BOARD OF UNIVERSITY AND SCHOOL LANDS

Pioneer Room, Judicial Wing

Join Microsoft Teams Meeting

+1 701-328-0950

Conference ID: 667 913 201#

December 17, 2020 at 9:00 AM

AGENDA

➢ **= Board Action Requested**

1. **Approval of Meeting Minutes – *Jodi Smith***

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

   ➢ A. November 24, 2020 – pg. 3

2. **Reports – *Jodi Smith***

   A. November Royalty Repayment Update – pg. 17

   B. November Report of Encumbrances – pg. 18

   C. November Unclaimed Property Report – pg. 20

   D. September Financial Position – pg. 21

   E. Investments Update – pg. 30

   F. Energy Infrastructure and Impact Office Quarterly Reports – pg. 31

   G. IT Update – pg. 32

   H. Acreage Adjustment Report – pg. 33

3. **Operations – *Jodi Smith***

   A. General Administration, Surface Land Management & Minerals Management Administrative Rules Update – pg. 34

   ➢ B. Board Policies Manual – pg. 35

4. **Surface – *Mike Humann***

   ➢ A. Approval of 2021 Surface Leases – pg. 41

5. **Investments – *Mike Shackelford***

   ➢ A. Fixed Income Direct Lending – pg. 43

   ➢ B. Fixed Income Asset Based Lending – pg. 117

   C. Securities Litigation Update - Financial Recoveries Technology – pg. 173

   D. Theodore Roosevelt Presidential Library & Museum Endowment Fund – pg. 187

6. **Other – *Jodi Smith***

   A. Commissioner Review – pg. 191

   B. North Dakota Treasurer Resolution – pg. 201

7. **Minerals – *Jodi Smith***

   ➢ A. Cottonwood Lake Navigability – Williams County – Determination – pg. 202

   ➢ B. Repayment of Royalties – pg. 206

8. **Litigation – *Jodi Smith***

   A. Vitesse 27-2019-CV-00266 – pg. 207

   B. Northern Oil and Gas v. Bruin et al Case No. 31-2020-cv-00199 – pg. 208

   ➢ C. Whitetail Wave Case No. 27-2015-cv-00164 – pg. 209

   ➢ D. EEE Minerals Case No. 1:20-cv-00219 – pg. 211

   ➢ E. Continental Resources Case No. 1:17-cv-00014 -pg. 212

   ➢ **Executive session under the authority of NDCC §§ 44-04-19.1 and 44-04-19.2 for attorney consultation with the Board's attorneys to discuss:**

   - **Repayment of Royalties**
   - **Whitetail Wave Case No. 27-2015-cv-00164**
   - **EEE Minerals Case No. 1:20-cv-00219**
   - **Continental Resources Case No. 1:17-cv-00014**

Next Meeting Date – January 28, 2021

Minutes of the Meeting of the
Board of University and School Lands
November 24, 2020

The November 24, 2020 meeting of the Board of University and School Lands was called to order at 8:00 AM via Microsoft Teams by Chairman Doug Burgum.

Members Present:

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Wayne Stenehjem	Attorney General
Kelly Schmidt	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

Department of Trust Lands Personnel present:

Jodi Smith	Commissioner
Michael Humann	Surface Division Director
Kristie McCusker	Paralegal
Catelin Newell	Administrative Staff Officer
Scott Giere	Revenue Compliance
Mike Shackelford	Investment Division Director
David Shipman	Minerals Division Director
Lynn Spencer	Minerals Title Specialist
Peggy Gudvangen	Accounting and Unclaimed Property Director
Adam Otteson	Revenue Compliance Division Director
Susan Dollinger	Unclaimed Property

Guests in Attendance:

Dave Garner	Office of the Attorney General
Jennifer Verleger	Office of the Attorney General
Leslie Bakken Oliver	Governor's Legal Counsel
Reice Haase	Governor's Office
Amy Hsiang	Guest via Microsoft Teams
Andrea diCenso	Guest via Microsoft Teams
Renae Bloms	Guest via Microsoft Teams
Aaron Carranza	Guest via Microsoft Teams
Ernst	Guest via Microsoft Teams
Jared Mack	Guest via Microsoft Teams
Jess Davies	Guest via Microsoft Teams
JIm Sakelaris	Guest via Microsoft Teams
Joe Hisdorf	Guest via Microsoft Teams
John Trydahl	Guest via Microsoft Teams
Josh Kevan	Guest via Microsoft Teams
John Paczkowski	Guest via Microsoft Teams
Quentin Obrigewitsch	Guest via Microsoft Teams
Raymond Fox	Guest via Microsoft Teams

A P P R O V A L O F M I N U T E S

A motion to approve the minutes of the October 29, 2020 meeting, was made by Alvin A. Jaeger Secretary of State and seconded by Attorney General Wayne Stenehjem and the motion carried unanimously on a voice vote.

REPORTS

October Extension Report

In January 2020, North Dakota Administrative Code § 85-06-01-06 was enacted. It provides the petroleum industry the option to request an extension of their lease.

In October 2020, Continental Resources of Oklahoma City, Oklahoma, received a six-month extension on four leases in Section 30-154N-97W, McKenzie County and two leases in Section 31-154N-97W, McKenzie County. They have a permit to drill the Dallas 4-30 H Well.

Summary of Oil and Gas Lease Auction

On behalf of the Board of University and School Lands (Board), the Department of Trust Lands conducted an oil and gas mineral lease auction on www.energynet.com which concluded on November 3, 2020

There were five tracts offered and all received competitive bids (If the Board does not receive a competitive bid the lease is awarded to the nominator.) The highest bid per acre was $311.00 for 80 acres in McKenzie County. All five tracts offered benefit the Common Schools Trust Fund.

County	Tracts/County	Mineral Acres	Total Bonus	Average Bonus/Acres
McKenzie	1	80	$24,880.00	$311.00
Williams	4	478.39	$12,038.14	$25.16
GRAND TOTAL	**5**	**558.39**	**$ 36,918.14**	**$66.12**

There was a total of 4 bidders who submitted 31 bids on the five tracts. The bidders were from Colorado and North Dakota.

A total of $36,918.14 of bonus was collected from the auction.

October Report of Encumbrances Issued by Land Commissioner

Granted to:	**PETRO-HUNT LLC, DALLAS-TX**
For the Purpose of:	On-lease Activity: Well-Horizontal Oil Well
Right-of-Way Number:	RW0008596
Trust:	A - Common Schools
Legal Description:	MOU-158-91-16-SE4, SW4

Granted to:	**TESORO HIGH PLAINS PIPELINE COMPANY LLC, SAN ANTONIO-TX**
For the Purpose of:	Easement-Amend: Pipeline-Multiple Pipelines
Right-of-Way Number:	RW0008775
Trust:	A - Common Schools
Legal Description:	MCK-147-104-36-NW4

Granted to:	**DENBURY ONSHORE LLC, PLANO-TX**
For the Purpose of:	Permit: Seismic
Right-of-Way Number:	RW0008781
Trust:	A - Common Schools
Legal Description:	BOW-131-105-16-NE4, NW4, SW4

Granted to:	**CAPITAL ELECTRIC COOPERATIVE INC, BISMARCK-ND**
For the Purpose of:	Easement-Amend: Electric-Buried Distribution Line
Right-of-Way Number:	RW0008783
Trust:	A - Common Schools
Legal Description:	BRL-139-80-36-SW4 LESS ACRES SOLD

Granted to:	**WHITING OIL & GAS CORPORATION, DENVER-CO**
For the Purpose of:	Assignment: Well-Salt Water Disposal Well
Right-of-Way Number:	RW0008784
Trust:	A - Common Schools
Legal Description:	WIL-154-98-16-NE4

Granted to:	**MOUNTAIN PLAINS LLC, BISMARCK-ND**
For the Purpose of:	Permit: Planning & Preconstruction Survey
Right-of-Way Number:	RW0008799
Trust:	A - Common Schools
Legal Description:	N/A

October Unclaimed Property Report

Unclaimed property is all property held, issued, or owing in the ordinary course of a holder's business that has remained unclaimed by the owner for more than the established time frame for the type of property. It can include checks, unpaid wages, stocks, amounts payable under the terms of insurance policies, contents of safe deposit boxes, etc.

An owner is a person or entity having a legal or equitable interest in property subject to the unclaimed property law. A holder can include a bank, insurance company, hospital, utility company, retailer, local government, etc.

Since 1975, the Unclaimed Property Division (Division) of the Department of Trust Lands has been responsible for reuniting individuals with property presumed abandoned. The Division acts as custodian of the unclaimed property received from holders. The property is held in trust in perpetuity by the State and funds are deposited in the Common Schools Trust Fund. The 1981 Uniform Unclaimed Property Act created by the national Uniform Law Commission was adopted by the State in 1985.

For the month of October 2020, the Division received 1,701 holder reports with a property value of $8,524,433 and paid 175 claims with a total value of $457,134.

The Financial Report (Unaudited) for period ending August 31, 2020 was presented to the Board for review and is available at the Department upon request.

Investment Updates

<u>Portfolio Rebalancing Updates</u>
As Van Eck Natural Resources was fully liquidated October 16, 2020. Harvest is the only investment in the Diversified Inflation Strategies asset class with approximately $102M. The Department Staff and RVK continuously monitor the trigger points set for the account and will complete the liquidation when appropriate.

Since being approved for a $100M investment commitment, Apollo Accord Fund IV LP (Fund), an Opportunistic Investment, has called on a total of $5.5M bringing the remaining unfunded commitment to $94,500,000.

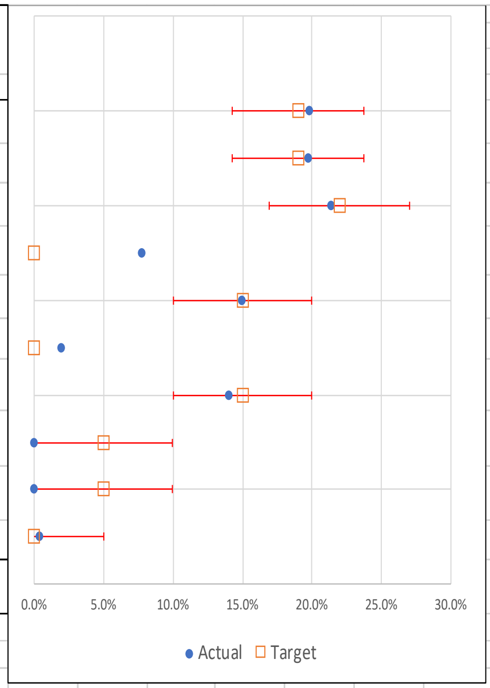
Varde Dislocation Fund IV LP, an Opportunistic Investment, has called on another $5M from our capital commitment bringing our total investment to $15M. The remaining unfunded commitment is $85M.

The Department Staff is actively working on both the Agreements for GCM Grosvenor (Private Equity Manager) and JP Morgan (Private Infrastructure Manager) that were approved at the August 27, 2020 and September 24, 2020 Board of University and School Lands meetings.

Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of Nov. 18, 2020. The figures provided are unaudited.

As of November 18, 2020	Market Value $	Actual	Target	Lower Range	Upper Range
Broad US Equity	1,037,725,490.88	19.8%	19.0%	14.0%	24.0%
Broad Int'l Equity	1,034,376,209.33	19.8%	19.0%	14.0%	24.0%
Fixed Income	1,117,649,099.73	21.4%	22.0%	17.0%	27.0%
Transition Account	407,100,777.37	7.8%	0.0%	-5.0%	5.0%
Absolute Return	781,175,377.71	14.9%	15.0%	10.0%	20.0%
DIS	102,398,957.13	2.0%	0.0%	-5.0%	5.0%
Real Estate	731,764,330.00	14.0%	15.0%	10.0%	20.0%
Private Equity	-	0.0%	5.0%	0.0%	10.0%
Private Infrastructure	-	0.0%	5.0%	0.0%	10.0%
Opportunistic Investments	21,833,305.00	0.4%	0.0%	-5.0%	5.0%
Portfolio Total	5,234,023,547.15	100.0%			



Upcoming Investment Manager Meetings

There is no upcoming meeting scheduled.

S U R F A C E

Fall Surface Lease Auctions

The 2020 fall lease auctions were conducted online from October 12, 2020 to October 23, 2020. The majority of leases that qualified for Last Minute Bid Competition Policy have been completed. Additionally, those tracts that were approved to be re-opened at the October 29, 2020 Board of University and School Lands (Board) meeting were completed, see list of tracts below:

- T155N, R99W, SECTION 16: NW4
- T155N, R99W, SECTION 16: SE4
- T155N, R99W, SECTION 16: SW4
- T158N, R101W, SECTION 16: SE4
- T130N, R90W, SECTION 7: NE4

The Department of Trust Lands (Department) has received six protests to the online surface lease auction outcomes. Per N.D.A.C. 84-04-01-09. Board review.

> Within thirty days of a decision under these rules, an aggrieved party may request the commissioner review the decision. The aggrieved party seeking review shall submit any information required by the commissioner as part of this request. Within thirty days of the commissioner's review, the aggrieved party may request board review and the commissioner shall recommend if board review is warranted.

The Department has received a formal protest of the auction results on one quarter-section of land that does not qualify for the Last Minute Bid Competition. Mr. Trever Sorenson is protesting:

- T158N, R101W, SECTION 16: NE4

The Department has received a formal protest of the auction results on three quarter-sections of land that do not qualify for the Last Minute Bid Competition. Mr. Rick Thorlaksen is protesting:

- T159N, R93W, SECTION 16: NW4
- T159N, R93W, SECTION 16: SE4
- T159N, R93W, SECTION 16: SW4

The Department has received a formal protest of the auction results on two quarter-sections of land that do not qualify for the Last Minute Bid Competition. Mr. Raymond Fox is protesting:

- T157N, R90W, SECTION 16: SE4
- T157N, R90W, SECTION 16: SW4

The Department has received a formal protest of the auction results on one quarter-section of land that does not qualify for the Last Minute Bid Competition. Mr. Jason Folvag is protesting:

- T158N, R101W, SECTION 16: NW4

The Department has received a formal protest of the auction results on one quarter-section of land that does not qualify for the Last Minute Bid Competition. Mr. James Voigt is protesting:

- T146N, R92W, SECTION 16: S2S2

The Department has received a formal protest of the auction results on one quarter-section of land that does not qualify for the Last Minute Bid Competition. Mr. Brian Zingleman is protesting:

- T148N, R98W, Section 16: NE4

The Department has received a formal protest of the auction results on the auction results on three quarter-sections of land. These tracts qualify for the Last Minute Bid Competition Policy. The request from Mr. Stephen Kranz is to open the bidding at the fair-market value price instead of the last bid price. The tracts being protested are:

- T147N, R82W, SECTION 28: NE4
- T147N, R82W, SECTION 28: NW4
- T149N, R82W, SECTION 25: SE4

The Board will need to make the final determination if the Department is going allow for the bidding to continue on:

- T158N, R101W, SECTION 16: NE4
- T159N, R93W, SECTION 16: NW4
- T159N, R93W, SECTION 16: SE4
- T159N, R93W, SECTION 16: SW4
- T157N, R90W, SECTION 16: SE4
- T157N, R90W, SECTION 16: SW4
- T158N, R101W, SECTION 16: NW4
- T146N, R92W, SECTION 16: S2S2
- T147N, R82W, SECTION 28: NE4
- T147N, R82W, SECTION 28: NW4
- T149N, R82W, SECTION 25: SE4
- T148N, R98W, Section 16: NE4

A final summary will be provided during an upcoming Board meeting.

Motion: **The Board moves to include those that have applied for the formal appeal process to be included in the tracts moving forward in the telephone auction with the opening bid starting at the high bid from the EnergyNet online auction. Those tracts to be included are as follows: T158N, R101W, SECTION 16: NE4, T159N, R93W, SECTION 16: NW4, S2, T157N, R90W, SECTION 16: S2, T158N, R101W, SECTION 16: NW4, T146N, R92W, SECTION 16: S2S2, T147N, R82W, SECTION 28: N2, T149N, R82W, SECTION 25: SE4, T148N, R98W, Section 16: NE4 .**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger			X		
Superintendent Baesler			X		
Treasurer Schmidt		X	X		
Attorney General Stenehjem	X		X		
Governor Burgum			X		

Board of University and School Lands Policy Manual

In House Bill 1300, the Sixty-fifth Legislative Assembly directed the Board of University and School Lands (Board) no longer be exempt from the Administrative Agencies Practice Act (Act). In Senate Bill 2264, the Sixty Sixth Legislative Assembly directed the Board be exempt from the adjudicative proceeding requirements and procedures under North Dakota Century Code §§ 28-32-21 through 28-31-51 of the Act.

The Board's Administrative Rules are found in Title 85 of the North Dakota Administrative Code. Revisions to rules concerning General Administration and rules for Surface Land Management and Minerals Management are currently before the Legislative Administrative Rules Committee. Those rules were reviewed by the Attorney General's Office and are currently scheduled to be presented to the Administrative Rules Committee on December 1, 2020, to become effective January 1, 2021. If those rules become effective January 1, 2021, it will be necessary to simultaneously repeal certain Board policies and to implement new Board policies.

The Board currently has a Policy Manual (Board Policy Manual) which includes sections titled Governance, General, Surface Land Management, Investments, and Minerals. It is necessary to revise certain Board policies due to the proposed Administrative Rules. The Department recommends the following current policies be repealed and replaced with the revised policies upon enactment of the proposed Administrative Rules as follows:

- Land Retention and Sales Policy, to become Limited Land Sales Policy
- Acquired Properties Management, to become Non-Grant Land Acquired After January 1, 2020 Through Foreclosure or Deed in Lieu of Foreclosure

Other policies have been incorporated into the proposed Administrative Rules and can be repealed upon enactment of the proposed Administrative Rules as follows:

- Chapter 15-09 Sales Policy
- Sale of State Land for Landfills
- Criteria for Retaining Foreclosed Property
- Enforcement of 1979 Oil and Gas Lease Form Provisions Relating to Offset Wells

If the Administrative Rules become effective January 1, 2021, the Board Policy Manual will be revised to remove repealed policies and to include those proposed new policies. Should the Administrative Rules not become effective January 1, 2021, there will be no repeal of the current Board policies or implementation of the revised policies. Therefore, the repeal of the Board Polices and implementation of those new policies is contingent on the Administrative Rules being adopted, with the Board Policy Manual being revised to remove those repealed policies and add the revised policies effective the date the Administrative Rules are implemented.

In addition, the Board repealed a policy on August 30, 2018 titled Railroad Rights-of-Way Ownership. It was later determined that a Board policy would be helpful in memorializing the position of the Board concerning Abandoned Railroad Right of Way Ownership and the attached proposed policy was created. The policy on Abandoned Railroad Right of Way Ownership should be implemented on January 1, 2021, regardless of the enactment of the Administrative Rules as it is not addressed by the proposed Administrative Rules.

The Commissioner is requesting the Board provide input on the proposed revised North Dakota Board of University and School Lands policies. This is the “first reading” of the proposed policies, with suggestions being taken into consideration and a “second reading” to occur on December 17, 2020.

Board of University and School Lands Limited Land Sales Policy, Board of University and School Lands Non-Grant Land Policy, Board of University and School Lands Abandoned Railroad Right of Way Ownership documents were provided to the Board and are available at the Department upon request.

O P E R A T I O N S

Audited Financial Statements for the Year Ended June 30, 2020

Eide Bailly CPAs and Business Advisors has completed its review of the financial statements of the Department of Trust Lands for the year ended June 30, 2020 and provided an opinion on the fair presentation of the financial statements.

The draft report identified no audit findings or recommendations.

The electronic version of the audited financial statement had not been posted, but when it finalized it will be available on the State Auditor's website at: www.nd.gov/auditor/trust-lands-nddepartment and on the Department of Trust Lands website at: www.land.nd.gov.

The Department of Trust Lands Audited Financial Statement Fiscal Year 2020 is available upon request.

Proposed Legislation for 2021

The Department of Trust Lands (Department) intends to propose legislation, including but not limited to the following:

2016 Revised Uniform Unclaimed Property Act
The Department is recommending the adoption of the 2016 Revised Uniform Unclaimed Property Act to provide necessary updates to the 1981 Act that was implemented in 1985.

Grant North Dakota Game and Fish Authority to Enforce State Laws and Rules on Trust Lands
The Department is seeking to modify N.D.C.C. § 20.1-02-15.1 to grant North Dakota Game and Fish authority to enforce state laws and rules on lands owned and managed by the Board of University and School Lands to allow the Department to better manage assets.

Surface Leasing
The Department is seeking authority for surface lease auctions held after January 1, 2022, to be held at a regional public auctions, with the regions to be provided in the Board's Administrative Rules, instead of being held in each county seat.

I N V E S T M E N T S

Fixed Income – Core Bond Manager

During its October 29, 2020 meeting, the Board of University and School Lands' (Board) approved changes to the Fixed Income Asset Allocation for the Permanent Trust Funds (PTFs) "to convert the JP Morgan Intermediate bond mandate into a core bond mandate with a manager to be approved by the Board November 2020."

At that meeting, to increase portfolio yield and return, the Department of Trust Lands' (Department) and RVK recommended termination of the JP Morgan (JPM) Intermediate Bond mandate and replacing it with a core bond mandate. The JPM Intermediate Bond fund has underperformed with core bond funds including JPM's Core Bond Fund as well as the US aggregate bond index. The underperformance is primarily due to the limits on duration risk the manager can add to the fund. A core bond mandate will have more flexibility to extend duration prudently when the risk environment warrants and thus pick-up incremental yield.

The Department and RVK began the manager search by compiling a list of four of the top performing core bond managers within RVK's database, including JPM's Core Bond Fund. The performance and risk history of each manager was reviewed, along with fees, asset quality, asset characteristics, and investment structures. Each of the four managers were interviewed by the Department and RVK to review their investment strategies and investment processes.

After conducting a thorough due diligence of each manager, the Department and RVK recommend the Board continue its relationship with JPM in a core bond mandate. JPM's Core

Bond mandate has performed well on a risk/return basis and its fees, including the relationship discount, make it attractive for the PTFs.

JPM is headquartered in New York and has offices throughout the U.S. and the world. JPM has over $658 Billion in fixed income assets under its management and over 265 fixed income investment professionals with expertise in various areas of the fixed income market.

JPM has agreed to maintain the separate account structure and related fees that were in effect for the intermediate bond mandate. If approved, the transition would occur over the next few months as market conditions allow.

Motion: **The Board approves a conversion of the JP Morgan Intermediate Bond mandate to a core bond mandate with JP Morgan, subject to final review and approval of all legal documents by the Office of the Attorney General.**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger			X		
Superintendent Baesler			X		
Treasurer Schmidt	X		X		
Attorney General Stenehjem		X	X		
Governor Burgum			X		

RVK Recommendation Memo and JP Morgan Core Bond Presentation were presented to the Board for review and are available at the Department upon request.

Fixed Income – Multi-Sector Manager

At its October 29, 2020 meeting, the Board of University and School Lands' (Board) approved changes to the Fixed Income Asset Allocation for the Permanent Trust Funds (PTFs) "to liquidate sufficient amounts in the Payden & Rygel and JP Morgan fixed income mandates, along with the cash from the Brandywine termination, to fund the addition to Private Credit and a new Multi-Sector fixed income.

As a result of underperformance, Department of Trust Lands (Department) and RVK recommended terminating the Brandywine Global Opportunity mandate (~$185 Million) and replacing it with a new Multi-Sector Bond mandate ($100 Million). The Brandywine mandate has underperformed both the PTFs' core and intermediate bond mandates, the global aggregate bond index, and the multi-sector funds contemplated as replacements. In addition, RVK research shows the Brandywine mandate has a worse risk/return profile versus the multi-sector funds and the global aggregate bond index. Moving to a multi-sector mandate is expected to decrease portfolio risk while increasing returns.

The Department and RVK began the manager search by compiling a list of three of the top performing Multi-Sector bond managers within RVK's database. The Department and RVK reviewed the performance and risk history of each manager, along with fees, asset quality, asset characteristics, and investment structures. Each of the three managers were interviewed by the Department and RVK to review their investment strategies and investment processes.

After conducting a thorough due diligence of each manager, the Department and RVK recommend the Board approve a Multi-Sector Bond mandate with Loomis Sayles. Loomis Sayles is an investment manager headquartered in Boston, with offices in the U.S., Europe and Asia. They have over $240 Billion in fixed income assets under its management and over 180 fixed income investment professionals with expertise in various areas of the fixed income market. Loomis Sayles has a strong and transparent investment process and portfolio characteristics that the Staff and RVK felt would best suit the PTFs.

Motion: **The Board approve a $100 Million investment with Loomis Sayles in a Multi-Sector bond mandate, subject to final review and approval of all legal documents by the Office of the Attorney General.**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger	X		X		
Superintendent Baesler			X		
Treasurer Schmidt		X	X		
Attorney General Stenehjem			X		
Governor Burgum			X		

RVK Recommendation Memo and Loomis Sayles Multi-Sector Bond Presentation were presented to the Board for review and are available at the Department upon request.

3rd Quarter Investment Update 2020

Josh Kevan from RVK reviewed the performance of the Board of University and School Land's (Board) investment program for the period ending September 30, 202.

The first report to be reviewed was prepared by RVK to enable the Board to monitor and evaluate the collective performance of the permanent trusts' investments and the performance of individual managers within the program. In order to provide an overview of the program and highlight critical information, an executive summary has been incorporated into the Board report. A more comprehensive, detailed report is also available.

Next, Josh will touch on the performance of the Ultra-Short portfolio in which the Strategic Investment and Improvements Fund, the Coal Development Trust Fund and the Capitol Building Fund are invested.

RVK Permanent Trust Fund Performance Report and RVK Ultra-short Performance Report were presented to the Board for review and is available at the Department upon request.

O T H E R

Commissioner Annual Review

Treasurer Schmidt proposed tabling the Commissioner Annual Review agenda item until the December regular meeting; the Board agreed to table the item.

M I N E R A L S

Acreage Adjustment Survey Relating to T152N R93W Section 11 Lot 2 and Section 10 Lot 6

Under North Dakota law, the Board of University and School Lands (Board) is vested with the authority to manage state-owned minerals including the oil, gas, and related hydrocarbons within the beds of the State's navigable waters. On behalf of the State, the Board oversees the Strategic Investment and Improvements Fund (SIIF) which collects the revenues from these sovereign minerals.

The Sixty-Fifth Legislative Assembly's adoption of Senate Bill 2134 (SB 2134), codified as N.D.C.C. ch. 61-33.1, sought to establish state ownership of minerals below the ordinary high water mark of the historical Missouri riverbed channel (Historical OHWM) inundated by Pick-Sloan Missouri basin project dams.

Senate Bill 2211 of the Sixty-Sixth Legislative Assembly amended N.D.C.C. ch. 61-33.1 relating to the ownership of mineral rights of land subject to inundation by Pick-Sloan Missouri basin project dams. Under N.D.C.C. § 61-33.1-03(8), the Board contracted with Kadrmas, Lee & Jackson, Inc. (KLJ) "to analyze the final review findings and determine the acreage on a quarter-quarter basis or government lot basis above and below the [Historical OHWM] as delineated by the final review findings of the industrial commission." KLJ has provided the Department of Trust Lands (Department) with a Final Report for Acreage Determination along the Ordinary High Water Mark as adopted by the North Dakota Industrial Commission Order No. 29129 which is available on the Department's website.

On June 25, 2020, the Board formally requested NDIC complete further review of T152N R93W Section 11 Lot 2 and Section 10 Lot 6. NDIC approved Order No. 31104 providing the Department with necessary information to complete the acreage adjustment survey in T152N R93W Section 11 Lot 2 and Section 10 Lot 6.

KLJ has completed the acreage adjustment calculations in T152N R93W Section 11 Lot 2 and Section 10 Lot 6. The project utilized all available data, records, and resources including the Review, the PLSS, Bureau of Land Management (BLM) General Land Office (GLO) updated Master Title Plats (available at the BLM), original GLO Survey Plats (available at the North Dakota State Water Commission), BLM field notes, and any other relevant data, records and resources. Where previous survey data was not available, lacking, or otherwise unusable, the KLJ project was required to conduct the field work necessary to supply the necessary data to complete and/or verify accurate boundaries within the Project Area. KLJ is available to review the methodology they used to calculate the acreage adjustments and answer any questions the Board may have regarding the acreage adjustment results.

Upon the Board's adoption of the Acreage Adjustment Survey for T152N R93W Section 11 Lot 2 and Section 10 Lot 6, as prepared by KLJ, the Department will promptly begin updating records to satisfy the Board's duty under N.D.C.C. § 61-33.1-04(2)(a). This process will be extensive and will require a review of each parcel within each spacing unit located within the Project Area. Each parcel will be reviewed for changes to the database, Correction of Oil and Gas Leases will be prepared for execution, requests for refunds of bonus and royalties will be prepared, each well will need a new royalty management unit to ensure future royalties will be allocated to the correct trust, the Department's shapefiles will be updated, and the Department will need to track the documentation for each lease correction.

Prior to any issuance of refunds, appropriate documentation for each parcel requiring adjustment must be reviewed by the Department's Director of Minerals Management and the Director of the Revenue Compliance Division. Following final review by the Commissioner, a refund authorization will be submitted to the Accounting Division. Once refunds are issued, Correction of Oil and Gas Lease documentation will be mailed to the operator and current lessee of record based on the records of the Department. If the lessee fails to return an executed copy or cash the check, the Department will need to take additional steps.

Motion: **The Board adopts the acreage adjustment survey on a quarter-quarter basis or government lot basis above and below the ordinary high water mark as delineated by the final review findings of the North Dakota Industrial Commission for T152N R93W Section 11 Lot 2 and Section 10 Lot 6.**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger			X		
Superintendent Baesler			X		
Treasurer Schmidt		X	X		
Attorney General Stenehjem	X		X		
Governor Burgum			X		

Map T152N R93W Section 11 and Section 10 was presented to the Board for review and is available at the Department upon request.

Acreage Adjustment Survey - T153N, R102W Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36

Under North Dakota law, the Board of University and School Lands (Board) is vested with the authority to manage state-owned minerals including the oil, gas, and related hydrocarbons within the beds of the State's navigable waters. On behalf of the State, the Board oversees the Strategic Investment and Improvements Fund (SIIF) which collects the revenues from these sovereign minerals.

Timeline of State Activity Related to Sovereign Lands

- The 1977 Legislature defined "sovereign lands" as "those beds, islands, accretions, and relictions lying within the ordinary high watermark of navigable lakes and streams." 1977 N.D. Sess. Laws, ch. 144, § 1, codified as N.D.C.C. § 15-08.2-02 (repealed 1989 N.D. Sess. Laws, ch. 552, § 4).
- From 1977 to 1989, the Board had authority over both the surface and subsurface of sovereign lands, including the power to convey interests.
- In 1989, the Legislature again defined state title as "those beds, islands, accretions, and relictions lying within the ordinary high watermark of navigable lakes and streams." 1989 N.D. Sess. Laws, ch. 552, § 3, codified as N.D.C.C. § 61-33-01.
- The 1989 Legislature gave the State Engineer's Office authority to manage the surface and the Board authority over the oil, gas, and related hydrocarbons within the subsurface, with each agency having the power to convey interests.
- In 2007, the Office of the State Engineer issued the North Dakota Sovereign Land Management Plan and Ordinary High Water (OHWM) Mark Delineation Guidelines.
- In 2009, the Board and the State Engineer engaged Bartlett & West, a private engineering company, to undertake a comprehensive study of the OHWM along the Yellowstone River and the Missouri River from the Montana border to river mile marker 1549 near Williston (Phase I Delineation).
- In 2010, the Board again contracted with Bartlett & West to approximate the location of the OHWM for the historic Missouri River under Lake Sakakawea from river mile marker 1574 near the Furlong Loop to river mile marker 1482, the border of the Fort Berthold Reservation (Phase II). This study was completed using historical aerial photography, elevation data, and topographic maps.

- In 2010, the Board authorized Phase III to investigate specific and isolated sections of the Missouri and Yellowstone Rivers between Williston to the Montana border that could not be fully completed under Phase I due to location and complexity (this includes the Trenton Lake area.)
- In 2012, the Board initiated the review of the estimated historic OHWM between the Four Bears Bridge and the Garrison Dam (Phase IV) using the same techniques as Phase II.
- In 2013, the North Dakota Supreme Court issued decisions in *Reep v. State* and *Brigham v. State* holding that the State owns the mineral interests up to the ordinary high water mark of navigable rivers and water bodies.
- In 2017, the Sixty-Fifth Legislative Assembly's adoption of Senate Bill 2134 (SB 2134), codified as N.D.C.C. ch. 61-33.1, sought to establish state ownership of minerals below the ordinary high water mark of the historical Missouri riverbed channel (Historical OHWM) inundated by Pick-Sloan Missouri basin project dams.
- In 2019, the Sixty-Sixth Legislative Assembly amended N.D.C.C. ch. 61-33.1 relating to the ownership of mineral rights of land subject to inundation by Pick-Sloan Missouri basin project dams. Under N.D.C.C. § 61-33.1-03(8), the Board contracted with Kadrmas, Lee & Jackson, Inc. (KLJ) "to analyze the final review findings and determine the acreage on a quarter-quarter basis or government lot basis above and below the [Historical OHWM] as delineated by the final review findings of the industrial commission."

On June 25, 2020, the Board formally requested the North Dakota Industrial Commission complete further review of T153N, R102W Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36. The North Dakota Industrial Commission entered Order No. 31104 providing the Department of Trust Lands (Department) with necessary information to complete the acreage adjustment survey in T153N, R102W Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36.

The Department has consulted with the State Engineer as to the State's sovereign land ownership in Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36 of Township 153 North, Range 102 West, Williams/McKenzie Counties, North Dakota (more commonly referred to as the Trenton Lake area.)

EXECUTIVE SESSION

Under the authority of North Dakota Century Code Sections 44-04-19.1 and 44-04-19.2, the Board close the meeting to the public and go into executive session for purposes of attorney consultation relating to:

- **Acreage Adjustment Survey T153N R102W Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Schmidt					
Attorney General Stenehjem	X				
Governor Burgum					

At 9:56 AM the Board entered executive session via Microsoft Teams for the purposes outlined in its adopted motion.

EXECUTIVE SESSION

Members Present:

Doug Burgum	Governor
Alvin A. Jaeger	Secretary of State
Wayne Stenehjem	Attorney General
Kelly Schmidt	State Treasurer
Kirsten Baesler	Superintendent of Public Instruction

Department of Trust Lands Personnel present:

Jodi Smith	Commissioner
Kristie McCusker	Paralegal
David Shipman	Minerals Director
Catelin Newell	Administrative Staff Officer

Guests in Attendance:

Dave Garner	Attorney General's Office
Jennifer Verleger	Attorney General's Office
Leslie Bakken Oliver	Governor's Legal Counsel
Reice Haase	Governor's Office
Aaron Carranza	Office of the State Engineer
John Paczkowski	State Engineer

During the executive session, the Board was provided information from its attorney.

The executive session adjourned at 10:58 AM and the Board reconvened in open session.

The Board requested additional information be brought to a subsequent meeting and no formal action was taken.

A D J O U R N

There being no further business, the meeting was adjourned at 10:59 AM.

____
Doug Burgum, Chairman
Board of University and School Lands

____
Jodi Smith, Secretary
Board of University and School Lands

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
December 17, 2020

RE: Repayment of Unpaid Royalties Report
(No Action Requested)

Since the November 24, 2020, Board of University and School Lands meeting, one payor has come into compliance for oil deductions:

- Citation Oil and Gas LLC

Since the November 24, 2020, Board of University and School Lands meeting, one payor has come into compliance for gas deductions:

- Denbury Resources

RE: November Report of Encumbrances Issued by Land Commissioner
(No Action Requested)

Granted to:	**TESORO HIGH PLAINS PIPELINE COMPANY LLC, SAN ANTONIO-TX**
For the Purpose of:	Easement-Amend: Pump Station
Right-of-Way Number:	RW0008693
Date Issued:	RW0008693
Application Fee:	$100.00
Right-of-way Consideration:	N/A (*)
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	0.00
Area (Acres):	0.00
Legal Description:	MCK-147-104-36-SE4

Granted to:	**BOB ENTERPRISES LLC, KILLDEER-ND**
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008703
Date Issued:	RW0008703
Application Fee:	$200.00
Right-of-way Consideration:	$7,235.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	438.50
Area (Acres):	0.00
Legal Description:	DUN-147-95-16-NE4, NW4, SW4 SOUTH OF HWY

Granted to:	**CARSON RANCH, GRASSY BUTTE-ND**
For the Purpose of:	Permit: Road-Access Road
Right-of-Way Number:	RW0008788
Date Issued:	RW0008788
Application Fee:	$250.00
Right-of-way Consideration:	N/A
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	0.00
Area (Acres):	2.19
Legal Description:	MCK-146-101-36-NE4

Granted to:	**SELECT ENERGY SERVICES LLC, WILLISTON-ND**
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008790
Date Issued:	RW0008790
Application Fee:	$250.00
Right-of-way Consideration:	$2,360.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	143.03
Area (Acres):	0.00
Legal Description:	MOU-154-94-16-SW4

Granted to:	**GOODNIGHT MIDSTREAM BAKKEN LLC, DALLAS-TX**
For the Purpose of:	Easement-Amend: Pipeline-Salt Water Pipeline
Right-of-Way Number:	RW0008792
Date Issued:	RW0008792
Application Fee:	$250.00
Right-of-way Consideration:	$500.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	221.57
Area (Acres):	2.80
Legal Description:	MCK-152-97-36-NE4, SE4

Granted to:	**BOB ENTERPRISES LLC, KILLDEER-ND**
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008794
Date Issued:	RW0008794
Application Fee:	$250.00
Right-of-way Consideration:	$5,370.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	320.00
Area (Acres):	0.00
Legal Description:	DUN-146-95-16-NE4

Granted to:	**SELECT ENERGY SERVICES LLC, WILLISTON-ND**
For the Purpose of:	Permit: Temporary Water Layflat Line
Right-of-Way Number:	RW0008797
Date Issued:	RW0008797
Application Fee:	$250.00
Right-of-way Consideration:	$4,015.00
Damage Payment to Lessee:	N/A
Trust:	A - Common Schools
Length (Rods):	243.00
Area (Acres):	0.00
Legal Description:	MCK-153-94-16-NW4, SW4

* agreement contains a recurring payment requirement

RE: November Unclaimed Property Report
(No Action Requested)

Unclaimed property is all property held, issued, or owing in the ordinary course of a holder's business that has remained unclaimed by the owner for more than the established time frame for the type of property. It can include checks, unpaid wages, stocks, amounts payable under the terms of insurance policies, contents of safe deposit boxes, etc.

An owner is a person or entity having a legal or equitable interest in property subject to the unclaimed property law. A holder can include a bank, insurance company, hospital, utility company, retailer, local government, etc.

Since 1975, the Unclaimed Property Division (Division) of the Department of Trust Lands has been responsible for reuniting individuals with property presumed abandoned. The Division acts as custodian of the unclaimed property received from holders. The property is held in trust in perpetuity by the State and funds are deposited in the Common Schools Trust Fund. The 1981 Uniform Unclaimed Property Act created by the national Uniform Law Commission was adopted by the State in 1985.

For the month of November 2020, the Division received 216 holder reports with a property value of $1,234,962 and paid 324 claims with a total value of $348,124.

ITEM 2C

NORTH DAKOTA
BOARD OF UNIVERSITY AND SCHOOL LANDS

Financial Position Report
(Unaudited)

For period ended September 30, 2020

ITEM 2D

Board of University and School Lands

Comparative Financial Position (Unaudited)

Schedule of Net Assets

Assets by Trust:	September 30, 2020	September 30, 2019
Common Schools	$4,770,110,607	$4,645,907,977
North Dakota State University	73,104,669	72,016,991
School for the Blind	13,047,332	12,744,243
School for the Deaf	21,346,192	21,229,437
State Hospital	14,403,092	14,570,263
Ellendale *	23,414,471	21,973,922
Valley City State University	12,982,065	12,922,874
Mayville State University	8,422,681	8,119,322
Youth Correctional Center	24,889,442	24,025,667
State College of Science	18,877,276	18,199,367
School of Mines **	22,515,576	21,973,357
Veterans Home	5,312,668	5,357,743
University of North Dakota	35,386,094	34,444,579
Capitol Building	4,549,864	6,779,915
Strategic Investment and Improvements	406,055,711	706,183,461
Coal Development	70,995,536	70,670,455
Indian Cultural Education Trust	1,264,232	1,280,342
Theodore Roosevelt Presidental Library	15,439,908	15,138,312
Total	$5,542,117,416	$5,713,538,227

Assets by Type:		
Cash	111,652,156.00	77,891,432
Receivables	9,860,273	13,555,895
Investments ***	5,339,547,858	5,541,702,887
Office Building (Net of Depreciation)	351,435	414,051
Farm Loans	6,912,781	8,959,194
Energy Construction Loans	923,408	956,223
Energy Development Impact Loans	10,350,690	11,087,642
School Construction Loans (Coal)	38,944,669	41,422,549
Due to/from Other Trusts and Agencies	23,574,146	17,548,354
Total	$5,542,117,416	$5,713,538,227

<u>* Ellendale Trust</u>

The following entities are equal beneficiaries of the Ellendale Trust:

Dickinson State University	School for the Blind
Minot State University	Veterans Home
Dakota College at Bottineau	State Hospital
	State College of Science - Wahpeton

<u> School of Mines</u>**

Benefits of the original grant to the School of Mines are distributed to the University of North Dakota.

<u>* Investments</u>**

Includes available cash available for loans, investments, abandoned stock and claimant liability.

ITEM 2D

Board of University and School Lands

Comparative Financial Position (Unaudited)

Combined Permanent Trusts

	September 30, 2020	September 30, 2019
Balance Sheet		
Assets:		
Cash	$69,975,624	$44,774,503
Interest Receivable	8,464,117	9,797,462
Investments	4,964,690,991	4,847,698,410
Farm Loans	6,912,781	8,959,194
Energy Construction Loans	923,408	956,223
Due from Other Agencies	9,169,502	17,474,357
Office Building (Net of Depreciation)	351,435	414,051
Total Assets	$5,060,487,858	$4,930,074,200
Liabilities:		
Unclaimed Property Claimant Liability	$16,645,538	$16,551,604
Due to Other Trusts	-	-
Due to Other Funds	30,154	36,854
Accounts Payable	-	-
Total Liabilities	16,675,692	16,588,458
Equity:		
Fund Balance	4,892,120,248	4,919,177,984
Net Income/(Loss)	151,691,918	(5,692,242)
Total Liabilities and Equity	5,060,487,858	$4,930,074,200
Income Statement		
Income:		
Investment Income	$23,290,601	$26,035,243
Realized Gain/(Loss)	18,566,915	(5,191,164)
Unrealized Gain/(Loss)	128,010,006	(37,664,462)
Royalties - Oil and Gas	9,315,506	17,955,787
Royalties - Coal	72,330	81,027
Royalties - Aggregate	20,837	8,510
Bonuses - Oil and Gas	915,553	7,543,196
Bonuses - Coal	-	32,000
Rents - Surface	562,897	999,159
Rents - Mineral	141,955	75,042
Rents - Coal	4,100	22,100
Rents - Office Building	-	-
Gain/Loss on Sale of Land - OREO		-
Sale of Capital Asset	-	25,000
Oil Extraction Tax Income	13,111,825	26,840,773
Unclaimed Property Income	(103,271)	346,729
Total Income	193,909,254	37,108,940
Expenses and Transfers:		
Investment Expense	678,663	1,160,404
In-Lieu and 5% County Payments	-	-
Administrative Expense	752,409	754,330
Operating Expense - Building	36,264	136,448
Transfers to Beneficiaries	40,750,000	40,750,000
Total Expense and Transfers	42,217,336	42,801,182
Net Income/(Loss)	$151,691,918	($5,692,242)

ITEM 2D

Board of University and School Lands

Comparative Financial Position (Unaudited)

Capitol Building Trust

	September 30, 2020	September 30, 2019
Balance Sheet		
Assets:		
Cash	$347,030	$191,592
Interest Receivable	25,064	40,338
Investments	4,177,770	6,547,985
Total Assets	$4,549,864	$6,779,915
Liabilities:		
Due to Other Trusts and Agencies	$0	$0
Equity:		
Fund Balance	5,535,786	6,548,608
Net Income	(985,922)	231,307
Total Liabilities and Equity	$4,549,864	$6,779,915
Income Statement		
Income:		
Investment Income	$22,715	$49,800
Realized Gain(Loss)	901	14,476
Unrealized Gain/(Loss)	(5,404)	(11,409)
Rents - Surface	5,973	8,615
Rents - Mineral	1,202	1,202
Royalties - Oil and Gas	95,499	173,464
Bonuses - Oil and Gas	2,160	802
Bonus - Coal	-	-
Royalties - Aggregate	-	-
Total Income	123,046	236,950
Expenses and Transfers:		
Investment Expense	836	729
In-Lieu and 5% County Payments	-	-
Administrative Expense	8,132	4,914
Transfers to Facility Management	1,100,000	-
Total Expense and Transfers	1,108,968	5,643
Net Income/(Loss)	($985,922)	$231,307

ITEM 2D

Board of University and School Lands

Comparative Financial Position (Unaudited)

Coal Development Trust

	September 30, 2020	September 30, 2019
Balance Sheet		
Assets:		
Cash	$666,896	$106,517
Interest Receivable	125,633	349,814
Investments	20,835,086	17,629,934
Coal Impact Loans	10,350,690	11,087,642
School Construction Loans	38,944,669	41,422,549
Due from other Trusts and Agencies	241,872	246,655
Total Assets	$71,164,846	$70,843,111
Liabilities:		
Due to Other Trusts and Agencies	$169,310	$172,658
Equity:		
Fund Balance	70,750,579	70,296,353
Net Income	244,957	374,100
Total Liabilities and Equity	$71,164,846	$70,843,111
Income Statement		
Income:		
Investment Income	$91,842	$113,840
Interest on School Construction Loans	64,806	219,786
Realized Gain/(Loss)	3,714	38,566
Unrealized Gain/(Loss)	(22,690)	(30,654)
Coal Severance Tax Income	111,422	117,234
Total Income	249,094	458,772
Expenses and Transfers:		
Investment	3,650	1,991
Administrative	487	203
Transfers to General Fund	-	82,478
Total Expense and Transfers	4,137	84,672
Net Income/(Loss)	$244,957	$374,100

ITEM 2D

Board of University and School Lands

Comparative Financial Position (Unaudited)

Strategic Investment and Improvements Fund

	September 30, 2020	September 30, 2019
Balance Sheet		
Assets:		
Cash	$40,525,711	$32,685,766
Interest Receivable	1,247,674	3,366,282
Investments	349,949,930	670,131,412
Due from other Trusts or Agencies	14,332,397	-
Total Assets	$406,055,712	$706,183,460
Liabilities:		
Accounts Payable	$0	$0
Equity:		
Fund Balance	767,541,457	1,134,326,018
Net Income	(361,485,745)	(428,142,558)
Total Liabilities and Equity	$406,055,712	$706,183,460
Income Statement		
Income:		
Investment Income	$1,518,736	$4,477,668
Realized Gain/(Loss)	59,603	1,416,509
Unrealized Gain/(Loss)	(364,106)	(1,146,452)
Interest on Fuel Prod Facility	2,819	-
Royalties - Oil and Gas	5,042,875	9,687,010
Bonuses - Oil and Gas	313,056	849,426
Royalties - Coal	23,928	34,964
Rents - Mineral	48,372	40,139
Tax Income - Oil Extraction & Production Distribution	14,332,397	-
Total Income	20,977,680	15,359,264
Expenses and Transfers:		
Administrative	97,498	281,327
Investment Expense	(6,875)	40,952
Transfers to General Fund	382,200,000	382,200,000
Transfer to Commerce Department		3,000,000
Transfer to Adjutant General		2,502,253
Transfer to Energy Infrastructure& Impact Office		2,000,000
Transfer to Aeronautics Commission		20,000,000
Transfer from ND Parks & Recreation		1,877,500
Transfer to Information Technology Department		5,150,000
Transfer to Industrial Commission		270,000
Transfer to Bank of North Dakota		25,137,707
Transfer to ND Department of Corrections		1,218,000
Transfer to Office of Management & Budget	172,802	
Transfer to Agencies with Litigation Pool		
Transfer to State Treasurer		
Transfer from NDSU - Vet Diag Lab (HB 1008)		
Transfer from Public Service Commission		(52,818)
Transfer from Department of Health Department		(67,310)
Transfer from Attorney General Office		(6,387)
Transfer from State Highway Patrol		(49,403)
Transfer from Commerce Department		
Total Expense and Transfers	382,463,425	443,501,822
Net Income/(Loss)	($361,485,745)	($428,142,558)

ITEM 2D

As of September 30, 2020 the SIIF had a fund balance of $406,055,712. The fund balance is made up of two parts. The committed fund balance is that portion of the fund that has either been set aside until potential title disputes related to certain riverbed leases have been resolved or appropriated by the legislature. The uncommitted fund balance is the portion of the fund that is unencumbered, and is thus available to be spent or dedicate to other programs as the legislature deems appropriate. The uncommitted fund balance was $87,419,805 as of September 30, 2020.

ITEM 2D

Board of University and School Lands

Comparative Fiduciary Statements (Unaudited)

Indian Cultural Trust

	September 30, 2020	September 30, 2019
Fiduciary Net Position		
Assets:		
Cash	$3,334	$473
Interest receivable	1,295	1,651
Investments	1,259,603	1,278,218
Total Assets	1,264,232	1,280,342
Liabilities:		
Accounts payable	-	-
Total Liabilities	-	-
Net Position:		
Net position restricted	1,264,232	1,280,342
Total Net Position	$1,264,232	$1,280,342
Changes in Fiduciary Net Position		
Additions:		
Contributions:		
Donations	-	-
Total Contributions	$0	$0
Investment Income:		
Net change in fair value of investments	37,223	(11,401)
Interest	5,865	6,774
Less investment expense	-	(300)
Net Investment Income	43,088	(4,927)
Miscellaneous Income	(165)	3
Total Additions	42,923	(4,924)
Deductions:		
Payments in accordance with Trust agreement	-	-
Administrative expenses	-	-
Total Deductions	-	-
Change in net position held in Trust for:		
Private-Purpose	42,923	(4,924)
Total Change in Net Position	42,923	(4,924)
Net Position - Beginning FY Balance	1,221,309	1,285,265
Net Position - End of Month	$1,264,232	$1,280,341

ITEM 2D

Board of University and School Lands

Comparative Fiduciary Statements (Unaudited)

Theodore Roosevelt Presidential Library

	September 30, 2020	September 30, 2019
Fiduciary Net Position		
Assets:		
Cash	$133,562	$132,580
Interest receivable	(3,509)	348
Investments	15,310,171	15,005,384
Total Assets	15,440,223	15,138,312
Liabilities:		
Accounts payable	315	-
Total Liabilities	315	-
Net Position:		
Net position restricted	15,439,908	15,138,312
Total Net Position	$15,440,223	$15,138,312
Changes in Fiduciary Net Position		
Additions:		
Contributions:		
Donations	-	-
Total Contributions	$0	$0
Investment Income:		
Net change in fair value of investments	451,981	4,510
Interest	71,199	1,332
Less investment expense	2,014	110
Net Investment Income	521,166	5,732
Miscellaneous Income	36	81,832
Total Additions	521,202	87,564
Deductions:		
Payments in accordance with Trust agreement	-	-
Administrative expenses	315	-
Total Deductions	315	-
Change in net position held in Trust for:		
Private-Purpose	521,517	87,564
Total Change in Net Position	521,517	87,564
Net Position - Beginning FY Balance	14,918,706	15,050,748
Net Position - End of Month	$15,440,223	$15,138,312

ITEM 2D

RE: Investment Updates
(No Action Requested)

Portfolio Rebalancing Updates

As Harvest (Master Limited Partnerships) hit the 25% sell trigger point, a $25M liquidation was initiated with withdrawal and transfer to the transition account targeted to be on or before December 15, 2020. This will leave the Diversified Inflation Strategies (DIS) asset class with approximately $89.6M after the withdrawal based on its December 8, 2020, ending value. The Department of Trust Lands (Department) staff and RVK will continue to monitor the trigger points set for the account and will complete the liquidation when appropriate.

