

Sep 22,  
2022

# Alternative Investment Performance

## Merced County Employees' Retirement Association



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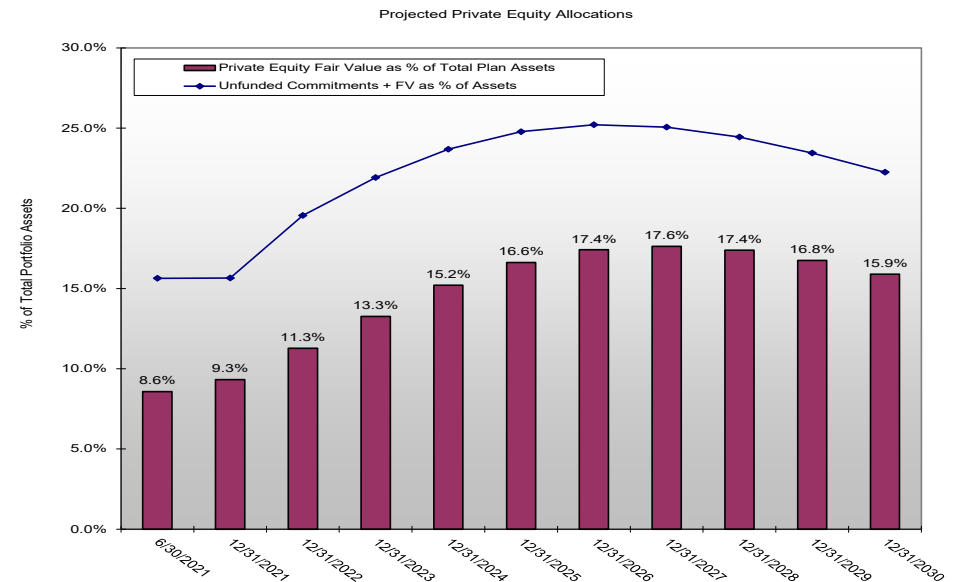
# MercedCERA Private Equity Capital Budget & Implementation Plan

## 15% fund level target; an increase from 9% in 2018

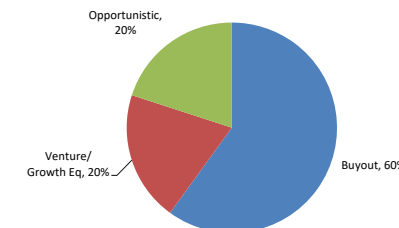
- Increase annual capital budget target to \$55 mm from \$40 mm
  - Range of \$40-\$70 million
- Target 5-10 investments, range of \$5-\$15 million per inv; average size of \$8 million per
- Forecasted to reach the targeted level in 3 years
- Targets for strategy exposures remain the same
- Update capital budgets on an annual basis

## Performance comparisons:

- Long term investment objective: Earn a return premium over public equity (Russell 3000 + 3%)
- Recommended primary asset class benchmark: Cambridge Associates Global Private Equity & VC Index
- Recommended fund benchmarks: Each fund will be compared to the Cambridge Associates strategy universe for the respective vintage years and each vintage year will be compared to Cambridge Associates Global Private Equity & VC Index



## Target Strategy Diversification



	Target	Ranges
Buyout	60%	40-80%
Venture/Growth Eq	20%	10-30%
Opportunistic	20%	10-30%
	100%	

Note: MCERA's existing private equity portfolio was modeled using vintage year drawdown/return of capital assumptions patterned after historical category averages. Total fund growth of 5.5%.

# MercedCERA Private Equity Investment Structure & Portfolio Assessment

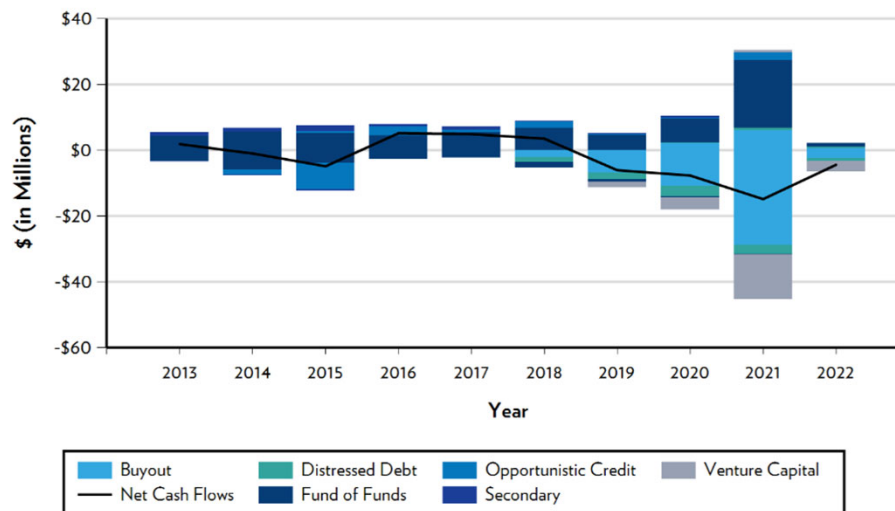
## Investment structure (15% fund target; 12% invested as of May 2022):

- Current portfolio is barbelled with half of commitments in 2007 & earlier FoFs and half in 2011 & later FoFs
  - Overall portfolio has not met performance expectations; VY 2014 & earlier funds are mature with the funds in VY 2017-2022 in their investment period
  - There were annual gains of \$30 million, including \$1 million in 1Q; contributions exceed distributions by \$18 million as the newer portfolios are being built
  - Portfolio is diversified by strategy but overall it is in a negative cash flow situation

### Annual Summary

(in thousands)	Total Partnerships	Total Commitment	(A) Contributions	(B) Distributions	(C) Fair Value	(B+C) Total Value	(B+C-A) Gain Loss	Net IRR	Benchmark
March 31, 2021	40	\$200,291	\$99,760	\$76,543	\$82,823	\$159,366	\$59,606	10.88%	13.14%
March 31, 2022	50	\$264,697	\$145,743	\$104,580	\$131,006	\$235,585	\$89,843	12.41%	13.19%
Annual Change	10	\$64,406	\$45,983	\$28,037	\$48,183	\$76,219	\$30,237		

### Annual Cash Flow



Note: Net cash flow is the for the respective calendar year.

