NEVADA SYSTEM OF HIGHER EDUCATION

DISCUSSION MATERIALS – ENDOWMENT OCIO UPDATE





MARCH 31, 2023

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CAMBRIDGE ASSOCIATES

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2. ENDOWMENT OCIO UPDATE





Endowment OCIO Update – Executive Summary

A. Performance:

- For the calendar year 2022, the Total Endowment returned a *preliminary* -10.7%, outperforming the Policy Benchmark by 440bps. (Private Investments are as of 9/30/2022, due to the manager reporting lag, and we expect performance to come down slightly after Private Investments results are finalized).
- Markets rallied in January but shed gains in February and experienced turbulence in March over banking system concerns. For the fiscal year through 2/28/2023, the Total Endowment returned a *preliminary* 3.5%, outperforming the Policy Benchmark by 200bps. (Private Investments are as of 9/30/2022, due to the manager reporting lag, and we expect performance to rise after Private Investments results are finalized). We currently estimate the Endowment has returned -0.3% for the current month through March 23 (based largely on index proxies for managers that do not report daily results).
- Over the full OCIO track record from April 1, 2017 (start of formal track record) through September 30, 2022 (lagged to include most recent Private Investment results), the Total Endowment has returned 6.8% annualized, outperforming the Policy Benchmark by 200 basis points.
- 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 Total Endowment 10-year return stands at 6.5%, 80 bps ahead of the Policy Benchmark.
- Pursuant to Committee feedback at the September meeting, we have prepared an analysis of the current US Equity benchmark (Wilshire 5000) versus an alternate benchmark (Russell 3000). Both indices are market cap weighted, and have delivered almost indistinguishable performance over time. While we do not see a pressing need to change the benchmark, we welcome additional Committee input.

B. Asset Allocation and Guideline Compliance:

The Total Endowment is in compliance with all investment guidelines and restrictions.

Endowment OCIO Update – Executive Summary (cont'd)

C. Risk/Return Characteristics:

Relative to a 70/30 Simple Index, the Policy Targets approved by the Investment Committee in December 2016 are expected to show slightly lower volatility and sensitivity to equity beta. Although the 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. Diversifiers and Private Investments:

- The hedge fund portfolio is well diversified across 15 managers.
- We have committed \$56.3 million to 40 Private Investments funds as we build toward the long-term policy targets approved by the Investment Committee in December 2016. The 26.2% PI return has strongly outperformed the public market equivalent return of 4.0% over that time period.
- **E. Legacy Assets:** Since inception through 9/30/22, NSHE's Legacy Private Investments program has returned 12.4%, outperforming public markets by 620 basis points. The Legacy Private Natural Resources funds have been particularly strong, with a 24.9% return since inception (15.9 percentage points ahead of public natural resource equities).
- **F. Crypto and Blockchain Discussion:** Cryptoassets and other blockchain technologies are an area of rapid evolution. NSHE has no dedicated manager allocations to either blockchain or crypto (and we currently have no intention of incepting a dedicated allocation as part of our OCIO mandate). However, the Endowment does have modest exposure through diversified Venture Capital managers, representing 0.33% of the Venture allocation, or 0.04% of the Total Endowment.

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2. ENDOWMENT OCIO UPDATE A. PERFORMANCE





2/28/2023 Performance

Returns (%)	INCEPTION DATE	CURRENT MARKET VALUE	MONTH TO DATE	CALENDAR YEAR TO DATE	FISCAL YEAR TO DATE JUN	ANNUALIZED TRAILING 3 YEARS	ANNUALIZED SINCE 03/31/17	ANNUALIZED SINCE INCEPTION
Total Endowment*	6/30/1984	\$300,135,911	-1.2	2.6	3.5	9.0	7.1	9.5
Policy Benchmark ²	6/30/1984	\$500,100,011	-2.0	2.2	1.5	4.4	5.1	9.0
Total Non-C A OCIO Assets	11/15/1998	\$308,245	0.2	-0.1	0.4	8.6	6.9	10.3
Total Russell Managed Assets	1/31/2017	\$308,245	0.2	-0.1	0.4	6.6	5.0	5.3
Russell Normalized Benchmark ²	1/31/2017		0.2	-0.1	0.4	7.4	6.4	6.8
Value Add			0.0	0.0	0.0	-0.8	-1.4	-1.5
Total C A Managed Assets Net of Fees*	11/30/2016	\$299,827,665	-1.2	2.6	3.4	9.9	7.4	8.1
C A Normalized Benchmark ²	11/30/2016		-2.0	2.2	1.5	5.0	5.2	
Value Add			0.7	0.4	1.9	4.9	2.2	

Rows marked with "*" contain preliminary data.

¹ Performance and market values are as of 9/30/22, all adjusted with cash flows through the current period

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



^{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 4/1/2017 to 9/30/2022, C|A Endowments \$100-\$400mm include 129-130 institutions over time. Data is as of 9/30/22. Note: Based on quarterly data to incorporate peer data and Private Investments. With only 12 data points, standard deviation and Sharpe metrics have statistical limitations.





Risk/Return Analyses

As of September 30, 2022 – *lagged to include most recent Private* Investment results



Trailing 10Y – October 01, 2012 – September 30, 2022

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 10/1/2012 to 9/30/2022, C|A Endowments \$100-\$400mm include 121-130 institutions over time. Data is as of 9/30/22.

Monitor Performance Regularly, while <u>Evaluating</u> 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

Benchmark Review - follow-up analyses

- Pursuant to Committee feedback at the September meeting, we have analyzed the current US Equity benchmark (Wilshire 5000) versus an alternate benchmark (Russell 3000).
 - Both indices are market cap weighted, with the primary difference being the number of underlying constituent stocks.
 - As shown in the tables below, the two indices have delivered almost indistinguishable performance over time:
 - Over the past 15 years (going back before the Global Financial Crisis), both indices have returned 9.7%. Over the trailing 5-year and 10-year periods, the Wilshire 5000 has proven a very modestly tougher hurdle to beat (20bps & 10bps ahead of the Russell 3000, respectively).
 - In individual calendar years going back to 2008, the largest gap was in 2021, when the Wilshire 5000 outperformed by 100bps. The Wilshire outperformed in 7 out of the past 15 years, the Russell outperformed in 5, and in 3 years they had the same return when rounded to one decimal place.
- We view either the Wilshire 5000 or the Russell 3000 indices as fair benchmarks for the US Equity allocation and while we do not see a pressing need to change the benchmark, we welcome additional Committee input.

