

INTERIM REPORT

City of San Jose Police and Fire Department Retirement Plan

Private Markets Program
September 30, 2018



PUBLIC

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Total Private Markets

As of September 30, 2018

	Committed Capital (\$ mm)	Market Value (\$ mm)	Total Contributions (\$ mm)	Total Distributions (\$ mm)	Total Value Multiple (x)	Net IRR (%)
Total Alternatives Account¹	1,316.4	521.8	889.9	622.4	1.3	8.6
Legacy Private Equity ^{1,2}	361.2	184.3	295.8	251.5	1.5	9.4
NB Fund of One ¹	200.5	24.6	22.0	0.0	1.1	NM
Private Debt	497.5	197.8	439.3	312.1	1.2	6.0
Real Estate	217.2	89.1	107.8	56.1	1.3	15.9
Real Assets	40.0	25.9	25.1	2.7	1.1	NM

¹ Private Equity and Fund of One underlying data was provided by Neuberger Berman and does not include commitment amounts at this time.

² Does not include NB Fund-of-One performance.



Private Debt Program

As of September 30, 2018, the San Jose Police and Fire Department Retirement Plan had committed \$497.5 million to ten private debt partnerships and one separately managed co-investment. The reported fair value of the aggregate Private Debt Program was \$197.8 million at September 30, 2018, which equates to 5.4% of the overall Retirement Plan, versus a 4.0% policy target.

Aggregate Private Debt Program ¹	
Number of Partnerships	11
Committed Capital²	\$497.5 million
Capital Called³	\$439.3 million
Distributions	\$312.1 million
Reported Value	\$197.8 million
Total Value Multiple	1.2x
Net IRR	6.0%

¹ Throughout this report, numbers may not sum due to rounding.

² Some partnership commitments were made in foreign currency. This total reflects committed capital in U.S. dollars, adjusted for foreign currency exchange rates, as of the report date.

³ In certain instances, total contributions may exceed the commitment, as a Partnership may reserve the right to recycle capital and/or recall distributions depending upon the terms of its Limited Partnership Agreement.

During the third quarter of 2018, \$7.5 million in contributions was called from the Retirement Plan.

- Cross Ocean USD ESS Fund II called \$7.5 million during the third quarter for new investments.
- Cross Ocean USD ESS Fund I returned <\$0.1 million in a management fee rebate during the third quarter.

An aggregate \$14.2 million in distributions were received by the Retirement Plan during the third quarter of 2018.

- White Oak Direct Lending distributed \$4.6 million during the quarter.
- Cross Ocean USD ESS Fund I distributed \$4.1 million during the third quarter.
- Marathon European Credit Opportunity Fund SPC distributed \$2.7 million during the third quarter.

The Retirement Plan made no new commitments during the third quarter of 2018.



- White box: Current investment.
- Grey box: Liquidated investment.

Aggregate Program Performance Summary

Investment Strategy	Capital Committed (\$ mm)	Total Contributions Paid to Date ^{1,2} (\$ mm)	Total Unfunded Commitment ³ (\$ mm)	Total Distributions Received to Date ⁴ (\$ mm)	Reported Fair Value (\$ mm)	Reported Fair Value		Net IRR ⁵ (%)	Inv. Multiple ⁶ (x)	Benchmark	Benchmark
						Plus Distributions (\$ mm)	Net IRR ⁷ (%)			Net Multiple ⁷ (x)	
Total Program⁸	497.5	439.3	106.8	312.1	197.8	509.9	6.0	1.2	NA	NA	
Vintage Year 2010	150.0	184.4	6.0	157.3	53.8	211.1	4.5	1.1	9.9	1.4	
GSO SJ Partners	Private Debt	50.0	44.0	6.0	41.9	13.0	54.9	7.7	1.2	9.9	1.4
Medley Opportunity Fund II, L.P.	Private Debt	50.0	55.1	0.0	39.7	26.0	65.7	4.2	1.2	9.9	1.4
White Oak Direct Lending	Private Debt	50.0	85.2	0.0	75.7	14.8	90.5	2.5	1.1	9.9	1.4
Vintage Year 2011	25.0	25.0	0.0	28.7	2.2	30.9	8.6	1.2	9.5	1.4	
Marathon European Credit Opportunity Fund SPC	Private Debt	25.0	25.0	0.0	28.7	2.2	30.9	8.6	1.2	9.5	1.4
Vintage Year 2013	140.0	120.3	25.8	83.0	59.3	142.2	6.5	1.2	7.4	1.2	
Cross Ocean USD ESS Fund I, L.P.	Private Debt	90.0	76.0	14.0	76.2	15.1	91.2	7.4	1.2	7.4	1.2
Park Square Capital Credit Opportunities II	Private Debt	50.0	44.4	11.8	6.8	44.2	51.0	5.1	1.1	7.4	1.2
Vintage Year 2014	22.5	22.0	1.4	11.7	13.8	25.6	6.2	1.2	10.5	1.3	
Shoreline China Value III, L.P.	Private Debt	22.5	22.0	1.4	11.7	13.8	25.6	6.2	1.2	10.5	1.3
Vintage Year 2015	25.0	25.0	0.0	28.5	0.0	28.5	11.3	1.1	11.3	1.2	
Octagon CLO Debt Fund II (US)	Private Debt	25.0	25.0	0.0	28.5	0.0	28.5	11.3	1.1	11.3	1.2
Vintage Year 2016	75.0	52.5	23.7	2.8	58.5	61.4	NM	1.2	NM	1.1	
Cross Ocean USD ESS Fund II, L.P.	Private Debt	75.0	52.5	23.7	2.8	58.5	61.4	NM	1.2	NM	1.1

¹ In certain instances, Total Contributions Paid to Date may exceed Capital Committed as certain partnerships may call fees outside of commitment and most partnerships reserve a limited right to recycle capital and/or recall distributions.

² Total Contributions include management fees paid outside of capital commitment.

³ Unfunded Commitment amounts are an approximation due to the inclusion of recallable distributions.

⁴ Distributions may include capital that was recycled back into the Partnership.

⁵ The Net IRR calculation was performed by Meketa Investment Group. Total Program, Partnership, and Vintage Year IRRs are net of fees, expenses, and carried interest for each partnership.

⁶ The Inv. Multiple calculation was performed by Meketa Investment Group. Total Program, Partnership, and Vintage Year Inv. Multiples are net of partnership fees.

⁷ Benchmark drawn from Cambridge Associates | Credit Opportunities, Average.

⁸ "NM" indicates that a fund is early in its investment period; therefore, the return is not yet meaningful. A not meaningful return is generated by funds with less than 24 months of activity.

Aggregate Program Performance Summary

		Capital	Total	Unfunded	Total	Reported	Reported	Net	Inv.	Benchmark	Benchmark
	Investment	Committed	Contributions	Commitment ³	Distributions	Fair Value	Plus	IRR ⁵	Multiple ⁶	IRR ⁷	Multiple ⁷
	Strategy	(\$ mm)	Paid to Date ^{1,2}	(\$ mm)	Received	(\$ mm)	Distributions	(%)	(x)	(%)	(x)
			(\$ mm)	(\$ mm)	to Date ⁴	(\$ mm)	(\$ mm)				
Vintage Year 2017		10.0	10.0	0.0	0.0	10.3	10.3	NM	1.0	NM	1.3
ArrowMark Partners Separate Account	Private Debt	10.0	10.0	0.0	0.0	10.3	10.3	NM	1.0	NM	1.3
Vintage Year 2018		50.0	0.0	50.0	NA	NA	NA	NA	NA	NA	NA
Octagon CLO Opportunity Fund III, L.P.	Private Debt	50.0	0.0	50.0	NA	NA	NA	NA	NA	NA	NA

The IRR (internal rate of return) and investment multiple are the most meaningful measures of performance for a private equity fund. IRR measures how assets are performing in relation to time. Investment multiple shows the cash on cash return generated on the invested capital by the underlying assets.

The total program net IRR decreased by 30 basis points from 6.3% to 6.0% during the third quarter. The fair market value of the total program decreased by -\$1.7 million, or -0.8%, after adjusting for capital calls and distributions during the quarter. The net portfolio valuation was driven by decreases in the valuations of Medley Opportunity Fund II (-\$1.9 million or -6.7%), White Oak Direct Lending (-\$0.4 million or -2.0%), and Park Square Capital Credit Opportunities II (-\$0.4 million or -0.8%). These were partially offset by increases in the valuations of Cross Ocean USD ESS Fund II (\$1.0 million or 1.9%), GSO SJ Partners (\$0.2 million or 1.5%), and Marathon European Credit Opportunity Fund SPC (\$0.1 million or 3.7%).

Real Estate Program

As of September 30, 2018, the Plan had committed \$217.2 million to 13 real estate funds. The total reported fair value of the Real Estate Program's investments was \$89.1 million at September 30, 2018, which equates to 2.4% of the overall Retirement Plan, versus a 3.0% policy target.

Aggregate Real Estate Program ¹	
Number of Partnerships	13
Committed Capital²	\$217.2 million
Capital Called	\$110.1 million
Distributions	\$56.1 million
Reported Value	\$89.1 million
Total Value Multiple	1.3x
Net IRR	15.0%

¹ Throughout this report, numbers may not sum due to rounding.

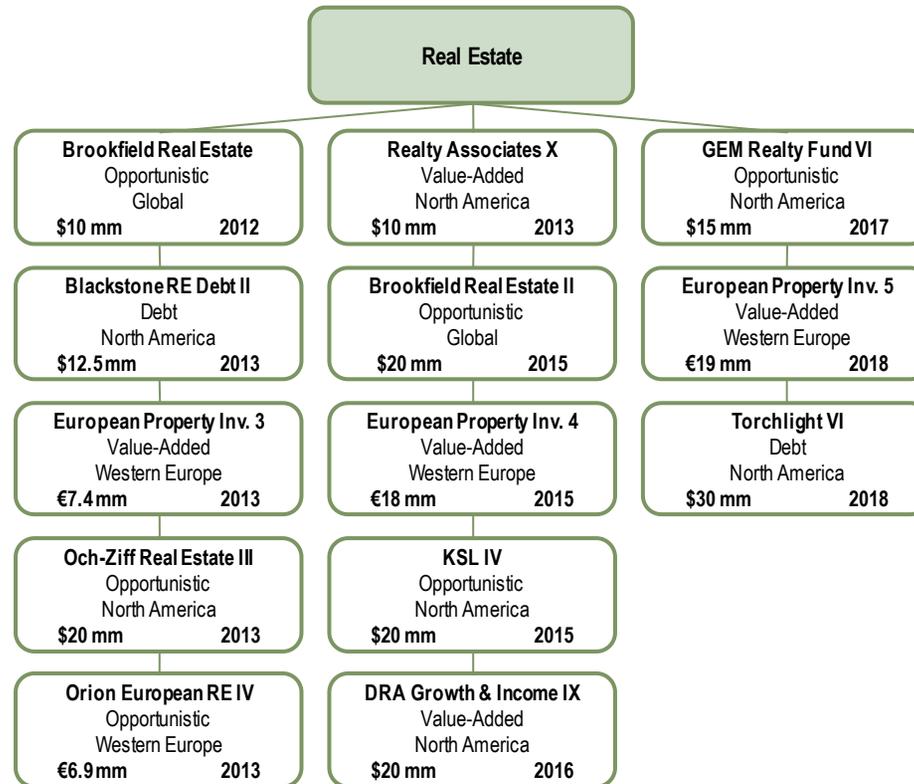
² Some partnership commitments were made in foreign currency. This total reflects committed capital in U.S. dollars, adjusted for foreign currency exchange rates, as of the report date.

