

NEVADA SYSTEM OF HIGHER EDUCATION

DISCUSSION MATERIALS



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MARCH 29, 2019

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Table of Contents

1.	Endowment OCIO Update	1
A.	Performance	4
B.	Asset Allocation and Guideline Compliance	16
C.	Risk/Return Characteristics – C A Portfolio	21
D.	C A Diversifiers and Private Investments	26
E.	Legacy Assets	30

1. ENDOWMENT OCIO UPDATE



Endowment OCIO Update – Executive Summary

A. Performance:

- For the fiscal year through February 28, the NSHE Endowment returned a *preliminary* 1.1%, underperforming both the Simple 70/30 Index and the Policy Benchmark by 40bps. (Private Investments are as of 9/30/2018, due to the manager reporting lag.) The breakdown by sleeve is as follows:
 - +1.1% - Cambridge Associates (*beating benchmark by 30 bps*)
 - +0.5% - Russell Investments (*lagging benchmark by 160 bps*)
 - +2.7% - Legacy Assets
- For the fiscal year to date, C|A Managed Assets returned 1.1% net of C|A fees, with asset class returns ranging from 3.9% for U.S. Equity down to -0.4% for International Developed Markets and Real Assets. C|A Managed Real Assets delivered the strongest relative performance in the C|A portfolio (390 basis points ahead of the asset class benchmark). The largest detractor from relative returns in the C|A portfolio was the Diversifiers allocation.
- Per the Endowment's Investment Policy Statement, it is important to monitor returns on an ongoing basis and **evaluate** portfolio returns and risk over time periods that are suitably long for the long-term investment strategy of this perpetual pool. Over the trailing 10 years, the NSHE Endowment has delivered risk-adjusted returns ahead of the Policy Benchmark and similarly sized peers.
- At the Committee's request, an accounting of manager/OCIO fees paid in FY2018 from the Endowment is as follows:

	<u>C A Managed Assets</u>		<u>Legacy Assets</u>	
	<u>(\$,000)</u>	<u>(%)</u>	<u>(\$,000)</u>	<u>(%)</u>
FY return net of all fees	\$ 8,305	7.57%	\$ 5,109	18.63%
C A OCIO fee	\$ 342	0.30%	---	---
<i>Investment manager fees:</i>				
Annual management fees	\$ 962	0.84%	\$ 358	1.16%
Incentive fees	\$ 366	0.32%	\$ 165	0.53%

Endowment OCIO Update – Executive Summary (*cont'd*)

B. Asset Allocation and Guideline Compliance:

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

C. Risk/Return Characteristics – C|A Portfolio:

- While the C|A Policy Benchmark has a 5.9% expected *real* (inflation-adjusted) compound return over the long term (i.e. 25+ years), there is a wide range of potential outcomes, particularly over shorter time periods. In particular, current valuations look likely to challenge intermediate-term returns.
- Relative to a 70/30 Simple Index, the C|A Policy Targets approved by the Investment Committee in December 2016 are expected to show slightly lower volatility and sensitivity to equity beta. Although the C|A Policy Benchmark would be expected to experience meaningful short-term declines in stress environments, it is expected to materially reduce the Long-Term Risk of failing to keep pace with the Endowment payout while maintaining purchasing power in inflation-adjusted terms.

D. C|A Diversifiers and Private Investments: The C|A hedge fund portfolio is well diversified across 12 managers. We have also committed \$21.8 million to 17 Private Investments funds as we build toward the long-term policy targets approved by the Investment Committee in December 2016.

E. Legacy Assets: NSHE's Legacy Private Investments program returned 17.1% over the trailing year through 9/30/2018 and has meaningfully outperformed public markets since inception. The Legacy Private Natural Resources funds have been particularly strong, with a 25.4% return since inception (15.4% ahead of public natural resource equities and 10.5% ahead of the C|A Private Natural Resources benchmark).

1. ENDOWMENT OCIO UPDATE

A. PERFORMANCE



Absolute Returns Have Been Solid (Though Both OCIOs have Underperformed Benchmarks) Since Inception of OCIO Track Record

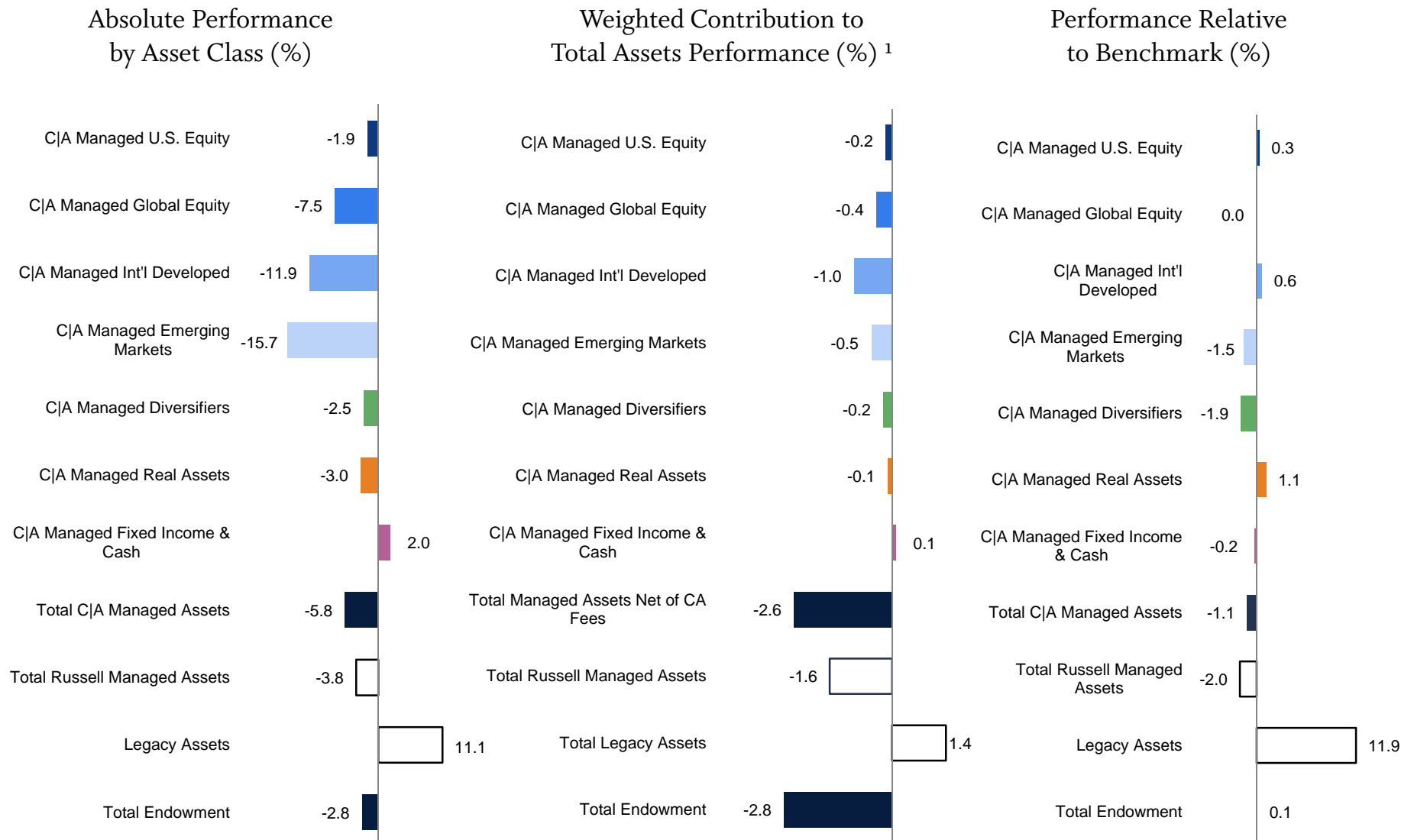
Composite (Inception Date)	Assets \$ mil	Total Return (%)					
		Latest Month 01/31/19- 02/28/19	CYTD 12/31/18- 02/28/19	FYTD 06/30/18- 02/28/19	Annualized 03/31/17- 02/28/19	Annualized Trailing 10 Years	Annualized Since Inception
Total C A Managed Assets (11/30/16)	114.2	2.6	8.5	1.4	6.1	---	8.4
Total C A Managed Assets Net of Fees (03/31/17)	114.2	2.6	8.4	1.1	5.8	---	5.8
C A Normalized Benchmark (03/31/17)		1.8	7.8	0.8	6.2	---	6.2
Value Added		0.8	0.7	0.3	-0.5	---	-0.5
Total Russell Managed Assets (12/31/16)	109.0	1.7	7.2	0.5	4.9	---	6.5
Russell Normalized Benchmark (12/31/16)		1.8	7.0	2.0	6.3	---	---
Value Added		-0.1	0.2	-1.6	-1.4	---	---
Legacy Assets							
Legacy Private Growth (11/15/98) ⁽³⁾	23.8	---	---	3.7	13.5	13.7	11.2
Legacy Private Natural Resources (11/15/98) ⁽³⁾	7.9	---	---	0.7	11.3	9.5	16.0
Other Legacy Assets (11/30/12)	2.2	0.1	0.8	-2.3	-0.2	---	4.0
Total Endowment (06/30/84)	257.2	1.9	6.8	1.1	6.2	9.4	9.7
Policy Benchmark (06/30/84)		1.6	6.4	1.6	6.6	10.2	9.6
Value Added		0.3	0.4	-0.4	-0.3	-0.7	0.1
MSCI ACWI (N) 70%/BBG Barc Agg 30% (06/30/84) ⁽⁷⁾		1.9	7.8	1.6	6.5	10.2	9.1
Value Added		0.0	-1.1	-0.4	-0.2	-0.7	0.6
CPI-U (06/30/84)		0.4	0.6	0.3	1.9	1.8	2.6

Note: Returns are net of fees and as of 2/28/19. Since Inception returns are cumulative for investments with less than one full year of performance history.

⁽³⁾ Private Investments are as of 09/30/18, with adjustments for cash flows through the current period.