AS OF FED 28, 2023 • USD	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	201	19 2	020	2021	2022	2 (2M
Composite & Current Benchmark																	
Endowment - U.S. Equity	-36.7	27.5	16.3	1.5	17.4	35.3	15.6	0.9	10.6	23.4	-4.5	34	.0 2	22.6	29.1	-18.8	5.0
Wilshire 5000 Total Market Index	-37.2	28.3	17.2	1.0	16.1	33.1	12.7	0.7	13.4	21.0	-5.3	31	.0 2	20.8	26.7	-19.0	9 4.4
Prospective Benchmark										·		-					
Russell 3000 [®] Index	-37.3	28.3	16.9	1.0	16.4	33.6	12.6	0.5	12.7	21.1	-5.2	31	.0 2	20.9	25.7	-19.2	2 4.4
FRAILING ANNUALIZED RETURNS (%) As of Feb 28, 2023 • USD	1	.5Y	14Y	13Y .	12Y 1	L1Y .	10Y	9Y	8Y	7Y	6Y	5Y	4Y		3Y	2Y	1Y
TRAILING ANNUALIZED RETURNS (%) As of Feb 28, 2023 • USD Composite & Current Benchmark	1	.5Y	14Y	13Y	12Y 1	1Y	10Y	9Y	8Y	7Y	6Y	5Y	4Y		3Y	2Y	1Y
TRAILING ANNUALIZED RETURNS (%) as of Feb 28, 2023 • USD Composite & Current Benchmark Endowment - U.S. Equity	1	.5Y	14Y	13 Y 3	12Y 1 2.7 1	.1Y . 3.4 <u>1</u>	10Y .3.2 1	9Y .1.6	8Y	7Y 14.0	бҮ 12.2	5Y 11.1	4 Y 12.7	13	3Y 3.6	2 Y 3.9	1Y -7.4
TRAILING ANNUALIZED RETURNS (%) As of Feb 28, 2023 • USD Composite & Current Benchmark Endowment - U.S. Equity Wilshire 5000 Total Market Index	1	.5Y).7	14 Y 15.9 1 15.1 1	13Y 3 3.5 1 2.4 1	12Y 1 2.7 1 1.5 1	3.4 <u>1</u> 2.1 1	10 Y 3.2 1 2.0 1	9Y	8Y 11.0 1	7Y 14.0 12.9	6Y 12.2 10.7	5Y 11.1 9.6	4 Y 12.7 10.8	13	3Y 3.6 2.1	2Y 3.9 2.1	1Y -7.4 -8.1
TRAILING ANNUALIZED RETURNS (%) As of Feb 28, 2023 • USD Composite & Current Benchmark Endowment - U.S. Equity Wilshire 5000 Total Market Index Prospective Benchmark	1	.5Y).7 : 9.7 :	14Y 15.9 1 15.1 1	13Y 3.5 1 2.4 1	12Y 1 2.7 1 1.5 1	3.4 <u>1</u> 2.1 1	10Y 3.2 1 2.0 1	9Y	8Y 11.0 1 10.1 1	7Y 14.0 12.9	6Y 12.2 10.7	5Y 11.1 9.6	4 Y 12.7 10.8	13 12	3Y 3.6 2.1	2Y 3.9 2.1	1Y -7.4 -8.1
TRAILING ANNUALIZED RETURNS (%) As of Feb 28, 2023 • USD Composite & Current Benchmark Endowment - U.S. Equity Wilshire 5000 Total Market Index Prospective Benchmark Russell 3000 [®] Index		5Y	14Y 1 15.9 1 15.1 1 15.0 1	13Y	12Y 1 2.7 11 1.5 1 1.4 1	11Y 1 3.4 1 2.1 1 2.0 1	10Y 3.2 1 2.0 1 1.9 1	9 Ү 1.6 : 0.6 : .0.3	8Y 11.0 2 10.1 2	7Y 14.0 12.9	6Y 12.2 10.7	5Y 11.1 9.6 9.4	4Y 12.7 10.8 10.5	13	3 Y 3.6 2.1	2Y 3.9 2.1 1.6	1Y -7.4 -8.1 -8.1







2. ENDOWMENT OCIO UPDATE B. ASSET ALLOCATION AND GUIDELINE COMPLIANCE





Total Endowment Asset Allocation Is Well Within Policy Ranges

Portfolio Role	12/31/2022 Asset Allocation	Total Endowment Long-Term Policy Targets	Total Endowment Allowable Range
Growth	60.2%	62.0%	50% - 70%
Public Growth	42.6%	45.0%	
Private Growth	17.6%	17.0%	
Diversifiers	18.0%	18.0%	5% - 25%
Liquid Diversifiers (liquidity w/in 3 years)	15.9%	13.0%	
Private Diversifiers	2.0%	5.0%	
Real Assets	11.1%	10.0%	5% - 20%
Public Real Assets	5.7%	2.0%	
Private Real Assets	5.4%	8.0%	
Fixed Income & Cash	10.7%	10.0%	5% - 25%
Fixed Income	8.2%	10.0%	
Cash	2.5%	0.0%	

Yes

Endowment Liquidity Is Well Within Guidelines

Endowment Portfolio Liquidity Summary

Market values estimated as of 1/31/2023, pro forma for pending C/A transactions

					Dollar	Liquidity		
	<u>1/31/2023 MV</u>			We ekby/		Somionnuol/		
Managers	<u>(\$ mm)</u>	Exit Terms	Daily	Monthly	Quarterly	Annual	Biennial	Illiquid
U.S. Equity	55.2		11.2	28.1	15.9			
U.S. Equity	55.2	Daily; monthly; quarterly	0.0		15.9			
Global Equity	32.1		0.0	32.1				
Global Equity	0.0	Monthly	0.0	32.1				
International Developed Equity	28.3		1.5	26.8				
International Developed Equity	28.3	Daily; monthly	1.5	26.8				
Emerging Markets Equity	18.6		4.6	9.7		2.6		1
Emerging Markets Equity	18.6	Daily; w eekly; monthly; semi-annual	4.6	9.7		2.6		
Diversifiers	53.6		0.0	5.3	26.6	12.7	3.0	6.0
Marketable Alternatives	53.6	Daily; monthly; quarterly; semi-annual; annual; biennial; illiquid	0.0	5.3	26.6	12.7	3.0	5.9
Farallon Capital Illiquid Sidepocket**	0.1	lliquid						0.1
Private Growth	52.5	Illiquid						52.5
Managed Private Equity/Grow th	7.1	Illiquid						7.1
Managed Venture Capital	13.5	Iliquid						13.5
Legacy Private Equity**	8.9	Iliquid						8.9
Legacy Venture Capital**	23.0	Iliquid						23.0
Real Assets	33.8		10.9	6.9	0.0			16.1
Real Assets	25.9	Daily; monthly; illiquid	10.9	6.9				8.1
Legacy Private Natural Resources**	7.9	Iliquid						7.9
Fixed Income	24.8		21.6		3.2			
Fixed Income	24.8	Daily	21.6					
Cash and Cash Equivalents	4.0	Daily	4.0					
TOTAL ASSETS	302.9		53.8	108.8	45.7	15.3	3.0	74.6
PERCENT OF TOTAL ASSETS	100%		18%	36%	15%	5%	1%	25%
Liquidity Guidelines - C A Managed Assets:			Guid	leline				
No new commitments while:			Comp	liance?				
(1) Private Investment NAV > 39%			Y	es				

