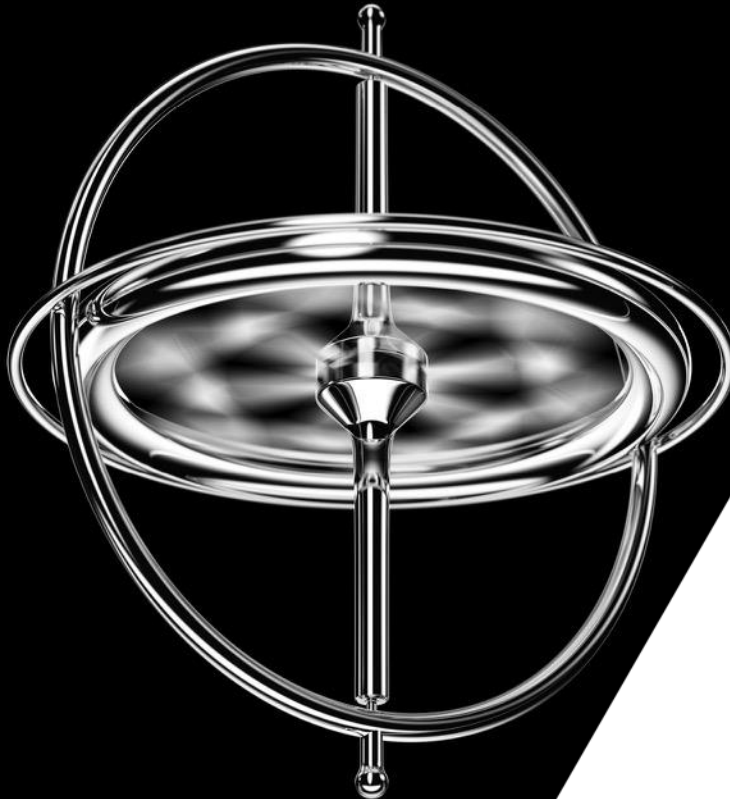


# Investment Review

Nevada System of Higher Education



Fourth Quarter 2018

# Investment Review

## Nevada System of Higher Education

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# Agenda

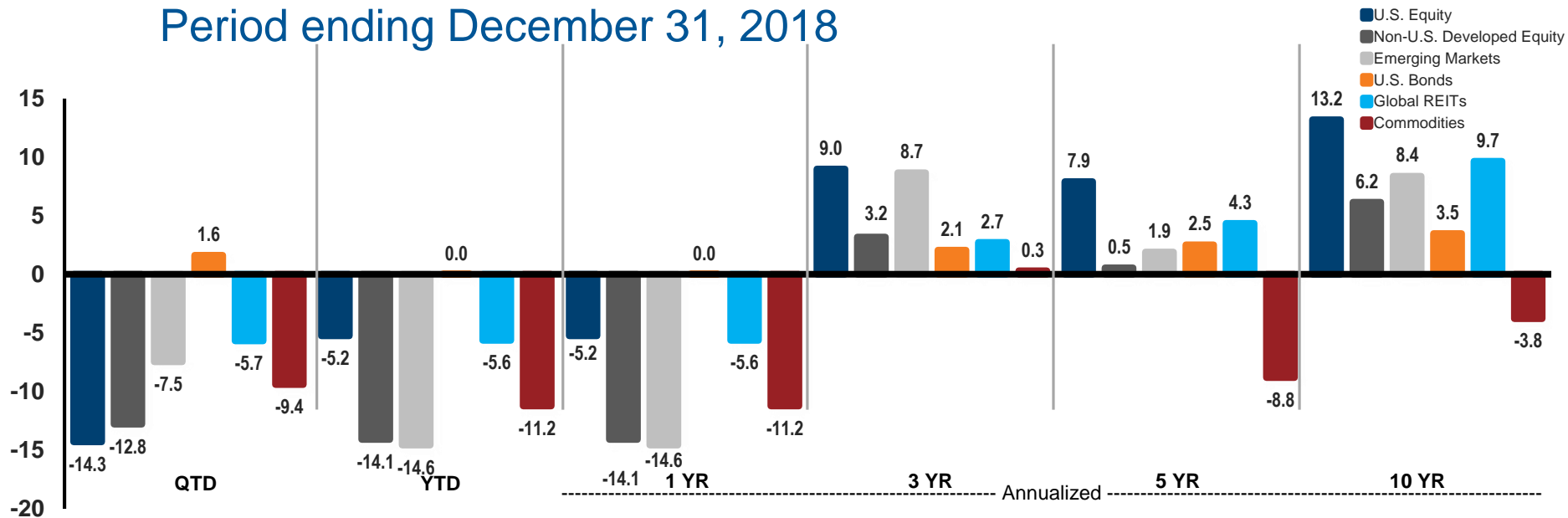
- > **Economic and Financial Markets Review**
- > **Russell Investments Update**
- > **Account Performance Summary**
- > **Appendix**
  - > Russell Investments Fund Review
  - > Account Performance Detail

# Economic and Financial Markets Review

Fourth Quarter 2018

# Capital markets

Period ending December 31, 2018

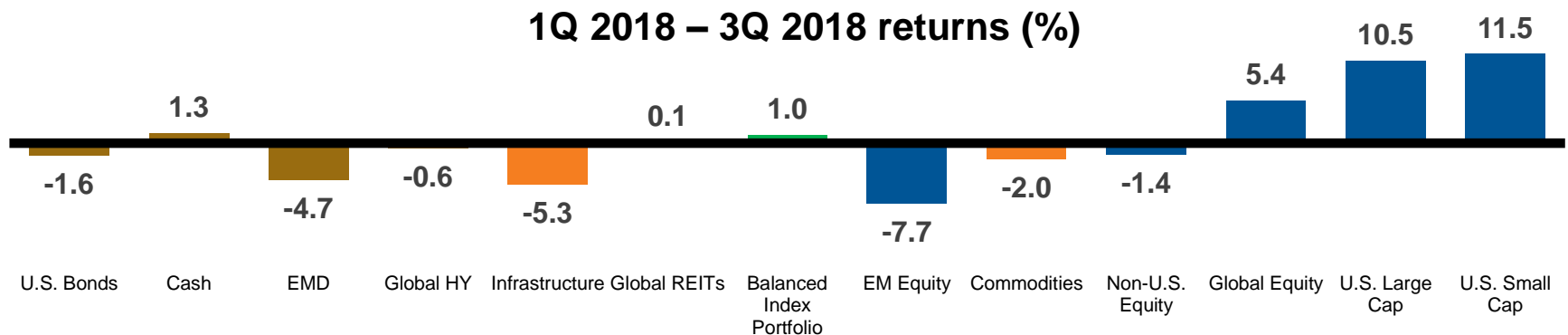
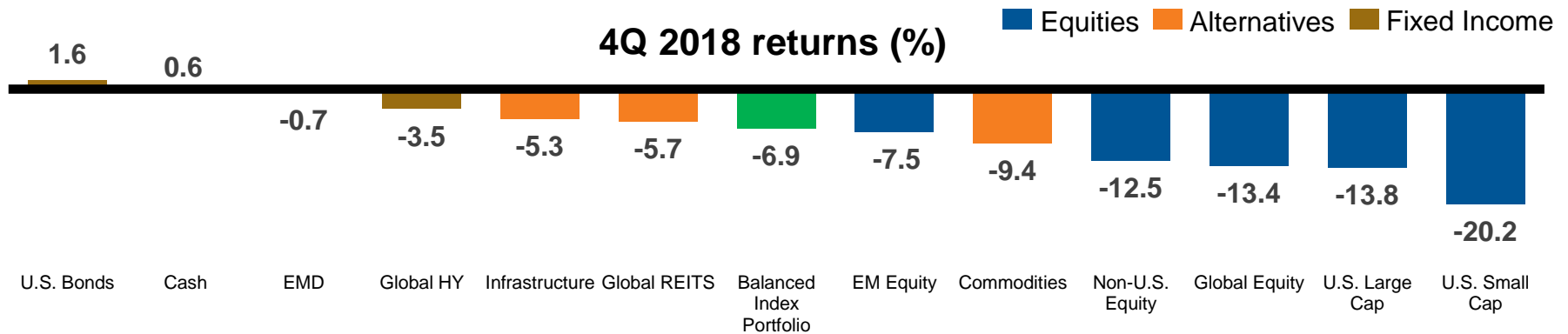


- > December was sharply negative for global equities, with the U.S. market having its worst 1-month decline since 2008. A global economic downturn, facilitated through ongoing geopolitical and trade-based disputes, weighed heavy on investor sentiment.
- > U.S. equity markets dropped -9.3% in December, shaken by several factors, including weakening demand among tech sector and divergence between monetary and fiscal policies. Utilities held up strongest during the month, down 5.6%, compared to the weakest sector, energy, which fell 13.0%.
- > Developed international and emerging market equities fell throughout Q4 as geopolitical issues remained at the forefront of investor concerns. Particularly, slowing economic growth within China took center stage as the link between Chinese growth and the global economy was magnified by Apple's slowing consumer demand.
- > U.S. fixed income markets rose with U.S. aggregate bonds increasing 1.8% during the month, predictably acting as a safe haven among equity volatility. 10-Year U.S. Treasury dipped 29bps in December, settling at 2.69%, notably below the 2018 high of 3.24% seen in early-November.
- > Global REITs ended the quarter down 5.7%, acting as one of the better performing asset classes throughout 2018 despite a wide dispersion of return among varying sectors of the market.
- > Much of the commodity market experienced price declines in the wake of ongoing trade concerns, down 9.4% for Q4. Precious metals were rare outliers in December, with silver and gold appreciating 9.5% and 4.7%, respectively, as the majority of other sectors depreciated.

**U.S. Equity:** (Russell 3000® Index) U.S. stock index which includes the 3,000 largest U.S. stocks as measured by market capitalization. Sector returns as measured by Russell 1000 Index.  
**Non-U.S. Developed Equity:** (MSCI World ex USA Net) (Linked) International market index that includes Western Europe, Japan, Australia and Canada.  
**Emerging Markets:** (MSCI Emerging Markets Index Net Linked) Emerging markets index that includes S. Korea, Brazil, Russia, India and China.  
**U.S. Bonds:** (Bloomberg-Barclays U.S. Aggregate Bond Index) Broad index for U.S. fixed income market.  
**Global REITs:** (FTSE EPRA/NAREIT Index - Linked) Index for global publicly traded real estate securities.  
**Commodities:** (Bloomberg Commodity Index Total Return) Broad index of common commodities.

# What worked and what didn't

4Q2018 was not like the rest of 2018



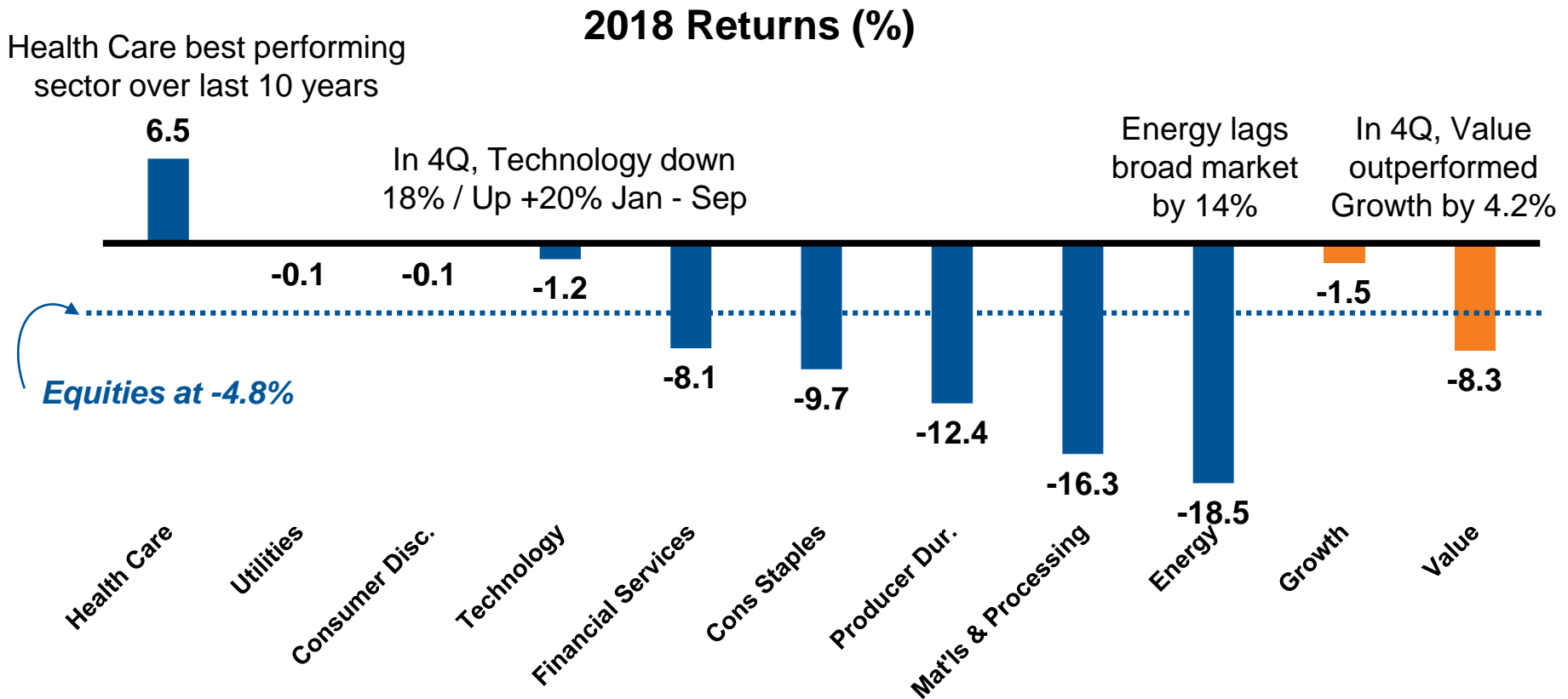
Source: U.S. Small Cap: Russell 2000® Index; U.S. Large Cap: Russell 1000® Index; Global: MSCI World Net Index; Non-U.S.: MSCI EAFE Net index; Infrastructure: S&P Global Infrastructure Index; Global High Yield: Bloomberg Barclays Global High Yield Index; Global REITs: FTSE EPRA/NAREIT Developed Index;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

Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

# Wide disparity across sector/style returns

Correct alignment was key for investment success in 2018

- > 4Q volatility pulled technology stocks negative for year
- > Growth continued outperformance over value, but 4Q was reversal



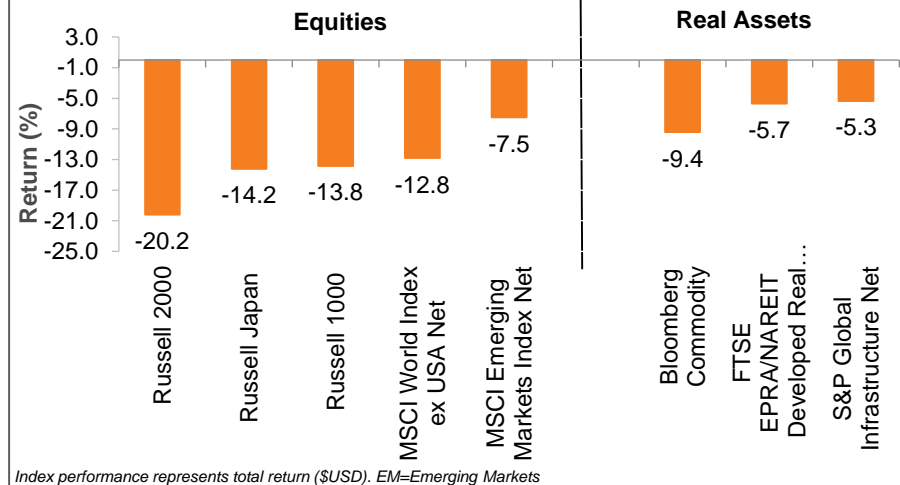
Source: FTST/Russell Indexes. Equities: Russell 1000 Index. Equity sector and style returns based on Russell 1000 Index. Equity sector and style returns based on Russell 1000 Index. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

# Return-seeking asset review

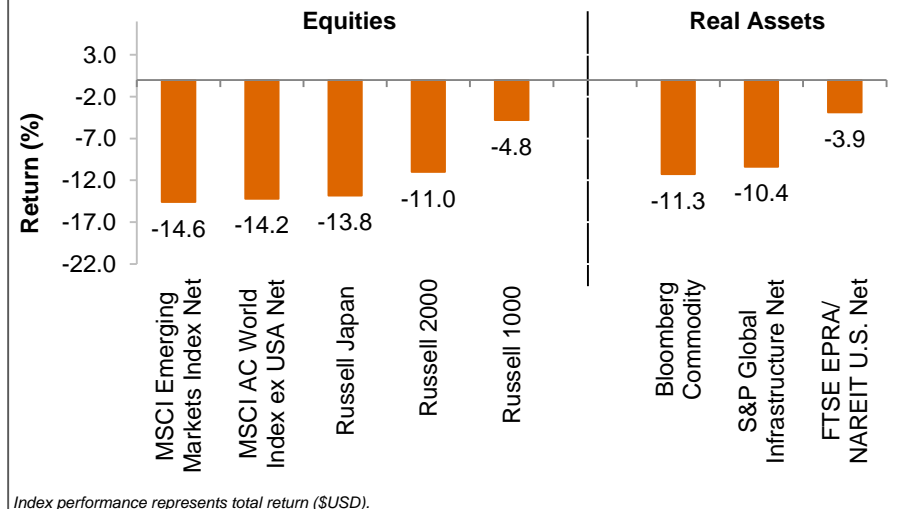
As of December 31, 2018

- > In the U.S., the results of the U.S. midterm elections and the newly negotiated and signed NAFTA deal (renamed 'USMCA'), served as market tailwinds. However, trade war rhetoric (between the U.S. and China), the U.S. government shutdown and declining oil prices contributed to significant market volatility as the VIX rose more than 100% in the fourth quarter.
- > U.S. large cap stocks slumped -13.8%, led by a decline in energy and technology. Utilities, on the other hand, down just -1.6% for the quarter, led market sectors as investors shifted towards stability and higher quality names.
- > Global equities were under pressure for almost the entire quarter, however mid-December saw more significant volatility as global economic data cooled off, raising questions for investor outlooks. Defensive stocks largely outperformed dynamic stocks across all regional markets during the quarter.
- > Developed international markets followed the U.S.' lead with higher yielding and more stable earning stocks leading the pack. That said, in an absolute sense, all sectors depreciated significantly with utilities and real estate holding up better than others.
- > With the backdrop of a weaker U.S. dollar and oil price decline as well as the temporary trade war truce, emerging markets was the best performing region in the fourth quarter, outperforming the developed world after having lagged earlier in the year. Some markets posted strong positive returns, notably Brazil which was boosted by its October presidential election outcome.
- > Commodities broadly declined throughout the quarter, with precious metals and grains acting as rare bright spots in the search for safe haven assets. The energy sector slumped significantly with West Texas crude oil prices falling precipitously. Weaker than anticipated demand conditions and a ramp-up in Saudi production over the second half of 2018 conspired to create an oversupply problem in the market. More recently, OPEC has agreed to production cuts in an effort to stabilize the market
- > Global REITs, listed infrastructure, commodities and hedge funds were negative in the fourth quarter, however, outperformed broader global equities.

## Index Performance Snapshot – Fourth Quarter 2018



## Index Performance Snapshot – One Year ending 12/31/18



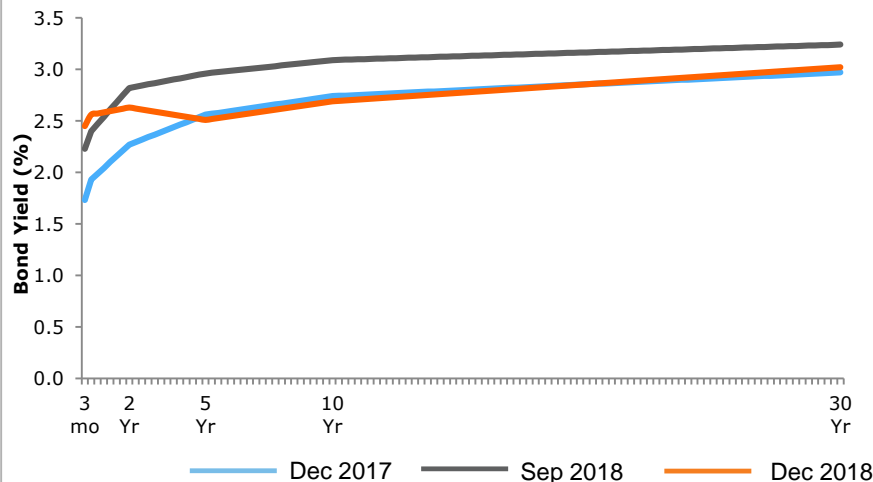


# Fixed income asset review

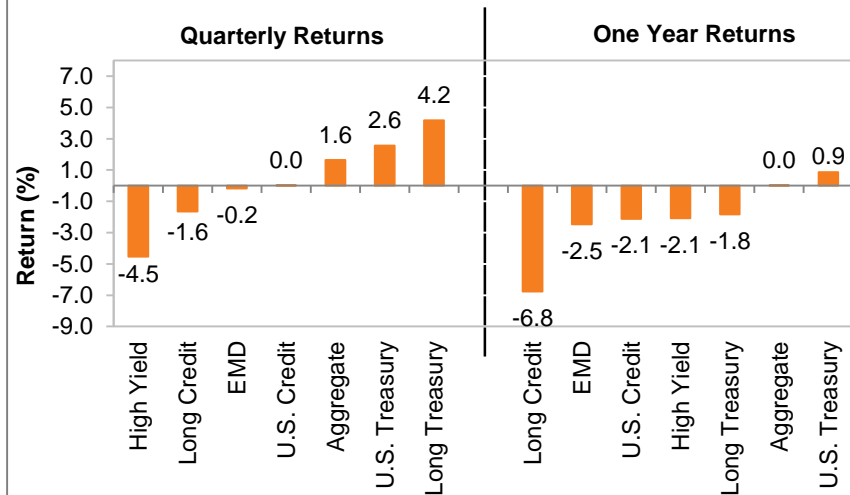
## As of December 31, 2018

- > As anticipated, the Fed raised interest rates by 25 bps in December, designating the overnight target range between 2.25% and 2.50%, capping off the fourth hike of 2018.
- > The short end of the yield curve ticked up significantly throughout 2018, however, in the wake of significant volatility at year's end, the longer end of the curve fell resulting in the 30-year Treasury yielding 3.02%, just 21 bps above its January 1<sup>st</sup> starting point.
- > The spread between the 2- and 10-year Treasury bonds remains narrow, yet still upward sloping. However, a yield curve inversion did occur between the 2- and 5- year Treasury bonds, raising concerns of a recessionary environment.
- > U.S. aggregate bonds increased 1.6% during the quarter as the 10-Year U.S. Treasury dipped considerably, settling at 2.69%, notably below its 2018 high of 3.24% in early-November.
- > As equity market volatility rattled investor sentiment, U.S. Treasury bonds predictably acted as a safe haven, driving prices up and yields down. As such, credit spreads widened across the board. High yield bonds were hit particularly hard as credit spreads rose by just over 2%.

### U.S. Treasury Yield Curve



### Index Performance Snapshot – Fourth Quarter 2018



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

### OAS Spread Levels

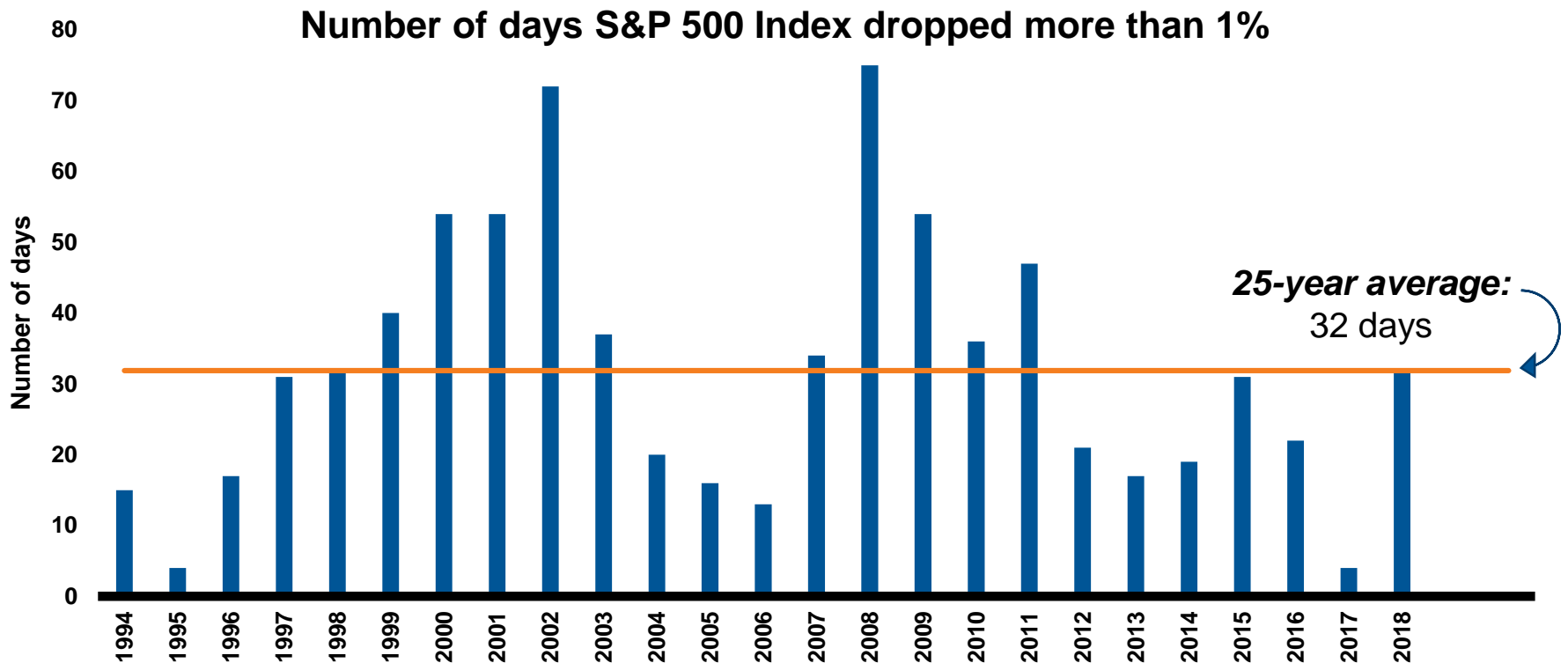
	As of Dec 31, 2018	Quarterly Trend	Ten Year Average	Yield to Worst
Agencies	64	↑	46	3.2%
IG Corporate	153	↑	182	4.2%
MBS	35	↑	53	3.4%
CMBS	86	↑	250	3.4%
ABS	53	↑	141	3.1%
High Yield (US Corp)	526	↑	585	8.0%
EMD (USD)	343	↑	347	6.1%

Source: Barclays, 12/31/2018. 10 Year average as of 12/31/18.

Indexes are unmanaged and cannot be invested in directly. Past performance is not indicative of future results.  
OAS = Option Adjusted Spread is a measurement of the spread of a fixed-income security over an equal duration treasury security adjusted to take into account the value of any embedded option in the bond.

