



 NORTH DAKOTA

Growth Fund

Legacy and Budget Stabilization Fund Advisory Board

June 30, 2022

Photo attributed to 2019 North Dakota Governor's Best of Show and Decade's Best
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**50 SOUTH**
CAPITAL

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COMMUNITY SPONSORSHIP

50 South continues to maintain a high level of visibility across the State participating in and sponsoring events focused on entrepreneurship, private markets investing and community development.



50 South Capital internal. Logos are for illustrative purposes only.

In-State investment vehicles must balance the needs of the community with the needs for attractive risk-adjusted investment returns. There is no playbook or one-size-fits-all investment strategy for managing discrete in-state investment programs.



Foster a strong, vibrant ecosystem for high growth companies and entrepreneurs.
Raise the national profile of the state's rich manufacturing, energy, healthcare, technology, agriculture, and business communities.

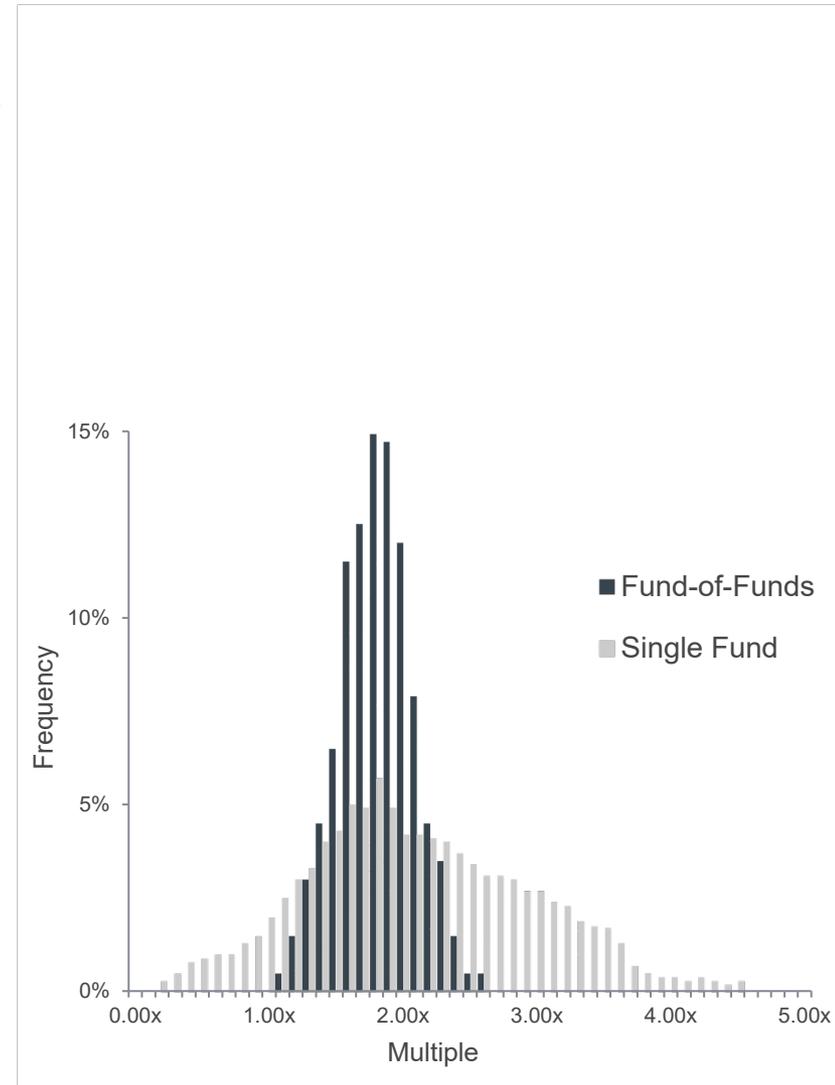
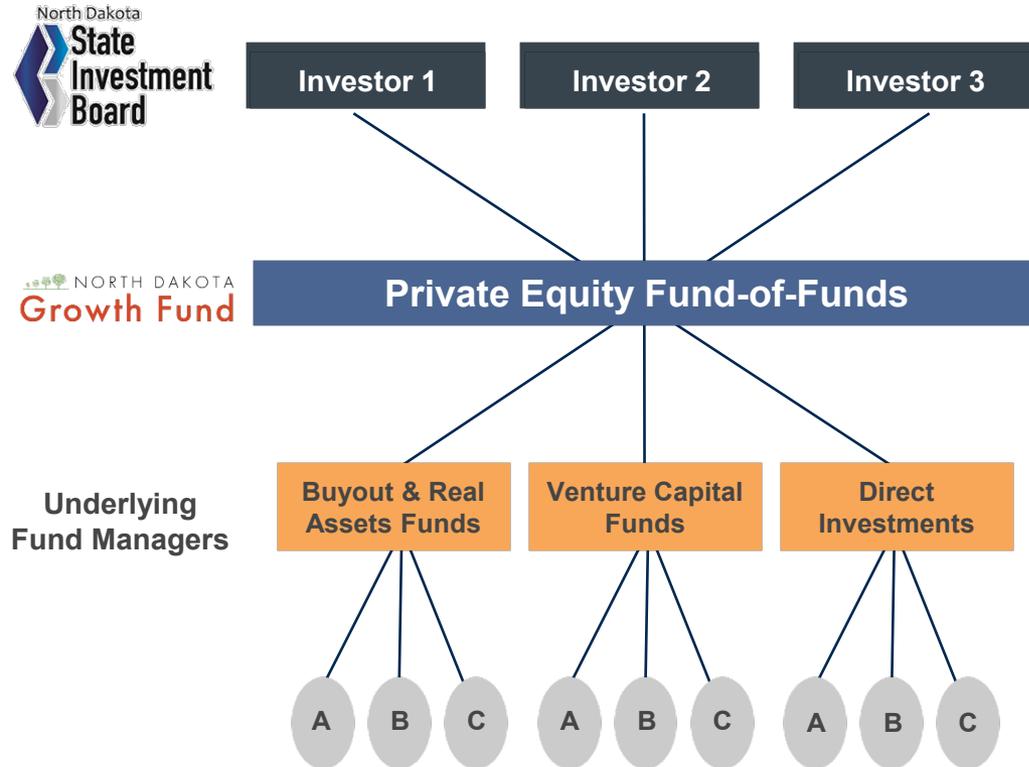