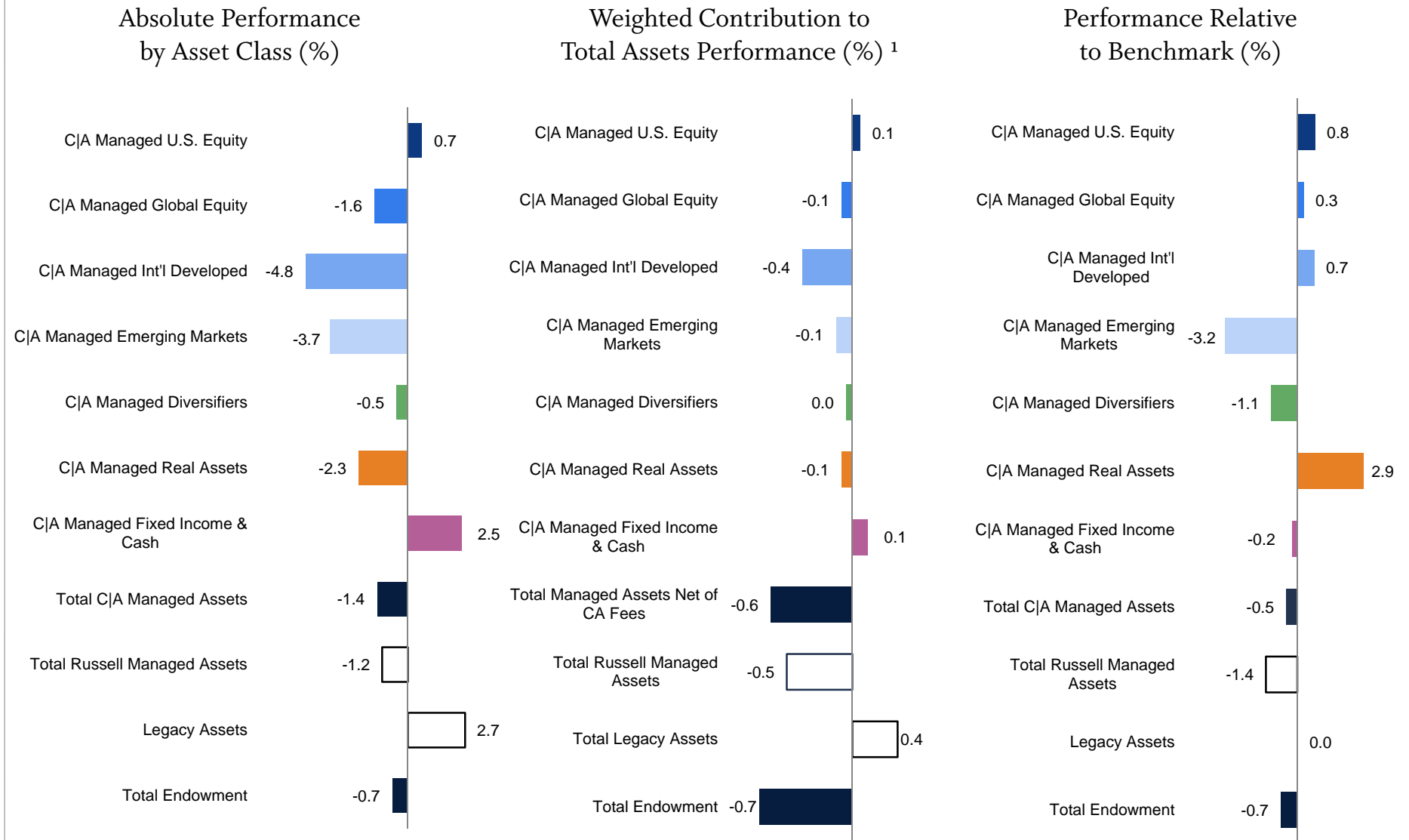
⁽⁷⁾ From 01/31/88 to 01/31/01 benchmark consists of 70% MSCI ACWI (G) & 30% BBG Barc Agg. Prior to 01/31/88 benchmark consists of 70% MSCI World Index (N) & 30% BBG Barc Agg.

Trailing 1 Year through 1/31/19: Which Assets Drove Performance?



Notes: Analysis of trailing twelve months as of 1/31/19. Private investments are reported on a quarter-lagged basis and have a 0% return subsequent to 9/30/18.
¹ (Asset Class Return) x (Weight in Portfolio) = Weighted Contribution to Total Assets Performance. Totals may not sum due to rounding.

FYTD through 1/31/19: Which Assets Drove Performance?



Notes: Analysis of trailing 7 months as of 1/31/19. Private investments are reported on a quarter-lagged basis and have a 0% return for subsequent to 9/30/18.

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

Nevada System of Higher Education Endowment

Flash Investment Returns by Composite (net of fees) as of February 28, 2019

Composite (Inception Date)	Assets \$ mil	Total Return (%)					
		Latest Month	CYTD	FYTD	Annualized	Annualized	Annualized
		01/31/19- 02/28/19	12/31/18- 02/28/19	06/30/18- 02/28/19	03/31/17- 02/28/19	Trailing 10 Years	Since Inception
C A Managed Growth (06/30/84)	68.5	3.7	11.4	1.5	8.4	13.2	10.2
Adjusted Managed Growth BM (06/30/84)		2.6	10.4	0.8	---	---	---
Value Added		1.1	1.0	0.7	---	---	---
C A Managed Public Growth (06/30/84)	66.2	3.8	11.8	1.6	8.5	13.2	10.2
MSCI ACWI Index (N) (06/30/84) ⁽¹⁾		2.7	10.8	0.8	8.2	12.7	9.5
Value Added		1.1	1.0	0.9	0.3	0.5	0.7
C A Managed U.S. Equity (06/30/84)	24.2	3.3	12.1	3.9	11.6	17.3	11.4
Wilshire 5000 Total Market Index (06/30/84)		3.5	12.4	3.4	10.9	16.8	11.2
Value Added		-0.2	-0.3	0.6	0.7	0.5	0.2
C A Managed Global Equity (01/03/17)	11.8	1.9	9.8	0.3	6.9	---	9.0
MSCI ACWI Index (N) (01/03/17)		2.7	10.8	0.8	8.2	---	10.4
Value Added		-0.8	-0.9	-0.5	-1.3	---	-1.4
C A Managed Int'l Developed (12/31/85)	20.4	4.6	12.8	-0.4	6.6	9.2	7.9
MSCI EAFE Index (N) (12/31/85)		2.5	9.3	-3.1	5.0	9.6	7.2
Value Added		2.1	3.5	2.7	1.6	-0.3	0.7
C A Managed Emerging Markets (01/31/95)	9.7	5.8	11.6	2.0	6.9	7.9	5.4
MSCI Emerging Markets Index (N) (01/31/95) ⁽²⁾		0.2	9.0	-0.2	7.4	10.3	6.1
Value Added		5.6	2.6	2.2	-0.5	-2.4	-0.7
C A Managed Private Growth (10/31/17) ⁽³⁾	2.4	---	---	-1.2	---	---	NM
C A Managed Diversifiers (11/30/99)	22.9	1.4	4.1	0.8	3.9	6.7	7.5
Managed Diversifiers Benchmark (11/30/99) ⁽⁴⁾		0.8	3.1	1.4	3.7	3.6	3.8
Value Added		0.5	1.0	-0.6	0.3	3.0	3.7
C A Managed Real Assets (12/31/04)	8.9	2.0	9.6	-0.4	1.3	4.5	1.9
Real Assets Benchmark (12/31/04) ⁽⁵⁾		1.0	10.3	-4.3	1.9	8.6	5.4
Value Added		1.0	-0.6	3.9	-0.6	-4.1	-3.5
C A Managed Fixed Income & Cash (06/30/84)	13.9	0.1	0.8	2.7	1.3	4.3	7.3
BBG Barc Aggregate Bond Index (06/30/84)		-0.1	1.0	2.7	1.9	3.7	7.1
Value Added		0.2	-0.2	0.0	-0.6	0.6	0.2

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

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

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

(3) Private Investments are as of 09/30/18, with adjustments for cash flows through the current period.

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

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

Nevada System of Higher Education Endowment

Flash Investment Returns by Composite (net of fees) as of February 28, 2019

Composite (Inception Date)	Assets \$ mil	Total Return (%)					
		Latest Month	CYTD	FYTD	Annualized	Annualized	Annualized
		01/31/19- 02/28/19	12/31/18- 02/28/19	06/30/18- 02/28/19	03/31/17- 02/28/19	Trailing 10 Years	Since Inception
C A Managed Fixed Income (06/30/84)	9.6	0.1	1.1	3.3	1.7	4.6	7.6
Fixed Income Benchmark (06/30/84) ⁽⁵⁾		-0.1	1.0	2.7	1.9	3.7	7.1
Value Added		0.2	0.1	0.6	-0.3	0.9	0.5
C A Managed Cash and Equivalents (06/30/87)	4.3	0.2	0.3	1.0	0.8	1.2	3.3
Total C A Managed Assets (11/30/16)	114.2	2.6	8.5	1.4	6.1	---	8.4
Total C A Managed Assets Net of Fees (03/31/17)	114.2	2.6	8.4	1.1	5.8	---	5.8
C A Normalized Benchmark (03/31/17) ⁽⁵⁾		1.8	7.8	0.8	6.2	---	6.2
Value Added		0.8	0.7	0.3	-0.5	---	-0.5
Russell Managed Growth (12/31/16)	75.1	2.0	10.2	0.6	5.9	---	7.8
MAC+ Custom Benchmark (12/31/16) ⁽⁵⁾		2.6	10.3	1.1	7.1	---	8.8
Value Added		-0.6	-0.1	-0.6	-1.2	---	-1.0
Russell Managed Diversifiers (03/01/17)	12.3	2.3	1.1	-4.0	0.8	---	0.8
LIBOR + 4% (1 mo lag) (03/01/17)		0.5	1.1	4.2	5.7	---	5.7
Value Added		1.8	0.0	-8.2	-4.9	---	-4.8
Russell Managed Real Assets (03/31/17)	5.5	---	---	3.3	6.2	---	6.2
NFI-ODCE-EQ-E&F (03/31/17) ⁽⁶⁾		---	---	3.7	7.5	---	7.5
Value Added		---	---	-0.3	-1.3	---	-1.3
Russell Managed Fixed Income and Cash (12/31/16)	16.1	0.2	1.5	2.5	1.6	---	1.7
Custom Fixed Income Benchmark (12/31/16)		0.0	0.8	2.4	1.9	---	2.1
Value Added		0.2	0.7	0.1	-0.3	---	-0.3
Total Russell Managed Assets (12/31/16)	109.0	1.7	7.2	0.5	4.9	---	6.5
Russell Normalized Benchmark (12/31/16) ⁽⁵⁾		1.8	7.0	2.0	6.3	---	---
Value Added		-0.1	0.2	-1.6	-1.4	---	---

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

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

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

Nevada System of Higher Education Endowment

Flash Investment Returns by Composite (net of fees) as of February 28, 2019

Composite (Inception Date)	Assets \$ mil	Total Return (%)					
		Latest Month	CYTD	FYTD	Annualized	Annualized	Annualized
		01/31/19- 02/28/19	12/31/18- 02/28/19	06/30/18- 02/28/19	03/31/17- 02/28/19	Trailing 10 Years	Since Inception
Legacy Assets							
Legacy Private Growth (11/15/98) ⁽³⁾	23.8	---	---	3.7	13.5	13.7	11.2
Legacy Private Natural Resources (11/15/98) ⁽³⁾	7.9	---	---	0.7	11.3	9.5	16.0
Other Legacy Assets (11/30/12)	2.2	0.1	0.8	-2.3	-0.2	---	4.0
Total Legacy Assets (11/15/98)	33.9	0.0	0.0	2.7	11.8	12.7	11.5
Legacy Benchmark (11/30/98) ⁽⁵⁾		0.0	0.1	2.7	8.5	---	---
Value Added		0.0	0.0	0.0	3.3	---	---
Total Endowment (06/30/84)							
	257.2	1.9	6.8	1.1	6.2	9.4	9.7
Policy Benchmark (06/30/84) ⁽⁵⁾		1.6	6.4	1.6	6.6	10.2	9.6
Value Added		0.3	0.4	-0.4	-0.3	-0.7	0.1
MSCI ACWI (N) 70%/BBG Barc Agg 30% (06/30/84) ⁽⁷⁾		1.9	7.8	1.6	6.5	10.2	9.1
Value Added		0.0	-1.1	-0.4	-0.2	-0.7	0.6
CPI-U (06/30/84)		0.4	0.6	0.3	1.9	1.8	2.6

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


(3) Private Investments are as of 09/30/18, with adjustments for cash flows through the current period.

