



ENDOWMENT MANAGEMENT COMMITTEE

UNIVERSITY OF HOUSTON SYSTEM

AUGUST 26, 2021



PROPRIETARY & CONFIDENTIAL



MARKET PERSPECTIVE & OUTLOOK

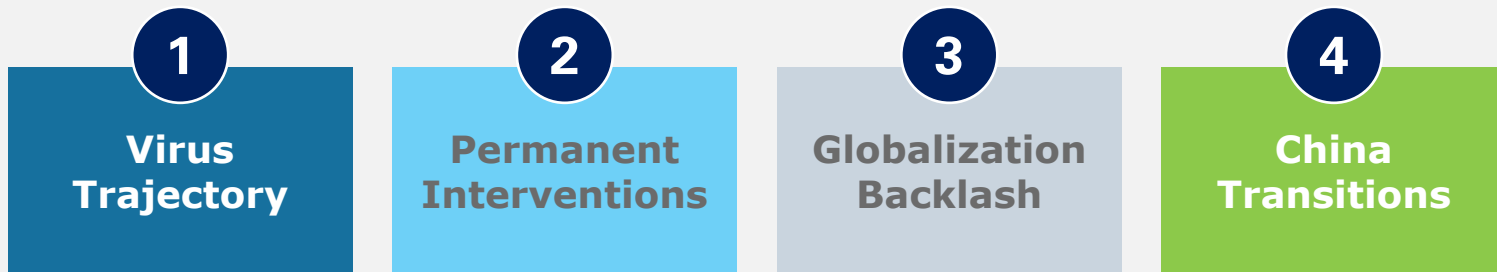


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NEPC KEY MARKET THEMES

- **Key Market Themes influence global markets and may remain relevant for an extended period with significant implications for capital markets**
- **Themes can be disrupted and incite market volatility**
- **The conclusion of a theme alters market dynamics and NEPC's outlook**

NEPC currently has four Key Market Themes:



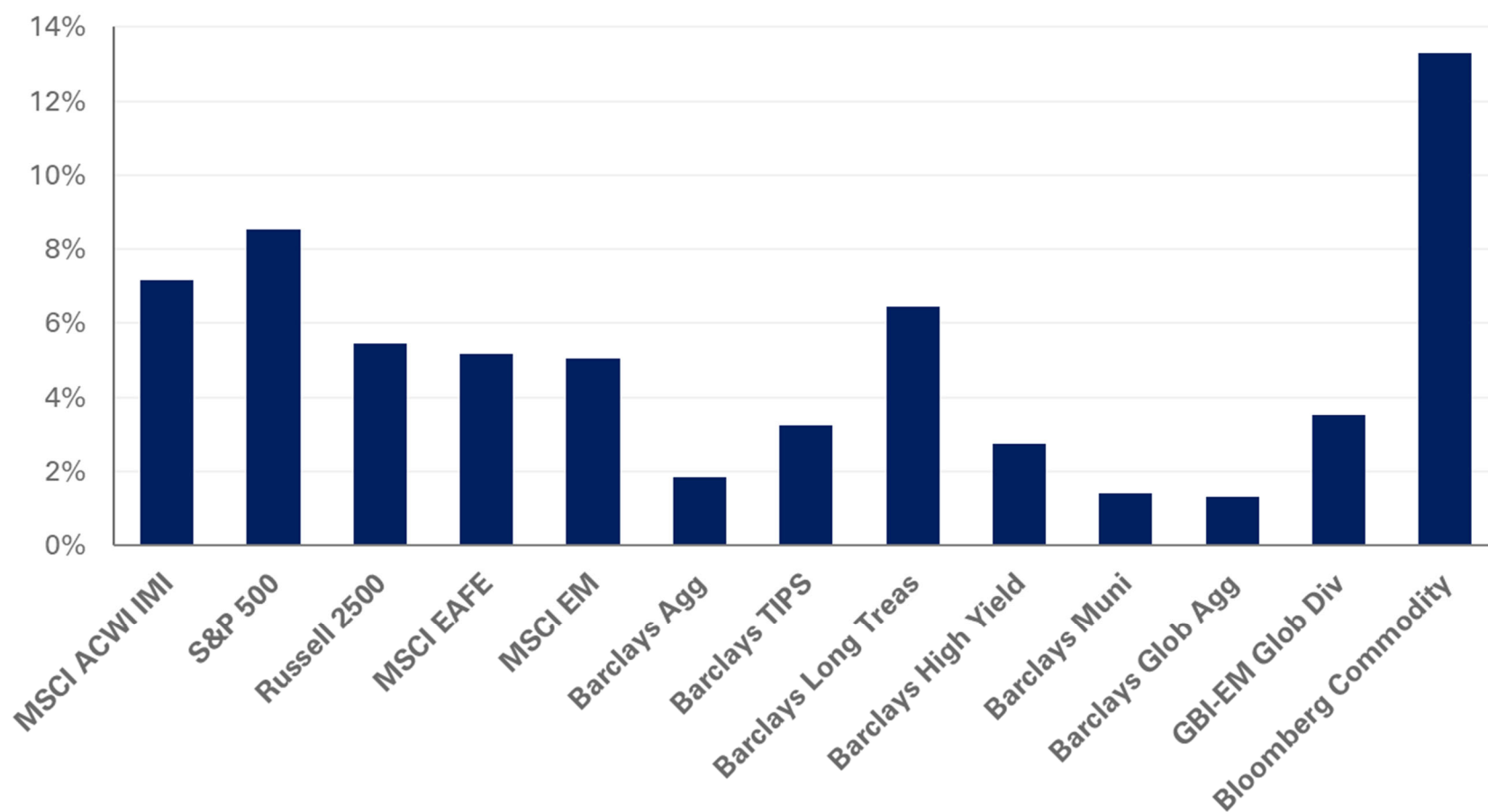
ASSESSING THE KEY MARKET THEMES

AS OF 06/30/21

Virus Trajectory Change in Status: <i>Dominant to Prevalent</i>	Dormant	Faded	Neutral	Prevalent	Dominant
	<ul style="list-style-type: none"> Market sentiment in the U.S. has improved considerably along with a significant increase in vaccination rates, but concerns remain outside the U.S. regarding access to vaccines The severity and prevalence of variants may impact the timing of a global economic recovery 				
Permanent Interventions No Change in Status	Dormant	Faded	Neutral	Prevalent	Dominant
	<ul style="list-style-type: none"> Permanent Interventions continues to be the dominant force driving global markets upward Positive trends in economic data with an improving employment outlook in developed markets have caused central banks to begin discussing tapering asset purchases 				
Globalization Backlash No Change in Status	Dormant	Faded	Neutral	Prevalent	Dominant
	<ul style="list-style-type: none"> The importance of this theme may increase as the long-term impact from the pandemic is seen The world will likely be faced with an amplified wealth divide given economic and labor market disruptions, which has historically driven more volatile political outcomes 				
China Transitions No Change in Status	Dormant	Faded	Neutral	Prevalent	Dominant
	<ul style="list-style-type: none"> U.S.-China tensions remain as the Biden administration has yet to show a willingness to ease trade and economic policy restrictions China continues to raise concerns related to storing of data and regulators announced they would tighten rules for companies seeking to list shares outside the country 				

MARKET REVIEW: Q2 2021

QUARTERLY RETURN





INVESTMENT PERFORMANCE SUMMARY: UHS ENDOWMENT FUND



PROPRIETARY & CONFIDENTIAL

University of Houston System Endowment Fund

TOTAL FUND PERFORMANCE DETAIL

Portfolio Market Value



Market Value
(\$)

UHS Endowment Fund	1,028,406,394
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1 Yr
(%)

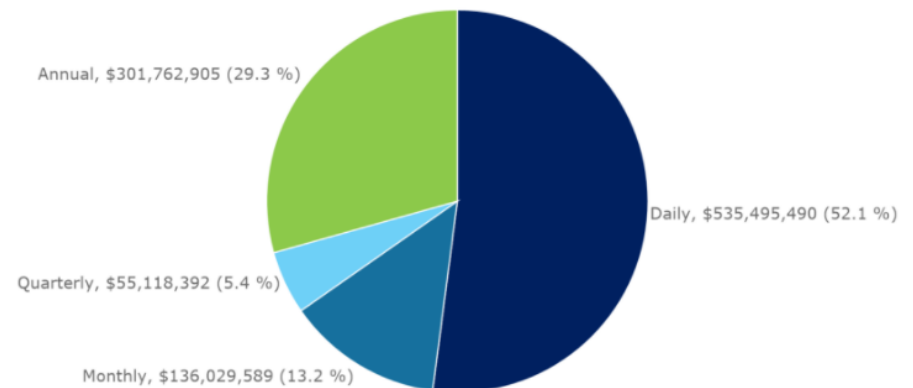
UHS Endowment Fund	34.3
Dynamic Benchmark	27.0
Public Equity	42.6
MSCI ACWI	39.3
Bonds and Cash	1.4
Dynamic Bonds and Cash Benchmark	0.0
Marketable Real Assets	39.9
Marketable Real Assets Benchmark	33.5
Hedge Funds	16.9
HFRI Fund of Funds Composite Index	18.2
Private Equity	51.7
CJA Global All PE (Qtr Lag)	52.5
Private Real Assets	16.7
Private Real Assets Benchmark	16.0

