

# Quarterly Investment Review

Nevada System of Higher Education

THIRD QUARTER 2017

# Quarterly Investment Review

## Nevada System of Higher Education

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# Agenda

- › Economic and Financial Markets Review
- › Russell Investments Update and Events
- › Account Performance Summary
- › Transition Update
- › Appendix
  - › Russell Investments Fund Review
  - › Account Performance Detail
  - › Directed Hedge Funds Detail

# Economic and Financial Markets Review

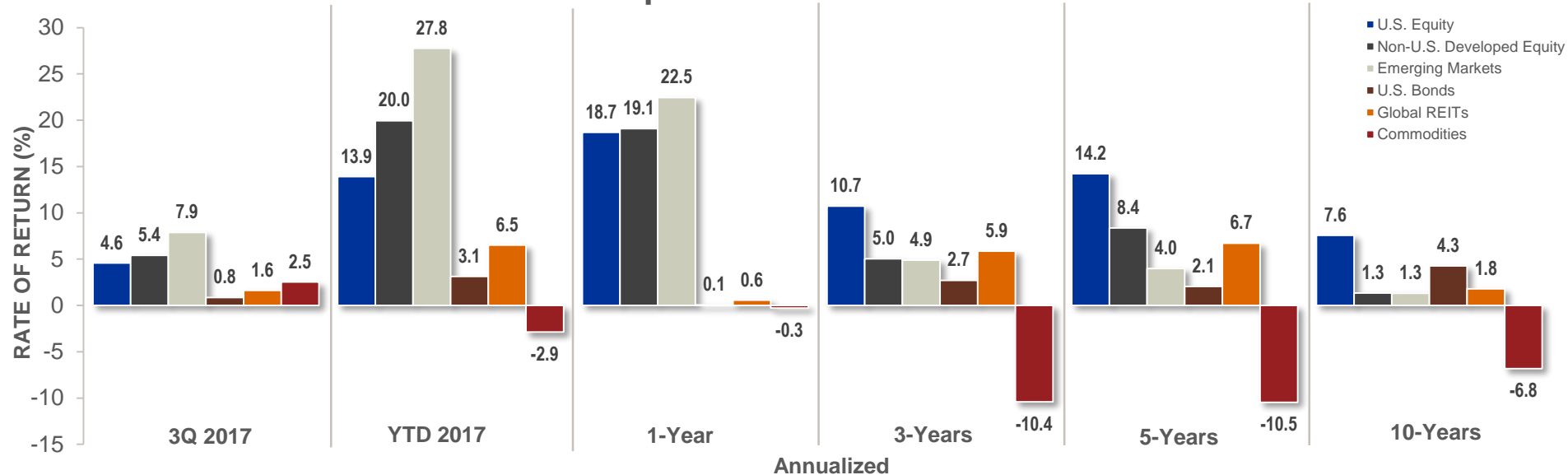


Third Quarter 2017

# Capital markets

## Periods ending September 2017

### Capital Market Returns



**U.S. equity:** (Russell 3000® Index) U.S. stock index which includes the 3,000 largest U.S. stocks as measured by market capitalization

**Non-U.S. developed equity:** (MSCI EAFE Index) International market index that includes Western Europe, Japan, Australia and Canada

**Emerging markets:** (MSCI Emerging Markets Index) Emerging markets index that includes S. Korea, Brazil, Russia, India and China

**U.S. bonds:** (Bloomberg Barclays U.S. Aggregate Bond Index) Broad index for U.S. Fixed Income market

**Global REITs:** (FTSE EPRA/NAREIT Developed Index) Index for global publicly traded real estate securities

**Commodities:** (Bloomberg Commodity Index Total Return) Broad index of common commodities

#### CAPITAL MARKETS SEPTEMBER 30, 2017:

- › **U.S. equity** up on strong earnings and higher than expected GDP
- › **Developed non-U.S.** stock markets continued upward march in 3Q on anticipated strong earnings growth potential and solid economic data
- › **Emerging markets** up on improving economic growth
- › **U.S. bonds** up on continued supportive corporate fundamentals and positive economic data
- › **Global real estate** up across all regions except the Middle East/Africa
- › **Commodities** up with double digit gains in the energy sector, with the exception of natural gas which was down -4.1%

Source: Russell, Barclays, Bloomberg, MSCI and FTSE NAREIT.

Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

# Asset classes – what worked and what didn't

## Third quarter 2017

### What worked

### What didn't work



### WHAT WORKED

- › All asset classes up in 3Q with **emerging markets and global equities** providing solid gains on strong economic data and improved earnings
- › **U.S. small cap** up with momentum winning; top sectors were producer durables and health care

### WHAT DIDN'T WORK

- › **U.S. Bonds and cash**, up slightly, were “worst” performing sectors for 3Q; 10- and 30-year Treasuries effectively flat

U.S. Small Cap: Russell 2000® Index; U.S. Large Cap: Russell 1000® Index; Global: MSCI World Net Index; Non-U.S.: MSCI EAFE Net index; Infrastructure: S&P Global Infrastructure Index; Global High Yield: Bloomberg Barclays Global High Yield Index; Global REITs: FTSE EPRA/NAREIT Developed Index; Cash: Citigroup 1-3 Month T-Bill Index; EM Equity: MSCI Emerging Markets Index; U.S. Bonds: Bloomberg Barclays U.S. Aggregate Bond Index; EMD: JPM EMBI Plus Bond Index; Commodities: Bloomberg Commodity Index Total Return; Balanced Index: 5% U.S. Small Cap, 15% U.S. Large Cap, 10% Global, 12% Non-U.S., 4% Infrastructure, 5% Global High Yield, 4% Global REITs, 0% Cash, 6% EM Equity, 30% U.S. Bonds, 5% EMD and 4% Commodities.

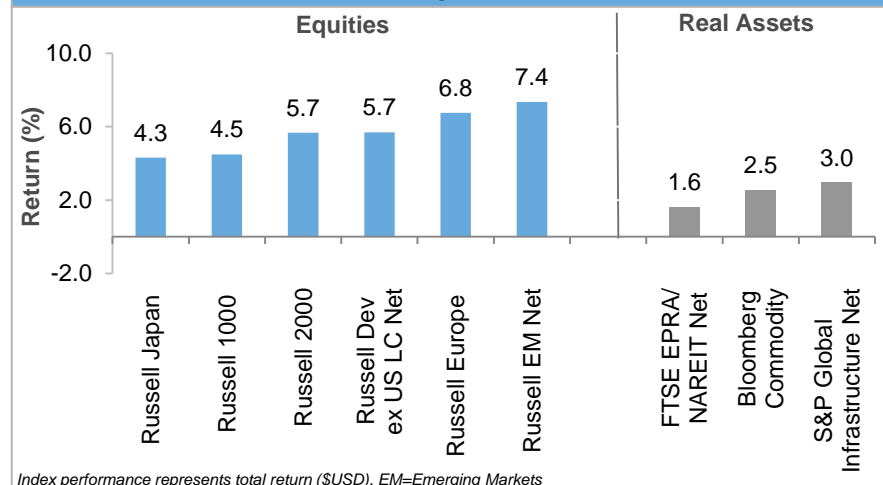
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# Return-seeking asset review

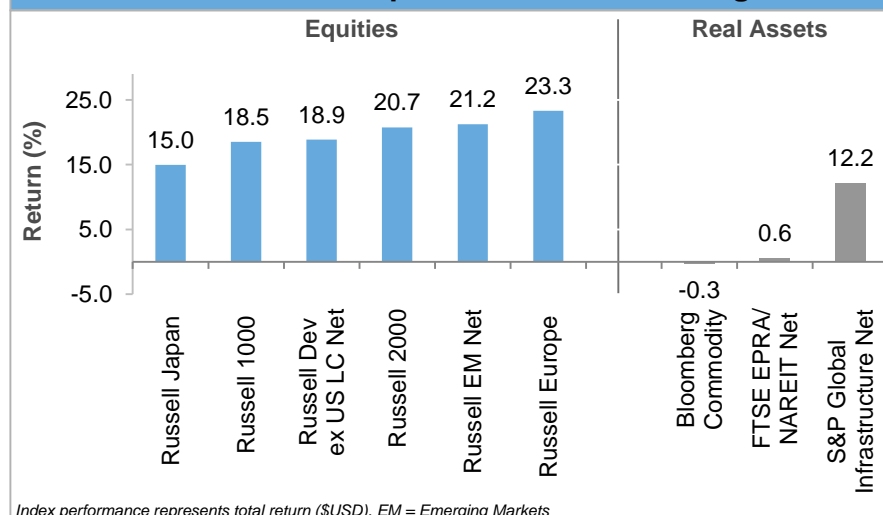
## As of September 30, 2017

- U.S. equities pushed higher as investors continue to wait for progress on both tax and healthcare reform. Economic data generally positive, but mediocre, which was a continuing theme throughout the year.
  - Small cap moderately outperformed large cap stocks in Q3. Defensive stocks marginally underperformed given overall investor risk appetite remaining relatively tolerant.
  - During Q3, energy and technology were clear winners. Solid growth prospects coupled with strong balance sheets made technology a favorite among investors. Regional natural disasters were a slight hamper among positive, albeit volatile, quarter for U.S. energy companies.
  - Unleaded gas, crude oil, and heating oil appreciated 14.8%, 11.2%, and 21.3%, respectively.
- Global markets rose during Q3, with both international developed markets and emerging markets outperforming U.S. equities as valuations abroad remained relatively more attractive.
  - Weakening U.S. Dollar lifted basket of currencies across the globe. Fed's end of quarter rhetoric remained relatively hawkish, which can have significant affects on emerging markets currencies, in particular, as rate increases continued to unfold.
  - Following trend felt throughout 2017, emerging markets experienced strong returns as global growth conditions improved, specifically in both China and Brazil.
- Global Infrastructure and developed real estate both up during Q3, as stable economic growth helped on a global scale. Euro strengthening relative to U.S. Dollar was tailwind specifically for infrastructure investors within EMEA which saw strongest gains.

### Index Performance Snapshot – Third Quarter 2017



### Index Performance Snapshot – One Year ending 9/30/17



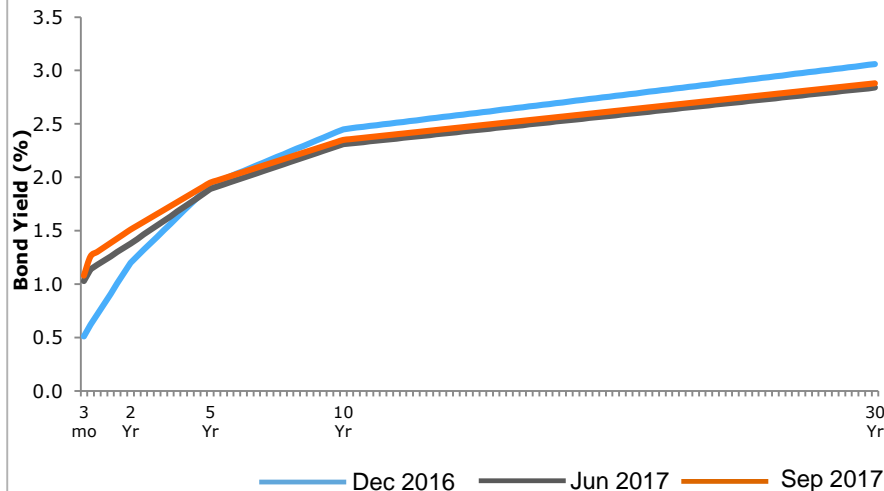
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# Fixed income asset review

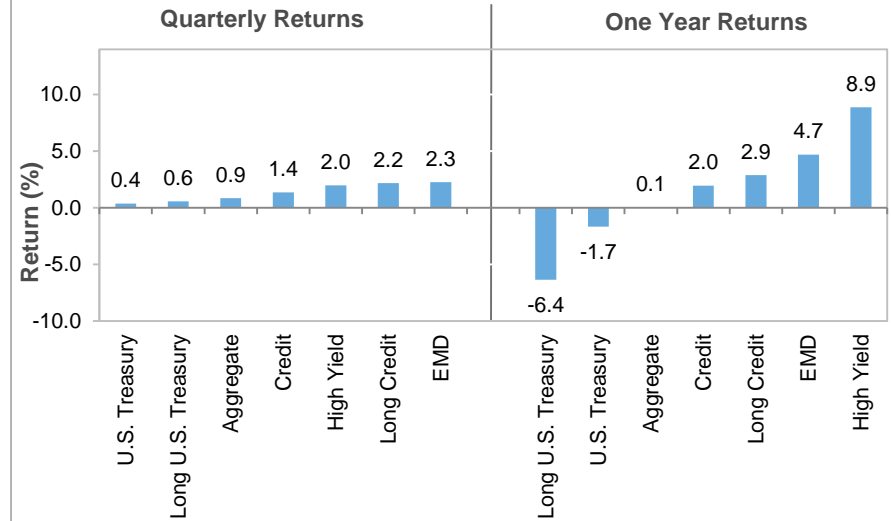
## As of September 30, 2017

- White House administration's promising tax reform plan and Fed's increasingly hawkish tone, coupled with encouraging U.S. economic data, resulted in slight increase in rates across the curve with slight steepening at longer end.
- Benchmark 10-year U.S. Treasury yielded 2.33% as of September 30<sup>th</sup>, two basis points lower than where it began the quarter and off the year's high of 2.62% reached in mid-March.
- OAS spread levels across varying fixed income asset classes remained relatively stable over past five years, with credit crisis in 2007-08 buoying 10-year averages.
- Credit spreads within U.S. and E.U. tightened slightly as both quarterly earnings reports and global economic data relatively encouraging.

### U.S. Treasury Yield Curve



### Index Performance Snapshot – Third Quarter 2017



Source: Barclays. Index performance represents total return (\$USD).

### OAS Spread Levels

	As of Sep 30, 2017	Quarterly Trend	Ten Year Average	Yield to Worst
Agencies	46	↔	45	2.3%
IG Corporate	101	↓	180	3.1%
MBS	22	↓	53	2.8%
CMBS	71	↔	250	2.7%
ABS	44	↔	141	2.0%
High Yield	347	↓	582	5.5%
EMD (USD)	246	↓	343	4.5%

Source: Barclays, 9/30/2017. 10 Year average as of 9/30/17.

Indexes are unmanaged and cannot be invested in directly. Past performance is not indicative of future results.

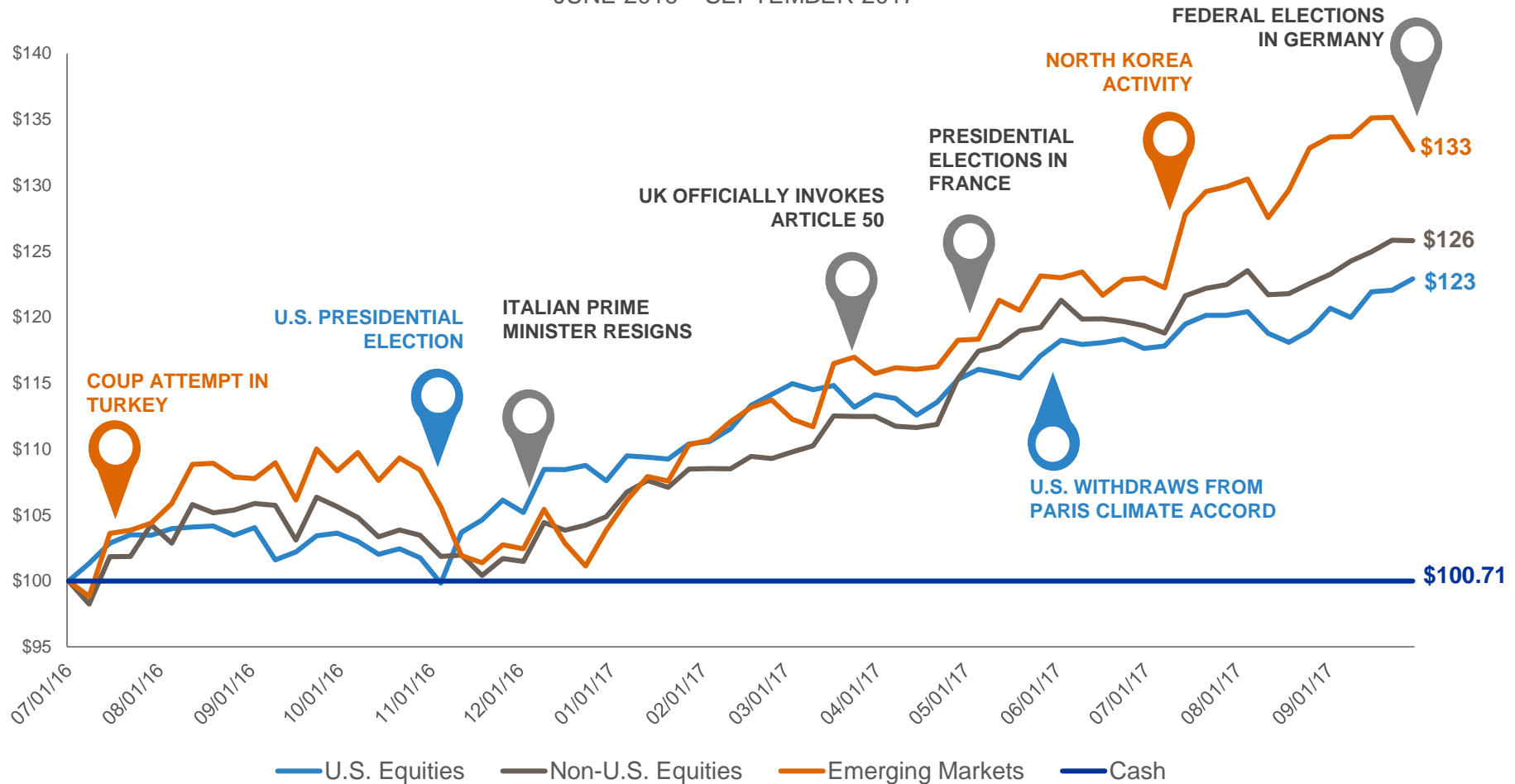
OAS = Option Adjusted Spreads which is a measurement of the spread of a fixed-income security over an equal duration treasury security adjusted to take into account the value of any embedded option in the bond.



# Having the courage to stick it out

## GROWTH OF \$100 INVESTED IN U.S. EQUITIES, NON-U.S. EQUITIES, EMERGING MARKETS EQUITIES, CASH

JUNE 2016 – SEPTEMBER 2017

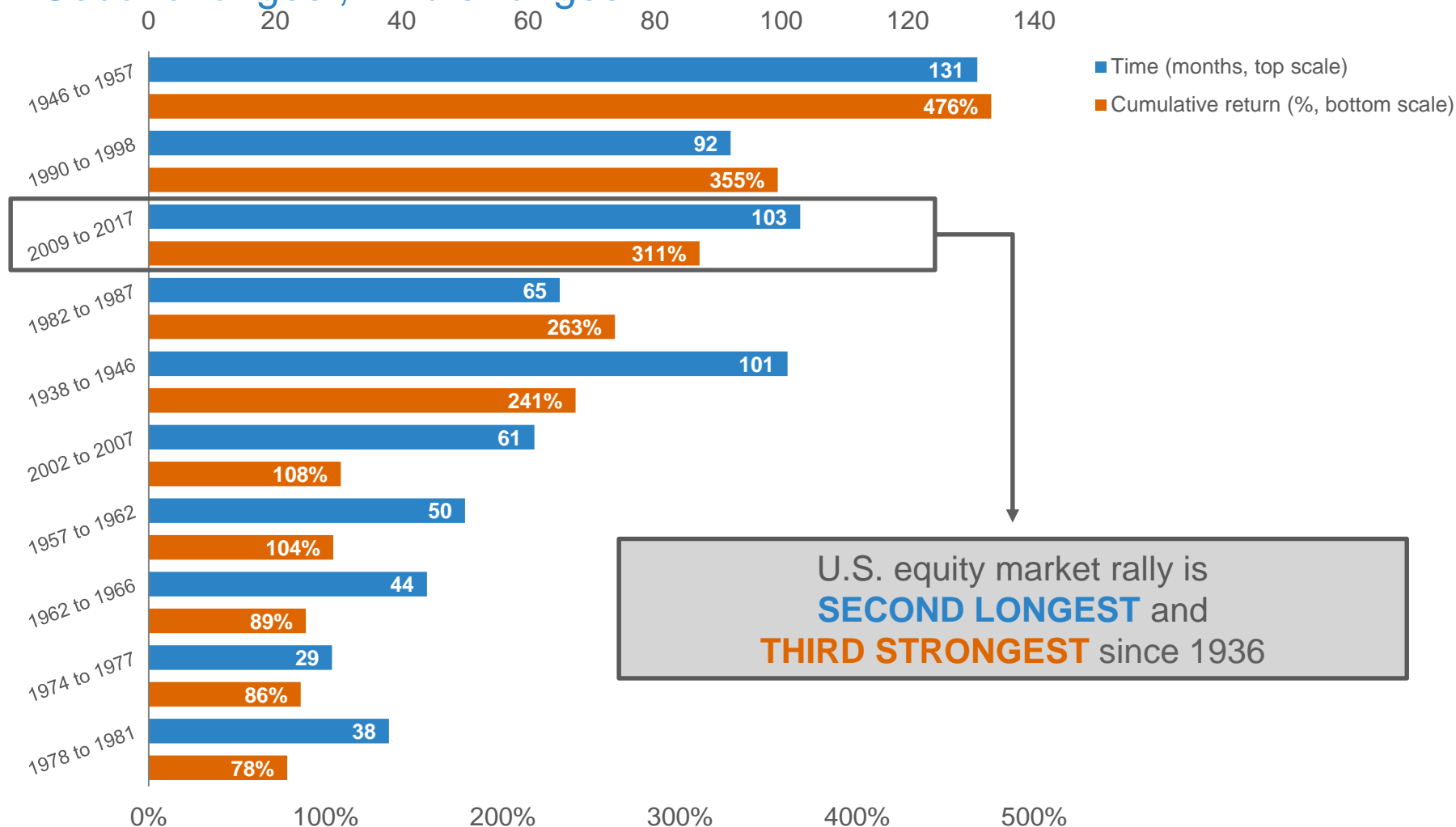


Source: Morningstar. U.S. Equities represented by S&P 500® Index. Non-U.S. Equities represented by MSCI EAFE Index. Emerging Markets Equities represented by MSCI Emerging Markets Index. Cash represented by Citigroup 3-month Treasury Bill. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

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# U.S. stock returns in context

## Second longest, third strongest



Source: Morningstar.

S&P 500® Index – Quarterly Returns 04/01/1936 to 11/30/1987; Monthly Returns 12/31/1987 to 09/30/2017.