# Volatility in context

Recent experience may have lulled investors into complacency



- > Recent below average volatility made 2018 feel like a wild ride
- > 2018 volatility matches 25-year average
- > Equity investing typically goes hand-in-hand with volatility

# Stocks down big in 4Q, now what?

Returns following negative double digit quarters (1968 – 2018)

16

Negative double digit  
U.S. equity quarters  
since 1968

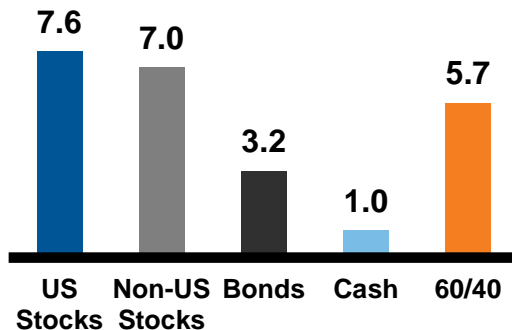
-15.0%

Average return  
during those  
negative quarters

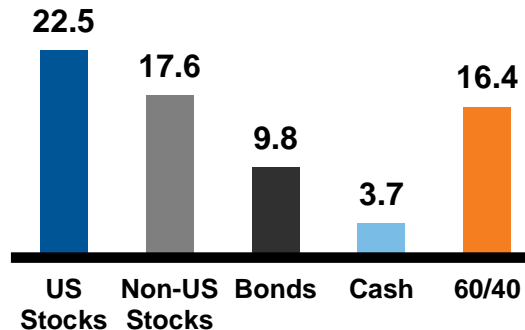
+7.6%

Average U.S. stock  
return the  
following quarter

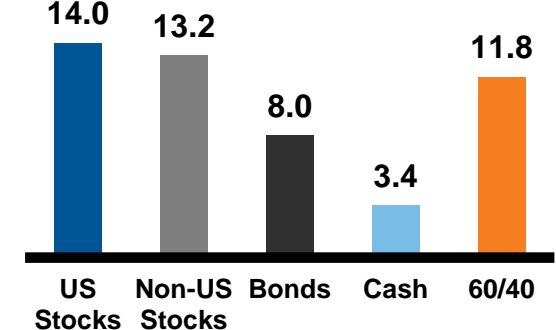
**Average Return%**  
Quarter Following  
Negative Double Digit Quarter



**Average Return%**  
One Year Following  
Negative Double Digit Quarter



**Average Return%**  
Three Years Annualized Following  
Negative Double Digit Quarter



Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Sources: U.S. Stocks: S&P 500 Index, Non-U.S. Stocks: MSCI EAFE, Bonds: Bloomberg Barclays U.S. Aggregate Bond Index (1976-2018) linked to Ibbotson Intermediate Bond Index, Cash: Citigroup 3-Month Treasury Bill Index (1978 – 2018) linked to Ibbotson 3-Month Government Index, 60:40: 40% U.S. Stocks, 20% Non-U.S. Stocks, 40% Bonds.



EM



Japan



Europe



U.S.

# Market fundamentals

U.S. stocks appear expensive

## TRAILING PRICE TO EARNINGS (P/E) RATIO



## FORWARD P/E RATIO



## PRICE TO BOOK RATIO



## PROJECTED EARNINGS GROWTH (%)



## INTEREST RATES (%)



## DIVIDEND YIELD (%)



RELATIVE  
TO U.S.

-35%

-38%

-23%

-28%

-23%

-19%

-50%

-60%

-47%

+12%

+38%

+29%

+144%

N/A

-67%

+32%

+18%

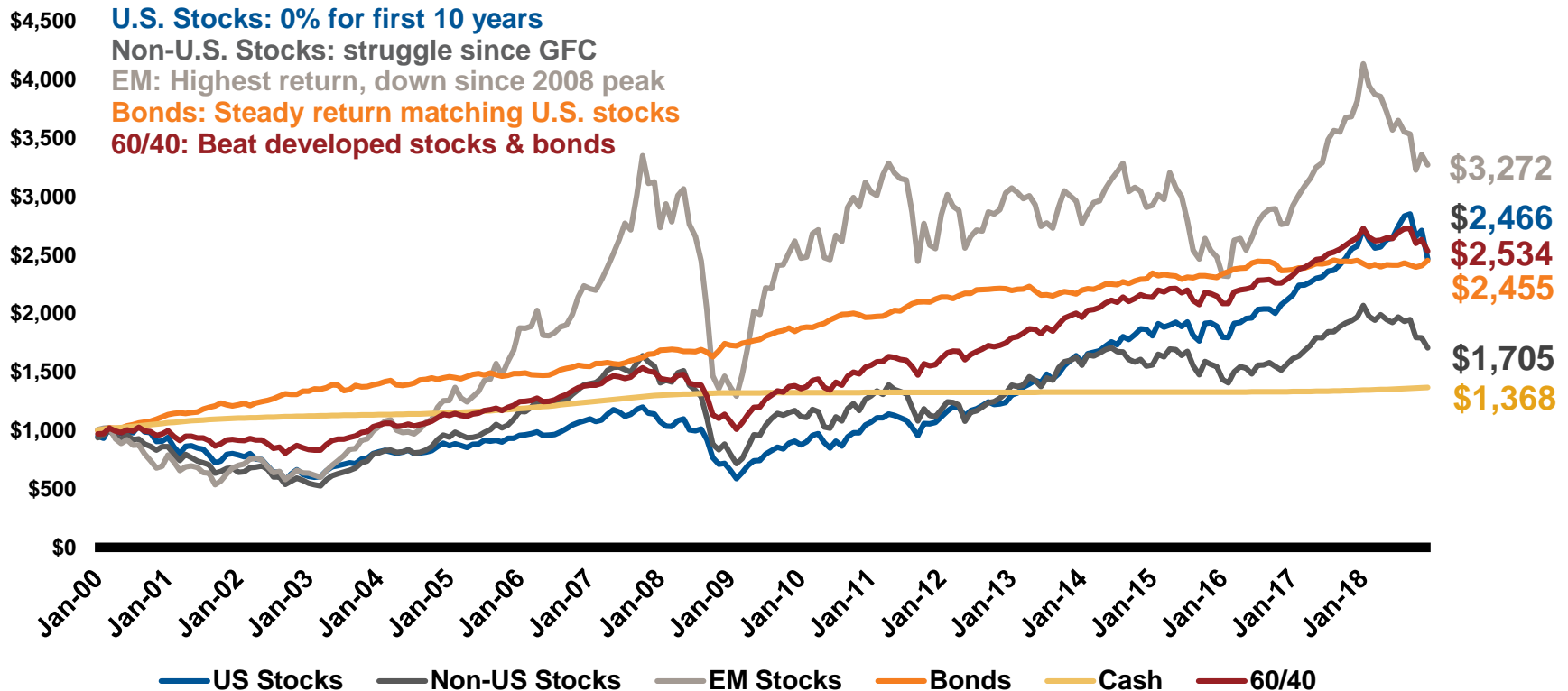
+82%

Data as of December 2018. Source: MSCI Country and regional Indexes, Bloomberg Barclays country and regional indexes. Russell Investments calculations. Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. See appendix for ratio definitions.

# Closing in on two decades for the 21<sup>st</sup> century

A snapshot of why markets can frustrate investors

## Market Returns Growth of \$1000



Index returns represent past performance, are not a guarantee of future performance, and are not indicative of any specific investment. Indexes are unmanaged and cannot be invested in directly.

Sources: U.S. Stocks: S&P 500 Index, Non-U.S. Stocks: MSCI EAFE Index, EM Stocks: MSCI Emerging Markets Index, Bonds: Bloomberg Barclays U.S. Aggregate Bond Index, Cash: Citigroup 3 Month Treasury Bill Index, 60/40: 40% S&P/15% EAFE/5% EM/40% Bonds.

# Quarterly outlook and asset class positioning

## Economy

- > US economy joining the global growth slowdown. Expected GDP growth of 2.2% in 2019 as fiscal stimulus wanes and downside risks have grown
- > Despite political uncertainty, we expect European GDP growth of 1.5% during 2019, data has slowed somewhat but still supportive
- > Recession risk rising. BCI 12 month recession probability now 30%. 2020 cumulative recession probability now 60%

## Markets

- > In the first half of 2019 there is reason to believe that equity markets can continue to move forward, albeit with increased volatility. Upside opportunities exist but downside risks are increasing
- > Expect 10-year U.S. Treasury yield to be around 2.8 to 3.0% in 12 months. If the Fed is on hold with future rate increases, then curve inversion less likely in the near-term
- > EM and developed markets have an opportunity to surprise on the upside given low level of expectations and attractive valuations

## Equity Strategies<sup>1</sup>

- > Maintaining moderate overweight to U.S. cyclical: energy and consumer discretionary while underweight technology on valuations
- > Targeting predicted U.S. equity beta exposure at or below 1.0 with an overweight to both value and growth factors
- > Underweight US, primarily due to valuations. Overweight exposures to EM, Europe and Japan remain significant
- > Holding global growth managers at a low weight

## Fixed Income Strategies<sup>3</sup>

- > Credit overweight modestly increased, while at the same time duration has been increased as a hedge if credit markets decline
- > Underweight investment grade bonds versus benchmark favoring European corporates and US consumer credit bonds
- > Key rates positions are long US while short Germany and Canada
- > Key FX positions are long USD, JPY, MXN and short CHF, ILS, THB

## Multi-Asset Strategies<sup>4</sup>

- **Risk Control:** We are maintaining risk levels below long term strategic levels, but materially higher than the start of the quarter as we moved to position the portfolio on market weakness
- **Underweight US, overweight EMEA ex-UK and EM:** In early November we trimmed Japan o/w and moved more towards EM
- **Added to duration:** Using mostly 5 year treasuries when yields were above 3%
- **Underweight credit and overweight securitized:** We continue to favor consumer risk over corporate credit risk

Indexes are unmanaged and cannot be invested in directly. There is no guarantee that any stated expectations will occur. Source: Russell Investments Strategist Team, December 2018.

<sup>1</sup> As measured by the RITC Equity I, Large Cap U.S. Equity Fund and World Equity Fund. <sup>2</sup> Russell Global Index and Russell 1000® Index.

<sup>3</sup> All comments relative to Bloomberg Barclays U.S. Agg Bond Index and the RITC Multi-Manager Bond Fund. <sup>4</sup> As measured by the RITC Multi-Asset Core Fund.

# Russell Investments Update

Fourth Quarter 2018

# Non-Profit and Healthcare Systems Update

## Thought Leadership Updates

- > Published Content: Fourth Quarter 2018
  - > Client case study: Professional liability insurance company enhanced strategic asset allocation and reduced administrative complexity
- > Upcoming Content: First Quarter 2019
  - > Five questions for investing success in 2019
  - > 2019 healthcare outlook: Bolstering your organization's financial health
  - > The shortsightedness of investing in silos—and why dynamic, holistic multi-asset investing matters
  - > Best practices for preparing your IRS Form 990
  - > Key investment issues in 2019
    - > This is a market communication piece that can be shared with donors who enquire about our current market views and portfolio positioning.

These will be available online or through your client service team.



# Non-Profit and Healthcare Systems Update

## Regulatory Updates

- > Donors must dot all I's, cross all T's when making year-end charitable gifts
  - > As donors and their advisors rush to close year-end charitable gifts, it's easy to overlook the requirements for income tax deductibility. Donors who fail to follow these rules may find their entire deductions disallowed. Tax advisors should pay close attention to new regulations issued by the U.S. Treasury Department on substantiating charitable contribution deductions.
  - > To comply with new technical rules and preserve available deductions, donors should document each gift carefully when made, and closely recheck receipts, appraisals, and other records against the legal requirements before filing the return on which they first claim the deduction.
  - > Close attention to detail before making a gift and filing the return can ensure that donors will receive all available tax benefits for their gifts.

More details are available through your client service team or in the non-profit regulatory updates section of our website via My Access.

# Non-Profit and Healthcare Systems Update

## Regulatory Updates

- > Tax law changes complicate tax-exempt organizations' attempts to calculate unrelated business taxable income (UBTI)
- > Charities and other organizations face higher taxes, more complex returns, and tough investment decisions under new unrelated business income tax rules effective for 2018.
- > Despite recent guidance from the IRS, several key aspects of the rules remain unclear as tax return filing deadlines approach, including:
  - > Allocation of deductions
  - > Treatment of investment income
  - > Treatment of partnership investments
  - > Application of losses
  - > UBTI from employer-provided parking
  - > Tax reporting
  - > Relief from potential penalties

More details are available through your client service team or in the non-profit regulatory updates section of our website via My Access.

# Non-Profit and Healthcare Systems Update

## Upcoming Industry Events

- > January 27-29 – AGB 2019 Foundation Leadership Forum (Fort Lauderdale, FL)
- > February 13-15 – NACUBO 2019 Endowment and Debt Management Forum (New York, NY)
  - > Speakers: Colette Taylor and Matt Randolph, with Steve Kurz from Galaxy Digital, will shed light on blockchain and cryptocurrency, and the potential impact on your portfolios.

Details are available online or through your client service team.

# Account Performance Summary

Fourth Quarter 2018

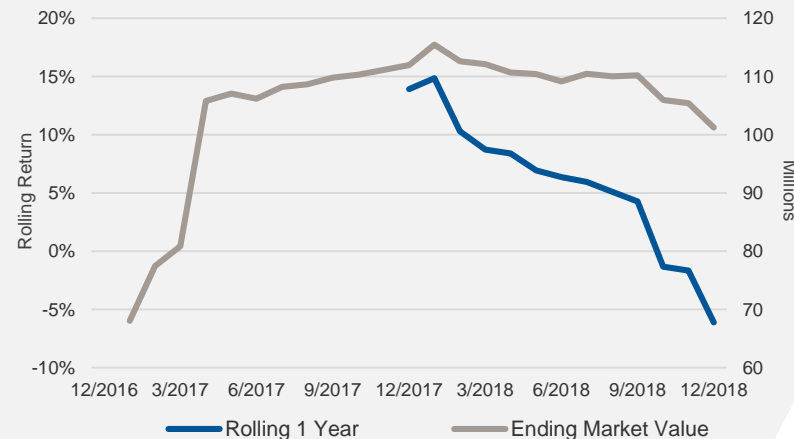
# Nevada System of Higher Education

## Fourth Quarter 2018

### RETURN HISTORY

	4Q18	FYTD (6/30)	Annualized				Since Inception*
			1 Year	3 Years	5 Years		
Total Account – Net (%)	-7.3	-6.3	-6.1	--	--		3.4
Daily Dynamic Benchmark	-7.3	-5.0	-4.7	--	--		4.5
Strategic Allocation Benchmark	-7.2	-4.9	-4.4	--	--		4.9
U.S. Consumer Price Index	0.3	0.7	2.2	--	--		2.1
MSCI All Country World Index – Net	-12.8	-9.0	-9.4	--	--		6.0
Barclays U.S. Aggregate Bond Index	1.6	1.7	0.0	--	--		1.8

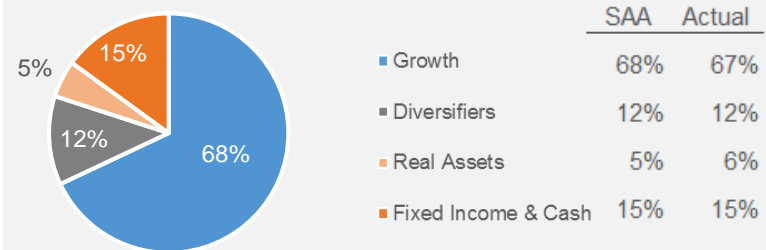
### ROLLING TOTAL RETURN - Net



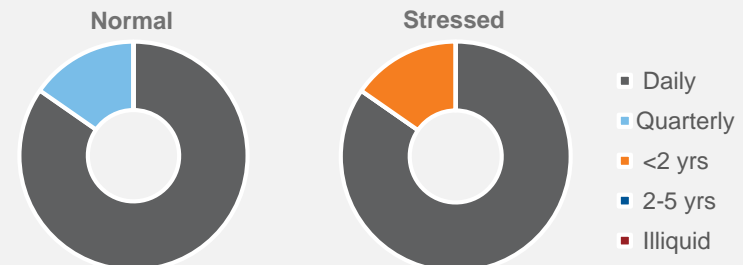
### MARKET VALUE RECONCILIATION

	4Q 2018	FYTD
Beginning Market Value	110,292,133	109,165,296
Inflows	44,254	44,254
Outflows	-1,291,979	-1,465,792
<u>Net Market Gain/Loss</u>	<u>-7,825,448</u>	<u>-6,524,798</u>
<b>Ending Market Value</b>	<b>101,218,960</b>	<b>101,218,960</b>

### STRATEGIC ASSET ALLOCATION



### LIQUIDITY PROFILE – Market Environment



\* Based on an inception date of 1/1/2017. RIIFL Real Estate Equity Fund market value is shown as of the 12/31/18 while the performance is reported as of current period.

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

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

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

Past performance is not indicative of future results.

# Nevada System of Higher Education Performance

## As of December 31, 2018

Investment	Market Value	4Q 2018	FYTD	Annualized				
				1 Years	3 Years	5 Years	Since Inception	Inception Date
Total Assets – Net	101,218,960	-7.27	-6.29	-6.11	--	--	3.42	1/1/2017
<i>Daily Dynamic Benchmark<sup>1</sup></i>		-7.32	-5.02	-4.70	--	--	4.50	
<i>Strategic Allocation Benchmark<sup>2</sup></i>		-7.17	-4.89	-4.39	--	--	4.59	

Investment	Market Value	4Q 2018	FYTD	Annualized				
				1 Years	3 Years	5 Years	Since Inception	Inception Date
Growth – Net	67,967,168	-10.27	-8.73	-8.87	--	--	3.35	1/1/2017
<i>Custom Benchmark<sup>3</sup></i>		-11.11	-8.31	-8.26	--	--	4.33	
Diversifiers – Net <sup>4</sup>	12,224,384	-3.18	-5.04	-3.18	--	--	0.31	3/1/2017
<i>LIBOR+4%<sup>4</sup></i>		1.54	3.07	5.97	--	--	5.56	
Real Assets – Net <sup>5</sup>	5,534,827	1.49	3.41	7.08	--	--	6.81	4/1/2017
<i>NFI-ODCE-EQ-E&amp;F</i>		1.59	3.67	8.25	--	--	8.23	
Fixed Income & Cash	15,492,580	0.98	0.92	-0.20	--	--	1.13	1/1/2017
<i>Custom Benchmark<sup>6</sup></i>		1.33	1.57	0.68	--	--	1.82	

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

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

<sup>2</sup>Currently consists of: 68.0% Multi-Asset Core Plus Composite Bmk, 12.0% LIBOR + 4%, 5.0% NCREIF Open-End E&F, 10.0% Bloomberg Barclays Aggregate, 5.0% Bloomberg Barclays 3 Month LIBOR.

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

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

<sup>5</sup>Real Estate Equity Fund is valued quarterly. The market value are shown as of the 9/30/18 while the performance is reported as of the date of the performance report.

<sup>6</sup>Sum contribution of daily benchmark returns, dynamically weighted by the component primary benchmarks' associated funds' daily beginning market value over the aggregate beginning market value.

# Nevada System of Higher Education Performance

## As of January 31, 2019

Investment	Market Value	QTD	FYTD	Annualized				
				1 Years	3 Years	5 Years	Since Inception	Inception Date
Total Assets – Net	106,852,523	5.44	-1.19	-3.76	--	--	5.94	1/1/2017
<i>Daily Dynamic Benchmark<sup>1</sup></i>		5.29	0.00	-2.10	--	--	6.92	
<i>Strategic Allocation Benchmark<sup>2</sup></i>		5.33	0.18	-1.71	--	--	7.03	

Investment	Market Value	QTD	FYTD	Annualized				
				1 Years	3 Years	5 Years	Since Inception	Inception Date
Growth – Net	73,476,372	8.02	-1.41	-5.18	--	--	7.10	1/1/2017
<i>Custom Benchmark<sup>3</sup></i>		7.57	-1.37	-4.82	--	--	7.86	
Diversifiers – Net <sup>4</sup>	12,020,599	-1.17	-6.16	-6.39	--	--	-0.32	3/1/2017
<i>LIBOR+4%<sup>4</sup></i>		0.53	3.62	6.06	--	--	5.60	
Real Assets – Net <sup>5</sup>	5,534,827	0.00	3.41	7.08	--	--	6.49	4/1/2017
<i>NFI-ODCE-EQ-E&amp;F</i>		0.00	3.67	8.25	--	--	7.83	
Fixed Income & Cash	15,820,726	1.28	2.21	1.45	--	--	1.70	1/1/2017
<i>Custom Benchmark<sup>6</sup></i>		0.79	2.37	2.25	--	--	2.13	

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

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

<sup>2</sup>Currently consists of: 68.0% Multi-Asset Core Plus Composite Bmk, 12.0% LIBOR + 4%, 5.0% NCREIF Open-End E&F, 10.0% Bloomberg Barclays Aggregate, 5.0% Bloomberg Barclays 3 Month LIBOR.

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

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

<sup>5</sup>Real Estate Equity Fund is valued quarterly. The market value are shown as of the 9/30/18 while the performance is reported as of the date of the performance report.

<sup>6</sup>Sum contribution of daily benchmark returns, dynamically weighted by the component primary benchmarks' associated funds' daily beginning market value over the aggregate beginning market value.

# Nevada System of Higher Education Performance

## As of February 28, 2019

Investment	Market Value	QTD	FYTD	Annualized				
				1 Years	3 Years	5 Years	Since Inception	Inception Date
Total Assets – Net	109,048,442	7.20	0.46	0.28	--	--	6.53	1/1/2017
<i>Daily Dynamic Benchmark<sup>1</sup></i>		7.21	1.83	2.43	--	--	7.56	
<i>Strategic Allocation Benchmark<sup>2</sup></i>		7.23	1.99	2.74	--	--	7.66	

Investment	Market Value	QTD	FYTD	Annualized				
				1 Years	3 Years	5 Years	Since Inception	Inception Date
Growth – Net	75,063,598	10.17	0.55	0.31	--	--	7.82	1/1/2017
<i>Custom Benchmark<sup>3</sup></i>		10.31	1.14	1.44	--	--	8.83	
Diversifiers – Net <sup>4</sup>	12,305,502	1.12	-3.98	-6.07	--	--	0.85	3/1/2017
<i>LIBOR+4%<sup>4</sup></i>		1.07	4.18	6.15	--	--	5.66	
Real Assets – Net <sup>5</sup>	5,534,827	0.00	3.41	7.08	--	--	6.22	4/1/2017
<i>NFI-ODCE-EQ-E&amp;F</i>		0.00	3.67	8.25	--	--	7.51	
Fixed Income & Cash	16,144,515	1.52	2.45	2.62	--	--	1.75	1/1/2017
<i>Custom Benchmark<sup>6</sup></i>		0.82	2.40	2.92	--	--	2.06	

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

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

<sup>2</sup>Currently consists of: 68.0% Multi-Asset Core Plus Composite Bmk, 12.0% LIBOR + 4%, 5.0% NCREIF Open-End E&F, 10.0% Bloomberg Barclays Aggregate, 5.0% Bloomberg Barclays 3 Month LIBOR.

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

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

<sup>5</sup>Real Estate Equity Fund is valued quarterly. The market value are shown as of the 9/30/18 while the performance is reported as of the date of the performance report.

<sup>6</sup>Sum contribution of daily benchmark returns, dynamically weighted by the component primary benchmarks' associated funds' daily beginning market value over the aggregate beginning market value.



# Nevada System of Higher Education

## Manager lineup as of January 31, 2019

ASSET CLASS				
Multi-Asset	Alternative	Fixed Income		Private Real Estate
RUSSELL (RIIFL) FUNDS				
RIIFL Multi-Asset Core Plus Fund	Russell Investments Managed Hedge Funds	RIIFL Core Bond Fund	RIIFL Absolute Return Fixed Income Fund	Real Estate Equity Fund
MANAGERS/STRATEGIES				
75% Global Equity	Aristeia International Ltd.	Colchester Global Investors Limited Alpha Overlay	Hermes Investment Management Limited	INVESCO Core Real Estate USA Core
15% Marketable Real Assets	CapeView Azri Fund	Logan Circle Partners, L.P. Sector Specialist	H2O AM LLP	Morgan Stanley Prime Property Fund Core
10% Global Fixed Income	CapeView Azri 2X Fund	Pareto Investment Management Limited Alpha Overlay	Putnam Advisory Company, LLC	MetLife Commercial Mortgage Income Fund, LP Core
	CVI Emerging Markets Credit Value Fd Ltd	Schroder Investment Management North America Inc. Sector Specialist	THL Credit Advisors LLC	RREEF America REIT II
	Eminence Fund Leveraged	Scout Investments, Inc. Fully Discretionary	Russell Investments positioning strategies*	
	GS Global Eq. Market Neutral Insights	Western Asset Management Company Fully Discretionary		
	Highline Enhanced, Ltd.	Western Asset Management Company - Bank Loan Sector Specialist		
	Jet Capital Concentrated Offshore Fd Ltd	Russell Investments positioning strategies*		
	Massar Macro Commodity Fund Ltd			
	PIMCO Tactical Opportunities Offshore			
	The Winton Fund			
	Trend Macro Offshore Ltd.			
	York Asian Opportunities Unit Trust			

Advisors listed are current as of January 31, 2019. Russell Investments has the right to engage or terminate an advisor at any time and without notice.

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

# Appendix

# Russell Investments Fund Review

Fourth Quarter 2018

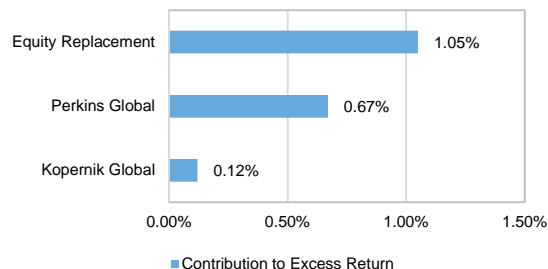
# RIIFL Multi-Asset Core Plus Fund – period ending December 31, 2018

## Strategy

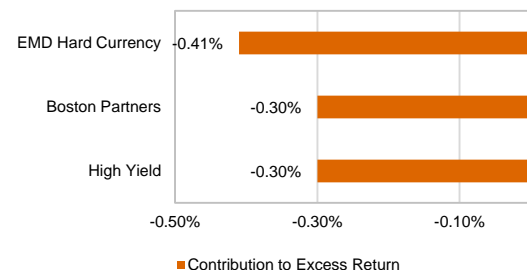
The Multi-Asset Core Plus Fund has a strategic allocation of 75% global equity, 15% real assets (global REITs, listed infrastructure, and commodities), and 10% diversifying fixed income. The Fund is dynamic in nature and so the portfolio manager is allowed to deviate up to +/- 10% from the strategic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

## Excess Return Attribution 4Q 2018<sup>5</sup>

### Top three contributors to excess return



### Top three detractors from excess return



## Performance

	4Q2018	Year to Date	One Year	Annualized Three Years	Annualized Five Years	Inception to date <sup>1</sup>
RIIFL Multi-Asset Core Plus Fund	-10.12%	-8.24%	-8.24%	6.67%	4.97%	6.55%
Multi-Asset Core Plus Composite Index <sup>2</sup>	-11.11	-8.26	-8.26	5.94	4.22%	5.85

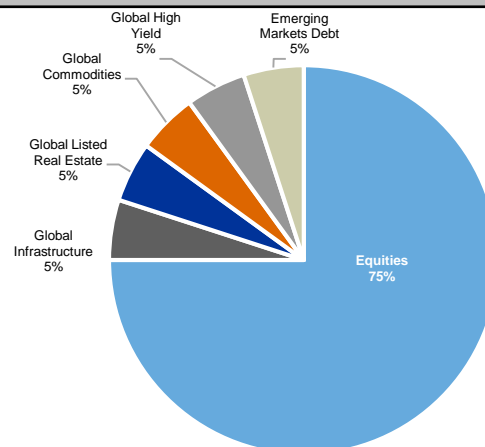
<sup>1</sup>Fund inception date is 02/28/2013.

