BOARD OF UNIVERSITY AND SCHOOL LANDS
AUGUST 22, 2024 9:00 AM

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Governor's Conference Room and Microsoft Teams meeting
Join on your computer, mobile app or room device
Click here to join the meeting
Or call in (audio only)
+1 701-328-0950,,908135240# United States, Fargo
Phone Conference ID: 908 135 240#

Meeting Coordinators: Catelin Newell – Dir. Admin Services & IT, Kate Schirado – Exec. Assistant

➢ **= Board Action Requested**

1. **Approval of Meeting Minutes – Joseph Heringer, Commissioner**
   Consideration of Approval of Land Board Meeting Minutes by voice vote.
   ➢ A. July 9, 2024 – minutes available via link

2. **Operations – Joseph Heringer, Commissioner**
   A. Commissioner's Report – pg. 2
   B. Financial Dashboard – pg. 3
   C. Strategic Investment and Improvement Fund (SIIF) Assigned Fund Balance – pg. 11

3. **Division Reports – Joseph Heringer, Commissioner**
   A. Surface: Joseph Stegmiller - pg. 12
   B. Minerals: Chris Suelzle - pg. 13
      1. August 2024 Oil & Gas Lease Auction Results
   C. Unclaimed Property: Susan Sommerfeld – pg. 19
      1. Arkansas v. Delaware – Settlement Agreement
   D. Financials –available via link

4. **Investments – Frank Mihail, CIO**
   A. Investments Update – pg. 22
   ➢ B. Pantheon – private credit secondaries, presented by Rick Jain – pg. 25
   C. Informational – activating bond overlay program – pg. 69

5. **Special Projects – Joseph Heringer, Commissioner**
   A. Building Maintenance Report – pg. 77

6. **Litigation – Joseph Heringer, Commissioner – *pg. 81***
   ➢ **Executive session under the authority of NDCC §§ 44-04-19.1 and 44-04-19.2 for attorney consultation with the Board's attorneys to discuss: - pg. 84**
   - Continental Resources, Inc. v. North Dakota Board of University and School Lands (Royalty Deductions Case)

Next Meeting Date – September 26, 2024

RE: Commissioner's Report
(No Action Requested)

- North Dakota Trust Lands Completion Act – traveled to Washington, D.C. to testify on July 24, 2024, before the U.S. House Committee on Natural Resources - Subcommittee on Federal Lands; also meetings with congressional delegation and committee staffers; very productive and interesting trip; goal of advancing the bill later this Fall or after the November elections
- Agency Incentive Compensation Study – attended August 12, 2024, committee meeting where the draft RFP was reviewed and the committee authorized staff to finalize and issue; the RFP was issued August 15, 2024
- Cash Management Study - attended July 23, 2024, Cash Management Study Steering Committee meeting as a voting member; walked through draft report and compiled comments for RVK's review and response; final report due for presentation to the legislature this Fall
- 2025-27 Agency Budget – submitted to OMB by July 15th deadline; August 5th meeting with OMB and Legislative Council to review and discuss
- Department of Water Resources Irrigation Study – August 6, 2024, meeting with DWR during which they updated us on this study and we discussed potential collaboration opportunities
- State Investment Board Investment Committee - attended July 10, 2024, and August 9, 2024, meetings as a voting member
- State Investment Board - attended July 26, 2024, full State Investment Board meeting as a voting member
- Legislative Session Planning – compiling potential legislation ideas, including agency incentive compensation plan

Human Resources Update

- Admin Position – open due to retirement; filled with candidate starting September 3, 2024
- Minerals Officer – open due to private sector competition; reviewing candidate pool for interviews

COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW

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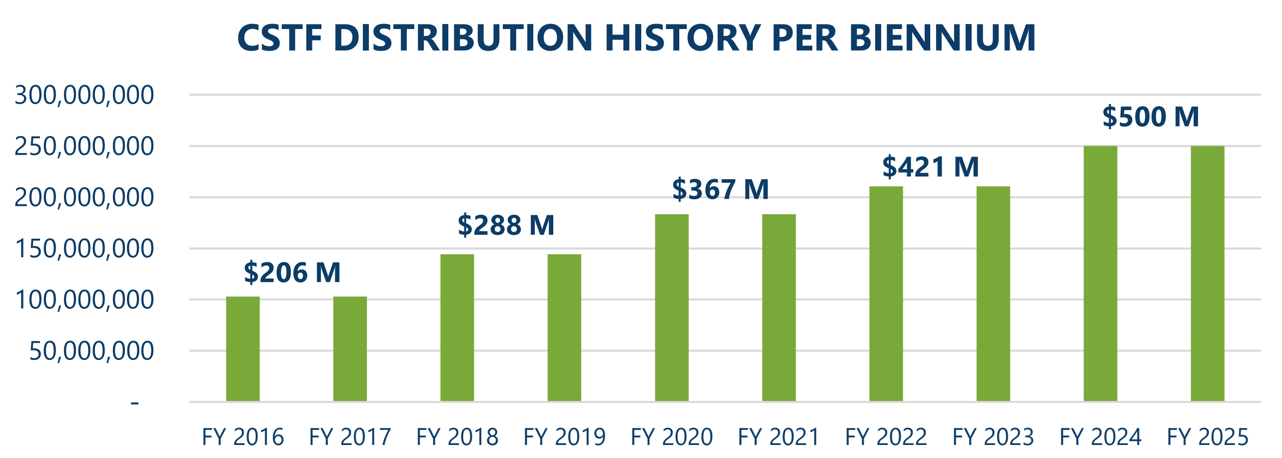
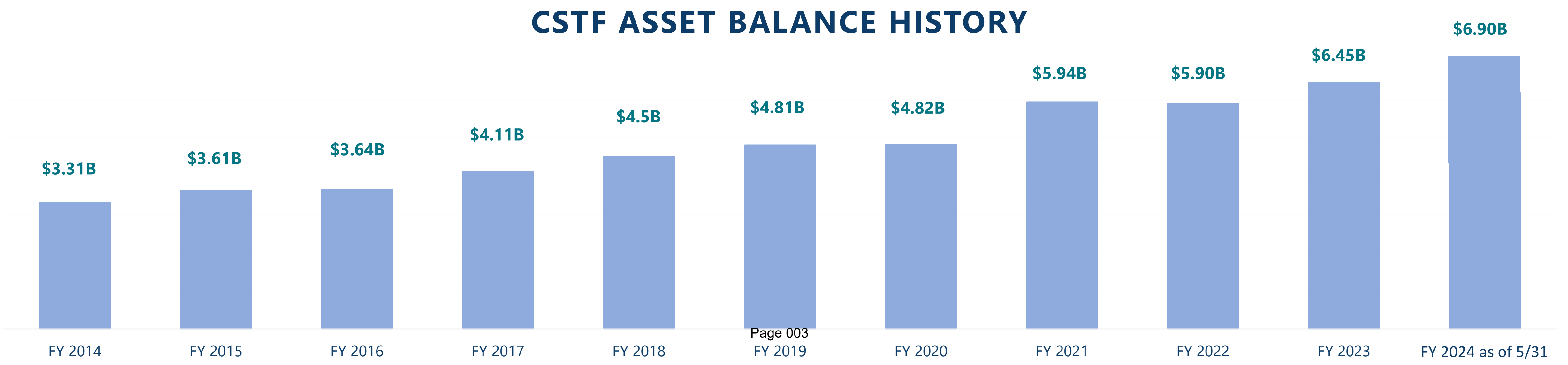
CSTF ASSET BALANCE as of 5/31/2024 (unaudited)

$6,906,391,732

+$862 million year-over-year from 5/31/23 balance of $6.04 billion





COMMON SCHOOLS TRUST FUND 2023-25 (CSTF) DISTRIBUTIONS

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Monthly Distribution to the State Tuition Fund for the 2023-25 Biennium	$27,770,000
Multiplied by 9 months per year	=$250,000,000
Divided by 115,740 students	= $2,160/student per year

North Dakota Cost to Educate Per Student	$13,778/year
75.7% State Funding Share	=$10,430
$2,160 CSTF per Student Annual Distribution	**=21% of state funding share**

COMMON SCHOOLS TRUST FUND 2023-25 (CSTF) DISTRIBUTIONS

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Current Biennium Distributions to the State Tuition Fund through 5/31/2024

$250 million of
$500 million total

CSTF Distributions Since FY 2014

$2 BILLION OF PROPERTY TAX RELIEF!

COMMON SCHOOLS TRUST FUND (CSTF) OVERVIEW

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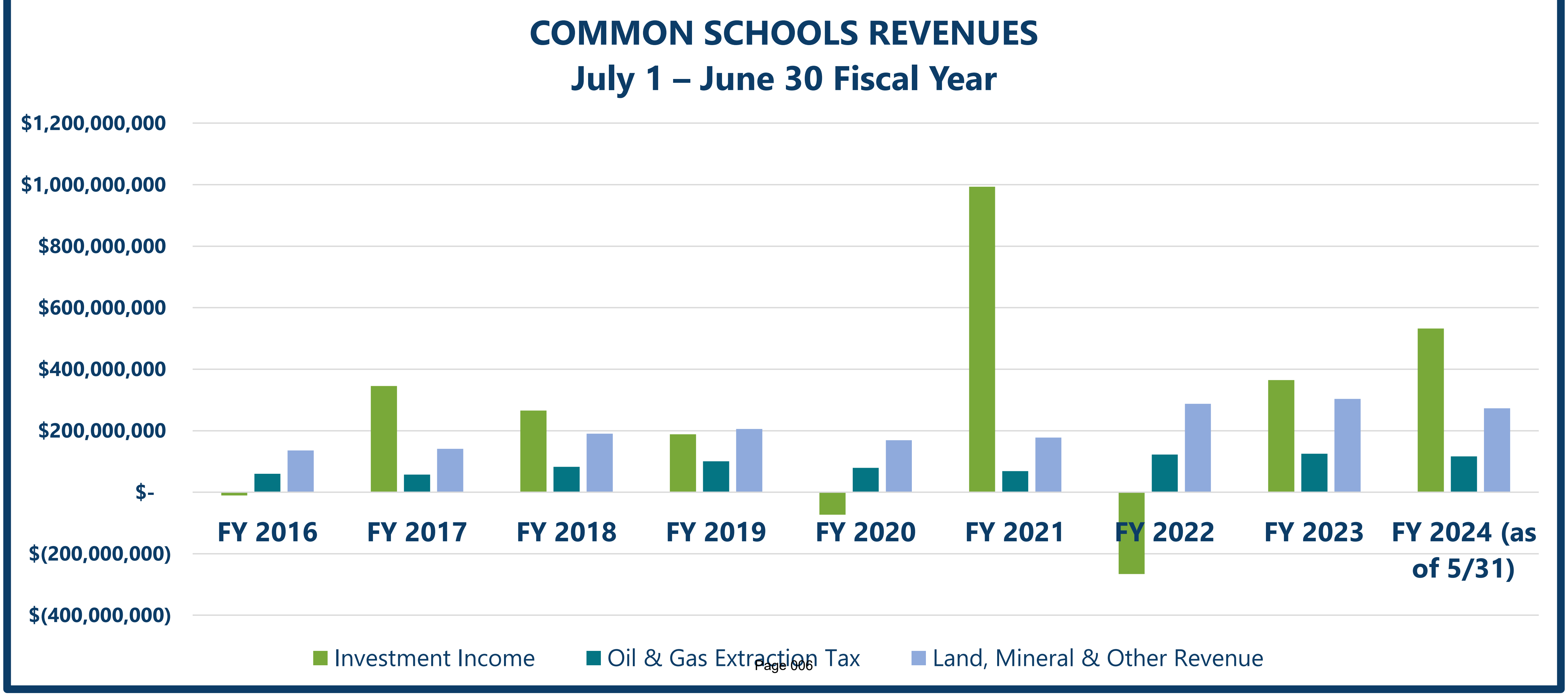

STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) OVERVIEW

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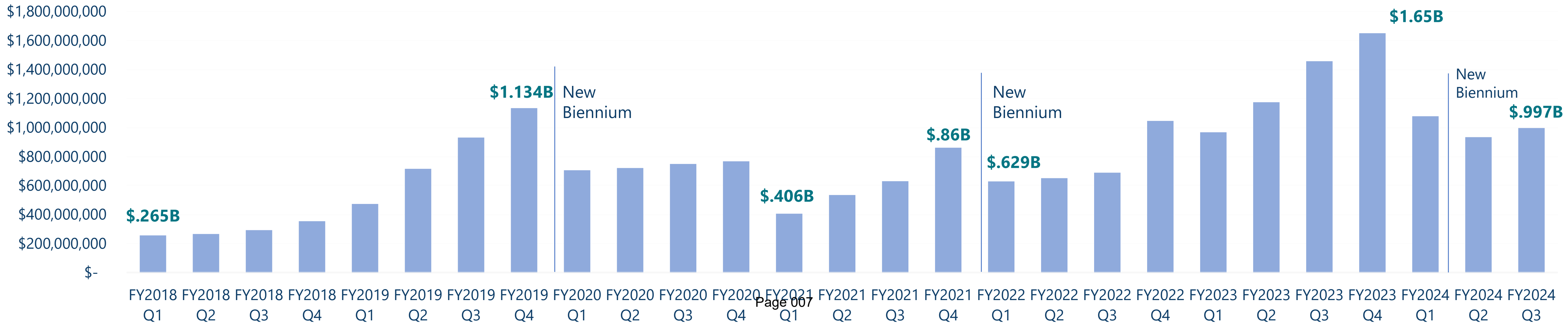
SIIF BALANCE as of 3/31/2024 (unaudited)

- Total Balance - $996,954,423
- Uncommitted Balance – $590,630,306

SIIF BALANCE as of 5/31/2024 (unaudited)

- Total Balance - $1,203,950,371
- Uncommitted Balance – **$809,492,447**

SIIF QUARTERLY BALANCE HISTORY (UNAUDITED)



STRATEGIC INVESTMENT & IMPROVEMENT FUND (SIIF) HIGHLIGHTS

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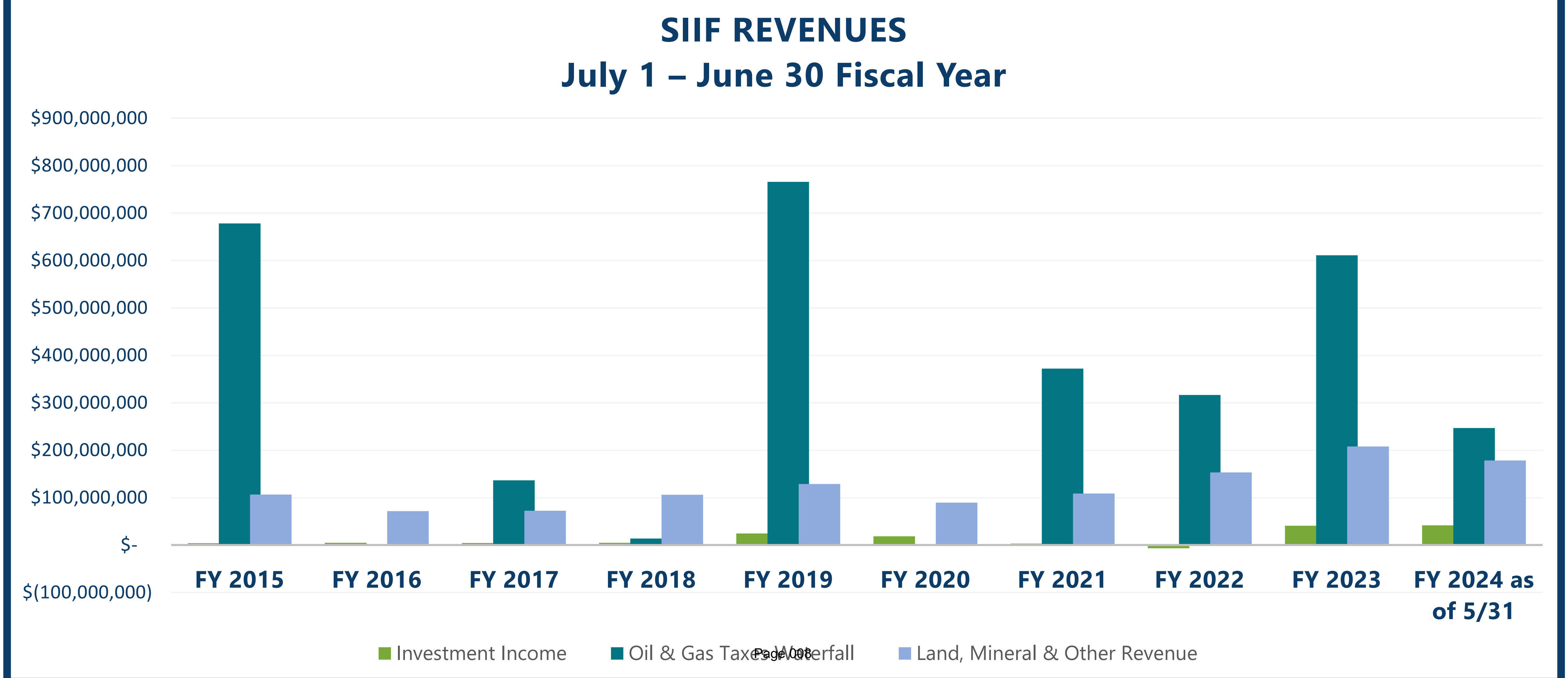
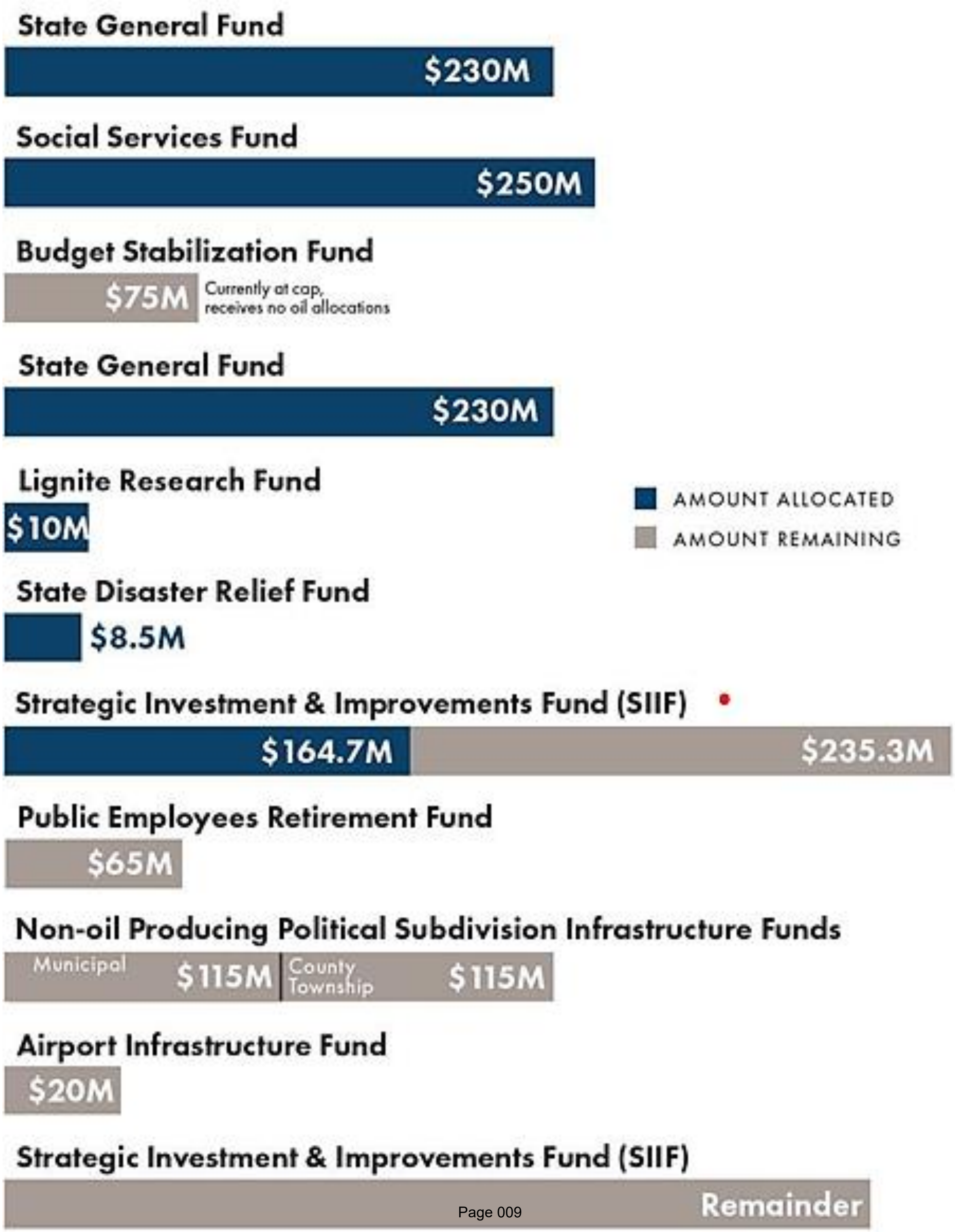


ALLOCATION OF STATE SHARE OF OIL & GAS TAXES

Based on allocations through June 30, 2024, and 2023 legislative forecast



ESTIMATED TOTAL NET ASSETS as of 03/31/2024

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Mineral Tracker Valuation as of June 30, 2023 on 2.6 million Mineral Acres

$2,568,614,367

Surface Fair Market Value as of April 18, 2024 on 706,000 Surface Acres

$671,978,325

Estimated Total Net Assets* as of May 31, 2024

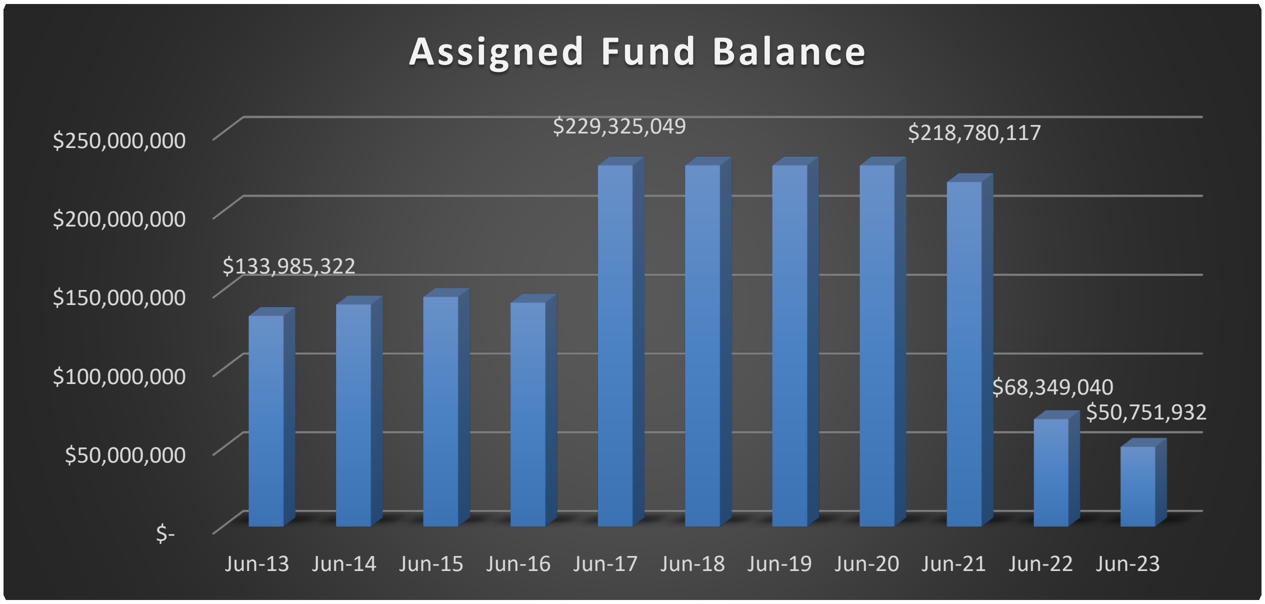
$10,661,559,513

* Total excluding SIIF

RE: Strategic Investment and Improvements Fund (SIIF) - Assigned Fund Balance

On September 1, 2023, the Board approved the existing Assigned Fund Balance of $50,751,932. Since then, the Department of Trust Lands (Department) has completed a review of active leases and wells in the disputed area. The recommended reduction is based upon a reduction in the amount of bonus money associated with active leases within the disputed area and a reduction in the amount of royalties paid. The table below details the recommended Assigned Fund Balance which is $7,685,529 less than the prior year.

