SBcera

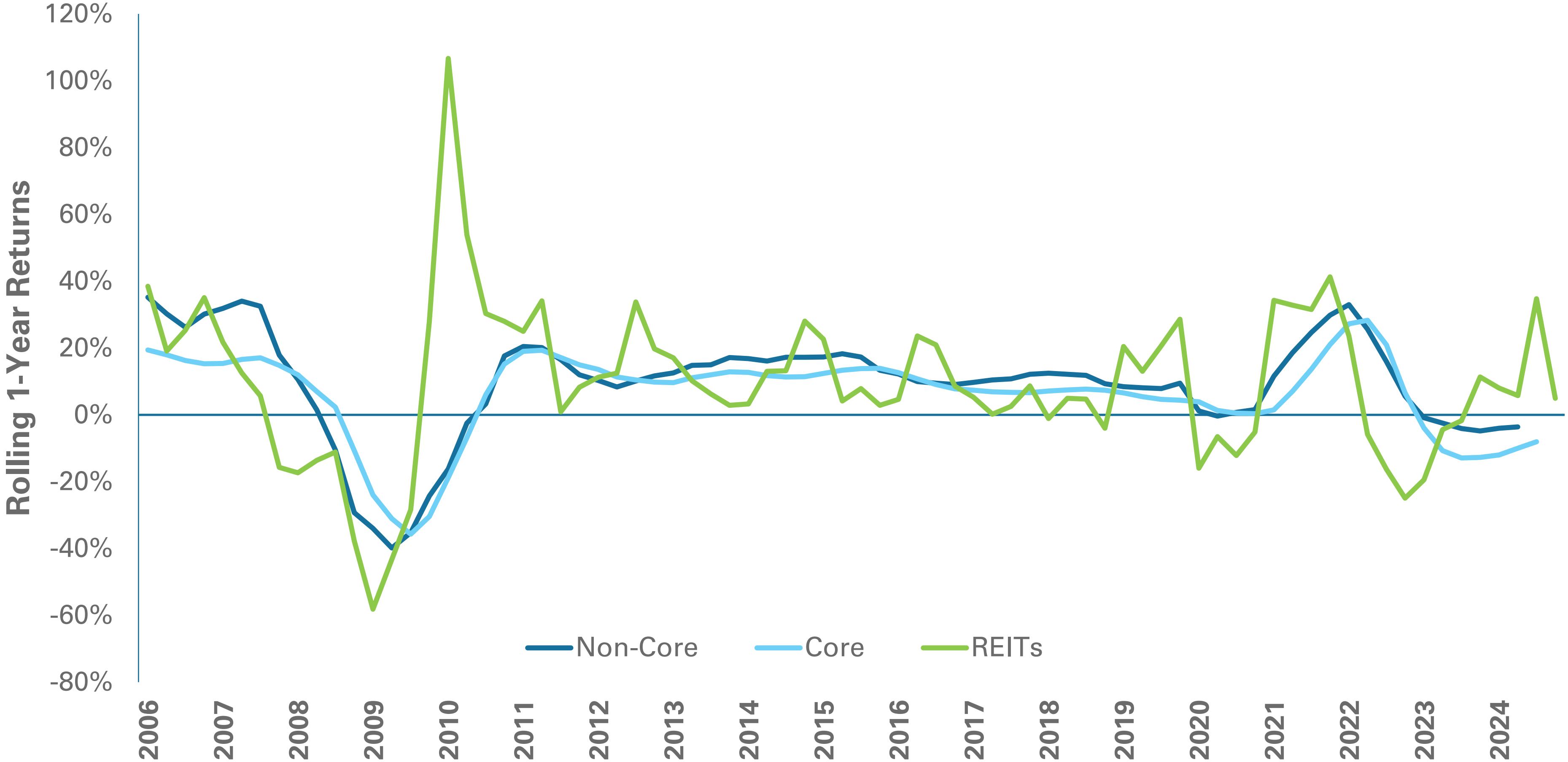
2026 REAL ESTATE PACING

SAN BERNARDINO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

NEPC Research

MARKET ENVIRONMENT

PUBLIC REAL ESTATE IS QUICKER TO ADJUST



Non-Core
Trend: **Bottoming**
2024 YTD return: 0.16%[1]

Core
Trend: **Bottoming**
2024 YTD return: (3.20%)[2]

REITs
Trend: **Volatile Recovery**
2024 return: 4.92%[3]

[1]As of Q2 2024; [2]As of Q3 2024; [3]As of December 2024.

Note: All returns in the chart are rolling 1-year returns. Non-core and core returns are quarterly, while REIT returns are monthly. Non-core and core returns are presented on a net-of-fee basis. Non-core return data represents US closed-ended real estate fund returns and is provided by Cambridge Associates, as of Q2 2024. Core return data represents the NFI-ODCE Index returns and is provided by NCREIF, as of Q3 2024. REIT return data represents the FTSE NAREIT U.S. Real Estate Index and is provided by NAREIT, as of Q4 2024. No NEPC clients are in vested in these exact strategies and have not achieved these returns – for illustrative purposes only.

Exhibit A: Page 4

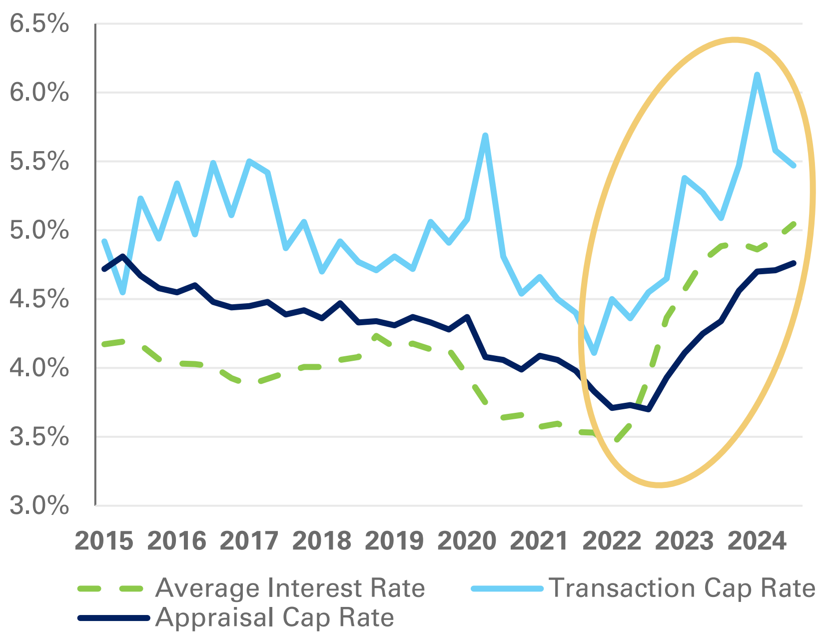
RESET PRICING AND SOLID FUNDAMENTALS

U.S. REAL ESTATE THEMES & TAKEAWAYS

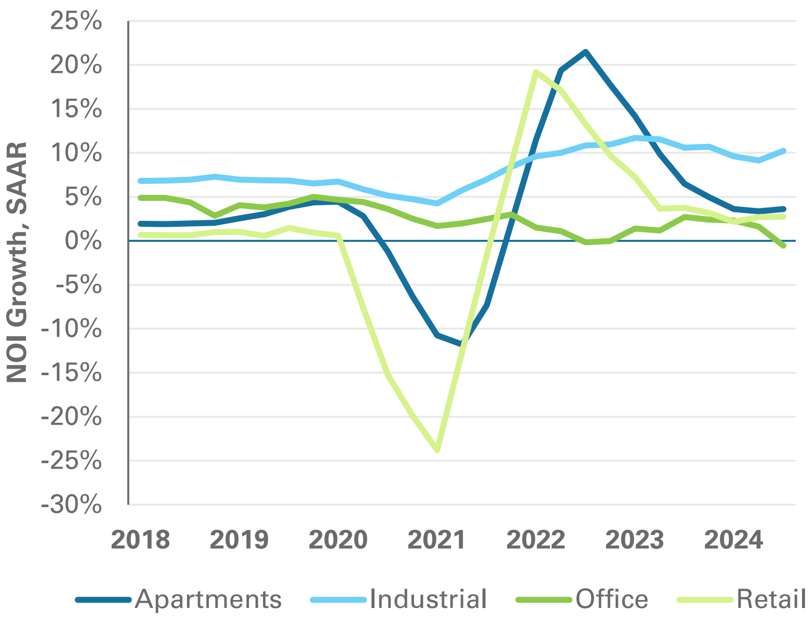
Value declines continued in 2024 as appraisal cap rates lagged the upward adjustment of transaction cap rates that may have recently bottomed.

