Boomers, Next Gens and Private Markets

Expanding the investment toolkit for today and tomorrow

Fall 2024

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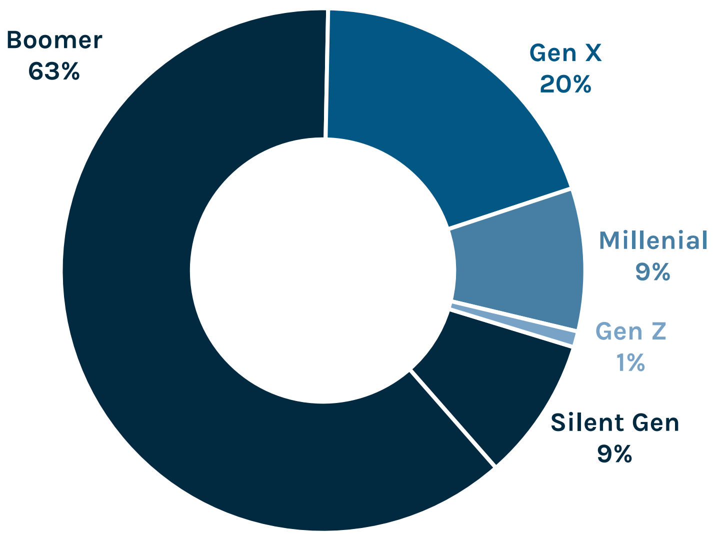
Executive Summary

The Great Wealth Transfer by the numbers

$73 trillion

will transfer from U.S. investors to individual heirs from 2021 through 2045.

% of Wealthy Americans by Cohort[2]



Silent Gen + Baby Boomers

- Represent 70%+ of wealth
- Those aged 65+ projected to grow by more than 50% over the next 20 years[1]

Next Gen-ers

- **Gen X**
  (1965 – 1990)
- **Millennials**
  (1981 – 1996)
- **Gen Z**
  (1997 – 2012) and younger

1. Data as of June 23, 2017. Source: United Nation, Haver Analytics.
2. Source: 2022 Bank of America Private Bank Study of Wealthy Americans.

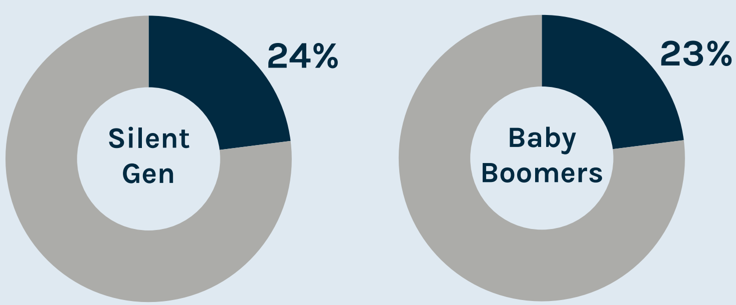
Evolving and bifurcated investment objectives

Baby Boomers

Highest priorities are assuring comfortable standard of living in retirement and protecting current wealth[1]

Historically diversifying and stable return of real estate make it a core holding for retiring investors[2]

Assets by Generation at Retirement Age



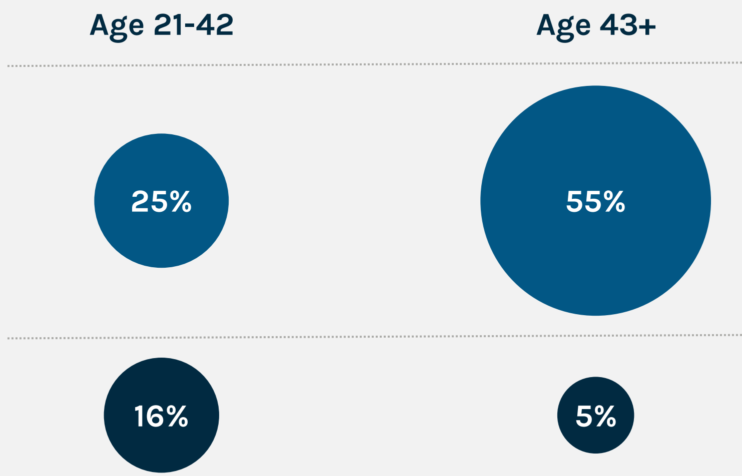
■ Real estate ■ Other assets

Next Gen-ers

Seek above-average returns…

but 73% do not believe they are achievable with only traditional stocks and bonds[3]

Younger investors allocate half as much to stocks and 3x more to alternative investments.[3]



● Stocks/Stock Funds ● Alternative Investments

1. Source: Cerulli Associates.
2. Federal Reserve: The Fed - Comparison: Compare Wealth Components across Groups (federalreserve.gov). Silent Gen as of Q1 2003. Baby Boomer as of Q4 2023.
3. Source: 2022 Bank of America Private Bank Study of Wealthy Americans.

Understanding the needs of each investor cohort

	Boomer	Next Gen
High total return	✓	✓✓✓
Risk-adjusted return	✓✓	✓
Return in the form of income	✓✓✓	
Diversification vs public equity	✓✓	✓✓
Severe loss downside protection	✓✓✓	✓(✓)
Intergenerational transferability	Priority	Consideration
Tax considerations	Higher	Lower
Time horizon	Shorter	Longer
Liquidity needs	More	Less

More checks = stronger need. Check in parentheses indicates a half check.

Using private markets to triangulate between investment objectives, macro concerns, and other financial plan considerations

Note: more checks = better ability to address

Portfolio objectives	Enhance return	Increase income	Diversify	Protect downside
Private equity	✓✓✓			✓
Private credit	✓	✓✓✓	✓	
Private real estate		✓	✓✓✓	✓
Private infrastructure	✓	✓	✓✓✓	✓

Macro concerns	Slowing growth	Paused rates	Rate cuts	Inflation
Private equity	✓	✓	✓	✓
Private credit	✓	✓✓	✓	✓
Private real estate	✓✓	✓	✓✓	✓✓✓
Private infrastructure	✓✓	✓	✓✓	✓✓✓

Other considerations	Tax efficiency	Ability to transfer to Next Gen
Private equity		
Private credit		
Private real estate	✓	✓ (1031 exchange)
Private infrastructure	✓	

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Private equity and credit represent access to capital created on behalf of middle market companies

A few reminders from Econ 101

Why do capital markets exist?
To create capital and finance future growth

In what form can capital be created?
Equity or debt

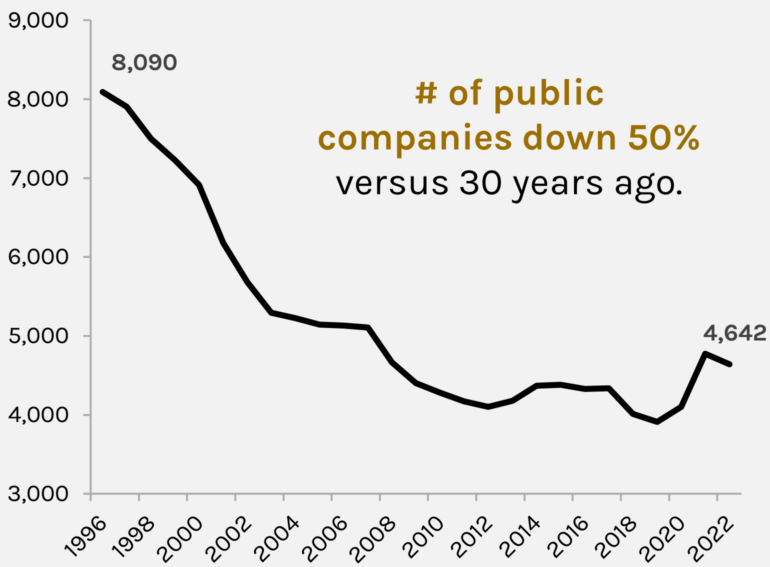
On behalf of whom is capital created?
Corporations, governments, properties or public projects

From where is capital creation funded?
Either from the general public (registered), or
private investors (private markets)

The growth of private market AUM represents the increasing preference to create capital privately.

The opportunity set in public equity markets is increasingly limited. Using passive (indexed) equities only captures a fraction of businesses.

Public equity universe is shrinking[1]

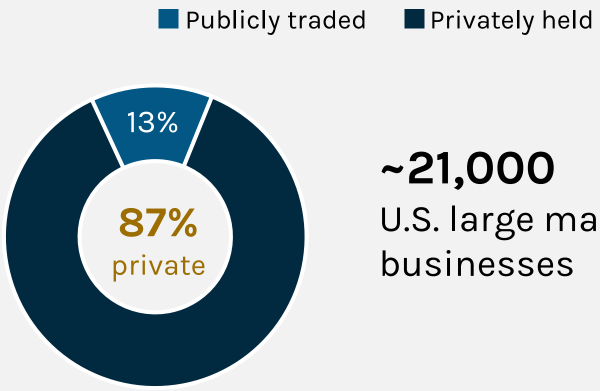


# of public companies down 50% versus 30 years ago.

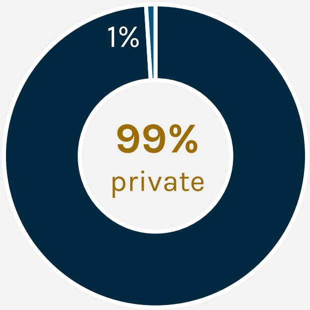
Wilshire 5000 Index is intended to capture the total U.S. stock market.

Today, it **only has ~3,400 holdings.**

Most mid to large market businesses are private[2]