# MercedCERA Private Equity Performance – as of Mar 31, 2022



Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 2004												
Invesco Partnership Fund IV, L.P.	Fund of Funds	10,000	2,417	7,898	76%	16,233	0	16,233	8,336	11.75%	7.97%	2.06x
Vintage Year 2004 Total		10,000	2,417	7,898	76%	16,233	0	16,233	8,336	11.75%	8.20%	2.06x
Vintage Year 2005												
ASP 2005 Non-US Fund	Fund of Funds	1,500	74	1,426	95%	1,873	59	1,931	505	4.55%	0.50%	1.35x
ASP 2005 US Fund	Fund of Funds	3,500	177	3,323	95%	5,203	167	5,370	2,047	7.16%	7.56%	1.62x
Pantheon Ventures Euro Fund IV	Fund of Funds	1,112	47	1,284	96%	1,625	47	1,671	388	4.59%	0.50%	1.30x
Pantheon Ventures USA Fund VI	Fund of Funds	3,750	206	3,544	95%	5,302	65	5,367	1,824	6.45%	7.56%	1.51x
Vintage Year 2005 Total		9,862	505	9,576	95%	14,003	337	14,340	4,764	6.23%	7.49%	1.50x
Vintage Year 2006												
Pantheon Global Secondary Fund III "B"	Secondary	10,000	540	9,460	95%	10,300	213	10,513	1,053	1.89%	8.60%	1.11x
Vintage Year 2006 Total		10,000	540	9,460	95%	10,300	213	10,513	1,053	1.89%	7.20%	1.11x
Vintage Year 2007												
ASP 2007 Direct Fund	Fund of Funds	450	12	438	97%	915	199	1,114	676	12.20%	11.23%	2.54x
ASP 2007 Non-US Fund	Fund of Funds	1,575	78	1,497	95%	2,135	388	2,524	1,027	8.22%	-0.31%	1.69x
ASP 2007 US Fund	Fund of Funds	2,475	115	2,360	95%	4,377	653	5,030	2,670	12.76%	11.23%	2.13x
Vintage Year 2007 Total		4,500	205	4,295	95%	7,428	1,240	8,668	4,372	11.25%	8.93%	2.02x
Vintage Year 2011												
ASP 2011 Direct Fund	Fund of Funds	500	37	463	93%	614	388	1,003	540	15.20%	20.09%	2.17x
ASP 2011 Emerging Markets Fund	Fund of Funds	500	64	436	87%	439	590	1,029	593	14.24%	5.08%	2.36x
ASP 2011 Non-US Developed Fund	Fund of Funds	1,500	239	1,261	84%	1,499	1,228	2,726	1,466	15.72%	5.08%	2.16x
ASP 2011 US Fund	Fund of Funds	2,500	326	2,175	87%	3,362	2,313	5,675	3,501	18.57%	20.09%	2.61x
Pantheon Asia Fund VI	Fund of Funds	1,000	76	925	92%	823	828	1,651	726	10.61%	5.08%	1.78x
Pantheon Euro Fund VII	Fund of Funds	1,551	194	1,505	88%	1,888	1,157	3,046	1,540	13.14%	5.08%	2.02x
Pantheon Ventures USA Fund IX	Fund of Funds	2,000	192	1,808	90%	2,750	1,907	4,657	2,849	17.65%	20.09%	2.58x
Vintage Year 2011 Total		9,551	1,129	8,573	88%	11,376	8,412	19,787	11,215	15.84%	13.23%	2.31x
Vintage Year 2013												
Invesco Partnership Fund VI, L.P.	Fund of Funds	5,000	1,548	3,958	69%	13,137	1,662	14,799	10,840	24.36%	22.58%	3.74x
Vintage Year 2013 Total		5,000	1,548	3,958	69%	13,137	1,662	14,799	10,840	24.36%	14.19%	3.74x
Vintage Year 2014												
Ocean Avenue Fund II	Fund of Funds	10,000	1,000	9,000	90%	12,684	10,391	23,074	14,074	21.34%	24.19%	2.56x
Raven Asset-Based Opportunity Fund II	Opportunistic Credit	10,000	474	9,526	95%	8,530	1,229	9,758	232	0.63%	8.16%	1.02x
Vintage Year 2014 Total		20,000	1,474	18,526	93%	21,213	11,619	32,833	14,307	13.28%	18.73%	1.77x

Note: The benchmark represents the Cambridge Associates LLC median for the respective strategy and vintage year. At the vintage year level, the Cambridge Associates LLC Global Private Equity & VC<sup>®</sup> median is used for the respective vintage year.

# MercedCERA Private Equity Performance – as of Mar 31, 2022



Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 2018												
Carrick Capital Partners III, L.P.	Buyout	5,000	1,112	3,888	78%	581	5,572	6,153	2,266	25.50%	24.40%	1.58x
Cressey & Company Fund VI LP	Buyout	5,000	1,575	3,676	69%	1,289	5,049	6,338	2,661	39.04%	24.40%	1.72x
Davidson Kempner Long-Term Distressed Opportunities Fund IV LP	Distressed Debt	5,000	343	4,743	93%	973	6,279	7,251	2,509	16.06%	20.01%	1.53x
Vintage Year 2018 Total		15,000	3,030	12,306	80%	2,843	16,899	19,742	7,436	23.44%	21.15%	1.60x
Vintage Year 2019												
Accel-KKR Growth Capital Partners III	Buyout	5,000	829	4,171	83%	306	4,826	5,132	961	18.99%	29.69%	1.23x
Cortec Group Fund VII, L.P.	Buyout	10,000	3,537	8,621	65%	2,159	9,146	11,305	2,685	30.68%	29.69%	1.31x
Genstar Capital Partners IX, L.P.	Buyout	7,000	871	6,510	88%	881	9,197	10,079	3,568	39.63%	29.69%	1.55x
Summit Growth Equity Fund X-A, L.P.	Buyout	8,000	2,918	6,262	64%	1,180	6,773	7,952	1,691	30.15%	29.69%	1.27x
TCV X, L.P.	Venture Capital	5,000	1,247	3,753	75%	0	9,623	9,623	5,870	57.51%	36.57%	2.56x
Vintage Year 2019 Total		35,000	9,402	29,316	73%	4,526	39,565	44,090	14,775	38.54%	23.13%	1.50x
Vintage Year 2020												
Accel-KKR Capital Partners VI, LP	Buyout	5,000	3,754	1,246	25%	0	1,246	1,246	0	N/M	N/M	1.00x
GTCR Fund XIII/A & B LP	Buyout	8,000	6,531	1,469	18%	289	1,999	2,288	819	N/M	N/M	1.56x
Marlin Heritage Europe II, L.P.	Buyout	7,784	4,238	2,846	46%	0	4,242	4,242	1,396	N/M	N/M	1.49x
Thoma Bravo Discover Fund III, L.P.	Buyout	8,000	1,453	6,547	82%	0	7,245	7,245	698	N/M	N/M	1.11x
Taconic Market Dislocation Fund III L.P.	Distressed Debt	8,000	2,750	5,460	66%	237	6,705	6,942	1,481	N/M	N/M	1.27x
Spark Capital Growth Fund III, L.P.	Venture Capital	6,000	120	5,880	98%	791	9,134	9,925	4,045	71.75%	31.92%	1.69x
Spark Capital VI, L.P.	Venture Capital	3,000	885	2,115	71%	0	2,184	2,184	69	3.49%	31.92%	1.03x
Summit Venture Capital Fund V- A, L.P.	Venture Capital	6,000	3,997	2,003	33%	0	2,065	2,065	62	N/M	N/M	1.03x
Vintage Year 2020 Total		51,784	23,730	27,566	54%	1,317	34,820	36,137	8,572	41.59%	12.84%	1.31x

