BOARD OF UNIVERSITY AND SCHOOL LANDS
JANUARY 25, 2024 9:00 AM

NORTH Dakota | Trust Lands
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Governor's Conference Room and Microsoft Teams meeting
Join on your computer, mobile app or room device
Click here to join the meeting
Or call in (audio only)
+1 701-328-0950,,402850949#   United States, Fargo
Phone Conference ID: 402 850 949#

Meeting Coordinators: Catelin Newell – Dir. Admin Services & IT, Kate Schirado – Exec. Assistant

➢ = **Board Action Requested**

1. **Approval of Meeting Minutes – Joseph Heringer, Commissioner**

   Consideration of Approval of Land Board Meeting Minutes by voice vote.

   ➢ A. December 20, 2023 – minutes available via link

2. **Operations – Joseph Heringer, Commissioner**

   A. Commissioner's Report – pg. 2

   B. Financial Dashboard – pg. 3

   C. Commissioner Performance & Compensation Committee Update – Treasurer Beadle

3. **Division Reports – Joseph Heringer, Commissioner**

   A. Surface – Joseph Stegmiller, Surface Director – pg. 8

   B. Minerals – Chris Suelzle, Minerals Director – pg. 9

   C. Unclaimed Property – Susan Dollinger, Unclaimed Property Director – pg. 12

   D. Financials – Peggy Gudvangen, CFO - financial report available via link

   E. Executive Summary of Assets – Frank Mihail, CIO – pg. 13

4. **Investments – Frank Mihail, CIO**

   A. Investments Updates – pg. 15

   ➢ B. Private Credit Recommendation – Ares: Juliette Schainuck, Keith Ashton – pg. 18

   C. Private Equity Pacing Plan – presented by RVK – pg. 64

   ➢ D. Private Equity Recommendation – Grosvenor: RVK – pg. 81

5. **Special Projects – Joseph Heringer, Commissioner**

   ➢ A. Administrative Rules – Second Reading – pg. 111

6. **Litigation – Joseph Heringer, Commissioner – pg. 119**

Next Meeting Date – February 29, 2024

RE: Commissioner's Report
(No Action Requested)

- Oil Royalty Deductions Settlements - In discussions with two major Bakken operators; anticipating agreements can be reached Q1 2024
- Biennial Strategic Planning – initial overview submitted to governor's office January 15th; our Leadership Team will be conducting a series of sessions over the next several weeks to complete our strategic plan
- Cash Management Study – member of Study Steering Committee; result of procurement process was the hiring of RVK; kick-off meeting was held on January 12th and RVK has begun conducting information gathering interviews with involved agencies; Trust Lands initial interview is scheduled for January 29th
- Our team continues to be involved helping to provide coordinated statewide agency responses to various other proposed federal rules (oil & gas, environmental, land & travel management plans, etc.)
- January 23 – attended Governor Burgum's State of the State address in Dickinson
- January 26 – will attend State Investment Board - Investment Committee meeting as a voting member

COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW

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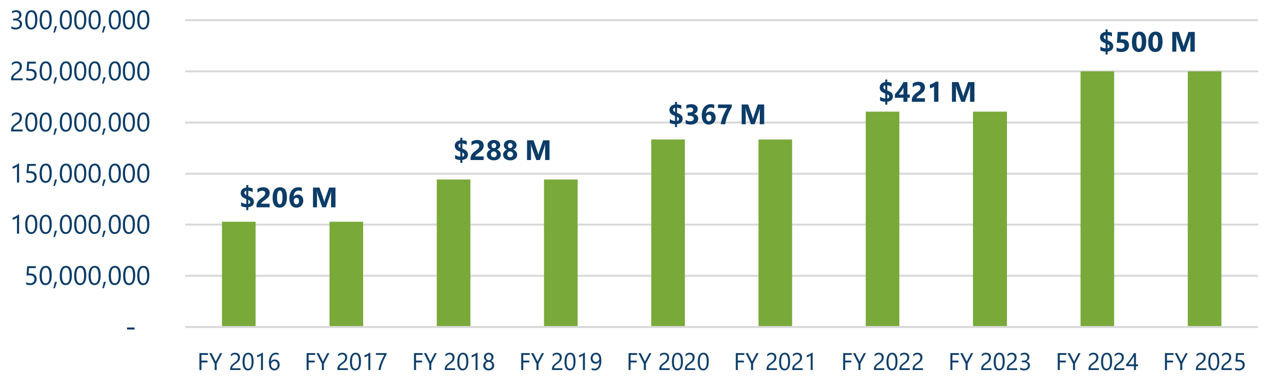
CSTF ASSET BALANCE as of 10/31/2023 (unaudited)

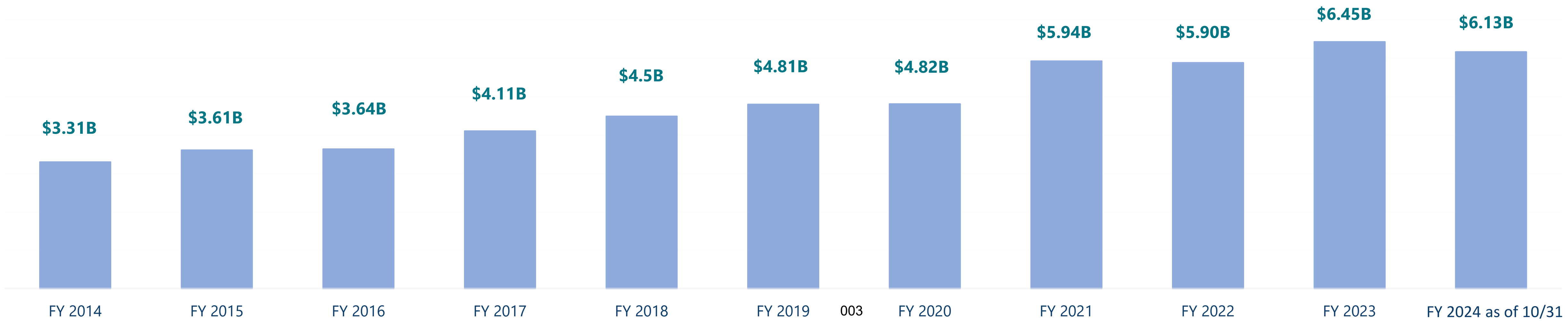
$6,133,874,796

+$614 million from 10/31/22 balance of $5.5 billion

CSTF DISTRIBUTION HISTORY PER BIENNIUM



CSTF ASSET BALANCE HISTORY



COMMON SCHOOLS TRUST FUND 2023-25 (CSTF) DISTRIBUTIONS

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The monthly CSTF distribution to the State Tuition Fund for the 2023-25 biennium

$27,770,000

=$2,160/student per year

The FYTD CSTF distribution to the State Tuition Fund since July 2023 for the 2023-25 biennium

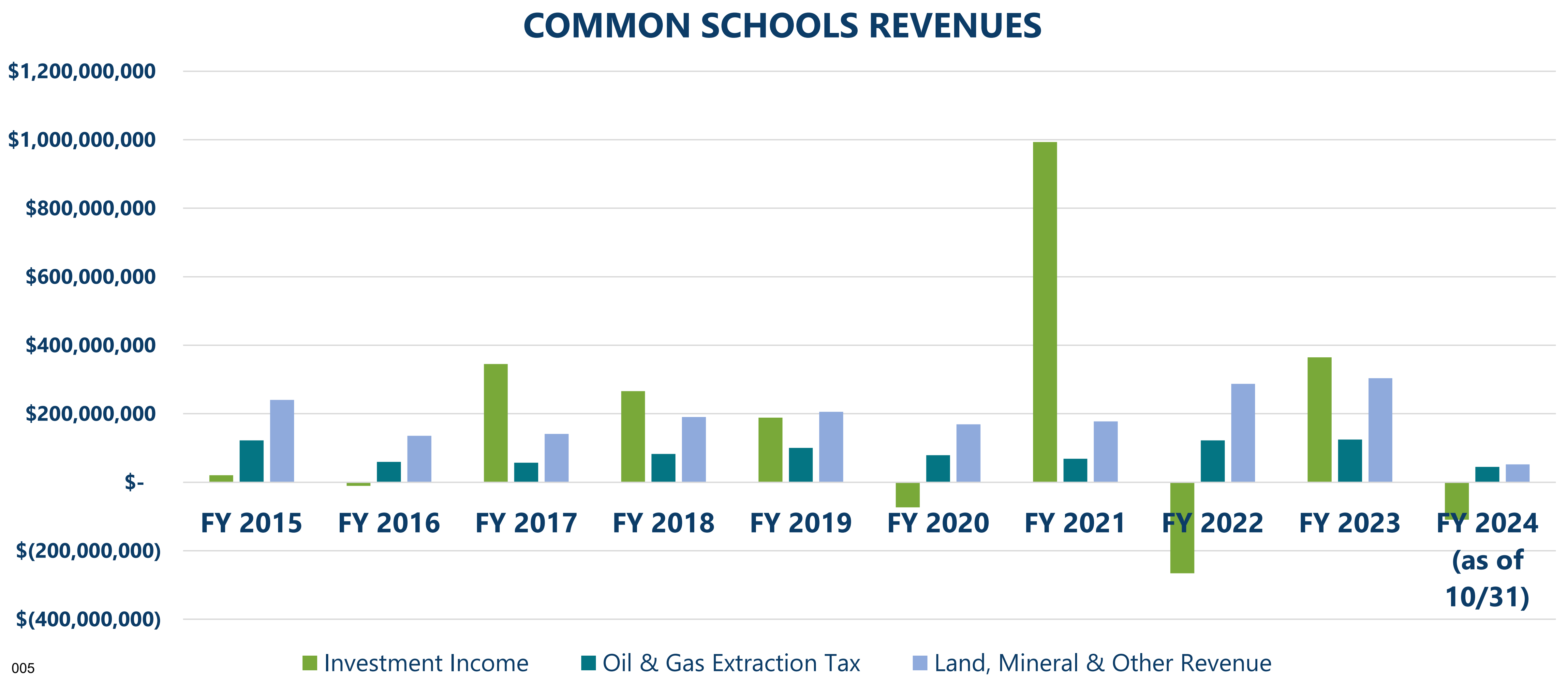
$166,200,000

CSTF Distributions Since FY 2014

$1.58 BILLION

Supporting the state general fund and property tax relief for North Dakota citizens

COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW



STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) OVERVIEW

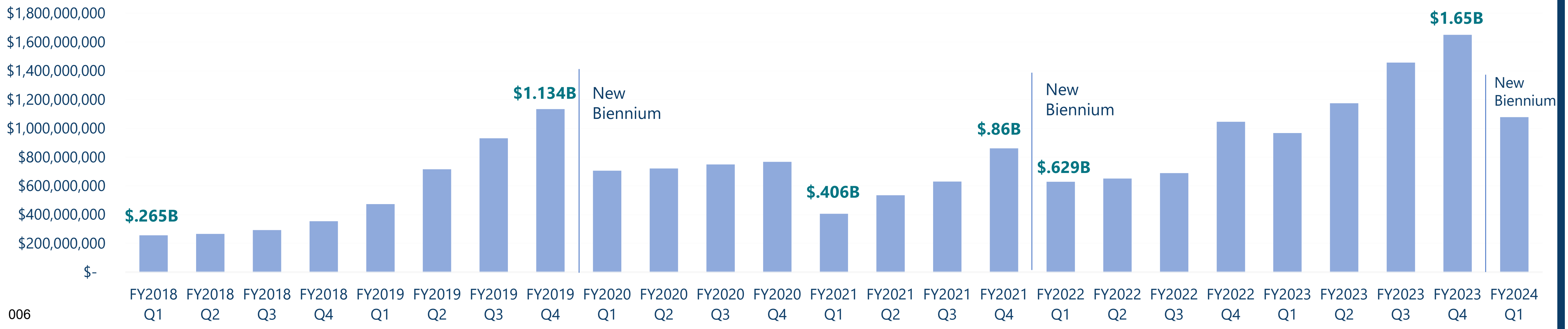
SIIF BALANCE as of 9/30/2023 (unaudited)

- Total Balance - $1,077,793,639
- Uncommitted Balance – $397,522,216

SIIF BALANCE as of 10/31/2023 (unaudited)

- Total Balance - $940,295,358
- Uncommitted Balance – $422,013,537

SIIF QUARTERLY BALANCE HISTORY (UNAUDITED)



STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) HIGHLIGHTS

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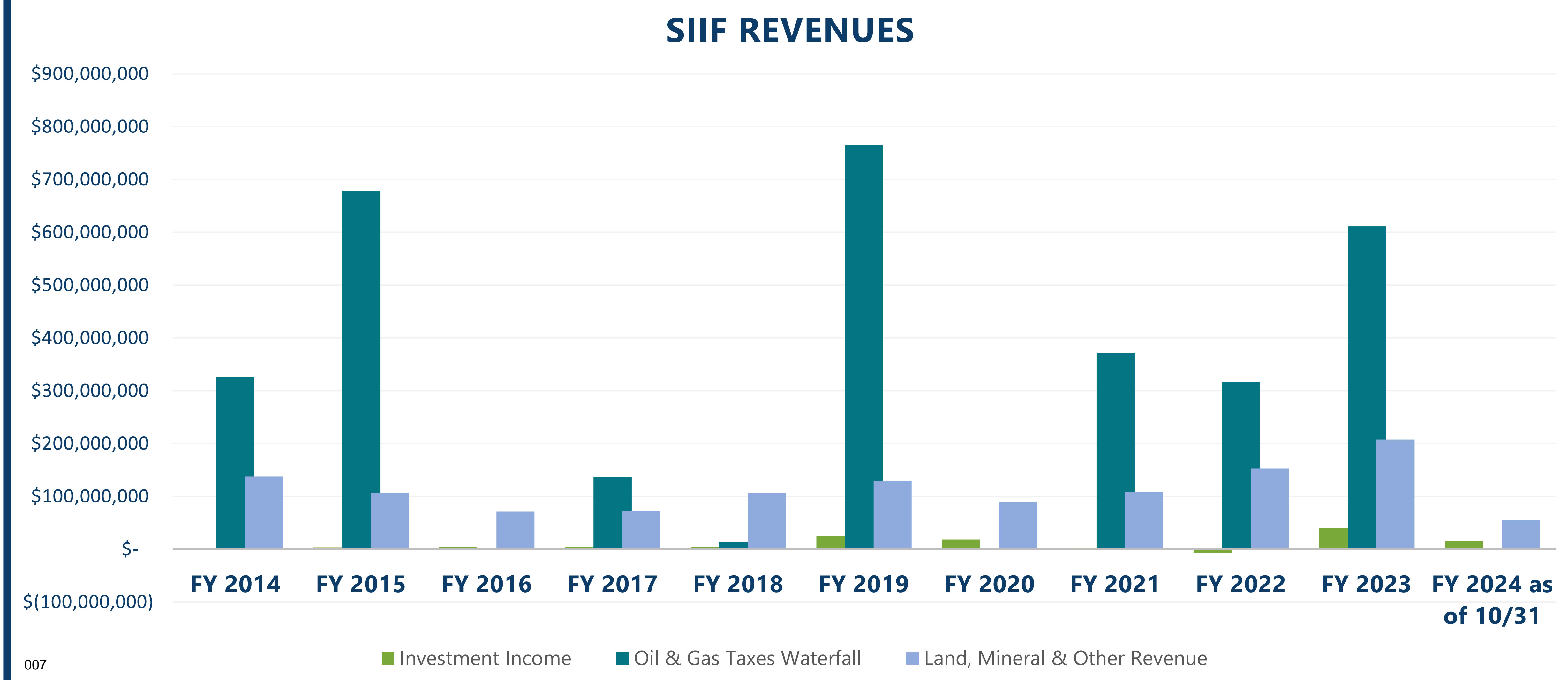

SURFACE DIVISION

Encumbrances issued by Commissioner during December 2023: 8 Right of Way Agreements generating $87,063 in income for the Trusts.

Trust Lands in McKenzie County 149-98-16 taken in September 2023. Photo Credit: Garret Hecker

MINERALS DIVISION

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The Minerals Division is preparing for the Department's next online Oil & Gas Lease Auction. The auction will open on February 6, 2024, and close on February 13, 2024. The auction will be hosted by EnergyNet.

375 tracts, comprising a total of 33,754.48 net mineral acres, have been nominated for the auction.

South of Watford City, McKenzie County, TRNP North Unit

Tracts nominated for the Online Oil & Gas Lease Auction
February 6-13, 2024

County	# Tracts	# Net Acres
Billings	18	2,168.08
Bottineau	1	80.00
Burke	9	1,120.00
Dunn	29	2,842.82
Golden Valley	14	2,080.00
Hettinger	2	160.00
McKenzie	47	6,550.01
McLean	3	317.08
Mountrail	66	5,154.15
Renville	15	1,197.88
Stark	10	486.21
Ward	156	11,238.25
Williams	5	360.00
TOTAL	**375** Tracts	**33,754.48** Net Acres

MINERALS DIVISION FISCAL YTD O/G ROYALTIES

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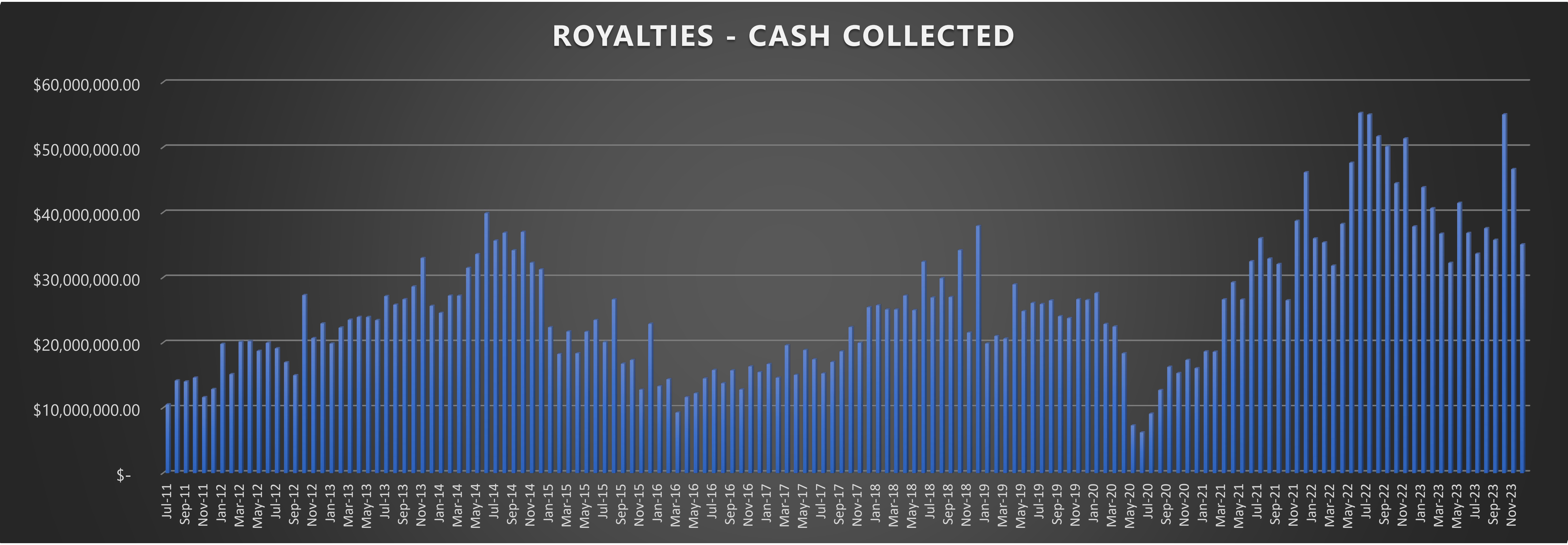
As of December 31, 2023*, for fiscal year 2023-24 the Department has received **$243,896,929** in royalties as compared to **$290,597,599** last fiscal year at this time.



*December royalty revenue is from October gas production and November oil production.

PRICE MAIN DRIVER OF O/G ROYALTIES

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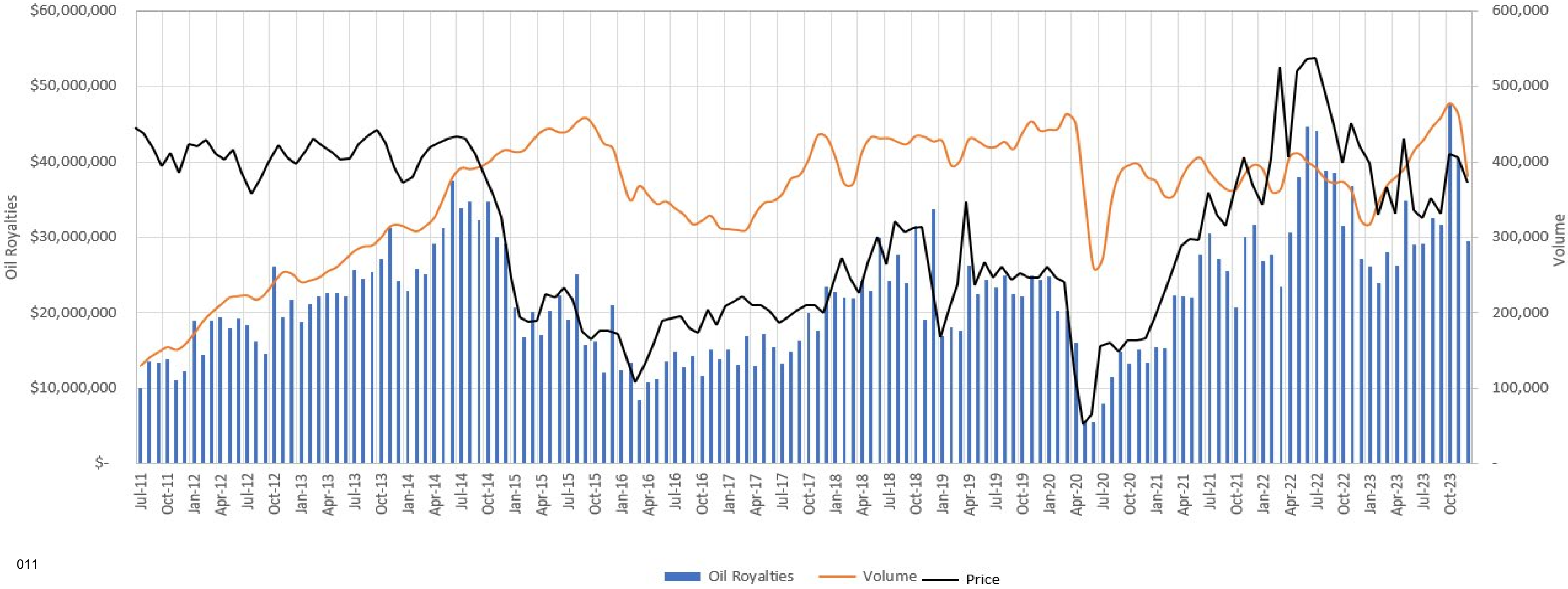
In the early years production growth was the driver of the Department's royalty increases. Now that our net monthly production has been more stable, averaging around 450,000 barrels per month this biennium, the price of oil & gas is the main driver of monthly royalty variations.



UNCLAIMED PROPERTY DIVISION

https://unclaimedproperty.nd.gov

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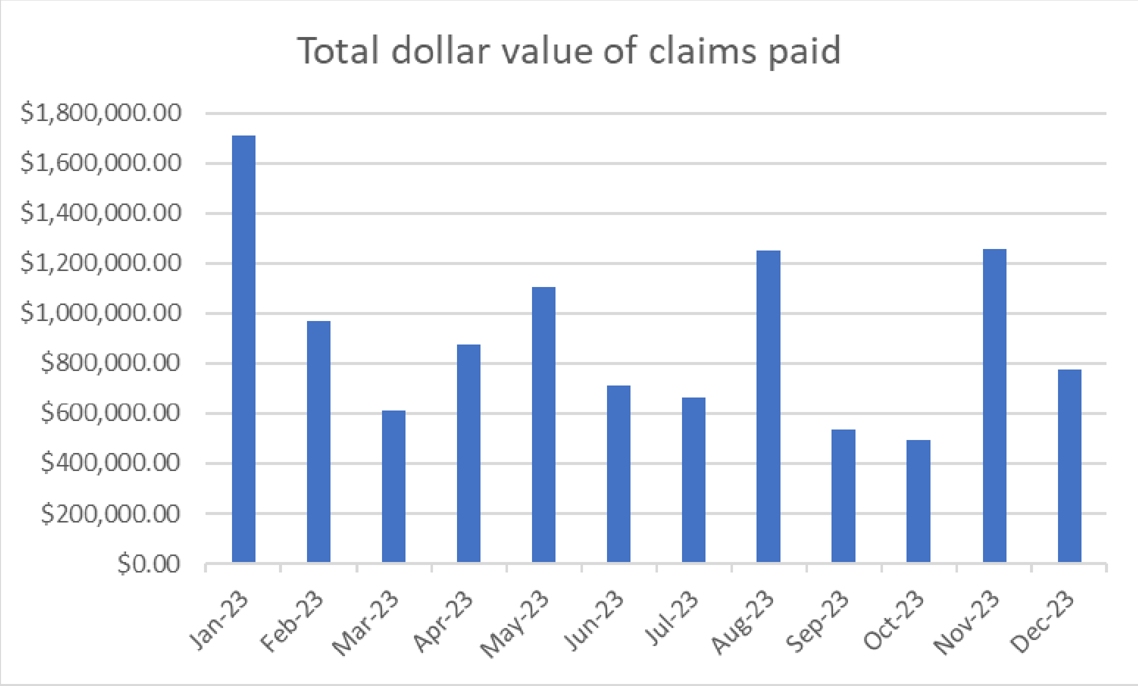
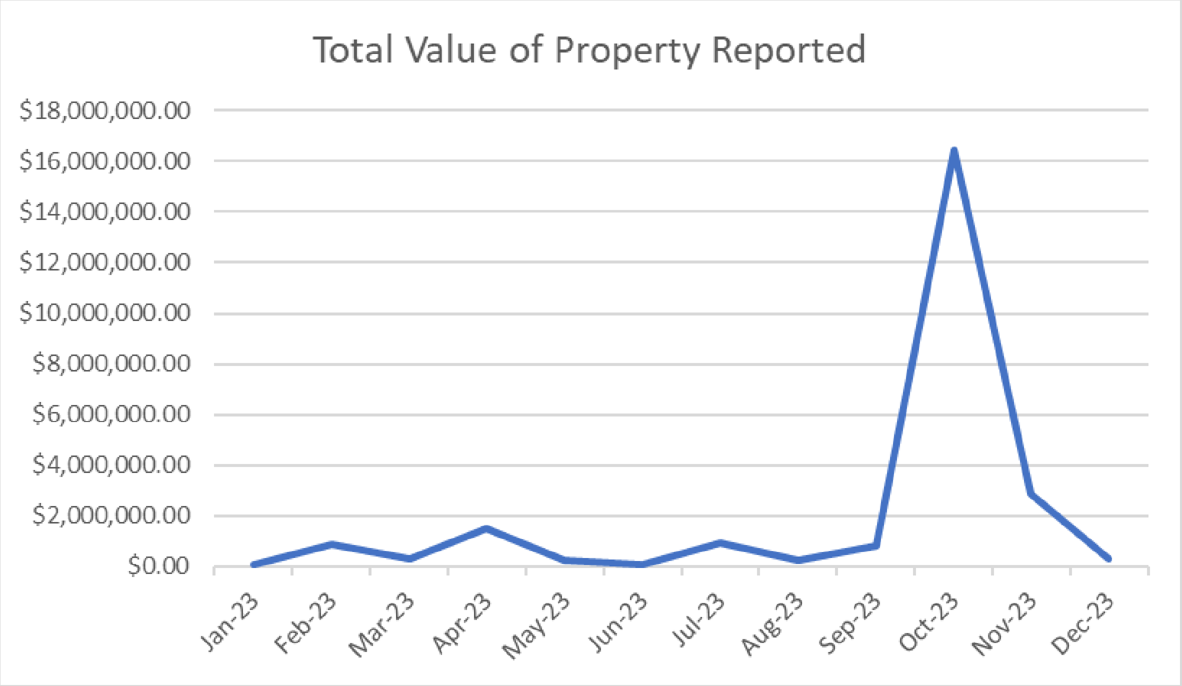
For the month of December 2023, the Division paid 774 claims with $778,509.13 returned to rightful owners/heirs. The Division also received 74 holder reports with a dollar value of $296,766.65



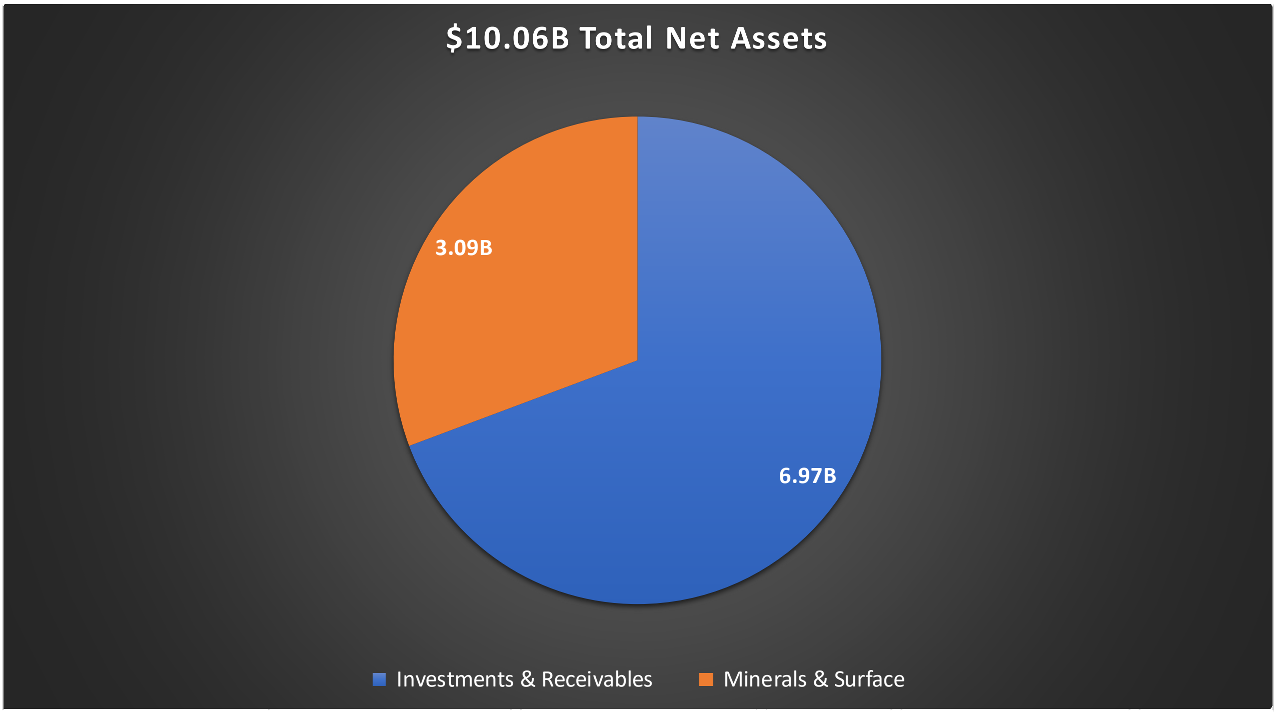


February 1st is National Unclaimed Property Day!