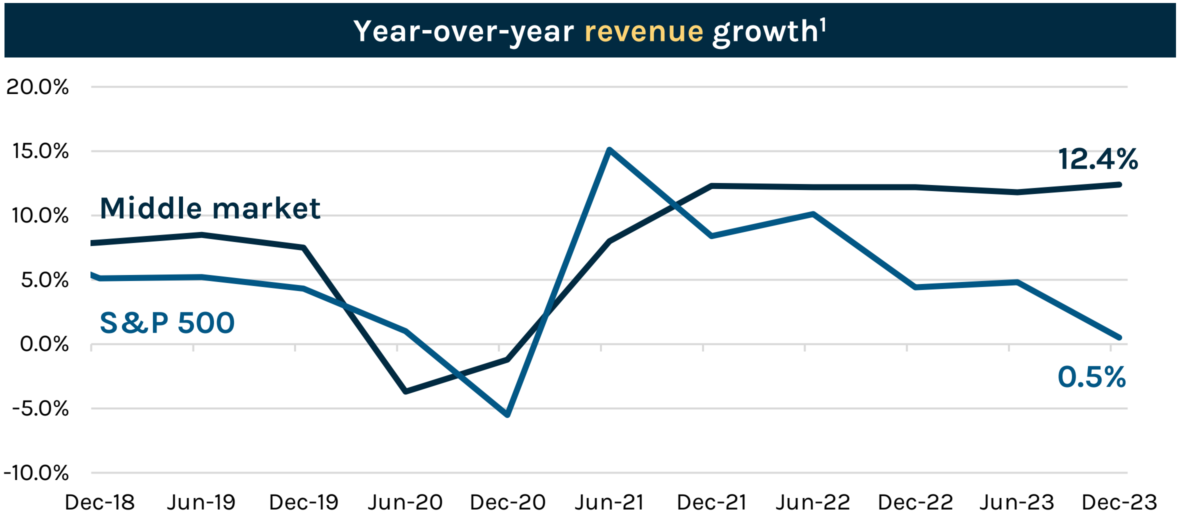
~21,000
U.S. large market businesses



~200,000
U.S. middle market businesses

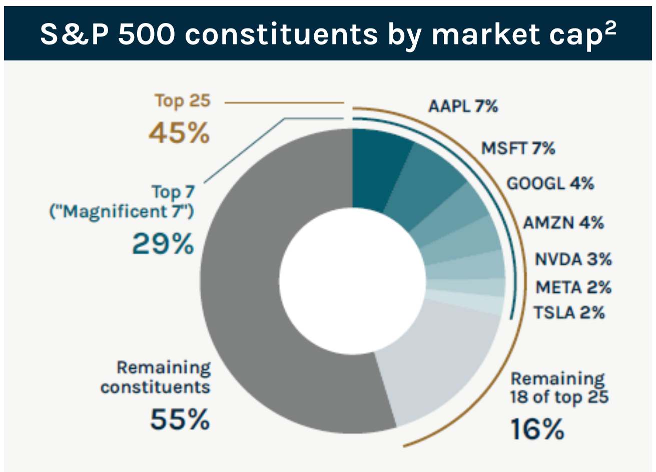
1. Source: The World Bank, Wilshire. World Bank data most updated through 2022, all other data as of Jan 1, 2024. Includes OTC listings
2. Source: Capital IQ as of January 2022. "Large market" includes companies >$100M in revenues. National Center for the Middle Market, as of Jan 1, 2024. "Middle market" includes companies with $10 million to $1 billion in annual revenue.

Mid market represents stable, real, diversified economic growth as public companies become more concentrated in and driven by IT.



Middle market companies account for **~one-third of employment and output, respectively** of the U.S. economy.

If these companies were their own country, they would be **roughly the size of Germany or Japan.**



7 companies ("Magnificent 7") represent **29% of S&P 500** market cap.[2]

In 2023, the **Magnificent 7** returned **112%.**[3]

The **broader S&P 500** returned **26%.**[3]

The **S&P 500 Equal Weight** returned **12%.**[3]

1. Source: National Center for the Middle Market, as of Jan 1, 2024. "Middle market" includes companies with $10 million to $1 billion in annual revenue. 2. Source: S&P Capital IQ. Constituents as of 1/8/2024. 3. Source: NADSAQIR. Total returns are full year 2023. Please see the endnotes for more information.

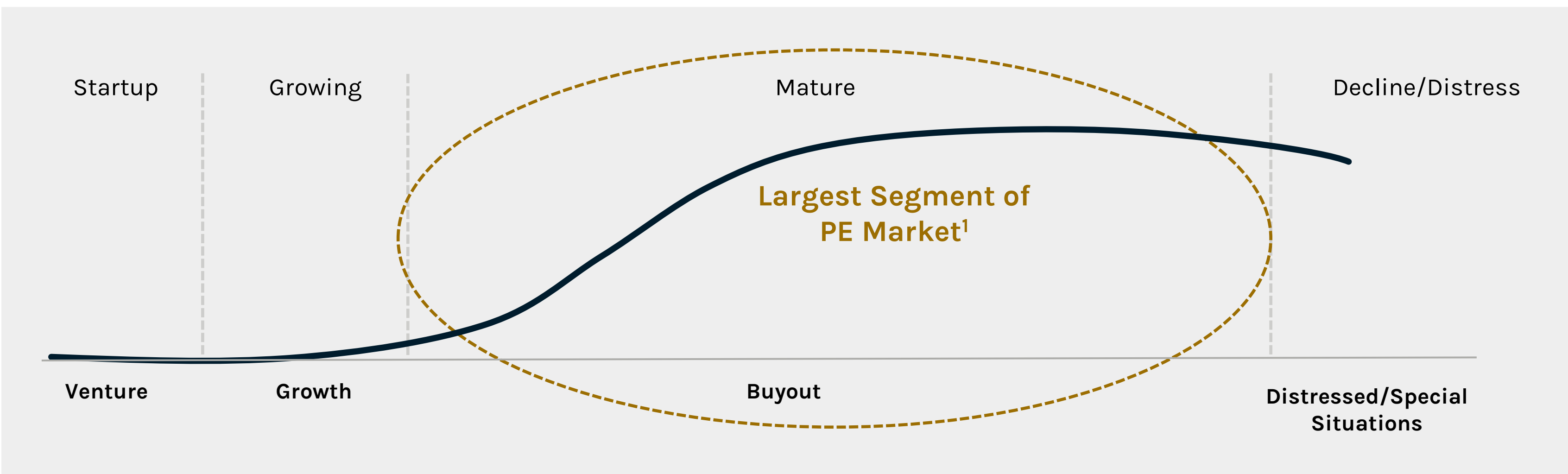
Power of Private Equity

Enhanced returns versus public equity, both absolute and risk-adjusted

The basics of buyout private equity.

What is it?	How does it make money?	Why own it?
Ownership of companies that are generally not publicly traded	1. Purchase a company 2. Apply a value creation or growth playbook over 4-6 years 3. Sell at a gain	Superior long-term appreciation potential with less volatility relative to public equity investments

Private Company Life Cycle

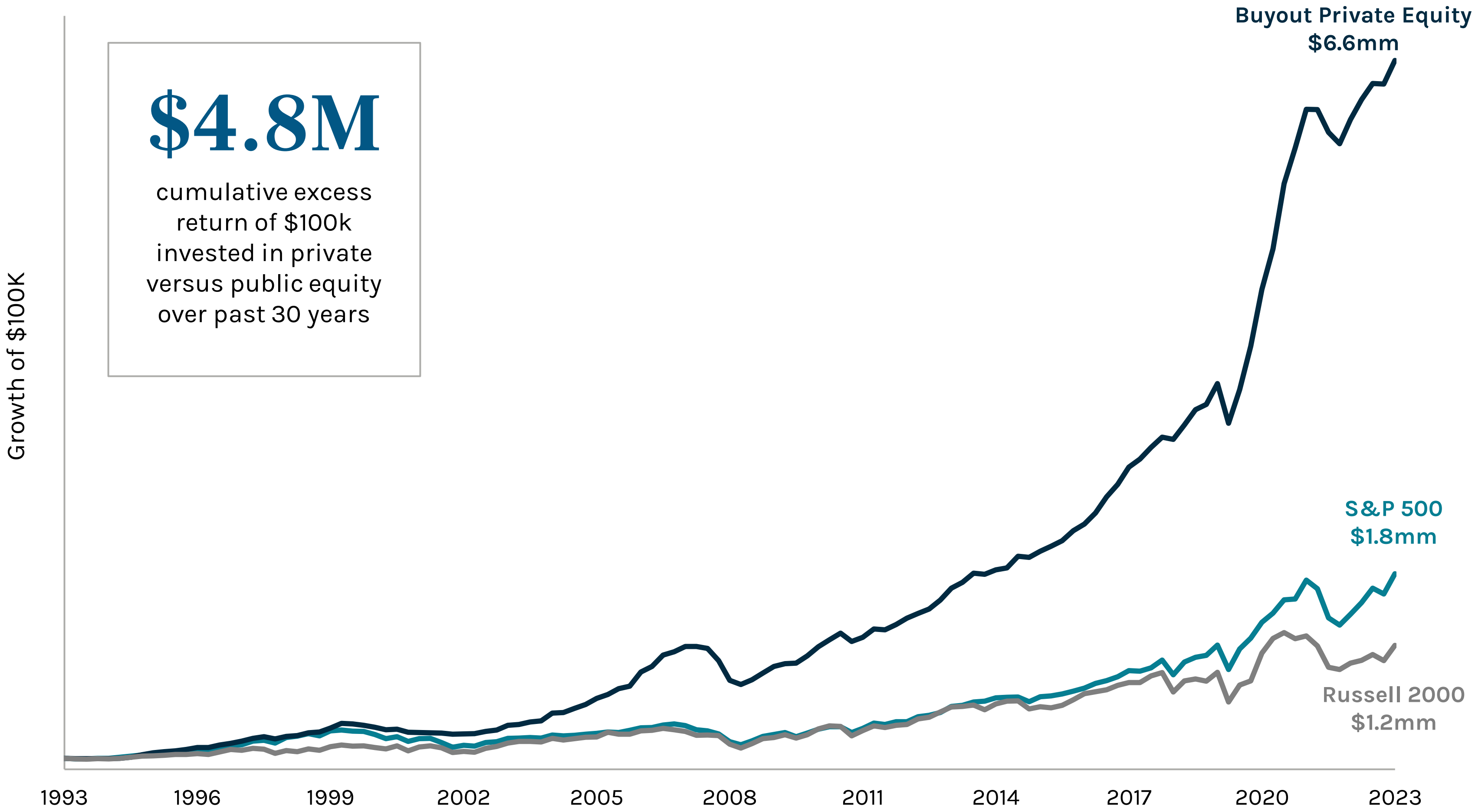


1. Source: McKinsey Global Private Markets Review 2024.
There is no guarantee that objectives will be met.

Private equity has historically delivered ~300-500bps of excess return over public equity with less realized risk.

$4.8M

cumulative excess return of $100k invested in private versus public equity over past 30 years

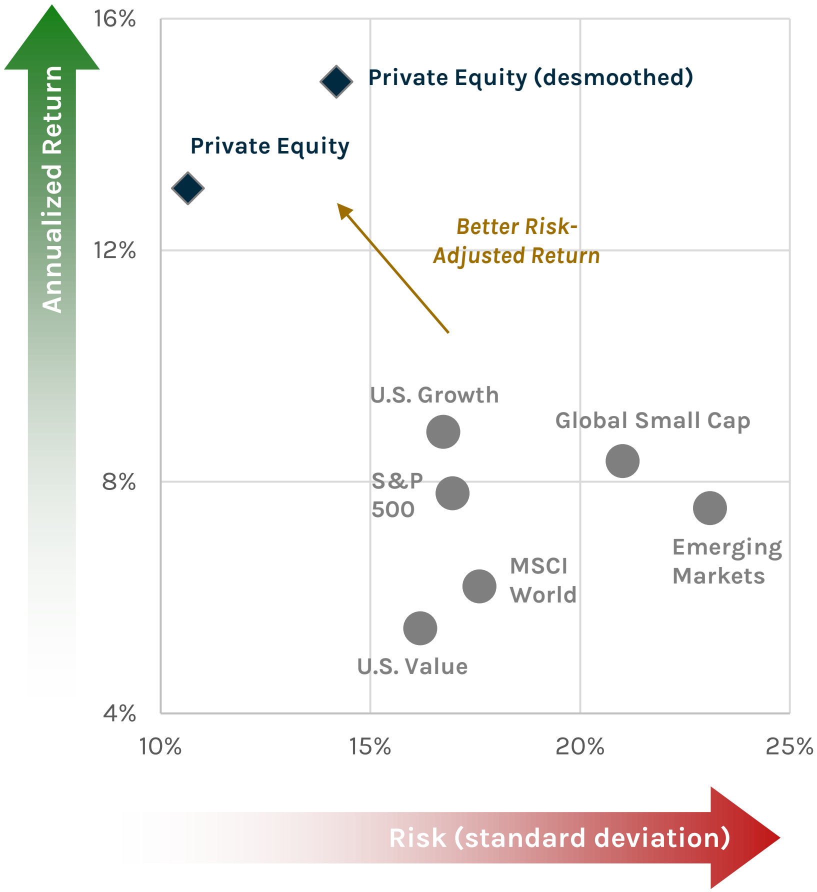


Source: Burgiss, Bloomberg, as of Jan 1, 2024. Private Equity is represented by the Burgiss Buyout Index as buyouts represent the majority of the private equity space and are commonly used as a proxy for the asset class over specialty PE sectors such as venture capital, growth or distressed. Past performance is not a guarantee of future results.

