



Trends That Matter To Your Business

Presenter:

Mark Goldberg

Chief Executive Officer

Griffin Capital Securities, LLC

FOR FINANCIAL ADVISOR USE ONLY. NOT FOR INVESTOR USE.

THIS IS NEITHER AN OFFER NOR A SOLICITATION OF AN OFFER TO BUY SECURITIES. AN OFFERING IS MADE ONLY BY AN OFFERING MEMORANDUM. AN INVESTMENT IN SHARES OF ANY GRIFFIN CAPITAL COMPANY SPONSORED REAL ESTATE INVESTMENT TRUST IS SUBJECT TO RISKS. ANY PROSPECTIVE INVESTOR IN SUCH PRODUCT SHOULD READ A PROSPECTUS AND UNDERSTAND THE RISKS INVOLVED WITH A PURCHASE OF SHARES. A MORE DETAILED DESCRIPTION OF THE RISKS ASSOCIATED WITH THIS INVESTMENT ARE INCLUDED IN EACH PROSPECTUS.

FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

Trends

- What will your business look like 5 or 10 years from now?
- What external forces will impact your business - and what is just noise?
- How do you go about identifying trends?

Long term shifts form short term consternation.

They also open opportunities for those who identify them and act on them.



40 Years in the Financial Services Industry

FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

Who Is This?



FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

40 Years in the Financial Services Industry



IRAs Introduced

Bogle's Folly
Vanguard Index Fund



First ETF

Roth IRA introduced



1974 1975 1976 1977 1978 1979 1980 1981 1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013 2014

ERISA Law Enacted



Economic
Recovery Act



Morgan Stanley sponsored 1st
ETF containing non-US
securities World Equity
Benchmark (WEBS)

Average Employee
Tenure < 5 yrs.



FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

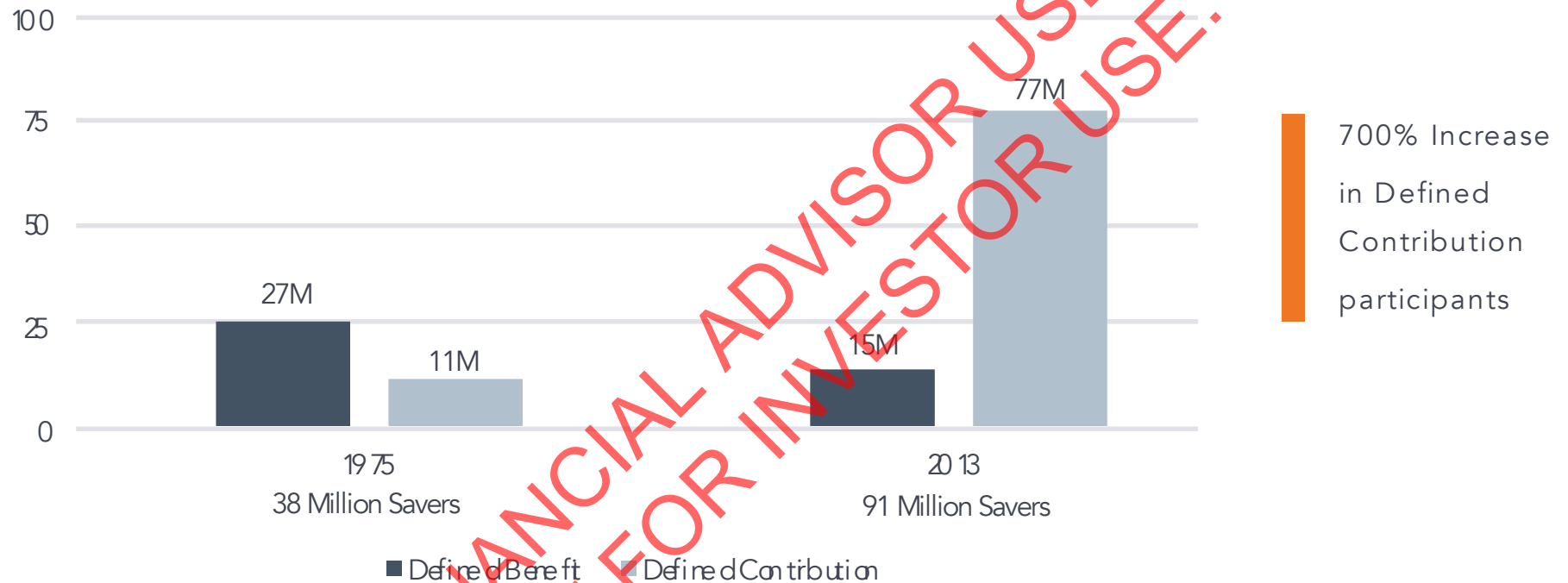
What Has Happened in the Last 40 Years

- ERISA is outdated and doesn't reflect how Americans are now holding their retirement assets
- There is a divergence of standards & protections between retirement plans and IRAs
- Department of Labor lost control of their central mandate



FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

Retirement Savings – Changes in the Way People Save



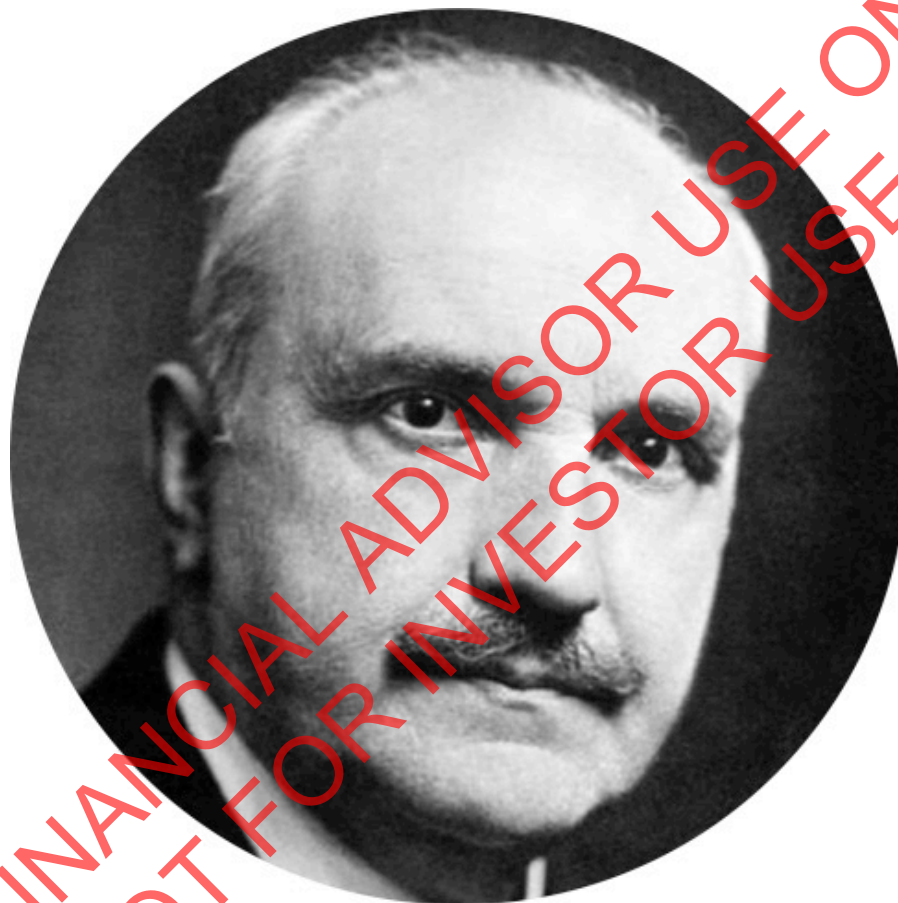
Department of Labor.



FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

*Those who fail
to learn from
history are
doomed to
repeat it.*

GEORGE SANTAYANA



FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

Who Is This?



What is the PBGC?



FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

Pension Benefit Guaranty Corporation (PBGC)

- PBGC is a federal agency created by the Employee Retirement Income Security Act of 1974 (ERISA) to protect pension benefits in private-sector defined benefit plans – the type of plans that typically pay a set monthly amount at retirement
- If the plan is terminated without sufficient money to pay all benefits, PBGC's insurance program will pay the benefits provided pensions plan up to the limits set by law
- Most people receive the full benefit they had earned before the plan terminated
- Financing comes from insurance premiums paid by companies whose plans are protected, investments, from the assets of pension plans that PBGC takes over as trustee, and from recoveries from the companies formerly responsible for the plans
- Benefits are not to come from taxes
- Employees plans are insured even if the employer fails to pay the required premiums

Source: www.pbdc.gov



FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

Pension Benefit Guaranty Corporation (PBGC)

Summary of Financial Position – dollars in millions

	2017	2016	2015
Cash and investments	\$2,080	\$2,037	\$1,768
Total assets	\$2,262	\$2,204	\$1,924
Nonrecoverable future financial assistance, present value	\$67,283	\$61,009	\$54,186
Net position	(\$65,052)	(\$58,833)	(\$52,284)

Source: Pension Benefit Guaranty Corporation Annual Report November 2017



FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

Central States Pension Fund

Funded Percentage

	2017	2016	2015
Funded Percentage	36.6%	42.1%	47.9%
Value of Assets	\$15.0B	\$16.4B	\$16.8B
Value of Liabilities	\$41.0B	\$39.0B	\$35.1B
Actuarial Deficit	(\$26.0B)	(\$22.6B)	(\$18.3B)

What is Koppa?