Note: The benchmark represents the Cambridge Associates LLC median for the respective strategy and vintage year. At the vintage year level, the Cambridge Associates LLC Global Private Equity & VC<sup>®</sup> median is used for the respective vintage year.

# MercedCERA Private Equity Performance – as of Mar 31, 2022



Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 2021												
Genstar Capital Partners X, L.P.	Buyout	8,000	7,016	984	12%	0	1,087	1,087	103	N/M	N/M	1.10x
Nautic Partners X, L.P.	Buyout	8,000	7,147	853	11%	0	738	738	-116	N/M	N/M	0.86x
Summit Growth Equity Fund XI-A, L.P.	Buyout	8,000	8,000	0	0%	0	-24	-24	-24	N/M	N/M	N/A
Khosla Ventures Seed E, L.P.	Venture Capital	2,000	1,446	554	28%	0	798	798	244	N/M	N/M	1.44x
Khosla Ventures VII, L.P.	Venture Capital	6,000	3,432	2,568	43%	0	2,816	2,816	248	N/M	N/M	1.10x
TCV Velocity Fund I, L.P.	Venture Capital	8,000	7,435	565	7%	0	477	477	-87	N/M	N/M	0.85x
TCV XI, L.P.	Venture Capital	8,000	4,607	3,393	42%	0	3,694	3,694	301	N/M	N/M	1.09x
Vintage Year 2021 Total		48,000	39,082	8,918	19%	0	9,587	9,587	669	N/M	N/M	1.08x
Vintage Year 2022												
Accel-KKR Growth Capital Partners IV	Buyout	5,000	5,000	0	0%	0	-45	-45	-45	N/M	N/M	N/A
Marlin Heritage III, L.P.	Buyout	8,000	8,000	0	0%	0	0	0	0	N/M	N/M	N/A
Thoma Bravo Discover Fund IV, L.P.	Buyout	8,000	8,000	0	0%	0	0	0	0	N/M	N/M	N/A
GTCR Strategic Growth Fund I/A&B LP	Growth Equity	6,000	6,000	0	0%	0	-35	-35	-35	N/M	N/M	N/A
Spark Capital Growth Fund IV, L.P.	Venture Capital	6,000	5,220	780	13%	0	749	749	-31	N/M	N/M	0.96x
Spark Capital VII, L.P.	Venture Capital	3,000	2,580	420	14%	0	409	409	-11	N/M	N/M	0.97x
Threshold Ventures IV, L.P.	Venture Capital	5,000	5,000	0	0%	0	0	0	0	N/M	N/M	N/A
Vintage Year 2022 Total		41,000	39,800	1,200	3%	0	1,078	1,078	-122	N/M	N/M	0.90x
Portfolio Total :		264,697	123,774	145,743	53%	104,580	131,006	235,585	89,843	12.41%	13.19%	1.62x
Portfolio Strategy Totals												
Buyout		118,784	70,893	51,224	40%	8,889	62,625	71,514	20,291	32.65%		1.40x
Distressed Debt		13,000	3,093	10,203	76%	1,210	12,984	14,193	3,990	19.28%		1.39x
Fund of Funds		48,913	6,804	43,300	86%	74,860	22,041	96,902	53,601	12.68%		2.24x
Growth Equity		6,000	6,000	0	0%	0	-35	-35	-35	N/M		N/A
Opportunistic Credit		10,000	474	9,526	95%	8,530	1,229	9,758	232	0.63%		1.02x
Secondary		10,000	540	9,460	95%	10,300	213	10,513	1,053	1.89%		1.11x
Venture Capital		58,000	35,970	22,030	38%	791	31,949	32,740	10,710	48.19%		1.49x
Portfolio Total :		264,697	123,774	145,743	53%	104,580	131,006	235,585	89,843	12.41%	13.19%	1.62x

Note: The benchmark represents the Cambridge Associates LLC median for the respective strategy and vintage year. At the vintage year level, the Cambridge Associates LLC Global Private Equity & VC<sup>®</sup> median is used for the respective vintage year.

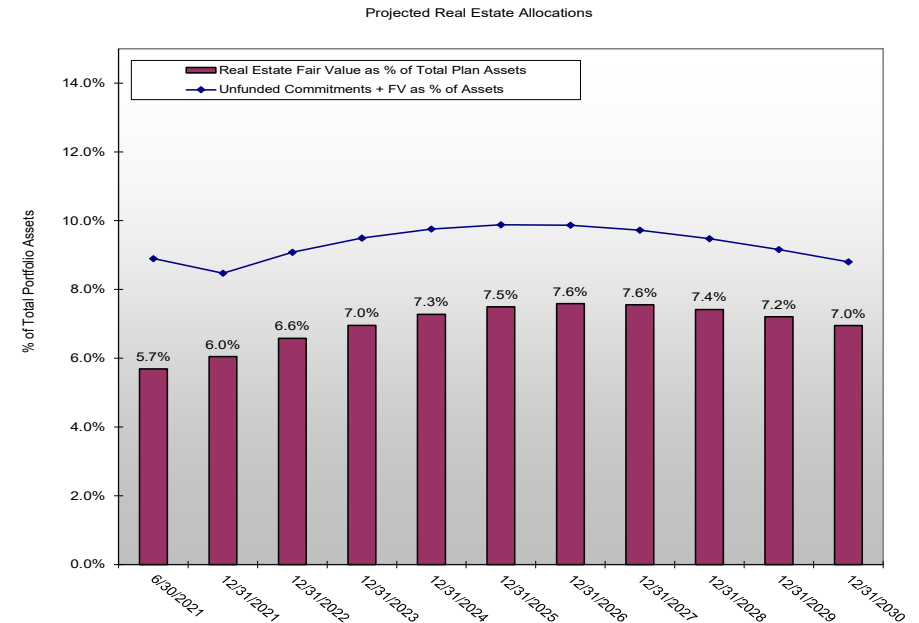
# MercedCERA Real Estate Capital Budget & Implementation Plan

