INVESTMENT SUBCOMMITTEE  
BOARD OF TRUSTEES  
UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE  

A meeting of the Investment Subcommittee (ISC) of the Board of Trustees of the University of Vermont and State Agricultural College was held on Wednesday, May 23, 2012, at 8:30 a.m. in the President’s Conference Room, 351 Waterman Building, Burlington, Vermont.

MEMBERS PRESENT: Chair Samuel Bain*, Robert Brennan* and David Daigle*

MEMBERS ABSENT: None

PERSONS ALSO PARTICIPATING: Vice President for Finance and Administration and Treasurer Richard Cate; Controller Claire Burlingham; Assistant Controller for Tax and Treasury Services Kathy Snell; Bets Kent*, LaRoy Brantley*, Christopher Warren* and Justin Atwood* of Cambridge Associates (C|A).

*By means of conference telephone.

Chair Samuel Bain called the meeting to order at 8:32 a.m.

Approval of Minutes

A motion was made, seconded and voted to approve the minutes of the April 25, 2012 meeting.

Proposed List of Managers/Funds

Mr. Cate, Vice President for Finance and Administration, directed the members to the Attachment indicating the proposed list of Approved Managers/Funds pursuant to Cash Management Policy, for annual review. Mr. Cate provided a brief history of the funds and managers, and noted that the list of managers has remained constant with an addition of one new manager this fiscal year.

Recent Market Returns

Ms. Kent directed the Subcommittee members to the Market Update exhibits in the meeting materials and led the discussion surrounding the recent market performance and trends for various capital market indices. Ms. Kent reviewed calendar year-to-date equity market performance by Country and US Sector as of April 30, 2012. She noted that the 1st quarter of 2012 was a positive quarter for the S&P 500 and that it was one of the top ten strongest first quarters in the index’s history. Ms. Kent commented that while April was a flat month the calendar year-to-date equity returns remained strong through April. She noted May is proving to be a tougher month driven by the European concern and the draining off of the US stimulus. Ms. Kent noted that valuations for most risk assets are average to above average and that strong diversification and rebalancing continue to be important to the portfolio.

Mr. Brantley led the discussion regarding the Portfolio performance for the period ending March 31, 2012. UVM returned +8.0% for the quarter and outperformed the C/A preliminary endowment median return. He noted that UVM posted a +0.5% return for the trailing 1 year, lagging the C/A median by 100 basis points. Mr. Brantley commented that the US Equity Portfolio performed well across all benchmarks, and noted the contributing managers. He also commented that the Developed ex US Equity Portfolio did not do as well and reviewed the managers’ performance.

Mr. Brantley, then directed the members to the April 2012 Flash Report and noted the portfolio returned -0.3%, slightly underperforming the Target Benchmark return of -0.2%. As of April 30, 2012 the Total Assets for the Long-Term Pool stood at $341.0 million. Mr. Brantley commented that the Hedged Equity managers were positive contributors to the April performance and provided good downside protection. The return for the calendar year-to-date is +7.6%.

Private Investment Report as of December 31, 2011

Due to time constraints, this topic was deferred to the next meeting.

Executive Session

At 9:03 a.m., Chair Bain entertained a motion to enter executive session for the purpose of discussing contract negotiations. The motion was seconded and approved. All in attendance remained for executive session.

The meeting was re-opened to the public at 9:46 a.m.

Socially Responsible Investing Update

Ms. Burlingham provided an update on the Socially Responsible Investing Work Group activity during the past semester. She reported that the Work Group held several meetings to work on a restructure plan of the group in order to be in alignment with peer institutions. Ms. Burlingham noted that the restructure plan culminated in a white paper. Chair Bain requested that Ms. Burlingham forward the white paper to the other Subcommittee members for review in advance of the June meeting.

Endowment Accounting: Administrative Update

Ms. Burlingham reported on a change to the process for updating the UVM distribution list sent out to all the investment managers. She explained that UVM established a single UVM email account to which managers send correspondence. Ms. Burlingham noted this was developed by the UVM Information Technology (IT) team in response to the complications involved surrounding the removal and addition of persons to the distribution list maintained by the various managers. The next step is to create a listserve to forward the communications from managers to the Subcommittee members. She further explained that the Endowment Accountant will be managing the email account internally and will be able to readily add/remove others to/from the
listserve as the Subcommittee membership changes. Following a brief discussion, the Subcommittee directed Ms. Burlingham to have the IT team investigate the possibility of setting up a linked account which would allow for the members to have access to the reports and choose the information that they would like to obtain.

**July Meeting Planning**

Chair Bain referred the members to the draft agenda in the meeting materials.

**Other Business**

The Subcommittee members requested to have time at the June meeting for an Executive Session for the purpose of discussing Fund Managers.

**Adjournment**

There being no further business, the meeting was adjourned at 9:57 a.m.

Respectfully submitted,

Samuel Bain, Chair