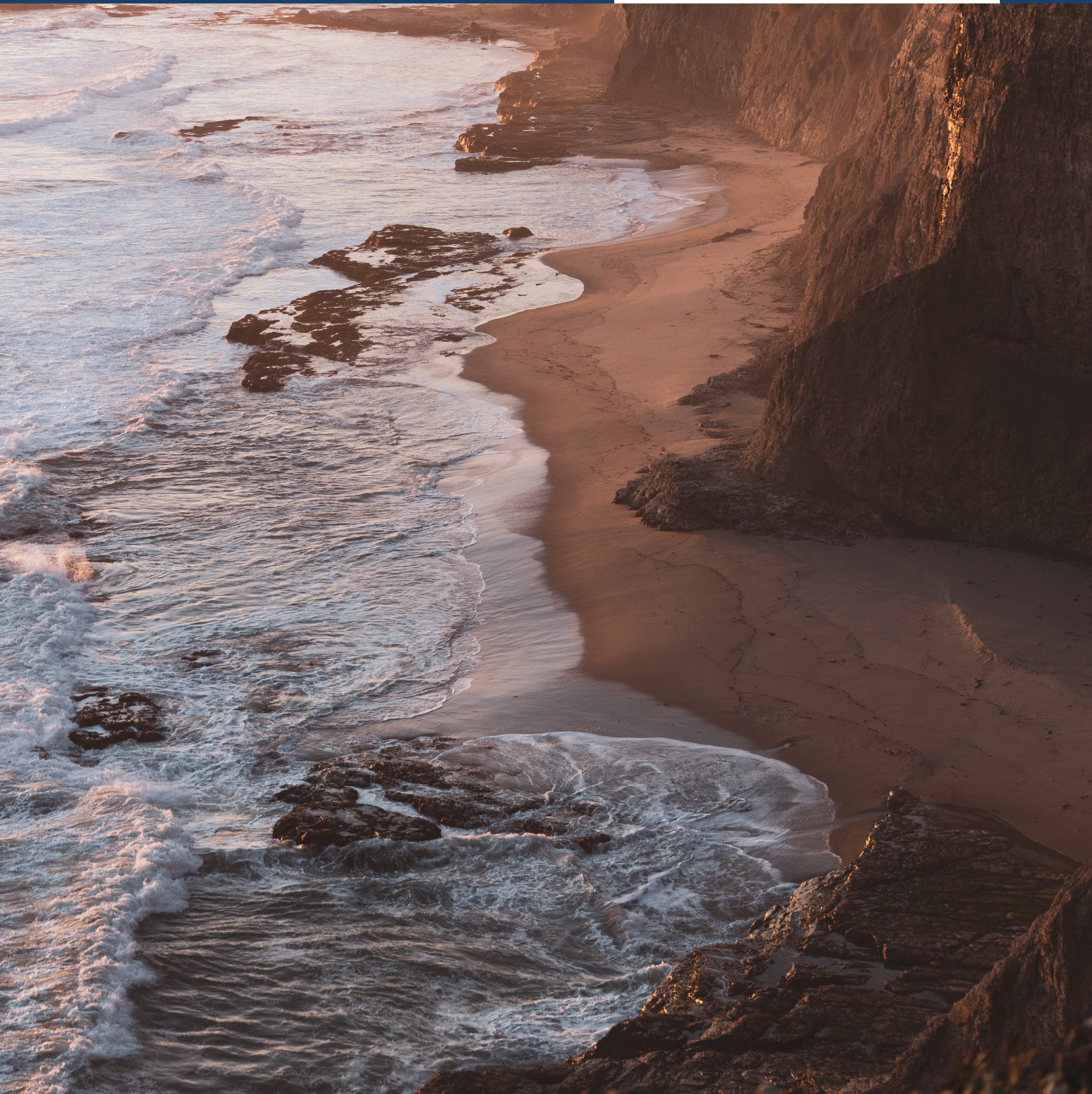
2020 ESG REPORT

MAKENA



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Letter from the CIO

Larry Kochard

Chief Investment Officer and
Managing Director

Challenging times highlight the importance of ESG in investing

Recent uncertainty reinforces our conviction in long-term investing in quality companies and people. This report focuses on three key elements of our long-term investment approach – environmental, social, and governance ("ESG") factors. Conventional financial metrics are essential to long-term investment performance. However, in a year punctuated by a pandemic, civil unrest, and environmental disasters, we believe that additional factors, such as ESG criteria, are also critical to investment success. We are currently in the early innings of a significant shift in how ESG factors are valued and managed. Makena strives to be a leader in this process. We are focused on managing and identifying ESG factors that we believe will drive investment performance, while also mitigating risk. Since we first adopted an ESG policy in 2012, our approach has evolved from a disclosure-based framework to one focused on sustainability practices.

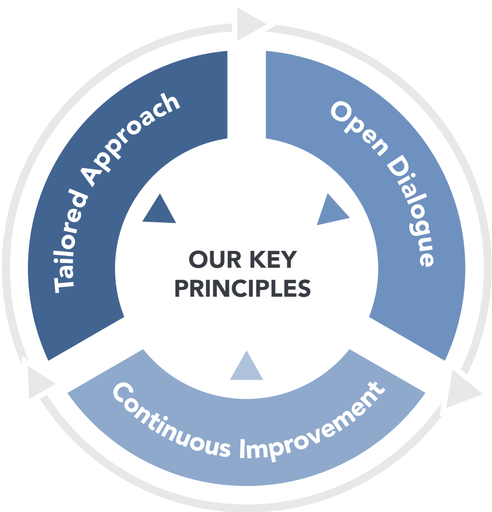
Investing is the art of assembling a mosaic, spanning an array of business, management, and market factors. Our ESG work and framework is one component of that mosaic, and an increasingly important one. ESG issues are notably affecting the energy sector. While some of these businesses were already facing secular headwinds, consideration of ESG factors has helped us better understand the long-term prospects and risks facing such companies. As this dynamic is not contained to just the energy complex, we are proactively shifting away from certain higher ESG risk areas, in acknowledgment of the increasing risk of negative externalities.

The growing importance of ESG at Makena is further illustrated by the formations of our ESG and Diversity & Inclusion Committees this past year. These Committees include representatives from across the firm – our investment, client service, and operations teams – to ensure that a diversity of voices is heard. These Committees will help us develop our frameworks and actions over the years ahead.

This report provides a view of the current ESG practices across our portfolio and insights into the changes afoot with our managers. We hope you find this report useful as a current snapshot, recognizing that we will continue to evolve and improve our approach over time.

