AGENDA

UNIVERSITY OF HOUSTON SYSTEM
ENDOWMENT MANAGEMENT COMMITTEE MEETING

DATE: **Thursday, December 2, 2021**

TIME: **10:00 AM**

PLACE: **Hilton University of Houston Hotel**
Conrad Hilton Ballroom, Second Floor
4450 University Drive
Houston, Texas 77204
Link to broadcast: https://uh.edu/bor-live

Chair: **Beth Madison**
Vice Chair: **Durga D. Agrawal**
Members: **Alonzo Cantu**
Gregory C. King
Tammy Murphy
Tomas Bryan - Non Voting
Tilman J. Fertitta, Ex Officio

I. **Endowment Management Committee**

A. Call to Order

Presenter: Chair Steve Chazen

B. Report from NEPC regarding the University of Houston System endowment and non-endowed portfolios - University of Houston System — 3

Action: Information
Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

C. Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the hiring of private investment managers for the University of Houston System Endowment Fund - University of Houston System. — 43

Action: Approval
Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

D. Approval is requested for the annual review of the University of Houston System Board of Regents Endowment Management Committee Charter - University of Houston System 44

Action: Approval
Presenter: Raymond Bartlett, Senior Vice Chancellor for Administration and Finance

II. **Executive Session**

Presenter: Chair Steve Chazen

A. 1. Consultation with System Attorney Regarding Legal Matters and/or Contemplated Litigation or Settlement Offers.
Texas Gov't Code Section 551.071

2. Deliberations regarding the Purchase, Exchange, Sale or Value of Real Property.
Texas Gov't Code Section 551.072

3. Deliberation Regarding a Prospective Gift
Texas Gov't Code Section 551.073

4. Personnel Matters Relating to Appointment, Employment, Evaluation, Assignment, Duties, Discipline, or Dismissal of Officers or Employees including but not limited to the Chancellor, President, Vice Chancellors, in the Division of Athletics and members of the Board of Regents.
Texas Gov't Code Section 551.074

III. **Report and Action from Executive Session**

Presenter: Chair Steve Chazen

IV. **Adjourn**

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Endowment Management Committee

ITEM: Report from NEPC regarding the University of Houston System endowment and non-endowed portfolios.

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY:

Representatives from NEPC will present to the Committee a report regarding the System's endowment and non-endowed investment portfolios. The report may include, such topics as market commentary, asset allocation, portfolio risk analysis, manager performance reporting, current and future investment strategies, and overall portfolio performance among others.

SUPPORTING DOCUMENTATION: NEPC discussion materials report

FISCAL NOTE: None

RECOMMENDATION/ ACTION REQUESTED: Information

COMPONENT: University of Houston System

Raymond S. Bartlett 11/15/2021

SENIOR VICE CHANCELLOR Raymond S. Bartlett **DATE**

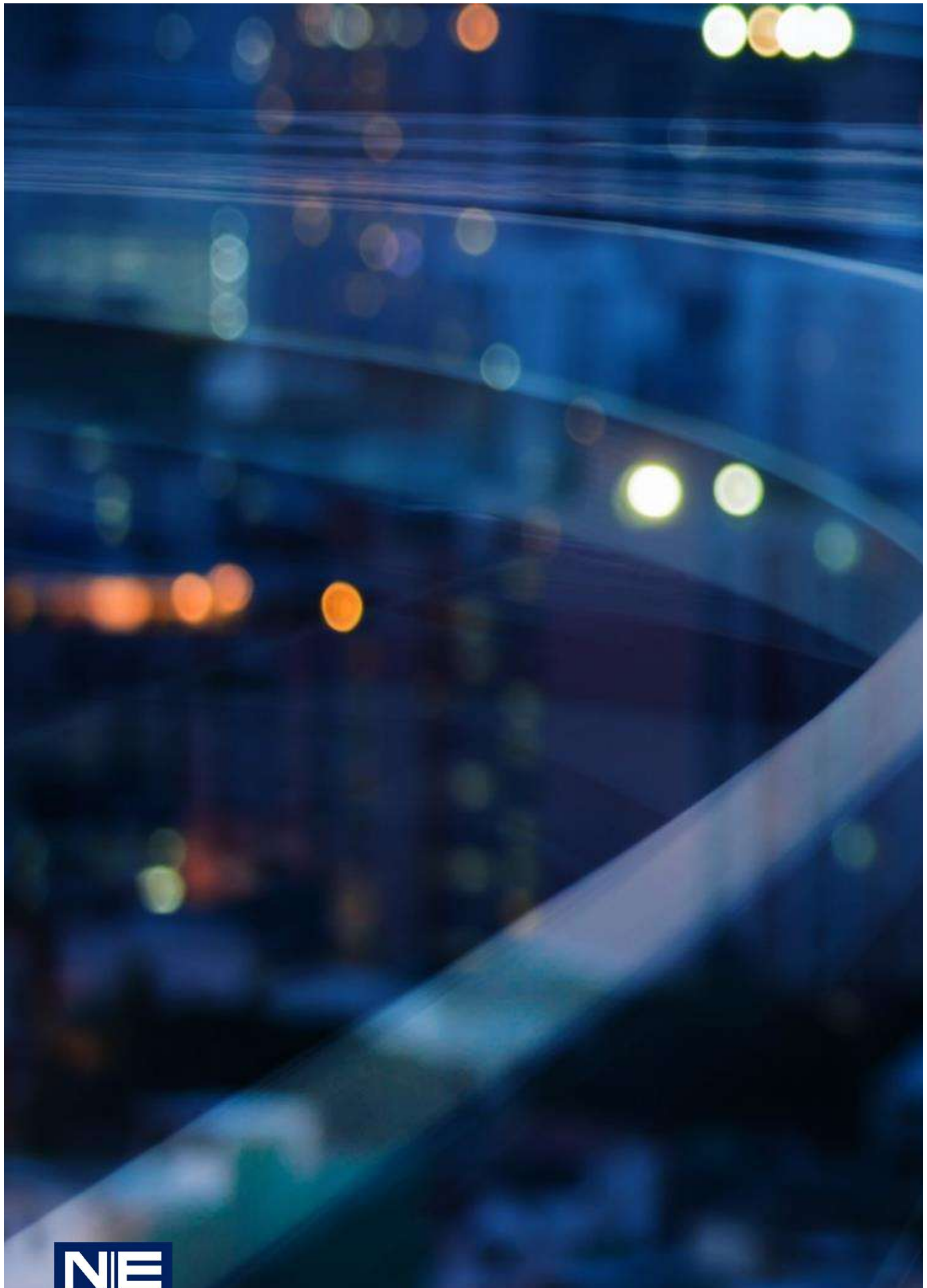
Renu Khator 11/24/2021

CHANCELLOR Renu Khator **DATE**

ENDOWMENT MANAGEMENT COMMITTEE

UNIVERSITY OF HOUSTON SYSTEM

DECEMBER 2, 2021



MARKET PERSPECTIVE & OUTLOOK

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:

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

ASSESSING THE KEY MARKET THEMES

AS OF 09/30/21

Virus Trajectory

Change in Status: *Prevalent to Neutral*

DORMANT | FADED | **NEUTRAL** | PREVALENT | DOMINANT

- Market sentiment has proven less sensitive to news related to the virus as vaccination rates have improved in the U.S. and globally
- The severity and prevalence of variants continues to be a risk to the timing and pace of a global economic recovery

Permanent Interventions

Change in Status: *Dominant to Prevalent*

DORMANT | FADED | NEUTRAL | **PREVALENT** | DOMINANT

- Permanent Interventions continues to be a meaningful force influencing global markets
- The Federal Reserve has announced plans to begin tapering asset purchases given positive trends in economic data and increasing inflation pressures in the U.S.

Globalization Backlash

Change in Status: *None*

DORMANT | FADED | NEUTRAL | **PREVALENT** | DOMINANT

- The importance of this theme may increase as supply-chain disruptions and inflationary pressures strain the electorate and geopolitical relationships
- 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

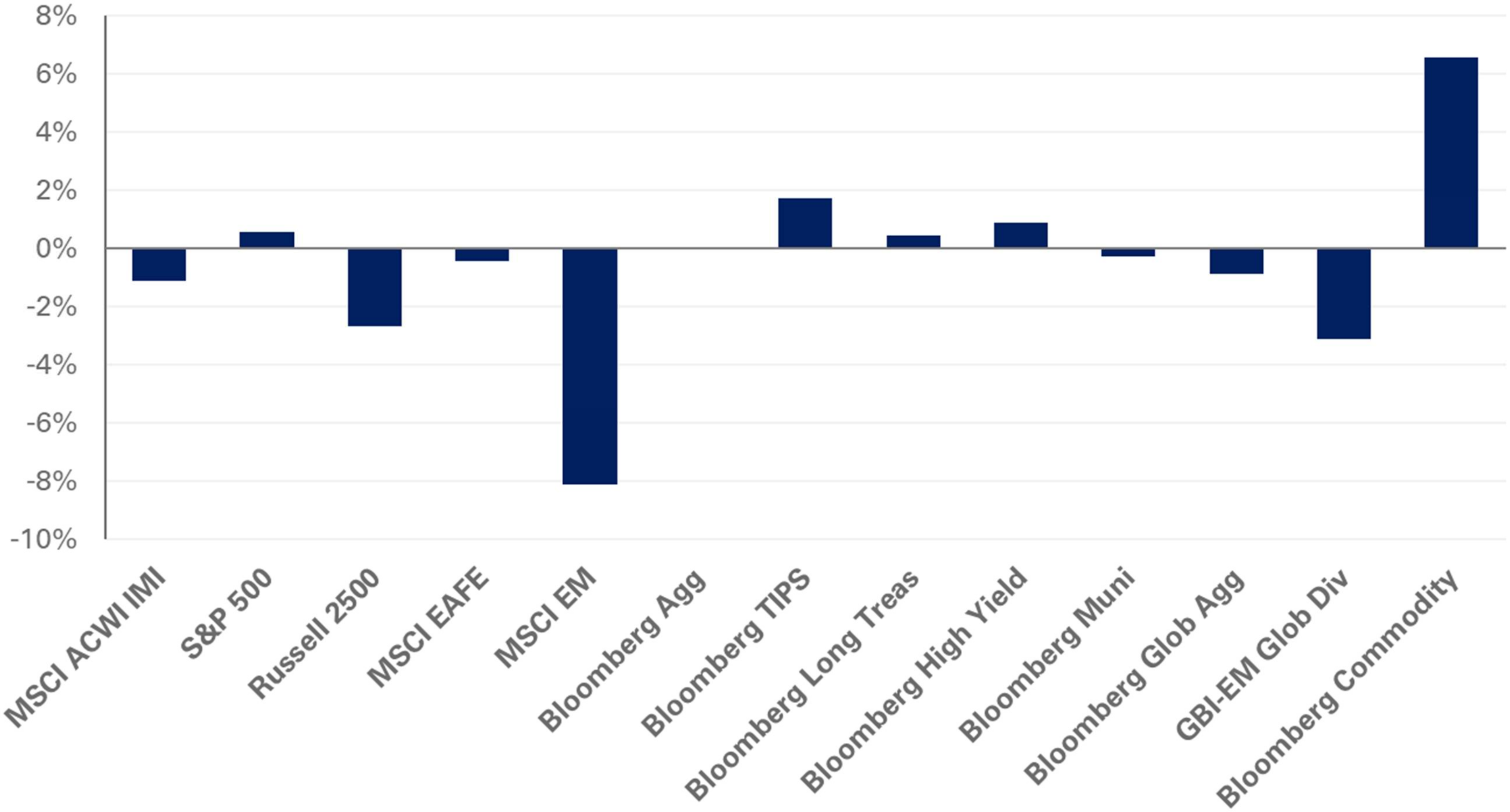
Change in Status: *Neutral to Prevalent*