* Italicized assets are excluded from C|A mandate.

(2) Private Investment NAV + Unfunded Commitments > 54%

** Legacy assets are excluded from OCIO performance but are considered for purposes of asset allocation & guideline compliance.

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2. ENDOWMENT OCIO UPDATE C. RISK/RETURN CHARACTERISTICS





Long-Term Risk/Return Expectations



^{*} Assumes no positive or negative alpha from active management.

Notes: Decline statistics use real cumulative asset class returns from November 1, 2007 to February 28, 2009.

Even after early 2022 market pullback, valuations still look likely to challenge intermediate-term market returns

INTERMEDIATE-TERM (10-YEAR) "RETURN TO NORMAL" SCENARIO, ASSUMING VALUATIONS NORMALIZE OVER NEXT 10 YEARS LONG-TERM (25-PLUS YEAR) STEADY STATE "EQUILIBRIUM" ASSUMPTIONS: REAL RETURNS (ADJUSTED FOR INFLATION)



Based on Current Market Valuations as of January 31, 2023 (3.0% Inflation)



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 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



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2. ENDOWMENT OCIO UPDATE D. DIVERSIFIERS & PRIVATE INVESTMENTS





Diversifiers Program Snapshot Event-Driven Manager Percentages of Total Hedge Funds as of Goal is to profit from mispricings in the capital structures of companies subject to December 31, 2022 corporate events • Buying stock in acquisition targets, shorting acquirers Other events: spin-offs, divestitures, reorganization, and restructuring Credit / Distressed (1) Total Goal is to identify credit opportunities Invest long and short in bonds, loans, credit default swaps and other credit Uncorrelated Long-(3) Total Event markets. Driven, 15.0% Only, 11.9% Stressed and distressed debt, capital structure arbitrage, post-reorg equities. (2) Total Fixed Multi-Strategy Income Relative (2) Total Goal is to generate meaningful alpha through a variety of trading strategies Value, 10.1% Credit/Distressed, 9.7% (1) Total Open Long/Short Equity Mandate, 5.9% (1) Total Multi-Goal is to limit exposure to "beta" and add meaningful "alpha" Strategy, 11.0% Short positions to generate returns (alpha) and reduce market risk (beta) Fundamental analysis identifies attractive companies (alpha) (6) Total Long/Short **Open Mandate** Equity, 36.3% Flexible mandate that targets the most attractive return opportunistically across capital markets, geographies, and strategies Fixed Income Relative Value Goal is to generate uncorrelated returns from price inconsistencies among related government bond and rates markets and instruments. Trade strategies implemented through cash bonds, futures and swaps instruments. Uncorrelated Long-Only Goal is to provide uncorrelated returns and inflation sensitivity through exposure to the California Carbon Allowance Market

Private Investment Snapshot

Curr	ent Allocation (\$mi	Tar	Target Commitment by Strategy (\$mm)							
	N	AV	Unfu	unded	То	tal	Annual Targets	Annual Range	2022 Actual Commitments	LT Targets
	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(\$)	(%)
Venture / Growth Capital	36.4	12.3%	5.0	1.7%	41.4	14.0%	4.0	\$0 - \$8	2.2	7.0%
Private Equity / Distressed	15.6	5.3%	13.8	4.7%	29.4	10.0%	7.0	\$0 - \$10	7.5	10.0%
Total VC & PE	\$51.9	17.6%	\$18.8	6.4%	\$70.7	24.0%	\$11.0	\$0 - \$18	\$9.7	17.0%
Total Private Diversifiers	\$6.0	2.0%	\$8.9	3.0%	\$14.9	5.1%	\$4.0	\$0 - \$7	\$2.0	5.0%
Private Real Estate	3.3	1.1%	3.5	1.2%	6.8	2.3%	3.0	\$0 - \$6		4.0%
Private Natural Resources	12.6	4.3%	2.9	1.0%	15.5	5.3%	3.0	\$0 - \$6		4.0%
Total Private RE & NR	\$15.9	5.4%	\$6.5	2.2%	\$22.4	7.6%	\$6.0	\$0 - \$12	\$0.0	8.0%
Total	\$73.8	25.1%	\$34.2	11.6%	\$108.0	36.7%	\$21.0	\$0 - \$37	\$11.7	30.0%

¹ Current allocation based on net asset values (NAV) and Total Endowment market value of \$294.4 million as of 12/31/22.

Asset Class	2019		2020		2021		2022		2023	
		Commit.		Commit.		Commit.		Commit.		Commit.
	Number of Funds	Amt.	Number of Funds	Amt.						
		(\$mm)		(\$mm)		(\$mm)		(\$mm)		(\$mm)
Venture / Growth Capital										
Sub-Total	1	\$1.0	0		3	\$4.0	3	\$2.2	1	\$2.0
Private Equity / Distressed										
Sub-Total	4	\$5.1	0		1	\$1.0	3	\$7.5	1	\$4.0
Total VC & PE	5	\$6.1	0		4	\$5.0	6	\$9.7	2	\$6.0
Private Diversifiers										
Total Private Diversifiers	0		1	\$2.5	2	\$4.0	1	\$2.0	1	\$2.5
Private Real Estate										
Private RE Sub-Total	1	\$1.0	0		3	\$4.0	0		0	
Private Natural Resources										
Private NR Sub-Total	1	\$1.0	0		1	\$1.0	0		0	
Total Private RE & NR	2	\$2.0	0		4	\$5.0	0		0	
Total Privates	7	\$8.1	1	\$2.5	10	\$14.0	7	\$11.7	3	\$8.5

FUNDING STATUS & PERFORMANCE OVERVIEW

As of September 30, 2022, Nevada System of Higher Education had committed \$133.9 million to 55 private investment partnerships, of which \$101.3 million had been drawn down. Distributions of \$111.8 million at market value, or 110.4% of paid-in capital, had been received. The total program return of 13% 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, 2022.