Makena's ESG Philosophy

Makena's ESG framework starts with and is rooted in our fiduciary responsibility to deliver the highest risk-adjusted, long-term returns for our investors. We believe that ESG integration—specifically, identifying and advancing material factors related to environmental stewardship, social impact, and corporate governance—can improve investor outcomes. To that end, we have identified three principles that guide our ESG integration efforts:



1. **Tailored Approach**: Customizing ESG diligence areas and items for each strategy, sector, and geography
2. **Open Dialogue**: Establishing an open dialogue with our external managers on ESG best-practices and encouraging the adoption and implementation of responsible investment criteria
3. **Continuous Improvement**: Regularly engaging with our network—external managers, peers, industry organizations and service providers—to understand evolving best practices, raise awareness, and improve our capabilities

As we enter our fifth year of the United Nations Principles for Responsible Investment ("UN PRI") reporting, and publish our fourth annual ESG Report, these principles consistently inform our decision-making and the expectations we have for our managers. Across Strategy and Governance, in addition to all reported asset classes, we received either an A or A+ rating in our 2019 UN PRI disclosures. We believe that our efforts to elevate ESG considerations within our firm and throughout the investment process will enable Makena to better achieve our aim of being excellent long-term stewards of our clients' capital and keep us at the forefront of innovation and improvement. ■

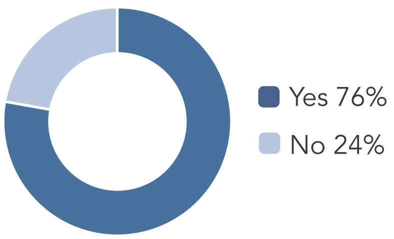
ESG Survey Results: Policies and Procedures

To date we have received responses from 101 managers, representing approximately 60% of Makena's NAV and unfunded commitments. The managers collectively steward nearly $1 trillion for Makena and other investors. The following information is intended to summarize the results from these surveys, excluding any managers who are discontinued and/or did not respond to this year's survey.

76% of Makena's managers factor ESG into their due diligence process

The vast majority of both public and private managers factor ESG into their due diligence. Makena is engaged with a number of these managers to develop a formal ESG policy based on these procedures.

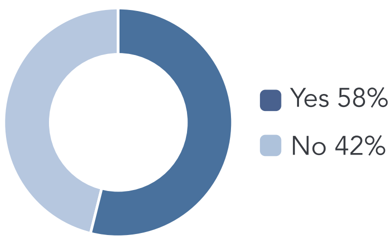
Managers Factoring ESG into Due Diligence



58% of Makena GPs have adopted a formal ESG policy

ESG policy adoption continues but still has room to grow. Of the 58% of managers with a policy, 76% adopted or formalized their policy after 2013.

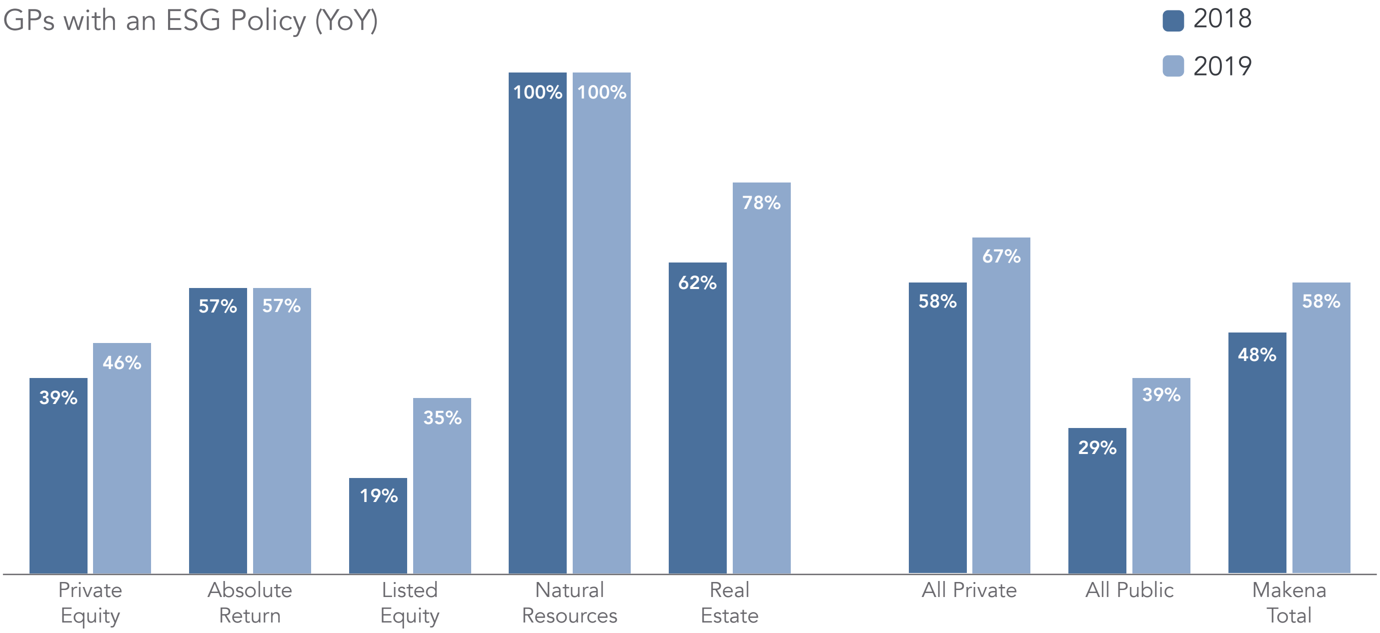
GPs with an ESG Policy



Increasing adoption of ESG policies across Asset Classes

Public managers made significant strides on ESG policy adoption, increasing by ~10 percentage points.

GPs with an ESG Policy (YoY)

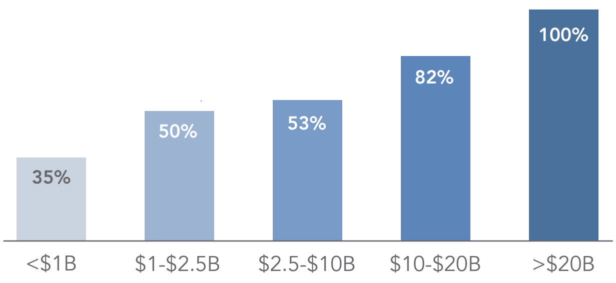


ESG Survey Results: Policies and Procedures

Larger firms are significantly more likely to have an ESG policy

The percentage of GPs who have adopted an ESG policy is skewed towards larger firms, as they tend to have resources to help with reporting and integration of formal ESG practices. However, we believe ESG can be integrated into our managers' investment process irrespective of size and without the benefit of additional resources. We will be working closely with these smaller- to medium-sized managers to help them seamlessly add these factors into their process.

Managers with ESG Policy by AUM

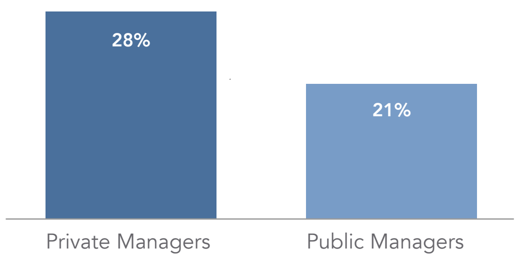


ESG Survey Results: ESG Engagement

Private asset managers are more likely to have dedicated ESG professionals

Private asset managers in Private Equity, Natural Resources, and Real Estate generally view ESG as integral to their value creation plan. In particular, real assets and related businesses tend to have higher environmental, health, and safety risks than other asset classes, which often creates the need for ESG incorporation into daily processes, resulting in 41% of managers having dedicated ESG professionals.