	6/30/2024 Recommended Assigned Fund Balance	
Fort Berthold Reservation Riverbed Bonus	$	34,379,816
Fort Berthold Reservation Riverbed Royalties		1,778,344
Wenck Line Litigation Hold Bonus		6,908,243
Recommended Assigned Fund Balance	**$**	**43,066,403**



Recommendation: **For purposes of its financial reporting, the Board affirms the "Assigned Fund Balance" of the Strategic Investment and Improvements Fund be set at $43,066,403 as of June 30, 2024.**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Howe					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Wrigley					
Governor Burgum					

SURFACE DIVISION
ENCUMBRANCES ISSUED

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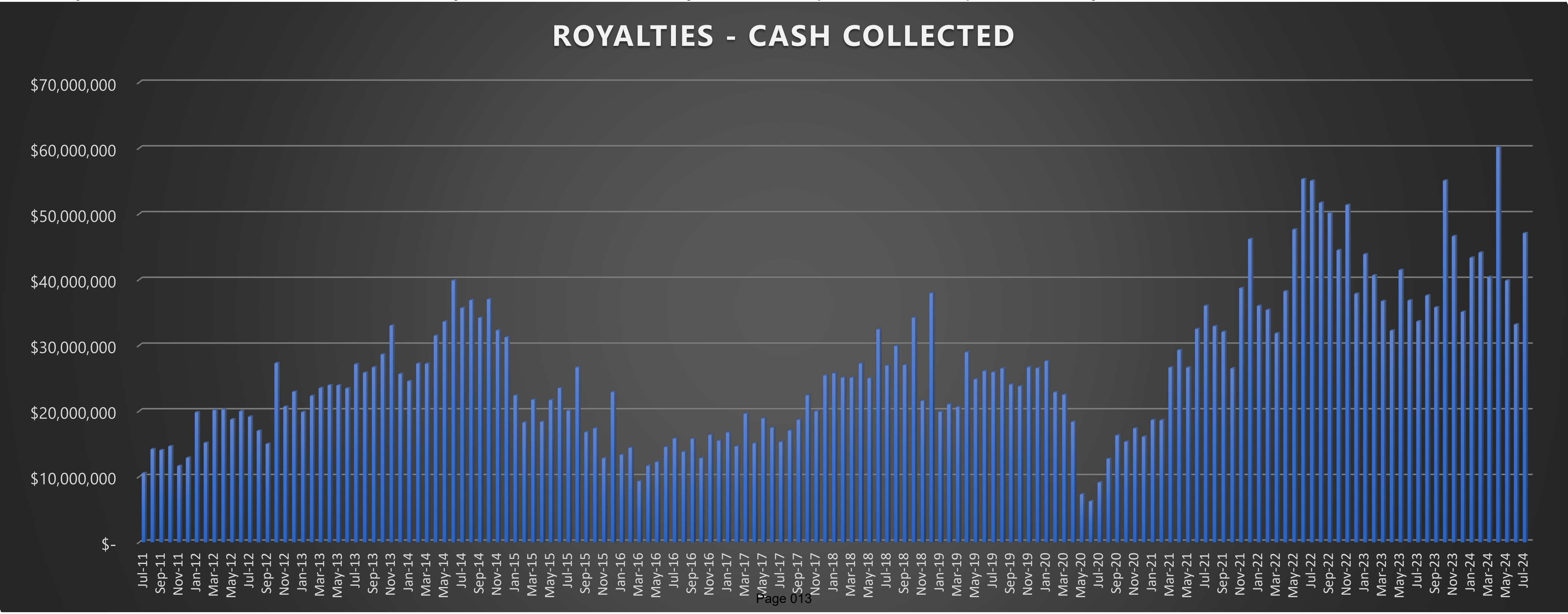
Encumbrances issued by the Commissioner during June and July of 2024: 14 Right of Way Agreements generating $163,772 in income for the Trusts in June and 23 Right of Way Agreements generating $321,863 in income for the Trusts in July.

Beautiful Blue Skies in McKenzie County 151-95-16 June 2024. Photo Credit: Jacob Lardy

MINERALS DIVISION
FISCAL YTD O/G ROYALTIES

As of July 31, 2024*, for fiscal year 2024-25 the Department has received **$47,075,187** in royalties as compared to **$33,669,470** last fiscal year at this time. This was a nearly **<u>40%</u>** increase in royalties compared to the prior fiscal year!



*July royalty revenue is from May gas production and June oil production.

PRICE MAIN DRIVER OF O/G ROYALTIES

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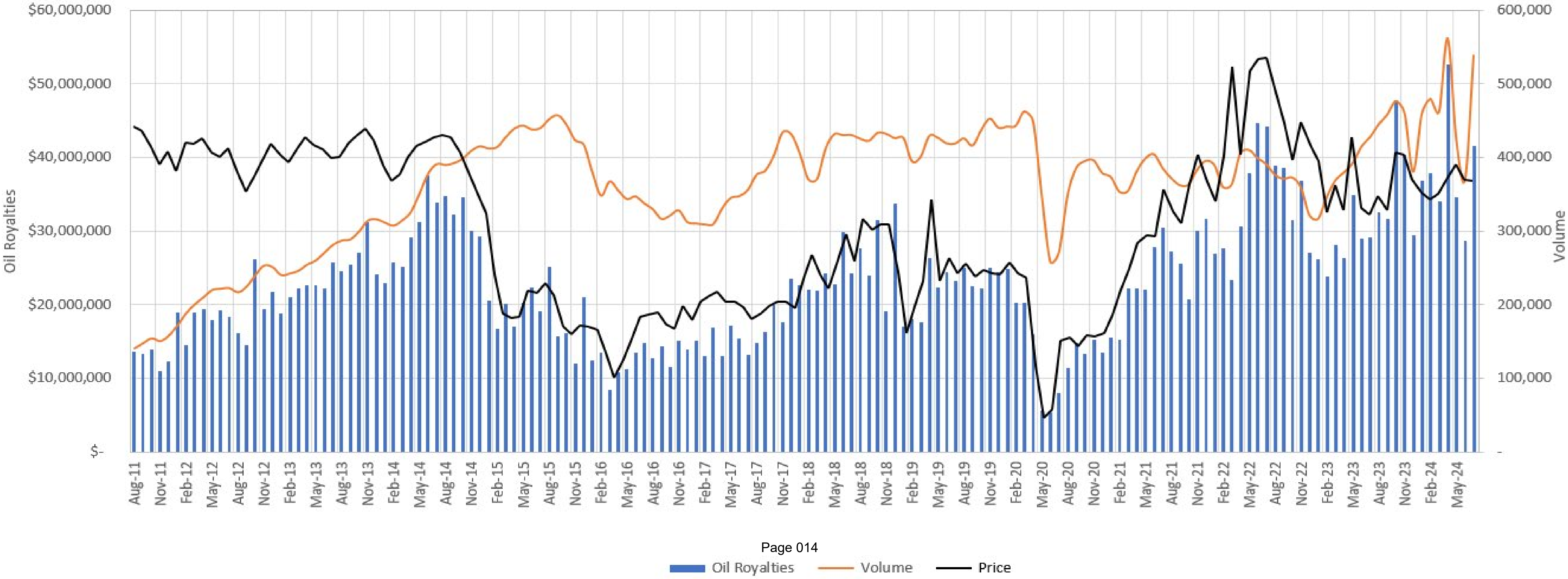
In the early years production growth was the driver of the Department's royalty increases. Now that our net monthly production has been more stable, averaging 460,327 barrels per month over the past twelve months, the price of oil & gas is the main driver of monthly royalty variations.



OIL & GAS LEASE AUCTION RESULTS SUMMARY

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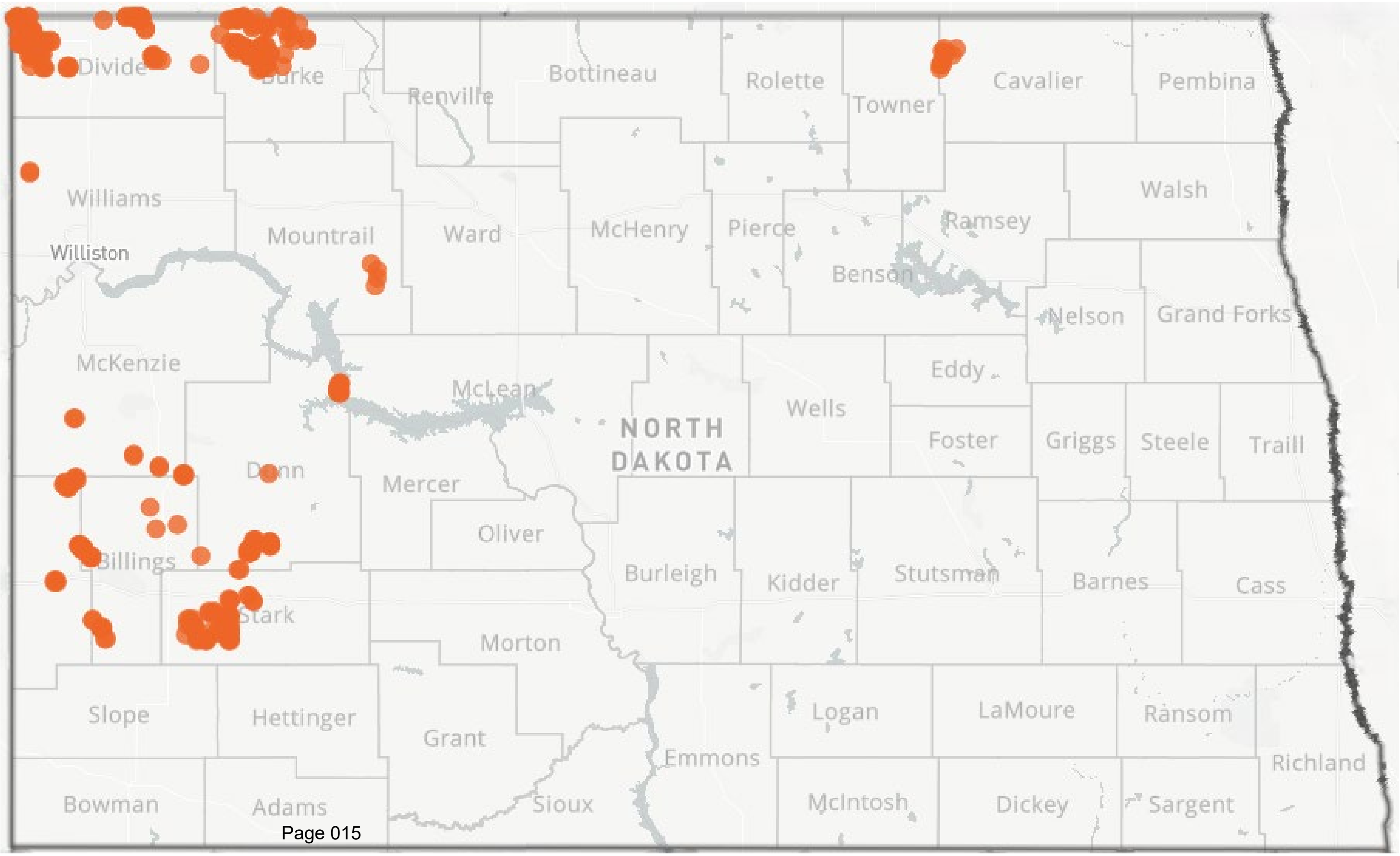
2024 Q3 (August) Online Oil & Gas Lease Auction

Bidding Snapshots	
Total tracts	**315**
Total acres	**25,478.89**
Total tracts receiving bids at auction	**303**
Total registered bidders	**49**
Total bidders who placed bid	**36**
Average unique bidders on tract with bid	**2.94**
Total bids	**2,107**
High bid per tract	**$462,080**
High bid per acre	**$5,776**
Total bonus received	**$4,976,864**



Auction data and map provided by EnergyNet.

OIL & GAS LEASE AUCTION RESULTS SUMMARY, CONTINUED

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2024 Q3 (August) Online Oil & Gas Lease Auction

County	# Tracts	Net Min Acres	Total Bonus	Average Bonus/Net Acre
Billings	19	2,410.78	$97,353	$40
Burke	66	5,184.34	$1,055,507	$204
Cavalier	11	883.30	$883	$1
Divide	97	7,724.07	$1,744,805	$226
Dunn	31	1,830.12	$305,042	$167
Golden Valley	19	2,683.20	$89,063	$33
McKenzie	10	367.95	$1,269,586	$3,450
McLean	5	494.50	$251,840	$509
Mountrail	4	104.00	$16,704	$161
Stark	51	3,716.63	$89,481	$24
Williams	2	80.00	$56,600	$708
TOTAL	**315**	**25,478.89**	**$4,976,864**	**$195**

Trust/ Fund	Trust/Fund Name	# Tracts	Total Bonus
A	**Common Schools**	162.5	$3,260,868
B	**School for the Blind**	2	$1,814
D	**School for the Deaf**	3	$192,240
E	**Ellendale State College**	2	$160
H	**State Hospital**	1	$1,120
I	**ND Industrial School**	4	$6,242
L, R	**SIIF** (Strategic Investment & Improvements Fund)	130.5	$1,431,164
M	**School of Mines**	1	$1,280
N	**NDSU**	1	$247
U	**UND**	5	$58,854
V	**Valley City**	1	$480
W	**ND School of Science**	1	$22,316
Z	**Valley City and Mayville State Universities**	1	$80
	TOTAL	**315**	**$4,976,864**

HISTORICAL AUCTION RESULTS

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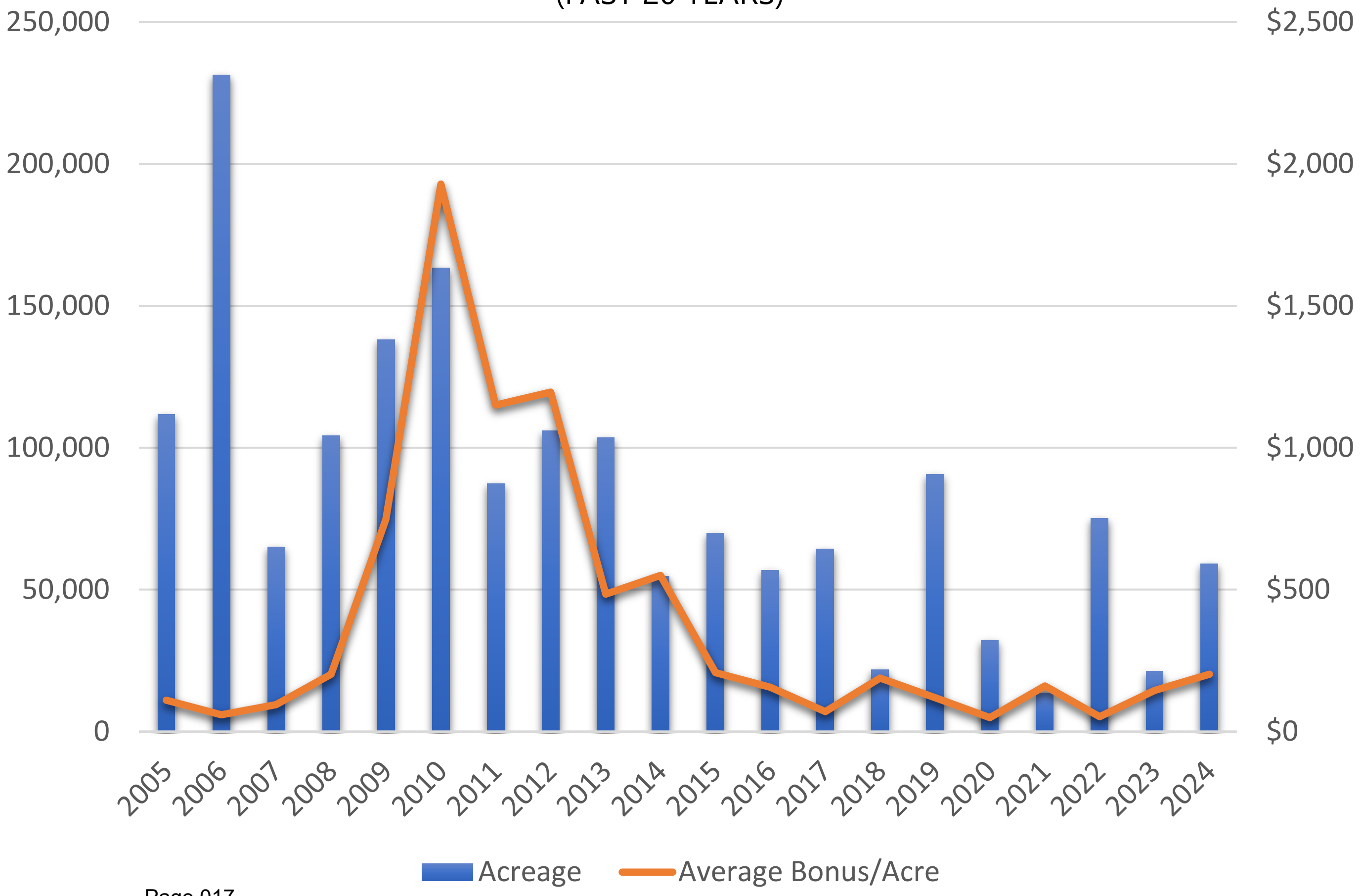
Year	# Tracts	Net Acreage	Bonus	Average Bonus/Ac
2005	1,350	111,808.20	$12,309,350	$110
2006	2,886	231,264.52	$13,576,948	$59
2007	829	65,134.94	$6,211,341	$95
2008	1,213	104,235.20	$20,991,009	$201
2009	1,735	138,109.87	$103,212,376	$747
2010	2,083	163,367.37	$315,126,366	$1,929
2011	1,132	87,432.04	$100,553,812	$1,150
2012	1,236	106,013.08	$126,785,716	$1,196
2013	1,267	103,586.18	$50,109,864	$484
2014	635	54,693.19	$30,057,524	$550
2015	779	69,987.56	$14,522,818	$208
2016	684	56,889.36	$8,862,765	$156
2017	720	64,291.10	$4,496,748	$70
2018	241	21,865.22	$4,130,246	$189
2019	1,065	90,698.40	$10,876,517	$120
2020	329	32,219.90	$1,576,562	$49
2021	151	13,525.98	$2,175,580	$161
2022	1,008	75,119.39	$3,942,573	$52
2023	207	21,268.01	$3,090,459	$145
2024	690	59,153.37	$11,934,332	$202
TOTALS	**20,240**	**1,670,662.88**	**$844,542,906**	**$506**

ACREAGE LEASED & AVERAGE BONUS/ACRE RECEIVED BY YEAR

(PAST 20 YEARS)

