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 State and Agricultural College was held on Thursday, February 23, 2017, at 8:00 a.m., at Cambridge Associates, 125 High Street, Boston, Massachusetts.

MEMBERS PRESENT: Vice Chair Don McCree, David Daigle and David Aronoff

MEMBERS ABSENT: Chair Robert Brennan

PERSONS ALSO PARTICIPATING: Richard Cate, Vice President for Finance and Treasurer; LaRoy Brantley, Evan Fitzmaurice and Haley Brown of Cambridge Associates (C|A)

Vice Chair Don McCree called the meeting to order at 8:00 a.m.

Meeting Minutes

Vice Chair McCree presented the minutes of the December 19, 2016 meeting for approval. A motion was made, seconded and the minutes were approved unanimously.

Market Update and Outlook, Current Asset Allocation, and Calendar 2016 Performance Review

Mr. Brantley led a discussion on recent Market Returns through January 31, 2017. He directed the members to the exhibits in the meeting materials displaying global market performance by asset class, particularly noting the recent impact of currency with specific regard to Europe, Japan, and emerging markets. Mr. Brantley also discussed expectations for future Fed rate hikes as well as C|A’s current views on asset class valuations.

Mr. Brantley then referred the Subcommittee members to the Calendar Year 2016 performance report by asset class, noting UVM’s Long-Term Pool returned +0.2% for the quarter ending December 31, 2016 and +6.5% for the trailing year, underperforming the Target Benchmark by -30 basis points, but performing in line with the C|A Endowment median for the year. Over the 5- and 10-year time periods, UVM outperformed the C|A Endowment median by +60 basis points and +40 basis points, respectively. For the month of January, UVM’s Long-Term Pool returned +2.2%.

Executive Session

At 8:27 a.m., Vice Chair McCree entertained a motion to enter executive session to discuss contracts, premature public knowledge of which would place the public body at a substantial disadvantage, and records exempt from the access to public records act provisions. He noted that action is anticipated following. The motion was made, seconded and approved. All meeting
participants were invited to remain for the discussion. The meeting was re-opened to the public at 1:41 p.m.

**Review of Asset Allocation Targets**

Vice Chair McCree entertained a motion to leave the policy benchmark weights unchanged.

The motion was made, seconded and passed unanimously.

**Portfolio Rebalancing**

Vice Chair McCree entertained a motion to approve the following proposed transactions:

I. $4.0mm partial redemption from Standard Life GARS
II. Full redemption (~$8.5mm) from Och-Ziff
III. $9.0mm new investment in Highfields
IV. Additional investment in Vanguard Short Term Bond Index Fund funded by the balance of cash proceeds from the redemptions and new investment outlined above (~$3.5mm)

The motion was made, seconded and passed unanimously.

**Adjournment**

There being no further business, the meeting was adjourned at 1:45 p.m.

Respectfully submitted,

Don McCree, Vice Chair (on behalf of Chair Robert Brennan)