

**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 Wednesday, June 20, 2018, at 3:00 p.m., in Room, 351 Waterman Building, Burlington, Vermont.

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

MEMBERS ABSENT: None

PERSONS ALSO PARTICIPATING: Controller Claire Burlingham; Assistant Controller Lindsey Donovan; Senior Staff Accountant Patty Dubie; Endowment Accountant Marie Tiemann; Deputy General Counsel John Collins\*; Cambridge Associates (CA) Alexandra Dorf, Kathryn Stephansky, Evan Fitzmaurice and Alex Kramer

\*Joined via conference call.

\*\*Departed the meeting at 4:37 p.m.

Chair Robert Brennan called the meeting to order at 3:02 p.m.

### **Meeting Minutes**

Chair Brennan presented the minutes of the May 23, 2018 meeting for approval. A motion was made, seconded, and it was voted to approve the minutes as presented.

### **Resolution Approving the Establishment of the Investment Policy and Objectives for the Planned Giving Program**

Ms. Burlingham directed the members to Attachment 2 of the meeting materials for the consideration of the Resolution Approving the Establishment of the Investment Policy and Objectives for the Planned Giving Program.

Chair Brennan requested that the resolution be revised to include the following: (1) the source of the construction of the policy, (2) a statement that management will periodically review the portfolios to ensure that they are in compliance with the policies, and (3) a statement that the Investment Subcommittee will periodically review the asset allocation, as well as targets and ranges, of the portfolios. Following review and discussion, the Subcommittee decided to continue its review of the policy at the July ISC meeting.

### **Recent Market Returns and Total Portfolio Performance Review**

Ms. Dorf led a discussion on recent Market Returns through April 30, 2018, directing the members to exhibits in the meeting materials displaying global market performance by asset class. She noted that while the US equity sector had remained relatively flat for the calendar

year-to-date, Japanese equities, commodities, and natural resource equities had positive returns. Ms. Dorf next directed the members to the exhibits highlighting the disparity of performance across global equity sectors. Ms. Dorf next directed the ISC to the exhibit displaying equity valuations and noted that equity valuations have improved in 2018 but continue to favor non-US equities. Finally, Ms. Dorf referred to the Cambridge Associates Current Valuations Summary, which showed that non-US equities remain in the Fairly Valued category while US Equities have maintained their position in the Very Overvalued category.

Ms. Dorf then referred the Subcommittee to the Calendar Year 2018 performance report by asset class, noting UVM's Long-Term Pool was valued at slightly under \$530 million at the end of April 30, 2018. Ms. Dorf next reviewed the current asset allocation of the Portfolio and noted that the portfolio is underweight the Venture Capital/Private Equity target because of the long-term nature of reaching that target and is overweight public equities to compensate. She also highlighted that nearly 50% of the portfolio offers daily liquidity, which provides good positioning for rebalancing.

In her discussion of performance, Ms. Dorf noted that the portfolio returned 0.4% for the month of April and -0.1% for the calendar year-to-date. She further noted that while the Hedge Fund allocation detracted from performance for the year to date, public equities contributed to the positive returns. She also commented that although the US Equities had negative returns thus far in the calendar year, the Total Common Stock allocation had outperformed the MSCI All-Country World Index over the time periods shown.

Chair Brennan requested that the Subcommittee review the Hedge Fund allocation in detail at a meeting later in the calendar year.

### **Executive Session**

At 3:29 p.m., Chair Brennan entertained a motion to enter Executive Session for the purposes of discussing contracts, of which premature general public knowledge would clearly place the University at a substantial disadvantage, and records exempt from disclosure under provisions of the Public Records Act. He noted that the session was expected to last 55 minutes, with no action anticipated following. The motion was made, seconded and approved. The following persons were invited to remain: Controller Claire Burlingham; Assistant Controller Lindsey Donovan; Senior Staff Accountant Patty Dubie; Endowment Accountant Marie Tiemann; Deputy General Counsel John Collins; and Alexandra Dorf, Kathryn Stephansky, Evan Fitzmaurice and Alex Kramer of C|A.

The meeting was re-opened to the public at 4:40 p.m.

### **Adjournment**

There being no further business, the meeting was adjourned at 4:40 p.m.

Respectfully submitted,

Chair Robert Brennan