

**BOARD OF REGENTS and its
INVESTMENT COMMITTEE
NEVADA SYSTEM OF HIGHER EDUCATION**

Videoconference/Teleconference
Thursday, March 25, 2021

Members Present

Regents' Committee

Dr. Patrick R. CarterChair

Dr. Lois Tarkanian

Other Regents Present

Mrs. Carol Del Carlo, Board Vice Chair

Mr. Patrick J. Boylan

Mr. Donald Sylvantee McMichael Sr.

Members Present

Advisory Members

Mr. Russell Campbell, Your Second Opinion, LLC.

Mr. Randy Garcia, UNLV Foundation

Mr. Dean Byrne, UNR Foundation

Others Present:

Mr. Andrew Clinger, Chief Financial Officer

Ms. Keri D. Nikolajewski Interim Chief of Staff to the Board

Mr. Joe Reynolds, Chief General Counsel

2. Approved Minutes– The Committee recommended approval of the minutes from the December, 2020, meeting (Ref. INV-2 on file in the Board Office).

Vice Chair Geddes moved approval of the minutes from the December 1, 2020, meeting. Regent Perkins seconded. Motion carried.

3. Information Only Investment Committee Orientation and Duties Chief Financial Officer Andrew Clinger provided the Committee with relevant background material and an overview of the duties of the Nevada System of Higher Education in relation to governance and oversight of its investment activities (Ref. INV-3 on file in the Board Office).

The presentation included: Investment Committee Orientation: mission statement, Committee membership, Committee charter and the NSHE Finance and Administration Charter; NSHE Operating Fund; OCIO Operating Fund Report for September 29, 2020; Endowment Book and Market Values Report as of November 30, 2020; Endowment Comparative Report as of June 30, 2020; Endowment Report for September 29, 2020; Investment Committee meeting agendas and minutes from the previous two meetings; and articles on recent issues (Outsourcing OCI services, ESG, Socially Responsible Investing, etc.).

At the request of Chair Carter, Mr. Clinger provided an overview of the Endowment and Operating Pools

4. Information Only Endowment Pool Performance – Russell Investments – Mr. Matt Beardsley from Russell Investments presented a report on asset allocation and investment returns for the Pooled Endowment Fund as of February 28, 2021 (Ref. INV-4 on file in the Board Office).

Chair Carter asked for more information regarding the custom benchmark. Mr. Beardsley answered that the custom benchmark is related to the passive exposures in the portfolio. The footnotes in the report contain a series of percentage weights and actual, and very well known public market benchmarks. The main asset core products are 75 percent equities and Russell Investments is utilizing the 75 percent to the MSCI CWI Index, 5 percent to commodities and 5 percent to real estate. It is a benchmark that keeps within the designed investment strategy. There is a secondary benchmark that NSHE uses that is on a bit of a higher level.

In response to questions from Mr. Russell Campbell, Your Second Opinion, LLC., Mr. Beardsley said Russell Investments does not normally monitor the capitalization exposure in the portfolio. Small capitalization profiles typically are a fallout of the stocks that investors are finding attractive at any one time. Historically, active management has been focused on mid and small cap stocks, not on large cap stocks. Regarding flexibility within the main asset core fund, the benchmark is 75 percent Global Equities. Of that, the Russell Investments team has 10 percent latitude to either be as much as 85 percent equities or 65 percent.

4. Information Only Endowment Pool Performance Russell Investments –
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In the grand portfolio scheme, it is not a tremendous amount given that the allocation in place for the multi-asset core fund is around 75-percent. Five percent swings in equity could potentially be done.

5. Information Only Endowment Pool Performance Cambridge Associates Staff from Cambridge Associates presented a report on asset allocation and investment returns for the Pooled Endowment Fund as of February 28, 2021 (NV-5 on file in the Board Office).

Ms. Wendy Walker, Cambridge Associates, provided an overview of the NSHE and Cambridge Associates' partnership over the years.

Mr. Ijeh Ogbechie Cambridge Associates provided a summary of the Endowment Pool Performance results as of February 28, 2021.

Ms. Walker provided information on the racial equity investment portion of the portfolio.

Mr. Campbell introduced himself to the new Committee members (3 (-2 (he-2 (ur)3 (Tc 0.00 portfolioentt)im (tt2 (t)-2 (y (t0 2no0.0047

5. Information Only Endowment Pool Performance Cambridge Associates
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time. Ms. Walker said in any active strategy, there would be a reluctance to comprise 50 percent of assets under management. Given the index replication and the fact that all investors in and out of this fund will pay their own trading fees, not much of a risk is seen as what may be in an active strategy. Cambridge Associates always attempts to be mindful of when other investors might want to exit a fund and perhaps put the investment at risk. For this, which is simply tracking a mainstream index, Cambridge Associates does not view it as a concern.

Vice Chair Geddes thought the fee of 17.5 is very reasonable to show where the priorities are, where investments are. He said that the fee is reasonable because the fund is not actively managed and the fee is very low. He also mentioned that the fee is reasonable because the fund is not actively managed and the fee is very low. He also mentioned that the fee is reasonable because the fund is not actively managed and the fee is very low.