This graph represents the growth of a hypothetical investment of $100,000. It assumes reinvestment of dividends and capital gains, and does not reflect sales loads, redemption fees or the effects of taxes on any capital gains and/or distributions. Indexes are not available for direct investment. This is for informational purposes only. This does not reflect the performance or expected performance of any Ares product.

Private equity has generated attractive historical risk-adjusted returns relative to public equity.

Historical Risk and Return



Average Returns

Private Equity	13.4%
S&P 500	8.3%
MSCI World	6.5%
MSCI World Small Cap	7.6%

Beta to MSCI World	0.48

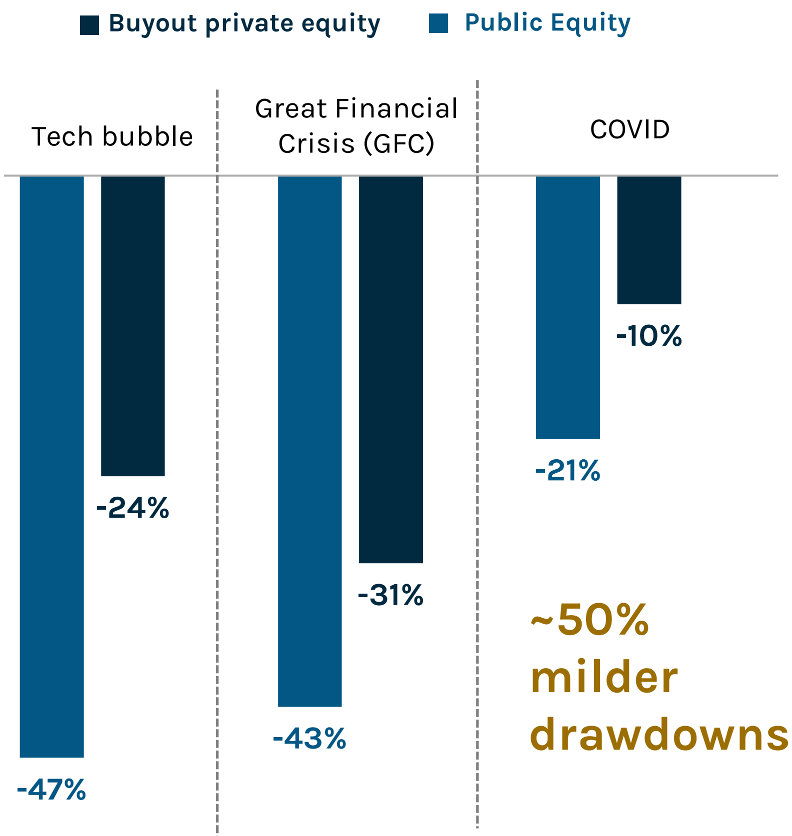
Moderate Correlations to PE[1]

S&P 500	0.75
MSCI World	0.71
Global Small Cap	0.76
Emerging Markets	0.79
Private Real Estate	0.32
U.S. Aggregate Bonds	-0.13

Source: Bloomberg, Burgiss. All data March 2001 – December 2023. Private equity is represented by the Burgiss Private Equity Buyout Index and desmoothed using MSCI World returns. Global small cap is represented by the MSCI World Small Cap gross total return index. Emerging markets represented by the MSCI Emerging Markets gross total return index.
Please see the end notes for index definitions and explanation of desmoothing.
1. Source: Venn. Correlations to desmoothed PE.
Past performance is not an indicator of future returns.

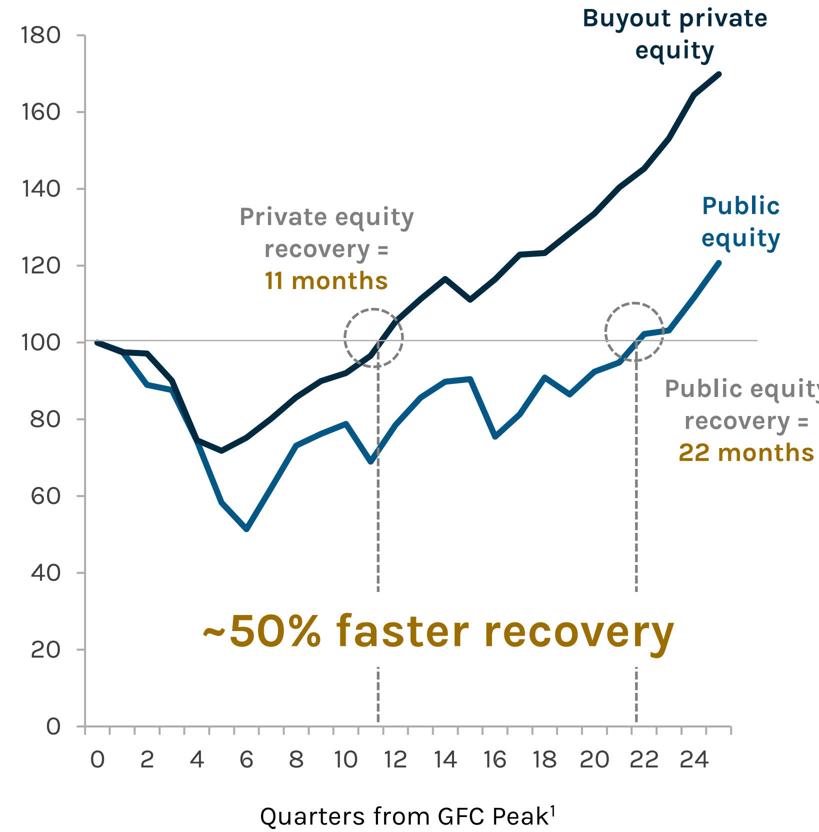
Private equity has also historically exhibited downside risk mitigation vs. public equity.

Historically Milder Drawdowns



~50% milder drawdowns

Historically Faster Recovery



Source: Bloomberg, Burgiss, Ares. Private Equity is represented by the Burgiss Buyout Index as buyouts represent the majority of the private equity space and are commonly used as a proxy for the asset class over specialty PE sectors such as venture capital, growth or distressed. References to "downside protection" or similar language are not guarantees against loss of investment capital or value.

X-axis =measured from the individual peak of each given asst class in order to compare drawdowns and recoveries without delayed timing effects. Peak for PE Buyout reached Q2 2008 and regained Q1 2011, peak for MSCI World reached 09/30/2007 and regained on 03/31/2013. Past performance is no guarantee of future results.

Historically, outperformance vs. public equity has been driven by a mixture of multiple expansions and revenue growth… but that is changing.

Illustrative Industry Sources of Returns[1]	Illustrative Representation of Ares' View on Go-Forward PE Sources of Returns

The average hold period for buyout private equity was 6.1 years in 2023 vs. 3.1 years in 2000[2].

1. Source: Bain 2022 Global Private Equity Report, representing median value creation by year of exit of fully realized global buyout deals with more than $50 million excluding real estate and infrastructure transactions. Projections and forward looking statements are not reliable indicators of future events and there is no guarantee that such activities will occur as expected or at all.
2. Source: Bain 2024 Global Private Equity Report. 2023 average hold period for buyout private equity was 6.1 years vs. 3.1 years in 2000, 4.3 years in 2010 and 5.4 years in 2016.

We believe governance has been a key driver of historical excess returns… and will continue to drive differentiated results going forward.

Private Companies	Public Companies
• Longer-term metrics • Transformational change	• Quarterly Wall St. analyst calls • Smooth earnings growth
• Compensation correlates to returns • Management incentive plan (MIP)	• Compensation correlates to size • Restricted Stock Units (RSUs) / Options
• Former company experience preferred • Industry experience preferred	• Prioritize independence • Often from outside the industry
• Prioritize board impact and involvement	• Sarbanes-Oxley negative incentives
• 1-2 days per week board work	• Quarterly board meetings

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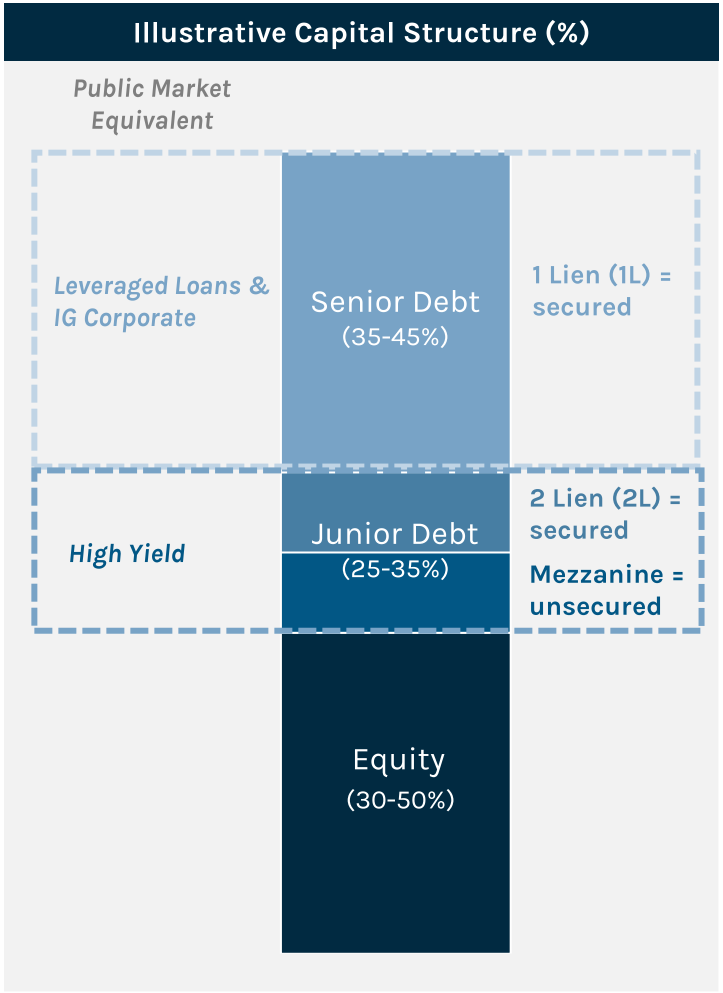
Power of Private Credit

Yield-centric returns historically comparable to public equity

Private credit refers to loans issued by nonbanks.