Real estate fundamentals remained generally healthy (except for office), due to steady demand for industrial, apartment and retail.

Interest Rate Increases Led to Cap Rate Expansion with Valuation Lag



NOI Growth Normalizes for Apartment and Retail, Remains Strong for Industrial, and Declines for Office



Data provided by NCREIF and represents the NCREIF Property Index ("NPI"), a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only. NOI Growth figures are annualized. Data as of Q3 2024.

INDUSTRIAL LEADS WHILE OFFICE LAGS

APARTMENT: *MIXED*

- Apartment rent growth moderated to historical norms, but market dispersion exists due to oversupply, especially in the Southeast/Sunbelt. Cap rates continued to expand to calibrate with higher interest rates and reduced rent growth.
- Long-term supply fundamentals remained favorable, and managers looked to niche types of residential to supplement their portfolios (student housing, manufactured housing, single family rentals, etc.).

INDUSTRIAL: *REMAINS STRONG*

- Cap rates continued to expand from their 2022 lows due to higher interest rates, but rent growth remains strong and transaction volume has increased.
- Many assets have significant embedded mark-to-market from below market contract rents.
- Managers still want to overweight industrial and look to diversify their industrial holdings.
- Acquisitions are more of a focus given attractive current pricing.

OFFICE: *WEAK*

- Work from home reduced office demand and shifted tenant preference to newer trophy buildings.
- Office valuations are significantly down due to higher cap rates.
- Buyer demand and financing are limited. Seller financing is sometimes used to facilitate trades.
- Most office remains challenged, and many owners are not willing to contribute more equity to satisfy lenders or fund leasing costs.

RETAIL: *IMPROVING*

- Lack of new retail supply has kept sector occupancy high and same-store NOI growth healthy.
- Valuations were impacted less relatively due to heavy correction during pandemic.
- Grocery-anchored and service-oriented retail properties have performed best and have proven to be the most resilient.
- Investment performance has improved.

DEMAND INFLUENCES OUTLOOK, SUPPLY DOWN

APARTMENT

- Increasing demand for for-rent and affordable housing driven by rising costs of ownership.
- Housing shortage supports demand, while over-supply in Sunbelt states slows rent growth.

INDUSTRIAL

- Slowing new supply supports forecasted strong occupancy and rent growth.
- Growth in e-commerce and onshoring presents compelling fundamental tailwinds.

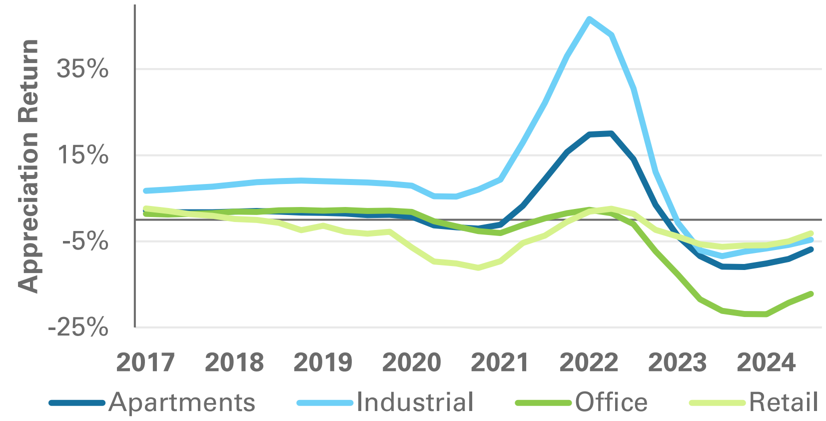
OFFICE

- Structural shifts in office usage and tenant requirements pose long-term challenges.
- Class A+ CBD trophy expected to garner tenant demand.

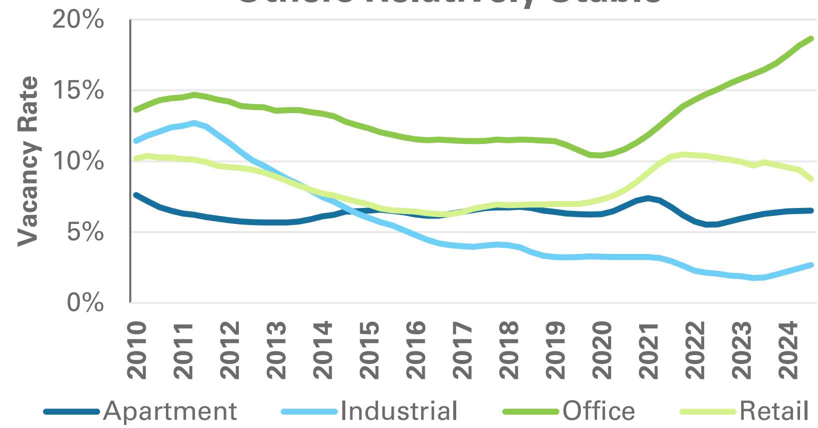
RETAIL

- Grocery-anchored and service-oriented retail fundamentals are solid.
- Lack of new supply points to a more favorable outlook.

Depreciation Bottoming Across Sectors



Office Vacancy Continues to Climb, Others Relatively Stable



Data provided by NCREIF and represents the NCREIF Property Index ("NPI"), a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only. Appreciation returns and vacancy rates are annualized. Data as of Q3 2024.

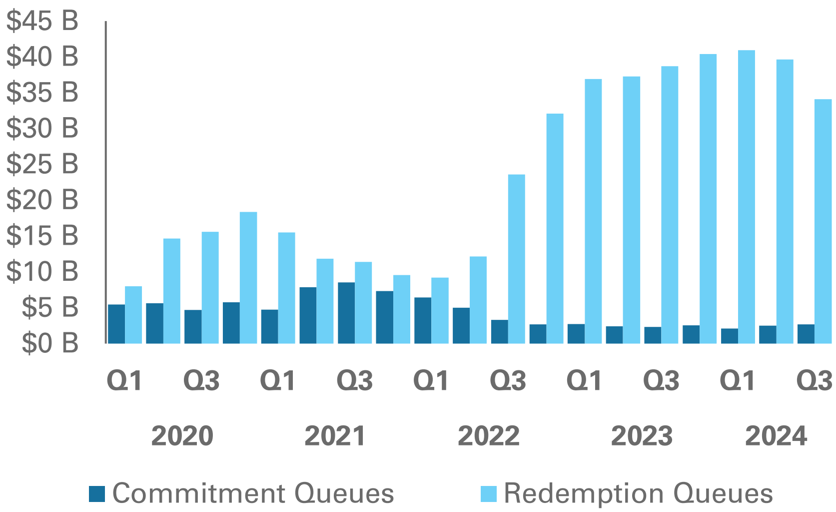
Exhibit A: Page 7

REDEMPTIONS CONTINUE TO HAMPER CORE

Elevated Redemption Queues Persist

- New redemption requests have slowed, but queues are still elevated at 17% of NAV.
- Most managers are paying 5% to 10% of respective exit queues per quarter.
- Forecasted timelines on satisfying redemption requests range from early 2025 through 2026 (some beyond).
- Commitment queues are minimal.