## 8% fund level target; same as prior target

- Increase annual capital budget to \$20 mm from \$15 mm
  - Range of \$10-\$30 million
- Target 2-4 investments, range of \$5-\$10 million per inv
  - Average investment size of \$8 million
  - If an average of 2-4 GP partnership commitments per year, expect a total of 8-16 GP relationships over a 4 year fund raising cycle
- Continue using REITS as a substitute until funding private real estate investments is needed; core RE target is 25% of RE portfolio

## Performance comparisons:

- Long term investment objective: Earn a return premium over inflation (CPI-U + 5%)
- Recommended primary asset class benchmark: NCREIF NFI-ODCE; revisit over time as the structure of the portfolio changes
- Recommended fund benchmarks: Cambridge Associates strategy universe for the respective vintage years and each vintage year will be compared to Cambridge Associates Global Real Estate Index



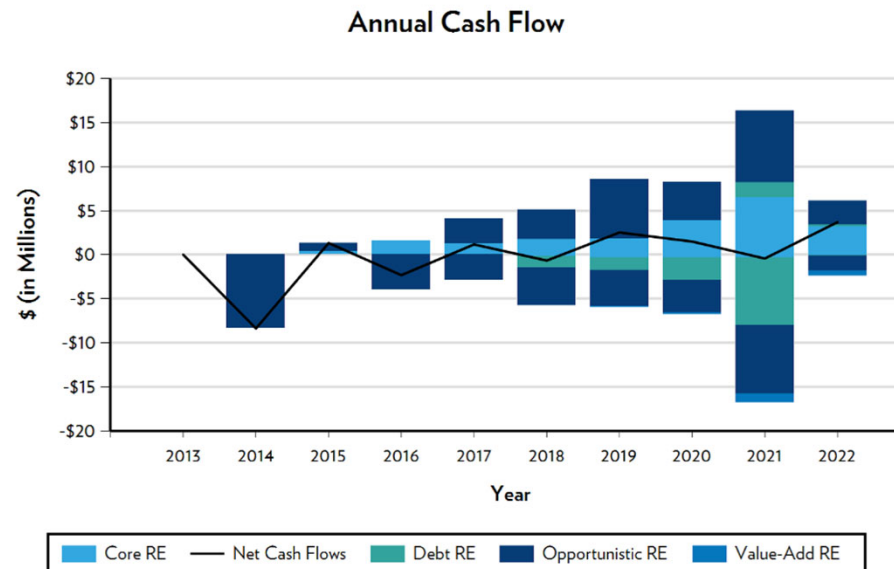
Note: MCERA's existing real estate portfolio was modeled using vintage year drawdown/return of capital assumptions patterned after historical averages. Total fund growth rate of 5.5%.

# MercedCERA Real Estate Investment Structure & Portfolio Assessment

## Real estate investment structure (8% target, 8.1% actual as of May 2022)

- MCERA invested in 1999 in a private core real estate fund; direct program began in 2014
- Distributions exceed contributions by \$4 million over the past year; RE activity has increased and the valuation improved by \$14 million over the past year, including \$4 million in the past quarter

Annual Summary									
(in thousands)	Total Partnerships	Total Commitment	(A) Contributions	(B) Distributions	(C) Fair Value	(B+C) Total Value	(B+C-A) Gain Loss	Net IRR	Benchmark
March 31, 2021	10	\$83,985	\$52,240	\$46,068	\$61,087	\$107,154	\$54,914	8.55%	8.49%
March 31, 2022	13	\$107,232	\$69,159	\$67,014	\$71,640	\$138,655	\$69,496	9.09%	9.04%
Annual Change	3	\$23,247	\$16,919	\$20,946	\$10,553	\$31,501	\$14,582		



Note: Net cash flow is the for the respective calendar year.



# MercedCERA Real Estate Performance – as of Mar 31, 2022



## Real Estate Portfolio

- MCERA began investing in the UBS Trumbull core real estate fund in 1999 and this represents the bulk of the real estate portfolio
  - Opportunistic funds began being added in 2014 and they are in the being developed
- Overall performance has met objectives, driven by the core RE fund; opportunistic fund performance is not meaningful

Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 1999												
UBS Trumbull Property Fund	Core RE	17,000	0	18,238	100%	36,822	32,918	69,739	51,502	8.63%	10.20%	3.82x
Vintage Year 1999 Total		17,000	0	18,238	100%	36,822	32,918	69,739	51,502	8.63%	12.95%	3.82x
Vintage Year 2014												
Greenfield Acquisition Partners VII, L.P.	Opportunistic RE	13,000	1,876	12,662	86%	18,044	3,687	21,731	9,069	13.40%	11.54%	1.72x
Vintage Year 2014 Total		13,000	1,876	12,662	86%	18,044	3,687	21,731	9,069	13.40%	10.36%	1.72x
Vintage Year 2016												
Patron Capital Fund V	Opportunistic RE	13,232	2,033	11,545	85%	6,994	7,663	14,657	3,112	10.36%	13.76%	1.27x
Vintage Year 2016 Total		13,232	2,033	11,545	85%	6,994	7,663	14,657	3,112	10.36%	12.52%	1.27x
Vintage Year 2017												
Carlyle Realty Partners VIII, L.P.	Opportunistic RE	5,000	3,605	3,283	28%	2,389	2,801	5,190	1,907	33.83%	15.60%	1.58x
Vintage Year 2017 Total		5,000	3,605	3,283	28%	2,389	2,801	5,190	1,907	33.83%	12.59%	1.58x
Vintage Year 2018												
Taconic CRE Dislocation Fund II	Debt RE	5,000	550	4,634	89%	1,930	3,874	5,804	1,169	11.43%	20.13%	1.25x
AG Realty Value Fund X, L.P.	Opportunistic RE	5,000	1,461	3,875	71%	835	4,254	5,089	1,214	22.94%	23.85%	1.31x
Vintage Year 2018 Total		10,000	2,011	8,509	80%	2,765	8,127	10,893	2,384	15.20%	17.75%	1.28x
Vintage Year 2019												
Rockpoint Real Estate Fund VI, L.P.	Opportunistic RE	5,000	1,871	3,147	63%	0	4,048	4,048	901	N/M	N/M	1.29x
Carmel Partners Investment Fund VII, L.P.	Value-Add RE	5,000	3,087	1,913	38%	0	1,774	1,774	-139	-8.98%	14.16%	0.93x
Vintage Year 2019 Total		10,000	4,958	5,060	50%	0	5,822	5,822	762	17.97%	14.00%	1.15x
Vintage Year 2020												
Cerberus Real Estate Debt Fund, L.P.	Debt RE	7,000	2,690	4,305	62%	0	4,734	4,734	429	N/M	N/M	1.10x
Starwood Distr Opp Fund XII Global, L.P.	Opportunistic RE	8,000	7,040	960	12%	0	1,151	1,151	191	N/M	N/M	1.20x
Vintage Year 2020 Total		15,000	9,730	5,265	35%	0	5,886	5,886	621	N/M	N/M	1.12x
Vintage Year 2021												
Taconic CRE Dislocation Fund III L.P.	Debt RE	8,000	4,000	4,000	50%	0	4,227	4,227	227	N/M	N/M	1.06x
Carlyle Realty Partners IX, L.P.	Opportunistic RE	8,000	8,000	0	0%	0	-33	-33	-33	N/M	N/M	N/A
Carmel Partners Investment Fund VIII, L.P.	Opportunistic RE	8,000	7,406	597	7%	0	543	543	-55	N/M	N/M	0.91x
Vintage Year 2021 Total		24,000	19,406	4,597	19%	0	4,737	4,737	139	N/M	N/M	1.03x
Portfolio Total :		107,232	43,619	69,159	59%	67,014	71,640	138,655	69,496	9.09%	9.04%	2.00x

Note: The benchmark at the total portfolio level is NCREIF NFI-ODCE . Private real estate benchmark at the fund level is the Cambridge Value Add or Opportunistic RE Indices while the Cambridge Global Real Estate Index at the vintage year level.

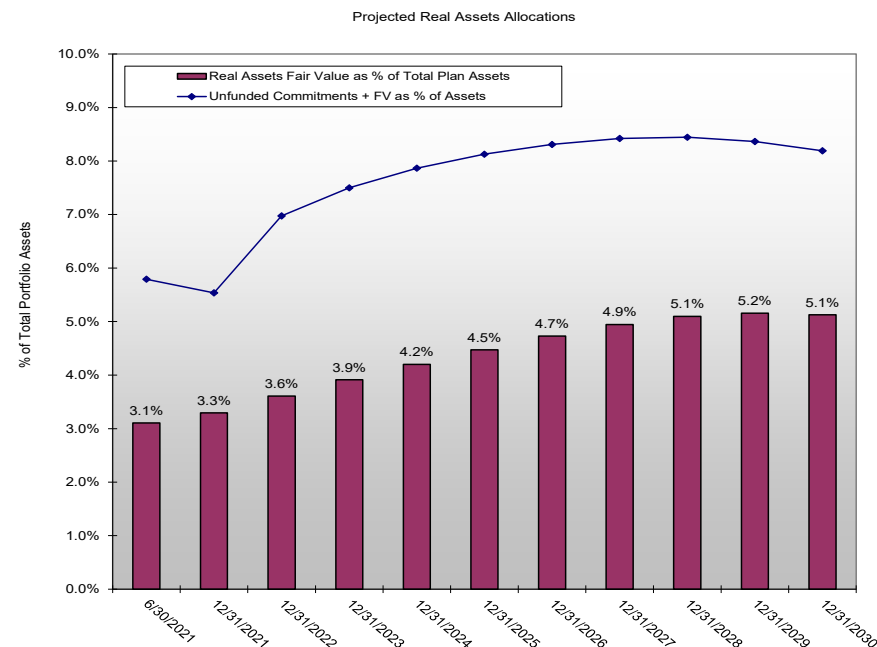
# MercedCERA Real Asset Capital Budget & Implementation Plan

5% fund level target; a decrease from the prior 6% target in 2018

- Increase annual capital budget target from \$15 to \$18 million
  - Range of \$10-\$25 million
- Target 2-4 investments, range of \$5-\$10 million per inv
  - Average investment size of \$8 million
  - If an average of 2-4 GP partnership commitments per year, expect a total of 8-16 GP relationships over a 4 year fund raising cycle
- Portfolio targeted to be equally split between infrastructure and energy/natural resource funds

## Performance comparisons:

- Long term investment objective: Earn a return premium over inflation (CPI-U + 5%)
- Recommended primary asset class benchmark: 50/50 Cambridge Global Infrastructure/Cambridge Energy Upstream & Royalties and Private Energy Index
- Recommended fund benchmarks: Each fund will be compared to the Cambridge Associates strategy universe for the respective vintage years and each vintage year will be compared to the 50/50 index



Note: MCERA's existing real asset portfolio was modeled using vintage year drawdown/return of capital assumptions patterned after historical category averages. Total fund growth rate of 5.5%.