Legacy PI have outperformed public markets by 620 bps

Reporting Currency: U.S. Dollars (\$)	, in millions	Daid In	Infunded	Distributions	Current	Total Value/	Asset	
Asset Classes	Commitment(s)	Capital	<u>Commitment(s)</u>	at Market	Value (NAV)	Multiple	IRR	<u>mPME IRR</u>
Legacy Private Equity	46.0	41.5	3.7	62.1	9.2	1.7	11.3%	5.3%
Legacy Venture Capital	17.6	17.2	0.5	17.1	23.3	2.4	9.3%	6.9%
Legacy Private Natural Resources	14.0	13.0	0.9	19.0	8.7	2.1	24.9%	9.0%
TOTAL LEGACY	77.6	71.7	5.1	98.2	41.2	1.9	12.5%	6.3%
Managed Private Equity/Distressed	16.6	7.2	10.3	5.0	6.6	1.6	31.8%	4.9%
Managed Venture Capital	10.2	5.5	4.8	0.8	13.1	2.5	59.2%	-2.4%
Managed Private Diversifiers	16.4	9.1	9.0	5.2	5.5	1.2	11.1%	3.6%
Managed Private Natural Resources	6.0	4.3	2.5	1.2	4.3	1.3	12.9%	13.8%
Managed Real Estate	7.0	3.5	4.1	1.5	2.7	1.2	10.9%	-3.8%
TOTAL MANAGED	56.3	29.6	30.8	13.7	32.3	1.6	26.2%	4.0%
TOTAL PORTFOLIO	133.9	101.3	35.9	111.8	73.5	1.8	13.0%	6.1%

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. Managed PI have outperformed public

markets by 2220 bps

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2. ENDOWMENT OCIO UPDATE E. LEGACY ASSETS





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Legacy PI Program Returned 12.5% Annualized Since Inception (vs. 6.3% for public markets)

Multi-year performance detail as of 9/30/2022

Reporting Currency: U.S. Dollars (\$)				IRR	R (%) ¹		
Private Investments Partnerships	Vintage <u>Year</u>	Current <u>Quarter</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>10 Years</u>	Inception <u>to Date</u>
Legacy Private Equity							
Drum Capital Management SS Partners II, L.P.	2006	-3.3	-6.4	21.1	6.5	7.6	7.8
Dover Street VIII, L.P.	2012	-4.7	-15.6	10.5	12.0		18.9
Blackstone Strategic Partners VI, L.P.	2014	-4.8	-13.5	5.7	5.6		13.1
Dover Street IX, L.P.	2016	<u>-1.2</u>	<u>-2.7</u>	<u>17.4</u>	<u>21.4</u>		<u>24.5</u>
Total Legacy Private Equity		-2.8	-6.8	14.9	10.2	11.7	11.3
mPME Benchmark: MSCI World Index (Net)		-6.2	-18.7	8.0	7.2	9.9	5.3
Legacy Venture Capital							
Endowment Venture Partners IV, L.P.	1998	-33.5	-31.7	-24.7	3.6	3.5	1.5
Endowment Venture Partners V, L.P.	2000	-2.3	-30.9	-7.5	-5.1	-3.3	-0.3
Commonfund Capital Venture Partners X, L.P.	2012	-4.6	-8.3	29.3	26.5	22.7	22.6
Commonfund Capital Venture Partners XI, L.P.	2015	-2.6	<u>-11.1</u>	<u>30.4</u>	<u>30.8</u>		<u>28.5</u>
Total Legacy Venture Capital		-3.6	-9.8	29.4	27.7	21.4	9.3
mPME Benchmark: Russell 2000® Index		-2.2	-23.3	6.3	4.6	7.9	6.9
Legacy Private Natural Resources							
Commonfund Capital Natural Resources IX, L.P.	2012	3.9	28.6	8.7	5.8		6.6
Commonfund Capital Natural Resources X	2015	<u>0.8</u>	<u>17.8</u>	<u>6.8</u>	<u>9.1</u>		<u>11.6</u>
Total Legacy Private Natural Resources		2.4	23.2	7.8	6.8	8.5	24.9
mPME Benchmark: S&P North American Natural Resources Sector Index		-2.2	23.4	12.7	5.8	4.8	9.0
		-0.0	-2.5	20.2	16.9	14.4	12.5
mDME Renchmark: Subtotal Blend of Above		-2.2	-3.5	8.5	5.8	8.2	63
III ME BUIUIIIIAIN. SUDIOIAI BICIU OI ADOVC		-3.5	-11.5	0.0	0.0	0.2	

Note: Reporting is in I

NSHE's Total Legacy Assets have delivered 6.2% excess return over public market equivalents <

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.

Legacy PI Program Has Meaningfully Outperformed Public Markets

Funding status and performance summary: Inception through 9/30/2022

• Notable contributors: Commonfund Venture X and XI, Dover Street IX, Endowment Energy IV

• Notable detractors: Endowment Venture IV and V, Commonfund Natural Resources IX

