introduction to private equity

Historically, investors have looked to private equity as a potential source of attractive returns, low correlation to other asset classes, diversification from public securities & the possibility of returns greater than those otherwise available in the public markets.

For the taxable investor, an added benefit is that the majority of returns may receive favorable long-term capital gains treatment. Of course, private equity investments involve substantial risks, including, but not limited to, a loss of capital.

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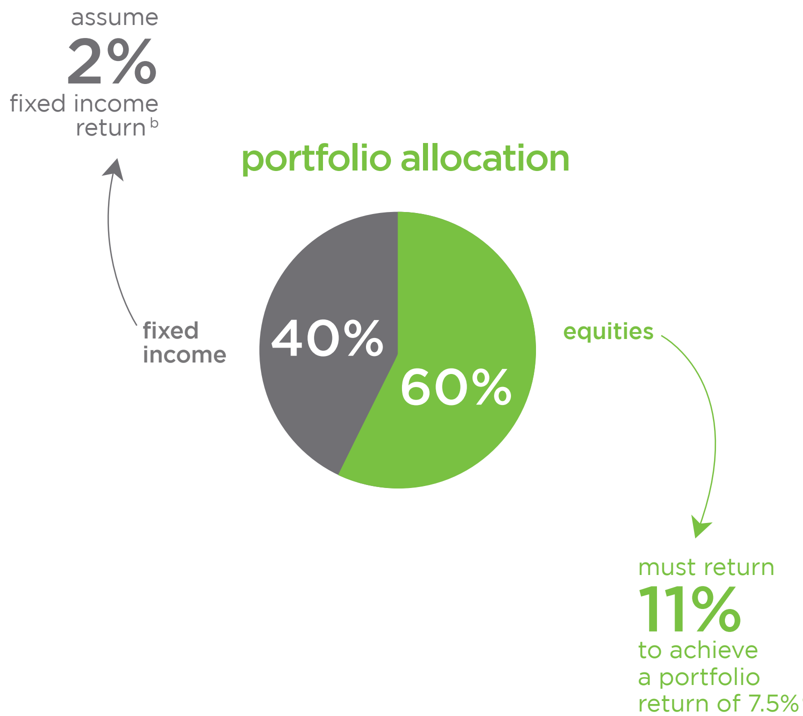
in a low interest-rate environment, achieving return objectives is challenging

In a traditional 60% equity / 40% fixed income portfolio, if fixed income earns just 2%, then equity allocations must earn 11% to attain a 7.5% overall portfolio return.[a]

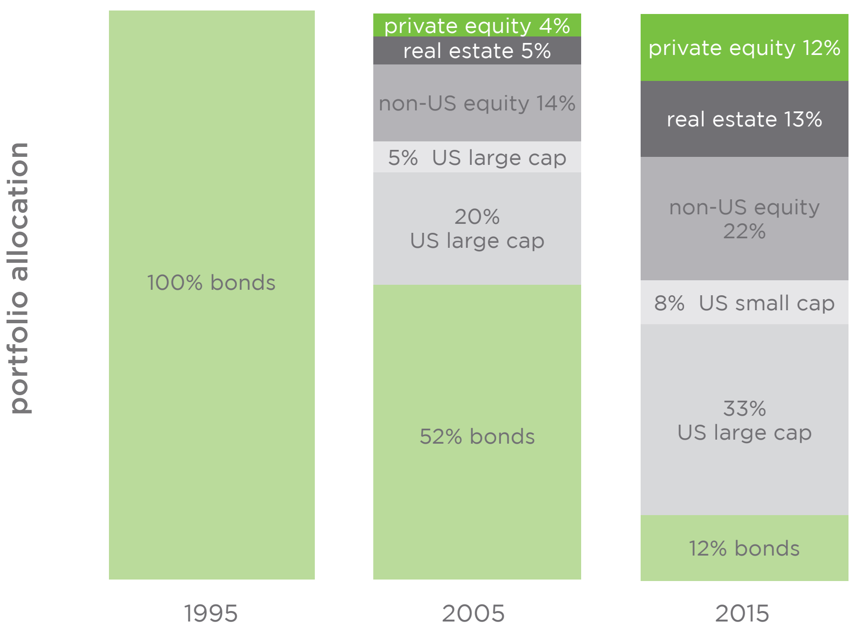


Despite recent attractive performance, an 11% return exceeds historical long-term s&p 500 returns.[d]