The Basics

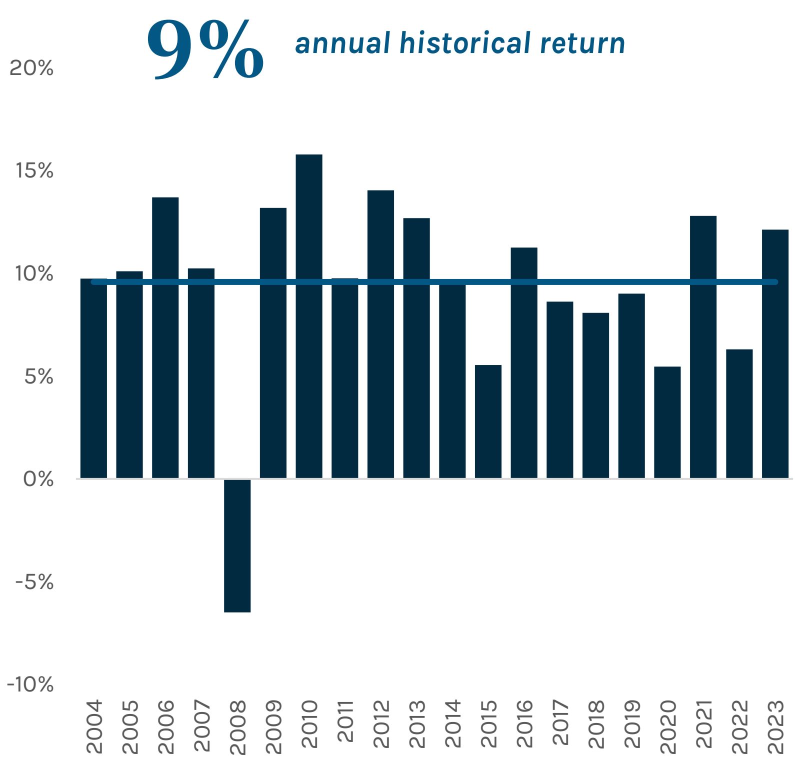
- Private credit is a broad term; largest segment is direct lending
- Direct lending refers to a corporate loan, based on future expected EBITDA of the borrower, issued by a nonbank
- Primarily used to support private equity buyout activity (“sponsor backed”)

Private Loan Characteristics

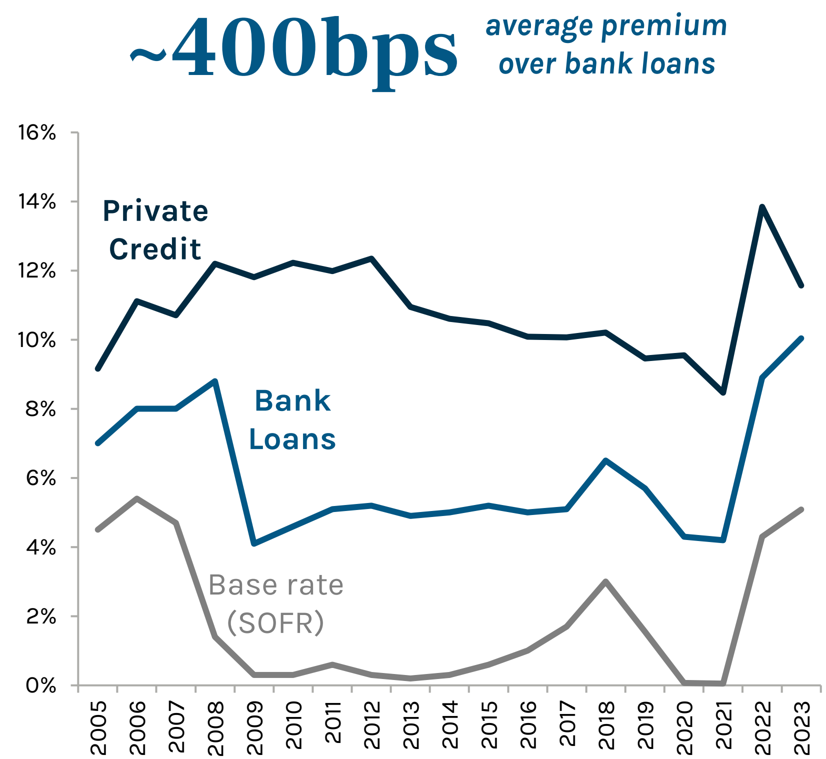
- Predominately floating rate
- Strong contractual protections for the lender
- Issued in approximately half the time of public loans
- Liability kept on balance sheet of nonbank issuer

Private credit has historically provided equity-like returns. Return comes in the form of income at a consistent premium to public loans.

Annual returns



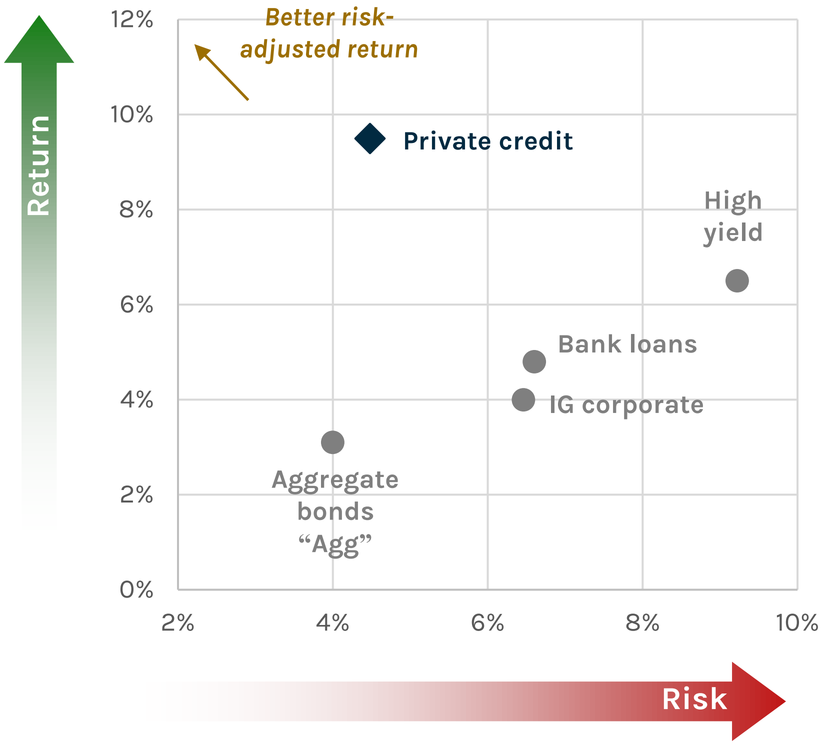
Annual yields



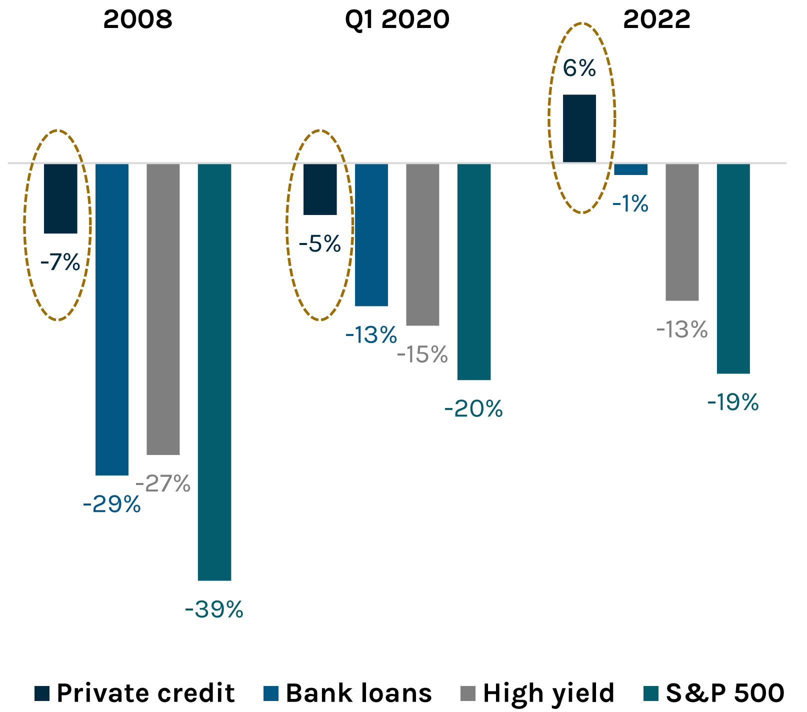
As of December 31, 2023. Private Credit is represented by the Cliffwater Direct Lending Index ("CDLI"). CDLI annualized current yield. Leveraged Loans are represented as Credit Suisse Leveraged Loan Index yield to maturity. Risk free rate represented by 3M LIBOR 2005 – Q1 2018 and SOFR thereafter. Average premium over leveraged loans from 12/31/05 – 3/31/24 was 467 bps. **Please refer to Endnotes for important information and information related to indices.**

An attractive risk-adjusted return profile and moderate correlation to both traditional public fixed income and equity.

Historical Risk and Return[1]



Total Returns During Market Dislocations[1]



0.12 correlation to public debt[1]

0.58 correlation to public equity[1]

1) All data Oct 2004 – Mar 2024. Private credit is represented by the CDLI Index and includes impact of desmoothing and interpolation. Interpolation proxy is Credit Suisse Leveraged Loan Index. Bank Loans is represented by Credit Suisse Leveraged Loan Index. Agg is represented by Bloomberg Barclays US Agg Total Return Index. IG corporate is represented by Bloomberg U.S. Corporate Bond Index. High yield is represented by Bloomberg Barclays U.S. Corporate HY Bond Index. Public debt = Agg. Public equity = S&P 500 Total Return Index.

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Power of Private Real Estate

Historically equity-like absolute returns in the form of tax-advantaged income with low correlation to traditional equity and debt

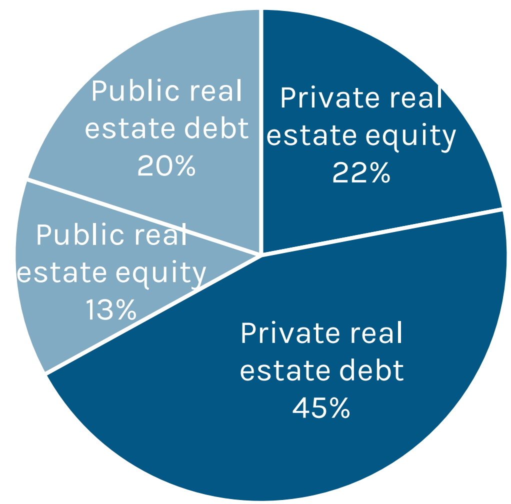
Real estate investment can be in the form of equity or debt.

