A G E N D A

SPECIAL MEETING
SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION
BOARD OF RETIREMENT
THURSDAY, OCTOBER 6, 2022
AT 8:00 AM
Location: Wine & Roses
2505 West Turner Road, Lodi, CA 95242

1.0 ROLL CALL

2.0 PLEDGE OF ALLEGIANCE

3.0 WELCOME AND INTRODUCTION OF PARTICIPANTS

4.0 OVERVIEW OF SJCERA - ASSET ALLOCATION, RETURN AND RISK

4.01 Presentation by David Sancewich and Eric White of Meketa Investment Group 02

5.0 KEYNOTE SPEAKER - THE WORLD MARKETS IN 2022 AND BEYOND

5.01 Presentation by Tony Crescenzi of PIMCO

6.0 PRIVATE EQUITY - PRIVATE EQUITY, INFRASTRUCTURE - WHAT'S NEXT AND WHERE ARE THE MARKETS TODAY?

6.01 Presentation by Judy Chambers of Meketa, Jack Purcell of Ridgemont and Jeff Ennis of Ocean Avenue

7.0 INFLATION - COST OF LIVING, COST OF INVESTING, SUPPLY SHORTAGES, FED RATES. WHERE IS THE WORLD TODAY AND WHAT IS GOING ON?

7.01 Presentation by Lynne Royer of Loomis and Olumide Owolabi of Neuberger Berman 26

8.0 MANAGER DEBATE: CLASSIC DEBATE FORMAT VARIOUS TOPICS

8.01 Moderator David Sancewich of Meketa, Managers: Stone Harbor, Mt. Lucas and Dodge & Cox

9.0 REAL ESTATE - CAP RATES, AIRBNB, AFFORDABLE HOUSING. WHAT LIES AHEAD IN REAL ESTATE AND WHERE ARE THE OPPORTUNITIES?

9.01 Presentations by Brooks Monroe of Invesco, Darren Kleis of Principal, Jake Thibeault of Prologis 42

10.0 PRIVATE CREDIT - RISING RATES AND INVESTOR DEMAND. WHAT LIES AHEAD FOR PRIVATE CREDIT?

10.01 Presented by Raj Makam of Oaktree and Patrick Wolfe of Blackrock 65

11.0 OPEN DISCUSSION AND RECAP

11.01 Comments from the Board of Retirement

11.02 Comments from the Public

12.0 ADJOURNMENT

MEKETA

INVESTMENT GROUP

San Joaquin County Employees' Retirement Association

October 2022

SJCERA Overview

The Defined Benefit Pension Equation

Essential Equation for Pension Funds:

$$C + I = B + E$$

C = Contributions (by Employers and Employees)

I = Interest (investment return – appreciation/income)

B = Benefits

E = Expenses

Work Together as Strategic Partners

Capital Markets Review

Domestic Equity (July 2022)

	July (%)	Q2 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)
S&P 500	9.2	-16.1	-12.6	-4.6	13.4	12.8
Russell 3000	9.4	-16.7	-13.7	-7.4	12.6	12.2
Russell 1000	9.3	-16.7	-13.6	-6.9	12.9	12.5
R1000 Growth	12.0	-20.9	-19.4	-11.9	16.1	16.3
R1000 Value	6.6	-12.2	-7.1	-1.4	8.9	8.3
Russell 2000	10.4	-17.2	-15.4	-14.3	7.5	7.1
R2000 Growth	11.2	-19.3	-21.6	-23.2	4.7	6.9
R2000 Value	9.7	-15.3	-9.3	-4.8	9.5	6.7

International Equity (July 2022)

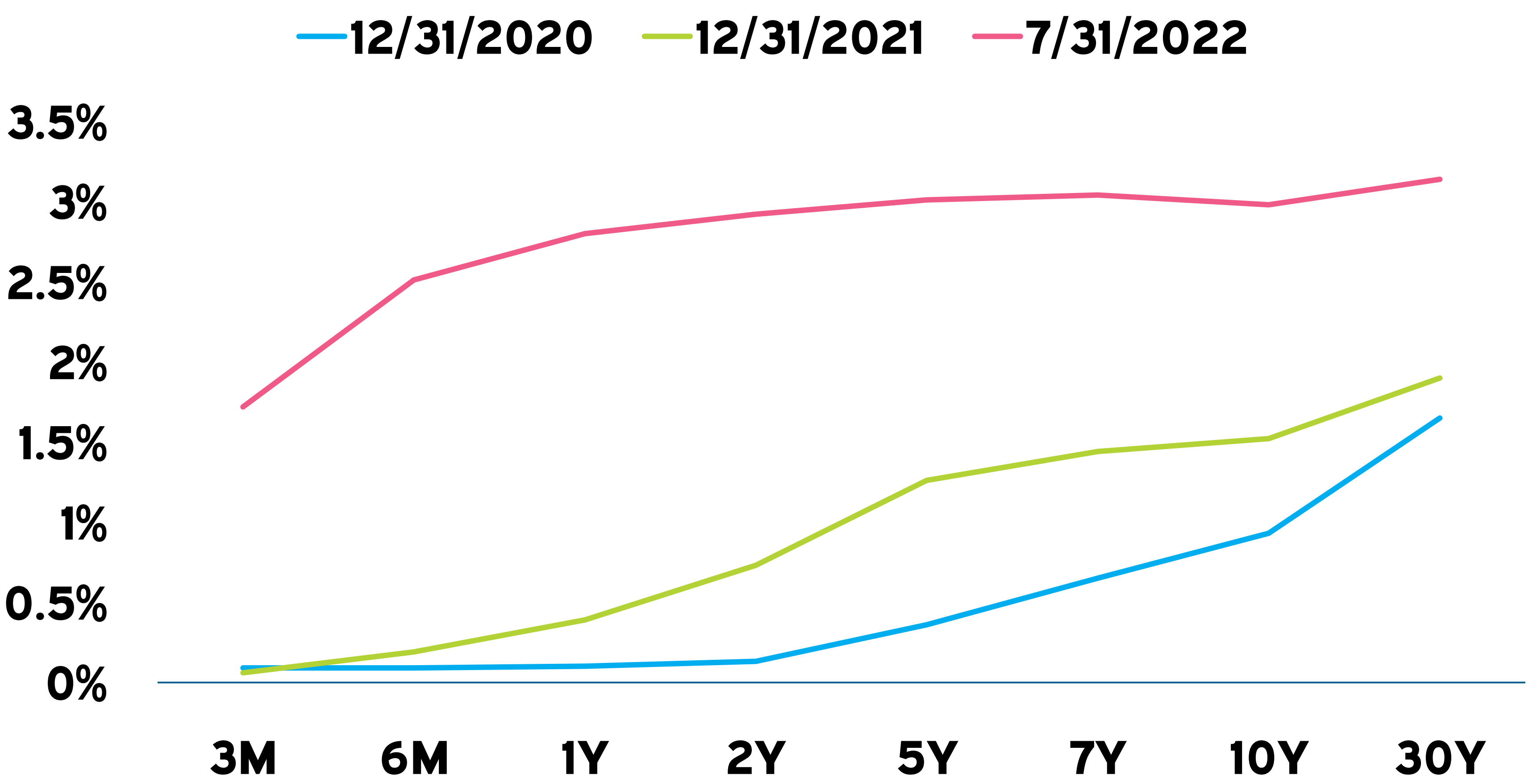
Foreign Equity	July (%)	Q2 (%)	YTD (%)	1 YR (%)	3 YR (%)	5 YR (%)
MSCI ACWI ex. US	3.4	-13.7	-15.6	-15.3	2.9	2.4
MSCI EAFE	5.0	-14.5	-15.6	-14.3	3.2	2.6
MSCI EAFE (Local)	5.2	-7.8	-6.7	-2.1	5.9	5.2
MSCI EAFE Small Cap	6.6	-17.7	-19.7	-20.3	3.6	2.3
MSCI Emerging Mkt	-0.2	-11.5	-17.8	-20.1	0.9	1.0
MSCI EM (Local)	0.1	-8.1	-13.6	-14.9	3.6	3.4
MSCI China	-9.5	3.4	-19.7	-28.3	-3.6	-1.6

Fixed Income(July 2022)

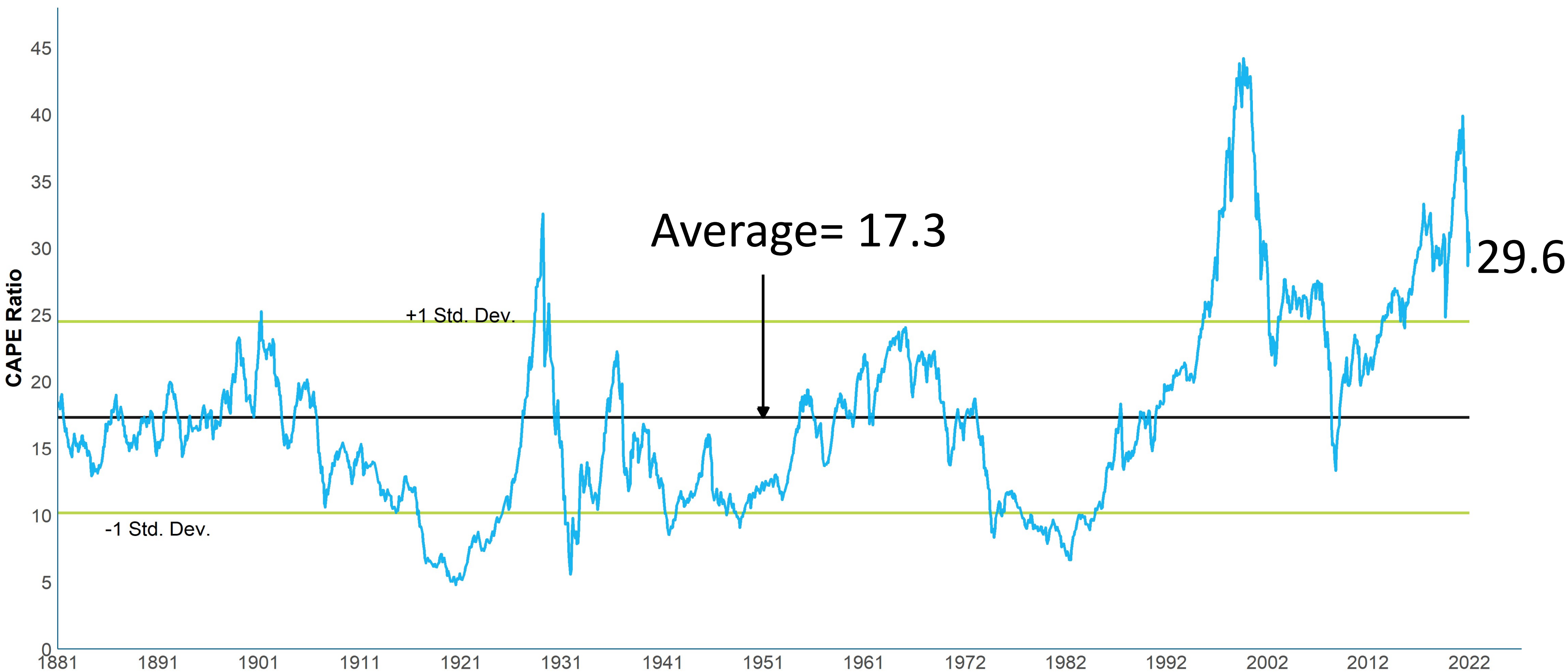
Fixed Income	July	Q2	YTD	1 Y	3 Y	5 Y	Yield	Dur*
BB Universal	2.5	-5.1	-8.7	-9.6	-0.2	1.3	3.9	6.4
BB Aggregate	2.4	-4.7	-8.2	-9.1	-0.2	1.3	3.4	6.6
BB US TIPS	4.4	-6.1	-5.0	-3.6	4.4	4.0	3.0	7.4
BB HY	5.9	-9.8	-9.1	-8.0	2.0	3.1	7.7	4.7
JPM Global EM	0.3	-8.6	-14.3	-18.7	-6.0	-2.7	7.3	5.0

* Years

US Yield Curve
(As of July 31, 2022)

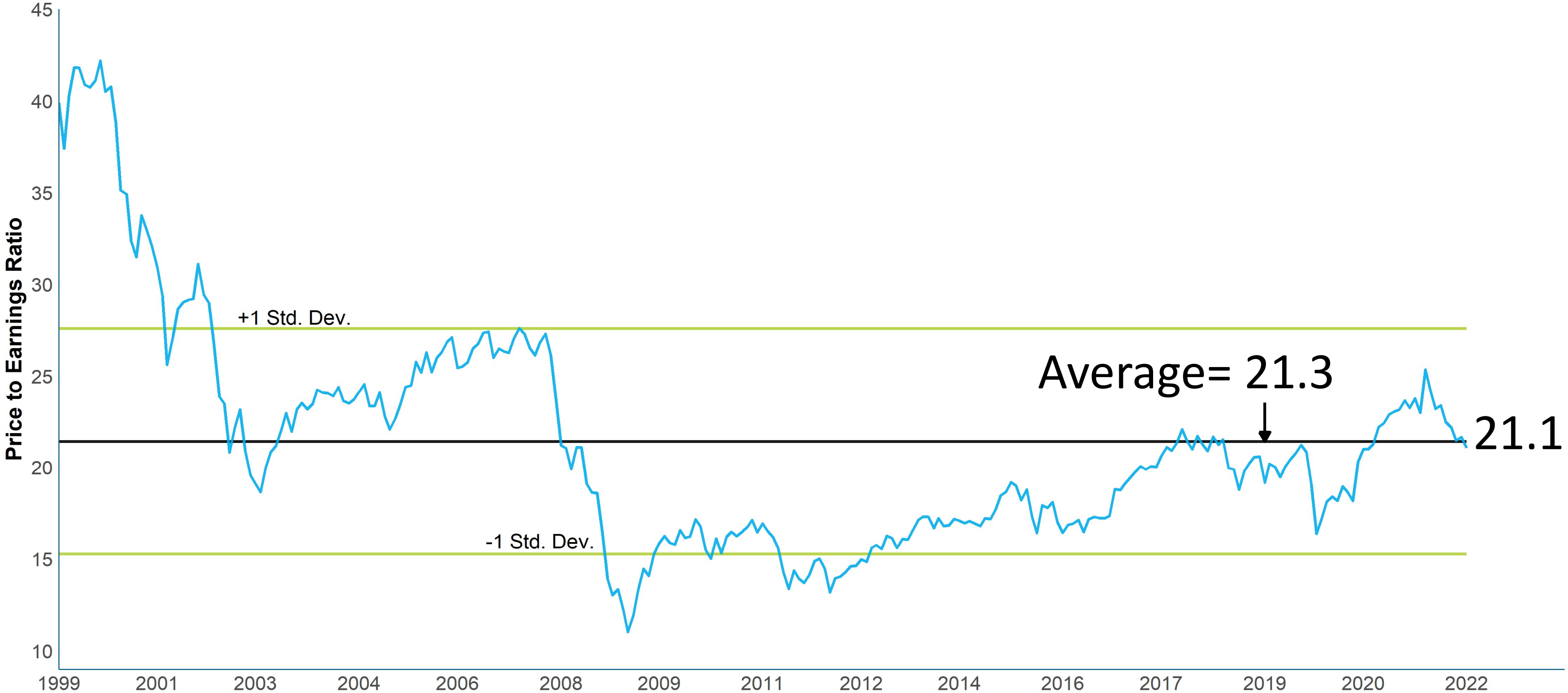


US Equity Cyclically Adjusted P/E[1]
(As of August 31, 2022)



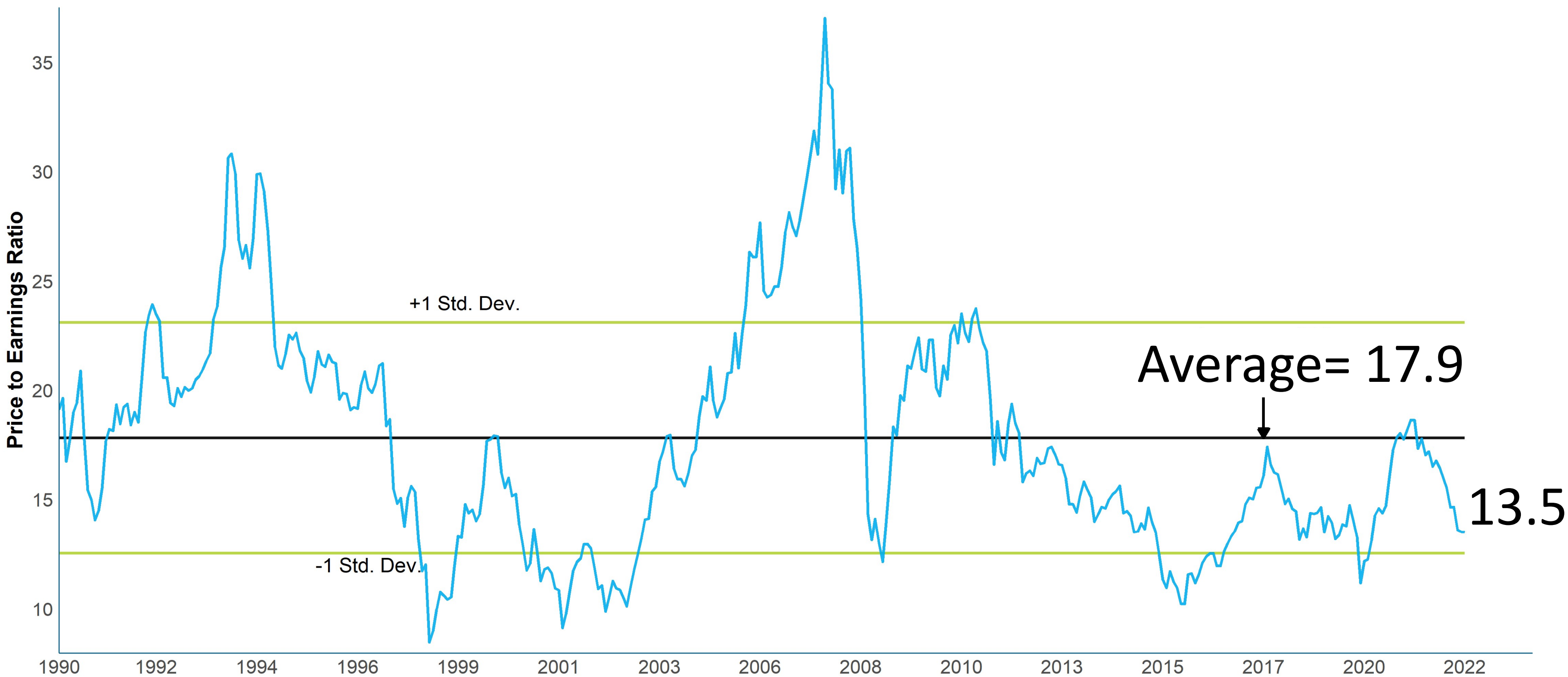
1 Source: US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group

Developed International Equity Cyclically Adjusted P/E[1]
(As of August 31, 2022)



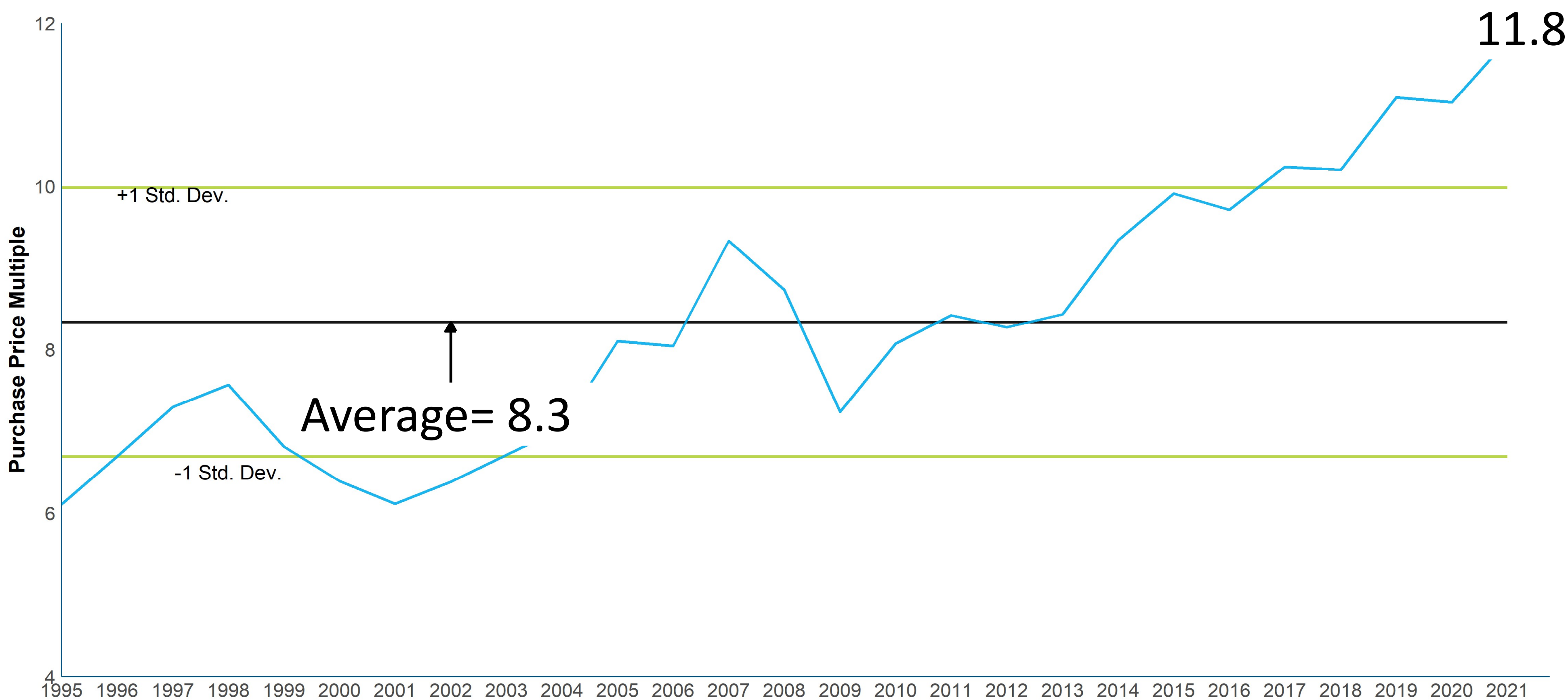
[1] Source: Developed International Equity (MSCI EAFE Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years.

