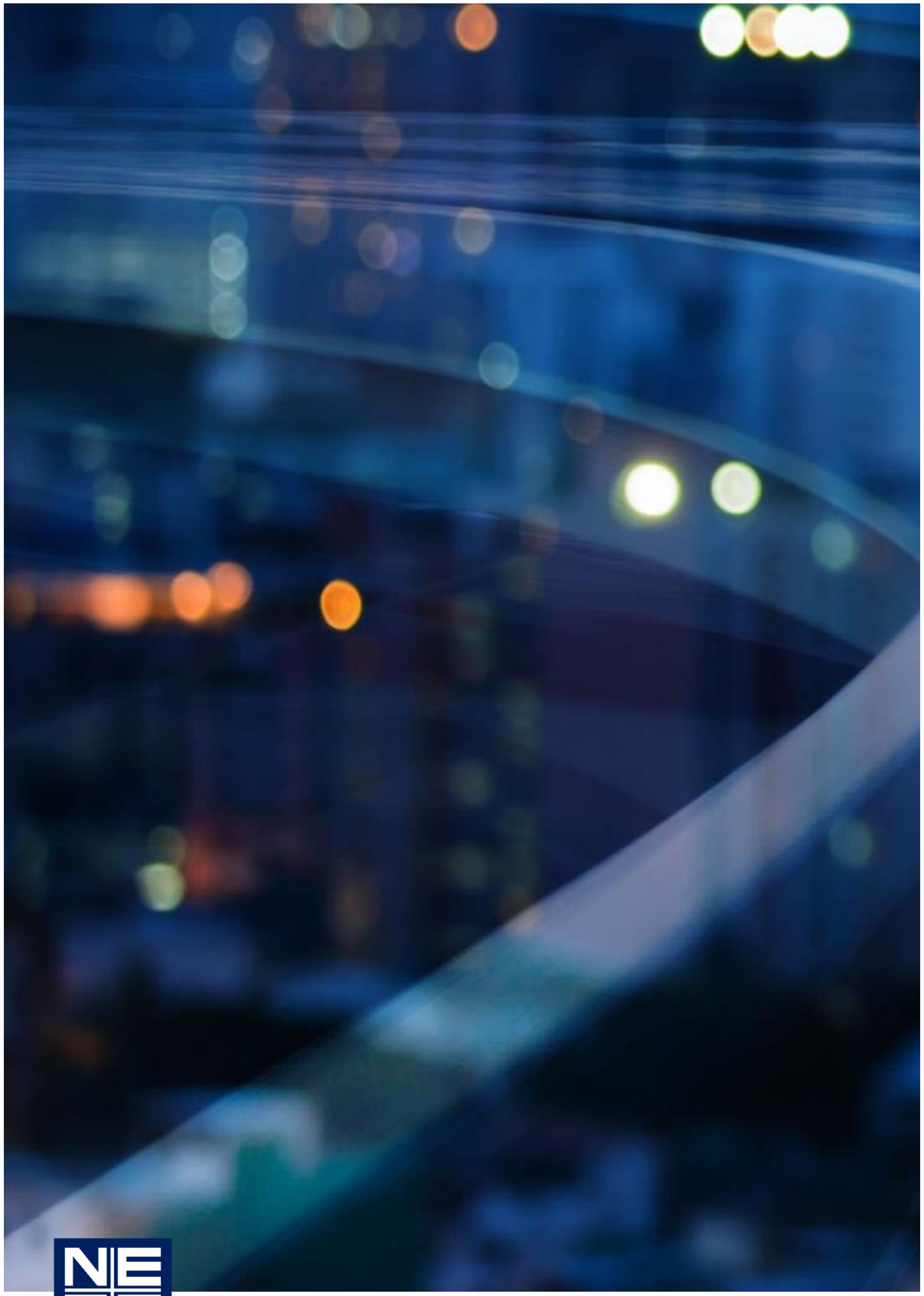
ENDOWMENT MANAGEMENT COMMITTEE

UNIVERSITY OF HOUSTON SYSTEM

MAY 20, 2021



INVESTMENT STRATEGY DISCUSSION

EXECUTIVE SUMMARY

- **Ultimate goal of this work: set the stage for investment success by identifying a long-term blueprint for the University of Houston System**

- **We solicited input from the UHS Endowment Management Committee and Staff to identify potential roadblocks to success**

- **NEPC's Total Enterprise Management (TEM) analysis highlights links between investments and operations for the University**
  - Illustrates the consequences of investment decisions
  - Explores risks and opportunities

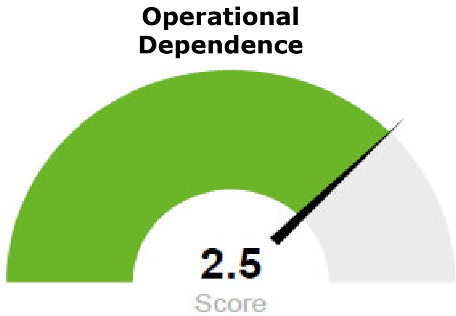
- **Result: A clear recommendation by NEPC of strategic changes to the UHS Endowment portfolio**

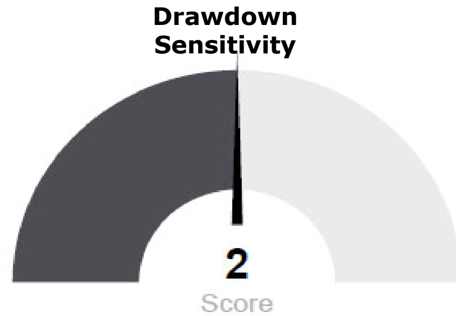
- **Action: We believe these changes will position UHS for continued success; we seek buy-in for this approach and approval of changes**

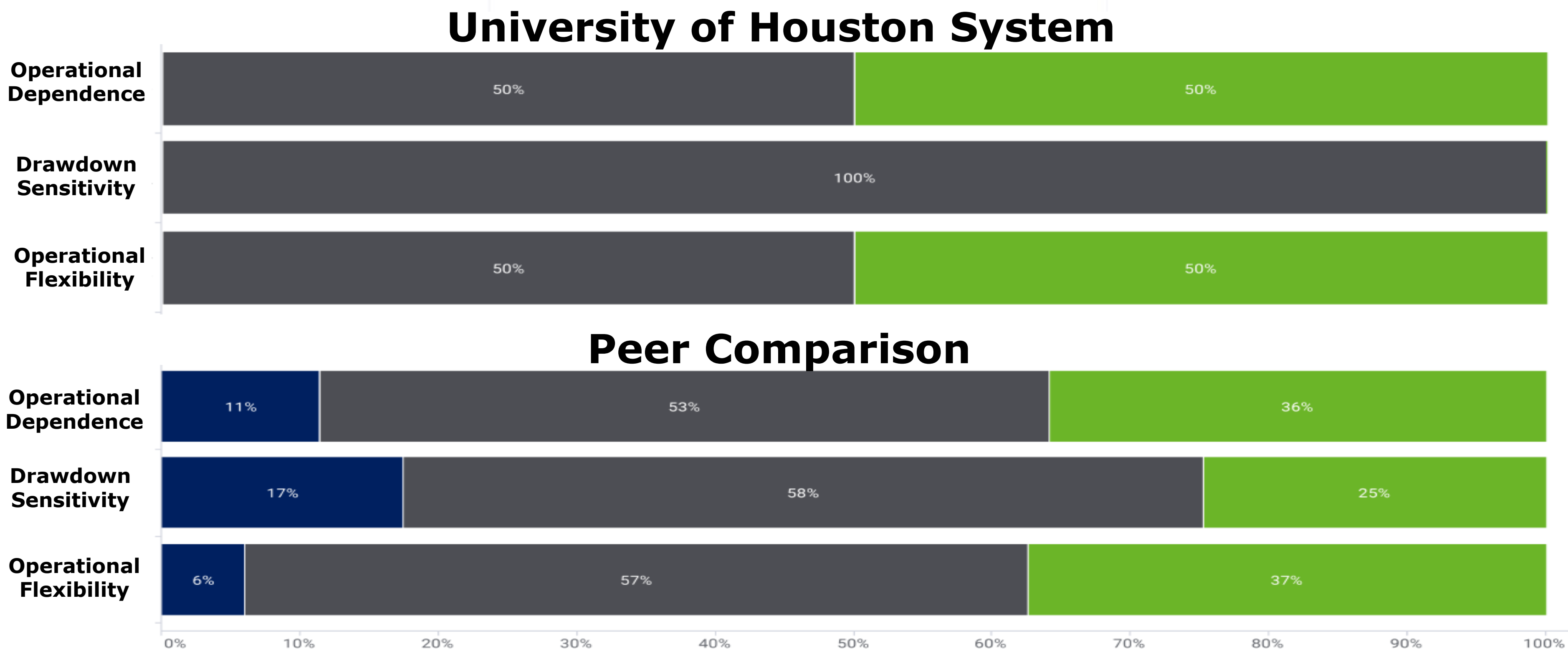
SURVEY RESULTS: OBSERVATIONS

- **What is the group's view on risk and liquidity?**
  - The group is inclined to take a fairly conservative investment approach, but indicated a limited short-term reliance on assets, which implies a higher ability to take risk
    - We will recommend an increase in risk profile, but will implement changes over time
- **What is the group's view on performance measurement?**
  - The group considers themselves peer aware, but not peer driven, meaning that peer rankings are one way to gauge decisions
  - Performance relative to a global/equity fixed income benchmark that aligns with the risk profile of UHS is important to the group
    - Based on the results, we will note but not focus on peer rankings, and develop a relevant custom benchmark for the UHS portfolios
- **What is the group's view on manager implementation?**
  - The group is willing to give active managers flexibility within inefficient areas of the market while leveraging passive options in efficient markets
  - There is disagreement regarding the importance of fees in the portfolio and the role of alternative investments in the portfolio
    - We will conduct a fee review of all managers to ensure that UHS is being rewarded where they pay higher fees, and will recommend a shift towards passive managers in efficient areas of the market
    - We will have a discussion with the group on the role of various alternative managers, and assess how each recommended manager fits into the portfolio

