New Hampshire Retirement System (NHRS)
Investment Committee Meeting

(Certain portions of the meeting may be held in a Non-Public Session)

Agenda
Tuesday, February 13, 2024

12:30 pm Call to Order

12:30 pm Approve Minutes **[Tab 1]**
- January 9, 2023, Public Meeting Minutes *(Action Expected)*

12:35 pm Comments from the Chief Investment Officer **[Tab 2]**
- Portfolio: Performance & Manager Update(s)
- Holdings Update
- Work Plan

12:45 pm HIG Advantage Presentation (Private Equity) **[Tab 3]** *(Action Expected)*

1:30 pm Callan Calendar Year 2024 Pacing Plan Presentation **[Tab 4]** (*Action Expected*)

2:00 pm Abel Noser Presentation (Trading Cost Analysis) **[Tab 5]**

2:30 pm Adjournment

Informational Materials **[Separate Binder]**
- Callan Monthly Review – December 2023
- Asset Allocation Update
- Private Debt & Equity Summary
- Abel Noser - Trading Cost Analysis Reports

Next Meeting: Tuesday, April 9, 2024

Transaction Cost Analysis

Public Equity

(Covering the first to fourth quarter 2023)

Vinod Pakianathan / Managing Director / Asset Owner Division
Brian Greene / Sr Vice President / Asset Owner Division

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Abel Noser Solutions

Over 30 Years of Industry Leading Analytics

Since its founding in 1975 by Stanley S. Abel and Eugene A. Noser, Jr., Abel Noser has been on the forefront of initiatives - now viewed as industry best practice – aimed at adding transparency, optimizing efficiencies and lowering the cost of trading. Its multi-asset suite of Trade Cost Analytics, Compliance and Regulatory reporting speaks to each stakeholder's unique goals and needs from the institutional asset owner to the buy-side manager to the sell side broker. Abel Noser is a global company with offices in New York, London, Metro DC, Atlanta and Los Angeles.

New Hampshire Retirement System

Our long-standing relationship

[redacted]

AbelNoser SOLUTIONS

Measuring TCA provides valuable oversight

The Value of Meaningful Oversight

- Satisfies legal obligation, as fiduciaries, to monitor your managers' (and their brokers') global equity, FX and fixed income trading processes for **best execution**
- Provides critical transparency, substantive due diligence, and insight into how your managers are handling fund assets *("What you don't know can hurt you!")*
- Helps control **excessive trade costs** (often the single largest expense of the fund) by identifying trends and cost savings opportunities
- Mitigates investment and fiduciary risk

AbelNoser SOLUTIONS

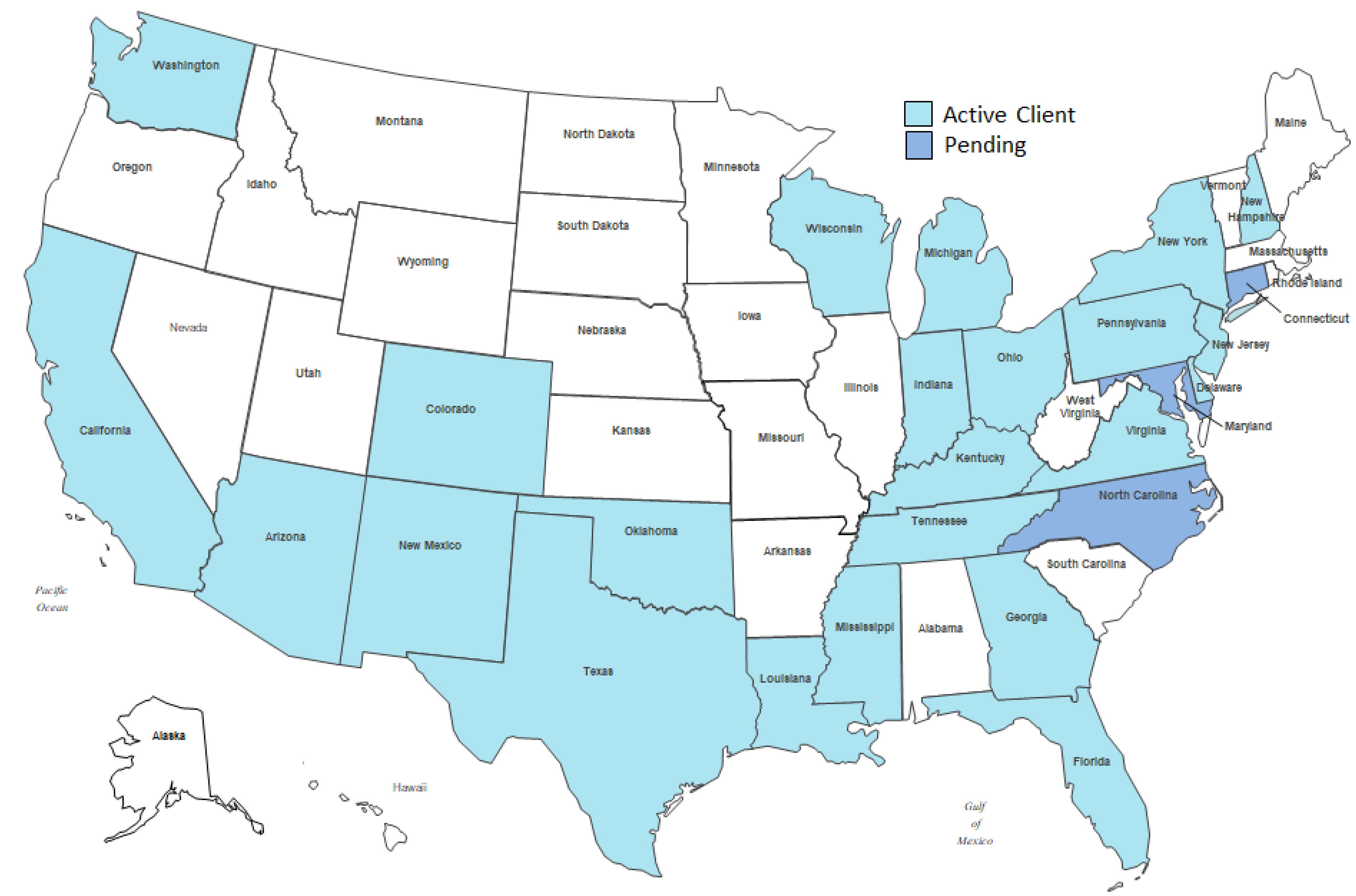
Why Measure Trading Costs?

Trade Cost Analysis provides asset owners with a candid look at how investment managers are handling fund assets and the efficiency in which they are capturing investment ideas. Using Abel Noser as an extension of staff, TCA improves efficiencies and facilitates more focused dialogue with managers.

Meaningful oversight…

- Adds transparency and oversight otherwise absent in the investment process
- Identifies the impact of a manager's trading disciplines on performance
- Safeguards fund assets with actionable recommendations that often result in concrete savings

State Funds measuring with Abel Noser



AbelNoser SOLUTIONS

Multi-Asset Class TCA Oversight

(Applies to Equity, Fixed Income, FX and Futures)

Since 1986, plan sponsors and other asset owners have had an **explicit fiduciary responsibility** to monitor their managers to ensure their fund was paying reasonable commissions and receiving "Best Execution."

As prudent fiduciaries, more than ever before, asset owners should understand their managers' trading process, what they pay to execute trades, whether they obtained best execution, and its impact on performance.

Abel Noser Solutions Asset Owner service was designed to assist asset owners in achieving two goals:

1. Meeting their fiduciary obligations to monitor for "Best Execution"

2. Provide greater transparency in how investment managers handle their assets when trading

But how is can this be achieved?

AbelNoser SOLUTIONS

Multi –Asset Class TCA:
Equity, Fixed Income, FX & Futures
Versatile Platform and Customizable Deliverables

Customizable solutions to fit each unique client's needs and budget constraints.

Sponsor Monitor TCA Reports

A comprehensive oversight platform, driven by detailed qualitative content and full-service consultation, addressing:

- Commission/Impact Costs
- Delay costs/Capacity Issues
- Turnover Rates/Effect on Performance
- Decision Value- Before and after trading costs
- Broker usage
- Historical Trends by Manager

Trade Zoom Drill-Down Platform

Automated, consultative analysis quantifying the costs incurred over the course of a trade focusing on:

- Commission rates
- Execution costs
- Benchmarking by Market, Capitalization and Price Trend
- Outlier trades
- Frequently used Brokers
- Customized Reporting

All TCA clients are empowered with web drill down

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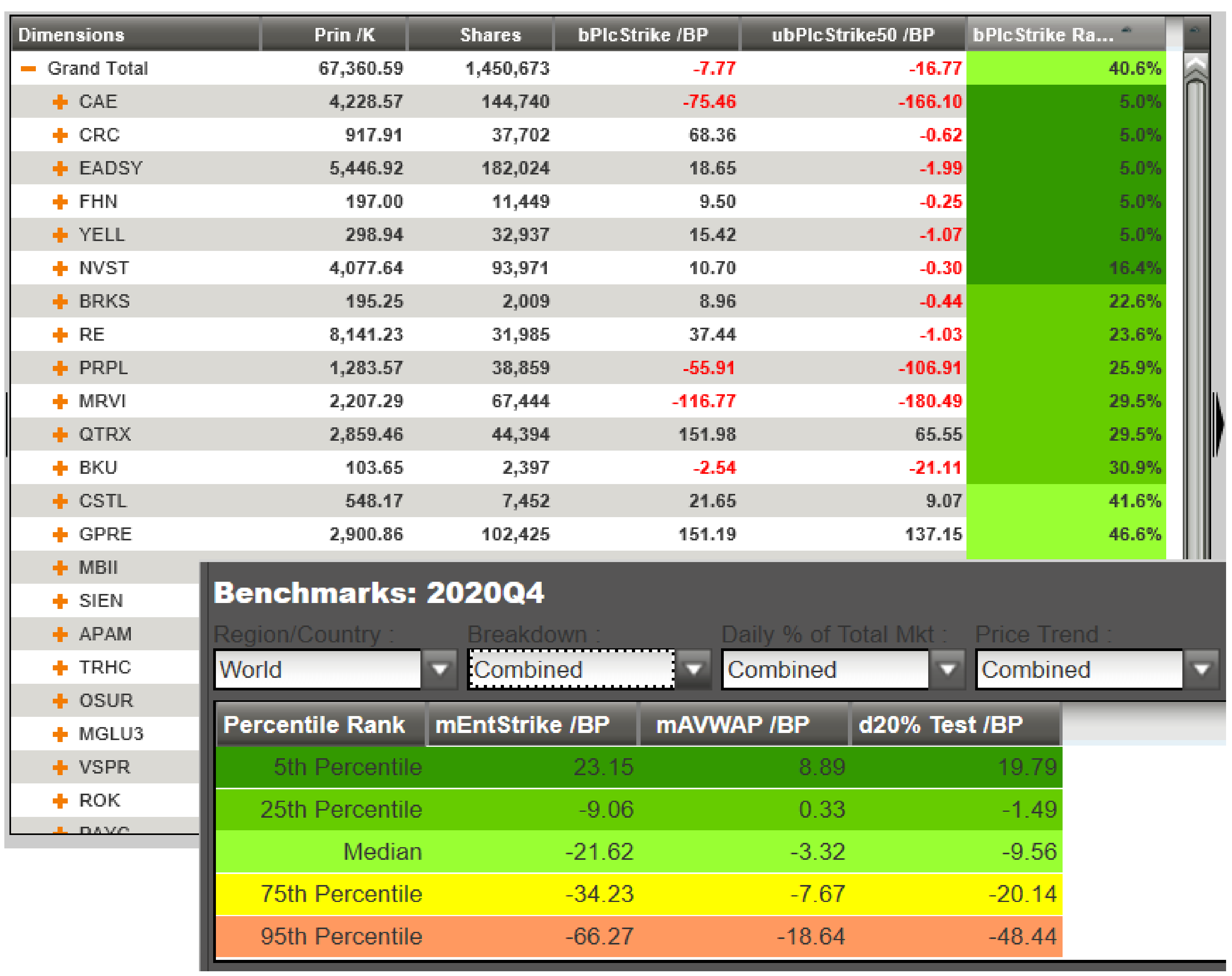
TCA Universe and Peer Benchmarking

We compare the Retirement System's managers' trading costs to those of their peers in the Abel Noser Universe of trade data. [redacted].



Dimensions	Prin /K	Shares	bPlcStrike /BP	ubPlcStrike50 /BP	bPlcStrike Ra...
Grand Total	67,360.59	1,450,673	-7.77	-16.77	40.6%
CAE	4,228.57	144,740	-75.46	-166.10	5.0%
CRC	917.91	37,702	68.36	-0.62	5.0%
EADSY	5,446.92	182,024	18.65	-1.99	5.0%
FHN	197.00	11,449	9.50	-0.25	5.0%
YELL	298.94	32,937	15.42	-1.07	5.0%
NVST	4,077.64	93,971	10.70	-0.30	16.4%
BRKS	195.25	2,009	8.96	-0.44	22.6%
RE	8,141.23	31,985	37.44	-1.03	23.6%
PRPL	1,283.57	38,859	-55.91	-106.91	25.9%
MRVI	2,207.29	67,444	-116.77	-180.49	29.5%
QTRX	2,859.46	44,394	151.98	65.55	29.5%
BKU	103.65	2,397	-2.54	-21.11	30.9%
CSTL	548.17	7,452	21.65	9.07	41.6%
GPRE	2,900.86	102,425	151.19	137.15	46.6%
MBII					
SIEN					
APAM					
TRHC					
OSUR					
MGLU3					
VSPR					
ROK					

Benchmarks: 2020Q4

Region/Country : World | Breakdown : Combined | Daily % of Total Mkt : Combined | Price Trend : Combined

Percentile Rank	mEntStrike /BP	mAVWAP /BP	d20% Test /BP
5th Percentile	23.15	8.89	19.79
25th Percentile	-9.06	0.33	-1.49
Median	-21.62	-3.32	-9.56
75th Percentile	-34.23	-7.67	-20.14
95th Percentile	-66.27	-18.64	-48.44

- Market (U.S. vs. Non-U.S)
- Capitalization (Small, Mid, Large)
- Style (Core, Growth, Value)
- Price Trend (Neutral vs. Momentum)

Three reasons why managers don't trade equally well

Process	Manager stock selection strategies are often mis-aligned with trading strategies, leading to inefficiencies. A lack of asset Capacity may often lead to poor trading outcomes.
Inattention	Asset Managers are in the business of "gathering assets" which may lead to AUM issues. Asset Managers look at all the trading across the firm, with little attention at account level.
Misaligned Trading Interests	Asset Managers may compensate trading personnel in ways that incentivize practices adverse to a particular client. Multiple clients and lines of business (SMAs vs Mutual funds) create competing interests.

This represents TCA opportunities for concerned Asset Owners to become the "squeaky wheel"

Executive Summary

Trading costs reflect how managers implement their investment ideas. Optimizing costs is integral to investment performance. Ultimately, managers are judged on their investment performance and their ability to exceed their portfolio benchmark over a market cycle.

2023 Total Trading Costs Rankings:

Active U.S. Equity	41st Percentile
Passive U.S. Equity	47th Percentile
Active Non-U.S. Equity	21st Percentile

In 2023, NHRS's managers consistently paid relatively low commissions and received competitive execution prices when trading on the Fund's behalf.

Executive Summary – Active U.S. Equity

Measure	NHRS (BP)*	NHRS (¢/Share)	Universe Median (¢/Share)	NHRS vs. Universe Median (¢/Share)	Percentile Rank
Commissions	(6.13)	(1.79)	[redacted]	[redacted]	44%
Execution Cost/Gain (vs. VWAP)	(4.40)	(1.29)	[redacted]	[redacted]	42%
Total Cost/Gain (Comm + VWAP)	(10.53)	(3.08)	[redacted]	[redacted]	41%

**At the Investment Committee's request, we have included NHRS's costs reflected in basis points in the interest of continuity between the domestic and global portfolios. However, commissions in the United States, are negotiated and measured in "cents per share."*

- **NHRS's managers paid aggregate commissions of -1.79 cents per share, [redacted] and 0.14 cps better than the benchmark. Universe Fund rank was at the 44th percentile.**
- **When trading on the behalf of NHRS, managers achieved a cost of -1.29 cps against the Volume Weighted Average Price. This result [redacted] ranking in the 42nd percentile of the Universe.**
- **NHRS's total cost of trading was -3.08 cps, a result 1 cps better than the benchmark, ranking in the 41st percentile of the Universe.**

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Executive Summary – Passive U.S. Equity

Measure	NHRS (BP)*	NHRS (¢/Share)	Universe Median (¢/Share)	NHRS vs. Universe Median (¢/Share)	Percentile Rank
Commissions	(0.69)	(0.69)	[redacted]	[redacted]	8%
Execution Cost/Gain (vs. Closing Strike)	0.05	0.05	[redacted]	[redacted]	51%
Total Cost/Gain (Comm + Close)	(0.72)	(0.64)	[redacted]	[redacted]	47%

***At the Investment Committee's request, we have included NHRS's costs reflected in basis points in the interest of continuity between the domestic and global portfolios. However, commissions in the United States, are negotiated and measured in "cents per share."*

- **NHRS's manager paid commissions of -0.69 cps, ranking in the 8th percentile of the U.S. Large Cap Core Universe, [redacted].**
- **When trading on the behalf of NHRS, managers executions cost 0.05 cps, ranking in the 51st percentile of the Universe.**
- **The manager's total cost was -0.64cps, [redacted], ranking at the 47th percentile of the Universe.**

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Executive Summary – Active Non-U.S. Equity

Measure	NHRS (BP/Share)	Universe Median (BP/Share)	NHRS vs. Universe Median (BP/Share)	Percentile Rank
Commissions	(6.86)	[redacted]	[redacted]	51%
Execution Cost/Gain (vs. VWAP)	8.68	[redacted]	[redacted]	22%
Total Cost/Gain (Comm + VWAP)	(1.82)	[redacted]	[redacted]	21%

- **NHRS's Non-US managers paid commissions of -6.76 basis points, [redacted] ranking in the 51st percentile of the Universe.**
- **The Fund's Non-US managers achieved a gain of 8.68 bps against the Volume Weighted Average Price, ranking in the 22nd percentile of the Universe.**
- **The Non-US total cost of trading was -1.82 bps, [redacted] and ranking at the 21st percentile of the Universe.**

AbelNoser SOLUTIONS

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Turning Trading Insight into Action

www.abelnoser.com

Thank you!

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Locations

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London, UK

Bethesda, MD

Atlanta, GA

Los Angeles, CA

Vinod Pakianathan – Managing Director

Vinod heads up Abel Noser's Asset Owner group, including products that address the cost exposures and risks from trading Equities, Foreign Exchange Futures and Fixed Income instruments. For the past twenty-nine years Vinod has been involved with all aspects of predecessor TCA firms, from modeling and creating the benchmarks that are used within reports, to managing legacy market-data, to managing products and consulting. He is a Senior Consultant to some of the largest Plan Sponsor and Fund Oversight Boards. In this role, he quantifies the risks arising from external and internal asset manager's trading of client's assets.

In addition to running the Asset Owner group, he has led a research team for the past five years.

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Brian J. Greene, Senior Vice President

Brian is a Senior Vice President and Consultant within Abel Noser's asset-owner division, Zeno AN Solutions. Brian joined Zeno AN Solutions in 2006, known then as Plexus Plan Sponsor Group, and has been assisting institutional investors for over 20 years in measuring, monitoring, and managing their equity, fixed income, foreign exchange and derivative transaction costs, portfolio transitions and rebalances, and directed brokerage programs. Prior to this, Brian was a practitioner of commission recapture and portfolio transition services for one of the leading industry providers, Lynch, Jones & Ryan Inc. Brian is primarily based in Abel Noser's headquarters in lower Manhattan and resides in New Jersey.

NOTE: The draft of these minutes from the January 9, 2024, Independent Investment Committee meeting is subject to approval and execution at a subsequent meeting.

Independent Investment Committee Meeting
January 9, 2024
DRAFT Public Minutes

New Hampshire Retirement System
54 Regional Drive
Concord, NH 03301

Committee Members:

- Maureen Kelliher, CFA, *Chair*
- Brian Bickford, CFA, CFP®, *Member*
- Christine Clinton, CFA, *Member*
- Mike McMahon*, Non-Voting Member (absent)*
- Paul Provost, CFP ®, *Member*

Staff:

- Jan Goodwin, *Executive Director*
- Raynald Leveque, *Chief Investment Officer*
- Gregory Richard, CFA, *Senior Investment Officer (by video conference)*
- Jesse Pasierb, *Investment Operations Analyst*
- Jonathan Diaz, *Investment Officer*
- Eileen Demers, *Consultant, Robert Half*
- Tim Crutchfield, *Deputy Director, and Chief Legal Counsel (by video conference)*
- Heather Hoffacker, *Internal Auditor (by video conference)*
- Marty Karlon*, Director of Communications (by video conference)*

Guests:

- Angel Haddad, *Senior Vice President, Callan LLC*
- Peter Keliuotis, CFA Executive *Vice President, Callan LLC*
- David Smith, CFA, CTP, Senior Vice President, Callan, LLC
- Britt Murdoch, *Vice President, Callan LLC (by video conference)*
- Anthony Frammartino*, President, The Townsend Group*
- Tony Pietro, Partner, *The Townsend Group*
- Christian Nye*,* Associate Partner, *The Townsend Group*
- Joe Davenport, Partner, *The Townsend Group*
- Mike Golubic, Partner, *The Townsend Group (by video conference)*

Chair Kelliher called the meeting to order at 12:30 PM.

On a motion by Mr. Bickford, seconded by Mr. Provost, the Independent Investment Committee (Committee) unanimously approved the public minutes of the December 12, 2023, Committee meeting as presented.

Mr. Leveque reviewed investment returns through recent periods and referred to the Callan Monthly Review for the period ending November 30, 2023. He shared an update on holdings within the NHRS portfolio. He confirmed that all allocations are in line with their approved ranges. Mr. Leveque updated the Committee on total plan liquidity, Russian holdings, and the Work Plan.

On a motion by Mr. Provost, seconded by Ms. Clinton, the Committee unanimously approved the work plan.

Next, Callan representatives reviewed the System's private markets portfolio and discussed performance over various periods as well as current positioning. As of December 31, 2023, the System's Alternatives exposure represented 19.2% of the total portfolio, which fell within the approved allocation range of 5 – 25%. Callan noted that due to the denominator effect, most mature private equity portfolios are currently overweight their targets. Callan closed by discussing the expected renewal opportunities of the private equity and private debt portfolio.

Townsend representatives discussed the program's progress, including the portfolio's adherence to guidelines and the status of the three goals established at the beginning of Calendar Year 2023. They noted the recent denominator effect where total plan assets have fallen, and real estate has continued to deliver strong performance. Consequently, real estate comprised 13.3% of the System's total plan assets as of June 30th, 2023. While real estate assets are within the System's approved allocation range, Townsend is implementing a plan to reduce the real estate exposure to the System's target allocation of 10% over the next two years. Townsend closed by discussing the expected Investment Plan for real estate allocation in 2024.

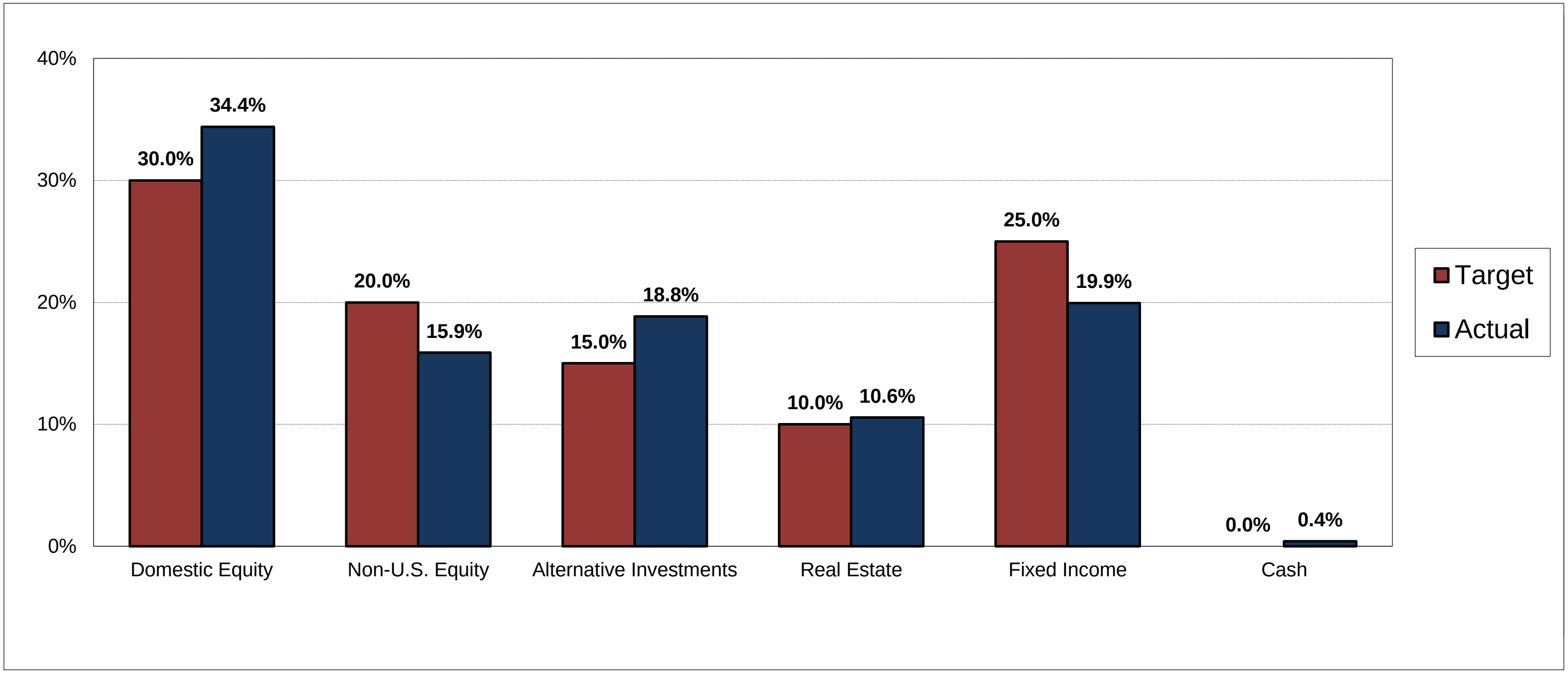
The Committee discussed the Investment Plan for 2024 made by Townsend, an on a motion by Mr. Bickford, seconded by Ms. Clinton, the Committee unanimously voted to approve the Investment Plan for calendar year 2024.

On a motion by Ms. Clinton, seconded by Mr. Bickford, the Committee unanimously voted to adjourn the meeting.

The meeting adjourned at 2:30PM.

Current Status

Class Targets vs. Actual Allocation as of December 31, 2023 (Preliminary)



Source: NHRS

Asset Class Allocations Relative to Policy Targets and Ranges

As of December 31, 2023 (preliminary)

Asset Class	Range	Allocation Target	Allocation Actual	Allocation Variance	Objective	Comments
Domestic Equity	20 - 40%	30.0%	34.4%	4.4%	**Monitor**	No immediate action needed.
Non-U.S. Equity	15 - 25%	20.0%	15.9%	-4.1%	**Monitor**	Below target allocation but within approved allocation range. Continue to Monitor.
Alternative Investments (AI)[1]	5 - 25%	15.0%	18.8%	3.8%	**Monitor**	No immediate action needed.
Real Estate (RE)[1]	5 - 20%	10.0%	10.6%	0.6%	**Monitor**	No immediate action needed.
Fixed Income	20 - 30%	25.0%	19.9%	-5.1%	**Monitor**	Below target allocation but within approved allocation range when cash is included. Continue to Monitor.
Cash	NA	0.0%	0.4%	0.4%	**No Action**	Minimal cash balance to provide liquidity, as needed, for annuities, capital calls, and other plan needs.
		100.0%	100.0%	0.0%		

[1]As reported on the December 31, 2023 Monthly Review

Source: NHRS

The table below details the rates of return for the fund's asset classes over various time periods ended December 31, 2023. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Net of Fees Returns for Periods Ended December 31, 2023									
Composite	Total Fund Weighting As of 12/31/2023	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Domestic Equity	**31.73%**	**6.62%**	**11.70%**	**7.84%**	**21.93%**	**21.93%**	**8.13%**	**13.84%**	**10.26%**
Domestic Equity Benchmark(1)		*5.30%*	*12.07%*	*8.43%*	*25.96%*	*25.96%*	*8.59%*	*14.79%*	*11.57%*
Excess Return		*1.32%*	*-0.37%*	*-0.58%*	*-4.03%*	*-4.03%*	*-0.46%*	*-0.95%*	*-1.30%*
Total Non US Equity	**18.54%**	**5.01%**	**10.21%**	**5.23%**	**19.60%**	**19.60%**	**2.16%**	**7.49%**	**4.21%**
Non US Equity Benchmark(2)		*5.02%*	*9.75%*	*5.61%*	*15.62%*	*15.62%*	*1.55%*	*7.08%*	*3.83%*
Excess Return		*-0.01%*	*0.45%*	*-0.39%*	*3.99%*	*3.99%*	*0.62%*	*0.41%*	*0.38%*
Total Fixed Income	**19.94%**	**4.05%**	**7.16%**	**4.10%**	**7.03%**	**7.03%**	**-2.16%**	**2.43%**	**2.52%**
Bloomberg Capital Universe Bond Index		*3.79%*	*6.83%*	*3.76%*	*6.17%*	*6.17%*	*-2.97%*	*1.44%*	*2.08%*
Excess Return		*0.25%*	*0.33%*	*0.34%*	*0.86%*	*0.86%*	*0.80%*	*0.99%*	*0.45%*
Total Cash	**0.39%**	**0.47%**	**1.40%**	**2.76%**	**5.21%**	**5.21%**	**2.26%**	**1.97%**	**1.33%**
3-Month Treasury Bill		*0.47%*	*1.37%*	*2.70%*	*5.01%*	*5.01%*	*2.15%*	*1.88%*	*1.25%*
Excess Return		*0.00%*	*0.03%*	*0.06%*	*0.20%*	*0.20%*	*0.11%*	*0.09%*	*0.08%*
Total Real Estate (Q3)*	**10.55%**	**-1.73%**	**-1.74%**	**-1.91%**	**-9.94%**	**-9.94%**	**10.54%**	**8.31%**	**10.21%**
Real Estate Benchmark(3)		*-0.71%*	*-2.10%*	*-4.92%*	*-12.88%*	*-12.88%*	*6.19%*	*4.72%*	*7.30%*
Excess Return		*-1.02%*	*0.36%*	*3.01%*	*2.95%*	*2.95%*	*4.35%*	*3.59%*	*2.91%*
Total Private Equity (Q3)*	**14.07%**	**1.34%**	**1.35%**	**1.33%**	**6.67%**	**6.67%**	**17.09%**	**13.28%**	**12.24%**
Private Equity Benchmark(4)		*-4.48%*	*-2.66%*	*5.90%*	*22.76%*	*22.76%*	*12.61%*	*12.97%*	*15.39%*
Excess Return		*5.82%*	*4.02%*	*-4.57%*	*-16.10%*	*-16.10%*	*4.48%*	*0.31%*	*-3.16%*
Total Private Debt (Q3)*	**4.77%**	**1.69%**	**1.71%**	**1.68%**	**5.31%**	**5.31%**	**8.29%**	**5.40%**	**6.53%**
Private Debt Benchmark(5)		*-0.10%*	*2.02%*	*4.85%*	*13.14%*	*13.14%*	*4.07%*	*3.47%*	*6.28%*
Excess Return		*1.79%*	*-0.31%*	*-3.17%*	*-7.83%*	*-7.83%*	*4.22%*	*1.93%*	*0.25%*
Total Fund Composite	**100.00%**	**3.84%**	**6.88%**	**4.26%**	**11.11%**	**11.11%**	**6.18%**	**8.91%**	**7.20%**
Total Fund Benchmark(6)		*3.02%*	*6.93%*	*5.11%*	*13.92%*	*13.92%*	*4.60%*	*8.65%*	*7.34%*
Excess Return		*0.82%*	*-0.05%*	*-0.85%*	*-2.81%*	*-2.81%*	*1.59%*	*0.26%*	*-0.13%*

(1) The Domestic Equity Benchmark is the Russell 3000 Index as of 7/1/2021.

(2) The Non US Equity Index is the MSCI ACWI ex US Index as of 7/1/2003. Prior to 7/1/2003 it was the MSCI EAFE Index.

(3) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(4) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(5) The Private Debt Benchmark is (50% MStar LSTA Leveraged Loan 100 Idx + 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

(6) Current Month Target = 30.0% Russell 3000 Index, 25.0% Bloomberg Universal, 20.0% MSCI ACWI ex-US, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

(7) For the trailing 25 year period ended 12/31/23, the Total Fund has returned 6.52% versus the Total Fund Custom Benchmark return of 6.52%.

*Real Estate and Alternatives market values reflect current custodian valuations, which are typically lagged approximately 1 quarter.

NHRS
New Hampshire Retirement System

To:	Investment Committee
From:	Raynald Leveque, Chief Investment Officer
Date:	February 13, 2024
Re:	**Work Plan / Recap of January Investment Committee Meeting**
Item:	Action: ☐ Discussion: ☐ Informational: ☒

The attached six-month Work Plan summarizes the high-level tasks and projects being addressed by the Investment Committee and Staff.

A recap of the January Investment Committee meeting is as follows:

- Staff presented an update on the monthly performance of the public market asset classes of the NHRS, rebalancing, holdings, and the Work Plan.
- The Committee unanimously approved the investment's team 4th quarter of fiscal year 2024 work plan.
- Callan's staff presented a review of NHRS's private markets portfolio and discussed performance over various periods as well as current positioning.
- Townsend's staff discussed the program's progress including the portfolio's adherence to guidelines and the 2024 real estate investment plan.
- The Committee unanimously approved Townsend's 2024 real estate investment plan.

NHRS
New Hampshire Retirement System

To: Investment Committee
From: Raynald Leveque, Chief Investment Officer
Date: February 13, 2024
Re: **Six-Month Investment Work Plan**
Item: Action: ☒ Discussion: ☐ Informational: ☐

As time progresses, the Work Plan will be updated to reflect tasks and initiatives associated with the current and subsequent quarter. Items completed over the fiscal year will also be included.

Presentations are displayed using the following format:
IC meeting date – Pertinent details

Updates from the prior month are highlighted in **bold**.