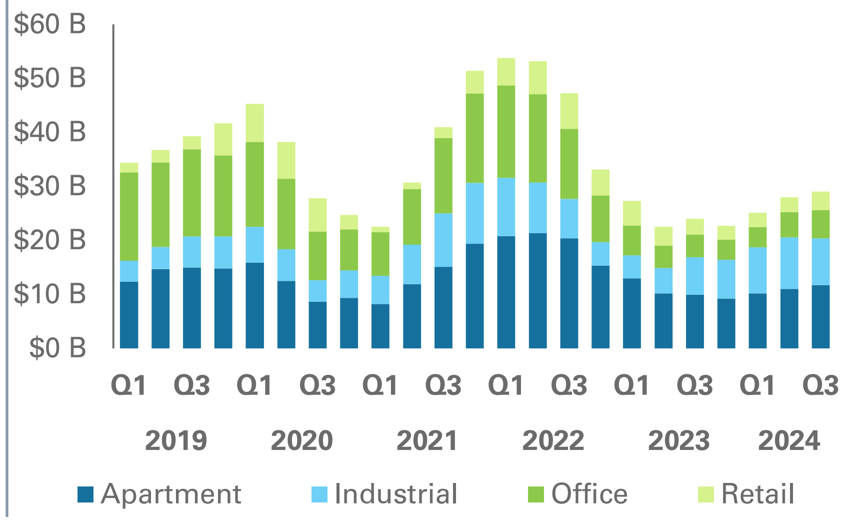
Fund Entry and Exit Queues



Increasing Transaction Activity

- Future redemption payments will depend on dispositions and new commitments.
- Lower values have narrowed bid-ask spread.
- Transaction activity dropped in 2023 but has increased in 2024.
- Industrial and apartment are the most liquid, but some managers are selling office and retail with limited upside.

Transaction Volume by Property Sector



Fund queue data represents constituents of the NCREIF Fund Index – Open End Diversified Core Equity ("NFI-ODCE"). Fund queue data sourced from AEW. Transaction volume data provided by NCREIF and represents the NCREIF Property Index ("NPI"), a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only. Data as of Q3 2024.

ATTRACTIVE REAL ESTATE ENTRY POINT

TAKEAWAYS

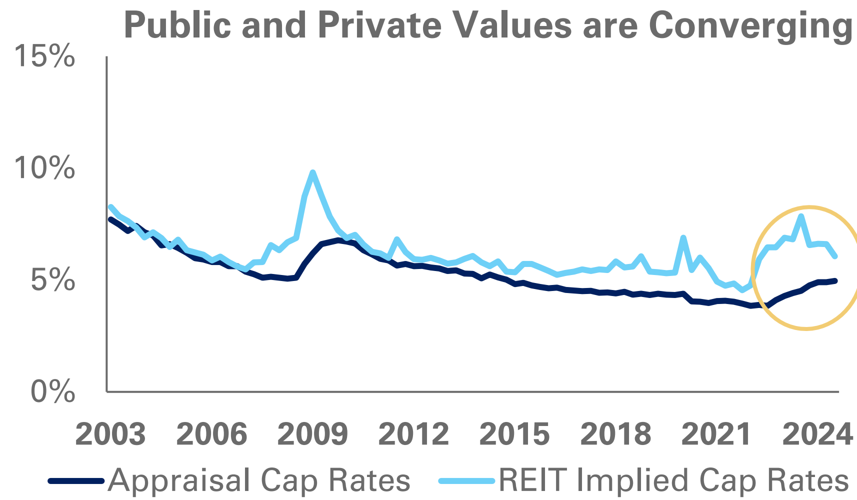
Transaction pricing seems to have bottomed, but valuations still might not be fully adjusted.

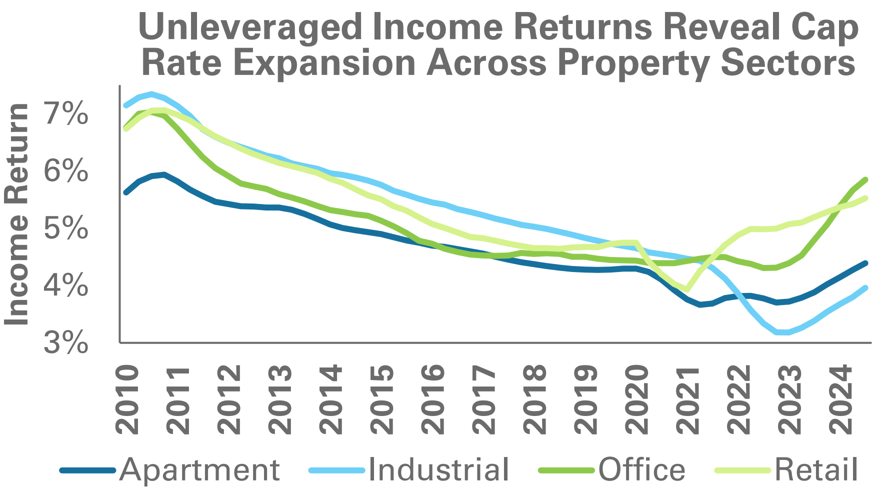
Declining REIT implied cap rates reinforce a transaction market bottoming of values.

Appraisal cap rates have expanded across property sectors but still seem too low relative to current interest rates with limited positive leverage. Appraised values may continue to trend down.

Managers are working through debt maturities, sell older assets and office to source liquidity, and build up alternative property type exposures.

Recent changes to NFI-ODCE property type classifications should promote increased capital flows into alternative property sectors.





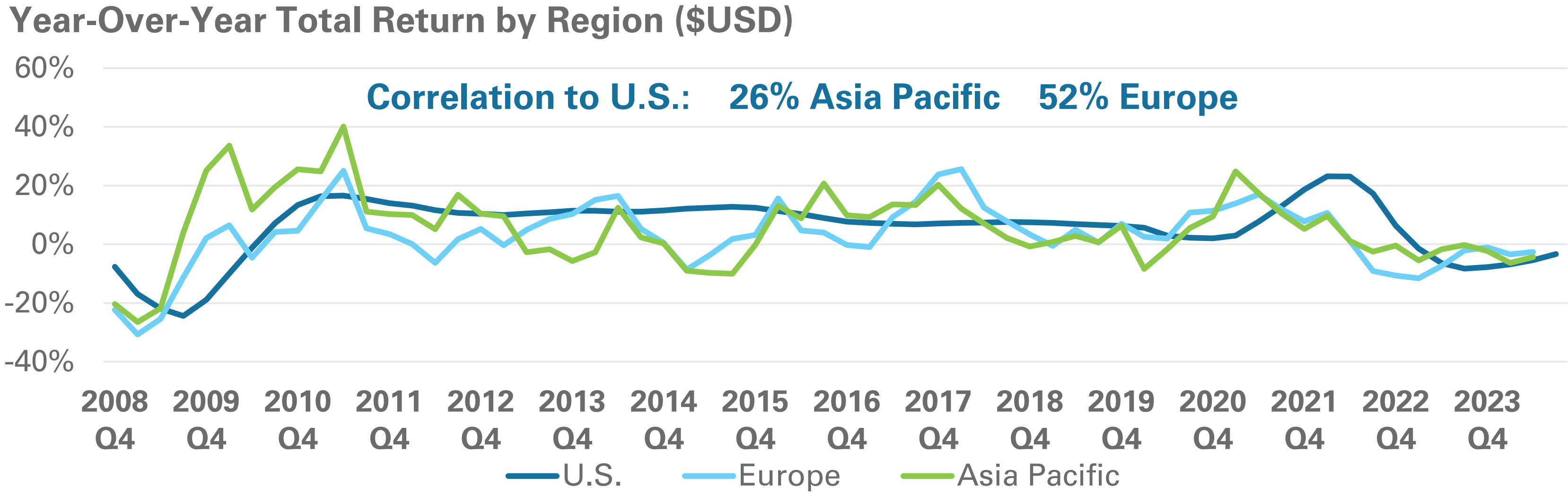
REIT implied cap rate data provided by Green Street. Appraisal cap rate and income return data provided by NCREIF and represents the NCREIF Property Index ("NPI"), a quarterly, unleveraged composite total return for private commercial real estate properties held for investment purposes only. Income returns are annualized. Data as of Q3 2024. No NEPC clients are in vested in these exact strategies and have not achieved these returns – for illustrative purposes only.