Drive economic activity in the state by making investments in private equity and venture capital firms and companies in order to attract, assist and retain quality businesses.



Deliver competitive investment performance for the state by building a diversified portfolio.

North Dakota Growth Fund Structure



For illustrative purposes only. 50 South Capital estimate.

Investment Strategy:

Diversified portfolio across vintage, industry, geography, strategy, primaries and direct investments

Venture & Growth Capital	Growth Private Equity & Private Credit	Direct Investments
<ul style="list-style-type: none"> Pre-seed to early growth stage Venture debt & accelerators Focus on in-State investments 14 to 16 managers 	<ul style="list-style-type: none"> Lower middle market focus Energy & Infrastructure focus Focus on in-State investments 7 to 10 managers 	<ul style="list-style-type: none"> Early growth stage venture capital LMM control buyout & credit Focus on in-State investments 20-25 co-investments



NDGF Investment Guidelines
<ul style="list-style-type: none"> \$100 million in NDGF committed capital today \$250 million allocated to NDGF over the next 5-years Fund investments cannot exceed \$25 million Direct investments cannot exceed \$10 million

Actual Fund may differ from projected allocation based on available investment opportunities. Ranges are approximate only. For illustrative purposes only.

What's in the Investment Policy Statement?

Investment Objectives

Investment Parameters

Roles & Responsibilities

Investment Discretion

Reporting Requirements

Definitions



NORTH DAKOTA Growth Fund

NORTH DAKOTA GROWTH FUND INVESTMENT POLICY

1.0 PURPOSE

This document sets forth the investment policy ("Policy") for the 1889 Growth Fund, L.P. ("1889" or "North Dakota Growth Fund" or "NDGF"). This Policy shall apply to all monies in the NDGF that have been called and/or committed by the Investment Advisor (as defined herein).