3rd Quarter FY 2024: January – March 2024

Investment Program
- Educational session on total plan asset classes
- Discuss macroeconomic investment themes that may impact the portfolio
  February – Investments Strategic Plan Presentation
  March – Callan Capital Markets Assumptions

Marketable Investments
- Schedule presentations of current investment managers
- Monitor marketable assets portfolio

Alternative Investments
- January – Callan, Semi-Annual Review of 2023 Private Debt & Private Equity Investment Plan
  January – Private Debt
- **February – Callan, 2024 Pacing Plan for Private Debt & Private Equity**
  - Approve 2024 Pacing Plan for Private Debt & Private Equity

Real Estate
- January - Townsend, Semi-Annual Review of the Real Estate Investment Plan
  - Approve 2024 Pacing Plan for Real Estate

Vendors
- February – Abel Noser, trading cost analysis

4th Quarter FY 2024: April – June 2024

Investment Program

- **June – Strategic Asset Allocation Update (Implementation Plan)**

Marketable Investments

- Schedule presentations of current investment managers
  April – Artisan Partners, Non-U.S. Equity Contract Renewal
  April – Causeway Capital Management, Non-U.S. Equity Contract Renewal
  June – BlackRock, U.S. Equity, S&P 500 Index Contract Renewal (*no presentation*)
- Monitor and execute structure of marketable assets portfolio

Alternative Investments

- Continue implementation of 2024 Private Debt & Equity Strategic Plan
  June - Callan, semi-annual update on the Private Debt & Equity program
- Review Private Debt & Equity investments

Real Estate

- Continue implementation of 2024 Real Estate Investment Plan
  June - Townsend, semi-annual update on the 2024 Real Estate Investment Plan

Vendors

- **April – ISS, Class Action Services Contract Renewal (*no presentation*)**

Completed Items – Fiscal Year 2024

2nd Quarter FY 2024: October – December 2023

Investment Program
- October - 2024 Investment Committee meeting schedule, unanimous approval
- November - Annual Review of Investment Manual
- November - FY 2023 Comprehensive Annual Investment Report, unanimous approval
- of Draft CAIR for submission to Board in December subject to inclusion of investment section from the Annual Comprehensive Financial Report
- November – NHRS Strategic Asset Allocation Review

Marketable Investments
- Schedule presentations of current investment managers
  October - Wellington, Non-U.S. Equity Contract Renewal unanimous five-year renewal vote in November.
- Monitor marketable assets portfolio.

Alternative Investments
- Continue implementation of the 2023 Private Debt & Equity Investment Plan
  December – Private Debt

Real Estate
- Continue implementation of the 2023 Real Estate Investment Plan
  December - Townsend Contract Renewal (*no presentation)*

Vendors
- December – Abel Noser, Trading Cost Analysis Contract Renewal (*no presentation*)

1st Quarter FY 2024: July – September 2023

Investment Program
- Discuss macroeconomic investment themes that may impact the portfolio
  July – J.P. Morgan and BlackRock presented

Marketable Investments
- Schedule presentations of current investment managers
  September – IR+M, Fixed Income contract renewal, unanimous five-year renewal vote in October
- Monitor and execute structure of marketable assets portfolio
  September - Callan, Marketable Investments fiscal year portfolio review

Alternative Investments
- Continue implementation of 2023 Private Debt & Equity Strategic Plan
  August – Ares, Pathfinder II, Private Debt, unanimous approval of $50 million commitment
  September – Ares, Pathfinder II, additional commitment of $25 million

Real Estate
- Continue implementation of 2023 Real Estate Investment Plan

NHRS
New Hampshire Retirement System

To:	Independent Investment Committee
From:	Raynald Leveque, Chief Investment Officer
	Greg Richard, Senior Investment Officer
Date:	February 13, 2024
Re:	**Recommendation: H.I.G. Advantage Buyout Fund II**
Item:	Action: ☒ Discussion: ☐ Informational: ☐

Recommendation

Based on the strategic fit within the New Hampshire Retirement System (NHRS) portfolio, as well as the due diligence conducted by the NHRS Investment Team (Investment Staff) and the Callan Private Markets Team, Staff recommends the Independent Investment Committee (IIC) approve a **commitment up to $100 million to the H.I.G. Advantage Buyout Fund II (Fund II) and H.I.G. Capital Co-Investment Separately Managed Account (SMA)**. NHRS will allocate $50 million to Fund II and $50 million to an SMA to co-invest alongside Fund II.

H.I.G. is a leading global alternative asset manager focused on the middle market segments of the private equity industry. H.I.G. was formed specifically to capitalize on the extensive operational and strategic experience of its teams to enhance a portfolio company's performance and generate attractive returns.

The recommended fund commitment will enable NHRS to increase its exposure to a middle market buyout manager that is top-tier and focused on operational improvements.

Our investment consultant, Callan, conducted independent due diligence, and their attached report supports Staff's recommendation to commit to Fund II. This memorandum will provide a high-level overview of the opportunity. Additional details can be found in Callan's due diligence report.

Investment Staff's diligence process included reviewing firm documentation, and holding meetings with H.I.G. investment team members and investor relations to assess the nature of the investment, strategy, performance, and other diligence issues. Additionally, the Investment Staff collaborated with Callan to evaluate their independent diligence of H.I.G. and Fund II in making our recommendation.

General Partner

H.I.G. was founded in 1993, and employs over 500 investment professionals with significant operating and investing experience. The Firm is headquartered in Miami, Florida, with nearly $60 billion in assets under management across several asset classes, including leveraged buyouts, growth equity, credit, infrastructure, and real estate. A snapshot of the Firm is provided below.

30 YEAR TRACK RECORD

- Consistently strong returns over multiple cycles
- Differentiated value-added strategy
- 350+ control transactions
- 230+ Realized:
  - 3.0x Net MOIC
  - 4.4x Gross MOIC
- 58 exits ~8.0x+ Gross MOIC
- 43 exits since 2021 with an average Gross / Net MOIC of 6.4x / 4.3x

$59bn AUM FOUNDED IN 1993

- Diverse and synergistic platform
- Deep experience in:
  - Leveraged Buyouts / Growth Equity
  - Infrastructure
  - Real Estate
  - Special Situations / Distressed credit
  - Direct Lending

MIDDLE MARKET FOCUS

- One of the largest and most active investors in the Middle Market
- 3,300+ equity and credit transactions, globally
- Broad investment capabilities across industry sectors, capital structures, and investment styles
- Attribute returns to having operational resources and pattern recognition to build great companies

INSTITUTIONALIZED MANAGEMENT STRUCTURE

Strong financial staff and controls, legal and compliance, IT support, and risk management

19 Offices in North America, Europe and Latin America

~1,020 Employees
~565 Investment Professionals

Source: H.I.G.

H.I.G. Advantage Team

The Advantage Team, led by Rob Wolfson, consists of over 40 investment professionals with 520 years of cumulative private equity investing experience. The financial and operating backgrounds of H.I.G.'s investment professionals are directly relevant to the value-added investment strategy that it has developed for its target market. H.I.G. believes that the continuity of the team allows for a consistent and efficient application of the Firm's strategy and results in strong investment discipline across the Firm's investments.

Key Professionals

Professional	Title	Years w/ Firm	# Investments
Doug Berman	Head of U.S. Private Equity	27	NA
Rob Wolfson	Executive Director and Head of H.I.G. Advantage	18	10
Mattew Hankins	Managing Director	6	3
Robert Jang	Managing Director	12	6
Justin Reyna	Managing Director	13	6
Matthew Robinson	Managing Director	11	3
Alok Sanghvi	Managing Director	8	6
Rahul Vinnakota	Managing Director	11	5

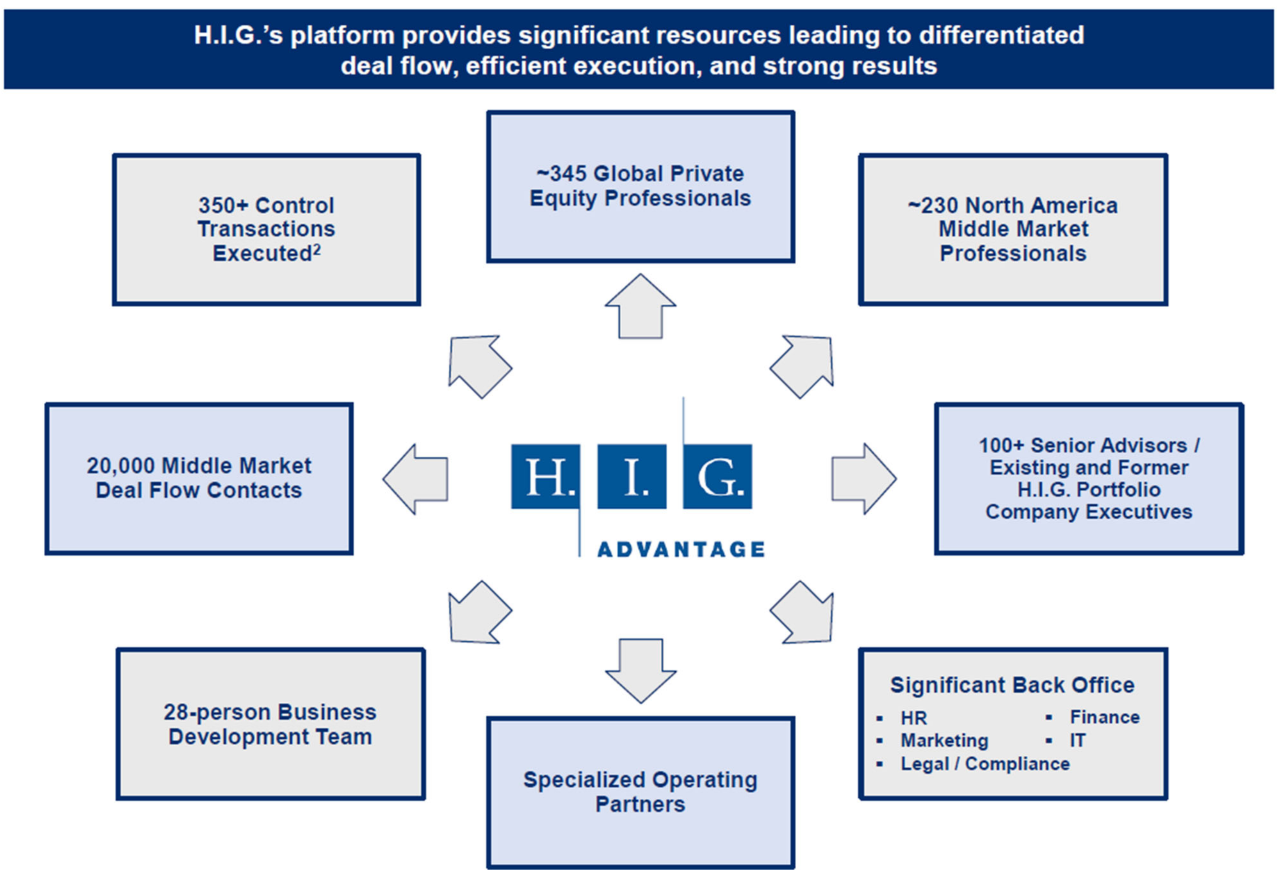
Source: H.I.G. and Callan analysis

Investment Strategy

H.I.G. will continue its investment approach of acquiring industry-leading, high-quality businesses, typically with $25 million to $150 million in EBITDA. Fund II is targeting a fundraise of $5 billion and is expected to make 14 to 16 portfolio investments with equity checks in the $150 to $600 million range.

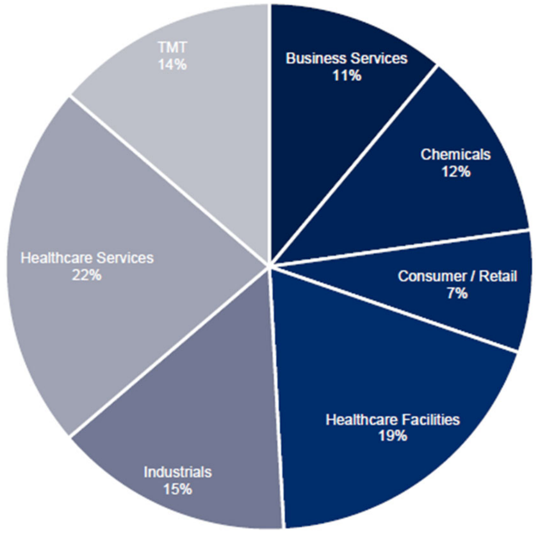
Below are typical deal characteristics and additional detail on the H.I.G. platform, respectively:

- Opportunity to strategically reposition the business
- Opportunity to significantly scale the business through acquisitions
- Capital efficient models with low capex (capital expenditures) profile
- Owner looking for an active partner
- Leading companies with differentiated market positions
- Strong existing management team



Source: H.I.G.

Lastly, the portfolio is built in a diversified manner. Below is the industry breakdown of Fund I.



Source: H.I.G.

<u>H.I.G. Investment Process</u>

The steps involved in the investment process include:

1. Identification of potentially attractive middle market companies. H.I.G. utilizes both conventional and proprietary sources of deal flow

2. Thorough and institutionalized diligence process on the business, including financial statement integrity, customer calls, industry research, and management systems

3. Comprehensive analysis to assess a target company's defensibility and potential risk exposures as well as its operational platform, market potential, and ability to expand its market position

4. Evaluation of target company's management

5. Active monitoring and enhancement of the portfolio company's operation

6. Evaluation of the ultimate exit strategy

H.I.G. carefully manages each element of the investment process, and primary responsibility for each acquisition target is assigned to a team of H.I.G. professionals. Teams typically consist of one managing director and three to four junior professionals. Each transaction is reviewed by the deal teams on an ongoing basis and, to stay abreast of the critical issues related to each proposed investment, through a combination of weekly meetings and frequent deal team updates. This iterative process ensures that within the deal team there is always a high degree of alignment on how to proceed at each critical stage of a transaction. In addition, the Investment Committee is available for consultation as needed.

All H.I.G. investments are subject to a rigorous internal investment approval process that has been developed and fine-tuned over the course of 30 years. Throughout a transaction, the deal team will meet with the Fund's investment committee multiple times to present due diligence findings, transaction structure and valuation, and investment merits and risks. The Fund's senior Managing Directors will work closely with the deal teams to understand and focus on the key issues, develop a transaction structure and valuation proposal, and prepare a formal presentation to the Investment Committee for final approval. Co-founders Sami Mnaymneh and Tony Tamer, along with Rob Wolfson, Rick Rosen, Brian Schwartz, and Doug Berman, sit on the Investment Committee.

Track Record & Performance

The NHRS Investment Team and Callan reviewed the performance of the prior funds. All of H.I.G.'s mature middle-market funds rank in the top quartile on a TVPI and IRR basis. The table below summarizes the H.I.G. fund performance for the past 30+ years, beginning with the 1993 vintage fund as of June 30, 2023.

The firm's buyout strategy (primarily LBO fund series) has generated a Net IRR of 23% and MOIC of 1.8x since inception (30 years). In 2017, H.I.G. established H.I.G. Advantage, a middle-market fund targeting less complex deals compared to the LBO fund series. Details provided below.

H.I.G. U.S. Buyout Funds(1) – Track Record (1993 – 2023 / ~240 Transactions)
(As of March 31, 2023)(5)

	Gross Return(2)		Net Return(3)	
	MOIC	IRR	MOIC	IRR
Realized / Partially Realized Investments (4)	4.6x	46%	3.2x	31%
All Investments	2.5x	32%	1.8x	23%

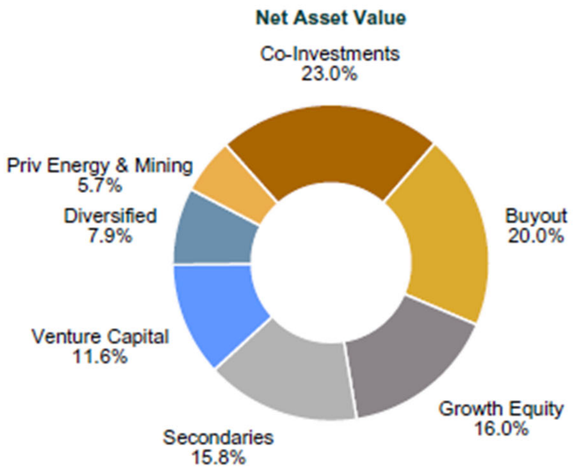
		Vintage2	Fund Size (mm)	Net Return3 IRR	Net Return3 MOIC
U.S. Funds	H.I.G. Capital Partners I	1994	$75	71%	4.7x
	H.I.G. Capital Partners II	1998	$255	19%	2.9x
	H.I.G. Capital Partners III	2002	$430	23%	2.5x
	H.I.G. Capital Partners IV	2007	$750	27%	2.9x
	H.I.G. Capital Partners V	2014	$1,010	23%	2.3x
	H.I.G. Capital Partners VI	2020	$1,271	28%	1.2x
	H.I.G. Middle Market Fund I5	2008	$1,250	31%	3.6x
	H.I.G. Middle Market Fund II	2015	$1,750	28%	2.2x
	H.I.G. Middle Market Fund III	2019	$3,059	19%	1.2x
	H.I.G. Middle Market Fund IV	2022	$5,609	NM	NM
	H.I.G. Growth Buyouts & Equity II	2011	$501	14%	1.9x
	H.I.G. Growth Buyouts & Equity III	2018	$951	2%	1.0x
	H.I.G. Advantage Buyout I	2017	$2,863	17%	1.3x

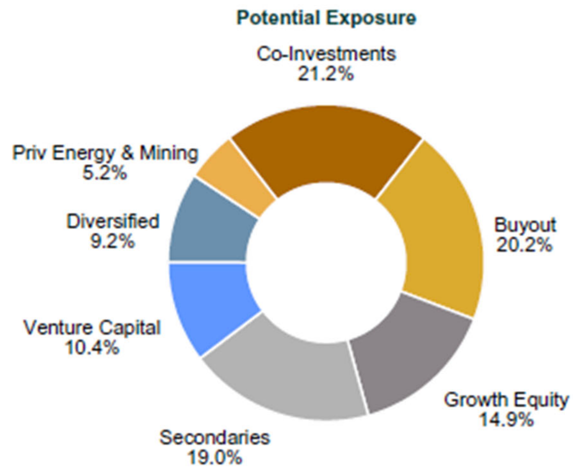
Source: H.I.G.

NHRS Strategic Allocation

Fund II will be categorized as a Buyout allocation of the NHRS Private Equity asset class within the portfolio's Alternative Investments. The current Private Equity target allocation is 10% of the total fund (actual allocation is 14.5% as of June 30, 2023).

As of June 30th, buyout strategies represent approximately 20% of the overall Net Asset Value within Private Equity as well as potential exposure.





Source: Callan

The IIC approved the Private Equity pacing allocation of $200 million to be allocated in calendar year 2023. This commitment represents the final allocation to achieve the $200 million pacing and will increase our exposure to a top-performing Private Equity General Partner.

Strengths & Rationale

While H.I.G. has several strengths that make them an ideal General Partner for the NHRS, these are some of the critical factors.

Time-tested Strategy

H.I.G. has a 30-year track record of generating strong risk-adjusted performance through multiple market cycles. The typical deal characteristics (highlighted on page 3) enable portfolio company investments to mitigate risk and weather economic cycles.

Team

The managing directors on the team are seasoned and have worked together for, on average, over ten years.

Market Environment

Given its operational tilt, H.I.G. has significantly grown revenue and EBITDA rather than relying on financial engineering to generate solid investment performance.

Key Risks & Mitigants

Limited Track Record for Advantage Fund

While the Advantage Fund has a limited history, H.I.G. has successfully invested in more complex middle-market buyouts for 30 years. The resources of the broader H.I.G. firm and the team's experience help mitigate this risk.

Ownership

Dyal, a private equity firm, holds a passive 25% stake, which is non-voting. H.I.G. is owned and controlled by its co-founders, Sami Mnaymneh and Tony Tamer, who actively engaged in the management of the firm.

Callan

November 29, 2023

New Hampshire Retirement System

H.I.G. Advantage Buyout Fund II and Co-investment SMA

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H.I.G Advantage Buyout Fund II and Co- Investment SMA ("SMA")

Strategy

Asset Class	Private Equity
Strategy Type	Buyout
Currency	USD
Control Rights	Control
Targeted # of Investments	Fund II: 14 – 16 SMA: NA
Industry/Sector	Communication Services
	Consumer Discretionary
	Health Care
	Industrials
	Materials
	Information Technology
Geography	United States
Target IRR (Gross/Net)	20% / -
Target TVPI (Gross/Net)	2.5x / -

Target Investment Size

Equity Check ($M)	$150 - $600
EBITDA ($M)	$25 - $150
Revenue ($M)	-
Enterprise Value ($M)	-

Fundraising

Target ($M)	Fund II: $5,000 SMA: $50
Hard Cap ($M)	Fund II: $5,000 SMA: $50
First Close	September 2022
Final Close	March 2024
Fund Status	Fundraising

Terms

Investment Period (Yrs.)	6
Term (Yrs.)	10
Minimum Commitment ($M)	$10.0
GP Commitment	Fund II: 2.0% SMA: TBD
Domicile	Delaware
Auditor	Deloitte LLP

Fees

Management Investment Period	Year 1-6	Fund II: 1.85% on Net Invested Capital SMA: 0.0%
Management Fee Post Investment Period	Year 7+	Fund II: 1.85% on Net Invested Capital SMA: 0.0%
Management Fee Offset	Fund II: 100% SMA: NA	
Waterfall	American	
Preferred Return	8% - IRR – Compounded SMA: NA	
Carried Interest	Fund II: 20% SMA: 0.0%	
GP Catch-Up	Fund II: 100% SMA: NA	

Manager

General Partner	H.I.G. Capital
Headquarters	Miami, FL
Leadership	Tony Tamer (Co-Founder & Co-CEO), Sami Mnaymneh (Co-CEO, Co-Founder), Rick Rosen (Co-President), Rob Wolfson (Head of H.I.G. Advantage), Douglas Berman (Executive Managing Director and Head of U.S. Private Equity
Supervising Regulatory Body	SEC
DWDO Ownership	No

Executive Summary

Based on the findings from Callan's evaluation process and the private equity investment objectives of the New Hampshire Retirement Systems ("NHRS"), Callan recommends a commitment of $50 million to H.I.G. Advantage Fund II ("Fund II" or the "Fund") and $50 million to H.I.G. Capital Co-Investment SMA (the "SMA") a customized Separate Management Account that will primarily co-invest alongside H.I.G. Advantage Fund II. The proposed commitment with H.I.G. would represent a new relationship and strategy within the NHRS portfolio. The new relationship is expected to complement and further diversify NHRS's existing private equity portfolio.

Founded in 1993 and headquartered in Miami, Florida, H.I.G. is a global alternative asset manager with $58 billion of capital under management focused on the lower middle market segments of the private markets in the U.S., Europe, and Latin America, $21 billion of which is private credit AUM. With offices in the U.S. (Miami, New York, Boston, Chicago, Dallas, Los Angeles, San Francisco, Stamford, Atlanta, and Coral Gables), Europe (London, Hamburg, Luxembourg, Madrid, Milan and Paris) and Latin America (Rio de Janeiro, Bogota and São Paulo), H.I.G. currently employs ~575 investment professionals with significant operating and investing experience and the necessary skill set to execute the Firm's differentiated value-added strategy. The Firm is led by its co-founders, Sami Mnaymneh and Tony Tamer, who serve on the investment committees of and approve all investments made by all H.I.G. affiliated investment funds.

Per Callan's due diligence process, Callan reviewed documentation (fund-related, financials, investment, operational, and the LPA) from a variety of sources believed to be reliable and held virtual meetings and calls with members of the investment team and investor relations team, to better assess the nature of the investment, the investment process, performance, reporting and valuation guidelines, and any material litigation/regulatory oversight issues. These key risks and their mitigants have been discussed through both oral and written communications with NHRS and H.I.G. In the event that further issues are identified, Callan suggests that their materiality be assessed to determine whether legal counsel should advise NHRS as to whether these or any other such issues could be addressed as part of making an investment in Fund II and the SMA.

A commitment to Advantage II and the SMA should benefit the NHRS's private equity program, providing the potential for strong returns and expanding its exposure to middle-market investments, further diversifying the portfolio.

Recommendation

Pending the completion of the NRHS's successful legal review of Advantage Fund II and the SMA, a $50 million commitment to Advantage Fund II and a $50 million commitment to the SMA is recommended based on portfolio fit and the overall partnership merits, as reviewed in the body of this report.

Summary of Key Findings

- **Strong Performance**: H.I.G.'s LBO funds have consistently demonstrated strong performance. H.I.G. has a long and successful track record of sourcing, building, and exiting investments in the small and middle markets. All of H.I.G.'s mature middle-market funds rank in the top quartile on a TVPI and IRR basis.

- **Company resources**: Since its founding, H.I.G. has developed extensive relationships with industry experts, M&A advisors, and management teams resulting from the Firm's expertise, prior operating experience, and history as successful investors. These relationships help originate proprietary investments, assist with due diligence, and manage portfolio companies. H.I.G. has extensive global resources, including operating partners and back-office support. For example, H.I.G. has a Group Purchasing Program, which negotiates lower costs through bulk purchasing. Portfolio companies enjoy savings in various categories, including office supplies, insurance, IT services, travel and entertainment, and consulting services.

- **Sourcing:** H.I.G.'s investment professionals proactively source off-market deals by maintaining an active dialogue with thousands of informal and unconventional deal flow sources such as accountants, lawyers, and business consultants, who are often the source of high-quality middle-market transaction leads. In addition, the funds benefit from the deal flow generated by H.I.G.'s 25 dedicated in-house sourcing professionals. The business development group utilizes the Firm's proprietary database of thousands of middle-market intermediaries and Fortune 1000 companies. Also, in Europe, H.I.G.'s regional presence in all key European markets positions the Firm to effectively engage with local and regional deal intermediaries and industry associations. These local connections allow H.I.G. to pre-empt a formal sale process in many situations.

- **Favorable economics from SMA:** NHRS has negotiated favorable economic terms for the SMA and will not pay a management fee or carried interest on deals within that vehicle. As such, the SMA will help NHRS reduce the cost of its exposure to H.I.G.

Selected Considerations

- **Proliferation of Products:** H.I.G. has built one of the largest private equity firms targeting the middle market. H.I.G. manages several private equity products in the U.S., Europe, and Latin America. Additionally, the Firm manages several other investment products, such as private credit, real assets, and hedge funds. H.I.G.'s private equity funds that target the middle market include U.S. Small Cap LBO Funds, U.S. Middle Market LBO Funds, Europe Small Cap LBO Funds, Europe Middle Market LBO Funds, Latin America LBO Funds, and Advantage Funds.

  Mitigants

  - The Firm has created separate investment teams for all of its products. The Firm is organized into several fund groups, which are segregated by capital structure, asset classes, and investment style. Each team is dedicated to a specific product. Additionally, the Firm creates synergies among the groups by sharing industry experience and knowledge. Also, by virtue of its scale, reputation, and accumulated expertise, it provides resources not typically available from other funds of similar size in its target markets.

- **Ownership:** In 2016, H.I.G. Capital announced a strategic capital investment by Dyal in the Firm. The announcement indicated that Dyal's interest is a passive, non-voting stake, representing less than 25% of the Firm's economic interests. The investment proceeds were primarily used to increase the Firm's investment in its funds and to seed and fund several growth initiatives.

  Mitigants
  - H.I.G. Capital is jointly owned and controlled by its co-founders and co-CEOs, Sami Mnaymneh and Tony Tamer, subject to a small (less than 15%) non-voting interests held by other firm senior executives. As previously mentioned, Dyal's 25% stake is a passive, non-voting stake held by affiliates of Dyal Capital. All senior executives are actively engaged in the management of the business. They intend to remain active for the foreseeable future. The managing partners have complementary skills that should ensure long-term continuity and mitigate founder succession issues.

- **Limited Track Record**: H.I.G. Advantage I has invested in 16 portfolio companies but has only exited one portfolio company. The Advantage investment deployed the committed capital very slowly. This raises concerns about the investment team's ability to source deals. 11 of the Advantage Fund's 16 investments were made between June 2020 and November 2022. The immaturity of the Advantage I portfolio makes it challenging to develop conclusions concerning its performance.

  Mitigants
  - H.I.G. was slow to build out the Advantage team. When H.I.G. launched Advantage Fund I, the team comprised six investment professionals. Additionally, the investment team took three years to build its industry verticals, subsectors, and thematic investment focus. Today, the investment team includes approximately 45 investment professionals and is focused on thematic investments across six verticals: Business Services, Chemicals, Consumer/Retail, Healthcare, Industrials, and TMT. The team has completed 16 platform investments and 55 add-on transactions, 15/16 of which are held at or above cost, and one investment was written down. The average revenue growth across the Advantage I portfolio is 54%, and the EBITDA growth is 48%. Fund I has exited two portfolio companies, [redacted]

Performance

June 30, 2023	Advantage Fund I
Vintage Year	2017
Fund Size	$3,000
# Investments	16
LP Capital	
Invested Capital	$2,425
% Paid-In	81%
Realized	$390
Unrealized Value	$2,859
Total Value	$3,249
Gross Performance	
Gross TVPI	1.67x
Gross IRR	20.27%
Gross DPI	0.18x
Net Performance	
Net TVPI	**1.34x**
Quartile Ranking	4th
Net IRR	**17.61%**
Quartile Ranking	3rd
Net DPI	**0.16x**
Quartile Ranking	4th
Losses	
#	1
Loss Ratio	2.5%

$ Millions
As of 06/30/2023
Quartile ranking against the U.S. Buyouts Refinitiv/Cambridge database.

Performance Commentary

H.I.G. Advantage's performance metrics place it in the lower performance quartiles, with its net IRR in the third quartile and both net TVPI and DPI in the fourth quartile. Fund I was slow to deploy its capital, with its first transaction only closing in October 2017 and a significant portion of investments made between June 2020 and November 2022. The immaturity of the portfolio investments makes it challenging to draw definitive conclusions about the fund's performance. Despite the slow initial capital deployment and team build-out, the investment team, now consisting of approximately 45 professionals, has completed 16 platform investments and 55 add-ons, resulting in annualized revenue growth of 17.7% and annualized EBITDA growth of 14.9% across the portfolio. Most investments are performing well, with 15 out of 16 held at or above cost, and one asset has been written down. The average hold period for the portfolio companies is 2.6 years. Fund I has exited two portfolio companies, [redacted] achieving a 2.2x and 3.2x gross MOIC, respectively.

Organization and Team

Founded in 1993 and headquartered in Miami, Florida, H.I.G. is a global alternative asset manager with $56 billion of capital under management focused on the lower middle market segments of the private markets in the U.S., Europe, and Latin America, $21 billion of which is private credit AUM. With offices in the U.S. (Miami, New York, Boston, Chicago, Dallas, Los Angeles, San Francisco, Stamford, Atlanta, and Coral Gables), Europe (London, Hamburg, Luxembourg, Madrid, Milan, and Paris), and Latin America (Rio de Janeiro, Bogota, and São Paulo), H.I.G. currently employs ~575 investment professionals with significant operating and investing experience and the necessary skill set to execute the Firm's differentiated value-added strategy. The Firm is led by its co-founders, Sami Mnaymneh and Tony Tamer, who serve on the investment committees and approve all investments made by all H.I.G. affiliated investment funds. A key to H.I.G.'s success has been establishing a core philosophy of value investing, deep due diligence, operationally focused management, and bringing outsized resources to solve complex situations. H.I.G. has grown "horizontally", building a diversified alternative asset management platform with each new strategy complementing the last by maintaining a focus on the middle market while utilizing a shared investment philosophy

Ownership

In 2016, H.I.G. Capital announced a strategic capital investment by Dyal in the Firm. The announcement indicated that Dyal's ownership is a passive, non-voting stake, representing less than 25% of the Firm's economic interests. The investment proceeds were primarily used to increase the Firm's investment in its funds and to seed and fund several growth initiatives.

Additional Products

H.I.G. is organized into several fund groups, which are segregated by capital structure, asset classes, and investment style. H.I.G. is one of the largest investment platforms targeting the lower middle market segment. By virtue of its scale, reputation, and accumulated experience, it provides resources not typically available to other funds of similar size in its target markets.

H.I.G.'s family of funds targeting the lower middle market includes:

Private Equity Funds (AUM ~$26.9 billion):

H.I.G. operates six series of private equity funds that invest in management buyouts, recapitalizations, and corporate carve-outs of profitable and underperforming businesses. This fund family accounts for approximately 50% of the Firm's AUM.

U.S. Small Cap LBO Funds
U.S. Middle Market LBO Funds
Europe Small Cap LBO Funds
Europe Middle Market LBO Funds
Latin America LBO Funds
Advantage Fund

Growth Equity Funds (AUM ~$2.5 billion):

H.I.G. Growth Partners Funds make control and influential minority investments in profitable growth-oriented businesses, focusing on high-growth sectors. H.I.G. BioHealth Funds invest in biopharmaceutical and medical technology companies developing novel products for significant unmet medical needs across a broad range of industries and stages.

H.I.G.'s Credit Platform (AUM ~$21.5 billion):

Bayside Capital manages approximately $7.7 billion in special situation credit opportunities in stressed / distressed companies in the U.S. and Europe. H.I.G. WhiteHorse manages approximately $13.8 billion in performing loans. H.I.G. WhiteHorse Direct Lending Strategy provides debt financing solutions to performing middle-market companies in the U.S. and Europe. H.I.G. WhiteHorse CLO Funds invest in the broadly syndicated primary loan market, with more than ten structured credit CLO vehicles under management.

Real Asset Funds (AUM ~$5.1 billion):

H.I.G.'s Realty Partners Funds make opportunistic investments in small and mid-size real estate properties in the U.S., Europe, and Latin America. The team pursues a disciplined, value-oriented, and hands-on approach to investing. Additionally, H.I.G. manages more than $7 billion in gross asset value, including office, residential, hospitality, and logistics.

Investment Team

Rob Wolfson leads the Advantage investment team. The investment team has a dedicated team of 40 investment professionals consisting of 1 Executive Managing Director, 6 Managing Directors, 6 Principals, 13 Vice Presidents and 14 Associates. Including five additional members of the H.I.G. Advantage Investment Committee (the "Investment Committee"), the H.I.G. Advantage team consists of 45 total investment professionals. The Advantage team is further supported by the larger H.I.G. private equity platform, which comprises approximately 575 investment professionals globally.