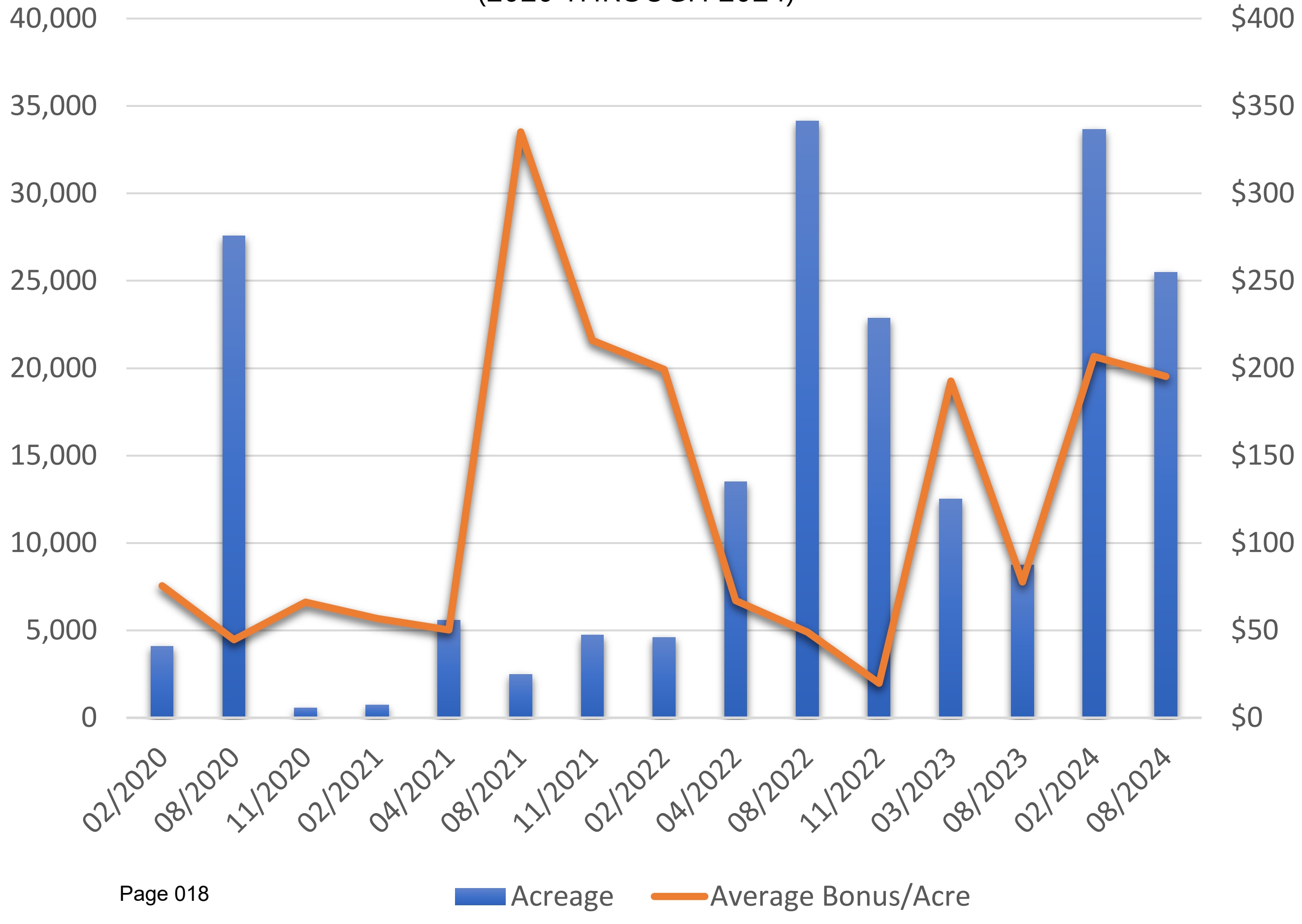


HISTORICAL AUCTION RESULTS, CONTINUED

Auction	# Tracts	Net Acreage	Bonus	Average Bonus/ Acre
Feb-20	36	4089.36	$308,874	$76
Aug-20	288	27,572.15	$1,230,770	$45
Nov-20	5	558.39	$36,918	$66
Feb-21	6	719.02	$40,753	$57
May-21	63	5592.27	$281,476	$50
Aug-21	23	2481.29	$831,535	$335
Nov-21	59	4733.4	$1,021,816	$216
Feb-22	57	4596.24	$916,142	$199
May-22	177	13,492.13	$904,094	$67
Aug-22	459	34,147.30	$1,670,404	$49
Nov-22	315	22,883.72	$451,933	$20
Mar-23	129	12,526.05	$2,411,705	$193
Aug-23	78	8741.96	$678,754	$78
Feb-24	375	33,674.48	$6,957,468	$207
Aug-24	315	25,478.89	$4,976,864	$195
TOTALS	**2,385**	**201,286.65**	**$22,719,506**	**$113**

ACREAGE LEASED & AVERAGE BONUS/ACRE RECEIVED BY AUCTION

(2020 THROUGH 2024)



UNCLAIMED PROPERTY DIVISION

https://unclaimedproperty.nd.gov

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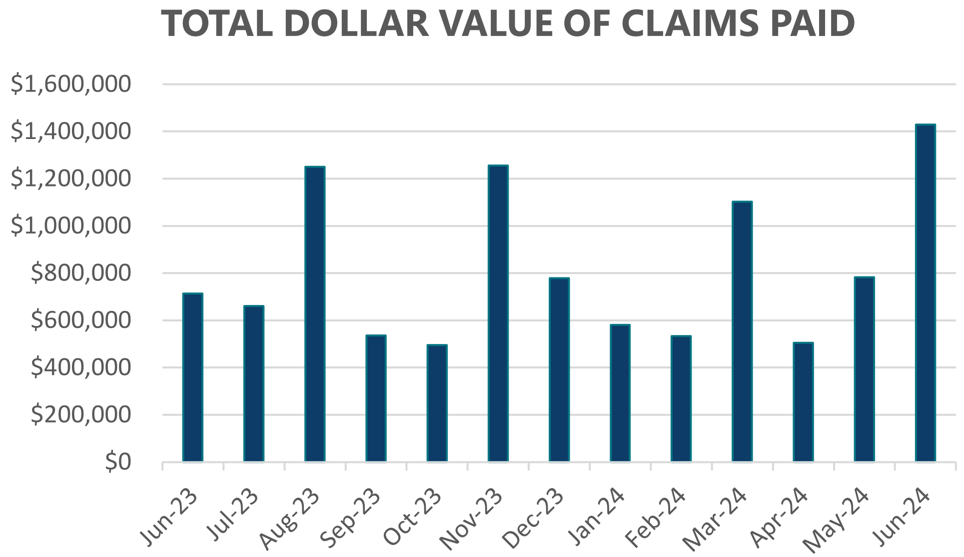
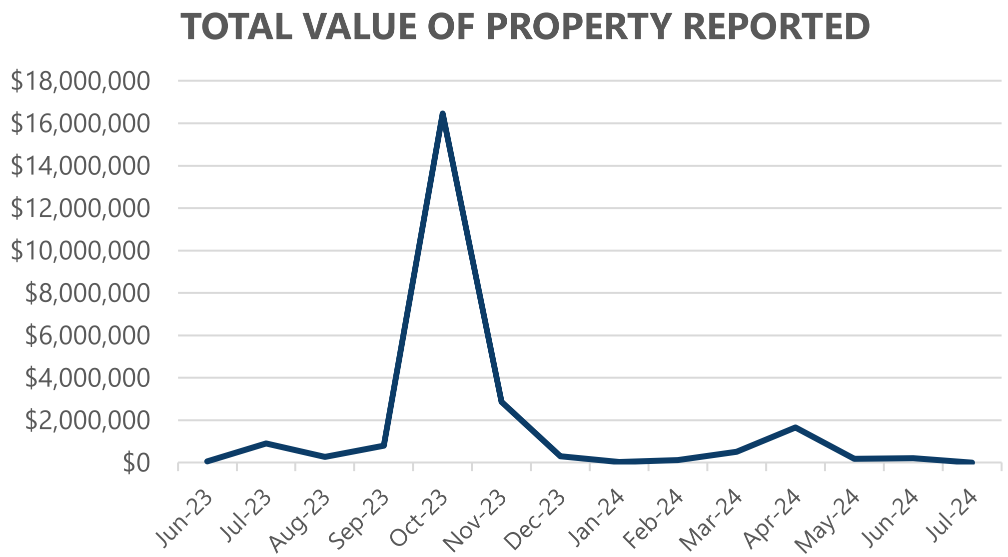
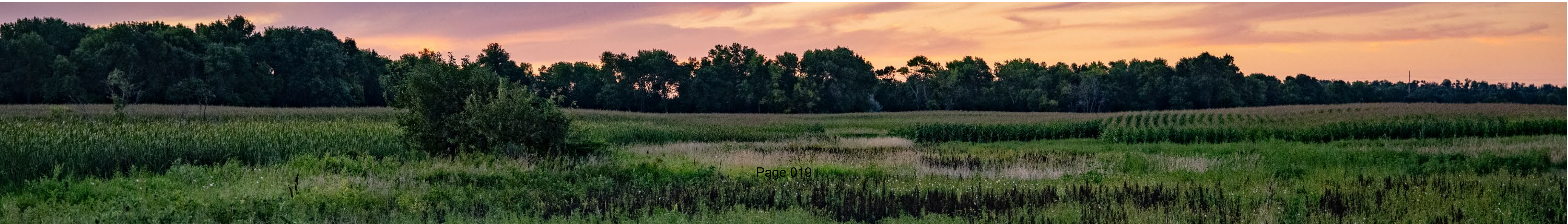
For the month of June 2024, the Division paid 367 claims with $1,248,557 returned to rightful owners/heirs.

The Division also received 153 holder reports with a dollar value of $209,205.







UNCLAIMED PROPERTY DIVISION

https://unclaimedproperty.nd.gov

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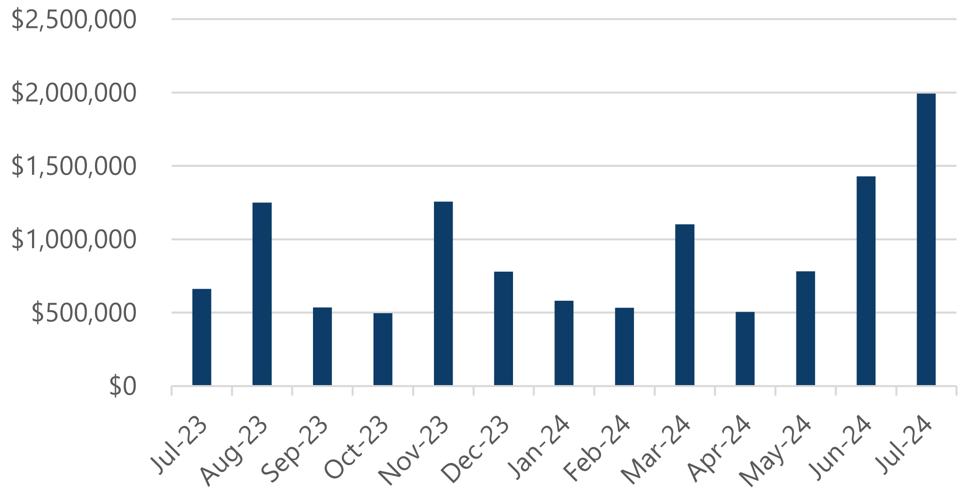
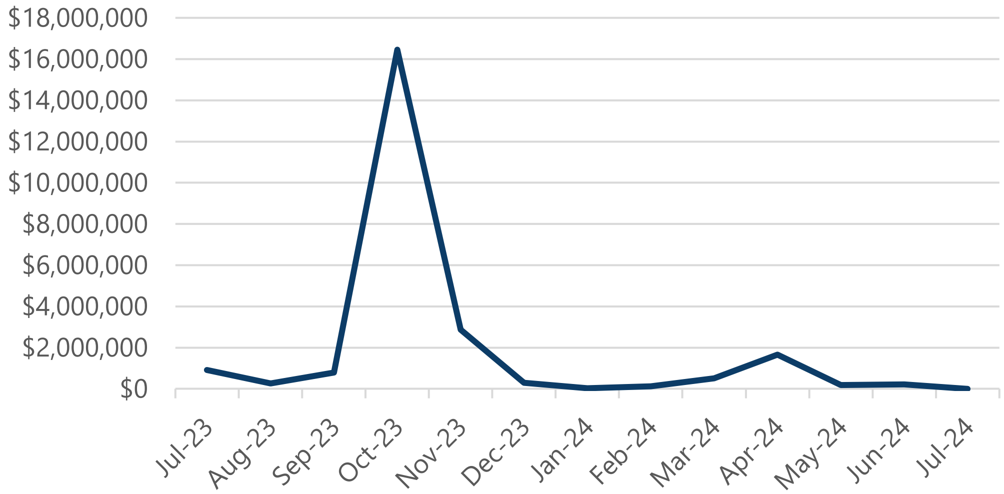
For the month of July 2024, the Division paid 590 claims with $1,993,343 returned to rightful owners/heirs.

The Division also received 75 holder reports with a dollar value of $56,879.

TOTAL DOLLAR VALUE OF CLAIMS PAID



TOTAL VALUE OF PROPERTY REPORTED



RE: Settlement of Litigation: *Arkansas v. Delaware*

Background

In 2016, Arkansas, together with North Dakota and 28 other states, filed an action in the United States Supreme Court seeking over $250 million in unclaimed funds from uncashed MoneyGram official check products that had been improperly escheated to Delaware.

The case focused on determining which state has the right to take custody of funds from certain unclaimed official checks issued by MoneyGram, a money transfer service operating across all 50 states.

The Federal Disposition Act provides that proceeds from unclaimed money orders, traveler's checks, and similar items must be turned over to the state where the item was purchased. However, since 2005, MoneyGram had been turning over these checks to Delaware, its state of incorporation.

On February 28, 2023, the U.S. Supreme Court unanimously ruled that these funds fall under the Federal Disposition Act and should have been turned over to the states where the checks were purchased, not to Delaware.

Settlement

Following the Court's opinion, Delaware cast doubt on the accuracy of available data and the parties began engaging in settlement discussions. The parties ultimately agreed on settlement terms and amounts to be distributed to each state. The Land Board approved North Dakota joining in the settlement during its June 3, 2024, meeting. Highlights of the settlement agreement include:

- North Dakota will receive approximately $2.2 million plus escrow interest (less pro rata litigation expenses and examination fees).
- Delaware will pay to each state its respective settlement payment.
- Delaware will keep all amounts escheated to Delaware between the years 2005-2010.
- All parties will assume liability for the unclaimed checks it receives.
- All parties relinquish rights to pursue further action regarding the subject checks.
- Funds will be deposited to North Dakota's Unclaimed Property Program where they can be claimed by rightful owners.

RE: Investment Updates
(No Action Requested)

Q3-Q4 Pipeline
Public Equity: international equity recommendation
Infrastructure: core infrastructure recommendation

Capital Calls Funded (as of July 31, 2024):
2023 $80M
2024 YTD $221M

Total Unfunded Commitments $994M (as of July 31, 2024):

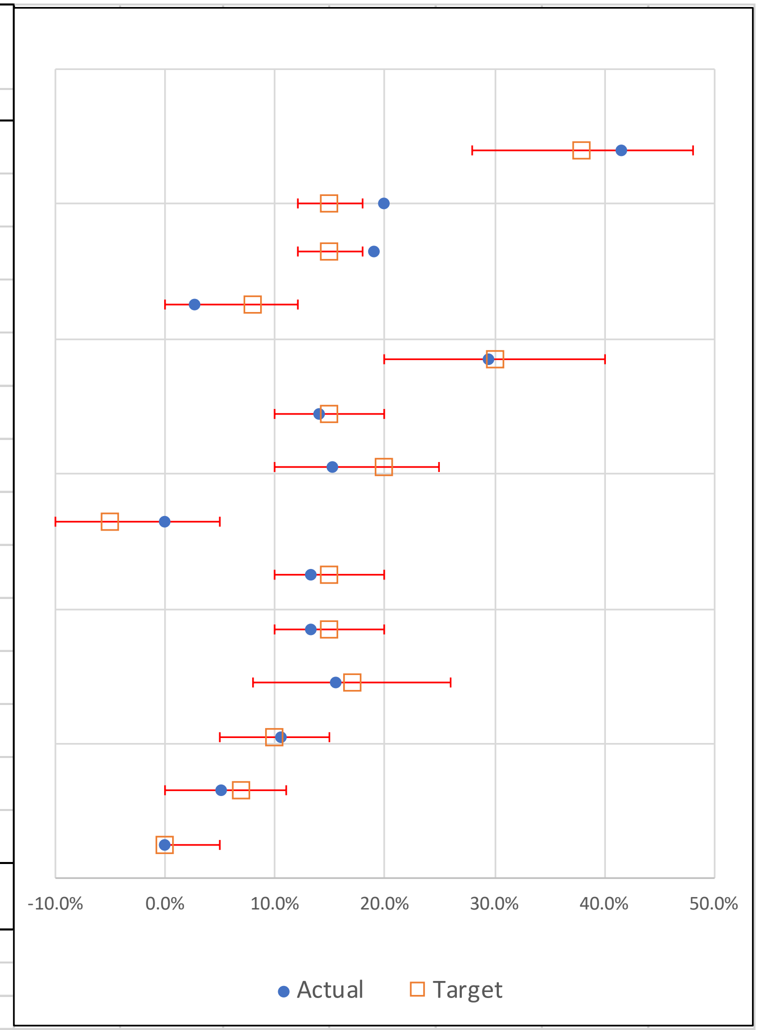
1. Private Credit, $308M
   i. *Ares Pathfinder Fund, $14M*
   ii. *Blue Owl Diversified Lending, $40M*
   iii. *Monarch Capital VI, $54M*
   iv. *Ares Pathfinder Core, $200M*

2. Private Equity, $579M
   i. *GCM Grosvenor Private Equity, $74M*
   ii. *GCM Grosvenor Secondary Opportunities Fund III, $88M*
   iii. *Morgan Stanley Ashbridge TS Fund II, $9M*
   iv. *Khosla Ventures, $25M*
   v. *Blue Owl Strategic Equity, $25M*
   vi. *GCM Grosvenor Private Equity Series 2, $274M*
   vii. *Industry Ventures Partnership Holdings VII, $50M*
   viii. *Andreessen Horowitz Multiplexer, $35M*

3. Real Assets, $30M
   i. *Hamilton Lane Infrastructure Opportunities Fund, $5M*
   ii. *Hamilton Lane Infrastructure Opportunities Fund II, $25*

Current Asset Allocation (unaudited)

As of **July 31, 2024**	Market Value ($)	Actual	Target	Lower Range	Upper Range
Equity	3,002,405,764	41.6%	38.0%	28.0%	48.0%
Broad US Equity	*1,435,768,835*	*19.9%*	*15.0%*	*12.0%*	*18.0%*
Broad Int'l Equity	*1,370,090,722*	*19.0%*	*15.0%*	*12.0%*	*18.0%*
Private Equity	*196,546,206*	*2.7%*	*8.0%*	*0.0%*	*12.0%*
Fixed Income	2,121,777,853	29.4%	30.0%	20.0%	40.0%
Public Credit	*1,016,836,873*	*14.1%*	*15.0%*	*10.0%*	*20.0%*
Private Credit	*1,104,940,979*	*15.3%*	*20.0%*	*10.0%*	*25.0%*
Cash / (Implied Leverage)	*-*	*0.0%*	*-5.0%*	*-10.0%*	*5.0%*
Absolute Return	961,366,804	13.3%	15.0%	10.0%	20.0%
Multi-Strategy Hedge Fund	*961,366,804*	*13.3%*	*15.0%*	*10.0%*	*20.0%*
Real Assets	1,125,853,813	15.6%	17.0%	8.0%	26.0%
Real Estate	*757,963,234*	*10.5%*	*10.0%*	*5.0%*	*15.0%*
Private Infrastructure	*367,890,579*	*5.1%*	*7.0%*	*0.0%*	*11.0%*
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	7,211,404,233	100.0%			



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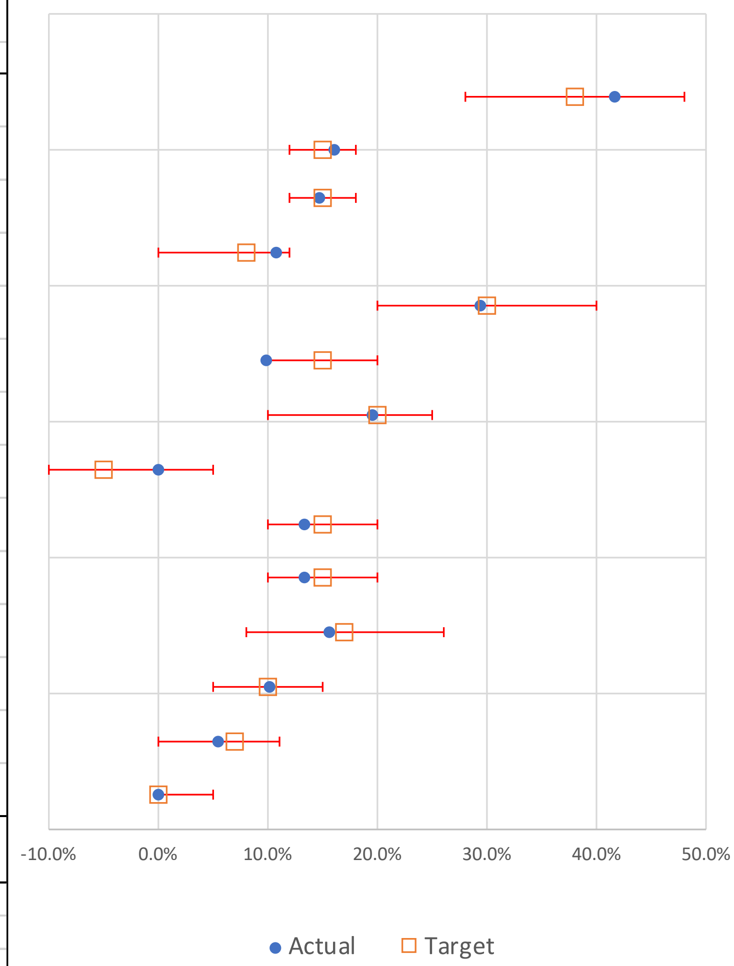
Hypothetical Asset Allocation (after funding all commitments)

As of **July 31, 2024**	Market Value ($)	Actual	Target	Lower Range	Upper Range
Equity	3,002,405,764	41.6%	38.0%	28.0%	48.0%
Broad US Equity	*1,161,768,835*	*16.1%*	*15.0%*	*12.0%*	*18.0%*
Broad Int'l Equity	*1,064,090,722*	*14.8%*	*15.0%*	*12.0%*	*18.0%*
Private Equity	*776,546,206*	*10.8%*	*8.0%*	*0.0%*	*12.0%*
Fixed Income	2,121,777,853	29.4%	30.0%	20.0%	40.0%
Public Credit	*708,836,873*	*9.8%*	*15.0%*	*10.0%*	*20.0%*
Private Credit	*1,412,940,979*	*19.6%*	*20.0%*	*10.0%*	*25.0%*
Cash / (Implied Leverage)	*-*	*0.0%*	*-5.0%*	*-10.0%*	*5.0%*
Absolute Return	961,366,804	13.3%	15.0%	10.0%	20.0%
Multi-Strategy Hedge Fund	*961,366,804*	*13.3%*	*15.0%*	*10.0%*	*20.0%*
Real Assets	1,125,853,813	15.6%	17.0%	8.0%	26.0%
Real Estate	*727,963,234*	*10.1%*	*10.0%*	*5.0%*	*15.0%*
Private Infrastructure	*397,890,579*	*5.5%*	*7.0%*	*0.0%*	*11.0%*
Opportunistic Investments	-	0.0%	0.0%	0.0%	5.0%
Portfolio Total	7,211,404,233	100.0%			



Assumptions: No other new cash is expected to fund calls. No redemption proceeds or distributions were received. All capital calls came in at the same time.