Allocation vs. Targets and Policy

	Current Allocation	Policy	Policy Range
Equities	50.5%	45.0%	35.0% - 55.0%
Bonds and Cash	11.2%	15.0%	5.0% - 20.0%
Private Equity	23.3%	25.0%	10.0% - 35.0%
Hedge Funds	6.0%	5.0%	0.0% - 10.0%
Real Assets	9.0%	10.0%	5.0% - 15.0%
Total	100.0%	100.0%	

	Fiscal YTD (%)	2020 (%)	3 Yrs (%)	5 Yrs (%)
UHS Endowment Fund	26.4	13.4	13.4	12.3
Policy Benchmark	20.5	7.7	10.6	10.3
InvMetrics All E&F > \$500mm Net Median	20.9	11.8	11.3	10.9
UH Endowment Fund Excl. Private Markets	20.9	14.0	11.3	10.7
Policy Benchmark Excl. Private Markets	18.7	12.3	10.8	10.1

Liquidity

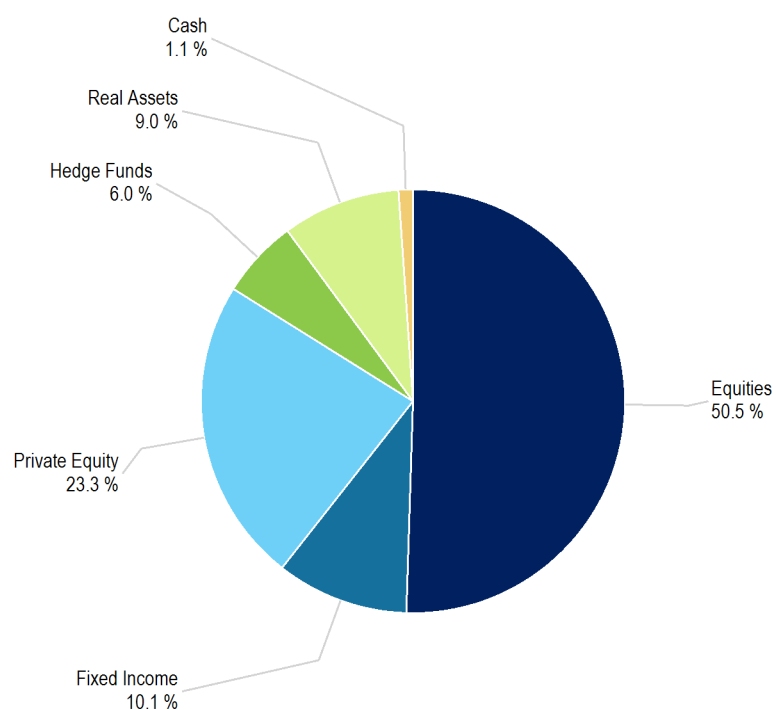


University of Houston System Endowment Fund

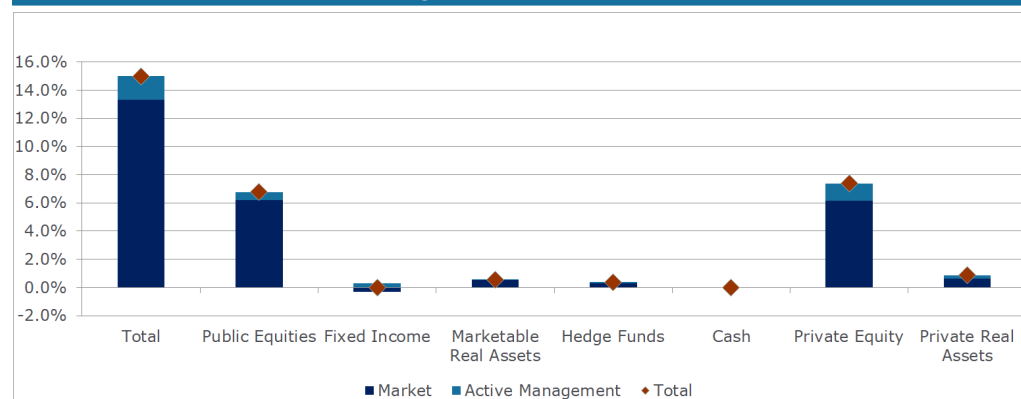
PERFORMANCE SUMMARY

	Market Value (\$)	3 Mo (%)	Rank	YTD (%)	Rank	Fiscal YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
UHS Endowment Fund	1,028,406,394	8.0	6	15.0	2	26.4	6	34.3	9	13.4	11	12.3	15	8.0	52
<i>Dynamic Benchmark</i>		<u>6.4</u>	17	<u>12.5</u>	9	<u>19.7</u>	60	<u>27.0</u>	70	<u>9.9</u>	78	<u>9.9</u>	77	<u>7.1</u>	86
Over/Under		1.6		2.5		6.7		7.3		3.5		2.4		0.9	
<i>InvMetrics All E&F > \$500mm Net Median</i>		5.3		9.1		20.9		28.6		11.3		10.9		8.0	

Current Allocation



Trailing 6-Month Attribution

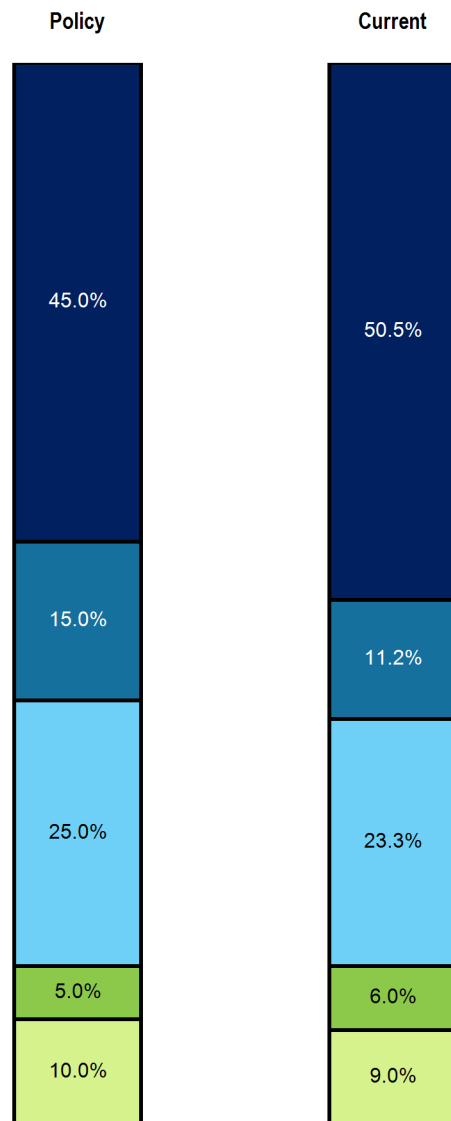


Attribution for individual asset classes is cumulative.



University of Houston System Endowment Fund

ASSET ALLOCATION VS. POLICY TARGETS



	Asset Allocation vs. Target					
	Current	Policy	Current	Difference*	Policy Range	Within Range
Equities	\$519,611,819	45.0%	50.5%	5.5%	35.0% - 55.0%	Yes
Bonds and Cash	\$115,329,400	15.0%	11.2%	-3.8%	5.0% - 20.0%	Yes
Private Equity	\$239,367,257	25.0%	23.3%	-1.7%	10.0% - 35.0%	Yes
Hedge Funds	\$61,666,408	5.0%	6.0%	1.0%	0.0% - 10.0%	Yes
Real Assets	\$92,431,510	10.0%	9.0%	-1.0%	5.0% - 15.0%	Yes
Total	\$1,028,406,394	100.0%	100.0%			

*Difference between Policy and Current Allocation

Unfunded commitments plus NAV of Private Equity/Venture Capital investments should not exceed 45% of the Endowment total market value as of the period measured. Unfunded commitments plus NAV of all Private Investments (Private Real Assets, Private Equity, and Venture Capital) should not exceed 55% of the Endowment total market value as of the period measured. If these limits are reached, they will be evaluated by the Board to determine if the limit remains appropriate. The UHS Endowment is currently in compliance with these requirements.