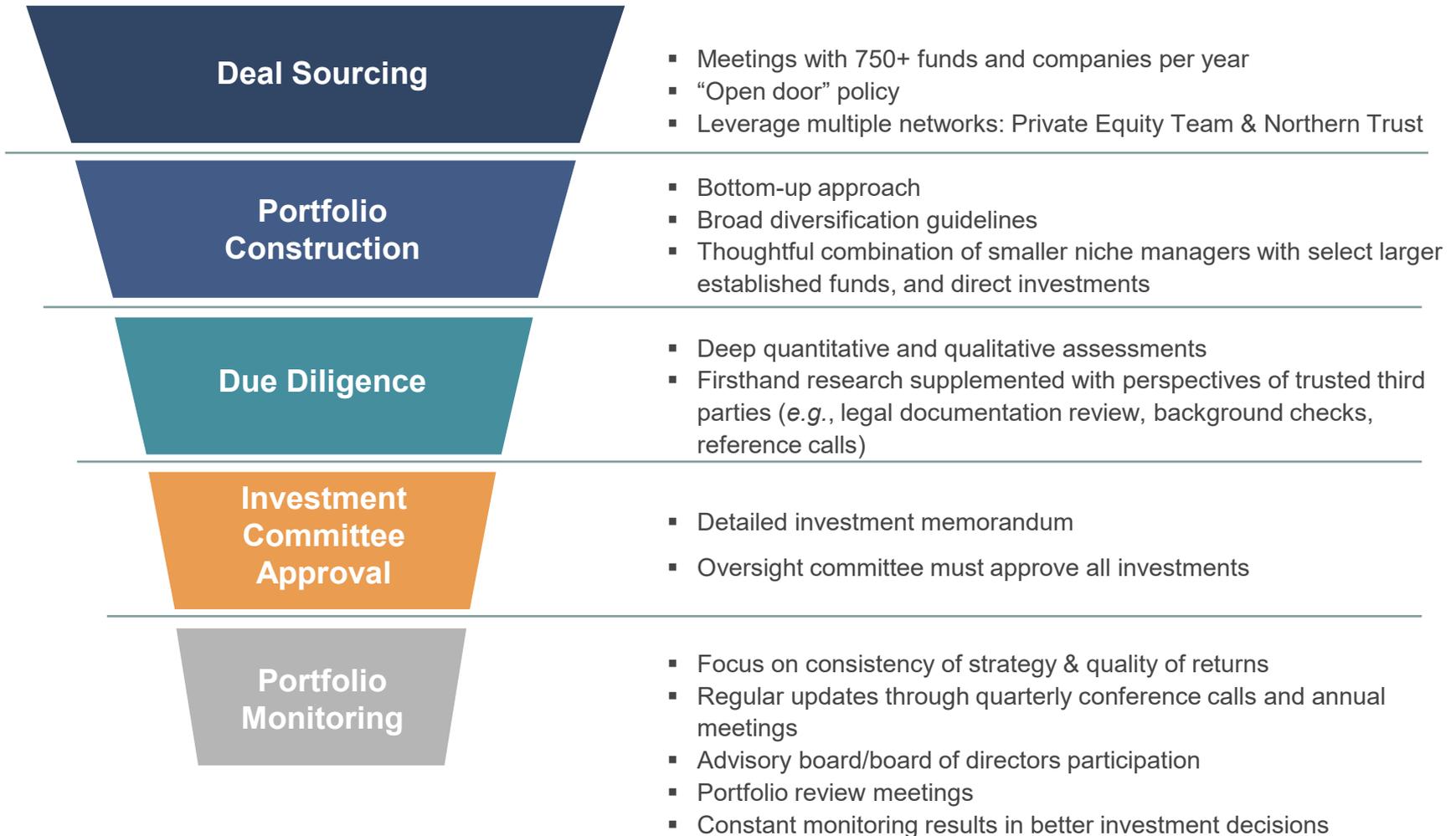
The purpose of the Policy is to ensure that the North Dakota State Investment Board ("SIB"), the Investment Advisor, as well as any contractors SIB or Investment Advisor retains to provide services related to NDGF, take prudent, measured, effective actions while supporting NDGF. Specifically, this Policy addresses the following key areas:

- a) The investment objectives and underlying investment strategy of NDGF;
- b) General parameters for the investment of assets in NDGF;
- c) The roles and responsibilities of the Investment Advisor and any contractors retained to provide services related to NDGF; and
- d) The processes for the performance evaluation of contractors who provide investment, administrative, advisory, and/or reporting services on behalf of SIB for NDGF.