Since being approved, Apollo Accord Fund IV LP (Fund), an Opportunistic Investment, has made capital calls totaling $5.5M. The remaining unfunded commitment now stands at $94.5M. On November 27, 2020, the fund made its first distribution amounting to $14,581.06.

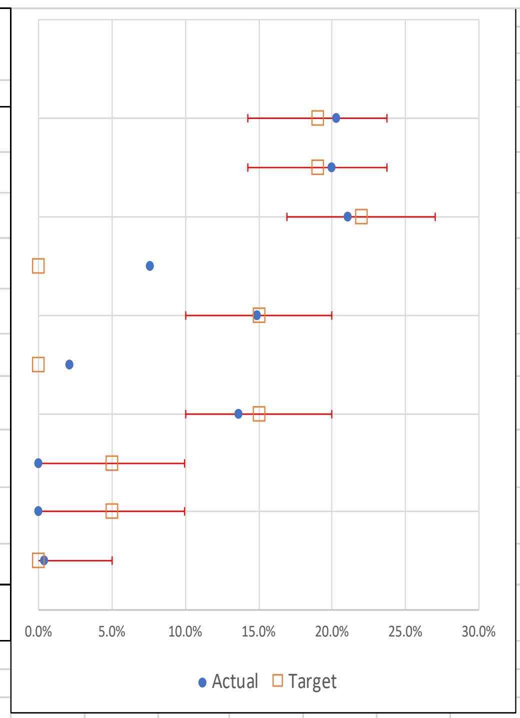
Varde Dislocation Fund IV LP, an Opportunistic Investment, has called on a total of $15M. This brings the remaining unfunded commitment to $85M.

The Department staff have started working on the Investment Management Agreement (IMA) for both the JPM Core Bond and the Loomis & Sayles Multi Sector that were recently approved. Additionally, the Agreements for GCM Grosvenor (Private Equity Manager) and JP Morgan (Private Infrastructure Manager) are also being reviewed and worked on.

Asset Allocation

The table below shows the status of the permanent trusts' asset allocation as of December 8, 2020. The figures provided are unaudited.

As of **December 8, 2020**	Market Value $	Actual	Target	Lower Range	Upper Range
Broad US Equity	1,089,173,741.57	20.3%	19.0%	14.0%	24.0%
Broad Int'l Equity	1,069,667,543.32	19.9%	19.0%	14.0%	24.0%
Fixed Income	1,128,666,763.41	21.0%	22.0%	17.0%	27.0%
Transition Account	407,214,009.17	7.6%	0.0%	-5.0%	5.0%
Absolute Return	800,061,929.85	14.9%	15.0%	10.0%	20.0%
DIS	114,610,914.66	2.1%	0.0%	-5.0%	5.0%
Real Estate	731,764,330.00	13.6%	15.0%	10.0%	20.0%
Private Equity	-	0.0%	5.0%	0.0%	10.0%
Private Infrastructure	-	0.0%	5.0%	0.0%	10.0%
Opportunistic Investments	21,833,305.00	0.4%	0.0%	-5.0%	5.0%
Portfolio Total	5,362,992,536.98	100.0%			



Upcoming Investment Manager Meetings

There is no upcoming meeting scheduled.

ITEM 2E

RE: Energy Infrastructure and Impact Office
Quarterly Program Report
(No Action Requested)

The Energy Infrastructure and Impact Office (EIIO) is a division within the Department of Trust Lands (Department). EIIO provides financial assistance to local units of government that are impacted by oil and gas activity. In turn, EIIO receives a portion of the Oil and Gas Gross Production Tax. The office has been a part of the Department since 1977 and was formally known as the Energy Development Impact Office created under N.D.C.C. ch. 57-62. Over the course of the past 40 years, EIIO has dispersed over $626 million in funding.

The Oil and Gas Impact Grant Fund currently has 17 grants with a balance of $2,833,286.75 as of December 1, 2020. The following shows grant activity for the last eight months:

Oil and Gas Impact Grant Fund	Grants with balances	Current Balance Obligated to Grants
5/13/2020	28	$7,049,556.08
9/9/2020	22	$5,282,832.07
12/1/2020	17	$2,833,286.75

The Energy Impact Fund, established within Senate Bill 2013 as enacted by the Sixty-fifth Legislative Assembly, was created to supplement the Oil and Gas Impact Grant Fund for the 2017-2019 biennium. This fund currently has three grants with a balance of $1,752,239.48 as of December 1, 2020. House Bill 1013 of the Sixty-sixth Legislative Assembly requires the Commissioner of University and School Lands to transfer any unexpended funds remaining in the Energy Impact Fund when the fund is repealed on June 30, 2021, to the Oil and Gas Impact Grant Fund. The following shows grant activity for the last eight months:

Energy Impact Fund	Grants with balances	Current Balance Obligated to Grants
5/13/2020	3	$2,394,929.22
9/9/2020	3	$2,394,929.22
12/1/2020	3	$1,752,239.48

EIIO is currently managing 20 grants for a total of $4,585,526.23. The following shows grant activity for the last eight months:

Oil and Gas Impact Grant Fund	Grants with balances	Current Balance Obligated to Grants	Energy Impact Fund	Grants with balances	Current Balance Obligated to Grants	Total between both Funds
5/13/2020	28	$7,049,556.08	5/13/2020	3	$2,394,929.22	$9,444,485.30
9/9/2020	22	$5,282,832.07	9/9/2020	3	$2,394,929.22	$7,677,761.29
12/1/2020	17	$2,833,286.75	12/1/2020	3	$1,752,239.48	$4,585,526.23

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
December 17, 2020

RE: Information Technology Project Status Update
(No Action Requested)

The Department of Trust Land's (Department) 2017-2019 biennial budget appropriation includes $3.6 million to replace legacy information technology (IT) systems as authorized by Senate Bill 2013 of the Sixty-fifth Legislative Assembly.

Severe limitations in the current IT system, including redundant manual processes, have hampered efficiencies. Many of the Department's core data management systems were developed in the 1980s and 1990s, using designs and tools no longer supported by vendors. Some supplemental system improvements and purchases have been implemented; however, the outdated database structure restricts many potential improvements.

On April 29, 2019, the new system for Unclaimed Property was successfully launched.

On July 1, 2020, the new Financial Management and Accounting system was successfully launched.

On September 14, 2020, the Revenue Compliance Division successfully launched the migrated and updated software system.

The Investments Division, Commissioner and Project Manager are working to determine a go-live for Microsoft Dynamics 365 software.

The Surface Division, Project Sponsor, Commissioner and Project Manager are working to determine a go-live for Microsoft Dynamics 365 software.

Additional capital funding is being requested in the upcoming legislative session to support the implementation of software for the Minerals Division.

On December 14, 2020, an upgrade to the Department website is scheduled to occur. This upgrade will provide for transparency in the acreage adjustment and refund process and allow constituents to monitor the status of each lease.

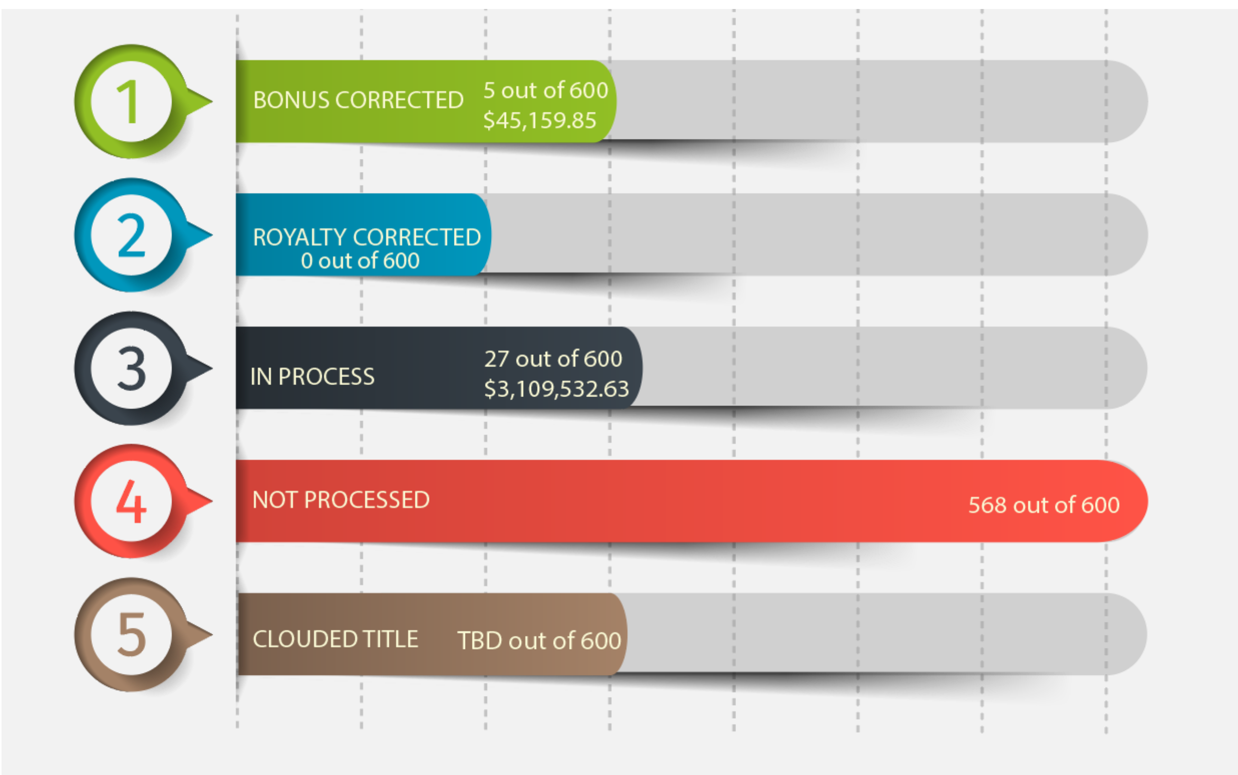
RE: Acreage Adjustment Survey Project
(No Action Requested)

The Sixty-Fifth Legislative Assembly's adoption of Senate Bill 2134 (SB 2134), codified as N.D.C.C ch. 61-33.1, sought to establish state ownership of minerals below the ordinary high water mark of the historical Missouri riverbed channel subject to inundated by Pick-Sloan Missouri Basin project dams.

On behalf of the Board of University and School Lands, the Department of Trust Lands has set in motion the refunding of royalty proceeds that fall within the six-month time frame outlined in N.D.C.C § 61-33.1-04(1). Implementation and release of royalty proceeds is under way as acreage determinations have been calculated on "oil and gas mineral tracts lying entirely above the ordinary high water mark of the historical Missouri riverbed channel on both the corps survey and the state phase two survey . . . absent a showing of other defects affecting mineral title." N.D.C.C § 61-33.1-04(1)(a)

Currently, 39 Lease Correction and Acreage Stipulation packages have been sent to various operators. Of these 39 packages, five have been refunded, seven are held by litigation, 23 are waiting for operator execution, and four are in the process of being refunded.

The following provides the status of acreage determination refunds and the amount at issue for those refunds in each stage of the process:



RE: Surface Land Management and Minerals Management Administrative Rules
(No Action Requested)

In House Bill 1300, the Sixty Fifth Legislative Assembly directed the Board of University and School Lands (Board) no longer be exempt from the Administrative Agencies Practice Act (Act). In Senate Bill 2264, the Sixty Sixth Legislative Assembly directed the Board be exempt from the adjudicative proceeding requirements and procedures under North Dakota Century Code §§ 28-32-21 through 28-31-51 of the Act.

The Department of Trust Lands (Department) considered existing rules, together with policies and procedures, to incorporate necessary wording from those into rules which comply with the North Dakota Administrative Code.

Revisions to rules concerning Surface Land Management and Minerals Management were posted on the Department's website and publication of a notice of intent has been completed. A public hearing on these rules was held August 2020, where the Department received oral and written comments. A summary of the written comments, together with the Department's discussion and proposed revisions to the rules, has been completed.

The Board approved the amended rules which were then submitted to the Attorney General's Office for review. The Attorney General's Office reviewed the Surface Land Management and Minerals Management. Those Administrative Rules were presented to the Administrative Rules Committee on December 1, 2020 and will become effective January 1, 2021. A final version of the Administrative Rules will be posted on the Departments website.

RE: Board of University and School Lands Policy Manual

In House Bill 1300, the Sixty-fifth Legislative Assembly directed the Board of University and School Lands (Board) no longer be exempt from the Administrative Agencies Practice Act (Act). In Senate Bill 2264, the Sixty Sixth Legislative Assembly directed the Board be exempt from the adjudicative proceeding requirements and procedures under North Dakota Century Code §§ 28-32-21 through 28-31-51 of the Act.

The Board's Administrative Rules are found in Title 85 of the North Dakota Administrative Code. Revisions to rules concerning General Administration and rules for Surface Land Management and Minerals Management are currently before the Legislative Administrative Rules Committee. Those rules were reviewed by the Attorney General's Office and were presented to the Administrative Rules Committee on December 1, 2020, to become effective January 1, 2021. With those rules becoming effective January 1, 2021, it will be necessary to simultaneously repeal certain Board policies and to implement new Board policies.

The Board currently has a Policy Manual (Board Policy Manual) which includes sections titled Governance, General, Surface Land Management, Investments, and Minerals. It is necessary to revise certain Board policies due to the new Administrative Rules. The Department recommends the following current policies be repealed and replaced with the revised policies upon enactment of the proposed Administrative Rules as follows:

- Land Retention and Sales Policy, to become Limited Land Sales Policy
- Acquired Properties Management, to become Non-Grant Land Acquired After January 1, 2020 Through Foreclosure or Deed in Lieu of Foreclosure

Other policies have been incorporated into the proposed Administrative Rules and can be repealed upon enactment of the proposed Administrative Rules as follows:

- Chapter 15-09 Sales Policy
- Sale of State Land for Landfills
- Criteria for Retaining Foreclosed Property
- Enforcement of 1979 Oil and Gas Lease Form Provisions Relating to Offset Wells

The Board repealed a policy on August 30, 2018 titled Railroad Rights-of-Way Ownership. It was later determined that a Board policy would be helpful in memorializing the position of the Board concerning Abandoned Railroad Right of Way Ownership and the attached proposed policy was created.

The first reading of the policies was held at the November 24, 2020 meeting. The Commissioner is requested the Board provide input on the proposed revised North Dakota Board of University and School Lands policies. Additionally, an open comment period was held and no comments were received.

Recommendation:

(1) Effective, January 1, 2021, the Board repeal the proposed North Dakota Board of University and School Lands:
- **Chapter 15-09 Sales Policy**
- **Sale of State Land for Landfills Policy**

- **Criteria for Retaining Foreclosed Property Policy**
- **Enforcement of 1979 Oil and Gas Lease Form Provisions Relating to Offset Wells Policy**

(2) Effective January 1, 2021, the Board adopt the proposed North Dakota Board of University and School Land:

- **Land Retention and Sales Policy, to become Limited Land Sales Policy**
- **Acquired Properties Management, to become Non-Grant Land Acquired After January 1, 2020 Through Foreclosure or Deed in Lieu of Foreclosure**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Schmidt					
Attorney General Stenehjem					
Governor Burgum					

Attachment 1: Board of University and School Lands Limited Land Sales Policy
Attachment 2: Board of University and School Lands Non-Grant Land Policy
Attachment 3: Board of University and School Lands Abandoned Railroad Right of Way Ownership

LIMITED LAND SALES

The board shall retain and manage trust lands for economic productivity of all lands held in public trust which is dependent on sound stewardship, including the protection and enhancement of land integrity for use by this and future generations.

General Authority: N.D. Admin. Code chs. 85-04-06, 85-04-07, 85-04-08, 85-04-09

Effective Date: May 28, 1981
Revised: January 1, 2021

NON-GRANT LAND ACQUIRED AFTER JANUARY 1, 2020 THROUGH FORECLOSURE OR DEED IN LIEU OF FORECLOSURE

Lease to a former owner

The former owner of the acquired property means the original mortgagor or, with the original mortgagor's consent, members of the original mortgagor's immediate family including father, mother, son, daughter, brother, sister, or spouse. Acquired property may be leased to the former owner as follows:

1. If the former owner wants to continue operating, living, or both on the acquired property, the acquired property may be leased to the former owner for up to a five-year term if the former owner has made a good faith effort to settle the previous mortgage. In determining whether a good faith effort has been made, the Department may consider the following:

   a. If taxes are paid in full through the date of transfer of the deed;

   b. If a deedback was negotiated and either completed or, if not completed, it was through no fault of the former owner;

   c. If the former owner has made an attempt to pay the mortgage as shown by past payment history; and

   d. Other reasonable considerations as determined by the Board.

2. After the initial lease to the former owner expires, the property may be leased or sold at public auction.

3. Notwithstanding subsections 1 and 2 above, property subject to a Conservation Reserve Program (CRP) contract which has not been accepted by the Commissioner, or Commissioner's agent as successor in interest, may be sold at public auction.

Leases to other than the former owner

If the former owner does not want to lease or purchase the acquired property, or if a mutually acceptable rental agreement cannot be reached, the acquired property will be leased in accordance with N.D. Admin. Code ch. 85-04-01.

Division of tracts for lease

Acquired property may be leased in as many separate tracts as determined by the Commissioner.

Improvements and fixtures

Permanent improvements (buildings, wells, dams, water holes, water lines, trees, grass seedings, etc.) are subject to the provisions of N.D.C.C. § 15-08-26 and N.D. Admin. Code ch. 85-04-03.

1. All improvements, fixtures, and other materials on acquired property at the time of acquisition are the property of the State and may be sold at public auction, by sealed bid, or by private sale.

2. In the event an improvement is damaged or destroyed by an event covered by the Department's insurance, the improvement may either be repaired or abandoned at the discretion of the Commissioner.

CRP

Acquired lands may be entered into CRP or existing CRP contracts may be accepted at the sole discretion of the Commissioner pursuant to N.D.C.C. § 15-07-20 provided:

1. The sale value of the acquired lands shall not be reduced.
2. The State shall appear as the sole owner on the CRP contract.
3. If it is in the best interests of the State, the Commissioner may negotiate a maintenance contract for seeding, weed control, stand maintenance, or other activities which may be required to comply with the CRP contract without public auction.

Insurance

Houses, barns, bins, or other improvements may be insured for property loss by the lessor, but the lessor is not required to insure such improvements when it is not in the best interests of the trusts.

Utilities

Lessee shall be liable for payment of any utility costs incurred by the lessee.

General Authority: N.D.C.C. ch. 15-07; N.D. Admin. Code 85-04-03

Effective Date: January 1, 2021
Revised:

ABANDONED RAILROAD RIGHT OF WAY OWNERSHIP

A railroad right-of-way is only an easement; therefore, if the Board sold property on which a railroad right-of-way existed, the Board's sale removed the Board's interest in the surface estate and any reversionary interest belongs to the tract's current owner, without regard to the various reservation language statements in the conveyance documents. If a request is made concerning ownership of an abandoned railroad right-of-way, the Department will issue a letter to the current surface owner addressing the Board's reversionary property interest and file an affidavit disclaiming title to the surface estate.

General Authority:

Effective Date: January 1, 2021
Revised:

RE: Approval of Fall Surface Auction Leases

The 2020 fall lease auctions were completed online with EnergyNet in October. Subsequent tracts qualifying for the Department of Trust Lands (Department) tie bidding policy and tracts appealed to the Board of University and School Lands (Board) were completed on December 7, 2020 and December 9, 2020. The following table is a summary of the fall lease results as compared to the two previous fall auction seasons of 2017 and 2019. 2018 was our "off" year occurring every 5th year of the lease cycle.

	2017	2019	2020
Number of counties	40	34	36
Total tracts offered	891	1146	1039
Number of tracts bid unleased	37	78	43
Lease success rate	95.8%	93.2%	95.9%
Number of tracts bid-up	115	146	208
Competitive bidding rate	12.9%	12.7%	20%
Total amount of minimum advertised bids	$1,689,266	$2,546,925	$2,001,193
Total amount received	$1,875,340	$2,418,748	$2,330,000
Total amount collected over minimum bid	$238,381	$128,177	$328,807

With the Board's approval of leases today the Department will process the lease documents for the lessees.

The bidders for the following three tracts in McLean County are requesting the Board not approve the leases as bid:

Description	Bidders	Acres	Minimum Bid Per Tract	Amount Bid Per Tract
T147N, R82W Sec 28: NE4	Quinten Bernier Stephen Kranz	160	$2,092	$3,292
T147N, R82W Sec 28: NW4	Quinten Bernier Stephen Kranz	160	$2,196	$2,896
T149N, R82W Sec 25: SE4	Rick Bernier Stephen Kranz	160	$1,287	$5,787

N.D.C.C. Section 15-04-10 provides:

> **15-04-10. Leasing to be by auction - Requirements governing.**
> The commissioner of university and school lands, or such other person appointed by the commissioner, shall conduct the leasing of the lands. The leasing must be at public auction, to the highest bidder, and must be held at the county seat. The auction must commence on the day and time specified in the advertisement for the leasing. Notice must be given when the land is offered for lease that all bids are subject to approval by the board.

If there are tracts for which no bids are received, tracts for which payment is not received by December 31, 2020, and tracts for which leases are not approved by the Board, those tracts will be offered for lease at the spring auction in 2021.

Recommendation:

(1) **The Board approves the 993 surface leases resulting from the fall 2020 surface lease auctions.**

(2) **The Board does not approve the bids for the following tracts for a total of $11,975.00:**

  a. **T147N, R82W Sec 28: NE4**

  b. **T147N, R82W Sec 28: NW4,**

  c. **T149N, R82W Sec 25: SE4.**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Schmidt					
Attorney General Stenehjem					
Governor Burgum					

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
December 17, 2020

RE: Fixed Income – Direct Lending Manager

During its October 29, 2020 meeting, the Board of University and School Lands' (Board) approved changes to the Fixed Income Asset Allocation for the Permanent Trust Funds (PTFs). Among the approved changes was the additional investment to Private Credit. Staff and RVK recommended reducing both core bond holdings and using part of the cash from the Brandywine liquidation to fund two new Private Credit strategies.

Department of Trust Lands Staff (Staff) and RVK began the manager search by compiling a list of top performing Private Credit managers within RVK's database. Staff and RVK reviewed the performance and risk history of each manager, along with fees, asset quality, asset characteristics and investment structures. Staff and RVK interviewed managers to review their investment strategies and investment processes.

After conducting a thorough due diligence of each manager it was determined that Staff and RVK would recommend the Board approve an additional allocation to Angelo Gordon in their new AG Direct Lending Fund IV. Angelo Gordon has a strong track record in middle market lending, with a diligent underwriting process and strong portfolio characteristics that Staff and RVK felt would well suit the PTFs.

Angelo Gordon is an investment manager headquartered in New York with offices globally. Founded in 1988, Angelo Gordon is employee owned with over $35 Billion in assets under management and over 200 investment professionals.

Recommendation: **The Board approve a $100 Million investment with Angelo Gordon in the AG Direct Lending Fund IV, LP, (onshore levered vehicle) subject to final review and approval of all legal documents by the Office of the Attorney General.**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Schmidt					
Attorney General Stenehjem					
Governor Burgum					

Attachment 1: RVK Recommendation Memo
Attachment 2: AG Direct Lending Fund IV Presentation

ITEM 5A

Memorandum

To	North Dakota Board of University and School Lands
From	RVK Private Credit Manager Research Team
Subject	AG Direct Lending Fund IV Investment Due Diligence Update
Date	December 2020

Executive Summary

The following is a review and due diligence update for AG (Angelo Gordon) Direct Lending Fund IV (the "Fund" or the "strategy"), a lower-middle market, senior direct lending strategy offered by Angelo Gordon. RVK conducted its initial due diligence on Fund III and ultimately recommended it to North Dakota Board of University and School Lands. Fund IV is the next iteration of this strategy. We continue to believe that this represents one of the best available options in senior secured direct lending and it remains a best idea in the context of a conservative private credit portfolio. RVK recommends that North Dakota Board of University and School Lands commit $100 million to AG Direct Lending Fund IV, in order to continue maintaining its exposure to this strategy series through a follow-on commitment.

AG's direct lending team (also known as Twin Brook) has closely adhered to its original stated investment process and focus. The relatively low risk and defensive strategy has remained stable, primarily seeking senior secured loans to private equity sponsor-backed businesses in the middle and lower-middle market. The investment team is captained by the same experienced group of senior investors responsible for Fund III, and there have been no major changes to the platform in the past two years. However, the size of the team has grown by nearly 40% since our initial due diligence review, which is a growth rate that corresponds closely with the expanding base of borrowers in the portfolio. The structure of Fund IV resembles that of Fund III, representing no material updates to the fund terms or design.

The portfolio has held up extremely well in the midst of the 2020 global pandemic, as only two of the more than 160 active investments in Angelo Gordon's total portfolio have experienced a pandemic-related payment default, indicating a default rate of approximately 1%. We believe this demonstrates the high-level of risk control and protection, in keeping with our original expectations for the strategy. The strategy's low rate of default is especially encouraging relative to the performance of its peer group, with many peer offerings currently handling the concurrent workouts of multiple non-performing loans.

The strategy continues to target an unlevered net IRR of 6-8% and a levered net IRR of 10-13% (for the onshore vehicle), which is derived primarily from the yield of its underlying loans. This level of targeted absolute return is in line with that of most US direct lending strategies. The strategy's performance has thus far been in-line with our expectations as well, as detailed further in Figure 1.

Figure 1: AG Direct Lending Fund Series Summary (As of 6/30/2020)

Fund	Vintage	Committed Capital ($M)	Net IRR	Net Multiple	Net IRR Quartile	Net Multiple Quartile	Custom Index IRR
Fund I (Levered)	2015	$594	9.6%	1.29x	2nd	2nd	5.5%
Fund II (Levered)	2016	$1,165	8.5%	1.20x	2nd	2nd	2.7%
Fund II (Unlevered)	2016	$415	5.8%	1.15x	3rd	3rd	3.0%
Fund III (Levered)	2018	$1,860	7.1%	1.07x	N/M	3rd	-0.4%
Fund III (Unlevered)	2018	$891	4.8%	1.06x	N/M	3rd	0.7%
Fund IV (Levered)	2020	$698	N/M	1.01x	N/M	N/M	N/M
Fund IV (Unlevered)	2020	$406	N/M	1.00x	N/M	N/M	N/M
Total		**$6,029**	**7.3%**	**1.11x**			**2.1%**

Performance data has been calculated by RVK with cash flows provided by Angelo Gordon. The AG fund series performance is represented by the onshore vehicles. The AG fund series has been compared against the Private Debt – Direct Lending peer group provided by Preqin and is as of 6/30/2020. The peer group contains both levered and unlevered direct lending strategies. Custom Index IRR represents the IRR calculated using the 50% Bloomberg Barclays US Corporate High Yield Index/50% Credit Suisse Leveraged Loan Index assuming an index investment with the same cash flow timing. Fund and Custom Index IRRs are shown only if an accurate IRR could be calculated with one year or more of cash flows. Applicable IRRs are marked with "N/M" for not material.

Strengths/Merits

Defensive Strategy through Transaction Leadership: In the majority of its deals, Angelo Gordon seeks a leadership role within the lender group, most frequently as the administrative agent or co-lead arranger. Through this position of authority in the lender group, Angelo Gordon is able to directly negotiate loan terms with the borrower and employ its defensive strategy, rather than relying on other lenders in the lender group, which may lack the same risk control and be more willing to accept borrower-friendly loan terms. Historically, this emphasis on leadership has resulted in loan documents that are more lender-friendly, often containing multiple covenants with tight cushions, which we believe has ultimately produced a relatively low total loss rate for the strategy's track record of approximately 0.3%. Additionally, lead lenders are typically able to charge borrowers higher origination fees, thereby strengthening the returns of Angelo Gordon's loans and increasing the strategy's expected absolute return compared to peers. Finally, since Angelo Gordon is leading discussions with borrowers and sponsors, it is able to establish stronger personal relationships with counterparties, further augmenting the strength of its sourcing network.

Dynamic Monitoring Capability: Angelo Gordon takes a more active approach to monitoring its underlying borrowers than is typical for a senior direct lending strategy, which has historically contributed to fewer total payment defaults in its track record - specifically, only 2.6% of all loans have experienced a payment default. We believe Angelo Gordon's monitoring capabilities are especially strong compared to those of many peers in the industry due to a large and well-resourced investment team, which allows more time to be devoted to each borrower. In addition, Angelo Gordon provides its borrowers with a revolving loan facility for their working capital needs, which gives the team access to additional real-time data around borrower liquidity requirements and serves as an early warning detection system for negative developments in a borrower's financial health. Given the current uncertainty associated with the economy's eventual recovery in the face of the current pandemic, we believe that focusing on a lender that has the capabilities to dynamically monitor their borrowers on a daily and weekly basis with a high attention to detail to be especially crucial.

Strong Sourcing Network: The investment team has built a substantial sourcing network over the past two decades, which we believe is a key competitive advantage. The senior investors who captain this Fund have been dedicated to the same direct lending strategy since 2001, exhibiting a level of experience and tenure rarely seen in this industry. As a result, the strategy has assembled a sizable stable of relationships with private equity sponsors, banking counterparties, and borrowers from which it can rely upon for continued capital deployment. Additionally, by sourcing a large number of potential investment opportunities, the strategy is able to remain highly selective and focused on only the highest-quality loans in its pipeline. While many peer strategies have suffered from "style drift" into loans with higher leverage, looser credit documentation, and decreased spreads over the past few years, Angelo Gordon has remained relatively unwavering in its defensive strategy and strict risk controls. We believe a strong sourcing network may be especially beneficial during a market environment where borrowers and sponsors are relying more upon their existing networks for deal execution during the pandemic.

Diverse Portfolio: The portfolio is expected to include over 125 investments and be highly diverse across both position and sector, thereby reducing concentration risk on multiple fronts. While "over" diversification within an equity portfolio can reduce the impact of top performers, a highly diverse portfolio of private loans, which have limited upside, can often help mitigate losses without compromising expected returns. Additionally, by originating investment opportunities across a wide variety of borrowers and private equity sponsors, the strategy is better prepared to source and deploy capital even if several of their top sourcing relationships experience pandemic-driven slumps. Within industry diversification, the strategy expects to invest across several relatively defensive sub-industries of healthcare, business services, and industrials, while generally avoiding cyclical industries such as retail, restaurants, and commodities. As such, we believe this portfolio is expected to exhibit a relatively defensive posture compared to peer strategies that lack the same degree of portfolio diversification and invest more heavily in turbulent industries.

Issues to Consider

Competition within Direct Lending: The direct lending market has been characterized by extremely high levels of fundraising over the past decade, including a record $68 billion in 2019. This level of crowding has resulted in several disadvantages to direct lending investors, such as compressed spreads across traditional direct lending strategies, less downside protection due to looser and more borrower-friendly loan agreements, and new direct lending funds flooding the market with relatively inexperienced investment teams.

> *Mitigation Factors: Angelo Gordon is able to avoid much of the overcrowding within direct lending markets by operating primarily in the lower-middle market, which is characterized by reduced competition and less market efficiency. Angelo Gordon's senior investors have been investing in this market for multiple decades, establishing a large origination network leading to what RVK believes to be a meaningful competitive advantage in sourcing. Frequently, Angelo Gordon is given the "last look" at a deal due to a long-standing relationship with the private equity sponsor, which can reduce the negative effects of competition for the loan. Additionally, approximately a third of Angelo Gordon's annual deal flow represents follow-on funding to existing portfolio companies who exclusively use Angelo Gordon as their lender of choice. As such, we believe Angelo Gordon's target market, experience, and established sourcing network enables the strategy to resist many of the negative effects of overcrowding that have impacted the broader US direct lending market.*

Small General Partner Commitment: Angelo Gordon will commit up to $15 million to the Fund, which is 0.75% of the Fund's approximate target size of $2 billion. This level of commitment from the General Partner (GP) is relatively small compared to many of its peers, where a typical GP commitment is often between 1% and 5% of fund commitments, and can often exceed that threshold. As such, the alignment of interest between the Firm and investors is moderately less impactful than what RVK would prefer from a GP operating under market best practices.

> *Mitigation Factors: While the GP commitment is below market best practices in our view, the team has established several compensation and ownership policies that motivate the investment team and properly line up incentives with investors. First, Angelo Gordon shares a higher percentage of the incentive fees with the investment team than many peers in the industry. Further, incentive fees are paid to employees through a deferred bonus program that pays out at the end of a fund's life over several years, thereby motivating employees throughout the life of a fund. Finally, Angelo Gordon is expected to triple the current ownership allocation of direct lending team members while including several more senior investment professionals within the Firm's ownership group over the next few years. As such, between current compensation policies and future ownership incentives for senior*

employees, we believe the investment team's interests are strongly aligned with investors.

Fund-Level Leverage Consideration: The Fund offers a levered and unlevered vehicle for investors, and both options require careful consideration. The levered fund will target fund-level leverage of 1.25x to 1.5x debt to investor's capital, with a maximum allowance of 2.5x. Generally speaking, investors can expect an increase in the risk return profile of a strategy when fund-level leverage is applied, and the net IRR target of this Fund will increase from 6-8% to 10-13% after the effects of leverage. It is important to note that we view the target fund-level leverage of 1.25x to 1.5x of this Fund as relatively conservative in a peer group of direct lending funds that frequently utilize leverage of 2x or more. Should investors choose the unlevered vehicle option, they can expect a lower-risk and lower-return profile, which will generally underperform a peer group that contains levered strategies in long bull markets and periods without elevated market volatility.

Mitigation Factors: Investors have the ability to choose which vehicle is most appropriate for their specific needs and risk return preference.

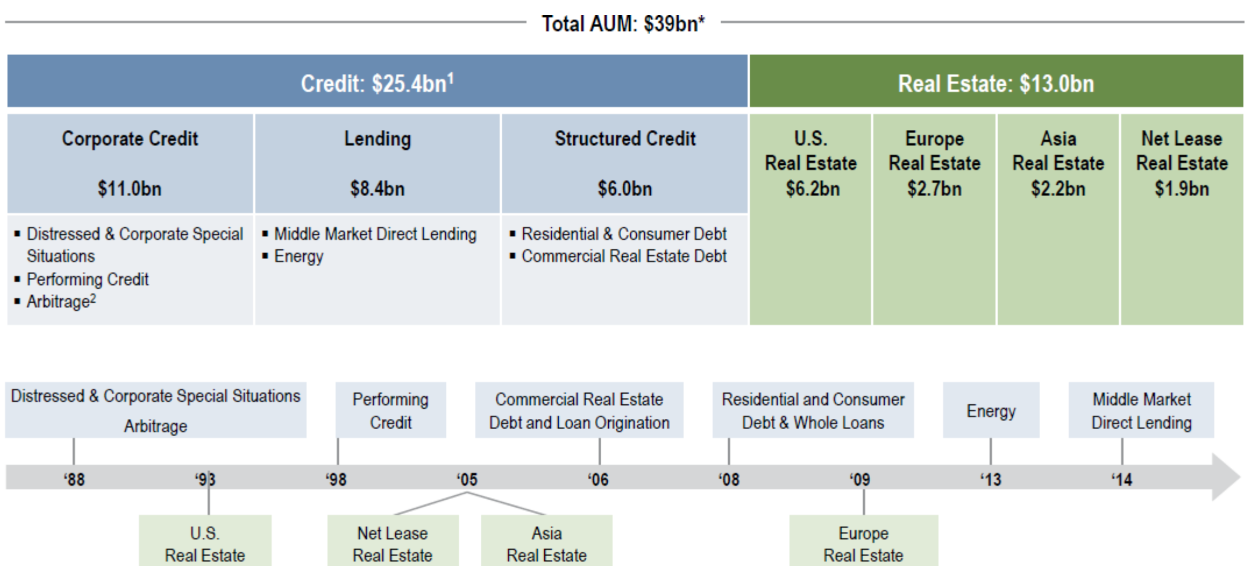
Summary of Key Terms

Fund	AG Direct Lending Fund IV
Target Fund Size	Approximately $2 billion
Minimum Investment	$5 million
Targeted Return	10-13% net IRR (Levered)
General Partner Commitment	At least 1.5% of committed capital, up to $15 million
Investment Period	3 years following the initial close, subject to a one year extension at the discretion of the General Partner
Harvest Period	5 years following the Investment Period, subject to a one year extension at the discretion of the General Partner
Management Fee	Tiered Management Fee schedule: • $0 - $50 million: 1.00% • $50 million - $100 million: 0.85% • $100 million - $150 million: 0.80% • $150 million - $250 million: 0.75% • $250 million and above: 0.60% RVK clients who do not qualify for a size discount will receive a consultant discount of 0.075% from the stated 1.00% fee.
Incentive Fee	15%
Preferred Return	7%
Distribution Policy	Waterfall: 1. 100% to limited partners, until limited partners receive an amount equal to their total invested capital; 2. 100% to limited partners, until limited partners receive a 4% preferred return (unlevered) or a 7% preferred return (levered); 3. 80% to the general partner, until the general partner receives 15% of cumulative distributions; 4. Thereafter, 85% to limited partners and 15% to the general partner.
Leverage	Optional (The Levered Fund expects to use 1.25x to 1.5x of leverage, with a maximum allowance of 2.5x leverage)
Key Person Event	Any two of Trevor Clark, Andrew Guyette, or Josh Baumgarten

Firm Background

Angelo, Gordon & Co., LP ("Angelo Gordon", the "Firm", or the "General Partner") is a privately held investment management firm that specializes in global alternative investments. The Firm was founded in 1988 by John Angelo and Michael Gordon with a focus on distressed debt and special situations. Today, the Firm's strategies have growth to encompass broader corporate credit, direct lending, structured credit, and real estate. As of June 30, 2020, the Firm manages approximately $39 billion in assets. Angelo Gordon benefits from significant resources due to its scale with over 500 employees, including more than 200 investment professionals. The Firm is headquartered in New York, but has 14 offices across the US, Europe, and Asia-Pacific. See Figure 2 for an overview of the Angelo Gordon platform and the timeline of its growth.

Figure 2: Angelo Gordon Platform Overview and Timeline

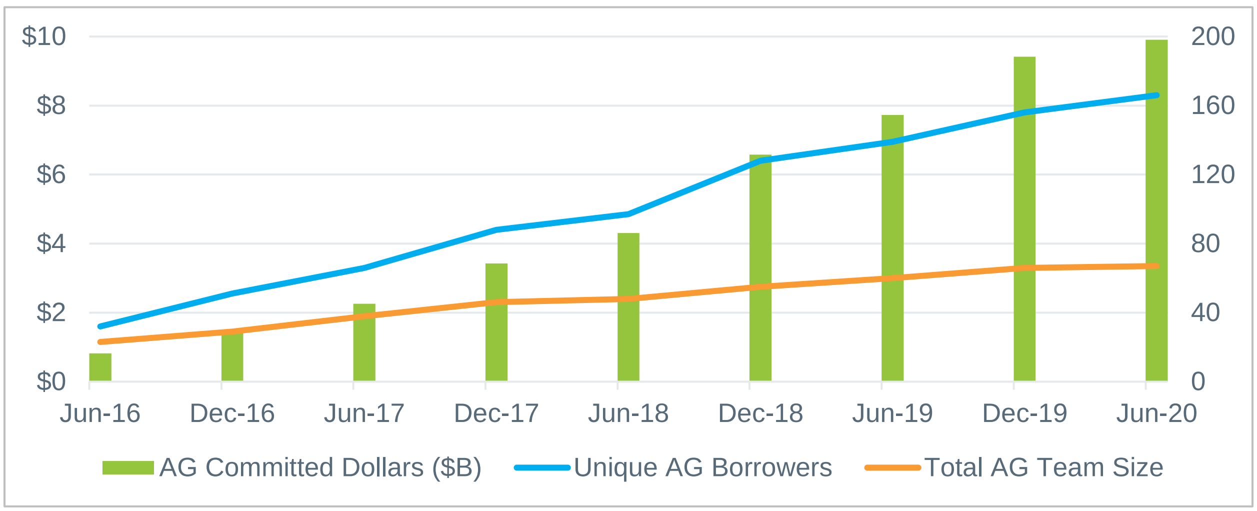


Source: Angelo Gordon. *Total AUM is estimated as of 6/30/2020 and excludes the Private Equity strategy, which in aggregate represents $0.2 billion of the Firm's total AUM. [1]Credit AUM includes approximately $0.7 billion in unallocated multi-strategy cash. [2]Arbitrage includes Convertible & Merger Arbitrage strategies.

In September 2014, Angelo Gordon expanded its existing credit business by launching a strategy dedicated to middle market direct lending. Twin Brook Capital Partners ("Twin Brook" or the "team") was established as the market-facing brand for Angelo Gordon's middle market direct lending strategy with the leadership of Trevor Clark and Chris Williams. Mr. Clark and Mr. Williams were the former co-founders of Madison Capital Funding, a large direct lending platform formed in 2001 that currently manages over $10 billion in assets, primarily on behalf of the New York Life

Insurance Company. Twin Brook's strategy is well-resourced with the backing of a large and stable platform at Angelo Gordon, which we believe has contributed to the strategy's explosive growth, as seen in the following Figure 3. Over the past five years, the strategy has committed approximately $10 billion in loans to more than 160 unique borrowers in the middle and lower-middle market. It is our view that this platform has emerged as a top-tier market participant and is one of the most active within the middle market direct lending space. The large scale and high lending volume of Angelo Gordon's middle market direct lending platform has historically provided superior visibility of market technical and trends. Additionally, we believe the breadth of the platform's sourcing network, which includes active coverage of over 650 private equity sponsor relationships built over the team's long tenure in middle market direct lending, has resulted in a competitive advantage compared to many of its peers while originating investment opportunities from the sponsor market.

Figure 3: Angelo Gordon Platform Growth



Source: Angelo Gordon. Data is cumulative since the strategy's inception in Q4 2014 and is as of 6/30/2020.

Ownership

Angelo Gordon is private firm that is 100% owned by its founders, their related parties, and approximately 105 senior employees of the Firm. The direct lending platform, Twin Brook Capital Partners, is a wholly owned subsidiary of the Firm and several senior investment professionals have partnership stakes in the Firm. Additionally, it was shared with RVK that over the next few years firm ownership allocations are expected to be shared with several more Twin Brook senior employees. While we believe the current ownership structure is acceptable in order to maintain Firm stability, RVK also believes that adding additional team members to the ownership group and increasing the equity allocations of existing senior partners is a significantly positive step for Twin Brook to take in order to retain top performers, continue to motivate the investment team, and further improve upon the alignment of interest of senior investment professionals with the strategy's investors.

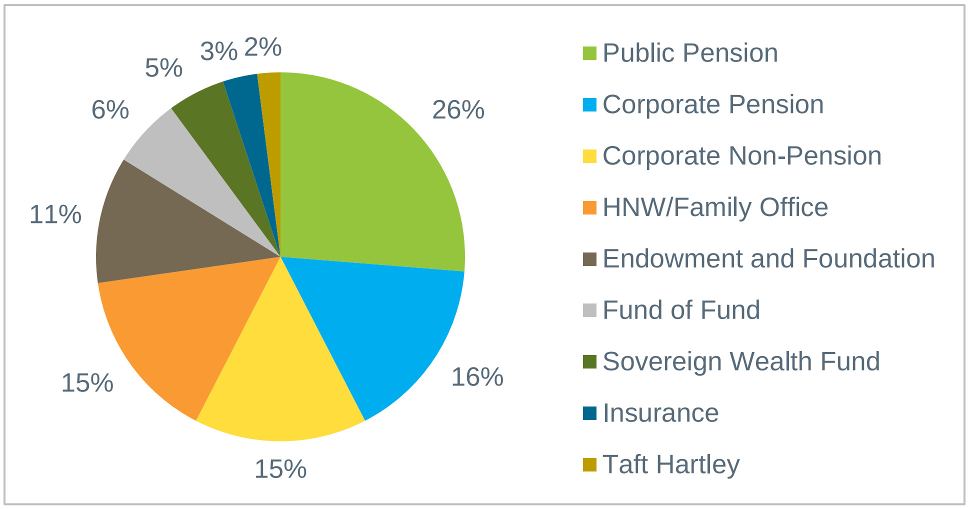
Compensation

The team's employees are compensated through a base salary and annual bonus. Bonus amounts are determined by the productivity of the Firm, the performance of the fund series, and by a subjective evaluation of the employee's individual contribution. In addition, all members of the team who are ranked as assistant vice president and above, approximately 40 team members in total, are also compensated in the form of a deferred bonus program which is tied to the performance of the funds. We believe Angelo Gordon shares a higher percentage of the incentive fees with the investment team than many peers in the industry; and as such, it is our view that the Firm's compensation structure provides an alignment of interest amongst team members that is especially strong.

Investor Base

Angelo Gordon's investor base is diverse, encompassing many underlying investors, and skews toward larger institutions such as public and corporate pension investors, as seen in Figure 4. In spite of the relatively large size of the Firm and the typically substantial scale of its products, Angelo Gordon will commit up to $15 million in Fund IV. Including the team's senior employees, who are required to be investors in the Fund in order to be eligible for the deferred bonus program, the Firm will compose approximately 1% of Fund IV commitments. While we view this as a tolerable level of Firm commitment in order to align incentives with investors, we would like to note that many of its peers within private credit often commit 1% to 5% or greater to their funds.

Figure 4: Angelo Gordon Investor Base

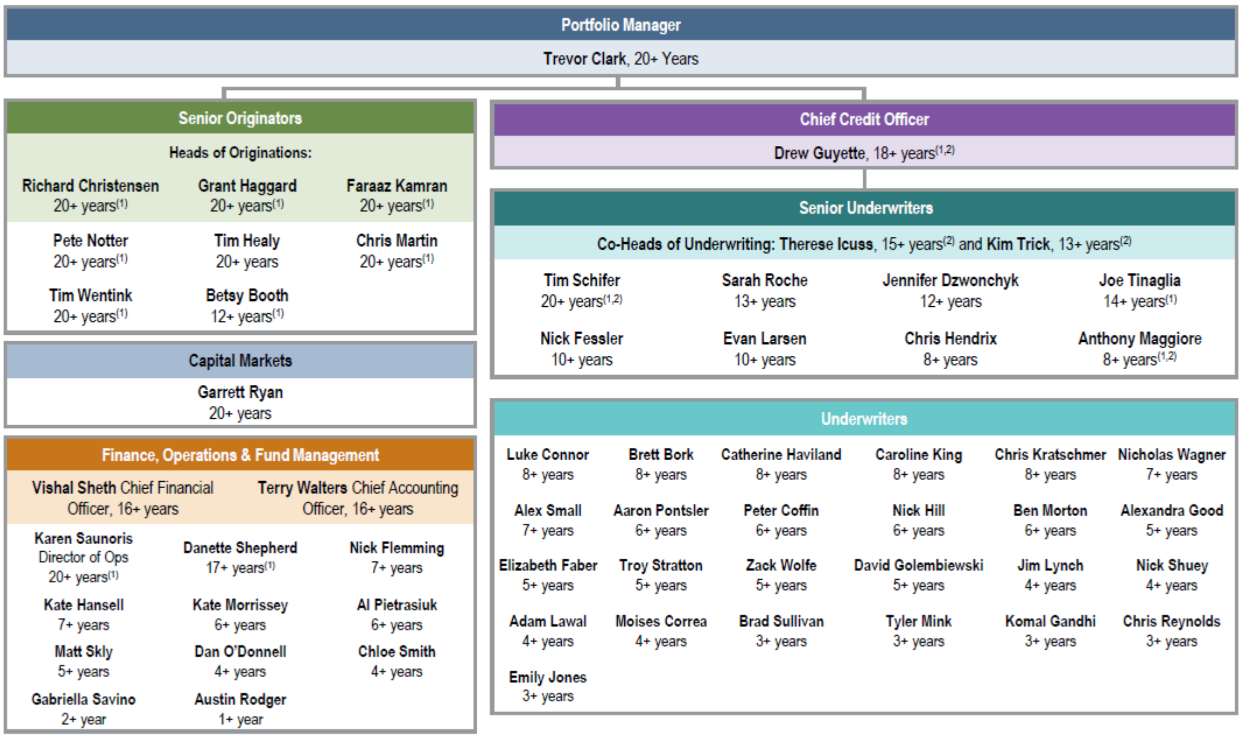


Source: Angelo Gordon. As of 3/31/2020 and excludes GP & Affiliates.

Investment Team

Angelo Gordon has one of the largest and most well-resourced investment teams operating within middle market direct lending at this time, and currently employs over 65 professionals in a Chicago-based office. The team includes 36 investment professionals on the underwriting team and 8 investment professionals on the originations team. As illustrated earlier in Figure 3, the team has expanded steadily since its inception in 2014, which has corresponded closely with the overall growth of the platform. The team is captained by a highly experienced group of senior investors, many of whom have worked within middle market direct lending for over 20 years. Further, over a dozen senior members of the investment team, including the three Co-Heads of Originations and Chief Credit Officer, have worked together for over a decade under the leadership of Mr. Clark at Madison Capital Funding prior to the inception of Twin Brook. This senior investment team demonstrates a level of experience and tenure within direct lending that is among the best within its peer group, and we believe this augmented level of maturity across the senior team has historically translated into a higher level of skill in sourcing, underwriting, and loan workouts. The Angelo Gordon direct lending team is illustrated below in Figure 5.

Figure 5: Angelo Gordon Direct Lending Team



Source: Angelo Gordon. [1]Donotes prior experience working with the Portfolio Manager. [2]Represents one of the team members bolted on to a team that is monitoring a "watch list" credit.

Angelo Gordon's originations team, which is composed of eight senior originators, is a well-seasoned group that has over 20 years of experience on average. The team does not rely upon one or two "super stars" within the group, which reduces any possible key-person risk present in the sourcing platform. This was confirmed upon RVK's analysis of the track record, which revealed that Angelo Gordon sources investments relatively evenly across the eight-person originations team. Team members have been originally trained in credit underwriting, and as such, have a deeper level of understanding of credit fundamentals and relative value than is typically expected from an originations professional in this industry. Angelo Gordon believes that this has historically led to higher-quality deal flow, since the originations team is better equipped to bring forward potential investment opportunities that exhibit the defensive characteristics expected in this strategy. Additionally, the team's compensation is tied to the eventual performance of loans in the current portfolio, rather than to the total volume of originated loans. We believe this practice properly aligns the incentives of the origination team with the underwriting team by discouraging the sourcing of loans with characteristics that are below the expectations of the strategy.

