

NEVADA SYSTEM OF HIGHER EDUCATION

DISCUSSION MATERIALS – ENDOWMENT OCIO UPDATE



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1. ENDOWMENT OCIO UPDATE



Endowment OCIO Update – Executive Summary

Updated with Supplemental Information

A. Performance:

- For the FYE 6/30/2023, the Total Endowment returned a *preliminary* 7.9%, underperforming the Policy Benchmark by 120bps. (Private Investments are as of 3/31/2023, due to the manager reporting lag, and we expect performance to come down slightly after Private Investments results are finalized).
- For the calendar year to date through 8/31/2023, the Total Endowment returned a *preliminary* 8.2%, 70 bps behind the Policy Benchmark.
- Over the full OCIO track record from April 1, 2017 (start of formal track record) through March 31, 2023 (lagged to include most recent Private Investment results), the Total Endowment has returned 7.4% annualized, outperforming the Policy Benchmark by 140 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 6.4%, 40 bps ahead of the Policy Benchmark.

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 16 managers.
- We have committed \$66.8 million to 37 Private Investments (“PI”) funds as we build toward the long-term policy targets approved by the Investment Committee in December 2016. The 23.0% PI return since inception has strongly outperformed the public market equivalent return of 6.6% over that time period.

- E. **Legacy Assets:** Since inception through 3/31/23, NSHE’s Legacy Private Investments program has returned 12.3%, outperforming public markets by 570 basis points. The Legacy Private Natural Resources funds have been particularly strong, with a 24.9% return since inception (15.4 percentage points ahead of public natural resource equities).

1. ENDOWMENT OCIO UPDATE

A. PERFORMANCE



8/31/2023 Performance

Updated with Supplemental Information

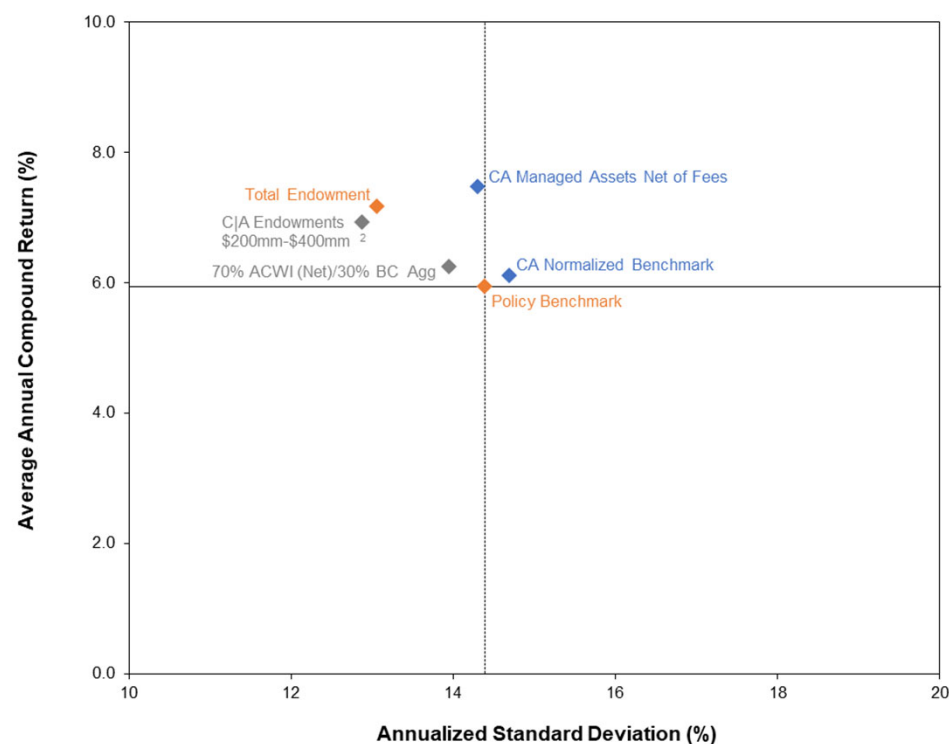
Returns (%)	INCEPTION DATE	CURRENT MARKET VALUE	MONTH TO DATE	FISCAL YEAR TO DATE JUN	CALENDAR YEAR TO DATE	ANNUALIZED TRAILING 3 YEARS	ANNUALIZED SINCE 03/31/17	ANNUALIZED SINCE INCEPTION
Total Endowment*	6/30/1984	\$309,378,266	-1.1	0.7	8.2	8.9	7.3	9.5
Policy Benchmark ²	6/30/1984		-1.6	0.3	8.9	5.5	6.1	9.2
Total Non-CJA OCIO Assets*	11/15/1998	\$256,345	0.0	0.8	0.8	8.1	6.5	10.1
Total Russell Managed Assets*	1/31/2017	\$256,345	0.0	0.8	0.8	5.6	4.8	5.0
Russell Normalized Benchmark ²	1/31/2017		0.0	0.8	0.8	5.1	6.1	6.4
Value Add			0.0	0.0	0.0	0.5	-1.3	-1.4
Total CJA Managed Assets Net of Fees*	11/30/2016	\$309,122,587	-1.1	0.7	8.0	8.6	7.6	8.3
CJA Normalized Benchmark ²	11/30/2016		-1.6	0.3	8.9	5.2	6.3	---
Value Add			0.5	0.3	-0.9	3.4	1.3	---

Rows marked with "*" contain preliminary data.

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

C|A Managed Assets has outperformed benchmark by 1.4% annualized over full OCIO track record

Trailing 72 Months • Apr 1, 2017 (*start of formal track record*)- March 31, 2023 (*lagged to include most recent Private Investment results*)



	Average Annual Compound Return (%)	Annualized Standard Deviation (%)	Sharpe Ratio ¹
Total Endowment	7.2	13.1	0.44
Policy Benchmark	5.9	14.4	0.32
Total C A Managed Assets Net of Fees	7.5	14.3	0.43
C A Normalized Benchmark	6.1	14.7	0.32
C A Endowments \$200mm-\$400m ²	6.9	12.9	0.43
70% MSCI ACWI (Net)/30% Barclays Agg	6.2	13.9	0.35



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 3/31/2023, C|A Endowments \$200-\$400mm include 63-67 institutions over time. Data is as of 3/31/23.

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.

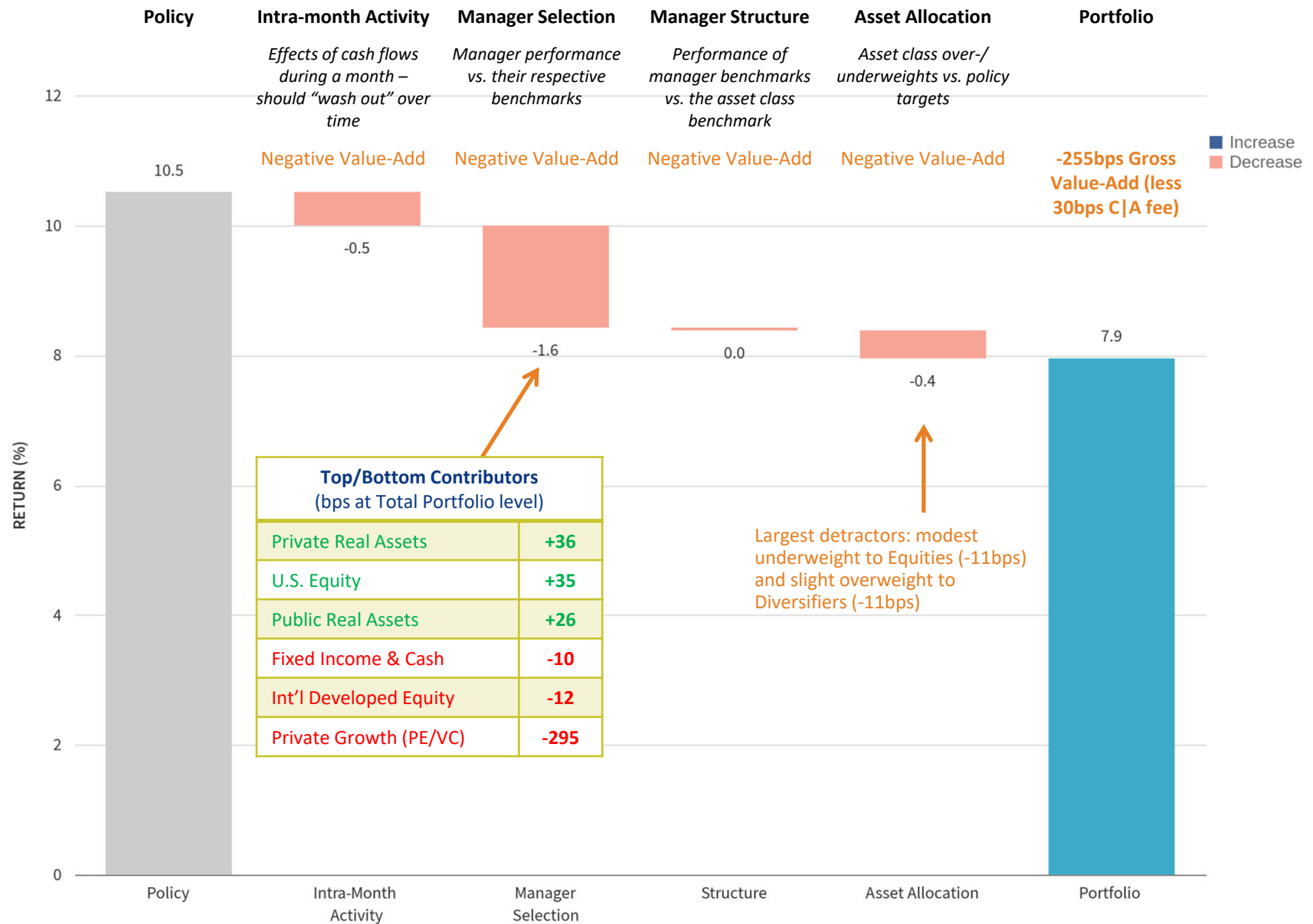
Private Equity/Venture Capital remain strongest contributor to NSHE long-term performance...

4/1/2017 – 3/31/2023 (Full OCIO track record - Lagged to include most recent Private Investment results)



...But PE/VC have dragged on FY23 relative results versus policy benchmark

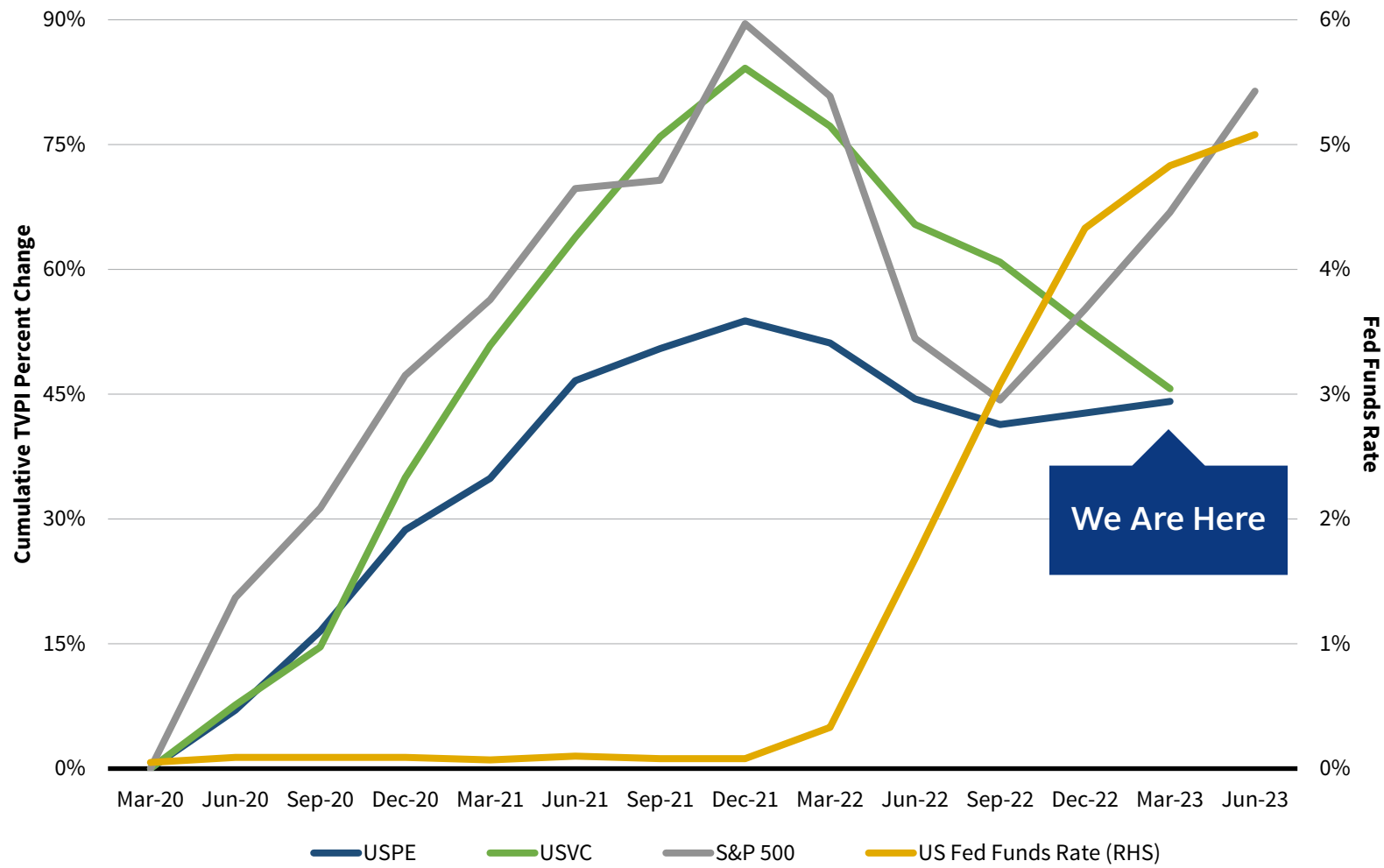
Fiscal Year Ended 6/30/2023
(Preliminary – Private Investments as of 3/31/2023)



Why? It's a short-term timing mis-match: Public Equity benchmarks plummeted in early 2022 and then rallied sharply, while PE/VC valuations are still resetting more slowly

USPE, USVC, AND S&P 500 CUMULATIVE TIME TO RECOVERY

USPE and USVC data as of March 31, 2023 • S&P 500 and Federal Funds Rate as of June 30, 2023