Emerging Market Equity Cyclically Adjusted P/E[1]
(As of August 31, 2022)



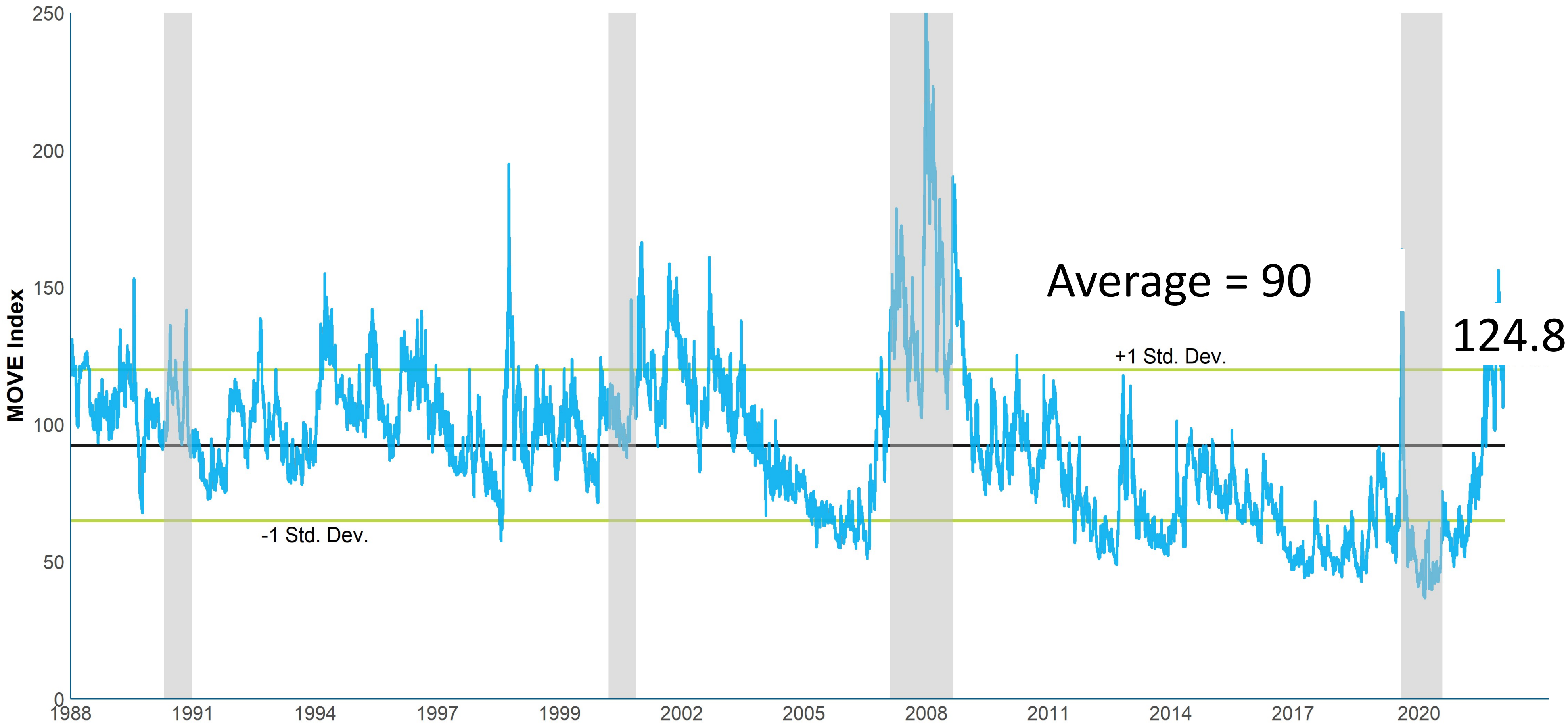
[1] Source: Emerging Market Equity (MSCI Emerging Markets Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly "as reported" earnings over the previous ten years.

Private Equity Multiples
(As of August 31, 2022)



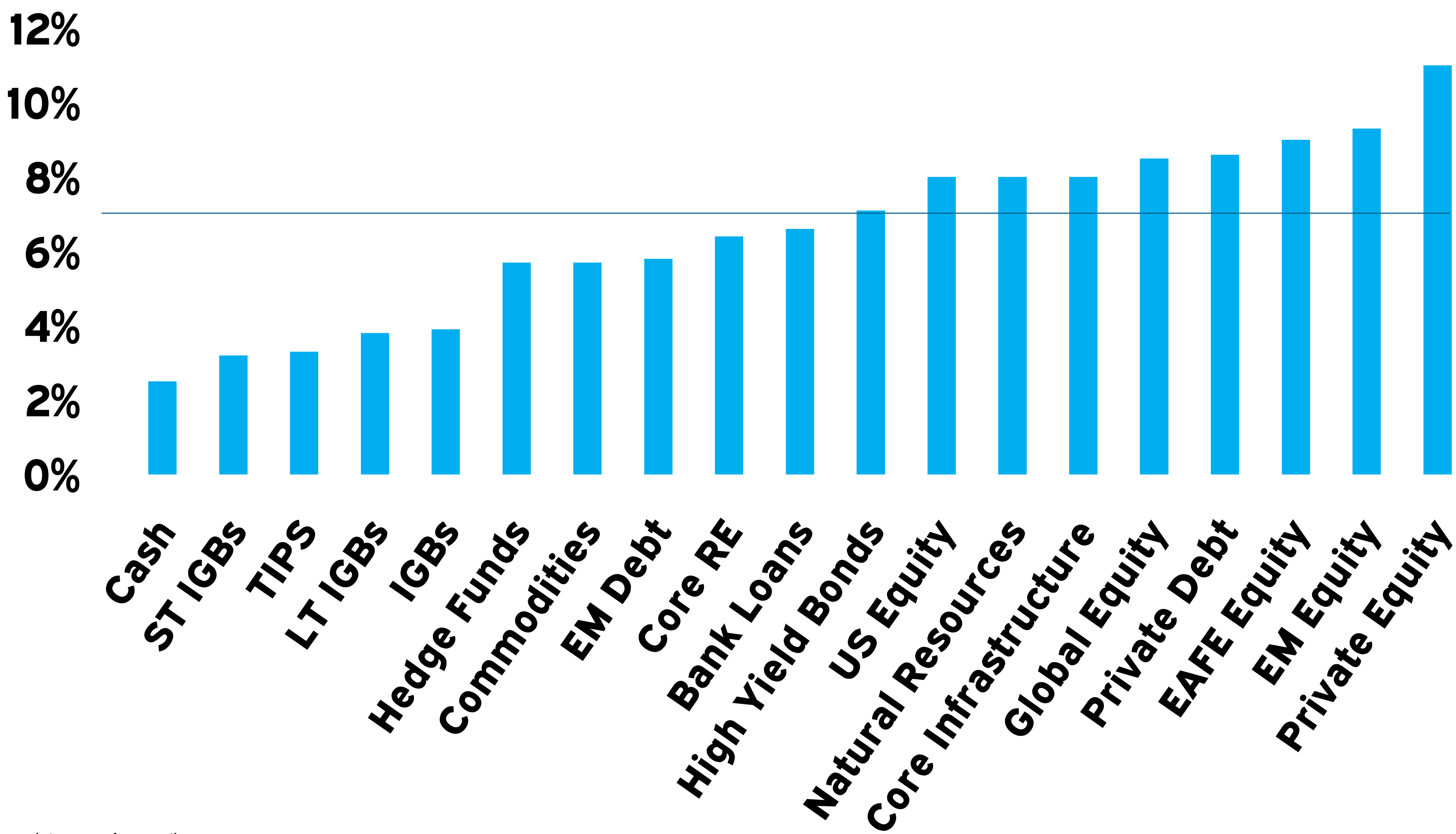
[1] Source: Private Equity Multiples – Source: S&P LCD Average EBITDA Multiples Paid in All LBOs.
Annual Data, as of December 31, 2021

Fixed Income Volatility[1] (As of August 31, 2022)



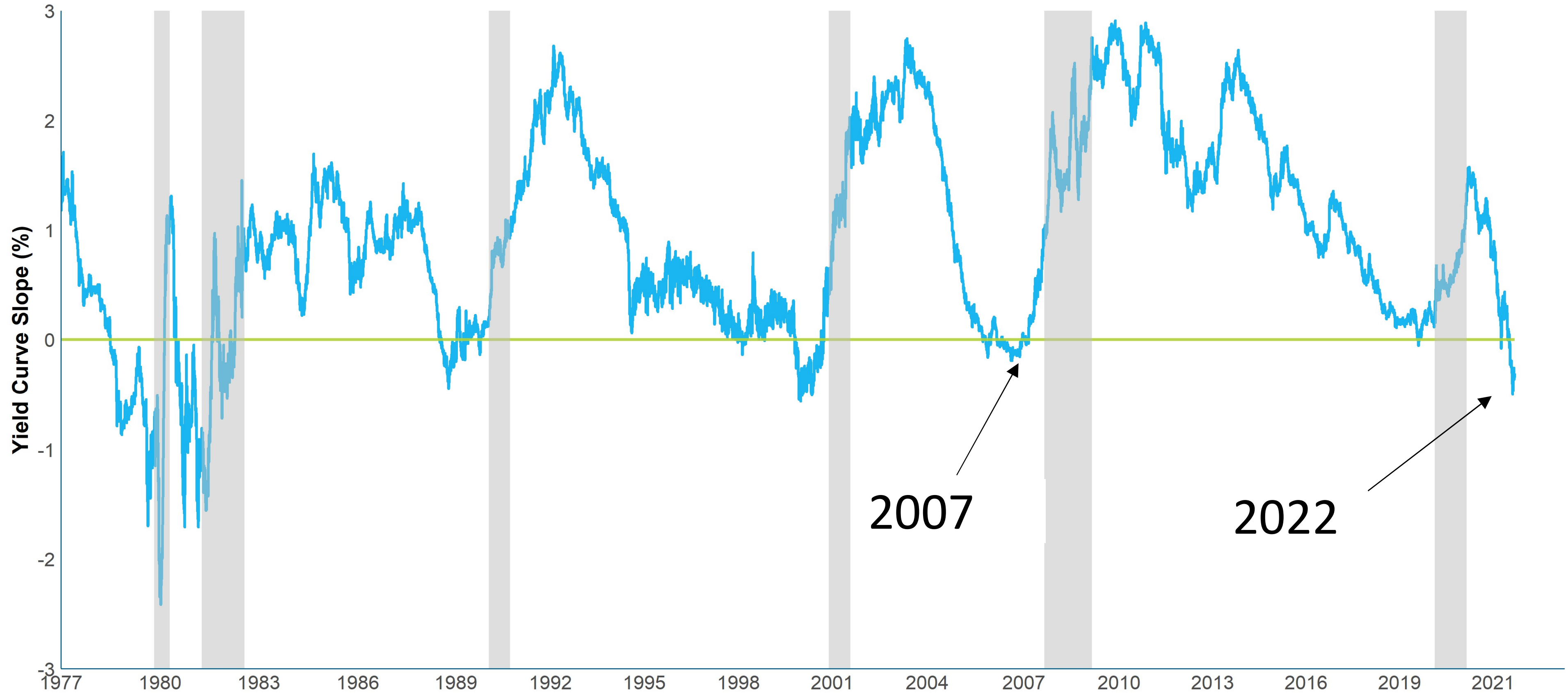
[1] Source: Fixed Income Volatility – Source: Bloomberg, and Meketa Investment Group. Fixed Income Volatility proxied by MOVE Index, a Measure of implied option volatility for US Treasury markets

Long-Term Outlook – 20-Year Annualized Expected Returns



[1] Source: Intra-year Assumptions

Yield Curve Slope (Ten Minus Two) (As of August 31, 2022)



Yield Curve Slope (Ten Minus Two) – Source: Bloomberg, and Meketa Investment Group. Yield curve slope is calculated as the difference between the 10-Year US Treasury Yield and 2-Year US Treasury Yield.

Asset Allocation

SJCERA Structural Framework

High-Level Class	Mid-Level	Strategy
Broad Growth	Aggressive Growth	PE / Non-Core RA
	Traditional Growth	US Equity
		Non-US Equity
		REITs
	Stabilized Growth	Risk Parity
		Liquid Credit
		Private Credit
		Core Real Assets
Diversifying Strategies	Principal Protection	Core Fixed Income
		Long Duration
		Alt. Risk Premia

SJCERA Structural Framework

Strategic Classes	Current	New	Change
Broad Growth	**75.0**	**80.0**	**5.0**
Aggressive Growth	10.0	16.0	6.0
Traditional Growth	32.0	34.0	2.0
Stabilized Growth	33.0	30.0	-3.0
Risk Parity	*10.0*	*6.0*	*-4.0*
Credit	*17.0*	*15.0*	-2.0
Core Real Assets	*6.0*	*9.0*	3.0
Diversifying Strategies	**25.0**	**20.0**	**-5.0**
Principal Protection	10.0	7.0	-3.0
CRO	15.0	13.0	-2.0
20 Year Stats	**Current**	**New**	**Change**
Median Compound Rtn	6.60	7.00	0.40
Average SD	9.5	10.5	1.0
Sharpe Ratio	0.52	0.50	-0.0

20-Year Return Expectations (2022)

SJCERA New Policy:	Target %	10 Year Return (Dec. 2021)	10 Year Return (Jun. 2022)	Change
Global Equity	34	6.1	7.9	1.8
Aggressive Growth	16	8.5	9.4	0.9
Credit	15	5.0	8.2	3.2
Principal Protection	7	1.7	3.8	2.1
CRO	13	3.3	4.2	0.9
Core Real Estate	9	4.9	4.8	-0.1
Risk Parity	6	4.3	5.9	1.6
Total	100			

20-Year Return Expectations (2022) (continued)

SJCERA New Policy Targets:	
(Dec 21) 10-Year	6.01%
(June 22) 10-Year	7.57%
(Dec 21) 20-Year	7.01%
June 22) 20-Year	8.15%

Investment Performance

2021 Calendar Year Performance (Gross of Fees)

	Quarter	1-Year	3-Year	5-Year	10-Years
SJCERA	4.3	14.4	12.4	9.5	8.2
SJCERA Sharpe Ratio	0.5	2.9	1.7	1.4	1.3
Median Peer*	4.0	14.9	14.7	10.9	9.7
Median Peer* Sharpe Ratio	0.6	2.8	1.3	1.1	1.2
S&P 500	11.0	28.7	26.1	18.5	16.6
MSCI EAFE	2.7	11.3	13.5	9.5	8.0
MSCI EM	-1.3	-2.5	10.9	9.9	5.5
BB Agg	0.0	-1.5	4.8	3.6	2.9
Cash	0.0	0.1	1.0	1.1	0.6

August 2022 Performance (Net of Fees)

Preliminary Monthly Flash Report (Net)	YTD	1-Y	3 Y	5 Y	10 Y	SI Rtn	SI
Total Plan	-6.6	-3.7	5.9	6.0	5.9	7.6	Apr-90
Policy Benchmark	-9.7	-8.0	4.9	5.4	6.0	7.3	
Difference:	+3.1	+4.3	+1.0	+0.6	-0.1	+0.3	
75/25 Portfolio	-16.9	-15.9	6.1	5.7	6.3	7.0	
Difference:	+10.3	+12.2	-0.2	+0.3	-0.4	+0.6	