NORTH Dakota | Trust Lands
Be Legendary.™

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
August 22, 2024

RE: Private Credit – Secondaries

The current private credit allocation sits at 15.3%, which represents a $330M underweight to the 20% long term strategic asset allocation target. The goal of this proposal is to increase the private credit commitment and take advantage of discounts in the evolving credit secondaries market.

Staff recommends allocating to secondaries within the private credit portfolio. As a result of the higher interest rate environment, there has been a proliferation of private credit funds in recent years. As these funds enter maturity, opportunities arise for investors who are willing to provide capital to those seeking liquidity. There are two types of secondary deals. (1) LP-led deals – institutional investors willing to sell primary funds at a discount to clean up their books or rebalance to meet asset allocation targets. (2) GP-led deals – fund managers willing to sell underlying single loans or loan portfolios at a discount to wind down the fund in a timely fashion.

Secondary investments have been a boon to the Land Board's private equity portfolio and offer similar advantages in private credit. (1) Diversification – primary funds are made up of 100 underlying loans, on average, whereas a secondary fund of funds will be comprised of over 1,000 underlying loans. (2) Transparency – most defaults tend to occur in the first three years. A secondary fund manager can cherry-pick seasoned loans. (3) Shorter Duration – primary credit fund life ranges from 4-6 years. Secondary investments have a shorter duration due to seasoned underlying loans, typically with 2-4 years remaining. (4) J-curve Mitigation - Pull to par is the immediate markup from purchasing at a discount, which reduces J-curve effect (negative performance during early years of a primary fund when expenses exceed returns).

Staff and RVK recommend a commitment to Pantheon Credit Opportunities (PCO III). Pantheon is a global private markets investment firm founded in 1982 and headquartered in London with over 125 investment professionals across 12 global offices and $65B in discretionary assets under management. The private credit team launched in 2018 and manages $4.9B with investment professionals in London and New York.

PCO III is targeting a $750M fundraise with a 3-year investment period and 8-year fund life. The fund will invest across the risk spectrum from senior secured to specialty finance and distressed. Allocation targets include 50-80% LP / 30-40% GP and 50-80% US / 20-40% Europe / 0-10% ROW.

Recommendation: **The Board approve $100M commitment to Pantheon Credit Opportunities III, subject to standard legal review/documentation.**

Attachment 1: RVK Executive Summary
Attachment 2: Pantheon Presentation

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Howe					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Wrigley					
Governor Burgum					

Memorandum

To	North Dakota Board of University and School Lands
From	RVK, Inc.
Subject	Pantheon Credit Opportunities III – Due Diligence Memo
Date	August 22, 2024

Pantheon Credit Opportunities III ("PCO III", "Fund III", or "the Fund") is a limited partnership investing in private credit secondaries, managed by Pantheon Ventures (UK), LLP ("Pantheon" or "the Firm"). The Fund will invest into a diverse selection of opportunistic secondary investments. Pantheon expects to build a well-diversified portfolio including primarily Limited Partner ("LP") led and secondarily General Partner ("GP") led deals. PCO III is expected to commit capital for up to three years following final close, allow the underlying investments to generate income and accrete in value, and then realize the investments and return capital to investors in approximately eight years after final closing, with the possibility to extend the term by two years. Pantheon is seeking $750 million in investor commitments for the Fund. The following is a review of the PCO III opportunity based upon RVK's diligence.

Recommendation Summary

RVK believes Pantheon Credit Opportunities III represents an attractive opportunity with several potential benefits for the **North Dakota Board of University and School Lands** total portfolio. Pantheon has a significant secondaries investment history, both in the nascent Private Credit secondaries space, and especially within Private Equity secondaries. The Firm is one of the first, if not the first, dedicated Private Credit secondaries investors and manages $6.8 billion in Private Credit, comprised of opportunistic secondaries, primary and co-investments, and senior credit secondaries. The team has invested in traditional LP-led and GP-led credit secondaries across more than 70 transactions beginning in 2018.

Pantheon has invested in Private Credit across multiple market cycles as the firm began initially investing in Private Credit as part of a non-dedicated investment strategy approximately 24 years ago, with its first private credit primary investment occurring in 1997 and its first private credit secondary investment in 2000. As a result, In addition to its experienced, dedicated team, the Fund has access to Pantheon's broader platform for sourcing and diligence. The firm features a robust secondaries-focused platform with over 40 years of private market experience involving seats on nearly 600 advisory boards, that tracks more than 10,000 GPs and monitors over 25,000 companies.

RVK believes that the secondaries opportunity set within Private Credit is attractive considering the significant growth of the private credit asset class combined with a relatively limited subset of established, active private credit secondaries managers. Private credit secondaries managers provide a liquidity function to LPs and GPs who invest within the asset class that is analogous to that within the more established private equity asset class.

Significant discounts on asset purchases being paid by private credit secondaries managers—21% discounts on average have been the experience for PCO III's predecessor—are evidence of an imbalance between supply and demand and limited competition. We believe the supply and demand imbalance is likely to persist given projections for a continued secular increase in the role of private credit in institutional portfolios. Investing in Private Credit secondaries provides the ability to acquire highly diversified portfolios of seasoned, existing loans at meaningful discounts to their net asset values. This is likely to result in simultaneous possible increases in portfolio yield and price appreciation potential, combined with introducing high levels of diversification across a significant number of underlying borrowers.

Key considerations of this investment include reinvestment risk associated with the seasoned and performing loans that are acquired as LP or GP portfolios, the presence of junior securities within the well diversified fund composition, and a somewhat limited track record for this specific strategy beginning with PCO II in 2020. Additionally, the nature of secondaries purchases of LP and GP interests results in the management team not being involved with structuring or monitoring at the individual loan level given that they invest with teams who do so.

RVK believes, however, that the positive merits of the opportunity outweigh those and other concerns. Therefore, RVK recommends the **North Dakota Board of University and School Lands commit up to $100 million** to Pantheon Credit Opportunities III.

Overview of Investment Organization

Pantheon was founded in 1982 based initially in London and focused on private equity primary investments. Today, the firm invests globally across strategies that include private equity, infrastructure, real assets and private credit with over 140 investment professionals based mostly in the firm's offices in London, San Francisco, Hong Kong, New York, Seoul, Bogota, Tokyo, Dublin, Berlin, Chicago and Singapore. The firm manages $89.0 billion on behalf of more than 890 clients in commingled strategies, customized discretionary strategies and non-discretionary segregated accounts. In addition to secondaries expertise, the firm invests in primaries and co-investments.

Figure 1: Global Credit Committee

Global Credit Committee Member	Joined Firm	Private Markets Experience	Office(s)
Rick Jain	2019	29	New York
Francesco di Valmarana	2008	25	London
Dennis McCrary	2007	43	San Francisco and Chicago
Jeff Miller	2008	22	San Francisco
Toni Vainio	2010	16	London

Pantheon launched its first private credit secondaries strategy in 2018, capitalizing on the team's private debt experience that began with its first private credit investment in 1997 and its first private credit secondaries investment in 2000. Since 2018, the firm has completed more than 70 credit secondaries investments with 65 GPs in more than 100 funds across 4,000 underlying loans and has $6.2 billion in private credit assets under management. The private credit secondaries team of 16 reflects one of the largest dedicated teams, if not the largest, across its peers and is led by the Global Credit Committee comprised of Rakesh Jain, Dennis McCrary, Jeff Miller, Francisco di Valmarana and Toni Vainio.

Ten dedicated private credit investment professionals complete the balance of the team in addition to around eight in the product specialist and execution specialist groups. Additional support is provided by around 50 additional Pantheon investment team members and around 40 focused on investment structuring and strategy across the firm.

Investment Strategy and Opportunity

The Firm expects the Fund's strategy to be consistent with Pantheon Credit Opportunities II and have an emphasis on building a diversified opportunistic credit portfolio through the secondary market, targeting a well-diversified range of credit strategies including senior secured lending, subordinated debt/mezzanine funds, asset-backed lending funds, specialty finance, special situations/capital solutions and distressed funds. The ability to purchase secondaries offerings at significant discounts to their net asset values (NAVs) presents an attractive opportunity for investors in the strategy in addition to the ability to quickly introduce diversified exposure to seasoned, performing loans.

Opportunity

In the first three quarters of 2023, the team has identified a pipeline of approximately $18.3 billion of secondaries purchase opportunities from which it can select. This $18.3 billion market opportunity in the first three quarters of 2023 compares to $15.1 billion in 2020, $18.4 billion in 2021 and $22.0 billion in 2022.

The steady year over year growth in Pantheon's secondary private credit pipeline is a reasonably sized market opportunity when compared to the $750 million targeted capital raise for PCO III and the additional $5.6 billion in several Pantheon private credit secondaries strategies and separate accounts considering PCO III has three years to call capital and deploy into the sizeable and growing opportunity set. Therefore, we believe that the relatively small fund size compared to the large opportunity pipeline combined with ample time to deploy capital allows the team flexibility to remain selective in their secondaries purchases.

In fact, the broader supply and demand imbalance between private credit secondaries purchasers, such as Pantheon, and those interested in selling secondaries offerings manifests itself in a significant discount to NAV for those willing to purchase. For example, since 2018, Pantheon's private credit secondary transactions have averaged a 12% discount at purchase. When narrowing down the purchases to PCO III's predecessor strategy, PCO II, Pantheon estimates a more significant 21% discount paid for secondary transactions from the fund's 2020 inception through September 2023. This larger discount for PCO II is consistent with less competition in more complex private credit secondaries purchases and the ability of a larger, more established and specialized team to evaluate such opportunities, price offers accordingly and win in areas that might otherwise become ignored or priced incorrectly.

Strategy

As part of building a diversified private credit secondaries portfolio, Pantheon plans to invest with over 10 different GPs that include more than 1,000 individual underlying loans. In addition to exposure that includes senior secured lending, subordinated debt/mezzanine funds, asset-backed lending funds, specialty finance, special situations/capital solutions and distressed funds, the strategy is intended to incorporate a wide range of transaction types. For example, up to 20% of the fund may include co-investment opportunities in cases where the team determines those opportunities to enhance the return prospects for the portfolio. These tend to be opportunities with GPs who offer the exposure without a fee. In these cases the team monitors portfolio diversification to ensure that one borrower within the co-investment, which can be more concentrated, does not have the potential to inordinately impact the portfolio in a downside scenario.

Figure 2: Secondaries and Co-Investments

Portfolio Metric	Targeted Range
Secondaries	80 - 100%
Co-Investments	0 - 20%

The majority of PCO III is anticipated to allocate to LP-led transactions, which typically emerge in several scenarios such as when investors in private credit strategies face turnover in their investment teams and/or board of directors. Additionally, portfolio rebalancing and policy constraints may dictate a downsizing of private credit exposures, especially in cases where more liquid public markets exposures experience significant negative performance resulting in a proportionately larger private credit exposure compared to the remainder of the portfolio (the “denominator effect”). Regulatory pressure, for example changes to how certain investments may affect insurance companies, is an additional driver for LP-led transactions.

GP-led transactions may potentially comprise upwards of 30-40% of the strategy. In these transactions, Pantheon has experience providing liquidity to General Partners through a wide range of scenarios. In cases where a General Partner’s liquidity needs emerge as a result of an existing fund’s termination, Pantheon has experience funding continuation vehicles where remaining transactions are placed, remain managed by the same GP, but owned by Pantheon LPs. Similar to a continuation vehicle, Pantheon also has experience arranging for a GP to remain a partial owner as a joint venture partner, which increases the alignment of interests. Around six of Pantheon’s private credit transactions have involved tender offers, where a GP prefers to provide the option for its LPs to remain in a fund but simultaneously wants to provide LPs who are seeking liquidity with an avenue to a potential exit (as opposed to LPs seeking a sale to a secondaries manager). And in other cases, GPs may wish to sell portions of a portfolio or individual loans in order to increase the portfolio's diversification or manage the portfolio's deployment pace. Although GP-led transactions are not anticipated to account for the majority of PCO III, the flexibility of approach, the range of options available to GPs through Pantheon and the depth of experience of Pantheon's team exploring these scenarios may provide a competitive advantage when competing against other secondaries funds for GP-led deal flow.

Figure #3: Portfolio Metrics

Portfolio Metric	Targeted Range
Underlying Spread	5.0 - 9.5%
Net debt / EBITDA	3.0 - 7.5x
Loan to Value	40 - 65%
EBITDA Range	$20 - $200m+
Sector Focus	Non-Cyclical
Number of Loans	1,000+
Duration	2 - 4 years
Average Discount to NAV	21%

Pantheon anticipates investing primarily in private credit for borrowers located predominantly in the US and Canada, however the team has the flexibility to target approximately 20-40% in Europe. Pantheon has a local presence in Europe, with five of the Private Credit secondaries investment team located in the London office, which may provide enhanced proprietary sourcing compared to most private credit secondaries competitors with smaller teams that are more geographically centralized. Additionally, Pantheon may invest up to 10% outside of the US/Canada and Europe.

Transaction characteristics for inclusion within Private Credit Opportunities III reflect wide ranges and it is possible that the portfolio averages may skew to the riskier spectrum of these ranges when combining the 1,000+ loans within the portfolio considering the moderately aggressive return target of 14-18% at the fund level. For example, the range of leverage, as measured by net debt to EBITDA for transactions within the portfolio begins at 3.0x, a low level compared to market norms even for senior secured first lien direct lending as of this writing. While 7.5x at the high end of the range reflects a level more consistent with junior debt.

Additionally it is possible that the portfolio, as it evolves, may become more weighted to larger borrowers given the allowable range of borrower size, as proxied by their debt to EBITDA ratios, in the loan portfolios under acquisition. However, the flexibility to allow smaller transactions at the core of the middle market, where determined attractive and where priced appropriately by the team, may provide further diversification relative to larger borrowers.

In concert, the high level of flexibility allowed to the team to evaluate, price and acquire loans and portfolios of loans is appropriate to the team's strengths. Moreover, the ability of the team to evaluate seasoned loans with shorter durations to maturities and price acquisitions presents an additional ability to mitigate downside risk considering a cushion can be "priced in."

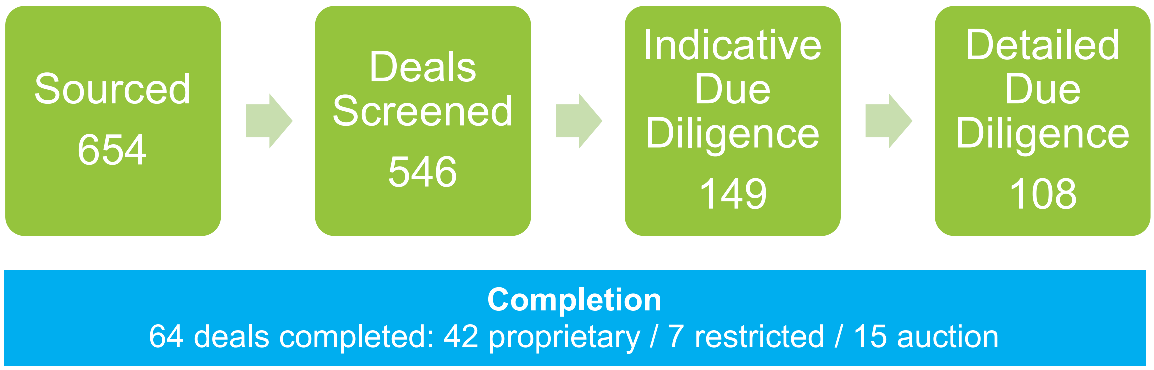
Pantheon expects to continue to originate transactions based on its established global presence and broad scale of investment activities. A significant amount of the deals the firm's broader platform reviews involve LP interests across multiple asset classes. The Credit Team attempts to review a high volume of these secondary deals to target specific GPs and funds to lift out of portfolios based on existing relationships and GP knowledge.

Pantheon's global sourcing has allowed the credit investment team to source over $70 billion of credit opportunities across approximately 650 separate transactions since 2017. Over this period, Pantheon's credit secondary deal flow has grown at a 50% CAGR from $2.9 billion sourced in 2017 to $22.0 billion sourced in 2022. The majority (72%) of credit secondary deal flow between 2017-2022 was LP-led transactions, with these deals comprising over 2,860 underlying fund interests.

Investment Process

Secondary investments are opportunistic in nature, and their evaluation requires flexibility to meet a seller's objectives, the ability to execute quickly, and strong relationships with fund managers. Pantheon's due diligence process comprises a bottom-up, company-by-company analysis as well as an assessment of the fund manager responsible for managing the portfolio and making future investments.

Figure 4: Pantheon Private Credit Sourcing – 2017-2022



Deal teams are led by a Partner, who sponsors a transaction, and supported by a project manager at the principal / VP level. Deal teams vary in size and are formed with resources determined to be appropriate for the size and complexity of a given transaction.

Sourcing: Pantheon sources transaction flow from three primary channels.

Intermediaries: Pantheon maintains relationships with the many of the most significant private credit intermediary firms, who rely on Pantheon to share early feedback that includes pricing opinions. For example, investment banks may identify strategies for client financial institutions to remove capital from their balance sheet as for example as result of market pressure or changing regulatory considerations. As a dedicated private credit secondaries manager with a global presence, lack of competing lending business and cost of capital aligned with private credit (as opposed to private equity) capital, intermediaries interests' are aligned with Pantheon, and may be more likely to refer transactions as a result.

Limited Partners: LP investments are the largest proportion historically, and are sourced directly from LPs. These reflect approximately 56% of deals closed by value from 2018 – January 2023 and are sourced directly from counterparties such as corporate plans, pension plans, insurance companies, family offices, asset managers and individuals. The team prefers to select individual fund positions and attempts to avoid portfolio acquisitions of multiple funds.

General Partners: GP investments represent about 44% of transactions closed by value since 2018. Pantheon relies on its network of GP relationships established as an early mover into the private credit secondaries space combined with its established history focused on private equity secondaries dating back 40 years. Since 2018, Pantheon has partnered with 20 GPs and deployed $1.1 billion. Pantheon seeks transactions that require creativity and a solutions-oriented approach with the GP, high levels of due diligence intensiveness, structuring expertise and an ability to negotiate to create value.

Between 2018 and December 31, 2023, of the 100+ secondary transactions completed across Pantheon's platform, 70% were sourced on a proprietary basis, 9% were sourced through limited auctions/restricted processes and 22% were sourced via an auction process led by an intermediary.

Screening: Once potential private credit transactions are sourced, the team screens for several considerations including the appropriateness for the investment strategy, fit for the portfolio, and required timing. In addition the team considers details of the transaction that include considerations such as total commitment size, number of funds for sale, undrawn commitments, leverage profile at the fund level and looking through to holdings, net asset value, and line-item level portfolio performance. Screening also considers the quality of GPs, strategy, track record, team, existing relationships with firm/select team members. And the nature of the sale, whether it is a limited auction, broken auction or proprietary. The team manages a 4,000 company credit portfolio across 65 GPs in aggregate, and believes that this provides an information advantage. Moreover, the team manages a GP database with more than 10,000 GPs.