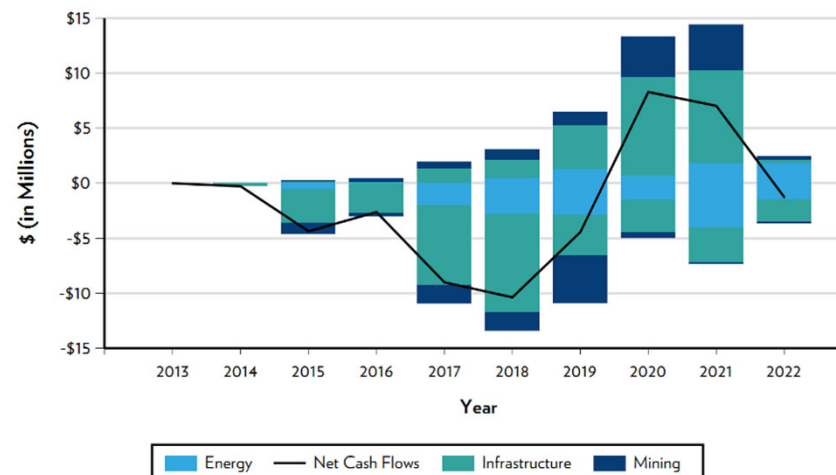
# MercedCERA Real Assets Investment Structure & Portfolio Assessment

## Real assets investment structure (5% target, 5.3% actual as of May 2022)

- Program is designed to be equally divided between private infrastructure and natural resource funds along with a public real asset component
- Private fund commitments began in 2014 to infrastructure and 2015 to natural resources
- The majority of the portfolio is in development
  - Distributions exceed contributions by \$6 mm as the older infrastructure funds continue to return capital

Annual Summary									
(in thousands)	Total Partnerships	Total Commitment	(A) Contributions	(B) Distributions	(C) Fair Value	(B+C) Total Value	(B+C-A) Gain Loss	Net IRR	Benchmark
March 31, 2021	13	\$75,659	\$50,701	\$27,393	\$36,588	\$63,981	\$13,280	11.33%	1.05%
March 31, 2022	14	\$83,381	\$59,354	\$42,392	\$36,738	\$79,130	\$19,776	12.80%	4.97%
Annual Change	0	\$7,722	\$8,653	\$14,999	\$150	\$15,149	\$6,496		

Annual Cash Flow



Note: Net cash flow is the for the respective calendar year.

# MercedCERA Real Assets Performance – as of Mar 31, 2022

## Real Asset Portfolio

- MCERA began allocating to real assets in 2014 via direct fund commitments
- Portfolio is in its development stage; the energy funds have improved in value as energy prices have risen; the VY 2017-22 funds are being built out

Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 2014												
KKR Global Infrastructure II	Infrastructure	10,000	405	11,084	96%	13,465	5,821	19,286	8,202	17.35%	10.47%	1.74x
<b>Vintage Year 2014 Total</b>		<b>10,000</b>	<b>405</b>	<b>11,084</b>	<b>96%</b>	<b>13,465</b>	<b>5,821</b>	<b>19,286</b>	<b>8,202</b>	<b>17.35%</b>		<b>1.74x</b>
Vintage Year 2015												
GSO Energy Select Opportunities Fund	Energy	7,500	3,454	4,501	54%	4,524	1,460	5,984	1,483	8.53%	9.20%	1.33x
North Haven Infrastructure Partners II LP	Infrastructure	10,000	1,206	11,499	88%	9,449	5,400	14,849	3,350	9.40%	9.42%	1.29x
Taurus Mining Finance Fund	Mining	5,000	522	5,355	90%	5,707	428	6,135	780	7.43%	N/A	1.15x
<b>Vintage Year 2015 Total</b>		<b>22,500</b>	<b>5,181</b>	<b>21,356</b>	<b>77%</b>	<b>19,680</b>	<b>7,288</b>	<b>26,968</b>	<b>5,612</b>	<b>8.83%</b>		<b>1.26x</b>
Vintage Year 2016												
Taurus Mining Finance Annex Fund	Mining	5,000	948	4,658	81%	5,835	285	6,120	1,462	20.11%	N/A	1.31x
<b>Vintage Year 2016 Total</b>		<b>5,000</b>	<b>948</b>	<b>4,658</b>	<b>81%</b>	<b>5,835</b>	<b>285</b>	<b>6,120</b>	<b>1,462</b>	<b>20.11%</b>		<b>1.31x</b>
Vintage Year 2017												
EnCap Energy Capital Fund XI, L.P.	Energy	5,000	1,522	3,576	70%	257	4,135	4,392	816	12.73%	12.36%	1.23x
ISQ Global Infrastructure Fund II	Infrastructure	5,000	1,301	4,658	74%	1,010	5,140	6,150	1,492	15.37%	8.59%	1.32x
<b>Vintage Year 2017 Total</b>		<b>10,000</b>	<b>2,823</b>	<b>8,234</b>	<b>72%</b>	<b>1,266</b>	<b>9,275</b>	<b>10,541</b>	<b>2,308</b>	<b>14.31%</b>		<b>1.28x</b>
Vintage Year 2018												
EnCap Flatrock Midstream IV, L.P.	Energy	3,000	1,494	1,584	50%	732	1,153	1,885	301	7.89%	8.01%	1.19x
Ardian Infrastructure Fund V	Infrastructure	4,881	2,738	2,221	44%	82	2,261	2,343	122	6.33%	11.98%	1.05x
KKR Global Infrastructure Investors III	Infrastructure	5,000	1,276	4,065	74%	839	3,779	4,618	552	9.06%	11.98%	1.14x
<b>Vintage Year 2018 Total</b>		<b>12,881</b>	<b>5,509</b>	<b>7,870</b>	<b>57%</b>	<b>1,653</b>	<b>7,193</b>	<b>8,846</b>	<b>975</b>	<b>8.24%</b>		<b>1.12x</b>
Vintage Year 2019												
Global Energy & Power Infr III F, L.P.	Energy	5,000	2,470	2,785	51%	493	2,659	3,152	366	9.87%	13.12%	1.13x
Tailwater Energy Fund IV, LP	Energy	5,000	2,025	2,973	59%	0	3,892	3,892	918	20.43%	27.54%	1.31x
<b>Vintage Year 2019 Total</b>		<b>10,000</b>	<b>4,495</b>	<b>5,759</b>	<b>55%</b>	<b>493</b>	<b>6,551</b>	<b>7,043</b>	<b>1,285</b>	<b>15.60%</b>		<b>1.22x</b>
Vintage Year 2021												
ISQ Global Infrastructure Fund III, L.P.	Infrastructure	5,000	4,607	393	8%	0	323	323	-70	N/M	N/M	0.82x
KKR Global Infrastructure Investors IV	Infrastructure	8,000	8,000	0	0%	0	3	3	3	N/M	N/M	N/A
<b>Vintage Year 2021 Total</b>		<b>13,000</b>	<b>12,607</b>	<b>393</b>	<b>3%</b>	<b>0</b>	<b>325</b>	<b>326</b>	<b>-67</b>	<b>N/M</b>		<b>0.83x</b>
<b>Portfolio Total :</b>		<b>83,381</b>	<b>31,968</b>	<b>59,354</b>	<b>62%</b>	<b>42,392</b>	<b>36,738</b>	<b>79,130</b>	<b>19,776</b>	<b>12.80%</b>	<b>4.97%</b>	<b>1.33x</b>

Note: Benchmark is 50% S&P Natural Resources and 50% S&P Infrastructure. Benchmarks for individual funds are the respective Cambridge strategy benchmark.