The underwriting team is the largest within the direct lending platform, and is composed of 10 senior underwriters with an average of over 12 years of experience, as well as 25 junior-level underwriters. The large size of the team allows each underwriter to focus their time on monitoring approximately four to eight accounts each, which is meaningfully fewer accounts per underwriter than many of Angelo Gordon's peers, who are often forced to monitor ten or more accounts due to significantly smaller team sizes. As such, we believe Angelo Gordon is able to provide greater attention to each borrower, which has resulted in superior monitoring ability, including more frequent check-in calls with sponsors and borrower management teams, and rigorous monthly and quarterly borrower performance reviews.

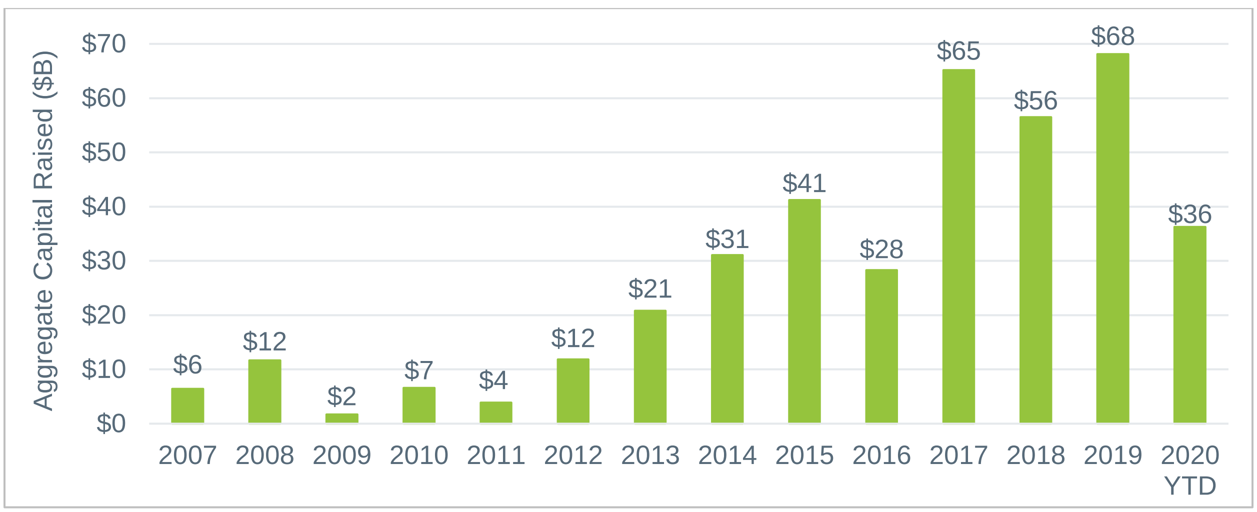
While many direct lending managers tend to rely upon one or two investment team members to monitor the watch list and assist with loans that require a work out, Angelo Gordon has five members of its senior underwriting team that "bolt" onto the deal teams of loans on the watch list. Depending on the health of the total portfolio and the size of the watch list, this workout team could spend between 25% to 100% of their time on monitoring the watch list and working with borrowers who have breached a covenant or missed an interest payment. These five underwriters have an average of nearly 15 years of experience, which we believe, as mentioned previously, has ultimately led to greater skill in workouts than many peers. This was perhaps most apparent during the months following the pandemic outbreak in spring of 2020 when in many cases, Twin Brook's senior underwriters found themselves in an advisory role with their borrowers and sponsors, which is a level activism rarely seen from senior lenders. For example, Mr. Guyette, Twin Brook's Chief Credit Offer who has over 18 years of experience working in this strategy, guided several borrowers and sponsors through workouts and business-level restructuring plans, using his experience from the Global Financial Crisis to provide advice on company liquidity needs and debt service coverage in the midst of the pandemic. In our view, a well-resourced and experienced workout team will likely be a meaningful competitive advantage in an uncertain market environment that may produce an elevated level of pandemic-driven defaults across the industry.

Twin Brook has experienced relatively low turnover amongst senior investment professionals throughout its history, likely due in part to its strong alignment of incentives and a team culture that fosters growth and career development. Six senior investment professionals (which includes assistant vice presidents and above) have left the firm since its inception, which equates to about one departure annually from a group of senior investment professionals that currently includes forty members. Most of these departures were decisions made by Twin Brook's senior management when an employee was performing below expectations, demonstrating that there are high performance standards expected of team members. However, one notable departure was the retirement of Chris Williams early in 2018, who was Co-Head of the team along with Mr. Clark and helped build the platform in its early years. Despite his heavy contributions to launch the direct lending platform, we believe the team has continued to operate effectively under the leadership of Mr. Clark following the retirement of Mr. Williams nearly three years ago.

Market Overview

Figure 6 displays the annual fundraising of direct lending funds since 2007. As with the broader private credit asset class, the direct lending market has seen explosive growth since the economic recovery following the Global Financial Crisis. This was largely fueled by the increased regulation applied to banks with the purpose of de-risking their balance sheets, thereby opening the door for lenders in private markets to step-in and fill the financing gap for smaller businesses. As seen in following graph, 2019 was a record year for direct lending fundraising, which reached $68 billion, marking a nearly 6 times increase since 2008. Fundraising in 2020 is off to a slower start as a result of the current economic crisis, and while we expect a near term slowdown in fundraising amounts, we believe that the most resilient direct lending managers will not only survive the pandemic, but thrive by providing financing for private companies that require debt financing as the economy recovers.

Figure 6: Direct Lending Annual Fundraising

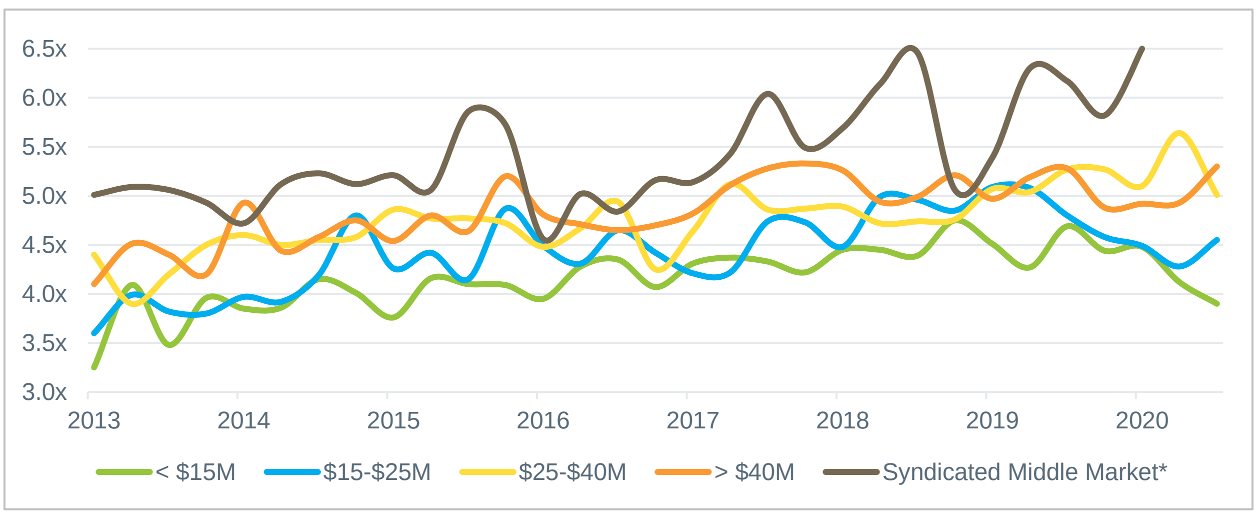


Source: Preqin. Data is as of 10/2020.

Market Characteristics: Leverage and Yield Levels

Following several years of the record fundraising amounts in the direct lending asset class as mentioned earlier, the market has been flooded with new participants, thereby increasing competition for private lenders. This overcrowding has generally resulted in the deterioration of protections for many lenders. Specially, the amount of leverage used by private middle market borrower companies has been trending upwards over the past several years. This has been illustrated in Figure 7, which shows the average leverage (or debt/EBITDA) of middle market loans across various borrower EBITDA sizes. According to an extensive default study conducted by Moody's, one of the largest and well-known Nationally Recognized Statistical Rating Organizations in the world, leverage is likely to be the single most impactful contributing factor in determining the likelihood of corporate defaults. As such, we believe leverage may be the most meaningful variable of credit risk (or default probability), as a greater amount of leverage means companies will have a more difficult debt burden. Leverage levels for all borrower sizes have been near all-time highs for a number of years, indicating that lenders have been more willing to accept an increased credit risk. However, the loans within the lower-middle market, which generally refers to companies with an EBITDA of $25 million or less and has been illustrated in Figure 7 by the green and blue lines, tend to exhibit less leverage than its peers in the middle market. For example, for deals completed in the third quarter of 2020, leverage levels were between 3.9x-4.5x in the lower-middle market compared to 5.0x-5.3x in the middle market. Therefore, we believe that strategies focused on the lower end of middle market lending may benefit from reduced credit risk and may offer superior downside protection.

Figure 7: Average Total Leverage of Middle Market Loans by Borrower EBITDA Size

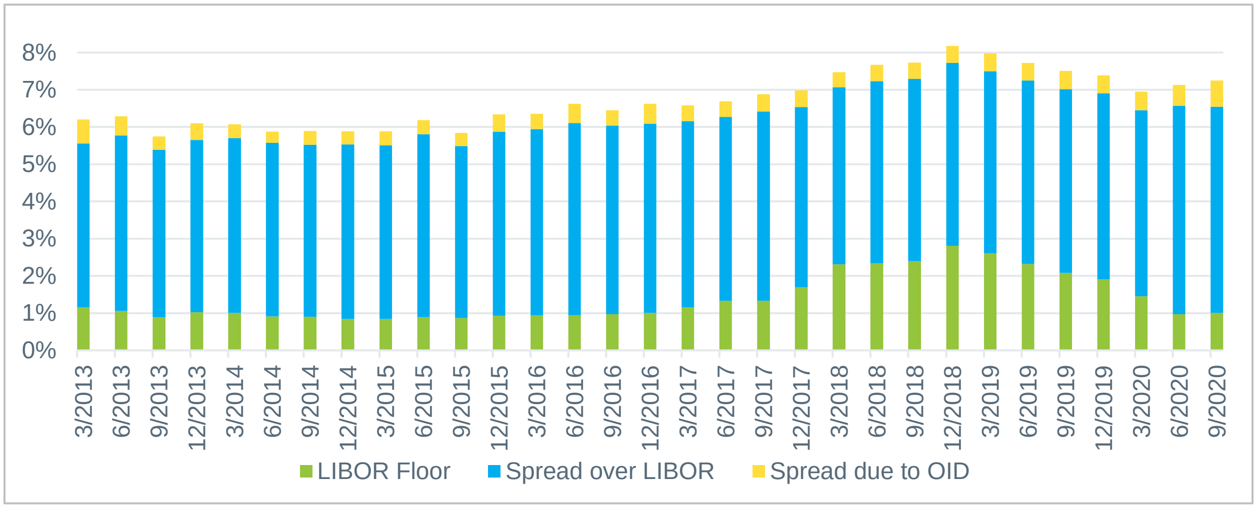


Source: Refinitiv LPC, Monroe Capital, RVK. *Syndicated Middle Market are large middle market loans that are mostly rated and syndicated to a wide investor base with an average EBITDA of around $50M. There was not enough deals to calculate a Syndicated Middle Market average in the second or third quarter of 2020.

In addition to the increased leverage that characterizes many private middle market loans, covenants have also diminished in recent years, which further magnifies the concern of reduced downside protection within direct lending markets. In light of these concerns, RVK is taking an extremely cautious approach to the asset class, focusing on managers that have a proven track record of avoiding losses while focusing on downside protection. We believe that Angelo Gordon is able to largely avoid many of the issues faced by their peers by focusing on the lower-middle market (which contains less market participants and reduced competition), investing in businesses with less leverage (often 4x debt/EBITDA or less), and structuring loans with greater lender protections (multiple covenants).

Investors in direct lending can expect an increased yield compared to their public fixed income portfolios, as private middle market loans often provide a yield premium of approximately 1%-3% over public fixed income markets. As illustrated in Figure 8, senior loans in the middle market have offered lenders consistent all-in yields of between 6%-7.5% with an average yield of 6.7% since 2013. This compares favorably to the average yield of high yield bonds and levered loans of 5.3% and 6.4% during the same time period, as measured by the Credit Suisse Leveraged Loan Index and ICE BofA US High Yield Index, respectively. More recently, yields in public markets have approached historical lows while the yields of private senior middle market loans have actually increased, further amplifying the yield premium offered by the senior direct lending. For example, in the third quarter of 2020, the typical yield of newly issued senior loans in the private middle market increased to approximately 7.2%, while the current yield of the Credit Suisse Leveraged Loan Index has dropped to 4.4% as of 9/30/2020. Additionally, the effective yield of the ICE BofA US High Yield Index is approaching 5% as of early November. In light of these developments, we believe that the private middle market can offer yield-seeking investors a strong absolute yield that is meaningfully elevated compared to that of public fixed income markets.

Figure 8: Yield Components of Senior Loans in the Private Middle Market

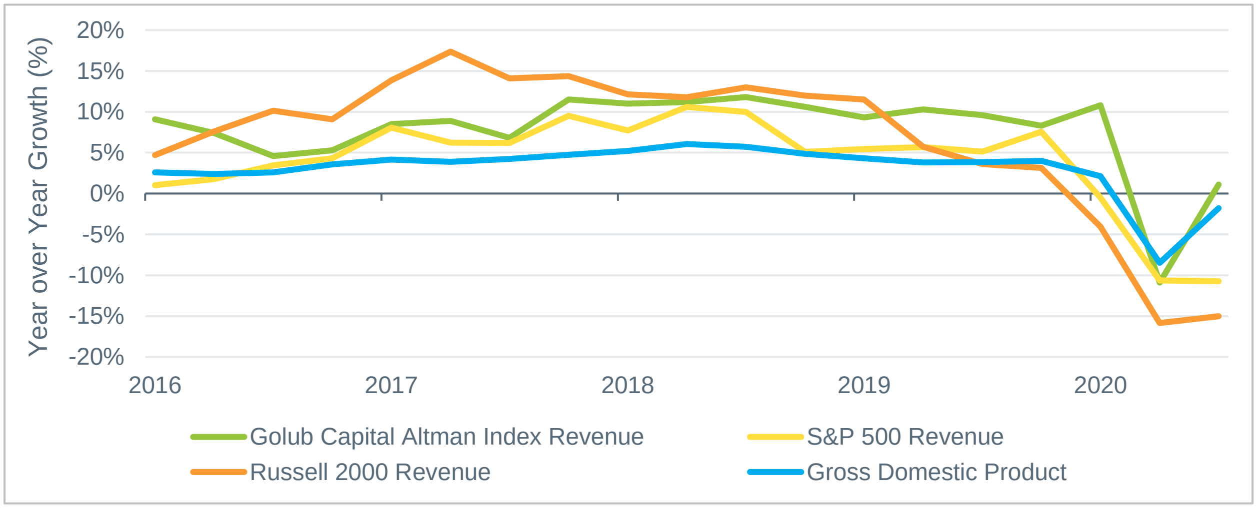


Source: Refinitiv LPC, Monroe Capital, RVK. Represents the average first lien term loan yield with a three year term. Data based on private data submissions and excludes unitranche and second lien term loans.

Borrower Characteristics: Growth

Direct lending generally involves providing debt financing to private companies that are smaller than the "typical" large corporations that make up the corporate borrowers behind most traditional institutional fixed income portfolios. Often, these private companies are in a high-growth stage of their business life cycle and require debt to finance an expanding business model. As a result, smaller, private businesses that can only access private markets have generally been more willing to accept loans with higher interest rates and allow lenders additional protections in order to finance their growing businesses, as discussed in detail earlier. The high-growth characteristic of borrowers that access direct lending markets has been illustrated in Figure 9. This graph highlights the year-over-year growth rates of revenue for companies within the Golub Capital Altman Index (GCAI), which we have used to represent the private middle market, the S&P 500 and Russell 2000, which represent large and small-cap public companies, and Gross Domestic Product (GDP), which represents the broader US economy. The GCAI is not a perfect representation of the private middle market, as it only represents approximately 150 private companies within the portfolio of Golub Capital (a market leader in middle market direct lending); however, it may be the best available proxy to estimate the revenue growth of companies in a market that lacks broad or accurate financial reporting. As illustrated in the following graph, the GCAI has enjoyed consistent annual revenue growth of around 8-10% since 2016, outperforming the growth in GDP and large-cap companies within the S&P 500, while closely tracking small-cap companies within the Russell 2000 over the majority of recent time periods. Similarly, in spite of their higher-growth profile, GCAI constituents were not disproportionately impacted by the recent economic turbulence of 2020, with growth rates dropping similarly to those of S&P 500 constituents in early 2020 and then bouncing back more quickly during subsequent months. We believe these 2020 results, though of limited sample size, are a promising early indicator of the resilience of many middle-market borrowers in the current economic environment. Longer-term, we believe that the high-growth characteristics found within private companies that access direct lending markets are generally a favorable consideration for investors who are seeking additional absolute return versus traditional public debt markets.

Figure 9: Estimated Revenue Growth in Middle Market Direct Lending



Source: Golub Capital, Federal Reserve Bank of St. Louis, Bloomberg, RVK. The Golub Capital Altman Index (GCAI) measures the actual revenue growth of US middle market private companies for the first two months of each calendar quarter. The GCAI is based on aggregated data from more than 150 companies in the loan portfolio of Golub Capital, a leading middle market lender. The Q1 2020 GCAI data is estimated and does not reflect the impact of COVID-19 in March, and the Q2 2020 GCAI data does not reflect the meaningful reopening of the US economy in June. As such, Golub Capital believes the Index data for Q1 and Q2 2020 does not necessarily reflect economic conditions. GCAI data is as of 8/31/2020. Public index and GDP data is as of 9/30/2020.

As noted earlier, the COVID-19 pandemic has resulted in levels of economic stress that the market has not experienced since the Global Financial Crisis in 2008-2009. There are many businesses that have been forced to shut down completely during the quarantine, and have seen their revenue drop to zero for extended periods of time, a phenomenon that the modern private lending system has never before experienced at this scale. In spite of the relative resilience pictured in Figure 9, we expect many direct lending managers will struggle during this environment, and some of the weaker players who frequently lend at higher leverage levels and structure loans with fewer lender protections may not survive. As such, we believe that the current environment is one where skilled manager selection in general, and a tilt toward more conservative and experienced players specifically, has the potential to significantly augment the risk-adjusted returns experienced by investors.

While it may be premature to gauge the health of the overall economy at the time of this writing, however, early indications point to a general level of resiliency across the direct lending space, with a rapid "V-shaped" recovery among stronger private middle market borrowers, such as those as illustrated in Figure 9. As of the most recent quarter-end on 9/30/2020, the year-over-year revenue growth of the GCAI is slightly positive, compared to -10% or lower year-over-year revenue growth for companies in both the S&P 500 and Russell 2000. As such, we do not believe that the current economic environment will prove to be permanently disruptive to all private lenders. Instead, we expect that lenders to the private middle market who focus on high-quality borrowers may benefit from an accelerated recovery in revenue compared to their peers in public fixed income markets.

Investment Strategy

AG Direct Lending Fund IV is a direct lending strategy that primarily provides senior secured loans to privately-owned, middle and lower-middle market companies in the US. These loans are used by private companies for a variety of purposes, including financing leveraged buyout transactions, company acquisitions, organic growth, debt refinancing, and other forms of recapitalization. We believe this investment strategy has remained consistent and unwavering in its focus since it was launched nearly two decades ago, and continues to provide attractive risk-adjusted returns through its defensive attributes.

The typical deal characteristics of an Angelo Gordon loan are highlighted in Figure 10. The strategy seeks to provide first lien term loans and revolving credit facilities of approximately $30-$60 million in size to private equity sponsor-backed businesses in the middle and lower-middle market. The borrower profile is commonly a high-quality company with historically stable cash flows, an enterprise value of $70-$170 million, and an EBITDA of $7-$17 million. As with most direct lending strategies, these loans are cash-flow based, meaning they are collateralized by a company's equity and expected future cash flows as opposed to by tangible assets in many cases. The strategy's loans are senior secured, meaning they are at the top of the borrowers' capital structures, with a typical debt/EBITDA of 3.5x-4.7x and a loan to value of 40-52%.

Figure 10: Typical Deal Characteristics

Deal Metric	Typical Range
Investment Size	$30 – $60 million (occasionally $100 million or larger)
Asset Type	First lien loans and revolving credit facilities
Revolver Facility Size	10% – 20% of the total committed credit facility
Interest Rate	LIBOR + 5.5% – 6.5% (LIBOR floor: 1%)
OID / Origination Fees	2.1% – 2.3%
Borrower Leverage (Debt/EBITDA)	3.5x – 4.7x
Borrower Loan to Value	40% – 52%
Borrower Debt Service Coverage Ratio	1.6x – 2.1x
Borrower Revenue	$35 – $100 million
Borrower EBITDA	$7 – $17 million
Borrower Enterprise Value	$70 – $170 million
Borrower Industry Profile	Non-cyclical industries that provide historically stable, consistent cash flows
Borrower Ownership	Private, at least partially owned by a private equity sponsor
Use of Loan Proceeds	Leveraged buyout (LBO) or recapitalization
Collateral Type	Borrower's equity and expected future cash flows
Covenant Protection	2 – 3 financial covenants
Lender Group Position	Sole lender, club deal – lead lender, or club deal – co-lead leader

Source: RVK, Angelo Gordon.

In our view, there are several crucial attributes across all of Angelo Gordon's targeted investments that differentiate this strategy from its peers, and indicate that this opportunity offers a superior risk-adjusted relative value. Specifically, we believe that the following attributes of the strategy contribute to a distinguished defensive profile:

Conservative Leverage and Loan to Value Levels: The strategy commonly lends to companies that are at conservative leverage levels with a debt/EBITDA ratio of between 4x-5x, and often less than 4x. As highlighted earlier in the Market Overview section and illustrated in Figure 7, many peers strategies tend to lend at leverage levels of between 5x and 6x. Additionally, most of the strategy's borrowers have an enterprise value that is 8x-11x EBITDA, indicating that there is a significant amount of equity value "cushion" that is subordinate to Angelo Gordon's position as the senior lender. Since leverage levels are one of the most significant factors of credit risk (or default probability) which is supported by strong historical evidence, we believe that Angelo Gordon's tendency to lend at meaningfully lower leverage levels than many of its direct lending peers (as well as the broader market), indicates that this strategy contains less credit risk.

Significant Covenant Protection: Angelo Gordon demands at least one financial covenant, and often multiple financial covenants, in every loan. We believe this may be the strategy's greatest differentiator among their direct lending peers, as "Cov-light" loans (which generally refers to loans with only one covenant) or loans without any covenants have become the new normal for many direct lending managers in the last few years. Angelo Gordon is able to use these covenants as a tool to not only monitor their portfolio companies (they are tested each quarter), but they give Angelo Gordon the power to step in and negotiate when any covenants are breached. Historically, Angelo Gordon's negotiation with the borrower and sponsor has led to a positive outcome in the great majority of cases. For example, out of the 55 loans in the strategy's track record that have experienced a covenant default (as opposed to a payment default), the average gross IRR is nearly 9%, only slightly below the average gross IRR for a loan that never experiences a default. As such, we believe that the combination of the strategy's full covenant protection and historically positive outcomes on covenant default events in the track record indicate strong downside protection for investors.

Use of Revolvers: Angelo Gordon seeks to provide a revolving credit facility alongside each of its first lien term loans, which we believe can be a powerful risk-mitigation tool during the asset monitoring process given that unusually heavy or abrupt revolver use can often be an early indication of borrower issues. This revolving credit facility is also a convenience for the borrower, who utilizes the revolver for working capital and daily liquidity needs. As a result, Angelo Gordon is able to establish more frequent interaction with their borrowers and have valuable insights into the specific liquidity needs of their portfolio companies. This extensive and dynamic monitoring ability has historically helped Angelo Gordon identify problems well in advance of possible defaults. For example, during the pandemic-driven quarantine in the spring and summer of 2020, Angelo Gordon was able to detect which of their borrowers were facing the most severe strain on cash flows by monitoring revolver usage, add them to the watch list before a default event, and work with the borrower and sponsor to avoid missing a payment. This practice of providing revolving credit facilities is rare in the direct lending industry, as the labor-intensive work of monitoring revolvers is beyond the capabilities of many peer lenders. Therefore, we believe this strategy has the potential to suffer from fewer payment defaults than a "typical" direct lending strategy, since the team has built an early warning system into their loan structuring, and can often resolve potential issues before payments are missed.

Lender Group Leadership: In the vast majority of cases, Angelo Gordon seeks a leadership role within the lender group through either leading a club deal while acting as the administrative agent, or simply being the sole senior lender to the borrower. This leadership position within the lender group provides a number of benefits, including higher origination fees, a greater amount of control over the specific loan terms during the negotiation process, and a deeper relationship with borrowers and sponsors. Angelo Gordon typically charges origination fees of 2%-2.3% to their borrowers, when the typical origination fees across most senior middle market lenders is less than 1%, as illustrated earlier in the Market Overview section in Figure 8. This increase in origination fee meaningfully augments the strategy's expected all-in yield compared to peers. In addition, through controlling dialog with the borrower, Angelo Gordon is able to negotiate favorable loan terms rather than relying upon peer strategies that may not have the same high-quality expectations for loan documents. Finally, by developing deeper relationships with borrowers and sponsors, Angelo Gordon's souring network expands, thereby leading to further loan opportunities in the future. We believe this contributes to the significant amount of annual deal flow that is sourced from existing borrowers.

The above strategy attributes differentiate Angelo Gordon as more defensive than many of its peers currently active in the space. In addition, Angelo Gordon is targeting a net IRR of 6-8% through its unlevered vehicle and 10-13% through its onshore levered vehicle, which is a net return target that is in line with most direct lending strategies in spite of its conservatism, and may be higher than many peer strategies dedicated to senior loans. Furthermore, this return is derived almost entirely through cash yield as opposed to the price appreciation of Angelo Gordon's underlying loans, indicating a conservative return profile. The strategy commonly seeks interest rate spreads of 5.5%-6.5% over LIBOR with an origination fee of approximately 2.1% for an all-in yield of approximately 7-9%. As previously illustrated in Figure 8 in the Market Overview section, this level of all-in yield is meaningfully higher than that currently available through publicly traded leveraged loan or high yield bond markets, and slightly higher than most of its peers in the private middle market. In summary, we believe that this strategy offers investors an attractive risk-adjusted return through the combination of several key defensive attributes and a compelling absolute return derived primarily through income.

Portfolio Exposure

The following section analyzes the strategy's full track record, which includes 217 loans made since 2015, to ensure that the portfolio's exposure is in line with our expectations. All data in this section is as of 6/30/2020. The strategy is predominantly unrealized, as only 15% of the more than $10 billion of invested capital has been realized.

Figure 11 outlines some basic statistics from Angelo Gordon's track record and indicates that the portfolio has been built within our expectations for the stated strategy in terms of both loan metrics and borrower attributes. Further, there are a few metrics worth highlighting as superior compared to peers. First, the average spread over LIBOR attached to Angelo Gordon's loans is approximately 5.8%, which tends to be approximately 100 basis points higher than its peers within senior middle market direct lending, as previously indicated in Figure 8 in the Market Overview section. After that, the strategy's loans have an average leverage of 4.3x, which is more conservative than peers in the private middle market and syndicated middle markets that have been lending at aggressive leverage levels of closer to 5x and 6x in recent years, as illustrated in Figure 7 earlier. In our view, the combination of higher loan spreads with lower leverage levels demonstrates that this strategy offers a more compelling risk-adjusted return when compared to many of its direct lending peers.

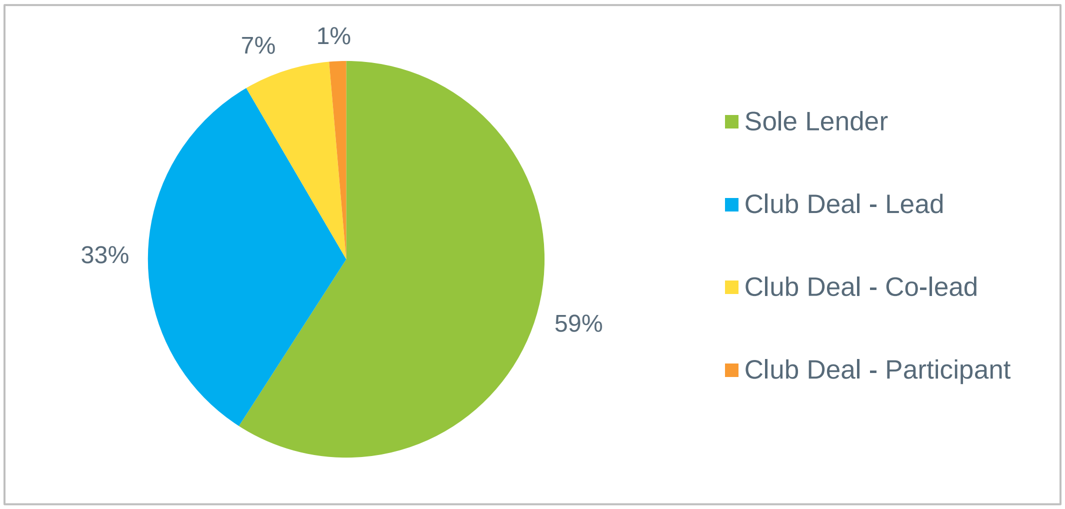
Figure 11: Strategy Track Record Portfolio Statistics

Deal Metric	Weighted Average
Investment Size	$61.7 million
Percentage First Lien Loans	98%
LIBOR Floor	1.0%
Spread over LIBOR	5.8%
OID / Origination Fees	2.1%
Borrower Leverage (Debt/EBITDA)	4.3x
Borrower Loan to Value	45%
Borrower Debt Service Coverage Ratio	1.9x
Borrower EBITDA	$15.8 million
Borrower Enterprise Value	$162.2 million

Source: RVK, Angelo Gordon. Data as of 6/30/2020.

Figure 12 illustrates that Angelo Gordon is the sole lender or lead position within a club deal in over 90% of its loans. As a result, Angelo Gordon is able to successfully control the loan terms and deal negotiation process in the vast majority of cases, which is a key strategy differentiator that we highlighted earlier.

Figure 12: Strategy Track Record Lender Group Position



Source: Angelo Gordon, RVK.

All of Angelo Gordon's loans have a financial covenant, as seen in Figure 13, and nearly 90% of loans have multiple financial covenants. This is becoming increasingly rare among direct lending managers, as "Cov Light" loans (which only have one covenant) have become the new normal in the recent environment of aggressive lending practices. As expected, a large number of financial covenants have resulted in many covenant defaults over the strategy's track record. Approximately a quarter of Angelo Gordon's loans have breached a covenant during their term as seen in Figure 14, which is not beyond our expectations for a strategy that frequently employs several covenants. This covenant default level is not troubling in our view given the lack of associated strategy losses; further, we believe it is clear evidence that Angelo Gordon's financial covenants have been effective in their purpose of monitoring a borrower and enforcing rational borrower behavior. As mentioned earlier, of the 24% of the track record that has experienced a covenant default during the life of the loan (55 loans in total), the average gross IRR is nearly 9%, indicating positive outcomes on most covenant defaults. Additionally, only 3% of Angelo Gordon's loans have experienced a more serious payment default (missed a payment) over the strategy's track record, which is in line with our default expectations for a conservative senior lending strategy. Out of the 3% of the track record that has experienced a payment default during the life of the loan (7 loans in total), the average gross multiple is 0.97x, which demonstrates a nearly full recovery in the uncommon situation that borrower does miss a payment. Lastly, Angelo Gordon's total loss rate is only 0.3%, indicating that the vast majority of Angelo Gordon's payment defaults do not materialize into losses. The loss ratio has been analyzed in greater detail in Figure 21 in the upcoming Capital Risk of Loss section later in this Memo.

Figure 13: Strategy Track Record Covenant Protection

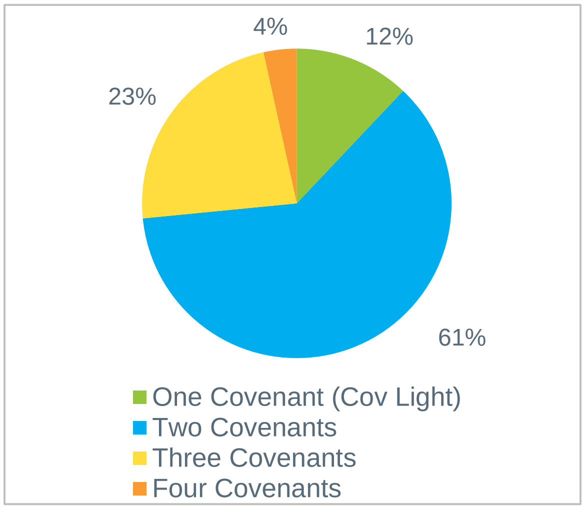
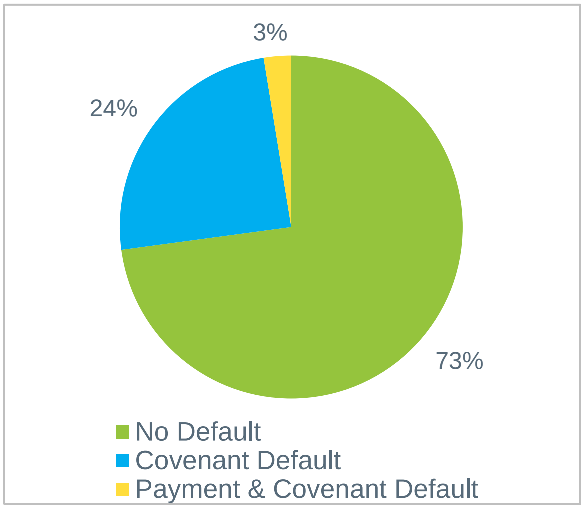


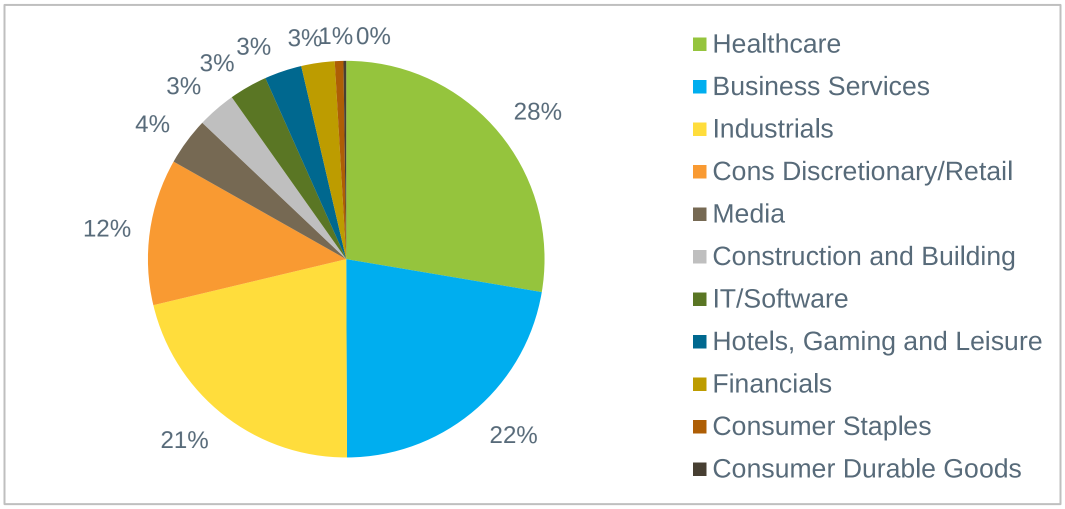
Figure 14: Strategy Track Record Default History



Source: Angelo Gordon, RVK.

The portfolio is diversified across 11 sectors and 27 total industries as illustrated in Figure 15. The strategy has demonstrated a preference for companies in historically defensive sectors with stable cash flows such as healthcare, manufacturing, and distribution, while avoiding typically cyclical sectors that may lack sufficient cash flow to support a debt burden, such as durable goods and travel. As a result of this conservative tilt, the strategy has relatively little exposure to borrowers in asset-heavy sectors like energy, airlines, and cruise ships, many of which have recently been hit hardest by the pandemic.

Figure 15: Strategy Track Record Sector Diversification



Source: Angelo Gordon, RVK.

Investment Process

The quality of Angelo Gordon's investment process is in-line with our expectations for a high-quality senior direct lending strategy. Further, it is differentiated, in our view, through the breadth of the sourcing network, the rigorous selectivity demonstrated during the screening process, the manager's ability to underwrite and execute deals quickly and efficiently, and exceptional attention to detail during the portfolio management process. Angelo Gordon's investment process, which is illustrated in Figure 16, has been discussed in greater detail in the following sections.

Figure 16: Investment Process Summary

Sourcing 500+ Middle Market Private Equity Sponsor relationships	Initial Screening	Initial Investment Committee Review	Underwriting/ Due Diligence	Final Investment Committee Review	Documentation & Closing	Portfolio Management
Originator reviews the opportunity and determines if additional resources should be assigned to the transaction	Deal team performs granular credit and valuation analysis after which point loan structure, terms and pricing are initially set	Transaction is reviewed with Investment Committee and either approved for Term Sheet issuance or declined[1]	Deal team conducts in-depth due diligence to complete underwriting	Investment Committee reviews final underwriting document for final approval	External counsel engaged for documentation	Monitor assets for performance on a monthly, quarterly and annual basis; bolt on additional team members for any watchlist credits

Source: Angelo Gordon. Represents a typical process that may vary. [1]Initial screening may be conducted by a subset of the Investment Committee.

Sourcing

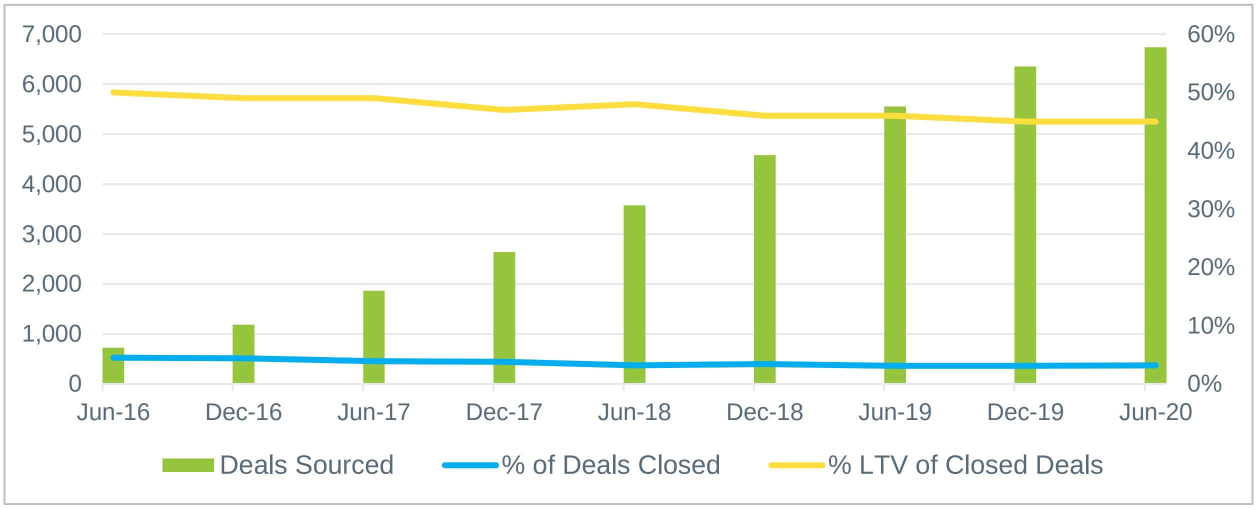
As lenders in the lower-middle market, which is typically characterized by lower levels of competition and a relatively inefficient marketplace compared to larger markets, a strong origination platform is a key competitive advantage and a meaningful barrier to entry for new participants seeking to lend in this market segment. We believe that Angelo Gordon is one of the most active and well-resourced lenders operating in the lower-middle market due to the significant annual volume of sourced investment opportunities and loan issuance. As a result, Angelo Gordon has successfully built a large and established sourcing network over the past several years. The foundation of the origination platform is the vast network of private equity sponsors. Angelo Gordon has sourced investment opportunities from over 650 private equity sponsors, successfully completing a transaction with nearly 90 of these. Additionally, Angelo Gordon has completed three or more transactions with approximately 30 sponsors, demonstrating a reliable sourcing network for continued deal flow into the future. By developing close relationships with a large number of sponsors, Angelo Gordon is often given the "last look" at a deal over many of their competitors, which we view as a significant sourcing competitive advantage.

In addition to the large network of private equity sponsors, Angelo Gordon has built a sizable base of over 200 existing portfolio companies, which it frequently taps for sourcing follow-on investments. It is fairly common for an existing borrower to continue working with Angelo Gordon for its debt financing needs as it grows and expands. As a result, Angelo Gordon estimates that its existing network of portfolio companies accounts for approximately one-third of annual deal flow in a normal market environment, which we view as a substantial differentiator in sourcing over newer peer strategies that lack the same scale of transactions with repeat borrowers. This advantage was perhaps most apparent during the second quarter of 2020, when a large subset of the direct lending market was effectively shut down as a result of the pandemic and the amount of newly issued private loans was less than half that of the same time period in 2019. While many peer strategies were forced to shut down origination efforts entirely, Angelo Gordon was able to primarily rely upon existing borrowers to invest in eight new loans from March through June of 2020. As such, we are confident that this strategy will be able to continue to deploy capital, even if further pandemic-related market volatility negatively impacts loan issuance in direct lending markets.

Deal Screening

As a result of building a strong sourcing platform, Angelo Gordon reviews a large volume of potential investments, typically 125 per month and over 1,000 annually as seen in by the data presented in Figure 17. The substantial volume of deals that come across the team's desk allows Angelo Gordon to remain extremely selective when looking at new investment opportunities. In fact, the quality of closed deals, as measured by the declining loan to value (LTV) as seen in Figure 17, has improved since the strategy's inception. Throughout the track record, Angelo Gordon typically only takes a deeper look at 10% or less of the deals in its pipeline, and has closed on approximately 3% (the "closing rate"). This high degree of selectivity allows the strategy to invest methodically, where the underwriting team can afford to purse only the potential investments in which they have the most conviction. We believe this facilitates the strategy's defensive posture since it can sustain a high-quality pipeline while avoiding any risky or inadequate deals with potential borrowers that can't concede to Angelo Gordon's relatively demanding and protective loan terms.

Figure 17: Strategy Sourcing Breadth and Screening Selectivity



Source: Angelo Gordon. Data is cumulative since the strategy's inception in Q4 2014 and is as of 6/30/2020.

While combing through investment opportunities, the originations team focuses on borrowers with a long operating history (with a preference for borrowers that have demonstrated performance during the Global Financial Crisis), stable cash flow generation from a variety of sources, and a strong market presence. Further, the originator will conduct an in-depth business evaluation, including a SWOT and Porter's Five Forces analysis, which are common approaches to business analysis. Origination team members have backgrounds in credit underwriting, which can better prepare them to identify the potential investment opportunities that present the greatest risk-adjusted return potential.

Underwriting and Deal Execution

Angelo Gordon's underwriting and deal execution process follows a fairly standard operation within the direct lending industry; however, due to the significant size and experience of the underwriting team, Angelo Gordon is differentiated by the potential speed of execution should an investment opportunity require swift underwriting in order to win the deal. While a standard 60-90 days is a typical underwriting timeline, the team has the ability to underwrite and complete a deal within approximately 40 days, primarily due to prior experience in the industry, knowledge of the sponsor, and using existing loan documentation from previous deals. In our view, this demonstrates an execution ability that is unmatched by many of their peers that lack the same level of experience and resources. Furthermore, the team believes that this execution capability has historically led to increased deal flow when sourcing investment opportunities that may have more competition from peer lenders, as sponsors tend to favor lenders that have a reputation for quick and efficient underwriting.

Once a potential investment opportunity passes the initial screen from the originations team, a deal team is formed, which typically consists of two to three underwriters and the originations team member who sourced the deal. Initial underwriting involves an onsite visit (or virtual plant tour) with the borrower's executive management team and a thorough review of all provided diligence materials. Following this preliminary review, the deal team will present the transaction summary (a ~10 page memo), to the investment committee (IC) for their initial review. The IC is composed of five members, including the Portfolio Manager, Trevor Clark, the Co-Heads or Originations, Richard Christensen, Grant Haggard, and Faraaz Kamran, as well as the Chief Credit Officer, Drew Guyette. As with most private credit strategies, underwriting focuses on the expected future cash flows associated with any given investment. As such, the IC will decide with majority approval to move forward with an investment if the deal metrics are in line with the strategy's expectations and the expected future cash flows appear to be reliable.

As part of the in-depth due diligence following the preliminary approval from the IC, the deal team is responsible for creating an investment memorandum to present to the IC that addresses topics including, but not limited to: company overview, private equity sponsor overview, industry overview, financial projections, transaction pros and cons, and a summary of due diligence tasks completed. Perhaps the most important element of the in-depth underwriting process is the financial modeling, which analyzes the expected future cash flows available for the senior lender in various scenarios. Following an in-depth investment case study walkthrough with the investment team, RVK discovered that the deal team will typically conduct multiple (often seven or more) scenarios in order to analyze the borrower's financial projections and test various downside scenarios. While we are encouraged by the volume of financial modeling scenarios, we were disappointed that the downside scenarios lacked severity, in our view. We would prefer to see the inclusion of more extreme downside scenarios within the financial modeling that would emulate a three standard deviation event (such as the Global Financial Crisis) and involve more significant reductions in the borrower's expected revenue. However, even with a typical reduction in revenue over 10%, Angelo Gordon is typically still forecasting the successful repayment of the loan, indicating that it may be able to withstand market environments that are worse than their original downside expectations. In summary, we view Angelo Gordon's in-depth due diligence process as acceptable and in-line with our expectations of a high-quality senior lending strategy, though the financial modeling does not appear to be quite as extensive as to represent best practices in the industry.

Asset Management and Monitoring

Once a deal has been closed, the deal team that led the underwriting will continue to monitor the investment throughout the life of the loan. We believe Angelo Gordon's level of active involvement throughout the monitoring process, which has been illustrated in Figure 18, is a differentiator of this strategy compared to its peers due to the considerable attention to detail granted to each portfolio company. Angelo Gordon's large underwriting team allows each underwriter to only monitor between four and eight accounts, compared to a more typical range of ten to twenty or more across the broader direct lending landscape. As such, more time can be spent with each portfolio company, including the supervision of each revolver on a daily basis, the review of monthly and quarterly financials, complete quarterly portfolio reviews, and frequent check-in calls with company management.

Figure 18: Portfolio Management Timeline

Daily / Weekly	Monthly	Quarterly	Annual / Ongoing
Approve requests for Revolver and DDTL draws Pipeline review of upcoming opportunities including potential add-ons for existing borrowers Weekly watch list meetings with senior management	Proprietary loan tracking system updated on a monthly basis following the receipt and review of borrower financials Borrower financial updates summarized in a monthly portfolio report Conduct calls with sponsor and borrower management or loan agent as needed Monthly financial results compared back to original diligence materials and current year budget	Complete quarterly portfolio reviews Credit Loan Score and Credit Risk Rating updated to reflect recent performance Quarterly valuation marks reviewed by the valuation committee Quarterly portfolio summary presented to investment committee	Reconciliation of previously provided financials upon receipt of annual audit Review annual budgets and management long – term projections Typically visit borrowers annually or more often if needed

Source: Angelo Gordon. Represents a typical portfolio management process which may vary and change without notice.

Additionally, following a virtual demonstration of Angelo Gordon's internal portfolio management and loan monitoring software, RVK believes it represents a best-in-class system compared to the other (primarily 3rd party) portfolio management systems that we have observed in the past. Angelo Gordon developed this system in-house for the Twin Brook team, and designed a wide range of custom features that assist the underwriter throughout the monitoring process, including automated quarterly financial covenant tracking, non-financial covenant monitoring, and automated analysis of the borrower's liquidity profile, among other metrics. The system also has a loan scoring network based on several financial factors, automatically including the loan on the watch list should the borrower's financial health reach a concerning level by virtue of a low loan score. In summary, through a combination of a well-resourced underwriting team and the Firm's unusually detailed portfolio monitoring system, we believe this strategy's overall portfolio management capabilities are especially strong in the industry.

Pandemic Impact on Investment Process

The effects of the pandemic and subsequent stay-at-home orders have temporarily impacted Angelo Gordon's investment process, though the investment team believes they have been able to perform all of their core tasks without sacrificing the quality of their underwriting. The team has learned to adapt in order to maintain a high level of attention to detail throughout the due diligence and monitoring processes, including more frequent phone and video calls with borrower management teams. For example, during the months following the virus outbreak in spring 2020, the underwriting team was often conducting daily calls with borrowers to review cash flow projections, which demonstrates a level of active monitoring rarely seen in their peer group. Additionally, in instances where Angelo Gordon is unable to perform onsite underwriting diligence trips, it has resorted to virtual plant tours. In an environment where all market participants have been affected by the pandemic, we believe Angelo Gordon's large existing network of sponsors, borrowers, and business counterparties will help it maintain a sufficiently high-quality investment process and level of knowledge concerning its chosen investments. In contrast, we have greater concerns about the large number of "newcomer" direct lending strategies with more limited experience in their chosen spaces. Without a longstanding network to fall back on, we believe that less experienced strategies may be disproportionately impacted by the pandemic-related restrictions on travel and face-to-face interaction.

Performance and Track Record Analysis

The following section reviews and summarizes the strategy's fund series track record, including its net cash flows, net performance, a comparison to public market performance, and its loss ratio. Performance data has been calculated by RVK with cash flows provided by Angelo Gordon and all data in this section is as of 6/30/2020. This section is abbreviated in order to be concise; however, RVK's full performance and track record analysis can be provided upon client request, and includes fund series net cash flows, position-level gross performance, attribution, and a sensitivity analysis.

In summary, Angelo Gordon's fund series net performance has been in line with our expectations, as the levered funds within the fund series have outperformed most of their peers in the direct lending space thus far. However, it is important to note that a great majority (approximately 85%) of the track record is unrealized, since the underlying loans typically have a life of approximately four years and the fund series was initially launched in 2015. However, early indications of realized performance has been strong, with an average unlevered gross IRR of 9.6% across 51 realized loans. Furthermore, the unrealized portion of the portfolio appears to have held up extremely well in the midst of a global pandemic. Of the 166 active loans in Angelo Gordon's portfolio, only two have thus far had a pandemic-related payment default and both have already been restructured with payment deferrals. We believe a payment default rate of only approximately 1.2% during perhaps the most severe economic upheaval since the Global Financial Crisis demonstrates a relatively low level of disruption during a time period that many of Angelo Gordon's peers are simultaneously dealing with multiple non-performing loans.