<sup>2</sup>The Multi-Asset Core Plus Composite Index is currently comprised of 75% MSCI ACWI IMI 50% Hedged Index Net (USD) / 5% Bloomberg Commodity Index / 5% FTSE EPRA/NAREIT Developed Real Estate Index Net / 5% S&P Global Infrastructure Index (Net) / 5% ICE BofAML Developed Markets High Yield Constrained Bond Index USD Hedged / 5% JP Morgan EMBI Global Diversified Index.

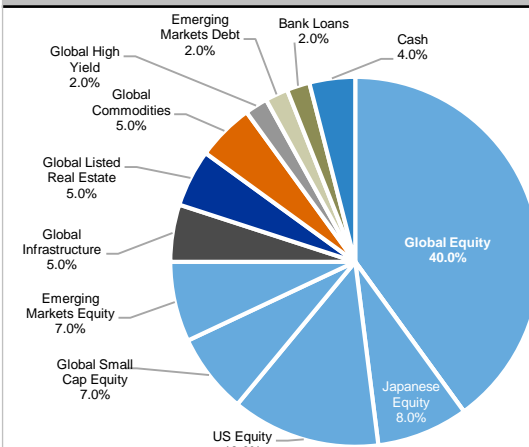
## Characteristics

	4Q2018		3Q2018	
<b>Total Net Assets</b>	\$5.50B		\$5.68B	
<b>Global Equity<sup>5</sup></b>	<b>Fund</b>	<b>Benchmark<sup>6</sup></b>	<b>Fund</b>	<b>Benchmark<sup>6</sup></b>
Portfolio P/E	15.2	15.8	17.7	18.5
Portfolio P/E – I/B/E/S 1 yr. Forecast EPS	13.8	13.2	15.6	16.4
\$ Weighted Average Market Capitalization	\$85.4B	\$109.3B	\$87.5B	\$113.2B
<b>Return Seeking Fixed Income<sup>5</sup></b>	<b>Fund</b>	<b>Benchmark<sup>7</sup></b>	<b>Fund</b>	<b>Benchmark<sup>7</sup></b>
Current Yield (%)	6.5	6.2	6.2	6.1
Weighted Average Duration	4.4	4.3	3.8	3.9
Average Credit Quality	A3	A3	A3	A3

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



## Actual Asset Allocation as of 12/31/2018



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

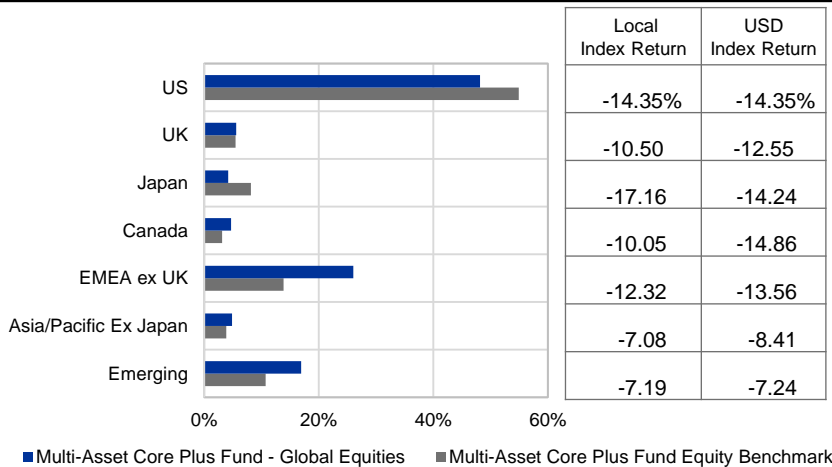
<sup>4</sup>Strategic allocations may vary based on tactical allocations made by the portfolio manager, which may allow the weightings of each asset class to take advantage of potential opportunities as market and economic conditions change;

<sup>5</sup>Source: FactSet; <sup>6</sup>Multi-Asset Core Plus Fund Equity Benchmark is 90% MSCI ACWI IMI Index Net / 5% FTSE EPRA/NAREIT Developed Real Estate Index Net / 5% S&P Global Infrastructure Index (Net). Effective 1/1/18, the MSCI ACWI IMI Index Net replaced the Russell Global Index; <sup>7</sup>50% ICE BofAML Global High Yield 2% Constrained Index TR USDH, 50% JP Morgan Emerging Market Bond Index Global (USD).

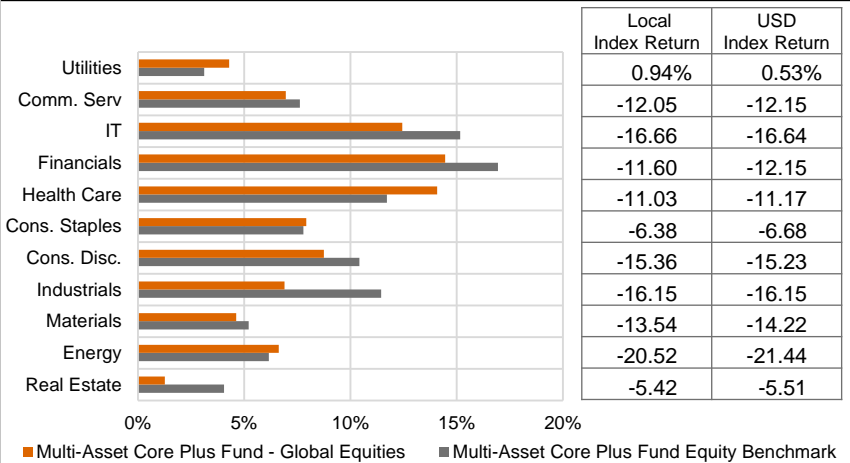
# RIIFL Multi-Asset Core Plus Fund – period ending December 31, 2018

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

### Regional Exposure

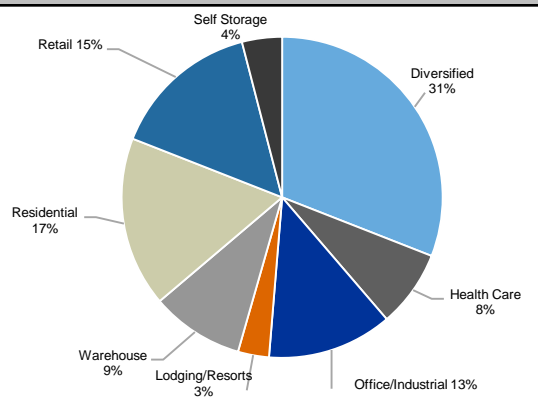


### Sector Exposure

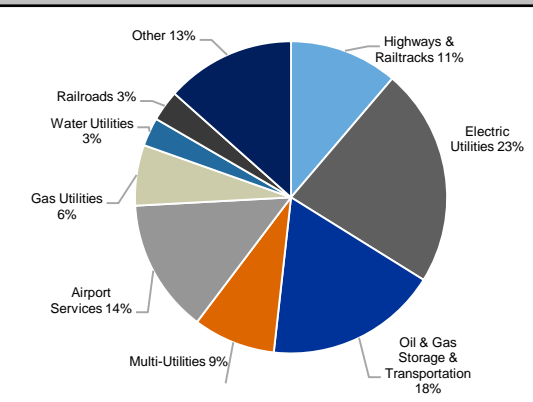


## Real Assets<sup>5</sup>

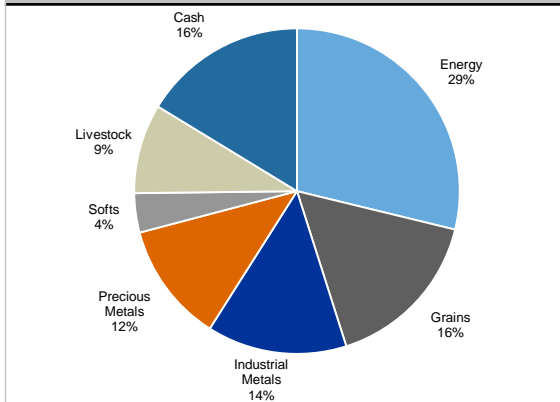
### Global Real Estate Exposure



### Global Infrastructure Exposure



### Commodities Exposure



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

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

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

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

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

# RIIFL Multi-Asset Core Plus Fund

## Fund positioning – Fourth Quarter 2018

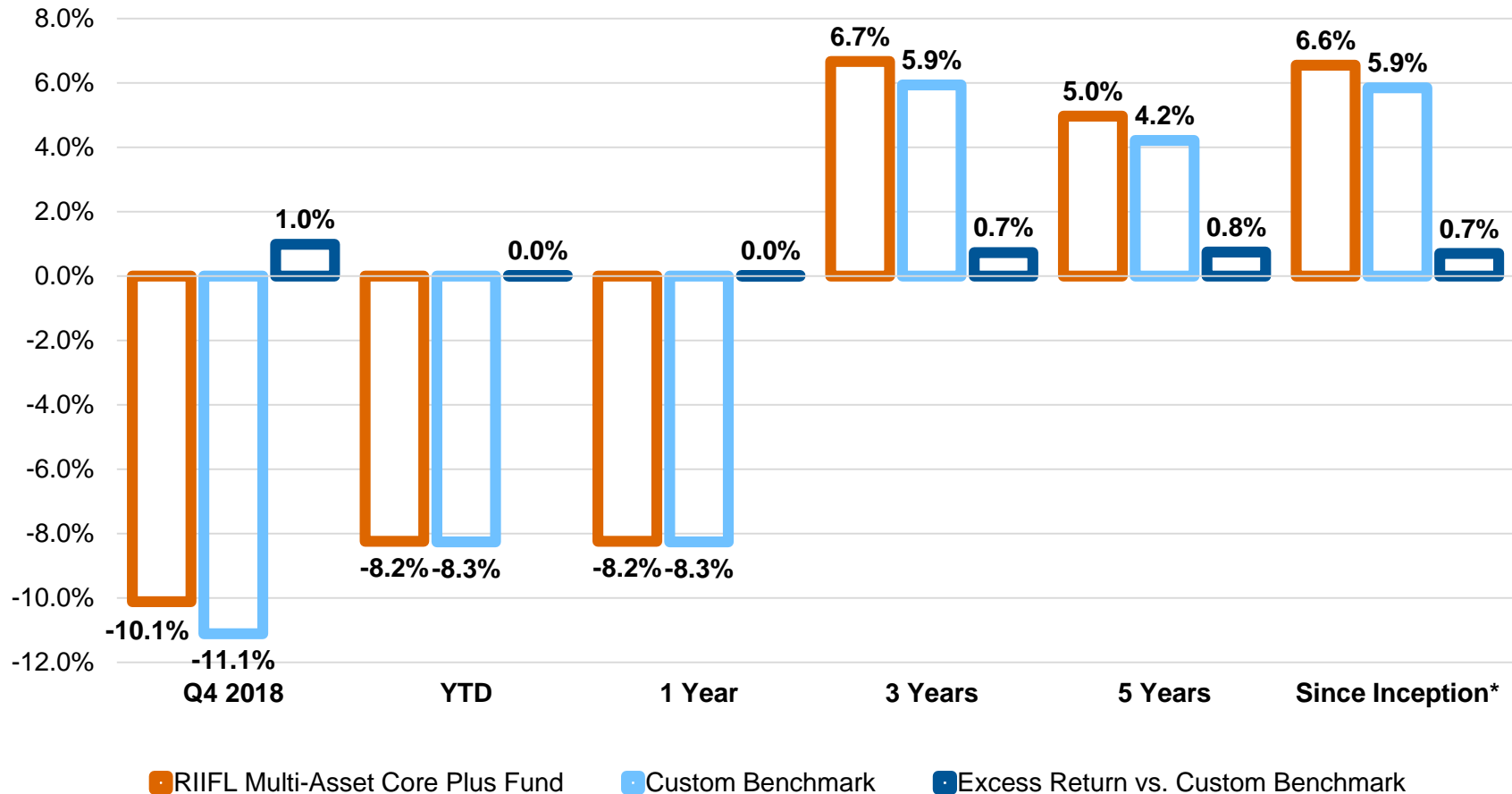
Performance Impact	Description
++	Significantly positive
+	Positive
-	Negative
--	Significantly negative

Design	Justification	Quarterly Impact	PM Action
Loans and local EMD	Diversity following a period of strong equity/credit returns and low volatility	++	Maintained position.
Currency Factor Strategies	Diversify excess return sources and add return sources that are not driven by pure beta	flat	Maintained position.
Global Adjusted Real Yield ("GARY")	Take long positions in high quality government bonds whose yields are relatively high with short interest rate risk where the real yield is expected to be relatively low.	+	Maintained position.
Construct	Justification	Quarterly Impact	PM Action
Active manager stock selection as the main driver of excess returns	Idiosyncratic in nature; Russell Investments has differentiated research and managers with skill	++	Terminated Polaris, Wellington and Hermes; hired Sompo, Oaktree EM and Atlantic
Manage	Justification	Quarterly Impact	PM Action
Overweight Securitized, underweight high yield credit	Favor consumer risk over corporate credit risk	+	Trimmed HY underweight.
Overweight Europe (hedged)	Low valuations, a supportive ECB and earnings improving could lead to outperformance	flat	Maintained position.
Overweight EM	Improving economic growth and low valuations attractive	+	Moved to overweight.
Equity replacement strategy	Participate in the upside while protecting downside in market movements	++	Dialed up risk levels but remained underweight
Underweight REITs	Expensive relative to their historical levels, not likely to perform well in a rising interest rate scenario	+	Moved to underweight REITs at end of the quarter.
Underweight Infrastructure	Expensive relative to their historical levels, not likely to perform well in a rising interest rate scenario	-	Maintained position.
Value, defensive managers over growth	Attractive valuation and style given the stretched momentum displayed in growth style.	+	Trimmed some defensiveness.

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# RIIFL Multi-Asset Core Plus Fund

Performance as of December 31, 2018



\*Inception date: 2/28/2013

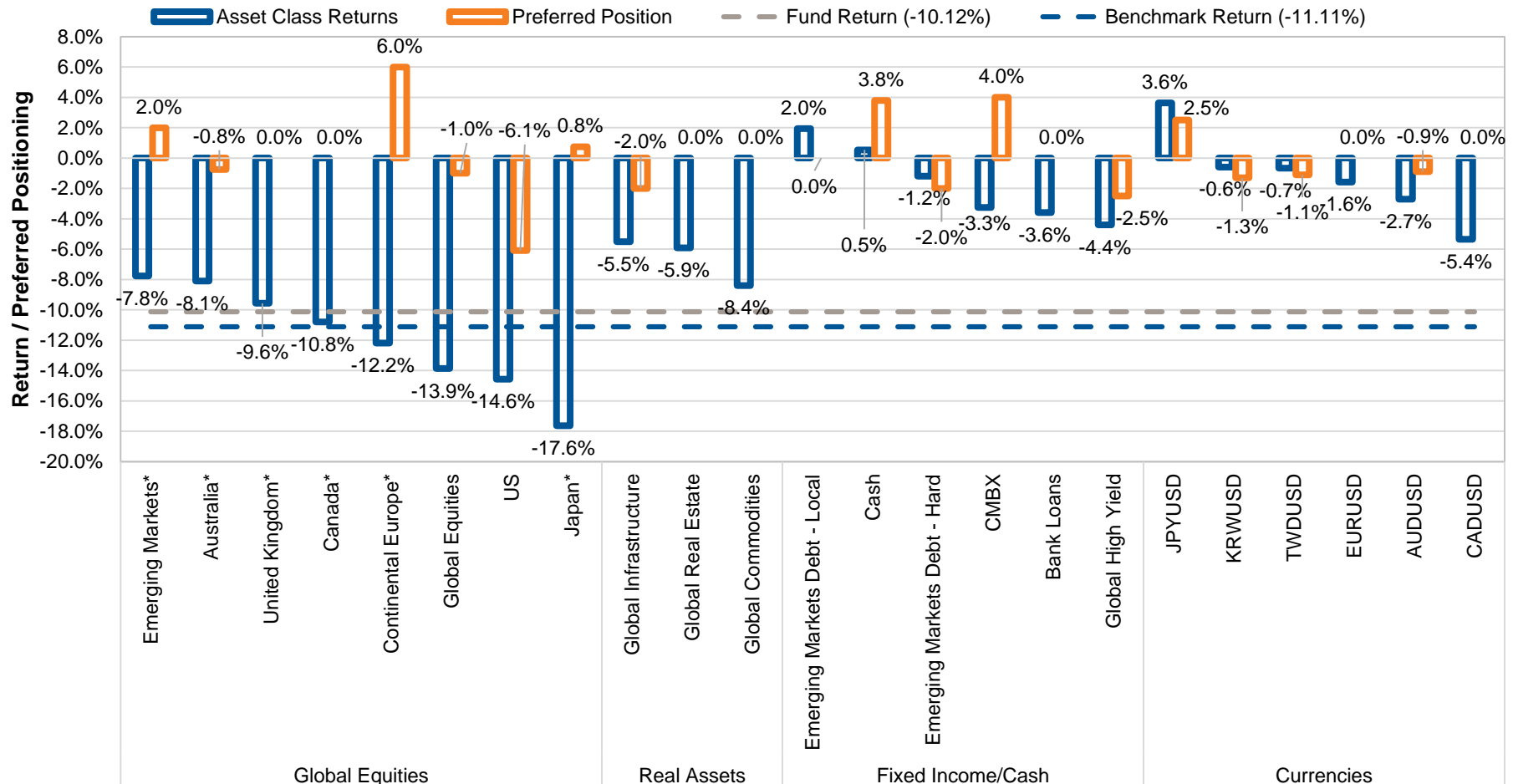
From 1/1/18, the Multi-Asset Core Plus Fund Composite Benchmark consists of: 75% MSCI ACWI IMI 50% Hedged Net Index, 5% Bloomberg Commodity Index Total Return (USD), 5% FTSE EPRA/NAREIT Developed Real Estate Index (Net), 5% S&P Global Infrastructure Index Net (USD), 5% BofAML Developed Markets High Yield Constrained Index (USD hedged), 5% JP Morgan EMBI Global Diversified Index. Prior to 1/1/18, the Multi-Asset Core Plus Fund Composite Benchmark consists of: 75% Russell Global Index 50% Hedged, 5% Bloomberg Commodity Index Total Return (USD), 5% FTSE EPRA/NAREIT Developed Real Estate Index (Net), 5% S&P Global Infrastructure Index Net (USD), 5% BofAML Global High Yield 2% Constrained Index TR USDH, 5% JP Morgan Emerging Market Bond Index Global (USD).

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

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# RIIFL Multi-Asset Core Plus Fund

## Preferred positioning and asset class returns for Q4 2018



\*Based on MSCI indexes returns in local currency.

All currency returns are spot returns vs. USD.

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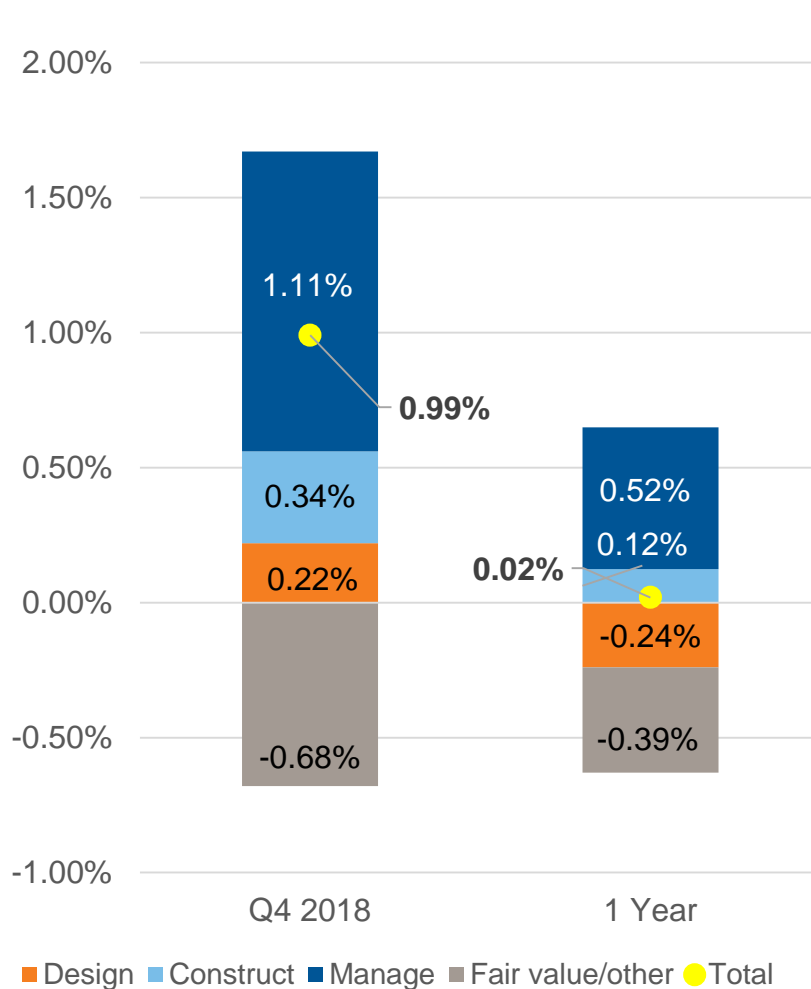
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# RIIFL Multi-Asset Core Plus Fund

## Quarterly excess return attribution detail as of December 31, 2018



**Design:** was positive in Q4, adding 22bps.

- > Strategic underweight to EMD local currency, exposure to bank loans, GARY real yield helped, while exposure to EMD hard currency and currency trend partially offset the excess return

**Construct:** active managers contributed 34bps

- > Perkins was the most notable contributor, adding 67bps. Its defensive and low volatility style added value during the volatile quarter. An overweight to consumer staples and underweight to financials and exposure to EM were additive.
- > Kopernik also added 51bps, benefiting from overweight and selection within EM materials sector.
- > Boston Partners detracted 30bps due to overweight to industrials and energy.
- > The Active Positioning Strategy added 29bps due to defensive and low volatility style

**Manage:** tactical asset allocation was additive in Q4.

- > The equity replacement strategy with an underweight to US equity and overweight to cash was a notable contributor, adding 105bps
- > Overweight to securitized contributed 34bps and duration strategy added 13bps
- > Above neutral exposure to real estate through REITs and ETF added 19bps while underweight to infrastructure detracted 15bps as both asset classes outperformed US equity
- > Overweight to JPY and underweight to AUD contributed as well, adding 9bps

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

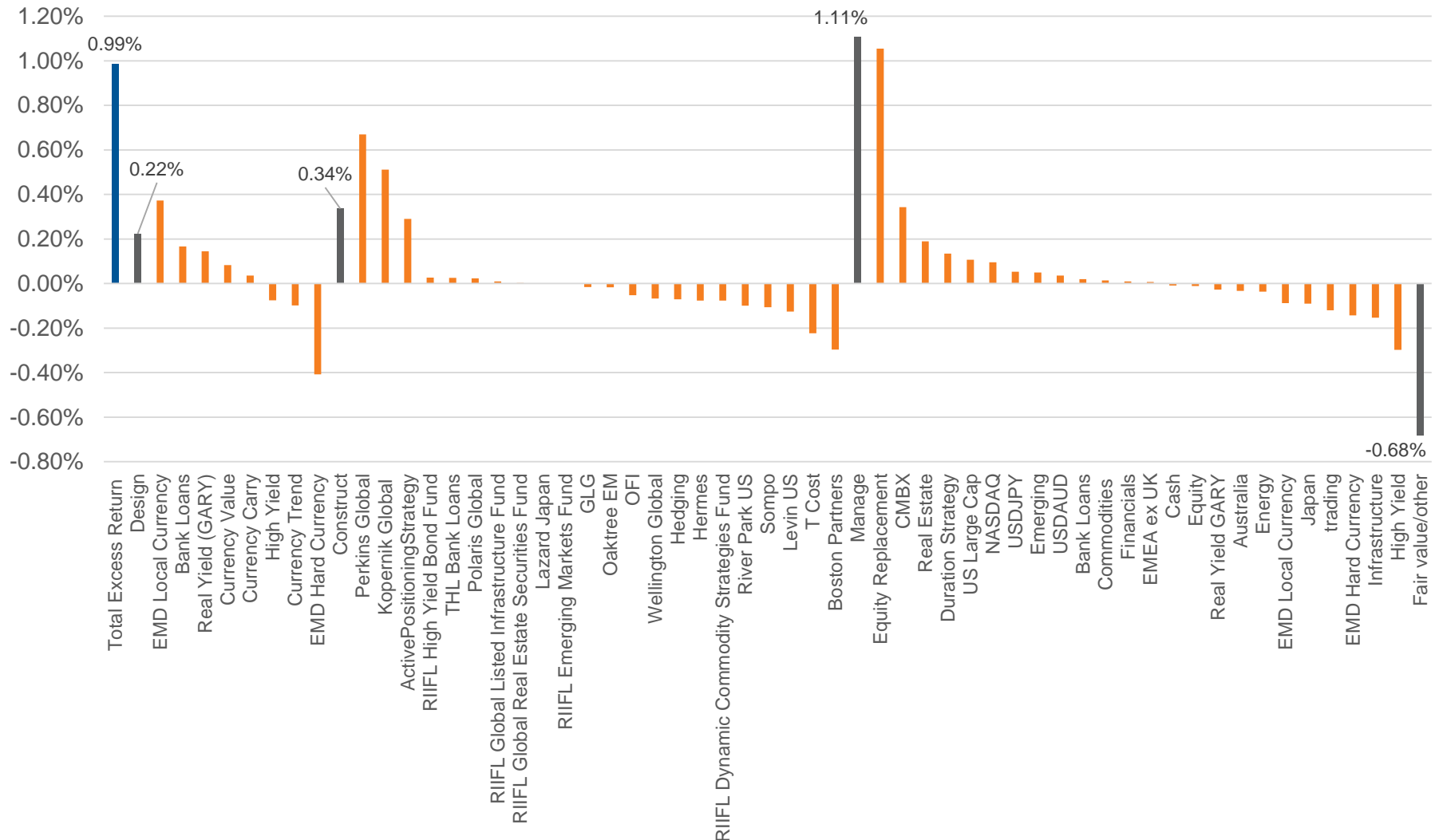
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The investment strategies are the goals of the individual managers; there is no assurance that the exact objective will always be met.