# MercedCERA Direct Lending Capital Budget & Implementation Plan

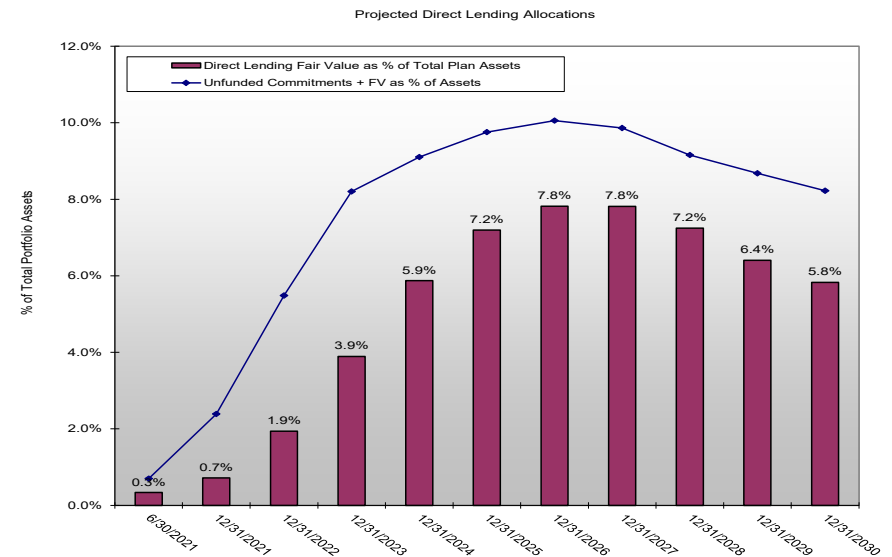
## 5% fund level target approved in Oct 2021

- Target a \$40 million capital budget for 2022
  - Range of \$30-\$50 million
- Target 2-4 investments, range of \$10-\$25 million per inv
  - Average investment size of \$20 million

Moved Silver Point Specialty Credit II (VY 2019) from PE to DL

## Performance comparisons:

- Recommended primary asset class benchmark: S&P LSTA + 2%



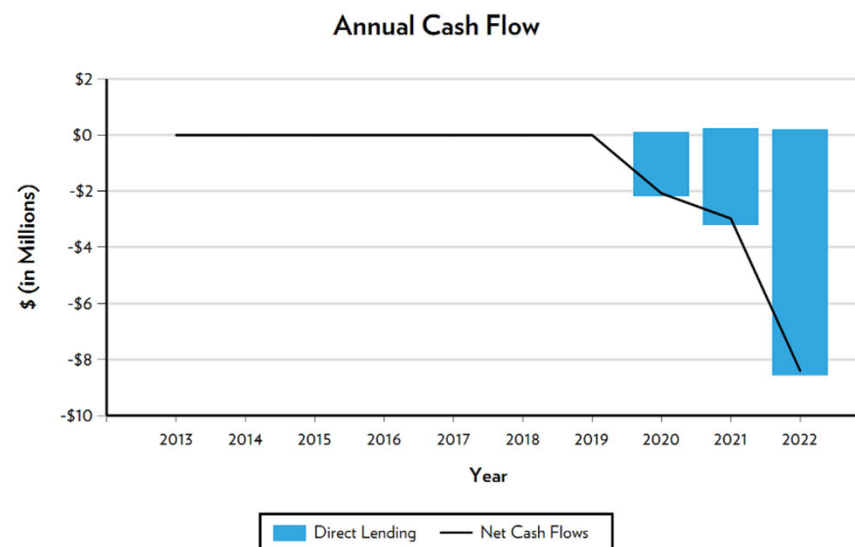
Note: MCERA's existing portfolio was modeled using vintage year drawdown/return of capital assumptions patterned after historical category averages. Total fund growth rate of 5.5%.

# MercedCERA Direct Lending Investment Structure & Portfolio Assessment

## Direct Lending investment structure (5% target, 1.9% actual as of May 2022)

- Program was approved with the asset allocation in Oct 2021
- Silver Point was moved over from the PE portfolio and new commitments began at year end 2021
- The overall portfolio is immature with the funds in the early stage of development
  - Contributions exceed distributions by \$8.4 mm as the program is being built out

Quarterly Summary									
(in thousands)	Total Partnerships	Total Commitment	(A) Contributions	(B) Distributions	(C) Fair Value	(B+C) Total Value	(B+C-A) Gain Loss	Net IRR	Benchmark
December 31, 2021	2	\$28,000	\$5,395	\$344	\$5,775	\$6,119	\$724	N/M	N/M
March 31, 2022	3	\$48,000	\$13,986	\$537	\$14,321	\$14,858	\$873	N/M	N/M
Quarterly Change	1	\$20,000	\$8,591	\$193	\$8,546	\$8,739	\$148	N/M	N/M



# MercedCERA Direct Lending Performance – as of Mar 31, 2022



## Direct Lending Portfolio

- Silver Point was moved over from PE to DL
- Portfolio is in its early stages of development so performance is not meaningful

Partnership Name	Strategy	(A) Commit. Amount	Unfund. Amount	(B) Cumulat. Cont.	% Drawn	(C) Cumulat. Dist.	(D) Fair Value	(C+D) Total Value	(C+D-B) Gain/Loss	Net IRR	IRR Bench.	TVPI
Vintage Year 2019 Silver Point Specialty Credit Fund II, L.P.	Direct Lending	8,000	1,984	5,820	75%	537	5,929	6,465	645	N/M	N/M	1.11x
Vintage Year 2019 Total		8,000	1,984	5,820	75%	537	5,929	6,465	645	N/M		1.11x
Vintage Year 2021 Ares Senior Direct Lending Fund II L.P.	Direct Lending	20,000	15,835	4,165	21%	0	4,412	4,412	247	N/M	N/M	1.06x
Varagon Capital Direct Lending Fund	Direct Lending	20,000	16,000	4,000	20%	0	3,981	3,981	-19	N/M	N/M	1.00x
Vintage Year 2021 Total		40,000	31,835	8,165	20%	0	8,393	8,393	227	N/M		1.03x
Portfolio Total :		48,000	33,819	13,986	30%	537	14,321	14,858	873	N/M	N/M	1.06x

Note: Benchmark is S&P LSTA.