historical s&p returns	15 yrs
annualized return	9.0%
annualized volatility	13.8%

a. Hypothetical example assumes 2% annualized return for fixed income allocation. "Equities must return" indicates annualized return that must be achieved by the 60% of the portfolio allocated to equities to achieve the total return objectives indicated. These hypothetical illustrations are based on mathematical principles and are not meant as a forecast of future events or as a statement that prior markets may be duplicated. For illustrative purposes only. Not a recommended allocation. No assurance can be given that portfolio return objectives will be achieved. b. Traditional fixed income investments. Does not include investments such as REITs or high yield. c. Public pension return objective. Source: NASRA Issue Brief: Public Pension Plan Investment Return Assumptions, 2/17. d. As of 12/31/19. S&P 500 is a capitalization-weighted unmanaged index of 500 common stocks. Index included to show general trend in markets. **Past performance is not indicative of future results.**

as compared to earlier periods, investors today must assume significant volatility to achieve a 7.5% portfolio return



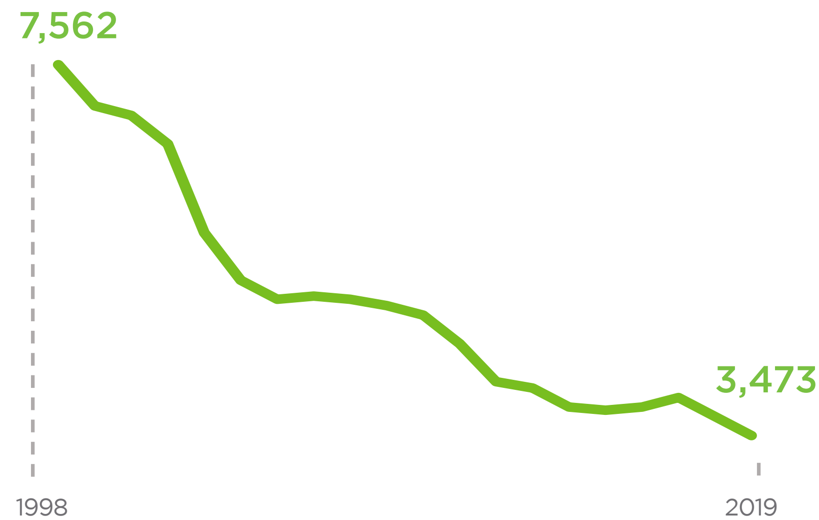
To earn the same returns once possible by investing in bonds alone, today's investor must add riskier asset classes, including equities, real estate & private equity to their portfolios.[a]

	1995	2005	2015
expected return	7.5%	7.5%	7.5%
volatility	6.0%	8.9%	17.2%

a. Source: The Wall Street Journal, "Pensions Pile on Risky Investments," 6/1/16 by Timothy Martin. For illustrative purposes only. Not a recommended allocation. Other or more recent media coverage may hold different opinions or draw different conclusions than the article. Callan Associates Inc. used proprietary capital market projections and a proprietary asset modelling program to arrive at the risk/return figures shown above. Callan's capital market projections are created by Callan's Capital Markets Research Group for 10-year time horizons. Callan uses this period because it is long enough to cover most market cycles. Callan integrates information on past capital market performance, key economic indicators and market insights of Callan professionals to develop projections that it believes are sound, defensible and consistent with financial theory for each asset class. **Past performance is not indicative of future results.**

the case for private equity

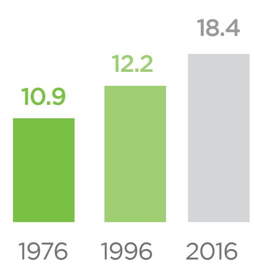
number of companies in the wilshire 5000 total market index[a]