Key Professionals

Professional	Title	Years w/ Firm	# Investments
Doug Berman	Head of U.S. Private Equity	27	NA
Rob Wolfson	Executive Director and Head of H.I.G. Advantage	18	10
Mattew Hankins	Managing Director	6	3
Robert Jang	Managing Director	12	6
Justin Reyna	Managing Director	13	6
Matthew Robinson	Managing Director	11	3
Alok Sanghvi	Managing Director	8	6
Rahul Vinnakota	Managing Director	11	5

Source: H.I.G. and Callan analysis

Investment Team Turnover

The H.I.G. Advantage team has not experienced any departures at the Managing Director or Principal levels in the last two years. The investment team has added four new Principals since 2021; all were internal promotions. The team lost two investment professionals at the Vice President level and has had nine total additions since 2021.

Succession Planning

All of the senior executives are actively engaged in the management of the business. They intend to remain active for the foreseeable future. The managing partners have complementary skills that should ensure long-term continuity and the mitigation of founder succession issues. Additionally, H.I.G. has created an institutionalized asset management culture. To ensure continuity across the Firm, the Co-Founders and the Executive Managing Directors run the Firm daily and serve across all investment committees within private equity, credit, and real estate. If neither Sami nor Tony could perform their duties, the co-presidents would manage the Firm.

Compensation

[redacted]

Investment Strategy

The Advantage Funds investment strategy focuses on high-quality, low-volatility companies that are not operating at their full potential. The Firm believes that focusing on stable, profitable, and predictable businesses with low operating and financial risk allows for lower variability of potential returns and reduces overall portfolio risk. H.I.G. has positioned the Fund to be lower on the risk/return spectrum than existing H.I.G. U.S. Buyout Funds, which generally focus on more complex companies and complicated transaction dynamics.

The Fund intends to target companies across various industries where H.I.G. believes an opportunity exists to create substantial value by leveraging its principals' extensive operating experience and completing synergistic add-on acquisitions. The high-quality characteristics of the target companies are primarily a function of the sector and competitive market dynamics rather than an indication of the potential opportunity to add value.

The Fund will target companies typically possessing one or more of the following high-quality characteristics:

- leading market shares in their particular industry segment with defensible barriers to entry;
- sustainable competitive advantage in products, markets, or distribution channels;
- capital-efficient models with limited capital expenditure profiles;
- stable end-markets generally insulated from cyclicality;
- well-diversified customer base;
- limited exposure to commodity pricing; and
- robust and backable management teams.

Sector Focus

H.I.G. Advantage will focus on thematic investments in the following sectors: i) Business services, ii) Consumer retail, iii) Healthcare, iv) Industrials, v) Natural Resources/Chemicals, and vi) TMT. The investment team opportunistically pursues the best transactions during a fund's investment period.

Attribution by Sector, as of 06/30/2023

	HIG Advantage I	
	% Invested	Gross TVPI
Chemicals	10%	2.48x
Healthcare	44%	0.70x
Consumer	6%	1.71x
Industrials	11%	1.30x
Business Services	14%	0.97x
TMT	15%	0.71x

Source: H.I.G. and Callan analysis.

Country/Regional Focus

Advantage Fund II will primarily invest in North American based middle-market companies.

Attribution by Geography, as of 06/30/2023

	HIG Advantage I	
	% Invested	**Gross TVPI**
United States	92%	1.58x
Canada	6%	3.83x
Brazil	3%	0.13x

Source: H.I.G and Callan analysis.

Valuations & Leverage

H.I.G. Advantage Buyout Funds invest in better-performing and more established businesses relative to the other H.I.G. funds, which invest in complex companies (i.e., product or customer concentration, lack of systems, etc.). The Advantage Fund will have slightly higher entry multiples (10-17x) than the H.I.G. Middle Market strategy. Part of the Advantage Fund's strategy is to buy down the entry multiple via add-on acquisitions. Fund I completed 58 add-on acquisitions. A handful of companies with high entry multiples impacted the Fund I entry multiples (i.e., St. Croix, where the entry multiple was above 15x, but operating performance is up ~50% since the acquisition).

Purchase Prices and Leverage, as of 06/30/2023

Fund	Investment Year(s)	Aggregate EV/EBITDA	Pitchbook Median EV/EBITDA	Aggregate Net Debt/ EBITDA	Pitchbook Median Net Debt/ EBITDA
HIG Advantage I	2017 - 2022	12.5x	11.2x	6.3x	6.1x

Source: S&P LCD Data; H.I.G.; Callan analysis

Value Creation

The Advantage Funds seek to deploy an operations-intensive value creation strategy to grow the portfolio companies organically and through add-on acquisitions. H.I.G.'s value creation starts with its ability to recognize and purchase companies at a discount to their relative value. Pre-closing, the Firm conducts an extensive due diligence process to quantify potential risks and fully understand a target company's earnings potential. This process includes creating a comprehensive business plan to realize potential value.

Post-closing, H.I.G.'s investment professionals execute its post-close action plan to mitigate risks identified in pre-close diligence. Further, they establish objectives and timelines for capitalizing on value-creation opportunities. By taking a proactive approach, H.I.G. aims to actively de-risk the investment and help make the company more attractive to potential acquirers.

In the value creation process, H.I.G.'s investment professionals play an active role, working with the portfolio's management team to create value by orienting the company for growth. H.I.G. identifies intrinsic "value creation" drivers needed to help companies realize their full potential, including significantly scaling the business through acquisitions, strategically repositioning the business, and investing capital and other resources to increase capabilities and expand market penetration.

Additionally, when considering add-on acquisitions, H.I.G. evaluates the synergistic benefits that could be derived from the transaction. Any add-on acquisition would also consider the experience and capacity of the existing management team to integrate the new operations and the cultural fit between the current management team and the members of the acquired company. By efficiently identifying, executing, and integrating accretive acquisitions and financing transactions, H.I.G. helps businesses increase their market leadership position. As a result, H.I.G.'s portfolio companies have consistently shown material EBITDA growth post-investment.

Case Studies

- [redacted]

- [redacted]

[redacted]

Portfolio Construction ($m), as of 06/30/2023

Fund	# of Investments	Average % Ownership	Equity Check			
			Total Equity	Average	Max	Min
HIG Advantage I	16	78%	3,765	235	434	65

Source: H.I.G. and Callan analysis

Portfolio Metrics at Entry ($m), as of 06/30/2023

Fund	Average EV	Max EV	Min EV	Average EBITDA	Max EBITDA	Min EBITDA	Average Revenues	Max Revenues	Min Revenues
HIG Advantage I	633	1,292	210	51	101	13	413	1,488	53

Source: H.I.G. and Callan analysis

Portfolio Growth, as of 06/30/2023

Fund	Weighted Average Hold (years)	Entry Margin	Exit Margin	Total Revenue Growth	Annualized Revenue Growth	Total EBITDA Growth	Annualized EBITDA Growth
HIG Advantage I	2.6	12%	12%	53.8%	17.7%	44.5%	14.9%

Source: H.I.G. and Callan analysis

Investment Process

Sourcing

Over the past 24 years, H.I.G. built a significant deal flow network. Its network focuses on informal and unconventional sources of deal flow in the lower middle and middle markets (e.g., accountants, lawyers, brokers, insurance agents, and family wealth advisors). H.I.G. Funds have access to the deal flow network, including the relationships of its over 575 investment professionals, 25 dedicated in-house sourcing professionals in its business development group, and its proprietary database of tens of thousands of middle-market deal flow contacts. Also, H.I.G. partners with senior executives to conduct proactive industry searches; these opportunities are often proprietary to industry insiders.

Additionally, H.I.G. believes its focus on complex companies and situations typically attracts fewer competing buyers. H.I.G. develops "angles" which include (i) utilizing relationships to find opportunities in complex situations, (ii) positioning the Firm as the "buyer of choice" based on expertise in a particular sector, (iii) utilizing resources to find, quantify and probability weight downside issues relative to upside opportunities, and (iv) identifying compelling value creation levers where the business success under H.I.G.'s ownership can exceed what could have happened otherwise. Also, the Firm's ability to close transactions on an expedited basis gives it a strategic advantage.

Due Diligence Process

H.I.G.'s due diligence process begins with a preliminary evaluation of the target's business and management. If the deal team reaches a consensus, it conducts an extensive due diligence examination, including site visits, meetings with the target company's management, industry research, competitor analysis, and research on its reputation and management. H.I.G.'s internal process is complimented by coordinating with third-party advisors in technical areas such as legal, tax, accounting, and insurance/benefits.

The Deal Team quantifies and probability-weights downside risks relative to upside opportunities and identifies value creation levers to transform businesses into more attractive businesses before exit. After the Firm identifies a target company's potential, H.I.G. develops a financial model incorporating the impact of a business cycle. The final modeling step is a sensitivity analysis of the potential investment returns and the potential variability around the base case to determine the appropriate valuation and capital structure for a proposed transaction.

Throughout the due diligence process, H.I.G. focuses on analyzing the impact of the various critical challenges and opportunities relevant to the target under consideration. H.I.G. will also carefully examine the effect of technological changes (e.g., digitization) on the business under consideration. H.I.G. believes that these challenges will require the rapid evolution of business models, and H.I.G. is poised to benefit from these trends and challenges, with competing businesses lagging behind.

Before investing, H.I.G. prepares a detailed operating and strategic business plan to achieve the target company's entire profit improvement potential. This plan and the information gathered during the due diligence process allow H.I.G. to determine an appropriate transaction price, devise an optimal acquisition and financing structure, and negotiate an acquisition agreement. Also, the plan provides benchmarks against which to measure company and management performance and drive incentive compensation programs for the target company's management team.

H.I.G. generally structures its acquisitions to include a level of debt financing designed to enhance the return on equity while maintaining leverage ratios that H.I.G. believes will not put the portfolio company at undue financial risk. H.I.G. strives to structure transactions that include low-cost funding through seller financing, restructuring of existing debt, and below-market financing from other parties who may have an essential strategic interest in the portfolio company, such as suppliers or customers.

Investments are subject to a rigorous internal investment approval process. Over the course of a transaction, the deal team will meet with the Fund's Investment Committee multiple times to present due diligence findings, transaction structure and valuation, and investment merits and risks. The Firm's Executive Managing Directors and Managing Directors will work closely with the deal teams to understand and focus on the key issues, develop a transaction structure and valuation proposal, and prepare a formal presentation to the Investment Committee. The Investment Committee includes the Co-founders Sami Mnaymneh and Tony Tamer, who review all proposed transactions.

Monitoring & Exits

Typically, the Deal Team that performs the due diligence leads the monitoring of the target company's performance. As a matter of practice, team members join the target company's Board of Directors in a non-executive capacity. The Fund will typically have the majority of the seats on the Board of Directors of each acquired company. H.I.G. believes that this control is essential given its proactive investment philosophy. It gives H.I.G. the ability to make any necessary changes to its portfolio companies.

H.I.G.'s operating philosophy is to form a close partnership with the management team of a portfolio company and jointly develop the portfolio company's strategic direction, KPIs, priorities, and associated action plans. This planning process begins during the pre-closing period. It is highly active during the first six to twelve months after its initial investment to implement planned initiatives and mitigate risks identified in pre-close diligence. The H.I.G. does not manage the daily operations of its portfolio companies. But, it is actively involved in the business decisions, which it believes are vital to generating significant incremental value. H.I.G Team members serve on task forces, evaluate and recruit upgraded management personnel, etc. H.I.G. requires portfolio companies to provide them with weekly and monthly operating and financial data customized to monitor the portfolio company's performance in real time.

Due to the size and type of companies that H.I.G. invests in, it expects to exit investments through a third-party private transaction to a strategic or financial buyer. H.I.G. believes this provides the least risky and quickest return of capital. Occasionally, H.I.G. will also consider exiting its investments through initial and subsequent public offerings or recapitalizations.

H.I.G.'s approach to successful exits of its portfolio companies entails eliminating, as much as possible, the pricing discount often associated with (i) smaller-sized companies in the lower middle market and (ii) the initial complexity or underperformance exhibited when the investment was first made. H.I.G. believes that correcting the underperformance and upgrading its portfolio companies' financial and operating systems make them more attractive to buyers. Additionally, scaling these companies allows them to sell at high purchase multiples.

Operational Due Diligence

Accounting/Finance	
Chief Financial Officer	Chad Burseh
Overview of the accounting and finance team	Chad leads a global team of ~100 members that provide back-office accounting support for the Firm. H.I.G has established robust controls across all back-office aspects (i.e., accounting, cash management, finance, tax, and treasury).
Fund Administrator	Internal
Custodian/Bank	BNY Mellon, ING, J.P. Morgan
Fund Auditor	Deloitte LLP
Overview of cash movements	Top Executives and Co-CEOs must approve all wire payments. For external payments, distributions, and capital calls, the fund has robust procedures that require multiple layers of approval. The approval system will not permit the same individual to approve and release a wire. The firm's operational committee confirms trade allocation percentages with the investment team before the wiring process begins.

Valuation Policy/Process	
Does the Firm have a Valuation Policy?	Yes
Overview of the valuation process	The valuation analysis of investments is performed every quarter, according to ASC 820. The valuation analysis team comprises investment professionals assigned to each deal (the “Deal Team”). A Managing Director is in charge of each investment review and approves the valuation analysis performed by the Deal Team. Overall, the valuation process is overseen and governed by the Valuation Committee, which consists of Sami Mnaymneh and Anthony Tamer, Co-CEOs, Executive and Lead Managing Directors of each specific investment strategy (collectively, the “Valuation Executives”), H.I.G.’s Chief Financial and Administrative Officer and the Chief Financial Officer of each specific investment strategy (collectively, the “Finance Executives”), and In-house Valuation Specialist(s).
Valuation Committee	Yes Committee Members: Sami Mnaymneh and Anthony Tamer, Co-CEOs, Executive and Lead Managing Directors of each specific investment strategy (collectively, the "Valuation Executives"), H.I.G.'s Chief Financial and Administrative Officer and the Chief Financial

	Officer of each specific investment strategy (collectively, the "Finance Executives"), and In-house Valuation Specialist(s)
Frequency of valuations	Quarterly
Are valuations audited annually?	Yes
Is a third-party valuation firm ever used?	No
Are valuations in accordance with U.S. GAAP and ASC 820?	Yes

Allocation of Investment Opportunities

Does the Firm have an Allocation Policy?	Yes
Overview of investment allocation across funds/products	H.I.G. indicated the determination of a potential fit with H.I.G. Capital Partners, Advantage, or Middle Market LBO funds occur during the initial screening process, and the decision is evident even at the screening stages of the Firm's review process. All complex deals (i.e., financial or operational distress) are typically allocated to the Capital Partners or Middle Market LBO Funds. After being separated by complexity, the deals are sorted by size. With deals under $35m in EBITDA allocated to the Capital Partner funds and deals over $35m in EBITDA to the Middle Market LBO funds.
If the Firm has a debt product, can it invest alongside the equity product(s)?	Yes If yes, please elaborate:
Approval process for cross-fund investments	Although uncommon, H.I.G. reserves the right from time to time to cause the Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, another H.I.G. Vehicle, or co-investors or co-investment vehicles. Transactions are conducted in a manner that it believes to be fair and equitable to the Fund and the other H.I.G. Vehicles under the circumstances, including considering the potential present and future benefits concerning the Fund and the other H.I.G. Vehicle.
Overview of the allocation of co-investments	The General Partner, in its sole discretion, may offer co-investment opportunities to one or more Limited Partners and their affiliates, the General Partner, the Management Company and its employees, third parties (including strategic investors and other funds, private investors, groups and individuals) and/or Other H.I.G. Vehicles.

LP Reporting

Quarterly/annual reporting package	☒ Capital account statements ☒ Quarterly unaudited fund financial statements

	☒ Annual audited fund financial statements ☒ Quarterly LP letters/updates ☐ Other Please specify:
Are the ILPA reporting templates utilized?	No

Legal/Compliance

Is the Firm a Registered Investment Advisor or an Exempt Reporting Advisor?	Registered Investment Advisor
Chief Compliance Officer	Richard Segal
External compliance consultant	ACA, Kirkland & Ellis
Compliance Manual	Yes
Code of Ethics	Yes
Legal Counsel	Kirkland & Ellis
Is the Firm or any key professional subject to any current material litigation proceedings?	No If yes, please specify:

Environmental, Social & Governance (ESG) and Diversity, Equity & Inclusion (DEI)

Environmental, Social, & Governance (ESG)	
Firmwide ESG, SRI, sustainability, and/or responsible investment policy	Yes
Brief Description of Policy:	H.I.G. thoughtfully considers ESG risks and/or exposures during the initial due diligence process. During H.I.G.'s ownership of the company, investment professionals are encouraged to engage in continued dialogue with portfolio companies regarding maintaining and monitoring ESG policies. Each investment team maintains its own standards to assess portfolio companies' management of ESG factors.
Year Policy put in place:	
Publish a quarterly or annual sustainability or responsible investing report	No
Employ full-time dedicated ESG professionals	Yes
Number of dedicated ESG professionals:	1
Dedicated oversight ESG functions (i.e. ESG Committee) at firm	Yes
ESG Considerations integrated into investment process	Yes
UNPRI Signatory	Yes
Signatory to responsible investment bodies or standards other than PRI	No If yes, please specify:

Diversity, Equity, & Inclusion (DEI)	
Diverse-, Women-, or Disabled-Owned (DWDO) Ownership > 50%	Yes
DWDO Ownership Type	Unknown
Formal Diversity & Inclusion Policy	Yes
Oversees diversity & inclusion efforts:	☐ Chief Diversity Officer ☐ CCO ☐ COO ☐ CEO ☒ Head of HR ☐ Board ☐ Other

	Please specify:
Recruitment initiatives focused on women, people of color and/or other under-represented candidates	Yes

Additional Performance Metrics

PME Analysis, as of 06/30/2023

				FTSE All World			Russell 2000		
Fund	VY	Net IRR	Net TVPI	LN PME IRR	LN PME TVPI	KS PME	LN PME IRR	LN PME TVPI	KS PME
HIG Advantage I	2017	17.61%	1.34x	5.00%	1.08	1.26	-0.96%	0.99	1.41

LN: Long Nickels PME methodology
KS: Kaplan-Scholar PME methodology

Peer Comparables Review
As of 06/30/2023 or the most recently available date
Grouped by Vintage Year and sorted by Net TVPI

Fund	Vintage Year	Fund Size ($m)	Net IRR	Net TVPI
Trive Capital Fund III	2017	$1,040	31.69%	1.84x
Audax Private Equity Fund VI	2018	$3,500	48.95	1.83x
Angeles Equity Partners I	2017	$360	n/a	1.60x
Wellspring Capital Partners VI	2018	$1,420	18.60%	1.53x
Cortec Group Fund VII	2019	$2,000	27.67%	1.51x
American Industrial Partners	2019	$3,075	24.26%	1.49x
H.I.G. Advantage I	**2017**	**$3,000**	**17.61%**	**1.34x**

Source: H.I.G., Pitchbook and Callan analysis

H.I.G. Co-Investment Track Record, as of 06/30/23

Investment Name	Fund(s)	Acquisition Date	Total H.I.G. Equity (mm)	Fund Equity (mm)	Co-Investment Equity	Co-Investment %	Gross MOIC	Net MOIC	Gross IRR	Net IRR
Realized and Partially Realized Investments										
Lipari Foods	Advantage	Q1'19	$214.6	$175.7	$38.9	18.1%	2.2x	1.7x	22%	19%
TKC	MM II/ LBO IV	Q4'16	$359.0	$163.1	$195.9	54.6%	3.3x	2.2x	93%	69%
Arctic Glacier	MM I /LBO IV	Q3'12	$103.6	$58.6	$45.0	43.4%	2.3x	1.7x	22%	15%
First Capital	MM I	Q2'10	$144.0	$71.0	$73.0	50.7%	0.3x	0.2x	NM	NM
Unrealized Investments										
ProsperOps	Growth III	Q3'23	$55.8	$43.8	$12.0	21.5%	1.0x	1.0x	NM	NM
Celerion	Advantage / Advantage II	Q3'23	$357.6	$301.9	$55.7	15.6%	1.2x	0.7x	29%	NM
Formerra	MM IV	Q2'23	$399.3	$269.7	$129.6	32.4%	1.0x	0.2x	NM	NM
Watchfire Signs	LBO VI	Q1'23	$65.1	$35.1	$30.0	46.1%	1.6x	1.4x	59%	53%
Barton & Associates	MM III	Q3'22	$317.0	$182.1	$134.9	42.6%	1.2x	0.9x	19%	12%
Terra Millennium	MM III / LBO VI	Q2'22	$256.4	$222.4	$34.0	13.3%	1.2x	1.0x	24%	16%
Pixelle	MM III	Q2'22	$322.6	$169.4	$153.3	47.5%	1.1x	0.8x	6%	4%
myKaarma	Growth III	Q1'22	$72.6	$60.1	$12.5	17.2%	1.5x	1.2x	41%	6%
Mobileum	MM III / EU MM I	Q1'22	$259.7	$243.2	$16.6	6.4%	0.7x	0.6x	NM	NM
Time Manufacturing	MM III / LBO VI / EU MM I	Q4'21	$430.7	$359.7	$71.0	16.5%	1.0x	0.8x	NM	NM
3Pillar Global	Advantage	Q4'21	$261.3	$175.2	$86.1	32.9%	1.2x	1.0x	15%	13%
BHC	Advantage	Q4'21	$220.7	$175.2	$45.5	20.6%	1.5x	1.2x	31%	26%
Acqua & Sapone	EU MM I / MM III	Q3'21	$185.5	$175.0	$10.5	5.6%	3.0x	2.9x	95%	135%
American Vision Partners	Advantage / Growth III	Q3'21	$307.8	$262.2	$45.6	14.8%	1.2x	1.0x	12%	10%
Cleo	Advantage / Growth III	Q2'21	$311.4	$179.4	$132.0	42.4%	1.3x	1.1x	16%	14%
CORA Physical Therapy	Advantage	Q2'21	$266.0	$180.0	$86.0	32.3%	1.0x	0.8x	NM	NM
Interpath	EU MM I	Q2'21	$140.7	$110.7	$30.0	21.3%	1.3x	1.2x	11%	16%
Soleo Health	MM III	Q2'21	$80.2	$77.2	$3.0	3.7%	1.7x	1.3x	24%	16%
SMTC Corporation	MM III	Q2'21	$133.3	$130.3	$3.0	2.3%	1.5x	1.2x	27%	18%

Continental Battery Company	MM III / LBO VI	Q1'21	$275.7	$204.8	$70.9	25.7%	1.7x	1.3x	24%	16%
Capstone Logistics	Advantage / LBO VI	Q4'20	$424.0	$210.5	$213.5	50.4%	2.3x	1.8x	43%	36%
St. Croix Hospice	Advantage	Q4'20	$352.1	$200.0	$152.1	43.2%	1.5x	1.2x	17%	15%
Windows USA, LLC	MM III	Q4'20	$76.1	$73.1	$3.0	3.9%	1.8x	1.5x	28%	18%
Supply Source Enterprises	Advantage	Q2'20	$91.6	$88.6	$3.0	3.3%	0.9x	0.7x	NM	NM
USALCO LLC	MM III	Q2'20	$82.6	$79.6	$3.0	3.6%	2.9x	2.3x	49%	32%
Wellpath	Advantage	Q4'18	$270.7	$175.0	$95.6	35.3%	1.4x	1.1x	8%	7%
Vantage Specialty Chemicals	Advantage	Q4'17	$225.5	$143.7	$81.8	36.3%	2.9x	2.3x	21%	18%
Empower AI, Inc.	MM II / LBO V	Q3'17	$149.2	$105.6	$43.7	29.3%	0.1x	0.1x	NM	NM
HCS Group, GmbH	EU LBO II	Q4'16	$83.1	$62.2	$20.9	25.1%	0.0x	NM	NM	NM
Self It Academias Holding S.A.	Brazil & Latin America	Q3'15	$63.6	$27.9	$35.7	56.2%	1.9x	1.2x	12%	7%
Allion	MM I	Q1'10	$90.0	$74.4	$15.6	17.3%	0.4x	0.3x	NM	NM
Total					**$2,182.7**					

Summary of Key Terms

	Fund Terms – per the LPA	ILPA Principles 3.0
Fund Term	• **Investment Period** - 6 years • **Term** - 10 years • **Extensions** – two one-year extensions *Comments: None*	• Extensions should be in 1-year increments and limited to max of 2 extensions • Extensions should be approved by LPAC, and then a majority in interest of LPs
GP Commitment	• **GP Commitment** - 2% • **Fee Waiver Percentage** - NA • **Firm Balance Sheet Commitment -** NA *Comments: Such amounts from the GP Investment Group will be comprised of (a) a direct Commitment to the Fund by the General Partner and/or a special purpose co-investment entity formed by the General Partner and/or (b) a commitment to co-invest the balance of such subscription among all of the investments made by the Fund.*	• GP should have substantial equity interest in the fund through cash rather than fee waivers. • No cherry-picking of individual deals
Management Fee	• **Investment period –** 1.85% on committed capital • **Post Investment Period –** 1.85% on net invested capital • **Post Fund Term –** 1.85% on net invested capital • **Management Fee Offset -** 100% *Comments: 100% of the Fund's share of directors' fees paid by portfolio companies to members or employees of the General Partner or the Management Company, and (ii) 50% of all net fee income received by the General Partner.*	• Management fee should be reasonable based on normal operating costs of the fund. It should cover overhead costs, salaries of employees & advisors, travel and other costs • Mgmt. fees should significantly step down upon the formation of a successor fund or at the end of the investment period • Fees should not be charged post the term
Waterfall	• **Waterfall Type** - American • **Carried Interest** - 20% • **Preferred Return** - 8% **Type** - Compounded • **GP Catch-Up** - 100% *Comments: None*	• European waterfall is best practice • Carry should be calculated on net profits, factoring in fund-level expenses, and on an after tax basis • Preferred return should be calculated based on the date the bridge facility is drawn
GP Clawback	• **GP Clawback** - Yes	• Accrued carried interest should be held in escrow and disclosed annually

	Comments: On final distribution of the Fund's assets	• Clawback amounts should be gross of tax • Joint and several liability of individual GPs is best practice
Key Person	• **Key Persons** – The clause does not name specific managers. See comments. *Comments: two of the Active Members have ceased to devote significant time and attention to the affairs of the Partnership and the H.I.G. Group (the "Requisite Attention"), or (b) (i) one Active Member has ceased to devote Requisite Attention and (ii) at least a majority of the Applicable Managing Directors have ceased to devote the time and attention to the affairs of the Partnership*	• Key persons should be individuals that determine investment outcomes – not just the founders • Key persons should devote substantially all of business time to the fund • Key person event should automatically trigger suspension of investment period and an interim clawback
Governance Rights	• **For Cause Provisions:** 66-2/3% in Interest may dissolve the Partnership, by delivering a written notice to the General Partner to such effect within thirty (30) days after the occurrence of any of a trigger event • **No Fault Provisions:** 80% of interest of Limited Partners may remove the GP at any time *Comments: None*	• For cause suspension or termination of the investment period upon vote of majority in interest of LPs • For cause removal of GP or fund dissolution upon vote of majority in interest of LPs • No fault removal of GP or fund dissolution upon vote of 2/3 in interest of LPs
Investment Restrictions	• **Blind Pool Investments** – not allowed • **Single Company Concentration** – 20% • **Restrictions on Public Securities** – 20% • **Companies Outside North America** – 20% *Comments: None*	• Fund should have appropriate limits on investment concentration • Other types of restrictions not discussed in Guidelines
Bridge Facility & Borrowing	• **Bridge/Subscription Financing** – Not to exceed 25% of aggerate commitments *Comments: Bridge Financing to the extent that it is not repaid to the Partnership within eighteen (18) months after the initial date of such investment, and thereafter any such unreturned investment will be treated as a permanent investment.*	• Bridge facility should be used to ease fund administration, rather than enhance the IRR • Bridge facility should be outstanding no more than 180 days and capped at a certain percentage of commitments
Recycling/ Recallable Capital	• **Recycling Cap** - <= 25% of aggregate distributions • **Time Limit** – During the commitment period	• The amount of capital available for recycling should be capped • Recycling provisions should expire at the end of the investment period

Comments: None

Investment Team Biographies

Senior Investment Professional Biographies

Sami Mnaymneh *Co-CEO and Co-Founder*	*Co-CEO and Co-Founder.* Mr. Mnaymneh is a co-founder of H.I.G. and is a member of the Investment Committee overseeing the Fund. Mr. Mnaymneh has served as a Managing Partner of the Firm since 1993. He has directed H.I.G.'s development since its inception and, alongside Mr. Tamer, is responsible for the day-to-day management of the Firm and approves all capital commitments made by H.I.G. Before founding H.I.G., Mr. Mnaymneh was a Managing Director at The Blackstone Group, a New York-based merchant bank, where he advised Fortune 100 companies. Prior to that time, he was a Vice President in the Mergers & Acquisitions department at Morgan Stanley & Co., where he devoted a significant amount of his time to leveraged buyouts, serving as senior advisor to several large and prominent private equity firms. Mr. Mnaymneh received a B.A. degree summa cum laude from Columbia University. Subsequently, he received an M.B.A. degree and a J.D. degree, with honors, from Harvard Business School and Harvard Law School, respectively.
Tony Tamer *Co-CEO and Co-Founder*	Mr. Tamer is a co-founder of H.I.G. and is a member of the Investment Committee overseeing the Fund. Mr. Tamer has served as a Managing Partner of the Firm since 1993. He has directed H.I.G.'s development since its inception and, alongside Mr. Mnaymneh, is responsible for the day-to-day management of the Firm and approves all capital commitments made by H.I.G. Before founding H.I.G., Mr. Tamer was a Partner at Bain & Company, one of the world's leading management consulting firms. His focus at Bain & Company was on developing business unit strategies, improving clients' competitive positions, implementing productivity improvement and cycle time reduction programs, and leading acquisition and divestiture activities for Fortune 500 clients. Mr. Tamer has extensive operating experience, having held marketing, engineering, and manufacturing positions at Hewlett-Packard and Sprint Corporation. Mr. Tamer holds a B.S. degree from Rutgers University, an M.S. degree in Electrical Engineering from Stanford University, and an M.B.A. degree from Harvard Business School.
Rick Rosen *Co-President*	Mr. Rosen is a Co-President of H.I.G. with over twenty years of private equity and M&A experience. Since joining H.I.G. in 1998, he has been involved in all aspects of the investment process and has held several leadership positions at H.I.G. He is a member of the Fund's Investment Committee. He also sits on the investment committee of H.I.G.'s lower middle market and Advantage funds. Mr. Rosen serves on the boards of numerous H.I.G. portfolio companies. He has led transactions and worked with companies in various industries, focusing on healthcare, business services, and niche manufacturing. Before joining H.I.G., Mr. Rosen worked at General Electric Company and GE Capital. Mr. Rosen received his undergraduate degree with honors from Stanford University and earned his M.B.A. from Harvard Business School.
Brian Schwartz, *Co-President*	Mr. Schwartz is a co-President of H.I.G. and is a member of the Investment Committee overseeing the Fund. Prior to this role, Mr. Schwartz held a number of leadership positions at H.I.G., including Head of the H.I.G. Advantage Fund and co-heading the H.I.G. Middle Market Team. Mr. Schwartz began his career at Dillon, Read & Co. and previously held various

	positions at PepsiCo, Inc. Mr. Schwartz earned his B.S. degree with Honors from the University of Pennsylvania and an M.B.A. from Harvard Business School.
Doug Berman, *Head of U.S. Private Equity*	Mr. Berman joined H.I.G. in 1996 and has served as Head of U.S. Private Equity since 2019 and as an Executive Managing Director since 2007. He also serves as Co-Chair of H.I.G.'s Diversity and Inclusion Committee and is a member of the Investment Committee overseeing the Fund. Prior to joining H.I.G., Mr. Berman was a Consultant at Bain & Company. Mr. Berman holds a B.A. degree with Honors in Economics from the University of Virginia, and an M.B.A. degree from The Wharton School of the University of Pennsylvania.
Rob Wolfson, *Executive Managing Director and Head of H.I.G. Advantage*	Mr. Wolfson is an Executive Managing Director. He is the Head of the H.I.G. Advantage Buyout Fund and the Head of U.S. Healthcare, based in the San Francisco office. Mr. Wolfson joined H.I.G. in 2005. Prior to running the H.I.G. Advantage Fund, he spent 10 years as a Managing Director leading transactions in both the Advantage Fund as well as in H.I.G.'s Lower Middle Market Buyout Fund. Mr. Wolfson brings over twenty years of investment and operating experience across many industries. Prior to H.I.G., he was an executive at IPWireless, a wireless infrastructure provider. Mr. Wolfson began his career as a consultant with LEK Consulting, a leading worldwide strategy consulting firm. Mr. Wolfson earned his undergraduate degree from Northwestern University, Cum Laude, and his M.B.A. from Harvard Business School.
Matthew Hankins, *Managing Director*	Mr. Hankins is a Managing Director of the H.I.G. Advantage Team. He is responsible for all aspects of the investment process including origination, transaction structuring, financing, and execution of post-closing growth strategies. Mr. Hankins has more than ten years of experience investing in middle-market companies and has executed transactions in several industries including business services, infrastructure services, E-commerce services, healthcare services, financial services, and technology. Prior to joining H.I.G., Mr. Hankins worked in middle-market private equity with Sterling Partners. Mr. Hankins began his career in strategy roles with J.P. Morgan and Accenture. He received his undergraduate degree, with honors, from The University of Michigan College of Engineering and his M.B.A., with honors, from The University of Chicago Booth School of Business
Robert Jang, *Managing Director*	Mr. Jang is a Managing Director of the H.I.G. Advantage Team. He is responsible for all aspects of the investment process including transaction sourcing, structuring, financing, and execution of post-closing growth and operational strategies. Mr. Jang has over a decade of private equity investing experience in a variety of industries including chemicals, transportation, business services, consumer services, and industrials. Prior to joining H.I.G. in 2011, Mr. Jang worked in private equity at The Carlyle Group focusing on investments in the healthcare sector. Mr. Jang started his career in the Mergers & Acquisitions group at Merrill Lynch. Mr. Jang received his undergraduate degree in Economics and Political Science with honors from Columbia University and his M.B.A. from Harvard Business School.
Justin Reyna, *Managing Director*	Mr. Reyna is a Managing Director of the H.I.G. Advantage Team. He has over 20 years of middle-market private equity experience and has led investments across a wide range of industries including consumer products and services, retail, healthcare, and business services. Prior to joining H.I.G. in 2010, Mr. Reyna was with Fox Paine and Golden Gate Capital. He

	began his career as a financial analyst in the investment banking division at Donaldson, Lufkin & Jenrette. Mr. Reyna earned a B.A. degree in economics, cum laude, from Princeton University
Matthew Robinson, *Managing Director*	Mr. Robinson is a Managing Director of the H.I.G. Advantage Fund Team and has over a decade of investing and consulting experience. He leads all aspects of the investment process. Mr. Robinson has executed private equity investments in a variety of industries, with a focus on business services, industrials, and healthcare. Prior to joining H.I.G. in 2012, Mr. Robinson worked at Goldman Sachs in their Investment Banking Division. He started his career in management and operations consulting. Mr. Robinson earned a B.S. in Mechanical Engineering from Cornell University and his M.B.A. with honors and distinction from Columbia University
Alok Sanghvi, *Managing Director*	Mr. Sanghvi is a Managing Director of the H.I.G. Advantage Team where he focuses on making investments in the healthcare sector. He has more than 20 years of experience in private equity and M&A. Prior to joining H.I.G., Mr. Sanghvi led corporate development at MultiPlan Inc., a large healthcare company where he was responsible for corporate strategy and M&A activity. Prior to MultiPlan, Mr. Sanghvi spent eight years at Warburg Pincus, where he focused on healthcare investments. He began his career at The Boston Consulting Group. Mr. Sanghvi received his undergraduate degree from Harvard College and his M.B.A. from Harvard Business School.
Rahul Vinnakota, *Managing Director*	Mr. Vinnakota is a Managing Director of the H.I.G. Advantage Team. Mr. Vinnakota has more than ten years of experience investing in and advising middle-market companies and has executed transactions in several industries, including paper/packaging, general industrials, telecom infrastructure, environmental/oilfield services, and business services. Prior to joining H.I.G. in 2012, Mr. Vinnakota worked in middle private equity with Tailwind Capital and First Atlantic Capital. Mr. Vinnakota began his career in middle-market mergers and acquisitions with J.P. Morgan and Brown Brothers Harriman. Mr. Vinnakota received his undergraduate degree, with honors, from Duke University and his M.B.A. from Harvard Business School.