University of Houston System Endowment Fund

PERFORMANCE DETAIL

						Ending June 30, 2021					
	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
UHS Endowment Fund	1,028,406,394	100.0	8.0	15.0	26.4	34.3	13.4	12.3	8.0	6.3	Jan-98
Dynamic Benchmark			6.4	12.5	19.7	27.0	9.9	9.9	7.1	5.9	Jan-98
Policy Benchmark			6.9	13.3	20.5	28.2	10.6	10.3	7.3	6.2	Jan-98
Public Equity	519,611,819	50.5	9.0	13.4	27.4	42.6	14.8	15.1	10.5	6.9	Jan-98
MSCI ACWI			7.4	12.3	24.6	39.3	14.6	14.6	9.9	7.0	Jan-98
U.S. Equity	295,642,762	28.7	10.9	15.4	27.0	44.4	19.3	18.5	13.8	8.3	Jan-98
Russell 3000			8.2	15.1	27.2	44.2	18.7	17.9	14.7	8.8	Jan-98
Northern Trust Russell 3000 Index Fund - Lending	133,931,231	13.0	8.2	--	--	--	--	--	--	15.6	Feb-21
Russell 3000			8.2	15.1	27.2	44.2	18.7	17.9	14.7	15.6	Feb-21
Columbia Focused Large Cap Growth	78,030,347	7.6	14.5	11.6	25.4	47.2	25.0	23.9	16.4	17.3	May-10
Russell 1000 Growth			11.9	13.0	19.9	42.5	25.1	23.7	17.9	17.6	May-10
Vulcan Value Partners	81,819,811	8.0	12.4	20.4	33.2	50.6	19.5	18.5	--	13.7	Aug-15
Russell 1000 Value			5.2	17.0	32.7	43.7	12.4	11.9	11.6	10.4	Aug-15
Cougar Investment Fund	1,861,373	0.2	5.1	13.9	26.9	40.9	14.3	14.2	10.8	8.6	Jun-05
S&P 500			8.5	15.3	24.3	40.8	18.7	17.6	14.8	10.5	Jun-05
Non-U.S. Developed Equity	181,234,282	17.6	6.9	11.1	26.9	39.4	10.4	12.1	8.2	9.4	Apr-03
MSCI EAFE			5.2	8.8	23.0	32.3	8.3	10.3	5.9	8.4	Apr-03
William Blair International Growth	73,112,141	7.1	9.8	8.5	25.1	42.7	16.4	15.2	9.1	9.3	Oct-03
MSCI ACWI ex USA			5.5	9.2	24.6	35.7	9.4	11.1	5.4	7.6	Oct-03
Silchester International Value	75,313,844	7.3	3.9	12.9	26.4	34.1	5.5	9.2	7.4	8.7	Aug-09
MSCI EAFE			5.2	8.8	23.0	32.3	8.3	10.3	5.9	7.0	Aug-09
Global Alpha Int'l Small Cap	32,808,297	3.2	7.6	13.3	32.5	45.1	11.1	--	--	9.5	May-18
MSCI EAFE Small Cap			4.3	9.0	26.9	41.0	8.4	12.0	8.4	7.0	May-18
Emerging Markets Equity	42,734,775	4.2	5.6	9.6	31.6	44.0	6.0	7.9	3.7	6.2	Feb-10
MSCI Emerging Markets			5.0	7.4	26.5	40.9	11.3	13.0	4.3	5.9	Feb-10
Oldfield Emerging Markets	15,441,980	1.5	6.4	12.3	36.5	50.1	4.9	7.7	--	5.7	May-14
MSCI Emerging Markets			5.0	7.4	26.5	40.9	11.3	13.0	4.3	7.1	May-14
Somerset Global Emerging Markets	14,827,327	1.4	5.4	4.2	25.1	40.0	10.6	11.0	--	6.1	Jun-14
MSCI Emerging Markets			5.0	7.4	26.5	40.9	11.3	13.0	4.3	6.7	Jun-14
Edgbaston Asian Equity	12,465,468	1.2	5.0	13.4	33.9	41.6	--	--	--	2.2	Jul-19
MSCI AC Asia Pacific ex Japan			4.0	6.8	24.4	39.3	11.9	13.9	6.7	17.8	Jul-19



University of Houston System Endowment Fund

PERFORMANCE DETAIL

Ending June 30, 2021											
	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Fixed Income	104,303,290	10.1	1.2	-0.1	1.2	1.7	5.1	2.4	2.2	-0.1	Jan-21
Core Fixed Income	86,691,417	8.4	1.4	-0.4	0.7	1.2	4.9	0.5	2.2	4.0	Jan-98
<i>BBgBarc US Aggregate TR</i>			1.8	-1.6	-1.0	-0.3	5.3	3.0	3.4	4.8	Jan-98
Smith Graham Intermediate Aggregate	68,973,709	6.7	1.2	-0.5	-0.2	0.3	4.6	--	--	3.3	Feb-17
<i>BBgBarc US Int TR</i>			0.8	-0.8	-0.5	0.0	4.4	2.5	2.7	3.2	Feb-17
Loomis Sayles Investment Grade Fixed Income Fund	17,717,707	1.7	2.6	0.1	--	--	--	--	--	4.5	Oct-20
<i>BBgBarc US Govt/Credit TR</i>			2.4	-2.0	-1.2	-0.4	5.9	3.3	3.7	-1.2	Oct-20
Diversified Fixed Income	17,611,873	1.7	0.3	1.1	3.6	3.6	1.2	1.5	-0.4	3.1	Nov-20
<i>BBgBarc Global Aggregate TR</i>			1.3	-3.2	-0.4	2.6	4.2	2.3	2.1	-0.1	Nov-20
PIMCO Dynamic Bond Fund	17,611,873	1.7	0.3	1.1	--	--	--	--	--	3.6	Oct-20
<i>3-Month Libor Total Return USD</i>			0.0	0.1	0.2	0.2	1.4	1.4	0.9	0.1	Oct-20
Cash and Equivalents	11,026,110	1.1	0.0	0.0	0.0	0.1	1.3	1.1	0.6	2.0	Jan-98
<i>ICE BofA 91 Days T-Bills TR</i>			0.0	0.0	0.1	0.1	1.3	1.2	0.6	2.0	Jan-98
Cash	11,026,110	1.1	0.0	0.0	0.1	0.1	1.4	1.2	0.7	2.1	Jan-98
Marketable Real Assets	30,092,255	2.9	7.9	18.4	31.2	39.9	4.7	4.9	-0.5	5.7	Oct-03
<i>Marketable Real Assets Benchmark</i>			9.1	17.8	25.9	33.5	5.4	4.8	--	--	Oct-03
Vanguard Real Estate Index Fund	13,925,007	1.4	11.7	21.4	29.1	34.4	--	--	--	12.9	Oct-18
<i>Real Estate Index</i>			11.7	21.4	29.2	34.5	--	--	--	13.0	Oct-18
T. Rowe Price New Era Fund	16,167,248	1.6	4.9	15.9	33.2	45.0	--	--	--	2.5	Oct-18
<i>MSCI World Select Natural Resources</i>			7.9	25.2	41.3	48.1	0.7	5.5	1.0	0.7	Oct-18
Hedge Funds	61,666,408	6.0	2.1	6.5	13.0	16.9	6.7	6.2	4.6	5.2	Aug-03
<i>HFRI Fund of Funds Composite Index</i>			2.8	4.9	13.2	18.2	6.3	6.1	3.8	3.9	Aug-03
Long/Short Equity	19,110,596	1.9	2.2	11.9	20.3	31.0	10.5	9.8	6.3	6.0	Jan-05
SRS Partners	13,581,992	1.3	0.8	8.0	13.9	25.5	8.3	10.4	--	7.4	Jun-14
Lakewood Capital Offshore	5,528,605	0.5	5.9	22.8	39.6	46.8	--	--	--	8.4	Oct-18
Diversifiers	41,933,671	4.1	2.1	4.3	10.3	12.3	5.0	3.9	3.6	4.8	Aug-03
Davidson Kempner	17,816,320	1.7	3.2	7.1	13.5	17.8	7.3	6.9	5.8	7.0	Aug-03
HBK Offshore	17,625,738	1.7	1.6	4.0	8.9	10.9	5.3	5.3	4.8	5.0	Mar-11
Standard Life GARs	6,491,613	0.6	0.4	-1.7	1.4	5.9	4.0	2.7	--	1.4	Aug-15
Manager Holdbacks	622,141	0.1	-0.6	0.5	-0.2	-0.5	-1.9	-0.1	--	-7.6	Jul-12



University of Houston System Endowment Fund

PERFORMANCE DETAIL

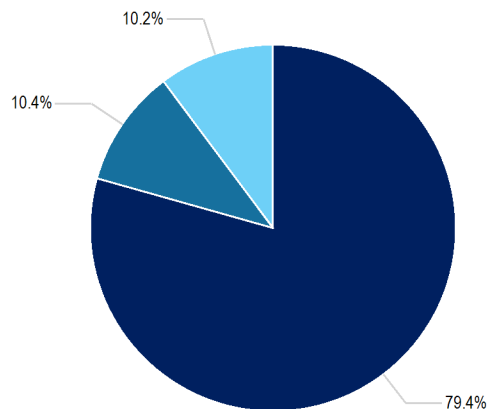
	Ending June 30, 2021										
	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Private Markets	301,706,512	29.3	10.4	27.7	43.3	43.3	20.5	18.3	13.9	27.7	Jan-21
Private Equity	239,367,257	23.3	11.5	31.7	51.7	51.7	27.8	23.4	17.4	13.4	Jan-98
CJA Global All PE (Qtr Lag)			9.6	26.5	52.5	52.5	19.2	17.6	14.0	--	Jan-98
Private Real Assets	62,339,255	6.1	6.1	14.2	16.7	16.7	2.7	5.8	6.4	5.8	Nov-03
Private Real Assets Benchmark			4.5	10.0	16.0	16.0	3.6	6.9	7.2	9.5	Nov-03