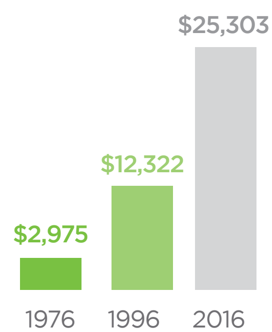
The burden & cost associated with IPOs & management of listed companies have contributed to a 50% decline in the number of US public companies.

public companies[b]

average age in years



average market capitalization ($b)

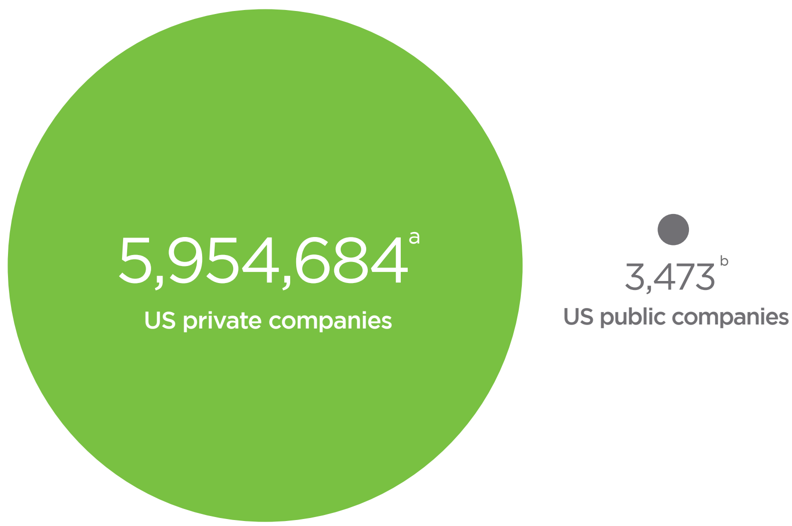


The average age & size of US public companies has also increased.

it is more difficult for investors to access growth & value creation through public markets

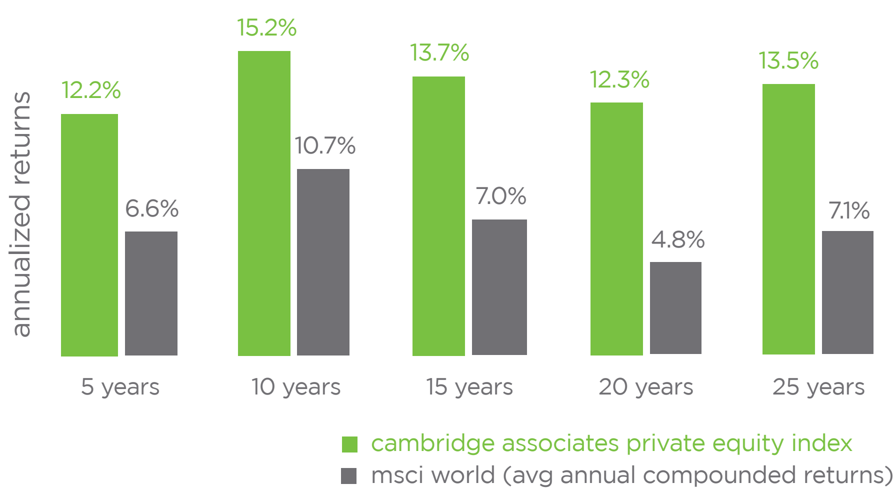
a. Source: Wilshire 5000 Total Market Index as of 12/31/19. Index contained 7,562 companies on July 31, 1998. b. Source: Michael J. Mauboussin, Dan Callahan, Marius Majd, "The Incredible Shrinking Universe of Stocks, The Causes & Consequences of Fewer U.S. Equities," Credit Suisse Global Financial Strategies Report, March 22, 2017. **Past performance is not indicative of future results.**

private equity offers an expanded opportunity set & the potential to outperform public equities



Private equity investing may provide access to innovative companies with significant growth potential. While not all private companies are available for investment, private equity may offer substantial opportunities unavailable in the listed equity markets.

cambridge associates private equity index
historical net returns [c]



The cambridge associates private equity index, a common private equity benchmark, has outperformed the msci world over 5, 10, 15, 20, & 25 years.