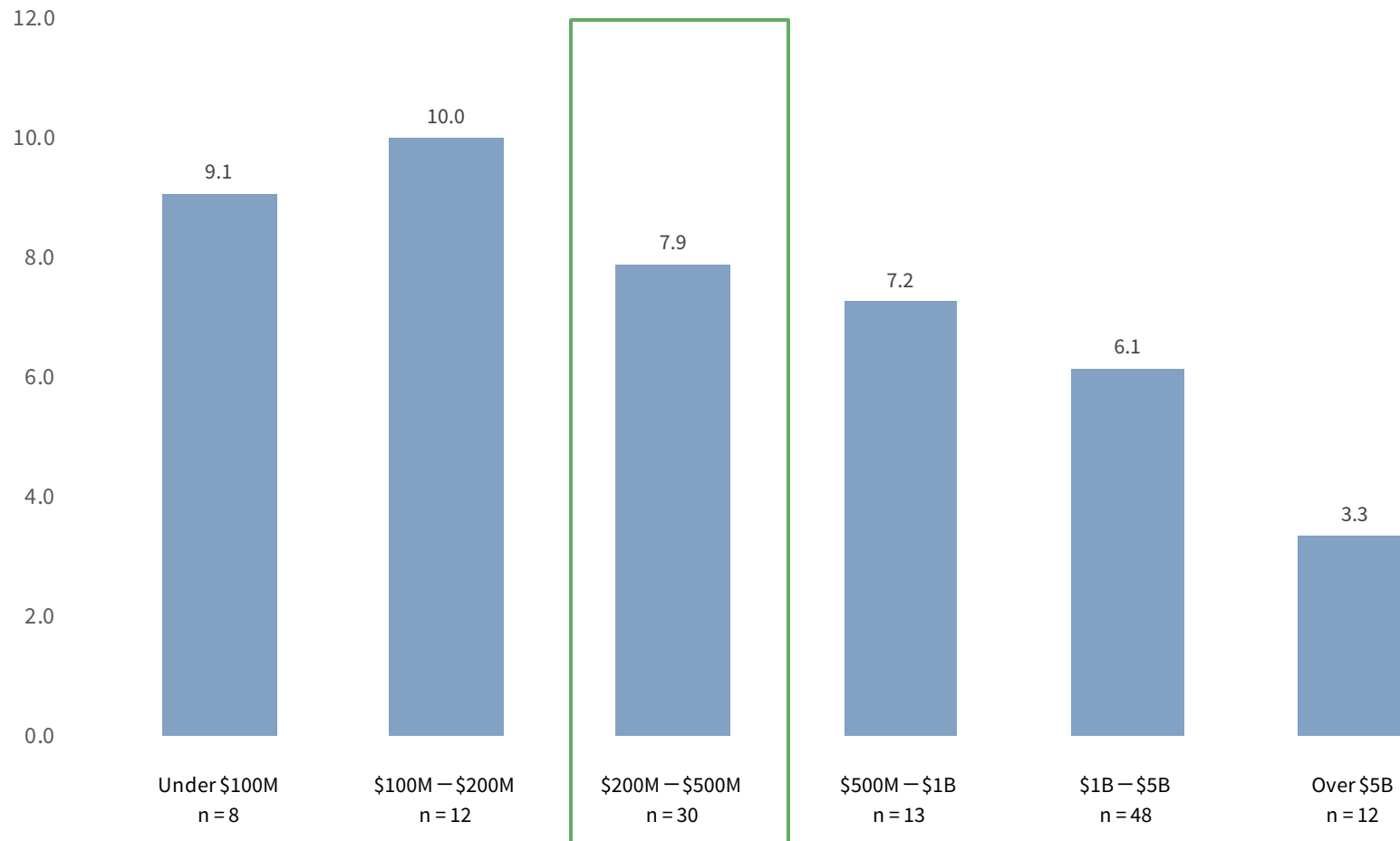


Sources: Cambridge Associates LLC, Federal Reserve Bank of St. Louis, Standard and Poor's, and Thomson Reuters Datastream.

Notes: Cumulative TVPI and percent change are based on returns that are net of fees, expenses and carried interest. USPE and USVC cumulative returns calculated for vintage years 2014-2019.

NSHE Endowment preliminary FY23 results are in line with similarly-sized peers

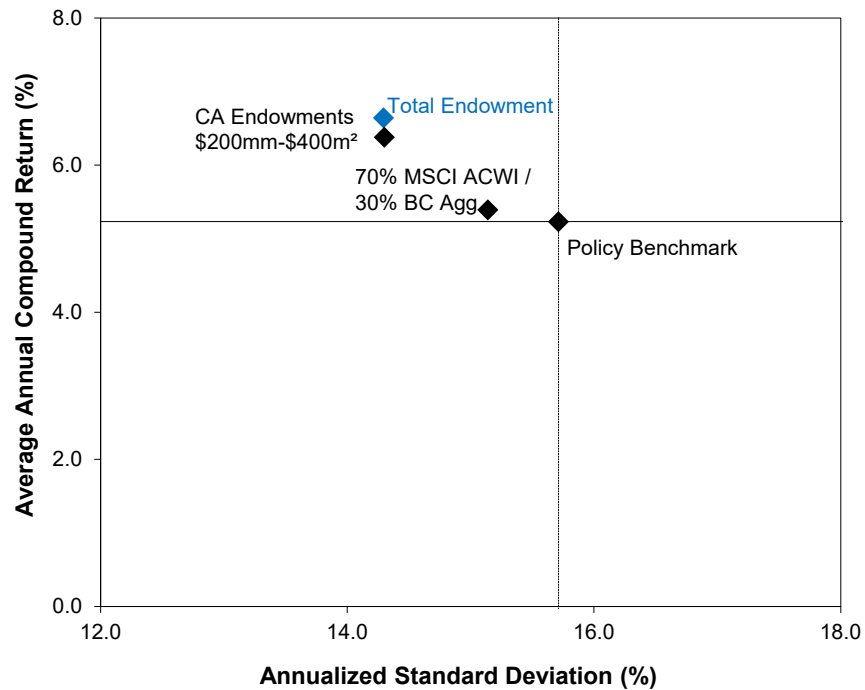
AS OF JUNE 30, 2023



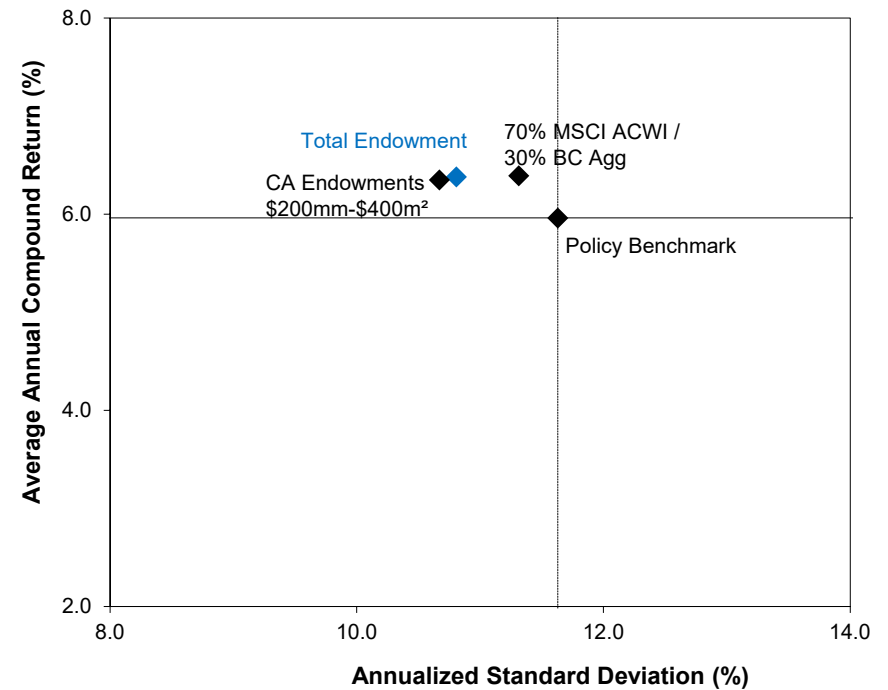
Risk/Return Analyses

As of March 31, 2023 – lagged to include most recent Private Investment results

Trailing 5Y – April 01, 2018 – March 31, 2023



Trailing 10Y – April 01, 2013 – March 31, 2023



	Average Annual Compound Return (%)	Annualized Standard Deviation (%)	Sharpe Ratio ¹
Total Endowment	6.6	14.3	0.37
Policy Benchmark	5.2	15.7	0.24
CA Endowments \$200mm-\$400m ²	6.4	14.3	0.41
70% MSCI ACWI / 30% BC Agg	5.4	15.1	0.26


	Average Annual Compound Return (%)	Annualized Standard Deviation (%)	Sharpe Ratio ¹
Total Endowment	6.4	10.8	0.51
Policy Benchmark	6.0	11.6	0.44
CA Endowments \$200mm-\$400m ²	6.4	10.7	0.56
70% MSCI ACWI / 30% BC Agg	6.4	11.3	0.49

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 4/1/2013 to 3/31/2023, CA Endowments \$200-\$400mm include 63-67 institutions over time. Data is as of 3/31/23.

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

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

As of March 31, 2023 – lagged to include most recent Private
Investment results

Rolling 3 Years • Jan 1, 2008 - Mar 31, 2023 • USD



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

As of March 31, 2023 – lagged to include most recent *Private Investment* results

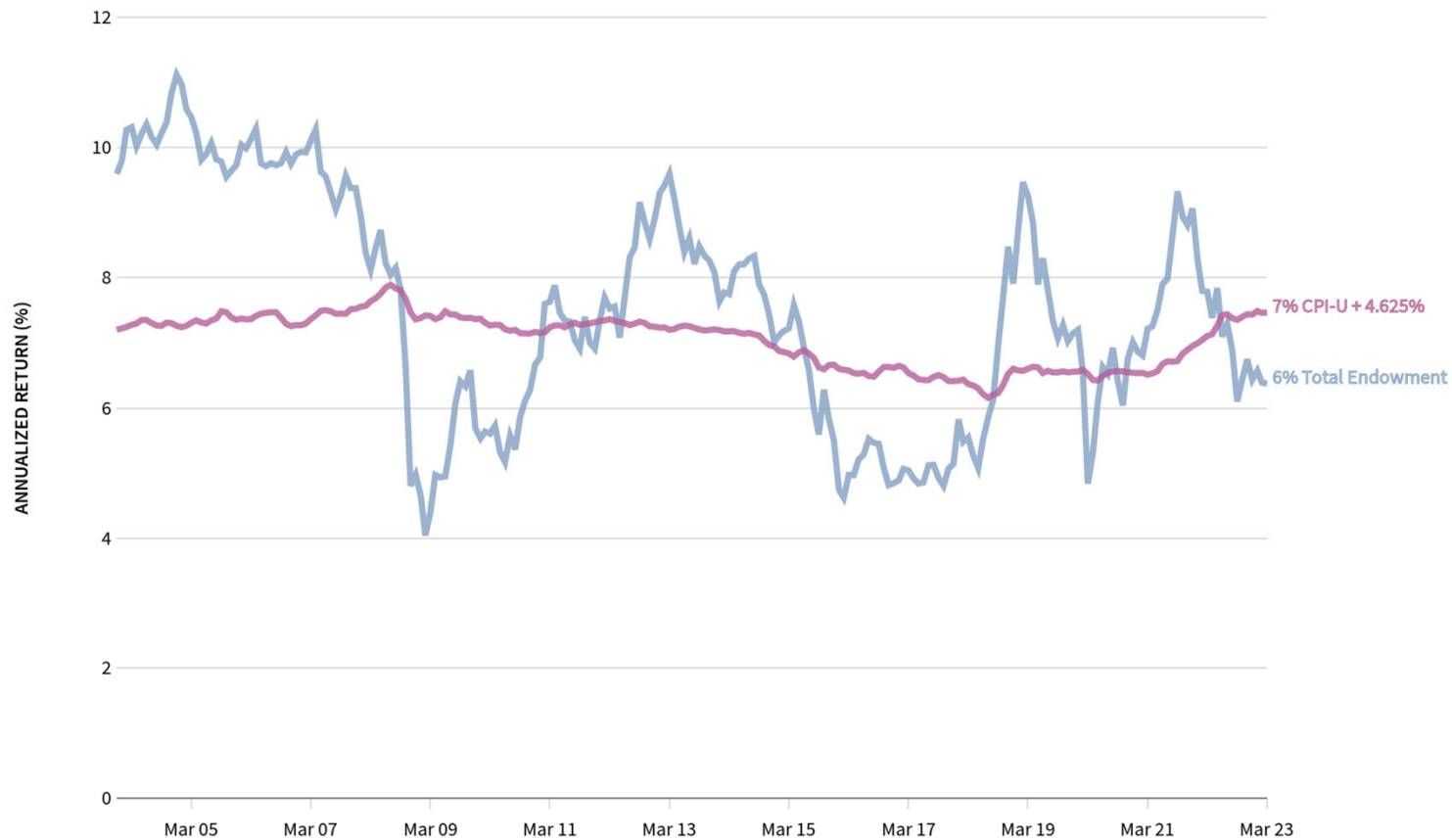
Rolling 5 Years • Jan 1, 2008 - Mar 31, 2023 • USD



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

As of March 31, 2023 – lagged to include most recent *Private Investment* results

Rolling 10 Years • Jan 1, 1994 - Mar 31, 2023 • USD



1. ENDOWMENT OCIO UPDATE

B. ASSET ALLOCATION AND GUIDELINE COMPLIANCE



Total Endowment Asset Allocation Is Well Within Policy Ranges

Portfolio Role	6/30/2023 Asset Allocation	Total Endowment Long-Term Policy Targets	Total Endowment Allowable Range
Growth	62.4%	62.0%	50% - 70%
Public Growth	45.9%	45.0%	
Private Growth	16.5%	17.0%	
Diversifiers	17.7%	18.0%	5% - 25%
Liquid Diversifiers (liquidity w/in 3 years)	15.4%	13.0%	
Private Diversifiers	2.3%	5.0%	
Real Assets	10.1%	10.0%	5% - 20%
Public Real Assets	4.6%	2.0%	
Private Real Assets	5.5%	8.0%	
Fixed Income & Cash	9.8%	10.0%	5% - 25%
Fixed Income	8.0%	10.0%	
Cash	1.8%	0.0%	

Endowment Liquidity Is Well Within Guidelines

Endowment Portfolio Liquidity Summary

Market values estimated as of 6/30/2023, pro forma for pending CJA transactions

Managers	6/30/2023 MV (\$ mm)	Exit Terms	Dollar Liquidity					
			Daily	Weekly/ Monthly	Quarterly	Semiannual/ Annual	Biennial	Illiquid
<i>U.S. Equity</i>	60.8		12.4	30.7	17.7			
U.S. Equity	60.8	Daily; monthly; quarterly	0.0		17.7			
<i>Global Equity</i>	33.5		0.0	33.5				
Global Equity	0.0	Monthly	0.0	33.5				
<i>International Developed Equity</i>	29.0		1.6	27.4				
International Developed Equity	29.0	Daily; monthly	1.6	27.4				
<i>Emerging Markets Equity</i>	17.6		4.4	9.8		2.7		
Emerging Markets Equity	17.6	Daily; weekly; monthly; semi-annual	4.4	9.8		2.7		
<i>Diversifiers</i>	54.3		0.0	5.4	27.5	13.3	0.9	7.2
Marketable Alternatives	54.3	Daily; monthly; quarterly; semi-annual; annual; biennial; illiquid	0.0	5.4	27.5	13.3	0.9	7.2
<i>Private Growth</i>	50.6	<i>Illiquid</i>						50.6
Managed Private Equity/Growth	8.5	Illiquid						8.5
Managed Venture Capital	12.9	Illiquid						12.9
Legacy Private Equity**	8.3	Illiquid						8.3
Legacy Venture Capital**	20.8	Illiquid						20.8
<i>Real Assets</i>	30.9		7.0	7.1	0.0			16.8
Real Assets	23.3	Daily; monthly; illiquid	7.0	7.1				9.2
<i>Legacy Natural Resources</i>	7.6	<i>Illiquid</i>						7.6
<i>Fixed Income</i>	24.7		21.4		3.3			
Fixed Income	24.7	Daily	21.4					
<i>Cash and Cash Equivalents</i>	5.1	<i>Daily</i>	5.1					
TOTAL ASSETS	306.4		51.9	114.0	48.5	16.0	0.9	74.6
PERCENT OF TOTAL ASSETS	100%		17%	37%	16%	5%	0%	24%