Source: H.I.G Capital Partners

Important Information and Disclosures

Information contained in this document may include confidential, trade secret and/or proprietary information of Callan and the client. It is incumbent upon the user to maintain such information in strict confidence. Neither this document nor any specific information contained herein is to be used other than by the intended recipient for its intended purpose.

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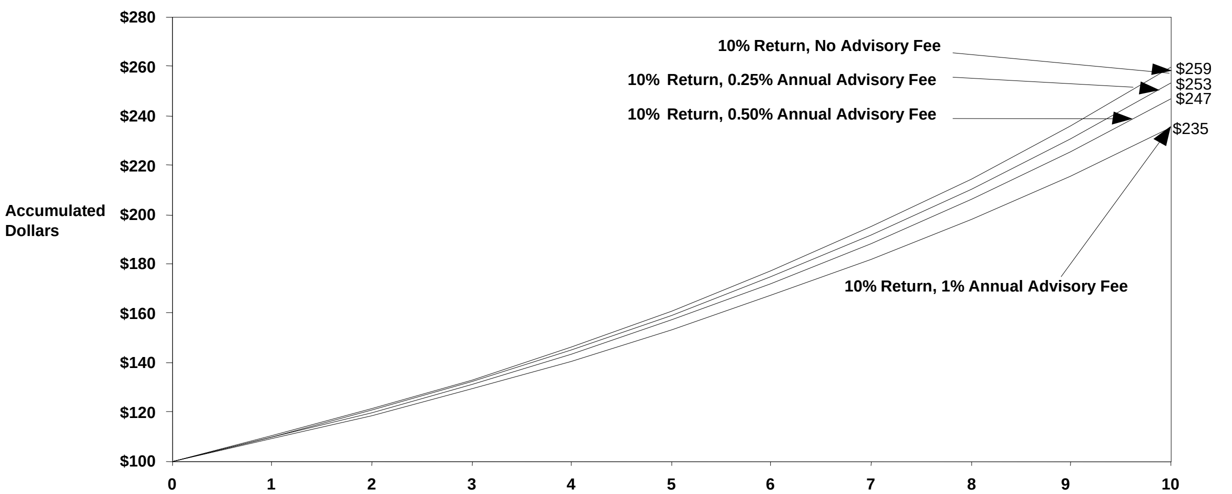
Disclosure

The preceding report has been prepared for the exclusive use of the client. Unless otherwise noted, performance returns contained in this report do not reflect the deduction of investment advisory fees. The returns in this report will be reduced by the advisory fees and any other expenses incurred in the management of an investment account. The investment advisory fees applicable to the advisors listed in this report are described in Part II of each advisor's form ADV.

The following graphical and tabular example illustrates the cumulative effect of investment advisory fees on a $100 investment growing at 10% over ten years. Fees are assumed to be paid monthly.

In addition to asset-based investment advisory fees, some strategies may include performance-based fees ("carry") that may further lower the returns realized by investors. These performance-based fees can be substantial, are most prevalent in "Alternative" strategies like hedge funds and many types of private markets, but can occur elsewhere. The effect of performance-based fees are dependent on investment outcomes and are not included in the example below.

The Cumulative Effect of Advisory Fees



Accumulated Dollars at End of Years

	1	2	3	4	5	6	7	8	9	10
No Fee	110.0	121.0	133.1	146.4	161.1	177.2	194.9	214.4	235.8	259.4
25 Basis Points	109.7	120.4	132.1	145.0	159.1	174.5	191.5	210.1	230.6	253.0
50 Basis Points	109.5	119.8	131.1	143.5	157.1	172.0	188.2	206.0	225.5	246.8
100 Basis Points	108.9	118.6	129.2	140.7	153.3	166.9	181.8	198.0	215.6	234.9

10% Annual Return Compounded Monthly, Annual Fees Paid Monthly.

Disclosure

As indicated below, one or more of the candidates listed in this report may, itself, be a client of Callan as of the date of the most recent quarter end. These clients pay Callan for educational, software, database and/or reporting products and services. Given the complex corporate and organizational ownership structures of investment management firms and/or trust/custody or securities lending firms, the parent and affiliate firm relationships are not listed here.

The client list below may include names of parent companies who allow their affiliates to use some of the services included in their client contract (e.g., educational services including published research and attendance at conferences and workshops). Affiliates will not be listed if they don't separately contract with Callan. Parent company ownership of the firms included in this report and any relationship with Callan can be provided at your request. Because Callan's clients list of investment managers changes periodically, the above information may not reflect recent changes. Clients are welcome to request a complete list of Callan's investment manager clients at any time.

As a matter of policy, Callan follows strict procedures so that investment manager client relationships do not affect the outcome or process by which Callan's searches or evaluations are conducted.

Firm	Is an Investment Manager Client of Callan*	Is Not an Investment Manager Client of Callan*
H.I.G. Capital Partners		X

*Based upon Callan manager clients as of the most recent quarter-end.

Biographies

Rahul Vinnakota

Rahul Vinnakota is a Managing Director on the H.I.G. Advantage team based in New York. He is responsible for all aspects of the investment process, including origination, transaction structuring, financing, and execution of post-closing growth strategies.

Rahul has almost 20 years of experience investing in and advising middle-market companies. Rahul is focused on industrial services, distribution, industrial technology, and light manufacturing sectors.

Prior to joining H.I.G., Rahul worked in middle-market private equity at Tailwind Capital and First Atlantic Capital. Rahul began his career in middle-market mergers and acquisitions with J.P. Morgan and Brown Brothers Harriman.

Rahul received his B.A., with honors, in Economics from Duke University and his M.B.A. from Harvard Business School. He is a member of the Board of Advisors for The Kenan Institute for Ethics at Duke.

Dyice Ellis-Beckham

Dyice Ellis-Beckham serves as a Managing Director of H.I.G.'s Capital Formation Group. Based in New York, Dyice is responsible for capital raising activities in North America across the firm's global real asset (real estate and infrastructure) strategies.

Prior to joining H.I.G., she served as Managing Director for Invesco's institutional sales team, responsible for business development and capital raising for Invesco's alternative strategies. Prior to Invesco, Dyice held similar positions at Satellite Asset Management, Lehman Brothers Asset Management, and Deutsche Asset Management.

Dyice received her B.S.M.S. in marketing from the GMI Engineering & Management Institute (now Kettering University) and an M.B.A. from Harvard Business School, where she was a General Motors Fellow. She currently serves on the board of Louisa Swain Foundation, the National Council of Teacher Retirement Plans, and the National Association of Securities Professionals, which focuses on exposing high school students to Wall Street, providing internship opportunities and assisting with college preparation. Additionally, she is a member of the Women's Steering Committee of the Alternative Investment Forum.

Benjamin Charon

Ben serves as a Managing Director of H.I.G.'s Capital Formation Group. Based in Stamford, CT, Ben is responsible for capital raising and investor relations activities in North America across the firm's global private equity strategies.

Prior to joining H.I.G., Ben served as a Managing Director of Evercore's private funds group, responsible for executing capital raises and advising the firm's GP clients across the private equity, private credit and infrastructure asset classes. Prior to Evercore, Ben held roles in the fixed income division at UBS and began his career in the investment banking division at Credit Suisse.

Ben graduated magna cum laude from Brandeis University with a B.A. in economics and received his MBA from Georgetown University's McDonough School of Business.

H.I.G. CAPITAL

H.I.G. ADVANTAGE BUYOUT FUND II

JANUARY 2024

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  - H.I.G. Advantage Key Terms
  - H.I.G. Professionals Biographies

Executive Summary – H.I.G. Advantage Buyout Fund II

H.I.G. Advantage Investment Strategy

- **H.I.G.'s 13th North American buyout fund** leveraging H.I.G.'s expansive and an industry leading middle market platform to execute control equity investments in North American companies, with a clear and differentiated value proposition
- **Proactive, thematic, and proprietary** sourcing effort benefitting from H.I.G.'s outsized global resources, market leading deal flow[1], and business development function to buy leading middle market businesses in North America
- **Value creation and business building** to make great companies exceptional, leveraging industry knowledge and depth of thematic work and utilizing a deep bench of operational resources and pattern recognition having executed 350+ control equity investments over 30 years[2]
- Target companies with \$25mm-\$150mm of EBITDA in growing industries; 14-16 equity investments, with equity checks ranging from \$150mm to \$600mm[3]

H.I.G. Advantage Buyout Fund I ("Fund I") Highlights

- Demonstrated operating performance
- Fund I has completed 17 attractive platform investments, with 57 add-ons, across six core industry verticals with
- **Successful Fund I exits of** which, including incremental rollover investments, are anticipated to
- Led by a seasoned senior team that has completed **36 H.I.G. North America** transactions and **realized 15 transactions**
- Dedicated team of ~50 professionals with H.I.G. Advantage senior leadership average tenure at H.I.G. of 17 years

H.I.G. Private Equity Platform

- H.I.G. ranked **#1 in deal flow amongst North American private equity peers** by Sutton Place Strategies in 2022[1]
- Seasoned team of **~330 global buyout professionals and ~550 total investment professionals** with deep experience in H.I.G.'s six core industry verticals, as well as 100+ Senior Advisors, a deep bench of existing and former H.I.G. portfolio company executives, and 28 business development partners
- Compelling 30-year track record of owning, operating, and creating value in 350+ control buyouts globally (~260 in North America)[2]

Attractive Returns

As of September 30, 2023, unless noted otherwise. Past performance is not indicative of future results. Please see pages 11, 25, 26, and Endnotes for important information. There can be no assurance that near term exits will materialize.

** Includes all H.I.G. Advantage I portfolio companies held greater than one year as of September 30, 2023.*

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A leading global alternative asset firm focused on the middle market segment

30 YEAR TRACK RECORD

- Consistently strong returns over multiple cycles
- Differentiated value-added strategy
- 350+ control transactions[2]
- **230+ Realized:**
-
- 46 exits since 2021 with an average

~$60bn[13] AUM FOUNDED IN 1993

- Diverse and synergistic platform
- Deep experience in:
  - Leveraged Buyouts / Growth Equity
  - Infrastructure
  - Real Estate
  - Special Situations / Distressed credit
  - Direct Lending

MIDDLE MARKET FOCUS

- One of the largest and most active investors in the Middle Market
- 3,300+ equity and credit transactions, globally
- Broad investment capabilities across industry sectors, capital structures, and investment styles
- Attribute returns to having operational resources and pattern recognition to build great companies

INSTITUTIONALIZED MANAGEMENT STRUCTURE

Strong financial staff and controls, legal and compliance, IT support, and risk management

19 Offices in North America, Europe and Latin America

~1,020 Employees
~550 Investment Professionals

As of September 30, 2023, unless noted otherwise. Past performance is not indicative of future results. Please see page 11 and Endnotes for important information. H.I.G. Capital firm level and headcount information are the most recent available.

H.I.G. Capital – Power of the Platform

H.I.G.'s platform provides significant resources leading to differentiated deal flow, efficient execution, and strong results

350+ Control Transactions Executed[2]

~330 Global Private Equity Professionals

~230 North America Middle Market Professionals

20,000 Middle Market Deal Flow Contacts

H.I.G. ADVANTAGE

100+ Senior Advisors / Existing and Former H.I.G. Portfolio Company Executives

28-person Business Development Team

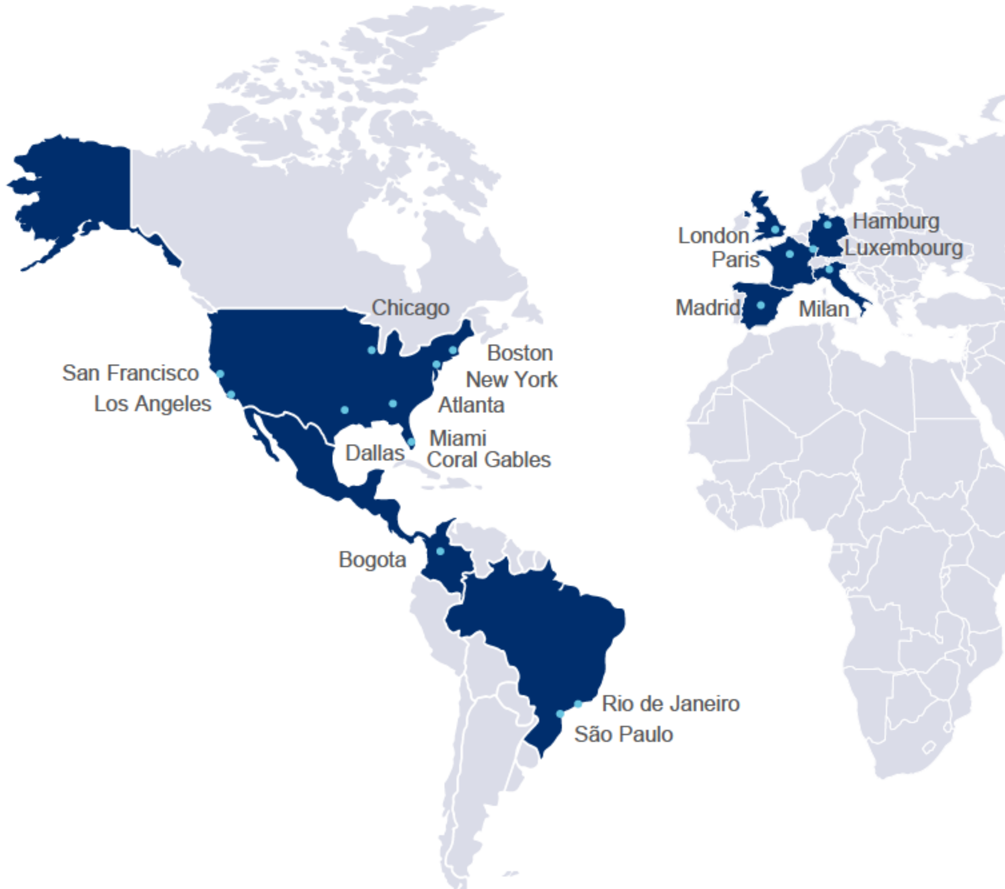
Specialized Operating Partners

Significant Back Office

- HR
- Finance
- Marketing
- IT
- Legal / Compliance

H.I.G. Capital firm level and headcount information are the most recent available.

Power of H.I.G.'s Platform: Global Scale, Local Presence



~550 Seasoned Investment Professionals	**~360 North America** **~150 Europe** **~40 Latin America**

Power of the Platform

- 19 local offices
- Extensive deal sourcing capabilities
- Dedicated business development team
- Significant experience and track record across industry verticals
- Demonstrated operating and strategic expertise driving value creation across the portfolio

Currently own ~130 companies with combined sales of

H.I.G. Capital firm level and headcount information are the most recent available.

Robust H.I.G. Private Equity Funds[9] Activity – TEV Globally Since 2021

H.I.G. ADVANTAGE

H.I.G. maintained discipline in high valuation environment, executing an average

Average Entry Multiple Across 32 Investments*	**$8.5bn** Total Equity Deployed	**$6.4bn** Distributions to Limited Partners	Average Across 46 Exits[6,7]	

Core Tenets to Delivering Superior Results

Sourcing

- H.I.G. ranked #1 in deal flow amongst North American private equity peers by Sutton Place Strategies in 2022[1]
- Disciplined acquisition multiples
- High "share of mind" with mid-cap deal flow sources
- 28 business development professionals
- Generate deal flow from unconventional sources
- Thematic approach and industry expertise leads to inclusion in narrow and sometimes proprietary transactions
- Network of industry contacts complemented by deep sector expertise
- Cross-platform relationships and knowledge sharing

Value Creation

- 58 exits with
- Hands-on operational approach
- 100+ senior advisors and operating partners
- Significant value creation as evidenced by revenue and EBITDA growth execution
- Strong operational optimization
- Mitigation of complexity
- Multiple expansion at exit
- Sector expertise

As of September 30, 2023, unless otherwise noted. Past performance is not indicative of future results. Please see pages 10 and 11 as well as the relevant Endnotes for important information. H.I.G. Capital firm level and headcount information are the most recent available.

H.I.G. Private Equity Funds[9] - Continued Strong Private Equity Exits

Since 2021, H.I.G. executed 46 realizations globally generating

-

H.I.G. Private Equity Funds[9] – Track Record

Realized and Partially Realized Investments[8]

		Vintage[15]
North America Funds	H.I.G. Advantage Buyout I	2017
	H.I.G. Capital Partners I	1994
	H.I.G. Capital Partners II	1998
	H.I.G. Capital Partners III	2002
	H.I.G. Capital Partners IV	2007
	H.I.G. Capital Partners V	2014
	H.I.G. Capital Partners VI	2020
	H.I.G. Middle Market Fund I[16]	2008
	H.I.G. Middle Market Fund II	2015
	H.I.G. Growth Buyouts & Equity II	2011
	H.I.G. Growth Buyouts & Equity III	2019
Europe Funds	H.I.G. Europe Capital Partners I	2007
	H.I.G. Europe Capital Partners II	2014
LatAm Fund	H.I.G. Brazil & LatAm I	2015

Total Investments

North America Funds	H.I.G. Advantage Buyout I	2017
	H.I.G. Capital Partners I	1994
	H.I.G. Capital Partners II	1998
	H.I.G. Capital Partners III	2002
	H.I.G. Capital Partners IV	2007
	H.I.G. Capital Partners V	2014
	H.I.G. Capital Partners VI	2020
	H.I.G. Middle Market Fund I[16]	2008
	H.I.G. Middle Market Fund II	2015
	H.I.G. Middle Market Fund III	2019
	H.I.G. Middle Market Fund IV	2022
	H.I.G. Growth Buyouts & Equity II	2011
	H.I.G. Growth Buyouts & Equity III	2018
Europe Funds	H.I.G. Europe Capital Partners I	2007
	H.I.G. Europe Capital Partners II	2014
	H.I.G. Europe Capital Partners III	2021
	H.I.G. Europe Middle Market I	2021
LatAm Fund	H.I.G. Brazil & LatAm I	2015

H.I.G. Private Equity Funds[9] – Investments with

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Strategy

- H.I.G.'s 13th North America buyout fund focuses on control equity investments in high-quality, industry leading companies which have discernible value proposition
- Businesses with $25mm to $150mm of EBITDA[3]
- Targeting 14 – 16 equity investments, with equity checks ranging from $150mm to $600mm[3]

Value Creation and Deep Industry Knowledge

- Superior operating performance with _across 15 investments[4]
- Utilize H.I.G.'s strategic and operational expertise to create value through growth, performance improvement and synergistic add-on acquisition
- Led by a seasoned senior team that has completed **36 H.I.G. North America transactions and realized 15 transactions**
- H.I.G. private equity investments where current H.I.G. Advantage Managing Directors served on the portfolio company's board of directors have an
- 280+ additional global buyout professionals across H.I.G.'s platform
- 100+ Senior Advisors and deep bench of existing and former H.I.G. portfolio company executives; access to network of industry experts to expand executive leadership and board oversight

Unparalleled Sourcing

- H.I.G. ranked **#1 in deal flow amongst North American private equity peers** by Sutton Place Strategies in 2022[1]
- Leverage the H.I.G. platform to enhance deal flow and value creation
- 28 dedicated business development professionals
- Opportunity to leverage industry knowledge and depth of thematic work to source proprietary deals

As of September 30, 2023, unless otherwise noted. Past performance is not indicative of future results. Please see page 25 and relevant Endnotes for important information.

H.I.G. Advantage Buyout Fund II – Compelling Market Opportunity

H.I.G. believes an uncertain market environment favors operationally intensive, all-weather strategies: benefitting H.I.G. Advantage by allowing us to acquire exceptional businesses at attractive valuations with critical downside protection

High quality, differentiated middle market businesses provide both downside protection and growth potential

H.I.G. Advantage targets great businesses that can weather a recession and have the potential to be made exceptional

Industry knowledge and focus critical for value creation

Deep industry knowledge and thematic focus allow H.I.G. Advantage to identify and source the most resilient businesses with long-term growth potential

Lenders are shying away from larger, more complex opportunities

H.I.G.'s focus on differentiated middle-market businesses plus long-term lender relationships deliver optimal debt levels at more beneficial terms than peers

Furthermore, middle market businesses continue EBITDA growth despite softening economic environments

H.I.G. value-add initiatives for organic growth via market share gains, operational initiatives and strategic M&A execution

As a result, private equity deal flow for high quality, middle market businesses remains robust

Ample sourcing and exit opportunities at attractive valuations for H.I.G. Advantage target businesses

Public market volatility continues to favor non-IPO exit strategies

Flexible H.I.G. exit strategies benefit from an ample number of private equity and strategic buyers

Note: The statements above reflect H.I.G.'s views and opinions as of the date hereof and not as of any future date. All expressions of opinion are subject to change without notice and are not intended to be a forecast of future events or results. There is no assurance that the trends highlighted above will occur in the future or that the projections will be met.

H.I.G. Advantage Buyout Fund I – Activity Highlights

- **Demonstrated operating performance:**
  - H.I.G. believes portfolio companies are resilient and well positioned to navigate the challenging macro environment:
  - Continue to work collaboratively with portfolio companies to support growth and success by enhancing best practices, supporting M&A efforts, deploying H.I.G. Operating Partners, and facilitating geographic expansions
- **57 add-on acquisitions completed across 12 of 17 portfolio companies**
- **Successful Fund I exits of** which, including incremental rollover investments, are anticipated to
- Several attractive near term exits on track for
  -
  -
  - Additional

H.I.G. Advantage senior leadership tenure at H.I.G. is 18 years
Well positioned for upcoming realizations and continued growth in 2024 and beyond

As September 30, 2023, unless noted otherwise. Past performance is not indicative of future results. Please see pages 11, 25, 26, and relevant Endnotes for important information. There can be no assurance that near term exits will materialize.

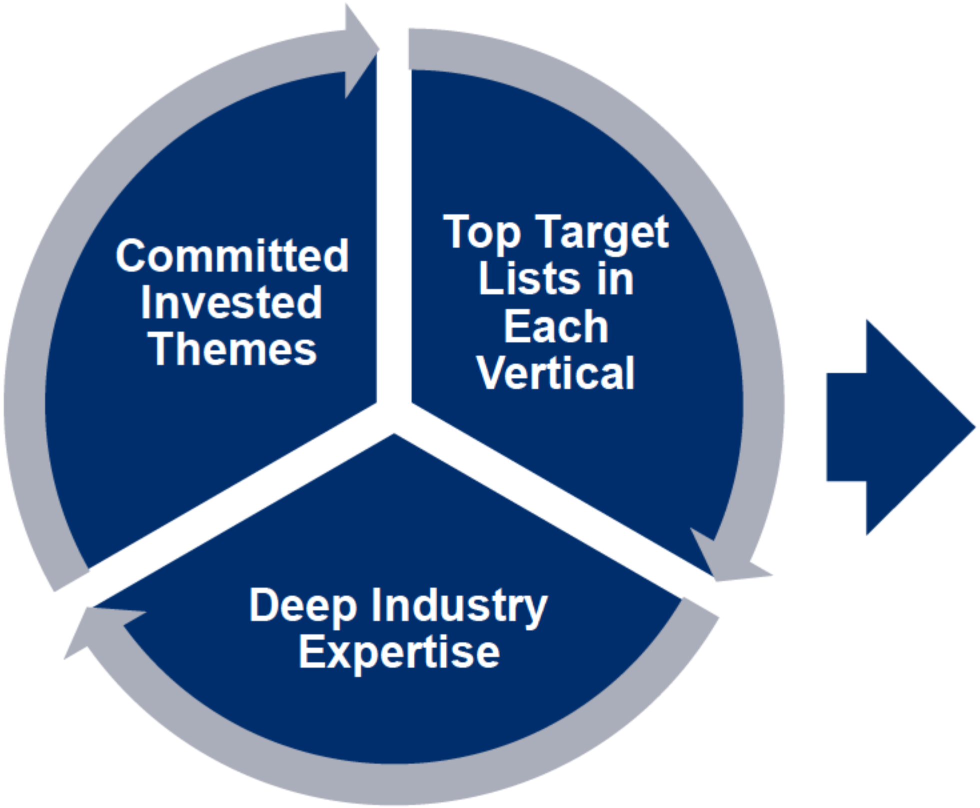
H.I.G. Advantage Buyout II Portfolio

Visibility into H.I.G. Advantage II Portfolio with three transactions closed, representing ~ of H.I.G. Advantage II fund equity deployed

H.I.G. Advantage Buyout Portfolio: Recent Updates

Strong momentum in H.I.G. Advantage portfolio across recent quarters, including one successful exit and three closed transactions

Proactive & Thematic Approach to Buying Middle Market Businesses in North America



Typical Advantage Deal Characteristics

- Leading companies with differentiated market positions
- Strong existing management team
- Vertically focused, proactively leveraging our thematic efforts, H.I.G. resources, and proactive company focus
- Owner and/or management looking for an active partner
- Opportunity to strategically reposition the business
- Opportunity to significantly scale the business through acquisitions
- Capital efficient models with low capex profile

Typical Characteristics Avoided

- Exposed to exogenous market risks (i.e. regulatory uncertainty, geopolitical impacts, multiple compression, frothy lending markets)
- Highly complex industries or business dynamics
- Significant operational challenges / turnarounds
- Highly cyclical business models
- Commodity driven business
- Business with difficult-to-quantify risk/liabilities

Targeting good businesses that we can make exceptional through our differentiated resources

H.I.G. Advantage Buyout Fund I – Performance Summary

Summary Statistics:

Total Equity Deployed (including co-invest)	
Fund I Deployed (excluding reserves / fees)	
Average Entry EBITDA	
Average Equity Check	
# of Platform Investments:	**17**
# of Add-On Investments:	**57**

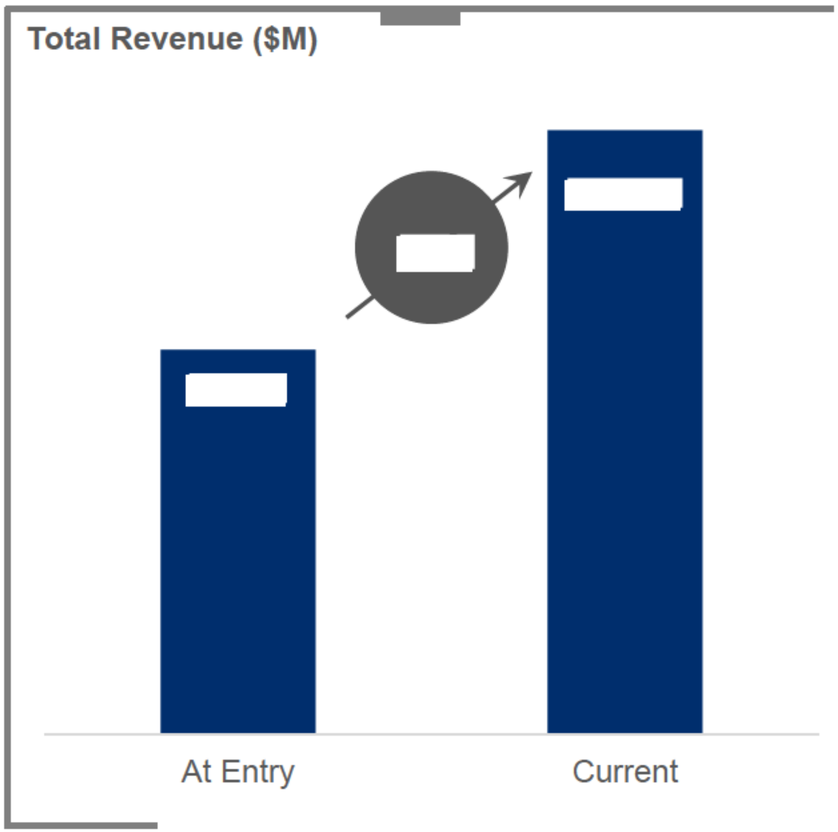
Industry Diversification

As of September 30, 2023, unless otherwise noted. Past performance is not indicative of future results. Please see page 24 and relevant Endnotes for important information.

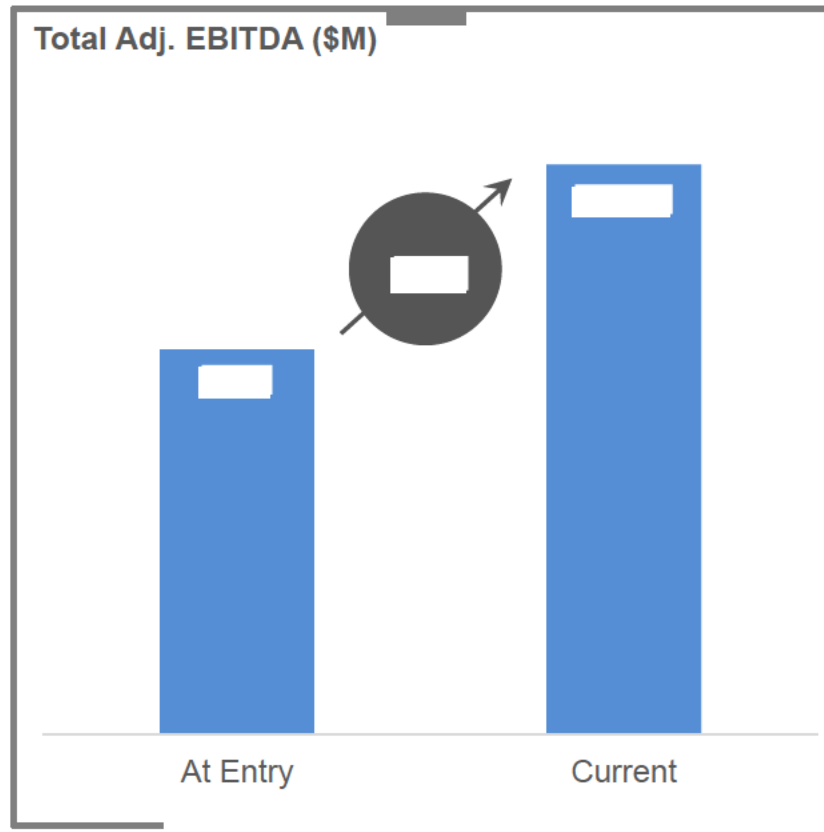
H.I.G. Advantage Buyout Fund I – Significant Value Creation[4]

- H.I.G.'s operationally focused value creation playbook drives revenue and EBITDA growth
- Increased through growth strategies, performance improvements and synergistic add-ons

REVENUE GROWTH



EBITDA GROWTH



H.I.G. Advantage – Value Creation Execution[17]

Multiple Value Creation Levers Across Portfolio Companies[4]

Portfolio Company	Sales Force Effectiveness	Corporate Development / M&A	Operational Excellence & Cost Take Out	FP&A and Data / Analytics	Other (IDM, CTO / CIO, Cyber Security, etc.)	Recruiting	Revenue Growth	EBITDA Growth	# of Add-Ons
Total / Average									

As of September 30, 2023, unless otherwise noted. Past performance is not indicative of future results. Please see relevant Endnotes for important information.

H.I.G. Advantage Buyout Fund I has invested $ of equity in unique market leading companies, maintaining a highly disciplined investment approach

As of September 30, 2023, unless otherwise noted. Past performance is not indicative of future results. Please see relevant Endnotes for important information.

H.I.G. Advantage Buyout Fund I – Investment Performance[12]

As of September 30, 2023, unless otherwise noted. Past performance is not indicative of future results. Please see relevant Endnotes for important information.

H.I.G. Advantage Managing Directors – Investment Performance

As of September 30, 2023, unless the deal closed after September 30, 2023, in which case they are marked at cost. Past performance is not indicative of future results. Please see page 11 and relevant Endnotes for important information.