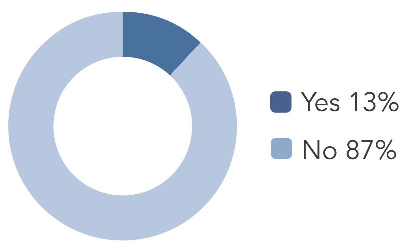
Managers with Dedicated ESG Professionals



More than 10% of our managers are currently UN PRI Signatories

GP adoption of UN PRI has seen a slight increase, though the absolute number remains low in aggregate due to reporting requirements. Since becoming a signatory in 2016, Makena has engaged with our managers about the initiatives and offered our assistance to those who inquire.

Managers that are UN PRI Signatories

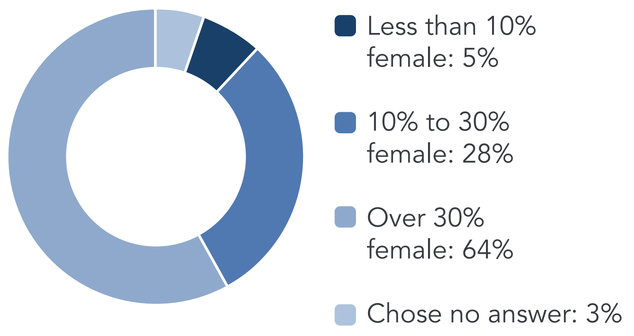


ESG Survey Results: ESG Engagement

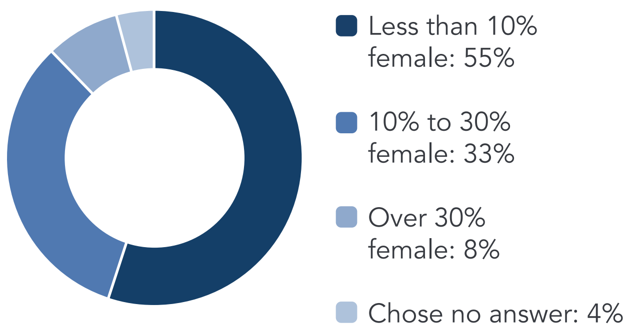
Nearly two-thirds of our managers have greater than 30% female representation across the firm; however, representation at the senior investment team level lags significantly

Despite the focus on gender diversity in finance, current female representation at GPs remains low. Furthermore, the number of women in top ranking investment positions is well below the reported percentages at the firm level, which also includes non-investment personnel. Makena will continue to engage with managers on best practices around how to recruit, train, and retain a diverse range of candidates, while also actively identifying diverse firms within our investment universe.

Gender Diversity at Firm Level



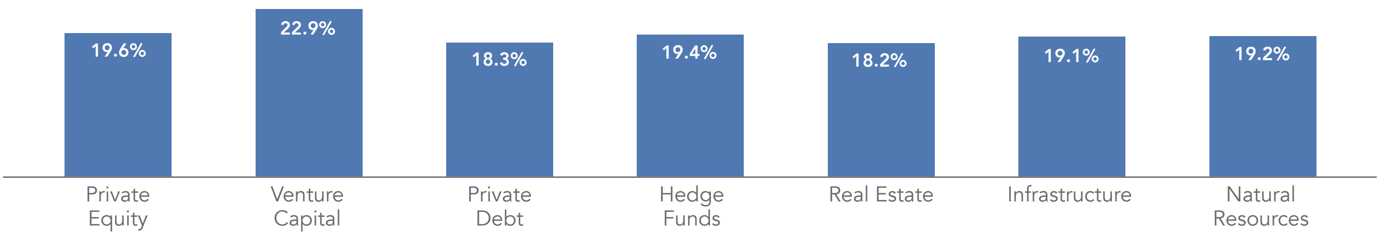
Gender Diversity at Senior Investment Team Level



In terms of total female employees, our managers stack up well compared to the industry benchmark. A February 2020 Preqin Report found that the total proportion of alternative assets managers that are female is 19.7% whereas 64% of our managers report having greater than 30% total female employees. In terms of the senior investment teams, 41% of our managers report having Senior Investment Teams comprised of at least 10% women. With a benchmark of 11.9% at the all alternatives level according to Preqin, we recognize room to grow.

There is also evidence that women-led funds outperform their all-male counterparts. Hedge Fund Research found that women-led funds (those with greater than 33% female leadership) have generated 590 bps of alpha over the industry-wide index year to date through August.

Preqin Reported Women in Alternatives as Percentage of Total North American Employees by Asset Class

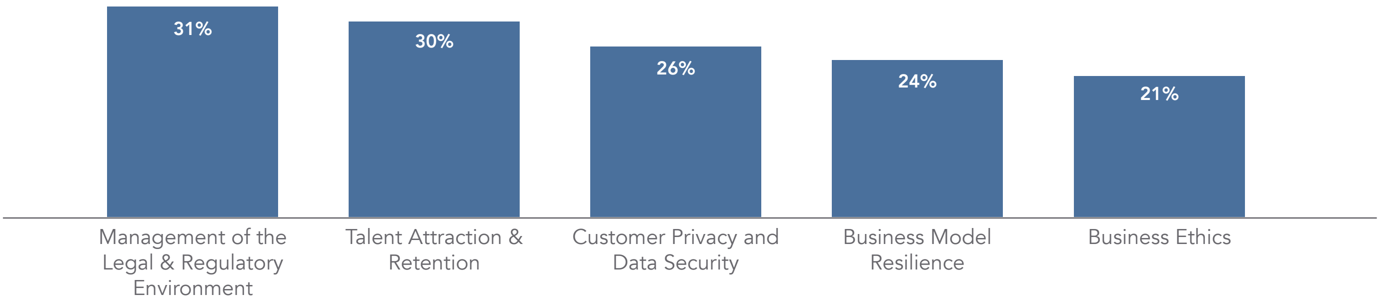


ESG Survey Results: ESG Engagement

Rapidly changing rules and guidelines are top of mind for GPs who cited Management of the Legal & Regulatory Environment as the top ESG criterion

Naturally, ESG criteria are not uniform across asset classes. Each manager perceives certain risks to its portfolio as critical and thus risks are not weighted equally. For Makena, continual engagement and dialogue with our managers not only informs us of which risks they believe warrant the greatest attention, but also helps us identify those risks to our portfolio that we determine as significant.