Reporting Currency: U.S. Dollars (\$)		Cash Flow & Valuation					Multiples				IRR					
Private Investments Partnerships	Vintage <u>Year</u>	Commit- <u>ment</u>	Paid-In <u>Capital</u>	Unfunded Commit- <u>ment</u>	Distributions at Market	Current Net Asset <u>Value (NAV)</u>	Total Value Creation ¹¹	Distrib Pai <u>Fund</u>	outed / d In² <u>CA⁴</u>	Total Pa <u>Fund</u>	Value / id In² <u>CA⁴</u>	Fund Quartile <u>Rank</u>	Fund IRR ³	CA <u>Median</u>	10 4 C	Fund }uartile <u>Rank</u>
Legacy Private Equity																
Dover Street IV, L.P. Endowment Private Equity Partners IV, L.P. Commonfund International Partners IV, L.P. Commonfund Private Equity Partners V, L.P. Drum Capital Management SS Partners II, L.P. Dover Street VIII, L.P. Blackstone Strategic Partners VI, L.P. Dover Street IX, L.P.	1999 2000 2001 2002 2006 2012 2014 2016	8,000,000 5,000,000 4,000,000 10,000,000 5,000,000 5,000,000 5,000,000	7,560,000 4,880,000 3,912,000 9,112,118 4,600,000 3,353,670 4,250,000	0 0 887,881 400,000 1,700,898 750,000	10,532,539 10,261,639 7,215,395 6,951,781 11,889,622 7,028,669 3,969,170 4,209,167	0 0 4,181,723 674,287 1,045,366 3,298,288	2,972,539 5,381,639 3,303,395 3,091,781 6,959,227 3,102,956 1,660,866 3,257,455	1.39 2.10 1.84 1.80 1.30 1.53 1.18 0.99	1.42 1.88 1.76 1.77 1.44 1.21 1.22 0.87	1.39 2.10 1.84 1.80 1.76 1.67 1.50 1.77	1.42 1.90 1.81 1.77 1.50 1.59 1.60 1.67	NA 2 2 2 2 2 3 2	8.6% 16.8% 12.9% 10.8% 7.8% 18.9% 13.1% 24.5%	11.4% 15.2% 14.8% 12.4% 8.9% 13.0% 15.1% 17.4%	5.9 6.9 5.9 7.9	NA 2 3 3 1 3 1 3
Total Legacy Private Equity mPME Benchmark: MSCI World Index (Net)		46,000,000	41,527,788	3,738,779	62,057,982	9,199,664	29,729,858	1.49 1.14		1.72 1.29	_	_	11.3% 5.3%	12		
Legacy Venture Capital	NSHE'	s Legacy	Private E	quity has	delivered	l 6.0% ex	cess retui	rn over	: publ	ic equ	ities					
Endowment Venture Partners IV, L.P. Endowment Venture Partners V, L.P. Commonfund Capital Venture Partners X, L.P. Commonfund Capital Venture Partners XI, L.P.	1998 2000 2012 2015	5,000,000 2,640,000 5,000,000 <u>5,000,000</u>	4,912,500 2,571,881 4,875,000 <u>4,797,500</u>	87,500 68,119 125,000 <u>202,500</u>	5,390,621 2,456,699 6,628,106 <u>2,654,136</u>	22,117 53,886 11,125,184 <u>12,081,722</u>	500,238 -61,296 12,878,290 <u>9,938,358</u>	1.10 0.96 1.36 <u>0.55</u>	0.85 0.95 1.00 <u>0.43</u>	1.10 0.98 3.64 <u>3.07</u>	0.86 0.98 2.54 <u>2.41</u>	2 3 2 2	1.5% -0.3% 22.6% <u>28.5%</u>	-1.7% -0.3% 19.0% <u>20.9%</u>	9 9 9 8,9	2 3 2 2
Total Legacy Venture Capital mPME Benchmark: Russell 2000® Index		17,640,000	17,156,881	483,119	17,129,562	23,282,909	23,255,590	1.00 0.93		2.36 1.51			9.3% 6.9%	12		
Legacy Private Natural Resources																
Endowment Energy Partners IV, L.P. Commonfund Capital Natural Resources IX, L.P. Commonfund Capital Natural Resources X	1997 2012 2015	4,000,000 5,000,000 <u>5,000,000</u>	3,910,228 4,727,500 <u>4,400,000</u>	0 272,500 <u>600,000</u>	14,825,504 2,351,868 <u>1,788,273</u>	0 4,392,651 <u>4,354,853</u>	10,915,276 2,017,019 <u>1,743,126</u>	3.79 0.50 <u>0.41</u>	2.20 0.51 <u>0.51</u>	3.79 1.43 <u>1.40</u>	2.20 1.06 <u>1.39</u>	1 2 2	25.7% 6.6% <u>11.6%</u>	19.1% 0.8% <u>9.1%</u>	9 9 9	2 2 1
Total Legacy Private Natural Resources mPME Benchmark: S&P North American Natural Resources Sector Index		14,000,000	13,037,728	872,500	18,965,645	8,747,504	14,675,421	1.45 0.81		2.13 1.37			24.9% 9.0%	12		
TOTAL LEGACY mPME Benchmark: Total Portfolio Blend		77,640,000	71,722,397	5,094,398	98,153,189	41,230,077	67,660,869	1.37 1.03		1.94 1.36		/	12.5% 6.3%	12		

NSHE's Legacy Private Natural Resources have delivered 15.9% excess return over public natural resources equities.

Legacy Assets Summary

As of September 30, 2022 (lagged to reflect most recent Private Investments Results)

Fund	Vintage Year	Current Net Asset Value (NAV) (\$mm)	% of Total Endowment	Manager	Strategy/Portfolio Description												
Legacy Private Equity																	
Dover Street VIII	2011	0.7	0.2%		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												
Dover Street IX	2015	3.3	1.2%	HarbourVest Partners LLC	 Synthetic: Harbour/Vest 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: Harbour/Vest purchases a large LP interest portfolio and sets up a structure such as a joint venture to accommodate the seller's liquidity needs. 												
Drum Capital Management Special Situations Partners II	2006	4.2	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	1.0	0.4%	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 Venture Partners IV	1998	0.0	0.0%														
Endowment Venture Partners V	2000	0.1	0.0%		Venture Capital Fund of Funds manager that commits capital to a diverse set of venture capital and growth												
Commonfund Capital Venture Partners X	2012	11.1	3.9%	Commonfund Capital Inc. f	Commonfund Capital Inc. fu	Commonfund Capital Inc. f	Commonfund Capital Inc. fi	Commonfund Capital Inc. fu	Commonfund Capital Inc. f	Commonfund Capital Inc.	Commonfund Capital Inc.	Commonfund Capital Inc.		Commontund Capital Inc.	Commonfund Capital Inc. funds, stage	 Commonfund Capital Inc. Ifunds, mostly in China, Europe, Israel, and India. These investments range from ear stage funds. 	tunds, mostly in China, Europe, Israel, and India. These investments range from early-stage funds to later- stage funds.
Commonfund Capital Venture Partners XI	2014	12.1	4.3%														
Legacy Private Natural Resource	ces																
Commonfund Capital Natural Resources IX	2011	4.4	1.6%		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												
Commonfund Capital Natural Resources X	2014	4.4	1.5%	Commontund Capital Inc.	including other sectors such as clean energy, agriculture, and timber. A majority of investments are seen in primary commitments with secondary and direct coinvestments taking a smaller role.												
Legacy Liquidating Positions				·													
Farallon Capital Sidepocket	2012			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			Och-Ziff Capital Management Group	Special Situations account established in 2012 to hold liquidating assets in illiquid equity/debt.												