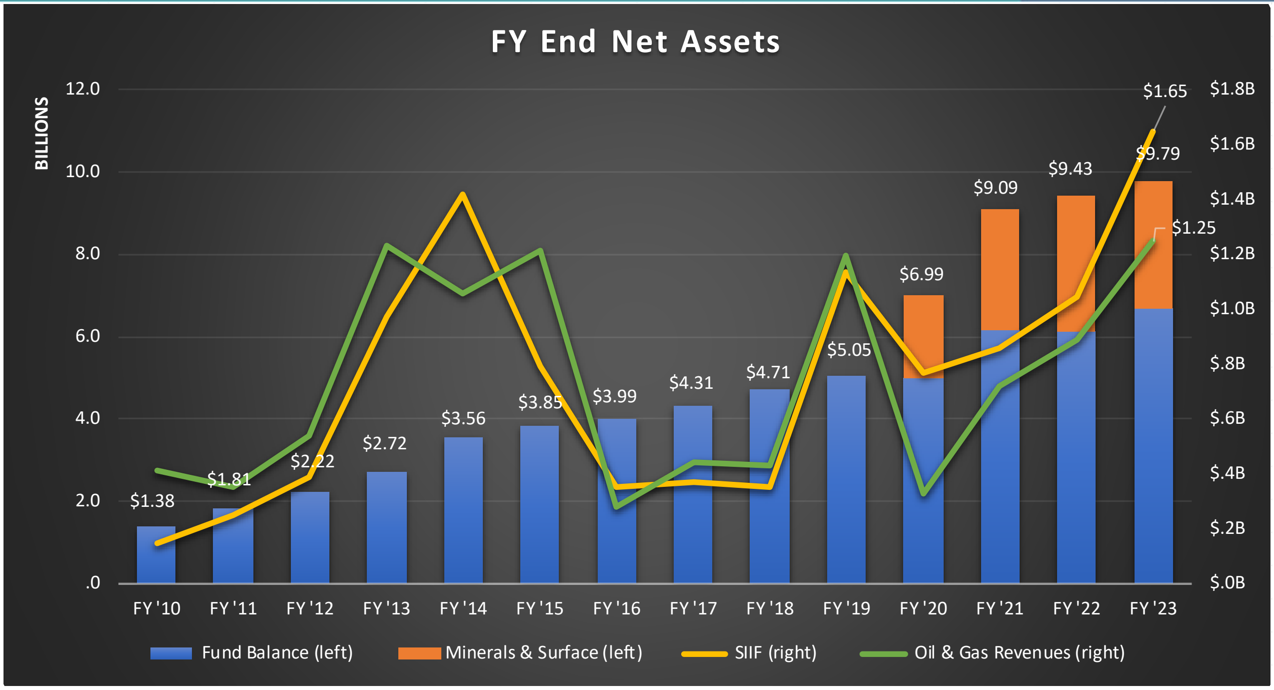
**RE: Executive Estimate of Board Assets
(No Action Requested)**

EXECUTIVE ESTIMATE OF ASSETS
NORTH DAKOTA DEPARTMENT OF TRUST LANDS
As of December 31, 2023

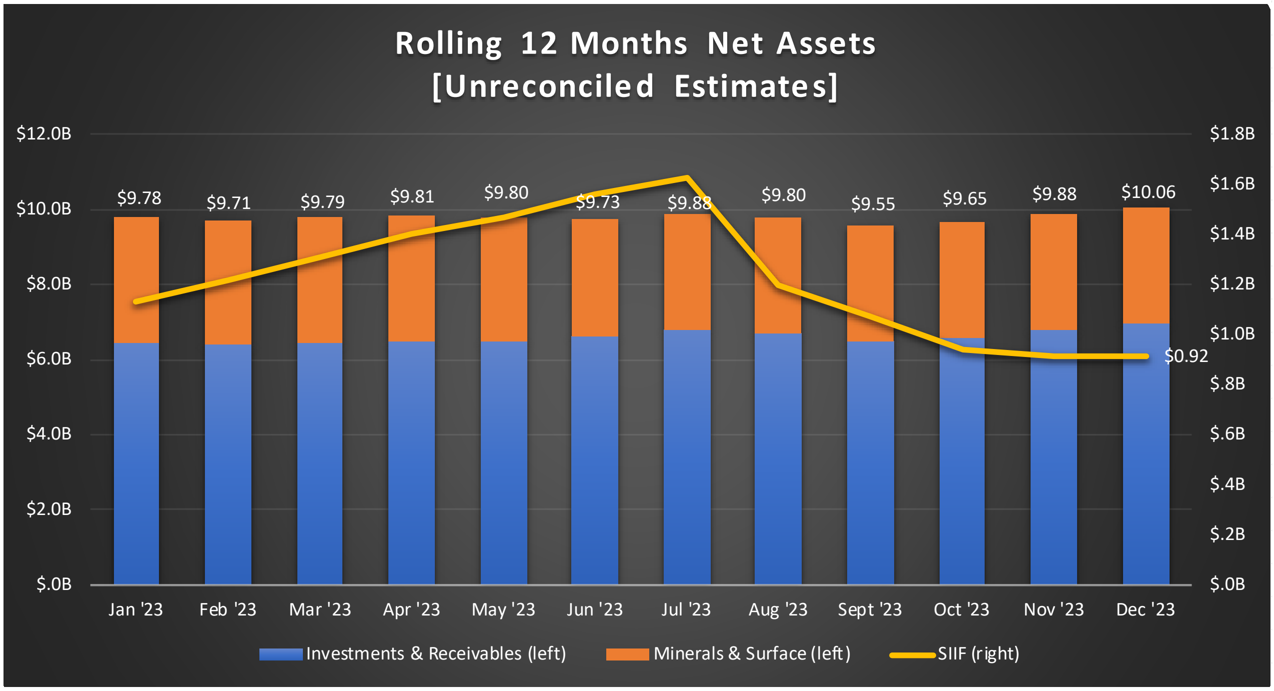
	12/31/2023 Value	MOM$ 11/30/2023 Value	MOM% Change	YOY$ 12/31/2022 Value	YOY% Change
Cash	248,841,650	224,120,045		162,296,751	
Investments[1]	6,665,792,280	6,520,197,187		6,035,272,104	
Loans[2]	41,892,659	41,895,343		39,696,314	
Receivables[3]	11,259,065	11,008,267		7,168,417	
Sub-Total Net Assets	***$6,967,785,654***	***6,797,220,842***	***2.51%***	***$6,244,433,585***	***11.58%***
Mineral Rights[5]	2,568,614,367	2,568,614,367		2,813,480,347	
Surface Rights[6]	518,077,274	518,077,274		511,088,869	
Building Value[7]	1,015,196	1,015,196		1,015,196	
Total Net Assets	***$10,055,492,491***	***$9,884,927,679***	***1.73%***	***$9,570,017,997***	***5.07%***
SIIF[4]	915,736,495	915,599,874		1,028,931,059	



[1] Approximately 40% publicly traded with daily marks and 60% private markets with monthly or quarterly marks.
[2] Various loan programs funded with trust assets.
[3] Loans and investments interest accrued, but not yet paid.
[4] Strategic Investment and Improvements Fund subject to biennal appropriations.
[5] Valued annually via contract with Mineral Tracker. Valuation as of June 30, 2023.
[6] Valued annually via Department fair market value policy. Valuation as of March 2023, based off agricultural values.
[7] Updated every other year via broker price opinion. Listed valuation is as of Sept. 15,2022.



[1] FY 2023 includes mineral rights value of $2,568,614,367, appraised building value of $1,015,196 and surface rights value of $518,077,274



[1] Jun 2023 includes mineral rights value of $2,568,614,367
[2] Sep 2022 includes appraised building value of $1,015,196
[3] Mar 2023 includes surface rights value of $518,077,274

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RE: Investment Updates
(No Action Requested)

Q1-Q2 Pipeline
Private Equity: venture capital recommendation
Public Credit: core fixed income recommendation
Absolute Return: multi-strat hedge fund recommendation
Infrastructure: infrastructure recommendation

Capital Calls Funded and Pending:
2023 YTD $80.2M
2024 Q1 $2.5M

Total Unfunded Commitments Remaining $449.3M (as of December 31, 2023):

1. Private Credit, $71.8M
   i. *Ares Pathfinder Fund, $26.8M*
   ii. *Owl Rock Diversified Lending, $45M*

2. Private Equity, $222.5M
   i. *GCM Grosvenor Private Equity, $82M*
   ii. *GCM Grosvenor Secondary Opportunities Fund III, $98M*
   iii. *Morgan Stanley Ashbridge TS Fund II, $10.3M*
   iv. *Khosla Ventures, $32.2M*

3. Real Assets, $5M
   i. *Hamilton Lane Infrastructure Opportunities Fund, $5M*

4. Absolute Return, $150M
   i. *Millennium USA, $150M*

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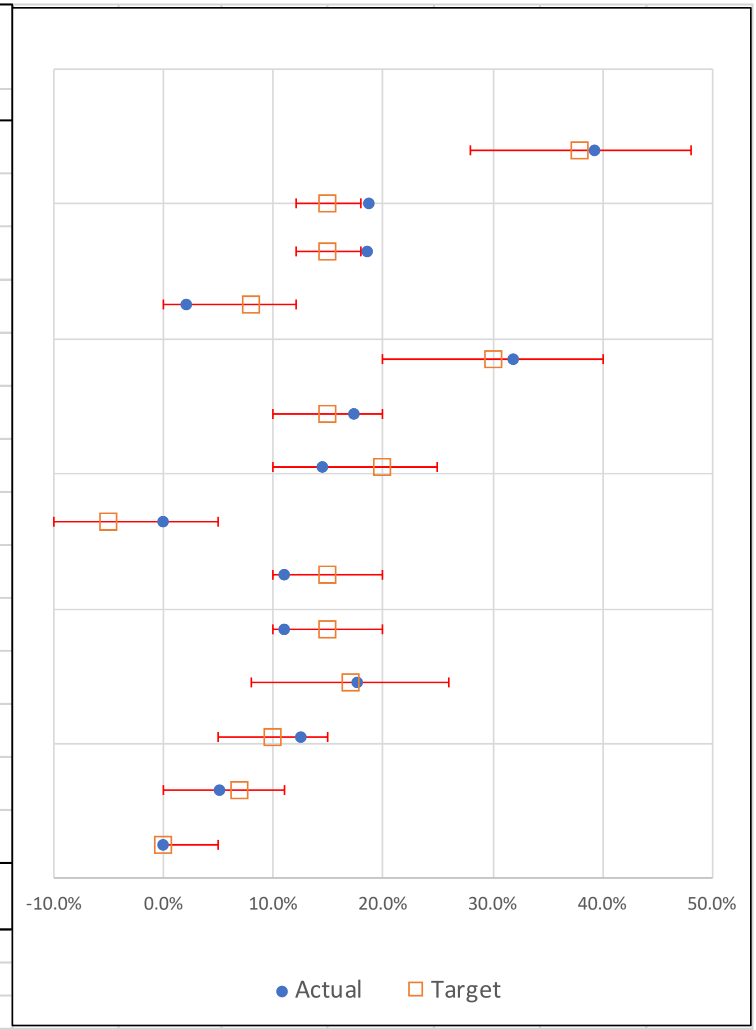
Current Asset Allocation (unaudited)

As of **December 31, 2023**	Market Value $	Actual	Target	Lower Range	Upper Range
Equity	2,627,055,021	39.3%	38.0%	28.0%	48.0%
Broad US Equity	*1,248,411,701*	*18.7%*	*15.0%*	*12.0%*	*18.0%*
Broad Int'l Equity	*1,240,278,574*	*18.6%*	*15.0%*	*12.0%*	*18.0%*
Private Equity	*138,364,746*	*2.1%*	*8.0%*	*0.0%*	*12.0%*
Fixed Income	2,129,646,328	31.9%	30.0%	20.0%	40.0%
Public Credit	*1,159,775,433*	*17.4%*	*15.0%*	*10.0%*	*20.0%*
Private Credit	*969,870,895*	*14.5%*	*20.0%*	*10.0%*	*25.0%*
Cash / (Implied Leverage)	*-*	*0.0%*	*-5.0%*	*-10.0%*	*5.0%*
Absolute Return	736,914,910	11.0%	15.0%	10.0%	20.0%
Multi-Strategy Hedge Fund	*736,914,910*	*11.0%*	*15.0%*	*10.0%*	*20.0%*
Real Assets	1,182,810,534	17.7%	17.0%	8.0%	26.0%
Real Estate	*837,551,259*	*12.5%*	*10.0%*	*5.0%*	*15.0%*
Private Infrastructure	*345,259,275*	*5.2%*	*7.0%*	*0.0%*	*11.0%*
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	6,676,426,793	100.0%			



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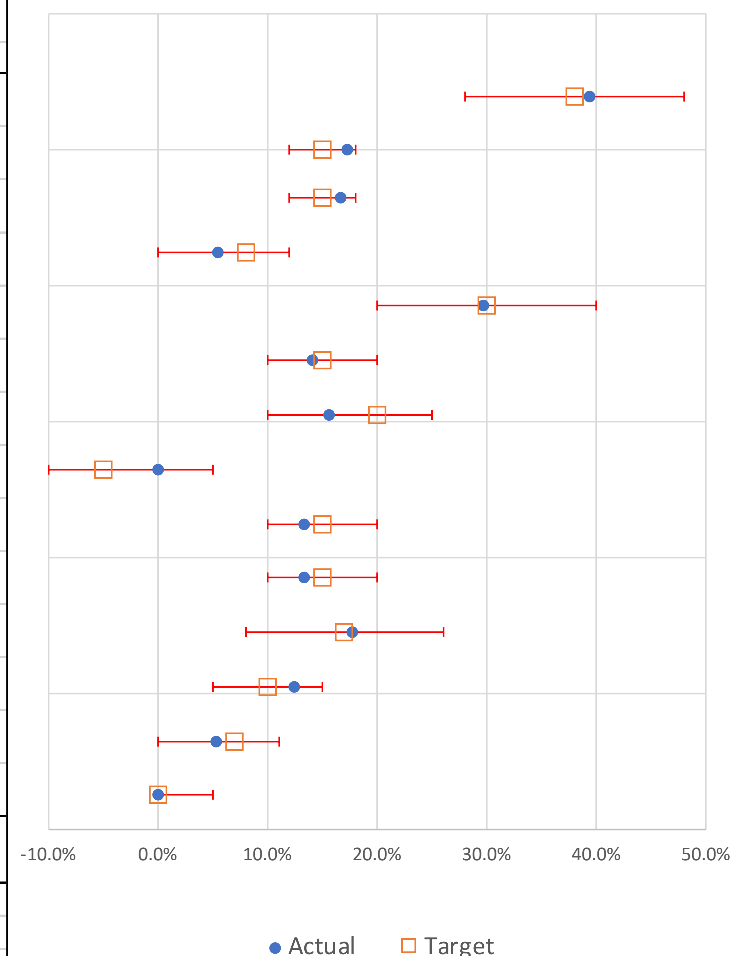
Hypothetical Asset Allocation (after funding all commitments)

As of **December 31, 2023**	Market Value $	Actual	Target	Lower Range	Upper Range
Equity	2,627,055,021	39.3%	38.0%	28.0%	48.0%
Broad US Equity	*1,150,411,701*	*17.2%*	*15.0%*	*12.0%*	*18.0%*
Broad Int'l Equity	*1,115,778,574*	*16.7%*	*15.0%*	*12.0%*	*18.0%*
Private Equity	*360,864,746*	*5.4%*	*8.0%*	*0.0%*	*12.0%*
Fixed Income	1,979,646,328	29.7%	30.0%	20.0%	40.0%
Public Credit	*937,975,433*	*14.0%*	*15.0%*	*10.0%*	*20.0%*
Private Credit	*1,041,670,895*	*15.6%*	*20.0%*	*10.0%*	*25.0%*
Cash / (Implied Leverage)	*-*	*0.0%*	*-5.0%*	*-10.0%*	*5.0%*
Absolute Return	886,914,910	13.3%	15.0%	10.0%	20.0%
Multi-Strategy Hedge Fund	*886,914,910*	*13.3%*	*15.0%*	*10.0%*	*20.0%*
Real Assets	1,182,810,534	17.7%	17.0%	8.0%	26.0%
Real Estate	*832,551,259*	*12.5%*	*10.0%*	*5.0%*	*15.0%*
Private Infrastructure	*350,259,275*	*5.2%*	*7.0%*	*0.0%*	*11.0%*
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	6,676,426,793	100.0%			



Assumptions: No other new cash is expected to fund calls. No redemption proceeds or distributions were received. All capital calls came in at the same time.

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MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
January 25, 2024

RE: Private Credit – Asset-Backed Lending

The current private credit allocation sits at 14.5%, which represents a $365M underweight to the 20% long term strategic asset allocation target. The goal of this proposal is to increase the private credit commitment, consistent with strategic asset allocation targets.

Staff recommends allocating to asset-backed lending within the private credit portfolio. Asset-backed lending seeks to generate contractual cash flows from a diversified, stable pool of assets such as real estate loans, auto loans, equipment leasing, consumer lending, media/sports assets, fund finance, bank risk sharing, tax receivable agreements and fiber/telecom subscription lending.

While the Fed has recently signaled for potential rate cuts in 2024, interest rates remain higher than we have seen in the last decade. The environment remains attractive for private credit investors seeking current yield.

Staff and RVK recommend a commitment to Ares Pathfinder Core. Ares is a publicly traded (NYSE: ARES) global alternative investment manager with over 900 employees and $395B in assets under management. The Alternative Credit subdivision is a team of 71 investment professionals managing over $34B in assets with a low loss rate. With the expansive set of opportunities available, Ares takes a relative value approach by focusing on opportunities that offer the best risk/reward and pivots as opportunity sets change. Fund finance is the current opportunity set in focus. Ares has a size advantage that allows them to participate in deals with few competitors; for example, sourcing high quality loan pools at a discount from forced sellers during the regional banking / SVB crisis of March 2023.

Ares Pathfinder I, the higher-octane closed-end version of this strategy, has generated a 15% net IRR since inception (March 2021) for the Land Trust portfolio.

Ares Pathfinder Core seeks to deliver 8-10% net returns with a 90% income distribution rate. The fund is structured as an open-end vehicle, meaning it reinvests in perpetuity until the investor requests a redemption. Pathfinder Core has raised $4.1B in fund commitments and made 83 investments to date. The fund expects to call capital in sizable portions (50-100%) over the next 6-18 months as it works through the current subscription queue.

Recommendation: **The Board approve $200M commitment to Ares Pathfinder Core, subject to standard legal review/documentation.**

Attachment 1: RVK Executive Summary
Attachment 2: Ares Presentation

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Howe					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Wrigley					
Governor Burgum					

Memorandum

To	North Dakota Board of University and School Lands
From	RVK, Inc. (“RVK”) Investment Manager Research
Subject	Ares Pathfinder Core Fund Investment Due Diligence Memo
Date	January 2024

Introduction

The Ares Pathfinder Core Fund is focused on asset-backed specialty finance, representing one of the more attractive and inefficiently priced opportunity sets available within private credit today, and is run by an experienced, well-resourced investment team with a track record that demonstrates a high level of long-term skill in both credit/collateral selection and loan structuring. In addition, this product is designed as an evergreen offering, and is expected to offer the stable income, conservative approach and higher level of liquidity necessary for the correct execution of this type of product. RVK recommends that the North Dakota Board of University and School Lands commit $200M to the Ares Pathfinder Core Fund.

The following is a review and due diligence report for the Ares Pathfinder Core Fund.

Ares Pathfinder Core Fund - Basic Features and Purpose

As noted previously, the Ares Pathfinder Core Fund is a specialty finance offering that employs an asset-focused lending and investing strategy, which includes structuring and originating larger-scale private loans to established borrowers. Pathfinder Core operates outside of traditional, well-defined markets, and its focus on less efficient parts of the private credit opportunity set typically results in lower levels of competition from peer lenders, as well as the higher risk-adjusted yields and more comprehensive risk controls that are achievable in areas where lenders face motivated borrowers. The Ares team takes an active approach to structuring investments that are highly customized around their specific borrowers and collateral packages, skewed toward senior debt, contain multiple strong covenants, and are collateralized by robust collections of heavily cash flowing assets. Pathfinder Core targets a broad opportunity set within its preferred focus of large, complex financial transactions, and its broad scope is made possible by Ares’ substantial and well-resourced investment team. The strategy operates with a heavy emphasis on identifying and pursuing the best relative value available within the maturity constraints of an evergreen fund across the many niche alternative credit sectors that its mandate encompasses. This Fund represents Ares’ first commingled evergreen fund dedicated to asset-backed private credit, though Ares’ Alternative Credit team has a strong asset-backed and specialty finance investment track record reaching back to 2011.

Additionally, a unique feature of the Fund from a social impact perspective is a charitable tie-in, where Ares will donate at least 5% of the Fund’s carried interest to support global health and education.

Pathfinder Core will not utilize long-term leverage, making it relatively independent of the extension of credit from the global banking sector and potentially well-suited to investors seeking to achieve strong absolute levels of yield while minimizing the leverage levels of their private markets portfolios. Over the long term, Pathfinder Core is expected to allow for semi-annual capital commitments and annual redemption notifications from its investors. Following the receipt of investor redemption notifications, redeeming investors' portfolios will be blocked from future reinvestment, and proceeds will be returned to investors as existing underlying loans in the portfolio mature. Investors will receive distributions of 90% or more of the current income generated by the portfolio on a quarterly basis, effectively holding the size of their initial investment constant until such time as they choose to modify it.

As of September 30, 2023, the Pathfinder Core Fund held capital commitments of $4.2 billion and invested capital of $3.6 billion. The Fund targets a net internal rate of return ("IRR") of 8-10%. Approximately 90% of the strategy's returns are expected to come from borrower income or collateral cash flows, with very little of the strategy's investment profile driven by the prices of underlying assets. This is expected to limit the strategy's dependence on and correlation to broad-based market and economic developments or cyclical changes. Instead, the strategy's niche is generated by and most dependent on the lack of asset-backed lending that has followed the ongoing secular pullback of activity from both the global banking sector and several large, historically active non-bank lenders.

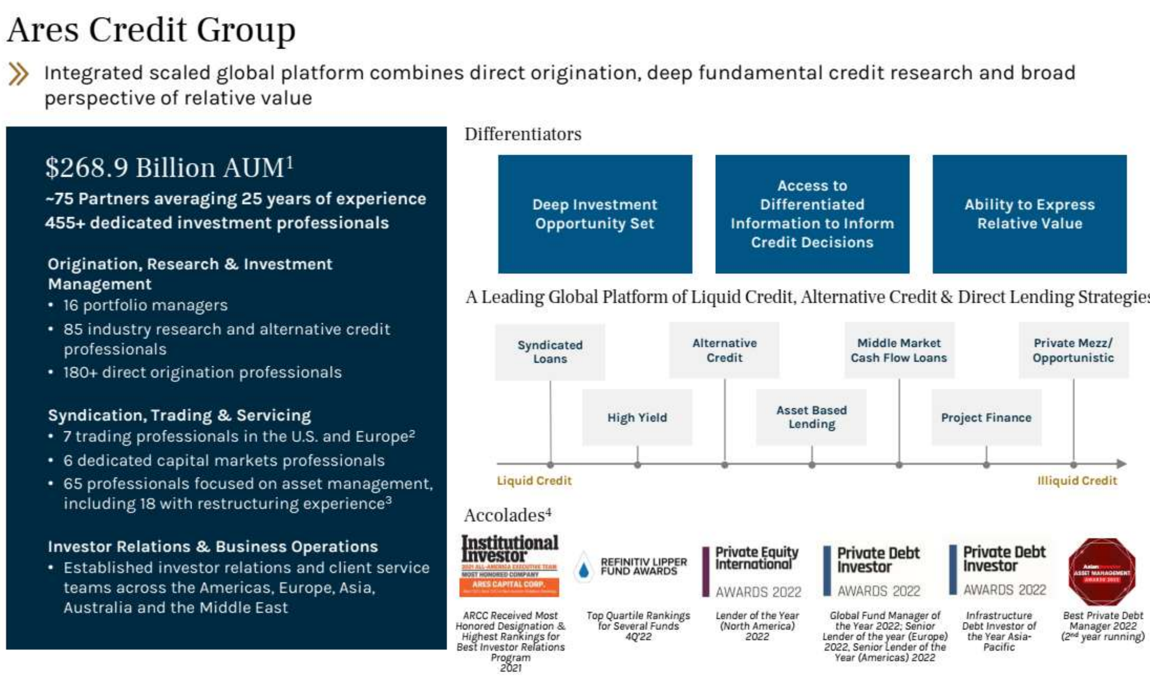
Within a portfolio context, Pathfinder Core is expected to provide reasonably strong risk-adjusted yield through most market cycles, as well as the potential to limit downside during stressed market or economic environments given the collateral backing its loans and layers of protection built into its loan structuring. Pathfinder Core is also expected to achieve strong overall absolute yields relative to more traditional, publicly traded credit and fixed income investments. Given its asset-backed profile, Pathfinder Core is expected to provide significant diversification benefits for fixed income or private credit portfolios dominated by cash-flow backed credit investments, such as strategies focused on bank loans, high yield bonds, or traditional types of direct lending.

Overall, RVK believes that the Pathfinder Core Fund is an attractive investment opportunity due to reasonable risk-adjusted return, the downside protection provided by its strong covenants and collateral packages, the expected stability of its yield and the potential capital efficiency advantages presented by its evergreen structure.

Firm Background

Ares Management Corporation is one of the oldest and most established alternative asset managers in the world. Founded in 1997, the Firm employs around 2,800 individuals and manages nearly $400 billion in total assets. Although the Firm maintained a private equity focus at its earliest stages, Ares has invested in private debt since 2004. The majority of Ares' current assets are credit based, with $268.9 billion in total assets under management across its wide range of credit products, compared to $34.3 billion in total private equity assets, $63.9 billion in total real estate assets, $23.3 billion in secondary solutions and $4.6 billion in other businesses as of September 2023. Ares' suite of credit strategies currently spans a broad spectrum that includes direct lending, liquid credit, and alternative credit. As with many of Ares' other private assets products, the Pathfinder Core Fund is expected to benefit from sourcing and negotiating advantages derived from Ares' heavy staffing and large scale of private markets investments. The Firm's longstanding, large-scale operation within private credit, in particular, has resulted in the accumulation of a significant database of information on Ares' targeted borrowers and their competitors, which has the potential to improve the accuracy of Pathfinder's deal-level underwriting.

Figure 1: Ares Credit Group



Source: Ares. As of 9/30/2023

Ares has pursued the type of heavily bespoke alternative credit deal flow consistent with transactions found within Pathfinder Core portfolio since roughly 2011, generating a cumulative net IRR of approximately 14.6% in its more aggressive Pathfinder I strategy, a 2020 vintage closed end fund, and 9.6% in Pathfinder Core since its 2021 inception. As noted earlier in this report, the Firm's alternative credit team, pictured in Figure 2, represents one of the more robust levels of alternative credit staffing in the space – a strength which RVK believes is especially relevant for a strategy like Pathfinder Core, where a broad scope of potential opportunities and heavily bespoke deal structuring requirements combine to create an especially labor-intensive strategy profile. The 34 senior members of the Global Alternative Credit team also average 21 years of industry experience. Based on RVK's analysis of past representative investments and current deal flow, we believe the team's experience investing across multiple market cycles has resulted in a strong emphasis on limiting investment downside risk through conservative deal structuring and collateral selection, which is likely to be especially useful in the event of a volatile credit market environment.

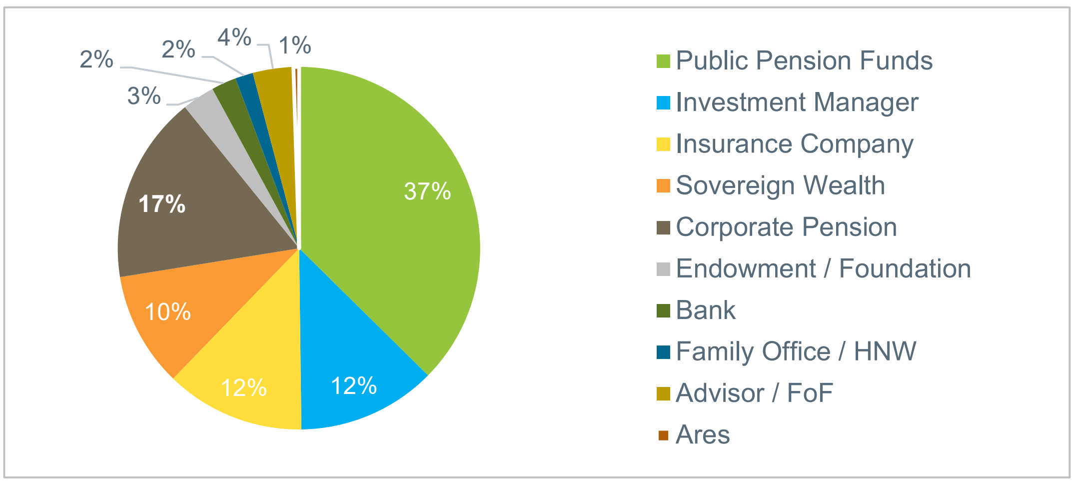
Figure 2: Ares Alternative Credit Team

Source: Ares. As of 11/2023

Although Ares employs a large team and has generated a respectable track record across both liquid and illiquid alternative credit investments over the past ten years, we believe it is also important to note that an integral component of Pathfinder Core's team was put in place only recently, with the 2019 arrival of co-portfolio manager Joel Holsinger. Prior to joining Ares, Mr. Holsinger served as the co-head of Fortress Investment Group's well-respected Illiquid Credit team, where he successfully pursued investments similar in profile to those that will make up the Pathfinder portfolio.

Ares has made specialty finance investments with consistency and at scale since 2011, when the Firm acquired Indicus Advisors and significantly expanded its specialty finance resources. Although the specialty finance team's staffing has remained robust since 2011, a significant augmentation of staff took place in 2019 alongside the addition of Mr. Holsinger, with six senior professionals joining the team during that year.

Figure 3: Pathfinder Core Investor Base



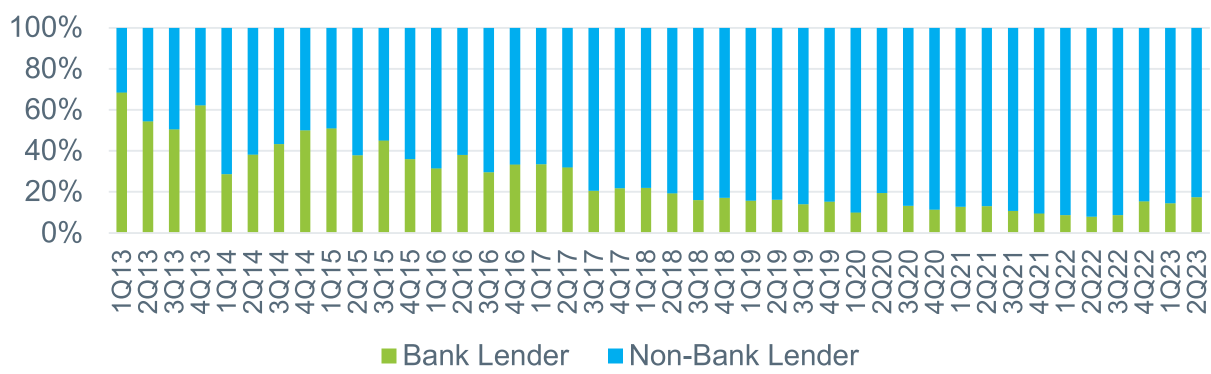
Source: Ares, RVK. As of 9/30/2023

Market Opportunity

The market opportunity for asset based finance, interchangeably referred to as asset backed lending, asset based lending, or specialty finance, has evolved over the past few decades as banks have gradually reduced their willingness to originate and hold significant loan inventory. The shift in bank behavior, a trend that began in the 1990s, was driven by significant consolidation and increased regulation. Following the Great Financial Crisis (GFC), banks were further displaced as they faced new, punitive capital charges and regulatory barriers that inhibited lending activity. As a result of bank retrenchment, lenders in private markets, typically not subject to the same regulatory oversight as the traditional banking system, have stepped in to fill the financing gap. As of this writing, another round of significant bank reform, perhaps the most significant in a decade, is under consideration. If passed, reforms will take effect in 2024 and result in new increases to capital requirements on banks, which may result in a further reduction in banks' willingness to originate loans and maintain exposure on their balance sheets.

One example of the effects of bank retrenchment can be highlighted in middle market loans to companies involving private equity sponsors. Although bank lenders' market share has increased moderately to around 17% as of the second quarter of 2023, the longer-term trend represents a secular shift that is unlikely to change as bank lenders' market share of middle market sponsor-backed deals has decreased dramatically from approximately 68% in the first quarter of 2013 to recent lows of around 8% in the second quarter of 2022, as illustrated in Figure 4.