Top 5 ESG Criteria

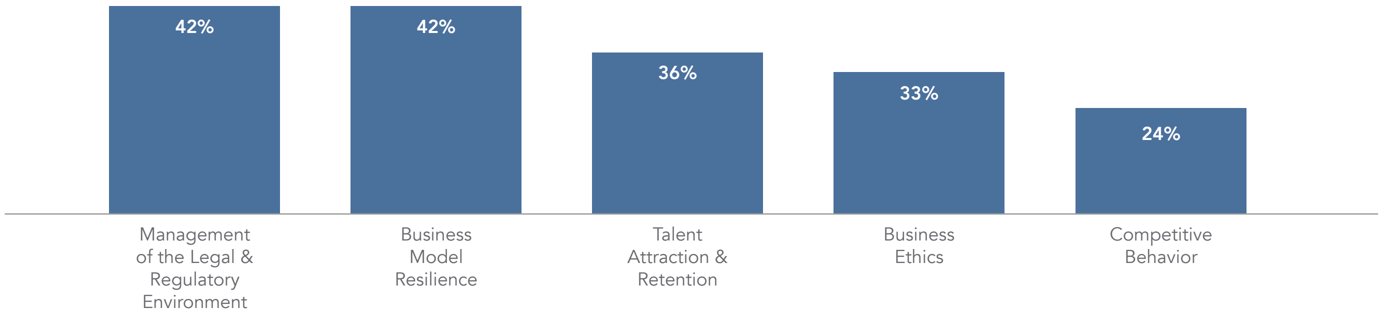


Our managers' responses furthered our conviction in the breadth of risk and opportunities that managers can address with an active approach to ESG incorporation and management. As managers selected the most significant risks to their underlying businesses, many of them also identified ways in which these are addressed. One manager who cited Management of the Legal and Regulatory Environment as a top risk noted they are exceedingly diligent in monitoring industry-specific regulatory developments, the general political environment, and tax reform to mitigate those types of risks in the portfolio. When considering the second most commonly identified risk, Talent Retention and Attraction, managers take a variety of actions including conducting CEO assessments, monitoring key role changes and employee retention rates, recording TRIR (total recordable incident rates), evaluating diversity statistics on hiring and retention, and encouraging employee engagement surveys. On a more holistic level for monitoring risk, managers cited remaining involved in the board of portfolio companies, ensuring an independent board of directors, and implementing an ESG survey for all portfolio companies.

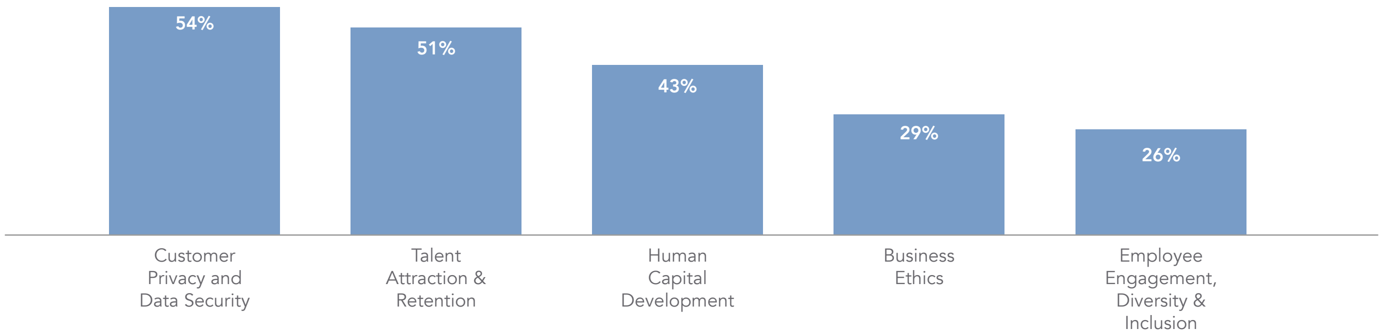
At the asset class level (see the following page), public managers with more limited control of underlying businesses focus on how the company operates within the business environment, while private equity managers are more concerned with human capital items and data security, owing in part to their hands-on approach and the increasing focus on technology-enabled businesses. Real assets are very focused on environmental issues, as those materially affect their businesses economics, and the more difficult work conditions of certain operations in natural resources lead to a heightened focus on employee health.