Private / Public

Debt / Equity

Private Real Estate Equity	Public Real Estate Equity *(e.g. REITs)*
Private Real Estate Debt	Public Real Estate Debt *(e.g. CMBS)*

Composition



~70% private

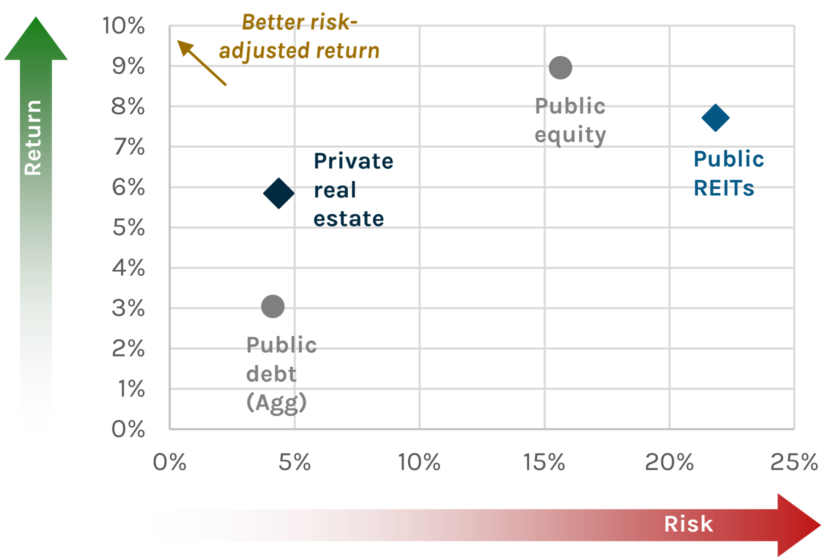
63% of equity // 70% of debt

Each quadrant has different characteristics and can have its own role within a portfolio

Source: Pension Real Estate Association (PREA) "Why Real Estate" as of Q2 2023.

Private real estate has historically provided equity-like returns with a better risk profile and low correlation relative to public markets.

Historical risk and return[1]



Forward-looking capital market assumptions

		Private real estate	Public REITs
Expected return		Equity-like (7%)	Agg-like (2%)
Volatility		Agg-like (6%)	Equity-like (20%)
Correlation	to public equity	Low (0.01)	High (0.75)
	to public debt	Negative (-0.15)	Moderate (0.34)

Income | Income / Appreciation | Appreciation

Diversification does not assure a profit or protect against market loss. Public equity represented by MSCI World Index. Public fixed income represented by Bloomberg US Aggregate Index. Public REITs represented by FTSE-NAREIT All Equity REIT Index. Private real estate represented by NCREIF ODCE Index. Calculated using historical returns Oct 2004 – Mar 2024 which was chosen because it is the longest running time series across all asset classes.

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Real estate is an important part of the investment portfolio that requires careful consideration in how to pass on.

> Real estate has long been a favored asset class for Baby Boomers for its control, stability, and lack of direct connectivity to the stock market.

Morgan Stanley
Insights and Outcomes

> As of 4Q23, Baby Boomers owned over 40% of real estate in the U.S. market. They will be passing on more real estate wealth annually than any other generation.

Federal Reserve
Distribution of Household Wealth in the US since 1989

> Over half of young Americans ages 18 to 42 expect to inherit real estate assets.

USA Today
November 2023
Blueprint Survey

Efficient wealth transfer requires careful planning

Efficient wealth transfer requires careful planning that minimizes tax liabilities, while reducing the burdens of active real estate management to ensure a smooth intergenerational asset transfer.

Options:

Hold | **Sell** | **Gift** | **Exchange**

Considerations:

"Three Ts" | **Taxes** | **Liquidity** | **Divisibility**

The options listed above are provided for illustrative purposes only and are not exhaustive. Tax laws are subject to change. The discussion of tax aspects contained herein and is based on law presently in effect. Nonetheless, Investors should be aware that new administrative, legislative or judicial action could significantly change the tax aspects of an investment in an Interest. Ares and its affiliates do not provide tax advice. Individual investors should consult with a tax professional regarding their situation.

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Power of Private Infrastructure

Opportunity for robust and tax-advantaged risk-adjusted returns relative to public markets that outperforms in high rate and inflation regimes

Infrastructure refers to long-lived physical assets that provide an essential service to the economy.

Previous Infrastructure Opportunities

Privatizations and Rise of the PPP[1]

LNG Export[2]

New-Build Gas Fired Generation

Shale Gas Revolution

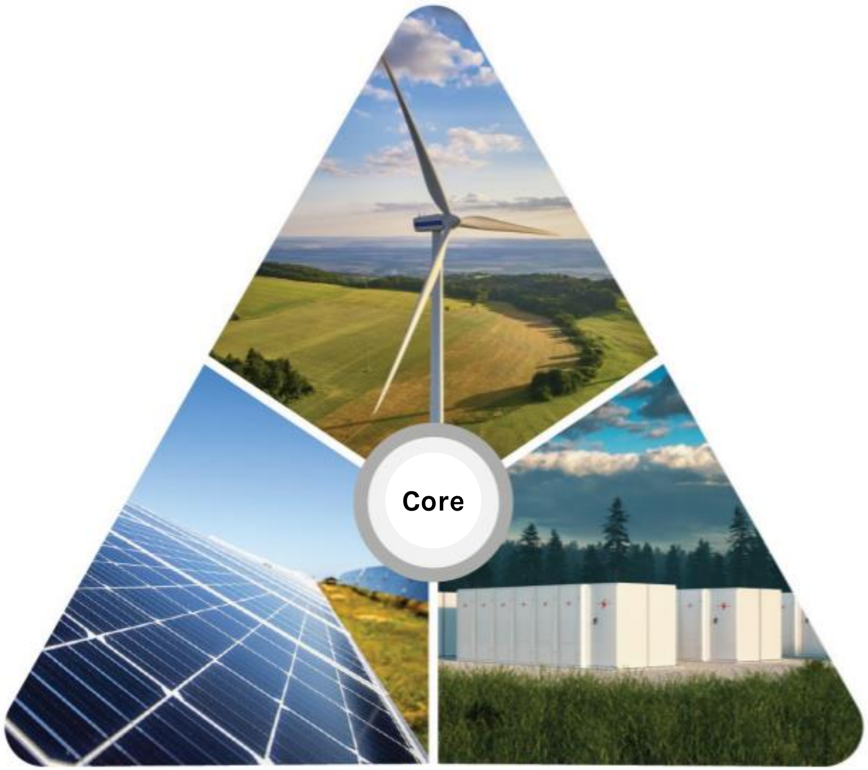
Modern Infrastructure Opportunities

Note: Projections and forward-looking statements are not reliable indicators of future events and there is no guarantee that such activities will occur as expected or at all.

1. PPP = Public-Private Partnership
2. LNG = Liquified Natural Gas

Potential benefits are relative downside protection while also offering cash-yield and uncorrelated return opportunities.

Illustrative Private Infrastructure Assets



Essential Assets

Assets provide services that are critical to society (e.g., generating electricity)

Portfolio Diversification

Low correlation to traditional asset classes (e.g., public equities and fixed income) as well as to GDP growth (or contraction)

Defensive Cash Flows

Benefit from long-term contracts with credit-worthy counterparties that can provide stable revenue streams

Recession Resilience

Renewable energy performance is typically dependent on its availability, which is not correlated to market cycles

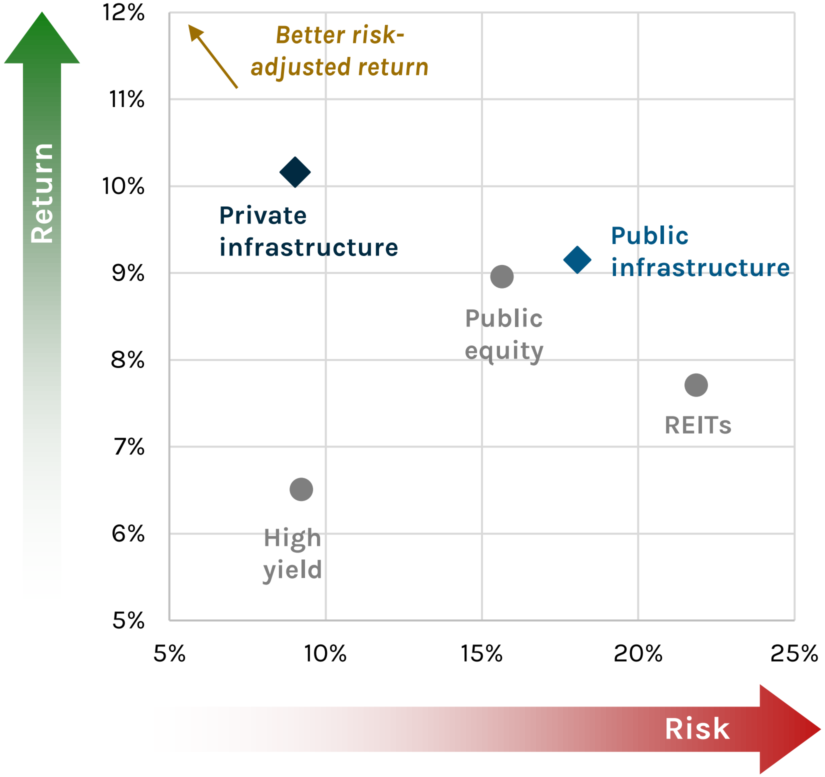
Hedge Against Inflation

Inflation-linked revenues can provide a hedge against changes in inflation

Note: references to “downside protection” or similar language are not guarantees against loss of investment capital or value.

Private infrastructure has delivered enhanced diversification through robust returns, low volatility, and low correlation to public markets.

Historical Risk and Return[1]



Lower correlation to public equity and debt

	Public Equity	Public debt (agg)	Public Infra	Private Infra
Public equity	1.00			
Public debt (agg)	(0.02)	1.00		
Public Infrastructure	**0.87**	**0.08**	1.00	
	vs.	**vs.**		
Private Infrastructure	**0.55**	**(0.13)**	0.62	1.00

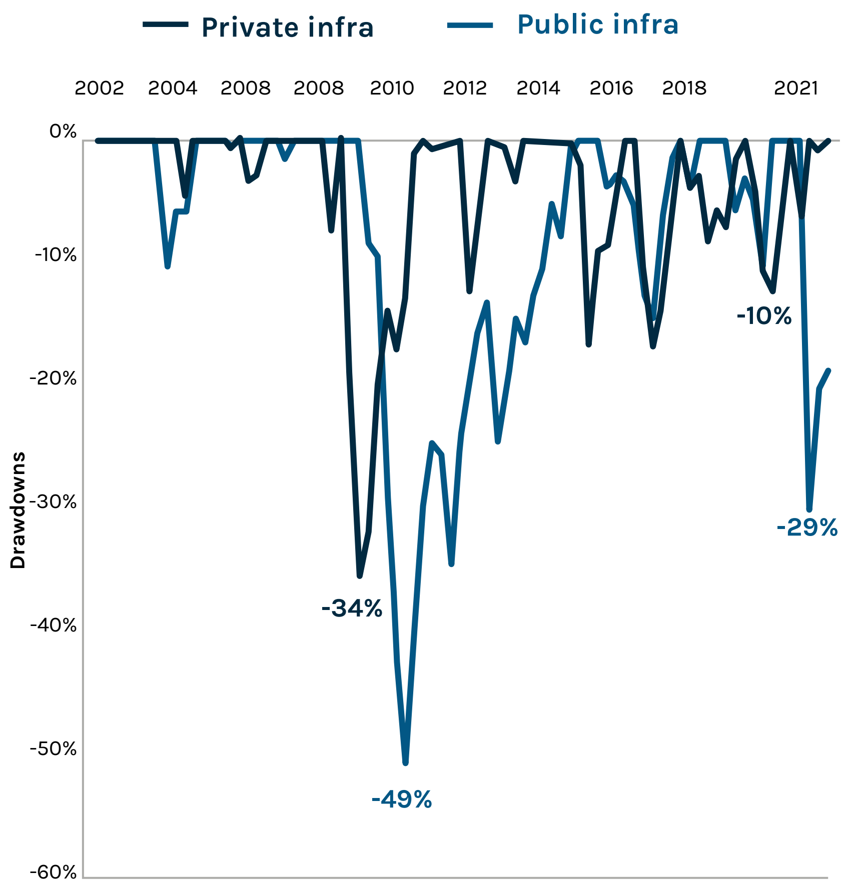
Each data point in upper left graph represents an index. All data points use index returns Oct 2004 – Mar 2024. Appraisal-based valuations may be subject to smoothing bias, in which case appraisal-based volatility may be understated. Diversification does not assure a profit or protect against market loss. Public equity = MSCI world index. High Yield = Barclays US High Yield Index. REITs = FTSE NAREIT All Equity REIT Index. Public debt = Bloomberg US Aggregate index. Publicly infrastructure = MSCI World Infrastructure Index. Private infrastructure = EDHEC Broad Market Equity Value Weighted Index.