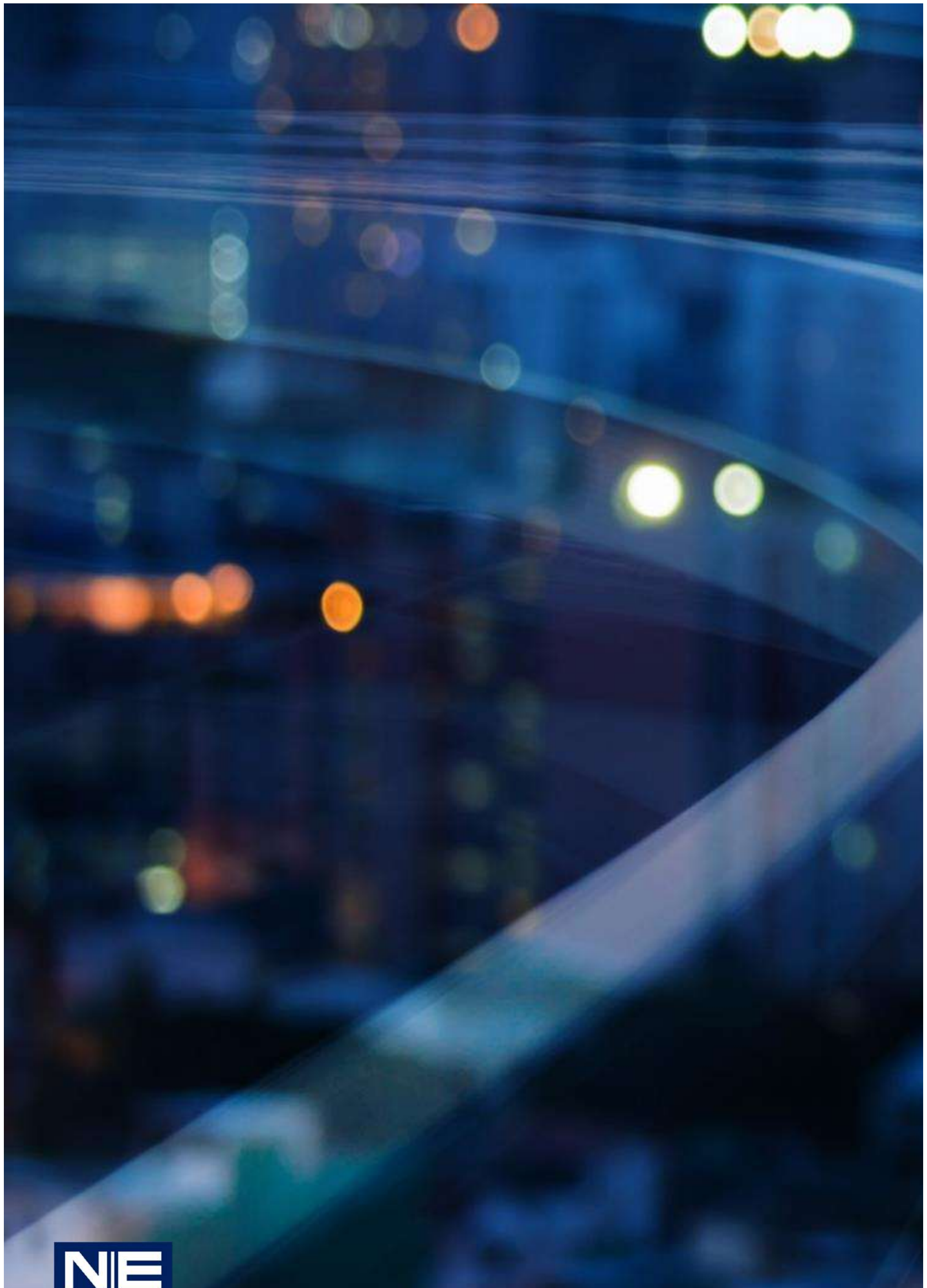
DORMANT | FADED | NEUTRAL | **PREVALENT** | DOMINANT

- China introduced a wave of new regulations, implementing anti-monopoly, industry-specific, and consumer protection regulations
- While in-line with the longer-term economic goals, the string of regulatory actions has negatively impacted market sentiment for Chinese investments

MARKET REVIEW: Q3 2021

QUARTERLY RETURN



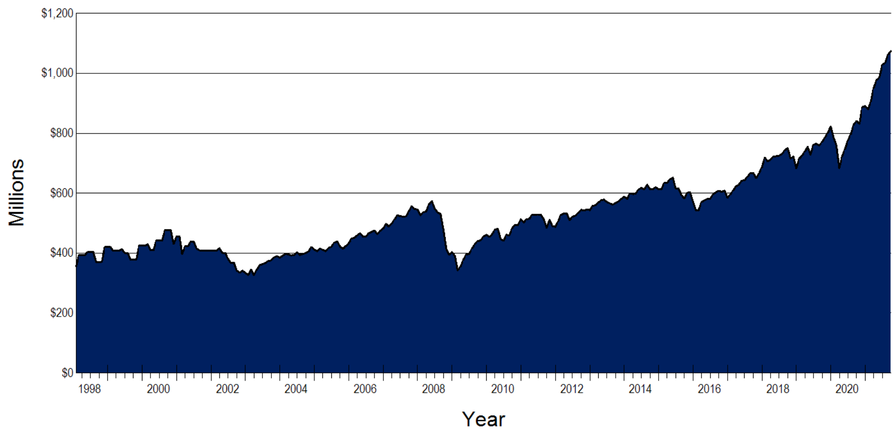


INVESTMENT PERFORMANCE: UHS ENDOWMENT FUND

University of Houston System Endowment Fund

INVESTMENT PERFORMANCE

Portfolio Market Value



Allocation vs. Targets and Policy

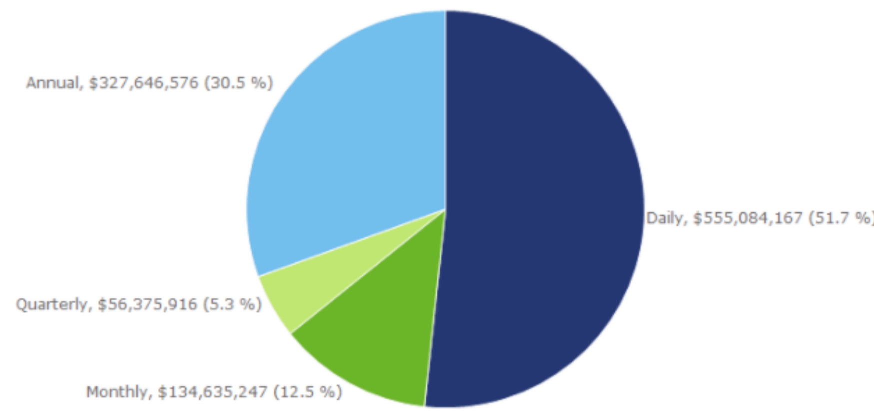
	Current Allocation	Policy	Policy Range
Equities	47.9%	45.0%	35.0% - 55.0%
Bonds and Cash	12.9%	15.0%	5.0% - 20.0%
Private Equity	24.3%	25.0%	10.0% - 35.0%
Hedge Funds	5.8%	5.0%	0.0% - 10.0%
Real Assets	9.1%	10.0%	5.0% - 15.0%
Total	**100.0%**	**100.0%**	

	Fiscal YTD (%)	2020 (%)	3 Yrs (%)	5 Yrs (%)
UHS Endowment Fund	**1.0**	**13.4**	**13.6**	**12.1**
Policy Benchmark	*0.2*	*7.7*	*10.4*	*9.9*
InvMetrics All E&F > $500mm Net Median	*-2.1*	*11.8*	*10.4*	*10.0*
UHS Endowment Fund Excl. Private Markets	**-2.9**	**14.0**	**10.5**	**9.8**
Policy Benchmark Excl. Private Markets	*-2.5*	*12.3*	*9.9*	*9.3*

	Market Value ($)
UHS Endowment Fund	**1,073,741,925**

	1 Yr (%)
UHS Endowment Fund	**28.1**
Dynamic Benchmark	*24.9*
Public Equity	**29.7**
MSCI ACWI	*27.4*
Bonds and Cash	**1.2**
Dynamic Bonds and Cash Benchmark	*-0.2*
Marketable Real Assets	**36.5**
Marketable Real Assets Benchmark	*34.5*
Hedge Funds	**15.6**
HFRI Fund of Funds Composite Index	*14.2*
Private Equity	**46.6**
C|A Global All PE (Qtr Lag)	*55.1*
Private Real Assets	**24.7**
Private Real Assets Benchmark	*21.8*

Liquidity

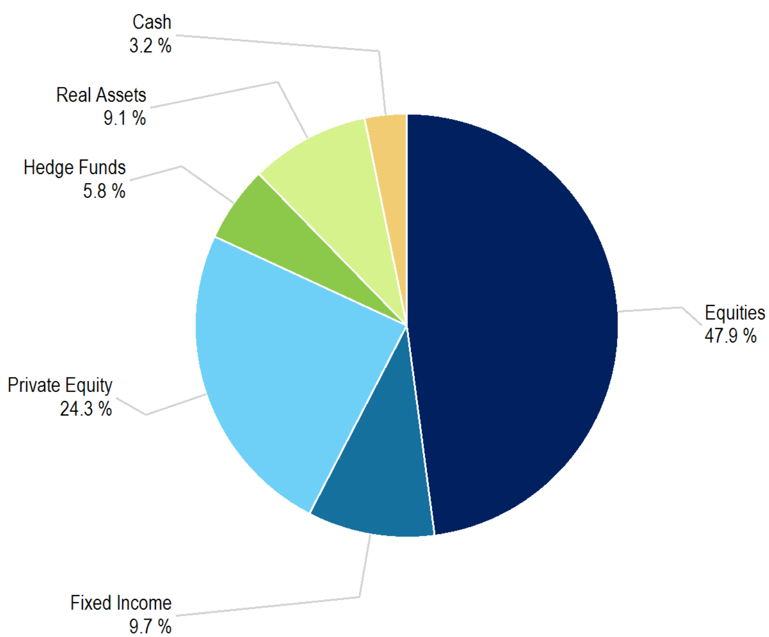


University of Houston System Endowment Fund

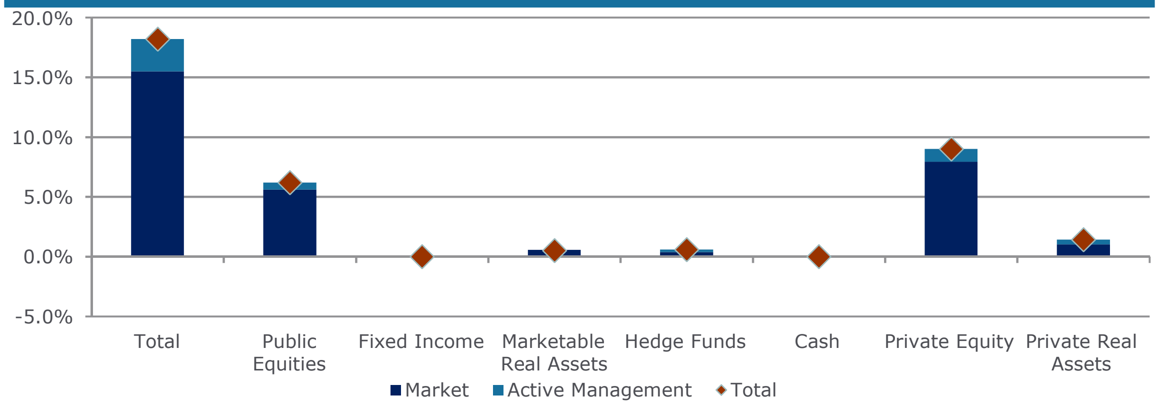
INVESTMENT PERFORMANCE

	Market Value ($)	3 Mo (%)	Rank	YTD (%)	Rank	1 Yr (%)	Rank	3 Yrs (%)	Rank	5 Yrs (%)	Rank	10 Yrs (%)	Rank
UHS Endowment Fund	**1,073,741,925**	**2.8**	**1**	**18.2**	**2**	**28.1**	**11**	**13.6**	**8**	**12.1**	**7**	**9.3**	**46**
Dynamic Benchmark		*2.6*	*1*	*15.4*	*9*	*24.9*	*27*	*9.9*	*63*	*9.7*	*66*	*8.2*	*87*
Over/Under		0.2		2.8		3.2		3.7		2.4		1.1	
InvMetrics All E&F > $500mm Net Median		*-0.3*		*9.9*		*22.4*		*10.4*		*10.0*		*9.2*	

Current Allocation



YTD Attribution



- **The UHS Endowment Fund posted a +2.8% return in Q3 2021, outpacing the "Dynamic Benchmark"**
  - Private Equity and Private Real Assets were the primary drivers of outperformance (helpful when Public Equity returns were mostly negative)
- **The five-year return for UHS now stands at +12.1% annualized**
  - Returns for 1-, 3-, 5- and 10- year time periods have exceeded target return of spending plus inflation (~7%)
  - Manager outperformance has been a significant driver
- **Agenda items for today:**
  - Investment Performance Review
  - Market Outlook/Key Themes
  - Private Markets Recommendations

UNIVERSITY PEER GROUP

- **Peer group is comprised of universities in the $1-4B range**

Universities $1B - $4B Net Peer Group as of September 30, 2021														
		Asset Allocation (%)							Performance (%)					
Institution	Market Value	Equity	Fixed Income	Private Equity	Cash	Hedge Fund	Real Estate	Misc.	3 Mos	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs
1	$1,040,000,000	32.6	11.0	30.9	0.0	24.0	1.2	0.3	1.3	13.4	25.3	12.1	10.7	8.8
2	$1,040,000,000	31.4	10.0	32.0	1.3	20.6	4.8	0.0	0.9	10.6	20.9	-	-	-
3	$1,170,000,000	10.8	16.8	7.2	6.1	4.5	43.0	11.6	3.9	11.9	15.3	9.5	-	-
4	$1,390,000,000	33.4	4.4	20.3	9.0	30.7	1.6	0.6	0.1	11.1	22.2	11.5	11.3	9.7
5	$1,460,000,000	22.1	4.4	65.9	2.2	4.2	1.0	0.2	2.6	-	-	19.2	15.8	11.9
6	$1,630,000,000	57.2	6.0	21.6	4.3	0.0	10.9	0.0	0.3	17.6	33.0	11.9	11.4	-
7	$1,980,000,000	24.5	15.1	22.1	18.3	18.2	1.6	0.2	2.0	10.5	17.3	9.1	8.7	7.7
8	$1,980,000,000	16.2	12.0	47.9	2.8	17.0	3.8	0.3	3.5	16.2	25.0	11.6	11.3	-
9	$1,990,000,000	13.3	2.0	40.5	3.7	35.4	3.0	2.2	-0.4	15.9	26.6	11.6	-	-
10	$2,120,000,000	16.4	5.6	50.7	4.3	13.6	6.1	3.4	2.9	20.5	30.9	12.2	11.5	10.1
11	$2,150,000,000	36.3	4.1	36.4	6.1	15.7	1.4	0.0	3.7	18.3	32.3	14.5	12.3	
12	$2,290,000,000	18.1	13.3	28.0	7.6	27.6	5.2	0.2	2.2	14.9	25.4	11.8	11.2	-
13	$2,510,000,000	11.8	0.0	53.1	4.5	26.6	4.0	0.0	4.7	25.5	37.5	19.0	15.9	-
14	$2,940,000,000	13.1	0.0	42.5	10.1	34.2	0.1	0.0	0.6	11.6	36.0	17.6	16.1	12.7
UHS Endowment Fund	**$1,073,741,925**	**47.9**	**9.7**	**24.3**	**3.2**	**5.8**	**2.8**	**6.3**	**2.8**	**18.2**	**28.1**	**13.6**	**12.1**	**9.3**
Universities $1B - $4B Net Median		**20.1**	**5.8**	**34.2**	**4.4**	**19.4**	**3.4**	**0.2**	**2.1**	**14.9**	**25.4**	**11.9**	**11.4**	**9.9**