University of Houston System Endowment Fund

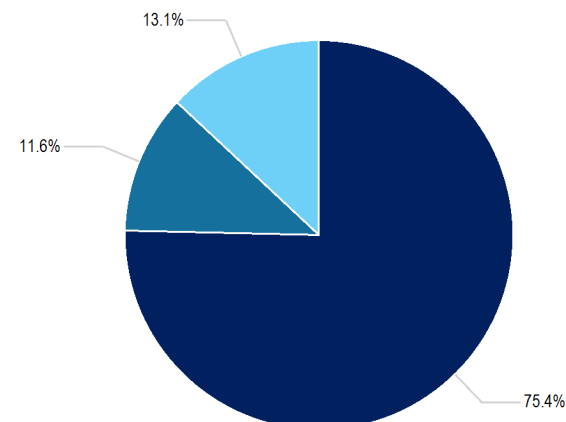
PRIVATE INVESTMENTS SUMMARY

Valuation by Asset Class



Private Equity Real Assets Real Estate

Fund Exposure by Asset Class



Private Equity Real Assets Real Estate

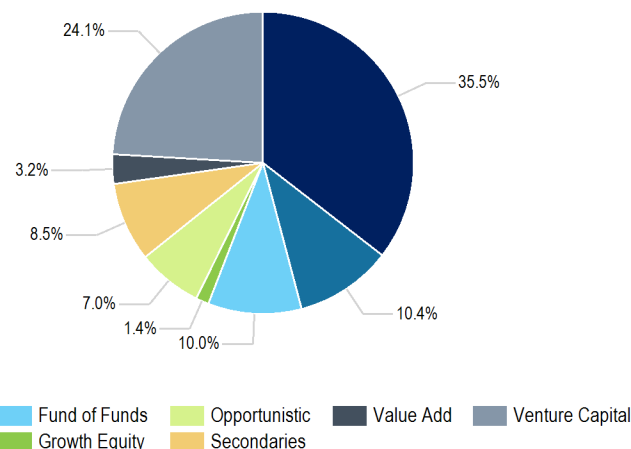
Investments \$					Trailing Period Performance (IRR)							Multiples	
Asset Class	Commitment	Cumulative Contributions	Unfunded Commitment	Valuation	(QTR)	(YTD)	(1 YR)	(3 YRS)	(5 YRS)	(10 YRS)	SI IRR	DPI	TVPI
Total Private Equity	\$263,131,535	\$160,618,035	\$102,513,500	\$233,375,542	13.11%	13.11%	70.60%	32.43%	26.73%	21.82%	20.54%	0.50	1.95
Total Real Assets	\$74,500,000	\$53,485,839	\$21,014,161	\$30,594,076	9.98%	9.98%	13.87%	-1.00%	3.79%	4.72%	6.38%	0.58	1.15
Total Real Estate	\$70,235,295	\$42,106,789	\$28,128,506	\$30,077,195	1.38%	1.38%	13.35%	10.45%	11.43%	12.40%	4.51%	0.56	1.26
Total	\$407,866,830	\$256,210,663	\$151,656,167	\$294,046,813	11.50%	11.50%	54.93%	24.38%	21.29%	17.86%	13.99%	0.52	1.67



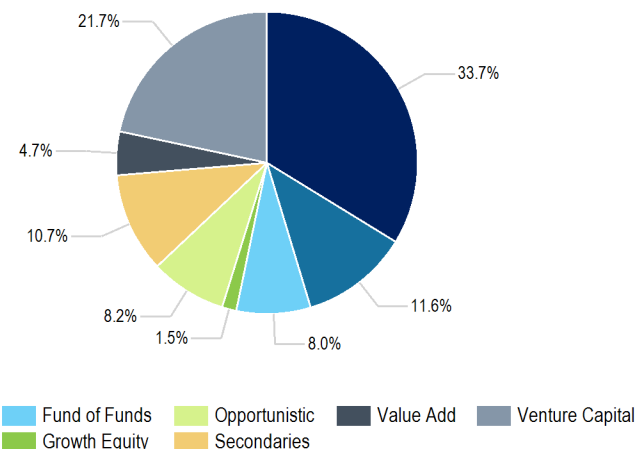
University of Houston System Endowment Fund

PRIVATE INVESTMENTS BY STRATEGY

Private Markets Valuation by Strategy



Private Markets Fund Exposure by Strategy



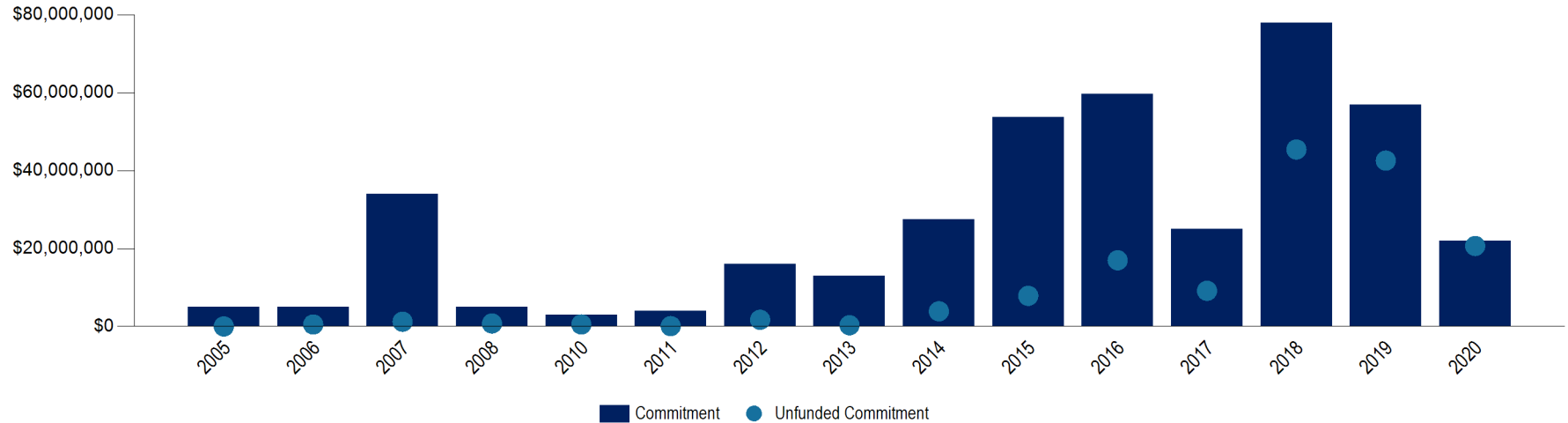
Investments	Commitments			Contributions & Distributions			Valuations				Performance		
Investment Strategy	Commitment	Unfunded Commitment	Call Ratio	Cumulative Contributions	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Fund Exposure	DPI	TVPI	IRR
Total Buyout	\$119,500,000	\$46,072,651	0.61	\$73,427,349	\$4,897	\$33,842,633	\$104,315,652	\$138,158,286	\$64,726,040	\$150,388,304	0.46	1.88	21.82%
Total Energy	\$74,500,000	\$21,014,161	0.72	\$53,485,839	-\$23,570	\$30,983,027	\$30,594,076	\$61,577,103	\$8,114,834	\$51,608,236	0.58	1.15	6.38%
Total Fund of Funds	\$32,000,000	\$5,982,643	0.81	\$26,017,357	\$0	\$27,710,646	\$29,480,680	\$57,191,326	\$31,173,969	\$35,463,323	1.07	2.20	12.12%
Total Growth Equity	\$5,000,000	\$2,766,399	0.45	\$2,233,601	\$0	\$0	\$4,093,843	\$4,093,843	\$1,860,242	\$6,860,242	0.00	1.83	53.95%
Total Opportunistic	\$34,000,000	\$15,930,904	0.53	\$18,069,096	\$817,613	\$4,888,221	\$20,525,932	\$25,414,153	\$6,527,444	\$36,456,836	0.26	1.35	13.83%
Total Secondaries	\$46,500,000	\$22,695,257	0.51	\$23,804,743	-\$3,177	\$13,825,066	\$24,923,237	\$38,748,303	\$14,946,737	\$47,618,494	0.58	1.63	24.46%
Total Value Add	\$28,235,295	\$11,497,459	0.59	\$16,737,836	\$105,763	\$10,241,689	\$9,283,636	\$19,525,325	\$2,681,726	\$20,781,095	0.61	1.16	2.27%
Total Venture Capital	\$68,131,535	\$25,696,693	0.62	\$42,434,842	-\$6,091	\$13,052,840	\$70,829,757	\$83,882,597	\$41,453,845	\$96,526,450	0.31	1.98	21.96%
Total	\$407,866,830	\$151,656,167	0.63	\$256,210,663	\$895,435	\$134,544,121	\$294,046,813	\$428,590,934	\$171,484,836	\$445,702,980	0.52	1.67	13.99%