The performance of Angelo Gordon's fund series can be found below in Figure 19, and has been compared against the Direct Lending peer group sourced from Preqin, a leading alternative manager data provider. It is important to note that the Direct Lending peer group may include relatively high-risk strategies, such as those that include a meaningful amount of junior debt or contain fund-level leverage of 2x or greater. These higher-risk strategy types are expected to outperform in long bull markets and periods without elevated market volatility, such as the direct lending market environment that began after the Great Financial Crisis in 2010 and persisted with few meaningful interruptions until the spring of 2020. Additionally, this peer group likely suffers from some level of survivorship bias due to its self-reporting nature, where top-performing funds are more likely to report performance, while bottom-performing funds may be excluded from the peer group due to stale data. As such, we believe this peer group may be especially difficult to outperform for a conservatively structured senior debt strategy like Angelo Gordon. Despite this, the strategy's first two levered funds have reached in the second quartile in terms of both net IRR and multiple, which we would view as very strong risk-adjusted performance relative to this peer group. The unlevered onshore vehicle within Fund II's fund series is a third quartile performer, which is within our expectations for an unlevered senior debt strategy in a peer group dominated by levered funds. Fund III's fund series began investing in 2018, and performance relative to peers will become more meaningful as the funds in that vintage year continue to mature.

Figure 19: Fund Series Performance (As of 6/30/2020)

Fund	Vintage Year	Net TVPI	Net IRR	Net IRR Quartile	Net TVPI Quartile
Fund I (Levered Onshore)	2015	1.29x	9.6%	2nd	2nd
Fund I (Levered Offshore)	2015	1.21x	8.5%	2nd	3rd
Fund II (Levered Onshore)	2016	1.20x	8.5%	2nd	2nd
Fund II (Levered Offshore)	2017	1.14x	7.7%	3rd	2nd
Fund II (Unlevered Onshore)	2016	1.15x	5.8%	3rd	3rd
Fund II (Unlevered Offshore)	2017	1.12x	5.6%	4th	2nd
Fund III (Levered Onshore)	2018	1.07x	7.1%	N/M	3rd

Fund III (Levered Offshore)	2018	1.03x	4.6%	N/M	3rd
Fund III (Unlevered Onshore)	2018	1.06x	4.8%	N/M	3rd
Fund III (Unlevered Offshore)	2018	1.04x	4.0%	N/M	3rd
Fund IV (Levered Onshore)	2020	1.01x	N/M	N/M	N/M
Fund IV (Levered Offshore)	2020	0.98x	N/M	N/M	N/M
Fund IV (Unlevered Onshore)	2020	1.00x	N/M	N/M	N/M
Fund IV (Unlevered Offshore)	2020	0.99x	N/M	N/M	N/M
Total		**1.11x**	**7.3%**		

Performance data has been calculated by RVK with cash flows provided by Angelo Gordon. The AG fund series has been compared against the Private Debt – Direct Lending peer group provided by Preqin and is as of 6/30/2020. The peer group contains both levered and unlevered direct lending strategies. IRRs are shown only if an accurate IRR could be calculated with one year or more of cash flows. Applicable IRRs are marked with "N/M" for not material.

Public Market Equivalent (PME) Analysis

An investment in a primate markets fund offers unique challenges when measuring performance relative to public asset classes. Specifically, private market investors make an upfront commitment to a blind pool of capital that is called down over the fund's investment period. The resulting irregular stream of cash flows necessitate the use of internal rate of return (IRR) as the primary performance measure, which is difficult to compare to the time-weighted return (TWR) methodology used in public markets. The primary goal of a public market equivalent (PME) analysis is to alleviate this problem by translating a public markets index return into an IRR calculation by replicating the flows of a private markets fund. As a result, the IRR calculated in a PME analysis allows investors to directly compare the performance of a private markets strategy with the opportunity cost of investing in a comparable public markets benchmark.

In our PME analysis shown in Figure 20, we have chosen a custom benchmark that represents the opportunity cost of simultaneously investing in both high yield bond and leveraged loan markets, which are common alternatives to the private credit asset class. The Custom Index represented in the following table is composed of 50% Bloomberg Barclays US Corporate High Yield Index and 50% Credit Suisse Leveraged Loan Index, and the resulting IRR calculation of this Custom Index represents an investment with the same cash flows of the corresponding fund. As illustrated below, the strategy series has enjoyed a significant premium over the Custom Index across all funds. The total fund series has a net IRR of 7.3% compared to the Custom Index net IRR of 2.1%. Additionally, Fund III (Levered), which was nearly fully invested at the time of the pandemic in 2020 and is perhaps the best demonstration of strategy performance during a period of heightened market volatility, has a net IRR of 7.1% compared to a Custom Index IRR of -0.4%. As such, we believe that this strategy's track record indicates strong superior performance over public fixed income markets across the market cycle.

Figure 20: Fund Series Public Market Equivalent (PME) Analysis (As of 6/30/2020)

Fund	Vintage	Fund Net IRR	Custom Index IRR
Fund I (Levered)	2015	9.6%	5.5%
Fund II (Levered)	2016	8.5%	2.7%
Fund II (Unlevered)	2016	5.8%	3.0%
Fund III (Levered)	2018	7.1%	-0.4%
Fund III (Unlevered)	2018	4.8%	0.7%
Total		**7.3%**	**2.1%**

The fund series performance is represented by the onshore vehicles. Custom Index IRR represents the IRR calculated using the 50% Bloomberg Barclays US Corporate High Yield Index/50% Credit Suisse Leveraged Loan Index assuming an index investment with the same cash flow timing.

Capital Risk of Loss

Investing in the private markets inherently involves less control over capital flows than public markets and, as such, any private investment strategy should be carefully evaluated for its effectiveness in avoiding the loss of capital. Additionally, the private credit asset class in particular is characterized by steady and consistent investments that generally return between 8-12% on a gross basis. This stands in contrast to risker asset classes such as private equity, which can rely on outsized gains of 30%-50% or more in single investments to make up for loss of capital in other fund investments. Therefore, since many private credit strategies, including senior direct lending, primarily rely on the return of principal and interest on a loan rather than on capitalizing on the growth of a portfolio company, analyzing the loss of capital in private credit investments is paramount, with each loss in the portfolio heavily scrutinized.

As seen in Figure 21 on the following page, the strategy's overall track record loss ratio is 0.3%, which is above our expectations of even the most conservative direct lending strategy, where anything below 1% is especially good, and anything above 5% may require further investigation. As such, we believe this strategy's risk controls and defensive tactics, including its focus on senior debt at moderate to low leverage levels, has resulted in a level of downside protection that is superior to many of its senior direct lending peers.

Figure 21: Fund Series Capital Risk of Loss

Fund	Vintage Year	Loss Ratio
Fund I	2015	1.2%
Fund II	2016	0.1%
Fund III	2018	0.1%
Fund IV	2020	-
Total		**0.3%**

The underlying cash flows used in this analysis are for the onshore levered vehicle of the fund series in which the deal was primarily allocated to at original close.

North Dakota Board of University and School Lands Board Meeting Presentation
AG Direct Lending Fund IV, L.P.

December 17, 2020

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There are certain risks associated with an investment in private funds. For example, such funds can experience volatile results and an investor or limited partner could lose some or all of his investment. A fund investment is very speculative and involves a high degree of risk, not suitable for all investors. Further such an investment is illiquid, due to restrictions on transfer, the lack of registration and the absence of a current or expected secondary market for fund interests or shares. Investment strategies may include non performing/distressed illiquid assets, employ leverage and/or employ a shorting strategy. High management fees and an incentive fee or allocation may cause the manager to take greater risks than it ordinarily would without such fees. This is not a complete description of the risks associated with a hedge fund investment.

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Section I:

Angelo Gordon Presenters

Angelo Gordon Presenters

Biographies:

Trevor Clark 	Trevor Clark joined Angelo Gordon in 2014 to establish the firm's middle market direct lending loan business. He is a Managing Director and a member of the firm's executive committee. Prior to joining Angelo Gordon, Trevor was a co-founder and C.E.O. of Madison Capital Funding LLC, a wholly owned subsidiary of New York Life Investments where he oversaw all operational and strategic activities of the middle market lending operation. At Madison Capital, Trevor led the Executive Committee that was responsible for all credit granting decisions and managed the relationship with New York Life Investments and other third-party investors. Prior to forming Madison Capital, Trevor held various positions in loan underwriting and origination at Antares Capital, GE Capital, and Bank of America. He holds a B.A. degree from the University of Iowa, Iowa City and an M.B.A. degree from Indiana University, Bloomington.
Drew Guyette 	Drew Guyette joined Angelo Gordon in 2015. He is a Managing Director in the Firm's middle market direct lending loan business. Prior to joining Angelo Gordon, Drew had been with Madison Capital, a wholly owned subsidiary of New York Life Investments, since 2007. Drew's primary responsibilities at Madison Capital included structuring, underwriting, negotiating, and managing client relationships, where he focused on generalist and technology transactions with middle market private equity sponsors. Additionally, Drew managed one of Madison Capital's Underwriting Teams of professionals. Prior to joining Madison Capital, Drew held a variety of positions at MB Financial Bank, N.A., including underwriting, portfolio management, and new business development. Drew received a B.S. in Finance from the University of Illinois, Urbana-Champaign.
William Cullinan 	William Cullinan joined Angelo Gordon in 2016 and is a Managing Director. He focuses on the firm's US consultant relations effort. Prior to joining the firm, William was a Managing Director at Easterly Capital, LLC. While at Easterly Capital, he was responsible for capital formation and business development with institutional investors, foundations, endowments, family offices, and consultants. Previously, William worked at Putnam's Global Institutional Management Group, Garelick Capital Partners, LP, Merestone Partners, LP, and Fidelity Investments. He began his career at UBS Global Prime Services. William holds a B.A. degree from the University of Massachusetts, Amherst.

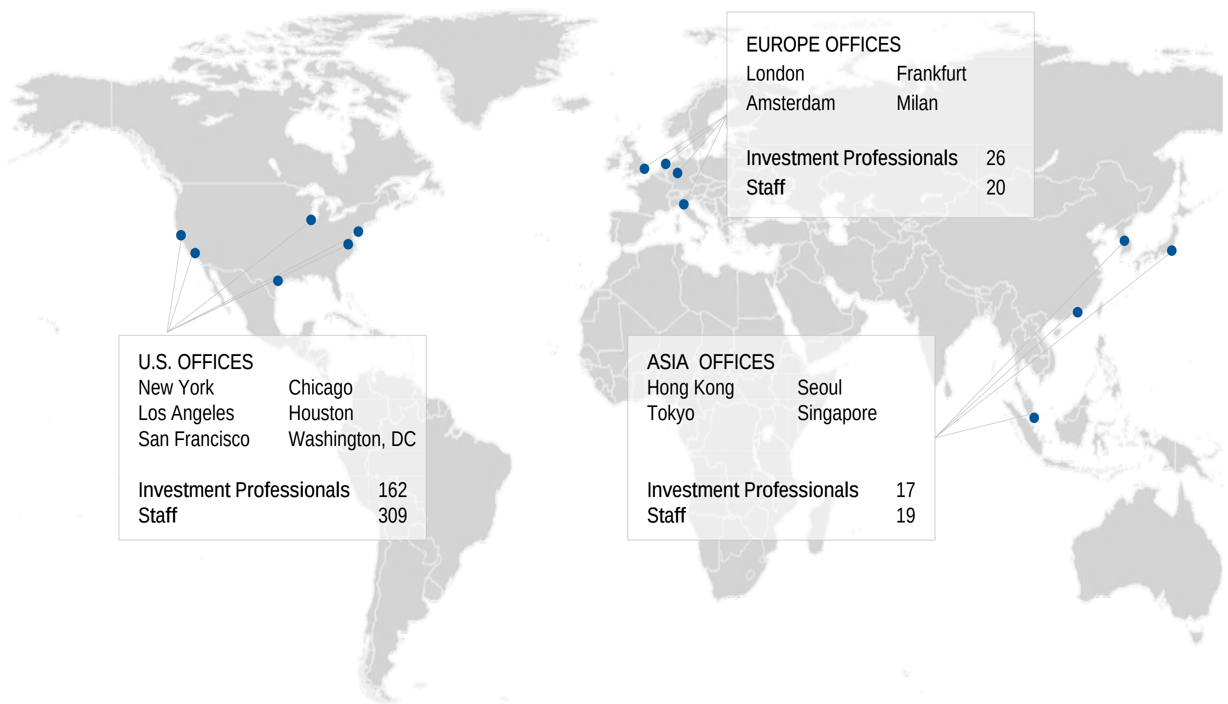
Section II:

About Angelo Gordon

Angelo Gordon

A leading privately held alternative investment firm with a focus on Credit and Real Estate strategies

- 1988 company founded
- 100% owned by AG founders and employees, and their related parties
- **$39 billion** Assets Under Management*
- **Over 500** employees*
- Headquartered in New York with offices globally
- Angelo Gordon and employees have approximately **$1 billion** of capital in our funds**



* As of June 30, 2020.

** Approximate as of June 30, 2020. Includes GP, affiliate and employee related investments and accrued performance allocations. Includes committed, but uncalled capital.

Angelo Gordon

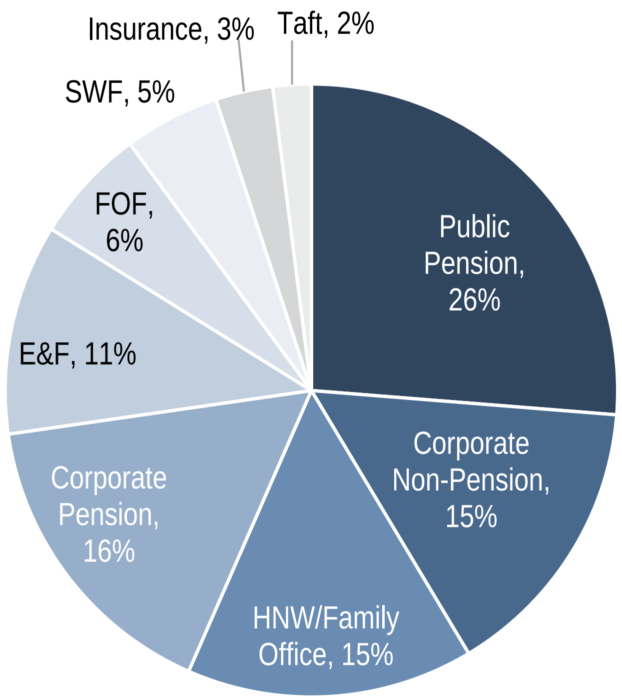
Our Investment Philosophy

- Match money with opportunity on a timely basis
- Invest in inefficient markets to generate consistent, absolute returns
- Conduct extensive research that will drive investment decisions
- Protect capital through research, diversification, and the prudent use of leverage

Our Culture

- Respect our clients and treat them as our only priority
- Conduct ourselves ethically and with integrity
- Collaborate across investment strategies and departments

Our Clients*



* As of March 31, 2020, excludes GP & Affiliates
Totals may not sum due to rounding.

We are entrepreneurial, opportunistic, and add disciplines when they are synergistic to existing strategies

Total AUM: $39bn*

Credit: $25.4bn[1]			Real Estate: $13.0bn			
Corporate Credit $11.0bn	Lending $8.4bn	Structured Credit $6.0bn	U.S. Real Estate $6.2bn	Europe Real Estate $2.7bn	Asia Real Estate $2.2bn	Net Lease Real Estate $1.9bn
▪ Distressed & Corporate Special Situations ▪ Performing Credit ▪ Arbitrage[2]	▪ Middle Market Direct Lending ▪ Energy	▪ Residential & Consumer Debt ▪ Commercial Real Estate Debt				

'88	Distressed & Corporate Special Situations Arbitrage	
'93		U.S. Real Estate
'98	Performing Credit	
'05		Net Lease Real Estate Asia Real Estate
'06	Commercial Real Estate Debt and Loan Origination	
'08	Residential and Consumer Debt & Whole Loans	
'09		Europe Real Estate
'13	Energy	
'14	Middle Market Direct Lending	

*Estimated as of June 30, 2020.
[1] Includes approximately $0.7bn in unallocated multi-strategy cash.
[2] Arbitrage includes Convertible & Merger Arbitrage strategies.
Note: The AUM table excludes Private Equity strategy, which in aggregate represents $0.2bn of the Firm's total AUM.

Section III:

Middle Market Lending: Angelo Gordon’s Approach

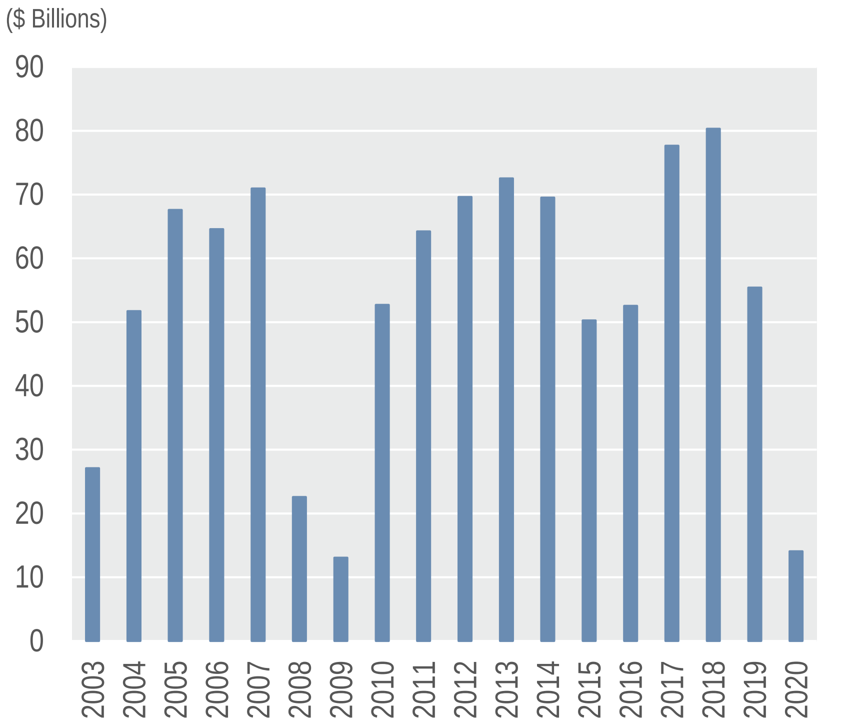
Foundation of Twin Brook Portfolio Return Stability

Attractive & Stable Returns

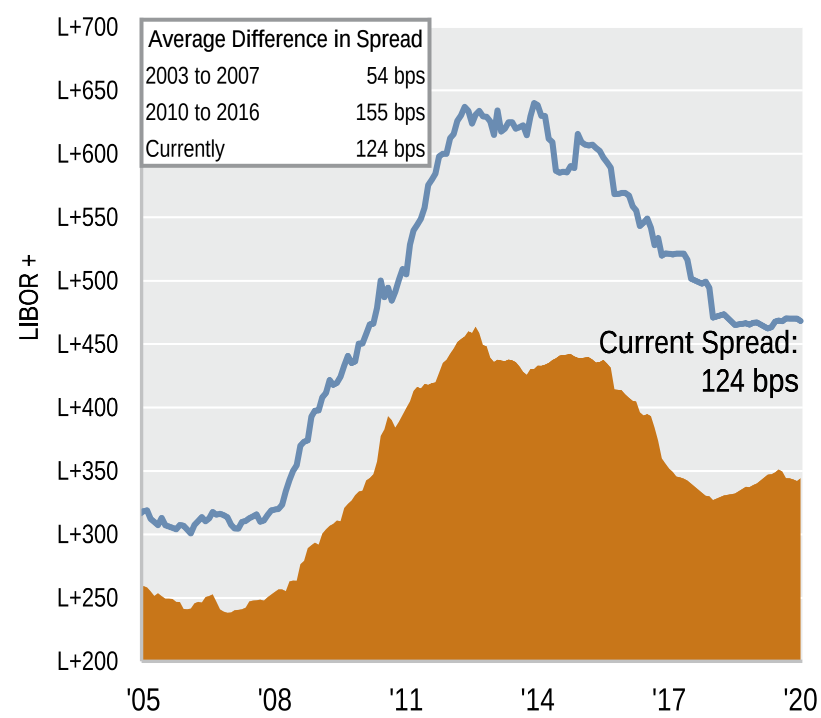
- *Highly Selective Deal Screening*
- *In Depth Due Diligence Process*
- *Leadership Role in Credit Facilities*
- *Small & Reliable Bank Groups*
- *Average LTV Under 50%*
- *Experienced and Scaled Team*
- *Highest Quality Lower Middle Market Companies*
- *19 Year History Executing Strategy*
- *Private Equity Ownership of Borrowers*
- *Non-Cyclical Industries*
- *First Dollars in Capital Structure*
- *Loan Docs with Significant Lender Protections*
- *Strict Limits on Allowed Earnings Adjustments*

Persistent Opportunity Set with Attractive Spreads(1)

Middle Market Annual Sponsored Issuance(2)



Middle Market vs. Large Corporate Leveraged Loan Average Spread(3)



(1) There is no guarantee that the fund's investment objective will be successful, that losses can be avoided, or that AG will be able to source suitable investment opportunities for the Fund.
(2) Source: Thomson Reuters LPC
(3) Middle market leveraged loan includes issuers with less than $50mm EBITDA large corporate loans includes issuers with $50mm or more in EBITDA. Average spread includes any LIBOR floor benefit.
Source: S&P Capital IQ LCD

How to Differentiate Among Middle Market Lending Managers

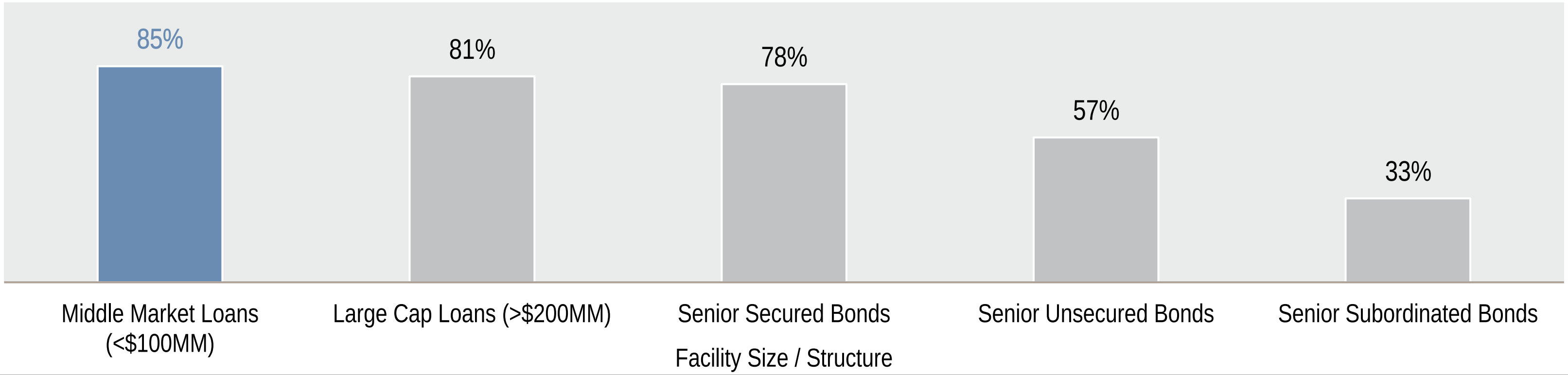
	Twin Brook Team
Relevant Investment Experience ▪ Is the investment experience exclusively in the middle markets ▪ Number of transactions reviewed, completed and declined ▪ Experience through multiple credit cycles (loss experience) ▪ PM's role in transaction history ▪ Experience originating, underwriting and approving credit	*Senior Team Members average over 20 years investment experience and have closed over 1,200 transactions during the course of their careers and many have worked together extensively through previous cycles*[1]
Risk Profile of Target Assets ▪ Historical operating performance of borrower ▪ Seniority in the capital structure (first lien, mezzanine) ▪ Covenants in transaction ▪ Upper or lower end of the middle market ▪ Use of leverage	*Focus on first lien lending with covenants to lower middle market companies ($25mm and below in EBITDA); provide revolvers on all transactions*
Sourcing ▪ Direct vs indirect origination ▪ Sponsor vs non-sponsor ▪ Role of manager in the deal (administrative agent, co-lead arranger, co-agent, participant) ▪ Size of sourcing universe ▪ Annual number of transactions sourced	*Sponsor-backed sourcing channel; team has closed transactions with over 225 sponsors during the course of their careers and has screened over 2,500 unique deals from over 500 sponsors since joining AG*[2]

(1) Past performance is no guarantee of future results. Includes period prior to inception of Twin Brook.
(2) There can be no assurance AG will be able to source suitable investment opportunities for the fund.

Differentiation Within the Middle Market[1]

Market Segmentation		Structural Considerations				Economics		Certainty of Outcome[2]		
Type of Market	EBITDA Range ($mm)	Arranger Hold of Senior Debt [3]	Leverage	Financial Covenants	Covenant Cushions	Pricing (L+bps)[4]	OID	No. of Lenders	Reverse Pricing Flex[5]	Allocation Certainty
BSL	>$75	4 – 6.0%	High (>6x)	None	N/A	300 – 375	99.5-Par	50 – 75	Yes	No
Upper MM[6]	$40 – 50+	5 – 7.5%	High (>6x)	None	N/A	375 – 425	99 – 99.5	20 – 40	Sometimes	No
Core MM	$25 – $40	30 – 100%	Moderate to High	50/50	30 – 45%	400 – 475	99 – 99.5	2 – 8	No	Sometimes
Lower MM	<$25	60 – 100%	Moderate	Yes, Multiple	20 – 30%	450 – 550	98.5 – 99	1 – 3	No	Yes

Average Recovery Rate[7]



Please see the slide titled "Additional Disclosures" for further details.

Why We Focus On the Lower End of the Middle Market

Upper Middle Market

Core

Lower Middle Market

Companies with EBITDA of $25 million or less

We view this market as less competitive than the upper middle market and believe that origination fees and spreads are likely to be higher and lender protections stronger

- Typically offers higher yields and lower Debt/EBITDA
- More conservative capital structures
- Stricter covenants creates opportunity for early involvement during defaults
- More manageable lender groups (typically 1-3), that facilitate work-outs should they be required
- More stringent legal due diligence and lender friendly legal documentation
- Better access to management
- Private equity sponsor support for borrowers
- May create follow-on financing opportunities as companies grow
    - Over time we expect over 50% of our platform financings to have add-on activity

There can be no assurance that the investment objective will be successful or that losses can be avoided.

Sourcing Focused on Middle Market Private Equity Sponsors

	Benefits of Sponsored Lending
Relationship	Lenders maintain a direct relationship with sponsors and management
Capital Support	Most sponsors operate with a committed pool of capital to weather liquidity challenges or invest in turnaround initiatives
Diligence	Sponsors share independent third party diligence for market, accounting, environmental, insurance/benefits, IT, etc.
Management	Lenders underwrite to sponsors who control the board and can upgrade / replace management

Why sponsors will work with Angelo Gordon

- Well-known among private equity sponsors as a strong, reliable counterparty with a long-term commitment to the business
  - The team has closed transactions with 228 different PE groups over the last 19 years, with 76 of those coming in the last five years
- Experience investing through multiple credit and economic cycles, including extensive work-out experience
- Deep understanding of middle market private equity business
- Flat organizational structure permits for quick response times

Why source through sponsors

- Effective origination which allows for high selectivity as we believe we are seeing the best deals in the market
- Understand the need to include covenants in deal documentation
- Sponsors bring the potential to contribute additional capital if needed to support the borrower
- Ability to make tough decisions in challenging times
- PE Sponsors raised $228 billion in capital in 2018, the highest in a decade; the resulting dry powder is likely to create ongoing deal flow(1)

Our sourcing capabilities create a barrier to entry

Past performance is no guarantee of future results. There can be no assurance that AG will be able to source suitable investment opportunities for the Fund, that the investment objective will be successful or that losses can be avoided.

(1) Refinitiv, Middle Market Weekly January 2019.

Active Portfolio Management

- Initial deal team responsible for ongoing borrower management with additional resources available, including the PM as needed
  - Deal teams include an account manager (associate or AVP level), a team leader (VP level) and an originator
  - Account managers typically monitor 4 – 8 borrowers
- Bolt on additional team members for any watchlist credits
- Both quantitative and qualitative metrics utilized
  - Proprietary Credit Loan Score Model (quantitative) enables the account manager to monitor any change in risk and provides an assessment of the overall portfolio
  - Proprietary Credit Risk Rating System (qualitative) allows the account manager to reflect intangibles or developments not reflected in the Credit Loan Score Model

Daily / Weekly	Monthly	Quarterly	Annual / Ongoing
Approve requests for Revolver and DDTL draws Pipeline review of upcoming opportunities including potential add-ons for existing borrowers Weekly watch list meetings with senior management	Proprietary loan tracking system updated on a monthly basis following the receipt and review of borrower financials Borrower financial updates summarized in a monthly portfolio report Conduct calls with sponsor and borrower management or loan agent as needed Monthly financial results compared back to original diligence materials and current year budget	Complete quarterly portfolio reviews Credit Loan Score and Credit Risk Rating updated to reflect recent performance Quarterly valuation marks reviewed by the valuation committee Quarterly portfolio summary presented to investment committee	Reconciliation of previously provided financials upon receipt of annual audit Review annual budgets and management long – term projections Typically visit borrowers annually or more often if needed

Represents typical management process which may vary and change without notice.

Prudent Approach to Leverage

- We have had a consistent, conservative approach to utilizing leverage since the inception of our strategy in 2014
  - We have not historically, nor do we plan to, utilize the maximum leverage available to us
- Our 1.25-1.5x target leverage allows for cushion based on the leverage the banks offer us
  - We continuously stress test our available liquidity and the cushion in place
- We use a diversified group of lenders and generally have two types of asset-based facilities
  - A "strike-zone" facility whereby if a loan meets specific parameters it can be financed without any additional approval
  - A deal-by-deal approval facility
- To date, all of our facilities are highly negotiated, and:
  - They do not have mark-to-market adjustments, all changes in leverage are based on underlying borrower performance
  - Each asset-based lender only has recourse to the loans they are financing
  - Our lenders do not have the ability to terminate the financing at their discretion

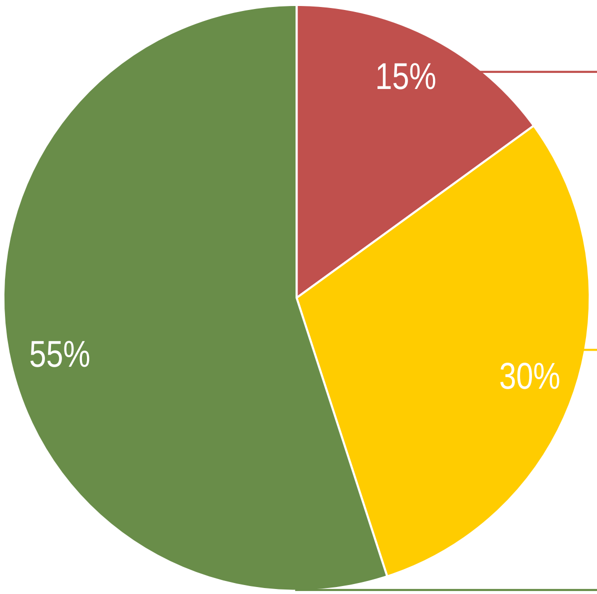
General expectation subject to market conditions. Please refer to the fund's LPA section on use of leverage for more information.

Our Experience Enabled Us To Act Quickly in March

We believe our investment approach allowed us to start from a position of strength	Twin Brook Enhanced Portfolio Management Actions Implemented in March
Our strategy is focused on minimizing volatility and protecting the downside and thus is conservatively positioned ▪ 98% first liens ▪ No exposure to retail, restaurants or traditional travel industries ▪ 100% sponsor-backed transactions ▪ Covenants in 100% of our transactions ▪ Average closing LTV of 46% Our team enacted its historical playbook, utilizing our experienced distressed management resources and network of relevant personnel ▪ Five senior professionals bolt-on to our deal teams ▪ Roster of consultants and turnaround officers to engage on a case-by-case basis	Borrower discussions/analysis ▪ Weekly and bi-weekly with management teams ▪ 13 week cash flow reports ▪ 30 day, 90 days and 6 month sensitivity analysis of Borrower's forecast ▪ Review of operational actions at the Borrower level (furloughs, cost reduction activities, working capital management) ▪ Cares Act / Stimulus eligibility Private Equity interaction ▪ Weekly and bi-weekly discussions regarding underlying Borrowers and Industry/Sector specific observations ▪ Discussions of operational support and capital support as needed

Portfolio COVID Exposure

Expected COVID Impact



Severity of expected impact

- Significant: 15%
- Moderate: 30%
- Low to Positive: 55%

More Significantly Impacted:

- Businesses that provide services or equipment in a social gathering environment such as rental services, recreational and professional transportation, and cleaning services
- Borrowers that had experienced or were projecting a covenant default prior to Covid-19

Moderately Impacted:

- Businesses that experienced short term closures but demand for their services is deferred and expected to resume at a meaningful level once reopened.
- Borrowers that have a meaningful cash and liquidity balance to weather the short term disruption and have reduced their short term expenses

Positively or Minimally Impacted:

- Businesses deemed essential to stay open during the shelter-in-place orders and have demonstrated positive to stable revenue
- Healthcare businesses providing non-elective services or products, financial and insurance services, and non-discretionary B2B and B2C manufacturing and distribution

The Landscape for Fund IV Remains Compelling

- Deal flow has resumed post a severe slowdown immediately post-COVID
  - Opportunities to deploy capital have continued to ramp into the fourth quarter driven by both the increasing quantity and quality of new transactions as well as add-on acquisition activity
  - Inbounds from private equity sponsors new to the firm, as well as investment banks launching new sale processes, have increased given our reputation as a reliable lender, our current market share and the health of our existing portfolio
- We believe the competitive landscape is more favorable today
  - We expect reduced competition going forward with numerous competitors struggling with existing portfolios and limited access to incremental capital
  - We also anticipate that sponsors may look to further concentrate their lender relationships with those who engaged with them productively and in a relationship-oriented fashion since March
  - We also believe that our sponsors may emphasize those lenders who can navigate the current environment and hit their desired timeline at the desired terms as opposed to negotiating economics to the lowest common denominator
- All of our transactions have LIBOR floors of at least 1.00%[1]

There is no guarantee that suitable investment opportunities will be soured for the Fund.
(1) Subject to market conditions, not an investment restriction.

Section IV:

AG Direct Lending Platform

The Growth of AG Direct Lending

2014 – Present

$10.0 Billion
of Asset Commitments

220
Closed Transactions

53
Realized Transactions

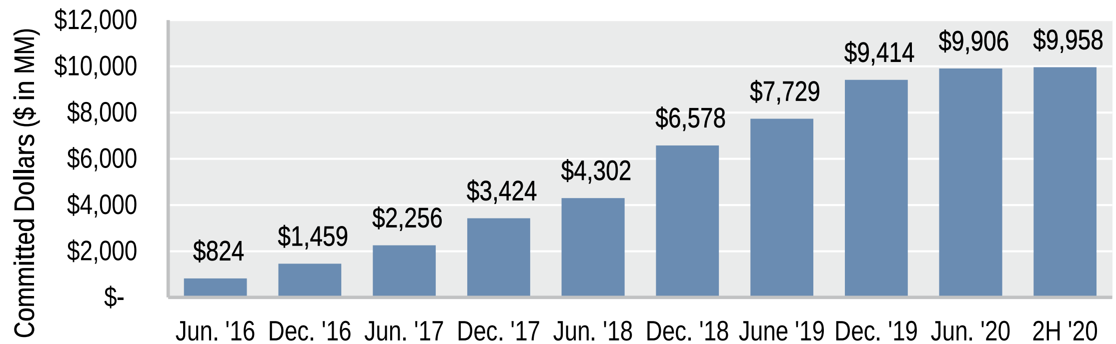
90
Unique Sponsors

94%
Admin and Co-Lead Arranger

3,402
Unique Deals Reviewed Since Inception

*The above metrics are not necessarily indicative of future activity.

Twin Brook Capital Partners History



	Jun. '16	Dec. '16	Jun. '17	Dec. '17	Jun. '18	Dec. '18	June '19	Dec. '19	Jun. '20	2H '20
Unique Borrowers	32	51	66	88	97	128	139	156	166	167
Originators	5	5	6	7	9	10	9	8	8	8
Team Size	23	29	38	46	48	55	60	66	67	64

Note: "Unique Borrowers" includes current active deals through the stated measurement date.
Note: "Closed Transactions" and "Unique Sponsors" includes all active and realized closed deals across the Twin Brook platform as of the stated measurement date

Our Experienced Team

Portfolio Manager

Trevor Clark, 20+ Years

Senior Originators

Heads of Originations:

Richard Christensen 20+ years[1]	Grant Haggard 20+ years[1]	Faraaz Kamran 20+ years[1]
Pete Notter 20+ years[1]	Tim Healy 20+ years	Chris Martin 20+ years[1]
Tim Wentink 20+ years[1]	Betsy Booth 12+ years[1]	

Capital Markets

Garrett Ryan 20+ years

Finance, Operations & Fund Management

Vishal Sheth Chief Financial Officer, 16+ years

Terry Walters Chief Accounting Officer, 16+ years

Karen Saunoris Director of Ops 20+ years[1]	Danette Shepherd 17+ years[1]	Nick Flemming 7+ years
Kate Hansell 7+ years	Kate Morrissey 6+ years	Matt Skly 5+ years
Dan O'Donnell 4+ years	Chloe Smith 4+ years	Gabriella Savino 2+ year
Austin Rodger 1+ year		

Chief Credit Officer

Drew Guyette, 18+ years[1,2]

Senior Underwriters

Co-Heads of Underwriting: Therese Icuss, 15+ years[2] and Kim Trick, 13+ years[2]

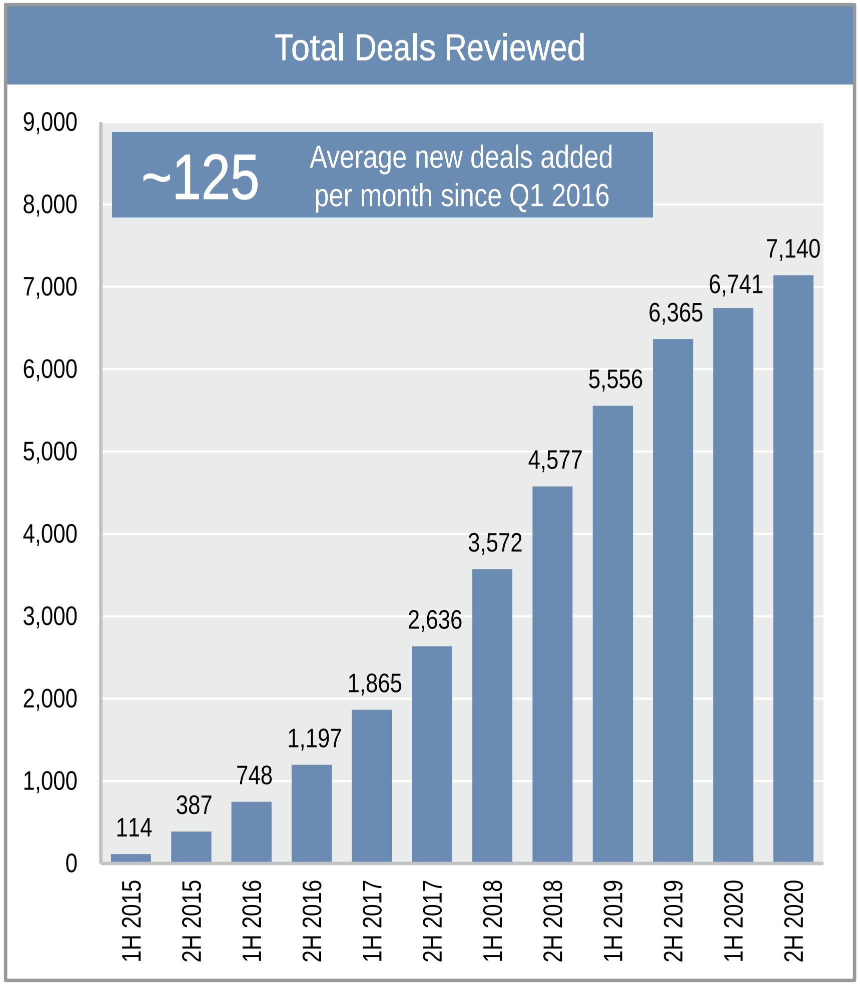
Tim Schifer 20+ years[1,2]	Sarah Roche 13+ years	Jennifer Dzwonchyk 12+ years	Joe Tinaglia 14+ years[1]
Nick Fessler 10+ years	Evan Larsen 10+ years	Chris Hendrix 8+ years	Anthony Maggiore 8+ years[1,2]

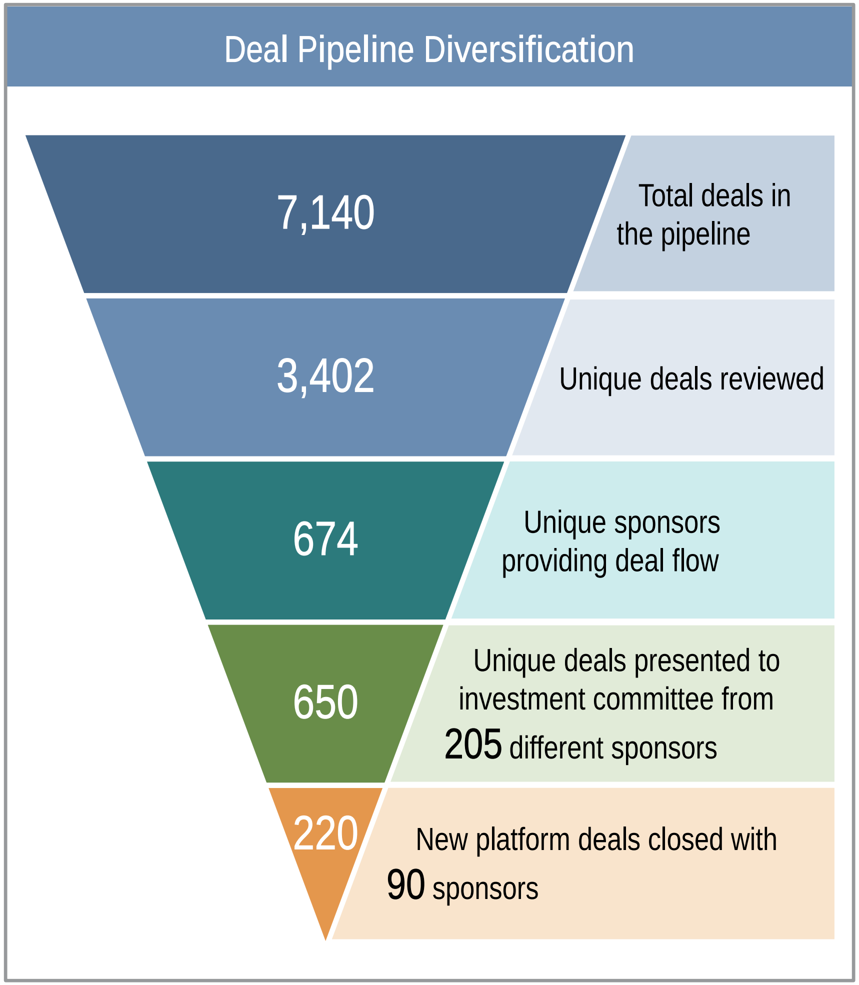
Underwriters

Luke Connor 8+ years	Brett Bork 8+ years	Catherine Haviland 8+ years	Caroline King 8+ years	Chris Kratschmer 8+ years	Nicholas Wagner 7+ years
Alex Small 7+ years	Aaron Pontsler 6+ years	Peter Coffin 6+ years	Nick Hill 6+ years	Ben Morton 6+ years	Alexandra Good 5+ years
Elizabeth Faber 5+ years	Troy Stratton 5+ years	Zack Wolfe 5+ years	David Golembiewski 5+ years	Jim Lynch 4+ years	Nick Shuey 4+ years
Adam Lawal 4+ years	Moises Correa 4+ years	Brad Sullivan 3+ years	Tyler Mink 3+ years	Komal Gandhi 3+ years	Chris Reynolds 3+ years
Emily Jones 3+ years	Accepted Offer	Accepted Offer	Accepted Offer	Accepted Offer	Accepted Offer

Years of experience as of October 2020.
(1) Denotes prior experience working with the Portfolio Manager.
(2) Represents one of the team members bolted on to a team that is monitoring a "watchlist" credit.

Building a Portfolio: Deals Reviewed



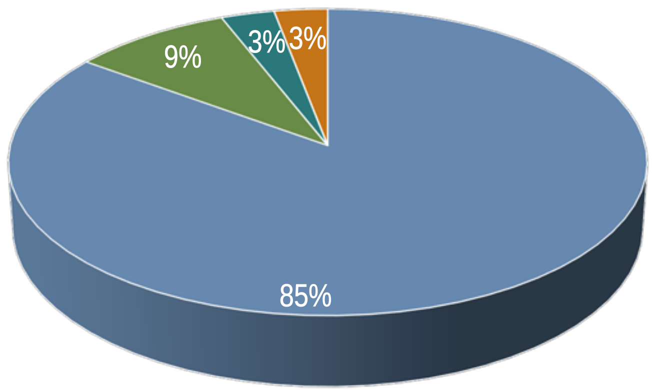


Note: Includes all deals included in the pipeline based off of the deal's 'Open Date'. Some individual deals are included multiple times if they are received from multiple sponsors.

Note: Includes all viewed deals entered onto the pipeline report through October 31, 2020.

Transaction Role

Role



- Administrative Agent: 187 / 85%
- Co-Lead Arranger: 20 / 9%
- Co-Agent: 7 / 3%
- Participant: 6 / 3%

94% Closed transactions that Twin Brook has acted as Administrative Agent or Co-Lead Arranger

Why Do Administrative Agent and Co-Lead Arranger Titles Matter?(1)

- Better Economics – Higher upfront fees
- Primary role in structuring the credit document and covenant terms
- Add-on or acquisition activity drives additional fees
- Leadership role in the bank group results in capital markets income opportunities
- Stronger client relationships resulting from increased direct dialogue with the sponsor and borrower
- Incumbent lender often in a strong position to provide financing to new sponsor when a business is sold, thus contributing to deal flow for future funds

(1) Represents the views of the Twin Brook team. There can be no assurance that each of the AG Direct Lending Funds' investment objective will be achieved or losses can be avoided. Note: Includes all deals closed across the Twin Brook platform including predecessor funds through October 31, 2020 broken out by the position that Twin Brook took in the deal.

AG Direct Lending Fund I-III Onshore Returns

Fund	Committed Capital	Called Capital	Date of First Capital Call	Net IRR as of 9/30/2020[1]	Net MOIC as of 9/30/2020[1]
AG Direct Lending Fund, L.P. (Fund 1 Onshore Levered)	$306 million	$294 million	June 1, 2015	9.69%	1.3x
AG Direct Lending Fund II, L.P. (Fund 2 Onshore Levered)	$650 million	$650 million	December 14, 2016	8.69%	1.2x
AG Direct Lending Fund II (Unlevered), L.P. (Fund 2 Onshore Unlevered)	$152 million	$146 million	November 21, 2016	5.93%	1.2x
AG Direct Lending Fund III, L.P. (Fund 3 Onshore Levered)	$1,070 million	$1,070 million	August 20, 2018	7.78%	1.1x
AG Direct Lending Fund III (Unlevered), L.P. (Fund 3 Onshore Unlevered)	$652 million	$548 million	July 31, 2018	5.45%	1.1x

Note: All figures are estimates as of September 30, 2020

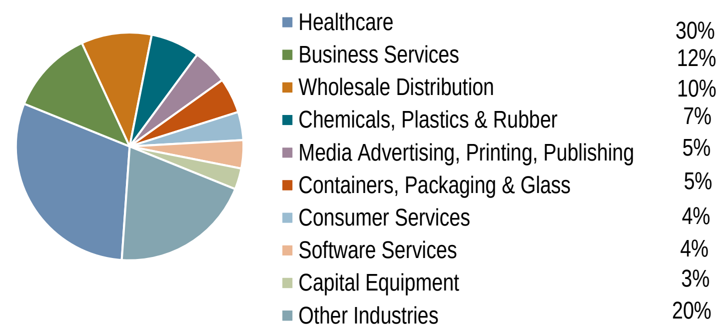
(1) Net performance data represent results for limited partners (excluding affiliates), net of all expenses including actual quarterly management fees payable by the Fund (with respect to limited partners, ranging from 0.125%-0.25% per quarter) and the accrual of carried interest to the general partner (but excluding investor-level taxes). The net Internal Rate of Return ("IRR") reflects cumulative cash-on-cash returns for the entire period from inception plus residual values at the end of the period, expressed as an annualized internal rate of return. Note that the IRR is a Fund level return and may differ from an individual limited partner's return due to the difference in the timing of such limited partner's initial capital call. The net IRR is not meaningful for periods less than one year; for funds without an IRR we have provided a net MOIC (Multiple of Paid-In-Capital), which is the sum of Distributed Capital and NAV, divided by Drawn Capital. The use of credit facilities may impact IRRs. Past performance is no guarantee of future results. Future funds and vehicles may offer different fee and carry terms, which may impact net performance. The above shows the performance of commingled funds and excludes separately managed accounts, the performance of which may differ. Co-portfolio manager of the above Funds, Chris Williams, has resigned from the firm effective December 31, 2018; Trevor Clark is leading the firm's middle market direct lending business and is the sole portfolio manager as of March 2018.

AG Direct Lending III, L.P. Update

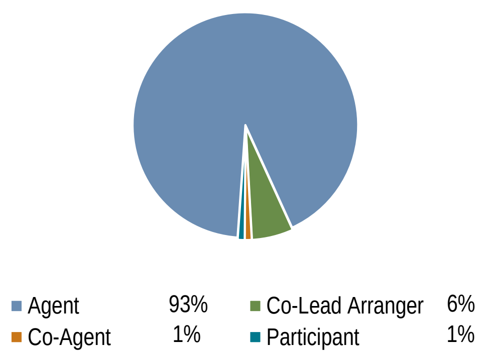
(as of September 30, 2020)

- Date of First Capital Call[1]: August 20, 2018
- Portfolio Companies: 134
- Weighted Average EBITDA[2]: $20.6 million
- Top Ten Positions (as % of LMV): 19.0%
- Sponsors: 69

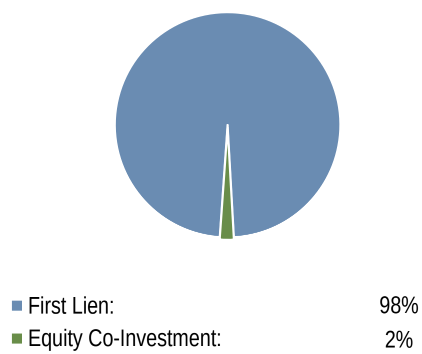
Industry Exposure (% of Total Committed Par Value)[3]



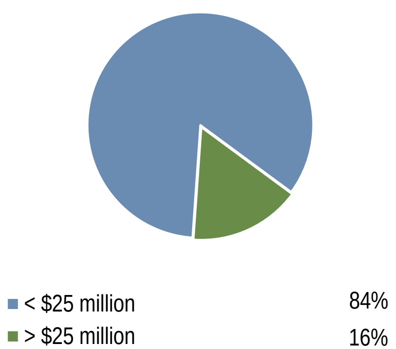
Role in Transaction (%)[4]



Lien Type (%)[3]



EBITDA by Deal Count (%)[4]



All figures are estimates and as of September 30, 2020. Certain total figures may appear skewed because of rounding.
(1) Represents date of the first capital call; the Fund may have made investments prior to this date via a subscription line or other financing facility.
(2) Data as of the prior month-end. Calculations based on the market value of all term loans, as well as funded delayed draw term loans and revolvers.
(3) Value represents a percentage of total committed par value.
(4) Value represents a percentage of deal count.