Liquidity Guidelines - CJA Managed Assets:	Guideline Compliance?
<i>No new commitments while:</i>	
(1) <i>Private Investment NAV > 39%</i>	Yes
(2) <i>Private Investment NAV + Unfunded Commitments > 54%</i>	Yes

* *Italicized assets are excluded from CJA mandate.*

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

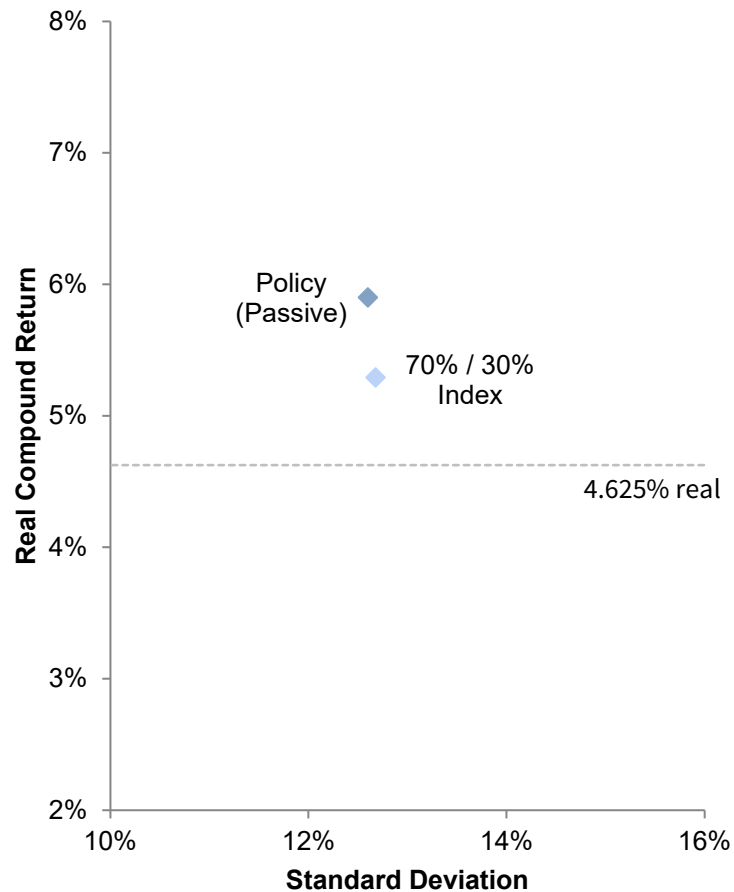
1. ENDOWMENT OCIO UPDATE

C. RISK/RETURN CHARACTERISTICS – CA PORTFOLIO



Long-Term Risk/Return Expectations

Long-Term Real Risk/Return Projections



Summary Statistics – Real Returns

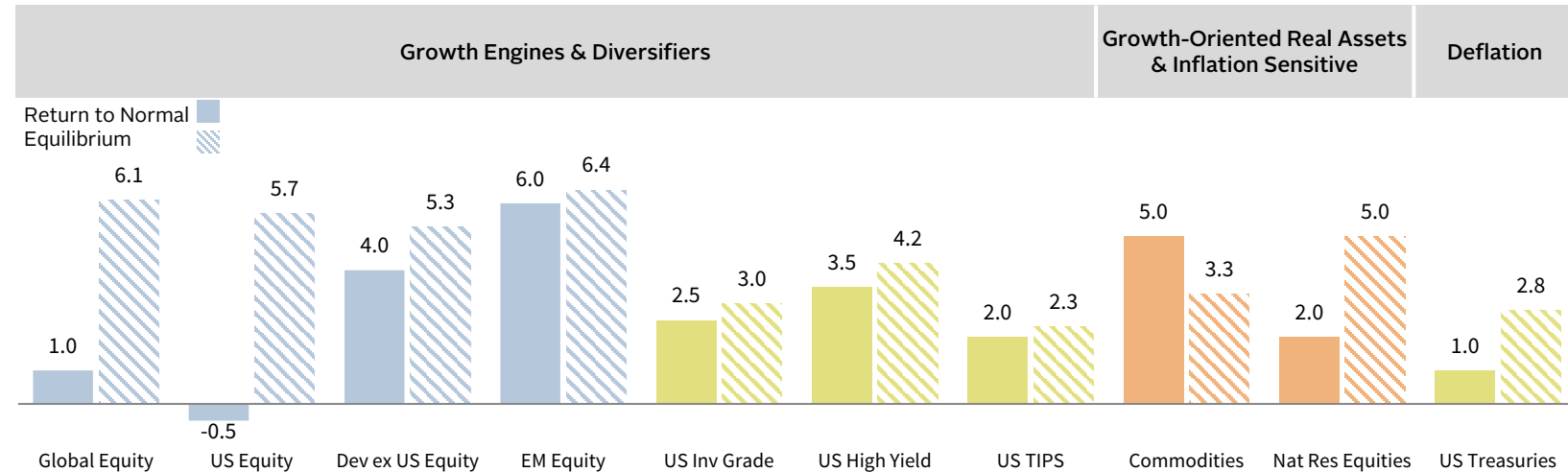
	Policy (Passive)	70% / 30% Index
Estimated Long-Term Real Compound Return	5.9%	5.3%
Estimated Range of Returns (25th-75th %ile)	3.7 - 7.1%	3.6 - 7.0%
Estimated Volatility (Standard Deviation)	12.6%	12.7%
Estimated Beta to Global Equity	0.68	0.70
Long-Term Risk: Estimated Probability of Not Achieving 4.625% Real Compound Return Over 25 Years	39%	43%
Short-Term Risk: Estimated Cumulative Decline, 2008 Financial Crisis	-34%	-37%

* 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.

After market rebound in 2023, valuations look likely to challenge intermediate-term market returns

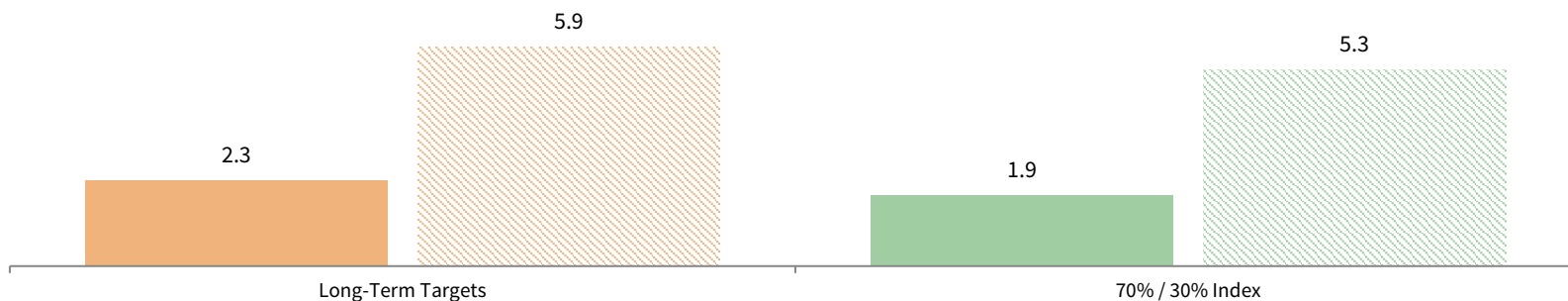
INTERMEDIATE-TERM (10-YEAR) "RETURN TO NORMAL" SCENARIO, ASSUMING VALUATIONS NORMALIZE OVER NEXT 10 YEARS
LONG-TERM (25-PLUS YEAR) STEADY STATE "EQUILIBRIUM" ASSUMPTIONS: REAL RETURNS (ADJUSTED FOR INFLATION)

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



Comparative Return Analysis

LONG-TERM "EQUILIBRIUM" REAL RETURNS
INTERMEDIATE-TERM "RETURN TO NORMAL" REAL RETURNS
(10-Yr/25Yr Horizon, 3.0% Inflation)

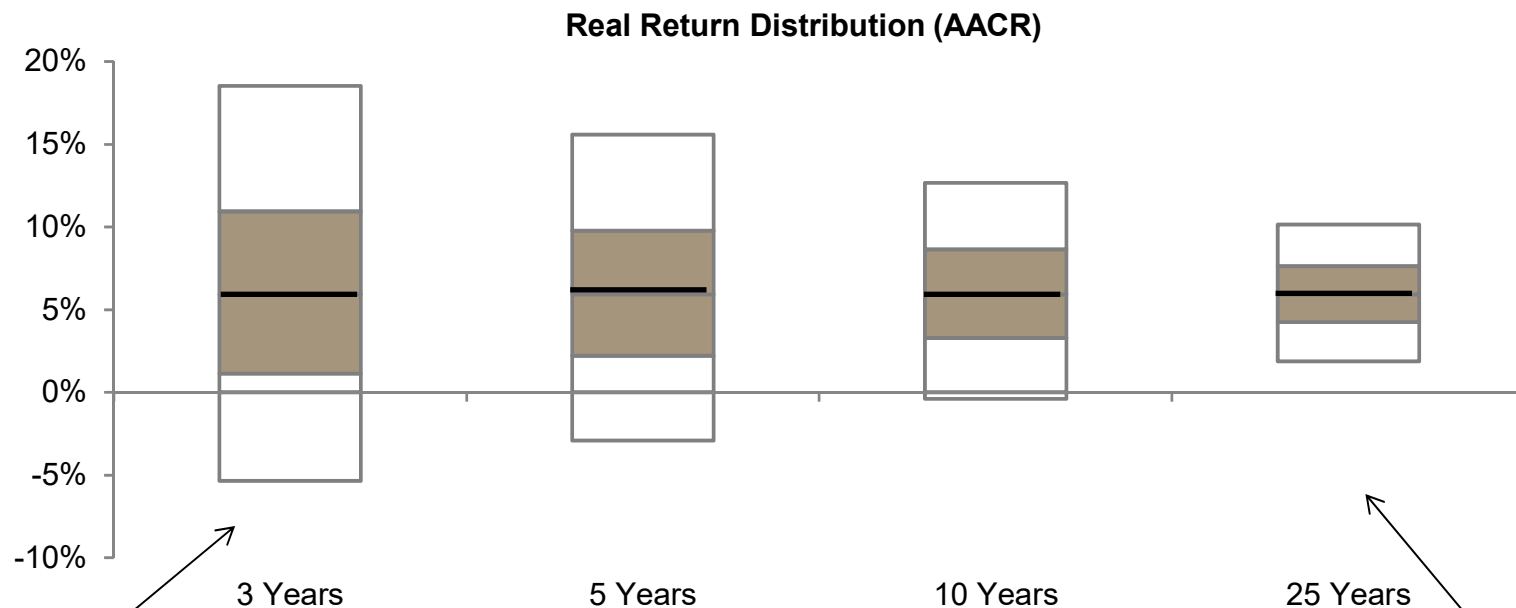


Key Assumptions: Inflation: 3%; Real EPS Growth: 2% for US and Dev ex US, 3% for EMs; Ending 10-Yr US Treasury Yield: 5.0%, Ending 10-Yr US TIPS yield: 2.0%

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



Over any given 3-year period the 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%	7.6%
50th	5.9%	5.9%	5.9%	5.9%
75th	1.2%	2.2%	3.3%	4.2%
95th	-5.3%	-2.9%	-0.4%	1.9%

Over any given 25-year period the Policy Benchmark has a 50% likelihood of a return between 4.2% and 7.6%

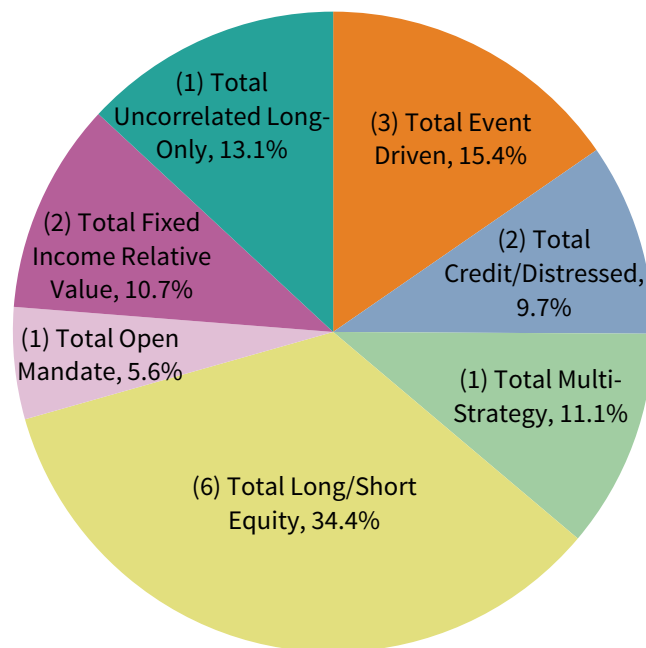
1. ENDOWMENT OCIO UPDATE

D. CA DIVERSIFIERS & PRIVATE INVESTMENTS



Diversifiers Program Snapshot

Manager Percentages of Total Hedge Funds as of June 30, 2023



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.

Multi-Strategy

- Goal is to generate meaningful alpha through a variety of trading strategies

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

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

Current Allocation (\$mm) as of June 30, 2023 ¹							Target Commitment by Strategy (\$mm)				
	NAV		Unfunded		Total		Annual Targets	Annual Range	2023 Actual Commitments	LT Targets	
	(\$)	(%)	(\$)	(%)	(\$)	(%)	(\$)	(\$)	(\$)	(%)	
Venture / Growth Capital	33.8	11.0%	8.4	2.7%	42.2	13.8%	4.0	\$0 - \$8	2.0	7.0%	
Private Equity / Distressed	16.8	5.5%	23.4	7.6%	40.2	13.1%	7.0	\$0 - \$10	6.0	10.0%	
Total VC & PE	\$50.7	16.5%	\$31.8	10.4%	\$82.5	26.9%	\$11.0	\$0 - \$18	\$8.0	17.0%	
Total Private Diversifiers	\$7.2	2.3%	\$14.5	4.7%	\$21.7	7.1%	\$4.0	\$0 - \$7	\$5.3	5.0%	
Private Real Estate	4.3	1.4%	2.4	0.8%	6.7	2.2%	3.0	\$0 - \$6	2.5	4.0%	
Private Natural Resources	12.5	4.1%	2.6	0.9%	15.1	4.9%	3.0	\$0 - \$6	---	4.0%	
Total Private RE & NR	\$16.8	5.5%	\$5.0	1.6%	\$21.8	7.1%	\$6.0	\$0 - \$12	\$2.5	8.0%	
Total	\$74.6	24.3%	\$51.3	16.7%	\$126.0	41.0%	\$21.0	\$0 - \$37	\$15.8	30.0%	
¹ Current allocation based on net asset values (NAV) and Total Endowment market value of \$306.9 million as of 6/30/23.											