In aggregate, \$7.1 million was called from the Retirement Plan during the third quarter of 2018 by the underlying partnerships.

- KSL Capital Partners IV called \$2.5 million during the quarter to fund management fees, partnership expenses, and investments in two underlying partnerships.
- European Property Investors Special Opportunities 4 called \$1.5 million during the quarter to fund investments in a number of projects.
- DRA Growth and Income Fund IX called \$1.4 million during the quarter in order to paydown the Fund's credit facility for the acquisitions of seven underlying partnerships.

The Retirement Plan received an aggregate of \$3.6 million in distributions during the third quarter of 2018 from its underlying partnerships.

- GEM Realty Fund VI distributed \$0.9 million from the sale of one underlying partnership.
- European Property Investors Special Opportunities 3 distributed \$0.7 million from investments in several projects.
- DRA Growth and Income Fund IX distributed \$0.6 million during the quarter primarily from a return of capital and cash from operations.



- White box: Current investment.

Aggregate Program Performance Summary

Investment Strategy	Capital Committed (\$ mm)	Total Contributions Paid to Date ¹ (\$ mm)	Unfunded Commitment ² (\$ mm)	Total Distributions Received to Date (\$ mm)	Reported Fair Value (\$ mm)	Reported Fair Value		Net IRR ³ (%)	Inv. Multiple ⁴ (x)	Benchmark	Benchmark
						Plus Distributions (\$ mm)	Net IRR ³ (%)			Net IRR ⁵ (%)	Net Multiple ⁵ (x)
Total Program⁶	217.2	110.1	112.5	58.1	89.1	145.2	15.0	1.3	NA	NA	
Vintage Year 2012	10.0	11.4	0.3	10.2	11.5	21.8	21.9	1.9	12.5	1.5	
Brookfield Strategic Real Estate Partners	10.0	11.4	0.3	10.2	11.5	21.8	21.9	1.9	12.5	1.5	
Vintage Year 2013	59.6	47.0	15.3	37.5	26.2	63.8	13.3	1.4	NA	NA	
Blackstone Real Estate Debt Strategies II ⁷	12.5	12.8	0.0	13.6	1.2	14.7	9.3	1.2	7.4	1.2	
European Property Investors Special Opportunities 3, L.P. ⁸	8.8	8.4	0.4	5.6	6.1	11.7	13.2	1.4	11.0	1.3	
Och-Ziff Real Estate Fund III	20.0	10.0	10.8	6.0	9.3	15.3	26.3	1.5	11.0	1.3	
Orion European Real Estate Fund IV, C.V. ⁹	8.3	5.9	4.1	3.8	3.3	7.1	7.5	1.2	11.0	1.3	
Realty Associates Fund X, L.P., The	10.0	10.0	0.0	8.5	6.5	15.0	12.2	1.5	11.0	1.3	
Vintage Year 2015	60.6	38.4	22.1	5.1	39.6	44.7	12.1	1.2	9.9	1.2	
Brookfield Strategic Real Estate Partners II	20.0	14.7	5.4	0.9	16.5	17.4	10.9	1.2	9.9	1.2	
European Property Investors Special Opportunities 4, L.P. ¹⁰	20.6	12.0	8.6	0.8	12.5	13.2	8.5	1.1	9.9	1.2	
KSL Capital Partners IV, L.P.	20.0	11.8	8.2	3.5	10.6	14.1	19.0	1.2	9.9	1.2	
Vintage Year 2016	20.0	9.2	11.7	2.0	8.7	10.7	NM	1.2	NM	1.1	
DRA Growth and Income Fund IX, LLC	20.0	9.2	11.7	2.0	8.7	10.7	NM	1.2	NM	1.1	

¹ In certain instances, Total Contributions Paid to Date may exceed Capital Committed as certain partnerships may call fees outside of commitment and most partnerships reserve a limited right to recycle capital and/or recall distributions.

² Unfunded Commitment amounts are an approximation due to the inclusion of recallable distributions.

³ The Net IRR calculation was performed by Meketa Investment Group. Total Program, Partnership, and Vintage Year IRRs are net of fees, expenses, and carried interest for each partnership.

⁴ The Inv. Multiple calculation was performed by Meketa Investment Group. Total Program, Partnership, and Vintage Year Inv. Multiples are net of partnership fees.

⁵ Real Estate benchmarks (excluding Blackstone Real Estate Debt Strategies II) drawn from Thomson One | Real Estate, Average.

⁶ "NM" indicates that a fund is early in its investment period; therefore, the return is not yet meaningful. A not meaningful return is generated by funds with less than 24 months of activity.

⁷ Benchmark drawn from Thomson One | Credit Opportunities, Average.

⁸ In 2013, €7.4 million was committed to the Partnership. The \$8.8 million is an estimated amount based on the contributed capital and unfunded commitment as of 9/30/18.

⁹ In 2015, €6.9 million was committed to the Partnership. The \$8.3 million is an estimated amount based on the contributed capital and unfunded commitment as of 9/30/18.

¹⁰ In 2015, €18.0 million was committed to the Partnership. The \$20.6 million is an estimated amount based on the contributed capital and unfunded commitment as of 9/30/18



Aggregate Program Performance Summary

Investment Strategy	Capital Committed (\$ mm)	Total Contributions Paid to Date ¹ (\$ mm)	Unfunded Commitment ² (\$ mm)	Total Distributions Received to Date (\$ mm)	Reported Fair Value (\$ mm)	Reported Fair Value		Net IRR ³ (%)	Inv. Multiple ⁴ (x)	Benchmark	Benchmark
						Plus Distributions (\$ mm)	Net IRR ³ (%)			Net IRR ⁵ (%)	Net Multiple ⁵ (x)
Vintage Year 2017	15.0	1.7	13.3	0.9	0.9	1.8	NM	1.0	NM	1.0	
GEM Realty Fund VI, L.P.	15.0	1.7	13.3	0.9	0.9	1.8	NM	1.0	NM	1.0	
Vintage Year 2018	52.0	2.3	49.8	0.3	2.2	2.5	NM	1.1	NM	NA	
European Property Investors Special Opportunities 5, L.P. ¹¹	22.0	0.0	22.0	NA	NA	NA	NA	NA	NA	NA	
Torchlight Debt Opportunity Fund VI, L.P.	30.0	2.3	27.7	0.3	2.2	2.5	NM	1.1	NM	NA	

¹¹ In 2018, €19.0 million was committed to the Partnership. The \$22.0 million is an estimated amount based on the contributed capital and unfunded commitment as of 9/30/18.



The IRR (internal rate of return) and investment multiple are the most meaningful measures of performance for a private equity fund. IRR measures how assets are performing in relation to time. Investment multiple shows the cash on cash return generated on the invested capital by the underlying assets.

The Total Real Estate Program¹ net IRR remained reduced by 130 basis points from 16.3% to 15.0% during the third quarter.² The reported fair value of the Real Estate Program increased by \$2.0 million, or 2.2%, after adjusting for capital calls and distributions during the quarter. The improved performance was driven primarily by the valuation increase of European Property Investors Special Opportunities 4 (\$0.9 million or 7.9%), Brookfield Strategic Real Estate Partners (\$0.9 million or 8.3%), and DRA Growth and Income Fund IX (\$0.4 million or 4.4%).

¹ Total Real Estate Program includes all closed-end funds in the real estate program.

² May not sum due to rounding.



Real Assets Program

As of September 30, 2018, the Plan had committed \$40.0 million to two real assets funds. The total reported fair value of real assets investments was \$25.9 million at September 30, 2018, which equates to 0.7% of the overall Retirement Plan, versus a 3.0% policy target.

Aggregate Real Assets Program ¹	
Number of Partnerships	2
Committed Capital	\$40.0 million
Capital Called	\$25.1 million
Distributions	\$2.7 million
Reported Value	\$25.9 million
Total Value Multiple	1.1x
Net IRR	NM

¹ Throughout this report, numbers may not sum due to rounding.

In aggregate, \$5.9 million was called from the Retirement Plan during the third quarter of 2018 by the underlying partnerships.

- Global Infrastructure Partners III called \$3.6 million primarily to fund investments in four underlying partnerships.
- Brookfield Infrastructure Fund III called \$2.3 million to fund investments in three underlying partnerships as well as follow-on investments in existing investments.

The Retirement Plan received an aggregate of \$0.2 million in distributions during the third quarter of 2018 from its underlying partnerships.

- Brookfield Infrastructure Fund III distributed \$0.2 million primarily from the Fund's investments in three underlying investments.
- Global Infrastructure Partners III distributed <\$0.1 million in income proceeds from the Fund's investment in one underlying partnership.

The Retirement Plan did not make any new commitments during the third quarter of 2018.



- White box: Current investment.
- Green box: Investment made subsequent to quarter end and, as such, is not included in any other section of this report.

Aggregate Program Performance Summary

Investment Strategy	Capital Committed (\$ mm)	Total Contributions Paid to Date ¹ (\$ mm)	Unfunded Commitment ² (\$ mm)	Total Distributions Received to Date (\$ mm)	Reported Fair Value (\$ mm)	Reported Plus Distributions (\$ mm)	Net IRR ³ (%)	Inv. Multiple ⁴ (x)	Benchmark	Benchmark
									Net IRR ⁵ (%)	Net Multiple ⁵ (x)
Total Program⁶	40.0	25.1	15.0	2.7	25.9	28.6	NM	1.1	NM	1.1
Vintage Year 2016	40.0	25.1	15.0	2.7	25.9	28.6	NM	1.1	NM	1.1
Brookfield Infrastructure Fund III, L.P. Infrastructure	20.0	10.0	10.0	2.0	10.0	12.0	NM	1.2	NM	1.1
Global Infrastructure Partners III, L.P. Infrastructure	20.0	15.1	5.0	0.7	15.9	16.6	NM	1.1	NM	1.1

¹ In certain instances, Total Contributions Paid to Date may exceed Capital Committed as certain partnerships may call fees outside of commitment and most partnerships reserve a limited right to recycle capital and/or recall distributions.
² Unfunded Commitment amounts are an approximation due to the inclusion of recallable distributions.
³ The Net IRR calculation was performed by Meketa Investment Group. Total Program, Partnership, and Vintage Year IRRs are net of fees, expenses, and carried interest for each partnership.
⁴ The Inv. Multiple calculation was performed by Meketa Investment Group. Total Program, Partnership, and Vintage Year Inv. Multiples are net of partnership fees.
⁵ Benchmark drawn from Cambridge Associates | Infrastructure, Average.
⁶ "NM" indicates that a fund is early in its investment period; therefore, the return is not yet meaningful. A not meaningful return is generated by funds with less than 24 months of activity.



The IRR (internal rate of return) and investment multiple are the most meaningful measures of performance for a private real assets fund. IRR measures how assets are performing in relation to time. Investment multiple shows the cash on cash return generated on the invested capital by the underlying assets.

