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, September 23, 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*

PERSONS ALSO PARTICIPATING: Controller Claire Burlingham; Bets Kent*, Ali Dorf*, LaRoy Brantley*, and Evan Fitzmaurice* of Cambridge Associates (C|A); Sam Bain* and Robert Cioffi*, Advisers

*By means of phone.

Chair Robert Brennan called the meeting to order at 3:03 p.m.

Approval of Minutes

Chair Brennan presented the July 22, 2015 meeting minutes for approval. A motion was made, seconded and voted to approve the minutes as presented.

Funds Manager

At 3:05 p.m., Chair Brennan entertained a motion to enter executive session to discuss contracts of which premature public knowledge would clearly place the University at a substantial disadvantage. All who were in attendance, as well as invited guests Sam Bain and Robert Cioffi, remained for the discussion. At 4:15 p.m., the meeting was reopened to the public.

At 4:11 p.m. Trustee Daigle departed from the meeting.

Recent Market Returns

Chair Brennan recommended that in the interest of time, the members review the recent market returns exhibits in the meeting materials at their leisure.

Monthly Flash Reports as of July 31, 2015 and August 31, 2015 and Quarterly Performance Report as of June 30, 2015

Ms. Dorf next led discussion surrounding the portfolio performance for the months of July and August 2015. The portfolio returned -3.7% for the month of August, with assets totaling $433.3 million as of month end, while returns for calendar year-to-date are -2.0%. Ms. Dorf noted the returns are right in line with Cambridge’s other client portfolios. She commented on the individual strong performing managers as well as the detractors. Ms. Dorf directed the members
to the asset allocation tables while noting the recommendations for rebalancing the portfolio. The ISC members decided to continue discussion on rebalancing at the November meeting. Chair Brennan requested that UVM include the June 30, 2015 Quarterly and Fiscal Year investment report, as well as the exhibit on the long-term growth of the endowment, in the meeting materials for the October 2, 2015 Budget, Finance and Investment Committee meeting. Cambridge will assist in providing additional information to include in the report.

Chair Brennan then directed the members to a new exhibit in the meeting materials displaying the Calendar Year to Date Performance Attribution. Mr. Brantley described the components which contribute to a portfolio’s out- or under-performance vs. the policy benchmark which are measured by the asset allocation, manager structure and active management.

**Follow-up from July 22, 2015 Meeting**

Mr. Fitzmaurice led the discussion surrounding the open items from the July meeting, and directed the members to the exhibits in the meeting materials displaying the long-term growth of the endowment pool. A separate exhibit displays the cash flow of the pool in relation to inflows and outflows. He explained that the University of Vermont has a unique position in that inflows have more than offset the outflows in many of the individual years. Overall, the charts indicate a very impressive set of growth circumstances in the combination of investment and cash flow data with the UVM endowment exhibiting a 6.9% historical growth.

Ms. Dorf next followed up on the Real Asset discussions from the July meeting. She noted that C|A reviewed this asset class for considerations on rebalancing from open-end funds to any new lock-up funds. Ms. Dorf recommended postponing any rebalancing until the C|A team can do a more thorough review of the overall Real Assets program for the November meeting. She mentioned that the team is reviewing natural resource equities, commodities and master limited partnerships in their study.

**Emerging Markets Discussion**

Chair Brennan led the discussion surrounding the Emerging Market sector of the portfolio and the significant attributes of the program in the portfolio. The ISC members reviewed the exhibits in the meeting materials provided by C|A and noted the current and prospective managers in the Emerging Market Program. The members will review the program in greater detail at the November meeting prior to rebalancing. Chair Brennan requested that subscription documents for a prospective manager be sent for external review in preparation for the November meeting discussion surrounding any new commitments.

**Adjournment**

There being no further business, Chair Brennan adjourned the meeting at 4:45 p.m.

Respectfully submitted,

Robert Brennan, Chair