Recently Closed Transactions*

Anne Arundel Dermatology	Vital Care Home Infusion Services	SENTA ENT and Allergy Partners	KIC
FIRST LIEN ADMINISTRATIVE AGENT OCTOBER 2020	ADMINISTRATIVE AGENT OCTOBER 2020	ADMINISTRATIVE AGENT SEPTEMBER 2020	ADMINISTRATIVE AGENT AUGUST 2020
Ridgemont Equity Partners	LINDEN	SHORE Capital Partners	Inverness Graham

* The above transactions are presented for illustrative purposes and are not necessarily indicative of transactions currently available for any fund or account.

Appendix:

I. ESG Considerations
II. AG Direct Lending Team Biographies

ESG Considerations

Purpose

Angelo Gordon recognizes the value generated for our limited partners, joint venture operating partners, employees, and local communities in which we operate that comes with integrating ESG considerations into our business decisions. Our objective is to make financial decisions on a full set of risk reward factors and we view ESG considerations and risk factors to be one input of many in our investment process.

Considerations

- The Team's regular diligence process will vary by situation but will typically include, but is not limited to, background checks of management teams, full business analysis and underwriting encompassing a borrower's employee base, value proposition, and customer profiles as well analyzing related environmental impacts and practices and regulatory requirements. Our diligence relies on public filings and employs select third parties to review environment-related diligence and conduct background checks.
- Angelo Gordon recently became a member of the SASB Alliance and licensed SASB's Materiality Map.
  - The Team is beginning the process of incorporating the Materiality Map into its investment diligence process.
- Consistent with firmwide policy, the Team ultimately seeks to make financial decisions based on a full set of risk reward factors, which includes ESG factors.
- The Team does not seek to exclude companies or sectors from consideration because they are perceived to be exposed to a higher degree of ESG risk; however, there are a number of industries that the Team would be more likely to avoid or for which it would require a significantly heightened level of due diligence in order to get comfortable with a loan. These include: Debt collection, Payday loans / Savings and loan associations, Vice industries or companies that would not meet a moral social standard, Gaming/casinos, Firearms, Hotels, motels and resorts, Leveraged leases, Project finance, Real estate related actions (including construction loans), High technology, Cable and cellular, Builders and contractors

Integration

- The level of control or influence the Team has over ESG factors varies throughout the life of an investment
- Diligence phase preceding execution of a transaction
  - The Team seeks to identify and understand the ESG-related and other financial risks to determine whether it will proceed with an investment or take further action
  - In some cases, the Team may require a sponsor or borrower to present or perform additional diligence, take specific actions or put in place an action plan to address ESG factors not currently in compliance with the strategy's ESG policy and standards
  - Any issues deemed material, or related actions, are detailed both in the underwriting memo and the closing memo, which are completed prior to the final approval of an investment
- Portfolio Management Phase
  - We rely on a borrower's private equity sponsor to conduct ongoing third-party diligence as we do not have equity control or board control/rights over the underlying borrower. Should a transaction have a "post-closing" deliverable or action required as part of making the investment, the Team will monitor the progress of said actions/requirements
- Despite the presence of one or more ESG-related issues, at times, the Team will proceed with an investment having fully understood and evaluated the potential impact of relevant ESG-related risks, and where possible, will implement action plans to mitigate or resolve such risks.
  - In some cases, we will determine that the ESG-related risks are overwhelmingly detrimental to the potential performance of an investment and abandon the process

Please refer to our Firm and Middle Market Direct Lending ESG policies for further information.

Middle Market Direct Lending Team

Trevor Clark joined Angelo Gordon in 2014 to establish the firm's middle market direct lending loan business. He is a Managing Director and a member of the firm's executive committee. Prior to joining Angelo Gordon, Trevor was a co-founder and C.E.O. of Madison Capital Funding LLC, a wholly owned subsidiary of New York Life Investments where he oversaw all operational and strategic activities of the middle market lending operation. At Madison Capital, Trevor led the Executive Committee that was responsible for all credit granting decisions and managed the relationship with New York Life Investments and other third party investors. Prior to forming Madison Capital, Trevor held various positions in loan underwriting and origination at Antares Capital, GE Capital, and Bank of America. He holds a B.A. degree from the University of Iowa, Iowa City and an M.B.A. degree from Indiana University, Bloomington.

Betsy Booth joined Angelo Gordon in 2015 as a Vice President in the firm's middle market direct lending loan business. Prior to joining Angelo Gordon, Betsy was at Ares Management LLC where she underwrote senior debt and unitranche credit facilities supporting private equity backed transactions primarily in the middle market space across a variety of industries. Previously, Betsy was with Madison Capital Funding LLC where she underwrote and managed senior credit facilities supporting middle-market private equity transactions, managing all aspects of the underwriting process including loan structuring, due diligence and financial modeling as well as legal documentation and negotiation. Prior to Madison Capital, Betsy held a number of positions at MB Financial Bank, N.A., including credit analyst, portfolio manager and new business development. Betsy received a B.S. in Finance from the University of Illinois, Urbana-Champaign.

Richard Christensen joined Angelo Gordon in 2015 as a Managing Director in the firm's middle market direct lending loan business. Prior to joining Angelo Gordon, Rich had been with Madison Capital Funding LLC, a wholly owned subsidiary of New York Life Investments, since its initial founding in 2001. Rich's primary responsibilities at Madison Capital included client relationship management and new business development, where he focused on originating and structuring transactions with middle market private equity sponsors. Additionally, at Madison Capital, he was part of the organization's specialty Micro Cap Leveraged Finance Group, which executed transactions for private equity sponsors in the Lower Middle Market. Prior to joining Madison Capital, Rich held various positions in loan underwriting and portfolio management at Bank of America's Commercial Finance Group (formerly NationsCredit Commercial Corp.) and First Source Financial, Inc. Rich received a B.S. in Finance from the University of Arkansas and an M.B.A. and an M.A. in Accounting from the University of Iowa.

Jennifer Dzwonchyk joined Twin Brook in 2017 and is a Vice President in the firm's middle market direct lending business. She is focused on evaluating, underwriting, structuring, and managing senior and unitranche cash flow loans to support private equity backed transactions. Prior to Twin Brook, Jennifer worked as a Private Equity Associate at Frontenac Company. She previously held roles at JPMorgan in investment banking as well as mezzanine lending within Chase Capital, a division of JP Morgan Chase. Jennifer holds a B.A. in Economics from Middlebury College and an M.B.A. from Harvard Business School.

Middle Market Direct Lending Team

(continued)

Nick Fessler joined Angelo Gordon in 2018 and is a Vice President in the firm's middle market direct lending business. Prior to joining the firm, Nick was an Assistant Vice President at Antares Capital LP, where his responsibilities included structuring, underwriting and portfolio management of private equity sponsored transaction across a variety of industries. Nick began his career with GE Capital as part of its financial management program (FMP). Nick holds a B.B.A. in Finance from the University of Notre Dame and an M.B.A degree from University of Chicago Booth School of Business.

Drew Guyette joined Angelo Gordon in 2015. He is a Managing Director in the Firm's middle market direct lending loan business. Prior to joining Angelo Gordon, Drew had been with Madison Capital, a wholly owned subsidiary of New York Life Investments, since 2007. Drew's primary responsibilities at Madison Capital included structuring, underwriting, negotiating, and managing client relationships, where he focused on generalist and technology transactions with middle market private equity sponsors. Additionally, Drew managed one of Madison Capital's Underwriting Teams of professionals. Prior to joining Madison Capital, Drew held a variety of positions at MB Financial Bank, N.A., including underwriting, portfolio management, and new business development. Drew received a B.S. in Finance from the University of Illinois, Urbana-Champaign.

Grant Haggard joined Angelo Gordon in 2015 as a Managing Director in the firm's middle market direct lending loan business. Prior to joining Angelo Gordon, Grant had been with Ares Management LLC for the previous year. Prior to Ares, Grant was with Madison Capital Funding LLC, a wholly owned subsidiary of New York Life Investors, from 2008 to 2014. Grant's primary responsibilities at Ares and Madison Capital included client relationship management and new business development, where he focused on originating and structuring transactions with middle market private equity sponsors. Prior to joining Madison Capital, Grant held various positions in originations, loan underwriting and portfolio management at Linsalata Capital Partners and Antares Capital Corporation. Grant received a B.S. in Accounting from the University of Cincinnati and an M.B.A. from the Kellogg School of Management at Northwestern University.

Tim Healy joined Angelo Gordon in 2018 as a Managing Director in the firm's middle market direct lending loan business. Tim's responsibilities include originating, evaluating and structuring new credit opportunities among private equity sponsors. Prior to joining the firm, Tim spent 13 years with Linsalata Capital Partners, rising to the level of Senior Vice President and Partner, where he led the firm's marketing, intermediary development activities and deal sourcing efforts. Tim's additional responsibilities included acquisition searches, due diligence, negotiations and portfolio company oversight. Prior to LinCap, Tim spent 13 years with National City Bank as a Senior Vice President in the Equity Sponsor Group, providing senior debt financing for private equity firms and their portfolio companies. Tim received a Master of Business Administration from the Simon Business School at the University of Rochester and a Bachelor of Arts degree in English from the University of Rochester.

Middle Market Direct Lending Team

(continued)

Christopher Hendrix joined Angelo Gordon in 2016 and is a Vice President in the firm's middle market direct lending loan business. Previously, Chris served as an Associate at Chase Capital, a division of JPMorgan Chase. His role at Chase Capital included underwriting and managing senior and junior cash flow loans to privately-owned and sponsor-owned middle market companies across a broad range of industries. Prior to his role as an Associate, Chris served as an Analyst in JPMorgan Chase's broader middle market commercial lending division. Chris received a B.S. degree in Business Administration, summa cum laude, with a concentration in Finance from Fordham University.

Therese Icuss joined Angelo Gordon in 2016 as a Vice President in the firm's middle market direct lending loan business. Prior to joining Angelo Gordon, Therese had been with Chase Capital, a division of JPMorgan Chase, since 2008. Therese's primary responsibilities at Chase Capital included originating, structuring, underwriting and managing senior and subordinated loans to private equity-owned and privately-owned middle market companies in North America across a broad range of industries. Prior to joining Chase Capital, Therese worked at JPMorgan Chase Bank, N.A. covering the middle market, including underwriting and portfolio management. Therese received a B.S. in Finance from the University of Illinois, Urbana-Champaign.

Faraaz Kamran joined Angelo Gordon in 2016 as a Managing Director in the firm's middle market direct lending loan business. Prior to joining the firm, Faraaz was with Madison Capital Funding LLC, a wholly owned subsidiary of New York Life Investors. Faraaz founded Madison Capital's healthcare group and built a team of ten professionals. Faraaz's responsibilities included building and managing the healthcare silo as well as client relationship management and new business development, where he focused on originating and structuring transactions with middle market private equity sponsors. Prior to joining Madison Capital, Faraaz held various positions in originations, loan underwriting and portfolio management at Dresdner Kleinwort Wasserstein and American National Bank. Faraaz received a B.A. in Economics from the University of Illinois at Urbana-Champaign and an M.B.A. from the Kellogg School of Management at Northwestern University.

Evan Larsen joined Angelo Gordon in 2015 and is a Vice President in the middle market direct lending team. Prior to joining Angelo Gordon, Evan was an Associate with U.S. Bank's Leveraged Finance division for two years, where he was responsible for underwriting new transactions and portfolio management of existing loans. Prior to his role in Leveraged Finance, Evan was an Analyst at U.S. Bank, supporting various corporate, commercial and specialty lending groups. Evan received a B.S. degree from Saint Louis University.

Tony Maggiore joined Angelo Gordon in 2016 and is a Vice President in the firm's middle market direct lending loan business. Prior to joining Angelo Gordon, Tony was a Senior Associate with Madison Capital Funding LLC, a wholly owned subsidiary of New York Life Investments, since 2014. At Madison Capital, Tony's responsibilities included the structuring, underwriting, and portfolio management of transactions across a range of industries with middle market private equity sponsors. Prior to Madison Capital, Tony worked in NewStar Financial's Leveraged Finance division for approximately two years, where he was responsible for underwriting new transactions and portfolio management of existing loans. Tony received a B.S. degree from Boston College's Carroll School of Management Honors Program.

Middle Market Direct Lending Team

(continued)

Christopher Martin joined Angelo Gordon in 2016 as a Managing Director in the firm's middle market direct lending loan business. Prior to joining Angelo Gordon, Chris was with Madison Capital Funding LLC, a wholly owned subsidiary of New York Life Investments, since 2008. Chris's responsibilities at Madison Capital included client relationship management, business development and underwriting, where he was responsible for originating and structuring transactions with middle market private equity sponsors. Prior to Madison Capital, Chris held various positions within Comerica Bank's Private Equity and Middle Market Banking groups, where he was responsible for business development, underwriting and portfolio management. Chris received a B.S. degree in Finance from the University of Delaware and an M.B.A degree from the Kellogg School of Management at Northwestern University.

Pete Notter joined Angelo Gordon in 2016 as a Managing Director in the firm’s middle market direct lending loan business. Prior to joining Angelo Gordon, Pete spent ten years at Madison Capital Funding LLC, working in a variety of roles including relationship management, structuring, underwriting, and portfolio management. While at Madison Capital Pete jointly founded the firm's Micro Cap lending initiative. Prior to joining Madison Capital he spent seven years at National City Bank (predecessor to PNC Bank) as a relationship manager in its Midwest Corporate Banking Group. Pete started his career at Bank of America. Pete received his B.A. degree in Economics from Ohio University and holds an M.B.A. from the Weatherhead School of Management at Case Western Reserve University.

Sarah Roche joined Twin Brook in 2017 as a Vice President in the firm’s middle market direct lending loan business. Prior to joining Twin Brook, Sarah was a Vice President at NXT Capital LLC. Sarah’s responsibilities at NXT Capital included evaluating, structuring, underwriting, executing and syndicating leveraged finance transactions for middle market private equity sponsors. Prior to NXT, Sarah held several positions at JPMorgan Chase Bank, N.A., including credit analyst, portfolio manager, mezzanine debt private placements associate and syndicated leveraged finance associate. Sarah received a B.S. in Accounting from Miami University’s Farmer School of Business.

Garrett Ryan joined Twin Brook in 2017 as a Partner and Head of Capital Markets for the firm's middle market direct lending loan business. With over 20 years of experience in capital markets, Garrett has extensive knowledge in middle market direct lending as well as institutional, high yield, and asset-based lending. His team maintains close relationships with all middle market lenders. Garrett supports Twin Brook’s originators and underwriters in structuring, pricing, and negotiating multi lender transactions. Garrett also oversees the development and implementation of Twin Brook’s Marketing strategies and initiatives. He received his finance degree from University College Dublin and an MBA from the Kellogg School of Management.

Karen Saunoris joined Angelo Gordon in 2014 as Director of Operations for the middle market direct lending loan business. Prior to joining the firm, Karen was at Madison Capital Funding LLC for over 12 years, most recently as Operations Manager, where she focused on developing and building the loan servicing function. In addition, Karen worked at BAI and GE Capital in various operational roles. Karen received her B.S. degree in Finance from Illinois State University.

Middle Market Direct Lending Team

(continued)

Timothy Schifer joined Angelo Gordon in 2017 as a Managing Director in the firm's middle market direct lending loan business. Prior to joining Angelo Gordon, Tim spent over 14 years with Madison Capital Funding LLC serving in a variety of roles, including underwriting deal team leader, new business development and sponsor client relationship manager, senior portfolio manager, and most recently its Director of Portfolio Management overseeing Madison's loan and investment portfolio. Prior to Madison Capital, Tim's experience includes corporate lending and financing middle market private equity sponsored transactions at the leveraged finance units of Mercantile Bank (now U.S. Bank) and LaSalle Bank (now Bank of America). He is also a former active duty U.S. Air Force Captain and holds a B.S. degree from the U.S. Air Force Academy and an M.B.A. from the University of Wyoming.

Danette Shepherd joined Angelo Gordon in 2015 and is the Vice President of Loan Operations the firm's middle market direct lending loan business. Previously, Danette was at Madison Capital Funding LLC for over nine years, where she handled all of the operational needs of a diverse loan portfolio, most recently as a Senior Loan Administrator. Prior to Madison Capital, Danette worked at GE Capital in the operations department. Danette received her B.S. in finance from Governor's State University.

Vishal Sheth joined Twin Brook in 2017 as Chief Financial Officer for the middle market direct lending loan business. Prior to that, Vishal was a member of Angelo Gordon's finance and accounting team working on projects for strategies across the firm. Prior to joining Angelo Gordon in 2014, Vishal worked at Fortress Investments and PricewaterhouseCoopers. Vishal holds a B.S. degree from New York University and an M.B.A. degree from Dartmouth College.

Joe Tinaglia joined Angelo Gordon in 2019 as a Director in the firm's middle market direct lending loan business. He leads an underwriting team focusing on the structuring, diligence, negotiating, execution, and monitoring of investments. Prior to joining the firm, Joe held positions at Vista Credit Partners and Madison Capital Funding LLC, a wholly owned subsidiary of New York Life Investors. Joe's primary responsibilities at Vista and Madison Capital included executing and managing cash flow loans supporting private equity sponsors as well as additional responsibilities focused on capital raising, fund management, investor relations, and recruiting. Prior to joining Madison Capital, Joe was a credit analyst at JPMorgan Chase Bank in the middle market. Joe received a B.S. in Finance from the University of Illinois, Urbana-Champaign.

Kim Trick joined Angelo Gordon in 2016 as a Vice President in the firm's middle market direct lending business. Prior to joining Angelo Gordon, Kim worked for Chase Capital, a division of JPMorgan Chase, since 2008. Kim's responsibilities at Chase Capital included originating, evaluating, structuring, executing and managing senior and junior cash flow loans to privately-owned and sponsor-owned middle market companies across a broad range of industries throughout North America. Prior to joining Chase Capital, Kim worked at JPMorgan's Investment Bank. Kim received her B.B.A. in Finance, cum laude, from the University of Notre Dame.

Middle Market Direct Lending Team

(continued)

Terry Walters joined Twin Brook in 2019 as Chief Accounting Officer in the firm's middle market direct lending loan business. Prior to joining the firm, Terry spent eight years in various roles with Victory Park Capital Advisors and Vitalogy Capital Partners. Prior to that, Terry worked at Citadel Group's fund administrator, Omnium, as well as Ernst & Young LLP. Terry holds a B.A. in accountancy and finance from Augustana College and a M.Acc. degree from the University of Iowa. He is a Certified Public Accountant (inactive).

Tim Wentink joined Angelo Gordon in 2019 as a Managing Director in the firm's middle market direct lending loan business. Tim focuses on originating, structuring, underwriting, and negotiating healthcare transactions. Prior to joining the firm, Tim spent 11 years with Madison Capital Funding LLC, as part of the company's Healthcare Leveraged Finance group. Previously, Tim held various positions within Merrill Lynch Capital Healthcare Finance's leveraged lending group, as well as JPMorgan Chase's commercial lending group. Tim received a B.S. degree in Finance from the University of Illinois at Urbana-Champaign and holds the Chartered Financial Analyst (CFA) designation.

Michael Gordon is the Chief Executive Officer and Co-Chief Investment Officer of Angelo Gordon, and chairs the Firm's Management Committee. As CEO, Michael is responsible for the overall management of the firm and works with his co-CIOs to manage the diverse investment ideas within each discipline to provide an appropriate balance of risk and reward. He oversees the Research Department and is responsible for the quality and depth of research that is the hallmark of Angelo Gordon. Michael began his career as a research analyst for L.F. Rothschild in 1970, specializing in the oil and oil service industries. Michael served as Director of Research of L.F. Rothschild's Arbitrage Department and became a Managing Director of the firm. Michael is on the Board of Directors of the Damon Runyon Cancer Research Foundation and Conquer Cancer Foundation. He is a Trustee of Colby College and the Boston Symphony Orchestra. Michael has a B.A. degree from Colby College and a J.D. degree from Boston University Law School.

Josh Baumgarten is co-Chief Investment Officer of Angelo Gordon and a member of the Management Committee. He leads the Firm's Credit business and is co-portfolio manager for AG Super Fund and multi-strategy portfolios. Prior to joining Angelo Gordon in 2016, Josh was a Senior Managing Director at Blackstone and focused on Blackstone Alternative Asset Management, the firm's hedge fund solutions business. At BAAM, which he joined in 2007, Josh oversaw credit investing and worked closely with some of the most well-regarded credit investors around the globe. He played a key role in Blackstone's global co-investment business. Prior to Blackstone, Josh was a Portfolio Manager and trader at Blackrock, which he joined in 2000. His principal focus was on Blackrock's high-yield portfolios. Josh started his career at Jefferies in investment banking and also spent time early in his career in venture capital investing. Josh is a member of the Children's Board at Columbia (Columbia University Medical Center). He has a B.S. degree in Economics with concentrations in Finance and Accounting from The Wharton School at the University of Pennsylvania.

Maureen D'Alleva joined Angelo Gordon in 2003 and is head of the firm's performing credit business. Maureen is a Managing Director and a member of the firm's executive committee. She is also the portfolio manager of the firm's dedicated performing credit portfolios, as well as its Northwoods Capital CLOs. Prior to joining the firm, she spent 15 years with Morgan Stanley as a Vice President in its Global High Yield group where she focused on investment analysis and underwriting of both bank loans and bonds. Maureen holds a B.A. degree from Baruch College.

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MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
December 17, 2020

RE: Fixed Income – Asset-Based Lending Manager

During its October 29, 2020 meeting, the Board of University and School Lands' (Board) approved changes to the Fixed Income Asset Allocation for the Permanent Trust Funds (PTFs). Among the approved changes was the additional investment to Private Credit. Staff and RVK recommended reducing both core bond holdings and using part of the cash from the Brandywine liquidation to fund two new Private Credit strategies.

The current low interest rate environment is expected to persist for quite some time, as such, Department of Trust Lands Staff (Staff) and RVK believe it is prudent to increase the PTFs' allocation to Private Credit. Certain Private Credit strategies, such as asset-based lending, have an attractive risk/return profile and a low default/loss track record. Asset-based lending involves investing in large, diversified portfolios of assets that generate contractual cash flows. These asset portfolios generally consist of; loans, leases and receivables.

Staff and RVK began the manager search by compiling a list of top performing Private Credit managers within RVK's database. Staff and RVK reviewed the performance and risk history of each manager, along with fees, asset quality, asset characteristics and investment structures. Staff and RVK interviewed managers to review their investment strategies and investment processes.

After conducting a thorough due diligence of each manager it was determined that Staff and RVK would recommend the Board approve a new allocation to Ares Management in their asset-based lending fund: Ares Pathfinder Fund. Ares Management has a strong track record in asset-based lending, with a diligent underwriting process and strong portfolio characteristics that Staff and RVK felt would well suit the PTFs.

Ares Management is an investment manager headquartered in New York with over 25 offices around the world. Ares Management is an alternative investment manager with over $165 Billion in assets under management and nearly 500 investment professionals.

Recommendation: **The Board approve a $100 Million investment with Ares Management in the Ares Pathfinder Fund, subject to final review and approval of all legal documents by the Office of the Attorney General.**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Schmidt					
Attorney General Stenehjem					
Governor Burgum					

Attachment 1: RVK Recommendation Memo
Attachment 2: Ares Pathfinder Fund Presentation

Memorandum

To	North Dakota Board of University and School Lands
From	RVK Private Credit Manager Research Team
Subject	Ares Pathfinder Fund Investment Due Diligence
Date	December 2020

Executive Summary

The following is a review and due diligence report for the Ares Pathfinder Fund (the "Fund", "Pathfinder" or the "strategy"), a specialty finance offering that employs an asset-focused lending approach. We believe that this opportunity represents one of the best risk-adjusted returns available in private credit at this time, and qualifies as a "best idea" in the context of a diversified private credit portfolio. RVK recommends that North Dakota Board of University and School Lands commit $100 million to the Pathfinder Fund, in order to further augment the risk-adjusted returns of its private credit holdings through exposure to Pathfinder's compelling opportunity set, experienced investment team and high-quality investment process.

The Ares Pathfinder Fund is a specialty finance offering that employs an asset-focused lending and investing strategy and includes the bespoke structuring of larger-scale private loans to established borrowers. Pathfinder operates outside of traditional, well-defined markets, and its focus on bespoke investment solutions and less efficient parts of the private credit opportunity set typically results in less competition from peer lenders, as well as the higher yields and more comprehensive risk controls that are achievable in areas where lenders face motivated borrowers and command significant market power. 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 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 available relative value across the multiple niche alternative credit sectors that its mandate encompasses. This Fund represents Ares' first stand-alone specialty finance offering of its type, though Ares' Alternative Credit team has a strong specialty finance investment track record reaching back to 2011. Additionally, a unique feature of the Fund that contributed to the strategy's name change is a charitable tie-in, where Ares will donate at least 10% of the Fund's carried interest to support global health and education.

Pathfinder will not utilize long-term leverage, making it potentially well-suited to investors seeking to achieve strong absolute levels of yield while minimizing the leverage levels of their private markets portfolios. Pathfinder is expected to invest over a period of three years from its final closing date and will target an eight-year Fund life, making it less liquid than some other private credit strategy types, such as classic direct lending or credit dislocation offerings. However, a strong cash yield is expected to somewhat mitigate this level of illiquidity after the end of the Fund's reinvestment period.

The Pathfinder Fund will target a total Fund size of $3 billion or less, and a net internal rate of return (IRR) of 11-13%. However, if high levels of market volatility persist over the course of the fund's investment period, the strategy has the potential to realize returns above those of its original targeted range. Pathfinder's initial pipeline of investments has thus far performed above expectations.

Within a portfolio context, Pathfinder is expected to provide strong risk-adjusted yield through all parts of the market cycle, as well as the potential to limit downside during stressed market or economic environments through the collateral backing its loans and the multiple layers of protection built into its loan structuring. Pathfinder is also expected to achieve especially strong yields relative to more traditional strategy types in volatile market environments. Given this profile, Pathfinder is likely to provide additional diversification for portfolios dominated by more traditional private credit investments, such as direct lending.

Overall, RVK believes that the Pathfinder Fund is a compelling investment opportunity due to its strong risk-adjusted expected returns relative to other investment types, its ability to exploit periods of elevated market volatility and fluctuations in the supply of private lender capital, the downside protection provided by its strong covenants and collateral packages, and its high absolute level of expected yield.

Strengths/Merits

Attractive Risk-Adjusted Return: Ares' historical asset-backed specialty finance activity has achieved an attractive risk-adjusted return compared to both peer strategies within specialty finance and other types of unlevered private credit, with the 277 realized past investments representative of Pathfinder's strategy earning a realized pro forma net IRR of 10.3%, a realized pro forma net multiple of 1.22X, and a historical loss rate of only 0.03% as of June 30, 2020. This low historical loss rate, specifically, is a significant outlier compared to what many of Pathfinder's peers achieved as of June 2020, given the impact of the 2020 global pandemic. Although Ares has steadily pursued specialty finance investments since 2011, Pathfinder represents the first time the team's private specialty finance deal flow has been available through a commingled account without significant dilution from other investment types, such as liquid credit.

Strong Resources: Ares' Alternative Credit platform represents one of the most well-resourced operations in the space in terms of the number and experience level of its investors, the quality of its investment and modeling infrastructure, and the quantity and scope of relevant data it can draw upon from both public and private historical credit transactions. While this depth and breadth of resources would be a significant competitive advantage for most types of private credit offerings, we believe this level of resources represents an especially strong competitive advantage for an opportunistic, labor-intensive specialty finance operation like Pathfinder.

Appropriate Market Environment: The volatile market environment that surfaced in the wake of the pandemic has thus far led to a shortage of financing in several less well-travelled market niches, including many of the customized, private asset-backed opportunity sets that form much of Pathfinder's targeted deal-flow. This has led to significantly greater market power for the few lenders able to execute bespoke asset-backed loans at Pathfinder's speed and scale and, thus far, has translated into significantly higher risk-adjusted expected returns than strategies like Pathfinder would have been expected to encounter during calm markets. Based on Pathfinder's recent deal flow and the level of unmet demand that appears to be present across much of asset-backed specialty finance in the current environment, Pathfinder may be especially well suited to the post-pandemic opportunity set.

Issues to Consider

New Unit/Strategy Evolution: Although both Ares' large Alternative Credit team and new co-portfolio manager Joel Holsinger have extensive experience with the type of specialty finance investments Pathfinder is expected to pursue, they have only operated as a complete unit since 2019, when Mr. Holsinger and two senior colleagues from a prior firm joined Ares in order to pursue alternative credit investments, alongside a fourth senior staff addition from a separate firm. For this reason, we believe that Pathfinder's strong initial investment pipeline and robust level of deal flow during 2020 are especially important, as they indicate the team's ability to perform effectively as a cohesive group. Similarly, the presence of strong past performance in specialty finance both at Ares and, in the case of Mr. Holsinger and his colleagues, across the strategies with which they were previously involved, was necessary in order to establish sufficient confidence in this offering.

Pathfinder's investment approach is also expected to lean more heavily toward private lending than the Ares Alternative Credit team's past endeavors, though the team's investment activity has gradually and steadily tilted more toward private investments over the past ten years alongside the growth and evolution of the broader private credit space. As with the new staffing configuration, we believe the presence of a robust private investment pipeline, steady deal flow, and strong adherence to Pathfinder's stated investment criteria in the initial build-out of the portfolio are all elements necessary for our recommendation of this strategy to RVK clients.

Track Record Returns Below Current Target: As noted earlier, Ares' track record of realized past investments representative of the Pathfinder strategy (which Ares defines as all opportunistic alternative credit investments that fall within the Fund's investment philosophy and thereby excludes all investment grade rated investments as well as those made in strategies focused on lower risk-return objectives) have earned a pro forma net IRR of 10.3%, which falls slightly below Pathfinder's current 11-13% target. This indicates the possibility that returns could fall below target in some types of market environments. However, because the past investments represented in the track record were scattered across a number of different mandates, Ares' prior track record includes some lower-returning investment types that would be unlikely to meet the criteria for inclusion in Pathfinder if they were underwritten today. Similarly, the track record cited by Ares also includes a large volume of liquid credit investments, which are typically lower-yielding than the directly originated private loans that are expected to make up the great majority of the Pathfinder portfolio. However, given this discrepancy in past vs. targeted returns, we believe it was crucial to see the team add substantial staffing resources (including a new co-portfolio manager) and build a strong initial Fund-level pipeline capable of meeting Ares' stated return target. At this time, Pathfinder's current lineup of investments average a cash yield of 5-15% and an expected return of 15-20+%.

Complex Loan Structuring: Pathfinder's loan structuring is heavily bespoke, with loans often designed around specific collateral packages and expected borrower growth plans in order to limit investors' potential downside across a range of different scenarios and maximize the upside potential of investments without adding significant incremental risk. We believe that this level of customization and complexity has the potential to be extremely additive in areas such as specialty finance, where competent teams lending to motivated borrowers often exercise a very high degree of control. However, Pathfinder's heavily tailored loan structures and customized collateral packages also result in investment profiles that are significantly more varied and complex than those commonly used by more traditional private lenders. We expect that not all investors will be able to accommodate the additional time needed to gain comfort with this lack of uniformity. Similarly, investors expressing a preference for more traditional and more heavily "field tested" loan structures may prefer to limit their portfolios to lenders focused on standard loan structures.

Summary of Key Terms

Fund	Ares Pathfinder Fund
Target Fund Size	$2 billion, $3 billion cap
Minimum Investment	$10 million
Targeted Return	11 - 13% net IRR
General Partner Commitment	3%
Investment Period	3 years following the final closing (expected 1Q 2021). One optional 1-year extension at the general partner's discretion, and a second optional 1-year extension with the consent of the advisory board.
Total Fund Life	8 years following the quarter-end after initial capital contributions are received. Two consecutive optional 1-year extensions at the majority of limited partners' or advisory board's discretion.
Management Fee	1.25% per annum, paid quarterly
Incentive Fee	20%
Preferred Return	6% per annum
Distribution Policy	Waterfall: 1. 100% to limited partners, until limited partners receive an amount equal to their total invested capital; 2. 100% to limited partners, until limited partners receive a 6% preferred return; 3. 85% to the general partner and 15% to limited partners, until the general partner receives 20% of cumulative distributions; 4. Thereafter, 80% to limited partners and 20% to the general partner.
Leverage	No long-term leverage

Firm Background, Team, and Ownership

Ares Management Corporation is one of the oldest and most established alternative assets managers in the world. Founded in 1997, the Firm employs over 1,200 individuals and manages over $165 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 $117.4 billion in total assets under management across its wide range of credit products, compared to $26.6 billion in total private equity assets and $14.4 billion in total real estate assets, as of June 30, 2020. 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 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 Investing Platform and Organization

Profile

Founded:	1997
AUM:	$165bn[1]
Employees:	1,410+
Investment Professionals:	~495
Global Offices:	25+
Direct Institutional Relationships:	1,020+
Listing: NYSE – Market Capitalization:[2]	~$10.0bn

Global Footprint[3]

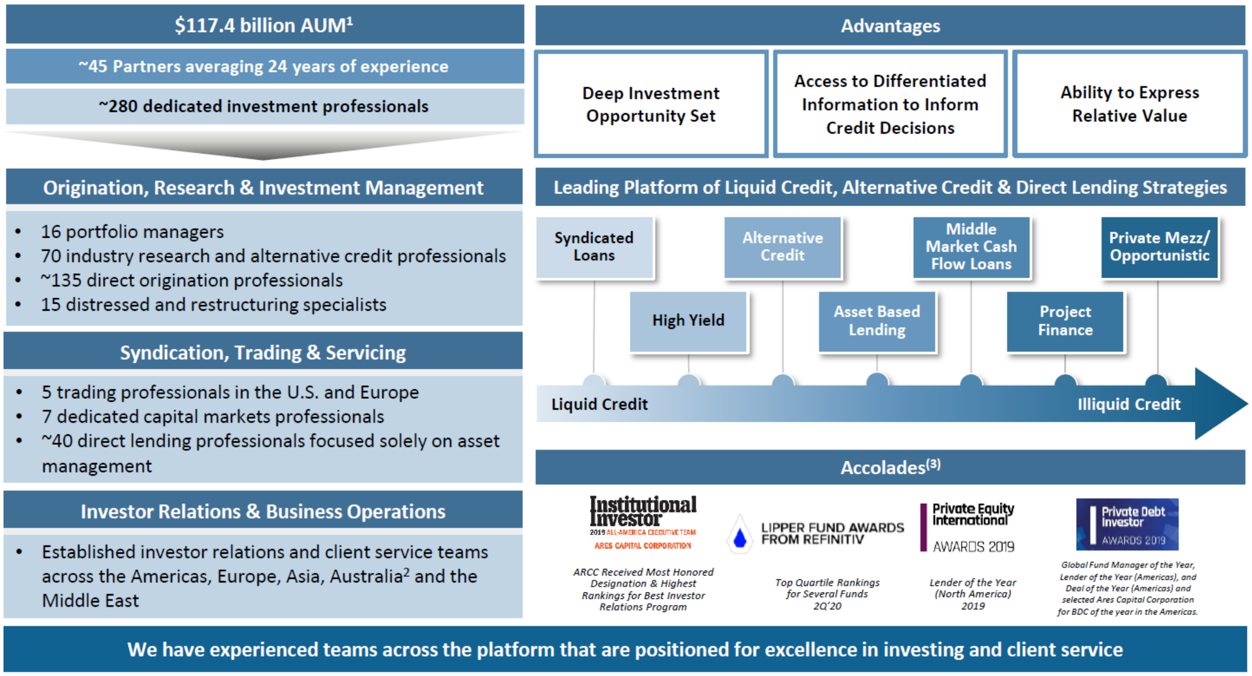
The Ares Edge

- Founded with consistent credit based approach to investments
- Deep management team with integrated and collaborative approach
- 20+ year track record of compelling risk adjusted returns through market cycles
- Pioneer and a leader in leveraged finance and private credit

	Credit	Private Equity	Real Estate	Strategic Initiatives
AUM	$117.4bn	$26.6bn	$14.4bn	$6.9bn
Strategies	Direct Lending	Corporate Private Equity	Real Estate Equity	Ares SSG
	Liquid Credit	Special Opportunities	Real Estate Debt	
	Alternative Credit	Energy Opportunities		
		Infrastructure and Power		

Source: Ares. As 6/30/2020.

Figure 2: Ares Credit Group



Source: Ares. As 6/30/2020.

Ares has pursued the type of heavily bespoke alternative credit deal flow that is expected to make up the Pathfinder portfolio since roughly 2011, generating a cumulative net internal rate of return (IRR) of slightly over 10% across its alternative credit investments as of June 2020, with a corresponding 3 basis point (0.03%) annualized loss rate. As noted earlier in this report, the Firm's 37-member alternative credit team, which is pictured in Figure 3, 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, where a broad scope of potential opportunities and heavily bespoke deal structuring requirements combine to create an especially labor-intensive strategy profile. The 17 senior members of the Global Alternative Credit team also average 20 years of industry experience. Based on RVK's analysis of Pathfinder's past 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 volatile post-pandemic credit market environment.

Figure 3: Ares Alternative Credit Team

ARES PATHFINDER TEAM

LARGE, CYCLE-TESTED TEAM:

37 Alt Credit specialists[3] in collaboration with over ~495 investment professionals across Ares Credit, Real Estate, and Private Equity Groups

ARES PATHFINDER FUND PORTFOLIO MANAGERS

KEITH ASHTON[1,2] *Partner* *Co-Head of Alt Credit* *(22 years)*	**JOEL HOLSINGER[1,2]** *Partner* *Co-Head of Alt Credit* *(23 years)*

OTHER PATHFINDER INVESTMENT COMMITTEE MEMBERS

MICHAEL AROUGHETI[1] *Co-Founder, CEO,* *President of Ares* *(27 years)*	**KIPP DEVEER[1]** *Senior Partner* *Head of Ares Credit Group* *(25 years)*
MITCH GOLDSTEIN[1] *Partner* *Co-Head of Credit* *(26 years)*	**JEFFREY KRAMER[1,2]** *Partner* *Head of ABS* *(33 years)*
KEVIN ALEXANDER *Partner* *(23 years)*	**CRAIG CORTRIGHT** *Managing Director* *(19 years)*

As of June 30, 2020. Years referenced represents number of years of relevant experience.

1. Serves on Ares Management's Global Management Committee.
2. Serves on Ares' Alternative Credit Executive Committee.
3. As of October 2020.
4. In addition to responsibilities on the Alternative Credit team, serves as a Managing Director in the Ares Credit Group where he focuses on direct lending.
5. In addition to responsibilities on the Alternative Credit team, serves as a Managing Director and Head of Capital Markets, Real Estate Debt in the Ares Real Estate Group.

INVESTMENT & ASSET MANAGEMENT TEAM[3]

CHARLES ARDUINI *Partner* *(20 years)*	**VINCENT SALERNO** *Partner* *(23 years)*	**IAN SMITH** *Partner, Trader* *(18 years)*	**ELI APPELBAUM** *Managing Director* *(14 years)*
DAVID ELLS *Managing Director* *(28 years)*	**JOSHUA MASON** *Managing Director* *(23 years)*	**ANKUR PATEL** *Managing Director* *(20 years)*	**KRISTOFER PRITCHETT** *Managing Director, Trader* *(12 years)*
SCOTT ROSEN[4] *Managing Director* *(19 years)*	**SUMIT SASIDHARAN[5]** *Managing Director* *(23 years)*	**LISA TROLSON** *Managing Director* *(23 years)*	**BENJAMIN TYSZKA** *Managing Director* *(19 years)*
FELIX ZHANG *Managing Director* *(9 years)*	**ANDIE GOH** *Principal* *(9 years)*	**PETER KEANE** *Principal* *(17 years)*	**ALEX SMIT** *Principal* *(8 years)*
GREG SPILBERG *Principal* *(20 years)*	**CHENG ZENG** *Principal* *(13 years)*	**CRAIG BEHRENS** *Vice President* *(9 years)*	**STEPHEN GARDNER** *Vice President* *(6 years)*
LUDO HASHEMI *Vice President* *(6 years)*	**ELIZABETH LEVI** *Vice President* *(6 years)*	**CATHY LU** *Vice President* *(7 years)*	**DONGNING LUO** *Vice President* *(8 years)*
GREG EACHO *Senior Associate* *(6 years)*	**ARI FELDMAN** *Senior Associate* *(6 years)*	**BRIAN HOGAN** *Senior Associate* *(4 years)*	**HAAKIM NAINAR** *Senior Associate* *(6 years)*
ERIC TANG *Senior Associate* *(5 years)*	**PATRICK YU** *Senior Associate* *(4 years)*	**KIAN IVEY** *Associate* *(4 years)*	**REN SHAO** *Associate* *(5 years)*
+ 201 *Direct Lending Professionals*	**+ 44** *Liquid Credit Professionals*	**+ 80** *Real Estate Professionals*	**+ 17** *Special Opportunities Professionals*

PRODUCT MANAGEMENT & INVESTOR RELATIONS[3]

SONYA LEE *Partner* *(18 years)*	**LAUREN THOMAS** *Vice President* *(9 years)*	**CHELSEA DODGE** *Senior Associate* *(5 years)*

+ 50

Additional Product Management & Investor Relations Professionals

Source: Ares

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 (please see the Performance and Track Record Analysis section of this report for full details), we believe it is also important to note that an integral component of Pathfinder'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.

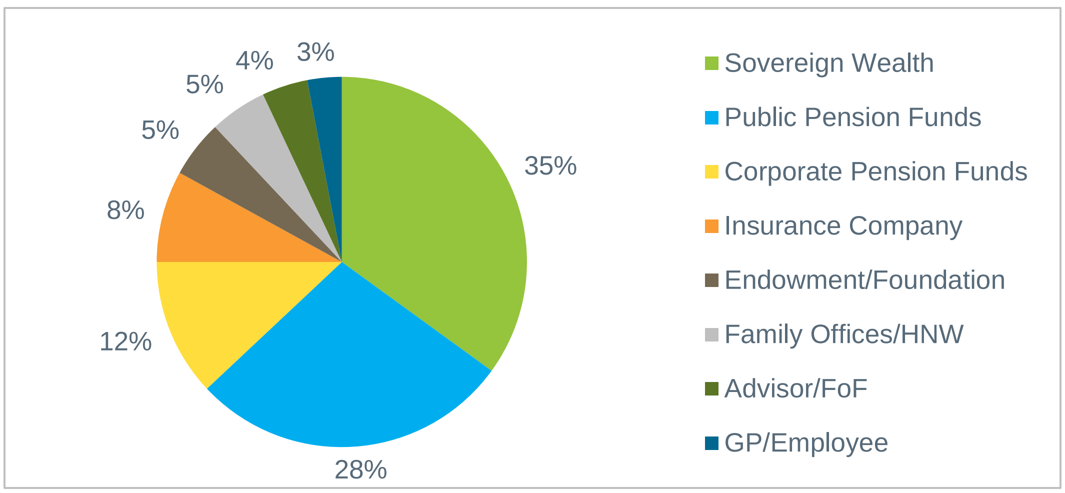
Ares has made specialty finance investments with consistency and at scale since 2011, when the Firm acquired Indicus Advisors and significantly expanded its specialty finance resources.

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.

Ares practices a widespread extension of Firm ownership across its employees, and this practice extends to the Alternative Credit team, where partial ownership stakes in the company are present across most highly tenured team members. Similarly, Pathfinder's distribution of the Fund's carried interest is relatively far-reaching compared to that of many peers, a practice which we believe is helpful in the long-term retention of such a large number of senior professionals. Culturally, however, some team members have expressed the view that one of the most distinct and motivating features of Pathfinder's carried interest structure is the dedication of 10% of total carried interest toward donations to global health and educational organizations.

Pathfinder's investor base, as seen in Figure 4, is primarily institutional in nature, with a heavy tilt toward sovereign wealth and public pension funds. Pathfinder's 3% employee/General Partner commitment to the Fund is relatively standard for a product of its size, and will act to further reinforce the alignment of the senior investment team's interest and priorities with those of the Fund's Limited Partners.

Figure 4: Pathfinder Investor Base

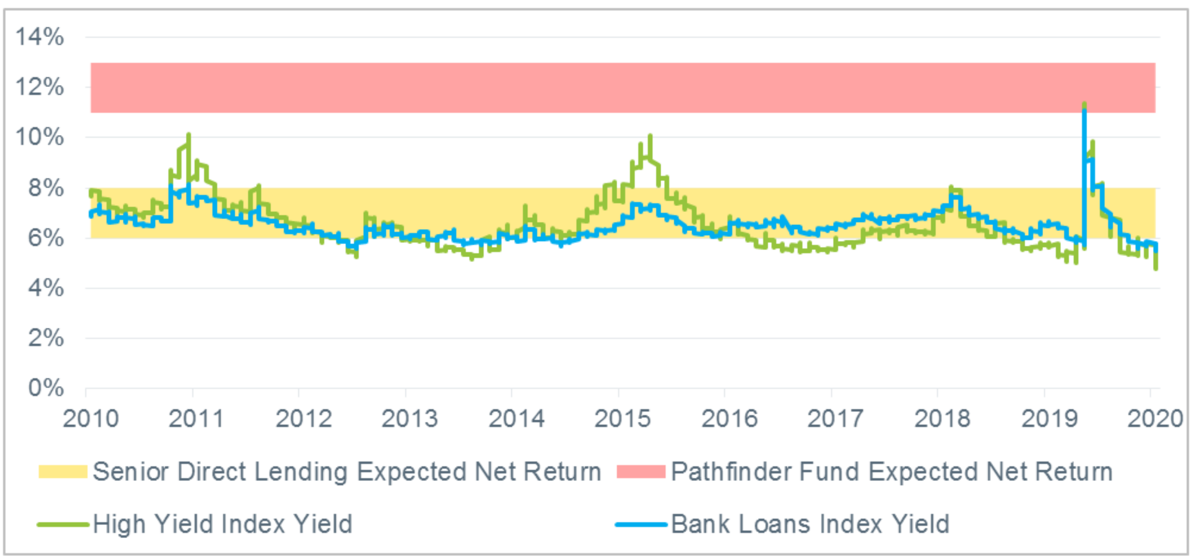


Source: Ares, RVK. As of 10/26/2020.

Market Update

Pathfinder is expected to benefit from both an illiquidity premium and a complexity premium, given its focus on heavily customized loans and esoteric investment opportunities. Although the size of these return premia is expected to vary over time, for ease of comparison we have pictured Pathfinder's expected returns alongside both the current yield available to high yield bonds and bank loans and the typical range of current expected returns for traditional private credit strategies with a focus on senior debt in Figure 5. As seen in the chart, Pathfinder's targeted expected returns represent an incremental annualized return premium of 6-8% over current non-investment grade bond yields, 5.5-7.5% over current bank loan yields, and approximately 5% over the average expected, unlevered returns of senior debt focused direct lending strategies (the largest component of the private credit asset class) tracked by RVK. It should be noted, however, that *levered* expected returns across senior secured direct lending are often higher than the return levels pictured in Figure 5, with levered return levels varying based on the amount of leverage employed. In some cases, the amount of leverage used by mainstream private credit strategies has grown to aggressive levels over the past ten years, due to ongoing low costs of borrowing and the extended period of low volatility that preceded the 2020 pandemic. Based on the overall landscape of low comparative unlevered returns across many of Pathfinder's mainstream alternatives, we would view even the roughly 10% average returns of Ares' past alternative credit track record to represent a significant improvement in risk-adjusted relative value, given the low loss rates experienced by the track record composite.

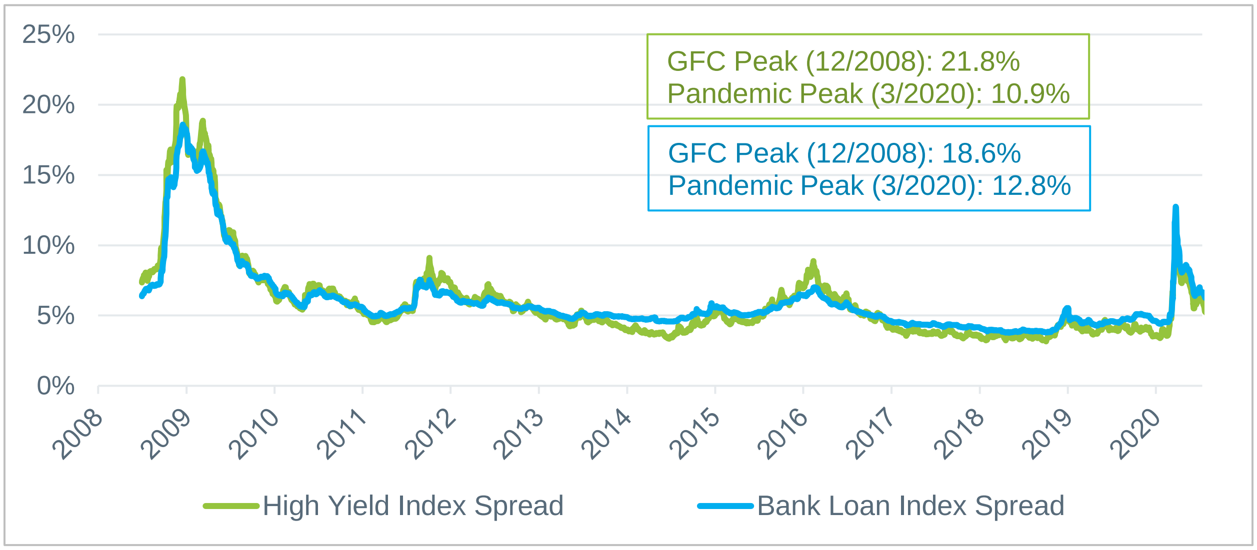
Figure 5: Expected Return and Yield Comparison



Source: Ice Data Indices, Credit Suisse Group, RVK. High Yield Index Yield is represented by the effective yield of the ICE BofA US High Yield Index. Bank Loan Index Yield is represented by the yield to maturity of the Credit Suisse Leveraged Loan Index. Data as of 11/18/2020. Senior Direct Lending Expected Net Return based on RVK's estimate and represents the unlevered net return expectations for a "typical" senior debt focused direct lending strategy.