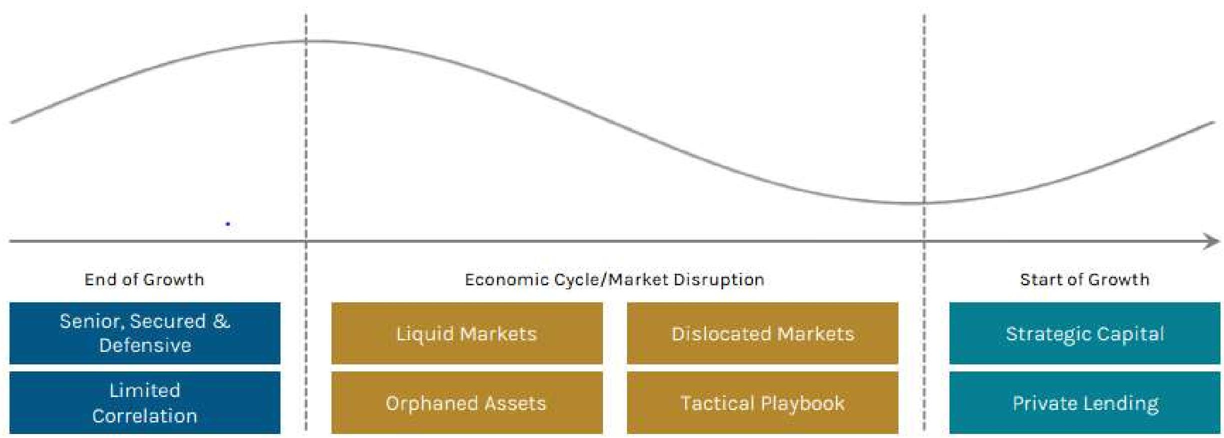
Figure 4: Bank Share of Sponsor-Backed Private Credit Deals



Source: Refinitiv LPC, RVK. Data derived from private submissions to LPC's private database from 1/1/2013 to 6/30/2023 and represents sponsor-backed deals.

Although Pathfinder Core's focus on highly customized loans and less efficient spaces within the private credit opportunity set is expected to deliver a yield premium relative to conventional fixed income across most market environments, the specific opportunities on which it focuses are expected to be tailored to the market cycle. During periods of high market disruption such as 2020, for example, loans could be more likely to focus on consumer finance and real estate oriented borrowers, and percentage of the portfolio made up of liquid, tradeable credit assets would likely rise. However, even in a volatile economic environment such as 2020, Pathfinder Core would continue to avoid areas such as distressed debt, where a lack of current income at the collateral level would likely render most investments incompatible with the strategy's mandate. There are also a number of other high-risk opportunity sets in which Pathfinder Core rarely, if ever, expects to participate even in the face of heavy discounting, including venture debt, shipping and aviation.

Figure 5: Pathfinder Core Fund Cyclical Approach



Source: Ares

In some respects, Pathfinder Core's emphasis on downside protection through the high level of cash flowing assets backing its loans is especially suited to more volatile market environments, where the potential for borrower default rises for most private credit strategies. In the event of a broad-spectrum increase in private credit borrower defaults, Pathfinder Core is likely to face a smoother path to the completion of any "workouts" the team is required to navigate, as the large amount of collateral backing any defaulted loans can be sold to generate interest and principal repayments, and the underlying assets' heavy cash flow rate will quickly begin to limit potential losses over time even if a sale of collateral is not possible. Collectively, these elements are likely to make Pathfinder Core's return profile less dependent on major events in a high-default environment, such as the sale of a defaulted borrower company to a private equity buyer (an event of that scale would typically be necessary in order for a defaulted loan backed only by borrower cash flows to recoup its losses). Similarly, the significant resources available to Ares' team are likely to increase the team's capacity to handle multiple workouts concurrently, should that become necessary. Additionally, the Alternative Credit team at Ares appears to have historically provided a further layer of protection through skilled credit selection, with past investments in even high-risk asset classes such as CLO equity tranches generating only minimal levels of realized historical losses during volatile markets.

Overall, we believe that Pathfinder Core is likely to achieve a strong risk-adjusted return across most market environments, but we believe the strategy could be especially additive to a diversified portfolio of private credit investments during volatile markets, where the various layers of protection built into its investment process and loan structures are most likely to limit the potential losses associated with its investment activity compared to those experienced by strategies targeting similar levels of return.

Investment Strategy

The Pathfinder Core Fund is a diversified asset-backed specialty finance product designed to generate high levels of current income and to provide investors with a strong risk-adjusted return relative to other options across both public and private credit markets. The strategy targets "gaps" in the supply of private lender capital that can exist between the well-defined, relatively standardized private lending markets such as traditional direct lending and private real estate debt, and the high-risk, high-return seeking capital represented by areas such as credit dislocation or distressed debt. The strategy focuses on what Ares considers bespoke financing solutions, which are secured by pools or portfolios of assets that generate high levels of contractual cash flows, on which Pathfinder Core typically has a senior or first priority claim. The strategy thereby reduces many of the cash flow based risks normally associated with corporate credit. As noted earlier in this report, the great majority of the strategy's loans are expected to be secured by borrower assets instead of simply by future borrower cash flows. The strategy generally expects to target loans connected to either complex underwriting requirements, underserved areas such as consumer lending, or unusual loan structures, all of which have historically served as barriers to the entry of other lenders that target similarly stable cash flows. While Ares also cites its ability to provide larger-scale loans as a potential competitive edge, RVK's analysis has generally found scale to be less effective in preserving yields and lender protections within the US private credit landscape when compared to the ability to accommodate significant levels of complexity and bespoke loan structuring and to target subsets of the private lending market facing especially severe supply/demand imbalances.

In contrast to its closed-end sister strategy, Pathfinder Core has the potential to include a more substantial and frequent allocation to liquid asset-backed securities as well (up to 20% of the total portfolio), though this will be limited to market environments where the risk-adjusted return profiles of liquid asset-backed securities are comparable to those of directly originated asset-backed loans. As such, this allocation is expected to fluctuate over time, and to focus on mispriced pockets of the asset-backed securities market.

Any asset-backed securities included in the strategy must satisfy Pathfinder Core's risk requirements, which often require an investment to be shielded from loss at even three times the collateral's long-term historical default rate. In environments where asset-backed securities fail to generate risk-adjusted returns comparable to those of directly originated loans, they will likely make up a minimal part of the portfolio or even be entirely absent from the strategy.

The strategy's directly originated loans are expected to be highly non-standardized, and the strategy is expected to target borrowers with limited financing options. However, as a heavily collateralized asset-backed lending strategy, Pathfinder Core will place significant emphasis on downside protection and the presence of priority claims on collateral that generates strong cash flows. The strategy's broad mandate is expected to allow for a heavy emphasis on targeting borrowers, industries and collateral packages that represent strong relative value within the global alternative credit landscape. However, within that relative value driven paradigm the strategy expects to focus on borrowers and sectors that have historically demonstrated stable performance under periods of stress.

Although each investment is expected to possess a unique profile that is heavily customized based on the respective strengths and weaknesses of its collateral and borrower, Pathfinder Core's investment team seeks and prioritizes investments with the following traits:

1) Loans backed by assets of sufficient, measurable value to provide protection against losses.
2) Loans structured with concrete and specific covenants.
3) Loans typically involve additional structural protections outside of these covenants.
4) Loans typically hold priority claims on borrower and asset-level cash flows relative to other debt instruments, and will often hold senior positions in borrowers' overall capital structures.
5) Loans backed by assets that generate robust levels of cash flow.

6) Most investments are expected to derive the majority of their returns through current income.

7) Though illiquid, the underlying life of Pathfinder Core's directly originated loans will likely be shorter than those of many peers.

Although Pathfinder Core is expected to invest in situations where borrowers have few other financing options of comparable scale, neither the borrowers nor the collateral packages targeted by the Pathfinder Core team are expected to exhibit traditional "distressed" profiles. Similarly, Pathfinder Core's relatively heavy focus on senior capital structure positioning and priority claims on heavily cash flowing collateral is expected to result in a lower risk profile relative to many peer specialty finance strategies, and we believe the stability and early return of cash flows this approach is likely to generate is an appropriate fit for an evergreen product. In the event of a borrower default, both realized losses and delays in cash flow timing are expected to be minimal due to the robust nature of the collateral Pathfinder Core requires and the multiple levels of lender protections built into its loan structures. In most market environments, this lower risk profile is expected to limit Pathfinder Core's long-term annualized net returns to a range of approximately 8-10%. In comparison, specialty finance offerings with long-term expected returns of over 10% typically introduce increased levels of risk to those of Pathfinder Core.

Pathfinder Core's team considers opportunities within three broad categories, based on the types of assets that will collateralize the strategy's loans. These are as follows:

1) Specialty asset finance, including less traditional collateral packages that generate heavy levels of cash flow. Collateral types are expected to vary widely within this category, but examples of collateral in this category include collateral packages such as a portfolio of healthcare receivables or a portfolio of insured agricultural production loans.

2) Real asset finance, including loans backed by collateral packages focused on real assets. Typical examples of the collateral packages securing a real asset loan are portfolios of mortgage-backed securities or portfolios of specific real estate properties. This category is expected to focus on loans associated with US real estate.

3) Financial asset finance, including loans to entities such as finance companies, banks and other lenders. A typical example of the collateral package securing a financial asset loan is a diversified portfolio of tradeable financial securities, such as asset-backed bonds or consumer loans. Consumer loans may make up a substantial part of Pathfinder Core's collateral in many different types of market environments, given the current imbalance between supply and demand present across the space.

Pathfinder Core's heavy focus on privately originated loans is a marked departure from the Indicus Credit Opportunities Fund series pursued by Ares' Alternative Credit group in the past, which began with a public credit focus and then gradually shifted toward a heavier level of private loan origination over time. As such, we see Pathfinder Core as an evolution, rather than a continuation, of Ares' prior specialty finance investment approach, and we believe that the arrival of several senior investors with robust private lending experience in 2019 was an important addition in achieving success with the strategy in its current form.

Given the power and tenure of Ares' Alternative Credit and private lending platforms and the significant investment experience of the team's 2019 additions, we do not view Pathfinder Core's strategy to be as untested as that of an entirely new fund series. However, we do believe that the level of team and strategy risk associated with this offering is likely to lie somewhere between that of a new fund series and that of the stable, time-tested offering that Ares' ten-year alternative credit track record would indicate. While Ares' Alternative Credit team has remained largely stable and intact and longtime investor Keith Ashton has remained in his leadership position and continues to be as heavily involved with the strategy as he has in past periods, the significant number of new senior investors and the significant shift in strategy focus from that originally pursued by the Indicus Credit Opportunities funds represents an important change in both the team's investment skillset and Ares' focus within alternative credit.

Investment Process

The investment process for Pathfinder Core is data-driven and focused on the risk-adjusted relative value presented by each prospective investment in the context of the team's targeted loan structure and collateral package. Throughout the process, the team emphasizes the identification of stable cash flows that are largely expected to be independent of specific market or economic events or the completion of strategic borrower initiatives. Investment case studies revealed an intensive level of analysis related to each prospective investment, with an especially strong focus on conservative scenario testing with precise inputs based on the proposed collateral being analyzed. Overall, there also appeared to be a high frequency of dialogue between individual deal teams and Alternative Credit team leadership, as well as between the Alternative Credit team and other relevant parts of the Ares platform, such as real estate or private equity. Senior investors appeared to be highly involved in all stages of the underwriting process – this is likely a natural result of the large number of senior professionals staffed on the Alternative Credit team.

We expect Ares' large platform of pre-existing underwritings to play an important role in the data analysis elements of the process by providing detailed data points for the pricing and structure of "comparable" deals and color on relevant, industry-specific trends with regard to revenue, profitability and historical collateral performance. At the time of RVK's review of both Pathfinder and Pathfinder Core, Ares had access to data points from over 2,000 active investments across the Firm's various strategy types, including over 700 alternative credit investments. We believe that the data historically accumulated by Ares across these many transactions is an important factor behind Pathfinder Core's success in performing functions such as the rapid and accurate modelling of a complex and diverse collateral package of financial securities, where the availability of information such as accurate historical distributions of returns for all security types would be necessary for a successful underwriting.

As previously noted, we view the Pathfinder Core team's willingness and ability to accurately model the underlying expected cash flows of large and complex collateral packages to be one of this offering's core strengths, and one of the key sources of Pathfinder Core's market power as a lender. Although we believe that a range of different firms exist with the ability to supply tailored financing solutions at the scale required by Pathfinder Core's targeted borrowers, in practice we believe that the complexity of the collateral backing many of these loans would be either impossible or impractical for most of Ares' competitors to analyze at the speed achieved by the Pathfinder Core team.

Sourcing

Ares' sourcing function is robustly staffed at the Firm level, with the Firm's credit group employing a direct origination team of over 180 people as of September 30, 2023. The group's sourcing throughput is similarly large in scale: since March 2020, Ares has sourced and evaluated around 2,100 investment opportunities, an average of around 50 per month. Given the size of the platform from which the team draws resources, the team expects to generate deal flow from range of different avenues, including direct relationships with prospective borrowers and service providers, broker and commercial banking relationships, industry advisors, and counterparts from other groups at Ares, such as private equity or real estate.

However, in spite of this heavy staffing and the broader Ares platform, Pathfinder Core's existing investments and current pipeline has been dependent on transactions sourced from the team itself, including Ares' senior partners and their longstanding industry relationships play an extremely important role in the strategy's deal flow. Because this offering focuses on bespoke "financing solutions" as opposed to the more competitive, standardized loans currently found in many subsets of the US private lending market, Ares is often expected to be the only lender involved in the negotiations around a potential deal. As noted earlier, the majority of Pathfinder Core's investments are expected to be directly originated by Ares, and to be structured based on bilateral negotiations between the Pathfinder Core team and their targeted borrowers. Loans are not expected to be "shopped" to a wide range of lenders, or to conform to the standard terms and structures present across the mainstream direct lending market.

Screening

The screening function for potential Pathfinder Core transactions represents a rigorous undertaking and encompasses not only the expected summary review of borrower and relevant economic data, but also a detailed analysis of the assets backing each loan, their expected associated cash flows, and a proposed loan structure tailored to the situation. This stage also marks the first formal deal review by the Investment Committee for both Pathfinder Core and the closed-end Pathfinder product. Pathfinder Core has an eleven-member Investment Committee which consists of co-portfolio managers Keith Ashton, Joel Holsinger and Jeff Kramer, in addition to eight other senior professionals. Screening criteria are rigorous, with approximately 3% of opportunities screened by the Pathfinder team since March of 2020 finding an eventual place in the portfolio as of September 30, 2023.

Underwriting

Given the complex, diverse collections of assets backing most of the strategy's loans, the underwriting stage of Pathfinder Core's investment process is expected to be highly labor intensive, as has been the case for the closed-end Pathfinder Fund's investments thus far. The level of scrutiny and high demands placed on prospective investments at the underwriting stage are within the range of expectations of a high-touch specialty finance offering. For Pathfinder Core and its peers, the results of detailed underwriting frequently drive not only the structure of loans and the selection of specific collateral packages, but also the exclusion of many potential investments from the Fund, with only a limited fraction of deals for which a proposed term sheet is issued "passing" this stage of the process and earning a place in the closed-end Pathfinder Fund at the time of RVK's review. As such, we believe the successful execution of this stage of the investment process is especially important in controlling losses and driving strategy returns.

Broadly, most underwritings include the following elements:

1) An analysis of underlying collateral or assets

2) An analysis of potential external performance factors

3) An analysis of the proposed credit structure, including targeted covenants, the proposed level of credit enhancement and other targeted investor protections

4) Detailed collateral cash flow projections and scenario testing

5) Analysis of key counterparties and competitive landscape

6) Analysis of borrower's operations and financials

7) Applicable legal and regulatory reviews

8) Conflict of interest analysis, if applicable

9) Compliance verification

As noted earlier, prospective and representative investment case studies revealed an unusual degree of precision, thoroughness and conservatism across Ares' underwriting in general, and collateral-level cash flow modeling in particular. We believe those distinguishing features are well-suited to the current market environment, where elevated levels of economic volatility and the potential for increased fluctuations in both borrower earnings and collateral cash flows remain highly likely.

Following the 3-5 person deal team's detailed underwriting, each proposed investment is presented to the Investment Committee for final, formal approval. The Investment Committee meets on a weekly basis at minimum, but our walkthrough of several case studies indicated a significantly more frequent level of involvement of Committee members in the investments that have entered both the closed-end Pathfinder portfolio and representative positions across other products thus far. Committee members proved to be extremely familiar with not only investments' sourcing, loan structures, and asset-backed content, but also with the many detailed adjustments made to the team's cash flow modelling and the detailed specifics of both borrower vetting and the team's collateral selection process.

Monitoring/Asset Management

The monitoring process is aided by strong infrastructure, and as such appears to be more formal and systematic than is typical for strategies with this degree of loan customization. Monitoring criteria are expected to be specific to each loan, but will typically include the following dimensions:

1) Collateral/Asset Monitoring (this involved a large and thorough range of data points in the representative investment examples reviewed by RVK)

2) Asset performance reviews

3) Regulatory reviews of key parties

4) Cash flow monitoring to ensure continued, correct allocation/distribution

5) Financial reviews of borrowers and other key parties

6) Covenant compliance reviews

7) Third party cash audits, where applicable

8) Ongoing review of relevant market and industry outlooks

9) Investment guideline monitoring

Throughout the monitoring process, the deal team maintains regular dialogue with borrowers and other key parties. Deal teams remain responsible for investments throughout each investment's life, and so remain closely involved throughout the monitoring process. Deal teams will likewise be expected to lead any necessary investment-level workouts, in cases where there are unexpected disruptions in loan payments or borrower or collateral performance.

Portfolio Construction

As noted earlier, the Pathfinder Core portfolio is expected to be heavily dominated by a collection of directly originated, asset-backed private loans. Pathfinder's Core's portfolio is expected to follow a relatively conservative profile compared to its specialty finance peer group, with a high level of collateral diversification compared to other specialty finance offerings, the presence of pledged assets backing the full value (and typically significantly more than the full value) of each loan, and a heavier average cash yield and level of current income across its investments than many of its peers in specialty finance, as is generally appropriate given its evergreen structure. The portfolio is expected to use its capital efficiently, with a relatively high expected rate of capital recycling compared to peers given the shorter underlying lives of its loans. Its interest rate sensitivity is expected to be limited, due to the heavy cash yield associated with most investments, the floating-rate structure of many loans, and an average expected loan life of only 2-4 years.

Pathfinder Core's primary expected portfolio characteristics have been illustrated in Figure 6.

Figure 6 - Expected Portfolio Characteristics

Portfolio Metric	Typical Range
Total Positions	60–80
Typical Position Size Range	1–3%
Maximum Position Size	7.5% (Cost Basis)
Expected Average Loan Life	2–4 Years
Expected Collateralization Level	125%
Expected Investment Cash Yield	7–10%
Geographic Allocation	Minimum of 60% North America
Expected % Asset-Backed Debt	Minimum of 70%

Source: RVK, Ares.

Most investments, whether directly originated or purchased as pre-existing securitized instruments, are expected to be backed by large and diverse portfolios of assets consisting of underlying loans, leases and/or receivables. Typically, collateral pools are expected to consist of many (often hundreds) of different line items, preventing any one asset from skewing the cash flow profile or return expectations of the total collateral pool. In general, the only expected exceptions to this profile would be opportunities where pools of assets are directly purchased at a substantial discount. In cases where pools of assets are directly purchased, the asset composition is expected to mirror Pathfinder Core's targeted collateral profile of diversified and heavily cash flowing loans, leases and receivables. The overall expected breakdown of the portfolio by investment type is shown in Figure 7.

Figure 7 - Expected Portfolio Breakdown by Asset Type

Asset Type	Expected Allocation Range
Privately Originated Loans/Leases	60–80%
Asset-Backed Securities	5–20%
Acquired Pools of Assets	0–30%

Source: Ares, RVK

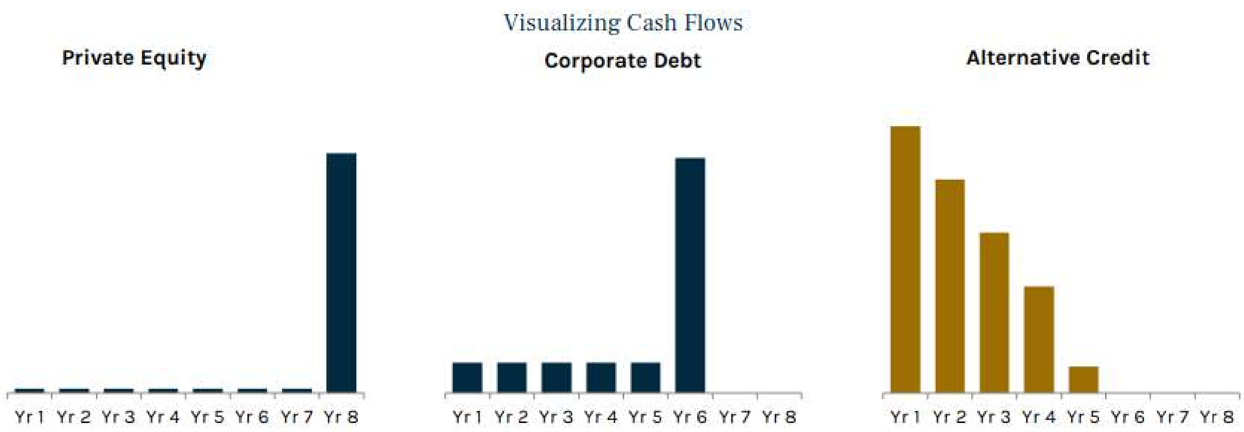
The cash flows of both targeted loans and underlying collateral are expected to be more rapid and front-loaded compared to the cash flows expected of a typical corporate bond, leading to a cashflow profile that RVK believes is sufficiently differentiated to provide diversification to investment portfolios dominated by more traditional earnings-backed debt. For ease of reference, we have included a visual depiction of these cash flow differences provided by Ares in Figure 8 of this report.

As noted earlier in the Investment Strategy section of this report, the portfolio is expected to be broken into three basic categories by collateral type, with specialty assets, financial assets, and real assets each playing a significant role in the collateral which will protect Pathfinder Core's loans. It should be noted, however, that at any given time the strategy's final collateral breakdown will be heavily dependent on the market environment the Fund encounters.

Specifically, Pathfinder Core expects to target investments based on the total risk-adjusted returns available relative to other investment options, which are in turn likely to be linked to the supply of and demand for lender capital associated with each borrower and collateral types. Again, given the growing demand and persistent shortfall across the consumer lending space, it is possible that loans made to consumer lending entities and collateralized by diversified portfolios of consumer loans will feature prominently in this product during many market environments.

Other specific areas of focus in the current environment, which include healthcare receivables and agricultural production loans, have the potential to factor prominently in the early stages of this product, but could be more transient longer-term depending on how the private asset-backed lending environment evolves.

Figure 8 – Comparative Cash Flow Profiles



Source: Ares

Given this relative value focus, the portfolio's exact breakdown by specific collateral type is expected to vary widely over time. Given the turmoil encountered by real estate and financial market participants during the course of the global pandemic and beyond, it is possible that tactical investments focused on both real assets and financial assets could play significant roles.

Due to the Fund's investment restrictions and the fertile US specialty finance opportunity set, the majority of investments made by the Fund (60% or more of the total portfolio) are expected to be made to North America based borrowers, as seen in Figure 6. That being said, it should be noted that a large component of Ares' Alternative Credit team originally joined the Firm through the Ares' 2011 acquisition of Indicus Advisors, a firm focused on leveraged finance and structured credit in Europe. As such, some team members have substantial experience investing in Europe, and we expect that the group would be able to competently invest a limited subset of the portfolio around a strong European opportunity set, should one surface during the life of the Fund.

Figure 9 - Expected Portfolio Breakdown by Capital Structure Position

Capital Structure Position	Expected Allocation Range
Senior Debt or First Dollar Pay-Down	65–85%
Junior Debt	15–35%

Source: Ares, RVK

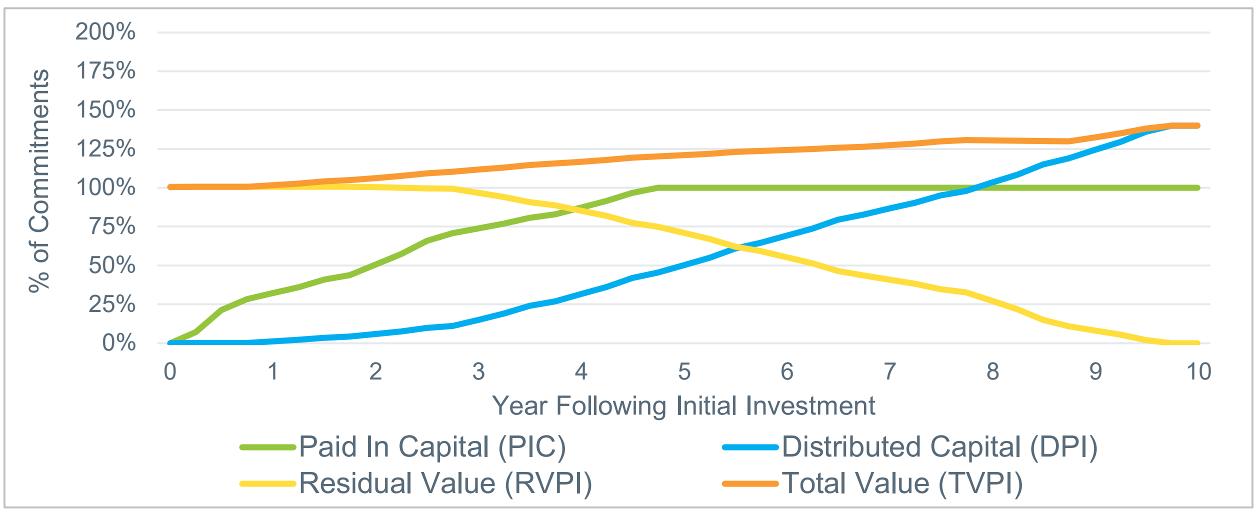
As noted earlier in this report, Pathfinder Core is expected to target a heavy concentration in senior debt, and even investments in more junior parts of borrowers' capital structures are expected to be structured with a priority claim on the cash flows of specific collateral packages, providing higher levels of protection than those typically experienced by junior debt investments that are either entirely unsecured or backed only by borrower-level cash flows. However, it should be noted that the portfolio does not intend to be exclusively senior debt focused, as seen in Figure 9. Specifically, we expect that many Pathfinder Core investments will be structured in such a way that Ares splits the investment into dual tranches, and passes ownership of the senior tranche off to a single, high quality partner (primarily large insurance institutions based on representative investments thus far).

Private Credit Evergreen Funds – Structural Overview

Given Pathfinder Core's chosen structure as an evergreen fund and the potential impact that the use of an evergreen fund can have on the pacing and efficiency of a newly formed private credit program, the following section of this report will further detail the key differences between private credit evergreen funds and more traditional, closed-end fund structures.

Traditional private credit fund structures, like those of other non-marketable assets such as private equity or private real estate, are closed-end, meaning that investor capital is called down gradually, typically over a period of multiple years, and later returned to investors in stages as underlying fund investments mature. Because closed-end funds return all invested and earned capital to investors at the end of their lives, investors who wish to maintain a constant exposure to any given non-marketable asset class or investment approach are typically required to recommit capital to successive funds in their chosen fund series. Similarly, average investment periods for closed-end private credit funds are typically long, at two to three years.

Figure 10 - Typical Private Credit Closed-End Fund Cash Flow



Source: RVK. Assumes an ending TVPI of 1.4x at year 10. This illustration depicts cash flow and valuation estimates utilizing average historical data from Preqin. Actual cash flows and allocation percentages may vary substantially from these estimates as a result of market conditions. This analysis should be used for illustration purposes only, and no expectations should be made that actual cash flows and allocation percentages will occur at the exact time and level depicted.

Due to the repeated return of capital to investors by funds as investments mature and the long typical delays in the initial investment of client capital, it can often take between four and six years for new investors to reach their desired exposure to non-marketable asset classes such as private credit through the build-out of a typical portfolio composed of closed-end funds. An illustration of the cash flows from a typical closed-end private credit fund is shown in Figure 10.

In addition to the delay in implementing a traditional closed-end private credit program, private credit investors accessing this asset class solely through traditional closed-end funds are often required to handle multiple capital calls each year from a range of between six and fifteen different funds in parallel, as well as the approval of between two and four follow-on private credit strategies each year. Collectively, this represents an administrative burden that is beyond the capacity of what many institutions can accommodate, due to constraints at either the investment staffing or board scheduling levels.

Given the current low yields available to most traditional non-core fixed income instruments, as well as the potential for a significant negative impact to longer-duration fixed income investments from possible macroeconomic developments such as rising interest rates, some investors with new or recently expanded allocations to private credit have requested a method by which to:

1. Increase their exposure more quickly than can be done through a traditional portfolio of closed-end funds, in order to more quickly benefit from the higher achievable yields and lower interest rate sensitivity of this asset class,

2. Minimize the administrative burden of their private credit program by limiting the program's total number of capital calls without a meaningful reduction of the program's diversification,

3. Smooth or decrease the overall annual pacing of new capital commitments to their private credit programs, and

4. Better balance the trade-off between reaching their private credit target allocation quickly and avoiding a potential overshoot of their target allocation at later stages of the program.

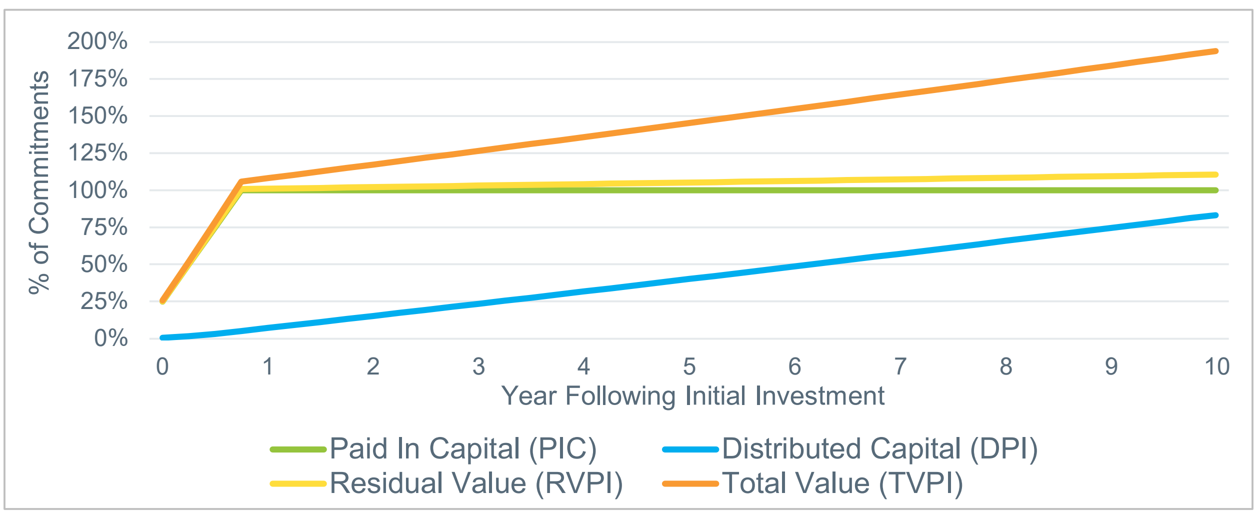
In cases where earlier stage private credit investors are prioritizing these objectives, a tool frequently recommended by RVK is an investment in an open-ended private credit fund.

Unlike a traditional closed-end fund, an open-ended or "evergreen" private credit fund is a perpetual vehicle, where the majority of cash generated by maturing investments is automatically reinvested until such time as a client chooses to submit a redemption request. As such, clients are not forced to accept a mandatory return of capital at the end of the fund's life, or to recommit these proceeds in subsequent funds in a series and wait for capital to be called again.

Similarly, evergreen funds typically invest client capital faster and more efficiently than their closed-end counterparts, typically calling down their investors' full capital commitments within six to eighteen months. As such, they are often a more efficient mechanism for quickly putting capital to work, and can act as a powerful tool to rapidly increase client allocations to non-marketable asset classes such as private credit and private real estate. An illustration of the cash flows from a typical private credit evergreen fund has been shown in Figure 11.