# MercedCERA Hedge Fund Performance – as of Aug 31, 2022



Fund	Market Value	Actual %	Aug	QTD	YTD	Returns 1 Year	3 Year	5 Year	Incep	Std Dev	Sharpe Ratio	Incep Date
<b>Market Neutral</b>												
Laurion Capital, Ltd.	12,966,398	12.1%	0.67%	-0.36%	-7.07%	-6.64%	13.95%	-	11.51%	13.38%	0.78	Jul-18
Market Neutral - HF Total	12,966,398	12.1%	0.67%	-0.36%	-7.06%	-6.83%	3.24%	-	3.34%	9.49%	0.25	Oct-17
HFRI Relative Value (Total) Index			0.77%	1.63%	-0.53%	0.16%	4.21%	-	3.71%	5.67%	0.42	Oct-17
<b>Credit/Distressed</b>												
Silver Point Capital Fund, L.P.	18,039,960	16.9%	3.75%	3.75%	3.98%	6.95%	14.61%	-	9.06%	7.86%	0.96	Dec-17
Credit/Distressed - HF Total	18,039,960	16.9%	3.75%	3.75%	3.98%	6.95%	14.61%	-	9.06%	7.86%	0.96	Dec-17
HFRI EDDistressed/Restructuring Index			0.41%	1.13%	-2.57%	-1.20%	7.96%	-	5.54%	8.10%	0.53	Dec-17
<b>Event Driven</b>												
Taconic Opportunity Fund L.P.	13,641,207	12.8%	-1.26%	-0.05%	-2.82%	-0.58%	3.02%	-	3.30%	6.31%	0.36	Dec-18
Event Driven - HF Total	13,641,207	12.8%	-1.26%	-0.05%	-2.82%	-0.58%	3.02%	-	3.30%	6.31%	0.36	Dec-18
HFRI Event-Driven (Total) Index			0.79%	2.80%	-4.77%	-3.68%	6.42%	-	5.63%	9.71%	0.49	Dec-18
<b>Equity Long/Short</b>												
Archipelago Partners, L.P.	14,223,265	13.3%	0.34%	0.22%	-2.06%	0.84%	5.98%	5.55%	5.55%	7.83%	0.55	Sep-17
Marshall Wace Funds LP - MW Eureka (US) Fund	4,368,788	4.1%	1.51%	1.13%	2.66%	5.11%	9.75%	-	8.23%	6.12%	1.09	Dec-17
Marshall Wace Funds LP - MW Global Opportunities (US) Fund	10,139,270	9.5%	3.69%	3.29%	4.47%	2.98%	-	-	5.06%	9.55%	0.50	Apr-20
Equity Long/Short - HF Total	28,731,323	26.9%	1.68%	1.42%	0.87%	2.22%	5.48%	5.42%	5.42%	7.37%	0.56	Sep-17
HFRI Equity Hedge (Total) Index			-0.23%	1.97%	-10.01%	-10.15%	7.80%	5.57%	5.57%	10.40%	0.44	Sep-17
<b>Global Macro-Discretionary</b>												
Caxton Global Investments (USA) LLC	11,377,857	10.6%	1.40%	0.92%	13.32%	18.78%	-	-	10.17%	6.24%	1.45	May-21
Graham Absolute Return Trading Ltd.	9,582,993	9.0%	3.45%	3.44%	19.82%	23.06%	8.35%	6.52%	6.52%	9.31%	0.58	Sep-17
Global Macro-Discretionary - HF Total	20,960,850	19.6%	2.33%	2.06%	16.20%	20.70%	7.94%	6.28%	6.28%	8.94%	0.57	Sep-17
HFRI Macro (Total) Index			1.57%	0.75%	9.34%	9.27%	6.73%	5.18%	5.18%	5.28%	0.71	Sep-17
<b>Multi-Strategy</b>												
Sculptor Domestic Partners II, L.P.	12,498,270	11.7%	0.79%	2.99%	-9.00%	-10.09%	6.48%	5.97%	6.02%	7.39%	0.68	Jul-14
Multi-Strategy - HF Total	12,498,270	11.7%	0.79%	2.99%	-9.00%	-10.09%	6.48%	5.97%	6.02%	7.39%	0.68	Jul-14
HFRI Relative Value (Total) Index			0.77%	1.63%	-0.53%	0.16%	4.21%	3.73%	3.51%	4.72%	0.52	Jul-14
<b>MCERA Hedge Fund Portfolio</b>	<b>106,838,007</b>	<b>100.0%</b>	<b>1.53%</b>	<b>1.70%</b>	<b>1.18%</b>	<b>2.83%</b>	<b>6.34%</b>	<b>5.29%</b>	<b>4.72%</b>	<b>5.45%</b>	<b>0.67</b>	<b>Jul-14</b>
<b>Benchmarks</b>												
HFRI Fund of Funds Composite Index			0.88%	1.66%	-5.03%	-4.50%	4.69%	3.58%	2.99%	5.24%	0.38	Jul-14
<b>Market Indices</b>												
Libor3Month			0.26%	0.49%	1.07%	1.12%	0.83%	1.39%	1.10%	0.26%	-	Jul-14
Bloomberg US Aggregate Bond Index			-2.83%	-0.45%	-10.75%	-11.52%	-1.99%	0.52%	1.39%	3.84%	0.10	Jul-14
Bloomberg US High Yield Bond Index			-2.30%	3.46%	-11.22%	-10.60%	1.02%	2.58%	3.36%	7.79%	0.32	Jul-14
S&P 500 TR			-4.08%	4.77%	-16.14%	-11.23%	12.39%	11.83%	11.07%	15.00%	0.70	Jul-14
MSCI AC World Index Free - Net			-3.68%	3.04%	-17.75%	-15.88%	8.03%	6.97%	6.44%	14.46%	0.43	Jul-14
MSCI EAFE - Net			-4.75%	0.00%	-19.57%	-19.80%	2.39%	1.63%	1.77%	14.65%	0.12	Jul-14
MSCI EMF (Emerging Markets Free) - Net			0.42%	0.17%	-17.49%	-21.80%	2.74%	0.59%	1.75%	16.45%	0.12	Jul-14



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