ESG Survey Results: ESG Engagement

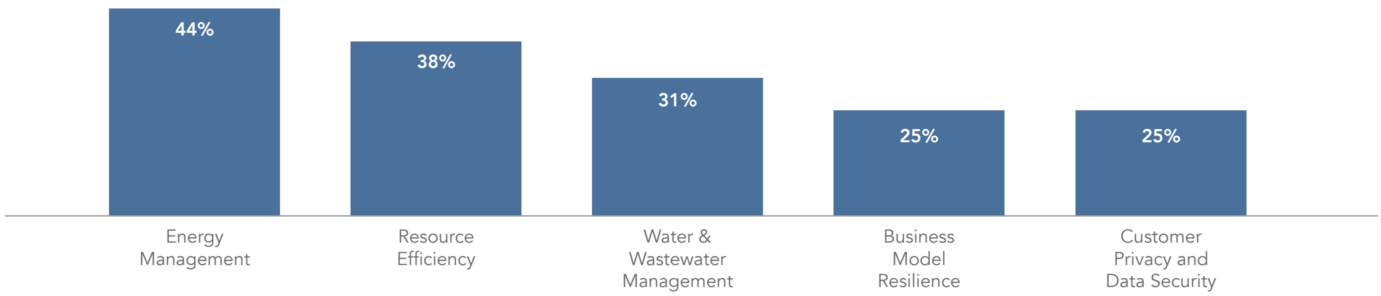
Public Managers



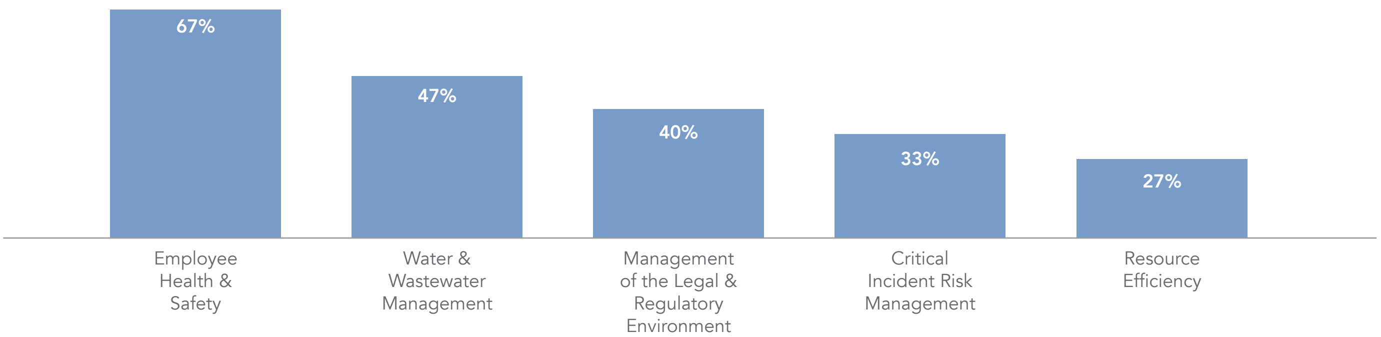
Private Equity



Real Estate



Natural Resources

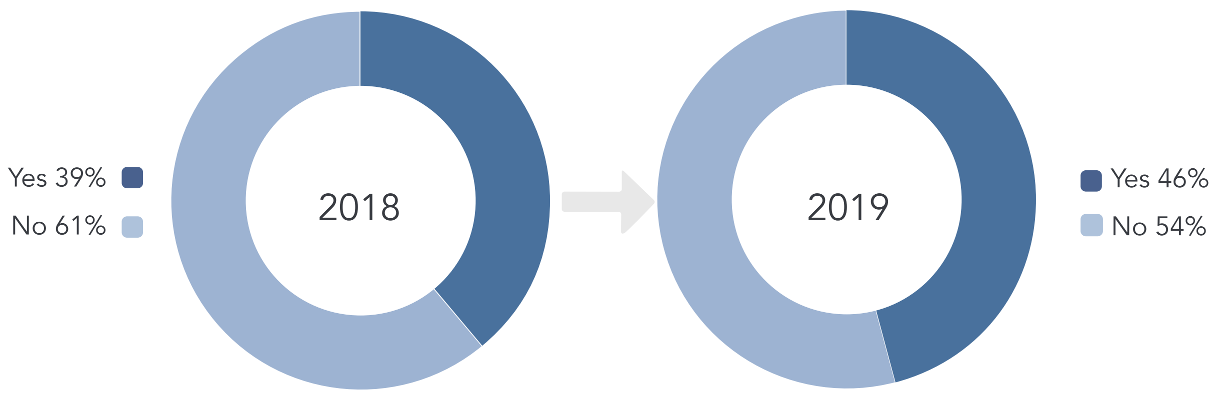


Private Managers Spotlight: Survey Improvement

Our Private Equity and Real Assets teams continue to make a strong effort to engage with our managers on the value of an ESG policy and factoring ESG into due diligence. We are encouraged that numerous managers have decided to further their ESG processes and considerations year-over-year. Private managers had a 9% increase in adoption of ESG policies, driven largely by Real Estate.

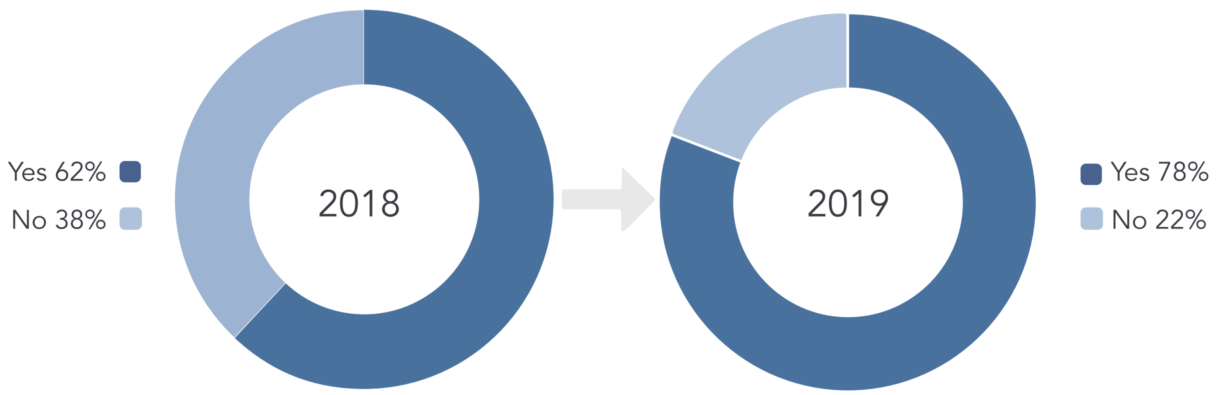
Private Equity managers had a +7% YoY increase in adoption of ESG policies

ESG Policy



Real Estate managers had a +16% YoY increase in adoption of ESG policies

ESG Policy



EMK Capital

Enterprise Management Knowledge

INTERVIEW WITH

EDMUND LAZARUS EMK CAPITAL

MANAGING PARTNER

Every manager that integrates ESG does so in a distinctive manner that aligns with their investment process, mandate, and philosophy. Due to some of the popular press around ESG, these issues can be viewed as tangential to investments or a check box exercise. We believe that ESG is most valuable to our managers and our clients if it is tightly stitched into the investment organization's process and ethos.

EMK Capital is an example of a manager that has fully integrated ESG into their culture and investment philosophy in order to optimize fund performance. EMK Capital was founded in 2015 by Edmund Lazarus and Mark Joseph to pursue buyout investments in mid-market companies across the European continent. The Managing Partners have been friends for decades, dating back to a working relationship early in their careers, and decided to leave their respective firms, Bregal and Oakley Capital, to form a uniquely architected mid-market private equity firm founded on three key investment principles: Enterprise (E), Management (M) and Knowledge (K). EMK raised their first fund in 2017, in which Makena was a core LP, serving on the advisory board. Recently, we reaffirmed our conviction in EMK with a commitment to the firm's second fund. We are pleased to share our interview with Edmund Lazarus on his experiences integrating ESG into their investment philosophy, how ESG initiatives have created value, and his views on instilling ESG into company cultures.

ESG criteria and principles are so integrated with what you are investing in at EMK. How have your thoughts on ESG evolved over your career and how have those shaped your work at EMK?

As Mark and I developed in our careers and became more senior, our approach to ESG evolved in parallel. Initially, we had an ESG approach that was more screening out things that we were uncomfortable with and only doing things that we felt comfortable putting on the front page of the newspaper, as Warren Buffett says. As time evolved and we built on that, it became much more about, what can we proactively do? What can we positively get our businesses to do that will both create more value for our investors but also create positive impacts on society?

The core of our ESG commitment is anything we do, we need to be able to go home and explain why it's a good thing, and it's helping everybody, not just creating wealth. Not that creating wealth is a small thing, it's huge too, but that's really where we progressed it, and I think that's where it started to become powerful for us.

Can you describe EMK's ESG process today and how that impacts your work with your portfolio companies?

At the stage of doing due diligence through underwriting, we have an ESG assessment and an ESG plan. And it's specific, it has unique metrics for the company. Every six months, we undertake a review process which includes a re-underwriting of the deal and the renewal of the strategy document that we're working off to progress the business objectives of the company. At the same time, we review the ESG policy, and we are constantly looking to stretch it, upgrade it, and move it forward. Once that becomes part of the rhythm, part of the culture, it gathers a life of its own in each business. The best moment for us is when the company grabs it and owns it, and that ESG process becomes theirs rather than ours in the portfolio.

What we've learned as we've evolved this, is that you've got to hone the ESG objectives to the business that you're backing. Strong ESG policies and aligned ESG targets mean that companies can attract better talent, and more effective people have a more effective culture and therefore deliver better financial returns. The key is that the ESG programs that you implement in companies have close attachment to their core mission.

> ***“The best moment for us is when the company grabs it and owns it, and that ESG process becomes theirs rather than ours in the portfolio.”***

How do CEOs react to these policies and how do you work with them, either through the diligence process or once they're part of your portfolio?

It varies enormously, every CEO is different, and we have to change our shape to suit that. Some of them come to this naturally and don't need the same level of push from us. For others, it's newer, it's more unusual, and they start with an implicit or explicit assumption that somehow this is sort of an expense, it's a burden to be carried to do the right thing. The first thing you have to convince them of is that ESG is not in conflict with their commercial objectives, it's absolutely in alignment with them. In a world where news travels faster than it ever has, where stakeholders form a view of you, where social

> *ESG is not in conflict with their commercial objectives, it's absolutely in alignment with them.*

media forms a view of you, where employee review sites form a view of you incredibly quickly, positioning yourself correctly on these things is absolutely part of a good commercial policy.

How do you see ESG driving value within your portfolio?

I think the examples in COVID are very relevant. Williams Advanced Engineering ("WAE") is the leading-edge engineering technology unit of a Formula One race team who were used to turning around very challenging technical engineering elements between races to improve the performance of the car. When the UK needed a lot of ventilators fast, WAE was up for the challenge. The UK government thought that bringing a supply of ventilators up to the necessary specifications would take a week, WAE did it in 72 hours in shifts, with people working day and night. They beat the government's target by four days.