University of Houston System Endowment Fund

PRIVATE INVESTMENTS BY VINTAGE YEAR

Commitments By Vintage Year



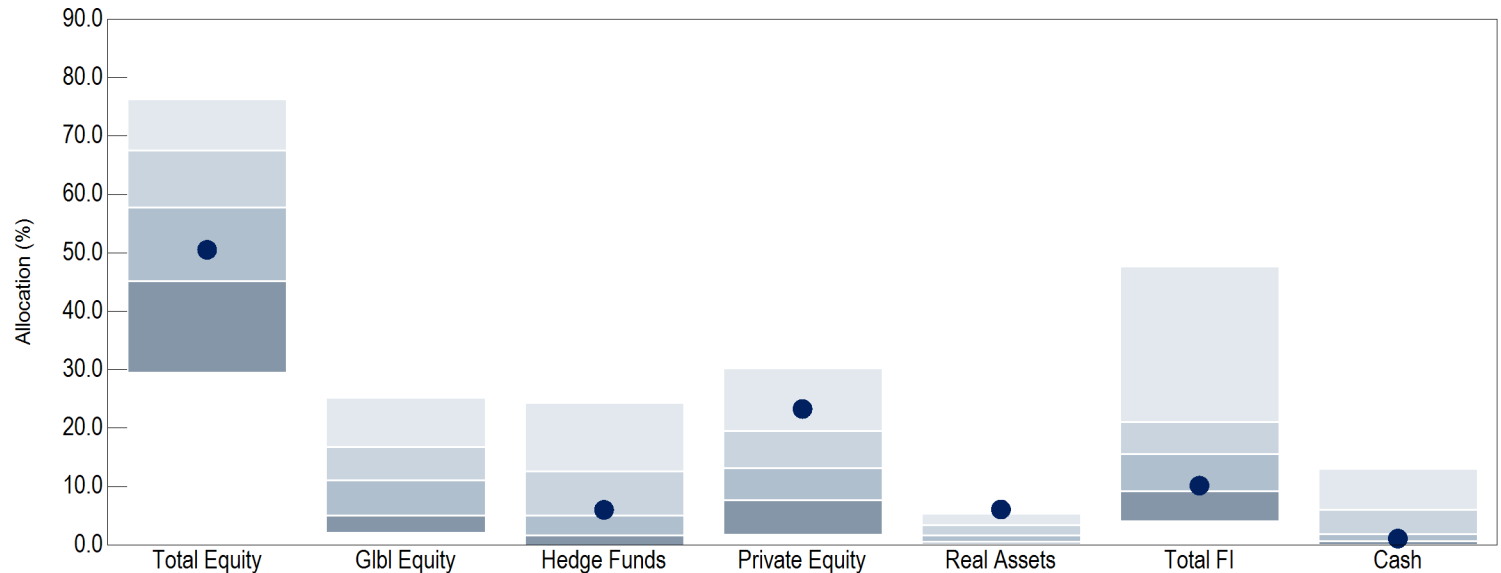
Investments	Commitments			Contributions & Distributions			Valuations			Performance		
Vintage Year	Commitment	Unfunded Commitment	Call Ratio	Cumulative Contributions	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	DPI	TVPI	IRR
Total 2005	\$5,000,000	\$0	1.00	\$5,000,000	\$0	\$3,014,108	\$1,918,056	\$4,932,164	-\$67,836	0.60	0.99	-0.11%
Total 2006	\$5,000,000	\$505,553	0.90	\$4,494,447	\$0	\$4,517,219	\$52,145	\$4,569,364	\$74,917	1.01	1.02	0.21%
Total 2007	\$33,985,295	\$1,207,716	0.96	\$32,777,579	\$0	\$45,803,818	\$6,664,518	\$52,468,336	\$19,690,757	1.40	1.60	10.24%
Total 2008	\$5,000,000	\$755,000	0.85	\$4,245,000	\$0	\$5,965,837	\$2,475,765	\$8,441,602	\$4,196,602	1.41	1.99	10.59%
Total 2010	\$3,000,000	\$510,000	0.83	\$2,490,000	\$0	\$3,608,881	\$9,535,258	\$13,144,139	\$10,654,139	1.45	5.28	23.37%
Total 2011	\$4,000,000	\$88,560	0.98	\$3,911,440	\$0	\$3,889,331	\$4,151,768	\$8,041,099	\$4,129,659	0.99	2.06	14.38%
Total 2012	\$16,000,000	\$1,706,677	0.89	\$14,293,323	\$0	\$16,609,661	\$12,271,606	\$28,881,267	\$14,587,944	1.16	2.02	20.08%
Total 2013	\$13,000,000	\$299,739	0.98	\$12,700,261	\$0	\$9,905,442	\$18,162,441	\$28,067,883	\$15,367,622	0.78	2.21	18.31%
Total 2014	\$27,500,000	\$3,888,443	0.86	\$23,611,557	\$3,964	\$12,224,360	\$28,210,932	\$40,435,292	\$16,819,770	0.52	1.71	18.25%
Total 2015	\$53,750,000	\$7,854,926	0.85	\$45,895,074	\$490,481	\$20,373,921	\$59,708,517	\$80,082,438	\$33,696,884	0.44	1.73	19.19%
Total 2016	\$59,631,535	\$16,988,993	0.72	\$42,642,542	\$143,894	\$6,258,035	\$59,551,076	\$65,809,111	\$23,022,675	0.15	1.54	21.81%
Total 2017	\$25,000,000	\$9,159,549	0.63	\$15,840,451	-\$6,091	\$96,485	\$24,664,480	\$24,760,964	\$8,926,604	0.01	1.56	33.11%
Total 2018	\$78,000,000	\$45,440,364	0.42	\$32,559,636	\$161,218	\$1,767,935	\$45,407,502	\$47,175,437	\$14,454,583	0.05	1.44	40.18%
Total 2019	\$57,000,000	\$42,588,906	0.25	\$14,411,094	\$101,969	\$509,088	\$19,851,419	\$20,360,508	\$5,847,445	0.04	1.40	54.48%
Total 2020	\$22,000,000	\$20,661,741	0.06	\$1,338,259	\$0	\$0	\$1,421,329	\$1,421,329	\$83,070	0.00	1.06	20.53%
Total	\$407,866,830	\$151,656,167	0.63	\$256,210,663	\$895,435	\$134,544,121	\$294,046,813	\$428,590,934	\$171,484,836	0.52	1.67	13.99%



University of Houston System Endowment Fund

ASSET ALLOCATION VS. PEERS

Total Plan Allocation vs. InvMetrics All E&F > \$500mm Net
As of June 30, 2021



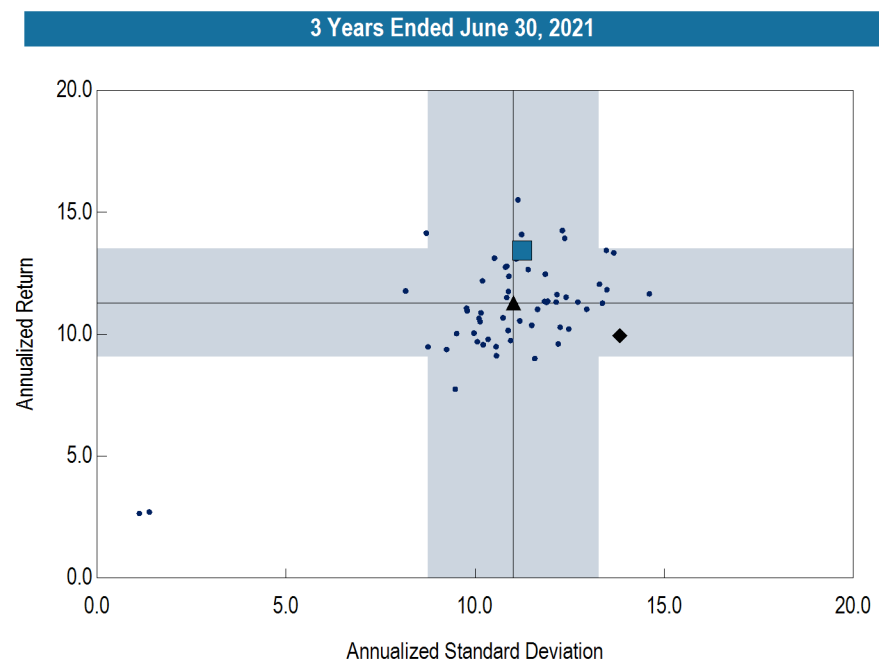
	Allocation (Rank)													
5th Percentile	76.3		25.2		24.3		30.3		5.4		47.7		13.0	
25th Percentile	67.6		16.9		12.7		19.6		3.4		21.1		6.1	
Median	57.9		11.2		5.2		13.3		1.7		15.7		2.0	
75th Percentile	45.3		5.1		1.7		7.8		0.6		9.3		0.7	
95th Percentile	29.6		2.1		0.0		1.8		0.2		4.1		0.0	
# of Portfolios	42		20		25		38		18		42		43	
● UHS Endowment Fund	50.5	(63)	--	--	6.0	(41)	23.3	(15)	6.1	(3)	10.1	(71)	1.1	(65)

*Real Assets reflect only Private Real Assets investments.

