

Updated Performance Data through 8/31/2021

Endowment OCIO Update – Executive Summary

A. Performance:

- For the calendar year to date through August 31, 2021, the NSHE Endowment returned a *preliminary* 13.1%, outperforming the Policy Benchmark by 290bps. (Private Investments are as of 3/31/2021, 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:
 - 13.9% - Cambridge Associates (outperforming benchmark by 310 bps)
 - 12.3% - Russell Investments (outperforming benchmark by 170 bps)
 - 11.5% - Legacy Assets (outperforming benchmark by 490 bps)
- For the fiscal year ended June 30, 2021, the NSHE Endowment returned a *preliminary* 32.4%, outperforming the Policy Benchmark by 720bps. (Private Investments are as of 3/31/2021, 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:
 - 33.3% - Cambridge Associates (outperforming the benchmark by 590 bps)
 - 26.4% - Russell Investments (outperforming the benchmark by 180 bps)
 - 46.0% - Legacy Assets (outperforming the benchmark by 2570 bps)
- Over the 4-year OCIO track record from April 1, 2017 (start of formal track record) through March 31, 2021 (lagged to include most recent Private Investment results), the NSHE Endowment has returned 9.8% annualized, outperforming the Policy Benchmark by 70 basis points and lagging similarly sized peers by 20 basis points
 - C|A Managed Assets returned 9.9% over the OCIO track record, outperforming the policy benchmark by 60 bps
 - Russell Investments returned 6.7% over the OCIO track record, underperforming their benchmark by 200 bps
 - Legacy Assets (representing illiquid pre-OCIO investments recommended by C|A) returned 17.9%, outperforming their benchmark by 1040 bps over the 4-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 8.4%, directly in line with the Policy Benchmark.

Updated with performance through 8/31/21

8/31/2021 Performance

Returns (%)	INCEPTION DATE	MARKET VALUE AS OF AUG 2021 (\$ MM)	FISCAL YEAR TO DATE JUNE	CALENDAR YEAR TO DATE	ANNUALIZED SINCE MAR 2017	ANNUALIZED TRAILING 10 YEARS	ANNUALIZED SINCE INCEPTION
Total Endowment*	6/30/1984	\$323.3	2.0	13.1	10.4	8.4	10.0
Policy Benchmark ²	6/30/1984		1.7	10.2	9.7	8.4	9.7
Total C A Managed Assets Net of Fees*	11/30/2016	\$151.1	2.6	13.9	10.9	---	11.7
C A Normalized Benchmark²	11/30/2016		1.8	10.9	10.2	---	---
Value Add			0.8	3.1	0.8	---	---
Total Russell Managed Assets* ¹¹	12/31/2016	\$128.3	2.0	12.3	7.8	--	8.1
Russell Normalized Benchmark ²	12/31/2016		2.1	10.7	9.6	---	10.0
Value Add			-0.1	1.7	-1.8	---	-1.9
Total Legacy Assets*	11/15/1998	\$43.9	0.0	11.5	16.1	13.6	12.3
Legacy Benchmark ²	11/30/1998		0.0	6.6	8.3	--	---
Value Add			0.0	4.9	7.8	---	---
Other Legacy Assets*	11/30/2012	\$3.7	0.0	0.8	-0.1	--	2.9
Legacy Private Growth*¹	11/15/1998	\$33.0	---	---	---	---	---
Legacy Private Natural Resources*¹	11/15/1998	\$7.3	---	---	---	---	---

Rows marked with "*" contain preliminary data.

¹ Performance and market values are as of 03/31/21 (with 1 fund, or 0.5% of NAV, as of 12/31/20), all adjusted with cash flows through the current period.

² For Benchmark details, please refer to the custom Benchmark Compositions exhibit.

¹¹ Legacy benchmark lag date has been adjusted to align with Private Investment data as of 03/31/21.

Updated with Supplemental Information

Value-add has been driven by manager selection

FYE June 30, 2021

(Lagged to reflect most recent Private Investment results)

12 months ending June 30, 2021 • USD



C|A Managed Assets – Sustainability Focus

- We are proud to share the 9/20/21 announcement of a “Net Zero” commitment to which Cambridge Associates is one of only four founding signatories in the US. The implication for NSHE is that C|A’s default stance will be to put OCIO portfolios on a path to cut portfolio carbon emissions in half by 2030 and fully decarbonize by 2050:

<https://www.unpri.org/climate-change/leading-investment-consultants-form-global-initiative-to-push-for-net-zero/8549.article>

- Of NSHE’s strategies with Environmental, Social & Governance (ESG) factors integrated into their investment process, a smaller subset have ESG or sustainability as a primary driver of the investment thesis:

TOTAL % of C A Managed Assets a/o 6/30/21	12.8%
Diversified international small cap equity manager that weaves ESG criteria into their fundamental stock research and to enhance their understanding of portfolio company risks and opportunities.	2.5%
Marketable diversifier strategy that utilizes several quantitative strategies that aim to predict how climate change will impact individual companies and trends throughout the economy	0.7%
Thematic water strategy that invests in public companies whose innovative technologies & products will help provide solutions to global water challenges.	1.6%
Fixed income strategy that incorporates ESG analysis into credit underwriting with the goal of enhancing risk assessment and directing capital toward credits with impact-oriented use of proceeds. The manager gives a sustainability rating to each credit in its database.	2.3%
Private credit funds focused on midsize renewable energy projects with limited access to other sources of financing, which accelerates the build-out of low-carbon and sustainable infrastructure across the US. The fund also invests in community solar and solar financing operations.	2.0%*
Private sustainable real assets fund investing in asset-based growth opportunities that increase the efficiency and sustainability of real assets across four sectors: energy, water & agriculture, transportation and land.	1.4%*
Clean tech focused venture capital and private equity strategy focused on secondary opportunities in alternative energy, water and wastewater, transportation, and energy storage.	0.7%*
Private diversifiers manager focused on the fast-growing greenfield renewable-energy sector and particularly offshore wind.	1.7%*

- We will continue to seek similar ESG/sustainability-driven strategies that are consistent with portfolio diversification and the risk/return guidelines in the Investment Policy Statement.



*After manager fully calls committed capital