SURVEY: UHS INVESTMENT PROFILE

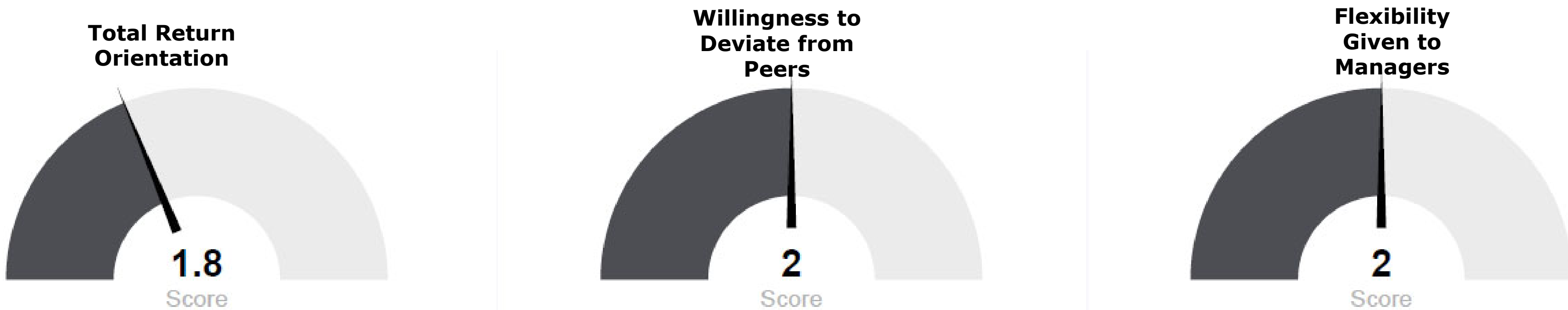


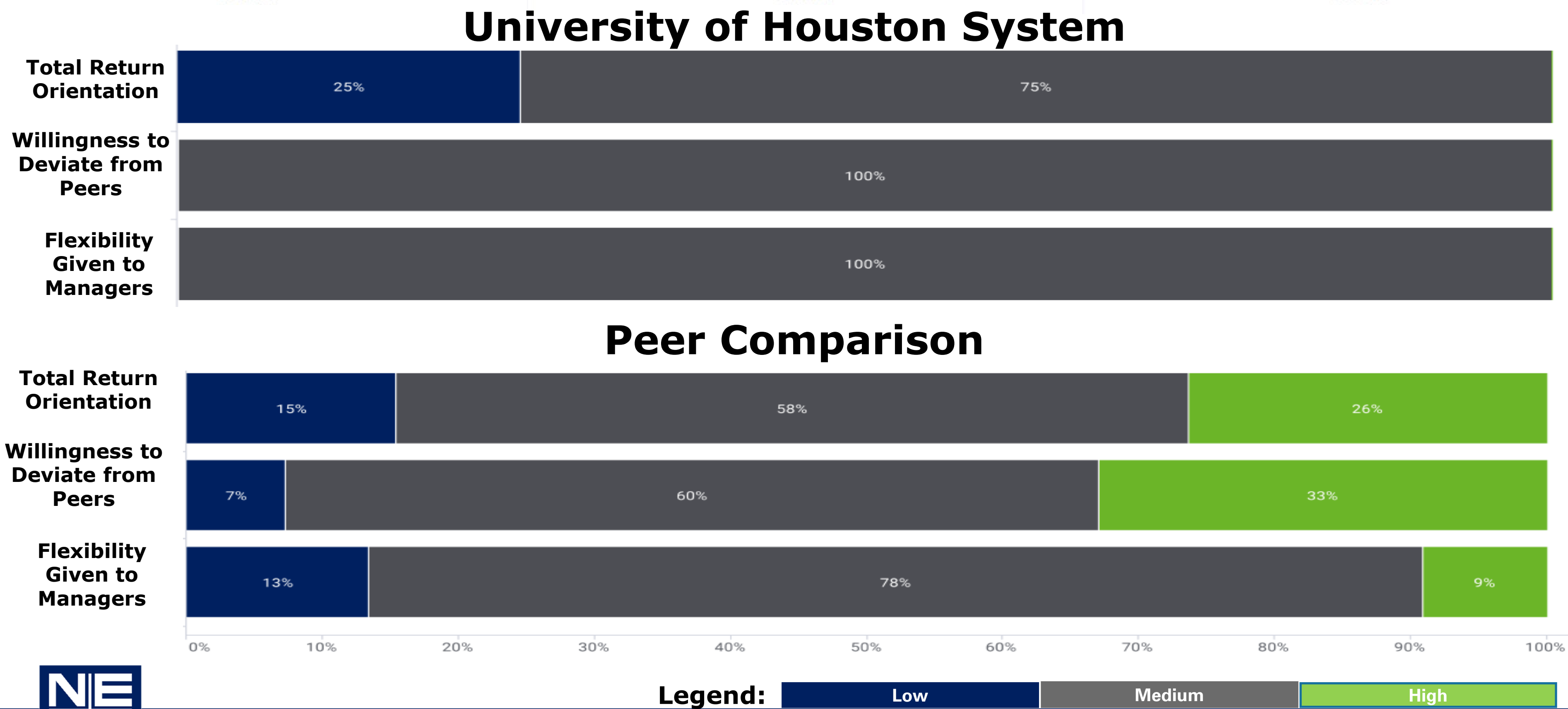


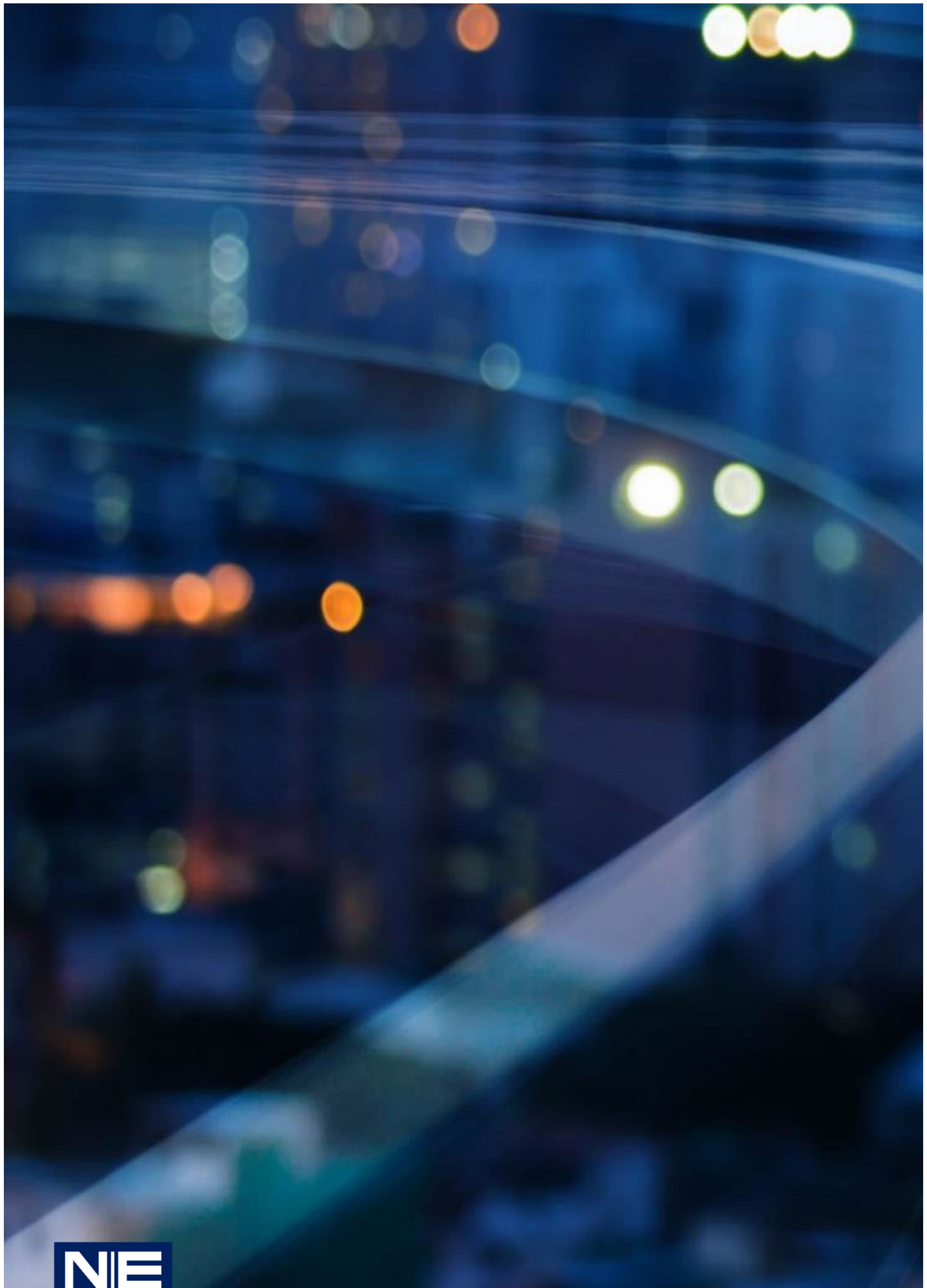


Legend: Low | Medium | High

SURVEY: UHS INVESTMENT PHILOSOPHY & GOALS







INVESTMENT POLICY STATEMENT

INVESTMENT POLICY RECOMMENDATIONS

Asset Group	Current UHS Portfolio	Current UHS Investment Policy	NEPC Proposed
US Equity	28.2	23.0	22.0
International Equity	18.0	17.0	10.0
Emerging Markets	4.3	5.0	5.0
Global Equity			15.0
Public Equities	**50.4**	**45.0**	**52.0**
Private Equity	21.5	25.0	22.0
Private Debt			3.0
Private Real Assets/Real Estate	5.9	6.0	6.0
Private Markets	**27.3**	**31.0**	**31.0**
Core/Core Plus Fixed Income	9.1	12.0	4.0
Treasuries/TIPS			4.0
Diversified Fixed Income	1.9		4.0
Fixed Income	**11.0**	**12.0**	**12.0**
Hedge Funds	6.4	5.0	5.0
Liquid Real Assets	3.0	4.0	
Multi-Asset	**9.4**	**9.0**	**5.0**
Cash	1.9	3.0	
Cash	**1.9**	**3.0**	

Measure	Current UHS Portfolio	Current UHS Investment Policy	NEPC Proposed
Expected Return 10 Yr (Geometric)	6.4 %	6.5 %	6.7 %
Standard Deviation (Asset)	16.0 %	15.8 %	16.5 %
Sharpe Ratio (10 Years)	0.35	0.36	0.36

- **Potential contributors to future success**
  - Public Equities
    - Reduce cost through passive management in efficient areas of the market
    - Overweight US equity and EM Equity
    - Add Global Equity strategies (best ideas portfolios across US/Non-US/EM) to increase alpha potential
  - Fixed Income
    - Focus on safe-haven exposure (TIPS/Treasuries) with high liquidity
    - Increase manager flexibility through Diversified Credit, where managers can rotate across sectors and durations based on the market environment
  - Private Markets
    - Introduce dedicated private debt allocation to take advantage of new opportunities
- **Asset allocation should drive the success of portfolio. Managers should contribute, but not radically change overall risk.**

Expected returns do not reflect assumption of manager outperformance (alpha)

NEXT STEPS AND IMPLEMENTATION

- Review and evaluate all UHS investment mangers, including comprehensive analysis of management fees
- Introduce Global Equity managers to the portfolio
- Identify opportunities to use passive management, taking advantage of lower fees
- Conduct strategic analysis of Private Equity investments to validate annual commitment amounts and to identify gaps in the UHS portfolio

TRANSITION PLAN

	Phase 1: Introduce Global Equity	Phase 2: Fixed Income and EM Exposure
Public Equities		
US Equity	Reduce total exposure by 4%, will fund Global Equity	
International Equity	Reduce total exposure by 8%, will fund Global Equity	
Emerging Markets		Modestly increase EM Equity Exposure and validate implementation (managers)
Global Equity	Introduce Global Equity. Likely 3 new managers at 5% each.	
Private Markets		
Private Equity		
Private Debt		
Private Real Assets / Real Estate		
Fixed Income		
Core/Core Plus Fixed Income		
Treasuries/TIPS		Introduce Treasuries/TIPS exposure; reduce risk and cost of Fixed Income investments
Diversified Fixed Income		
Multi-Asset		
Hedge Funds		
Liquid Real Assets	Eliminate Liquid Real Assets (-2.9%) and use proceeds to fund Global Equity	

UNIVERSITY OF HOUSTON SYSTEM ENDOWMENT FUND
STATEMENT OF INVESTMENT OBJECTIVES AND POLICIES
Approved by the Board of Regents

~~February 27, 2020~~May 20, 2021

PREFACE

The University of Houston System Board of Regents is charged with the fiduciary responsibility for preserving and augmenting the value of the endowment, thereby sustaining its ability to generate support for both current and future generations of students. As part of a commitment to long-range financial equilibrium, the Regents have adopted the broad objective of investing endowment assets so as to preserve both their real value and the long-range purchasing power of endowment income so as to keep pace with inflation and evolving university needs, while generally performing above the average of the markets in which the assets are invested. Pursuant to Board Bylaw, the Endowment Management Committee has been established as a standing committee to assist the Board in fulfilling its fiduciary responsibilities.

To achieve its investment objectives the University of Houston System retains independent investment managers each of whom plays a part in meeting the System's goals over a variety of capital market cycles. The Endowment Management Committee shall:

a) Review and recommend to the Board changes to investment policies;
b) Review and recommend to the Board the university advancement assessment rate;
c) Review and recommend to the Board asset allocation long-term targets and ranges;
d) Review and recommend to the Board external investment consultants;
e) Monitor, evaluate, hire or terminate external investment managers;
f) Establish investment manager guidelines;
g) Monitor the actual allocation of assets through additions and withdrawals of funds among managers and investment media to conform to the long-term targets insofar as practical; and
h) Oversee the results of the independent managers and report periodically to the Board and the university community.

FORWARD

This policy is intended to be ongoing until the next review is completed. Comprehensive reviews are to be completed every five years.

In addition to complying with the duty of loyalty imposed by Texas state law, each person responsible for making or retaining each and all investments and in acquiring, investing, reinvesting, exchanging, retaining, selling, supervising and managing System funds shall do so in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. It is the general practice of the University of Houston System to pool endowment resources. For investment purposes however, the assets are managed in separate endowment fund accounts. The following statement sets out explicit policies for the pooled endowment but would apply to non-pooled holdings as well. The Regents seek superior investment returns through professional management without assuming imprudent risks. In managing and investing the System's endowment assets, the following factors, if relevant, must be considered:

a) general economic/capital market conditions;
b) the possible effect of inflation or deflation;
c) the expected tax consequences, if any, of investment decisions or strategies;
d) the role that each investment or course of action plays within the overall investment portfolio;
e) the expected return based on levels of liquidity and investment risk that are prudent and reasonable under present circumstances, and such circumstances may change over time;
f) the expected total return from income and the appreciation of investments;
g) other resources of the institution;
h) the needs of the institution and the fund to make distributions and to preserve capital; and
i) an asset's special relationship or special value, if any, to the charitable purposes of the institution.

Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the System endowment's portfolio of investments as a whole and as part of an overall investment strategy having risk and return objectives reasonably aligned with the endowment fund's stated goals and objectives.

FINANCIAL OBJECTIVES

The primary long-term financial objective for the University endowment is to preserve and enhance the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of portfolio management. Costs to manage and administer the endowment assets should be appropriate and reasonable in relation to the assets, the purposes of the endowment, and the skills of investment consultant(s) and investment manager(s) to whom investment management functions are delegated. Performance of the overall endowment against this objective is measured over rolling periods of five years.

INVESTMENT OBJECTIVES

In order to meet the financial objective stated above, the primary long-term investment objective of the endowment is to earn a total rate of return that exceeds the spending rate plus university advancement assessment fee, if any, plus the costs of managing the investment fund, and expressed in real (or inflation-adjusted) terms. ~~Given the current System spending rate of 5.3% (which includes 4% payout and 1.3% university advancement assessment), the objective of this fund will be to earn a real (inflation adjusted) return of 5.3% when measured over rolling periods of at least five years.~~ It is also understood that due to market conditions there may be five-year periods where this objective is exceeded and purchasing power is enhanced, as well as five-year periods where the objective is not met and purchasing power is diminished. The medium-term objective for the endowment is to outperform each of the capital markets in which assets are invested, measured over rolling periods of three to five years or complete market cycles, with emphasis on whichever measure is longer. In addition, the performance of the overall endowment is expected to be consistently in at least the second quartile of the university's peer group~~, as measured by the NACUBO Commonfund Study of Endowments over rolling five-year time periods, as well as comparison annually to a peer group provided by an outside advisor~~. Thus, the Endowment Management Committee is responsible for allocating assets to segments of the market and to managers who will provide superior performance when compared with both the median performance of other educational endowments and with capital markets generally.

Finally, the total return of the University's investment portfolio should be evaluated against the return of a composite index consisting of appropriate benchmarks weighted according to the Endowment Management Committee's asset allocation targets.

INVESTMENT MANAGERS

In accordance with Board policy, hiring of investment consultants requires approval of the Board. Hiring of investment managers requires Endowment Management Committee approval except, when on the recommendation of the committee staff and the investment consultant, the chair of the Endowment Management Committee and the chair of the Finance and Administration Committee jointly determine that time is of the essence and immediate action in lieu of a called committee meeting is necessary to hire or terminate an investment manager, the recommended change can then be made. The chair of the Endowment Management Committee will have the staff immediately report any such action taken to the members of the Endowment Management Committee and the Chairman of the Board of Regents after such action is taken.

Managers of marketable securities are expected to produce a cumulative annualized total return net of fees and commissions that exceeds an appropriate benchmark index over moving three to five-year periods, and should be above a median for active investment managers using similar investment philosophies over the same time periods. At their discretion, managers may hold cash reserves and fixed income securities up to 25% of portfolio market value with the understanding that their benchmark will not be adjusted to reflect cash holdings. Managers who wish to exceed these limits should secure prior approval from the Treasurer. The Treasurer, in turn, shall seek approval from the Senior Vice Chancellor for Administration and Finance or designee.

ENDOWMENT PAYOUT POLICY

The Regents of the University of Houston System have established an endowment payout policy which attempts to balance the long-term objective of maintaining the purchasing power of the endowment with the goal of providing a reasonable, predictable, stable, and sustainable level of income to support current needs. Payout is derived from interest, dividends and realized gains, net of portfolio management fees. The historical rate of payout has been 4 to 5 percent. Going forward, the endowment will maintain a payout rate of approximately 4% to 5%, with any change to this range to be approved by the Board. The payout rate will be based as a percentage of the fiscal year end market value average over rolling twelve quarter periods. If an endowment has been in existence less than twelve quarters, the average will be based on the number of quarters in existence.

UNIVERSITY ADVANCEMENT ASSESSMENT

The System will annually assess a reasonable fee against the earnings of specified endowment funds to offset expenses associated with gift acquisition and fundraising at the component universities. The Board shall annually review and approve the fee. The fee will be based as a percentage of the fiscal year end market value averaged over rolling twelve quarter periods. If an endowment has been in existence less than twelve quarters, the average will be based on the number of quarters in existence.

APPROPRIATION FOR EXPENDITURE

The endowment payout and the University Advancement Assessment fee constitute the appropriation for annual expenditure. In making a determination to appropriate or accumulate, the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

a) the duration and preservation of the endowment fund;
b) the purposes of the institution and the endowment fund;
c) general economic conditions;
d) the possible effect of inflation or deflation;
e) the expected total return from income and the appreciation of investments;
f) other resources of the institution; and
g) the investment policy of the institution.

Generally, pursuant to the Uniform Prudent Management of Institutional Funds Act, Chapter 163, Texas Property Code, as amended, subject to the intent of a donor in a gift instrument, the Board of Regents may appropriate for expenditure or accumulate so much of the endowment as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. Notwithstanding the preceding sentence, the Board of Regents may not appropriate for expenditure in any year an amount greater than nine percent (9%) of the endowment, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made, so long as the fair market value of the endowment fund is at least $450 million, otherwise the limit on the appropriation for expenditure in any year is 7%.