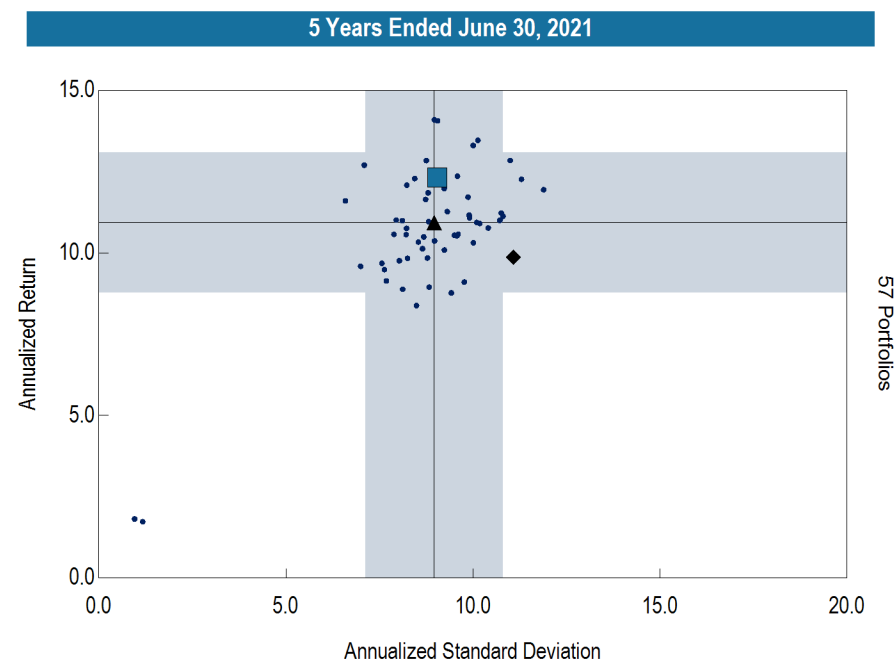


University of Houston System Endowment Fund

RISK/RETURN VS. PEERS



- UHS Endowment Fund
- ◆ Dynamic Benchmark
- ▲ Universe Median
- 68% Confidence Interval
- InvMetrics All E&F > \$500mm Net



- UHS Endowment Fund
- ◆ Dynamic Benchmark
- ▲ Universe Median
- 68% Confidence Interval
- InvMetrics All E&F > \$500mm Net

3 Years Ended June 30, 2021								
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
UHS Endowment Fund	13.4%	11	11.2%	59	1.1	12	1.3	18
Dynamic Benchmark	9.9%	78	13.8%	99	0.6	99	0.8	99

5 Years Ended June 30, 2021								
	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
UHS Endowment Fund	12.3%	15	9.0%	57	1.2	16	1.3	25
Dynamic Benchmark	9.9%	77	11.1%	97	0.8	97	0.9	99



UHS ENDOWMENT CASH FLOWS BY CATEGORY

Period	Beginning Market Value (in millions)	Net Cash Flows (in millions)	Net Investment Change (in millions)	Management Fees (in millions)	Ending Market Value (in millions)
2012	\$486,853	\$10,962	\$61,391	-\$3,798	\$555,408
2013	\$555,408	-\$42,572	\$76,384	-\$3,885	\$585,336
2014	\$585,336	\$9,127	\$20,615	-\$4,495	\$610,582
2015	\$610,582	-\$24,614	-\$12,203	-\$3,678	\$570,086
2016	\$570,086	-\$16,937	\$32,186	-\$4,666	\$580,670
2017	\$580,670	\$7,757	\$95,836	-\$5,011	\$679,252
2018	\$679,252	\$26,657	-\$17,775	-\$4,834	\$683,300
2019	\$683,300	\$17,003	\$120,690	-\$6,372	\$814,623
2020	\$814,624	-\$37,486	\$121,586	-\$6,854	\$891,870
YTD 2021	\$891,870	\$8,208	\$137,842	-\$4,757	\$1,028,406

Net cash flows include transfers in and out of the plan, including but not limited to gifts, annual payouts, and non-management fees such as custodial fees, consulting fees, and performance fees.

Net investment change includes all unrealized and realized gains and losses, dividends, and interest income.

Management fees reflect all investment management fees. Private fund investment management fees reflect estimates. Management fees do not include performance-based fees for hedge funds and private investments.





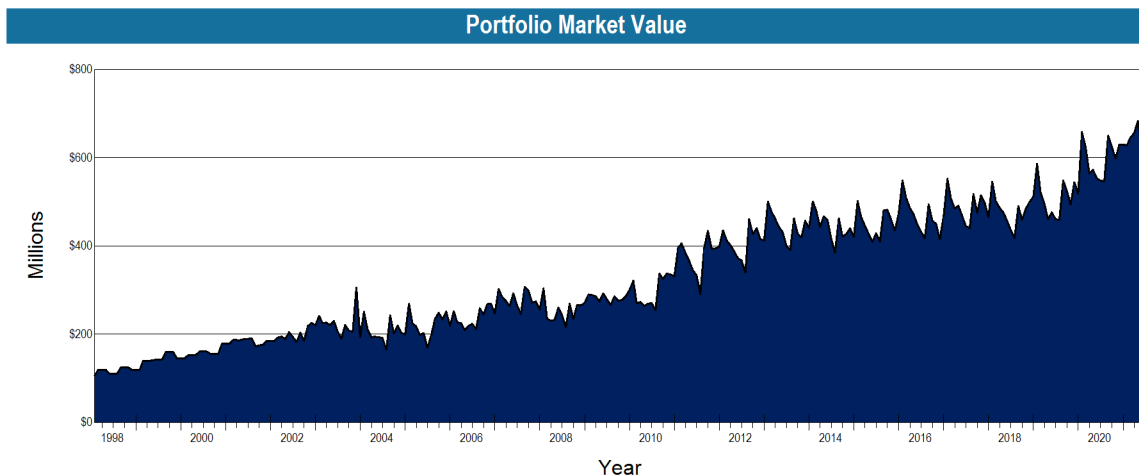
INVESTMENT PERFORMANCE SUMMARY: UHS NON-ENDOWED ASSETS



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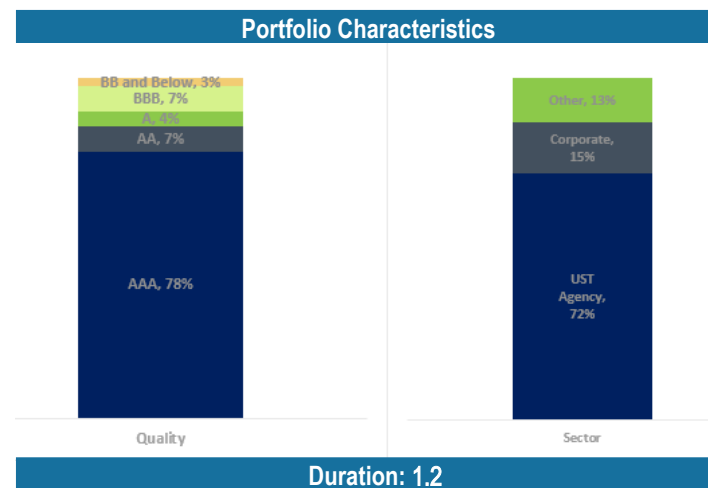
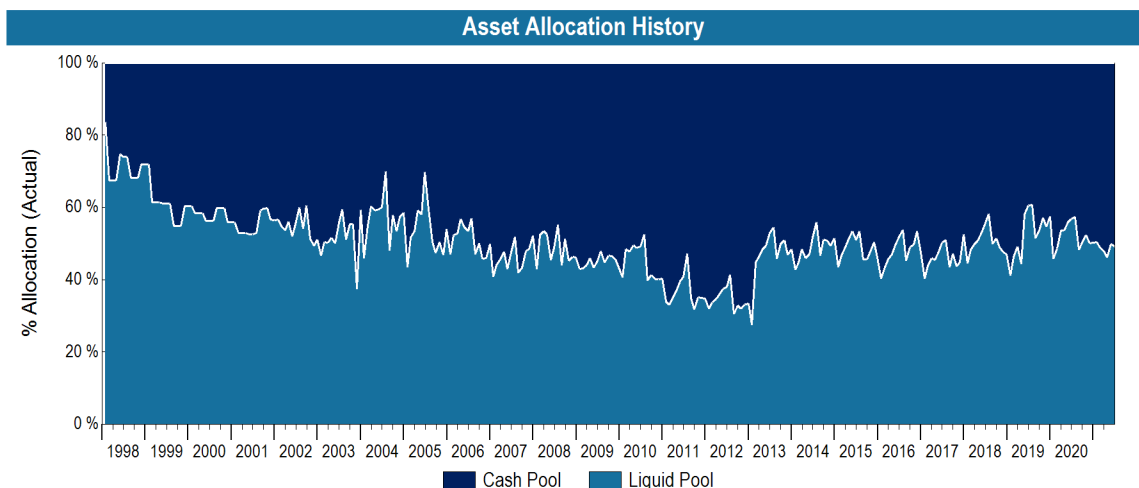
University of Houston System Non-Endowed Assets

TOTAL FUND PERFORMANCE DETAIL



	YTD	1 Yr	3 Yrs	5 Yrs
UHS Non-Endowed Assets	-0.4%	0.7%	2.7%	1.7%
<i>Dynamic Benchmark</i>	-0.3%	--	--	--
<i>Non-Endowed Policy Benchmark</i>	-0.1%	0.2%	2.5%	1.6%
Cash Pool	-0.6%	-0.5%	0.9%	0.9%
<i>ICE BofA 91 Days T-Bills TR</i>	0.0%	0.1%	1.3%	1.2%
Liquidity Pool	-0.2%	1.7%	4.2%	2.4%
<i>ICE BofA 1-5 Yrs US Corp & Govt TR</i>	-0.2%	0.6%	3.7%	2.2%

