18	\$13,187,922	\$39,188,000	\$13,221,338	1/10/2020	\$50,400,000	30.2%	1.54
NAVA Holcomb	Multifamily	251,182	09/29/17	\$10,576,737	\$27,336,000	\$10,926,542	9/3/2020	\$39,000,000	17.6%	1.60
Madison Woods (1)	Multifamily	181,544	06/15/17	\$2,641,218	\$13,350,000	\$3,316,401	11/3/2020	\$18,275,000	17.2%	1.70
Olde Battleground (1)	Multifamily	183,160	06/15/17	\$2,885,292	\$13,608,000	\$3,571,167	11/3/2020	\$18,275,000	17.2%	1.70
Terrace Oaks (1)	Multifamily	120,575	06/15/17	\$2,582,587	\$9,240,000	\$3,193,988	11/3/2020	\$12,700,000	17.2%	1.70
NAVA Knolls	Multifamily	314,514	09/29/17	\$14,453,615	\$36,894,000	\$15,067,244	2/11/2021	\$48,400,000	19.9%	1.80
NAVA Crossings	Multifamily	380,070	09/29/17	\$15,993,626	\$39,520,000	\$16,361,443	2/11/2021	\$55,300,000	22.1%	1.94
23 Thirty Residences	Multifamily	216,600	08/17/18	\$10,655,010	\$27,715,000	\$10,880,910	6/21/2021	\$41,100,000	24.1%	1.86
<b>Total Realized:</b>		<b>2,023,047</b>		<b>\$77,901,487</b>	<b>\$219,101,000</b>	<b>\$81,488,027</b>		<b>\$299,500,000</b>	<b>20.6%</b>	<b>1.73</b>
Unrealized Projected Properties	Property Type	Building Size (Net)	Acquisition Date	TerraCap's Equity Basis at Purchase	Purchase Price	TerraCap's Current Equity Basis				
Breckinridge Office Center	Office	253,307	05/25/17	\$7,461,505	\$19,020,000	\$11,058,271				
Deerfield Office Center	Office	204,690	06/02/17	\$10,470,538	\$28,686,964	\$10,764,942				
Windward Office Center	Office	132,096	06/02/17	\$6,767,525	\$18,513,036	\$6,712,129				
Park Central (2)	Office	215,194	03/01/18	\$9,777,135	\$29,000,000	\$9,553,771				
Addison Office Center	Office	213,583	08/30/18	\$13,193,948	\$38,409,000	\$12,863,364				
Peachtree Tech Office Center	Office/Flex	253,445	11/06/18	\$9,543,809	\$27,919,000	\$7,849,173				
Ashford Office Center	Office	159,154	01/08/19	\$8,249,998	\$24,620,000	\$9,058,096				
Trafalgar Office Center	Office	149,074	02/27/19	\$6,440,260	\$13,800,000	\$7,334,411				
Preston Park Office Center	Office	367,543	03/18/19	\$20,304,996	\$61,000,000	\$21,043,053				
Clairemont Office Center	Office	122,713	04/12/19	\$7,964,489	\$24,360,000	\$6,387,146				
Lake Point Commerce Center	Office/Flex	134,389	07/01/19	\$5,589,641	\$17,625,000	\$5,054,954				
CRS Office Center I, II, & V	Office	337,611	08/21/19	\$19,368,057	\$59,338,675	\$19,500,560				
Denver Corporate Center II & III	Office	381,466	08/30/19	\$23,643,492	\$71,710,000	\$19,775,272				
Centerpoint Office Center	Office	373,724	10/30/19	\$25,495,540	\$77,517,500	\$27,021,374				
CRS Office Center IV	Office	152,308	11/01/19	\$13,199,367	\$24,766,000	\$13,104,896				
Cherry Creek Office Center	Office	335,059	03/10/20	\$17,451,500	\$54,590,500	\$17,937,589				
Cobb Commerce Center	Office/Flex	196,532	07/24/20	\$8,105,145	\$20,706,000	\$8,413,907				
Northwoods Office Center	Office/Flex	100,720	07/24/20	\$2,740,059	\$6,987,000	\$4,108,105				
<b>Total Projected Unrealized:</b>		<b>4,082,608</b>		<b>\$215,767,005</b>	<b>\$618,568,675</b>	<b>\$217,541,013</b>				
<b>Total Portfolio:</b>		<b>6,105,655</b>		<b>\$293,668,492</b>	<b>\$837,669,675</b>	<b>\$299,029,041</b>				

(1) Madison Woods, Olde Battleground and Terrace Oaks were owned with a JV Partner. TerraCap's share was 83.5%.

(2) Park Central is owned with a JV Partner. TerraCap's share is 95%.

Properties highlighted in green are under contract to sell, being marketed for sale, or otherwise engaged with a third party to be marketed for sale

- Fund IV closed in **July 2019** and has made **10** distributions in **2 years** from both yield and capital appreciation.
  - A total of **\$150M** or **48%** of invested capital has been distributed.

1. See Important Disclosures, Certain Performance-Related Notes for disclosures regarding gross and unrealized performance.

## TERRACAP PARTNERS V PORTFOLIO SUMMARY<sup>1</sup>

Unrealized Projected Properties	Property Type	Building Size (Net)	Acquisition Date	TerraCap's Equity Basis at Purchase	Purchase Price	TerraCap's Current Equity Basis
Orlando International Business Center	Office/Flex	195,619	10/20/20	\$7,879,262	\$24,080,875	\$8,083,173
Plano Office Center	Office	198,788	10/22/20	\$13,375,731	\$37,859,500	\$13,403,711
Syracuse Office Center	Office	66,713	10/30/20	\$3,450,226	\$11,577,000	\$3,552,222
Terrace Office Center	Office	115,050	10/30/20	\$6,686,445	\$17,110,500	\$6,791,523
Bridgewater Residences	Multifamily	334,352	01/15/21	\$16,570,060	\$52,520,000	\$18,314,259
Anchor Centre	Office	333,014	01/19/21	\$30,875,434	\$103,515,000	\$30,889,402
Forest Cove Residences	Multifamily	525,281	02/21/21	\$33,748,010	\$82,615,000	\$34,636,505
Koll Cotton Center	Office/Flex	225,403	03/19/21	\$10,862,774	\$30,879,875	\$10,635,890
Versol Residences	Multifamily	262,608	06/01/21	\$70,535,796	\$70,350,000	\$20,269,383
Denver Corporate Center I	Office	193,113	07/30/21	\$10,176,022	\$31,160,500	\$9,686,992
Airport Technology Center	Office	198,189	8/12/21	\$24,760,214	\$24,623,500	\$7,865,027
Enclave Residences	Multifamily	218,412	09/27/21	\$51,333,556	\$50,123,125	\$16,733,556
Palmetto Residences	Multifamily	177,508	10/18/21	\$37,152,042	\$36,784,200	\$11,619,662
Peachtree Corners Residences	Multifamily	402,922	11/17/21	\$76,128,750	\$75,750,000	\$76,128,750
Millenia Residences	Multifamily	408,374	11/24/21	\$103,430,706	\$102,916,125	\$32,695,506
Crestmont Residences	Multifamily	201,200	12/13/21	\$49,474,850	\$48,985,000	\$49,474,850
<b>Total Projected Unrealized:</b>		<b>4,056,546</b>		<b>\$546,439,877</b>	<b>\$800,850,200</b>	<b>\$350,780,410</b>
<b>Total Portfolio:</b>		<b>4,056,546</b>		<b>\$546,439,877</b>	<b>\$800,850,200</b>	<b>\$350,780,410</b>

1. See Important Disclosures, Certain Performance-Related Notes for disclosures regarding gross and unrealized performance.

## TERRACAP PARTNERS V – ACQUISITIONS



### Orlando International Business Center – Orlando, FL

<b>Rentable Square Feet</b>	195,619
<b>Purchase Price</b>	\$24,080,875 (\$123 PSF)
<b>Estimated Replacement Cost</b>	\$43,160,000 (\$221 PSF)
<b>Acquisition Date</b>	October 8, 2020
<b>Acquisition Occupancy</b>	88% (Market occ. 95%)
<b>Current Occupancy (12/1/21)</b>	92%
<b>Acquisition NOI</b>	\$1,616,496
<b>In-Place Rents at Acquisition</b>	\$11.47 PSF
<b>Newest Leases (Average of 4 leases)</b>	\$15.81 PSF
<b>% Increase</b>	37.9%



### Plano Office Center – Plano, TX

<b>Rentable Square Feet</b>	198,788
<b>Purchase Price</b>	\$37,859,000 (\$190 PSF)
<b>Estimated Replacement Cost</b>	\$69,575,800 (\$350 PSF)
<b>Acquisition Date</b>	October 20, 2020
<b>Acquisition Occupancy</b>	88% (Market occ. 80%)
<b>Current Occupancy (12/1/21)</b>	85%
<b>Acquisition NOI</b>	\$2,266,385
<b>In-Place Rents at Acquisition</b>	\$22.73 PSF
<b>Newest Leases (Average of 3 leases)</b>	\$25.33 PSF
<b>% Increase</b>	11.5%



## TERRACAP PARTNERS V – ACQUISITIONS CONTINUED



### DTC Collection Syracuse Office Center – Denver, CO Terrace Office Center – Greenwood Village, CO

Rentable Square Feet	181,763
Purchase Price	\$28,687,500 (\$158 PSF)
Estimated Replacement Cost	\$72,705,200 (\$400 PSF)
Acquisition Date	October 30, 2020
Acquisition Occupancy	93% (Market occ. 84%)
Current Occupancy (12/1/21)	90%
Acquisition NOI	\$2,386,308
In-Place Rents at Acquisition	\$24.17 PSF
Newest Leases (Average of 3 Leases)	\$25.58 PSF
% Increase	5.8%



### Bridgewater Residences – Orlando, FL

Number of Units	344
Purchase Price	\$52,520,000 (\$153k per unit)
Estimated Replacement Cost	\$94,600,000 (\$275k per unit)
Acquisition Date	January 15, 2021
Acquisition Occupancy	94% (Market occ. 95%)
Current Occupancy (12/1/21)	92%
Acquisition NOI	\$2,679,590
In-Place Rents at Acquisition	\$1,117
Blended Average Rents of Recent Leases (30 days)	\$1,520
% Increase	36.2%

## TERRACAP PARTNERS V – ACQUISITIONS CONTINUED



### Anchor Centre – Phoenix, AZ

<b>Rentable Square Feet</b>	333,014
<b>Purchase Price</b>	\$103,515,000 (\$311 PSF)
<b>Estimated Replacement Cost</b>	\$152,850,000 (\$459 PSF)
<b>Acquisition Date</b>	January 19, 2021
<b>Acquisition Occupancy</b>	93% (Market occ. 82%)
<b>Current Occupancy (12/1/21)</b>	89%
<b>Acquisition NOI</b>	\$6,706,208
<b>In-Place Rents at Acquisition</b>	\$30.41 PSF
<b>Newest Leases (Average of 5 leases)</b>	\$38.25 PSF
<b>% Increase</b>	25.8%



### Forest Cove Residences – Doraville, GA

<b>Number of Units</b>	638
<b>Purchase Price</b>	\$82,615,000 (\$129k per unit)
<b>Estimated Replacement Cost</b>	\$143,550,000 (\$225k per unit)
<b>Acquisition Date</b>	February 24, 2021
<b>Acquisition Occupancy</b>	92% (Market occ. 95%)
<b>Current Occupancy (12/1/21)</b>	91%
<b>Acquisition NOI</b>	\$4,309,895
<b>In-Place Rents at Acquisition</b>	\$1,014
<b>Blended Average Rents of Recent Leases (30 days)</b>	\$1,201
<b>% Increase</b>	18.4%



## TERRACAP PARTNERS V – ACQUISITIONS CONTINUED



### Koll Cotton Center – Phoenix, AZ

<b>Rentable Square Feet</b>	225,403
<b>Purchase Price</b>	\$30,879,875 (\$137 PSF)
<b>Estimated Replacement Cost</b>	\$61,985,825 (\$275 PSF)
<b>Acquisition Date</b>	March 19, 2021
<b>Acquisition Occupancy</b>	75% (Market occ. 95%)
<b>Current Occupancy (12/1/21)</b>	71%
<b>Acquisition NOI</b>	\$1,374,673
<b>In-Place Rents at Acquisition</b>	\$12.93 PSF
<b>Newest Leases (Average of 7 leases)</b>	\$13.68 PSF
<b>% Increase</b>	5.8%



### Versol Residences – Bonita Springs, FL

<b>Number of Units</b>	240
<b>Purchase Price</b>	\$70,350,000 (\$293k per unit)
<b>Estimated Replacement Cost</b>	\$76,800,000 (\$320k per unit)
<b>Acquisition Date</b>	June 1, 2021
<b>Acquisition Occupancy</b>	95% (Market occ. 87%)
<b>Current Occupancy (12/1/21)</b>	97%
<b>Acquisition NOI</b>	\$2,762,055
<b>In-Place Rents at Acquisition</b>	\$1,647
<b>Blended Average Rents of Recent Leases (30 days)</b>	\$2,582
<b>% Increase</b>	56.8%



## TERRACAP PARTNERS V – ACQUISITIONS CONTINUED



### Denver Corporate Center I – Denver, CO

<b>Rentable Square Feet</b>	193,113
<b>Purchase Price</b>	\$31,160,500 (\$161 PSF)
<b>Estimated Replacement Cost</b>	\$67,589,550 (\$350 PSF)
<b>Acquisition Date</b>	July 30, 2021
<b>Acquisition Occupancy</b>	76% (Market occ. 83%)
<b>Current Occupancy (12/1/21)</b>	73%
<b>Acquisition NOI</b>	\$1,870,555
<b>In-Place Rents at Acquisition</b>	\$25.96 PSF
<b>Newest Leases (Average of 3 Leases)</b>	\$27.67 PSF
<b>% Increase</b>	6.6%



### Airport Technology Center – Phoenix, AZ

<b>Rentable Square Feet</b>	198,189
<b>Purchase Price</b>	\$24,623,500 (\$124 PSF)
<b>Estimated Replacement Cost</b>	\$59,456,700 (\$300 PSF)
<b>Acquisition Date</b>	August 12, 2021
<b>Acquisition Occupancy</b>	71% (Market occ. 86%)
<b>Current Occupancy (12/1/21)</b>	71%
<b>Acquisition NOI</b>	\$1,963,532
<b>In-Place Rents at Acquisition</b>	\$21.66 PSF
<b>Newest Leases (Average of 3 Leases)</b>	\$26.17 PSF
<b>% Increase</b>	20.8%

## TERRACAP PARTNERS V – ACQUISITIONS CONTINUED



### Enclave Residences – Roswell, GA

Number of Units	236
Purchase Price	\$50,123,125 (\$212k per unit)
Estimated Replacement Cost	\$70,800,000 (\$300k per unit)
Acquisition Date	September 27, 2021
Acquisition Occupancy	98% (Market occ. 97%)
Current Occupancy (12/1/21)	93%
Acquisition NOI	\$1,663,420
In-Place Rents at Acquisition	\$1,181
Blended Average Rents of Recent Leases (30 days)	\$1,263
% Increase	7.0%



### Palmetto Residences – Fort Mill, SC

Number of Units	184
Purchase Price	\$36,784,200 (\$200k per unit)
Estimated Replacement Cost	\$55,200,000 (\$300k per unit)
Acquisition Date	October 18, 2021
Acquisition Occupancy	96% (Market occ. 96%)
Current Occupancy (12/1/21)	93%
Acquisition NOI	\$1,336,290
In-Place Rents at Acquisition	\$1,149
Blended Average Rents of Recent Leases (30 days)	\$1,259
% Increase	9.6%



## TERRACAP PARTNERS V – ACQUISITIONS CONTINUED



### Peachtree Corners Residences – Norcross, GA

Number of Units	354
Purchase Price	\$75,750,000 (\$214k per unit)
Estimated Replacement Cost	\$106,200,000 (\$300k per unit)
Acquisition Date	November 17, 2021
Acquisition Occupancy	97% (Market occ. 95%)
Current Occupancy (12/1/21)	96%
Acquisition NOI	\$2,626,473
In-Place Rents at Acquisition	\$1,230
Blended Average Rents of Recent Leases (30 days)	\$1,248
% Increase	1.5%



### Millenia Residences – Orlando, FL

Number of Units	371
Purchase Price	\$102,916,125 (\$277k per unit)
Estimated Replacement Cost	\$129,850,000 (\$350k per unit)
Acquisition Date	November 24, 2021
Acquisition Occupancy	98% (Market occ. 97%)
Current Occupancy (12/1/21)	96%
Acquisition NOI	\$3,512,868
In-Place Rents at Acquisition	\$1,482
Blended Average Rents of Recent Leases (30 days)	\$1,781
% Increase	20.1%

## TERRACAP PARTNERS V – ACQUISITIONS CONTINUED



### Crestmont Residences – Marietta, GA

<b>Number of Units</b>	228
<b>Purchase Price</b>	\$48,985,000 (\$215k per unit)
<b>Estimated Replacement Cost</b>	\$70,800,000 (\$300k per unit)
<b>Acquisition Date</b>	December 13, 2021
<b>Acquisition Occupancy</b>	90% (Market occ. 97%)
<b>Current Occupancy (12/13/21)</b>	90%
<b>Acquisition NOI</b>	\$1,718,278
<b>In-Place Rents at Acquisition</b>	\$1,246
<b>Blended Average Rents of Recent Leases (30 days)</b>	New Acquisition
<b>% Increase</b>	New Acquisition

## TERRACAP PARTNERS V LP – SUMMARY OF KEY TERMS

<b>Targeted Fund Size</b>	\$400 million
<b>Targeted Returns</b>	14% Net IRR
<b>Targeted # of Investments</b>	25-30 assets with invested equity ranging from \$10 million to \$35 million each
<b>Investment Period</b>	2 years from the Final Closing Date
<b>Term</b>	8 years from the Final Closing Date, subject to two 1-year extensions
<b>Management Fee</b>	1.5% on Committed Capital until termination of the Investment Period; thereafter 1.5% on Invested Capital. LP > \$37.5M 1.25%
<b>GP Commitment</b>	1.5% of aggregate Capital Commitments
<b>Distributions</b>	100% return of invested capital (including the management fee), 8% compounded preferred return, 50/50 catch up thereafter, 80/20 split, (LP > \$30.1M: 85/15 split - with side letter)

\*The specific terms of an investment in Fund V are subject to the Offering Documents. Such terms may change from the time you receive these materials and the time you receive the Offering Documents. Return targets or objectives, if any, are used for measurement or comparison purposes and only as a guideline for prospective investors to evaluate a particular investment program's investment strategies and accompanying information. Targeted returns reflect subjective determinations by TerraCap based on a variety of factors, including, among others, internal modeling, investment strategy, prior performance of similar products (if any), volatility measures, risk tolerance and market conditions. Performance may fluctuate, especially over short periods. Targeted returns should be evaluated over the time period indicated and not over shorter periods. Targeted returns are not intended to be actual performance and should not be relied upon as an indication of actual or future performance.



Summary	
Strategy	Value-Add
Acquisition Date	September 2017
Status	Realized
Realization Date	February 2021
TerraCap Price	\$76,414,000
Total Equity at Exit	\$31,428,687
Sale Price (2021)	\$103,700,000
Knolls Net XIRR	19.9%
Knolls Net Equity Multiple	1.80x
Crossings Net XIRR	22.1%
Crossings Net Equity Multiple	1.94x

**Transaction Overview:**

- ❖ Part of an acquisition of four apartment communities totaling 1,100 units in metro Atlanta, GA. The Knolls consists of 312 units and the Crossings consists of 380 units. Both properties are located in Marietta, GA.
- ❖ Ideal location in the same submarket with rents below the submarket average.
- ❖ Original plan to hold for 4 years and see value appreciation through rent growth and tightening market cap rates.

**Strategy-Value-Add:**

- ❖ Both properties were given exterior and interior renovations as well as upgrades to common area amenities. Both properties were painted in 2019. Interiors were renovated throughout the hold period through a premium renovation program.
- ❖ These two properties were the last of the North Atlanta value-add portfolio to be brought to market.
- ❖ Implementation of Lease Optimization Software to drive rent growth and occupancy.

**Status:**

- ❖ Closed on 2/11/21 with a Levered Net IRR of 19.9% and an EM of 1.80x for Knolls and a Levered Net IRR of 22.1% and an EM of 1.94x for Crossings.

See Pages 47-49 for important disclosures. Past performance is not indicative of future results and there can be no assurance that Fund V or investments by Fund V, as the context requires, will achieve comparable results. References to past performance are not a guarantee, projection or prediction for Fund V, nor are they necessarily indicative of future results for Fund V. The transaction described above has been selected for illustrative purposes only to show a type of investment that has been pursued. It should not be assumed that all investments made by the Funds will be comparable in nature or performance to the investment described above. In addition, see Page 18 for a performance summary and complete list of each investment in Fund IV, including Net Fund-Level Performance.





### Summary

<b>Strategy</b>	Value-Add
<b>Acquisition Date</b>	May 2018
<b>Status</b>	Realized
<b>Realization Date</b>	January 2020
<b>TerraCap Price</b>	\$39,188,000
<b>Total Equity at Exit</b>	\$13,220,922
<b>Sale Price (2019)</b>	\$50,400,000
<b>Net XIRR</b>	30.2%
<b>Net Equity Multiple</b>	1.54x

Below Market  
Rents



Ideal Location  
in Central  
Florida



Basis Well Below  
Reproduction  
Cost



Upside Potential

### Transaction Overview:

- ❖ Acquisition of two Class A office buildings totaling 244,772 SF in Orlando, Florida.
- ❖ Went under contract at 85% occupancy, closed at 94% occupancy, and sold asset at 100%.
- ❖ At acquisition, rates were at \$25.00 PSF and were pushed to over \$29.00 PSF during hold period.
- ❖ NOI increased by \$1.3M during hold period.

### Strategy-Value-Add:

- ❖ The existing tenants had a large gap between their current rents and market rents. As their leases expired, their rents were rolled to market rates. Over an 18-month period, 9 leases were executed and there were virtually no vacates at expiration of leases.
- ❖ Anchor tenant General Dynamics occupied 44k SF at acquisition. While this tenant had term, there was some question as to their renewal certainty. With limited supply we felt this tenant would need to renew in place and were able to negotiate an early extension by 5 years and expand General Dynamics by 22k SF.

### Status:

- ❖ Closed on 1/10/2020 with a Levered Net IRR of 30.2% and an EM of 1.54.

See Pages 47-49 for important disclosures. Past performance is not indicative of future results and there can be no assurance that Fund V or investments by Fund V, as the context requires, will achieve comparable results. References to past performance are not a guarantee, projection or prediction for Fund V, nor are they necessarily indicative of future results for Fund V. The transaction described above has been selected for illustrative purposes only to show a type of investment that has been pursued. It should not be assumed that all investments made by the Funds will be comparable in nature or performance to the investment described above. In addition, see Page 18 for a performance summary and complete list of each investment in Fund IV, including Net Fund-Level Performance.



Summary	
Strategy	Value-Add
Acquisition Date	June 2017
Status	Realized
Realization Date	November 2020
TerraCap Price	\$36,198,000
Total Equity at Exit	\$12,085,859
Sale Price (2020)	\$49,250,000
Net XIRR	17.2%
Net Equity Multiple	1.70x

### Transaction Overview:

- ❖ Off-market acquisition of three apartment communities totaling 456 units in Greensboro, NC.
- ❖ Two communities needed value-add renovations to push rates while one community had been renovated and we pushed rates organically.
- ❖ Hold for 4 years; value appreciation through property repositioning, tightening market cap rates as investors chase yield in secondary markets, and organic rate growth.

### Strategy-Value-Add:

- ❖ At acquisition, the assets were not managed well. We changed property management groups, implemented Lease Optimizing Software, implemented a plan for premium unit renovations, performed cap ex and deferred maintenance projects, and pushed existing tenant rates at renewal.

### Status:

- ❖ Successful disposition in November 2020, generating a Net IRR of 17.2% and a Net Equity Multiple of 1.70x.

1. The Greensboro Residences Portfolio consists of the Madison Woods, Olde Battleground, and Terrace Oaks properties

See Pages 47-49 for important disclosures. Past performance is not indicative of future results and there can be no assurance that Fund V or investments by Fund V, as the context requires, will achieve comparable results. References to past performance are not a guarantee, projection or prediction for Fund V, nor are they necessarily indicative of future results for Fund V. The transaction described above has been selected for illustrative purposes only to show a type of investment that has been pursued. It should not be assumed that all investments made by the Funds will be comparable in nature or performance to the investment described above. In addition, see Page 18 for a performance summary and complete list of each investment in Fund IV, including Net Fund-Level Performance.





### Summary

Strategy	Value-Add
Acquisition Date	May 2015
Status	Realized
Realization Date	August 2019
TerraCap Price	\$37,129,000
Total Equity at Exit	\$13,488,716
Sale Price (2019)	\$45,200,000
Net XIRR	14.3%
Net Equity Multiple	1.64x

Below Market  
Rents



Ideal Location  
Adjacent to  
Interstate 75



Basis Well Below  
Previous Price



Upside Potential

### Transaction Overview:

- Acquisition of a 246,942 SF Class A office park in Sarasota, Florida.
- Acquired off-market at 86% occupied from a reputable seller.
- \$12.33 PSF NNN rents at purchase vs. sub-market rents of \$15.00 PSF NNN.

### Strategy-Value-Add:

- The existing tenants had a large gap between their current rents and market rents. As leases expired, we rolled their rents to market rates.
- \$12.33 PSF NNN rents at purchase vs. exit in-place average rent of \$14.61 PSF NNN. Newest lease signed before disposition was at \$16.50 PSF NNN.
- Average cash yields of 8.6% (\$2,611,686) from 2015-2017.
- Capital projects completed: roof replacements, parking lot reseal/restripe, and RTU replacements.

### Status:

- Successful disposition in November 2020, generating a Net IRR of 14.3% and a Net Equity Multiple of 1.64x.

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### Summary

<b>Strategy</b>	Value-Add
<b>Acquisition Date</b>	August 2013
<b>Status</b>	Realized
<b>Realization Date</b>	November 2017
<b>TerraCap Price</b>	\$12,116,000
<b>Total Equity at Exit</b>	\$13,022,863
<b>Sale Price (2017)</b>	\$45,050,000
<b>Net XIRR</b>	16.8%
<b>Net Equity Multiple</b>	1.53x

Previously  
Mismanaged  
by Lender



Virtually Vacant  
Physically  
Distressed



Basis Well Below  
Replacement  
Cost



Upside Potential

### Transaction Overview:

- Acquisition of a 331,138 SF six-building business park in Tampa, Florida.
- Acquired via a distressed sale from Special Servicer.
- The Property was 98% leased to 12 tenants with approximately 9.4 years of average term remaining at closing vs 7% occupancy at acquisition.

### Strategy-Opportunistic:

- The property required extensive capital improvements to make it leasable, including new roofs, upgraded entrances, significant tenant improvements, mechanical system replacement, landscape upgrades, and site reconfiguration to increase parking from 4:1,000 to a 6:1,000 ratio.
- Financing was acquired after acquisition to pay for the renovation projects, tenant improvements, and leasing commissions.
- 75% of the occupancy came from back-office support services for a Tampa based credit rated healthcare company due to continued growth.

### Status:

- Successful disposition in November 2017, generating a Net IRR of 16.8% and a Net Equity Multiple of 1.53x.

See Pages 47-49 for important disclosures. Past performance is not indicative of future results and there can be no assurance that Fund V or investments by Fund V, as the context requires, will achieve comparable results. References to past performance are not a guarantee, projection or prediction for Fund V, nor are they necessarily indicative of future results for Fund V. The transaction described above has been selected for illustrative purposes only to show a type of investment that has been pursued. It should not be assumed that all investments made by the Funds will be comparable in nature or performance to the investment described above. In addition, see Page 16 for a performance summary and complete list of each investment in Fund II, including Net Fund-Level Performance.



#### Transaction Overview:

- Assemblage of three office-flex parks totaling 515,628 SF and 15 buildings.
- Acquired first park (7 buildings) through a deed-in-lieu of foreclosure with previous owner and lender.
- Acquired second park (4 buildings) through a distressed sale from a Special Servicer.
- Acquired third park (4 buildings) through the creation of a joint venture with the original developer.
- Created a property assemblage with the ownership of 15 of the 22 buildings of the Gateway Office Park, next to JetBlue Park and International Airport in Ft. Myers.

#### Strategy-Opportunistic:

- Hired new management and leasing team to increase operational efficiencies and push rental rates.
- Through the assemblage strategy, we increased average gross rents from \$9.83 PSF at acquisition to \$11.18 PSF at exit, an increase of 6.9% per year.
  - Occupancy increased from 56% at acquisition to 75% at exit.
- Refinancing event in January 2014 allowed early distribution in the amount of \$13.5M, which reduced basis to \$8.4M– while reducing risk.
- In April 2015, Fund II closed on the sale of our interest in the property for \$40M (\$77.67/SF). This represented a 5.6% cap rate on trailing 12-month NOI.

#### Status:

- Successful disposition in April 2015, generating a Net IRR of 31.7% and a Net Equity Multiple of 1.49x.

#### Summary

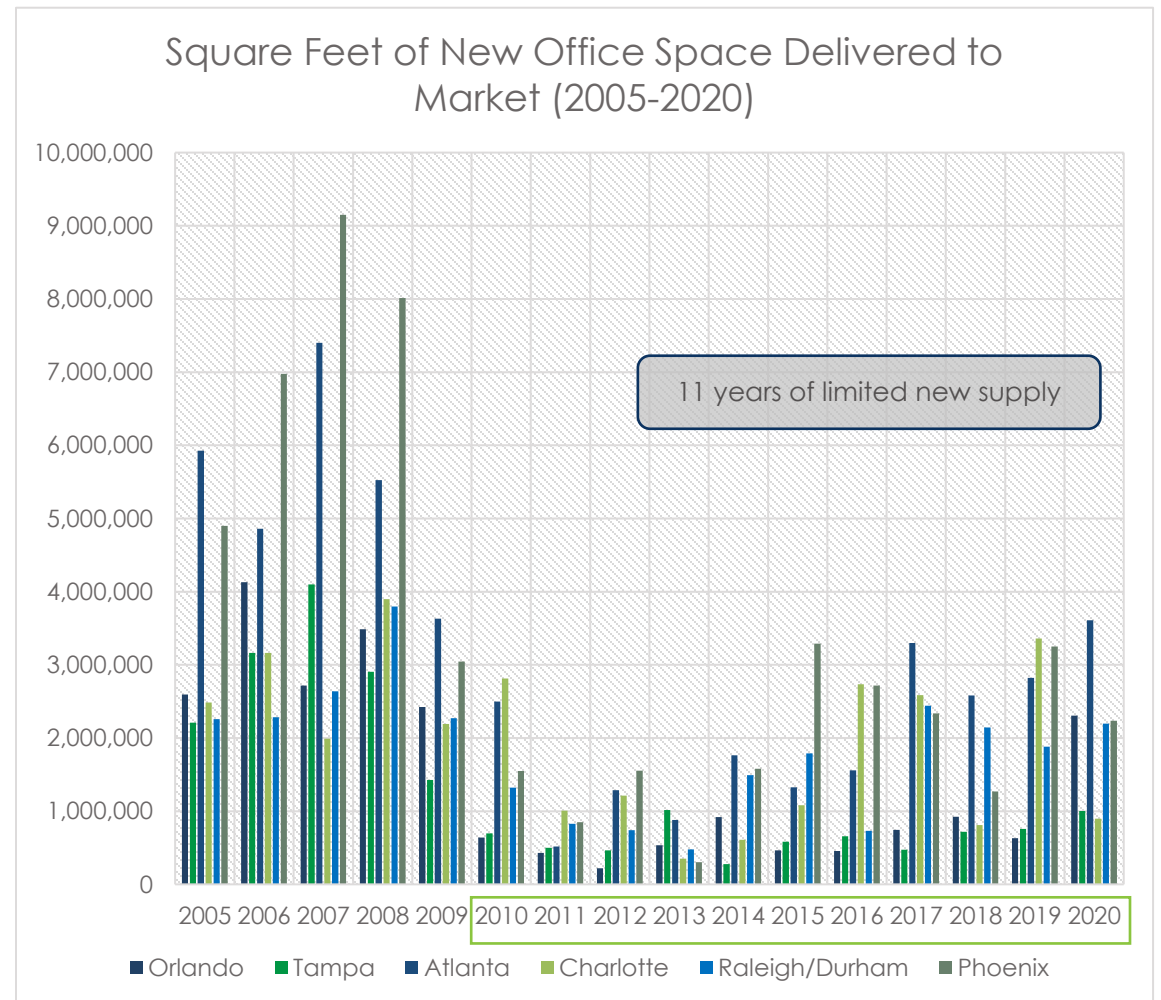
Strategy	Value-Add
Acquisition Dates (3 Separate Acq.)	August 2012-July 2013
Status	Realized
Realization Date	April 2015
TerraCap Price	\$20,919,998
Total Equity at Exit	\$8,428,486
Sale Price (2015)	\$40,000,000
Net XIRR	31.7%
Net Equity Multiple	1.49x

See Pages 47-49 for important disclosures. Past performance is not indicative of future results and there can be no assurance that Fund V or investments by Fund V, as the context requires, will achieve comparable results. References to past performance are not a guarantee, projection or prediction for Fund V, nor are they necessarily indicative of future results for Fund V. The transaction described above has been selected for illustrative purposes only to show a type of investment that has been pursued. It should not be assumed that all investments made by the Funds will be comparable in nature or performance to the investment described above. In addition, see Page 16 for a performance summary and complete list of each investment in Fund II, including Net Fund-Level Performance.

LIMITED SUPPLY IN HIGH DEMAND MARKETS DRIVES VALUE CREATION

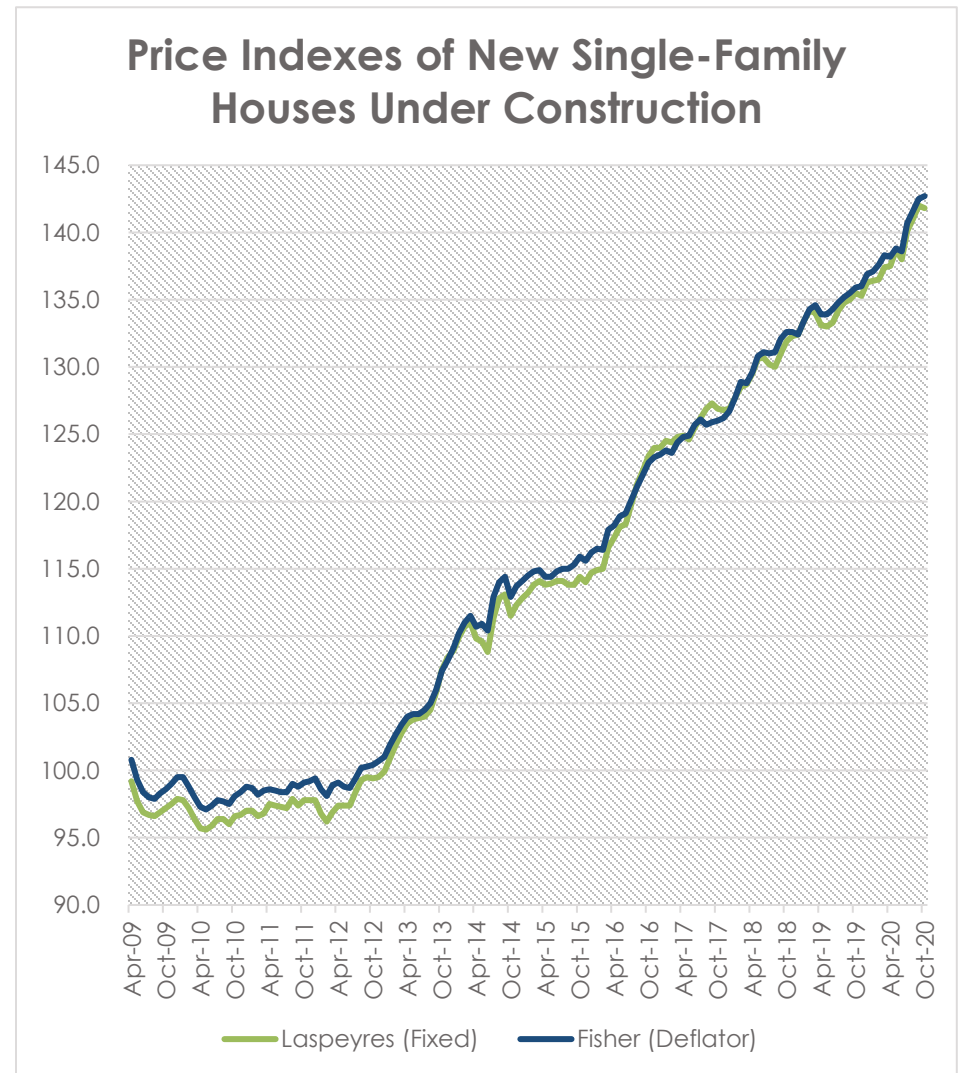
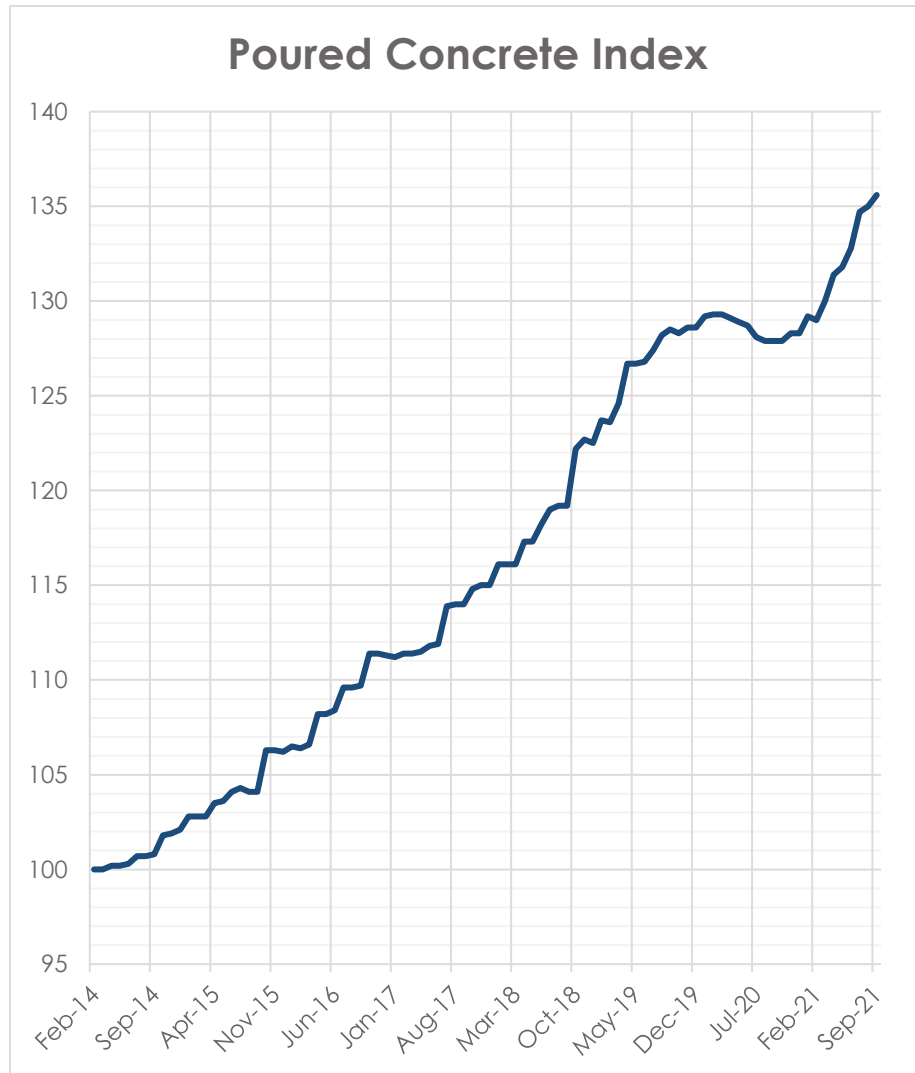


Source: CoStar Property®



Source: CoStar Property®

## RIISING COST OF CONSTRUCTION



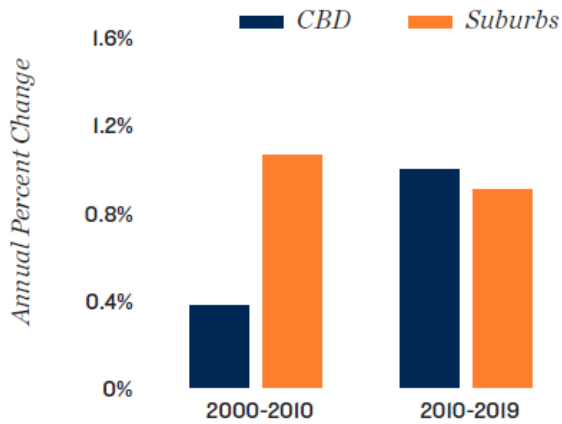
July – Sep 2021 are published preliminary figures only provided by the U.S. Bureau of Labor Statistics and should not be relied upon but are incorporated to show the general trending of the index.