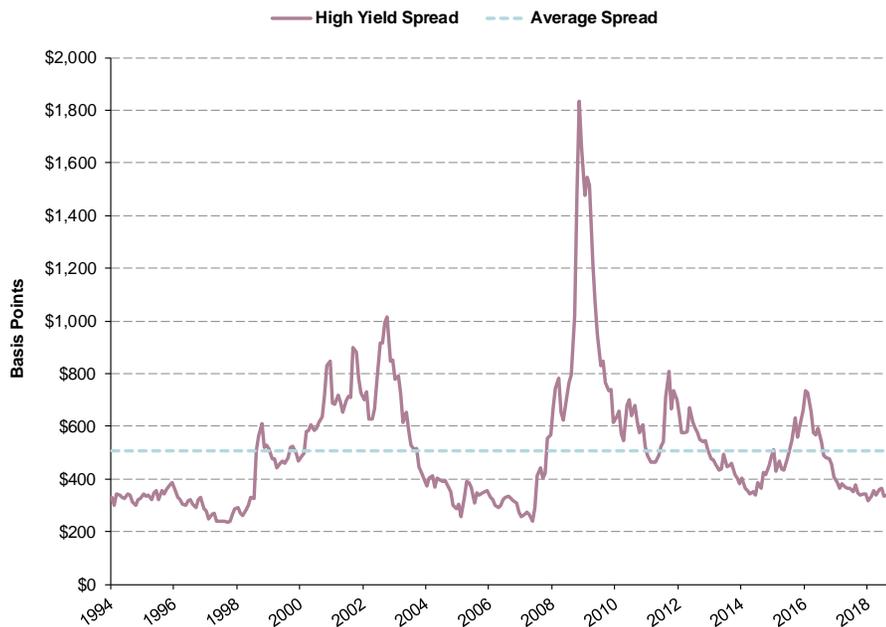
The Real Assets Program is at an early stage in its development and as such, the net IRR of the Program has been listed as “Not Meaningful” across this report. The reported fair value of the Real Asset Program increased by \$1.0 million, or 4.6%, after adjusting for capital calls and distributions during the third quarter of 2018. The improved performance was driven by the valuation increases of Global Infrastructure Partners III (\$1.1 million or 8.7%), which was partially offset by a decrease in valuation of Brookfield Infrastructure Fund III (\$0.1 million or 1.3%).

Appendices

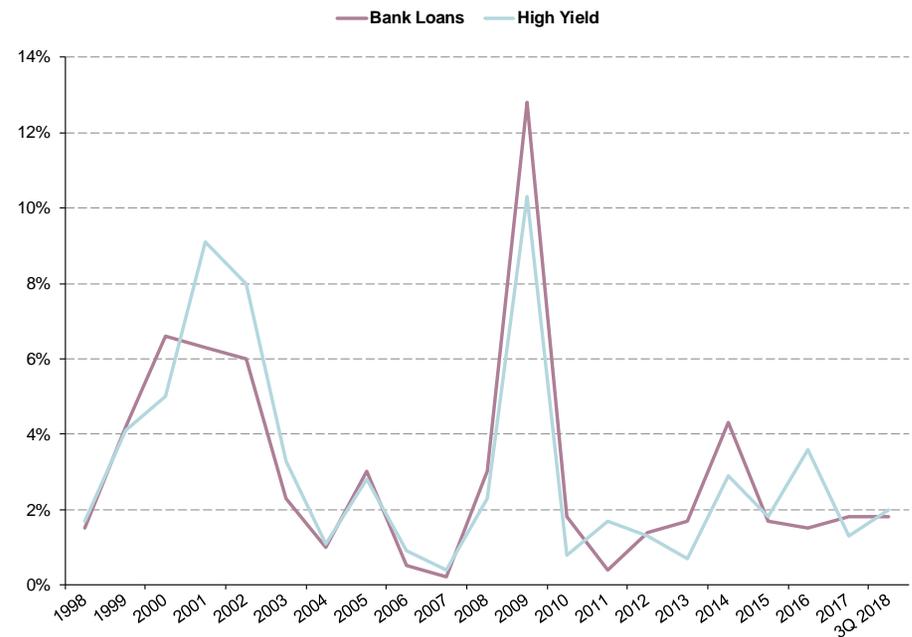
Private Debt

Credit spreads continued to compress during the third quarter with performance in the lower rated credit quality segments driving returns. Interest rates continued to increase as well putting some price pressure on longer duration, more interest rate sensitive bonds. Issuance slowed and shifted from high yield bonds to bank loans as investors favored floating rate assets. Bond and loan default rates were largely unchanged during the quarter as just \$2.3 billion of total debt defaulted, marking the second straight quarter where defaulted debt hit lows not seen since the end of 2013.

U.S. Corporate High Yield Spread¹



U.S. Corporate Default Rate²



¹ Source: Barclays Capital

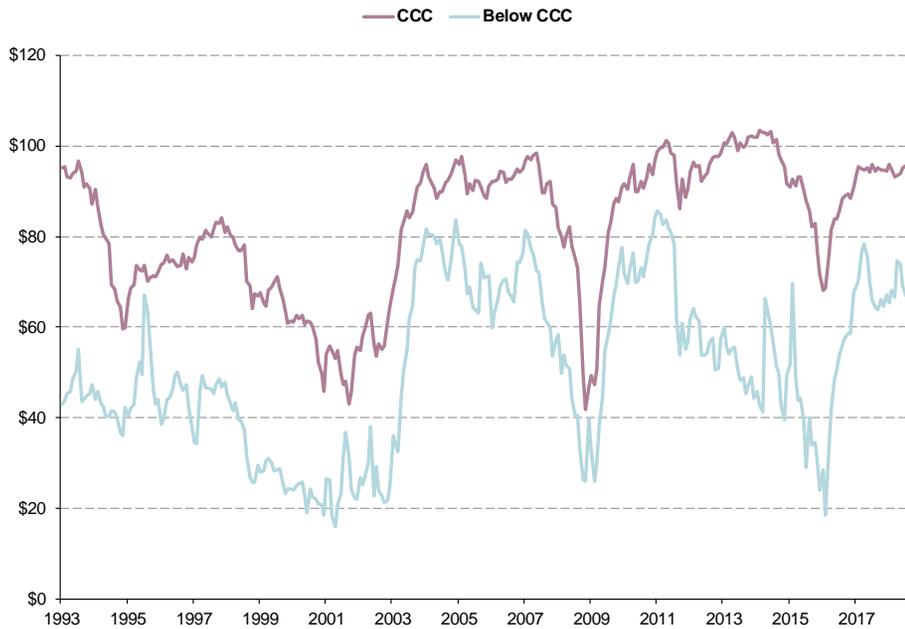
² Source: JP Morgan



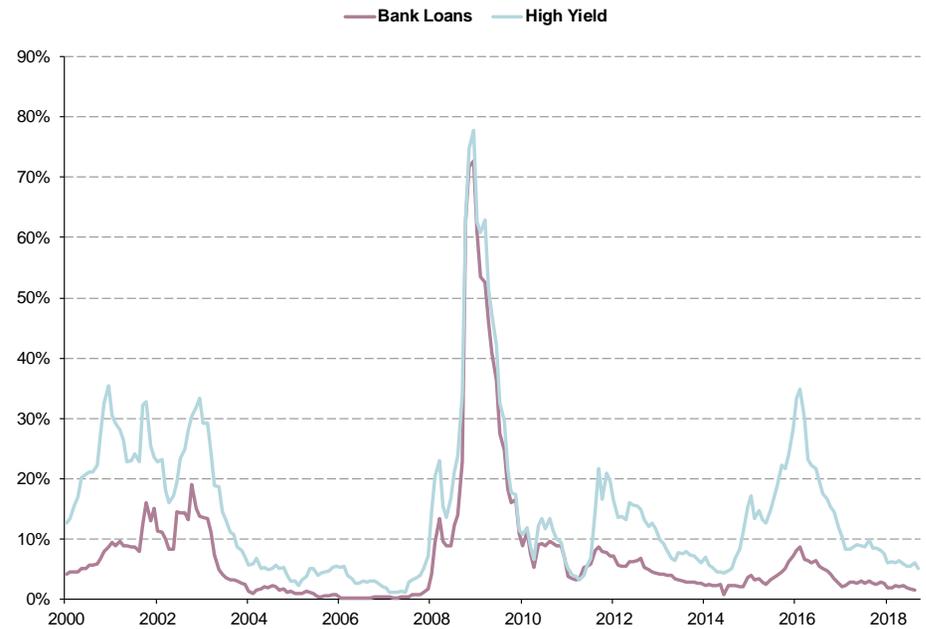
Distressed & Opportunistic Debt

The opportunity for distressed managers remained muted as the supply of low priced debt continued to shrink and remains concentrated by economic industry. Energy, retail, and telecom continue to be the industries with the most debt priced at distressed levels and highest current default rates. The distressed ratio continued to fall in both high yield and bank loans.

Lower Rated Debt Pricing¹



Distressed Ratio²



¹ Source: Barclays Capital

² Source: Bank Loans trading below \$80, Credit Suisse; High Yield trading at spread of more than 1,000bps, Deutsche Bank.

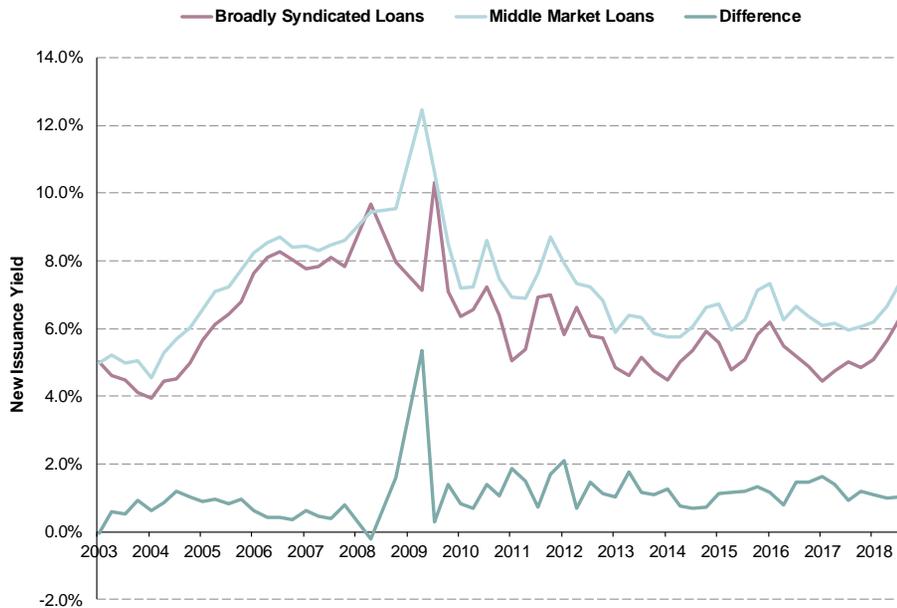


Private Senior & Subordinated Debt

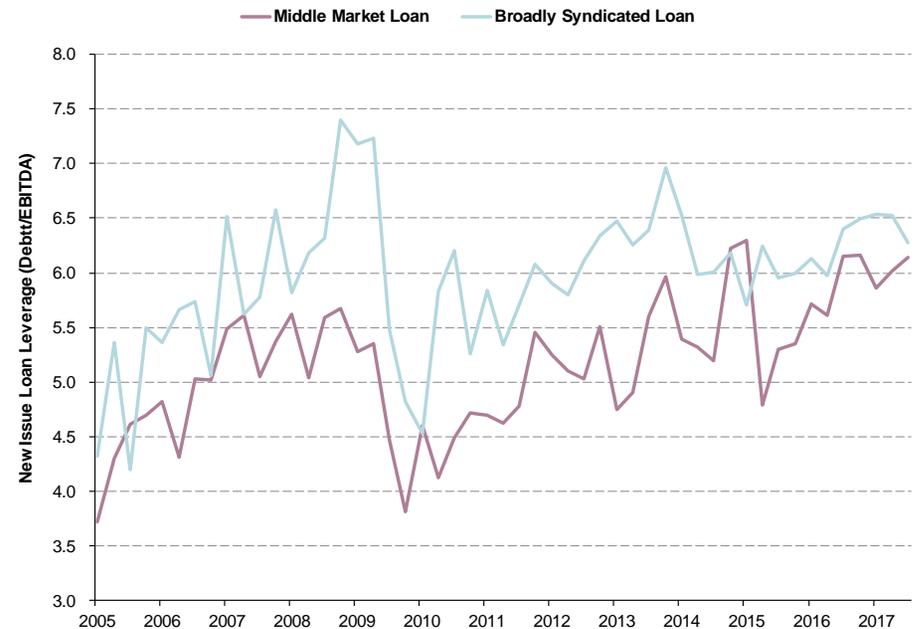
New issuance volumes across private debt (senior and subordinated) marginally slowed in the third quarter. Yields in both markets increased slightly and the “small issuer” and illiquidity spread remained constant. While new deal leverage multiples increased in the middle market to broadly syndicated loan market levels, covenant-lite decreased as a percentage of the new issuance.