Benefits of the Power of the Platform: Industry Leading Deal Flow

Sutton Place Strategies ranked H.I.G. #1 in deal flow amongst North American private equity peers in 2022[1]

- Proactive and thematic sourcing efforts have resulted in high quality deal flow and have enabled H.I.G. Advantage to get into 68 narrow or proprietary processes in 2022 alone
- **Closed 17 platform investments and 57 add-on acquisitions**, with greater add-on opportunities resulting from 28 business development partners
- Leverage H.I.G.'s cross fund industry collaboration, network of 100+ Senior Advisors, highly relevant banking relationships, and former and existing portfolio company executives spanning ~245 U.S. Buyout Fund transactions[18]

Typical Underwriting Process: 2 – 6 months	2017 – 2023 Total # of Deals	% of Qualified Leads
Qualified Leads	***2,436***	*100.0%*
Fireside / Management Introduction	***449***	*18.4%*
IOI Submitted / Management Meeting	***376***	*15.4%*
LOI / Exclusivity Granted	***75***	*3.0%*
Deals Closed	***17***	*0.7%*

H.I.G. Advantage –

Target	Sector	Geo	Company Description	Summary Thesis
1	Business Services			
2	Business Services			
3	Business Services			
5	Chemicals			
6	Consumer			
7	Healthcare			
8	Healthcare			
9	Industrials			
10	Industrials			
11	TMT			

H.I.G. Advantage – Investment Themes by Vertical

Scaled team and vertical alignment enable H.I.G. Advantage to leverage deep industry knowledge and not be resource-constrained

Investment Themes by Vertical

Business Services
- Legal Services
- Workforce Development / Training
- Ecommerce Supply Chain
- Labor Supply Shortages
- Produce Distribution

Chemicals
- Food Ingredients
- Cosmetic Chemicals
- Engineered Materials
- Agrochemical / Feed Additives
- Specialty Polymers
- Electronic Chemicals

Consumer / Retail
- Auto Services
- Home Services
  - Pest Control
  - Home warranty
  - Roofing
  - Tree Care
- Retail Franchisors
- Grocery Perimeter

Healthcare
- Behavioral Health
- Pharma Services
- Physician Practice Management
- Revenue Cycle Management
- Value-Based Care

Industrials
- Industrial Distribution
  - Engineered Products Distribution
  - Wastewater Equipment Solutions
- Essential Services
  - Elevator Services
  - HVAC
  - Environmental Services

Tech, Media and Telecom
- Managed Service Providers
- Digital Transformation
- Marketing Technology
- Vulnerability Management & Content Security
- Human Capital Mgmt. Software

Growth Driven by Operational Resources and Pattern recognition

H.I.G. ADVANTAGE

H.I.G.'s broad and differentiated operating resources drive significant value creation by enhancing key portfolio company functions

H.I.G. CAPITAL

Corporate Development / M&A
- Generate robust add-on M&A pipelines
- 28 dedicated in-house sourcing professionals
- Maintain a proprietary database of thousands of lower middle market intermediaries

Sales Force Effectiveness
- Dedicated sales leadership and channel management expertise
- Refine go-to-market channels and pricing decisions
- Sales Force best practices including team orientation and compensation

Data & Analytics
- CFO, operational, and tech resources to identify and refine systems, analytics focus, and ownership
- Operational and financial analytics to drive continuous improvement with management

Finance
- Multiple operating partners with interim CFO capabilities
- Ability to immediately upgrade portfolio company finance departments
  - FP&A
  - Budgeting
  - Corporate controls
  - KPI tracking
  - Daily, weekly, and monthly reporting

Digital Marketing
- Dedicated operating partners focused on developing and implementing digital marketing strategies
- Digital brand management
- Digital search management and best practices for B2C and fragmented B2B businesses

Recruiting
- Dedicated Portfolio Executive Recruitment Team
- Team maintains talent pool for all executive functions
- Manages recruiting firms and general talent management

Technology
- 47 global H.I.G. IT professionals
- Access and coordination with >100 CTOs across H.I.G. portfolio companies
- Security audits and best practices
- System decisions and migrations

Operational Excellence
- H.I.G. operating partners possess Lean and Six Sigma certifications
- Application of principles across portfolio creates significant value by eliminating waste and improving processes even in human capital, service businesses

Operational and deal executives at H.I.G. benefiting from pattern recognition built across 350+ global control Private Equity investments[2]

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- H.I.G. Advantage Case Studies
- Appendix
  - H.I.G. Advantage Key Terms
  - H.I.G. Professionals Biographies

H.I.G. Advantage – Current Team

- The Fund is led by long-tenured and experienced Investment Committee
- H.I.G. Advantage Managing Directors have completed <u>**36 H.I.G. buyouts and realized 15 transactions**</u>

Investment Committee

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Investment Team

Business Services	Chemicals & Natural Resources	Consumer / Retail	Healthcare	Industrials	Tech, Media, & Telecom
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
		[redacted]	[redacted]		[redacted]
			[redacted]		[redacted]

14 VICE PRESIDENTS

17 ASSOCIATES

Corporate Team

JORDAN PEER GRIFFIN	CHAD BURESH	JAY MAHER	RICHARD SIEGEL
EMD, Global Head of Capital Formation	Chief Financial Officer	Chief Operating Officer	General Counsel & CCO

Operational Support

- 28-PERSON BUSINESS DEVELOPMENT TEAM
- OPERATING PARTNERS
- DEDICATED CAPITAL MARKETS TEAM

H.I.G. Advantage – Senior Investment Professionals

- **Dedicated H.I.G. Advantage team of highly experienced and successful senior H.I.G. investment professionals with an average tenure at H.I.G. of 17 years**
  - Supported by large team of ~330 global buyout professionals that have successfully evaluated and executed over multiple cycles

Name / Title	Location	Years at H.I.G.	Prior Professional Experience	Education
Sami Mnaymneh H.I.G. Founder, Co-Executive Chairman, CEO	Miami / London	30	The Blackstone Group Morgan Stanley & Co.	M.B.A. Harvard Business School J.D. Harvard Law School B.A. Columbia University
Tony Tamer H.I.G. Founder, Co-Executive Chairman	Miami / New York	30	Bain & Company Hewlett-Packard Sprint	M.B.A. Harvard Business School M.S. Stanford University B.S. Rutgers University
Rick Rosen Co-President	Miami	25	Bain & Company General Electric	M.B.A. Harvard Business School B.A. Stanford University
Brian Schwartz Co-President	Miami	29	PepsiCo., Inc. Dillon, Read & Co.	M.B.A. Harvard Business School B.S. University of Pennsylvania
Doug Berman Head of U.S. Private Equity	Miami	28	Bain & Company	M.B.A. The Wharton School B.A. University of Virginia
Rob Wolfson Executive Managing Director Head of H.I.G. Advantage	San Francisco	18	IPWireless LEK Consulting	M.B.A. Harvard Business School B.S. Northwestern University
Matt Hankins Managing Director	San Francisco	6	Sterling Partners JPMorgan Chase	M.B.A. University of Chicago B.S.E. University of Michigan
Robert Jang Managing Director	New York	12	The Carlyle Group Merrill Lynch	M.B.A. Harvard Business School B.A. Columbia University
Michael Kuritzky Managing Director	San Francisco	11	McKinsey and Company	M.B.A The Wharton School B.S. Duke University
Geoff Lieberthal Managing Director	San Francisco	<1	Two Sigma Impact Lee Equity	M.B.A. Stanford University B.A. Dartmouth College
Justin Reyna Managing Director	San Francisco	13	Paine & Partners Golden Gate Capital	B.A. Princeton University
Matthew Robinson Managing Director	New York	11	Goldman Sachs The Lucas Group	M.B.A. Columbia Business School B.S. Cornell University
Rahul Vinnakota Managing Director	New York	11	Tailwind Capital First Atlantic Capital	M.B.A. Harvard Business School A.B. Duke University

H.I.G. Advantage Managing Directors – Investment Experience

H.I.G. Advantage Managing Directors have led 36 H.I.G. Private Equity transactions and realized 15 transactions

Professional	Industry Coverage	H.I.G. Advantage Investments	Other H.I.G. Private Equity Fund Investments

H.I.G. U.S. Private Equity Team – Broad Sector Coverage and Expertise

H.I.G. ADVANTAGE

Business Services
13 Senior Investment Professionals

Chemicals & Natural Resources
5 Senior Investment Professionals

Consumer / Retail
7 Senior Investment Professionals

Healthcare
15 Senior Investment Professionals

Industrials
9 Senior Investment Professionals

Tech, Media and Telecom
11 Senior Investment Professionals

Denotes H.I.G. Advantage

Benefits of the Power of the Platform: Broad & Deep Industry Expertise
Healthcare Vertical Example

H.I.G. ADVANTAGE

- **H.I.G.'s scale helps to drive significant advantages in deal flow, industry knowledge, and value creation across core verticals (Business Services, Consumer, Chemicals & Natural Resources, Healthcare, Industrials, and TMT)**
- **Our expertise in the Healthcare industry is an example of the Firm's ability to leverage its broad, multi-fund platform**

H.I.G. CAPITAL

Healthcare Team

- **BioHealth**
- **Advantage**
- **Middle Market**
- **Lower Middle Market**
- **Growth**
- **Credit**
- **Euro / LatAm**

- **Dedicated / Broad Resources**
  - 25 Healthcare-focused Managing Directors and Principals
    - Average tenure of 10+ years at H.I.G. with over 90+ years of combined Healthcare investing experience
- **Extensive Industry Knowledge**
  - Senior H.I.G. professionals have invested in 90+ global healthcare transactions over the past 30 years in 10+ sub-sectors
- **Exceptional Deal Flow and Coordination**
  - Advanced CRM system to discuss opportunities on a daily basis
  - Monthly coordinated all hands meeting
  - Well-established industry presence
    - Semi-annual all hands summit
    - Annual CEO summit
    - 1,500+ banker meetings per year
    - Attend 30+ healthcare conferences per year
  - Coordinated use of Senior Advisors, bank coverage and banker coverage with dedicated leads for all

H.I.G. Capital firm level and headcount information are the most recent available.

Benefits of the H.I.G. Platform – Experienced Operating Partner Resources

- **H.I.G. Advantage leverages operating partners to execute on key value-add initiatives and build great businesses**
  - Operating partners have an average years of experience of 21 years across a wide variety of industries

Current Title / Position	Years of Experience	Prior Professional Experience	Education
Director, Portfolio Recruitment	17		
Operating Partner	26		
Director, Portfolio Optimization	37		
Director, Digital Strategies	8		
Director of Construction	24		
Senior Executive Director & Operating Partner	33		
Senior Executive Director, Digital Strategies	17		
Vice President, Portfolio Optimization (IT/ERP)	23		
Business Intelligence Analyst	4		
Portfolio Company, Cybersecurity	24		
Operating Vice President	20		
Vice President, Portfolio Optimization	39		
Director of Digital and Data Services	28		
Vice President, Portfolio Optimization (IT/ERP)	22		
Operating Partner	26		
Business Intelligence/Business Development	3		
Vice President, Portfolio Optimization	9		
Director of Data Services	15		

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H.I.G. Advantage II – First Investment[17]

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As of September 30, 2023, unless otherwise noted. Past performance is not indicative of future results. Please see relevant Endnotes for important information.

H.I.G. Advantage II – Second Investment[17]

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As of September 30, 2023, unless otherwise noted. Past performance is not indicative of future results. Please see relevant Endnotes for important information.

H.I.G. Advantage II – Third Investment[17]

As of September 30, 2023, unless otherwise noted. Past performance is not indicative of future results. Please see relevant Endnotes for important information.

H.I.G. Advantage – Value Creation Execution[17]

As of September 30, 2023, unless otherwise noted. Past performance is not indicative of future results. Please see relevant Endnotes for important information.

H.I.G. Advantage – Value Creation Execution[17]

As of September 30, 2023, unless otherwise noted. Past performance is not indicative of future results. Please see relevant Endnotes for important information.

H.I.G. Advantage – Value Creation Execution[17]

H.I.G. Advantage – Value Creation Execution[17]

As of September 30, 2023, unless otherwise noted. Past performance is not indicative of future results. Please see relevant Endnotes for important information.

H.I.G. ESG Commitment and Principles

- **H.I.G. incorporates ESG principles throughout the investment process and into portfolio management and value creation**
- **Detailed ESG assessment included in key LP and portfolio company materials: investment committee memos, board presentations, H.I.G. quarterly portfolio reviews, H.I.G. investor letters and portfolio company summaries**

Seek to maximize risk-adjusted returns for its investors and other stakeholders by investing responsibly

Focus on companies with strong ESG practices as they are typically better managed, have fewer business risks, and ultimately deliver better long-term value to investors

Identify and manage ESG issues in the firm's processes for acquiring new businesses, and during H.I.G's ownership period

Apply rigorous governance standards to the operation of the firm and its portfolio and establish specific management structures to facilitate transparency and accountability

ESG Principles

INVESTMENT PROCESS

- Evaluate ESG factors as part of the due diligence review and Investment Committee presentations of all proposed investments
- Avoid investments in companies with adverse environmental, public health or safety concerns
- Set up governance structures that provide appropriate levels of oversight of audit, risk management, human capital, and safety

PORTFOLIO GOVERNANCE

- Direct the board and management of portfolio companies to prioritize material ESG factors, with the goal of improving performance
- H.I.G. investment professionals who are members of portfolio company boards of directors are empowered to promote robust ESG practices
- Executive-level H.I.G. ESG committee

ESG INITIATIVES & EDUCATION

- Signatory to the United Nations Principles for Responsible Investment (UN PRI) and committed, where consistent with our responsibilities to our clients, to incorporate ESG considerations into investment analysis and decision-making processes
- Partner with leading third-party advisors on topics ranging from diligence to data reporting, training and climate practices

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Summary of Key Terms

H. I. G. ADVANTAGE

Key Terms	
Fund:	H.I.G. Advantage Buyout Fund II
Commitment Period:	Six years
Term:	Ten years, may be extended for a maximum of two consecutive one-year periods at the GP's discretion
[redacted]	
[redacted]	
[redacted]	
[redacted]	
Auditor:	Deloitte LLP
Legal Counsel:	McDermott Will & Emery LLP
[redacted]	

H.I.G. Advantage Buoyout Strategy – Recap

H.I.G. ADVANTAGE

H.I.G.'s 13th North America Buyout Fund

Target Geographies
North America

Demonstrated Operating Performance

Strong Track Record
Across Investment Cycles/Market Conditions

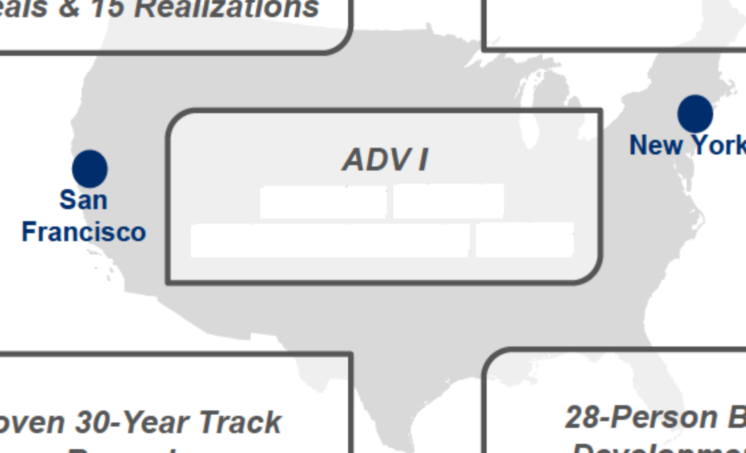
Experienced Team Across 6 Core Verticals
with Deep-Rooted H.I.G. Value Creation DNA

Investment Strategy

- Control equity investments in **high-quality, market leading** North American companies, with clear and **differentiated value propositions**
- Utilize **operational and strategic expertise** to drive performance and growth
- **Leverage the H.I.G. platform** to enhance deal flow and value creation

Experienced Team of ~50 Investment Professionals: 36 Deals & 15 Realizations

~550 H.I.G. Investment Professionals Globally



Proven 30-Year Track Record

28-Person Business Development Team

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H.I.G. Capital firm level and headcount information are the most recent available.

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H.I.G. Advantage – Investment Committee

Sami Mnaymneh CEO, Co-Founder, Co-Executive Chairman	Mr. Mnaymneh is a Co-Founder, Co-Executive Chairman, and the CEO of H.I.G. Capital. He has directed the firm's development since its founding in 1993 and approves all capital commitments made by H.I.G. Prior to founding H.I.G., Mr. Mnaymneh was a Managing Director with The Blackstone Group in New York. Prior to that, he was in the mergers and acquisitions department at Morgan Stanley. Mr. Mnaymneh has at various times served on a number of academic boards, including the Board of Columbia College and the Dean's Council of the Harvard Law School. Mr. Mnaymneh earned a B.A., Summa Cum Laude, from Columbia University where he graduated first in his class, and subsequently received a J.D. and an M.B.A., with honors, from Harvard Law School and Harvard Business School, respectively.
Tony Tamer Co-Founder, Co-Executive Chairman	Mr. Tamer is a Co-Founder and Co-Executive Chairman of H.I.G. Capital. He has directed H.I.G.'s development since its founding in 1993 and approves all capital commitments made by H.I.G. Prior to H.I.G., Mr. Tamer was partner at Bain & Company. Mr. Tamer has extensive experience working with and coaching early stage and middle-market companies. He currently also serves on the Dean's Council of the Harvard University Kennedy School of Government. Mr. Tamer holds a B.S. from Rutgers University, an M.B.A. degree from Harvard Business School, and an M.S. in Electrical Engineering from Stanford University.
Rick Rosen Co-President	Mr. Rosen is a co-President of H.I.G. and is a member of the Investment Committee overseeing the Fund. Since joining H.I.G. in 1998, he has been involved in all aspects of the investment process, and has held several leadership positions at H.I.G. Mr. Rosen sits on the investment committees of H.I.G.'s Middle Market and Lower Middle Market funds. Prior to joining H.I.G., Mr. Rosen worked at General Electric Company and GE Capital. Mr. Rosen received his undergraduate degree with honors from Stanford University and earned his M.B.A. from Harvard Business School.
Brian Schwartz Co-President	Mr. Schwartz is a co-President of H.I.G. and is a member of the Investment Committee overseeing the Fund. Prior to this role, Mr. Schwartz held a number of leadership positions at H.I.G., including Head of the H.I.G. Advantage Fund and co-heading the H.I.G. Middle Market Team. Mr. Schwartz began his career at Dillon, Read & Co. and previously held various positions at PepsiCo, Inc. Mr. Schwartz sits on the boards of several of H.I.G.'s portfolio companies. Mr. Schwartz earned his B.S. degree with Honors from the University of Pennsylvania and an M.B.A. from Harvard Business School.
Doug Berman Executive Managing Director, Head of U.S. Private Equity	Mr. Berman is the Head of H.I.G.'s U.S. Private Equity business and is a member of the Investment Committee overseeing the Fund. Mr. Berman joined H.I.G. in 1996 and has served as Head of U.S. Private Equity since 2019 and as an Executive Managing Director since 2007. He also serves as Co-Chair of H.I.G.'s Diversity and Inclusion Committee. Prior to joining H.I.G., Mr. Berman was a Consultant at Bain & Company where he managed a variety of projects for Fortune 1000 clients, developing expertise in manufacturing, telecommunications, and financial services. Mr. Berman holds a BA degree with Honors in Economics from the University of Virginia, and an M.B.A. degree from The Wharton School of the University of Pennsylvania
Rob Wolfson Executive Managing Director, Head of H.I.G. Advantage	Mr. Wolfson is an Executive Managing Director and is the Head of the H.I.G. Advantage Buyout Fund and Head of U.S. Healthcare, based in the San Francisco office. Mr. Wolfson joined H.I.G. in 2005. Prior to running the H.I.G. Advantage Buyout Fund, he spent 10 years as a Managing Director leading transactions in both H.I.G. Advantage and H.I.G.'s Lower Middle Market Buyout Fund. Mr. Wolfson has worked with companies in a variety of industries with a focus on healthcare, business services, and technology. Mr. Wolfson brings over twenty years of investment and operating experience across many industries. Prior to H.I.G., Mr. Wolfson was an executive at IPWireless ("IPW"), a wireless infrastructure provider. Mr. Wolfson began his career as a consultant with LEK Consulting. Mr. Wolfson earned his undergraduate degree from Northwestern University, cum laude, and his M.B.A. from Harvard Business School.

H.I.G. Advantage – Managing Directors

Matt Hankins Managing Director	Mr. Hankins is a Managing Director in H.I.G.'s San Francisco office. Mr. Hankins has more than ten years of experience investing in middle market companies and has executed transactions in several industries. Prior to joining H.I.G., Mr. Hankins worked in middle market private equity with Sterling Partners. Mr. Hankins began his career in strategy roles with J.P. Morgan and Accenture. Mr. Hankins received his undergraduate degree, with honors, from The University of Michigan College of Engineering and his M.B.A., with honors, from The University of Chicago Booth School of Business.
Robert Jang Managing Director	Mr. Jang is a Managing Director in H.I.G.'s New York office. Mr. Jang has over a decade of private equity investing experience in a variety of industries including chemicals, transportation, business services, consumer services, and industrials. Prior to joining H.I.G., Mr. Jang worked in private equity at The Carlyle Group focusing on investments in the healthcare sector. Mr. Jang started his career in the Mergers & Acquisitions group at Merrill Lynch. Mr. Jang received his undergraduate degree in Economics and Political Science with honors from Columbia University and his M.B.A. from Harvard Business School.
Michael Kuritzky Managing Director	Mr. Kuritzky is a Managing Director in H.I.G. Capital's San Francisco office, where he focuses on making investments in stable, growth-oriented companies for the Advantage Fund. Prior to joining H.I.G., Mr. Kuritzky worked for McKinsey and Company in New York, where he advised Fortune 500 healthcare, technology and industrial clients on a range of business issues at the intersection of strategy and corporate finance. Mr. Kuritzky holds a B.S. in Economics with High Distinction, magna cum laude, from Duke University and an M.B.A. with Honors from The Wharton School at the University of Pennsylvania.
Geoff Lieberthal Managing Director	Mr. Lieberthal is a Managing Director in H.I.G.'s San Francisco office, where he focuses on investing in the healthcare sectors. Mr. Lieberthal has over 20 years of experience in private equity. Prior to joining H.I.G. in 2024, Mr. Lieberthal was a partner at Two Sigma Impact where he focused on healthcare investments. Before Two Sigma Impact, Mr. Lieberthal was a partner at Lee Equity where he focused on healthcare investments. He began his career at Bain & Company, Bain Capital and TPG Capital. Mr. Lieberthal received his undergraduate degree from Dartmouth University and his M.B.A. from Standard University Graduate School of Business.
Justin Reyna Managing Director	Mr. Reyna is a Managing Director in H.I.G.'s San Francisco office, where he focuses on investing in the consumer sector. Mr. Reyna has over 20 years of middle market private equity experience and has led investments across a wide range of industries. Prior to joining H.I.G. in 2010, Mr. Reyna was with Fox Paine and Golden Gate Capital. He began his career as an analyst at Donaldson, Lufkin & Jenrette. Mr. Reyna earned a Bachelor of Arts degree in economics, cum laude from Princeton University.
Matthew Robinson Managing Director	Mr. Robinson is a Managing Director in H.I.G.'s New York office. Mr. Robinson has over a decade of investing experience. Mr. Robinson focuses on investments in the TMT & Tech-Enabled Business Service sectors. Prior to joining H.I.G. in 2012, Matthew worked at Goldman Sachs in their Investment Banking Division. He started his career in management and operations consulting. Mr. Robinson earned an M.B.A with honors and distinction from Columbia University and a B.S. in Mechanical Engineering from Cornell University.
Rahul Vinnakota Managing Director	Mr. Vinnakota is a Managing Director in H.I.G.'s New York office. Mr. Vinnakota has almost twenty years of experience investing in and advising middle market companies. Mr. Vinnakota is focused on industrial services, distribution, industrial technology and light manufacturing sectors. He sits on the board of a number of H.I.G. portfolio companies. Prior to joining H.I.G. in 2012, Mr. Vinnakota worked in middle private equity at Tailwind Capital and First Atlantic Capital. Mr. Vinnakota began his career in middle market mergers and acquisitions with J.P. Morgan and Brown Brothers Harriman. Mr. Vinnakota received his undergraduate degree, with honors, from Duke University and his M.B.A. from Harvard Business School.

Jordan Peer Griffin Executive Managing Director Global Head of Capital Formation	Ms. Griffin serves as an Executive Managing Director of H.I.G. Capital. Based in New York, she has over 20 years of experience in alternative assets and leads H.I.G.'s Capital Formation Group globally across the firm's private equity, growth equity, credit, infrastructure, real estate, and co-investment strategies. She serves on the Investment Committee for the H.I.G. Strategic Partners Funds. She also co-chairs the firm's ESG & Diversity and Inclusion Committee and Operational Risk Committee. Prior to joining H.I.G., Ms. Griffin was at Blackstone's credit business, GSO Capital Partners, focused on institutional business development. Before joining GSO, Ms. Griffin worked in the leveraged finance and investment banking groups at Lehman Brothers and Barclays Capital. She began her career in asset management at Goldman, Sachs & Co. Ms. Griffin received her B.A. in Public Policy from The University of North Carolina at Chapel Hill (UNC) and her MBA from UNC's Kenan-Flagler Business School where she was a Kenan-Flagler Fellow.
Chad Buresh Chief Financial Officer	Mr. Buresh is the Chief Financial Officer of H.I.G. Capital and is responsible for the firm's finance, tax, and information technology. Prior to joining H.I.G., he was at PIMCO, where he was most recently a Senior Vice President in the Alternative Funds Finance Team responsible for the financial control, accounting, reporting and treasury of the private equity style multi-strategy funds. Prior to joining PIMCO, he was with PricewaterhouseCoopers. He was previously a Vice President of financial accounting and reporting for JER Partners, a real estate private equity firm in London. Mr. Buresh has more than 20 years of relevant experience and holds a bachelor's degree in business administration in accounting and finance from the University of Iowa.
Jay Maher Chief Operating Officer	Mr. Maher is H.I.G.'s Global Chief Operating Officer and is based in Miami where he focuses on managing the operational priorities of the firm. Prior to joining H.I.G., Mr. Maher spent his career in the fund administration industry focusing on private equity. Most recently he was the CEO of Mainstream U.S. until it was acquired by Apex. Prior to that, Mr. Maher was the Global Head of Private Equity Services at SS&C and a founding partner of Northport Partnership Services. Mr. Maher received his B.S. in Accounting from Rowan University.
Richard Siegel General Counsel and Chief Compliance Officer	Mr. Siegel has been General Counsel and Chief Compliance Officer of H.I.G. since 2005. Mr. Siegel is responsible for all of the Firm's legal, regulatory and compliance matters worldwide. Prior to joining H.I.G., Mr. Siegel was Vice President and Deputy General Counsel of Ryder System, a Fortune 350 global transportation and logistics company, and General Counsel of a private investment firm headquartered in Denver, Colorado. Mr. Siegel began his legal career in the New York and Melbourne, Australia offices of Sullivan & Cromwell and served as a Judicial Clerk for Andrew G.T. Moore, II, of the Delaware Supreme Court. Mr. Siegel received his J.D. from Georgetown University Law Center and earned a B.S. in Finance from the University of Maryland.

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Endnotes

1. Ranking by Sutton Place Strategies, 2022 Peers defined as all North American sponsors studied by Sutton Place for deals between 10 million and 1 billion of enterprise value Deal flow defined as the number of opportunities seen by sponsor during the twelve months ended June 30, 2022. Participants in the ranking provide compensation to Sutton Place to be benchmarked against peers.
2. Includes investments made by the followings funds: (i) H.I.G. Capital Partners I; (ii) H.I.G. Capital Partners II; (iii) H.I.G. Capital Partners III; (iv) H.I.G. Capital Partners IV; (v) H.I.G. Capital Partners V; (vi) H.I.G. Capital Partners VI; (vii) H.I.G. Europe Capital Partners; (viii) H.I.G. Europe Capital Partners II; (ix) H.I.G. Europe Capital Partners III; (x) H.I.G. Middle Market LBO Fund I (which is a $1.25 billion allocation from H.I.G. Bayside Debt & LBO Fund II, L.P.); (xi) H.I.G. Middle Market LBO Fund II; (xii) H.I.G. Middle Market LBO Fund III; (xiii) H.I.G. Middle Market LBO Fund IV; (xiv) H.I.G. Europe Middle Market LBO Fund; (xv) H.I.G. Advantage Buyout Fund; (xvi) H.I.G. Brazil & Latin America Partners; (xvii) H.I.G. Growth Buyouts & Equity Fund II; (xviii) H.I.G. Growth Buyouts & Equity Fund III; (xix) H.I.G. BioHealth Partners II; (xx) H.I.G. BioHealth Partners III; (xxi) H.I.G. Venture Partners; (xxii) H.I.G. Venture Partners II.
3. Any reference to a targeted return, value, date, or metric contained in this document is merely an estimated “target” and, therefore, inherently subject to a variety of risks and uncertainties that could cause actual results to differ materially from those targeted. Target returns are based on H.I.G.’s belief about returns that may be achievable on investments that H.I.G. intends to pursue in light of its experience with similar investments historically, the view on current market conditions, and certain assumptions about investing conditions, hold periods, availability of financing, and exit opportunities. While the targeted performance is based on assumptions that H.I.G. believes are reasonable, there are many risk factors that could cause H.I.G.’s assumptions to prove to be incorrect. These risks therefore could cause the actual performance to be materially different from the current targeted performance. Such risks may include, without limitation: (i) availability of suitable investments and financing; (ii) interest rates; and (iii) economic and market conditions. Targeted returns are not projections, predictions or guarantees of future performance, and none of H.I.G., or any of its respective directors, officers, employees, partners, shareholders, advisers and agents makes any assurance, representation or warranty as to the accuracy or achievability of any targeted returns and no recipient of this document should rely on such targets. Additional details regarding methodologies and assumptions used to calculate targeted returns are available upon request.

Endnotes

9. "H.I.G. Private Equity Funds" includes (i) H.I.G. Capital Partners I; (ii) H.I.G. Capital Partners II; (iii) H.I.G. Capital Partners III; (iv) H.I.G. Capital Partners IV; (v) H.I.G. Capital Partners V; (vi) H.I.G. Capital Partners VI; (vii) H.I.G. Europe Capital Partners; (viii) H.I.G. Europe Capital Partners II; (ix) H.I.G. Europe Capital Partners III; (x) H.I.G. Middle Market LBO Fund I (which is a $1.25 billion allocation from H.I.G. Bayside Debt & LBO Fund II, L.P.); (xi) H.I.G. Middle Market LBO Fund II; (xii) H.I.G. Middle Market LBO Fund III; (xiii) H.I.G. Middle Market LBO Fund IV; (xiv) H.I.G. Europe Middle Market LBO Fund; (xv) H.I.G. Advantage Buyout Fund; (xvi) H.I.G. Brazil & Latin America Partners; (xvii) H.I.G. Growth Buyouts & Equity Fund II; and (xviii) H.I.G. Growth Buyouts & Equity Fund III.

13. Based on total capital raised by H.I.G. Capital and affiliates. Strategy specific figures reflect total capital raised, as allocated to the relevant investment strategy.

15. Vintage reflects the year during which each fund commenced operations and/or completed its first investment.

Endnotes

17. Case studies presented herein are for illustrative purposes only, have been selected in order to provide examples of the types of buyout investments reviewed and made by H.I.G., and do not purport to be a complete list thereof. It should not be assumed that investments made in the future will be comparable in quality or performance to the investments described herein. Please refer to the endnotes listed for returns included, and to page 24 for a complete listing of H.I.G. Advantage investments, including total net returns.

18. “H.I.G. U.S. Buyout Funds” includes (i) H.I.G. Capital Partners I; (ii) H.I.G. Capital Partners II; (iii) H.I.G. Capital Partners III; (iv) H.I.G. Capital Partners IV; (v) H.I.G. Capital Partners V; (vi) H.I.G. Capital Partners VI; (vii) H.I.G. Middle Market LBO Fund I (which is a $1.25 billion allocation from H.I.G. Bayside Debt & LBO Fund II, L.P.); (viii) H.I.G. Middle Market LBO Fund II; (ix) H.I.G. Middle Market LBO Fund III; (x) H.I.G. Middle Market LBO Fund IV; and (xi) H.I.G. Advantage Buyout Fund;

Important Notice

Risk of Loss. Prospective investors must be aware that an investment in private equity funds managed by H.I.G. (the “Funds”) is speculative and involves substantial risk of loss. Investment in the Funds is suitable only for sophisticated investors for whom an investment in the Funds does not constitute a complete investment program and who fully understand, and are willing to assume, the risks involved in investing in the Funds. The possibility of partial or total loss of the Funds’ capital exists, and prospective investors should not subscribe unless they can readily bear the consequences of such loss. There can be no assurance that the Funds will achieve their investment objective or target return, or that there will be any return on capital. In particular, potential investors should take into account the fact that the actual return achieved may be more or less in any particular year, and that different returns may be achieved by different investments. Any losses in the Funds will be borne solely by investors in the Funds and not by H.I.G.; therefore, H.I.G.’s losses in the Funds will be limited to losses attributable to the ownership interests in the Funds, if any, held by H.I.G. in its capacity as an investor in the Funds.

Past Performance is Not a Guarantee. Information about investments made by the Funds, including past performance, is provided solely to illustrate H.I.G.’s investment experience and processes and strategies used by H.I.G. in the past. The performance information relating to H.I.G.’s previous investments is not intended to be indicative of future results. Past performance is not necessarily indicative, or a guarantee, of future results. There can be no assurance that H.I.G. will achieve comparable results as those presented or that investors in will not lose any of their invested capital. References to aggregate or composite returns reflect cash flows and performance across multiple funds, and may not reflect the experience of any limited partner; such returns are provided for illustrative purposes only. Forward-looking Information. This Presentation may contain forward-looking statements that are based upon certain assumptions. Other events which were not taken into account, including general economic factors which are not predictable, may occur and may significantly affect the actual returns or performance of the Funds. Any assumptions should not be construed to be indicative of the actual events that will occur. Actual events are difficult to project and depend upon factors that are beyond the control of the Funds, H.I.G. or their respective affiliates, members, partners, stockholders, managers, directors, officers, employees and agents. Certain assumptions have been made to simplify the Presentation and, accordingly, actual results may differ, perhaps materially, from those presented herein. All information with respect to portfolio companies and industry data has been obtained from sources believed to be reliable and current, but accuracy cannot be guaranteed.

Unrealized Investments. There can be no assurance that partially realized and unrealized investments will be sold for values equal to or in excess of the total values used in calculating the returns portrayed herein. Actual returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions on which the valuations reported herein are based. Accordingly, the actual realized returns on investments that are partially realized or unrealized may differ materially from the values indicated herein.

Lack of Diversification. The Funds’ investment programs may involve investing in a particular asset type or sector, and as such, the Funds’ portfolios may experience more volatility and be exposed to greater risk than a more diversified investment portfolio. The Funds may make a limited number of investments, in which case aggregate returns realized by the limited partners may be substantially adversely affected by the unfavorable performance of a small number of these investments.

Use of Leverage. The Funds may engage in leverage and other investment practices that are extremely speculative and involve a high degree of risk. Such practices may increase the volatility of performance and the risk of investment loss, including the loss of the entire amount that is invested.

Britton M. Murdoch is a vice president in Callan's New Jersey consulting office. He works with a variety of fund sponsors, including corporate, public, endowment, and foundation clients. His responsibilities include strategic planning, implementation, investment manager evaluation and monitoring, education, business development, and other special projects. Britt is a member of Callan's Defined Contribution Committee and Public Defined Contribution team. He is also a shareholder of the firm.

Prior to joining Callan in 2014, Britt worked as an associate at J.P. Morgan Private Bank, where he was responsible for managing and developing private client relationships. In this role, he provided daily support to clients, performed annual reviews, and managed new client prospecting and integration. Britt began his career as a financial adviser and held the Financial Industry Regulatory Authority (FINRA) Series 6, 7, and 63 licenses.