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

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

Monitor Performance Regularly, while Evaluating over Relevant Time Periods

Per Investment Policy Statement, several benchmarks assess different measures of performance and risk over varying time periods relevant to the long-term investment strategy of this perpetual pool



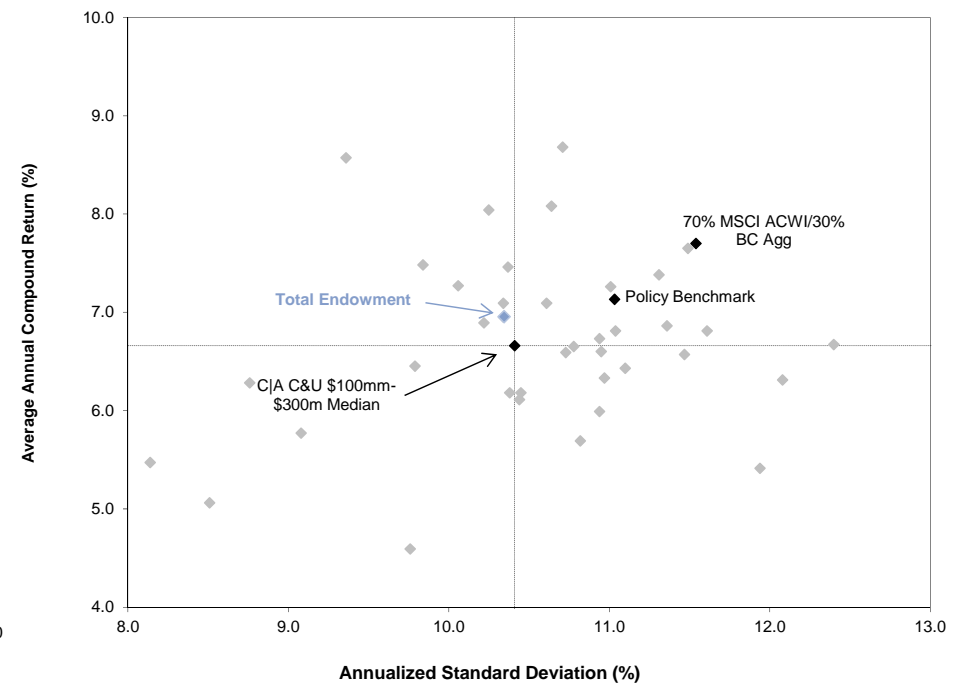
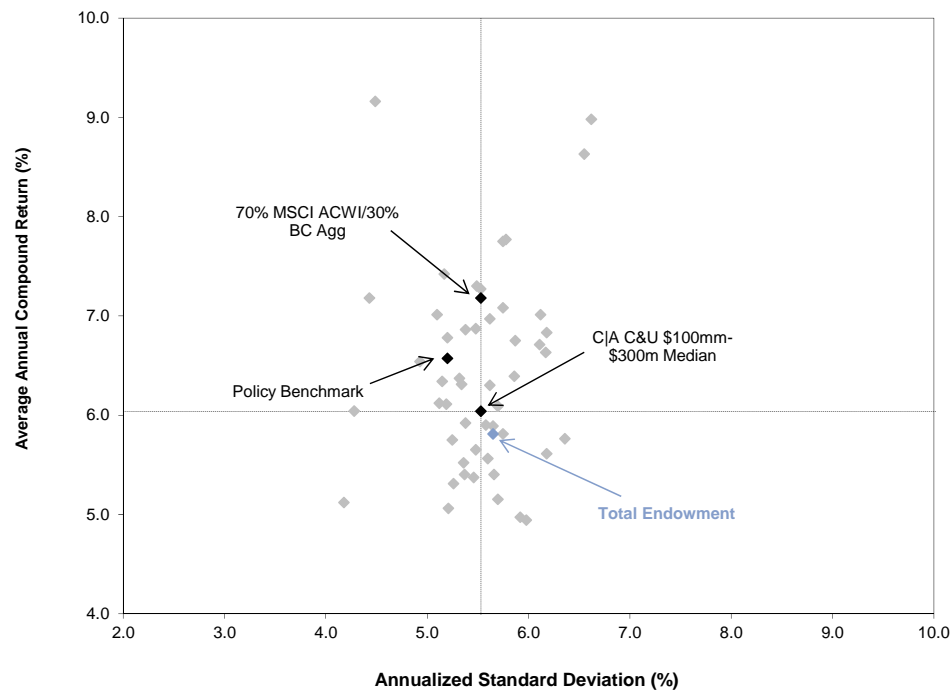
	Benchmark	Description	Question Answered	Expectation	Evaluation Period
1	Policy Benchmark	Weighted blend of benchmarks for each role in portfolio category	Have manager selection and tactical asset allocation been additive relative to the strategic target policy?	Outperform with comparable volatility	Rolling 3-year periods
2	Simple Risk-Equivalent Benchmark 70% MSCI ACWI Index (net) / 30% Bloomberg Barclays Aggregate	Weighted blend of global equities (MSCI All Country World Index) and U.S. fixed income (Bloomberg Barclays Aggregate Bond Index)	Have asset allocation and implementation been additive relative to simple, passive alternatives; has risk profile been consistent with expectations?	Outperform with equal or less volatility	Rolling 5- to 10-year periods <i>(full equity market cycle)</i>
3	Long-Term Objective All-in Distribution Policy (4.625%) + Inflation (CPI-U)	Static benchmark not directly related to market performance	Is the portfolio meeting NSHE's financial objectives to support a 4.625% payout and maintain purchasing power?	Outperform	Rolling 10-year periods

Endowment Has Delivered Solid Risk-Adjusted Returns Over the Long Term

As of September 30, 2018 – lagged to include most recent Private Investments results

Trailing 5 Years • October 01, 2013 - September 30, 2018

Trailing 10 Years • October 01, 2008 - September 30, 2018



	Average Annual Compound Return (%)	Annualized Standard Deviation (%)	Sharpe Ratio ¹		Average Annual Compound Return (%)	Annualized Standard Deviation (%)	Sharpe Ratio ¹
Total Endowment	5.8	5.6	0.94	Total Endowment	7.0	10.3	0.67
Policy Benchmark	6.6	5.2	1.01	Policy Benchmark	7.1	11.0	0.64
C A C&U \$100mm-\$300m Median ²	6.0	5.5	1.02	C A C&U \$100mm-\$300m Median ²	6.7	10.4	0.66
70% MSCI ACWI/30% BC Agg	7.2	5.5	1.20	70% MSCI ACWI/30% BC Agg	7.7	11.5	0.68



¹ Sharpe Ratio: To Calculate this number, subtract the average T-Bill return (risk free rate) from the manager's average return then divide by the manager's standard deviation. The amount of return over the risk free rate that can be expected for each unit of risk accepted.

² From 2002 to 2018, the C|A C&U \$100mm-\$300mm Median includes between 29 and 37 institutions over time. Data is as of 9/30/2018.

Policy Benchmark Analysis: Rolling 3-Year Average Annualized Compound Returns

As of September 30, 2018 – lagged to include most recent Private
Investments results

Rolling 3 Years • April 1, 1995 - September 30, 2018



Simple Benchmark Analysis: Rolling 5-Year Average Annualized Compound Returns

As of September 30, 2018 – lagged to include most recent *Private Investments* results

Rolling 5 Years • April 1, 1995 - September 30, 2018



Long-Term Financial Objective: Rolling 10-Year Average Annualized Compound Returns

As of September 30, 2018 – lagged to include most recent Private
Investments results

Rolling 10 Years • April 1, 1995 - September 30, 2018



1. ENDOWMENT OCIO UPDATE

B. ASSET ALLOCATION AND GUIDELINE COMPLIANCE



Blended Total Endowment Policy Adopted in December 2016

	Proposals by each Fund Manager				Blended Total Assets Policy	
	CA Capital		Russell		Blended Total Assets	
	Long-Term Targets (%)	Normalized Benchmark Weights (%)	Long-Term Targets (%)	Normalized Benchmark Weights (%)	Policy Targets (%)	Policy Ranges (%)
Growth	62.0%		61.0%		61.5%	50% - 70%
Public Growth	45.0%		51.0%		48.0%	
Private Growth*	17.0%		10.0%		13.5%	
Less: Legacy Private Growth	-11.1%		-11.2%			
Total Managed Growth	50.9%	60.4%	49.8%	59.2%		
Diversifiers	18.0%		12.0%		15.0%	5% - 25%
Diversifiers with liquidity within 3 years	13.0%		12.0%		12.5%	
Private Diversifiers*	5.0%		0.0%		2.5%	
Less: Legacy Liquidating Sidepockets	-0.3%		-0.3%			
Total Managed Diversifiers	17.7%	21.0%	11.7%	13.9%		
Real Assets	10.0%		12.0%		11.0%	5% - 20%
Public Real Assets	2.0%		7.0%		4.5%	
Private Real Assets*	8.0%		5.0%		6.5%	
Less: Legacy Private Real Assets	-3.7%		-3.7%			
Total Managed Real Assets	6.3%	7.5%	8.3%	9.8%		
Fixed Income & Cash	10.0%		15.0%		12.5%	5% - 25%
Less: Cash reserved for Legacy Audit Holdbacks	0.0%		0.0%			
Less: Cash reserved for Legacy Assets	-0.7%		-0.7%			
Total Managed Fixed Income	9.3%	11.1%	14.3%	17.0%		
TOTAL ENDOWMENT	100.0%		100.0%		100.0%	
Managed OCIO Sleeves excl. Legacy Assets	84.3%	100.0%	84.1%	100.0%		