Source: U.S. Bureau of Labor Statistics, PPI - New nonresidential building construction, Poured concrete foundation and structure contractors, <https://data.bls.gov/timeseries/PCU236400236400224>

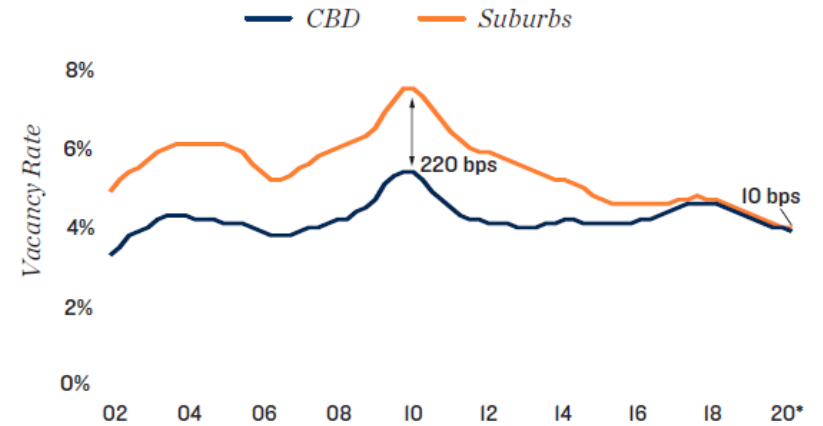
Source: Census Bureau, January 2005 – October 2020, <https://www.census.gov/construction/cpi/>

POPULATION MIGRATION SHIFTS TO SUBURBS; CORPORATIONS FOLLOW

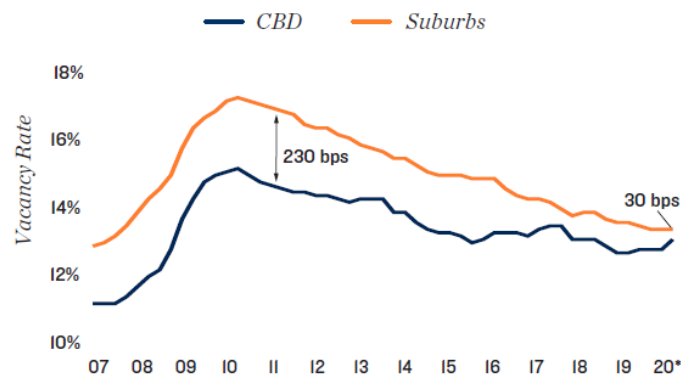
Population Growth Shifting to Areas Outside the City



U.S. Suburban Apartment Vacancy Achieves Near Parity With CBD Rate



U.S. Suburban Offices Closing the Vacancy Gap With Downtown Locations



\* Through first quarter  
Sources: CoStar Group, Inc.; Experian; RealPage, Inc.; U.S. Census Bureau

Source: Marcus & Millichap, Special Report, Suburbanization - Summer 2020

## APPENDICES



## INVESTMENT STYLE

### Diversification

Tactical investors efficiently able to move in and out of select geographies and property types to seek to capture attractive risk adjusted investment opportunities.

### Downside Protection

Seek to create a margin of safety through conservative underwriting, buying below replacement cost, moderate leverage, and deal structuring.

### Cash Flow Enhancement

Diversified investment strategy targeting assets that provide an opportunity to improve the physical quality of the property and the Net Operating Income.



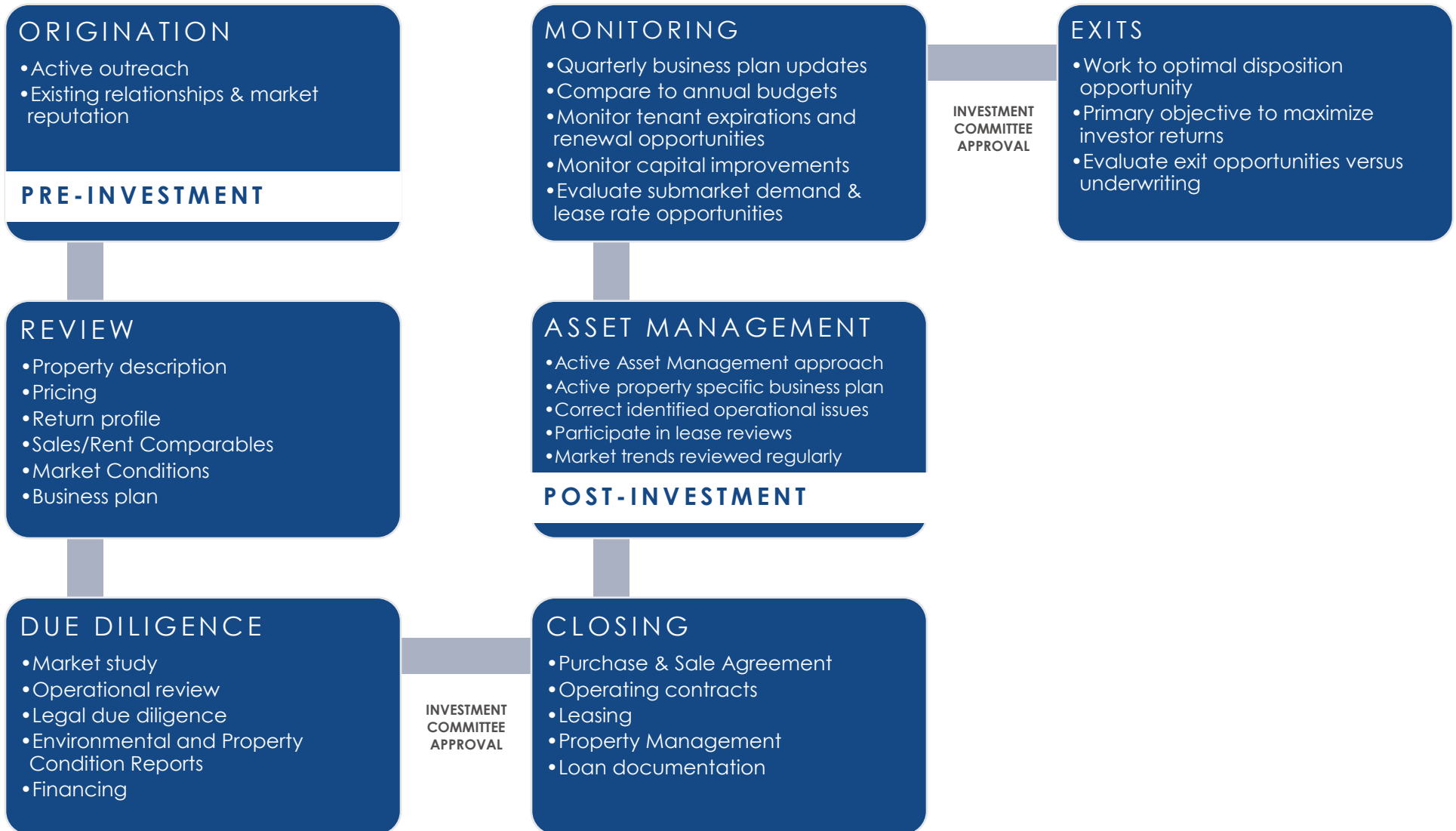
### Asset Management

Seek to create Alpha at the property level through active asset management and savings realized through improved efficiencies and stronger leasing initiatives.

### Exit Strategy

Seek to stabilize and reposition assets over an average of 3-5 years and sell to institutional and local real estate investors focused on steady cash yield.

## INVESTMENT PROCESS



## SENIOR MANAGEMENT – INVESTMENT COMMITTEE

### W. Stephen Hagenbuckle – Founder and Managing Partner

Mr. Hagenbuckle is the founder and managing partner of TerraCap Management. He has been a successful developer, builder, and investor in commercial real estate since July 1996. Since that time, he has participated in over \$3 Billion of transactions across major commercial real estate property types. His transaction experience ranges from being a private principal investor to private equity multi-fund sponsor and investment manager covering major property types.

He was a founding shareholder of commercial bank Landmark Bank N.A. and Giantbank.com of Fort Lauderdale and was a Board Member and Secretary of the bank for 10 years (beginning in the summer of 2000 until 2010).

In the 1990s, he co-founded and sold multiple technology companies to both public and private entities. These companies include Techware Consulting, a technical consulting firm, from December 1995 to November 1997 (sold to CBR NYSE); Orus Information Services, a technical consulting firm, from January 1999 to February 2003; Collegiate Images, a sports media digitization, protection, policing and resale company, from August 2000 to October 2008 (sold to XOS); and LandmarkBank, N.A./GiantBank.com, a commercial banking – internet banking business, from 2000 to 2017 (sold to HOMB NASDAQ).

Mr. Hagenbuckle has been a guest on CNBC, Bloomberg TV and Fox where he has discussed real estate market trends and opportunities, along with US banking. He has lectured at multiple universities at the graduate and undergraduate levels. Mr. Hagenbuckle is a Florida native who grew up in the Naples, Florida area and is a graduate of the College of Business from the University of Florida.

Mr. Hagenbuckle has been a licensed Florida Real Estate Broker since July 2007, a member of the National Association of Realtors since January 2004, has been an active member of ICSC since 2012, and a member of ULI since 2006. He and TerraCap Management, LLC are two-time recipients (2015 and 2016) of the Gator 100 Award, for the fastest growing active companies founded by University of Florida Alumni. Mr. Hagenbuckle is on the University of Florida National Foundation Board as well as the Executive Board and Chairman's Circle at the Bergstrom Center for Real Estate Studies at the University of Florida.



## Albert S. Livingston – National Director of Asset Management, Partner

Albert Livingston, Director of Asset Management, joined the Investment Manager in 2013 and is responsible for maximizing the value, through oversight of asset management, of TerraCap's portfolio. Mr. Livingston is responsible for establishing management operations in expansion markets and provides support to the acquisition team's efforts. Mr. Livingston has over 20 years' experience in acquisitions, financing, development, redevelopment, land entitlement, design, permitting, asset management, and dispositions of commercial real estate throughout the Southeast and Midwest. In this capacity, Mr. Livingston has managed in excess of \$1 billion in acquisitions and dispositions, and over 3 million square feet of ground up development and redevelopment. Mr. Livingston developed a foundation in real estate as a civil/environmental engineer and has worked for a variety of domestic and international private equity and institutional investment groups, including Daniel Corporation, Taurus Investment Holdings, and HDG Mansur. Mr. Livingston holds a Bachelor of Engineering in Civil Engineering from Vanderbilt University (May 1995) and a Master's in Real Estate Finance from the University of Florida (August 2000). Additionally, he is a Certified Commercial Investment Member (CCIM) designee (October 2002), a licensed professional engineer (May 2001), a Leadership in Energy and Environmental Design Accredited Professional (LEED AP) (August 2006), a licensed realtor in the State of Florida has taught several courses at the University of Central Florida and the University of Alabama as an adjunct professor, and is on the Editorial Review Board for the Commercial Investment Real Estate magazine.



## Matt Stewart – Director of Asset Management, Partner

Matt Stewart, Director of Asset Management for Georgia, is currently responsible for a portfolio of 2.5 million square feet of office and 1.2 million square feet of multi-family assets for the Investment Manager. Mr. Stewart has 25 years of experience in accounting, asset management, underwriting, valuation, mortgage finance, acquisitions, and dispositions of all types of commercial real estate assets nationwide for institutional investors. Prior to joining the Investment Manager in 2017, Mr. Stewart spent 11 years at Trimont Real Estate Advisors managing large complex assets and leading teams of asset managers responsible for the management and resolution of over \$3 billion of commercial real estate assets. Mr. Stewart began his career with BDO Siedman, Ernst and Young, Cornerstone Properties REIT, Ginn Development Company, and Prudential learning the fundamentals of commercial real estate accounting, finance, valuation, land development, brokerage, acquisitions, asset management, and dispositions. Mr. Stewart earned a Master of Accounting and Bachelor of Science in Business Administration from The University of North Carolina at Chapel Hill and earned his CPA license in 1996.



## Stephen E. Good – National Director of Acquisitions, Partner

In his role as Director of Acquisitions, Stephen Good is responsible for the sourcing, underwriting, financing, structuring, and closing of commercial acquisitions in accordance with the Investment Manager's overall investment criteria. Mr. Good is an experienced real estate professional with expertise in development, asset management, construction management, acquisition/disposition, debt financing, leasing strategies, financial reporting and operations and has overseen over six million square feet of assets during his career. Mr. Good has managed portfolios of retail, office, multi-family, hotel, land and self-storage asset types. He has also been involved in successful turn-around roles of distressed assets in foreclosure or receivership. Since joining TerraCap in 2012, Mr. Good has over \$2 billion dollars in transaction volume and has overseen management of 10 million square feet of assets. In addition, he has helped secure over \$700 million dollars in debt origination for acquisitions or refinancing.

Prior to joining the Investment Manager, Mr. Good was a Senior Vice President with NAI Hallmark Partners in Jacksonville, Florida, a commercial real estate management and development firm. His previous roles with publicly-traded real estate investment trusts have included serving the executive team as a Financial Analyst for U Store It (NYSE: CUBE) and Developers Diversified Realty (NYSE: DDR) as a Property Accountant from July 2004 to July 2007. Mr. Good graduated from Kent State University with a Bachelor of Science in Business Administration in June 2004 with a focus on Corporate Finance and is a licensed realtor in the State of Florida. Mr. Good is also a veteran of the United States Army (1995-1998), serving as an Infantry Rifleman for the historic 7th Cavalry Regiment, while attached to the 1st Cavalry Division.



## Matthew Hart, CFA® – Director of Investment Analytics, Partner

Matthew Hart, CFA®, Director of Investment Analytics, joined TerraCap in July 2014 as Financial Analyst after working as an Asset Management/Accounting Intern with TerraCap in the previous summer. He is responsible for the research and underwriting of potential assets, and coordinates with lenders to provide financing for purchases, assists with the closing of acquisitions and dispositions, tracks and maintains the data of owned properties, and supervises the creation of the quarterly business plans for each asset. Mr. Hart has supervised over \$900 million in acquisitions and dispositions of office, flex/industrial, hotel, and multifamily properties since joining the Investment Manager in 2014. He has also coordinated the closings of over \$500 million in debt financing for those acquisitions. Mr. Hart received his Bachelor of Science in Business Administration from the University of Florida with a concentration in Finance and a Minor in Accounting. The CFA designation is globally recognized and attests to a charterholder's success in a rigorous and comprehensive study program in the field of investment management and research analysis.



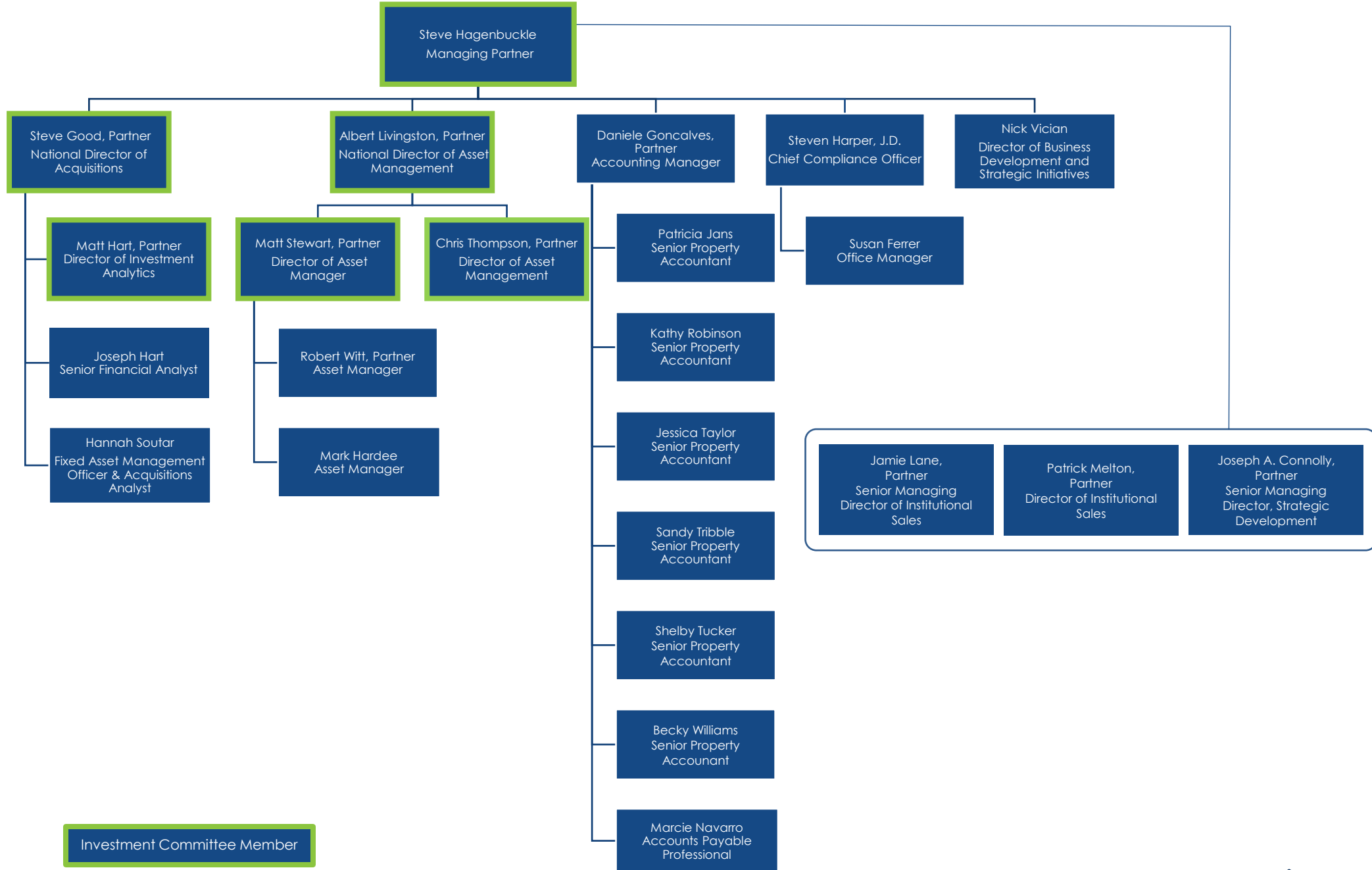
## Chris Thompson, Director of Asset Management, Partner

Chris Thompson, Director of Asset Management, is responsible for the leasing and strategic management of assets located in Colorado, Texas, and Arizona. Mr. Thompson oversees a portfolio of 1.7 million square feet of office and opened the TerraCap Denver Office in June 2020. Mr. Thompson also oversees TerraCap's Insurance Policies and Annual Property Appraisals. Chris joined TerraCap in February 2016 as a Financial Analyst where he provided support to the National Director of Asset Management. Chris has over 10 years of real estate industry experience, which includes working with real estate developers and a publicly traded financial institution.

Prior to joining TerraCap, Chris worked at The Kolter Group and Raymond James Tax Credit Funds where he was responsible for financial analysis, modeling and budgeting, debt origination, reviewing due diligence, analyzing market data, and providing investment analysis. In these roles, Chris participated in over 30 transactions that led to the placement of \$300 million in equity capital.

Chris has earned three degrees from the University of Florida: Master in Business Administration (2016), Master of Science in Management (2009), and Bachelor of Science in Construction Management (2008). He is also involved in Urban Land Institute, Society of Real Estate Professionals, and the University of Florida's Bergstrom Council.







## CONTACT INFORMATION

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[www.TerraCapMgmt.com](http://www.TerraCapMgmt.com)

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239.540.2002**

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Tampa, FL 33634

### Atlanta Office

2970 Clairmont Road, Suite 350  
Brookhaven, GA 30329

### Denver Office

3900 E. Mexico Ave., Suite 612  
Denver, CO 80210

TerraCap is a member and supporter of the following state organizations:



## IMPORTANT DISCLOSURES

This information is for illustration and discussion purposes only. It is not intended to be, nor should it be construed or used as investment, tax, or financial advice, any recommendation, or an offer to sell, or a solicitation of any offer to buy, an interest in any security, including an interest in TerraCap Partners V (HNW) LP and TerraCap Partners V (Institutional) LP collectively, ("Fund V") or in any other fund managed or advised by TerraCap Management, LLC or its affiliates ("TerraCap"). Any offer or solicitation of an investment may be made only by delivery of Fund V's confidential offering documents (collectively, the "Offering Documents") to qualified investors. The Offering Documents contain additional information, including information regarding certain risks of investing which are material to any decision to invest in Fund V. Prospective investors should review carefully and rely solely on the Offering Documents and should consult with their tax, legal, ERISA, and financial advisors before making any investment decision. An investment in Fund V is not suitable for all prospective investors.

Past performance of other funds managed by TerraCap or its affiliates is not indicative of future results. The performance reflected herein and the performance for any given investor may differ due to various factors including, without limitation, the timing of subscriptions and applicable management fees and performance-based compensation. No representation is made that Fund V will or is likely to achieve its objectives, that TerraCap's investment process or risk management will be successful, or that an investor in Fund V will or is likely to achieve results comparable to those shown or will make any profit or will not suffer losses or loss of principal. An investment in Fund V involves risks, as disclosed in the Offering Documents including the risk of complete loss. Fund V is an unregistered private investment fund that plans to invest in value-add real estate acquisitions in the South Atlantic, West Central South, and West Mountain regions of the United States, and is not subject to the same regulatory requirements as mutual funds, including requirements to provide certain periodic and standardized pricing and valuation information to investors.

### Other Considerations:

As of the date of this Presentation, we continue to track the outbreak of the coronavirus ("COVID-19"), which the world health organization has declared to constitute a "public health emergency of international concern." The outbreak of COVID-19 has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity, debt, derivatives and commodities markets. For this reason, among others, as COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. In particular, recipients should note that the performance information presented herein should not be relied upon.

This document contains a preliminary summary of the purpose and principal business terms of Fund V; this summary does not purport to be complete and is qualified in its entirety by reference to the more detailed discussions to be contained in the Offering Documents. TerraCap has the ability in its sole discretion to change the strategies described herein.

The specific terms of an investment in Fund V are subject to the Offering Documents. Such terms may change from the time you receive these materials and the time you receive the Offering Documents.

No information is warranted by TerraCap or its affiliates or subsidiaries as to completeness or accuracy, express or implied, and is subject to change without notice. This document contains forward-looking statements, including observations about markets and industry and regulatory trends as of the original date of this document. Forward-looking statements may be identified by, among other things, the use of words such as "expects," "anticipates," "believes," or "estimates," or the negatives of these terms, and similar expressions. Forward-looking statements reflect TerraCap's views as of such date with respect to possible future events. Actual results could differ materially from those in the forward-looking statements as a result of factors beyond Fund V's control. Investors are cautioned not to place undue reliance on such statements. No party has an obligation to update any of the forward-looking statements in this document.

Charts, tables and graphs contained in this document are not intended to be used to assist the reader in determining which securities to buy or sell or when to buy or sell securities.

Investments are selected by, and will vary in the discretion of, TerraCap and are subject to availability and market conditions, among other factors. Portfolio information and characteristics of potential investments discussed may not be fully indicative of any future portfolios.

Return targets or objectives, if any, are used for measurement or comparison purposes and only as a guideline for prospective investors to evaluate a particular investment program's investment strategy and accompanying information. Targeted returns reflect subjective determinations by TerraCap based on a variety of factors, including, among others, internal modeling, investment strategy, prior performance of similar products (if any), volatility measures, risk tolerance and market conditions. Performance may fluctuate, especially over short periods. Targeted returns should be evaluated over the time period indicated and not over shorter periods. Inflationary trends, competition, and the supply of and demand for property investments in the target markets, interest rate levels, the availability of financing, potential environmental liability and other risks associated with the ownership, development and acquisition of property, including risks that tenants will not take or remain in occupancy or pay rent, changes in the legal or regulatory environment,

or that construction or management costs may be greater than anticipated. Targeted returns are not intended to be actual performance and should not be relied upon as an indication of actual or future performance.

Any statements regarding future events constitute only subjective views, are based upon expectations or beliefs, should not be relied on, are subject to change due to a variety of factors, including fluctuating market conditions, and involve inherent risks and uncertainties, both general and specific, many of which cannot be predicted or quantified and are beyond TerraCap's or Fund V's control. Future evidence and actual results could differ materially from those set forth in, contemplated by, or underlying these statements. In light of these risks and uncertainties, there can be no assurance that these statements are now or will prove to be accurate or complete in any way.

All performance results contained in this packet presentation are Net IRRs. See Part 2 of TerraCap's Form ADV for a complete description of the fees and expenses customarily charged by TerraCap. Please note that fees paid by Fund V to affiliates of TerraCap are not deducted from TerraCap's management fees.

This material is as of the date indicated, is not complete, is subject to change and does not contain material information regarding an investment in Fund V, including related risk disclosures. No representation is made with respect to the accuracy, completeness or timeliness of information and TerraCap assumes no obligation to update or revise such information. Certain information has been provided by and/or is based on third party sources and, although believed to be reliable, has not been independently verified and TerraCap is not responsible for third-party errors.

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Notes to Funds II, III, IV and V Related Portfolio Information. The portfolio detail and other information shown on pages [15-18] relates to TerraCap Partners II (TerraCap Partners II (Institutional) LP and TerraCap Partners II (HNW) LP, which invest pari passu) ("Fund II") as well as TerraCap Partners III (TerraCap Partners III (Institutional) LP and TerraCap Partners III (HNW) LP, which invest pari passu) ("Fund III"), TerraCap Partners IV (TerraCap Partners IV (Institutional) LP and TerraCap Partners IV (HNW) LP, which invest pari passu) ("Fund IV") and TerraCap Partners V (TerraCap Partners V (Institutional) LP and TerraCap Partners V (HNW) LP, which invest pari passu) ("Fund V"), private funds advised by TerraCap that make value-add investments in real estate and real estate-backed assets, primarily in the South Atlantic, West Central South, and West Mountain regions of the United States. The information shown about Funds II, III, IV and V are being provided for illustrative and information purposes only and should not be relied upon and do not represent and are not indicative of, Fund V's actual or future performance or the results that may be achieved by an investor in Fund V. There are material differences between Funds II, III, IV and Fund V, including with respect to their respective investment strategies and the material terms of the offering of their interests. A decision to invest in Fund V should not be based on the information presented regarding Funds II, III and IV. Past performance is not indicative of future results.

Information regarding related funds such as the information regarding Funds II, III and IV have inherent limitations, some of which are described below. One limitation is that the information shown does not reflect Fund V's actual portfolio and therefore does not reflect the impact that economic and market factors, including lack of liquidity or market disruptions, may have on investment decisions made for Fund V. There may be differences between Funds II, III and IV and the actual results that Fund V may achieve. There also may be a material difference between the amount of Fund V's assets at any time and the amount of assets managed in Funds II, III and IV, which difference may have an impact on the management of Fund V. No representation is made that Fund V would have built a similar portfolio as Funds II, III and IV had Fund V been in existence during such time, or that Fund V will maintain such investment strategy in the future; TerraCap will implement a strategy for Fund V that is materially different from Funds II, III and IV, and make different investments, or have Fund V invest in investments that it did not choose to have Funds II, III and IV invest in, or vice versa. To the extent of the material differences between TerraCap's management of Fund V and its management of Funds II, III and IV, the information shown herein is no longer as representative and its illustration value will decrease substantially.

Robert Gray, Non-Participating Owner. Robert Gray owns an interest in TerraCap and devotes a portion of his business time and attention to oversight of TerraCap's activities in respect of Fund II and Fund III. Mr. Gray will not devote any time or attention to Fund V, or to the oversight of TerraCap activities in respect of Fund V, and he otherwise will not be involved with Fund V. TerraCap believes that Mr. Gray's non-involvement with Fund V will not have a material negative impact on Fund V.

Primary Gateway Core Markets – Primary Gateway Core Markets are defined on a multitude of factors. Industry leaders generally consider these markets to include New York, Los Angeles, Chicago, San Francisco, Boston, and DC and are centers of commerce and population.

Independent 3rd Party evaluations of performance – Where and when appropriate, TerraCap may seek out a non-affiliated third party to evaluate TerraCap's performance against major industry indices such as the NCREIF PROPERTY INDEX and the RUSSELL 3000 INDEX.

NCREIF PROPERTY INDEX - The NCREIF Property Index is a quarterly time series composite total rate of return measure of investment performance of a very large pool of individual commercial real estate properties acquired in the private market for investment purposes only. All properties in the NPI have been acquired, at least in part, on behalf of tax-exempt institutional investors - the great majority being pension funds. As such, all properties are held in a fiduciary environment.

THE RETURN INFORMATION IN THIS INVESTMENT SUMMARY IS BASED IN PART ON CERTAIN ASSUMPTIONS, INCLUDING CASH FLOW PROJECTIONS THAT ARE SPECULATIVE IN NATURE, ARE UNAUDITED, MAY NOT REFLECT THE AMOUNTS THAT WILL ULTIMATELY BE RECEIVED BY INVESTORS, AND MAY DIFFER FROM CASH FLOW PROJECTIONS THAT WOULD HAVE RESULTED FROM AN INDEPENDENT EVALUATION OF THESE INVESTMENTS. PAST OR PROJECTED PERFORMANCE IS NOT NECESSARILY INDICATIVE OF FUTURE RESULTS AND AN INVESTMENT IN FUND V MAY RESULT IN A PARTIAL OR TOTAL LOSS OF CAPITAL. CERTAIN INVESTMENTS ARE UNDERGOING OR HAVE PLANNED RENOVATIONS THE COSTS OF WHICH ARE NOT FINAL AND WHICH COSTS MAY CHANGE FROM THE AMOUNTS SUMMARIZED IN THIS SUPPLEMENT AND COULD ALTER PROJECTED INVESTMENT RETURNS AS SHOWN HERE OR OTHERWISE PRESENTED TO PROSPECTIVE INVESTORS. DETAILED PERFORMANCE INFORMATION IS ALSO AVAILABLE UPON REQUEST.

Certain Performance-Related Notes:

Fund I is excluded from this presentation as this fund was comprised solely of land investments, which materially differs from the Fund II, III, IV, and V strategy and as such is not representative of current TerraCap strategies.

Net returns (IRRs and EMs) for Funds II, III and IV include a 100% return of capital. This includes the return of Capital Contributions with respect to asset-level Operating Expenses, Organizational Expenses, and Management Fees. Net returns project the impact of TerraCap's promote on an asset-by-asset basis and excludes fund-level expenses. IRRs are presented NET of carried interest fees.

Gross IRRs - With regards to gross returns presented under TerraCap Performance vs. Public Market Equivalents, gross Limited Partner returns are calculated by taking the aggregate of the Limited Partners' cash flows (including all contributions and distributions) and their current value, and then calculating an IRR based on those cash flows. The performance figures do not reflect the deduction of investment advisory fees; the client's return will be reduced by the advisory fees and any other expenses it may incur in the management of its investment advisory account, however, the management fee is returned before carried interest is distributed; the investment advisory fees are described in Part 2 of TerraCap's Form ADV.

Fund V target net returns reflect the waterfall schedule in the TerraCap Partners V LP – Summary of Key Terms in the Appendix.

Fund level IRR – takes into consideration the dates of all capital calls, all distributions, and the NAV of the fund as of the most recently audited financials. This provides returns as of a particular date for the entire fund.

Property level IRR table – this shows realized IRRs plus projected IRRs for properties that have not sold and takes the weighted average of the two. This provides projected property level returns.

Investor IRR – uses a specific investor's actual cash flows, and the NAV as of the most recently available audited financials. Each investor's cash flows may vary based on the date of their capital contributions to the fund. As an example, an investor that came into the fund earlier might have a lower IRR than one that came in later in the fund life. This shows returns as of a particular date for a particular investor.

NCREIF Property Index PME (Public Market Equivalent): utilizing the NCREIF Property Index, a real estate market index that tracks the unlevered, U.S. property level returns of operating apartment, hotel, industrial, office, and retail properties, the PME represents if an investor made the same contributions and withdrawals into a portfolio that tracks the returns of the NCREIF Property Index during the same time period as they did into the respective TerraCap fund while utilizing the same leverage as that respective TerraCap fund and what the resulting levered IRR is over that time period.

CapEx Efficiency: represents for every \$1 spent on capital improvements, what percentage of that capital was added to the NOI of the fund. So, for every \$1,000,000 spent on capital improvements in TerraCap II, \$640,000 in NOI was created.

Direct Alpha Weighted by Capital Call: weighted average calculation of the IRR Direct Alpha weighted by the total capital called in each fund.

Direct Alpha Weighted by NAV: weighted average calculation of the IRR Direct Alpha weighted by the total quarterly Net Asset Value of each fund over the course of their respective fund life.

## Closed-End Fund Cash Flow

(US \$)

Firm Name TerraCap Management LLC  
Fund Name TerraCap Partners II LP  
Fund Vintage Year 2012

Current RVPI Multiple, Gross	0.11x
Current TVPI Multiple, Gross	1.69x
Current DPI Multiple, Gross	1.58x
Current Investor IRR, Gross	14.88%

Date	Capital Called from Fund Limited Partners (Including Mgmt and Other Fees)	Distributions, Net to Fund Limited Partners	Reported Fund Net Asset Value (1)	Embedded Carry Based on Current Reported Value (2)	Total Cash Flow to Fund Limited Partners
12/31/2011	(5,000,000)	0	4,958,245	NA	(5,000,000)
3/31/2012	(2,800,000)	0	7,092,311	NA	(2,800,000)
6/30/2012	(8,194,096)	0	14,904,113	NA	(8,194,096)
9/30/2012	(7,137,800)	0	29,580,359	NA	(7,137,800)
12/31/2012	(6,041,700)	0	52,364,121	NA	(6,041,700)
3/31/2013	(5,254,240)	0	62,040,573	NA	(5,254,240)
6/30/2013	(16,936,500)	0	77,965,172	NA	(16,936,500)
9/30/2013	(19,473,836)	0	117,357,959	NA	(19,473,836)
12/31/2013	(6,905,914)	0	123,258,420	NA	(6,905,914)
3/31/2014	(24,255,914)	14,545,715	106,407,089	NA	(9,710,199)
6/30/2014	0	682,796	100,024,759	NA	682,796
9/30/2014	0	0	103,913,914	NA	0
12/31/2014	0	11,474,614	125,802,474	NA	11,474,614
3/31/2015	0	1,500,000	123,226,526	NA	1,500,000
6/30/2015	0	18,865,000	97,329,047	NA	18,865,000
9/30/2015	0	0	95,830,607	NA	0
12/31/2015	0	6,940,000	105,661,831	NA	6,940,000
3/31/2016	0	3,500,000	102,512,323	NA	3,500,000
6/30/2016	0	2,700,000	98,882,841	NA	2,700,000
9/30/2016	0	0	97,638,249	NA	0
12/31/2016	0	3,300,000	114,901,715	NA	3,300,000
3/31/2017	0	0	114,620,415	NA	0
6/30/2017	0	0	114,990,617	NA	0
9/30/2017	0	4,537,000	131,031,152	NA	4,537,000
12/31/2017	0	28,055,000	88,519,002	NA	28,055,000
3/31/2018	0	23,840,000	64,479,229	NA	23,840,000
6/30/2018	0	29,300,000	20,255,230	NA	29,300,000
9/30/2018	0	0		NA	0
12/31/2018	0	5,500,000	16,442,898	NA	5,500,000
3/31/2019	0	3,250,000	16,122,604	NA	3,250,000
6/30/2019	0	700,000	15,283,571	NA	700,000
9/30/2019	0	500,000	14,867,639	NA	500,000
12/31/2019	0	0	16,069,582	NA	0
3/31/2020	0	0	16,124,226	NA	0
6/30/2020	0	0	16,129,898	NA	0
9/30/2020	0	0	15,935,832	NA	0
12/31/2020	0	0	15,686,522	NA	0
3/31/2021	0	1,600,000	14,182,110	NA	1,600,000
6/30/2021	0	0	13,080,089	NA	0
9/30/2021	0	0	11,341,376	NA	11,341,376
<b>Total</b>	<b>(\$102,000,000)</b>	<b>\$160,790,125</b>	<b>\$11,341,376</b>	<b>\$0</b>	<b>\$70,131,501</b>

(1) Appraised value (when available, or cost if appraised value not available) of remaining assets, less liabilities. GP reserves the right to evaluate the appraised values versus other market data and give an estimated value.

(2) Please enter any embedded carry based on the current reported value for fund investments.

## Closed-End Fund Cash Flow

(US \$)

Firm Name TerraCap Management LLC  
Fund Name TerraCap Partners II LP  
Fund Vintage Year 2012

Current RVPI Multiple, Net	0.11x
Current TVPI Multiple, Net	1.55x
Current DPI Multiple, Net	1.46x
Current Investor IRR, Net	12.31%

Date	Capital Called from Fund Limited Partners (Including Mgmt and Other Fees)	Distributions, Net to Fund Limited Partners	Reported Fund Net Asset Value (1)	Embedded Carry Based on Current Reported Value (2)	Total Cash Flow to Fund Limited Partners
12/31/2011	(5,000,000)	0	4,958,245	NA	(5,000,000)
3/31/2012	(2,800,000)	0	7,092,311	NA	(2,800,000)
6/30/2012	(8,194,096)	0	14,904,113	NA	(8,194,096)
9/30/2012	(7,137,800)	0	29,580,359	NA	(7,137,800)
12/31/2012	(6,041,700)	0	52,364,121	NA	(6,041,700)
3/31/2013	(5,254,240)	0	62,040,573	NA	(5,254,240)
6/30/2013	(16,936,500)	0	77,965,172	NA	(16,936,500)
9/30/2013	(19,473,836)	0	117,357,959	NA	(19,473,836)
12/31/2013	(6,905,914)	0	123,258,420	NA	(6,905,914)
3/31/2014	(24,255,914)	14,545,715	106,407,089	NA	(9,710,199)
6/30/2014	0	682,796	100,024,759	NA	682,796
9/30/2014	0	0	103,913,914	NA	0
12/31/2014	0	10,054,382	125,802,474	NA	10,054,382
3/31/2015	0	1,375,819	123,226,526	NA	1,375,819
6/30/2015	0	16,807,396	97,329,047	NA	16,807,396
9/30/2015	0	0	95,830,607	NA	0
12/31/2015	0	6,055,695	105,661,831	NA	6,055,695
3/31/2016	0	3,096,046	102,512,323	NA	3,096,046
6/30/2016	0	2,581,837	98,882,841	NA	2,581,837
9/30/2016	0	0	97,638,249	NA	0
12/31/2016	0	3,253,994	114,901,715	NA	3,253,994
3/31/2017	0	0	114,620,415	NA	0
6/30/2017	0	0	114,990,617	NA	0
9/30/2017	0	4,526,592	131,031,152	NA	4,526,592
12/31/2017	0	25,485,097	88,519,002	NA	25,485,097
3/31/2018	0	22,261,919	64,479,229	NA	22,261,919
6/30/2018	0	28,186,336	20,255,230	NA	28,186,336
9/30/2018	0	0	NA	NA	0
12/31/2018	0	4,762,094	16,442,898	NA	4,762,094
3/31/2019	0	2,600,000	16,122,604	NA	2,600,000
6/30/2019	0	560,000	15,283,571	NA	560,000
9/30/2019	0	459,000	14,867,639	NA	459,000
12/31/2019	0	0	16,069,582	NA	0
3/31/2020	0	0	16,124,226	NA	0
6/30/2020	0	0	16,129,898	NA	0
9/30/2020	0	0	15,935,832	NA	0
12/31/2020	0	0	15,686,522	NA	0
3/31/2021	0	1,337,142	14,182,110	NA	1,337,142
6/30/2021	0	0	13,080,089	NA	0
9/30/2021	0	0	11,341,376	(1,864,213)	9,477,163
<b>Total</b>	<b>(\$102,000,000)</b>	<b>\$148,631,860</b>	<b>\$11,341,376</b>	<b>(\$1,864,213)</b>	<b>\$56,109,023</b>

(1) Appraised value (when available, or cost if appraised value not available) of remaining assets, less liabilities. GP reserves the right to evaluate the appraised values versus other market data and give an estimated value.

