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Endowment OCIO Update … Executive Summary

A. Performance:

- In the 2-year OCIO track record from April 1, 2017 (start of formal track record) through March 31, 2019 (lagged to include most recent Private Investment results), NSHE Endowment has returned 6.8% annualized, 20 basis points above the Policy Benchmark and 50 basis points above peers (top 33% of a peer group of 120 endowments with $100-$300 million in assets).
  - C|A Managed Assets returned 6.1% net of C|A fees over this 2-year track record, 0.5% behind the benchmark with 0.5% lowe volatility, resulting roughly similar risk-adjusted returns. This ranks in the third quartile (53rd percentile) of the peer group.
  - The Legacy Assets return of 14.6% has been highly beneficial to the Endowment on both an absolute and relative basis (outperform its benchmark by 870 basis points).
- For the fiscal year ended June 30, 2019, the NSHE Endowment returned *preliminary* +4.8%, outperforming the Policy Benchmark by 20 bps. (Private Investments are as of 3/31/2019, due to the manager reporting lag.) The breakdown sleeve is as follows:
  - +5.0% - Cambridge Associates *(outperforming benchmark by 10 bps)*
  - +3.1% - Russell Investments *(lagging benchmark by 300 bps)*
  - +8.9% - Legacy Assets *(outperforming benchmark by 1040 bps)*
- For the calendar year through August 31, 2019, the NSHE Endowment returned *preliminary* +8.7%. (Private Investments are as of 3/31/2019, due to the manager reporting lag.) This brings the NSHE Endowment *preliminary* return to 5.0% annualized since inception of the OCIO track record, underperforming the Policy Benchmark by 110 bps. The breakdown by sleeve is as follows:
  - +5.5% - Cambridge Associates *(lagging benchmark by 60 bps)*
  - +4.3% - Russell Investments *(lagging benchmark by 220 bps)*
  - +12.0% - Legacy Assets *(outperforming benchmark by 710 bps)*
- Per the Endowment•s Investment Policy Statement, it is important to monitor returns on an ongoing basis and ***evaluate*** portfolio returns and risk over time periods that are suitably long for the long-term investment strategy of this perpetual pool. Over the trailing 10 years, the NSHE Endowment has delivered risk-adjusted returns ahead of the Policy Benchmark and similarly sized peers.

[redacted] [redacted]2019

[redacted]

[redacted]For

3. [redacted]

[redacted]

5. From 12/01/16 to present the benchmark consists of the lagged 0-2 beta-[redacted]

6. Benchmark since 06/29/18. The..

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