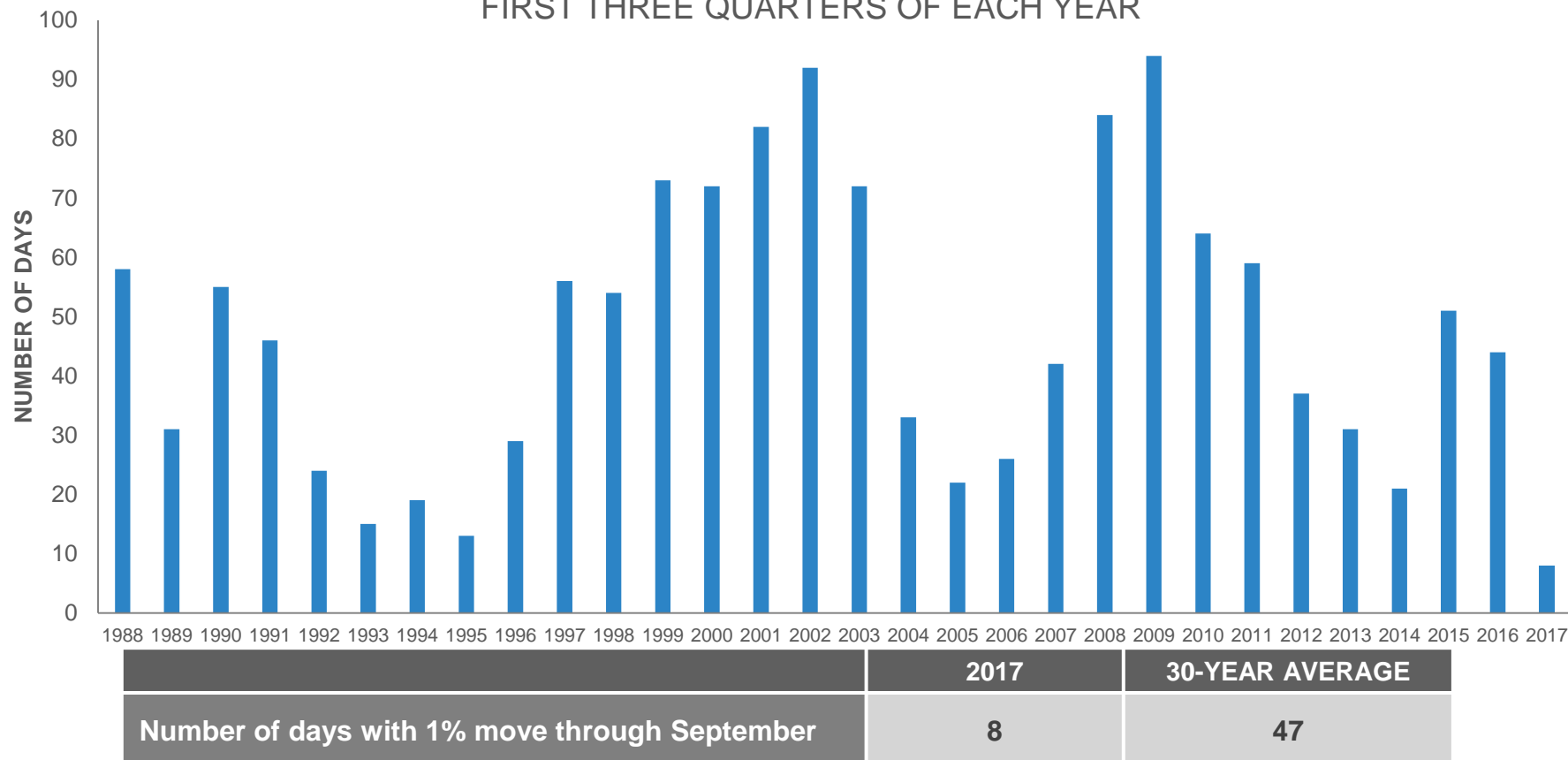
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# Low U.S. stock volatility

Its return is *when*, not *if*

**NUMBER OF DAYS S&P 500® INDEX GAINED OR LOST MORE THAN 1%**

**FIRST THREE QUARTERS OF EACH YEAR**



- › 2017 has seen fewest number of 1% daily moves in 30 years
- › Our belief is staying diversified remains best position for when volatility returns

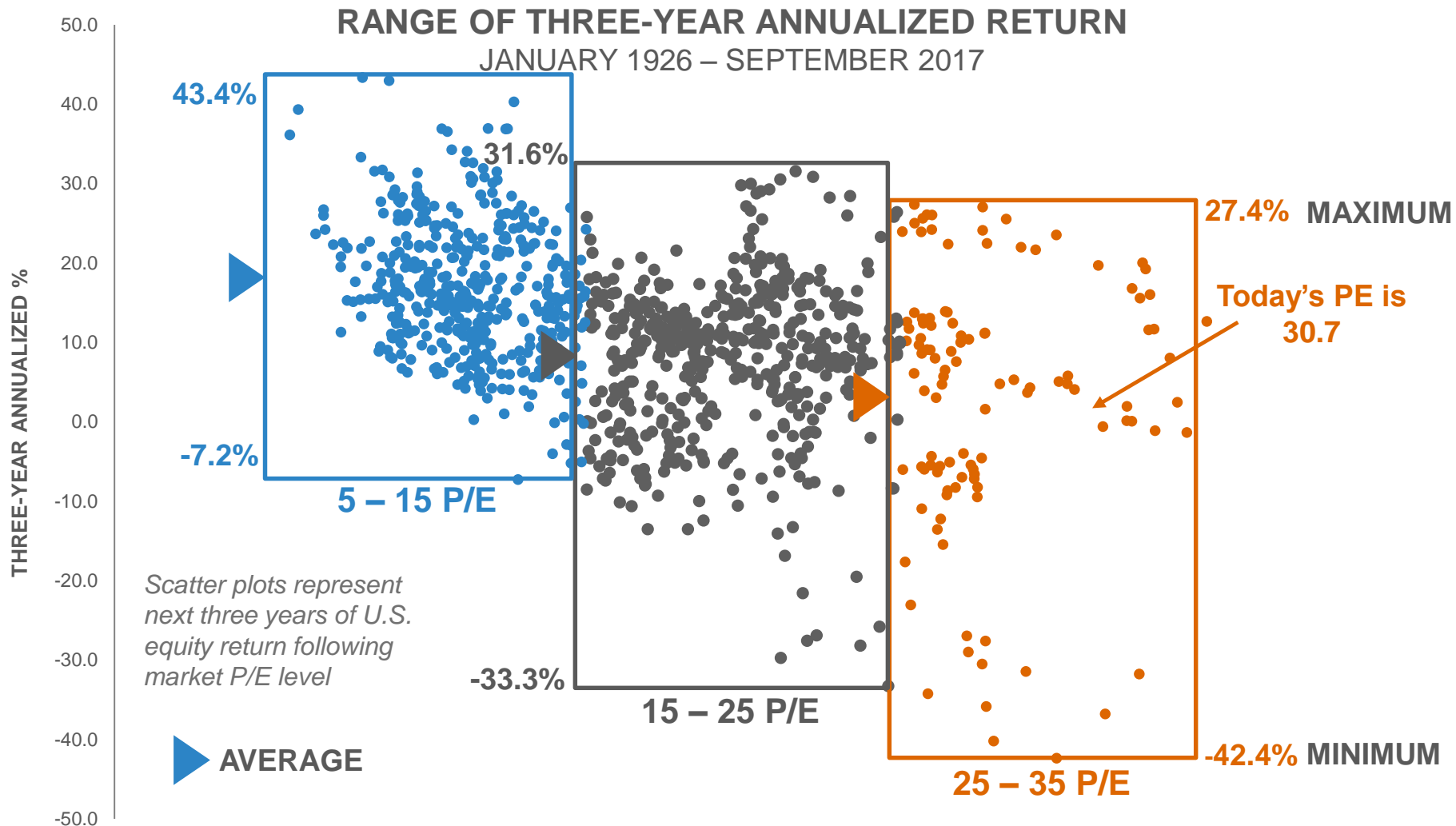
Source: Morningstar Direct.

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# Market valuations and future returns

Higher valuations tend to reduce future results



Yale Professor Robert Shiller calculates a Cyclically Adjusted P/E Ratio based on stock price divided by prior 10-year earnings. The stocks included are those of large publicly held companies that traded on either of the two largest American stock market exchanges: the New York Stock Exchange and the NASDAQ. Stock market returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment.

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# Breadth of global growth

## Global purchasing managers seeing green

Global purchasing managers' indices for manufacturing July 2016 – September 2017																
		Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
N.A.  Eurozone   Asia-Pacific	Global	51.0	50.8	51.1	52.0	52.1	52.7	52.8	53.0	53.0	52.7	52.6	52.6	52.7	53.2	53.2
	Developed Markets	51.5	51.2	51.5	52.6	53.0	53.8	54.2	54.1	53.9	54.1	54.1	53.9	54.0	54.2	54.6
	Emerging Markets	50.3	50.1	50.3	51.0	50.8	51.1	50.8	51.3	51.6	50.9	50.6	50.8	50.9	51.7	51.3
	U.S.	52.9	52.0	51.5	53.4	54.1	54.3	55.0	54.2	53.3	52.8	52.7	52.0	53.3	52.8	53.1
	Canada	51.9	51.1	50.3	51.1	51.5	51.8	53.5	54.7	55.5	55.9	55.1	54.7	55.5	54.6	55.0
	Euro Area	52.0	51.7	52.6	53.5	53.7	54.9	55.2	55.4	56.2	56.7	57.0	57.4	56.6	57.4	58.1
	UK	48.4	53.0	55.6	54.2	53.4	55.8	55.4	54.6	54.3	57.2	56.4	54.2	55.2	56.7	55.9
	Germany	53.8	53.6	54.3	55.0	54.3	55.6	56.4	56.8	58.3	58.2	59.5	59.6	58.1	59.3	60.6
	France	48.6	48.3	49.7	51.8	51.7	53.5	53.6	52.2	53.3	55.1	53.8	54.8	54.9	55.8	56.1
	Australia	51.9	52.2	55.0	55.9	57.1	57.2	55.3	55.7	56.3	55.5	55.9	56.2	54.4	53.5	53.8
	Japan	49.3	49.5	50.4	51.4	51.3	52.4	52.7	53.3	52.4	52.7	53.1	52.4	52.1	52.2	52.9
	China	50.6	50.0	50.1	51.2	50.9	51.9	51.0	51.7	51.2	50.3	49.6	50.4	51.1	51.6	51.0
	Indonesia	48.4	50.4	50.9	48.7	49.7	49.0	50.4	49.3	50.5	51.2	50.6	49.5	48.6	50.7	50.4
	Korea	50.1	48.6	47.6	48.0	48.0	49.4	49.0	49.2	48.4	49.4	49.2	50.1	49.1	49.9	50.6
	Taiwan	51.0	51.8	52.2	52.7	54.7	56.2	55.6	54.5	56.2	54.4	53.1	53.3	53.6	54.3	54.2
	India	51.8	52.6	52.1	54.4	52.3	49.6	50.4	50.7	52.5	52.5	51.6	50.9	47.9	51.2	51.2

- › All countries reporting manufacturing growth as of September 2017
- › The eurozone has been particularly strong 2017 YTD

Manufacturing contraction < 50.0      Manufacturing expansion > 50.0

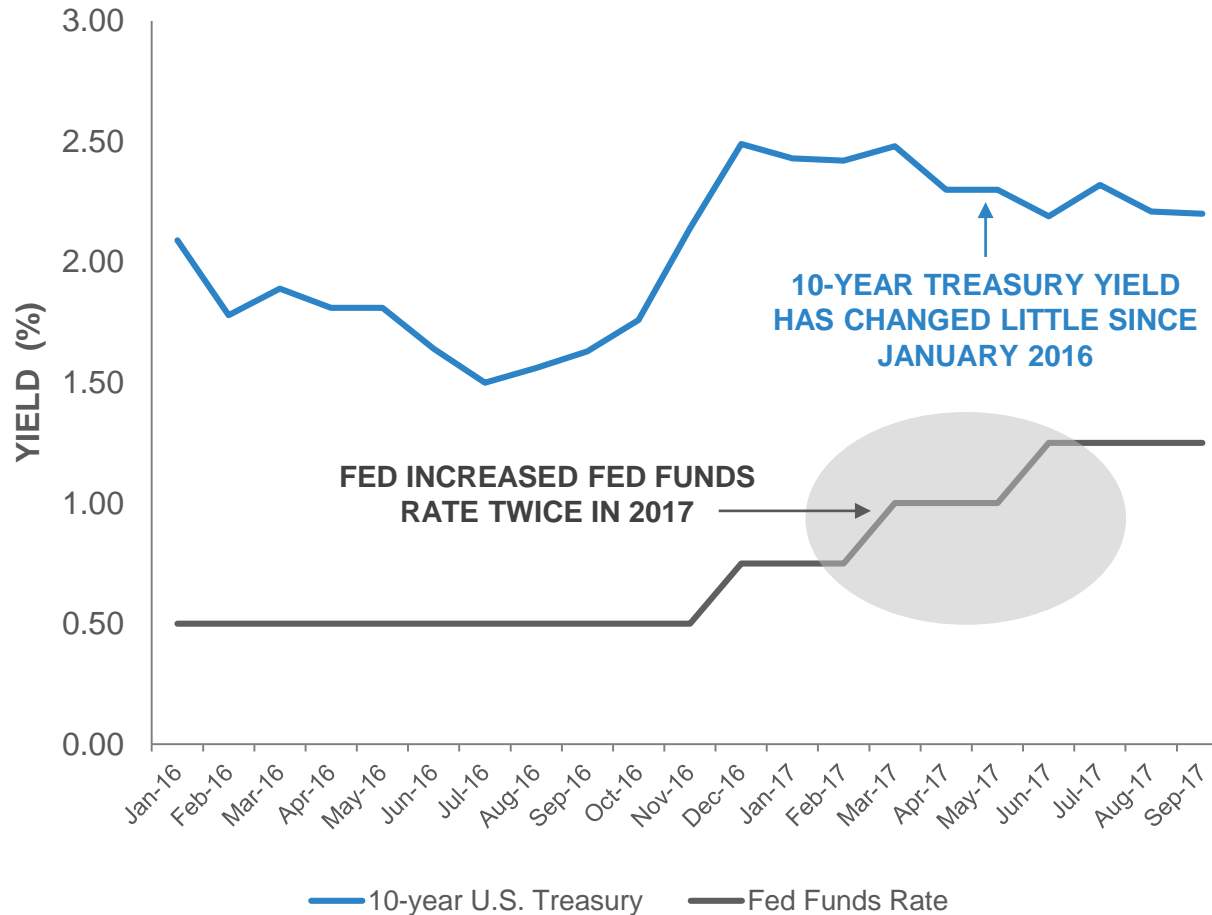
Source: Thomson Reuters Datastream.

# Federal Reserve controls short-term interest rates

## Longer-term interest rates have changed little

### FED FUNDS RATE VS. 10-YEAR U.S. TREASURY YIELD

JANUARY 1, 2016 – SEPTEMBER 30, 2017



- › The Fed controls short-term rates; market drives long-term rates
- › The Fed raised Fed Funds target rate twice in 2017
- › Longer-term rates have been range bound
- › Bond portfolios often more influenced by market forces than Fed's actions

Source: <https://fred.stlouisfed.org/>

# Russell Investments' 2017 global market and economic outlook – fourth quarter update

## United States

## Eurozone

## Asia/ Emerging Markets

### Economic Outlook

- › Although both seem unlikely, two biggest risks either a recession scare or inflation scare that sends interest rate expectations significantly higher
- › Contrary to industry consensus, believe Fed will remain on hold in December, but expect a more aggressive Fed in 2018
- › Core inflation surprisingly low at 1.7%, but this to pick up in coming months

- › Economic growth remains strong and forward-looking indicators such as producer and consumer confidence remain at elevated levels
- › Expectation for eurozone GDP growth unchanged at 2%; would not be surprised to see it go slightly higher
- › Political developments shifted from source of risk to upside potential with President Emmanuel Macron's victory in France and associated advent of renewed Franco-German engine

- › Asia-Pacific region remained resilient; continue to expect GDP growth of around 5%
- › Key risk for region is ongoing tension with North Korea, although we expect to see de-escalation
- › Big event through quarter will be China's 19th National Congress. Remaining cautiously optimistic about Chinese economy all year, with concerns around debt overridden by strong levels of activity

### Market Outlook

- › U.S. equities keep grinding higher with positive momentum, but at current valuations, upside potential may be limited, and drawdown potential could be significant
- › U.S. 10-year treasuries at around 2.3% are closest to our fair value of 2.7%
- › USD is in downward trend, and could continue for few more months if weak inflation keeps Fed policy unchanged

- › Headwind from stronger euro will fade somewhat, while tailwind from strong eurozone fundamentals will continue to support eurozone markets
- › German 10-year Bunds at 0.4% are far from fair value of 1.5%, as are UK 10-year Gilts at a yield of 1.4% and fair value of 2.4%
- › Equity valuations back to neutral from slightly expensive as earnings outpaced prices

- › Maintain expectation that developing markets will outperform developed for 2017; however, gap between the two narrowed
- › Singapore in reasonable shape, with manufacturing expanding, retail sales solid and inflation contained
- › Equity markets stayed on wave of positive price momentum for most of year, although faded towards end of quarter

Source: Russell Investments, 2017 Annual Global Outlook – Q4 Update.  
There is no guarantee the stated expectations will be met.  
As of September 2017.



# Russell Investments Update and Events

Third Quarter 2017



# Non-Profit and Healthcare Systems update

## Published Content: Third Quarter 2017

- › Not all investment providers are created equal—How to align your provider's services with your needs
- › An update to the non-profit fiduciaries' handbook and executive summary
- › Being a good fiduciary: Three key considerations for community foundation board members
- › Three key considerations for meeting your obligations: Community foundation staff leaders

## Upcoming Content

- › Improving the endowment model
- › A regulatory update for non-profit investors
- › The fiduciary roadmap for non-profit organizations
- › Non-profit newsletter: Fall edition 2017
  - › How non-profits can improve upon the endowment model—and make it work for them
  - › What hurdle rate do non-profit investors need in order to meet their investment objectives?
  - › Harvard goes multi-asset—and why you should, too

*Will be available online or through your client service team.*

# Non-Profit and Healthcare Systems update

## Product Updates

- › Russell Investments Institutional Funds, LLC (RIIFL) Large Cap U.S. Equity Index fund launched on trade date August 31, 2017
  - › This fund seeks to provide passive exposure to large cap U.S. equities, and to replicate the performance return of the S&P 500® Index, by investing directly in the Vanguard S&P 500® Index Fund Admiral Shares

## Upcoming Industry Events

- › November 14-16 – Southeastern Council of Foundations Annual Meeting (Orlando, FL)

*Further details are available through your client service team.*



# Account Performance Summary

Third Quarter 2017

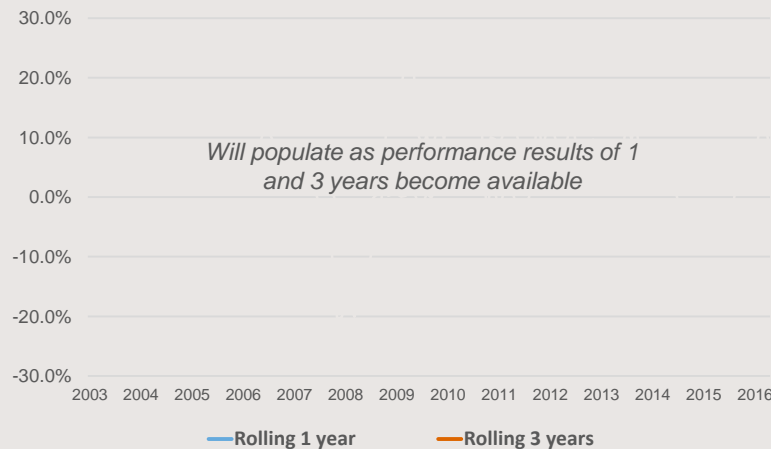
# Nevada System of Higher Education

## 3<sup>rd</sup> Quarter 2017

### RETURN HISTORY

	Annualized				
	3Q17	1 Year	3 Years	5 Years	Since Inception*
Total Account – Net (%)	3.1	--	--	--	10.6
Daily Dynamic Benchmark	3.3	--	--	--	10.6
Strategic Allocation Benchmark	3.3	--	--	--	10.5
U.S. Consumer Price Index	1.0	--	--	--	1.5
Russell Global Index - Net	5.2	--	--	--	17.1
Barclays U.S. Aggregate Bond Index	0.8	--	--	--	3.1

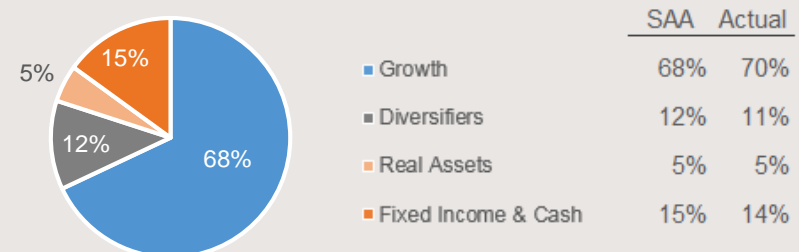
### ROLLING TOTAL RETURN (net)



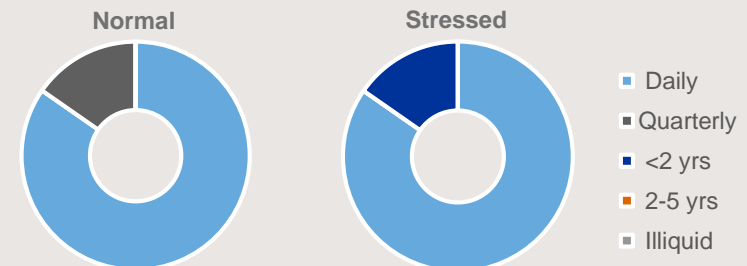
### MARKET VALUE RECONCILIATION

	Quarter	FYTD
Beginning Market Value	106,200,041	106,200,041
Inflows	331,301	331,301
Outflows	-167,045	-167,045
<u>Net Market Gain/Loss</u>	<u>3,451,691</u>	<u>3,451,691</u>
<b>Ending Market Value</b>	<b>109,815,988</b>	<b>109,815,988</b>

### ASSET ALLOCATION



### LIQUIDITY PROFILE – Market Environment



\* Based on an inception date of 1/1/2017

Normal Market Environment liquidity profile - based on Russell Capital Markets Forecasts. Forecasting represents predictions of market prices and/or volume patterns utilizing varying analytical data. It is not representative of a projection of the stock market, or of any specific investment.

Stressed market environment liquidity profile represents asset allocation shown applied to historical observations of asset class behavior in 2008/2009 market environment when some investments became less liquid than expected.

Source: Mellon Analytical Solutions LLC and Russell Investment Research. Indexes are unmanaged and cannot be invested in directly.

Past performance is not indicative of future results.

# Nevada System of Higher Education Performance

## As of September 30, 2017

	3 Months	Annualized					
		Year to Date	1 Years	3 Years	5 Years	Since Inception	Inception Date
Total Assets - Net	3.10	10.62	--	--	--	10.62	1/1/2017
<i>Daily Dynamic Benchmark<sup>1</sup></i>	3.30	10.57	--	--	--	10.57	
<i>Strategic Allocation Benchmark<sup>2</sup></i>	3.26	10.48	--	--	--	10.48	

	3 Months	Annualized					
		Year to Date	1 Years	3 Years	5 Years	Since Inception	Inception Date
Growth - Net	3.93	13.03	--	--	--	13.03	1/1/2017
<i>Custom Benchmark<sup>3</sup></i>	4.25	13.24	--	--	--	13.24	
Diversifiers – Net <sup>4</sup>	1.90	--	--	--	--	1.58	3/1/2017
<i>LIBOR+4%<sup>4</sup></i>	1.28	--	--	--	--	2.91	
Real Assets – Net	1.61	--	--	--	--	2.93	4/1/2017
<i>NFI-ODCE-EQ-E&amp;F</i>	1.98	--	--	--	--	3.77	
Fixed Income & Cash	0.33	2.16	--	--	--	2.16	1/1/2017
<i>Custom Benchmark<sup>5</sup></i>	0.69	2.58	--	--	--	2.58	

Performance is net of fee. Past performance is not indicative of future results.

<sup>1</sup>Sum contribution of daily benchmark returns, dynamically weighted by the component primary benchmarks' associated funds' daily beginning market value over the aggregate beginning market value.

<sup>2</sup>Currently consists of: 69.1% Multi-Asset Core Plus Composite Bmk, 12.0% LIBOR + 4%, 3.9% NCREIF Open-End E&F, 10.0% Bloomberg Barclays Aggregate, 5.0% Bloomberg Barclays 3 Month LIBOR.

<sup>3</sup>Currently consists of: 100.0% Multi-Asset Core Plus Composite Bmk. It currently consists of: 75.0% Russell Global Index 50% Hedged Net Index, 5.0% Bloomberg Commodity Index, 5.0% FTSE EPRA/NAREIT Dev Real Estate Net, 5.0% S&P Global Infrastructure Index Net, 5.0% BofAML Developed Markets High Yield Constrained Index USD Hdg, 5.0% JP Morgan EMBI Global Diversified Index

<sup>4</sup>True inception date is 02/01/17. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.

<sup>5</sup>Sum contribution of daily benchmark returns, dynamically weighted by the component primary benchmarks' associated funds' daily beginning market value over the aggregate beginning market value.

# Nevada System of Higher Education

## Manager Line-up as of September 30, 2017

ASSET CLASS			ASSET CLASS
Fixed Income		Multi-Asset	Private Real Estate
RUSSELL (RIIFL) FUNDS			RUSSELL (RIIFL) FUND
RIIFL Core Bond Fund	RIIFL Absolute Return Fixed Income Fund	RIIFL Multi-Asset Core Plus Fund	Real Estate Equity Fund
MANAGERS/STRATEGIES			ADVISORS/STRATEGIES
Colchester Global Investors Limited Alpha Overlay	Blue Bay Asset Management LLP Fund	75% Global Equity	INVESCO Core Real Estate USA Core
RIIFL Absolute Return Fixed Income Fund Alpha Overlay	Pareto Investment Management Limited	15% Marketable Real Assets	Morgan Stanley Prime Property Fund Core
Logan Circle Partners, L.P. Sector Specialist	Putnam Advisory Company, LLC	10% Global Fixed Income	MetLife Commercial Mortgage Income Fund, LP Core
Pareto Investment Management Limited Alpha Overlay	Russell Investments positioning strategies*		RREEF America REIT II
Schroder Investment Management North America Inc. Sector Specialist			*RIIFL Real Estate Equity Fund As of 12/31/16
Reams Asset Management Fully Discretionary			
Western Asset Management Company Fully Discretionary			
Western Asset Management Company - Bank Loan Sector Specialist			
Russell Investments positioning strategies*			

Advisors listed are current as of September 30, 2017. Russell Investments has the right to engage or terminate an advisor at any time and without notice.

\*Russell Investments positioning strategies are customized exposures directly managed by Russell Investments for use within the total portfolio and may include overlays, index replication, smart beta strategies, and custom quantitative strategies.



