A meeting of the Investment Subcommittee (ISC) of the Board of Trustees of the University of Vermont State and Agricultural College was held on Wednesday, May 27, 2015, at 3:00 p.m., in Room, 351 Waterman Building, Burlington, Vermont.

MEMBERS PRESENT: Chair Robert Brennan*, Vice Chair Don McCree* and David Daigle*

OTHER TRUSTEES PRESENT: Anne O’Brien*

PERSONS ALSO PARTICIPATING: Controller Claire Burlingham; Assistant Controller for Tax and Treasury Services Kathy Snell; Bets Kent*, LaRoy Brantley*, Justin Atwood* and Evan Fitzmaurice* of Cambridge Associates (C|A); and Robert Cioffi*, Adviser

*By means of phone.

Chair Robert Brennan called the meeting to order at 3:04 p.m.

Approval of Minutes

Chair Brennan presented the May 13, 2015 meeting minutes for approval. A motion was made, seconded and voted to approve the minutes as presented.

Chair Brennan next presented the May 11, 2015 meeting minutes for approval and requested that they be amended to reflect that Trustee David Daigle was not in attendance. A motion was made, seconded and voted to approve the minutes as amended.

Recent Market Returns

Due to the interest of time, the Subcommittee did not discuss this topic. Ms. Kent referred the Subcommittee members to the Market Update section in the meeting materials for them to review at their leisure.

Monthly Flash Report as of April 30, 2015, and Quarterly Performance Report as of March 31, 2015

Ms. Kent led off the discussion with a review of portfolio positioning. She noted that the asset classes are close to the targets with Private Equity being slightly underweight. The discussion shifted to portfolio performance for the quarter ended March 31, 2015 and month ended April 30, 2015. The portfolio returned +1.7% in the first calendar quarter of 2015, outperforming the Target Benchmark by 10 basis points. The portfolio was up +1.6% in April, bringing the calendar year-to-date to +3.4% vs. +3.7% for the Target Benchmark. She highlighted the various market sectors noting the strong performance in public Natural Resources in April, while the Emerging Markets Equity program underperformed. Calendar year-to-date, the Hedge Fund
program underperformed the HFRI Fund of Funds Index, returning +1.6% vs. +2.8%, respectively. Ms. Kent mentioned the timing of the Vanguard Energy investment was quite favorable, up +10.5% during the month of April. She commented on individual managers’ performance and referred the members to the Marketable Manager Watch List. Ms. Kent noted that C|A is closely following the managers listed, but is not recommending any changes at this time.

Executive Session

At 3:33 p.m., Chair Brennan entertained a motion to enter executive session to discuss contracts of which premature general public knowledge would clearly place the University at a substantial disadvantage. All who were in attendance remained for the discussion. The meeting was reopened to the public at 4:44 p.m.

Private Investment Report as of December 31, 2014

Ms. Kent & Mr. Brantley led a discussion surrounding the Private Investment asset class in the portfolio and directed the members to the exhibits in the meeting materials. Discussion ensued surrounding exposure to the different sectors within the Private Investment program and the recommendations by C|A to continue to commit funds so as to maintain the allocations vs. targets. Following discussion, Chair Brennan requested a motion to make a $5 million commitment to TrueBridge-Kauffman Fellows Endowment Fund IV. The motion was seconded and the Subcommittee voted unanimously to approve the commitment.

Socially Responsible Investing Update

Ms. Burlingham, Controller, reported on the Socially Responsible Investing Advisory Council (SRIAC) and provided an update on the Council’s actions. She noted that the SRIAC is drafting a recommendation to divest from holdings in the coal industry. Ms. Burlingham noted she is expecting SRIAC’s proposal to be finalized in June to present to Vice President for Finance and Treasurer Richard Cate for consideration under existing SRIAC protocols.

Other Business

Ms. Burlingham advised the members about the Board of Trustees’ early October meeting in the fall and mentioned that the Endowment Budget Policy & Endowment Administrative Fee Policy will need to be reviewed by the Subcommittee by the deadline for inclusion on the Budget, Finance and Investment Committee’s October meeting agenda. Chair Brennan requested that the aforementioned Policy resolutions be reflected as an action item on the Subcommittee’s July agenda.

Executive Session

At 4:49 p.m., Chair Brennan entertained a motion to enter executive session to discuss contracts of which premature general public knowledge would clearly place the University at a substantial
disadvantage. C|A exited the meeting and others present remained for the discussion. The meeting was reopened to the public at 4:52 p.m.

Adjournment

There being no further business, Chair Brennan adjourned the meeting at 4:52 p.m.

Respectfully submitted,

Robert Brennan, Chair