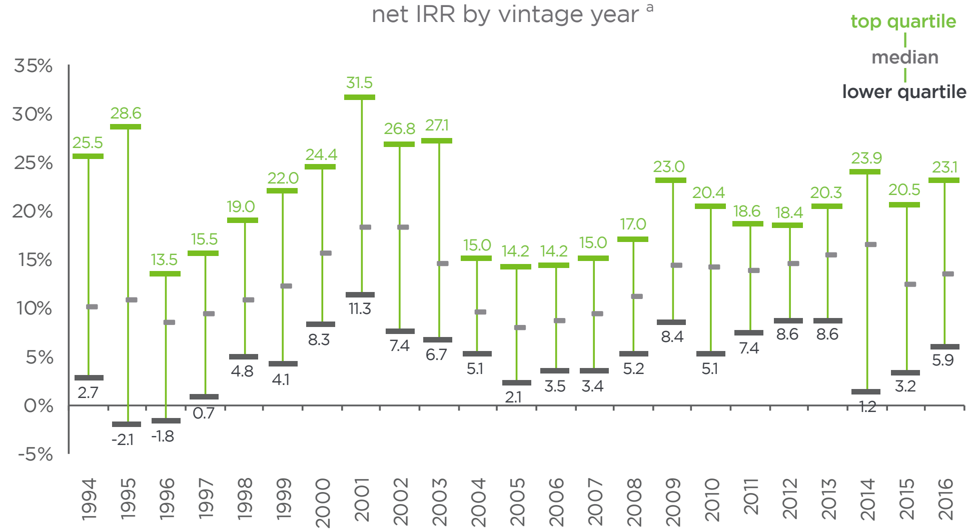
a. Source: U.S. Census Bureau 2016 Statistics of U.S. Business Employment Annual Data, released 12/31/18 (most recent). Not drawn to scale. b. Source: Wilshire 5000 Total Market Index as of 12/31/19. c. Source: Cambridge Associates Private Equity Index as of 6/30/19, the most current information available. Cambridge Private Equity Index is a horizon calculation based on data compiled from 2,193 private equity funds, including fully liquidated partnerships, formed between 1986 & 2019. Pooled horizon internal rate of return calculation is net of fees, expenses & carried interest. See Commonly Used Terms. MSCI World is a free-float weighted global equity index, without emerging markets exposure. It represents large & mid-cap performance across 23 developed markets countries, covering approximately 85% of the free float-adjusted market capitalization in each country. Total returns for the MSCI World Index is net of dividend taxes. Central Park Group believes that comparisons to public market indices provides useful information to investors. However, investors should be aware of limitation of the comparisons which provide only one approach to comparison of returns. Prospective investors should consider comparisons to other indices & benchmarks. Indices shown are for illustrative purposes only & returns do not represent performance of any fund. Investors cannot invest directly in an index. Cambridge Associates also publishes other private equity benchmark comparisons. Visit www.cambridgeassociates.com for additional information. **Funds report unaudited quarterly data to Cambridge Associates when creating the Cambridge Associates Private Equity Index. The Index is not transparent and cannot be independently verified because Cambridge Associates does not identify the funds included in the index, and because Cambridge Associates recalculates the index each time a new fund is added, the historical performance of the index is not fixed, cannot be replicated and will differ over time from the data presented in this communication. Past performance is not indicative of future results.**

Access to top funds is critical to building a successful private equity portfolio.

Historically, the performance spread between top & bottom quartile funds has been substantial.