(2) Please enter any embedded carry based on the current reported value for fund investments.

## Closed-End Fund Cash Flow

(US \$)

**Firm Name** TerraCap Management LLC  
**Fund Name** TerraCap Partners III LP  
**Fund Vintage Year** 2014

<b>Current RVPI Multiple, Gross</b>	0.59x
<b>Current TVPI Multiple, Gross</b>	1.44x
<b>Current DPI Multiple, Gross</b>	0.85x
<b>Current Investor IRR, Gross</b>	9.23%

Date	Capital Called from Fund Limited Partners (Including Mgmt and Other Fees)	Distributions, Net to Fund Limited Partners	Reported Fund Net Asset Value (1)	Embedded Carry Based on Current Reported Value (2)	Total Cash Flow to Fund Limited Partners
6/30/2014	(3,506,438)	0	14,074,384	NA	(3,506,438)
9/30/2014	(10,519,312)	0	13,919,496	NA	(10,519,312)
12/31/2014	(210,500)	0	15,136,430	NA	(210,500)
3/31/2015	(5,096,499)	0	20,018,446	NA	(5,096,499)
6/30/2015	(16,776,840)	0	37,045,412	NA	(16,776,840)
9/30/2015	0	0	46,286,892	NA	0
12/31/2015	(10,120,420)	0	56,178,875	NA	(10,120,420)
3/31/2016	(45,188,069)	0	106,326,894	NA	(45,188,069)
6/30/2016	(15,542,118)	0	110,508,596	NA	(15,542,118)
9/30/2016	(3,557,291)	0	114,749,851	NA	(3,557,291)
12/31/2016	(9,482,513)	1,700,000	148,710,671	NA	(7,782,513)
3/31/2017	0	19,687,900	130,362,785	NA	19,687,900
6/30/2017	0	0	131,735,776	NA	0
9/30/2017	0	4,100,000	142,322,456	NA	4,100,000
12/31/2017	0	700,000	141,115,520	NA	700,000
3/31/2018	0	0	141,105,343	NA	0
6/30/2018	0	13,860,000	129,839,981	NA	13,860,000
9/30/2018	0	0	0	NA	0
12/31/2018	0	0	137,572,624	NA	0
3/31/2019	0	0	137,192,113	NA	0
6/30/2019	0	5,755,000	129,002,477	NA	5,755,000
9/30/2019	0	17,060,000	116,542,404	NA	17,060,000
12/31/2019	0	25,175,000	86,027,250	NA	25,175,000
3/31/2020	0	1,500,000	83,496,403	NA	1,500,000
6/30/2020	0	0	83,025,079	NA	0
9/30/2020	0	3,000,000	79,604,052	NA	3,000,000
12/31/2020	0	2,000,000	79,573,755	NA	2,000,000
3/31/2021	0	0	78,227,474	NA	0
6/30/2021	0	6,242,000	71,649,520	NA	6,242,000
9/30/2021	0	1,300,000	70,998,729	NA	72,298,729
<b>Total</b>	<b>(\$120,000,000)</b>	<b>\$102,079,900</b>	<b>\$70,998,729</b>	<b>\$0</b>	<b>\$53,078,629</b>

(1) Appraised value (when available, or cost if appraised value not available) of remaining assets, less liabilities. GP reserves the right to evaluate the appraised values versus other market data and give an estimated value.

(2) Please enter any embedded carry based on the current reported value for fund investments.



## Closed-End Fund Cash Flow

(US \$)

**Firm Name** TerraCap Management LLC  
**Fund Name** TerraCap Partners III LP  
**Fund Vintage Year** 2014

<b>Current RVPI Multiple, Net</b>	0.59x
<b>Current TVPI Multiple, Net</b>	1.44x
<b>Current DPI Multiple, Net</b>	0.83x
<b>Current Investor IRR, Net</b>	9.12%

Date	Capital Called from Fund Limited Partners (Including Mgmt and Other Fees)	Distributions, Net to Fund Limited Partners	Reported Fund Net Asset Value (1)	Embedded Carry Based on Current Reported Value (2)	Total Cash Flow to Fund Limited Partners
6/30/2014	(3,506,438)	0	14,074,384	NA	(3,506,438)
9/30/2014	(10,519,312)	0	13,919,496	NA	(10,519,312)
12/31/2014	(210,500)	0	15,136,430	NA	(210,500)
3/31/2015	(5,096,499)	0	20,018,446	NA	(5,096,499)
6/30/2015	(16,776,840)	0	37,045,412	NA	(16,776,840)
9/30/2015	0	0	46,286,892	NA	0
12/31/2015	(10,120,420)	0	56,178,875	NA	(10,120,420)
3/31/2016	(45,188,069)	0	106,326,894	NA	(45,188,069)
6/30/2016	(15,542,118)	0	110,508,596	NA	(15,542,118)
9/30/2016	(3,557,291)	0	114,749,851	NA	(3,557,291)
12/31/2016	(9,482,513)	1,700,000	148,710,671	NA	(7,782,513)
3/31/2017	0	18,470,306	130,362,785	NA	18,470,306
6/30/2017	0	0	131,735,776	NA	0
9/30/2017	0	4,100,000	142,322,456	NA	4,100,000
12/31/2017	0	700,000	141,115,520	NA	700,000
3/31/2018	0	0	141,105,343	NA	0
6/30/2018	0	13,860,000	129,839,981	NA	13,860,000
9/30/2018	0	0	0	NA	0
12/31/2018	0	0	137,572,624	NA	0
3/31/2019	0	0	137,192,113	NA	0
6/30/2019	0	5,755,000	129,002,477	NA	5,755,000
9/30/2019	0	16,691,165	116,542,404	NA	16,691,165
12/31/2019	0	24,200,636	86,027,250	NA	24,200,636
3/31/2020	0	1,500,000	83,496,403	NA	1,500,000
6/30/2020	0	0	83,025,079	NA	0
9/30/2020	0	3,000,000	79,604,052	NA	3,000,000
12/31/2020	0	1,967,314	79,573,755	NA	1,967,314
3/31/2021	0	0	78,227,474	NA	0
6/30/2021	0	6,242,000	71,649,520	NA	6,242,000
9/30/2021	0	1,300,000	70,998,729	2,552,572	74,851,301
<b>Total</b>	<b>(\$120,000,000)</b>	<b>\$99,486,421</b>	<b>\$70,998,729</b>	<b>\$2,552,572</b>	<b>\$53,037,723</b>

(1) Appraised value (when available, or cost if appraised value not available) of remaining assets, less liabilities. GP reserves the right to evaluate the appraised values versus other market data and give an estimated value.

(2) Please enter any embedded carry based on the current reported value for fund investments.

## Closed-End Fund Cash Flow

(US \$)

**Firm Name** TerraCap Management LLC  
**Fund Name** TerraCap Partners IV LP  
**Fund Vintage Year** 2017

<b>Current RVPI Multiple, Gross</b>	0.89x
<b>Current TVPI Multiple, Gross</b>	1.37x
<b>Current DPI Multiple, Gross</b>	0.48x
<b>Current Investor IRR, Gross</b>	11.98%

Date	Capital Called from Fund Limited Partners (Including Mgmt and Other Fees)	Distributions, Net to Fund Limited Partners	Reported Fund Net Asset Value (1)	Embedded Carry Based on Current Reported Value (2)	Total Cash Flow to Fund Limited Partners
4/21/2017	(27,413,431)	0		NA	(27,413,431)
6/7/2017	(13,251,569)	0		NA	(13,251,569)
9/11/2017	(39,802,450)	0		NA	(39,802,450)
10/17/2017	(4,030,000)	0		NA	(4,030,000)
2/21/2018	(34,410,000)	0		NA	(34,410,000)
3/31/2018	0	0	122,318,393	NA	0
6/30/2018	0	0	122,962,510	NA	0
9/30/2018	(20,855,625)	0	156,033,299	NA	(20,855,625)
12/31/2018	(21,237,500)	0	188,853,970	NA	(21,237,500)
3/31/2019	(36,005,850)	0	224,105,082	NA	(36,005,850)
6/30/2019	(100,662,625)	0	334,235,251	NA	(100,662,625)
9/30/2019	(13,330,950)	0	353,080,230	NA	(13,330,950)
12/31/2019	0	12,000,000	379,205,462	NA	12,000,000
3/31/2020	0	23,470,000	345,460,577	NA	23,470,000
6/30/2020	0	4,245,000	348,218,722	NA	4,245,000
9/30/2020	0	14,700,000	340,896,896	NA	14,700,000
12/31/2020	0	18,847,000	335,087,790	NA	18,847,000
3/31/2021	0	52,000,000	301,234,936	NA	52,000,000
6/30/2021	0	22,100,000	279,947,623	NA	22,100,000
9/30/2021	0	1,904,817	276,663,626	NA	278,568,443
<b>Total</b>	<b>(\$311,000,000)</b>	<b>\$149,266,817</b>	<b>\$276,663,626</b>	<b>\$0</b>	<b>\$114,930,443</b>

(1) Appraised value (when available, or cost if appraised value not available) of remaining assets, less liabilities. GP reserves the right to evaluate the appraised values versus other market data and give an estimated value.

(2) Please enter any embedded carry based on the current reported value for fund investments.

## Closed-End Fund Cash Flow

(US \$)

**Firm Name** TerraCap Management LLC  
**Fund Name** TerraCap Partners IV LP  
**Fund Vintage Year** 2017

<b>Current RVPI Multiple, Net</b>	0.89x
<b>Current TVPI Multiple, Net</b>	1.31x
<b>Current DPI Multiple, Net</b>	0.45x
<b>Current Investor IRR, Net</b>	10.27%

Date	Capital Called from Fund Limited Partners (Including Mgmt and Other Fees)	Distributions, Net to Fund Limited Partners	Reported Fund Net Asset Value (1)	Embedded Carry Based on Current Reported Value (2)	Total Cash Flow to Fund Limited Partners
4/21/2017	(27,413,431)	0	27,413,431	NA	(27,413,431)
6/7/2017	(13,251,569)	0	40,666,757	NA	(13,251,569)
9/11/2017	(39,802,450)	0	80,983,023	NA	(39,802,450)
10/17/2017	(4,030,000)	0	85,013,023	NA	(4,030,000)
2/21/2018	(34,410,000)	0	120,701,763	NA	(34,410,000)
3/31/2018	0	0	122,318,393	NA	0
6/30/2018	0	0	122,962,510	NA	0
9/30/2018	(20,855,625)	0	156,033,299	NA	(20,855,625)
12/31/2018	(21,237,500)	0	188,853,970	NA	(21,237,500)
3/31/2019	(36,005,850)	0	224,105,082	NA	(36,005,850)
6/30/2019	(100,662,625)	0	334,235,251	NA	(100,662,625)
9/30/2019	(13,330,950)	0	353,080,230	NA	(13,330,950)
12/31/2019	0	11,717,508	379,205,462	NA	11,717,508
3/31/2020	0	22,141,777	345,460,577	NA	22,141,777
6/30/2020	0	3,915,163	348,218,722	NA	3,915,163
9/30/2020	0	13,679,830	340,896,896	NA	13,679,830
12/31/2020	0	18,572,476	335,087,790	NA	18,572,476
3/31/2021	0	47,701,314	301,234,936	NA	47,701,314
6/30/2021	0	20,302,953	279,947,623	NA	20,302,953
9/30/2021	0	1,904,817	276,663,626	(8,423,848)	270,144,595
<b>Total</b>	<b>(\$311,000,000)</b>	<b>\$139,935,837</b>	<b>\$276,663,626</b>	<b>(\$8,423,848)</b>	<b>\$97,175,615</b>

(1) Appraised value (when available, or cost if appraised value not available) of remaining assets, less liabilities. GP reserves the right to evaluate the appraised values versus other market data and give an estimated value.

(2) Please enter any embedded carry based on the current reported value for fund investments.



**Firm:** PineBridge Investments LLC  
**Strategy/Product:** PineBridge Private Equity Portfolio V Preferred, LP  
**Client:** Massachusetts Water Resources Authority Employees' Retirement System

### **NEPC Manager Due Diligence Questionnaire - Update**

#### **Instructions**

In support of our upcoming meeting we ask that you please complete this due diligence questionnaire. Please provide your responses in the form of brief descriptions, lists or tables added directly to this Word document.

Thank you for taking the time to complete this questionnaire. Please note that all materials submitted in relation to MWRA Retirement System may be subject to disclosure consistent with Massachusetts Public Record laws.

#### **Firm/Organization**

##### **1. Have there been any changes in ownership or management in the past year?**

None.

##### **2. List firm AUM, net flows and accounts gained/lost for the past 5 years.**

<b>YEAR</b>	<b>AUM (in millions)</b>	<b>NET FLOWS (in millions)</b>	<b>ACCOUNTS GAINED*</b>	<b>ACCOUNTS LOST*</b>
YTD 9/30/21	141,799	14,168.6	73	38
2020	126,304	9,714.7	49	48
2019	101,284	2,756.1	66	77
2018	89,601	15,907.3	68	92
2017	85,316	456.1	66	215
2016	82,671	3,880.3	93	32

*Please note that 4Q21 data is not currently available.*

*Prior to 2020, flows were calculated using a win/loss methodology. In 2020, the firm shifted to using inflows/outflows at the portfolio level.*

*\*Accounts gained/lost represent new or closed accounts and exclude new flows to existing accounts.*

##### **3. Have there been any new or discontinued products in the past year?**

We intend to continue offering a competitive investment platform with broad capabilities to help clients achieve their investment objectives. To continue to service the demands of our clients, we plan to offer our strongest performing strategies more widely, by packaging them into local vehicles or registering existing funds in additional markets. New strategies will target situations where we see a unique opportunity to apply our capabilities to market dynamics, address market demand, or provide a custom solution to address a specific client need.

We do not have any products discontinued through January 2021 till December 2021



In the year 2021, we launched the following products:

- PineBridge High Yield CIT - 13-Jan-21
- PineBridge Quantitative Diversified Income Fund - 20-Apr-21
- PineBridge Daily Mix Open (with currency hedging) - 11-May-21
- PineBridge Daily Mix Open (with no currency hedging) - 11-May-21
- PineBridge Select Funds VCC - PineBridge Multi-Asset Fund (DA4) - 17-May-21
- PineBridge Asian High Yield Total Return Bond Fund - 21-Jun-21
- PineBridge Asia ex Japan Small Cap Genesis Fund - 15-Jul-21
- VL Global Balance Fund <JPY Hedged Course> (for Qualified Institutional Investors) - 15-Sep-21
- PineBridge ESG Quantitative Global Equity Fund - 24-Sep-21

#### **4. Are any products capacity constrained?**

PineBridge offers a range of strategies and vehicles to accommodate the varying requirements of many investors. The investment teams closely monitor capacity for their respective strategies.

We have an internal practice to identify and review potential capacity limits. The consideration is guided by analysis of the underlying strategy and evolving market conditions (liquidity, issuance, etc); there may be internal soft limit for guidance rather than a hard limit.

PineBridge's Asia ex-Japan Small Cap Equity Strategy is in the stage of a soft close, whereby, subscriptions from new investors are restricted, in order to protect current unitholders by slowing AUM growth in the Sub-Fund. Existing unitholders however, remain able to manage their existing holdings (including increases).

At this time, PineBridge does not have any other capacity constrained strategies. The investment teams closely monitor capacity for their respective strategies.

We have an internal practice to identify and review potential capacity limits. The consideration is guided by analysis of the underlying strategy and evolving market conditions (liquidity, issuance, etc); there may be internal soft limit for guidance rather than a hard limit.

The firm also manages Private Equity and Private Capital Funds which are naturally closed end funds that close to new investments, while capital is invested and deployed during the life of the fund.

#### **5. Describe any current or pending regulatory, compliance or litigation issues and the expected business impact.**

From time to time, in the normal course of its business activities, PineBridge, its affiliates, its portfolio companies, and/or their personnel have been involved in litigation, had claims made against them, or participated in regulatory inquiries with respect to such business activities. Such claims against PineBridge personnel may include claims against those individuals in their capacity as employees or as fiduciaries of other entities. To date, none of PineBridge's litigations or claims have been criminal in nature, none are considered material to the firm, and none impact PineBridge's ability to act in the best interests of its clients. It is PineBridge's policy to not comment on pending litigation, claims or inquiries.



**6. Describe your diversity, equity and inclusion efforts with regard to the firm and its employees.**

Our D&I Mission Statement is as follows: leverage a diverse and inclusive workforce with the goal of attracting, developing and retaining the best industry talent to achieve superior business results and maintain our competitiveness in the industry. Our goal is to value and leverage the unique backgrounds, talents, and perspectives that all our people bring to work. Diversity, in all its dimensions, is a cornerstone of our ability to deliver superior service to our clients.

PineBridge is an Equal Opportunity Employer. Every employee has the right to work in an environment free from all forms of discrimination. PineBridge is committed to recruiting, hiring, training and promoting into all job levels the most qualified applicants without regard to race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability, AIDS/HIV status or military service.

We are focused on integrating Diversity and Inclusion into our daily operations. We developed a Hiring Manager Recruiting Guide and New Hire Onboarding Toolkit. These two resources will help managers and employees incorporate diversity and inclusion considerations when recruiting and selecting talent into the organization, and then in helping new hires successfully integrate into our firm. All job descriptions are written with the intent of attracting diverse talent. We use a software platform that reviews job descriptions and recommends wording that is gender neutral. Training has been offered and will continue to be offered to managers, employees involved in the interviewing process and employees that will serve as buddy' for new hires to help ensure these resources and procedures are being followed.

We hold all managers accountable for ensuring that the firm's D&I and EOE policies are core to the hiring, retainment and development of all employees. A vital part of our efforts is giving our managers and employees access to relevant diversity training covering global issues like equity, racism and inclusion. In 2020, Human Resources implemented an annual firm-wide requirement that managers and employees globally complete the following three Diversity and Inclusion online courses: (1) Unconscious Bias, (2) Diversity, Inclusion, and Sensitivity, (3) Preventing Discrimination and Harassment, and (4) Modern Slavery in Supply Chains

**Portfolio Management Team**

**1. Have there been any changes in the portfolio management team in the past year?**

There have not been any changes to the key team members responsible for this Fund.

**2. Are there any expected changes to the team in the future (planned additions or departures)?**

None.

**Process**

**1. Have there been significant changes in any of the areas below in the past year?**

- **Identification of investment ideas**
- **Process for exploring and vetting ideas**



- **Portfolio trading practices including buy/sell rules**
- **Approach to portfolio monitoring and risk management**

There have been no significant changes in any of the areas above in the past year.

## Philosophy

### 1. Describe recent changes in investment philosophy, if any.

Not applicable as there have been no recent changes in the investment policy.

## Portfolio

### 1. If not included in your meeting presentation, provide portfolio holdings, sector exposure, geographic exposure and common characteristics (yield, duration, market cap, P/E, etc.).

Kindly find further details in the attached presentation, but in summary (all data as of June 30, 2021):

#### Period Ending 30 June 2021 (US \$ in millions)

Portfolio	Cumulative Contributions	Cumulative Distributions	Unrealized Value <sup>1</sup>	Total Value	Multiple	Net IRR <sup>4</sup>
U.S. Large Market LBO	124.9	181.1	33.6	214.7	1.73x	7.9%
U.S. Small-Mid Market LBO	133.9	244.7	22.9	267.5	2.01x	10.0%
U.S. Venture	43.7	90.3	12.8	103.1	2.36x	13.5%
Europe <sup>2</sup>	140.9	202.4	5.1	207.5	1.49x	5.8%
Asia	50.4	48.1	7.1	55.2	1.10x	1.4%
Preferred Participation	24.7	36.6	15.6	52.2	2.11x	11.3%
Co-Investment	52.2	50.7	3.7	54.4	1.05x	0.6%
Secondary <sup>3</sup>	20.5	27.0	1.7	28.6	1.40x	6.8%
<b>Total</b>	<b>591.2</b>	<b>883.1</b>	<b>105.7</b>	<b>988.9</b>	<b>1.67x</b>	<b>7.6%</b>
<b>Total FoF Sleeves<sup>5</sup></b>	<b>518.5</b>	<b>805.4</b>	<b>100.1</b>	<b>905.5</b>	<b>1.75x</b>	<b>8.2%</b>

<sup>1</sup> The carrying value as of 30 June 2021 are based on General Partners' ("GP") unaudited valuations as of 30 June 2021.

<sup>2</sup> This assumes that the cash flows and NAV of PEP V Europe, L.P. were converted to USD using the spot rate as of 30 June 2021. This sleeve is actually denominated in EUR.

<sup>3</sup> The PEP V Secondary sleeve is a Limited Partner ("LP") in PineBridge Secondary Partners II, L.P. ("PSP II").

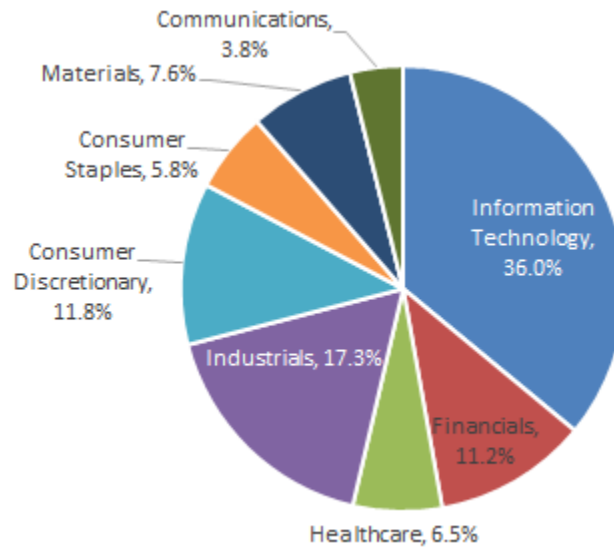
<sup>4</sup> Since inception Net IRRs have been calculated to reflect all fees and expenses including management and incentive fees.

<sup>5</sup> Includes all primary fund of funds sleeves, excludes Co-Investment and Secondaries

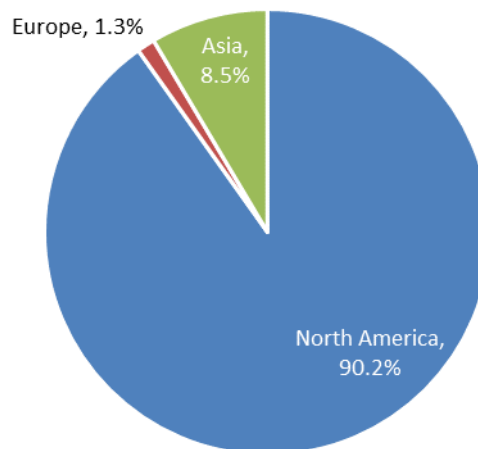
Past performance is not indicative of future results. For illustrative purposes only. We are not recommending or soliciting any action based upon this material. There is no assurance that any security shown is held in a portfolio. Data includes information provided by underlying fund managers that may be unaudited and may not have not been independently verified by PineBridge Investments. The performance information presented herein reflects unrealized values as well as realized proceeds, and actual results ultimately realized may vary significantly from the information presented. See Endnotes.

The PEP V fund of fund sleeves are well diversified, with information technology, industrials, consumer discretionary, and financial services as most significant exposures:





Most of the remaining exposure across the PEP V partnerships resides in North America:



**2. List strategy AUM, net flows and accounts gained/lost for the past 5 years.**

PEP V is a closed ended Fund and therefore does not win or lose assets. NAV declines naturally as distributions come back. Please refer to the following table for an overview:



	PEP V Asia, L.P.	PEP V Co-Investment, L.P.	PEP V Large Market U.S. Buyout, L.P.	PEP V Preferred Participation, L.P.	PEP V Secondary, L.P.	PEP V Small-mid Market U.S. Buyout, L.P.	PEP V U.S. Venture, L.P.	PEP V Europe, L.P.
June 30, 2021	\$ 7,356,381	\$ 3,906,327	\$ 34,966,974	\$ 15,626,754	\$ 1,737,091	\$ 24,401,938	\$ 12,755,636	€ 4,973,826
2020	\$ 7,631,179	\$ 3,520,156	\$ 30,474,364	\$ 15,710,386	\$ 1,682,997	\$ 22,202,865	\$ 12,677,972	€ 7,631,179
2019	\$ 10,300,058	\$ 5,388,855	\$ 29,721,234	\$ 118,773,843	\$ 1,844,513	\$ 29,618,108	\$ 12,339,614	€ 27,296,558
2018	\$ 17,575,479	\$ 5,319,474	\$ 39,143,318	\$ 12,565,026	\$ 2,853,946	\$ 45,861,520	\$ 20,829,678	€ 29,513,571
2017	\$ 26,656,844	\$ 9,255,699	\$ 42,765,904	\$ 16,592,261	\$ 5,782,910	\$ 82,861,340	\$ 27,235,792	€ 50,825,110
2016	\$ 30,063,594	\$ 10,585,552	\$ 49,464,340	\$ 16,990,392	\$ 6,226,772	\$ 110,453,473	\$ 30,900,855	€ 56,873,891

**3. Describe investor concentration for the strategy and note the percent of AUM attributable to the top five investors.**

PEP V is a closed ended Fund and therefore does not win or lose assets. NAV declines naturally as distributions come back. That being said, the top five investors comprise approximately 70% of PEP V.

**Performance / Market Outlook**

**1. If not included in your meeting presentation, provide trailing returns as of the most recent quarter-end and calendar year returns for the past 10 years, both relative to benchmark.**

This is not relevant for private equity, intended for perhaps a more liquid equity/fixed income strategy.

**2. Briefly discuss recent performance trends and identify environments in which the strategy is likely to be in or out of favor.**

Over the past twelve months, PEP V's unrealized portfolio benefitted from a strong recover trend following the difficult first half of 2020. The rebound was particularly strong in sleeves with more meaningful public exposure, with the US Large Market sleeve and the Venture Capital portfolio benefitting the most. Adverse foreign exchange rate movements among others continued to present a challenge for the Asia LBO sleeve.

After a prolonged period with limited liquidity from the portfolio due to the impact of Covid-19, distribution levels picked up again during the year. This enabled PEP V to make another meaningful distribution of more than \$50 million to its investors in December 2021.

**3. Describe your market outlook and how strategy positioning is impacted by your views.**

PEP V is deeply into its harvesting period with a DPI of 1.5x as of June 30, 2021. The impact of a the Covid-19 pandemic on the program's overall performance remained limited. The remaining exposure in several sleeves is highly concentrated, making future portfolio developments strongly dependent on individual company characteristics. The portfolio appears well positioned to further capitalize on the currently rather favorable exit environment.

**4. Could you please include a slide in your presentation that sows the MWRA's account history, initial contribution, cumulative subsequent contributions, cumulative subsequent distributions, gain/loss and current value.**



Please find the slide in the attached presentation **“Attachment PEP V - Update MWRA - January 2022”**.



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Updated 4 January 2022

January 2022



# PineBridge Private Equity Portfolio V

Update to  
MWRA

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# Agenda

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**Introduction and Overview**

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**Sleeve Summaries**

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**Conclusion and Outlook**

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**Appendix**

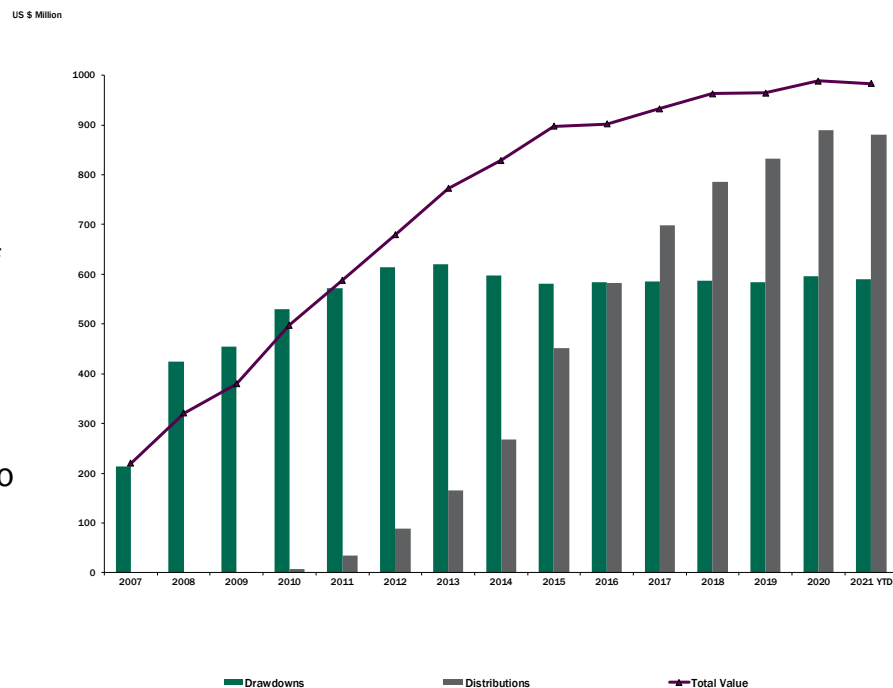
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# Introduction and Overview

# Summary

- Final closing in December 2008 on \$784 million; \$18 million thereof were released as of January 1, 2014, and approximately \$42 million were released as of January 1, 2017
- Committed \$735 million<sup>1</sup> to:
  - 60 primary funds (32 US LBO, 5 US VC, 23 Non-US)
  - 1 secondary fund investment totaling a commitment of \$29 million
  - 9 direct investments totaling \$48.9 million
  - 79% called (net) as of June 30, 2021<sup>2</sup>
- In H1 2020, PEP V distributed approximately \$28 million to its investors. A further meaningful distribution was completed in Q4 2021
- The portfolio is currently valued at 1.68x invested capital and has generated a net IRR of 7.6%

## PEP V at 30 June 2021



1. Based on 30 June 2021 spot rate.

2. This assumes that the cash flows and NAV of PineBridge PEP V Europe, L.P. were converted to USD using the spot rate as of 30 June 2021. This sleeve is actually denominated in EUR.

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# Performance Snapshot

**Period Ending 30 June 2021**  
(US \$ in millions)

Portfolio	Cumulative Contributions	Cumulative Distributions	Unrealized Value <sup>1</sup>	Total Value	Multiple	Net IRR <sup>4</sup>
U.S. Large Market LBO	124.9	181.1	33.6	214.7	1.73x	7.9%
U.S. Small-Mid Market LBO	133.9	244.7	22.9	267.5	2.01x	10.0%
U.S. Venture	43.7	90.3	12.8	103.1	2.36x	13.5%
Europe <sup>2</sup>	140.9	202.4	5.1	207.5	1.49x	5.8%
Asia	50.4	48.1	7.1	55.2	1.10x	1.4%
Preferred Participation	24.7	36.6	15.6	52.2	2.11x	11.3%
Co-Investment	52.2	50.7	3.7	54.4	1.05x	0.6%
Secondary <sup>3</sup>	20.5	27.0	1.7	28.6	1.40x	6.8%
<b>Total</b>	<b>591.2</b>	<b>883.1</b>	<b>105.7</b>	<b>988.9</b>	<b>1.67x</b>	<b>7.6%</b>
<b>Total FoF Sleeves<sup>5</sup></b>	<b>518.5</b>	<b>805.4</b>	<b>100.1</b>	<b>905.5</b>	<b>1.75x</b>	<b>8.2%</b>

<sup>1</sup> The carrying value as of 30 June 2021 are based on General Partners' ("GP") unaudited valuations as of 30 June 2021.

<sup>2</sup> This assumes that the cash flows and NAV of PEP V Europe, L.P. were converted to USD using the spot rate as of 30 June 2021. This sleeve is actually denominated in EUR.

<sup>3</sup> The PEP V Secondary sleeve is a Limited Partner ("LP") in PineBridge Secondary Partners II, L.P. ("PSP II").

<sup>4</sup> Since inception Net IRRs have been calculated to reflect all fees and expenses including management and incentive fees.

<sup>5</sup> Includes all primary fund of funds sleeves, excludes Co-Investment and Secondaries

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# Performance – Q2 2021 vs Q1 2021

(US \$ in millions)

As of Q2 2021 Net Results			As of Q1 2021 Net Results		Q2 Over Q1 Change	
Portfolio	Q2 2021 Cumulative Gain/(Loss)	Q2 2021 Net IRR <sup>1</sup>	Q1 2021 Cumulative Gain/(Loss)	Q1 2021 Net IRR <sup>1</sup>	Change in Cumulative Gain/(Loss)	Change in Net IRR
U.S. Large Market LBO	91.2	7.9%	\$89.8	7.9%	\$1.4	0.0%
U.S. Small-Mid Market LBO	135.2	10.0%	133.6	9.6%	1.6	0.4%
U.S. Venture	59.4	13.5%	59.4	13.6%	0.0	(0.1)%
Europe <sup>1</sup>	68.7	5.8%	68.1	5.8%	0.6	0.0%
Asia	5.1	1.4%	4.8	1.4%	0.3	0.1%
Preferred Participation	27.5	11.3%	27.5	11.4%	(0.1)	(0.1)%
Co-Investment	2.4	0.6%	2.2	0.6%	0.2	0.0%
Secondary Fund <sup>2</sup>	8.2	6.8%	8.2	6.8%	0.0	0.0%
<b>Total</b>	<b>\$397.7</b>	<b>7.6%</b>	<b>\$393.6</b>	<b>7.5%</b>	<b>\$4.1</b>	<b>0.1%</b>

<sup>1</sup> This assumes that the cash flows and NAV of PEP V Europe, L.P. were converted to USD using the spot rate as of 30 June 2021. This sleeve is actually denominated in EUR.

<sup>2</sup> The PEP V Secondary sleeve is a Limited Partner (“LP”) in PineBridge Secondary Partners II, L.P. (“PSP II”).

<sup>3</sup> Since inception Net IRRs have been calculated to reflect all fees and expenses including management and incentive fees.

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# Sleeve Summaries

# PEP V – Large Market U.S. Buyout, L.P.

**Vintages: 2005-2008**

**Total Commitments: \$155 million**

**Gross Percentage Drawn: 93.1%**

**Gross Percentage Distributed (DPI): 162.1%**

(US \$ in millions)

Date	Capital Drawn	Current Unrealized Value	Distributions	Total Value	Gain / (Loss)	Multiple of Investment
Jun-21	\$144.2	\$20.4	\$233.8	\$254.3	\$110.1	1.76x
Mar-21	\$144.2	\$27.4	\$225.3	\$252.7	\$108.5	1.75x
Dec-20	\$144.2	\$25.3	\$224.1	\$249.4	\$105.2	1.73x

**General Commentary – Meeting Expectations:** The US Large Market LBO Sleeve saw a substantial increase in value in H1 2021, mainly driven by continued realization activity and certain underlying publicly listed positions.

The carrying value for all PEP V partnerships as of 30 June 2021 is based on General Partners' ("GP") estimated and unaudited valuations as of 30 June 2021. Past performance is not indicative of future results. For illustrative purposes only. We are not recommending or soliciting any action based upon this material. There is no assurance that any security shown is held in a portfolio. Data includes information provided by underlying fund managers that may be unaudited and may not have not been independently verified by PineBridge Investments. The performance information presented herein reflects unrealized values as well as realized proceeds, and actual results ultimately realized may vary significantly from the information presented. See Endnotes.



# PEP V – Small-Mid Market U.S. Buyout, L.P.

**Vintages: 2006-2008**

**Total Commitments: \$193 million**

**Gross Percentage Drawn: 99.5%**

**Gross Percentage Distributed (DPI): 175.5%**

(US \$ in millions)

Date	Capital Drawn	Current Unrealized Value	Distributions	Total Value	Gain / (Loss)	Multiple of Investment
Jun-21	\$191.6	\$20.3	\$336.3	\$356.5	\$164.7	1.86x
Mar-21	\$191.6	\$18.8	\$335.9	\$354.7	\$163.1	1.85x
Dec-20	\$191.6	\$20.2	\$333.6	\$353.8	\$162.2	1.85x

**General Commentary – Meeting Expectations:** The US Small-mid Market LBO sleeve continued to show resilient trading with a low remaining RVPI. The fund's net multiple increased to 2.0x as of June 30, 2021.

The carrying value for all PEP V partnerships as of 30 June 2021 is based on General Partners' ("GP") estimated and unaudited valuations as of 30 June 2021. Past performance is not indicative of future results. For illustrative purposes only. We are not recommending or soliciting any action based upon this material. There is no assurance that any security shown is held in a portfolio. Data includes information provided by underlying fund managers that may be unaudited and may not have not been independently verified by PineBridge Investments. The performance information presented herein reflects unrealized values as well as realized proceeds, and actual results ultimately realized may vary significantly from the information presented. See Endnotes.

# PEP V – U.S. Venture, L.P.

**Vintages: 2006-2008**

**Total Commitments: \$168 million**

**Gross Percentage Drawn: 107.3%**

**Gross Percentage Distributed (DPI): 204.2%**

(US \$ in millions)

Date	Capital Drawn	Current Unrealized Value	Distributions	Total Value	Gain / (Loss)	Multiple of Investment
Jun-21	\$63.3	\$5.5	\$130.2	\$135.7	\$72.4	2.14x
Mar-21	\$63.3	\$6.4	\$129.2	\$135.6	\$72.3	2.14x
Dec-20	\$63.3	\$7.1	\$128.3	\$135.4	\$72.1	2.14x

**General Commentary – Meeting Expectations:** The US Venture sleeve continues to perform in line with expectations, with continued liquidity from the underlying portfolio.

The carrying value for all PEP V partnerships as of 30 June 2021 is based on General Partners' ("GP") estimated and unaudited valuations as of 30 June 2021. Past performance is not indicative of future results. For illustrative purposes only. We are not recommending or soliciting any action based upon this material. There is no assurance that any security shown is held in a portfolio. Data includes information provided by underlying fund managers that may be unaudited and may not have not been independently verified by PineBridge Investments. The performance information presented herein reflects unrealized values as well as realized proceeds, and actual results ultimately realized may vary significantly from the information presented. See Endnotes.

# PEP V – Europe Buyout, L.P.

**Vintages: 2006-2007**

**Total Commitments: \$161 million**

**Gross Percentage Drawn: 95.9%**

**Gross Percentage Distributed (DPI): 157.8%**

(US \$ in millions)

Date	Capital Drawn	Current Unrealized Value	Distributions	Total Value	Gain / (Loss)	Multiple of Investment
Jun-21	\$155.9	\$0.8	\$246.0	\$246.8	\$90.1	1.58x
Mar-21	\$154.3	\$0.9	\$243.3	\$244.2	\$89.9	1.58x
Dec-20	\$160.7	\$1.1	\$253.3	\$254.4	\$93.7	1.58x

**General Commentary – Meeting Expectations:** As of June 30, 2021, the PEP V Europe portfolio was almost fully realized, with less than \$1 million in remaining NAV.

The carrying value for all PEP V partnerships as of 30 June 2021 is based on General Partners' ("GP") estimated and unaudited valuations as of 30 June 2021. Past performance is not indicative of future results. For illustrative purposes only. We are not recommending or soliciting any action based upon this material. There is no assurance that any security shown is held in a portfolio. Data includes information provided by underlying fund managers that may be unaudited and may not have not been independently verified by PineBridge Investments. The performance information presented herein reflects unrealized values as well as realized proceeds, and actual results ultimately realized may vary significantly from the information presented. See Endnotes.

# PEP V – Asia Buyout, L.P.

**Vintages: 2005, 2006**

**Total Commitments: \$57 million**

**Gross Percentage Drawn: 94.6%**

**Gross Percentage Distributed (DPI): 113.9%**

(US \$ in millions)

Date	Capital Drawn	Current Unrealized Value	Distributions	Total Value	Gain / (Loss)	Multiple of Investment
Jun-21	\$63.1	\$5.2	\$71.9	\$77.1	\$14.0	1.22x
Mar-21	\$63.1	\$4.9	\$71.8	\$76.7	\$13.6	1.21x
Dec-20	\$63.1	\$5.4	\$71.8	\$76.2	\$13.1	1.22x

**General Commentary – Meeting Expectations:** Although the Asia LBO sleeve continued to face some headwinds in Q2 2021, it showed signs of stabilization, with its MOIC expanding slightly to 1.22x.