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

Per Section 5.4.d of NSHE IPS: For the purpose of gauging compliance with asset allocation policy ranges and liquidity guidelines, 50% of Legacy Assets shall be attributed to each Fund Manager's portfolio.
Per Section 6.d of NSHE IPS: For purposes of assessing Fund Manager performance, the System agrees that the official Fund Manager track record will begin April 1, 2017, after which the Fund Manager will be responsible

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

- (1) Total PI NAV > 1.3x respective Fund Manager's PI target
- (2) Total PI NAV + unfunded commitments > 1.8x respective Fund Manager's PI target

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

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

Total Endowment Asset Allocation Is Well Within Policy Ranges

Portfolio Role	1/31/2019 Asset Allocation	Total Endowment Long-Term Policy Targets	Total Endowment Allowable Range
Growth	58.6%	61.5%	50% - 70%
Public Growth	43.6%	48.0%	
Private Growth	15.1%	13.5%	
Diversifiers	14.0%	15.0%	5% - 25%
Liquid Diversifiers (liquidity w/in 3 years)	13.0%	12.5%	
Private Diversifiers	1.0%	2.5%	
Real Assets	12.1%	11.0%	5% - 20%
Public Real Assets	6.1%	4.5%	
Private Real Assets	6.0%	6.5%	
Fixed Income & Cash	15.4%	12.5%	5% - 25%
Fixed Income	12.2%	12.5%	
Cash	3.2%	0.0%	

Endowment Liquidity Is Well Within Guidelines

Estimated Market Values as of 3/8/2019, pro forma for pending CJA transactions

Endowment Portfolio Liquidity Summary

Market values estimated as of 3/08/2019, pro forma for pending CJA transactions

Managers	Pro Forma (\$ mm)	Exit Terms	Daily	Weekly/ Monthly	Dollar Liquidity Quarterly	Semiannual/ Annual	Biennial	Illiquid
U.S. Equity	23.9		8.3	3.6	12.0			
CJA U.S. Equity	23.9	Daily; monthly; quarterly	8.3	3.6	12.0			
Global Equity	60.1		54.1	6.0				
CJA Global Equity	11.7	Daily; monthly	5.7	6.0				
<i>RIFL Multi-Asset Core+ Fund - Growth *</i>	<i>48.4</i>	<i>Daily</i>	<i>48.4</i>					
International Developed Equity	19.6		1.5	18.1				
CJA International Developed Equity	19.6	Daily; monthly	1.5	18.1				
Emerging Markets Equity	10.2		0.5	7.2			2.5	
CJA Emerging Markets Equity	10.2	Daily; weekly; monthly; quarterly (2 year initial lock-up)	0.5	7.2			2.5	
Diversifiers	33.6		8.0	15.2	5.0	2.1	3.3	
CJA Marketable Alternatives	20.9	Monthly; quarterly; semi-annual; annual; biennial; illiquid		4.9	6.1	5.0	2.1	2.7
Farallon Capital Illiquid Sidepocket**	0.6	Illiquid						0.6
Och-Ziff Overseas Illiquid Sidepocket**	0.0	Illiquid						0.0
<i>Russell Hedge Funds*</i>	<i>12.1</i>	<i>25% monthly, with 30 days' notice; 37.5% quarterly, with 60 days' notice; 37.5% quarterly, with 90 days' notice</i>		<i>3.0</i>	<i>9.0</i>			
Private Growth	38.0	Illiquid						38.0
Managed Venture/Growth Capital	2.4	Illiquid						2.4
Legacy Private Equity**	11.6	Illiquid						11.6
Legacy Venture Capital**	12.3	Illiquid						12.3
<i>Russell Private Growth*</i>	<i>11.7</i>	<i>Illiquid</i>						<i>11.7</i>
Real Assets	30.0		27.0	1.1	0.0			1.8
CJA Real Assets	8.8	Daily; monthly; illiquid	5.9	1.1				1.8
<i>Legacy Private Natural Resources**</i>	<i>7.9</i>	<i>Daily</i>	<i>7.9</i>					
<i>RIFL Multi-Asset Core+ Fund - Real Assets*</i>	<i>7.6</i>	<i>Daily</i>	<i>7.6</i>					
<i>Russell Real Estate Equity Fund*</i>	<i>5.6</i>	<i>Daily</i>	<i>5.6</i>					
Fixed Income	30.6		30.6					
CJA Fixed Income	9.6	Daily	9.6					
<i>RIFL Multi-Asset Core+ Fund - Fixed Income*</i>	<i>5.2</i>	<i>Daily</i>	<i>5.2</i>					
<i>RIFL Core Bond Fund*</i>	<i>10.7</i>	<i>Daily</i>	<i>10.7</i>					
<i>RIFL Absolute Return Fixed Income Fund*</i>	<i>5.2</i>	<i>Daily, with 3 days' notice</i>	<i>5.2</i>					
Cash and Cash Equivalents	5.9	Daily	5.9					
TOTAL ASSETS	251.9		127.9	44.0	27.2	5.0	4.6	43.2
PERCENT OF TOTAL ASSETS	100%		51%	17%	11%	2%	2%	17%
<i>Unfunded CJA PI Commitments as % of Total Assets</i>								<i>6%</i>
<i>Total Illiquids + Unfunded CJA PI Commitments</i>								<i>23%</i>

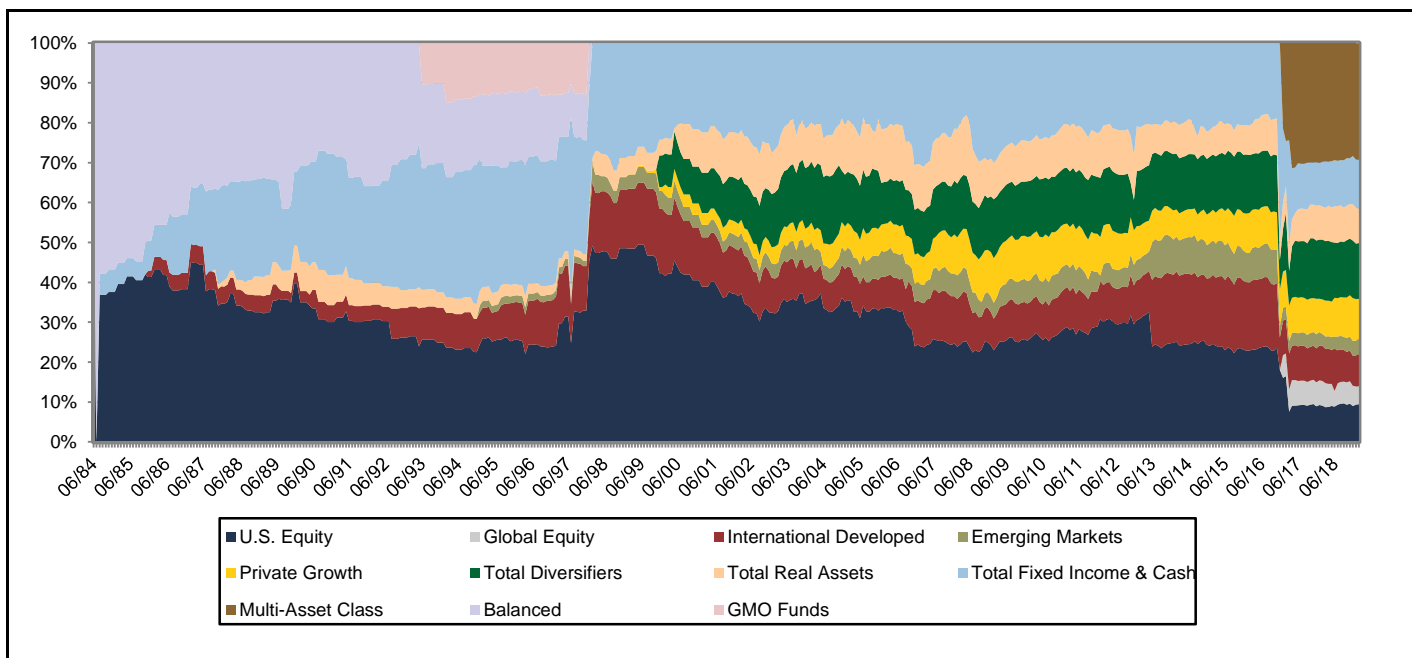
Liquidity Guidelines:	Guideline Compliance?
No new commitments while:	
(1) Private Investment NAV > 1.3x respective Fund Manager's PI target	Yes
(2) Private Investment NAV + Unfunded Commitments > 1.8x respective Fund Manager's PI target	Yes

* *Italicized assets are excluded from CJA mandate.*

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

Nevada System of Higher Education Endowment
Asset Allocation Over Time as of February 28, 2019

	% of Portfolio				Market Value (\$)
	06/30/18	09/30/18	12/31/18	02/28/19	As Of 02/28/19
Total Public & Private Growth	36.1%	36.2%	36.1%	35.9%	\$92,319,893
U.S. Equity	8.8	9.6	9.0	9.4	24,230,743
Global Equity	4.0	5.5	5.1	4.6	11,776,609
International Developed	10.6	8.0	7.5	7.9	20,421,746
Emerging Markets	3.0	3.3	3.7	3.8	9,735,277
Private Growth	9.7	9.9	10.8	10.2	26,155,519
Total Diversifiers	13.9	13.9	14.4	13.9	35,780,400
Total Real Assets	9.1	8.6	9.1	8.7	22,364,112
Total Fixed Income & Cash	11.5	11.9	12.1	12.3	31,624,838
Multi-Asset Class	29.4	29.4	28.3	29.2	75,063,598
Total Endowment	100.0%	100.0%	100.0%	100.0%	\$257,152,841



