

## Endowment OCIO Update – Executive Summary

### A. Performance:

- For the fiscal year through February 28, 2021, the NSHE Endowment returned a *preliminary* 18.1%, outperforming the Policy Benchmark by 260 bps. (Private Investments are as of 9/30/2020, due to the manager reporting lag, and we expect C|A and Legacy Assets performance to rise after Private Investments results are finalized.) The breakdown by sleeve is as follows:
  - +20.9% - Cambridge Associates (outperforming benchmark by 320 bps)
  - +17.4% - Russell Investments (outperforming benchmark by 70 bps)
  - +10.0% - Legacy Assets (outperforming benchmark by 1000 bps)
- For calendar year 2020, the NSHE Endowment returned a *preliminary* 8.9%, outperforming the Policy Benchmark by 130 bps. (As noted above, Private Investments are as of 9/30/2020, and we expect an uptick in results when Q4 PI performance is finalized.) The breakdown by sleeve is as follows:
  - +12.4% - Cambridge Associates (outperforming benchmark by 250 bps)
  - +5.5% - Russell Investments (lagging benchmark by 360 bps)
  - +6.6% - Legacy Assets (outperforming benchmark by 1620 bps)
- In the 3.5-year OCIO track record from April 1, 2017 (start of formal track record) through September 30, 2020 (lagged to include most recent Private Investment results), the NSHE Endowment has returned 5.8% annualized, lagging the Policy Benchmark by 40 basis points and similarly sized peers by 150 basis points
  - C|A Managed Assets returned 6.2% over the OCIO track record, underperforming the policy benchmark by 30bps
  - Russell Investments returned 3.3% over the OCIO track record, underperforming their benchmark by 300 bps
  - Legacy Assets (representing illiquid pre-OCIO investments recommended by C|A) returned 11.3%, outperforming their benchmark by 840 basis points over the 3.5-year OCIO track record.
- 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. The NSHE Endowment 10-year return stands at 6.4%, 50bps behind the Policy Benchmark and 10bps behind similarly sized peers.

Updated with performance

through 2/28/2021

## 2/28/2021 Performance Is Still Preliminary Due to Private Investments Reporting Lag

Returns (%)	INCEPTION DATE	MARKET VALUE AS OF FEB 2021 (\$ MM)	CALENDAR YEAR TO DATE	FISCAL YEAR TO DATE JUNE	ANNUALIZED SINCE MAR 2017	ANNUALIZED TRAILING 10 YEARS	ANNUALIZED SINCE INCEPTION
Total Endowment*	6/30/1984	\$287.1	1.7	18.1	8.0	6.5	9.7
Policy Benchmark <sup>2</sup>	6/30/1984		1.4	15.5	8.1	6.8	9.6
<b>Total C A Managed Assets Net of Fees*</b>	<b>11/30/2016</b>	<b>\$134.3</b>	<b>1.6</b>	<b>20.9</b>	<b>8.9</b>	---	<b>9.9</b>
<b>C A Normalized Benchmark<sup>2</sup></b>	<b>11/30/2016</b>		<b>1.6</b>	<b>17.7</b>	<b>8.8</b>	---	---
Value Add			0.0	3.2	0.1	---	---
<b>Total Russell Managed Assets</b>	<b>12/31/2016</b>	<b>\$117.6</b>	<b>2.2</b>	<b>17.4</b>	<b>6.2</b>	--	<b>6.6</b>
Russell Normalized Benchmark <sup>2</sup>	12/31/2016		1.5	16.7	8.5	---	8.9
Value Add			0.7	0.7	-2.2	---	-2.3
<b>Total Legacy Assets*</b>	<b>11/15/1998</b>	<b>\$35.1</b>	<b>0.0</b>	<b>10.0</b>	<b>10.0</b>	<b>10.1</b>	<b>11.2</b>
Legacy Benchmark <sup>2</sup>	11/30/1998		0.0	0.1	2.7	--	---
Value Add			0.0	10.0	7.3	---	---
<b>Other Legacy Assets*</b>	<b>11/30/2012</b>	<b>\$2.5</b>	<b>0.0</b>	<b>0.5</b>	<b>-0.3</b>	--	<b>3.0</b>
<b>Legacy Private Growth*<sup>1</sup></b>	<b>11/15/1998</b>	<b>\$26.2</b>	---	---	---	---	---
<b>Legacy Private Natural Resources*<sup>1</sup></b>	<b>11/15/1998</b>	<b>\$6.3</b>	---	---	---	---	---