The carrying value for all PEP V partnerships as of 30 June 2021 is based on General Partners' ("GP") estimated and unaudited valuations as of 30 June 2021. Past performance is not indicative of future results. For illustrative purposes only. We are not recommending or soliciting any action based upon this material. There is no assurance that any security shown is held in a portfolio. Data includes information provided by underlying fund managers that may be unaudited and may not have been independently verified by PineBridge Investments. The performance information presented herein reflects unrealized values as well as realized proceeds, and actual results ultimately realized may vary significantly from the information presented. See Endnotes.

# PEP V — Preferred Participation Fund, L.P.

**Vintages: 2006, 2007**

**Total Commitments: \$25 million**

**Gross Percentage Drawn: 99.1%**

**Gross Percentage Distributed (DPI): 224.3%**

(US \$ in millions)

Date	Capital Drawn	Current Unrealized Value	Distributions	Total Value	Gain / (Loss)	Multiple of Investment
Jun-21	\$24.8	\$3.8	\$55.6	\$59.4	\$34.6	2.39x
Mar-21	\$24.8	\$3.8	\$55.6	\$59.4	\$34.6	2.39x
Dec-20	\$24.8	\$3.7	\$55.6	\$59.3	\$34.5	2.39x

**General Commentary — Above Expectations:** The PEP V Preferred Participation fund continued to deliver solid performance in Q2 2021, with a low RVPI as the portfolio is largely realized

The carrying value for all PEP V partnerships as of 30 June 2021 is based on General Partners' ("GP") estimated and unaudited valuations as of 30 June 2021. Past performance is not indicative of future results. For illustrative purposes only. We are not recommending or soliciting any action based upon this material. There is no assurance that any security shown is held in a portfolio. Data includes information provided by underlying fund managers that may be unaudited and may not have not been independently verified by PineBridge Investments. The performance information presented herein reflects unrealized values as well as realized proceeds, and actual results ultimately realized may vary significantly from the information presented. See Endnotes.

# PEP V – Secondary, L.P.

**Vintages: 2005, 2006**

**Total Commitments: \$118 million**

**Gross Percentage Drawn: 81.3%**

**Gross Percentage Distributed (DPI): 142.7%**

(US \$ in millions)

Date	Capital Drawn	Current Unrealized Value	Distributions	Total Value	Gain / (Loss)	Multiple of Investment
Jun-21	\$23.5	\$1.2	\$33.6	\$34.8	\$11.1	1.48x
Mar-21	\$23.5	\$1.1	\$33.5	\$34.6	\$11.1	1.47x
Dec-20	\$23.5	\$1.1	\$33.5	\$34.6	\$11.1	1.47x

**General Commentary – Meeting Expectations:** The PEP V Secondary sleeve is continuing to trade in line with expectations,

The carrying value for all PEP V partnerships as of 30 June 2021 is based on General Partners' ("GP") estimated and unaudited valuations as of 30 June 2021. Past performance is not indicative of future results. For illustrative purposes only. We are not recommending or soliciting any action based upon this material. There is no assurance that any security shown is held in a portfolio. Data includes information provided by underlying fund managers that may be unaudited and may not have not been independently verified by PineBridge Investments. The performance information presented herein reflects unrealized values as well as realized proceeds, and actual results ultimately realized may vary significantly from the information presented. See Endnotes.

# PEP V – Co-Investment, L.P.

**Vintages: 2005**

**Total Commitments: \$103.2 million**

**Gross Percentage Drawn: 104.7%**

**Gross Percentage Distributed (DPI): 115.8%**

(US \$ in millions)

Date	Capital Drawn	Current Unrealized Value	Distributions	Total Value	Gain / (Loss)	Multiple of Investment
Jun-21	\$48.9	\$3.4	\$56.7	\$60.1	\$11.2	1.23x
Mar-21	\$48.9	\$3.1	\$56.7	\$59.8	\$10.9	1.22x
Dec-20	\$48.9	\$2.9	\$56.7	\$59.6	\$10.7	1.22x

**General Commentary – Below Expectations:** The Co-Investment sleeve’s remaining value increased slightly in Q2 2021, with its gross multiple increasing to 1.23x. Only one active portfolio company remains.

The carrying value for all PEP V partnerships as of 30 June 2021 is based on General Partners’ (“GP”) estimated and unaudited valuations as of 30 June 2021. Past performance is not indicative of future results. For illustrative purposes only. We are not recommending or soliciting any action based upon this material. There is no assurance that any security shown is held in a portfolio. Data includes information provided by underlying fund managers that may be unaudited and may not have not been independently verified by PineBridge Investments. The performance information presented herein reflects unrealized values as well as realized proceeds, and actual results ultimately realized may vary significantly from the information presented. See Endnotes.



# Conclusion and Outlook

# Conclusion & Outlook

- As of June 30, 2021, PEP V's DPI stood at 1.5x, with low RVPI of 0.2x. The remaining portfolio continued to show solid trading despite a challenging environment. As realization activities are picking up again, PFG believes the remaining assets are well positioned for exits over the coming periods.
- PFG completed a meaningful distribution to its LPs in the fourth quarter of 2021, following a period of very limited liquidity related to Covid-19
- Among the underlying sleeves, the US Large Market and US Small-mid market portfolios are currently showing the strongest performance, while the Asian exposure is showing recovery trends after encountering some headwinds

# MWRA Summary

# MWRA Account Overview

Initial contribution, cumulative subsequent contributions, cumulative subsequent distributions, gain/loss and current value. As of September 30, 2021, in US \$ million.

Original Commitment	Paid In Capital	Distributed Capital	FMV	Total Value	TVPI	DPI	Net IRR	Gain / (Loss)
\$6.0	\$4.75	\$6.71	\$0.89	\$7.60	1.60x	1.41x	7.0%	\$2.85

Provided at your specific request. All data as of September 30, 2021. This assumes that the cash flows and NAV of PineBridge PEP V Europe, L.P. were converted to USD using the spot rate as of 30 September 2021. This sleeve is actually denominated in EUR. Past performance is not indicative of future results. Provided at your specific request and for illustrative purposes only. We are not recommending or soliciting any action based upon this material. There is no assurance that any security shown is held in a portfolio. Data includes information provided by underlying fund managers that may be unaudited and may not have not been independently verified by PineBridge Investments. The performance information presented herein reflects unrealized values as well as realized proceeds, and actual results ultimately realized may vary significantly from the information presented. See Endnotes. All opinions, projections, forecasts and forward-looking statements presented herein are speculative in nature, valid only as of the date of this document and are subject to change

# Appendix

# Disclosures

# Endnotes

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# Endnotes (continued)

**Methods.** PFG may, from time to time, show the efficacy of its strategies or communicate general industry views via modeling, projections or other methods. Such methods are intended to show only an expected range of possible investment outcomes, and should not be viewed only as a guide to and not a guarantee of future performance. There is no assurance that any returns can be achieved, that the strategy will be successful or profitable for any investor, or that any industry or other assumptions or views will come to pass. Actual investors may experience different results.

Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak that occurred subsequent to year end have had and may continue to have a significant negative impact on the operations and profitability of portfolio investments. The extent of the impact to the financial performance of portfolio investments will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the effects of governmental and medical organizations' restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on various industries and on the economy overall, all of which are highly uncertain and cannot be predicted. If the financial performance of portfolio investments are impacted by these developments for an extended period, investment results may be materially adversely affected. These events and their impact cannot be predicted or quantified and this uncertainty must be considered in reviewing projections of the future performance of any investment. There can be no assurance that any assumptions about these events and their current and future impact are reliable or accurate.

## Index Descriptions

The Standard and Poor's 500 Index is The S&P 500 Index is a capitalization weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the market value of stocks representing all major industries.

The Barclays US Credit Index tracks the performance of publicly issued (SEC-registered) U.S. corporate and specified foreign debentures and secured notes that meet specified maturity, liquidity, and quality requirements. The index includes both corporate and non-corporate sectors. The corporate sectors are Industrial, Utility, and Finance, which include both U.S. and non-U.S. corporations. The non-corporate sectors are Sovereign, Supranational, Foreign Agency, and Foreign Local Government. Private placements, floating rate securities, and Eurobonds and structured notes with embedded swaps or other special features are excluded.

The Barclays U.S. High Yield Index covers the universe of fixed rate, non-investment grade debt. Eurobonds and debt issues from countries designated as emerging markets (sovereign rating of Baa1/BBB+/BBB+ and below using the middle of Moody's, S&P, and Fitch) are excluded, but Canadian and global bonds (SEC registered) of issuers in non-EMG countries are included. Original issue zeroes, step-up coupon structures, 144-As and pay-in-kind bonds (PIKs, as of October 1, 2009) are also included.

The Citi World Government Bond Index (WGBI) measures the performance of fixed-rate, local currency, investment-grade sovereign bonds. The WGBI is a widely used benchmark that currently comprises sovereign debt from over 20 countries, denominated in a variety of currencies, and has more than 25 years of history available. The WGBI is a broad benchmark providing exposure to the global sovereign fixed income market. The index provides exposure to a broad array of countries. Sub-indices are available in any combination of currency, maturity, and rating.

The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000® Index representing approximately 8% of the total market capitalization of that index. It includes approximately 2,000 of the smallest securities based on a combination of their market cap and current index membership.



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**Firm:** Boston Partners Global Investors, Inc.

**Strategy/Product:** Boston Partners Small Cap Value

**Client:** MWRA Employees Retirement System

**NEPC Manager Due Diligence Questionnaire - Update**

**Instructions**

In support of our upcoming meeting we ask that you please complete this due diligence questionnaire. Please provide your responses in the form of brief descriptions, lists or tables added directly to this Word document.

Thank you for taking the time to complete this questionnaire. Please note that all materials submitted in relation to MWRA Retirement System may be subject to disclosure consistent with Massachusetts Public Record laws.

**Firm/Organization**

**1. Have there been any changes in ownership or management in the past year?**

There have been no changes to ownership or the portfolio management team for the MWRA Retirement Fund in the past year.

**2. List firm AUM, net flows and accounts gained/lost for the past 5 years.**

**Boston Partners:**

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
AUM (\$ in millions)	96,071	77,120	89,368	81,550	99,241
Net Flows (\$ in millions)	(633)	(12,721)	(10,893)	(7,790)	(3,272)
Accounts Gained	26	31	13	41	38
Accounts Lost	36	56	33	27	36

**3. Have there been any new or discontinued products in the past year?**

We launched three new funds this year - Boston Partners Global Sustainability Fund, Boston Partners Global Sustainability Long Short and WPG Partners Select Small Cap Value.

**4. Are any products capacity constrained?**

We closely monitor capacity in all our products. At the present time, all of our strategies are open.



**5. Describe any current or pending regulatory, compliance or litigation issues and the expected business impact.**

A quantitative analyst has filed a claim against BP with the Massachusetts Commission on Discrimination alleging a failure to provide a reasonable accommodation. BP disagrees with this claim and has filed an appropriate response. A hearing has been set for April 2022.

**6. Describe your diversity, equity and inclusion efforts with regard to the firm and its employees.**

Boston Partners has several initiatives that have been underway for the past several years to help increase the level of diversity across the organization.

Specifically, we have been involved in several investment organizations that help to foster careers in the investment industry for women and minorities. We have offered internships to members of these organizations as we have found that the individuals are committed and serious about a career in the investment industry. Additionally, our Director of Human Resources is a member of a female only network that provides additional access and exposure to individuals that would help diversify our employee ranks. As evidence of success of these involvements, 4 our 5 most recent hires on the investment team have been minorities and 2 of them are women.

The turnover among our investment teams, and our firm generally, is very low and we are very proud of this fact. We value the longevity, and we believe that it says that Boston Partners is a great place to work, and this provides numerous benefits for our clients' portfolios. One downside, however, is that we are not afforded the regular opportunity to replace outgoing employees with diversity candidates. We will grow the employee ranks as our business and turnover allows, continuing with an eye towards diversity, equity and inclusion.

### **Portfolio Management Team**

**1. Have there been any changes in the portfolio management team in the past year?**

There have been no changes to the Small Cap team.

**2. Are there any expected changes to the team in the future (planned additions or departures)?**

There are no planned additions or departures at this time.

### **Process**

**1. Have there been significant changes in any of the areas below in the past year?**

- **Identification of investment ideas**  
No changes.
- **Process for exploring and vetting ideas**  
No changes.
- **Portfolio trading practices including buy/sell rules**  
No changes.
- **Approach to portfolio monitoring and risk management**  
No changes.



If helpful, we included a brief description of the Boston Partners investment process:

All Boston Partners strategies share the same philosophy and process. A centralized research team of fundamental and quantitative analysts support the portfolio managers and the Small Cap Value strategy.

Our investment process is grounded in bottom-up fundamental analysis. Efficient and repeatable, it is designed to identify “characteristics that work”: attractive valuation, sound business fundamentals and improving business momentum. The process is executed within a team-oriented culture that upholds individual accountability and provides the clarity of having final decision makers at the portfolio manager level.

Our investment process begins with quantitative scoring and screening to cull a target-rich subset universe based on the Three Circle characteristics for our fundamental research. We cast our net wide, scoring over 3,800 stocks in the US small cap universe every week based on their fundamentals, valuation and momentum. Our rating system dates back a quarter century and has been refined in step with the market’s evolution over time.

We validate each candidate’s screening score by using customized reporting tools to help us evaluate the company’s financial history. This enables us to efficiently identify bona fide candidates within our Three Circle stock selection framework and provides a roadmap for our fundamental research.

Our fundamental work incorporates the full menu of public filings, industry information and management discussion, which in conjunction with our professional judgment and experience, formulate our assessment of each company’s intrinsic value and, where applicable, its prospects for achieving it. Research findings are formally discussed and debated during our formal bi-weekly meetings. Portfolio managers are the final decision makers and every investment professional is accountable for the holdings in our portfolios.

#### Portfolio Construction

Boston Partners portfolios are built from the bottom up through fundamental research. Our portfolio construction process is aided by quantitative efficiency tools. Efficient and repeatable, the construction is grounded in our Three Circle stock selection framework. The sizing of each holding is determined by the degree of upside potential, our conviction level to the upside and the trading liquidity of the stock.

## Philosophy

### 1. Describe recent changes in investment philosophy, if any.

There have been no recent changes to our investment philosophy. It has been in place for our 25 year history, and has been affirmed over time.

As a reminder, if helpful, below is a brief overview our investment philosophy:

Our investment philosophy is grounded in certain “fundamental truths” to investing, each proven to have worked over meaningful periods of time and in a variety of market environments:

1. Low valuation stocks outperform high valuation stocks
2. Companies with strong fundamentals, e.g. high and sustainable returns on invested capital, outperform companies with weak fundamentals.



3. Stocks with positive business momentum, e.g. rising earnings estimates, outperform stocks with negative business momentum.

We construct well-diversified portfolios that consistently possess these three characteristics; they are simple rules that limit downside risk, preserve capital and maximize the power of compounding.

The Boston Partners investment philosophy and process is rooted in a sensible set of principles and has not changed, but rather been affirmed, over various market cycles by the long-term performance of our strategies.

## Portfolio

- 1. If not included in your meeting presentation, provide portfolio holdings, sector exposure, geographic exposure and common characteristics (yield, duration, market cap, P/E, etc.).**

The information is provided in our presentation for the MWRA Employees Retirement Fund.

- 2. List strategy AUM, net flows and accounts gained/lost for the past 5 years.**

### Small Cap Value Strategy:

	2021	2020	2019	2018	2017
AUM (\$ in millions)	2,649	2,189	2,233	1,822	2,098
Net Flows (\$ in millions)	(178)	(195)	(175)	23	80
Accounts Gained	1	1	0	0	1
Accounts Lost	1	1	1	1	0

- 3. Describe investor concentration for the strategy and note the percent of AUM attributable to the top five investors.**

The top five investors make up approximately 49% of the entire strategy. These investors include separately managed institutional clients and sub-advisory relationships.

## Performance / Market Outlook

- 1. If not included in your meeting presentation, provide trailing returns as of the most recent quarter-end and calendar year returns for the past 10 years, both relative to benchmark.**

These returns have been provided in our presentation on page 1.

- 2. Briefly discuss recent performance trends and identify environments in which the strategy is likely to be in or out of favor.**

Our investment approach consistently produces portfolios with better-than-market valuation, solid business fundamentals and favorable business momentum, which have been proven to



outperform the market averages over longer time periods and in various market conditions. Therefore, the portfolio is expected to perform well in most market environments, including those with an upward bias that are broadly based and balanced in terms of style. The most challenging market environment for our investment discipline would be a highly speculative one in which valuation and fundamental investment principles are disregarded. While these markets do occur from time to time (e.g. the late 90's), they are infrequent and generally of limited duration. In periods marked by a correction from prior market imbalances (e.g., 2000, 2001), exceptional turmoil (e.g., 2008) or recovery from profound valuation dislocations (e.g., 2009), the portfolio has tended to perform particularly well.

**3. Describe your market outlook and how strategy positioning is impacted by your views.**

Markets in the United States as measured by the S&P 500 Index finished the year on a high note for its third straight positive year. The Index achieved 70 record closes this year which was the most since 1995 and displayed its best 3-year performance since 1999. While accelerating inflation and rising COVID-19 cases have been a cause for concern, corporate earnings growth has helped investors look past these issues.

We are encouraged by the strength of the strategy's overall return for the year. The Boston Partners team continues to be busy given the changing environment and market valuations. Valuation spreads across the market are still quite wide, providing opportunities and a good stock picking environment. We continue to avoid expensive, unprofitable companies and believe high-quality companies, selling at discounted valuations, that produce positive free cash flow and exhibit solid balance sheets, will outperform. We continue to construct the portfolio with better valuation, fundamentals, and positive business momentum than the benchmark. We look forward to updating you on these investment opportunities we are uncovering during our meeting.

**4. Could you please include a slide in your presentation that shows the MWRA's account history, initial contribution, cumulative subsequent contributions, cumulative subsequent distributions, gain/loss and current value.**

This information has been included in our presentation on page 2.

## Small Cap Value

## Massachusetts Water Resources Authority Retirement System

**John C. Forelli, CFA**

Director of Portfolio Research  
jforelli@boston-partners.com  
+1 (617) 832-8272

**Elizabeth Sheerin**

Relationship Manager  
esheerin@boston-partners.com  
+1 (617) 832-8103

**William J. Supple**

Head of Taft-Hartley and Public Funds  
Investor Relations  
bsupple@boston-partners.com  
+1 (617) 832-8193

## Your Boston Partners Team

**John C. Forelli, CFA**  
Director of Portfolio Research  
jforelli@boston-partners.com  
+1 (617) 832-8272

Mr. Forelli is the Director of Portfolio Research for Boston Partners. In this position, he directs our team of investment professionals in formulating, developing, and communicating the investment narrative for Boston Partners. Prior to this role, he was a senior portfolio analyst and has extensive experience with all of the firm's strategies. Mr. Forelli has 12 years of experience as a portfolio manager focused on large cap equities. He joined the firm from Independence Investments where he was large cap core portfolio manager, senior partner and member of the investment committee. Mr. Forelli was also a research analyst specializing in health care, chemical, capital goods and industrial companies. He began his career as an investment banker with Prudential Securities focusing on raising capital for emerging growth companies and merger and acquisition transactions. Mr. Forelli holds a B.A. degree in economics from Dartmouth College and an M.B.A. degree from the Tuck School of Business at Dartmouth College. He holds the Chartered Financial Analyst® designation and FINRA licenses 7 and 66. He has thirty-seven years of industry experience.

**Elizabeth Sheerin**  
Relationship Manager  
esheerin@boston-partners.com  
+1 (617) 832-8103

Ms. Sheerin is a member of the Relationship Management team at Boston Partners and she joined this team in 2011. She works with many of our key domestic and international clients in a client service and relationship manager capacity. Prior to joining our firm, she was a Client Service Representative at Putnam Investments. She also held several financial services related internships including working for Merrill Lynch Global Wealth Management and State Street Global Advisors. She holds a B.S. degree in business management from Babson College. Ms. Sheerin has twelve years of industry experience.

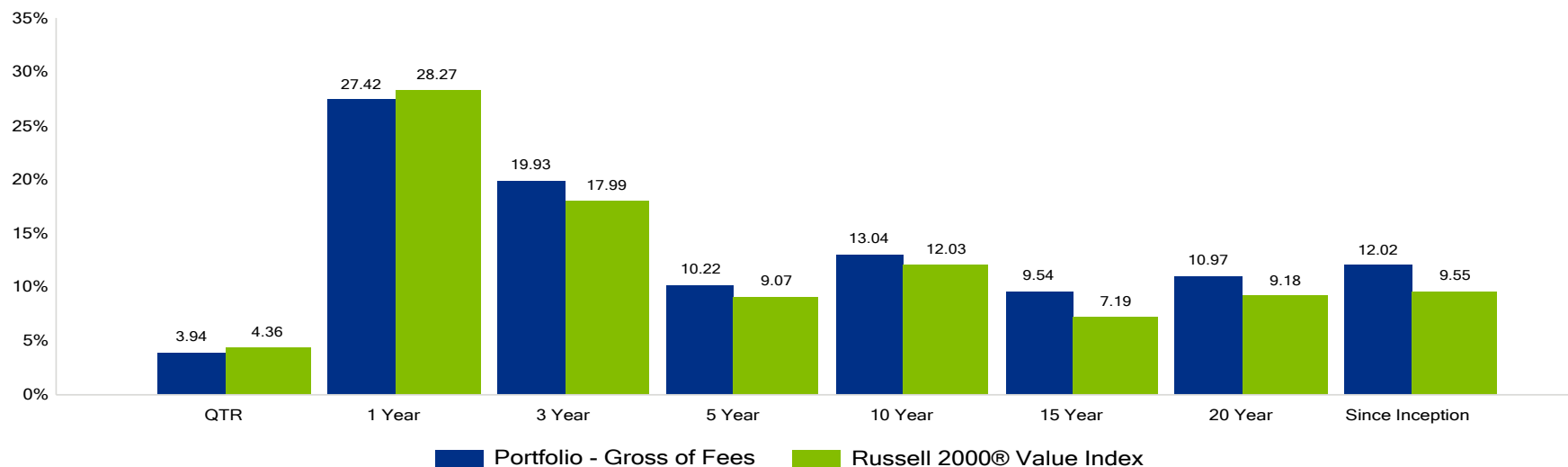
**William J. Supple**  
Head of Taft-Hartley and  
Public Funds Investor Relations  
wsupple@boston-partners.com  
+1 (617) 832-8193

Mr. Supple is in his twentieth year with the firm, and has national Marketing and Relationship Management oversight responsibility for all Taft-Hartley and Public Sector clients. He joined the firm from Mellon Institutional Asset Management, where he was a Vice President with responsibility for Taft-Hartley clients in the Northeast and Midwest. Previously, he was Managing Director and Chief Operating Officer of the Leveraged Finance and Fixed Income Groups, and was also National Sales Manager, with BankBoston. Prior to his thirteen years at BankBoston, Mr. Supple was with Chase in New York City for six years. Mr. Supple is a former member of the Amalgamated Meatcutters and Butcher Workmen of North America, Local 2, AFL-CIO and the Service Employees International Union, Local 254 (Fenway Park Ushers). He served for seven years as a founding Trustee of the Commonwealth of Massachusetts Health Care Security Trust (Tobacco Settlement Funds). He has been elected to public office six times in Needham, MA, serving two terms as Chairman of the Trust Funds Commission, and served twelve years as an elected Town Meeting Member. Mr. Supple is a Member of the Sponsor Council of the Christian Brothers Institute of Massachusetts and is a past Chair of the Board of Directors at Catholic Memorial School. He is a Trustee of Newton Country Day School of the Sacred Heart and also served on the Finance Committee for the Jesuit's USA Northeast Province. He is a member of the Board of Advisors of the College of the Holy Cross, past Chair of the President's Council, and served as a member of the Institutional Advancement Committee of the Holy Cross Board of Trustees. Mr. Supple holds a B.A. degree (Cum Laude) from the College of the Holy Cross, an M.B.A. degree in finance from New York University, and FINRA licenses 7 and 63. Mr. Supple has over forty years of industry experience.



# Investment Performance

As of December 31, 2021



## Annualized Performance (%)

	4Q 2021	1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	Since Inception*
<b>MWRA Employees Retirement System - Gross of Fees</b>	3.94	27.42	19.93	10.22	13.04	9.54	10.97	12.02
<b>MWRA Employees Retirement System - Net of Fees</b>	3.68	26.16	18.74	9.12	11.93	8.46	9.87	10.91
Russell 2000® Value Index	4.36	28.27	17.99	9.07	12.03	7.19	9.18	9.55

\*Inception date is February 1, 1997.

Data are for MWRA Employees Retirement System as of December 31, 2021.

Past performance is not an indication of future results. Performance for periods over one year are annualized. Please refer to the back for other important disclosures.

# Statement of Changes

*As of December 31, 2021*

## Statement of Changes

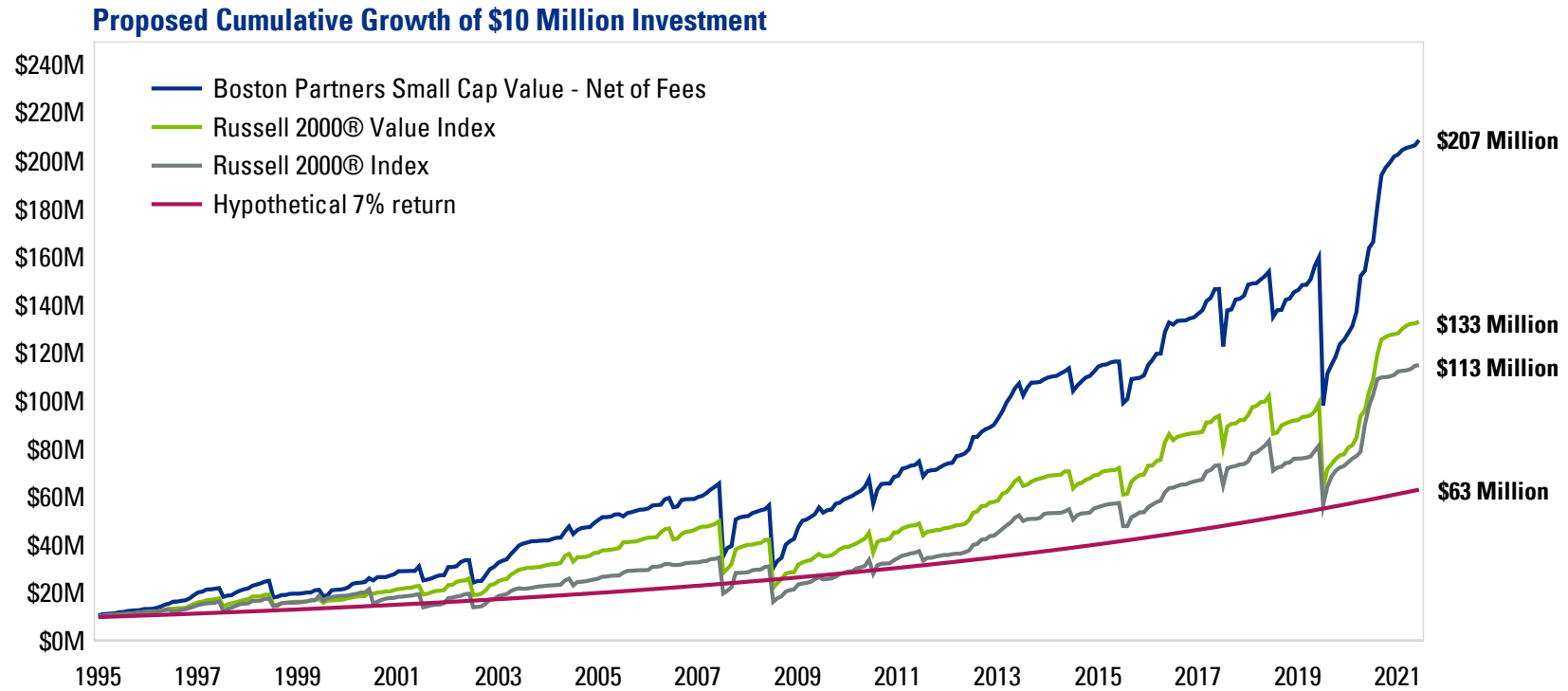
<b>Beginning Assets (2/1/97)</b>	\$2.6 M
<b>Net Cash Flows</b>	(\$15.8 M)
<b>Investment Returns</b>	\$39.1 M
<b>Current Assets (12/31/21)</b>	<b>\$25.9 M</b>

\* Inception date is February 1, 1997.

Past performance is not an indication of future results.

# Benefits of Active Management

Selecting the right manager can lead to higher growth of capital



Data is for as of December 31, 2021.

This is a hypothetical illustration of the growth of \$10 million had it been invested to the Small Cap Value strategy on July 1, 1995 which assumes the reinvestment of dividends, capital gains, and a 7% representative actuarial rate. 7% is based on a 2015 Milliman Consulting study of approximately 1,300 multi-employer plan Form 5500 filings. Results would vary depending on investment guidelines, cash flow, and the assumptions mentioned. A GIPS® compliant report is contained herein.

# Equity Investment Team

Long tenured investment team employing the same process across all strategies

## Portfolio Management and Portfolio Research

**Joseph Feeney, Jr., CFA**  
CEO, CIO, Long/Short Research  
36 years experience

**David Cohen, CFA**  
Large Cap Value  
17 years experience

**Mark Donovan, CFA**  
Large Cap Value  
40 years experience

**Stephanie McGirr**  
Large Cap Value  
19 years experience

**David Pyle, CFA**  
Large Cap Value  
26 years experience

**Joshua White, CFA**  
Large Cap Value  
15 years experience

**Duilio Ramallo, CFA**  
Premium Equity  
26 years experience

**David Dabora, CFA**  
Small/SMID Value  
34 years experience

**George Gumpert, CFA**  
Small/SMID Value  
22 years experience

**Steven Pollack, CFA**  
Mid Cap Value  
37 years experience

**Christopher Hart, CFA**  
Global, International,  
Global Long/Short  
30 years experience

**Joshua Jones, CFA**  
Global, International,  
Global Long/Short  
17 years experience

**Soyoun Song**  
Global Sustainability  
16 years experience

**Paul Korngiebel, CFA**  
Emerging Markets,  
Emerging Markets Dynamic  
21 years experience

**David Kim**  
Emerging Markets,  
Emerging Markets Dynamic  
6 years experience

**Robert Jones, CFA**  
Long/Short Equity  
33 years experience

**Patrick Regan, CFA**  
Long/Short Equity  
26 years experience

**Harry Rosenbluth, CFA**  
Senior Advisor  
40 years experience

**John Forelli, CFA**  
Director of Portfolio Research  
37 years experience

**Carolyn Margiotti, CFA**  
Global, International  
Portfolio Research  
27 years experience

**Michael McCune, CFA**  
Portfolio Research  
27 years experience

**Brandon Smith, CFA, CAIA**  
Portfolio Research  
15 years experience

**Michael Mullaney**  
Director of Global  
Markets Research  
40 years experience

**Christopher Eagan**  
Global Markets Analyst  
36 years experience

## Fundamental and Quantitative Research

**Todd Knightly**  
Director of Fundamental Research  
32 years experience

**Jack Anton**  
Long/Short Equity Generalist  
4 years experience

**Brian Boyden, CFA**  
Emerging Markets Equities  
23 years experience

**Scott Burgess, CFA**  
Technology, Electronics  
22 years experience

**Lawrence Chan, CFA**  
Internet Services, Payment Services,  
Recreational Products  
22 years experience

**Charles Clapp**  
Developed Non-U.S. Consumer  
6 years experience

**Tim Collard**  
Aerospace & Defense, Transportation,  
Housing & Autos  
16 years experience

**Aaron DeCoste**  
Energy, Engineering & Construction,  
Metals & Mining  
16 years experience

**Paul Donovan, CFA**  
Paper & Packaging, Cable & Telecom,  
Gaming & Lodging, Chemicals  
10 years experience

**Kevin Duggan, CFA**  
Banks, Money Center  
26 years experience

**Colin Egan**  
Developed Non-U.S. Technology  
6 years experience

**Jonah Frank**  
Equity Generalist  
1 year experience

**Pedro Folkerts**  
Emerging Markets Generalist  
1 year experience

**Trevor Frankel, CFA**  
Emerging Markets Equities  
11 years experience

**Volkan Gulen, CFA**  
Consumer Products, Business  
Services, Tobacco, Agriculture,  
Media & Advertising  
15 years experience

**Jacklyn Y. Hall**  
Retail, Property & Casualty  
Insurance, REITs  
13 years experience

**Andrew Hatem, CFA**  
Healthcare  
26 years experience

**David Hinton, CFA**  
Small Cap Equities  
19 years experience

**Tim Horan**  
Industrials & Manufacturing,  
Home & Office Furnishings, Utilities  
24 years experience

**Jennifer Mace**  
Restaurants  
3 years experience

**Edward Odre, CFA**  
Financial Services, Life Insurance  
12 years experience

**Soyoun Song**  
Developed Non-U.S. Industrials  
16 years experience

**Edward Stansky**  
Equity Generalist  
5 years experience

**John Zhao**  
Emerging Markets Equities  
6 years experience

**Eric Connerly, CFA**  
Director of Quantitative Research  
28 years experience

**Carissa Wong, CFA**  
Director of Portfolio Risk  
Quantitative Strategies  
20 years experience

**Jason Bartlett, CFA**  
Quantitative Strategies  
19 years experience

**Pete Cady, CFA**  
Quantitative Strategies  
6 years experience

**Martin MacDonnell, CFA**  
Quantitative Strategies  
30 years experience

**Rubina Moin**  
Quantitative Strategies  
21 years experience

**Ryan O'Connor**  
Quantitative Strategies  
1 year experience

**Maggie Pietropaolo, CFA**  
Quantitative Strategies  
31 years experience

**Joseph Urlick**  
Quantitative Strategies  
32 years experience

## Trading

**Mark Kuzminskas**  
Chief Operating Officer  
31 years experience

**Matthew Ender**  
Equity Trader  
12 years experience

**Christopher Bowker**  
Director of Equity Trading  
22 years experience

**Christopher Spaziani, CFA**  
Equity Trader  
8 years experience

**Thomas Walsh**  
Senior Equity Trader  
27 years experience

**Marlon Thompson**  
Equity Trading Assistant  
10 years experience

## Sustainability and Engagement Research

**William Butterly, Esq.**  
Director of Sustainability.  
37 years experience

**Jonathan Corning**  
Research Analyst  
1 year experience

**Marissa Rego, Esq.**  
Research Analyst  
7 years experience

**Matthew Donovan**  
Research Analyst  
1 year experience

**Katie Zona**  
Research Analyst  
1 year experience

# Boston Partners At a Glance

As of December 31, 2021

## Firm Profile

- Founded in 1995; offices in Boston, New York, Los Angeles, Greenbrae and London
- One investment philosophy and process across all strategies
- All established strategies have outperformed their benchmark since inception\*

## Distinguishing Characteristics

- A thriving investment ecosystem that forms a merit-based culture with common purpose and low employee turnover
- A clear alpha thesis: we consistently embed attractive value, fundamentals/quality, and momentum characteristics in portfolios
- A disciplined, time-tested investment process that utilizes comprehensive fundamental analysis combined with robust quantitative tools

## \$96.1 Billion Assets Under Management - Details

Investment Strategies	Assets(\$ Millions)
Large Cap Value, Concentrated Large Cap Value	\$31,440
Premium Equity (U.S. All-Cap Value)	\$14,091
Mid Cap Value	\$30,653
Small/Mid Cap Value	\$2,448
Small Cap Value	\$2,649
Small Cap Value II	\$1,079
U.S. Long/Short	\$1,057
Global, International, Concentrated International	\$10,669
Global Long/Short, International Long/Short	\$173
Emerging Markets Dynamic Equity, Emerging Markets	\$198
WPG Small Cap Value, Micro Cap Value	\$1,613
Sustainable and Socially Screened Investments**	\$18,677

\*Boston Partners' established long-only strategies have a minimum track record of 5 years. Results are gross of fees. Past performance is not an indication of future results.

\*\*Sustainable and Socially Screened Investments are a subset of the Assets Under Management table above, comprised of Global Sustainability; ESG mandates; and socially screened portfolios. Organizational information can be found in the appendix.

# Three Circle Stock Selection Process

*In our experience, portfolios with all three characteristics tend to outperform over time*

**We buy stocks where we find the intersection of the three circles**

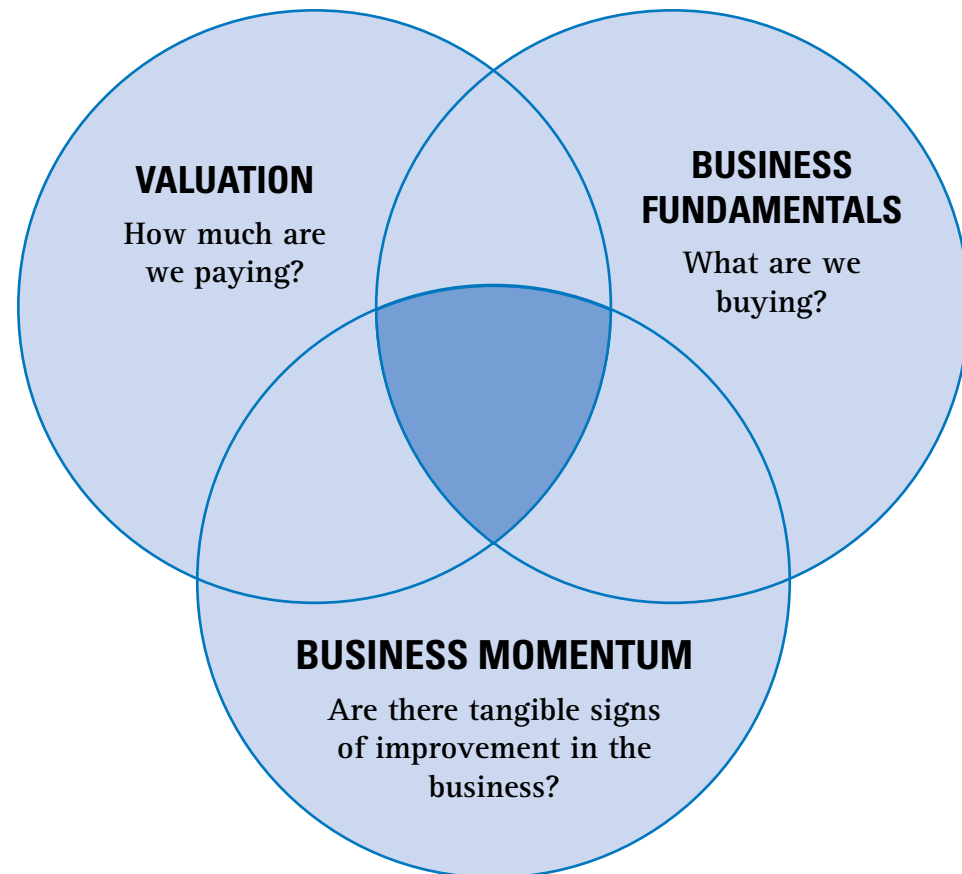


**We sell stocks due to:**

- Appreciation to target price
- Weakening business fundamentals
- A deterioration in business momentum

**Risk management begins with:**

- A value driven approach
- A well-defined sell discipline
- Portfolio diversification



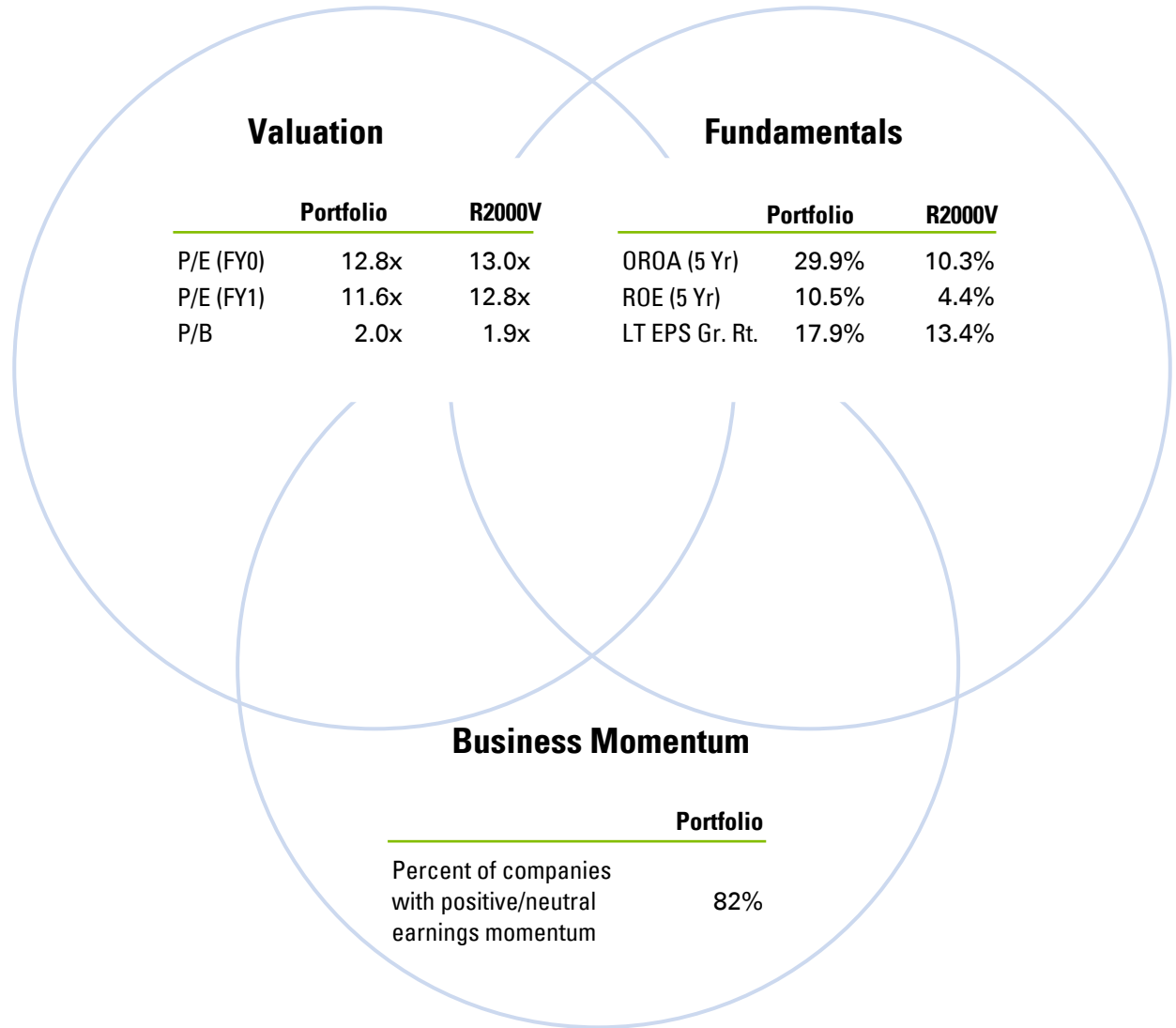
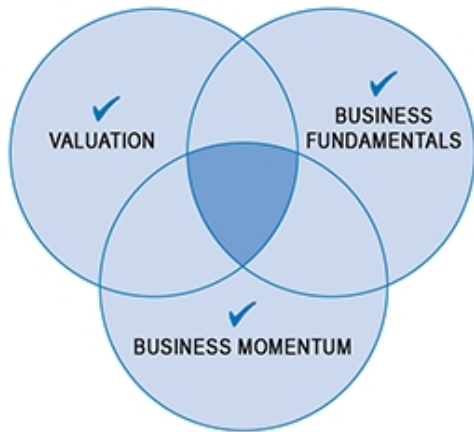
Past performance is not an indication of future results.