As a result of their efforts, WAE has had a myriad of additional inquiries from world-leading companies. When Anglo American, a huge mining conglomerate, reached out to WAE, it was in part because of the reputation that WAE had earned from its many ESG initiatives. We're now electrifying their loaded 300-ton trucks so that they run without need of fossil fuels.

There's a direct, I suppose marketing profile and reputational benefit there.

It's partly a reputational thing but I think the other thing is it just energizes companies. It makes them more excited about what they're doing, and I admit, it's hard to quantify the exact impact of that, but if you're close to it, you'll see it. You can actually see productivity going up when they're pursuing these programs, which might sound counter-intuitive, but you can.

> *You can actually see productivity going up when they're pursuing these programs.*

How do you underwrite or value ESG risks?

There are companies that we have just outright avoided and taken a kind of principled, sort of non-calculus-based view to dissociate ourselves from, basically companies at risk of doing more harm than good. In other places, we are willing to take risks. We own a company, Covidence, which necessarily has to be secretive because it is the world's most sophisticated producer of a category of products used solely by government agencies in ways we view as absolutely essential to the maintenance of all our liberties as free societies and to preventing serious crimes. Now, is there a risk that one of these products could somehow be obtained by a bad actor? Yes, but we shouldn't be shying away from that. Indeed, it would be almost cowardly to shy away from supporting a business with this mission, just

covidence

because that risk exists. You just have to do everything possible to mitigate the risk and we know our company does that.

I think you have to look at each situation differently and our view is, we want to be very sure that net net, we're doing more good than harm. We want to be very sure that if there are risks, we've done everything we can to mitigate them. But we don't want to take a view that you avoid every potential reputational risk because if you take that view, then I think you end up not supporting businesses that should be supported, and possibly risk having these businesses be owned by people who are less rigorous in mitigating those risks than ourselves.

Have you dealt with issues when an investment is executing to plan financially but is lagging on ESG?

Overall no, but in specific areas yes. One example is Luminati. It is an amazing company which has produced the most extraordinary unique, IP protected, sophisticated technology.

Luminati

This technology is the best that exists to gather public data at a massive scale from the global internet. Without it, competition could be undermined, services across a host of industries would be worse and information important to law enforcement would not be discovered. In some ways the company also leads on ESG. During COVID, it has made its network and expertise available for free to global health research organizations to assist identifying asymptomatic carriers and to improve test and trace operations. Also, the company has by far the best ethical screening procedures for customers and network operations in its industry.

However, part of the company's success is the result of the software engineering heritage coming from the Israeli Defense Forces and the 8200 Unit, the cybersecurity unit which is the best of its type in the world. This has been crucial to the company's success but also means diversity initiatives have been more challenging. White male, ex-military employees, many of whom have served 72 hours without sleep in a life or death crisis situation, can find it harder to attract employees with very different experience sets and backgrounds.

"If you are persistent and incremental, you will in the end make a lot more progress than you think, even if it's slower than you would ideally like at the start."

Trying to help the company attract female, Arab ethnic origin and other diverse talent into that environment is not simple, because you need to retain the special culture that produced amazing results while opening it to more types of people. So, you must keep reminding the business in the middle of all its other intense activity to keep investing to achieve that. If you expect miracles overnight, you'll be disappointed; company cultures don't change instantly and if they did would probably lose what made them effective. You need to just be persistent; you keep pushing the agenda, inching it forward. If you are persistent and incremental, you will in the end make a lot more progress than you think, even if it's slower than you would ideally like at the start.

Partners & Initiatives

At Makena, we are conscious of our environmental impact, operate within a structure of strong corporate oversight, foster a culture of high moral and ethical standards, and place the utmost importance on transparent and responsible reporting to all stakeholders.

Partners & Initiatives

We are committed to being active leaders in the ever-evolving responsible investing space

Makena has actively sought partnerships and networking groups to further our involvement and connection with like-minded investors. This endeavor has included becoming a signatory to the UN PRI in 2016 where we joined an international network of over 2,000 investors, representing over $90 trillion in capital that are committed to promoting and implementing the six core principles. In 2020, the number of signatories rose to 3,000, with over $100 trillion of AUM in aggregate.

Additionally, Makena joined Ceres, a sustainability nonprofit organization, which works to connect influential investors and companies to build leadership and drive solutions through the economy. Our work with Ceres involves participation in several working groups that seek to provide investors with the tools to identify risks within their portfolios and engage with companies to press for new standards.

UN Principles for Responsible Investment

In becoming a UN PRI signatory, Makena pledged to pursue the following principles to the best of our ability.

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the Principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the Principles.
6. We will each report on our activities and progress towards implementing the Principles.

Signatory of:

PRI Principles for Responsible Investment

Ceres

UN Sustainable Development Goals

The Sustainable Development Goals (SDGs) were adopted by all United Nations Member States in 2015 as a universal call to action to end poverty, protect the planet, and ensure that all people enjoy peace and prosperity. Prior to the COVID-19 pandemic, certain gains were readily visible: the share of children and youth out of school had fallen; the incidence of many communicable diseases was in decline; access to safely managed drinking water had improved; and women's representation in leadership roles was increasing. At the same time, the number of people suffering from food insecurity was on the rise, the natural environment continued to deteriorate at an alarming rate, and dramatic levels of inequality persisted in all regions. Now, due to COVID-19, an unprecedented health, economic, and social crisis is threatening lives and livelihoods. Although the novel coronavirus affects every person and community, it does not do so equally.

The uneven impacts of COVID-19 have demonstrated precisely why the SDGs are needed, and also highlight that any response must be coordinated and comprehensive. With just 10 years remaining to deliver the SDGs, there is a clear need for renewed ambition, mobilization, leadership and collective action, not only to reverse the effects of COVID-19 but to achieve longstanding goals – winning the race against climate change, decisively tackling poverty and inequality, empowering all women, and creating more inclusive and equitable societies everywhere.

Everyone is needed to reach these ambitious targets. We are pleased to see the progress that some of our companies are making against these goals and have highlighted a few examples in the following section. In addition, Makena has committed to advance equality, education, and health particularly in our community through the Makena Foundation and our Diversity and Inclusion Committee. Below highlights the SDGs that are most aligned with our investment and community involvement goals.

Examples of ESG-related Companies

Exemplified by the following case studies, Makena managers with robust ESG policies are equipped to identify high-quality businesses that can protect and add value in their respective portfolios.

Private Equity: GoodRx
(Silver Lake portfolio company)

GoodRx is an industry-leading healthcare technology business that provides consumers discounts and coupons on prescription drugs, price transparency tools for tracking medication costs, and a telemedicine platform that virtually connects customers and doctors for certain prescriptions. Using proprietary patented technology to aggregate drug prices from nearly 70,000 pharmacies, GoodRx has saved consumers over $14 billion in prescription drug expenses since its founding in 2011. More than 15 million people rely on GoodRx's free website and mobile app to provide more affordable pricing on essential medications every month, with average annual cost savings of $350 (nearly 60% of total prescription costs). The impact of GoodRx's value-creating model has allowed the business to build enduring mutually beneficial partnerships across the healthcare landscape to bring affordable medication to consumers.