Disclaimer

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SJCERA Roundtable

OCTOBER 6, 2022

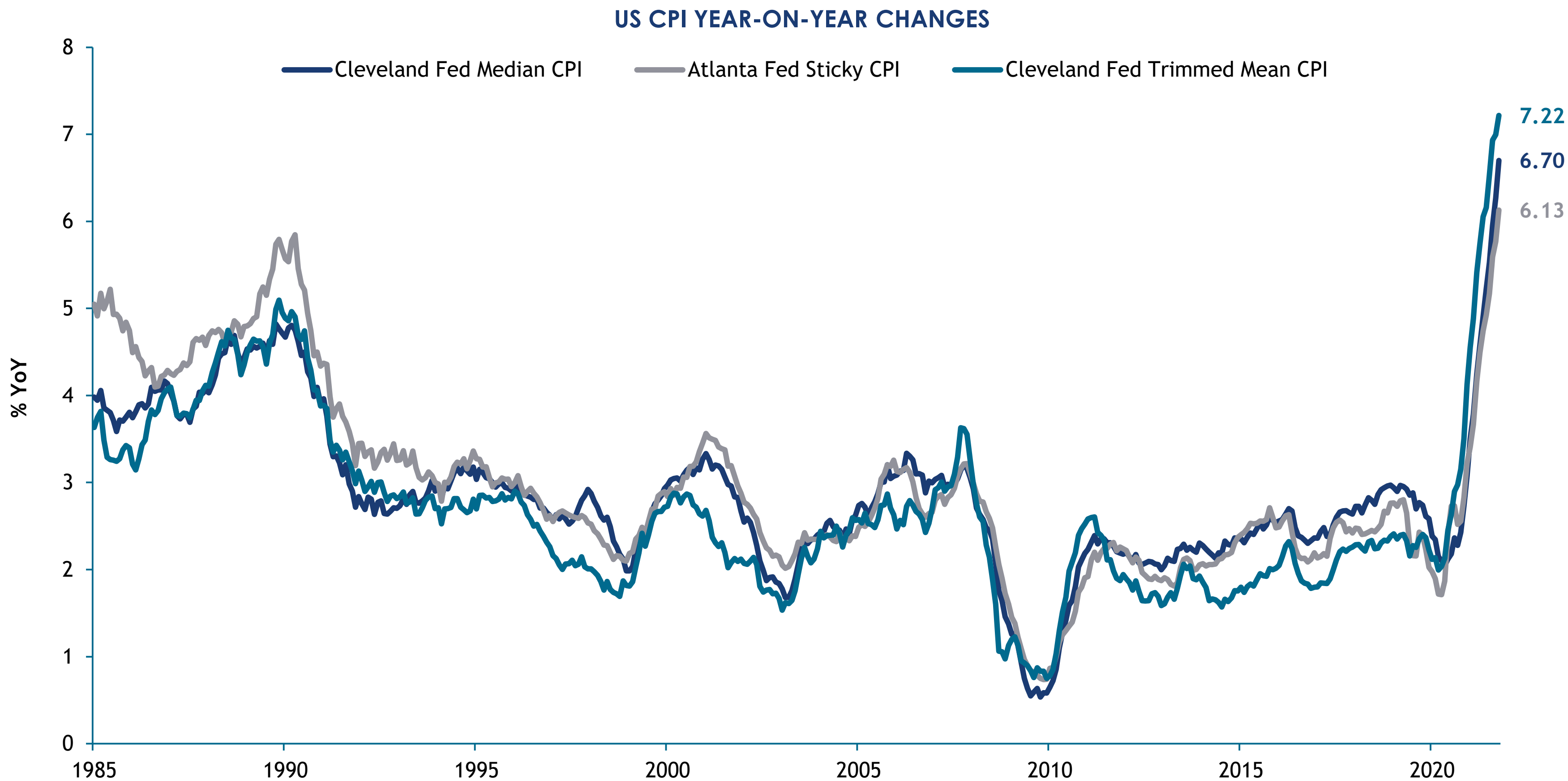
Presented By

Lynne A. Royer
Vice President, Co-Head of Disciplined Alpha Fixed Income

BOSTON CHICAGO DETROIT SAN FRANCISCO LONDON SINGAPORE UTRECHT

inflation is pervasive

BROAD-BASED MEASURES SHOW THAT IT'S NOT JUST ENERGY

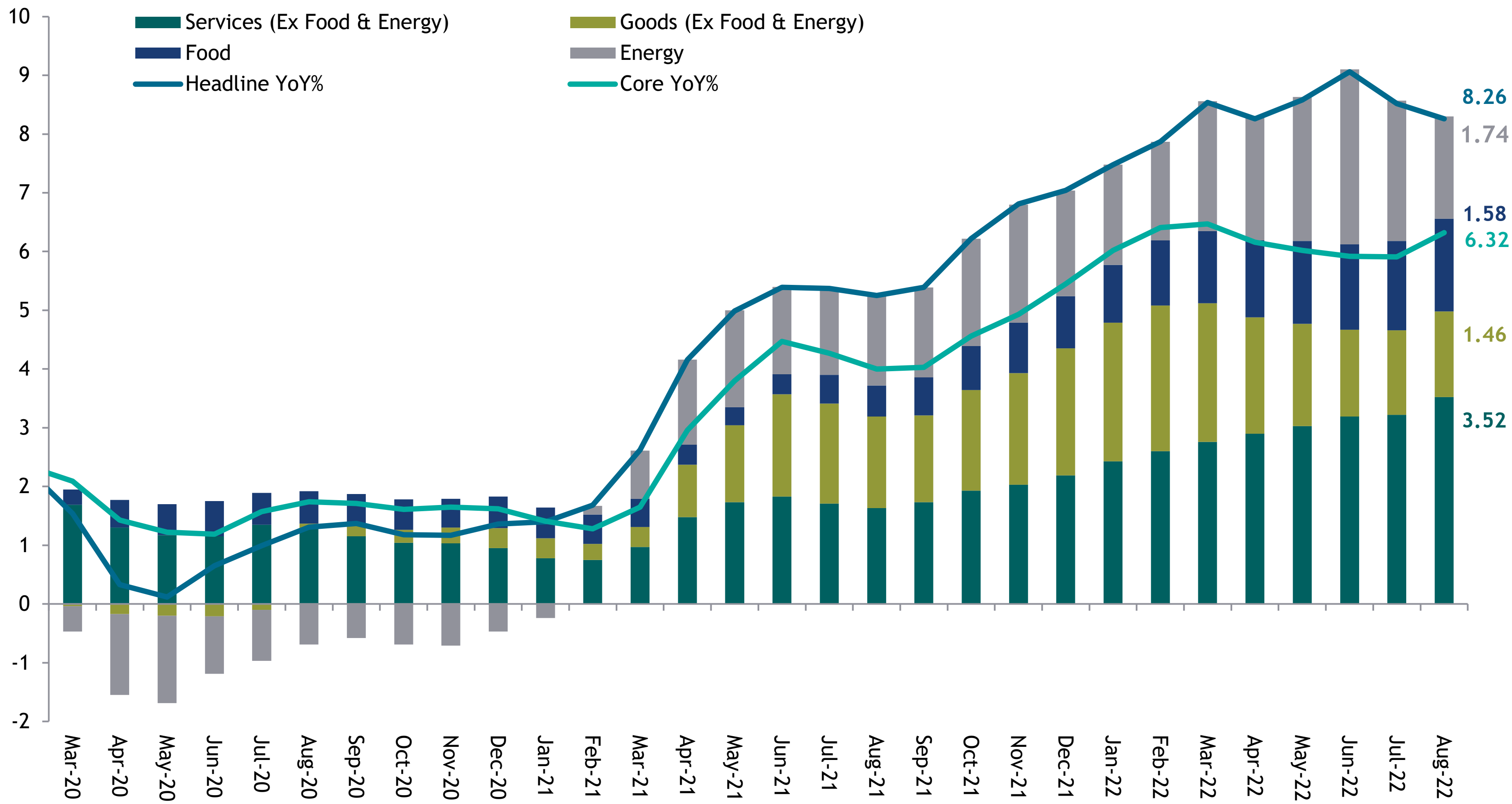


Source: Bloomberg. As of 8/31/2022.

Charts are illustrative for presentation purposes only. Some, or all, of the information on these charts may be dated, and, therefore, should not be the basis to purchase or sell any securities. The information is not intended to represent any actual portfolio.

inflation is pervasive

HEADLINE CPI 8.3% YOY



Source: Bloomberg. As of 8/31/2022.

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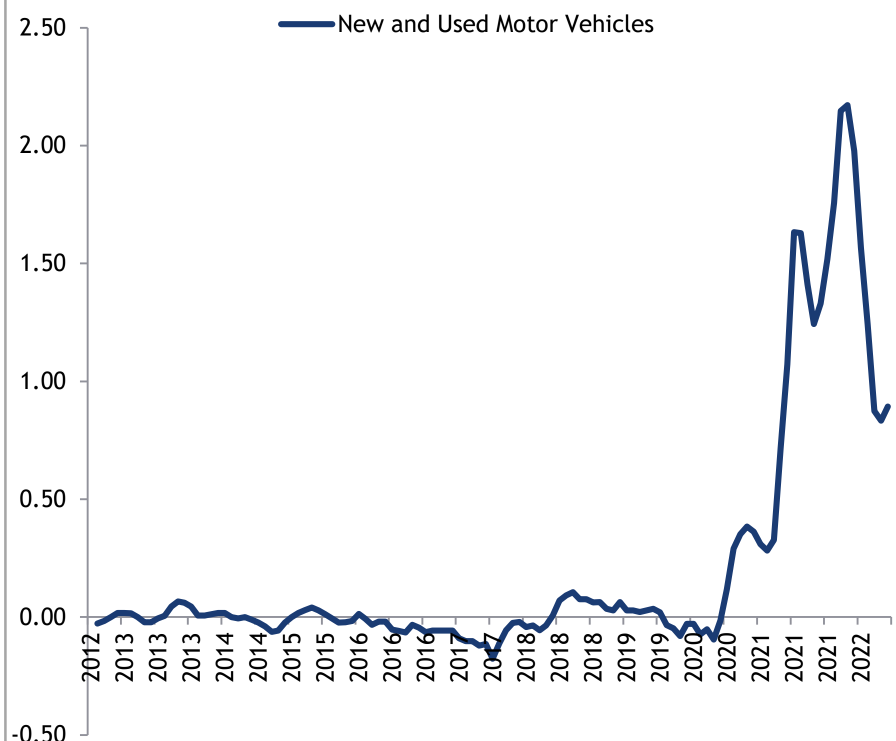
goods and services

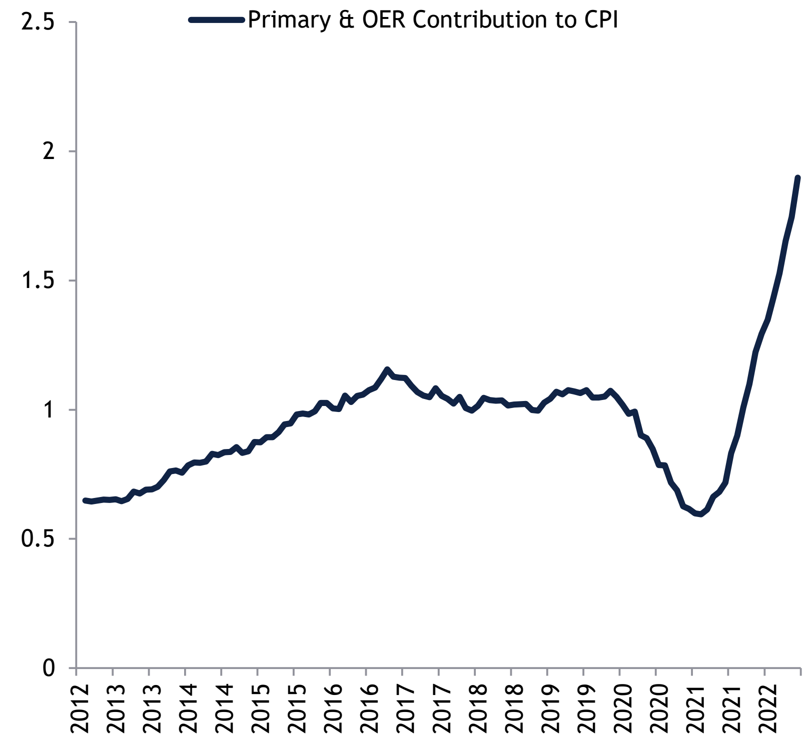
GOODS INFLATION PERSISTENTLY HIGH

NEW AND USED MOTOR VEHICLES CONTRIBUTION TO CPI



SERVICES INFLATION NOT YET SUBSIDING

PRIMARY & OER CONTRIBUTION TO CPI



Source: MRB & U.S. Bureau of Labor Statistics. As of 8/31/2022.

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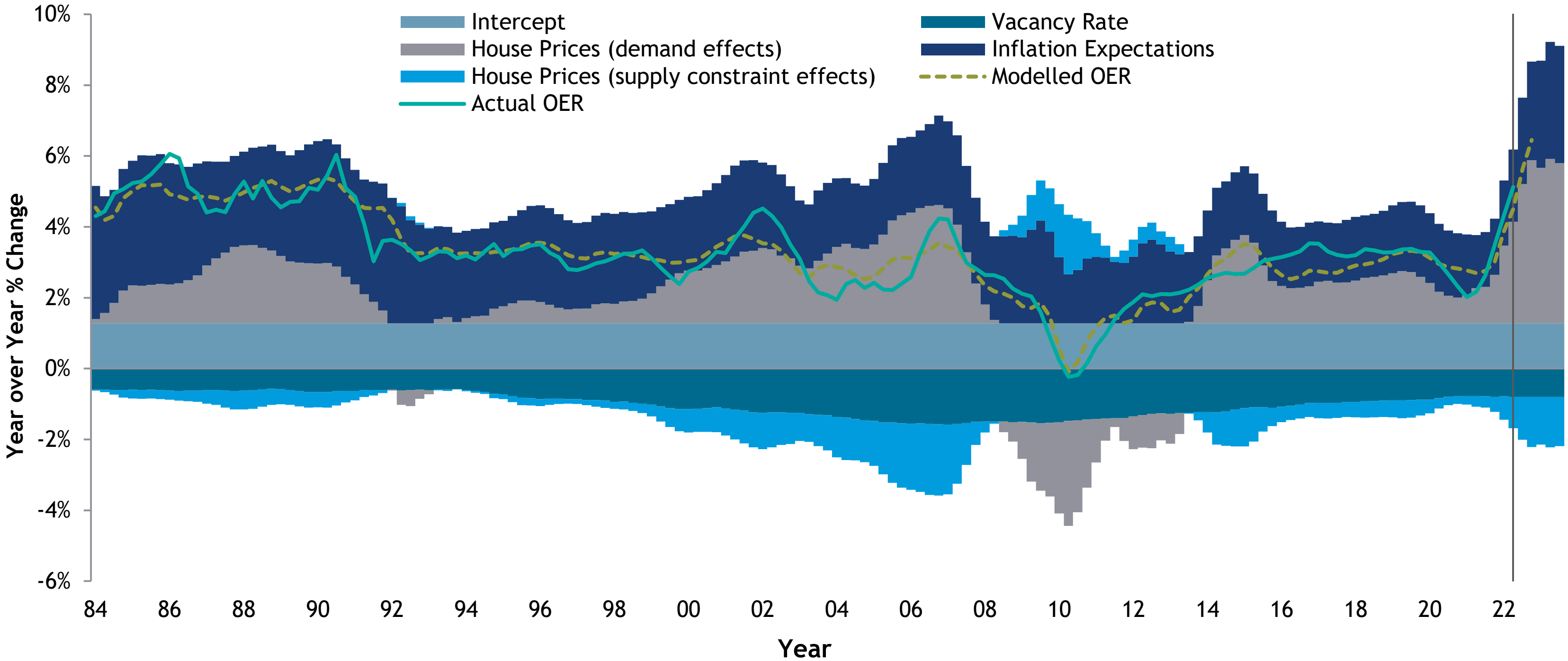
owner's equivalent rent

OER HAS A 30% WEIGHT IN THE CORE CPI INDEX

LOOMIS SAYLES OER MODEL



Bars are the contribution from each input to modelled OER. Forecast period extends to Q3-2023

QUARTER	OER FORECAST
Q3-22	5.64%
Q4-22	6.45%
Q1-23	6.54%
Q2-23	7.00%
Q3-23	6.92%

Source: U.S. Bureau of Labor Statistitics. As of 8/31/2022.
OER inflation could reach approximately 7% by Q2 2023 PER LS MODEL.
OER stands for Owner's Equivalent Rent. It is the sub-index within the broad CPI that represents the cost of shelter for people who own their own homes. The Loomis Sayles' Macro Strategies group created the "modeled OER". The modeled OER uses the economic indicators shown as inputs (vacancy rate, house prices, inflation). This material cannot be copied, reproduced or redistributed without authorization.
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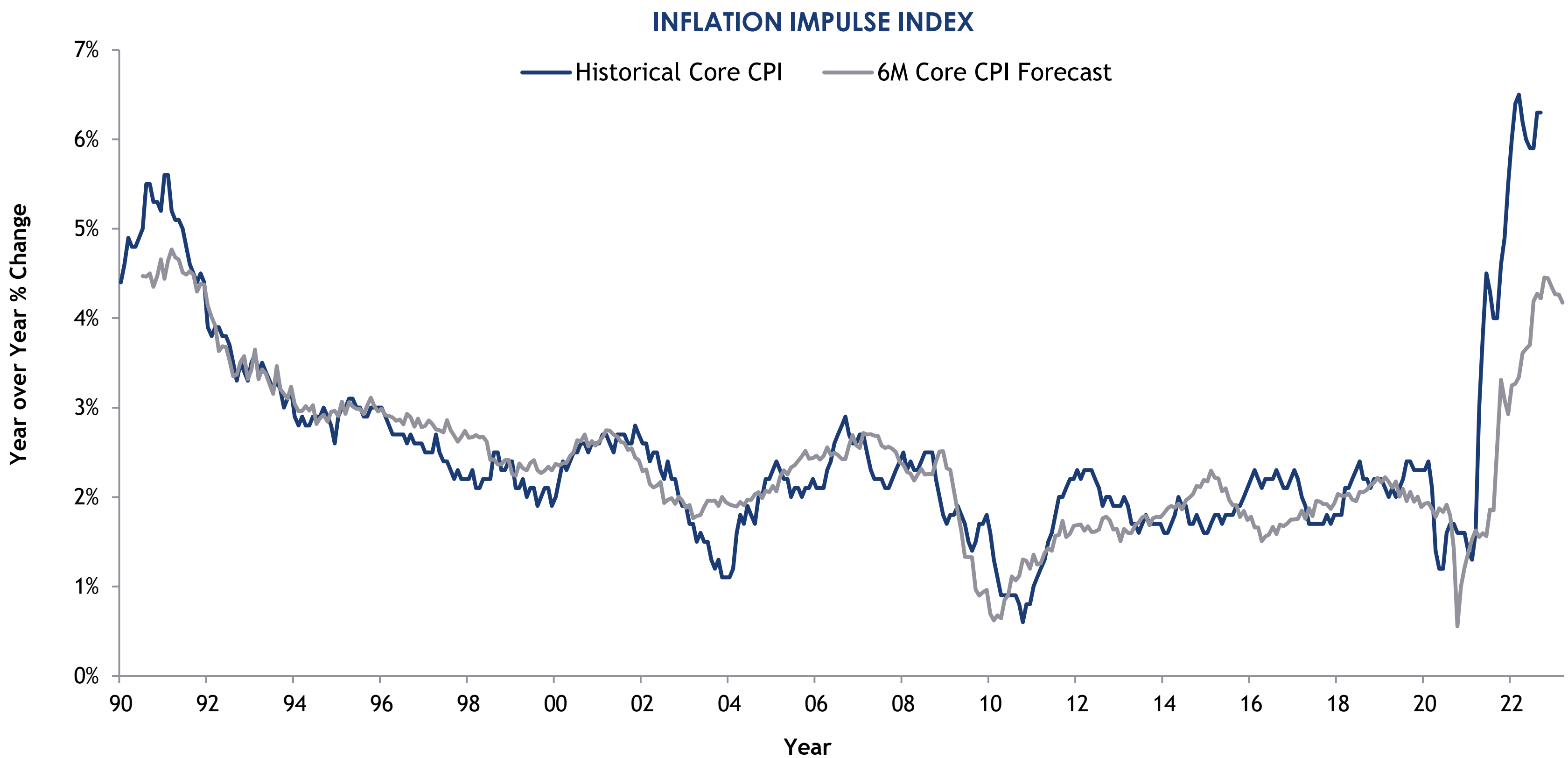
inflation impulse index

LS INFLATION FORECAST



Source: Loomis Sayles, U.S. Bureau of Labor Statistics. Historical Core CPI as of 9/30/2022. Forecast through 3/31/2023.
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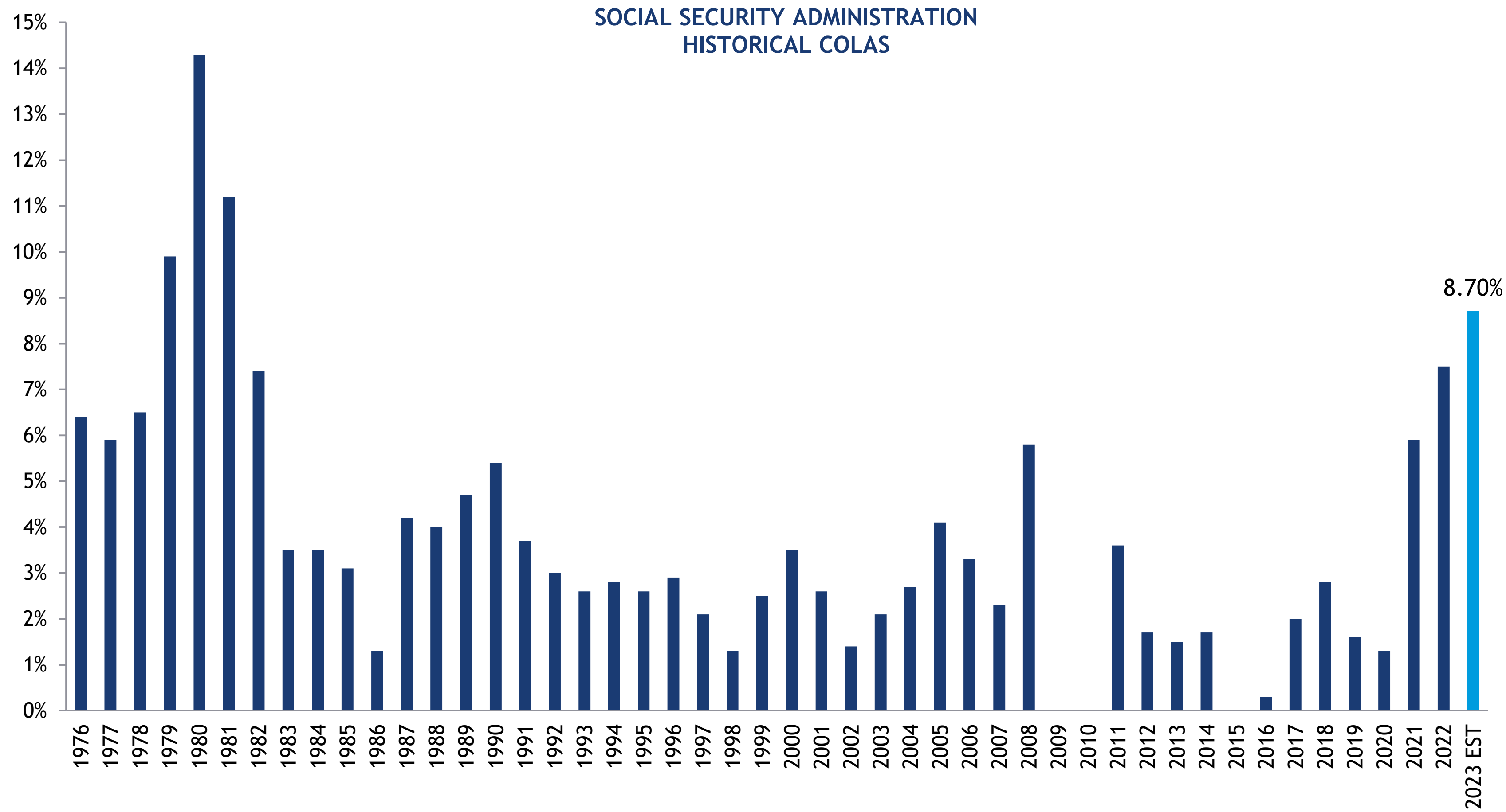
inflation implications

COST OF LIVING ADJUSTMENTS



Source: Bureau of Labor Statistics. 2023 based on Senior Citizen League estimate as of 9/20/2022.
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team biographies

Lynne A. Royer

Lynne Royer is a vice president, portfolio manager and co-head of the disciplined alpha team at Loomis, Sayles & Company. She began her investment industry career in 1985 and joined Loomis Sayles as co-head and co-founder of the disciplined alpha team in 2010 from Wells Capital Management, where she was senior portfolio manager and co-head of the Montgomery Core fixed income investment team. Previously, Lynne was a lending officer with Morgan Guaranty Trust Company (J.P. Morgan). Earlier, she was a financial analyst in the equity research department at Barclays de Zoete Wedd, and an analyst in the corporate finance department at Drexel Burnham Lambert. Lynne is a Phi Beta Kappa graduate of Gettysburg College and earned an MBA from the Anderson Graduate School of Management at the University of California, Los Angeles.

disclosure

Past performance is no guarantee of future results.