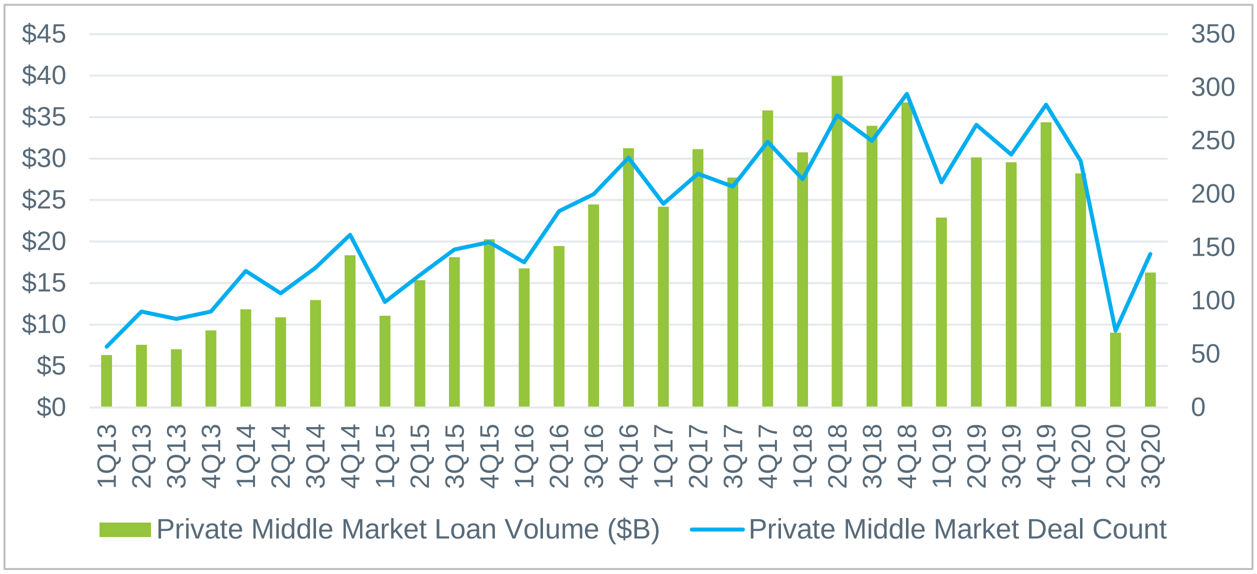
Unlike strategies participating in most vintage years over the past decade, it appears likely that Pathfinder will face a highly volatile credit market, as shown in Figure 6, through recent fluctuations in the credit spreads of high yield bonds and bank loans. Although private credit has been insulated from much of the technically driven portion of the volatility pictured below, private credit strategies are nonetheless expected to face a broad-based increase in borrower delinquency and default over the next several years due to the effects of recent economic disruption on the earnings of most borrowers. Similarly, the scale of credit market volatility over the course of 2020 has already resulted in a drop in private loan origination relative to prior years, as many private credit strategies were forced to redirect their resources to the modification of troubled loans or the management of new, foreclosure-driven assets. This overall reduction in private credit activity is pictured in Figure 7.

Figure 6: Credit Market Volatility over Time



Source: Ice Data Indices, Credit Suisse Group, RVK. High Yield Index Spread is represented by the option-adjusted spread of the ICE BofA US High Yield Index. Bank Loan Index Spread is represented by the 3-year discount margin of the Credit Suisse Leveraged Loan Index. Data as of 11/18/2020.

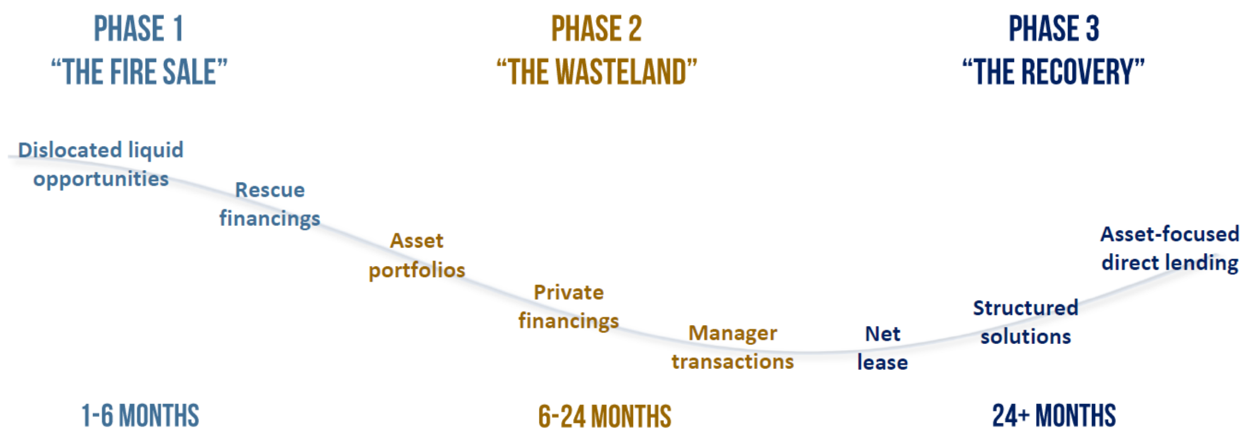
Figure 7: Private Loan Origination Volume over Time



Source: Refinitiv LPC, Monroe Capital, RVK. Data based on private data submissions from direct lending mangers. Data as of 9/30/2020.

Although Pathfinder's focus on highly customized loans and less efficient spaces within the private credit opportunity set is expected to deliver a significant yield premium 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 the strategy encountered during 2020, for example, loans are more likely to focus on financial and real estate borrowers, and to be secured by portfolios of dislocated, tradeable credit assets. Shorter-term, higher-returning "rescue financings" are also likely to play a more significant role in the portfolio than they would during calm markets, though Pathfinder's borrowers will generally be expected to remain solvent over the long-term, differentiating Pathfinder's rescue financing opportunities from the higher-risk arena of true distressed debt. There are also a number of other high-risk opportunity sets in which Pathfinder rarely, if ever, expects to participate in spite of heavy discounting by the current market, including venture debt, shipping and aviation.

Figure 8: Pathfinder Fund Cyclical Approach



Source: Ares

In many respects, Pathfinder'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 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'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 Pathfinder's 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.

Overall, we believe that Pathfinder 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 Fund is a diversified specialty finance product designed to target “gaps” in the supply of private lender capital that 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 distressed debt. The strategy will focus on highly bespoke, complex financing solutions secured by pools or portfolios of assets that generate contractual cash flows; the strategy thereby avoids many risks normally associated with corporate credit. 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 or unusual loan structures, both of which have historically served as barriers to the entry of other lenders that target 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.

The strategy’s 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 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 will be heavily customized based on the respective strengths and weaknesses of its collateral and borrower, Pathfinder is generally expected to seek and prioritize investments with the following traits:

1) Loans will be backed by assets of sufficient, measurable value to provide protection against losses.

2) Loans will be structured with concrete and specific covenants.

3) Loans will typically involve additional structural protections outside of these covenants.

4) Loans will 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 will be backed by assets that generate robust levels of cash flow.

6) The great majority of assets backing Pathfinder's loans will be performing (non-delinquent or defaulted) assets. Again, this differentiates Pathfinder from higher credit risk areas such as distressed debt.

7) The great majority of investments will take the form of privately originated loans vs. publicly traded credit securities.

8) Most investments are expected to derive the majority of their returns through income in all but extremely volatile market environments.

9) Though illiquid, the underlying life of Pathfinder's loans will be shorter than the life of the Fund.

Although Pathfinder is expected to invest in situations where borrowers have few other financing options, neither the borrowers nor the collateral packages targeted by Pathfinder are expected to exhibit traditional "distressed" profiles. Similarly, Pathfinder'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 special situations strategies. In the event of a borrower default, realized losses are expected to be minimal due to the robust nature of the collateral Pathfinder 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's long-term annualized net returns to a range of approximately 11-13%, compared to the expected returns of 15-20% typically targeted by distressed debt offerings. However, given the market volatility and general lack of large-scale, bespoke financing available in the wake of the COVID-19 pandemic, Pathfinder's initial investments have exhibited the potential to deliver stronger gains than the strategy's original return targets would indicate.

Pathfinder's targeted opportunities will be divided into 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 would 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 would be portfolios of mortgage-backed securities or portfolios of specific real estate properties. This category is expected to be heavily focused 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 would be a diversified portfolio of tradeable financial securities, such as asset-backed bonds or consumer loans.

Based on the price dislocations and changes in the balance between the supply of and demand for flexible, large-scale lender capital that have taken place over the course of 2020, we expect the opportunity set for large, customized loans backed by financial assets and real estate to be especially fertile during Pathfinder's investment period.

It should be noted that Pathfinder's 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 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. As noted earlier, given the seniority and importance of the team's newer arrivals, including Co-Head of Alternative Credit Joel Holsinger, we regard Pathfinder's investment team as effectively a new investment unit.

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'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 extremely important change in both the team's investment skillset and Ares' focus within alternative credit.

As noted earlier, we regard Pathfinder's current focus and investment team to represent a uniquely compelling offering and to be especially well-suited to the current environment, where significant premiums exist for private specialty lending, and skilled asset-backed lenders with the willingness to provide longer-term financing to their borrowers have the potential to both achieve strong yields and exercise effective levels of risk control.

Investment Process

The investment process for Pathfinder 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 Pathfinder, 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'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 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's market power as a lender. Although we believe that a range of different firms exist with the potential ability to supply tailored financing solutions at the scale required by Pathfinder's targeted borrowers, in practice we believe that the complexity of the collateral backing many of Pathfinder's loans would be either impossible or impractical for most of Ares' competitors to analyze at the speed achieved by the Pathfinder team. Instead, many of Pathfinder's large-scale competitors have elected to focus on making loans with more uniform structures and simpler collateral packages that require less dedicated manpower to evaluate. Conversely, many of the limited number of large-scale firms with underwriting capabilities similar to Pathfinder's have elected to focus on higher-risk market segments outside of Pathfinder's scope, such as distressed debt. This has resulted in a relatively limited number of competitors for much of Pathfinder's potential deal flow, and the ability for Pathfinder to extract a larger premium from its borrowers in exchange for the customized, large scale financing that it is able to provide. Although we believe the range of lenders willing and able to access Pathfinder's chosen niche will increase with time, we expect Pathfinder to continue benefitting from a limited competitive landscape over the course of the Fund's life.

Sourcing

Ares' sourcing function is robustly staffed at the Firm level, with the Firm's credit group employing a direct origination team of 135 people as of June 30, 2020. The group's sourcing throughput is similarly large in scale: over the past 12 months, Ares has conducted in-depth evaluations of several hundred alternative credit investments. Given the size of the platform from which they draw resources, the Pathfinder team expects to generate deal flow from a wide 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, our review of Pathfinder's existing investments and current pipeline revealed that a small group of Ares' senior partners and their longstanding industry relationships play an extremely important role in Pathfinder's deal flow. Because Pathfinder 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. The majority of potential investments that have featured in Pathfinder's pipeline thus far appear to be driven by borrower outreach to specific senior professionals on either the Pathfinder team or in other branches of the Firm.

Based on recent estimates, Ares believes that Pathfinder's total investable universe has reached a size of approximately $4 trillion in potential opportunities, representing an extremely large pool of potential deal flow. Although only a limited subset of these potential deals is expected to meet Pathfinder's many investment criteria, we believe that the Fund will encounter few constraints related to opportunity set at its current size (up to $3 billion in total assets), even if the manager's

$4 trillion estimate were to prove to be overstated by a factor of several times. Instead, we expect the main size constraint encountered by the Fund will be the significant workload associated with the team's underwriting of and bespoke structuring around each investment.

As noted earlier, the majority of Pathfinder's investments are expected to be directly originated by Ares, and to be structured based on bilateral negotiations between the Pathfinder 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 at Pathfinder is a more significant undertaking that those of most peer strategies reviewed by RVK, encompassing 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 bespoke loan structure. This stage also marks the first formal deal review by Pathfinder's Investment Committee, which consists of co-portfolio managers Keith Ashton and Joel Holsinger, head of Ares' Credit Group Kipp Deveer, co-head Mitch Goldstein, CEO Michael Arougheti, and three other senior professionals. Screening criteria are rigorous, with approximately 1.7% of opportunities screened by the Pathfinder team since March of 2020 finding an eventual place in the portfolio.

Underwriting

Given the complex, diverse collections of assets backing most Pathfinder loans, the underwriting stage of Pathfinder's investment process is expected to be highly labor intensive, as has been the case for the strategy'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, but stand in noticeable contrast to the typical investment process in more mainstream areas of private credit such as most standard direct lending operations, where both term sheets and cash flow projections can be heavily standardized and lenders can close up to 100% of deals for which a term sheet is issued. For Pathfinder 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 Pathfinder's process and earning a place in the 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, 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 the Pathfinder portfolio 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 specific to each loan, but typically include the following dimensions:

1) Collateral/Asset Monitoring (this involved a large and thorough range of data points in the 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 portfolio is expected to be heavily dominated by a collection of directly originated, asset-backed private loans. Pathfinder's portfolio is expected to follow a relatively conservative profile compared to its specialty finance peer group, with a high level of position-level diversification compared to other specialty finance offerings, the presence of pledged assets backing the full value (and typically more than the full value) of each loan, and a significantly heavier average cash yield across its investments than many of its peers in specialty finance. The portfolio is expected to use its capital efficiently, with a relatively high expected rate of capital recycling compared to peers. Its interest rate sensitivity is expected to be moderate in spite of the long life of the Fund, 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 2-3 years. The expected portfolio characteristics have been illustrated in Figure 9 on the following page.

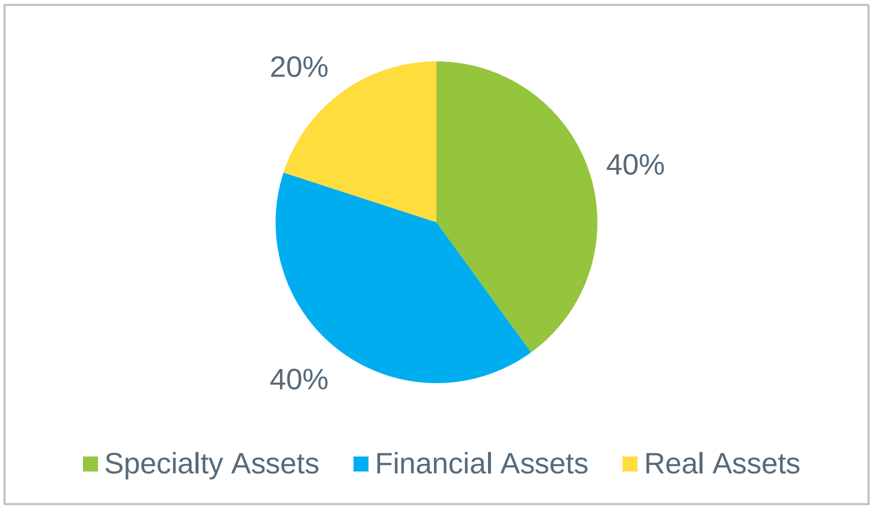
Figure 9: Expected Portfolio Characteristics

Portfolio Metric	Typical Range
Total Positions	30 – 50
Typical Position Size Range	2 – 3%
Maximum Position Size	7.5% (Cost Basis)
Expected Average Loan Life	2 – 3 Years
Expected Recycle Rate	1.5X
Expected Collateralization Level	Above 100%
Expected Investment Cash Yield	Approximately 10%
Geographic Allocation	Minimum of 70% US-Based
Expected % Asset-Backed Debt	Predominantly Debt Investments

Source: RVK, Ares.

As noted earlier in the Investment Strategy section of this report and pictured in Figure 10, 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's loans. It should be noted, however, that Pathfinder's final collateral breakdown will be heavily dependent on the market environment the Fund encounters during its investment period. As such, the portfolio's exact breakdown by collateral type could vary widely. For example, given the turmoil encountered by real estate and financial market participants during the course of 2020, we expect that both real assets and financial assets are likely to play significant roles in the final Pathfinder portfolio.

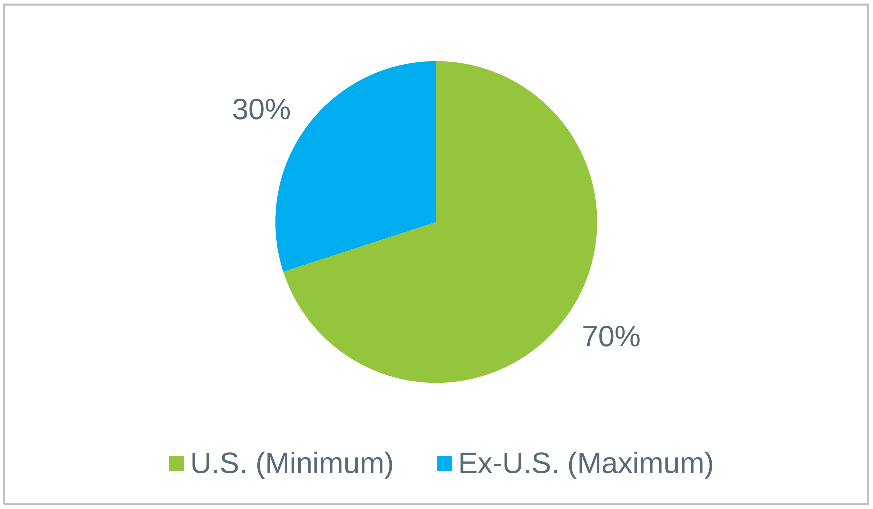
Figure 10: Expected Collateral Type Breakdown



Source: Ares, RVK

Due to the Fund's investment restrictions and the fertile US specialty finance opportunity set resulting from recent market volatility, the great majority of loans made by the Fund (70% or more based on percent of total capital commitments) are expected to be made to US-based borrowers, as seen in Figure 11. 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 11: Geographic Breakdown Limits

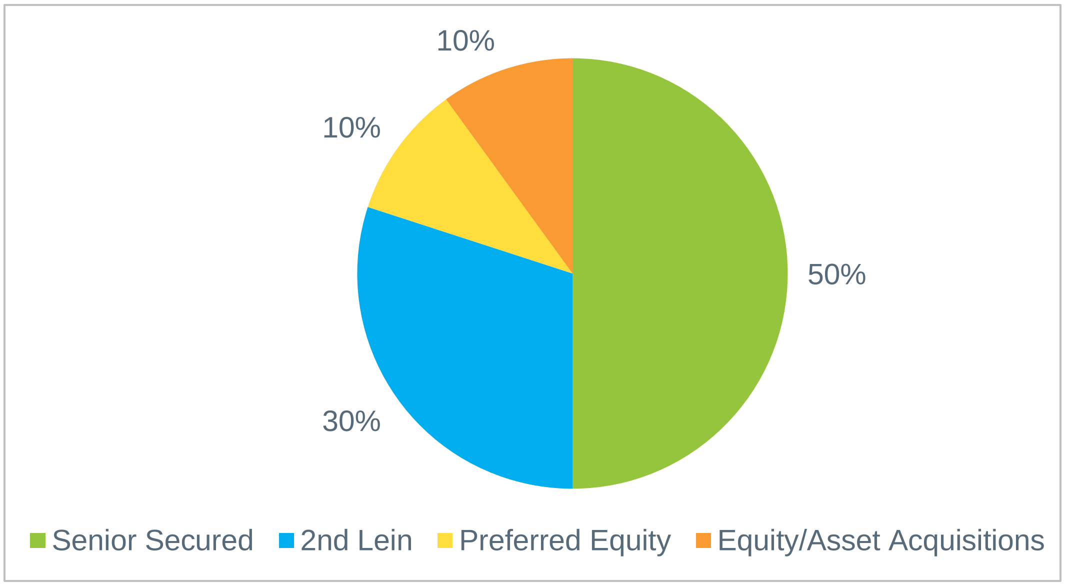


Source: Ares, RVK

As noted earlier in this report, Pathfinder 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 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 12. Specifically, we expect that many Pathfinder investments will be structured in a way that pairs a senior loan with a more junior position in order to achieve additional investor gains in the event that a borrower succeeds in meeting expectations for earnings and growth. Thus far, however, initial portfolio investments have proved to be extremely senior debt heavy. As such, if high levels of market volatility continue, we expect Pathfinder's capital structure breakdown could skew more heavily toward senior debt than original expectations indicate.

Given the expected presence of junior debt and even some equity or direct asset acquisitions, it should be noted that our analysis of Ares' historical alternative credit track record revealed an unusually low loss rate across a series of CLO mezzanine and equity tranches pursued by the team in past periods. Historically, the Alternative Credit team has proved to be unusually successful in limiting realized investor losses across junior capital structure positions, even in situations such as CLO equity, where investments generally lack many of the protections that will be required of Pathfinder's investments. For purposes of transparency, all losses across the Alternative Credit team's past junior debt and equity positions are included in the 3 basis point historical loss rate mentioned earlier in this report.

Figure 12: Expected Capital Structure Seniority Breakdown



Source: Ares, RVK

Performance and Track Record Analysis

As noted earlier in our report, Pathfinder's track record indicates a past performance level below that of its targeted 11-13% returns, though past investments have demonstrated extremely low losses as well. The returns of past, realized investments deemed to be representative of the Pathfinder approach by Ares are shown in Figure 13.

Figure 13: Ares Alternative Credit Realized Track Record, Representative Investments

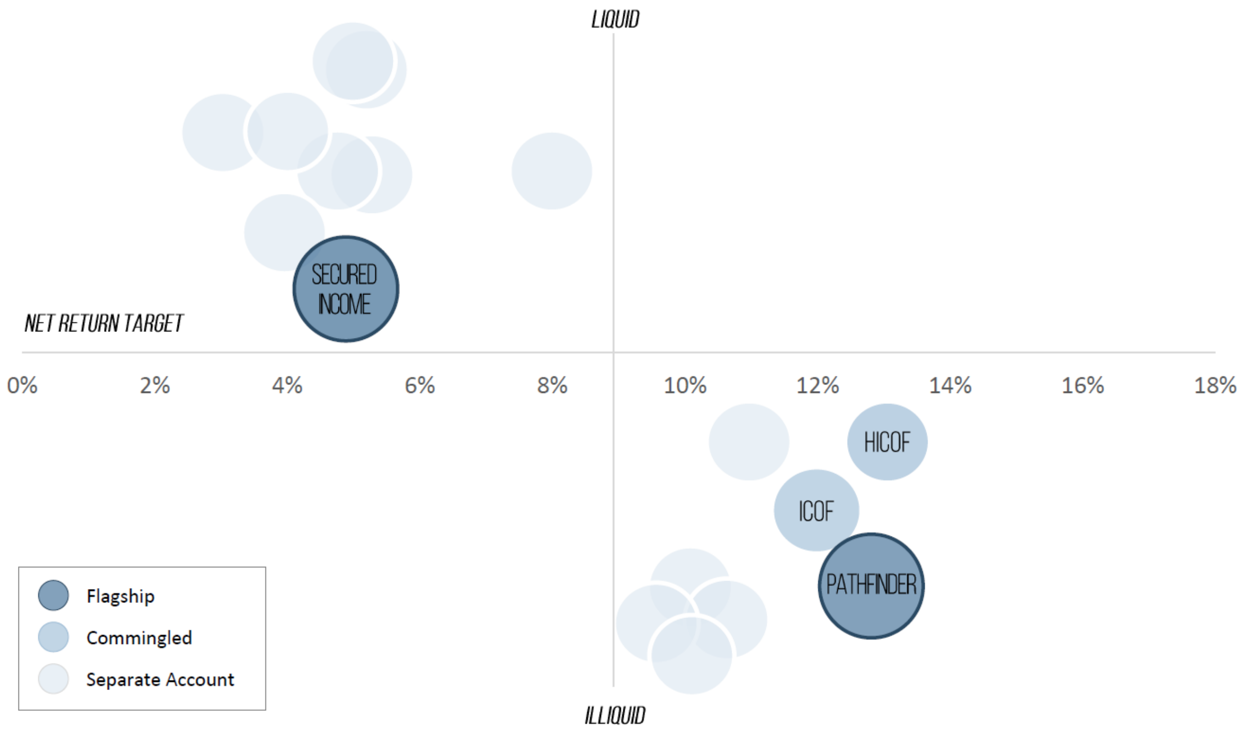
Strategy Subset	Invested Capital ($M)	Number of Investments	Realized Gross IRR	Realized Gross Multiple	Annualized Loss Rate
Specialty Assets	$1,974	53	15.9%	1.19x	0.00%
Financial Assets	$3,902	459	10.3%	1.19x	0.06%
Real Assets	$946	18	19.9%	1.95x	0.03%
Total	**$6,823**	**530**	**14.4%**	**1.31x**	**0.03%**

Source: Ares. Annualized Loss Rate represents total net losses on all realized investments divided by total invested capital.

However, in an effort to avoid the possibility of “cherry picking” the contents of its representative track record, Ares cast a very wide net as to which investments were included, opting to include all past opportunistic alternative credit with the exception of all investment grade rated investments and those made in strategies focused on lower risk-return objectives. This resulted in a very wide range of past investments, many of which consisted of lower-yielding liquid credit securities, CLO equity tranches, and other instruments that appear to be less representative of Pathfinder’s approach and which would be unlikely to meet its current screening criteria. Although RVK agrees with the need for broad-spectrum transparency and is similarly wary of cherry-picking when evaluating a track record constructed from multiple past products, in this case we believe Ares may have been overly broad in the inclusion criteria for its track record. As such, we have chosen to include a break-out of the private credit subset of the track record provided, which we believe may act as a more accurate reflection of the type of performance that should be expected of Pathfinder, a strategy that is expected to be dominated by directly originated, private loans. The breakout of a private investments track record should similarly ensure that the track record provided by Ares has not been artificially inflated by returns from higher risk (CLO equity) positions, and that the markedly low historical loss rate has not been artificially lowered by the lower-yielding positions public credit positions included from other mandates.

For ease of reference, a diagram of the Alternative Credit team’s many current and past products, including a wide range of separate account mandates that were in many cases included in the track record provided, is pictured in Figure 14. As can be seen in the chart provided, they encompass an extremely wide range of liquidity levels and targeted returns.

Figure 14: Range of Ares Alternative Credit Offerings



Source: Ares

When analyzed in isolation, the Alternative Credit team's track record of private alternative credit investments is relatively consistent with the results of the broader realized track record provided by the manager, with aggregate gross IRRs of 13.5%, compared to 14.4% for the broader spectrum of realized deals. This has been illustrated on the following page in Figure 15. Similarly, the loss rate across past private alternative credit investments reached only 5 basis points annualized, with only a single realized loss thus far. As such, we believe that the team's private specialty finance strategy should indeed be able to protect capital as effectively as the team's broader activity. However, given that realized returns across Ares' private investments were not meaningfully higher than those of its broader track record, our potential concerns that Pathfinder's returns could fall short of its targets in a sustained low yield environment remain unchanged. The team's past private credit investment's results would have equated to pro forma net returns of 9%-10% thus far, using Pathfinder's proposed fee structure. Again, the significant additional firepower brought in by the team in 2019 and the improved opportunity set for private specialty lending that has surfaced in the wake of the pandemic are important elements in our return expectations for this strategy.

Figure 15: Ares Alternative Credit Track Record, Private Investments Only

Private Strategy Subset	No. of Investments	Invested Capital ($M)	Gross DPI	Gross RVPI	Gross TVPI	Gross IRR
Specialty: Private Asset-Backed	53	$1,974.2	0.75x	0.40x	1.15x	13.6%
Financial: Financial Asset Loans	2	$349.3	0.00x	1.01x	1.01x	N/M
Financial: FINCO	2	$65.6	0.80x	0.87x	1.67x	12.2%
Real: Real Asset Loans	5	$64.3	0.46x	0.68x	1.13x	16.7%
Total	**62**	**$2,453.4**	**0.46x**	**0.68x**	**1.13x**	**13.5%**

Performance data has been calculated by RVK with cash flows provided by Ares. IRRs are shown only if an accurate IRR could be calculated with one year or more of cash flows. Applicable IRRs are marked with "N/M" for not material.

As noted earlier, one result of Ares' broad inclusion criteria in the track record provided by the Firm was the inclusion of a large collection of CLO mezzanine and equity investments, which are not likely to be typical of the investment profiles of most Pathfinder positions, but which formed a large component of the Indicus Credit Opportunities Fund series in which much of the Alternative Credit group participated (Pathfinder's investment guidelines limit CLO equity exposure to a maximum level of 25% of total committed capital, and the team has stated that it is likely to fall below 5% in a market environment like the one investors face at the time of this writing). From a risk perspective, it is worth noting that we would normally have expected investments of this type to prove significantly detrimental to the track record's historical realized loss rates through meaningful realized losses for some of the periods the track record encompasses. Interestingly, however, these junior CLO tranches did not appear to meaningfully increase the track record's level of realized losses, indicating that the team appears to have been more successful than is typical at avoiding realized, default-driven losses through credit selection across these types of positions. Although the majority of Pathfinder's investments are expected to benefit from significantly higher levels of protection than the CLO mezzanine and equity tranches that encompass this component of the Alternative Credit track record, it is an additional source of comfort to see the team's historical credit selection control risk this completely across these more volatile investment types.

ARES PATHFINDER FUND

ASSET-FOCUSED DIRECT LENDING & INVESTING

PRESENTATION TO:
THE NORTH DAKOTA BOARD OF UNIVERSITY AND SCHOOL LANDS

DECEMBER 17, 2020

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The recent 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 core holdings referenced herein, the value of the investments and the portfolio companies. The portfolio company information herein is as of the date referenced and the effects, directly and indirectly, resulting from COVID-19 may not be fully reflected in such information as the situation remains continuously fluid.

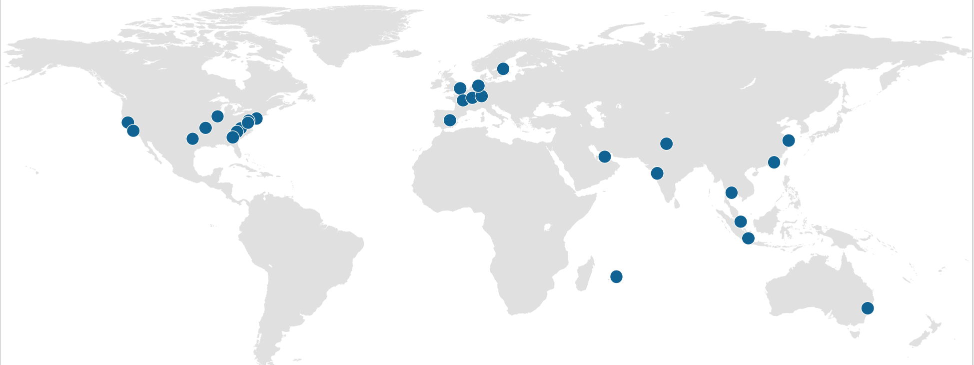
Overview of Ares Management

With approximately $179 billion in assets under management, Ares Management Corporation is a global alternative investment manager operating integrated businesses across Credit, Private Equity, Real Estate and Strategic Initiatives

Profile

Founded:	1997
AUM:	$179bn
Employees:	1,445+
Investment Professionals:	~525
Global Offices:	25+
Direct Institutional Relationships:	1,060+
Listing: NYSE – Market Capitalization:	~$11.2bn[1]

Global Footprint[2]



The Ares Edge

- **Founded with consistent credit based approach to investments**
- **Deep management team with integrated and collaborative approach**
- **20+ year track record of compelling risk adjusted returns through market cycles**
- **Pioneer and a leader in leveraged finance and private credit**

	Credit	Private Equity	Real Estate	Strategic Initiatives
AUM	**$131.2bn**	**$26.7bn**	**$14.4bn**	**$6.9bn**
Strategies	Direct Lending	Corporate Private Equity	Real Estate Equity	Ares SSG
	Liquid Credit	Special Opportunities	Real Estate Debt	
	Alternative Credit	Energy Opportunities		
		Infrastructure and Power		

Note: As of September 30, 2020. 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 24, 2020.
2. Ares has a presence in Sydney, Australia through its joint venture, Ares Australia Management Pty Ltd (AAM), with Fidante Partners Limited, a wholly owned subsidiary of Challenger Limited. Jakarta, New Delhi, Sydney and Bangkok offices are operated by third parties with whom Ares SSG maintains an ongoing relationship relating to the sourcing, acquisition and/or management of investments.

WHAT WE DO

We invest in **large, diversified portfolios of assets**.

We invest in assets that generate **contractual cash flows**.

We invest in assets that have **historically demonstrated stable performance**, including under stress.

TYPE OF ASSETS

We invest in large, diversified portfolios of assets that generate contractual cash flows. These asset pools generally consist of:

- Loans
- Leases
- Receivables

FORMAT OF INVESTMENTS

We approach asset investing with a flexible capital approach, seeking to provide a tailored capital solution. The format of our investments is typically one of the following:

LENDING	ASSET ACQUISITION	LIQUIDS
Lend against assets	*Acquire asset pools*	*Buy Alt Credit securities*
In standard / rescue format	*On an opportunistic basis*	*Only in periods of dislocation*

For illustrative purposes only.
Past performance is not indicative of future results.

ARES

Ares Alternative Credit Capabilities

Ares is a leader in the Alternative Credit markets

TEAM	EXPERIENCE	TRACK RECORD[2]
~525 *investment professionals across Ares Credit, PE and Real Estate*	**~$11.8BN** *in AUM across diverse Alt Credit mandates[3]*	**1.6BPS** *realized annualized loss rate*
38 *dedicated investment professionals (one of the market's largest dedicated teams)[1]*	**~$14.8BN** *invested in Alt Credit since inception[2]*	**14.9% / 10.7%** *realized illiquid alternative credit pro forma gross and net asset-level IRR*
~20 YRS *of experience (on average) across the team's 23 senior investment professionals[1]*	**~$3.5BN** *invested in last twelve months*	**4.8% / 4.2%** *realized liquid (IG focused) alternative credit pro forma gross and net asset-level IRR*

As of September 30, 2020 unless otherwise noted. Past performance is not indicative of future results.
1. As of November 2020.
2. Since 2011. Please review in conjunction with the Pro Forma Performance Notes on slide 24.
3. AUM reflects USD amount. Includes ~$10.8bn invested across dedicated funds and ~$1.1bn invested across other strategies.

COMPARING INVESTMENT CASH FLOW PROFILES

The typical Alternative Credit investment has a cash flow profile that is very different from typical private equity or corporate debt investments

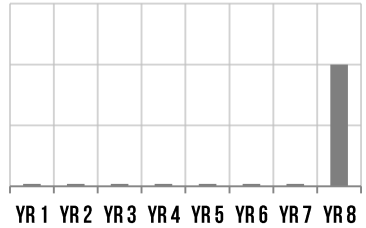
We believe such a profile provides a number of risk mitigation benefits, including:

- No reliance on a realization event for a return of capital
- High volumes of cash flows can quickly reduce risk exposure
- Relatively short investment duration

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

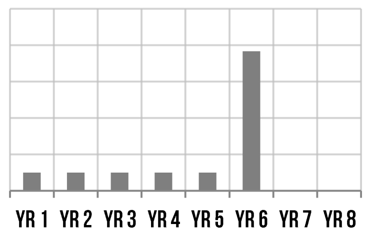
VISUALIZING CASH FLOWS

PRIVATE EQUITY



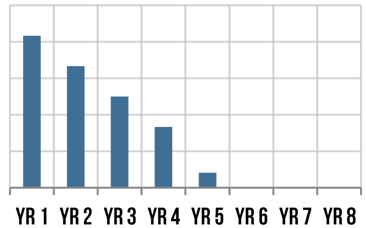
Typically receives little to no cash flow until a realization event (e.g. the sale or IPO of the company).

CORPORATE DEBT



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

ALTERNATIVE CREDIT



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

ARES

EXECUTIVE SUMMARY

- $2 billion+ target fund seeking to deliver 11-13% net returns including a 5% annual yield[(1)]
- Pathfinder will seek to construct a diversified portfolio of ~30 to 50 investments (with significant underlying diversity) with ~2-3% average position sizes
- Investing with purpose: At least 10% of Pathfinder's carried interest will be donated to support global health and education initiatives[(2)]

PATHFINDER'S APPROACH TO CAPTURE VALUE

SOURCING
Ares Alt Credit benefits from Ares' reputation and large presence in adjacent, traditional markets

SIZE / SCALE
Small platforms may not be able to access opportunities or provide scale solutions

COLLABORATION
We believe Ares collaborative culture is extremely rare among large platforms

RELATIVE VALUE LENS
Ares Alt Credit platform enjoys a large window into markets and sectors

For illustrative purposes only.
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. Please refer to slide 13 for additional details.

ARES

CASE STUDY: REIT FINANCING

TRANSACTION OVERVIEW

- Opportunistic investment arising from COVID-19 induced market volatility
- Senior loan secured by an existing, diversified, seasoned asset portfolio of non-agency mortgage-backed loans
- Strong alignment achieved with counterparty
- Transaction benefits from downside protections but has significant equity upside at closing

The case study shown illustrates the most recent hybrid REIT financing originated since inception as of December 2020. All data as of June 2020 unless otherwise noted. This case study is shown for illustrative purposes only and there is no guarantee that Ares will have similar investment opportunities in the future. The underwritten IRR and MOIC targets do not reflect actual returns to any investor. This information is neither an offer to sell, nor the solicitation of an offer to purchase, any security, the offer and/or sale of which can only be made by definitive offering documentation. **Please review in conjunction with the Case Study Endnotes on slide 25.**

1. At closing, the penny warrants equivalent to ~8% of the common equity of the Manager were estimated to be worth ~$200mm. Ares Pathfinder Fund will receive its pro rata allocation of Ares' warrants.

BACKGROUND

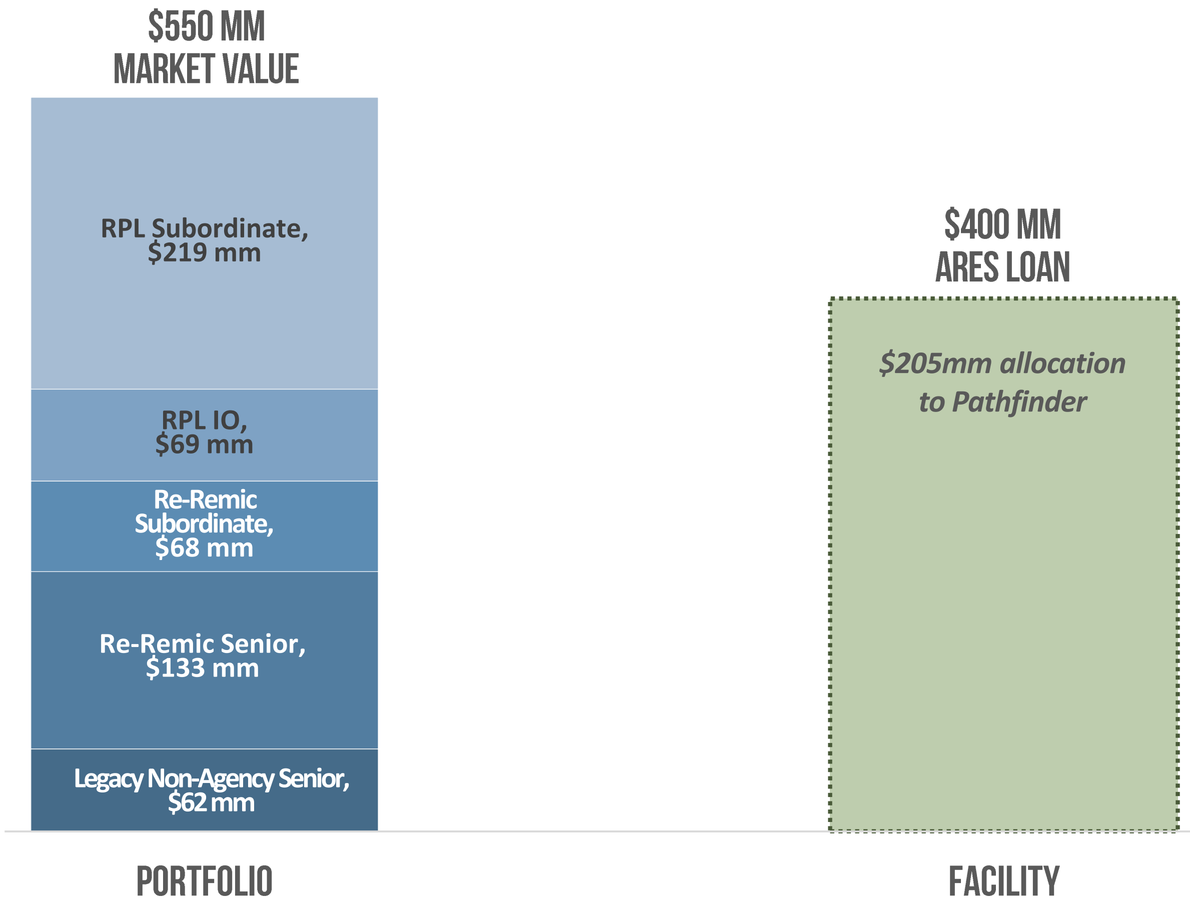
- Chimera (NYSE: CIM) (the "Manager"), a large, public REIT with over $19bn of assets, had previously financed a significant portion of its portfolio of mortgage assets using mark-to-market, repo leverage
- Market volatility strained repo markets and many competing REITs were unable to make their capital calls and had forced asset sales
- Ares approached the Manager on a proprietary basis to structure a solution to help stabilize the Manager and provide strategic capital to exploit the market dislocation

STRUCTURE

- $400mm term loan facility supported by $550mm in collateral
- Ares re-underwrote and selected each of the underlying securities in the asset portfolio
  - Ares Pathfinder Fund invested $205mm in the transaction, representing 6.8% of the Fund's $3bn hard cap
- Three-year term facility benefits from a perfected first priority lien on the asset portfolio + a full corporate guaranty from the Manager
- Economics:
  - Interest coupon of 7.00%
  - Penny warrants equivalent to ~8% of common equity (*at closing, Ares' warrants were valued at ~$200mm*[1])
  - Underwritten to a gross IRR of 15%-20%+ and a gross MOIC of 1.5x-2.0x+ *(as of the closing date)*

Ares Loan Facility Diagram

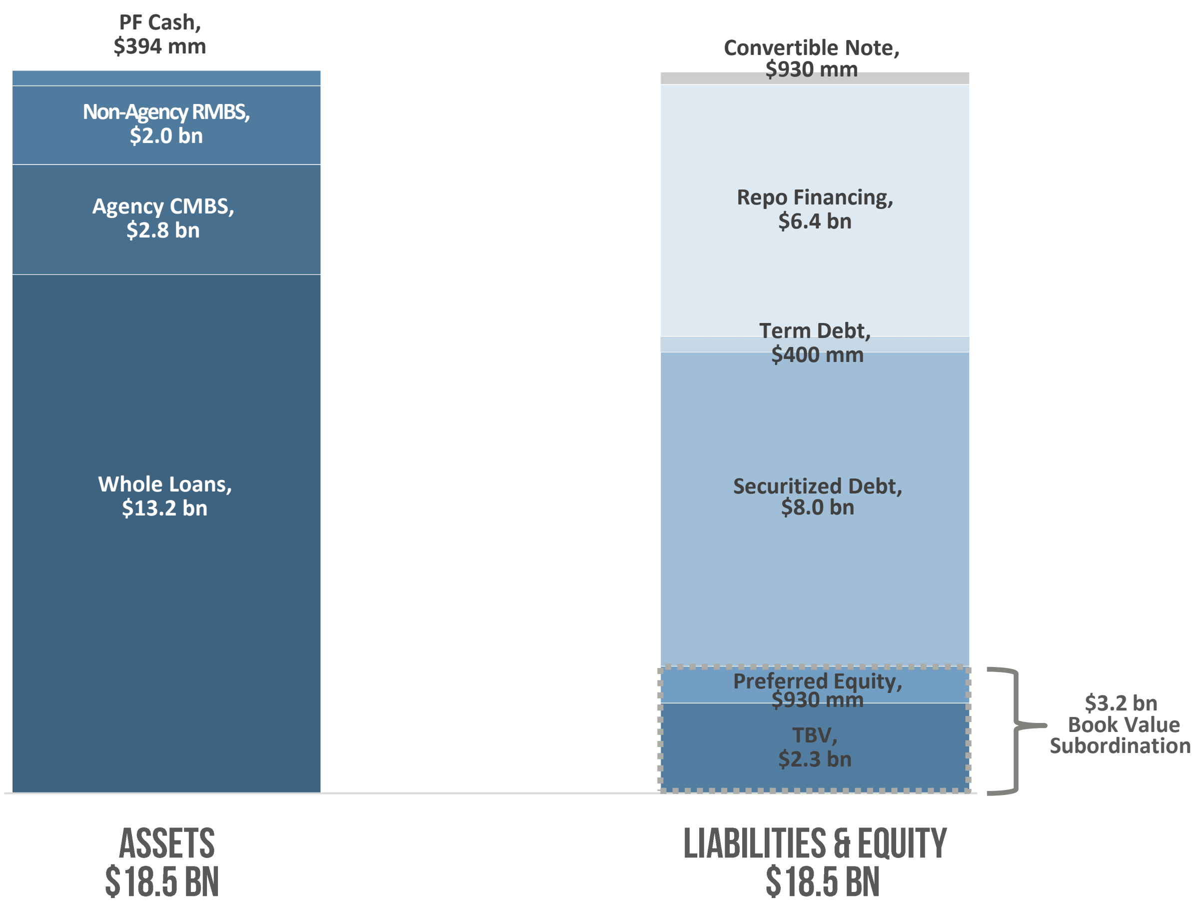
- Ares Loan facility benefits from a perfected, first priority lien on the portfolio as well as a full corporate guaranty from the Manager, combining full corporate recourse and an identified collateral portfolio



For illustrative purposes only. Reflects loan facility diagram at closing in June 2020. Note: GFC is defined as the period just prior to and following the credit market dislocation of 2008. RPL refers to a reperforming loan, a mortgage that became delinquent because the borrower was behind on payments by at least 90 days but is performing again because the borrower has resumed making payments. IO refers to Interest Only. Legacy Non-Agency generally refers to pre-2008 mortgage collateral that has survived the GFC. A Re-Remic refers to a real estate mortgage investment conduit (REMIC), a trust that has been created to own one or more existing mortgage-backed residential or commercial securities. Prior to the GFC, Re-Remics were primarily created to meet investors' specific cash flow needs. Post the GFC, a Re-Remic customizes certain RMBS securities to optimize capital relief for the banking system. The Chimera Re-Remic assets are seasoned Legacy Non-Agency collateral. REF: TCA-00156

Chimera Capital Structure

- Pro forma for the Ares Loan, the Manager will have approximately $400 million of unrestricted cash on its balance sheet, providing significant liquidity in addition to $3.2 billion of book value subordination
- Ares Loan facility benefits from a perfected, first priority lien on the portfolio as well as a full corporate guaranty from the Manager, combining full corporate recourse and an identified collateral portfolio

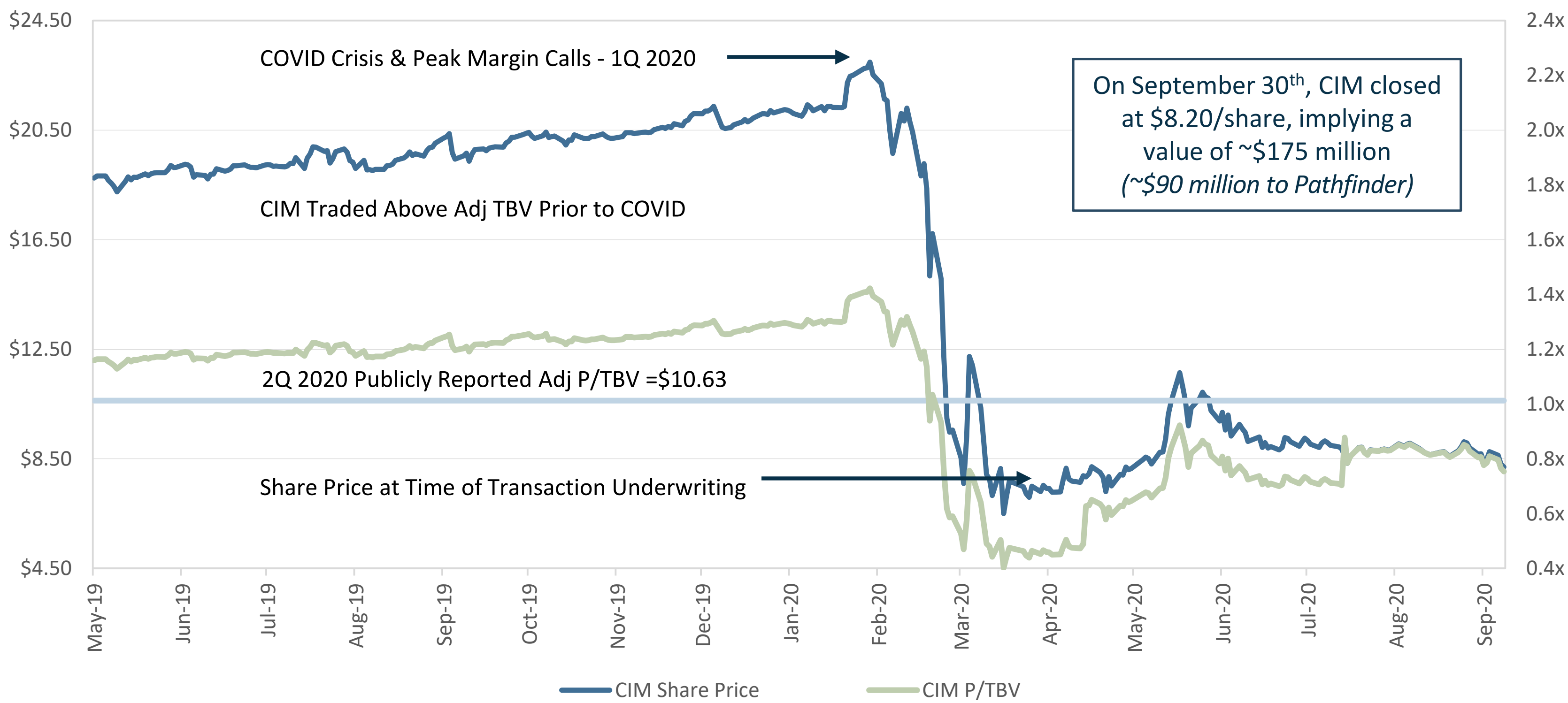


For illustrative purposes only. Reflects capital structure at closing in June 2020. REF: TCA-00156

Upside Participation through ~20 Million Penny Warrants in CIM

HISTORICAL SHARE PRICE AND P / TBV

Since closing the Ares Loan, CIM has eliminated most near term mark to market repo risk in its liability structure, as it has increasingly moved to non-recourse securitization financing. This has materially stabilized CIM's capital structure and provides substantial downside protection to the value of the corporate guaranty, while supporting a lift to CIM's share price valuation



With a closing price of $8.20 / share on September 30th, the implied total warrant value based on the trailing 30-day share price is ~$175 million, which we estimate would result in ~$158 million of unrealized value as we expect Chimera would exercise its right to settle the warrants in cash for 90% of the market value. Ares Pathfinder Fund would receive its pro rata allocation, estimated to be ~$81 million.