In some cases, large investors use open-ended private credit funds as a temporary "stop gap", investing in one or more during the first several years of their private credit portfolio build-out, then later gradually transferring their capital to more traditional closed-end fund series when they have achieved their target private credit allocation. In other cases, evergreen funds can act as a permanent anchor or "core" of investors' private credit portfolios in order to help reduce the program's administrative burden without the need for the additional layer of fees and expenses that other time-efficient methods such as the use of a fund-of-funds would entail.

Figure 11 - Typical Private Credit Evergreen Fund Cash Flow Pattern



Source: RVK. Assumes an annual yield of 8% with 1% capital appreciation for a total annual return of 9%. Actual cash flows and allocation percentages may vary substantially from these estimates as a result of market conditions. This analysis should be used for illustration purposes only, and no expectations should be made that actual cash flows and allocation percentages will occur at the exact time and level depicted.

While open-ended private credit funds are more liquidity constrained than their closed-end counterparts and so typically offer a more moderate risk-adjusted return than a best-in-class closed-end fund product, they typically benefit from the same low interest rate sensitivity as other private credit products, and are still typically able to achieve yields significantly above those available to public credit counterparts such as high yield bond or bank loan funds. For example, as of this writing, the strongest private credit evergreen fund options estimate that they are likely to achieve a long-term IRR of between 8-12% without the use of significant fund-level leverage, compared to yields of 8.8% for high-yield bonds and 9.9% for leveraged bank loans as represented by the ICE BofA US High Yield Index and the Credit Suisse Leveraged Loan Index, respectively, as of September 30, 2023.

Pathfinder Core Performance and Track Record Analysis

The following table summarizes the performance of Ares Pathfinder I and Ares Pathfinder Core. Pathfinder I, a closed end fund, was incepted in 2020 while the evergreen Pathfinder Core fund offers a shorter track record, incepted in 2021. In 2023 Ares incepted a second closed end fund, Pathfinder II, however it has been omitted from our analysis given an extremely limited track record with no realized investments.

Figure 12 - Ares Pathfinder Strategy Performance (as of 9/30/2023)

			Illiquid		Liquid		Fund Level	
	Invested Capital ($B)	Number of Investments	Gross IRR	Gross MOIC	Gross IRR	Gross MOIC	Net IRR	Net Multiple
Pathfinder Fund I	$4.1	47	18.8%	1.24x	7.2%	1.07x	14.6%	1.20x
Pathfinder Core	$3.5	77	9.9%	1.09x	7.9%	1.07x	7.1%	1.07x

Source: Ares, RVK. Data as of 9/30/2023. Certain investments allocated to Ares Pathfinder I Fund have higher underwritten returns than investments within the Pathfinder Core Strategy. Ares Pathfinder I made its first capital deployment in December 2020 compared to October 2021 for Ares Pathfinder Core. Additionally, Ares Pathfinder II recently held its final close in October 2023, and has been omitted given a short track record.

Pathfinder I, a 2020 vintage closed end fund, targets an 11-15% return and offers reduced levels of liquidity with slightly higher levels of downside risk compared to Pathfinder Core. Although Pathfinder Core targets a more modest 8-10% net return, the historical performance of Pathfinder I nevertheless provides directional insight into historical performance to compliment the track record of Pathfinder Core included in Figure 12.

RVK has calculated net IRRs and net multiples based on fund level cash flows provided by Ares. To date, Pathfinder Core has performed just under its 8-10% targeted net return range, providing a net return of just 7.1%. Given that Pathfinder Core began investing in 2021 just prior to an environment in which the Federal Reserve began increasing interest rates significantly. Approximately 31% of the portfolio is in fixed rate investments and the short term impact of mark to market effects on unrealized investments resulted from increasing interest rates and increasing credit spreads in recent years.

This has detracted from short term performance on unrealized investments. In a strategy that seeks to generate a significant portion, approximately 90%+, of returns from income; we are encouraged that subsequently to 2022, the investment team has deployed investments at increased yields and is generating an annualized dividend yield of 9.2%. As a result, we expect long term performance to remain consistent with the strategy's stated target range.

Pathfinder Core: Asset-Focused Open-Ended Income Fund

Presentation to the North Dakota Board of University and School Lands

January 25, 2024

Disclaimer

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REF: TCA-01601

Disclaimer (cont'd)

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The outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization has declared to constitute a pandemic, has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. The global impact of the outbreak is rapidly evolving, and many countries have reacted by instituting quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures. Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on energy, transportation, hospitality, tourism, entertainment and other industries. The impact of COVID-19 has led to significant volatility and declines in the global financial markets and oil prices and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess. Any public health emergency, including any outbreak of COVID-19 or other existing or new epidemic diseases, or the threat thereof, and the resulting financial and economic market uncertainty could have a significant adverse impact on the funds, the value of their investments and their portfolio companies. The information herein is as of the dates referenced and not all of the effects, directly or indirectly, resulting from COVID-19 and/or the current market environment may be reflected herein. The full impact of COVID-19 and its ultimate potential effects on portfolio company performance and valuations is particularly uncertain and difficult to predict.

Risk Factors

Risk Factors – General - An investment in an Ares fund, strategy, account or vehicle entails a significant degree of risk and, therefore, should be undertaken only by investors capable of evaluating the risks of that investment and bearing the risks it represents. General risks about making an investment are provided below. This is a non-exhaustive list of risk factors and conflicts of interest that should be considered in evaluating before making an investment. Investors should review a more complete list of risks, conflicts and or other considerations as described in a PPM or other offering documentation involved in connection with making an investment. Prospective investors should carefully review that additional information for other risks and the investment strategy's objective process and investment techniques associated with a corresponding investment.

Prospective investors should understand risks associated with the types of equity and debt investments to be made, as well as risks related specifically to the various private and or public investment strategy and more generally to investments involved in the strategy.

No Assurance of Investment Return - Neither Ares or the general partner can provide assurance that it will be able to choose, make and/or realize investments in any company, portfolio of companies or asset. Further, there can be no assurance that the fund or strategy will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the types of companies, assets and transactions described or that such returns will be comparable to the fund or strategy's targeted returns. The marketability and value of any such investment will depend upon many factors beyond the control of the fund or strategy, the manager. The expenses of the fund or strategy may exceed its income. The fund or strategy would bear the expenses of transactions that are not consummated, including any break-up fees. As a result, the fund or strategy could incur a substantial cost with no opportunity for a return. A prospective investor could lose the entire amount of its contributed capital, and therefore an investor should only invest in the fund or strategy if the investor can withstand a total loss of its investment.

Past Performance Not Indicative of Future Results - Past performance of the manager, and their respective investment professionals with respect to fund, strategy or other portfolios, investment vehicles or accounts may be not indicative of the future results that the fund or strategy will achieve. Similarly, the past performance of the manager, its affiliates and their respective investment professionals over a particular period is not indicative of the results that may be expected in future periods. Furthermore, the strategies and risks guiding the fund or strategy's investments may differ substantially from investments and strategies undertaken by the manager, and their respective investment professionals with respect to the prior funds or strategies.

Risk Factors (cont'd)

Valuation of Investments - A meaningful portion of the fund or strategy's portfolio may be expected to be in private investments that may be valued by the manager given the lack of public market information. As such, the fair value of such investments may not be readily determinable. The investments are generally expected to be valued at a fair value as determined in good faith and in accordance with U.S. generally accepted accounting principles. The types of factors that may be considered in valuing the fund or strategy's investments include any restrictions on the marketability of such investments, the lack of a market for such investments, the control premium if any associated with such investments, the anticipated impact of immediate sale, the length of time before any such sales may become possible and the cost and complexity of any such sales and other relevant factors. Because such valuations are inherently uncertain, may fluctuate over short periods of time and may be based on estimates, the manager's determinations of fair value may differ materially from the values that would have been used if a ready market for these investments existed and from valuations of third parties and may differ materially from the values that the fund or strategy may ultimately realize.

Allocation of Investment Opportunities - The fund or strategy may focus on illiquid and liquid debt and or illiquid and liquid equity investments. Certain investment opportunities appropriate for the fund or strategy may also be appropriate for other Ares funds or strategies, including those funds or strategies not within the same investment team and can range across the Ares investment platform. It is generally intended that, subject to Ares' allocation policy, the fund or strategy and other Ares funds or strategies, as applicable, which share common investment opportunities as determined in the sole discretion of the manager, allocate over time in a fair and equitable manner, taking into account relevant facts and circumstances and to the extent practicable, including but not limited to, pro-rata based on available capital, subject to the investment objectives, investment restrictions, liquidity, available capital, remaining investment period, leverage, diversification and other limitations applicable to the fund or strategy and such other Ares funds or strategies and as may otherwise be agreed by the respective Investment Committee of such funds or strategies. There can be no assurance that proportional allocations between the fund or strategy and any such other Ares funds or strategies will be achieved.

Ares and its affiliates currently manage, and in the future expect to manage, various other Ares funds or strategies, including by other investment teams, some of which may invest in securities, instruments, assets or obligations eligible for purchase by the fund or strategy. Other Ares funds or strategies include, for the avoidance of doubt, funds and accounts managed or advised by investment advisors that may be acquired or controlled by (or that otherwise become part of) Ares in the future. Situations in which other Ares funds or strategies may invest in the same or securities, instruments, assets or obligations eligible for purchase by the respective fund or strategy, present potential for conflicts of interest. The investment policies, fee arrangements and other circumstances of the overlap may occur with those of other Ares funds or strategies. It is generally intended that, subject to Ares' allocation policy, the fund or strategy and the other Ares funds or strategies, as applicable, which share common investment opportunities as determined in the sole discretion of the manager, taking into account relevant facts and circumstances and to the extent practicable, shall be allocated amongst the funds and strategies over a period of time, that is fair and equitable to the respective funds and strategies. There can be no assurance that proportional allocations between the fund or strategy and any such other Ares funds or strategies will be achieved.

Ares and its affiliates may, from time to time, be presented with investment opportunities that fall within the fund or strategy's investment objectives and the investment objectives of one or more other Ares funds or strategies. While Ares will seek to manage such conflicts of interest in good faith, there may be situations in which the interests of a fund or strategy with respect to a particular investment or other matter conflict with the interests of one or more of the other Ares funds and strategies. Neither the manager or Ares Management has any affirmative obligation to offer any investments to a particular fund strategy, or to inform the respective fund or strategy before offering investments to any other Ares fund or strategy. A copy of Ares' Investment Allocation Policy is available upon request.

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Today's Presenters

Keith Ashton
Partner, Portfolio Manager, and Co-Head of Alternative Credit
Based in New York

Mr. Ashton is a Partner, Portfolio Manager and Co-Head of Alternative Credit in the Ares Credit Group. Mr. Ashton serves as a Vice President and Portfolio Manager for the Ares Dynamic Credit Allocation Fund, Inc. (NYSE:ARDC). Mr. Ashton serves as a member of the Ares Credit Group's Alternative Credit, Pathfinder and Pathfinder Core Investment Committees. Additionally, Mr. Ashton serves on the Ares Diversity, Equity and Inclusion Council. Prior to joining Ares in 2011, Mr. Ashton was a Partner at Indicus Advisors LLP, where he focused on launching the global structured credit business in May 2007. Previously, Mr. Ashton was a Portfolio Manager and Head of Structured Credit at TIAA-CREF, where he focused on managing a portfolio of structured credit investments and helped launch TIAA's institutional asset management business. Mr. Ashton's experience as an investor in alternative fixed income products spans virtually all securitized asset classes, including CLOs, consumer and commercial receivables, insurance and legal settlements, small business and trade receivables, whole business securitizations, timeshare and other mortgage-related receivables, and esoteric asset classes such as catastrophe risk and intellectual property. Mr. Ashton holds a B.A. from Brigham Young University in Economics and an M.B.A. from the University of Rochester William E. Simon School of Business in Finance and Accounting.

Juliette Schianuck
Principal, Relationship Management
Based in Los Angeles

Ms. Schainuck is a Principal in the Ares Global Client Solutions Group, where she focuses on institutional client management in North America. Prior to joining Ares in 2020, Ms. Schainuck was a Vice President and Investment Counselor at Citi Private Bank, where she advised clients on investment solutions across asset classes. Ms. Schainuck holds a B.S.B.A., magna cum laude, from the University of Denver in Finance. Ms. Schainuck is a CFA® charterholder.

Ares Management

» With approximately $395 billion in assets under management, Ares Management Corporation is a global alternative investment manager operating an integrated platform across five business groups

Profile

Founded	1997
AUM	$395bn
Employees	~2,800
Investment Professionals	~975
Global Offices	35+
Direct Institutional Relationships	~2,090
Listing: NYSE – Market Capitalization	$33.5bn[1]

Global Footprint[2]

The Ares Differentiators

Power of a broad and scaled platform enhancing investment capabilities	**Deep management team with integrated and collaborative approach**
20+ year track record of attractive risk adjusted returns through market cycles	**A pioneer and leader in leveraged finance, private credit and secondaries**

	Credit	Private Equity	Real Assets	Secondaries	Other Businesses
AUM	$268.9bn	$34.3bn	$63.9bn	$23.3bn	$4.6bn
Strategies	Direct Lending	Corporate Private Equity	Real Estate Equity	Private Equity Secondaries	Ares Insurance Solutions[4]
	Liquid Credit	Special Opportunities	Real Estate Debt	Real Estate Secondaries	Ares Acquisition Corporation[5]
	Alternative Credit	APAC Private Equity[3]	Infrastructure Opportunities	Infrastructure Secondaries	
	APAC Special Situations		Infrastructure Debt	Credit Secondaries	

Note: As of September 30, 2023. AUM amounts include funds managed by Ivy Hill Asset Management, L.P., a wholly owned portfolio company of Ares Capital Corporation and registered investment adviser. Past performance is not indicative of future results.

1. As of November 27, 2023.
2. New Delhi office is operated by a third party with whom Ares Asia maintains an ongoing relationship relating to the sourcing, acquisition and/or management of investments.
3. APAC Private Equity not included in AUM amounts as of September 30, 2023 given the acquisition closed on October 2, 2023.
4. AUM managed by Ares Insurance Solutions excludes assets which are sub-advised by other Ares' investment groups or invested in Ares funds and investment vehicles.
5. AUM includes Ares Acquisition Corporation ("AAC") and Ares Acquisition Corporation II ("AACT").

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Ares Alternative Credit Capabilities

Ares is a leader in the Alternative Credit markets

Team	Experience
71 investment professionals (one of the market's largest dedicated teams)[1]	**~$34.1bn** in AUM across diverse Alt Credit mandates[3]
~21yrs of experience (on average) across the team's 35 senior investment professionals[1]	**~$40.7bn** deployed in Alt Credit since inception
~975 investment professionals across Ares Credit, Real Estate, Private Equity, Secondary Solutions and Strategic Initiatives[2]	**~$11.9bn** deployed in last twelve months[2]

Past performance is not indicative of future results.

1. As of December 2023.
2. As of September 30, 2023.
3. As of September 30, 2023. AUM reflects USD amount. Includes ~$32.1bn invested across dedicated funds and ~$2.0bn invested across other strategies.

Ares Alternative Credit: What We Do

We Invest In

- Large, diversified portfolios of assets
- Assets that generate contractual cash flows
- Assets that have historically demonstrated stable performance, including under stress

Type of Assets

Loans / Leases	Receivables	Royalties / Fees

Format of Investments

Lending	Asset Acquisitions	Liquid Securities

For illustrative purposes only.
Past performance is not indicative of future results. There is no guarantee or assurance investment objectives will be achieved.
Diversification does not assure profit or protect against market loss.

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Ares Alternative Credit

Diversified Exposure to Assets You Touch Every Day

Mortgage Loans

Credit Card Receivables

Infrastructure Assets

Media Assets

Shipping Containers

Solar Loans

Small Business Loans

Equipment Leases

Healthcare Receivables

Auto Loans

Fiber Assets

Student Loans

The Romans Figured This Out a Long Time Ago…

Single-Name investment risk

Asset-Focused investment risk

Success is More Likely When Combat isn't One-on-One

Pathfinder Core Portfolio Overview

» Asset-focused open-ended income fund seeking to deliver 8-10% net returns(1) with a 90%+ income distribution rate[1]

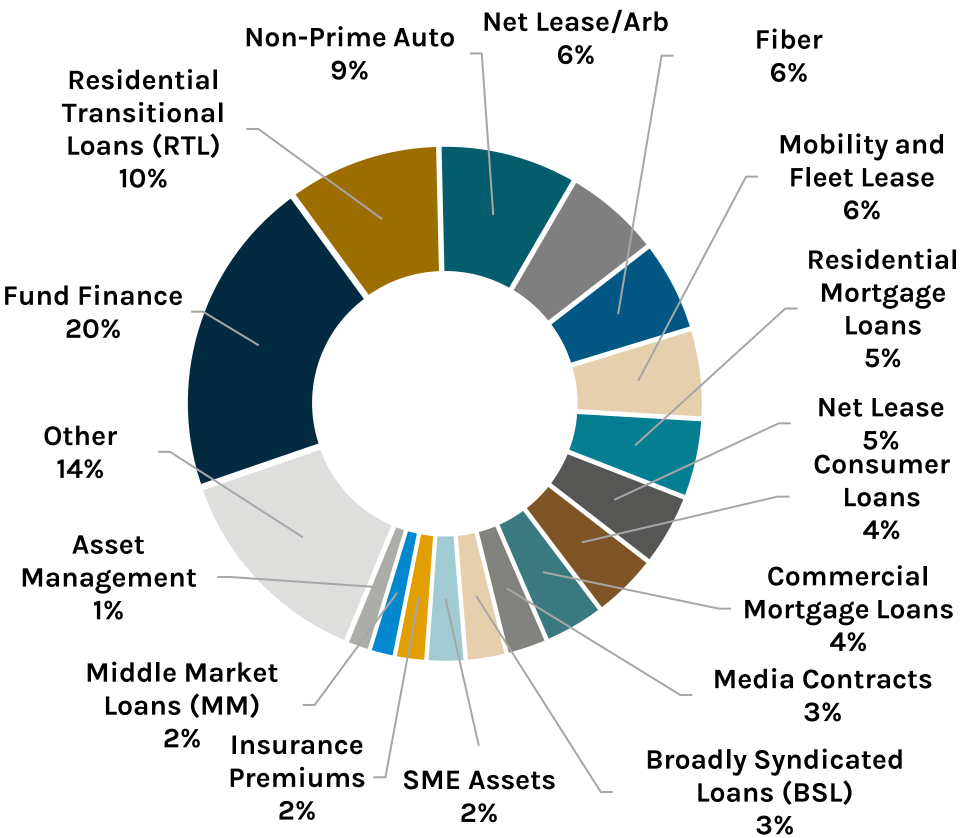
~$4.3bn deployed to date[2]	~$4.1bn unrealized commitments to date[3]	~$1.2bn realized proceeds[2]
76 unrealized portfolio investments to date	83 total investments to date	

As of September 30, 2023 unless otherwise noted and subject to change at any time. Unaudited figures presented herein. Figures presented in USD. EUR denominated assets converted using a 1.06 USD/EUR exchange rate. GBP denominated assets converted using a 1.22 USD/GBP exchange rate. CAD denominated assets converted using a 0.74 USD/CAD exchange rate. Reflects investment and other figures for the Class M, or Main Class, Limited Partners only.
Total fund commitment is shown as of September 30, 2023.

1. Targeted returns are shown for illustrative purposes only and there can be no assurance that such targets can be achieved. Actual results may be materially different. No guarantee target fundraise can be achieved.
2. As of September 30, 2023. Includes realized and unrealized investments.
3. As of September 30, 2023.

Look-through Diversification

» Each Pathfinder Core investment is collateralized by a highly granular, diversified asset pool representing tens of thousands of underlying obligors



Highlights from 15 Select Investments of 72 Existing Investments
2,456,078 eligible credit card receivables
300,000+ fiber / telecommunications subscribers
210,000+ owned songs across ~30,000 artists and publishers
162,793 consumer installment and single-pay loans
159,089 homes across 9 European jurisdictions
86,000+ works by 151 songwriters
79,083 commercial vehicles
75,000 fiber / telecommunications subscribers
38,951 consumer installment loans across two countries
13,098 non-prime and near-prime consumer loans
10,276 eligible automobile-secured installment sales contracts
5,000+ customers across 40+ territories
3,495 subprime auto loans
1,500+ franchisees across ~20 brands
1,300+ underlying credits associated with 3 credit funds (LP stakes)

As of September 30, 2023 unless otherwise noted. Diversification does not assure profit or protect against market loss. Please refer to endnotes for additional disclosures. Reflects top 15 investments with highest quantity of underlying assets. Reflects investment and other figures for the Class M, or Main Class, Limited Partners only.

Key Elements of Pathfinder Core

1	Durable through Cycles	• Targeted investments share key features designed to safeguard principal; including asset security, robust covenants and structural protections, and predictable cash flows • Attributes (individually, but especially in combination) contribute to consistency in outcomes, including low levels of losses through a default cycle • Underwritten for return stability, positioned for the unexpected
2	Rise of Alternative Lending	• U.S. and European banks are less focused on long term lending • Regulatory capital requirements and accounting changes create more opportunities • Non-Bank lenders fill the “gaps” and provide significant liquidity solutions
3	Relative Value Positioning	• Tactical allocation across various asset-focused, cash flow generating investments allows the strategy to capitalize on attractive risk-adjusted return opportunities • We believe Ares is among very few alternative managers with capabilities and resources to pursue this strategy in scale
4	Attractive Current Yield	• All transactions are designed to benefit from conservative underwriting to withstand stressful environments and maintain consistent income streams • Seeks to distribute 90%+ of income generated to investors
5	Demonstrated Performance	• Seasoned, cycle-tested investment team of 71 investment professionals led by 35 senior professionals with ~21 years of average experience across Alt Credit sectors[1] • Ares has invested ~$40.7bn across 2,715 Alt Credit transactions

Diversification does not assure profit or protect against market loss. Past performance is not indicative of future results.

1. As of December 2023.

ARES

Pathfinder Core's Relative Value Lens Today

Subject to change based on market conditions, relative value and investment opportunities

In Focus

- Fund Finance
- Banks/Capital Relief
- FinCo Loans
- REIT Financing
- Rescue Financing
- Asset Portfolios

Monitoring

- Equipment Leasing
- Infrastructure Assets
- Auto Portfolios
- GP/Manager Financing
- Media/Sports Assets
- Commercial Auto Financing
- Net Lease
- Consumer Lending
- CLO Securities
- Real Estate Debt Securities
- Tax Receivable Agreements
- Management/Servicing Fees
- Secondaries Lending

Not in Focus

- Timeshares
- Healthcare Lending
- NPL/RPL
- Renewables Lending/Leasing
- Small Business Lending
- Recurring Revenue Financings
- Legal Assets
- Aviation (almost never)
- Venture Debt (almost never)
- Shipping (never)
- Life Settlements (never)
- Patent Litigation (never)

For illustrative purposes only.
Based on the Ares Alternative Credit Team's market observations as of December 2023. There is no guarantee that assets will perform or opportunities will be identified as described.

Appendix

Ares Pathfinder Core Team

~975 investment professionals across the platform

Portfolio Managers

Keith Ashton Partner, Co-Head of Alternative Credit *(25 years)*	**Joel Holsinger** Partner, Co-Head of Alternative Credit *(26 years)*	**Jeffrey Kramer** Partner, Head of ABS *(37 years)*

Ares Pathfinder Core Additional Investment Committee Members

Kevin Alexander Partner *(27 years)*	**Eli Appelbaum** Partner *(18 years)*	**Charles Arduini** Partner *(23 years)*
Craig Cortright Partner *(23 years)*	**David Ells** Partner *(31 years)*	**Joshua Mason** Managing Director *(27 years)*
Ankur Patel Partner *(24 years)*	**Vincent Salerno** Partner *(26 years)*	

Operations & Quantitative Analytics

Jason Cohen Partner, Chief Operating Officer *(23 years)*	**Dongning Luo** Vice President *(12 years)*	**Shashwat Singh** Vice President *(17 years)*
Hank Tai Vice President *(8 years)*	**Juna Iafelice** Senior Associate *(8 years)*	**Julia Lin** Senior Associate *(6 years)*
	Richie Chen Associate *(5 years)*	

Product Management & Investor Relations

Sonya Lee Partner *(21 years)*	**Dean Fisher** Principal *(14 years)*	**Lauren Thomas** Principal *(13 years)*
David Walla Principal *(10 years)*	**Ejona Murataj** Senior Associate *(7 years)*	**Hunter Westerberg** Senior Associate *(4 years)*
East Li Associate *(4 years)*	**Elley Song** Associate *(3 years)*	**Juna Jang** Analyst *(2 years)*
	Peyton Mandel Analyst *(3 years)*	

Investment & Asset Management Team

Scott Rosen Partner *(23 years)*	**Ian Smith** Partner, Trader *(22 years)*	**Will Farrant** Managing Director *(23 years)*	**Stefano Questa** Partner *(22 years)*	**Felix Zhang** Partner *(12 years)*
Michael Flynn Managing Director *(27 years)*	**Benjamin Fox** Managing Director *(23 years)*	**Andie Goh** Managing Director *(12 years)*	**Jeffrey Hughes** Managing Director *(29 years)*	**Sara McGinty** Managing Director *(24 years)*
Kristofer Pritchett Managing Director *(16 years)*	**Richard Sehayek** Managing Director *(21 years)*	**Alex Smit** Managing Director *(11 years)*	**Joel Tomlinson** Managing Director *(25 years)*	**Lisa Trolson** Managing Director *(26 years)*
Benjamin Tyszka Managing Director *(22 years)*	**Cheng Zeng** Managing Director *(17 years)*	**Bharat Chandrasekaran** Principal *(13 years)*	**Austin DeLana** Principal *(12 years)*	**Stephen Gardner** Principal *(14 years)*
Peter Keane Principal *(20 years)*	**Ruby Lau** Principal *(14 years)*	**Elizabeth Legunn** Principal *(10 years)*	**Cathy Lu** Principal *(10 years)*	**Greg Spilberg** Principal *(24 years)*
Linyi Chen Vice President *(10 years)*	**Greg Eacho** Vice President *(9 years)*	**Ari Feldman** Vice President *(13 years)*	**Tanner Flyckt** Vice President *(9 years)*	**Zach Green** Vice President *(8 years)*
Ludo Hashemi Vice President *(9 years)*	**Jacky Jiang** Vice President *(5 years)*	**Haakim Nainar** Vice President *(10 years)*	**Eric Tang** Vice President *(9 years)*	**Patrick Yu** Vice President *(8 years)*
Alex Zhong Vice President *(8 years)*	**Sameer Abbasi** Senior Associate *(5 years)*	**Marta Aguiar** Senior Associate *(9 years)*	**Aaron Chan** Senior Associate *(8 years)*	**Yanying Hao** Senior Associate *(4 years)*
Kian Ivey Senior Associate *(8 years)*	**Nate Kim** Senior Associate *(6 years)*	**Allen Lo** Senior Associate *(6 years)*	**Maksym Petrus** Senior Associate *(8 years)*	**Carlos Rosario** Senior Associate *(7 years)*
Jason Zhang Associate *(4 years)*	**Jesse Aghadjian** Associate *(4 years)*	**Noah Gelman** Associate *(3 years)*	**Olivia Johnson** Associate *(3 years)*	**Zooey Ma** Associate *(5 years)*
Finian McAfee Associate *(6 years)*	**Hannah Reyes** Associate *(2 years)*	**Payal Chowbey** Analyst *(1 year)*	**Teague Urban** Analyst *(<1 year)*	

+ 270 Direct Lending professionals	**+ 45** Liquid Credit professionals	**+ 60** Asia Credit professionals	**+ 100** Private Equity professionals	**+ 315** Real Assets professionals	**+ 85** Secondaries professionals

As of January 2024 unless otherwise noted. Please refer to Endnotes for additional important information. Years referenced represents number of years of relevant experience.

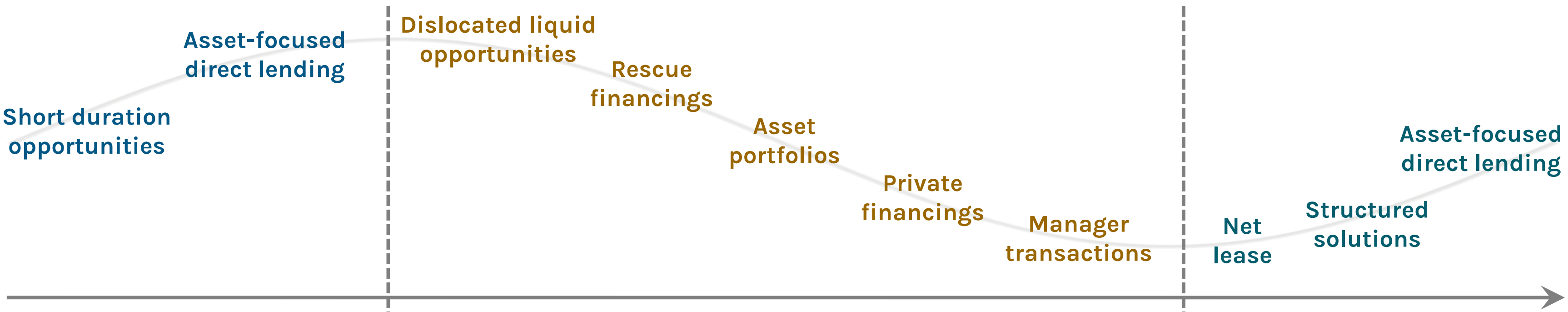
ARES

Tactical Approach with Respect to Markets, Relative Value with Respect to Assets

Investment Strategy Is Focused on Downside Protection…

- Performing assets that generate durable (e.g., contractual) cash flows
- Private opportunities where Ares can tailor risk and structure to drive performance
- Sectors that have historically demonstrated stable performance, including under stress
- Sectors where Ares can contribute proprietary insight and specialized resources (*"Power of the Platform"*)

… While Capturing Upside Optionality across Market Environments

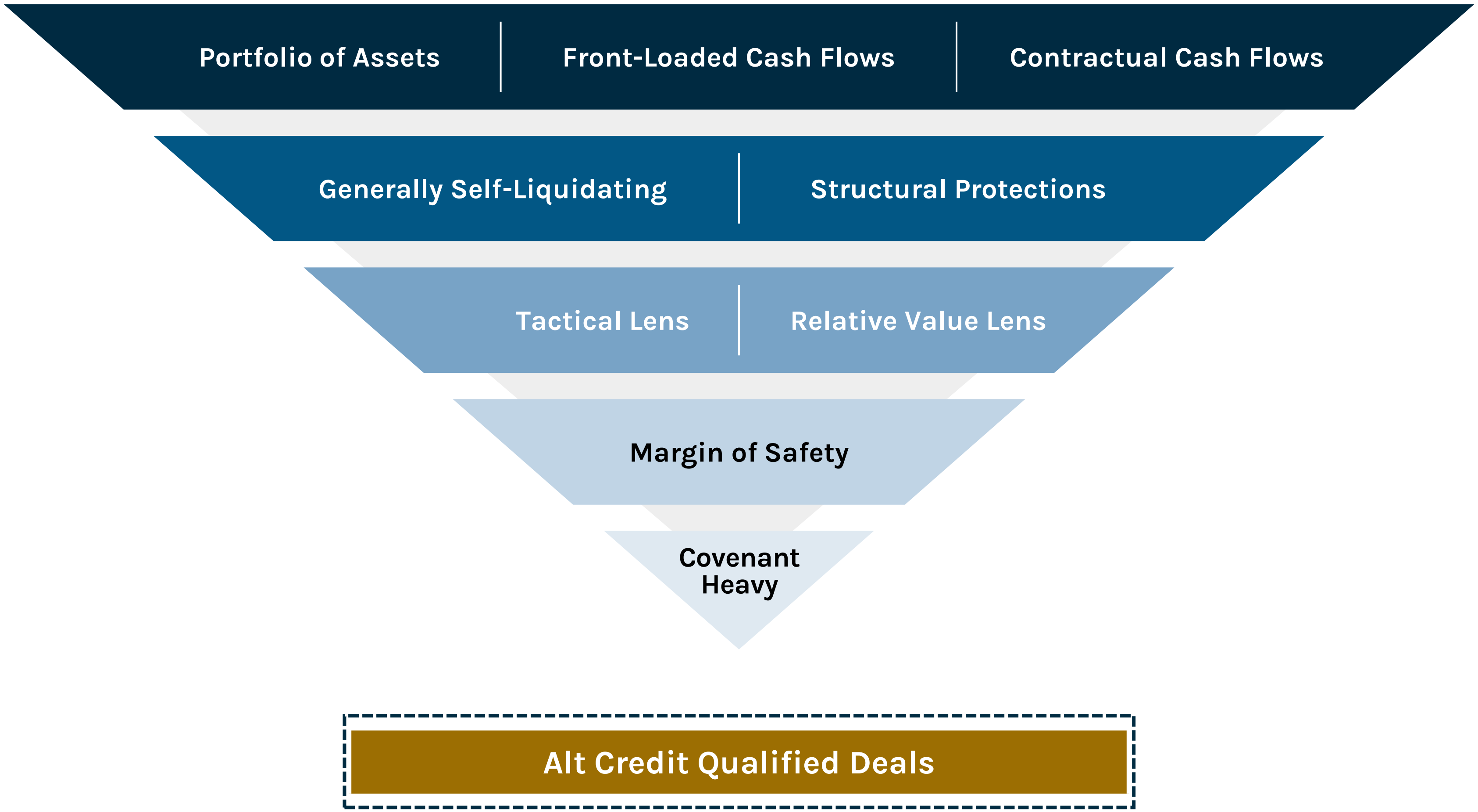


End of Growth	Economic Cycle/Market Disruption		Start of Growth
Senior, Secured & Defensive	Liquid Markets	Dislocated Markets	Strategic Capital
Limited Correlation	Orphaned Assets	Tactical Playbook	Private Lending

Note: There is no guarantee that target results will be achieved. References to "downside protection" or similar language are not guarantees against loss of investment capital or value.