Exhibit A: Page 9

GLOBAL EXPOSURE OFFERS BENEFITS

- Low correlation of international regions can mitigate overall risk
- Economic drivers and demand can vary by region and country, as demonstrated with the return to office across global regions
- Many property sectors lag in institutional quality and adoption with more structural tailwinds anticipated while supply remains limited
- Investors can gain exposure through global funds or customize and optimize with regional-focused funds

Regional Strategies Can Enhance a U.S. Real Estate Portfolio with Added Diversification



Sources: MSCI (June 30, 2024 (Europe and Asia Pacific) and September 30, 2024 (United States).

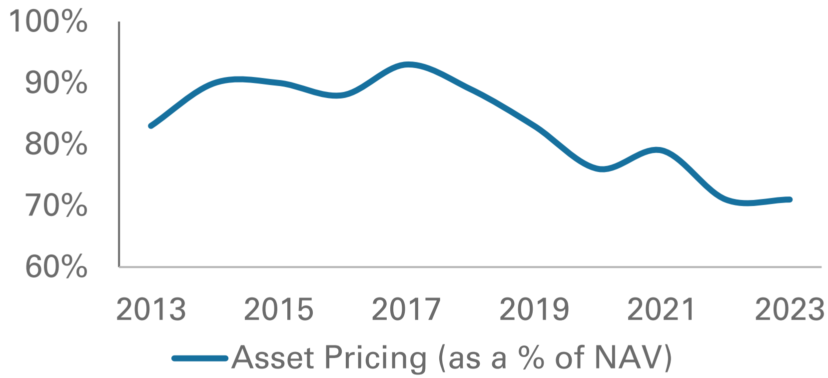
Exhibit A: Page 10

SECONDARIES REMAIN ATTRACTIVE

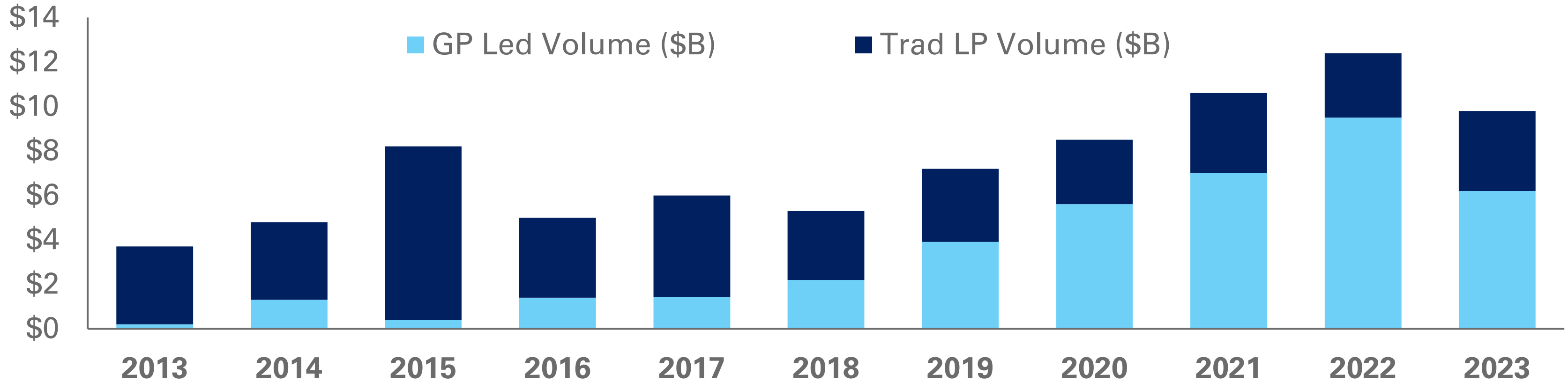
Investment Rationale

- Provides liquidity solution for LPs and GPs
- Moderate risk profile with a balance of income and appreciation given time of entry
- Attractive entry pricing with deeper discounts
- Secondary volume has increased since 2018
- GP-led secondaries represent a greater share and have driven transaction volume
- GP-led secondaries offer greater control features
- Limited real estate secondaries fund universe

Secondary Pricing Discounts



Growth in GP-Led Secondaries



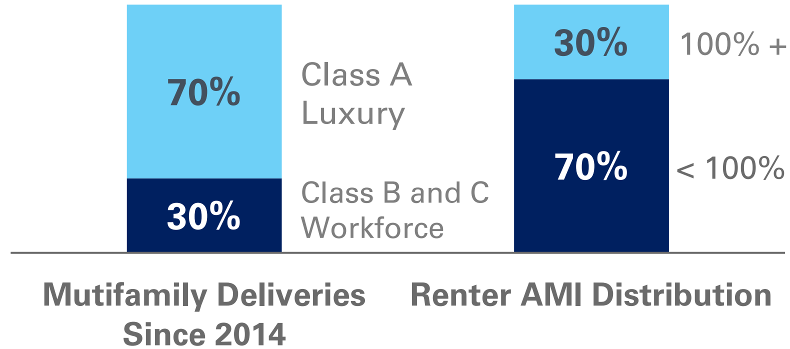
Source: Ares Secondaries, Jeffries

FAVORABLE REAL ESTATE PROPERTY SECTORS

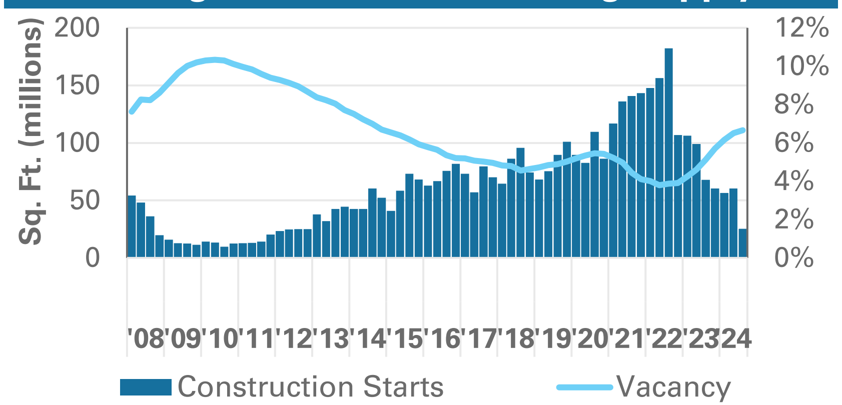
Lean Into Sectors Expected to Outperform

- **Affordable housing, market rate or regulated, is preferred due to significant demand**
- **Data centers serve explosive growth in the Cloud and AI with high barriers to entry**
- **Industrial continues to outperform with embedded MTM rent growth, growing e-commerce and onshoring of manufacturing**
- **Other niche sectors such as student housing, hospitality, and senior housing offer opportunity**