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An electronic version of this presentation book is available upon request.

NEUBERGER BERMAN

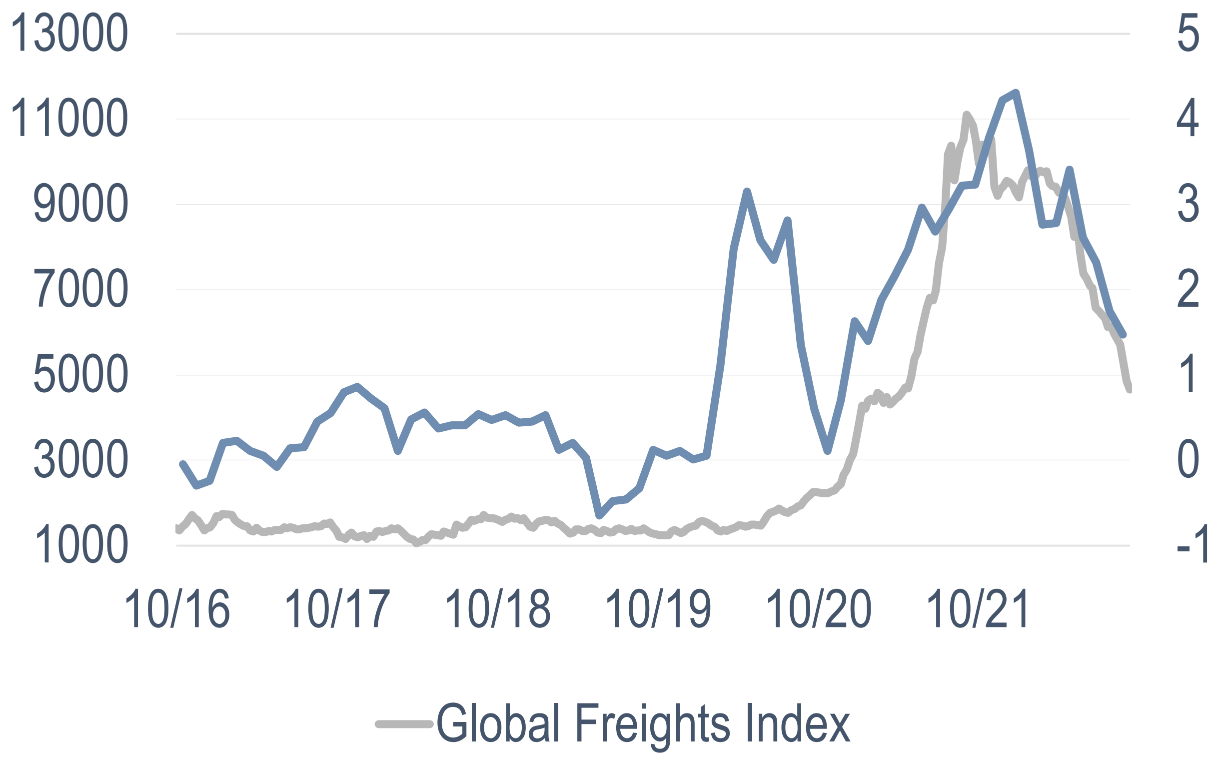
Inflation – Cost of Living, Cost of Investing, Supply Shortages & Fed Response

Q4 2022

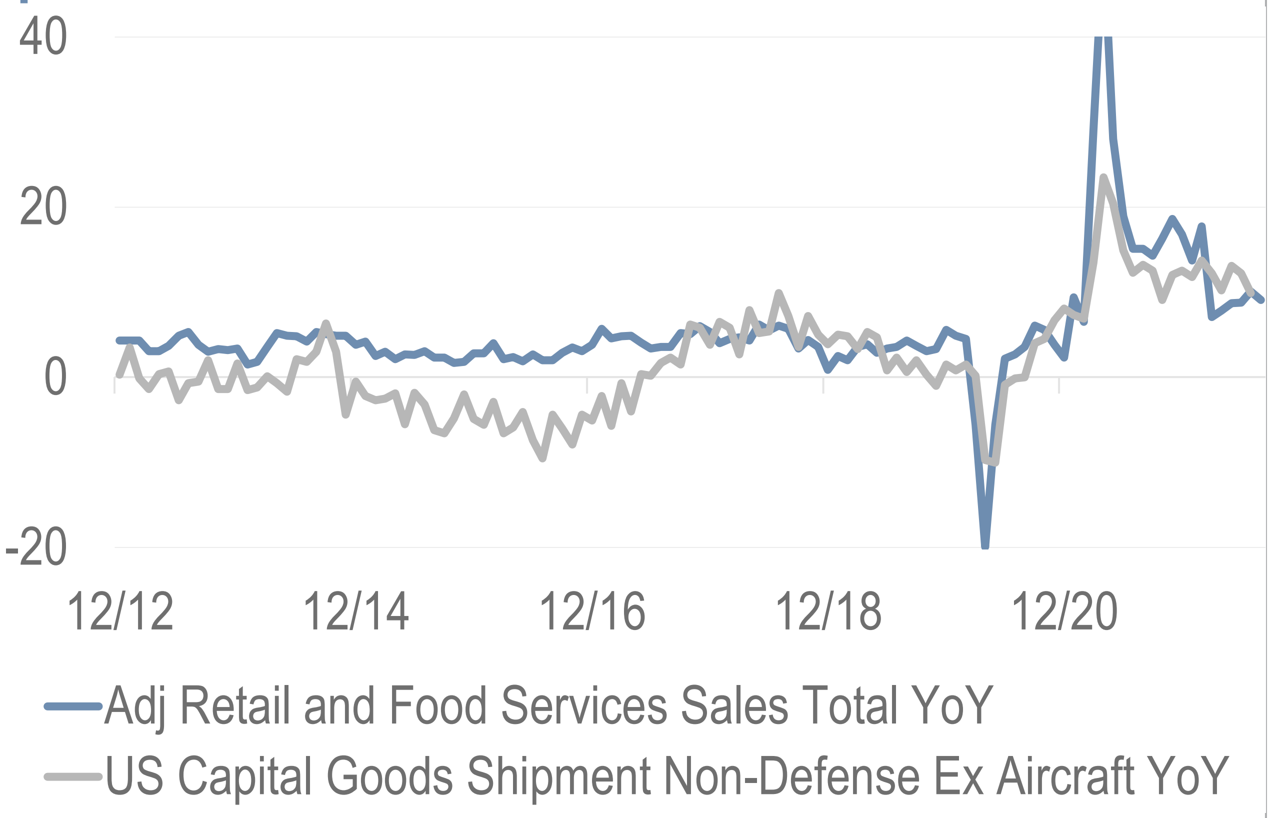
Supply Chain Normalizing but Long-term Scars Evident

Supply chain dynamics have started to normalize as reflected in pandemic-related inflation sectors; however, producers are still paying high prices close to 30-year highs with goods demand remaining above pre-pandemic trend

Supply Chain Pressures Easing Off



…but Goods Spending Still Remain Above Pre-pandemic Trend

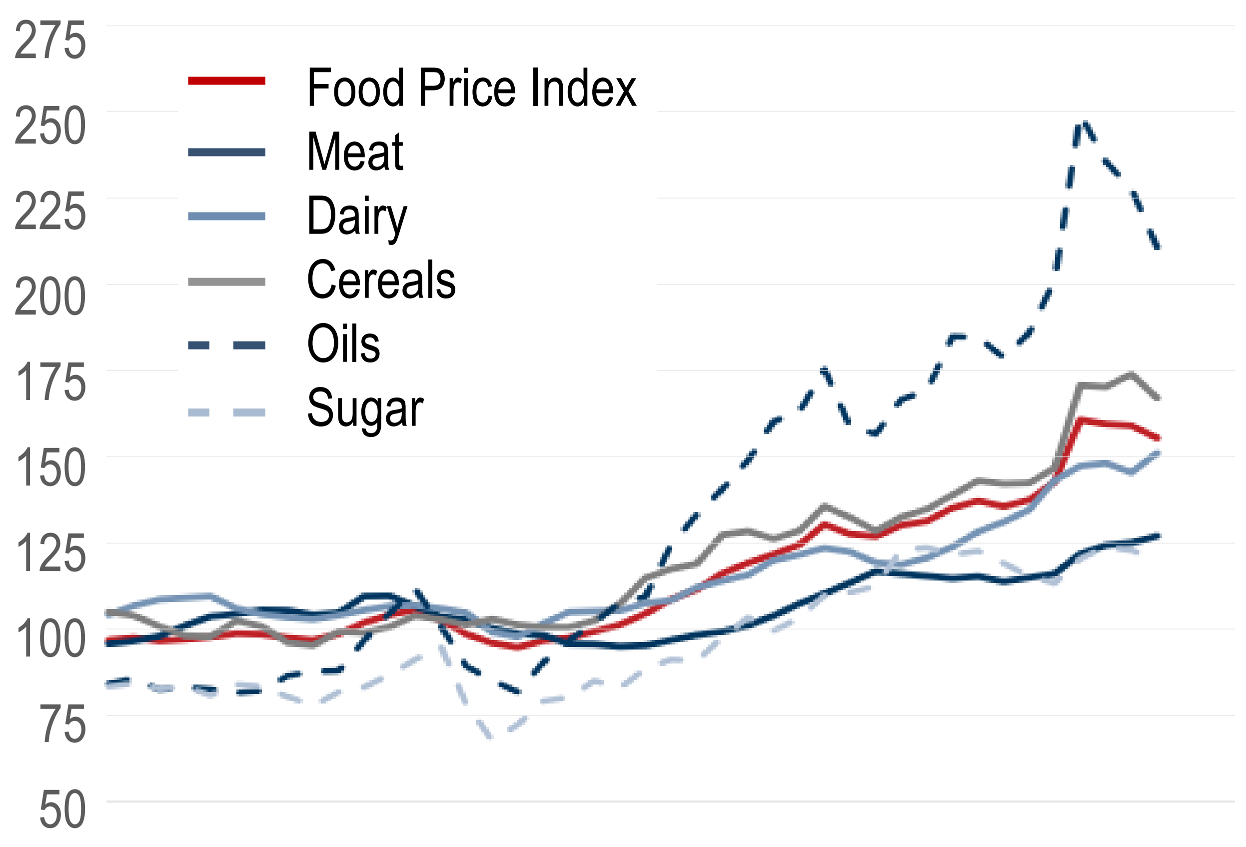


Source: Bloomberg. Goldman Sachs Research.

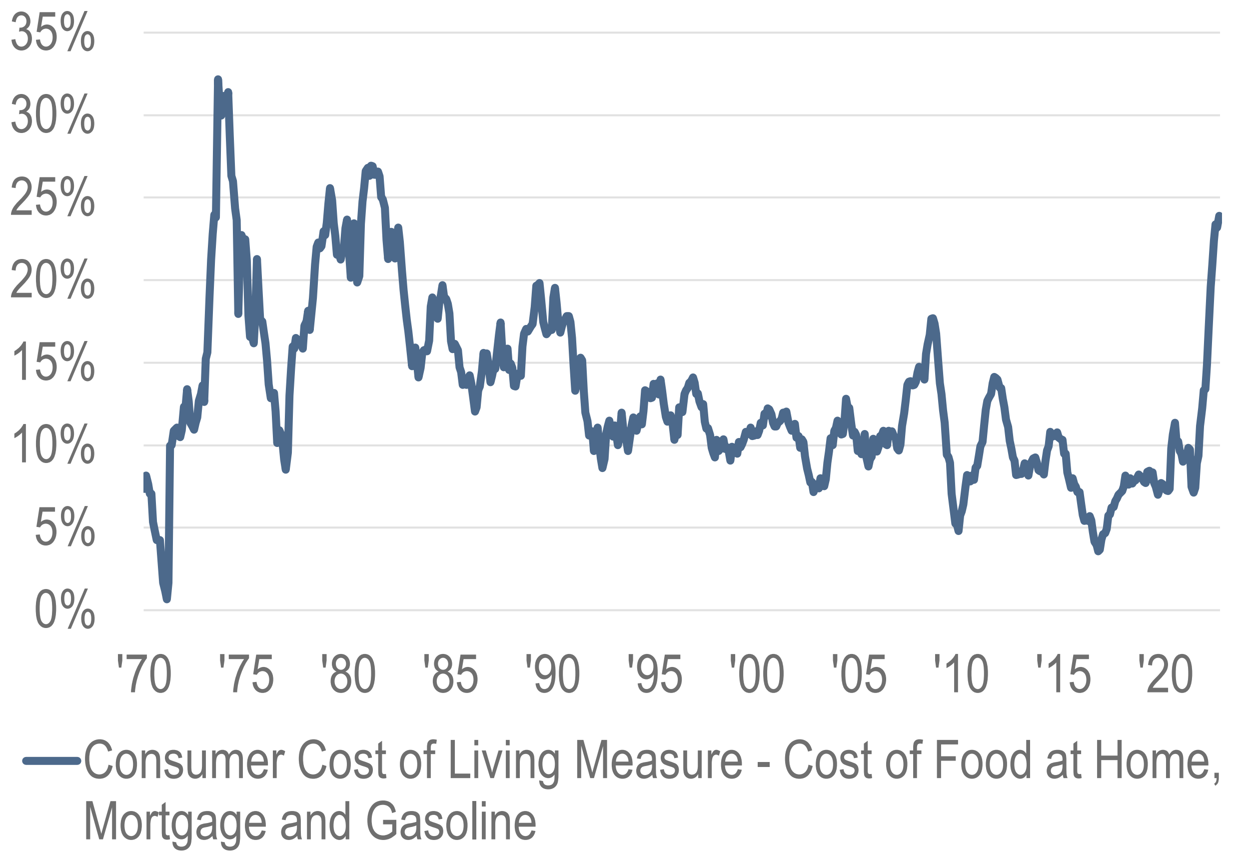
Food & Energy: Driving Cost of Living Pressure

Elevated prices driven by global supply-demand imbalance with geopolitical and regulatory tail risks to the upside

Global Food Prices have Risen and Remain Elevated



Food, Gas and Mortgages Driving Cost of Living to Stress Levels

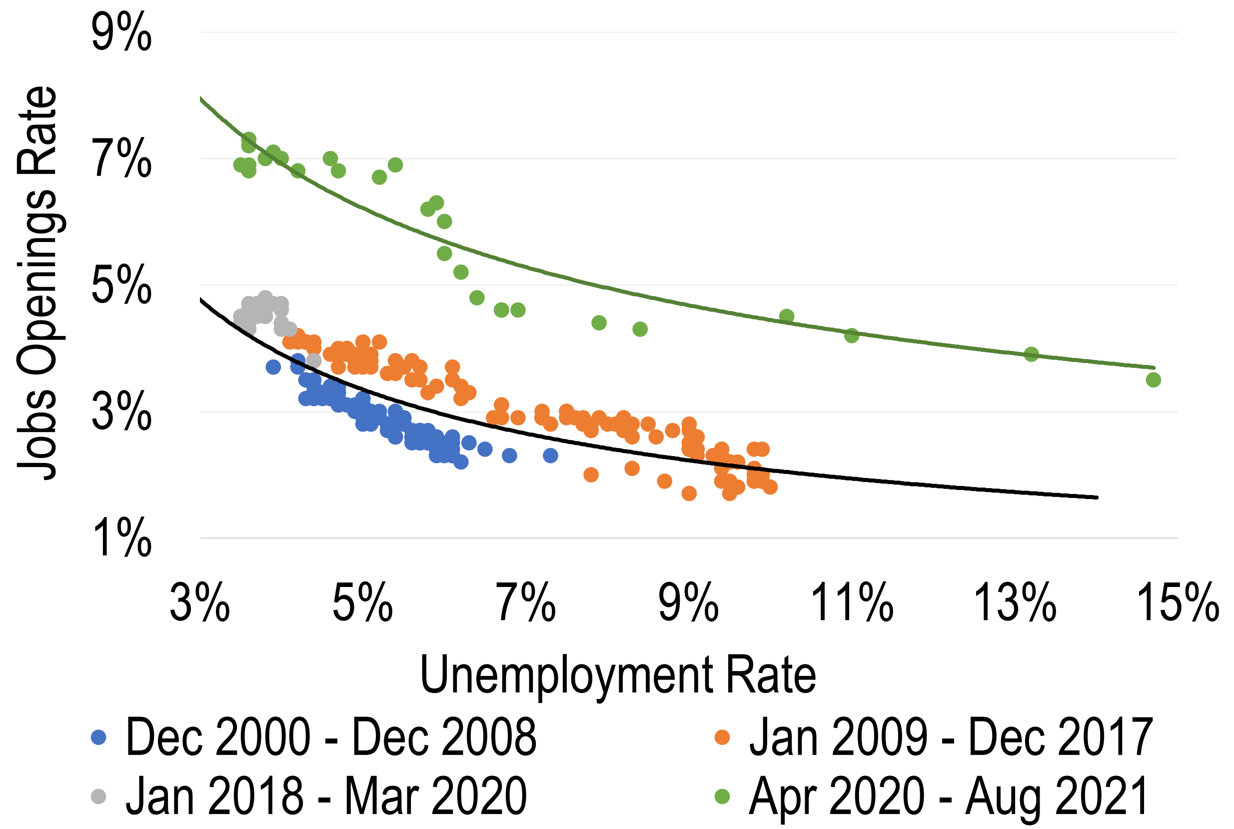


Source: Bloomberg. Goldman Sachs Research.