Britt earned a BS in business administration from the University of Delaware, where he was the captain of the men's golf team.

Pete Keliuotis, CFA, is an executive vice president and the head of Callan's Alternatives Consulting group. He joined Callan in 2019 to lead the private equity, private credit, and hedge fund consulting teams, in addition to advising clients' alternatives investment portfolios. Pete is a member of Callan's Alternatives Review, Client Policy Review, Management, and Editorial committees. He is a shareholder of the firm.

Prior to joining Callan, Pete was a senior managing director of Cliffwater LLC and a senior member of their portfolio advisory team, specializing in alternative investing for institutional clients. Prior to Cliffwater, Pete was a managing director and the CEO of Strategic Investment Solutions, where he led the general and private markets consulting teams and advised several large institutional investors. Previous experience also includes Mercer Investment Consulting, where he was a principal and senior consultant, Hotchkis and Wiley in Los Angeles, and Northern Trust Company in Chicago.

Pete earned an MBA in analytic finance from the University of Chicago Booth School of Business and a BS in economics from the University of Illinois at Urbana-Champaign. He is a holder of the right to use the Chartered Financial Analyst® designation and is a member of CFA Institute and CFA Society New York.

David Smith, CFA, CTP, is a senior vice president in Callan's Alternatives Consulting group. He joined Callan in 2021, focusing on private equity where his role includes manager research, due diligence, client servicing, strategic planning, and portfolio monitoring.

Prior to joining Callan, David was the treasurer for Syracuse University, where he was responsible for treasury and investment operations management, and the strategic vision for the Endowment Administration, Debt Financing, Bursar, Student Debt, and Cash Operations departments. Prior to Syracuse University, he was a partner at the private equity firm Bay Hills Capital Management, where he provided executive leadership to clients across North American lower-middle market buyout segment including primary and secondary fund investments and co-investments.

David earned an MBA from the Syracuse University School of Management and a BBA from Western Illinois University. He is a holder of the right to use the Chartered Financial Analyst® designation and the Certified Treasury Professional designation.

Callan

February 13, 2024

New Hampshire Retirement System (NHRS)

Annual Alternatives Portfolio Review

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Callan

2024 Pacing Plan

Callan's NHRS Pacing Model Assumptions

Total Plan Assumptions

- Callan's pacing model projects the growth of the total plan over the next 10 years, to determine the growth of the private equity and credit allocations.
- It incorporates actuarial cash flows and the projected total plan investment return.
- The total plan has an estimate annual net growth rate of 4.0%-5.5%.
- The model begins with the 3Q23 total plan value of $11.1 billion.
- Two scenarios were modelled: one using the plan's current strategic asset allocation and one using a new proposed asset allocation where the private credit allocation would increase from 5% to 10% of total fund assets.

Private Equity and Credit Assumptions

- Historical cash flows from the Refinitiv/Cambridge private market database are used to project future cash flows of the program.
  - Each vintage year, both historical and future, is modeled individually.
  - Cash flow projections use average contribution and distribution rates from 2000-2023, therefore incorporating both up and down markets.
  - The model also incorporates Callan's private equity Capital Markets Assumptions, to determine the growth of the portfolio's unrealized value.
- The model begins with NHRS's private equity and credit values as of 2Q23, adjusted for 3Q cash flows.

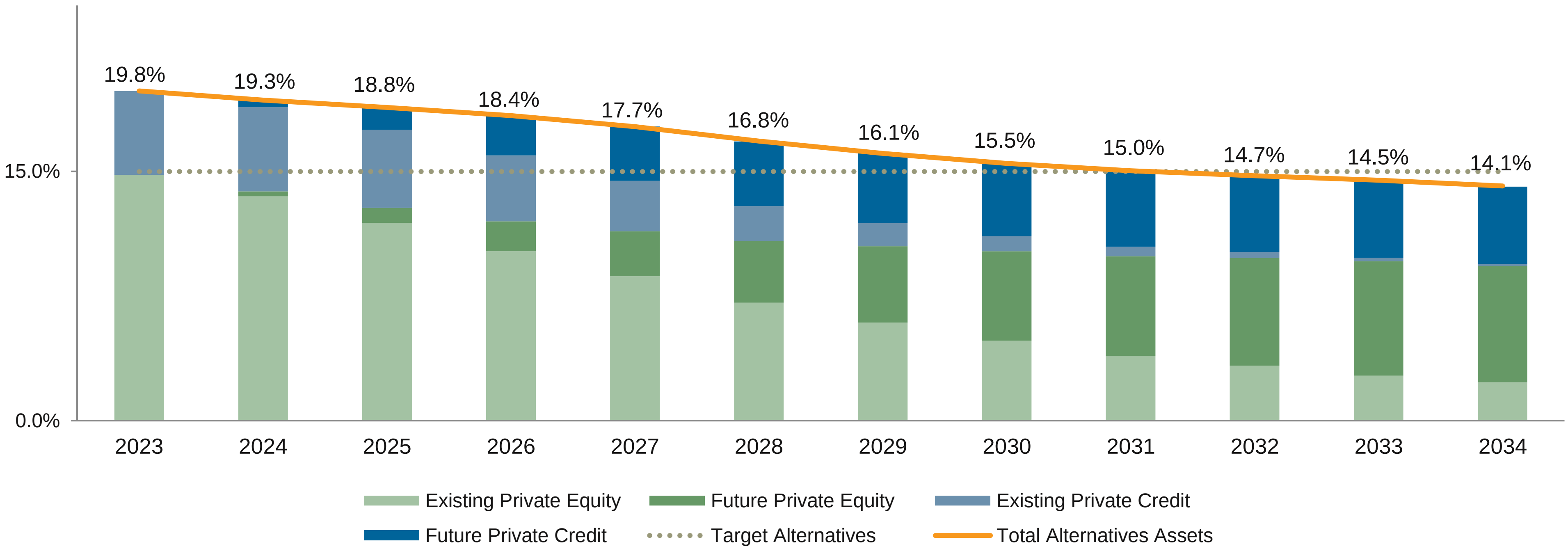
Callan has been leveraging a proprietary private equity pacing model for 30+ years. Callan's model was revamped in 2018 to improve precision by leveraging historical data to inform future cash flows.

NHRS Alternatives Commitment Pacing Summary

Current Asset Allocation (private credit target of 5%)

Consistent Pacing; Gradual Reduction to Target over Ten Years

- The exhibit below reflects the projected development of the private equity portfolio relative to the 10% allocation target, and private credit portfolio relative to the 5% allocation target, over the next 10 years.
- The current overweight to Alternatives is driven by the Private Equity exposure, which is about 500 basis points above target. Private Credit exposure remains in line with the target allocation of 5%. Despite the overweight position, the portfolio remains well within the allocation range for Alternatives of 5% - 25%.
- **Assuming a Total Alternatives allocation of 15%, Callan recommends making $400 million in commitments to Alternatives in 2024, with $200 million to private equity and $200 million to private credit.**



Callan

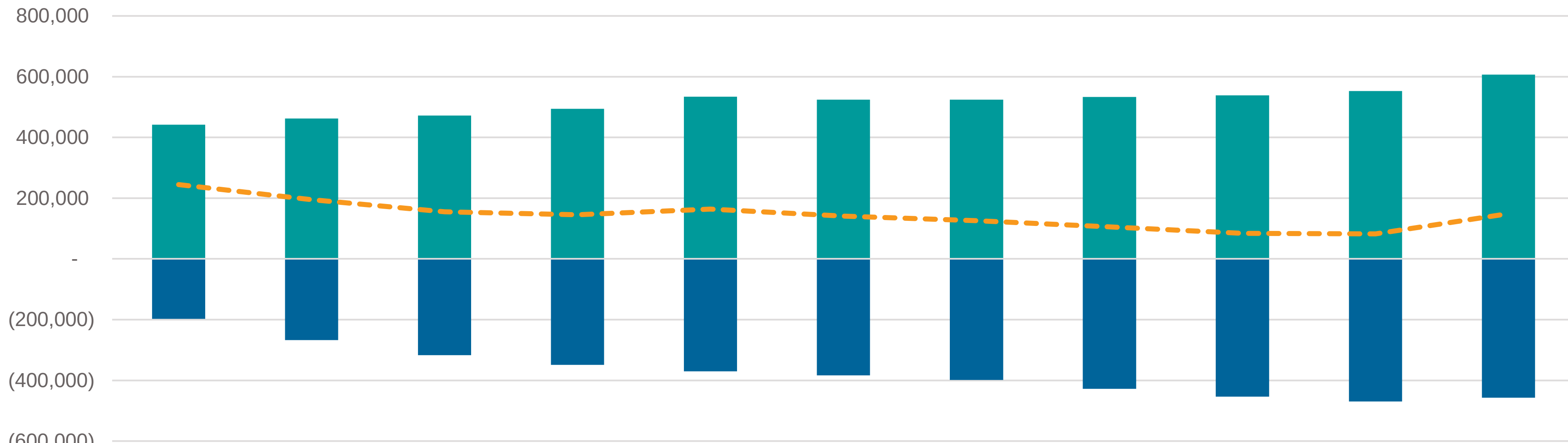
NHRS Alternatives Commitment Pacing Summary

Current Asset Allocation (private credit target of 5%)

Projected Future Cash Flows

- The exhibit below reflects the projected contributions and distributions of the alternatives portfolio over the next 10 years with a private credit allocation of 5% and private equity allocation of 10%.
- The pacing model projects the program will remain net cash positive, with an expected annual net cash flow ranging from $125 – 200 million.

Projected Annual Cash Flows ($ thousands)

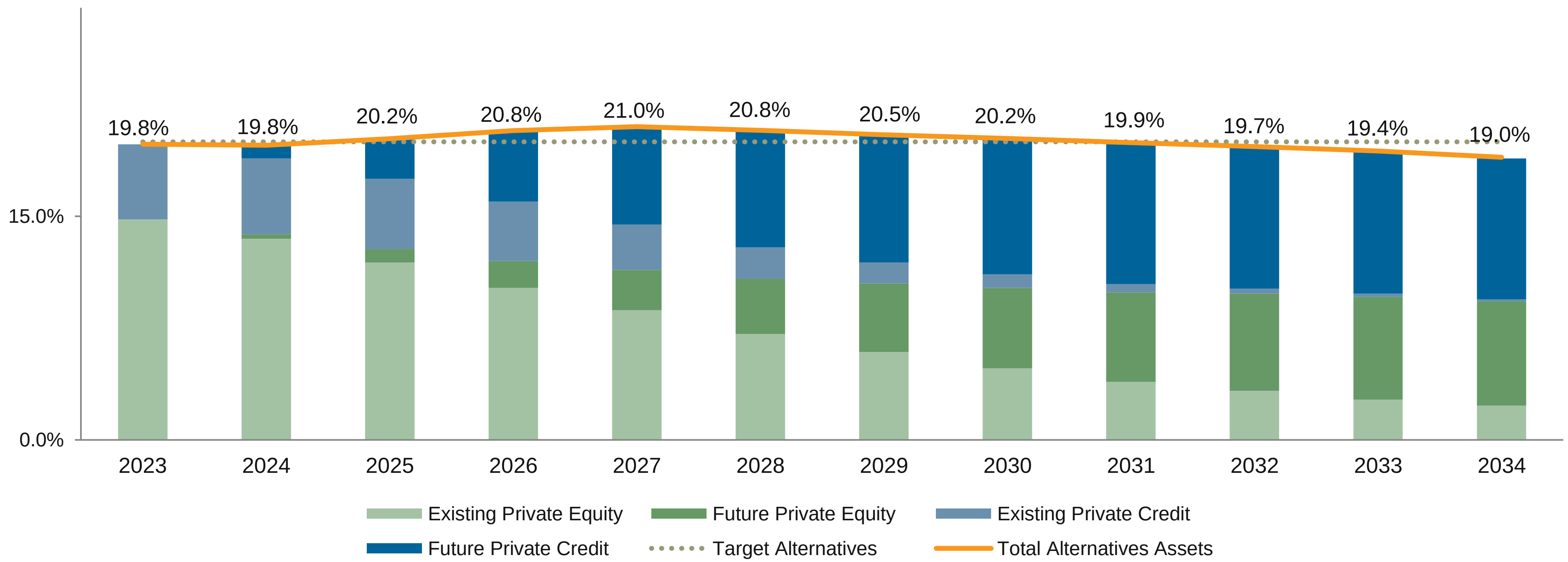


	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Distributions	441,935	462,043	471,633	494,389	534,245	524,263	524,622	533,248	538,260	552,403	606,334
Contributions	(197,210)	(267,300)	(316,925)	(348,789)	(370,547)	(383,384)	(398,639)	(428,140)	(453,647)	(469,818)	(457,427)
Net cashflows	244,725	194,743	154,708	145,600	163,698	140,880	125,982	105,108	84,613	82,585	148,908

NHRS Alternatives Commitment Pacing Summary

Alternate Asset Allocation (private credit target of 10%)

- The exhibit below reflects the projected development of the Alternatives portfolio relative to a 20% allocation target over the next 10 years.
- The current overweight to Alternatives is driven by the Private Equity exposure, which is about 500 basis points above target. Private Credit exposure remains in line with the current target allocation of 5%. With an increased private credit target, more future commitments would be directed to private credit. Over time the percentage of private credit in the Total Alternatives allocation would increase, while continuing to maintain a 20% allocation to total Alternatives.
- **With an increased private credit allocation, Callan would recommend making $600 million in commitments to Alternatives in 2024, with $200 million to private equity and $400 million to private credit.**

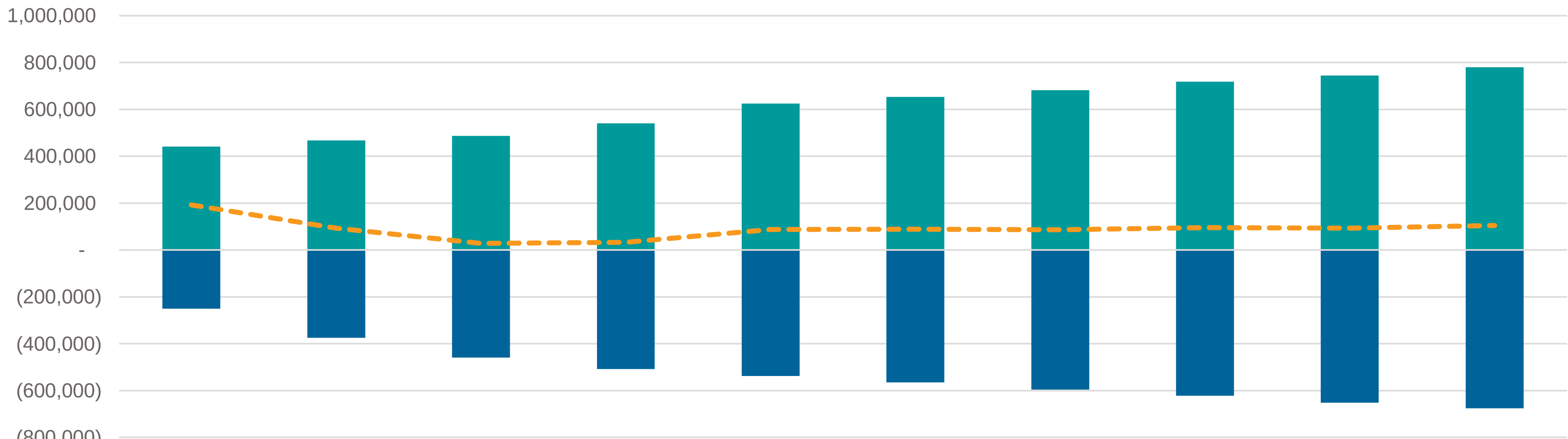


NHRS Alternatives Commitment Pacing Summary

Alternate Asset Allocation (private credit target of 10%)

- The exhibit below reflects the projected contributions and distributions of the alternatives portfolio over the next 10 years, with a private credit allocation of 10%. .
- The pacing model projects the program will remain net cash positive, with an expected annual net cash flow ranging from $25 – 200 million.

Projected Annual Cash Flows ($ thousands)

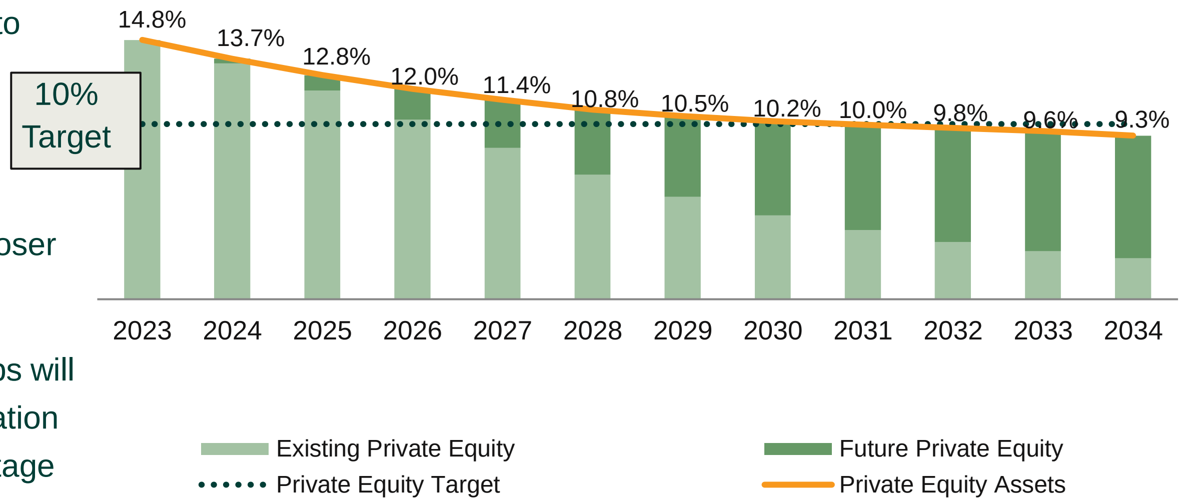


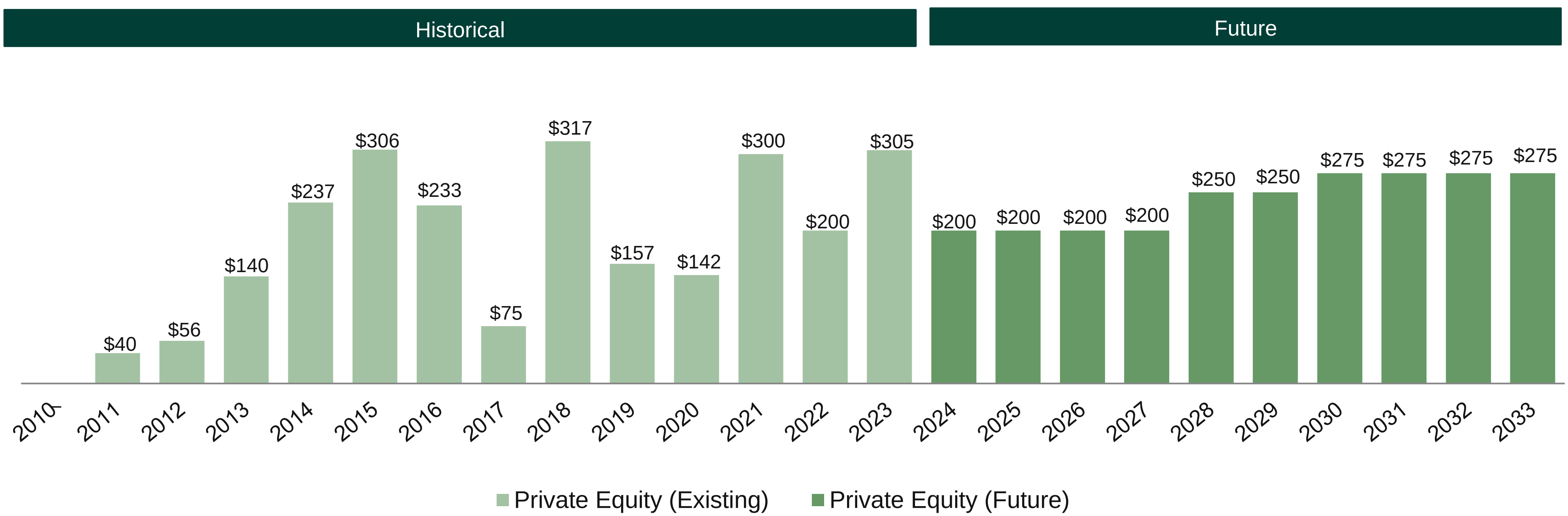
	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Distributions	441,934	467,709	487,495	540,729	625,013	653,769	682,139	717,980	744,660	780,282
Contributions	(249,774)	(374,946)	(458,979)	(507,524)	(537,437)	(565,075)	(595,266)	(622,302)	(651,659)	(675,154)
Net cashflows	192,160	92,763	28,516	33,205	87,576	88,694	86,873	95,678	93,001	105,128

NHRS Private Equity Commitment Pacing

Gradually Move Towards Target Allocation

- The existing private equity portfolio NAV is expected to decline steadily, reaching target range by 2030.
- In order to balance the decline, Callan recommends continuing to commit $200 million next year. annual commitments will increase once the allocation is in closer range to the 10%.
- Annual private equity commitments to 4-5 partnerships will provide the ability to maintain the private equity allocation over the long term, with prudent diversification by vintage and partnership.





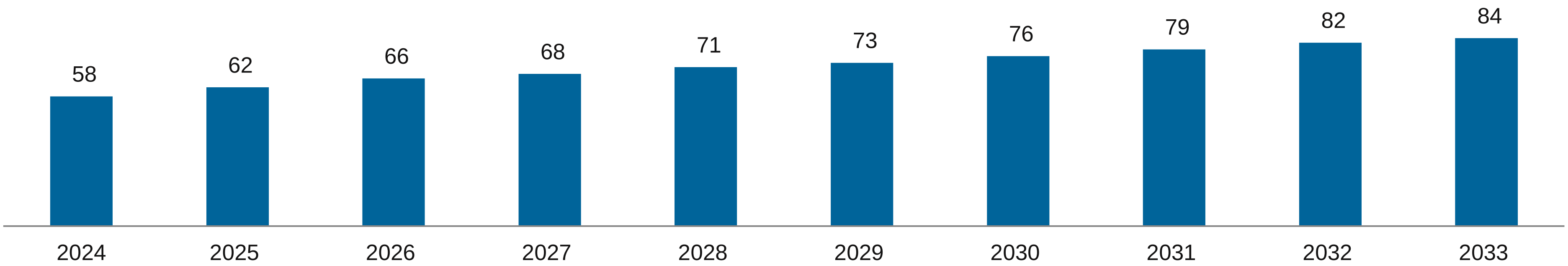
NHRS Private Equity Commitment Pacing

Private Equity Partnership and General Partner Count over Ten Years

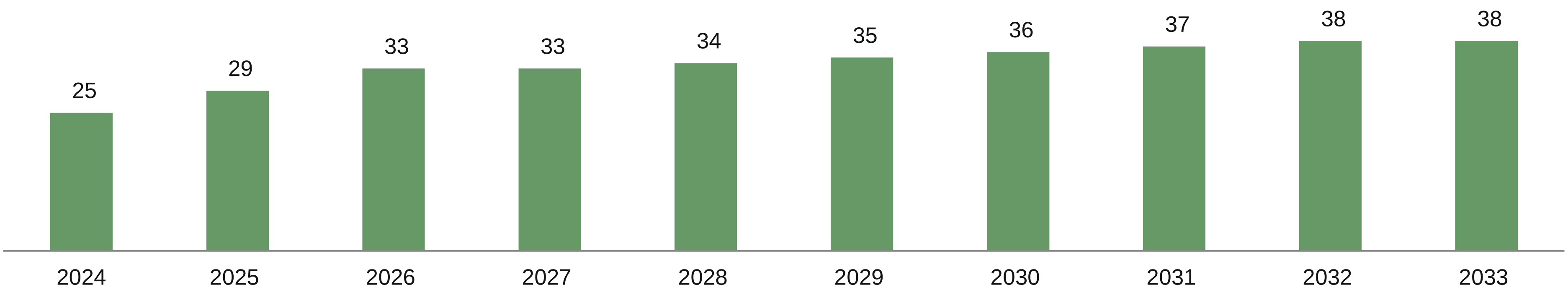
Private Equity Partnerships and General Partners

- Assumes 4-5 commitments per year at $50 million per commitment.
- Assumes a 75% re-investment rate with existing GPs over a ten-year period.
- Number of partnerships grow to 84 over the ten-year period and number of General Partners increase to 38.
- By the end of the period the # of partnerships and GPs will reduce as legacy commitments roll off.

 # Partnerships over 10 Years



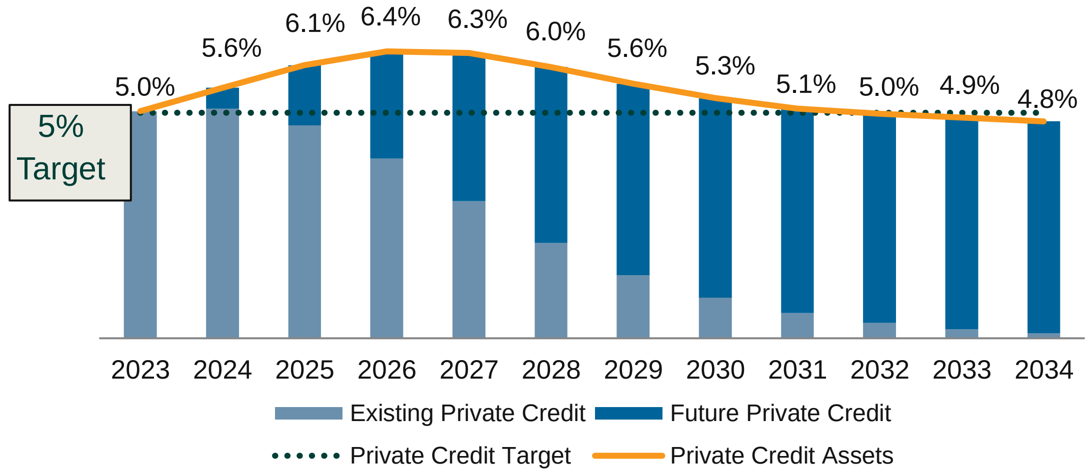
 # GPs over 10 Years

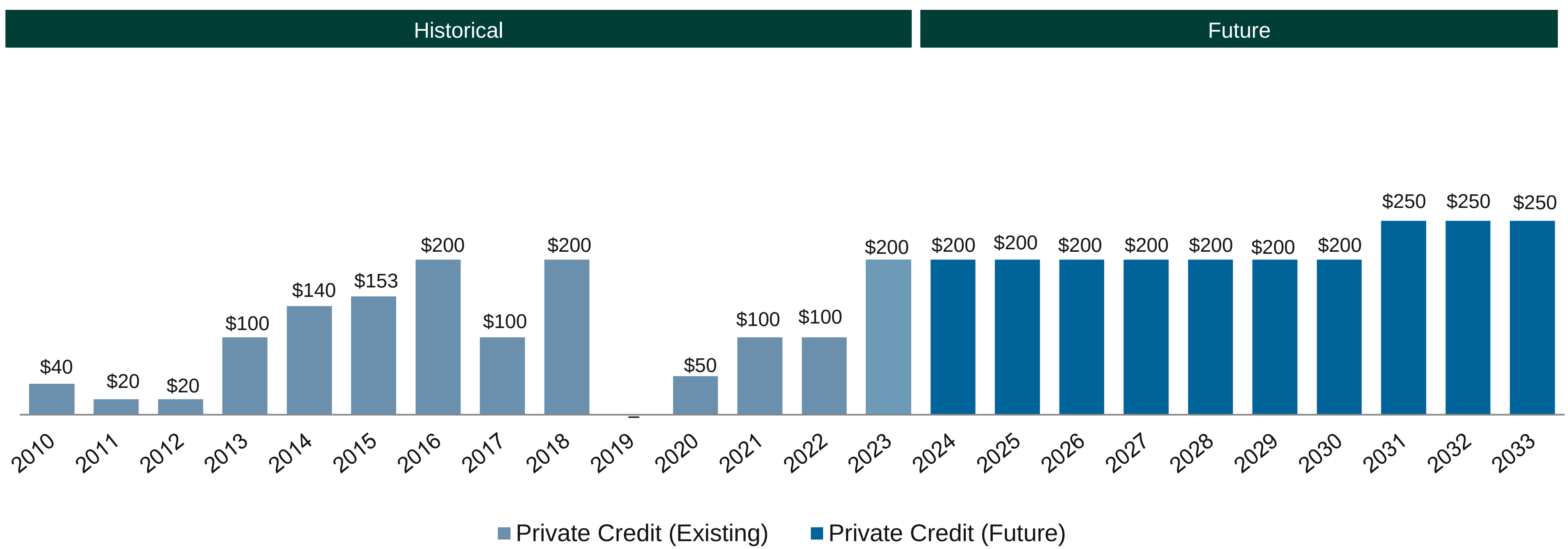


NHRS Private Credit Commitment Pacing (Target of 5%)

Maintain Pacing

- The existing private credit portfolio is currently at the target allocation of 5%. The portfolio is relatively seasoned and the existing asset NAV is expected to decline below target over the next couple of years.
- In order to balance the decline, Callan recommends targeting $200-250 million in commitments from 2024 through 2032 to private credit.

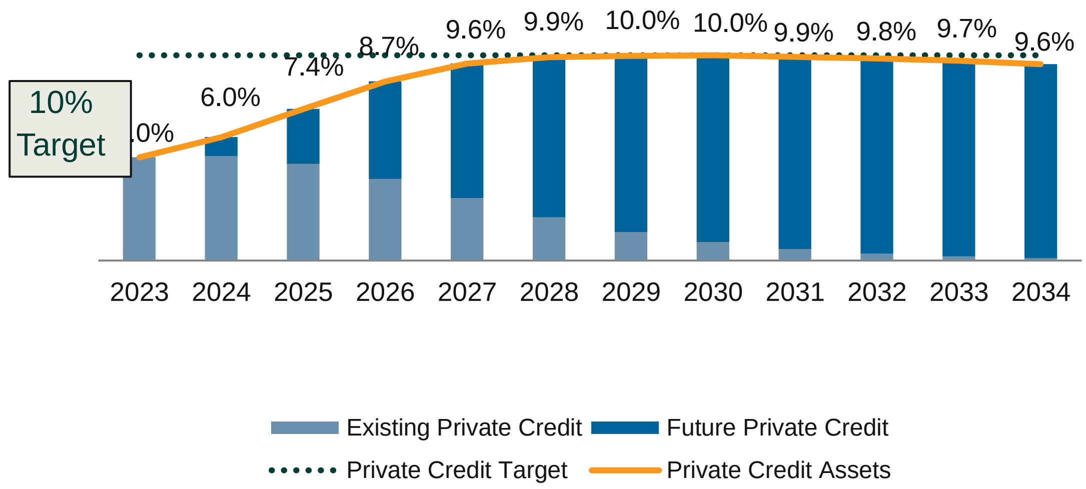


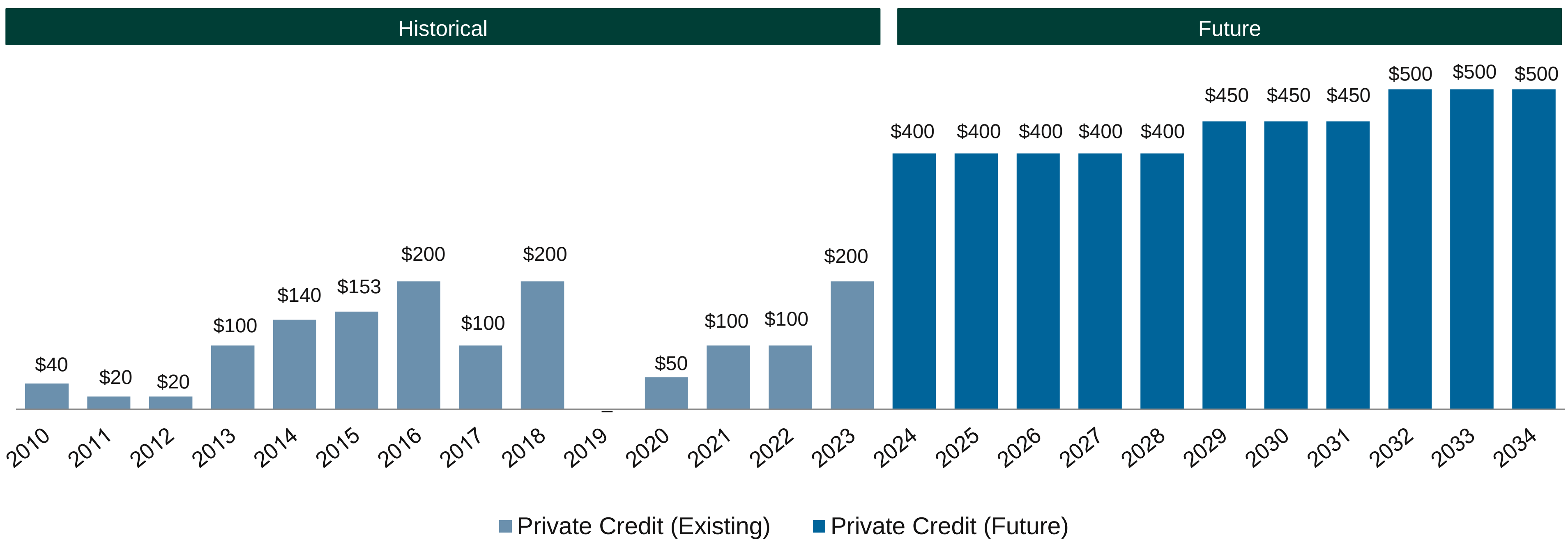


NHRS Private Credit Commitment Pacing (Target of 10%)

Increase Pacing to Reach New Target Allocation

- If the private credit allocation increases commitments to the asset class would need to increase to achieve a target allocation of 10%.
- Callan recommends targeting $400-500 million in commitments from 2024 through 2032 to private credit to achieve the 10% target. With increased commitments the allocation is expected ramp up over the next five years and stabilize at the target allocation in 2028.