For illustrative purposes only. As of September 30, 2020. References to "downside protection" or similar language are not guarantees against loss of investment capital or value.
REF: TCA-00156

ARES

SECTOR OVERVIEW: FUND FINANCE

ASSETS:

- Underlying assets of a private equity, real estate, credit and/or infrastructure fund

CONTRACTUAL CASH FLOWS:

- Proceeds from realization/exit of each of the underlying fund investments

DESIGN / DOWNSIDE PROTECTION:

- Conservative LTV
- Minimum MOIC
- Portfolio diversity[1]

For illustrative purposes only. There is no guarantee opportunities or performance objectives will be realized. References to "downside protection" or similar language are not guarantees against loss of investment capital or value.

1. Refers to diversity within the private equity, real estate, credit or infrastructure fund's portfolio.
2. The pipeline opportunity shown illustrates the most recent European Fund Finance deal in review for a potential investment. This pipeline opportunity is shown for illustrative purposes only and there is no guarantee that the opportunity will occur as described or at all. The consummation of any of this transaction depends upon, among other things, one or more of the following: satisfactory completion of our due diligence, our acceptance of the terms and structure of such investment and the execution and delivery of satisfactory transaction documentation.
3. Minimum MOIC is contingent on definitive closing documentation, is not guaranteed, and is subject to change.

MARKET OPPORTUNITY

- Late vintage funds that are beyond their investment periods are experiencing temporary delays on portfolio exits as a result of COVID-19 induced market dislocation
- Fund sponsors are seeking the ability to provide opportunistic and defensive capital for their portfolio companies, with the option to distribute capital to the limited partners
- Gap exists as traditional sources of capital are not available to these funds (e.g., subscription lines)

ILLUSTRATIVE EXAMPLE[2]

Evaluating an opportunity to provide a senior secured loan secured by the underlying assets of a private equity fund at a conservative LTV with an attractive mid-teens return profile

- €40mm five year senior secured loan with expected LTV of ~4% at funding and ~15% fully drawn, with 7x asset coverage on Fair Market Value ("FMV") of portfolio
- €400mm 2011 vintage European private equity fund with 15 investments made from 2011 to 2016
- Substantial cash sweep from all underlying portfolio company exits
- Structured with minimum gross MOIC of 1.25x[3]
- Perfected security interest in all assets of the fund

PATHFINDER – INVESTING WITH PURPOSE

ARES AND PATHFINDER'S PORTFOLIO MANAGERS WILL TOGETHER DONATE AT LEAST 10% OF THE FUND'S CARRIED INTEREST TO GLOBAL HEALTH AND EDUCATION CHARITIES

OUR MOTIVATION

- Over 700 million people live in extreme poverty[1]
- Half of the world's population struggles to access essential health and education resources[2]
- While childhood mortality has declined by over 50% with over 122 million lives saved since 1990, even today a child under the age of five dies every five seconds[3,4]
- Global health charities have the tools to end senseless deaths and improve life for millions, but lack the resources

OUR PURPOSE

- Ares is committed to investing in global health and education to help save lives and drive equality
- Pathfinder's dual purpose:
  1. Seek attractive risk-adjusted returns for our investors in a differentiated strategy
  2. Drive real impact in global health and education
- Ares will partner with non-profit organizations that have a track record of delivering the most value per charitable dollar contributed

MEASURING PERFORMANCE

FUND	CHARITY
Returns	Lives Impacted
MOIC	Lives Saved

1. Source: World Bank – Poverty metrics as of 2015.
2. Source: World Health Organization, December 2017.
3. Source: United Nations.
4. Source: Bill and Melinda Gates 2017 Annual Letter.

ARES PATHFINDER FUND
INVESTMENT OBJECTIVES[1]

Pathfinder will seek to invest in a diversified portfolio largely consisting of directly originated Alternative Credit investments

The Fund's strategy emphasizes downside protection and capital preservation while seeking to deliver uncorrelated, income-oriented returns to investors

The information presented herein is subject to change. The above briefly summarizes certain material indicative terms and conditions and does not contain all terms and conditions that will be included in any definitive documentation for the proposed transaction. The above summary does not constitute a commitment, a contract to provide a commitment, or an offer to make a commitment to Ares on these or any other terms. No legally binding terms shall be created until definitive documentation is executed and delivered.

1. No guarantee investment objectives can be achieved.
2. No guarantee target fundraise can be achieved.
3. Adjusted for fees, expenses, and default expectations. There can be no assurance that the target return will be achieved. MOIC reflects the multiple of invested capital over the investment horizon.
4. May be extended by the GP for an additional one-year period in its discretion and a second additional one-year period with the consent of the Advisory Board.
5. May be extended for up to two consecutive one-year periods with the approval of the Advisory Board or a majority in interest of the Limited Partners.
6. Ares will not receive any carried interest until the limited partners have first received cumulative distributions equal to the aggregate amount of their capital contributions, plus a 6% return on these contributions.

SUMMARY OF INDICATIVE TERMS

TARGET FUND SIZE[2]	$2 BILLION+
MINIMUM COMMITMENT	$10 MILLION
TARGET NET RETURNS[3]	11 -13%; 1.50-1.75X MOIC
INVESTMENT PERIOD[4]	3 YEARS FROM THE FINAL CLOSING DATE
TERM[5]	8 YEARS FROM THE INITIAL CAPITAL CONTRIBUTION
DISTRIBUTIONS	QUARTERLY, TARGETING 5% PER ANNUM, AT GP'S DISCRETION
MANAGEMENT FEE	1.25% PER ANNUM ON INVESTED CAPITAL
CARRIED INTEREST[6]	20% SUBJECT TO A 6% PREFERRED RETURN; EUROPEAN WATERFALL
GP / LP CATCH-UP	85% / 15%

APPENDIX

ARES PATHFINDER TEAM

LARGE, CYCLE-TESTED TEAM:

38 Alt Credit specialists[3] in collaboration with over ~525 investment professionals across Credit, Real Estate, Private Equity and Strategic Initiatives

ARES PATHFINDER FUND PORTFOLIO MANAGERS

KEITH ASHTON[1,2]
Partner
Co-Head of Alt Credit
(22 years)

JOEL HOLSINGER[1,2]
Partner
Co-Head of Alt Credit
(23 years)

OTHER PATHFINDER INVESTMENT COMMITTEE MEMBERS

MICHAEL AROUGHETI[1]
Co-Founder, CEO,
President of Ares
(27 years)

KIPP DEVEER[1]
Senior Partner
Head of Ares Credit Group
(25 years)

MITCH GOLDSTEIN[1]
Partner
Co-Head of Credit
(26 years)

JEFFREY KRAMER[1,2]
Partner
Head of ABS
(34 years)

KEVIN ALEXANDER
Partner
(23 years)

CRAIG CORTRIGHT
Managing Director
(19 years)

As of September 30, 2020. Years referenced represents number of years of relevant experience.
1. Serves on Ares Management's Global Management Committee.
2. Serves on Ares' Alternative Credit Executive Committee.
3. As of November 2020.
4. In addition to responsibilities on the Alternative Credit team, serves as a Managing Director in the Ares Credit Group where he focuses on direct lending.
5. In addition to responsibilities on the Alternative Credit team, serves as a Managing Director and Head of Capital Markets, Real Estate Debt in the Ares Real Estate Group.

INVESTMENT & ASSET MANAGEMENT TEAM[3]

CHARLES ARDUINI *Partner* *(20 years)*	**VINCENT SALERNO** *Partner* *(23 years)*	**IAN SMITH** *Partner, Trader* *(18 years)*	**ELI APPELBAUM** *Managing Director* *(15 years)*
DAVID ELLS *Managing Director* *(28 years)*	**JOSHUA MASON** *Managing Director* *(23 years)*	**ANKUR PATEL** *Managing Director* *(20 years)*	**KRISTOFER PRITCHETT** *Managing Director, Trader* *(12 years)*
SCOTT ROSEN[4] *Managing Director* *(19 years)*	**SUMIT SASIDHARAN[5]** *Managing Director* *(23 years)*	**LISA TROLSON** *Managing Director* *(23 years)*	**BENJAMIN TYSZKA** *Managing Director* *(19 years)*
FELIX ZHANG *Managing Director* *(9 years)*	**ANDIE GOH** *Principal* *(9 years)*	**PETER KEANE** *Principal* *(17 years)*	**ALEX SMIT** *Principal* *(8 years)*
GREG SPILBERG *Principal* *(20 years)*	**CHENG ZENG** *Principal* *(13 years)*	**CRAIG BEHRENS** *Vice President* *(9 years)*	**STEPHEN GARDNER** *Vice President* *(6 years)*
LUDO HASHEMI *Vice President* *(6 years)*	**ELIZABETH LEVI** *Vice President* *(6 years)*	**CATHY LU** *Vice President* *(7 years)*	**DONGNING LUO** *Vice President* *(8 years)*
GREG EACHO *Senior Associate* *(6 years)*	**ARI FELDMAN** *Senior Associate* *(7 years)*	**BRIAN HOGAN** *Senior Associate* *(4 years)*	**HAAKIM NAINAR** *Senior Associate* *(6 years)*
ERIC TANG *Senior Associate* *(5 years)*	**PATRICK YU** *Senior Associate* *(5 years)*	**KIAN IVEY** *Associate* *(4 years)*	**NATE KIM** *Associate* *(3 years)*
REN SHAO *Associate* *(5 years)*			

+ 207 *Direct Lending Professionals*	**+ 44** *Liquid Credit Professionals*	**+ 84** *Real Estate Professionals*	**+ 17** *Special Opportunities Professionals*

PRODUCT MANAGEMENT & INVESTOR RELATIONS[3]

SONYA LEE *Partner* *(18 years)*	**LAUREN THOMAS** *Vice President* *(9 years)*	**CHELSEA DODGE** *Senior Associate* *(5 years)*	**MOUREEN KARIM** *Associate* *(3 years)*

+ 53
Additional Product Management & Investor Relations Professionals

ARES

Driving Investing & Organizational Excellence Through ESG Integration

We strive to achieve better investment outcomes and leave a lasting positive impact on our companies and communities

DIFFERENTIATED ESG APPROACH

Long-Standing Commitment to ESG Principles

Hired first dedicated resource in 2012 to lead firm-wide ESG program

Broad Organizational Buy-In & Partnership

Head of ESG partners with designated ESG Champions across Ares to co-author approach, drive implementation and monitor progress

Direct Reporting Line Given Executive Priority

Head of ESG reports directly to Ares Management's CEO & President

PRI Signatory Leadership

One of few publicly-traded alternative investment managers to sign UN's Principles for Responsible Investment

Systematic & Tailored Efforts

Our approach is bespoke to the unique dynamics of a given strategy and focuses on materiality through leading frameworks (e.g., SASB)

SIGNIFICANT INVESTMENT & ORGANIZATIONAL IMPACT

	Our Beliefs	Scale of Impact
Responsible Investment	We believe integrating ESG factors into the investment process across strategies **will generate superior returns** and **drive positive change** in our local communities and the world at large	**$179BN**[1] of AUM
Corporate Sustainability	Ares' own corporate sustainability initiatives on material topics such as **Inclusion & Diversity, Climate Change** and **Volunteerism & Philanthropy** reflect our view that they are **good for business**	**1,445+** Ares employees **25+** Ares offices

As of September 30, 2020, AUM amounts include funds managed by Ivy Hill Asset Management, LP., a wholly owned portfolio company of Ares Capital Corporation and a registered investment advisor.

The Three Phases of Alternative Credit Market Dislocation

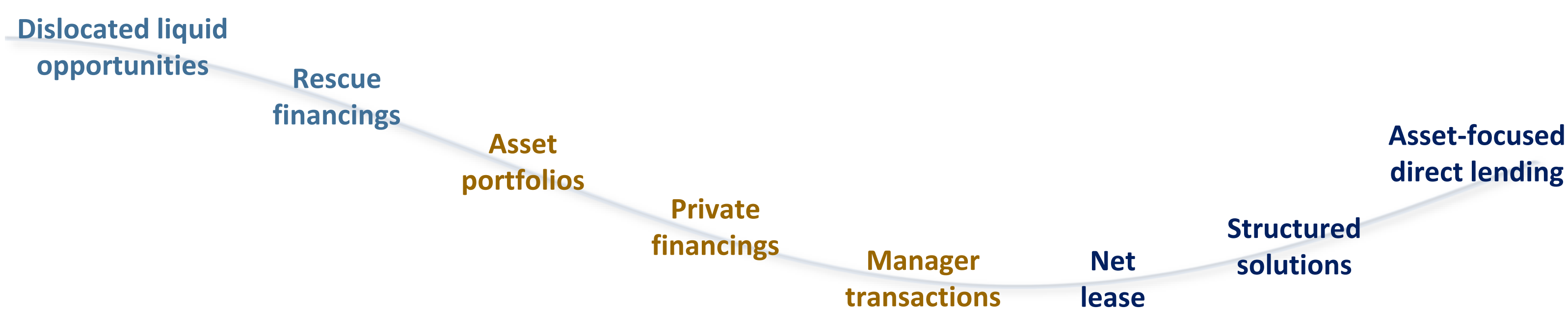
WE ARE CURRENTLY AT THE BEGINNING OF PHASE 2

PHASE 1: FIRE SALE	Forced sellers, frozen markets, price dislocations, limited liquidity
PHASE 2: WASTELAND	Asset portfolios marked down, limited market activity, green shoots emerge
PHASE 3: RECOVERY	Capital markets, securitization markets return to normal execution

PHASE 1
"THE FIRE SALE"

PHASE 2
"THE WASTELAND"

PHASE 3
"THE RECOVERY"



1-6 MONTHS

6-24 MONTHS

24+ MONTHS

For illustrative purposes only. There is no guarantee that assets will perform or opportunities will be identified as described.

Our Relative Value Lens Today

(subject to change based on market conditions, relative value and investment opportunities)

IN FOCUS

- Portfolio Financing
- REIT Financing
- Lease Portfolios (SFR, GL) ↑
- NPL / RPL ↑
- GP/Manager Financing ↑
- Fund Finance Europe (RE, PE)
- Loan Portfolios
- Triple-Net Lease Arbitrage
- Housing Opportunities

MONITORING

- Auto Portfolios
- Healthcare Lending
- Management/Servicing Fees ↓
- Legal Assets
- Small Business Lending
- Media/Sports Assets
- Consumer Lending
- Secondaries Lending
- Aviation *(almost never)* ↑

NOT IN FOCUS

- CLO Securities ↓
- Rescue Financing ↓
- Venture Debt *(almost never)*
- Shipping *(never)*
- Agency CMBS ↓
- Secondaries Portfolios ↓
- Life Settlements *(never)*
- Timeshares
- Solar Loans
- Patent Litigation *(never)*

The arrows above (↓ or ↑) indicate changes as of December 2020 given our general view of relative value for such assets

For illustrative purposes only.
Based on the Ares Alternative Credit Team's market observations as of December 2020. There is no guarantee that assets will perform or opportunities will be identified as described.

Ares Pathfinder Fund Pipeline

WE ARE CURRENTLY EVALUATING OVER 75 OPPORTUNITIES. BELOW IS A SAMPLING OF SOME OF THOSE OPPORTUNITIES.

#	Opportunity	Asset Class	Size *($mm)*	Phase
1	Secondary Lending	European Fund Finance	50	IC Approved
2	Portfolio Acquisition	SFR Portfolio	150	IC Approved
3	Portfolio Acquisition	Net Lease Portfolio	100	IC Approved
4	Real Asset Lending	Ground Lease Program Partnership	230	IC Screening
5	Offensive Capital	Restructuring REIT	250	Terms
6	Fund Finance	European Student Housing	120	Terms
7	Real Asset Lending	Residential Mortgages	150	Terms
8	Offensive Capital	Equipment Leases	50	Terms
9	Offensive Capital	Sports Financing	100	Terms
10	Offensive Capital	Bad Debt Financing	80	Terms
11	Offensive Capital	Royalty Stream	500	Terms
12	Refinancing	GP/Manager Financing	85	Terms
13	Growth Capital	Residential Real Estate Portfolio	100	Terms
14	REIT Take Private	U.K. Commercial Real Estate	480	Reviewing
15	Rescue Financing	Small Business	150	Reviewing
16	Secondary Lending	European Fund Finance	50	Reviewing

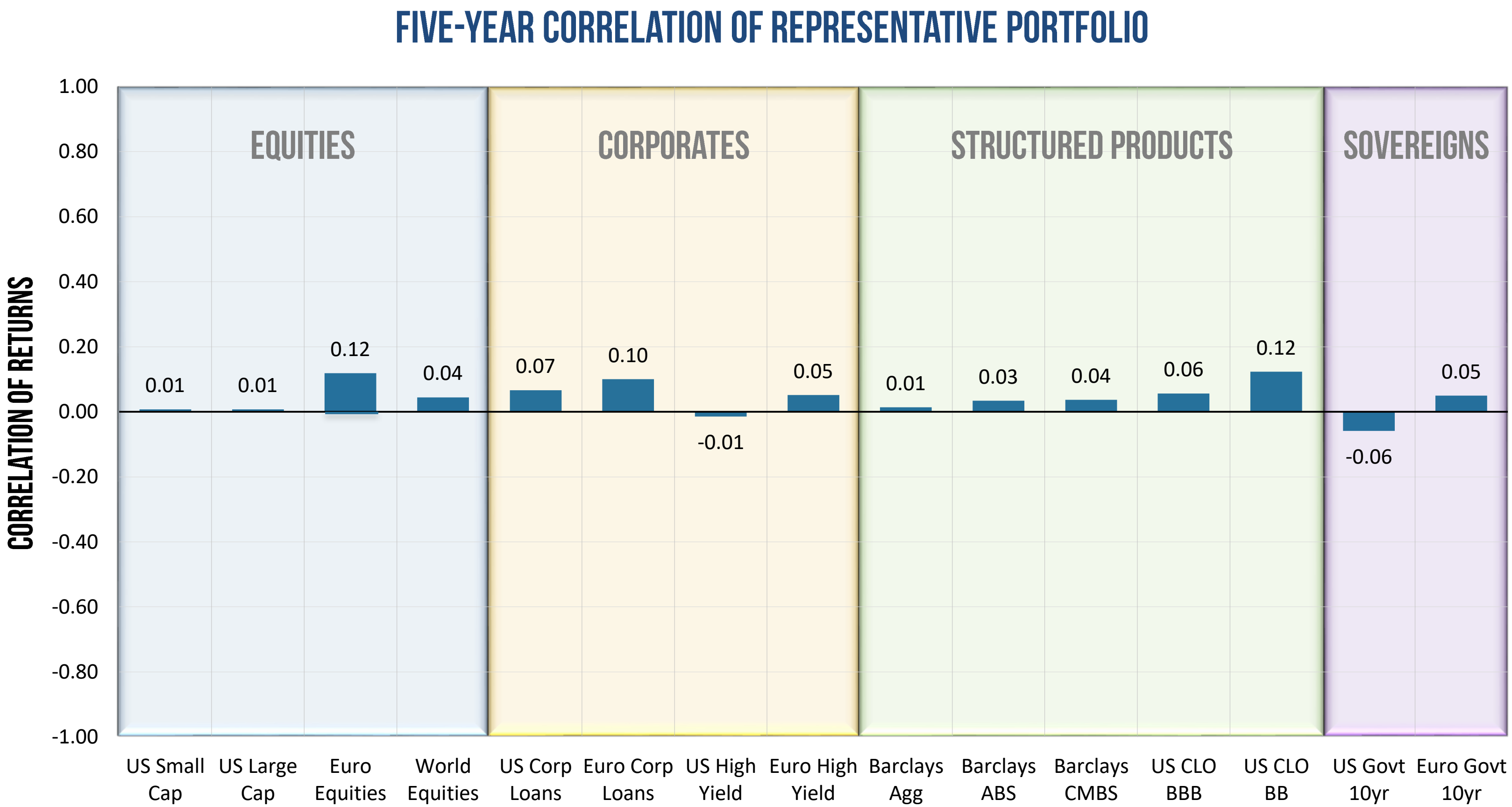
Total	**$2,645**
Additional Pipeline Opportunities	+ 2,500
Total Ares Pathfinder Fund Pipeline	**$5,145**

OUR PIPELINE NOW REPRESENTS $5.1 BILLION+ OF NEW OPPORTUNITIES THAT WE ARE EVALUATING FOR PATHFINDER

The Ares Pathfinder Fund Pipeline as of December 2020 (the "Pipeline") includes potential investment opportunities. They are not necessarily representative of all the investments of a given type or of investments generally. Information regarding a particular opportunity, fund or investment strategy is not and should not be interpreted as a guarantee of future performance. No assurance can be given that any opportunities in the Pipeline will occur on the terms noted or at all. You should not rely on the Pipeline as indicative of the types of opportunities that will be available to Ares Pathfinder Fund.

Correlation Analysis: Private Asset-Focused Investments

Our analysis shows *de minimis* correlation with broad markets, largely in the range of -0.06 to +0.12

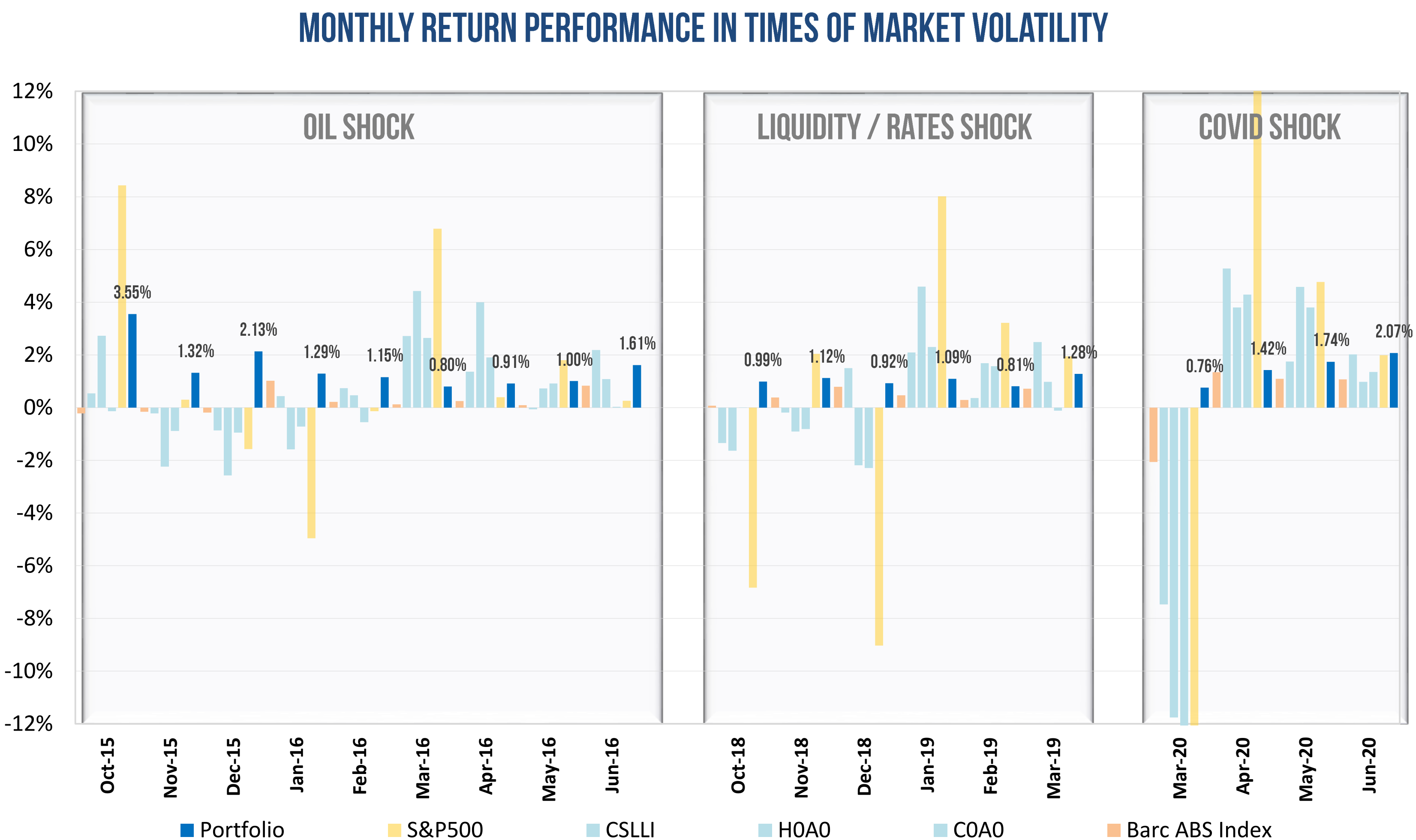


As of September 30, 2020. All investments involve risk, including loss of principal. **Please refer to slide 26 for index definitions and an important index disclosure.**

ARES

Volatility Analysis: Private Asset-Focused Investments

The strategy can exhibit consistent positive performance regardless of broader market fluctuations



As of September 30, 2020. All investments involve risk, including loss of principal. Past performance is not indicative of future results. **Please refer to slide 26 for index definitions and an important index disclosure.**

ENDNOTES

Pro Forma Performance Notes to Alt Credit Track Record Slides

- **Past performance is not indicative of future results**. Please see the below performance disclosures for important information about the results shown herein. The investments reflected herein are intended to be illustrative, and are not intended to be used as an indication of current or future performance of any Ares fund, or investment. Further, reference to these particular investments is not necessarily indicative that any Ares fund will offer or hold any or all of the investments. The opportunity to invest in future Ares funds or investments on an ongoing basis is not guaranteed, and will be made by means of definitive offering memoranda, which will be furnished to qualified investors at their request.
- The Total Alternative Credit track record shown includes the following:
  - Financial: all CLO investments in commingled funds and separately managed accounts executed by investment professionals within Ares Credit Group for the period January 1, 2012 to September 30, 2020; all FINCO debt investments in Ares Capital Corporation executed by investment professionals within Ares Credit Group for the period from January 1, 2012 to September 30, 2020; and all financial asset investments in commingled funds and separately managed accounts executed by investment professionals within Ares Credit Group.
  - Specialty: all private asset-backed investments in commingled funds and separately managed accounts executed by investment professionals within Ares Credit Group.
  - Real: all CMBS investments in commingled funds and separately managed accounts executed by investment professionals within Ares Credit Group for the period January 1, 2018 to September 30, 2020; all real asset investments in commingled funds and separately managed accounts executed by investment professionals within Ares Credit Group; and all K-Series investments in separately managed accounts executed by investment professionals within Ares Real Estate Group.
- The Pathfinder Strategy Subset reflects all opportunistic Alternative Credit investments, consistent with the Fund's investment philosophy.
- The pro forma performance results shown have been compiled by Ares from actual realized and unrealized investments that were not collectively part of an actual portfolio. However, these results are based on a grouping of assets that are representative of the strategy that the Fund intends to follow. Pro forma performance results may have inherent limitations, and no representation is being made that any investor will or is likely to achieve profits or losses similar to those shown. Had a fund focused on the assets represented by this performance actually existed, Ares may not have made the same investment decisions. Given Ares did not offer an investment vehicle that held all of the assets included in the pro forma track record, an investor was not able to invest in these assets as presented. There are factors related to the markets in general, or to the implementation of any specific portfolio strategy, which cannot be fully accounted for in the preparation of pro forma portfolio performance, all of which can adversely affect actual portfolio results. Returns of unrealized investments herein are based in part on unrealized valuations and the actual realized returns of such unrealized investments may differ materially from the returns indicated herein. The performance information summarized herein has not been audited. Past performance is not indicative of future results. No individual investor has received the investment performance indicated by the pro forma returns presented herein. Certain assumptions, not all of which are described herein, have been made to calculate pro forma returns and the use of different assumptions could produce materially different results. Fee and expense assumptions are based on the following: Assumptions are based upon what Ares believes represents a reasonable fee analysis. Fees and expenses for the Fund may be materially different than the fee and expense assumptions provided herein.
  a. Represents total net losses on all realized investments divided by total invested capital.
  b. Represents the asset-level Internal Rate of Return (IRR) of selected investments. IRR is the discount rate that makes the net present value of all cash flows related to a particular investment equal to zero. IRRs are de-annualized for investments with a holding period of less than one year. Gross asset-level IRR is gross of management and other expenses related to investments as these expenses are not allocable to specific investments and differ among funds. Gross asset-level performance does not reflect the effect of management fees, carried interest or other expenses, which in the aggregate may be substantial. The net IRR reflects the deduction of hypothetical management fees, incentive fees, and operating and administrative expenses from the gross IRR. For the Pathfinder Strategy Subset (Illiquid Alternative Credit), we assumed management fees of 1.25% per annum, administrative expenses of 0.12% per annum, and one time organizational expense of 0.175%. For the incentive fee estimate, we assumed a straight-line 20% deduction against the net return before incentive fees once a 6% hurdle was cleared. For Liquid Alternative Credit, we assumed a management fee of 0.50% per annum, administrative expenses of 0.02% per annum, and one time organizational expense of 0.03%. The effects of actual management fees, performance fees, and other expenses may differ, maybe materially, from the effects of expenses estimated herein. Investments are considered to be realized when the original investment objective has been achieved through the receipt of cash upon the sale of an investment. Past performance is not indicative of future results, the achievement of which cannot be assured.
  c. MOIC represents Multiple on Invested Capital. Asset-level MOIC is gross of management and other expenses related to investments as these expenses are not allocable to specific investments and differ among funds. The effect of such management and other expenses may reduce, maybe materially, the multiples show herein. Investments are considered to be realized when the original investment objective has been achieved through the receipt of cash upon the sale of an investment. The net MOIC reflects the deduction of hypothetical management fees, incentive fees, and operating and administrative expenses from the gross MOIC. See (b) above for further details on the assumptions. Note the net MOIC does not factor in the impact of the hurdle rate or reinvested capital.
- Target Fund returns are higher than the Pathfinder Strategy Subset pro forma net IRR and MOIC as the net returns exclude the benefit of any recycling, reinvestment and liquidity management. Further, Ares expects Pathfinder will have a higher allocation (relative to previous funds) to directly originated, private opportunities.

Endnotes to Case Study Slides

This case study is shown for illustrative purposes only and there is no guarantee that Ares will have similar investment opportunities in the future. Underwritten performance is provided for purposes of demonstrating pricing objectives and the alternative credit team's evaluation of the investment at the time of underwriting. Modelled returns are based on certain assumptions and not a reliable indicator of future performance and no guarantee or assurance is given that such returns will be achieved or that an investment will not result in a loss.

Underwritten IRR and MOIC targets are based on the investment at time of underwriting, are gross of fees and do not reflect actual performance. The underwritten IRR and MOIC targets do not reflect actual returns to any investor. Underwritten IRRs are formulated by utilizing industry market data including historical loss curves and comparable asset performance and are based on expectations of repayment in 3 years for the REIT Financing. This may contain information obtained from third parties, and cannot guarantee the accuracy, completeness, timeliness or availability of any information and are not responsible for any errors or omissions or for the results obtained from the use of such content. Underwritten targets do not reflect the effect of management fees, carried interest or other expenses, which in the aggregate may be substantial.

A list of investments comprising the Ares Alternative Credit Track Record is available upon request.

Index Definitions

Estimates of market correlation are not available for many Alternative Credit sectors due to lack of independent, publicly available data. However, where data is available, correlations with traditional markets have historically been quite low. The table herein shows five-year correlation statistics across a number of asset classes, with Private Asset-Focused Investments represented by a separately managed account managed by the Ares Alternative Credit Team (the "Team") since 2015. Observations by senior members of the Team from over decades of investment experience also support the general view that cash flow performance, default rates and loss rates in most Alternative Credit sectors are generally not correlated with markets but tend to be idiosyncratic and specific to individual transactions.

Note: As of September 30, 2020. Index data is provided for comparison purposes only. The information related to the various indices is sourced from the providers' websites. Ares is not responsible for any historic revision made to the indices. The indices include the reinvestment of dividends, interest and other earnings and have not been adjusted for management fees or expenses. Any indices that are not denominated in U.S. Dollars are hedged back to the U.S. Dollar currency for comparison purposes.

Correlation results have been calculated using the monthly returns of the below reference indices:

1. 'US Small Cap' is represented by the Russell 3000 index. The Russell 3000® Index measures the performance of the largest 3,000 US companies representing approximately 98% of the investable US equity market. The Russell 3000® Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are included.
2. 'US Large Cap' is represented by the S&P 500 index. The S&P 500 index is designed to be a leading indicator of US equities and is meant to reflect the risk/return characteristics of the large cap universe.
3. 'Euro Equities' is represented by the EURO STOXX 50® Index. The EURO STOXX 50® Index represents the performance of the 50 largest companies among the 19 supersectors in terms of free-float market cap in 11 Eurozone countries. These countries include Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. The index has a fixed number of components and is part of the STOXX blue-chip index family. The index captures about 60% of the free-float market cap of the EURO STOXX Total Market Index (TMI).
4. 'World Equities' is represented by the MSCI World Index. The MSCI World Index captures large and mid-cap representation across 23 Developed Markets (DM) countries. With 1,649 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. DM countries include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the UK and the US.
5. 'US Corp Loans' is represented by the Credit Suisse Leveraged Loan Index ('CSLLI'). The CSLLI is an index designed to mirror the investable universe of the $US-denominated leveraged loan market.
6. 'Euro Corp Loans' is represented by the Western European Leveraged Loan Index ('WELLI'). The WELLI is designed to mirror the investible universe of the Western European leveraged loan market, with loans denominated in $US and Western European currencies.
7. 'US High Yield' is represented by the ICE BofAML High Yield Master II Index ('H0A0'). The H0A0 consists of below investment grade US dollar denominated corporate bonds that are publicly issued in the US domestic and yankee bonds (issues included in the index have maturities of one year or more and have a credit rating lower than BBB-/Baa3, but are not in default).
8. 'Euro High Yield' is represented by the ICE BofAML European High Yield Index ('HE00'). The HE00 tracks the performance of EUR denominated below investment grade corporate debt publicly issued in the euro domestic or eurobond markets.
9. 'Barclays Agg' is represented by the Bloomberg Barclays Global Aggregate Bond Index. The Bloomberg Barclays Global Aggregate Bond Index is a flagship measure of global investment grade debt from twenty-four local currency markets. This multi-currency benchmark includes treasury, government-related, corporate and securitized fixed-rate bonds from both developed and emerging markets issuers.
10. 'Barclays ABS' is represented by the Bloomberg Barclays Asset-Backed Securities Index. The Bloomberg Barclays Asset-Backed Securities Index is the ABS component of the Bloomberg Barclays US Aggregate Bond Index and has three subsectors (credit and charge cards, autos, and utility).
11. 'Barclays CMBS' is represented by the Bloomberg Barclays Non-Agency Investment Grade CMBS Index.
12. 'US CLO BBB' is represented by the J.P. Morgan Collateralized Loan Obligation BBB Index (CLOIE). The J.P. Morgan Collateralized Loan Obligation BBB Index (CLOIE) is dedicated to tracking the US dollar-denominated broadly-syndicated, arbitrage CLO market. The CLOIE is not tradeable and aims to enhance market transparency and act as a potential total return benchmark. Represents US dollar-denominated post-crisis broadly syndicated CLOs rated BBB.
13. 'US CLO BB' is represented by the J.P. Morgan Collateralized Loan Obligation BB Index (CLOIE). The J.P. Morgan Collateralized Loan Obligation BB Index (CLOIE) is dedicated to tracking the US dollar-denominated broadly-syndicated, arbitrage CLO market. The CLOIE is not tradeable and aims to enhance market transparency and act as a potential total return benchmark. Represents US dollar-denominated post-crisis broadly syndicated CLOs rated BB.
14. 'US Govt 10yr' is represented by the ICE BofA Current 10-Year US Treasury Index (GA10). The ICE BofA Current 10-Year US Treasury Index is a one-security index comprised of the most recently issued 10-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 10-year note must be auctioned on or before the third business day before the last business day of the month.
15. 'Euro Govt 10yr' is represented by the ICE BofA 7-10 Year German Government Index (G4D0). The ICE BofA 7-10 Year German Government Index is a subset of ICE BofA German Government Index including all securities with a remaining term to final maturity greater than or equal to 7 years and less than 10 years.

Index Disclosure: Indices are provided for illustrative purposes only and not indicative of any investment. They have not been selected to represent appropriate benchmarks or targets for the strategy. Rather, the indices shown are provided solely to illustrate the performance of well-known and widely recognized indices. Any comparisons herein of the investment performance of a strategy to an index are qualified as follows: (i) the volatility of such index will likely be materially different from that of the strategy; (ii) such index will, in many cases, employ different investment guidelines and criteria than the strategy and, therefore, holdings in such strategy will differ significantly from holdings of the securities that comprise such index and such strategy may invest in different asset classes altogether from the illustrative index, which may materially impact the performance of the strategy relative to the index; and (iii) the performance of such index is disclosed solely to allow for comparison on the referenced strategy's performance to that of a well-known index. Comparisons to indices have limitations because indices have risk profiles, volatility, asset composition and other material characteristics that will differ from the strategy. The indices do not reflect the deduction of fees or expenses. You cannot invest directly in an index. No representation is being made as to the risk profile of any benchmark or index relative to the risk profile of the strategy presented herein. There can be no assurance that the future performance of any specific investment, investment strategy, or product will be profitable, equal any corresponding indicated historical performance, or be suitable for a portfolio.

ARES

RE: Securities Litigation Update – Financial Recovery Technologies
(No Action Requested)

Craig D'Alessio and Andrew Lasky from Financial Recovery Technologies (FRT) will provide the Board of University and School Land's (Board) an update on securities litigation and recoveries in the Permanent Trust Funds (PTFs).

On August 30, 2018 the Board directed the Commissioner to enter into an agreement with FRT to provide comprehensive securities litigation and antitrust monitoring, and claims filing services on behalf of the Board. FRT is a technology-based services firm that helps institutional investors identify litigation eligibility, file claims and collect funds made available in shareholder class action and antitrust settlements.

Since early 2019 FRT has been monitoring the PTFs' securities litigation and filing claims on behalf of the Board. FRT has filed 53 claims and has so far recovered $26,793.28 for the PTFs ($30,446.91 gross received less $3,653.63 in fees to FRT).

GROSS AMOUNT RECEIVED	FRT FEES	NET TO CLIENT
$30,446.91	$3,653.63	$26,793.28

Attachment: FRT Securities Litigation Presentation

FRT FINANCIAL RECOVERY TECHNOLOGIES

SECURITIES LITIGATION UPDATE

FOR

NORTH Dakota | Trust Lands
Be Legendary.™

Best in Class Recoveries

TODAY'S AGENDA

- **US/CA Settled Class Actions**: Current Activity to-date
- **Antitrust Settled Class Actions:** Overview of case type and instruments involved
- **Non-U.S. Group Actions**: Morrison and Defining the Opt-In and Passive models.
  - Global Participation - What to consider when deciding whether to register? Loss thresholds & jurisdictional risk metrics
- **Questions & Answers**

Class Action Market Evolution

The world of class actions has evolved dramatically over the last decade requiring institutional investors to upgrade their governance, controls and protocols:

- Demand for improved corporate governance and transparency has never been higher. Class actions and shareholder litigation are not immune.
- Shareholder litigation activity has increased exponentially
  - U.S. Supreme Court's Morrison (2010) decision has led to the growth of active jurisdictions and opt-in group litigations (AMP, Danske, VW, Toshiba, Tesco, Daimler etc.)
  - Antitrust settlements (FX Benchmark, GSE Bonds, LIBOR, ISDAFix) are on the rise
  - Direct litigations are increasing (Petrobras) and the U.S. Supreme Court's Calpers vs ANZ (2017) decision leaves even less time to make an opt-out decision
- Many global custodians and legacy providers have not kept up with the evolving landscape resulting in gaps in recovery opportunities for sophisticated plans sponsors
  - Danske Bank (Opt-In Opportunity)
  - Foreign Exchange (FX) Benchmark Rates (Antitrust Settlement)
  - Valeant Pharmaceuticals (Opt-Out Opportunity)
  - U.S. class actions involving ADRs (JPM, CITIBANK)

US/CA Settled Class Actions Filing

FRT began filing for NDLD - June 2019

- FRT applies its proprietary pre-filing analytics methodology on every claim
- Quarterly Status Reports provide a claim filing activity summary

North Dakota Land Department

Status Report

Period from 2020-10-01 to 2020-11-30

Settled Class Action - Claim Status Summary

Status	# Cases	Settlement Fund	# Claims	Total Recognized Loss	Pro Rata Shares	$ Recovered
Newly Paid	1	$480,000,000	1	$232,678	-	$30,447
Previously Filed	4	$146,750,000	6	$0	-	-
Total	5	$626,750,000	7	$232,678	0	$30,447

Antitrust - Claim Status Summary

Status	# Cases	Settlement Fund	# Claims	$ Recovered
Previously Filed	6	$3,528,275,000	25	-
Total	6	$3,528,275,000	25	$0

Settled Class Action - Newly Paid Claims

Case Name	# Claims	Claim Deadline	Settlement Fund	Class Period		$ Recovered	FRT Fees	Net to Client
WELLS FARGO & COMPANY,	1	1/23/2019	$480,000,000	2/25/2014	12/19/2016	$30,447	$3,654	$26,793

Settled Class Action - Previously Filed Claims

Case Name	# Claims	Claim Deadline	Settlement Fund	Class Period		Total Recognized Loss	Pro Rata Shares	Est Pay Date
BANK OF NEW YORK MELLON	3	8/15/2019	$72,500,000	1/1/1997	1/17/2019	-	-	12/31/2020
CITIBANK ADR	1	8/12/2019	$14,750,000	1/1/1900	9/4/2018	-	-	12/31/2020
ENDO INTERNATIONAL PLC	1	11/14/2019	$50,000,000	6/2/2015	11/13/2018	$0	-	2/28/2021
JPMORGAN	1	9/19/2019	$9,500,000	1/1/1900	7/18/2018	-	-	12/31/2020

Antitrust - Previously Filed Claims

Case Name	# Claims	Claim Deadline	Settlement Fund	Class Period	
(EURIBOR) Sullivan v. Barclays PLC et al.	1	8/1/2018	$309,000,000	6/1/2005	3/31/2011
(EURIBOR) Sullivan v. Barclays PLC et al.	2	7/31/2019	$182,500,000	6/1/2005	3/31/2011
(GSE Bonds) In re GSE Bonds Antitrust Litigation	7	2/28/2020	$49,500,000	1/1/2009	1/1/2019
(GSE Bonds) In re GSE Bonds Antitrust Litigation	7	5/12/2020	$337,000,000	1/1/2009	1/1/2019
FX	5	5/16/2018	$2,310,275,000	1/1/2003	12/15/2015
LIBOR OTC	3	12/20/2018	$340,000,000	1/1/1900	5/31/2010

Antitrust - Derivative, Currency & Rate related Class Actions

NDLD should look to maximize passive recoveries in Antitrust class actions, Commodity Exchange Act violations and other non-securities financial instrument litigations:

Antitrust cases arise out of anti-competitive behavior and/or market manipulation, often involving financial instruments or traded contracts (including commodities) other than stocks

- ❑ Antitrust cases involve different processes for recovery driven by the complexity of instruments involved and the challenges associated with damage calculations and claim submission
- ❑ Timely notifications of recovery opportunities from a consistent informed pipeline
- ❑ Data retrieval expertise
- ❑ Opportunity analysis detailing case eligibility, data mapping, transaction analysis, loss/damage calculations and the required steps to file
- ❑ Direct access to knowledgeable legal and operations teams for ongoing support, custom research and filing support

Antitrust Pipeline

Partially settled = $4+ billion in escrow *Currently Focused on 3 LIBOR Opportunities

Case	Settlement Amount	Filing Deadline	Nature of Suit
Mexican Governance Bonds	$20.7m	TBD	Alleged scheme amongst banks and their associated financial entities to rig auctions for Mexican government bonds through information sharing and collusive bidding during a proposed class period that runs from the beginning of 2006 through April 19, 2017.
LIBOR	$924.4m	Various deadlines December 1, 2020 (LIBOR Exchange Eurodollar) January 3, 2021 (LIBOR Non-Defendant OTC)	Alleged global conspiracy among banks to manipulate the London InterBank Offered Rate (LIBOR)
GSE Bonds	$386.5m	Various deadlines	Alleged that Defendants conspired to fix prices of GSE bond transactions issued by Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credits Banks, and Federal Home Loan Banks in the secondary market in violation of Section 1 of the Sherman Antitrust Act, 15 U.S.C §1.
FX Indirect	$13.6m	TBD	Alleged scheme among banks to rig the foreign exchange market, affecting the prices of a variety of FX instruments (including spot transactions, forwards, swaps, and others) to the detriment of FX traders.
Euroyen-Based Derivatives	$307m	Various deadlines	Alleged manipulation of the Yen- Libor and Euroyen Tibor Euroyen-based derivatives, instruments used to hedge against impact of currency fluctuations on Yen-based investments
Gold Fixing	$60m	TBD	Alleged scheme among banks to manipulate market prices for gold and silver as well as the various financial instruments pegged to gold and silver
Silver Fixing	$38m	March 1, 2021	
SSA Bonds	$95.5m	April 16, 2021	This case concerns a conspiracy by Defendants to fix prices and restrain competition in the market for U.S.dollar-denominated (“USD”) supranational, sovereign, and agency bonds (“SSAbonds”).
FX	$2.3b	May 16, 2018	Alleged scheme among banks to rig the foreign exchange market, affecting the prices of a variety of FX instruments (including spot transactions, forwards, swaps, and others) to the detriment of FX traders

FRT Antitrust Alerts

FRT FINANCIAL RECOVERY TECHNOLOGIES

FRT Antitrust Preliminary Alert
May 11, 2016

PRELIMINARY ALERT: ANTITRUST RECOVERY OPPORTUNITY

Date of Alert:	May 11, 2016
Case:	Alaska Electrical Pension Fund v. Bank of America Corp. et al. ("ISDAfix")
Settlement Amount:	$324 million
Court:	US District Court - Southern District of New York
Claims:	Federal antitrust violations; Commodity Exchange Act; unjust enrichment

Summary of Matter

FRT was recently notified of a partial settlement in the above referenced class action related to alleged rigging of the "ISDAfix", the benchmark rate used to set the terms for swap transactions. This Alert serves as preliminary notice of this potential recovery opportunity. Once a claim form and filing deadline have been established, FRT will send you a Full Alert with additional details.

Defendants in this case include the banks listed below, along with ICAP PLC, the interdealer broker tasked with the daily setting of the U.S. dollar-rate version of ISDAfix.

The settlement class is presently defined as "all Persons or entities who entered into, received or made payments on, terminated, transacted in, or held an ISDAfix Instrument during the Settlement Class Period," defendants and their affiliates excluded. The settlement has yet to be approved by the court, preliminarily or otherwise.

Counsel Information

Class Counsel:
Robbins Geller Rudman & Dowd LLP
Scott + Scott LLP
Quinn Emanuel Urquhart & Sullivan, LLP

Covered Instruments

ISDAfix Instruments (see below)

Important Dates

Relevant Period: Jan. 1, 2006 – Jan. 31, 2014
Opt-out Deadline: To be determined
Claim Filing Deadline: To be determined

Next Steps

You are receiving this Alert because you may be eligible to recover funds from this settlement at some future date.

Please note that your current Service Agreement may not expressly cover antitrust cases. Upon receipt of instructions from you to assist in this matter – or to assist in all such matters – FRT will provide FRT Antitrust services subject to the same contingency fee arrangement in your Service Agreement.

If you would like assistance in this matter, or to learn more about the FRT Antitrust program, please contact your FRT Representative.

Additional Information

1. **What is this case about?**

This case concerns an investigation into manipulation of the ISDAfix benchmark rate, which is used to set the rate for interest rate derivative products. As of May 3, 2016, seven banks have agreed to a pay a total of $342 million to settlement the class action. Several defendants have yet to settle.

The Complaint filed September 4, 2014 alleges that the defendant banks conspired together with interdealer broker ICAP PLC, which was responsible for managing the daily setting of the U.S. dollar-rate version of the ISDAfix, to manipulate the ISDAfix to the financial detriment of those purchasing or selling ISDAfix referenced financial products.

According to a recent Law360 article[1],

> [t]he banks were responsible for submitting rate quotes, which ICAP essentially compiled. But the suit says the parties worked together to set the rate at the point where it was most profitable to them, including engaging in a process known in the industry as "banging the close" where they bought and sold derivative products just before the fix was closed in order to get the price they wanted.

Specifically, the Complaint alleges: (1) conspiracy to restrain trade in violation of Section 1 of the Sherman Act; (2) manipulation in violation of the Commodity Exchange Act; (3) principal-agent liability in violation of Section 2 of the Commodity Exchange Act; (4) aiding and abetting liability in violation of Section 22 of the Commodity Exchange Act; and (5) unjust enrichment.

Receive notifications when new cases are added and significant milestones are reached:

- **Preliminary Alerts**: Alert clients that the case has settled and recovery opportunities will be forthcoming.
- **Full Alerts**: Alert clients that the recovery opportunity is available, plan of distribution has been finalized and client should consider taking some sort of action.

Quickly access high level case information including name of case, settlement amount, court in which the case is proceeding, and the legal theories under which the claim is being brought.

Summary of Matter: Provides additional details on the type of notice, known case information and details about the class definition.

Counsel Information: View partners involved to quickly scan for known counsel to help understand the strength of the case, known claims administrator, and 3rd party data providers for preliminary assessment purposes.

Covered Instruments: Determine which instruments are included within the recovery opportunity. Antitrust cases often involve complex financial instruments or contracts not tied to a security identifier, therefore it's critical to understand the covered instruments to determine eligibility for recovery and weight the costs / benefits of getting involved.

Important Dates: View relevant periods for trades in covered instruments, opt-out deadlines for firms with outsized losses and claims filing and data submission deadlines for recovery opportunities.

Additional Information: Supplementing the summary of matter, FRT provides in-depth case information including allegations involved, defendant parties, and case status. In addition, this section provides a comprehensive FAQ of all relevant and known information for assessing eligibility, potential for recovery, potential recovery amount, and ways in which FRT can facilitate in the recovery process.