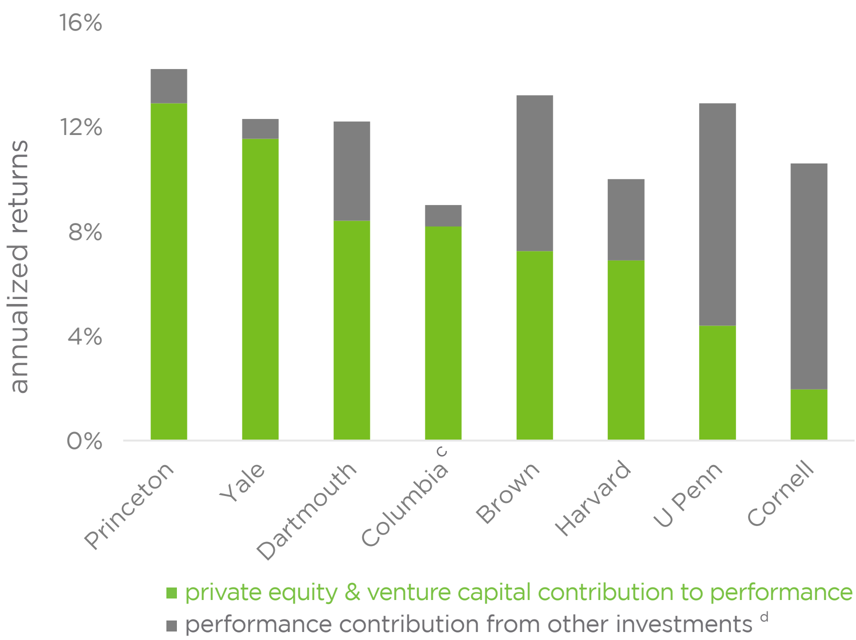
cambridge associates private equity index

net IRR by vintage year [a]



Private equity is an allocation of choice for many institutional investors, including family offices, endowments & foundations.

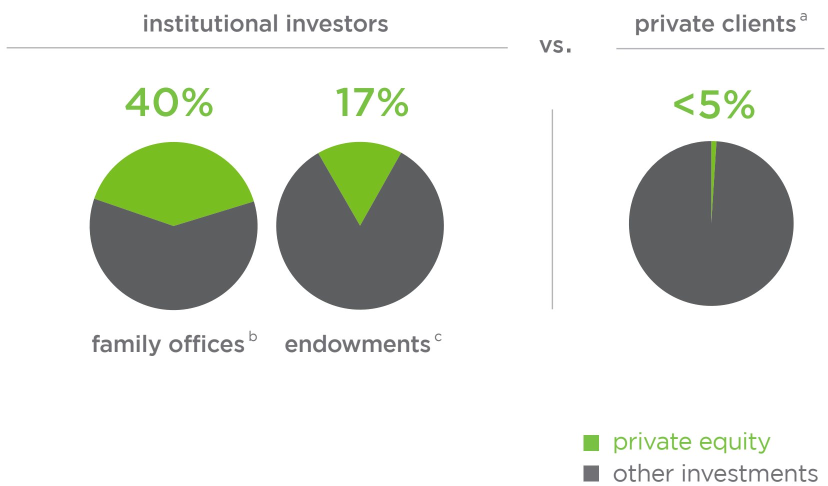
private equity investments drive top endowment returns [b]



a. Source: Cambridge Associates Private Equity Index as of 6/30/19, the most current information available. Cambridge Private Equity Index is based on data compiled from 2,016 private equity funds, including fully liquidated partnerships, formed between 1994 & 2017. Internal rates of returns are net of fees, expenses & carried interest. See Commonly Used Terms for information on indices & performance. Private equity is a long-term investment. Central Park Group believes that returns for post 2016 vintage years are not yet meaningful and have been omitted. **Funds report unaudited quarterly data to Cambridge Associates when creating the Cambridge Associates Private Equity Index. The Index is not transparent and cannot be independently verified because Cambridge Associates does not identify the funds included in the index, and because Cambridge Associates recalculates the index each time a new fund is added, the historical performance of the index is not fixed, cannot be replicated and will differ over time from the data presented in this communication.** b. Alternative investments are speculative & are appropriate only for investors who can bear substantial risks. Investors may lose some or all of their investment & should carefully consider their investment objectives, personal situation & factors such as net worth, income, age, risk tolerance & liquidity needs before making any investment. Private clients have significantly different considerations & risk tolerances than endowments & institutions, including investment horizon & unforseen liquidity needs. In addition, institutions may invest through customized mandates (e.g., based on specific objectives or risk considerations). Unless otherwise noted, source: Markov Processes International & 2018 university endowment reports. Private equity & venture capital allocations are as follows: Princeton: 36.2%, Yale: 33.1%, Dartmouth: 20.0%, Columbia: 18% (PE only), Brown: 23.0%, University of Pennsylvania: 25.5%, Harvard: 16%, Cornell: 21.7% (Cornell allocation calculated as 2018 value of private equity investments as a percentage of 2018 value of total investments). c. Source: Markov Processes International, "Measuring the Ivy 2018: Good Year for Returns, But is Efficiency Becoming an Issue?" Represents allocation to private equity only. d. Other investments include bonds, cash, US equity, developed & emerging markets, natural resources, real estate, hedge funds. There is no assurance these trends will continue. **Past performance is not indicative of future results.**