EXPENDITURE FROM UNDERWATER ENDOWMENTS

The Board, in managing and investing endowment assets, shall consider the charitable purposes of the institution and the purposes of the endowment fund. Subject to the intent of a donor expressed in an endowment gift instrument, the appropriation for expenditure from an endowment that is underwater in any year shall decrease incrementally and is eventually suspended when the market value of the endowment drops to a designated percentage of the endowment's historical dollar value. Historical dollar value (HDV) is the aggregate value of contributions made to an endowment over time without regard to increases or decreases because of investment results. The declining spending rate from endowments that are underwater, and not otherwise expressly prohibited by a donor, is as follows:

Fund Value as a Percent of HDV	Spending rate
90 – 99.9%	75% of normal spending rate
80 – 89.9%	50% of normal spending rate
<80.0%	Suspend distributions

ASSET SELECTION AND ALLOCATION

It is understood that return enhancement assets (or equities), including both public and private equities, are to be the dominant asset class in the Endowment due to the superior long-term return offered by such assets. As such, equity assets may be thought of as the drivers of long-term Endowment return.

Although the long-term return from equity assets is superior, they have three primary drawbacks that must be addressed by investing in diversifying growth and risk reduction assets. The first is that periods of prolonged economic contraction (deflation) can be catastrophic. Although such periods are rare, the results of such periods are severe enough to warrant holding a portion of the Endowment in assets ~~(primarily intermediate to long-term high quality, non-callable fixed income securities)~~ ~~, which~~ that are likely to retain value or ~~to~~ appreciate in value during such periods. ~~In this context, high quality shall mean a portfolio with an average credit quality of AA or better, although active managers may choose to hold selectinvestment grade securities with lower ratings.~~ The goal of such holdings would be to provide ~~sufficient~~ liquidity to the Endowment and a measure of protection from market drawdowns.~~to meet payout needs over a three to five- year period without having to sell a significant portion of the equities at "fire-sale" prices.~~

~~Adherence to this policy will allow the Endowment to keep returned enhancement holdings intact and reap the rewards of a return to a more normal economic environment.~~

The second drawback to an overreliance on return enhancement assets is the effects of an unexpected rise in the rate of inflation. Such rises have traditionally been problematic for most types of equity assets, and given the System's stated goal of preserving purchasing power by achieving an attractive inflation adjusted return, some portion of the Endowment ~~should~~ may be invested in assets that will appreciate in value during periods of unexpected inflation.

Lastly, equity assets are subject to greater degrees of risk. Risk takes many forms and is usually thought of in terms of volatility of investment returns. Volatile investment returns translate into a level of support for the System's programs that (even with the smoothing effect of the rolling three-year average market value payout rule) is variable over time. In order to control this variability to a tolerable level, some allocation ~~is warranted~~ to diversified growth assets that produce attractive returns, but in a more absolute (or less variable) pattern, may be warranted. It is understood that such absolute return assets will ~~invariably~~ often return less than equity assets, ~~given rational markets~~but should provide some degree of volatility mitigation over the course of a market cycle.

After providing for the three broad categories noted above, the remainder of the Endowment should be invested in equity assets, broadly defined and broadly diversified. Broad diversification is required not only to further smooth the pattern of returns, but to protect the endowment from the risks associated with undue concentration in any one type of equity asset. Although other forms of diversification may be considered, it is understood that the Endowment's equity assets will be diversified by style (growth versus value), geography (domestic versus foreign), and market capitalization (large-cap versus small).

Current policy targets and ranges for the Endowment can be found in Appendix A.

ALTERNATIVE INVESTMENT RISKS

For the purposes of this section, "alternative investments" refers to investments in ~~long/short equity, absolute return,~~ P~~p~~rivate E~~e~~quity, Private Debt, and~~,~~ P~~p~~rivate R~~r~~eal Assets~~estate,~~ ~~and venture capital,~~ as well as other investment types~~s~~ employing leverage, short sales, or illiquidity~~d investment vehicles~~. The investments are made in the Endowment in order to improve diversification, reduce overall volatility, and enhance return. However, the Endowment Management Committee recognizes that these investments also present additional risks beyond those posed by investments in traditional marketable securities such as stocks and bonds. Among these risks are:

1. *Liquidity Risk:* most alternative investments impose restrictions on redemptions or require multi-year locks.
   a. This risk is mitigated by imposing restrictions on the amount of the Endowment that may be allocated to alternative investments as detailed

above. In addition, the Endowment Management Committee will review at least annually the level of portfolio liquidity across all asset classes in order to ensure that there is sufficient liquidity to meet all obligations.

2. *Non-regulation risk:* Historically, alternative managers have been exempt from registration with the SEC, which has allowed them to employ strategies (such as short sales and use of leverage) forbidden by most traditional investment managers, as well as to avoid disclosing specific details of their investment practices or portfolio holdings.
    a. With the passage of the Dodd-Frank Act of 2010, almost all alternative investment managers will be required to register with the SEC under the Investment Advisers Act of 1940. This Act will require registered managers to file documents with the SEC and for public record describing the nature of the business, fees charged, types of clients, and details on compliance policies. It will also provide to investors a greater level of detail into portfolio strategy and investment.
    b. Venture capital managers will, however, remain exempt from the Investment Advisers Act and will therefore remain unregistered with the SEC.
        i. This risk will be mitigated by performing detailed due diligence on these managers and monitoring them regularly as described below, as well as by diversifying manager risk through multiple direct and fund-of-fund investments.
3. *Transparency Risk:* alternative managers are not required to disclose portfolio holding details to the same extent that traditional marketable managers are, and are often reluctant to do so in order to preserve their perceived advantage over other investors.
    a. This risk will be mitigated somewhat by the Dodd-Frank Act and the increased transparency provided by the requirement to file Form ADV with the SEC. Beyond that, however, the Endowment Management Committee, staff, and any outside advisors shall emphasize those managers who will provide at least the following level of detail into their investment portfolios:
        i. Number of short and long positions
        ii. The use of leverage
        iii. Net market exposure
4. *Investment Strategy Risk:* alternatives often employ sophisticated and potentially riskier strategies, and may use leverage.
    a. This risk will be mitigated by intensive due diligence and monitoring of potential alternative managers described below. An emphasis will be placed on those managers who have extensive experience in employing these strategies, a demonstrated ability to consistently employ them effectively, and an established track record of superior performance.
5. *Foreign Currency Risk:* changes in exchange rates could adversely affect fair value of the Endowment Fund.
    a. The Endowment Management Committee recognizes that exposure to foreign currency acts as a hedge against a declining or collapsing dollar. In this way, such investments help to reduce risk in the portfolio. However,

the Committee will review the level of exposure to foreign currencies periodically in order to ensure that there are no unintended risks in the portfolio.

The following principles shall guide the selection of alternative investment managers:

- Diversify across managers to mitigate systematic and organizational risk, but avoidover-diversification.
- Diversify by strategy and geography to decrease correlations within the program.
- Emphasize qualitative evaluation of managers, as a manager's quantitative characteristics may change over time and in different market conditions.
- Discourage the use of significant leverage, and emphasize managers with a demonstrated skill in generating returns on assets as opposed to returns on equity.
- Avoid strategies that are trading oriented, highly complex, or quantitatively driven.

In addition, the investment manager due diligence process shall include the following functions, to be performed by some combination of outside consultants/advisors and internal staff:

- Background checks
    - Reference checks
    - News searches
    - Industry consultation
- Review of vendor relationships
    - Prime brokers
    - Auditors
    - Fund administrators
    - Legal counsel
- Operational review
    - On site visits
    - Procedural
    - Organizational

Monitoring of the overall program-level and manager-level exposures and investment results shall be administered in accordance with the following schedule by some combination of outside consultants/advisors and internal staff:

Monthly (For Long/Short Equity and Absolute Return Managers)
- Reports of performance and asset allocation.
- Proactive contact with investment managers whose performance falls outside of the expected range.

Quarterly or Semi-Annually
- Calls with investment managers.
- For long/short equity and absolute return managers, detailed performance reports and analysis providing information such as top long positions, net and gross exposures, exposure by strategy and geography, and organizational changes.

Annually
- ~~On site~~Diligence meetings with managers and attendance at annual meetings.

The Endowment Management Committee reviews and recommends to the Board the above asset allocation long-term targets and ranges, and the actual allocation of assets will be adjusted through additions and withdrawals of funds among managers and investment media to conform to these targets insofar as practical.

REBALANCING

The Committee recognizes the importance of periodically rebalancing the Endowment's asset allocation, namely to ensure that variation in returns among assets do not create outsized deviations from target allocations that cause Endowment performance to diverge from expected policy performance. To the extent possible, and in order to control transaction costs, the Endowment will utilize naturally occurring cash movement opportunities to rebalance the Endowment portfolio. Such naturally occurring opportunities include:

- The sourcing of cash for spending needs (withdrawals)
- The infusion of cash (contributions) into the existing portfolio
- Manager changes (partial or complete subscriptions or redemptions)
- Other cash transactions (i.e., dividends, interest income, return on capital, etc.)

In recognition that market action may force portfolio allocations outside of their allowable ranges in between Endowment Management Committee meetings, authority is delegated to the Treasurer to rebalance the portfolio in order to bring it back into compliance with the Investment Policy. More generally, the Treasurer, in conjunction with the investment consultant, will closely monitor asset allocation, and will periodically rebalance the portfolio, within allowable ranges, in light of major market movements or material changes in relative asset class valuations, in an effort to control risk and enhance long-term return. Further, with the assistance of the investment consultant, the Treasurer may rebalance up to 2.0% of the Endowment Fund intra-meeting to raise cash for meeting capital calls as well as to invest any cash inflows into the Endowment based on portfolio targets. Any rebalancing must occur across previously approved managers already held within the portfolio.

Any rebalancing actions taken by the Treasurer and investment consultant shall be communicated to the Chair of the Endowment Management Committee and to the Committee by the Senior Vice Chancellor for Administration and Finance or designee in a timely manner, but in any case no later than the next Committee meeting.

The objective of this rebalancing policy is to improve the compound return of the portfolio and to ensure that it is invested in accordance with long-term asset allocation targets. It is not the intention of this policy to force the University to take any action that may endanger the safety or impair the long-term return of the portfolio simply in order to remain in compliance with allowable ranges.

A clear illustration of such a scenario might be a market correction that reduces the value of the portfolio's marketable assets to an extent that forces the private investment allocation (the valuations of which lag those of marketable securities) beyond the allowable limits prescribed above. In order to stay in compliance in such a scenario, the University may be forced to sell interests in its private investment portfolio on the secondary market at a loss, impairing the overall Endowment's ability to recover from a correction of that magnitude.

Therefore, in the event of market action that forces any allocation outside its allowable ranges, the chair of the Endowment Management Committee, in conjunction with the Board chair, with the advice of staff and investment consultant, may temporarily waive the allocation limits imposed above if it is determined that remaining in compliance may cause harm to the long-term return potential of the endowment.

INVESTMENT MANAGEMENT

The endowment of the System will be managed primarily by external investment management organizations. Investment managers have discretion to manage the assets in each portfolio to best achieve the investment objectives, within the policies and requirements set forth in this statement, the investment manager agreement with the System including the guidelines for each investment manager, and subject to the usual standards of fiduciary prudence.

Each active investment manager with whom the System has a separate account will be provided with written statements of investment objectives and guidelines as part of the investment management contract that will govern his or her portfolio. These objectives shall describe the role the investment manager is expected to play within the manager structure, the objectives and comparative benchmarks that will be used to evaluate performance, and the allowable securities that can be used to achieve these objectives. Each manager will report performance quarterly, and if applicable monthly, consistent with these objectives. ~~, and also indicate current annualized income and yield~~. These statements will be consistent with the Statement of Investment Objectives and Policies for the overall endowment as set forth herein. Investment managers will be provided with a copy of the Statement of Investment Objectives and Policies.

Additionally, each manager will be expected to use best efforts to realize the best execution price when trading securities, and the settlement of all transactions (except investment pool funds and mutual funds) shall be done on a delivery versus payment basis.

SECURITIES LENDING

Securities owned by the endowment but held in custody by the endowment custodian may be lent to other parties through a contract between the University of Houston System and the custodian pursuant to a written agreement approved by the Board of Regents. Managers may not enter into securities lending agreements without the consent of the Board of Regents. The System recognizes, however, that, for those investments placed in commingled vehicles, the Board cannot dictate whether or not the manager will engage in securities lending. Therefore, System and its investment consultant shall make every effort ~~either~~ to ~~avoid commingled investments, or to otherwise~~ limit investment to those managers who will not engage in securities lending. The limited partnerships of marketable and non-marketable alternative investments are excluded from this limitation.

PROXY VOTING

The University of Houston System has delegated proxy voting responsibility for separately managed accounts to its investment managers. Such separate account managers are to vote proxies in such a way as to maximize the value of related shares and in a manner consistent with the best interests of the University. It is noted in the case of commingled vehicles, voting rights on underlying company shares do not flow through to the System.

ADVISORY COMMITTEES

The Endowment Management Committee may establish advisory groups to provide general investment advice, as well as advice on special investments, to the Endowment Management Committee and the staff of the Senior Vice Chancellor for Administration and Finance.

DISCLOSURE AND CONFLICTS OF INTEREST

Investment managers, advisors, and potential managers must make full and fair disclosure of all matters that could reasonably be expected to impair their independence and objectivity or interfere with their respective duties to the System. Investment managers and advisors must, on an annual basis, ensure that such disclosures are prominently set forth, are delivered in plain language, and communicate the relevant information using the Texas State Auditor's Uniform Disclosure Form. Furthermore, investment managers, advisors, and potential managers are investing public funds and are subject to the Texas Open Records Act.

REVIEW PROCEDURES

A. Performance Measurement

The Endowment Management Committee will review quarterly the performance of the endowment and each investment manager's portfolio relative to the objectives and guidelines described herein. The investment performance review will include comparisons with unmanaged market indices. ~~and the Consumer Price Index.~~ A time-weighted return formula (that minimizes the effect of contributions and withdrawals) will be utilized for the overall endowment, although it is understood that individual managers may be evaluated using a dollar-weighted methodology, where appropriate.

B. Review and Modification of Policy

The Endowment Management Committee shall review this Policy at least once a year to determine if modifications are necessary or desirable. If substantive modifications are made, they shall be promptly communicated to responsible parties.