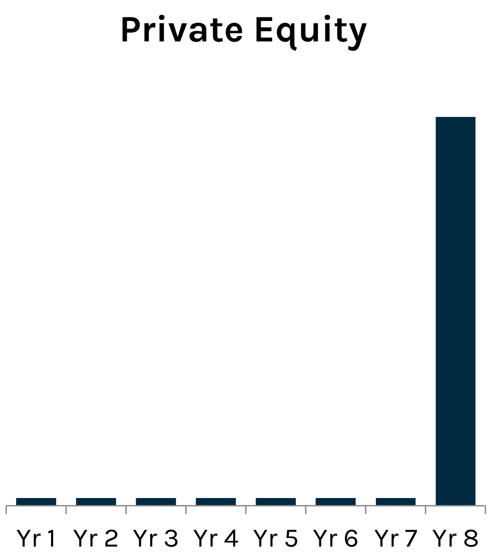
ARES

Consistent Investment Attributes Across Our Platform

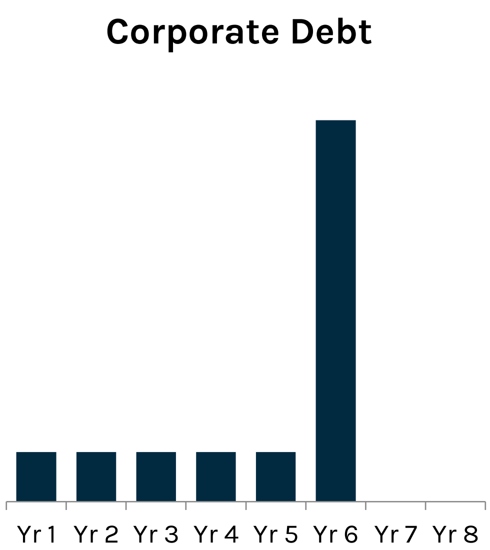


Comparing Investment Cash Flow Profiles

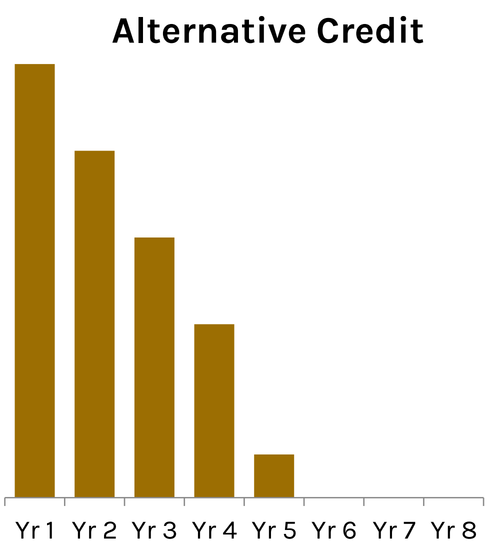
The typical Alternative Credit investment offers a differentiated cash flow profile relative to other asset classes



Typically receives little to no cash flow until a realization event (e.g., the sale or IPO of the company).



Typically receives only interest coupons until a realization event (e.g., the refinancing of the debt or sale of the company).



Typically sees a high volume of front-loaded cash flows from the underlying assets. It does not generally rely on a realization event.

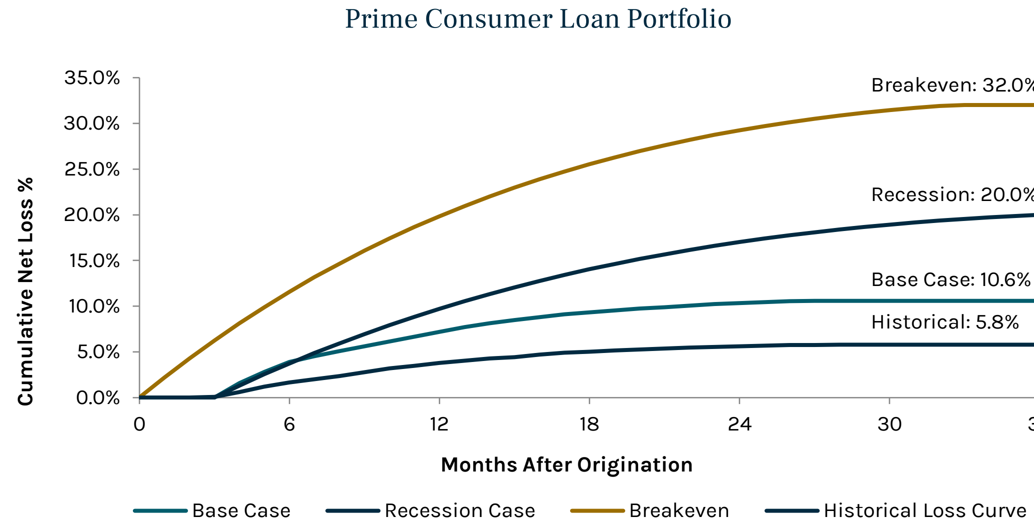
Typical cash flows are presented for illustrative purposes only. Actual cash flows may vary materially from those presented above.

We Design a "Margin of Safety" for Stressful Times

Focused on assets that typically generate resilient cash flows.

Designed to withstand an economic downturn.

Designed with structural features to help ensure a full recovery.



Historical Loss Curve:
The historical level of losses in the underlying asset portfolio

Base Case:
Investment team's conservative estimate of future losses within the asset portfolio (typically based on the counterparty's worst vintage)

Recession Case:
Indicates the level of historic losses based on peak defaults during the last recession, which serves as a proxy for future recessionary environments

Breakeven Case:
The level of losses in the underlying asset portfolio that would be required to cause a $1 loss on our investment. Ares typically designs our investments of this type to withstand at least 200% of Base Case and at least 150%+ of Recessionary loss rates

For illustrative purposes only. There is no guarantee base case will be achieved. Results shown are not representative of Pathfinder Core's track record. Note: Great Financial Crisis is defined as the period just prior to and following the credit market dislocation of 2008. Modeled losses are exclusively for informational and discussion purposes only. Modeled results have inherent limitations, and actual results will differ significantly from the illustrative loss curves presented herein. In modeling the losses shown herein, Ares used publicly available data as well as assumptions that it believes are reasonable. Loss assumptions shown herein are meant to be purely illustrative and do not represent actual losses. The use of different assumptions could also produce materially different results. References to "downside protection" or similar language are not guarantees against loss of investment capital or value.

Endnotes

Ares Pathfinder Core Team Endnotes

Additional professionals figures: As of September 30, 2023. Employee numbers are rounded down to the nearest 0/5. As such, numbers may not foot due to rounding. Additional Strategy & Distribution professionals figure is inclusive of Relationship Management, Strategy, Investor Relations, and Wealth Management Solutions.

Mssrs. Ashton, Holsinger and Kramer serve on Ares' Alternative Credit Executive Committee.

In addition to responsibilities on the Alternative Credit team, Mr. Rosen is a Partner focusing on U.S. Direct Lending.

In addition to responsibilities on the Alternative Credit team, Mr. Smith serves as a Portfolio Manager of U.S. Liquid Credit.

In addition to responsibilities on the Alternative Credit team, Mssrs. Flyckt, Fox, Tomlinson, and DeLana focus on net lease and related investments that also span the Ares Real Estate Group.

In addition to responsibilities on the Alternative Credit team, Mr. Hughes serves as a Portfolio Manager of U.S. Direct Lending.

January 2024

Private Equity Pacing Analysis

North Dakota Board of University and School Lands

Pacing Study Outline

OBJECTIVE

Set a reasonable 5-year target commitment allocation schedule that results in the total fund approaching the private equity allocation.

- *The commitment pacing plan should be revisited annually*

PROCESS

RVK uses proprietary software to model the existing portfolio and expected forward commitments. A number of assumptions are made throughout this analysis and include the following:

- *Private equity investment cash flow/valuation patterns based on historical data from Preqin Alternatives*
- *A custom annualized growth rate for the overall total composite, net of spending rate*

OUTPUT

The pacing study provides a recommended annual commitment volume to meet the total fund's private equity target.

- *Vintage commitments shown below may be made to one or more investment managers depending on the size of the commitment*
- *Likely to approach private equity target slowly to minimize vintage year risk*

RVK

Pacing Recommendation Summary

1 *Current Plan Statistics (as of September 30, 2023)*

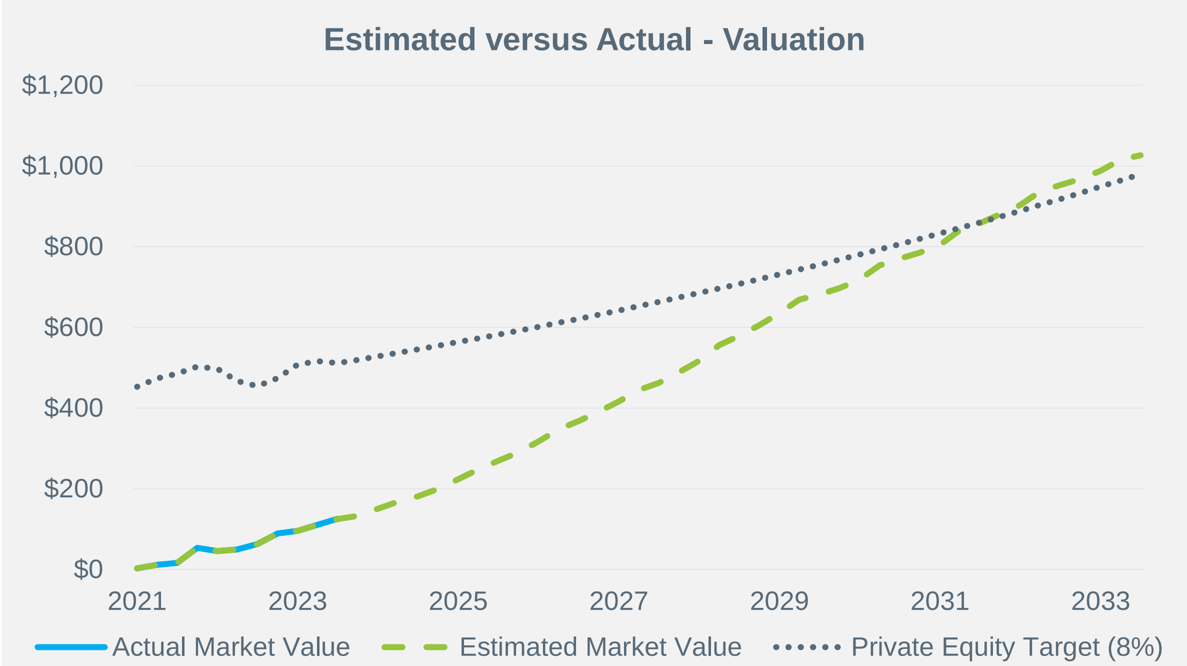
Total plan size	$6.4 billion
Current private equity target	8.0%
Current private equity allocation	2.0%
Expected growth rate	Approximately 6.7%

2 *Recommendation*

Year	Commitments
2024	$150 million
2025	$150 million
2026	$150 million
2027	$150 million
2028	$150 million

RVK recommends annual commitments of $150 million to achieve the target allocation.

3 *Expected Results*



RVK

Pacing Recommendation Review

- In 2022, RVK recommended annual commitments of $110 million to reach the target allocation.
- After updating our analysis in 2024, RVK recommends increasing the annual commitment schedule to $150 million.
- The increase in commitments is primarily due to the following factors:
  - A larger than anticipated increase in total plan size from $5.8 billion on 06/30/2022 to $6.4 billion on 09/30/2023.
  - An increase in the growth rate from 6.0% to 6.7%.
- We are now currently expecting to reach the plan’s 8% allocation by approximately 2030.

2022 Proposed Commitment Schedule

Year	Commitments
2023	$110 million
2024	$110 million
2025	$110 million
2026	$110 million
2027	$110 million

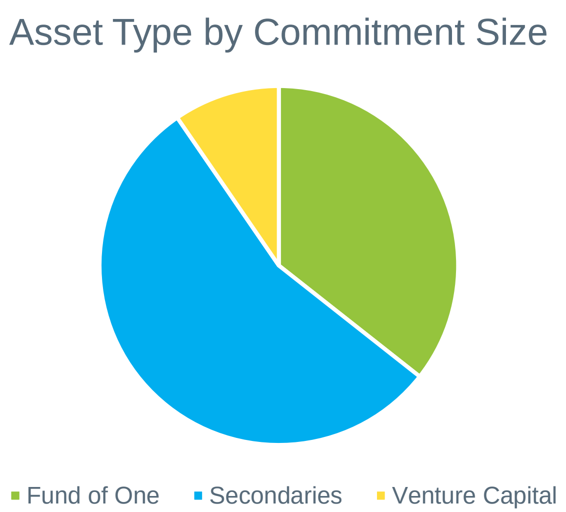
2024 Proposed Commitment Schedule

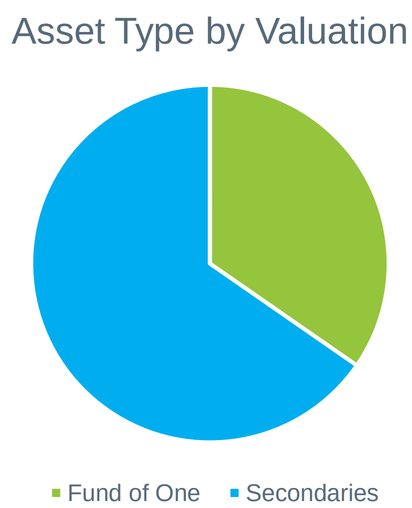
Year	Commitments
2024	$150 million
2025	$150 million
2026	$150 million
2027	$150 million
2028	$150 million

Current NDBUSL Private Equity Portfolio

(Valuations as of 9/30/2023 except where noted; cash flows as of 12/31/2023)

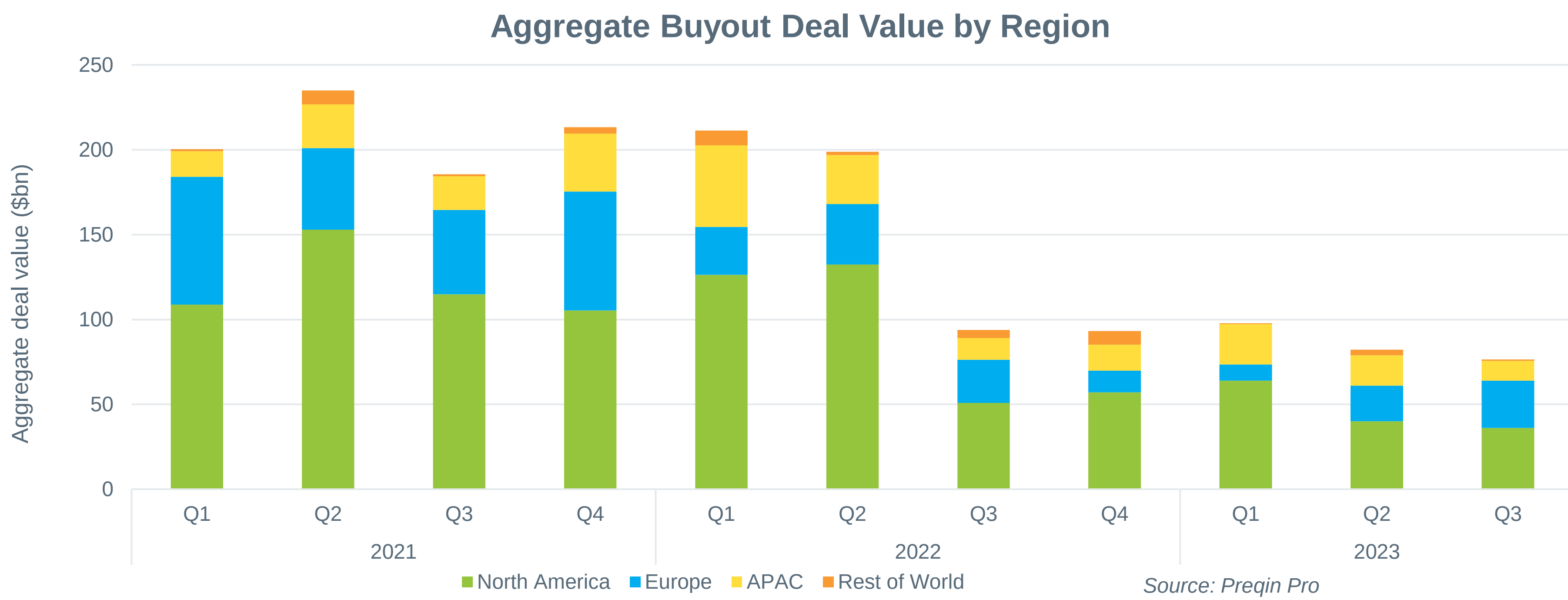
Fund Name	Vintage	Asset Class	Commitment	Paid In Capital	Distributions	Valuation	Fund IRR	Index IRR	Fund Multiple
Grosvenor - BUSL, LP	2021	Private Equity - Fund of One	$130,000,000	$48,445,543	$2,566,178	$43,526,321	9.06	0.98	1.13
Grosvenor Secondary Opportunities Fund III, LP	2021	Private Equities - Secondaries	$150,000,000	$51,636,257	$0	$64,029,842	22.79	-0.57	1.24
Morgan Stanley Ashbridge Secondaries Fund II LP*	2021	Private Equities - Secondaries	$25,000,000	$15,302,106	$0	$18,053,446	31.80	9.09	1.34
Khosla Ventures VIII, L.P.^	2023	Private Equities - Venture Capital	$35,000,000	$2,765,000	N/M	N/M	N/M	N/M	N/M
Blue Owl Strategic Equity Partners LP	2023	Private Equities - Secondaries	$25,000,000	$0	N/M	N/M	N/M	N/M	N/M
TOTAL			**$365,000,000**	**$118,148,906**	**$2,566,178**	**$125,609,609**			





*Market value is as of 06/30/2023.
^Represents commitments to Khosla Ventures Opportunity II ($17.5M), Khosla Ventures Seed F ($3.5M), and Khosla Ventures VIII LP ($14M).
Certain valuations (marked with a '*') are preliminary estimates of valuation as of the date of reporting and reflect the estimated impact of subsequent net cash contributions/distributions. These figures may be used in calculations contained in this report. Index IRR represents the dollar-weighted returns calculated using the Russell 3000 Index assuming an index investment with the same cash flow timing. IRRs are shown only for investments with one year or more of cash flows and for which an accurate IRR could be calculated. Applicable IRRs are marked with 'N/M' for not material. Fund IRR is the annualized since-inception net internal rate for the indicated fund or composite. Fund Multiple is the since inception sum of distributions and valuation divided by paid in capital.

Market Update & Cash Flow Activity in 2023

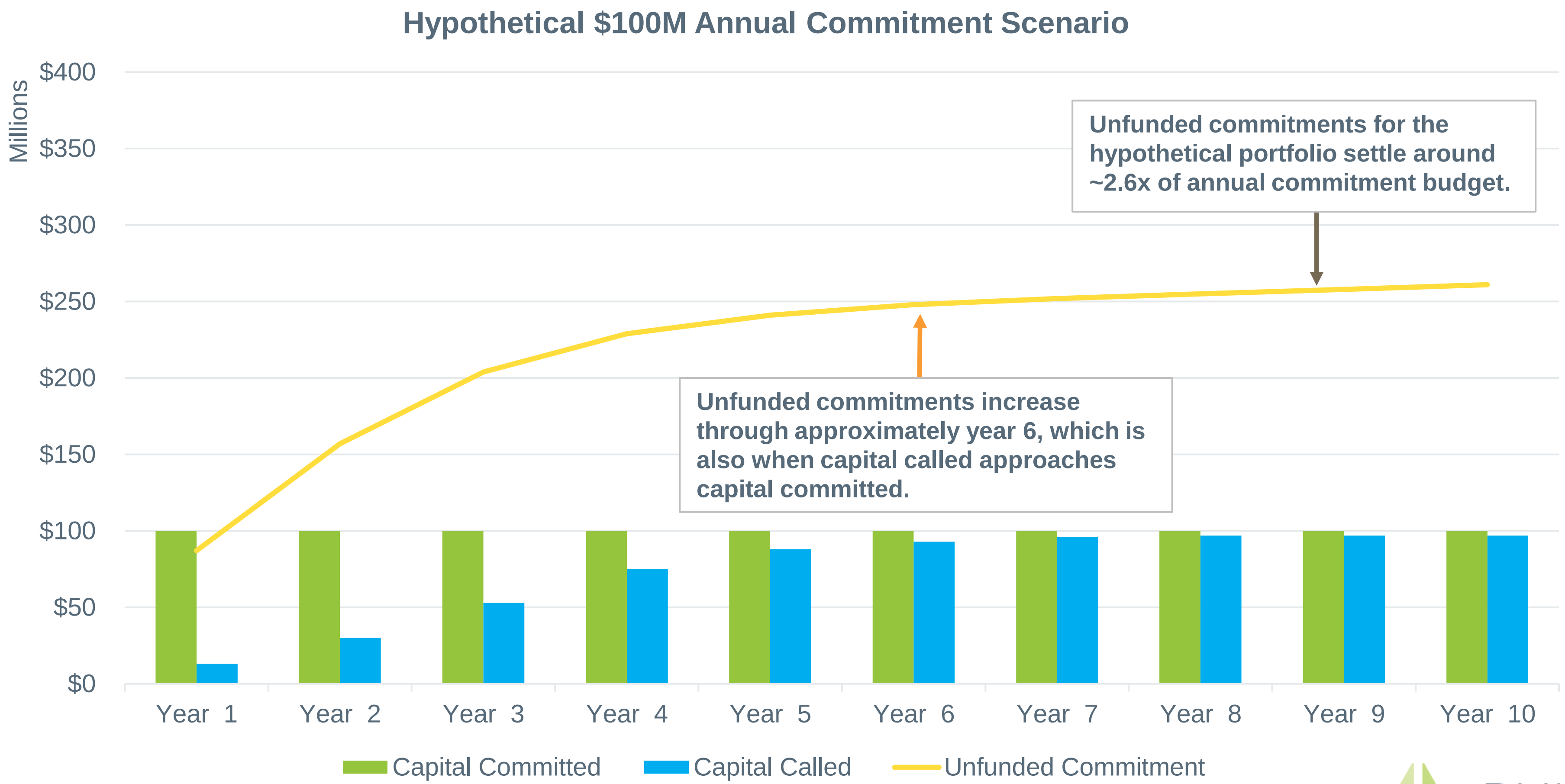


Source: Preqin Pro

- Private equity investment activity remains low, slowing capital deployment for all investors.
- Elevated interest rates are primarily to blame; increased debt costs and pricing disconnects between buyers and sellers are the result.
- RVK expects private equity activity to increase in 2024 with the anticipated reversal in rate increases.

Private Equity Portfolios & Unfunded Commitments

- Private equity portfolios always have unfunded commitments, as the draw down structure of the asset class results in a lag between capital committed and capital invested.
- The example below and RVK's experience with client portfolios suggests that unfunded commitments peak around year 6 of a PE program and typically represent 2.5x to 3.0x of client annual commitment budget in perpetuity.



Analysis shown represents a hypothetical portfolio committing $100M annually to 4 buyout funds.

Allocation Analysis

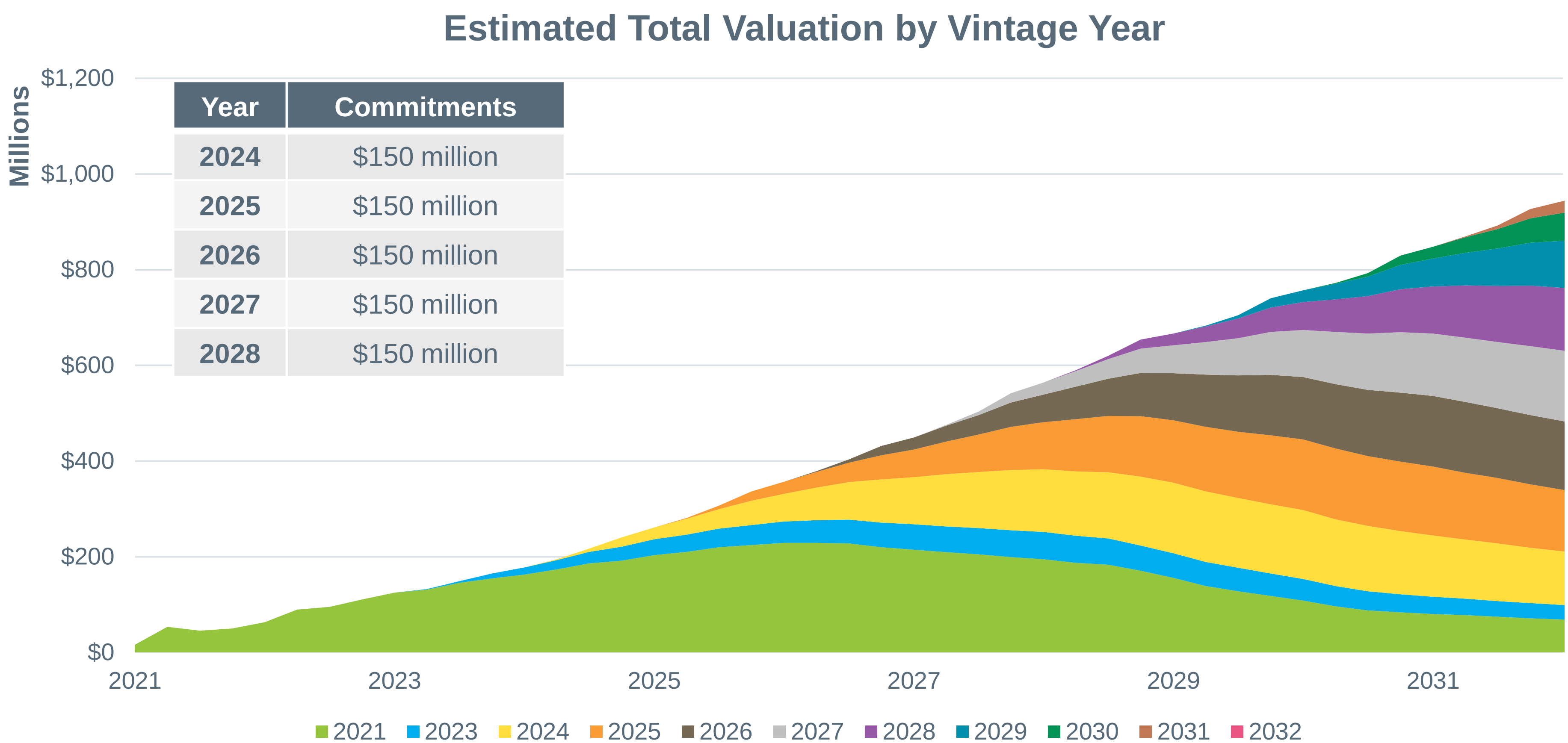
January 18, 2024

Commitment Recommendation

RVK recommends the following commitment schedule, keeping in mind:

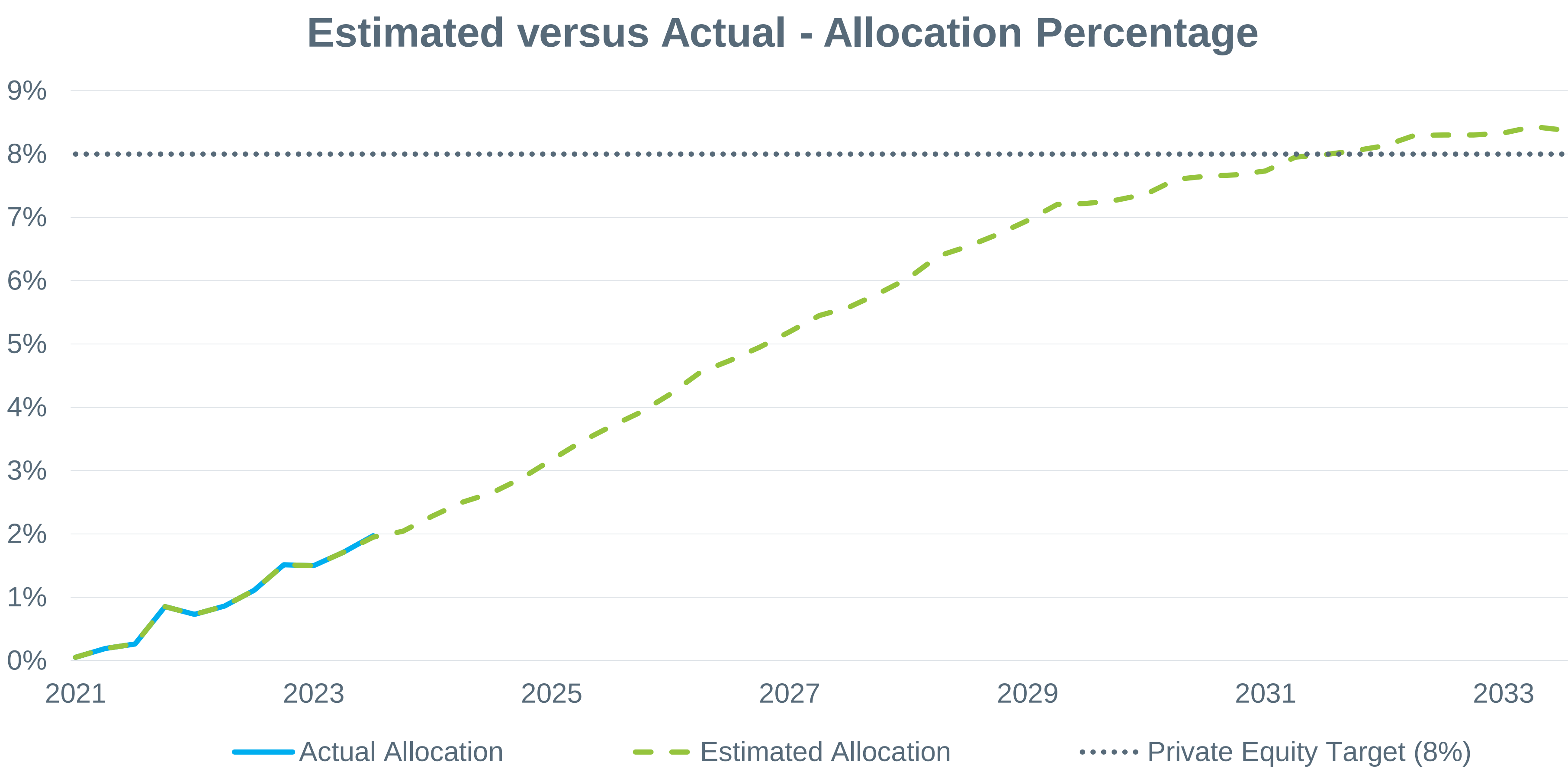
- → Vintage year concentration is a large risk in PE
- → Annual commitments are likely to represent multiple funds & strategies
- → Recommended commitments are approximate
- → Attractive PE opportunities may not present equally each year

Year	Commitments
2024	$150 million
2025	$150 million
2026	$150 million
2027	$150 million
2028	$150 million



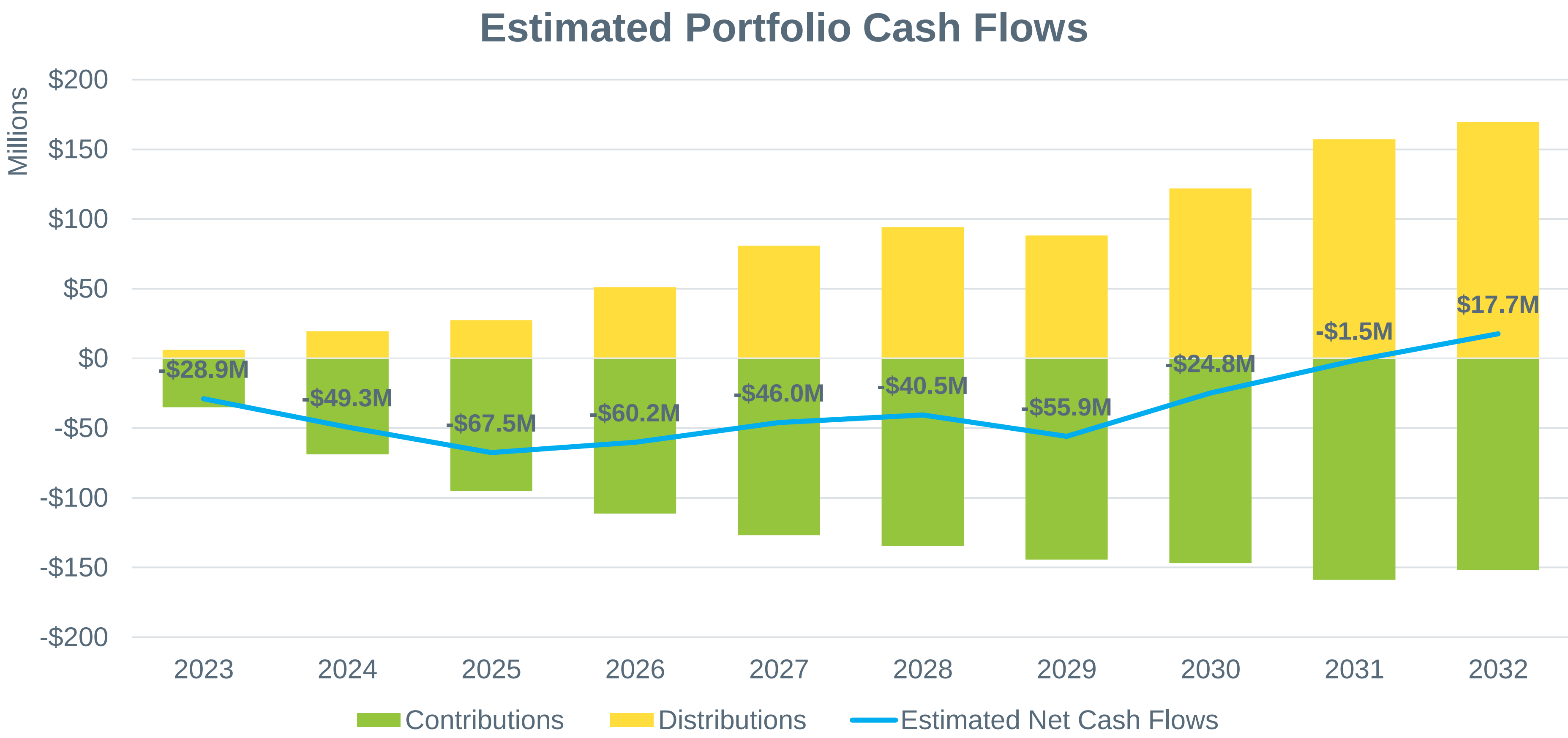
Allocation Analysis

The total fund's allocation to private equity is expected to continue to increase with additional commitments and is anticipated to reach the target allocation in approximately 2030.