¹ Current allocation based on net asset values (NAV) and Total Endowment market value of \$306.9 million as of 6/30/23.

Asset Class	2019 (C A Capital)		2020 (C A Capital)		2021 (C A Capital)		2022 (C A Capital)		2023 (C A Capital)	
	Number of Funds	Commit. Amt. (\$mm)	Number of Funds	Commit. Amt. (\$mm)	Number of Funds	Commit. Amt. (\$mm)	Number of Funds	Commit. Amt. (\$mm)	Number of Funds	Commit. Amt. (\$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	2	\$6.0
Total VC & PE	5	\$6.1	0	---	4	\$5.0	6	\$9.7	3	\$8.0
Private Diversifiers										
Total Private Diversifiers	0	---	1	\$2.5	2	\$4.0	1	\$2.0	2	\$5.3
Private Real Estate										
Private RESub-Total	1	\$1.0	0	---	3	\$4.0	0	---	1	\$2.5
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	---	1	\$2.5
Total Privates	7	\$8.1	1	\$2.5	10	\$14.0	7	\$11.7	6	\$15.8

FUNDING STATUS & PERFORMANCE OVERVIEW

As of March 31, 2023, Nevada System of Higher Education had committed \$144.4 million to 59 private investment partnerships, of which \$105.8 million had been drawn down. Distributions of \$116.2 million at market value, or 109.8% of paid-in capital, had been received. The total program return of 12.7% 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 March 31, 2023.

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>mPME IRR</u>
Legacy Private Equity	46.0	41.7	2.9	63.0	8.4	1.7	11.2%	5.6%
Legacy Venture Capital	17.6	17.2	0.3	17.8	21.0	2.3	8.8%	7.1%
Legacy Private Natural Resources	14.0	13.2	0.7	20.0	7.8	2.1	24.9%	9.5%
TOTAL LEGACY	77.6	72.1	4.0	100.8	37.2	1.9	12.3%	6.6%
Managed Private Equity/Distressed	22.6	8.1	15.8	5.4	7.5	1.6	29.9%	9.5%
Managed Venture Capital	12.2	5.9	6.3	0.8	12.6	2.3	43.7%	2.0%
Managed Private Diversifiers	18.9	10.4	9.2	6.3	6.4	1.2	12.2%	3.6%
Managed Private Natural Resources	6.0	4.8	2.1	1.3	5.1	1.3	13.9%	16.3%
Managed Real Estate	7.0	4.5	2.9	1.6	3.8	1.2	10.6%	-0.3%
TOTAL MANAGED	66.8	33.8	36.3	15.4	35.5	1.5	23.0%	6.6%
TOTAL PORTFOLIO	144.4	105.8	40.3	116.2	72.6	1.8	12.7%	6.6%

Legacy PI have outperformed public markets by 570 bps

12.3% 6.6%

23.0% 6.6%

Managed PI have outperformed public markets by 1640 bps

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 PI Program Returned 12.3% Annualized Since Inception (vs. 6.6% for public markets)

Multi-year performance detail as of 3/31/2023

Reporting Currency: U.S. Dollars (\$)

		IRR (%) ¹							
	Vintage Year	Current Quarter	Current Quarter TVC ²	1 Year	1 Year TVC ²	3 Years	5 Years	10 Years	Inception to Date
<u>Private Investments Partnerships</u>									
<u>Legacy Private Equity</u>									
Drum Capital Management SS Partners II, L.P.	2006	-6.0	-247,806	-10.3	-474,064	31.7	8.3	6.8	7.8
Dover Street VIII, L.P.	2012	-1.2	-6,889	-11.8	-90,786	21.0	11.3	15.1	18.8
Blackstone Strategic Partners VI, L.P.	2014	0.5	4,861	-12.8	-151,846	6.9	1.7	---	12.7
Dover Street IX, L.P.	2016	1.4	43,033	-5.8	-209,084	21.9	19.0	---	22.8
Total Legacy Private Equity		-2.3	-206,801	-9.1	-925,780	22.6	9.7	10.9	11.2
mPME Benchmark: MSCI World Index (Net)		7.7		-8.5		21.6	8.8	9.4	5.6
<u>Legacy Venture Capital</u>									
Endowment Venture Partners V, L.P.	2000	0.1	46	-26.1	-17,109	6.0	-5.2	-3.6	-0.3
Commonfund Capital Venture Partners X, L.P.	2012	1.1	116,257	-16.7	-2,125,691	31.2	24.2	21.3	21.3
Commonfund Capital Venture Partners XI, L.P.	2015	0.2	20,506	-18.0	-2,410,402	26.6	26.0	---	24.3
Total Legacy Venture Capital		0.6	136,808	-17.4	-4,563,461	28.7	24.5	20.0	8.8
mPME Benchmark: Russell 2000® Index		2.7		-11.9		21.6	5.5	7.9	7.1
<u>Legacy Private Natural Resources</u>									
Commonfund Capital Natural Resources IX, L.P.	2012	-4.3	-164,612	4.4	179,391	24.1	4.4	6.1	6.0
Commonfund Capital Natural Resources X	2015	-1.4	-59,559	-0.3	-12,100	16.0	6.3	---	10.7
Total Legacy Private Natural Resources		-2.8	-224,171	2.0	167,291	20.1	5.2	7.6	24.9
mPME Benchmark: S&P North American Natural Resources Sector Index		-2.8		-0.5		38.7	8.7	6.4	9.5
TOTAL LEGACY		-0.8	-294,164	-11.9	-5,321,950	25.1	14.9	13.4	12.3
mPME Benchmark: Subtotal Blend of Above		2.3		-7.6		25.6	7.4	8.3	6.6

NSHE's Total Legacy Assets have delivered 5.7% excess return over public market equivalents

Legacy PI Program Has Meaningfully Outperformed Public Markets

Funding status and performance summary:
Inception through 3/31/2023

- ◆ **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			
	Vintage Year	Commitment	Paid-In Capital	Unfunded Commitment	Distributions at Market	Current Net Asset Value (NAV)	Total Value Creation	Distributed / Paid In ²		Total Value / Paid In ²		Fund Quartile Rank	Fund IRR ³	CA Median ⁴	Fund Quartile Rank
Private Investments Partnerships															
Legacy Private Equity															
Dover Street IV, L.P.	1999	8,000,000	7,560,000	0	10,532,539	0	2,972,539	1.39	1.42	1.39	1.42	NA	8.6%	11.4%	NA
Endowment Private Equity Partners IV, L.P.	2000	5,000,000	4,880,000	0	10,261,639	0	5,381,639	2.10	1.88	2.10	1.90	2	16.8%	15.2%	⁵ 2
Commonfund International Partners IV, L.P.	2001	4,000,000	3,912,000	0	7,215,395	0	3,303,395	1.84	1.76	1.84	1.81	2	12.9%	14.8%	⁶ 3
Commonfund Private Equity Partners V, L.P.	2002	4,000,000	3,860,000	0	6,951,781	0	3,091,781	1.80	1.77	1.80	1.82	3	10.8%	12.4%	⁵ 3
Drum Capital Management SS Partners II, L.P.	2006	10,000,000	9,112,118	887,881	12,410,965	3,716,420	7,015,267	1.36	1.44	1.77	1.51	2	7.8%	8.9%	⁷ 3
Dover Street VIII, L.P.	2012	5,000,000	4,600,000	400,000	7,159,510	534,687	3,094,197	1.56	1.26	1.67	1.59	2	18.8%	12.8%	1
Blackstone Strategic Partners VI, L.P.	2014	5,000,000	3,370,683	984,247	4,054,203	959,895	1,643,415	1.20	1.24	1.49	1.60	3	12.7%	14.2%	3
Dover Street IX, L.P.	2016	5,000,000	4,400,000	600,000	4,462,334	3,178,903	3,241,237	1.01	0.91	1.74	1.62	2	22.8%	18.1%	1
Total Legacy Private Equity		46,000,000	41,694,801	2,872,128	63,048,366	8,389,905	29,743,470	1.51		1.71			11.2%		
mPME Benchmark: MSCI World Index (Net)										1.32			5.6%		
NSHE's Legacy Private Equity has delivered 5.6% excess return over public equities															
Legacy Venture Capital															
Endowment Venture Partners IV, L.P.	1998	5,000,000	4,912,500	0	5,412,554	0	500,054	1.10	0.85	1.10	0.86	2	1.5%	-1.8%	2
Endowment Venture Partners V, L.P.	2000	2,640,000	2,571,881	68,119	2,500,271	9,678	-61,932	0.97	0.94	0.98	0.97	2	-0.3%	-0.5%	2
Commonfund Capital Venture Partners X, L.P.	2012	5,000,000	4,875,000	125,000	6,992,111	10,238,768	12,355,879	1.43	1.07	3.53	2.49	2	21.3%	17.4%	2
Commonfund Capital Venture Partners XI, L.P.	2015	5,000,000	4,847,500	152,500	2,876,752	10,746,964	8,776,216	0.59	0.45	2.81	2.26	2	24.3%	18.2%	⁸ 2
Total Legacy Venture Capital		17,640,000	17,206,881	345,619	17,781,688	20,995,410	21,570,217	1.03		2.25			8.8%		
mPME Benchmark: Russell 2000® Index										1.56			7.1%		
Legacy Private Natural Resources															
Endowment Energy Partners IV, L.P.	1997	4,000,000	3,910,228	0	14,825,504	0	10,915,276	3.79	2.20	3.79	2.20	1	25.7%	19.1%	2
Commonfund Capital Natural Resources IX, L.P.	2012	5,000,000	4,752,500	247,500	3,012,627	3,650,611	1,910,738	0.63	0.59	1.40	1.08	2	6.0%	1.7%	2
Commonfund Capital Natural Resources X	2015	5,000,000	4,500,000	500,000	2,152,755	4,127,591	1,780,346	0.48	0.71	1.40	1.41	3	10.7%	8.8%	2
Total Legacy Private Natural Resources		14,000,000	13,162,728	747,500	19,990,886	7,778,202	14,606,360	1.52		2.11			24.9%		
mPME Benchmark: S&P North American Natural Resources Sector Index										1.44			9.5%		
TOTAL LEGACY		77,640,000	72,064,410	3,965,247	100,820,940	37,163,517	65,920,047	1.40		1.91			12.3%		
mPME Benchmark: Total Portfolio Blend										1.40			6.6%		

NSHE's Legacy Private Equity has delivered 5.6% excess return over public equities

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

Legacy Assets Summary

As of March 31, 2023
(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	0.5	0.2%	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	3.1	1.0%		
Drum Capital Management Special Situations Partners II	2006	3.7	1.2%	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	0.3%	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 V	2000	0.0	0.0%	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.
Commonfund Capital Venture Partners X	2012	10.2	3.4%		
Commonfund Capital Venture Partners XI	2014	10.7	3.5%		
Legacy Private Natural Resources					
Commonfund Capital Natural Resources IX	2011	3.7	1.2%	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 primary commitments with secondary and direct coinvestments taking a smaller role.
Commonfund Capital Natural Resources X	2014	4.1	1.4%		
Legacy Liquidating Positions					
Farallon Capital Sidepocket	2012	0.1	0.0%	Farallon Capital Management	Special Situations account established prior to 2010 holding liquidating assets in real estate (75%) and illiquid equity/debt (25%)

1. ENDOWMENT OCIO UPDATE

F. SUPPLEMENTAL PORTFOLIO DETAILS



PORTFOLIO PERFORMANCE NOTES

²The 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.

³Fund 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.

⁴CA vintage year benchmarks are as of March 31, 2023. All benchmarks are in U.S. Dollars. Legacy Private Equity utilizes the Secondary Funds benchmark. Legacy Venture Capital utilizes the U.S. Venture Capital benchmark. Legacy Private Natural Resources utilizes the Natural Resources benchmark. Managed Private Equity/Distressed utilizes the Private Equity benchmark. Managed Venture Capital utilizes the U.S. Venture Capital benchmark. Managed Private Diversifiers utilizes the Private Credit benchmark. Managed Private Natural Resources utilizes the Natural Resources benchmark. Managed Real Estate utilizes the Real Estate benchmark.

⁵Endowment Private Equity Partners IV, L.P. and Commonfund Private Equity Partners V, L.P. utilize the U.S. Private Equity benchmark.

⁶Commonfund International Partners IV, L.P. utilizes the Ex U.S. Private Equity & Venture Capital benchmark.

⁷Drum Capital Management SS Partners II, L.P. utilizes the Distressed Securities benchmark.

⁸Commonfund Capital Venture Partners XI, L.P. and TrueBridge Capital Partners Fund V, L.P. utilize the Venture Capital benchmark.

⁹Clean Growth Fund V, LP, Dover Street X L.P., and Dover Street XI Feeder Fund L.P. utilize the Secondary Funds benchmark.

¹⁰Patria – Private Equity Feeder VI, L.P. and Sherpa Private Equity Fund I utilizes the Ex U.S. Private Equity benchmark.

¹¹Crestline Opportunity Fund V Offshore TE/SWF, L.P. utilizes the Credit Opportunities benchmark.

¹²Vision Ridge Sustainable Asset Fund II, LP and Sustainable Asset Fund III (US Feeder), LP utilize the Infrastructure benchmark.

Cambridge Associates' portfolio benchmark medians are calculated using the middle breakpoints fund in each asset class vintage year.

Funds with NA (not applicable) are too young to have produced meaningful returns or have not yet commenced operations. Analysis and comparison of partnership returns to benchmark statistics may be irrelevant. Benchmarks with NA have an insufficient number of funds in the vintage year sample to produce a meaningful return.

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.

Rows marked with * contain preliminary data

END NOTES

JUNE 30, 2023

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 3/31/23 (1 fund / 1% of NAV as of 12/31/22), 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 06/30/18. The previous benchmark was FTSE Developed Core Infrastructure 50/50 Hedged Index.
11. Market Value is preliminary and consists of \$2.68M from Altimeter Offshore, Ltd. and \$63.8k to Prime Finance Long Duration (B-Piece) III.

BENCHMARK END NOTES

JUNE 30, 2023

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	BBG Barc U.S. TIPS Index	Wilshire DIH Benchmark	S&P NA Natural Resources Index	S&P GSCI	Alerian MLP Index	CA Private Natural Resources Benchmark	BBG Barc Government / Credit Bond Index	BBG Barc Aggregate Bond Index	JP Morgan Global Govt 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⁾	Adjusted Diversifiers Benchmark ⁽¹⁾⁽⁷⁾	Adjusted Real Assets Benchmark ⁽¹⁾⁽³⁾	BBG Barc Aggregate Bond Index ⁽¹⁾
12/01/16 to Present:	62%	18%	10%	10%

Russell Normalized Benchmark

	MAC + Custom Benchmark ⁽¹⁾⁽⁵⁾	Bloomberg Barclays US 1-3M T-Bill Index ⁽¹⁾	LIBOR + 4% ⁽¹⁾	0.3 beta-adjusted MSCI ACWI (N) ⁽¹⁾	NCREIF ⁽⁶⁾	BBG Barc Aggregate Bond Index	BBG Barc 3M USD LIBOR Cash Index ⁽¹⁾	Actual Portfolio Returns During Liquidation Period
01/05/17 to 01/31/17:	73%	12%	X	X	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%	X	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	X	X	X	X	X	X	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) CJA 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 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).