Indicative Due Diligence: For private credit secondary transactions that pass initial screening at the committee level, the deal team assigned to preliminary due diligence efforts conducts a more detailed review of based on materials and data provided to Pantheon from the intermediary or GP. Additional screening relative to existing portfolio characteristics and objectives including stage of investment, vintage and geography, a review of GP quality, underlying credit quality and track record. And finally, completion of secondary credit financial models with improved understanding of sensitivities and a valuation, assessment of portfolio quality and attributes. After indicative due diligence is complete, and team members discuss indicative due diligence, and documents are submitted to the Global Credit Committee. This process ultimately results in an issue of indicative offer.

Detailed Due Diligence: The team relies on a combined top down and bottom up analysis of secondary assets. Top-down considerations are focused at the fund level and include an assessment of the experience/quality of the fund management team, a confirmation that the focus is consistent with the team's skills, team stability, portfolio diversification (across companies, industries, sectors, geographies) and portfolio fit. Bottom up due diligence considerations are focused at the loan level within each fund, and comprised of a credit analysis and a business analysis. The credit analysis component considers loan level items such as:

- The maturity profile of duration and underlying credits.
- Equity sponsors' value creation plans, investment theses and sector experience.
- Coverage ratios, loan-to-value metrics collateral value and enterprise value.
- Any situational analysis that might be relevant such as impending financing, earnings shortfalls, or current developments.
- A review of collateral, pledge and security agreements and guarantees and covenant protections.

Additionally, business and performance analysis considers financial statement performance, value proposition, competitive landscape, and a company's strategic market position and downside resilience potential. The business component analysis includes considerations such as a borrower's financial performance, their size, strength of asset backing, industry overview, growth profile assessment, revenue quality, customer/supplier/competitor concentrations, barriers to entry and competitive position.

Merits

- **Depth and Experience of Investment Team**: The team has screened more than 5,000 LP-led and GP-led credit secondaries, generating more than 600 potential transactions beginning in 2018, totaling $70 billion. Pantheon's competition in the nascent private credit secondaries space is limited, and generally the competing teams are significantly smaller with limited histories of working together and limited resources and history to compete with the institutional knowledge and evaluation capacity offered via Pantheon's 16 investment professionals, who are all focused on Private Credit Secondaries exclusively and average 14 years of experience.
- **Strength of Platform**: The firm benefits from sourcing and informational advantages rooted in its 40-year history specializing in secondaries transactions, including seats on nearly 600 advisory boards, and a broader research organization that tracks more than 10,000 GPs and monitors over 25,000 companies. This large number of industry relationships combined with the private credit secondaries team's geographical locations in New York and London combine to create sourcing and evaluation advantages in private

credit secondaries that are both difficult to replicate and may prove additive to risk adjusted returns via the increased selectivity that sheer volume of deal flow allows, combined with increased information access.

- **Low Competition for Secondaries**: Market dynamics have resulted in the ability for secondaries managers to purchase private credit secondaries at meaningful discounts. For example, Pantheon estimates it has paid approximately a 21% discount between 2020 and September 2023 in the PCO II Strategy. A large and increasing supply of potential secondaries purchases via the growth of the asset class, combined with the relatively limited amount of capital available with which to purchase has resulted in favorable dynamics for Pantheon's strategies. Specifically, Pantheon estimates that the market for closed end Private Credit funds reached $1.4 trillion in 2022 and at that time was projected to double by 2027. As a byproduct of the asset class' growth, Pantheon has seen a 50% annual growth in private credit secondaries deal flow in recent years at a time when the number of peers who participate in purchases of secondaries offerings are highly limited.
- **Strong Risk Adjusted Return**: By allocating to a portfolio of diversified private credit managers across a range of private credit sub asset classes, geographies and vintage years, comprised of seasoned performing loans, and acquiring these positions at meaningful discounts to their net asset values, the team introduces a unique ability to generate incremental return while accounting for portfolio downside risk via entry prices that contemplate adverse scenarios.

Considerations

- **Reinvestment risk:** The team targets portfolios of performing, seasoned loans wherein corporate borrower risk metrics such as leverage ratios and interest coverage ratios are generally improved since the origination of a given loan. In contrast to the improved risk dynamics of a seasoned portfolio, these loans also have reduced expected lives compared to a newly originated transaction. As a result, investors should generally expect an accelerated return of capital on each underlying facility. This is likely to be true especially in cases where credit spreads decrease as borrowers seek to secure more attractive financing terms on floating rate debt priced at a spread. In the event of increased pre-payment, the strongest borrowers who are most able to refinance may do so disproportionately, potentially increasing the concentration of less attractive credits while simultaneously resulting in the investor's need to identify new areas in which to deploy capital. We believe the private credit secondary opportunity set to be sufficiently sized such that the team should be able to redeploy capital without introducing risk levels that are not commensurate with the fund's mandate, and in fact would likely be able to target improved credit qualities to manage portfolio risk if determined necessary. We believe that on balance, the extremely high level of borrower diversification across managers, vintage years, and private credit sub asset classes combined with the negotiated discounts and strong underwriting by the team will likely also combine to offset these risks.

- **Junior securities:** As opposed to senior secured direct lending focus, PCO III attempts to develop a diversified portfolio across private credit sub-asset classes and among these are junior securities. The team attempts to offset this risk through its portfolio level and borrower level analysis in addition to pricing purchases at sufficient discounts such as to minimize these risks. For example, PCO II has an aggregate 49% LTV and 5.7x net debt/EBITDA ratio in aggregate, levels that are currently approximated by large market/upper middle market senior secured direct lenders.
- **Limited track record in PCO strategy:** Although Pantheon has more than 40 years of experience with private markets secondaries and is the first dedicated private credit secondaries manager with the broadest and most resourced team, the PCO strategy was incepted with PCO II in 2020 and offers a somewhat short track record upon which to evaluate the strategy.
- **No control of underlying loan structuring:** Unlike lenders who source, evaluate, originate loans, the team responsible for private credit secondaries purchases at Pantheon have no control over an individual loan’s structure or monitoring. The team offsets this by investing with LPs who specialize in these responsibilities, with whom the team has previous experience in most cases.

Conclusion

Pantheon has successfully invested in secondaries for more than 40 years, and specifically within private credit in the past six years, allowing investors access to a diversified portfolio of secondary investments purchased at attractive discounts to net asset value. Prior co-investment funds have ranked well among peers both in IRR and Multiple rankings and RVK expects the strategy for PCO III will be executed similarly to prior funds, especially PCO II. Based on RVK’s review of Pantheon Credit Opportunities III, we recommend that the **North Dakota Board of University and School Lands commit up to $100 million to the fund.**

Appendix

Biographies of Key Personnel

Rakesh “Rick” Jain (Partner – Global Head of Private Credit)

Since joining Pantheon in 2019 to head up the firm’s dedicated private credit strategy focused on secondaries and co-investments, the business has grown to become one of the largest providers of secondary solutions capital to private credit fund managers and investors globally. Prior to joining Pantheon, Mr. Jain was a senior principal investment professional and investment committee member at several direct credit firms, including Stone Tower Capital, Green Brook Capital, Star Mountain Capital, and Citigroup Alternative Investments, where he worked across a range of strategies spanning unsponsored and sponsored direct lending, special situations and distressed, asset-based finance and specialty finance, mezzanine finance, and minority control private equity. He began his career in the Financial Institutions Group at Morgan Stanley & Co. Mr. Jain received a B.Com in Economics and Finance from McGill University and is based in New York.

Francisco di Valmarana (Partner)

Francesco was previously with Unigestion, where he managed the firm's global secondaries program. Prior to Unigestion he was a partner and co-founder of the European venture capital firm DN Capital, having spent three years prior to that as part of the European investment team at Advent International. He has a BA in East Asian studies from Princeton University, and received an MBA from INSEAD. In addition to his native English and Italian, Mr. di Valmarana also speaks French. He is based in London.

Dennis McCrary (Partner)

Mr. McCrary was previously the head of the U.S. Partnership Team at Adams Street Partners. Previously, he held several investment banking and principal investing positions during a 20-year career with Bank of America and Continental Bank. Mr. McCrary received an MBA from the University of Michigan and a BA from Michigan State University. He is based in San Francisco and Chicago.

Jeff Miller (Partner)

Prior to joining Pantheon, Mr. Miller was a principal at Allied Capital. Previously, he was a vice president in Lehman Brothers' investment banking division. Mr. Miller holds a BA in Economics and Mathematics from Gustavus Adolphus College and an MBA from Northwestern University. Mr. Miller is a CFA Charterholder. He is based in San Francisco.

Toni Vainio (Partner)

Mr. Vainio was previously at Cambridge Associates, where he worked in the private equity team, advising institutional investors on their private equity investment programs. He has a MPhil in Economics from the University of Oxford, and a BEng in Engineering with Business Finance, which was jointly taught at University College London and the London School of Economics and Political Science. Mr. Vainio is based in London.

PRIVATE CREDIT

PANTHEON

NORTH DAKOTA BOARD OF UNIVERSITY AND SCHOOL LANDS

PANTHEON CREDIT OPPORTUNITIES III

August 22nd, 2024

Representing Pantheon

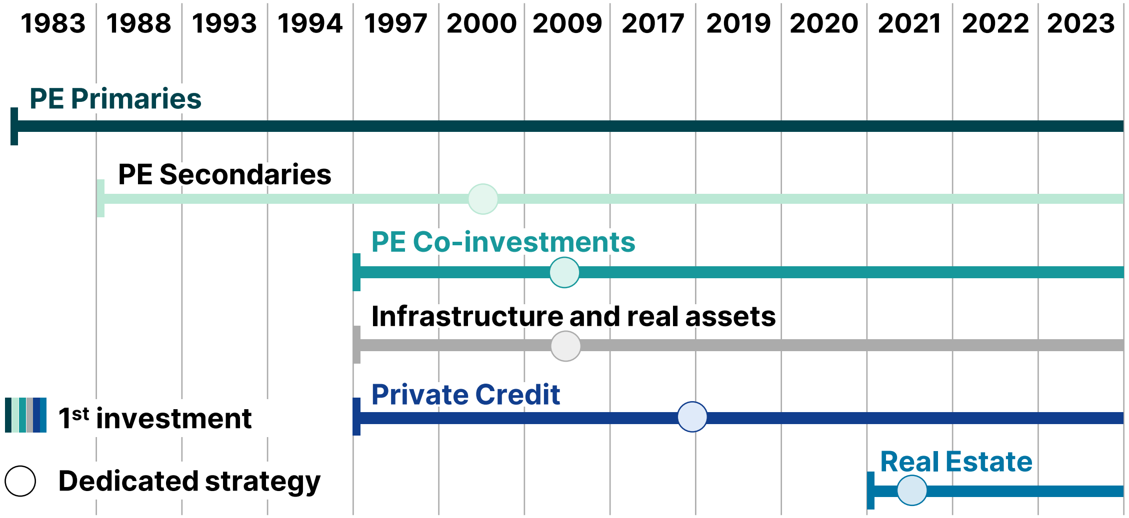
Rakesh (Rick) Jain, Partner (joined 2019, 30 years of private markets experience)
Rakesh (Rick) is a Partner and Global Head of Private Credit and a member of Pantheon's Global Credit Committee. Since joining Pantheon in 2019 to head up the firm's dedicated private credit strategy focused on secondaries and co-investments, the business has grown to become one of the largest providers of secondary solutions capital to private credit fund managers and investors globally. Prior to joining Pantheon, Rick was a senior principal investment professional and investment committee member at several direct credit firms, including Stone Tower Capital, Green Brook Capital, and Citigroup Alternative Investments, where he worked across a range of strategies spanning unsponsored and sponsored direct lending, special situations and distressed, asset-based finance and specialty finance, mezzanine finance, and minority control private equity. He began his career in the Financial Institutions Group at Morgan Stanley & Co. Rick received a B.Com in Economics and Finance from McGill University and is based in New York.
Rick.Jain@pantheon.com

Zachary Kropf, Vice President (joined 2019, 5 years of private markets experience)
Zach is a Vice President in Pantheon's U.S. Investor Relations Team and covers clients and prospects in the Mid/Mountain West regions. He previously worked in the Institutional Sales group at First Eagle Investment Management. Prior to that, he was an Investment Analyst at Canterbury Consulting. Zach holds a BSc. in Finance from San Diego State University. Zach is based in New York.
Zachary.Kropf@pantheon.com

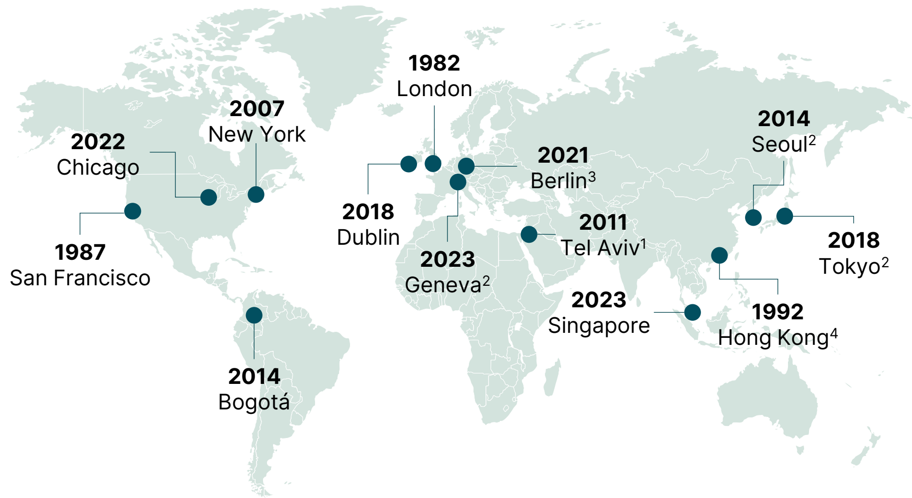
Contents

SECTION 1:
EXECUTIVE SUMMARY

Pantheon - Investing in private markets for 40+ years



Pantheon Offices



457	**126**	**$66.9bn**	**60 / 40**	**660**	**647**	**~10,000**	**~3,000**
Global staff[5]	Investment professionals[5]	Assets under management[6]	% of AUM in commingled / customized accounts[6]	Institutional investors globally[7]	**503** PE AB seats Advisory board seats[5]	GPs in Pantheon's database[7]	Funds invested in[7]

[1]A location from which executives of the Pantheon Group perform client service activities but does not imply an office. [2]A location from which executives of the Pantheon Group perform client service activities. [3]Pantheon has had a presence in Berlin since 2011 and opened an office in 2021. [4]Pantheon has had a presence in Hong Kong since 1992 but does not imply an office. [5]As of June 30, 2024. Please note this includes 24 professionals who support the deal teams through investment structuring, portfolio strategy, fund management and research. [6]As of March 31, 2024. [7]As of December 31, 2023.

Pantheon's Global Private Credit team
Experience in direct private credit, special situations, secondary solutions

Global Credit Committee – average of over 25 years' private markets experience

Rakesh Jain
Partner, Global Head of Private Credit
New York

Dennis McCrary[1]
Partner
Chicago

Jeff Miller[1]
Partner, Co-Head of Investments
San Francisco

Toni Vainio
Partner
London

Francesco di Valmarana
Partner
London

Focused private credit investment professionals

Bernard Galea
Principal
London

Hart Orenstein
Principal
New York

Christopher Kelly
Vice President
London

Alexander Midera
Vice President
New York

Jillian Hostetler
Senior Associate
New York

Rafe Sulke[2]
Senior Associate
London

Leo Held
Associate
New York

Niyati Tiwari
Associate
London

Eric Zhou
Associate
New York

Henry Sippel
Associate
New York

Tom Moody
Associate
London

Isobel Hobbs
Senior Analyst
London

Product specialists

Justin Mallis[1]
Partner
London

Sinead McQuaid
Vice President,
Fund Finance
Dublin

Jesse Koppi
Senior Associate,
Product Strategy &
Fundraising
London

Sen Pillay[4]
Senior Associate,
Portfolio Strategy
London

Execution specialists[1]

Chelsea Bokor
Co-Head, Tax
London

Matt Lowman[3]
Managing Director
London

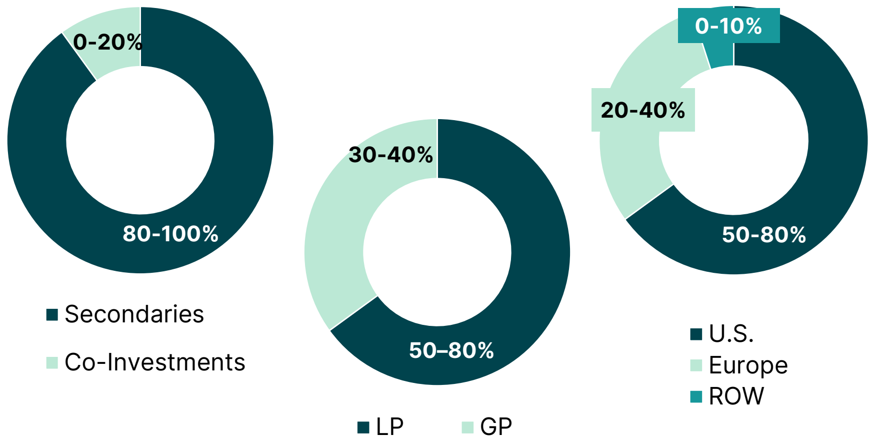
59
Additional investment team members[3]

15
Portfolio strategy, Fund management, Research members

As of June 2024. [1]Dedicates part of time to another investment strategy other than specified. [2]Dedicated Private Credit Product Specialist located within the investment team. [3]Additional investment team members include all Pantheon private equity-focused investment professionals. [4]Also counted within the portfolio strategy, fund management and research members. [5]Also counted within the additional investment team members.

Illustrative PCO III portfolio
Targeted portfolio construction

PCO III Fund Diversification Targets[1]



Underlying Loan / Company Characteristics[1]

5.0% - 9.5%+ Underlying spread	**3.0x – 7.5x** Net debt / EBITDA	**40 – 65%** Loan to Value
$20 - $200m+ EBITDA Range	**Non-cyclical** Sector Focus	**~2+ Covenants** + Tighter cushions

PCO III attributes and return[2]

Short duration of 2 – 4 years

>10 GPs and >1,000 loans
No loan representing >2% of total NAV

Weighted towards the middle market

Investments across the credit spectrum

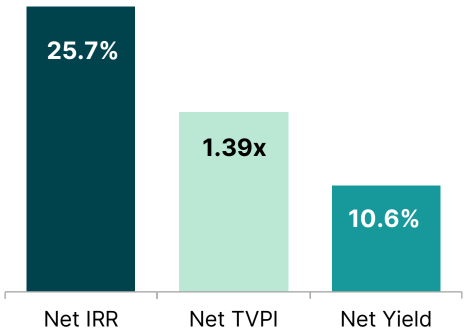
Focused on credit; potential for equity upside

15-20%	1.5-1.7x	6 - 9%
Target Net IRR	Target Net TVPI	Target Yield

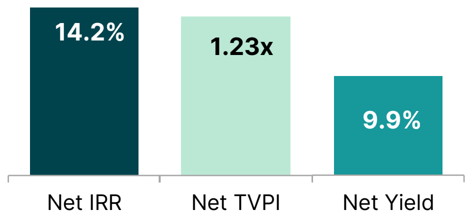
[1]Target allocations are indicative and are subject to change. [2]Please refer to the Glossary of Terms for full disclosures with regards to target returns. There is no guarantee this investment thesis will come to fruition. There is no guarantee this fund will be launched; this information is for indicative purposes only and there is currently no fund in existence.

Pantheon's private credit secondary performance
As of March 31, 2024

Pantheon Credit Opportunities II
("PCO II")
Senior + Opportunistic Credit



All Credit
2018 – Q1 2024
Senior + Opportunistic Credit
(US + European)



Vintage	2020	2018 – Q1 2024[3]
Total Size ($m)[1]	589	4,384[4]
Committed (%)	97%	78%
Drawn (%)	74%	65%
Distributions (%)	26%	22%
Gross IRR	29.2%	17.2%
Net IRR	25.7%	14.2%
Gross multiple	1.45x	1.28x
Net multiple	1.39x	1.23x
LTM Net Yield[2]	10.6%	9.9%

Past performance is not indicative of future results. Future performance is not guaranteed, and a loss of principal may occur. Performance data for shown as of March 31, 2024. Please refer to the Glossary of Terms for a full definition on Pantheon vehicles' credit facility usage. Please note all percentages for committed, drawn and distributions are gross numbers and based off each vehicle's fund size. [1]PCO II final close in March 2023. Please note PCO II percentages are based off the fund size of $389m rather than the program size of $589m. [2]LTM net annualized cash yield based off NAV as of March 31, 2024. [3]Please refer to the Glossary of Terms for a full definition of "All Credit" performance. Further track record information available upon request and within the data room. [4]Total size for each fund included. Euro-denominated funds converted to USD using exchange rate of March 31, 2024.