This Policy is designed to allow for sufficient flexibility in the management oversight process to take advantage of investment opportunities as they arise, while setting forth reasonable parameters to ensure prudence and care in the execution of NDGF.

SIB establishes and executes this Policy in accordance with applicable local, State and federal laws.

www.ND GrowthFund.com



Note that all steps of the analysis may not be taken for each fund investment. The analysis completed may occur at different points in the process than stated above. For illustrative purposes only.

Preliminary Due Diligence

Initial Introduction Made Via:

- 50SC calling program
- Private equity team or Northern Trust network

Introductory Meeting:

- In person/virtual at 50SC office or fund headquarters
- Focus on the team, strategy, and track record

Fund Presented in Weekly Team Meeting:

- Decision made to pass, track, or pursue

Initial Fund Analysis:

- Create key statistics spreadsheet (analysis of cash flows, returns, deal sources, loss ratio, etc.)
- Deeper review of private placement memorandum

Active Due Diligence

On-Site Due Diligence:

- Day-long meeting reviewing all portfolio reviews, prior funds, broader team, and in-depth discussion of strategy
- Multiple meetings are typical, based on multi-city office setup

Team Follow-Up Discussion:

- Discuss manager merits, risks, and fit within the portfolio
- Preparation of detailed follow-up questions

Reference Calls:

- On and off list references made with portfolio company CEOs, LPs, former team, lenders, and other

Follow-Up Discussion with Fund:

- Majority of questions and concerns typically addressed
- Additional in-person meetings for other team members if needed

Confirmatory Due Diligence and Underwriting

Legal Review :

- All concerns addressed
- Side letter and LPA terms negotiated
- Performed with assistance from outside counsel

Investment Memorandum Prepared:

- Contains multiple sections detailing investment rationale, risks/mitigants, fund overview, investment strategy, historical performance, return distribution, and team retention

Background Checks Completed On Key Partners:

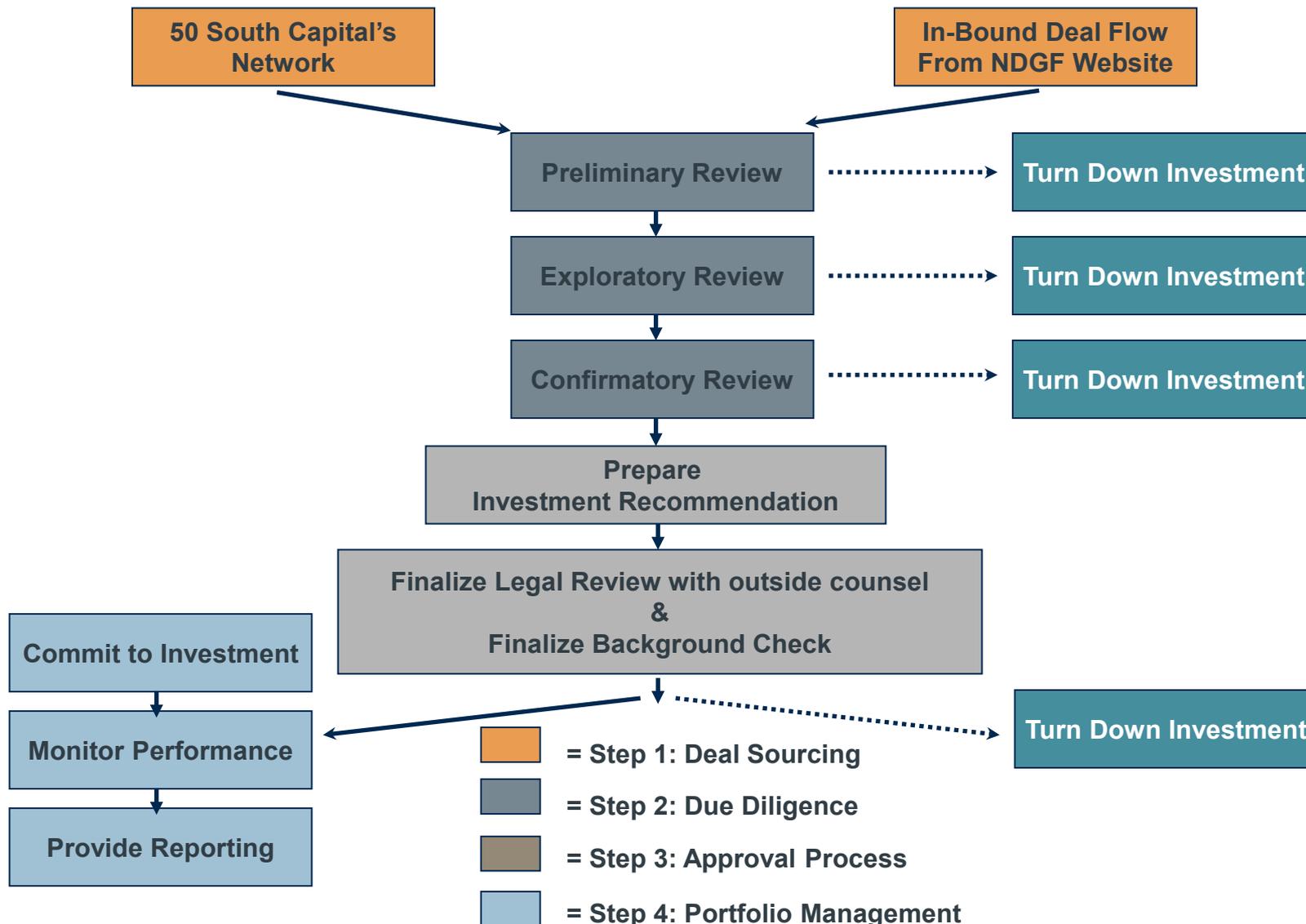
- Investment contingent on no concerns

Presentation To Investment Committee:

- Unanimous approval required

Note that all steps of the analysis may not be taken for each investment. The analysis completed may occur at different points in the process than stated above.