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2. ENDOWMENT OCIO UPDATE F. CRYPTO AND BLOCKCHAIN DISCUSSION





Crypto and blockchain discussion - overview

- At the Committee's request, we provide an overview of cryptoassets & blockchain:
 - Blockchain A record keeping system in which a record of transactions made are verified, duplicated, and maintained across several computers that are linked in a peer-to-peer network. Often referred to as an "open ledger" system/database. Blockchain technology is a fundamental building block of cryptoassets and is also used for a wide range of other public and private sector applications.
 - Cryptoassets (e.g. Bitcoin & Ethereum) These are created using, cryptography, distributed ledgers such as blockchain technology, consensus algorithms, peer-to-peer networks, and/or smart contracts. Cryptoassets are designed to function as a store of value, medium exchange, unit of account, or decentralized application.
- Volatility in Bitcoin and other cryptoassets has been extremely high. Bitcoin's correlation to other asset classes has risen in recent years, decreasing the potential diversification benefit to portfolios and increasing tracking error.
- NSHE has no dedicated manager allocations to either blockchain or crypto (and we currently have no intention of incepting a dedicated allocation as part of our OCIO mandate).
- NSHE does have modest blockchain/crypto exposure through 12 Venture Capital managers:
 - (0.33% of overall Venture allocation, which implies 0.04% of Total Endowment)
 - Portfolio company examples include:
 - Fabrica digital real estate transactions leveraging blockchain technology, aiming to facilitate title transfers that have historically been tracked in local land registries, recorder offices and archives
 - Carapace decentralized protection against default risk in crypto loans



- "Protocols" are technical standards for software somewhat akin to a computer's operating system. Once adopted, protocols are hard to change. Instead, they evolve and become stronger through network effects.
- Once entrenched, protocols become global, borderless, and support additional protocols or applications that operate on top of them, which enhances their functionality and extends their usefulness.
- Based on breakthroughs in cryptography and decentralized design, "blockchain" technology introduces distributed historical data on an open "ledger," enables scarcity in the digital world, and finally realized internet-native value.





created by 101blocks

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Crytopassets have evolved (and proliferated) over time



Bitcoin continues to exhibit extreme volatility



BITCOIN PRICE

RATIO OF BITCOIN PRICE TO TRANSACTIONS PER COIN





- Bitcoin's price fell 64% in 2022 and was down 75% since reaching its alltime high in November 2021.
 - The pain was not limited to bitcoin, as the CMC Crypto 200 ex BTC Index lost 71% in 2022.
- That represents its fifth decline of more than 70% in the past decade.
- The annualized standard deviation of bitcoin has been nearly 5x that of major equity indexes in the past five years. Other less established digital assets are likely to have even higher volatility.

Notes: Bottom chart represents the USD price of bitcoin divided by the number of transactions per coin outstanding. All data are daily.

Sources: Blockchair.com and Thomson Reuters Datastream.

Venture investments into digital assets has grown significantly								
		Annual VC	Investments in Dig	gital Assets, in M	illions			
\$35,000								
\$30,000								
\$25,000								
\$20,000								
\$15,000								
\$10,000								
\$5,000								
\$o	2016	2017	2019	1010	2022	2023		
	2010	2017	2016 ■ Pre-Seed ■ Seed ■ Serie	es A 🔳 Later Stages	2020	2021		

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2. ENDOWMENT OCIO UPDATE G. APPENDIX





Considerations for cryptoasset investing

- Government regulation
 - The US lags the EU, Singapore, the UK, and the Bahamas
 - Competing jurisdictions in the US create uncertainty and complexity (SEC vs CFTC)
- Lack of government regulation
 - Regulatory and tax uncertainty stymies innovation; what is a securities offering and what isn't?
 - Without regulatory clarity, innovation may be stifled or driven to countries with clear regulations
- High volatility
- Leverage in decentralized finance increases volatility
- Some funds or firms may be "systemic" risks due to size
 - Three Arrows Capital and Celsius, for example
- Fund middle and back office still improving for most firms
- Tweets drive some tokens and sometimes market sentiment, "short term" noise that can last months
- Some stablecoins may not backed 1:1; could be a systemic risk that destabilizes the short-term commercial paper markets
 - US preparing stablecoin regulations
- 24/7 trading and high leverage with low collateral requirements result in high volatility for all liquid tokens regardless of implementation structure, liquid tokens will generate material volatility for your portfolio

ESG implications for cryptoassets

- Environmental:
 - Bitcoin mining consumes nearly 119 terawatt hours annually; if Bitcoin were a country, it would rank 27th in the world for electricity consumption, between Malaysia and Sweden¹.
 - Why? Mining and the maintaining the Bitcoin blockchain is based on "*Proof-of-Work*"² protocols. These protocols require computing power, and therefore electricity.
 - 20%-50% of Bitcoin mining uses renewable energy (pre-China crackdown)
 - In response to the energy consumed in the Proof of Work model, a new model, called "*Proof-of-Stake*"³ has emerged.
 - The industry is aware of the negative environmental impact of the Proof-of-Work protocols and it is innovating to reduce electricity consumption and seeking renewable sources of electricity.
- Social:
 - Blockchain is open, censorship-less, and accessible to anyone with an Internet connection, no bank account required.
- Governance:
 - Governance is open to all participants on the blockchain. Everyone has a vote. Anyone can propose a change.
 - Bad governance is limited by blockchain-enabled tools that improve transparency and trust, which provide a verifiable and transparent record of who exchanges what with whom – and make possible real-time tracking of all transactions.