Benefits of Pantheon's private credit secondary approach

Potential premium absolute and risk-adjusted returns

	Direct private credit fund		Pantheon credit secondary fund
Discount	• None; OID of 1.5% - 3.0%	✓	• 11%/21% discount for senior/credit ops strategies respectively[2] • Potential for day 1 MOIC uplift, capital appreciation, downside protection
Visibility / pricing / pull to par	• Blind pool / limited visibility • Par paid	✓	• ~75%+ of assets / loans identified at investment • Potential for attractive relative value pricing via discounts/loss cushions
Diversification	• Average: 20 – 50 loans • Largest single loan: >5% of total exposure • 1 GP	✓	• >1,000 loans across various vintage years, industries • Largest single loan: <2% of total exposure • >10 GPs across various sub strategies
Credit performance & profile	• ~75% of loans that default do so within 3 years[1] • Peak leverage, max EBITDA add-backs, widest covenant cushions, new owner / sponsor	✓	• Seasoned, performing loans[3] • Align price with current / anticipated NAV & expected losses • Lower leverage / LTV, covenants tested
Yield generation	• J-curve, ramp-up • Delayed or no yield generation until year 3 through 5 • Upfront expenses blunt returns	✓	• Yield / gain generated upon first investment • Predictable distribution profile
Deployment & duration	• Direct Lending: 3 to 4 years • Special situations / distressed: Up to 5 years	✓	• Quicker deployment, over 2 years typically • Recycling capital ~1.25x[4] • Shorter average duration of 2-4 years

Potentially generating a premium risk-adjusted return compared to a primary investment, with enhanced risk mitigation attributes including diversification 5x to 10x greater

Pantheon opinion. There is no guarantee this approach will come to fruition. [1]S&P LCD Comps, Loans originated from 1995 to 2023, as of July 2024. [2]Please refer to the Glossary of Terms for a full definition. [3]Please refer to the Glossary of Terms for a full definition. [4]Principal only during the commitment period.

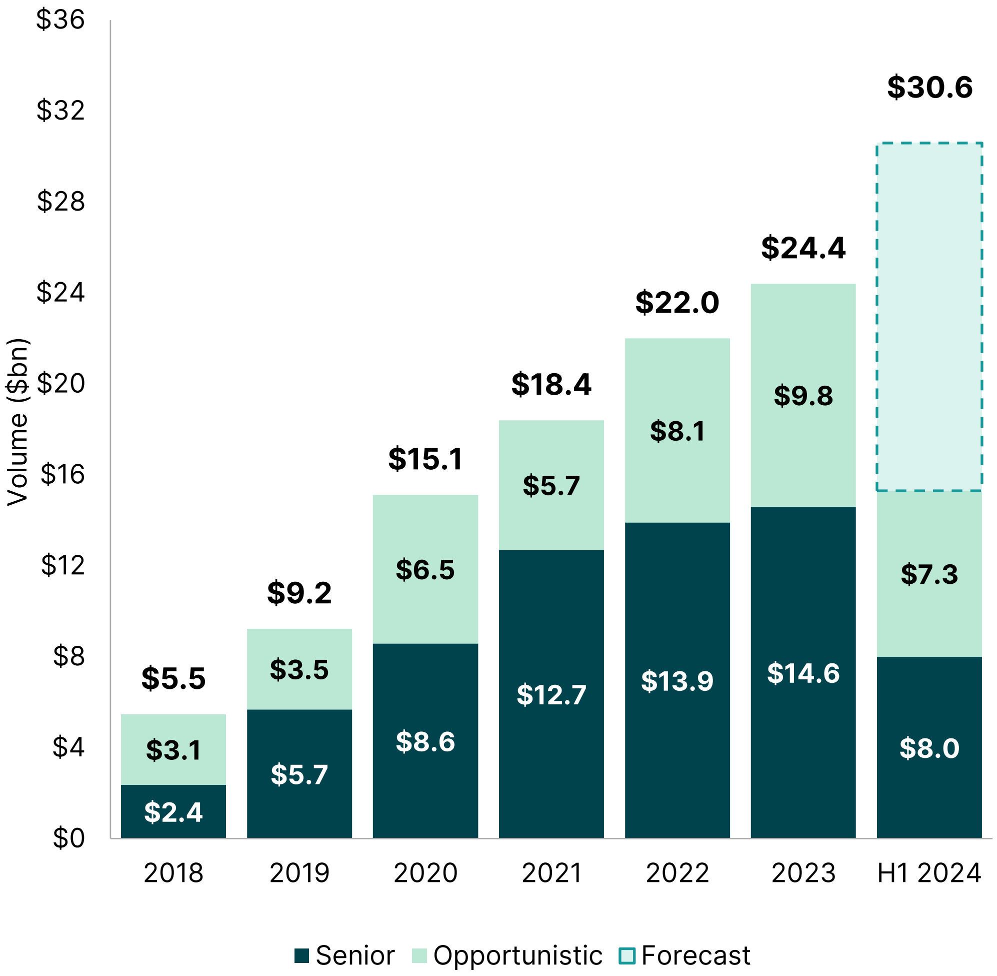
APPENDIX: PANTHEON CREDIT OPPORTUNITIES III PITCHBOOK

Contents

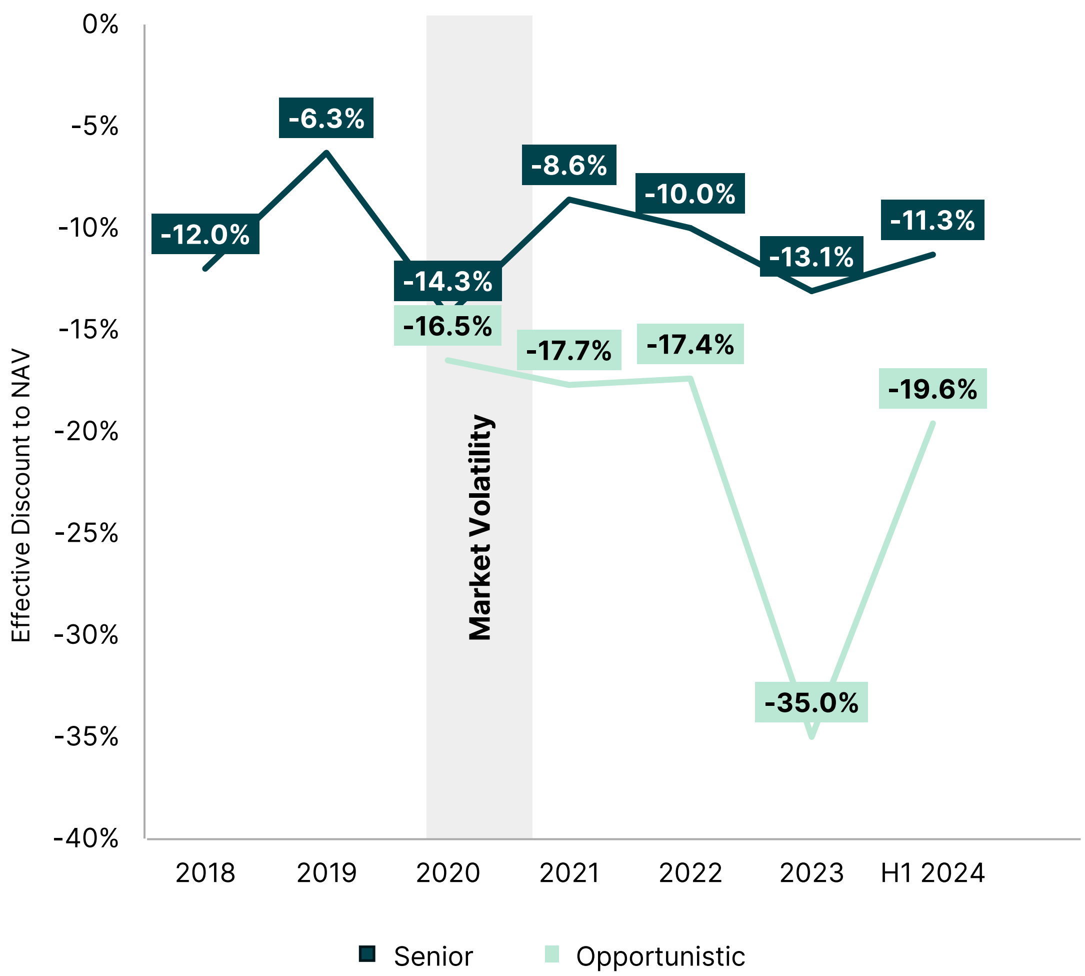
MARKET OVERVIEW

Why invest in private credit secondaries now?
Consistent, growing deal flow with attractive pricing dynamics

Pantheon's credit secondary deal flow[1]



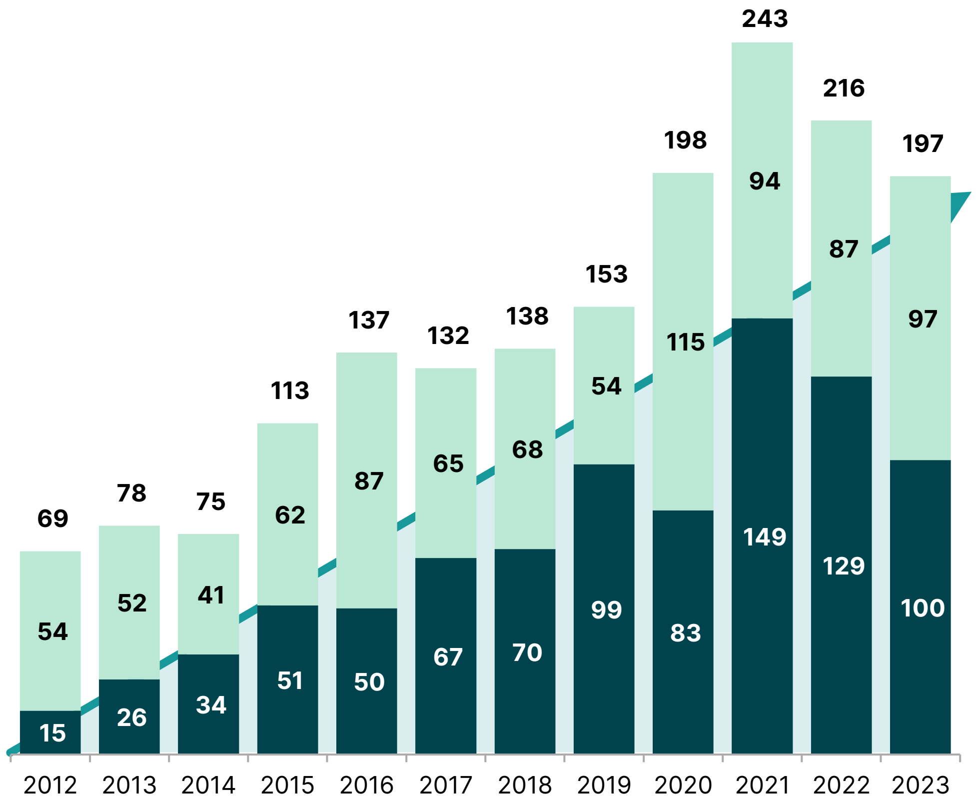
Pantheon's historic private credit discounts[2]



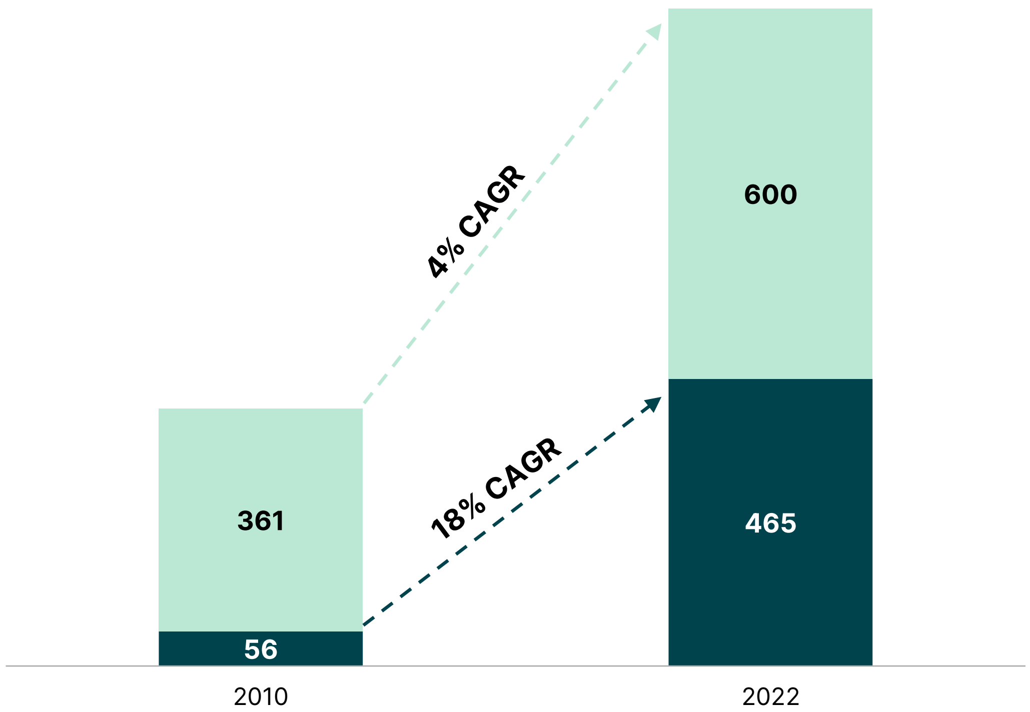
[1]Deal flow volume includes total NAV + Unfunded of credit secondary transactions screened in the period. [2]Pantheon opinion. Weighted average effective discount reflective of all secondary deals completed between 2018 – Q2 2024. Please refer to the *Glossary of Terms* for a full definition of effective discount. There is no guarantee these trends will continue.

Capital formation and GP universe continues to grow
Strategy commoditization and specialization

Private credit capital raised
2012 – 2023[1]



Growth in # of active private credit managers
2010 vs 2022 compounded annual growth rate[2]

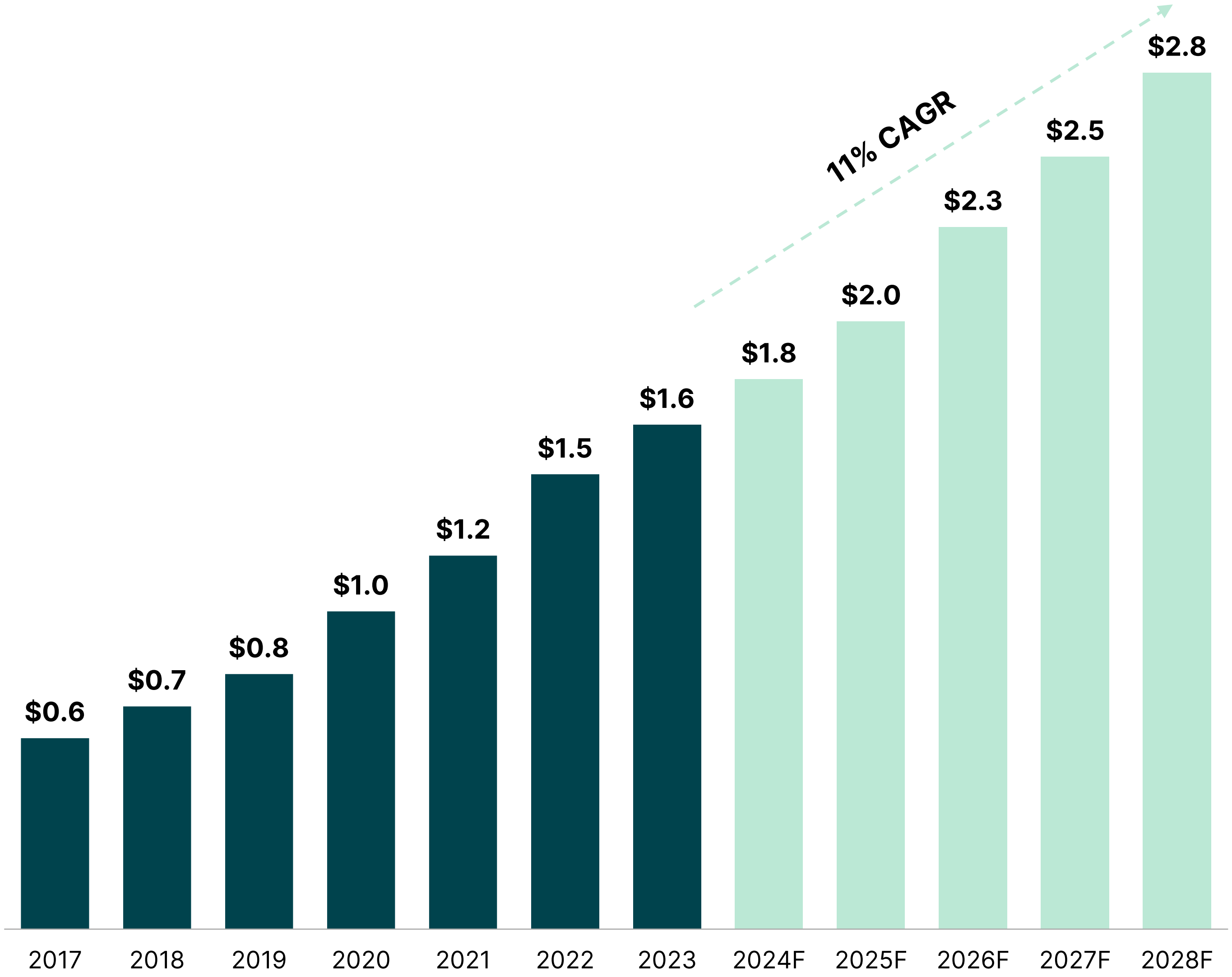


Direct Lending
Non-Senior/Mezz/Special Sits

[1]Preqin data, includes capital raised from January 1, 2012, to December 31, 2023. [2]Source: Preqin, December 2023. Pantheon opinion. Note: There is no guarantee that these trends will continue.

Market growth provides a significant opportunity
AUM up >150% since 2017

Private credit AUM ($tn)[1] 2017 – 2028 Forecast



Unprecedented credit secondary market opportunity[2]

Record volume
2023 record volume for credit secondaries

Elevated LP liquidity needs
Denominator effect/portfolio management/regulatory

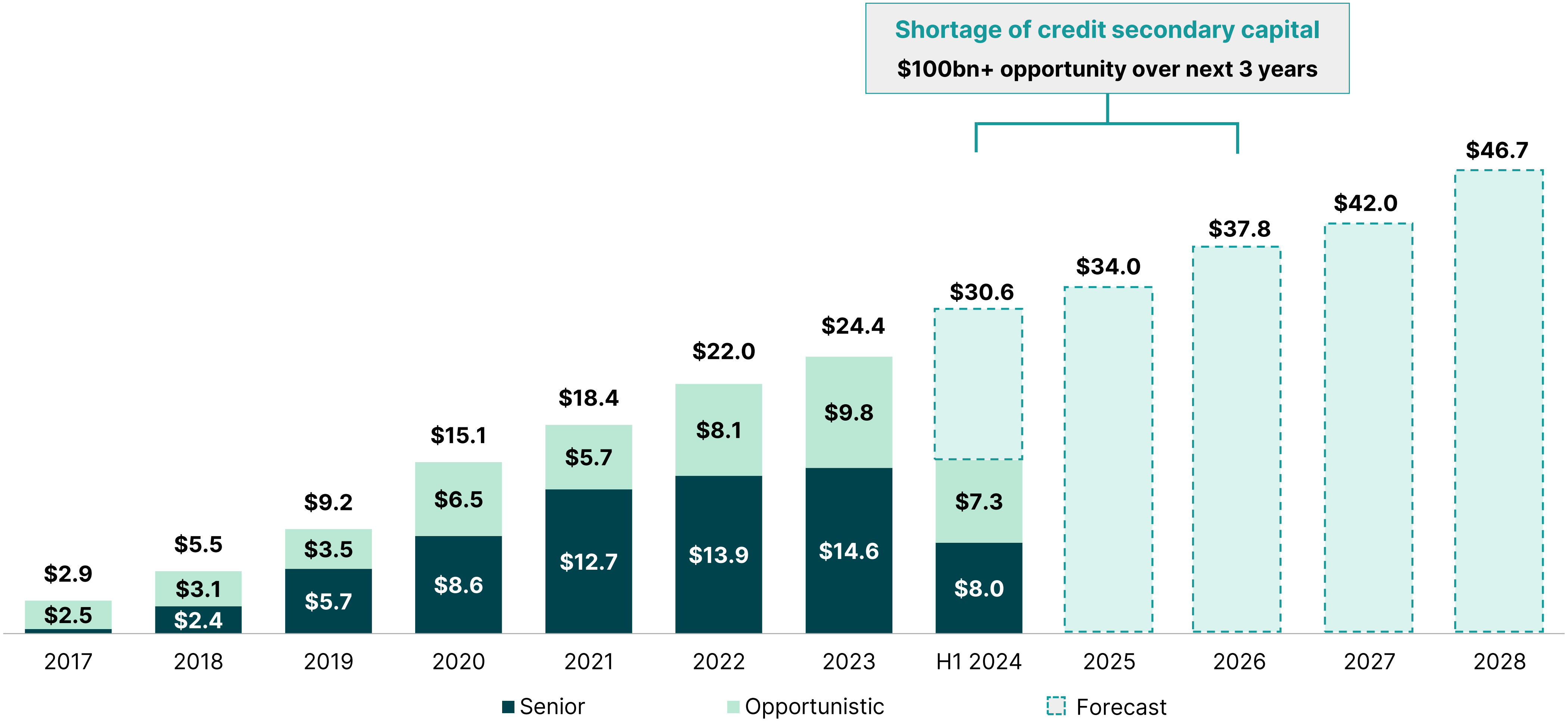
Broad acceptance
Increased LP/GP acceptance of credit secondaries

Supply/demand imbalance
Under supply of capital relative to opportunity set

[1]Preqin Global Private Debt Report 2024. [2]Pantheon opinion based on market data from intermediaries, GPs and LPs and internal deal flow.