# Transition Update

Third Quarter 2017

# Asset Transition: Working towards the final allocation

## NSHE - Endowment Pool

	9/30/2017 Target	Final Target	Rebal Range
<b>Growth</b>	68.0%	68.0%	
RIIFL Multi-Asset Core Plus Fund	68.0%	58.0%	+/- 2%
Russell Investments Managed Private Capital	0.0%	10.0%	+/- 5%
<b>Diversifiers</b>	12.0%	12.0%	
Russell Investments Managed Hedge Funds	12.0%	12.0%	+/- 5%
<b>Real Assets</b>	5.0%	5.0%	
RIIFL Private Real Estate Fund	5.0%	5.0%	+/- 3%
<b>Fixed Income &amp; Cash</b>	15.0%	15.0%	
RIIFL Core Bond Fund	10.0%	10.0%	+/- 2%
RIIFL Absolute Return Fixed Income	5.0%	5.0%	+/- 2%

- › Multi-Asset Core Plus currently held in lieu of both private capital and private real estate
- › On 9/30/2017, a purchase into private real estate of \$770K was complete and the full subscription of \$5M has been fulfilled





# Appendix

Third Quarter 2017



# Russell Investments Fund Review

Third Quarter 2017

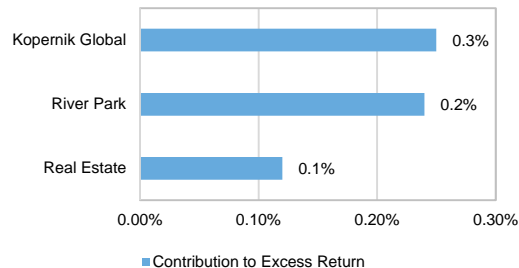
# RIIFL Multi-Asset Core Plus Fund – period ending September 30, 2017

## Strategy

The Multi-Asset Core Plus Fund has a strategic allocation of 75% global equity, 15% real assets (global REITs, listed infrastructure, and commodities), and 10% diversifying fixed income. The Fund is dynamic in nature and so the portfolio manager is allowed to deviate up to +/- 10% from the strategic targets to take advantage of market opportunities to enhance return and/or to manage risk and is allowed to invest in out-of-benchmark asset classes. The Fund utilizes a combination of Russell Investments' asset class funds, separate manager accounts, and positioning strategies.<sup>3</sup>

## Excess Return Attribution 3Q 2017<sup>5</sup>

### Top three contributors to excess return



### Top three detractors from excess return



## Performance

Performance	3Q2017	Year to Date	Annualized		
			One Year	Three Years	Inception to date <sup>1</sup>
RIIFL Multi-Asset Core Plus Fund	4.11%	13.61%	15.60%	9.00%	9.54%
Multi-Asset Core Plus Composite Index <sup>2</sup>	4.25%	13.24%	15.15%	7.01%	8.43%

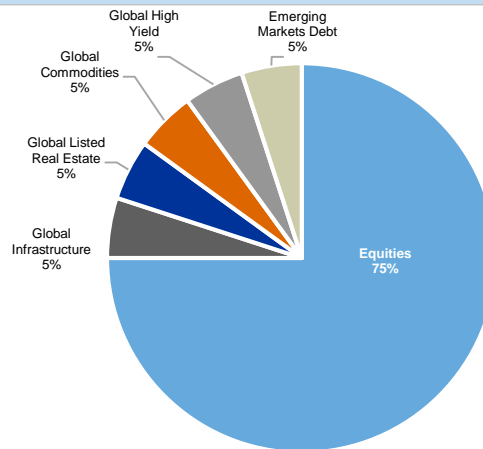
<sup>1</sup>Fund inception date is 02/28/2013.

<sup>2</sup>The Multi-Asset Core Plus Fund Composite Benchmark consists of: 75% Russell Global Index 50% Hedged, 5% Bloomberg Commodity Index Total Return (USD), 5% FTSE EPRA/NAREIT Developed Real Estate Index (Net), 5% S&P Global Infrastructure Index Net (USD), 5% BofAML Global High Yield 2% Constrained Index TR USDH, and 5% JP Morgan Emerging Market Bond Index Global (USD).

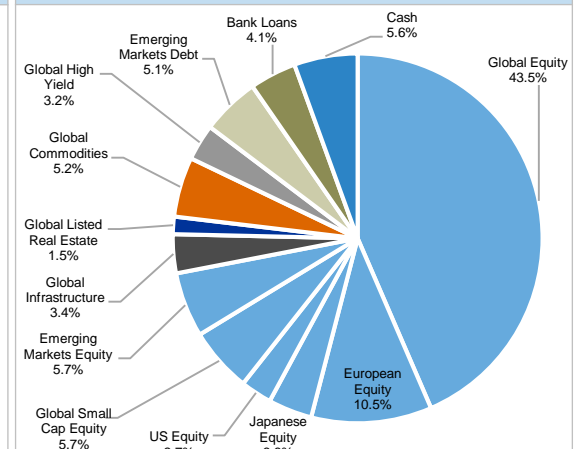
## Characteristics

Characteristics	3Q2017		2Q2017	
<b>Total Net Assets</b>	\$5.748B		\$5.72B	
<b>Global Equity<sup>5</sup></b>	<b>Fund</b>	<b>Russell Global</b>	<b>Fund</b>	<b>Russell Global</b>
Portfolio P/E	17.0	18.5	18.3	18.5
Portfolio P/E – I/B/E/S 1 yr. Forecast EPS	16.3	17.1	16.5	16.6
\$ Weighted Average Market Capitalization	\$73.44B	\$103.56B	\$77.71B	\$97.23B
<b>Return Seeking Fixed Income<sup>6</sup></b>	<b>Fund</b>	<b>Benchmark<sup>7</sup></b>	<b>Fund</b>	<b>Benchmark<sup>7</sup></b>
Current Yield (%)	5.2	5.2	5.3	5.2
Weighted Average Duration	3.7	3.8	3.7	3.8
Average Credit Quality	Baa1	A3	Baa1	A3

## Strategic Asset Allocation<sup>4</sup>



## Actual Asset Allocation as of 9/30/2017


<sup>3</sup>Positioning strategies - customized exposures directly managed by Russell Investments for use within the total portfolio to effect the funds' investment strategies and/or to modify overall portfolio characteristics to seek to achieve the desired risk/return profile.

<sup>4</sup>Strategic allocations may vary based on tactical allocations made by the portfolio manager, which may allow the weightings of each asset class to take advantage of potential opportunities as market and economic conditions change.

<sup>5</sup>Source: FactSet

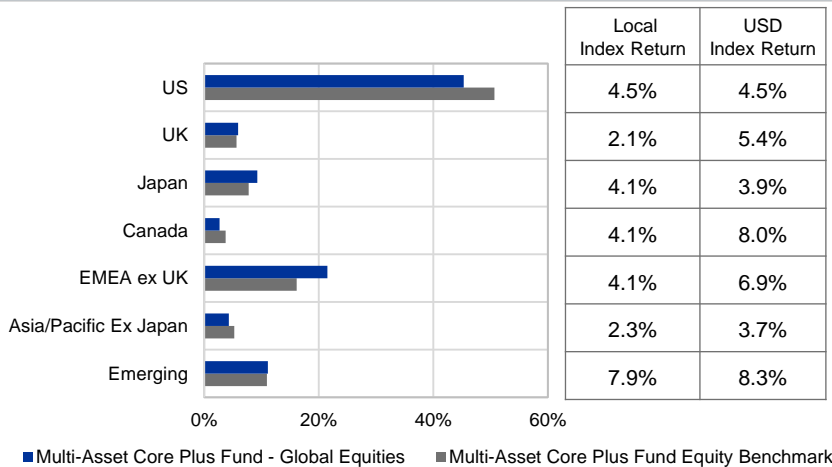
<sup>6</sup>Source: FactSet

<sup>7</sup>50% BofAML Global High Yield 2% Constrained Index TR USDH, 50% JP Morgan Emerging Market Bond Index Global (USD).

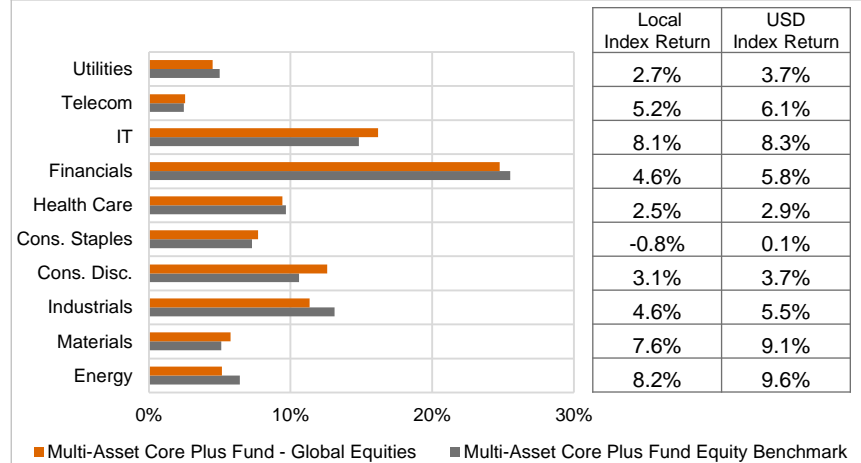
# RIIFL Multi-Asset Core Plus Fund – period ending September 30, 2017

## Global Equities<sup>5</sup>

### Regional Exposure

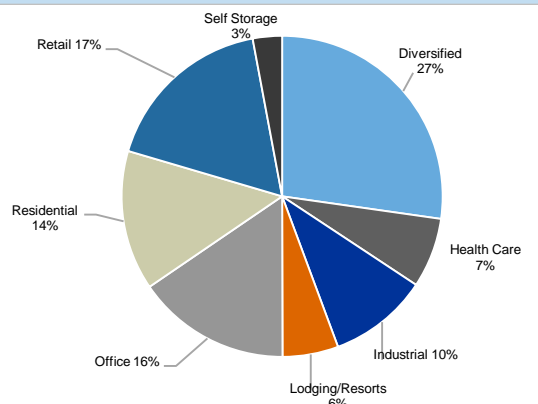


### Sector Exposure

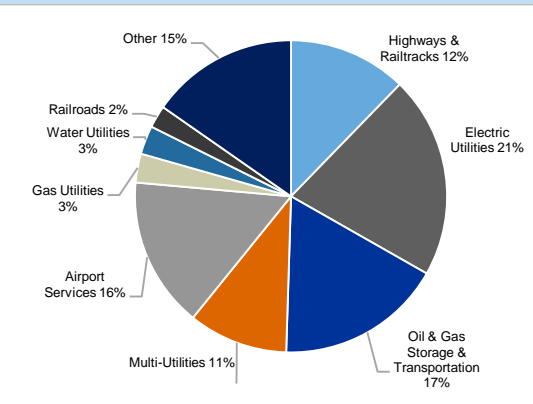


## Real Assets<sup>5</sup>

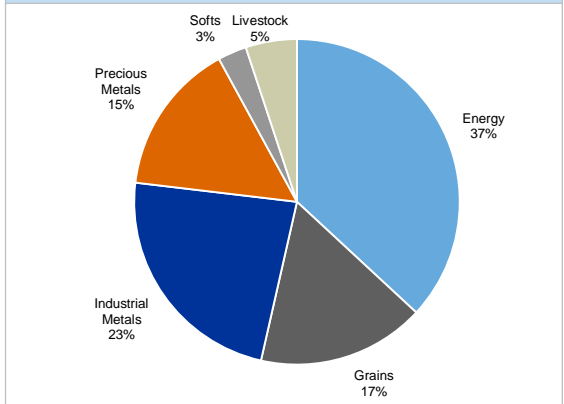
### Global Real Estate Exposure



### Global Infrastructure Exposure



### Commodities Exposure



The Multi-Asset Core Plus Fund is a dynamic, diversified portfolio designed to capture market opportunities. The underlying allocations to various asset classes will shift over time, but the overall strategic allocation will remain 75% global equity/15% marketable real assets/10% U.S. fixed income.

The Multi-Asset Core Plus Fund invests in underlying funds/strategies/separate accounts. Prior allocations available upon request.

Multi-Asset Core Plus Fund is an investment fund of the Russell Investments Institutional Funds, LLC; it is a private placement. It is not a fund of Russell Investment Company, nor a mutual fund registered under the Investment Company Act of 1940.

Nothing contained in this material is intended to constitute legal, tax, securities or investment advice, nor an opinion regarding the appropriateness of any investment. The general information contained in this publication should not be acted upon without obtaining specific legal, tax and investment advice from a licensed professional.

<sup>5</sup>Source: FactSet and Russell Investments. Equity regional and sector exposures include REITs and infrastructure. Multi-Asset Core Plus Fund Equity Benchmark is 90% Russell Global Index, 5% FTSE EPRA/NAREIT Developed Real Estate Index (Net), 5% S&P Global Infrastructure Index Net (USD). Returns shown are of Russell Global Index.

# RIIFL Multi-Asset Core Plus Fund

## Fund positioning – Third Quarter 2017

Performance impact	Description
++	Supplemental Material 11/30/17 INV-4, Page 28 of 39 Positive
+	Positive
-	Negative
--	Significantly negative

Design	Justification	Quarterly Impact	PM Action
Loans and local EMD	Diversity following a period of strong equity/credit returns and low volatility	- (bank loans) + (EMD)	Maintained position.
Currency Factor Strategies	Diversify excess return sources and add return sources that are not driven by pure beta	-	Maintained position.
Passive 50% currency hedge	Hedging currency helps reduce regret, gives us ability to be tactical, and can reduce overall volatility	flat	We remain 50% hedged.
Global Adjusted Real Yield ("GARY")	Take long positions in high quality government bonds whose yields are relatively high with short interest rate risk where the real yield is expected to be relatively low.	-	Maintained position.
Construct	Justification	Quarterly Impact	PM Action
Active manager stock selection as the main driver of excess returns	Idiosyncratic in nature; Russell Investments has differentiated research and managers with skill	++	Hired OFI, a high conviction and more concentrated mandate to complement value line-up; trimmed growth managers to book profits after a strong year to date rally, reallocated capital to deep value manager Kopernik and defensive manger Perkins.
Manage	Justification	Quarterly Impact	PM Action
Underweight interest rate sensitive equities	Expensive relative to their historical levels, not likely to perform well in a rising interest rate scenario	+	Trimmed but remained underweight in REITs, Increased infrastructure underweight in favor of financials
Overweight Europe (hedged)	Low valuations, a supportive ECB and earnings improving could lead to outperformance	-	Maintained position.
Overweight Japan	Improving economic growth and valuations attractive	+	Shifted overweight from EM to Japan.
Underweight US	Valuations are extended and earnings have peaked	-	Maintained position.
Overweight EMD local and underweight EMD hard	Stable economic growth, high real yield income and most important, attractive currency valuations	flat	Maintained position.
Overweight USD/MXN vs. AUD/KRW/CNY	Economic growth, rising rates and policy divergence could lead to stronger dollar; EM currencies are undervalued and leading indicators point to improvement in cycle.	-	Reduced INR overweight back to neutral.
Beta	Maintain below neutral position but with better downside protection	-	Used options to maintain beta slightly below 1.

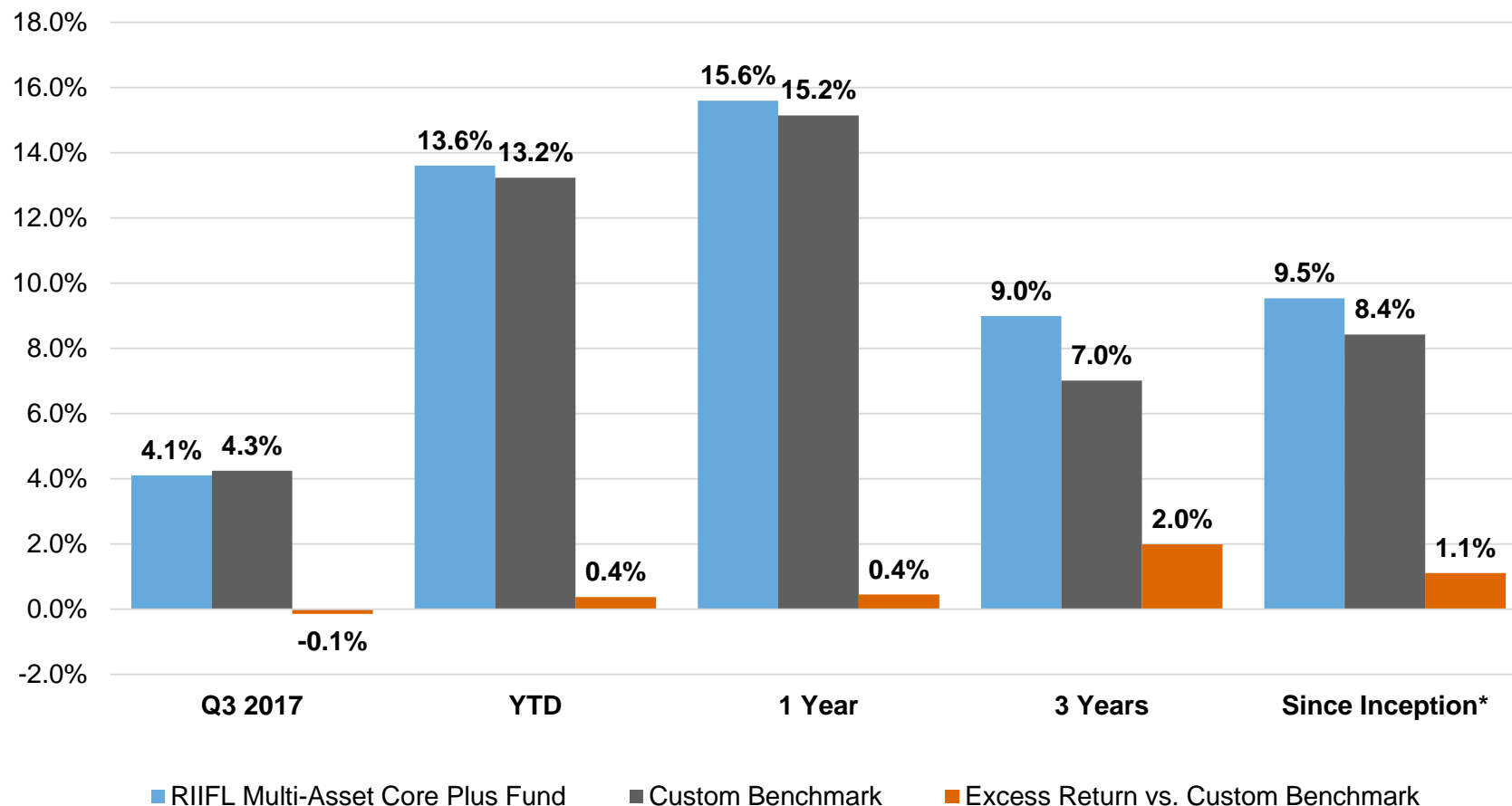
Past performance is not indicative of future results. This is a fund of the Russell Investments Institutional Funds, LLC; it is a private placement. This is not a mutual fund.

Any stock level commentary is specific to the impact on fund performance only and is not a recommendation to purchase or sell any specific security.

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# RIIFL Multi-Asset Core Plus Fund

## Performance as of September 30, 2017



\*Inception date: 2/28/2013

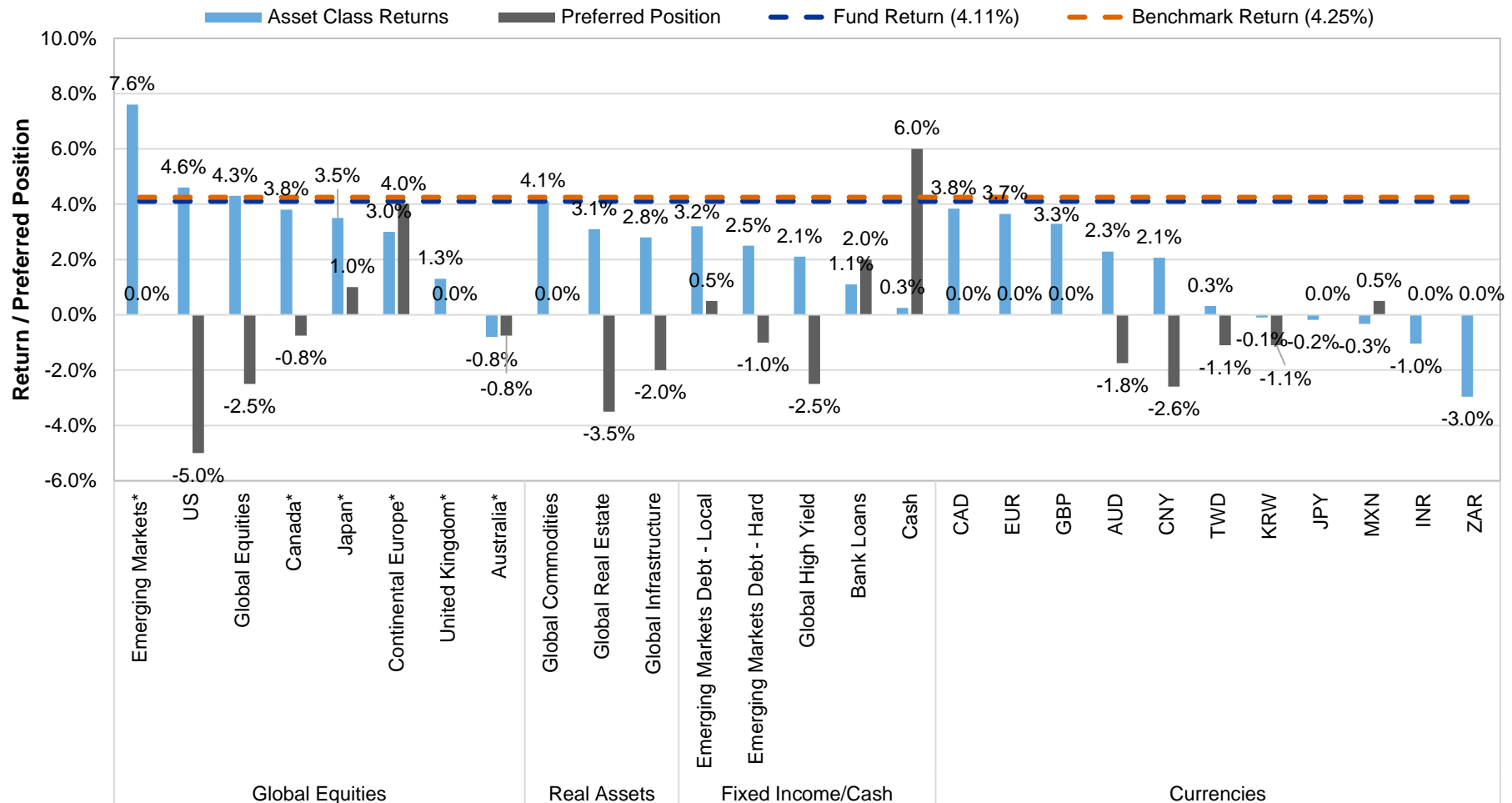
The Multi-Asset Core Plus Fund Composite Benchmark consists of: 75% Russell Global Index 50% Hedged, 5% Bloomberg Commodity Index Total Return (USD), 5% FTSE EPRA/NAREIT Developed Real Estate Index (Net), 5% S&P Global Infrastructure Index Net (USD), 5% BofAML Global High Yield 2% Constrained Index TR USDH, 5% JP Morgan Emerging Market Bond Index Global (USD).

Performance is gross of fees. Fees will reduce the overall performance of the fund. Indexes/benchmarks are unmanaged and cannot be invested in directly. Data is historical and is not indicative of future results.

Effective August 24, 2016 the Barclays fixed income benchmark indices, including the Barclays Aggregate family of indices, were renamed the Bloomberg Barclays family of indices. This is a fund of the Russell Investments Institutional Funds, LLC; it is a private placement. This is not a mutual fund.

# RIIFL Multi-Asset Core Plus Fund

## Preferred positioning and asset class returns for Q3 2017



\*Based on MSCI indexes returns in local currency.

All currency returns are spot returns vs. USD.

The Multi-Asset Core Plus Fund Composite Benchmark consists of: 75% Russell Global Index 50% Hedged, 5% Bloomberg Commodity Index Total Return (USD), 5% FTSE EPRA/NAREIT Developed Real Estate Index (Net), 5% S&P Global Infrastructure Index Net (USD), 5% BofAML Global High Yield 2% Constrained Index TR USDH, 5% JP Morgan Emerging Market Bond Index Global (USD).