# RIIFL Multi-Asset Core Plus Fund

Detailed quarterly excess return attribution detail as of December 31, 2018



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

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

# RIIFL Multi-Asset Core Plus Fund

Strategic asset allocation and manager lineup as of December 31, 2018

ASSET CATEGORY													
Global Equity 75.0%					Real Assets 15.0%			Return Seeking Fixed Income 10.0%				Cash 0.0%	Risk Premia Strategies 0.0%
ASSET CLASS													
Global Equities 40.0%	Regional Large Cap 13.0%	Regional Small Cap 7.0%	Emerging Markets 7.0%	Japanese Equity 8.0%	Global Real Estate 5.0%	Global Infrastructure 5.0%	Global Commodities 5.0%	Global High Yield 2.0%	Bank Loans 2.0%	Securitized 4.0%	Emerging Markets Debt 2.0%	Cash 0.0%	Currency 0.0%
MANAGERS/STRATEGIES													
Janus (Perkins) 7.0%	Levin (US Equities) 6.0%	Boston Partners 7.0%	Oaktree 7.0%	Sompo 8.0%	RIIFL Global Real Estate Securities 5.0%	RIIFL Global Listed Infrastructure Fund 5.0%	RIIFL Dynamic Commodity 5.0%	RIIFL High Yield Bond Fund 2.0%	THL 2.0%	Putnam 4.0%	GLG 2.0%	Cash 0.0%	RIM Currency Factor Strategy 0.0%
Kopernik 5.0%	RiverPark (US Equities) 7.0%				Deutsche Asset and Wealth Management	Cohen & Steers	CoreCommodity Management, LLC	Barings					Carry
Atlantic 6.0%						Nuveen	Mount Lucas	DDJ					Value
OFI 8.0%							RIM Positioning Strategy - Backwardation	Hermes Investment Management					Trend
RIM Positioning Strategies 14.0%							RIM Positioning Strategy - Dynamic	RIM Positioning Strategies					

Allocations and Managers/Funds/Strategies are as of December 31, 2018. Current data may be different. Russell Investments has the right to engage or terminate a manager at any time and without notice.

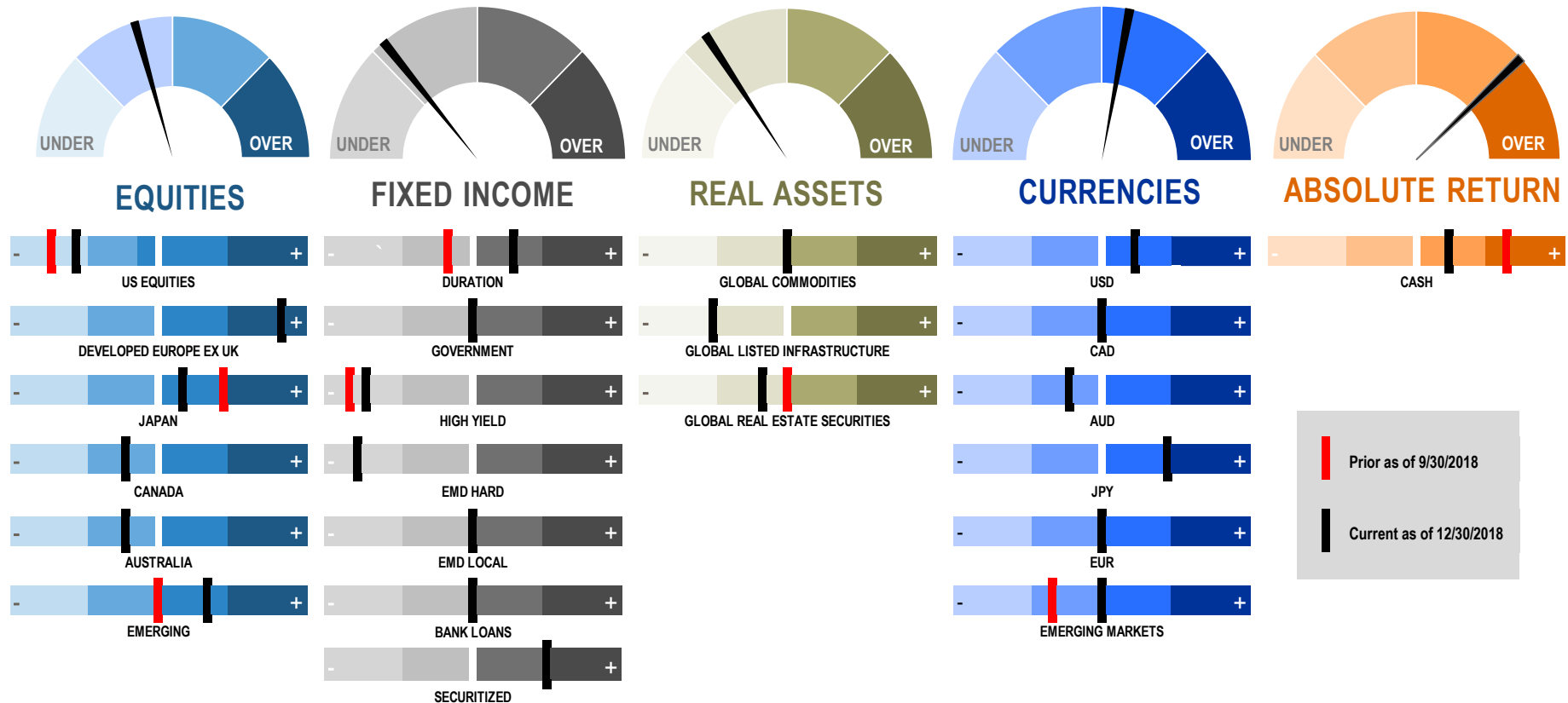
The Multi-Asset Core Plus Fund is a dynamic, diversified portfolio designed to capture market opportunities. The underlying allocations to various asset classes will shift over time, but the overall strategic allocation will remain 75% global equity/15% marketable real assets/10% diversifying fixed income.

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

# RIIFL Multi-Asset Core Plus Fund

## Positioning entering 1Q 2019



- **Risk Control:** We are maintaining risk levels below long term strategic levels, but materially higher than the start of the quarter/year
- **Underweight US, overweight EMEA ex-UK and EM:** In early Nov, we trimmed Japan overweight and moved to overweight in EM.
- **Added to duration:** Increased duration by using mostly 5-year treasuries when yields were above 3%, moving overweight to duration for the first time in many years.
- **Underweight credit and overweight securitized:** We continue to favor consumer risk over corporate credit risk

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

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

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# RIIFL Multi-Asset Core Plus Fund

## Developments and outlook

### Fund Activity

- > Increased equity risk by 6%, still remains slightly underweight.
- > Increased duration by using mostly 5-year treasuries, moving overweight to duration for the first time in many years.
- > Terminated Polaris global equity, Wellington global equity, and Hermes European equity mandates; hired Sompo Japanese equity, Oaktree EM, and Atlantic global equity mandates.
- > Continued to trim growth managers and add to value managers. Currently the portfolios have a tilt to value over growth style.

### Fund Outlook & Positioning

- > Beta remains around 0.97. With move up in volatility, we are not using options to participate on the upside and are utilizing idiosyncratic bets instead.
- > Increased U.S. equity exposure but it remains our largest underweight to fund overweight to Europe ex UK, emerging markets equities.
- > Remains underweight credit and overweight securitized.
- > Currently tilted to overweight value manager vs. growth managers given the stretched momentum displayed in growth style.

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

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# RIIFL Core Bond Fund – period ending December 31, 2018

03/29/19 Supplemental Material, INV-3a

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## Objective

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

Quality distribution <sup>1,*</sup>	Fund %	Index %
AAA	56.2	72.9
AA	9.2	3.4
A	11.5	10.0
BBB	13.6	13.7
BB	2.7	0.0
B	0.7	0.0
CCC & Below	0.3	0.0
Unrated	5.8	0.0

Maturity distribution <sup>1</sup>	Fund (%)	Index (%)
0 to 3 Years	11.2	22.5
3 to 5 Years	25.5	17.7
5 to 7 Years	37.4	15.6
7 to 10 Years	8.9	28.4
10 to 15 Years	2.6	1.4
15 to 20 Years	4.0	2.3
20 to 25 Years	2.7	4.3
25+ Years	7.7	7.8

<sup>1</sup> Source: FactSet

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

Performance	Annualized					Inception to date <sup>1</sup>
	4Q2018	Year to date	One year	Three years	Five years	
RIIFL Core Bond Fund	1.74%	-0.49%	-0.49%	2.32%	2.68%	4.83%
Bloomberg Barclays US Aggregate Bond Index	1.64	0.01	0.01	2.06	2.52	3.71

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

Characteristics <sup>1</sup>	4Q2018		3Q2018	
	Fund	Bloomberg Barclays US Aggregate Bond Index	Fund	Bloomberg Barclays US Aggregate Bond Index
Total Net Assets	\$2.28B	\$20.84T	\$2.41B	\$20.30T
Current Yield	3.75%	3.28%	4.10%	3.45%
Weighted Average Yield to Maturity	3.8%	3.3%	4.1%	3.5%
Weighted Average Life	8.9yrs	8.3yrs	8.7yrs	8.3yrs
Weighted Average Duration	6.0yrs	5.9yrs	6.2yrs	6.0yrs
Average Quality*	Aa3	Aa2	Aa3	Aa2

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

Sector weightings(%) <sup>1,2,3</sup>		
	Fund	Index
Developed Govt/Govt-Related	36.0	43.3
Investment Grade Credit	21.7	24.2
High Yield	4.8	0.0
Commercial Mortgage Backed	4.8	1.9
Residential Mortgage Backed	21.2	28.2
Asset Backed	3.8	0.5
Emerging Markets Debt	4.5	1.7
Net Cash & Equivalents	3.2	0.0
Uncategorized	0.1	0.1

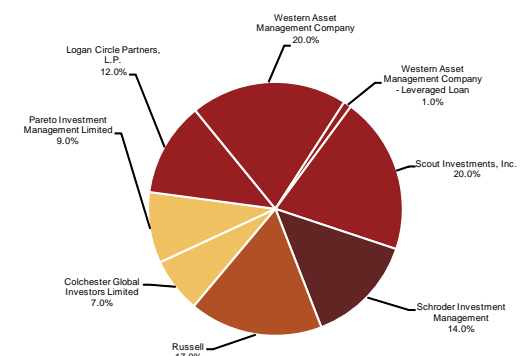
<sup>1</sup> Sector Allocations may not equal 100 percent as a result of the fund's use of certain financial instruments such as futures, forwards, options, swaps and when issued transactions or forward commitments. In the event short positions are created, they may be reflected as negative weightings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

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

<sup>3</sup> Source: FactSet

Fund manager styles		
Target weightings %	4Q2018	3Q2018
■ Fully Discretionary	53.0	53.0
■ Alpha Overlay	16.0	16.0
■ Russell strategies	17.0	17.0
■ Security Specialist	14.0	14.0

## Manager diversification



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

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

# RIIFL Core Bond Fund Performance summary: 4<sup>th</sup> Quarter 2018

## Strategic Beliefs

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

## Fund positioning entering the quarter

- › The Fund had a slightly long duration position, as Russell Investments has continued to see the U.S. market show strength, as the unemployment rate grinded lower. This put pressure on the U.S. Federal Reserve (Fed) to keep up with inflation.
- › Russell Investments held a favourable view of credit but had significantly reduced the Fund's positioning within investment grade corporates and rotated into securitized assets in the later stages of the credit cycle.

## Drivers of performance

	4 <sup>th</sup> Qtr.	YTD	ANNUALIZED					Inception Date
			1 YR	3 YR	5 YR	10 YR	Since Inception	
RIIFL Core Bond Fund	1.74%	-0.49%	-0.49%	2.32%	2.68%	5.31%	4.83%	7/1/2008
Bloomberg Barclays U.S. Aggregate Bond Index	1.64%	0.01%	0.01%	2.06%	2.52%	3.48%	3.71%	

## QUARTERLY REVIEW

Drivers	Impact	Commentary
Currency	+	The Fund's currency positions added value, with the 'emerging carry' and 'developed value' factors the best performers..
Bank Loans	–	Out-of-benchmark exposure to bank loans detracted, as bank loans experienced weak demand in the face of increased volatility during the quarter.
Sector Rotation	+	The Fund's overweight to securitized products and underweight to investment grade corporates was rewarded, as credit spreads of corporates saw significant widening during the risk-off quarter.

## 12 MONTH REVIEW

Drivers	Impact	Commentary
Real Yield	–	The Fund's global real yield positioning strategy detracted, as the spread between the long U.S. and short Germany positions widened to a 5-year high in November.
High Yield	–	An overweight to high yield and investment grade corporates detracted, as spreads significantly backed up in the fourth quarter as volatility rose
Non-Agency mortgage-backed securities (MBS):	+	An overweight to non-agency MBS securities was rewarded, as the sector had strong technical.

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

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

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# RIIFL Core Bond Fund

Advisor scorecard: 4<sup>th</sup> Quarter 2018

MANAGER	Colchester Global Investors Limited	Pareto Investment Management Limited	Western Asset Management Company	Western Asset Management Company – Leveraged Loan	Logan Circle Partners, L.P.	Scout Investments, Inc.	Schroder Investment Management	Russell Investments
Target Weight (%) <sup>1</sup>	7.0	9.0	20.0	1.0	12.0	20.0	14.0	17.0
STYLES	ALPHA OVERLAY	FULLY DISCRETIONARY					SECURITY SPECIALIST	POSITIONING STRATEGIES
Quarter Performance vs. Fund Benchmark	–	–	–	–	–	+	+	+
One Year Performance vs. Fund Benchmark	–	–	–	–	+	+	+	–

Performance Key: + Positive impact ; Flat fund and index return within +/- 10 basis points; – Negative impact relative to the fund's benchmark; n/a manager was terminated mid-quarter

## QUARTERLY COMMENTARY

- › **Scout Investments, Inc. (Scout)**, one of the Fund's full discretionary managers was the top performing manager for the quarter. **Scout** held an overweight to U.S. government bonds which was a top performing sector as treasuries tightened and corporates widened.
- › **Logan Circle Partners, L.P. (Logan Circle)**, the Fund's corporate investment grade specialist was the worst performing managers during the quarter. Logan held overweight's to higher spread products that underperformed as the market sold-off and credit spreads widened significantly. Security selection was also negative.
- › **The Fund's positioning strategies** provided the expected exposure to currency, real yields, and credit value. During the quarter, the credit value, currency and real yield strategies all outperformed.

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

Past performance is not indicative of future results.

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

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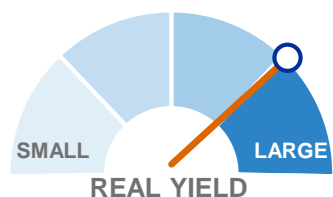
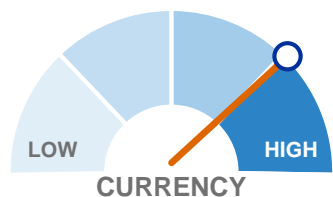
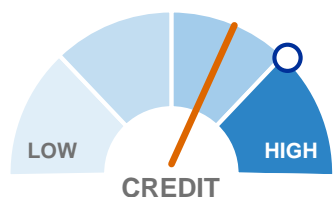
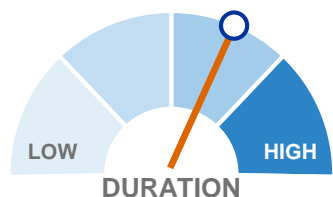
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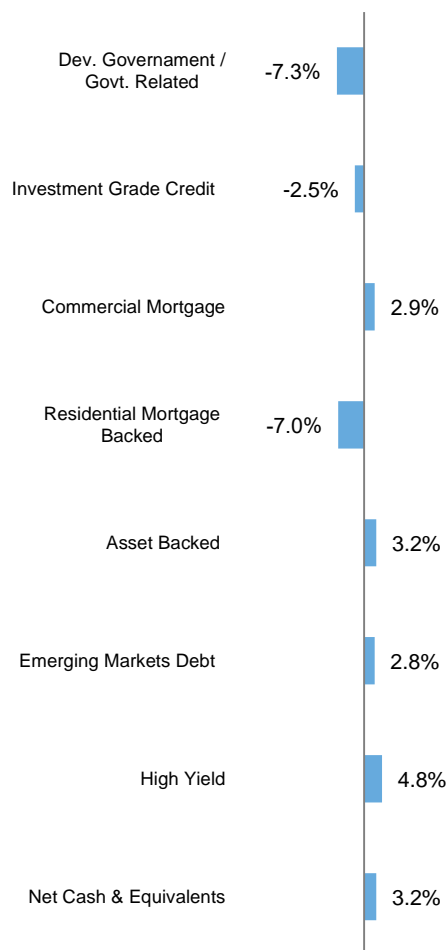
# RIIFL Core Bond Fund Outlook and positioning: 4<sup>th</sup> Quarter 2018

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



○ Strategic Position  
— Current Position

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



## FUND UPDATES

- There were no material changes to the Fund during the month.

## POSITIONING AND OUTLOOK

- Russell Investments continues to have a favourable view of credit, in-line with our strategic view. After the recent sell-off in credit, Russell Investments deployed some of the Fund's dry powder and increased the Fund's spread advantage in investment grade and high yield corporates. The Fund will continue to hold bank loan exposure as a lower risk source of yield from the credit markets.
- Russell Investments will continue to take advantage of, and refine, diversifying currency and cross-country strategies as the credit cycle matures and rates are challenged.
- Russell Investments added to the Fund's duration position as global strength is slowing which is shown by economic indicators along with the Fed becoming more dovish.

<sup>1</sup> Positioning is relative to the Fund's benchmark.

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

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# RIIFL Absolute Return Fixed Income Fund – period ending December 31, 2018

## Objective

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

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

	Fund %	Index %
AAA	40.0	100.0
AA	8.3	0.0
A	7.6	0.0
BBB	12.8	0.0
BB	16.6	0.0
B	10.0	0.0
CCC & Below	1.2	0.0
Unrated	3.7	0.0

<sup>1</sup>Source: FactSet

## 4Q Currency Exposure<sup>1</sup> (+)

	% Portfolio
CAD	2.63
CNH	1.84
NZD	0.79
AUD	0.83
JPY	0.63

## 4Q Currency Exposure<sup>1</sup> (-)

	% Portfolio
CHG	-2.84
ILS	-2.04
NOK	-2.00
CNY	-1.85
EUR	-0.80

<sup>1</sup> Source:FactSet

## Performance

	4Q2018	Year to date	One year	Three years	Five years	Inception to date <sup>1</sup>
RIIFL Absolute Return Fixed Income Fund	-0.18%	2.30%	2.30%	2.46%	--	2.22%
Bloomberg Barclays 3 Month USD LIBOR Cash Index <sup>2</sup> *	0.69	2.38	2.38	1.47	--	1.03

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

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

## Characteristics<sup>1</sup>

	4Q2018	3Q2018
	Fund	Barclays 3 Month USD LIBOR Cash Index
Total Net Assets	\$592.80M	\$550.59M
Weighted Average Yield to Maturity	4.97%	4.34%
Weighted Average Duration	1.4yrs	1.2yrs
Average Quality*	Baa3	Aa1

<sup>1</sup> Source: FactSet

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

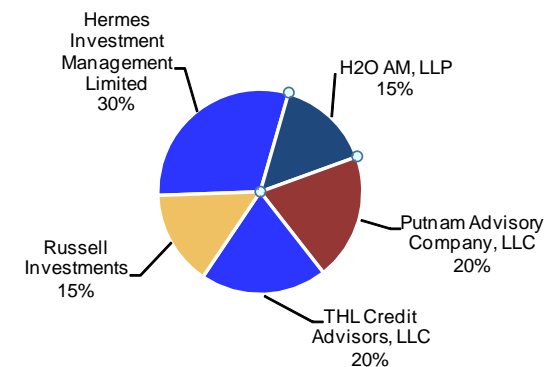
	Fund
Cash	11.73
Corporate High Yield	37.41
Corporate Investment Grade	20.54
Fx/Rates	1.28
Government	20.90
Government Related	1.44
Securitized	3.67
Emerging Markets	3.55
Other	-0.51

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

## Fund advisor styles

Target weightings %	4Q2018	3Q2018
Positioning Strategies	15	15
Mortgage Strategies	20	20
Yield	50	50
Diversifier	15	15

## Allocation of fund assets



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# RIIFL Absolute Return Fixed Income Fund Performance summary: 4<sup>th</sup> Quarter 2018

## Strategic Beliefs

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

## Fund positioning entering the quarter

- › The Fund had approximately 48% exposure to the core yield engine, slightly underweight its strategic target.
- › The Fund continued to have a small overweight to diversifiers, with most of the overweight coming from an allocation to cash.
- › The Fund had a small overweight to opportunistic strategies.

## Drivers of performance

	4 <sup>th</sup> Qtr	YTD	ANNUALIZED					Inception Date
			1 YR	3 YR	5 YR	10 YR	Since Inception	
RIIFL Absolute Return Fixed Income Fund	-0.18%	2.30%	2.30%	2.46%	---%	---%	2.22%	3/31/2014
Bloomberg Barclays 3 Month USD LIBOR Cash Index	0.69%	2.38%	2.38%	1.47%	---%	---%	1.03%	

## QUARTERLY REVIEW

Drivers	Impact	Commentary
Core Yield Engine	–	The core yield engine detracted, as credit spreads widened across the board. Spreads on short duration high yield (HY) bonds, on average, widened by 160bps, while U.S. leveraged loans were down circa 3.0%.
Opportunistic strategies	–	Weak performance in mortgage credit, particularly in the synthetic commercial mortgage-backed security (CMBS) positions drove underperformance. The prepayment strategy also detracted as interest rates in the U.S. moved markedly lower.
Diversifiers	+	The Long volatility mandate added value, especially in October as volatility spiked and risk-off sentiment filtered into markets. The currency factors performed well, with the value factor the best performing. Likewise, the rates-value strategy had strong returns.

## 12 MONTH REVIEW

Drivers	Impact	Commentary
Core-Yield Engine	+	The Fund's exposure to credit via both short duration high yield and loans drove performance up until September. However, gains from the core-yield engine detracted in the final quarter. The loan segment of the core yield engine also struggled, as strong demand for loans led to a stronger run-up earlier in the year, but also contributed to a more material drawdown towards the end of the year.
Opportunistic strategies	+	Mortgage credit exposure in the first half of the year, notably through CMBS both in physical and derivative positions drove outperformance. Prepayment strategies also added value, with reverse mortgages the most beneficial.
Diversifying strategies	+	The long volatility strategy performed well in a highly volatile first quarter and a risk-off episode at the end of the year. Meanwhile, positioning strategies struggled in the middle of the year but came back strongly as risk markets turned lower at the end of the year.

Performance Key: + positive impact; Flat fund and index within +/- 10 basis points; – negative impact relative to the fund's benchmark  
Fund Benchmark= Bloomberg Barclays 3 Month USD LIBOR Cash Index  
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# RIIFL Absolute Return Fixed Income Fund Advisor scorecard: 4<sup>th</sup> Quarter 2018

MANAGER	Putnam Advisory Company, LLC	H2O AM LLP	Hermes Investment Management Limited	THL Credit Advisory Company, LLC	Russell Investments
Target Weight (%) <sup>1</sup>	20.0%	15.0%	30.0%	20.0%	15.0%
STYLE	MORTGAGE STRATEGIES	DIVERSIFIER	YIELD		POSITIONING STRATEGIES
Quarter Performance vs. Fund Benchmark	–	+	–	–	+
One Year Performance vs. Fund Benchmark	+	n/a	n/a	n/a	–

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

## QUARTERLY COMMENTARY

- Putnam Advisory Company, LLC (Putnam) again underperformed for the quarter. This was primarily driven by risk-off sentiment driving CMBX spreads wider in the synthetic exposures in the Fund. Credit-risk-transfer exposure was also affected by the sell-off, but to a lesser degree. Furthermore, as interest rates moved markedly lower, the prepayment strategy detracted, particularly via interest-only strip (IO) exposure.
- H2O Asset Management LLP outperformed, driven by equity protection trades. Partial profits were taken in late October as equity volatility moved into a higher range. The remaining equity protection positions in the S&P500 delivered further returns in December as profits were taken before volatility surged to new highs near the end of the month. However, fixed income volatility trades detracted due to theta costs and gamma underperformance. FX positions were flat over the quarter.
- The Funds positioning strategy outperformed over the quarter. In FX, underweights to the Norwegian krone, Icelandic krona, and Swedish krona added value, as did overweights to the New Zealand dollar and Japanese yen. However, long positions to the Australian dollar and the euro detracted. Rates positioning was positive, benefitting from long duration positions in the U.S., Australia and Canada. This was marginally offset by the short positions in Germany and the UK.

Fund Benchmark= Bloomberg Barclays 3 Month USD LIBOR Cash Index

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

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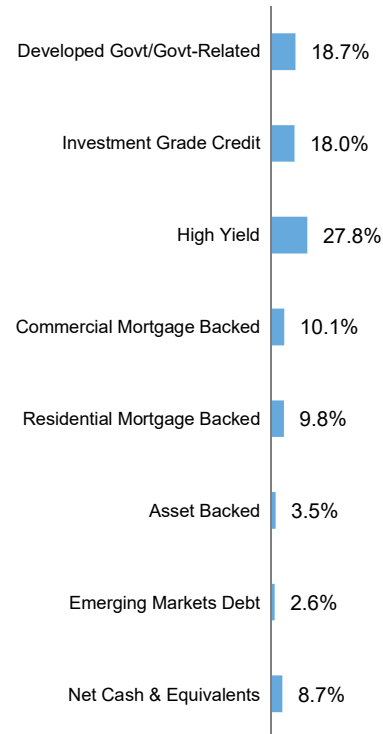
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# RIIFL Absolute Return Fixed Income Fund Outlook and positioning: 4th Quarter 2018

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



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



## FUND UPDATES

- There were no material changes to the Fund during the quarter:

## POSITIONING AND OUTLOOK

- Opportunistic Strategies (Manager): Russell Investments marginally increased the Funds already higher-than-strategic allocation to mortgage risk. The Putnam strategy exposes the Fund to a unique combination of risk factors that have good return potential and excellent diversification characteristics. As rates rise, agency IO's should perform well. CMBS offers decent value in a credit market that does not offer value in many places. Given underperformance in both of these markets recently, it was opportune to add to these exposures.
- Core Yield engine (credit): High yield exposure has risen closer to 50% as the sharp sell-off over the last quarter has allowed for increased exposure at more attractive levels. This has been achieved through tactical allocation of Fund flows, so as to reduce unnecessary transaction costs.
- Diversifiers (currency, real yield, volatility): Long volatility exposure has increased over the quarter as markets moved into a higher volatility environment. The Russell Investments currency positioning strategy is below the strategic weight. The Global real rates positioning strategy is now below its strategic weight given significant compression of the U.S. / German yield spread over December. The FX positioning strategy remains below strategic weight. Overall both sets of Russell Investments positioning strategies continue to play a key role in diversifying the Fund's return profile.

<sup>1</sup> Positioning is relative to the Fund's benchmark.

Fund Benchmark= Bloomberg Barclays 3 Month USD LIBOR Cash Index

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# Nevada System of Higher Education Managed Hedge Fund Solution

Performance summary: 4<sup>th</sup> Quarter 2018 (Gross estimated returns as of December 31, 2018)

## OBJECTIVE

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

## POSITIONING ENTERING THE QUARTER

- › Entering the quarter, the Portfolio was generally aligned with the target allocations after initiating a new position in GSAM's equity market neutral product on October 1st. We entered the quarter CVI, and we believe that this position will be accretive to the portfolio in coming quarters.
- › As we discussed last quarter, we transitioned from The Winton Fund ("TWF") into Winton Diversified Futures Fund ("WDFF") on December 1st. TWF changed its strategy mix significantly in 2018, and the move into WDFF leaves us with exposure to systematic macro strategies that we believe constitute Winton's core competency.