APPENDIX A

Current Policy Targets, Ranges, and Benchmarks

Asset Class	LT Target	Range	Benchmark
Public Equities	**52%**	**42 to 62%**	MSCI ACWI
U.S. Equity		*17 to 27%*	
Non-U.S. Developed Markets Equity		*5 to 15%*	
Emerging Markets Equity		*0 to 10%*	
Global Equity		*10% to 20%*	
Private Markets	**31%**	**21 to 41%**	
Private Equity[1]		*17% to 27%*	C|A Global All PE (Qtr Lag)
Private Debt		*0 to 6%*	C|A Global Credit (Qtr Lag)
Private Real Assets[2]		*3 to 9%*	C|A Global Real Assets w/ RE (Qtr Lag)
Hedge Funds[3]	**5%**	**0% to 10%**	HFRI Fund of Funds Composite
Fixed Income	**12%**	**5 to 20%**	
Core Fixed Income		*0%-8%*	BBgBarc US Aggregate Index
Treasuries / TIPS		*0%-8%*	50% BBgBarc US Treasury Index / 50% BBgBarc US TIPS Index
Diversified Fixed Income		*0%-8%*	BBgBarc Global Aggregate Index

~~Asset Class~~	~~LT Target~~	~~Range~~	~~Benchmark~~
~~**Return Enhancement Assets**~~	~~**70%**~~	~~**60 to 80%**~~	
~~Global Equities~~	~~45%~~	~~35 to 55%~~	~~MSCI ACWI~~
~~*U.S. Equity*~~		~~*20 to 35%*~~	
~~*Non-U.S. Equity*~~		~~*10 to 20%*~~	
~~*Emerging Markets Equity*~~		~~*5 to 15%*~~	
~~Private Equity/Venture Capital[1]~~	~~**25%**~~	~~10 to 35%~~	~~Russell 3000~~
~~*Private Equity*~~		~~*5 to 20%*~~	
~~*Venture Capital*~~		~~*5 to 15%*~~	
~~Real Assets[2]~~	~~10%~~	~~5 to 15%~~	

~~*Marketable Real Assets*~~		~~*2 to 8%*~~	~~*25% Barclays US TIPS / 25% MSCI World Natural Resources / 25% MSCI U.S. REIT / 25% Bloomberg Commodity TR*~~
~~*Private Real Assets*~~		~~*5 to 12%*~~	~~*70% S&P Natural Resource Sector / 30% MSCI U.S. REIT*~~
~~**Diversifying Growth Assets**~~	~~**5%**~~	~~**0%to 10%**~~	
~~Hedge Funds[3]~~	~~5%~~	~~0%to 10%~~	~~HFRI Fund of Funds Composite~~
~~**Risk Reduction Assets**~~	~~15%~~	~~**5 to 20%**~~	
~~Bonds and Cash~~	~~15%~~	~~5 to 20%~~	~~Dynamic Bonds and Cash Benchmark (Bloomberg Barclays Intermediate Aggregate Index and BofA ML 91 Day Treasury Bills)~~

[1] Private Equity~~/Venture Capital~~: Managers to be considered for inclusion in this category include private equity ~~or venture capital managers~~ and other related partnership funds with similar return objectives subject to multi-year lock-ups. Unfunded commitments plus NAV of Private Equity~~/Venture Capital~~ investments should not exceed 45% of the Endowment. If this limit is reached, it will be evaluated by the Board to determine if the limit remains appropriate.

total market value as of the period measured. If this limit is reached, it will be evaluated by the Board to determine if the limit remains appropriate.

Unfunded commitments plus NAV of all Private Investments (~~Private Real Assets,~~ Private Equity, Private Debt, and Private Real Assets~~and Venture Capital~~) should not exceed 55% of the Endowment total market valueas of the period measured. If this limit is reached, it will be evaluated by the Board to determine if the limit remains appropriate.

[2] Private Real Assets: Assets included in this category may include private real estate~~, public real estate (REITs), Treasury Inflation Protected Securities (TIPS), Global Linkers (Non-U.S. Inflation-Linked Bonds)~~, Energy, Infrastructure, Natural Resources, and Commodities. Unfunded commitments plus NAV of Private Real Assets investments should not exceed 18% of the Endowment total market value as of the period measured. If this limit is reached, it will be evaluated by the Board to determine if the limit remains appropriate.

[3] Hedge Funds: Assets to be considered for inclusion in this category would primarily include Equity-Oriented Long-Short Hedge Funds, Defensive Arbitrage, Global Macro, and Multi-Strategy Hedge Funds. Other more liquid diversifying funds may also be included. Credit strategies may also be held in some circumstances as absolute return vehicles, and in some circumstances a particular real estate manager may be viewed to qualify as such a holding as well.

<u>UNIVERSITY OF HOUSTON SYSTEM ENDOWMENT FUND</u>
STATEMENT OF INVESTMENT OBJECTIVES AND POLICIES
Approved by the Board of Regents

May 20, 2021

PREFACE

The University of Houston System Board of Regents is charged with the fiduciary responsibility for preserving and augmenting the value of the endowment, thereby sustaining its ability to generate support for both current and future generations of students. As part of a commitment to long-range financial equilibrium, the Regents have adopted the broad objective of investing endowment assets so as to preserve both their real value and the long-range purchasing power of endowment income so as to keep pace with inflation and evolving university needs, while generally performing above the average of the markets in which the assets are invested. Pursuant to Board Bylaw, the Endowment Management Committee has been established as a standing committee to assist the Board in fulfilling its fiduciary responsibilities.

To achieve its investment objectives the University of Houston System retains independent investment managers each of whom plays a part in meeting the System's goals over a variety of capital market cycles. The Endowment Management Committee shall:

a) Review and recommend to the Board changes to investment policies;
b) Review and recommend to the Board the university advancement assessment rate;
c) Review and recommend to the Board asset allocation long-term targets and ranges;
d) Review and recommend to the Board external investment consultants;
e) Monitor, evaluate, hire or terminate external investment managers;
f) Establish investment manager guidelines;
g) Monitor the actual allocation of assets through additions and withdrawals of funds among managers and investment media to conform to the long-term targets insofar as practical; and
h) Oversee the results of the independent managers and report periodically to the Board and the university community.

FORWARD

This policy is intended to be ongoing until the next review is completed. Comprehensive reviews are to be completed every five years.

In addition to complying with the duty of loyalty imposed by Texas state law, each person responsible for making or retaining each and all investments and in acquiring, investing, reinvesting, exchanging, retaining, selling, supervising and managing System funds shall do so in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. It is the general practice of the University of Houston System to pool endowment resources. For investment purposes however, the assets are managed in separate endowment fund accounts. The following statement sets out explicit policies for the pooled endowment but would apply to non-pooled holdings as well. The Regents seek superior investment returns through professional management without assuming imprudent risks. In managing and investing the System's endowment assets, the following factors, if relevant, must be considered:

a) general economic/capital market conditions;
b) the possible effect of inflation or deflation;
c) the expected tax consequences, if any, of investment decisions or strategies;
d) the role that each investment or course of action plays within the overall investment portfolio;
e) the expected return based on levels of liquidity and investment risk that are prudent and reasonable under present circumstances, and such circumstances may change over time;
f) the expected total return from income and the appreciation of investments;
g) other resources of the institution;
h) the needs of the institution and the fund to make distributions and to preserve capital; and
i) an asset's special relationship or special value, if any, to the charitable purposes of the institution.

Management and investment decisions about an individual asset must be made not in isolation but rather in the context of the System endowment's portfolio of investments as a whole and as part of an overall investment strategy having risk and return objectives reasonably aligned with the endowment fund's stated goals and objectives.

FINANCIAL OBJECTIVES

The primary long-term financial objective for the University endowment is to preserve and enhance the real (inflation-adjusted) purchasing power of endowment assets and income after accounting for endowment spending, inflation, and costs of portfolio management. Costs to manage and administer the endowment assets should be appropriate and reasonable in relation to the assets, the purposes of the endowment, and the skills of investment consultant(s) and investment manager(s) to whom investment management functions are delegated. Performance of the overall endowment against this objective is measured over rolling periods of five years.

INVESTMENT OBJECTIVES

In order to meet the financial objective stated above, the primary long-term investment objective of the endowment is to earn a total rate of return that exceeds the spending rate plus university advancement assessment fee, if any, plus the costs of managing the investment fund, and expressed in real (or inflation-adjusted) terms. It is also understood that due to market conditions there may be five-year periods where this objective is exceeded and purchasing power is enhanced, as well as five-year periods where the objective is not met and purchasing power is diminished. The medium-term objective for the endowment is to outperform each of the capital markets in which assets are invested, measured over rolling periods of three to five years or complete market cycles, with emphasis on whichever measure is longer. In addition, the performance of the overall endowment is expected to be consistently in at least the second quartile of the university's peer group. Thus, the Endowment Management Committee is responsible for allocating assets to segments of the market and to managers who will provide superior performance when compared with both the median performance of other educational endowments and with capital markets generally.

Finally, the total return of the University's investment portfolio should be evaluated against the return of a composite index consisting of appropriate benchmarks weighted according to the Endowment Management Committee's asset allocation targets.

INVESTMENT MANAGERS

In accordance with Board policy, hiring of investment consultants requires approval of the Board. Hiring of investment managers requires Endowment Management Committee approval except, when on the recommendation of the committee staff and the investment consultant, the chair of the Endowment Management Committee and the chair of the Finance and Administration Committee jointly determine that time is of the essence and immediate action in lieu of a called committee meeting is necessary to hire or terminate an investment manager, the recommended change can then be made. The chair of the Endowment Management Committee will have the staff immediately report any such action taken to the members of the Endowment Management Committee and the Chairman of the Board of Regents after such action is taken.

Managers of marketable securities are expected to produce a cumulative annualized total return net of fees and commissions that exceeds an appropriate benchmark index over moving three to five-year periods, and should be above a median for active investment managers using similar investment philosophies over the same time periods. At their discretion, managers may hold cash reserves and fixed income securities up to 25% of portfolio market value with the understanding that their benchmark will not be adjusted to reflect cash holdings. Managers who wish to exceed these limits should secure prior approval from the Treasurer. The Treasurer, in turn, shall seek approval from the Senior Vice Chancellor for Administration and Finance or designee.

ENDOWMENT PAYOUT POLICY

The Regents of the University of Houston System have established an endowment payout policy which attempts to balance the long-term objective of maintaining the purchasing power of the endowment with the goal of providing a reasonable, predictable, stable, and sustainable level of income to support current needs. Payout is derived from interest, dividends and realized gains, net of portfolio management fees. The historical rate of payout has been 4 to 5 percent. Going forward, the endowment will maintain a payout rate of approximately 4% to 5%, with any change to this range to be approved by the Board. The payout rate will be based as a percentage of the fiscal year end market value average over rolling twelve quarter periods. If an endowment has been in existence less than twelve quarters, the average will be based on the number of quarters in existence.

UNIVERSITY ADVANCEMENT ASSESSMENT

The System will annually assess a reasonable fee against the earnings of specified endowment funds to offset expenses associated with gift acquisition and fundraising at the component universities. The Board shall annually review and approve the fee. The fee will be based as a percentage of the fiscal year end market value averaged over rolling twelve quarter periods. If an endowment has been in existence less than twelve quarters, the average will be based on the number of quarters in existence.

APPROPRIATION FOR EXPENDITURE

The endowment payout and the University Advancement Assessment fee constitute the appropriation for annual expenditure. In making a determination to appropriate or accumulate, the institution shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and shall consider, if relevant, the following factors:

a) the duration and preservation of the endowment fund;
b) the purposes of the institution and the endowment fund;
c) general economic conditions;
d) the possible effect of inflation or deflation;
e) the expected total return from income and the appreciation of investments;
f) other resources of the institution; and
g) the investment policy of the institution.

Generally, pursuant to the Uniform Prudent Management of Institutional Funds Act, Chapter 163, Texas Property Code, as amended, subject to the intent of a donor in a gift instrument, the Board of Regents may appropriate for expenditure or accumulate so much of the endowment as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment is established. Notwithstanding the preceding sentence, the Board of Regents may not appropriate for expenditure in any year an amount greater than nine percent (9%) of the endowment, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure was made, so long as the fair market value of the endowment fund is at least $450 million, otherwise the limit on the appropriation for expenditure in any year is 7%.

EXPENDITURE FROM UNDERWATER ENDOWMENTS

The Board, in managing and investing endowment assets, shall consider the charitable purposes of the institution and the purposes of the endowment fund. Subject to the intent of a donor expressed in an endowment gift instrument, the appropriation for expenditure from an endowment that is underwater in any year shall decrease incrementally and is eventually suspended when the market value of the endowment drops to a designated percentage of the endowment's historical dollar value. Historical dollar value (HDV) is the aggregate value of contributions made to an endowment over time without regard to increases or decreases because of investment results. The declining spending rate from endowments that are underwater, and not otherwise expressly prohibited by a donor, is as follows:

Fund Value as a Percent of HDV	Spending rate
90 – 99.9%	75% of normal spending rate
80 – 89.9%	50% of normal spending rate
<80.0%	Suspend distributions

ASSET SELECTION AND ALLOCATION

It is understood that return enhancement assets (or equities), including both public and private equities, are to be the dominant asset class in the Endowment due to the superior long-term return offered by such assets. As such, equity assets may be thought of as the drivers of long-term Endowment return.

Although the long-term return from equity assets is superior, they have three primary drawbacks that must be addressed by investing in diversifying growth and risk reduction assets. The first is that periods of prolonged economic contraction (deflation) can be catastrophic. Although such periods are rare, the results of such periods are severe enough to warrant holding a portion of the Endowment in assets that are likely to retain value or appreciate in value during such periods. The goal of such holdings would be to provide liquidity to the Endowment and a measure of protection from market drawdowns.

The second drawback to an overreliance on return enhancement assets is the effects of an unexpected rise in the rate of inflation. Such rises have traditionally been problematic for most types of equity assets, and given the System's stated goal of preserving purchasing power by achieving an attractive inflation adjusted return, some portion of the Endowment may be invested in assets that will appreciate in value during periods of unexpected inflation.

Lastly, equity assets are subject to greater degrees of risk. Risk takes many forms and is usually thought of in terms of volatility of investment returns. Volatile investment returns translate into a level of support for the System's programs that (even with the smoothing effect of the rolling three-year average market value payout rule) is variable over time. In order to control this variability to a tolerable level, some allocation to diversified growth assets that produce attractive returns, but in a more absolute (or less variable) pattern, may be warranted. It is understood that such absolute return assets will often return less than equity assets, but should provide some degree of volatility mitigation over the course of a market cycle.

After providing for the three broad categories noted above, the remainder of the Endowment should be invested in equity assets, broadly defined and broadly diversified. Broad diversification is required not only to further smooth the pattern of returns, but to protect the endowment from the risks associated with undue concentration in any one type of equity asset. Although other forms of diversification may be considered, it is understood that the Endowment's equity assets will be diversified by style (growth versus value), geography (domestic versus foreign), and market capitalization (large-cap versus small).

Current policy targets and ranges for the Endowment can be found in Appendix A.

ALTERNATIVE INVESTMENT RISKS

For the purposes of this section, "alternative investments" refers to investments in Private Equity, Private Debt, and Private Real Assets, as well as other investment types employing leverage, short sales, or illiquidity. The investments are made in the Endowment in order to improve diversification, reduce overall volatility, and enhance return. However, the Endowment Management Committee recognizes that these investments also present additional risks beyond those posed by investments in traditional marketable securities such as stocks and bonds. Among these risks are:

1. *Liquidity Risk:* most alternative investments impose restrictions on redemptions or require multi-year locks.
    a. This risk is mitigated by imposing restrictions on the amount of the Endowment that may be allocated to alternative investments as detailed

above. In addition, the Endowment Management Committee will review at least annually the level of portfolio liquidity across all asset classes in order to ensure that there is sufficient liquidity to meet all obligations.

2. *Non-regulation risk:* Historically, alternative managers have been exempt from registration with the SEC, which has allowed them to employ strategies (such as short sales and use of leverage) forbidden by most traditional investment managers, as well as to avoid disclosing specific details of their investment practices or portfolio holdings.
    a. With the passage of the Dodd-Frank Act of 2010, almost all alternative investment managers will be required to register with the SEC under the Investment Advisers Act of 1940. This Act will require registered managers to file documents with the SEC and for public record describing the nature of the business, fees charged, types of clients, and details on compliance policies. It will also provide to investors a greater level of detail into portfolio strategy and investment.
    b. Venture capital managers will, however, remain exempt from the Investment Advisers Act and will therefore remain unregistered with the SEC.
        i. This risk will be mitigated by performing detailed due diligence on these managers and monitoring them regularly as described below, as well as by diversifying manager risk through multiple direct and fund-of-fund investments.
3. *Transparency Risk:* alternative managers are not required to disclose portfolio holding details to the same extent that traditional marketable managers are, and are often reluctant to do so in order to preserve their perceived advantage over other investors.
    a. This risk will be mitigated somewhat by the Dodd-Frank Act and the increased transparency provided by the requirement to file Form ADV with the SEC. Beyond that, however, the Endowment Management Committee, staff, and any outside advisors shall emphasize those managers who will provide at least the following level of detail into their investment portfolios:
        i. Number of short and long positions
        ii. The use of leverage
        iii. Net market exposure
4. *Investment Strategy Risk:* alternatives often employ sophisticated and potentially riskier strategies, and may use leverage.
    a. This risk will be mitigated by intensive due diligence and monitoring of potential alternative managers described below. An emphasis will be placed on those managers who have extensive experience in employing these strategies, a demonstrated ability to consistently employ them effectively, and an established track record of superior performance.
5. *Foreign Currency Risk:* changes in exchange rates could adversely affect fair value of the Endowment Fund.
    a. The Endowment Management Committee recognizes that exposure to foreign currency acts as a hedge against a declining or collapsing dollar. In this way, such investments help to reduce risk in the portfolio. However,

the Committee will review the level of exposure to foreign currencies periodically in order to ensure that there are no unintended risks in the portfolio.