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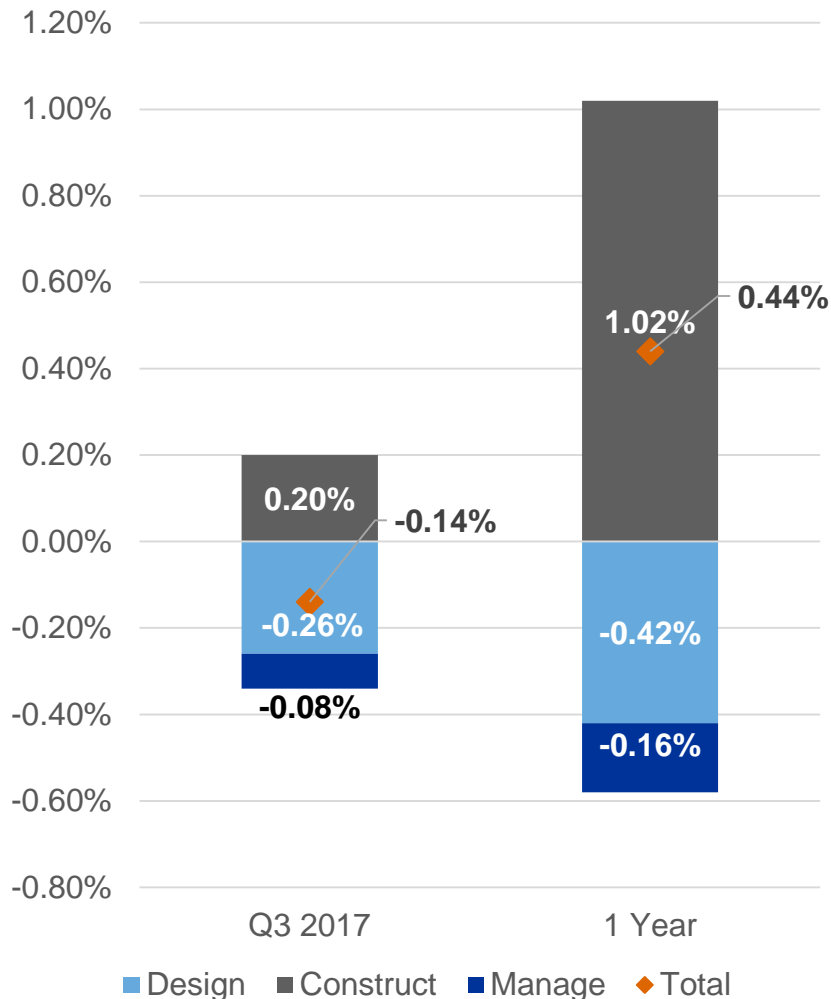
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# RIIFL Multi-Asset Core Plus Fund

## Quarterly excess return attribution detail as of September 30, 2017



- › **Design:** Design was a headwind during the quarter.
  - › Exposure to GARY (Global Adjusted Real Yield) was the biggest drag, detracting 15bps because of its long position in Australian bonds and short position in UK Bonds. Exposure to momentum currency factor and bank loans detracted value as well. These were partially offset by our strategic underweight in EMD hard currency. Exposure to value currency factor also proved beneficial.
- › **Construct:** active managers contributed the largest positive excess returns during the quarter, adding 22bps
  - › Global value manager Kopernik was the biggest contributor, adding 23bps. The manager benefited from large positions in gold miners and emerging markets, both of which rallied during the period. The gold position is notable in our portfolios because of the diversity it brings relative to other fund and manager holdings.
  - › Growth equity managers benefited from the continued year-to-date outperformance. Notable contributors include RiverPark and Timpani.
- › **Manage:** tactical asset allocation was a headwind for Q3.
  - › Regional bets were the biggest contributor on the positive side, benefiting from our overweight to emerging markets, which later shifted to Japan, and our underweight to Australia.
  - › Asset class bets including underweight to REITs and infrastructure paid off, adding 11bps together
  - › The US equity underweight vs. cash and bank loans were the biggest detractor due to rising equity markets; the loss was dampened by options, allowing the portfolio to participate in some of the upside.
  - › The underweight positions to CNY and AUD were detractive due to the currency appreciation during the quarter

Past performance is not indicative of future results. Performance is gross of fees. Fees will reduce the overall performance of the Fund.

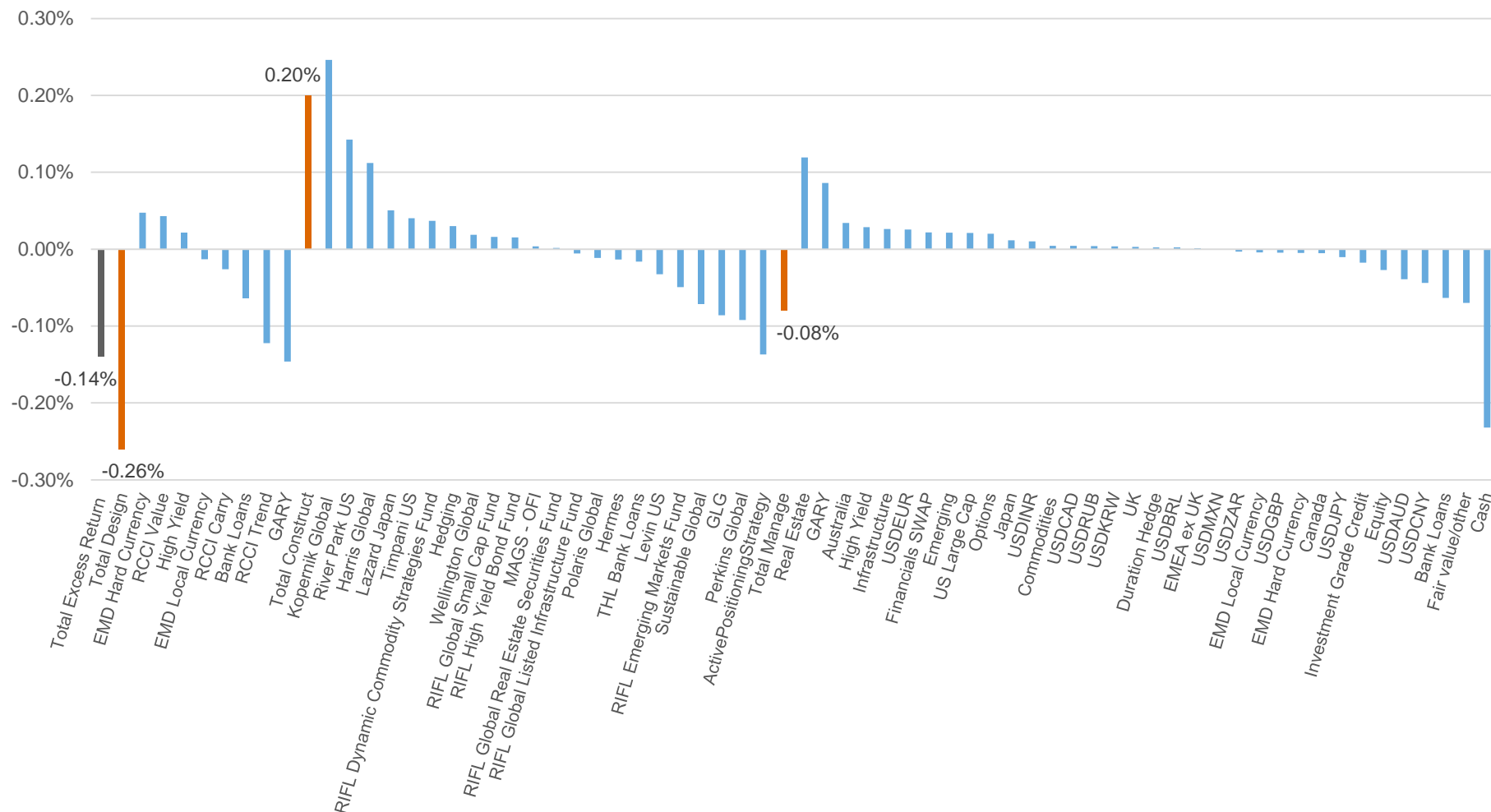
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# RIIFL Multi-Asset Core Plus Fund

Detailed quarterly excess return attribution detail as of September 30, 2017



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\*Excess return is relative to the fund's composite benchmark.

# RIIFL Multi-Asset Core Plus Fund

Asset allocation and manager lineup as of September 30, 2017

ASSET CATEGORY											
Global Equity				Real Assets			Return Seeking Fixed Income			Cash	Risk Premia Strategies
72.0%				10.2%			12.3%			5.6%	0.0%
ASSET CLASS											
Global Equities	Regional Large Cap	Regional Small Cap	Emerging Markets	Global Real Estate	Global Infrastructure	Global Commodities	Global High Yield	Bank Loans	Emerging Markets Debt	Cash	Currency
43.5%	17.1%	5.7%	5.7%	1.5%	3.4%	5.2%	3.2%	4.1%	5.1%	5.6%	0.0%
MANAGERS/STRATEGIES											
Harris	Hermes (European Equities)	Timpani	RIIFL Emerging Markets Equity Plus Fund	RIIFL Global Real Estate Securities Fund	RIIFL Global Listed Infrastructure Fund	RIIFL Dynamic Commodity Strategies Fund	RIIFL High Yield Bond Fund	THL	GLG	Cash	Russell Investments Currency Factor Strategy
3.2%	0.8%	2.8%	5.7%	1.5%	3.4%	5.2%	2.1%	4.1%	5.1%	5.6%	0.0%
Janus	Lazard (Japanese Equities)	RIIFL Global Small Cap Fund	Alliance Bernstein	Deutsche Asset and Wealth Management	Cohen & Steers	CoreCommodity Management, LLC	Barings				Carry
10.1%	3.8%	2.8%									Value
Kopemik	Levin (US Equities)	Ancora	ClariVest		Nuveen	Mount Lucas	DDJ				
Polaris	RiverPark (US Equities)	Cupps	Harding Loevner			Russell Investments Positioning Strategy - Backwardation	Hermes Investment Management				Trend
2.3%	9.7%										
SGA		Robeco	Oaktree Capital Management			Russell Investments Positioning Strategy - Dynamic	Russell Investments Positioning Strategies	1.0%			
3.8%											
Wellington		Metropole	RWC Asset Advisors								
2.9%											
OFI		Liontrust	Russell Investments Positioning Strategies								
2.6%											
Russell Investments Positioning Strategies		Four Seasons									
13.6%		Foyston, Gordon & Payne, Inc									
		Russell Investments Positioning Strategies									

Allocations and Managers/Funds/Strategies are as of September 2017. Current data may be different. Russell Investments has the right to engage or terminate a manager at any time and without notice.

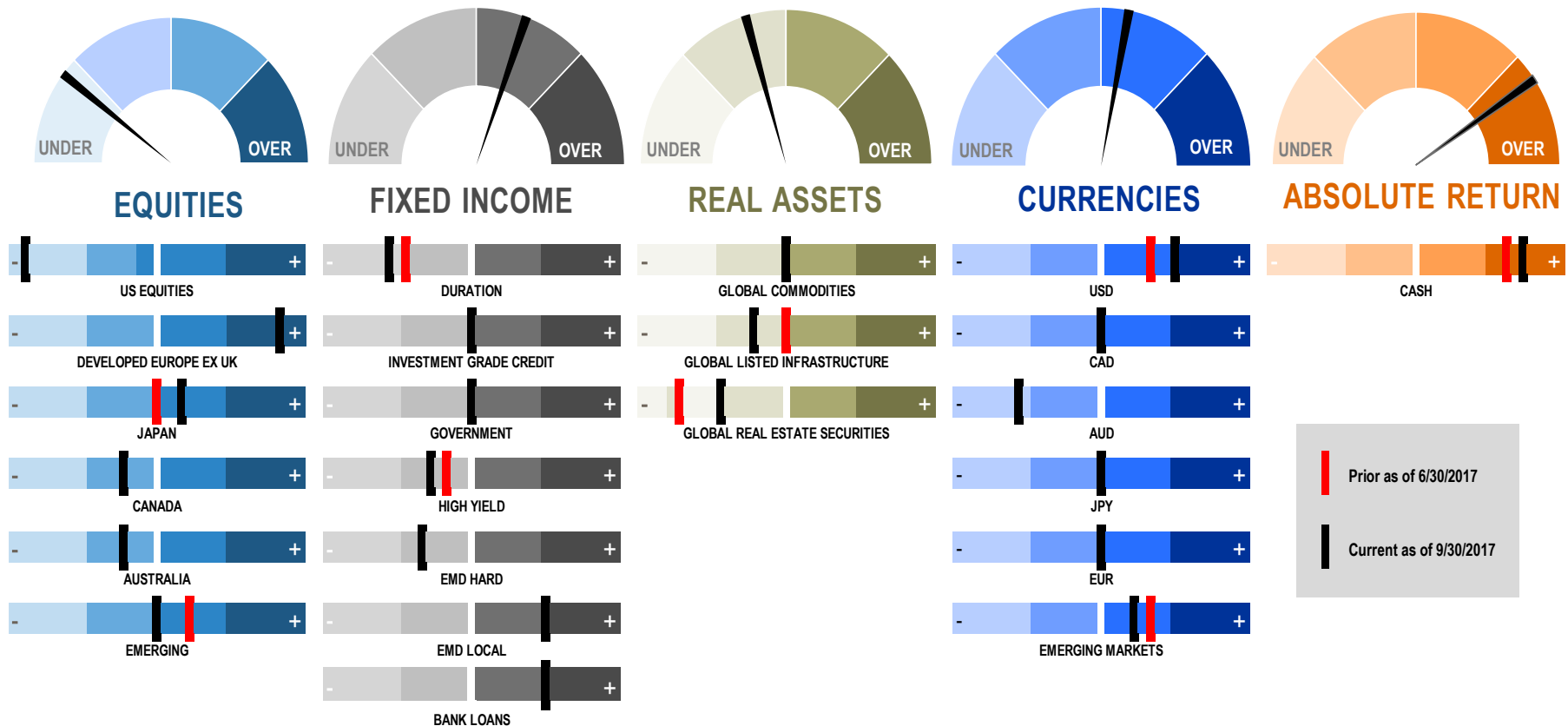
The Multi-Asset Core Plus Fund is a dynamic, diversified portfolio designed to capture market opportunities. The underlying allocations to various asset classes will shift over time, but the overall strategic allocation will remain 75% global equity/15% marketable real assets/10% diversifying fixed income.

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Russell Investments positioning strategies are customized exposures directly managed by Russell Investments for use within the total portfolio and may include overlays, index replication, smart beta strategies, and custom quantitative strategies.

# RIIFL Multi-Asset Core Plus Fund

## Positioning entering fourth quarter 2017



- › **Risk Control:** beta remains around 0.96 with option positions helping the portfolio participate in upside scenarios.
- › **Underweight US, overweight EMEA ex-UK and Japan:** our largest deviation is overweight to non-US countries and currencies.
- › **Shortened Duration:** we implemented by buying financials and selling infrastructure to move capital to a relatively cheaper asset class from expensive Infrastructure while getting short duration exposure.
- › **Overweight USD and selected EM currencies:** as economic prospects and monetary policy diverge we believe that USD will strengthen against developed market currencies, but may underperform selected emerging market currencies.

The Multi-Asset Core Plus Fund is a dynamic, diversified portfolio designed to capture market opportunities.

The underlying allocations to various asset classes will shift over time, but the overall strategic allocation will remain 75% global equity/15% marketable real assets/10% diversifying fixed income.

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# RIIFL Multi-Asset Core Plus Fund

## Developments and outlook – Third Quarter 2017

### Fund Activity

- › Hired OFI Global, a value manager that seeks to add value by identifying stocks of companies with structural growth themes and trading at a large discount
- › Closed out emerging markets overweight and moved the overweight to Japan equities given the reasonable fundamentals and oversold sentiment.
- › Moved to underweight in Listed Infrastructure due to its relatively expensive valuation; slightly trimmed our underweight in REITs while remaining underweight to the asset class due to its sensitivity to interest rates and relatively expensive valuation.
- › After a successful run of spread narrowing, we continued to trim credit risk as we further extended underweight in high yield.

### Fund Outlook & Positioning

- › Beta remains around 0.96 with option positions designed to help the portfolio participate in upside scenarios
- › U.S. remains our largest underweight to fund overweight to Europe and Japan equities in portfolios.
- › Rising interest rates, real estate valuations and turning sentiment from yield investors expected to lead to underperformance versus other real assets; continue to maintain our underweight to REITs and Infrastructure.
- › Investors continued to prefer growth and momentum factors that led in the previous quarter, as well as higher quality companies via stronger balance sheets and higher returns on capital. During the quarter, we cautiously trimmed some returns from growth managers to value managers where we see potential of recovery, and now we are well balanced between growth and value managers.

Source: Russell Investments. There is no guarantee that any stated expectations will occur.

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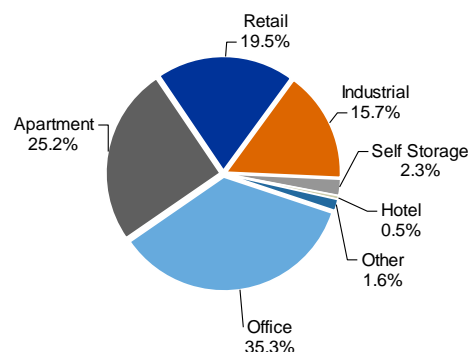
# RIIFL Real Estate Equity Fund – period ending June 30, 2017

## Strategy

Multi-advisor, multi-fund investment approach targeting private core and enhanced core real estate funds. Focus on high-quality current income. Risk managed through property type / regional diversification and limits on portfolio leverage of 30%<sup>1</sup>.

<sup>1</sup> RIIFL-REEF's leverage of 20.4% at 06/30/2017 was within the general guideline limit of 30% and below the Benchmark leverage of 22.3%. Overall portfolio leverage is anticipated to remain fairly constant, although it could increase with the potential addition of value-added investments.

## Property type composition



## Performance

	2Q2017	Annualized				
		One year	Three years	Five years	Ten years	Inception to date <sup>1</sup>
RIIFL Real Estate Equity Fund	1.64%	--	--	--	--	1.64%
NFI-ODCE-EQ-E&F <sup>2</sup>	1.76	--	--	--	--	1.76

<sup>1</sup> Inception 04/01/2017. The date shown represents the date the index comparison began and may not be the actual index inception date.

<sup>2</sup> NCREIF Fund Index Open-End Diversified Core Equity-Equal Weight-Endowment & Foundation Eligible (NFI-ODCE-EQ-E&F).

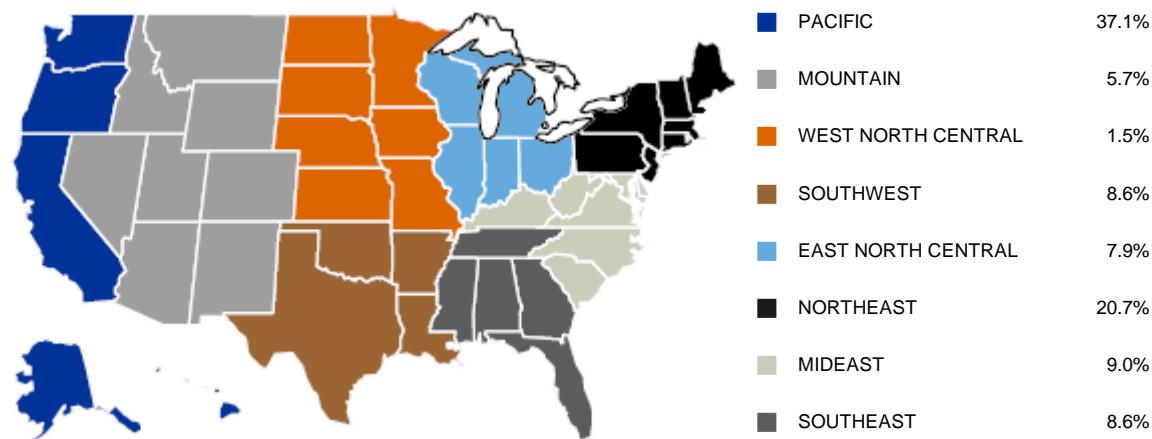
## Characteristics

Core funds	Target weighting %	Market value \$ Millions	Market value % of total	Total gross returns	
				Three months %	One year %
INVESCO Core Real Estate USA	31	25.3	24.1	1.88	--
Morgan Stanley Prime Property Fund	29	42.6	40.7	2.51	--
UBS Trumbull Property Fund	23	15.2	14.6	1.18	--
RREEF America REIT II	17	19.6	18.7	1.76	--
<b>Total Real Estate Fund Investments</b>		<b>102.7</b>	<b>98.1</b>	--	--
Cash & Short Term Investments		1.9	1.9	--	--
<b>Total RIIFL-REEF Investments</b>		<b>104.7</b>	<b>100.0</b>	<b>1.64</b>	--

## Benchmark total return breakout %

	2Q2017	Year to date	One year
Income	.85%	--	--
Capital Appreciation	.79%	--	--

## Regional composition



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# RIIFL Core Bond Fund – period ending September 30, 2017

## Objective

Seeks moderate total return, consistent with the preservation of capital. The Fund's benchmark index is the Barclays U.S. Aggregate Bond Index.

Quality distribution <sup>1,*</sup>	Fund %	Index %
AAA	54.5	71.7
AA	7.9	3.9
A	11.5	10.6
BBB	16.1	13.8
BB	3.1	0.0
B	0.9	0.0
CCC & Below	0.2	0.0
Unrated	5.7	0.0

Maturity distribution <sup>1</sup>	Fund (%)	Index (%)
0 to 3 Years	12.1	20.8
3 to 5 Years	33.6	20.3
5 to 7 Years	22.3	24.7
7 to 10 Years	29.0	18.7
10 to 15 Years	-13.4	1.5
15 to 20 Years	4.9	2.1
20 to 25 Years	1.9	3.9
25+ Years	9.6	8.1

<sup>1</sup> Source: FactSet

Credit quality exposures and/or maturity distributions may not equal 100 percent as a result of the fund's use of certain financial instruments such as futures, forwards, options, swaps and when issued transactions or forward commitments. In the event short positions are created, they may be reflected as negative weightings in sector allocations, credit quality exposures and/or maturity distributions.

## Performance

	3Q2017	Year to date	Annualized			
			One year	Three years	Five years	Inception to date <sup>1</sup>
RIIFL Core Bond Fund	0.80%	3.66%	0.00%	3.13%	2.64%	5.52%
Bloomberg Barclays US Aggregate Bond Index	0.85	3.14	0.07	2.71	2.06	4.18

<sup>1</sup> Inception 07/01/08. The date shown represents the date the index comparison began and may not be the actual index inception date.

## Characteristics<sup>1</sup>

	3Q2017		2Q2017	
	Fund	Bloomberg Barclays US Aggregate Bond Index	Fund	Bloomberg Barclays US Aggregate Bond Index
Total Net Assets	\$2.42B	\$19.95T	\$2.35B	\$19.58T
Current Yield	2.69%	2.53%	2.70%	2.53%
Weighted Average Yield to Maturity	2.9%	2.5%	2.9%	2.5%
Weighted Average Life	9.2yrs	8.0yrs	8.6yrs	8.0yrs
Weighted Average Duration	6.3yrs	5.8yrs	6.2yrs	5.8yrs
Average Quality*	Aa3	Aa2	Aa3	Aa2

<sup>1</sup> Source: FactSet except for Total Net Assets.

## Sector weightings (%)<sup>1,2,3</sup>

	Fund	Index
Developed Govt/Govt-Related	36.2	42.4
Investment Grade Credit	23.2	25.1
High Yield	5.4	0.0
Commercial Mortgage Backed	4.2	1.8
Residential Mortgage Backed	16.1	28.1
Asset Backed	3.2	0.5
Emerging Markets Debt	4.7	1.9
Net Cash & Equivalents	6.6	0.0
Uncategorized	0.4	0.1

<sup>1</sup> Sector Allocations may not equal 100 percent as a result of the fund's use of certain financial instruments such as futures, forwards, options, swaps and when issued transactions or forward commitments. In the event short positions are created, they may be reflected as negative weightings in sector allocations.

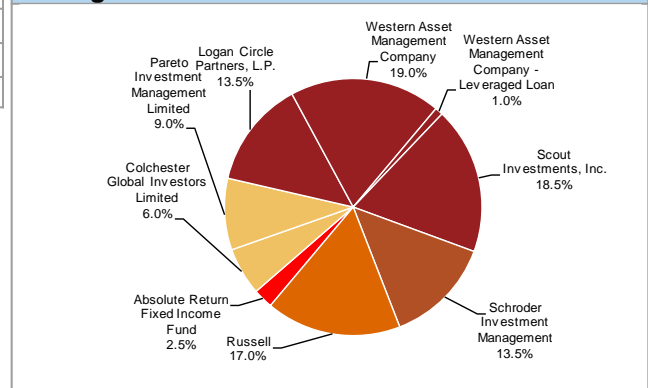
<sup>2</sup> The Other sector includes pooled investment vehicles, certain derivatives, stocks and other investments not falling within one of the other listed sectors.

<sup>3</sup> Source: FactSet and BNY Mellon Asset Servicing

## Fund manager styles

Target weightings %	3Q2017	2Q2017
■ Fully Discretionary	52.0	52.0
■ Alpha Overlay	15.0	15.0
■ Russell strategies	17.0	17.0
■ Security Specialist	13.5	13.5
■ Absolute Return	2.5	2.5

## Manager diversification



Managers listed are current as of September 30, 2017. Russell Investments has the right to engage or terminate a manager at any time and without notice.

This is a fund of Russell Investments Institutional Funds, LLC; it is a private placement. It is not a mutual fund or a fund of the Russell Investments Trust Company Commingled Employee Benefit Funds Trust.

Performance is shown gross of fees. Fees will reduce the overall performance of the Fund. Indexes are unmanaged and cannot be invested in directly. Past performance is not indicative of future results.

