NEPC Private Markets Investment Due Diligence Report

Bridge Investment Group

Bridge Debt Strategies III

September 2019

Product Rating: 1

BOSTON | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | PORTLAND | SAN FRANCISCO

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Executive Summary

Bridge Investment Group ("Bridge," "Manager," or "Firm") is targeting $1.5 billion of investor commitments for its third dedicated commingled closed-end real estate debt fund, Bridge Debt Strategies Fund III LP ("Fund"). The Fund will follow the same investment strategy as the predecessor funds. The strategy is three-pronged: (1) acquire Freddie Mac K-Series securities; (2) originate short-term and intermediate-term floating rate commercial real estate first-mortgage loans; and (3) make limited investment in mezzanine loans, B-notes, and preferred equity. Freddie Mac K-Series securities targeted by the Fund are B-Pieces on pools of fixed and floating first-mortgage loans originated by Freddie Mac. The Fund targets to achieve net total returns of 9% to 11% while using a maximum of 50% fund-level leverage (i.e., debt-to-equity ratio of 1:1).

Bridge is a privately-held real estate investment manager and owner-operator with approximately $15 billion in assets under management, as of March 31, 2019. The Firm runs a fully vertically-integrated platform that invests in primarily multifamily housing (including seniors housing) and office (including medical office). Bridge is managed by six senior professionals and has 80 investment professionals and over 2,600 employees, including property management and leasing staff. Bridge currently has assets and employees in 26 states managing 34,000+ multifamily (workforce and affordable housing) units, 10,300+ seniors housing units, and 13+ million square feet of office space. The Firm has five corporate offices located in New York, Atlanta, Orlando, Salt Lake City, and San Francisco. Bridge has been investing in and operating real estate since its founding in 1991. The Firm is presently owned by its senior management team and a broad base of the company's investment professionals. The Firm's original founders are still active in the management of the company: Chris Young, Co-Chief Executive Office; and Dan Stanger, Chief Investment Officer – Workforce and Affordable Housing.

The Firm has been investing in debt strategies since 2014 when it launched its first real estate debt fund, Bridge Debt Strategies I. Funds I and II raised, inclusive of co-investment, a total of $432 million and $1.9 billion of capital, respectively. Bridge has 27 investment professionals dedicated to its debt strategies platform. This team is supported by an additional 80 professionals who provide operational support, including financing and accounting, asset analytics, and fund reporting. Bridge's debt platform is led by James Chung, Chief Investment Officer – Bridge Debt Strategies.

The increase in capital and liquidity requirements and broad risk aversion on the part of traditional liquidity providers has created an opportunity for alternative lending sources such as Bridge. Bridge will take advantage of the investment opportunities this creates by lending on a diversified portfolio of real estate-related debt investments secured by income-producing multifamily (70-75%), office (15-20%), and selective other real estate assets (5-15%) in the US.

Positives:

- **Real estate operating expertise –** Bridge has significant real estate operating expertise and is a significant owner-operator of the asset types on which it lends (i.e., multifamily, seniors housing, commercial office, and medical office). The Fund is expected to primarily lend in markets where the Firm has "boots on the ground" expertise. This allows the Firm to leverage its equity teams for additional insight into evaluating borrower business plans and thoroughly underwrite each of the assets with its in-house team (instead of outsourcing this to third-party advisors). This ability and expertise to takeover and manage the collateral will also be crucial should Bridge need to foreclose on a loan – though this is not intended to be a part of the strategy.

- **Capital markets expertise –** The dedicated debt team has significant capital markets and structuring expertise. James Chung, Chief Investment Officer of Bridge Debt Strategies, previously led the CMBS group of Morgan Stanley for 13 years and was primarily responsible for loan origination pricing, hedging, structuring, and securitization. Jenae Lee, Deputy Chief Investment Officer, was an Executive Director at Morgan Stanley where she was responsible for loan pricing, hedging, and structuring for the Commercial Real Estate Lending group. The combination of collateral and capital markets expertise has made Bridge a preferred buyer with Freddie Mac with respect to its K-series issuances.