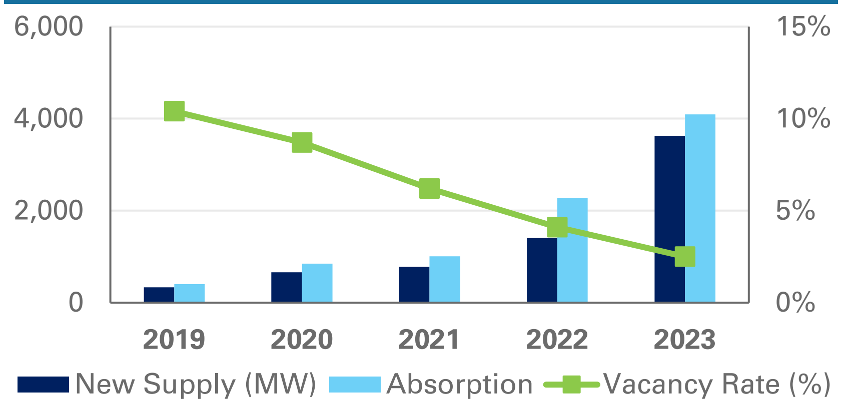
Affordable Housing
Chronic Shortage of Attainable Options



Industrial
Strong Demand and Declining Supply



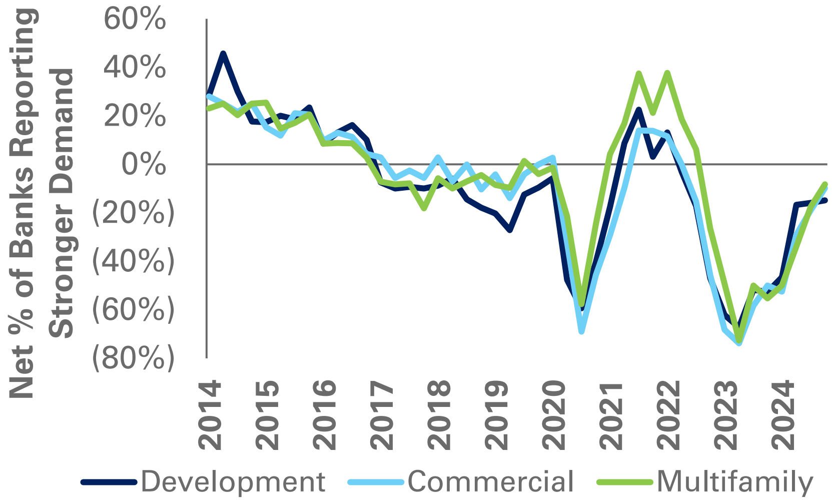
Data Centers
Limited Availability With High Demand



Sources: Greystar, CoStar, Digital Realty. Housing deliveries data spans 2014-2022; AMI data as of 2022; industrial data as of September 30, 2024; data center data as of June 30, 2024.

BANK LENDING REMAINS CONSTRAINED

Loan Demand Is Increasing



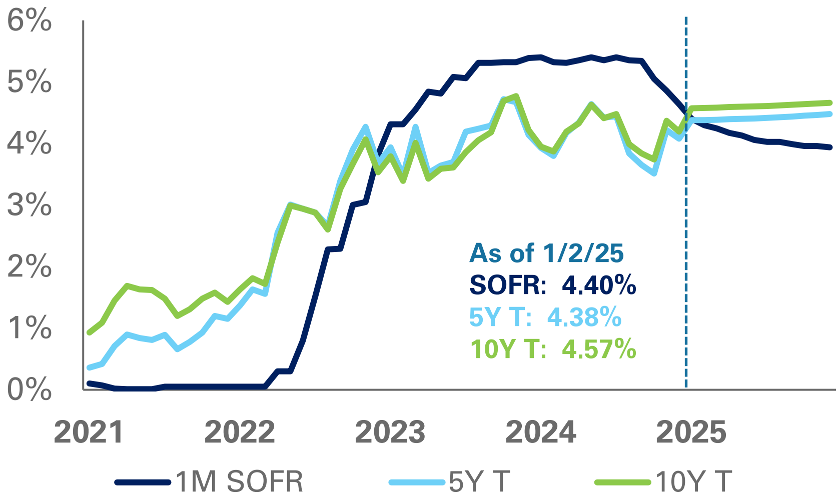
Bank Underwriting Standards Remain Cautious

- **Banks remain constrained, but loan demand is increasing due to loan maturities and a rise in transaction volume**
  - Banks continue to shore up balance sheets
  - Money center banks focus on indirect lending
  - Regional banks only selectively lending and reducing commercial real estate exposure
  - Office financing remains challenging
- **CMBS activity increased significantly during 2024 for both conduit and SASB**
- **Well-capitalized borrowers with strong lending relationships have a competitive advantage**
- **Construction financing remains limited, dampening the risk of new supply**

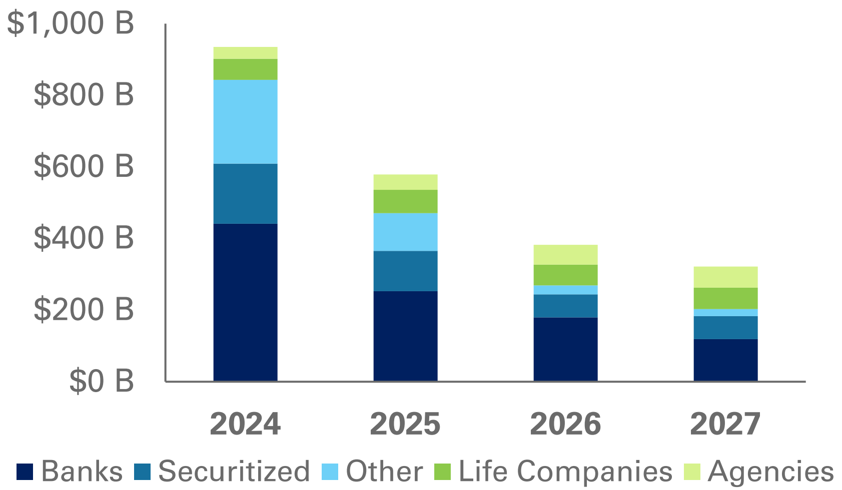
Source: Federal Reserve as of November 2024; represents U.S. domestic banks.

DEBT AND OPPORTUNISTIC STRATEGIES BENEFIT

Interest Rates Are Expected to Remain Higher for Longer



Loan Maturities Will Trigger Refinancings or Property Sales



- **Although the Fed recently cut rates 75 bps in late 2024, interest rates are expected to remain higher for longer**
- **Treasuries have been volatile in 2024 with a recent uptick**
- **Yield curve is expected to revert to a normalized upward slope in 2025**
- **Real estate financing costs remain high, as of 4Q 2023**
  - Fixed rate: 5.95% to 7.65%
  - Floating rate: 6.25% to 7.75%
- **Market environment benefits real estate debt and opportunistic strategies**
  - Higher income and total returns for debt funds
  - Increased volume of discounted note sales
  - Greater need for liquidity solutions

Sources: Chatham Financial, Global-rates.com; Macrotrends. Historical rates are first day of each month through January 2, 2025. Forward curve is based on Chatham Financial forward curve as of December 31, 2024. Mortgage Bankers Association 2024 Commercial/Multifamily Loan Maturities. Real estate loan interest rates as of December 31, 2024, based on Chatham Financial Market Spreads report.

RECOMMENDATION

OVERVIEW

- **Each year, NEPC will provide a review of the private markets allocations to determine the commitment budget for the upcoming year.**
  - We consider: existing manager commitments and anticipated calls/distributions, adjustments to the target allocation and the forecasted net growth rate.
  - An annual review provides an opportunity to make adjustments to any of the above factors and assess the program carefully so as to not over-allocate to illiquid investments.