Business Development Companies (“BDCs”) performance was positive but finished the quarter trading at a 9% discount to book value, in aggregate. BDCs significantly increased their second lien issuance during the quarter which partially contributed to the higher overall yield of the market. As of the end of September, 3.4% of the loans in BDCs was classified with “non-accrual” status where default is more likely. Services, manufacturing and health care debt account for approximately half of the total loans in non-accrual status.

Senior Loan Pricing¹



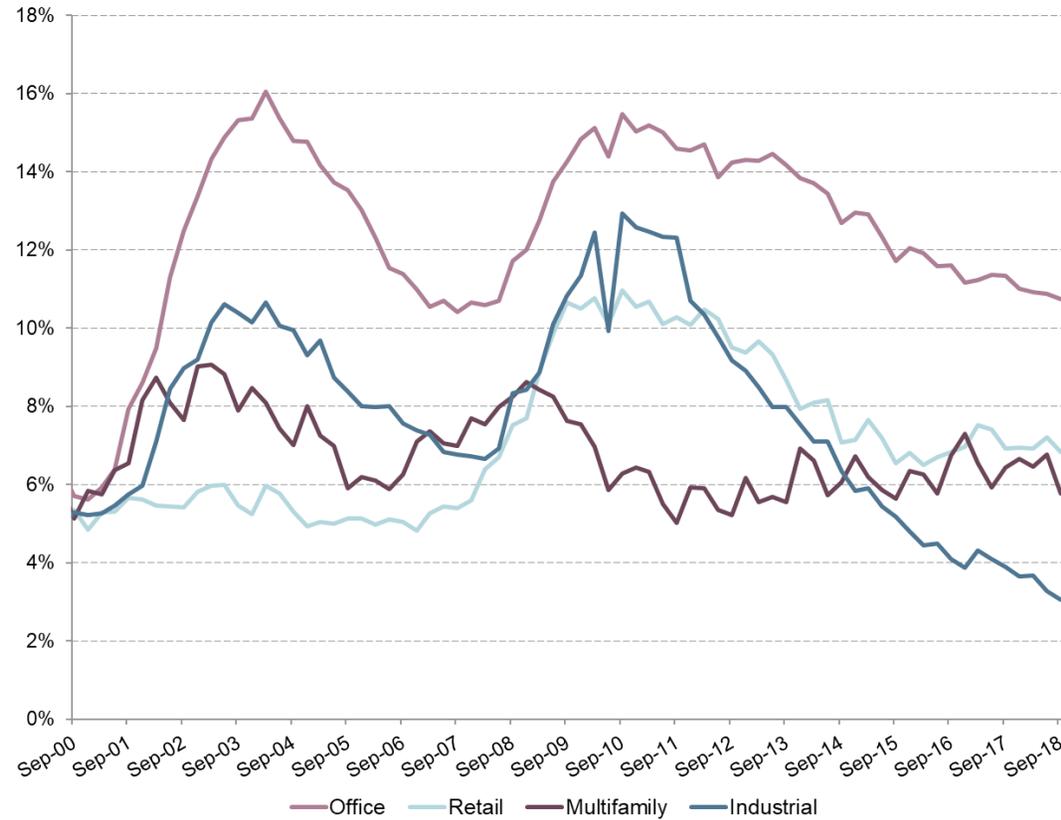
New Deal Leverage Multiples



¹ Source: Thomson Reuters LPC



Real Estate Fundamentals Vacancy by Property Type¹

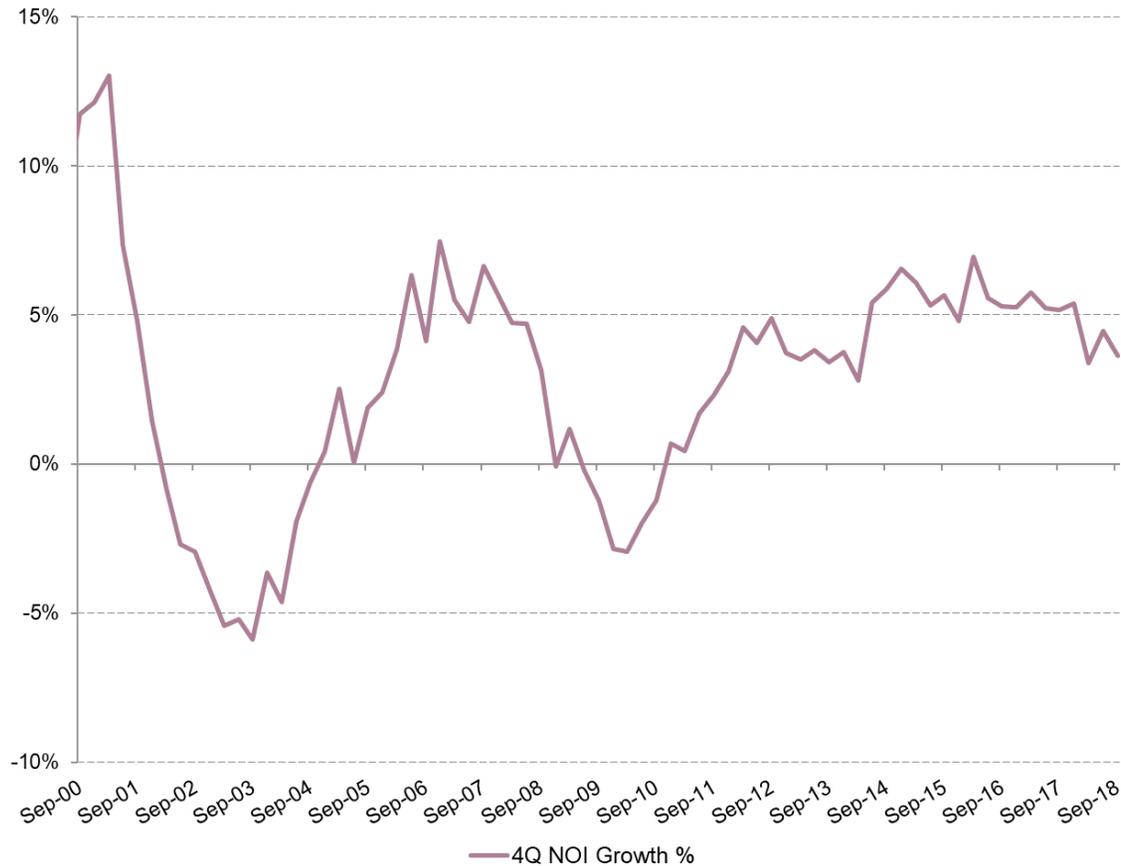


In the third quarter of 2018, vacancy rates across all properties decreased. Multifamily vacancies have been choppy, but in a slight upward trend since 2011. Retail vacancies flattened over the last three years, and office and industrial vacancies continued to decline. Compared to one year ago, vacancy rates in multifamily decreased 66 basis points, office decreased 61 basis points, industrial decreased 84 basis points, and retail decreased 8 basis points. Overall, the vacancy rate across all properties decreased 81 basis points from Q3 2017.

¹ Source: NCREIF



NOI Growth¹

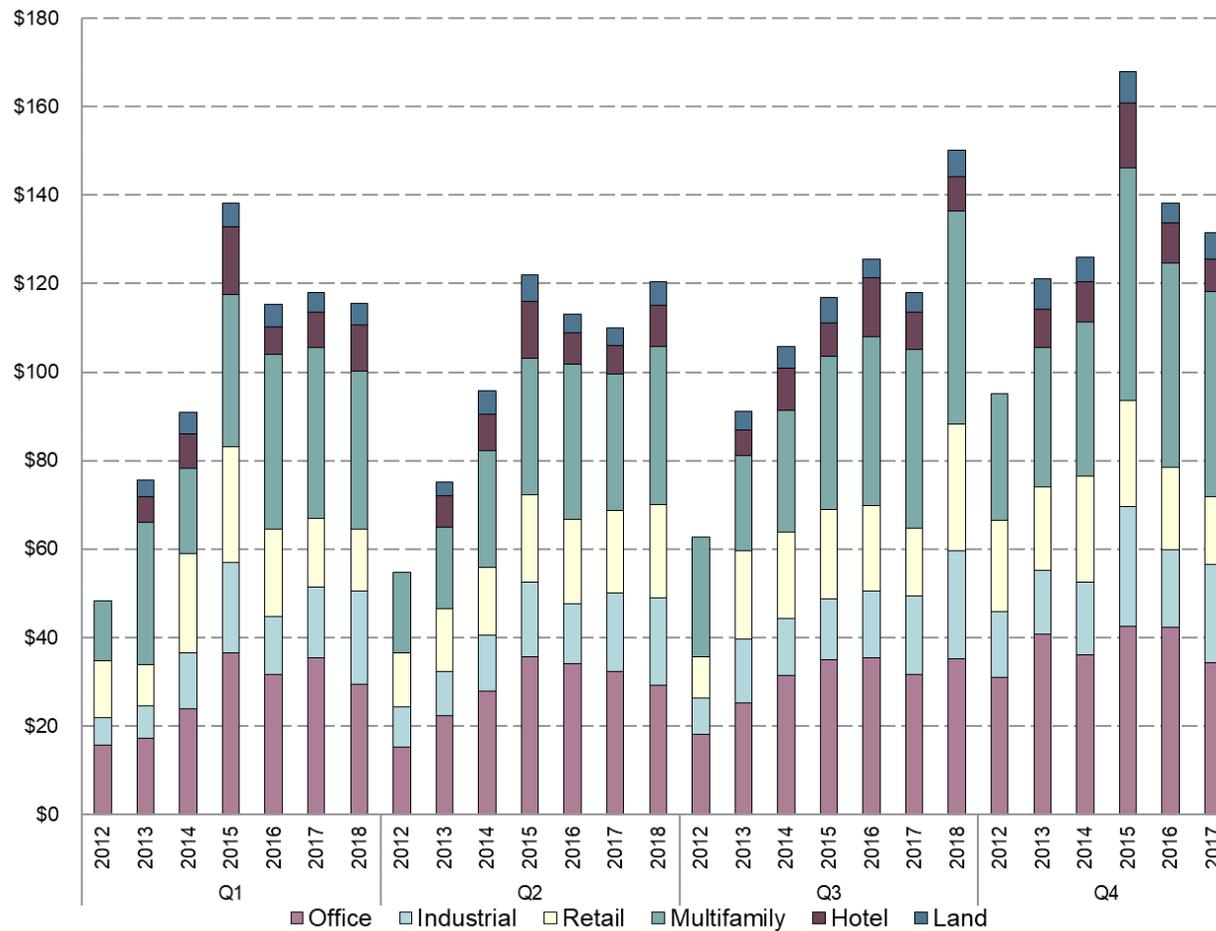


The trailing twelve month rate of NOI growth dropped below 4% again in the third quarter of 2018. Continued growth of the U.S. economy coupled with only moderate new construction allowed property owners to increase rents and lease vacant space. However, growth moderated in 2018 to a range of 3.5% to 4.5%. The strongest NOI growth during the quarter was within the industrial sector, which grew at 8.7% year-over-year ending Q3 2018. Office and retail NOI growth decreased to 3.3% and 0.2%, respectively, while apartment NOI growth increased to 4.3%.