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

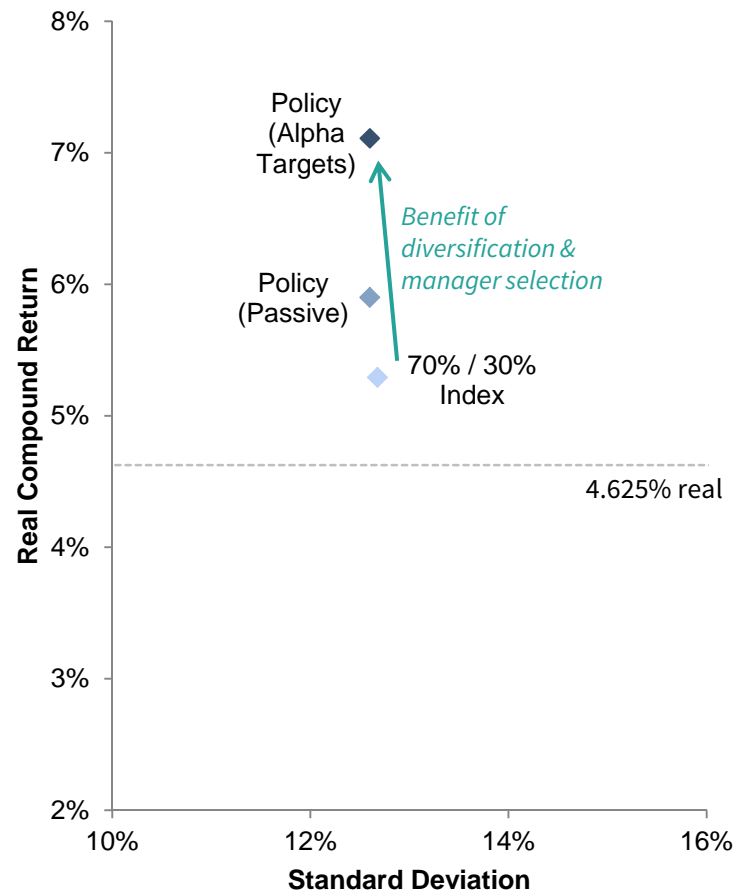
1. ENDOWMENT OCIO UPDATE

C. RISK/RETURN CHARACTERISTICS – CIA PORTFOLIO



C|A Portfolio – Long-Term Risk/Return Expectations

Long-Term Real Risk/Return Projections



Summary Statistics – Real Returns

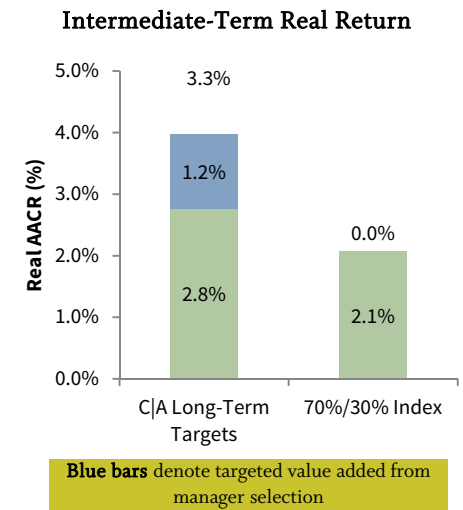
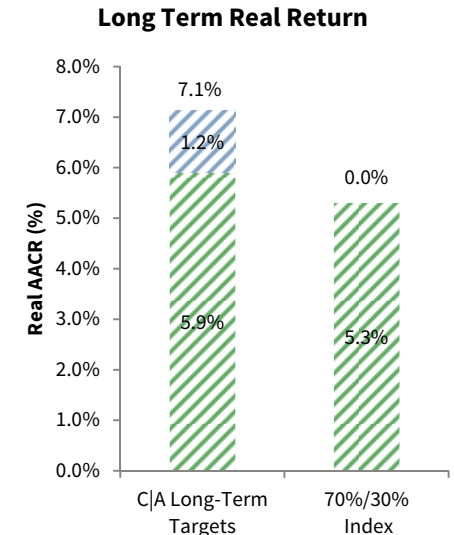
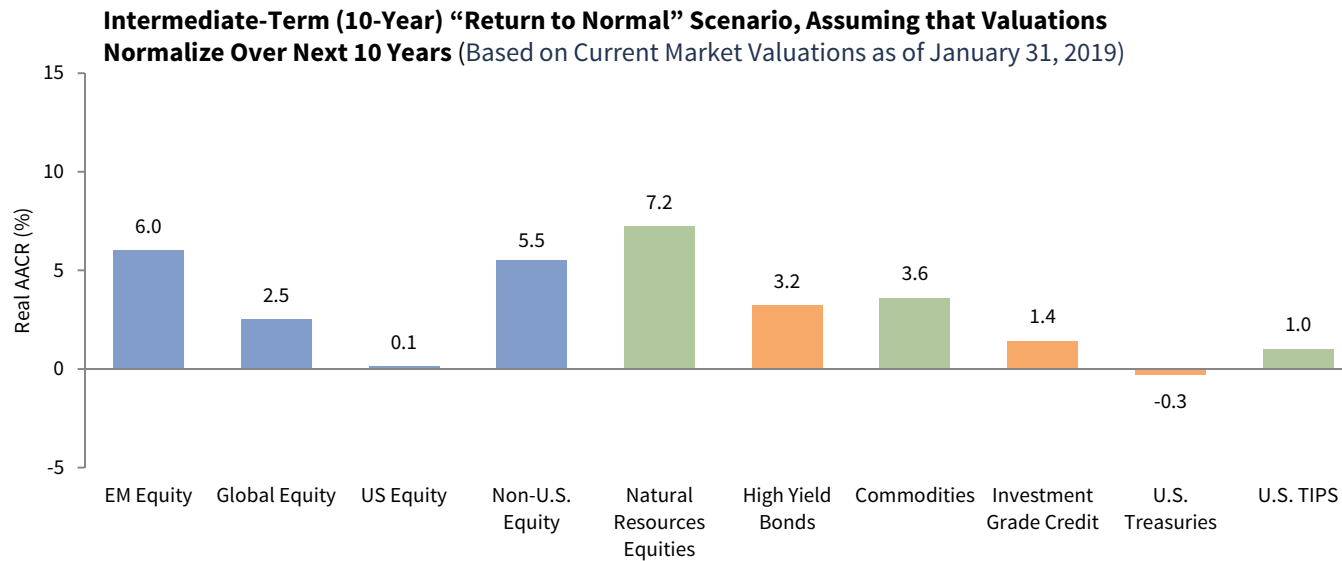
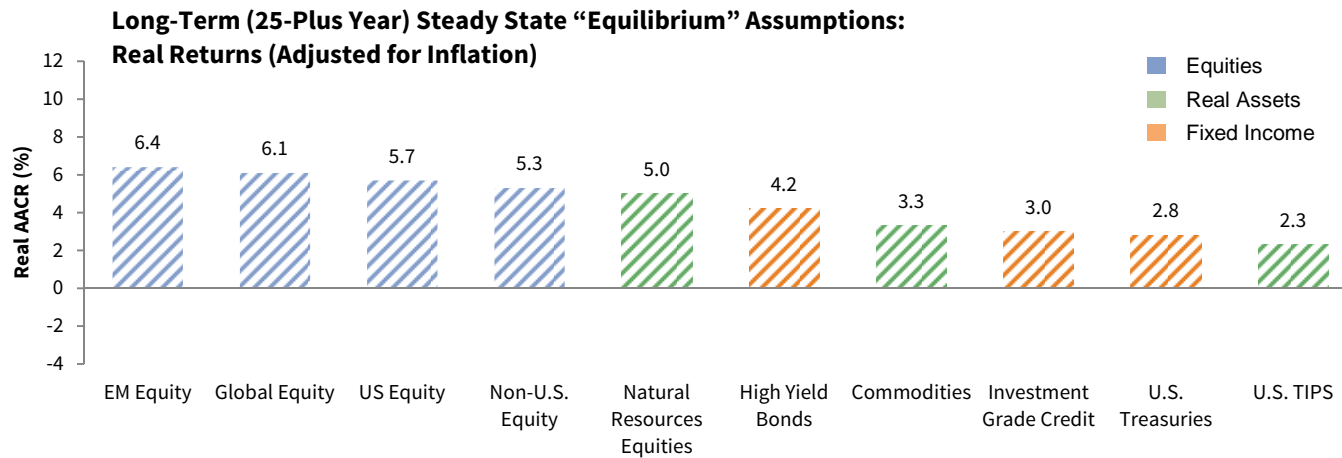
	Proposed C A Portfolio - Alpha Targets	Proposed C A Portfolio	70% / 30% Index
Estimated Long-Term Real Compound Return	7.1%	5.9%	5.3%
Estimated Range of Returns (25th-75th %ile)	4.7 - 8.0%	3.7 - 7.1%	3.6 - 7.0%
Estimated Volatility (Standard Deviation)	12.6%	12.6%	12.7%
Estimated Beta to Global Equity	0.68	0.68	0.70
Long-Term Risk: Estimated Probability of Not Achieving 4.625% Real Compound Return Over 25 Years	24%	34%	39%
Short-Term Risk: Estimated Cumulative Decline, 2008 Financial Crisis	-34%* -\$34mm*	-34% -\$34mm	-37% -\$37mm

* Assumes no positive or negative alpha from active management.

Notes: "C|A Portfolio- Alpha Targets" portfolio assumes alpha for each portfolio role over its given benchmark of: 50-150 bps from public equity, 300-500 bps from private investments, and 250-350 bps from hedge funds. Alpha target is net of C|A fees. Decline statistics assume beginning market value of \$100mm (C|A mandated portfolio) and use real cumulative asset class returns from November 1, 2007 to February 28, 2009.

Valuations Will Challenge Intermediate-Term Market Returns

As Private Investment allocations are ramping up toward long-term targets, results may fall short of long-term expectations



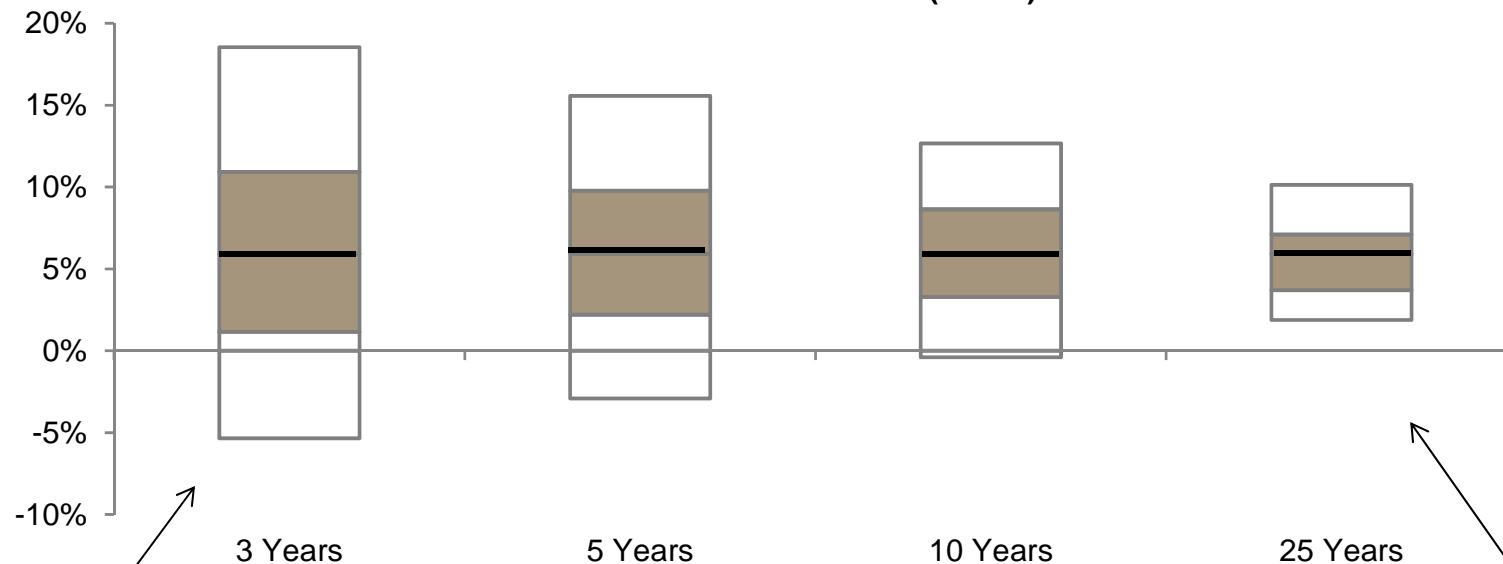
Key Assumptions: Inflation: 3%; Real EPS Growth: 2% for US and Dev ex US, 3% for EMs; Ending 10-Yr US Treasury Yield: 5.0%, Ending 10-Yr US TIPS yield: 2.0%