Pantheon private credit secondary deal flow increasing
Opportunity set has continued to grow year-on-year

Private credit secondary deal flow by fund type (2017 – H1 2024 actual, H2 2024 – 2028 forecast)
Volume ($bn)

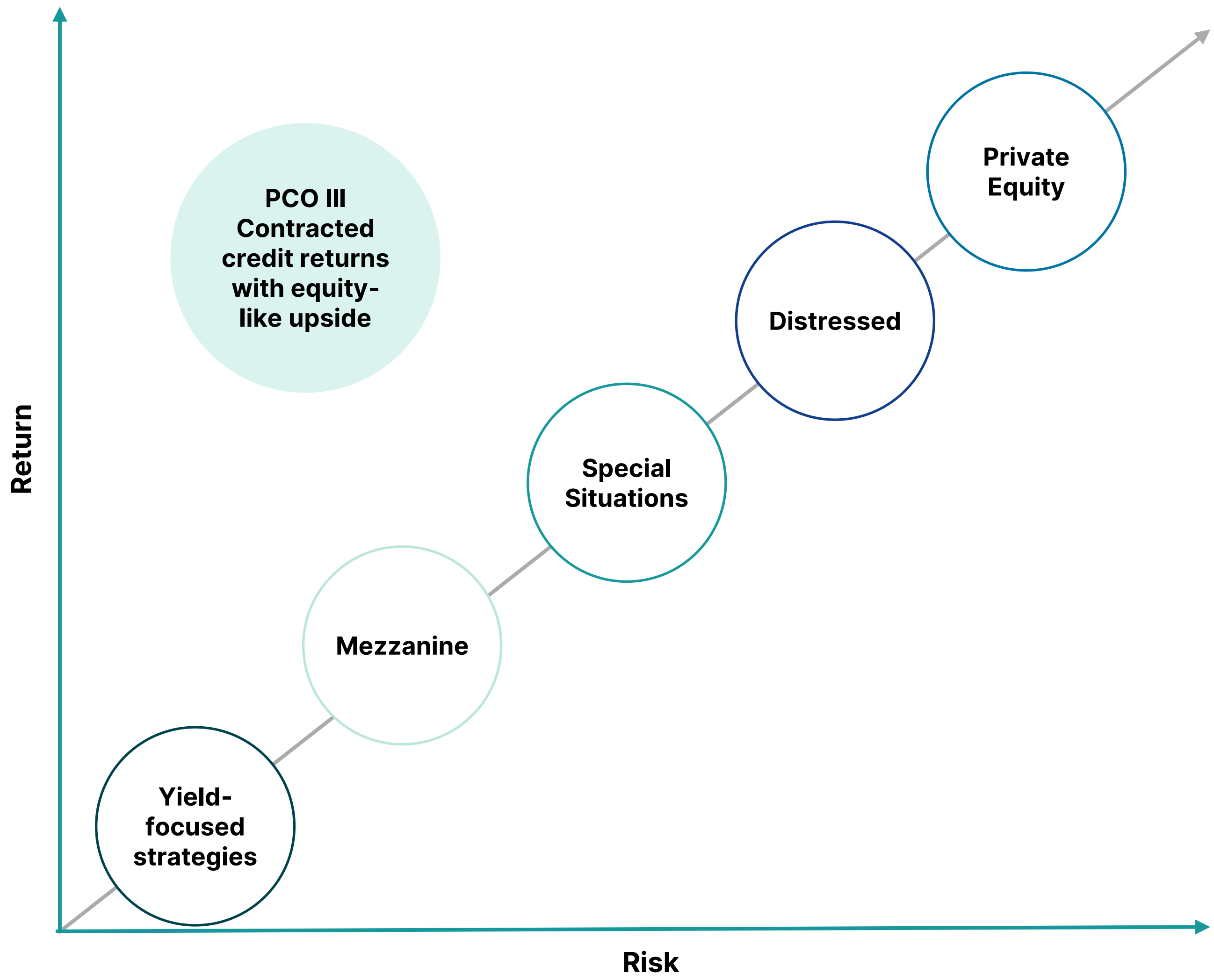


Source: Pantheon internal data. Total deal exposure inclusive of NAV and unfunded as of June 2024. Forecasted deal flow based on Preqin Global Private Debt Report 2024. AUM growth forecast of 11%. There is no guarantee that these trends will continue or that forecasts will come to fruition.

PCO III INVESTMENT STRATEGY AND APPROACH

PCO III's private credit risk / return positioning

Seeking attractive absolute returns with downside mitigation



PCO III's compelling proposition[1]

- Increased diversification vs. a primary fund
- Superior visibility into underlying credit assets
- Senior/secured provides current yield and mitigates downside exposure
- Discounted purchase prices provide upside convexity
- Performing credit with shorter durations

[1]Pantheon opinion. There is no guarantee the investment thesis will come to fruition. Returns illustrated above reflect i) Pantheon's perspective on the inherent risk / return profile of each of the asset classes and ii) Pantheon's observations of historical returns. Past performance is not indicative of future results. Future performance is not guaranteed, and loss of principal may occur. Pantheon makes no representation or forecast about the performance, profitability or success of these asset classes. Note: There is no guarantee that these trends will continue. There is no guarantee this fund will be launched. This information is for indicative purposes only and there is currently no fund in existence.

Pantheon Private Credit target markets

Large and fragmented areas, require expertise to assess relative value

Direct Lending

US Direct Lending
Senior (MM/UMM/BSL)
Opportunistic
Lower MM (Sponsored)
Lower MM (Non-Sponsored)
BDCs
Industry Focused
SBIC
Revolvers

European Direct Lending
Senior
Opportunistic
Lower Middle Market
Country Specific Funds

Mezzanine

US and European Mezzanine
Upper Middle Market
Middle Market
Lower Middle Market

Structured Equity
Structured Equity

Distressed and Special Situations

Corporate Distressed
US
European
Emerging Markets
Global
Traded

Real Estate SS/Distressed
US
European
Global

Special Situations (Senior)
US
European
Emerging Markets
Global

Specialty Finance

Consumer and SME Lending
Marketplace Finance
Lender/Platform Finance

Factoring and Receivables
Factoring and Receivables

Regulatory Capital Relief
Regulatory Capital relief

Royalties
Healthcare
Music/Film/Media
Energy and Minerals

Healthcare Lending
Healthcare Lending

Venture Lending
Venture Lending

Structured Credit

CLO
CLO Debt
CLO Multi
Captive CLO Equity
3rd Party CLO Equity

CRE
Non-Agency CRE B-Piece
Agency CRE B-Piece
CMBS/CRE

RMBS
RMBS

Consumer ABS
Consumer ABS

Esoteric ABS
Esoteric ABS

European Structured Credit
European Structured Credit

Structured Credit Multi-Sector
Structured Credit Multi-Sector

Real Estate Credit

US CRE Core Lending
US CRE Core Lending

US CRE Traditional Lending
Large Loan
Middle Market
Small Balance
Opportunistic

US CRE Bridge Lending
Large Loan
Middle Market
Small Balance

European CRE Lending
Bridge
Transitional
Core

EM CRE Lending
EM CRE Lending

Residential
Residential NPLs
Single Family Rental
Mortgage Servicing Rights
Residential Origination

Core Pantheon Focus | Supplementary Focus | Non-Core Focus

Pantheon opinion.

PCO III's investment approach

Be selective, focus on quality, intensive diligence, informed decisions

Transaction profile[1]

Ticket size $10 - $400m+	Embedded value	Effective discount

Target portfolios (assets)

- Secured/ Unsecured Debt
- Diversified
- Non-Cyclical
- Macro / Structural tailwinds
- Potential equity upside

Target GPs[3]

- Top quality GP
- Alignment
- Low loss ratio established track record

Investment Approach[2]

Focus on Quality

- ✓ Target top-quality managers
- ✓ Pursue most attractive investment opportunities

Detailed Underwriting

- ✓ Rigorous DD approach
- ✓ Asset, portfolio, and fund level analysis

Knowledge and Data Advantage

- ✓ Focus on proprietary opportunities
- ✓ Leverage Pantheon experience, reach, and database

Conservative

- ✓ Base case derived from set of conservative u/w assumptions
- ✓ Significant downside protection and predictable range of outcomes

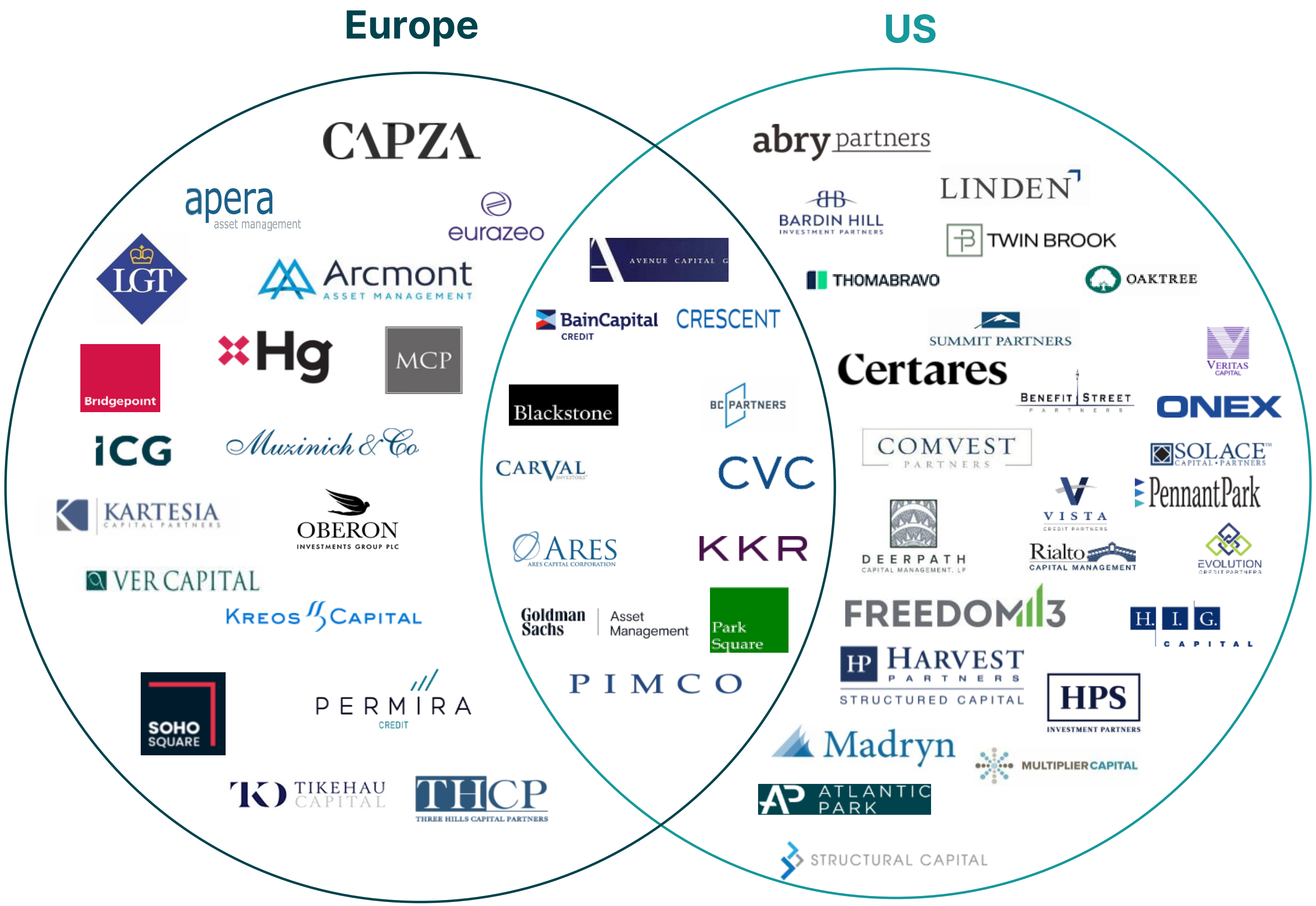
[1]Target portfolio attributes. There is no guarantee the investment thesis will be achieved,. [2]Pantheon opinion. [3]Based on the 75 managers Pantheon has partnered with since 2018.

APPENDIX

Pantheon has invested with **78 GPs** across private credit secondaries, co-investments and primaries[1]

Wide platform provides a depth of connectivity with GPs

Pantheon's existing private credit relationships



Illustrative list of GPs Pantheon Private Credit has invested with between 2018 and Q1 2024. A full list is available upon request. [1]As of June 2024. Includes all closed transactions.

Risk management approach

Fully integrated approach with Risk, Portfolio Strategy / Structuring and Treasury Teams

51 staff across five teams supporting Pantheon's credit investment approach

Investment Risk
Risk management embedded into underwrite

Portfolio Strategy
Proactive implementation of strategy, allocation and portfolio risk

Treasury
Effective cash management, liquidity and hedging strategies

Investment Structuring
Central hub of legal, deal structuring and tax knowledge

Valuations
Independent assessment, monitoring and approval of valuations

Pantheon opinion.

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Important Disclosure

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- Managers of funds investing in alternative assets typically take several years to invest a fund's capital. Investors will not realize the full potential benefits of the investment in the near term, and there will likely be little or no near-term cash flow distributed by the fund during the commitment period. Interests may not be transferred, assigned or otherwise disposed of without the prior written consent of the manager or general partner.
- Funds investing in alternative assets are subject to significant fees and expenses, typically, management fees and a 20% carried interest in the net profits generated by the fund and paid to the general partner, manager or an affiliate thereof. Investments in such funds are affected by complex tax considerations.
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- Investors in funds investing in alternative assets are typically subject to periodic capital calls. Failure to make required capital contributions when due will cause severe consequences to the investor, including possible forfeiture of all investments in the fund made to date. A material number of investors failing to meet capital calls could also result in the fund failing to meet a capital call applicable to participating in an investment. Such a default by the fund could lead to the permanent loss of all or some of the applicable fund's investment, which would have a material adverse effect on the investment returns for non-defaulting investors participating in such investment.
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- An investment product may employ investment strategies or techniques aimed to reduce the risk of loss which may not be successful.

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Description of commonly used indices

This list may not represent all indices used in this material.

MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets. The MSCI World Index consists of the following 23 developed market country indexes: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom, and the United States.

S&P 500 Index is a widely recognized gauge of the U.S. equities market. This index is an unmanaged capitalization-weighted index consisting of 500 of the largest capitalization U.S. common stocks. The returns of the S&P 500 include the reinvestment of dividends.

Important Disclosure

MSCI Europe Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the developed markets in Europe. The MSCI Europe Index consists of the following 15 developed market country indexes: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, the Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, and the United Kingdom.
MSCI AC Asia Pacific Index captures large and mid-cap representation across 5 Developed Markets countries and 8 Emerging Markets countries in the Asia Pacific region. With around 1,500 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country. Developed Markets countries in the index include: Australia, Hong Kong, Japan, New Zealand, and Singapore. Emerging Markets countries include: China, India, Indonesia, Korea, Malaysia, the Philippines, Taiwan, and Thailand.
MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The MSCI Emerging Markets Index consists of the following 24 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Kuwait, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Saudi Arabia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.
FTSE Europe Index is one of a range of indices designed to help investors benchmark their European investments. The index comprises Large and Mid-cap stocks providing coverage of the Developed markets in Europe. The index is derived from the FTSE Global Equity Index Series (GEIS), which covers 98% of the world's investable market capitalization.
MSCI USA Index is designed to measure the performance of the large and mid-cap segments of the US market. With over 600 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in the US.
FTSE Asia-Pacific Index is part of a range of indices designed to help Asia Pacific investors to benchmark their investments. The index comprises Large (40%) and Mid (60%) Cap stocks providing coverage of 14 markets. The index is derived from the FTSE Global Equity Index Series (GEIS), which covers 98% of the world's investable market capitalization.
FTSE All World Index is a market-capitalization weighted index representing the performance of the large and mid-cap stocks from the FTSE Global Equity Index Series and covers 90-95% of the investable market capitalization. The index covers Developed and Emerging markets and is suitable as the basis for investment products, such as funds, derivatives, and exchange-traded funds.
Cambridge Associates Private Investment Benchmarks are based on data compiled from over 8,000 global private market funds (including buyout, growth equity, private equity energy, subordinated capital funds and venture capital), including fully liquidated partnerships, formed between 1988 and 2022, including fully liquidated partnerships. The Cambridge Associates Private Investment Benchmarks have limitations (some of which are typical to other widely used indices) and cannot be used to predict performance of the Fund. These limitations include survivorship bias (the returns of the index may not be representative of all private market funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all private market funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown).
Cambridge Associates (Infrastructure) is comprised of data extracted in fund currency from Private Equity and Venture Capital index based on funds classified as Infrastructure by Cambridge Associates. Cambridge Associates defines Infrastructure as funds that primarily invest in companies and assets that provide an essential service that contributes to the economic or social productivity of an organization, community, or society at large, with real assets in the water, transportation, energy, communication, or social sector. Investments must also have one or more of the following structural features: a monopolistic or oligopolistic market position with high barriers to entry; a low elasticity of demand due to their essential functions; stable, predictable, and long-term revenue contracts; or inflation protection through inflation adjustment mechanisms in underlying contracts**.** These indexes have limitations (some of which are typical to other widely used indices) and cannot be used to predict performance of the fund. These limitations include survivorship bias (the returns of the index may not be representative of all private equity funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all private equity are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown).
The funds included in the data shown report their performance voluntarily therefore the data may reflect a bias towards funds with track records of success. The underlying funds may report audited or unaudited. The data is not transparent and cannot be independently verified.
Preqin's database includes performance information on over 7,000 active Private Equity funds. The Preqin data is supplied by managers therefore may be unaudited. The indices cannot be independently verified and may be recalculated by Preqin each time a new fund is added. The historical performance of the index is not fixed, cannot be replicated and may differ over time from the data presented in this communication.

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Glossary of terms

- **Effective Discount**: Based on the first available capital accounts, which is typically 3 months after closing but could be as recent as one-month post-closing and includes interim cash flows. This figure reflects the discount/(premium) to value at the time of deal closing.
- **Assets Under Management**: All AUM figures as of December 31, 2023.
- **Facility Usage:** PCO III will employ a credit facility, which is generally used to bridge capital calls from limited partners and/or to pay for a portion of an investment. This can cause the resulting Net IRR and multiples to appear higher than the Gross IRR and multiple, on an interim basis, particularly in the early life cycle of the fund. The Net IRR may decline as investors capital is drawn down to repay the credit facility. Any borrowing by PCO III will affect its performance results. All performance includes realized and unrealized investments, unrealized investments are subject to change and may be materially lower when realized.
- **Target Returns**: The targeted return figures presented above are provided for informational purposes only. These targets are based on management's estimates and assumptions regarding the performance of the types of secondaries that PCO III will invest in. The targets were derived by conducting an analysis of the return characteristics for all secondary & co-investment transactions closed into since 2018. The analysis was based on performance figures as of June 30, 2023, and assessed lower, mid & upper percentile performance as well as equal-weighted average and median return figures. Targeted net returns demonstrated are inclusive of anticipated Pantheon fees and carried interest, which is as follows: Management fee: An annual management fee of 1.25% on invested capital during the investment period and then NAV. Performance fee: Pantheon receives 10% of all distributions once all contributed capital commitments have been returned to investors and Pantheon has delivered 8% p.a. preferred return on all unreturned capital. We do not expect any significant spread between gross and net returns, as the dilution in performance from the fund's fees and expenses as well as carried interest would be offset by the following: the use of fund level recycling, enabling us to over-commit the fund by at least 20%, with the additional commitments funded via recycling of distributions. This has historically served to increase the multiple on capital drawn and to reduce the fee drag on the performance of our funds. Please be advised that the targets shown above are subject to change at any time and are current as of the date of this presentation only. Targets are objectives and should not be construed as providing any assurance or guarantee as to the results that may be realized in the future from investments in any asset or asset class described herein. There is no guarantee that the Fund will achieve the targets presented above. Past performance is not indicative of future results. Future returns are not guaranteed, and a loss of principal may occur. This is not a recommendation to invest in a Pantheon product or service. This material does not constitute an offer and Information herein liable to be modified or withdrawn. This material is intended for indicative and exploratory purposes only. Please note that PCO III is not currently in existence.
- **Underwritten IRR**: Underwritten net IRR is a mixture of contracted yield and embedded value at time of investment; this includes current pay, payment-in-kind (PIK) and value uplift.
- **Net invested capital":** means (a) the aggregate acquisition costs of Investments together with any costs, duties, taxes and expenses associated with the acquisition of such Investments, including for the avoidance of doubt, any subsequent costs in addition to the initial cost of any such Investment(s) (and where such costs, duties, taxes or expenses are incurred other than in U.S. Dollar, such amounts shall be converted into U.S. Dollar on the date of acquisition of such relevant Investment(s) or the date such amounts are incurred or as the General Partner otherwise reasonably determines), less (b) any acquisition costs of such Investment(s) that to the knowledge of the General Partner have been permanently written off or the portion thereof that has been permanently written down, and any distribution of principal or capital amounts actually received with respect to any such Investment(s), provided that, for the avoidance of doubt, distribution of income or interest payments with respect to such Investments shall not be deducted.
- **Unlevered performance:** Unlevered performance is calculated by adding the actual credit facility cashflows to the existing (levered) cashflows in order to derive at a hypothetical unlevered return. Credit facility cashflows include drawdowns, repayments and interest payments, all which are assumed to be paid from the investor drawn amount (i.e., via LP calls). The residual value of the loan (the outstanding liability), is also added back to the ending Net Asset Value. Once a credit facility is fully repaid, the unlevered TVPI will be higher than the levered TVPI due to the interest payments made by the credit facility. Please note that the unlevered return calculation is for illustrative purposes only and does not remove certain benefits of utilizing the credit facility such as increased ability to recycle distributions and overcommit the fund in line with its overcommitment strategy. While these effects are not able to be modelled, they would likely result in a lower unlevered return figure. All performance metrics are then recalculated using this hypothetical cashflow series. It should be noted that no investor achieved such returns.