Please refer to Endnotes for additional information, including index definitions.

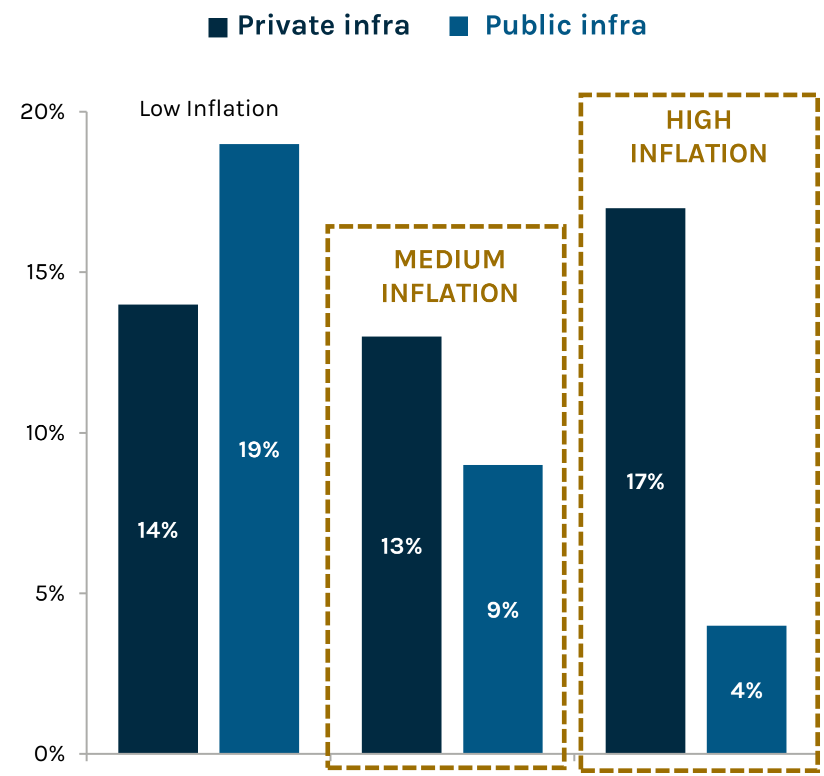
Past trends do not imply, predict or guarantee future results.

Private infrastructure has demonstrated strong downside protection and inflation protection.

Historically milder drawdowns



Historically resilient to inflation



Inflationary environment definitions based on quintiles (Low: <20%, Medium: 20%-80%, High: >80%) of quarterly US CPI for quarterly data available.

EDHEC: Q2 2000 onwards (bottom/top CPI quintiles: 1.27%/3.34%)

Past Performance is not a guarantee of future results. As of March 15, 2022. Sources: EDHEC, U.S. Bureau of Labor Statistics. Based on quarterly returns that have been annualized. There are many differences between private and public market investments. Publicly traded infrastructure is represented by the S&P Global infrastructure Total Return Index. Private infrastructure is represented by the EDHEC board market unlisted infrastructure equity, value-weighted (capped) (USD). This data is for illustrative purposes only.

Putting private markets into practice

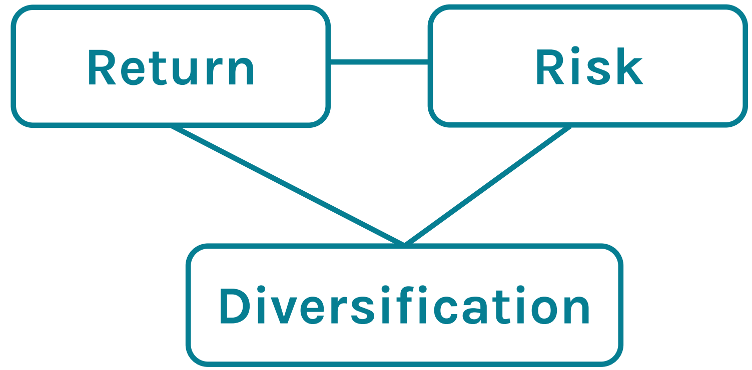
Asset allocation with private markets is a 3-dimensional problem

Traditional starting point:

- Public-only asset classes
- Comprised of traditional equity and debt
- Over-concentration in equity risk

Traditional methodology:

- **Return and risk**: controlled by capital allocation
- **Diversification**: controlled by including asset classes with low correlation to public equity

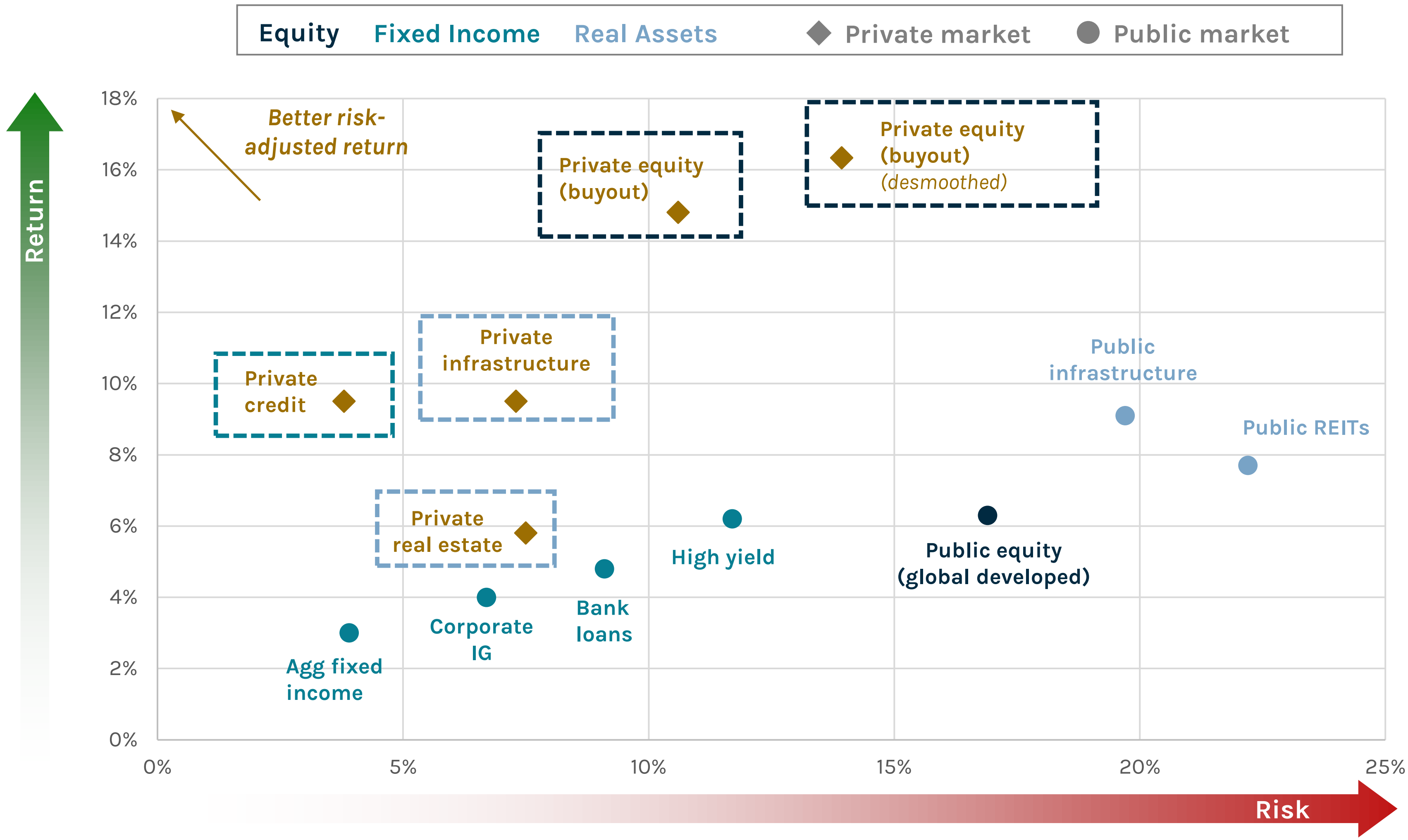


Considerations:

- Less equity capital = less portfolio risk… but also less return
- Less equity capital ≠ reduced equity risk

Private markets can be used to help **maintain return** while potentially **reducing total portfolio risk** (less volatility) and **increasing diversification** (less equity risk)

Private markets can offer a risk-return tradeoff that is fundamentally more efficient than that of public markets.



Each data point represents an index. Data points use index returns Dec 2004 – Mar 2024, chosen because it is the longest time period across which all indices were available. Appraisal-based valuations may be subject to smoothing bias, in which case appraisal-based volatility may be understated. **Past trends do not imply, predict or guarantee future results. Please refer to Endnotes for additional information, including index definitions.**

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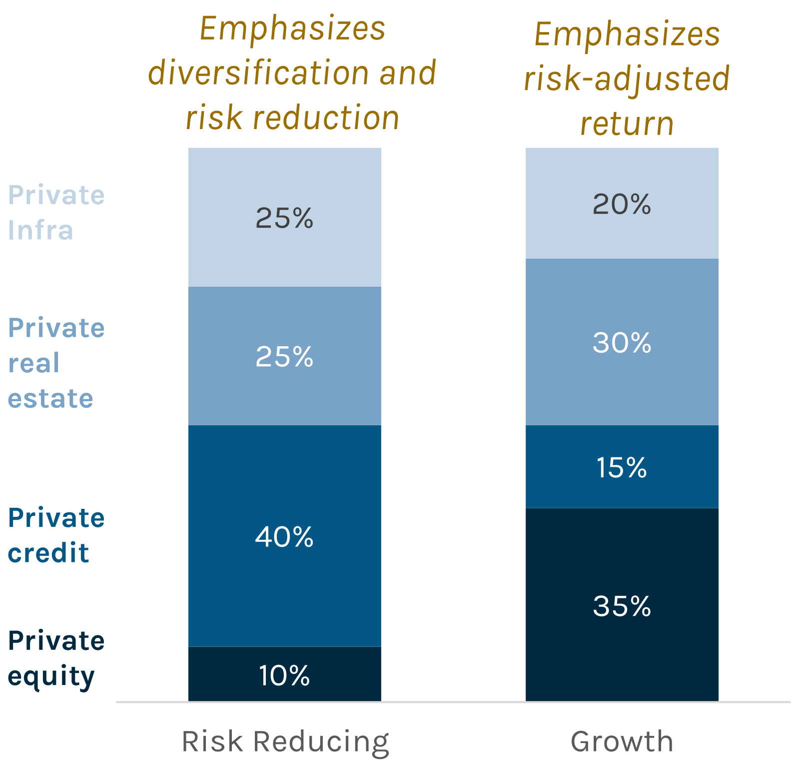
Private market blends below reflect an optimal composition for investors allocating at scale (~50%).