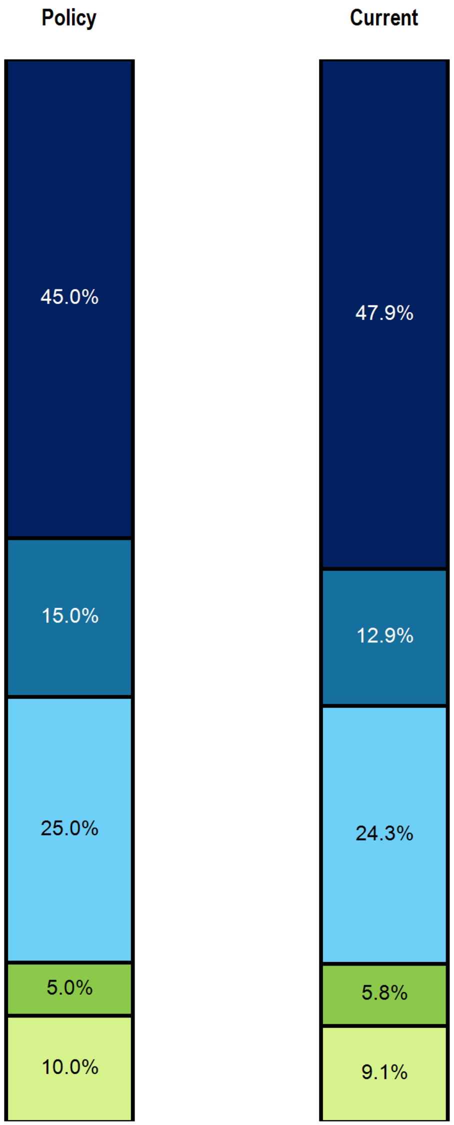
Despite lower Private Equity exposure (PE has been a top performer), UHS outperformed the peer group median in five of the six time periods shown.

Source: Northern Trust.

Performance displayed is net of fees. Misc. allocation refers to asset class exposure that fall outside Equity, Fixed Income, Private Equity, Cash, Hedge Fund, and Real Estate.

University of Houston System Endowment Fund

ASSET ALLOCATION VS. POLICY TARGETS



Asset Allocation vs. Target

	Current	Policy	Current	Difference*	Policy Range	Within Range
Equities	$514,711,312	45.0%	47.9%	2.9%	35.0% - 55.0%	**Yes**
Bonds and Cash	$138,548,903	15.0%	12.9%	-2.1%	5.0% - 20.0%	**Yes**
Private Equity	$260,417,351	25.0%	24.3%	-0.7%	10.0% - 35.0%	**Yes**
Hedge Funds	$62,759,114	5.0%	5.8%	0.8%	0.0% - 10.0%	**Yes**
Real Assets	$97,305,245	10.0%	9.1%	-0.9%	5.0% - 15.0%	**Yes**
Total	**$1,073,741,925**	**100.0%**	**100.0%**			

*Difference between Policy and Current Allocation

*Interim Policy is shown.

University of Houston System Endowment Fund

PERFORMANCE DETAIL

	Market Value ($)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
			Ending September 30, 2021							
UHS Endowment Fund	**1,073,741,925**	**100.0**	**2.8**	**18.2**	**28.1**	**13.6**	**12.1**	**9.3**	**6.3**	**Jan-98**
Dynamic Benchmark			*2.6*	*15.4*	*24.9*	*9.9*	*9.7*	*8.2*	*6.0*	*Jan-98*
Policy Benchmark			*1.9*	*15.5*	*25.1*	*10.4*	*9.9*	*8.7*	*6.3*	*Jan-98*
Public Equity	**514,711,312**	**47.9**	**-1.0**	**12.3**	**29.7**	**13.2**	**13.4**	**12.3**	**6.8**	**Jan-98**
MSCI ACWI			*-1.1*	*11.1*	*27.4*	*12.6*	*13.2*	*11.9*	*6.9*	*Jan-98*
U.S Equity	**294,267,551**	**27.4**	**-0.5**	**14.8**	**30.9**	**16.5**	**17.2**	**15.7**	**8.2**	**Jan-98**
Russell 3000			*-0.1*	*15.0*	*31.9*	*16.0*	*16.9*	*16.6*	*8.7*	*Jan-98*
Northern Trust Russell 3000 Index Fund - Lending	133,810,273	12.5	-0.1	--	--	--	--	--	15.5	Feb-21
Russell 3000			*-0.1*	*15.0*	*31.9*	*16.0*	*16.9*	*16.6*	*15.5*	*Feb-21*
Columbia Focused Large Cap Growth	76,561,600	7.1	-2.0	9.4	25.2	21.2	21.5	18.5	16.7	May-10
Russell 1000 Growth			*1.2*	*14.3*	*27.3*	*22.0*	*22.8*	*19.7*	*17.3*	*May-10*
Vulcan Value Partners	82,061,122	7.6	0.1	20.5	41.2	17.5	17.3	--	13.2	Aug-15
Russell 1000 Value			*-0.8*	*16.1*	*35.0*	*10.1*	*10.9*	*13.5*	*9.8*	*Aug-15*
Cougar Investment Fund	1,834,556	0.2	-1.4	12.2	28.4	12.0	12.5	12.3	8.3	Jun-05
S&P 500			*0.6*	*15.9*	*30.0*	*16.0*	*16.9*	*16.6*	*10.4*	*Jun-05*
Non-U.S. Developed Equity	**180,014,839**	**16.8**	**-0.7**	**10.4**	**28.2**	**10.0**	**10.6**	**10.0**	**9.2**	**Apr-03**
MSCI EAFE			*-0.4*	*8.3*	*25.7*	*7.6*	*8.8*	*8.1*	*8.2*	*Apr-03*
William Blair International Growth	72,682,070	6.8	-0.6	7.9	25.6	16.1	13.9	11.4	9.1	Oct-03
MSCI ACWI ex USA			*-3.0*	*5.9*	*23.9*	*8.0*	*8.9*	*7.5*	*7.3*	*Oct-03*
Silchester International Value	74,489,494	6.9	-1.1	11.6	28.6	4.9	7.6	8.6	8.5	Aug-09
MSCI EAFE			*-0.4*	*8.3*	*25.7*	*7.6*	*8.8*	*8.1*	*6.8*	*Aug-09*
Global Alpha Int'l Small Cap	32,843,275	3.1	0.1	13.4	33.2	10.4	--	--	8.9	May-18
MSCI EAFE Small Cap			*0.9*	*10.0*	*29.0*	*9.0*	*10.4*	*10.7*	*6.7*	*May-18*
Emerging Markets Equity	**40,428,922**	**3.8**	**-5.4**	**3.7**	**27.6**	**5.3**	**4.8**	**5.1**	**5.6**	**Feb-10**
MSCI Emerging Markets			*-8.1*	*-1.2*	*18.2*	*8.6*	*9.2*	*6.1*	*5.0*	*Feb-10*
Oldfield Emerging Markets	15,019,861	1.4	-2.7	9.3	36.5	4.7	5.6	--	5.1	May-14
MSCI Emerging Markets			*-8.1*	*-1.2*	*18.2*	*8.6*	*9.2*	*6.1*	*5.6*	*May-14*
Somerset Global Emerging Markets	13,126,444	1.2	-11.5	-7.8	12.5	8.0	7.2	--	4.1	Jun-14
MSCI Emerging Markets			*-8.1*	*-1.2*	*18.2*	*8.6*	*9.2*	*6.1*	*5.2*	*Jun-14*
Edgbaston Asian Equity	12,282,617	1.1	-1.5	11.7	36.3	--	--	--	1.3	Jul-19
MSCI AC Asia Pacific ex Japan			*-8.4*	*-2.1*	*16.6*	*9.2*	*9.9*	*8.3*	*11.3*	*Jul-19*

University of Houston System Endowment Fund

PERFORMANCE DETAIL

	Market Value ($)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
			Ending September 30, 2021							
Fixed Income	**104,350,804**	**9.7**	**0.0**	**-0.1**	**1.3**	**5.0**	**2.6**	**2.0**	**-0.1**	**Jan-21**
Core Fixed Income	**86,727,430**	**8.1**	**0.0**	**-0.3**	**0.8**	**4.8**	**0.6**	**2.0**	**4.0**	**Jan-98**
Bloomberg US Aggregate TR			*0.1*	*-1.6*	*-0.9*	*5.4*	*2.9*	*3.0*	*4.8*	*Jan-98*
Smith Graham Intermediate Aggregate	68,973,146	6.4	0.0	-0.5	-0.1	4.5	--	--	3.1	Feb-17
Bloomberg US Int TR			*0.0*	*-0.8*	*-0.4*	*4.4*	*2.5*	*2.5*	*3.1*	*Feb-17*
Loomis Sayles Investment Grade Fixed Income Fund	17,754,284	1.7	0.2	0.3	4.7	--	--	--	4.7	Oct-20
Bloomberg US Govt/Credit TR			*0.0*	*-1.9*	*-1.1*	*5.9*	*3.2*	*3.2*	*-1.1*	*Oct-20*
Diversified Fixed Income	**17,623,374**	**1.6**	**0.1**	**1.2**	**3.6**	**1.2**	**1.7**	**-0.5**	**3.2**	**Nov-20**
Bloomberg Global Aggregate TR			*-0.9*	*-4.1*	*-0.9*	*4.2*	*2.0*	*1.9*	*-1.0*	*Nov-20*
PIMCO Dynamic Bond Fund	17,623,374	1.6	0.1	1.2	3.6	--	--	--	3.6	Oct-20
3-Month Libor Total Return USD			*0.0*	*0.1*	*0.2*	*1.3*	*1.4*	*0.9*	*0.2*	*Oct-20*
Cash and Equivelants	**34,198,099**	**3.2**	**0.0**	**0.0**	**0.1**	**1.2**	**1.1**	**0.6**	**2.0**	**Jan-98**
ICE BofA 91 Days T-Bills TR			*0.0*	*0.0*	*0.1*	*1.2*	*1.2*	*0.6*	*1.9*	*Jan-98*
Cash	34,198,099	3.2	0.0	0.1	0.1	1.2	1.2	0.7	2.1	Jan-98
Marketable Real Assets	**30,130,080**	**2.8**	**0.1**	**18.5**	**36.5**	**5.2**	**4.1**	**1.2**	**5.6**	**Oct-03**
Marketable Real Assets Benchmark			*2.2*	*20.4*	*34.5*	*6.3*	*5.3*	--	--	*Oct-03*
Vanguard Real Estate Index Fund	14,018,346	1.3	0.7	22.2	33.5	12.0	--	--	12.0	Oct-18
Real Estate Index			*0.7*	*22.3*	*33.6*	*12.1*	--	--	*12.1*	*Oct-18*
T. Rowe Price New Era Fund	16,111,734	1.5	-0.3	15.5	39.2	2.2	--	--	2.2	Oct-18
MSCI World Select Natural Resources			*-0.7*	*24.4*	*52.7*	*0.4*	*4.3*	*3.6*	*0.4*	*Oct-18*
Hedge Funds	**62,759,114**	**5.8**	**2.8**	**9.4**	**15.6**	**7.7**	**6.4**	**5.5**	**5.3**	**Aug-03**
HFRI Fund of Funds Composite Index			*0.7*	*5.7*	*14.2*	*6.5*	*5.8*	*4.5*	*3.9*	*Aug-03*
Long/Short Equity	**20,056,805**	**1.9**	**8.3**	**21.2**	**32.3**	**14.2**	**10.8**	**7.8**	**6.4**	**Jan-05**
SRS Partners	14,334,615	1.3	10.3	19.2	27.0	14.5	11.6	--	8.6	Jun-14
Lakewood Capital Offshore	5,722,190	0.5	3.5	27.1	49.2	9.0	--	--	9.0	Oct-18
Diversifiers	**42,082,438**	**3.9**	**0.4**	**4.7**	**9.5**	**4.6**	**3.8**	**4.2**	**4.8**	**Aug-03**
Davidson Kempner	17,784,948	1.7	-0.2	6.9	12.2	6.6	6.3	6.2	6.9	Aug-03
HBK Offshore	17,968,365	1.7	1.9	6.0	9.9	6.0	5.4	5.1	5.1	Mar-11
Standard Life GARs	6,329,125	0.6	-2.5	-4.2	-0.7	3.0	2.1	--	0.9	Aug-15
Manager Holdbacks	**619,872**	**0.1**	**-0.4**	**0.1**	**-0.5**	**-2.3**	**-0.4**	**--**	**-7.4**	**Jul-12**