¹ Source: NCREIF



Transaction Volume (\$bn)¹

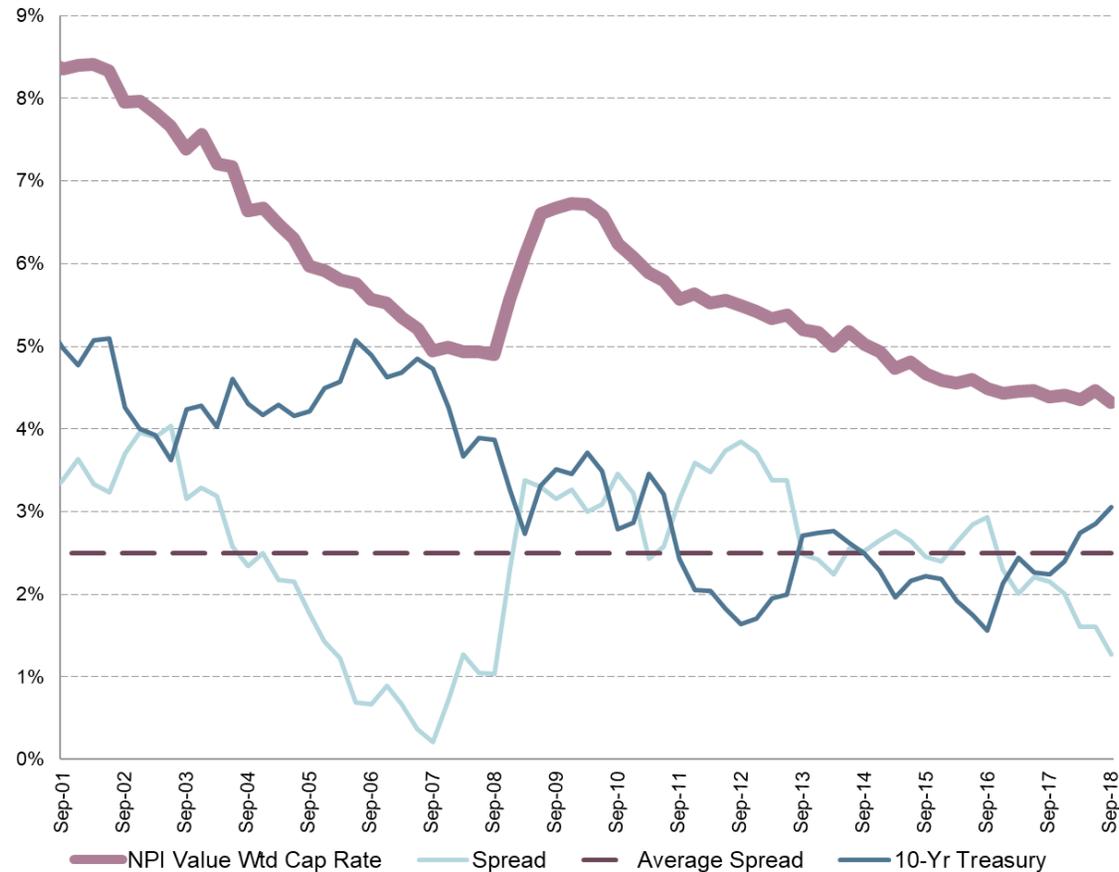


Private real estate transaction volume for properties valued over \$2.5 million increased to the second highest level in any quarter since 2012, at over \$150 million. Retail and multifamily volumes were up 35% compared to last quarter, while hotel volumes were down 17%. Office and industrial volumes increased 21% and 24%, respectively. Multifamily and office properties made up the largest percentages of total transaction volume during the quarter, at 32% and 23%, respectively.

¹ Source: PREA



Real Estate Capital Markets Cap Rates vs. 10-Year Treasury¹



The NPI Value Weighted Cap Rate has hovered just below 4.5% for several quarters now. The 10-year Treasury yield continues to rise in 2018 after a slight pullback in 2017, with the spread between cap rates and treasury yields narrowing even further, ending the quarter at 1.3%, 122 basis points below the long term average.

¹ Source: NCREIF and U.S. Department of the Treasury



Trailing Period Returns¹

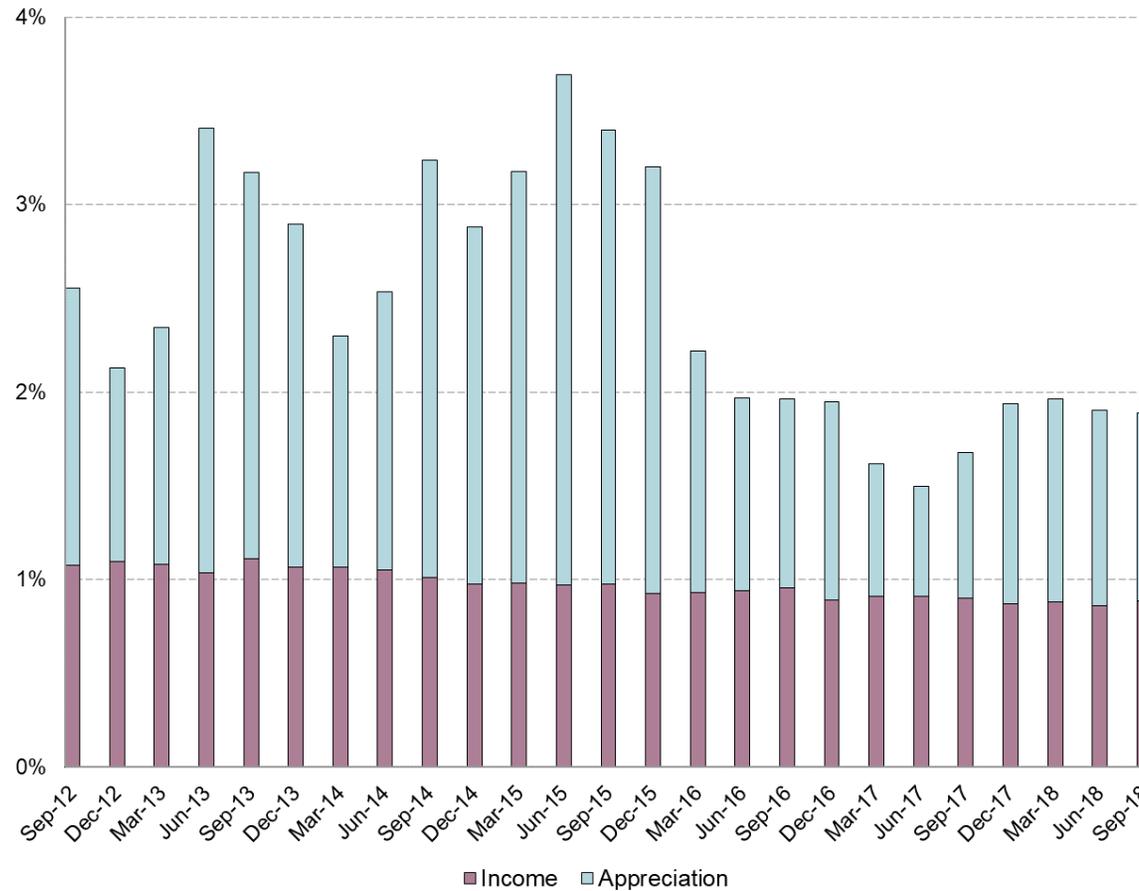
<i>As of September 30, 2018</i>	1 Year	3 Years	5 Years	10 Years
NFI-ODCE (EW, net)	7.9%	8.2%	9.9%	4.5%
NCREIF Property Index	7.2	7.8	9.6	6.4
NAREIT Index	4.3	9.0	9.6	7.8

Public and private real estate indices have continued to post positive returns, driven by strong property-level fundamentals and a low interest rate environment. Performance within private real estate has moderated slightly in recent years but continues to post consistent positive returns. Recent public real estate performance has experienced more volatility.

¹ Source: NCREIF



ODCE Return Components¹ (Equal Weight, Net)

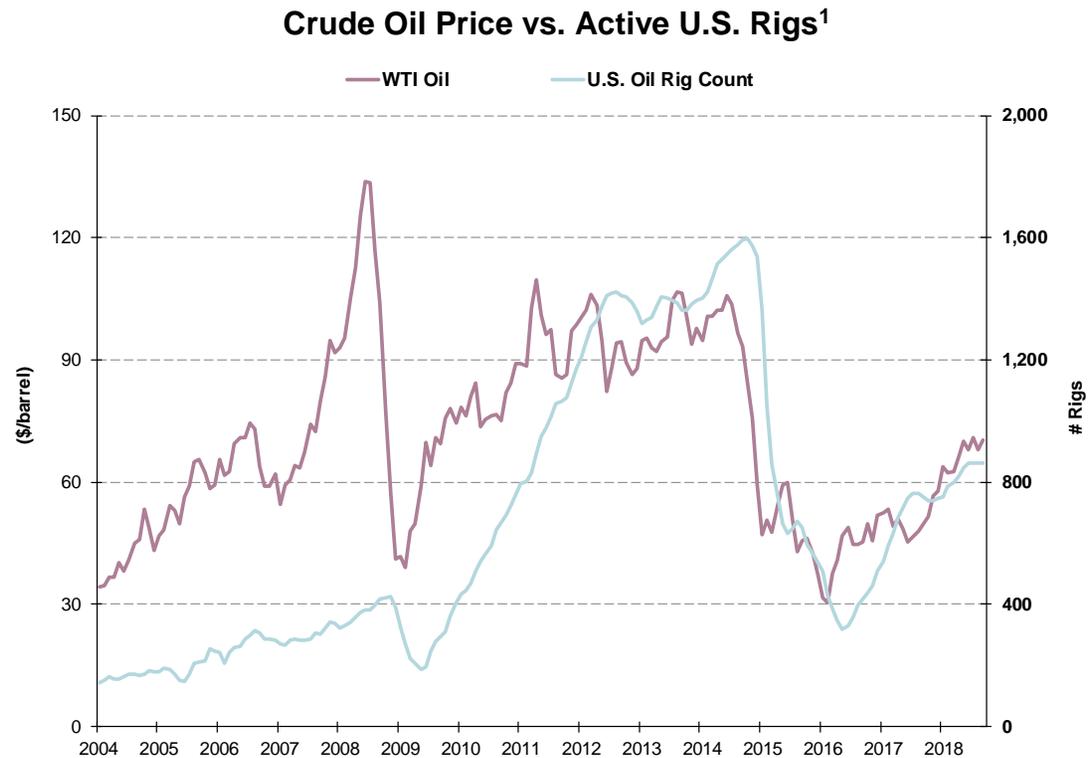


The NFI-ODCE Equal Weight return for Q3 2018 was 1.9%, consistent with that of the previous three quarters. The appreciation component of the return has maintained 2016 levels, at just over 1.0%. The income return has remained stable in the last five years with only a slight compression to below 1.0%.