NHRS Commitment Pacing

Private Credit Partnership and General Partner Count over Ten Years into the Future

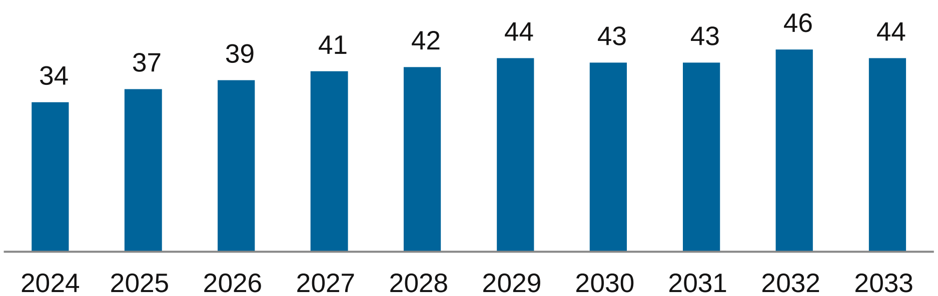
Private Credit Partnerships and General Partners

- Targeting a 5% allocation to Private Credit
- Assumes three to four commitments per year at $75 million per commitment.
- Assumes a 75% re-investment rate with existing GPs.
- Number of partnerships grow to 44 over the ten year period and number of GPs is expected to increase to 19.
- The number of GP's scale up in the intermediate years, and remains consistent in later period as earlier funds are liquidated.

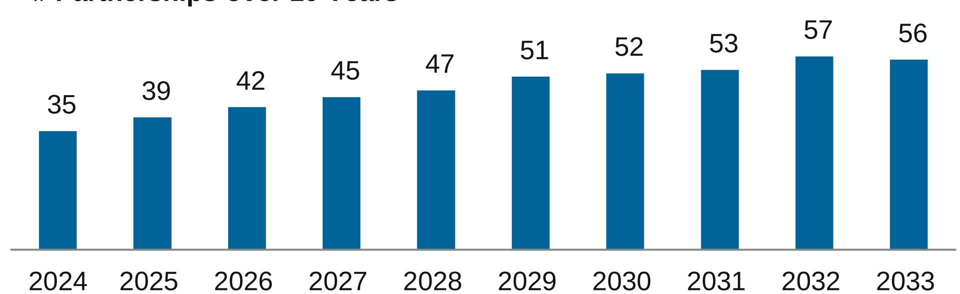
Private Credit Partnerships and General Partners

- Targeting a 10% allocation to Private Credit
- Assumes four to five commitments per year at $100 million per commitment.
- Assumes a 75% re-investment rate with existing GPs.
- Number of partnerships grow to 56 over the ten year period and number of GPs is expected to increase to 27.

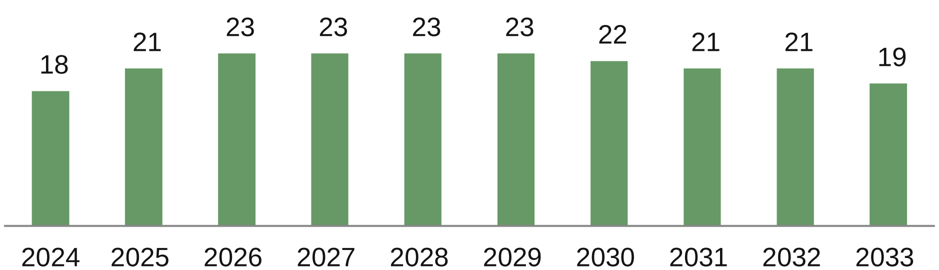
 # Partnerships over 10 Years



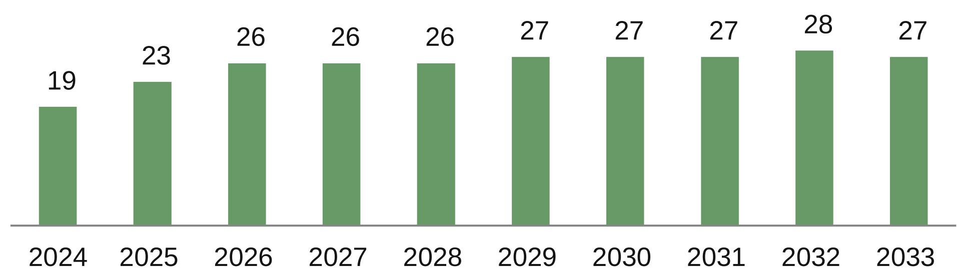
 # Partnerships over 10 Years



 # GPs over 10 Years



 # GPs over 10 Years



Vinod Pakianathan – Managing Director

Vinod heads up Abel Noser's Asset Owner group, including products that address the cost exposures and risks from trading Equities, Foreign Exchange Futures and Fixed Income instruments. For the past twenty-nine years Vinod has been involved with all aspects of predecessor TCA firms, from modeling and creating the benchmarks that are used within reports, to managing legacy market-data, to managing products and consulting. He is a Senior Consultant to some of the largest Plan Sponsor and Fund Oversight Boards. In this role, he quantifies the risks arising from external and internal asset manager's trading of client's assets.

In addition to running the Asset Owner group, he has led a research team for the past five years.

AbelNoser SOLUTIONS

Brian J. Greene, Senior Vice President

Brian is a Senior Vice President and Consultant within Abel Noser's asset-owner division, Zeno AN Solutions. Brian joined Zeno AN Solutions in 2006, known then as Plexus Plan Sponsor Group, and has been assisting institutional investors for over 20 years in measuring, monitoring, and managing their equity, fixed income, foreign exchange and derivative transaction costs, portfolio transitions and rebalances, and directed brokerage programs. Prior to this, Brian was a practitioner of commission recapture and portfolio transition services for one of the leading industry providers, Lynch, Jones & Ryan Inc. Brian is primarily based in Abel Noser's headquarters in lower Manhattan and resides in New Jersey.

Callan

December 31, 2023

New Hampshire Retirement System

Investment Measurement Service Monthly Review

The table below details the rates of return for the fund's asset classes over various time periods ended December 31, 2023. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

Composite	Total Fund Weighting As of 12/31/2023	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
	Net of Fees Returns for Periods Ended December 31, 2023								
Total Domestic Equity	**31.73%**	**6.62%**	**11.70%**	**7.84%**	**21.93%**	**21.93%**	**8.13%**	**13.84%**	**10.26%**
Domestic Equity Benchmark(1)		*5.30%*	*12.07%*	*8.43%*	*25.96%*	*25.96%*	*8.59%*	*14.79%*	*11.57%*
Excess Return		*1.32%*	*-0.37%*	*-0.58%*	*-4.03%*	*-4.03%*	*-0.46%*	*-0.95%*	*-1.30%*
Total Non US Equity	**18.54%**	**5.01%**	**10.21%**	**5.23%**	**19.60%**	**19.60%**	**2.16%**	**7.49%**	**4.21%**
Non US Equity Benchmark(2)		*5.02%*	*9.75%*	*5.61%*	*15.62%*	*15.62%*	*1.55%*	*7.08%*	*3.83%*
Excess Return		*-0.01%*	*0.45%*	*-0.39%*	*3.99%*	*3.99%*	*0.62%*	*0.41%*	*0.38%*
Total Fixed Income	**19.94%**	**4.05%**	**7.16%**	**4.10%**	**7.03%**	**7.03%**	**-2.16%**	**2.43%**	**2.52%**
Bloomberg Capital Universe Bond Index		*3.79%*	*6.83%*	*3.76%*	*6.17%*	*6.17%*	*-2.97%*	*1.44%*	*2.08%*
Excess Return		*0.25%*	*0.33%*	*0.34%*	*0.86%*	*0.86%*	*0.80%*	*0.99%*	*0.45%*
Total Cash	**0.39%**	**0.47%**	**1.40%**	**2.76%**	**5.21%**	**5.21%**	**2.26%**	**1.97%**	**1.33%**
3-Month Treasury Bill		*0.47%*	*1.37%*	*2.70%*	*5.01%*	*5.01%*	*2.15%*	*1.88%*	*1.25%*
Excess Return		*0.00%*	*0.03%*	*0.06%*	*0.20%*	*0.20%*	*0.11%*	*0.09%*	*0.08%*
Total Real Estate (Q3)*	**10.55%**	**-1.73%**	**-1.74%**	**-1.91%**	**-9.94%**	**-9.94%**	**10.54%**	**8.31%**	**10.21%**
Real Estate Benchmark(3)		*-0.71%*	*-2.10%*	*-4.92%*	*-12.88%*	*-12.88%*	*6.19%*	*4.72%*	*7.30%*
Excess Return		*-1.02%*	*0.36%*	*3.01%*	*2.95%*	*2.95%*	*4.35%*	*3.59%*	*2.91%*
Total Private Equity (Q3)*	**14.07%**	**1.34%**	**1.35%**	**1.33%**	**6.67%**	**6.67%**	**17.09%**	**13.28%**	**12.24%**
Private Equity Benchmark(4)		*-4.48%*	*-2.66%*	*5.90%*	*22.76%*	*22.76%*	*12.61%*	*12.97%*	*15.39%*
Excess Return		*5.82%*	*4.02%*	*-4.57%*	*-16.10%*	*-16.10%*	*4.48%*	*0.31%*	*-3.16%*
Total Private Debt (Q3)*	**4.77%**	**1.69%**	**1.71%**	**1.68%**	**5.31%**	**5.31%**	**8.29%**	**5.40%**	**6.53%**
Private Debt Benchmark(5)		*-0.10%*	*2.02%*	*4.85%*	*13.14%*	*13.14%*	*4.07%*	*3.47%*	*6.28%*
Excess Return		*1.79%*	*-0.31%*	*-3.17%*	*-7.83%*	*-7.83%*	*4.22%*	*1.93%*	*0.25%*
Total Fund Composite	**100.00%**	**3.84%**	**6.88%**	**4.26%**	**11.11%**	**11.11%**	**6.18%**	**8.91%**	**7.20%**
Total Fund Benchmark(6)		*3.02%*	*6.93%*	*5.11%*	*13.92%*	*13.92%*	*4.60%*	*8.65%*	*7.34%*
Excess Return		*0.82%*	*-0.05%*	*-0.85%*	*-2.81%*	*-2.81%*	*1.59%*	*0.26%*	*-0.13%*

(1) The Domestic Equity Benchmark is the Russell 3000 Index as of 7/1/2021.

(2) The Non US Equity Index is the MSCI ACWI ex US Index as of 7/1/2003. Prior to 7/1/2003 it was the MSCI EAFE Index.

(3) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(4) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(5) The Private Debt Benchmark is (50% MStar LSTA Leveraged Loan 100 Idx + 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

(6) Current Month Target = 30.0% Russell 3000 Index, 25.0% Bloomberg Universal, 20.0% MSCI ACWI ex-US, 10.0% NCREIF NFI-ODCE Value Weight Net lagged 3 months, 10.0% Russell 3000 Index lagged 3 months+2.0%, 2.5% Bloomberg High Yield Corp lagged 3 months+1.0% and 2.5% MStar LSTA Lev Loan 100 lagged 3 months +1.0%.

(7) For the trailing 25 year period ended 12/31/23, the Total Fund has returned 6.52% versus the Total Fund Custom Benchmark return of 6.52%.

*Real Estate and Alternatives market values reflect current custodian valuations, which are typically lagged approximately 1 quarter.

The table below details the rates of return for the fund's investment managers over various time periods ended December 31, 2023. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

		Net of Fees Returns for Periods Ended December 31, 2023							
Composite	Total Fund Weighting As of 12/31/2023	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Domestic Equity	**31.73%**	**6.62%**	**11.70%**	**7.84%**	**21.93%**	**21.93%**	**8.13%**	**13.84%**	**10.26%**
Domestic Equity Benchmark(1)		*5.30%*	*12.07%*	*8.43%*	*25.96%*	*25.96%*	*8.59%*	*14.79%*	*11.57%*
Excess Return		*1.32%*	*-0.37%*	*-0.58%*	*-4.03%*	*-4.03%*	*-0.46%*	*-0.95%*	*-1.30%*
Large Cap Domestic Equity	**18.37%**	**4.54%**	**11.69%**	**8.04%**	**26.10%**	**26.10%**	**9.92%**	**14.71%**	**11.11%**
S&P 500 Index		*4.54%*	*11.69%*	*8.04%*	*26.29%*	*26.29%*	*10.00%*	*15.69%*	*12.03%*
Excess Return		*0.00%*	*-0.01%*	*0.00%*	*-0.19%*	*-0.19%*	*-0.08%*	*-0.97%*	*-0.92%*
BlackRock S&P 500	**18.37%**	**4.54%**	**11.69%**	**8.04%**	**26.10%**	**26.10%**	**9.92%**	**15.63%**	**12.00%**
S&P 500 Index		*4.54%*	*11.69%*	*8.04%*	*26.29%*	*26.29%*	*10.00%*	*15.69%*	*12.03%*
Excess Return		*0.00%*	*-0.01%*	*0.00%*	*-0.19%*	*-0.19%*	*-0.08%*	*-0.06%*	*-0.04%*
Smid Cap Domestic Equity	**5.79%**	**9.23%**	**11.16%**	**6.75%**	**15.77%**	**15.77%**	**5.66%**	**11.46%**	**7.99%**
Russell 2500 Index		*10.72%*	*13.35%*	*7.93%*	*17.42%*	*17.42%*	*4.24%*	*11.67%*	*8.36%*
Excess Return		*-1.49%*	*-2.20%*	*-1.18%*	*-1.65%*	*-1.65%*	*1.42%*	*-0.21%*	*-0.37%*
AllianceBernstein	**3.62%**	**9.93%**	**13.82%**	**7.75%**	**18.16%**	**18.16%**	**4.07%**	**12.16%**	**8.82%**
Russell 2500 Index		*10.72%*	*13.35%*	*7.93%*	*17.42%*	*17.42%*	*4.24%*	*11.67%*	*8.36%*
Excess Return		*-0.79%*	*0.47%*	*-0.18%*	*0.73%*	*0.73%*	*-0.17%*	*0.49%*	*0.46%*
TSW	**2.17%**	**8.08%**	**6.98%**	**5.13%**	**12.00%**	**12.00%**	**8.55%**	**10.35%**	**6.75%**
TSW Blended Benchmark (2)		*10.49%*	*13.76%*	*9.59%*	*15.98%*	*15.98%*	*8.81%*	*11.55%*	*8.30%*
Excess Return		*-2.42%*	*-6.78%*	*-4.46%*	*-3.98%*	*-3.98%*	*-0.25%*	*-1.20%*	*-1.55%*
Small Cap Domestic Equity	**7.58%**	**9.92%**	**12.14%**	**8.21%**	**16.47%**	**16.47%**	**5.74%**	**13.64%**	**9.47%**
Russell 2000 Index		*12.22%*	*14.03%*	*8.18%*	*16.93%*	*16.93%*	*2.22%*	*9.97%*	*7.16%*
Excess Return		*-2.30%*	*-1.89%*	*0.03%*	*-0.46%*	*-0.46%*	*3.52%*	*3.67%*	*2.32%*
Boston Trust	**1.97%**	**8.60%**	**10.41%**	**5.97%**	**10.65%**	**10.65%**	**9.25%**	**13.44%**	**9.11%**
Russell 2000 Index		*12.22%*	*14.03%*	*8.18%*	*16.93%*	*16.93%*	*2.22%*	*9.97%*	*7.16%*
Excess Return		*-3.62%*	*-3.62%*	*-2.21%*	*-6.28%*	*-6.28%*	*7.02%*	*3.46%*	*1.95%*
Segall Bryant & Hamill	**2.09%**	**9.03%**	**11.93%**	**8.67%**	**14.64%**	**14.64%**	**7.24%**	**14.12%**	**9.00%**
Russell 2000 Index		*12.22%*	*14.03%*	*8.18%*	*16.93%*	*16.93%*	*2.22%*	*9.97%*	*7.16%*
Excess Return		*-3.19%*	*-2.10%*	*0.49%*	*-2.29%*	*-2.29%*	*5.01%*	*4.15%*	*1.85%*
Wellington	**3.51%**	**11.21%**	**13.27%**	**9.23%**	**21.21%**	**21.21%**	**3.15%**	**13.47%**	**9.99%**
Russell 2000 Index		*12.22%*	*14.03%*	*8.18%*	*16.93%*	*16.93%*	*2.22%*	*9.97%*	*7.16%*
Excess Return		*-1.01%*	*-0.76%*	*1.05%*	*4.28%*	*4.28%*	*0.92%*	*3.50%*	*2.83%*

(1) The Domestic Equity Benchmark is the Russell 3000 Index as of 7/1/2021.

(2) TSW Blended Benchmark is the Russell 2500 Value Index as of 7/1/2019. Prior to 7/1/2019 it was the Russell 2500.

The table below details the rates of return for the fund's investment managers over various time periods ended December 31, 2023. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

		Net of Fees Returns for Periods Ended December 31, 2023							
Composite	Total Fund Weighting As of 12/31/2023	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Non US Equity	**18.54%**	**5.01%**	**10.21%**	**5.23%**	**19.60%**	**19.60%**	**2.16%**	**7.49%**	**4.21%**
Non US Equity Benchmark (1)		*5.02%*	*9.75%*	*5.61%*	*15.62%*	*15.62%*	*1.55%*	*7.08%*	*3.83%*
Excess Return		*-0.01%*	*0.45%*	*-0.39%*	*3.99%*	*3.99%*	*0.62%*	*0.41%*	*0.38%*
Core Non US Equity	**11.30%**	**4.77%**	**9.84%**	**5.50%**	**20.35%**	**20.35%**	**4.00%**	**7.80%**	**3.63%**
Core Non US Benchmark (2)		*5.02%*	*9.75%*	*5.61%*	*15.62%*	*15.62%*	*1.55%*	*7.08%*	*3.83%*
Excess Return		*-0.25%*	*0.08%*	*-0.12%*	*4.74%*	*4.74%*	*2.46%*	*0.72%*	*-0.20%*
Aristotle	**1.47%**	**5.18%**	**10.19%**	**5.28%**	**18.69%**	**18.69%**	**0.95%**	**-**	**-**
MSCI EAFE		*5.31%*	*10.42%*	*5.88%*	*18.24%*	*18.24%*	*4.02%*	*-*	*-*
Excess Return		*-0.14%*	*-0.23%*	*-0.61%*	*0.45%*	*0.45%*	*-3.07%*	*-*	*-*
Artisan Partners	**3.17%**	**4.10%**	**9.46%**	**4.94%**	**15.87%**	**15.87%**	**0.95%**	**7.44%**	**-**
MSCI EAFE		*5.31%*	*10.42%*	*5.88%*	*18.24%*	*18.24%*	*4.02%*	*8.16%*	*-*
Excess Return		*-1.22%*	*-0.96%*	*-0.94%*	*-2.37%*	*-2.37%*	*-3.07%*	*-0.72%*	*-*
BlackRock SuperFund	**1.60%**	**4.91%**	**9.61%**	**5.50%**	**-**	**-**	**-**	**-**	**-**
MSCI ACWI Ex-US		*5.02%*	*9.75%*	*5.61%*	*-*	*-*	*-*	*-*	*-*
Excess Return		*-0.11%*	*-0.14%*	*-0.11%*	*-*	*-*	*-*	*-*	*-*
Causeway Capital	**3.65%**	**4.88%**	**9.48%**	**6.15%**	**27.83%**	**27.83%**	**9.14%**	**10.82%**	**-**
MSCI EAFE		*5.31%*	*10.42%*	*5.88%*	*18.24%*	*18.24%*	*4.02%*	*8.16%*	*-*
Excess Return		*-0.43%*	*-0.94%*	*0.27%*	*9.59%*	*9.59%*	*5.12%*	*2.66%*	*-*
Lazard	**1.40%**	**5.45%**	**11.58%**	**5.32%**	**18.18%**	**18.18%**	**1.82%**	**-**	**-**
MSCI EAFE		*5.31%*	*10.42%*	*5.88%*	*18.24%*	*18.24%*	*4.02%*	*-*	*-*
Excess Return		*0.14%*	*1.16%*	*-0.56%*	*-0.06%*	*-0.06%*	*-2.20%*	*-*	*-*
Emerging Markets	**1.43%**	**3.49%**	**6.50%**	**2.69%**	**9.28%**	**9.28%**	**-6.98%**	**1.84%**	**1.60%**
MSCI EM		*3.91%*	*7.86%*	*4.71%*	*9.83%*	*9.83%*	*-5.08%*	*3.69%*	*2.66%*
Excess Return		*-0.42%*	*-1.37%*	*-2.02%*	*-0.55%*	*-0.55%*	*-1.91%*	*-1.84%*	*-1.07%*
Wellington Emerging Markets	**1.43%**	**3.49%**	**6.50%**	**2.69%**	**6.91%**	**6.91%**	**-7.19%**	**2.00%**	**2.57%**
MSCI EM		*3.91%*	*7.86%*	*4.71%*	*9.83%*	*9.83%*	*-5.08%*	*3.69%*	*2.66%*
Excess Return		*-0.42%*	*-1.37%*	*-2.02%*	*-2.91%*	*-2.91%*	*-2.11%*	*-1.69%*	*-0.09%*
Non US Small Cap	**1.15%**	**7.78%**	**12.67%**	**7.73%**	**16.42%**	**16.42%**	**-1.20%**	**1.75%**	**-0.10%**
MSCI EAFE Small Cap		*7.28%*	*11.14%*	*7.24%*	*13.16%*	*13.16%*	*-0.69%*	*6.58%*	*4.80%*
Excess Return		*0.50%*	*1.53%*	*0.49%*	*3.26%*	*3.26%*	*-0.51%*	*-4.82%*	*-4.90%*
Wellington Int'l Small Cap Research	**1.15%**	**7.78%**	**12.67%**	**7.73%**	**16.42%**	**16.42%**	**-**	**-**	**-**
MSCI EAFE Small Cap		*7.28%*	*11.14%*	*7.24%*	*13.16%*	*13.16%*	*-*	*-*	*-*
Excess Return		*0.50%*	*1.53%*	*0.49%*	*3.26%*	*3.26%*	*-*	*-*	*-*
Global Equity	**4.67%**	**5.41%**	**11.71%**	**4.77%**	**23.40%**	**23.40%**	**5.67%**	**12.98%**	**10.07%**
MSCI ACWI net		*4.80%*	*11.03%*	*7.26%*	*22.20%*	*22.20%*	*5.75%*	*11.72%*	*7.93%*
Excess Return		*0.60%*	*0.67%*	*-2.49%*	*1.20%*	*1.20%*	*-0.08%*	*1.26%*	*2.15%*
Walter Scott Global Equity	**4.67%**	**5.41%**	**11.71%**	**4.77%**	**23.40%**	**23.40%**	**5.67%**	**12.98%**	**10.07%**
Walter Scott Blended Benchmark (3)		*4.80%*	*11.03%*	*7.26%*	*22.20%*	*22.20%*	*5.75%*	*11.72%*	*7.93%*
Excess Return		*0.60%*	*0.67%*	*-2.49%*	*1.20%*	*1.20%*	*-0.08%*	*1.26%*	*2.15%*

(1) The Non US Equity Index is the MSCI ACWI ex US Index as of 7/1/2003. Prior to 7/1/2003 it was the MSCI EAFE Index.
(2) The Core Non US Equity Index is the MSCI ACWI ex US as of 7/1/2007. Prior to 7/1/2007 it was the MSCI EAFE Index.
(3) The Walter Scott Blended Benchmark is the MSCI ACWI Index as 5/1/2008. Prior to 5/1/2008 it was the MSCI EAFE Index.

The table below details the rates of return for the fund's investment managers over various time periods ended December 31, 2023. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

		Net of Fees Returns for Periods Ended December 31, 2023							
Composite	**Total Fund Weighting As of 12/31/2023**	**Last Month**	**Last 3 Months**	**FYTD**	**CYTD**	**LTM**	**3-YR**	**5-YR**	**10-YR**
Total Fixed Income	**19.94%**	**4.05%**	**7.16%**	**4.10%**	**7.03%**	**7.03%**	**-2.16%**	**2.43%**	**2.52%**
Fixed Income Benchmark (1)		*3.79%*	*6.83%*	*3.76%*	*6.17%*	*6.17%*	*-2.97%*	*1.44%*	*2.08%*
Excess Return		*0.25%*	*0.33%*	*0.34%*	*0.86%*	*0.86%*	*0.80%*	*0.99%*	*0.45%*
BlackRock SIO Bond Fund	**2.26%**	**2.98%**	**5.53%**	**5.36%**	**7.45%**	**7.45%**	**1.28%**	**3.54%**	**-**
BlackRock Custom Benchmark (2)		*0.43%*	*1.35%*	*2.70%*	*5.18%*	*5.18%*	*2.31%*	*2.01%*	*-*
Excess Return		*2.55%*	*4.19%*	*2.66%*	*2.27%*	*2.27%*	*-1.04%*	*1.53%*	*-*
Brandywine Asset Mgmt	**2.03%**	**7.17%**	**12.59%**	**4.33%**	**7.73%**	**7.73%**	**-4.92%**	**1.09%**	**1.54%**
Brandywine Custom Benchmark (3)		*4.40%*	*8.36%*	*3.48%*	*5.36%*	*5.36%*	*-7.19%*	*-1.39%*	*-0.32%*
Excess Return		*2.77%*	*4.24%*	*0.86%*	*2.37%*	*2.37%*	*2.27%*	*2.49%*	*1.86%*
FIAM (Fidelity) Tactical Bond	**3.19%**	**4.14%**	**7.14%**	**3.79%**	**7.04%**	**7.04%**	**-0.85%**	**-**	**-**
Bloomberg Aggregate		*3.83%*	*6.82%*	*3.37%*	*5.53%*	*5.53%*	*-3.31%*	*-*	*-*
Excess Return		*0.32%*	*0.33%*	*0.42%*	*1.51%*	*1.51%*	*2.46%*	*-*	*-*
Income Research & Management	**6.68%**	**3.71%**	**6.49%**	**3.38%**	**6.23%**	**6.23%**	**-3.46%**	**1.79%**	**2.31%**
Bloomberg Gov/Credit		*3.68%*	*6.63%*	*3.44%*	*5.72%*	*5.72%*	*-3.53%*	*1.41%*	*1.97%*
Excess Return		*0.03%*	*-0.14%*	*-0.06%*	*0.51%*	*0.51%*	*0.07%*	*0.38%*	*0.34%*
Loomis Sayles	**2.43%**	**3.96%**	**7.04%**	**5.69%**	**8.50%**	**8.50%**	**-0.63%**	**4.18%**	**3.66%**
Loomis Sayles Custom Benchmark (4)		*3.79%*	*6.94%*	*4.85%*	*8.25%*	*8.25%*	*-1.46%*	*2.65%*	*2.83%*
Excess Return		*0.17%*	*0.10%*	*0.84%*	*0.25%*	*0.25%*	*0.83%*	*1.53%*	*0.83%*
Manulife Strategic Fixed Income	**1.83%**	**3.33%**	**6.42%**	**4.06%**	**7.56%**	**7.56%**	**-0.96%**	**3.03%**	**-**
Bloomberg Multiverse		*4.15%*	*8.13%*	*4.38%*	*6.05%*	*6.05%*	*-5.26%*	*-0.13%*	*-*
Excess Return		*-0.82%*	*-1.70%*	*-0.32%*	*1.52%*	*1.52%*	*4.30%*	*3.16%*	*-*
Mellon US Agg Bond Index	**1.52%**	**3.83%**	**6.83%**	**3.37%**	**-**	**-**	**-**	**-**	**-**
Bloomberg Aggregate Bond Index		*3.83%*	*6.82%*	*3.37%*	*-*	*-*	*-*	*-*	*-*
Excess Return		*0.01%*	*0.01%*	*0.00%*	*-*	*-*	*-*	*-*	*-*
Total Cash	**0.39%**	**0.47%**	**1.40%**	**2.76%**	**5.21%**	**5.21%**	**2.26%**	**1.97%**	**1.33%**
3-month Treasury Bill		*0.47%*	*1.37%*	*2.70%*	*5.01%*	*5.01%*	*2.15%*	*1.88%*	*1.25%*
Excess Return		*0.00%*	*0.03%*	*0.06%*	*0.20%*	*0.20%*	*0.11%*	*0.09%*	*0.08%*
Total Marketable Assets	**70.61%**	**5.41%**	**9.89%**	**6.05%**	**16.61%**	**16.61%**	**3.51%**	**8.48%**	**6.34%**
Total Marketable Index (5)		*4.73%*	*9.72%*	*6.17%*	*16.46%*	*16.46%*	*2.97%*	*8.47%*	*6.59%*
Excess Return		*0.68%*	*0.18%*	*-0.12%*	*0.16%*	*0.16%*	*0.53%*	*0.01%*	*-0.25%*

(1) The Fixed Income Benchmark is the Bloomberg Universal Bond Index as of 7/1/2007.
(2) The BlackRock Custom Benchmark is 3 Month SOFR compounded in arrears as of 1/1/2022.
(3) The Brandywine Blended Benchmark is the FTSE WGBI Ex-China Index as of 11/1/2021.
(4) The Loomis Sayles Custom Benchmark is 65% Bloomberg Aggregate and 35% Bloomberg High Yield.
(5) Marketable Assets Index is 40% Russell 3000, 26.7% MSCI ACWI ex US, and 33.3% Bloomberg Universal as of 7/1/2021.

The table below details the rates of return for the fund's investment managers over various time periods ended December 31, 2023. Negative manager excess returns are shown in red, positive excess returns in green. Returns for one year or greater are annualized.

		Net of Fees Returns for Periods Ended December 31, 2023							
Composite	Total Fund Weighting As of 12/31/2023	Last Month	Last 3 Months	FYTD	CYTD	LTM	3-YR	5-YR	10-YR
Total Real Estate (Q3)* (5)	**10.55%**	**-1.73%**	**-1.74%**	**-1.91%**	**-9.94%**	**-9.94%**	**10.54%**	**8.31%**	**10.21%**
Real Estate Benchmark (1)		*-0.71%*	*-2.10%*	*-4.92%*	*-12.88%*	*-12.88%*	*6.19%*	*4.72%*	*7.30%*
Excess Return		*-1.02%*	*0.36%*	*3.01%*	*2.95%*	*2.95%*	*4.35%*	*3.59%*	*2.91%*
Strategic Core Real Estate (Q3)*	**6.55%**	**-1.54%**	**-1.65%**	**-1.74%**	**-13.99%**	**-13.99%**	**8.40%**	**6.69%**	**8.81%**
Real Estate Benchmark (1)		*-0.71%*	*-2.10%*	*-4.92%*	*-12.88%*	*-12.88%*	*6.19%*	*4.72%*	*7.30%*
Excess Return		*-0.83%*	*0.45%*	*3.18%*	*-1.11%*	*-1.11%*	*2.21%*	*1.96%*	*1.51%*
Tactical Non-Core Real Estate (Q3)*	**4.00%**	**-2.04%**	**-1.89%**	**-2.20%**	**-1.79%**	**-1.79%**	**14.35%**	**11.28%**	**12.67%**
Real Estate Benchmark (1)		*-0.71%*	*-2.10%*	*-4.92%*	*-12.88%*	*-12.88%*	*6.19%*	*4.72%*	*7.30%*
Excess Return		*-1.33%*	*0.21%*	*2.73%*	*11.10%*	*11.10%*	*8.15%*	*6.56%*	*5.38%*
Total Alternative Assets (Q3)*	**18.84%**	**1.43%**	**1.44%**	**1.42%**	**6.31%**	**6.31%**	**14.48%**	**10.83%**	**9.42%**
Alternative Assets Benchmark (2)		*-3.04%*	*-1.12%*	*5.59%*	*19.58%*	*19.58%*	*9.86%*	*10.03%*	*11.32%*
Excess Return		*4.47%*	*2.56%*	*-4.17%*	*-13.27%*	*-13.27%*	*4.62%*	*0.80%*	*-1.90%*
Total Private Equity (Q3)*	**14.07%**	**1.34%**	**1.35%**	**1.33%**	**6.67%**	**6.67%**	**17.09%**	**13.28%**	**12.24%**
Private Equity Benchmark (3)		*-4.48%*	*-2.66%*	*5.90%*	*22.76%*	*22.76%*	*12.61%*	*12.97%*	*15.39%*
Excess Return		*5.82%*	*4.02%*	*-4.57%*	*-16.10%*	*-16.10%*	*4.48%*	*0.31%*	*-3.16%*
Total Private Debt (Q3)*	**4.77%**	**1.69%**	**1.71%**	**1.68%**	**5.31%**	**5.31%**	**8.29%**	**5.40%**	**6.53%**
Private Debt Benchmark (4)		*-0.10%*	*2.02%*	*4.85%*	*13.14%*	*13.14%*	*4.07%*	*3.47%*	*6.28%*
Excess Return		*1.79%*	*-0.31%*	*-3.17%*	*-7.83%*	*-7.83%*	*4.22%*	*1.93%*	*0.25%*

(1) The Real Estate Benchmark is the NCREIF NFI-ODCE Value Weight Net Index lagged 1 quarter as of 7/1/2015.

(2) The Alternative Assets Benchmark is 66.7% Russell 3000 Index + 2% lagged 1 quarter and 33.3% ((50% S&P LSTA Leveraged Loan 100 Index + 50% Bloomberg High Yield Index) + 1%) lagged 1 quarter as of 7/1/2022.

(3) The Private Equity Benchmark is the Russell 3000 Index + 2% lagged 1 quarter as of 7/1/2022.

(4) The Private Debt Benchmark is (50% MStar LSTA Leveraged Loan 100 Index / 50% Bloomberg High Yield Index) + 1% lagged 1 quarter as of 7/1/2022.

(5) Total Real Estate returns includes Townsend discretionary fee as of 7/1/2022.

*Real Estate and Alternatives market values reflect current custodian valuations, which are typically lagged approximately 1 quarter.

Investment Manager Asset Allocation

The table below contrasts the distribution of assets across the Fund's investment managers as of December 31, 2023, with the distribution as of November 30, 2023. The change in asset distribution is broken down into the dollar change due to Net New Investment and the dollar change due to Investment Return.