## Drivers of performance

	4 <sup>th</sup> Qtr	YTD	1 YR	ANNUALIZED			Inception Date
				2 YR	3 YR	Since Inception	
Managed Hedge Fund Solution	-3.51%	-5.56%	-5.56%	--	--	0.15%	02/01/16
HFRI Fund of Funds Diversified Index	-4.68%	-3.37%	-3.37%	--	--	1.62%	

## QUARTERLY PERFORMANCE DRIVERS

Drivers	Impact	Commentary
Relative Value	-	Relative Value, which was down -0.11% and detracted -0.03% from the Portfolio's return. The strategy comprises two strategies; Aristeia (multi-strategy credit), which was up during the quarter; and GSAM (quantitative equity market neutral), which was down.
Tactical Trading	-	Tactical Trading, which was down -3.80% and detracted -0.45% from the Portfolio's performance. Both discretionary and systematic strategies were down.
Event Driven	-	Event Driven, which lost -3.87% and detracted -1.47% from the Portfolio's return. Emerging market credit and Asian-focused event driven equity investments were down most during the quarter. PIMCO Tactical Opportunities Fund was the best performing fund, losing a modest -0.55% in Q4.
Equity Hedge	-	Equity Hedge, which was down -6.27% and detracted -1.44% from the Portfolio's return. The worst performer was Eminence, which was down -6.64% and detracted -0.76% from the Portfolio's return.

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

Market Indicator = Fund of Funds Diversified Index

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

# Nevada System of Higher Education Managed Hedge Fund Solution

Scorecard: 4<sup>th</sup> Quarter 2018 (Gross estimated returns as of December 31, 2018)

Fund	Aristeia	CapeView Azri	CapeView Azri 2X	CVI Emerging	Eminence Fund
Weight (%) <sup>1</sup>	17.73%	7.88%	3.68%	18.82%	23.04%
Quarter Performance	0.58%	-4.38%	-9.00%	-5.16%	-6.27%
One Year Performance	6.60%	--	--	-8.19%	-11.72%

STRATEGY	Event Driven	Tactical Trading	Relative Value	Equity Hedge
Quarter Performance	-3.87%	-3.80%	-0.11%	-6.27%
One Year Performance	-7.35%	-10.58%	5.86%	-11.72%

## QUARTERLY COMMENTARY

- › **Aristeia International Limited** ("Aristeia") gained +0.58, which contributed +0.10% to the Portfolio's return. This was a very good result in light of poor performance of credit generally. A handful of winners contributed most to gains, including Altaba, Seadrill and Puerto Rico sales tax (COFINA) bonds.
- › **CapeView Azri** and its enhanced-leverage version **CapeView Azri 2X** -4.38% and -9.00%, respectively. The combined strategy ("CapeView") detracted -0.68% from the Portfolio's return. CapeView had already reduced gross and net exposure prior to the fourth quarter, which mitigated portfolio losses. We continue to have a high level of confidence in CapeView, and we expect that the team will increase gross exposure later in 2019 while maintaining low net exposure compared to the historical average. Late in the economic cycle, CapeView has many ideas for its short portfolio.
- › **CVI Emerging Markets Credit Value Fund, Ltd.** ("CVI") was down -5.16%, which detracted -0.97% from the Portfolio's return. Negative performers included a Colombian E&P company as well as a Brazilian telecom company. Following the 2018 sell-off in emerging markets, CVI is bullish on the forward-looking opportunity set. It is actively deploying capital in Latin America and Asia, and we expect that performance will pick up significantly in 2019 and beyond.
- › **Eminence Fund Leveraged, Ltd.** ("Eminence") was down -6.64% and detracted -0.76% from the Portfolio's return. Eminence had started to reduce exposure in the portfolio in mid-2018, due to concerns about valuations and slowing growth, and this helped to mitigate negative performance. Eminence took advantage of the sell-off to refresh its portfolio with a number of new stocks while reducing positions in some of its longstanding holdings. On the long side of the portfolio, the Eminence team is looking defensive names, while on the short side, they are looking for high-beta names. Similar to the situation with CapeView, we expect more of an increase in gross exposure than net exposure in coming months.

Market Indicator = HFRI Fund of Funds Diversified Index

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

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

Funds listed are current as of December 31, 2018. Russell Investments has the right to engage or terminate a fund at any time and without notice.

# Nevada System of Higher Education Managed Hedge Fund Solution

Scorecard: 4<sup>th</sup> Quarter 2018 (Gross estimated returns as of December 31, 2018)

Fund	GSAM	PIMCO Tactical	Trend Macro	Winton	York Asian
Weight (%) <sup>1</sup>	9.38%	8.90%	8.15%	3.66%	10.33%
Quarter Performance	-2.09%	-0.70%	-3.61%	--	-4.10%
One Year Performance	--	--	-7.79%	--	--

STRATEGY	Event Driven	Tactical Trading	Relative Value	Equity Hedge
Quarter Performance	-3.87%	-3.80%	-0.11%	-6.27%
One Year Performance	-7.35%	-10.58%	5.86%	-11.72%

## QUARTERLY COMMENTARY

- › **PIMCO Tactical Opportunities Offshore Fund LP** ("PIMCO") lost -0.70% during the quarter, which detracted -0.06% from the Portfolio's return. Although securitized credit instruments performed well compared to corporate debt instruments, securitized credit spreads were not fully immune to the broader spread widening trend.
- › **Trend Macro Offshore Ltd** ("Trend") was down -3.61% and detracted -0.29% from the Portfolio's return. All four of the sub-asset classes experience losses during the quarter, with Credit and Rates performing worst. Credit was negatively impacted by investments in Argentina and on the rates side, being short Italian bonds negatively impacted results by. Trend's performance throughout 2018 was frustrating, as its very strong start to the year was overcome by losses on a handful of thematic trades. We have been in regular dialog with the manager to discuss portfolio positioning.
- › **York Asian Opportunities Unit Trust** ("York Asia") lost -4.10%, which detracted -0.42% from the Portfolio's return. York held up well throughout the volatility in October as markets sold off sharply, but then reported losses in November and December amidst a challenging environment for Asian equities. York Asia's CIO believes that the team's primary mistake was not reducing gross exposure sooner, especially in greater China. The fund is currently operating with lower gross exposure than six months ago, and we expect that gross exposure will likely increase later in 2019. The CIO will likely remain focused on investment opportunities in Japan as the market environment in China stabilizes.

Market Indicator = HFRI Fund of Funds Diversified Index

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

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

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

Funds listed are current as of December 31, 2018 Russell Investments has the right to engage or terminate an fund at any time and without notice.



# Nevada System of Higher Education Managed Hedge Fund Solution

Outlook and Positioning: 4<sup>th</sup> Quarter 2018 (Gross estimated returns as of December 31, 2018)

## ALLOCATION TO STRATEGIES

	4Q2018	3Q2018
<b>Tactical Trading</b>	11.8%	12.5%
<b>Relative Value</b>	27.1%	17.9%
<b>Event Driven</b>	38.1%	44.6%
<b>Equity Hedge</b>	23.0%	25.0%

## POSITIONING AND OUTLOOK

- › We have submitted a redemption to Aristeia's administrator that will reduce the Aristeia allocation significantly as of March 31. We plan to use the proceeds to add convertible arbitrage specialist Wolverine to the Portfolio. Although Aristeia does trade some converts, the large majority of its P&L over the over the past couple of year has come from its distressed portfolio. By contrast, most of Wolverine's P&L is expected to be driven by convertibles and associated volatility trading.
- › The major global stock indexes suffered their worst quarterly declines in roughly a decade, returning most benchmarks to levels last seen in the summer of 2017 and sending a number of them into drawdowns of more than 20% from peak levels. Equity volatility was also high, with the S&P 500 Index recording 10 days of moves of more than 3%. Navigating through a period of factor rotation and high volatility proved challenging for many hedge funds.
- › Following exceptionally strong global equity performance in January 2019, we see more catalysts for downside moves than continued gains in markets. A slowdown in global earnings and continued tension between the U.S. and China are key concerns. Additional concerns include the potential for a further slowdown in the Chinese economy, the Italian budget standoff and the uncertainty around Brexit. We expect more episodes of downside volatility in 2019, and we continue to believe that 2020 could be the time when the U.S. economy enters recession. We will continue to look for a balance of risk drivers within the Portfolio, and we look forward to improved alpha generation in the months ahead.

## ALLOCATIONS TO HEDGE FUND MANAGERS

	4Q2018	3Q2018
<b>Aristeia</b>	17.7%	17.9%
<b>CapeView</b>	7.9%	8.4%
<b>Cape View 2X</b>	3.7%	4.1%
<b>CVI Emerging</b>	18.8%	25.4%
<b>Eminence Fund</b>	11.5%	12.5%
<b>GSAM</b>	9.4%	0.0%
<b>PIMCO</b>	8.9%	9.1%
<b>Trend Macro</b>	8.2%	8.6%
<b>Winton</b>	3.7%	3.9%
<b>York Asian</b>	10.3%	10.0%

Market Indicator = HFRI Fund of Funds Diversified Index  
There is no guarantee that any stated expectations will occur.

# Russell Investments Institutional Funds LLC

## Real Estate Equity Fund (RIIFL REEF)

Performance Report – Fourth Quarter 2018

### Strategy

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

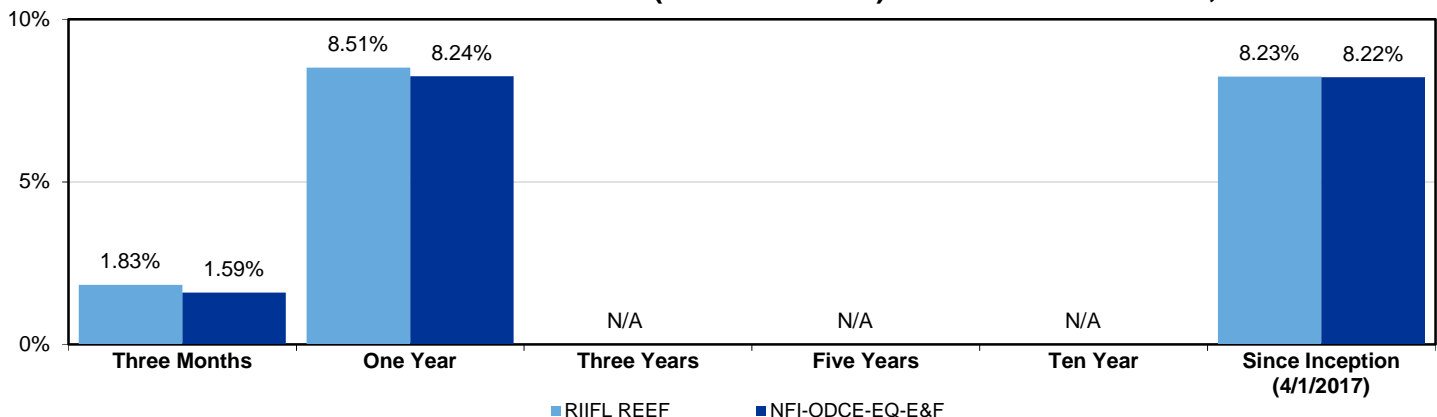
### Benchmark

NCREIF Fund Index Open-End Diversified Core Equity - Equal Weight - Endowment & Foundation Eligible (NFI ODCE-EQ-E&F): 19 private diversified open-end real estate funds owning 2,109 properties valued at approximately \$118.3 billion in net investor equity.

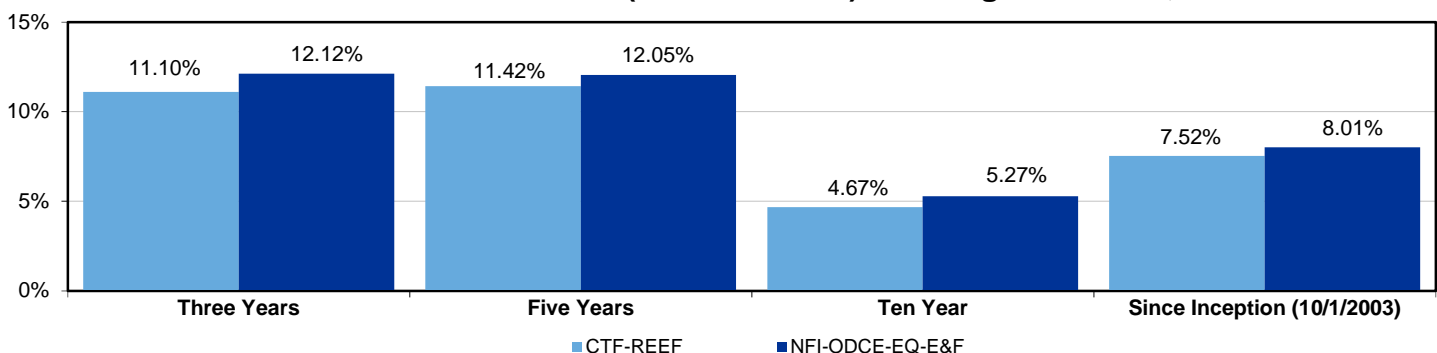
### Objectives<sup>1</sup>

Outperform the Benchmark over a full market cycle, broad portfolio diversification, consistent current income component, and low volatility.

#### RIIFL REEF Performance (Gross of Fees)<sup>2,3</sup> as of December 31, 2018



#### CTF REEF Performance (Gross of Fees)<sup>2,3</sup> through March 31, 2017



Please note that CTF REEF is closed and not eligible for investment.

## Quarterly Highlights

RIIFL REEF produced a total gross return of 1.83% for 4Q 2018, comprised of 0.99% income and 0.84% appreciation, outperforming the Benchmark by 24bps. Prime Property Fund outperformed by 65bps, Invesco Core Real Estate-USA outperformed by 57bps, MetLife Commercial Mortgage Income Fund outperformed by 23bps and Trumbull Property Fund outperformed by 14bps. RREEF America REIT II underperformed by 44bps. Over the trailing twelve months ending December 31<sup>st</sup>, RIIFL REEF produced a total gross return of 8.51%, comprised of 3.97% income and 4.41% appreciation, outperforming the Benchmark by 27bps.

RIIFL REEF's leverage of 21.0% at quarter-end was within the general guideline limit of 30% and below the Benchmark leverage of 23.6%.

## Fund Selection and Weights

Compared to the Benchmark, RIIFL REEF was overweight in the apartment and office sectors and underweight in the retail and industrial sectors. RIIFL REEF had a non-core weighting of 7.0% at quarter-end.

During the fourth quarter, RIIFL REEF funded \$4.7 million to MetLife Commercial Mortgage Income Fund, bringing total funded to \$15.0 million of REEF's \$40.0 million commitment to MetLife. In addition, RIIFL REEF funded an additional \$11.0 million to RREEF America REIT II during the quarter.

## Market Commentary

The U.S. real estate market continues to enjoy notably favorable operating conditions, and in the second half of the year improving transaction volume and falling interest rates were added tailwinds. At the same time, stock market volatility at year-end, slowing global economic growth and record high real estate pricing have limited investor sentiment. Total returns in recent quarters have been in-line with historical norms, as good appreciation return has augmented historically low income returns. In addition, rising construction costs have helped reduce the near-term threat of supply that appeared likely in recent quarters, suggesting the favorable operating environment can continue. Still, the combination of lower income growth expectations and a flattened yield curve may challenge property yields to remain at their current levels. Rising interest rates on the short end of the yield curve have become a prominent component of the real estate market backdrop. The Federal Reserve hiked short-term rates for a ninth time this cycle in December 2018, reaching a target range of 2.25-2.50% from effectively nil in 2015, although dovish comments in early 2019 have reduced market expectations for further near-term increases. In the current market environment of favorable real estate conditions but exogenous cross currents, we believe real estate managers who can deftly navigate changing market conditions and pursue strategies that offer downside risk protection will be better positioned to deliver relative return outperformance going forward. We also see the real estate debt market as offering haven strategies in this environment, although the profile and depth of that opportunity set is fluid as competitive dynamics react to easing banking regulations. For now, we continue to observe a liquid seller's market for U.S. core properties, supported by a growth narrative from clear operational tailwinds.

Transaction volume in U.S. commercial real estate surprised to the upside in the second half of the year, reversing a two-year trend of moderating trading volume and achieving the best result since 2015. Full-year transaction volume grew 15% in 2018 over the prior year, according to Real Capital Analytics data. Underlying detail in the data reveals the increase was broad-based across nearly all sectors. The hotel (+50% in 2018) and industrial (+25%) sectors were particularly active. Retail (+32%) was also strong, although driven in part by a large entity transaction in the third quarter. Despite the two sequential quarters of surprise growth in transaction volume, we continue to monitor volumes for signs of the path of asset pricing from here. Transaction cap rates continue to diverge higher from appraisal cap rates, and we believe cap rates across sectors may face further pressure in the coming quarters as spreads are now below long-term averages and investor sentiment is ebbing. An important variable to our view is cross border capital flows, which remain a prominent part of the dynamics of the current U.S. real estate market. Foreign investors remain net acquirers, although at a slower pace than in recent years and with evolving composition.



Net capital flows for the 25 participant funds in the NCREIF Fund Index (NFI-ODCE) were positive in 2018, logging the strongest net increase in three years. Investors contributed a cumulative net \$919 million in the year, although the annual total was halved by outflows in the fourth quarter. Meanwhile, NFI-ODCE fund performance generated another quarter of healthy total return, as above-average appreciation return augmented an income return that is at historical lows. Appreciation was 0.74% in the fourth quarter, driven in large part by strong NOI growth. Appreciation return improved in full-year 2018 to 4.00%, compared to 3.15% in 2017, but overall appreciation returns have decelerated from earlier years in this cycle. Within the trend of slowing appreciation, there is an incentive to realize gains for strong assets and deploy the proceeds into higher yielding strategies, albeit with heightened cycle risks.

Real estate space market fundamentals remain notably favorable, with all sectors enjoying high occupancy and supply pipelines that are appropriately sized for new demand. The NCREIF Property Index (NPI) reported year-end 2018 occupancy of 94.0%, off a modest 20 bps from the 18-year high set in the third quarter. Low vacancy continues to drive NOI growth, which was again strong in the fourth quarter at 4.1% on a trailing four quarter basis for the NPI index, including hotels. Turning to the capital markets, appraisal cap rates in the NPI were roughly unchanged in the fourth quarter at 4.34%. Appraisal cap rates for most property types are at or near historical lows, with the exception of some recent widening in the retail sector. Cap rates have notably yet to show a meaningful reaction to rising market interest and wider yields in the transaction market. We expect appraisal cap rates will ultimately begin to move higher as appraisers take into account recent moves in transaction pricing.

<b>RIIFL REEF Investments<sup>3</sup></b>		<b>Market Value</b>		<b>Total Gross Returns<sup>5</sup></b>	
<b>Real Estate Fund Investments</b>	<b>12/31/2018 (\$ Mil)</b>	<b>% of Total Investments</b>	<b>Three Months</b>	<b>One Year</b>	
Morgan Stanley Prime Property Fund	\$ 86.7	32.4%	2.24%	9.05%	
RREEF America REIT II	\$ 74.4	27.8%	1.15%	8.42%	
Invesco Core Real Estate-USA	\$ 73.1	27.3%	2.16%	9.35%	
Trumbull Property Fund	\$ 16.7	6.3%	1.73%	6.99%	
MetLife Commercial Mortgage Income	\$ 15.2	5.7%	1.82%	---	
<b>Total Real Estate Fund Investments</b>	<b>\$266.1</b>	<b>99.5%</b>			
Cash & Short Term Investments <sup>4</sup>	\$ 1.4	0.5%			
<b>Total RIIFL REEF Investments</b>	<b>\$267.5</b>	<b>100.0%</b>	<b>1.83%</b>	<b>8.51%</b>	
<b>Benchmark: NFI-ODCE-EQ-E&amp;F</b>	<b>---</b>	<b>---</b>	<b>1.59%</b>	<b>8.24%</b>	

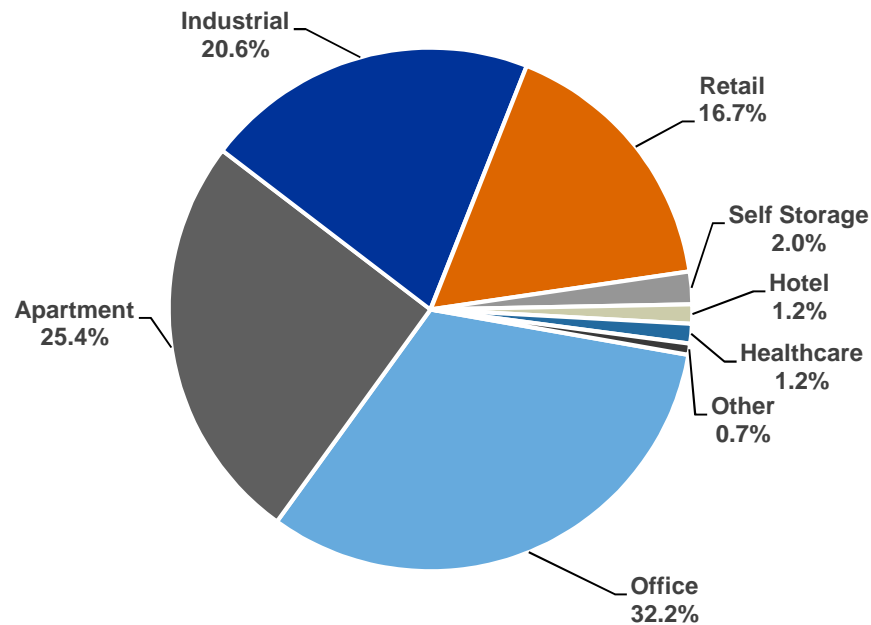
  

<b>Investor Capital Flows During the Quarter (\$ Mil)</b>		<b>Balance Sheet (\$ Mil)</b>	
Capital Contributions	\$ 12.0	<b>Assets:</b>	
Redemption Payments	0.0	Real Estate Fund Investments	\$266.1
Number of Investors End of Quarter	20	Cash and Short-Term Investments	1.4
Exit Pool End of Quarter	\$ 0.0	Receivables	13.4
		<b>Total Assets</b>	<b>\$280.9</b>
		<b>Liabilities:</b>	
		Redemption Accrual	\$ 0.0
		Investments Purchased	0.0
		Other Payables	0.4
		<b>Total Liabilities</b>	<b>\$0.4</b>
		<b>Total Net Assets</b>	<b>\$280.5</b>

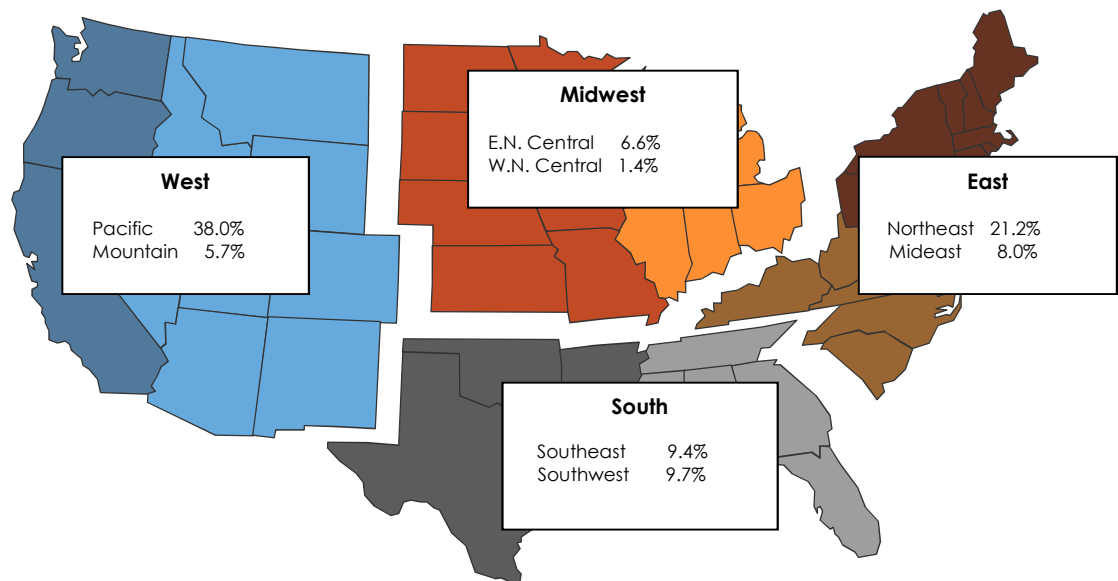
  

<b>Portfolio Statistics</b>	
RIIFL REEF Investments	5
Properties Held by Investments	882
Net Value of Investments	\$63.7 billion
Portfolio Leverage	21.0%

## Property Type Composition



## Regional Composition



For further information please contact Brett Deits, Senior Portfolio Manager  
Voice: (206) 505-1697 ♦ Fax: (206) 505-1650 ♦ Email: [bdeits@russellinvestments.com](mailto:bdeits@russellinvestments.com)



## Notes

- <sup>1</sup> Fund targets are excess return and risk goals developed by Russell Investments Strategy and Research management to help measure our skill in managing managers and the general success of our funds against their stated objectives. Targets for multi-manager funds are based on targets received from underlying managers, historical data and the Russell Investments' qualitative assessments of the prospects for managers in a multi-manager portfolio and various other factors. We believe our methodology is reasonable for its purpose, but targets are not intended to predict the performance of Russell funds and we expect that actual performance will vary considerably. Additional information regarding Russell Investments' basis for fund targets is available on request.
- <sup>2</sup> Periods over one year are annualized.
- <sup>3</sup> CTF-REEF was an investment fund of the Common Trust Funds; it is not a mutual fund. This Trust was closed 3/31/2017 and is not eligible for investment. Performance provided for illustrative purposes only.
- Advisors/Investments listed are current as of 12/31/2018. Russell Investments has the right to engage or terminate an advisor/investment at any time and without notice.
- Indexes are unmanaged and cannot be invested in directly. Past performance is not indicative of future results.
- Performance is shown gross of fees. Fees will reduce the overall performance of the fund.
- <sup>4</sup> Cash reserves are used for investor redemption requests, potential new investments, and fund expenses.
- <sup>5</sup> Fees will reduce the overall performance of the Fund. Past performance should not be viewed as a representation of future results. Indexes are unmanaged and cannot be invested in directly.

## RIIFL Real Estate Equity Fund

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Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

Diversification does not assure a profit or guarantee against loss in declining markets.

The advisors are current as of 12/31/2018. Russell Investments has the right to engage or terminate an advisor at any time and without notice.

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NFI-ODCE-EQ-E&F is a peer group index that includes private open-end real estate funds offered primarily to endowments and foundations. NFI-ODCE-EQ-E&F is produced and governed by the National Council of Real Estate Investment Fiduciaries (NCREIF). A subjective appraisal process is used to value unrealized gains (losses) of capital.

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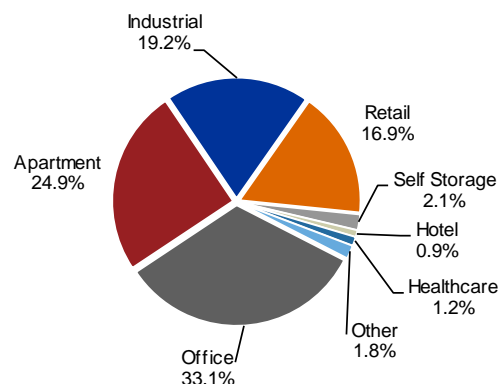
# RIIFL Real Estate Equity Fund – period ending December 31, 2018

## Strategy

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

<sup>1</sup> RIIFL REEF's leverage of 21.0% at quarter-end was within the general guideline limit of 30% and below the Benchmark leverage of 23.6%.