¹ Source: NCREIF



Extracted Resources



Supply concerns from Iran and Venezuela were primarily offset by an increase in production from OPEC and Russia which kept oil prices relatively flat during the third quarter. U.S. sanctions on Iran were scheduled to take effect in November and expected to impact Iran’s oil exports. Economic conditions continue to deteriorate in Venezuela and its production continues to decline. While the U.S. continues to increase production, pipeline constraints have affected the ability to transport oil from the region. The escalation of trade wars between the U.S. and China stoked fears of slowing global growth and decreasing oil demand.

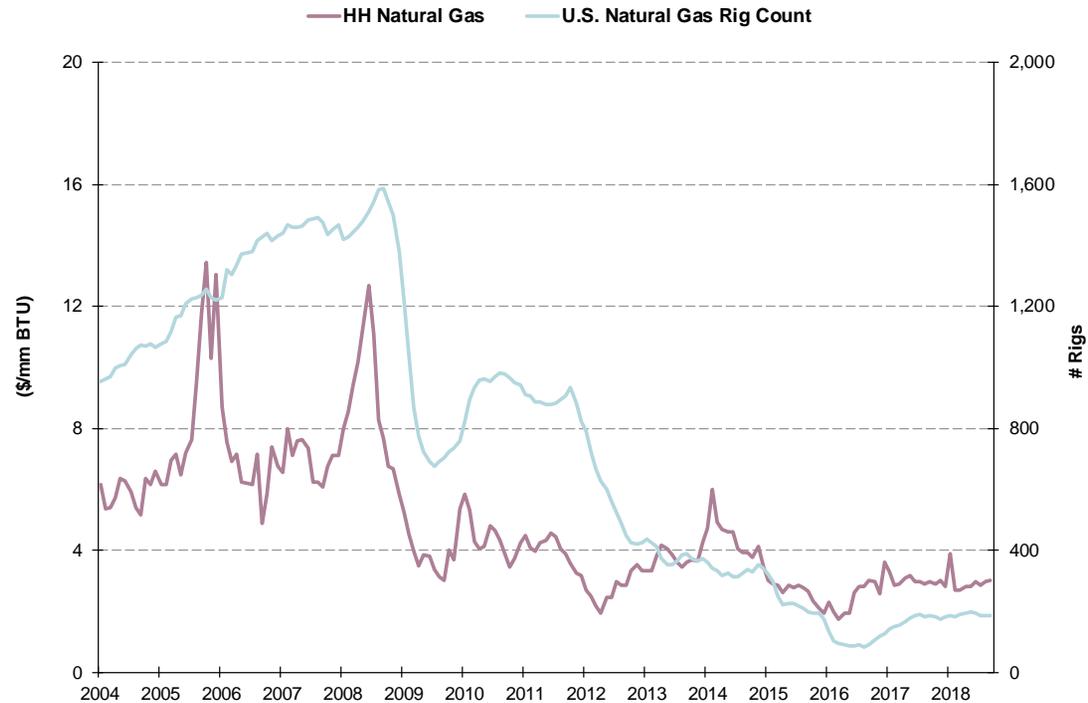
Prices for West Texas Intermediate (“WTI”) oil increased to \$70 per barrel representing a 3% quarterly increase and a 41% increase from one year prior. During the quarter, an additional three oil rigs were added, which brought the total count to 864. During the month of September, the U.S. produced approximately 11.5 million barrels of oil per day. U.S. gasoline prices for regular blend slightly decreased to \$2.98 per gallon representing a 3% decrease from the previous quarter and a 6% increase from one year prior.

¹ Source: EIA and Baker Hughes.



Extracted Resources

Natural Gas Price vs. Active U.S. Rigs¹



The Henry Hub natural gas spot price ended the quarter at approximately \$3.0/MM BTU representing a 1% increase from the prior quarter. Relative to one year prior, natural gas prices were flat. During the third quarter of 2018, the U.S. produced an average of 93.6 billion cubic feet of natural gas per day. The natural gas rig count was 187 at the end of the quarter representing a decrease of 6 from the prior quarter.

Natural gas production, as a byproduct, will increase as oil production activity increases in the major U.S. oil basins (e.g., Delaware, Midland, Powder River). Significant investment is being made by the refining, petrochemical, and liquefied natural gas (“LNG”) industries seeking to take advantage the abundant supplies and low prices of natural gas and natural gas liquids (“NGL”) being produced in the U.S.

¹ Source: EIA and Baker Hughes.



Extracted Resources



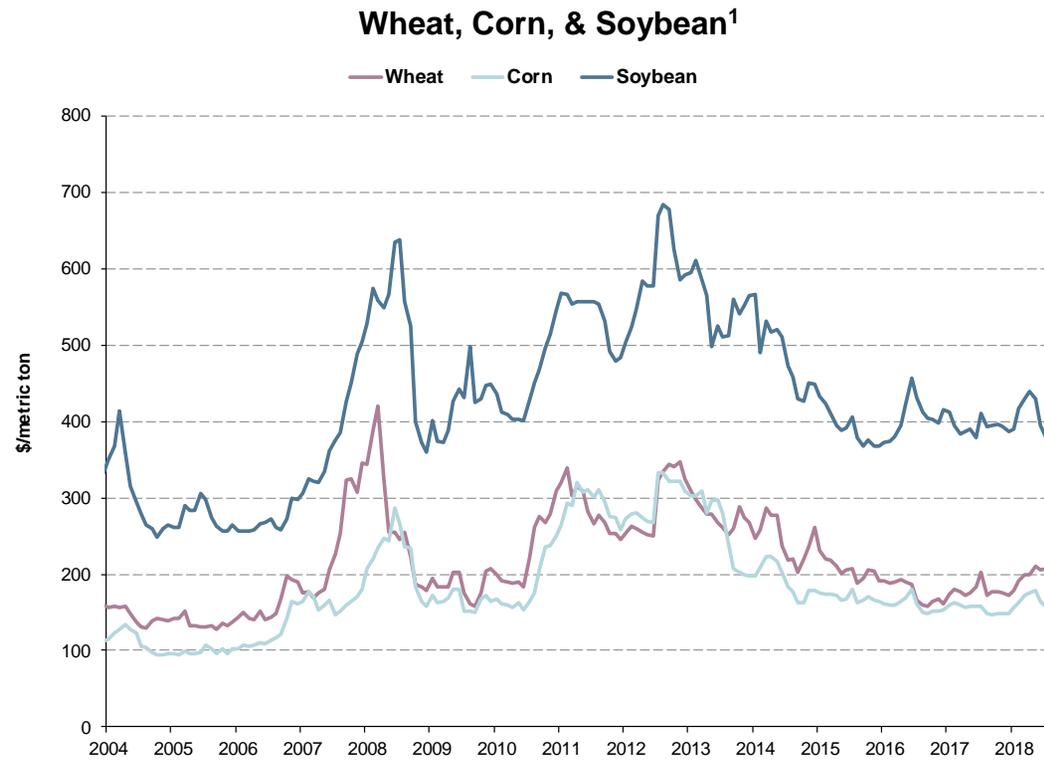
During the quarter, gold traded between \$1,175 and \$1,275 and finished the quarter at approximately \$1,198 per ounce representing a 6% decrease from the prior quarter. Relative to one year prior, gold prices were down by 9%. Further rate increases in the U.S. are expected to contribute to a stronger U.S. dollar which will likely limit positive momentum in gold prices.

Copper prices fell during the quarter to \$2.74 per pound, representing a 13% decrease from the previous quarter. Relative to one year prior, copper prices were down by approximately 8%. Copper tends to perform well on global growth and optimism, and underperform in slowing or weakening economic periods.

¹ Source: World Bank



Harvested Resources



Concerns of tariffs and trade wars between the U.S. and China continued into the third quarter. China significantly slowed its purchase of products from the U.S. including soybeans and other agricultural products. Additionally, U.S. corn and soybeans had strong harvests and high crop yields which contributed to weaker prices. At the end of the quarter, an agreement was reached between the U.S., Mexico, and Canada on trade. Key agricultural terms include new access to the Canadian market for U.S. dairy and poultry producers, and improved wheat access into Canada. During the quarter, wheat, corn, and soybean prices were down 2%, 6%, and 10%, respectively. Relative to one year prior, wheat and corn were up 14% and 5%, respectively, while soybeans were down by 9%.

¹ Source: World Bank



Harvested Resources**Trailing Period Returns¹**

<i>As of September 30, 2018</i>	Q3 18	1 Year	5 Years	10 Years
NCREIF Farmland	1.3%	6.8%	9.9%	11.6%
NCREIF Timberland	1.0	4.0	6.0	4.0
S&P 500	7.7	17.9	13.9	12.0
Barclays Aggregate	0.0	-1.2	2.2	3.8

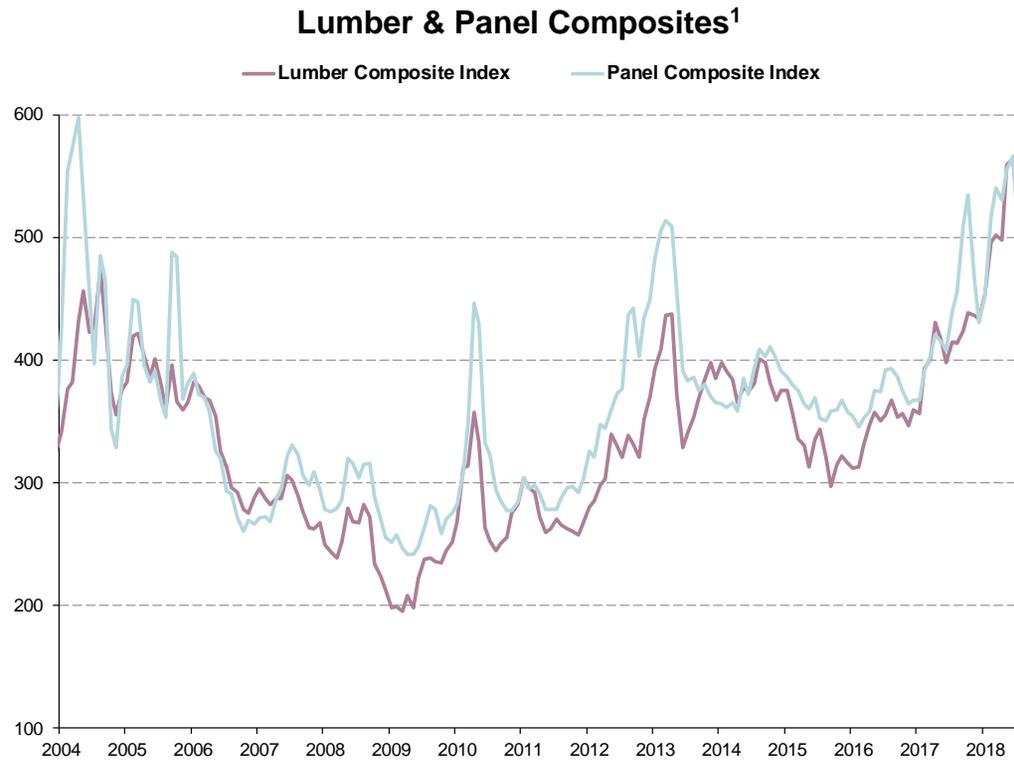
The NCREIF Farmland index experienced a 1.3% increase during the quarter with income accounting for 1.1% and appreciation generating 0.2%. The Southeast generated the strongest regional returns of 3.2% while the Lake States produced the weakest returns of 0.1%. Row crop returns were driven by 0.8% income and 0.4% appreciation. Permanent crop returns of 1.3% were driven by 1.4% of income and 0.1% depreciation.