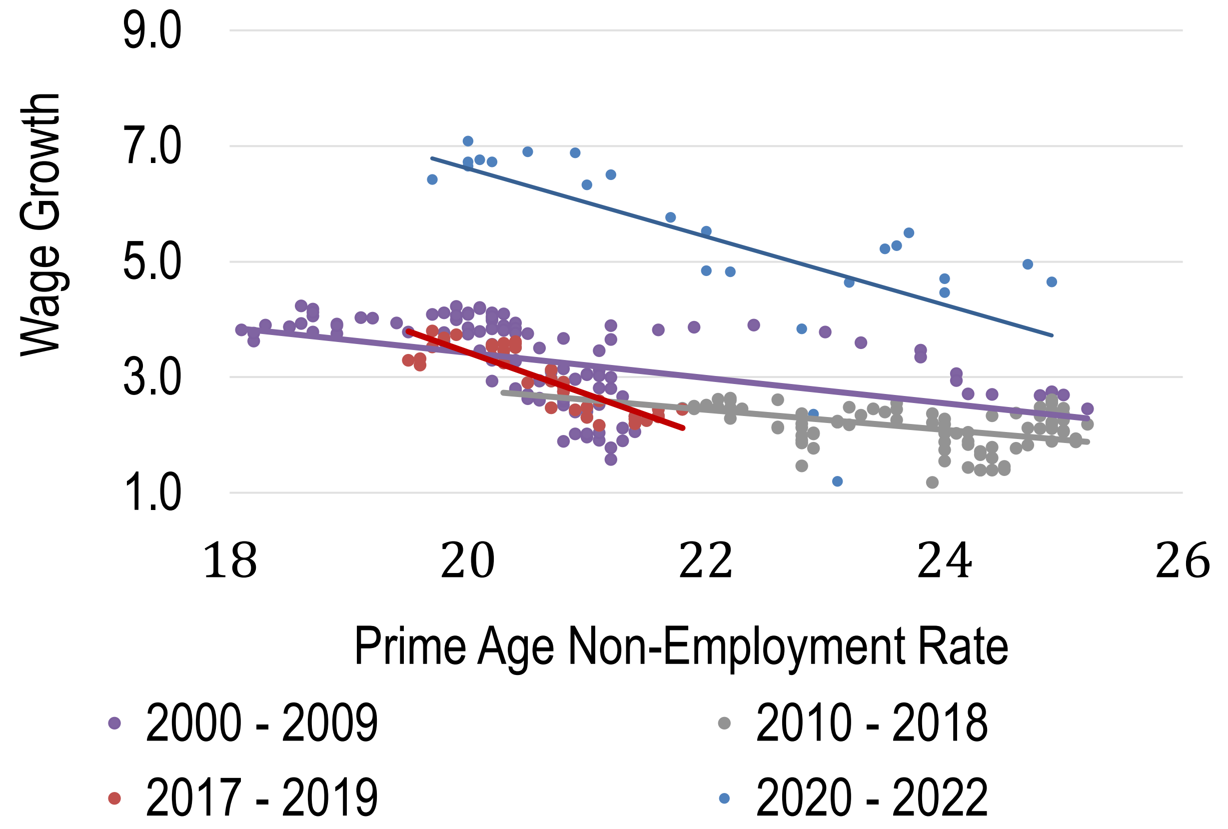
Services Ex-shelter: Tight Labor Market, Limited Workers Providing Tailwind to Higher Wages

Pandemic-related issues have impacted labor market supply; demographic and immigration headwinds that could be structural, coupled with strong business formation has kept wages buoyant

Retirement and constrained immigration driving tightest labor market since 1990's



…Leading to Re-steepening of Phillips Curve Post Pandemic

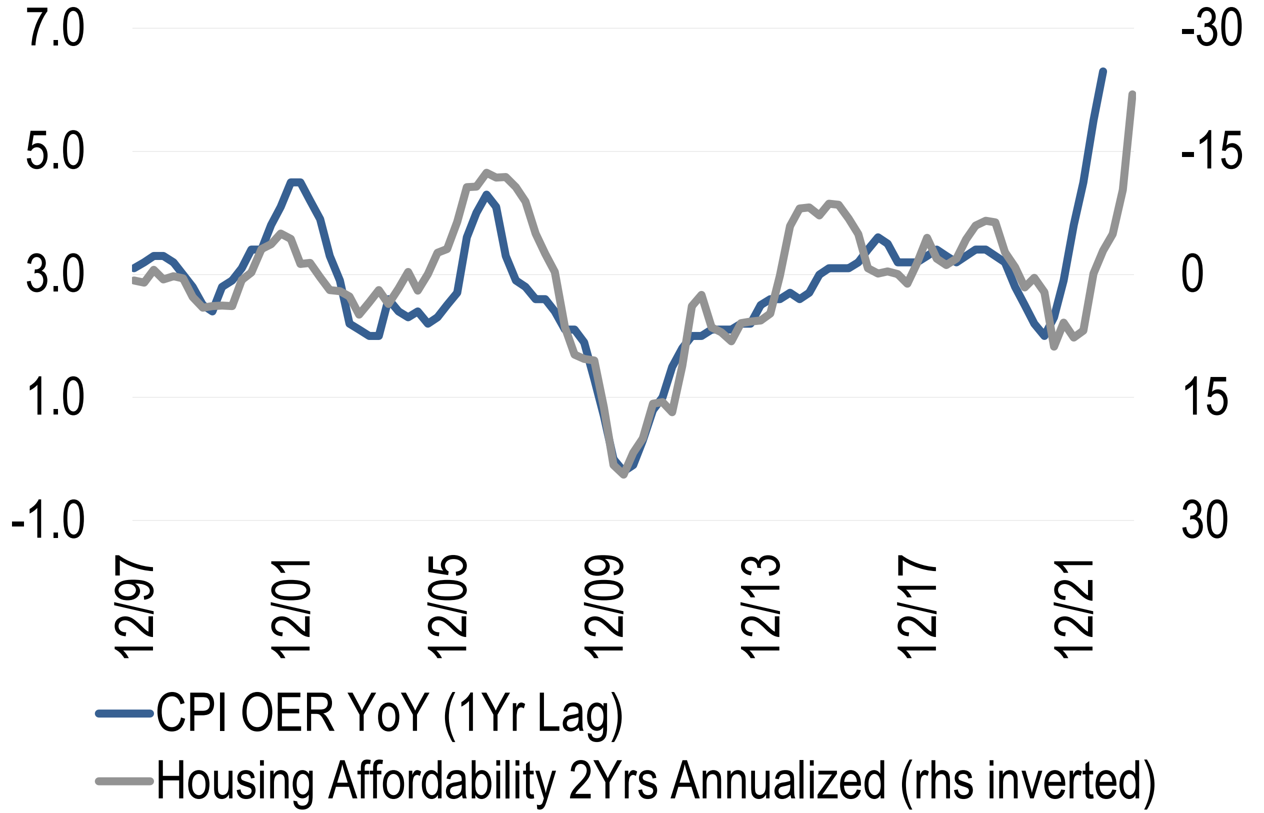


Source: Bloomberg. Census Bureau, Brookings Institution, Empirical Research Partners Analysis

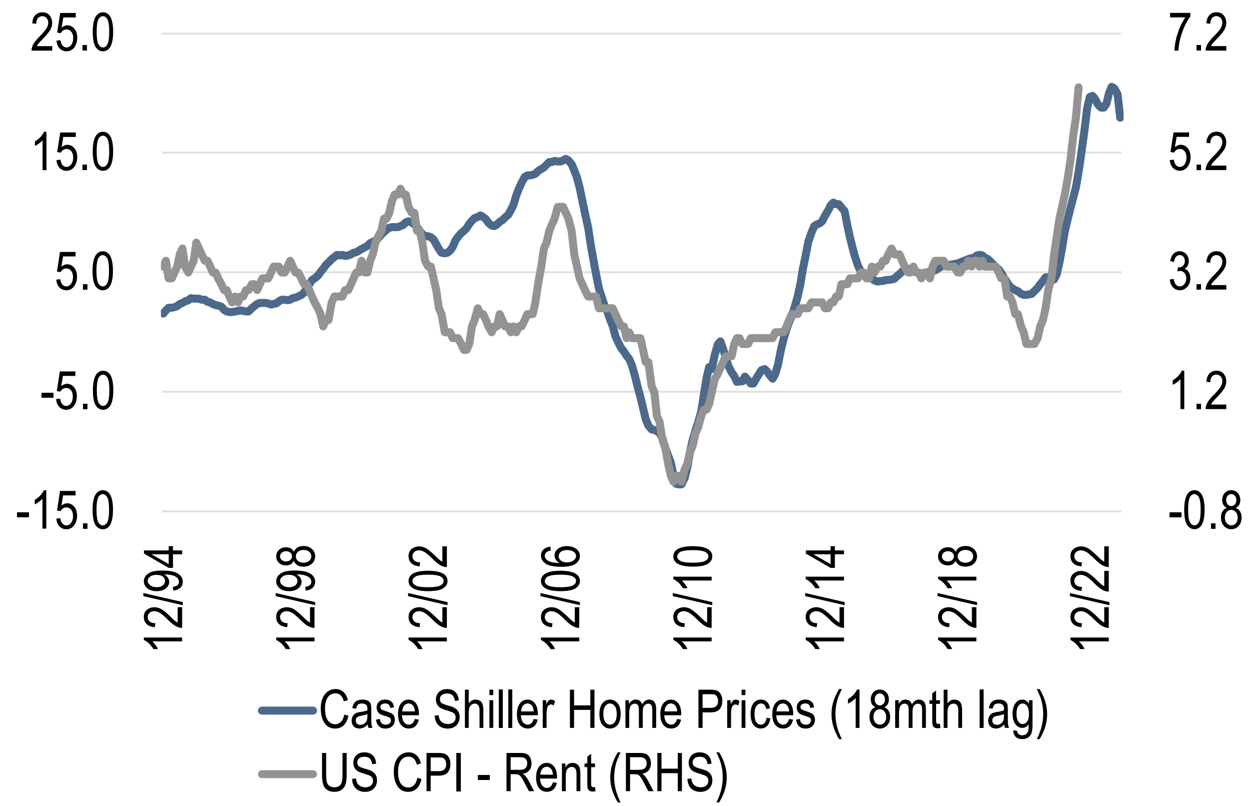
Shelter Inflation has Been Strong but yet to Peak

Resilience in the housing sector offers potential upside to already strong shelter inflation

Shelter Inflation Remain Elevated as Signs of Less Affordable Home Ownership Makes Renting More Attractive



House Prices Starting to Decelerate but it has Historically Taken a While to Pass Through to Shelter Inflation…

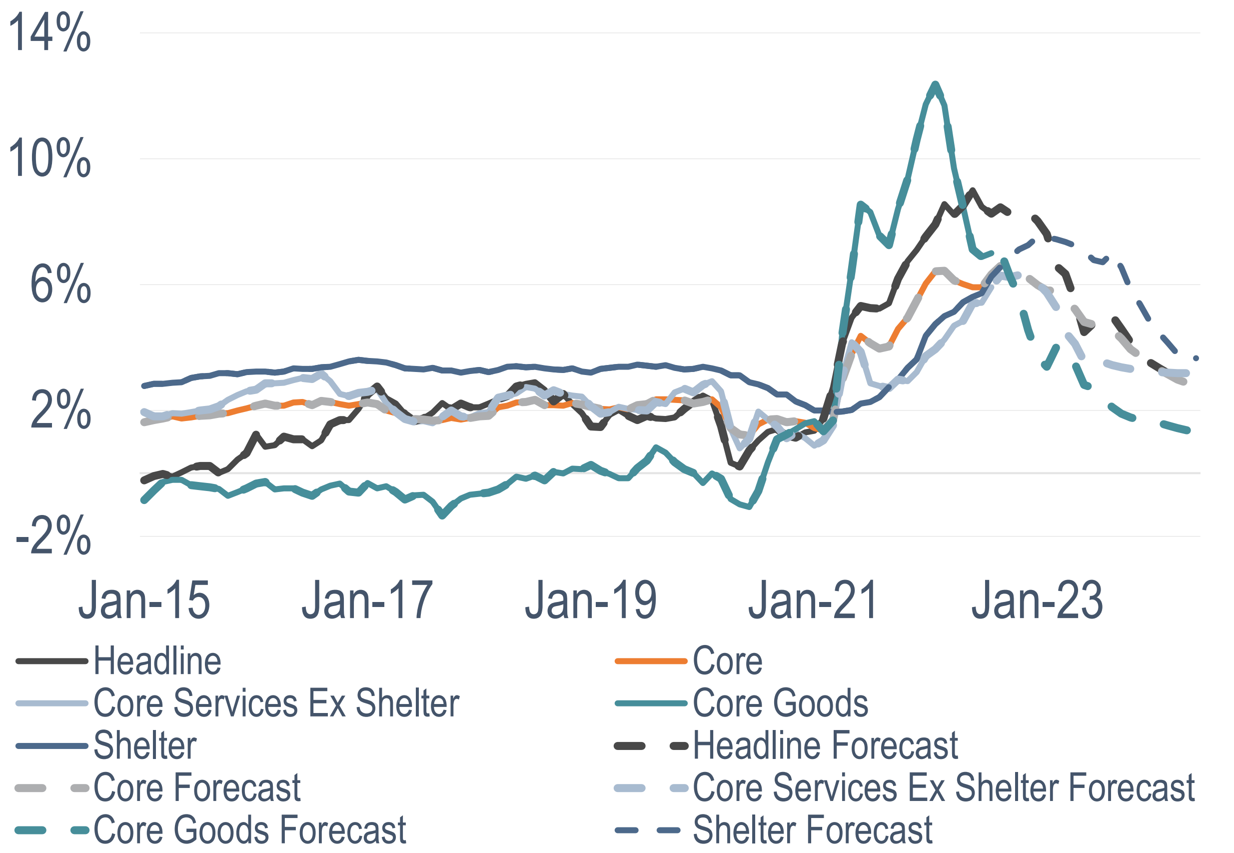


Source: Bloomberg.

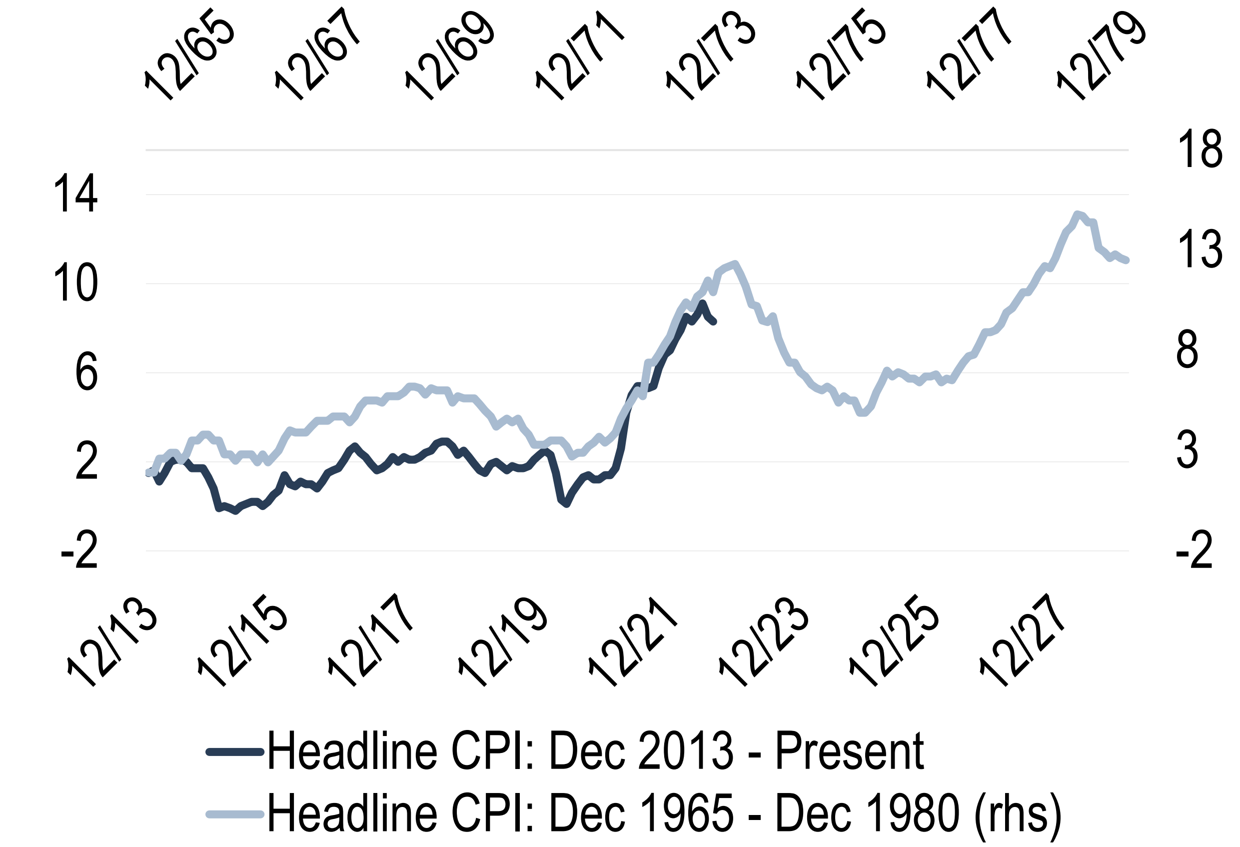
U.S. Core Inflation to Keep Pressure on the Fed

While goods prices is expected to decelerate, we anticipate shelter inflation to stay elevated with rents contributing strongly to Core CPI. Near-term risks are to the upside while longer-term risks to the downside due to front-loaded Fed policy

While We Expect Goods Prices to Decelerate, We Believe Shelter and Services Inflation Remains a Key Issue



1970s Redux ? - Strong and Simultaneous Push-up in Major Inflation Drivers Making it Hard to Ignore History



Source: Bloomberg. Neuberger Berman forecast. Actual through August 2022. Please see disclosure page for forecast specific details regarding the above information. **Past performance is no guarantee of future results.**

Disclosures

The forecast is calculated using vector auto-regression analysis with varied lag periods applied to various macroeconomic variables that have exhibited historical predictive capabilities. Weights are changed dynamically driven by historical sector changes. Forecast is done at sector level and rolled up. Assumptions: Food inflation rises into year-end before improving in early 2023 on supply chains. Shelter continues to rise driven by tight labor market and wage growth though mid-2023, before seeing some relief. Energy continues to accelerate into early 2023 on supply. Inflation in core services ex-shelter remains high as travel demand levels off but healthcare prices strengthen. 2. Source: Bloomberg. As of May 2022. 3. Source: Bloomberg, as of July 2022 for NAHB, as of April for S&P CS. Information is as of the date indicated and subject to change without notice. Nothing herein constitutes a prediction or projection of future events or future market behavior. For illustrative and discussion purposes only. Nothing herein constitutes investment, legal, accounting or tax advice, or a recommendation to buy, sell or hold a security. This material is not intended as a formal research report and should not be relied upon as a basis for making an investment decision. Investing entails risks, including possible loss of principal. Past performance is no guarantee of future results. Historical trends do not imply, forecast or guarantee future results. Due to a variety of factors, actual events or market behavior may differ significantly from any views expressed.

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Ref#1174601

Invesco

Invesco Real Estate
Global Overview

Second Quarter 2022

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Global disruption differentiates opportunities across and within regions

Geopolitics
Global tensions have caused significant economic disruption, and risks of further escalation remain.

Inflation
Global inflationary pressures are spreading, but regional variations will require different policy responses.

Monetary environment
Some markets are increasing rates, while other regions are yet to respond; real estate funding markets remain supportive.

Sustainability
The “green premium” is gone; focus now needs to be on avoiding holding assets which warrant a “brown discount”.

Structural transitions continue to shape demand patterns
Recent years have seen many existing trends accelerate, but the long-term drivers remain unchanged.

Source: Invesco Real Estate as of April 2022.

Regional viewpoints

Asia Pacific:
The pace of economic recovery varies across the region, though inflation is a potential headwind. Ongoing urbanization shapes future real estate demand.

Europe:
Geopolitical uncertainty has slowed and will shape the economic recovery. Energy costs drive inflationary pressures which could persist, though monetary policy has yet to respond.

US:
The US economy is healthy but further disruption is expected. Focus on the most compelling opportunities driven by secular trends.

Global:
Capital demand for real estate remains strong, and the search for inflation protection supports high-quality assets with long-income profiles, and sectors with demand driven by structural tailwinds.

Source: Invesco Real Estate as of April 2022.
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Why real estate capital markets have become disrupted

Bringing inflation under control holds side effects for real estate

The problem and the response

1. Inflation = 40-year high
2. Fed raises interest rates
3. Borrowing gets more expensive
4. Demand tapers
5. Inflation eases

***Capital Markets:* Immediate impact**

Rising borrowing costs/impaired equity market

Reduced liquidity/denominator effect

Slowing capital flows

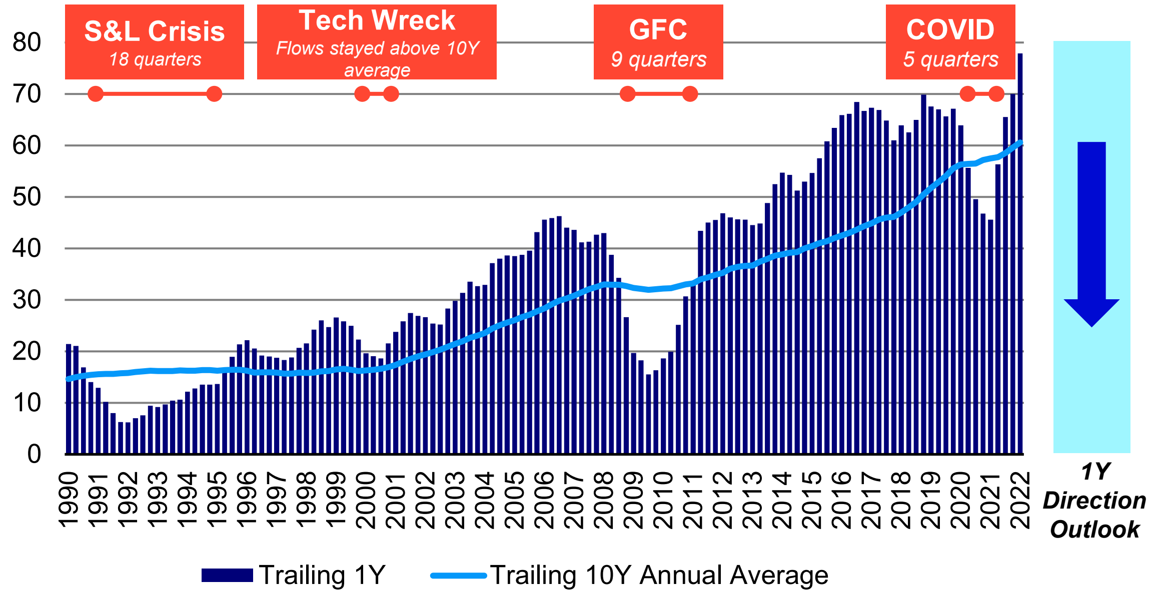
Price impacts of various degrees

Source: Invesco Real Estate as of April 2022. For illustrative purposes only.