The following principles shall guide the selection of alternative investment managers:

- Diversify across managers to mitigate systematic and organizational risk, but avoidover-diversification.
- Diversify by strategy and geography to decrease correlations within the program.
- Emphasize qualitative evaluation of managers, as a manager's quantitative characteristics may change over time and in different market conditions.
- Discourage the use of significant leverage, and emphasize managers with a demonstrated skill in generating returns on assets as opposed to returns on equity.
- Avoid strategies that are trading oriented, highly complex, or quantitatively driven.

In addition, the investment manager due diligence process shall include the following functions, to be performed by some combination of outside consultants/advisors and internal staff:

- Background checks
  - Reference checks
  - News searches
  - Industry consultation
- Review of vendor relationships
  - Prime brokers
  - Auditors
  - Fund administrators
  - Legal counsel
- Operational review
  - On site visits
  - Procedural
  - Organizational

Monitoring of the overall program-level and manager-level exposures and investment results shall be administered in accordance with the following schedule by some combination of outside consultants/advisors and internal staff:

Monthly (For Long/Short Equity and Absolute Return Managers)
- Reports of performance and asset allocation.
- Proactive contact with investment managers whose performance falls outside of the expected range.

Quarterly or Semi-Annually
- Calls with investment managers.
- For long/short equity and absolute return managers, detailed performance reports and analysis providing information such as top long positions, net and gross exposures, exposure by strategy and geography, and organizational changes.

Annually
- Diligence meetings with managers and attendance at annual meetings.

The Endowment Management Committee reviews and recommends to the Board the above asset allocation long-term targets and ranges, and the actual allocation of assets will be adjusted through additions and withdrawals of funds among managers and investment media to conform to these targets insofar as practical.

REBALANCING

The Committee recognizes the importance of periodically rebalancing the Endowment's asset allocation, namely to ensure that variation in returns among assets do not create outsized deviations from target allocations that cause Endowment performance to diverge from expected policy performance. To the extent possible, and in order to control transaction costs, the Endowment will utilize naturally occurring cash movement opportunities to rebalance the Endowment portfolio. Such naturally occurring opportunities include:

- The sourcing of cash for spending needs (withdrawals)
- The infusion of cash (contributions) into the existing portfolio
- Manager changes (partial or complete subscriptions or redemptions)
- Other cash transactions (i.e., dividends, interest income, return on capital, etc.)

In recognition that market action may force portfolio allocations outside of their allowable ranges in between Endowment Management Committee meetings, authority is delegated to the Treasurer to rebalance the portfolio in order to bring it back into compliance with the Investment Policy. More generally, the Treasurer, in conjunction with the investment consultant, will closely monitor asset allocation, and will periodically rebalance the portfolio, within allowable ranges, in light of major market movements or material changes in relative asset class valuations, in an effort to control risk and enhance long-term return. Further, with the assistance of the investment consultant, the Treasurer may rebalance up to 2.0% of the Endowment Fund intra-meeting to raise cash for meeting capital calls as well as to invest any cash inflows into the Endowment based on portfolio targets. Any rebalancing must occur across previously approved managers already held within the portfolio.

Any rebalancing actions taken by the Treasurer and investment consultant shall be communicated to the Chair of the Endowment Management Committee and to the Committee by the Senior Vice Chancellor for Administration and Finance or designee in a timely manner, but in any case no later than the next Committee meeting.

The objective of this rebalancing policy is to improve the compound return of the portfolio and to ensure that it is invested in accordance with long-term asset allocation targets. It is not the intention of this policy to force the University to take any action that may endanger the safety or impair the long-term return of the portfolio simply in order to remain in compliance with allowable ranges.

A clear illustration of such a scenario might be a market correction that reduces the value of the portfolio's marketable assets to an extent that forces the private investment allocation (the valuations of which lag those of marketable securities) beyond the allowable limits prescribed above. In order to stay in compliance in such a scenario, the University may be forced to sell interests in its private investment portfolio on the secondary market at a loss, impairing the overall Endowment's ability to recover from a correction of that magnitude.

Therefore, in the event of market action that forces any allocation outside its allowable ranges, the chair of the Endowment Management Committee, in conjunction with the Board chair, with the advice of staff and investment consultant, may temporarily waive the allocation limits imposed above if it is determined that remaining in compliance may cause harm to the long-term return potential of the endowment.

INVESTMENT MANAGEMENT

The endowment of the System will be managed primarily by external investment management organizations. Investment managers have discretion to manage the assets in each portfolio to best achieve the investment objectives, within the policies and requirements set forth in this statement, the investment manager agreement with the System including the guidelines for each investment manager, and subject to the usual standards of fiduciary prudence.

Each active investment manager with whom the System has a separate account will be provided with written statements of investment objectives and guidelines as part of the investment management contract that will govern his or her portfolio. These objectives shall describe the role the investment manager is expected to play within the manager structure, the objectives and comparative benchmarks that will be used to evaluate performance, and the allowable securities that can be used to achieve these objectives. Each manager will report performance quarterly, and if applicable monthly, consistent with these objectives.. These statements will be consistent with the Statement of Investment Objectives and Policies for the overall endowment as set forth herein. Investment managers will be provided with a copy of the Statement of Investment Objectives and Policies.

Additionally, each manager will be expected to use best efforts to realize the best execution price when trading securities, and the settlement of all transactions (except investment pool funds and mutual funds) shall be done on a delivery versus payment basis.

SECURITIES LENDING

Securities owned by the endowment but held in custody by the endowment custodian may be lent to other parties through a contract between the University of Houston System and the custodian pursuant to a written agreement approved by the Board of Regents. Managers may not enter into securities lending agreements without the consent of the Board of Regents. The System recognizes, however, that, for those investments placed in commingled vehicles, the Board cannot dictate whether or not the manager will engage in securities lending. Therefore, System and its investment consultant shall make every effort to limit investment to those managers who will not engage in securities lending. The limited partnerships of marketable and non-marketable alternative investments are excluded from this limitation.

PROXY VOTING

The University of Houston System has delegated proxy voting responsibility for separately managed accounts to its investment managers. Such separate account managers are to vote proxies in such a way as to maximize the value of related shares and in a manner consistent with the best interests of the University. It is noted in the case of commingled vehicles, voting rights on underlying company shares do not flow through to the System.

ADVISORY COMMITTEES

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Diversified Fixed Income		*0%-8%*	BBgBarc Global Aggregate Index

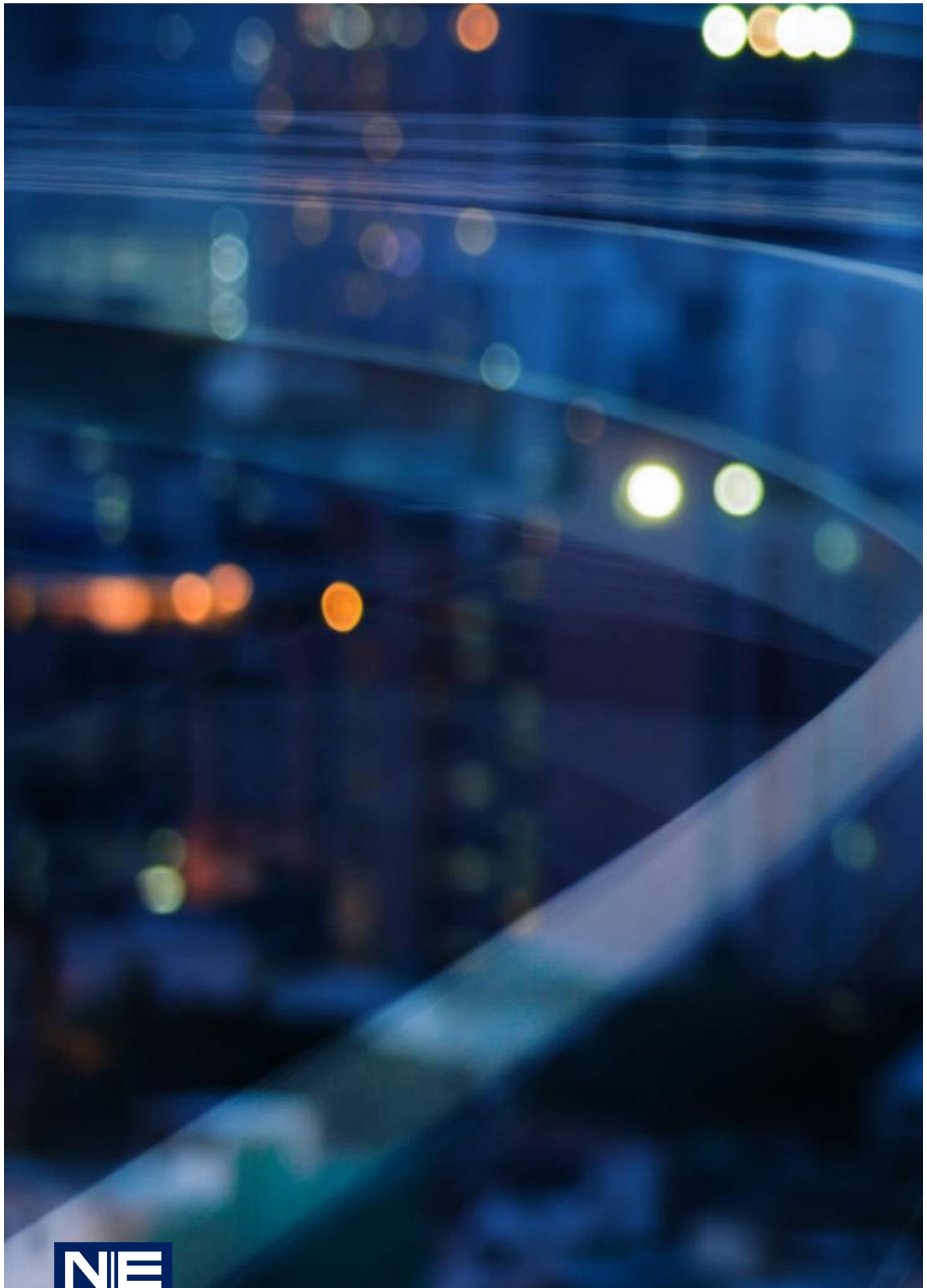
[1] Private Equity: Managers to be considered for inclusion in this category include private equity and other related partnership funds with similar return objectives subject to multi-year lock-ups. Unfunded commitments plus NAV of Private Equity investments should not exceed 45% of the Endowment. If this limit is reached, it will be evaluated by the Board to determine if the limit remains appropriate.

total market value as of the period measured. If this limit is reached, it will be evaluated by the Board to determine if the limit remains appropriate.

Unfunded commitments plus NAV of all Private Investments (PrivateEquity, Private Debt, and Private Real Assets) should not exceed 55% of the Endowment total market valueas of the period measured. If this limit is reached, it will be evaluated by the Board to determine if the limit remains appropriate.

[2] Private Real Assets: Assets included in this category may include private real estate, Energy, Infrastructure, Natural Resources, and Commodities. Unfunded commitments plus NAV of Private Real Assets investments should not exceed 18% of the Endowment total market value as of the period measured. If this limit is reached,it will be evaluated by the Board to determine if the limit remains appropriate.

[3] Hedge Funds: Assets to be considered for inclusion in this category would primarily include Equity-Oriented Long-Short Hedge Funds, Defensive Arbitrage, Global Macro, and Multi-Strategy Hedge Funds. Other more liquid diversifying funds may also be included. Credit strategies may also be held in some circumstances as absolute return vehicles, and in some circumstances a particular real estate manager may be viewed to qualify as such a holding as well.



MARKET PERSPECTIVE & OUTLOOK

NEPC KEY MARKET THEMES

- Key Market Themes are factors that influence global markets and remain relevant for an extended period
- Themes may be disrupted and incite market volatility
- The conclusion of a theme may alter market dynamics and NEPC's long-term market outlook
- Our intent is for clients to be aware of these themes and understand their implications for the capital markets

NEPC currently has four Key Market Themes:

1. **Virus Trajectory**
2. **Permanent Interventions**
3. **Globalization Backlash**
4. **China Transitions**

ASSESSING THE KEY MARKET THEMES

AS OF 03/31/21

Theme	Dormant	Faded	Neutral	Prevalent	Dominant
Virus Trajectory *No Change in Status*					**Dominant**
Permanent Interventions *No Change in Status*					**Dominant**
Globalization Backlash *No Change in Status*				**Prevalent**	
China Transitions *No Change in Status*			**Neutral**		

Virus Trajectory

No Change in Status

- Virus Trajectory continues to be an influential force driving global economic outcomes
- Market sentiment in the US has improved with a significant increase in vaccinations, but concerns remain outside the US regarding distribution, logistics, and access to vaccines
- COVID-19 cases remain elevated and new virus strains may impact the timing of an economic recovery

Permanent Interventions

No Change in Status

- Permanent Interventions is the dominant force driving global markets upward
- Additional fiscal stimulus in the US remains an option with discussion of a new infrastructure package
- Central banks have pledged to hold interest rates near zero, while quantitative easing programs continue to purchase significant volumes of government bonds across the developed world