The NCREIF Timberland index increased 1.0% during the quarter as a result of income of 0.8% and appreciation of 0.2%. For its one-year returns, the index generated 4.0% largely from an income return of 3.2%. The Pacific Northwest region generated the strongest regional return of 2.8% during the quarter and 11.1% for the one-year period.

¹ Source: National Council of Real Estate Investment Fiduciaries (NCREIF).



Harvested Resources

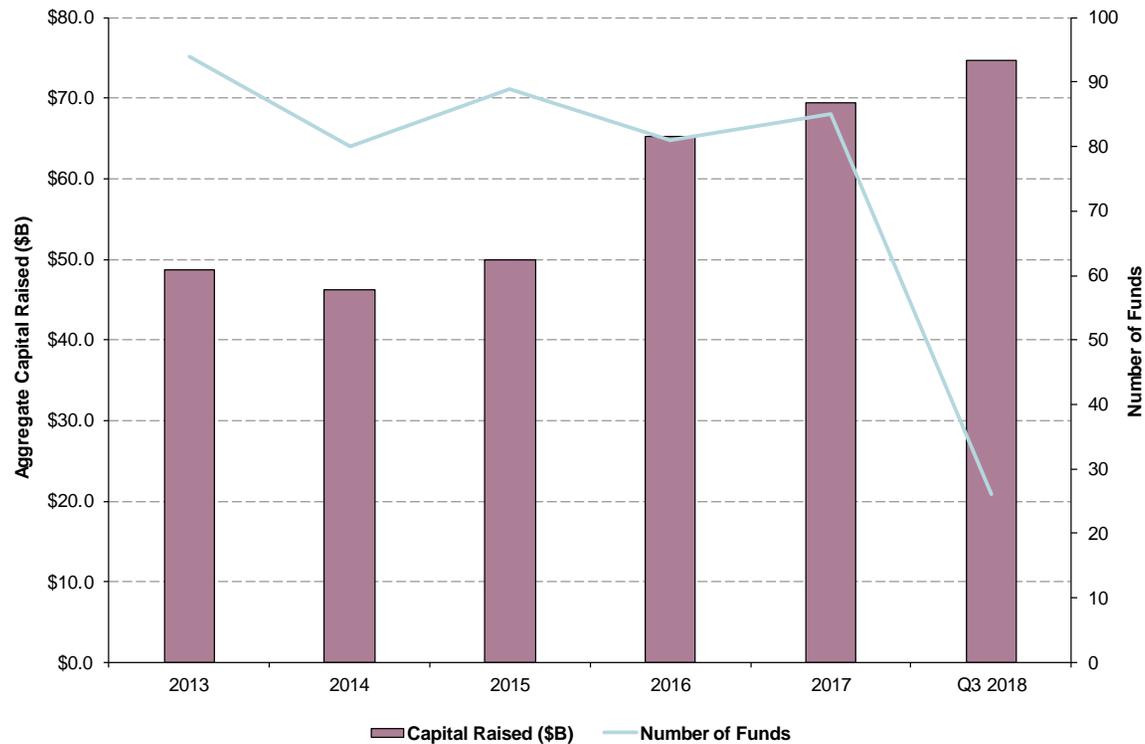


Inventories for timber products, such as lumber and panel, increased during the quarter as customers decreased orders and destocked, as construction activity slowed due to weather. Additionally, tariffs imposed by China decreased demand from the country. As a result, lumber and panel prices decreased by 24% and 16%, respectively during the quarter. Relative to one year prior, lumber prices were up 2% while panel prices were down 7%.

¹ Source: Random Lengths



Global Quarterly Unlisted Infrastructure Fundraising¹



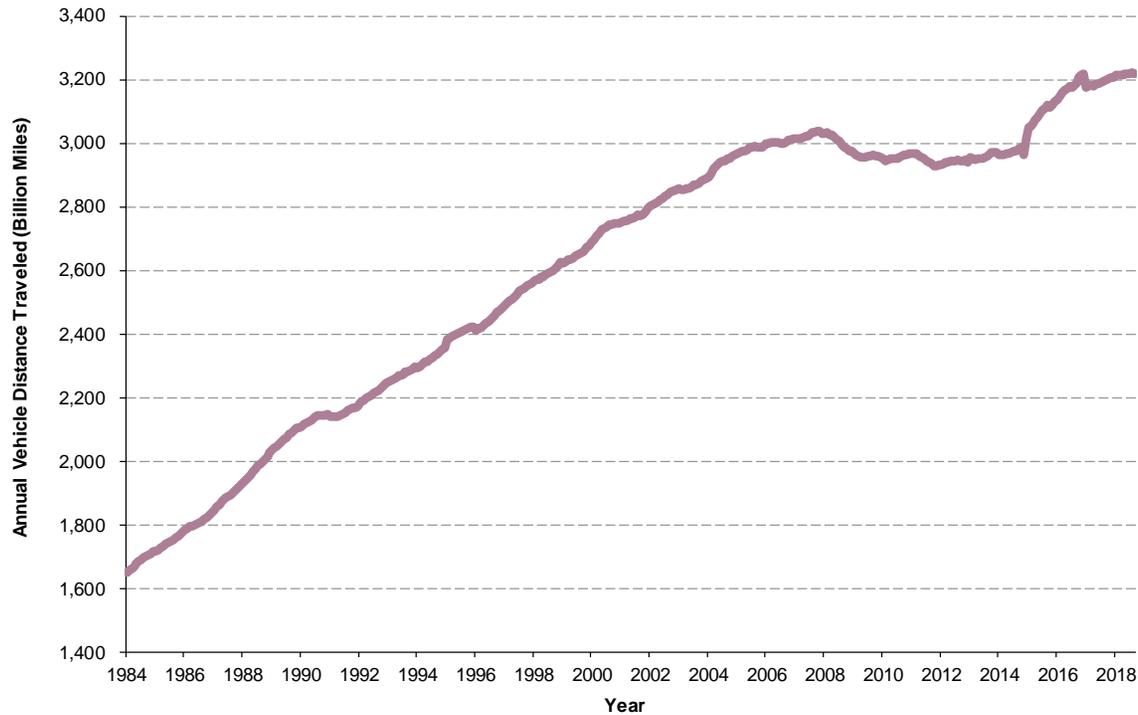
Capital raised in the first three quarters of 2018 has already outpaced 2016, in terms of dollars raised, and is on track to exceed 2017. However, the market continues to trend toward fewer funds at higher target sizes. In all three quarters this year, the average fund size raised has exceeded \$1 billion, with Q3 posting a record \$1.9 billion average sized fund. As of September 30, 2018, a total of 187 unlisted infrastructure funds were in market, according to Preqin, with a combined fundraising target of approximately \$147 billion.

The majority of infrastructure capital continues to focus on the developed markets of North America and Europe, accounting for nearly 96% of the capital raised in Q3 and 16 of the 20 funds closed this quarter. There was only one fund consisting of \$0.4 billion raised in Asia and three funds consisting of \$1.1 billion in the rest of the world. Notable final closes held in Q3 2018 included KKR Global Infrastructure Investors III's (\$7.4 billion), Stonepeak Infrastructure Partners III's (\$7.2 billion), ISQ Global Infrastructure Fund II's (\$7.0 billion), and Macquarie Super Core Infrastructure Fund's (€2.5 billion).

¹ Source: Preqin Quarterly Update: Infrastructure, Q3 2018.



Moving 12-month Total on All U.S. Roads¹



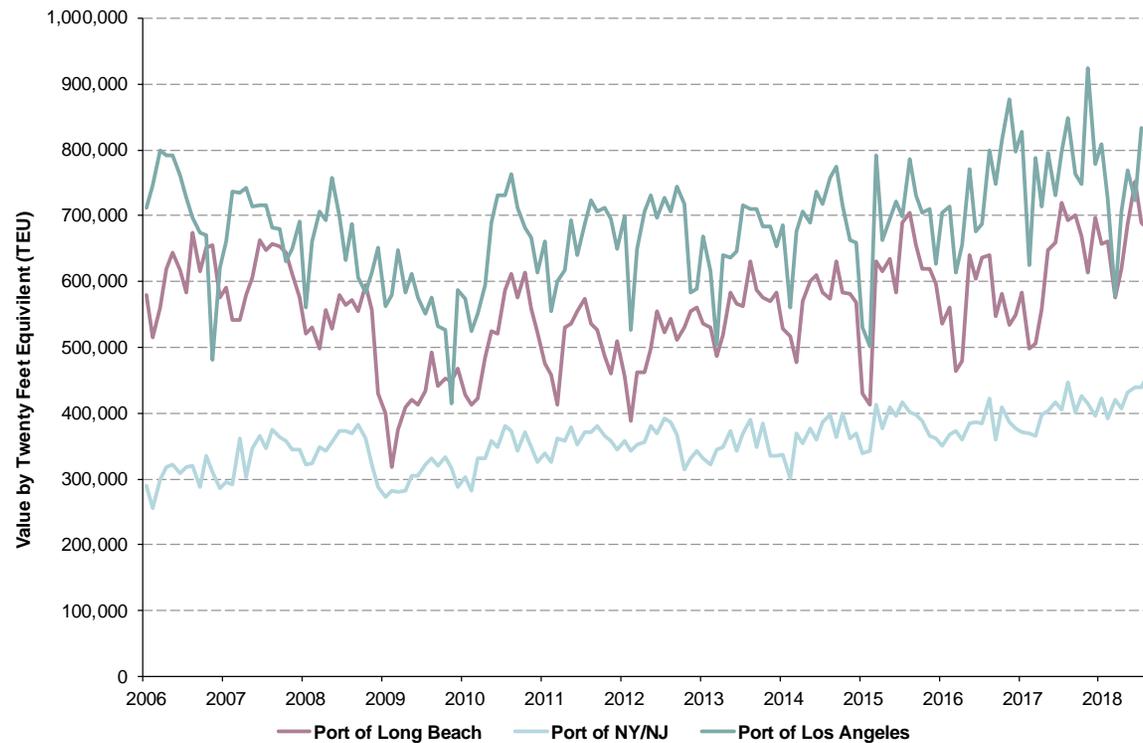
During the third quarter of 2018, travel on U.S. roads totaled approximately 835 billion miles. This represented an increase of 0.7% over the same period in 2017. For the Year to Date, Federal Highway Administration data showed vehicle miles traveled increased by 5,315 million miles, up 0.2% over the Year to Date of Q3 2017.

In Q3 2018, the average U.S. price of a gallon of gas came down to a monthly average of \$2.85 per gallon, with a peak of \$2.99. This compares to \$2.50 and \$2.76 seen in 2017. According to INRIX, Los Angeles, New York City, and San Francisco rank as the top three cities in the U.S. in which drivers spend the most hours in traffic.