## Property type composition



Performance	4Q2018	Annualized				
		One year	Three years	Five years	Ten years	Inception to date <sup>1</sup>
RIIFL Real Estate Equity Fund	1.83%	8.51%	--	--	--	8.23%
NFI-ODCE-EQ-E&F <sup>2</sup>	1.59%	8.24%	--	--	--	8.22%

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

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

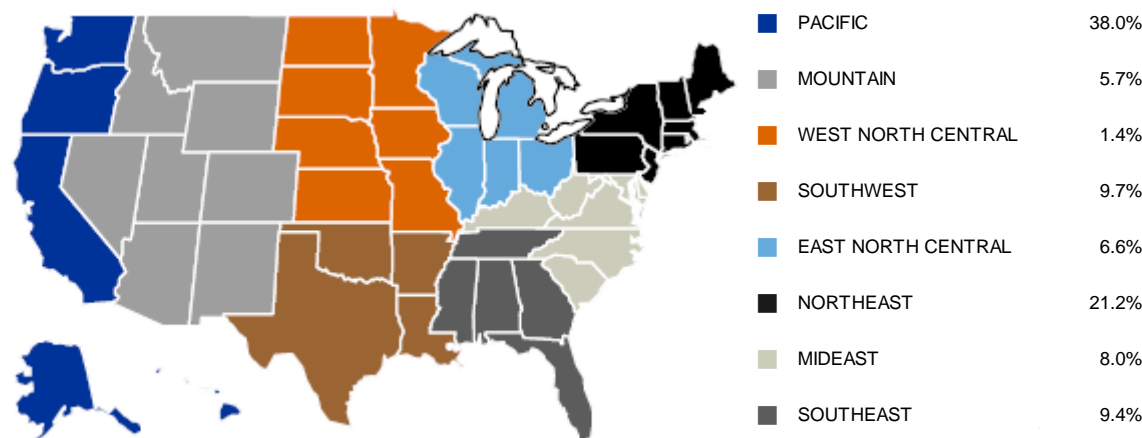
## Characteristics

Core funds	± Target weighting %	Market value \$ Millions	Market value % of total	Total gross returns	
				Three months %	One year %
Morgan Stanley Prime Property Fund	33.3	86.7	32.4	2.24	9.05
RREEF America REIT II	24.6	74.4	27.8	1.15	8.42
Invesco Core Real Estate-USA	28.1	73.1	27.3	2.16	9.35
Trumbull Property Fund	6.5	16.7	6.3	1.73	6.99
MetLife Commercial Mortgage Income	4.1	15.2	5.7	1.82	--
<b>Total Real Estate Fund Investments</b>		<b>266.1</b>	<b>99.5</b>	--	--
Cash & Short Term Investments	3.4	1.4	0.5	--	--
<b>Total RIIFL-REEF Investments</b>		<b>267.5</b>	<b>100.0</b>	<b>1.83</b>	<b>8.51</b>

± Target weights reflected are as of September 30, 2018

Benchmark total return breakout %	4Q2018	Year to date	One year
Income	1.09%	4.53%	4.53%
Capital Appreciation	0.50%	3.59%	3.59%

## Regional composition



Funds listed are current as of December 31, 2018. Russell Investments has the right to engage or terminate a fund at any time and without notice.

Funds of the Russell Investments Institutional Funds, LLC (RIIFL) are private placements

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



# RIIFL Real Estate Equity Fund

Advisor scorecard<sup>1</sup>: 4<sup>th</sup> Quarter 2018 (3<sup>rd</sup> Quarter activity)

ADVISOR	Morgan Stanley Prime Property Fund	INVESCO Core Real Estate U.S.A.	RREEF America REIT II	(UBS) Trumbull Property Fund	MetLife Commercial Mortgage Income Fund	Cash
Target Weight (%) <sup>2</sup>	33.3%	28.1%	24.6%	6.5%	4.1%	3.4%
Quarter Performance vs. Fund Benchmark <sup>3</sup>	+	+	+	-	-	Flat
One Year Performance vs. Fund Benchmark <sup>3</sup>	+	+	+	-	n/a	Flat

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

## QUARTERLY COMMENTARY

› **Morgan Stanley Prime's** 3Q18 total return of 2.22% outperformed REEF's benchmark by 17bps and the one-year return of 9.14% outperformed by 20bps. Industrial, apartment and self-storage were the best performing sectors in the third quarter. Marking debt to market contributed 10bps to quarterly appreciation. Excluding operating companies, year-to-date same-property net operating income increased 3.3% on a year-over-year basis. Portfolio occupancy increased slightly to 93.5%, compared to 93.3% at June 30th. During the quarter, Prime adopted a new property-type classification, healthcare, which comprises medical office and lab buildings with a 4.0% allocation at September 30th. During 3Q, Prime closed on thirteen investments for an aggregate cost of \$939mm, with 57% of the cost in multi-building investments in the healthcare sector and 20% in the industrial sector. In addition, Prime acquired a self-storage property and added three apartment properties to the AMLI joint venture. Disposition activity during 3Q consisted of two apartment properties in the AMLI joint venture for \$104mm in proceeds. Portfolio leverage was 17.0% at quarter-end, compared to 16.4% at June 30th. Prime called \$766mm of investor capital during 3Q and paid out \$188mm in redemptions. Prime had an incoming queue of \$1.bn at quarter-end.

<sup>1</sup> Past performance is not indicative of future results.

<sup>2</sup> The target weight row represents the most current target weightings for the underlying managers. Target weights may be changed.

<sup>3</sup> Source: Russell Investments. Out/Underperformance is relative to individual manager's/fund's benchmark.

Benchmark is the NCREIF Fund Index Open-end Diversified Core Equity - Equal Weight – E&F (NFI-ODCE-EQ-E&F).

Managers/Funds are current as of September 30, 2018. Russell Investments has the right to engage or terminate an advisor/fund at any time and without notice.

Indexes and/or benchmarks are unmanaged and cannot be invested in directly.

Funds of the Russell Investments Institutional Funds, LLC (RIIFL) are private placements. They are not mutual funds.



# RIIFL Real Estate Equity Fund Advisor scorecard<sup>1</sup>: 4<sup>th</sup> Quarter 2018 (3<sup>rd</sup> Quarter activity)

## QUARTERLY COMMENTARY (continued)

- › **Invesco Core's** 3Q18 total return of 2.57% outperformed REEF's benchmark by 52bps and the one-year return of 9.46% also outperformed by 52bps. Industrial was the best performing sector overall for the Fund, with valuation increases in almost every asset. Marking debt to market contributed 2bps to quarterly appreciation. Year-to-date same-property net operating income for Invesco's core portfolio increased by 10.1% on a year-over-year basis. Portfolio occupancy increased to 93.3%, from 93.1% at June 30th. Invesco acquired five investments during the quarter for a total cost of \$147mm, notably \$59mm for an office property in Boston, MA and \$53mm for a distribution center in the San Francisco Bay Area. There were no dispositions during third quarter. Portfolio leverage decreased to 23.8%, from 24.5% at June 30th. Invesco called \$196mm of investor capital during the quarter and paid out redemptions totaling \$40mm. Invesco did not have an incoming queue at quarter-end.
- › **RREEF America REIT II's** 3Q18 total return of 2.49% outperformed REEF's benchmark by 44bps and the one-year return of 9.60% outperformed by 66bps. Industrial properties delivered the largest quarterly valuation gains. Year-to-date same-property net operating income rose by 2.1% on a year-over-year basis, with the industrial and office portfolios experiencing the largest improvements. Total portfolio occupancy was 91.0%, consistent with prior quarter. Acquisition activity for the quarter consisted of a fully-leased warehouse located in the greater San Francisco Bay Area for \$91mm. Disposition activity for 3Q totaled \$71mm and included an industrial asset near Baltimore, MD, an industrial property near West Palm Beach, FL (partial sale) and an office asset near Denver, CO (partial sale). Portfolio leverage was 17.7% at quarter-end, compared to 15.5% at June 30th. Post quarter-end, RREEF America II paid out \$25mm in redemptions and called \$197mm of investor capital, resulting in an incoming queue of \$462mm.
- › **(UBS) Trumbull Property's** 3Q18 total return of 1.42% underperformed REEF's benchmark by 63bps, and the one-year return of 7.64% underperformed by 130bps. TPF's conservative leverage, at 17.6% compared to 23.8% for the benchmark, continued to be a meaningful performance detractor over trailing periods. Industrial and apartment assets provided the largest valuation increases during the quarter. Debt mark-to-market contributed 7bps to quarterly appreciation. Year-to-date same-property net operating income increased by 5.1% on a year-over-year basis, with the increase attributable to apartment and industrial properties. Portfolio occupancy was 93.4% at quarter-end, from 93.5% at June 30th. TPF acquired five development assets in the apartment and industrial sectors during the quarter for an aggregate commitment of \$225mm. Disposition activity for 3Q totaled \$558mm in gross sales proceeds and included three office assets and a land parcel in the Becknell Industrial joint venture. Investor contributions of \$118mm were accepted and \$500mm in redemptions were paid out, leaving a contribution queue of \$206mm and a redemption queue of \$1.3bn.
- › **MetLife Commercial Mortgage Income's** 3Q18 total return of 1.42% underperformed REEF's benchmark by 63bps. The total return consisted of 1.47% income and a 0.06% decrease in market value. Total portfolio occupancy was 86.7%, from 87.0% at June 30th. During third quarter, MetLife funded four new loans for approximately \$152mm, including an office park in Rye Brook, NY and hotels located in Houston, TX, Raleigh, NC and Providence, RI. Driven by the sale of the property, a \$55mm loan collateralized by an office building in Atlanta, GA was paid off during the quarter. At quarter-end, the Fund held 36 loans representing approximately \$1.8bn of principal balance outstanding, with a loan to value of 64.4%, debt service coverage ratio of 1.48 and debt yield of 8.5%. Portfolio leverage was 34.5% at quarter-end, from 33.8% at June 30th. MetLife called \$50mm of investor capital during the quarter and had an incoming queue of \$945mm at quarter-end.

<sup>1</sup> Past performance is not indicative of future results.

<sup>2</sup> The target weight row represents the most current target weightings for the underlying managers. Target weights may be changed.

<sup>3</sup> Source: Russell Investments. Out/Underperformance is relative to individual manager's/fund's benchmark.

Benchmark is the NCREIF Fund Index Open-end Diversified Core Equity - Equal Weight - E&F (NFI-ODCE-EQ-E&F).

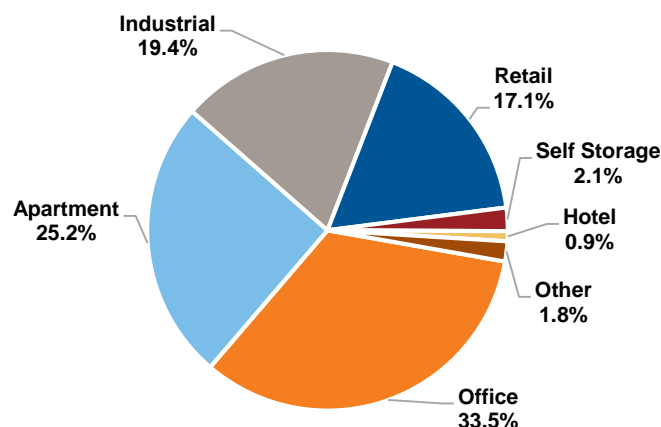
Managers/Funds are current as of September 30, 2018. Russell Investments has the right to engage or terminate an advisor/fund at any time and without notice.

Indexes and/or benchmarks are unmanaged and cannot be invested in directly.

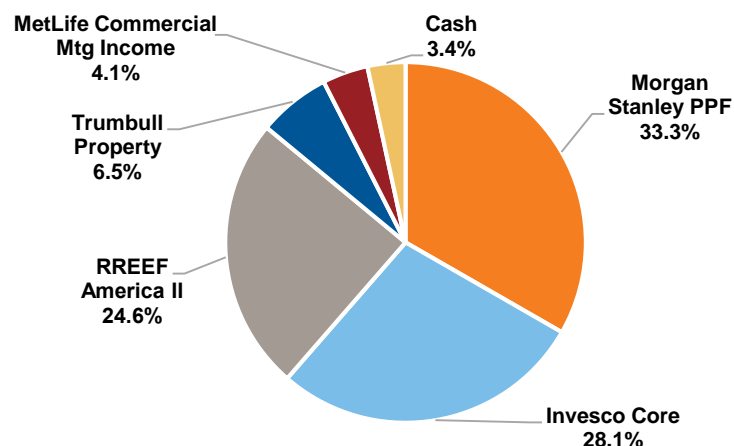
Funds of the Russell Investments Institutional Funds, LLC (RIIFL) are private placements. They are not mutual funds.

# RIIFL Real Estate Equity Fund Outlook and positioning: 4<sup>th</sup> Quarter 2018 (3<sup>rd</sup> Quarter Activity)

## Sector Positioning



## Fund Exposure

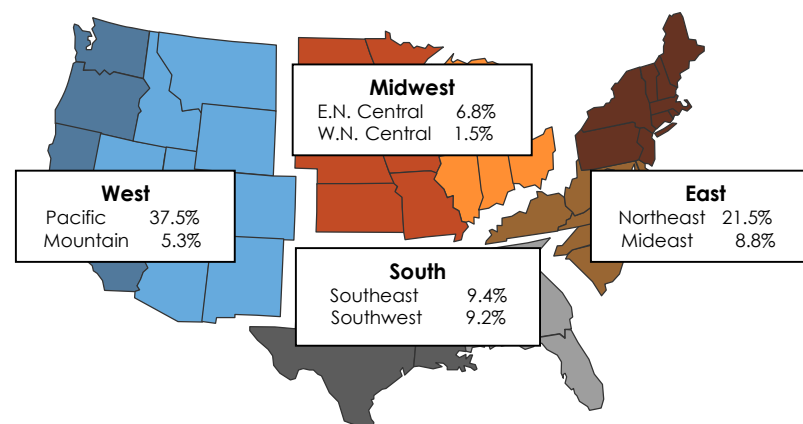


## FUND UPDATES

- › RIIFL-REEF produced a total gross return of 2.23% for 3Q 2018, comprised of 0.98% income and 1.25% appreciation, outperforming the Benchmark by 18 basis points.
- › Strong absolute performance. Quarterly and 1-year performance of 2.23% and 8.88%, respectively.
- › Stable current income return. Trailing twelve-month income return of 3.93% from portfolio of prime assets in highly liquid markets.
- › Diversified exposure across property types, regions, and strategies, without added volatility associated with public markets. RIIFL-REEF had exposure to 869 properties with a net aggregate value of \$63.4 billion at September 30, 2018.
- › Prudent leverage and low non-core real estate exposure. Leverage of 19.9% well-below guideline limit of 30% and Benchmark leverage of 23.8%.

## POSITIONING AND OUTLOOK

- › Stay overweight Pacific region growth markets with favorable demographics and economic drivers
- › Added MetLife Commercial Mortgage Income Fund ("CMIF"); initial capital call in April'18
- › Fundamentals remain supportive of valuations and income, but moderating private real estate performance over the foreseeable future



Benchmark; NCREIF Fund Index Open-End Diversified Core Equity - Equal Weight - E&F

# Account Performance Detail

Fourth Quarter 2018

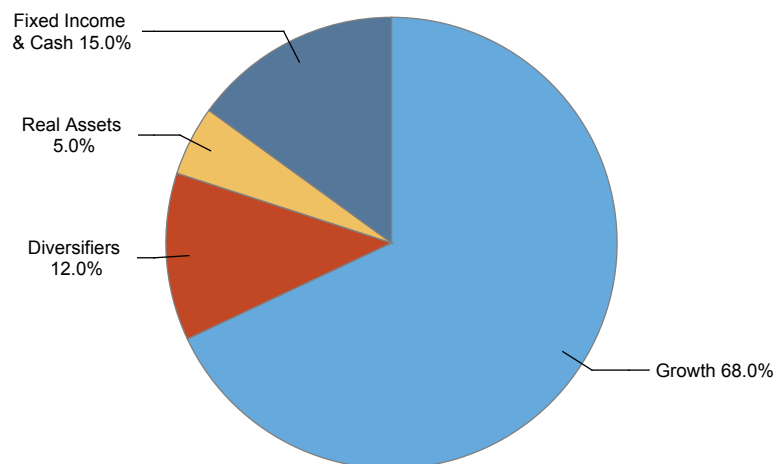
## Asset Summary

### Nevada System of Higher Education

As of December 31, 2018

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

##### Asset Class Policy Allocation



##### Market Value Reconciliation

	One Month	Three Months	Year to Date
Beginning Market Value (\$)	105,421,920	110,292,133	111,978,497
Net Inflows/Outflows (\$)	-167,182	-1,247,725	-4,763,364
Net Market Gain/Loss (\$)	-4,035,778	-7,825,448	-5,996,173
Ending Market Value (\$)	101,218,960	101,218,960	101,218,960

##### Asset Allocation

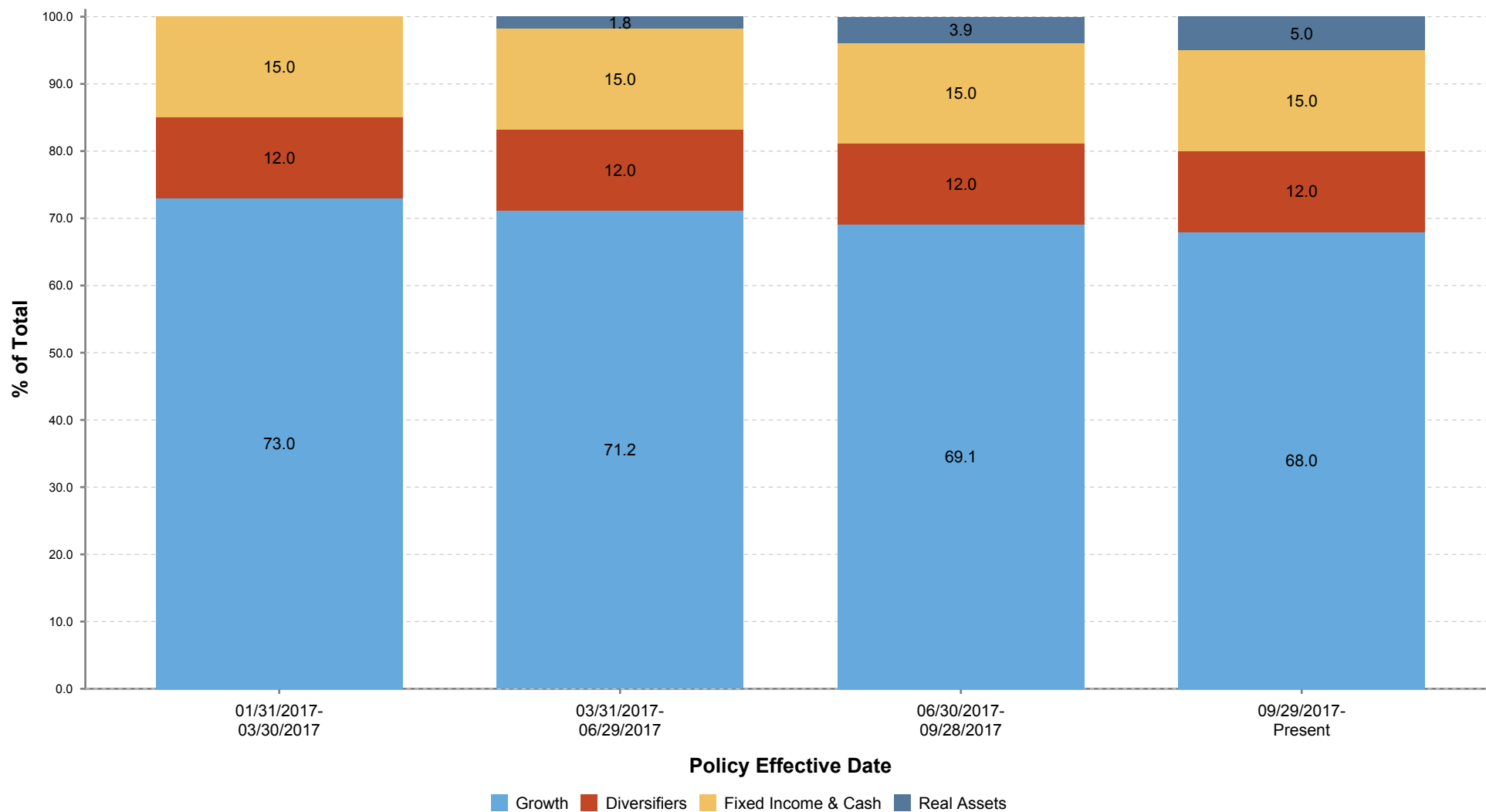
	Ending Market Value	Actual Holding	Policy Holding	Holding Variance
Growth	\$67,967,168	67.1%	68.0%	-0.9%
Diversifiers <sup>[1]</sup>	12,224,384	12.1	12.0	0.1
Real Assets <sup>[2]</sup>	5,534,827	5.5	5.0	0.5
Fixed Income & Cash	15,492,580	15.3	15.0	0.3
<b>Total Endowment Pool Composite</b>	<b>101,218,960</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>

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## Historical Asset Allocation Nevada System of Higher Education

As of December 31, 2018

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



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## Market Value Reconciliation Nevada System of Higher Education

As of December 31, 2018

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

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Since Inception 01/01/17
Beginning Market Value (\$)	105,421,920	110,292,133	111,978,497	109,165,296	111,978,497	0	0
Inflows (\$)	1,791	44,254	1,786,294	44,254	1,786,294	105,440,473	105,440,473
Outflows (\$)	-168,973	-1,291,979	-6,549,658	-1,465,792	-6,549,658	-10,773,839	-10,773,839
Net Inflows / Outflows (\$)	-167,182	-1,247,725	-4,763,364	-1,421,537	-4,763,364	94,666,634	94,666,634
Appreciation / Depreciation (\$)	-4,035,779	-7,825,712	-6,002,730	-6,529,828	-6,002,730	6,542,203	6,542,203
Income Earned (\$)	0	264	6,557	5,029	6,557	10,123	10,123
Net Market Gain/Loss (\$)	-4,035,778	-7,825,448	-5,996,173	-6,524,798	-5,996,173	6,552,327	6,552,327
Ending Market Value (\$)	101,218,960	101,218,960	101,218,960	101,218,960	101,218,960	101,218,960	101,218,960

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# Performance Report

## Nevada System of Higher Education

As of December 31, 2018

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

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Annualized			Inception Date
						One Year	Two Years	Since Inception	
<b>Total Endowment Pool Composite - Gross</b> <sup>[3]</sup>	<b>\$101,218,960</b>	<b>-3.81%</b>	<b>-7.12%</b>	<b>-5.53%</b>	<b>-5.99%</b>	<b>-5.53%</b>	<b>4.06%</b>	<b>4.06%</b>	<b>01/01/2017</b>
<b>Total Endowment Pool Composite - Net</b> <sup>[3]</sup>	<b>101,218,960</b>	<b>-3.87</b>	<b>-7.27</b>	<b>-6.11</b>	<b>-6.29</b>	<b>-6.11</b>	<b>3.42</b>	<b>3.42</b>	<b>01/01/2017</b>
Dynamic Benchmark <sup>[4]</sup>	--	-3.99	-7.32	-4.70	-5.02	-4.70	4.50	4.50	--
Strategic Allocation Benchmark <sup>[5]</sup>	--	-3.94	-7.17	-4.39	-4.89	-4.39	4.59	4.59	--
Normalized Benchmark <sup>[6]</sup>	--	-3.84	-7.08	-4.21	-4.71	-4.21	4.42	4.42	--
 <b>Growth - Gross</b> <sup>[3]</sup>	 <b>67,967,168</b>	 <b>-5.73</b>	 <b>-10.12</b>	 <b>-8.24</b>	 <b>-8.41</b>	 <b>-8.24</b>	 <b>4.07</b>	 <b>4.07</b>	 <b>01/01/2017</b>
<b>Growth - Net</b> <sup>[3]</sup>	<b>67,967,168</b>	<b>-5.78</b>	<b>-10.27</b>	<b>-8.87</b>	<b>-8.73</b>	<b>-8.87</b>	<b>3.35</b>	<b>3.35</b>	<b>01/01/2017</b>
Custom Benchmark <sup>[7]</sup>	--	-6.29	-11.11	-8.26	-8.31	-8.26	4.33	4.33	--
 <b>Multi-Asset Core Plus Fund - Gross</b> <sup>[3]</sup>	 <b>67,967,168</b>	 <b>-5.73</b>	 <b>-10.12</b>	 <b>-8.24</b>	 <b>-8.41</b>	 <b>-8.24</b>	 <b>4.07</b>	 <b>4.07</b>	 <b>01/01/2017</b>
<b>Multi-Asset Core Plus Fund - Net</b> <sup>[3]</sup>	<b>67,967,168</b>	<b>-5.78</b>	<b>-10.27</b>	<b>-8.87</b>	<b>-8.73</b>	<b>-8.87</b>	<b>3.35</b>	<b>3.35</b>	<b>01/01/2017</b>
Multi-Asset Core Plus Composite Bmk <sup>[8]</sup>	--	-6.29	-11.11	-8.26	-8.31	-8.26	4.33	4.33	--
 <b>Diversifiers - Gross</b> <sup>[3],[9]</sup>	 <b>12,224,384</b>	 <b>-1.42</b>	 <b>-3.02</b>	 <b>-2.55</b>	 <b>-4.73</b>	 <b>-2.55</b>	 <b>--</b>	 <b>0.96</b>	 <b>03/01/2017</b>
<b>Diversifiers - Net</b> <sup>[3],[9]</sup>	<b>12,224,384</b>	<b>-1.46</b>	<b>-3.18</b>	<b>-3.18</b>	<b>-5.04</b>	<b>-3.18</b>	<b>--</b>	<b>0.31</b>	<b>03/01/2017</b>
LIBOR + 4% (1 mo lag)	--	0.52	1.54	5.97	3.07	5.97	--	5.56	--
 <b>Highline Enhanced, Ltd. - Net</b> <sup>[10]</sup>	 <b>74,150</b>	 <b>0.00</b>	 <b>0.00</b>	 <b>-5.57</b>	 <b>-7.04</b>	 <b>-5.57</b>	 <b>--</b>	 <b>-0.72</b>	 <b>06/01/2017</b>
 <b>Eminence Fund Leveraged - Net</b> <sup>[11]</sup>	 <b>1,408,079</b>	 <b>1.44</b>	 <b>-6.86</b>	 <b>--</b>	 <b>--</b>	 <b>--</b>	 <b>--</b>	 <b>-6.13</b>	 <b>08/01/2018</b>

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## Performance Report

### Nevada System of Higher Education

As of December 31, 2018

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

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Annualized			Inception Date
						One Year	Two Years	Since Inception	
CapeView Azri Fund - Net <sup>[12]</sup>	942,090	-1.44	-5.42	--	-5.59	--	--	-5.59	07/01/2018
CapeView Azri 2X Fund - Net <sup>[12]</sup>	442,405	-3.03	-10.98	--	-11.59	--	--	-11.59	07/01/2018
CVI Emerging Markets Credit Value Fd Ltd - Net <sup>[9]</sup>	2,286,452	-2.90	-3.46	-3.35	-8.01	-3.35	--	2.39	03/01/2017
Jet Capital Concentrated Offshore Fd Ltd - Net <sup>[9]</sup>	36,436	0.00	0.00	-9.48	0.00	-9.48	--	-3.11	03/01/2017
PIMCO Tactical Opportunities Offshore - Net <sup>[13]</sup>	1,068,072	-0.14	0.19	--	1.78	--	--	2.77	05/01/2018
York Asian Opportunities Unit Trust - Net <sup>[13]</sup>	1,271,510	-1.02	-2.78	--	-6.61	--	--	-7.11	05/01/2018
Aristeia International Ltd. - Net <sup>[9]</sup>	2,107,795	-0.75	1.34	10.45	7.76	10.45	--	6.20	03/01/2017
GS Global Eq. Market Neutral Insights - Net <sup>[14]</sup>	1,080,172	-4.44	--	--	--	--	--	-4.98	11/01/2018
Massar Macro Commodity Fund Ltd - Net <sup>[9]</sup>	52,887	0.00	0.00	2.70	0.00	2.70	--	3.10	03/01/2017
Trend Macro Offshore Ltd. - Net <sup>[10]</sup>	1,004,420	-2.47	-1.56	-4.01	-5.54	-4.01	--	0.17	06/01/2017
The Winton Fund - Net <sup>[11]</sup>	449,917	1.40	-1.30	--	--	--	--	-0.02	08/01/2018