How long might real estate lending taper back?

Duration of liquidity crunches has been shorter when the financial services industry has been stable

Life company annual loan originations per quarter
Q1-1990 to Q1-2022 ($ in Billions)



Liquidity crunch conditions

- **Structural issues matter**
- **Today's challenges are not structural**
- **Expect a shorter liquidity crunch**

Source: Invesco Real Estate, utilizing data from the American Council of Life Insurers and Moody's Analytics as of August 2022

Opportunities amid disrupted capital markets

Expect opportunities to exploit repricing and to fill liquidity gaps

Discounted execution

Fill gaps in capital stacks

Motivated seller opportunities

Public policy opportunities

Intrinsic Value in Oversold REITS

Advantageous Currency Conditions

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2022 Annual SJCERA Investment Roundtable

Stay DIGITAL and focus on alternatives

Negative ▯▯▯ Positive

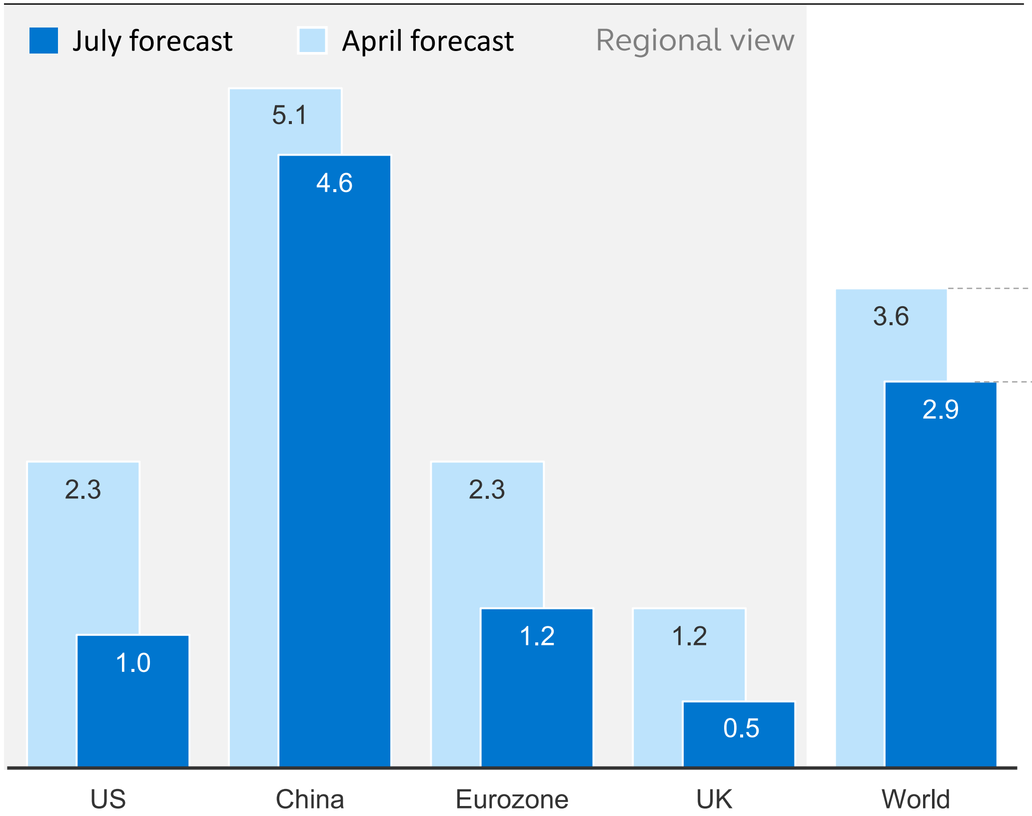
Sector		Outlook: Tactical	Outlook: Strategic	Recommendation
Indus.	Industrial			Coming to end of business cycle boom and potential for oversupply. Values nearing peak
Office	CBD			Very selective, focus on tech markets. European office outlook is more constructive
	Suburban			Focus on research universities and tech employment growth
	Medical			Demographics will support longer-term demand
Retail	Convenience			Solid drivers, but demand is putting some pressure on pricing. Difficult for e-commerce to disrupt
	N&C Centers			E-commerce resistant (particularly with stronger grocer presence) and allows a value-oriented element
	Power Centers			Focus on centers with value and home improvement elements. Pricing is favorable but not great
	Malls			Low conviction on strategic outlook, short-term debt strategies at the right basis
Residential	Suburban Apt			Focus on renters by necessity 80-120% of median income in markets with high barriers to entry
	Urban Apt			Focus on high-cost/high-tech metros where single-family housing less affordable
	Single Family			Takes advantage of wealth/generational gap and need for space
Alternatives	Data Centers			Strong outlook but may behave more like a bond longer term
	Hotel			Tough sector to handicap long-term. Tactical opportunity as pandemic fades
	Life Sciences			Pricing may be an issue in the near-term, but remains a long-term strategic opportunity
	Student Housing			Not a high level of conviction, case by case basis...currently too much construction
	Senior Living			Look for a boom in the next 10-15 years, but in the US the sector is prone to over-supply

Source: Principal Real Estate

…And global synchronized slowdown is likely in 2023

Output growth forecast

2023 GDP growth rate, July forecast vs April



Factors contributing to the global economic slowdown include:

- **A** Higher-than-expected inflation worldwide
- **B** Tightening monetary policies
- **C** China's Zero-Covid policy
- **D** Russian-Ukraine war

Economic activity has been revised across the board. Further downside risks persist

Source: IMF, Principal Real Estate

What we are recommending to investors

- Stay focused on our DIGITAL strategies, markets and property types given the structural drivers underpinning tenancy

- DIGITAL property types benefit from structurally resilient growth. We favor niche/alternatives such as life sciences, data centers, MOB, residential and warehouse/logistics

- We have a broad bias towards debt over equity preferring the subordination benefit of debt and security of cashflow.
  - Within debt we find HY attractive given the steepness of the credit curve. We also like CMBS given the mark to market across the quadrant

- In real estate equity we prefer select development tailored towards industrial and residential. We are cautious on core given lack of price discovery; tactically optimistic on REITs given underlying strength of earnings thus far

Source: Principal Real Estate Investors, August 2022. These are the current views and opinions of Principal Real Estate Investors and are not intended to be, nor should they be relied upon in any way as a forecast or guarantee of future events regarding particular investments or the markets in general.

Prologis IAH Kenswick 1, Houston, Texas

Prologis Targeted U.S. Logistics Fund

Prepared for SJCERA

October 6, 2022

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Other. Gross venture level return is net of venture level expenses but gross of venture asset management fees, acquisition fees, cash management fees and similar fees as may be applicable under the venture's documents and incentive compensation, which will reduce returns to the investor. References to market or composite indices, benchmarks or other measures (each, an "Index") of relative market performance over a specified period of time are provided for your information only. The composition of an Index may not reflect the manner in which a portfolio is constructed in relation to expected or achieved returns, portfolio guidelines, restrictions, sectors, correlations, concentrations, volatility or tracking error targets, all of which are subject to change over time. Indices are not managed by us. We are not a registered municipal advisor and do not provide, or intend to provide, advice with respect to investment strategies that are plans or programs for the investment of the proceeds of municipal securities. The venture does not accept "proceeds of municipal securities" (within the meaning of Rule 15Ba1-1 of U.S. Securities Exchange Act of 1934) and if a municipal investor's assets include proceeds, the investor will be required to make representations sufficient to support that the proceeds are excluded from the definition of Rule 15B1a-1.

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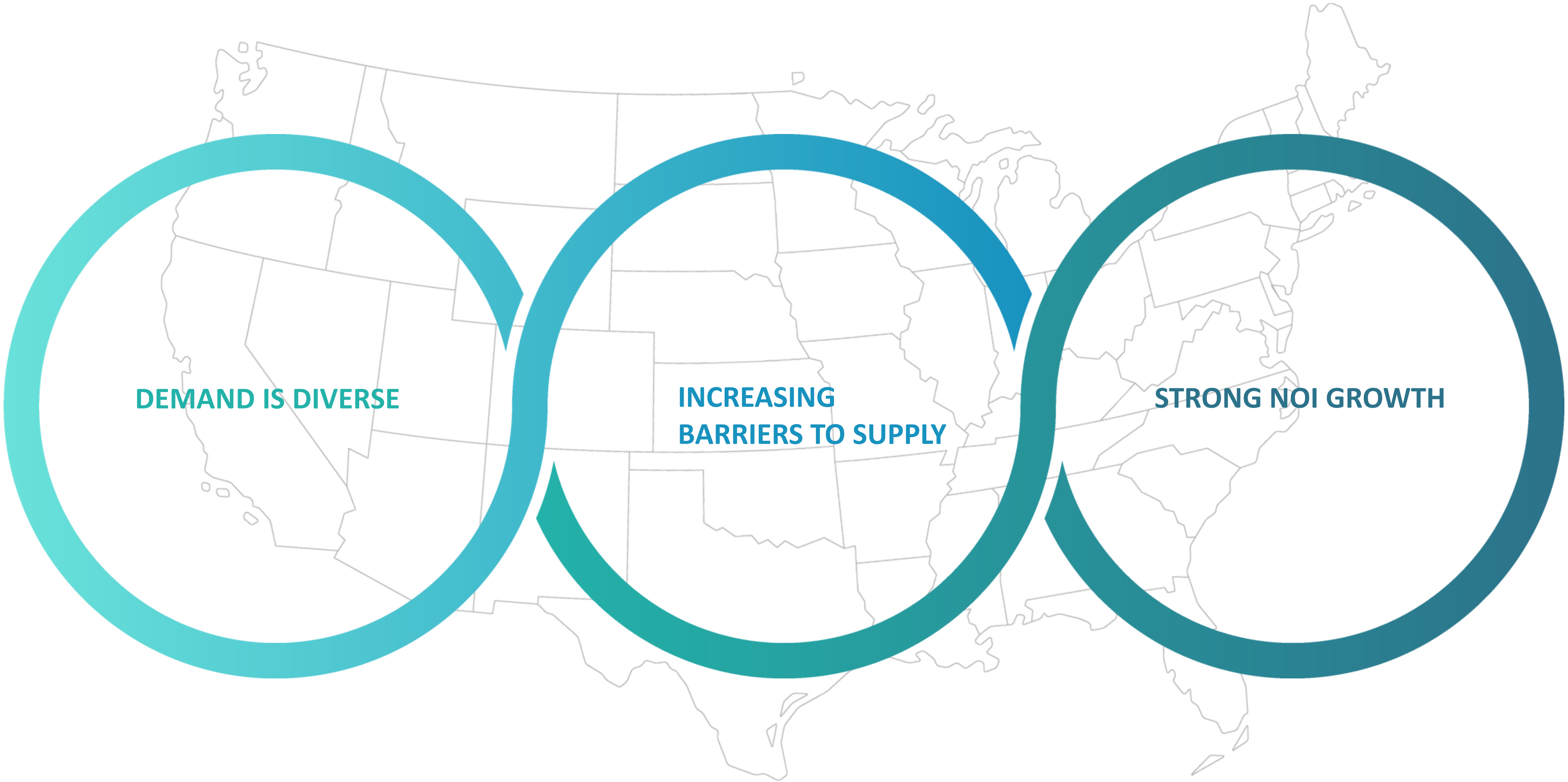
PROLOGIS

Introduction

Structural transformation underpins the performance of U.S logistics real estate

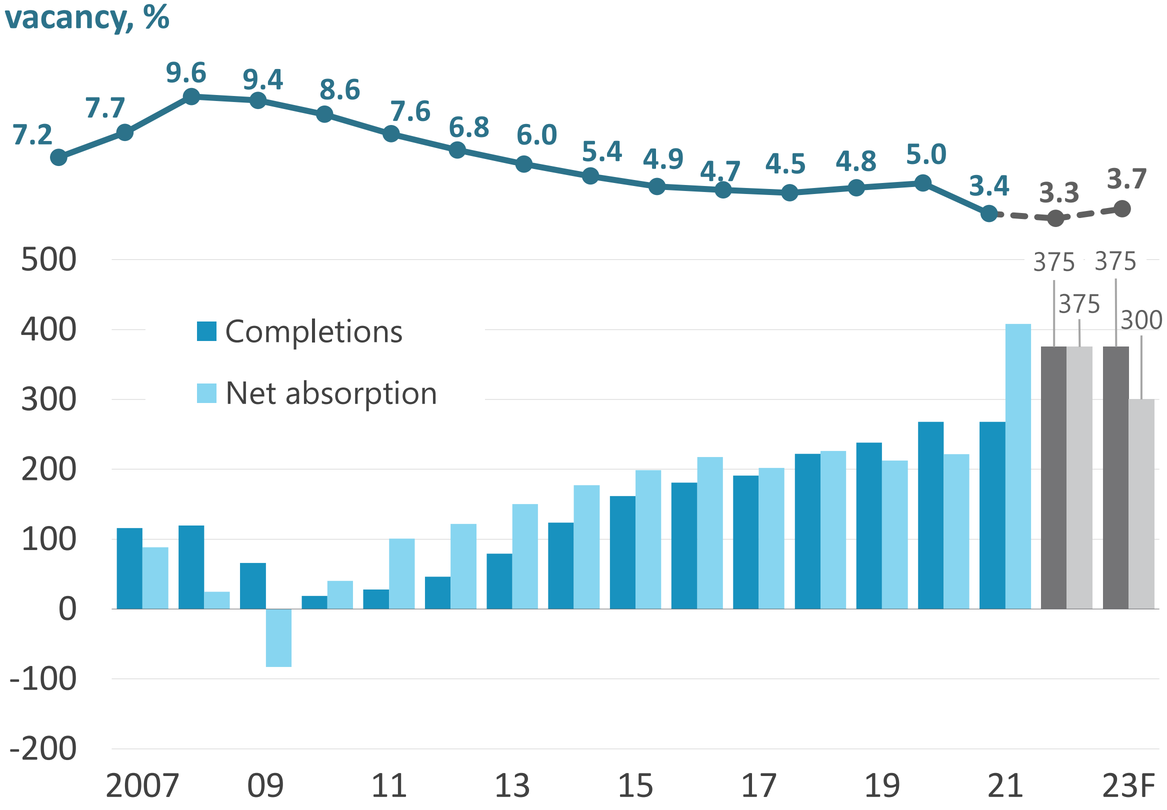


PROLOGIS

Market fundamentals show strength of structural trends

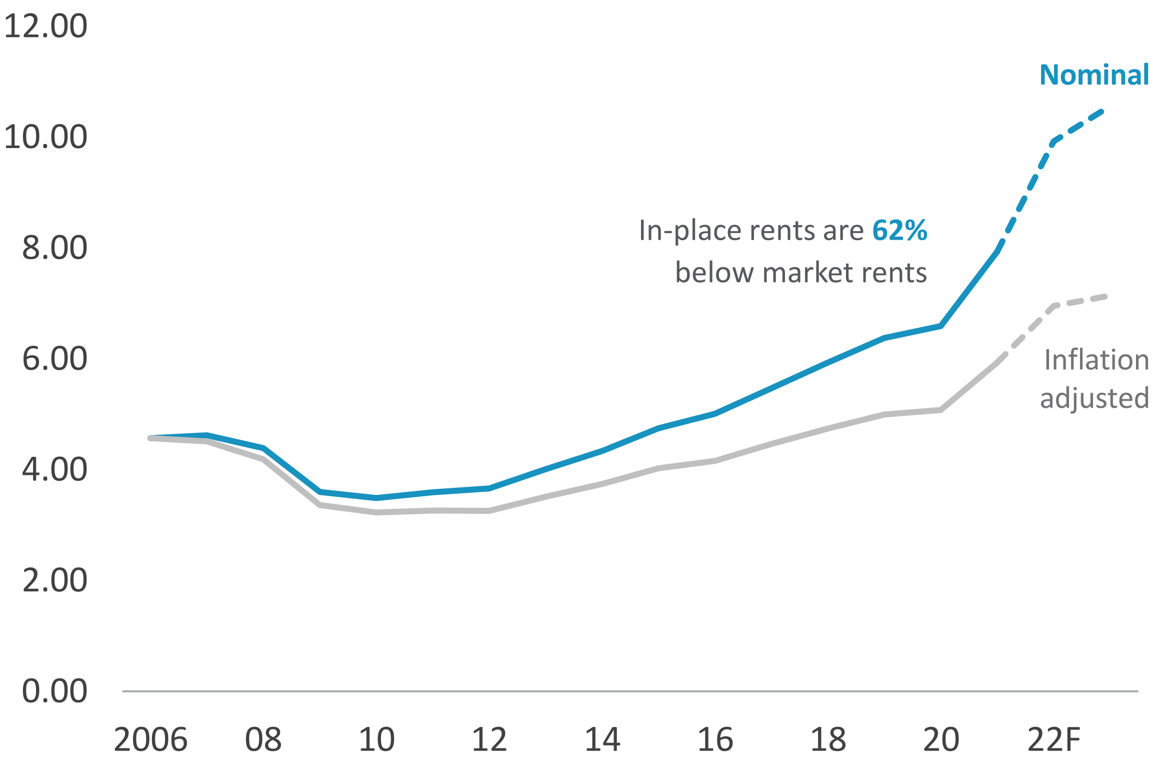
Space is effectively sold out amidst historically low market vacancies

LOGISTICS MARKET FUNDAMENTALS, U.S.[1]



MARKET RENT, U.S.[2]

$/SF/yr, effective rent



Note: Net absorption is the change in total occupied stock. In other words, it is the sum of new requirements, expansions and contractions. Projections are based on assumptions Prologis believes are reasonable, however, no assurance can be made that Prologis' expectations will be attained and therefore actual outcomes and results may differ materially from what is assumed.