University of Houston System Endowment Fund

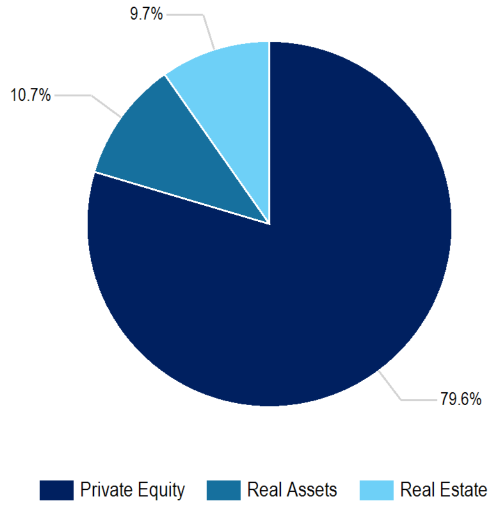
PERFORMANCE DETAIL

	Market Value ($)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
			Ending September 30, 2021							
Private Markets	**327,592,516**	**30.5**	**10.8**	**41.5**	**41.5**	**22.7**	**20.2**	**14.9**	**41.5**	**Jan-21**
Private Equity	**260,417,351**	**24.3**	**11.3**	**46.6**	**46.6**	**29.7**	**25.4**	**18.9**	**13.8**	**Jan-98**
C|A Global All PE (Qtr Lag)			*11.4*	*41.0*	*55.1*	*21.8*	*19.6*	*14.7*	*--*	*Jan-98*
Private Real Assets	**67,175,165**	**6.3**	**9.2**	**24.7**	**24.7**	**5.0**	**7.5**	**7.0**	**6.2**	**Nov-03**
Private Real Assets Benchmark			*8.0*	*18.1*	*21.8*	*5.5*	*7.8*	*7.6*	*9.8*	*Nov-03*

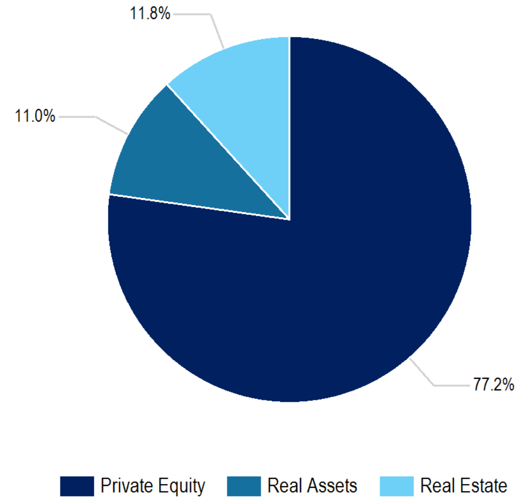
University of Houston System Endowment Fund

PRIVATE INVESTMENTS SUMMARY

Valuation by Asset Class



Fund Exposure by Asset Class

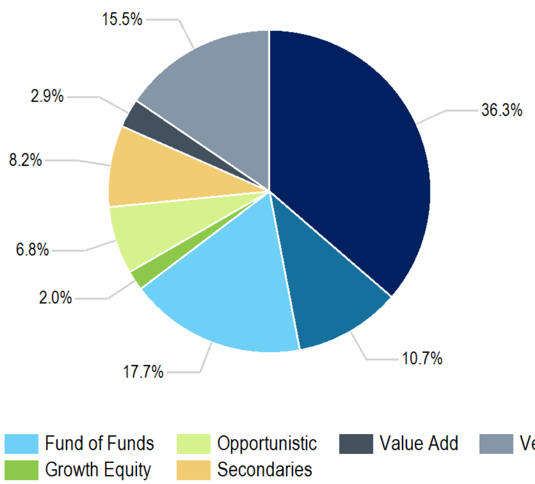


Investments $					Trailing Period Performance (IRR)							Multiples	
Asset Class	Commitment	Cumulative Contributions	Unfunded Commitment	Valuation	(QTR)	(YTD)	(1 YR)	(3 YRS)	(5 YRS)	(10 YRS)	SI IRR	DPI	TVPI
Total Private Equity	**$293,131,535**	**$175,311,426**	**$117,820,109**	**$265,748,328**	**11.17%**	**26.04%**	**69.92%**	**34.10%**	**28.87%**	**22.76%**	**21.53%**	**0.50**	**2.02**
Total Real Assets	**$74,500,000**	**$55,257,545**	**$19,242,455**	**$35,568,193**	**11.82%**	**22.99%**	**36.65%**	**3.30%**	**6.80%**	**6.14%**	**8.12%**	**0.57**	**1.21**
Total Real Estate	**$70,235,295**	**$44,294,513**	**$25,940,782**	**$32,509,456**	**6.65%**	**8.23%**	**19.33%**	**12.13%**	**12.11%**	**12.03%**	**5.01%**	**0.57**	**1.29**
Total	**$437,866,830**	**$274,863,484**	**$163,003,346**	**$333,825,977**	**10.78%**	**23.75%**	**59.33%**	**26.66%**	**23.33%**	**18.61%**	**14.93%**	**0.53**	**1.74**

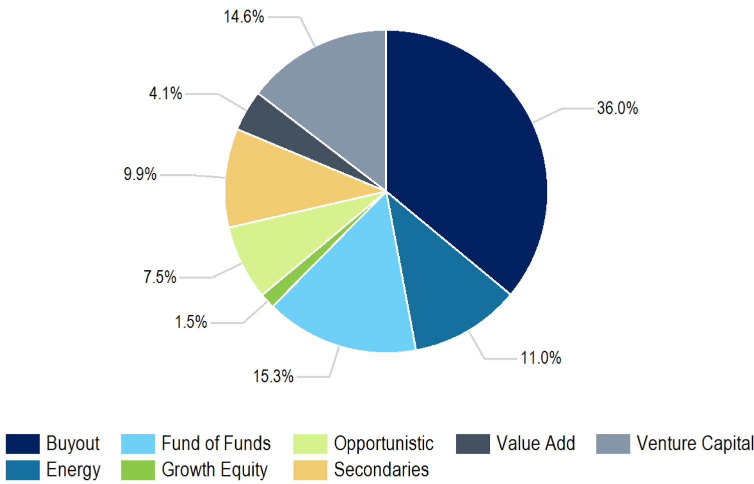
University of Houston System Endowment Fund

PRIVATE INVESTMENTS BY STRATEGY

Private Markets Valuation by Strategy



Private Markets Fund Exposure by Strategy

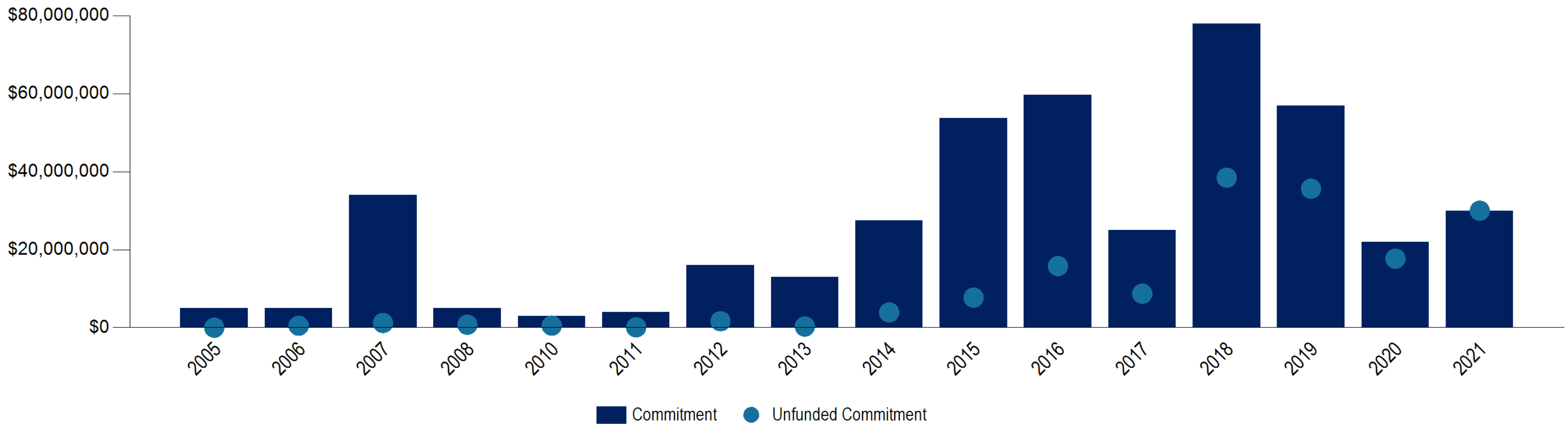


Investments	Commitments			Contributions & Distributions			Valuations				Performance		
Investment Strategy	Commitment	Unfunded Commitment	Call Ratio	Cumulative Contributions	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Fund Exposure	DPI	TVPI	IRR
Total Buyout	$139,500,000	$57,650,097	0.59	$81,849,903	$4,897	$37,246,336	$121,304,500	$158,550,836	$76,696,037	$178,954,597	0.46	1.94	22.98%
Total Energy	$74,500,000	$19,242,455	0.74	$55,257,545	-$23,570	$31,506,672	$35,568,193	$67,074,865	$11,840,890	$54,810,648	0.57	1.21	8.12%
Total Fund of Funds	$56,000,000	$17,137,407	0.69	$38,862,593	$0	$36,013,623	$59,073,229	$95,086,852	$56,224,259	$76,210,636	0.93	2.45	14.68%
Total Growth Equity	$5,000,000	$945,267	0.81	$4,054,733	$0	$0	$6,649,679	$6,649,679	$2,594,946	$7,594,946	0.00	1.64	57.08%
Total Opportunistic	$34,000,000	$14,585,649	0.57	$19,414,351	$851,363	$6,052,148	$22,598,787	$28,650,935	$8,385,221	$37,184,436	0.30	1.41	15.66%
Total Secondaries	$46,500,000	$21,887,558	0.53	$24,612,442	$254	$15,216,015	$27,287,043	$42,503,058	$17,890,362	$49,174,601	0.62	1.73	25.89%
Total Value Add	$28,235,295	$10,655,226	0.62	$17,580,069	$105,763	$10,828,751	$9,680,075	$20,508,826	$2,822,994	$20,335,301	0.61	1.16	2.33%
Total Venture Capital	$54,131,535	$20,899,687	0.61	$33,231,848	-$6,091	$8,811,738	$51,664,471	$60,476,209	$27,250,452	$72,564,158	0.27	1.82	22.66%
Total	$437,866,830	$163,003,346	0.63	$274,863,484	$932,616	$145,675,284	$333,825,977	$479,501,261	$203,705,160	$496,829,323	0.53	1.74	14.93%