Glossary of key digital assets terms

- **AAM** Automated market markets are a part of decentralized exchanges (DEXs) that were introduced to remove any intermediaries in the trading of crypto assets. A computer program that automates the process of providing liquidity that matches buyers and sellers automatically without human intervention.
- Blockchain A record keeping system in which a record of transactions made are verified, duplicated, and maintained across several computers that are linked in a peer-to-peer network. Often referred to as an "open ledger" system/database.
- **Composability** The ability of decentralized applications (dApps) to effectively clone and integrate one another (syntactic composability), and for software components such as tokens and messages to be interoperable between them (morphological composability).
- **Custody** The holding of cryptoassets. A custodian is responsible for the secure ownership and safekeeping of a client's private keys.
- **Cryptoassets** These are created using cryptography, consensus algorithms, distributed ledgers, peer-to-peer networks, and/or smart contracts. Cryptoassets are designed to function as a store of value, medium exchange, unit of account, or decentralized application.
- Decentralized Applications (dApps) Applications that run on a distributed system of computers or a peer-to-peer network. These applications are unique in that they rely on consensus algorithms to verify transactions, rather than a trusted, centralized entity.
- Decentralized Autonomous Organizations (DAO) A decentralized organization governed by rules encoded as a computer program that is transparent and controlled by the organization members, and not influenced by a central governmental entity
- Decentralized Finance (DeFi) A finance-focused subsector of crypto; these decentralized financial applications are developed on top of Layer 1 or Layer 2 blockchain networks to create blockchain-based financial instruments including borrowing, lending, trading, derivatives, etc.
- **Decentralized Computing** Refers to the allocation of resources, both hardware and software, to a distributed network of computers.
- Fork Indicates there's been a change or a diversion in the protocol, often creating two protocols (the original protocol and the newly forked protocol.

FOR AN EXTENSIVE ONLINE GLOSSARY OF DIGITAL ASSETS TERMS: <u>HTTPS://COINMARKETCAP.COM/ALEXANDRIA/GLOSSARY</u>

NOTE(S): SOURCES: CAMBRIDGE ASSOCIATES; BINANCE; WIKIPEDIA

Glossary of key digital assets terms

- **Infrastructure** Blockchain infrastructure projects may include efforts to improve technical infrastructure, trading infrastructure, underlying protocols, and management of blockchain data. Subsectors include custody, exchanges, developer tools, and more.
- Layer 1 and Layer 2 Protocols Layer 1 protocols rely on their own security mechanisms—usually proof-of-work or proof-of-stake—to verify transactions on the blockchain (e.g., Bitcoin, Ethereum). Layer 2 protocols, on the other hand, are built on top of these Layer 1 protocols and are often designed to increase transaction throughput.
- Non-Fungible Token ("NFT") A unique, non-interchangeable unit of data stored on a blockchain that represents ownership of a unique digital file, including art and music, among many others. Non-fungible tokens can also represent ownership rights to non-digital assets in the physical world. Non-fungible tokens may or may not have a value associated with them (e.g. personal medical records or a drivers license could be an NFT, which has no monetary value).
- Protocol Governance (Including Forks, Incentive Structures, Voting, Etc.) The way in which users and stakeholders in a decentralized protocol govern. Governance can include on- or off-chain activity such as voting, "forking," incentive structures, and other related activities. Protocol governance is in its early stages of development and is expected to continue changing in the coming years. For example, a protocol can be "forked" by a member of the community in an attempt to change the direction of the protocols development, which is considered to be "on-chain activity." Off-chain governance can mimic traditional organizational and corporate governance activities and include voting rights, committees, and other functions.
- **Permissioned/-less Blockchains** A permissionless blockchain is an open, distributed ledger that can record transactions between two parties efficiently and in a verifiable, permanent way (e.g., Bitcoin or Ethereum). A permissioned blockchain is a consortium of participants, selected through a variety of processes, that can edit the distributed ledger in a degree of manners. (e.g., R3 or other enterprise blockchains).
- **Token** A digital representation of value or rights

FOR AN EXTENSIVE ONLINE GLOSSARY OF DIGITAL ASSETS TERMS: <u>HTTPS://COINMARKETCAP.COM/ALEXANDRIA/GLOSSARY</u>

NOTE(S): SOURCES: CAMBRIDGE ASSOCIATES; BINANCE; WIKIPEDIA

PORTFOLIO PERFORMANCE NOTES

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, 2022. All benchmarks are in U.S. Dollars and are considered final. The Legacy Private Equity asset class utilizes the Secondary Funds benchmark. The Legacy Private Natural Resources asset class utilizes the Natural Resources 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 Private Equity benchmark. The Managed Private Natural Resources 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 Private Equity benchmark. The Managed Venture Capital Asset Class utilizes the U.S. Venture Capital benchmark. The Managed Venture Capital Asset Class utilizes the U.S. Venture Capital benchmark.

5 Fund utilizes the U.S. Private Equity benchmark.

⁶ Fund utilizes the Ex U.S. Private Equity and Venture Capital benchmark.

7 Fund utilizes the Distressed Securities benchmark.

⁸ Fund utilizes the Venture Capital benchmark.

^e 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' portfolio bencmark medians are calclated using the middle breakpoint fund in each asset class vintage year.

11 Total Value Creation is equal to: [(Distributions at Market) + (Current Net Asset Value) - (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. All mPME values are as of September 30, 2022, and are calculated using U.S. Dollars.

13 Fund utilizes the Ex U.S. Private Equity benchmark.

14 Fund utilizes the Secondary Funds benchmark.

15 Fund utilizes the Infrastructure 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 fund's first cash flow, defined as the year of the fund's first drawdown or capital call from its investors. In instances where a fund has not yet called capital, the vintage year shown is based on the legal inception date as noted in the fund's closing documents and financial statements.

END NOTES

DECEMBER 31, 2022

Due to the nature of Exchange Traded Funds (ETFs), passive index funds, and futures, options and other derivatives, these investments/contracts are not subject to the same monitoring or due diligence requirement as active managers. A list of investments in this portfolio that are excluded from monitoring can be provided upon request.

- 1. Performance and market values are as of 09/30/2022, all adjusted with cash flows through the current period.
- 2. For benchmark details, please refer to the Custom Benchmark Compositions exhibit.
- 3. 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).
- 4. Performance, when denoted as preliminary (*) for this manager, utilizes a gross return figure.
- 5. Prior to 02/01/01, benchmark consists of MSCI Emerging Markets Index.
- 6. Prior to 04/01/19 this benchmark consisted of 100% CSI 300 Index.
- 7. 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.
- 8. Farallon Capital fully redeemed on 12/31/12. Market value represents illiquid Special Situations Account.
- 9. For benchmark details, please refer to the Custom Benchmark Compositions exhibit. Benchmark composition did not match the Benchmark Composition sheet on previous reports. This has since been revised.
- 10. Benchmark since o6/30/18. The previous benchmark was FTSE Developed Core Infrastructure 50/50 Hedged Index.
- 11. Market Value is preliminary and consists of \$66k from Parametric Global NR.