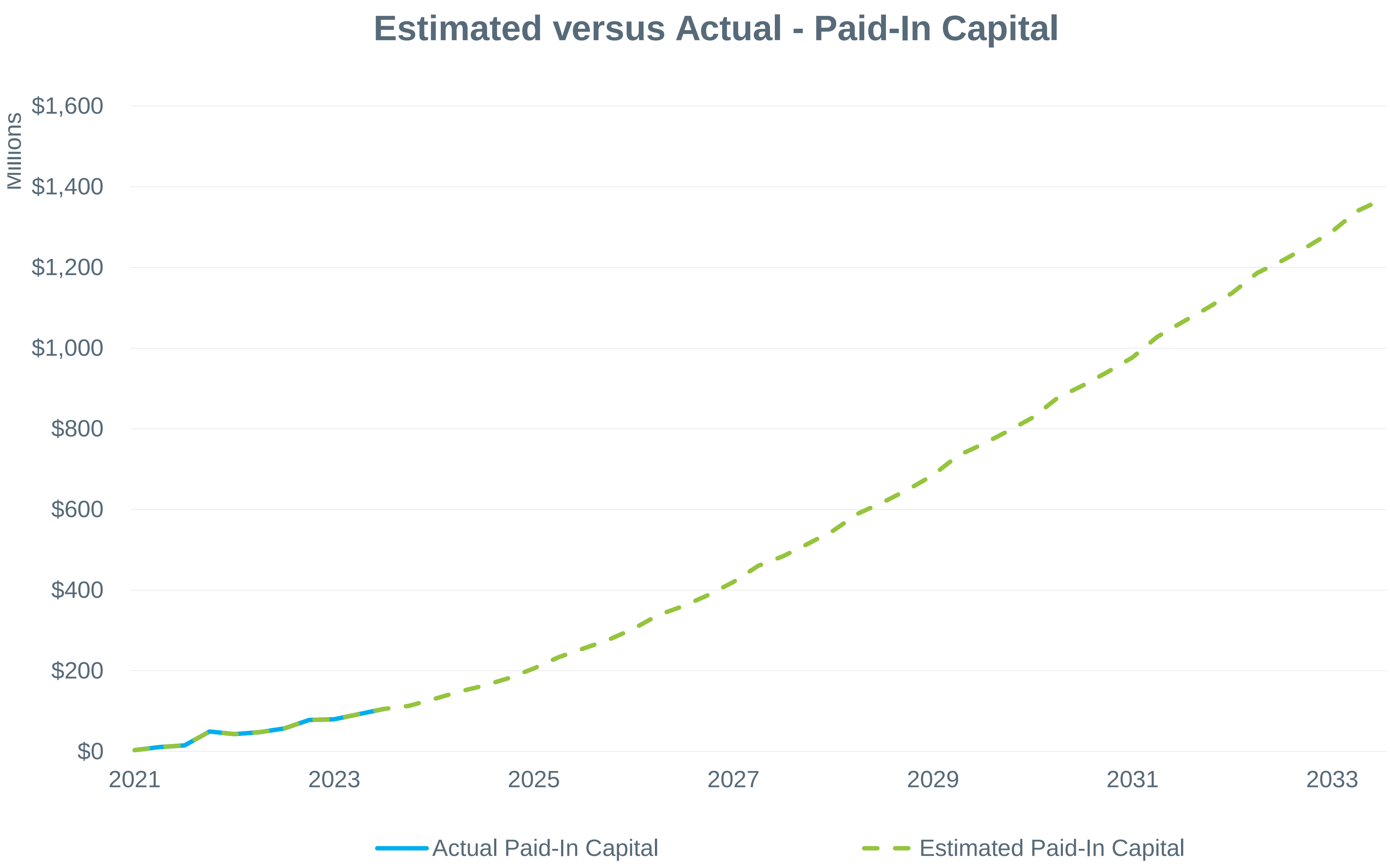
Cash Flows

Including new commitments, the portfolio is expected to continue to achieve self funding status in approximately 2031. The private equity portfolio is expected to reach peak capital contributions in 2025 before approaching self funding status in subsequent years.



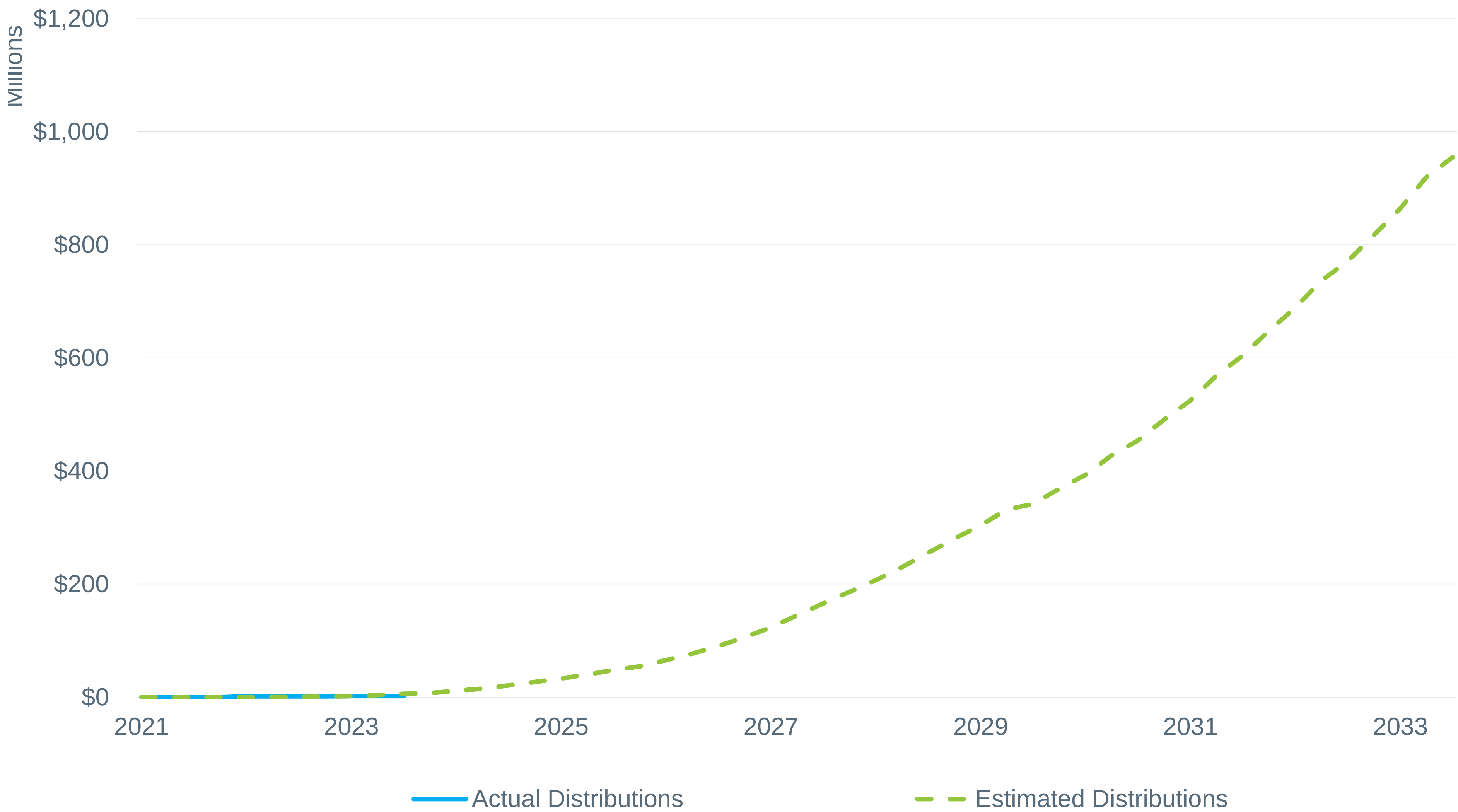
Value creation analysis is based on projected future returns and does not guarantee investment outcomes will occur as expected.

Paid-In Capital Analysis



Distribution Analysis

Estimated versus Actual - Distributions



Assumptions

RVK utilized the following assumptions in this analysis:

A growth rate of 6.72%, based on RVK's most recent asset allocation study.

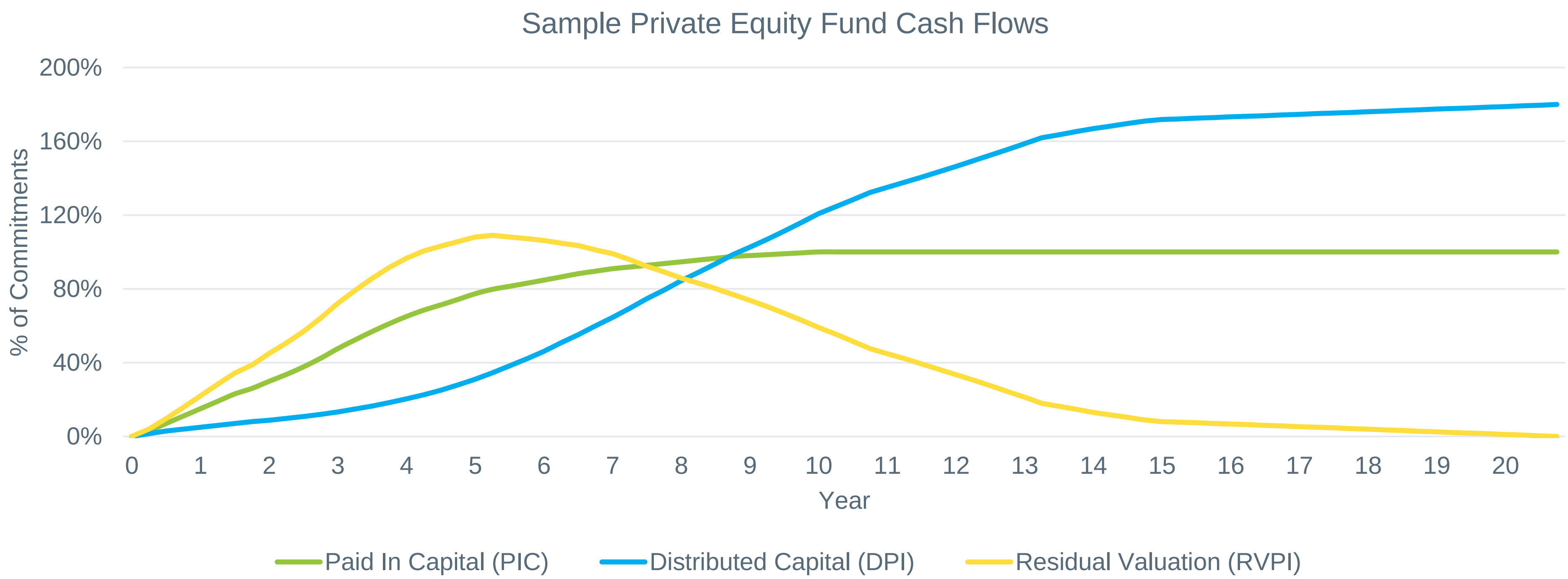
Future proposed commitments are modeled as 70% buyouts and 30% venture capital.

Fund cash flow projections for both existing and proposed commitments based on historical, weighted averages by Preqin stage (buyout, growth, venture, fund of funds, secondaries, etc.).

Methodology

The purpose of the pacing study is to develop estimates based on long-term industry averages for use in general cash flow and allocation target planning. The previous pages depict cash flow and valuation estimates utilizing averaged historical data. This data is collected from Preqin Alternatives and represents more than 5,000 funds.

Actual cash flows and allocation percentages may vary substantially from these estimates as a result of market conditions. This analysis should be used for planning purposes only, and no expectations should be made that actual cash flows and allocation percentages will occur at the exact time and level depicted in the preceding pages.



Glossary

Contribution	A cash flow into the private market investment, send by the investor. Also described as ‘Paid In (Capital)’.
Distribution	A cash flow out of the private market investment, received by the investor.
Commitment	The maximum amount of capital an investor expects they would invest during a fund’s life. Most funds call between 95% and 100% of commitments.
Net Cash Flows	The sum of contributions and distributions.
Total Net Value	(Distributions + Net Asset Value) – Contributions This represents all value created by an investment, both realized and unrealized.
Total Value to Paid In (TVPI)	The ratio (Distributions + Net Asset Value) / Contributions. This represents the total value created in a fund as a normalized value.
Distributions to Paid In (DPI)	The ratio Distributions / Contributions. This represents the realized value created in a fund as a normalized value.
Residual Valuation (RVPI)	The ratio (Net Asset Value) / Contributions. This represents the unrealized value created in a fund as a normalized value.
Internal Rate of Return (IRR)	A dollar-weighted measure of return. IRR is defined as the discount rate that reduces the net present value of an investment to zero. IRR almost always represents inception to date annualized returns.
Growth Rate	The assumed growth rate of the total fund. The total fund is assumed to grow at the geometric value from the client’s most recent asset allocation minus any expected spending rate plus any expected contributions unless otherwise stated.

RVK

PORTLAND BOISE CHICAGO NEW YORK

RVK

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
January 25, 2024

RE: Private Equity – Primaries, Secondaries, Co-Investments

The current 5.4% private equity commitment represents a $174M underweight to the 8% long term strategic asset allocation target. The goal of this proposal is to increase the private equity commitment, consistent with strategic asset allocation targets.

Based on the Private Equity Pacing Analysis presented by RVK, Staff recommends continuing to allocate to private equity primaries, secondaries and co-investments. Primary funds refer to traditional private equity funds with a 10-year time horizon. Secondaries refer to LP-led deals where the investor of a primary fund is willing to sell at a discount in order to source liquidity before the 10-year time horizon elapses. Co-investing is when an investor participates side-by-side with a GP on a single asset deal. The tradeoff with co-investing is lower fees for higher concentration risk on a single asset.

Staff and RVK recommend continuing the private equity fund-of-one relationship with Grosvenor through a Series 2 vehicle. Grosvenor is an independent alternative asset manager with over 500 employees and $76B in assets across absolute return ($22B) and private market ($54B) strategies. The private equity subdivision has over 20 years of experience creating customized client solutions with over $37B in commitments.

The Land Board's $130M Series 1 investment with Grosvenor is 99% committed and 37% called. We expect to see more capital calls in 2024 and 2025 followed by net distributions in 2026 and beyond as the fund transitions into harvest phase.

Grosvenor Series 2 will allocate capital over a 3-year investment period with the following target allocations: 40-50% primaries, 20-40% secondaries and 20-40% co-investments. Geographic targets will remain consistent with Series 1 (70% North America, 20% Europe and 10% Asia). The fund-of-one structure offers diversification across fund type, industry, geography and vintage year.

Recommendation: **The Board approve a $300M commitment to Grosvenor Private Equity, subject to standard legal review/documentation.**

Attachment 1: RVK Memorandum
Attachment 2: Grosvenor Presentation

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Howe					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Wrigley					
Governor Burgum					

Memorandum

To	North Dakota Board of University and School Lands ("NDBUSL")
From	RVK, Inc. ("RVK")
Subject	GCM Grosvenor BUSL LP Series 2 Recommendation
Date	January 18, 2024

Background & Recommendation Summary

The purpose of this memo is to provide an overview of the recommendation made by NDBUSL Investment Staff ("Staff") and RVK, Inc to continue to invest in a private equity fund of one managed by GCM Grosvenor. In 2020, NDBUSL hired Grosvenor to implement a private equity fund of one, Grosvenor BUSL, L.P. ("BUSL LP"), investing $130 million in a series of private equity funds, co-investments, and Grosvenor's Secondary Opportunities Fund III over three years. BUSL LP will be fully committed to investments during 2024 and, consistent with the 2024 private equity pacing study, additional commitments are necessary to continue to move toward the 8% Private Equity target.

In order to evaluate GCM Grosvenor as NDBUSL's private equity fund of one provider and the suitability of the firm for a follow on fund with similar objectives, NDBUSL Staff and RVK discussed the account's implementation and early performance indicators, the ongoing partnership between NDBUSL and Grosvenor, and the results of RVK's multiple on-sites with GCM Grosvenor during the course of 2023. Based on these factors, RVK recommends that NDBUSL retain GCM Grosvenor to implement a second fund of one committing $300 million of capital, to be deployed over approximately three years.

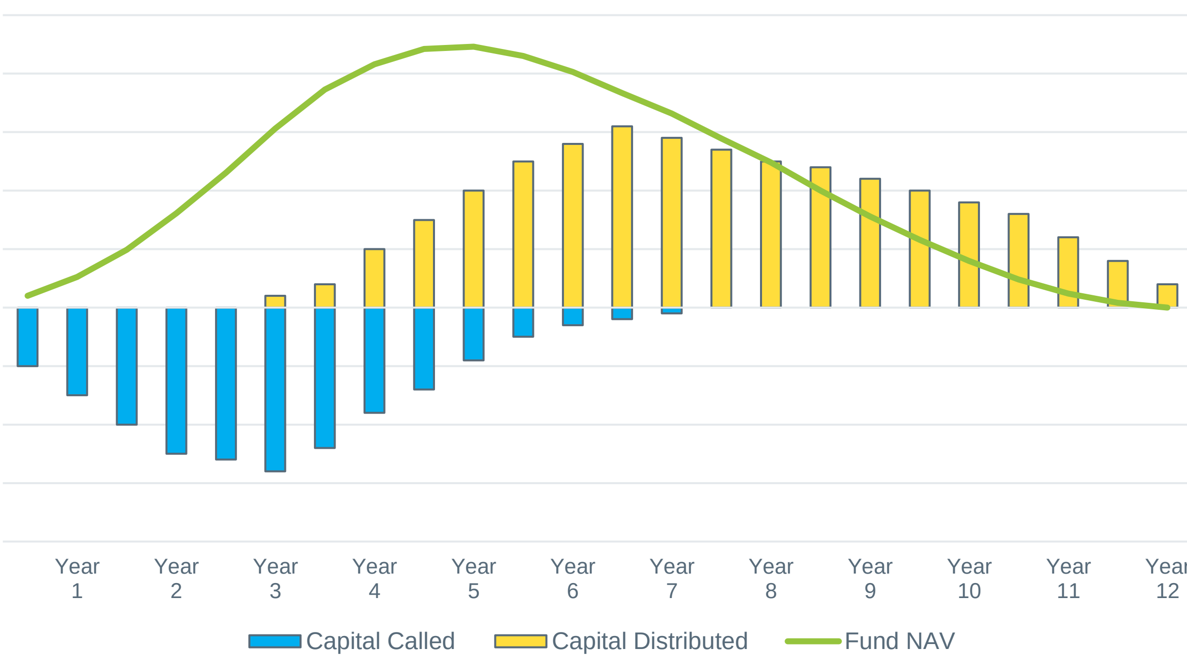
Review of 2020 Separate Account Search and GCM Grosvenor Selection

In 2020, Staff and RVK conducted a search for a private equity fund of one manager to implement a portfolio of primary fund commitments, secondary fund interests, and direct co-investments on behalf of NDBUSL. Due to the economies of scale and infrastructure required to offer globally diversified private equity fund of ones, there are a limited number of firms capable of offering such products. RVK is familiar with substantially all of the providers in the space due to similar mandates and RVK's ongoing research. RVK and Staff issued a Request For information seeking responses from seven firms regarding each firm's structure, investment team, philosophy, investment process, experience with similar mandates, and prior performance. After a series of proposals, conference calls, and on-sites, Staff and RVK selected GCM Grosvenor as the preferred private equity fund of one manager. GCM Grosvenor presented to the NDBUSL and was retained after successful contract negotiations in August 2020.

NDBUSL Private Equity Pacing Review & Update

There are investment and operation considerations associated with managing and maintaining a private equity allocation as a percentage of the total portfolio that are not present in more liquid asset classes. These challenges include the specific cash flow characteristics of the asset class and the necessary use of closed-end investment vehicles, where the investor does not control the timing of cash flows. For the typical private equity fund, it will take four to six years for most of an investor's commitment to be invested and distributions may be received from the sale of the initial investments before the final committed dollars are called. The result of this investment structure is a series of cash flows into and out of the investments at irregular intervals. The operations considerations were discussed with staff and with the manager. Figure 1 illustrates the cash flow profile and net asset value progression of a hypothetical private equity fund.

Figure 1: Example Private Equity Fund Cash Flows



In order to account for this cash flow profile, clients must continually commit to a series of funds in order to achieve and maintain the target allocation to private equity. RVK uses proprietary software to provide each client with a pacing study; this analysis uses a detailed cash flow modeling process to analyze the cash flow patterns of private equity investments and a series of client-specific inputs to produce a recommended commitment schedule. The cash flow profiles are specific to each type of investment and are based on a database of more than 5,000 private markets funds from Preqin, RVK's alternatives data provider. The goal of this study is to determine the appropriate level of new commitments to meet and maintain the target allocation to private equity.

RVK completed a pacing study for the NDBUSL in January 2024, which indicated that the NDBUSL should commit approximately $450 million to new investments spread across three vintage years to begin to move toward the target allocation. After some discussion, Staff and RVK agreed that $50 million annually ($150 million in total) should be reserved for direct private equity and venture capital commitments to complement BUSL LP Series 2. Additional commitments will be required after a three year period to maintain the target allocation, and a similar pacing study will be required to determine appropriate sizing for the next series of commitments. We anticipate the next series of commitments, beginning in 2027, will be similar in size. RVK notes that, over time, investors must overcommit to the asset class relative to their target market value in order to achieve their desired allocation due to the previously noted cash flow structure. RVK generally recommends clients approach new private equity targets slowly and over time, to avoid a series of issues relating to overconcentration of commitments.

2023 Investment Structure Review

Following the pacing study work, Staff and RVK reviewed structure options within private equity, including a fund of one, fund of funds, a direct fund portfolio, and hybrid portfolios including a mix of the available structures. After these discussions, Staff and RVK determined that continuing to use a fund of one as NDBUSL's primary exposure to private equity continues to be the most appropriate structure for the asset class. The fund of one structure allows the NDBUSL to own a diversified private equity portfolio with a custom investment objective, while providing NDBUSL with the ability to customize the strategy and stage allocations. Staff and RVK expect the fund of one will be supplemented by select fund investments, as complementary opportunities come available outside of GCM Grosvenor's mandate, either through Staff or RVK's networks and sourcing efforts. As noted previously, Staff and RVK determined that reserving $50 million annually to invest in one or two additional opportunities would enhance the total private equity portfolio and maintain an appropriate level of diversification in the portfolio.

Review of Grosvenor BUSL LP

NDBUSL hired GCM Grosvenor to invest $130.7 million in private equity over approximately three years in 2020, in a fund of one named BUSL LP. BUSL LP first called capital in March 2021. A separate decision was made in 2021 to invest in Grosvenor's Secondary Opportunities Fund III, which is not included in the performance statistics shown in this memo. Figure 1 summarizes BUSL LP's cash flows and performance to date.

Figure 1: Summary of BUSL LP as of September 30, 2023

BUSL LP Commitments ($M)	$130.7	**Unrealized ($M)**	$42.3
Investment Commits ($M)	$109.8	**Realized ($M)**	$2.5
Capital Called ($M)	$38.3	**Inception Date**	March 2021

Through September 2023, BUSL LP has committed to 13 primary funds, representing $76.8 million of commitments. These funds are invested across a range of stages, though the largest allocation consists of small/mid-market buyout and growth funds. In addition to the primary fund commitments, 5 direct co-investments round out the portfolio. Secondaries are $26.0 million BUSL LP's commitments by dollars while direct co-investments are $7.0 million of committed capital. Finally, the fund of one is well diversified by sector, with the fund's 31% allocation to information technology representing the largest sector exposure, and across vintage years, with between 23% and 39% of capital committed in each year.

Performance of BUSL LP

RVK notes that, due to the cash flow structure of private equity investments, early returns are often less meaningful due to the small amount of capital invested and the valuation lag present in private market investments. BUSL LP is less than three years old and, as a result, current performance comparisons are of limited use in evaluating the long term success of the investment. Despite this, early results for BUSL LP are attractive and the fund of one appears to be off to a promising start.

Figure 2: BUSL LP Gross & Net Performance as of September 30, 2023

	Gross IRR	Net IRR	Gross Multiple	Net Multiple
BUSL LP	13.5%	9.5%	1.18x	1.13x

Performance for BUSL LP is attractive on an absolute basis as of September 30, 2023, with a net return of 7.5% and net multiple of 1.15x. BUSL LP has outperformed the median peer fund of funds, which is a reasonable comparison to a fund of one as the structures are fairly similar. Within Preqin's 2021 vintage year Fund of Funds peer group, BUSL LP's net multiple of 1.15x exceeds the median peer's net multiple of 1.08x. Internal rate of return peer rankings are not available until three years have elapsed and RVK would note that the peer group's returns are preliminary and subject to change pending greater data availability.

Performance of BUSL LP also compares positively to public markets. Private equity public market equivalents are calculated by matching the size and timing of the private equity fund's cash flows with an equivalent investment in a public index. In this case, the Russel 3000 index was used as the equivalent. As of September 30, 2023, the public market equivalent IRR of BUSL LP is 0.98% compared to BUSL LP's net IRR of 9.06%. The positive absolute return, strong performance relative to public markets, and outperformance relative to peers are early, positive indications of BUSL LP's results.

Proposed Changes for BUSL LP Series 2

Through the review process of BUSL LP, Staff and RVK determined that the allocation of BUSL LP Series 2 to secondaries and co-investments should be increased to ranges of between 20% to 40% each, up from a 20% allocation to secondaries and a 10% allocation to co-investments in BUSL LP. RVK would note that BUSL LP was later complemented by an additional $150 million commitment to Grosvenor's Secondaries Opportunities III in 2021, resulting in secondaries being the largest private equity exposure of the NDBUSL private equity portfolio to date.

Staff and RVK decided to make this recommendation both to continue NDBUSL's focus on secondary investments in private equity and to increase the advantages co-investments bring to a private equity portfolio, namely meaningfully reducing fees and providing additional concentration within a fund of one's very broadly diversified structure. Both secondaries and co-investments also result in quicker capital deployment when compared to primary private equity fund investments. Since the 2020 fund of one process, RVK has generally recommended clients increase secondaries and co-investment allocations within similar vehicles in a recognition of the relative attractiveness of the secondary market in 2023 and 2024 and the additional benefits of co-investments to fund of one structures.

Recommendation

Staff and RVK recommend the Board retain GCM Grosvenor to manage a BUSL Series 2 with $300 million in commitments and following the parameters established during the diligence process. RVK believes GCM Grosvenor has capably managed BUSL LP and early results are promising, with outperformance relative to public markets and peers. GCM Grosvenor remains one of the stronger firms in the fund of one space, with the firm's top down themes, independent ownership structure, and long history of successful investing.

Appendix 1: GCM Grosvenor Profile

GCM Grosvenor (data as of 9/30/2023)

Firm Established	1971	**Total PE AUM**	$29.4 billion
Year PE Established	1999	**No. of PE Employees**	57
Firm Headquarters	Chicago, IL	**Fund of One PE AUM**	$24.2 billion
Ownership Structure	Public	**% Employee Owned**	Approximately 77%

Firm Overview

Since 1971, GCM Grosvenor has provided investors with asset management services across alternative asset classes, beginning with hedge funds and later branching into private equity, private credit, infrastructure, and real estate. The GCM Grosvenor private equity team was previously part of Credit Suisse and called the Customized Fund Investment Group ("CFIG") until GCM Grosvenor acquired the business in 2014. Grosvenor is a public company and trades on NASDAQ though the majority of shares are held by senior investment professionals and the firm's executive leadership.

Private Equity Overview

GCM Grosvenor has been managing private equity investment programs since 1999, and the firm expanded private equity investment offerings in 2003 to include co-investments and secondaries. The bulk of GCM Grosvenor's assets undermanagement, more than 80% of private equity assets, come from custom mandates similar to the proposed fund of one for NDBUSL. The primary focus of GCM Grosvenor's private equity business is small and middle markets, which they believe offer differentiated opportunities and greater potential for alpha. The private equity team focuses on fewer, higher quality managers in client portfolios and works proactively to source and access the most attractive private equity fund opportunities. GCM Grosvenor uses a combined top-down and bottom-up process, including both sector and geographic filters, with a rigorous review of each general partner and potential fund opportunity.