University of Houston System Endowment Fund

PRIVATE INVESTMENTS BY VINTAGE YEAR

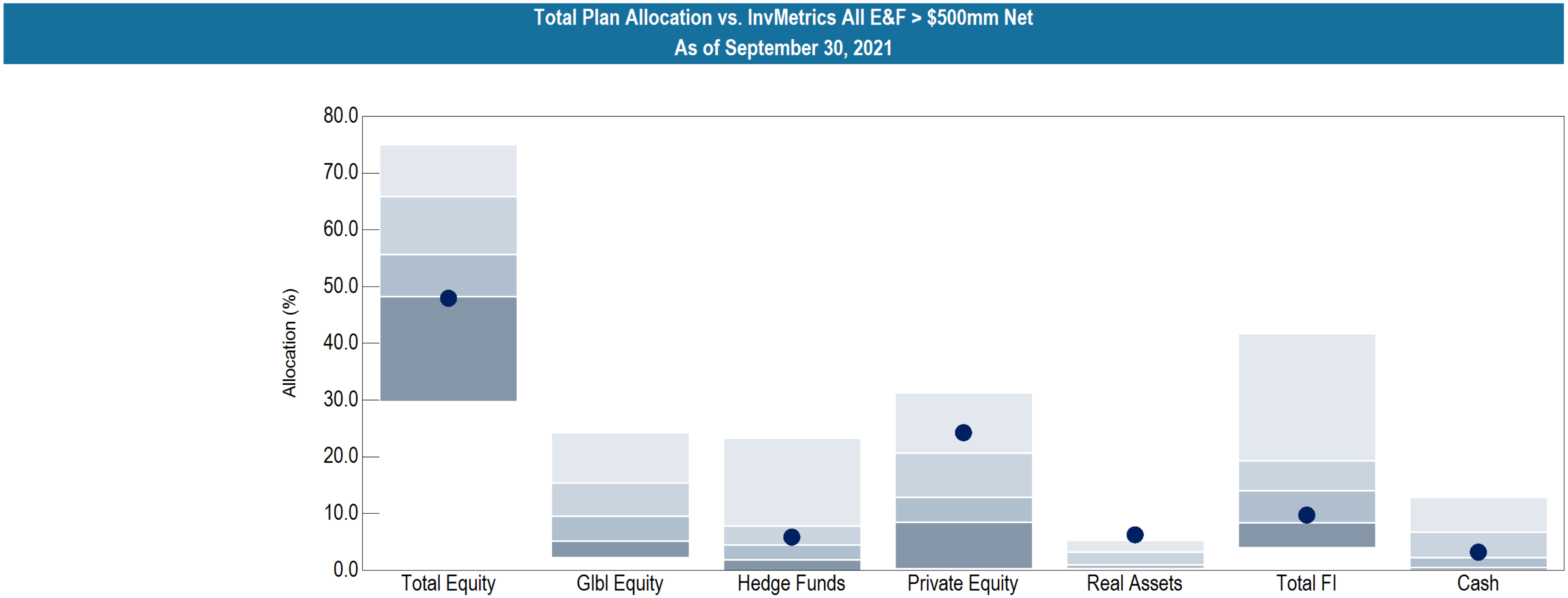
Commitments By Vintage Year



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	$3,023,654	$1,974,148	$4,997,802	-$2,198	0.60	1.00	0.00%
Total 2006	$5,000,000	$505,441	0.90	$4,494,559	$0	$4,527,977	$43,094	$4,571,071	$76,512	1.01	1.02	0.22%
Total 2007	$33,985,295	$1,207,592	0.96	$32,777,703	$0	$46,261,049	$7,046,125	$53,307,174	$20,529,471	1.41	1.63	10.41%
Total 2008	$5,000,000	$755,000	0.85	$4,245,000	$0	$6,253,722	$2,275,415	$8,529,137	$4,284,137	1.47	2.01	10.63%
Total 2010	$3,000,000	$510,000	0.83	$2,490,000	$0	$5,487,438	$8,101,855	$13,589,293	$11,099,293	2.20	5.46	23.33%
Total 2011	$4,000,000	$88,560	0.98	$3,911,440	$0	$3,889,331	$4,138,018	$8,027,349	$4,115,909	0.99	2.05	14.07%
Total 2012	$16,000,000	$1,656,331	0.90	$14,343,669	$3,431	$17,066,266	$13,605,207	$30,671,473	$16,324,373	1.19	2.14	20.90%
Total 2013	$13,000,000	$299,739	0.98	$12,700,261	$0	$10,339,579	$20,679,878	$31,019,456	$18,319,195	0.81	2.44	19.82%
Total 2014	$27,500,000	$3,890,005	0.86	$23,609,995	$3,964	$13,081,080	$28,945,324	$42,026,403	$18,412,444	0.55	1.78	18.54%
Total 2015	$53,750,000	$7,719,757	0.86	$46,030,243	$490,481	$22,654,201	$64,386,005	$87,040,206	$40,519,483	0.49	1.87	20.80%
Total 2016	$59,631,535	$15,807,685	0.73	$43,823,850	$143,894	$7,894,306	$65,745,612	$73,639,917	$29,672,173	0.18	1.67	24.22%
Total 2017	$25,000,000	$8,725,174	0.65	$16,274,826	-$6,091	$96,485	$28,427,332	$28,523,817	$12,255,082	0.01	1.75	36.91%
Total 2018	$78,000,000	$38,481,678	0.51	$39,518,322	$194,968	$2,231,056	$56,017,631	$58,248,686	$18,535,396	0.06	1.47	39.98%
Total 2019	$57,000,000	$35,645,493	0.37	$21,354,507	$101,969	$2,869,141	$27,825,698	$30,694,839	$9,238,363	0.13	1.43	59.27%
Total 2020	$22,000,000	$17,710,891	0.19	$4,289,109	$0	$0	$4,614,636	$4,614,636	$325,527	0.00	1.08	33.93%
Total 2021	$30,000,000	$30,000,000		$0	$0	$0	$0	$0	$0			
Total	$437,866,830	$163,003,346	0.63	$274,863,484	$932,616	$145,675,284	$333,825,977	$479,501,261	$203,705,160	0.53	1.74	14.93%

University of Houston System Endowment Fund

ASSET ALLOCATION VS. E&F INSTITUTIONS > $500MM



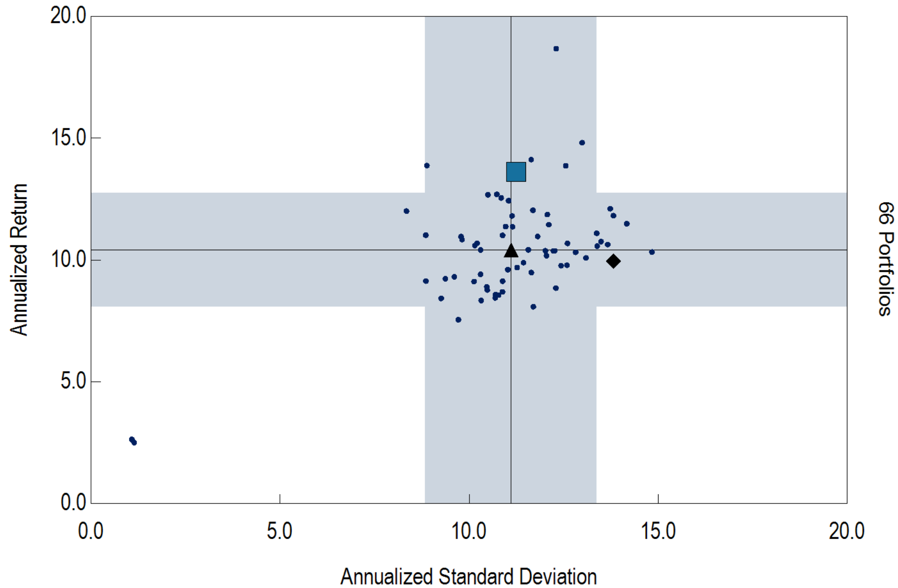
	Allocation (Rank)													
5th Percentile	75.1		24.3		23.3		31.3		5.2		41.7		12.9	
25th Percentile	66.0		15.5		7.9		20.8		3.3		19.4		6.8	
Median	55.7		9.6		4.6		13.0		1.1		14.1		2.3	
75th Percentile	48.3		5.2		2.0		8.5		0.4		8.5		0.6	
95th Percentile	29.8		2.3		0.0		0.4		0.1		4.1		0.1	
# of Portfolios	47		22		29		42		21		46		47	
● UHS Endowment Fund	47.9	(76)	--	--	5.8	(41)	24.3	(20)	6.3	(1)	9.7	(69)	3.2	(46)

*Marketable Real Assets are excluded from analytic.

University of Houston System Endowment Fund

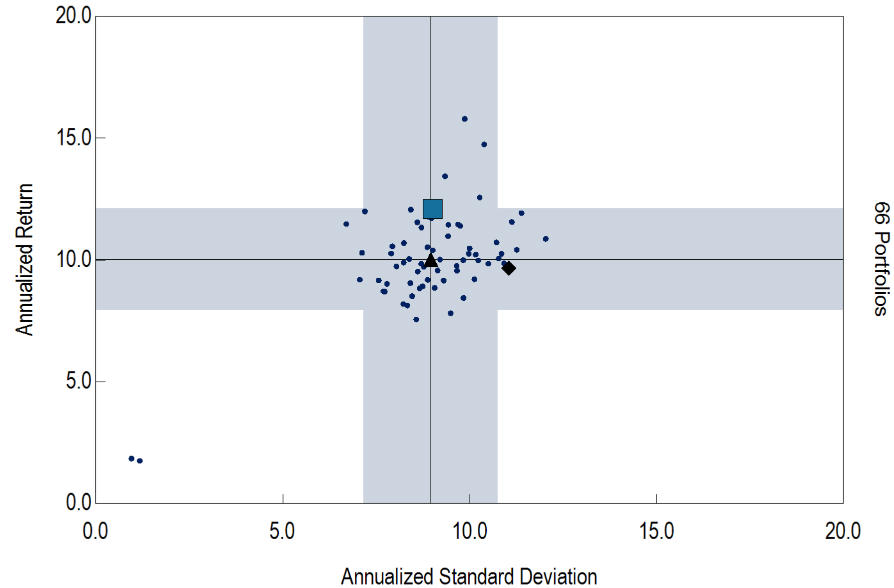
RISK/RETURN VS. E&F INSTITUTIONS > $500MM

3 Years Ended September 30, 2021



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

5 Years Ended September 30, 2021



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

3 Years Ended September 30, 2021	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
UHS Endowment Fund	13.6%	8	11.2%	54	1.1	12	1.3	19
Dynamic Benchmark	9.9%	63	13.8%	97	0.6	97	0.8	99

5 Years Ended September 30, 2021	Anlzd Ret	Rank	Anlzd Std Dev	Rank	Sharpe Ratio	Rank	Sortino Ratio	Rank
UHS Endowment Fund	12.1%	7	9.0%	53	1.2	12	1.3	25
Dynamic Benchmark	9.7%	66	11.0%	95	0.8	95	0.8	99

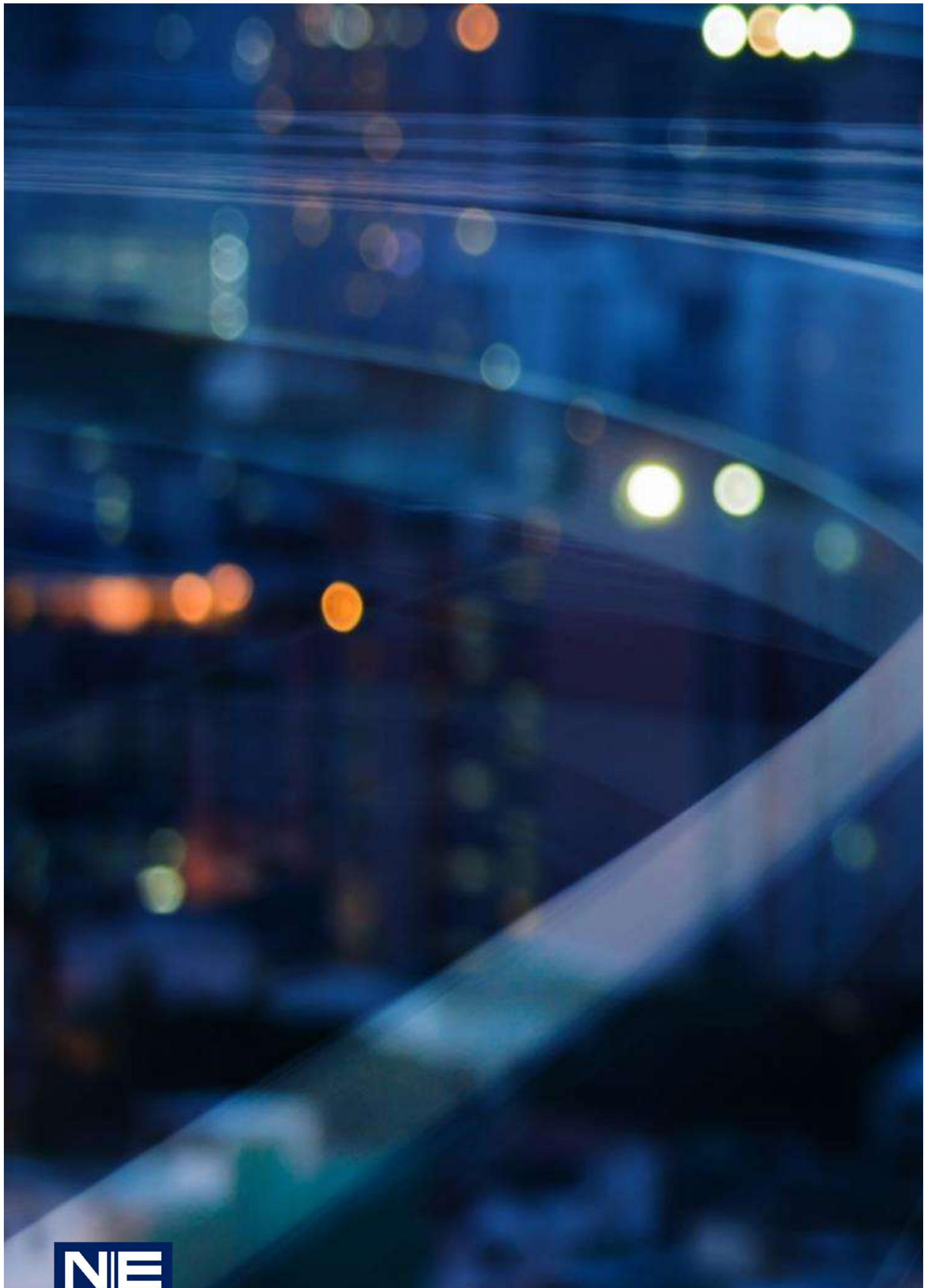
UHS ENDOWMENT CASH FLOWS BY CATEGORY

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	$22,007	$167,871	-$5,257	$1,073,741

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.