# Portfolio Characteristics - Small Cap Value

*A proof statement that the stock selection process results in a 'three-circle' portfolio*

## "Three Circles"

An attractive valuation, strong business fundamentals, and positive business momentum. In our experience, portfolios with all three characteristics tend to outperform over time.



Data are for MWRA Employees Retirement System as of December 31, 2021.

FY0: current year; FY1: projected 12 months; LT EPS Growth: projected 3-5 year estimate. Earnings growth is not a measure of future performance. Past performance is not an indication of future results. Please refer to the back for other important disclosures.

# Portfolio Positioning - Small Cap Value

*Our assessment of where the opportunities exist*

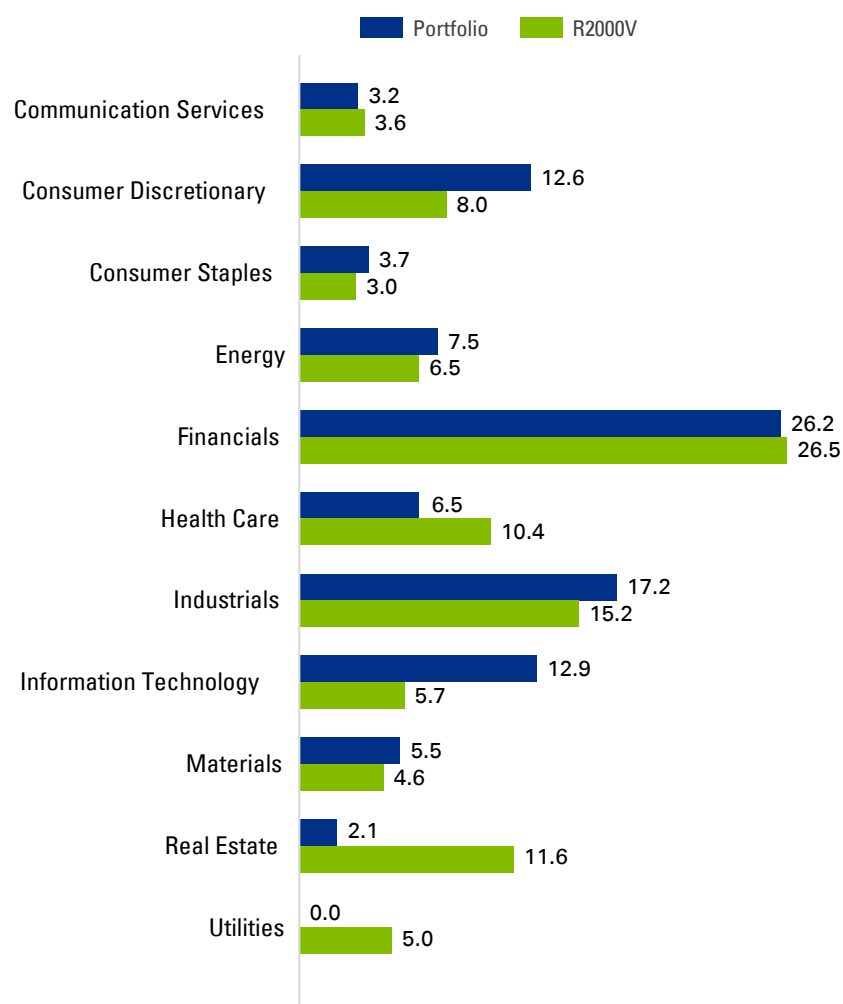
## Largest Holdings (%)

Graphic Packaging Holding Co	2.6
WESCO International Inc	2.4
Insight Enterprises Inc	2.2
Valvoline Inc	1.9
SLM Corp	1.8
Assured Guaranty Ltd	1.6
Concentrix Corp	1.5
Envista Holdings Corp	1.5
ABM Industries Inc	1.5
Evercore Inc	1.4
<b>Total</b>	<b>18.4</b>

## Portfolio Statistics

	Portfolio	R2000V
Number of Securities	132	1,451
Wtd. Avg. Mkt. Cap (\$M)	\$4,401	\$2,967
Dividend Yield	1.4%	1.6%
Turnover (Trailing 1 Year)	36.8%	-

## Sector Weightings (% of Portfolio)



Data are for MWRA Employees Retirement System as of December 31, 2021.

Specific securities identified and described do not represent all securities purchased, sold or recommended for advisory clients. It should not be assumed that investments in these sectors or securities were or will be profitable. Please refer to the back for other important disclosures.



# Portfolio Holdings - Small Cap Value

Position changes over time: October 1, 2021 through December 31, 2021

Key: ◆ = New Holding | ↑ = Increased Position | ↓ = Decreased Position | ⊘ = Liquidated | Unchanged

Communication Services	3.2
<span style="color: blue;">↑</span> Gray Television Inc	0.3
<span style="color: blue;">↑</span> TEGNA Inc	1.0
Nexstar Media Group Inc	1.1
Yelp Inc	0.8
Consumer Discretionary	12.6
<span style="color: green;">◆</span> American Eagle Outfitters Inc	0.3
<span style="color: blue;">↑</span> Foot Locker Inc	1.0
<span style="color: blue;">↑</span> H&R Block Inc	0.2
<span style="color: blue;">↑</span> Harley-Davidson Inc	1.2
<span style="color: blue;">↑</span> Travel + Leisure Co	0.7
<span style="color: red;">↓</span> International Game Technology	0.3
Callaway Golf Co	1.0
Carter's Inc	0.3
Frontdoor Inc	0.6
Hanesbrands Inc	0.6
LCI Industries	1.2
Meritage Homes Corp	0.6
Sally Beauty Holdings Inc	0.6
Skechers USA Inc Cl A	0.6
Standard Motor Products Inc	0.3
Steven Madden Ltd	0.9
Stride Inc	1.2
Tempur Sealy International Inc	0.6
Toll Brothers Inc	0.4
Consumer Staples	3.7
Energizer Holdings Inc	1.2
Fresh Del Monte Produce Inc	0.6
Nomad Foods Ltd	1.0
Spectrum Brands Holdings Inc	1.0
Energy	7.5
<span style="color: red;">↓</span> ChampionX Corp	0.9
Cactus Inc	0.5
Delek US Holdings Inc	0.4

Energy (cont...)	
Enerplus Corp	0.7
Helmerich & Payne Inc	0.5
HollyFrontier Corp	0.9
Kosmos Energy Ltd	0.6
National Energy Services Reunited	0.2
NexTier Oilfield Solutions Inc	0.2
PDC Energy Inc	0.5
Viper Energy Partners Lp	0.7
Whiting Petroleum Corp	0.4
World Fuel Services Corp	1.2
Financials	26.2
<span style="color: green;">◆</span> Bright Health Group Inc	0.2
<span style="color: green;">◆</span> Columbia Banking Systems Inc	0.3
<span style="color: red;">↓</span> AXIS Capital Holdings Ltd	1.1
<span style="color: red;">↓</span> First American Financial Corp	0.3
<span style="color: red;">↓</span> Navient Corp	1.0
Ameris Bancorp	0.3
Ares Commercial Real Estate Corp	0.2
Artisan Partners Asset Mgmt	0.7
Assured Guaranty Ltd	1.6
BankUnited Inc	1.0
Blackstone Mortgage Trust Inc	0.8
Employers Holdings Inc	0.3
Essent Group Ltd	0.9
Evercore Inc	1.4
Federal Agric Mortgage Corp Cl C	0.7
First Hawaiian Inc	1.1
First Merchants Corp	0.5
Hanover Insurance Group Inc	1.1
Investors Bancorp Inc	0.5
Mr Cooper Group Inc	0.6
Nelnet Inc	0.6
NMI Holdings Inc	0.6

Financials (cont...)	
PacWest Bancorp	0.7
PennyMac Financial Services Inc	0.6
PRA Group Inc	0.6
Preferred Bank	0.3
ProAssurance Corp	0.6
SLM Corp	1.8
South State Corp	0.3
Starwood Property Trust Inc	0.8
Synovus Financial Corp	1.0
Umpqua Holdings Corp	0.6
Valley National Bancorp	0.8
Walker & Dunlop Inc	1.2
White Mountains Insurance Grp Ltd	0.9
Wintrust Financial Corp	0.3
Health Care	6.5
<span style="color: blue;">↑</span> Change Healthcare Inc	1.3
<span style="color: blue;">↑</span> PetIQ Inc	0.6
<span style="color: red;">↓</span> Syneos Health Inc	1.4
Envista Holdings Corp	1.5
Haemonetics Corp	0.3
Ortho Clinical Diagnostics	1.1
R1 RCM Inc	0.4
Industrials	17.2
<span style="color: green;">◆</span> BrightView Holdings Inc	0.4
<span style="color: green;">◆</span> Resideo Technologies Inc	0.5
<span style="color: green;">◆</span> Steelcase Inc Cl A	0.3
<span style="color: green;">◆</span> Viad Corp	0.2
<span style="color: blue;">↑</span> Brink's Co	0.7
<span style="color: blue;">↑</span> EnerSys	0.7
<span style="color: red;">↓</span> ASGN Inc	1.4
<span style="color: red;">↓</span> KAR Auction Services Inc	0.9
<span style="color: red;">↓</span> WESCO International Inc	2.4
ABM Industries Inc	1.5

Industrials (cont...)	
ACCO Brands Corp	0.4
Allison Transmission Holdings	0.4
Altra Industrial Motion Corp	0.3
Curtiss-Wright Corp	1.1
EMCOR Group Inc	0.4
FTI Consulting Inc	1.0
GrafTech International Ltd	0.4
Harsco Corp	0.5
Hillenbrand Inc	0.5
Hub Group Inc	0.4
Korn Ferry	0.3
Landstar Systems Inc	0.3
Masonite International Corp	0.4
Science Applications Intl Corp	1.0
Terex Corp	0.3
Wabash National Corp	0.4
Werner Enterprises Inc	0.3
Information Technology	12.9
<span style="color: red;">↓</span> Concentrix Corp	1.5
<span style="color: red;">↓</span> SYNnex Corp	1.0
Avnet Inc	0.5
Belden Inc	1.4
CommScope Holding Co Inc	0.4
EVERTEC Inc	0.7
Insight Enterprises Inc	2.2
InterDigital Inc	0.9
MAXIMUS Inc	0.3
NCR Corp	1.2
Rackspace Technology Inc	0.2
TTEC Holdings Inc	1.0
Ultra Clean Holdings Inc	0.9
Unisys Corp	0.7
Materials	5.5

Data are for MWRA Employees Retirement System.

Values are percent of portfolio. It should not be assumed that an investment in these securities was or will be profitable.

# Portfolio Holdings - Small Cap Value

Position changes over time: October 1, 2021 through December 31, 2021

Key: ◆ = New Holding | ⬆ = Increased Position | ⬇ = Decreased Position | ⓧ = Liquidated | Unchanged

<b>Materials (cont..)</b>	
⬇ Valvoline Inc	1.9
Ecovyst Inc	0.3
Graphic Packaging Holding Co	2.6
Ingevity Corp	0.5
Minerals Technologies Inc	0.3
ⓧ Huntsman Corp	0.0
<b>Real Estate</b>	
<b>2.1</b>	
Cousins Properties Inc	1.1
Realogy Holdings Corp	0.6
Spirit Realty Capital Inc	0.3

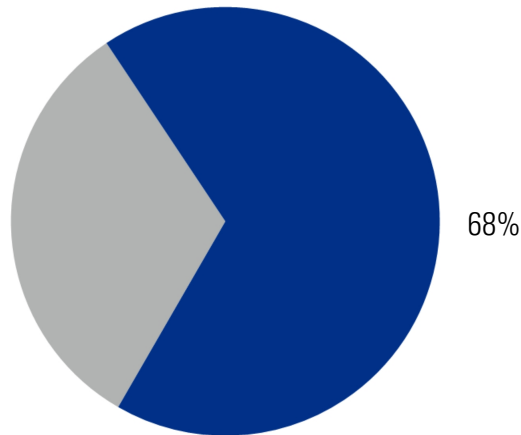
Data are for MWRA Employees Retirement System.

Values are percent of portfolio. It should not be assumed that an investment in these securities was or will be profitable.

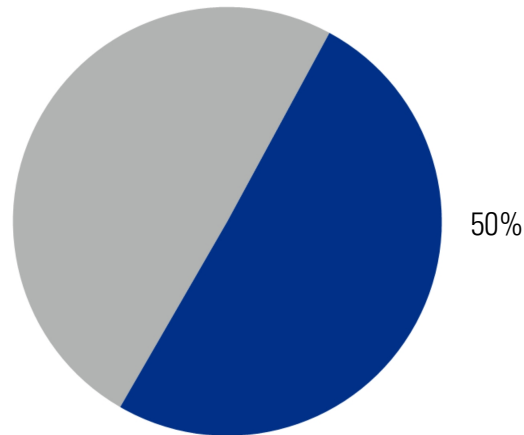
# Performance Through Market Cycles

*Preserved capital and compounded returns for favorable long-term performance*

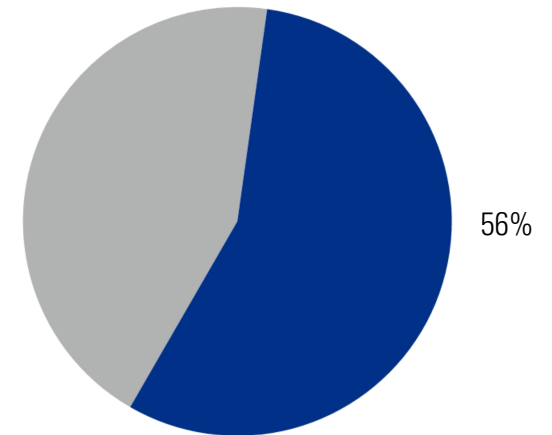
"Down" Markets



"Up" Markets



Entire Period



■ Percentage of the time that Small Cap Value composite has outperformed the Russell 2000® Value Index.

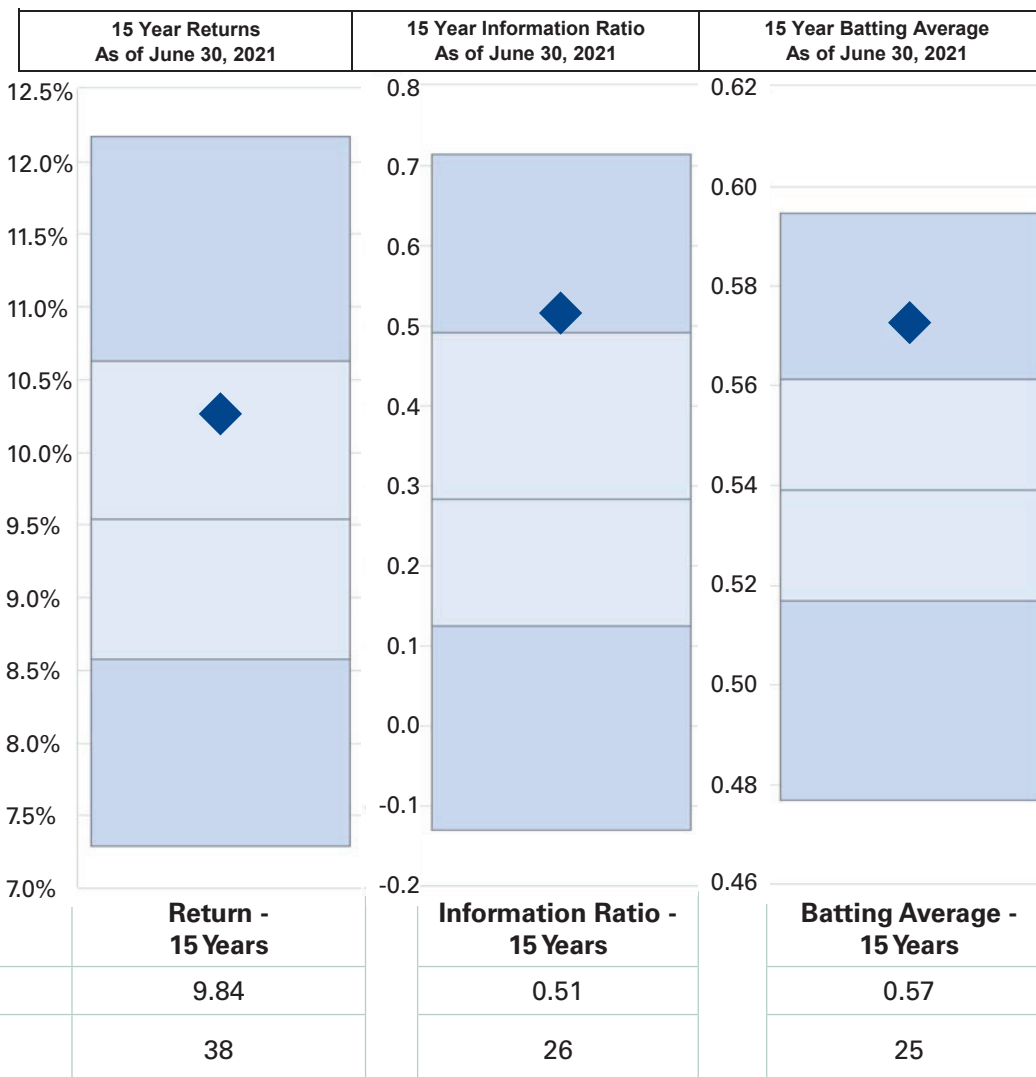
- There have been 65 months in which the Index has produced a negative return
- Composite has outperformed the Index 68% of the time
- There have been 115 months in which the Index has produced a positive return
- Composite has outperformed the Index 50% of the time
- The entire period is 180 months
- Composite has outperformed the Index 56% of the time

Data is for Small Cap Value as of December 31, 2021, for 15-year period, 180 months.

Returns reflect composite results gross of fees and individual portfolio results may vary. A GIPS® compliant report is contained herein. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

# Small Cap Value Performance and Efficiency Rankings

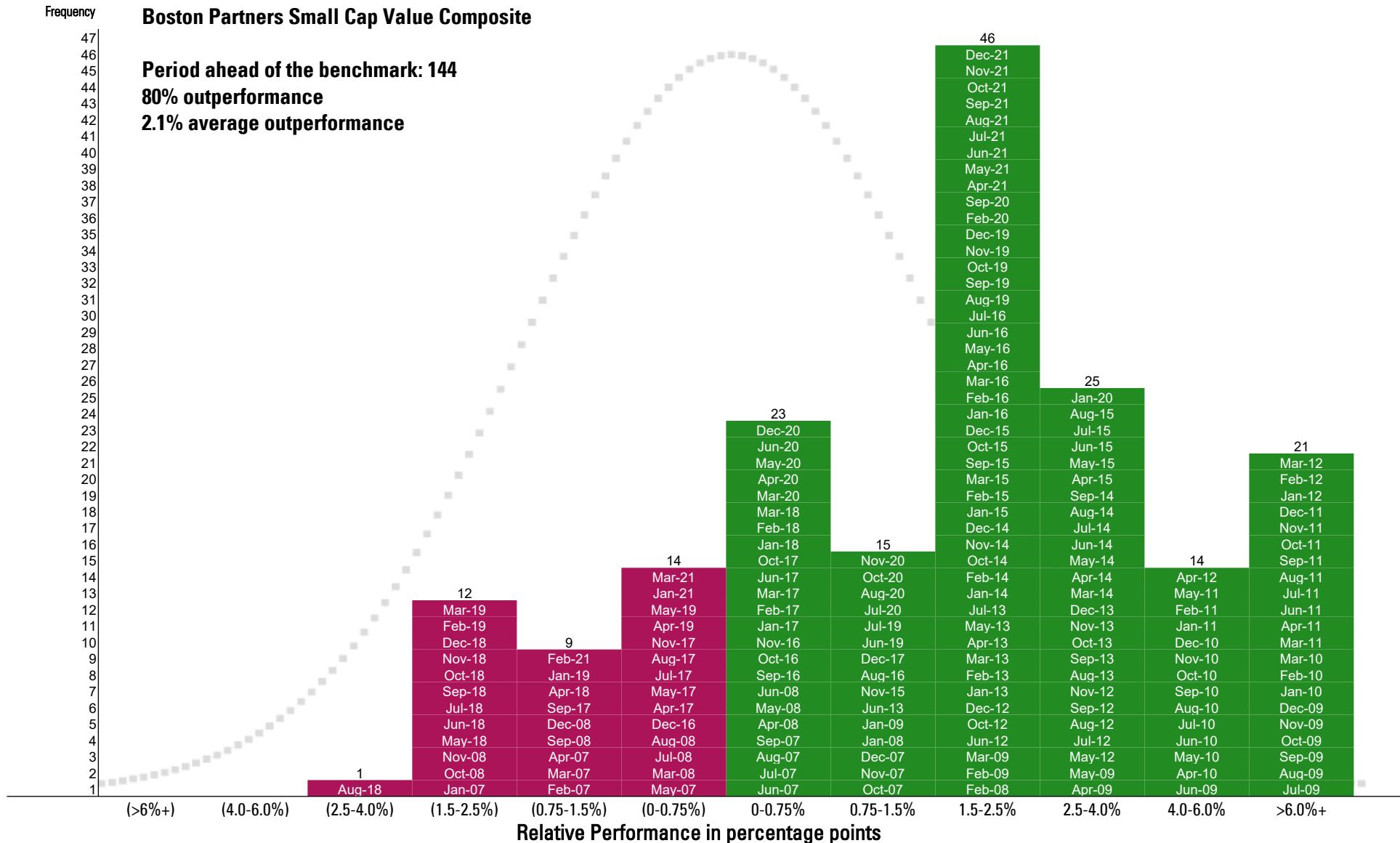
## ◆ Boston Partners Small Cap Value



Data as of September 30, 2021. Source: eVestment US Small Cap Value Equity Universe peer group rankings and quarterly observations compared to the Russell 2000 Value Index. Rankings are from 1 to 100, with 1 being the best and 100 being the worst. There are 157 strategies in the US Small Cap Value Equity Universe over this 15 year period. Batting average measures a manager's ability to meet or beat an index; it is preferable to have a higher batting average. Information ratio is defined as excess return over the benchmark divided by tracking error. Returns reflect composite results, are gross of fees and individual portfolio results may vary. A GIPS® compliant report is contained herein. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

# Seeking to Tilt the Probabilities in Your Favor - The Results

## Distribution of rolling three-year excess returns



The chart reflects 15 years, 180 month as of December 31, 2021. Relative Performance of Boston Partners Small Cap Value versus the Russell 2000® Value Index. Returns reflect composite results gross of fees and individual portfolio results may vary. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures. A GIPS® compliant report is contained herein.



# **Boston Partners**

## *Appendix*

# Performance Attribution - Small Cap Value

Year to Date as of December 31, 2021

GICS SECTOR	Portfolio			Russell 2000® Value Index			Attribution Analysis		
	Average Weight	Total Return	Contribution To Return	Average Weight	Total Return	Contribution To Return	Sector Allocation	Stock Selection	Total Effect
Communication Services	2.87	23.34	0.49	3.39	36.63	0.57	0.27	-0.27	0.00
Consumer Discretionary	11.68	29.13	3.21	10.81	38.48	5.21	-0.23	-1.24	-1.48
Consumer Staples	4.01	8.79	0.46	3.09	23.94	0.81	0.02	-0.52	-0.50
Energy	7.47	26.24	1.64	5.82	66.73	2.77	0.54	-2.06	-1.52
Financials	27.35	33.10	9.10	26.61	28.89	7.77	0.23	0.80	1.03
Health Care	6.20	26.92	1.65	8.72	5.64	-0.06	0.95	0.94	1.89
Industrials	16.93	23.80	4.30	15.90	27.81	4.55	0.11	-0.75	-0.64
Information Technology	15.36	35.52	5.48	5.71	27.08	1.65	0.12	0.88	1.00
Materials	6.13	25.38	1.49	5.56	30.75	1.89	0.13	-0.55	-0.42
Real Estate	2.00	23.65	0.42	10.03	31.51	2.66	-0.12	-0.08	-0.20
Utilities	0.00	0.00	0.00	4.38	10.49	0.44	0.81	0.00	0.81
<b>Total</b>	<b>100.00</b>	<b>28.25</b>	<b>28.25</b>	<b>100.00</b>	<b>28.27</b>	<b>28.27</b>	<b>2.84</b>	<b>-2.86</b>	<b>-0.02</b>

Data are for MWRA Employees Retirement System, are gross of fees and are shown as a percentage.

Attribution is calculated by Factset using end of day security prices. Returns shown reflect equities only and exclude cash.

Past performance is not an indication of future results. Please refer to the back for other important disclosures.

# Risk Management

*A clear definition with tools designed to measure intended and unintended risks*

## **"True investment risk" is a permanent impairment or loss of capital**

- True investment risk is not a statistical measure of volatility, variance or estimated tracking error
- Minimize capital losses because it takes a 100% capital gain to fully recoup a 50% loss

## **Capital impairments stem from three sources, all of which are best evaluated bottom-up, stock by stock**

- Valuation Risk – overpaying for an investment
- Balance Sheet Risk – solvency risk of the business
- Earnings Risk – earnings ultimately drive stock prices

## **We employ a multi-layered set of checks & balances designed to buffer against capital losses**

- Quantitative ranking codes of all securities have helped create portfolios with better-than-benchmark valuation, momentum and quality attributes
- Target prices for all owned stocks (upside vs. downside risk)
- Fundamental research creates a layer of objectivity for portfolio management Buy/Hold/Sell decisions
- Portfolio analysts provide monthly attribution feedback loop to portfolio managers
- Independent risk manager conducts quarterly portfolio review
- Northfield analytics utilized to monitor common factor risks
- Quantitative codes capture subtle changes in portfolio characteristics

## **There are no substitutes for Diversification and a Sell Discipline**

- The very best fundamental research and analysis will be wrong on occasion so you must *diversify*
- Keep your winners until valuation, momentum or fundamentals breakdown; when this happens cut losses quickly and *sell*



# Small Cap Value - Market Observations

*As of December 31, 2021*

## Market Environment

- The U.S. economic recovery continued with strong GDP growth and growing corporate earnings, along with rising bond yields and higher inflation.
- With record IPO activity, the number of publicly traded stocks rose for the U.S. equity market.
- It was the second-highest year ever for M&A, with \$3 trillion in cash still on company balance sheets.
- Retail trading maintained its impact on the market throughout the year and was over 40% of overall trading volume.

## What Worked in 2021

- For Q4, returns in smaller cap stocks were driven by lower valuation, strong momentum and high ROE, while other quality metrics were mixed.
- Small cap stocks underperformed large cap stocks with the Russell 1000® Index beating the Russell 2000® Index by almost 12%.
- Growth and Value returns were similar for the broad market (Russell 3000® Index) and large cap (Russell 1000® Growth vs. Value Indices) but Value outperformed Growth in small cap (+25.5%), small/mid cap (+22.8%) and mid cap (+10.6%).
  - Notably, small cap value outperformed both large cap value and large cap growth with a return of 28.3%.
  - Russell 2000® Growth Index was up only 2.8%, underperforming the Russell 2000® Value Index by over 25%.

## Positioning & Outlook

- Historically, GDP growth, earnings growth and rising inflation has been a supportive environment for Value stocks over Growth.
- Cyclical stocks have performed well in periods of rising interest rates and remain relatively inexpensive.
- Relative valuations for Value over Growth remain at a discount while earnings growth expectations for Value are sizable.
- Valuation spreads remain wide, particularly for higher quality, profitable companies, providing a good stock picking environment.

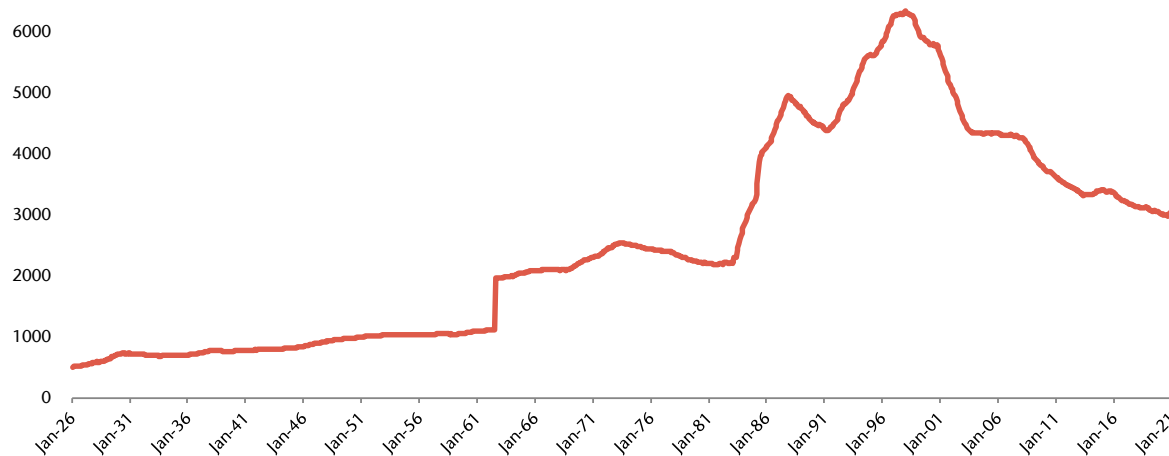
Data as of December 31, 2021. Source: Boston Partners.

All market segments are represented by respective Russell Indices unless noted otherwise. Discussions of securities returns and trends are not intended to be a forecast of future events or returns. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

123121 SC PR-001

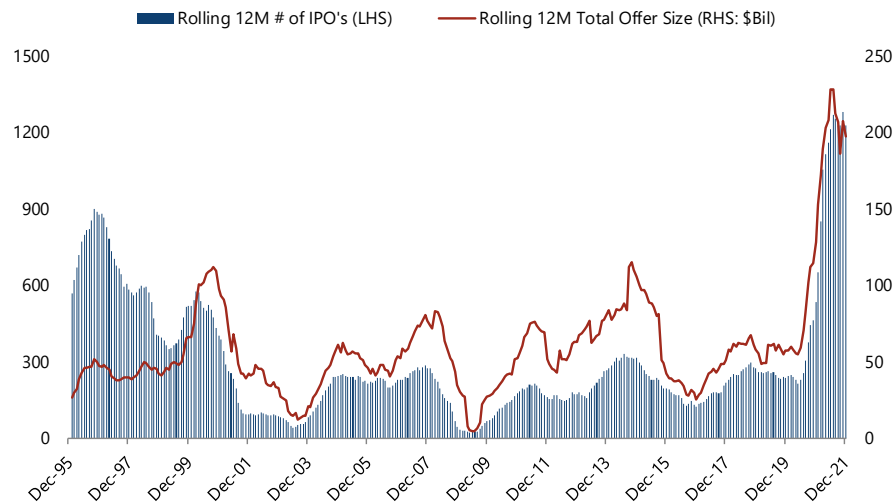
# The Number of Companies in the U.S. Equity Market Rose in 2021

## CRSP universe has added 344 companies to their universe over the last year, more to go<sup>1</sup>



- After falling for almost two decades, the number of stocks in the CRSP U.S. Total Market Index rose to almost 4,000.

## Over 1200 IPOs took place in '21, by far a new record<sup>2</sup>



- 2021 was a record year for IPOs as well as the 2nd highest year for M&A activity.

Data as of August 31, 2021.

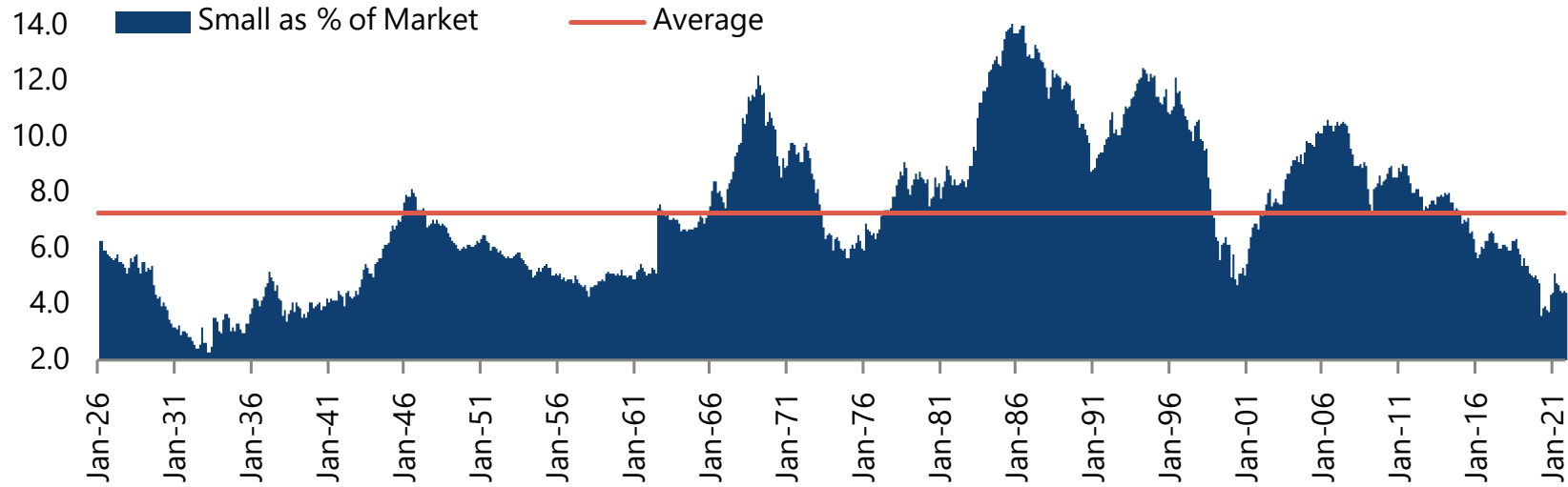
<sup>1</sup> Source: Center for Research in Security Prices (CRSP®), The University of Chicago Booth School of Business; Jefferies.

<sup>2</sup> Source: Bloomberg; FactSet; Jefferies.

Please refer to the appendix for other important disclosures.

# Time to Allocate to Smaller Cap Stocks?

Small is now 4.4% of the U.S. equity market, the long-term average stands at 7.5%



Data as of December 2021.

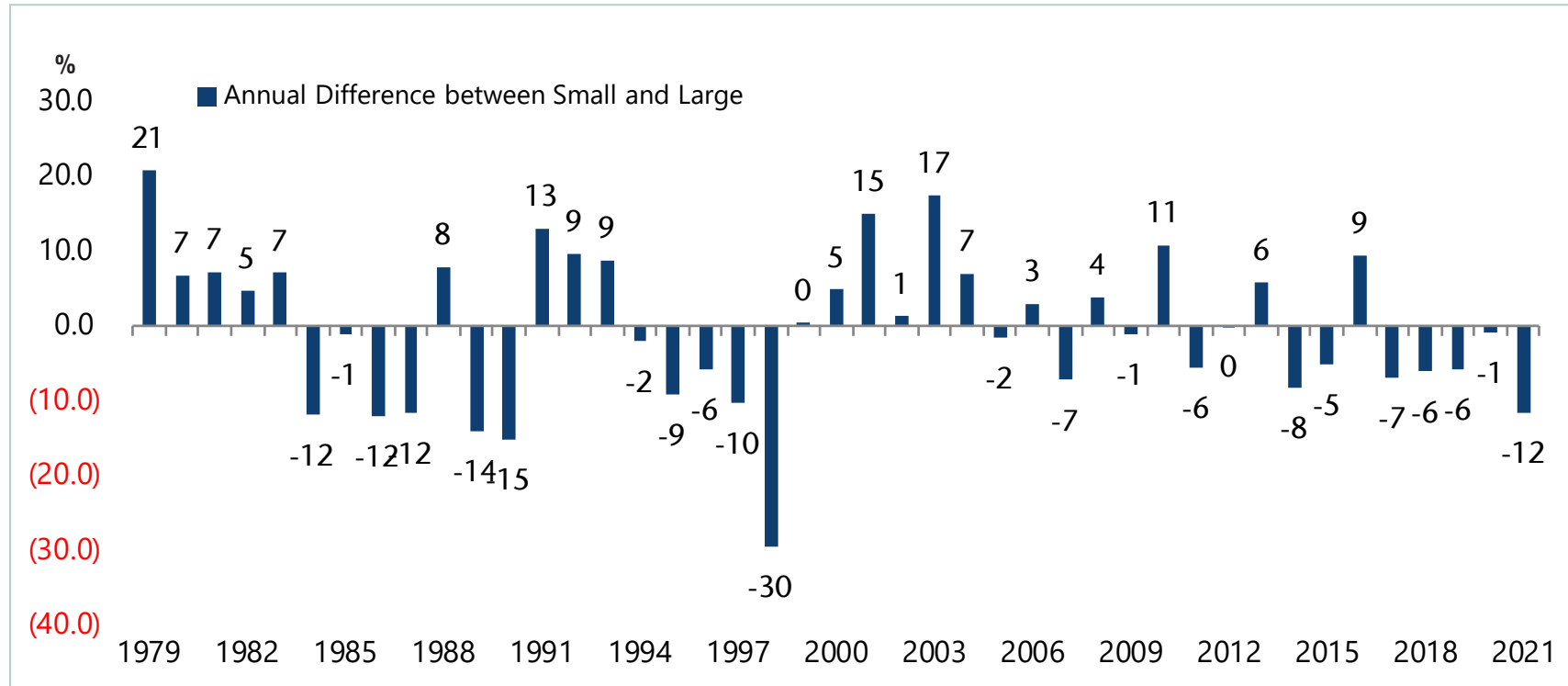
Source: Center for Research in Security Prices (CRSP®), The University of Chicago Booth School of Business; Jefferies. CRSP U.S. Total Market Index, CRSP U.S. Small Cap Market Index.

Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

123121 SC PR-003

# Time to Allocate to Smaller Cap Stocks?

It was the worst year of relative performance since '98; after that year, smalls outperformed



After 1998, small caps beat large caps in 7 out of the next 8 years.

Data as of December 2021  
 Source: FactSet; FTSE Russell, Russell 1000® and Russell 2000® Indices; Jefferies.  
 Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

# Earnings are Looking Better Down-Market Cap

## Quarterly and Annual earnings and sales growth across size, style and sector

Quarter/Year	Earnings Growth (In %)								
				Small Caps		Mid Caps		Large Caps	
	Small	Mid	Large	Growth	Value	Growth	Value	Growth	Value
3Q21A	59.4	56.0	41.4	47.3	58.4	51.0	57.4	43.3	40.7
4Q21P	22.9	22.1	22.5	27.2	22.5	30.1	24.7	18.0	24.8
1Q22P	16.5	16.8	8.0	19.6	14.2	20.7	16.7	6.9	7.9
2Q22P	6.6	4.2	6.1	8.6	6.5	8.3	3.4	3.7	5.6
3Q22P	10.2	4.4	9.4	16.4	9.4	10.5	3.0	10.2	8.0
4Q22P	19.6	11.2	13.3	22.9	17.7	16.4	9.2	15.5	11.0
<b>2021P</b>	<b>94.5</b>	<b>73.4</b>	<b>47.7</b>	<b>40.9</b>	<b>112.2</b>	<b>51.3</b>	<b>78.3</b>	<b>31.5</b>	<b>53.0</b>
<b>21/19P</b>	<b>44.8</b>	<b>40.2</b>	<b>33.4</b>	<b>39.7</b>	<b>48.7</b>	<b>34.8</b>	<b>40.1</b>	<b>38.0</b>	<b>24.4</b>
<b>2022</b>	<b>16.2</b>	<b>10.0</b>	<b>8.2</b>	<b>21.6</b>	<b>14.3</b>	<b>14.4</b>	<b>8.7</b>	<b>9.5</b>	<b>6.3</b>

**2021: Earnings Growth (preliminary) was higher in small cap value versus both large caps and small cap growth**

**2022: Earnings are expected to be higher for small caps than large caps**

Data as of December 31, 2021.

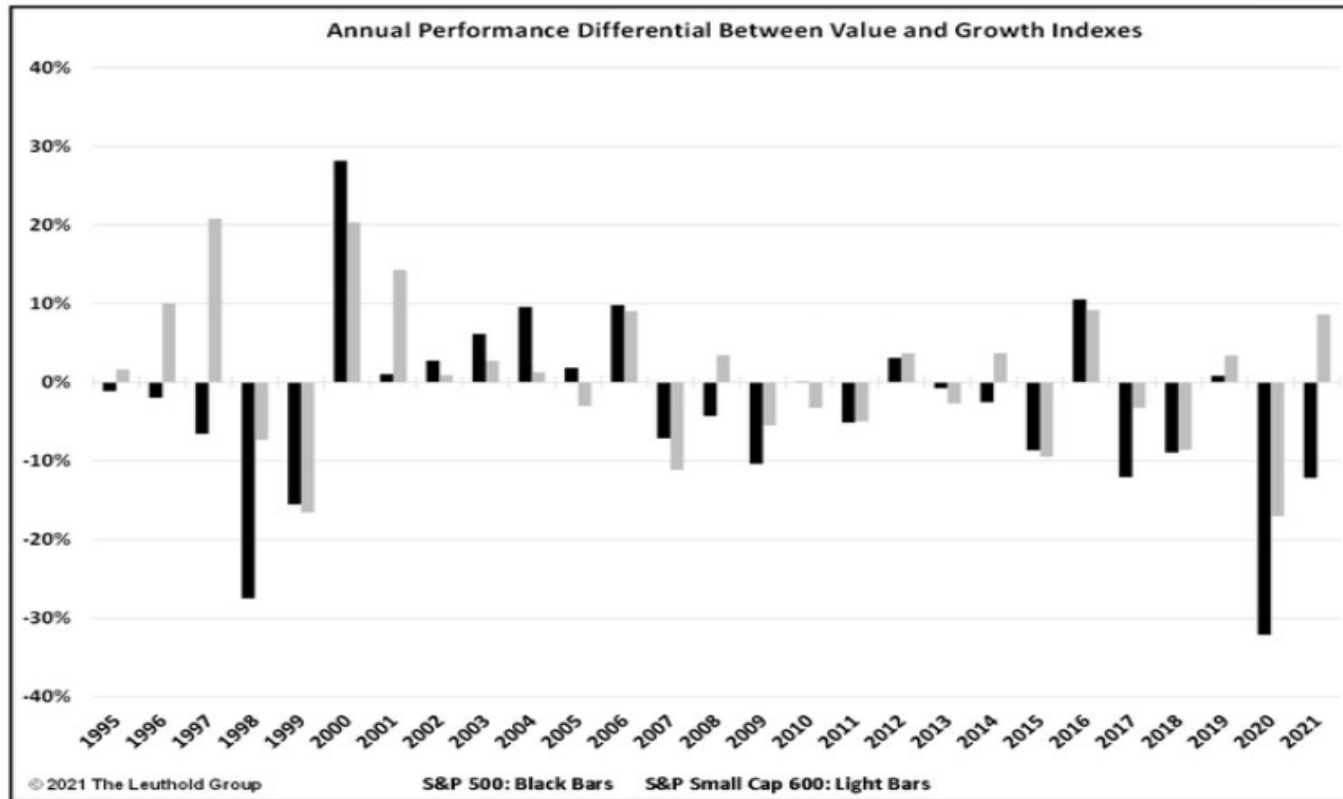
Source: Jefferies.

A = actual, P = projected, small and mid cap as defined by Standard & Poor's Indices. 2022 is a projection, but 2021 uses "A" and "P" because part of the year is already actual and part is still a projection; 2022 has not happened yet so that's why the source leaves it "P" off, it can't be actual. Estimates reflect subjective judgments and assumptions. There can be no assurance that developments will transpire as forecasted and that the estimates are accurate. Past performance is not an indication of future results.

123121 SC PR-005

# Value or Growth? Size Matters

Historically value has held up better in small caps



Black Bars: S&P 500 Growth – S&P 500 Value annual return differential  
Light Bars: S&P 600 Growth – S&P 600 Value annual return differential

**For 2021, growth outperformed value by +12% within the S&P 500 Index (large cap proxy), but lagged within smaller cap stocks as represented by the S&P 600 Index (small cap proxy).**

**With earnings power similar for growth across small caps and large caps, much of the performance divergence can be attributed to changes in valuations.**

Data as of December 31, 2021.

Source: The Leuthold Group.

Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

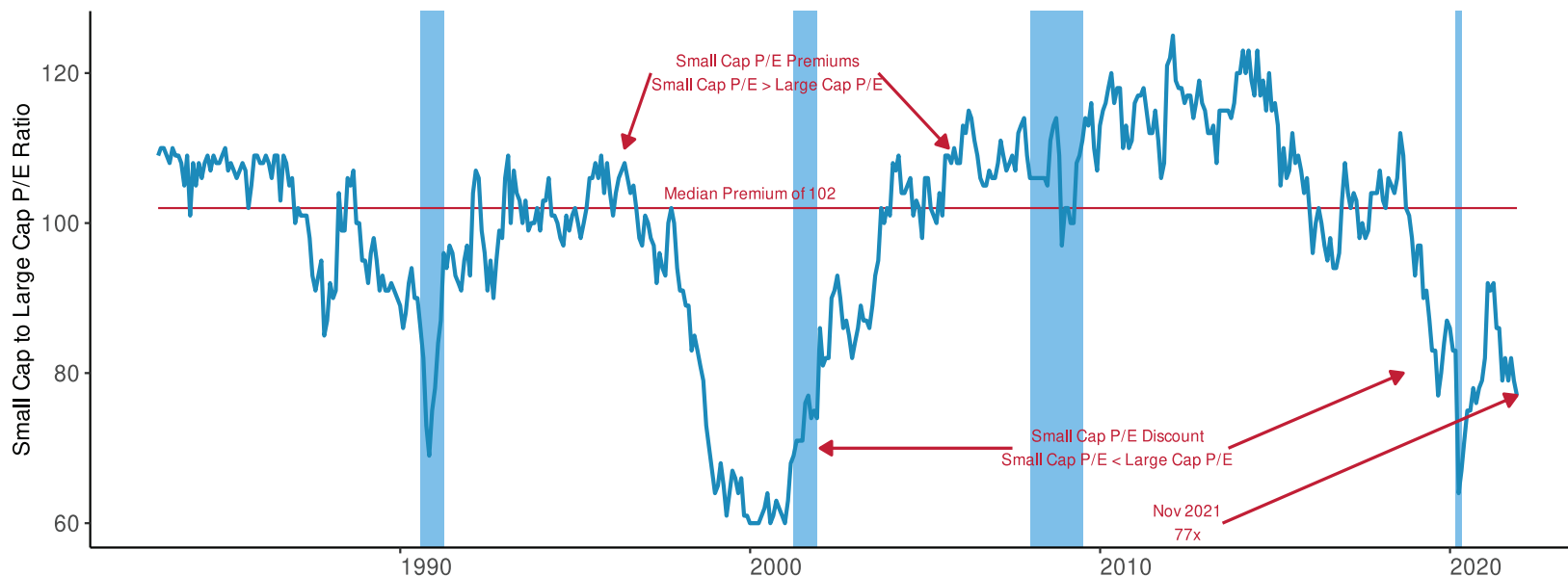
123121 SC PR-006

# Smaller Caps are Compelling Versus Large Cap Stocks

Small caps are selling at a 23% valuation discount to large caps

## Small Cap to Large Cap Historical P/E Ratio (x100)

Based on Non-normalized trailing operating earnings  
Small Cap: Leuthold 3000 Small Cap: 20.63x  
Large Cap: Leuthold 3000 Large Cap: 26.76x  
Vertical bars represent recessions.



**After recent underperformance, small caps are selling at a 23% valuation discount to large caps based on trailing operating earnings. This is the largest small cap discount since September 2020.**

**Based on full year 2022 earnings estimates, small caps are selling at an 18% discount to large caps**

Data as of December 2021.

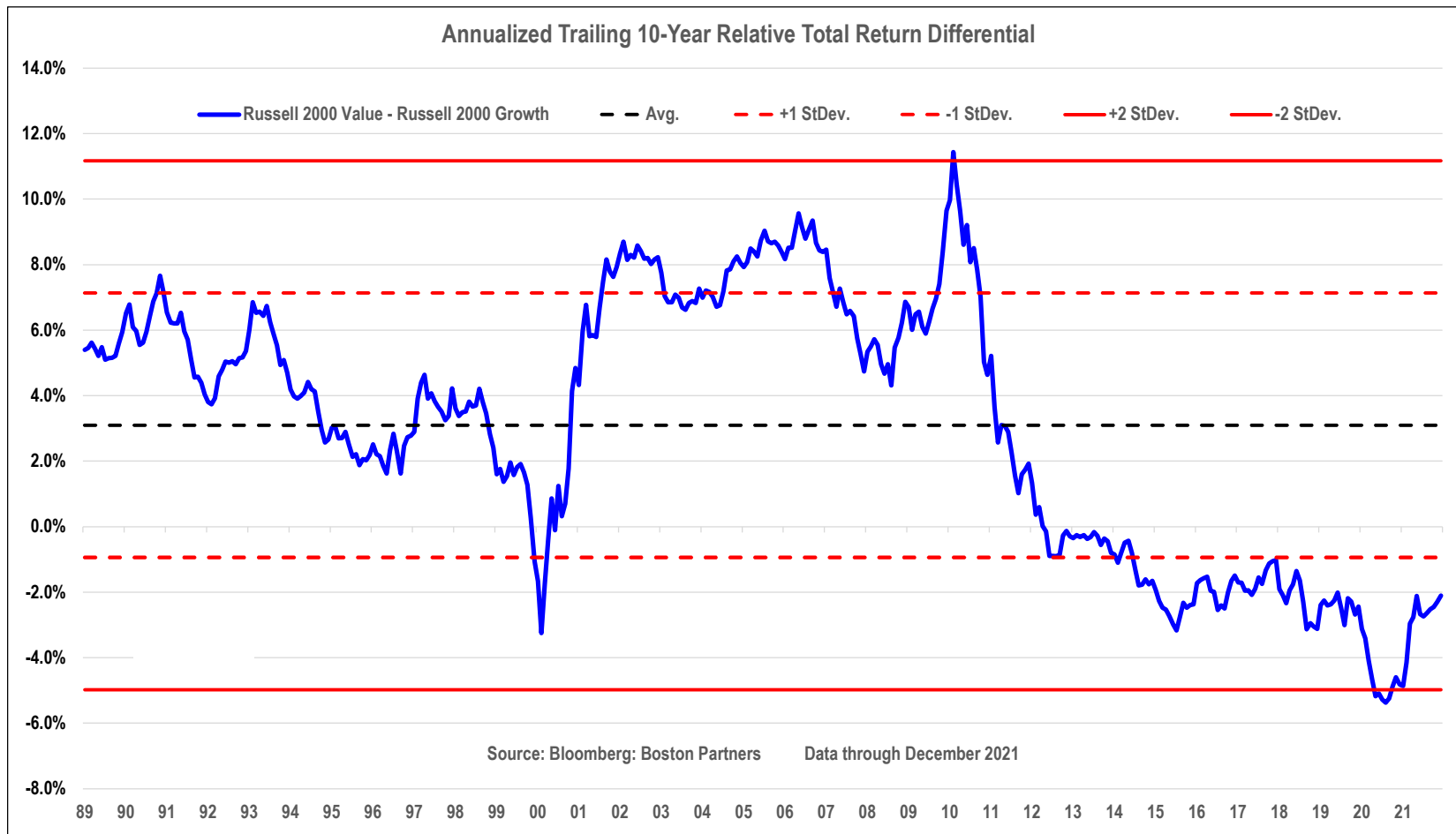
Source: The Leuthold Group.

Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

123121 SC PR-007

# Small Cap Value Stocks are Compelling versus Small Cap Growth Stocks

## Record return differential between Small Cap Value and Small Cap Growth



Data as of December 31, 2021.

Source: Bloomberg; Boston Partners.

Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

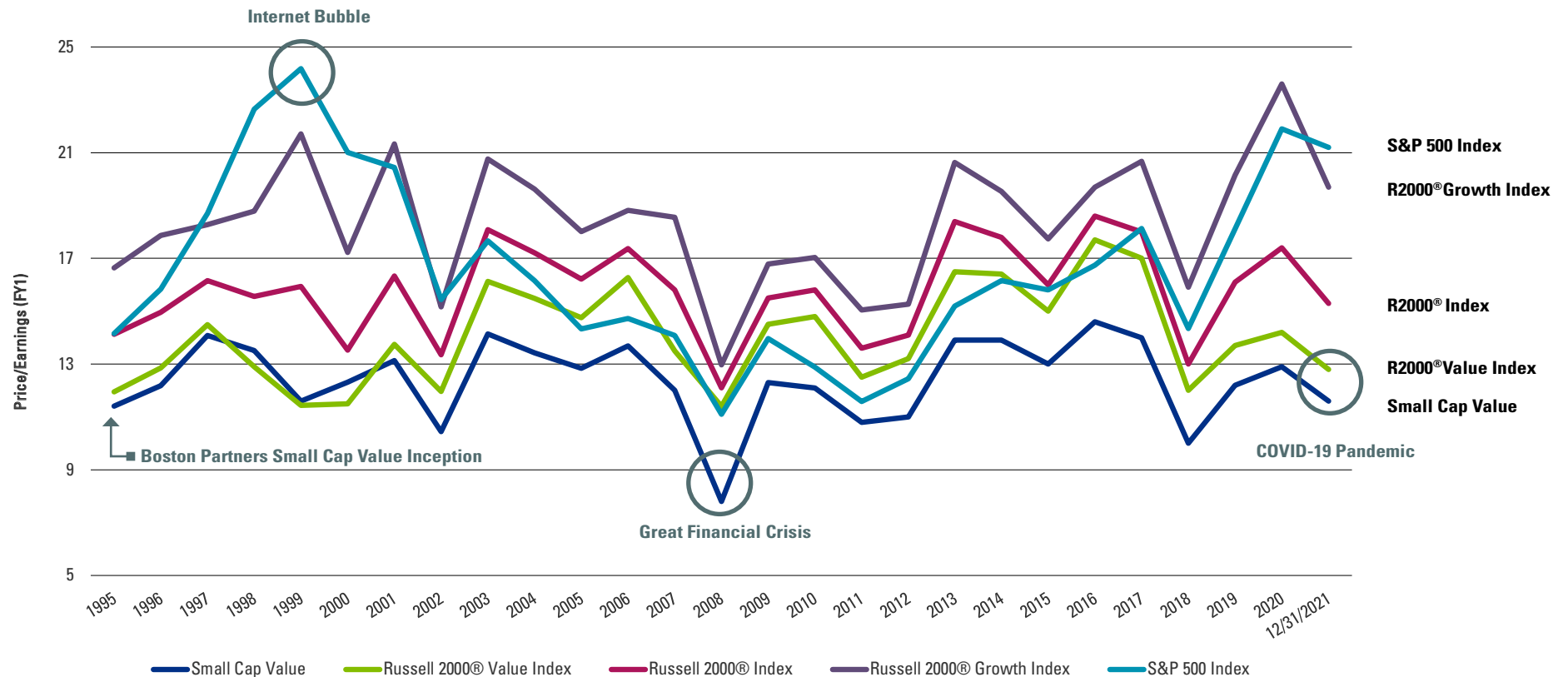
123121 SC PR-008



# Small Cap Value Strategy Maintains a Discount

Versus the Russell 2000® Value and Russell 2000® Indices

## Price/Earnings



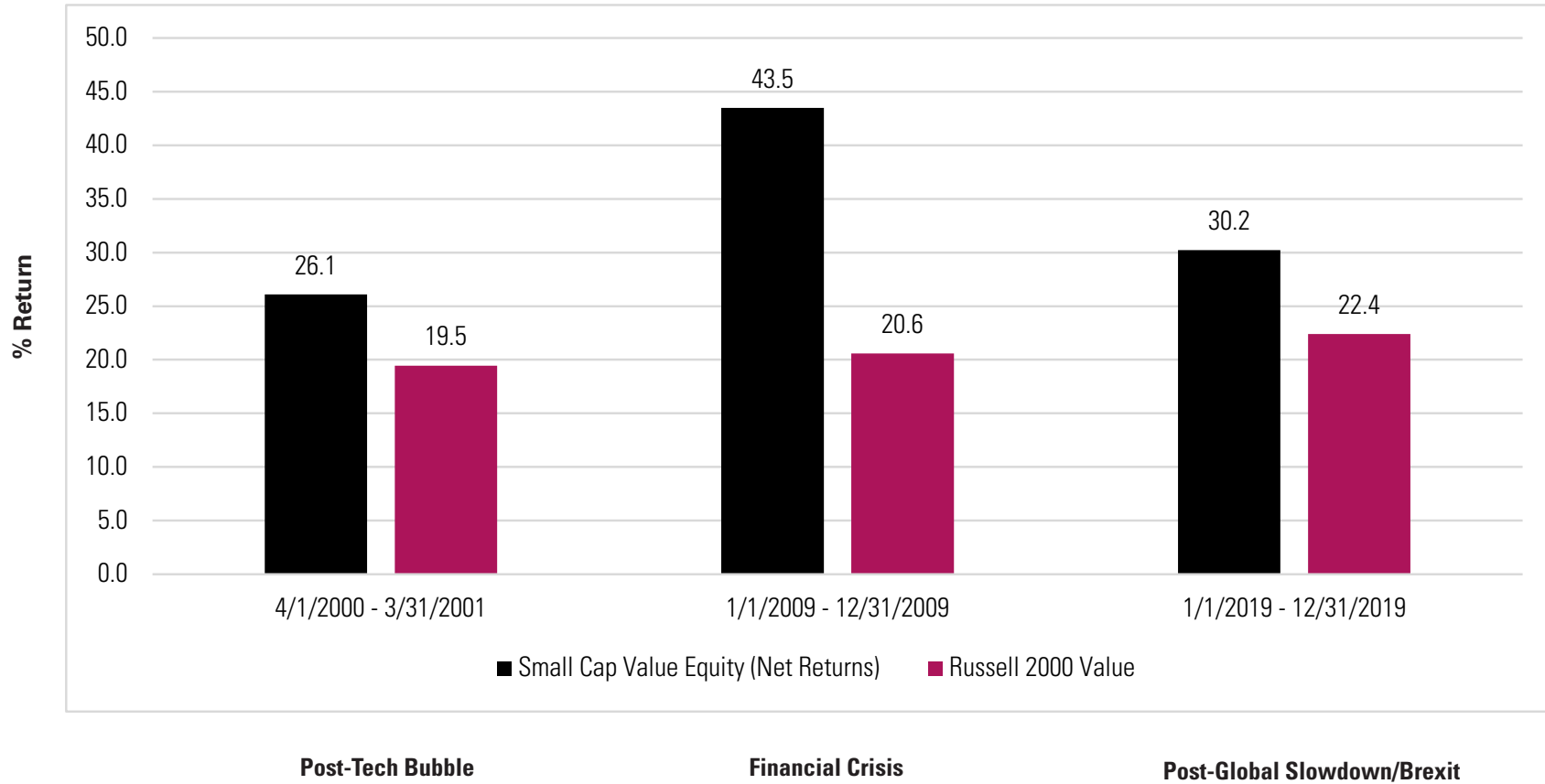
Data from December 1995 through December 31, 2021. Year-end P/E ratios are through December 31, 2020; 2021 ratios are as of December 31, 2021.

Portfolio characteristics are from a representative account in the Boston Partners Small Cap Value composite. Individual portfolio characteristics may vary. A GIPS® compliant report is contained herein. Please refer to the appendix for other important disclosures.

123121 SC PR-009

# Sticking to our Process has Paid Off After Extreme Market Environments

**Boston Partners Small Cap Value Equity Composite (Net of Fee) and Russell 2000® Value Index**



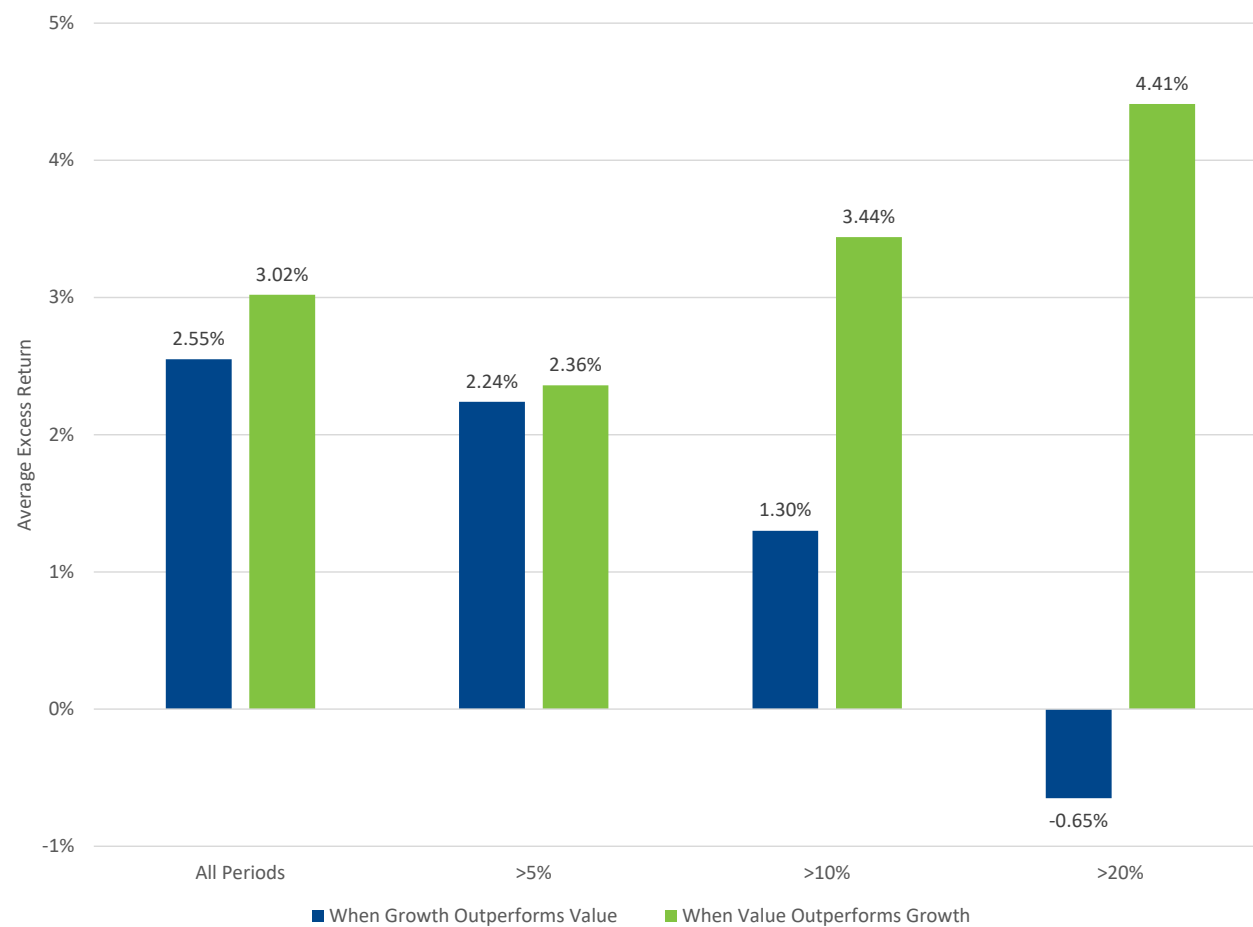
Source: Boston Partners and FactSet.

Returns reflect composite results. Past performance is not an indication of future results. A GIPS® compliant report is contained herein. Please refer to the appendix for other important disclosures.

093020 SC PR-010

# Does Boston Partners Offer Genuine Value?

*Average Annual Excess Returns of Boston Partners Small Cap Value vs. Russell 2000® Value Index  
July 1995 – December 2021*



Data as of December 31, 2021. Returns for the 1-year period as of December 31, 2021 are preliminary and unaudited.

Source: Morningstar Direct; Boston Partners.

Russell 2000® Growth Index and Russell 2000® Value Index were used to measure growth versus value in the chart above.

The data above includes all monthly rolling 1-year periods from July 1, 1995 through December 31, 2021. Timeline returns, other than those noted, reflect composite results, gross of fees and individual portfolio results will vary. A GIPS® compliant report is contained herein. Past performance is not an indication of future results. Performance for periods over one year are annualized. Please refer to the appendix for other important disclosures.

123121 SC PR-011

# Investment Performance - Small Cap Value

As of December 31, 2021

## Annualized Performance (%)

	4Q 2021	1 Year	3 Year	5 Year	10 Year	15 Year	20 Year	Since Inception*
<b>Small Cap Value - Gross of Fees</b>	3.80	26.90	19.73	10.00	12.98	9.49	10.80	12.99
<b>Small Cap Value - Net of Fees</b>	3.64	26.12	18.92	9.24	12.15	8.63	9.92	12.11
Russell 2000® Value Index	4.36	28.27	17.99	9.07	12.03	7.19	9.18	10.27

## Calendar Year Performance (%)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Small Cap Value - Gross of Fees</b>	26.90	3.12	31.15	-15.69	11.29	25.63	-3.77	4.76	35.27	22.85
<b>Small Cap Value - Net of Fees</b>	26.12	2.41	30.22	-16.27	10.49	24.69	-4.53	3.93	34.21	21.85
Russell 2000® Value Index	28.27	4.63	22.39	-12.86	7.84	31.74	-7.47	4.22	34.52	18.05

\*Inception date is July 1, 1995.

Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Performance for periods over one year are annualized. Past performance is not an indication of future results. Please refer to the appendix for other important disclosures.

Performance (%)																	
	4Q 2021	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception*	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Large Cap Value - Gross of Fees</b>	9.50	31.03	18.63	12.85	14.12	9.42	11.24	31.03	2.59	24.18	-8.70	20.07	14.74	-4.08	11.85	37.14	21.27
<b>Large Cap Value - Net of Fees</b>	9.42	30.63	18.26	12.50	13.74	9.04	10.86	30.63	2.27	23.79	-8.99	19.71	14.40	-4.37	11.49	36.64	20.66
Russell 1000® Value Index	7.77	25.16	17.64	11.16	12.97	7.51	9.80	25.16	2.80	26.54	-8.27	13.66	17.34	-3.83	13.45	32.53	17.51
S&P 500® Index	11.03	28.71	26.07	18.47	16.55	10.66	10.66	28.71	18.40	31.49	-4.38	21.83	11.96	1.38	13.69	32.39	16.00
<b>Concentrated Large Cap Value - Gross of Fees</b>	9.87	33.67	20.09	-	-	-	13.88	33.67	2.74	26.11	-8.86	13.71	-	-	-	-	-
<b>Concentrated Large Cap Value - Net of Fees</b>	9.70	32.87	19.30	-	-	-	13.11	32.87	2.03	25.23	-9.51	13.32	-	-	-	-	-
Russell 1000® Value Index	7.77	25.16	17.64	-	-	-	11.35	25.16	2.80	26.54	-8.27	8.61	-	-	-	-	-
<b>Premium Equity - Gross of Fees</b>	7.84	26.81	19.87	12.74	14.71	10.53	13.15	26.81	5.38	28.88	-11.06	18.91	15.73	1.71	13.22	39.73	16.27
<b>Premium Equity - Net of Fees</b>	7.67	26.05	19.16	12.08	14.07	9.92	12.57	26.05	4.78	28.12	-11.60	18.22	15.08	1.15	12.65	39.04	15.72
Russell 3000® Value Index	7.54	25.37	17.65	11.00	12.89	7.48	9.82	25.37	2.87	26.26	-8.58	13.19	18.40	-4.13	12.70	32.69	17.55
S&P 500® Index	11.03	28.71	26.07	18.47	16.55	10.66	10.66	28.71	18.40	31.49	-4.38	21.83	11.96	1.38	13.69	32.39	16.00
<b>Mid Cap Value - Gross of Fees</b>	7.91	28.03	21.43	12.40	15.28	11.91	13.55	28.03	6.55	31.26	-14.03	16.55	16.29	2.84	14.37	41.04	19.78
<b>Mid Cap Value - Net of Fees</b>	7.83	27.63	21.02	12.02	14.84	11.37	12.91	27.63	6.18	30.80	-14.33	16.16	15.90	2.49	14.00	40.48	18.90
Russell Midcap® Value Index	8.54	28.34	19.62	11.22	13.44	8.78	11.53	28.34	4.96	27.06	-12.29	13.34	20.00	-4.78	14.75	33.46	18.51

\* Inception dates are as follows: Large Cap Value is June 1, 1995; Concentrated Large Cap Value is July 1, 2017; Premium Equity is June 1, 1995; and Mid Cap Value is May 1, 1995. Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Performance for periods over one year are annualized. Past performance is not an indication of future results. Please refer to the back for other important disclosures.

# Boston Partners

Investment Performance as of December 31, 2021 (continued)

Performance (%)																	
	4Q 2021	1 Year	3 Year	5 Year	10 Year	15 Year	Since Inception*	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Small/Mid Cap Value - Gross of Fees</b>	<b>4.76</b>	<b>27.64</b>	<b>20.68</b>	<b>10.22</b>	<b>13.32</b>	<b>9.27</b>	<b>11.48</b>	<b>27.64</b>	<b>4.49</b>	<b>31.79</b>	<b>-18.56</b>	<b>13.64</b>	<b>25.35</b>	<b>-3.06</b>	<b>5.34</b>	<b>35.33</b>	<b>23.97</b>
<b>Small/Mid Cap Value - Net of Fees</b>	<b>4.61</b>	<b>26.90</b>	<b>19.97</b>	<b>9.55</b>	<b>12.59</b>	<b>8.49</b>	<b>10.69</b>	<b>26.90</b>	<b>3.87</b>	<b>31.01</b>	<b>-19.08</b>	<b>12.90</b>	<b>24.51</b>	<b>-3.71</b>	<b>4.65</b>	<b>34.37</b>	<b>23.08</b>
Russell 2500™ Value Index	6.36	27.78	18.31	9.88	12.43	7.91	10.36	27.78	4.88	23.56	-12.36	10.36	25.20	-5.49	7.11	33.32	19.21
Russell 2500™ Index	3.82	18.18	21.91	13.75	14.15	9.67	10.53	18.18	19.99	27.77	-10.00	16.81	17.59	-2.90	7.07	36.80	17.88
<b>Small Cap Value - Gross of Fees</b>	<b>3.80</b>	<b>26.90</b>	<b>19.73</b>	<b>10.00</b>	<b>12.98</b>	<b>9.49</b>	<b>12.99</b>	<b>26.90</b>	<b>3.12</b>	<b>31.15</b>	<b>-15.69</b>	<b>11.29</b>	<b>25.63</b>	<b>-3.77</b>	<b>4.76</b>	<b>35.27</b>	<b>22.85</b>
<b>Small Cap Value - Net of Fees</b>	<b>3.64</b>	<b>26.12</b>	<b>18.92</b>	<b>9.24</b>	<b>12.15</b>	<b>8.63</b>	<b>12.11</b>	<b>26.12</b>	<b>2.41</b>	<b>30.22</b>	<b>-16.27</b>	<b>10.49</b>	<b>24.69</b>	<b>-4.53</b>	<b>3.93</b>	<b>34.21</b>	<b>21.85</b>
Russell 2000® Value Index	4.36	28.27	17.99	9.07	12.03	7.19	10.27	28.27	4.63	22.39	-12.86	7.84	31.74	-7.47	4.22	34.52	18.05
Russell 2000® Index	2.14	14.82	20.02	12.02	13.23	8.69	9.56	14.82	19.96	25.52	-11.01	14.65	21.31	-4.41	4.89	38.82	16.35
<b>Small Cap Value II - Gross of Fees</b>	<b>3.80</b>	<b>26.95</b>	<b>18.93</b>	<b>9.59</b>	<b>13.30</b>	<b>9.37</b>	<b>12.34</b>	<b>26.95</b>	<b>2.37</b>	<b>29.43</b>	<b>-15.38</b>	<b>11.05</b>	<b>27.35</b>	<b>-3.27</b>	<b>5.35</b>	<b>36.53</b>	<b>24.54</b>
<b>Small Cap Value II - Net of Fees</b>	<b>3.55</b>	<b>25.70</b>	<b>17.80</b>	<b>8.56</b>	<b>12.25</b>	<b>8.30</b>	<b>11.19</b>	<b>25.70</b>	<b>1.45</b>	<b>28.18</b>	<b>-16.19</b>	<b>10.05</b>	<b>26.21</b>	<b>-4.19</b>	<b>4.37</b>	<b>35.28</b>	<b>23.42</b>
Russell 2000® Value Index	4.36	28.27	17.99	9.07	12.03	7.19	8.74	28.27	4.63	22.39	-12.86	7.84	31.74	-7.47	4.22	34.52	18.05
<b>Long/Short Equity - Gross of Fees</b>	<b>9.28</b>	<b>35.18</b>	<b>13.18</b>	<b>5.78</b>	<b>8.68</b>	<b>10.91</b>	<b>12.30</b>	<b>35.18</b>	<b>-4.03</b>	<b>11.75</b>	<b>-13.34</b>	<b>5.41</b>	<b>25.71</b>	<b>1.15</b>	<b>7.16</b>	<b>10.37</b>	<b>15.40</b>
<b>Long/Short Equity - Net of Fees</b>	<b>9.02</b>	<b>33.92</b>	<b>12.11</b>	<b>4.74</b>	<b>7.54</b>	<b>9.40</b>	<b>9.96</b>	<b>33.92</b>	<b>-4.94</b>	<b>10.70</b>	<b>-14.22</b>	<b>4.30</b>	<b>24.03</b>	<b>0.17</b>	<b>6.04</b>	<b>9.17</b>	<b>14.06</b>
S&P 500® Index	11.03	28.71	26.07	18.47	16.55	10.66	8.82	28.71	18.40	31.49	-4.38	21.83	11.96	1.38	13.69	32.39	16.00
<b>Long/Short Research - Gross of Fees</b>	<b>7.37</b>	<b>25.45</b>	<b>10.11</b>	<b>6.20</b>	<b>8.13</b>	<b>7.61</b>	<b>7.57</b>	<b>25.45</b>	<b>-6.79</b>	<b>14.16</b>	<b>-9.37</b>	<b>11.63</b>	<b>5.21</b>	<b>3.02</b>	<b>8.68</b>	<b>19.70</b>	<b>14.73</b>
<b>Long/Short Research - Net of Fees</b>	<b>6.99</b>	<b>23.67</b>	<b>8.69</b>	<b>4.85</b>	<b>6.78</b>	<b>6.27</b>	<b>6.24</b>	<b>23.67</b>	<b>-7.92</b>	<b>12.75</b>	<b>-10.50</b>	<b>10.27</b>	<b>3.91</b>	<b>1.74</b>	<b>7.34</b>	<b>18.23</b>	<b>13.32</b>
S&P 500® Index	11.03	28.71	26.07	18.47	16.55	10.66	9.63	28.71	18.40	31.49	-4.38	21.83	11.96	1.38	13.69	32.39	16.00
HFRI Equity Hedge Total Index	0.92	11.96	14.49	9.56	7.50	5.09	6.02	11.96	17.90	13.69	-7.14	13.29	5.47	-0.97	1.81	14.27	7.41

\* Inception dates are as follows: Small/Mid Cap Value is April 1, 1999; Small Cap Value is July 1, 1995; Small Cap Value II is July 1, 1998; Long/Short Equity is August 1, 1997; and Long/Short Research is April 1, 2002. Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Performance for periods over one year are annualized. Past performance is not an indication of future results. Please refer to the back for other important disclosures.

Performance (%)																
	4Q 2021	1 Year	3 Year	5 Year	10 Year	Since Inception*	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Global Equity - Gross of Fees</b>	4.96	23.27	16.16	10.76	12.01	8.79	23.27	5.88	20.07	-12.50	21.53	9.47	1.89	5.54	35.12	17.26
<b>Global Equity - Net of Fees</b>	4.82	22.63	15.46	10.05	11.23	8.01	22.63	5.23	19.27	-13.10	20.67	8.65	1.11	4.74	34.11	16.37
MSCI World Index - Net	7.77	21.82	21.70	15.03	12.70	8.50	21.82	15.90	27.67	-8.71	22.40	7.51	-0.87	4.94	26.68	15.83
MSCI World Value Index - Net	7.19	21.94	13.64	8.92	9.53	6.19	21.94	-1.16	21.75	-10.78	17.10	12.33	-4.82	3.69	26.62	15.51
<b>International Equity - Gross of Fees</b>	2.60	14.09	11.97	7.77	8.59	4.95	14.09	5.46	16.69	-18.07	26.38	0.76	3.54	-3.65	31.47	18.67
<b>International Equity - Net of Fees</b>	2.42	13.29	11.19	7.01	7.80	4.17	13.29	4.74	15.86	-18.67	25.48	0.01	2.77	-4.37	30.51	17.79
MSCI EAFE Index - Net	2.69	11.26	13.54	9.55	8.03	4.09	11.26	7.82	22.01	-13.79	25.03	1.00	-0.81	-4.90	22.78	17.32
MSCI EAFE Value Index - Net	1.17	10.89	7.82	5.34	5.81	2.46	10.89	-2.63	16.09	-14.78	21.44	5.02	-5.68	-5.39	22.95	17.69
<b>Global Long/Short - Gross of Fees</b>	4.69	20.58	9.25	5.70	-	6.46	20.58	1.75	6.29	-7.68	9.60	4.34	8.73	4.36	8.96	-
<b>Global Long/Short - Net of Fees</b>	4.17	18.22	7.10	3.62	-	4.40	18.22	-0.25	4.19	-9.53	7.44	2.28	6.59	2.55	8.02	-
MSCI World Index - Net	7.77	21.82	21.70	15.03	-	12.06	21.82	15.90	27.67	-8.71	22.40	7.51	-0.87	4.94	16.83	-
MSCI World Value Index - Net	7.19	21.94	13.64	8.92	-	8.28	21.94	-1.16	21.75	-10.78	17.10	12.33	-4.82	3.69	15.74	-
HFRI Equity Hedge Total Index	0.92	11.96	14.49	9.56	-	7.36	11.96	17.90	13.69	-7.14	13.29	5.47	-0.97	1.81	8.98	-

\* Inception dates are as follows: Global Equity is July 1, 2008; International Equity is July 1, 2008; and Global Long/Short is July 1, 2013. Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Performance for periods over one year are annualized. Past performance is not an indication of future results. Please refer to the back for other important disclosures.