- **The strategy is to maintain an active commitment pace in each vintage year going forward, being mindful of the liquidity needs.**
  - Fund and manager recommendations are made in the context of the existing portfolio along with NEPC's market views.
  - Our goal is to develop a program that will invest in various strategies and achieve returns in excess of public market returns.

CURRENT INVESTMENT PROGRAM

- **San Bernardino County Employees' Retirement Association ("SBCERA") has a long-term strategic target allocation of 5% to real estate, with a permitted range of 0% to 10%. As of 3/31/25, the real estate portfolio had produced a 4.1% net IRR and a 1.31x multiple on invested capital.**

- **SBCERA's current exposure to real estate is as follows:**
  - $642.0 million net asset value (3.8% of total plan assets as of 9/30/25)
  - $218.0 million in uncalled capital commitments (1.3% of total plan assets)
  - Approximately $860.1 million in total real estate exposure (5.0% of total plan assets)

- **SBCERA's current sub-strategy exposures are as follows (including uncalled capital):**
  - 54.6% core (core, core plus, and lending)
  - 45.4% non-core (non-core, opportunistic, and value-add)

- **SBCERA has sub-strategy target allocations of 50% to core private real estate (which may include real estate debt) and 50% to non-core private real estate**
  - SBCERA's current sub-strategy investments (based on NAV) are 53.3% core private real estate (including real estate debt) and 46.7% non-core private real estate

PRIVATE REAL ESTATE PLAN RECOMMENDATION

- **NEPC recommends the following investment pacing model to achieve the target allocations:**
  - Commit up to $155 million to real estate in 2026 as outlined in the pacing model
    - This allows for flexibility while maintaining an allocation to real estate and providing vintage year diversification

- **These recommendations are intended to be used as a directional guideline based on market conditions and revisited annually**

REAL ESTATE PACING PLAN

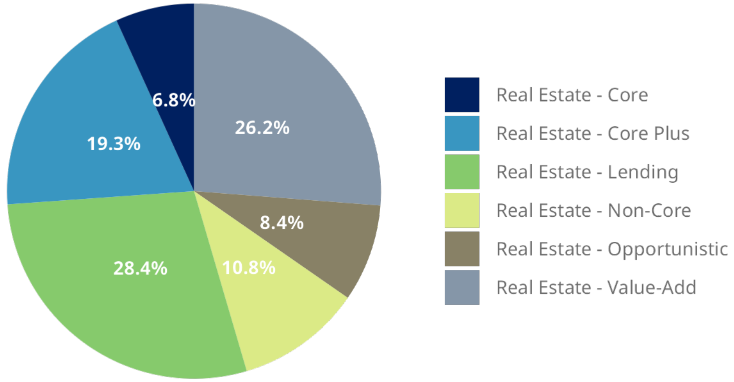
Exhibit A: Page 19

SUMMARY

Plan Summary

Total Portfolio Assets	$17,085.1
Current NAV %	3.8%
Current Total Exposure %	5.0%
Target Allocation %	5.0%
Ann. Expected Return %	7.4%

Private Market Exposures



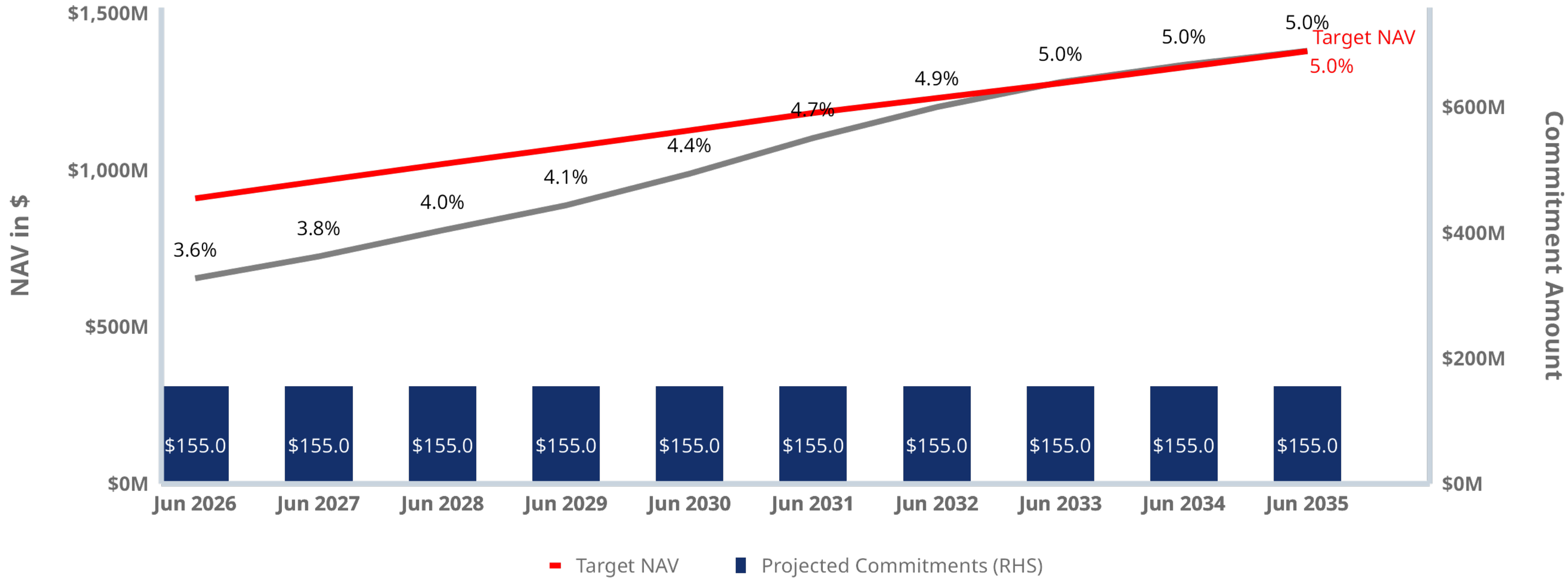
Current Allocations (in millions)

Asset Class	Investment Strategy	Commitment	Unfunded Commitment	NAV	Total Exposure
Private Real Estate	Real Estate - Core	$129.7	$0.7	$58.2	$58.8
	Real Estate - Core Plus	$140.0	$0.0	$166.2	$166.2
	Real Estate - Lending	$305.5	$126.7	$117.6	$244.3
	Real Estate - Non-Core	$97.8	$14.7	$78.5	$93.3
	Real Estate - Opportunistic	$135.0	$26.5	$45.6	$72.1
	Real Estate - Value-Add	$270.0	$49.4	$175.9	$225.3
	Total	**$1,078.0**	**$218.0**	**$642.0**	**$860.1**
Grand Total		**$1,078.0**	**$218.0**	**$642.0**	**$860.1**

- Total portfolio assets is as of 9/30/25.
- Private market valuation data is as of 6/30/25.
- Annual expected return is based on NEPC capital market assumptions as of 9/30/25.