investors have long incorporated private equity into their portfolios seeking to enhance returns

portfolio allocations



High minimums & lack of resources to evaluate managers, strategies & risks have contributed to limited access for private clients.

in recent years, fund structures have enabled private client investments

access funds

“Access fund” structures enable high net worth individuals and smaller institutions to invest in private equity.

These funds purchase interests in an institutional private equity fund with capital aggregated from many investors and provide due diligence, capacity, education, client service and operational support. They enable individual investors to access private equity funds with a reduced minimum commitment.

Generally, investors must be qualified purchasers ($5 million in qualified investments for an individual; $25 million for an entity) and be able to commit capital to a long-term illiquid investment.

registered funds-of-funds

More recently, investors have been able to access private equity through registered private equity funds-of-funds.

This structure enables investors with $1 million net worth (generally, for individuals excluding residence; $5 million for an entity) to invest in a portfolio of private equity funds with substantially reduced minimums.

These funds-of-funds typically offer active portfolio management and may focus on particular private equity managers, strategies or vintage years. Some may offer additional benefits, including limited liquidity, enhanced tax reporting and reduced J-curve.

Historically, high net worth investors have had limited access to private equity.

Alternative investments are speculative & are appropriate only for investors who can bear substantial risks. Investors may lose some or all of their investment & should carefully consider their investment objectives, personal situation & factors such as net worth, income, age, risk tolerance & liquidity needs before making any investment. **a.** Source: “Distribution of Alternative Investments Through Wirehouses,” Money Management Institute & Dover Financial Research 2017. **b.** Source: Alicia McElhaney, “Cambridge: Family Offices Can Outperform With More Private Investment,” Institutional Investor, February 6, 2019. **c.** Source: 2018 Preqin Global Private Equity & Venture Capital Report. Average target allocation as a percentage of total assets. **Past performance is not indicative of future results.**

investor considerations

While the benefits of investing in private equity may be considerable, this asset class is not for everyone. Of course, private equity investments involve significant risks, including a total loss of capital. The risks associated with private equity arise from several factors, including limited diversification, the use of leverage, limited liquidity and capital calls made on short notice (failure to meet capital call obligations may result in consequences including a total loss of investment).

Qualified investors who appreciate the risks and potential rewards of private equity may wish to consider an appropriate allocation to the strategy.

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CENTRAL PARK GROUP

Central Park Group, LLC, together with its affiliates, is an independent investment advisory firm that specializes in alternative investment strategies. The Firm offers investments managed by private equity, hedge fund, real estate and fund-of-funds sponsors.

Central Park Group provides a broad range of investment offerings tailored for institutions and qualified private client investors. It distributes offerings through US brokerage firms, registered investment advisors, financial planning firms and family offices.

risk considerations

Alternative investments are speculative and involve substantial risks and conflicts of interest. Investors may lose some or all of their investment.

Alternative investments may not be appropriate for all investors. This document does not constitute an offer to purchase any securities or obtain investment advisory services. The risks associated with alternative investments arise from several factors, depending on the specific type of investment.

Some alternative investments:

- Use leverage and other speculative strategies that may increase the risk of loss
- Are impacted by fluctuations in interest rates, currency values or credit quality
- Do not provide periodic pricing or valuation information to investors
- May delay distribution of important tax information
- May charge high fees

Before investing in a fund, review the detailed explanation of risks as well as all other information in the offering materials. Central Park Group does not provide tax or legal advice. Please contact your tax and legal advisors regarding your specific situation.