Performance (%)												
	4Q 2021	1 Year	3 Year	5 Year	Since Inception*	2021	2020	2019	2018	2017	2016	2015
<b>Emerging Markets Dynamic Equity - Gross of Fees</b>	-3.99	-4.25	9.09	6.72	5.49	-4.25	13.43	19.53	-16.64	27.89	8.08	-3.67
<b>Emerging Markets Dynamic Equity - Net of Fees</b>	-4.27	-5.37	7.71	5.23	3.78	-5.37	12.08	17.82	-17.87	25.69	5.69	-5.47
MSCI Emerging Markets Index - Net	-1.31	-2.54	10.94	9.87	5.70	-2.54	18.31	18.42	-14.57	37.28	11.19	-17.97
HFRI Equity Hedge Total Index	0.92	11.96	14.49	9.56	7.33	11.96	17.90	13.69	-7.14	13.29	5.47	-2.60
<b>Emerging Markets - Gross of Fees</b>	-2.57	-2.51	13.58	-	6.65	-2.51	15.69	29.91	-20.32	14.45		-
<b>Emerging Markets - Net of Fees</b>	-2.80	-3.43	12.55	-	5.67	-3.43	14.73	28.69	-21.09	13.33		-
MSCI Emerging Markets Index - Net	-1.31	-2.54	10.94	-	6.93	-2.54	18.31	18.42	-14.57	15.92		-

\* Inception dates are as follows: Emerging Markets Dynamic Equity is March 1, 2015; Emerging Markets Equity is July 1, 2017. Boston Partners has prepared and presented this report in compliance with the GIPS®. Returns reflect composite results and individual portfolio results will vary. Performance for periods over one year are annualized. Past performance is not an indication of future results. Please refer to the back for other important disclosures.



Boston Partners Global Investors, Inc. ("Boston Partners") is an Investment Adviser registered with the Securities and Exchange Commission under the Investment Advisers Act of 1940. Registration does not imply a certain level of skill or training. Boston Partners is an indirect, wholly owned subsidiary of ORIX Corporation of Japan ("ORIX"). Boston Partners updated its firm description as of November 2018 to reflect changes in its divisional structure. Boston Partners is comprised of two divisions, Boston Partners and Weiss, Peck & Greer Partners ("WPG").

Boston Partners claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS® standards. Boston Partners has been independently verified for the periods 2007 through 2019. Before then, Boston Partners Asset Management ("BPAM"), the previous entity name, and WPG were independently verified on an annual basis from 1995 through 2006 and 1993 through 2006, respectively. A firm that claims compliance with the GIPS must establish policies and procedures for complying with all the applicable requirements of the GIPS. Verification provides assurance on whether a firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report.

The composites have had a performance examination for the following periods: Boston Partners Large Cap Value Equity, 1995 to 2019; Boston Partners Premium Equity, 1995 to 2019; Boston Partners Mid Cap Value Equity, 1995 to 2006 and 2010 to 2019; Boston Partners Small/Mid Cap Value Equity, 1999 to 2019; Boston Partners Small Cap Value Equity, 1995 to 2019; Boston Partners Small Cap Value II Equity, 1998 to 2019; Boston Partners Long/Short Research, 2011 to 2019; Boston Partners Global Equity II, 2012 to 2019; Boston Partners International Equity II, 2008 to 2019; Boston Partners Global Long/Short, 2013 to 2019; and Boston Partners Emerging Markets Dynamic Equity, 2016 to 2019. The verification and performance examination reports are available upon request. A list of composite descriptions is available upon request. GIPS® is a registered trademark of the CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

Past performance is not indicative of future results. This document is not an offering of securities nor is it intended to provide investment advice. It is intended for informational purposes only.

### Composite Construction(s)

Performance results attained at Boston Partners are linked to the results achieved at BPAM beginning on January 1, 2007 in compliance with the GIPS® standards on performance record portability. Composites include all separately managed and commingled vehicles, fully discretionary, fee-paying accounts under management with a similar investment mandate. Prior to January 1, 2007 the minimum account size for inclusion in all the composites in existence noted above was \$5 million. After January 1, 2007, the minimum account size for composite inclusion was lowered to \$1million for all composites, except for the Boston Partners Small Cap Value Equity and Small Cap Value II Equity Composites; the account minimum for inclusion remained at \$5 million for those composites. No composites have a minimum account size for inclusion as of June 1, 2019. Some composites contain proprietary assets.

The inception and creation date of the **Boston Partners Large Cap Value Equity** composite is June 1, 1995. The strategy is composed of securities with market capitalizations primarily greater than \$3 billion and is benchmarked against Russell 1000® Value Index and the S&P 500 Index (secondary). Prior to December 1, 1995, there was no minimum market value requirement for inclusion in the Boston Partners Large Cap Value Equity composite. Accounts that did not meet the established minimum balance requirement on that date were removed.

The inception and creation date of the **Boston Partners Large Cap Concentrated Equity** composite is July 1, 2017. Under normal market conditions, the strategy is composed of 35 – 40 securities with market capitalizations primarily in the same capitalization range as the Russell 1000® Value Index. The composite is benchmarked against the Russell 1000® Value Index.

The inception and creation date of the **Boston Partners Premium Equity** composite is June 1, 1995. The strategy is a hybrid of Boston Partners' other equity products. It has the flexibility to invest across the capitalization spectrum and to invest in securities with equity-like return and risk profiles. Boston Partners Premium Equity is benchmarked against the Russell 3000® Value Index and the S&P 500 Index (secondary).

The inception and creation date of the **Boston Partners Mid Cap Value Equity** composite is May 1, 1995. Effective March 1, 2006, the Mid Cap Value Equity strategy is composed of securities primarily in the same market capitalization range, at time of purchase, as the Russell Midcap® Value Index. Effective January 1, 2005 the Boston Partners Mid Cap Value composite revised its benchmark from the Russell 2500™ Value Index to the Russell Midcap® Value Index. The Russell Midcap® Value Index has less of a bias toward smaller capitalization stocks and thus more accurately reflects the composition of Boston Partners holdings.

The inception and creation date of the **Boston Partners Small/Mid Cap Value Equity** composite is April 1, 1999. The strategy is generally composed of securities with market capitalizations, at the time of purchase, in the same market capitalization range as the Russell 2500™ Index. The composite is benchmarked against the Russell 2500™ Value Index. The Russell 2500™ Index is presented as supplemental information.

The inception and creation date of the **Boston Partners Small Cap Value Equity** composite is July 1, 1995. The strategy is generally composed of securities with market capitalizations, at the time of purchase, in the same market capitalization range as the Russell 2000® Index. The composite is benchmarked against the Russell 2000® Value Index. The Russell 2000® Index is presented as supplemental information. The inception date of the Boston Partners Small Cap Value II Equity composite is July 1, 1998. The composite was created in 2000. The strategy is generally composed of securities with market capitalizations, at the time of purchase, in the same market capitalization range as the Russell 2000® Index and in accordance with the product's selective investment in micro cap companies. The composite is benchmarked against the Russell 2000® Value Index.

The inception date and creation date of the **Boston Partners Long/Short Equity** composite is August 1, 1997. The strategy is an absolute return product that balances long and short portfolio strategies and seeks to achieve stable absolute returns with approximately half the risk of the S&P 500. However, this product is not risk neutral. It is exposed to style, capitalization, sector and short-implementation risks. Prior to October 1, 1998, the composite was managed on a non-fee paying basis. Participant results would have been substantially different if fee waivers were not applied. The composite is benchmarked against the S&P 500 Index and the Russell 3000® Value/Russell 3000® Growth for comparative

purposes only since the strategy is not correlated to equity market returns.

The inception and creation date of the **Boston Partners Long/Short Research Equity** composite is April 1, 2002. This strategy is an absolute return product that balances long and short portfolio strategies and seeks to achieve stable absolute returns with approximately half the risk of the S&P 500 Index. The strategy is benchmarked against the S&P 500 Index. The HFRI Equity Hedge (Total) Index is presented as supplemental information.

The inception and creation date of the **Boston Partners Global Equity II** composite is July 1, 2008. This strategy is unconstrained and primarily invests in equity securities in the global market without using hedges on currency. The strategy is benchmarked against the MSCI World Index-Net. Prior to August 1, 2017, the strategy was benchmarked to the MSCI World Index. Non-performance related statistics are measured against the MSCI World Index. The MSCI World Value Index-Net and the MSCI ACWI Index-Net are presented as supplemental information.

The inception date and creation date of the **Boston Partners International Equity II** composite is July 1, 2008. This strategy is unconstrained and primarily invests in non-us markets without using currency hedges. The strategy is benchmarked against the MSCI EAFE Index-Net as of August 1, 2017. From July 1, 2008 to June 30, 2010 the primary benchmark was MSCI EAFE Value Index and on July 1, 2010 the primary benchmark changed to the MSCI EAFE Index. This change to the MSCI EAFE Index was made retroactively to July 1, 2008. Non-performance related statistics are measured against the MSCI EAFE Index. The MSCI EAFE Value Index-Net and the MSCI ACWI ex U.S. Index-Net are presented as supplemental information.

The inception and creation date of the **Boston Partners Global Long/Short Equity** composite is July 1, 2013. The strategy is composed of securities with market capitalizations primarily greater than \$50 million and is benchmarked against the MSCI World Index-Net. Non-performance related statistics are measured against the MSCI World Index. Prior to August 1, 2017, the strategy was benchmarked to the MSCI World Index. The MSCI World Value Index-Net and the HFRI Equity Hedge (Total) Index are presented as supplemental information.

The inception and creation of the **Boston Partners Emerging Markets Dynamic Equity** composite is March 1, 2015. The strategy is composed of securities with market capitalizations

primarily greater than \$250 million and is benchmarked against the MSCI Emerging Markets Index-Net. Non-performance related statistics are measured against the MSCI Emerging Markets Index. Prior to August 1, 2017, the strategy was benchmarked to the MSCI Emerging Markets Index. The HFRI Equity Hedge (Total) Index is presented as supplemental information. Prior to July 1, 2020, the Boston Partners Emerging Markets Dynamic Equity Composite was named the Boston Partners Emerging Markets Long/Short Composite.

The inception and creation of the **Boston Partners Emerging Markets Equity** composite is July 1, 2017. The strategy is composed of securities with market capitalizations primarily greater than \$250 million and is benchmarked against the MSCI Emerging Markets Index-Net. Prior to August 1, 2017, the strategy was benchmarked to the MSCI Emerging Markets Index. Non-performance related statistics are measured against the MSCI Emerging Markets Index.

### Benchmarks

Index returns are provided for comparison purposes only to show how the composite's returns compare to a broad-based index of securities, as the indices do not have costs, fees, or other expenses associated with their performance. In addition, securities held in indices may not be similar to securities held in the composite's accounts.

The S&P 500® Index is an unmanaged index of the common stocks of 500 widely held U.S. companies.

All Russell® Indices are registered trademarks of the Frank Russell Company. The Russell® Value Indices typically measure the performance of universes of stocks displaying low price-to-book ratios and low forecasted growth values. The Russell® Growth Indices typically measure the performance of universes of stocks displaying high price-to-book ratios and high forecasted growth values. The Russell 1000® Index measures the performance of the large-cap segment of the U.S. equity universe. It includes the 1,000 largest companies in the Russell 3000® Index. The Russell 3000® Index measures performance of the 3,000 largest U.S. companies based on total market capitalization. The Russell 2500™ and 2000® Indices measure performance of the 2,500 and 2,000 smallest companies in the Russell 3000® Index respectively. The Russell Midcap® Index measures the performance of the 800 smallest companies in the Russell 1000® Index.

The MSCI Indices cover the full range of developed, emerging and All Country MSCI International Equity Indices across all size segmentations. MSCI style indices use a multi-factor

approach, which uses three variables (book value to price, 12-month forward earnings to price and dividend yield) to define the value investment style characteristics and five variables (long-term forward earnings per share ("EPS") growth rate, short-term forward EPS growth rate, current internal growth rate and long-term historical EPS growth trend and long-term historical sales per share growth trend) to define the growth investment style characteristics. The MSCI EAFE Index captures large and mid-cap equities across developed markets in Europe, Australasia and the Far East, excluding the U.S. and Canada. The MSCI World Index represents large and mid-cap equity performance across 23 developed markets countries, covering approximately 85% of the free float-adjusted market capitalization in each. The MSCI Emerging Markets Index captures large and mid cap representation across 26 emerging market countries covering approximately 85% of the free float-adjusted market capitalization in each country. The MSCI ACWI (All Country World Index) captures both the MSCI World and MSCI Emerging Markets Index covering approximately 85% of the global investable equity opportunity set. The MSCI ACWI ex-U.S. Index excludes the equity opportunity set within the U.S.

The HFRI Equity Hedge (Total) Index constituent funds typically maintain at least 50% exposure to, and may in some cases be entirely invested in, equities or equity derivative securities, both long and short. Constituents use a wide variety of investment processes and techniques, net exposure levels, leverage employed, holding periods, market capitalizations concentrations, and valuation ranges. Data cannot be shared or distributed without written consent.

Net total return indexes reinvest dividends after the deduction of withholding taxes, using (for international indexes) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

### Calculation Methodology

Composite account returns are asset value weighted using beginning of month asset values and composite account returns are calculated on a total return, time-weighted basis using trade date valuations. Composite returns are geometrically linked on a monthly basis. Effective January 1, 2011, Boston Partners adopted a significant cash flow policy. Accounts are temporarily removed from the composite when a significant external cash flow occurs, which is typically defined as a flow that is greater than or equal to 10% of the beginning market value of an account on the day of the flow; and greater than or equal to 10% of the beginning

# Boston Partners

## Performance disclosures (continued)

market value of the composite for that month. An account is generally added back to the composite as of the first full month following the significant cash flow. Returns reflect the reinvestment of dividends and other earnings and are expressed in U.S. Dollars unless otherwise noted. Additional information regarding policies for valuing accounts, calculating performance, and preparing compliant reports is available upon request.

### Fees and Expenses

Composite returns are provided on a gross and net of fee basis. Composite account returns will be reduced by any fees and expenses incurred in the management of the account. Net of fee composite returns are asset weighted and reflect the deduction of management fees, which may include performance-based fees, commissions and transaction costs, and are calculated by deducting actual fees charged to the accounts in a composite. Gross composite returns are calculated by deducting commissions and transaction costs charged to accounts in a composite. Fees are applied to gross returns at month end. Actual fees may vary depending on the applicable fee schedule and account size. Additional information regarding policies for valuing accounts, calculating performance, and preparing compliant reports is available upon request. Investment advisory fees are listed herein and are fully described in Boston Partners' Form ADV, Part 2.

### Composite Dispersion

The measurement of composite dispersion is calculated by the weighted average standard deviation of the annual account gross-of-fee returns within the composite. Dispersion in composites with less than five accounts included for the entire year is not considered meaningful and is denoted with "N/A". Prior to January 1, 2007, the measurement of composite dispersion was calculated by determining the difference between the highest and lowest annual account returns within the composite. The three-year annualized standard deviation measures the variability of the composite and the benchmark returns over the preceding 36-month period. This calculation has been adopted effective with the period ended December 31, 2011.

### Large Cap Value Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev. <sup>1</sup>	Bench. 3-Yr. Std. Dev. <sup>2</sup>	% of Firm AUM
2019:	133	\$25.3 bn	0.29%	12.48%	11.85%	11.94%	28%
2018:	142	\$22.4 bn	0.19%	12.16%	10.82%	10.80%	27%
2017:	141	\$25.4 bn	0.33%	11.57%	10.20%	9.92%	26%
2016:	156	\$25.3 bn	0.23%	11.95%	10.77%	10.59%	29%
2015:	167	\$24.6 bn	0.16%	11.28%	10.68%	10.47%	31%
2014:	151	\$25.2 bn	0.11%	9.83%	9.20%	8.98%	34%
2013:	129	\$16.5 bn	0.62%	13.77%	12.70%	11.94%	32%
2012:	105	\$8.6 bn	0.24%	16.50%	15.51%	15.09%	30%
2011:	99	\$5.1 bn	0.23%	20.03%	20.69%	18.71%	24%
2010:	89	\$4.8 bn	0.15%	n/a	n/a	n/a	26%

<sup>1</sup>Russell 1000<sup>®</sup> Value Index <sup>2</sup>S&P 500 Index

### Concentrated Large Cap Value Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2019:	1	\$8 mm	n/a	n/a	n/a	0%
2018:	1	\$4 mm	n/a	n/a	n/a	0%
2017*:	1	\$3 mm	n/a	n/a	n/a	0%

\* 2017 performance period is from July 1.

### Premium Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev. <sup>1</sup>	Bench. 3-Yr. Std. Dev. <sup>2</sup>	% of Firm AUM
2019:	37	\$4.1 bn	0.12%	13.35%	12.01%	11.94%	5%
2018:	36	\$3.7 bn	0.11%	12.58%	11.06%	10.80%	5%
2017:	35	\$4.3 bn	0.17%	11.47%	10.33%	9.92%	4%
2016:	35	\$3.4 bn	0.10%	12.30%	10.97%	10.59%	4%
2015:	35	\$3.3 bn	0.09%	11.46%	10.74%	10.47%	4%
2014:	29	\$3.1 bn	0.14%	9.92%	9.36%	8.98%	4%
2013:	29	\$2.7 bn	0.53%	13.76%	12.90%	11.94%	5%
2012:	26	\$2.2 bn	0.17%	16.17%	15.81%	15.09%	7%
2011:	24	\$2.0 bn	0.19%	19.37%	21.04%	18.71%	9%
2010:	27	\$2.1 bn	0.43%	n/a	n/a	n/a	12%

<sup>1</sup>Russell 3000<sup>®</sup> Value Index <sup>2</sup>S&P 500 Index

### Mid Cap Value Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2019:	40	\$20.1 bn	0.04%	13.25%	12.79%	22%
2018:	41	\$16.0 bn	0.16%	13.26%	11.96%	20%
2017:	36	\$20.9 bn	0.09%	11.56%	10.33%	21%
2016:	35	\$18.5 bn	0.09%	12.45%	11.30%	21%
2015:	37	\$15.3 bn	0.01%	10.97%	10.71%	20%
2014:	29	\$11.6 bn	0.12%	10.27%	9.81%	16%
2013:	16	\$7.6 bn	0.24%	14.83%	13.69%	15%
2012:	9	\$2.9 bn	0.01%	17.76%	16.76%	10%
2011:	4	\$1.0 bn	n/a	21.35%	22.78%	5%
2010:	3	\$306 mm	n/a	n/a	n/a	2%

### Small/Mid Cap Value Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2019:	19	\$1.5 bn	0.08%	15.66%	14.23%	2%
2018:	20	\$1.1 bn	0.19%	14.64%	13.58%	1%
2017:	18	\$1.3 bn	0.30%	12.72%	11.81%	1%
2016:	18	\$1.0 bn	0.14%	13.90%	13.17%	1%
2015:	13	\$814 mm	0.14%	12.21%	12.02%	1%
2014:	10	\$499 mm	0.08%	11.65%	11.25%	1%
2013:	7	\$481 mm	0.13%	15.30%	15.07%	1%
2012:	7	\$367 mm	0.08%	18.30%	18.41%	1%
2011:	7	\$327 mm	0.10%	23.85%	24.23%	2%
2010:	7	\$384 mm	0.04%	n/a	n/a	2%

### Small Cap Value Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2019:	20	\$1.6 bn	0.34%	15.31%	15.68%	2%
2018:	20	\$1.3 bn	0.24%	14.79%	15.76%	2%
2017:	20	\$1.4 bn	0.14%	13.46%	13.97%	1%
2016:	19	\$1.2 bn	0.21%	14.71%	15.50%	1%
2015:	19	\$1.0 bn	0.19%	13.03%	13.45%	1%
2014:	18	\$1.1 bn	0.26%	12.36%	12.79%	2%
2013:	16	\$1.1 bn	0.56%	15.69%	15.82%	2%
2012:	16	\$957 mm	0.20%	18.66%	19.89%	3%
2011:	17	\$923 mm	0.08%	24.94%	26.05%	4%
2010:	16	\$682 mm	0.16%	n/a	n/a	4%

### Small Cap Value Equity II:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2019:	3	\$720 mm	n/a	15.37%	15.68%	1%
2018:	3	\$597 mm	n/a	14.78%	15.76%	1%
2017:	4	\$935 mm	n/a	13.21%	13.97%	1%
2016:	4	\$878 mm	n/a	14.36%	15.50%	1%
2015:	3	\$478 mm	n/a	12.78%	13.45%	1%
2014:	4	\$444 mm	n/a	12.11%	12.79%	1%
2013:	4	\$370 mm	n/a	15.63%	15.82%	1%
2012:	4	\$304 mm	n/a	18.46%	19.89%	1%
2011:	5	\$272 mm	0.10%	25.12%	26.05%	1%
2010:	6	\$300 mm	0.24%	n/a	n/a	2%



### Long/Short Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2019:	2	\$311 mm	n/a	9.53%	11.93%	0%
2018:	2	\$515 mm	n/a	9.81%	10.80%	1%
2017:	2	\$1.1 bn	n/a	9.09%	9.92%	1%
2016:	2	\$1.1 bn	n/a	9.68%	10.77%	1%
2015:	2	\$687 mm	n/a	8.41%	10.47%	1%
2014:	2	\$958 mm	n/a	6.77%	8.98%	1%
2013:	2	\$965 mm	n/a	5.46%	11.94%	2%
2012:	2	\$829 mm	n/a	11.93%	15.09%	3%
2011:	2	\$626 mm	n/a	19.85%	18.71%	3%
2010:	2	\$440 mm	n/a	n/a	n/a	2%

### Long/Short Research:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2019:	2	\$3.1 bn	n/a	7.57%	11.94%	4%
2018:	2	\$4.9 bn	n/a	7.11%	10.80%	6%
2017:	2	\$7.4 bn	n/a	6.40%	9.92%	7%
2016:	2	\$6.9 bn	n/a	6.64%	10.59%	8%
2015:	1	\$7.2 bn	n/a	6.13%	10.47%	9%
2014:	1	\$6.0 bn	n/a	5.52%	8.98%	8%
2013:	1	\$2.9 bn	n/a	7.95%	11.94%	6%
2012:	1	\$492 mm	n/a	9.86%	15.09%	2%
2011:	1	\$97 mm	n/a	10.70%	18.71%	0%
2010:	1	\$9 mm	n/a	n/a	n/a	0%

### Global Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2019:	9	\$1.7 bn	0.15%	11.28%	11.14%	2%
2018:	9	\$1.5 bn	0.09%	11.02%	10.38%	2%
2017:	8	\$1.5 bn	0.11%	10.49%	10.23%	2%
2016:	4	\$699 mm	n/a	11.28%	10.94%	1%
2015:	3	\$438 mm	n/a	10.76%	10.80%	1%
2014:	1	\$27 mm	n/a	10.48%	10.22%	0%
2013:	2	\$66 mm	n/a	13.73%	13.52%	0%
2012:	2	\$18 mm	n/a	17.23%	16.72%	0%
2011:	1	\$8 mm	n/a	20.11%	20.15%	0%
2010:	1	\$9 mm	n/a	n/a	n/a	0%

### International Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2019:	n/a	\$1.8 bn	0.13%	11.41%	10.81%	2%
2018:	6	\$1.4 bn	0.05%	11.98%	11.24%	2%
2017:	5	\$1.2 bn	0.10%	11.31%	11.83%	1%
2016:	3	\$603 mm	n/a	11.81%	12.48%	1%
2015:	1	\$261 mm	n/a	11.07%	12.47%	0%
2014:	2	\$33 mm	n/a	11.77%	12.99%	0%
2013:	2	\$20 mm	n/a	14.28%	16.21%	0%
2012:	2	\$18 mm	n/a	18.16%	19.34%	0%
2011:	1	\$6 mm	n/a	21.73%	22.40%	0%
2010:	1	\$6 mm	n/a	n/a	n/a	0%

### Global Long/Short Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2019:	1	\$558 mm	n/a	5.24%	11.14%	1%
2018:	1	\$861 mm	n/a	5.09%	10.38%	1%
2017:	1	\$1.0 bn	n/a	4.92%	10.23%	1%
2016:	1	\$868 mm	n/a	5.33%	10.94%	1%
2015:	1	\$629 mm	n/a	n/a	n/a	1%
2014:	1	\$125 mm	n/a	n/a	n/a	0%
2013*:	1	\$3 mm	n/a	n/a	n/a	0%

\* 2013 performance period is from July 1.

### Emerging Markets Dynamic Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2019:	2	\$210 mm	n/a	10.80%	14.17%	0%
2018:	1	\$177 mm	n/a	9.48%	14.60%	0%
2017:	1	\$211 mm	n/a	n/a	n/a	0%
2016:	1	\$11 mm	n/a	n/a	n/a	0%
2015*:	1	\$3 mm	n/a	n/a	n/a	0%

\* 2015 performance period is from March 1.

### Emerging Markets Equity:

	# of Accts. in Comp.	Total Assets in Comp.	Comp. Dispersion	Comp. 3-Yr. Std. Dev.	Bench. 3-Yr. Std. Dev.	% of Firm AUM
2019:	1	\$10 mm	n/a	n/a	n/a	0%
2018:	1	\$4 mm	n/a	n/a	n/a	0%
2017*:	1	\$3 mm	n/a	n/a	n/a	0%

\* 2017 performance period is from July 1.

### Firm Assets:

Year	Assets (mm)	Year	Assets (mm)
2019:	\$89,368	2014:	\$73,250
2018:	\$81,550	2013:	\$52,334
2017:	\$99,241	2012:	\$29,023
2016:	\$87,222	2011:	\$21,098
2015:	\$78,363	2010:	\$18,419

### Other Disclosures

GICS (Global Industry Classification Standard) sector classification is used. All product characteristics and sector weightings are calculated using a representative account. Risk statistics are calculated using composite data. Account composition is subject to change and information contained in this publication may not be representative of the current account. Foreign investors may have taxes withheld. Investing involves risk including the risk of loss of principal. Value investing involves buying the stocks of companies that are out of favor or are undervalued. This may adversely affect an account's value and return. Stock values fluctuate in response to issuer, political, regulatory, market or economic developments. The value of small and mid-capitalization securities may be more volatile than those of larger issuers, but larger issuers could fall out of favor. Investments in foreign issuers may be more volatile than in the U.S. market, and international investing is subject to special risks including, but not limited to, currency risk associated with non - U.S. dollar denominated securities, which may be affected by fluctuations in currency exchange rates, political, social or economic instability, and differences in taxation, auditing and other financial practices. Investments in emerging markets may increase risks.

For those composites that utilize short selling, short sales theoretically involve unlimited loss potential since the market price of securities sold short may continuously increase. This may have the effect of increased leverage and constitutes the use of leverage. For those composites that utilize derivatives, derivative investments may involve risks such as potential illiquid markets and additional risk of loss of principal.

Boston Partners participates in Initial Public Offerings (IPOs) as described in its Form ADV, Part 2. IPO contributions to performance vary from year to year depending on availability and prevailing market conditions. IPO contributions may have a significant positive effect on performance when initially purchased. Such positive performance should not be expected for future performance periods.

### Performance Restatement

Due to the retroactive application of our Tax Loss Harvesting Policy, an account with tax restrictions was temporarily removed from the Boston Partners Large Cap Value Composite in Q4 2019. The 2019 annualized gross and net composite returns have been restated: 4th Quarter from 7.80% and 7.71% to 8.10% and 8.01%; 1 Year from 23.83% and 23.46%

to 24.18% and 23.79%; 3 Year from 10.72% and 10.39% to 10.83% and 10.49%; 5 Year from 8.36% and 8.03% to 8.42% and 8.09%; 7 Year from 12.58% and 12.22% to 12.62% and 12.27%; 10 Year from 12.34% and 11.95% to 12.37% and 11.98%; 15 Year from 9.38% and 9.01% to 9.40% and 9.03%; 20 Year from 9.22% and 8.84% to 9.23% and 8.85%; and since inception from 10.85% and 10.48% to 10.87% and 10.49%, respectively.

### Annual Fee Schedules

**Large Cap:** 70 basis points ("bp") on the first \$10 million in assets; 50 bp on the next \$40 million; 40 bp on the next \$50 million; 30 bp thereafter. **Concentrated Large Cap:** 70 basis points ("bp") on the first \$10 million in assets; 50 bp on the next \$40 million; 40 bp on the next \$50 million; 30 bp thereafter. **Premium Equity:** 80 bp on the first \$25 million of assets; 60 bp on the next \$25 million; 50 bp on the next \$50 million; 40 bp thereafter. **Mid Cap:** 80 bp on the first \$25 million of assets; 60 bp thereafter. **Small/Mid Cap, Small Cap, and Small Cap II:** 100 bp on the first \$25 million of assets; 80 bp thereafter. **Long/Short:** 100 bp on total assets under management; plus 20% profit participation. **Long/Short Research:** 150 basis points. **Global Equity and International Equity:** 75 basis points ("bp") on the first \$25 million in assets; 65 bp on the next \$25 million; 55 bp on the next \$50 million; 50 bp thereafter. **Global Long/Short:** 200 bp on total assets under management. **Emerging Markets Dynamic Equity:** 150 bp on total assets under management. **Emerging Markets Equity:** 95 basis points ("bp") on the first \$25 million in assets; 85 bp on the next \$25 million; 75 bp on the next \$50 million; 70 bp thereafter.

### Corporate Information

Boston Partners is affiliated with listed corporations through common ownership. ORIX Corporation Europe N.V. services may be offered in the U.S. through Robeco Institutional Asset Management, U.S., an SEC Registered Investment Adviser registered under the Investment Advisers Act of 1940. Transtrend products may be offered in the U.S. through Boston Partners Securities, LLC, member FINRA, SIPC. Boston Partners is authorized to transact as an Investment Adviser and maintains a Securities License by the Government of Guam Department of Revenue and Taxation. It also maintains a Certificate of Authority to transact business on Guam as a Foreign Corporation. In addition, Boston Partners is registered in Korea with the Financial Services Commission (FSC).

# MONTHLY PERFORMANCE REPORT

**MWRA EMPLOYEES' RETIREMENT  
SYSTEM**

DECEMBER 31, 2021



# GOALS & OBJECTIVES

## Investment Return Objective

**“Its primary goal is to provide promised benefits to participants and beneficiaries of the MWRA Employees’ Retirement system. Plan assets should be equal to or greater than the present value of the projected benefit obligations (“fully funded”). When Plan assets are less than the present value of projected benefit obligations, a schedule will be established and a plan will be in place to meet a fully funded status. When achieving return objectives required to fully fund the system, the Board is intent on controlling risk. Consistency of returns and risk of loss are primary considerations. The Board has also determined that the annual performance of plan assets should not vary substantially from returns achieved by other public pension funds with similar goals and objectives.”**

## Return Expectations

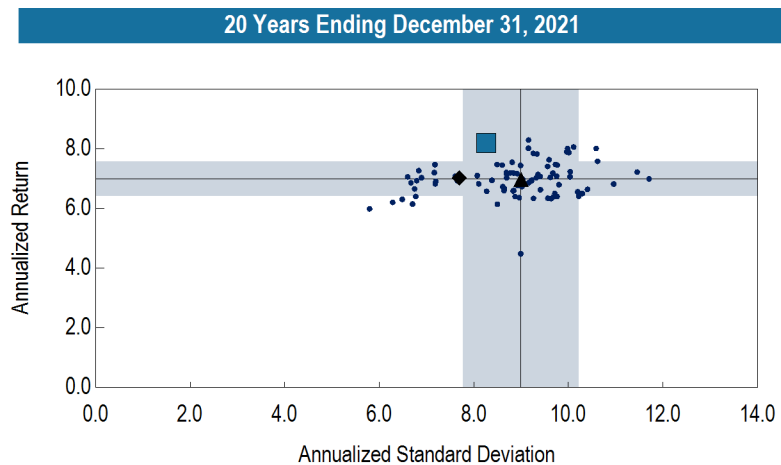
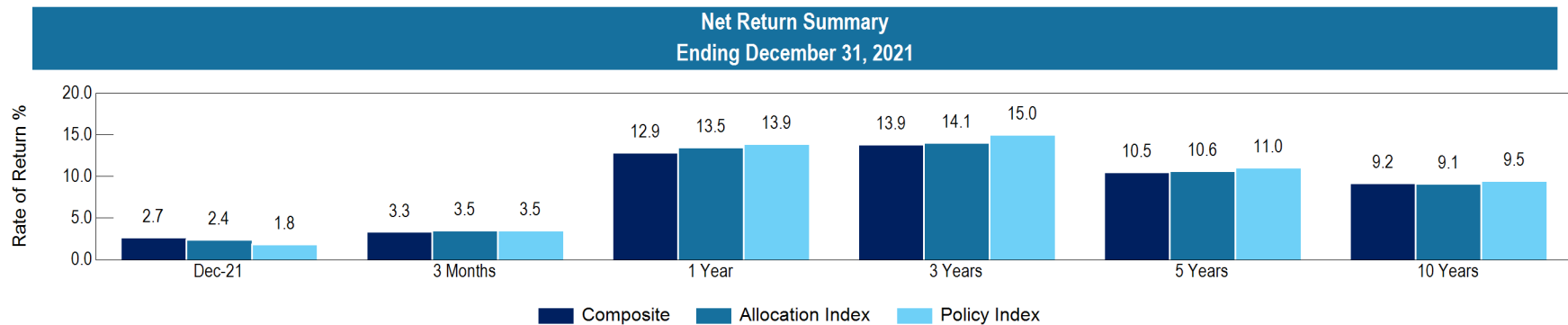
**The investment growth should be maintained in such a manner that the minimum nominal rate of return does not cause a negative real rate of return over a full market cycle:**

- **Time Horizon:** Return assumptions will be based on a ten year time horizon with a detailed review and analysis to be made at least annually to monitor allocations and assumptions. Should a manager deviate from proscribed mandate or expected risk and return profile by a consequential degree, that manager may be reevaluated at any time.
- **Liquidity Needs:** Presently contributions exceed plan withdrawals to provide benefits, payouts, and/or plan expenses. Portfolio liquidity will be managed based on the cash flow needs of the System.
- **Regulatory Considerations:** Assets of this Fund shall be invested in a manner consistent with the fiduciary standards established under Code of Massachusetts Regulations 840 (“840 CMR”). The Board shall also use as precedent the Employee Retirement Income Security Act (ERISA).



# MWRA Employees' Retirement System

## EXECUTIVE SUMMARY



### Performance

- The Composite returned 2.7% (net) for the month, outperforming the Allocation Index (2.4%) and the Policy Index (1.8%).
- Global equities ended 2021 with a bang as strong earnings growth and positive risk asset sentiment bolstered returns in December. In the U.S., the S&P 500 Index gained 4.5%. International markets were also up with the MSCI EAFE and the Emerging Market indexes returning 5.1% and 1.9%, respectively. The portfolio's Domestic Equity composite gained 4.6% (net) while Non-US Equities returned 2.7% (net).
- In fixed income, 10- and 30-year Treasury yields increased eight and 12 basis points, respectively, against a backdrop of inflationary tensions and less accommodative central bank policy. Fixed Income composite returned 0.2%, outpacing the Bloomberg US Aggregate which was down -0.3%.
- This brings the total Plan return for the trailing one-year period to 12.9% (net), while the Allocation and Policy Index returned 13.5% (net) and 13.9% (net), respectively.

Statistics Summary			
	Anlzd Ret	Anlzd Std Dev	Rank
Composite	8.2%	8.2%	5
Allocation Index	7.0%	7.7%	78
Policy Index	7.4%	8.3%	42
InvMetrics Public DB Gross Median	7.3%	9.0%	--

20 years Risk/Return is as of 12/31/2021. Chart reflects universe data on quarter end months only.

Returns for 20 years Risk/Return and Statistics Summary are gross of fees.

Since inception return is 8.8% gross of fees. Prior to 1999, performance history does not capture separate net and gross returns.





# MWRA Employees' Retirement System

## TOTAL FUND PERFORMANCE DETAIL (NET)

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Composite</b>	<b>725,973,785</b>	<b>100.0</b>	<b>100.0</b>	<b>2.7</b>	<b>3.3</b>	<b>12.9</b>	<b>13.9</b>	<b>10.5</b>	<b>9.2</b>	<b>7.2</b>	<b>Jan-86</b>
Allocation Index				2.4	3.5	13.5	14.1	10.6	9.1	--	Jan-86
Policy Index				1.8	3.5	13.9	15.0	11.0	9.5	--	Jan-86
<b>Total Balanced</b>	<b>5,489,034</b>	<b>0.8</b>	<b>0.0</b>	<b>3.0</b>	<b>5.4</b>	<b>19.9</b>	<b>13.6</b>	<b>9.3</b>	<b>6.9</b>	<b>6.0</b>	<b>Dec-10</b>
PRIT Core Fund	5,489,034	0.8		3.0	5.4	19.9	16.1	12.4	10.5	7.6	Apr-99
60% S&P 500 / 40% Bloomberg Aggregate				2.6	6.6	15.9	17.5	12.6	11.1	6.9	Apr-99
<b>Total Domestic Equity</b>	<b>239,352,768</b>	<b>33.0</b>	<b>31.0</b>	<b>4.6</b>	<b>7.9</b>	<b>23.2</b>	<b>24.4</b>	<b>17.9</b>	<b>15.6</b>	<b>8.5</b>	<b>May-99</b>
Russell 3000				3.9	9.3	25.7	25.8	18.0	16.3	8.1	May-99
<b>Large Cap</b>	<b>187,288,262</b>	<b>25.8</b>	<b>24.0</b>	<b>4.9</b>	<b>8.9</b>	<b>24.5</b>	<b>25.3</b>	<b>19.1</b>	<b>16.2</b>	<b>15.2</b>	<b>Dec-10</b>
Rhumblin Advisors S&P 500 Index Fund	76,171,547	10.5	10.0	4.5	11.0	28.6	26.0	18.4	16.4	9.8	Apr-97
S&P 500				4.5	11.0	28.7	26.1	18.5	16.6	9.7	Apr-97
Coho Relative Value Equity	55,826,554	7.7	7.0	8.2	10.1	18.7	17.6	13.7	--	13.4	Mar-16
Russell 1000 Value				6.3	7.8	25.2	17.6	11.2	13.0	13.6	Mar-16
Polen Focused Growth	55,290,161	7.6	7.0	2.3	4.9	23.6	31.7	25.7	--	22.3	Feb-16
Russell 1000 Growth				2.1	11.6	27.6	34.1	25.3	19.8	23.6	Feb-16
<b>Small Cap</b>	<b>52,064,506</b>	<b>7.2</b>	<b>7.0</b>	<b>3.7</b>	<b>4.5</b>	<b>18.6</b>	<b>21.6</b>	<b>14.5</b>	<b>14.2</b>	<b>13.5</b>	<b>Dec-10</b>
Boston Partners Small Cap Value	25,930,224	3.6	3.5	4.6	3.7	26.2	18.7	9.1	11.9	10.9	Feb-97
Russell 2000 Value				4.1	4.4	28.3	18.0	9.1	12.0	9.5	Feb-97
Loomis Sayles Small Cap Growth	26,134,282	3.6	3.5	2.9	5.4	10.5	23.7	19.5	16.0	7.9	Jan-97
Russell 2000 Growth				0.4	0.0	2.8	21.2	14.5	14.1	7.9	Jan-97
<b>Total Non-US Equity</b>	<b>136,964,724</b>	<b>18.9</b>	<b>19.0</b>	<b>2.7</b>	<b>-0.1</b>	<b>2.4</b>	<b>12.8</b>	<b>9.9</b>	<b>6.9</b>	<b>4.9</b>	<b>Mar-99</b>
<b>International Equity</b>	<b>92,961,662</b>	<b>12.8</b>	<b>12.0</b>	<b>2.9</b>	<b>0.1</b>	<b>3.9</b>	<b>14.9</b>	<b>11.0</b>	<b>7.9</b>	<b>4.8</b>	<b>Sep-05</b>
SEG Baxter Street	36,180,242	5.0	5.0	4.5	-1.1	3.0	15.6	12.0	--	11.2	May-16
MSCI ACWI ex USA				4.1	1.8	7.8	13.2	9.6	7.3	8.9	May-16
Schroder International Alpha Trust Class 1	37,661,235	5.2	4.0	3.4	3.3	11.4	19.3	14.1	--	8.7	Mar-12
MSCI ACWI ex USA				4.1	1.8	7.8	13.2	9.6	7.3	6.1	Mar-12
Baillie Gifford International Growth Fund Class K	19,120,185	2.6	3.0	-1.5	-4.6	-9.4	--	--	--	7.5	Oct-20
MSCI ACWI ex USA				4.1	1.8	7.8	13.2	9.6	7.3	20.4	Oct-20

Since inception return is 8.8% gross of fees. Prior to 1999, performance history does not capture separate net and gross returns.  
In November 2019, Loomis Sayles and Schroders transitioned from a mutual fund to a CIT structure. Performance prior to transitioning to the CIT investment vehicle is linked to mutual fund performance history.