Short-Term Expected Returns Have a Significantly Wider Range than Long-Term Expectations

While the C|A Policy Benchmark has a 5.9% expected real compound return over the long term (i.e. 25+ years), there is a wide range of potential outcomes, particularly over shorter time periods.

Real Return Expectations

Real Return Distribution (AACR)



Over any given 3-year period the C|A Policy Benchmark has a 50% likelihood of a return between 1.2% and 10.9%

	3 Years	5 Years	10 Years	25 Years
5th	18.5%	15.6%	12.7%	10.1%
25th	10.9%	9.8%	8.6%	7.1%
50th	5.9%	5.9%	5.9%	5.9%
75th	1.2%	2.2%	3.3%	3.7%
95th	-5.3%	-2.9%	-0.4%	1.9%

Over any given 25-year period the C|A Policy Benchmark has a 50% likelihood of a return between 3.7% and 7.1%

Historical Stress Scenarios

<u>Stress Name</u>	<u>Dates</u>	<u>Length of Period (Months)</u>	<u>Stress Period Estimates Cumulative Returns - Real</u>		
			<i>C/A Current Allocation</i>	<i>Long Term Endowment Targets</i>	<i>70/30 Portfolio</i>
Oil Shock	January 1, 1973 - September 30, 1974	21	-41.2	-40.7	-40.2
Energy Crisis/Stagflation	September 1, 1979 - March 31, 1980	7	-8.4	-10.2	-13.6
Energy Crisis/Stagflation	March 1, 1980 - March 31, 1980	1	-9.1	-9.0	-8.7
Interest Rate Hikes	July 1, 1980 - September 30, 1981	15	-6.5	-7.7	-12.3
Interest Rate Hikes	August 1, 1981 - July 31, 1982	12	-13.9	-13.1	-10.6
Stock Market Crash	September 1, 1987 - November 30, 1987	3	-17.2	-14.3	-17.2
Japan Market Collapse	January 1, 1990 - September 30, 1990	9	-11.2	-8.5	-16.1
Mexican Peso Crisis	February 1, 1994 - January 31, 1995	12	-5.4	-3.0	-6.0
Russian Debt Default	August 1, 1998 - September 30, 1998	2	-10.2	-8.9	-7.6
Tech Bubble Burst	April 1, 2000 - September 30, 2002	30	-27.5	-24.8	-28.1
Credit Crisis/Great Recession	November 1, 2007 - February 28, 2009	16	-37.1	-34.1	-37.4

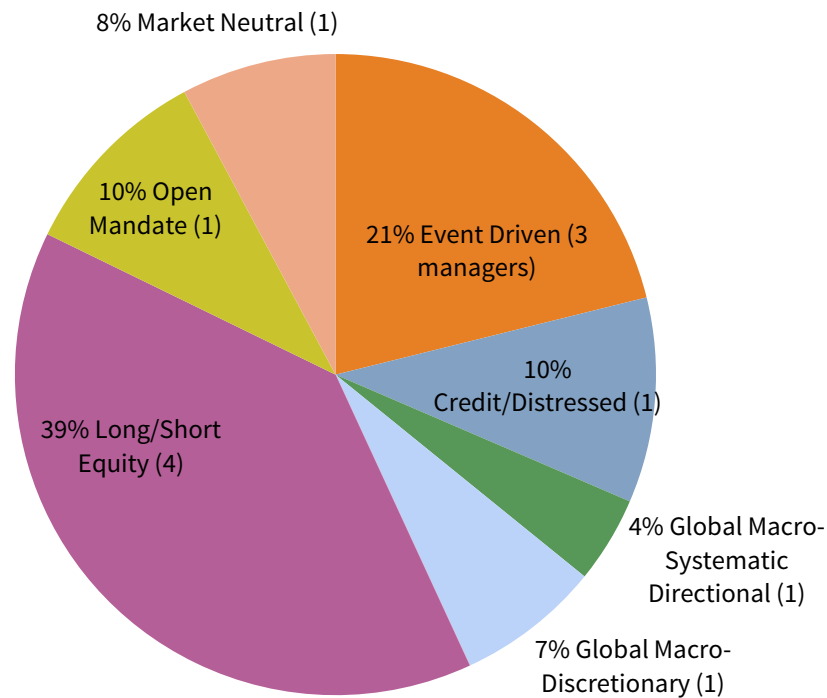
1. ENDOWMENT OCIO UPDATE

D. CIA DIVERSIFIERS AND PRIVATE INVESTMENTS



C|A Diversifiers Program Snapshot

Manager Percentages of Total Hedge Funds as of January 31, 2019



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

Event-Driven

- Goal is to profit from mispricings in the capital structures of companies subject to corporate events
 - Buying stock in acquisition targets, shorting acquirers
 - Other events: spin-offs, divestitures, reorganization, and restructuring

Credit / Distressed

- Goal is to identify credit opportunities
 - Invest long and short in bonds, loans, credit default swaps and other credit markets.
 - Stressed and distressed debt, capital structure arbitrage, post-reorg equities.

Global Macro – Systematic Directional

- Goal is to extract profits from market trends
 - Invests in diversified portfolio of liquid futures, forwards, and swaps

Global Macro – Discretionary

- Goal is to generate returns through directional trades in global equity, rates, credit and currency markets.
 - Trades are expressed with liquid instruments including futures, swaps, and forwards.

Market Neutral

- Goal is to generate meaningful alpha, while aiming to minimize beta
 - Matching long and short positions to minimize market risk

Long/Short Equity

- Goal is to limit exposure to “beta” and add meaningful “alpha”
 - Short positions to generate returns (alpha) and reduce market risk (beta)
 - Fundamental analysis identifies attractive companies (alpha)

Open Mandate

- Flexible mandate that targets the most attractive return opportunistically across capital markets, geographies, and strategies

CA Private Investments Snapshot

NSHE Private Investments Snapshot										
Current Allocation (\$mm) as of January 31, 2019 ¹							Target Commitment by Strategy (\$mm)			
	NAV		Unfunded		Total		Annual Targets	Annual Range	2019 Actual Commitments	Long-Term Targets
	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(\$)	(%)
Venture / Growth Capital	6.6	5.2%	3.4	2.7%	10.0	7.9%	2.0	\$0 - \$4	---	7.0%
Private Equity / Distressed	7.6	6.0%	4.2	3.3%	11.9	9.4%	2.5	\$0 - \$5	2.0	10.0%
Total VC & PE	\$14.2	11.2%	\$7.7	6.1%	\$21.9	17.3%	\$4.5	\$0 - \$9	\$2.0	17.0%
Total Private Diversifiers	\$2.4	1.9%	\$5.2	4.1%	\$7.6	6.0%	\$1.5	\$0 - \$3	---	5.0%
Private Real Estate	0.8	0.7%	1.0	0.8%	1.9	1.5%	1.0	\$0 - \$3	---	4.0%
Private Natural Resources	4.9	3.9%	4.6	3.6%	9.5	7.5%	1.0	\$0 - \$3	---	4.0%
Total Private RE & NR	\$5.8	4.6%	\$5.6	4.4%	\$11.4	9.0%	\$2.0	\$0 - \$6	---	8.0%
Total	\$22.4	17.7%	\$18.5	14.6%	\$40.9	32.3%	\$8.0	\$0 - \$18	\$2.0	30.0%

¹ Current allocation based on net asset values (NAV) as of 9/30/18 and adjusted for capital calls and distributions through 1/31/19.
Asset allocation percentages incorporate CJA Managed Assets (\$110.8 mm), plus 50% of Legacy Private Investments (\$15.95 mm) as of 1/31/19.

Asset Class	1999-2006 (Legacy)		2010-2014 (Legacy)		2015 (Legacy)		2017 (CJA Capital)		2018 (CJA Capital)		2019 (CJA Capital)	
	# of Funds	Commit Amt. (\$mm)	# of Funds	Commit Amt. (\$mm)	# of Funds	Commit Amt. (\$mm)	# of Funds	Commit Amt. (\$mm)	# of Funds	Commit Amt. (\$mm)	# of Funds	Commit Amt. (\$mm)
Venture / Growth Capital												
Sub-Total	2	\$7.6	2	\$10.0			2	\$1.8	1	\$1.0		
Private Equity / Distressed												
Sub-Total	5	\$31.0	2	\$10.0	1	\$5.0	2	\$3.0			2	\$2.0
Total VC & PE		\$38.6		\$20.0		\$5.0		\$4.8		\$1.0		\$2.0
Private Diversifiers												
Total Private Diversifiers							3	\$5.0	2	\$3.0		---
Private Real Estate												
Private RE Sub-Total							1	\$1.0	1	\$1.0		---
Private Natural Resources												
Private NR Sub-Total	1	\$4.0	1	\$5.0	1	\$5.0	2	\$3.0	1	\$1.0		---
Total Private RE & NR		\$4.0		\$5.0		\$5.0		\$4.0		\$2.0		---
Total Privates		\$42.6		\$25.0		\$10.0	10	\$13.8	5	\$6.0	2	\$2.0

FUNDING STATUS & PERFORMANCE OVERVIEW

As of September 30, 2018, Nevada System of Higher Education had committed \$97.4 million to 31 private investment partnerships, of which \$70.7 million had been drawn down. Distributions of \$77.7 million at market value, or 109.9% of paid-in capital, had been received. The total program return of 12.1% is net of fees, expenses, and carried interest associated with each partnership and is weighted according to the amount that has been drawn down from each partnership as of September 30, 2018.