Globalization Backlash

No Change in Status

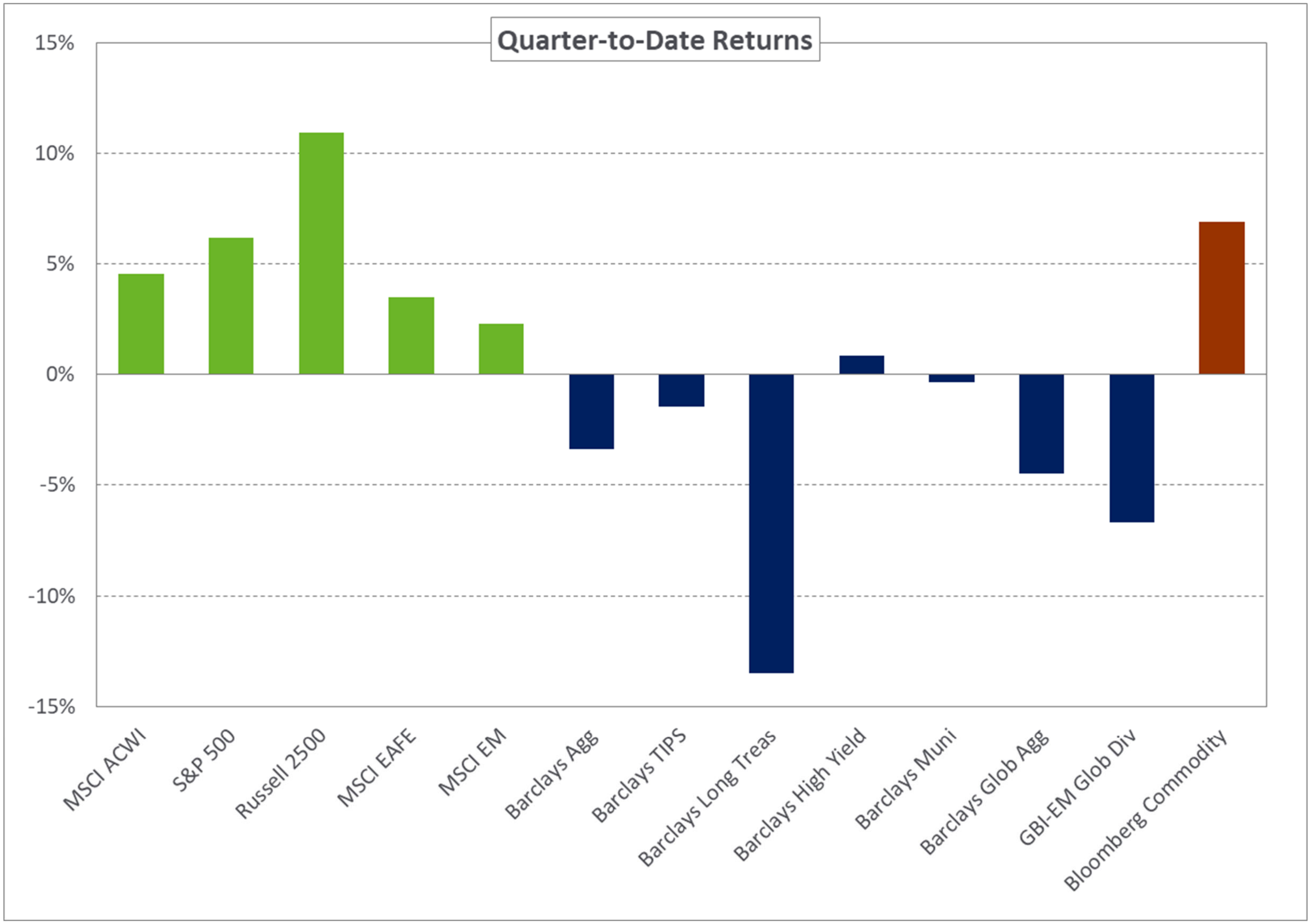
- The importance of the theme may increase in coming years as the lasting impact from the pandemic is seen
- The world will likely be faced with an amplified wealth divide given economic and labor market disruptions, which historically has driven more volatile political outcomes

China Transitions

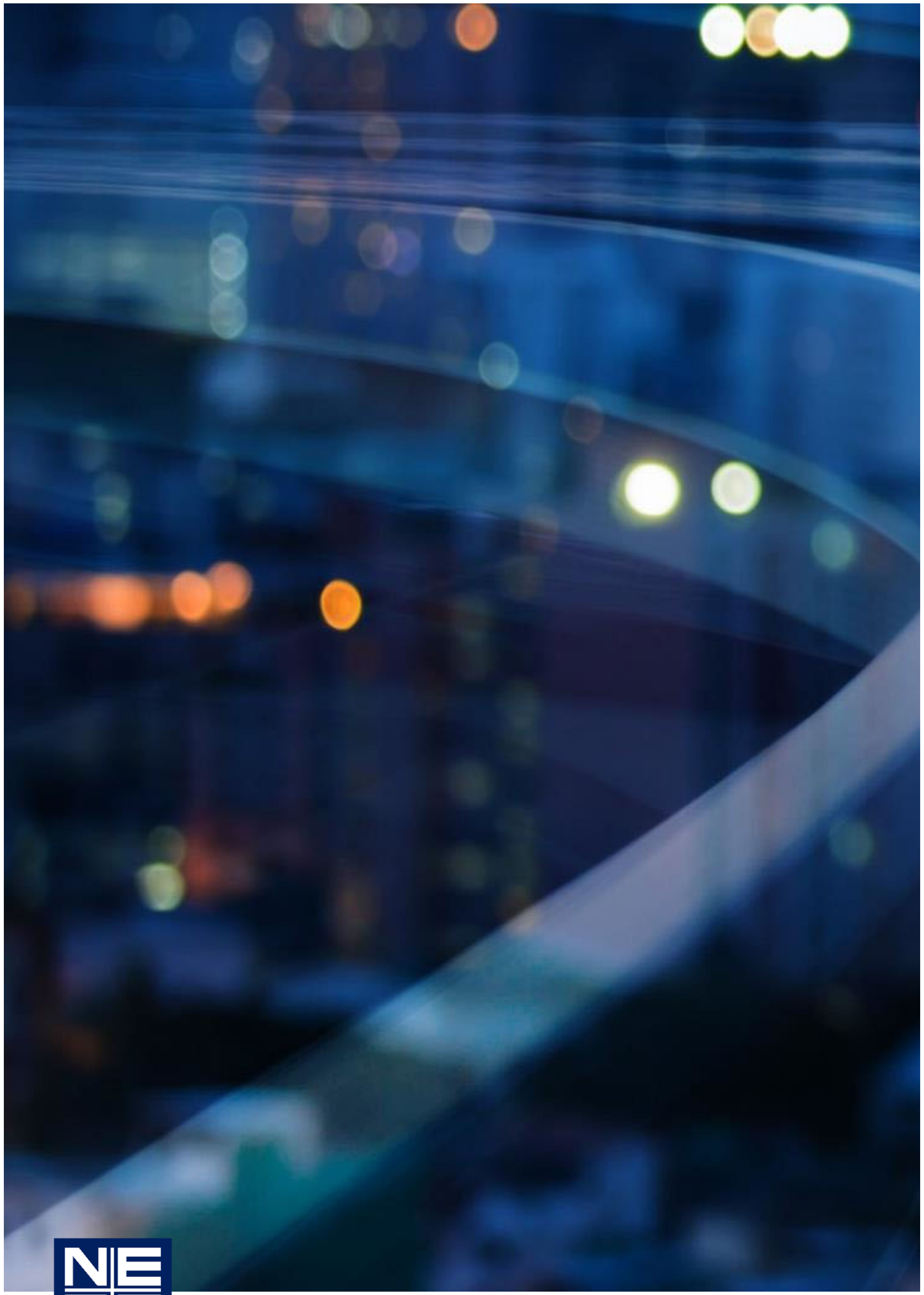
No Change in Status

- US-China tensions remain as the Biden administration has yet to show a willingness to ease trade and economic policy restrictions
- However, President Biden has promised a policy review in 2021 regarding the US policy posture with China related to climate change, human rights, and trade issues

MARKET REVIEW: Q1 2021



Source: S&P, Russell, MSCI, JPM, Bloomberg, FactSet



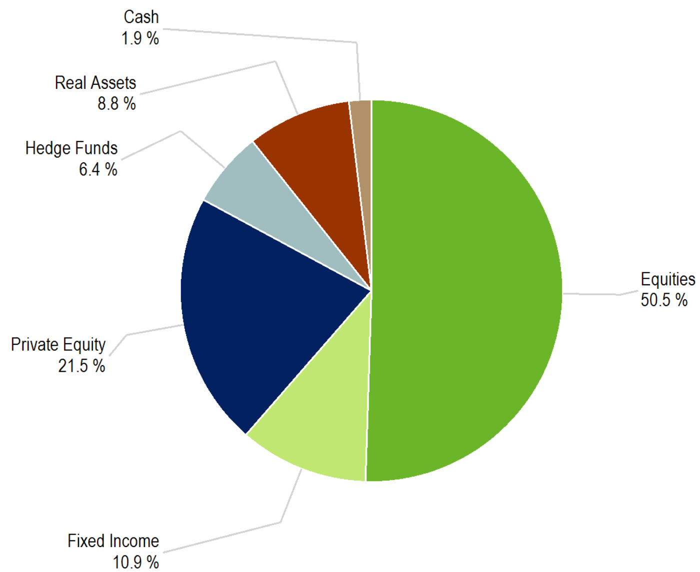
INVESTMENT PERFORMANCE SUMMARY: UHS ENDOWMENT FUND

University of Houston System Endowment Fund

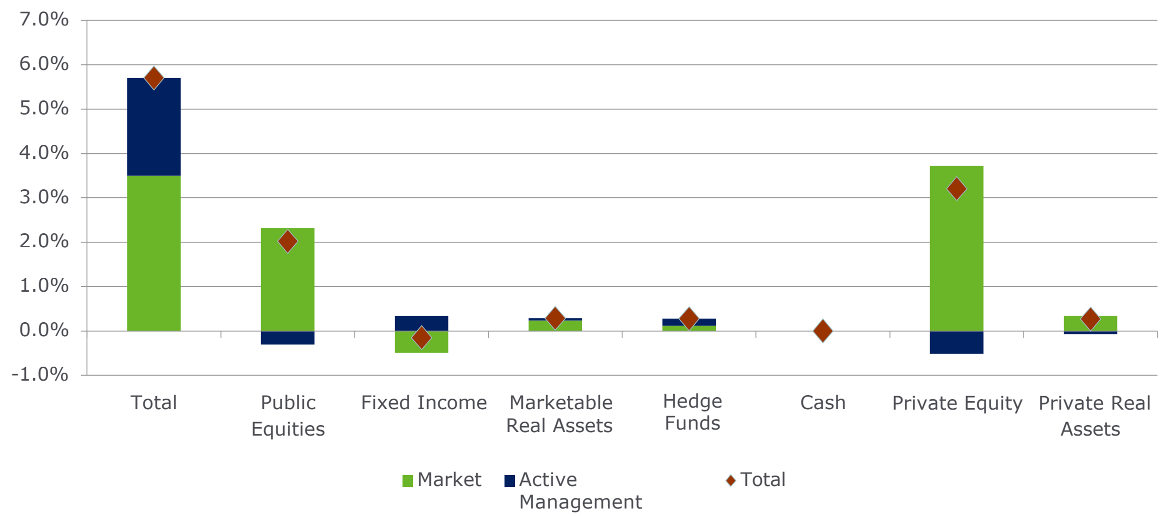
PERFORMANCE SUMMARY

	Market Value ($)	3 Mo (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
UHS Endowment Fund	**943,961,855**	**5.7**	**5**	**39.3**	**25**	**10.5**	**14**	**10.8**	**19**	**7.3**	**60**
Dynamic Benchmark		*3.5*	*41*	*35.6*	*49*	*7.5*	*94*	*8.5*	*88*	*6.2*	*94*
Over/Under		2.2		3.7		3.0		2.3		1.1	
InvMetrics All E&F > $500mm Net Median		*2.9*		*35.5*		*9.1*		*9.8*		*7.5*	

Current Allocation

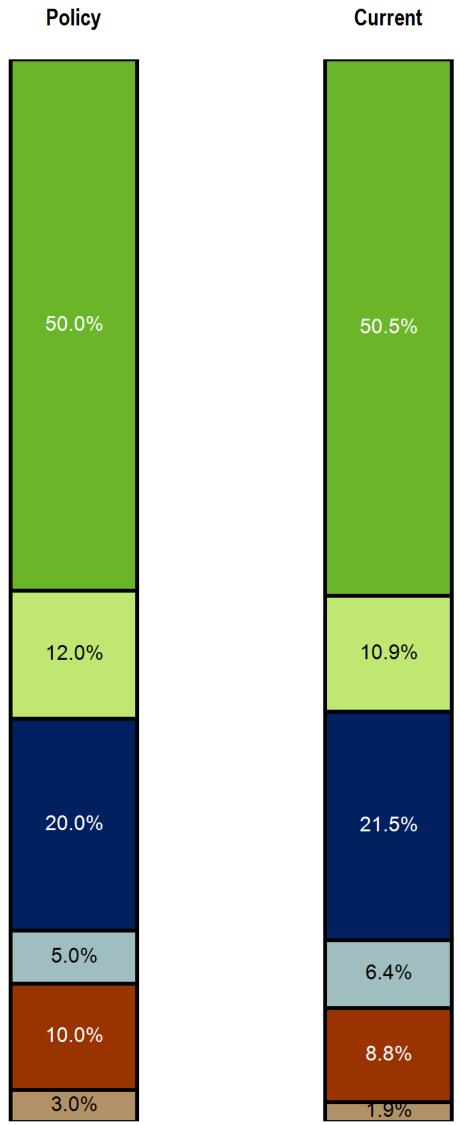


Trailing 3-Month Attribution



University of Houston System Endowment Fund

ASSET ALLOCATION VS. POLICY TARGETS



Asset Allocation vs. Target

	Current	Policy	Current	Difference*	Policy Range	Within Range
Equities	$476,295,459	50.0%	50.5%	0.5%	35.0% - 55.0%	**Yes**
Fixed Income	$103,016,493	12.0%	10.9%	-1.1%	7.0% - 17.0%	**Yes**
Private Equity	$203,077,257	20.0%	21.5%	1.5%	10.0% - 35.0%	**Yes**
Hedge Funds	$60,405,904	5.0%	6.4%	1.4%	0.0% - 10.0%	**Yes**
Real Assets	$83,417,670	10.0%	8.8%	-1.2%	5.0% - 15.0%	**Yes**
Cash	$17,749,072	3.0%	1.9%	-1.1%	0.0% - 5.0%	**Yes**
Total	**$943,961,855**	**100.0%**	**100.0%**			

*Difference between Policy and Current Allocation

*Interrim Policy is shown.