In September 2019, GoodRx acquired the startup telemedicine provider HeyDoctor as part of an enhanced effort to bring remote medical care and services to more consumers. HeyDoctor provides virtual doctors' visits to over 1,000 patients every day across all 50 states. In recent months, GoodRx's flagship marketplace has begun offering COVID-19 testing locations and price information, allowing consumers to more easily view and compare the available test options.

Public Equities: Salesforce
(Public Equity Manager Company)

Salesforce is a cloud-based software company and the global leader in customer relationship management (CRM) platforms. Salesforce has invested heavily in efforts to mitigate climate change and increase sustainability. In 2018, Salesforce committed to have 100% of its operations, including data centers, powered by renewables within the next four years. In addition, the firm has begun work with at least half of its suppliers to establish emissions reduction targets by 2025. Salesforce's influence on climate-related matters extends beyond the tech industry, as over 200,000 companies use at least one of the company's applications. In 2019, Salesforce introduced the "Sustainability Cloud," a tool that helps companies with carbon accounting and hopes to push businesses towards carbon neutrality in the coming years.

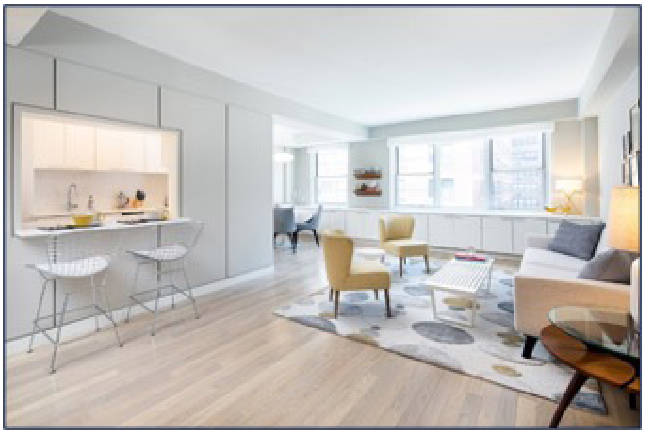
Last year, Salesforce conducted a survey of their suppliers to collect data on those firms' composition and management. This data will be collected on a regular basis and in turn be used to evaluate the diversity of Salesforce's suppliers. In an effort to improve gender diversity and eliminate the gender pay gap, Salesforce has spent $10 million to date and plans to introduce other diversity initiatives.

Real Assets: A&E Real Estate

A&E Real Estate Holdings was founded in 2011 as a vertically integrated multifamily real estate investment and operating company, with a focus on maintaining and operating high-quality, affordable housing in New York City. The residents of A&E's properties comprise the backbone of New York City's economy who include, among others, firefighters, teachers, medical workers, police officers, and transit workers. Many of the properties are multi-building complexes that have acted as centers of influence in their respective communities for decades. For example, after A&E acquired Riverton Square in January 2016, an extensive capital improvement plan was executed which included landscaping, the reconstruction of the children's playground, basketball court, garden and sitting areas, and building a community center that provides services such as computer skills classes for senior citizens and a community vegetable garden for young residents.

A&E adds value to assets in large part through their proactive approach to operational efficiency by targeting energy reductions that both provide an enhanced return as well as a reduced carbon footprint. A&E improves the basic building infrastructure, including converting boilers from fuel oil to natural gas, LED lighting retrofits, installation of central energy system management, and utilization of monitoring software, which alone often results in energy savings of 10-15%. A&E will also replace and/or upgrade water/gas risers, roofs, and elevators in order to bring the buildings to best-in-class quality, enabling higher market rents upon natural turnover, and to preserve the value of the asset and the community it serves.

Riverton Square landscaping



Riverton Square interior (top) and Community Center (bottom)

The firm takes a proactive approach towards energy efficiency and has committed to reducing greenhouse gas emissions by 30% across all properties over the next 10 years. Through building-wide capital projects, YTD 2020 carbon emissions are down by over 3,500 metric tons across A&E's two most recent funds, resulting in total energy cost savings of $1.8 million.

COVID-19 Response Highlight

Recognizing the financial impacts of COVID-19 on its residents, in early March, A&E led efforts to draft and sign an open letter to residents from leading New York rental building owners instituting a voluntary 90-day moratorium on evictions. In early April, A&E created and implemented a program to establish affordable payment plans, including a monthly company-wide outreach to residents who were in arrears to educate them on and encourage them to apply for governmental aid, in addition to the creation of a $4 million philanthropic fund, called Project Parachute, to assist those on the verge of homelessness with a specific aim to focus resources toward residents that are not eligible for federal relief, such as undocumented immigrants. Wellness checks, as well as grocery and medication pick-up and delivery services, were offered to elderly residents, high risk individuals and those who needed an extra hand as quarantine eliminated or reduced services they relied on. In partnership with Fresh Direct and local elected officials, A&E provided over 1,300 boxes of groceries to the residents of its Riverton Square (Harlem), as well as The Holland and Glenn Gardens (Upper West Side) properties. One of A&E's retail tenants, Sauce Pizzeria, whose owner is both a residential and retail tenant, undertook the initiative to deliver pizzas to NYC hospitals during the height of the pandemic. When A&E caught wind of this initiative, Sauce had already delivered roughly 250 pizzas over three days to 11 hospitals. A&E immediately waived Sauce's rent for the duration of this initiative, donated over $20,000 to the cause, and helped the pizzeria set up institutional deliveries to three major hospital systems which serve the neighborhoods in which A&E's residents live. With A&E's help, Sauce delivered a total of 17,000 pizzas to area hospitals and another 10,000 pizzas to shelters between March 2020 and July 2020. ■

Makena Foundation

In an effort to increase our commitment to charitable giving and volunteerism in our community, we established the Makena Foundation in 2019. The primary objectives of the Foundation are to support local non-profits that are performing work reflective of Makena's values, further align Makena employees with our clients and their respective missions, demonstrate Makena's commitment to constructive citizenship, and foster cross-collaboration and relationship-building across the firm. The mission statement is as follows:

The mission of the Makena Foundation is to reduce systematic inequality, unlock potential in youth, and support vulnerable populations in our local community of the San Francisco Bay Area.

The Makena Foundation supports organizations that have demonstrated success at increasing access, opportunity, and advancement across the following critical areas: education, healthcare, food security, social welfare, economic opportunity, and financial stability. The Foundation prioritizes local organizations with which Makena can build long-term, multifaceted partnerships. Additionally, the Foundation seeks to aggregate causes supported by individuals across the firm to strengthen our combined ability to contribute.

A seven-person committee comprised of individuals across departments at Makena evaluates non-profits and selects charities that align with the mission of the firm and allocates funds to these select organizations in order to maximize impact. In a response to the COVID-19 pandemic and in recognition of the unprecedented needs during this trying time, Makena's Management Committee supported an augmented 2020 budget of $1 million.