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

<u>Asset Classes</u>	<u>Commitment(s)</u>	<u>Paid-In Capital</u>	<u>Unfunded Commitment(s)</u>	<u>Distributions at Market</u>	<u>Current Net Asset Value (NAV)</u>	<u>Total Value/ Paid In Multiple</u>	<u>Asset Class IRR</u>	<u>CA Median</u>	<u>mPME IRR</u>
Legacy Private Equity	46.0	38.8	6.8	51.9	12.3	1.7	11.4%	14.7%	5.3%
Legacy Venture Capital	17.6	15.2	2.4	8.6	12.2	1.4	5.2%	6.0%	8.0%
Legacy Private Natural Resources	14.0	10.7	3.3	15.9	7.9	2.2	25.4%	14.9%	10.0%
TOTAL LEGACY	77.6	64.7	12.5	76.4	32.3	1.7	12.1%	12.7%	6.7%
Managed Private Equity/Distressed	3.0	1.1	2.0	0.1	1.0	1.0	NA	NA	NA
Managed Venture Capital	2.8	0.3	2.5	0.0	0.3	1.1	NA	NA	NA
Managed Private Diversifiers	8.0	3.1	5.9	1.1	2.2	1.1	9.7%	8.5%	3.8%
Managed Private Natural Resources	4.0	0.7	3.3	0.0	0.7	1.1	12.3%	9.9%	10.4%
Managed Real Estate	2.0	0.8	1.2	0.1	0.8	1.0	4.2%	9.4%	3.6%
TOTAL MANAGED	19.8	5.9	14.9	1.2	5.0	1.0	7.7%	8.9%	6.3%
TOTAL PORTFOLIO	97.4	70.7	27.4	77.7	37.3	1.6	12.1%	12.5%	6.7%

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

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

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

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

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

1. ENDOWMENT OCIO UPDATE

E. LEGACY ASSETS



Legacy Assets Summary

As of January 31, 2019

Fund	Vintage Year	Current Net Asset Value (NAV) (\$mm)	% of Total Endowment	Manager	Strategy/Portfolio Description
Legacy Private Equity					
Dover Street VIII	2011	2.1	0.9%	HarbourVest Partners LLC	Global secondaries manager that will pursue three types of private equity/venture capital secondary transactions: - LP Interest: HarbourVest purchases one or more interests in existing private equity and venture capital funds from an institutional investor. - Synthetic: HarbourVest purchases a portfolio of direct company interests typically from a bank or large corporation. At purchase, the portfolio's management team usually agrees to continue managing the portfolio independent from its former employer. - Structured: HarbourVest purchases a large LP interest portfolio and sets up a structure such as a joint venture to accommodate the seller's liquidity needs.
Dover Street IX	2015	2.8	1.1%		
Commonfund International Partners IV	2001	0.4	0.2%	Commonfund Capital Inc.	Fund of Funds manager that makes investments in underlying private equity funds with diverse regional, country, industry and stage investment strategies. For the International fund, Commonfund has structured its investment philosophy around European middle market buyouts and growth equity funds, with commitments expected to range from \$10m to \$50m.
CF Private Equity Partners IV	2000	0.1	0.0%		
Commonfund Private Equity Partners V	2002	0.4	0.2%		
Drum Capital Management Special Situations Partners II	2006	3.7	1.5%	Drum Capital Management LLC	Fund of Funds manager focused on distressed debt, turnarounds, and restructuring partnerships. As of 3/31/18, SSP was invested with about two-thirds of the portfolio in 11 partnerships across various US & European strategies (e.g., control, trading, turnarounds, arbitrage) and almost a third in three co-investments. In December 2018, the manager's second 1-year extension of the Partnership is scheduled to end, and the fund will enter the orderly liquidation period pursuant to its Limited Partnership Agreement.
Strategic Partners VI	2013	2.1	0.8%	The Blackstone Group	Secondaries manager that purchases primarily North American/European leveraged buyout funds that are 75% to 85% funded at purchase. The manager will also purchase LP interests in mezzanine, venture capital, fund of funds, and real assets funds.
Legacy Venture Capital					
Endowment Vanture Partners IV	1998	0.2	0.1%	Commonfund Capital Inc.	Venture Capital Fund of Funds manager that commits capital to a diverse set of venture capital and growth funds, mostly in China, Europe, Israel, and India. These investments range from early-stage funds to later-stage funds.
Endowment Vanture Partners V	2000	0.2	0.1%		
Commonfund Capital Vanture Partners X	2012	7.3	2.9%		
Commonfund Capital Vanture Partners XI	2014	4.7	1.9%		
Legacy Private Natural Resources					
Endowment Energy Partners IV	1998	---	0.0%	Commonfund Capital Inc.	Natural Resources Fund of Funds manager that focuses on a diversified group of natural resources-focused private equity funds in North America. A portion of investments are held in the gas and oil sector while also including other sectors such as clean energy, agriculture, and timber. A majority of investments are seen in priamry commitments with secondary and direct coinvestments taking a smaller role.
Commonfund Capital Natural Resources IX	2011	4.9	1.9%		
Commonfund Capital Natural Resources X	2014	3.1	1.2%		
Legacy Liquidating Positions					
Farallon Capital Sidepocket	2012	0.6	0.2%	Farallon Capital Management	Special Situations account established prior to 2010 holding liquidating assets in real estate (75%) and illiquid equity/debt (25%)
Och Ziff Sidepocket	2012	0.0	0.0%	Och-Ziff Capital Management Group	Special Situations account established in 2012 to hold liquidating assets in illiquid equity/debt.

Legacy PI Program Has Meaningfully Outperformed Public Markets

Funding status and performance summary:
Inception through 9/30/18

- ◆ **Notable contributors:** Secondaries funds (Dover Street, Dorchester and Metropolitan) and Commonfund Natural Resources
- ◆ **Notable detractors:** Venture Capital funds from vintage years 1998 & 2000

	Cash Flow & Valuation							Multiples				IRR			
	Fund Inception Date	Commitment	Paid-In Capital	Unfunded Commitment	Distributions at Market	Current Net Asset Value (NAV)	Total Value Creation ¹¹	Distributed / Paid In ² Fund	CA ⁴	Total Value / Paid In ² Fund	CA ⁴	Fund Quartile Rank	Fund IRR ³	CA Median ⁴	Fund Quartile Rank
Private Investments Partnerships															
Legacy Private Equity															
Dover Street IV, L.P.	03/99	8,000,000	7,560,000	0	10,532,539	0	2,972,539	1.39	1.64	1.39	1.64	3	8.6%	15.2%	4
Endowment Private Equity Partners IV, L.P.	01/00	5,000,000	4,880,000	120,000	9,942,037	403,275	5,465,312	2.04	1.85	2.12	1.86	2	16.8% ⁹	15.0% ⁵	2
Commonfund International Partners IV, L.P.	02/01	4,000,000	3,900,000	100,000	6,812,374	508,345	3,420,719	1.75	1.77	1.88	1.78	2	13.1% ⁹	15.1% ⁶	3
Commonfund Private Equity Partners V, L.P.	01/02	4,000,000	3,860,000	140,000	6,642,780	428,887	3,211,667	1.72	1.59	1.83	1.68	2	11.0% ⁹	11.6% ⁵	3
Drum Capital Management SS Partners II, L.P.	04/06	10,000,000	9,112,118	887,881	10,654,153	3,978,599	5,520,634	1.17	1.42	1.61	1.52	2	7.7% ⁹	10.8% ⁷	3
Dover Street VIII, L.P.	06/11	5,000,000	4,500,000	500,000	4,758,341	2,266,137	2,524,478	1.06	0.92	1.56	1.48	2	21.8%	15.1%	1
Blackstone Strategic Partners VI, L.P.	08/13	5,000,000	2,875,716	2,127,940	2,034,353	2,379,597	1,538,234	0.71	0.72	1.53	1.55	3	18.7%	16.2%	2
Dover Street IX, L.P.	09/15	5,000,000	2,100,000	2,900,000	543,926	2,301,246	745,172	0.26	0.10	1.35	1.39	3	54.8%	31.8%	1
Total Legacy Private Equity		46,000,000	38,787,834	6,775,821	51,920,503	12,266,086	25,398,755	1.34	1.39	1.65	1.62		11.4%	14.7% ¹⁰	
mPME Benchmark: MSCI World Index (Net)								1.01		1.26			5.3% ¹²		
NSHE's Legacy Private Equity has delivered 6.1% excess return over public equities															
Legacy Venture Capital															
Endowment Venture Partners IV, L.P.	09/98	5,000,000	4,912,500	87,500	5,265,000	238,480	590,980	1.07	0.85	1.12	0.88	2	1.7% ⁹	-1.6%	2
Endowment Venture Partners V, L.P.	01/00	2,640,000	2,571,881	68,119	2,348,455	202,705	-20,721	0.91	0.87	0.99	0.97	2	-0.1% ⁹	-0.4%	2
Commonfund Capital Venture Partners X, L.P.	03/12	5,000,000	4,525,000	475,000	849,722	7,296,839	3,621,561	0.19	0.10	1.80	1.43	2	18.6% ⁹	13.4%	2
Commonfund Capital Venture Partners XI, L.P.	09/14	5,000,000	3,237,500	1,762,500	175,973	4,415,462	1,353,935	0.05	0.00	1.42	1.23	2	25.4% ⁹	12.2% ⁸	1
Total Legacy Venture Capital		17,640,000	15,246,881	2,393,119	8,639,150	12,153,486	5,545,755	0.57	0.45	1.36	1.13		5.2%	6.0% ¹⁰	
mPME Benchmark: Russell 2000® Index								0.73		1.51			8.0% ¹²		
Legacy Private Natural Resources															
Endowment Energy Partners IV, L.P.	09/98	4,000,000	3,910,228	89,772	14,825,504	0	10,915,276	3.79	2.89	3.79	2.89	2	25.7% ⁹	24.6%	2
Commonfund Capital Natural Resources IX, L.P.	12/11	5,000,000	4,240,000	760,000	598,872	4,875,423	1,234,295	0.14	0.28	1.29	1.20	2	9.5% ⁹	6.3%	2
Commonfund Capital Natural Resources X	12/14	5,000,000	2,550,000	2,450,000	454,875	3,005,892	910,767	0.18	0.09	1.36	1.19	1	38.7% ⁹	14.2%	1
Total Legacy Private Natural Resources		14,000,000	10,700,228	3,299,772	15,879,251	7,881,315	13,060,338	1.48	1.19	2.22	1.82		25.4%	14.9% ¹⁰	
mPME Benchmark: S&P North American Natural Resources Sector Index								0.76		1.32			10.0% ¹²		
TOTAL LEGACY															
		77,640,000	64,734,943	12,468,712	76,438,904	32,300,887	44,004,848	1.18	1.13	1.68	1.54		12.1%	12.7% ¹⁰	
mPME Benchmark: Total Portfolio Blend								0.90		1.33			6.7% ¹²		

NSHE's Legacy Private Equity has delivered 6.1% excess return over public equities

NSHE's Legacy Private Natural Resources have delivered 15.4% excess return over public natural resources equities.