COMMITMENTS & ALLOCATION PROJECTIONS

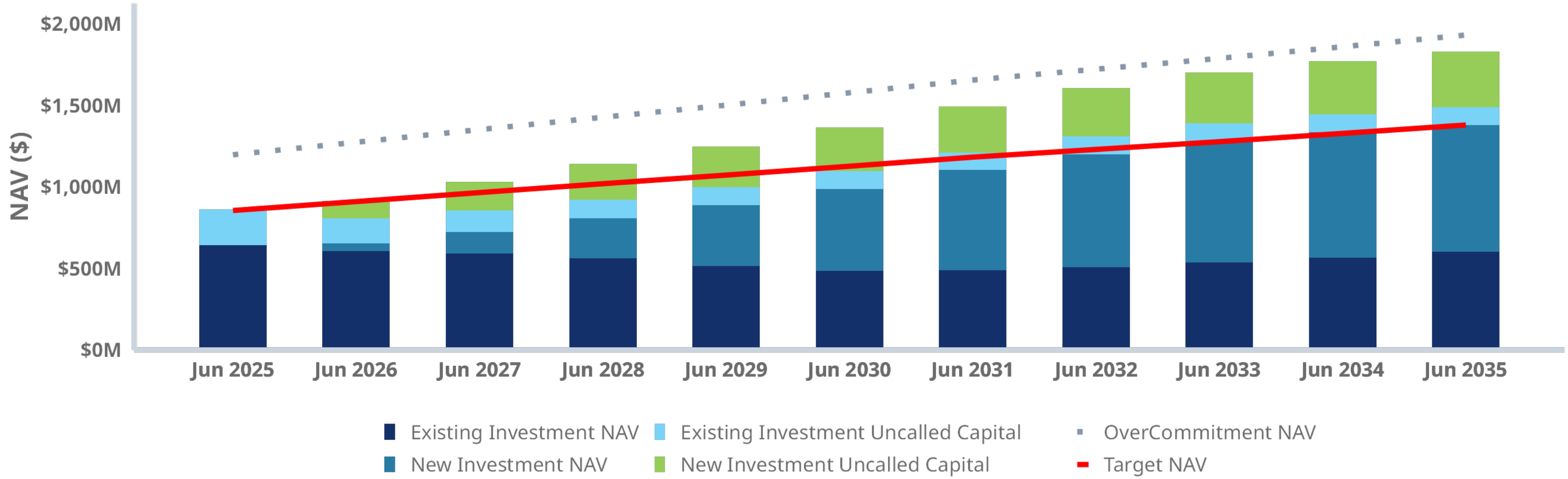
Private Markets Commitments by Vintage



	More Certain					Less Certain				
Description	**2026-06-30**	**2027-06-30**	**2028-06-30**	**2029-06-30**	**2030-06-30**	**2031-06-30**	**2032-06-30**	**2033-06-30**	**2034-06-30**	**2035-06-30**
Total Commitments ($M)	$155.0	$155.0	$155.0	$155.0	$155.0	$155.0	$155.0	$155.0	$155.0	$155.0
Target (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Projected NAV / Total Portfolio Assets	3.6%	3.8%	4.0%	4.1%	4.4%	4.7%	4.9%	5.0%	5.0%	5.0%

ASSET PROJECTIONS

Private Markets Portfolio Projections

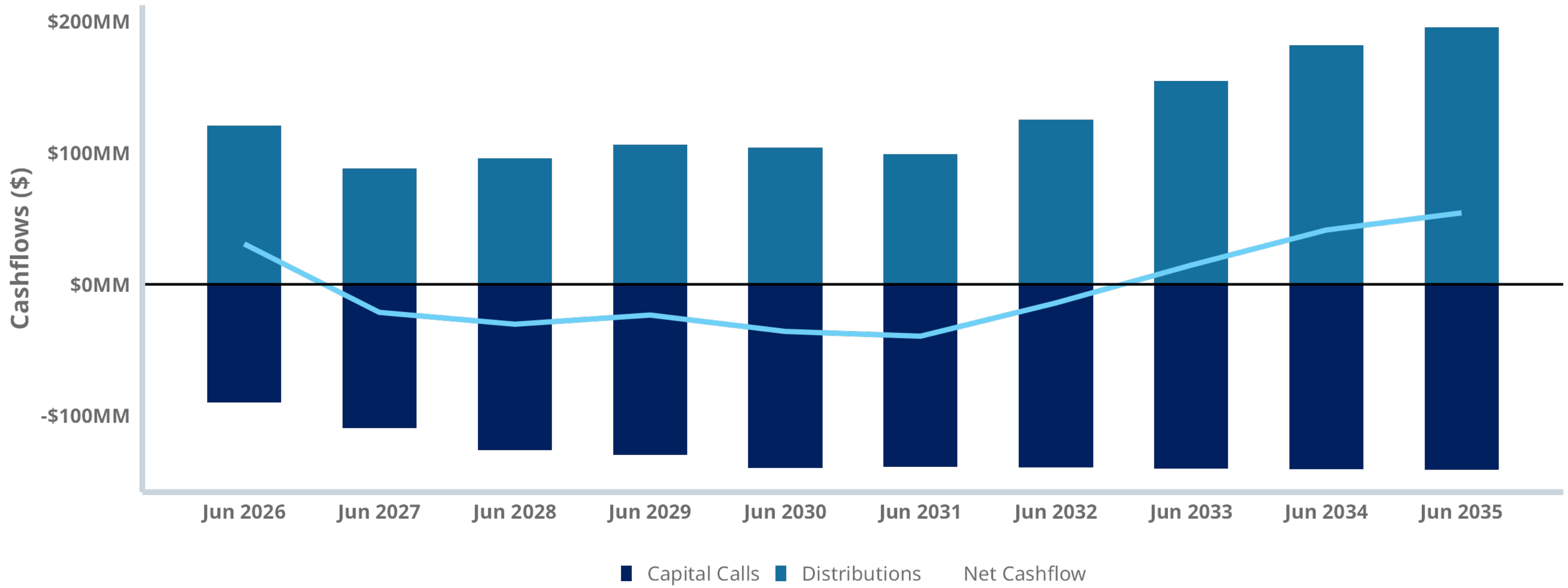


Projection Summary

Description	2025-06-30	2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30	2032-06-30	2033-06-30	2034-06-30	2035-06-30
Net Asset Value (NAV)	$642.0	$654.4	$724.2	$807.5	$887.1	$987.7	$1,101.4	$1,200.1	$1,279.5	$1,334.5	$1,379.1
Uncalled Capital	$218.0	$259.7	$305.1	$333.7	$358.9	$374.2	$390.5	$406.0	$420.8	$435.2	$449.0
NAV + Uncalled Capital	$860.1	$914.1	$1,029.3	$1,141.2	$1,246.0	$1,361.9	$1,491.9	$1,606.2	$1,700.3	$1,769.8	$1,828.2
Target NAV	$854.3	$909.0	$964.2	$1,018.5	$1,071.3	$1,125.6	$1,181.2	$1,228.7	$1,276.1	$1,326.9	$1,378.2
NAV (%)	3.8%	3.6%	3.8%	4.0%	4.1%	4.4%	4.7%	4.9%	5.0%	5.0%	5.0%
NAV + Uncalled Capital (%)	5.0%	5.0%	5.3%	5.6%	5.8%	6.0%	6.3%	6.5%	6.7%	6.7%	6.6%
Target Allocation (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%

CASH FLOW PROJECTIONS

Private Markets Projected Capital Calls & Distributions



Projected Cashflows (in millions)

Description	2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30	2032-06-30	2033-06-30	2034-06-30	2035-06-30
Capital Calls	-$89.9	-$109.6	-$126.4	-$129.8	-$139.7	-$138.7	-$139.5	-$140.2	-$140.6	-$141.2
Distributions	$120.7	$88.3	$96.1	$106.4	$103.9	$99.2	$125.3	$154.8	$181.9	$195.6
Net Cash Flow	$30.8	-$21.3	-$30.3	-$23.4	-$35.8	-$39.5	-$14.1	$14.6	$41.4	$54.4