BENCHMARK END NOTES

Policy Benchmark

DECEMBER	21	2022
DECEMBER	יכ,	2022

						MSCI					0.3 beta-
		Russell	Wilshire 5000			Emerging	MSCI Emerging		CA Global Private	HFRI FOF	adjusted
	CIA Normalized	Normalized	Total Market	MSCI EAFE	MSCI ACWI ex	Markets Index	Markets Index	Adjusted MSCI	Equity & Venture	Diversified	MSCI ACWI
	Benchmark	Benchmark	Index	Index (N)	U.S. Index (N)	(G)	(N)	ACWI (N) ⁽²⁾	Capital Benchmark	Index	(N)
Inception to 03/31/96:	X	Х	60%	10%	Х	X	X	X	X	х	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%	х	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⁾	х	X	х	X	X	ACB ⁽⁴⁾	Х	X	ACB ⁽⁴⁾

					S&P NA							
	FTSE NAREIT AI	FTSE EPRA	BBG Barc		Natural			CA Private Natural	BBG Barc	BBG Barc	JP Morgan	Citigroup 3-
	Equity REITs	NAREIT Global RE	U.S. TIPS	Wilshire DIH	Resources		Alerian MLP	Resources	Government / Credt	Aggregate	Global Govt	Month T- Bill
	Index	Index	Index	Benchmark	Index	S&P GSCI	Index	Benchmark	Bond Index	Bond Index	Bond Index	Index
Inception to 03/31/96:	X	X	x	Х	Х	X	Х	Х	30%	X	X	х
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	х	X	X	Х	Х	25%	x	X
07/01/00 to 03/31/06:	5%	X	5%	X	X	X	х	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	х	ACB ⁽⁴⁾	X	X	х	Х	X	X	ACB ⁽⁴⁾

C|A Normalized Benchmark

In 04

			Adjusted	
		Adjusted	Real Assets	BBG Barc
	Adjusted MSCI	Diversifiers	Benchmark	Aggregate
	ACWI (N) (1)(2)	Benchmark ⁽¹⁾⁽⁷⁾	(1)(3)	Bond Index (1)
12/01/16 to Present:	62%	18%	10%	10%

Russell Normalized Benchmark

	MAC + Custom	Bloomberg Barclays US 1-3M	LIBOR + 4%	0.3 beta- adjusted MSCI		BBG Barc Aggregate	BBG Barc 3M USD LIBOR	Actual Portfolio Returns During Portfolio
	Benchmark (1)(5)	T-Bill index (1)	(1)	ACWI (N) (1)	NCREIF ⁽⁶⁾	Bond Index	Cash Index ⁽¹⁾	Liquidation Period
01/05/17 to 01/31/17:	73%	12%	х	Х	X	10%	5%	X
02/01/17 to 03/31/17	73%	X	12%	X	X	10%	5%	X
04/01/17 to 09/30/20:	68%	X	12%	х	5%	10%	5%	X
10/01/20 to 11/30/2021:	68%	X	X	12%	5%	10%	5%	X
12/01/2021 to Present	X	х	x	X	х	х	х	100%

(1) Adjusted by 50% of Legacy Assets per Section 5.4.d of NSHE IPS.

(2) Adjusted Managed Growth Benchmark consists of two parts: (1) MSCI All Country World Index (N) weighted by the actual Public Growth allocation & (2) MSCI All Country World Index (N) weighted by the actual Private Growth allocation (updated on a lagged quarterly basis to match Private Investments reporting), this has been historically done.

(3) Adjusted Managed Real Assets Benchmark consists of three parts: (1) C|A Managed Real Assets benchmark weighted by the actual Public Real Assets allocation, (2) FTSE EPRA-NAREIT Developed RE Index (N) weighted by the actual

Private Real Estate allocation & (3) S&P Global Natural Resources Index (N) weighted by the actual Private Natural Resources allocation (with 2 & 3 updated on a lagged quarterly basis to match Private Investments reporting).

(4) Benchmark is dynamically adjusted on a monthly basis to reflect the Average Capital Base weightings of CIA Managed Assets, Russell Assets and Legacy Assets.

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 (5) 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).

(7) Adjusted Managed Diversifiers Benchmark consists of two parts: (1) 0.3 Beta-Adjusted MSCI ACWI (N) weighted by the actual Public Diversifiers allocation & (2) MSCI All Country World Index (N) weighted by the actual Private Growth allocation (updated on a lagged quarterly basis to match Private Investments reporting), this has been historically done.

BENCHMARK END NOTES

CIA Managed Diversifiers Benchmark⁽⁷⁾

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

CIA Managed Real Assets Benchmark⁽³⁾

			S&P NA	S&P Global				
	FTSE NAREIT AII		Natural	Natural	FTSE EPRA			MSCI World Core
	Equity REITs	Wellington DIH	Resources	Resources	NAREIT Global		Alerian MLP	Infrastructure
	Index	Benchmark	Index	Index	RE Index	S&P GSCI	Index	Index
Inception to 11/30/04:	100%	Х	Х	Х	Х	X	Х	Х
12/01/04 to 03/31/06:	65%	35%	X	x	X	x	X	X
04/01/06 to 06/30/13:	30%	70%	X	х	Х	х	Х	Х
07/01/13 to 11/30/16:	Х	X	70%	X	30%	X	X	X
12/01/16 to 09/30/20:	X	x	25%	X	25%	25%	25%	Х
10/01/20 to Present:	X	X	X	33%	33%	X	X	33%

CIA Managed Fixed Income Benchmark

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

Legacy Benchmark

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

(3) Adjusted Managed Real Assets Benchmark consists of three parts: (1) C|A Managed Real Assets benchmark weighted by the actual Public Real Assets allocation, (2) FTSE EPRA-NAREIT Developed RE Index (N) weighted by the actual Private Real Estate allocation & (3) S&P Global Natural Resources Index (N) weighted by the actual Private Natural Resources allocation (with 2 & 3 updated on a lagged quarterly basis to match Private Investments reporting).
 (7) Adjusted Managed Diversifiers Benchmark consists of two parts: (1) 0.3 Beta-Adjusted MSCI ACWI (N) weighted by the actual Public Diversifiers allocation & (2) MSCI All Country World Index (N) weighted by the actual Private Growth allocation (updated on a lagged quarterly basis to match Private Investments reporting), this has been historically done.

DECEMBER 31, 2022