Even for advisors with clients who are not yet allocating at scale, these blends can be a useful guide.

Which private market(s) to use should align with portfolio objective.



Private market portfolio

	Risk Reducing	Growth
Total return	10.0%	10.3%
Volatility	4%	7%
% equity risk	~35%	~65%
% alpha	~45%	~30%

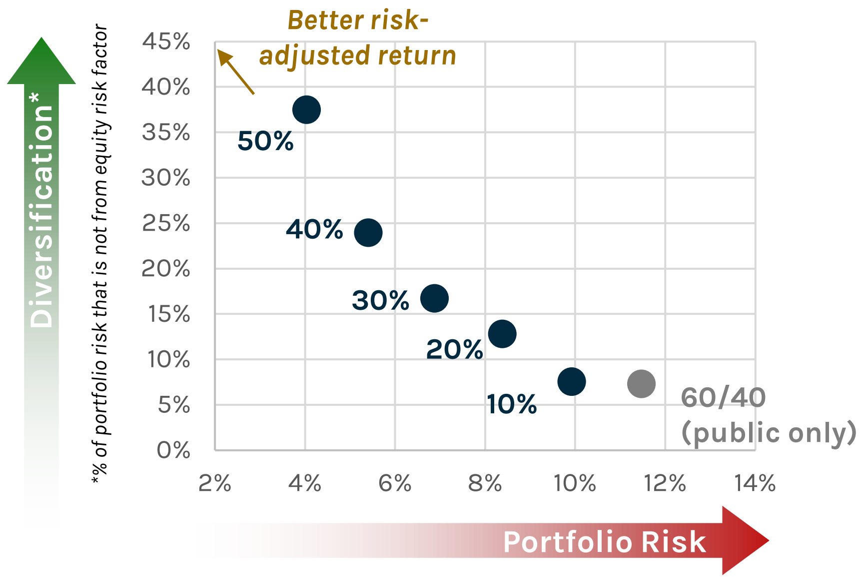
Relative to 60/40 public-only portfolio

	Risk Reducing	Growth
Correlation	0.66	0.83
Beta	0.32	0.59

Portfolio and factor calculations created through Venn. Analysis period: Oct 2004 – Mar 2024. The hypothetical portfolios above are for information purposes and are not to be construed as a recommendation for any specific investor. Financial advisors must carefully consider the risks and other suitability details in determining appropriate investments for their individual clients' portfolios. Venn is a third-party portfolio construction software program utilized by AWMS.

Hypothetical impact of risk reducing private markets (PM)

60/40 with risk reducing PM composition



Increasing allocations to a risk-reducing blend of private markets may…

*maintain return while reducing volatility and driving diversification**

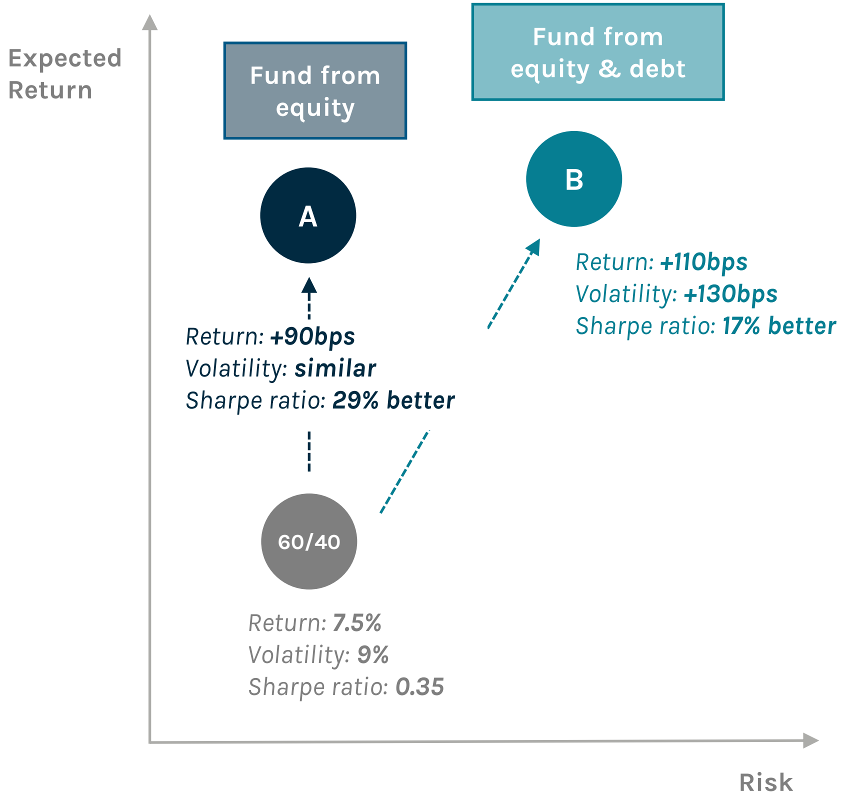
Portfolio characteristics	Public only	10% PM	20% PM	30% PM	40% PM	50% PM
Total return	**8%**	**8%**				
Volatility	12%	10%	8%	7%	5%	4%
Sharpe ratio	0.30	0.35	0.42	0.51	0.66	0.90
Max drawdown	-35%	-31%	-27%	-23%	-20%	-16%
% equity risk	93%	93%	86%	83%	76%	62%
% alpha	**2%**	**2%**	**2%**	**4%**	**8%**	**16%**

- ✓ Maintain return
- ✓ Reduce volatility
- ✓ Increase efficiency
- ✓ Reduce drawdown
- ✓ Increase diversification
- ✓ Increase alpha

Portfolio and factor calculations created through Venn, Portfolio and factor calculations are modeled/based on current client portfolio information as provided to AWMS. Analysis period: Oct 2004 – Mar 2024.

Hypothetical impact of private equity

Hypothetical impact of adding 20% private equity to a 60/40 portfolio



Private equity vs public equity:

- **Expected return** is higher (13% vs 8%)
- **Volatility*** is similar (16% vs 15%)
- **Correlation** to public debt is similar (~0.0)

- **Mainly used to complement public equity**
- **Focus on higher returns for similar risk**

A Funding from public equity

B Equal funding from public equity and fixed income

Source: Bloomberg, Burgiss Buyout Index, as of 3/31/2024. Public equity represented by MSCI ACWI 100% Hedged to USD. Public fixed income represented by Bloomberg US Aggregate Bond Index.
*Includes impact of desmoothing and interpolation. Interpolation proxy is MSCI World Index. Expected return is based on historical index data.
The portfolio adjustments presented above are hypotheticals and do not constitute portfolio allocation recommendations.
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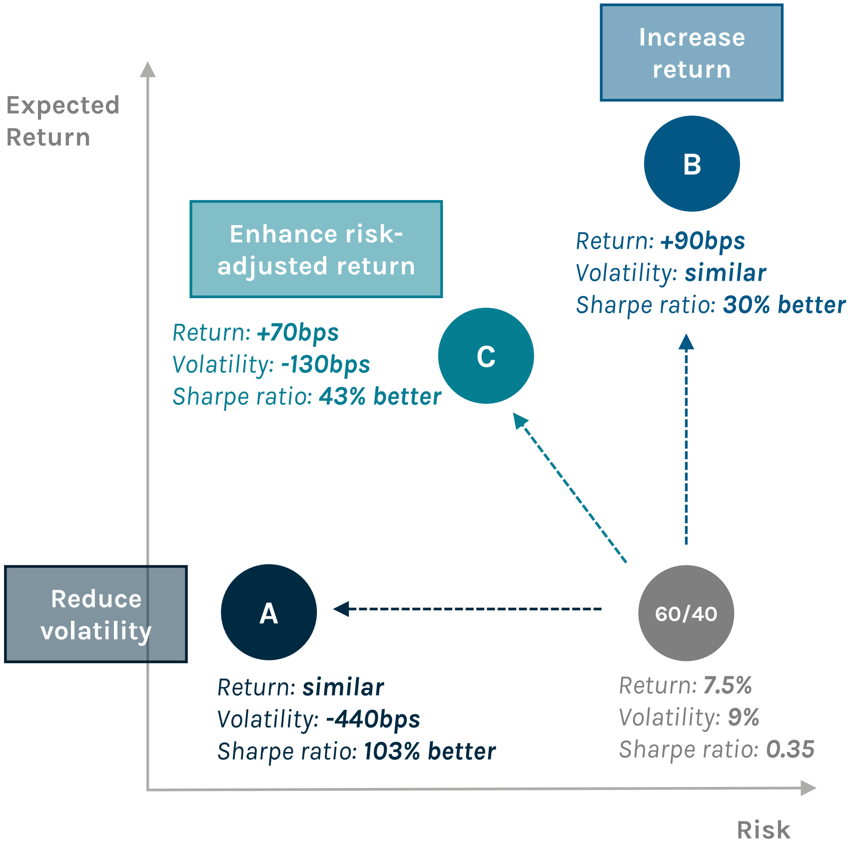
Hypothetical impact of private credit

Hypothetical impact of adding 20% private credit to a 60/40 portfolio



Private credit vs public equity & debt

- **Expected return** is similar (or higher) to public equity (8-10%)
- **Volatility*** is similar (or lower) than public debt (3-5%)
- **Correlation** to public debt is low (0.12); to public equity is moderate (0.60)

- **Can be used to achieve a variety of client objectives**
- **Funding source will guide outcome**

A Reduce volatility = reduce public equity to 25%

B Increase return = majority funding from public fixed income

C Enhance risk-adjusted return = equal funding from public equity and fixed income