GLOBAL EQUITY

Continued Discussion
Planned for Q1 2022

GLOBAL EQUITY DETAILED ANALYSIS

Summary Statistics	Global Equity Index (MSCI ACWI)	Global Equity (Recommended Managers)
Realized Alpha	0.0%	5.4%
Beta	1.0	1.06
Tracking Error	0.0%	6.6%
Diversification Ratio	1.0	1.13
Information Ratio	---	0.81
Style	Neutral	Growth
Upside Market Capture	100%	120%
Downside Market Capture	100%	91%
Trailing 7-Year Excess Return	0.0%	7.7%

Proposed Global equity managers have significantly outperformed

Meaningful diversification benefit for overall portfolio

Dramatic difference in historical downside protection with material participation in upside

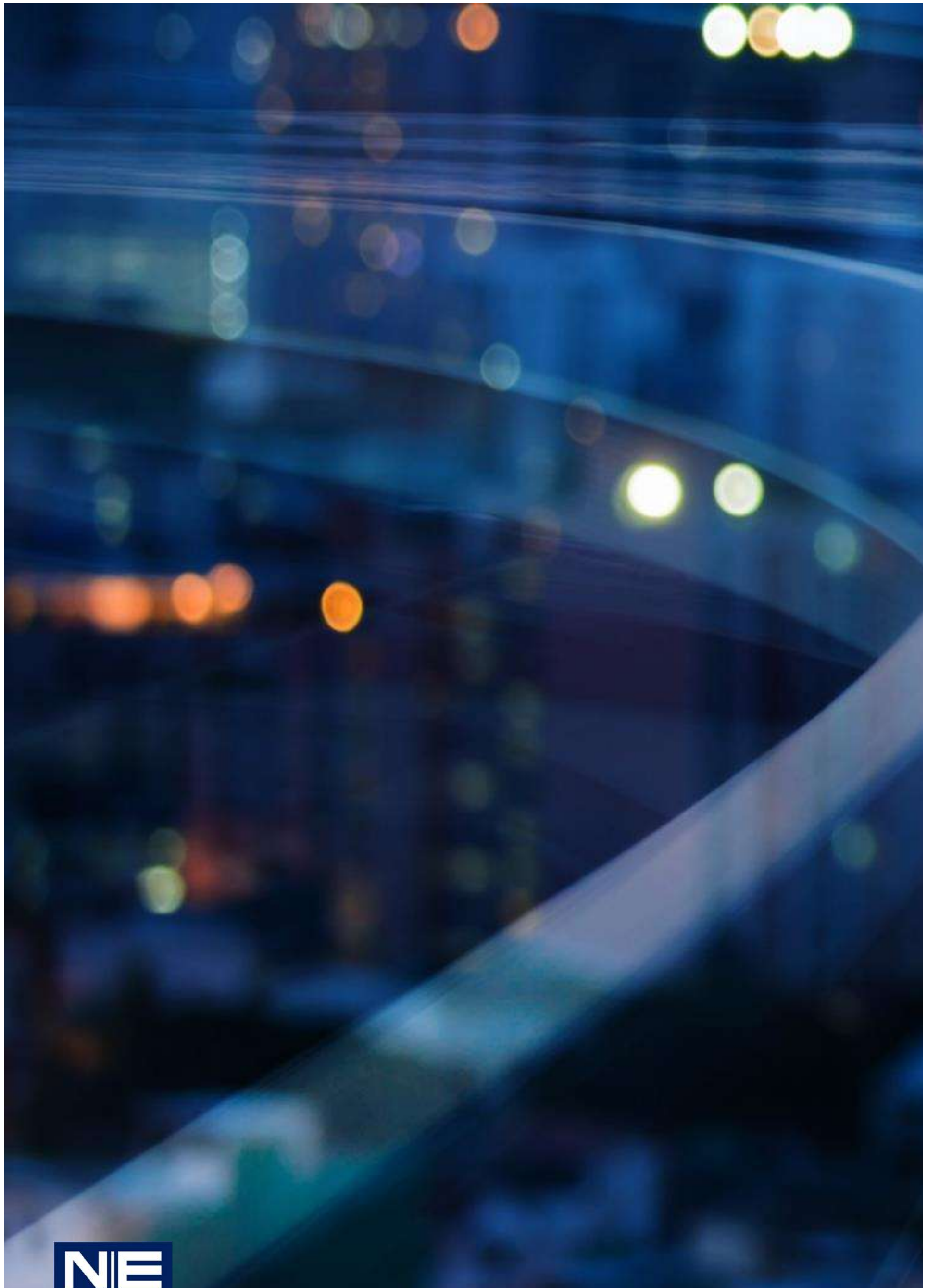
All Risk/Return statistics calculated using since fund inception through 03/31/21
Portfolio metrics calculated by combining fund statistics at specified weights
Diversification Ratio defined as: ∑(Fund Active Risk * Fund Weight)/(Total Portfolio Active Risk). Higher numbers represent greater diversification.
Information Ratio defined as: Realized Alpha/Tracking Error

TRAILING RETURNS

- **Recommended Global Equity managers have delivered significant excess returns versus the global equity index (MSCI ACWI)**
  - Outperformed the MSCI ACWI Index by 7.7% annualized over trailing 7-year period

Fund	1 Year	3 Years	5 Years	7 Years	10 Years
Global Equity (Recommended Managers)	**29.4%**	**23.4%**	**23.2%**	**18.2%**	**18.9%**
MSCI ACWI	28.0%	13.1%	13.8%	10.5%	12.5%
Excess Return	***1.4%***	***10.3%***	***9.5%***	***7.7%***	***6.4%***

All Return statistics calculated using since fund inception through 09/30/21

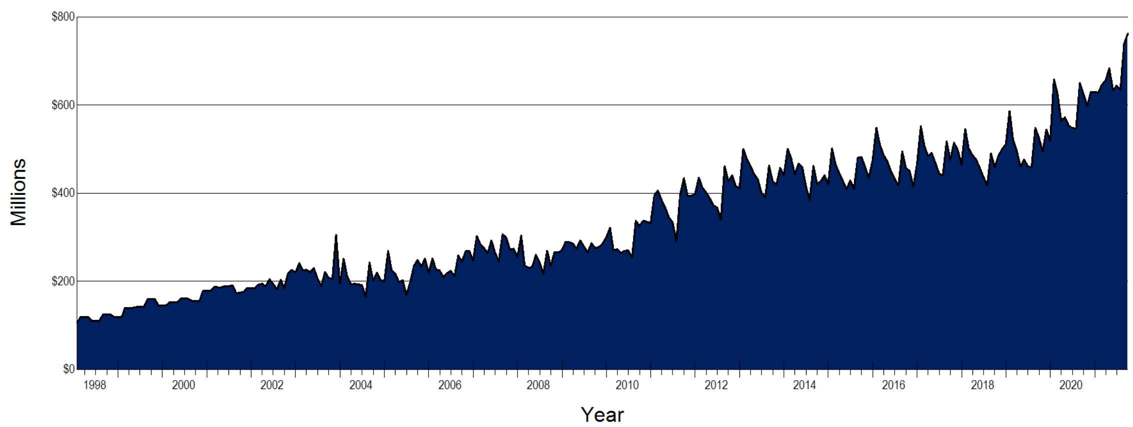


INVESTMENT PERFORMANCE: UHS NON-ENDOWED ASSETS

University of Houston System Non-Endowed Assets

INVESTMENT PERFORMANCE

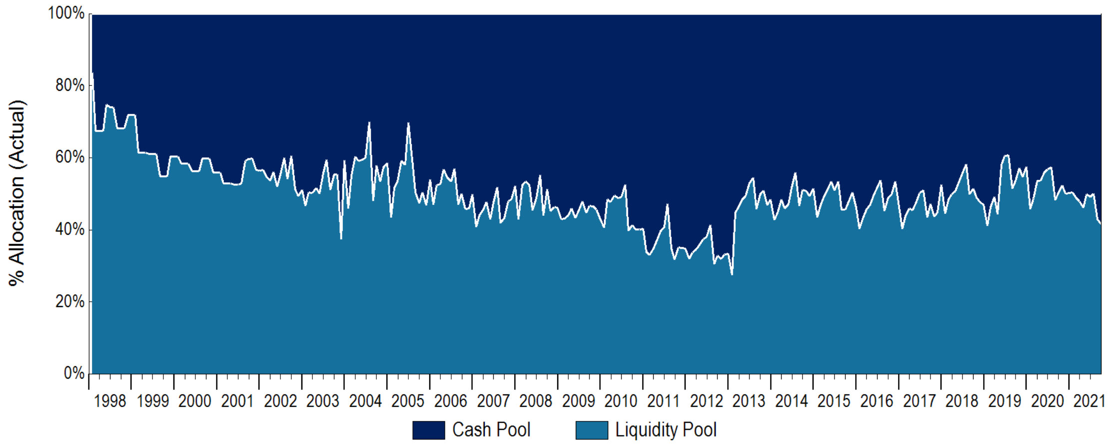
Portfolio Market Value



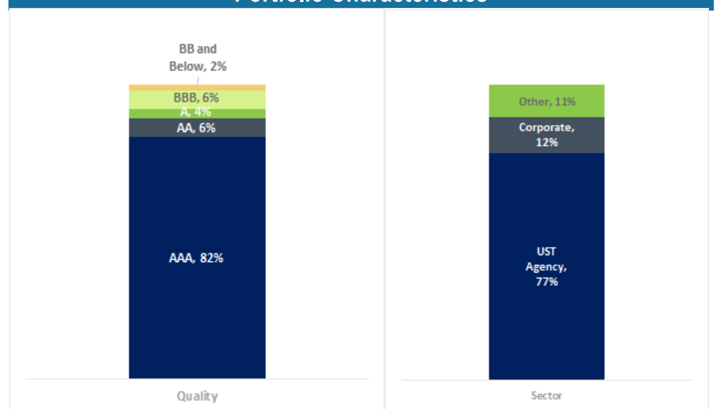
	YTD	1 Yr	3 Yrs	5 Yrs
UHS Non-Endowed Assets	**-0.3%**	**0.3%**	**2.6%**	**1.7%**
Dynamic Benchmark	*-0.2%*	*--*	*--*	*--*
Non-Endowed Policy Benchmark	*-0.1%*	*0.0%*	*2.4%*	*1.6%*
Cash Pool	**-0.6%**	**-0.4%**	**0.8%**	**0.9%**
ICE BofA 91 Days T-Bills TR	*0.0%*	*0.1%*	*1.2%*	*1.2%*
Liquidity Pool	**-0.2%**	**0.9%**	**4.2%**	**2.4%**
ICE BofA 1-5 Yrs US Corp & Govt TR	*-0.2%*	*0.2%*	*3.7%*	*2.2%*

