A meeting of the Investment Subcommittee (the Subcommittee) of the Board of Trustees of the University of Vermont and State Agricultural College was held on Wednesday, December 2, 2009, 8:30 a.m. at Forester Partners in Greenwich, Connecticut.

MEMBERS PRESENT: Chair Robert Cioffi, Co-Vice Chair Samuel Bain*

MEMBERS ABSENT: Co-Vice Chair Susan Hudson-Wilson and John Snow

PERSONS ALSO PARTICIPATING: Bets Kent*, LaRoy Brantley* and David DeVaughn* of Cambridge Associates; and Trent Carmichael and Fritz Fortmiller of Forester Partners.

*By means of conference telephone.

Chair Robert Cioffi called the meeting to order at 8:38 a.m.

**Forester Partners Presentation**
(Presenters: Trent Carmichael, Managing Principal & Fritz Fortmiller, Principal)

Mr. Cioffi opened the meeting and introduced Trent Carmichael and Fritz Fortmiller from Forester Partners. Mr. Carmichael reviewed the infrastructure of the investment team and noted that Domenick Bonarrigo, COO will be retiring in the near future and a new COO is starting on Monday, December 7th. He stated that Forester Partners places a high value on the integrity of the employees on their research team and that more resources are being invested into the research team. He emphasized that each employee of Forester has an incentive, much like the clients’ incentive, through deferred compensation participation. The majority of the client base is foundation or endowment related with educational and healthcare institutions.

Mr. Carmichael directed the group to the Portfolio handout and noted that Forester Partners is the flagship fund which has returned 10.43% annualized versus -1.23% for the S&P Index over a nine-year history. He noted two other legal entities within Forester Partners are Forester Partners II, L.P. and Forester Offshore, Ltd. Forester Partners also has two other funds named Forester Opportunities, L.P. and Forester Diversified, Ltd. He further explained that Forester has an element of private equity/long term managers. He also noted that many of the managers that are selected have lockups which prevent the firm from switching quickly.

Mr. Fortmiller described the process employed when researching a new asset manager, emphasizing Forester’s operational controls. The research team conducts both qualitative and quantitative analysis during the research process. An initial assessment will determine whether to meet a prospective manager immediately or to observe them and postpone the meeting until later. Mr. Carmichael stated that Forester research team spends a lot of time evaluating managers and that they look for approximately five managers per year. He commented that Forester adds or removes managers depending on their performance. He stated the goal is to replace managers for better performance.
In response to Mr. Cioffi’s inquiry regarding the transparency of the managers, Mr. Carmichael explained that the underlying managers need to provide Forester with direct access to their data or supply them with enough information to give a comfort level of how the investment will react in different markets. He noted that they use aged reports as well as current reports. He stated that Forester uses an internal template to monitor the performance of a manager. Mr. Carmichael also noted that the team aggregates all the manager data to evaluate the sector and company exposure.

Forester continuously monitors the performance of the underlying managers. He stated that they continually have meetings with the managers to keep up to date on their position and their focus. Mr. Carmichael also noted that Forester leans on the side of caution. Forester limits the amount of capital that is allowed to be invested so that they can invest with high quality managers. He also noted that the underlying managers want to have their investors remain with them and not be moving in and out of funds on a monthly basis. Forester avoids inappropriately leveraged strategies so that they are not taking on additional market risk.

Mr. Cioffi inquired about the sizing of the portfolio. Mr. Carmichael responded that Forester believes in being diversified with high quality managers. He stated the bigger positions will be in the 7% range. The team chooses managers to position them so that the overall portfolio is diversified. The positions are built over time, the sectors are reviewed and funds are limited. They try to anticipate the market as a measure of risk control.

Mr. Carmichael concluded by noting that Forester’s goal is to control the pace of growth. The growth focus is on performance and not on asset gathering and they have a high quality client base.

Adjournment

There being no further business, the meeting was adjourned at 10:08 a.m.

Respectfully submitted,

Robert Cioffi, Chair