Source: Bloomberg, Cliffwater Direct Lending Index, as of 3/31/2024. Public equity represented by MSCI ACWI 100% Hedged to USD. Public fixed income represented by Bloomberg US Aggregate Bond Index.
*Includes impact of desmoothing and interpolation. Interpolation proxy is Credit Suisse Leveraged Loan Index. Expected return is based on historical index data.
The portfolio adjustments presented above are hypotheticals and do not constitute portfolio allocation recommendations.
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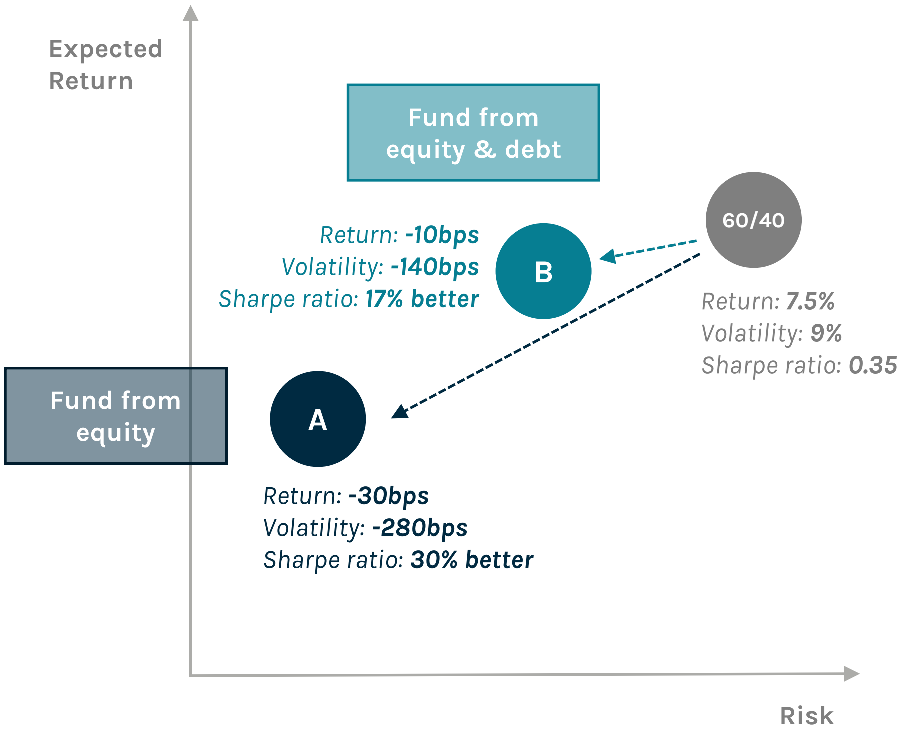
Hypothetical impact of private real estate

Hypothetical impact of adding 20% private real estate to a 60/40 portfolio



Private real estate vs public equity:

- **Expected return** is similar (7% vs 8%)
- **Volatility*** is lower (6% vs 15%)
- **Correlation** to public debt is lower (-0.14 vs 0.12)

- **Mainly used to diversify**
- **Focus on similar returns for lower risk**

A Funding from public equity

B Equal funding from public equity and fixed income

Source: Bloomberg, NFI-ODCE Index, as of 3/31/2024. Public equity represented by MSCI ACWI 100% Hedged to USD. Public fixed income represented by Bloomberg US Aggregate Bond Index.
*Includes impact of geometric conversion of quarterly returns to monthly. Expected return is based on historical index data.
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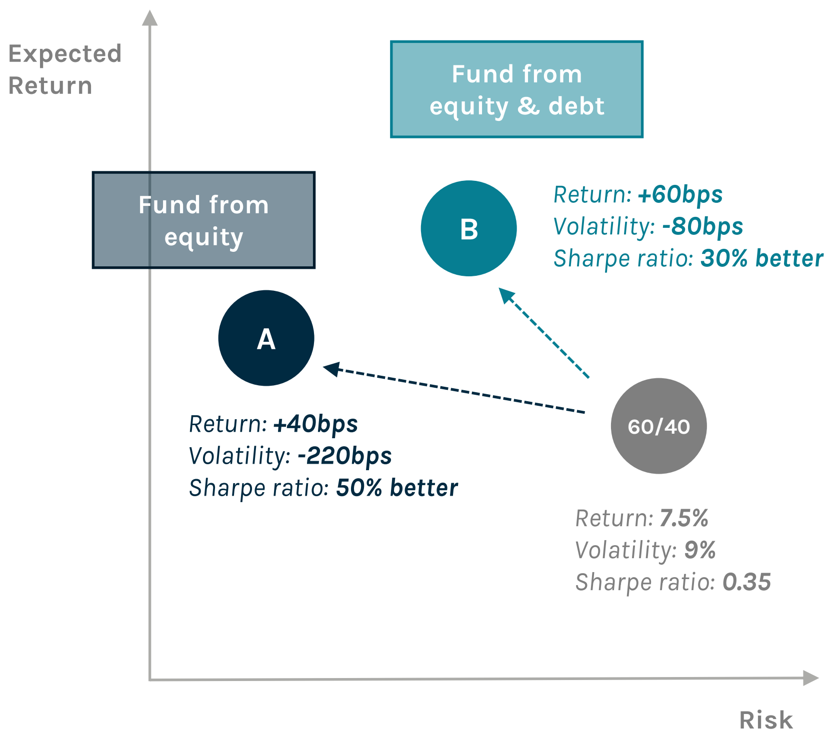
Hypothetical impact of private infrastructure

Hypothetical impact of adding 20% private infrastructure to a 60/40 portfolio



Private infrastructure vs public equity:

- **Expected return** is higher (10% vs 8%)
- **Volatility*** is lower (9% vs 15%)
- **Correlation** to public debt is higher (0.28 vs 0.12)

- **Mainly used to reduce risk**
- **Focus on similar returns for lower volatility**

A — Funding from public equity

B — Equal funding from public equity and fixed income

Source: Bloomberg, EDHEC Broad Market Equity Value-Weighted Index, as of 3/31/2024. Public equity represented by MSCI ACWI 100% Hedged to USD. Public fixed income represented by Bloomberg US Aggregate Bond Index. *Includes impact of geometric conversion of quarterly returns to monthly. Expected return is based on historical index data.
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Endnotes

Endnotes – Index Definitions

Bloomberg Barclays US Aggregate Bond Index is a broad base, market capitalization-weighted bond market index representing intermediate term investment grade bonds traded in the United States. Investors frequently use the index as a stand-in for measuring the performance of the US bond market.

Bloomberg US Corporate High Yield Index measures the USD-denominated, high yield, fixed-rate corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch and S&P is Ba1/BB+/BB+ or below.

Burgiss All Buyout a widely-used gauge of private equity. The index includes private equity funds whereby the underlying investments are in mature companies for control of the company.

Burgiss All Infrastructure tracks the performance of private global infrastructure equity investments in 22 countries for the past 20 years.

Burgiss All Secondaries a widely-used gauge of private equity secondaries. The index includes private equity funds whereby the underlying investments are stakes in primary private equity funds. The primary funds hold investments described in the Burgiss Buyout Index.

Cliffwater Direct Lending Index ("CDLI") is an index of private middle market loans launched in 2015 and reconstructed back to 2004. It was created to measure private loan performance and better understand its investment characteristics. The CDLI currently covers ~15,600 directly originated middle market loans totaling $337 billion.

Credit Suisse Institutional Leveraged Loan Index ("CSLLI") is designed to mirror the investable universe of the $US-denominated leveraged loan market. The index inception is January 1992. The index frequency is daily, weekly and monthly. New loans are added to the index on their effective date if they qualify according to the following criteria: 1) Loan facilities must be rated "5B" or lower. That is, the highest Moody's/S&P ratings are Baa1/BB+ or Ba1/BBB+. If unrated, the initial spread level must be Libor plus 125 basis points or higher. 2) Only fully-funded term loan facilities are included. 3) The tenor must be at least one year. 4) Issuers must be domiciled in developed countries; issuers from developing countries are excluded.

FTSE NAREIT All Equity REITs Index is a free-float adjusted, market capitalization-weighted index of U.S. equity REITs. Constituents of the index include all tax-qualified REITs with more than 50 percent of total assets in qualifying real estate assets other than mortgages secured by real property.

ICE BofA US Corporate Index tracks the performance of US dollar denominated investment grade rated corporate debt publicly issued in the US domestic market. To qualify for inclusion in the index, securities must have an investment grade rating (based on an average of Moody's, S&P, and Fitch) and an investment grade rated country of risk (based on an average of Moody's, S&P, and Fitch foreign currency long term sovereign debt ratings). Each security must have greater than 1 year of remaining maturity, a fixed coupon schedule, and a minimum amount outstanding of $250 million. Original issue zero coupon bonds, "global" securities (debt issued simultaneously in the eurobond and US domestic bond markets), 144a securities and pay-in-kind securities, including toggle notes, qualify for inclusion in the Index. Callable perpetual securities qualify provided they are at least one year from the first call date. Fixed-to-floating rate securities also qualify provided they are callable within the fixed rate period and are at least one year from the last call prior to the date the bond transitions from a fixed to a floating rate security. DRD-eligible and defaulted securities are excluded from the Index.

Morningstar LSTA US Leveraged Loan Index is a market-value weighted index designed to measure the performance of the US leveraged loan market.

MSCI World a broad global equity index that represents large and mid-cap equity performance across all 23 developed markets countries. It covers approximately 85% of the free float-adjusted market capitalization in each country.

NCREIF Open-End Diversified Core (ODCE) Index represents private real estate and is an equal-weighted, time-weighted index representing a blended portfolio of institutional-quality real estate reported net of management and advisory fees (with the exception of the private real estate income data shown, which is reported gross of management and advisory fees). The term core typically reflects lower risk investment strategies, utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties. Funds are weighted equally, regardless of size. While funds used in this benchmark have characteristics that differ from net asset value REITs (NAV REITs - including differing management fees), ACREM's management believes that the NCREIF ODCE Index is an appropriate and accepted index for the purpose of evaluating returns on investments in NAV REITs. A NAV REIT has the ability to utilize higher leverage than is allowed for the funds in the NCREIF ODCE Index, which could increase a NAV REIT's volatility relative to the NCREIF ODCE Index.

Russell 2000 a stock market index that measure the performance of the 2,000 smaller companies included in the Russell 3000 Index. Widely-regarded bellwether of the U.S. economy because of its focus on smaller companies that focus on the U.S. market.

S&P 500® a widely-used gauge of large-cap U.S. equities. The index includes 500 of the largest U.S. companies and covers approximately 80% of available market capitalization.

S&P 500® Equal Weight Index (EWI) is the equal-weight version of the widely-used S&P 500. The index includes the same constituents as the capitalization weighted S&P 500, but each company in the S&P 500 EWI is allocated a fixed weight - or 0.2% of the index total at each quarterly rebalance.

S&P Global Infrastructure Index tracks 75 companies from around the world chosen to represent the listed infrastructure industry while maintaining liquidity and tradability. The index includes three distinct infrastructure clusters: energy, transportation and utilities.

Endnotes – Index Definitions

MSCI World Small Cap Index captures small cap representation across 23 developed markets countries. With 4,056 constituents, the index covers approximately 14% of the free float-adjusted market capitalization of each country.

MSCI Emerging Markets Index captures large and mid cap representation across 24 emerging markets countries. With 1,330 constituents, the index covers approximately 85% of the free float-adjusted market capitalization of each country.

MSCI ACWI Index captures large and mid cap representation across 23 developed market and 24 emerging markets countries. With 2,760 constituents, the index covers approximately 85% of the global investable equity set.

Desmoothing and interpolation: The returns of private assets tend to exhibit high autocorrelation, meaning they show a high degree of similarity between data points along the time-series. This would suggest that past returns of private assets may predict future returns, which violates the efficient market hypothesis. The goal of both desmoothing and interpolation is to develop what we believe to be a more accurate representation of the true risks associated with private assets. Interpolation utilizes a public market proxy to create a daily return stream in order to better reflect the underlying economic risk of assets with infrequent data. Desmoothing leverages public market proxies to create a more realistic return stream that decreases autocorrelation. Venn's belief is this will provide a view that more faithfully reflects the timing and level of true economic risk.

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