- **Downside protection –** Approximately 50% of the portfolio is expected to be on Freddie Mac K-Series securities which consists of pools of stabilized cash flowing properties. These loans have a historically low default rate (less than 1%) and are subject to a double-layer of underwriting, in that the original loans were underwritten by Freddie Mac and re-underwritten by Bridge before it acquires each K-Series deal. Bridge has kick-out rights to remove loans it determines to be of insufficient quality. Additionally, approximately 40% of the portfolio will consist of loans directly originated by Bridge and located in markets in which Bridge is an equity owner and operator. The typical loan-to-value on the underlying first-mortgage loans is expected to be 70-75% on transitional assets.

- **Strong current income –** The Fund is targeting a 9-11% net IRR to investors, of which 80-90% will be current income return distributed quarterly. Bridge Debt Strategies Fund I, a 2014 vintage fund, has a DPI multiple of 0.8x (which is first quartile relative to other 2014 vintage real estate funds).

Negatives:

- **Levered strategy creates borrowing risk –** The Fund uses leverage in connection with the loans it originates directly. This leverage comes in the form of warehouse lines and collateralized loan obligations. This risk is somewhat mitigated in that the Fund is limited to leverage of 50% at the fund-level. Furthermore, the B-Pieces of K-Series securities are subordinated interests and are therefore subject to greater risk of default. This risk is somewhat mitigated in that the K-Series deals are backed by stabilized multifamily properties and the K-Series loans have a historically low default rate (referenced above).

- **Limited realized track record –** Bridge began its debt strategies platform in 2014. Funds I and II are only partially realized at 62% and 8%, respectively. Despite this relatively unrealized track record, the team has extensive experience in loan origination and securitization, as noted above, and has thus far originated attractive deals.

- **Premium terms –** The management fee ranges from 1.75% to 1.0% on committed capital during the investment period. This is on the upper range of fees relative to peers in the real estate private debt universe. While NEPC realizes that these terms are above the market average, Bridge provides investors overall attractive returns with downside protection through excellent access to K-Series securities which have experienced low default rates. Additionally, Bridge is willing to aggregate NEPC client commitments to achieve fee breaks.

- **Relatively new team –** Of the 27 professionals dedicated to the debt strategies platform (as of December 31, 2018) 16 of these professionals have been added since 2016. This rapid growth raises the risk of potential personality conflicts. This risk is somewhat mitigated in that all senior members of the investment team have worked with Mr. Chung prior to forming the Bridge Debt Strategies fund series. During our due diligence, the team evidenced a strong working relationship.

Fund Characteristics

Investment Vehicle	Delaware Limited Partnership
Investment Manager	Bridge Debt Strategies Fund Manager LLC
Target Size/Max Size	$1.5B / None
Amount Raised	$1B, as of July 2019
Minimum Investment Size	$1M
Target Final Close Date	November 2019
Investment Period	Three years from the date of the Initial Closing[1]
Fund Term	Six years from the date of the Initial Closing, subject to two one-year extensions
Sponsor's Investment	The lesser of $15M or 2% of aggregate Capital Commitments
Assets Under Management	$15B
Investment Focus	Commercial real estate backed loans on multifamily, seniors housing, commercial office, and medical office
Geographic Focus	U.S.
Projected Number of Investments	60-80 fund investments
Deal Size	K-Series: $30-100M First-mortgage loans: $10-50M
Target Fund Return	Net 9%-11% IRR and 1.3-1.35x TVPI to investors
Leverage	Up to 50% at the fund level
Annual Management Fee	Scaled based on size of commitment: 1.75% <$1 million; 1.5% $1 million but <$25 million; 1.25% $25 million but <$50 million; 1.0% $50 million but <$100 million; 0.85% $100 million or more. Fee based on committed capital during the investment period and net invested capital thereafter **Bridge will aggregate NEPC's client commitments to reach the fee breaks.**
Other Fees	$3,500 underwriting fee per underlying loan in each K-Series investment
Organizational Costs	Fund will bear all expenses up to $1.75M
Carried Interest	15% with a 50/50 catch-up
Preferred Return	8%
Distribution Waterfall	Full "European Style" distribution waterfall. First 100% to LPs until invested capital on all investments plus preferred return has been distributed. Then 50% to GP as catch-up until 15% carried interest is received. Thereafter, 85%/15% LP/GP split.
ERISA Fiduciary	The Fund will use reasonable efforts to keep ERISA investors under the 25% threshold
Fund Auditor	Deloitte & Touche LLP
Fund Legal Counsel	DLA Piper LLP
Placement Agents	None
Website	http://www.bridgeig.com

[1] The initial closing occurred on May 25, 2018.