PANTHEON

MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS
August 22, 2024

RE: Public Credit – Bond Overlay

The purpose of this memo is to inform the board of staff's intention to turn on the bond overlay program that was approved at the July 2023 board meeting. The bond overlay account setup was completed last quarter and current asset allocation targets indicate a need for additional core fixed income exposure. The current core fixed income allocation sits at 12.6%, which represents a $175M underweight to the 15% long term strategic asset allocation target.

Core Fixed Income	Value ($M)	Weight (%)
Current	$902	12.6%
Target	$1,077	15.0%
Difference	$175	-2.4%

Staff worked with the bond overlay manager to design and build a market monitor report. The report guides decision-making in a systematic approach using market signals. The signals include Federal Reserve Board activity, inflation measures, unemployment measures and yield curve dynamics.

In the last 18 months from December 2022 to June 2024, most signals have flipped from short to neutral, indicating an appropriate time to activate the bond overlay program.

Dashboard Indicator	Short	Neutral	Long
Overlay (exposure)	OFF (underweight)	ON (target)	ON (overweight)

Attachment: NISA Market Monitor Report

Market Monitor Report

North Dakota Board of University & School Lands

August 16, 2024

All data presented are as of June 30, 2024, unless otherwise noted.
The data supplied by NISA are based on trade date and calculated according to NISA's pricing policies. NISA maintains the data only for its portfolio management, guideline verification and performance calculation purposes. NISA does not provide pricing, recordkeeping, brokerage or any related services. A summary of NISA's Pricing and Valuation policy is available upon request. Some numbers have been rounded and may not sum to 100% or reported totals.
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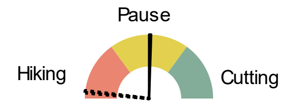
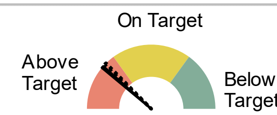
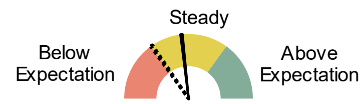
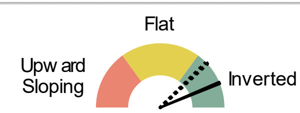
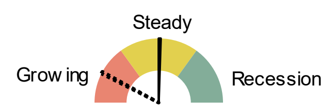
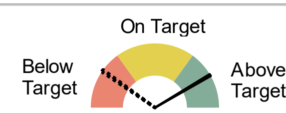
www.nisa.com

Market Monitor Report

- The below table, provided at the request of North Dakota, highlights signals from various economic indicators based on current and historical market data.
- All economic data is readily available to market and may already be reflected in market prices.
- Data throughout the report are for informational purposes only.

Indicator	Short	Neutral	Long	Prior 18M Change
Fed Activity	Hiking	Pause	Cutting	
Dot Plot vs. Fed Funds	Above Target	On Target	Below Target	
Inflation	Above Target	On Target	Below Target	
Unemployment	Below Expectation	Steady	Above Expectation	
5-Year 5-Year Forward Breakeven Inflation	Above Target	On Target	Below Target	
Near Term Forward Spread	Upward Sloping	Flat	Inverted	
Sahm Rule	Growing	Steady	Recession	
Implied Taylor Rule	Below Target	On Target	Above Target	

······ 12/31/2022 —— 06/30/2024

Sources: Bloomberg, Dealer Indications, NISA Calculations.
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Indicator 1 & 2: Fed Activity & Dot Plot

Fed Activity

- Once the Fed starts raising or cutting rates, it tends to continue to do so. A market participant may want to reduce interest rate exposure when the Fed is hiking and increase it when the Fed is cutting.
- Given it has been 340 days, as of the report date, since the Fed's last hike on 7/26/2023, we are considered to be in a 'Pause'.

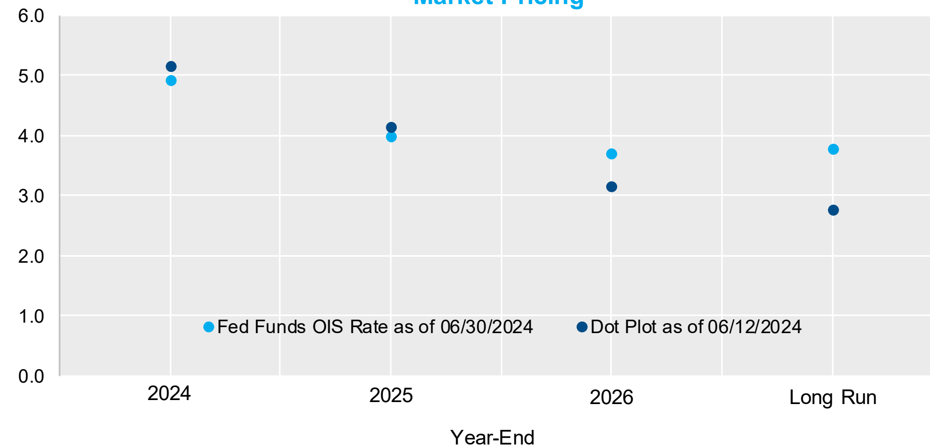
Fed Indicator

	Effective Date	Effective Rate
Prior Rate	05/03/2023	5.25
Current Rate	07/26/2023	5.50
	Days Since Last Change	340
	Previous Change	0.25
	Fed Rule	**Pause**

Dot Plot vs. Fed Funds

- The dot plot is one way the Fed communicates its expectations on future policy. Comparing this projection to what the market is currently forecasting can be a way to identify if increasing or decreasing interest rate exposure may be profitable if the Fed projection becomes reality.
- If the market is pricing rates above the Fed forecast, increasing rate exposure may be profitable. If below, the signal suggests decreasing rate exposure.
- The chart to the right plots the FOMC dots from the most recent Fed meetings against where the market is pricing Fed Funds future rates.
- Currently, the market is pricing in a Fed Funds future rate for 2024 year-end (4.99%) in line with where the FOMC forecast is 5.13%).

Market Pricing



Description	Year-End	Dot Plot as of 06/12/2024	Fed Funds OIS Rate as of 06/30/2024
FOMC DOTS Median Current Year	2024	5.13	4.90
FOMC DOTS Median Next Year End	2025	4.13	3.98
FOMC DOTS Median Next 2 Year E	2026	3.13	3.67
Longer Run Median	Long Run[2]	2.75	3.77
		Year-End Dot	5.13
		Year-End Fed Funds Future	4.99
		Difference	0.14
			On Target

Sources: Bloomberg, Dealer Indications, NISA Calculations.
[1]Long run OIS is proxied using the 5Y5Y OIS Forward Swap Rate.
Data as of 6/30/2024 and is for informational purposes only. This is not a recommendation, offer or solicitation to purchase or sell any securities. It is not, and should not be regarded as investment advice or as a recommendation regarding a course of action.

Indicator 3 & 5: Inflation Measures

Inflation

- Inflation is a key objective of Fed policy. If inflation is running higher than desired, rate increases may be in the future, and decreasing rate exposure may capitalize on this (and vice-versa).
- Inflation is currently above the Fed target of 2.0%.

Inflation

Print Date	Annualized 6M CPI	Inflation Target	Difference
06/30/2024	2.79	2.00	0.79
			Above Target

5yr / 5yr Forward Breakeven Inflation

- In addition to achieving their goal for realized inflation, the Fed hopes to anchor expectations for future inflation near their target. They have cited the 5yr/5yr forward breakeven inflation rate as a relevant measure of long-run inflation expectations. Forecasted inflation above the level desired by the Fed may indicate future rate hikes, and vice-versa.*
- The market is currently forecasting inflation in 5 years to be 2.27%, which is in line with the Fed's target.

5 Year Breakeven Inflation

Print Date	5Y Breakeven Inflation	Desired Level	Difference
06/30/2024	2.27	2.0 - 2.5	0.00
			On Target

Sources: Bloomberg, Dealer Indications, NISA Calculations.
*The desired level of 5yr/5yr forward breakevens is above 2% because TIPS are indexed to CPI inflation, which historically runs slightly higher than the Fed's target of PCE inflation.

Indicator 4 & 7: Unemployment & Sahm Rule

Unemployment

- Maximum employment is another key objective of Fed policy. If the unemployment rate is above desired levels, rate cuts may be in the future and increasing rate exposure may be one way to benefit from this if cuts happen.
- Differences of less than 0.5% in either direction are considered “steady” unemployment, which is the current status.

Unemployment Indicator

Print Date	Unemployment Rate	Natural Unemployment Rate[1]	Difference
07/05/2024	4.10	4.20	-0.10
			Steady

Sahm Rule

- Named after Fed economist Claudia Sahm, the Sahm rule attempts to indicate the beginning of a recession. Unlike the previous signal, the Sahm rule utilizes the direction of unemployment relative to history, as opposed to just the level.
- The Sahm rule measures the recent 3-month average of unemployment against the low 3-month average over the last 12 months. Rising unemployment (Sahm >0.5) could signal a recessionary environment. In recessionary environments, the Fed may need to decrease rates.
- The Inverse Sahm[2] rule measures the recent 3-month average of unemployment against the high 3-month average over the last 12 months. Falling unemployment (Inverse Sahm < -0.5) could signal a growth environment. In growth environments, the Fed may need to increase rates.

Sahm Rule Indicator

Print Date	Unemployment Rate	Revised 3M Moving Avg	Prior 12M High	Prior 12M Low
07/05/2024	4.10	4.00	3.90	3.57

	Rule	Signal
Sahm	0.43	0
Inverse Sahm	0.10	0
Net Signal		0
		Steady

Sources: Bloomberg, Dealer Indications, NISA Calculations.

[1]Estimate taken from the Median Longer-Run Unemployment Rate from the FOMC Summary of Economic Projections.

[2]The inverse Sahm level is not published by the Federal Reserve and is calculated by NISA.

Indicator 6 & 8: Near Term Forward Spread & Taylor Rule

Near Term Forward Spread

- The near term forward spread is a measure of the market's expectation that short-term rates will be going up or down in the next 18 months. If the expectation is down, it may suggest increasing rate exposure to benefit if rates go down by even more than expected, and vice-versa.
- The current signal is an inverted curve, suggesting rates are headed lower.

Near Term Forward Spread

Print Date	3M T-Bill Rate	18M T-Bill Forward Rate	Spread
06/30/2024	5.20	4.29	-0.90
			Inverted

Implied Taylor Rule

- The Taylor rule is a methodology to prescribe what the appropriate policy rate should be given prevailing levels of inflation and GDP growth. Measurements above the current policy rate may suggest increasing rates in the future, and vice-versa.
- The Fed Funds rate is currently 1.25% above the Taylor Rule estimate.

Taylor Rule

Inflation Rate[3]	Annualized GDP Growth[4]	Potential GDP Growth	GDP Difference (%)
2.63	3.10	1.75	1.35
		Taylor Rule Estimate	4.12
		Fed Funds Target - Mid	5.38
		Difference	1.25
			Above Target

Sources: Bloomberg, Dealer Indications, NISA Calculations.
[1]Seasonally adjusted year over year Core Price Index (PCE CYOY Index) is used for inflation rate measure.
[2]Seasonally adjusted year over year GDP (GDP CYOY Index) is used for GDP measure.

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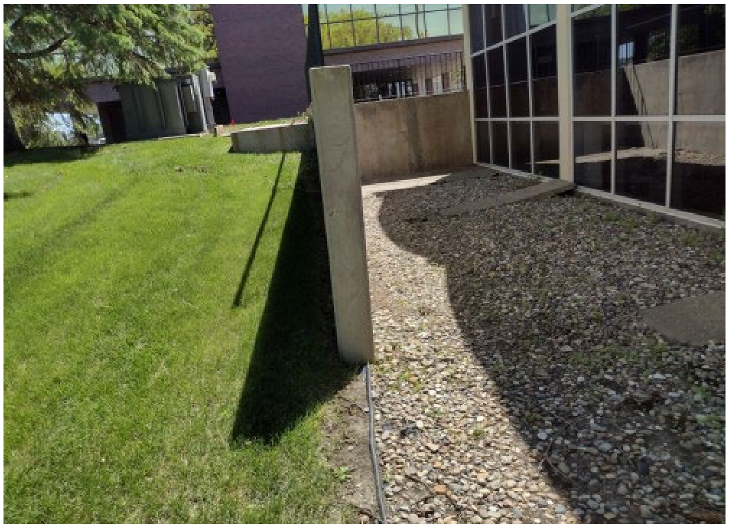
RE: Construction Update
(No Action Requested)

In April of 2021, the Department started gathering bids to replace the current retaining wall on the north side of the building. Several delays happened causing this project to get pushed back. The project was finally completed in May of 2024.

The retaining wall was redone, making it significantly smaller. A new black fence on the retaining wall was installed. The rocks and dirt were taken out and replaced with cement. Gutters were added and downspouts were installed. The dryvit along the arches was done during the remodel in 1997 and needed some work, as patches had peeled off, and a fresh coat of paint was applied. The entire non brick parts of the building were repainted, along with the front canopy, pillars, the railing, and small lights on the sidewalk path in a dark gray. Photocell LED lights were added and replaced an outdated timer system for employee and customer safety, along with reducing unnecessary energy consumption.



Department retaining wall on June 23, 2022. North Side of the Building Photo credit: Rick Owings

Department retaining wall on July 23, 2024. North Side of the Building Photo credit: Rick Owings

Looking North from Divide. Photo credit: Rick Owings

South Side of the Building Photo credit: Rick Owings

West Side of the Building Photo credit: Rick Owings

West Side of the Building Photo credit: Rick Owings

Future Project:

The parking lot is in need of some repairs and possibly will need to be resurfaced. We will begin looking into our options with plans to have the work done in 2025.

Parking lot Photos credit: Rick Owings

North Dakota | Trust Lands
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RE: Litigation Update
(No Action Requested)

- **Mandan, Hidatsa, and Arikara Nation v. United States Department of the Interior**
  - **Case Summary:** Missouri riverbed ownership – On July 7, 2023, the United States filed a motion to amend its pleading to add a quiet title crossclaim against North Dakota as a new Intervenor in the case. We filed a motion requesting a change of venue to North Dakota. On July 23, 2024, the Court issued its rulings on these two issues: 1) granting the United States' motion for a quiet title action; and 2) denying our motion to venue the case in North Dakota. The parties are now working to agree on a motions, discovery, and trial schedule venued in Washington D.C..

Commencement:	July 2020
ND Assigned Attorneys:	James Auslander, Kathryn Tipple, Peter Schaumberg, and Nessa Coppinger (Beveridge & Diamond, Washington, D.C.) Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs
Counsel for MHA:	Steven D. Gordon (Holland & Knight's Washington, D.C.) Philip Merle Baker-Shenk (Holland & Knight's Washington, D.C.) Timothy Purdon (Robins Kaplan, Bismarck, ND) Timothy Billion (Robins Kaplan, Minneapolis, MN)
Counsel for United States Department of Interior:	Reuben S. Schifman (Washington, D.C.)
Court:	United States District Court for the District of Columbia
Judge:	Honorable Amy Berman Jackson

Win = North Dakota owns historical Missouri Riverbed (mineral rights) through Fort Berthold Indian Reservation resulting in release to state of tens of millions of dollars in withheld oil & gas royalties.

Lose = U.S. owns the riverbed in trust for MHA Nation so royalties are released to the tribe

- **State of North Dakota, ex. rel. v Virginia Leland, et.al.**
  - **Case Summary:** OHWM river island ownership; trial was held September 12-16, 2022; Judge Schmidt issued a Phase I Memorandum Decision on April 30, 2024, finding 1) the at issue Yellowstone River segment was navigable at statehood; 2) the at issue west bank of the river is owned by the state; 3) the at issue north island is not owned by the state; 4) the at issue south island is owned by the state; and 5) the state's claim is not barred by laches. The remaining issues of conveyances, mineral acreage calculations, etc. are now being presented in Phase II proceedings.

The state's response to motions for summary judgement is due on September 6th with a bench trial scheduled for December 17-19, 2024.

Commencement:	January 2016
ND Assigned Attorneys:	Matthew Sagsveen, AG Dir. of Natural Resources and Native American Affairs James Wald, DTL General Counsel
Counsel for Whiting Oil and Gas Corp:	Paul Forster (Crowley Fleck, PLLP, Bismarck, ND) Shane Hanson (Crowley Fleck, PLLP, Bismarck, ND)
Counsel for Defendant(s):	Kevin Chapman (Chapman Law Firm, P.C., Williston, ND) Ariston Johnson (Johnson & Sundeen, Watford City, ND) and Others
Court:	State District Court, McKenzie County
Judge:	Honorable Robin Schmidt

Win = State owns at issue Yellowstone River islands and related mineral interests

Lose = Plaintiffs owns at issue Yellowstone River islands and related mineral interests

- **<u>Continental Resources, Inc. v. North Dakota Board of University & School Lands and North Dakota Department of Trust Lands</u>**
  - **<u>Case Summary:</u>** Continental Oil Royalty Deductions – Now that the Newfield gas royalty deductions case has been resolved, this has come off stay and the parties have filed a joint scheduling order laying out the discovery and preparation timeline for trial that is currently scheduled for August 4-8, 2025, in McKenzie County.

Commencement:	December 2017
ND Assigned Attorney(s):	David Garner, Assistant Attorney General
Counsel for Continental Resources, Inc.:	Jeffrey King (K&L Gates, Fort Worth, TX)
Court:	State District Court, McKenzie County
Judge:	Honorable Robin Schmidt

Win = Clarity that Land Board oil & gas lease does not allow for deductions from oil royalties resulting in tens of millions of dollars in deductions being repaid to the state.

Lose = Deductions from oil royalties are allowed under the lease, requiring additional administrative rules/case law to clarify extent

- **<u>Continental Resources, Inc., v. North Dakota Board of University and School Lands and the United States of America (Interpleader)</u>**
  - **<u>Case Summary:</u>** OHWM fed/state dispute – ND Federal District Court issued opinion March 21, 2023, granting Board's motion for partial summary judgment on "Acquired Federal Lands" issue; this means the Wenck survey controls for establishing the historical ordinary high-water mark of the Missouri River in areas where the uplands were acquired by the federal government, and not original "public domain lands"; federal government appealed and we filed cross appeal; final brief was filed January 10, 2024; oral arguments likely to be scheduled this Fall.

Commencement:	December 2016
ND Assigned Attorneys:	Philip Axt, ND Solicitor General
Counsel for Continental:	Lawrence Bender (Fredrikson & Byron P.A., Bismarck, ND) Spencer Ptacek (Fredrikson & Byron P.A., Bismarck, ND)
Counsel for USA:	Shaun Pettigrew (Environment and Natural Resources Division (ENRD)) of the U.S. Department of Justice
Court:	United States District Court, District of North Dakota
Judge:	Magistrate Judge Clare R. Hochhalter

Win = State survey controls where U.S. lands abut the Wenck line resulting in retention of 2,500 mineral acres

Lose = Federal surveys control resulting in net loss of approximately 2,500 mineral acres

Procedures for Executive Session regarding Attorney Consultation and Consideration of Closed Records

Overview

1) The governing body must first meet in open session.

2) During the meeting's open session the governing body must announce the topics to be discussed in executive session and the legal authority to hold it.

3) If the executive session's purpose is attorney consultation, the governing body must pass a motion to hold an executive session. If executive session's purpose is to review confidential records a motion is not needed, though one could be entertained and acted on. The difference is that attorney consultation is not necessarily confidential but rather has "exempt" status, giving the governing body the option to consult with its attorney either in open session or in executive session. Confidential records, on the other hand, cannot be opened to the public and so the governing body is obligated to review them in executive session.

4) The executive session must be recorded (electronically, audio, or video) and the recording maintained for 6 months.

5) Only topics announced in open session may be discussed in executive session.

6) When the governing body returns to open session, it is not obligated to discuss or even summarize what occurred in executive session. But if "final action" is to be taken, the motion on the decision must be made and voted on in open session. If, however, the motion would reveal "too much," then the motion can be abbreviated. A motion can be made and voted on in executive session so long as it is repeated and voted on in open session. "Final actions" DO NOT include guidance given by the governing body to its attorney or other negotiator regarding strategy, litigation, negotiation, etc. (*See* NDCC §44-04-19.2(2)(e) for further details.)

Recommended Motion to be made in open session:

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

- **Continental Resources, Inc. v. North Dakota Board of University and School Lands and the United States of America (Royalty Deductions Case)**

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Howe					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Wrigley					
Governor Burgum					

Statement:
"This executive session will be recorded and all Board members are reminded that the discussion during executive session must be limited to the announced purpose for entering into executive session, which is anticipated to last approximately 30 minutes.

The Board is meeting in executive session to provide guidance or instructions to its attorneys regarding the identified litigation. Any formal action by the Board will occur after it reconvenes in open session.

Board members, their staff, employees of the Department of Trust Lands and counsel with the Attorney General staff will remain, but the public is asked to leave the room.

The executive session will begin at: ______AM, and will commence with a new audio recording device. When the executive session ends the Board will reconvene in open session."

<u>Statements upon return to open session:</u>

State the time at which the executive session adjourned and that the public has been invited to return to the meeting room.

State that the Board is back in open session.

State that during its executive session, the Board consulted with attorneys regarding the identified legal issues.

State that no final action will be taken at this time as a result of the executive session discussion

-or- .

Ask for a formal motion and a vote on it.

Move to the next agenda item.