Market Value	
UHS Non-Endowed Assets	\$644,241,351

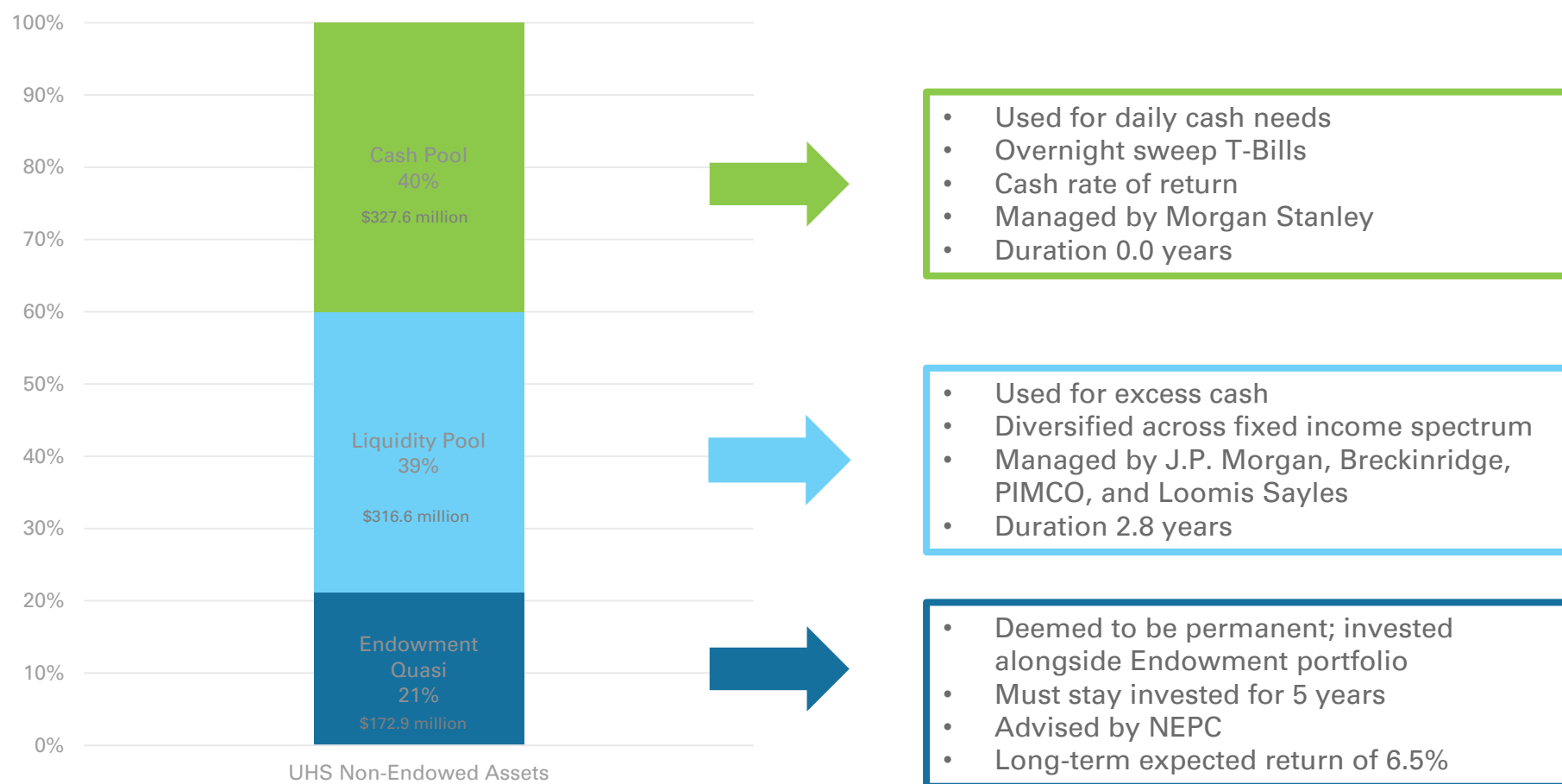


Dynamic Benchmark: Designed to match the actual composition of the portfolio, the Dynamic Benchmark evolves over time with market movements and changes to the portfolio. The Dynamic Benchmark is calculated monthly using the return for each manager's passive index multiplied by that manager's percentage weight within the portfolio at the beginning of the month. Because it evolves to match the way dollars are actually invested, the Dynamic Benchmark is a useful tool for evaluating the impact of manager performance.

Non-Endowed Policy Benchmark: The Policy Benchmark changes only infrequently. It is calculated monthly according to a formula specified in the Investment Policy Statement. For each asset class, the return for the passive benchmark for an asset class is multiplied by the target weight outlined in the Policy; the Policy Benchmark is simply the sum of these figures. The Policy Benchmark measures the return for the Policy asset allocation. Currently comprised of comprised of 50% ICE BofA AAA-A US Corp & Govt TR and 50% BofA Merrill Lynch 91-Day T-Bill.

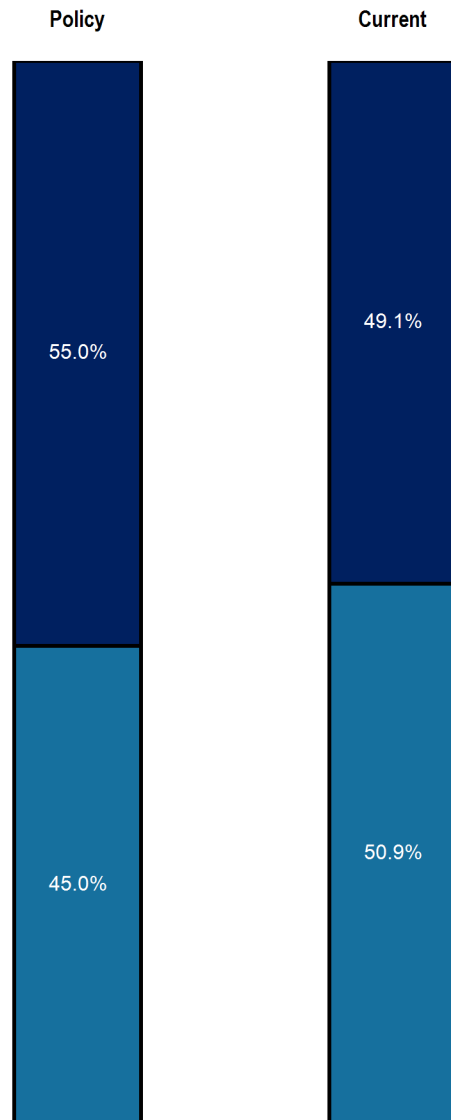


NON-ENDOWED ASSETS COMPOSITION



University of Houston System Non-Endowed Assets

ACTUAL ASSET ALLOCATION VS. POLICY TARGETS



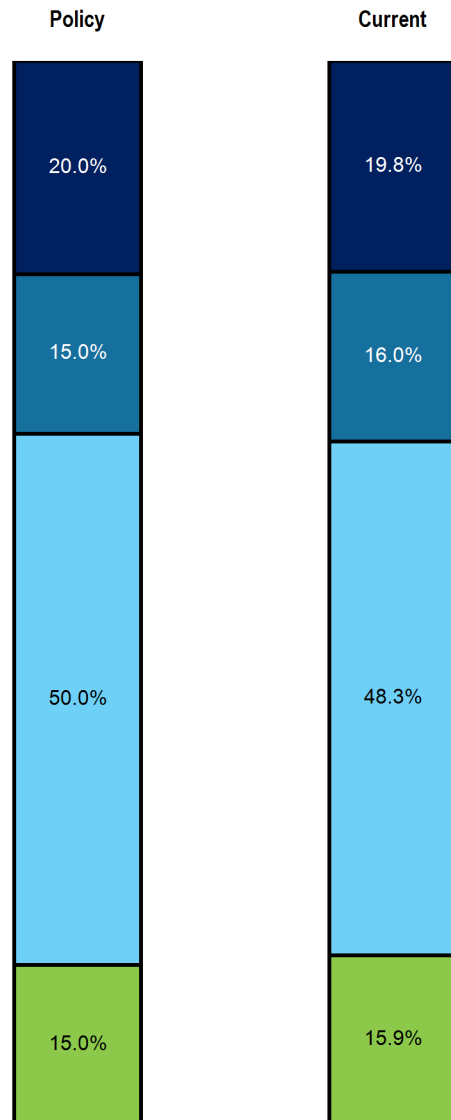
	Asset Allocation vs. Target					Within Range
	Current	Policy	Current	Difference*	Policy Range	
Fixed Income	\$316,603,756	55.0%	49.1%	-5.9%	0.0% - 70.0%	Yes
Cash	\$327,637,595	45.0%	50.9%	5.9%	30.0% - 100.0%	Yes
Total	\$644,241,351	100.0%	100.0%			

*Difference between Policy and Current Allocation

Policy narrative indicates an allocation of 50% to the Cash Pool and 50% to the Liquidity Pool. This will be corrected during the next policy review.