\*The sum of the debt instrument quality ratings is based upon the Barclays index methodology, which reflects the ratings of Moody's, Fitch and S&P in such a way that if three different ratings exist for the same instrument, the median rating is used; if two different ratings exist, the lower of the two is used and if only one rating exists, then that rating is used. If the debt instrument has not been rated by any of the three rating agencies, the security is classified as 'Unrated.'

Nothing contained in this material is intended to constitute legal, tax, securities or investment advice, nor an opinion regarding the appropriateness of any investment. The general information contained in this publication should not be acted upon without obtaining specific legal, tax and investment advice from a licensed professional.

# RIIFL Core Bond Fund Performance summary: 3<sup>rd</sup> Quarter 2017

## STRATEGIC BELIEFS

Security selection is a primary source of excess returns within the RIIFL Core Bond Fund, although we believe that emphasizing certain factors over the course of a market cycle can offer higher benchmark-relative returns. For our fixed income funds, this means we are more likely to include securities with more credit risk, longer duration, and higher real yield. In addition, we also invest in currency to provide additional return potential and added diversification.

## Fund positioning entering the quarter

- › The Fund had a long-to-neutral duration position, as we believed the market had shown global strength along with the low unemployment rate in the U.S. However, we were aware of the pressure that global central bank support puts on yields and that risks are skewed toward global tightening in rates.
- › We held a favorable view of credit, but had reduced our positioning from earlier highs given the significant tightening in spreads and the later stages of the credit cycles. We maintained a bias toward adding credit at the margin.

## Drivers of performance

	3 <sup>rd</sup> Qtr	YTD	1 YR	ANNUALIZED				Since Inception	Inception Date
				3 YR	5 YR	10 YR			
<b>RIIFL Core Bond Fund</b>	<b>0.80%</b>	<b>3.66%</b>	<b>0.00%</b>	<b>3.13%</b>	<b>2.64%</b>	<b>-</b>	<b>5.52%</b>	<b>7/1/2008</b>	
Bloomberg Barclays U.S. Aggregate Bond Index	0.85%	3.14%	0.07%	2.71%	2.06%	-	4.18%		

## QUARTERLY REVIEW

Drivers	Impact	Commentary
Real Yield	-	The Fund's global real yield positioning strategy detracted, notably through the long position to Australia. However, a short position to the UK was rewarded.
Credit	+	Overweights to credit risk sectors (i.e. corporates, mortgages) and lower quality cohorts (i.e. rated BBB and below) contributed positively to performance.
Duration	-	The Fund's modest long duration position negatively impacted performance.

## 12 MONTH REVIEW

Drivers	Impact	Commentary
Real Yield	-	The rise in interest rates in Australia and the U.S. in the fourth quarter of 2016 detracted.
Currency	-	The Fund's FX strategy detracted, notably through the long position to the New Zealand dollar and short to the Swedish krona.
Credit	+	Overweights to credit risk sectors (i.e. corporates) and lower quality credit cohorts (i.e. rated BBB and below) proved beneficial.
Emerging Market Debt	+	An overweight to emerging market debt was rewarded.

Performance Key: + positive impact; **Flat** fund and index within +/- 10 basis points; - negative impact relative to the fund's benchmark

Fund Benchmark= Bloomberg Barclays U.S. Aggregate Bond Index

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p. 39 RIIFL funds are not mutual funds, but are funds of the Russell Investments Institutional Funds, LLC; they are private placements.

# RIIFL Core Bond Fund Manager scorecard: 3<sup>rd</sup> Quarter 2017

MANAGER	Colchester Global Investors Limited	Pareto Investment Management Limited	Absolute Return Fixed Income Fund	Western Asset Management Company	Western Asset Management Company – Leveraged Loan	Logan Circle Partners, L.P.	Scout Investments, Inc.	Schroder Investment Management	Russell Investments
Target Weight (%) <sup>1</sup>	6.0	9.0	2.5	19.0	1.0	13.5	18.5	13.5	17.0
STYLES	ALPHA OVERLAY	ABSOLUTE RETURN	FULLY DISCRETIONARY					SECURITY SPECIALIST	POSITIONING STRATEGIES
Quarter Performance vs. Fund Benchmark	+	–	–	+	–	+	+	Flat	–
One Year Performance vs. Fund Benchmark	+	–	Flat	+	–	+	+	+	–

Performance Key: + Positive impact ; **Flat** fund and index return within +/- 10 basis points; – Negative impact relative to the fund's benchmark;

## QUARTERLY COMMENTARY

- › **Colchester Global Investors Limited (Colchester)** was the best performing manager for the quarter. Colchester's shorts to the U.S. and New Zealand dollars and longs to the Norwegian krone and Canadian dollar contributed positively to performance. A short position to US interest rates and longs to the New Zealand and Mexican interest rates also proved beneficial.
- › **Pareto Investment Management Ltd. (Pareto)** was the worst performing manager for the quarter. Pareto were long to the U.S. dollar as it depreciated and short to the euro as it appreciated during the quarter.
- › The Fund's **global real yield strategy** underperformed the benchmark for the quarter. The strategy performed poorly during the quarter, as rates were volatile and the long position to Australia detracted, as rates rose over the period.

Fund Benchmark= Bloomberg Barclays U.S. Aggregate Bond Index

Past performance is not indicative of future results.

<sup>1</sup>The manager weight row represents the month-end quarterly weightings for the underlying manager.

Any stock commentary is specific to its impact on the fund performance and is not a recommendation to purchase or sell any security.

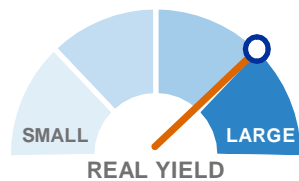
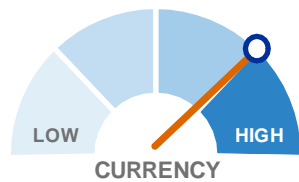
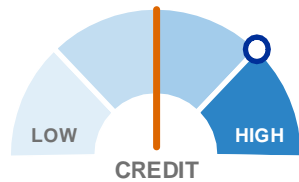
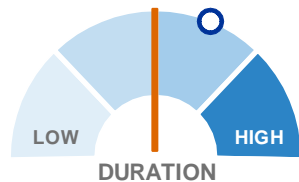
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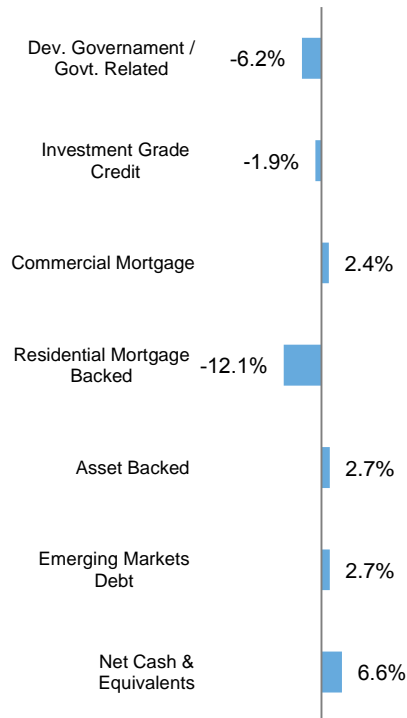
# RIIFL Core Bond Fund Outlook and positioning: 3<sup>rd</sup> Quarter 2017

## CURRENT/STRATEGIC POSITIONING<sup>1</sup>



○ Strategic Position  
— Current Position

## SECTOR POSITIONING<sup>1</sup>



## FUND UPDATE

- During the quarter, we reduced our allocation to the global real yield strategy from 10% to the policy weight of 9%.

## POSITIONING AND OUTLOOK

- We will continue to take advantage of, and refine, diversifying currency and cross-country strategies as the credit cycle matures and rates are challenged.
- While we continue to have a favorable view of credit, in-line with our strategic view, earlier reductions to our credit positions (due to significant spread tightening) now have us more watchful of how low we are willing to go. We added to bank loan exposure as a lower risk source of yield from the credit markets.

1. Positioning is relative to the Fund's benchmark.

Fund Benchmark= Bloomberg Barclays U.S. Aggregate Bond Index  
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# RIIFL Absolute Return Fixed Income Fund – period ending September 30, 2017

## Objective

Seeks to provide capital appreciation with a positive rate of return that is competitive with the long-run returns achieved by typical investment grade core bond funds. The Fund will also seek to maintain a relatively low correlation to both bonds and equities.

## Quality Distribution<sup>1</sup>

	Fund %	Index %
AAA	42.9	100.0
AA	10.3	0.0
A	11.9	0.0
BBB	22.3	0.0
BB	4.6	0.0
B	3.0	0.0
CCC & Below	0.0	0.0
Unrated	5.2	0.0

<sup>1</sup>Source: FactSet

## 3Q Currency Exposure<sup>1</sup> (+)

	% Portfolio
CAD	6.01
GBP	4.64
SEK	3.86
AUD	3.55
CNH	2.86

## 3Q Currency Exposure<sup>1</sup> (-)

	% Portfolio
CHF	-5.51
JPY	-4.35
ILS	-2.78
DKK	-2.74
NOK	-2.74

<sup>1</sup> Source:FactSet

## Performance

	3Q2017	Year to date	Annualized			
			One year	Three years	Five years	Inception to date <sup>1</sup>
RIIFL Absolute Return Fixed Income Fund	-0.28%	0.28%	1.41%	2.33%	--%	2.14%
Bloomberg Barclays 3 Month USD LIBOR Cash Index <sup>2</sup> *	0.33	0.91	1.14	0.68	--	0.62

<sup>1</sup> Inception 03/31/14. The date shown represents the date the index comparison began and may not be the actual index inception date.

<sup>2</sup> Source: Barclays 3 Month USD LIBOR Cash Index, used with permission. Barclays 3 Month USD LIBOR Cash Index is licensing the Barclays 3 Month USD LIBOR Cash Index Indices "as is", makes no warranties regarding same, does not guarantee the quality, accuracy, and/or completeness of the Barclays 3 Month USD LIBOR Cash Index Indices or any data included therein or derived therefrom, and assumes no liability in connection with their use.

## Characteristics<sup>1</sup>

	3Q2017		2Q2017	
	Fund	Barclays 3 Month USD LIBOR Cash Index	Fund	Barclays 3 Month USD LIBOR Cash Index
Total Net Assets	\$393.87M	\$152.49T	\$387.46.M	\$151.99
Weighted Average Yield to Maturity	3.63%	1.34%	3.49%	1.30%
Weighted Average Duration	0.0	0.3	-0.4	0.2
Average Quality*	A1	Aa1	A1	Aa1

<sup>1</sup> Source: FactSet

## Sector Weightings (%)<sup>1</sup>

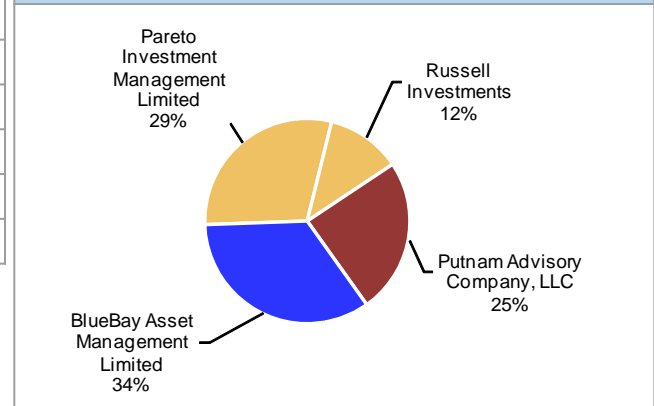
	Fund
Cash	17.76
Corporate High Yield	3.10
Corporate Investment Grade	20.33
Fx/Rates	-0.04
Government	9.10
Government Related	7.10
Securitized	25.71
Emerging Markets	5.68
Other	11.25

<sup>1</sup> The Other sector includes pooled investment vehicles, certain derivatives, stocks and other investments not falling within one of the other listed sectors.

## Fund advisor styles

Target weightings %	3Q2017	2Q2017
■ Currency	41	41
■ Multi-Strategy	34	34
■ Mortgage Strategies	25	25

## Allocation of fund assets



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# RIIFL Absolute Return Fixed Income Fund Performance summary: 3<sup>rd</sup> Quarter 2017

## STRATEGIC BELIEFS

Security selection is a primary source of excess returns within the RIIFL Absolute Return Fixed Income Fund, although we believe that emphasizing certain factors over the course of a market cycle can offer higher benchmark-relative returns. For our fixed income funds, this means we are more likely to include securities with more credit risk, longer duration, and higher real yield. In addition, we also invest in currency to provide additional return potential and added diversification.

## Fund positioning entering the quarter

- › The Fund had modestly short duration exposure concentrated in the front end of the U.S. curve, as we saw strengthening growth, rising inflation pressures and a general shift in global monetary policy.
- › The Fund had overweights to securitized and corporate credit in the U.S. and Europe. In Europe, continued quantitative easing buying supports spreads with a supported corporate backdrop.

## Drivers of performance

	ANNUALIZED							Inception Date
	3 <sup>rd</sup> Qtr	YTD	1 YR	3 YR	5 YR	10 YR	Since Inception	
RIIFL Absolute Return Fixed Income Fund	-0.28%	0.28%	1.41%	2.33%	-	-	2.14%	3/31/2014
Bloomberg Barclays 3 Month USD LIBOR Cash Index	0.33%	0.91%	1.14%	0.68%	-	-	0.62%	

## QUARTERLY REVIEW

Drivers	Impact	Commentary
Currency	-	Currency positions detracted, notably through the short to the Norwegian krone and long to the New Zealand dollar.
Sector Rotation	+	Overweights to corporate credit and securitized credit added value, as spreads tightened and it paid to move further down in quality.
Real Yield	-	The Fund's real yield positioning strategy detracted, through the long position to Australia. However, our short position to the UK was beneficial.

## 12 MONTH REVIEW

Drivers	Impact	Commentary
Sector Rotation	+	Overweights to corporate credit and securitized sectors were beneficial, as spreads tightened and it paid to move further down in quality.
Out-of-benchmark	+	The Fund's overweight to emerging market debt, was rewarded, as it was the best performing credit sector.
Real Yield	-	The rise in interest rates, specifically in Australia and the U.S. in the fourth quarter of 2016 negatively impacted performance.

Performance Key: + positive impact; **Flat** fund and index within +/- 10 basis points; - negative impact relative to the fund's benchmark

Fund Benchmark= Bloomberg Barclays 3 Month USD LIBOR Cash Index

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# RIIFL Absolute Return Fixed Income Fund Manager scorecard: 3<sup>rd</sup> Quarter 2017

MANAGER	BlueBay Asset Management Limited	Pareto Investment Management Limited	Putnam Advisory Company, LLC	Russell Investments
Target Weight (%) <sup>1</sup>	34.3%	29.4%	24.5%	11.8%
STYLE	MULTI-STRATEGY	CURRENCY	MORTGAGE STRATEGIES	POSITIONING STRATEGIES
Quarter Performance vs. Fund Benchmark	+	–	+	–
One Year Performance vs. Fund Benchmark	+	+	–	–

Performance Key: + Positive impact ; **Flat** fund and index return within +/- 10 basis points; – Negative impact relative to the fund's benchmark;  
n/a As this is a new manager there is no Quarter or Year Performance figures.

## QUARTERLY COMMENTARY

- BlueBay Asset Management LLP (BlueBay) was the top performing manager for the quarter, as they held sovereign credit bonds that saw rates tighten especially in September. BlueBay's long position to credit also paid, as rates moved in favor of the position.
- Pareto Investment Management Ltd. (Pareto) was the worst performing manager for the period. Pareto's long USD position versus a short basket of emerging market currencies detracted, as the emerging market currencies performance well during the quarter.

Fund Benchmark= Bloomberg Barclays 3 Month USD LIBOR Cash Index

Past performance is not indicative of future results.

<sup>1</sup>The manager weight row represents the month-end quarterly weightings for the underlying manager.

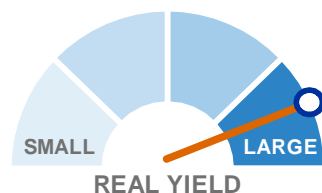
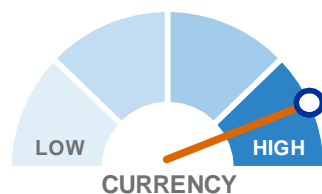
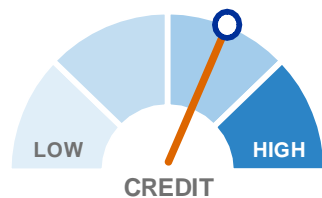
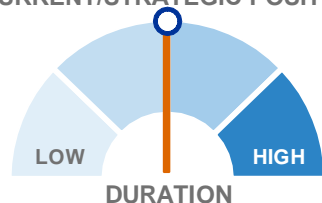
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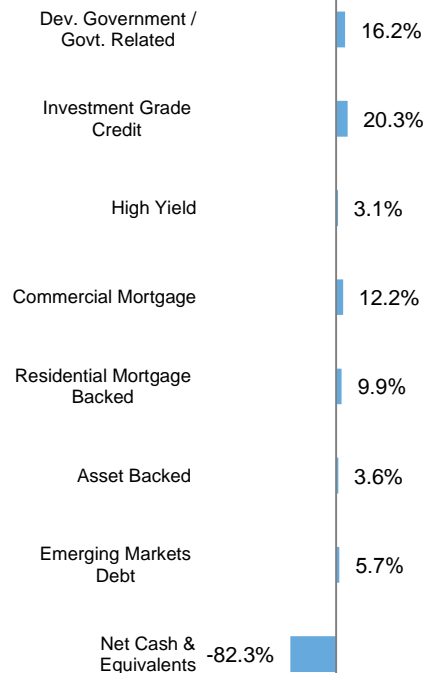
# RIIFL Absolute Return Fixed Income Fund Outlook and positioning: 3<sup>rd</sup> Quarter 2017

## CURRENT/STRATEGIC POSITIONING<sup>1</sup>



○ Strategic Position  
— Current Position

## SECTOR POSITIONING<sup>1</sup>



## POSITIONING AND OUTLOOK

- › The Fund continued to be overweight to peripheral European sovereign bonds, as support from the European Central Bank remains a strong supportive force. Our exposure to corporate credit is close to neutral, as sovereign bonds and mortgage credit offered more compelling value.
- › We remain aware and watchful of opportunities in credit, given central bank support and limited new supply acting as tailwinds, particularly in Europe.

1. Positioning is relative to the Fund's benchmark.

Fund Benchmark= Bloomberg Barclays 3 Month USD LIBOR Cash Index  
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# Nevada System of Higher Education Managed Hedge Fund Solution

## Performance Summary: 3rd Quarter 2017 (Gross estimated returns as of September 30, 2017)

### OBJECTIVE

The strategy of this Managed Hedge Fund Solution is to achieve long-term capital appreciation with low to moderate volatility and low correlation to global equity markets. The fund targets the HFRI Fund of Funds Diversified Index.

### POSITIONING ENTERING THE QUARTER

- After adding new allocations to the Equity Hedge and Tactical Trading strategies in Q2, no additional changes were made fund positioning entering the quarter. The Portfolio has been built in a diversified and balanced manner and we are comfortable with the Portfolio's makeup at this time. .

### PERFORMANCE

	Quarter to Date <sup>1</sup>	Year to Date <sup>1</sup>	One Year	Three Years	Five Years	Since Inception <sup>2</sup>
Managed Hedge Fund Solution	2.51%	--	--	--	--	2.77%
HFRI Fund of Funds Diversified Index	2.36%	--	--	--	--	3.91%

<sup>1</sup> Periods less than one year are not annualized. <sup>2</sup> Portfolios inception date was February 01, 2017

### QUARTERLY PERFORMANCE DRIVERS

The Hedge Fund Portfolio (the "Portfolio") was up +2.51% for the quarter. Key drivers performance were:

Drivers	Impact	Commentary
Event Driven	+	The Event Driven strategy was up +3.47%, which added +1.50% to the Portfolio return. CVI and Jet both performed well.
Tactical Trading	+	The Tactical Trading strategy was up +4.88% and added +0.79% to the Portfolio return. After struggling earlier in the year, commodity-focused Massar performed very well and was up +7.80%. Trend Macro also contributed positively.
Relative Value	+	The Relative Value strategy added +0.13% to the Portfolio as Aristiea's multi-strategy credit portfolio posted a positive return.
Equity Hedge	+	The Equity Hedge strategy added +0.07% to the portfolio well as US equity long/short investment Highline posted a modest positive return.

Performance Key: + positive impact; - negative impact relative to the fund's benchmark; mixed had both positive and negative impact.

Market Indicator = HFRI Fund of Funds Diversified Index

Past performance is not indicative of future results. Performance is estimated and shown gross of fees. Fees will reduce overall performance.

# Nevada System of Higher Education Managed Hedge Fund Solutions

Scorecard: 3rd Quarter 2017 (Gross estimated returns as of September 30, 2017)

Supplemental Material 11/30/17  
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Fund	Aristeia	CVI Emerging	Highline Enhanced	Jet Capital	Massar	Trend Macro
Weight (%) <sup>1</sup>	26.51%	29.72%	12.78%	14.33%	8.35%	8.31%
Quarter to Date Performance	0.49%	4.04%	0.50%	2.30%	7.80%	2.10%
One Year Performance	--	--	--	--	--	--
STRATEGY	TACTICAL TRADING	EQUITY HEDGE	EVENT DRIVEN	RELATIVE VALUE		
Quarter to Date Performance	4.88%	0.50%	3.47%	0.49%		
One year Performance	--	--	--	--		

## QUARTERLY COMMENTARY

- Highline Enhanced, Ltd.** ("Highline") advanced +0.50% during the quarter which increased Portfolio returns by +0.07%. Charter Communications was the top performer in July. Highline was again positive in August with gains coming from the short book as the long book detracted for the month. Highline closed the quarter by posting a loss of -2.5% in September. In a reversal from August, Highline made some money in its long book but lost more money in its short book. Top detractors in September were Charter Communications and Crown Castle International.
- CVI Emerging Markets Credit Value Fund, Ltd.** ("CVI") was up +4.04% and added +1.17% to total performance. July's gains came from Latin America and Non-Japan Asia, as investments in energy and mining/metals were the two main contributors to positive returns. In August CVI was up +1.11%, with gains coming from energy, communications and utility investments in Latin America. In September, the top three contributors were a Latin American energy exploration and production company and two Brazilian sugar companies.
- Aristeia International Limited** ("Aristeia") was up +0.49%, which added +0.13% to the Portfolio. Aristeia has positioned the portfolio to have little exposure to broader markets due to high equity valuations as well as tight credit spreads. Aristeia is also keeping its exposure to CCC-rated credits low due a relatively low expected payoff to the risk taken to hold these instruments. The low net exposure is allowing Aristeia to focus on idiosyncratic alpha opportunities in anticipation of a market direction change.
- Trend Macro Offshore Ltd.** ("Trend") was up +2.10% during the third quarter, which contributed +0.17% to the Portfolio-level return. Trend was down modestly in July (-0.04%) as gains in credit and rates trades were offset by losses in currencies. The drawdown was larger in August as the Trend's portfolio declined -0.78%, due mostly to losses from the equity and interest rate trades. Trend bounced back in September, posting a gain of +2.95% with large gains coming from short position in US and German government bonds.
- Massar Macro Commodity Strategy** ("Massar") was up +7.8%, which increased Portfolio gains by +0.62%. Attribution was driven primarily by gasoline trades that were highly profitable in the wake of hurricane Harvey-related disruptions to oil refiners.
- Jet Capital Concentrated Offshore Fund, Ltd.** ("Jet") returned +2.3% after posting positive returns in each of the month of the quarter. The best performing positions were Yahoo stub equity Altaba followed closely by DVMT, which is the Dell Technologies tracking stock for VMware that was issued in relation to Dell's acquisition of EMC.

Market Indicator = HFRI Fund of Funds Diversified Index

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<sup>1</sup>The fund weight row represents the month-end quarterly weightings for the underlying funds.

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# Nevada System of Higher Education Managed Hedge Fund Solution

## Outlook and Positioning: 3rd Quarter 2017 (Gross estimated returns as of September 30, 2017)

### ALLOCATION TO STRATEGIES

	3Q2017	2Q2017
Tactical Trading	16.7%	16.3%
Relative Value	26.5%	27.0%
Event Driven	44.1%	43.6%
Equity Hedge	12.8%	13.1%

### ALLOCATIONS TO HEDGE FUNDS MANAGERS

	3Q2017	2Q2017
Aristeia	26.5%	27.0%
CVI Emerging	29.7%	29.3%
Highline	12.8%	13.1%
Jet Capital	14.3%	14.4%
Massar	8.4%	7.9%
Trend Macro	8.3%	8.4%

### POSITIONING AND OUTLOOK

- › Russell Investments' strategists continue to see a tight labor market and low probability of a 2018 recession. Stock-to-stock correlations in most geographic regions remain below their long-term averages, which offers a good stock-picking environment. Despite this, manager selection remains key due to return dispersions and style factors. As we saw in September's rotation from Growth to Value, these changes can be quick and violent, and they may be transitory. We continue to believe in a balanced approach to equity factors, the ability of the best managers to add value in both long and short portfolios, and that the opportunity for stock picking will be good for the foreseeable future. Following the addition of Highline Enhanced and Trend Macro to the Portfolio, target weights have been reached. We don't have plans to make near-term changes to the portfolio.
- › While much has been discussed about the decision by the Fed to shrink its balance sheet, we do not expect a major impact to interest rates during this process absent an external shock. There is a risk of inflation creeping up, but we do not expect a major increase anytime soon that could lead to dramatically higher rates. With equity valuations high in the US, credit spreads low globally, and the outlook for interest rates fairly stable, we continue to favor funds that can make money in a continued "risk on" environment but that also manage risk well.
- › One change that we might make to the portfolio at the end of the first quarter of 2018 is to swap out of Highline (US focused) into another hedge fund that has more international exposure. In addition, we are thinking about adding to the Aeolus reinsurance strategy. Because of the uncertainty around the precise loss severities, a substantial amount of the 2017 risk pool will be unavailable to roll into the new risk program that will be underwritten in the first quarter of 2018. We will get more details from the manager in coming weeks.





# Account Performance Detail

Third Quarter 2017

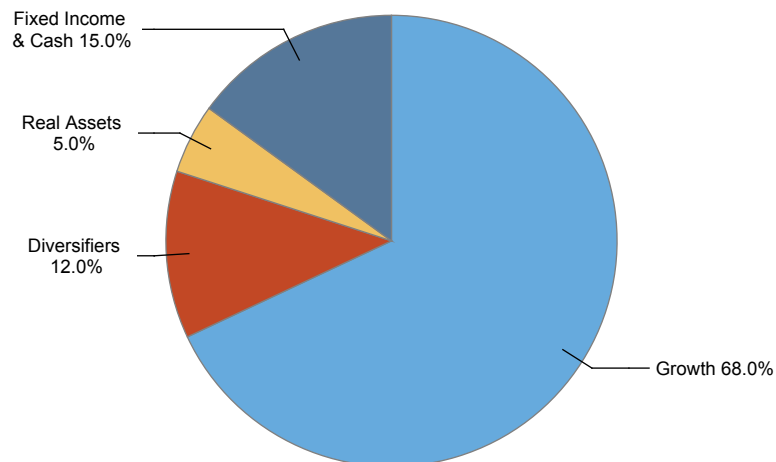
## Asset Summary

### Nevada System of Higher Education

As of September 30, 2017

#### Nevada System of Higher Education - Endowment - NK1K

##### Asset Class Policy Allocation



##### Market Value Reconciliation

	One Month	Three Months	Year to Date
Beginning Market Value (\$)	108,648,280	106,200,041	0
Net Inflows/Outflows (\$)	28,117	164,256	100,679,956
Net Market Gain/Loss (\$)	1,139,592	3,451,691	9,136,032
Ending Market Value (\$)	109,815,988	109,815,988	109,815,988

##### Asset Allocation

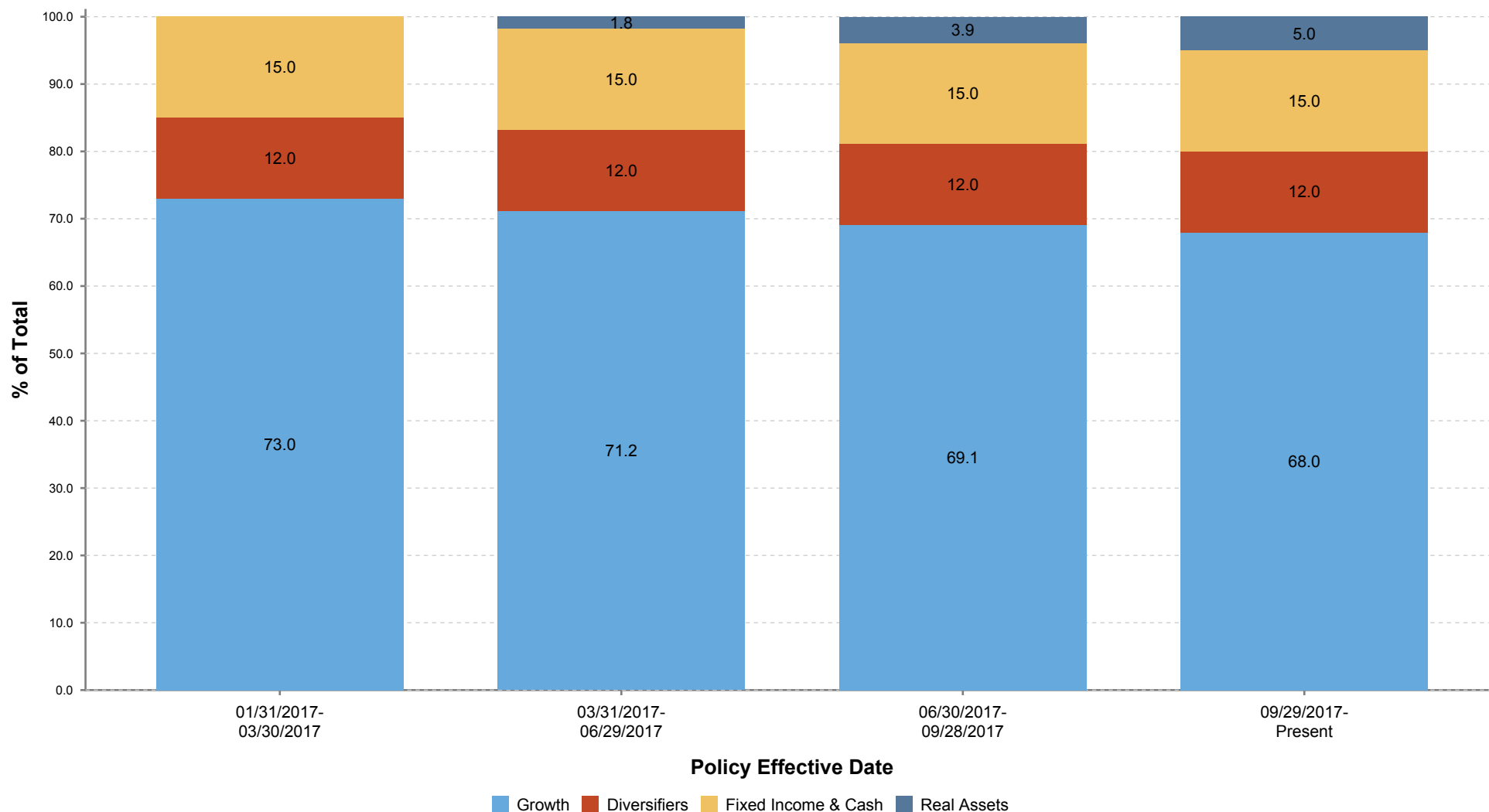
	Ending Market Value	Actual Holding	Policy Holding	Holding Variance
Growth	\$76,759,085	69.9%	68.0%	1.9%
Diversifiers <sup>[1]</sup>	12,226,419	11.1	12.0	-0.9
Real Assets <sup>[2]</sup>	5,084,784	4.6	5.0	-0.4
Fixed Income & Cash	15,745,700	14.3	15.0	-0.7
<b>Total Endowment Pool Composite</b>	<b>109,815,988</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>

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## Historical Asset Allocation Nevada System of Higher Education

As of September 30, 2017

### Nevada System of Higher Education - Endowment - NK1K



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## Market Value Reconciliation Nevada System of Higher Education

As of September 30, 2017

### Nevada System of Higher Education - Endowment - NK1K

	One Month	Three Months	Year to Date	FYTD 06/30	Since Inception 01/01/17
Beginning Market Value (\$)	108,648,280	106,200,041	0	106,200,041	0
Inflows (\$)	28,117	331,302	103,560,619	331,302	103,560,619
Outflows (\$)	0	-167,045	-2,880,662	-167,045	-2,880,662
Net Inflows / Outflows (\$)	28,117	164,256	100,679,956	164,256	100,679,956
Appreciation / Depreciation (\$)	1,139,592	3,451,629	9,132,466	3,451,629	9,132,466
Income Earned (\$)	0	61	3,566	61	3,566
Net Market Gain/Loss (\$)	1,139,592	3,451,691	9,136,032	3,451,691	9,136,032
Ending Market Value (\$)	109,815,988	109,815,988	109,815,988	109,815,988	109,815,988

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# Performance Report

## Nevada System of Higher Education

As of September 30, 2017

### Nevada System of Higher Education - Endowment - NK1K

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Since Inception	Inception Date
<b>Total Endowment Pool Composite - Gross</b> <sup>[3]</sup>	<b>\$109,815,988</b>	<b>1.06%</b>	<b>3.26%</b>	<b>11.13%</b>	<b>3.26%</b>	<b>11.13%</b>	<b>01/01/2017</b>
<b>Total Endowment Pool Composite - Net</b> <sup>[3]</sup>	<b>109,815,988</b>	<b>1.00</b>	<b>3.10</b>	<b>10.62</b>	<b>3.10</b>	<b>10.62</b>	<b>01/01/2017</b>
Dynamic Benchmark <sup>[4]</sup>	--	1.21	3.30	10.57	3.30	10.57	--
Strategic Allocation Benchmark <sup>[5]</sup>	--	1.20	3.26	10.48	3.26	10.48	--
Normalized Benchmark <sup>[6]</sup>	--	1.22	3.25	9.93	3.25	9.93	--
 <b>Growth - Gross</b> <sup>[3]</sup>	 <b>76,759,085</b>	 <b>1.40</b>	 <b>4.11</b>	 <b>13.61</b>	 <b>4.11</b>	 <b>13.61</b>	 <b>01/01/2017</b>
<b>Growth - Net</b> <sup>[3]</sup>	<b>76,759,085</b>	<b>1.34</b>	<b>3.93</b>	<b>13.03</b>	<b>3.93</b>	<b>13.03</b>	<b>01/01/2017</b>
Custom Benchmark <sup>[7]</sup>	--	1.61	4.25	13.24	4.25	13.24	--
 <b>Multi-Asset Core Plus Fund - Gross</b> <sup>[3]</sup>	 <b>76,759,085</b>	 <b>1.40</b>	 <b>4.11</b>	 <b>13.61</b>	 <b>4.11</b>	 <b>13.61</b>	 <b>01/01/2017</b>
<b>Multi-Asset Core Plus Fund - Net</b> <sup>[3]</sup>	<b>76,759,085</b>	<b>1.34</b>	<b>3.93</b>	<b>13.03</b>	<b>3.93</b>	<b>13.03</b>	<b>01/01/2017</b>
Multi-Asset Core Plus Composite Bmk <sup>[8]</sup>	--	1.61	4.25	13.24	4.25	13.24	--
 <b>Diversifiers - Gross</b> <sup>[3],[9]</sup>	 <b>12,226,419</b>	 <b>0.42</b>	 <b>2.07</b>	 <b>--</b>	 <b>2.07</b>	 <b>1.97</b>	 <b>03/01/2017</b>
<b>Diversifiers - Net</b> <sup>[3],[9]</sup>	<b>12,226,419</b>	<b>0.37</b>	<b>1.90</b>	<b>--</b>	<b>1.90</b>	<b>1.58</b>	<b>03/01/2017</b>
LIBOR + 4% (1 mo lag)	--	0.43	1.28	--	1.28	2.91	--
 <b>Highline Enhanced, Ltd. - Net</b> <sup>[10]</sup>	 <b>1,621,845</b>	 <b>0.90</b>	 <b>5.49</b>	 <b>--</b>	 <b>5.49</b>	 <b>8.12</b>	 <b>06/01/2017</b>
 <b>CVI Emerging Markets Credit Value Fd Ltd - Net</b> <sup>[9]</sup>	 <b>3,614,232</b>	 <b>1.11</b>	 <b>4.29</b>	 <b>--</b>	 <b>4.29</b>	 <b>3.29</b>	 <b>03/01/2017</b>
 <b>Jet Capital Concentrated Offshore Fd Ltd - Net</b> <sup>[9]</sup>	 <b>1,757,087</b>	 <b>0.61</b>	 <b>-0.06</b>	 <b>--</b>	 <b>-0.06</b>	 <b>1.04</b>	 <b>03/01/2017</b>

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## Performance Report

### Nevada System of Higher Education

As of September 30, 2017

#### Nevada System of Higher Education - Endowment - NK1K

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Since Inception	Inception Date
<b>Aristeia International Ltd. - Net <sup>[9]</sup></b>	3,205,728	-1.72	-2.07	--	-2.07	-1.30	03/01/2017
<b>Massar Macro Commodity Fund Ltd - Net <sup>[9]</sup></b>	1,029,441	5.13	8.71	--	8.71	2.94	03/01/2017
<b>Trend Macro Offshore Ltd. - Net <sup>[10]</sup></b>	998,085	-0.78	0.10	--	0.10	-0.19	06/01/2017
<b>Real Assets - Gross <sup>[11]</sup></b>	5,084,784	1.95	1.95	--	1.95	3.62	04/01/2017
<b>Real Assets - Net <sup>[11]</sup></b>	5,084,784	1.61	1.61	--	1.61	2.93	04/01/2017
<b>Real Estate Equity Fund - Gross <sup>[11]</sup></b>	5,084,784	1.95	1.95	--	1.95	3.62	04/01/2017
<b>Real Estate Equity Fund - Net <sup>[11]</sup></b>	5,084,784	1.61	1.61	--	1.61	2.93	04/01/2017
NFI-ODCE-EQ-E&F <sup>[12]</sup>	--	1.98	1.98	--	1.98	3.77	--
<b>Fixed Income &amp; Cash - Gross <sup>[3]</sup></b>	15,745,700	-0.32	0.46	2.55	0.46	2.55	01/01/2017
<b>Fixed Income &amp; Cash - Net <sup>[3]</sup></b>	15,745,700	-0.36	0.33	2.16	0.33	2.16	01/01/2017
Custom Benchmark <sup>[13]</sup>	--	-0.30	0.69	2.58	0.69	2.58	--
Bloomberg Barclays US Aggregate Bond Idx	--	-0.48	0.85	3.14	0.85	3.14	--
<b>Core Bond Fund - Gross <sup>[3]</sup></b>	10,836,864	-0.54	0.80	3.66	0.80	3.66	01/01/2017
<b>Core Bond Fund - Net <sup>[3]</sup></b>	10,836,864	-0.58	0.68	3.31	0.68	3.31	01/01/2017
Bloomberg Barclays US Aggregate Bond Idx	--	-0.48	0.85	3.14	0.85	3.14	--

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## Performance Report

### Nevada System of Higher Education

As of September 30, 2017

#### Nevada System of Higher Education - Endowment - NK1K

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Since Inception	Inception Date
<b>Absolute Return Fixed Income Fund - Gross</b> <sup>[3]</sup>	<b>4,908,768</b>	<b>0.19</b>	<b>-0.28</b>	--	<b>-0.28</b>	<b>-0.09</b>	<b>01/09/2017</b>
<b>Absolute Return Fixed Income Fund - Net</b> <sup>[3]</sup>	<b>4,908,768</b>	<b>0.12</b>	<b>-0.46</b>	--	<b>-0.46</b>	<b>-0.64</b>	<b>01/09/2017</b>
Bloomberg Barclays 3 Mo USD LIBOR Index	--	0.11	0.33	--	0.33	0.89	--
 <b>State Street Inst Treas+ Money Mkt Fd - Net</b>	 <b>68</b>	 <b>0.07</b>	 <b>0.15</b>	 --	 <b>0.15</b>	 <b>0.15</b>	 <b>07/01/2017</b>
Bloomberg Barclays US 1-3 mo T-Bill Idx	--	0.09	0.25	--	0.25	0.25	--
Lipper Inst US Treas Money Mkt Fds Avg	--	0.06	0.16	--	0.16	0.16	--

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## Market Value Reconciliation Nevada System of Higher Education

As of September 30, 2017

### NSHE - Primary Investment Account - SIPL

	One Month	Three Months	Year to Date	FYTD 06/30	Since Inception 01/01/17
Beginning Market Value (\$)	85,221,510	83,262,795	0	83,262,795	0
Inflows (\$)	28,117	331,302	81,256,019	331,302	81,256,019
Outflows (\$)	0	-167,045	-2,816,821	-167,045	-2,816,821
Net Inflows / Outflows (\$)	28,117	164,256	78,439,198	164,256	78,439,198
Appreciation / Depreciation (\$)	930,721	2,753,234	7,739,824	2,753,234	7,739,824
Income Earned (\$)	0	61	1,324	61	1,324
Net Market Gain/Loss (\$)	930,721	2,753,295	7,741,149	2,753,295	7,741,149
Ending Market Value (\$)	86,180,347	86,180,347	86,180,347	86,180,347	86,180,347

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## Market Value Reconciliation Nevada System of Higher Education

As of September 30, 2017

### NSHE - Russell Investments Hedge Funds - SIPM

	One Month	Three Months	FYTD 06/30	Since Inception 01/06/17
Beginning Market Value (\$)	12,175,279	11,978,684	11,978,684	0
Inflows (\$)	0	0	0	12,061,600
Outflows (\$)	0	0	0	-63,842
Net Inflows / Outflows (\$)	0	0	0	11,997,758
Appreciation / Depreciation (\$)	51,140	247,735	247,735	226,419
Income Earned (\$)	0	0	0	2,242
Net Market Gain/Loss (\$)	51,140	247,735	247,735	228,660
Ending Market Value (\$)	12,226,419	12,226,419	12,226,419	12,226,419

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## Market Value Reconciliation Nevada System of Higher Education

As of September 30, 2017

### NSHE - Russell Investments Private Capital - SIPN

	One Month	Three Months	Year to Date	FYTD 06/30	Since Inception 01/01/17
Beginning Market Value (\$)	11,251,491	10,958,562	0	10,958,562	0
Inflows (\$)	0	0	10,243,000	0	10,243,000
Outflows (\$)	0	0	0	0	0
Net Inflows / Outflows (\$)	0	0	10,243,000	0	10,243,000
Appreciation / Depreciation (\$)	157,731	450,661	1,166,222	450,661	1,166,222
Income Earned (\$)	0	0	0	0	0
Net Market Gain/Loss (\$)	157,731	450,661	1,166,222	450,661	1,166,222
Ending Market Value (\$)	11,409,222	11,409,222	11,409,222	11,409,222	11,409,222

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## Endnotes

### Nevada System of Higher Education

As of September 30, 2017

- [1] Market value is reported one month in arrears.
- [2] Market value is as of the quarter ending 09/30/17.
- [3] Net of fee adjusted returns are estimated using basis point adjustments. Returns are geometrically linked and could experience compounding effects.
- [4] As of 02/01/17, the Dynamic Benchmark is the sum contribution of monthly benchmark returns, dynamically weighted by the component primary benchmarks' associated funds' monthly average balance over the aggregate monthly average balance.
- [5] Strategic Allocation Benchmark currently consists of: 69.1% Multi-Asset Core Plus Composite Bmk, 12.0% LIBOR + 4% (1 mo lag), 3.9% NCREIF Open-End E&F, 10.0% Bloomberg Barclays Aggregate, 5.0% Bloomberg Barclays 3 Month LIBOR.
- [6] Normalized Benchmark currently consists of: 52.7% Russell Global 50% Hedged Net, 3.5% BofAML Dev Mkts HY Constr USD Hdg, 3.5% JP Morgan EMBI Global Diversified Index, 13.4% LIBOR + 4% (1 mo lag), 2.7% Bloomberg Commodity, 2.7% FTSE EPRA/NAREIT Net, 2.7% S&P Gbl Infrastructure Net, 3.0% NFI-ODCE-EQ, 10.5% Bloomberg Barclays Aggregate, 5.3% Bloomberg Barclays 3 Month LIBOR.
- [7] Custom Benchmark currently consists of: 100.0% Multi-Asset Core Plus Composite Bmk.
- [8] The Multi-Asset Core Plus Composite Index is appropriate for evaluating the Fund over a 3 to 5 year horizon. It currently consists of: 75.0% Russell Global Index 50% Hedged Net Index, 5.0% Bloomberg Commodity Index, 5.0% FTSE EPRA/NAREIT Dev Real Estate Net, 5.0% S&P Global Infrastructure Index Net, 5.0% BofAML Developed Markets High Yield Constrained Index USD Hdg, 5.0% JP Morgan EMBI Global Diversified Index. Allocation changes and underlying fund additions and deletions over time will be captured in the composite index. Prior allocations available upon request.
- [9] True inception date is 02/01/17. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [10] True inception date is 05/01/17. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [11] Real Estate Equity Fund is valued quarterly. The market value shown is as of the quarter ending 09/30/17 while the performance is reported as of the date of the performance report. The market value is reported net of fees while returns are reported gross of fees unless otherwise noted. Fee adjusted returns are estimated using basis point adjustments. Returns are geometrically linked and could experience compounding effects.
- [12] NCREIF Fund Index Open-End Diversified Core Equity-Equal Weight-Endowment & Foundation Eligible (NFI-ODCE-EQ-E&F).
- [13] As of 01/06/17, the Custom Benchmark is the sum contribution of daily benchmark returns, dynamically weighted by the component primary benchmarks' associated funds' daily beginning market value over the aggregate beginning market value.



# Directed Hedge Funds Detail

Third Quarter 2017



# Equity Hedge

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# Highline Enhanced, Ltd.

## Equity Hedge

### Fundamental - Global

#### Firm

**Name:** Highline Capital Management, LLC  
**Inception:** 1995  
**Firm AUM:** \$3.54 billion  
**Strategy AUM:** \$3.27 billion  
**Location:** New York  
**Portfolio Managers:** Jacob Doft

#### Background

Highline Capital Management was established in 1995 by Jacob W. Doft. Highline Capital Management currently manages three equity long/short strategies that are distinguished only by portfolio concentration and construction. Highline Capital is the firm's flagship fund launched in 1995.

#### Investing Strategy

Highline Enhanced, Ltd. seeks capital appreciation by exposing clients to all Highline Capital Partners investment ideas in a 2x levered portfolio structure.

Highline Capital is a fundamental long/short fund focused mainly in liquid US mid and large capitalized stocks. Typically, ideas come from a universe of companies and industries where professionals anticipate a transformation over a 1- 3 year time horizon. The types of transformations and changes that analysts look for fall into three broad categories: structural change, strategic change, and financial change. In some cases, the changes are company-specific. In other cases, they are industry wide, which would lead them to study multiple companies within a particular sector.

#### Typical Portfolio Profile

**Gross Exposure:** 180% - 320%  
**Net Exposure:** 30% - 90%  
**Geography:** US

#### Instruments Traded

☐ Equities

#### Third Party Providers

**Administrator:** Morgan Stanley Fund Services  
**Auditor:** KPMG  
**Legal Counsel:** Haynes and Boone  
**Prime Broker:** Goldman Sachs, Morgan Stanley, JP Morgan, Fidelity Prime Services

#### Standard Terms

**Management Fee:** 1.5%  
**Performance Fee:** 20%  
**Liquidity:** Quarterly, 30 days  
**Lock-up:** 1 year soft (5%)

#### Last Updated

**As of Date:** 09/30/2017  
**Analyst:** Mark Rapela

# Highline Enhanced, Ltd.

## Equity Hedge

### Fundamental - Global

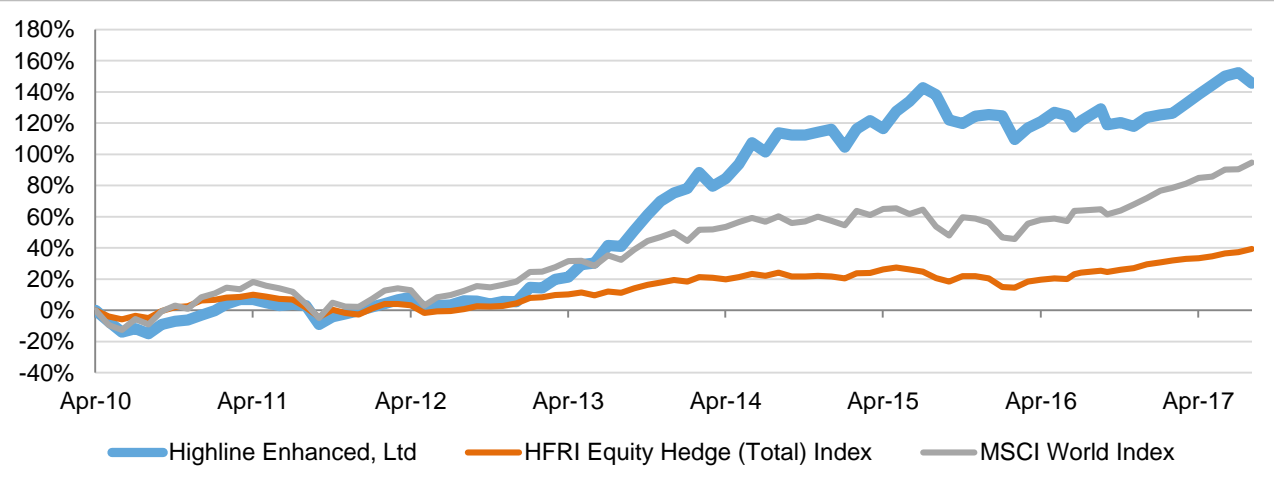
#### MONTHLY RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2010</b>					-7.20%	-7.40%	2.60%	-3.70%	7.10%	2.20%	0.80%	3.30%	<b>-3.23%</b>
<b>2011</b>	3.00%	4.30%	2.90%	0.00%	-2.10%	-1.70%	0.90%	-0.90%	-11.70%	5.30%	2.10%	2.10%	<b>3.10%</b>
<b>2012</b>	2.30%	2.20%	2.30%	1.50%	-6.20%	1.40%	0.40%	2.60%	-0.20%	-1.80%	1.50%	-0.10%	<b>5.70%</b>
<b>2013</b>	8.80%	-0.40%	4.90%	1.20%	6.60%	0.80%	8.60%	-0.40%	7.20%	6.70%	5.30%	3.20%	<b>66.20%</b>
<b>2014</b>	1.60%	5.80%	-4.70%	2.70%	5.00%	7.10%	-2.80%	6.10%	-0.70%	0.00%	0.90%	0.80%	<b>23.23%</b>
<b>2015</b>	-5.30%	5.70%	2.50%	-2.30%	5.10%	2.80%	3.80%	-1.90%	-6.80%	-1.00%	2.10%	0.50%	<b>4.41%</b>
<b>2016</b>	-0.40%	-6.70%	3.50%	1.90%	2.70%	-0.90%	-3.30%	1.80%	3.50%	-4.50%	0.70%	-1.10%	<b>-3.34%</b>
<b>2017</b>	2.60%	0.70%	0.50%	2.70%	2.60%	2.50%	2.30%	0.90%	-2.70%				<b>12.63%</b>

#### RETURN AND RISK ANALYSIS – 09/30/2017

Historical annualized return	12.87%
Historical annualized volatility	13.09%
Annual Sharpe Ratio	0.98
Correlation (MSCI World Index)	0.62
Beta (MSCI World Index)	0.62
Max monthly loss	-11.70%
Max drawdown	-15.10%
Positive Months %	68.54%
Negative Months %	31.46%
Skew	-0.65
Kurtosis	0.98
Normal monthly VaR 99%	-7.72%

#### HISTORICAL CUMULATIVE RETURNS



Content provided by manager and although deemed reliable, may not be complete and accurate and is subject to change.

Content is representative of the investment the proposed account has with the manager.

Performance results are Net of management and performance fees. Past performance is not indicative of future results.



# Event Driven





# CVI Emerging Market Credit Value Fund, Ltd.

Event Driven

Credit - Distressed/High Yield

## Firm

**Name:** Carval Investors, LLC

**Fund Inception:** April 2013

**Strategy Inception:** 1999

**Firm AUM:** \$10.7 billion

**Strategy AUM:** \$1.40 billion

**Location:** Minneapolis, London, New York, Buenos Aires, Singapore

**Portfolio Managers:** Joseph Graf and Gerardo Bernáldez,

## Background

CarVal Investors, a wholly-owned subsidiary of Cargill Inc, has been investing actively in emerging markets ("EM") credit assets since 1999. CarVal launched a stand-alone fund to invest in EM credit in April 2013.

The investment team is headed by long-time Cargill/CarVal veteran Gerardo Bernáldez and Joe Graf, who joined the CarVal from Credit Suisse in 2006. The investment team conducts its research in-house, and supplements it with insights from various Cargill employees globally.

## Investing Strategy

The portfolio focuses on investments in distressed and high yield loans and bonds in a wide range of emerging markets. The team looks to invest in situations with identifiable catalysts and defined strategies for exit. The portfolio may use a modest amount of leverage.

While the PMs typically have some market hedges on to mitigate risk in the portfolio, the portfolio has a consistently long bias.

## Typical Portfolio Profile

**Gross Exposure Range:** 90-150%

**Net Exposure Range:** 50-75%

**Geography:** Global Emerging Markets

## Instruments Traded

- ☐ Corporate Bonds
- ☐ Leveraged Loans
- ☐ CDS
- ☐ Index Derivatives

## Third Party Providers

**Administrator:** Northern Trust Hedge Fund Services

**Auditor:** KPMG LLC

**Legal Counsel:** Maples and Calder (Cayman), Schlute Roth & Zabel LLC (US)

**Prime Brokers:** Credit Suisse Securities, Barclays Capital

## Standard Terms

**Management Fee:** 2%

**Performance Fee:** 20%

**Liquidity:** Quarterly, 90 days; 25% investor-level gate

**Lock-up:** 1 year hard

## Last Updated

**As of Date:** 09/30/2017

**Analyst:** Brent Pasternack

# CVI Emerging Market Credit Value Fund, Ltd.

## Event Driven Credit - Distressed/High Yield

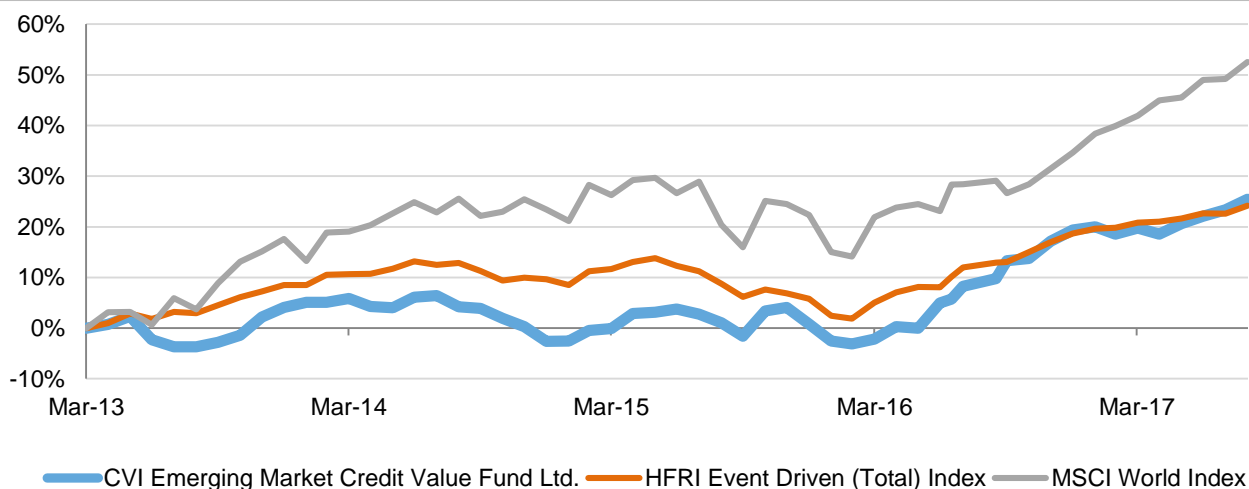
### MONTHLY RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2013</b>				0.70%	1.60%	-4.50%	-1.40%	0.00%	0.90%	1.40%	3.70%	1.80%	<b>4.05%</b>
<b>2014</b>	1.00%	0.00%	0.70%	-1.50%	-0.20%	2.00%	0.30%	-2.10%	-0.30%	-1.90%	-1.60%	-2.90%	<b>-6.42%</b>
<b>2015</b>	0.10%	2.10%	0.40%	2.99%	0.21%	0.60%	-0.97%	-1.62%	-2.63%	5.07%	0.64%	-3.15%	<b>3.50%</b>
<b>2016</b>	-3.30%	-0.60%	1.00%	2.50%	-0.30%	5.00%	0.70%	2.40%	1.40%	3.20%	0.40%	3.00%	<b>16.24%</b>
<b>2017</b>	1.90%	0.50%	-1.20%	1.00%	-1.00%	1.80%	1.20%	1.00%	1.70%				<b>7.06%</b>

### RETURN AND RISK ANALYSIS – 09/30/2017

Historical annualized return	5.16%
Historical annualized volatility	6.88%
Annual Sharpe Ratio	0.75
Correlation (MSCI World Index)	0.40
Beta (MSCI World Index)	0.27
Max monthly loss	-4.50%
Max drawdown	-8.98%
Positive Months %	66.67%
Negative Months %	33.33%
Skew	-0.09
Kurtosis	0.27
Normal monthly VaR 99%	-4.19%

### HISTORICAL CUMULATIVE RETURNS



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Content is representative of the investment the proposed account has with the manager.

Performance results are Net of management and performance fees. Past performance is not indicative of future results.

# Jet Capital Concentrated Offshore Fund, Ltd.

## Event Driven Equity - Special Situations

### Firm

**Name:** Jet Capital Investors, LP  
**Inception:** 2002  
**Firm AUM:** \$1.17 billion  
**Strategy AUM:** \$1.17 billion  
**Location:** New York  
**Portfolio Managers:** Matthew Mark & Alan Cooper

### Background

Matthew Mark founded Jet Capital in 2002 with the contribution of a significant seed investor and the vast majority of his personal savings. Alan Cooper joined Matt as co-PM and partner in 2003.

### Investing Strategy

The fund invests principally in equities that are likely to be impacted significantly as a result of a legal, regulatory or transactional processes. For idea generation, the team relies on a number of sources, including news periodicals, sell side research, SEC filings and litigation/regulatory screens. The investment team then researches these potential trades to identify situations with process-specific catalysts and conducts primary research on those situations.

The team pays close attention to risk/reward on potential trades, and looks for situations that truncate downside risk versus upside potential. As a result, it does not invest much in plain-vanilla merger arbitrage.

### Typical Portfolio Profile

**Gross Exposure:** 130%-200%  
**Net Exposure:** 30%-75%  
**Geography:** Global

### Instruments Traded

- ☐ Corporate Bonds
- ☐ Equities
- ☐ Equity Derivatives
- ☐ Sovereign Bonds

### Third Party Providers

**Administrator:** Morgan Stanley Fund Services  
**Auditor:** Grant Thornton, LLP  
**Legal Counsel:** Schulte Roth & Zabel, (US), Walkers (Cayman)  
**Prime Brokers:** Goldman Sachs, Deutsche Bank, Morgan Stanley

### Standard Terms

**Management fee:** 1.5%  
**Performance Fee:** 15% of net return up to 15% and 25% thereafter  
**Liquidity:** Monthly, 30 Days  
**Lock-up:** 1 year soft (3%)

### Last Updated

**As of Date:** 09/30/2017  
**Analyst:** Brent Pasternack

# Jet Capital Concentrated Offshore Fund, Ltd.

## Event Driven Equity - Special Situations

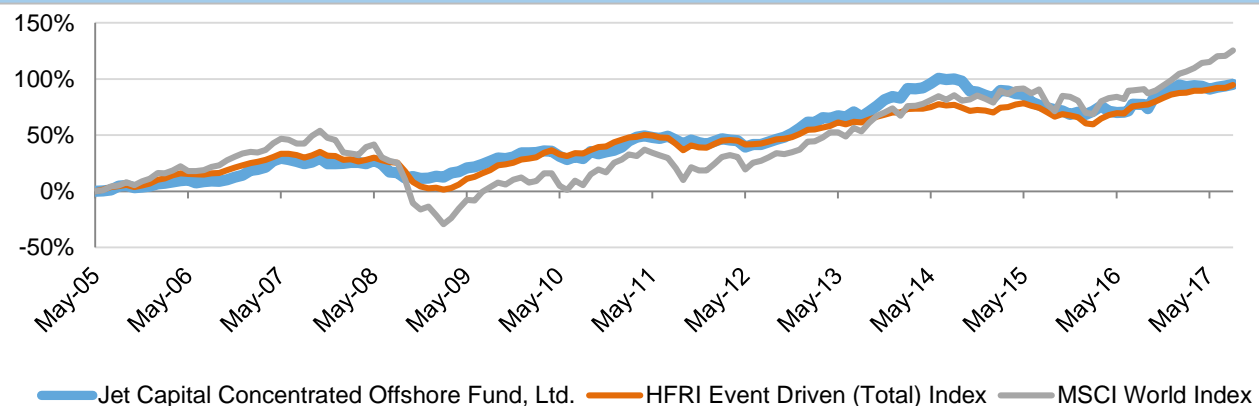
### MONTHLY RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2005</b>						0.28%	0.78%	3.35%	0.58%	-1.79%	0.40%	1.05%	<b>4.67%</b>
<b>2006</b>	1.77%	0.50%	1.05%	1.12%	0.45%	-2.19%	1.07%	0.56%	-0.35%	1.21%	2.14%	1.42%	<b>9.03%</b>
<b>2007</b>	3.74%	0.74%	1.88%	4.62%	1.80%	-0.85%	-1.34%	-1.74%	1.34%	2.57%	-3.71%	0.02%	<b>9.11%</b>
<b>2008</b>	0.27%	0.56%	0.17%	-0.92%	2.15%	-2.32%	-5.76%	-0.55%	-4.15%	1.17%	-1.52%	0.44%	<b>-10.24%</b>
<b>2009</b>	1.54%	-0.73%	3.09%	1.15%	2.84%	0.81%	1.74%	2.40%	2.23%	-0.44%	1.06%	2.92%	<b>20.18%</b>
<b>2010</b>	-0.12%	0.20%	1.10%	-0.29%	-3.23%	-2.27%	1.95%	-1.20%	4.79%	-1.38%	1.13%	1.20%	<b>1.65%</b>
<b>2011</b>	1.98%	3.94%	2.41%	0.79%	-0.98%	-0.61%	1.32%	-2.31%	-2.33%	2.36%	-1.42%	-1.04%	<b>3.95%</b>
<b>2012</b>	1.82%	1.45%	-0.61%	-0.55%	-3.77%	1.58%	0.04%	1.57%	1.64%	1.24%	2.28%	3.06%	<b>10.00%</b>
<b>2013</b>	3.49%	-0.16%	2.62%	-0.31%	1.40%	-0.77%	2.85%	-2.51%	2.62%	3.08%	3.13%	1.58%	<b>18.18%</b>
<b>2014</b>	-0.83%	4.62%	-0.14%	0.47%	2.09%	2.33%	-0.53%	0.24%	-1.06%	-4.44%	-0.49%	-1.47%	<b>0.52%</b>
<b>2015</b>	-1.19%	3.53%	-0.27%	-1.14%	-0.43%	-3.62%	-1.65%	-1.24%	-0.96%	-0.66%	-1.85%	1.17%	<b>-8.15%</b>
<b>2016</b>	-1.13%	1.68%	2.71%	-2.55%	-0.79%	0.14%	0.66%	3.55%	-0.20%	-2.04%	7.41%	0.23%	<b>9.67%</b>
<b>2017</b>	2.12%	2.03%	-0.70%	0.38%	-0.28%	-1.26%	0.78%	0.62%	0.83%				<b>4.56%</b>

### RETURN AND RISK ANALYSIS – 09/30/2017

Historical annualized return	5.58%
Historical annualized volatility	6.95%
Annual Sharpe Ratio	0.80
Correlation (MSCI World Index)	0.54
Beta (MSCI World Index)	0.25
Max monthly loss	-5.76%
Max drawdown	-16.09%
Positive Months %	60.14%
Negative Months %	39.86%
Skew	-0.05
Kurtosis	0.78
Normal monthly VaR 99%	-4.20%

### HISTORICAL CUMULATIVE RETURNS



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# Relative Value



# Aristeia International Limited

## Relative Value Multi-Strategy

### Firm

**Name:** Aristeia Capital LLC  
**Inception:** 1997  
**Firm AUM:** \$2.69 billion  
**Strategy AUM:** \$2.11 billion  
**Location:** Greenwich, CT  
**Portfolio Managers:** Tony Frascella, Bill Techar

### Background

Aristeia Capital LLC ("Aristeia") was founded in March 1997 by the current partners Tony Frascella, Rob Lynch and Kevin Toner who had previously worked together at UBS. Aristeia's fourth Partner, Bill Techar, joined in 2001. Aristeia utilizes a disciplined and dynamic approach to credit relative value, combining deep fundamental research and trading expertise with proprietary investment/risk technology.

### Investing Strategy

The fund follows a credit relative value approach in which Aristeia seeks to capture upside through the pursuit of opportunities that exhibit attractive risk/reward, yet also minimize downside through dynamic exposure adjustment and comprehensive risk control. The fund seeks to produce absolute returns through relative value investments in the high yield corporate credit markets. The team fuses their deep fundamental research and trading expertise with extensive risk systems and technology to outperform the market.

### Typical Portfolio Profile

**Gross Exposure:** 250%  
**Net Exposure:** 50%  
**Geography:** Global

### Instruments Traded

<input type="checkbox"/> Convertibles	<input type="checkbox"/> Debentures
<input type="checkbox"/> Corporate Bonds	<input type="checkbox"/> Equities
<input type="checkbox"/> Leveraged Loans	<input type="checkbox"/> Equity Derivatives
<input type="checkbox"/> CDS	
<input type="checkbox"/> Index Derivatives	

### Third Party Providers

**Administrator:** Citco Fund Services  
**Auditor:** Ernst & Young  
**Legal Counsel:** Akin, Gump, Strauss, Hauer & Feld LLP (US); Maples and Calder (Cayman)  
**Prime Brokers:** Bank of America Merrill Lynch, Deutsche Bank, Goldman Sachs, JP Morgan Chase

### Pricing

**Management Fee:** 1%  
**Performance Fee:** 20%  
**Liquidity:** Quarterly, 60 days  
**Lock-up:** None

### Last Updated

**As of Date:** 09/30/2017  
**Analyst:** Cameron McVie

# Aristeia International Limited

## Relative Value Multi-Strategy

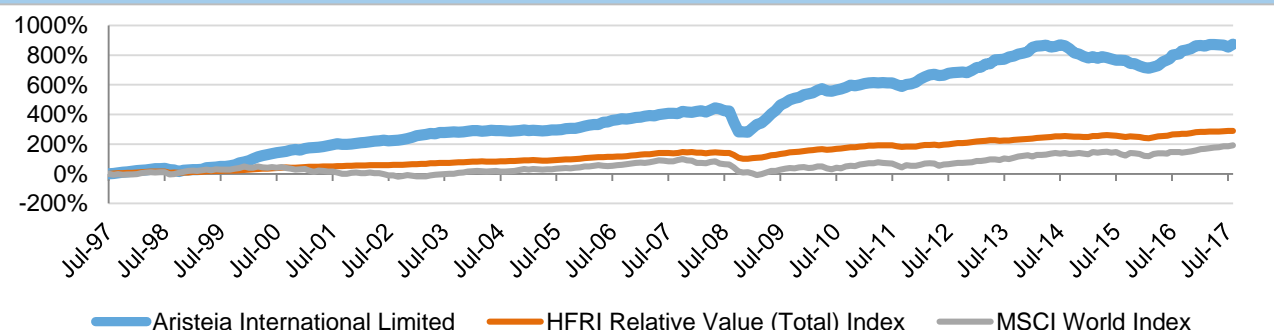
### MONTHLY RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>1997</b>								2.33%	3.97%	3.16%	2.94%	3.31%	<b>16.72%</b>
<b>1998</b>	3.46%	3.16%	1.70%	2.93%	2.71%	0.05%	2.05%	-5.86%	-2.69%	-8.03%	7.21%	1.14%	<b>7.03%</b>
<b>1999</b>	2.38%	0.81%	1.34%	7.98%	2.09%	0.21%	3.30%	0.50%	2.22%	4.09%	8.88%	3.05%	<b>43.20%</b>
<b>2000</b>	5.29%	6.51%	6.58%	4.45%	3.19%	2.39%	2.33%	2.02%	2.32%	2.84%	1.51%	-1.01%	<b>45.60%</b>
<b>2001</b>	3.60%	1.93%	0.54%	0.87%	1.74%	1.87%	2.67%	2.07%	-1.47%	0.26%	0.56%	1.17%	<b>16.90%</b>
<b>2002</b>	1.78%	0.40%	1.42%	1.15%	1.05%	0.96%	-1.17%	0.91%	0.50%	1.36%	2.23%	2.17%	<b>13.48%</b>
<b>2003</b>	3.25%	0.91%	1.52%	1.60%	-0.19%	1.83%	0.30%	0.53%	0.52%	-0.36%	0.60%	0.77%	<b>11.82%</b>
<b>2004</b>	1.17%	-0.10%	-0.95%	0.67%	0.87%	-0.26%	0.00%	-0.60%	-0.71%	0.35%	0.84%	0.91%	<b>2.18%</b>
<b>2005</b>	-0.69%	0.20%	-0.49%	-0.68%	0.67%	1.24%	0.16%	0.07%	1.95%	0.40%	0.00%	1.66%	<b>4.54%</b>
<b>2006</b>	1.92%	1.63%	1.18%	-0.02%	3.66%	0.29%	2.36%	1.07%	1.47%	-0.67%	0.69%	1.43%	<b>16.01%</b>
<b>2007</b>	0.54%	1.36%	1.13%	-0.57%	1.60%	1.08%	0.87%	-0.31%	-0.44%	3.23%	-0.85%	-0.23%	<b>7.59%</b>
<b>2008</b>	1.21%	0.64%	-1.66%	2.49%	2.80%	-1.15%	-2.32%	-0.57%	-13.88%	-15.07%	0.46%	-1.05%	<b>-26.33%</b>
<b>2009</b>	7.74%	5.86%	2.41%	6.38%	6.91%	4.64%	6.78%	2.81%	3.25%	1.69%	1.06%	3.12%	<b>66.97%</b>
<b>2010</b>	1.03%	0.82%	2.66%	1.56%	-2.02%	-0.57%	1.32%	0.95%	1.79%	2.17%	-0.53%	0.94%	<b>10.50%</b>
<b>2011</b>	1.06%	0.84%	0.11%	-0.17%	0.15%	-0.27%	-0.04%	-1.81%	-1.55%	1.95%	0.77%	1.36%	<b>2.36%</b>
<b>2012</b>	3.06%	1.94%	1.78%	0.61%	-1.03%	0.20%	1.53%	0.62%	0.34%	0.35%	-0.52%	1.86%	<b>11.20%</b>
<b>2013</b>	2.44%	0.29%	2.46%	0.24%	3.28%	0.16%	0.28%	1.61%	0.80%	1.50%	0.68%	0.86%	<b>15.55%</b>
<b>2014</b>	3.41%	0.94%	0.11%	0.44%	-1.33%	0.60%	0.91%	-0.54%	-2.01%	-3.08%	-0.88%	-1.53%	<b>-3.07%</b>
<b>2015</b>	-1.40%	1.02%	-1.07%	1.20%	-0.74%	-1.08%	-1.04%	0.02%	-0.17%	-2.28%	-0.22%	-1.69%	<b>-7.26%</b>
<b>2016</b>	-1.42%	-0.52%	1.00%	1.09%	3.10%	1.65%	0.79%	2.72%	0.94%	2.17%	0.87%	0.78%	<b>13.90%</b>
<b>2017</b>	2.19%	0.25%	-0.61%	1.16%	0.01%	-0.30%	-0.05%	-1.46%	2.04%				<b>3.22%</b>

### RETURN AND RISK ANALYSIS – 09/30/2017

Historical annualized return	11.94%
Historical annualized volatility	8.57%
Annual Sharpe Ratio	1.39
Correlation (MSCI World Index)	0.33
Beta (MSCI World Index)	0.19
Max monthly loss	-15.07%
Max drawdown	-30.20%
Positive Months %	74.79%
Negative Months %	25.21%
Skew	-1.68
Kurtosis	13.16
Normal monthly VaR 99%	-4.79%

### HISTORICAL CUMULATIVE RETURNS



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# Tactical Trading

A decorative horizontal bar at the bottom of the slide, composed of several colored segments: brown, blue, dark grey, brown, orange, light green, blue, dark grey, orange, and dark grey.



# Massar Macro Commodity Fund, Ltd.

## Tactical Trading

## Discretionary Macro - Commodities

### Firm

**Name:** Massar Capital Partners  
**Inception:** 2013  
**Firm AUM:** \$340 million  
**Strategy AUM:** \$340 million  
**Location:** New York  
**Portfolio Manager:** Marwan Younes

### Background

Marwan Younes was formerly a portfolio manager with JCP. Massar spun out of JCP and manages ~\$110 Million in a managed account (at full 2/20 fees) through JCP's Koppenberg Macro Commodity Fund. Marwan Younes controls Massar Capital (GP), LLC, and Massar Capital General Partner, LLC. Entities formed by Marwan Younes are the majority owners of Massar Capital Management, LP, Massar Capital (GP), LLC, and Massar Capital General Partner, LLC.

### Investing Strategy

Massar seeks to identify potential investment themes and ideas by using macro-economic, micro-economic, technical, and geo-political analyses, as well as by surveying an extensive professional network. Massar converts investment themes and ideas into actionable trades by quantifying mispricings, identifying catalysts and time horizons, and selecting the instrument with the best suitability and liquidity. The Manager enhances trade entry and exit levels through the analysis of price and behavioural patterns.

### Typical Portfolio Profile

**Average Daily VaR:** 99% VaR range of 100-200bps  
**Net Exposure:** highly variable  
**Geography:** Global

### Instruments Traded

☐ Index Derivatives ☐ Commodities  
☐ FX  
☐ Interest Rate Derivatives  
☐ Options

### Third Party Providers

**Administrator:** NAV Consulting  
**Auditor:** KPMG  
**Legal Counsel:** Ropes & Gray LLP and Walkers Ltd  
**Prime Brokers:** Newedge, RBC and BAML

### Pricing

**Management Fee:** 2%  
**Performance Fee:** 20%  
**Liquidity:** Monthly, 30 Days  
**Lock-up:** 1-year soft lock with 3% redemption fee

### Last Updated

**As of Date:** 09/30/2017  
**Analyst:** Mark Raskopf

# Massar Macro Commodity Fund, Ltd.

## Tactical Trading

### Discretionary Macro - Commodities

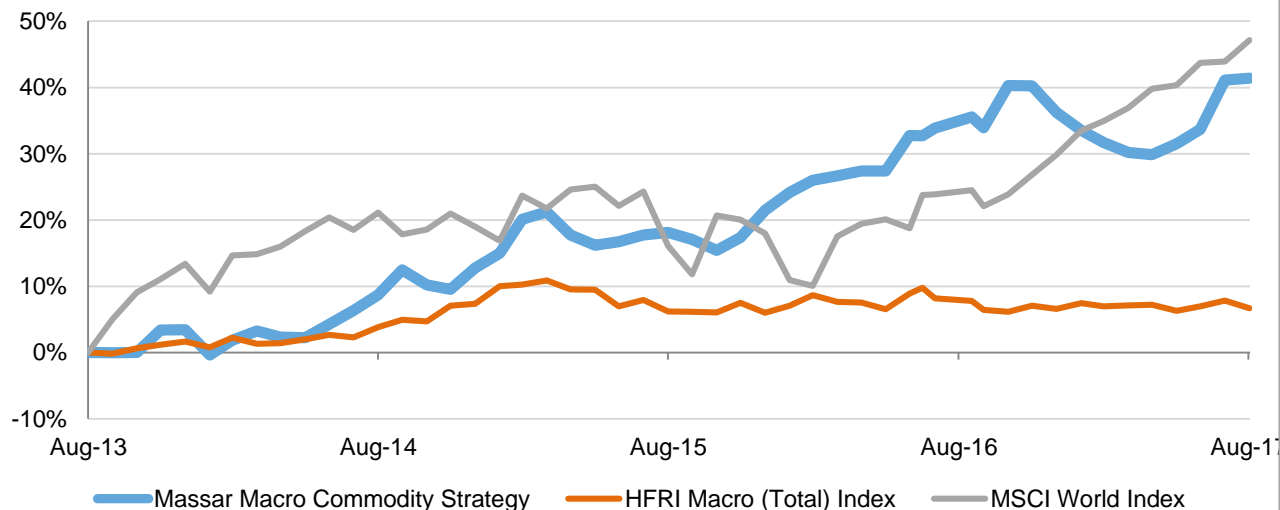
#### MONTHLY RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2013</b>									-0.05%	0.05%	3.39%	0.07%	<b>3.46%</b>
<b>2014</b>	-3.69%	2.19%	1.39%	-0.90%	-0.08%	1.97%	2.00%	2.25%	3.47%	-2.06%	-0.61%	2.99%	<b>9.01%</b>
<b>2015</b>	1.95%	4.47%	0.91%	-2.85%	-1.33%	0.46%	0.86%	0.35%	-0.93%	-1.37%	1.64%	3.52%	<b>7.70%</b>
<b>2016</b>	2.23%	1.48%	0.51%	0.60%	0.00%	4.19%	-0.02%	0.88%	1.23%	-1.18%	4.73%	-0.01%	<b>15.48%</b>
<b>2017</b>	-2.86%	-1.98%	-1.39%	-1.13%	-0.25%	1.24%	1.67%	5.55%	0.20%				<b>0.81%</b>

#### RETURN AND RISK ANALYSIS – 09/30/2017

Historical annualized return	8.85%
Historical annualized volatility	7.08%
Annual Sharpe Ratio	1.25
Correlation (MSCI World Index)	-0.10
Beta (MSCI World Index)	-0.07
Max monthly loss	-3.69%
Max drawdown	-7.41%
Positive Months %	63.27%
Negative Months %	36.73%
Skew	0.22
Kurtosis	-0.11
Normal monthly VaR 99%	-4.03%

#### HISTORICAL CUMULATIVE RETURNS



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# Trend Macro Offshore, Ltd.

## Tactical Trading

### Discretionary Macro

#### Firm

**Name:** Trend Capital Management GP LLC

**Inception:** June 2011

**Firm AUM:** \$1.8 billion

**Strategy AUM:** \$1.8 billion

**Location:** London, UK

**Portfolio Managers:** Ashwin Vasan

#### Background

Trend Macro is a discretionary macro hedge fund that utilizes a single-manager approach supported by a team of strong analysts. Trend Macro invests on a diverse set of themes, each of which is researched and vetted by a team of senior analysts.

#### Investing Strategy

Trend researches and invests on a diverse set of themes. Typically, the portfolio is comprised of 10-20 ideas and 5-10 themes. By diversifying the portfolio and incorporating more themes in a portfolio, Trend Capital reduces reliance on concentrated, market-consensus views. The team assesses the macro environment globally to identify ideas that warrant a deep dive. The team pays particular attention to major imbalances and/or non-optimal policy settings that might affect asset prices. Trend constructs macroeconomic models that are designed to give Ash and the analysts a greater understanding of the variables that might influence their trading strategy as they try to capitalize on a trend. In addition to quantitative modeling, Trend incorporates qualitative factors into the assessment of each trend.

#### Typical Portfolio Profile

**Gross Exposure:** Highly variable

**Net Exposure:** Highly variable

**Geography:** Global, including EM

#### Instruments Traded

- ☐ Index Derivatives
- ☐ Options
- ☐ Equity Derivatives
- ☐ Sovereign Bonds
- ☐ FX
- ☐ Commodities
- ☐ Interest Rate Derivatives

#### Third Party Providers

**Administrator:** Hedgeserv

**Auditor:** Ernst & Young

**Legal Counsel:** Schulte, Roth & Zabel  
Ogier

**Prime Broker:** Credit Suisse, JP Morgan

#### Pricing

**Management Fee:** 2%

**Performance Fee:** 20%

**Liquidity:** Monthly, 30 Days

**Lock-up:** None

#### Last Updated

**As of Date:** 09/30/2017

**Analyst:** Mark Raskopf

# Trend Macro Offshore, Ltd.

## Tactical Trading

## Discretionary Macro

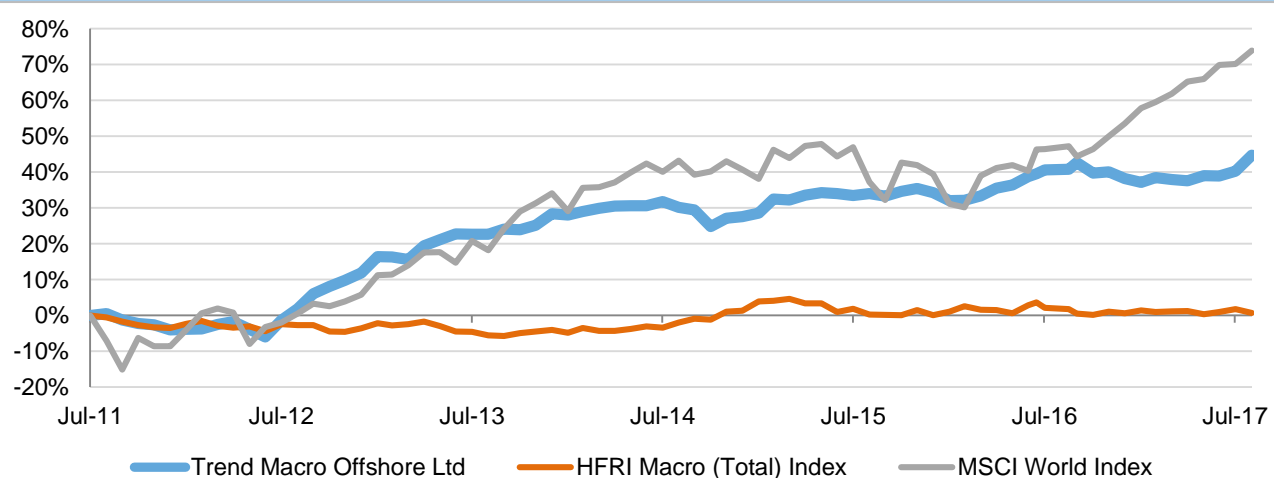
### MONTHLY RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2011</b>								0.49%	-1.76%	-0.96%	-0.40%	-1.46%	<b>-4.05%</b>
<b>2012</b>	0.18%	0.09%	1.30%	0.83%	-2.16%	-2.23%	4.92%	3.28%	4.07%	1.96%	1.57%	1.87%	<b>16.55%</b>
<b>2013</b>	4.10%	-0.07%	-0.61%	3.27%	1.42%	1.33%	-0.01%	-0.04%	1.17%	-0.15%	0.99%	2.62%	<b>14.80%</b>
<b>2014</b>	-0.27%	0.76%	0.70%	0.43%	0.11%	-0.04%	0.90%	-1.21%	-0.51%	-3.65%	1.89%	0.32%	<b>-0.67%</b>
<b>2015</b>	0.79%	3.05%	-0.16%	1.00%	0.54%	-0.23%	-0.38%	0.42%	-0.55%	0.99%	0.61%	-0.85%	<b>5.30%</b>
<b>2016</b>	-1.65%	0.04%	0.95%	1.60%	0.69%	1.67%	0.57%	0.79%	0.09%	1.36%	-2.05%	0.26%	<b>4.33%</b>
<b>2017</b>	-1.37%	-0.76%	0.96%	-0.36%	-0.30%	1.09%	-0.06%	-0.93%	3.20%				<b>1.40%</b>

### RETURN AND RISK ANALYSIS – 09/30/2017

Historical annualized return	6.00%
Historical annualized volatility	5.00%
Annual Sharpe Ratio	1.17
Correlation (MSCI World Index)	0.26
Beta (MSCI World Index)	0.11
Max monthly loss	-4.00%
Max drawdown	-6.00%
Positive Months %	62.00%
Negative Months %	38.00%
Skew	0.37
Kurtosis	1.07
Normal monthly VaR 99%	-3.00%

### HISTORICAL CUMULATIVE RETURNS



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# Nevada System of Higher Education

## Market Conditional: 10-year Time Horizon Assumptions

				Portfolio Allocations	
Asset Class/Fund	Alpha Return Assumptions*	Beta Return Assumptions**	Beta Standard Deviation Assumptions**	Current	Final
Growth					
RIIFL Multi-Asset Core Plus Fund	2.00%	6.01%	15.25%	68.00%	58.00%
US Private Equity (Buyout)	3.00%	3.56%	18.07%	0.00%	5.00%
US Private Equity (Venture)	4.50%	3.56%	18.07%	0.00%	5.00%
Diversifiers					
Hedge Funds	3.00%	3.77%	6.90%	12.00%	12.00%
Real Assets					
RIIFL Real Estate Equity Fund	0.50%	3.82%	13.28%	5.00%	5.00%
Fixed Income & Cash					
RIIFL Core Bond Fund	0.60%	2.77%	2.69%	10.00%	10.00%
RIIFL Absolute Return Fixed Income Fund	1.90%	3.47%	4.00%	5.00%	5.00%
Total Annualized Return Assumption - Gross of Fees				7.06%	6.99%
Aggregate Annual Fees***				0.70%	0.70%
Total Annualized Return Assumption - Net of Fees***				6.36%	6.28%
Total Standard Deviation Assumption				11.74%	11.66%
25th Percentile Annualized Return Assumption***				3.36%	3.29%
75th Percentile Annualized Return Assumption***				8.31%	8.20%

All information shown is based on assumptions and is not meant as a prediction of fund performance. It is likely that actual returns will vary considerably from these assumptions, even for a number of years. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve. Asset classes are broad general categories which may or may not correspond well to specific products.

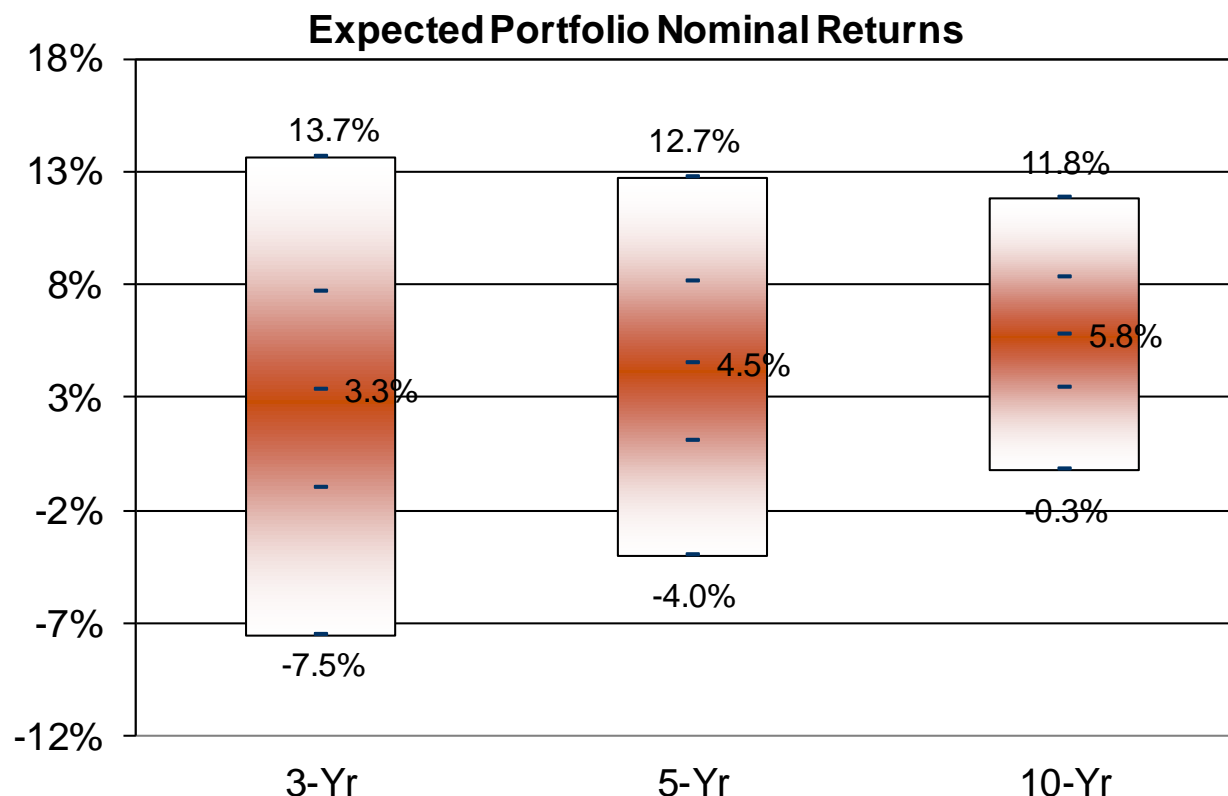
\*Alpha is based on Fund targets are excess return and risk goals developed by Russell Investments Strategy and Research management to help measure our skill in managing managers and the general success of our funds against their stated objectives. Targets for multi-manager funds are based on targets received from underlying managers, historical data and the Russell's qualitative assessments of the prospects for managers in a multi-manager portfolio and various other factors. We believe our methodology is reasonable for its purpose, but targets are not intended to predict the performance of Russell funds and we expect that actual performance will vary considerably. Additional information regarding Russell's basis for fund targets is available on request. Alpha assumptions are gross of fees unless otherwise noted.

\*\*Source for Beta Return and Standard Deviation data: Russell Investments' Capital Markets Forecasts (June 30, 2017). Expected returns employ proprietary projections of the returns of each asset class. We estimate the performance of an asset class or strategy by analyzing current economic and market conditions and historical market trends. Source for Alpha Return: Russell Investments' Forecasts for Excess Return, Tracking Error, and Alpha-Alpha Correlations (June 2017). The expected excess returns are derived from proprietary projections of the active return potential of each asset class.

We estimate these excess return expectations by analyzing the historical performance of managers in Russell universes.

# Nevada System of Higher Education

## Market Conditional: 10-year Time Horizon Assumptions



All information shown is based on assumptions and is not meant as a prediction of fund performance. It is likely that actual returns will vary considerably from these assumptions, even for a number of years. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve. Asset classes are broad general categories which may or may not correspond well to specific products.

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\*\*Source for Beta Return and Standard Deviation data: Russell Investments' Capital Markets Forecasts (June 30, 2017). Expected returns employ proprietary projections of the returns of each asset class. We estimate the performance of an asset class or strategy by analyzing current economic and market conditions and historical market trends. Source for Alpha Return: Russell Investments' Forecasts for Excess Return, Tracking Error, and Alpha-Alpha Correlations (June 2017). The expected excess returns are derived from proprietary projections of the active return potential of each asset class. We estimate these excess return expectations by analyzing the historical performance of managers in Russell universes.

# Strategic planning assumptions

## Through June 30, 2017

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			Equity					Private - Unlisted				Fixed Income										Marketable Real Assets				Other	Economic					
			US Equity	EM Equity	Emerging Markets Equity	Global Equity	Global Equity ex US	Global Private Equity	US Real Estate	Global Real Estate	Global Infrastructure	Long Govt	Govt	Long Credit Fixed	Credit Fixed	Long G/C Fixed	Agg Fixed	Global High Yield H	EM Debt	TIPS	Cash	LIBOR	Global Commodities	US Listed Real Estate	Global Listed Real Estate	Global Listed Infrastructure	NonDir. Hedge Fund	Inflation				
	5 Yr Arithmetic Return	8.2%	9.3%	9.0%	8.7%	9.2%	10.8%	6.0%	6.3%	6.2%	1.4%	1.8%	2.7%	2.5%	2.0%	2.1%	5.4%	3.6%	2.5%	2.2%	2.3%	4.6%	7.6%	8.2%	7.9%	3.2%	2.1%					
	5 Yr Volatility	17.7%	20.1%	22.7%	18.2%	19.9%	13.7%	11.5%	10.2%	8.1%	6.2%	2.4%	6.2%	3.3%	5.7%	3.5%	13.2%	8.5%	4.2%	2.6%	2.7%	15.4%	23.8%	21.5%	16.5%	4.3%	2.5%					
	10 Yr Arithmetic Return	8.3%	9.1%	9.3%	8.7%	9.1%	10.7%	6.3%	6.5%	6.5%	1.9%	2.4%	3.3%	3.2%	2.6%	2.8%	6.0%	4.3%	3.0%	2.9%	2.9%	4.9%	7.8%	8.3%	8.1%	3.8%	2.3%					
	10 Yr Volatility	17.9%	19.6%	23.0%	18.2%	19.6%	18.3%	13.6%	11.6%	9.6%	5.2%	2.1%	5.3%	2.8%	4.7%	2.7%	13.0%	8.3%	4.8%	4.7%	4.7%	15.9%	24.0%	21.2%	16.9%	5.6%	4.2%					
	20 Yr Arithmetic Return	8.3%	8.8%	9.4%	8.6%	8.9%	10.4%	6.7%	6.7%	6.7%	2.7%	3.2%	4.2%	4.1%	3.5%	3.7%	6.9%	5.2%	3.5%	3.5%	3.6%	5.2%	8.0%	8.3%	8.1%	4.2%	2.4%					
	20 Yr Volatility	18.3%	18.9%	22.8%	18.0%	18.9%	21.3%	15.3%	12.7%	10.9%	3.9%	4.0%	4.5%	3.8%	3.6%	3.4%	13.2%	8.5%	6.3%	7.3%	7.3%	17.0%	24.8%	21.4%	17.4%	7.9%	6.9%					
	20 Yr Time Series Volatility	17.6%	20.3%	22.7%	18.1%	20.1%	8.1%	7.4%	7.1%	5.3%	8.6%	4.9%	8.3%	5.7%	8.0%	6.1%	12.9%	9.4%	4.6%	1.9%	1.8%	15.7%	24.3%	21.8%	16.4%	4.2%	1.9%					
Correlations																																
Equity	US Equity	1.00																														
	EM Equity	0.87	1.00																													
	Emerging Markets Equity	0.79	0.83	1.00																												
	Global Equity	0.97	0.95	0.88	1.00																											
	Global Equity exUS	0.88	0.98	0.91	0.97	1.00																										
Private - Unlisted	Global Private Equity	0.86	0.86	0.79	0.89	0.87	1.00																									
	US Real Estate	0.50	0.49	0.38	0.50	0.47	0.48	1.00																								
	Global Real Estate	0.64	0.68	0.56	0.68	0.67	0.65	0.90	1.00																							
	Global Infrastructure	0.60	0.58	0.53	0.61	0.59	0.58	0.53	0.65	1.00																						
Fixed Income	Long Govt	0.06	0.12	0.10	0.10	0.12	0.10	-0.03	-0.02	-0.09	1.00																					
	Govt	0.11	0.06	0.11	0.10	0.08	0.02	0.09	0.09	0.12	0.50	1.00																				
	Long Credit Fixed	0.35	0.40	0.35	0.39	0.40	0.32	0.15	0.20	0.13	0.72	0.43	1.00																			
	Credit Fixed	0.28	0.28	0.28	0.30	0.29	0.18	0.15	0.19	0.16	0.57	0.73	0.78	1.00																		
	Long G/C Fixed	0.22	0.27	0.24	0.25	0.27	0.22	0.06	0.09	0.01	0.94	0.51	0.86	0.74	1.00																	
	Agg Fixed	0.19	0.23	0.20	0.22	0.23	0.14	0.08	0.11	0.06	0.75	0.78	0.75	0.87	0.81	1.00																
	Global High Yield H	0.31	0.32	0.30	0.33	0.32	0.26	0.19	0.25	0.24	0.02	0.15	0.44	0.47	0.21	0.29	1.00															
	EM Debt	0.31	0.33	0.30	0.33	0.33	0.27	0.17	0.23	0.20	0.20	0.23	0.58	0.59	0.39	0.45	0.90	1.00														
	TIPS	0.16	0.07	0.12	0.13	0.09	0.06	0.12	0.11	0.20	0.03	0.40	0.12	0.27	0.08	0.10	0.12	0.10	1.00													
	Cash	0.08	-0.06	0.04	0.03	-0.03	-0.06	0.13	0.11	0.24	-0.45	0.37	-0.25	0.09	-0.38	-0.19	0.12	0.00	0.58	1.00												
	LIBOR	0.07	-0.07	0.03	0.01	-0.04	-0.08	0.12	0.11	0.23	-0.46	0.36	-0.26	0.08	-0.39	-0.20	0.11	-0.01	0.58	1.00	1.00											
Marketable Real Assets	Global Commodities	0.38	0.36	0.41	0.40	0.40	0.35	0.26	0.37	0.38	-0.08	0.11	0.10	0.14	0.01	0.05	0.20	0.17	0.17	0.21	0.21	1.00										
	US Listed Real Estate	0.58	0.58	0.45	0.59	0.56	0.53	0.87	0.85	0.57	0.00	0.07	0.21	0.18	0.11	0.10	0.22	0.21	0.12	0.10	0.09	0.29	1.00									
	Global Listed Real Estate	0.70	0.75	0.60	0.74	0.73	0.66	0.81	0.92	0.66	0.02	0.07	0.27	0.22	0.14	0.14	0.28	0.27	0.11	0.07	0.06	0.36	0.93	1.00								
	Global Listed Infrastructure	0.71	0.70	0.62	0.73	0.71	0.65	0.58	0.72	0.87	-0.04	0.08	0.22	0.20	0.09	0.09	0.28	0.26	0.18	0.17	0.16	0.42	0.67	0.77	1.00							
Other	NonDir. Hedge Fund	0.45	0.40	0.45	0.46	0.43	0.35	0.34	0.44	0.51	-0.31	0.31	-0.02	0.20	-0.19	-0.05	0.26	0.17	0.48	0.75	0.75	0.56	0.35	0.42	0.52	1.00						
Economic	Inflation	0.14	0.04	0.09	0.10	0.06	0.06	0.12	0.12	0.22	-0.16	0.27	-0.03	0.13	-0.11	-0.08	0.11	0.05	0.90	0.66	0.66	0.18	0.11	0.10	0.18	0.54	1.00					

Correlation values shown are for the 10-year forecast horizon.

Assumptions do not take fees into consideration and all returns are assumed gross of fees. Yields represent the level at a ten-year horizon.

The information presented in this document is based on data from multiple sources: including Russell Investments, Barrie & Hibbert, Barclays Capital, Bloomberg, and Consensus Economics, Inc. The summary statistics presented in this document are not intended for use in mean-variance optimization.

Please note all information shown is based on assumptions. Expected returns employ proprietary projections of the returns of each asset class. We estimate the performance of an asset class or strategy by analyzing current economic and market conditions and historical market trends. It is likely that actual returns will vary considerably from these assumptions, even for a number of years. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve. Asset classes are broad general categories which may or may not correspond well to specific products.

Yields		Yield	Duration	Quality
Yields	Long G/C Fixed	4.8	15.3	AA
	Agg Fixed	4.3	6.0	AA
	US Long Credit	5.8	14.0	A
	US TIPS	1.3	5.5	Govt