50 SOUTH CAPITAL INVESTMENT PROCESS

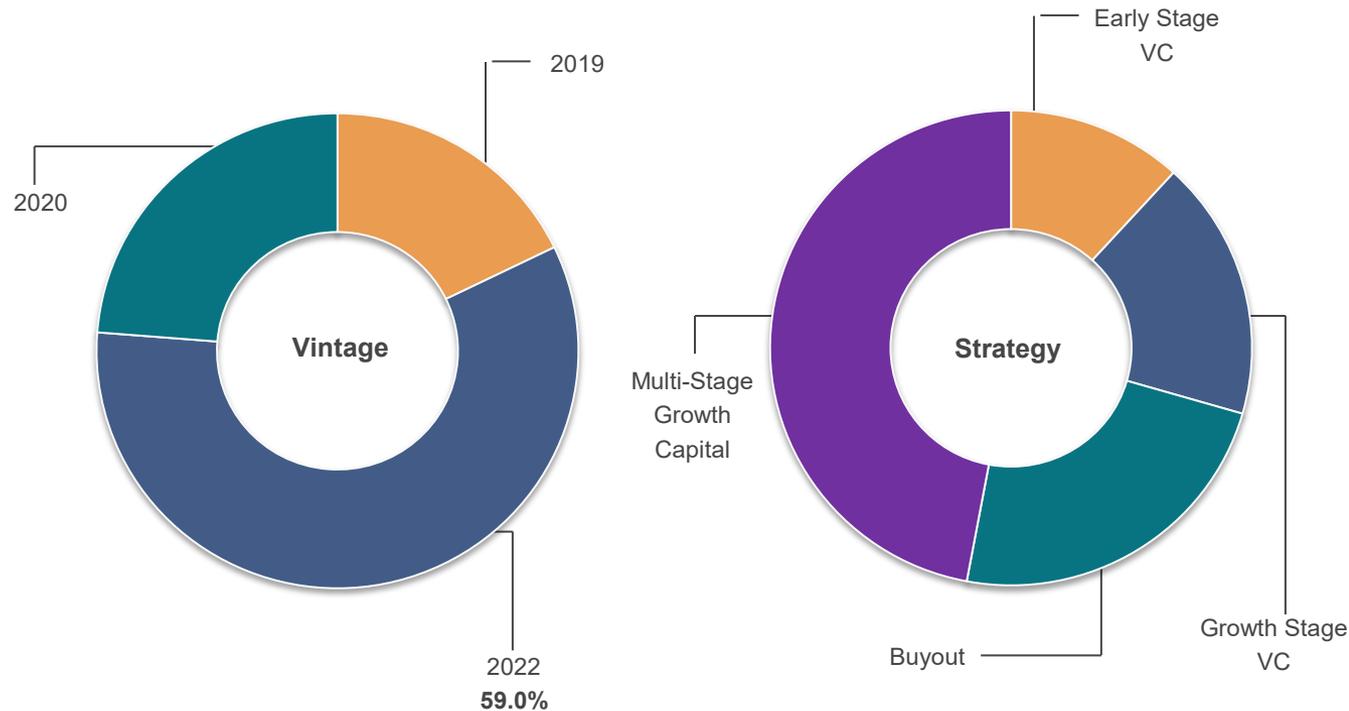


For illustrative purposes only.

INVESTMENT SCHEDULE

NDGF is building a diversified portfolio across vintage, sector and strategy that is unified by a commitment to invest in North Dakota entrepreneurs.

North Dakota Growth Fund <i>(as of June 30, 2022)</i>	
\$100 million in committed capital	
5 fund commitments	
\$62.5 million in commitments	
62.5% committed	
88.0% invested in ND managers	
5.3% called	
1 North Dakota companies	
\$5 million invested in ND companies	
4 LP Advisory Board seats	



For illustrative purposes only. NDGF underlying investment activity as of 12.31.21. Investments as of 6.30.22.

Funds discussed herein not insured by the Federal Deposit Insurance Corporation or any governmental agency and are not deposits or obligations of, or guaranteed or endorsed in any way by, 50 South Capital Advisors, LLC or its affiliates.

INVESTMENT SCHEDULE

Closed Commitments			
Investment	Location	Strategy	Vintage
Lewis & Clark AgriFood II	St. Louis, MO	Later stage venture capital	2019
LongWater Opportunities III	Fargo, ND & Dallas, TX	Lower middle market private equity	2020
Homegrown Capital I	Fargo, ND & Brookings, SD	Early stage venture capital	2022
gener8tor 1889 Fund I	Fargo, ND & Grand Forks, ND	Early stage startup accelerator	2022



For illustrative purposes only. Investment schedule as of 6.30.22.

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Certain information contained herein represents or is based on forward-looking statements or information, including descriptions of anticipated market changes and expectations of future activity. Forward-looking statements and information are inherently uncertain and actual events or results may differ from those projected.

Comparative indices shown are provided as an indication of the performance of a particular segment of the capital markets and/or alternative strategies in general. Comparisons to indices are for illustrative purposes only and are not meant to imply that any Fund’s returns or volatility will be similar to the indices. Each Fund is compared to the indices because they are widely used performance benchmarks. It is generally not possible to invest directly in an index. Each Fund will not directly track any index and the Fund will differ from indices in important ways. Each Fund is actively managed and its portfolio will not include all components of any index and may include securities not included, and not eligible for inclusion, in any index. The performance of the Fund may differ materially from that of any index. An index is unmanaged and the returns generally do not reflect the deduction of fees or expenses. Each index herein is comprised of different securities and asset classes.

Index Information: The S&P 500 Index is comprised of 500 publicly traded stocks representing all major U.S. industries. The MSCI World Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed markets.

RISKS AND DISCLOSURES



A SUBSIDIARY OF NORTHERN TRUST CORPORATION

Each Fund invests in illiquid investments and is itself illiquid and is not suitable for all investors. There is currently no secondary market for interests and transferability may be limited or even prohibited. Alternative investment funds may involve complex tax structures and delays in distributing tax information required for tax filings.

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