1. Source: CBRE-EA, CBRE, C&W, JLL, Colliers, CoStar, Prologis Research (forecast)
2. Source: Prologis Research

Leasing metrics show erosion of vacancy

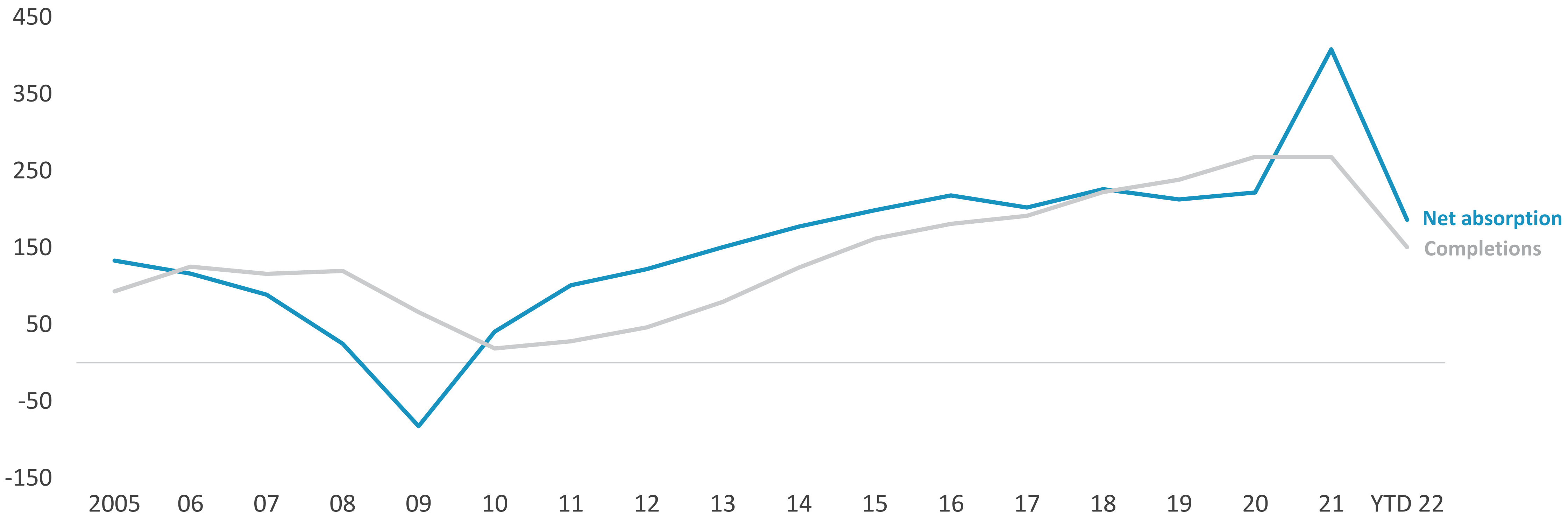
	LEASE TERM MONTHS	DOWNTIME DAYS	RETENTION % OF EXPIRATIONS
2021-2022	64.7	90.0	77.5%
2015-2020	58.3	175.0	76.3%

Note: Data from Prologis operating portfolio excluding acquisitions
Source: Prologis

Demand limited by supply

NET ABSORPTION AND COMPLETIONS OVER TIME

MSF



Note: Net absorption is the change in total occupied stock. In other words, it is the sum of new requirements, expansions and contractions
Source: CBRE-EA, CBRE, C&W, JLL, Colliers, CoStar

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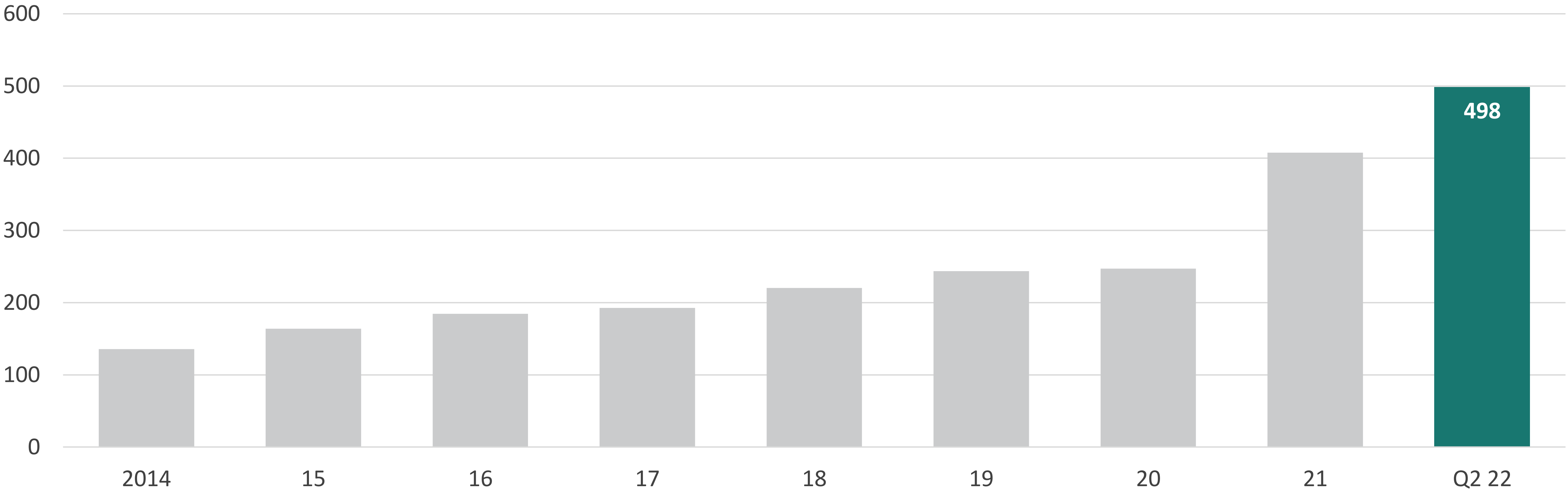
Construction pipeline at all-time high

UNDER CONSTRUCTION PIPELINE

MSF

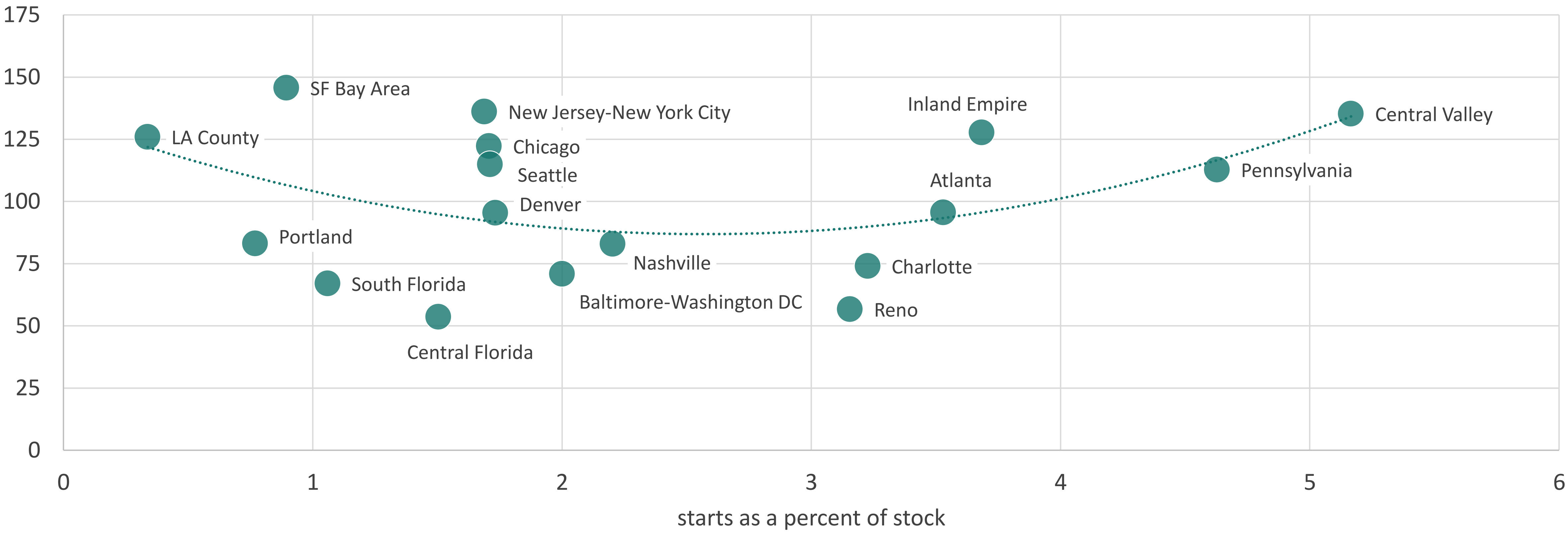


Source: CBRE-EA, CBRE, C&W, JLL, Colliers, CoStar

Regulatory barriers highest in coastal and high-growth markets

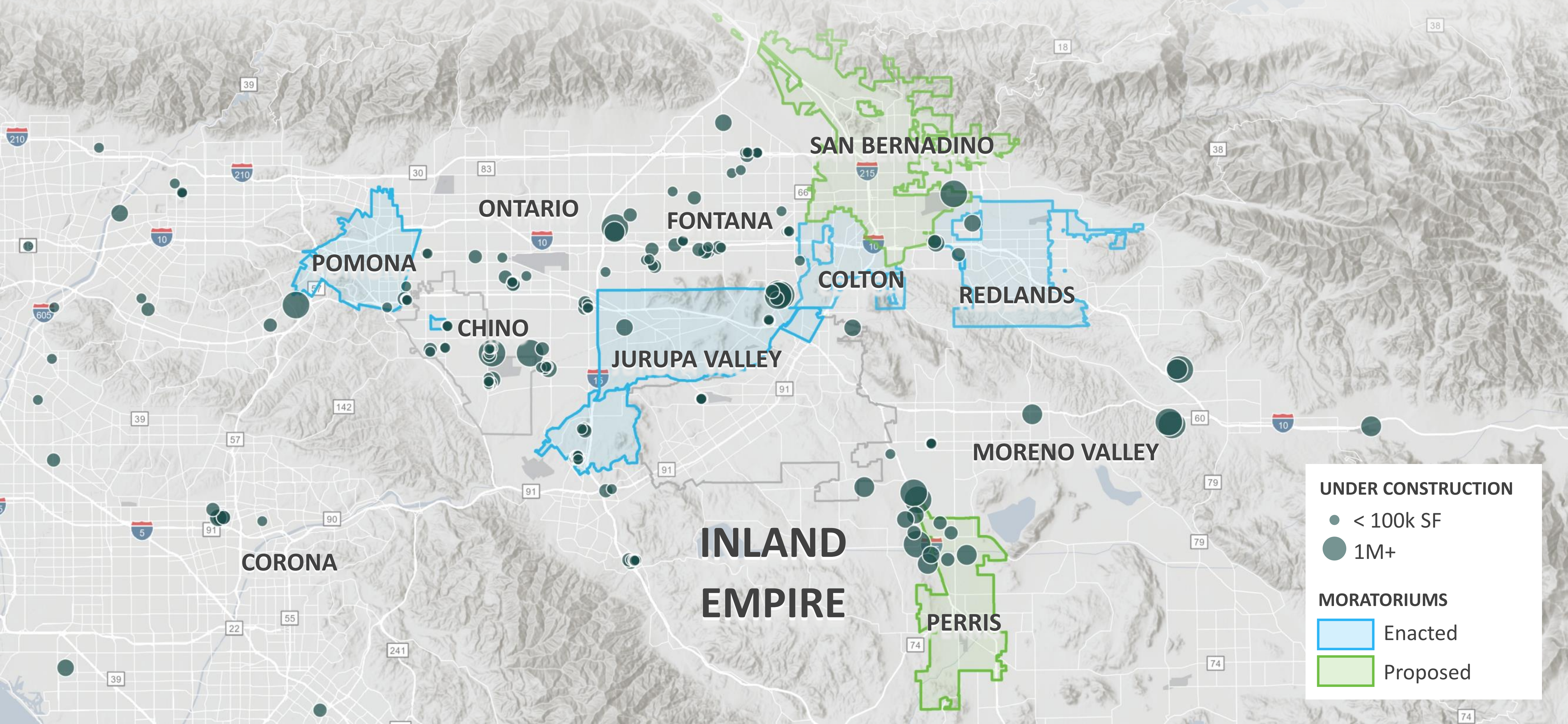
REGULATORY STRINGENCY VS. DEVELOPMENT VOLUME BY MARKET

regulatory stringency index, 100 = average



Source: Prologis Research

Warehouse development moratoriums are spreading



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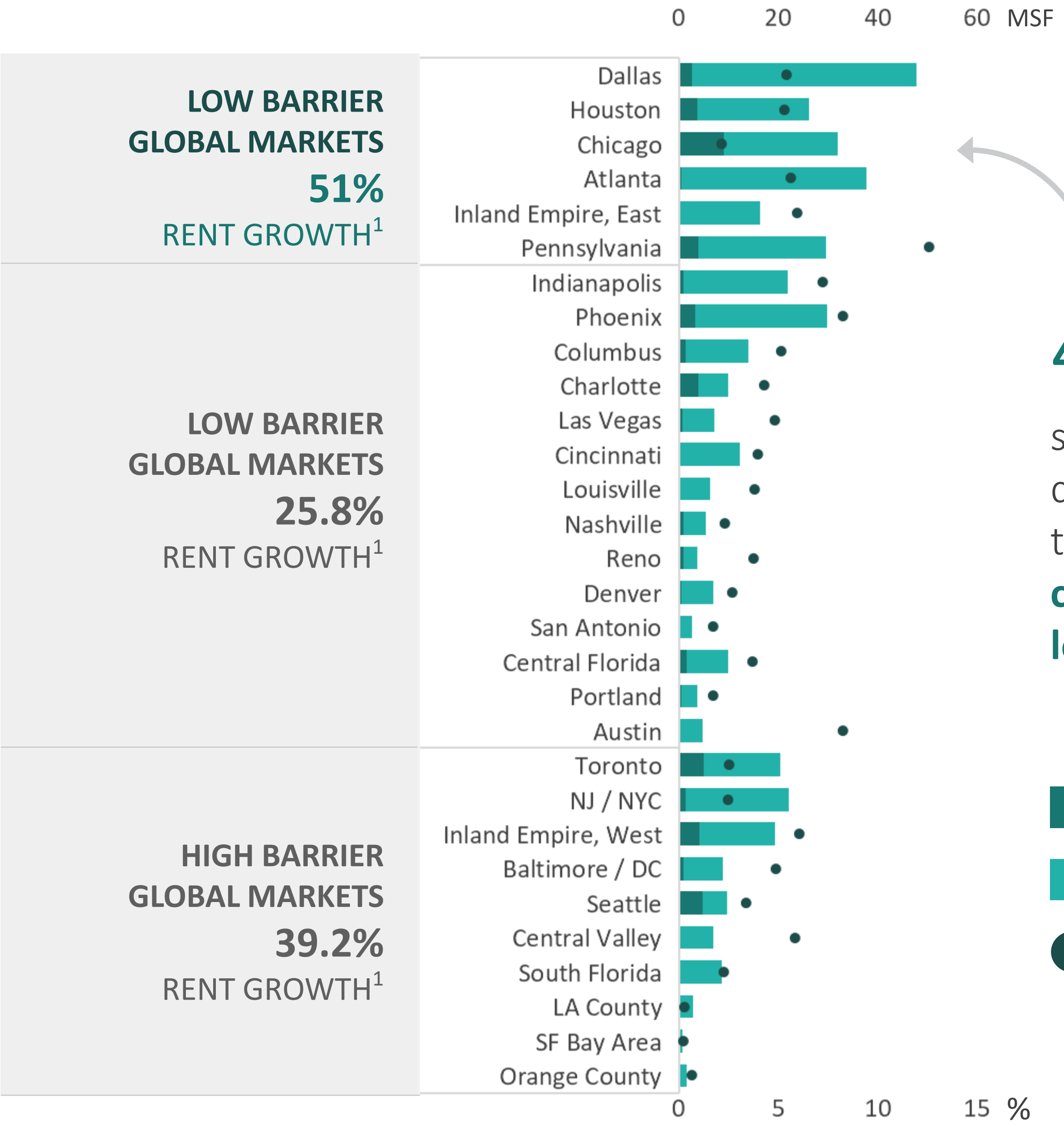
Development concentrated in pockets of a few markets

DEVELOPMENT STARTS, LAST FOUR QUARTERS



44%

share of U.S. development starts over the last four quarters is **concentrated in six lower barrier markets**

BTS

Spec

Starts as % of stock

Source: CBRE, JLL, Cushman & Wakefield, Colliers, CoStar, Prologis Research
Note: Prologis Research estimates of development starts by market as of June 2022
1. % market rent growth, last four quarters as of July 2022

Summary and Q&A

Prologis Beacon Lakes, Miami, Florida

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OAKTREE

SEPTEMBER 2022

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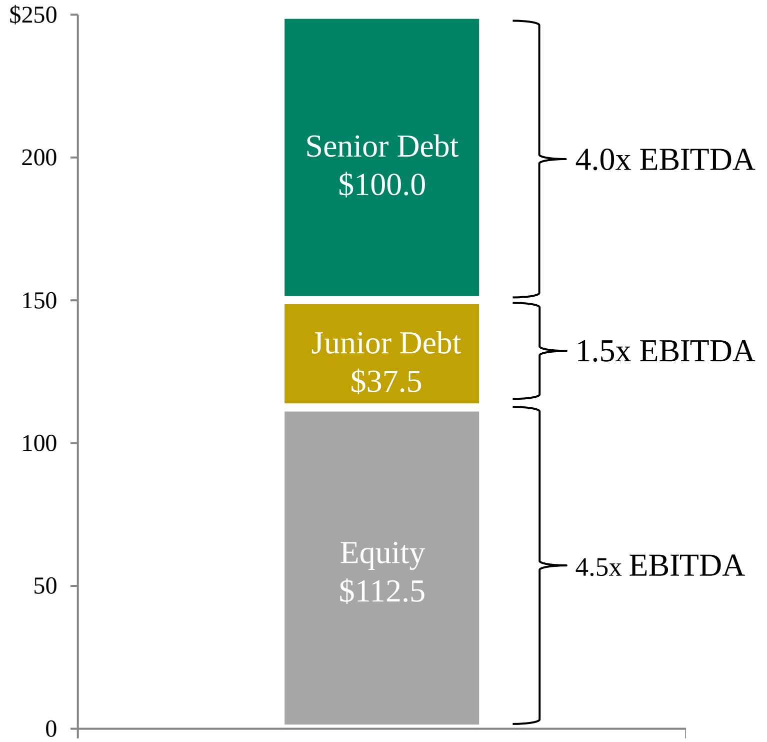
Typical U.S. Middle-Market LBO Structure and Yields

REPRESENTATIVE POST-LBO CAPITAL STRUCTURE

($ in millions)



LTM EBITDA = $25 million
Total Enterprise Value = $250 million = 10x EBITDA

INDICATIVE YIELDS[1]

	All-in Coupon[2]	Upfront Fees/OID	Targeted Unlevered Gross Return[3]
First Lien	SOFR + 5.0-5.25%	1-2%	7.75-8.5%
Junior Debt[4]			
Second Lien	SOFR + 8.25-9.25%	1-2%	11.25-12.25%
Mezzanine	11.25-11.75%	2-2.5%	11.75-12.5%
Equity	n/a	n/a	18-22%

As of June 30, 2022
Source: Oaktree estimates, S&P LCD.
[1] *Yields currently seen in market.*
[2] *All-in coupon is comprised of a floor, typically 1%, and a spread over SOFR (including a credit spread adjustment).*
[3] *Investment-level targeted unlevered gross return is the total return including coupon rate and fee/OID. Assumes SOFR of 2.50%.*
[4] *Junior debt is most often structured as a second lien term loan, a senior subordinated term loan (mezzanine) or a senior unsecured note.*

Asset Class Comparison

	Senior		Junior		
	Broadly Syndicated Loans	**Direct Lending (Middle-Market Loans)**	**High Yield Bonds**	**Private Junior Debt (Second Lien/Mezzanine)**	
Total Yield[1]	SOFR + 400-425	SOFR + 525-650	8.00-9.00%	11.00-12.50%	**RETURN**
Covenants	Generally covenant-lite	Full maintenance-based package	Covenant-lite/incurrence	Full maintenance-based package	**RISK**
Due Diligence	Through intermediary/bank (less than 1.5 weeks)	Direct and extensive (3-6 weeks)	Through intermediary/bank (less than 1 week)	Direct and extensive (3-6 weeks)	
Lender Influence	Low	High	Low	High	
Credit Monitoring	Low	High	Low	High	
Workout Control	Low	High	Low	High	
Mark-to-Market Risk	Medium to high	Low to none	High	Low to none	
Annual Default Rate	2.7%	2.3%	3.5%	Not available	
Annual Loss Rate[2]	0.8%	0.6%	2.5%	Not available	
Liquidity	Medium to high	Limited or none	High	Limited or none	**LIQUIDITY**

Private debt offers greater yield, stronger covenants and deeper due diligence than public debt of similar credit standing. However, the debt is illiquid and difficult to source.

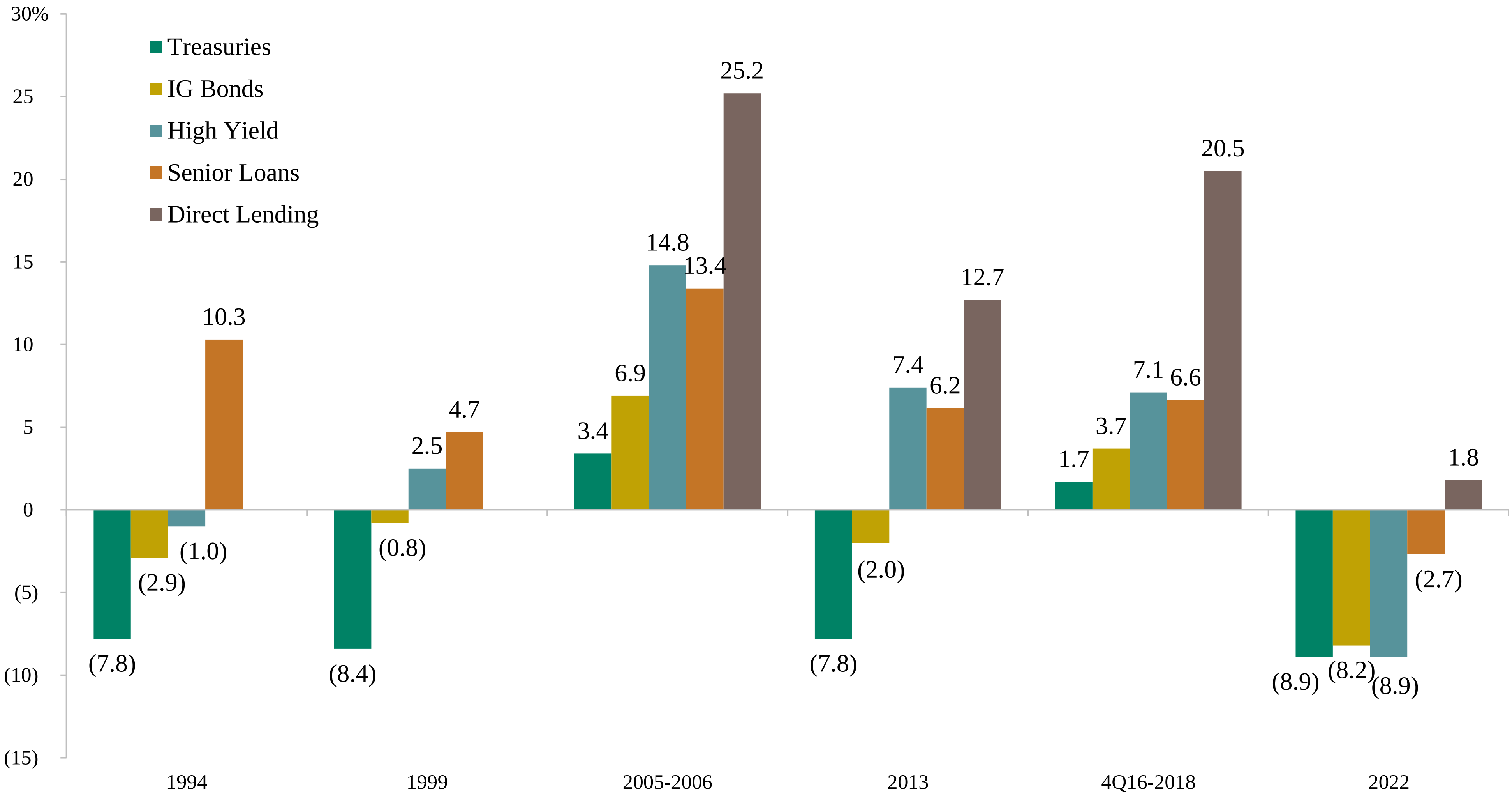
As of June 30, 2022, unless otherwise noted.