APPENDIX

APPENDIX

Projection Summary

Description	2025-06-30	2026-06-30	2027-06-30	2028-06-30	2029-06-30	2030-06-30	2031-06-30	2032-06-30	2033-06-30	2034-06-30	2035-06-30
Net Asset Value (NAV)	$642.0	$654.4	$724.2	$807.5	$887.1	$987.7	$1,101.4	$1,200.1	$1,279.5	$1,334.5	$1,379.1
Uncalled Capital	$218.0	$259.7	$305.1	$333.7	$358.9	$374.2	$390.5	$406.0	$420.8	$435.2	$449.0
NAV + Uncalled Capital	$860.1	$914.1	$1,029.3	$1,141.2	$1,246.0	$1,361.9	$1,491.9	$1,606.2	$1,700.3	$1,769.8	$1,828.2
Target NAV	$854.3	$909.0	$964.2	$1,018.5	$1,071.3	$1,125.6	$1,181.2	$1,228.7	$1,276.1	$1,326.9	$1,378.2
OverCommitment Pace	1.4x	1.4x	1.4x	1.4x	1.4x	1.4x	1.4x	1.4x	1.4x	1.4x	1.4x
OverCommitment Target NAV	$1,196.0	$1,272.6	$1,349.8	$1,425.9	$1,499.9	$1,575.8	$1,653.7	$1,720.2	$1,786.5	$1,857.6	$1,929.5
NAV (%)	3.8%	3.6%	3.8%	4.0%	4.1%	4.4%	4.7%	4.9%	5.0%	5.0%	5.0%
Uncalled Capital (%)	1.3%	1.4%	1.6%	1.6%	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%	1.6%
NAV + Uncalled Capital (%)	5.0%	5.0%	5.3%	5.6%	5.8%	6.0%	6.3%	6.5%	6.7%	6.7%	6.6%
Target Allocation (%)	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Plan NAV	$17,085.1	$18,180.2	$19,283.1	$20,370.3	$21,426.6	$22,511.7	$23,624.8	$24,575.0	$25,521.1	$26,537.0	$27,563.8

APPENDIX

Existing Funds included in this Pacing Study

Asset Class	Risk Proxy	Account Name	Vintage Year	Commitment Amount	Paid in Capital	Unfunded Commitment	Cumulative Distribution	Current NAV
Private Real Estate	Real Estate - Core	Invesco Real Estate Asia Fund	2014	51,732,500	59,492,313	0	24,531,492	54,943,407
Private Real Estate	Real Estate - Core	Starwood Capital Hospitality Fund I - 2	2006	30,000,000	30,000,000	0	27,879,087	2,694,756
Private Real Estate	Real Estate - Core	Starwood Opportunity Fund VII - A	2006	25,000,000	25,000,000	0	19,591,177	476,519
Private Real Estate	Real Estate - Core	Tri Continental Capital Fund VII	2005	23,000,000	26,906,767	656,943	7,414,913	39,580
Private Real Estate	Real Estate - Core Plus	PRISA II	2004	140,000,000	140,000,586	0.0	74,215,455.3	166,242,372.4
Private Real Estate	Real Estate - Lending	TPG AG Essential Housing Fund III	2024	150,000,000	60,150,000	89,850,000.0	1,266,886.0	62,579,488.0
Private Real Estate	Real Estate - Lending	Fortress Japan Opportunity Fund II	2012	21,739,130	23,443,909	4,347,826.0	47,617,111.0	911,443.0
Private Real Estate	Real Estate - Lending	Kayne Anderson Real Estate Debt IV	2021	30,000,000	33,794,010	6,767,540.0	24,350,716.0	16,749,316.0
Private Real Estate	Real Estate - Lending	Kayne Anderson Commercial Real Estate Debt	2022	7,874,399	7,936,330	0.0	1,839,731.0	7,949,636.0
Private Real Estate	Real Estate - Lending	Pramerica Real Estate Capital Fund VI (Scots Feeder)	2016	27,406,984	27,905,664	2,141,092.5	22,097,150.9	5,315,754.4
Private Real Estate	Real Estate - Lending	Pramerica Real Estate Capital Fund VII	2021	68,517,460	40,868,958	23,576,867.7	26,218,647.9	24,131,077.9

APPENDIX

Existing Funds included in this Pacing Study

Asset Class	Risk Proxy	Account Name	Vintage Year	Commitment Amount	Paid in Capital	Unfunded Commitment	Cumulative Distribution	Current NAV
Private Real Estate	Real Estate - Non-Core	Kayne Anderson Real Estate Fund VI	2020	20,000,000	18,400,000	2,546,807.0	1,812,101.0	24,567,029.0
Private Real Estate	Real Estate - Non-Core	Kayne Anderson Real Estate Fund V	2017	20,000,000	20,614,242	0.0	16,247,394.0	13,554,152.0
Private Real Estate	Real Estate - Non-Core	Partners Group MCA (RE)	2006	9,127,941	7,885,418	1,242,523.7	145,243.3	3,482,071.3
Private Real Estate	Real Estate - Non-Core	Partners Group MCA (RE)	2008	1,384,723	1,114,808	269,914.6	1,953,927.2	151,355.5
Private Real Estate	Real Estate - Non-Core	Partners Group MCA (RE)	2019	16,444,228	11,541,168	4,903,060.1	10,024,380.8	5,189,349.8
Private Real Estate	Real Estate - Non-Core	Partners Group MCA (RE)	2021	23,217,435	18,484,501	4,732,934.3	185,360.8	23,198,683.8
Private Real Estate	Real Estate - Non-Core	Partners Group MCA (RE)	2022	7,577,254	6,544,738	1,032,516.0	0.0	8,380,133.6
Private Real Estate	Real Estate - Opportunistic	Apollo US Real Estate Fund II	2015	20,000,000	23,097,436	2,489,475.7	17,142,218.4	10,483,189.3
Private Real Estate	Real Estate - Opportunistic	Apollo US Real Estate Fund III	2021	50,000,000	40,884,255	21,556,117.9	17,003,373.9	34,514,963.0

APPENDIX

Existing Funds included in this Pacing Study

Asset Class	Risk Proxy	Account Name	Vintage Year	Commitment Amount	Paid in Capital	Unfunded Commitment	Cumulative Distribution	Current NAV
Private Real Estate	Real Estate - Opportunistic	Oaktree Real Estate Opportunities Fund V	2012	25,000,000	29,701,043	2,500,000	40,211,696	25,810
Private Real Estate	Real Estate - Opportunistic	Walton Street Real Estate Fund V	2006	40,000,000	40,000,000	0	27,756,956	537,440
Private Real Estate	Real Estate - Value-Add	Invesco Real Estate US Fund VI	2021	30,000,000	19,400,587	11,251,418	669,039	16,744,863
Private Real Estate	Real Estate - Value-Add	Partners Group Real Estate Secondary 2017	2017	75,000,000	46,615,406	28,428,719	2,587,500	52,049,250
Private Real Estate	Real Estate - Value-Add	Partners Group Real Estate Secondary 2013	2014	65,000,000	49,709,900	9,738,409	41,710,989	16,416,825
Private Real Estate	Real Estate - Value-Add	PRISA III	2003	100,000,300	115,064,221	0	72,702,836	90,692,368

PACING PLAN DISCLAIMERS

- **NEPC's private markets pacing analysis projects a potential level of future assets and cash flows for a single scenario based on a series of assumptions. This analysis is intended to help estimate future exposure levels. It is not a guarantee of future cash flows, appreciation or returns.**

- **The timing and amounts of projected future cash flows and market values of investments could vary significantly from the amounts projected in this pacing analysis due to manager-specific and industry-wide macroeconomic factors.**

- **Estimates of projected cash flows and market values for existing private markets commitments were made at the Fund level and do not incorporate any underlying portfolio company projections or analysis.**

- **The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.**

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ALTERNATIVE INVESTMENT DISCLOSURES

It is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds and private equity:

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