

## **About Cliffwater LLC**

Cliffwater LLC provides alternative investments consulting and advisory services to institutional investors including endowments, foundations, retirement systems and financial institutions. Cliffwater is one of the largest alternatives consulting firms, assisting clients globally in their allocations to hedge funds, portable alpha, private equity and real assets.

Beyond its role in sourcing investments, conducting due diligence, gaining access for clients and monitoring risks, Cliffwater has both the experience and analytical tools to help clients integrate alternative investment allocations into their overall portfolio.

Cliffwater is an independent firm, registered as an investment advisory firm with the SEC. Offices are located in Los Angeles and New York City.

## **Services**

### ***Cliffwater's Role***

Cliffwater works with clients on their alternative investment portfolios and can assist them in a non-discretionary or discretionary capacity. We are one of the few major consulting firms whose expertise includes the three major alternative asset classes: hedge funds, private equity and real assets.

In non-discretionary consulting assignments, senior consultants help clients put together a process for implementing an alternatives portfolio that meets industry best practices, ensures that clients see top-tier investment opportunities and gives them the information necessary to make informed decisions.

Cliffwater can manage discretionary alternative portfolios and understands the procedures and controls necessary to exercise daily management responsibility over portfolios.

### ***Allocation to Alternatives***

Cliffwater is an industry leader in expanding traditional asset allocation to include alternative assets. Annually, we publish long term return and risk forecasts for alternative and traditional asset classes, providing clients with a consistent methodology and source for asset allocation studies.

Cliffwater uses a set of proprietary asset allocation models that combine traditional and alternative asset classes to produce optimal portfolio choices that take into account the dynamic operating characteristics of each client's environment. These models integrate, through Monte Carlo simulation, uncertain asset returns with uncertain liabilities or operating results. Unlike models that work only with traditional investments, Cliffwater incorporates analyses that factor in the lack of liquidity and stickiness in rebalancing that are features of alternative investments.

### ***Hedge Funds***

Cliffwater has a team of investment professionals in its New York and Los Angeles offices focused exclusively on hedge funds. Their responsibilities include sourcing top-tier hedge funds, performing due diligence, gaining access for Cliffwater clients, and providing ongoing risk management of clients' hedge fund portfolios through a disciplined monthly monitoring process.

Cliffwater's clients largely invest directly in hedge funds, diversified by style, including market neutral, credit, distressed, event driven, equity long/short, macro and multi-strategy funds. Our clients' portfolio objective is to achieve equity-like returns at a bond-like level of risk. Cliffwater also assists clients in building portable alpha portfolios using hedge funds, in which more conservative hedge funds are matched with equity index futures or swaps to deliver excess returns (alpha) over an index like the S&P 500.

## **Private Equity**

Cliffwater has a team of investment professionals in its Los Angeles office focused exclusively on private equity partnerships. Their responsibilities include formulating an investment plan for diversifying the private equity commitments across vintage years, sourcing top-tier private equity general partners, performing due diligence, gaining access for Cliffwater clients, negotiating partnership agreements, and providing ongoing monitoring of the portfolio, including participation on limited partner advisory boards.

Cliffwater's philosophy is to identify a select group of private equity partnerships managed by firms that can produce first quartile investment returns. Such firms have superior organizations and resources, value added investment strategies, a history of generating first quartile performance, and exhibit a continuity of professional staff and investment focus. Gaining access to these partnerships for Cliffwater's clients is a vital part of our efforts, and senior Cliffwater professionals work hard to develop relationships with general partners, sometimes years in advance of their expected fundraising.

## **Real Assets**

Cliffwater combines private and public investments to achieve a diversified global portfolio that is intended to have a low correlation with public equities, a significant real return, and a high correlation to inflation. Investments include real estate, energy, timber, and other commodity oriented investments.

In real estate, REIT investments are used to achieve a diversified portfolio of core real estate holdings, coupled with investments in private opportunistic real estate partnerships that are diversified by sector, geography, and across vintage years. Cliffwater also evaluates infrastructure opportunities. In energy, private investments emphasize partnerships that range from upstream opportunities (exploration & production) to downstream distribution and servicing, to renewable and alternative energy partnerships. Timber partnerships play an important role in Cliffwater allocations to real assets but, as with all alternative investment opportunities, our due diligence pays close attention to current market valuation. Public investments include commodity futures strategies, global stock portfolios focused on natural resource companies, and commodity oriented hedge funds.

Investment professionals in Cliffwater's Los Angeles office source top-tier investment opportunities in real assets, perform due diligence, gain access for Cliffwater clients, and provide ongoing monitoring of the portfolio.

## **Research**

Cliffwater research explores new ideas and offers practical solutions to current investment questions faced by plan sponsors. Recent titles include "Portable Alpha-Using Hedge Funds to Beat Market Indexes" and "Do Opportunistic Real Estate Partnerships Add Value?". To obtain copies of the latest research, please visit our website: [www.cliffwater.com](http://www.cliffwater.com).

## **Our Team**

Cliffwater is led by senior investment professionals experienced in alternative investment consulting and advisory assignments. The majority of the firm's investment professionals are part of dedicated hedge fund, private equity and real assets teams. Other professionals work across alternatives categories in research and client service. To view biographies of Cliffwater investment professionals, please visit our website: [www.cliffwater.com](http://www.cliffwater.com).

## **Contact Us**

### **Marina del Rey (headquarters)**

Cliffwater LLC  
4640 Admiralty Way, Suite 1101  
Marina del Rey, California 90292

Tel: (310) 448-5000  
Fax: (310) 448-5001  
E-Mail: [info@cliffwater.com](mailto:info@cliffwater.com)

### **New York City**

Cliffwater LLC  
590 Madison Avenue, Suite 2100  
New York, New York 10022

Tel: (212) 521-4151  
Fax: (212) 521-4154