Firm Description

Firm Overview

Bridge is a privately-held real estate investment manager and owner-operator with approximately $15 billion in assets under management, as of March 31, 2019. The Firm runs a fully vertically-integrated platform that invest in primarily multifamily housing (including seniors housing) and office (including medical office). Bridge is managed by six senior professionals and has 80 investment professionals and over 2,600 employees, including property management and leasing. Bridge currently has assets and employees in 26 states managing 34,000+ multifamily (including workforce and affordable housing) units, 10,300+ seniors housing units, and 13+ million square feet of office space. The Firm has five corporate offices located in New York, Atlanta, Orlando, Salt Lake City, and San Francisco. Bridge has been investing in and operating real estate since its founding in 1991. The Firm is presently owned by its senior management team and certain of its investment professionals.

The Firm has been investing in debt since 2014 when it launched its first real estate debt fund, Bridge Debt Strategies I. Funds I and II raised, inclusive of co-investment, a total of $432 million and $1.9 billion in capital, respectively.

In addition to the debt fund series, Bridge sponsors a series of close-end real estate equity funds focused on four platforms with assets under management (as of March 31, 2019) of: multifamily ($4.4 billion), workforce and affordable housing ($0.7 million), seniors housing ($3.8 billion), and office ($1.8 billion). Additionally, in the first quarter of 2019, Bridge launched an initiative to invest in Qualified Opportunity Zones. The Firm does not have any plans to expand past these verticals currently.

Team Overview

Bridge's debt platform is led by James Chung, Chief Investment Officer, and has 27 total investment professionals dedicated to the debt strategies. This team is supported by an additional 80 professionals who provide operational support, including financing and accounting, asset analytics, and fund reporting. The debt strategies team operates from two primary office locations; the investment team is primarily located in New York, while the back-office support is based in Salt Lake City, Utah.

Although Bridge has only been investing in debt since 2014, most of the senior professionals of the debt strategies team have worked together for over a decade in Morgan Stanley's commercial mortgage-backed securities group as part of the debt origination and structuring team before joining Bridge.

Recent Turnover/ Key Departures

There have been no senior-level departures within the debt team since inception in 2014.

Succession Planning

There is no formal written succession plan. Bridge has a deep bench of firmwide leadership and none of the key personnel have identified retirement dates or indicated intent to depart the Firm. Within the debt group, there is sharing of responsibilities among Mr. Chung, Chief Investment Officer; Ms. Lee, Deputy Chief Investment Officer; and Kiernan Pusey, Chief Operating Officer. Mr. Chung and Robert Morse, Chairman, indicated that, in time, Ms. Lee could step into Mr. Chung's position should the occasion arise.

Fund Investment Strategy

Investment Strategy
Bridge will invest in real estate-backed loans, as it has in the two predecessor funds. The opportunity to achieve enhanced risk-adjusted yields in this strategy is driven by a focus on debt markets where Bridge employs local resources to analyze deals and can thus carefully manage risk. The Firm brings an owner's mentality to its efforts and only lends against assets that it would be comfortable owning; although, "loan to own" is not part of the strategy. The primary focus of the Fund is Freddie Mac K-Series B-Pieces and first-mortgage lending on value-added opportunities. The Fund will invest exclusively in the U.S. and primarily originates first-mortgage loans in areas where the Firm has operating capabilities.

Freddie Mac is the largest U.S. multifamily lender, with highly conservative underwriting standards and an excellent track record in multifamily lending. Bridge has been an active acquirer of Freddie Mac K-Series B-Pieces since late 2014 and has developed a strong partnership with Freddie Mac. Bridge has both (a) vertical integration with a significant multifamily operating platform, and (b) a purpose-built debt team with significant capital markets and structuring expertise with the ability to execute sophisticated debt transaction in addition to K-Series investing.

Target Fund Return
The Fund is targeting to achieve 9-11% net IRRs and 1.30x-1.35x equity multiples.

Target Fund Size
The Manager is seeking to raise $1.5 billion in capital commitments for the fund and there is no hard cap.