¹ Source: U.S. Department of Transportation, Federal Highway Administration: Office of Highway Policy Information.



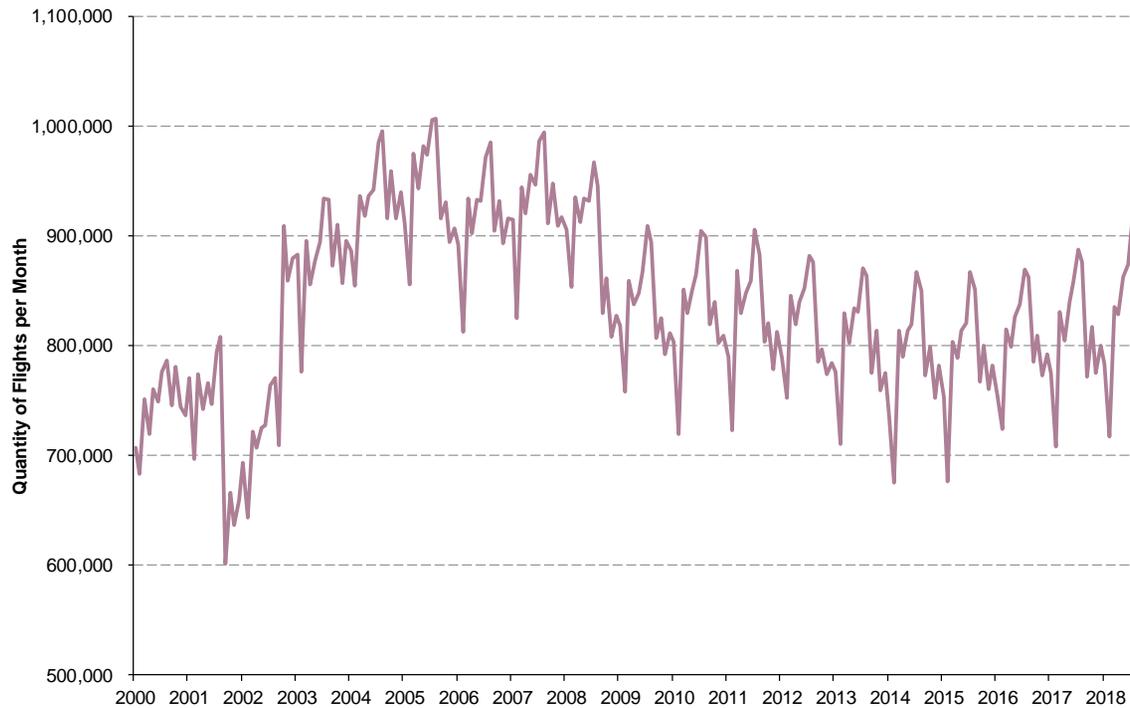
U.S. Port Activity – Container Trade in TEUs



The chart represents the top three U.S. ports by container volume, as measured by twenty-foot equivalent units (TEU). Activity at the three ports provides a high-level representation of the volume of imports received into the U.S. more broadly.

During the third quarter of 2018, volumes at the three ports increased by approximately 73,867 TEU, or 1.3% over same period in 2017. On a year-over-year basis, the combined port volumes increased by 934,377 TEU, or 4.4%, over the prior 12 month period. The Port of Long Beach and the Port of NY/NJ both saw an increase in year-over-year activity, while the Port of Los Angeles saw a slight decrease. The Port of Long Beach and NY/NJ recorded increases of 10.7% (770,000 TEU) and 6.8% (321,000 TEU), respectively, from the prior 12 months. The Port of Los Angeles recorded a decrease of 1.7% (156,000 TEU).

Total U.S. Domestic and International Flights¹



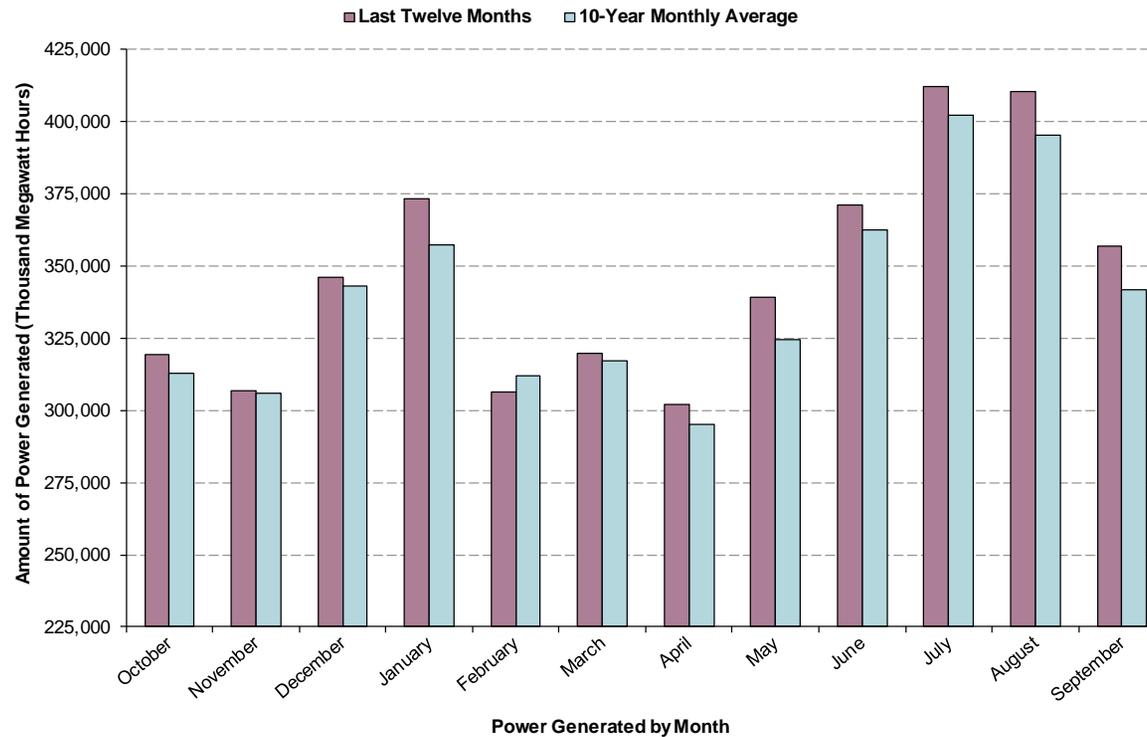
The chart above represents all U.S. domestic and international flights, excluding foreign point-to-point flights by month. Air traffic is cyclical with peaks in the summer months and declines in the winter months.

There were over 94,100 more flights during the third quarter of 2018, representing a 3.7% increase, compared to the same period in 2017. Air traffic activity also increased by 2.0% for the 12 months ending September 30, 2018 over the previous period. In addition to the number of flights during the third quarter increasing year-over-year, the total number of passengers travelling on U.S. and international airlines increased by 4.9% from 2017 to 2018, which indicates higher capacity factors among airlines compared to the prior period.

¹ Source: Bureau of Transportation Statistics: Flights, All U.S., and Foreign Carriers.



Total U.S. Power Generation¹

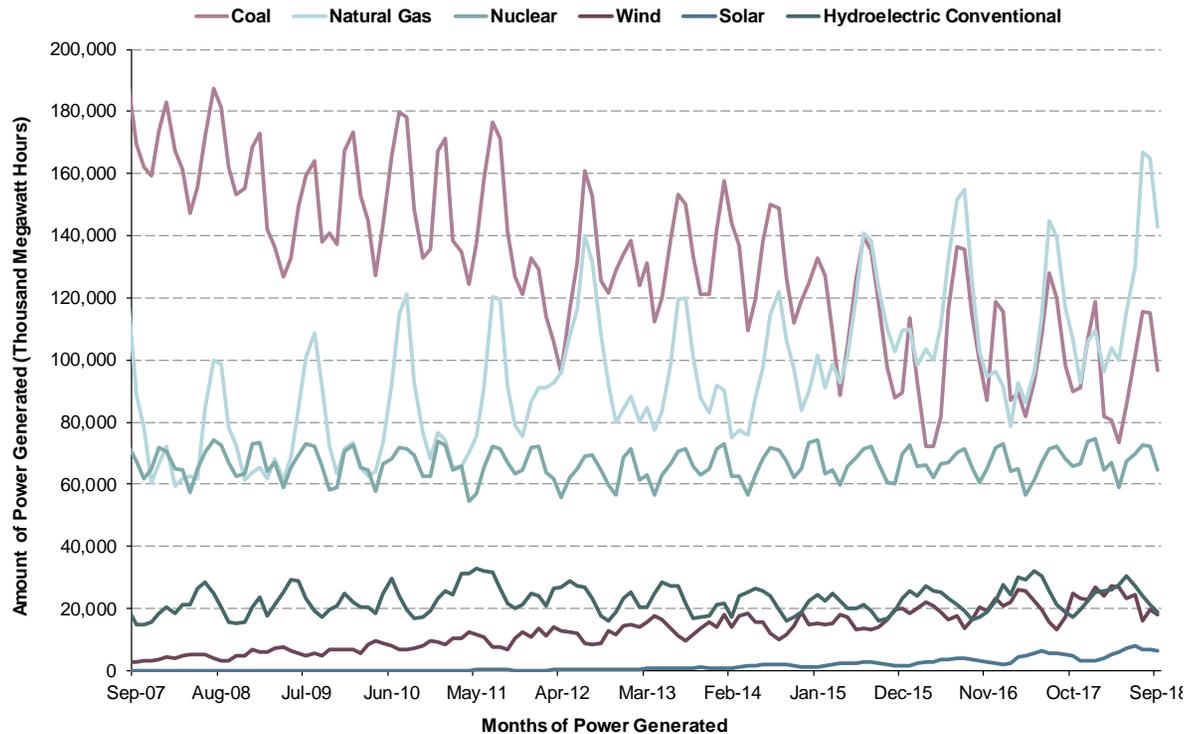


The graph above represents the total net generation for the past 12 months compared to the 10-year average for each month. Over the past year, power generation exceeded the 10-year average in 11 out of the 12 months. Net energy generation in the U.S. increased by 5.5% during the third quarter, compared to the same period in 2017. For the 12 months ended September 30, 2018, net energy generation increased by 4.3% over the previous 12 months.

¹ Source: U.S. Energy Information Administration: Electric Power Monthly, September 2018.



U.S. Power Generation by Source¹



When comparing individual generation sources in the U.S., natural gas, wind, and solar increased 18.4%, 16.0%, and 26.9%, respectively in the third quarter of 2018 as compared to the same period in the previous year, while generation from coal, nuclear, and hydroelectric conventional dropped by 5.4%, 1.1, and 2.8%, respectively, during the same period. Wind and utility scale solar continue to make up a small portion of total net energy generation in the U.S., accounting for only 4.5% and 1.7% of energy generation in the third quarter, while coal, natural gas, and nuclear accounted for 27.8%, 40.2%, and 17.8%, respectively. However, the growth of wind and solar as sources of energy generation continues to increase at a faster rate than coal and natural gas, especially over the last couple of years.

¹ Source: U.S. Energy Information Administration: Electric Power Monthly, September 2018.



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The values of companies and partnerships in this review are based on unaudited reports for September 30, 2018, provided by the General Partners, unless otherwise noted.

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

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