PERFORMANCE DETAIL

	Market Value ($)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
			Ending March 31, 2021						
UHS Endowment Fund	**943,961,855**	**100.0**	**5.7**	**39.3**	**10.5**	**10.8**	**7.3**	**6.0**	**Jan-98**
Dynamic Benchmark			*3.5*	*35.6*	*7.5*	*8.5*	*6.2*	*5.6*	*Jan-98*
Policy Benchmark			*3.5*	*34.7*	*7.9*	*8.6*	*6.3*	*5.9*	*Jan-98*
Public Equity	**476,295,459**	**50.5**	**4.0**	**57.9**	**11.3**	**13.4**	**9.7**	**6.6**	**Jan-98**
MSCI ACWI			*4.6*	*54.6*	*12.1*	*13.2*	*9.1*	*6.8*	*Jan-98*
U.S Equity	**266,247,749**	**28.2**	**4.0**	**61.8**	**16.3**	**16.3**	**12.6**	**7.9**	**Jan-98**
Russell 3000			*6.3*	*62.5*	*17.1*	*16.6*	*13.8*	*8.5*	*Jan-98*
Northern Trust Common Russell 3000 Index Fund - Lending	123,768,020	13.1	--	--	--	--	--	6.8	Feb-21
Russell 3000			*6.3*	*62.5*	*17.1*	*16.6*	*13.8*	*6.8*	*Feb-21*
Columbia Focused Large Cap Growth	68,083,170	7.2	-2.4	70.6	21.5	21.7	15.2	16.3	May-10
Russell 1000 Growth			*0.9*	*62.7*	*22.8*	*21.0*	*16.6*	*16.8*	*May-10*
Vulcan Value Partners	72,695,342	7.7	7.1	66.4	15.9	15.1	--	12.1	Aug-15
Russell 1000			*5.9*	*60.6*	*17.3*	*16.7*	*14.0*	*14.3*	*Aug-15*
Cougar Investment Fund	1,701,217	0.2	4.1	58.8	11.0	12.0	9.5	8.1	Jun-05
S&P 500			*6.2*	*56.4*	*16.8*	*16.3*	*13.9*	*10.2*	*Jun-05*
Non-U.S. Developed Equity	**169,592,379**	**18.0**	**4.0**	**52.5**	**7.0**	**10.3**	**7.8**	**9.1**	**Apr-03**
MSCI EAFE			*3.5*	*44.6*	*6.0*	*8.8*	*5.5*	*8.2*	*Apr-03*
William Blair International Growth	66,594,905	7.1	-1.2	63.0	12.1	13.0	8.3	8.9	Oct-03
MSCI ACWI ex USA			*3.5*	*49.4*	*6.5*	*9.8*	*4.9*	*7.4*	*Oct-03*
Silchester International Value	72,513,330	7.7	8.7	42.4	2.9	7.9	7.4	8.6	Aug-09
MSCI EAFE			*3.5*	*44.6*	*6.0*	*8.8*	*5.5*	*6.7*	*Aug-09*
Global Alpha Int'l Small Cap	30,484,144	3.2	5.3	57.3	--	--	--	7.7	May-18
MSCI EAFE Small Cap			*4.5*	*62.0*	*6.3*	*10.5*	*8.0*	*6.0*	*May-18*
Emerging Markets Equity	**40,455,330**	**4.3**	**3.8**	**55.2**	**1.0**	**7.8**	**3.4**	**5.8**	**Feb-10**
MSCI Emerging Markets			*2.3*	*58.4*	*6.5*	*12.1*	*3.7*	*5.6*	*Feb-10*
Oldfield Emerging Markets	14,515,369	1.5	5.6	61.6	0.3	8.5	--	5.0	May-14
MSCI Emerging Markets			*2.3*	*58.4*	*6.5*	*12.1*	*3.7*	*6.6*	*May-14*
Somerset Global Emerging Markets	14,064,482	1.5	-1.2	57.6	5.2	10.5	--	5.5	Jun-14
MSCI Emerging Markets			*2.3*	*58.4*	*6.5*	*12.1*	*3.7*	*6.2*	*Jun-14*
Edgbaston Asian Equity	11,875,479	1.3	8.0	45.9	--	--	--	-0.3	Jul-19
MSCI AC Asia Pacific ex Japan			*2.7*	*58.6*	*9.1*	*13.1*	*6.3*	*18.0*	*Jul-19*

PERFORMANCE DETAIL

	Market Value ($)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
			Ending March 31, 2021						
Fixed Income	**103,016,493**	**10.9**	**-1.4**	**3.3**	**4.6**	**2.8**	**2.3**	**--**	
Core Fixed Income	**85,459,424**	**9.1**	**-1.8**	**2.5**	**4.3**	**1.5**	**2.2**	**4.0**	**Jan-98**
BBgBarc US Aggregate TR			*-3.4*	*0.7*	*4.7*	*3.1*	*3.4*	*4.8*	*Jan-98*
Smith Graham Intermediate Aggregate	68,189,196	7.2	-1.6	2.0	4.2	--	--	3.2	Feb-17
BBgBarc US Int TR			*-1.6*	*1.4*	*4.2*	*2.7*	*2.9*	*3.2*	*Feb-17*
Loomis Sayles Investment Grade Fixed Income Fund	17,270,228	1.8	-2.4	--	--	--	--	1.8	Oct-20
BBgBarc US Govt/Credit TR			*-4.3*	*0.9*	*5.0*	*3.4*	*3.7*	*-3.5*	*Oct-20*
Diversified Fixed Income	**17,557,068**	**1.9**	**0.8**	**3.2**	**1.1**	**1.3**	**-0.1**	**2.8**	**Nov-20**
BBgBarc Global Aggregate TR			*-4.5*	*4.7*	*2.8*	*2.7*	*2.2*	*-1.4*	*Nov-20*
PIMCO Dynamic Bond Fund	17,557,068	1.9	0.8	--	--	--	--	3.2	Oct-20
3-Month Libor Total Return USD			*0.0*	*0.3*	*1.6*	*1.5*	*0.9*	*0.1*	*Oct-20*
Cash and Equivelants	**17,749,072**	**1.9**	**0.0**	**0.2**	**1.3**	**1.1**	**0.6**	**2.0**	**Jan-98**
ICE BofA 91 Days T-Bills TR			*0.0*	*0.1*	*1.5*	*1.2*	*0.6*	*2.0*	*Jan-98*
Cash	17,749,072	1.9	0.0	0.2	1.5	1.3	0.7	2.1	Jan-98
Marketable Real Assets	**27,880,845**	**3.0**	**9.7**	**52.2**	**3.6**	**5.3**	**-1.4**	**5.3**	**Oct-03**
Marketable Real Assets Benchmark			*8.0*	*35.5*	*4.2*	*--*	*--*	*--*	*Oct-03*
Vanguard Real Estate Index Fund	12,469,436	1.3	8.7	36.5	--	--	--	9.4	Oct-18
Real Estate Index			*8.7*	*36.7*	*--*	*--*	*--*	*9.4*	*Oct-18*
T. Rowe Price New Era Fund	15,411,410	1.6	10.5	67.7	--	--	--	0.8	Oct-18
MSCI World Select Natural Resources			*16.0*	*68.1*	*0.8*	*5.5*	*-0.2*	*-2.3*	*Oct-18*
Hedge Funds	**60,405,904**	**6.4**	**4.3**	**24.8**	**5.9**	**5.9**	**4.5**	**5.2**	**Aug-03**
HFRI Fund of Funds Composite Index			*1.8*	*23.7*	*5.4*	*5.6*	*3.4*	*3.8*	*Aug-03*
Long/Short Equity	**18,695,901**	**2.0**	**9.5**	**42.0**	**10.6**	**9.4**	**6.1**	**5.9**	**Jan-05**
SRS Partners	13,473,021	1.4	7.2	12.7	8.0	11.7	--	7.6	Jun-14
Lakewood Capital Offshore	5,222,880	0.6	16.0	53.4	--	--	--	6.9	Oct-18
Diversifiers	**41,084,209**	**4.4**	**2.2**	**18.2**	**3.5**	**3.7**	**3.5**	**4.7**	**Aug-03**
Davidson Kempner	17,268,315	1.8	3.8	22.0	6.4	6.7	5.5	6.9	Aug-03
HBK Offshore	17,350,140	1.8	2.4	20.0	5.1	5.6	4.9	5.0	Mar-11
Standard Life GARs	6,465,754	0.7	-2.1	8.2	3.1	2.5	--	1.4	Aug-15

PERFORMANCE DETAIL

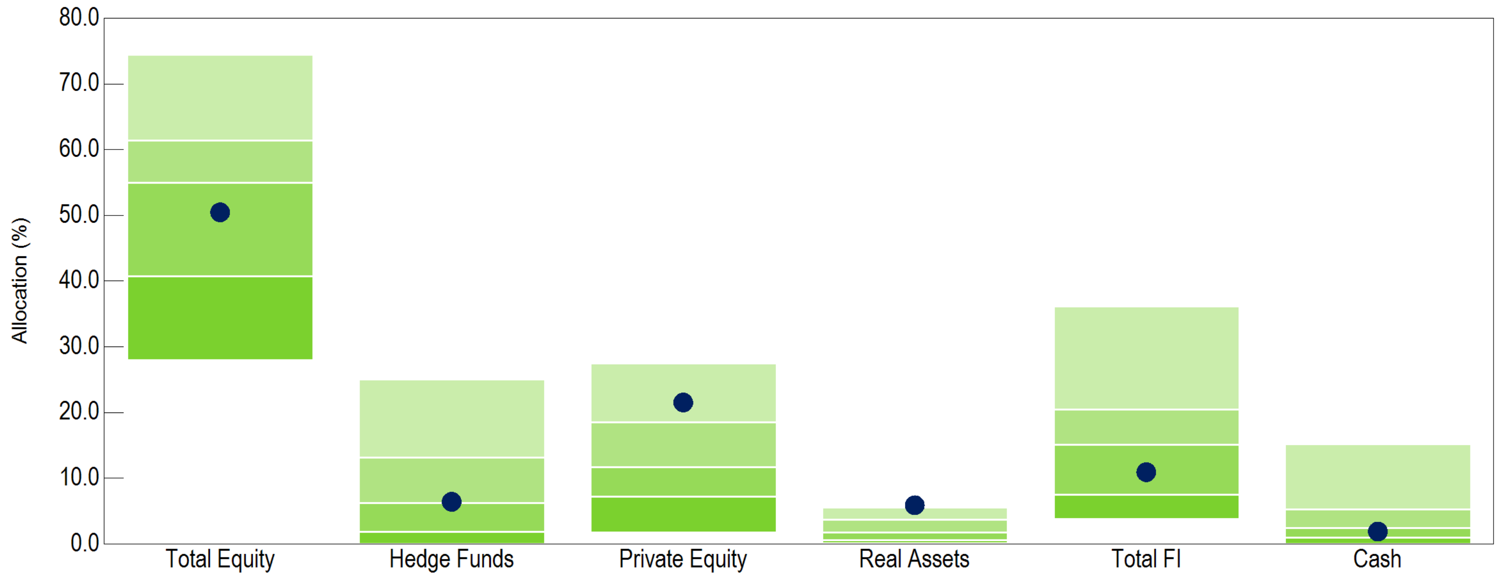
	Market Value ($)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
			Ending March 31, 2021						
Manager Holdbacks	**625,794**	**0.1**	**1.1**	**-4.1**	**-0.8**	**-0.5**	**--**	**-7.7**	**Jul-12**
Private Markets	**258,614,082**	**27.4**	**12.5**	**35.7**	**17.5**	**15.7**	**13.2**	**--**	
Private Equity	**203,077,257**	**21.5**	**14.9**	**47.4**	**25.0**	**20.4**	**16.6**	**12.9**	**Jan-98**
C|A Global All PE (Qtr Lag)			*17.3*	*28.8*	*17.3*	*16.0*	*13.7*	*--*	*Jan-98*
Private Real Assets	**55,536,825**	**5.9**	**4.6**	**4.0**	**0.1**	**4.4**	**6.1**	**5.3**	**Nov-03**
Private Real Assets Benchmark			*5.8*	*0.1*	*3.0*	*6.4*	*7.2*	*9.4*	*Nov-03*

*ASF VIII B, Dover Street IX, Dover Street VIII, Dover Street X Feeder Fund, Embarcadero Capital Investors V, EnerVest Energy Istitutional Fund XIV, Fisher Lynch Buyout Partners II, Fisher Lynch Venture Parntership II, Insight Equity III, Jackson Square Ventures II, Jashson Square Ventures III, and Vivo Capital Fund IX values are cash adjusted as of 9/30/2020.

University of Houston System Endowment Fund

ASSET ALLOCATION VS. PEERS

Total Plan Allocation vs. InvMetrics All E&F > $500mm Net
As of March 31, 2021

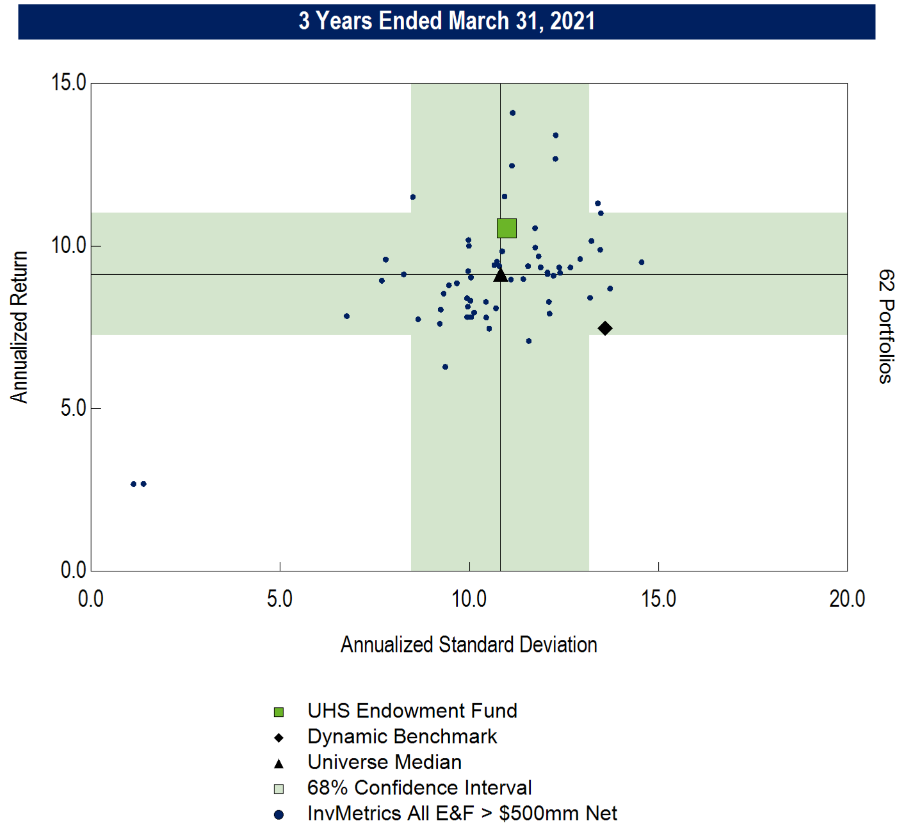


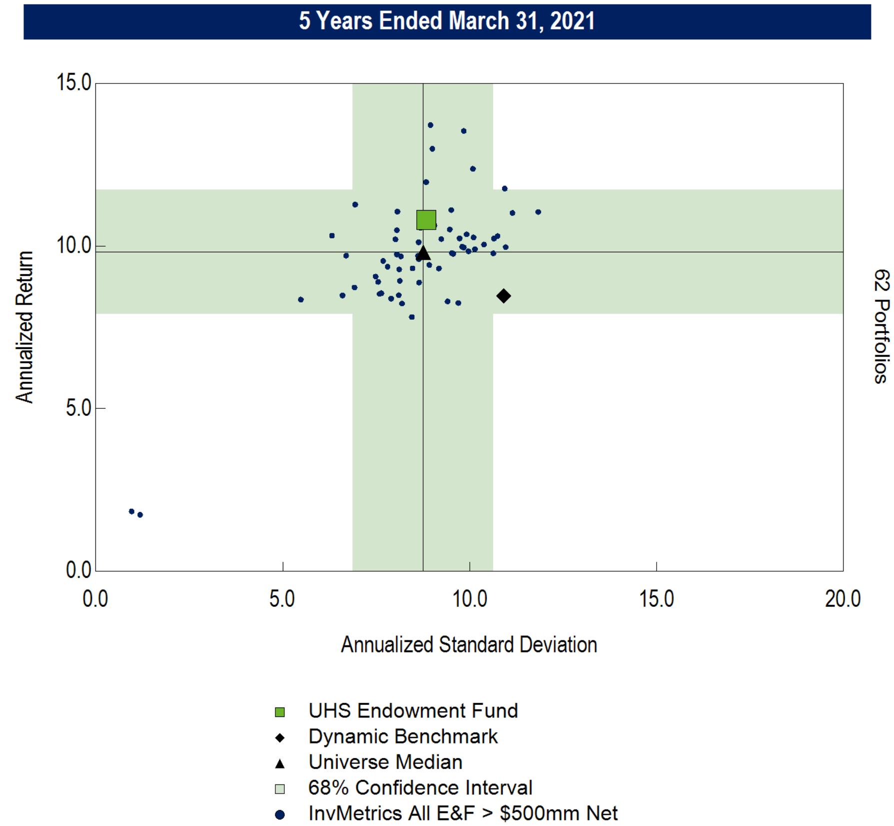
	Allocation (Rank)											
5th Percentile	74.4		25.1		27.5		5.6		36.1		15.1	
25th Percentile	61.4		13.2		18.6		3.8		20.5		5.3	
Median	55.0		6.3		11.8		1.8		15.2		2.5	
75th Percentile	40.8		1.9		7.3		0.6		7.6		1.1	
95th Percentile	28.1		0.0		1.9		0.1		3.8		0.0	
# of Portfolios	39		24		35		16		38		39	
● UHS Endowment Fund	50.5	(62)	6.4	(50)	21.5	(17)	5.9	(4)	10.9	(67)	1.9	(55)

*Marketable Real Assets are excluded from analytic.

