

# NEVADA SYSTEM OF HIGHER EDUCATION

## DISCUSSION MATERIALS





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# 1. OPERATING FUND ACTION ITEMS & PORTFOLIO UPDATE



## Action Items and Executive Summary

### ACTION ITEMS

We set forth rebalancing recommendations in the table following this summary. Our proposals reflect the following rebalancing actions:

- 1) Within the Long-Term Pool, lock in a portion of recent strong equity gains and redeploy into bonds:
  - a) \$10 million trim from Vanguard Institutional Index
  - b) \$5 million trim from Manning & Napier
  - c) \$10 million trim from MFS International
  - d) \$5 million redemption from PIMCO All Asset All Authority
  - e) \$10 million addition to PIMCO Total Return
  - f) \$10 million addition to Wells Capital Montgomery
- 2) \$10 million addition to Short-Term Bonds & Cash, to bring the allocation roughly in line with the 30% policy target.

### EXECUTIVE SUMMARY

#### Operating Fund Performance and Asset Allocation as of September 30, 2017

The Operating Fund posted a return of 2.4% in the third quarter, slightly ahead of the Policy Index return of 2.2%. Global ex U.S. Equity led performance on an absolute basis for the quarter with a 4.7% return; the strongest relative performance came from the Opportunistic allocation, which outperformed its benchmark by 90 basis points during the quarter. For the calendar year to date, the Operating Fund returned 7.4%, outperforming the Policy Index return of 7.2%. On a trailing five-year basis, the Operating Fund generated an annualized return of 4.8%, slightly lagging the Long-Term Policy Index; since inception, the Operating Fund has returned 5.0% annualized, in line with the Long-Term Policy Index.

As of September 30, 2017, adjusted for estimated returns and cash flows through October 31, 2017, the Operating Fund was underweight Long Term Bonds and TIPS, with offsetting overweights to Total Equities (including Opportunistic), Intermediate Term Bonds, and Short Term Bonds & Cash.



## Rebalancing Recommendations

Estimated as of October 31, 2017

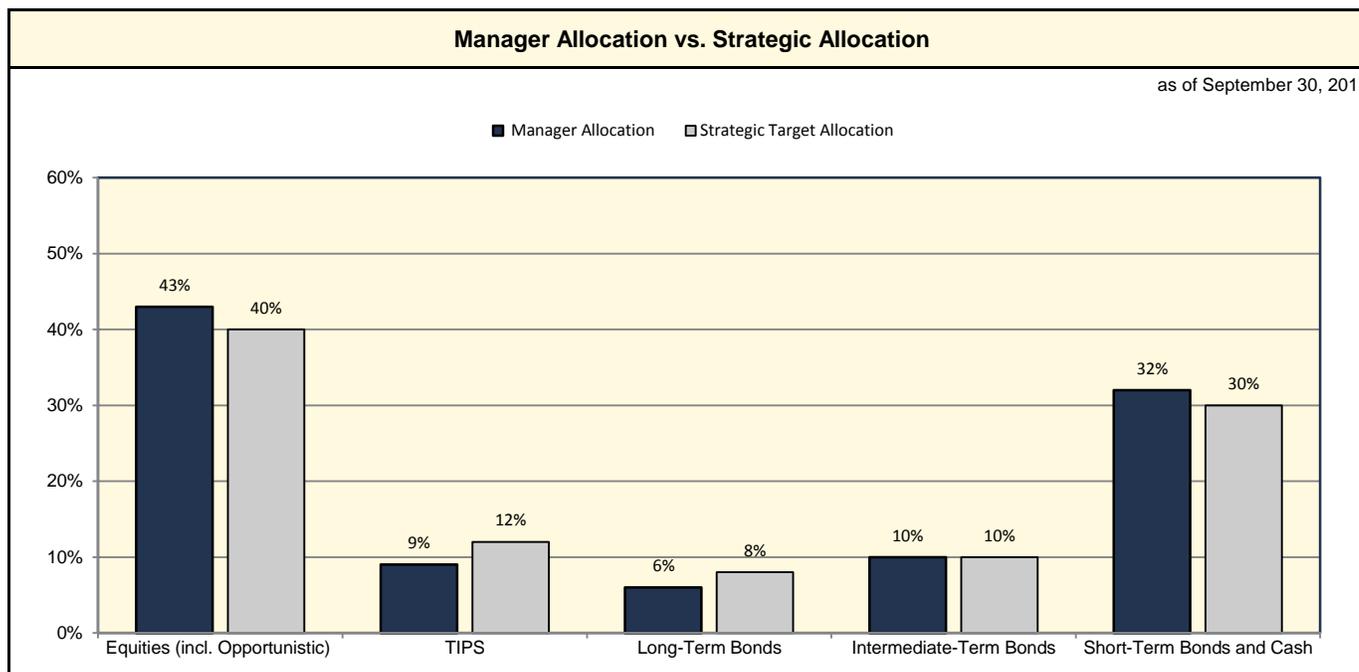
	Allocation as of Sep 30, 2017		Oct 1, 2017 - Oct 31, 2017 Est Perf (%)	Estimated Allocation as of Oct 31, 2017		Recommended Shifts		Pro Forma Allocation		Policy Targets (%)	Target Range (%)
	Assets (\$ mm)	(%) Allocation		Assets (\$ mm)	(%) Allocation	(\$ mm)	(%)	Assets (\$ mm)	(%) Allocation		
<b>U.S. Equity</b>											
Vanguard Institutional Index	\$203.3	23.8%	2.3%	\$208.0	24.2%	-\$10.0	-1.2%	\$198.0	23.0%		
<b>Total U.S. Equity</b>	<b>\$203.3</b>	<b>23.8%</b>	<b>2.3%</b>	<b>\$208.0</b>	<b>24.2%</b>	<b>-\$10.0</b>	<b>-1.2%</b>	<b>\$198.0</b>	<b>23.0%</b>	<b>24.0%</b>	<b>20%-30%</b>
<b>Global ex U.S. Equity</b>											
Manning & Napier	72.9	8.5	0.0	72.9	8.5	-\$5.0	-0.6	67.9	7.9		
MFS International	78.9	9.2	2.0	80.5	9.4	-\$10.0	-1.2	70.5	8.2		
<b>Total Global ex U.S. Equity</b>	<b>\$151.8</b>	<b>17.8%</b>	<b>1.0%</b>	<b>\$153.4</b>	<b>17.8%</b>	<b>-\$15.0</b>	<b>-1.7%</b>	<b>\$138.4</b>	<b>16.1%</b>	<b>16.0%</b>	<b>10%-20%</b>
<b>Marketable Alternatives</b>											
Och-Ziff Overseas	0.3	0.0	0.0	0.3	0.0			0.3	0.0		
Farallon Capital	4.4	0.5	-0.4	4.3	0.5			4.3	0.5		
<b>Total Marketable Alternatives</b>	<b>\$4.6</b>	<b>0.5%</b>	<b>-0.3%</b>	<b>\$4.6</b>	<b>0.5%</b>	<b>---</b>	<b>---</b>	<b>\$4.6</b>	<b>0.5%</b>	<b>0.0%</b>	
<b>Opportunistic</b>											
PIMCO All Asset All Authority	26.1	3.1	0.3	26.2	3.0	-\$5.0	-0.6	21.2	2.5		
<b>Total Opportunistic</b>	<b>\$26.1</b>	<b>3.1%</b>	<b>0.3%</b>	<b>\$26.2</b>	<b>3.0%</b>	<b>-\$5.0</b>	<b>-0.6%</b>	<b>\$21.2</b>	<b>2.5%</b>	<b>0.0%</b>	<b>0%-10%</b>
<b>TOTAL EQUITIES (incl. Opportunistic)</b>	<b>\$385.8</b>	<b>45.2%</b>	<b>1.6%</b>	<b>\$392.2</b>	<b>45.6%</b>	<b>-\$30.0</b>	<b>-3.5%</b>	<b>\$362.2</b>	<b>42.1%</b>	<b>40.0%</b>	<b>30%-50%</b>
<b>TIPS</b>											
Vanguard Inflation-Protected Securities	82.7	9.7	0.3	82.9	9.6			82.9	9.6		
<b>Total TIPS</b>	<b>\$82.7</b>	<b>9.7%</b>	<b>0.3%</b>	<b>\$82.9</b>	<b>9.6%</b>	<b>---</b>	<b>---</b>	<b>\$82.9</b>	<b>9.6%</b>	<b>12.0%</b>	<b>5%-15%</b>
<b>Long Term Bonds</b>											
PIMCO Total Return	34.5	4.0	-0.2	34.5	4.0	\$10.0	1.2	44.5	5.2		
Wells Capital Montgomery	18.2	2.1	-0.2	18.2	2.1	\$10.0	1.2	28.2	3.3		
<b>Total Long Term Bonds</b>	<b>\$52.8</b>	<b>6.2%</b>	<b>-0.2%</b>	<b>\$52.7</b>	<b>6.1%</b>	<b>\$20.0</b>	<b>2.3%</b>	<b>\$72.7</b>	<b>8.4%</b>	<b>8.0%</b>	<b>5%-15%</b>
<b>TOTAL LONG-TERM POOL</b>	<b>\$521.2</b>	<b>61.0%</b>	<b>1.2%</b>	<b>\$527.7</b>	<b>61.3%</b>	<b>-\$10.0</b>	<b>-1.2%</b>	<b>\$517.7</b>	<b>60.2%</b>	<b>60.0%</b>	
<b>Intermediate Term Bonds</b>											
WellsCap Short Duration	91.1	10.7	-0.2	90.9	10.6			90.9	10.6		
<b>Total Intermediate Term Bonds</b>	<b>\$91.1</b>	<b>10.7%</b>	<b>-0.2%</b>	<b>\$90.9</b>	<b>10.6%</b>	<b>---</b>	<b>---</b>	<b>\$90.9</b>	<b>10.6%</b>	<b>10.0%</b>	<b>5%-15%</b>
<b>Short Term Bonds and Cash</b>											
Short Term Bonds and Cash *	241.6	28.3	---	241.6	28.1	+\$10.0	1.2	251.6	29.2		
<b>Total Short Term Bonds and Cash</b>	<b>\$241.6</b>	<b>28.3%</b>	<b>0.1%</b>	<b>\$241.6</b>	<b>28.1%</b>	<b>\$10.0</b>	<b>1.2%</b>	<b>\$251.6</b>	<b>29.2%</b>	<b>30.0%</b>	<b>25%-40%</b>
<b>TOTAL ASSETS</b>	<b>\$854.0</b>	<b>100.0%</b>	<b>0.7%</b>	<b>\$860.3</b>	<b>100.0%</b>	<b>---</b>	<b>---</b>	<b>\$860.3</b>	<b>100.0%</b>	<b>100.0%</b>	

Note: Market values as of 10/31/2017 are estimated using manager preliminary or mutual fund returns or (if highlighted in peach) index proxies. Actual client-specific returns may ultimately differ from managers' fund-level preliminary estimates. Cash accounts assume a 0% return for the period.

\* Estimated Short Term Bonds and Cash balance was provided by System Staff as of 11/7/17.

**Nevada System of Higher Education Operating Fund**  
**Asset Allocation Policy** as of September 30, 2017

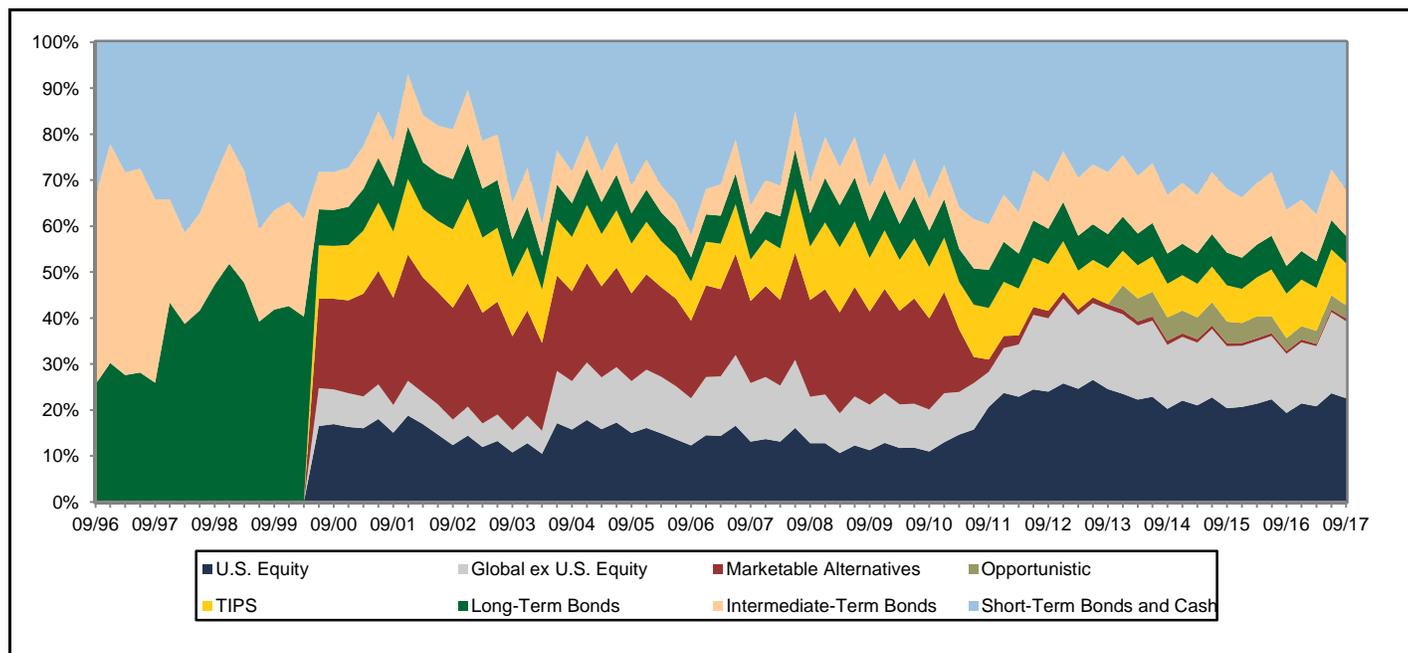
	Manager Allocation	Strategic Target Allocation	Strategic Target Range	Policy Variance (\$000)	%
<b>Equities (incl. Opportunistic)</b>	<b>42.8%</b>	<b>40.0%</b>		<b>\$25,130</b>	<b>2.8%</b>
U.S. Equity	22.5%	24.0%	20%-30%	-\$13,149	-1.5%
Global ex U.S. Equity	16.8%	16.0%	10%-20%	\$7,573	0.8%
Marketable Alternatives	0.5%	0.0%		\$4,629	0.5%
Opportunistic	2.9%	0.0%	0%-10%	\$26,077	2.9%
<b>TIPS</b>	<b>9.2%</b>	<b>12.0%</b>	<b>5%-15%</b>	<b>-\$25,523</b>	<b>-2.8%</b>
<b>Long-Term Bonds</b>	<b>5.9%</b>	<b>8.0%</b>	<b>5%-15%</b>	<b>-\$19,370</b>	<b>-2.1%</b>
<b>Total Long-Term Pool</b>	<b>57.8%</b>	<b>60.0%</b>		<b>-\$19,762</b>	<b>-2.2%</b>
<b>Operating Liquidity Pools</b>	<b>42.2%</b>	<b>40.0%</b>		<b>\$19,762</b>	<b>2.2%</b>
Intermediate-Term Bonds	10.1%	10.0%	5%-15%	\$940	0.1%
Short-Term Bonds and Cash	32.1%	30.0%	25%-40%	\$18,822	2.1%



Note: Manager Allocation includes discretionary cash held by individual managers.  
Policy Variance equals the difference between Manager Allocation and Strategic Allocation.  
Short-Term Bonds and Cash includes funds pending placement.

**Nevada System of Higher Education Operating Fund**  
**Asset Allocation Over Time** as of September 30, 2017

	% of Portfolio				Market Value (\$)
	12/31/16	03/31/17	06/30/17	09/30/17	As Of 09/30/17
U.S. Equity	21.4%	20.8%	23.7%	22.5%	\$203,253,017
Global ex U.S. Equity	13.3	13.1	17.6	16.8	151,841,769
Marketable Alternatives	0.6	0.5	0.6	0.5	4,628,664
Opportunistic	2.9	2.8	3.1	2.9	26,077,459
TIPS	10.1	9.3	10.0	9.2	82,678,394
Long-Term Bonds	6.3	5.8	6.3	5.9	52,764,418
<b>Total Long-Term Pool</b>	<b>54.6</b>	<b>52.3</b>	<b>61.3</b>	<b>57.8</b>	<b>521,243,722</b>
Intermediate-Term Bonds	11.2	10.2	11.0	10.1	91,107,876
Short-Term Bonds and Cash	34.3	37.4	27.7	32.1	289,325,144
<b>Total Operating Fund</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$901,676,742</b>



Note: Actual Allocation is based on market value of assets at end of period. Values include discretionary cash held by managers. Short-Term Bonds and Cash includes funds pending placement.

**Nevada System of Higher Education Operating Fund**  
**Investment Manager Allocation Over Time** as of September 30, 2017

Investment Manager	% of Portfolio					Market Value (\$) 09/30/17
	09/30/16	12/31/16	03/31/17	06/30/17	09/30/17	
<b>U.S. Equity</b>						
Vanguard Institutional Index	19.4%	21.4%	20.8%	23.7%	22.5%	\$203,253,017
<b>Global ex U.S. Equity</b>						
Manning & Napier <sup>(4)</sup>	6.3	6.4	6.3	8.4	8.1	72,896,077
MFS International	6.6	6.9	6.8	9.2	8.8	78,945,693
<b>Subtotal</b>	<b>12.9</b>	<b>13.3</b>	<b>13.1</b>	<b>17.6</b>	<b>16.8</b>	<b>151,841,769</b>
<b>Marketable Alternatives</b>						
Och-Ziff Overseas <sup>(1)</sup>	0.1	0.1	0.1	0.0	0.0	267,092
Farallon Capital <sup>(2)</sup>	0.5	0.6	0.5	0.5	0.5	4,361,572
<b>Subtotal</b>	<b>0.6</b>	<b>0.6</b>	<b>0.5</b>	<b>0.6</b>	<b>0.5</b>	<b>4,628,664</b>
<b>Opportunistic</b>						
PIMCO All Asset	2.8	2.9	2.8	3.1	2.9	26,077,459
<b>TIPS</b>						
Vanguard Inflation-Protected Securities	9.7	10.1	9.3	10.0	9.2	82,678,394
<b>Long-Term Bonds</b>						
PIMCO Total Return	3.9	4.1	3.8	4.1	3.8	34,548,581
Wells Capital Montgomery	2.1	2.2	2.0	2.2	2.0	18,215,837
<b>Subtotal</b>	<b>6.0</b>	<b>6.3</b>	<b>5.8</b>	<b>6.3</b>	<b>5.9</b>	<b>52,764,418</b>
<b>Total Long-Term Pool</b>	<b>51.3%</b>	<b>54.6%</b>	<b>52.3%</b>	<b>61.3%</b>	<b>57.8%</b>	<b>\$521,243,722</b>
<b>Intermediate-Term Bonds</b>						
WellsCap U.S. Short Duration Strategy	12.2	11.2	10.2	11.0	10.1	91,107,876
<b>Short-Term Bonds and Cash</b>						
State Street Inst Gov't MM	6.9	7.4	6.8	7.3	6.7	60,124,873
JP Morgan U.S. Treasury Plus MM	18.2	10.5	12.3	8.6	12.2	110,243,651
Wells Fargo Treasury Money Market	11.5	16.1	18.1	11.0	12.8	115,198,433
BofA Checking Account	-0.8	0.2	0.2	0.8	0.3	3,054,183
Funds Pending Placement <sup>(3)</sup>	0.7	0.1	0.1	0.1	0.1	704,005
<b>Subtotal</b>	<b>36.4</b>	<b>34.3</b>	<b>37.4</b>	<b>27.7</b>	<b>32.1</b>	<b>289,325,144</b>
<b>Total Operating Fund</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$901,676,742</b>

(1) Och-Ziff Overseas fully redeemed on 06/30/11. Market value represents holdback amount to be paid out after final audit and Special Situations Accounts.

(2) Farallon Capital fully redeemed on 12/31/10. Market value represents holdback amount to be paid out after final audit and Special Situations Accounts.

(3) Funds Pending Placement includes the value of liquidations from Och-Ziff awaiting cash distribution.

(4) Information is preliminary as of 09/30/17.

**Nevada System of Higher Education Operating Fund**  
**Investment Returns by Composite** (net of fees) as of September 30, 2017

Composite (Inception Date)	Assets \$ mil	Total Return (%)					
		Qtr to Date 06/30/17- 09/30/17	CYTD 12/31/16- 09/30/17	Cumulative Trailing 1 Year	Annualized Trailing 5 Years	Annualized Trailing 10 Years	Annualized Since Inception
<b>U.S. Equity (06/30/00)</b>	<b>203.3</b>	<b>4.5</b>	<b>14.2</b>	<b>18.6</b>	<b>14.2</b>	<b>7.6</b>	<b>5.5</b>
S&P 500 Index (06/30/00)		4.5	14.2	18.6	14.2	7.4	5.3
Value Added		0.0	0.0	0.0	0.0	0.2	0.3
<b>Global ex U.S. Equity (06/30/00)</b>	<b>151.8</b>	<b>4.7</b>	<b>21.9</b>	<b>18.0</b>	<b>7.6</b>	<b>1.2</b>	<b>3.7</b>
MSCI EAFE Index (N) (06/30/00)		5.4	20.0	19.1	8.4	1.3	3.6
Value Added		-0.7	2.0	-1.1	-0.8	-0.2	0.1
<b>Marketable Alternatives (06/30/00)</b>	<b>4.6</b>	<b>0.5</b>	<b>6.4</b>	<b>5.3</b>	<b>3.6</b>	<b>3.1</b>	<b>6.7</b>
HFRI Fund of Funds Diversified Index (06/30/00)		2.4	4.7	5.9	3.7	1.1	3.3
Value Added		-1.9	1.7	-0.6	-0.1	1.9	3.4
BofA ML T-Bill + 6% (06/30/00)		1.7	5.0	6.7	6.2	6.5	7.6
Value Added		-1.3	1.4	-1.4	-2.6	-3.4	-0.9
<b>Opportunistic (12/11/13)</b>	<b>26.1</b>	<b>3.2</b>	<b>9.8</b>	<b>8.8</b>	---	---	<b>1.9</b>
Opportunistic Custom Benchmark (11/30/13) <sup>(1)</sup>		2.3	7.3	7.2	---	---	4.1
Value Added		0.9	2.4	1.6	---	---	-2.3
<b>TIPS (06/30/00)</b>	<b>82.7</b>	<b>0.8</b>	<b>1.7</b>	<b>-1.0</b>	<b>0.1</b>	<b>3.8</b>	<b>5.5</b>
BBG Barc US TIPS Index (06/30/00)		0.9	1.7	-0.7	0.0	3.9	5.5
Value Added		-0.1	0.0	-0.3	0.1	-0.1	-0.1
<b>Long-Term Bonds (06/30/96)</b>	<b>52.8</b>	<b>1.3</b>	<b>4.3</b>	<b>1.6</b>	<b>2.3</b>	<b>5.5</b>	<b>6.3</b>
BBG Barc Aggregate Bond Index (06/30/96)		0.8	3.1	0.1	2.1	4.3	5.4
Value Added		0.4	1.2	1.5	0.2	1.2	0.9
<b>Total Long-Term Pool (06/30/96)</b>	<b>521.2</b>	<b>3.5</b>	<b>12.4</b>	<b>12.1</b>	<b>8.0</b>	<b>5.5</b>	<b>6.7</b>
<b>Intermediate-Term Bonds (06/30/96)</b>	<b>91.1</b>	<b>0.4</b>	<b>1.1</b>	<b>0.6</b>	<b>0.9</b>	<b>3.1</b>	<b>4.3</b>
BofA ML 1-3 Yr Treasury Bond Index (06/30/96)		0.2	0.7	0.2	0.6	1.7	3.4
Value Added		0.1	0.4	0.4	0.3	1.4	0.9
<b>Short-Term Bonds and Cash (06/30/96)<sup>(2)</sup></b>	<b>289.3</b>	<b>0.2</b>	<b>0.4</b>	<b>0.5</b>	<b>0.1</b>	<b>0.4</b>	<b>2.4</b>
BofA ML 91-Day Treasury Bills (06/30/96)		0.3	0.6	0.7	0.2	0.5	2.3
Value Added		-0.1	-0.1	-0.2	-0.1	-0.1	0.1

(1) For benchmark details, please refer to the Custom Benchmark Composition exhibit in the Reference section.

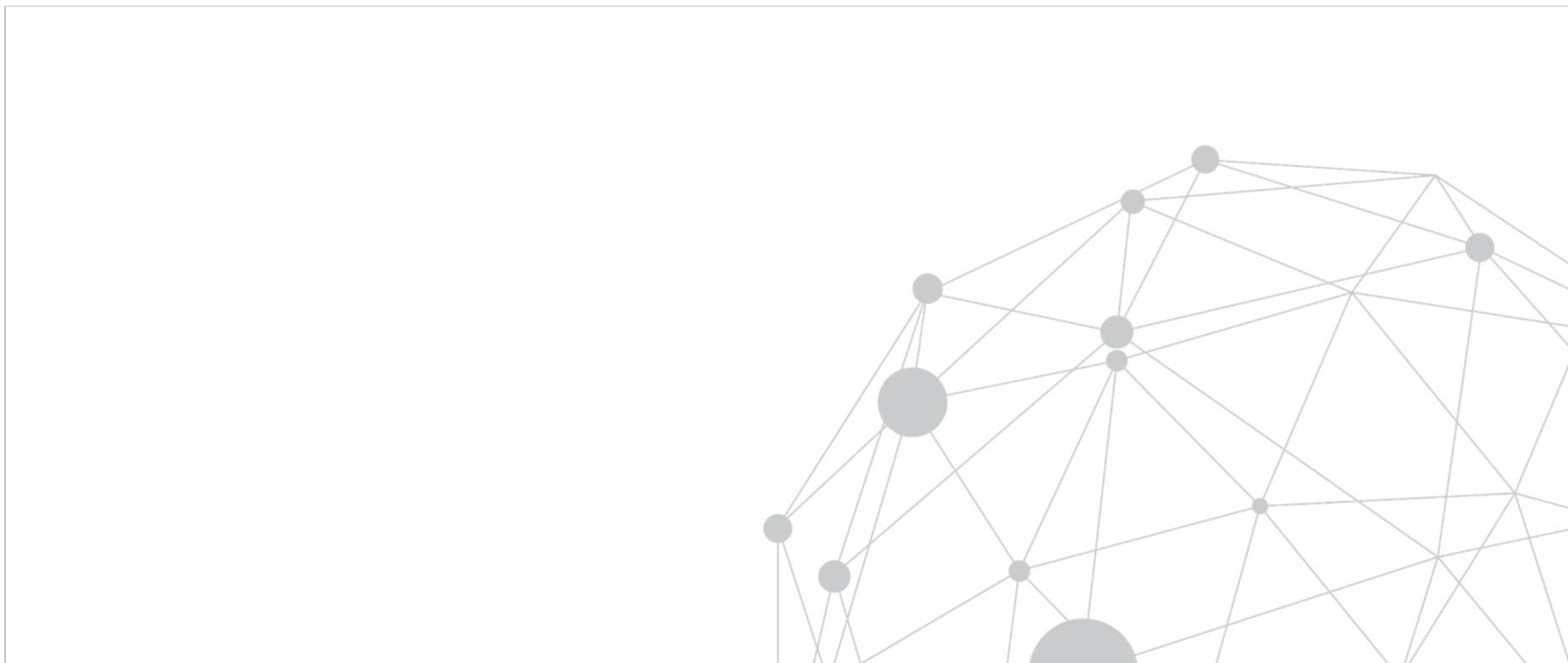
(2) Includes Funds Pending Placement.

**Nevada System of Higher Education Operating Fund**  
**Investment Returns by Composite** (net of fees) as of September 30, 2017

Composite (Inception Date)	Assets \$ mil	Total Return (%)					
		Qtr to Date	CYTD	Cumulative	Annualized	Annualized	Annualized
		06/30/17- 09/30/17	12/31/16- 09/30/17	Trailing 1 Year	Trailing 5 Years	Trailing 10 Years	Since Inception
<b>Total Operating Fund (06/30/96)</b>	<b>901.7</b>	<b>2.4</b>	<b>7.4</b>	<b>7.2</b>	<b>4.8</b>	<b>3.6</b>	<b>5.0</b>
Policy Index (06/30/96) <sup>(1)</sup>		2.2	7.0	7.4	5.1	3.5	4.5
Value Added		0.1	0.4	-0.2	-0.3	0.1	0.5
Long-Term Policy Index (06/30/96) <sup>(1)</sup>		2.2	7.0	7.4	5.1	4.1	5.0
Value Added		0.1	0.4	-0.2	-0.3	-0.5	0.0

(1) For benchmark details, please refer to the Custom Benchmark Composition exhibit in the Reference section.

## 2. OPERATING FUND STATUS





## Reserve Account Analysis

April 2000 - September 2017

	<u>Operating Fund Market Value*</u>	<u>Investment Income Earned</u>	<u>Investment Income Distributed</u>	<u>Reserve Account Ending Balance</u>	<u>Deficit as % of Total Funds</u>
April [1]	190,603,064	131,861	- 3,012,039	- <b>2,880,266</b>	-1.51
May	211,846,354	163,167	- 1,162,937	- <b>3,880,036</b>	-1.83
June	205,824,654	2,542,870	- 939,750	- <b>2,276,916</b>	-1.11
July	221,886,621	282,084	- 873,438	- <b>2,868,270</b>	-1.29
August	224,788,824	4,493,952	- 904,024	<b>721,658</b>	0.32
September	210,004,756	- 1,229,654	- 1,231,755	- <b>1,739,751</b>	-0.83
October [2]	207,797,786	1,506,098	- 1,164,746	- <b>1,398,399</b>	-0.67
November	200,269,779	- 1,984,486	- 1,141,711	- <b>4,524,596</b>	-2.26
December	208,182,114	2,418,755	- 1,049,935	- <b>3,155,776</b>	-1.52
January 2001	217,937,307	3,123,733	- 1,167,002	- <b>1,199,045</b>	-0.55
February	206,043,730	- 1,074,401	- 1,194,381	- <b>3,467,826</b>	-1.68
March	194,803,547	- 1,391,260	- 1,114,499	- <b>5,973,585</b>	-3.07
April	187,311,217	3,000,904	- 1,100,876	- <b>4,073,557</b>	-2.17
May [3]	195,326,437	1,255,172	- 1,106,330	- <b>3,924,715</b>	-2.01
June	181,680,689	- 742,900	- 1,102,094	- <b>5,769,709</b>	-3.18
July	202,347,577	1,445,927	- 847,180	- <b>4,282,488</b>	-2.12
August	209,448,723	- 1,130,375	- 859,295	- <b>6,299,894</b>	-3.01
September	222,633,859	- 2,329,410	- 902,965	- <b>9,566,420</b>	-4.30
October	221,768,653	1,000,136	- 829,611	- <b>9,427,304</b>	-4.25
November	172,568,948	2,019,519	- 813,644	- <b>8,221,748</b>	-4.76
December	167,605,959	329,048	- 781,211	- <b>8,673,911</b>	-5.18
January 2002 [4]	202,807,058	529,077	- 740,482	- <b>8,885,317</b>	-4.38
February	198,414,963	574,482	- 745,550	- <b>9,056,385</b>	-4.56
March	187,854,679	1,267,945	- 715,383	- <b>8,503,822</b>	-4.53
April	194,483,372	1,031,063	- 730,349	- <b>8,203,110</b>	-4.22
May	199,428,572	1,470,532	- 739,859	- <b>7,472,437</b>	-3.75
June	190,274,431	- 2,383,454	- 729,181	- <b>10,585,072</b>	-5.56
July [5]	164,908,334	- 3,330,103	- 585,121	- <b>14,500,296</b>	-8.79
August	200,314,802	- 25,511	- 591,599	- <b>15,117,406</b>	-7.55
September	186,307,147	- 2,456,156	- 638,849	- <b>18,212,411</b>	-9.78
October [6]	187,872,082	1,902,625	- 610,407	- <b>16,920,193</b>	-9.01
November	199,286,311	2,082,786	- 581,252	- <b>15,132,310</b>	-7.59
December	197,101,437	1,301,796	- 574,879	- <b>14,405,394</b>	-7.31
January 2003	216,042,889	373,621	- 630,125	- <b>14,661,898</b>	-6.79
February	223,873,793	913,271	- 652,965	- <b>14,401,592</b>	-6.43

[1] New Board policy to distribute 5.0% of the average cash balance was approved at the March 2000 Investment Committee meeting, and made retroactive to January 2000. A special cash distribution was made in April to adjust the year to date campus investment income allocation.

[2] Annual distribution rate increased to 6.2%.

[3] Annual distribution rate cut to 5.0%, effective July 2001.

[4] Annual distribution rate cut to 4.0%, effective January 1, 2002.

[5] Annual distribution rate cut to 3.5%, effective July 1, 2002. July numbers are preliminary.

[6] At the Oct 2002 mtg, the Committee established a "trigger" point for the Operating Fund. The distribution rate would be automatically reduced to 1.8% should the reserve account deficit exceed \$20M.



## Reserve Account Analysis

April 2000 - September 2017

	<u>Operating Fund Market Value*</u>	<u>Investment Income Earned</u>	<u>Investment Income Distributed</u>	<u>Reserve Account Ending Balance</u>	<u>Deficit as % of Total Funds</u>
March	227,320,382	- 504,203	- 663,018	- 15,568,813	-6.85
April	225,055,464	3,621,910	- 656,412	- 12,603,315	-5.60
May	218,291,356	6,046,346	- 636,683	- 7,193,530	-3.30
June	235,523,055	1,647,556	- 686,942	- 6,232,829	-2.65
July	225,061,174	- 1,305,304	- 674,445	- 8,212,420	-3.65
August	241,526,531	2,223,696	- 719,494	- 6,707,917	-2.78
September	284,905,882	3,067,753	- 835,773	- 4,475,866	-1.57
October	284,905,882	3,463,060	- 815,074	- 1,827,815	-0.64
November	267,256,457	2,085,338	- 785,343	- 527,777	-0.20
December	270,053,685	3,621,731	- 792,490	2,301,522	0.85
January 2004	304,898,705	3,239,296	- 899,911	4,641,067	1.52
February	306,353,392	2,786,761	- 925,891	6,501,985	2.12
March	334,140,321	880,979	- 959,699	6,423,321	1.92
April	323,733,799	- 3,271,914	- 935,653	2,215,804	0.68
May	310,820,065	2,978,607	- 884,508	4,308,156	1.39
June	319,089,113	1,756,998	- 924,163	5,141,050	1.61
July	276,525,679	- 3,003,616	- 853,527	1,284,158	0.46
August	300,350,870	1,787,372	- 878,380	2,193,830	0.73
September	329,175,987	3,970,031	- 946,862	5,217,350	1.58
October	325,280,731	2,674,159	- 906,294	6,985,541	2.15
November	325,501,494	4,944,533	- 927,189	11,003,523	3.38
December	317,086,382	6,159,801	- 863,703	16,300,918	5.14
January 2005	358,775,910	- 1,537,890	- 1,012,932	13,752,561	3.83
February	368,348,060	4,214,824	- 1,034,309	16,933,741	4.60
March	368,184,915	- 1,390,602	- 998,491	14,545,251	3.95
April	322,747,036	- 373,270	- 997,321	13,175,791	4.08
May	351,522,927	3,172,862	- 986,250	15,968,809	4.54
June	350,676,848	1,881,696	- 980,355	16,872,276	4.81
July	324,372,566	2,325,199	- 894,849	18,303,775	5.64
August	336,278,510	2,577,885	- 935,037	19,950,951	5.93
September	380,767,534	2,845,247	- 1,022,572	21,774,810	5.72
October	382,463,815	- 2,503,281	- 1,031,408	18,241,926	4.77
November	370,575,423	2,876,089	- 1,026,612	20,092,768	5.42
December	362,198,735	3,886,306	- 996,500	22,984,930	6.35
January 2006	400,119,473	6,214,511	- 1,101,206	28,104,444	7.02
February [7]	363,661,874	2,407,655	- 1,158,882	14,359,096	3.95
March	421,741,479	1,870,205	- 1,104,085	14,862,142	3.52
April	412,409,442	4,126,708	- 1,189,962	17,807,634	4.32
May	428,050,405	- 2,712,303	- 1,229,022	13,874,468	3.24

[7] Includes \$15M distribution to the iNtegrate project.



## Reserve Account Analysis

April 2000 - September 2017

	<u>Operating Fund Market Value*</u>	<u>Investment Income Earned</u>	<u>Investment Income Distributed</u>	<u>Reserve Account Ending Balance</u>	<u>Deficit as % of Total Funds</u>
June	397,038,132	759,423	- 1,472,632	<b>13,168,597</b>	3.32
July	426,778,295	3,170,187	- 1,232,828	<b>15,016,412</b>	3.52
August	446,949,399	4,809,494	- 1,280,842	<b>18,545,951</b>	4.15
September	485,309,106	3,886,176	- 1,339,432	<b>21,098,900</b>	4.35
October	491,077,464	5,745,522	- 1,336,522	<b>25,515,258</b>	5.20
November	479,641,782	5,384,183	- 1,357,014	<b>29,564,126</b>	6.16
December	469,227,138	3,423,923	- 1,349,797	<b>31,627,934</b>	6.74
January 2007	476,690,202	3,514,501	- 1,309,708	<b>33,761,919</b>	7.08
February	463,957,730	1,793,443	- 1,376,674	<b>34,183,412</b>	7.37
March	456,916,695	4,250,674	- 1,339,581	<b>37,099,388</b>	8.12
April	447,774,841	6,834,702	- 1,300,756	<b>42,652,711</b>	9.53
May	443,169,778	4,304,247	- 1,283,507	<b>45,557,251</b>	10.28
June	429,014,210	1,318,682	- 1,276,064	<b>45,562,802</b>	10.62
July	422,800,379	978,076	- 1,294,859	<b>45,256,506</b>	10.70
August [8]	463,287,774	1,141,142	- 1,327,393	<b>33,468,232</b>	7.22
September	503,693,516	6,725,006	- 1,471,903	<b>38,732,523</b>	7.69
October [9]	532,953,405	8,939,371	- 1,484,274	<b>36,196,965</b>	6.79
November	524,833,392	- 474,987	- 1,455,000	<b>34,269,215</b>	6.53
December	488,058,329	- 163,714	- 1,438,155	<b>32,669,497</b>	6.69
January 2008	498,662,871	- 7,274,704	- 1,525,533	<b>23,871,592</b>	4.79
February	522,429,681	1,770,738	- 1,538,431	<b>24,110,273</b>	4.62
March [10]	508,017,279	- 3,288,747	- 1,483,288	<b>14,100,201</b>	2.78
April	480,885,277	3,415,203	- 1,461,259	<b>16,054,657</b>	3.34
May	461,741,980	3,456,286	- 1,382,621	<b>18,150,032</b>	3.93
June	429,413,850	- 8,450,547	- 1,386,824	<b>8,313,390</b>	1.94
July	410,663,405	- 4,628,107	- 1,344,792	<b>2,340,375</b>	0.57
August	475,058,191	- 725,811	- 1,301,470	<b>313,725</b>	0.07
September	528,357,492	- 24,682,230	0	<b>- 24,368,505</b>	-4.61
October	499,948,331	- 22,338,217	0	<b>- 46,706,721</b>	-9.34
November	384,017,951	- 10,810,207	0	<b>- 62,831,615</b>	-16.36
December	365,149,131	7,289,401	0	<b>- 55,562,986</b>	-15.22
January 2009	395,078,444	- 8,312,962	0	<b>- 63,898,394</b>	-16.17
February	412,489,609	- 11,778,961	0	<b>- 75,700,296</b>	-18.35
March	394,110,706	9,195,194	0	<b>- 66,527,948</b>	-16.88
April	385,281,546	9,210,151	0	<b>- 57,339,861</b>	-14.88
May	386,438,273	10,367,154	0	<b>- 46,963,715</b>	-12.15
June	388,504,496	8,396,302	0	<b>- 38,691,756</b>	-9.96
July	379,884,652	8,920,793	0	<b>- 29,791,574</b>	-7.84

[8] Includes a distribution of \$10.0 mm to the campuses, \$1.5 mm to Health Science, and \$107,000 to WNC for Athletic Fee Waiver.

[9] Includes a distribution of \$10.0 mm to the campuses.

[10] Includes a distribution of \$5.2 mm to integrate.



### Reserve Account Analysis

April 2000 - September 2017

	<u>Operating Fund Market Value*</u>	<u>Investment Income Earned</u>	<u>Investment Income Distributed</u>	<u>Reserve Account Ending Balance</u>	<u>Deficit as % of Total Funds</u>
August	417,718,890	7,745,266	0	- 22,211,230	-5.32
September	476,920,474	11,390,789	0	- 10,848,845	-2.27
October	478,206,217	- 1,260,470	0	- 12,134,968	-2.54
November	467,981,428	7,816,435	0	- 4,339,904	-0.93
December	460,887,939	978,601	0	- 3,386,044	-0.73
January 2010	494,113,754	- 536,799	0	- 3,954,220	-0.80
February	536,415,257	2,629,875	0	- 1,350,564	-0.25
March	529,962,831	7,950,695	0	6,592,916	1.24
April	505,028,620	3,769,231	0	10,366,971	2.05
May	495,723,958	- 8,178,556	0	2,164,107	0.44
June	483,015,094	- 3,741,998	0	- 1,715,881	-0.36
July	454,152,490	8,216,789	0	6,477,955	1.43
August	478,983,837	- 954,095	0	5,493,768	1.15
September	531,289,764	11,065,950	0	16,376,944	3.08
October	545,098,997	8,352,517	0	24,701,594	4.53
November [11]	537,632,325	- 1,485,861	0	3,191,638	0.59
December	526,037,834	7,596,878	0	10,761,836	2.05
January 2011	543,100,034	4,427,520	0	15,156,209	2.79
February	584,582,290	7,036,994	0	22,226,373	3.80
March	602,634,879	168,183	0	22,316,281	3.70
April	602,899,146	8,660,352	0	30,976,656	5.14
May	600,527,414	- 1,003,816	0	30,000,368	5.00
June	584,153,071	- 2,244,871	0	27,687,521	4.74
July	553,620,075	383,544	- 909,098	27,161,999	4.91
August	550,357,944	- 11,607,805	- 902,641	14,651,568	2.66
September	580,320,257	- 16,972,235	- 1,011,187	- 3,331,839	-0.57
October	616,014,627	19,660,977	- 1,022,377	15,306,775	2.48
November	614,641,484	- 2,138,517	- 1,051,805	12,116,473	1.97
December	570,282,703	1,812,147	- 1,017,403	12,758,773	2.24
January 2012	588,887,714	12,029,128	- 1,001,701	23,759,216	4.03
February	640,696,614	10,597,480	- 1,075,899	33,258,187	5.19
March [12]	665,476,106	6,211,504	- 1,076,596	8,322,216	1.25
April	675,583,556	- 46,605	- 1,088,493	7,168,811	1.06
May	650,891,109	- 14,138,289	- 1,072,313	- 8,061,857	-1.24
June	651,130,437	10,716,945	- 1,037,938	1,471,157	0.23
July	646,978,870	5,879,922	- 998,094	6,258,602	0.97
August	649,388,408	7,839,154	- 970,634	13,104,020	2.02
September	696,232,882	8,049,795	- 1,050,089	21,081,049	3.03

[11] The reserve balance was decreased by \$20,000,000 to fund the Integrate Project. This reduction was approved by the Investment Committee at the December 2010 meeting.

[12] At the March 2012 meeting, the committee approved to decrease the account by \$30,000,000 and deposit the funds in the Market Fluctuation account.



### Reserve Account Analysis

April 2000 - September 2017

	<u>Operating Fund Market Value*</u>	<u>Investment Income Earned</u>	<u>Investment Income Distributed</u>	<u>Reserve Account Ending Balance</u>	<u>Deficit as % of Total Funds</u>
October	710,358,991	- 1,197,576	- 1,067,091	<b>18,810,096</b>	2.65
November	691,059,345	5,398,282	- 1,042,304	<b>23,118,256</b>	3.35
December	676,084,453	5,351,934	- 1,023,111	<b>27,408,223</b>	4.05
January 2013	698,562,775	12,404,710	- 1,017,830	<b>38,765,511</b>	5.55
February	734,583,537	2,136,815	- 1,110,373	<b>39,781,379</b>	5.42
March	741,356,785	7,909,680	- 1,118,897	<b>46,560,042</b>	6.28
April	746,499,564	8,176,059	- 1,098,001	<b>33,597,353</b>	4.50
May	749,121,650	- 232,068	- 1,086,419	<b>32,122,561</b>	4.29
June	730,655,804	- 11,399,623	- 1,070,174	<b>18,372,158</b>	2.51
July	699,864,927	17,517,869	- 995,266	<b>35,972,372</b>	5.14
August	722,698,696	- 10,850,330	- 1,017,100	<b>24,104,402</b>	3.34
September	757,589,559	16,932,055	- 1,113,457	<b>24,944,753</b>	3.29
October	773,300,230	13,389,288	- 1,110,570	<b>37,198,388</b>	4.81
November	782,311,772	7,133,796	- 1,126,357	<b>43,114,980</b>	5.51
December	766,348,636	3,839,932	- 1,096,572	<b>45,808,074</b>	5.98
January 2014	794,356,651	- 10,323,902	- 1,103,315	<b>34,364,198</b>	4.33
February	832,429,376	17,369,351	- 1,199,782	<b>50,609,052</b>	6.08
March	827,743,406	658,708	- 1,232,998	<b>29,973,696</b>	3.62
April	811,778,308	5,011,098	- 1,192,620	<b>33,733,052</b>	4.16
May	802,766,371	9,865,028	- 1,167,436	<b>42,329,115</b>	5.27
June	796,867,536	5,137,303	- 1,132,848	<b>44,988,631</b>	5.65
July	769,443,193	- 7,085,988	- 1,088,507	<b>37,893,670</b>	4.92
August	768,458,918	9,717,438	- 1,074,041	<b>46,500,161</b>	6.05
September	799,195,918	- 12,343,439	- 1,174,737	<b>32,956,777</b>	4.12
October	809,138,417	3,728,437	- 1,179,110	<b>35,489,183</b>	4.39
November	803,360,295	7,715,321	- 1,179,110	<b>42,007,603</b>	5.23
December	787,894,117	- 8,447,678	- 1,162,452	<b>32,373,324</b>	4.11
January 2015	817,081,803	- 76,950	- 1,146,238	<b>31,126,582</b>	3.81
February	861,706,208	14,825,760	- 1,173,599	<b>44,758,231</b>	5.19
March	846,665,997	- 6,106,183	- 1,266,477	<b>37,276,172</b>	4.40
April	816,988,387	8,550,962	- 1,236,365	<b>44,571,763</b>	5.46
May	800,253,288	878,840	- 1,180,152	<b>44,251,472</b>	5.53
June	775,206,818	- 8,971,779	- 2,277,378	<b>32,851,768</b>	4.24
July	741,262,295	3,882,734	0	<b>36,716,269</b>	4.95
August	730,652,584	- 21,602,156	- 1,044,825	<b>14,046,895</b>	1.92
September	743,692,218	- 9,918,574	- 1,053,121	<b>2,945,392</b>	0.40
October	763,715,634	22,165,405	- 1,145,809	<b>23,945,040</b>	3.14



**Reserve Account Analysis**

April 2000 - September 2017

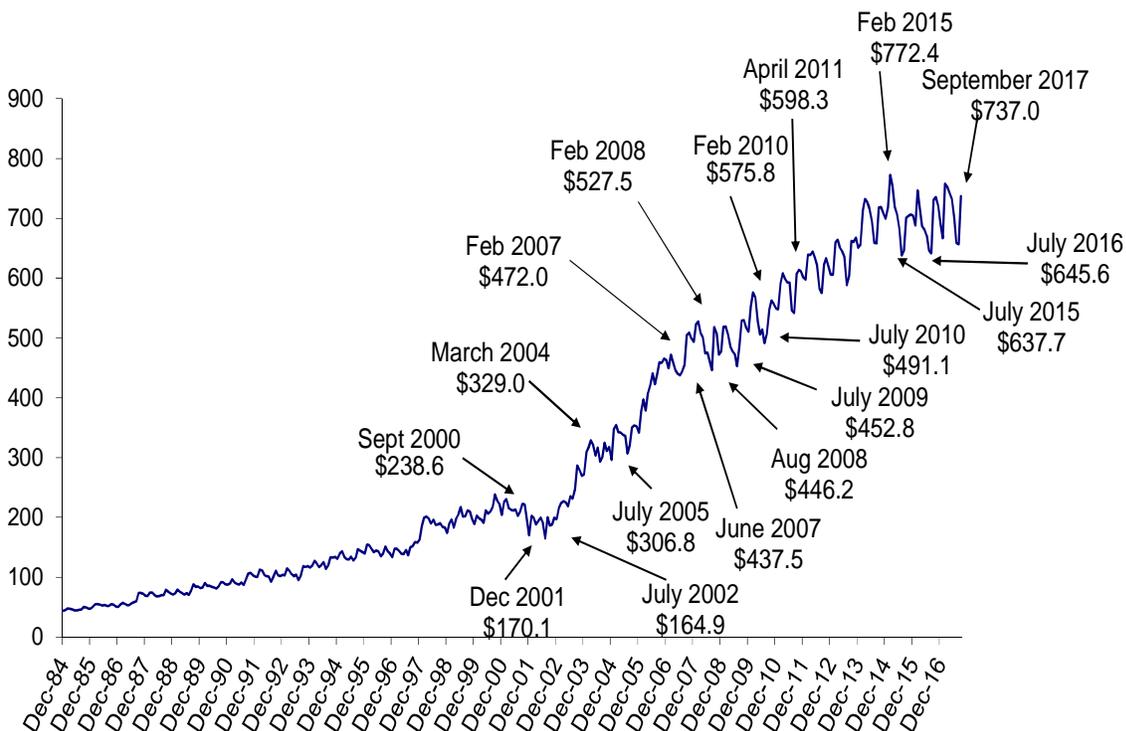
	<b><u>Operating Fund Market Value*</u></b>	<b><u>Investment Income Earned</u></b>	<b><u>Investment Income Distributed</u></b>	<b><u>Reserve Account Ending Balance</u></b>	<b><u>Deficit as % of Total Funds</u></b>
November	773,032,685	- 1,931,303	- 1,153,337	<b>20,734,926</b>	2.68
December	757,261,248	- 6,511,571	- 1,159,535	<b>12,989,860</b>	1.72
January 2016	753,972,401	- 11,441,815	- 1,155,539	<b>370,580</b>	0.05
February	790,998,777	- 681,126	- 1,124,930	<b>- 1,455,417</b>	-0.18
March	797,575,047	21,771,860	- 1,224,413	<b>18,964,772</b>	2.38
April	766,518,822	3,441,429	- 1,170,933	<b>21,216,478</b>	2.77
May	757,996,550	701,573	- 1,125,582	<b>20,774,029</b>	2.74
June	755,484,888	3,775,103	- 1,098,587	<b>23,146,343</b>	3.06
July	733,302,986	11,461,092	- 1,059,136	<b>33,491,949</b>	4.57
August	766,724,276	- 2,118,513	- 1,045,608	<b>25,041,315</b>	3.27
September	842,005,030	5,780,022	- 1,194,237	<b>29,752,500</b>	3.53
October	862,418,660	- 6,852,761	- 1,202,643	<b>21,682,310</b>	2.51
November	845,771,679	- 741,201	- 1,181,669	<b>19,718,479</b>	2.33
December	817,936,437	6,570,718	- 1,128,775	<b>25,086,318</b>	3.07
January 2017	830,799,148	9,054,706	- 1,084,201	<b>32,985,285</b>	3.97
February	880,425,266	10,058,347	- 1,242,283	<b>41,938,224</b>	4.76
March	893,424,246	3,300,433	- 1,232,302	<b>43,973,971</b>	4.92
April	887,806,037	7,463,148	- 1,217,247	<b>50,184,988</b>	5.65
May	887,269,645	8,464,067	- 1,198,145	<b>57,369,255</b>	6.47
June	847,739,260	675,163	- 1,143,788	<b>55,459,088</b>	6.54
July	813,856,671	10,359,659	- 1,076,066	<b>65,797,343</b>	8.08
August	839,204,422	2,535,845	- 1,066,881	<b>67,230,046</b>	8.01
September	881,692,900	5,616,527	- 1,202,797	<b>71,754,200</b>	8.14

\*Average Market Value for the month.



### Operating Fund Average Daily Cash Balances

January 1985 through September 2017



	<u>\$ (mm)</u>	<u>Date</u>
Largest Monthly Decline	-46.9	July 2013
Largest Quarterly Decline	-70.9	Second Quarter 2015
<b>Largest Peak to Valley</b>	<b>-134.7</b>	<b>February 2015 - July 2015</b>

# 3. ENDOWMENT FUND OCIO UPDATE



## OCIO Update – Executive Summary

### Performance:

- Performance has been strong since the inception of the OCIO relationships, with a 10.7% Total Endowment return for the first nine months of 2017, 70bps ahead of the Policy Benchmark.
- The C|A portfolio has returned 12.9% CYTD, with asset class returns ranging from 25.5% for Emerging Markets down to 2.3% for Fixed Income & Cash. Real Assets delivered the strongest relative performance in the C|A portfolio, 6.4 percentage points ahead of the asset class benchmark.

- Per the Statement of Investment Objectives and Policies for the Endowment Fund,

*“the long-term investment objective of the Fund is to achieve an average annual real total return at least equal to the contemplated distribution rate... over ten-year periods, net of fees. It is recognized that the real return objective may be difficult to attain in every ten-year period, but the Fund will seek to achieve the objective over a series of ten-year periods... It is also recognized that given the static nature of this objective, it is not directly related to market performance; this reinforces the view that success or failure in achieving this objective should be evaluated in the context of the prevailing market environment and over the long term.”*

While the 2008 Global Financial Crisis has dragged down the trailing 10-year inflation-adjusted return, the long-term objective has been achieved over other meaningfully long time periods (as shaded in green):

<u>Current distribution policy</u>	< or > than	<u>Annualized returns through 9/30/17</u>				
		<u>8-Yr</u>	<u>10-Yr</u>	<u>20-Yr</u>	<u>Since 6/30/84</u>	
Distributions to campuses	4.500%	7.6%	4.9%	7.0%	9.9%	Nominal return
System administration fee	<u>0.125%</u>	<u>1.7%</u>	<u>1.7%</u>	<u>2.2%</u>	<u>2.6%</u>	CPI-U adjustment
All-in distribution rate	4.625%	5.8%	3.1%	4.8%	7.1%	<u>Real return</u>

### Asset Allocation and Guideline Compliance:

- The Total Endowment (encompassing C|A, Russell and Legacy Assets) is in compliance with all investment guidelines and restrictions.
- Within the C|A Portfolio, we remain close to policy targets, with modest tilts toward asset classes for which current valuations suggest more robust returns looking ahead (e.g., emerging markets and real assets, including MLPs). We also remain keenly focused on liquidity to take advantage of opportunities as market conditions unfold.

## Results Have Been Strong Since Inception of C|A & Russell Relationships

Composite (Inception Date)	Assets \$ mil	FYTD 06/30/17- 09/30/17	CYTD 12/31/16- 09/30/17	Annualized Trailing 3 Years	Annualized Trailing 5 Years	Annualized Since Inception
<b>Total C A Managed Assets (11/30/16)</b>	<b>113.8</b>	<b>4.0</b>	<b>12.8</b>	---	---	<b>14.2</b>
C A Normalized Benchmark (03/31/17) <sup>(1)</sup>		3.9	---	---	---	---
Value Added		0.1	---	---	---	---
<b>Total Russell Managed Assets (12/31/16)</b>	<b>109.7</b>	<b>3.0</b>	<b>9.9</b>	---	---	<b>9.9</b>
Russell Normalized Benchmark (03/31/17) <sup>(1)</sup>		3.2	---	---	---	---
Value Added		-0.2	---	---	---	---
<b>Legacy Assets</b>						
Legacy Private Growth (11/15/98) <sup>(2)</sup>	21.8	---	8.7	11.0	11.3	10.9
Legacy Private Natural Resources (11/15/98) <sup>(2)</sup>	5.5	---	1.7	1.1	6.5	15.9
Other Legacy Assets (11/30/12) <sup>(3)</sup>	3.8	-0.1	2.3	4.6	---	5.7
<b>Total Endowment (06/30/84)</b>	<b>254.7</b>	<b>3.1</b>	<b>10.7</b>	<b>4.8</b>	<b>6.7</b>	<b>10.0</b>
Policy Benchmark (06/30/84) <sup>(1)</sup>		3.1	10.1	5.3	7.3	9.8
Value Added		-0.1	0.7	-0.6	-0.6	0.1
MSCI ACWI (N) 70%/BBG Barc Agg 30% (06/30/84) <sup>(4)</sup>		3.9	12.9	6.1	7.8	9.3
Value Added		-0.8	-2.1	-1.4	-1.1	0.6

Note: Returns are net of fees and as of 9/30/17.

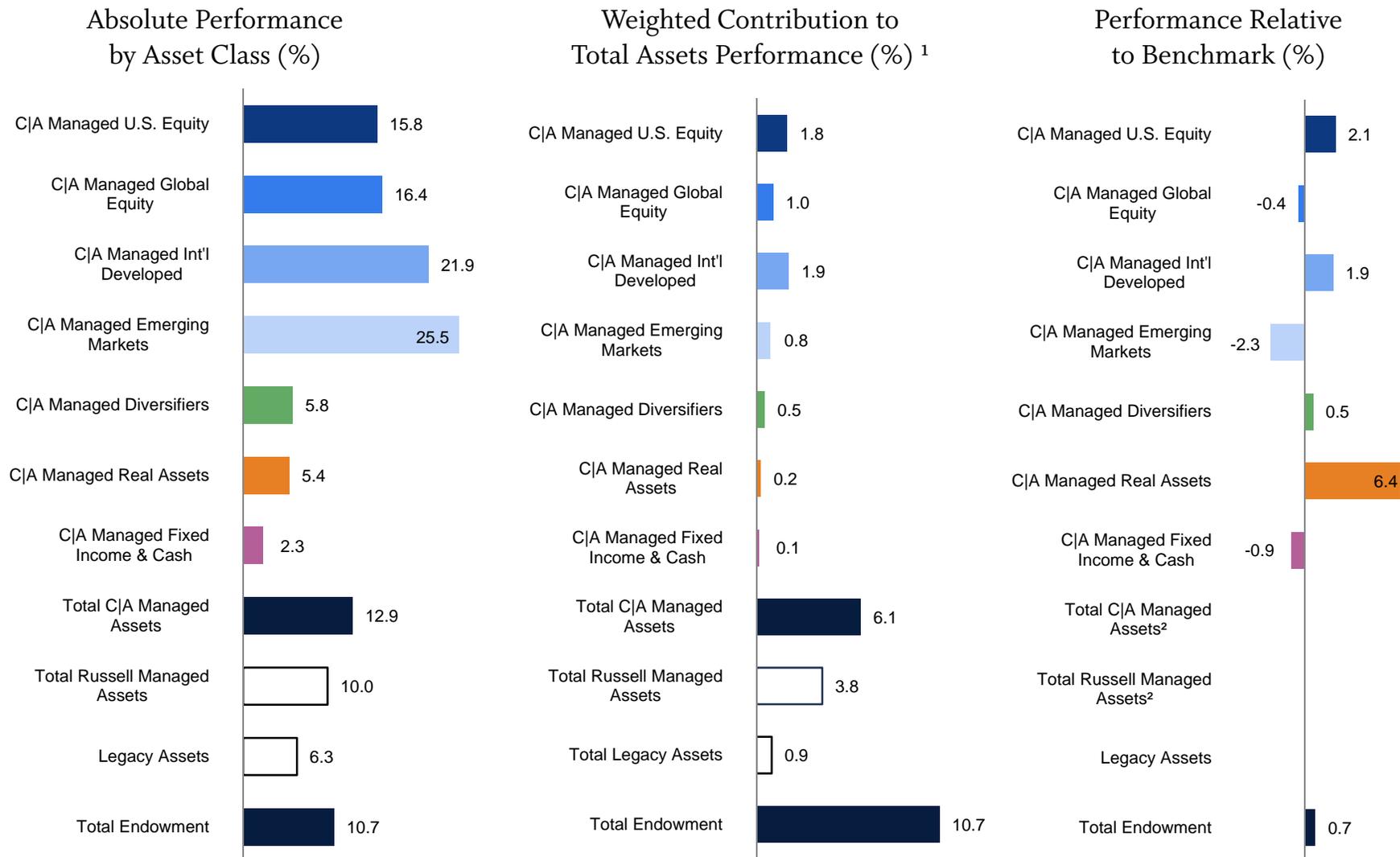
(1) For benchmark details, please refer to the Custom Benchmark Compositions exhibit in the Appendix.

(2) Market values and returns are as of 6/30/2017 plus capital drawdowns less distributions through the current period. A 0% return is used for the current quarter to allow calculation of composite.

(3) Market value represents illiquid sidepockets related to the Och-Ziff Overseas & Farallon Capital investments as well as the Forester Audit Holdback & Maverick Audit Holdback. Market value also represents the cash account related to the legacy PI funds.

(4) From 01/31/88 to 01/31/01 benchmark consists of 70% MSCI ACWI (G) & 30% BBG Barc Agg. Prior to 01/31/88 benchmark consists of 70% MSCI World Index (N) & 30% BBG Barc Agg.

## CYTD through 9/30: Which Assets Drove Performance?



Notes: Analysis trailing nine months as of 9/30/17. Private investments are reported on a quarter-lagged basis and have a 0% return for the quarter.

<sup>1</sup> (Asset Class Return) x (Weight in Portfolio) = Weighted Contribution to Total Assets Performance. Totals may not sum due to rounding.

<sup>2</sup> Formal track record for C|A and Russell began only on April 1, following a 3-month portfolio transition period.

**Nevada System of Higher Education Endowment**  
**Flash Investment Returns by Composite** (net of fees) as of September 30, 2017

Composite (Inception Date)	Assets \$ mil	Total Return (%)					
		Latest Month	FYTD	CYTD	Annualized	Annualized	Annualized
		08/31/17- 09/30/17	06/30/17- 09/30/17	12/31/16- 09/30/17	Trailing 3 Years	Trailing 5 Years	Since Inception
<b>CJA Managed Public Growth (06/30/84)</b>	<b>68.8</b>	<b>2.0</b>	<b>5.0</b>	<b>18.7</b>	<b>7.3</b>	<b>10.6</b>	<b>10.5</b>
MSCI ACWI Index (N) (06/30/84) <sup>(1)</sup>		1.9	5.2	17.3	7.4	10.2	9.8
Value Added		0.0	-0.2	1.5	-0.1	0.4	0.7
CJA Managed U.S. Equity (06/30/84)	23.4	2.4	4.5	15.8	10.6	15.2	11.5
Wilshire 5000 Total Market Index (06/30/84)		2.4	4.6	13.7	11.0	14.3	11.3
Value Added		0.0	-0.1	2.1	-0.4	1.0	0.2
CJA Managed Global Equity (01/03/17)	15.2	2.2	4.0	---	---	---	16.4
MSCI ACWI Index (N) (01/03/17)		1.9	5.2	---	---	---	16.8
Value Added		0.3	-1.2	---	---	---	-0.4
CJA Managed Int'l Developed (12/31/85)	21.6	2.2	5.3	21.9	5.3	7.6	8.2
MSCI EAFE Index (N) (12/31/85)		2.5	5.4	20.0	5.0	8.4	7.6
Value Added		-0.3	-0.1	1.9	0.2	-0.8	0.6
CJA Managed Emerging Markets (01/31/95)	8.6	-0.3	7.2	25.5	3.8	3.2	5.6
MSCI Emerging Markets Index (N) (01/31/95) <sup>(2)</sup>		-0.4	7.9	27.8	4.9	4.0	6.5
Value Added		0.1	-0.7	-2.3	-1.1	-0.8	-0.9
<b>CJA Managed Diversifiers (11/30/99)</b>	<b>22.8</b>	<b>-0.2</b>	<b>2.9</b>	<b>5.8</b>	<b>2.4</b>	<b>5.3</b>	<b>7.9</b>
Managed Diversifiers Benchmark (11/30/99) <sup>(3)</sup>		0.6	1.7	5.3	2.0	3.7	3.8
Value Added		-0.9	1.2	0.5	0.3	1.6	4.0
<b>CJA Managed Real Assets (12/31/04)</b>	<b>11.5</b>	<b>0.6</b>	<b>3.3</b>	<b>5.4</b>	<b>-5.5</b>	<b>-5.1</b>	<b>2.0</b>
Real Assets Benchmark (12/31/04) <sup>(4)</sup>		2.9	3.6	-1.0	-1.8	1.2	5.7
Value Added		-2.3	-0.3	6.4	-3.7	-6.3	-3.7
<b>CJA Managed Fixed Income &amp; Cash (06/30/84)</b>	<b>10.7</b>	<b>0.1</b>	<b>0.8</b>	<b>2.3</b>	<b>1.7</b>	<b>1.7</b>	<b>7.6</b>
BBG Barc Aggregate Bond Index (06/30/84)		-0.5	0.8	3.1	2.7	2.1	7.4
Value Added		0.6	0.0	-0.9	-1.0	-0.4	0.2
CJA Managed Fixed Income (06/30/84)	8.3	0.1	1.0	3.5	2.3	2.0	7.9
Fixed Income Benchmark (06/30/84) <sup>(4)</sup>		-0.5	0.8	3.1	2.2	1.6	7.3
Value Added		0.6	0.1	0.3	0.1	0.4	0.6
CJA Managed Cash (06/30/87)	2.4	0.1	0.2	0.4	0.2	0.1	3.4

Note: Since Inception returns are cumulative for investments with less than one full year of performance history.

(1) From 01/31/88 to 01/31/01 benchmark consists of the MSCI ACWI (G). Prior to 01/31/88 benchmark consists of the MSCI World Index (N).

(2) Prior to 02/01/01, benchmark consists of MSCI Emerging Markets Index.

(3) From 12/01/16 to present the benchmark consists of the lagged 0.3 beta-adjusted MSCI ACWI (N). Prior to 12/01/16 benchmark consists of HFRI Fund of Funds Diversified Index.

(4) For benchmark details, please refer to the Custom Benchmark Compositions exhibit in the Reference section.

**Nevada System of Higher Education Endowment**  
**Flash Investment Returns by Composite** (net of fees) as of September 30, 2017

Composite (Inception Date)	Assets \$ mil	Total Return (%)					Annualized Since Inception
		Latest Month	FYTD	CYTD	Annualized	Annualized	
		08/31/17- 09/30/17	06/30/17- 09/30/17	12/31/16- 09/30/17	Trailing 3 Years	Trailing 5 Years	
<b>Total CJA Managed Assets (11/30/16)</b>	<b>113.8</b>	<b>1.2</b>	<b>4.0</b>	<b>12.9</b>	---	---	<b>14.3</b>
CJA Normalized Benchmark (03/31/17) <sup>(4)</sup>		1.5	3.9				
Value Added		-0.3	0.1				
<b>Russell Managed Growth (12/31/16)</b>	<b>76.8</b>	<b>1.3</b>	<b>3.9</b>	<b>13.0</b>	---	---	<b>13.0</b>
MAC+ Custom Benchmark (12/31/16) <sup>(4)</sup>		1.6	4.3	13.2	---	---	13.2
Value Added		-0.3	-0.3	-0.2	---	---	-0.2
<b>Russell Managed Diversifiers (03/01/17)</b>	<b>12.2</b>	<b>0.4</b>	<b>1.9</b>	---	---	---	<b>1.6</b>
LIBOR + 4% (1 mo lag) (03/01/17)		0.4	1.3	---	---	---	2.9
Value Added		-0.1	0.6	---	---	---	-1.4
<b>Russell Managed Real Assets (03/31/17)</b>	<b>5.0</b>	<b>0.0</b>	<b>0.0</b>	---	---	---	<b>0.0</b>
NFI-ODCE-EQ-E&F (03/31/17) <sup>(5)</sup>		0.0	0.0	---	---	---	1.7
Value Added		0.0	0.0	---	---	---	-1.7
<b>Russell Managed Fixed Income &amp; Cash (12/31/16)</b>	<b>15.7</b>	<b>-0.4</b>	<b>0.3</b>	<b>1.9</b>	---	---	<b>1.9</b>
BBG Barc Aggregate Bond Index (12/31/16)		-0.5	0.8	3.1	---	---	3.1
Value Added		0.1	-0.5	-1.2	---	---	-1.2
<b>Total Russell Managed Assets (12/31/16)</b>	<b>109.7</b>	<b>0.9</b>	<b>3.0</b>	<b>9.9</b>	---	---	<b>9.9</b>
Russell Normalized Benchmark (03/31/17) <sup>(4)</sup>		1.2	3.2				
Value Added		-0.2	-0.2				
<b>Legacy Assets</b>							
Legacy Private Growth (11/15/98) <sup>(6)</sup>	21.8	---	---	8.7	11.0	11.3	10.9
Legacy Private Natural Resources (11/15/98) <sup>(6)</sup>	5.5	---	---	1.7	1.1	6.5	15.9
Other Legacy Assets (11/30/12) <sup>(7)</sup>	3.8	0.3	-0.1	2.3	4.6	---	5.7
<b>Total Endowment (06/30/84)</b>	<b>254.7</b>	<b>1.0</b>	<b>3.1</b>	<b>10.7</b>	<b>4.8</b>	<b>6.7</b>	<b>10.0</b>
Policy Benchmark (06/30/84) <sup>(4)</sup>		1.2	3.1	10.1	5.3	7.3	9.8
Value Added		-0.2	-0.1	0.7	-0.5	-0.6	0.1
MSCI ACWI (N) 70%/BBG Barc Agg 30% (06/30/84) <sup>(8)</sup>		1.2	3.9	12.9	6.1	7.8	9.3
Value Added		-0.3	-0.8	-2.1	-1.4	-1.1	0.6

Note: Since Inception returns are cumulative for investments with less than one full year of performance history.

(4) For benchmark details, please refer to the Custom Benchmark Compositions exhibit in the Reference section.

(5) NCREIF Fund Index Open-End Diversified Core Equity-Equal Weight-Endowment & Foundation Eligible (NFI-ODCE-EQ-E&F).

(6) Market values and returns are as of 06/30/17 plus capital drawdowns less distributions through the current period. A 0% return is used for the current quarter to allow calculation of composite.

(7) Market value represents illiquid sidepockets related to the Och-Ziff Overseas & Farallon Capital investments as well as the Forester Audit Holdback & Maverick Audit Holdback. Market value also represents the cash account related to the legacy PI funds.

(8) From 01/31/88 to 01/31/01 benchmark consists of 70% MSCI ACWI (G) & 30% BBG Barc Agg. Prior to 01/31/88 benchmark consists of 70% MSCI World Index (N) & 30% BBG Barc Agg.

## Blended Total Endowment Policy Adopted in December 2016

	<i>Policies by each Fund Manager</i>		<i>Blended Total Assets Policy</i>	
	<b>CA Capital</b>	<b>Russell</b>	<b>Blended Total Assets</b>	
	<b>Long-Term Targets (%)</b>	<b>Portfolio (%)</b>	<b>Policy Targets (%)</b>	<b>Policy Ranges (%)</b>
<i>NSHE Legacy Asset Values a/o 9/30/17</i>				
<b>Growth</b>	<b>62.0%</b>	<b>61.0%</b>	<b>61.5%</b>	50% - 70%
Public Growth	45.0%	51.0%	48.0%	
Private Growth*	17.0%	10.0%	13.5%	
<i>Less: Legacy Private Growth</i>	<i>-9.6%</i>	<i>-9.9%</i>		
<b>Total <u>Managed</u> Growth</b>	<b>52.4%</b>	<b>51.1%</b>		
<b>Diversifiers</b>	<b>18.0%</b>	<b>12.0%</b>	<b>15.0%</b>	5% - 25%
Diversifiers with liquidity within 3 years	13.0%	12.0%	12.5%	
Private Diversifiers*	5.0%	0.0%	2.5%	
<i>Less: Legacy Liquidating Sidepockets</i>	<i>-1.3%</i>	<i>-1.3%</i>		
<b>Total <u>Managed</u> Diversifiers</b>	<b>16.7%</b>	<b>10.7%</b>		
<b>Real Assets</b>	<b>10.0%</b>	<b>12.0%</b>	<b>11.0%</b>	5% - 20%
Public Real Assets	2.0%	7.0%	4.5%	
Private Real Assets*	8.0%	5.0%	6.5%	
<i>Less: Legacy Private Real Assets</i>	<i>-2.8%</i>	<i>-2.9%</i>		
<b>Total <u>Managed</u> Real Assets</b>	<b>7.2%</b>	<b>9.1%</b>		
<b>Fixed Income &amp; Cash</b>	<b>10.0%</b>	<b>15.0%</b>	<b>12.5%</b>	5% - 25%
<i>Less: Cash reserved for Legacy Assets</i>	<i>-0.5%</i>	<i>-0.5%</i>		
<b>Total <u>Managed</u> Fixed Income</b>	<b>9.5%</b>	<b>14.5%</b>		
<b>TOTAL ENDOWMENT</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	
<b><u>Managed</u> OCIO Sleeves excl. Legacy Assets</b>	<b>85.9%</b>	<b>85.3%</b>		

\* Liquidity Guidelines: No new Private Investment (PI) commitments while:

(1) Total PI NAV > 1.3x respective Fund Manager's PI target

(2) Total PI NAV + unfunded commitments > 1.8x respective Fund Manager's PI target

Per Section 5.4.d of NSHE IPS: For the purpose of gauging compliance with asset allocation policy ranges and liquidity guidelines, 50% of Legacy Assets shall be attributed to each Fund Manager's portfolio.

Per Section 6.d of NSHE IPS: For purposes of assessing Fund Manager performance, the System agrees that the official Fund Manager track record will begin April 1, 2017, after which the Fund Manager will be responsible for the Fund's performance relative to the previously stated return and risk objectives.

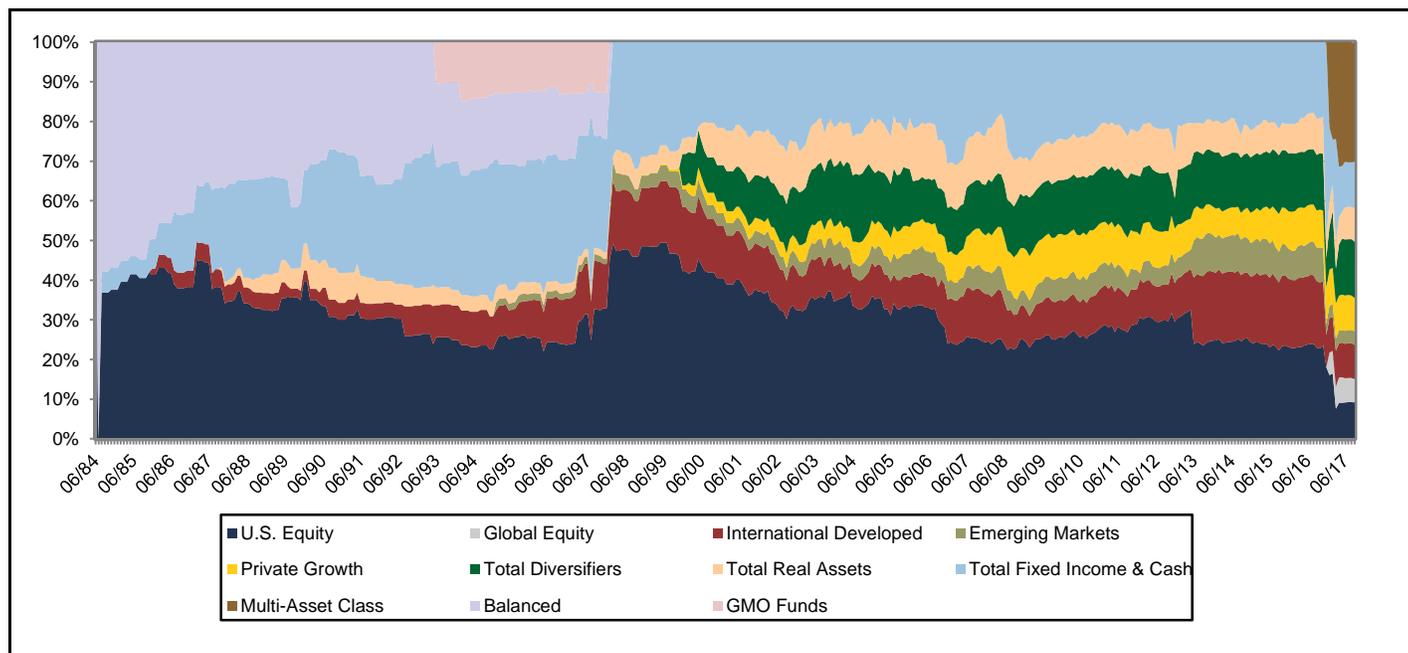
## Endowment Asset Allocation Is Well Within Policy Ranges

Portfolio Role	9/30/2017 Asset Allocation	Total Endowment Long-Term Policy Targets	Total Endowment Allowable Range
<b>Growth</b>	<b>53.7%</b>	<b>61.5%</b>	<b>50% - 70%</b>
Public Growth	45.1%	48.0%	
Private Growth	8.6%	13.5%	
<b>Diversifiers</b>	<b>14.1%</b>	<b>15.0%</b>	<b>5% - 25%</b>
Liquid Diversifiers (liquidity w/in 3 years)	13.4%	12.5%	
Private Diversifiers	0.7%	2.5%	
<b>Real Assets</b>	<b>15.6%</b>	<b>11.0%</b>	<b>5% - 20%</b>
Public Real Assets	8.7%	4.5%	
Private Real Assets	6.9%	6.5%	
<b>Fixed Income &amp; Cash</b>	<b>16.5%</b>	<b>12.5%</b>	<b>5% - 25%</b>
Fixed Income	12.3%	12.5%	
Cash	4.2%	0.0%	

Notes: Russell Multi-Asset Core Plus Fund (MAC+) look-through exposures estimated using 9/30/2017 MAC+ asset allocation provided by Russell Investments. Totals may not sum due to rounding.

## Nevada System of Higher Education Endowment Asset Allocation Over Time as of September 30, 2017

	% of Portfolio				Market Value (\$)
	12/31/16	03/31/17	06/30/17	09/30/17	As Of 09/30/17
<b>Total Public &amp; Private Growth</b>	<b>38.2%</b>	<b>34.2%</b>	<b>36.2%</b>	<b>35.5%</b>	<b>\$90,562,902</b>
U.S. Equity	18.0	7.5	9.2	9.2	23,368,310
Global Equity	---	5.6	6.1	6.0	15,157,921
International Developed	8.2	9.0	8.7	8.5	21,639,879
Emerging Markets	2.8	3.2	3.2	3.4	8,587,681
Private Growth	9.2	8.9	9.0	8.6	21,809,111
<b>Total Diversifiers</b>	<b>7.3</b>	<b>8.6</b>	<b>14.1</b>	<b>14.1</b>	<b>36,036,947</b>
<b>Total Real Assets</b>	<b>5.4</b>	<b>6.7</b>	<b>8.1</b>	<b>8.7</b>	<b>22,091,088</b>
<b>Total Fixed Income &amp; Cash</b>	<b>49.1</b>	<b>26.0</b>	<b>11.5</b>	<b>11.5</b>	<b>29,299,955</b>
<b>Multi-Asset Class</b>	<b>---</b>	<b>24.4</b>	<b>30.1</b>	<b>30.1</b>	<b>76,759,085</b>
<b>Total Endowment</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>\$254,749,978</b>



Note: Actual Allocation is based on market value of assets at end of period. Values include discretionary cash held by managers.

## Endowment Liquidity Is Well Within Guidelines

Market Values as of 9/30/2017, pro forma for pending CJA transactions

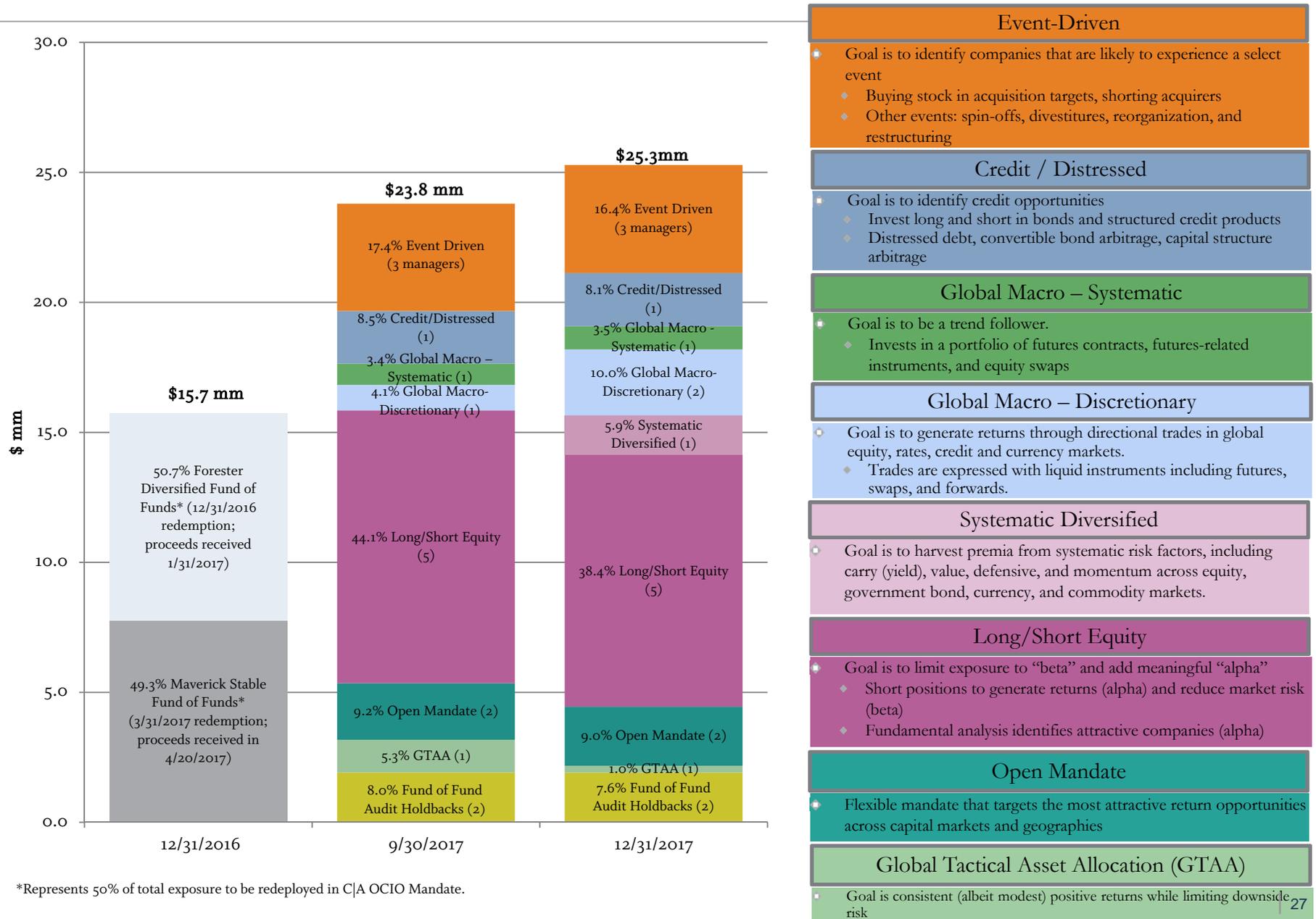
Managers	Pro Forma (\$ mm)	Exit Terms	Dollar Liquidity					
			Daily	Weekly/ Monthly	Quarterly	Semiannual/ Annual	Biennial	Illiquid
<i>U.S. Equity</i>	23.5		7.2	3.3	13.0			
CJA U.S. Equity	23.5	Daily; monthly; quarterly	7.2	3.3	13.0			
<i>Global Equity</i>	62.9		58.7	4.3				
CJA Global Equity	15.5	Daily; monthly	11.2	4.3				
<i>RIFL Multi-Asset Core+ Fund - Growth *</i>	47.4	<i>Daily</i>	47.4					
<i>International Developed Equity</i>	22.1		7.4	14.7				
CJA International Developed Equity	22.1	Daily; monthly	7.4	14.7				
<i>Emerging Markets Equity</i>	8.9		1.9	7.0				
CJA Emerging Markets Equity	8.9	Daily; weekly; monthly	1.9	7.0				
<i>Diversifiers</i>	37.7		0.3	7.6	6.9	18.8	2.1	2.0
CJA Marketable Alternatives	24.4	Daily; monthly; quarterly; semi-annual; annual; biennial	0.3	4.6	2.3	14.2	2.1	1.0
Farallon Capital Illiquid Sidepocket**	0.9	Illiquid						0.9
Och-Ziff Overseas Illiquid Sidepocket**	0.1	Illiquid						0.1
<i>Russell Hedge Funds*</i>	12.3	<i>37.5% quarterly, with 90 days' notice (hard lock expires early 2018); 37.5% quarterly, with 60 days' notice; 25% monthly, with 30 days' notice</i>		3.1	4.6	4.6		
<i>Private Growth</i>	21.8	<i>Illiquid</i>						21.8
Legacy Private Equity**	13.3	Illiquid						13.3
Legacy Venture Capital**	8.5	Illiquid						8.5
<i>Russell Private Growth*</i>	0.0	<i>Illiquid</i>						0.0
<i>Real Assets</i>	39.9		25.5	2.3	11.4			0.7
CJA Real Assets	10.8	Daily; monthly; illiquid	7.8	2.3				0.7
Legacy Private Natural Resources**	5.5	Daily	5.5					
<i>RIFL Multi-Asset Core+ Fund - Real Assets*</i>	7.0	<i>Daily</i>	7.0					
<i>Russell Real Estate Equity Fund*</i>	5.1	<i>Daily</i>	5.1					
<i>Russell Private Real Assets Allocation*</i>	11.4	<i>Quarterly, with 110 days' notice</i>			11.4			
<i>Fixed Income</i>	31.5		29.4	2.1				
CJA Fixed Income	8.3	Daily; monthly	6.2	2.1				
<i>RIFL Multi-Asset Core+ Fund - Fixed Income*</i>	7.4	<i>Daily</i>	7.4					
<i>RIFL Core Bond Fund*</i>	10.9	<i>Daily</i>	10.9					
<i>RIFL Absolute Return Fixed Income Fund*</i>	4.9	<i>Daily, with 3 days' notice</i>	4.9					
<i>Cash and Cash Equivalents</i>	8.0	<i>Daily</i>	8.0					
<b>TOTAL ASSETS</b>	<b>256.3</b>		<b>138.3</b>	<b>41.3</b>	<b>31.3</b>	<b>18.8</b>	<b>2.1</b>	<b>24.5</b>
<b>PERCENT OF TOTAL ASSETS</b>	<b>100%</b>		<b>54%</b>	<b>16%</b>	<b>12%</b>	<b>7%</b>	<b>1%</b>	<b>10%</b>
<i>Unfunded CJA PI Commitments as % of Total Assets</i>								<b>7%</b>
<i>Total Illiquids + Unfunded CJA PI Commitments</i>								<b>17%</b>

Liquidity Guidelines:	Guideline Compliance?
No new commitments while:	
(1) Private Investment NAV > 1.3x respective Fund Manager's PI target	Yes
(2) Private Investment NAV + Unfunded Commitments > 1.8x respective Fund Manager's PI target	Yes

\* *Italicized assets are excluded from CJA mandate.*

\*\* Legacy assets are excluded from OCIO performance but are attributed 50/50 to each OCIO for purposes of asset allocation & guideline compliance.

## C|A Diversifiers Implementation Is on Track



## CA Private Investments Implementation Is on Track As of September 30, 2017

Current Allocation (\$mm) as of September 30, 2017 <sup>1</sup>							Target Commitment by Strategy (\$mm)				
	NAV		Unfunded		Total		Annual Targets	Annual Range	2017 Actual Commitments	Long-Term Targets	
	(\$)	(%)	(\$)	(%)	(\$)	(%)					(\$)
Venture / Growth Capital	4.3	3.3%	3.7	2.9%	8.0	6.3%	2.0	\$0 - \$4	1.8	7.0%	
Private Equity / Distressed	6.6	5.2%	6.2	4.9%	12.8	10.1%	2.5	\$0 - \$5	2.0	10.0%	
<b>Total VC &amp; PE</b>	<b>\$10.9</b>	<b>8.6%</b>	<b>\$9.9</b>	<b>7.8%</b>	<b>\$20.8</b>	<b>16.3%</b>	<b>\$4.5</b>	<b>\$0 - \$9</b>	<b>\$3.8</b>	<b>17.0%</b>	
<b>Total Private Diversifiers</b>	<b>\$0.9</b>	<b>0.7%</b>	<b>\$3.8</b>	<b>3.0%</b>	<b>\$4.8</b>	<b>3.7%</b>	<b>\$1.5</b>	<b>\$0 - \$3</b>	<b>\$5.0</b>	<b>5.0%</b>	
Private Real Estate	0.3	0.2%	0.7	0.5%	1.0	0.8%	1.0	\$0 - \$3	1.0	4.0%	
Private Natural Resources	3.1	2.4%	5.0	3.9%	8.1	6.4%	1.0	\$0 - \$3	3.0	4.0%	
<b>Total Private RE &amp; NR</b>	<b>\$3.4</b>	<b>2.6%</b>	<b>\$5.7</b>	<b>4.5%</b>	<b>\$9.1</b>	<b>7.1%</b>	<b>\$2.0</b>	<b>\$0 - \$6</b>	<b>\$4.0</b>	<b>8.0%</b>	
<b>Total</b>	<b>\$15.2</b>	<b>11.9%</b>	<b>\$19.5</b>	<b>15.3%</b>	<b>\$34.7</b>	<b>27.2%</b>	<b>\$8.0</b>	<b>\$0 - \$18</b>	<b>\$12.8</b>	<b>30.0%</b>	

<sup>1</sup> Current allocation based on net asset values (NAV) as of 6/30/17 and adjusted for capital calls and distributions through 9/30/17. Asset allocation percentages incorporate CJA Managed Assets (\$113.8mm), plus 50% of Legacy Private Investments (\$13.7mm) as of 9/30/17.

Asset Class	1999-2006 (Legacy)		2010-2014 (Legacy)		2015 (Legacy)		2017 (CJA Capital)	
	# of Funds	Commit Amt. (\$mm)	# of Funds	Commit Amt. (\$mm)	# of Funds	Commit Amt. (\$mm)	# of Funds	Commit Amt. (\$mm)
Venture / Growth Capital								
<b>Sub-Total</b>	<b>2</b>	<b>\$7.6</b>	<b>2</b>	<b>\$10.0</b>			<b>2</b>	<b>\$1.8</b>
Private Equity / Distressed								
<b>Sub-Total</b>	<b>5</b>	<b>\$31.0</b>	<b>2</b>	<b>\$10.0</b>	<b>1</b>	<b>\$5.0</b>	<b>1</b>	<b>\$2.0</b>
<b>Total VC &amp; PE</b>		<b>\$38.6</b>		<b>\$20.0</b>		<b>\$5.0</b>		<b>\$3.8</b>
Private Diversifiers								
<b>Total Private Diversifiers</b>							<b>3</b>	<b>\$5.0</b>
Private Real Estate								
<b>Private RE Sub-Total</b>							<b>1</b>	<b>\$1.0</b>
Private Natural Resources								
<b>Private NR Sub-Total</b>	<b>1</b>	<b>\$4.0</b>	<b>1</b>	<b>\$5.0</b>	<b>1</b>	<b>\$5.0</b>	<b>2</b>	<b>\$3.0</b>
<b>Total Private RE &amp; NR</b>		<b>\$4.0</b>		<b>\$5.0</b>		<b>\$5.0</b>		<b>\$4.0</b>
<b>Total Privates</b>		<b>\$42.6</b>		<b>\$25.0</b>		<b>\$10.0</b>		<b>\$12.8</b>

## **FUNDING STATUS & PERFORMANCE OVERVIEW**

As of June 30, 2017, Nevada System of Higher Education had committed \$86.6 million to 21 private investment partnerships, of which \$59.7 million had been drawn down. Distributions of \$69.6 million at market value, or 116.6% of paid-in capital, had been received. The total program return of 11.9% is net of fees, expenses, and carried interest associated with each partnership and is weighted according to the amount that has been drawn down from each partnership as of June 30, 2017.

Reporting Currency: U.S. Dollars (\$), in millions

<u>Asset Classes</u>	<u>Commitment(s)</u>	<u>Paid-In Capital</u>	<u>Unfunded Commitment(s)</u>	<u>Distributions at Market</u>	<u>Current Net Asset Value (NAV)</u>	<u>Total Value/ Paid In Multiple</u>	<u>Asset Class IRR</u>	<u>CA Median</u>
<b>Legacy Private Equity</b>	<b>46.0</b>	<b>36.9</b>	<b>8.7</b>	<b>46.5</b>	<b>14.0</b>	<b>1.6</b>	<b>11.4%</b>	<b>13.9%</b>
<b>Legacy Venture Capital</b>	<b>17.6</b>	<b>13.2</b>	<b>4.5</b>	<b>7.8</b>	<b>8.1</b>	<b>1.2</b>	<b>3.5%</b>	<b>3.2%</b>
<b>Total Private Growth</b>	<b>63.6</b>	<b>50.0</b>	<b>13.2</b>	<b>54.3</b>	<b>22.1</b>	<b>1.5</b>	<b>9.0%</b>	<b>11.0%</b>
<b>Managed Private Diversifiers</b>	<b>5.0</b>	<b>1.1</b>	<b>4.4</b>	<b>0.5</b>	<b>0.6</b>	<b>1.0</b>	<b>NA</b>	<b>NA</b>
<b>Legacy Private Natural Resources</b>	<b>14.0</b>	<b>8.3</b>	<b>5.7</b>	<b>14.7</b>	<b>5.3</b>	<b>2.4</b>	<b>25.5%</b>	<b>14.5%</b>
<b>Managed Private Natural Resources</b>	<b>3.0</b>	<b>0.0</b>	<b>3.0</b>	<b>0.0</b>	<b>0.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Managed Real Estate</b>	<b>1.0</b>	<b>0.3</b>	<b>0.8</b>	<b>0.0</b>	<b>0.2</b>	<b>0.9</b>	<b>NA</b>	<b>NA</b>
<b>Total Private Real Assets</b>	<b>18.0</b>	<b>8.6</b>	<b>9.4</b>	<b>14.8</b>	<b>5.5</b>	<b>2.4</b>	<b>25.5%</b>	<b>14.5%</b>
<b>TOTAL PORTFOLIO</b>	<b>86.6</b>	<b>59.7</b>	<b>27.0</b>	<b>69.6</b>	<b>28.2</b>	<b>1.6</b>	<b>11.9%</b>	<b>11.5%</b>

Paid-In Capital: Capital paid in to the partnership, which includes fees and capital for investments.

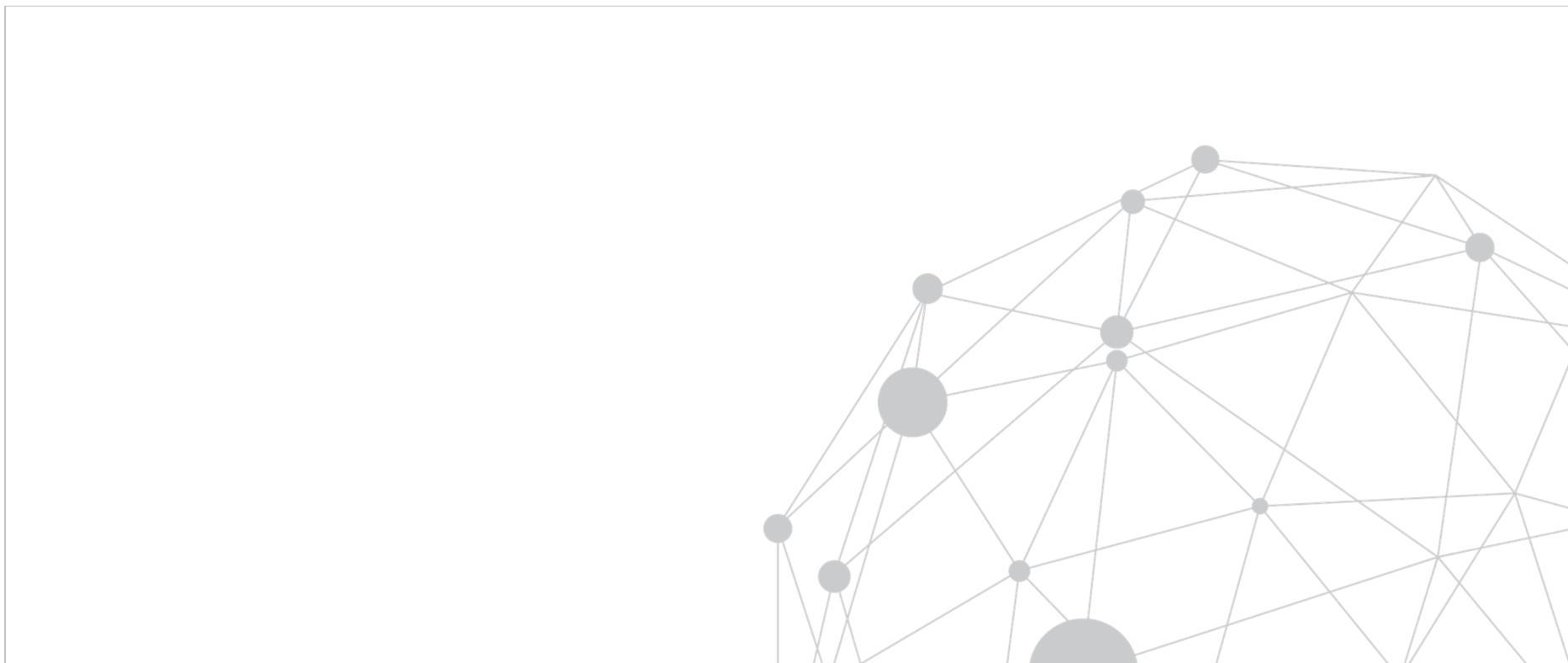
Distributions at Market: Capital distributed to an investor from the partnership.

Current Net Asset Value (NAV): The residual value of an investor's interest, which is reported by the partnership in its financial statements.

IRR: The investor's return on its investment in the partnership, net of fees, expenses, and carried interest received by the general partners.

Total Value: Total value is calculated by adding the NAV and Distributions at Market.

# 4. APPENDIX



# A. CAPITAL MARKETS RETURNS



## Cambridge Associates Current Valuations Summary\*

November 7, 2017

VERY OVERVALUED	OVERVALUED	FAIRLY VALUED	UNDERVALUED	VERY UNDERVALUED
Dev ex US Small-Cap Equities <b>US Equities</b> US Growth Equities (<) US Small-Cap Equities Euro-Denominated Credits Core EMU Sovereign Bonds <i>US Venture Capital (late stage)</i> <i>US Private Equity</i> <i>European Private Equity</i>	<b>Developed Markets Equities</b> US Value Equities US High-Quality Equities New Zealand Equities EM Small-Cap Equities UK Sterling-Denominated Credits Leveraged Loans EM Debt (Local Currency)*** EM Debt (USD Corporate) (<) EM Debt (USD Sovereign) (<) <b>US Bonds**</b> US High-Yield Bonds US Corporate Bonds Global Inflation-Linked Bonds US Inflation-Linked Bonds UK Gilts Canadian Govt Bonds Australian Govt Bonds New Zealand Govt Bonds US REITs Distressed Investing (Non-Control) USD vs DM Currencies <i>US Private Property</i> <i>UK Private Property</i> <i>Asian Private Property</i> <b>US Venture Capital</b> <i>US Venture Capital (expan stage)</i>	<b>Developed ex US Equities</b> UK Equities Europe ex UK Equities EMU Equities Japanese Equities Asia ex Japan Equities Canadian Equities Australian Equities <b>Emerging Markets Equities</b> EM Equities Asia EM Equities EMEA EM Equities Latin America Chinese A-Share Equities Frontier Markets Equities US Tax-Exempt Bonds US Treasuries Commodities Natural Resources Equities (<) Energy MLPs Dev Mkts Property Securities Event-Driven Investing Emerging Markets Currencies <i>Europe ex UK Private Property</i> <i>Private Oil, Gas, &amp; Other Energy</i> <i>Private Infrastructure</i> <i>US Venture Capital (early stage)</i> <i>European Venture Capital</i> <i>Asian Private Equity</i> <i>Latin American Private Equity</i>	<i>Private Metals and Mining</i>	

Notes: Data on fundamental valuations do not provide forecasts of expected returns; they reflect the vulnerability of a given asset class to disappointing economic and profit developments. Therefore, valuations may not necessarily correspond to short-term or even intermediate-term returns. For example, asset classes and investment strategies can be fairly valued yet still retain a negative outlook due to deteriorating fundamentals. Asset class and investment strategy valuations do not reflect currency valuations. Bold type represents the **aggregate** of asset classes for which we show valuation ratings for underlying strategies. Italic type represents *non-marketable asset classes*. Valuations of such investments are based on our views on prospects for new commitments made today, which are informed by recent transactions, as well as consideration of near-term trends and intermediate-term expectations such as supply and demand factors, exit opportunities, and expectations of conditions that will influence risk and return over the life of a fund. Private equity includes buyouts and growth equity. (<) Indicates a recent move in the direction of more overvalued. (>) Indicates a recent move in the direction of more undervalued.

\* For more detail on our views, read our monthly Asset Class Views, available on our client website.

\*\* Reflects a broad-based US bonds allocation similar to the Bloomberg Barclays Aggregate Bond Index.

\*\*\* Currency is considered against the US dollar.

## Daily YTD Total Return

U.S. Dollars  
As of 11/14/2017 (Close)

	Total Return(%)				Date of:	
	Month To Date	Quarter To Date	Year To Date	YTD Max To Close	YTD Maximum	YTD Minimum
<b>Global Equities</b>						
MSCI ACWI Index (N)	-0.14	1.93	19.52	-0.92	11/08/2017	01/01/2017
MSCI ACWI Index (G)	-0.13	1.97	20.07	-0.91	11/08/2017	01/01/2017
MSCI ACWI ex US Index (N)	-0.53	1.34	22.75	-1.35	11/08/2017	01/03/2017
MSCI ACWI ex US Index (G)	-0.53	1.36	23.26	-1.34	11/08/2017	01/03/2017
MSCI World Index (N)	-0.16	1.73	18.02	-0.86	11/08/2017	01/01/2017
MSCI World Small Cap Index (N)	-1.26	0.17	16.76	-1.50	11/06/2017	01/01/2017
MSCI EAFE Index (N)	-0.79	0.71	20.81	-1.36	11/02/2017	01/03/2017
MSCI EAFE Small Cap Index (N)	-1.20	0.47	26.01	-1.50	11/01/2017	01/03/2017
<b>U.S. Equities</b>						
S&P 500 Index	0.25	2.59	17.20	-0.52	11/08/2017	01/01/2017
Russell Top 200® Index	0.18	2.72	18.27	-0.65	11/08/2017	01/01/2017
Russell 1000® Index	0.19	2.49	17.01	-0.52	11/08/2017	01/01/2017
Russell 1000® Growth Index	0.68	4.58	26.24	-0.43	11/08/2017	01/01/2017
Russell 1000® Value Index	-0.31	0.42	8.37	-1.33	10/20/2017	01/01/2017
Russell 2000® Index	-2.04	-1.21	9.60	-2.61	10/05/2017	01/19/2017
Russell 2000® Growth Index	-1.93	-0.41	16.33	-2.06	10/06/2017	01/01/2017
Russell 2000® Value Index	-2.16	-2.04	3.53	-3.32	10/03/2017	08/21/2017
Russell 3000® Index	0.02	2.20	16.42	-0.54	11/06/2017	01/01/2017
Russell Microcap® Index	-2.80	-2.95	7.88	-4.88	10/05/2017	03/22/2017
<b>European Equities</b>						
FTSE® All-Share Index	-2.26	-1.46	15.29	-2.85	10/13/2017	01/03/2017
MSCI Europe Small Cap Index (N)	-2.63	-2.05	27.35	-3.13	10/13/2017	01/03/2017
MSCI Europe ex UK Index (N)	-1.78	-1.37	23.96	-2.30	11/02/2017	01/03/2017
MSCI UK Index (N)	-2.17	-1.57	13.86	-3.06	10/13/2017	01/03/2017
<b>Asian Equities</b>						
MSCI AC Asia ex Japan (N)	1.03	5.80	38.54	-0.81	11/07/2017	01/01/2017
MSCI AC Asia ex Japan (G)	1.03	5.80	38.83	-0.81	11/07/2017	01/01/2017
MSCI AC Asia Pacific (N)	1.02	5.33	28.25	-1.26	11/09/2017	01/03/2017
MSCI AC Asia Pacific (G)	1.02	5.34	28.56	-1.26	11/09/2017	01/03/2017
MSCI Pacific ex Japan Index (N)	1.75	3.17	21.36	-0.69	11/13/2017	01/01/2017
MSCI Japan Index (N)	1.03	5.69	20.79	-2.10	11/08/2017	01/03/2017
TOPIX Small Index	-0.09	3.30	30.36	-1.34	11/08/2017	01/03/2017
<b>Emerging Market Equities</b>						
MSCI Emerging Markets Index (N)	-0.05	3.46	32.20	-1.43	11/08/2017	01/02/2017
MSCI Emerging Markets Index (G)	-0.04	3.47	32.58	-1.43	11/08/2017	01/02/2017
MSCI EM Asia Index (N)	0.68	6.01	39.74	-1.19	11/07/2017	01/01/2017
MSCI EM Asia Index (G)	0.68	6.01	40.10	-1.19	11/07/2017	01/01/2017
MSCI EM Latin America (N)	-4.11	-7.57	17.13	-10.15	10/05/2017	01/02/2017
MSCI EM Latin America (G)	-4.10	-7.55	17.42	-10.14	10/05/2017	01/02/2017
MSCI EM Europe & Middle East Index (N)	-0.17	-0.27	10.83	-2.74	10/16/2017	03/09/2017
MSCI EM Europe & Middle East Index (G)	-0.16	-0.24	11.37	-2.73	10/16/2017	03/09/2017
MSCI EM Small Cap Index (N)	-0.14	3.37	26.66	-0.69	11/01/2017	01/01/2017
MSCI EM Small Cap Index (G)	-0.14	3.38	26.96	-0.68	11/01/2017	01/01/2017
MSCI South Africa Index (N)	-0.46	1.93	14.32	-5.81	10/16/2017	01/01/2017
MSCI South Africa Index (G)	-0.46	1.97	14.88	-5.81	10/16/2017	01/01/2017
MSCI Frontier Markets (N)	-2.37	-1.17	23.39	-3.49	10/25/2017	01/02/2017
MSCI Frontier Markets Index (G)	-2.36	-1.17	23.81	-3.48	10/25/2017	01/02/2017
<b>Real Estate</b>						
FTSE® NAREIT All Equity REITs Index	3.66	3.79	10.06	-0.14	11/13/2017	03/10/2017
FTSE® EPRA/NAREIT Europe RE Index	0.47	0.07	19.97	-1.32	09/11/2017	01/19/2017
FTSE® EPRA/NAREIT Developed RE Index	2.47	2.01	9.47	-0.13	11/10/2017	03/10/2017
FTSE® EPRA/NAREIT Developed ex N. Am RE	1.01	1.56	15.50	-0.66	11/10/2017	01/03/2017
FTSE® EPRA/NAREIT Asia RE Index	1.37	2.56	12.76	-1.18	11/10/2017	01/01/2017
<b>Commodities and Natural Resources</b>						
S&P GSCI	0.75	4.59	0.66	-2.63	11/06/2017	06/22/2017
S&P 500 Energy	0.27	-0.39	-7.00	-8.06	01/03/2017	08/17/2017
Bloomberg Commodity Total Return Index	0.01	2.16	-0.77	-2.88	02/10/2017	06/22/2017
MSCI World Energy Index (N)	0.39	0.76	-0.83	-2.52	11/07/2017	08/21/2017
MSCI World Natural Resources (N)	0.35	1.06	3.04	-2.57	11/07/2017	06/21/2017
S&P NA Natural Resources Index	0.22	-1.10	-5.50	-7.51	01/05/2017	08/21/2017
<b>Fixed Income and Cash</b>						
BBG Barc Aggregate Bond Index	-0.14	-0.08	3.06	-0.86	09/07/2017	03/13/2017
BBG Barc Long-Term Govt/Credit Bond	-0.06	0.34	8.02	-1.27	09/07/2017	03/13/2017
BBG Barc Long-Term Govt Bond Index	0.59	0.53	6.62	-2.53	09/07/2017	03/13/2017
BBG Barc Municipal Bond Index	0.24	0.49	5.17	-0.43	11/08/2017	01/01/2017
BBG Barc Muni Mngd Money Shrt Intm (1-	-0.14	-0.12	3.69	-1.08	09/07/2017	01/01/2017
BBG Barc US TIPS Index	0.20	0.42	2.15	-0.96	09/08/2017	03/14/2017
BofA ML 91-Day Treasury Bills	0.02	0.11	0.69	---	11/14/2017	01/01/2017
Citigroup 10 Yr Treasury Bond Index	-0.11	-0.34	2.06	-2.50	09/08/2017	03/13/2017
BofA ML U.S. High Yield Master II	-1.08	-0.68	6.30	-1.24	10/24/2017	01/01/2017
BBG Barc Long-Term Credit Corp Bond	-0.63	0.17	8.64	-1.33	11/07/2017	03/13/2017
JPM Global Govt Bond Index	---	---	---	---	---	---
BBG Barc US Long Credit Index	-0.51	0.21	8.97	-1.27	11/07/2017	03/13/2017
<b>Master Limited Partnerships</b>						
Alerian MLP	-2.92	-6.94	-12.18	-19.14	02/15/2017	10/25/2017
S&P MLP Index	-2.99	-6.46	-11.43	-17.66	02/15/2017	10/25/2017

J.P. Morgan Securities, Inc., MSCI Inc., Standard &amp; Poor's, Thomson Reuters Datastream.

Notes: MSCI provides two sets of total return data, gross and net of dividend taxes; indexes with (G) are gross of dividend taxes, those with (N) are net. BBG Barc represents the Bloomberg Barclays \*Capital change only.

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# B. CUSTOM BENCHMARK COMPOSITIONS



Nevada System of Higher Education Endowment  
Custom Benchmark Compositions

**Policy Benchmark**

	CJA Normalized Benchmark	Russell Normalized Benchmark	Wilshire 5000 Total Market Index	MSCI EAFE Index (N)	MSCI ACWI ex U.S. Index (N)	MSCI Emerging Markets Index (G)	MSCI Emerging Markets Index (N)	Adjusted MSCI ACWI (N) <sup>(2)</sup>	CA Global Private Equity & Venture Capital Benchmark	HFRI FOF Diversified Index	0.3 beta-adjusted MSCI ACWI (N)
<b>Inception to 03/31/96:</b>	X	X	60%	10%	X	X	X	X	X	X	X
<b>04/01/96 to 09/30/99:</b>	X	X	45%	15%	X	5%	X	X	X	X	X
<b>10/01/99 to 06/30/00:</b>	X	X	42%	15%	X	5%	X	X	X	8%	X
<b>07/01/00 to 03/31/06:</b>	X	X	42%	10%	X	X	3%	X	X	12%	X
<b>04/01/06 to 06/30/13:</b>	X	X	38%	X	17%	X	X	X	X	12%	X
<b>07/01/13 to 11/30/16:</b>	X	X	24%	16%	X	X	8%	X	10%	14%	X
<b>12/01/16 to Present:</b>	ACB <sup>(4)</sup>	ACB <sup>(4)</sup>	X	X	X	X	X	ACB <sup>(4)</sup>	X	X	ACB <sup>(4)</sup>

	FTSE NAREIT All Equity REITs Index	FTSE EPRA-NAREIT Global RE Index <sup>(3)</sup>	BBG Barc U.S. TIPS Index	Wellington DIH Benchmark	S&P NA Natural Resources Index <sup>(3)</sup>	S&P GSCI <sup>(3)</sup>	Alerian MLP Index <sup>(3)</sup>	CA Private Natural Resources Benchmark	BBG Barc Government/Credit Bond Index	BBG Barc Aggregate Bond Index	JP Morgan Global Government Bond Index	Citigroup 3 - Month T-Bill Index
<b>Inception to 03/31/96:</b>	X	X	X	X	X	X	X	X	30%	X	X	X
<b>04/01/96 to 09/30/99:</b>	5%	X	X	X	X	X	X	X	X	30%	X	X
<b>10/01/99 to 06/30/00:</b>	5%	X	X	X	X	X	X	X	X	25%	X	X
<b>07/01/00 to 03/31/06:</b>	5%	X	5%	X	X	X	X	X	X	23%	X	X
<b>04/01/06 to 06/30/13:</b>	3%	X	X	7%	X	X	X	X	X	23%	X	X
<b>07/01/13 to 11/30/16:</b>	X	2%	X	X	5%	X	X	1%	X	14%	2%	4%
<b>12/01/16 to Present:</b>	X	X	X	X	ACB <sup>(4)</sup>	X	X	X	X	X	X	ACB <sup>(4)</sup>

**CJA Normalized Benchmark**

	Adjusted MSCI ACWI (N) <sup>(1)(2)</sup>	0.3 beta-adjusted MSCI ACWI (N) <sup>(1)</sup>	S&P NA Natural Resources Index <sup>(1)(3)</sup>	FTSE EPRA-NAREIT Global RE Index <sup>(1)(3)</sup>	S&P GSCI <sup>(1)(3)</sup>	Alerian MLP Index <sup>(1)(3)</sup>	BBG Barc Aggregate Bond Index <sup>(1)</sup>
<b>12/01/16 to Present:</b>	62%	18%	2.5%	2.5%	2.5%	2.5%	10%

**Russell Normalized Benchmark**

	MAC+ Custom Benchmark <sup>(1)(5)</sup>	BBG Barc 3M USD LIBOR Cash Index <sup>(1)</sup>	Bloomberg Barclays US Aggregate Bond Index <sup>(1)</sup>	LIBOR + 4% <sup>(1)</sup>	Bloomberg Barclays US 1-3M T-Bill Index <sup>(1)</sup>
<b>01/05/17 to 01/31/17:</b>	73%	5%	10%	X	12%
<b>02/01/17 to Present:</b>	73%	5%	10%	12%	X

(1) Adjusted by 50% of Legacy Assets per Section 5.4.d of NSHE IPS.

(2) Beginning 12/01/16, benchmark consists of two parts: (1) the MSCI All Country World Index (N) weighted by the Public Growth's actual allocation and (2) the Private Growth's actual return weighted by the Private Growth's actual allocation. Private investments will be self-benchmarked for the first 5 years of each fund's life. After the fifth year, private investments will be retroactively benchmarked to the MSCI All Country World Index (N) to reflect any value that has been added over this timeframe.

(3) Beginning 12/01/16, benchmark consists of two parts: (1) the Real Assets Benchmark weighted by the Public Real Assets' actual allocation and (2) the Private Real Assets' actual return weighted by the Private Real Assets' actual allocation. Private investments will be self-benchmarked for the first 5 years of each fund's life. After the fifth year, private investments will be retroactively benchmarked to the Real Assets Benchmark to reflect any value that has been added over this timeframe.

(4) Benchmark is dynamically adjusted on a monthly basis to reflect the Average Capital Base weightings of CJA Managed Assets, Russell Assets and Legacy Assets.

(5) Benchmark consists of a custom blend of the Russell Global Index (N) 50% Hedged, Bloomberg Commodity Index, FTSE EPRA/NAREIT Developed RE Index (N), S&P Global Infrastructure Index (N), BofAML Developed HY Constrained Bond Index USD Hedged, JP Morgan EMBI Global Diversified Index, and BBG Barc US 1-3 month Treasury Bill Index provided by Russell Investments.

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**CIA Managed Diversifiers Benchmark**

	HFRI FOF Diversified Index	0.3 beta- adjusted MSCI ACWI (N)
Inception to 11/30/16:	100%	X
12/01/16 to Present:	X	100%

**CIA Managed Real Assets Benchmark<sup>(3)</sup>**

	FTSE NAREIT All Equity REITs Index	Wellington DIH Benchmark	S&P NA Natural Resources Index	FTSE EPRA- NAREIT Global RE Index	S&P GSCI	Alerian MLP Index
Inception to 11/30/04:	100%	X	X	X	X	X
12/01/04 to 03/31/06:	65%	35%	X	X	X	X
04/01/06 to 06/30/13:	30%	70%	X	X	X	X
07/01/13 to 11/30/16:	X	X	70%	30%	X	X
12/01/2016 to Present	X	X	25%	25%	25%	25%

**CIA Managed Fixed Income Benchmark**

	BBG Barc Aggregate Bond Index	JP Morgan Global Government Bond Index	Citigroup 3 - Month T-Bill Index
Inception to 06/30/13:	100%	X	X
07/01/13 to 11/30/16:	70%	10%	20%
12/01/16 to Present:	100%	X	X

(3) Beginning 12/01/16, benchmark consists of two parts: (1) the Real Assets Benchmark weighted by the Public Real Assets' actual allocation and (2) the Private Real Assets' actual return weighted by the Private Real Assets' actual allocation. Private investments will be self-benchmarked for the first 5 years of each fund's life. After the fifth year, private investments will be retroactively benchmarked to the Real Assets Benchmark to reflect any value that has been added over this timeframe