(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

JUNE 30, 2023

CJA Managed Diversifiers Benchmark⁽⁷⁾

	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⁽³⁾

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

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) Adjusted Managed Real Assets Benchmark consists of three parts: (1) CJA 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.

2. SUSTAINABLE INVESTING



Sustainable Investing - Overview

- In response to Committee request, we present information about ESG and impact investing:
 - A. Nearly 18% of C|A Managed Assets are invested in strategies with Environmental, Social & Governance (ESG) factors or sustainability as a primary driver of the investment thesis.
 - As NSHE's Outsourced Chief Investment Office, Cambridge Associates has sought to implement the NSHE Endowment portfolio into market-rate investment strategies that support not only the Endowment's financial and investment objectives, but also the following provision from the System's Statement of Investment Objectives and Policies:
2(b) The long-term objectives of the Fund should align with the following overall Nevada System of Higher Education goals.
 - i. *Increase participation in post-secondary education.*
 - ii. *Increase student success.*
 - iii. *Close the achievement gap among underserved student populations.*
 - iv. *Collaboratively address the challenges of the workforce and industry education needs of Nevada.*
 - v. *Co-develop solutions to the critical issues facing 21st century Nevada and raise the overall research profile.*
 - 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.
 - B. Investor motivations – long-term financial returns along with non-financial objectives
 - C. Distinguishing ESG versus Impact Investing
 - **ESG** is the integration of environmental, social and governance factors as part of financial analysis to identify material risks and growth opportunities. Cambridge Associates integrates ESG into our manager diligence and monitoring processes across all strategies and all asset classes.
 - **Impact Investing** reflects the intention to generate positive, measurable social and environmental impact alongside a financial return.
 - D. Trends & peer practices
 - The opportunity set of ESG- and thematic impact-focused managers continues to expand.
 - In Cambridge's 2022 Sustainable & Impact Investing client survey, nearly 65% of institutions indicated actively engaging in sustainable and impact investing, an increase from 2020 (61%) and almost double the response from 2018 (36%).
 - ESG integration remains the most commonly employed implementation approach, though Impact Investing showed the most rapid growth from 2020.



Please join us for our 9th annual Impact Investing Forum taking place in Toronto, Canada. Cambridge Associates' thought leaders along with practitioners, forward-thinking allocators, and non-profit and family investors will participate in discussions and interactive thematic spotlight sessions on the latest innovations, case studies, and best practices around sustainable and impact investing.

This year, we will explore the **art** and **science** of sustainable and impact investing.

- **Art:** As we harness creative inspiration to develop and implement theories of change, we continue to push the limits of our imagination to sketch inclusive blueprints for economic, social, and environmental equity and health.
- **Science:** At the same time, we develop and analyze data, metrics, and research to test impact theses and measure progress toward truly sustainable real-world outcomes over time.

Designing a brighter and more equitable future through sustainable and impact investing requires both qualitative and quantitative tools at our disposal today, and those yet to come. Our Impact Forum aims to help investors prudently navigate risk, find actionable opportunities, and authentically contribute to real-world solutions to the most pressing challenges faced by communities worldwide.

Registration and additional information can be found at <http://caconferences.com/impact/>

SCHEDULE OF EVENTS

TUESDAY, OCTOBER 17

1:30pm–5:15pm EDT | Sessions
5:15pm–8:00pm EDT | Reception & Dinner

WEDNESDAY, OCTOBER 18

8:45am–3:45pm EDT | Sessions

LOCATION

THE RITZ-CARLTON TORONTO

181 Wellington Street West
Toronto, Ontario, M5V 3G7 Canada

Keynote Speakers



Monique Aiken,
The Investment
Integration Project



Kim Stanley Robinson,
Author, *The Ministry for the Future*

Please note this event is for clients and prospective client of Cambridge Associates only.
For more information, please contact events@cambridgeassociates.com.

2. SUSTAINABLE INVESTING

A. NSHE ENDOWMENT EXPOSURES



NSHE Endowment exposures

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 6/30/23	17.9%
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.	2.1%
Marketable diversifier strategy that capitalizes on the carbon allowance credit market to further incentivize decarbonization.	1.8%
Passive public equity strategy that track MSCI Climate Paris Aligned Indices, which are designed to reduce exposure to climate risks and pursue opportunities arising from the transition to a lower-carbon economy.	4.8%
Thematic water strategy that invests in public companies whose innovative technologies & products will help provide solutions to global water challenges.	2.1%
Fixed income manager that incorporates ESG analysis into credit underwriting to enhance risk assessment and direct capital toward credits with impact-oriented use of proceeds. They give a sustainability rating to each credit in their database.	3.5%
Private credit fund that provide financing to small and midsize renewable energy projects, which accelerates the build-out of low-carbon and sustainable infrastructure across the US.	0.3%
Private sustainable real assets fund investing in asset-based growth opportunities that increase the efficiency and sustainability of real assets across sectors such as energy, agriculture, transportation, and land.	0.7%
Seed & early-stage private manager investing in innovative technology tackling challenges across themes such as food, transportation, health and public safety, housing, biomanufacturing and sustainable products, and many more.	1.5%
Private growth strategy that targets secondary interests in existing venture capital and private equity funds that have a positive impact, predominantly in the environmental sector--alternative energy, water and wastewater, transportation, and energy storage.	0.3%
Private infrastructure fund focused on utility-scale offshore and onshore wind, solar photovoltaic, storage and transmission.	0.8%

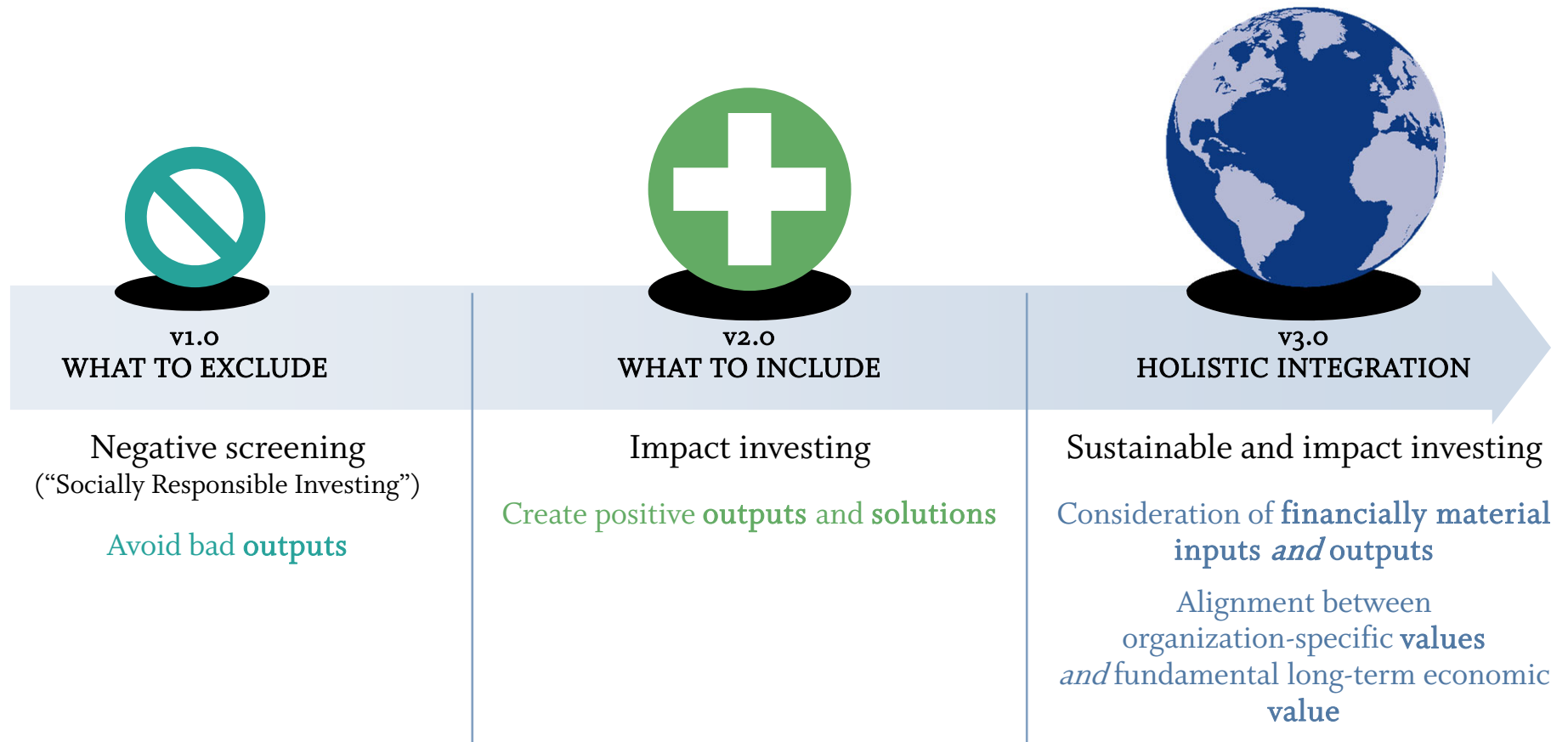
We will continue to seek similar ESG/sustainability-driven strategies that are consistent with portfolio diversification and the risk/return guidelines in the Investment Policy Statement.

2. SUSTAINABLE INVESTING

B. INVESTOR MOTIVATIONS



The spectrum of sustainable and impact investing (“SII”) has evolved



Sustainable and impact investing can serve both to generate value and to manage portfolio risk

Grow

Intelligent and thoughtful investing in impact and opportunity themes can **enhance long-term value**

Protect

Proper integration of environmental, social, and governance (ESG) factors can **protect long-term value**

Drivers of value creation

Human capital and entrepreneurship

Technological innovation

Social cohesion

Healthy markets

Drivers of value erosion

Inequality and social unrest

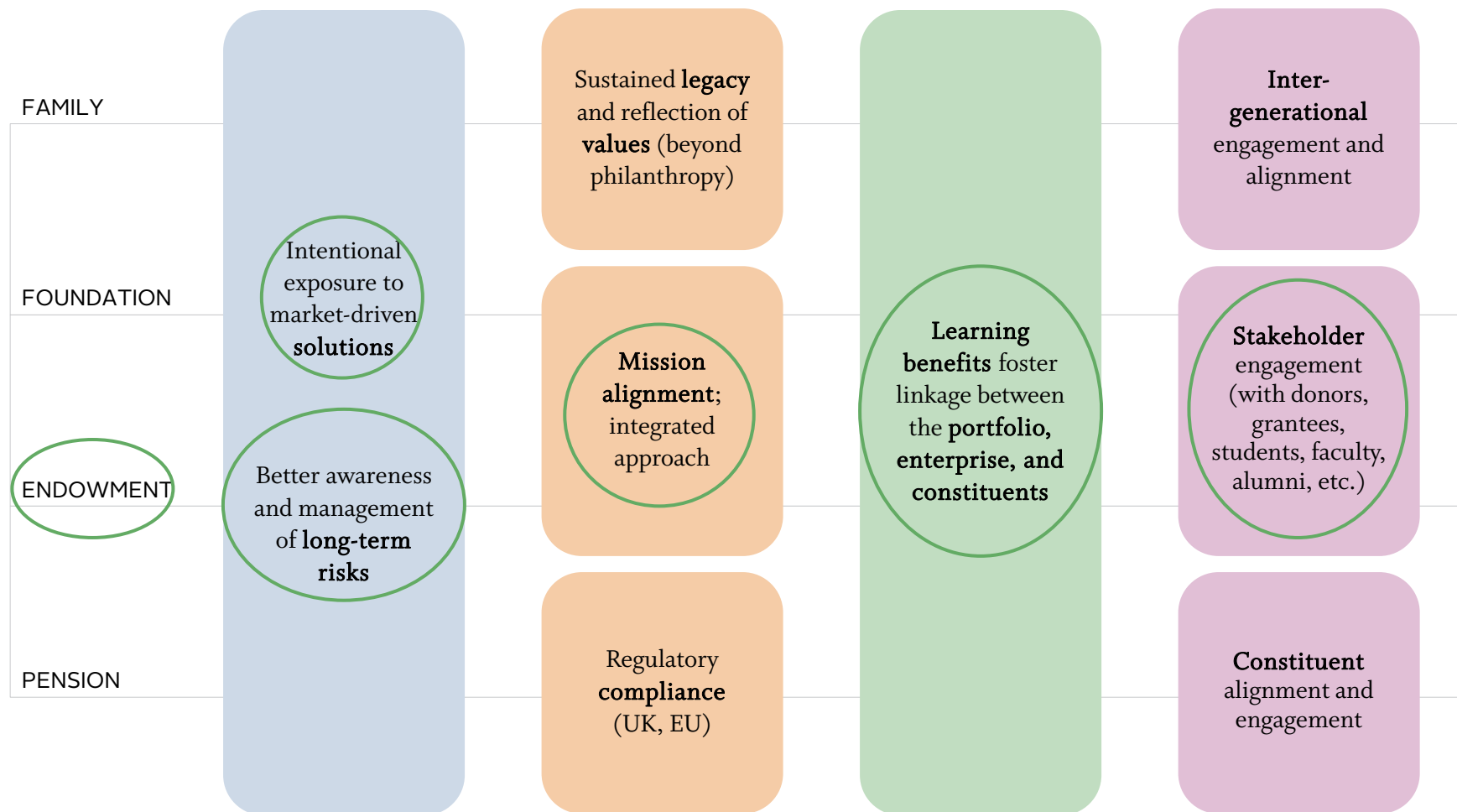
Poor governance

Resource scarcity

Climate change and environmental degradation



What are institutional investors seeking *in addition to* financial returns?



2. SUSTAINABLE INVESTING

C. DISTINGUISHING ESG VS. IMPACT INVESTING



ESG Investing

ESG: The integration of environmental, social and governance factors as part of financial analysis to identify material risks and growth opportunities.