University of Houston System Endowment Fund

RISK/RETURN VS. PEERS



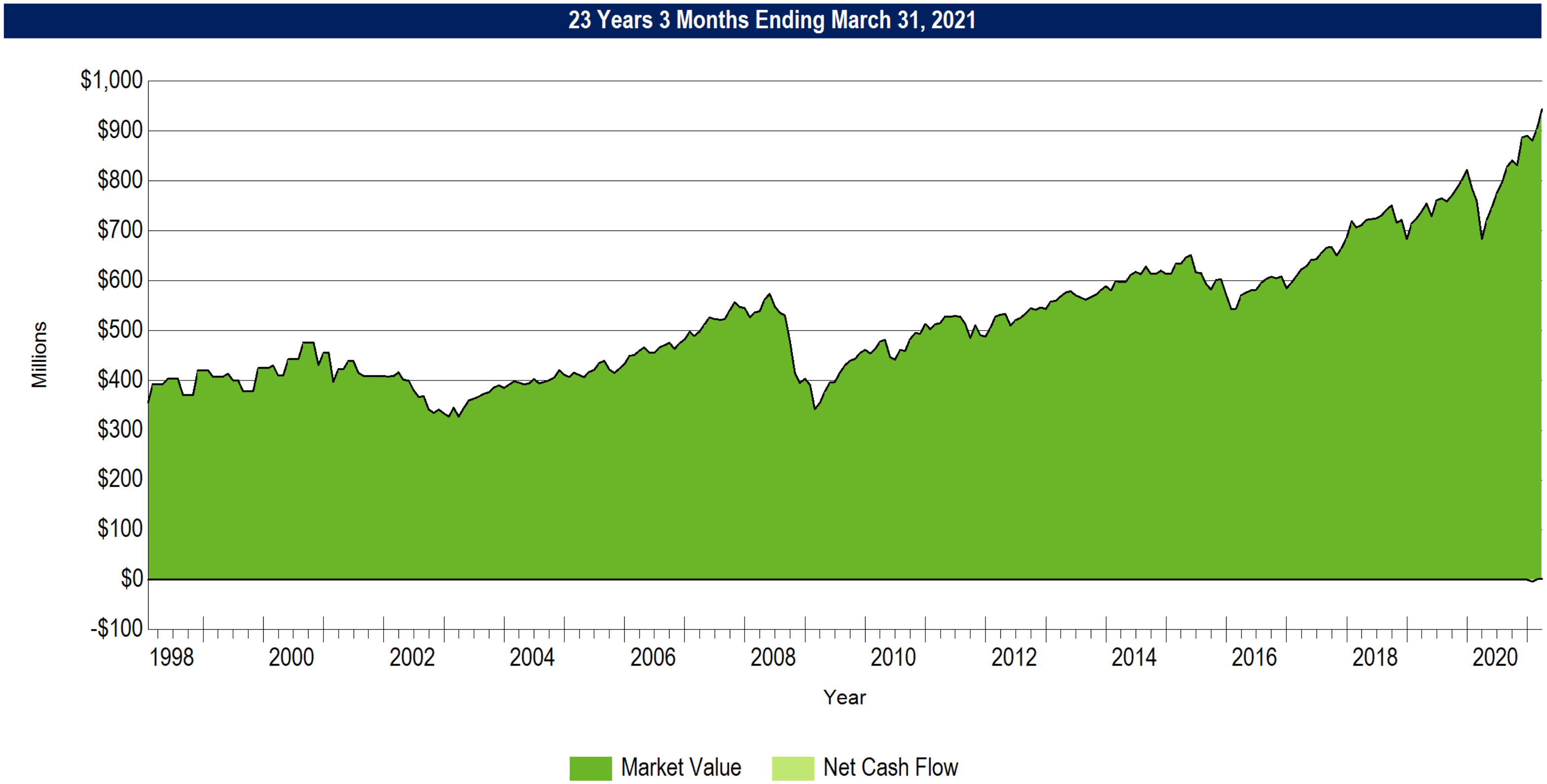


3 Years Ended March 31, 2021	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
UHS Endowment Fund	10.5%	14	11.0%	55	0.8	23	1.0	27
Dynamic Benchmark	7.5%	94	13.6%	98	0.5	99	0.6	99

5 Years Ended March 31, 2021	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
UHS Endowment Fund	10.8%	19	8.8%	51	1.1	24	1.1	40
Dynamic Benchmark	8.5%	88	10.9%	95	0.7	99	0.7	99

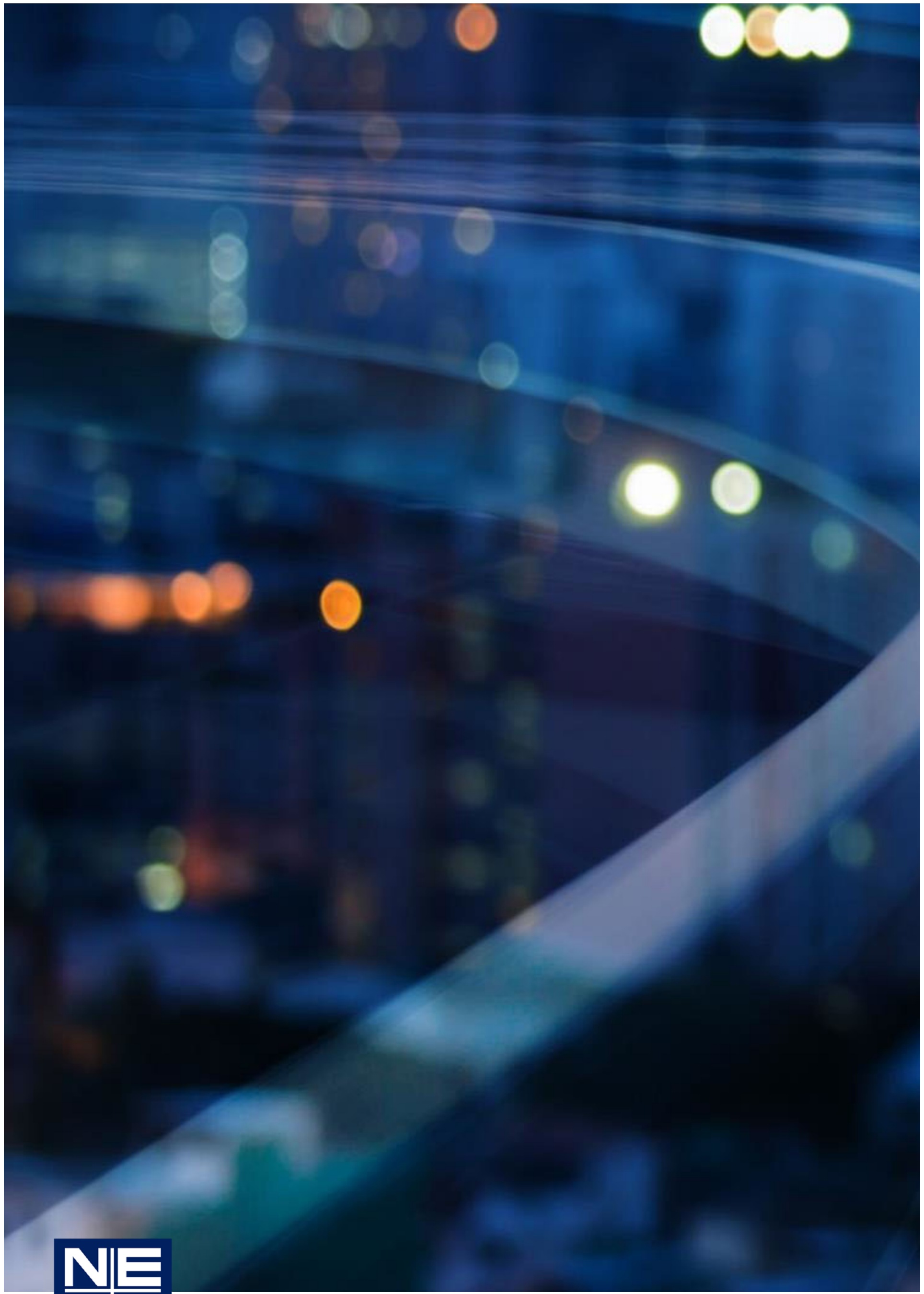
University of Houston System Endowment Fund

ASSET GROWTH SUMMARY



Summary of Cash Flows

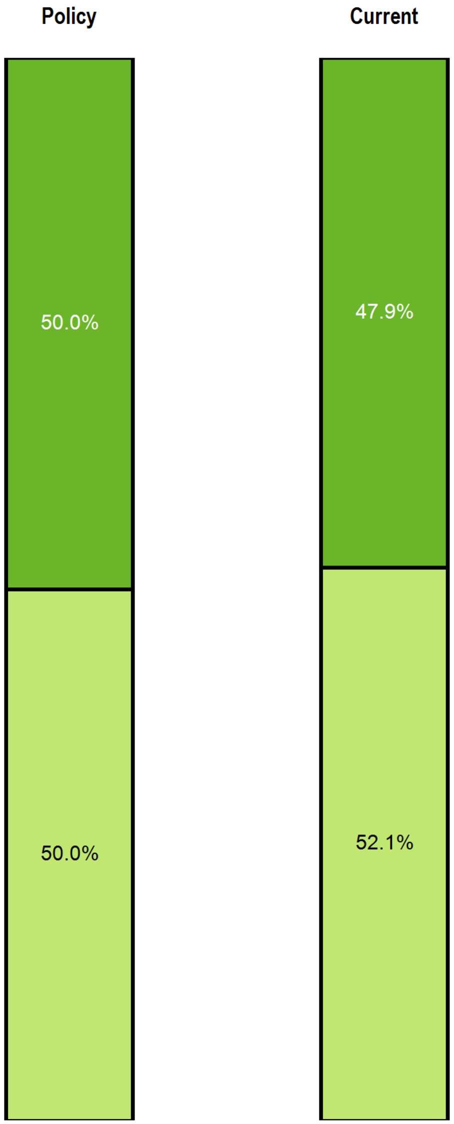
	First Quarter
Beginning Market Value	$890,848,706
Contributions	$170,581,220
Withdrawals	-$168,491,811
Net Cash Flow	$2,089,409
Net Investment Change	$51,023,739
Ending Market Value	$943,961,855
Net Change	$53,113,148



INVESTMENT PERFORMANCE SUMMARY: UHS NON-ENDOWED ASSETS

University of Houston System Non-Endowed Assets

ASSET ALLOCATION VS. POLICY TARGETS



Asset Allocation vs. Target	Current	Policy	Current	Difference*	Policy Range	Within Range
Fixed Income	$314,331,474	50.0%	47.9%	-2.1%	0.0% - 100.0%	**Yes**
Cash	$341,641,462	50.0%	52.1%	2.1%	0.0% - 100.0%	**Yes**
Total	**$655,972,936**	**100.0%**	**100.0%**			

*Difference between Policy and Current Allocation

University of Houston System Non-Endowed Assets

PERFORMANCE SUMMARY

	Market Value ($)	% of Portfolio	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
			Ending March 31, 2021						
UHS Non-Endowed Assets	**655,972,936**	**100.0**	**-0.8**	**2.2**	**2.7**	**1.7**	**1.2**	**2.8**	**Jan-98**
Dynamic Benchmark			*-0.6*	*--*	*--*	*--*	*--*	*--*	*Jan-98*
Non-Endowed Policy Benchmark			*-0.2*	*0.7*	*2.5*	*1.7*	*--*	*--*	*Jan-98*
Cash Pool	**341,641,462**	**52.1**	**-0.7**	**-0.5**	**1.1**	**0.9**	**0.5**	**2.0**	**Jan-98**
ICE BofA 91 Days T-Bills TR			*0.0*	*0.1*	*1.5*	*1.2*	*0.6*	*2.0*	*Jan-98*
Morgan Stanley Instl. Liquid Treasuries- Clear Lake	38,144,112	5.8	0.0	-3.9	-0.2	0.1	0.1	1.8	Jan-98
Morgan Stanley Instl. Liquid Treasuries- Downtown	40,916,085	6.2	0.0	-3.9	-0.2	0.1	0.1	1.8	Jan-98
Morgan Stanley Instl. Liquid Treasuries- U. of Houston	226,908,029	34.6	0.0	-3.9	-0.2	0.1	0.1	1.8	Jan-98
Morgan Stanley Instl. Liquid Treasuries- UofH System	12,468,486	1.9	0.0	-3.9	-0.2	0.1	0.1	1.8	Jan-98
Morgan Stanley Instl. Liquid Treasuries- Victoria	7,251,440	1.1	0.0	-3.9	-0.2	0.1	0.1	1.7	Jul-98
Columbia Treasury Reserves	15,953,310	2.4	-4.3	-4.7	3.7	2.1	1.1	0.9	Sep-08
Liquid Pool	**314,331,474**	**47.9**	**-0.9**	**4.2**	**4.0**	**2.4**	**2.0**	**3.7**	**Jan-98**
ICE BofA 1-5 Yrs US Corp & Govt TR			*-0.5*	*2.1*	*3.7*	*2.4*	*2.2*	*3.8*	*Jan-98*
JP Morgan - Univ. of Houston	152,739,458	23.3	-0.4	1.0	3.4	2.1	1.9	3.6	Jan-98
ICE BofA 1-5 Yrs AAA-A US Corp & Govt TR			*-0.5*	*0.9*	*3.5*	*2.1*	*2.0*	*3.7*	*Jan-98*
ICE BofA 1-5 Yrs US Corp & Govt TR			*-0.5*	*2.1*	*3.7*	*2.4*	*2.2*	*3.8*	*Jan-98*
PIMCO Dynamic Bond Fund	50,202,748	7.7	0.8	12.1	--	--	--	4.3	May-19
3-Month Libor Total Return USD			*0.0*	*0.3*	*1.6*	*1.5*	*0.9*	*1.1*	*May-19*
Breckinridge Core Intermediate Government Credit Strategy	61,845,205	9.4	-1.9	3.0	--	--	--	4.8	May-19
BBgBarc US Govt/Credit Int TR			*-1.9*	*2.0*	*4.4*	*2.8*	*2.9*	*4.5*	*May-19*
Loomis Sayles Core Plus Full Discretion Strategy	49,544,062	7.6	-2.8	9.1	--	--	--	7.2	Jun-19
BBgBarc US Govt/Credit TR			*-4.3*	*0.9*	*5.0*	*3.4*	*3.7*	*4.6*	*Jun-19*

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