Target Investment Types
The Fund anticipates investing in K-Series B-Pieces (50%); first-mortgage loans (40%); and other (mezzanine loans, preferred equity, and CMBS/CRE CLO – 10%).

Target Geographic Focus
The Fund will be 100% invested in the United States and is expected to be diversified across the U.S.

Target Deal Size
Consistent with prior funds in the debt series, the Fund will typically make investments for (a) K-Series deals in the range of $30–100 million, and (b) first-mortgage loans and other ranging from $10-50 million. No more than 15% of the outstanding aggregate capital commitments will be invested in a single investment.

Use of Leverage
The Fund has a maximum allowable fund-level leverage of 50% loan-to-value.

Recycling of Capital
Reinvestment of capital is permitted during the Investment Period.

Environmental, Social, and Governance Considerations
The Firm recently adopted its formal ESG policy. As part of Bridge's Environmental, Social and Governance ("ESG") policy, the investment team focuses on sustainability-related issues throughout the investment cycle and across its portfolio. The Firm has identified various sustainability-related factors, derived from published United Nations Principles for Responsible Investment and the American Investment Council's Guidelines for Responsible Investing. Bridge is a member of the Global Impact Investment Network and reports on IRIS metrics. Although Bridge seeks to implement these standards at a corporate level and at an asset-level throughout its equity portfolio, as a practical matter, Bridge cannot impose these standards on borrowers.

Bridge has received a rating of 2 based on NEPC's proprietary ESG Ratings system, where 5 indicates no integration and 1 indicates a best in class approach. The full ESG review is available in the appendix.

Fund Investment Process

Deal Sourcing

Bridge sources its investments through a variety of channels.

Direct lending: The debt team includes five full-time originators across the U.S. solely dedicated to sourcing attractive direct lending opportunities. These originators leverage Bridge's and its affiliates' deal flow, industry relationships and industry experience to both generate and evaluate additional investment opportunities. By keeping a "boots-on-the-ground" perspective through an extensive network of locally based team members, Bridge stays close to its assets and markets, which allows Bridge to carefully source opportunities and manage risk.

Freddie Mac K-Series: Bridge has been one of the top buyers of Freddie Mac K-Series B-Pieces since 2014. The natural set of buyers for K-Series is limited, as Freddie Mac prefers to sell to buyers with robust operating platforms as well as CMBS expertise. Additionally, the B-Pieces require a significant capital outlay. Freddie Mac makes K-Series B-Piece opportunities available to Bridge on a directly negotiated basis. This invitation is a result of (a) Bridge's successful history as an owner-operator with a nationwide property management platform and expertise in the types of assets financed by Freddie Mac, including multifamily and seniors housing; (b) the favorable and extensive multi-decade borrowing history with Bridge and its affiliates; and (c) the significant CMBS expertise of the investment team.

Investment Process

Initial Review

The debt team meets on a weekly basis to review and discuss potential investment opportunities. Historical and forecasted operating financial statements are obtained and reviewed, and market and demographic studies, demand analyses, and site visits are performed. After presentation to the Investment Committee, and if this preliminary review is satisfactory to the Investment Committee, the loan originator will issue a non-binding letter of intent providing for, among other items, a due diligence period with exclusivity and a preliminary agreement on the transaction terms.

Full Due Diligence and Deal Structuring

Bridge conducts detailed due diligence on the borrower, which includes performing full background checks; reviewing the financials of the borrower and principals to assess liquidity and net worth; performing credit searches to assess credit profile and history; evaluating the borrower's existing portfolio, operating history, market experience, and real estate expertise and background; and obtaining references.

Due diligence is performed primarily in-house by the Bridge debt team in conjunction with Bridge affiliates.

Investment Committee Approval

The Investment Committee meets weekly and is responsible for portfolio construction as well as evaluating and approving all investments. All decisions require a minimum of five affirmative votes (out of six).

The committee consist of six members:

- James Chung, Chief Investment Officer
- Robert Morse, Chairman – Bridge Investment Group
- Jeehae Lee, Deputy Chief Investment Officer
- Adam O'Farrell, Chief Legal Officer – Bridge Investment Group
- Kiernan Pusey, Chief Operating Officer
- Christian Young, Co-Chief Executive Officer

Exit

The Manager will primarily exit loans in one of three ways:

- Hold to maturity – when the Manager determines the current investment has superior risk-return characteristics versus alternative debt investments.