University of Houston System Non-Endowed Assets

FIXED INCOME ASSET ALLOCATION VS. POLICY TARGETS



Asset Allocation vs. Target						
	Current	Policy	Current	Difference*	Policy Range	Within Range
<div></div> Core Fixed Income	\$62,551,822	20.0%	19.8%	-0.2%	0.0% - 30.0%	Yes
<div></div> Core Plus	\$50,675,687	15.0%	16.0%	1.0%	0.0% - 25.0%	Yes
<div></div> Gov/Credit	\$153,016,790	50.0%	48.3%	-1.7%	40.0% - 100.0%	Yes
<div></div> Absolute Return	\$50,359,456	15.0%	15.9%	0.9%	0.0% - 25.0%	Yes
Total	\$316,603,756	100.0%	100.0%			

*Difference between Policy and Current Allocation

University of Houston System Non-Endowed Assets

PERFORMANCE SUMMARY

	Market Value (\$)	% of Portfolio	Ending June 30, 2021							
			3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
UHS Non-Endowed Assets	644,241,351	100.0	0.4	-0.4	0.7	2.7	1.7	1.2	2.8	Jan-98
Dynamic Benchmark			0.3	-0.3	--	--	--	--	--	Jan-98
Non-Endowed Policy Benchmark			0.2	-0.1	0.2	2.5	1.6	--	--	Jan-98
Cash Pool	327,637,595	50.9	0.1	-0.6	-0.5	0.9	0.9	0.5	2.0	Jan-98
ICE BofA 91 Days T-Bills TR			0.0	0.0	0.1	1.3	1.2	0.6	2.0	Jan-98
Morgan Stanley Instl. Liquid Treasuries- Clear Lake	35,144,284	5.5	0.0	0.0	0.0	-0.3	0.1	0.0	1.8	Jan-98
Morgan Stanley Instl. Liquid Treasuries- Downtown	27,916,048	4.3	0.0	0.0	0.0	-0.3	0.1	0.0	1.8	Jan-98
Morgan Stanley Instl. Liquid Treasuries- U. of Houston	227,909,307	35.4	0.0	0.0	0.0	-0.3	0.1	0.0	1.8	Jan-98
Morgan Stanley Instl. Liquid Treasuries- UofH System	19,468,391	3.0	0.0	0.0	0.0	-0.3	0.1	0.0	1.8	Jan-98
Morgan Stanley Instl. Liquid Treasuries- Victoria	4,251,101	0.7	0.0	0.0	0.0	-0.3	0.1	0.0	1.7	Jul-98
Columbia Treasury Reserves	12,948,465	2.0	1.7	-2.7	-3.5	4.3	2.4	1.3	1.0	Sep-08
Liquidity Pool	316,603,756	49.1	0.7	-0.2	1.7	4.2	2.4	2.0	3.7	Jan-98
ICE BofA 1-5 Yrs US Corp & Govt TR			0.3	-0.2	0.6	3.7	2.2	2.0	3.8	Jan-98
JP Morgan - Univ. of Houston	153,016,790	23.8	0.2	-0.2	0.0	3.4	1.9	1.7	3.6	Jan-98
ICE BofA 1-5 Yrs AAA-A US Corp & Govt TR			0.2	-0.3	0.1	3.5	2.0	1.8	3.6	Jan-98
ICE BofA 1-5 Yrs US Corp & Govt TR			0.3	-0.2	0.6	3.7	2.2	2.0	3.8	Jan-98
PIMCO Dynamic Bond Fund	50,359,456	7.8	0.3	1.1	5.7	--	--	--	4.0	May-19
3-Month Libor Total Return USD			0.0	0.1	0.2	1.4	1.4	0.9	1.0	May-19
Breckinridge Core Intermediate Government Credit Strategy	62,551,822	9.7	1.1	-0.8	0.6	--	--	--	4.8	May-19
BBgBarc US Govt/Credit Int TR			1.0	-0.9	0.2	4.7	2.6	2.8	4.4	May-19
Loomis Sayles Core Plus Full Discretion Strategy	50,675,687	7.9	2.3	-0.6	4.3	--	--	--	7.5	Jun-19
BBgBarc US Govt/Credit TR			2.4	-2.0	-0.4	5.9	3.3	3.7	5.2	Jun-19





HEDGE FUNDS

Recommendations:

- Terminate Lakewood Capital Offshore
- Terminate Standard Life GARs



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HEDGE FUNDS: REDUCE TO POLICY TARGET

To reduce Hedge Fund investments to the 5% target specified in the UHS Investment Policy Statement, NEPC recommends full redemption from Lakewood Capital Offshore and Standard Life GARs

	Market Value (\$ Millions)	% of Portfolio	Policy Target
Hedge Funds	\$61.7	6.0%	5.0%
Long/Short Equity	\$19.1	1.9%	
SRS Partners	\$13.6	1.3%	
Lakewood Capital Offshore	\$5.5	0.5%	
Diversifiers	\$41.9	4.1%	
Davidson Kempner	\$17.8	1.7%	
HBK Offshore	\$17.6	1.7%	
Standard Life GARs	\$6.5	0.6%	
Manager Holdbacks	\$0.6	0.1%	

- **Lakewood Capital and Standard Life GARs are small positions (0.5% and 0.6%); their potential impact on the portfolio is minimal**
 - Standard Life GARS is liquid; proceeds can be used to partially fund the December endowment payout for UHS spending needs
 - Lakewood Capital Offshore has quarterly liquidity; UHS had previously redeemed half of its money invested in the fund. NEPC will recommend redeployment of proceeds in advance of receipt in early 2021



PRIVATE MARKETS

Recommendations for:
Truebridge Capital Partners
Fund VII
Kelso Investment Associates
XI
Frontenac XII



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TRUEBRIDGE CAPITAL PARTNERS FUND VII

NEPC recommends a \$10.0 million commitment to Truebridge Capital Partners VII

- **TrueBridge Capital is a Venture Capital fund-of-funds with meaningful access to top-tier VC funds and a focus on Information Technology**
 - Target raise: \$625 million; anticipated deployment: 14 underlying funds
 - Return target: 20% IRR, 2.5x return multiple (TVPI)
 - Geographic focus will be US, with some non-US exposure (prior funds had 80/20 split)
- **Truebridge has demonstrated ability to generate strong returns**
 - Fund IV: 39.7% IRR, 2.9x TVPI
 - Fund V: 53.4% IRR, 1.8x TVPI
- **Commitment would continue UHS relationship with Truebridge**
 - Funds of funds approach provides diversified access to elite firms across the venture spectrum
 - UHS commitment history with TrueBridge:

Fund	Vintage Year	Commitment
TrueBridge-Kauffman Fellows Endowment Fund II	2010	\$3.0 million
TrueBridge-Kauffman Fellows Endowment Fund III	2013	\$3.0 million
TrueBridge-Kauffman Fellows Endowment Fund IV	2015	\$6.25 million
TrueBridge Capital Partners Fund V	2017	\$5.0 million
Truebridge Capital Partners Fund VI	2019	\$3.0 million



KELSO INVESTMENT ASSOCIATES XI

NEPC recommends a \$10.0 million commitment to Kelso Investment Associates XI

- **Kelso is a middle market buyout fund focused on Financial Services, Business Services, Healthcare Services, and the Consumer sector.**
 - Target raise: \$3.0 Billion; anticipated deployment: 10-15 holdings
 - Return target: 20% IRR, 2.5x return multiple (TVPI)
 - Fund will comprise direct investments with some co-investment opportunities
 - Geographic focus will be on the US and Canada
- **Performance has been stable after leadership transition in 2015**
 - Fund IX: 20.1% IRR, 1.7x TVPI
 - Fund X: 36.2% IRRs, 1.3x TVPI
- **A commitment would build on recently established relationship with successful firm**
 - UHS commitment history with Kelso:

Fund	Vintage Year	Commitment
Kelso Investment Associates X	2018	\$7.5 million



FRONTENAC XII

NEPC recommends a \$10.0 million commitment to Frontenac XII

- **Frontenac is a lower middle market buyout fund focused on family/founder-owned companies in Industrial, Consumer and Services sectors. The firm has long followed its “CEO 1st” philosophy and believes that the skill and insights of successful CEOs are key drivers of Frontenac’s success.**
 - Target raise: \$425 million; anticipated deployment: 10-12 holdings
 - Return target: 20% IRR, 2.0x return multiple (TVPI)
 - Geographic focus on North North America
- **Frontenac has generated strong returns in the most recent vintages:**
 - Fund X: 36.7% IRR, 2.5x TVPI
 - Fund XI: 43.0% IRR, 1.8x TVPI
- **Frontenac would provide valuable new exposure otherwise absent from the UHS portfolio**
 - Sector focus allows Frontenac to maintain a deep knowledge of each vertical and identify profitable opportunities to invest in small businesses
 - Operations capabilities and expertise network of successful business leaders who can run companies and provide essential guidance is critical to ability to profitably operate companies



DISCLAIMERS & DISCLOSURES

Past performance is no guarantee of future results.

Returns for pooled funds, e.g. mutual funds and collective investment trusts, are collected from third parties; they are not generally calculated by NEPC. Returns for separate accounts, with some exceptions, are calculated by NEPC. Returns are reported net of manager fees unless otherwise noted.

A “since inception” return, if reported, begins with the first full month after funding, although actual inception dates (e.g. the middle of a month) and the timing of cash flows are taken into account in Composite return calculations.

NEPC’s preferred data source is the plan’s custodian bank or record-keeper. If data cannot be obtained from one of the preferred data sources, data provided by investment managers may be used. Information on market indices and security characteristics is received from additional providers. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within. In addition, some index returns displayed in this report or used in calculation of a policy index, allocation index or other custom benchmark may be preliminary and subject to change.

All investments carry some level of risk. Diversification and other asset allocation techniques are not guaranteed to ensure profit or protect against losses.

The opinions presented herein represent the good faith views of NEPC as of the date of this presentation and are subject to change at any time. Neither fund performance nor universe rankings contained in this report should be considered a recommendation by NEPC.

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Source of private fund performance benchmark data: Cambridge Associates, via Refinitiv





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