Legacy PI Program Returned 17.1% Over the Trailing Year

Multi-year performance detail as of 9/30/18

		IRR (%) ¹					
	Fund Inception Date	Current Quarter	1 Year	3 Years	5 Years	10 Years	Inception to Date
<u>Private Investments Partnerships</u>							
<u>Legacy Private Equity</u>							
Endowment Private Equity Partners IV, L.P.	01/00	1.9	27.9	27.4	19.2	12.0	16.8
Commonfund International Partners IV, L.P.	02/01	² 1.0	11.6	11.6	6.1	8.2	13.1
Commonfund Private Equity Partners V, L.P.	01/02	-3.4	-6.9	5.4	14.1	9.4	11.0
Drum Capital Management SS Partners II, L.P.	04/06	-2.1	-2.0	5.2	4.7	10.7	7.7
Dover Street VIII, L.P.	06/11	3.5	18.4	13.6	18.1	---	21.8
Blackstone Strategic Partners VI, L.P.	08/13	1.9	14.3	8.7	---	---	18.7
Dover Street IX, L.P.	09/15	<u>5.8</u>	<u>36.9</u>	---	---	---	<u>54.8</u>
Total Legacy Private Equity		1.3	10.7	10.5	11.4	10.9	11.4
<u>Legacy Venture Capital</u>							
Endowment Venture Partners IV, L.P.	09/98	-1.8	60.3	14.3	6.6	6.6	1.7
Endowment Venture Partners V, L.P.	01/00	0.5	3.4	-4.7	-3.1	-1.7	-0.1
Commonfund Capital Venture Partners X, L.P.	03/12	3.9	21.9	13.3	18.9	---	18.6
Commonfund Capital Venture Partners XI, L.P.	09/14	<u>11.7</u>	<u>36.1</u>	<u>24.7</u>	---	---	<u>25.4</u>
Total Legacy Venture Capital		6.3	26.4	14.9	17.0	10.6	5.2
<u>Legacy Private Natural Resources</u>							
Endowment Energy Partners IV, L.P.	09/98	-0.3	-27.1	-7.1	3.3	0.2	25.7
Commonfund Capital Natural Resources IX, L.P.	12/11	0.5	12.3	16.2	10.0	---	9.5
Commonfund Capital Natural Resources X	12/14	<u>1.0</u>	<u>30.9</u>	<u>41.2</u>	---	---	<u>38.7</u>
Total Legacy Private Natural Resources		0.7	15.7	18.3	11.8	4.9	25.4
TOTAL LEGACY		2.9	17.1	13.1	12.8	9.8	12.1
mPME Benchmark: Total Portfolio Blend		2.8	12.5	14.2	9.4	8.1	6.7

Note: Reporting is in U.S. Dollars (\$).

¹ IRR calculations are based on a stream of quarterly cash flows; including NAV, paid-in capital, and distributions. The multi-year return calculation assumes the starting period NAV is the first contribution in the stream of cash flows used to calculate the IRR. Liquidated investments are only included in the total returns for each asset class and the total portfolio.

PORTFOLIO PERFORMANCE NOTES

- ¹ In the period following September 30, 2018, Nevada System of Higher Education made an additional commitment to Atalaya Special Opportunities Fund VII L.P. (\$1.0 million).
- ² The Distributed / Paid In Multiple is calculated by dividing the total distributions from the fund by the total paid into the fund. The Total Value / Paid In Multiple is calculated by dividing the sum of the remaining investment NAV and total distributions from the fund by the total paid into the fund.
- ³ Fund internal rate of return includes the cash-on-cash return net of fees, expenses, and carried interest, as well as the net asset value of Nevada System of Higher Education's interest in the partnership.
- ⁴ CA vintage year benchmarks are as of September 30, 2018. All benchmarks are in U.S. Dollars and are considered final unless otherwise noted. The Legacy Private Equity asset class utilizes the Secondary Funds benchmark. The Legacy Private Natural Resources asset class utilizes the Private Equity Energy and Upstream Energy and Royalties benchmark. The Legacy Venture Capital asset class utilizes the U.S. Venture Capital benchmark. The Managed Private Diversifiers asset class utilizes the Private Credit benchmark. The Managed Private Equity / Distressed asset class utilizes the Growth Equity benchmark. The Managed Private Natural Resources asset class utilizes the Private Equity Energy and Upstream Energy and Royalties benchmark. The Managed Real Estate asset class utilizes the Real Estate benchmark. The Managed Venture Capital Asset Class utilizes the U.S. Venture Capital benchmark.
- ⁵ Funds utilize the U.S. Private Equity benchmark.
- ⁶ Fund utilizes the Ex U.S. Private Equity and Venture Capital benchmark.
- ⁷ Fund utilizes Distressed Securities benchmark.
- ⁸ Fund utilizes the Venture Capital benchmark.
- ⁹ CA Median comparisons reflect the median of the pooled benchmarks for the vintage year of the three respective fund and two subsequent vintage years, based on the assumption that a fund of funds would typically make commitments over three years.
- ¹⁰ Cambridge Associates' asset class and portfolio benchmark medians are calculated using the middle breakpoint fund in each asset class vintage year, and are weighted by member's paid-in capital to each asset class and vintage year.
- ¹¹ Total Value Creation is equal to: $[(\text{Distributions at Market}) + (\text{Current Net Asset Value}) - (\text{Paid-In Capital})]$
- ¹² The mPME IRR evaluates what Nevada System of Higher Education's return would have been if the dollars invested in private funds had been deployed in a public market index. The mPME calculation assumes that a public index's shares are purchased and sold according to the cash flow stream of the private portfolio, with distributions calculated in the same proportion as the private portfolio's. The mPME NAV (the value of the shares held by the public equivalent) is a function of mPME cash flows and public index returns. The mPME IRRs are as of September 30, 2018. All mPME IRRs are calculated using U.S. Dollars. The mPME calculations for the Legacy Private Equity asset class are based on the MSCI World Index (N) Index. The mPME calculations for the Legacy Venture Capital asset class are based on the Russell 2000® Index. The mPME calculations for the Legacy Private Natural Resources asset class are based on the S&P North American Natural Resources Sector Index. The mPME calculations for the Managed Private Equity / Distressed asset class are based on the MSCI World Index (N). The mPME calculations for the Managed Venture Capital asset class are based on the Russell 2000 Index. The mPME calculations for the Managed Private Diversifiers asset class are based on the Hedge Fund Research Fund of Funds Diversified Index. The mPME calculations for the Managed Private Natural Resources asset class are based on the S&P North American Natural Resources Sector Index. The mPME calculations for the Managed Real Estate asset class are based on the FTSE NAREIT Global Real Estate Index (N).
- ¹³ Fund utilizes Credit Opportunities benchmark.
- Funds with NA (not applicable) are too young to have produced meaningful returns or have not yet commenced operations. Benchmarks with NA (not applicable) have an insufficient number of funds in the vintage year sample to produce a meaningful return.
- Italicized funds have an inception date that is fewer than 6 years from the report date. Analysis and comparison of these partnerships' returns to benchmark statistics may not be meaningful.
- Fund vintage year is determined based on the legal inception date as noted in the partnership's closing documents and financial statements. The vintage year is not based on the first close or first draw-down.

Nevada System of Higher Education Endowment
Custom Benchmark Compositions

Policy Benchmark

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

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

CJA Normalized Benchmark

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

Russell Normalized Benchmark

	MAC+ Custom Benchmark ⁽¹⁾⁽⁵⁾	Bloomberg Barclays US 1-3M T-Bill Index ⁽¹⁾	LIBOR + 4% ⁽¹⁾	NCREIF ⁽⁶⁾	Bloomberg Barclays US Aggregate Bond Index ⁽¹⁾	BBG Barc 3M USD LIBOR Cash Index ⁽¹⁾
01/05/17 to 01/31/17:	73%	12%	X	X	10%	5%
02/01/17 to 03/31/17:	73%	X	12%	X	10%	5%
04/01/2017 to Present:	68%	X	12%	5%	10%	5%

- (1) Adjusted by 50% of Legacy Assets per Section 5.4.d of NSHE IPS.
- (2) Beginning 12/01/16, benchmark consists of two parts: (1) the MSCI All Country World Index (N) weighted by the Public Growth's actual allocation and (2) the Private Growth's actual return weighted by the Private Growth's actual allocation. Private investments will be self-benchmarked for the first 5 years of each fund's life. After the fifth year, private investments will be retroactively benchmarked to the MSCI All Country World Index (N) to reflect any value that has been added over this timeframe.
- (3) Beginning 12/01/16, benchmark consists of two parts: (1) the Real Assets Benchmark weighted by the Public Real Assets' actual allocation and (2) the Private Real Assets' actual return weighted by the Private Real Assets' actual allocation. Private investments will self-benchmarked for the first five years of each fund's life. After the fifth year, private investments will be retroactively benchmarked to the Real Assets Benchmark to reflect any value that has been added over this timeframe.
- (4) Benchmark is dynamically adjusted on a monthly basis to reflect the Average Capital Base weightings of CJA Managed Assets, Russell Assets and Legacy Assets.
- (5) Benchmark consists of a custom blend of the Russell Global Index (N) 50% Hedged, Bloomberg Commodity Index, FTSE EPRA/NAREIT Developed RE Index (N), S&P Global Infrastructure Index (N), BofAML Developed HY Constrained Bond Index USD Hedged, JP EMBI Diversified Index, and BBG Barc US 1-3 month Treasury Bill Index provided by Russell Investments.
- (6) NCREIF Fund Index Open-End Diversified Core Equity-Equal Weight-Endowment & Foundation Eligible (NFI-ODCE-EQ-E&F).

Nevada System of Higher Education Endowment
Custom Benchmark Compositions

CJA Managed Diversifiers Benchmark⁽³⁾

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

CJA Managed Real Assets Benchmark⁽⁴⁾

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

CJA Managed Fixed Income Benchmark

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

Legacy Benchmark

	MSCI ACWI (N)	S&P NA Natural Resources Index	0.3 beta- adjusted MSCI ACWI (N)	91-Day T-Bill Index
Inception to Present:	ACB	ACB	ACB	ACB

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

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