	Market Value
UHS Non-Endowed Assets	**$762,645,951**

Asset Allocation History



Portfolio Characteristics

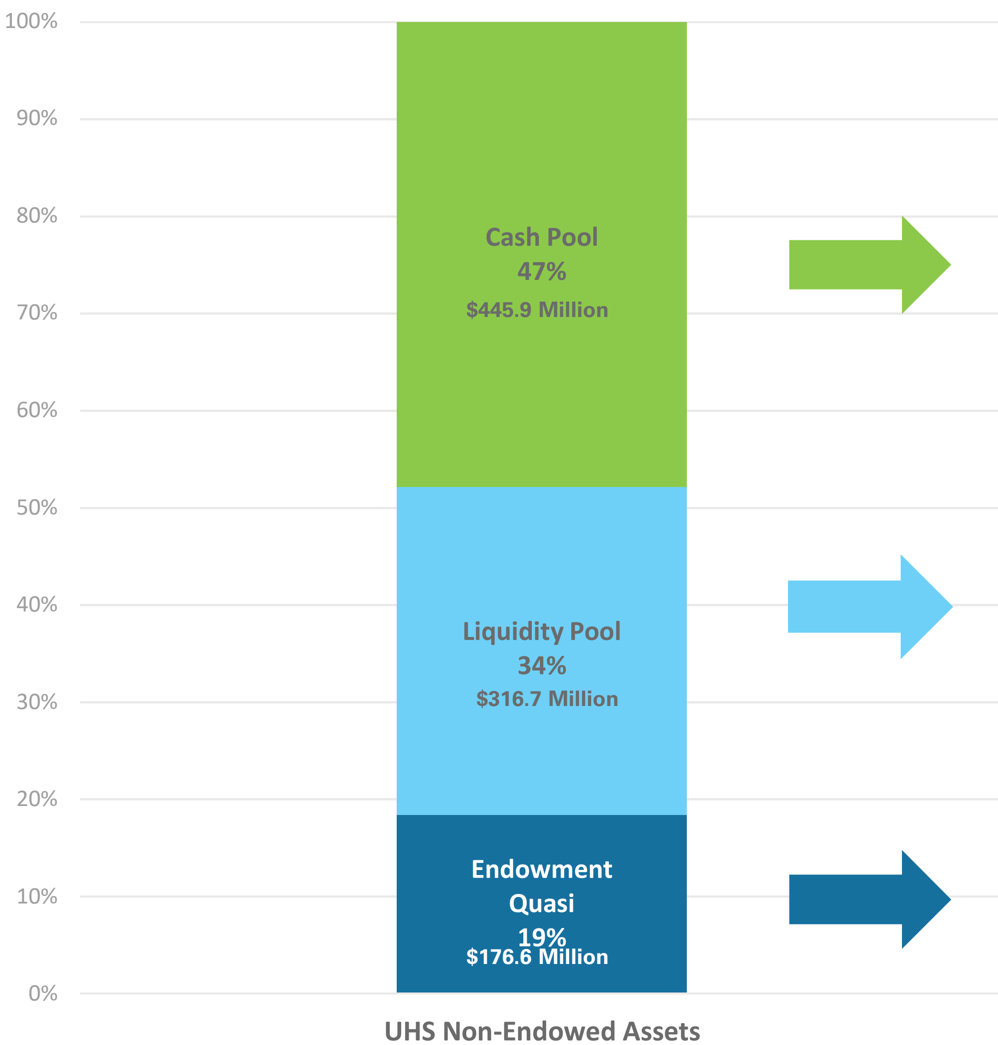


Duration: 1.04

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



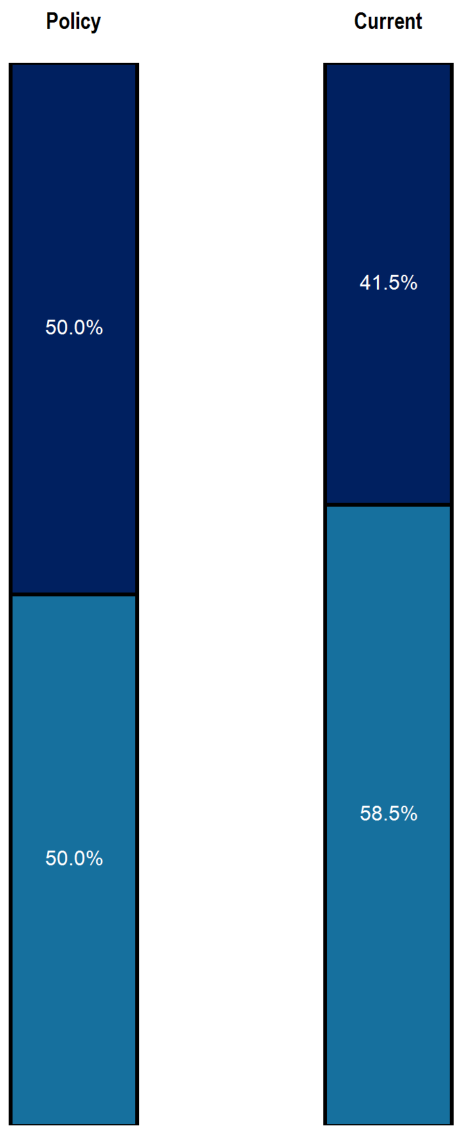
- Used for daily cash needs
- Overnight sweep T-Bills
- Cash rate of return
- Managed by Morgan Stanley
- Duration 0.0 years

- Used for excess cash
- Diversified across fixed income spectrum
- Managed by J.P. Morgan, Breckinridge, PIMCO, and Loomis Sayles
- Duration 2.6 years

- Deemed to be permanent; invested alongside Endowment portfolio
- Must stay invested for 5 years
- Advised by NEPC
- Long-term expected return of 6.5%

University of Houston System Non-Endowed Assets

ACTUAL ASSET ALLOCATION VS. POLICY TARGETS



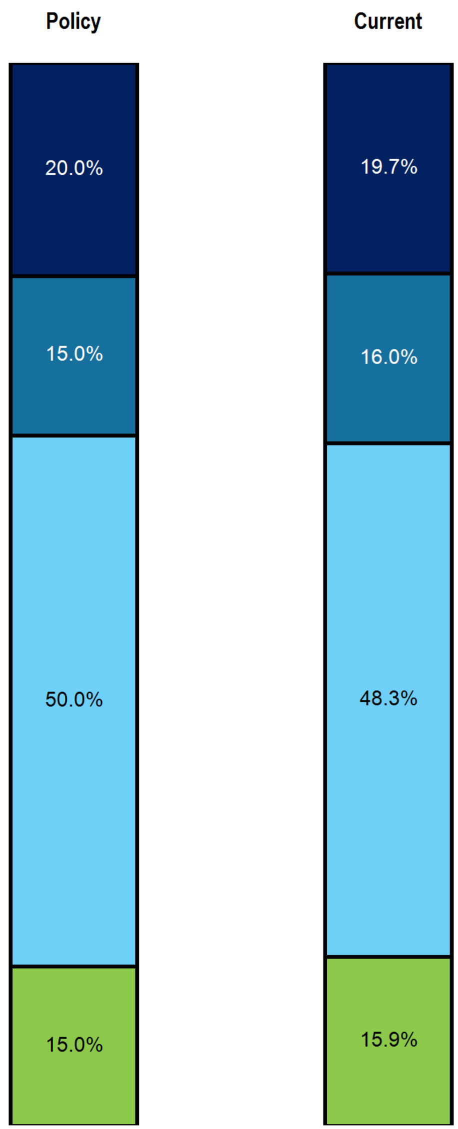
Asset Allocation vs. Target

	Current	Policy	Current	Difference*	Policy Range	Within Range
Fixed Income	$316,711,112	50.0%	41.5%	-8.5%	0.0% - 70.0%	**Yes**
Cash	$445,934,839	50.0%	58.5%	8.5%	30.0% - 100.0%	**Yes**
Total	**$762,645,951**	**100.0%**	**100.0%**			

*Difference between Policy and Current Allocation

University of Houston System Non-Endowed Assets

ACTUAL ASSET ALLOCATION VS. POLICY TARGETS



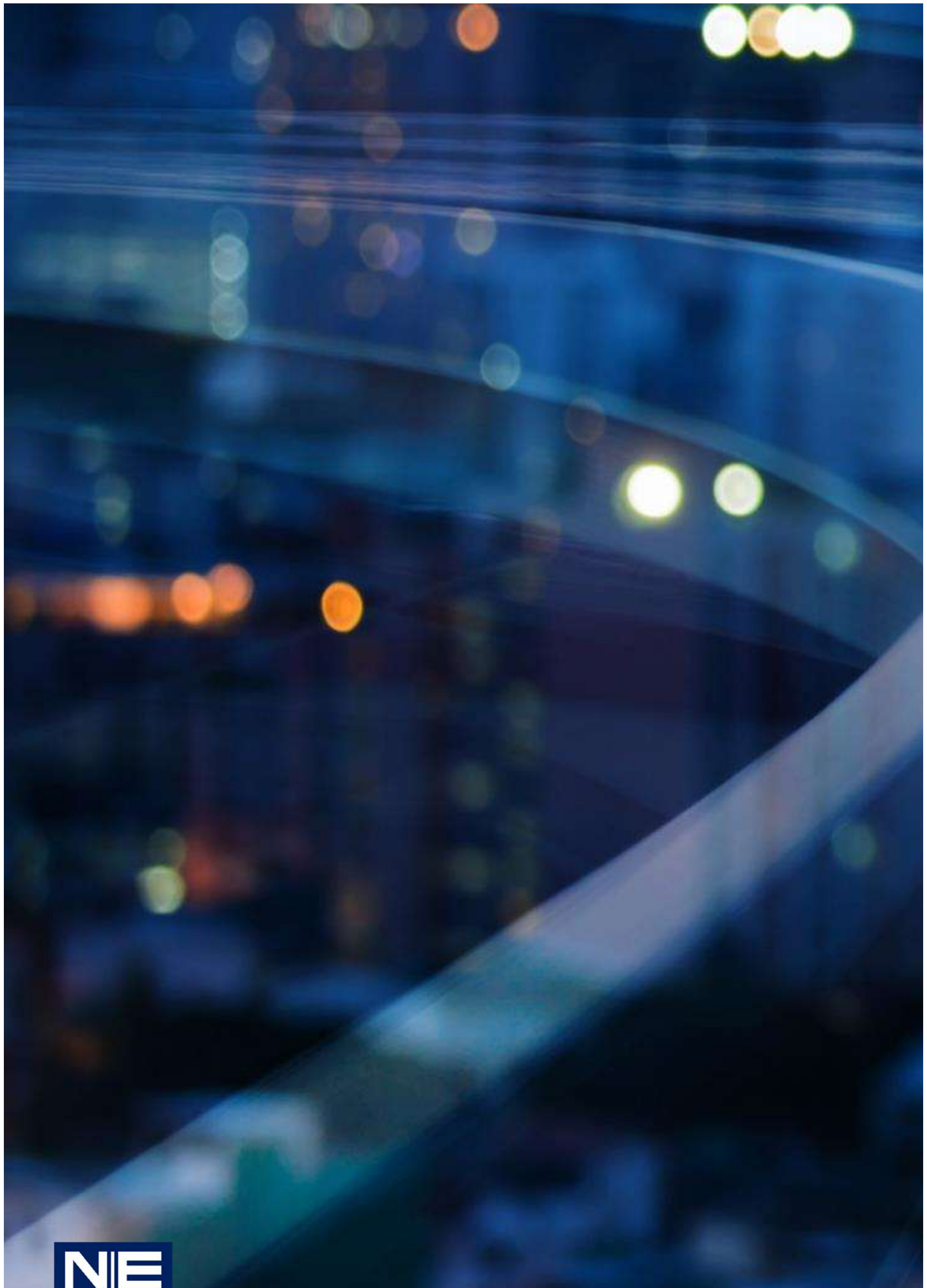
Asset Allocation vs. Target						
	Current	Policy	Current	Difference*	Policy Range	Within Range
Core Fixed Income	$62,539,747	20.0%	19.7%	-0.3%	0.0% - 30.0%	**Yes**
Core Plus	$50,693,280	15.0%	16.0%	1.0%	0.0% - 25.0%	**Yes**
Gov/Credit	$153,085,741	50.0%	48.3%	-1.7%	40.0% - 100.0%	**Yes**
Absolute Return	$50,392,343	15.0%	15.9%	0.9%	0.0% - 25.0%	**Yes**
Total	**$316,711,112**	**100.0%**	**100.0%**			

*Difference between Policy and Current Allocation

University of Houston System Non-Endowed Assets

PERFORMANCE DETAIL

			Ending September 30, 2021							
	Market Value ($)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
UHS Non-Endowed Assets	**762,645,951**	**100.0**	**0.0**	**-0.3**	**0.3**	**2.6**	**1.7**	**1.2**	**2.8**	**Jan-98**
Dynamic Benchmark			*0.0*	*-0.2*	*--*	*--*	*--*	*--*	*--*	*Jan-98*
Non-Endowed Policy Benchmark			*0.0*	*-0.1*	*0.0*	*2.4*	*1.6*	*--*	*--*	*Jan-98*
Cash Pool	**445,934,839**	**58.5**	**0.0**	**-0.6**	**-0.4**	**0.8**	**0.9**	**0.5**	**1.9**	**Jan-98**
ICE BofA 91 Days T-Bills TR			*0.0*	*0.0*	*0.1*	*1.2*	*1.2*	*0.6*	*1.9*	*Jan-98*
Morgan Stanley Instl. Liquid Treasuries- Clear Lake	48,143,630	6.3	0.0	0.0	0.0	-0.5	0.1	0.0	1.8	Jan-98
Morgan Stanley Instl. Liquid Treasuries- Downtown	42,915,101	5.6	0.0	0.0	0.0	-0.5	0.1	0.0	1.8	Jan-98
Morgan Stanley Instl. Liquid Treasuries- U. of Houston	319,906,726	41.9	0.0	0.0	0.0	-0.5	0.1	0.0	1.8	Jan-98
Morgan Stanley Instl. Liquid Treasuries- UofH System	10,467,519	1.4	0.0	0.0	0.0	-0.5	0.1	0.0	1.8	Jan-98
Morgan Stanley Instl. Liquid Treasuries- Victoria	10,250,396	1.3	0.0	0.0	0.0	-0.5	0.1	0.0	1.7	Jul-98
Columbia Treasury Reserves	14,251,467	1.9	0.0	-2.7	-3.6	4.5	2.4	1.3	1.0	Sep-08
Liquidity Pool	**316,711,112**	**41.5**	**0.0**	**-0.2**	**0.9**	**4.2**	**2.4**	**1.8**	**3.7**	**Jan-98**
ICE BofA 1-5 Yrs US Corp & Govt TR			*0.0*	*-0.2*	*0.2*	*3.7*	*2.2*	*2.0*	*3.7*	*Jan-98*
JP Morgan - Univ. of Houston	153,085,741	20.1	0.0	-0.2	-0.1	3.4	2.0	1.6	3.6	Jan-98
ICE BofA 1-5 Yrs AAA-A US Corp & Govt TR			*0.0*	*-0.3*	*-0.2*	*3.4*	*2.0*	*1.7*	*3.6*	*Jan-98*
ICE BofA 1-5 Yrs US Corp & Govt TR			*0.0*	*-0.2*	*0.2*	*3.7*	*2.2*	*2.0*	*3.7*	*Jan-98*
PIMCO Dynamic Bond Fund	50,392,343	6.6	0.1	1.2	3.6	--	--	--	3.6	May-19
3-Month Libor Total Return USD			*0.0*	*0.1*	*0.2*	*1.3*	*1.4*	*0.9*	*0.9*	*May-19*
Breckinridge Core Intermediate Government Credit Strategy	62,539,747	8.2	0.0	-0.8	-0.2	--	--	--	4.2	May-19
Bloomberg US Govt/Credit Int TR			*0.0*	*-0.9*	*-0.4*	*4.6*	*2.6*	*2.5*	*4.0*	*May-19*
Loomis Sayles Core Plus Full Discretion Strategy	50,693,280	6.6	0.0	-0.6	2.6	--	--	--	6.6	Jun-19
Bloomberg US Govt/Credit TR			*0.0*	*-1.9*	*-1.1*	*5.9*	*3.2*	*3.2*	*4.7*	*Jun-19*



UHS MANAGER WATCH LIST

UHS MANAGER WATCH LIST

- **Objective:**
  - The purpose of the Watch List is to highlight managers whose ability to generate long-term excess returns has come into question.
- **Criteria for Inclusion:**
  - Underperformance relative to its market-based benchmark
    - Returns lag 300bps or more relative to the funds' benchmark over the trailing 3-year period.
  - Receives a rating of "Watch", "Hold", "Client Review", or "Terminate" as a result of analysis by NEPC's Research (not simply performance concerns)
    - Ratings are assigned for numerous reasons, primarily:
      - Organizational Concerns
      - "Key Person" considerations
      - Meaningful deviation from strategy
      - Significant growth/decline in Assets Under Management
      - Changes in firm ownership
      - Other organizational developments

Key Ratings	
Watch	Issues have surfaced to be concerned over; manager can participate in future searches, but current and prospective clients must be made aware of the issues.
Hold	Serious issues have surfaced to be concerned over; manager cannot be in future searches unless a client specifically requests, but current and prospective clients must be made aware of the issues.
Client Review	Very serious issues have surfaced with a manager; manager cannot be in future searches unless a client specifically requests. Current clients must be advised to review the manager.
Terminate	We have lost all confidence in the product; manager would not be recommended for searches and clients would be discouraged from using. The manager cannot be in future searches unless a client specifically requests. Current clients must be advised to replace the manager.