Since inception, GCM Grosvenor has committed more than $15 billion to 400+ middle market buyout funds. GCM Grosvenor takes an active approach to buyout co-investing, with an emphasis on the middle market; with over 16 years of underwriting experience, GCM Grosvenor has invested approximately $4 billion in 150+ co-investments. With respect to secondaries, GCM Grosvenor has purchased $5.2 billion of commitments in over 700 fund interests. The firm also has a separate 17-member operational due diligence team that performs an independent review of each investment from a legal and operational perspective.

Proposed Product

GCM Grosvenor believes that consistent outperformance in private equity requires both selectivity in choosing investments and disciplined portfolio construction. GCM Grosvenor's proposed product is diversified across five dimensions: manager, type, time, strategy, and geography.

- Manager – GCM Grosvenor would select a group of high quality managers, focusing on fewer, better managers with identifiable sources of competitive advantage in their target markets. GCM Grosvenor prefers managers with strong deal sourcing capabilities, superior execution skills, and the ability to add value through operations.
- Type – The portfolio would be allocated approximately 40% to 50% to primary fund investments and 20% to 40% each to secondaries and co-investments.
- Time – In order to ensure the portfolio is exposed to a variety of valuation environments, GCM Grosvenor would target commitments to be made relatively evenly over time.
- Strategy – GCM Grosvenor would allocate the portfolio by the following subclasses: 55% to 75% buyout investments with a focus on small and mid-market, 10% to 20% special situation funds, and 10% to 20% to growth equity and venture capital.

Key Manager Attributes

Several attributes of GCM Grosvenor resulted in their selection as the proposed finalist, including:

- Experience with custom client mandates – GCM Grosvenor has over 20 years of experience investing in the private equity asset class and the former Credit Suisse group's main focus has always been on investing custom mandates on behalf of clients like NDBUSL. GCM Grosvenor has invested more than 100 custom portfolios. This depth of experience supports a limited partner-focused organization that has successfully invested over multiple market cycles. GCM Grosvenor's extensive history within the industry also contributes to the firm's longstanding relationships with top tier and access constrained general partners.
- Comprehensive dual-track due diligence process – Grosvenor reviews each opportunity through both an investment due diligence process and an operational due diligence process. The firm's rigorous investment process seeks to highlight general partners with

unique value creation strategies and advantages relative to peers. While this investment process occurs, GCM Grosvenor's operations team also reviews each opportunity, ensuring structure, terms, and operational risk are all acceptable. The firm only invests in opportunities that pass both processes.

- Use of top down themes – GCM Grosvenor utilizes a top down approach through the creation of investment themes by the firm's investment teams. These themes are regularly revised based on market conditions and reflect the team's current views on the most attractive areas to invest capital.

NORTH DAKOTA BOARD OF UNIVERSITY AND SCHOOL LANDS (“NORTH DAKOTA BUSL”)

FIRM AND PRIVATE EQUITY PROGRAM UPDATE

JANUARY 2024

FOR INSTITUTIONAL INVESTORS ONLY

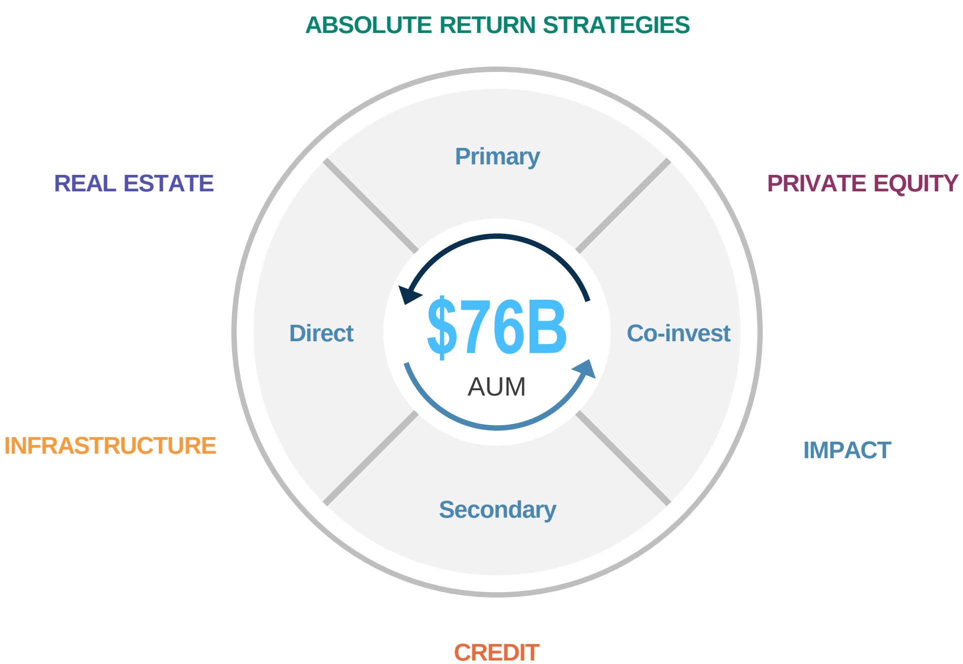
CONFIDENTIAL – NOT FOR REDISTRIBUTION

The Notes and Disclosures following this presentation are an integral part of this presentation and must be read in connection with your review of this presentation.

This presentation has been prepared by Grosvenor Capital Management, L.P. and GCM Customized Fund Investment Group, L.P.

50+ YEARS
OF ALTERNATIVES INVESTING

We are one of the world's largest and most diversified independent alternative asset management firms.



$76B ASSETS UNDER MANAGEMENT

- $54B Private Markets
- $22B Absolute Return Strategies

1971 established firm and began investment services

73% of AUM in customized separate accounts

538 employees

179 investment professionals

Employee data as of October 1, 2023. AUM data as of September 30, 2023. The Operational Due Diligence team is included in the investment professionals count.

SIGNIFICANT SCALE AND GLOBAL PRESENCE

GOVERNANCE

OFFICE OF THE CHAIRMAN

Michael Sacks
Chairman and CEO

Paul Meister
Vice Chairman

Jonathan Levin
President

Pamela Bentley
Chief Financial Officer

Sandra Hurse
Chief Human Resources Officer

Eric Levin
Chief Technology Officer

Burke Montgomery
General Counsel

Frederick Pollock
Chief Investment Officer

Stacie Selinger
Head of Investor Relations

INVESTMENTS

179 Investment Professionals

142	Research & Portfolio Management
17	Operational Due Diligence
9	Risk Management
11	Labor Impact Strategies

9 GLOBAL OFFICES

538 EMPLOYEES

MAIN OFFICES
Additional investment professionals and operational professionals are in other regional offices.

OPERATIONS

351 Operational Professionals

151	Finance	39	Client Group
52	Technology	18	Legal / Compliance
26	Marketing	12	Human Resources
5	Strategy	48	Administration

Data as of October 1, 2023. Individuals with dual responsibilities are counted only once.

A GLOBAL LEADER IN PRIVATE EQUITY INVESTING

Platform with deep experience offering solutions from turnkey specialized funds to bespoke portfolios

PRIVATE EQUITY PLATFORM

1999

first year of investing

57

professionals, including 32 senior professionals

$37.4B

in commitments

1,215+

Investments

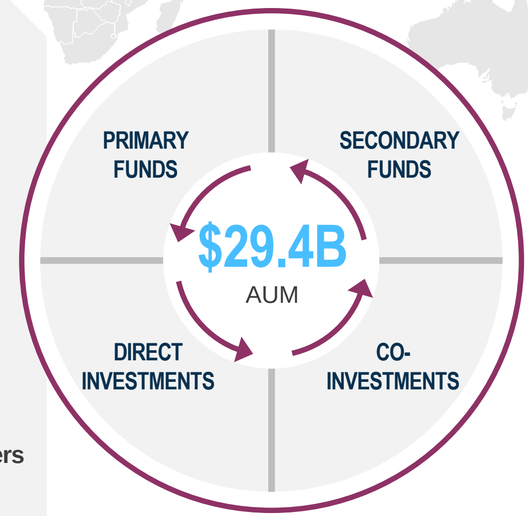
495+

manager relationships

PRIVATE EQUITY STRATEGIES

- **Leveraged Buyouts:**
  Small, Middle Market, Large
- **Special Situations:**
  Mezzanine Capital, Distressed Debt
- **Growth Equity & Venture Capital**

- **Emerging Managers**
- **Established Managers**
- **Diverse Managers**



Data as of September 30, 2023, unless otherwise noted. Employee data as of October 1, 2023. AUM data as of September 30, 2023.

OUR PRIVATE EQUITY SOLUTIONS

A PARTNER OF CHOICE

22 years of experience creating **120** custom portfolios

- Middle market and small & emerging managers expertise
- Flexible capital solution provider
- Selective approach
- Large, focused investment team

PRIMARY FUNDS

780+ investments

54% in the first close for SEM private equity primary funds[2]

$25.8B total commitments

POTENTIAL BENEFITS

- **Broad diversification**
- **Access** to our **proprietary network**
- **Preferred economics and allocations**
- **Advisory board seats** on 49% of our MMBO primary funds

CO-INVESTMENTS[1]

225+ buyout co-investments

48% sole or lead co-investor[3]

$6.9B buyout co-investments total commitments

POTENTIAL BENEFITS

- **Unique deal flow** from hard to access sponsors
- **Diversification** across multiple metrics
- **Fee efficiency/J-curve mitigation**
- **Alpha generation**

SECONDARIES

700+ secondary fund interests acquired

18.6% average discount[4]

$5.1B private equity commitments acquired[5]

POTENTIAL BENEFITS

- **Alpha generation** from discounted valuation
- **Fee efficiency**
- **J-curve mitigation**
- **87%** of deals with **limited or no competition**[4]

Select risks include: information risk, risks related to reliance on third parties, risks related to the management of underlying investments, capital markets risk, and risks related to the sale of investments.

1 Data as of September 30, 2023, unless otherwise indicated.
2 Data from January 1, 2017 to December 31, 2022.
3 For buyout co-investments since 2012 where GCM Grosvenor invested more than $20 million. Sole or Lead Co-investor means GCM Grosvenor was either (i) the sole non-sponsor co-investor; (ii) the largest non-sponsor co-investor; or (iii) the lead investor of the current investment round. Data as of December 31, 2022.
4 Includes all secondary investments underwritten by the secondary team from January 1, 2014 to December 31, 2022. Percentage of transactions in deals with limited or no competition weighted by number of transactions.
5 Includes private equity secondaries since 2003.

Data as of September 30, 2023. unless otherwise indicated. **No assurance can be given that any investment will achieve its objectives or avoid losses.** Unless apparent from context, all statements herein represent GCM Grosvenor's opinion.

GCM GROSVENOR - BUSL, L.P.

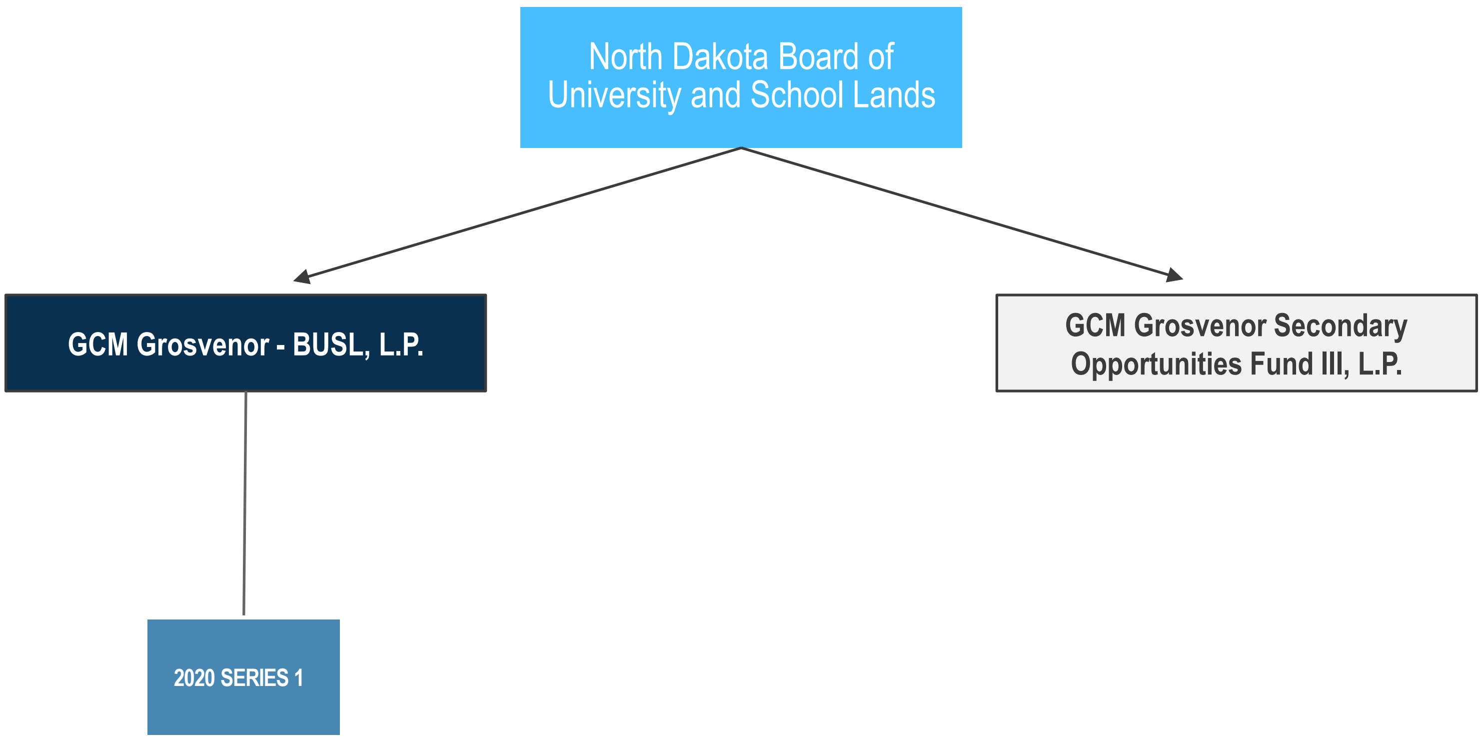
(“The Program” or “2020 Series 1”)

OVERVIEW	**Asset Class:** Private Equity **Inception:** December 31, 2020 **Size:** $130.7M **Commitment period**: Three years
INVESTMENT GUIDELINES	Target investment type allocation: • Primaries: ~70% • Secondaries: ~20% • Co-Investments: ~10% Target portfolio allocation by geography: • ~70% North America • ~20% Europe • ~10% Asia
GOVERNANCE	Highly collaborative with the ND BUSL team involved in all relevant investment decisions.

As of June 30, 2023 (unless otherwise noted)

Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses

ND BUSL CURRENT INVESTMENTS WITH GCM GROSVENOR



For illustrative purposes only. No assurance can be given that any investment will achieve its objectives or avoid losses.

2020-1 INVESTMENT SERIES: COMMITMENT SUMMARY

$130.7M Private Equity Program

	Primaries	Secondaries	Co-Investments
Number of Investments	13	24[1]	5
$ of Commitments	$76.8M	$26.0M	$7.0M
Investment Net Performance[2]	0.9% IRR / 1.01x	18.2% IRR / 1.28x	30.6% IRR / 1.58x

As of June 30, 2023, North Dakota BUSL has generated an investment net IRR of 13.5% and an investor net IRR of 9.5% and an investment net multiple of 1.18x and an investor net multiple of 1.13x.

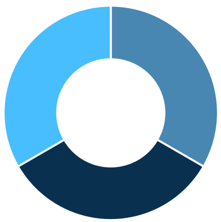
- The program currently has $1.4M remaining in available commitments. The ND BUSL coverage team is monitoring a few co-investments, which could potentially deploy by early February.

1 All exposures through GSF III. GSF III is closed to new investors.
2 **Returns do not take into account application of management fees, allocable expenses, and carried interest at the GCM Grosvenor fund level and returns would be lower if net-of-fee performance was presented.**

Data as of June 30, 2023, unless otherwise noted. **No assurance can be given that any investment will achieve its objectives or avoid losses. Past performance is not necessarily indicative of future results.**

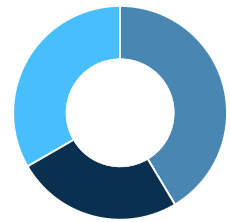
PORTFOLIO CONSTRUCTION

Investment Type - Target



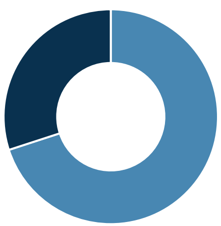
YEAR 1	33%
YEAR 2	33%
YEAR 3	33%

Investment Type - Current



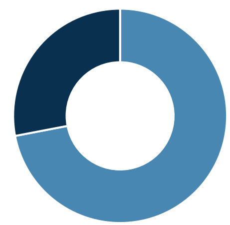
YEAR 1[3]	41%
YEAR 2	25%
YEAR 3	33%

Pacing - Target



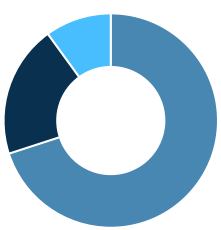
PRIMARIES[1]	70%
OPPORTUNISTIC[2]	30%

Pacing - Current



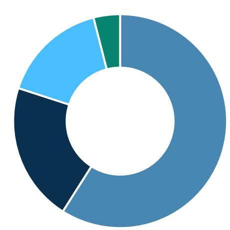
PRIMARIES	72%
OPPORTUNISTIC[2]	28%

Geography - Target



NORTH AMERICA	70%
EUROPE	20%
ASIA	10%

Geography - Current



NORTH AMERICA	59%
GLOBAL	21%
EUROPE	16%
ASIA	4%

As of June 30, 2023, inclusive of the subsequent commitments as shown previously (unless otherwise noted). Data may not round due to summing.

1 Target Primary Asset Classes: Buyouts with focus on MMBO (65%), Special Situations (20%), Growth Equity/ Venture (15%)

2 Represents co-investments, secondaries, and direct investments; Includes a 20% ($26M) secondary commitment to GCM Grosvenor Secondary Opportunities Fund III, L.P.

3 Year 1 excludes a $26M secondary commitment to GCM Grosvenor Secondary Opportunities Fund III, L.P.

For illustrative purposes only. This sample portfolio is based on a number of assumptions regarding available investment opportunities that may not prove to be correct in the future.

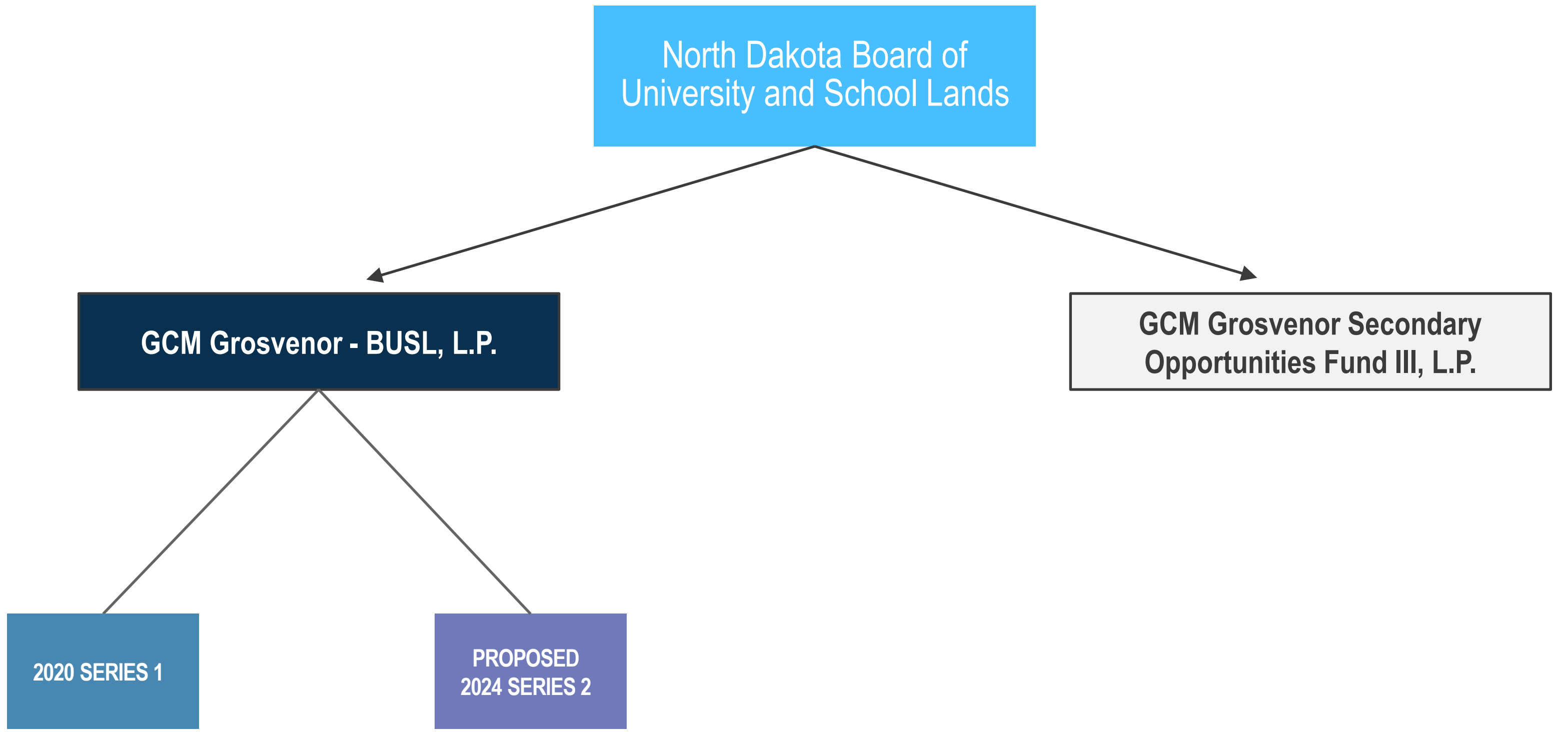
RE-UP OPPORTUNITY WITH GCM GROSVENOR – SERIES 2

ND BUSL has an opportunity to continue its PE program by making a new commitment to GCM Grosvenor that will be used to create an additional PE portfolio called Series 2. The Series 2 portfolio will be formed as part of the existing legal structure that was created for Series 1 and can be launched with minimal time and expense.

OVERVIEW	**Asset Class:** Private Equity **Inception:** 1H 2024 **Size:** $300M **Commitment period**: Three years
INVESTMENT GUIDELINES	Series 2 will generally target the following portfolio allocation by investment type: • Primaries: 40-50% • Secondaries: 20-40% • Co-Investments: 20-40% Series 2 is intended to have a larger allocation to “opportunistic” investments (secondaries and co-investments) and a smaller allocation to primaries as compared to Series 1 Series 2 will generally target the following portfolio allocation by geography: • Approximately 70% North America • Approximately 20% to Europe • Approximately 10% to Asia These geographic targets for Series 2 are consistent with Series 1.
GOVERNANCE	Highly collaborative with the ND BUSL team involved in all relevant investment decisions.

For illustrative purposes only. No assurance can be given that any investment will achieve its objectives or avoid losses.

PROPOSED STRUCTURE FOLLOWING RE-UP



For illustrative purposes only. No assurance can be given that any investment will achieve its objectives or avoid losses.

PRIVATE EQUITY PERFORMANCE

APPENDIX I

PRIVATE EQUITY PRIMARY FUND PLATFORM

LARGE DUE DILIGENCE TEAM	SELECTIVE APPROACH & RIGOROUS UNDERWRITING	MEANINGFUL LP	TRUSTED ADVISOR
PRIMARY FUNDS	**BUYOUT PRIMARY FUNDS**	**57 PROFESSIONALS**	**20+ YEARS**
$25.8B committed[3] 780+ private equity funds[3]	$16.3B committed[3] 420+ private equity funds[3]	Private equity investment professionals across 9 main offices	Primary fund investment experience
32 dedicated senior private equity professionals	**8%** commitment rate across all private equity primaries[1]	**38%** GCM Grosvenor >10% interest in active SEM private equity primary funds in which we are invested[2]	**45%** of primary fund private equity investments include advisory board participation[2]
19 years experience is the average of our senior private equity professionals		**55%** of the time, GCM Grosvenor is in the first close for SEM private equity primary funds[1]	**49%** advisory board participation on MMBO private equity primaries[2]

OUR CORE PRIMARY FUND TRACK RECORD

Active underlying investment net performance[4]

Gross IRR	Gross multiple	Net IRR	Net multiple	
16.2%	1.81x	14.7%	1.71x	on 314 core middle market buyout primary fund investments since inception
13.7%	1.67x	12.3%	1.59x	on 651 core private equity and credit/special situations primary fund investments since inception

1 Data from January 1, 2017 to December 31, 2022. Deal flow updated annually.
2 Data as of June 30, 2023.
3 Data as of September 30, 2023.
4 Core investments includes all investment programs where investment decisions are not limited by specific client-imposed restrictions, special strategy focus, narrow geographic region, or target industry sector. This also includes strategies with broad enough focus, such as middle-market buyouts, small and emerging managers, seasoned primaries, European-focused funds, etc. **Data does not include investments that were transferred at the request of investors prior to liquidation and are no longer managed by GCM Grosvenor; see below for the since inception returns inclusive of transferred investments. Since inception, core private equity primary fund investments have generated a 12.1% net IRR and 1.58x net MOIC (including transferred). In order to create this track record, GCM Grosvenor has aggregated all underlying investments for each type into a single track record. The investments did not trade together in a single portfolio. Net performance figures are based on a pro forma application of fund-level management fees, carried interest, and assumed expenses. Pro forma net returns are subject to inherent limitations, including limitations related to assumptions regarding management fee and carried interest calculation methodology as well as the assumed fund-level expenses. Please review the slide labeled "Pro Forma Net Performance Calculations" for net return calculation information.**

Data as of June 30, 2023, unless otherwise indicated. Employee data as of October 1, 2023; experience updated annually. **Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.**

BUYOUT CO-INVESTMENT TRACK RECORD

Active Investments

BUYOUT CO-INVESTMENTS SINCE 2009

In December 2008, GCM Grosvenor adopted a more targeted, active co-investment strategy.

($ in millions) Investments	Number of Investments	Holding Period (Years)	Invested Capital	Realized Proceeds	Unrealized Value	Total Value	Gross MOIC	Gross IRR	Net MOIC	Net IRR
Realized	78	4.8	$1,832.0	$3,819.4	$11.5	$3,830.9	2.09x	22.0%	1.88x	19.5%
Partially Realized	15	5.0	635.6	633.3	1,124.1	1,757.4	2.76x	30.6%	2.49x	28.1%
Unrealized	98	3.2	3,646.1	134.6	5,160.9	5,295.5	1.45x	12.4%	1.36x	10.2%
Total	**191**	**3.9**	**$6,113.7**	**$4,587.2**	**$6,296.5**	**$10,883.8**	**1.78x**	**19.9%**	**1.63x**	**17.3%**

BUYOUT CO-INVESTMENTS SINCE INCEPTION (2003)

($ in millions) Investments	Number of Investments	Holding Period (Years)	Invested Capital	Realized Proceeds	Unrealized Value	Total Value	Gross MOIC	Gross IRR	Net MOIC	Net IRR
Realized	107	5.3	$2,197.0	$4,327.8	$11.5	$4,339.3	1.98x	16.8%	1.77x	14.7%
Partially Realized	15	5.0	635.6	633.3	1,124.1	1,757.4	2.76x	30.6%	2.49x	28.1%
Unrealized	99	3.2	3,663.9	137.5	5,167.2	5,304.7	1.45x	11.7%	1.35x	9.7%
Total	**221**	**4.1**	**$6,496.5**	**$5,098.6**	**$6,302.8**	**$11,401.5**	**1.76x**	**16.4%**	**1.61x**	**14.3%**

Data as of September 30, 2023. **Data does not include investments that were transferred at the request of investors prior to liquidation and are no longer managed by GCM Grosvenor; see below for the since inception returns inclusive of transferred investments. In order to create this track record, GCM Grosvenor has aggregated all underlying investments for each type into a single track record. The investments did not trade together in a single portfolio. Net performance figures are based on a pro forma application of fund-level management fees, carried interest, and assumed expenses. Pro forma net returns are subject to inherent limitations, including limitations related to assumptions regarding management fee and carried interest calculation methodology as well as the assumed fund-level expenses. Please review the slide labeled "Pro Forma Net Performance Calculations" for net return calculation information. Since inception (2003), buyout co-investments have generated a 14.2% net IRR and 1.61x net MOIC (including transferred). See "Buyout Co-Investment Track Record" Notes and Disclosures for additional information. Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.**

SECONDARY PLATFORM

DIFFERENTIATED STATUS	SELECTIVE APPROACH & RIGOROUS UNDERWRITING	EXPERIENCED TEAM	PROVEN TRACK RECORD, 15+ YEARS
1,055 fund investments leveraged for transaction sourcing & execution[1]	**$231B** screened transaction volume in 2021-2022[2]	**40+** years of combined secondaries experience for practice leaders	**700+** secondary fund interests acquired[4]
NICHE FUNDS funds less familiar to other secondary buyers allows us to leverage existing relationships for information	**<1%** of which $892M (0.4%) has been invested[2]	**57** private equity investment professionals	**$5.1B** of commitments acquired since 2003[3]

OUR SECONDARIES TRACK RECORD SINCE DEDICATED TEAM WAS ESTABLISHED (2014)[5,6]

21.4% gross IRR

1.57x gross multiple

17.4% net IRR

1.44x net multiple

1 Includes fully realized and ongoing investments made since 1999. Data as of March 31, 2023.
2 Sourced from January 1, 2021 to March 31, 2023.
3 Data includes private equity and infrastructure investments, as of June 30, 2023.
4 Data as of March 31, 2023.
5 The performance presented is not a complete track record. Data does not include investments that were transferred at the request of investors prior to liquidation and are no longer managed by GCM Grosvenor; see below for the since inception returns inclusive of transferred investments. Since inception, secondaries returns have generated a levered net IRR of 10.0% and a levered net multiple of 1.35x (including transferred). In order to create this track record, GCM Grosvenor has aggregated all underlying investments for each type into a single track record. The investments did not trade together in a single portfolio. Net performance figures are based on a pro forma application of fund-level management fees, carried interest, and assumed expenses. Pro forma net returns are subject to inherent limitations, including limitations related to assumptions regarding management fee and carried interest calculation methodology as well as the assumed fund-level expenses. Please review the slide labeled "Pro Forma Net Performance Calculations" for net return calculation information.
6 Represents the performance of investments underwritten by the GCM Grosvenor dedicated secondary investment team since its formation in 2014. Includes the performance associated with secondary purchases by a GCM Grosvenor-managed program of interests in other GCM Grosvenor-managed programs. The performance presented includes both: i) the inception-to-date performance experienced by the GCM Grosvenor-managed programs for which investors sold interests therein, notwithstanding the secondary sale of interests in such programs, and ii) the performance experienced by the acquiring GCM Grosvenor-managed program from the secondary purchase date to the report date. Additional information is available upon request.

Data as of June 30, 2023, unless otherwise indicated. Employee data as of October 1, 2023; experience updated annually. **Past performance is not necessarily indicative of future results. No assurance can be given that any investment will achieve its objectives or avoid losses.**

NOTES AND DISCLOSURES

APPENDIX II

PRO FORMA NET PERFORMANCE CALCULATIONS

Private Equity Notes and Disclosures

If presented, core investments includes all investment programs where investment decisions are not limited by specific client-imposed restrictions, special strategy focus, narrow geographic region, or target industry sector. This also includes strategies with broad enough focus, such as middle-market buyouts, small and emerging managers, seasoned primaries, European-focused funds, etc.

Pro Forma Net Performance Calculations. **In order to create this track record, GCM Grosvenor has aggregated all underlying investments for each type into a single track record. The investments did not trade together in a single portfolio.**

“Net Multiple” and “Net IRR” have been presented on a pro forma basis. Pro forma net returns are subject to inherent limitations, including limitations related to assumptions regarding management fee and carried interest calculation methodology as well as the assumed fund-level expenses.