Source: S&P LCD, S&P CreditPro, NYU Salomon Center, J.P. Morgan, Oaktree estimates

[1] *Total yield based on Oaktree estimates based on current deals seen in the market; estimates include OID amortized over four-year timeframe.*

[2] *Broadly syndicated loans' annual loss rate estimated using 2001-2Q2022 average annual default rate of 2.7% (obtained from J.P. Morgan) and 1989-2018 average recovery rate (obtained from S&P CreditPro) of 70%. (2.7% x (1 – 70%)) = 0.8%. Middle-market loans' annual loss rate estimated using 2001-4Q2021 average annual default rate of 2.3% (obtained from S&P LCD) and 1989-2018 average recovery rate (obtained from S&P CreditPro) of 75%. (2.3% x (1 – 75%)) = 0.6%. High yield bonds' annual loss rate estimated using 2001-2Q2022 average annual default rate of 3.5% (obtained from NYU Salomon Center through 4Q2019 and J.P. Morgan beginning in 2020) and 1989-2018 average recovery rate (obtained from S&P CreditPro) of 30%. (3.5% x (1 – 30%)) = 2.5%.*

Floating-rate Loans Have Performed Well in the Last Five Interest Rate Hiking Cycles



As of July 31, 2022

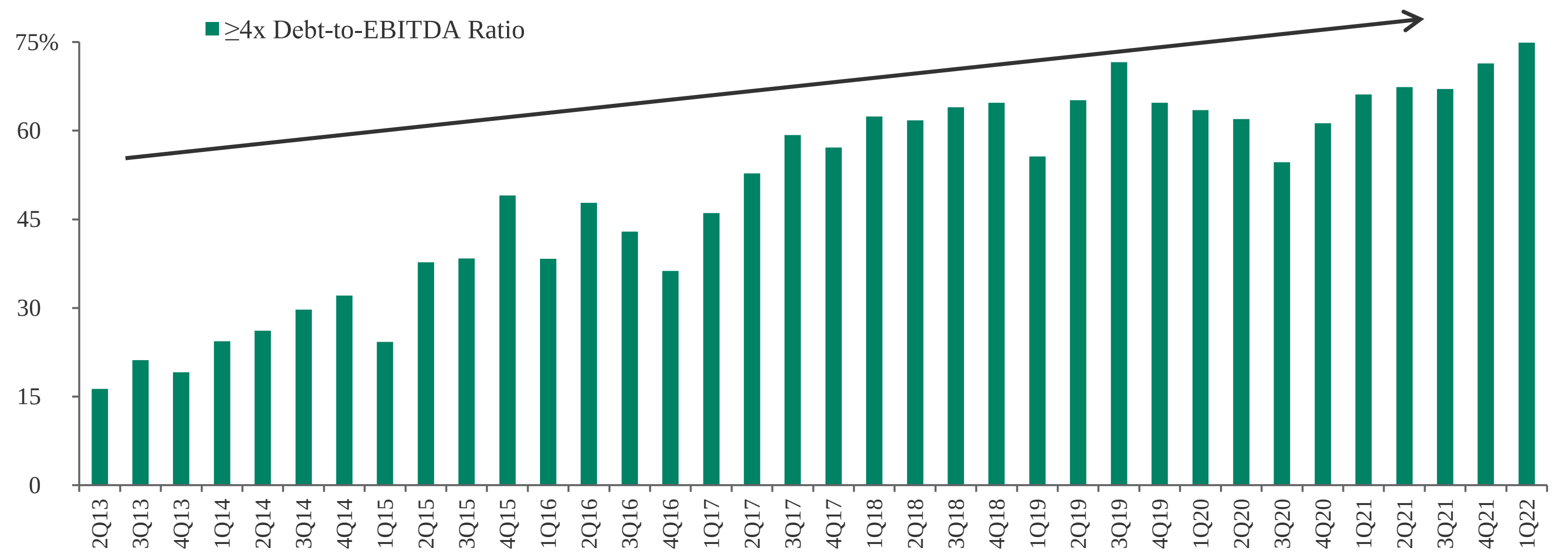
Note: *Periods reflect cumulative returns. Past performance is not a guarantee of future results. This is for illustrative and informational purposes only. Indices include the ICE BofA U.S. High Yield Index, FTSE 10-Year Treasury Benchmark On-The-Run, Credit Suisse Leverage Loan Index, Bloomberg U.S. Aggregate Index and Cliffwater Direct Lending Index. Cliffwater data since inception of the index in 2005. Indices are not actively managed, and investors cannot invest directly in indices. All investments involve risk of loss, including loss of principal invested. There can be no assurance that historical trends will continue during the life of any fund. Indices include*

Are Senior Loans Really "Senior?"

- Historically, first lien senior leverage ratios were **3.5-4.0x EBITDA**
  - Senior Leverage is one measure of risk, calculated as "Senior Debt"/Cash Flow
- Senior loans may be exposing themselves to junior risk by extending leverage well beyond 4.0x

FIRST LIEN LEVERAGE LEVEL DISTRIBUTION (% OF DEALS)

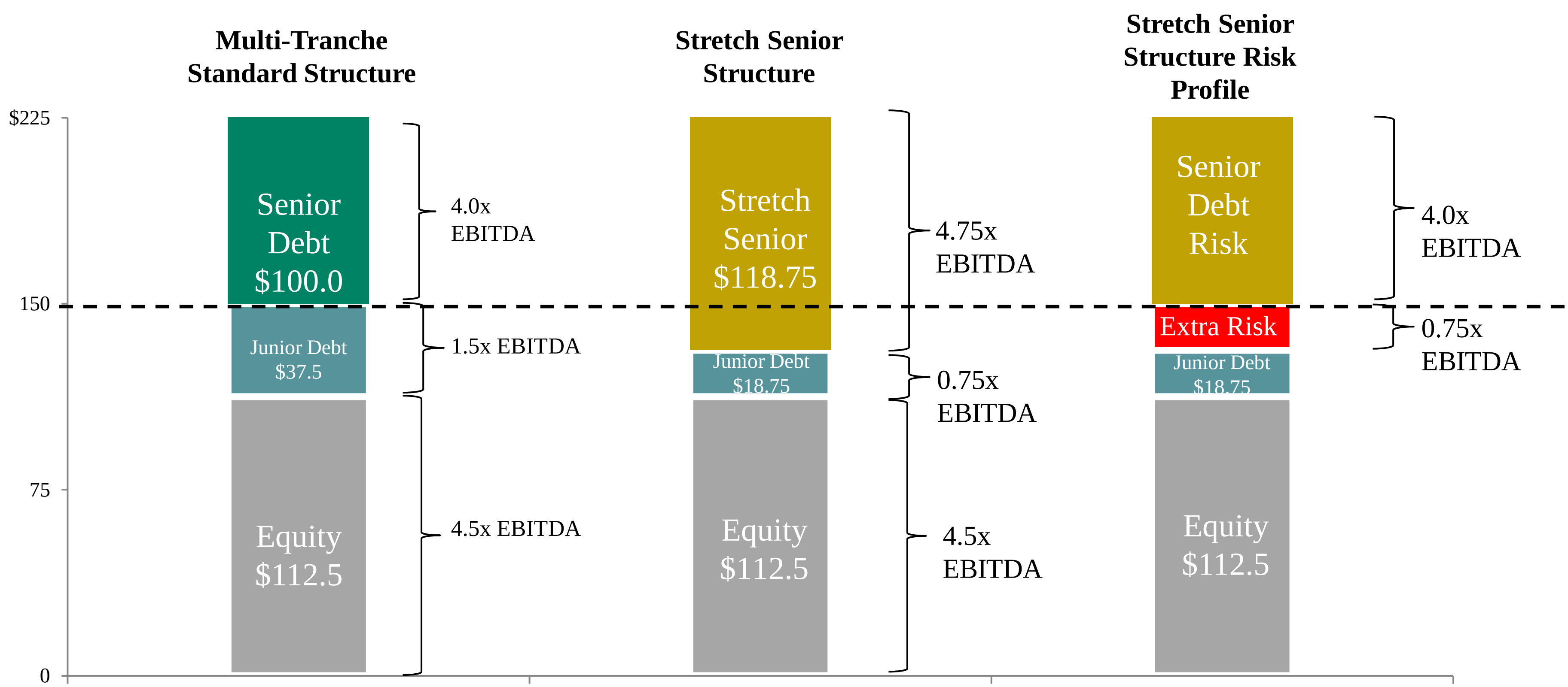
Over 70% of middle-market first liens exceed 4x debt-to-EBITDA. Has the risk paradigm changed?



As of March 31, 2022
Source: Refinitiv LPC Middle-Market Private Deal Analysis.

Risks and Opportunities with Senior Not Really Being "Senior"

1. Managers may be taking riskier junior debt type of risk without knowing how to manage it
2. Most managers launched post-GFC and have not gone through a real cycle, which makes this even harder!
3. Opportunities to lend to companies needing relief if there's a recession or increased market volatility. But this requires expertise and, more importantly, experience…which very few managers have



LTM EBITDA = $25 million
Total Enterprise Value = $250 million = 10x EBITDA

Fund-Level Leverage Continued…

1 At close: 2:1 deal-by-deal leverage

2 Borrower underperforms: leverage provider can reduce borrowing to **any** level

HYPOTHETICAL LEVERAGE SCENARIOS

($ in millions)

				Fund-Level Leverage Provider Potential Reactions			
	No Leverage	**2:1 Leverage**		**Modest**	***% Change***	**Less Modest**	***% Change***
Cash flow	$25	$25		$22.3	*(11)%*	$22.3	*(11)%*
Company level Debt	$100	**$100**		**$100**		**$100**	
First Lien Leverage *(Debt-to-Cash FLow)*	4.0x	**4.0x**	→	**4.5x**	*12%*	**4.5x**	*12%*
Leverage Dynamics							
Total Investment Size	$100	$100		$100		$100	
Bank's lending portion	-	67%	→	50%		25%	
Direct Lending Fund borrows	-	$67		$53		$40	
Direct Lending Fund Equity	$100	$33	→	$47		$60	

Leverage providers can force direct lenders to repay leverage, even if borrower performance only modestly declines

Note: % change represents the change from 2:1 leverage scenario. Assumes 1.00% SOFR floor with credit spread adjustment, 5.25% spread, 6.25% total coupon, 2.80% cost of leverage (with SOFR floor).

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Patrick Wolfe

Managing Director, Senior Portfolio Manager

October 2022

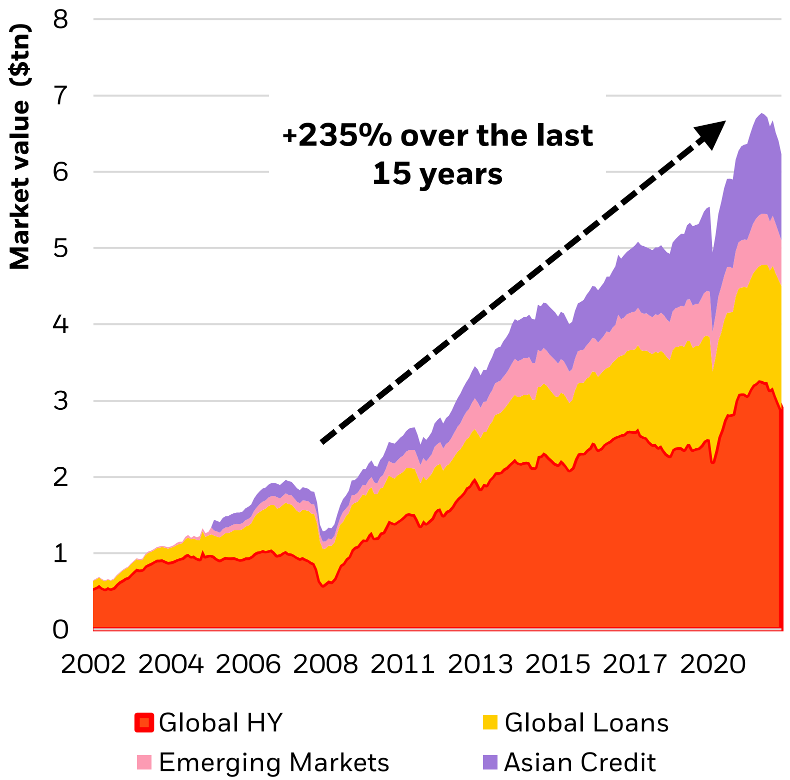
BlackRock.

2022 SJCERA Round Table

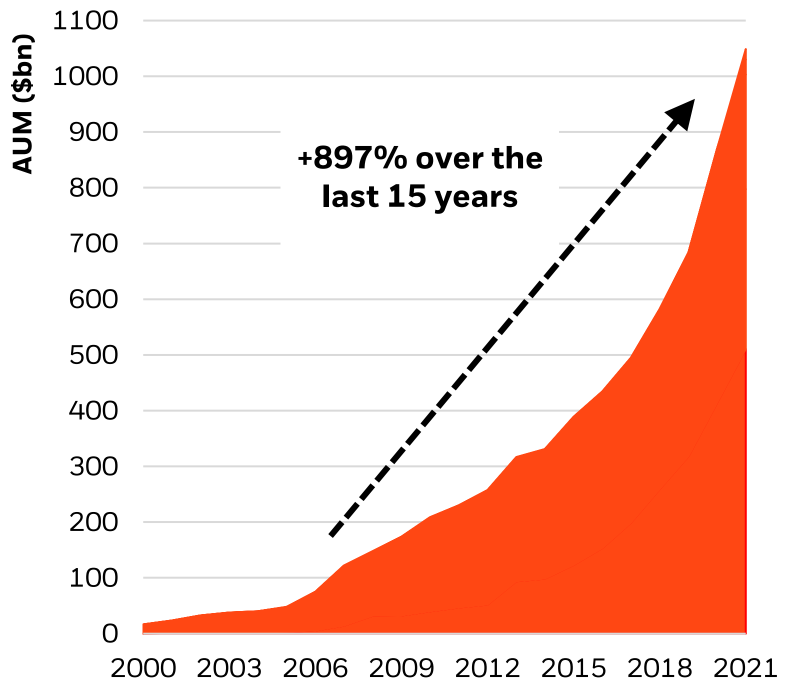
Global credit opportunity set expands beyond liquid markets

Significant growth in global credit markets over the last 15 years created a $7+ trillion opportunity set for investors across higher yielding liquid and private credit

$6+ trillion in liquid credit globally[1]



$1+ trillion in private credit[2]



[1] Source: Barclays Live, Bloomberg and J.P. Morgan, as of 03/31/2022. Global HY = Bloomberg Global High Yield Index. Global Loans = sum of the S&P/LSTA Leverage Loans Index and the S&P European All Loans Index. Emerging Markets = JP Morgan CEMBI Index, Asian Credit = JPMorgan Asian Credit Index (JACI). Index performance is shown for illustrative purposes only. It is not possible to invest directly in an index. [2] Source: Preqin Pro as of 9/30/2021. For illustrative purposes only and subject to change. There is no guarantee that above assumptions can be achieved. Investments in less liquid or illiquid private credit investments involve risks. See "Private Credit Risk,“ "Restricted and Illiquid Investment Risks" and "Below Investment Grade Securities Risk" in the prospectus.

Investors are increasing allocations to private credit

Of the 271 institutional clients surveyed, 90% said they plan to increase their allocation to Private Credit in 2021 [1]

Potential Portfolio Benefits	**Income**	**Lower Volatility**	**Downside Mitigation**	**Diversification**
Source of Allocation	**Fixed Income**	**Public Equity**	**Private Equity**	**Liquid Alternatives**

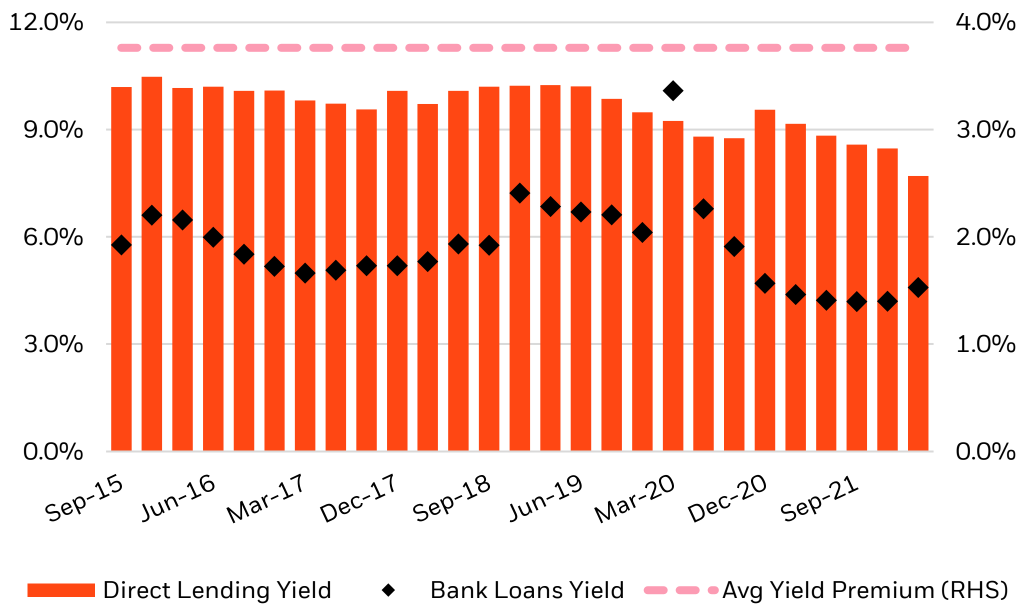
Private credit opportunities will continue to expand to meet the capital needs of current borrowers and companies that require new liquidity solutions as economic conditions evolve

[1]Source: BlackRock 31 December 2020 Institutional Rebalancing Survey. 271 institutional clients, representing over US$9.8 trillion in investible assets, participated in this survey.

Private credit – it's more than just yield

Not only do private credit illiquidity premiums help amplify income, but a greater ability to drive deal structures and covenants has led to stronger protections, lower defaults and higher recoveries vs. liquid markets

History points to a yield premium in private credit[1]



… with strong investor protections

	BLK private credit[2]	High yield bonds[3]	Bank loans[3]
Historical defaults	**0.1%**	2.7%	2.6%
Recovery rates	**83%**	42%	65%
Loss rates[4]	**0.05%**	1.57%	0.91%

Past performance is no guarantee of future results. Index performance is shown for illustrative purposes only and does not reflect any deduction for fees or expenses. You cannot invest directly in an unmanaged index. Not indicative of the Fund's yield.[1] Source: BlackRock, Cliffwater, S&P / LSTA, from CDLI inception (9/30/2015) through 3/31/2022. Direct lending yield represented by Cliffwater Direct Lending Index yield. Bank loans yield represented by yield to maturity for S&P / LSTA Leveraged Loan Index. Yield premium is the average difference between direct lending yield and broadly syndicated loan yield. [2] Reflects BlackRock aggregate direct lending track record from June 2000 to March 2022 comprising 1,058 total deals, approximately $32.6 billion of invested capital. [3] Source: BlackRock, JP Morgan, Moody's Investors Service, Markit, S&P LCD. Represents 20 years of data from 2002-2021 [4] Loss rate = default rate * (1 – recovery rate). For illustrative purposes only and subject to change. There is no guarantee that above assumptions can be achieved. Investments in less liquid or illiquid private credit investments involve risks. Any decision to invest in the Fund should be made solely on reliance upon the Private Placement Memorandum of the Fund.

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