# MWRA Employees' Retirement System

## TOTAL FUND PERFORMANCE DETAIL (NET)

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Emerging Markets Equity</b>	<b>44,003,061</b>	<b>6.1</b>	<b>7.0</b>	<b>2.2</b>	<b>-0.9</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>-6.4</b>	<b>Mar-21</b>
Axiom Emerging Markets Trust Class 2	21,647,831	3.0	7.0	2.2	-1.4	--	--	--	--	-6.8	Mar-21
<i>MSCI Emerging Markets</i>				1.9	-1.3	-2.5	10.9	9.9	5.5	-6.2	Mar-21
ABS Emerging Markets MA Fund	22,355,230	3.1		2.1	--	--	--	--	--	2.1	Dec-21
<i>MSCI Emerging Markets</i>				1.9	-1.3	-2.5	10.9	9.9	5.5	1.9	Dec-21
<b>Total Fixed Income</b>	<b>163,672,355</b>	<b>22.5</b>	<b>24.0</b>	<b>0.2</b>	<b>0.2</b>	<b>0.4</b>	<b>6.5</b>	<b>4.7</b>	<b>4.9</b>	<b>6.4</b>	<b>Mar-99</b>
Garcia Hamilton Fixed Income Aggregate	38,857,627	5.4	6.0	-0.3	-0.1	-2.4	4.1	--	--	3.6	Apr-18
<i>Bloomberg US Aggregate TR</i>				-0.3	0.0	-1.5	4.8	3.6	2.9	4.2	Apr-18
Lord Abbett Core Fixed Income	38,387,747	5.3	4.0	-0.2	0.1	-0.7	5.2	--	--	4.5	Apr-18
<i>Bloomberg US Aggregate TR</i>				-0.3	0.0	-1.5	4.8	3.6	2.9	4.2	Apr-18
Rhumbline TIPS	15,331,940	2.1	4.0	0.3	2.3	5.9	8.4	5.3	--	4.8	Jun-16
<i>Bloomberg US TIPS TR</i>				0.3	2.4	6.0	8.4	5.3	3.1	4.9	Jun-16
Loomis Sayles Multisector Full Discretion Trust	56,814,596	7.8	8.0	0.8	-0.2	0.1	8.5	6.0	6.0	7.7	Mar-99
<i>Bloomberg US Aggregate TR</i>				-0.3	0.0	-1.5	4.8	3.6	2.9	4.7	Mar-99
<i>Bloomberg US High Yield TR</i>				1.9	0.7	5.3	8.8	6.3	6.8	6.9	Mar-99
Octagon Senior Secured Credit Cayman Fund Ltd. - Class L Acc, Series 1	14,225,320	2.0	2.0	0.7	0.6	4.1	--	--	--	4.2	Aug-19
<i>Credit Suisse Leveraged Loan</i>				0.6	0.7	5.4	5.4	4.3	4.8	4.1	Aug-19
Invesco Mortgage Recovery Loans Feeder Fund	55,127	0.0		0.0	0.0	0.5	-1.4	1.9	6.4	10.9	Apr-10
<i>Bloomberg US Aggregate TR</i>				-0.3	0.0	-1.5	4.8	3.6	2.9	3.5	Apr-10
<b>Total Hedge Fund</b>	<b>43,237,610</b>	<b>6.0</b>	<b>6.0</b>	<b>-0.3</b>	<b>0.5</b>	<b>7.7</b>	<b>7.6</b>	<b>5.1</b>	<b>4.8</b>	<b>3.7</b>	<b>Oct-06</b>
PRIM Portfolio Completion Strategies	15,343,146	2.1		1.0	1.3	9.5	6.1	4.9	5.3	4.1	Oct-06
Corbin Pinehurst Partners	14,003,193	1.9		-2.2	-1.1	8.5	10.6	--	--	9.2	Nov-18
<i>HFRI Fund of Funds Composite Index</i>				0.2	0.3	6.0	8.4	5.7	4.5	7.2	Nov-18
UBS Neutral Alpha Strategies	13,145,950	1.8		0.0	1.3	5.3	7.7	--	--	6.6	Nov-18
<i>HFRI Fund of Funds Composite Index</i>				0.2	0.3	6.0	8.4	5.7	4.5	7.2	Nov-18
Entrust Peru Wind Down	745,321	0.1		1.1	0.8	-1.2	-2.7	--	--	-3.4	Dec-17
<i>HFRI Fund of Funds Composite Index</i>				0.2	0.3	6.0	8.4	5.7	4.5	5.3	Dec-17
<b>Other</b>	<b>14,836,573</b>	<b>2.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.1</b>	<b>1.3</b>	<b>0.7</b>	<b>0.6</b>	<b>Dec-10</b>
Cash Account	14,836,573	2.0		0.0	0.0	0.0	1.1	1.3	0.7	1.8	Feb-00
<i>91 Day T-Bills</i>				0.0	0.0	0.0	0.8	1.1	0.6	1.5	Feb-00

Importantly, all returns in this report, including those of the private real estate managers, are based on a time weighted return calculation and not based on IRRs, which can result in return differences. Corbin Pinehurst Partners, UBS Neutral Alpha Strategies, and Entrust Peru Wind Down are preliminary as of 12/31/2021 and are subject to change once finalized.



# MWRA Employees' Retirement System

## TOTAL FUND PERFORMANCE DETAIL (NET)

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>Total Real Estate</b>	<b>58,680,240</b>	<b>8.1</b>	<b>10.0</b>	<b>7.5</b>	<b>7.5</b>	<b>23.0</b>	<b>10.8</b>	<b>9.8</b>	<b>11.4</b>	<b>8.3</b>	<b>Apr-99</b>
<i>NCREIF Property Index</i>				0.0	0.0	10.9	6.2	6.5	8.7	8.6	Apr-99
Morgan Stanley Prime Property (\$2.8m commitment in '95)	24,477,755	3.4		9.6	9.6	21.5	9.3	8.9	11.1	8.9	Sep-95
TA Realty Core Property Fund, LP (\$15m commitment in '19)	25,640,650	3.5		8.5	8.5	29.7	--	--	--	14.8	Jun-19
Invesco Mortgage Recovery II (\$3M commitment in '15)	980,562	0.1		0.0	0.0	10.5	-16.4	-4.7	--	-1.2	Oct-15
Landmark VI (\$2m commitment in '11)	79,068	0.0		0.0	0.0	-3.5	-13.1	-8.1	1.9	2.5	Jul-11
Landmark VIII (\$4m commitment in '17)	1,719,767	0.2		0.0	0.0	22.0	12.3	--	--	17.4	Nov-17
StepStone Real Estate Fund II (\$2m commitment in '11)	181,417	0.0		0.0	0.0	4.0	-3.1	0.5	--	2.5	May-12
Cerberus Institutional Real Estate Partners III (\$1.5m commitment in '12)	571,241	0.1		0.0	0.0	47.2	21.4	14.7	--	16.1	May-13
TA Realty Fund X LP (\$3.5m commitment in '12)	31,062	0.0		0.0	0.0	3.1	4.3	7.6	--	8.2	May-13
TerraCap Partners III, LP (\$2.6m commitment in '15)	1,600,833	0.2		0.0	0.0	2.5	2.8	5.3	--	9.5	Jul-15
TerraCap Partners IV, LP (\$4m commitment in '17)	3,360,055	0.5		0.0	0.0	6.1	7.6	--	--	9.1	Nov-17
Cerberus Institutional Real Estate Partners III AIV, S.C.A. SICAV-RAIF	37,830	0.0		0.0	0.0	--	--	--	--	-2.1	Mar-21
<b>Total Private Equity</b>	<b>63,740,481</b>	<b>8.8</b>	<b>10.0</b>	<b>0.5</b>	<b>1.5</b>	<b>37.7</b>	<b>18.5</b>	<b>16.6</b>	<b>15.2</b>	<b>10.6</b>	<b>Apr-99</b>
<i>CJA US All PE</i>				0.0	0.0	31.6	22.0	18.7	15.8	13.6	Apr-99
<i>NASDAQ W/O Income</i>				0.7	8.3	21.4	33.1	23.8	19.6	8.5	Apr-99
PRIM Vintage Year 2008 (\$3m commitment in '08)	1,040,193	0.1		5.1	7.0	37.3	17.1	20.9	20.2	10.5	Jun-08
PRIM Vintage Year 2009 (\$1m commitment in '09)	161,001	0.0		14.5	14.4	80.1	51.9	38.8	28.5	16.8	Nov-09
PRIM Vintage Year 2010 (\$1m commitment in '10)	887,561	0.1		23.0	23.1	130.3	43.0	36.3	26.0	17.3	Jun-10
PRIM Vintage Year 2011 (\$1.5m commitment in '11)	1,108,210	0.2		-0.2	8.3	108.1	35.8	31.5	21.1	11.4	May-11
PRIM Vintage Year 2012 (\$1m commitment in '12)	845,930	0.1		1.5	-0.1	44.2	28.9	26.2	--	-7.4	Jun-12
PRIM Vintage Year 2014 (\$2m commitment in '14)	2,507,907	0.3		0.5	13.0	57.4	30.7	29.5	--	9.8	Jun-14
PRIM Vintage Year 2017 (\$2m commitment in '17)	2,461,665	0.3		0.7	6.6	57.8	28.8	--	--	19.0	May-17
PRIM Vintage Year 2020 (\$5m commitment in '20)	2,450,214	0.3		0.9	6.8	35.1	--	--	--	23.6	Mar-20
PRIM Vintage Year 2021 (\$5m commitment in '21)	1,131,525	0.2		3.5	3.8	3.6	--	--	--	3.3	Dec-20
Alcentra European DLF (\$5m commitment in '14)	195,753	0.0		0.0	0.0	71.4	16.9	13.1	--	11.9	Jan-15
Ascent Fund IV (\$2m commitment in '04)	6,399	0.0		0.0	0.0	-13.7	-19.5	-37.0	-32.3	-21.0	Jul-04
Ascent Fund IV-B (\$1m commitment in '16)	110,089	0.0		0.0	0.0	-14.3	-24.8	-16.5	--	-14.9	Jul-16
Ascent Fund V (\$2m commitment in '08)	1,758,672	0.2		0.0	0.0	25.7	4.7	2.3	7.3	5.8	Oct-08
Ascent VI (\$3m commitment in '15)	3,082,018	0.4		0.0	0.0	3.5	-1.9	3.6	--	0.9	Dec-15
CVI Credit Value Fund IV A LP (\$6m commitment in '17)	5,684,654	0.8		0.0	0.0	12.2	7.3	--	--	6.0	Dec-17

Importantly, all returns in this report, including those of the private markets managers, are based on a time weighted return calculation and not based on IRRs, which can result in return differences.



# MWRA Employees' Retirement System

## TOTAL FUND PERFORMANCE DETAIL (NET)

	Market Value (\$)	% of Portfolio	Policy %	1 Mo (%)	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Invesco Fund VI (\$5m commitment in '13)	1,489,373	0.2		0.0	0.0	57.3	36.8	27.8	--	22.0	Jul-13
Kayne Energy Fund VII (\$5m commitment in '15)	1,798,420	0.2		0.0	0.0	44.9	-34.6	-18.8	--	-11.8	Jan-16
Foundry 2007 (\$3m commitment in '07)	493,302	0.1		0.0	0.0	53.7	8.9	3.4	10.7	21.0	Dec-07
Foundry 2010 (\$3m commitment in '10)	5,670,649	0.8		0.0	0.0	78.3	31.4	25.1	17.3	15.1	Jan-11
Foundry 2010 Annex (\$0.4m commitment in '15)	1,116,397	0.2		0.0	0.0	200.5	106.7	72.1	--	50.3	Sep-15
Pinebridge PEP V (\$6m commitment in '07)	886,598	0.1		0.0	0.0	3.8	10.5	6.5	9.8	--	Mar-08
Landmark XV (\$3m commitment in '13)	1,241,057	0.2		0.0	0.0	12.7	12.4	13.6	--	14.4	Nov-13
JFL Equity Investors IV, L.P. (\$6m commitment in '16)	2,004,605	0.3		0.0	0.0	44.2	41.0	40.2	--	40.2	Jan-17
Private Advisors Small Co. Coinvestment Fund, LP (\$4m commitment in '17)	5,140,408	0.7		0.0	0.0	26.9	25.9	--	--	22.5	Feb-17
Park Square Credit Opportunities III (\$3m commitment in '17)	2,613,621	0.4		0.0	0.0	5.6	7.9	--	--	6.6	Feb-18
Ironsides Constitution Opportunities (\$3m commitment in '18)	2,396,526	0.3		0.0	0.0	11.0	13.6	--	--	12.7	Oct-18
HarbourVest Dover Street X (\$9m commitment in '20)	4,874,507	0.7		0.0	0.0	51.6	--	--	--	102.1	Jun-20
Hamilton Lane Secondary Fund V LP (\$9m commitment in '20)	5,968,116	0.8		0.0	0.0	43.3	--	--	--	50.6	Jul-20
JFL Equity Investors V, L.P. (\$9m commitment in '20)	4,615,112	0.6		0.0	0.0	-4.7	--	--	--	-11.1	Sep-20
<i>Private Equity Benchmark (1 Qtr. Lag)</i>				5.7	5.7	46.8	21.3	19.8	16.4	53.6	Sep-20

Importantly, all returns in this report, including those of the private markets managers, are based on a time weighted return calculation and not based on IRRs, which can result in return differences.



# MWRA Employees' Retirement System

## ESTIMATED FEE SCHEDULE

Account	Fee Schedule	Market Value As of 12/31/2021	% of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
PRIT Core Fund	0.49% of Assets	\$5,489,034	0.8%	\$26,896	0.49%
Rhumblin Advisors S&P 500 Index Fund	0.05% of Assets	\$76,171,547	10.5%	\$38,086	0.05%
Coho Relative Value Equity	0.50% of First 75.0 Mil, 0.40% of Next 75.0 Mil, 0.35% Thereafter	\$55,826,554	7.7%	\$279,133	0.50%
Polen Focused Growth	0.65% of Assets	\$55,290,161	7.6%	\$359,386	0.65%
Boston Partners Small Cap Value	1.00% of Assets	\$25,930,224	3.6%	\$259,302	1.00%
Loomis Sayles Small Cap Growth	0.45% of Assets	\$26,134,282	3.6%	\$117,604	0.45%
SEG Baxter Street	1.00% of Assets	\$36,180,242	5.0%	\$361,802	1.00%
Schroder International Alpha Trust Class 1	0.55% of Assets	\$37,661,235	5.2%	\$207,137	0.55%
Baillie Gifford International Growth Fund Class K	0.60% of Assets	\$19,120,185	2.6%	\$114,721	0.60%
Axiom Emerging Markets Trust Class 2	0.73% of Assets	\$21,647,831	3.0%	\$158,029	0.73%
ABS Emerging Markets MA Fund	0.75% of Assets	\$22,355,230	3.1%	\$167,664	0.75%
Garcia Hamilton Fixed Income Aggregate	Performance-based 0.13 and 15.00	\$38,857,627	5.4%	\$48,572	0.13%
Lord Abbett Core Fixed Income	0.19% of Assets	\$38,387,747	5.3%	\$72,937	0.19%
Rhumblin TIPS Pooled Index Fund	0.04% of Assets	\$15,331,940	2.1%	\$6,133	0.04%
Loomis Sayles Multisector Full Discretion Trust	0.50% of First 20.0 Mil, 0.40% of Next 20.0 Mil, 0.30% Thereafter	\$56,814,596	7.8%	\$230,444	0.41%
Octagon Senior Secured Credit Cayman Fund Ltd. - Class L Acc, Series 1	0.40% of Assets	\$14,225,320	2.0%	\$56,901	0.40%
Invesco Mortgage Recovery Loans Feeder Fund	No Fee	\$55,127	0.0%	--	--
PRIM Portfolio Completion Strategies	No Fee	\$15,343,146	2.1%	--	--
Corbin Pinehurst Partners	0.85% of Assets	\$14,003,193	1.9%	\$119,027	0.85%
UBS Neutral Alpha Strategies	0.90% of Assets	\$13,145,950	1.8%	\$118,314	0.90%
Entrust Peru Wind Down	0.50% of Assets	\$745,321	0.1%	\$3,727	0.50%
Cash Account	No Fee	\$14,836,573	2.0%	--	--
Morgan Stanley Prime Property (\$2.8m commitment in '95)	No Fee	\$24,477,755	3.4%	--	--
TA Realty Core Property Fund, LP (\$15m commitment in '19)	No Fee	\$25,640,650	3.5%	--	--
Invesco Mortgage Recovery II (\$3M commitment in '15)	No Fee	\$980,562	0.1%	--	--
Landmark VI (\$2m commitment in '11)	No Fee	\$79,068	0.0%	--	--



# MWRA Employees' Retirement System

## ESTIMATED FEE SCHEDULE

Account	Fee Schedule	Market Value As of 12/31/2021	% of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
Landmark VIII (\$4m commitment in '17)	No Fee	\$1,719,767	0.2%	--	--
StepStone Real Estate Fund II (\$2m commitment in '11)	No Fee	\$181,417	0.0%	--	--
Cerberus Institutional Real Estate Partners III (\$1.5m commitment in '12)	No Fee	\$571,241	0.1%	--	--
TA Realty Fund X LP (\$3.5m commitment in '12)	No Fee	\$31,062	0.0%	--	--
TerraCap Partners III, LP (\$2.6m commitment in '15)	No Fee	\$1,600,833	0.2%	--	--
TerraCap Partners IV, LP (\$4m commitment in '17)	No Fee	\$3,360,055	0.5%	--	--
Cerberus Institutional Real Estate Partners III AIV, S.C.A. SICAV-RAIF	No Fee	\$37,830	0.0%	--	--
PRIM Vintage Year 2008 (\$3m commitment in '08)	No Fee	\$1,040,193	0.1%	--	--
PRIM Vintage Year 2009 (\$1m commitment in '09)	No Fee	\$161,001	0.0%	--	--
PRIM Vintage Year 2010 (\$1m commitment in '10)	No Fee	\$887,561	0.1%	--	--
PRIM Vintage Year 2011 (\$1.5m commitment in '11)	No Fee	\$1,108,210	0.2%	--	--
PRIM Vintage Year 2012 (\$1m commitment in '12)	No Fee	\$845,930	0.1%	--	--
PRIM Vintage Year 2014 (\$2m commitment in '14)	No Fee	\$2,507,907	0.3%	--	--
PRIM Vintage Year 2017 (\$2m commitment in '17)	No Fee	\$2,461,665	0.3%	--	--
PRIM Vintage Year 2020 (\$5m commitment in '20)	No Fee	\$2,450,214	0.3%	--	--
PRIM Vintage Year 2021 (\$5m commitment in '21)	No Fee	\$1,131,525	0.2%	--	--
Alcentra European DLF (\$5m commitment in '14)	No Fee	\$195,753	0.0%	--	--
Ascent Fund IV (\$2m commitment in '04)	No Fee	\$6,399	0.0%	--	--
Ascent Fund IV-B (\$1m commitment in '16)	No Fee	\$110,089	0.0%	--	--
Ascent Fund V (\$2m commitment in '08)	No Fee	\$1,758,672	0.2%	--	--
Ascent VI (\$3m commitment in '15)	No Fee	\$3,082,018	0.4%	--	--
CVI Credit Value Fund IV A LP (\$6m commitment in '17)	No Fee	\$5,684,654	0.8%	--	--
Invesco Fund VI (\$5m commitment in '13)	No Fee	\$1,489,373	0.2%	--	--
Kayne Energy Fund VII (\$5m commitment in '15)	No Fee	\$1,798,420	0.2%	--	--
Foundry 2007 (\$3m commitment in '07)	No Fee	\$493,302	0.1%	--	--
Foundry 2010 (\$3m commitment in '10)	No Fee	\$5,670,649	0.8%	--	--
Foundry 2010 Annex (\$0.4m commitment in '15)	No Fee	\$1,116,397	0.2%	--	--
Pinebridge (AIG) PEP V Asia (\$6m commitment in '07)	No Fee	\$57,954	0.0%	--	--
Pinebridge (AIG) PEP V Co-Investment (\$6m commitment in '07)	No Fee	\$73,068	0.0%	--	--



# MWRA Employees' Retirement System

## ESTIMATED FEE SCHEDULE

Account	Fee Schedule	Market Value As of 12/31/2021	% of Portfolio	Estimated Annual Fee (\$)	Estimated Annual Fee (%)
Pinebridge (AIG) PEP V Europe (\$6m commitment in '07)	No Fee	\$22,763	0.0%	--	--
Pinebridge (AIG) PEP V Large Market US Buyout (\$6m commitment in '07)	No Fee	\$162,454	0.0%	--	--
Pinebridge (AIG) PEP V Preferred Participation Fund (\$6m commitment in '07)	No Fee	\$317,237	0.0%	--	--
Pinebridge (AIG) PEP V Secondary (\$6m commitment in '07)	No Fee	\$36,133	0.0%	--	--
Pinebridge (AIG) PEP V Small-Mid Market US Buyout (\$6m commitment in '07)	No Fee	\$113,328	0.0%	--	--
Pinebridge (AIG) PEP V US Venture (\$6m commitment in '07)	No Fee	\$103,661	0.0%	--	--
Landmark XV (\$3m commitment in '13)	No Fee	\$1,241,057	0.2%	--	--
JFL Equity Investors IV, L.P. (\$6m commitment in '16)	No Fee	\$2,004,605	0.3%	--	--
Private Advisors Small Co. Coinvestment Fund, LP (\$4m commitment in '17)	No Fee	\$5,140,408	0.7%	--	--
Park Square Credit Opportunities III (\$3m commitment in '17)	No Fee	\$2,613,621	0.4%	--	--
Ironsides Constitution Opportunities (\$3m commitment in '18)	No Fee	\$2,396,526	0.3%	--	--
HarbourVest Dover Street X (\$9m commitment in '20)	No Fee	\$4,874,507	0.7%	--	--
Hamilton Lane Secondary Fund V LP (\$9m commitment in '20)	No Fee	\$5,968,116	0.8%	--	--
JFL Equity Investors V, L.P. (\$9m commitment in '20)	No Fee	\$4,615,112	0.6%	--	--
<b>Investment Management Fee</b>		<b>\$725,973,785</b>	<b>100.0%</b>	<b>\$2,745,815</b>	<b>0.38%</b>

Note:  
 Estimate fee for privates are ~\$1,556,212 annually, which brings the total expense ratio for privates to ~21 bps. This brings the total estimated expense ratio for MWRA to ~59bps.



# MWRA Employees' Retirement System

## NOTES

- 1 - Results for periods longer than one year are annualized.
- 2 - Total Balances, Large Cap, Small Cap, and Other Composite performance starts 12/1/2010.
- 3 - Preliminary Total Composite net of fee since inception return is 7.2% for the current month.
- 4 - Preliminary Total Composite gross of fee since inception return is 8.8% for the current month.
- 5 - Targets, Allocation Index, and Policy Index have been updated to reflect new allocation of 06/01/2020.
- 6 - Policy Index changed from Nasdaq to Cambridge All PE to reflect as of 5/1/2012.
- 7 - Policy Index Consists of: 24% S&P 500, 7% Russell 2000, 12% MSCI ACWI IMI , 7% MSCI Emerging Markets, 10% Bloomberg US Aggregate TR, 4% Bloomberg US TIPS TR, 10% Bloomberg US Universal TR, 10% NCREIF Property Index, 10% CJA US All PE , 6% HFRI Fund of Funds Composite Index.
- 8 - Allocation index consists of: Weighted index of underlying managers to their respective benchmark.





# DISCLAIMERS & DISCLOSURES

Past performance is no guarantee of future results.

Returns for pooled funds, e.g. mutual funds and collective investment trusts, are collected from third parties; they are not generally calculated by NEPC. Returns for separate accounts, with some exceptions, are calculated by NEPC. Returns are reported net of manager fees unless otherwise noted.

A “since inception” return, if reported, begins with the first full month after funding, although actual inception dates (e.g. the middle of a month) and the timing of cash flows are taken into account in Composite return calculations.

NEPC’s preferred data source is the plan’s custodian bank or record-keeper. If data cannot be obtained from one of the preferred data sources, data provided by investment managers may be used. Information on market indices and security characteristics is received from additional providers. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within. In addition, some index returns displayed in this report or used in calculation of a policy index, allocation index or other custom benchmark may be preliminary and subject to change.

All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.

The opinions presented herein represent the good faith views of NEPC as of the date of this presentation and are subject to change at any time. Neither fund performance nor universe rankings contained in this report should be considered a recommendation by NEPC.

This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

Source of private fund performance benchmark data: Cambridge Associates, via Refinitiv



MWRA Employees' Retirement System

Asset Allocation Rebalance Summary

January 24, 2022

	Market Value	Weight in Fund	Target Weight	Recommendation	New Market Value	New Weight
<b>Composite</b>	<b>\$700,031,395</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$0</b>	<b>\$700,031,395</b>	<b>100.0%</b>
<b>Total Balanced</b>	<b>\$5,489,034</b>	<b>0.8%</b>	<b>0.0%</b>	<b>\$0</b>	<b>\$5,489,034</b>	<b>0.8%</b>
PRIT Core Fund	\$5,489,034	0.8%	0.0%	\$0	\$5,489,034	0.8%
<b>Total Domestic Equity</b>	<b>\$218,913,947</b>	<b>31.3%</b>	<b>31.0%</b>	<b>-\$2,000,000</b>	<b>\$216,913,947</b>	<b>31.0%</b>
Rhumblin Advisors S&P 500 Index Fund	\$70,534,853	10.1%	10.0%	-\$2,000,000	\$68,534,853	9.8%
Coho Relative Value	\$53,400,156	7.6%	7.0%	\$0	\$53,400,156	7.6%
Polen Focused Growth	\$47,997,550	6.9%	7.0%	\$0	\$47,997,550	6.9%
Robeco Boston Partners Small Cap Value	\$24,781,591	3.5%	3.5%	\$0	\$24,781,591	3.5%
Loomis Sayles Small Cap Growth	\$22,199,797	3.2%	3.5%	\$0	\$22,199,797	3.2%
<b>Total International Equity</b>	<b>\$132,975,546</b>	<b>19.0%</b>	<b>19.0%</b>	<b>-\$6,000,000</b>	<b>\$126,975,546</b>	<b>18.1%</b>
SEG - Baxter Street Fund	\$36,180,242	5.2%	5.0%	\$0	\$36,180,242	5.2%
Schroders International Alpha	\$35,966,479	5.1%	4.0%	-\$6,000,000	\$29,966,479	4.3%
Baillie Gifford	\$16,825,763	2.4%	3.0%	\$0	\$16,825,763	2.4%
Axiom Emerging Markets	\$21,647,831	3.1%	3.5%	\$0	\$21,647,831	3.1%
ABS Emerging Markets Strategic Portfolio	\$22,355,231	3.2%	3.5%	\$0	\$22,355,231	3.2%
<b>Total Equity</b>	<b>\$351,889,493</b>	<b>50.3%</b>	<b>50.0%</b>	<b>-\$8,000,000</b>	<b>\$343,889,493</b>	<b>49.1%</b>
<b>Total Fixed Income</b>	<b>\$161,399,820</b>	<b>23.1%</b>	<b>24.0%</b>	<b>-\$1,000,000</b>	<b>\$160,399,820</b>	<b>22.9%</b>
Garcia Hamilton	\$38,403,817	5.5%	5.0%	\$0	\$38,403,817	5.5%
Lord Abbett	\$37,762,027	5.4%	5.0%	\$0	\$37,762,027	5.4%
Loomis Sayles Multi Sector Bonds	\$55,621,589	7.9%	8.0%	\$0	\$55,621,589	7.9%
Rhumblin TIPS	\$15,331,940	2.2%	4.0%	-\$1,000,000	\$14,331,940	2.0%
Octagon Senior Secured Loans	\$14,225,320	2.0%	2.0%	\$0	\$14,225,320	2.0%
Invesco Mortgage Recovery	\$55,127	0.0%	0.0%	\$0	\$55,127	0.0%
<b>Total Hedge Fund</b>	<b>\$43,237,610</b>	<b>6.2%</b>	<b>6.0%</b>	<b>-\$1,000,000</b>	<b>\$42,237,610</b>	<b>6.0%</b>
PRIM Absolute Return Fund	\$15,343,146	2.2%		-\$1,000,000	\$14,343,146	2.0%
Corbin Pinehurst Partners	\$14,003,193	2.0%		\$0	\$14,003,193	2.0%
UBS Neutral Alpha Strategies	\$13,145,950	1.9%		\$0	\$13,145,950	1.9%
Entrust Peru Winddown	\$745,321	0.1%		\$0	\$745,321	0.1%
<b>Total Real Estate</b>	<b>\$58,680,240</b>	<b>8.4%</b>	<b>10.0%</b>	<b>\$0</b>	<b>\$58,680,240</b>	<b>8.4%</b>
TA Realty Core	\$25,640,650	3.7%		\$0	\$25,640,650	3.7%
Morgan Stanley PPF	\$24,477,755	3.5%		\$0	\$24,477,755	3.5%
<b>Total Private Equity</b>	<b>\$63,740,481</b>	<b>9.1%</b>	<b>10.0%</b>	<b>\$0</b>	<b>\$63,740,481</b>	<b>9.1%</b>
<b>Cash</b>	<b>\$15,594,717</b>	<b>2.2%</b>	<b>0.0%</b>	<b>\$10,000,000</b>	<b>\$25,594,717</b>	<b>3.7%</b>
Peoples United Cash	\$15,594,717	2.2%	0.0%	\$10,000,000	\$25,594,717	3.7%



# REAL ESTATE SEARCH REVIEW

MWRA EMPLOYEES' RETIREMENT  
SYSTEM

JANUARY 2022

Sebastian Grzejka, CAIA, Principal  
Kiley Fischer, Consulting Analyst



# SUMMARY OF REAL ESTATE SEARCH

- **Target Fund Strategy**

- Value-Add (private, closed-end)

- **Advertised Search Requirements:**

1. Candidates must have familiarity with and agree to comply (in writing) with Massachusetts G.L. Chapter 32 and Chapter 176 of the Acts of 2011. Additionally, candidates must have familiarity and agree to comply with the reporting and investment guidelines administered by PERAC.
2. Candidates must be registered with the SEC or with the Secretary of State where the firm is domiciled.
3. Candidates must read and agree to the attached side letter pertaining to mandatory contractual language, based on the guidelines above.
4. Preference will be given to candidates that have raised at least one prior fund for the proposed strategy, however, this is subject to the Board's discretion.
5. The funds final close date of the proposed fund must be no earlier than May 31, 2022.
6. It is preferred that the proposed fund is raising at least \$200 million, however, lower amounts may be considered at the Board's discretion.

- **Responses were due on January 17, 2022 at 5:00 PM EST**

- **The search had a total of 21 respondents**



# REAL ESTATE RESPONDENTS

Fund	Target Fund Size (M)	Target Final Close	Target Net IRR	Strategy & Sector Focus	Comments	Fees	Side Letter
<b>Aegon US Multifamily Value Add</b>	\$500	Dec-23	11-13%	Value-Add Apartment/Multifamily	Strategy will focus 100% on multifamily rental properties to middle income families. Aegon expects to make 25-30 deals. Manager will acquire, reposition, manage and operate the assets.	During IP: 1.5% on committed Post IP: 1.5% on invested	Yes
<b>AIG U.S. Real Estate Fund IV</b>	\$1,000	Jan-23	12-14%	Value-Add Diversified	Strategy will focus primarily on multifamily and industrial properties, however, can also invest in office, retail and hospitality. AIG expects to invest across 40-50 assets.	<u>Early Close</u> : 0.90% on committed, 1.25% on invested <u>Standard</u> : 1% on committed, 1.5% on invested	Requires Negotiation
<b>Alidade Capital Fund V</b>	\$250	Jun-22	13-15%	Value-Add Diversified	Strategy will focus on R&D flex, industrial, life science and office properties, which they view as innovation ecosystems. Alidade expects to invest across 30-35 assets.	During IP: 1.5% on committed Post IP: 1.5% on invested * Fee Discount Available	Yes
<b>Ares US Real Estate Fund X</b>	\$1,500	Q2 2022	12-14%	Value-Add Diversified	Strategy will invest primarily across industrial, residential and office, as well as other diversifying sectors. Ares expects to invest across 20-25 assets. Ares recently acquired Landmark Real Estate.	During IP: 0.75% on committed and 1.5% on invested Post IP: 1.5% on invested	Yes
<b>Artemis Real Estate Partners Fund IV</b>	\$1,500	Q1 2023	14-15%	Value-Add Diversified	Artemis will look to build a highly diversified portfolio and invest across 40-50 middle-market investments.	During IP: 1.5% on committed Post IP: 1.5% on invested	Yes
<b>Blue Vista Real Estate Partners VI</b>	\$750	Q4 2023	13-15%	Value-Add Diversified	Blue Vista will focus on making 60-70 investments, with a specific focus on residential, industrial, self storage and select office and hotel subsectors.	During IP: 1.5% on committed Post IP: 1.5% on invested	Requires Negotiation
<b>CenterSquare Value-Added Fund V</b>	\$300	2H 2022	13-15%	Value-Add Diversified	CenterSquare will focus on core property types in industrial and residential, as well as sub-property types such as cold storage, life sciences and residential. They expect to invest in 15-25 assets.	During IP: 1.5% on committed Post IP: 1.5% on invested * Fee Discount Available	Yes
<b>Cohen &amp; Steers Real Estate Opportunities Fund</b>	\$650	2023	14-17%	Opportunistic Diversified	Cohen will invest primarily in private real estate through direct joint ventures with operating partners, co-investments, club deals, private fund interests and pre-IPO/special situations. They will make 20-25 investments. This is the Manager's first private opportunistic real estate fund.	<b>Cornerstone Investors</b> : 1.25% on invested for direct investments & 0.75% for fund investments <b>Subsequent Investors</b> : 1.5% on invested for direct investments & 0.75% for fund investments	Yes



\* Alidade offers a fee discount for NEPC clients once aggregated client commitments reach \$30M (\$30M = 1.4% fee; \$50M = 1.3%; \$75M = 1.25%)

\* CenterSquare is offering a reduced fee of 135 bps for NEPC clients

# REAL ESTATE RESPONDENTS

Fund	Target Fund Size (M)	Target Final Close	Target Net IRR	Strategy & Sector Focus	Comments	Fees	Side Letter
Continental Realty Retail Fund I	\$250	Aug-22	16-20%	Opportunistic Retail	Continental will target income producing retail real estate investments in the US. The manager will make 16-20 investments.	During IP: 1.5% on committed Post IP: 1.5% on invested	Yes
CrossHarbor Institutional Partners 2021	\$850	Dec-22	14-16%	Opportunistic Diversified	CrossHarbor will prioritize business plan-driven strategies and high margin arbitrage scenarios. Examples of business plan-driven strategies are development, renovation, redevelopment, turnaround, and workout scenarios among others. Examples of high margin arbitrage are off-market transactions, corporate dispositions, and complex tax, ownership, or capital structures among others. The manager seeks to make 12-15 deals per year.	During IP: 1.5% on committed Post IP: 1.5% on invested	Requires negotiation
Crow Holdings Capital Fund X	\$3,000	Jan-23	12-14%	Value-Add Diversified	Crow will invest primarily in industrial and multifamily opportunities, as well as diversifying sectors such as manufactured housing, student housing and car wash. The manager expects to make 125-150 transactions.	During IP: 1.5% on committed Post IP: 1.5% on invested	Requires negotiation
Elion Industrial Fund II	\$750	Jun-23	13-15%	Value-Add Industrial	Elion will acquire, redevelop and reposition industrial properties across the US. The manager seeks to make 30-40 investments.	During IP: 1.5% on committed Post IP: 1.5% on invested	Yes
Farallon Real Estate Partners IV	\$500	Q2 2023	N/A	Value-Add Diversified	Farallon will invest primarily in office, multi-family, retail, and industrial properties. The number of investments will be dependent upon the opportunity set, while the prior fund make 14 investments.	During IP: 1.5% on committed Post IP: 1.5% on invested	Yes
Greystar Equity Partners XI	\$2,500	Q1 2023	11-12%	Value-Add Apartment/Multifamily	Greystar invest primarily in value-add multifamily, student, active adult and purpose-built single-family rental housing product and will invest in select development opportunities. The manager seeks to make 70 investments.	During IP: 1.5% on committed Post IP: 1.5% on invested	Requires negotiation
Griffith Properties Fund V	\$100	Dec-22	16%	Value-Add Diversified	Griffith will target investments in the life science, industrial/flex and office sectors within the New England and Mid-Atlantic regions. The manager seeks to make 15-18 deals.	During IP: 1.5% on committed Post IP: 1.5% on invested	Yes





# REAL ESTATE RESPONDENTS

Fund	Target Fund Size (M)	Target Final Close	Target Net IRR	Strategy & Sector Focus	Comments	Fees	Side Letter
Invesco Real Estate US Fund VI	\$1,500	Q2 2022	11-13%	Value-Add Diversified	Invesco will invest in properties that can be transformed into core investments via re-tenanting, re-positioning, renovation and/or development. The manager seeks to make 20-40 deals. Existing MWRA manager.	Charged on invested \$0 ≤ \$25: 1.5%, \$25 ≤ \$50: 1.4%, \$50 ≤ \$75: 1.3%, \$75 ≤ \$100: 1.2%, \$100 ≤ \$150: 1.1%, \$150+: 1.0% * Fee Discount Available	Requires negotiation
LaSalle Value Partners US IX	\$1,250	TBD	12-14%	Value-Add Diversified	LaSalle will invest in a diversified portfolio of transitional or emerging properties across the US and seeks to make 25-40 deals.	Not provided	Requires negotiation
Nuveen Real Estate US Strategic Alternatives Fund I	\$350	Jun-22	12-14%	Value-Add Diversified	The strategy will focus primarily on medical office buildings, single-family rentals, and self-storage facilities. Total transactions will vary dependent upon deal size and property type. This is Nuveen's first diversified US fund targeting value add returns in the alternative healthcare and housing sectors.	During IP: 1.5% on committed Post IP: 1.5% on invested	Yes
Rockpoint Fund VII	\$4,500	Apr-23	13-15%	Opportunistic Diversified	Rockpoint will invest primarily in residential, office, hospitality and industrial properties. The manager seeks to make 50-70 deals.	During IP: 1.5% on committed Post IP: 1.5 on invested	Requires negotiation
Sculptor Real Estate Credit Fund II	\$1,000	Q4 2022	10-12%	Value-Add Credit/RE Debt	The Fund will invest in real estate credit and related opportunities in North America and Europe. Sculptor seeks to make 20-40 transactions.	1.5% on invested capital	Requires negotiation
TA Realty Fund XIII	\$1,250	TBD	10-12.5%	Value-Add Diversified	TA Realty will focus on diversified portfolio focusing on industrial and apartment/multi-family, as well as office and retail real estate. The manager seeks to make 60-70 investments. Existing MWRA manager.	Yr. 1: 0.50%, Yr. 2: 0.85%, Yr. 3: 1.15% (on committed) Yr. 4: 1.20%, Yr. 5: 1.25%, Yr. 6: 1.20%, Yr. 7: 1.0%, thereafter: 0.60% (on invested)	Yes
TerraCap Partners V	\$400	Oct-22	14-16%	Value-Add Diversified	TerraCap will invest in income properties including apartment/multifamily, industrial and office across the southeast, south central and western mountain US. The manager seeks to make 30-35 transactions. Existing MWRA manager.	During IP: 1.5% on committed Post IP: 1.5% on invested	Requires negotiation



\* Invesco will determine the fee tier based on aggregated NEPC client commitments.