- Sale prior to maturity – when the Manager determines the current investment has an attractive pricing and liquidity profile and when proceeds could be redeployed in the current market at better risk-adjusted returns.

- Structured exit – when the Manager determines it can utilize the securitization market to create term leverage for existing debt investments and enhance the returns for the Fund without a material increase in risk. Use of this strategy will depend on market conditions for securitized products, rating agency and investor treatment, and the current performance of the investments.

Value Creation

Following the making of a loan, Bridge will manage risk through routine communication with the borrower, reviewing rent rolls and property operating statements on a quarterly basis, and borrower financials on an annual basis. The asset management team will oversee the review process together with the origination team and Chief Investment Officer. Bridge's in-house operating platforms allow it to lend with an "owner's mentality" in verticals and markets Bridge intimately understands.

Risk Mitigation

Each investment undergoes extensive due diligence prior to acquisition. The Manager seeks to build a portfolio of loans (primarily first-mortgages and K-Series) with a moderate risk profile and attractive diversification characteristics. Asset Management closely monitors positions and actively manages the financing, interest rate, credit prepayment risks. The Manager maintains an internal risk rating system for all loans in its portfolios. The Manager provides a risk rating to each loan based on a review of loan economics, borrower, property, and market.

Investment restrictions on the Fund include:

- No more than 15% of outstanding aggregate capital commitments shall be invested in a single investment
- Weighted average loan-to-value ratio shall not exceed 50% on a portfolio-wide basis
- Investments in blind pool funds are not permitted without Advisory Committee approval
- The Fund will not make a loan if the real estate securing the loan are outside the United States
- The Fund will not make a loan if the borrower has the majority of its assets, or derives the majority of its revenues from, outside the United States

Firm Track Record

Past Fund Track Record

Fund-Level Returns

Fund	Vintage Year	Capital Committed	Capital Funded	Reported Value	Amount Distributed	Total Value, Net of Carry	TVPI Multiple
Bridge Debt Strategies Fund LP	2014	$ 132	$ 121	$ 54	$ 96	$ 148	1.3x
Bridge Debt Strategies II Fund LP	2016	$ 1,002	$ 972	$ 988	$ 124	$ 1,102	1.2x
Bridge Debt Strategies III Fund LP	2018	$ 942	$ 600	$ 601	$ 12	$ 613	1.0x

Note: $ in millions; data as of December 31, 2018 and provided by the Manager. IRRs are net and are calculated after the deduction of carried interest and expenses charged directly to the respective funds. TVPI multiples are calculated using fund-level contributions and fund-level distributions to-date, as well as the respective fund's equity balance, net of any incentive fee.

Key Fund Professionals

Detailed Biographies – Investment Team

James Chung (Chief Investment Officer, Bridge Debt Manager) – Mr. Chung is a member of the Investment Committee of the General Partner and serves as Chief Investment Officer for Bridge Debt Strategies Fund Manager LLC. He has more than 20 years of experience in real estate, securitization and financial services. He was a Managing Director at Morgan Stanley where he worked from 2000 to 2013. From 2004 to July 2013, Mr. Chung was the head of the Commercial Real Estate Loan Desk within the Fixed Income Division, where he had direct oversight of the pricing, hedging, structuring and securitization of the commercial real estate loan portfolio. During his tenure at Morgan Stanley, Mr. Chung was a voting member of both the global large loan credit committee and the U.S. credit committee, and he was involved in over $50 billion of loan originations and 75 securitizations. From 2000 to 2004, Mr. Chung held a variety of positions within the commercial real estate lending group at Morgan Stanley, including large loan originations and underwriting, portfolio acquisitions and risk management. Prior to joining Morgan Stanley in 2000, Mr. Chung worked in the Risk Management practice at First Manhattan Consulting Group, a leading financial services management consulting company.

Mr. Chung received his Bachelor of Arts from Harvard College and his Master of Business Administration from the MIT Sloan School of Management.