The Pro Forma Net MOIC is calculated as (Realized Proceeds + Unrealized Value - Pro Forma Realized and Unrealized Carried Interest) over the sum of (Invested Capital + Pro Forma Management Fees + Pro Forma Partnership Expenses). The Pro Forma Net IRR reflects the total IRR for all applicable investments, calculated using all the actual outflows to and inflows from the applicable investments, including cash flows for fees paid by GCM Grosvenor Private Markets-managed accounts to the underlying investments and their financial sponsors as well as Pro Forma GCM Grosvenor Program level fees and expenses (Management Fees, Realized and Unrealized Carried Interest and Partnership Expenses).

Pro Forma Management Fees and Carried Interest have been calculated using the following methodology and assumptions:

For Primary Funds, Management Fees are calculated using a 45 bps annual rate multiplied by the aggregate of commitments to underlying investments during an assumed 3-year commitment period. Post commitment period, the annual fee rate is multiplied by a scheduled ramp-down designed to approximate the remaining invested capital for the life of the investments.

For Co-Investments, Management Fees are calculated using a 1.00% annual rate multiplied by aggregate of commitments to underlying investments from the beginning of the quarter of the date of execution, less returns of capital, and any applicable write-offs and releases of investment reserves, in each case applied at the beginning of the quarter subsequent to such event.

For Secondary Funds, Management Fees are calculated using a 1.00% annual rate multiplied by the aggregate of commitments to underlying investments during an assumed 3-year commitment period. Post commitment period, management fees are charged at 90% of the prior year management fee until liquidation.

For Secondary Funds and Co-Investments, Pro Forma Realized and Unrealized Carried Interest is calculated on an aggregate basis using 3-year economic groupings of investments. Pro Forma Carry is calculated after returning Invested Capital, Management Fees, and Partnership Expenses using a 10% rate over the net realized and unrealized gains, as applicable, with an 8% preferred return. Carried interest is not calculated on Primary Investments.

Pro Forma Partnership Expenses are estimated based upon the average annual partnership expense level incurred by a typical GCM Grosvenor managed portfolio with $200M in LP commitments. Partnership expenses are applied as an annual cash flow and calculated as a percentage of aggregate commitments to underlying managers and are charged as follows: (i) 13bps during the commitment period and (ii) 10bps post commitment period.

PRO FORMA NET PERFORMANCE CALCULATIONS

Infrastructure Notes and Disclosures

Pro Forma Net Performance Calculations. **In order to create this track record, GCM Grosvenor has aggregated all underlying investments for each type into a single track record. The investments did not trade together in a single portfolio.**

"Net Multiple" and "Net IRR" have been presented on a pro forma basis. Pro forma net returns are subject to inherent limitations, including limitations related to assumptions regarding management fee and carried interest calculation methodology as well as the assumed fund-level expenses.

The Pro Forma Net MOIC is calculated as (Realized Proceeds + Unrealized Value - Pro Forma Realized and Unrealized Carried Interest) over the sum of (Invested Capital + Pro Forma Management Fees + Pro Forma Partnership Expenses). The Pro Forma Net IRR reflects the total IRR for all applicable investments, calculated using all the actual outflows to and inflows from the applicable investments, including cash flows for fees paid by GCM Grosvenor Private Markets-managed accounts to the underlying investments and their financial sponsors as well as Pro Forma GCM Grosvenor Program level fees and expenses (Management Fees, Realized and Unrealized Carried Interest and Partnership Expenses).

Pro Forma Management Fees and Carried Interest have been calculated using the following methodology and assumptions:

For Primary Funds, Management Fees are calculated using a 30 bps annual rate multiplied by the aggregate of commitments to underlying investments during an assumed 3-year commitment period. Post commitment period, the annual fee rate is multiplied by a scheduled ramp-down designed to approximate the remaining invested capital for the life of the investments.

For Co-Investments and Single Asset Secondaries, Management Fees are calculated using a 1.00% annual rate multiplied by aggregate of commitments to underlying investments from the beginning of the quarter of the date of execution, less returns of capital, and any applicable write-offs and releases of investment reserves, in each case applied at the beginning of the quarter subsequent to such event.

For Secondary Funds, Management Fees are calculated using a 1.00% annual rate multiplied by the aggregate of commitments to underlying investments during an assumed 3-year commitment period. Post commitment period, management fees are charged at 90% of the prior year management fee until liquidation.

For Secondary Funds, Single Asset Secondaries and Co-Investments, Pro Forma Realized and Unrealized Carried Interest is calculated on an aggregate basis using 3-year economic groupings of investments. Pro Forma Carry is calculated after returning Invested Capital, Management Fees, and Partnership Expenses using a 10% rate over the net realized and unrealized gains, as applicable, with an 8% preferred return. Carried interest is not calculated on Primary Investments.

Pro Forma Partnership Expenses are estimated based upon the average annual partnership expense level incurred by a typical GCM Grosvenor managed portfolio with $200M in LP commitments. Partnership expenses are applied as an annual cash flow and calculated as a percentage of aggregate commitments to underlying managers and are charged as follows: (i) 13bps during the commitment period and (ii) 10bps post commitment period.

BUYOUT CO-INVESTMENT TRACK RECORD

Notes and Disclosures

GCM Customized Fund Investment Group, L.P. is an SEC-registered investment adviser. GCM Grosvenor acquired certain assets of the Customized Fund Investment Group of Credit Suisse Group AG in January 2014. The track record presented herein includes the performance of buyout co-investments managed by the Customized Fund Investment Group for all periods prior to January 2014, including 88 of the 221 buyout co-investments presented herein. These 221 investments represent all of the co-investments made for various accounts managed by GCM Grosvenor and its predecessor, other than (i) co-investments in infrastructure, mezzanine/special situations, real estate and venture capital assets, and (ii) 6 buyout co-investments that were initially made by GCM Grosvenor prior to January 2, 2014 but which are no longer managed by GCM Grosvenor and for which GCM Grosvenor no longer controls the investment and/or does not have current valuation data. **As of September 30, 2016, these 6 investments represented approximately $24.9M of invested capital.** These investments were not managed as a single portfolio. The Private Equity, Real Estate, and Infrastructure Investment Committee of GCM Grosvenor (which makes investment decisions for the relevant client accounts) is composed of substantially the same individuals, and employs substantially the same investment process, as the relevant investment committee of the Customized Fund Investment Group immediately prior to January 2014 (although over the course of the relevant period from 2003 to 2014, there have been changes in the composition of this Committee). Past performance of GCM Grosvenor's co-investments is provided for background purposes only, is not necessarily indicative of future results of any GCM Grosvenor fund and there can be no assurance that comparable returns will be achieved by any fund.

"Realized Investments" are those investments where substantially all securities have been liquidated, escrowed or written off. "Partially Realized Investments" are those investments for which Realized Proceeds are equal to at least 50% of Invested Capital but do not qualify as Realized Investments. "Unrealized Investments" are those investments where Realized Proceeds are less than 50% of Invested Capital.

GCM GROSVENOR

Notes and Disclosures (1 of 2)

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The information contained in this presentation ("GCM Information") relates to GCM Grosvenor, to one or more investment vehicles/accounts managed or advised by GCM Grosvenor (the "GCM Funds") and/or to one or more investment vehicles/accounts ("Underlying Funds") managed or advised by third-party investment management firms ("Investment Managers"). **GCM Information is general in nature and does not take into account any investor's particular circumstances. GCM Information is neither an offer to sell, nor a solicitation of an offer to buy, an interest in any GCM Fund. Any offer to sell or solicitation of an offer to buy an interest in a GCM Fund must be accompanied by such GCM Fund's current confidential offering or risk disclosure document ("Fund Document").** All GCM Information is subject in its entirety to information in the applicable Fund Document. Please read the applicable Fund Document carefully before investing. **Except as specifically agreed, GCM Grosvenor does not act as agent/broker for prospective investors. An investor must rely on its own examination in identifying and assessing the merits and risks of investing in a GCM Fund or Underlying Fund (together, "Investment Products"), and each prospective investor should consult its own attorney, business advisor and tax advisor as legal, business, tax and related matters concerning any Investment Products.**

A summary of certain risks and special considerations relating to an investment in the GCM Fund(s) discussed in this presentation is set forth below. A more detailed summary of these risks is included in the relevant Part 2A of Form ADV for the GCM Grosvenor entity (available at: http://www.adviserinfo.sec.gov) and as well as those described under the section entitled "Risk Factors" in GCM Grosvenor's filings with the SEC, which are accessible on the SEC's website at www.sec.gov. **Regulatory Status-** neither the GCM Funds nor interests in the GCM Funds have been registered under any federal or state securities laws, including the Investment Company Act of 1940. Investors will not receive the protections of such laws. **Market Risks-** the risks that economic and market conditions and factors may materially adversely affect the value of a GCM Fund. **Illiquidity Risks-** Investors in GCM Funds have either very limited or no rights to redeem or transfer interests. Interests are not traded on any securities exchange or other market. **Strategy Risks-** the risks associated with the possible failure of the asset allocation methodology, investment strategies, or techniques used by GCM Grosvenor or an Investment Manager. GCM Funds and Underlying Funds may use leverage, which increases the risks of volatility and loss. The fees and expenses charged by GCM Funds and Underlying Funds may offset the trading profits of such funds. **Valuation Risks-** the risks relating to the fact that valuations of GCM Grosvenor funds may differ significantly from the eventual liquidation values, and that investors may be purchasing/redeeming on such potentially inaccurate valuations. **Tax Risks-** the tax risks and special tax considerations arising from the operation of and investment in pooled investment vehicles. **Institutional Risks-** the risks that a GCM Fund could incur losses due to failures of counterparties and other financial institutions. **Manager Risks-** the risks associated with investments with Investment Managers. **Structural and Operational Risks-** the risks arising from the organizational structure and operative terms of the relevant GCM Fund and the Underlying Funds. **Cybersecurity Risks-** technology used by GCM Grosvenor could be compromised by unauthorized third parties. **Foreign Investment Risk-** the risks of investing in non-U.S. Investment Products and non-U.S. Dollar currencies. **Concentration Risk-** GCM Funds may make a limited number of investments that may result in wider fluctuations in value and the poor performance by a few of the investments could severely affect the total returns of such GCM Funds. In addition, GCM Grosvenor and the Investment Managers are subject to certain actual and potential conflicts of interest. An investment in an Underlying Fund may be subject to similar and/or substantial additional risks and an investor should carefully review an Underlying Fund's risk disclosure document prior to investing. These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this presentation and in GCM Grosvenor's filings with the SEC.

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GCM GROSVENOR

Notes and Disclosures (2 of 2)

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GCM Grosvenor considers numerous factors in evaluating and selecting investments, and GCM Grosvenor may use some or all of the processes described herein when conducting due diligence for an investment. Assets under management for hedge fund investments include all subscriptions to, and are reduced by all redemptions from, a GCM Fund effected in conjunction with the close of business as of the date indicated. Assets under management for private equity, real estate, and infrastructure investments include the net asset value of a GCM Fund and include any unallocated investor commitments during a GCM Fund's commitment period as well as any unfunded commitments to underlying investments as of the close of business as of the date indicated. GCM Grosvenor may classify Underlying Funds as pursuing particular "strategies" or "sub-strategies" (collectively, "strategies") using its reasonable discretion; GCM Grosvenor may classify an Underlying Fund in a certain strategy even though it may not invest all of its assets in such strategy. If returns of a particular strategy or Underlying Fund are presented, such returns are presented net of any fees and expenses charged by the relevant Underlying Fund(s), but do not reflect the fees and expenses charged by the relevant GCM Fund to its investors/participants.

GCM Information may contain exposure information that GCM Grosvenor has estimated on a "look through" basis based upon: (i) the most recent, but not necessarily current, exposure information provided by Investment Managers, or (ii) a GCM Grosvenor estimate, which is inherently imprecise. GCM Grosvenor employs certain conventions and methodologies in providing GCM Information that may differ from those used by other investment managers. GCM Information does not make any recommendations regarding specific securities, investment strategies, industries or sectors. Risk management, diversification and due diligence processes seek to mitigate, but cannot eliminate risk, nor do they imply low risk.

To the extent GCM Information contains "forward-looking" statements, including within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, such statements represent GCM Grosvenor's good-faith expectations concerning future actions, events or conditions, and can never be viewed as indications of whether particular actions, events or conditions will occur. You can identify these forward-looking statements by the use of words such as "outlook," "indicator," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in the GCM Information. All expressions of opinion are subject to change without notice in reaction to shifting market, economic, or other conditions. GCM Grosvenor does not give any assurance that it will achieve any of its expectations. GCM Grosvenor undertakes no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as required by applicable law.

RE: Administrative Code Title 85 Definitions and General Provisions, Oil and Gas, and Unclaimed Property Examinations.

The Department of Trust Lands proposes certain changes to Title 85 of the North Dakota Administrative Code. In July, the Board authorized the Commissioner to proceed with review of the proposed Administrative Rules, including the holding of a public hearing, consideration of comments, and formal review by the Office of Attorney General.

Since that time, the rules have been revised to incorporate feedback from the Board, the public, and the Office of Attorney General. The pages that follow outline revisions to the rules since the Board's first reading in July.

Substantive revisions since the first reading include:

- Removing provisions that require more statutory clarity before adoption
- Adding further context to the oil & gas lease cancellation process
- Further streamlining of oil and gas shut-in well payment process

Recommendation: The Board authorizes the Commissioner to submit the proposed Administrative Rules to Legislative Council Administrative Rules Committee for review and enactment.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Howe					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Wrigley					
Governor Burgum					

Attachment 1 – Revised Definitions and General Provisions, Oil and Gas, and Unclaimed Property Examinations.

CHAPTER 85-01-01
DEFINITIONS AND GENERAL PROVISIONS

Section 85-01-01-01 is amended as follows:

85-01-01-01. Definitions.

The following definitions, in addition to the definitions in North Dakota Century Code chapters 15-05, 15-06, 15-07, 15-08, 15-08.1, 38-09, 47-06, 47-30.2, and 57-62, apply to this title:

. . . .

3. "Agricultural use" includes the use of trust lands for the purpose of grazing, cropping, and haying~~, and honey bee pasture or meadow~~.

. . . .

History: Effective January 1, 2019; amended effective January 1, 2020; January 1, 2021; April 1, 2022; __________, 2024

General Authority: NDCC 15-05-05, 15-05-09, 15-05-18, 15-07-02, 15-07-20, 15-08.1-06~~, 28-32~~, 61-33-06, 47-30.2-03

Law Implemented: NDCC 4.1-47-04, 15-01-02, 15-04, 15-05, 15-07, 15-08, 15-08.1

CHAPTER 85-06-01

OIL AND GAS

Section 85-06-01-01 is amended as follows:

85-06-01-01. Oil and gas lease nomination.

The department shall accept an oil and gas lease nomination for a tract not already under an oil and gas lease as reflected in department records and may accept a nomination for a tract under an oil and gas lease which will expire prior to the date of the oil and gas lease sale. The first nomination received on a tract is considered an offer and determines the opening bid.

1. The department shall accept a nomination for an oil or gas lease either electronically through the department's website or in writing. The nomination period for an oil and gas lease must be the period set by the commissioner during which the department shall accept oil and gas lease nominations. ~~A nomination must be accompanied by a nonrefundable fee, in an amount set by the department, and the fee must be submitted to the department prior to the published deadline for each nominated period~~.
2. An oil and gas lease nomination must be limited to a maximum of one quarter section, unless otherwise authorized under subsection 3, or by the board.
3. A nomination for a tract containing a body of water may include up to a section of land if the tract cannot reasonably be subdivided by quarter section or half section. The tract acreage, including islands, may be offered and described as "more or less" and may be adjusted by the board within each quarter section.

History: Amended effective January 1, 2020; ____________, 2024

General Authority: NDCC 15-05-09, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: N.D. Const. art. IX, § 5, NDCC 15-01-02, 15-02-05, 15-05-09, 61-33-06, 61-33.1

Section 85-06-01-03 is amended as follows:

85-06-01-03. Public auction.

The board may issue an oil and gas lease by public auction. Public auctions may be hosted either live or online at the discretion of the commissioner. Bidding is based on a bonus of not less than one dollar per acre, and an annual delay rental of not less than one dollar per acre per year based on the acreage shown in the records of the department at the time the oil and gas lease is issued.

1. The successful bidder at an ~~online~~ auction shall pay the bonus, the rental payments for the primary term as defined by the oil and gas lease, the advertising fee, the lease auction administration fee, and any processing fees via automated clearing house or wire transfer, by five p.m. ~~prevailing~~ central prevailing ~~standard~~ time, ten days after the date the auction closed.

2. If no bids are received, the nominator shall be deemed the successful bidder.

3. The board may not issue an oil and gas lease until receipt of the bonus, rental payments, and fees.

~~2. The successful bidder at a live auction shall pay the bonus, at least one year of rental payments, and the advertising fee via automated clearing house or wire transfer, by five p.m. central standard time ten days after the date the auction closed. The board my not issue the oil and gas lease until receipt of the bonus, rental payments, and fees.~~

~~3. If no bids are received, the nominator is deemed the successful bidder and shall pay the bonus, at least one year of rental payments, the advertising fees, and any processing fee via cash, check, automated clearing house, or wire transfer, by five p.m. central standard time, ten days after the date the auction closed. The board may not issue the oil and gas lease until receipt of the bonus, rental payments, and fees.~~

History: Amended effective January 1, 2020; _____________, 2024

General Authority: NDCC 15-05-09, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: N.D. Const. art. IX, § 5, NDCC 15-01-02, 15-02-05, 15-05-09, 15-05-10

Section 85-06-01-08 is amended as follows:

85-06-01-08. Royalties.

If a sale of gas, carbon black, sulfur, or any other products produced or manufactured from gas produced and marketed from the oil and gas leased premises, including liquid hydrocarbons recovered from such gas processed in a plant, does not constitute an arm's length transaction, the royalties due the lessor are as follows:

1. On any gas produced and marketed, except as provided herein with respect to gas processed in a plant for the extraction of gasoline, liquid hydrocarbons, or other products; the royalty, as determined by the board, is based on the gross production or the market value thereof, at the option of the lessor, such value to be based on the highest market price paid for gas of comparable quality and quantity under comparable conditions of sale for the area where produced and when run, or the gross proceeds of sale, whichever is greater; provided the maximum pressure base in measuring the gas under an oil and gas lease at any time_may not exceed fourteen and seventy-three hundredths (14.73) pounds per square inch absolute, and the standard base temperature shall be sixty degrees Fahrenheit, correction to be made for pressure according to Boyle's Law, and for specific gravity according to a test made by the balance method or by the most approved method of testing being used by the industry at the time of testing.

. . . .

History: Amended effective January 1, 2020; _____________, 2024

General Authority: NDCC 15-05-09, 15-05-10, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: N.D. Const. art. IX, § 5, NDCC 15-01-02, 15-02-05, 15-05-09, 15-05-10

Section 85-06-01-10 is amended as follows:

85-06-01-10. Breach of oil and gas lease.

1. Other than as provided in subsection 7, an oil and gas lease may be canceled for:

   a. Nonpayment of any sum due under the oil and gas lease;

   b. Breach of any of the oil and gas lease terms or conditions ~~provided such cancellation must not release the lessee from liability for any sum due the lessor or from any damages due to the breach~~; or

   c. A violation of ~~the board rules and policies, and applicable laws~~ applicable laws, rules, ~~and~~ or board policies.

~~2.~~ Before an oil and gas lease is canceled, the department shall ~~mail~~ send a notice of intention to cancel the ~~oil and gas~~ lease, specifying the reason for cancellation, to the lessee listed in the records of the department by mail requiring a signed receipt ~~at~~ to the lessee's address ~~of the lessee~~ as shown in the records of the department. ~~If the notice of intention to cancel is returned undeliverable or refused, the notice must be published in the official newspaper of the county in which the oil and gas leased premised is located~~.

3. A lessee may file with the commissioner a request for a waiver, or a request for the commissioner to review the notice of intention to cancel the oil and gas lease, which must include a statement of the specific grounds for the request. A request must be in writing and filed with the commissioner within thirty days after the date ~~of~~ the notice of intention to cancel the oil and gas lease is ~~received or the date of publication~~ postmarked. A request for a waiver or review is deemed filed when personally delivered or when received by the department. ~~The commissioner or the board may waive any breach except a breach of oil and gas lease terms required under North Dakota Century Code, or the commissioner or the board may allow the lessee time to cure the breach.~~ The commissioner may allow the lessee time to cure the breach, or may waive any breach, except a breach of oil and gas lease terms required under North Dakota Century Code. Any waiver must be limited to the particular breach waived and ~~may~~ does not limit the ~~commissioner's or the~~ board's right to cancel the oil and gas lease for any other breach. If, after review of the request, the commissioner determines that cancellation of the lease is still warranted, the commissioner shall request board approval of the cancellation. An oil & gas lease cancellation ~~decision by the board~~ under this section shall be exempt from the requirements of section 85-06-01-11.

4. If the lessee has not filed a release of the oil and gas lease with the applicable county recorder's office or requested a waiver or commissioner review ~~or remedied the default~~ within thirty days after ~~receipt~~ ~~the date of~~ the postmark date of a notice of intention to cancel the lease ~~or the date of publication~~, the commissioner ~~shall~~ may cancel the ~~oil and gas~~ lease.

5. Release of the oil and gas lease by the lessee, or cancellation of the ~~oil and gas~~ lease, does not release the lessee from liability for any sum due to the board~~, other than as provided in subsection 7,~~ or from any damages caused by~~from~~ a breach of the ~~oil and gas~~ lease.

6. Upon cancellation of the oil and gas lease, the department shall file a ~~satisfaction~~ notice of cancellation of oil and gas lease with the ~~register of deeds~~ applicable county recorder's office ~~in the county where the oil and gas leased premised is located~~.

7. An oil and gas lease automatically terminates for failure to pay the annual delay rental by the date due without further notice by the department or opportunity for the lessee to remedy the default.

History: Amended effective January 1, 2020; ____________, 2024

General Authority: NDCC 15-05-09, 15-05-10, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: N.D. Const. art. IX, § 5, NDCC 15-01-02, 15-02-05, 15-05-09, 15-05-10

Section 85-06-01-14 is amended as follows:

85-06-01-14. Request for shut-in status for oil or gas.

1. A lessee requesting shut-in status of an oil or gas well, without canceling the ~~oil and gas~~ lease, shall submit a written request to the department utilizing the form available on the department's website. The request must contain the following information:

   a. The name and well file number assigned by the North Dakota department of mineral resources oil and gas division;

   b. The township, range, and section of the surface location of the well;

   c. The board's oil and gas lease number for the subject lease, the date of the oil and gas lease, the acreage covered by the oil and gas lease, and the current lessee;

   d. The name and address of the operator of the well;

   e. The cumulative ~~oil~~ production and the number of days of production for the three months immediately preceding the request;

   f. The written approval of the request from the operator;

   g. The grounds for the request and the anticipated length of time the well will be shut-in; and

   h. Any additional information requested by the department.

2. An application fee, in an amount set by the department, ~~and the shut-in royalty well payment~~ must be submitted with the application. ~~The shut-in well payment shall be the same amount for oil or gas wells and shall be calculated on a per-lease, per-well basis.~~ ~~If the application is denied, the shut-in royalty well payment will must be refunded by the department~~. Upon approval of the shut-in request, applicant shall promptly submit to the department a shut-in well payment. The shut-in well payment shall be the same amount for oil or gas wells and ~~shall~~ must be calculated on a per-lease, per-well basis.

3. An application is deemed filed when the department receives the application form, application fee, shut-in well payment, and any additional information requested by the department.
4. Within fifteen days of receipt of an application, the commissioner shall notify the applicant in writing, as follows:
   a. The application is approved and the terms of the shut-in approval;
   b. The application is denied;
   c. An additional fifteen day period is necessary to consider the application; or
   d. The application requires board approval.
5. If an application is denied, a lessee may file with the department a written request for commissioner review, specifying the grounds for the request.
6. A shut-in approval is effective for one year from the date of approval unless the commissioner determines a shorter amount of time is appropriate.
7. The commissioner may revoke a shut-in approval if the commissioner determines the action is in the best interests of the trusts. If a shut-in approval is revoked prior to its expiration, the department shall provide notice to the lessee by certified mail. Within sixty days from the date of receipt of the notice, the lessee shall re-establish production. If the lessee fails to re-establish production, the oil and gas lease is subject to cancellation under section 85-06-01-10.

History: Amended effective January 1, 2020; _____________, 2024

General Authority: NDCC 15-05-09, 15-05-10, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: N.D. Const. art. IX, § 5, NDCC 15-01-02, 15-02-05, 15-05-09, 15-05-10

CHAPTER 85-03-04
EXAMINATIONS

Section 85-03-04-03 is amended as follows:

85-03-04-03. Entrance conference.

1. Once an examination is assigned and written notice of examination is provided to the person subject to examination, an entrance conference will be scheduled with the auditor and representatives of the person subject to examination. A representative of the administrator may participate in an entrance conference.

2. During the entrance conference, the auditor shall, to the extent practicable:

   a. Identify the types of property that will be subject to the examination and the time period covered by the examination;

. . . .

   h. Explain that, unless otherwise agreed to in writing by the administrator, the person subject to examination shall remit ~~to the examiner~~ any unclaimed property identified during the examination that is owed to the State of North Dakota.

History: Amended effective April 1, 2022; _________, 2024

General Authority: NDCC 47-30.2-03, 47-30.2-56

Law Implemented: NDCC 47-30.2-55, 47-30.2-57, 47-30.2-58, 47-30.2-61, 47-30.2-62

RE: Litigation Update
(No Action Requested)

- **EEE Minerals, LLC v. State of North Dakota, the Board of University and School Lands**

    - **Case Summary:** (OHWM title dispute / takings claim) – ND Federal District Court issued order May 31, 2022, granting Board's motion to dismiss on all counts: federal preemption, sovereign immunity, takings; Plaintiffs appealed to 8th Circuit; on August 30, 2023, the 8th Circuit three judge panel issued its opinion in our favor affirming the trial court's dismissal on all counts; on September 12, 2023, Plaintiffs requested a rehearing in front of the full 8th Circuit Court which was denied on October 27, 2023; on January 19, 2024, Plaintiffs petitioned the U.S. Supreme Court to hear the case; will await cert decision from the Court

Commencement: December 2020

ND Assigned Attorney(s): Philip Axt, ND Solicitor General

Counsel For EEE: Joshua Swanson (Vogel Law Firm, Fargo ND)

Court: United States District Court, District of North Dakota

Judge: Magistrate Judge Clare R. Hochhalter

Win = Takings claim dismissed resulting in no liability to state

Lose = Plaintiff's case can proceed resulting in trial to determine validity of claims

- **Whitetail Wave LLC v. XTO Energy, Inc.; the Board of University and School Lands**

    - **Case Summary:** OHWM title dispute / takings claim – On August 22, 2023, Whitetail Wave appealed the trial court's rulings for the state (takings, Wenck Line, quiet title) and the award of attorney fees to co-defendant XTO Energy. North Dakota Supreme Court arguments held January 17, 2024; decision expected in 3 - 6 months.

Commencement: June 2015

ND Assigned Attorney(s): David Garner, Assistant Attorney General

Counsel for Whitetail Wave: Christopher Sweeney (Moulton Bellingham PC, Billings, MT)
Joshua Swanson (Vogel Law Firm, Fargo, ND)

Counsel for XTO: Lawrence Bender (Fredrikson & Byron P.A., Bismarck, ND)

Court: State District Court, McKenzie County

Judge: Honorable Robin Schmidt

Win = Takings claim dismissed resulting in no liability to state

Lose = Plaintiff's case can proceed resulting in trial to determine validity of claims

- **Continental Resources, Inc. v. North Dakota Board of University & School Lands and North Dakota Department of Trust Lands**

  - **Case Summary:** Continental Oil Royalty Deductions – Now that the Newfield gas royalty deductions case has been resolved, this has come off stay and the parties have filed a joint scheduling order laying out the discovery and preparation timeline for trial that is currently scheduled for August 4-8, 2025, in McKenzie County.

Commencement: December 2017

ND Assigned Attorney(s): David Garner, Assistant Attorney General

Counsel for
Continental Resources, Inc.: Jamie Bryan, (K&L Gates, Fort Worth, TX)
Mark Barron (Baker & Hostetler, LLP, Denver, CO)

Court: State District Court, McKenzie County

Judge: Honorable Robin Schmidt

Win = Clarity that Land Board oil & gas lease does not allow for deductions from oil royalties resulting in tens of millions of dollars in deductions being repaid to the state.

Lose = Deductions from oil royalties are allowed under the lease, requiring additional administrative rules/case law to clarify extent

- **Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior**

  - **Case Summary:** Missouri riverbed ownership – On July 7, 2023, the United States filed a motion to amend its pleading to add a quiet title crossclaim against North Dakota as a new Intervenor in the case. We filed a motion requesting a change of venue to North Dakota that the Court is now considering.

Commencement: July 2020

ND Assigned Attorneys: James Auslander, Kathryn Tipple, Peter Schaumberg, and Nessa Coppinger (Beveridge & Diamond, Washington, D.C.)
Charles Carvell, Special Assistant Attorney General (Pearce Durick PLLC, Bismarck ND)
Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs

Counsel for MHA: Steven D. Gordon (Holland & Knight's Washington, D.C.)
Philip Merle Baker-Shenk (Holland & Knight's Washington, D.C.)
Timothy Purdon (Robins Kaplan, Bismarck, ND)
Timothy Billion (Robins Kaplan, Minneapolis, MN)

Counsel for United States Department of Interior:	Reuben S. Schifman (Washington, D.C.)
Court:	United States District Court for the District of Columbia
Judge:	Honorable Amy Berman Jackson

Win = North Dakota owns historical Missouri Riverbed (mineral rights) through Fort Berthold Indian Reservation resulting in release to state of tens of millions of dollars in withheld oil & gas royalties.

Lose = U.S. owns the riverbed in trust for MHA Nation so royalties are released to the tribe

- **Continental Resources, Inc., v. North Dakota Board of University and School Lands and the United States of America (Interpleader)**

  - **Case Summary:** OHWM fed/state dispute – ND Federal District Court issued opinion March 21, 2023, granting Board's motion for partial summary judgment on "Acquired Federal Lands" issue; this means the Wenck survey controls for establishing the historical ordinary high-water mark of the Missouri River in areas where the uplands were acquired by the federal government, and not original "public domain lands"; federal government appealed and we filed cross appeal; final brief was filed January 10, 2024, with oral arguments to be scheduled thereafter.

Commencement:	December 2016
ND Assigned Attorneys:	Charles Carvell, Special Assistant Attorney General (Pearce Durick PLLC, Bismarck ND) Philip Axt, ND Solicitor General
Counsel for XTO:	Lawrence Bender (Fredrikson & Byron P.A., Bismarck, ND) Spencer Ptacek (Fredrikson & Byron P.A., Bismarck, ND)
Counsel for USA:	Shaun Pettigrew (Environment and Natural Resources Division (ENRD) of the U.S. Department of Justice
Court:	United States District Court, District of North Dakota
Judge:	Magistrate Judge Clare R. Hochhalter

Win = State survey controls where U.S. lands abut the Wenck line resulting in retention of 2,500 mineral acres

Lose = Federal surveys control resulting in loss of approximately 2,500 mineral acres

- **State of North Dakota, ex. rel. v Virginia Leland, et.al.**
    - **Case Summary:** OHWM river island ownership, trial was held on September 12-16, 2022; post-trial briefing completed December 2023; awaiting Judge Schmidt's ruling.

Commencement:	January 2016
ND Assigned Attorneys:	Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs James Wald, DTL General Counsel
Counsel for Whiting Oil and Gas Corp:	Paul Forster (Crowley Fleck, PLLP, Bismarck, ND) Shane Hanson (Crowley Fleck, PLLP, Bismarck, ND)
Counsel for Defendant(s):	Kevin Chapman (Chapman Law Firm, P.C., Williston, ND) Ariston Johnson (Johnson & Sundeen, Watford City, ND) and Others
Court:	State District Court, McKenzie County
Judge:	Honorable Robin Schmidt

Win = State owns at issue Yellowstone River islands and related mineral interests

Lose = Plaintiffs owns at issue Yellowstone River islands and related mineral interests