Non-US JURISDICTION: RISK CATEGORIES

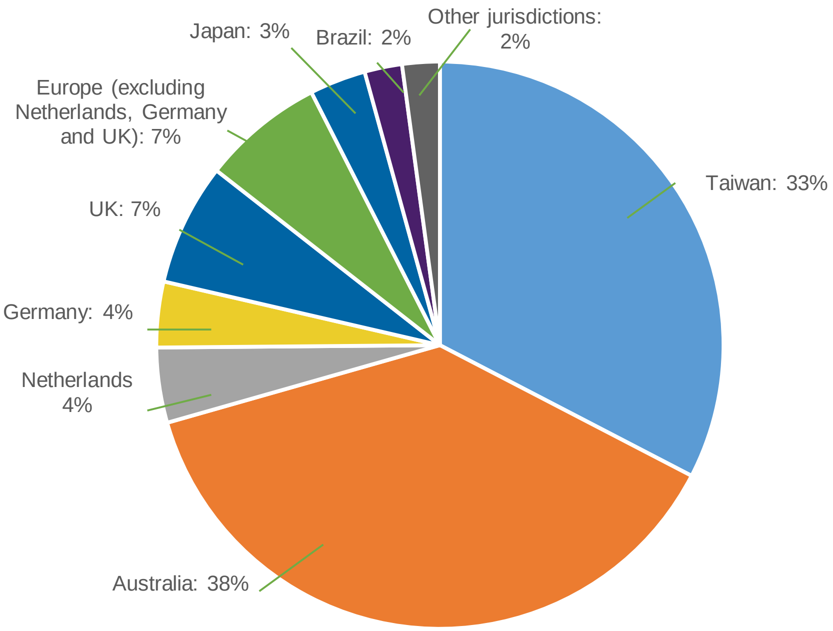
	COST	DISCOVERY	ANONYMITY
Passive	No risk of adverse party (loser pays) cost shifting for passive participants.	No discovery of passive participants - claim form administrations.	No disclosure of passive participant identities to opposing parties or publicly.
Low	No risk of adverse party (loser pays) cost shifting for participants.	Participation burden typically limited to showing that trades satisfy eligibility criteria.	Limited or no public disclosure of participant identities to opposing parties or publicly.
Medium	Adverse party cost shifting risk exists but is capped or otherwise limited by law or court; amount can generally be determined in advance and fully indemnified or insured against by organizers.	In addition to showing that trades satisfy eligibility criteria, jurisdiction may require registration formalities and/or evidence on claim elements like reliance. However, opposing parties DO NOT have the ability to compel discovery from participants, but may ask court to require production.	There is disclosure of participant identities to opposing parties, but public disclosure may be limited in some way.
High	Adverse party cost shifting risk exists but is uncapped, typically increasing with duration of proceedings; amount cannot be determined in advance and indemnification or insurance by organizers may require increased coverage over time.	In addition to showing that trades satisfy eligibility criteria, jurisdiction may require registration formalities and/or evidence on claim elements like reliance. Opposing parties DO have ability to compel discovery from participants.	Participant identities are disclosed to opposing parties and publicly available.

Changing Global Landscape

Global Matters

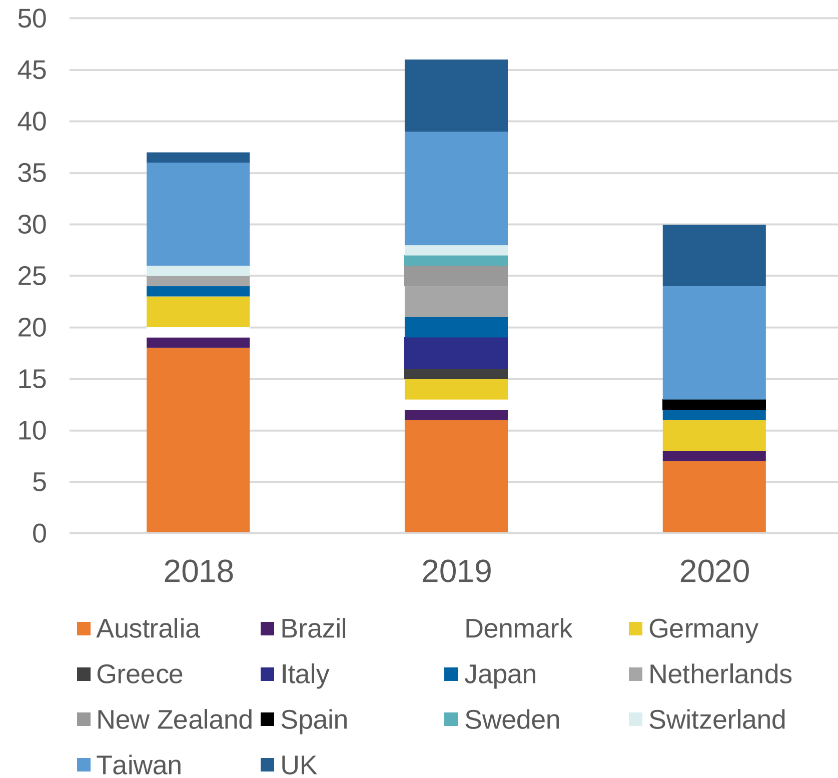
- More matters - more organizers
- Largely passive and low risk jurisdictions

Global Matters (2015-2020)



Non-US Matters (2018-2020 YTD)

- More matters - more organizers
- Largely active and medium/high risk jurisdictions



FRT Opt-In Monitoring: Case Alerts

FRT FINANCIAL RECOVERY TECHNOLOGIES

GROUP LITIGATION
ACTION ALERT

JAPAN: TOSHIBA CORP.

Date of Alert	February 20, 2018
Company	Toshiba Corporation
Jurisdiction	Japan
Exchange	TYO
Industry	Conglomerate
Claims	Securities fraud related to accounting improprieties

	Jurisdiction Risk[1] Low		High
Costs	X		
Anonymity		X	
Discovery	X		

Summary of Matter

FRT previously alerted you to litigation efforts against Toshiba organized by Miami-based investment recovery firm DRRT, who is working in partnership with local counsel. This alert serves as an update on the progress of the efforts and provides an additional opportunity to join.

According to DRRT, they first filed a complaint on June 22, 2016, for a group of 45 institutional investors totalling nearly $150 million in damages. A second complaint was filed on April 3, 2017, claiming approximately $400 million on behalf of 70 international and Japanese institutional investors. On June 13, 2017, the court consolidated both actions, which will now proceed concurrently.

Due to the Statute of Limitations expiring on April 3, 2018, along with increased investor interest, DRRT plans on filing a third complaint on behalf of investors who did not have the opportunity to join the initial action. This will be shareholders' last opportunity to join this action for a potential recovery against Toshiba.

Securities Information

Ticker: 6502

Securities Identifiers

ISIN_JP3592200004*, ISIN_CH0007638627, ISIN_GB0048999253, ISIN_DE0008621418, CUSIP_J89752117, CUSIP_891493108, CUSIP_EF4899912, CUSIP_FJ6897212, SED_0897439, SED_2897589, SED_4899914, SED_4901024, SED_4905383, SED_6897217, SED_B0CR525, SED_B1H51J0

* The investigations primarily concern Toshiba common stock traded on the TYO. However, the organizers are also considering Toshiba securities traded on other global exchanges.

Relevant Parties

Organizers: DRRT

Next Steps

An evaluation of your trading history shows you actively traded eligible Toshiba securities during the Relevant Period and are potentially eligible to participate in the litigation and settlement efforts.

If you wish, FRT can provide your trading data —anonymously and without disclosure of your identity — to the Global Counsel for further evaluation of your losses. **Please contact your FRT Account Representative as soon as possible if you would like to have this done.**

Important Dates

Relevant Period: Mar. 31, 2008 – Sept. 11, 2015

Participation Deadline: March 5, 2018

Receive notifications of strategic direct action opportunities likely to result in significant recovery relative to passive claims filing

Quickly access high level case information including name of case, settlement amount, court in which the case is proceeding, and the legal theories under which the claim is being brought.

Jurisdiction Risk: Assess country-specific litigation risks relevant to institutional investors.

- Costs – out of pocket risk for the client joining non-us action
- Anonymity – public exposure of clients name and participation
- Discovery – documentation or testimony requirement

Summary of Matter: Access high level case information including name of case, court in which the case is proceeding, the legal theories under which the claim is being brought, and eligibility requirements.

Securities Information: View relevant security identifiers including ticker, ISIN and CUSIP to help identify recovery opportunities and quickly determine eligibility for recovery

Relevant Parties: View partners involved to quickly scan for known counsel to help understand the strength of the case, known claims administrator, 3rd party data providers for preliminary assessment purposes, and litigation funders and investment recovery firms.

Next Steps: Quickly understand any steps that you may need to take if your firm decides to pursue the global opportunity

APPENDIX

Contact Us:

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About Financial Recovery Technologies

Financial Recovery Technologies is a leading technology-based services firm singularly focused on providing institutional investors with industry-leading corporate governance solutions to address the growing complexities of the global securities class action landscape. FRT's full suite of solutions delivers time-saving tools to monitor every opportunity, robust controls to maximize recoveries, and actionable insight to meet fiduciary responsibilities.

Servicing over 30 trillion in Client Assets

EXPERTISE

Corporate governance solution with complete auditability & reporting

TRANSPARENCY

99% customer retention rate

SERVICE

Over 900 clients including leading global and regional banks, sovereign wealth funds, hedge funds, mutual funds, broker-dealers, insurance companies, wealth managers and global custodians.

WHO WE WORK WITH

RE: Theodore Roosevelt Presidential Library and Museum Endowment Fund Asset Management Agreement
(No Action Requested)

Senate Bill 2001 of the Sixty-Sixth Legislative Assembly created a $50 million endowment, the Theodore Roosevelt Presidential Library and Museum Endowment Fund (Fund), for the proposed Theodore Roosevelt Presidential Library and Museum. The Governor may provide grants to a private entity if, among other things, $100 million in private donations is first raised for construction of the library and museum. The Fund's earnings will be used for operations and maintenance of the library and museum once the Theodore Roosevelt Presidential Library Foundation has raised or secured binding pledges for $100 million.

The Agreement provides in Section 1: "At such time as the Foundation has received the sum of one hundred million dollars in cash donations and binding pledged donations for the construction of the Library and Museum in North Dakota and for grants to affected entities, the Foundation will issue a certification to the Governor, using the form of certification, substantially set forth in Exhibit A, as required under the Act. Upon receipt of this certification, the Governor shall notify the Land Board."

Attached is the notification provided to the Board of University and School Lands as required in the Agreement.

Attachment – Governor Notification

From:	Ed O'Keefe <Ed@trlibrary.com>
Sent:	Wednesday, December 2, 2020 5:36 PM
To:	Burgum, Doug
Cc:	Beehler, Jace; Duniway, Sarah; Oliver, Leslie B.; Cathilea Robinett; Josh Wiens
Subject:	TRPLF State Certification
Attachments:	TRPL State of North Dakota Certification.pdf

Dear Governor Burgum,

On behalf of the Theodore Roosevelt Presidential Library Foundation, I am honored to present the certification of $100 million dollars in private philanthropic commitments toward the construction of the Theodore Roosevelt Presidential Library in the State of North Dakota.

The vision for the T.R. Library began more than a decade ago, and the Theodore Roosevelt Presidential Library Foundation is grateful to the North Dakotans and those with deep roots in our state who responded to the visionary challenge of the 2019 North Dakota Legislature.

The Foundation will fulfill its commitments outlined in the legislation, including payment of $300,000 to Dickinson, North Dakota, and $10 million dedicated to the establishment of the T.R. Scholars and digitization of T.R.'s archives. Perhaps most humbling, with this letter and certification, North Dakota is officially the future home of the Theodore Roosevelt Presidential Library.

We look forward to continuing to work with you and the people of the great State of North Dakota.

With Gratitude,
Ed

Edward F. O'Keefe
Chief Executive Officer
Theodore Roosevelt Presidential Library
www.trlibrary.com
Get in the Arena

Exhibit A
Form of Foundation Certification

The Honorable Governor Doug Burgum
600 East Boulevard Avenue
Bismarck ND, 58505-0001

Governor Burgum

The undersigned as the Chief Executive Officer of the Theodore Roosevelt Presidential Library Foundation a North Dakota nonprofit corporation (the "Foundation") hereby certifies that

1 I am a duly appointed, qualified and acting officer of the Foundation

2 The Foundation has received the sum of one hundred million dollars in cash donations and binding pledged donations for the construction of the Theodore Roosevelt Library & Museum in Medora, North Dakota and for grants to affected entities, as required by the chapter 26, section 5, 2019 North Dakota Session Laws effective on April 26, 2019 and codified as section 54-08-03 of the North Dakota Century Code (the "Act"), and by the Agreement between the Foundation and the Governor dated June 30 2020.

IN WITNESS WHEREOF, the undersigned has executed this document on the date written below.

THEODORE ROOSEVELT
PRESIDENTIAL LIBRARY
FOUNDATION

By: Ed O'Keefe
Title: Chief Executive Officer

Date 11.24.20

Theodore Roosevelt Presidential Library Foundation
Certification of Endowment

Cash Received From 1/1/2018 to 11/24/2020	$	21,717,820
Signed Pledges		9,721,633
Signed Letters of Intent		24,000,000
Signed Grant Agreement		45,000,000
Total	$	100,439,453
Requirement For Certification		$100,000,000
Excess		$439,453

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
December 17, 2020

RE: Commissioner Annual Review
(No Action Requested)

As Commissioner and Secretary for the Board of University and School Lands (Board), I am fully committed to the Board and the Department of Trust Lands (Department) vision to be known nationally for superior management of its assets and programs. This will be met through the following shared values:

> **Communication:** We develop and maintain positive relationships, facilitating the open exchange of ideas, opinions and information.
> **Leadership & Teamwork:** We encourage and motivate each other to accomplish goals through collaboration and cooperation across the Department.
> **Customer Service:** We listen and respond effectively to our customers to provide professional and efficient service.
> **Transparency:** We strive to be open, honest, upfront and visible in our actions.
> **Trust:** We foster a high-trust culture that supports a rewarding, healthy, and meaningful work environment for employees.

As Commissioner, over the course of the past three years, there has been significant progress made at the Department. Just 10 days after my term began an employee survey was sent to all Department team members. This employee survey highlighted significant discord within the Department that was presented to the Board in March 2018 with a plan to address the issues.
In May 2018, the Board was presented with the Commissioner's annual review which highlighted the course and goals for the upcoming six-months:

> *Over the course of the next six months, my focus will be to reevaluate the organizational structure and outline strengths and weaknesses of the current organizational structure including the origin of current strengths or weaknesses that could influence capacity to achieve future innovation.*

Additionally, the Board was presented with a Strategic Plan with five goals:

1) Customer Service
2) Mission Integration
3) Land & Mineral Management
4) Unclaimed Property
5) Investments

In December 2018, the Board was presented with the results of the 2018 Employee Survey which demonstrated a significant improvement over the 2017 Employee Survey results and highlighted the Commissioner's and Department Leadership's focus on: (1) Technology, Tools & Workflow; (2) Teamwork, and; (3) Leadership.

In June 2019, the Board was presented with the Commissioner's annual review highlighting the Department's success in implementing Department policies, reviewing and updating all Board policies, implementation of Administrative Rules, implementation of IT systems for Unclaimed Property and the procurement of additional systems, and improved departmental culture. I also made a commitment to the Board to continue to discover creative solutions, evaluate possibilities and provide a deep mindshare on collaborated and collegial decisions. The 2019, a strategic plan was developed to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders were working toward common goals, establish agreement around intended outcomes/results, and assess and adjust the organization's direction in response to a changing environment. With our focus on the future, this strategic plan has been a disciplined and a collaborate effort resulting in fundamental decisions and actions that have shaped and guided the Department in who it serves, what it does, and why it does it. The Department has worked to align ongoing activities and processes to systematically coordinate and align resources and actions with the mission, vision and strategy throughout the Department. These activities and processes have transformed the static plan. It is now a system that provides strategic performance feedback to decision making and enables the plan to evolve and grow as requirements and other circumstances change. This is illustrated in the attached document which outlines a multi-phase approach to implementing the Department's strategic plan.

In June 2020, the Board was presented with the Commissioner's annual review illustrating the multi-stage approach to implementing the Department's multi-year strategic plan (Attachment 1):

Phase 1: Envision - Set the foundations of the Department to build upon and generate initial cost savings.
Phase 2: Foundation - Improve level of maturity and reach next level of efficiency and cost-savings.
Phase 3: Advance - Improve the level of maturity and address most complex components of the transformation.
Phase 4: Transform - Wrap up transformation and fine-tune last details.

As the Commissioner, I am taking a direct role in working with the divisions within the Department to capitalize on our capabilities and resources; thus, improving the effectiveness of the Department. Specifically, I am committed to cultivating and analyzing talent management leadership within the Department. While continuing to deliver our core services, the Department has made significant progress in fulfilling a wide range of responsibilities.

In August 2020, the Department's Strategic Plan for the 2021-23 biennium (Attachment 2) was presented to the Governor's Office, OMB, and Legislative Council during a budget planning session. This plan was developed by the Department's leadership team through an intensive two-day planning session lead by a facilitator. The resulting document will lead the Department's efforts for the next two years.

In the upcoming year, there will be a heightened focus on implementation of new information technology systems for the Accounting, Investments and Revenue Compliance Divisions. This will include the capability to accept online payments. These changes will require strong leadership to implement the necessary systematic changes to ensure efficiencies are created and the systems are built upon the future and not legacy systems of the past. Over the course of the next year, I will continue to focus on goal achievement while maintaining a consistent high standard in quality of work completed. As the agency pacesetter, I will continually strive to discover creative solutions, evaluate possibilities and provide deep mindshare on decisions made. It is important that I continue to cultivate the resources and tools the team requires to assist them in prioritizing tasks, making decisions, and practicing good quality control.

As the Commissioner I strive to effectively prioritize the most urgent tasks and decisions. When a difficult decision is required, I evaluate the positives and negatives against possible outcomes to make an informed decision. When analyzing a problem, I will continue to define the central issue, identify the constraints to the problem, research and identify all the relevant alternatives and develop an implementation plan with area expertise. Over the course of the upcoming year, I will work with each Board member to ensure their individualistic contributions are recognized and effectively communicated to ensure professional and personal growth. Finally, as the Commissioner, I will work responsively with each Board member's unique strengths and insights.

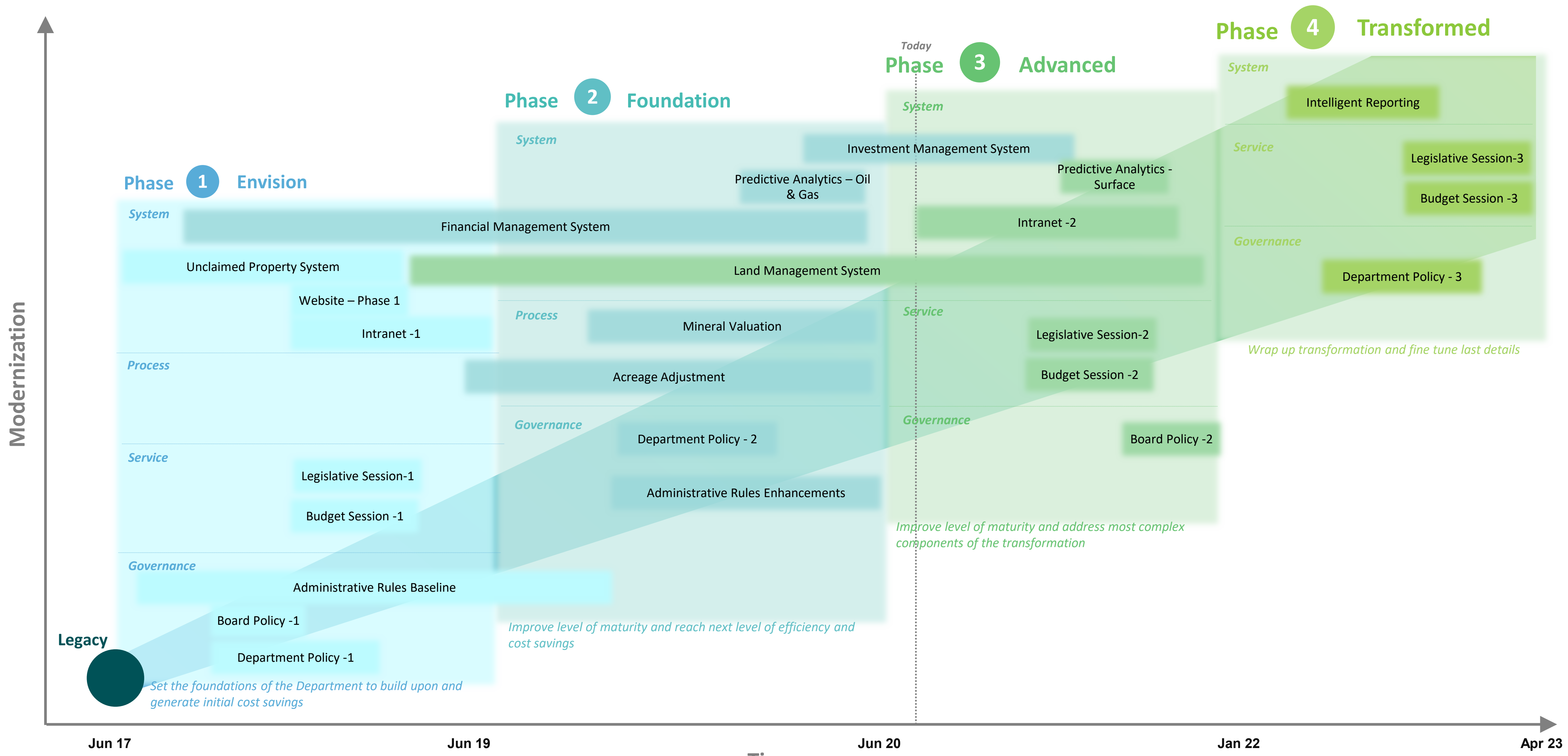
Their integral contributions contribute to developing my leadership so collectively we accomplish our goals using the highest standards of ethics, professionalism transparency, fairness and responsiveness towards those we serve.

I want to thank the Department staff for their generous support, willingness to collaborate, and flexibility in promoting value and growth within the Department. Their skills and dedication are recognized as fundamental to all successes.

I also want to thank the Board members for their guidance and feedback. I commit to you to remain inquisitive with the aim of promoting discussion and adoption of best practices.

Phased approach to the future

Pillars of excellence on the beam of modernization



MISSION & VISION

Mission

The mission of the Board of University and School Lands is to prudently and professionally, manage assets of the permanent trusts in order to preserve the purchasing power of the funds, maintain stable distributions to fund beneficiaries, and manage all other assets and programs entrusted to the Board in accordance with the North Dakota Constitution and applicable state law.

Vision

The Department of Trust Lands is known nationally for superior management of its assets and programs.

VALUES

Communication

We develop and maintain positive relationships, facilitating the open exchange of ideas, opinions, and information

Leadership & Teamwork

We encourage and motivate each other to accomplish goals through collaboration and cooperation across the Department.

Customer Service

We listen and respond effectively to our customers to provide professional and efficient services.

Transparency

We strive to be open, honest, upfront and visible in our actions.

Trust

We foster a high-trust culture that supports a rewarding, healthy, and meaningful work environment for employees.

GOAL: CUSTOMER SERVICE

TO IMPROVE AND ENHANCE THE EDUCATION AND SUCCESS OF OUR COMMUNITIES, OUR STATE, THE NATION AND THE WORLD BY DEVELOPING MORE EFFECTIVE, SUSTAINABLE AND EQUITABLE RELATIONSHIPS WITH OUR CONSTITUENTS.

Digital Transformation

- Acceptance of credit card payments
- Automated online forms
- New Land Management and Financial Accounting Systems
- Online royalty payment portal

Outreach to Increase Access

- Kiosks for Unclaimed Property claims
- Educating constituents on auditing process
- Partnerships with education systems

Effective Stakeholder Relationships

- Improved relationships with key state and federal agencies
- Energy sector partners
- Agricultural partners

Optimal Staffing

- Increased staffing levels
- Professional development for staff

GOAL : MISSION INTEGRATION

TO FOCUS ON THE IMPACTS TO OUR COMMUNITIES THROUGH THE ENGAGEMENT OF STRATEGIC AND COORDINATED ACTIVITIES THAT ALIGNS THE AGENCY MISSION AND THE NEEDS OF OUR CONSTITUENTS.

Digital Transformation

- New Land Management and Financial Accounting Systems

Eliminate 60% requirement in EIIO statute

Outreach to Increase Access

- Promote distributions and impact on education
- Promote the utilization of school trust land for educational purposes

Effective Stakeholder Relationships

- Improved relationships with key state and federal agencies, energy sector partners, agricultural partners

GOAL : ENHANCE MANAGEMENT OF ASSETS

TO ADVOCATE FOR AND SUPPORT SUSTAINABLE ASSET MANAGEMENT STRATEGIES THAT MAXIMIZE REVENUE FOR PERPETUAL, INTER-GENERATIONAL DISBURSEMENTS.

Digital Transformation

- Acceptance of credit card payments
- Automated online forms
- New Land Management and Financial Accounting Systems and Investments
- Additional drones for field inspectors
- Online royalty portal system

Enhanced Field Inspections

- Additional drones
- Stronger reclamation program
- Onsite audit of well site

Strengthening Database Performance

- Elimination of antiquated servers
- Shared drive clean-up
- Creation of wind lease database
- Creation of coal database
- Strengthened review of division orders

Real Estate Development

- Development of east Bismarck tract
- Review and development of under utilized tracts

Effective Stakeholder Relationships

- Fee from Game and Fish authorized hunters, anglers and trappers
- Game and Fish wardens enforce on DTL lands

Mitigation Banking

- Develop mitigation banking program to benefit

20 YEAR FUTURE

Intergenerational Equity

Maximizing current distributions with the need to maintain the real value of the corpus for future generations.

- Replace Tobacco Tax
- Declining coal royalties
- Prepare for a decline in oil & gas royalties

Whole Trust Model

Treat the land & financial assets as two parts of a whole, allows us to more easily assess whether that the whole value is being maintained to provide long-term returns to beneficiaries.

- Assets Assessments
- In-Lieu Selections
- Distribution Policies

NORTH DAKOTA
BOARD OF UNIVERSITY AND SCHOOL LANDS
RESOLUTION

ADOPTED
December 17, 2020

WHEREAS, Treasurer Kelly Schmidt began serving on the Board of University and Trust Lands in 2005; and

WHEREAS, Treasurer Schmidt has faithfully served on the Board of University and School Lands' on countless issues related to prudent and professional management of the Board-managed trust assets; and

WHEREAS, through hard work and diligence, Treasurer Schmidt's many accomplishments and efforts have greatly benefited the citizens, most notably the school children, of North Dakota; and

WHEREAS, Treasurer Schmidt is recognized statewide, and beyond, for her contribution to the Board; and

WHEREAS, Treasurer Schmidt has been a staunch proponent of the permanence, autonomy and revenue producing potential of the trusts; and

WHEREAS, these many years of service deserve recognition and gratitude;

NOW, THEREFORE, BE IT RESOLVED, that the undersigned as members of the Board of University and School Lands, do hereby thank and commend Treasurer Kelly Schmidt for her dedication and service to the State of North Dakota, to the Board and most prominently to the "trusts", and wish her every success in future endeavors.

____
Kirsten Baesler
Superintendent of Public Instruction

____
Alvin A. Jaeger, Secretary of State

____
Wayne Stenehjem, Attorney General

____
Chairman Doug Burgum, Governor

ITEM 6B

RE: Determination of Cottonwood Lake Navigability, Williams County

The Department of Trust Lands (Department) received a written request addressed to the North Dakota State Water Commission and the Commissioner of the Board of University and School Lands (Board) from Kraken Oil & Gas II, LLC, dated November 15, 2019, requesting the State "either disclaim ownership based on non-navigability, or, if your initial determination is that the lake may be navigable, to commence proceedings pursuant to the newly adopted provisions in NDCC Chapter 61-33."

The Sixty-Sixth Legislative Assembly passed House Bill 1202, an act to create and enact a new section to chapter 61-33 of the North Dakota Century Code, relating to determinations of navigability; to amend and reenact section 61-33-01 and subdivision e of subsection 3 of section 61-33.1-03 of the North Dakota Century Code, relating to sovereign land management definitions; and to provide for a state engineer review of determinations of navigability.

Under N.D.C.C. § 61-33-02, "[a]ll sovereign lands of the state must be administered by the state engineer and the [Board] subject to the provisions of this chapter." Under N.D.C.C. § 61-33-06, the Board "shall manage, operate, and supervise all properties transferred to it by this chapter; may enter into any agreements regarding such property; may enforce all subsurface rights of the owner in its own name; and may make and execute all instruments of release or conveyance as may be required pursuant to agreements made with respect to such assets, whether such agreements were made heretofore, or are made hereafter." Under N.D.C.C. § 61-33-05, the State Engineer is tasked with making navigability determinations.

The State Engineer has determined:

> The State Engineer has no evidence that this waterbody was navigable for the purpose of state title at the time of statehood. Based on current available records, the State Engineer does not presently assert that the land underlying this property constitutes sovereign land, and unless additional evidence of navigability becomes available, the State Engineer and the Board of University and School Lands disclaim title to any portion of the below described property inundated by Cottonwood Lake:
>
> > **Section 18 in Township 159 North, Range 98 West, Sections 13, 14, 22, 23, and 24 in Township 159 North, Range 99 West, Williams County.**

Recommendation: **The Board authorize the Commissioner to sign the Affidavit Disclaiming Title to Cottonwood Lake in Williams County.**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Schmidt					
Attorney General Stenehjem					
Governor Burgum					

Attachment: Affidavit Disclaiming Title – Cottonwood Lake

AFFIDAVIT DISCLAIMING TITLE – COTTONWOOD LAKE

John A. Paczkowski, P.E., Interim State Engineer, and Jodi A. Smith, Commissioner, first duly sworn, swear upon penalty of perjury that the statements made in this affidavit are true.

1. I, John A. Paczkowski, am North Dakota's Interim State Engineer, which is entrusted with the management of the State's possessory interests in sovereign lands, other than the oil, gas, and related hydrocarbons in the sovereign lands of North Dakota.

2. I, Jodi A. Smith, am North Dakota's Commissioner of University and School Lands. The Commissioner of University and School Lands is appointed by the Board of University and School Lands to perform the official acts of the Board. The Board of University and School Lands is entrusted with management responsibilities for oil, gas, and related hydrocarbons in the sovereign lands of North Dakota.

3. When North Dakota became a state, it acquired, under the Equal Footing Doctrine, as confirmed by the federal Submerged Lands Act and U.S. Supreme Court decisions, title to sovereign lands. Sovereign land means the area, including surface and subsurface interests, "lying within the ordinary high water mark of navigable lakes and streams." N.D.C.C. § 61-33-01(5). The ordinary high watermark is "that line below which the presence and action of the water upon the land is continuous enough so as to prevent the growth of terrestrial vegetation, destroy its value for agricultural purposes by preventing the growth of what may be termed an ordinary agricultural crop, including hay, or restrict its growth to predominantly aquatic species." N.D.C.C. § 61-33-01(4).

4. The navigability of lakes and streams, for application of the Equal Footing Doctrine, is based on circumstances present at and around statehood. Navigable waters are any "waters that were in fact navigable at the time of statehood, and that are used, were used, or were susceptible of being used in their ordinary condition as highways for commerce over which trade and travel were or may have been conducted in the customary modes of trade on water." N.D.C.C. § 61-33-01(3).

5. North Dakota Century Code chapter 61-33 grants to the State Engineer and the Board of University and School Lands the power to make and execute all instruments of release and conveyance for the administration of sovereign lands. The State Engineer determines navigability for the purpose of determining state sovereign lands.

6. Cottonwood Lake underlies the property described below. The State Engineer has no evidence that this waterbody was navigable for the purpose of state title at the time of statehood. Based on currently available records, the State Engineer does not presently assert that the land underlying this property constitutes sovereign land, and unless additional evidence of navigability becomes available, the State Engineer and the Board of University and School Lands disclaim title to any portion of the below described

property inundated by Cottonwood Lake:

> **Section 18 in Township 159 North, Range 98 West and Sections 13, 14, 22, 23, and 24 in Township 159 North, Range 99 West, Williams County.**

7. This affidavit and its terms are confined to the title and right under the Equal Footing Doctrine managed by the State Engineer and the Board of University and School Lands. This affidavit and its terms do not include or cover any title the State Engineer, the Board of University and School Lands, and the State of North Dakota may have that are founded on any source other than the Equal Footing Doctrine, including title and rights held as a littoral or riparian owner.

AFFIDAVIT DISCLAIMING TITLE – COTTONWOOD LAKE cont'd

John A Paczkowski

John A. Paczkowski, P.E.
Interim North Dakota State Engineer

STATE OF NORTH DAKOTA)
) ss
COUNTY OF BURLEIGH)

On this 13 day of NOVEMBER, 2020, before me personally appeared John A. Paczkowski, Interim North Dakota State Engineer, known to me to be the person who executed the instrument and acknowledged to me that he executed the same.

Cheryl Fitzgerald

Notary Public

CHERYL FITZGERALD
Notary Public
State of North Dakota
My Commission Expires Jul 3, 2022

____
Jodi A. Smith, Commissioner
North Dakota Board of University and School Lands

STATE OF NORTH DAKOTA)
) ss
COUNTY OF BURLEIGH)

On this _____day of _______________, 2020 before me personally appeared Jodi A. Smith, Commissioner, North Dakota Board of University and School Lands, known to me to be the person who executed the instrument and acknowledged to me that he executed the same.

____
Notary Public

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
December 17, 2020

RE: Repayment of Royalties
(No Action Requested)

The North Dakota Board of University and School Lands (Board) manages land, minerals and proceeds as trustee for the exclusive benefit of constitutionally identified beneficiaries, with much of the income funding North Dakota schools and institutions. The Board also manages oil, gas and other hydrocarbons underlying sovereign lands for the State of North Dakota.

A letter entitled Formal Notification of Gas Royalty Repayment Obligations dated February 11, 2020 with enclosed Gas Deduction Compliance Notification (Letter) was sent to all entities required to pay royalties to the Board pursuant to the Board's lease. At the February 27, 2020 Board meeting the Board requested additional information regarding the prior communication with royalty payors regarding gas deductions.

A memo was provided to the Board at its October 29, 2020 meeting regarding prior royalty payor communications. The Board requested at that meeting the topics discussed be revisited during a future executive session meeting.

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
December 17, 2020

RE: Vitesse Litigation
(No Action Requested)

Case: **Vitesse Oil, LLC; Vitesse Energy, LLC; and Iron Oil Operating LLC v. State of North Dakota; North Dakota Board of University and School Lands; and Jodi A. Smith, Commissioner of University and School Lands, Case No. 27-2019-CV-00266;**
Date Filed: **June 11, 2019**
Court: **McKenzie County District Court**
Judge: **Robin Schmidt**
Attorney: **David Garner**
Opposing Counsel: **Lawrence Bender, Spencer Ptacek**

Issues: On June 7, 2019, the Attorney General's Office was served with a complaint in the above referenced case. This case is requesting a judgment be entered under Chapter 32-12 of the North Dakota Century Code quieting title in Leases in favor of Plaintiffs; a judgment be entered under Chapter 32-12 of the North Dakota Century Code declaring that the Leases remain valid and in effect with respect to all of the Subject Lands based on the force majeure provision of the Board's lease; that the Court enter a temporary restraining order, preliminary injunction, and permanent injunction, prohibiting Defendants from selling or attempting to sell new leases covering the oil and gas in and under the Subject Lands or otherwise interfering with Plaintiffs exclusive right to explore for and produce the same; and that Plaintiffs be awarded their costs and reasonable attorney fees.

History: The Summons and Complaint were served on the State of North Dakota and the Board of University and School Lands, by service on the Attorney General's Office on June 7, 2019. The action was filed on June 11, 2019. The State's Answer was filed with the District Court June 28, 2019. A scheduling conference was held on October 2, 2019. The parties will work on a scheduling order. Lessee's Motion for Leave to Amend complaint filed October 14, 2019. Order Granting Plaintiffs' Motion for Leave to Amend was entered on October 30, 2019. On December 17, 2019, a Notice of Telephonic Scheduling Conference was filed by the court, setting a telephonic scheduling conference for January 22, 2020 at 11:15 a.m. Notice of Court Trial was issued on January 23, 2020, setting a three day court trial for April 20, 2021. On February 20, 2020, the Court issued its scheduling order setting all case deadlines. On October 1, 2020, Defendant Oasis Petroleum North America LLC filed a Suggestion of Bankruptcy for Oasis Petroleum Inc. and Certain of its Affiliates and Notice of Automatic Stay of the Proceedings, stating a bankruptcy petition was filed on September 30, 2020.

Current Status:

- **On November 20, 2020, Plaintiffs provided the parties with a proposed Stipulation for Dismissal with Prejudice for review.**
- **All parties stipulated to dismissal and on November 30, 2020, the Court entered its Order of Dismissal dismissing the action with prejudice**

RE: Northern Oil & Gas v. Bruin Litigation
(No Action Requested)

Case: **Northern Oil and Gas, Inc. v. Bruin E&P Operating, LLC; Bruin Williston I, LLC, Bruin Williston II, LLC, Bruin Williston Holdings, LLC, Bruin E&P Non-Op Holdings, LLC; Board of University and School Lands of the State of North Dakota; and North Dakota Industrial Commission; Case No. 31-2020-CV-00199**
Date Filed: **September 25, 2020**
Court: **Mountrail County District Court**
Judge: **Honorable Stacy Louser**
Attorney: **David Garner**
Opposing Counsel: **Nick Andrew Swartzendruber**

Issues: On September 25, 2020, Northern Oil and Gas, Inc. (Northern) filed a Complaint against Bruin E&P Operating, LLC; Bruin Williston I, LLC, Bruin Williston II, LLC, Bruin Williston Holdings, LLC, Bruin E&P Non-Op Holdings, LLC, (collectively referred to as Bruin), Board of University and School Lands of the State of North Dakota (Board), and North Dakota Industrial Commission (NDIC) seeking review of the findings of the NDIC relating to the location of the historical riverbed channel of the Missouri River with respect to the N/2 of Section 10, Township 152 North, Range 93 West, 5th P.M. Northern requests an order determining that the high water mark of the northern edge of the riverbed is further south than what is depicted in the Wenck Survey.

History: Complaint served on the Board on September 25, 2020. Board's Answer filed October 16, 2020. Defendant Bruin filed Defendants' Unopposed Motion for Extension of Time to File Answer or Otherwise Respond to Plaintiff's Complaint on October 16, 2020, requesting an extension until November 20, 2020.

Current Status:

- **On November 5, 2020, the Court entered the Order Granting Defendants' Unopposed Motion for Extension of Time to File Answer or Otherwise Respond to Plaintiff's Complaint.**
- **Stipulation of the parties for Dismissal under N.D.R.Civ.P. 41(a) and Order of Dismissal filed December 14, 2020.**

RE: Whitetail Wave Litigation
(No Action Requested)

Case: **Whitetail Wave LLC v. XTO Energy, Inc.; the Board of University and School Lands; and the State of North Dakota – 27-2015-CV-00164**
Date Filed: **June 4, 2015**
Court: **McKenzie County District Court**
Judge: **Robin Schmidt**
Attorney: **David Garner/Jennifer Verleger**
Opposing Counsel: **Whitetail Wave – Christopher Sweeney; XTO Energy – Lawrence Bender**

Issues: On August 1, 2015, the Attorney General's Office was served with a complaint in the above referenced case. This case is challenging the State's determination of the OHWM east of the Highway 85 Bridge, near the northern border of the Fort Berthold Indian Reservation. The Board has currently leased minerals pursuant to the Phase II Investigation for this tract. The Plaintiff is requesting that title to the minerals be quieted and has alleged claims of Unconstitutional takings, trespass, slander of title, and constructive trust/unjust enrichment against the State. The complaint also makes a number of claims specific to XTO Energy Inc., the operator of the wells on the tracts in dispute. Specifically, the Plaintiff is requesting that the State's claim to sovereign lands' mineral interest be restricted to those minerals located below the OHWM of the Missouri River prior to inundation of the Lake Sakakawea.

An answer was filed on behalf of the Board on July 21, 2015. In January 2016, the State Engineer intervened in the case.

History: Due to the passage of S.B. 2134, the Court ordered the case stayed and all deadlines be held in abeyance until the final review findings under S.B. 2134 are issued by the Industrial Commission. The Board and State Engineer filed a Motion for Continued Stay of Proceedings on October 19, 2018 and XTO filed a Response in Support of Continued Stay on October 26, 2018. On November 5, 2018, the Court entered its Order for Continued Stay of Proceedings, staying the proceedings, holding all deadlines in abeyance, and ordering that upon final disposition of the Sorum lawsuit the parties will request a status conference to schedule a new trial date and reset other deadlines. The continued stay was affirmed on November 27, 2018. On September 30, 2020, the District Court scheduled a Telephonic Status Conference for October 6, 2020. On October 6, 2020, Spencer Ptacek filed a Notice of Appearance on behalf of XTO. On October 7, 2020, the District Court scheduled a pretrial conference for August 10, 2021, and scheduled a five day, six person jury trial for August 16-20, 2021. On October 22, 2020, the Board of University and School Lands and State Engineer filed their Motion to Dismiss and Supporting documents.

Current Status:

- **On November 5, 2020, Plaintiff filed a Notice of Hearing on the Board of University and School Lands and State Engineer's Brief in Support of Motion to Dismiss for 9:00 a.m. on December 3, 2020, at the McKenzie**

County Courthouse, Watford City, ND. Also filed was Whitetail Wave LLC's Response to State's Motion to Dismiss.

- **On November 12, 2020, the Board of University and School Lands and State Engineer's Reply Brief in Support of Motion to Dismiss was filed.**
- **Also on November 12, 2020, the Response to the State Defendants' Motion to Dismiss was filed by XTO.**
- **On November 30, 2020, Plaintiff filed a Request to Appear Telephonically at the December 3, 2020 hearing. The Court entered its order that date allowing all parties to appear telephonically without further motion.**

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
December 17, 2020

RE: EEE & Vohs Litigation Memo
(No Action Requested)

Case: **EEE Minerals, LLC, and Suzanne Vohs as Trustee for The Vohs Family Revocable Living Trust v. State of North Dakota, the Board of University and School Lands of the State of North Dakota; and Jodi Smith as Commissioner for the Board of University and School Lands of the State of North Dakota; Case No. 1:20-cv-00219-CRH**
Date Filed: **December 1, 2020**
Court: **United States District Court**
Judge: **Magistrate Judge Clare R. Hochhalter**
Attorney: **David Garner**
Opposing Counsel: **Joshua Swanson**

Issues: On December 1, 2020, EEE Minerals, LLC, and Suzanne Vohs as Trustee for The Vohs Family Revocable Living Trust (Plaintiffs) filed a Complaint against State of North Dakota, the Board of University and School Lands of the State of North Dakota; and Jodi Smith as Commissioner for the Board of University and School Lands of the State of North Dakota (Defendants). The Complaint seeks a declaratory judgment that the N.D.C.C. § § 61-33.1-01 to 61-33.1-05 is preempted by federal law and violates the Constitution and the laws of the United States; an order enjoining Defendants from claiming ownership of the property by virtue of North Dakota law in violation of the Vohs Trust and EEE Mineral's rights secured by the laws of the United States and the United States Constitution; damages to the Vohs Trust and EEE Minerals in the amount equal to damages proven at trial; reasonable attorneys fees and costs pursuant to 42 USC § 1988; and other relief the Court deems just and equitable.

History:

Current Status:

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
December 17, 2020

RE: Continental Resources, Inc. - Interpleader
(No Action Requested)

Case: **Continental Resources, Inc. v. North Dakota Board of University and School Lands, et al., Case No. 1:17-cv-00014**
Date Filed: **December 23, 2016**
Court: **Federal District Court, 8^{th} Circuit**
Judge: **Honorable Daniel Hovland**
Attorney: **Charles Carvell, David Garner, and Jen Verleger**
Opposing Counsel: **Lawrence Bender, David Ogden, Paul Wolfson, Shaun Pettigrew**

Issues: In December 2016, Continental Resources, Inc. (Continental) brought an interpleader action against the Board of University and School Lands and the United States regarding certain public domain lands underlying Continental operated wells located in McKenzie, Mountrail, and Williams Counties. This case involves a disagreement between the State and United States over the location of the ordinary high watermark—and consequently title to underlying minerals—on federally owned land along the now inundated historic Missouri River. Continental is requesting the Court determine title to the disputed lands so that Continental can correctly distribute the proceeds from the affected wells. Continental has claimed that there is “great doubt as to which Defendant is entitled to be paid royalties related to the Disputed Lands.” Currently, Continental is paying the United States its full royalty based on the acreage it claims. The remaining royalty, over and above what is due the United States, is being escrowed with the Bank of North Dakota.

History: The United States removed this action to federal district court on January 11, 2017. The Board filed its answer to the complaint on February 13, 2017. The United States filed its answer to the complaint on May 12, 2017. An Amended Complaint was filed by Continental Resources on September 14, 2017. The United States filed a Motion to Dismiss for Lack of Subject Matter Jurisdiction on October 18, 2017. In support of its motion, the United States alleges that it has not waived its sovereign immunity under the Quiet Title Act and that the interpleader action is moot under S.B. 2134.

The Board filed a response on December 20, 2017 opposing the motion to dismiss. Continental filed a response and the United States filed its reply. The United States filed a reply on March 16, 2018. The Board filed a Surreply to the Motion to Dismiss on April, 16, 2018. The Order Denying the United States’ Motion to Dismiss for Lack of Subject Matter Jurisdiction was entered on December 31, 2018. The Order provided that North Dakota and the United States confer and submit a proposed scheduling order to the Court no later than sixty days from the date of the order. On January 8, 2019 the United States filed its Motion to Stay Action Due to Lapse of Appropriations. On January 10, 2019, the Court granted the United States’ Motion and cancelled the January 24, 2019 scheduling conference. The Order stated the “action is stayed until [federal] appropriations are restored and Department attorneys and the Bureau of Land Management personnel are permitted to resume their usual civil litigation functions.” The United States filed a

Notice of Restoration of Appropriations on January 28, 2019, which requested the Court set a new scheduling conference date. On January 30, 2019, the Court issued an order granting the motion for scheduling conference, requiring the parties submit a revised scheduling/discovery plan by March 15, 2019, and setting a telephonic scheduling conference for 10:00 a.m., March 18, 2019. The parties filed a Joint Motion for Extension of Time to File Scheduling Proposal and Participate in Scheduling Conference on March 12, 2019. The Court entered an Order granting the extension to April 12, 2019 and a scheduling conference was reset for April 15, 2019. The Scheduling Conference was held on April 15, 2019. On June 14, 2019, the Board of University and School Lands filed its Amended Answer to Amended Complaint with Statement of Claim. By August 13, 2019, the United States shall shall assert its claims, if any, to the disputed stake. After the August 13, 2019 filing, the proceedings will be stayed until September 19, 2019 or another date set by the Court. During the stay, the United States and the Board are to discuss whether the dispute that gave rise to the litigation can be resolved. By no later than September 19, 2019, the United States and Board shall inform the Court of the status of their discussions and the Court will consider a schedule for the case. A Status Conference was set for September 20, 2019 before Magistrate Judge Clare R. Hochhalter. On August 1, 2019, the Status Conference previously set for September 20 was reset to October 11, 2019 at 10 a.m. before Magistrate Judge Clare R. Hochhalter. On August 13, 2019, the United States filed a Motion for Extension of Time to Plead and Assert Affirmative Claims and the Motion was granted on the same day, giving the United States until August 27, 2019 to file. The United States filed their Answer to Amended Complaint on August 27, 2019. On October 3, 2019, Defendants filed a joint motion and memornadum for postponement of the October 11, 2019 status conference by 90 days. On October 4, 2019, the Court entered an Order granting the motion to continue status conference. Status conference was reset to January 13, 2020, at 9 a.m. via telephone before Magistrate Clare R. Hochhalter. United States Department of Justice advised it will be working with the United States Department of Interior – Bureau of Land Management regarding a settlement proposal. On November 8, 2019, the Board received an email from the US DOJ in response to the Board's request that the federal government start settlement discussions by making a proposal to the Board. The email states the federal government believes its OHWM surveys are accurate, and cited N.D.C.C. § 61-33.1-06, which states: "Notwithstanding any provision of this chapter to the contrary, the ordinary high water mark of the historical Missouri riverbed channel abutting . . . public domain lands . . . must be determined by the branch of cadastral study of the [BLM] in accordance with federal law." Relying on this statute, US DOJ suggests that the federal surveys are presumptively accurate, and then states: "we respectfully suggest that the best and most appropriate path forward would be for representatives of North Dakota to identify the specific areas where it believes the agency erred in identifying the OHWM and proffer the evidence on which it bases that belief. BLM would then assess that evidence in good faith to ascertain if a compromise, aimed at reducing litigation risk, is possible." Status conference was held January 13, 2020 and another status conference was set for April 7, 2020.

Current Status:

- **On April 7, 2020, an Order RE: Briefing Scheduled was issued by the court setting the following deadlines: Motions for Summary Judgment due simultaneously on May 7, 2020; Responses are due June 5, 2020; and Replies are due June 12, 2020.**

- **On December 8, 2020, the Court issued its Order Granting the United States' Motion for Partial Summary Judgment.**

Procedures for Executive Session regarding Attorney Consultation and Consideration of Closed Records

Overview

1) The governing body must first meet in open session.

2) During the meeting's open session the governing body must announce the topics to be discussed in executive session and the legal authority to hold it.

3) If the executive session's purpose is attorney consultation, the governing body must pass a motion to hold an executive session. If executive session's purpose is to review confidential records a motion is not needed, though one could be entertained and acted on. The difference is that attorney consultation is not necessarily confidential but rather has "exempt" status, giving the governing body the option to consult with its attorney either in open session or in executive session. Confidential records, on the other hand, cannot be opened to the public and so the governing body is obligated to review them in executive session.

4) The executive session must be recorded (electronically, audio, or video) and the recording maintained for 6 months.

5) Only topics announced in open session may be discussed in executive session.

6) When the governing body returns to open session, it is not obligated to discuss or even summarize what occurred in executive session. But if "final action" is to be taken, the motion on the decision must be made and voted on in open session. If, however, the motion would reveal "too much," then the motion can be abbreviated. A motion can be made and voted on in executive session so long as it is repeated and voted on in open session. "Final actions" DO NOT include guidance given by the governing body to its attorney or other negotiator regarding strategy, litigation, negotiation, etc. (*See* NDCC §44-04-19.2(2)(e) for further details.)

Recommended Motion to be made in open session:

Under the authority of North Dakota Century Code Sections 44-04-19.1 and 44-04-19.2, the Board close the meeting to the public and go into executive session for purposes of attorney consultation relating to:

- **Repayment of Royalties**
- **Whitetail Wave Case No. 27-2015-cv-00164**
- **EEE Minerals Case No. 1:20-cv-00219**
- **Continental Resources Case No. 1:17-cv-00014**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Schmidt					
Attorney General Stenehjem					
Governor Burgum					

Statement:
"This executive session will be recorded and all Board members are reminded that the discussion during executive session must be limited to the announced purpose for entering into executive session, which is anticipated to last approximately one hour.

The Board is meeting in executive session to provide guidance or instructions to its attorneys regarding the identified litigation. Any formal action by the Board will occur after it reconvenes in open session.

Board members, their staff, employees of the Department of Trust Lands and counsel with the Attorney General staff will remain, but the public is asked to leave the room.

The executive session will begin at: ______AM, and will commence with a new audio recording device. When the executive session ends the Board will reconvene in open session."

Statements upon return to open session:

State the time at which the executive session adjourned and that the public has been invited to return to the meeting room.

State that the Board is back in open session.

State that during its executive session, the Board provided its attorney with guidance regarding litigation relating to the sovereign lands' minerals claims.

[The guidance or instructions to attorney does not have to be announced or voted upon.]

State that no final action will be taken at this time as a result of the executive session discussion

-or- .

Ask for a formal motion and a vote on it.

Move to the next agenda item.