Jeehae Lee (Deputy Chief Investment Officer, Bridge Debt Manager) – Ms. Lee is a member of the Investment Committee of the General Partner and serves as Deputy Chief Investment Officer for Bridge Debt Strategies Fund Manager LLC. She has more than 14 years of experience in real estate, securitization and financial services. Ms. Lee was an Executive Director at Morgan Stanley where she worked from 2004 to April 2014. From 2013 to April 2014, Ms. Lee was the senior manager responsible for loan pricing, hedging, and structuring for the Commercial Real Estate Lending group within the Fixed Income Division. From 2009 to 2013, Ms. Lee was a key contributor in the Commercial Real Estate Lending group at Morgan Stanley where she managed significant portions of the securitization process and helped create new lending procedures for the group. From 2004 to 2009, Ms. Lee was involved in loan acquisitions, underwriting and restructuring of loans, as well as risk management and risk reporting.

Ms. Lee received her Bachelor of Arts from Brown University and her Master of Business Administration from Columbia University.

Kiernan Pusey (Chief Operating Officer, Bridge Debt Manager) – Mr. Pusey is a member of the Investment Committee of the General Partner and serves as Chief Operating Officer for Bridge Debt Strategies Fund Manager LLC. He has 17 years of experience in real estate, securitization and financial services. Mr. Pusey worked at Morgan Stanley from 2005 to 2014, most recently as a Vice President in the Commercial Real Estate Lending group within the Fixed Income Division. Prior to joining Morgan Stanley, Mr. Pusey was a Real Estate Finance Associate at Dechert LLP, an international law firm, where he served as Morgan Stanley's outside counsel in complex real estate transactions. Prior thereto, Mr. Pusey was an Associate at Windels Marx Lane & Mittendorf, LLP in the firm's Corporate and Real Estate Finance practice groups.

Mr. Pusey received his Bachelor of Arts from Boston College and his Juris Doctor from Brooklyn Law School.

Robert Morse (Chairman – Bridge Investment Group) – Mr. Morse, has served as Chairman of Bridge and Executive Chairman of Bridge Multifamily Fund Manager since January 2012. He has over 30 years of experience in investment banking, commercial banking, and private equity fund management. Mr. Morse currently serves on the investment committees for the general partners of Bridge Debt Strategies Funds I and II, Bridge Multifamily Funds I, II, III, and IV, Bridge Workforce Fund, Bridge Seniors Funds I and II, and Bridge Office Fund. Mr. Morse served as Chairman and Co-Chief Executive Officer of PMN Capital, a private equity firm based in Hong Kong, from January 2009 to January 2012. Mr. Morse served as Chief Executive Officer of Citigroup's Asia Institutional Clients Group from April 2004 to October 2008, where he provided direct management oversight of Citigroup's $5 billion of proprietary capital. Mr. Morse made investments on behalf of Citigroup clients across multiple asset classes, including equities (public and private), corporate acquisitions, distressed and mezzanine debt and real estate. At the time, Citigroup's Asian institutional businesses included corporate banking, investment banking, markets and transaction services in 17 countries employing over 14,000 employees. From 1999 to 2004, Mr. Morse served as the Co-Head and then Head of Global Investment Banking for Citigroup. He previously held a variety of senior positions since joining Salomon Brothers in 1985. Additionally, Mr. Morse was a Co-Founder of SSB Capital Partners, a $400 million private equity fund formed in 2000. Mr. Morse also serves on a variety of charitable organization boards, including the Yale President's Council on International Activities, The Sovereign Art Foundation, and the Asia Society.

Mr. Morse received his Bachelor of Arts from Yale College, his Master of Business Administration from the Harvard Graduate School of Business Administration and his Juris Doctor from Harvard Law School.

Disclaimers and Disclosures

- Past performance is no guarantee of future results.
- The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.
- Information used to prepare this report was obtained directly from the investment manager. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- NEPC may provide background information on fund structures or the impact of taxes but you should contact your legal counsel or tax professional for specific advice on such matters.
- This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

In addition, it is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds, real estate and private equity:

1. Performance can be volatile and investors could lose all or a substantial portion of their investment
2. Leverage and other speculative practices may increase the risk of loss
3. Past performance may be revised due to the revaluation of investments
4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms
5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount
6. These funds are not subject to the same regulatory requirements as registered investment vehicles
7. Managers may not be required to provide periodic pricing or valuation information to investors
8. These funds may have complex tax structures and delays in distributing important tax information
9. These funds often charge high fees
10. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy