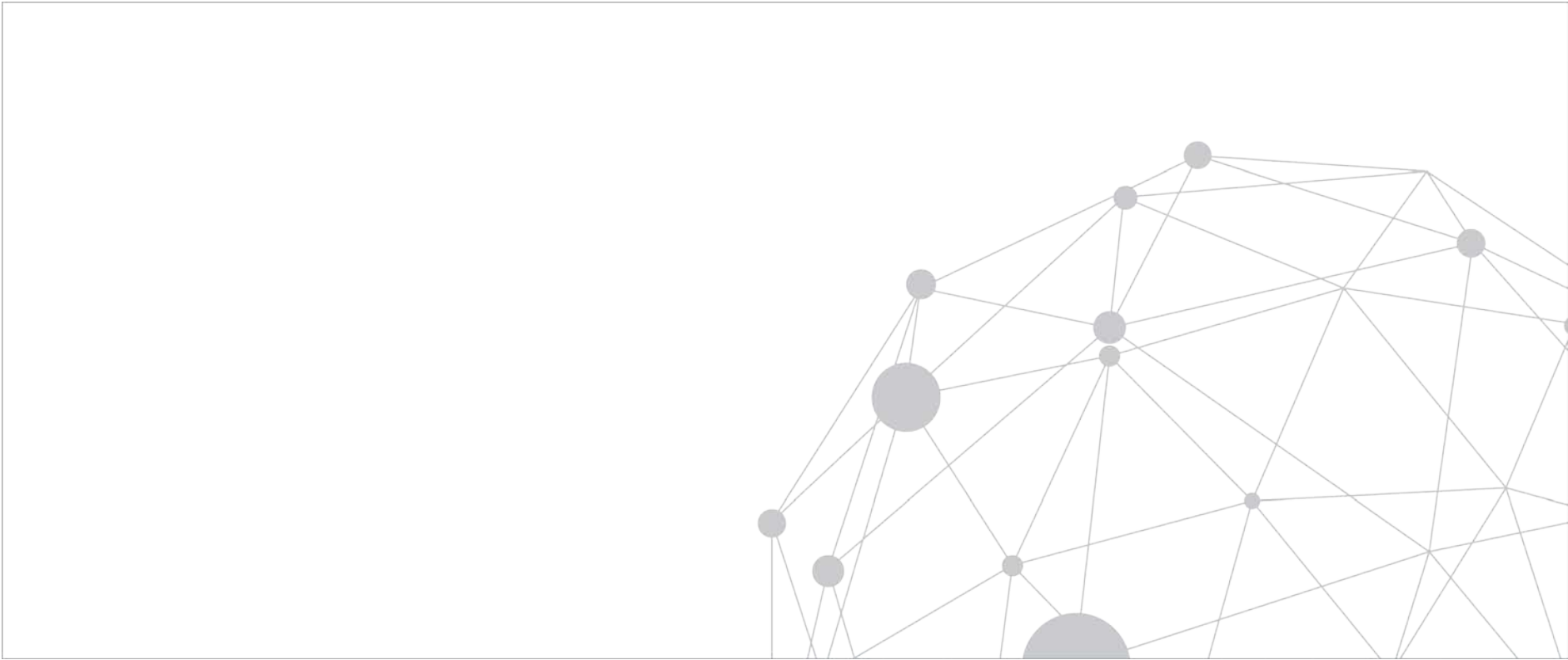




# 3. ENDOWMENT FUND OCIO UPDATE



## OCIO Update – Executive Summary

### Performance:

- Performance has been solid since the inception of the OCIO track records, with a Total Endowment return of 9.3% annualized, slightly underperforming the Policy Benchmark by 4obps.
- For the first 10 months of the current fiscal year, the C|A portfolio has returned 7.6%, with asset class returns ranging from 15.8% for Emerging Markets down to -0.7% for Fixed Income. Fixed Income and Cash delivered the strongest relative performance in the C|A portfolio (70 basis points ahead of the asset class benchmark).

### 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 Solid Since Inception of OCIO Track Record

Composite (Inception Date)	Assets \$ mil	Total Return (%)					
		Latest Month	CYTD	FYTD	Annualized	Annualized	Annualized
		03/31/18- 04/30/18	12/31/17- 04/30/18	06/30/17- 04/30/18	03/31/17- 04/30/18	Trailing 5 Years	Since Inception
<b>Total C A Managed Assets (11/30/16)</b>	<b>114.5</b>	<b>0.7</b>	<b>-0.3</b>	<b>7.6</b>	<b>9.7</b>	<b>---</b>	<b>12.5</b>
C A Normalized Benchmark (03/31/17) <sup>(1)</sup>		1.0	-0.0	8.3	10.3	---	---
Value Added		-0.3	-0.3	-0.7	-0.6	---	---
<b>Total Russell Managed Assets (12/31/16)</b>	<b>110.7</b>	<b>0.7</b>	<b>0.5</b>	<b>6.7</b>	<b>8.6</b>	<b>---</b>	<b>10.2</b>
Russell Normalized Benchmark (03/31/17) <sup>(1)</sup>		0.9	-0.1	6.7	8.7	---	---
Value Added		-0.2	0.5	0.0	0.0	---	---
<b>Legacy Assets</b>							
Legacy Private Growth (11/15/98) <sup>(2)</sup>	21.6	---	---	8.0	11.8	11.6	11.0
Legacy Private Natural Resources (11/15/98) <sup>(2)</sup>	6.9	---	---	13.5	11.7	7.6	16.2
Other Legacy Assets (11/30/12) <sup>(3)</sup>	2.3	-0.0	-0.5	0.1	1.7	4.4	5.1
<b>Total Endowment (06/30/84)</b>	<b>256.1</b>	<b>0.6</b>	<b>0.0</b>	<b>7.2</b>	<b>9.3</b>	<b>5.9</b>	<b>9.9</b>
Policy Benchmark (06/30/84) <sup>(1)</sup>		0.8	-0.1	7.9	9.7	6.5	9.8
Value Added		-0.2	0.1	-0.7	-0.4	-0.6	0.1
MSCI ACWI (N) 70%/BBG Barc Agg 30% (06/30/84) <sup>(4)</sup>		0.4	-0.6	7.5	10.3	6.7	9.3
Value Added		0.2	0.6	-0.3	-0.9	-0.7	0.6

Note: Returns are net of fees and as of 4/30/18. Since Inception returns are cumulative for investments with less than one full year of performance history.

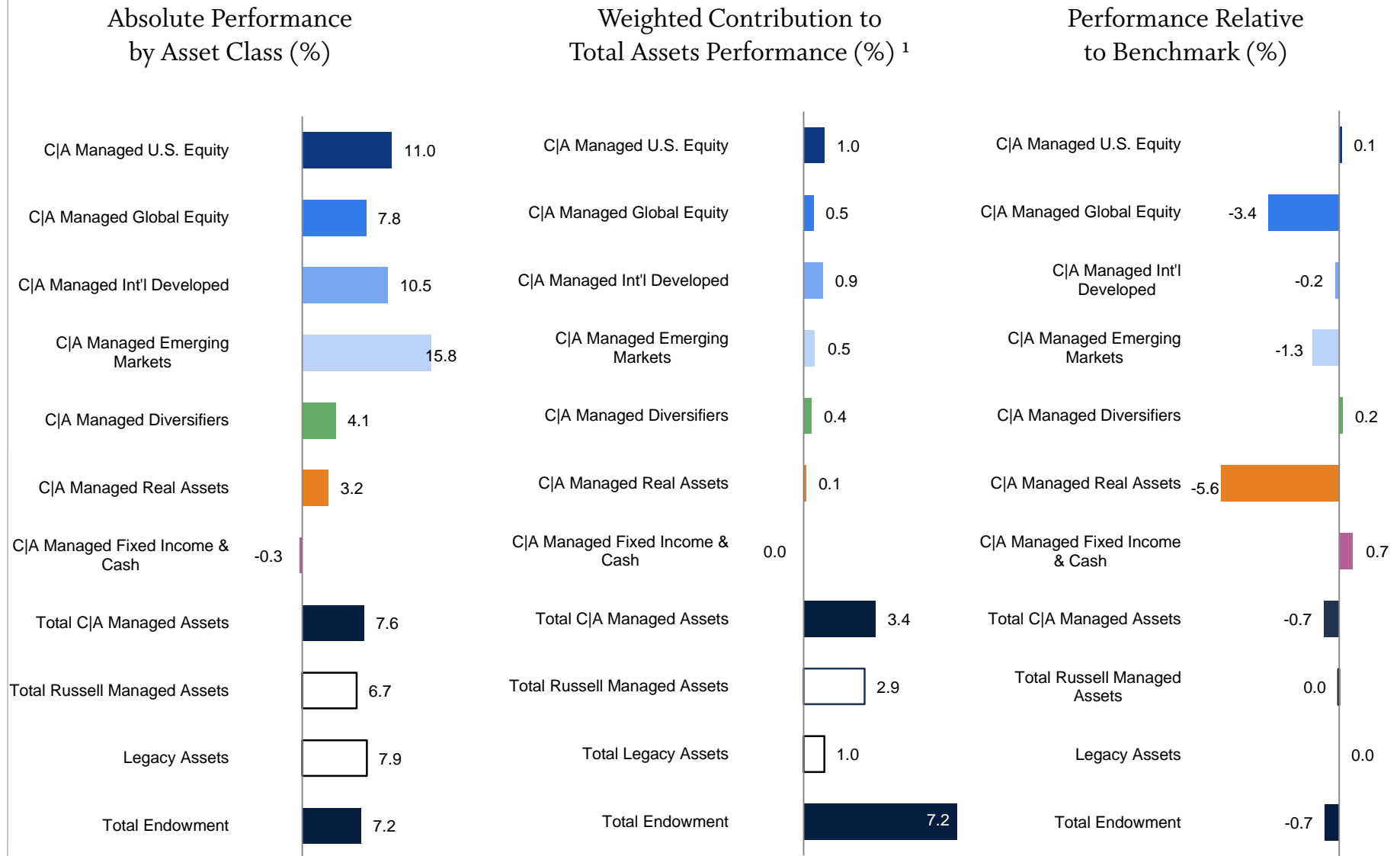
(1) For benchmark details, please refer to the Custom Benchmark Compositions exhibit.

(2) Market value is updated with capital calls and distributions through the current reporting period. Performance is as of 12/31/17 with a 0% return assumed through the current reporting period.

(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.

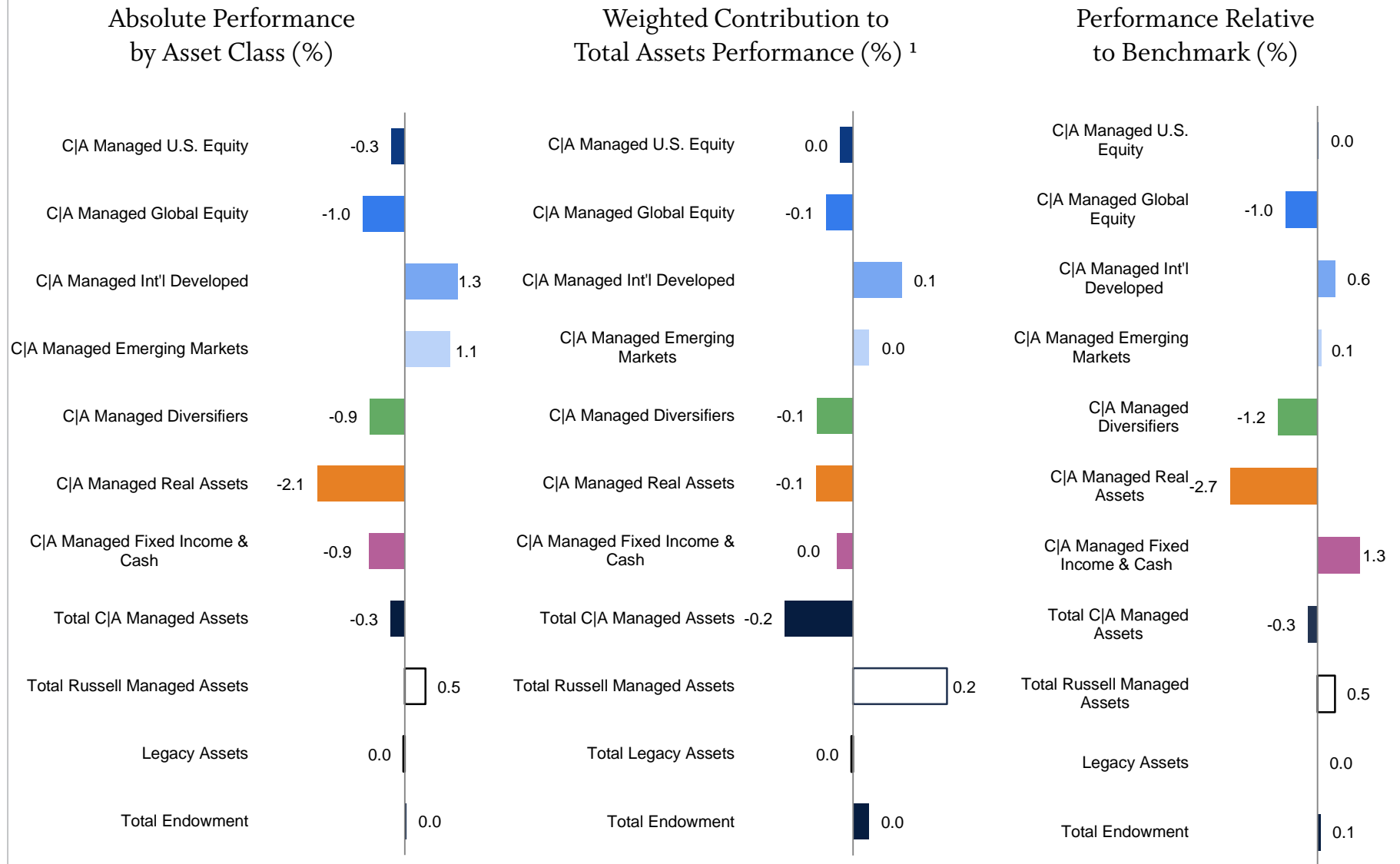
(4) From 01/31/88 to 01/31/01 benchmark consists of 70% MSCI ACWI (G) & 30% BBG Barc Agg. Prior to 01/31/88 benchmark consists of 70% MSCI World Index (N) & 30% BBG Barc Agg.

## FYTD through 4/30: Which Assets Drove Performance?



Notes: Analysis trailing ten months as of 4/30/18. Private investments are reported on a quarter-lagged basis and have a 0% return for the first four months of 2018.  
<sup>1</sup> (Asset Class Return) x (Weight in Portfolio) = Weighted Contribution to Total Assets Performance. Totals may not sum due to rounding.

## CYTD through 4/30: Which Assets Drove Performance?



Notes: Analysis trailing four months as of 4/30/18. Private investments are reported on a quarter-lagged basis and have a 0% return for the first four months of 2018.  
<sup>1</sup> (Asset Class Return) x (Weight in Portfolio) = Weighted Contribution to Total Assets Performance. Totals may not sum due to rounding.

**Nevada System of Higher Education Endowment**  
**Flash Investment Returns by Composite** (net of fees) as of April 30, 2018

Composite (Inception Date)	Assets \$ mil	Total Return (%)					
		Latest Month	CYTD	FYTD	Annualized	Annualized	Annualized
		03/31/18- 04/30/18	12/31/17- 04/30/18	06/30/17- 04/30/18	03/31/17- 04/30/18	Trailing 5 Years	Since Inception
<b>C A Managed Growth</b>							
<b>C A Managed Public Growth (06/30/84)</b>	<b>68.1</b>	<b>0.8</b>	<b>0.2</b>	<b>10.7</b>	<b>14.9</b>	<b>9.0</b>	<b>10.5</b>
MSCI ACWI Index (N) (06/30/84) <sup>(1)</sup>		1.0	-0.0	11.2	14.6	8.8	9.8
Value Added		-0.2	0.2	-0.5	0.3	0.2	0.7
C A Managed U.S. Equity (06/30/84)	22.6	0.3	-0.3	11.0	13.7	13.6	11.4
Wilshire 5000 Total Market Index (06/30/84)		0.4	-0.4	10.9	13.0	12.8	11.3
Value Added		-0.1	0.0	0.1	0.7	0.8	0.2
C A Managed Global Equity (01/03/17)	14.7	1.1	-1.0	7.8	12.7	---	15.2
MSCI ACWI Index (N) (01/03/17)		1.0	-0.0	11.2	14.6	---	17.2
Value Added		0.2	-1.0	-3.4	-2.0	---	-2.0
C A Managed Int'l Developed (12/31/85)	22.7	1.7	1.3	10.5	16.4	5.9	8.2
MSCI EAFE Index (N) (12/31/85)		2.3	0.7	10.7	16.0	5.9	7.6
Value Added		-0.5	0.6	-0.2	0.4	0.0	0.6
C A Managed Emerging Markets (01/31/95)	8.1	-1.2	1.1	15.8	18.1	3.5	5.8
MSCI Emerging Markets Index (N) (01/31/95) <sup>(2)</sup>		-0.4	1.0	17.0	22.3	4.7	6.7
Value Added		-0.7	0.1	-1.3	-4.3	-1.2	-0.9
C A Managed Private Growth (10/31/17) <sup>(3)</sup>	0.7	---	---	---	---	---	<b>NM</b>
<b>C A Managed Diversifiers (11/30/99)</b>							
<b>Managed Diversifiers Benchmark (11/30/99)<sup>(4)</sup></b>	<b>24.8</b>	<b>-0.1</b>	<b>-0.9</b>	<b>4.1</b>	<b>4.5</b>	<b>3.9</b>	<b>7.7</b>
Value Added		0.3	0.4	3.9	4.9	3.1	3.8
Value Added		-0.5	-1.2	0.2	-0.5	0.8	3.8
<b>C A Managed Real Assets (12/31/04)</b>							
<b>Real Assets Benchmark (12/31/04)<sup>(5)</sup></b>	<b>10.3</b>	<b>3.6</b>	<b>-2.1</b>	<b>3.2</b>	<b>0.6</b>	<b>-5.1</b>	<b>1.9</b>
Value Added		5.1	0.6	8.9	4.2	1.6	5.8
Value Added		-1.5	-2.7	-5.6	-3.6	-6.7	-3.9
<b>C A Managed Fixed Income &amp; Cash (06/30/84)</b>							
<b>BBG Barc Aggregate Bond Index (06/30/84)</b>	<b>10.6</b>	<b>-0.1</b>	<b>-0.9</b>	<b>-0.3</b>	<b>0.1</b>	<b>0.9</b>	<b>7.4</b>
Value Added		-0.7	-2.2	-1.0	0.4	1.5	7.2
Value Added		0.6	1.3	0.7	-0.3	-0.5	0.2

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) Market value is updated with capital calls and distributions through the current reporting period. Performance is as of 12/31/17 with a 0% return assumed through the current reporting period.

(4) 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.

(5) 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 April 30, 2018

Composite (Inception Date)	Assets \$ mil	Total Return (%)					
		Latest Month	CYTD	FYTD	Annualized	Annualized	Annualized
		03/31/18- 04/30/18	12/31/17- 04/30/18	06/30/17- 04/30/18	03/31/17- 04/30/18	Trailing 5 Years	Since Inception
C A Managed Fixed Income (06/30/84)	7.4	-0.4	-1.2	-0.7	0.1	1.1	7.7
Fixed Income Benchmark (06/30/84) <sup>(5)</sup>		-0.7	-2.2	-1.0	0.4	1.0	7.1
Value Added		0.3	1.0	0.3	-0.3	0.1	0.6
C A Managed Cash (06/30/87)	3.3	0.0	0.2	0.6	0.7	0.2	3.4
<b>Total C A Managed Assets (11/30/16)</b>	<b>114.5</b>	<b>0.7</b>	<b>-0.3</b>	<b>7.6</b>	<b>9.7</b>	<b>---</b>	<b>12.5</b>
C A Normalized Benchmark (03/31/17) <sup>(5)</sup>		1.0	-0.0	8.3	10.3	---	---
Value Added		-0.3	-0.3	-0.7	-0.6	---	---
<b>Russell Managed Growth (12/31/16)</b>	<b>76.5</b>	<b>1.3</b>	<b>0.5</b>	<b>8.4</b>	<b>10.9</b>	<b>---</b>	<b>13.1</b>
MAC+ Custom Benchmark (12/31/16) <sup>(5)</sup>		1.4	-0.2	8.9	11.4	---	13.5
Value Added		0.0	0.8	-0.6	-0.5	---	-0.3
<b>Russell Managed Diversifiers (03/01/17)</b>	<b>12.9</b>	<b>-1.2</b>	<b>2.4</b>	<b>6.7</b>	<b>5.7</b>	<b>---</b>	<b>5.5</b>
LIBOR + 4% (1 mo lag) (03/01/17)		0.5	1.8	4.4	5.3	---	5.3
Value Added		-1.6	0.6	2.3	0.5	---	0.2
<b>Russell Managed Real Assets (03/31/17)</b>	<b>5.3</b>	<b>---</b>	<b>---</b>	<b>3.5</b>	<b>4.5</b>	<b>---</b>	<b>4.5</b>
NFI-ODCE-EQ-E&F (03/31/17) <sup>(6)</sup>		---	---	4.3	5.6	---	5.6
Value Added		---	---	-0.7	-1.1	---	-1.1
<b>Russell Managed Fixed Income &amp; Cash (12/31/16)</b>	<b>16.0</b>	<b>-0.6</b>	<b>-1.2</b>	<b>-0.6</b>	<b>0.6</b>	<b>---</b>	<b>0.7</b>
BBG Barc Aggregate Bond Index (12/31/16)		-0.7	-2.2	-1.0	0.4	---	1.0
Value Added		0.1	1.0	0.4	0.2	---	-0.2
<b>Total Russell Managed Assets (12/31/16)</b>	<b>110.7</b>	<b>0.7</b>	<b>0.5</b>	<b>6.7</b>	<b>8.6</b>	<b>---</b>	<b>10.2</b>
Russell Normalized Benchmark (03/31/17) <sup>(5)</sup>		0.9	-0.1	6.7	8.7	---	---
Value Added		-0.2	0.5	0.0	0.0	---	---

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

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

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



**Nevada System of Higher Education Endowment**  
**Flash Investment Returns by Composite** (net of fees) as of April 30, 2018

Composite (Inception Date)	Assets \$ mil	Total Return (%)					
		Latest Month	CYTD	FYTD	Annualized	Annualized	Annualized
		03/31/18- 04/30/18	12/31/17- 04/30/18	06/30/17- 04/30/18	03/31/17- 04/30/18	Trailing 5 Years	Since Inception
<b>Legacy Assets</b>							
Legacy Private Growth (11/15/98) <sup>(3)</sup>	21.6	---	---	8.0	11.8	11.6	11.0
Legacy Private Natural Resources (11/15/98) <sup>(3)</sup>	6.9	---	---	13.5	11.7	7.6	16.2
Other Legacy Assets (11/30/12) <sup>(7)</sup>	2.3	-0.0	-0.5	0.1	1.7	4.4	5.1
<b>Total Endowment (06/30/84)</b>	<b>256.1</b>	<b>0.6</b>	<b>0.0</b>	<b>7.2</b>	<b>9.3</b>	<b>5.9</b>	<b>9.9</b>
Policy Benchmark (06/30/84) <sup>(5)</sup>		0.8	-0.1	7.9	9.7	6.5	9.8
Value Added		-0.2	0.1	-0.7	-0.4	-0.6	0.1
MSCI ACWI (N) 70%/BBG Barc Agg 30% (06/30/84) <sup>(8)</sup>		0.4	-0.6	7.5	10.3	6.7	9.3
Value Added		0.2	0.6	-0.3	-0.9	-0.7	0.6

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

(3) Market value is updated with capital calls and distributions through the current reporting period. Performance is as of 12/31/17 with a 0% return assumed through the current reporting period.

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

(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

	Targets for each Fund Manager				Blended Total Assets Policy	
	CA Capital		Russell		Blended Total Assets	
	Long-Term Targets (%)	Normalized Benchmark Weights (%)	Portfolio (%)	Normalized Benchmark Weights (%)	Policy Targets (%)	Policy Ranges (%)
<i>NSHE Legacy Asset Values a/o 4/30/2018</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%	
Less: Legacy Private Growth	-9.4%		-9.8%			
<b>Total <u>Managed</u> Growth</b>	<b>52.6%</b>	<b>60.8%</b>	<b>51.2%</b>	<b>59.5%</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%	
Less: Legacy Liquidating Sidepockets	-0.4%		-0.4%			
<b>Total <u>Managed</u> Diversifiers</b>	<b>17.6%</b>	<b>20.4%</b>	<b>11.6%</b>	<b>13.5%</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%	
Less: Legacy Private Real Assets	-3.0%		-3.1%			
<b>Total <u>Managed</u> Real Assets</b>	<b>7.0%</b>	<b>8.1%</b>	<b>8.9%</b>	<b>10.3%</b>		
<b>Fixed Income &amp; Cash</b>	<b>10.0%</b>		<b>15.0%</b>		<b>12.5%</b>	5% - 25%
Less: Cash reserved for Legacy Audit Holdbacks	-0.1%		-0.1%			
Less: Cash reserved for Legacy Assets	-0.5%		-0.5%			
<b>Total <u>Managed</u> Fixed Income</b>	<b>9.4%</b>	<b>10.8%</b>	<b>14.3%</b>	<b>16.7%</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>86.5%</b>	<b>100.0%</b>	<b>86.1%</b>	<b>100.0%</b>		

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

\* 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	3/31/2018 Asset Allocation	Total Endowment Long-Term Policy Targets	Total Endowment Allowable Range
<b>Growth</b>	<b>53.8%</b>	<b>61.5%</b>	<b>50% - 70%</b>
Public Growth	45.0%	48.0%	
Private Growth	8.8%	13.5%	
<b>Diversifiers</b>	<b>15.0%</b>	<b>15.0%</b>	<b>5% - 25%</b>
Liquid Diversifiers (liquidity w/in 3 years)	14.0%	12.5%	
Private Diversifiers	1.0%	2.5%	
<b>Real Assets</b>	<b>16.0%</b>	<b>11.0%</b>	<b>5% - 20%</b>
Public Real Assets	8.6%	4.5%	
Private Real Assets	7.4%	6.5%	
<b>Fixed Income &amp; Cash</b>	<b>15.3%</b>	<b>12.5%</b>	<b>5% - 25%</b>
Fixed Income	11.5%	12.5%	
Cash	3.8%	0.0%	

Notes: Russell Multi-Asset Core Plus Fund (MAC+) look-through exposures estimated using 3/31/2018 MAC+ asset allocation provided by Russell Investments. Totals may not sum due to rounding.



## Endowment Liquidity Is Well Within Guidelines

Market Values as of 5/21/2018, pro forma for pending CJA transactions

Managers	Pro Forma (\$ mm)	Exit Terms	Dollar Liquidity					
			Daily	Weekly/ Monthly	Quarterly	Semiannual/ Annual	Biennial	Illiquid
<b>U.S. Equity</b>	23.3		6.6	3.5	13.2			
CJA U.S. Equity	23.3	Daily; monthly; quarterly	6.6	3.5	13.2			
<b>Global Equity</b>	62.5		56.1	6.4				
CJA Global Equity	14.5	Daily; monthly	8.1	6.4				
<i>RIFL Multi-Asset Core+ Fund - Growth *</i>	48.0	<i>Daily</i>	48.0					
<b>International Developed Equity</b>	22.4		6.7	15.7				
CJA International Developed Equity	22.4	Daily; monthly	6.7	15.7				
<b>Emerging Markets Equity</b>	8.4		1.5	5.9			1.0	
CJA Emerging Markets Equity	8.4	Daily; weekly; monthly; quarterly (2 year initial lock-up)	1.5	5.9			1.0	
<b>Diversifiers</b>	35.2		7.8	17.4	5.1	2.1	2.9	
CJA Marketable Alternatives	21.4	Monthly; quarterly; semi-annual; annual; biennial; illiquid	4.5	7.7	5.1	2.1	2.0	
Farallon Capital Illiquid Sidepocket**	0.8	Illiquid					0.8	
Och-Ziff Overseas Illiquid Sidepocket**	0.1	Illiquid					0.1	
<i>Russell Hedge Funds*</i>	12.9	<i>25% monthly, with 30 days' notice; 37.5% quarterly, with 60 days' notice; 37.5% quarterly, with 90 days' notice</i>		3.2	9.7			
<b>Private Growth</b>	22.3	<b>Illiquid</b>					22.3	
Venture/Growth Capital	0.7	Illiquid					0.7	
Legacy Private Equity**	11.7	Illiquid					11.7	
Legacy Venture Capital**	10.0	Illiquid					10.0	
<i>Russell Private Growth*</i>	0.0	<i>Illiquid</i>					0.0	
<b>Real Assets</b>	43.3		27.8	2.2	12.4		0.9	
CJA Real Assets	10.0	Daily; monthly; illiquid	6.9	2.2			0.9	
Legacy Private Natural Resources**	6.9	Daily	6.9					
<i>RIFL Multi-Asset Core+ Fund - Real Assets*</i>	8.7	<i>Daily</i>	8.7					
<i>Russell Real Estate Equity Fund*</i>	5.3	<i>Daily</i>	5.3					
<i>Russell Private Real Assets Allocation*</i>	12.4	<i>Quarterly, with 110 days' notice</i>			12.4			
<b>Fixed Income</b>	32.4		32.4					
CJA Fixed Income	10.8	Daily	10.8					
<i>RIFL Multi-Asset Core+ Fund - Fixed Income*</i>	5.7	<i>Daily</i>	5.7					
<i>RIFL Core Bond Fund*</i>	11.0	<i>Daily</i>	11.0					
<i>RIFL Absolute Return Fixed Income Fund*</i>	5.0	<i>Daily, with 3 days' notice</i>	5.0					
<b>Cash and Cash Equivalents</b>	6.8	<b>Daily</b>	6.8					
<b>TOTAL ASSETS</b>	256.6		137.8	41.5	43.0	5.1	3.1	26.2
<b>PERCENT OF TOTAL ASSETS</b>	100%		54%	16%	17%	2%	1%	10%
<b>Unfunded CJA PI Commitments as % of Total Assets</b>								6%
<b>Total Illiquids + Unfunded CJA PI Commitments</b>								16%

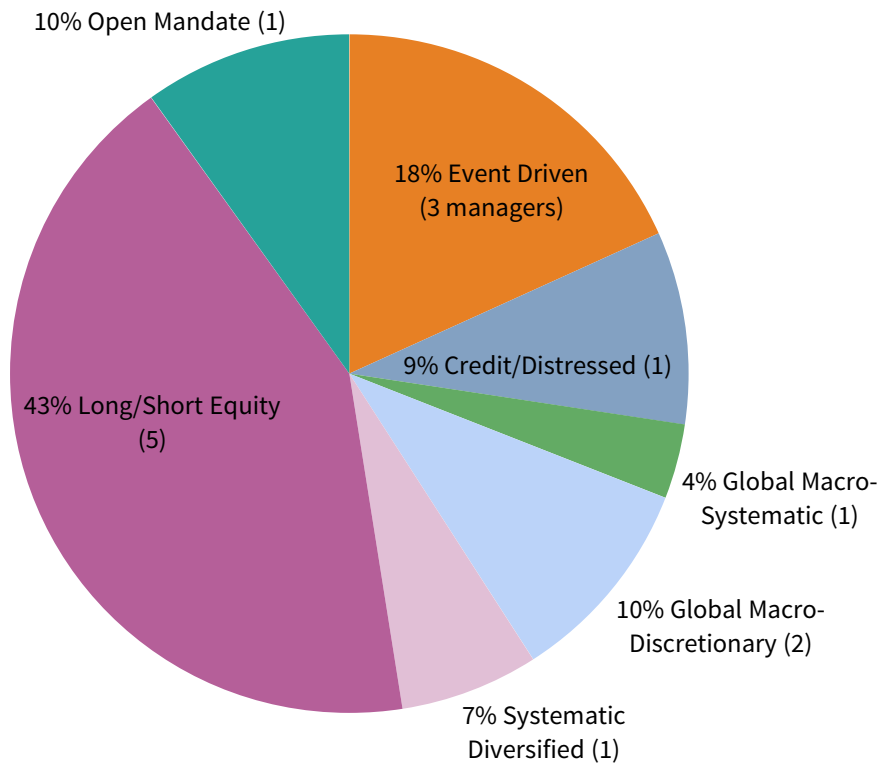
Liquidity Guidelines:	Guideline Compliance?
<i>No new commitments while:</i>	
(1) Private Investment NAV > 1.3x respective Fund Manager's PI target	Yes
(2) Private Investment NAV + Unfunded Commitments > 1.8x respective Fund Manager's PI target	Yes

\* *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.*

## CJA Diversifiers Program Update

**Manager Percentages of Total Hedge Funds as of April 30, 2018**



Note: Percentages may not add to 100% due to rounding

<b>Event-Driven</b>
<ul style="list-style-type: none"> <li>• Goal is to profit from mispricings in the capital structures of companies subject to corporate events               <ul style="list-style-type: none"> <li>◆ Buying stock in acquisition targets, shorting acquirers</li> <li>◆ Other events: spin-offs, divestitures, reorganization, and restructuring</li> </ul> </li> </ul>
<b>Credit / Distressed</b>
<ul style="list-style-type: none"> <li>• Goal is to identify credit opportunities               <ul style="list-style-type: none"> <li>◆ Invest long and short in bonds, loans, credit default swaps and other credit markets.</li> <li>◆ Stressed and distressed debt, capital structure arbitrage, post-reorg equities.</li> </ul> </li> </ul>
<b>Global Macro – Systematic</b>
<ul style="list-style-type: none"> <li>• Goal is to extract profits from market trends               <ul style="list-style-type: none"> <li>◆ Invests in diversified portfolio of liquid futures, forwards, and swaps</li> </ul> </li> </ul>
<b>Global Macro – Discretionary</b>
<ul style="list-style-type: none"> <li>• Goal is to generate returns through directional trades in global equity, rates, credit and currency markets.               <ul style="list-style-type: none"> <li>◆ Trades are expressed with liquid instruments including futures, swaps, and forwards.</li> </ul> </li> </ul>
<b>Systematic Diversified</b>
<ul style="list-style-type: none"> <li>• Goal is to harvest premia from systematic risk factors, including carry (yield), value, defensive, and momentum across equity, government bond, currency, and commodity markets.</li> </ul>
<b>Long/Short Equity</b>
<ul style="list-style-type: none"> <li>• Goal is to limit exposure to “beta” and add meaningful “alpha”               <ul style="list-style-type: none"> <li>◆ Short positions to generate returns (alpha) and reduce market risk (beta)</li> <li>◆ Fundamental analysis identifies attractive companies (alpha)</li> </ul> </li> </ul>
<b>Open Mandate</b>
<ul style="list-style-type: none"> <li>• Flexible mandate that targets the most attractive return opportunistically across capital markets, geographies, and strategies</li> </ul>

## C|A Private Investments Implementation Is on Track As of March 31, 2018

Current Allocation (\$mm) as of March 31, 2018 <sup>1</sup>							Target Commitment by Strategy (\$mm)				
	NAV		Unfunded		Total		Annual Targets	Annual Range	2018 Actual Commitments	Long-Term Targets	
	(\$)	(%)	(\$)	(%)	(\$)	(%)					(\$)
Venture / Growth Capital	5.1	3.9%	4.2	3.2%	9.3	7.1%	2.0	\$0 - \$4	1.0	7.0%	
Private Equity / Distressed	6.6	5.1%	6.3	4.8%	12.9	9.9%	2.5	\$0 - \$5	---	10.0%	
<b>Total VC &amp; PE</b>	<b>\$11.7</b>	<b>9.0%</b>	<b>\$10.5</b>	<b>8.0%</b>	<b>\$22.2</b>	<b>17.0%</b>	<b>\$4.5</b>	<b>\$0 - \$9</b>	<b>\$1.0</b>	<b>17.0%</b>	
<b>Total Private Diversifiers</b>	<b>\$1.9</b>	<b>1.5%</b>	<b>\$4.0</b>	<b>3.1%</b>	<b>\$6.0</b>	<b>4.6%</b>	<b>\$1.5</b>	<b>\$0 - \$3</b>	<b>\$1.0</b>	<b>5.0%</b>	
Private Real Estate	0.4	0.3%	1.6	1.2%	2.0	1.5%	1.0	\$0 - \$3	1.0	4.0%	
Private Natural Resources	4.0	3.1%	5.6	4.3%	9.6	7.4%	1.0	\$0 - \$3	1.0	4.0%	
<b>Total Private RE &amp; NR</b>	<b>\$4.4</b>	<b>3.4%</b>	<b>\$7.2</b>	<b>5.5%</b>	<b>\$11.6</b>	<b>8.9%</b>	<b>\$2.0</b>	<b>\$0 - \$6</b>	<b>\$2.0</b>	<b>8.0%</b>	
<b>Total</b>	<b>\$18.0</b>	<b>13.8%</b>	<b>\$21.7</b>	<b>16.6%</b>	<b>\$39.7</b>	<b>30.4%</b>	<b>\$8.0</b>	<b>\$0 - \$18</b>	<b>\$4.0</b>	<b>30.0%</b>	

<sup>1</sup> Current allocation based on net asset values (NAV) as of 12/31/17 and adjusted for capital calls and distributions through 3/31/18. Asset allocation percentages incorporate C|A Managed Assets (\$116.0mm), plus 50% of Legacy Private Investments (\$14.5mm) as of 3/31/18.

Asset Class	1999-2006 (Legacy)		2010-2014 (Legacy)		2015 (Legacy)		2017 (C A Capital)		2018 (C A Capital)	
	# of Funds	Commit Amt. (\$mm)	# 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>	<b>1</b>	<b>\$1.0</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>2</b>	<b>\$3.0</b>		
<b>Total VC &amp; PE</b>		<b>\$38.6</b>		<b>\$20.0</b>		<b>\$5.0</b>		<b>\$4.8</b>		<b>\$1.0</b>
Private Diversifiers										
<b>Total Private Diversifiers</b>							<b>3</b>	<b>\$5.0</b>	<b>1</b>	<b>\$1.0</b>
Private Real Estate										
<b>Private RE Sub-Total</b>							<b>1</b>	<b>\$1.0</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>1</b>	<b>\$1.0</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>\$2.0</b>
<b>Total Privates</b>		<b>\$42.6</b>		<b>\$25.0</b>		<b>\$10.0</b>		<b>\$13.8</b>		<b>\$4.0</b>

## **FUNDING STATUS & PERFORMANCE OVERVIEW**

As of December 31, 2017, Nevada System of Higher Education had committed \$95.4 million to 29 private investment partnerships, of which \$64.2 million had been drawn down. Distributions of \$72.6 million at market value, or 113.0% of paid-in capital, had been received. The total program return of 12.0% 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 December 31, 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>	<u>mPME IRR</u>
<b>Legacy Private Equity</b>	<b>46.0</b>	<b>37.5</b>	<b>8.0</b>	<b>48.8</b>	<b>13.2</b>	<b>1.7</b>	<b>11.4%</b>	<b>14.0%</b>	<b>5.4%</b>
<b>Managed Private Equity/Distressed</b>	<b>3.0</b>	<b>0.6</b>	<b>2.4</b>	<b>0.0</b>	<b>0.6</b>	<b>1.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Legacy Venture Capital</b>	<b>17.6</b>	<b>14.0</b>	<b>3.6</b>	<b>8.1</b>	<b>9.6</b>	<b>1.3</b>	<b>4.1%</b>	<b>3.8%</b>	<b>7.7%</b>
<b>Managed Venture Capital</b>	<b>2.8</b>	<b>0.1</b>	<b>2.7</b>	<b>0.0</b>	<b>0.1</b>	<b>0.9</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Total Private Growth</b>	<b>69.4</b>	<b>52.2</b>	<b>16.8</b>	<b>56.9</b>	<b>23.5</b>	<b>1.5</b>	<b>9.2%</b>	<b>11.3%</b>	<b>6.2%</b>
<b>Managed Private Diversifiers</b>	<b>6.0</b>	<b>2.0</b>	<b>4.5</b>	<b>0.5</b>	<b>1.5</b>	<b>1.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Legacy Private Natural Resources</b>	<b>14.0</b>	<b>9.3</b>	<b>4.7</b>	<b>15.1</b>	<b>6.7</b>	<b>2.3</b>	<b>25.5%</b>	<b>15.4%</b>	<b>10.2%</b>
<b>Managed Private Natural Resources</b>	<b>4.0</b>	<b>0.4</b>	<b>3.6</b>	<b>0.0</b>	<b>0.4</b>	<b>1.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Managed Real Estate</b>	<b>2.0</b>	<b>0.3</b>	<b>1.7</b>	<b>0.0</b>	<b>0.3</b>	<b>1.0</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>Total Private Real Assets</b>	<b>20.0</b>	<b>10.0</b>	<b>10.0</b>	<b>15.1</b>	<b>7.3</b>	<b>2.2</b>	<b>25.5%</b>	<b>15.4%</b>	<b>10.3%</b>
<b>TOTAL PORTFOLIO</b>	<b>95.4</b>	<b>64.2</b>	<b>31.3</b>	<b>72.6</b>	<b>32.3</b>	<b>1.6</b>	<b>12.0%</b>	<b>11.9%</b>	<b>6.7%</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.



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.

Nevada System of Higher Education Endowment  
Custom Benchmark Compositions

**CJA Managed Diversifiers Benchmark<sup>(3)</sup>**

	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%

**CJA Managed Real Assets Benchmark<sup>(4)</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%

**CJA 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) From 12/01/16 to present the benchmark consists of the lagged 0.3 beta-adjusted MSCI ACWI (N) to account for Private Managed Diversifiers lagged performance. Prior to 12/01/16 benchmark consists of HFRI Fund of Funds Diversified Index.

(4) 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



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