Source: Central States Pension Fund Financial Report 2017



FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.



Trends That Matter to Your Business

FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

GRIFFIN CAPITAL

Trend That Matters #1

1 **Disintermediation: assets move towards individual control**

- The SEC, the Department of Labor, political parties, institutional managers are all responding to the same dynamic trend of disintermediation – individuals now have control of their own assets.
- 5 years from now, retirement savings (DC vs DB) will re-emerge as one of the most talked about topic in American Politics & Media
- This movement of assets is an opportunity that can drive the exponential growth of your business

Trend That Matters #2

1 Disintermediation:
assets move towards
individual control

2 **Demographics
are in your
favor**

- As of the end of the 2nd quarter 2017 the total value of household was **\$96.2 trillion**
- Boomers control an estimated 80% of US aggregate net wealth (approx. **\$77 trillion**)
- About 10,000 people are retiring per day
- \$400 billion to rollover from 401(k) plans in the next 12 months
- Over the next 15 years, nearly \$24 trillion (after taxes and charitable giving) will be transferred in bequests reflecting spousal, inter- and intra-generational wealth transfers. Or **\$1.6 trillion** a year

Source: Money Management Institute, Dover Financial Research, Deloitte Insights, The Fed, Department of Labor



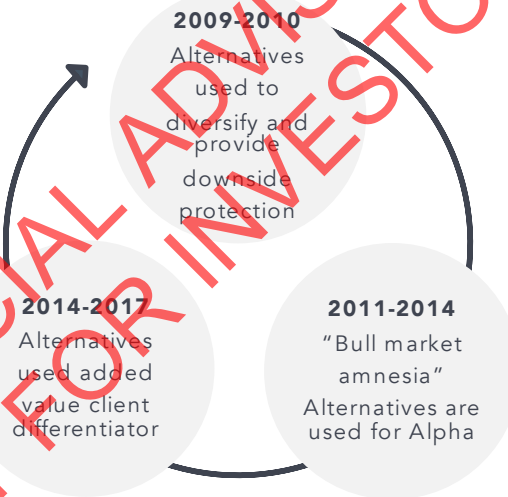
FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

Trend That Matters #3

1 Disintermediation:
assets move towards
individual control

2 Demographics
are in your
favor

3 **Financial
advisors use of
alternatives**



Trend That Matters #4 – Another Reason for Increased Correlation

1 Disintermediation:
assets move towards
individual control

2 Demographics
are in your
favor

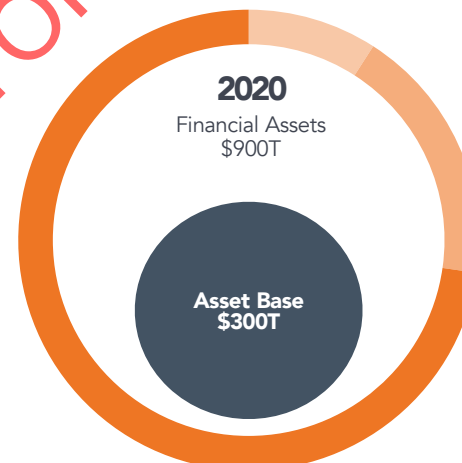
3 Financial
advisors use of
alternatives

4 **Impact of
capital
abundance**



Annual Global GDP
63T

$\Delta + 27 = \text{Annual GDP}$



Projected Annual Global GDP
90T

Sources: Bain Capital
"A world Awash in Capital and
McKinsey" Financial Globalization:
Retreat or Reset?



FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

Correlations are Increasing Across All Asset Classes

Correlations of US Equities (S&P 500) with other Asset Classes



Sources: IMF: Large Capital Flows: Causes, Consequences and Policy Response, September 1999; IMF: Global Financial Stability Report, April 2015; Manulife: Changing Correlations, capitalizing on opportunities in challenging markets, November 2017; Bloomberg prepared by Griffin Capital Asset Management Company (GAMCO)

*GBI-EM Broad data is from 1988–2007 and 2010–2015

Abbreviations: MSCI EM: MSCI Emerging Markets Equity Index; US Treasuries: 7-10 year US Treasury Index; EMBI Global: JPMorgan Emerging Markets Bond Index Global; GBI-EM broad local currency: JPMorgan Government Bond Index-Emerging Markets in local currency; US HY: US High Yield Index; Commodities-Credit Suisse Commodity Index.



FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

Correlations with the S&P 500 Sectors



Source: Texas Christian University – “Global Rise in Cross-Asset Correlations”
Economic sectors: S&P 500 economic sector indices with the broader S&P 500 Index. The S&P 500 sector indices tested included: Information Technology, Financials, Health Care, Industrials, Consumer Discretionary, Consumer Staples, Energy, Telecom, Utilities, and Materials. The S&P 500’s newest sector, REITS, was not included, given there was no data from 1990-2000



**FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.**

Trend That Matters #5

- 1** Disintermediation:
assets move towards
individual control
- 2** Demographics
are in your
favor
- 3** Financial
advisors use of
alternatives
- 4** Impact of
capital
abundance
- 5** **Where is
the smart
money?**

Year Over Year Change in Asset Allocations (billions)

Manager Type	Private Equity	Real Estate	Direct Infrastructure	Illiquid Credit	Nat Resources / Commodities / Other	Increase / Decrease
Top 25 Sovereign Wealth Funds	18%	31%	9%	4%	38%	3%
Top 25 Fund of Funds	45%	6%	3%	2%	43%	8%
Top 100 Pension Funds	25%	41%	8%	8%	18%	9%
Top 100 Total Assets	29%	35%	4%	9%	23%	10%
Top 25 Insurance Company	6%	51%	7%	35%	1%	32%
Top 25 Wealth Manager Assets	7%	54%	6%	3%	29%	-5%

Figures for some of these managers were obtained from publicly available sources and using data derived from the Global Billion Dollar Club, published by HedgeFund Intelligence
 Source: Willis Towers Watson – “Global Alternatives Survey 2017,” July 2017



**FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.**

FOR FINANCIAL ADVISOR USE ONLY. NOT FOR INVESTOR USE.



Takeaways

FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

Key Takeaways

- Department of Labor, political parties, institutional managers are all responding to the same dynamic trend of disintermediation. This will drive the growth of your business exponentially.
- “Money in Motion” over the next two decades - especially in retirement assets - and generational wealth transfer puts you in the driver’s seat.
- Capital super abundance will cause financial assets to outpace the real economy and will contribute to increased correlations between asset classes.
- Alternative investments, especially real assets such as real estate and illiquid credit, are essential in building modern diversified portfolios.
- Smart money has been increasing allocations to real estate and illiquid credit.



FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

Sources, Interesting Articles & White Papers

Adrian Blundell-Wignall & Caroline Roulet - *"Infrastructure versus other investments in the global economy and stagnation hypotheses: What do company data tell us?,"* 2015

Bain Capital – *"A World Awash with Money,"* November 2012

Brookfield – *"Real Assets, real diversification,"* March 2017

IMF – *"Global Financial Stability Report,"* April 2015

IMF – *"Securitization: Lessons Learned and the Road Ahead,"* December 2013

Manulife – *"Changing correlations: Capitalising on opportunities in challenging markets,"* November 2017

McKinsey Global Institute – *"Diminishing Returns: Why Investors May Need to Lower their Returns"* May 2016; *"Financial globalization: Retreat or reset?"* March 2013 ; *"\$118 Trillion and Counting: Taking Stock of the World's Capital Markets,"* May 2010"

Willis Towers Watson – *"Global Alternatives Survey 2017,"* July 2017



FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.



18191 Von Karman Ave
Suite 300
Irvine, CA 92612

949.270.9200
www.griffincapital.com

THIS IS NEITHER AN OFFER TO SELL NOR A SOLICITATION OF AN OFFER TO BUY SECURITIES. AN OFFERING IS MADE ONLY BY A PROSPECTUS. THIS MATERIAL MUST BE READ IN CONJUNCTION WITH THE RESPECTIVE PROSPECTUS IN ORDER TO UNDERSTAND FULLY ALL OF THE IMPLICATIONS AND RISKS OF THE OFFERING TO WHICH IT RELATES. THIS MATERIAL MUST BE PRECEDED OR ACCOMPANIED BY A PROSPECTUS. AN INVESTMENT IN ANY PRODUCTS OFFERED BY GRIFFIN CAPITAL SECURITIES INVOLVES A HIGH DEGREE OF RISK AND THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVES OF THE RESPECTIVE PROGRAM WILL BE ATTAINED. NEITHER THE SECURITIES AND EXCHANGE COMMISSION, THE ATTORNEY GENERAL OF THE STATE OF NEW YORK NOR ANY OTHER STATE SECURITIES REGULATOR HAS APPROVED OR DISAPPROVED OF ANY SECURITIES, PASSED ON OR ENDORSED THE MERITS OF ANY PRODUCTS OFFERED BY GRIFFIN CAPITAL SECURITIES OR DETERMINED IF ANY PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

Griffin Capital Securities, LLC, Member FINRA/SIPC, is the dealer manager for non-traded REITs sponsored by Griffin Capital Company, LLC and the exclusive wholesale marketing agent for the Company's interval funds.

BD-GCS998(062518)

GCS-BD4437(0618)

FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.

FOR FINANCIAL ADVISOR USE ONLY.
NOT FOR INVESTOR USE.