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# Performance Report

## Nevada System of Higher Education

As of December 31, 2018

## Nevada System of Higher Education - Endowment - NK1K

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Annualized			Inception Date
						One Year	Two Years	Since Inception	
<b>Real Assets - Gross</b> <sup>[15]</sup>	5,534,827	1.83	1.83	8.51	4.10	8.51	--	8.23	04/01/2017
<b>Real Assets - Net</b> <sup>[15]</sup>	5,534,827	1.49	1.49	7.08	3.41	7.08	--	6.81	04/01/2017
<b>Real Estate Equity Fund - Gross</b> <sup>[15]</sup>	5,534,827	1.83	1.83	8.51	4.10	8.51	--	8.23	04/01/2017
<b>Real Estate Equity Fund - Net</b> <sup>[15]</sup>	5,534,827	1.49	1.49	7.08	3.41	7.08	--	6.81	04/01/2017
NFI-ODCE-EQ-E&F <sup>[16]</sup>	--	1.59	1.59	8.25	3.67	8.25	--	8.23	--
<b>Fixed Income &amp; Cash - Gross</b> <sup>[3]</sup>	15,492,580	1.25	1.12	0.33	1.18	0.33	1.65	1.65	01/01/2017
<b>Fixed Income &amp; Cash - Net</b> <sup>[3]</sup>	15,492,580	1.21	0.98	-0.20	0.92	-0.20	1.13	1.13	01/01/2017
Custom Benchmark <sup>[17]</sup>	--	1.31	1.33	0.68	1.57	0.68	1.82	1.82	--
Bloomberg Barclays US Aggregate Bond Idx	--	1.84	1.64	0.01	1.65	0.01	1.76	1.76	--
<b>Core Bond Fund - Gross</b> <sup>[3]</sup>	10,433,140	1.86	1.74	-0.49	1.36	-0.49	1.72	1.72	01/01/2017
<b>Core Bond Fund - Net</b> <sup>[3]</sup>	10,433,140	1.83	1.62	-0.93	1.13	-0.93	1.27	1.27	01/01/2017
Bloomberg Barclays US Aggregate Bond Idx	--	1.84	1.64	0.01	1.65	0.01	1.76	1.76	--
<b>Absolute Return Fixed Income Fund - Gross</b> <sup>[3]</sup>	5,059,176	-0.00	-0.18	2.30	0.63	2.30	--	1.49	01/09/2017
<b>Absolute Return Fixed Income Fund - Net</b> <sup>[3]</sup>	5,059,176	-0.06	-0.36	1.55	0.26	1.55	--	0.73	01/09/2017
Bloomberg Barclays 3 Mo USD LIBOR Index	--	0.24	0.69	2.38	1.28	2.38	--	1.84	--

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## Market Value Reconciliation

### Nevada System of Higher Education

As of December 31, 2018

#### NSHE - Primary Investment Account - SIPL

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Since Inception 01/01/17
Beginning Market Value (\$)	81,544,967	85,653,390	87,602,097	84,507,209	87,602,097	0	0
Inflows (\$)	1,791	44,254	1,784,582	44,254	1,784,582	83,132,893	83,132,893
Outflows (\$)	-148,054	-1,271,060	-6,465,176	-1,423,996	-6,465,176	-10,625,516	-10,625,516
Net Inflows / Outflows (\$)	-146,263	-1,226,806	-4,680,594	-1,379,742	-4,680,594	72,507,377	72,507,377
Appreciation / Depreciation (\$)	-3,203,358	-6,231,238	-4,726,157	-4,932,122	-4,726,157	5,686,645	5,686,645
Income Earned (\$)	0	0	0	0	0	1,324	1,324
Net Market Gain/Loss (\$)	-3,203,358	-6,231,238	-4,726,157	-4,932,122	-4,726,157	5,687,969	5,687,969
Ending Market Value (\$)	78,195,346	78,195,346	78,195,346	78,195,346	78,195,346	78,195,346	78,195,346

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## Market Value Reconciliation

### Nevada System of Higher Education

As of December 31, 2018

#### NSHE - Russell Investments Hedge Funds - SIPM

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Since Inception 01/06/17
Beginning Market Value (\$)	12,400,390	12,601,801	12,524,028	12,824,512	12,524,028	0
Inflows (\$)	0	0	1,712	0	1,712	12,064,580
Outflows (\$)	0	0	-1,292	0	-1,292	-65,134
Net Inflows / Outflows (\$)	0	0	420	0	420	11,999,446
Appreciation / Depreciation (\$)	-175,742	-377,416	-306,356	-604,892	-306,356	216,404
Income Earned (\$)	0	264	6,557	5,029	6,557	8,799
Net Market Gain/Loss (\$)	-175,741	-377,152	-299,799	-599,862	-299,799	225,203
Ending Market Value (\$)	12,224,649	12,224,649	12,224,649	12,224,649	12,224,649	12,224,649

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## Market Value Reconciliation

### Nevada System of Higher Education

As of December 31, 2018

#### NSHE - Russell Investments Private Capital - SIPN

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Since Inception 01/01/17
Beginning Market Value (\$)	11,476,563	12,036,942	11,852,372	11,833,575	11,852,372	0	0
Inflows (\$)	0	0	0	0	0	10,243,000	10,243,000
Outflows (\$)	-20,918	-20,918	-83,190	-41,795	-83,190	-83,190	-83,190
Net Inflows / Outflows (\$)	-20,918	-20,918	-83,190	-41,795	-83,190	10,159,810	10,159,810
Appreciation / Depreciation (\$)	-656,679	-1,217,058	-970,217	-992,815	-970,217	639,155	639,155
Income Earned (\$)	0	0	0	0	0	0	0
Net Market Gain/Loss (\$)	-656,679	-1,217,058	-970,217	-992,815	-970,217	639,155	639,155
Ending Market Value (\$)	10,798,965	10,798,965	10,798,965	10,798,965	10,798,965	10,798,965	10,798,965

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## Endnotes

### Nevada System of Higher Education

As of December 31, 2018

- [1] Market value is reported one month in arrears.
- [2] Market value is as of the quarter ending 12/31/18.
- [3] Net of fee adjusted returns are estimated using basis point adjustments. Returns are geometrically linked and could experience compounding effects.
- [4] As of 02/01/17, the Custom Benchmark is the sum contribution of monthly benchmark returns, dynamically weighted by the component benchmarks' associated funds' monthly average balance over the aggregate monthly average balance. Custom Benchmark currently consists of: Multi-Asset Core Plus Composite Bmk, LIBOR + 4% (1 mo lag), NCREIF Open-End E&F, Bloomberg Barclays Aggregate, Bloomberg Barclays 3 Month LIBOR, Bloomberg Barclays 1-3 Month T-Bill.
- [5] Strategic Allocation Benchmark currently consists of: 68.0% Multi-Asset Core Plus Composite Bmk, 12.0% LIBOR + 4% (1 mo lag), 5.0% NCREIF Open-End E&F, 10.0% Bloomberg Barclays Aggregate, 5.0% Bloomberg Barclays 3 Month LIBOR.
- [6] Normalized Benchmark currently consists of: 52.3% MSCI ACWI IMI 50% USD Hedged Net, 3.5% ICE BofAML Dev Mkts HY Constr USD Hdg, 3.5% JP Morgan EMBI Global Diversified Index, 13.9% LIBOR + 4% (1 mo lag), 2.2% Bloomberg Commodity, 2.2% FTSE EPRA Nareit Net, 2.2% S&P Gbl Infrastructure Net, 3.1% NFI-ODCE-EQ, 11.4% Bloomberg Barclays Aggregate, 5.7% Bloomberg Barclays 3 Month LIBOR.
- [7] Custom Benchmark currently consists of: 100.0% Multi-Asset Core Plus Composite Bmk.
- [8] The Multi-Asset Core Plus Composite Index is appropriate for evaluating the Fund over a 3 to 5 year horizon. It currently consists of: 75.0% MSCI ACWI IMI 50% USD Hedged Net, 5.0% Bloomberg Commodity Index, 5.0% FTSE EPRA Nareit Dev Real Estate Net, 5.0% S&P Global Infrastructure Index Net, 5.0% ICE BofAML Developed Markets High Yield Constrained Index USD Hdg, 5.0% JP Morgan EMBI Global Diversified Index. Allocation changes and underlying fund additions and deletions over time will be captured in the composite index. Prior allocations available upon request.
- [9] True inception date is 02/01/17. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [10] True inception date is 05/01/17. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [11] True inception date is 07/01/18. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [12] True inception date is 06/01/18. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [13] True inception date is 04/01/18. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [14] True inception date is 10/01/18. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [15] Real Estate Equity Fund is valued quarterly. The market value shown is as of the quarter ending 12/31/18 while the performance is reported as of the date of the performance report. The market value is reported net of fees while returns are reported gross of fees unless otherwise noted. Fee adjusted returns are estimated using basis point adjustments. Returns are geometrically linked and could experience compounding effects.
- [16] NCREIF Fund Index Open-End Diversified Core Equity-Equal Weight-Endowment & Foundation Eligible (NFI-ODCE-EQ-E&F).
- [17] As of 01/06/17, the Custom Benchmark is the sum contribution of daily benchmark returns, dynamically weighted by the component primary benchmarks' associated funds' daily beginning market value over the aggregate beginning market value.

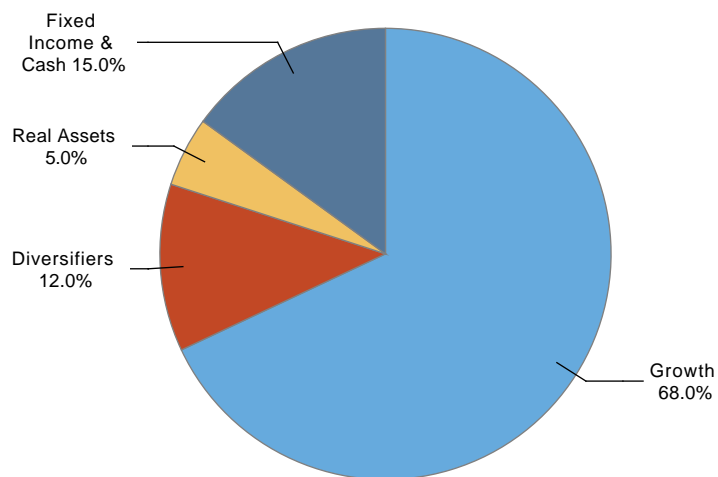
## Asset Summary

### Nevada System of Higher Education

As of January 31, 2019

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

##### Asset Class Policy Allocation



##### Market Value Reconciliation

	One Month	Three Months	Year to Date
Beginning Market Value (\$)	101,218,960	105,965,016	101,218,960
Net Inflows/Outflows (\$)	90,627	-1,170,058	90,627
Net Market Gain/Loss (\$)	5,542,936	2,057,565	5,542,936
Ending Market Value (\$)	106,852,523	106,852,523	106,852,523

##### Asset Allocation

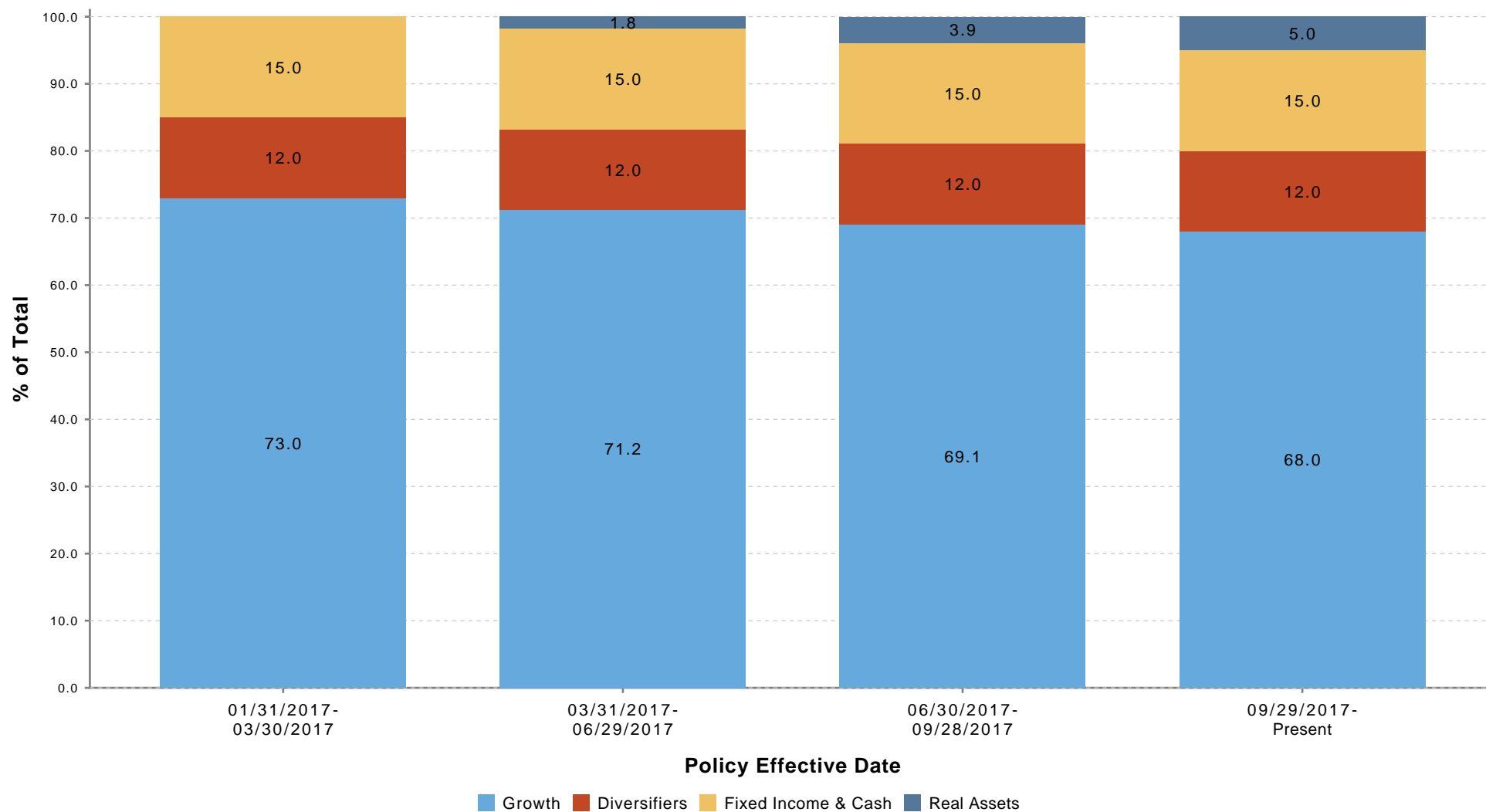
	Ending Market Value	Actual Holding	Policy Holding	Holding Variance
Growth	\$73,476,372	68.8%	68.0%	0.8%
Diversifiers <sup>[1]</sup>	12,020,599	11.2	12.0	-0.8
Real Assets <sup>[2]</sup>	5,534,827	5.2	5.0	0.2
Fixed Income & Cash	15,820,726	14.8	15.0	-0.2
<b>Total Endowment Pool Composite</b>	<b>106,852,523</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>

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## Historical Asset Allocation Nevada System of Higher Education

As of January 31, 2019

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



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## Market Value Reconciliation

### Nevada System of Higher Education

As of January 31, 2019

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

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Since Inception 01/01/17
Beginning Market Value (\$)	101,218,960	105,965,016	101,218,960	109,165,296	115,487,979	68,075,718	0
Inflows (\$)	1,203,652	1,234,946	1,203,652	1,247,906	1,585,021	39,464,125	106,644,125
Outflows (\$)	-1,113,025	-2,405,004	-1,113,025	-2,578,816	-6,500,043	-11,886,864	-11,886,864
Net Inflows / Outflows (\$)	90,627	-1,170,058	90,627	-1,330,910	-4,915,023	27,577,261	94,757,261
Appreciation / Depreciation (\$)	5,542,935	2,057,564	5,542,935	-986,893	-3,726,990	11,191,809	12,085,139
Income Earned (\$)	0	1	0	5,030	6,558	7,735	10,124
Net Market Gain/Loss (\$)	5,542,936	2,057,565	5,542,936	-981,863	-3,720,433	11,199,544	12,095,262
Ending Market Value (\$)	106,852,523	106,852,523	106,852,523	106,852,523	106,852,523	106,852,523	106,852,523

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# Performance Report

## Nevada System of Higher Education

As of January 31, 2019

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

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Annualized			Inception Date
						One Year	Two Years	Since Inception	
<b>Total Endowment Pool Composite - Gross</b> <sup>[3]</sup>	<b>\$106,852,523</b>	<b>5.49%</b>	<b>1.99%</b>	<b>5.49%</b>	<b>-0.83%</b>	<b>-3.16%</b>	<b>5.79%</b>	<b>6.59%</b>	<b>01/01/2017</b>
<b>Total Endowment Pool Composite - Net</b> <sup>[3]</sup>	<b>106,852,523</b>	<b>5.44</b>	<b>1.84</b>	<b>5.44</b>	<b>-1.19</b>	<b>-3.76</b>	<b>5.14</b>	<b>5.94</b>	<b>01/01/2017</b>
Dynamic Benchmark <sup>[4]</sup>	--	5.29	2.05	5.29	0.00	-2.10	6.39	6.92	--
Strategic Allocation Benchmark <sup>[5]</sup>	--	5.33	2.15	5.33	0.18	-1.71	6.50	7.03	--
Normalized Benchmark <sup>[6]</sup>	--	5.14	2.04	5.14	0.18	-1.75	6.40	6.77	--
 <b>Growth - Gross</b> <sup>[3]</sup>	 <b>73,476,372</b>	 <b>8.08</b>	 <b>2.76</b>	 <b>8.08</b>	 <b>-1.01</b>	 <b>-4.51</b>	 <b>7.15</b>	 <b>7.84</b>	 <b>01/01/2017</b>
<b>Growth - Net</b> <sup>[3]</sup>	<b>73,476,372</b>	<b>8.02</b>	<b>2.59</b>	<b>8.02</b>	<b>-1.41</b>	<b>-5.18</b>	<b>6.41</b>	<b>7.10</b>	<b>01/01/2017</b>
Custom Benchmark <sup>[7]</sup>	--	7.57	2.02	7.57	-1.37	-4.82	7.25	7.86	--
 <b>Multi-Asset Core Plus Fund - Gross</b> <sup>[3]</sup>	 <b>73,476,372</b>	 <b>8.08</b>	 <b>2.76</b>	 <b>8.08</b>	 <b>-1.01</b>	 <b>-4.51</b>	 <b>7.15</b>	 <b>7.84</b>	 <b>01/01/2017</b>
<b>Multi-Asset Core Plus Fund - Net</b> <sup>[3]</sup>	<b>73,476,372</b>	<b>8.02</b>	<b>2.59</b>	<b>8.02</b>	<b>-1.41</b>	<b>-5.18</b>	<b>6.41</b>	<b>7.10</b>	<b>01/01/2017</b>
Multi-Asset Core Plus Composite Bmk <sup>[8]</sup>	--	7.57	2.02	7.57	-1.37	-4.82	7.25	7.86	--
 <b>Diversifiers - Gross</b> <sup>[3],[9]</sup>	 <b>12,020,599</b>	 <b>-1.12</b>	 <b>-3.43</b>	 <b>-1.12</b>	 <b>-5.80</b>	 <b>-5.78</b>	 <b>--</b>	 <b>0.33</b>	 <b>03/01/2017</b>
<b>Diversifiers - Net</b> <sup>[3],[9]</sup>	<b>12,020,599</b>	<b>-1.17</b>	<b>-3.58</b>	<b>-1.17</b>	<b>-6.16</b>	<b>-6.39</b>	<b>--</b>	<b>-0.32</b>	<b>03/01/2017</b>
LIBOR + 4% (1 mo lag)	--	0.53	1.57	0.53	3.62	6.06	--	5.60	--
 <b>Highline Enhanced, Ltd. - Net</b> <sup>[10]</sup>	 <b>74,150</b>	 <b>0.00</b>	 <b>0.00</b>	 <b>0.00</b>	 <b>-7.04</b>	 <b>-6.24</b>	 <b>--</b>	 <b>-0.68</b>	 <b>06/01/2017</b>
 <b>Eminence Fund Leveraged - Net</b> <sup>[11]</sup>	 <b>1,368,068</b>	 <b>-2.84</b>	 <b>-6.64</b>	 <b>-2.84</b>	 <b>--</b>	 <b>--</b>	 <b>--</b>	 <b>-8.80</b>	 <b>08/01/2018</b>

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## Performance Report

### Nevada System of Higher Education

As of January 31, 2019

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

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Annualized			Inception Date
						One Year	Two Years	Since Inception	
CapeView Azri Fund - Net <sup>[12]</sup>	939,470	-0.28	-4.38	-0.28	-5.85	--	--	-5.85	07/01/2018
CapeView Azri 2X Fund - Net <sup>[12]</sup>	439,352	-0.69	-9.00	-0.69	-12.20	--	--	-12.20	07/01/2018
CVI Emerging Markets Credit Value Fd Ltd - Net <sup>[9]</sup>	2,176,856	-1.90	-5.21	-1.90	-9.75	-8.37	--	1.27	03/01/2017
Jet Capital Concentrated Offshore Fd Ltd - Net <sup>[9]</sup>	36,436	0.00	0.00	0.00	0.00	-10.25	--	-2.98	03/01/2017
PIMCO Tactical Opportunities Offshore - Net <sup>[13]</sup>	1,061,219	-0.64	-0.70	-0.64	1.13	--	--	2.11	05/01/2018
York Asian Opportunities Unit Trust - Net <sup>[13]</sup>	1,231,848	-3.12	-4.10	-3.12	-9.52	--	--	-10.01	05/01/2018
Aristeia International Ltd. - Net <sup>[9]</sup>	2,113,797	0.28	0.58	0.28	8.06	9.10	--	6.07	03/01/2017
GS Global Eq. Market Neutral Insights - Net <sup>[14]</sup>	1,118,091	3.51	-1.65	3.51	--	--	--	-1.65	11/01/2018
Massar Macro Commodity Fund Ltd - Net <sup>[9]</sup>	52,887	0.00	0.00	0.00	0.00	2.13	--	2.96	03/01/2017
Trend Macro Offshore Ltd. - Net <sup>[10]</sup>	972,337	-3.19	-3.61	-3.19	-8.56	-12.90	--	-1.76	06/01/2017
The Winton Fund - Net <sup>[11]</sup>	436,088	-3.07	-4.23	-3.07	--	--	--	-3.09	08/01/2018

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# Performance Report

## Nevada System of Higher Education

As of January 31, 2019

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

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Annualized			Inception Date
						One Year	Two Years	Since Inception	
<b>Real Assets - Gross</b> <sup>[15]</sup>	5,534,827	0.00	1.83	0.00	4.10	8.51	--	7.84	04/01/2017
<b>Real Assets - Net</b> <sup>[15]</sup>	5,534,827	0.00	1.49	0.00	3.41	7.08	--	6.49	04/01/2017
<b>Real Estate Equity Fund - Gross</b> <sup>[15]</sup>	5,534,827	0.00	1.83	0.00	4.10	8.51	--	7.84	04/01/2017
<b>Real Estate Equity Fund - Net</b> <sup>[15]</sup>	5,534,827	0.00	1.49	0.00	3.41	7.08	--	6.49	04/01/2017
NFI-ODCE-EQ-E&F <sup>[16]</sup>	--	0.00	1.59	0.00	3.67	8.25	--	7.83	--
<b>Fixed Income &amp; Cash - Gross</b> <sup>[3]</sup>	15,820,726	1.33	2.98	1.33	2.53	1.98	2.01	2.23	01/01/2017
<b>Fixed Income &amp; Cash - Net</b> <sup>[3]</sup>	15,820,726	1.28	2.84	1.28	2.21	1.45	1.47	1.70	01/01/2017
Custom Benchmark <sup>[17]</sup>	--	0.79	2.59	0.79	2.37	2.25	2.00	2.13	--
Bloomberg Barclays US Aggregate Bond Idx	--	1.06	3.53	1.06	2.73	2.25	2.20	2.21	--
<b>Core Bond Fund - Gross</b> <sup>[3]</sup>	10,620,879	1.28	3.88	1.28	2.66	1.65	2.08	2.27	01/01/2017
<b>Core Bond Fund - Net</b> <sup>[3]</sup>	10,620,879	1.24	3.76	1.24	2.39	1.20	1.62	1.81	01/01/2017
Bloomberg Barclays US Aggregate Bond Idx	--	1.06	3.53	1.06	2.73	2.25	2.20	2.21	--
<b>Absolute Return Fixed Income Fund - Gross</b> <sup>[3]</sup>	5,132,101	1.44	1.17	1.44	2.09	2.83	2.15	2.13	01/09/2017
<b>Absolute Return Fixed Income Fund - Net</b> <sup>[3]</sup>	5,132,101	1.38	0.99	1.38	1.64	2.07	1.40	1.38	01/09/2017
Bloomberg Barclays 3 Mo USD LIBOR Index	--	0.24	0.70	0.24	1.53	2.46	1.90	1.88	--

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## Market Value Reconciliation

### Nevada System of Higher Education

As of January 31, 2019

#### NSHE - Primary Investment Account - SIPL

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Since Inception 01/01/17
Beginning Market Value (\$)	78,195,346	82,068,947	78,195,346	84,507,209	90,368,746	53,177,202	0
Inflows (\$)	1,203,652	1,234,946	1,203,652	1,247,906	1,585,021	31,936,145	84,336,545
Outflows (\$)	-1,113,025	-2,384,085	-1,113,025	-2,537,021	-6,416,854	-11,738,541	-11,738,541
Net Inflows / Outflows (\$)	90,627	-1,149,139	90,627	-1,289,115	-4,831,833	20,197,604	72,598,004
Appreciation / Depreciation (\$)	4,806,672	2,172,837	4,806,672	-125,449	-2,444,267	9,716,870	10,493,317
Income Earned (\$)	0	0	0	0	0	969	1,324
Net Market Gain/Loss (\$)	4,806,672	2,172,837	4,806,672	-125,449	-2,444,267	9,717,839	10,494,641
Ending Market Value (\$)	83,092,645	83,092,645	83,092,645	83,092,645	83,092,645	83,092,645	83,092,645

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## Market Value Reconciliation