While the Makena Foundation has maintained its initial mission of partnering with local organizations in the San Francisco Bay Area with which we hope to build long-term relationships, more recently, the mandate has focused on communities disproportionately affected by the pandemic in recognition of the unprecedented nature of these challenges. Some of the organizations that the Makena Foundation has already partnered with include the Samaritan House of San Mateo, Second Harvest of Silicon Valley, Meals on Wheels San Francisco, Summer Search, UCSF Coronavirus Response Fund, La Casa de las Madres, The BASIC Fund, and the YMCA of San Francisco.

SECOND HARVEST of SILICON VALLEY

SAMARITAN HOUSE

MEALS on WHEELS SAN FRANCISCO

the BASIC fund

SUMMER SEARCH

LA CASA DE LAS MADRES
A Refuge. An Advocate. A Strong Voice Against Domestic Violence.

UCSF
University of California San Francisco
advancing health worldwide

the Y YMCA of San Francisco

Makena Capital Volunteer Day at Samaritan House, San Mateo, California

Makena's Community Involvement

Founded in 2005 by professionals from leading North American endowments and foundations, Makena places a high value on civic mindedness and diversity in our firm culture. We adhere to three guiding principles: partnership, team culture, and long-term orientation. We invest for the next generation, with collaboration as the foundation of our work, recognizing that a team culture built on excellence, empowerment, and meritocracy is our greatest asset. We promote philanthropic involvement and initiatives at multiple levels through leadership, service, and engagement opportunities within communities both near and far from our Silicon Valley headquarters.

At a leadership level, our Managing Directors currently serve or have served on the Investment Committees of leading institutions, including The Rhodes Trust, Dartmouth College, The University of Virginia, William & Mary, The Virginia Retirement System, and Stanford Management Company.

As a firm, we enjoy giving back to the community during Makena's Annual Volunteer Day, which in 2019 was held at the Samaritan House of San Mateo, working alongside members of the organization in their day-to-day efforts to improve food security. We are increasingly impressed by the work the Samaritan House of San Mateo is doing in our community and have subsequently established a long-term partnership with the organization whereby we contribute both financially and through volunteerism on an ongoing basis. The Samaritan House was one of the first organizations we partnered with through the Makena Foundation, and one we plan to continue to support in the years to come.

In previous years, we have also partnered with the Boys and Girls Club of San Francisco, the Boys and Girls Club in Napa following devasting wildfires in the region, and Second Harvest Food Bank in San Mateo.

In 2019, Makena also formed an inaugural team to participate in the D10 in San Francisco, a ten-event annual athletic competition that raises funds for Lucile Packard Children's Hospital at Stanford University. Nationwide, the D10 has raised nearly $15 million in support of charities with a mission to cure pediatric cancer.

The coronavirus pandemic and transition to a work from home environment has reinforced the importance of a collaborative and connected workplace. As a result, we have heightened our commitment to human capital protection. In recognition of the difficulties of a remote-work environment and the trials of social distancing, Makena granted every employee an additional week of paid time off until we return to our offices. We have worked to foster a cohesive workspace, with weekly All-Hands Meetings to keep everyone connected and informed. To maintain a pulse on employee welfare, we have implemented a monthly survey to remain aware of the unique challenges everyone is facing during the work from home period. ■

Diversity

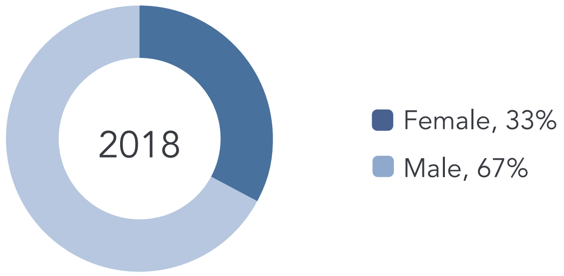
Makena has prioritized the promotion of all aspects of diversity in order to cultivate diversity of thought, which is essential for effective decision-making.

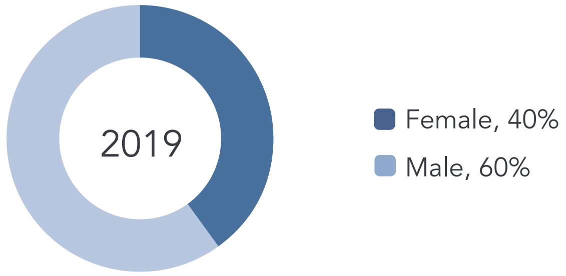
In the past year, Makena has improved its gender diversity – 40% of our current employees are female, in comparison to the 33% reported last year.

The firm's gender diversity is greatest at the junior levels, as women comprise 50% of all analysts and associates. We recognize, however, that Makena still has room for improvement on the dimension of gender diversity, as only 25% of our senior investment professionals are female. On average according to a study conducted by Preqin, only 20% of all employees at alternative asset managers are female, and women hold only 12% of senior investment roles.[1] Although we outperform this industry average, we are still constantly looking to improve our diversity and foster an inclusive culture. In 2019, 43% of our new hires were female. Makena also seeks to stay abreast of best practices and to advocate for gender equality across the financial community by participating in events such as 100 Women in Finance, Falk Marques Group conferences, and the Kayo conference series.

Makena also examines the gender diversity of our managers on an annual basis through our ESG Survey. In terms of overall firm composition, a substantial majority of managers (64%) have at least 30% of employees that are female. At the senior investment level, however, the majority of our managers (55%) have leadership teams

Progress in Makena's Gender Diversity





that are less than 10% female and only 8% have leadership teams with greater than 30% women.

We continue to engage with our GP partners to improve diversity and inclusion through several approaches. These include encouraging transparency about company diversity, setting clear targets for diversity metrics, and helping CEOs source a more diverse group of candidates for open positions. In an effort to encourage this work, we are adding a question specifically about portfolio company diversity to our survey next year and reestablishing our review of ethnic diversity.

At the community level, Makena has a long history of partnering with local organizations that provide training and educational opportunities to underrepresented communities. Each year

1 Preqin, "Preqin Impact Report: Women in Alternative Assets", February 2020.

Makena hires an intern from ICA Cristo Rey, a Dominican Catholic college preparatory school that empowers girls from underserved communities in San Francisco, to work with and learn from our Client Strategy Group. Beyond this, in 2016, Makena began working closely with Management Leadership for Tomorrow ("MLT") through their Career Prep Programs and recruiting initiatives to bring more diversity into our own office.

New Initiatives in 2020

In an effort to better understand, confront, and address systemic racism, Makena established a Diversity and Inclusion Committee in June 2020. The committee seeks to explore ways in which Makena can foster an inclusive workplace and contribute to racial equality. The committee is led by our co-Managing Partners and is composed of ten members representing four ethnic groups, varying levels of seniority, and all functions of the firm. Although we are at the early stages of our D&I journey, our commitment to addressing racial inequality is long-term. ■

About the Authors

Lara Banks, a Managing Director, is responsible for portfolio management and manager selection for Makena's Private Equity and Venture Capital portfolios. Lara earned an M.B.A. from Harvard Business School and a B.A. in Economics and Government from Cornell University where she graduated Magna Cum Laude.

Jonathan Van Gorp, Director, is responsible for portfolio management and partner selection for Makena's Real Assets Portfolio. He is also a member of the firm's Investment Committee. Jonathan earned a B.B.A. in Finance from the University of Georgia.

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