ESG factors are often interlinked and measurable. A sample list is provided:

Environment:

- Climate change and greenhouse gas
- Air and water pollution
- Biodiversity
- Deforestation
- Energy efficiency
- Waste management
- Water scarcity

Social

- Customer satisfaction
- Data protection and privacy
- Gender and diversity
- Employee engagement
- Community relations
- Human rights
- Labour standards

Governance:

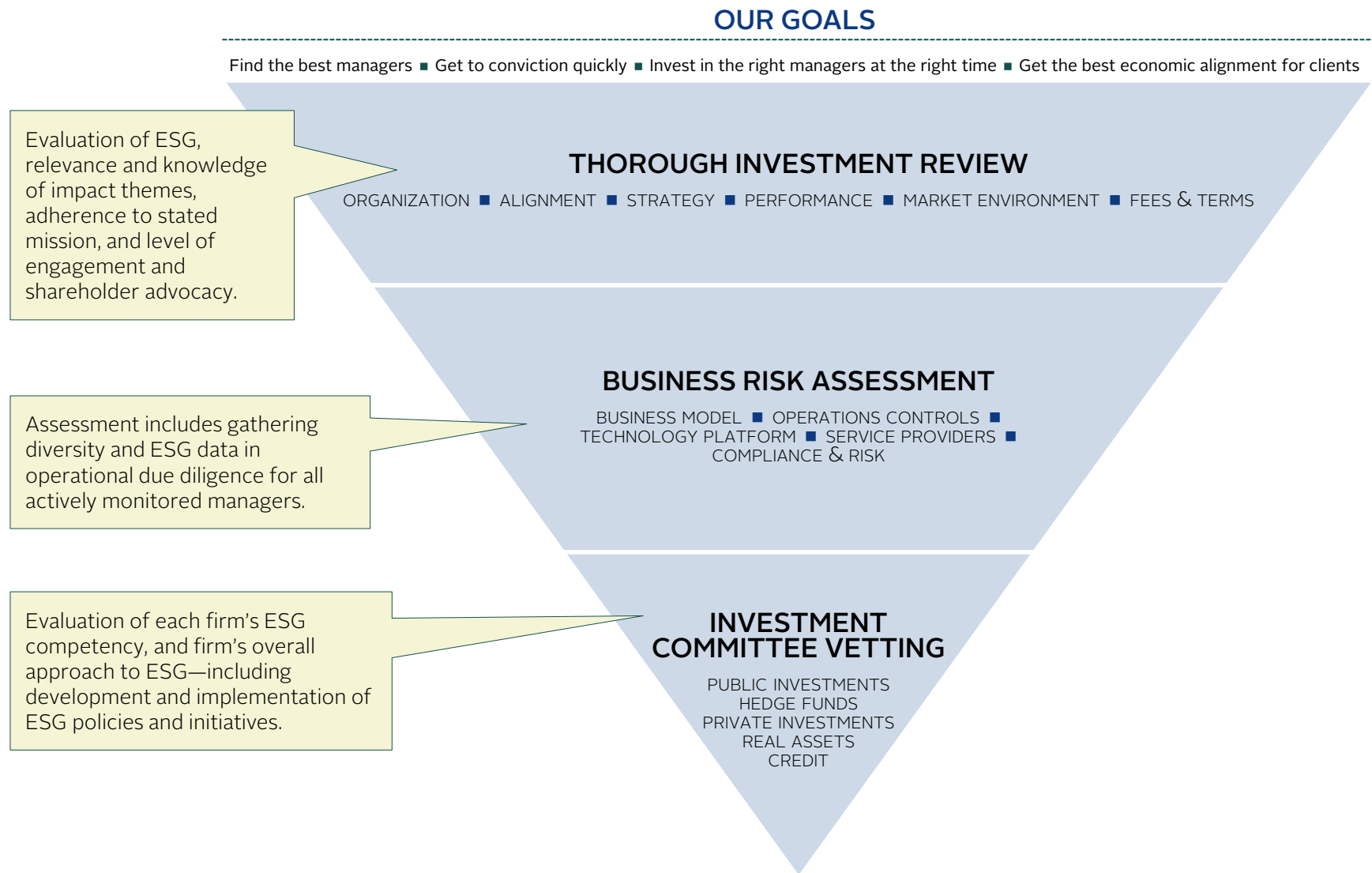
- Board compensation
- Audit committee structure
- Bribery and corruption
- Executive compensation
- Lobbying
- Political contributions
- Whistleblower schemes

Availability and quality of financially material ESG data continues to improve



		Consumer Goods	Extractives & Minerals Processing	Financials	Food & Beverage	Health Care	Infrastructure
Dimension	General Issue Category [ⓘ]	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand
Environment	GHG Emissions						
	Air Quality						
	Energy Management						
	Water & Wastewater Management						
	Waste & Hazardous Materials Management						
	Ecological Impacts						
Social Capital	Human Rights & Community Relations						
	Customer Privacy						
	Data Security						
	Access & Affordability						
	Product Quality & Safety						
	Customer Welfare						
	Selling Practices & Product Labeling						
Human Capital	Labor Practices						
	Employee Health & Safety						
	Employee Engagement, Diversity & Inclusion						
Business Model & Governance	Product Design & Lifecycle Management						
	Business Model Resilience						
	Supply Chain Management						

ESG considerations are integrated into CA's manager due diligence process



Impact Investing

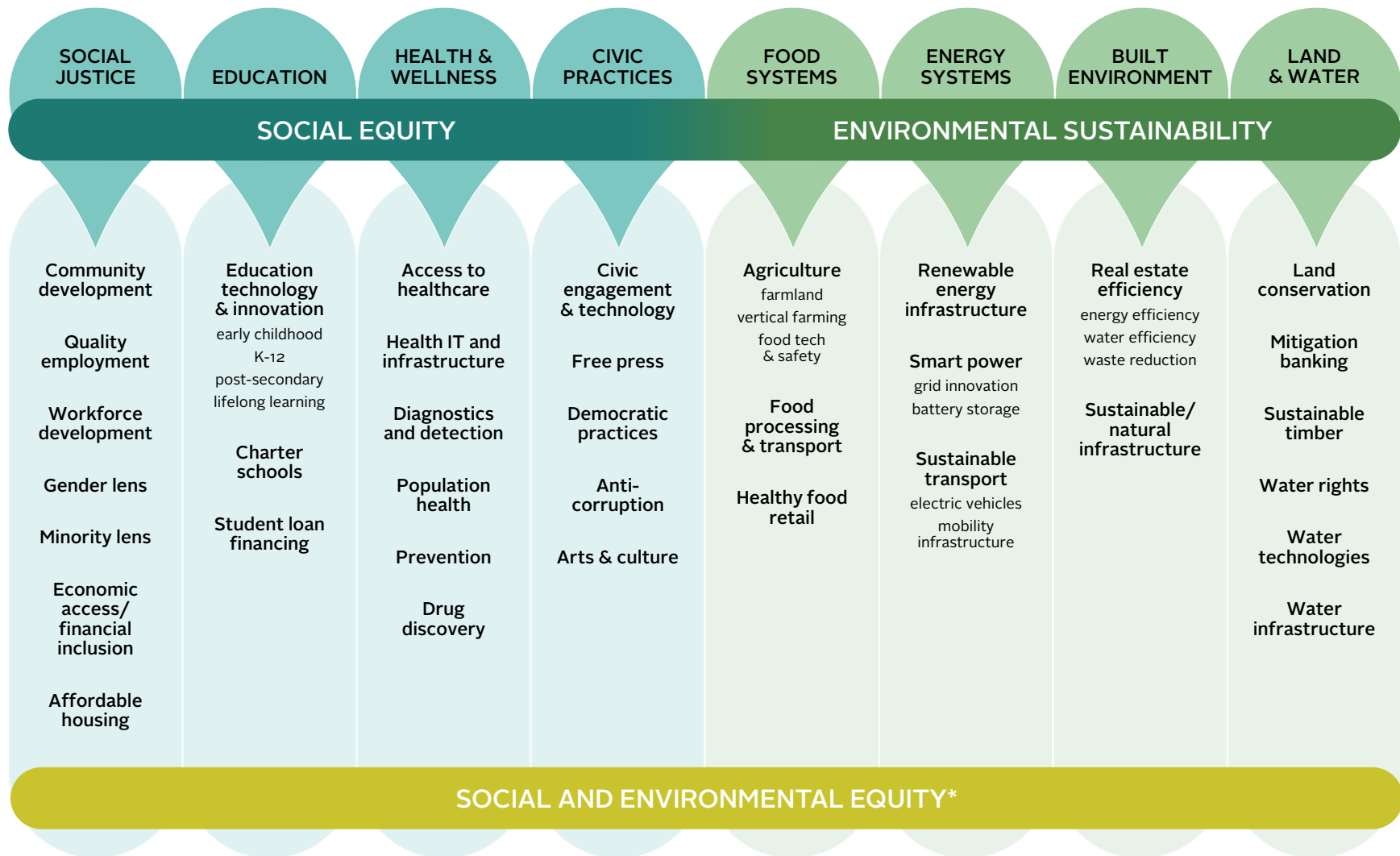
Impact Investing: Investments made with the **intention** to generate **positive**, **measurable social and environmental impact** alongside a financial return

Intentionality: Explicit intent to invest in social and/ or environmental solutions articulated through an impact investment thesis with clear goals and strategies to achieve this

Positive All investments have impact, whether positive or negative. We encourage investors to develop a view towards assessing net impact of investments over the long-term

Measurability: Commitment to measure and report material social and/ or environmental performance data of the investment to target and provide evidence for the intended impact

Impact investing themes span across a range of social and environmental sectors



2. SUSTAINABLE INVESTING

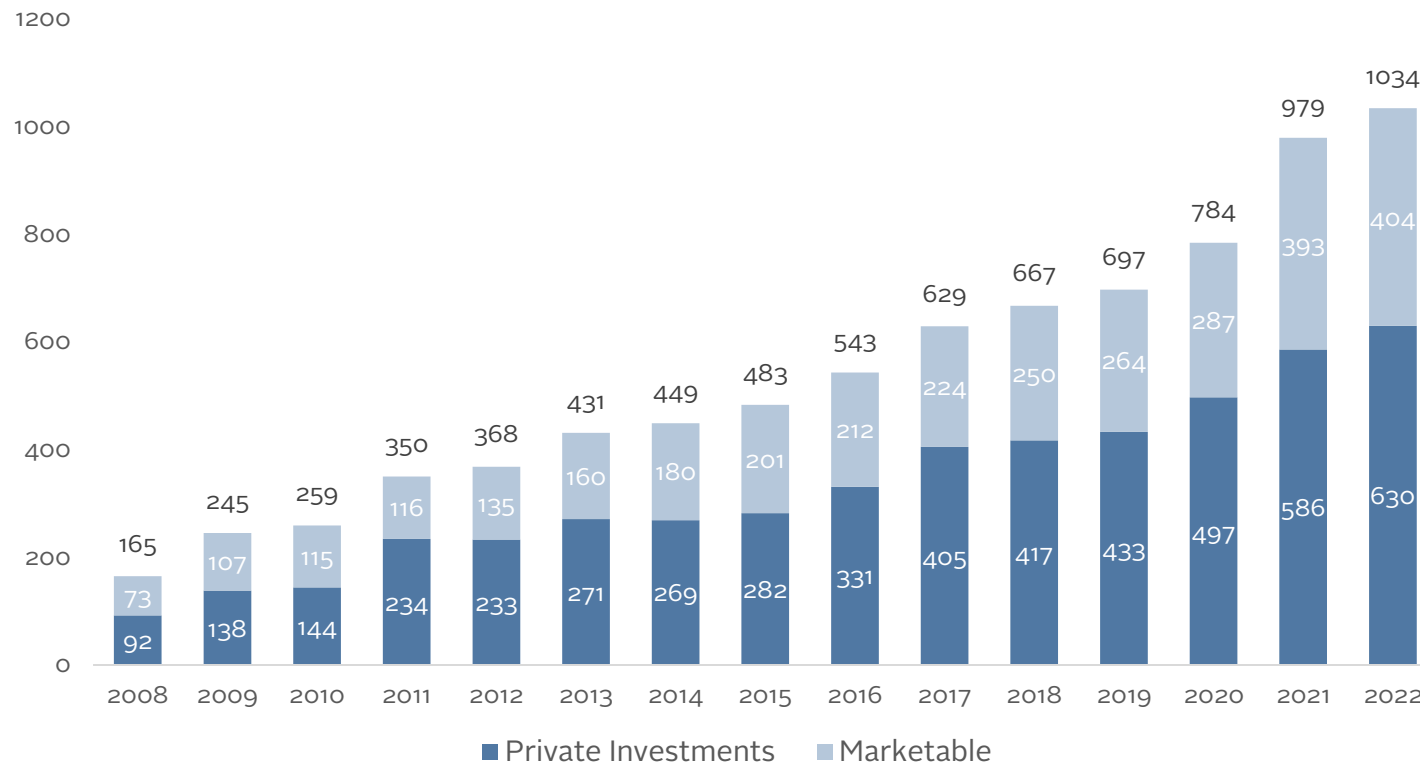
D. TRENDS & PEER PRACTICES



Opportunity set of SII-focused managers continues to expand

- CA's proprietary manager database currently track information on more than 11,000 managers and over 40,000 strategies across asset classes and geographies.
- Included in this database are more than 1,600 strategies with an SII focus – across SII themes and asset classes – representing nearly 1,000 managers.

CAMBRIDGE ASSOCIATES SII MANAGER DATABASE

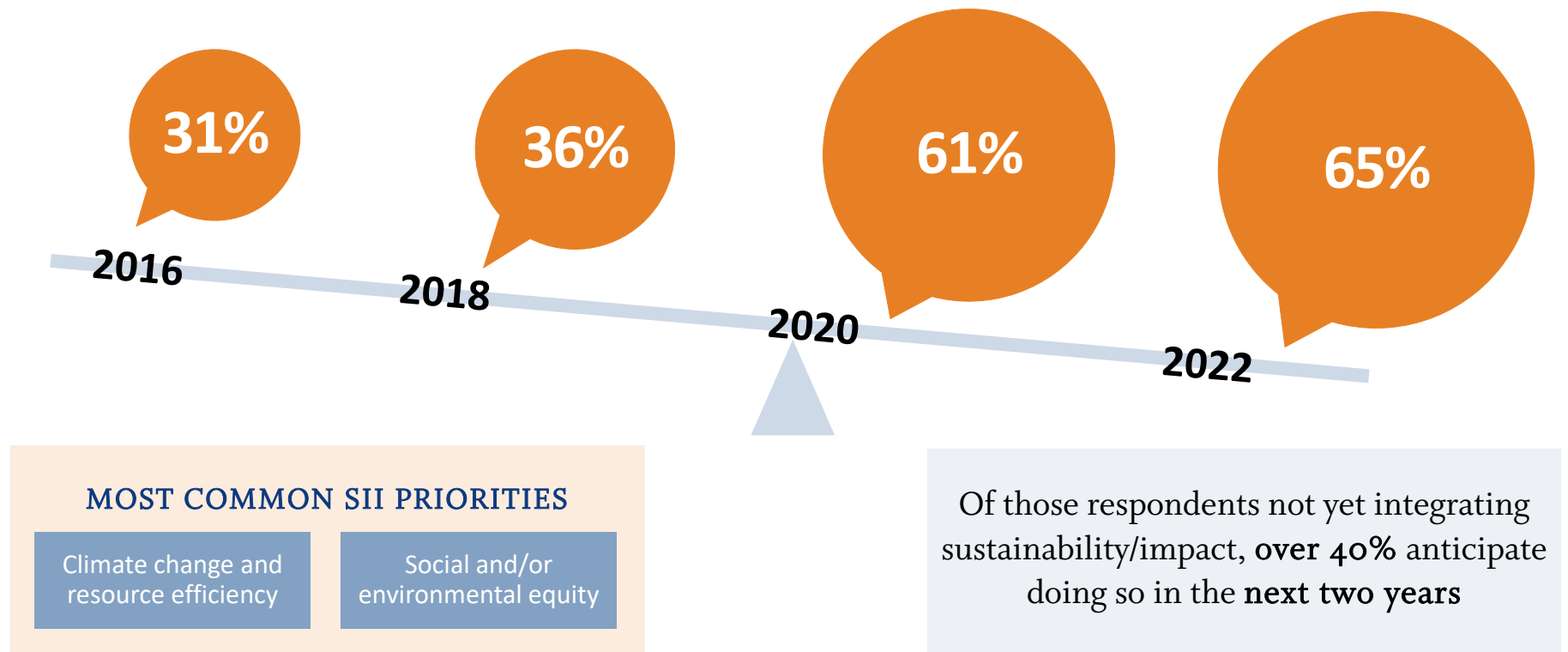


Sustainable and impact factors have reached a tipping point

SURVEY QUESTION:

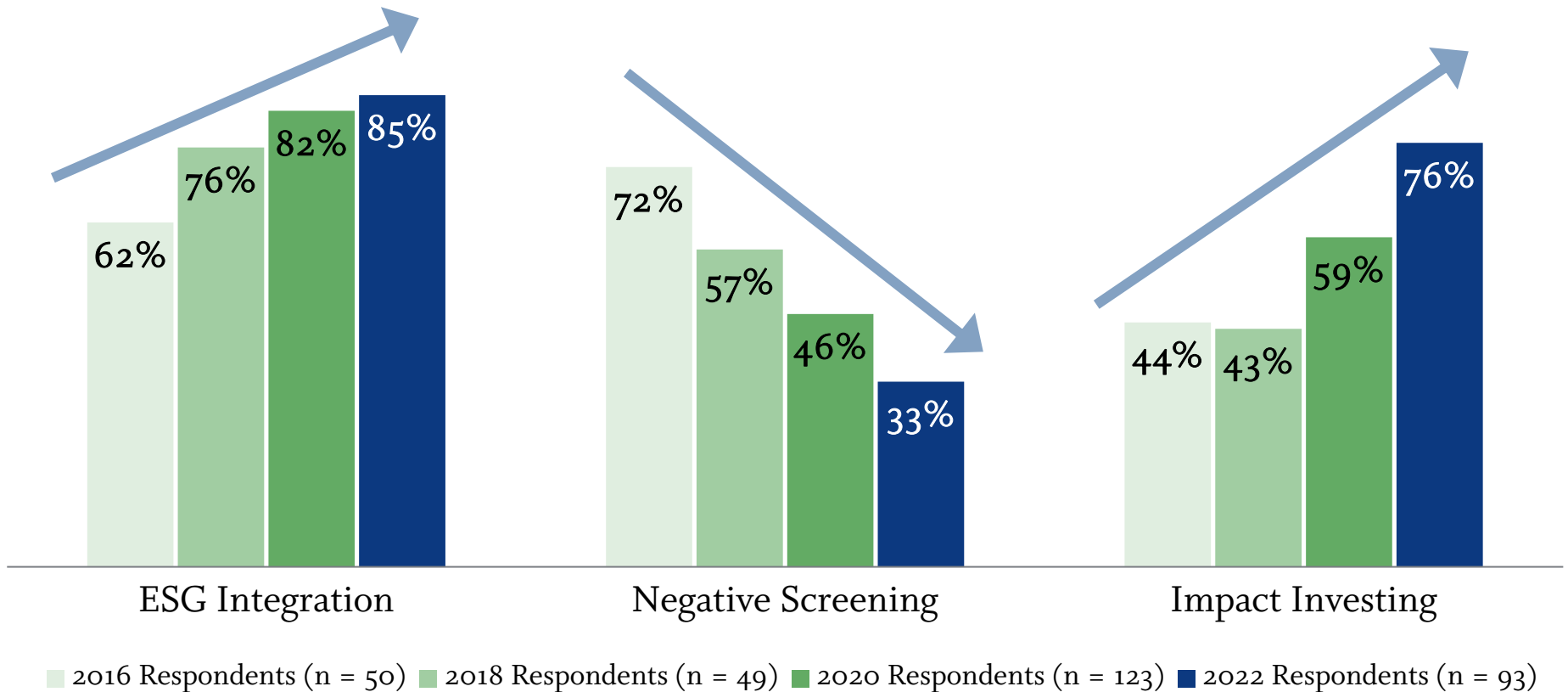
“Are sustainable/impact factors integrated into investment decision criteria for any part of the portfolio?”

% of “Yes” respondents



ESG integration and Impact Investing are the most common tools used to implement SII

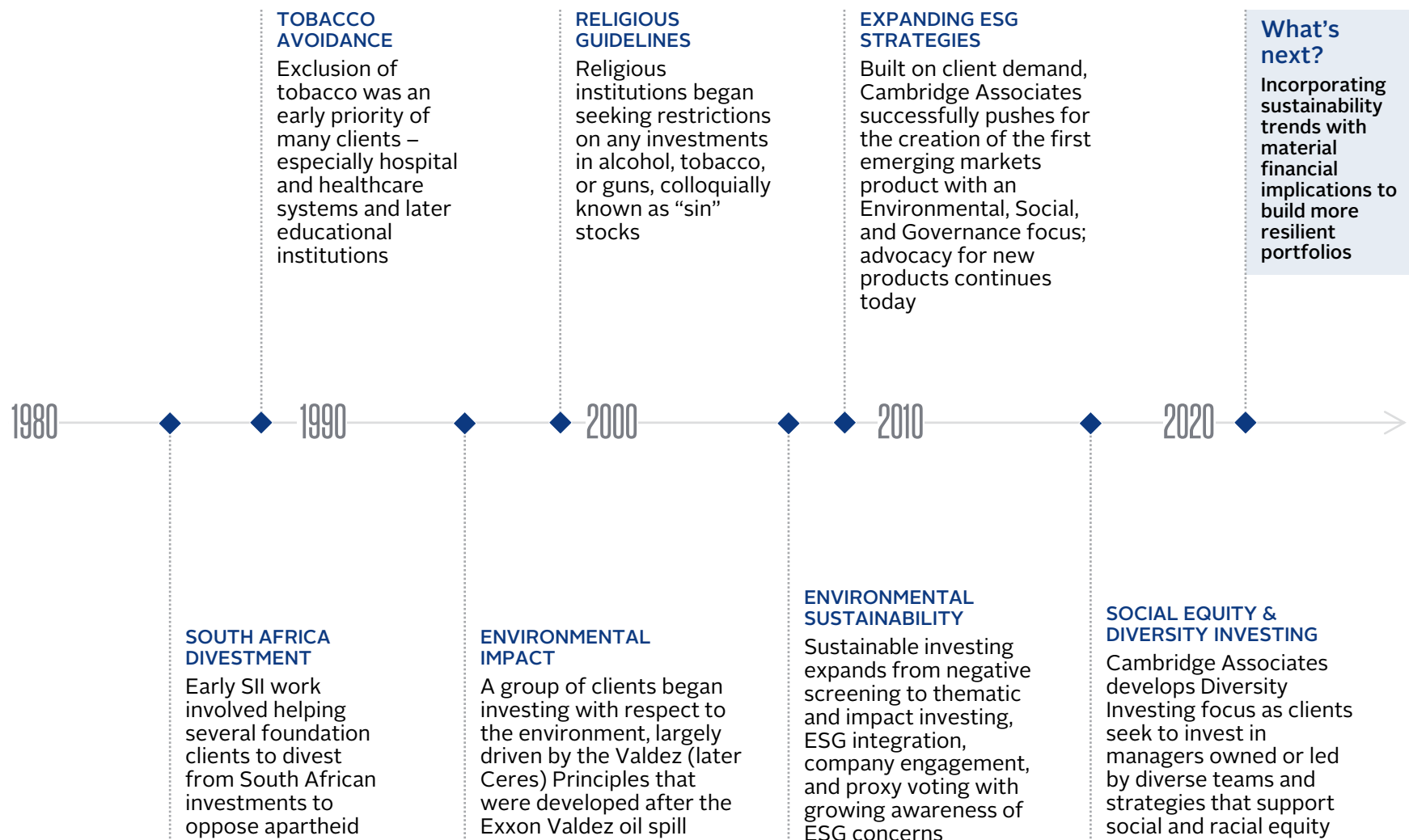
TYPES OF SII STRATEGIES EMPLOYED
% of Respondents



2. SUSTAINABLE INVESTING E. APPENDIX



SII has evolved since we began helping our clients invest with their values nearly 40 years ago



Glossary of Terms

Sustainable and Impact Investing Overview

SUSTAINABLE AND IMPACT INVESTING (SII): Sustainability and Impact Investing takes into consideration all material factors for risk management and economic value creation and intentionally seeks investment in market-driven solutions to real world challenges. This includes the practice of using investments to directly achieve, or be aligned with, an institution's values or mission and a recognition that climate change and social inequality are systemic, structural factors that create risks and opportunities material to long-term portfolio management. Cambridge Associates uses the term SII to encompass a spectrum of strategies and approaches, including, but not limited to, proactive integration of environmental, social, and/or governance (ESG) factors; diversity, equity, and inclusion (DEI); impact investing; mission-related investing; and negative screening.

Additional Terms

ACTIVE OWNERSHIP: Using the position as a shareholder to influence corporate culture and to shape corporate policies and decisions. Specific active ownership strategies include: proxy voting, filing shareholder resolutions, and engagement with corporate management.

COMMUNITY DEVELOPMENT FINANCIAL INSTITUTIONS (CDFIs): Private financial institutions that are dedicated to delivering responsible, affordable lending to low-income, low-wealth, and other disadvantaged people and communities.

CLIMATE AWARE INVESTING: The practice of seeking to understand, and incorporate into portfolio decision making, the risks and opportunities arising from both a low-carbon transition and the physical effects of climate change.

COMMUNITY INVESTING: The practice of directing capital to communities that are underserved by traditional financial services institutions. Community investing involves providing access to credit, equity, capital, and basic banking products that these communities otherwise lack.

DIVERSITY, EQUITY, AND INCLUSION (DEI) :

Diversity refers to the variety of similarities and differences among people, often called diversity dimensions, including, but not limited to: gender, sex, gender identity and expression, ethnicity, race, native or indigenous identity/origin, age, generation, disability, sexual orientation, culture, religion, belief system, marital status, parental status, pregnancy, socioeconomic status/caste, appearance, language and accent, mental health, education, geography, nationality, work style, work experience, job role and function, thinking style, and personality type. Representation of various diversity dimensions within organizations may vary by geography, time, or organization.

Equity is about fairness and justice. It is about taking deliberate actions to remove systemic, group, and individual barriers and obstacles that hinder opportunities and disrupt well-being. Equity is achieved through the identification and elimination of policies, practices, attitudes, and cultural messages that create and reinforce unfair outcomes.

Inclusion is a dynamic state of feeling, belonging, and operating in which diversity is leveraged and valued to create a fair, healthy, and high-performing organization or community. An inclusive culture and environment ensure equitable access to resources and opportunities for all. It also enables individuals and groups to feel safe, respected, heard, engaged, motivated, and valued for who they are.

ENVIRONMENTAL/SOCIAL/GOVERNANCE (ESG): The incorporation of ESG criteria into investment analysis, decision making, and portfolio construction (i.e., carbon emissions, labor rights, and board composition). Consideration of ESG factors may be used as a tool for both risk mitigation and the identification of investment opportunities.

FINANCIAL INCLUSION: The delivery of financial services at affordable costs to unbanked and under-banked populations. This includes microfinance strategies.

GENDER EQUITY: The process of being treated fairly and having equal and equitable access to opportunities and resources, regardless of one's gender identity. To ensure fairness, strategies often must be able to acknowledge historical and social disadvantages that prevent women and non-binary individuals from being on a level playing field.

Glossary of Terms (continued)

IMPACT INVESTING: The practice of investing capital with the objective of achieving positive social and/or environmental impact alongside a financial return. Impact investing opportunities are available in many asset classes but are typically made with the intent to create specific, measurable social or environmental outcomes.

IMPACT MEASUREMENT/MANAGEMENT: Gathering, analyzing, monitoring, and managing social and/or environmental metrics for underlying investments, and reporting and acting on outcomes.

INTERSECTIONALITY/INTERSECTIONAL APPROACH: Intersectionality describes the interconnected and overlapping systems of discrimination across social categorizations (e.g., race, class, and/or gender). The term intersectionality was coined by Kimberlé Williams Crenshaw in 1989. **AN INTERSECTIONAL APPROACH** to investing, similarly, acknowledges that certain risks and opportunities are interconnected and cannot be separated. Investors that pursue an intersectional approach within their portfolios may enhance the long-term climate, social, and financial resilience of their portfolios, benefiting stakeholders.

LOAN GUARANTEES: The practice of an investor pledging collateral assets to provide a guarantee to a financial intermediary who in turn makes a loan to a third-party organization.

MISSION RELATED INVESTING (MRI): The practice of using investments to directly achieve, or be aligned with, an institution's mission or programmatic goals.

NEGATIVE SCREENING: The practice of excluding a security or securities from a portfolio based on certain ESG criteria (i.e., tobacco, firearms, and coal). Negative screening is typically employed to avoid objectionable exposures in order to better align a portfolio with the investor's mission or values.

NET ZERO INVESTING: The holistic practice of using portfolio management and engagement tools to push the global economy towards net zero greenhouse-gas emissions by 2050 or sooner, in line with goals of the 2015 Paris Climate Agreement. Note that Net Zero Investing is not only about reducing emissions associated with any specific investment portfolio, but rather focuses on driving real world change by 1) encouraging market participants (e.g., investment managers and underlying companies/issuers) to adopt transition strategies consistent with the Paris agreement, and 2) investing in market-based climate solutions that can help accelerate the low-carbon transition.

PLACE-BASED INVESTING: Targeting a specific place (neighborhood, community, city, state, etc.) through an array of potential investments across asset classes.

PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI, OR UNPRI): A United Nations–supported international network of investors working together to understand the investment implications of ESG issues and to support signatories in integrating these issues into investment and ownership decisions, guided by the following six principles:

1. We will incorporate ESG issues into investment analysis and decision-making processes.
2. We will be active owners and incorporate ESG issues into our ownership policies and practices.
3. We will seek appropriate disclosure on ESG issues by the entities in which we invest.
4. We will promote acceptance and implementation of the principles within the investment industry.
5. We will work together to enhance our effectiveness in implementing the principles.
6. We will each report on our activities and progress towards implementing the principles.

PROGRAM-RELATED INVESTING: Investments made by foundations to support charitable activities that involve the potential return of capital within an established time frame. PRIs are counted as part of the annual distribution (at least 5% of its endowment) a US private foundation is required to make to maintain non-profit status as mandated by the Internal Revenue Service.

Glossary of Terms (continued)

PROXY VOTING: An avenue by which investors have the potential to influence a company's operations, corporate governance, social responsibility practices, etc., by voting its proxy statement in a manner that is consistent with the investor's mission objectives.