### Nevada System of Higher Education

As of January 31, 2019

#### NSHE - Russell Investments Hedge Funds - SIPM

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Since Inception 01/06/17
Beginning Market Value (\$)	12,224,649	12,516,638	12,224,649	12,824,512	12,808,689	8,063,634	0
Inflows (\$)	0	0	0	0	0	4,002,980	12,064,580
Outflows (\$)	0	0	0	0	0	-65,134	-65,134
Net Inflows / Outflows (\$)	0	0	0	0	0	3,937,846	11,999,446
Appreciation / Depreciation (\$)	-136,305	-428,295	-136,305	-741,197	-726,903	80,099	80,099
Income Earned (\$)	0	1	0	5,030	6,558	6,765	8,799
Net Market Gain/Loss (\$)	-136,305	-428,293	-136,305	-736,167	-720,345	86,864	88,898
Ending Market Value (\$)	12,088,345	12,088,345	12,088,345	12,088,345	12,088,345	12,088,345	12,088,345

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## Market Value Reconciliation

### Nevada System of Higher Education

As of January 31, 2019

#### NSHE - Russell Investments Private Capital - SIPN

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Since Inception 01/01/17
Beginning Market Value (\$)	10,798,965	11,379,430	10,798,965	11,833,575	12,310,543	6,834,883	0
Inflows (\$)	0	0	0	0	0	3,525,000	10,243,000
Outflows (\$)	0	-20,918	0	-41,795	-83,190	-83,190	-83,190
Net Inflows / Outflows (\$)	0	-20,918	0	-41,795	-83,190	3,441,810	10,159,810
Appreciation / Depreciation (\$)	872,568	313,022	872,568	-120,246	-555,820	1,394,840	1,511,723
Income Earned (\$)	0	0	0	0	0	0	0
Net Market Gain/Loss (\$)	872,568	313,022	872,568	-120,246	-555,820	1,394,840	1,511,723
Ending Market Value (\$)	11,671,533	11,671,533	11,671,533	11,671,533	11,671,533	11,671,533	11,671,533

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## Endnotes

### Nevada System of Higher Education

As of January 31, 2019

- [1] Market value is reported one month in arrears.
- [2] Market value is as of the quarter ending 12/31/18.
- [3] Net of fee adjusted returns are estimated using basis point adjustments. Returns are geometrically linked and could experience compounding effects.
- [4] As of 02/01/17, the Custom Benchmark is the sum contribution of monthly benchmark returns, dynamically weighted by the component benchmarks' associated funds' monthly average balance over the aggregate monthly average balance. Custom Benchmark currently consists of: Multi-Asset Core Plus Composite Bmk, LIBOR + 4% (1 mo lag), NCREIF Open-End E&F, Bloomberg Barclays Aggregate, Bloomberg Barclays 3 Month LIBOR, Bloomberg Barclays 1-3 Month T-Bill.
- [5] Strategic Allocation Benchmark currently consists of: 68.0% Multi-Asset Core Plus Composite Bmk, 12.0% LIBOR + 4% (1 mo lag), 5.0% NCREIF Open-End E&F, 10.0% Bloomberg Barclays Aggregate, 5.0% Bloomberg Barclays 3 Month LIBOR.
- [6] Normalized Benchmark currently consists of: 51.9% MSCI ACWI IMI 50% USD Hedged Net, 3.5% ICE BofAML Dev Mkts HY Constr USD Hdg, 3.5% JP Morgan EMBI Global Diversified Index, 14.0% LIBOR + 4% (1 mo lag), 2.2% Bloomberg Commodity, 2.2% FTSE EPRA Nareit Net, 2.2% S&P Gbl Infrastructure Net, 3.1% NFI-ODCE-EQ, 11.6% Bloomberg Barclays Aggregate, 5.8% Bloomberg Barclays 3 Month LIBOR.
- [7] Custom Benchmark currently consists of: 100.0% Multi-Asset Core Plus Composite Bmk.
- [8] The Multi-Asset Core Plus Composite Index is appropriate for evaluating the Fund over a 3 to 5 year horizon. It currently consists of: 75.0% MSCI ACWI IMI 50% USD Hedged Net, 5.0% Bloomberg Commodity Index, 5.0% FTSE EPRA Nareit Dev Real Estate Net, 5.0% S&P Global Infrastructure Index Net, 5.0% ICE BofAML Developed Markets High Yield Constrained Index USD Hdg, 5.0% JP Morgan EMBI Global Diversified Index. Allocation changes and underlying fund additions and deletions over time will be captured in the composite index. Prior allocations available upon request.
- [9] True inception date is 02/01/17. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
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- [15] Real Estate Equity Fund is valued quarterly. The market value shown is as of the quarter ending 12/31/18 while the performance is reported as of the date of the performance report. The market value is reported net of fees while returns are reported gross of fees unless otherwise noted. Fee adjusted returns are estimated using basis point adjustments. Returns are geometrically linked and could experience compounding effects.
- [16] NCREIF Fund Index Open-End Diversified Core Equity-Equal Weight-Endowment & Foundation Eligible (NFI-ODCE-EQ-E&F).
- [17] As of 01/06/17, the Custom Benchmark is the sum contribution of daily benchmark returns, dynamically weighted by the component primary benchmarks' associated funds' daily beginning market value over the aggregate beginning market value.

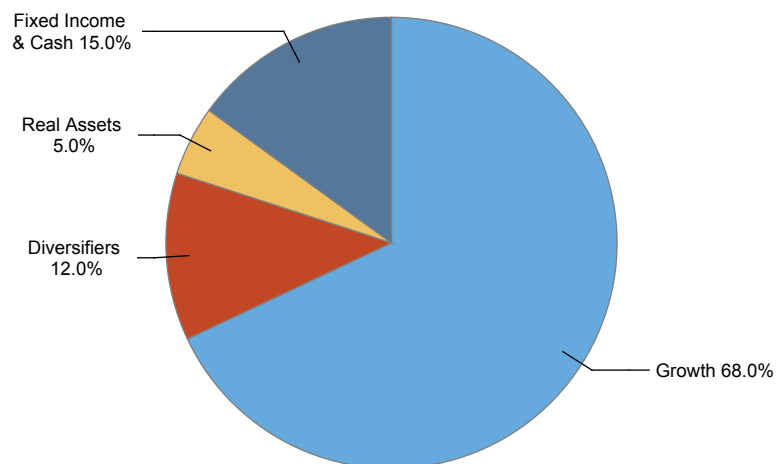
## Asset Summary

### Nevada System of Higher Education

As of February 28, 2019

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

##### Asset Class Policy Allocation



##### Market Value Reconciliation

	One Month	Three Months	Year to Date
Beginning Market Value (\$)	106,852,523	105,421,920	101,218,960
Net Inflows/Outflows (\$)	365,477	288,923	456,104
Net Market Gain/Loss (\$)	1,830,442	3,337,599	7,373,377
Ending Market Value (\$)	109,048,442	109,048,442	109,048,442

##### Asset Allocation

	Ending Market Value	Actual Holding	Policy Holding	Holding Variance
Growth	\$75,063,598	68.8%	68.0%	0.8%
Diversifiers <sup>[1]</sup>	12,305,502	11.3	12.0	-0.7
Real Assets <sup>[2]</sup>	5,534,827	5.1	5.0	0.1
Fixed Income & Cash	16,144,515	14.8	15.0	-0.2
<b>Total Endowment Pool Composite</b>	<b>109,048,442</b>	<b>100.0</b>	<b>100.0</b>	<b>0.0</b>

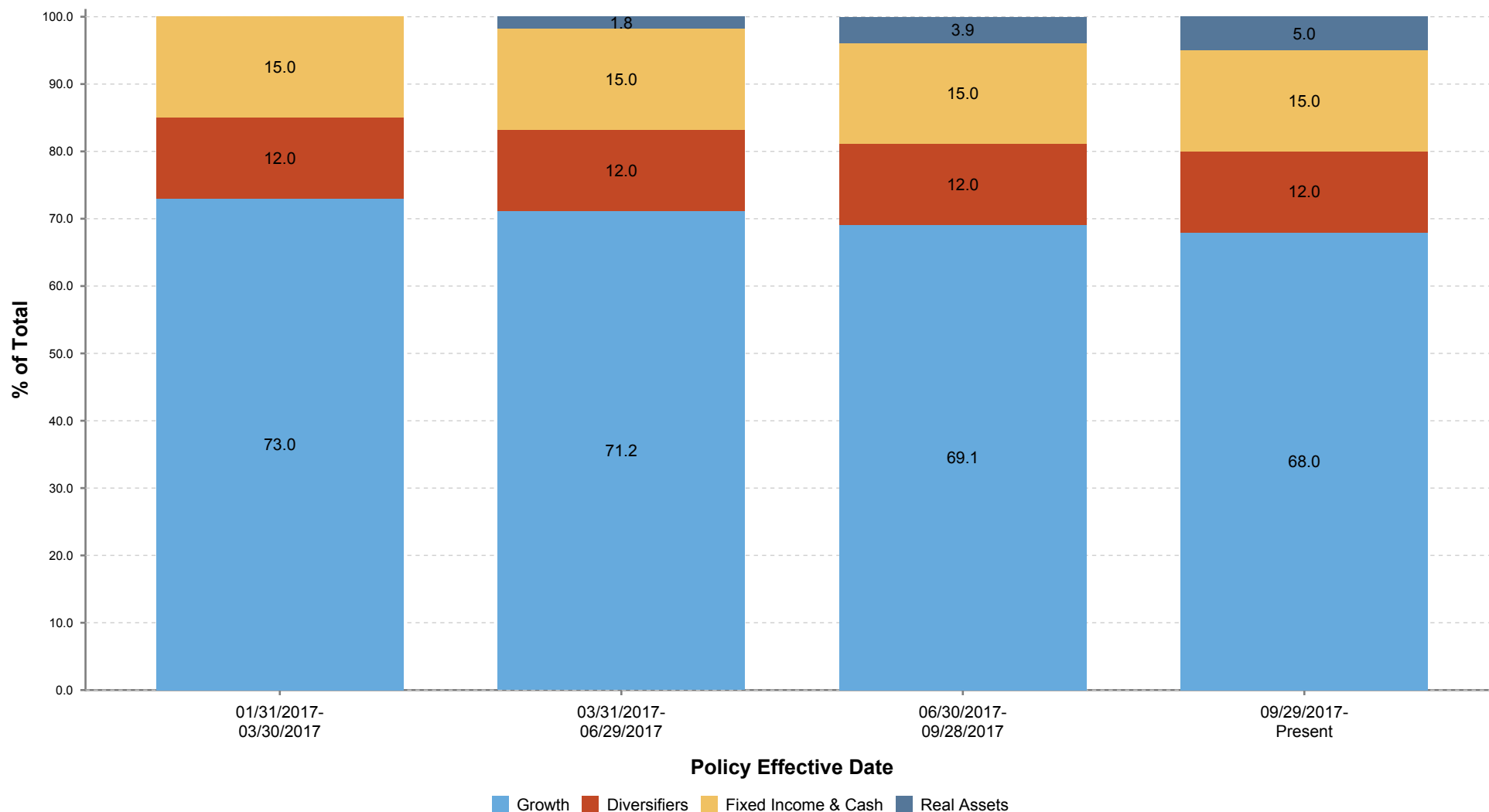
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## Historical Asset Allocation Nevada System of Higher Education

As of February 28, 2019

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



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## Market Value Reconciliation

### Nevada System of Higher Education

As of February 28, 2019

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

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Since Inception 01/01/17
Beginning Market Value (\$)	106,852,523	105,421,920	101,218,960	109,165,296	112,599,319	77,439,716	0
Inflows (\$)	530,099	1,735,542	1,733,751	1,778,005	2,086,717	31,854,669	107,174,223
Outflows (\$)	-164,622	-1,446,619	-1,277,646	-2,743,438	-6,489,053	-12,051,486	-12,051,486
Net Inflows / Outflows (\$)	365,477	288,923	456,104	-965,433	-4,402,337	19,803,183	95,122,738
Appreciation / Depreciation (\$)	1,830,324	3,337,480	7,373,259	843,431	844,784	11,797,854	13,915,462
Income Earned (\$)	118	119	119	5,148	6,676	7,688	10,242
Net Market Gain/Loss (\$)	1,830,442	3,337,599	7,373,377	848,579	851,460	11,805,542	13,925,704
Ending Market Value (\$)	109,048,442	109,048,442	109,048,442	109,048,442	109,048,442	109,048,442	109,048,442

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# Performance Report

## Nevada System of Higher Education

As of February 28, 2019

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

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Annualized			Inception Date
						One Year	Two Years	Since Inception	
<b>Total Endowment Pool Composite - Gross</b> <sup>[3]</sup>	<b>\$109,048,442</b>	<b>1.71%</b>	<b>3.21%</b>	<b>7.30%</b>	<b>0.86%</b>	<b>0.91%</b>	<b>5.82%</b>	<b>7.19%</b>	<b>01/01/2017</b>
<b>Total Endowment Pool Composite - Net</b> <sup>[3]</sup>	<b>109,048,442</b>	<b>1.67</b>	<b>3.05</b>	<b>7.20</b>	<b>0.46</b>	<b>0.28</b>	<b>5.17</b>	<b>6.53</b>	<b>01/01/2017</b>
Dynamic Benchmark <sup>[4]</sup>	--	1.83	2.93	7.21	1.83	2.43	6.30	7.56	--
Strategic Allocation Benchmark <sup>[5]</sup>	--	1.80	3.00	7.23	1.99	2.74	6.40	7.66	--
Normalized Benchmark <sup>[6]</sup>	--	1.82	2.94	7.05	2.01	2.62	6.36	7.41	--
 <b>Growth - Gross</b> <sup>[3]</sup>	 <b>75,063,598</b>	 <b>2.04</b>	 <b>3.97</b>	 <b>10.29</b>	 <b>1.01</b>	 <b>1.01</b>	 <b>7.07</b>	 <b>8.57</b>	 <b>01/01/2017</b>
<b>Growth - Net</b> <sup>[3]</sup>	<b>75,063,598</b>	<b>1.99</b>	<b>3.80</b>	<b>10.17</b>	<b>0.55</b>	<b>0.31</b>	<b>6.33</b>	<b>7.82</b>	<b>01/01/2017</b>
Custom Benchmark <sup>[7]</sup>	--	2.55	3.38	10.31	1.14	1.44	7.24	8.83	--
 <b>Multi-Asset Core Plus Fund - Gross</b> <sup>[3]</sup>	 <b>75,063,598</b>	 <b>2.04</b>	 <b>3.97</b>	 <b>10.29</b>	 <b>1.01</b>	 <b>1.01</b>	 <b>7.07</b>	 <b>8.57</b>	 <b>01/01/2017</b>
<b>Multi-Asset Core Plus Fund - Net</b> <sup>[3]</sup>	<b>75,063,598</b>	<b>1.99</b>	<b>3.80</b>	<b>10.17</b>	<b>0.55</b>	<b>0.31</b>	<b>6.33</b>	<b>7.82</b>	<b>01/01/2017</b>
Multi-Asset Core Plus Composite Bmk <sup>[8]</sup>	--	2.55	3.38	10.31	1.14	1.44	7.24	8.83	--
 <b>Diversifiers - Gross</b> <sup>[3],[9]</sup>	 <b>12,305,502</b>	 <b>2.37</b>	 <b>-0.21</b>	 <b>1.22</b>	 <b>-3.57</b>	 <b>-5.46</b>	 <b>1.50</b>	 <b>1.50</b>	 <b>03/01/2017</b>
<b>Diversifiers - Net</b> <sup>[3],[9]</sup>	<b>12,305,502</b>	<b>2.32</b>	<b>-0.36</b>	<b>1.12</b>	<b>-3.98</b>	<b>-6.07</b>	<b>0.85</b>	<b>0.85</b>	<b>03/01/2017</b>
LIBOR + 4% (1 mo lag)	--	0.54	1.59	1.07	4.18	6.15	5.66	5.66	--
 <b>Highline Enhanced, Ltd. - Net</b> <sup>[10]</sup>	 <b>74,150</b>	 <b>0.00</b>	 <b>0.00</b>	 <b>0.00</b>	 <b>-7.04</b>	 <b>-11.52</b>	 <b>--</b>	 <b>-0.65</b>	 <b>06/01/2017</b>
 <b>Eminence Fund Leveraged - Net</b> <sup>[11]</sup>	 <b>1,483,545</b>	 <b>8.44</b>	 <b>6.88</b>	 <b>5.36</b>	 <b>--</b>	 <b>--</b>	 <b>--</b>	 <b>-1.10</b>	 <b>08/01/2018</b>

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# Performance Report

## Nevada System of Higher Education

As of February 28, 2019

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

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Annualized			Inception Date
						One Year	Two Years	Since Inception	
CapeView Azri Fund - Net <sup>[12]</sup>	947,737	0.88	-0.85	0.60	-5.02	--	--	-5.02	07/01/2018
CapeView Azri 2X Fund - Net <sup>[12]</sup>	446,186	1.56	-2.20	0.85	-10.84	--	--	-10.84	07/01/2018
CVI Emerging Markets Credit Value Fd Ltd - Net <sup>[9]</sup>	2,216,164	1.81	-3.02	-0.12	-8.12	-10.47	2.13	2.13	03/01/2017
Jet Capital Concentrated Offshore Fd Ltd - Net <sup>[9]</sup>	36,436	0.00	0.00	0.00	0.00	-9.62	-2.86	-2.86	03/01/2017
PIMCO Tactical Opportunities Offshore - Net <sup>[13]</sup>	1,072,203	1.04	0.24	0.39	2.18	--	--	3.17	05/01/2018
York Asian Opportunities Unit Trust - Net <sup>[13]</sup>	1,282,853	4.14	-0.13	0.89	-5.78	--	--	-6.28	05/01/2018
Aristeia International Ltd. - Net <sup>[9]</sup>	2,111,478	-0.11	-0.58	0.17	7.95	8.96	5.77	5.77	03/01/2017
GS Global Eq. Market Neutral Insights - Net <sup>[14]</sup>	1,158,620	3.62	2.50	7.26	--	--	--	1.92	11/01/2018
Massar Macro Commodity Fund Ltd - Net <sup>[9]</sup>	52,887	0.00	0.00	0.00	0.00	0.92	2.84	2.84	03/01/2017
Trend Macro Offshore Ltd. - Net <sup>[10]</sup>	993,108	2.14	-3.57	-1.13	-6.60	-11.01	--	-0.49	06/01/2017
The Winton Fund - Net <sup>[11]</sup>	430,135	-1.37	-3.06	-4.40	--	--	--	-4.41	08/01/2018

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# Performance Report

## Nevada System of Higher Education

As of February 28, 2019

## Nevada System of Higher Education - Endowment - NK1K

	Market Value	One Month	Three Months	Year to Date	FYTD 06/30	Annualized			Inception Date
						One Year	Two Years	Since Inception	
<b>Real Assets - Gross</b> <sup>[15]</sup>	5,534,827	0.00	1.83	0.00	4.10	8.51	--	7.51	04/01/2017
<b>Real Assets - Net</b> <sup>[15]</sup>	5,534,827	0.00	1.49	0.00	3.41	7.08	--	6.22	04/01/2017
<b>Real Estate Equity Fund - Gross</b> <sup>[15]</sup>	5,534,827	0.00	1.83	0.00	4.10	8.51	--	7.51	04/01/2017
<b>Real Estate Equity Fund - Net</b> <sup>[15]</sup>	5,534,827	0.00	1.49	0.00	3.41	7.08	--	6.22	04/01/2017
NFI-ODCE-EQ-E&F <sup>[16]</sup>	--	0.00	1.59	0.00	3.67	8.25	--	7.51	--
<b>Fixed Income &amp; Cash - Gross</b> <sup>[3]</sup>	16,144,515	0.28	2.88	1.61	2.81	3.16	2.14	2.28	01/01/2017
<b>Fixed Income &amp; Cash - Net</b> <sup>[3]</sup>	16,144,515	0.24	2.75	1.52	2.45	2.62	1.60	1.75	01/01/2017
Custom Benchmark <sup>[17]</sup>	--	0.03	2.14	0.82	2.40	2.92	1.82	2.06	--
Bloomberg Barclays US Aggregate Bond Idx	--	-0.06	2.86	1.00	2.67	3.17	1.83	2.10	--
<b>Core Bond Fund - Gross</b> <sup>[3]</sup>	10,894,414	-0.06	3.10	1.22	2.59	2.78	1.86	2.16	01/01/2017
<b>Core Bond Fund - Net</b> <sup>[3]</sup>	10,894,414	-0.09	3.00	1.15	2.29	2.33	1.40	1.71	01/01/2017
Bloomberg Barclays US Aggregate Bond Idx	--	-0.06	2.86	1.00	2.67	3.17	1.83	2.10	--
<b>Absolute Return Fixed Income Fund - Gross</b> <sup>[3]</sup>	5,182,237	0.98	2.43	2.43	3.08	4.03	2.99	2.52	01/09/2017
<b>Absolute Return Fixed Income Fund - Net</b> <sup>[3]</sup>	5,182,237	0.92	2.26	2.31	2.58	3.25	2.22	1.76	01/09/2017
Bloomberg Barclays 3 Mo USD LIBOR Index	--	0.21	0.69	0.45	1.74	2.53	1.97	1.91	--

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## Market Value Reconciliation

### Nevada System of Higher Education

As of February 28, 2019

#### NSHE - Primary Investment Account - SIPL

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Since Inception 01/01/17
Beginning Market Value (\$)	83,092,645	81,544,967	78,195,346	84,507,209	87,678,180	62,390,745	0
Inflows (\$)	530,099	1,735,542	1,733,751	1,778,005	2,086,717	24,326,689	84,866,643
Outflows (\$)	-144,789	-1,405,868	-1,257,814	-2,681,810	-6,406,444	-11,883,330	-11,883,330
Net Inflows / Outflows (\$)	385,310	329,674	475,937	-903,805	-4,319,727	12,443,359	72,983,314
Appreciation / Depreciation (\$)	1,306,719	2,910,033	6,113,391	1,181,270	1,426,222	9,949,748	11,800,036
Income Earned (\$)	0	0	0	0	0	822	1,324
Net Market Gain/Loss (\$)	1,306,719	2,910,033	6,113,391	1,181,270	1,426,222	9,950,570	11,801,360
Ending Market Value (\$)	84,784,674	84,784,674	84,784,674	84,784,674	84,784,674	84,784,674	84,784,674

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## Market Value Reconciliation

### Nevada System of Higher Education

As of February 28, 2019

#### NSHE - Russell Investments Hedge Funds - SIPM

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Since Inception 01/06/17
Beginning Market Value (\$)	12,088,345	12,400,390	12,224,649	12,824,512	13,066,935	8,063,652	0
Inflows (\$)	0	0	0	0	0	4,002,980	12,064,580
Outflows (\$)	0	0	0	0	0	-65,134	-65,134
Net Inflows / Outflows (\$)	0	0	0	0	0	3,937,846	11,999,446
Appreciation / Depreciation (\$)	284,904	-27,143	148,599	-456,293	-700,244	365,003	365,003
Income Earned (\$)	118	119	119	5,148	6,676	6,866	8,917
Net Market Gain/Loss (\$)	285,022	-27,024	148,717	-451,145	-693,569	371,869	373,920
Ending Market Value (\$)	12,373,367	12,373,367	12,373,367	12,373,367	12,373,367	12,373,367	12,373,367

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## Market Value Reconciliation

### Nevada System of Higher Education

As of February 28, 2019

#### NSHE - Russell Investments Private Capital - SIPN

	One Month	Three Months	Year to Date	FYTD 06/30	One Year	Two Years	Since Inception 01/01/17
Beginning Market Value (\$)	11,671,533	11,476,563	10,798,965	11,833,575	11,854,204	6,985,320	0
Inflows (\$)	0	0	0	0	0	3,525,000	10,243,000
Outflows (\$)	-19,833	-40,751	-19,833	-61,628	-82,609	-103,022	-103,022
Net Inflows / Outflows (\$)	-19,833	-40,751	-19,833	-61,628	-82,609	3,421,978	10,139,978
Appreciation / Depreciation (\$)	238,701	454,590	1,111,269	118,455	118,807	1,483,103	1,750,424
Income Earned (\$)	0	0	0	0	0	0	0
Net Market Gain/Loss (\$)	238,701	454,590	1,111,269	118,455	118,807	1,483,103	1,750,424
Ending Market Value (\$)	11,890,401	11,890,401	11,890,401	11,890,401	11,890,401	11,890,401	11,890,401

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## Endnotes

### Nevada System of Higher Education

As of February 28, 2019

- [1] Market value is reported one month in arrears.
- [2] Market value is as of the quarter ending 12/31/18.
- [3] Net of fee adjusted returns are estimated using basis point adjustments. Returns are geometrically linked and could experience compounding effects.
- [4] As of 02/01/17, the Custom Benchmark is the sum contribution of monthly benchmark returns, dynamically weighted by the component benchmarks' associated funds' monthly average balance over the aggregate monthly average balance. Custom Benchmark currently consists of: Multi-Asset Core Plus Composite Bmk, LIBOR + 4% (1 mo lag), NCREIF Open-End E&F, Bloomberg Barclays Aggregate, Bloomberg Barclays 3 Month LIBOR, Bloomberg Barclays 1-3 Month T-Bill.
- [5] Strategic Allocation Benchmark currently consists of: 68.0% Multi-Asset Core Plus Composite Bmk, 12.0% LIBOR + 4% (1 mo lag), 5.0% NCREIF Open-End E&F, 10.0% Bloomberg Barclays Aggregate, 5.0% Bloomberg Barclays 3 Month LIBOR.
- [6] Normalized Benchmark currently consists of: 52.3% MSCI ACWI IMI 50% USD Hedged Net, 3.5% ICE BofAML Dev Mkts HY Constr USD Hdg, 3.5% JP Morgan EMBI Global Diversified Index, 13.9% LIBOR + 4% (1 mo lag), 2.2% Bloomberg Commodity, 2.2% FTSE EPRA Nareit Net, 2.2% S&P Gbl Infrastructure Net, 3.1% NFI-ODCE-EQ, 11.4% Bloomberg Barclays Aggregate, 5.7% Bloomberg Barclays 3 Month LIBOR.
- [7] Custom Benchmark currently consists of: 100.0% Multi-Asset Core Plus Composite Bmk.
- [8] The Multi-Asset Core Plus Composite Index is appropriate for evaluating the Fund over a 3 to 5 year horizon. It currently consists of: 75.0% MSCI ACWI IMI 50% USD Hedged Net, 5.0% Bloomberg Commodity Index, 5.0% FTSE EPRA Nareit Dev Real Estate Net, 5.0% S&P Global Infrastructure Index Net, 5.0% ICE BofAML Developed Markets High Yield Constrained Index USD Hdg, 5.0% JP Morgan EMBI Global Diversified Index. Allocation changes and underlying fund additions and deletions over time will be captured in the composite index. Prior allocations available upon request.
- [9] True inception date is 02/01/17. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [10] True inception date is 05/01/17. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [11] True inception date is 07/01/18. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [12] True inception date is 06/01/18. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [13] True inception date is 04/01/18. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [14] True inception date is 10/01/18. Market values and returns are reported one month in arrears. Market value and returns are reported net of underlying fund fees and gross of Russell Investment fees.
- [15] Real Estate Equity Fund is valued quarterly. The market value shown is as of the quarter ending 12/31/18 while the performance is reported as of the date of the performance report. The market value is reported net of fees while returns are reported gross of fees unless otherwise noted. Fee adjusted returns are estimated using basis point adjustments. Returns are geometrically linked and could experience compounding effects.
- [16] NCREIF Fund Index Open-End Diversified Core Equity-Equal Weight-Endowment & Foundation Eligible (NFI-ODCE-EQ-E&F).
- [17] As of 01/06/17, the Custom Benchmark is the sum contribution of daily benchmark returns, dynamically weighted by the component primary benchmarks' associated funds' daily beginning market value over the aggregate beginning market value.

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