UHS MANAGER WATCH LIST:

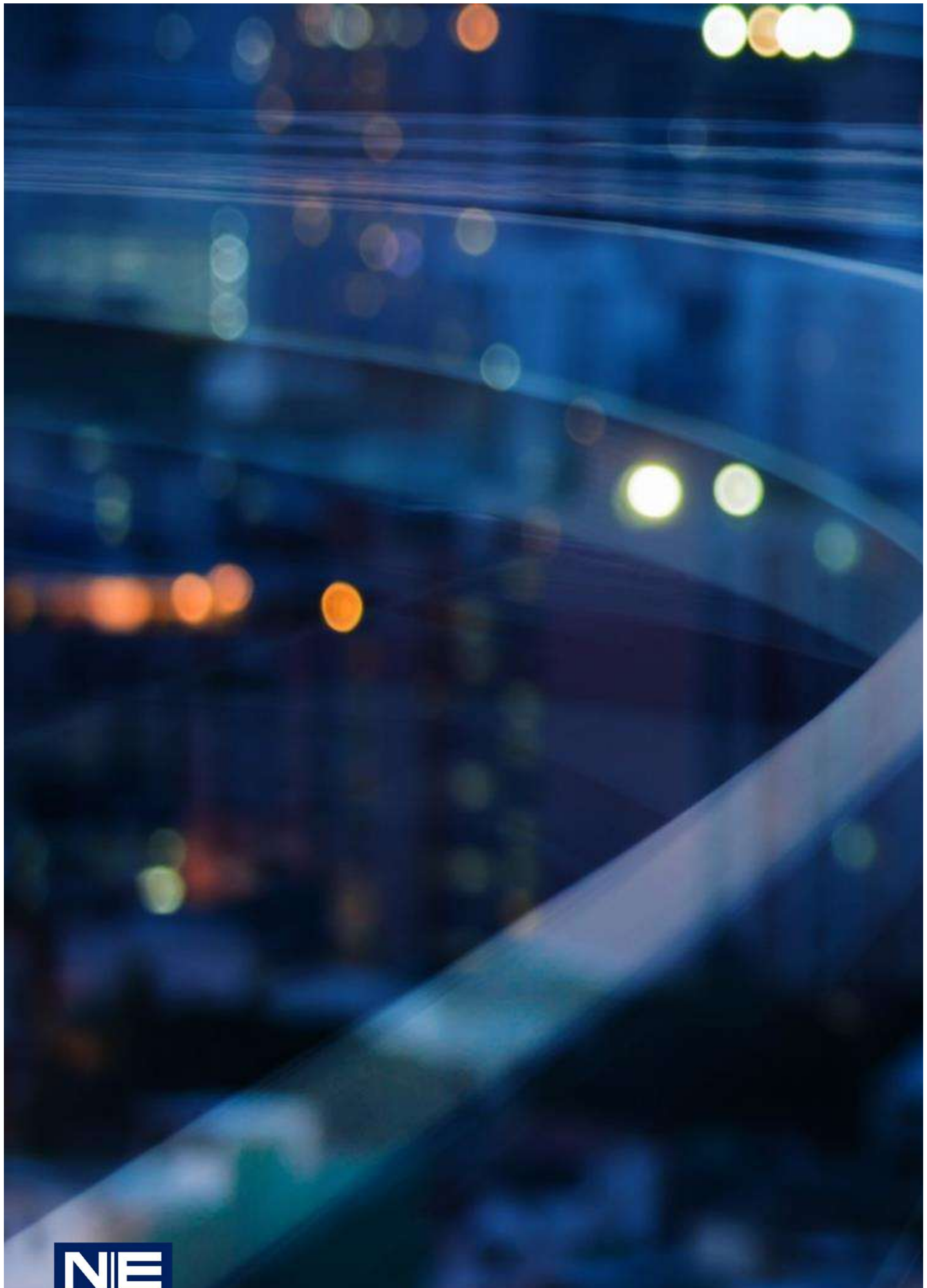
- **"Stoplight" Rating:**
  - Red, Yellow, or Green rating accompanies each manager
    - Green: Intended as a "FYI"; often associated with shorter time intervals
    - Yellow: Necessitates closer monitoring
    - Red: Reflects significant concern and may warrant action including possibly termination
  - Greater emphasis is given to longer time periods; relative performance for shorter periods may not be meaningful for evaluation

- **Ongoing Monitoring/Process for Removal:**
  - Watch List rating and recommendation will be updated on a quarterly basis.
  - On an annual basis (at a minimum) we will provide a detailed summary that highlights changes over the prior year that has bettered or worsened our view; a recommendation from NEPC regarding the extension/removal of the manager will then be provided
    - Detailed summary will also be provided on an ad-hoc basis if the situation calls for a more expedited approach; annual, detailed summary in place to incentivize long-term outlook

UHS MANAGER WATCH LIST

Details		View		Performance vs. Benchmark				
Manager	Allocation	Driver	Rating	1 Yr	3 Yr	SI	SI Date	Added to List
Oldfield Emerging Markets *MSCI EM*	Emerging Markets Equity	***Performance***		36.5% *18.2%*	4.7% *8.6%*	5.1% *5.6%*	March, 2011	Q4 2019

- **Oldfield Emerging Markets appears on the list as a function of performance only (3-Year return trails the MSCI Emerging Markets benchmark by > 300bps)**
  - Performance consistent with expectation given style/focus
  - Oldfield has outperformed materially during the past year; Since Inception return relatively in line with index



PRIVATE MARKETS

Recommendations:

- Silver Lake Partners VIII
- WindRose Health Investors VI
- Grosvenor Advance Ltd.
- Dalfen Last Mile V

SILVER LAKE PARTNERS VIII

NEPC recommends a $10.0 million commitment to Silver Lake Partners VIII

- **Silver Lake Partners VIII is a Private Equity Buyout fund with a focus on large-market firms in the Technology space**
  - Target raise: $20B; anticipated deployment: 25-30 investments
  - Return target: 20% IRR, 2.0x return multiple (TVPI)
  - Global in nature though primarily invests in the U.S.
- **Silver Lake has demonstrated the ability to generate strong returns**
  - Fund IV: 28.4% IRR, 2.9x TVPI
  - Fund V: 33.1% IRR, 1.8x TVPI
  - Fund VI: 38.6% IRR, 1.25x TVPI
- **Commitment would continue UHS relationship with Silver Lake Partners**
  - UHS commitment history with Silver Lake:

Fund	Vintage Year	Commitment
Silver Lake Partners IV, L.P.	2012	$4.0 million
Silver Lake Partners V, L.P.	2016	$7.0 million
Silver Lake Partners VI, L.P.	2020	$7.0 million

WINDROSE HEALTH INVESTORS FUND VI

NEPC recommends a $10.0 million commitment to WindRose Health Investors Fund VI

- **WindRose Health Investors Fund VI is a Private Equity Buyout fund targeting middle-market opportunities in the Healthcare sector**
  - Target raise: $1.15B; anticipated deployment: 9-11 holdings
  - Return target: 20% IRR, 2.0x return multiple (TVPI)
  - Consistent leadership provides stability and expertise when sourcing potential deals
- **Performance has been strong for prior iterations of WindRose's flagship fund**
  - Fund II, III, and IV have generated first quartile results across TVPI, DPI, and IRR metrics
- **WindRose would provide valuable, complementary exposure for UHS given its Healthcare focus and expertise**
  - WindRose (middle market healthcare) pairs well with other UHS investments (example: Silver Lake Partners is large market tech-focused)
  - WindRose's leadership and network provides a sourcing and investment edge in a complex, rapidly-evolving, and difficult-to-navigate sector

GROSVENOR ADVANCE, LTD.

NEPC recommends a $10.0 million commitment to Grosvenor Advance, Ltd.

- **Grosvenor Advance is a Private Equity fund-of-funds targeting investments with diverse-led, diverse-owned, and emerging managers**
  - Target raise: $500 million; anticipated deployment: 12-14 positions
  - Return target: 20% IRR, 2.0x return multiple (TVPI)
  - US-focused; primarily buyout but also venture capital

- **Grosvenor Advance team has a multi-decade history in this space**
  - Over the past 20 years, GCM Grosvenor has invested ~$3.5 billion across 110 diverse private equity managers.
  - Grosvenor will draw upon industry relationships and strong network to source opportunities for the Advance Fund

- **Grosvenor Advance offers UHS a different lens and exposure to compelling emerging / diverse-led managers**
  - Target firms/investments often overlooked
  - Advance Fund affords diversified exposure to emerging managers
  - Grosvenor Advance can also serve as an incubator for UHS; the Advance team embraces role in connecting LPs and underlying funds

DALFEN LAST MILE V

NEPC recommends a $7.5 million commitment to Dalfen Last Mile V

- **Dalfen is a value-add fund focused on "last mile" industrial real estate**
  - Target raise: $500-650 million
  - Return target: 12-14% IRR, 1.4x return multiple (TVPI)
  - Geographic focus of North America
- **Dalfen's prior funds have been top performers:**
  - Fund I: 1.5x TVPI and 19.4% IRR
  - Fund II, III, and IV: 1.5x, 1.8x, 1.3x TVPI, 16.6%, 18.8%, and 16.5% IRR, respectively
- **Attractive market segment, vertically integrated model (operations managed in-house), and strong industry network for both sourcing and leasing optimization**
  - Growing demand for e-commerce is a significant tailwind
  - Knowledgeable, experienced team provides Dalfen the ability to not only source these "last-mile" properties but also partner/package them with major e-commerce providers

[1] **"Last Mile" refers to real estate in/near dense population centers; it is the final leg of delivery from retailer to consumer**

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.

This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

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

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Endowment Management Committee

ITEM: Approval is requested to delegate authority to the Chancellor to negotiate and execute contracts for the hiring of private investment managers for the University of Houston System Endowment Fund.

DATE PREVIOUSLY SUBMITTED: N/A

SUMMARY:

NEPC will discuss with the Committee their recommendation to make commitments to four private investment funds: Silver Lake Partners VII; WindRose Health Investors VI; Grosvenor Advance, Ltd; and Dalfen Last Mile V. Silver Lake Partners is a large market buyout fund focusing on Technology. WindRose Health Investors is a middle-market control investment fund focusing on health care service industries. Grosvenor Advance focuses on diverse-led and emerging managers. Dalfen Last Mile is a real estate fund that focuses on real estate close to dense population centers. The UH System currently invests with Silver Lake funds IV, V, and VI with a total commitment of $37.5 million. The UH System currently does not invest with WindRose, Grosvenor, or Dalfen.

SUPPORTING DOCUMENTATION: NEPC discussion materials report

FISCAL NOTE: Silver Lake $10M; WindRose $10M; Grosvenor $10M; and Dalfen $7.5M

RECOMMENDATION/ ACTION REQUESTED: Administration recommends approval of this item

COMPONENT: University of Houston System

Raymond S. Bartlett 11/15/2021

SENIOR VICE CHANCELLOR Raymond S. Bartlett **DATE**

Renu Khator 11/24/2021

CHANCELLOR Renu Khator **DATE**

UNIVERSITY OF HOUSTON SYSTEM
BOARD OF REGENTS AGENDA

COMMITTEE: Endowment Management Committee

ITEM: Approval is requested for the annual review of the University of Houston System Board of Regents Endowment Management Committee Charter.

DATE PREVIOUSLY SUBMITTED: December 3, 2020

SUMMARY:

In accordance with the UH System Board of Regents Bylaws, the Endowment Management Committee shall review this charter at least once a year. There are no recommended changes to the charter during this review period.

SUPPORTING DOCUMENTATION: Endowment Management Committee Charter

FISCAL NOTE: None

RECOMMENDATION/ ACTION REQUESTED: Administration recommends approval of this item

COMPONENT: University of Houston System

Raymond S. Bartlett 11/15/2021

SENIOR VICE CHANCELLOR Raymond S. Bartlett **DATE**

Renu Khator 11/24/2021

CHANCELLOR Renu Khator **DATE**

Endowment Management Committee

Charter: The endowment management committee has oversight of all investment assets and activities, outside investment managers, investment consultants, and any other matters pertaining to endowed and non-endowed assets for the System. It also provides oversight of investment policies and performance.

The committee is required to perform a review of the charter annually, as required in Board of Regents Bylaws.