There are risks associated with investing in alternatives such as private equity. There is no assurance that objectives will be achieved or that an investment program will be successful. Investors in funds-of-funds bear management fees as well as other fees, incentive allocations, if any, and expenses imposed by the funds-of-funds as well as those of the underlying funds. Investors in access funds bear an additional layer of fees and expenses. Private equity involves capital calls that may be made on short notice and failure to meet the capital calls can result in consequences including, but not limited to, a total loss of investment.

All investments in securities involve risk of the loss of capital. Alternative investments are sold to qualified investors only by a Confidential Offering Memorandum or Prospectus. Alternative investments provide limited liquidity and include, among other things, the risks inherent in investing in securities and derivatives, using leverage and engaging in short sales. An investment in an alternative investment fund is speculative, involves substantial risks and should not constitute a complete investment program. An alternative investment fund may be highly leveraged and the volatility of the price of its interests may be significant. Alternative investments may involve complex tax structures and there may be delays in distributing important tax information.

Alternative investment funds may not be subject to the same regulatory requirements as mutual funds, and their fees and expenses may be high. This summary is for informational purposes only and does not constitute an offer to sell or a solicitation of an offer to buy interests in any fund. Interests are not deposits or obligations of, or guaranteed or endorsed by, any bank or other insured depository institution, and are not federally insured by the Federal Deposit Insurance Corporation, the Federal Reserve Board or any other governmental agency.

Published in February 2020. Information presented herein may have changed since publication and may not be updated. Contact Central Park Group for updated information at (212) 317-9200 or info@centralparkgroup.com.

commonly used terms

- **CAMBRIDGE ASSOCIATES INDICES.** Cambridge Associates' ("CA") has established a database to monitor investments made by venture capital and other alternative asset partnerships. On June 30, 2019, 2,193 private equity funds (buyout & growth equity only) from the years 1986 through 2019 were included in the sample. Fund & investment-level performance is drawn from quarterly & audited annual financial statements of fund managers & each manager's reported performance numbers are independently recreated from the financial statements & verified by CA. Cambridge Associates uses the end-to-end or horizon internal rate of return calculation to calculate the official quarterly, annual, and multi-year index figures. The horizon IRR performance calculation measures performance between two points in time. The calculation incorporates the beginning NAV (if any, treated as an inflow), interim cash flows and the ending NAV (if any, treated as an outflow). All interim cash flows are recorded on the mid-period date of the quarter. In order for a fund to be included in a horizon IRR calculation, the fund must have at least one quarterly contribution, distribution or NAV during the time frame being measured. The horizon IRR is annualized for time frames greater than one year. Pooled return aggregates all cash flows and ending NAVs in a sample to calculate a dollar-weighted return. Arithmetic mean averages the individual fund IRRs included in a vintage year. Median is the middle fund IRR of the group of individual fund IRRs included in a vintage year. Equal-weighted pooled return equally weights all cash flows and ending NAVs based on committed capital to calculate a dollarweighted return. Upper/lower quartile are the thresholds for the upper (top 25%) and lower (bottom 25%) quartiles based on the individual fund IRRs included in a vintage year. Vintage year is defined as the legal inception date as noted in a fund's financial statement.

- **CAMBRIDGE ASSOCIATES PRIVATE EQUITY INDEX®.** The index is a horizon calculation based on data compiled from 2,193 private equity funds, including fully liquidated partnerships, formed between 1986 and 2019.

- **INDICES.** The indices shown are provided for illustrative purposes only. They do not represent benchmarks or proxies for the return of any particular security holding or alternative investment. The indices referred to in this document do not reflect the performance of any individual account. Indices are unmanaged, include the reinvestment of dividends, do not reflect the impact of management or performance fees & are not available for investment. One cannot invest directly in an index.

- **MSCI WORLD INDEX.** A free-float weighted global equity index, without emerging markets exposure. It represents large & mid-cap performance across 23 developed market countries, covering approximately 85% of the free-float adjusted market capitalization in each country. Public indices are average annual compounded return ("AACR") calculations which are time weighted measures over the specified time horizon & are shown for reference & directional purposes only. There are differences between AACRs & IRRs.