Asset Distribution Across Investment Managers

	December 31, 2023				November 30, 2023	
	Market Value	Weight	Net New Inv.	Inv. Return	Market Value	Weight
Total Domestic Equity	**$3,734,991,813**	**31.73%**	**$0**	**$232,655,972**	**$3,502,335,842**	**30.81%**
Large Cap Domestic Equity	**$2,161,866,634**	**18.37%**	**$0**	**$93,921,179**	**$2,067,945,455**	**18.19%**
Blackrock S&P 500	2,161,866,634	18.37%	0	93,921,179	2,067,945,455	18.19%
SMid Cap Domestic Equity	**$680,984,900**	**5.79%**	**$0**	**$57,818,136**	**$623,166,764**	**5.48%**
AllianceBernstein	425,590,996	3.62%	0	38,613,221	386,977,775	3.40%
TSW	255,393,904	2.17%	0	19,204,915	236,188,989	2.08%
Small Cap Domestic Equity	**$892,140,279**	**7.58%**	**$0**	**$80,916,657**	**$811,223,623**	**7.14%**
Boston Trust	232,180,382	1.97%	0	18,472,256	213,708,126	1.88%
Segall Bryant & Hamill	246,291,763	2.09%	0	20,540,389	225,751,374	1.99%
Wellington	413,668,134	3.51%	0	41,904,012	371,764,123	3.27%
Total Non US Equity	**$2,182,655,605**	**18.54%**	**$0**	**$105,078,389**	**$2,077,577,216**	**18.28%**
Core Non US Equity (1)	**$1,329,966,023**	**11.30%**	**$0**	**$61,036,251**	**$1,268,929,772**	**11.16%**
Aristotle	172,677,350	1.47%	0	8,559,838	164,117,512	1.44%
Artisan Partners	373,664,128	3.17%	0	14,895,191	358,768,937	3.16%
BlackRock Superfund	188,391,200	1.60%	0	8,831,168	179,560,032	1.58%
Causeway Capital	430,172,433	3.65%	0	20,191,255	409,981,179	3.61%
Lazard	164,377,378	1.40%	0	8,564,426	155,812,952	1.37%
Emerging Markets	**$167,904,443**	**1.43%**	**$0**	**$5,790,798**	**$162,113,645**	**1.43%**
Wellington Emerging Markets	167,904,443	1.43%	0	5,790,798	162,113,645	1.43%
Non US Small Cap	**$134,953,584**	**1.15%**	**$0**	**$9,821,264**	**$125,132,320**	**1.10%**
Wellington Int'l Small Cap Research	134,953,584	1.15%	0	9,821,264	125,132,320	1.10%
Global Equity	**$549,831,555**	**4.67%**	**$0**	**$28,430,076**	**$521,401,479**	**4.59%**
Walter Scott Global Equity	549,831,555	4.67%	0	28,430,076	521,401,479	4.59%
Total Fixed Income	**$2,346,687,743**	**19.94%**	**$0**	**$91,741,652**	**$2,254,946,091**	**19.84%**
BlackRock SIO Bond Fund	266,277,704	2.26%	0	7,821,674	258,456,031	2.27%
Brandywine Asset Mgmt	239,132,976	2.03%	0	16,055,170	223,077,805	1.96%
FIAM (Fidelity) Tactical Bond	375,407,619	3.19%	0	15,036,353	360,371,266	3.17%
Income Research & Management	785,987,790	6.68%	0	28,257,945	757,729,845	6.67%
Loomis Sayles	285,847,793	2.43%	0	10,970,761	274,877,031	2.42%
Manulife Strategic Fixed Income	214,913,943	1.83%	0	6,982,149	207,931,794	1.83%
Mellon US Agg Bond Index	179,119,918	1.52%	0	6,617,600	172,502,318	1.52%
Total Cash	**$46,342,766**	**0.39%**	**$(21,945,096)**	**$313,966**	**$67,973,895**	**0.60%**
Total Marketable Assets	**$8,310,677,927**	**70.61%**	**$(21,945,096)**	**$429,789,979**	**$7,902,833,044**	**69.52%**
Total Real Estate	**$1,242,239,728**	**10.55%**	**$278,366**	**$(21,378,660)**	**$1,263,340,022**	**11.11%**
Strategic Core Real Estate	771,525,310	6.55%	(2,630,345)	(11,598,535)	785,754,190	6.91%
Tactical Non-Core Real Estate	470,714,417	4.00%	2,908,711	(9,780,125)	477,585,831	4.20%
Total Alternative Assets	**$2,217,599,162**	**18.84%**	**$(21,534,499)**	**$37,232,682**	**$2,201,900,979**	**19.37%**
Private Equity	1,655,749,890	14.07%	(18,938,185)	25,830,460	1,648,857,615	14.50%
Private Debt	561,849,272	4.77%	(2,596,314)	11,402,222	553,043,364	4.86%
Total Fund Composite	**$11,770,516,817**	**100.0%**	**$(44,180,144)**	**$446,622,916**	**$11,368,074,046**	**100.0%**

-Alternatives market values reflect current custodian valuations, which may not be up to date.
(1) Includes $683,533 in legacy assets that are not actively managed and in liquidation following the termination of Fisher Investments.

New Hampshire Retirement System
Target History

30-Jun-2022 - 31-Dec-2023		
Domestic Broad Eq	Russell 3000 Index	30.00%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF NFI-ODCE Value Weight Net	10.00%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Russell 3000 Index+2.00%	10.00%
Other Alternatives	Bloomberg HY Corporate+1.00%	2.50%
Other Alternatives	Morningstar LSTA Leveraged Loan 100+1.00%	2.50%
		100.00%

30-Jun-2021 - 30-Jun-2022		
Domestic Broad Eq	Russell 3000 Index	30.00%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF NFI-ODCE Value Weight Net	10.00%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+3.00%	10.00%
Other Alternatives	Morningstar LSTA Leveraged Loan 100	5.00%
		100.00%

30-Sep-2020 - 30-Jun-2021		
Domestic Broad Eq	S&P 500 Index	30.00%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF NFI-ODCE Value Weight Net	10.00%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+3.00%	10.00%
Other Alternatives	Morningstar LSTA Leveraged Loan 100	5.00%
		100.00%

30-Jun-2015 - 30-Sep-2020		
Domestic Broad Eq	S&P 500 Index	30.00%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF NFI-ODCE Value Weight Net	10.00%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	15.00%
		100.00%

31-Mar-2015 - 30-Jun-2015		
Domestic Broad Eq	Russell 3000 Index	37.30%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.70%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	9.00%
		100.00%

31-Dec-2014 - 31-Mar-2015		
Domestic Broad Eq	Russell 3000 Index	37.70%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.80%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	8.50%
		100.00%

30-Sep-2014 - 31-Dec-2014		
Domestic Broad Eq	Russell 3000 Index	39.00%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.60%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	7.40%
		100.00%

30-Jun-2014 - 30-Sep-2014		
Domestic Broad Eq	Russell 3000 Index	39.60%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.90%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	6.50%
		100.00%

31-Mar-2014 - 30-Jun-2014		
Domestic Broad Eq	Russell 3000 Index	42.20%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.60%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	4.20%
		100.00%

31-Dec-2013 - 31-Mar-2014		
Domestic Broad Eq	Russell 3000 Index	41.80%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	9.10%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	4.10%
		100.00%

30-Sep-2013 - 31-Dec-2013		
Domestic Broad Eq	Russell 3000 Index	42.90%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.60%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	3.50%
		100.00%

30-Jun-2013 - 30-Sep-2013		
Domestic Broad Eq	Russell 3000 Index	42.50%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	9.00%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	S&P 500 Index+5.00%	3.50%
		100.00%

31-Mar-2013 - 30-Jun-2013		
Domestic Broad Eq	Russell 3000 Index	43.00%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.60%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	3.40%
		100.00%

31-Dec-2012 - 31-Mar-2013		
Domestic Broad Eq	Russell 3000 Index	43.60%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.80%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	2.60%
		100.00%

Alternatives Benchmark represents from 7/1/2022 to present: 66.7% Russell 3000 Idx + 2% (1 qtr lag) and 33.3% ((50% S&P LSTA Leveraged Loan 100 Idx + 50% Bloomberg HY Idx) + 1%) (1 qtr lag).
From 7/1/2019 to 7/1/2022: 66.7% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag). From 7/1/2016 to 7/1/2019: 33.3% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag) + 33.3% of Cash (6-mo USD LIBOR) + 5%. From 7/1/2015 to 7/1/2016: 33.3% S&P 500 +3% (1qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Idx(1 qtr lag) + 33.3% of Cash (1 month USD LIBID) +5%. From 7/1/2013 to 7/1/2015: S&P 500 plus 5% (1 qtr lag). From 7/1/2011 to 7/1/2013: Qtr ending weight of Private Equity x S&P 500 plus 5% + Qtr ending weight Absolute Return x CPI + 5%. Prior to 7/1/2011: CPI + 5%.

New Hampshire Retirement System
Target History

30-Sep-2012 - 31-Dec-2012		
Domestic Broad Eq	Russell 3000 Index	43.90%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	8.70%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	2.40%
		100.00%

30-Jun-2012 - 30-Sep-2012		
Domestic Broad Eq	Russell 3000 Index	43.50%
Domestic Fixed	Bloomberg Universal	25.00%
Real Estate	NCREIF Property Index+0.50%	9.00%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	2.50%
		100.00%

31-Mar-2012 - 30-Jun-2012		
Domestic Broad Eq	Russell 3000 Index	40.10%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	7.60%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	2.30%
		100.00%

31-Dec-2011 - 31-Mar-2012		
Domestic Broad Eq	Russell 3000 Index	39.70%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	8.00%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	2.30%
		100.00%

30-Sep-2011 - 31-Dec-2011		
Domestic Broad Eq	Russell 3000 Index	40.20%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	7.40%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	2.40%
		100.00%

30-Jun-2011 - 30-Sep-2011		
Domestic Broad Eq	Russell 3000 Index	42.50%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	5.40%
Intl Equity	MSCI ACWI xUS (Net)	20.00%
Other Alternatives	Alternative Asset Benchmark	2.10%
		100.00%

31-Mar-2011 - 30-Jun-2011		
Domestic Broad Eq	Russell 3000 Index	43.00%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	5.30%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	1.70%
Global Equity Broad	MSCI ACWI (Net)	5.00%
		100.00%

31-Dec-2010 - 31-Mar-2011		
Domestic Broad Eq	Russell 3000 Index	43.00%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	5.20%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	1.80%
Global Equity Broad	MSCI ACWI (Net)	5.00%
		100.00%

30-Sep-2010 - 31-Dec-2010		
Domestic Broad Eq	Russell 3000 Index	42.80%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	5.40%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	1.80%
Global Equity Broad	MSCI ACWI (Net)	5.00%
		100.00%

30-Jun-2010 - 30-Sep-2010		
Domestic Broad Eq	Russell 3000 Index	42.90%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	5.00%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	2.10%
Global Equity Broad	MSCI ACWI (Net)	5.00%
		100.00%

31-Dec-2009 - 30-Jun-2010		
Domestic Broad Eq	Russell 3000 Index	43.30%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	4.70%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	2.00%
Global Equity Broad	MSCI ACWI (Net)	5.00%
		100.00%

30-Sep-2009 - 31-Dec-2009		
Domestic Broad Eq	Russell 3000 Index	42.30%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	5.50%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	2.20%
Global Equity Broad	MSCI ACWI (Net)	5.00%
		100.00%

30-Jun-2009 - 30-Sep-2009		
Domestic Broad Eq	Russell 3000 Index	41.50%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	6.20%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	2.30%
Global Equity Broad	MSCI ACWI (Net)	5.00%
		100.00%

Alternatives Benchmark represents from 7/1/2022 to present: 66.7% Russell 3000 Idx + 2% (1 qtr lag) and 33.3% ((50% S&P LSTA Leveraged Loan 100 Idx + 50% Bloomberg HY Idx) + 1%) (1 qtr lag).
From 7/1/2019 to 7/1/2022: 66.7% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag). From 7/1/2016 to 7/1/2019: 33.3% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag) + 33.3% of Cash (6-mo USD LIBOR) + 5%. From 7/1/2015 to 7/1/2016: 33.3% S&P 500 +3% (1qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Idx(1 qtr lag) + 33.3% of Cash (1 month USD LIBID) +5%. From 7/1/2013 to 7/1/2015: S&P 500 plus 5% (1 qtr lag). From 7/1/2011 to 7/1/2013: Qtr ending weight of Private Equity x S&P 500 plus 5% + Qtr ending weight Absolute Return x CPI + 5%. Prior to 7/1/2011: CPI + 5%.

New Hampshire Retirement System
Target History

31-Mar-2009 - 30-Jun-2009		
Domestic Broad Eq	Russell 3000 Index	38.00%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	9.30%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	2.70%
Global Equity Broad	MSCI ACWI (Net)	5.00%
		100.00%

31-Dec-2008 - 31-Mar-2009		
Domestic Broad Eq	Russell 3000 Index	37.20%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index+0.50%	9.70%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Alternative Asset Benchmark	3.10%
Global Equity Broad	MSCI ACWI (Net)	5.00%
		100.00%

30-Sep-2008 - 31-Dec-2008		
Domestic Broad Eq	Russell 3000 Index	38.90%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index	8.20%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Consumer Price Index (W) + 5%	2.90%
Global Equity Broad	MSCI ACWI (Net)	5.00%
		100.00%

30-Jun-2008 - 30-Sep-2008		
Domestic Broad Eq	Russell 3000 Index	40.00%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index	7.30%
Intl Equity	MSCI ACWI xUS (Net)	15.00%
Other Alternatives	Consumer Price Index (W) + 5%	2.70%
Global Equity Broad	MSCI ACWI (Net)	5.00%
		100.00%

30-Jun-2007 - 30-Jun-2008		
Domestic Broad Eq	Russell 3000 Index	44.00%
Domestic Fixed	Bloomberg Universal	30.00%
Real Estate	NCREIF Property Index	5.00%
Intl Equity	MSCI ACWI xUS (Net)	16.00%
Other Alternatives	Consumer Price Index (W) + 5%	5.00%
		100.00%

30-Nov-2006 - 30-Jun-2007		
Domestic Broad Eq	Russell 3000 Index	44.00%
Domestic Fixed	Bloomberg Universal	26.00%
Real Estate	NCREIF Property Index	5.00%
Intl Equity	MSCI ACWI xUS (Net)	16.00%
Other Alternatives	Consumer Price Index (W) + 5%	5.00%
Global Fixed-Inc	Brandywine Blended Benchmark	4.00%
		100.00%

30-Jun-2003 - 30-Nov-2006		
Domestic Broad Eq	Russell 3000 Index	47.00%
Domestic Fixed	Bloomberg Universal	18.00%
Real Estate	NCREIF Property Index	10.00%
Intl Equity	MSCI ACWI xUS (Net)	12.00%
Other Alternatives	Consumer Price Index (W) + 5%	10.00%
Global Fixed-Inc	Brandywine Blended Benchmark	3.00%
		100.00%

31-Oct-1997 - 30-Jun-2003		
Domestic Broad Eq	S&P 500 Index	50.00%
Domestic Fixed	Bloomberg Universal	18.00%
Real Estate	NCREIF Property Index	10.00%
Intl Equity	MSCI EAFE (Net)	9.00%
Other Alternatives	Consumer Price Index (W) + 5%	10.00%
Global Fixed-Inc	Brandywine Blended Benchmark	3.00%
		100.00%

31-Mar-1990 - 31-Oct-1997		
Domestic Broad Eq	S&P 500 Index	50.00%
Domestic Fixed	Bloomberg Universal	18.00%
Real Estate	NCREIF Property Index	10.00%
Intl Equity	MSCI EAFE (Net)	9.00%
Other Alternatives	Consumer Price Index (W) + 5%	10.00%
Global Fixed-Inc	JPM GBI Global Unhedged USD	3.00%
		100.00%

30-Jun-1975 - 31-Mar-1990		
Domestic Broad Eq	S&P 500 Index	50.00%
Real Estate	NCREIF Property Index	10.00%
Intl Equity	MSCI EAFE (Net)	9.00%
Other Alternatives	Consumer Price Index (W) + 5%	10.00%
Global Fixed-Inc	JPM GBI Global Unhedged USD	3.00%
		82.00%

Alternatives Benchmark represents from 7/1/2022 to present: 66.7% Russell 3000 Idx + 2% (1 qtr lag) and 33.3% ((50% S&P LSTA Leveraged Loan 100 Idx + 50% Bloomberg HY Idx) + 1%) (1 qtr lag).
From 7/1/2019 to 7/1/2022: 66.7% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag). From 7/1/2016 to 7/1/2019: 33.3% S&P 500 +3% (1 qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Index (1 qtr lag) + 33.3% of Cash (6-mo USD LIBOR) + 5%. From 7/1/2015 to 7/1/2016: 33.3% S&P 500 +3% (1qtr lag) + 33.3% S&P LSTA Leverage Loan 100 Idx(1 qtr lag) + 33.3% of Cash (1 month USD LIBID) +5%. From 7/1/2013 to 7/1/2015: S&P 500 plus 5% (1 qtr lag). From 7/1/2011 to 7/1/2013: Qtr ending weight of Private Equity x S&P 500 plus 5% + Qtr ending weight Absolute Return x CPI + 5%. Prior to 7/1/2011: CPI + 5%.

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NHRS Asset Allocation Update

NHRS Investment Team

Independent Investment Committee Meeting

February 13, 2024

Summary

- At December 31, 2023 the preliminary Total Fund value was approximately $11.8 billion.

- Current Asset Allocation Targets and Ranges were approved* by the Board of Trustees on September 11, 2012 (Targets) and May 14, 2019 (Ranges), respectively.

  **The new Target Asset Allocation approved by the Board in December 2023 will be effective beginning in the new fiscal year (7/1/24)*

- Allocations are managed within approved allocation ranges. All asset classes are continually monitored and Staff takes action to prudently rebalance as a range limit is approached.

- Current status of Targets vs. Actual is illustrated on page 2.

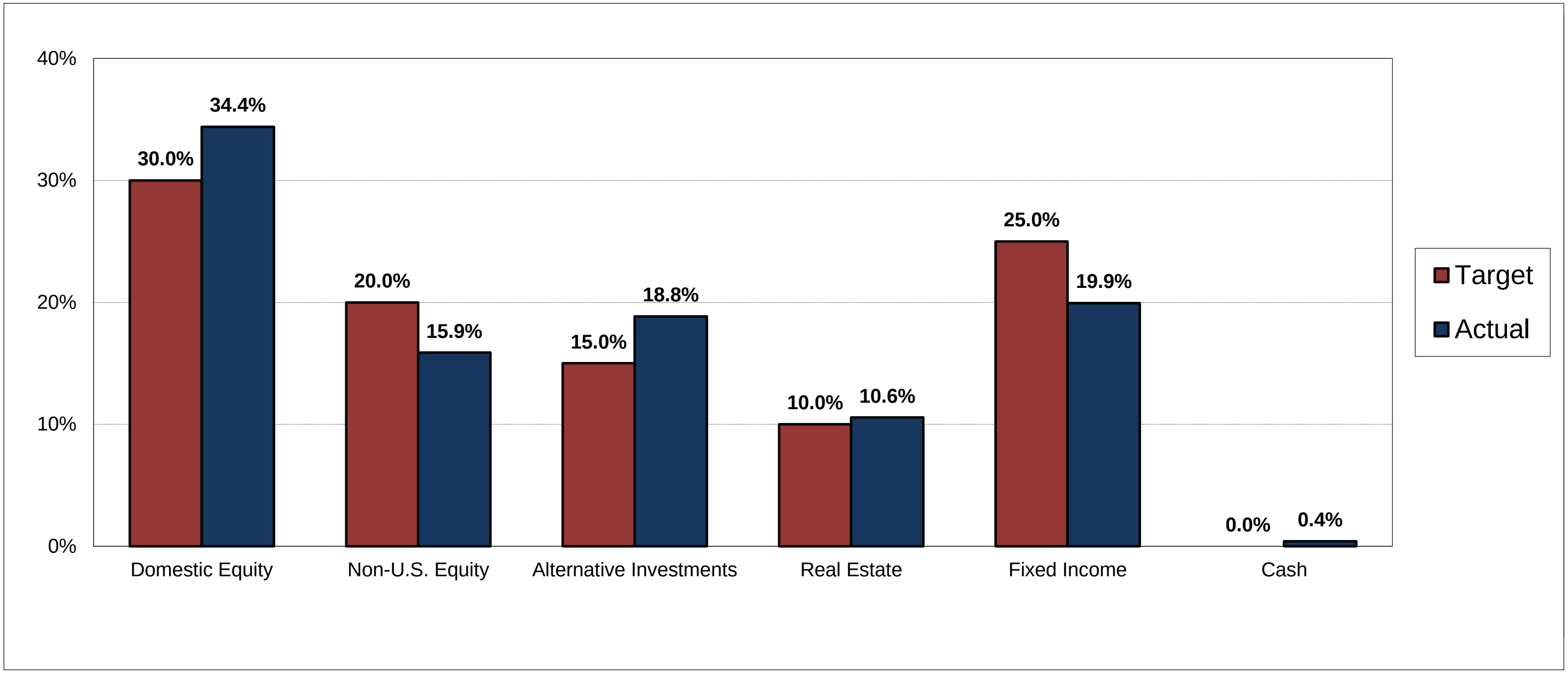
- All asset classes are within approved allocation ranges* (page 3) as of December 31, 2023.

  **Fixed Income is below the target allocation but within the approved allocation range when cash is added.*

- Total Fund allocation is above and below the target of 70% Equity-like and 30% Fixed Income investments, respectively as of December 31st (page 4).

Current Status

Class Targets vs. Actual Allocation
as of December 31, 2023 (Preliminary)



Source: NHRS

Asset Class Allocations Relative to Policy Targets and Ranges

As of December 31, 2023 (preliminary)

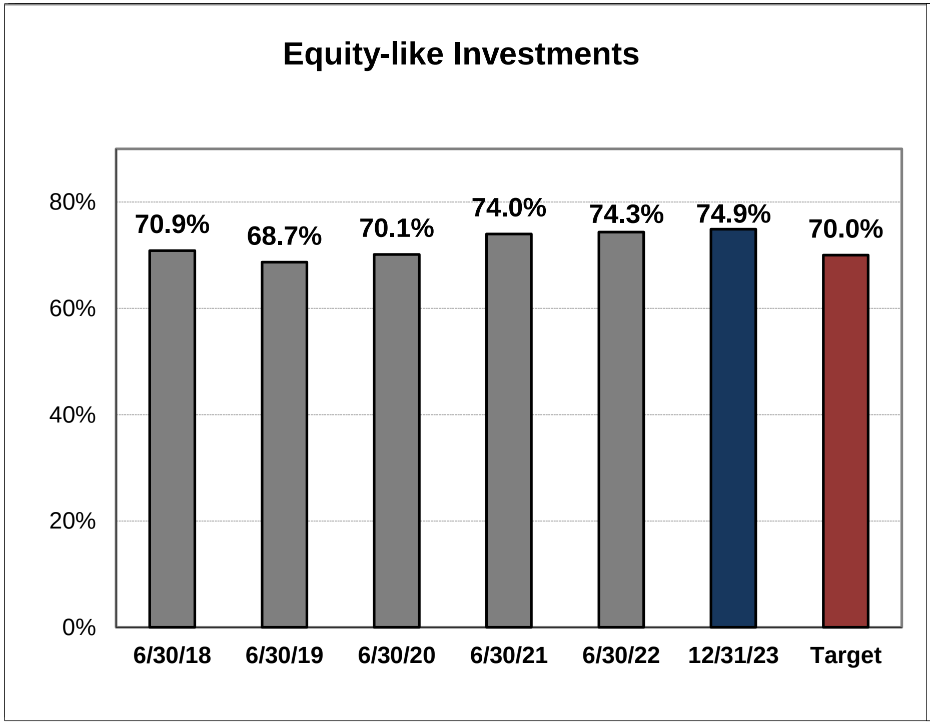
Asset Class	Range	Allocation Target	Allocation Actual	Allocation Variance	Objective	Comments
Domestic Equity	20 - 40%	30.0%	34.4%	4.4%	**Monitor**	No immediate action needed.
Non-U.S. Equity	15 - 25%	20.0%	15.9%	-4.1%	**Monitor**	Below target allocation but within approved allocation range. Continue to Monitor.
Alternative Investments (AI)[1]	5 - 25%	15.0%	18.8%	3.8%	**Monitor**	No immediate action needed.
Real Estate (RE)[1]	5 - 20%	10.0%	10.6%	0.6%	**Monitor**	No immediate action needed.
Fixed Income	20 - 30%	25.0%	19.9%	-5.1%	**Monitor**	Below target allocation but within approved allocation range when cash is included. Continue to Monitor.
Cash	NA	0.0%	0.4%	0.4%	**No Action**	Minimal cash balance to provide liquidity, as needed, for annuities, capital calls, and other plan needs.
		100.0%	100.0%	0.0%		

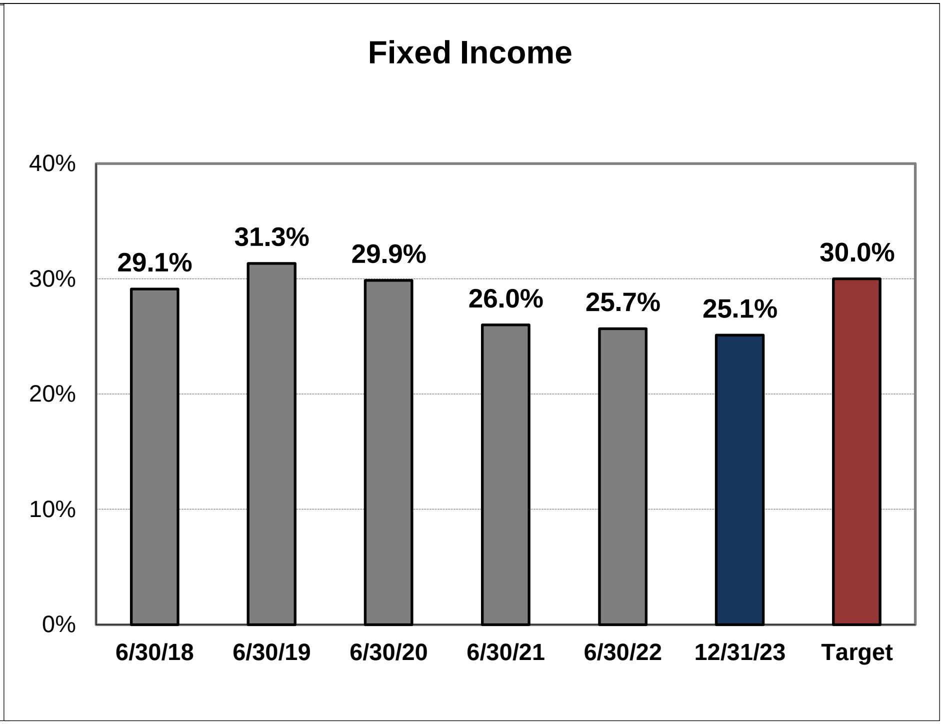
[1]As reported on the December 31, 2023 Monthly Review

Source: NHRS

Total Fund Allocation from 6/30/18 through 12/31/23 (Preliminary)

- The Total Fund allocation is above and below the target of 70% Equity-like and 30% Fixed Income investments, respectively.





Source: NHRS

Private Debt & Equity Summary: As of January 31, 2024

IIC Approval	Investment Name		Amount		Strategy
June 2009	Lexington Capital Partners VII	$	20,000,000		Secondaries
March 2011	Siguler Guff Distressed Opportunities IV *	$	20,000,000		Distressed
April 2011	Avenue Special Situations Fund VI	$	20,000,000		Distressed
April 2011	Lexington Capital Partners VII	$	20,000,000		Secondaries
May 2011	Industry Ventures Fund VI *	$	20,000,000		Secondaries
August 2011	RFE Investment Partners VIII *	$	20,000,000		Buyout
August 2011	Tennenbaum Opportunities Fund VI	$	20,000,000		Distressed
September 2011	Edgewater Growth Capital Partners Fund III *	$	20,000,000		Buyout
November 2011	SL Capital European Smaller Funds I *	$	20,000,000	**	Buyout
July 2012	Ironwood Mezzanine Fund III *	$	20,000,000		Mezzanine
July 2012	Coller International Partners VI	$	20,000,000		Secondaries
December 2012	Paul Capital Partners X *	$	12,500,000		Secondaries
February 2013	HarbourVest Dover Street VIII *	$	50,000,000		Secondaries
May 2013	Gramercy Distressed Opportunity Fund II *	$	50,000,000		Distressed
July 2013	Monroe Capital Senior Secured Direct Loan Fund *	$	50,000,000		Direct Lending
September 2013	**Industry Ventures Fund VII ***	**$**	**20,000,000**		**Secondaries**
September 2013	Industry Ventures Partnership Holdings Fund III *	$	20,000,000		Venture Capital
October 2013	Pine Brook Capital Partners II	$	50,000,000		Growth
February 2014	CCMP Capital Investors III	$	50,000,000		Buyout
February 2014	Carlyle Group *	$	150,000,000		Growth
March 2014	Crescent Direct Lending Levered Fund *	$	50,000,000		Direct Lending
April 2014	**Lexington Capital Partners VIII ***	**$**	**50,000,000**		**Secondaries**
August 2014	Alcentra European Direct Lending Fund	$	50,000,000		Direct Lending
August 2014	HarbourVest HIPEP VII *	$	50,000,000		Buyout
September 2014	Top Tier Venture Velocity Fund *	$	20,000,000		Secondaries
October 2014	BlackRock Private Opportunities Fund - 2014 Series	$	150,000,000		Co-Investments
November 2014	NGP Natural Resources XI *	$	75,000,000		Energy
January 2015	Comvest Capital III *	$	40,000,000		Direct Lending
January 2015	CarVal Investors Credit Value Fund III *	$	50,000,000		Multisector
April 2015	**Coller International Partners VII**	**$**	**50,000,000**		**Secondaries**
August 2015	**Gramercy Distressed Opportunity Fund III ***	**$**	**50,000,000**		**Distressed**
August 2015	**Monroe Capital Private Credit Fund II ***	**$**	**50,000,000**		**Direct Lending**
August 2015	BlueBay Direct Lending Fund II *	$	50,000,000	**	Direct Lending
September 2015	**Industry Ventures Partnership Holdings Fund IV ***	**$**	**20,000,000**		**Venture Capital**
September 2015	Warburg Pincus XII	$	64,000,000	***	Growth
November 2015	**HarbourVest Dover Street IX ***	**$**	**50,000,000**		**Secondaries**
November 2015	Kayne Anderson Energy Fund VII *	$	50,000,000		Energy
February 2016	**Alcentra European Direct Lending Fund II ***	**$**	**50,000,000**		**Direct Lending**
February 2016	Riverstone Credit Partners *	$	50,000,000		Energy
March 2016	Thoma Bravo Fund XII	$	46,000,000	***	Buyout
October 2016	**Comvest Capital IV ***	**$**	**50,000,000**		**Direct Lending**
December 2016	**HarbourVest HIPEP VIII ***	**$**	**50,000,000**		**Buyout**
January 2017	Actis Energy 4	$	50,000,000		Energy
February 2017	**Edgewater Growth Capital Partners Fund IV ***	**$**	**50,000,000**		**Buyout**
February 2017	**Top Tier Venture Velocity Fund 2 ***	**$**	**25,000,000**		**Secondaries**
April 2017	Apollo Investment Fund IX	$	40,000,000	***	Buyout
June 2017	**Crescent Direct Lending Levered Fund II ***	**$**	**50,000,000**		**Direct Lending**
September 2017	**Carlyle Asia V ***	**$**	**50,000,000**		**Growth**
September 2017	**CarVal Investors Credit Value Fund IV ***	**$**	**50,000,000**		**Multisector**
October 2017	**BlackRock Private Opportunities Fund - 2018 Series**	**$**	**150,000,000**		**Co-Investments**
November 2017	**Riverstone Credit Partners II ***	**$**	**50,000,000**		**Energy**
February 2018	**Industry Ventures Partnership Holdings Fund V ***	**$**	**25,000,000**		**Venture Capital**
March 2018	**BlueBay Direct Lending Fund III ***	**$**	**50,000,000**		**Direct Lending**
April 2018	**Monroe Capital Private Credit Fund III ***	**$**	**50,000,000**		**Direct Lending**
September 2018	**Alcentra European Direct Lending Fund III ***	**$**	**50,000,000**		**Direct Lending**
September 2018	**Thoma Bravo Fund XIII**	**$**	**50,000,000**		**Buyout**
September 2018	**Warburg Pincus Global Growth**	**$**	**50,000,000**		**Growth**
April 2019	**HarbourVest Dover Street X ***	**$**	**50,000,000**		**Secondaries**
April 2019	**Top Tier Venture Velocity Fund 3 ***	**$**	**25,000,000**		**Secondaries**

Private Debt & Equity Summary: As of January 31, 2024

IIC Approval	Investment Name	Amount		Strategy
March 2020	**Coller International Partners VIII**	**$ 75,000,000**		**Secondaries**
March 2020	**HarbourVest HIPEP IX ***	**$ 75,000,000**		**Buyout**
April 2020	**Comvest Capital V ***	**$ 50,000,000**		**Direct Lending**
September 2020	**Thoma Bravo Fund XIV**	**$ 50,000,000**	***	**Buyout**
October 2020	**CarVal Investors Credit Value Fund V ***	**$ 50,000,000**		**Multisector**
October 2020	**Industry Ventures Fund IX ***	**$ 50,000,000**		**Secondaries**
November 2020	**BlackRock Private Opportunities Fund - 2021 Series**	**$ 150,000,000**		**Co-Investments**
December 2020	**Monroe Capital Private Credit Fund IV ***	**$ 50,000,000**		**Direct Lending**
February 2021	**Crescent Direct Lending Levered Fund III ***	**$ 50,000,000**		**Direct Lending**
June 2021	**Industry Ventures Partnership Holdings Fund VI ***	**$ 25,000,000**		**Venture Capital**
September 2021	**Top Tier Venture Velocity Fund 4 ***	**$ 25,000,000**		**Secondaries**
November 2021	Atalaya Special Opportunities Fund VIII	$ 50,000,000		Specialty Finance
February 2022	Clearlake Capital Partners VII	$ 50,000,000		Buyout
February 2022	**Thoma Bravo Fund XV**	**$ 50,000,000**		**Buyout**
March 2022	**Comvest Capital VI ***	**$ 50,000,000**		**Direct Lending**
March 2022	**Warburg Pincus 14**	**$ 50,000,000**		**Growth**
May 2022	**HarbourVest Dover Street XI ***	**$ 50,000,000**		**Secondaries**
May 2023	American Industrial Partners VIII	**$ 50,000,000**		Buyout
May 2023	**Apollo X**	**$ 40,000,000**		**Buyout**
May 2023	**Apollo X Co-Investment**	**$ 40,000,000**		**Buyout**
Aug / Sept 2023	Ares Pathfinder II	**$ 75,000,000**		Specialty Finance
October 2023	Strategic Value Partners Capital Solutions II	**$ 50,000,000**		Multisector
December 2023	Sixth Street Partners TAO Global	**$ 75,000,000**		Multisector
		$ 3,982,500,000		

Red indicates Private Equity ($2,512.5m or 63% of commitments)
Green indicates Private Debt ($1,470.0m or 37% of commitments)

Investments that are bolded and shaded represent re-ups

* Advisory Board Member (includes observer seats)
** Commitment made in Euros
*** Amount reduced due to oversubscription