RACIAL EQUITY: The process of eliminating racial disparities and improving outcomes for everyone. It is the intentional and continual practice of changing policies, practices, systems, and structures by prioritizing measurable change in the lives of people of color. To ensure fairness, strategies often must be able to acknowledge historical and social disadvantages that prevent people of color from being on a level playing field.

SHAREHOLDER ENGAGEMENT: A form of active ownership in which investors exercise their rights and access as shareholders by engaging with corporate management and/or proposing or co-filing shareholder resolutions around issues that matter to them. For example, investors might encourage corporations to disclose carbon emissions and material climate/environmental risks, set net zero transition pathways, reduce executive compensation, or increase diversity at the board level. For most asset allocators and asset owners, engagement generally entails active dialogue with external investment managers to encourage more advanced integration and action on various environmental, social, and governance issues.

SOCIAL AND ENVIRONMENTAL EQUITY: Social Equity seeks to ensure fair treatment and equitable access to opportunity for all people, regardless of background, across society including areas of civil rights, education, financial systems, healthy/safe communities, housing and more. Background encompasses, but is not limited to race, ethnicity, gender, sexual orientation, and/or socioeconomic status. The expanded term, Social and Environmental Equity, goes further to recognize the intersectionality and interconnectedness of environmental sustainability and social issues, intentionally weaving in climate change and environmental equity as core tenets in the discussion of social equity.

WORKPLACE EQUITY: Ensuring fair treatment and equality of opportunity in the workplace, regardless of background. Background encompasses, but is not limited to race, ethnicity, gender identity, sexual orientation, and/or socioeconomic status. Examples of workplace equity initiatives include equal pay, equal advancement opportunities, and equal benefits.

3. ANNUAL SPENDING REVIEW



Annual Spending Policy Review – Overview

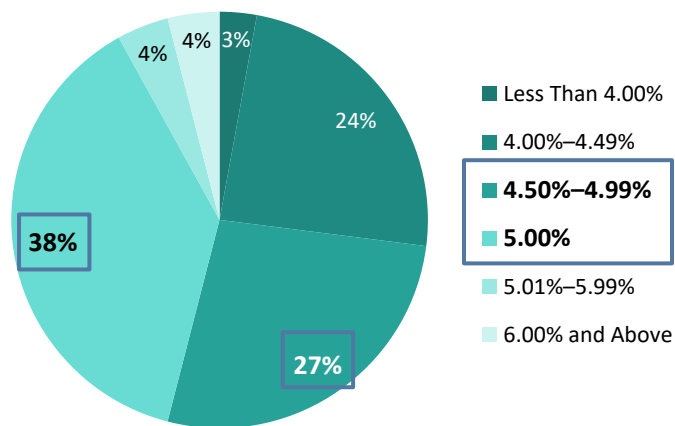
- At the heart of endowment investment planning is the attempt to mediate among the following **conflicting objectives**:
 - **Maximize long-term total return**
 - **Maximize annual spending** from the fund
 - **Preserve the real value** (purchasing power) of the fund's principal and of its spending distributions over the long term
 - **Maximize the stability and predictability of spending distributions.** In other words, minimize year-to-year volatility of the spending stream or spending shortfall risk.
- This leads to the following quandaries:
 - The **higher the spending rate**, the **lower the growth rate of the spending amount** for any given level of return
 - **Investment returns are inherently volatile**, while **program expense growth is relatively stable**.
- This section presents comparative data on the spending rates of peer endowments. This is meant to be informative, not prescriptive; we find that clients consider this a helpful reference point, but we recognize that needs and resources differ among institutions.
 - The vast majority of institutions have target spending rates of 4% to 5%; NSHE's current all-in distribution rate of 4.625% is in line with that of other similarly sized institutions as well as other educational institutions.
 - A fiscal year 2022 survey of colleges & universities reveals more decreases than increases in the target rate over the past five years.

Spending Rates – Peer Comparisons

- The vast majority of institutions have target spending rates of 4% to 5%; NSHE's current all-in distribution rate of 4.625% is in line with that of other similarly sized institutions as well as other educational institutions.

Target Spending Rates Used in
Spending Calculation: All Institutions

n = 174



By Asset Size

	Less Than 4.00%	4.00%– 4.49%	4.50%– 4.99%	5.00%	5.01%– 5.99%	6.00% and Above
Less Than \$200M	4%	17%	26%	41%	4%	7%
<i>n</i>	2	8	12	19	2	3
\$200M–\$500M	2%	19%	37%	33%	5%	5%
<i>n</i>	1	8	16	14	2	2
\$500M–\$1B	5%	33%	10%	52%	—	—
<i>n</i>	1	7	2	11	—	—
\$1B–\$3B	—	34%	25%	34%	3%	3%
<i>n</i>	—	11	8	11	1	1
More Than \$3B	3%	25%	28%	34%	6%	3%
<i>n</i>	1	8	9	11	2	1

By Institution Type

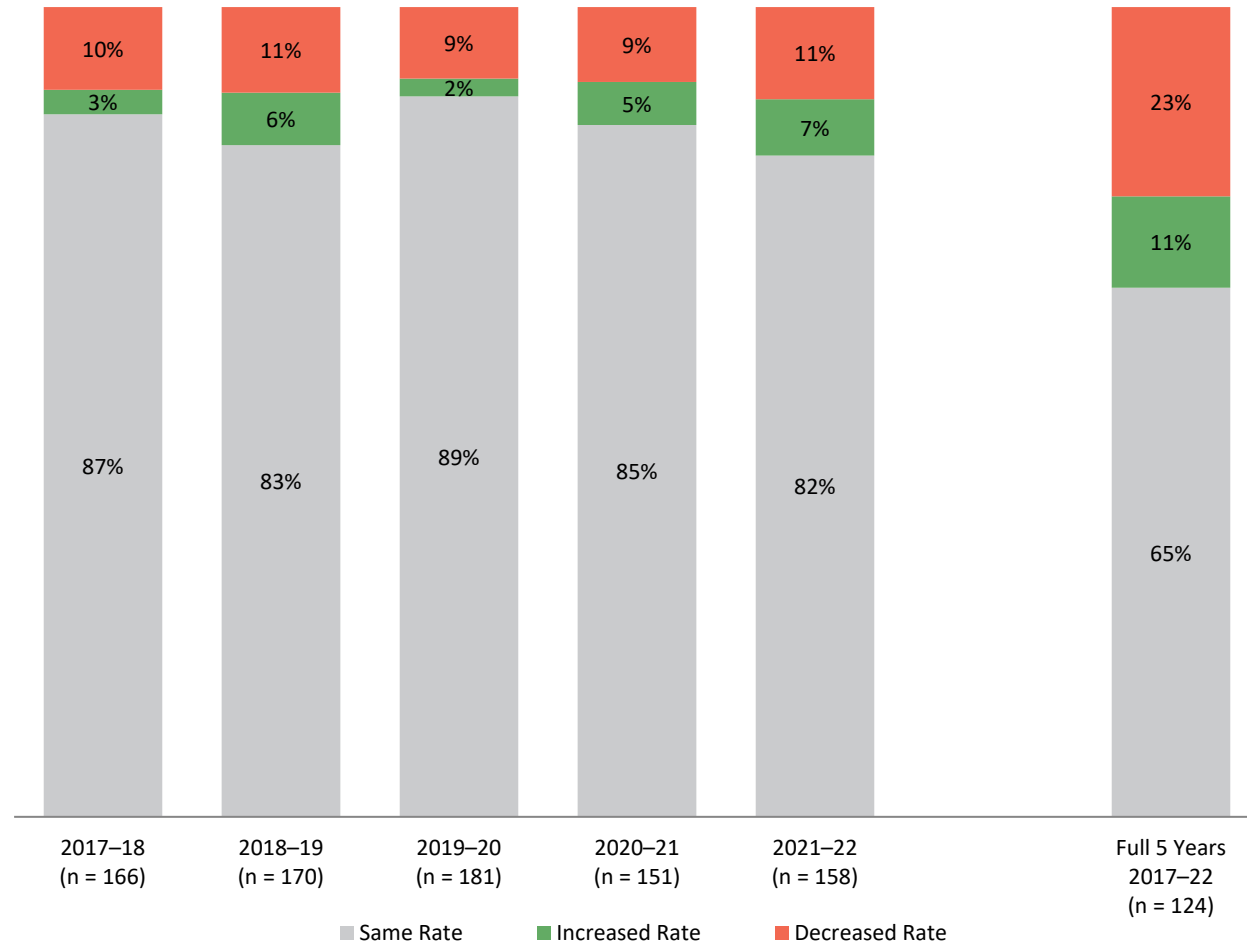
	Less Than 4.00%	4.00%– 4.49%	4.50%– 4.99%	5.00%	5.01%– 5.99%	6.00% and Above
Colleges & Universities	2%	28%	26%	37%	4%	3%
<i>n</i>	2	30	28	39	4	3
Independent Schools	8%	31%	62%	—	—	—
<i>n</i>	1	4	8	—	—	—
Cultural & Environmental	—	7%	22%	56%	11%	4%
<i>n</i>	—	2	6	15	3	1
Healthcare	—	22%	11%	44%	—	22%
<i>n</i>	—	2	1	4	—	2
Other Nonprofits	11%	21%	21%	42%	—	5%
<i>n</i>	2	4	4	8	—	1

Source: Spending policy data as reported to Cambridge Associates LLC., as of 6/30/2022.

Notes: Market value–based spending policies base spending on a pre-specified percentage of a moving average of market values. Chart reflects data for the 243 institutions that provided detailed data on their target spending rate. If a range was provided, the target spending rate was calculated using the midpoint of the range.

Most peers have maintained target spending rate in recent years, but decreases have outpaced increases

INSTITUTIONS CHANGING TARGET RATES IN MARKET VALUE-BASED SPENDING POLICIES

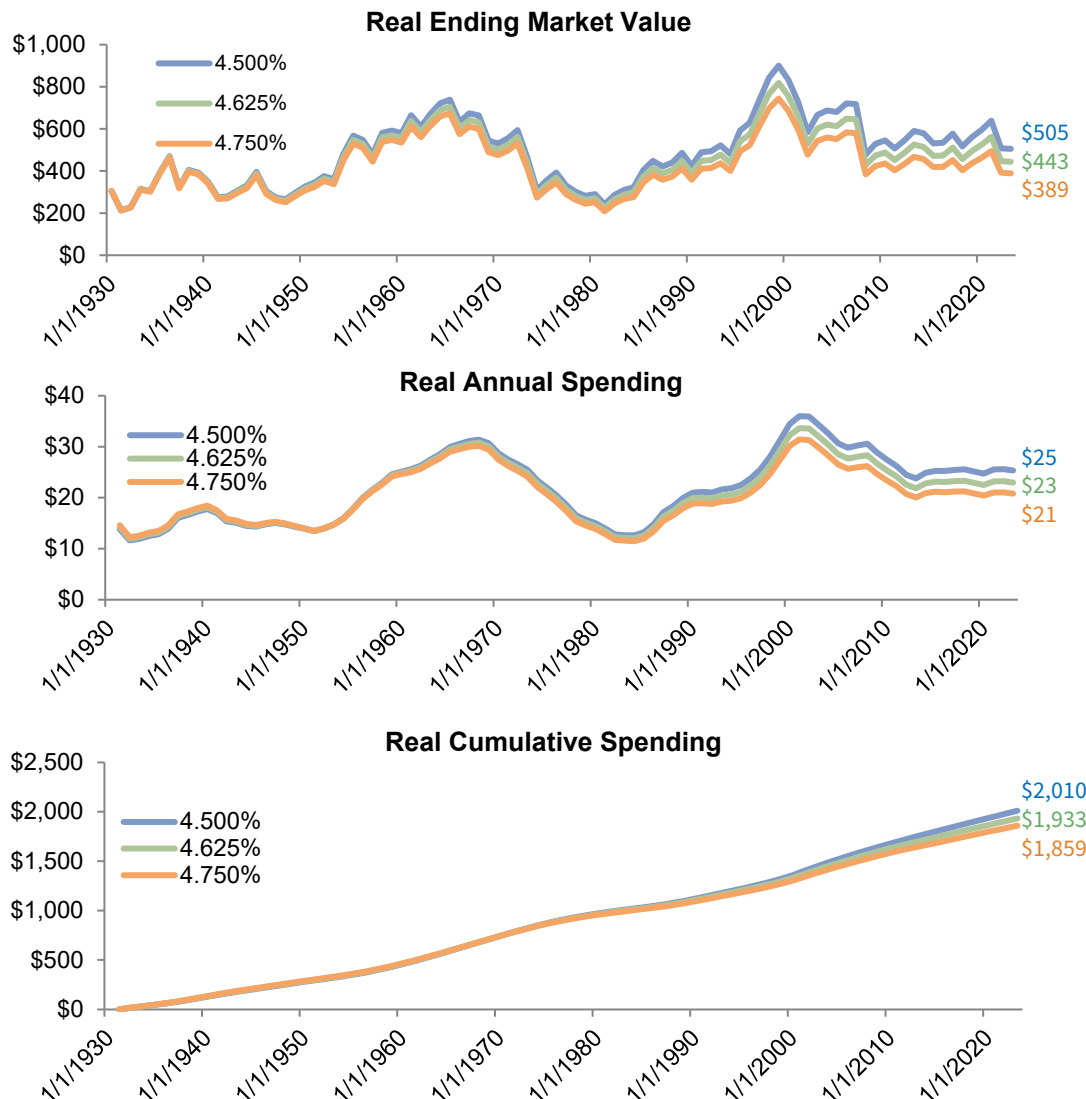


Source: Spending policy data as reported to Cambridge Associates LLC., as of 6/30/2022.

Notes: Market value-based spending policies base spending on a pre-specified percentage of a moving average of market values. Chart reflects data for the institutions using a market value-based spending policy that provided the target rate used in their spending calculation. If a range was provided, the target spending rate was calculated using the midpoint of the range.

Balancing Current / Future Spending: A Historical Perspective

January 1, 1930 – June 30, 2023



- Spending rates have an impact on the ability to maintain purchasing power. Historically, spending rates of 5% or below have maintained endowment corpia over the long term (albeit with a few challenging shorter-term periods).
- Over time, a lower spending rate results in more dollars available to spend (in real terms). For example, if NSHE had started with a \$305 million endowment in 1930 (adjusted for inflation over the past 90 years), a 4.625% spending rate would result in an annual distribution amount of \$23 million in 2023 in today's dollars – or ~\$2 million more than if a 4.75% spending rate had been applied over that time period.

Sources: BofA Merrill Lynch, Citigroup Global Markets, Federal Reserve, Global Financial Data, Inc., Standard and Poor's, and U.S. Department of Labor - Bureau of Labor Statistics.

Notes: Prior to June 30, 1984 portfolio return assumes a 75% allocation to stocks and 25% allocation to bonds since 1930, rebalanced quarterly and spends a given percentage of the portfolio's 5-year trailing average market value. U.S. common equity series consists of Standard & Poor's 500 Index (1900 to date). The long-term bonds series is composed of Citigroup AAA/AA Corporate (High-Grade) Bond Index from 1930 to date. From June 30, 1984 to present, returns represent the Nevada System of Higher Education Endowment Fund's real returns (adjusted using the CPI-U).