

**INVESTMENT SUBCOMMITTEE  
BOARD OF TRUSTEES  
UNIVERSITY OF VERMONT AND STATE AGRICULTURAL COLLEGE**

A meeting of the Investment Subcommittee (ISC) of the Board of Trustees of the University of Vermont State and Agricultural College was held on Tuesday, February 13, 2023 at 8:15 a.m., at 99 High Street 22<sup>nd</sup> Floor, Boston, MA.

MEMBERS PRESENT: Chair Robert Brennan, Vice Chair Don McCree, and Susan Brengle

MEMBERS/ADVISORS ABSENT: ISC Advisor Steven Grossman

OTHER TRUSTEES PRESENT: Board Chair Ron Lumbr<sup>1</sup>

PERSONS ALSO PARTICIPATING: Advisors Whit Wagner; David Aronoff<sup>1</sup>; Controller Claire Burlingham<sup>1</sup>; and Richard Morrison, Ian MacPherson, and Timothy Wong<sup>1</sup> of Prime Buchholz (PB)

<sup>1</sup>Joined the meeting via Microsoft Teams.

Chair Robert Brennan called the meeting to order at 8:15 a.m.

**Executive session**

At 8:15 a.m., Chair Brennan entertained a motion to enter executive session for the purposes of discussing contracts, premature general public knowledge of which would clearly place the University at a substantial disadvantage, and records exempt from disclosure under provisions of the Public Records Act. He stated that the session would last approximately 1 hour 30 minutes with no action anticipated following. The following persons were invited to remain: Advisors Whit Wagner; David Aronoff; Controller Claire Burlingham; and Richard Morrison, Ian MacPherson and Timothy Wong of Prime Buchholz (PB)

The meeting was re-opened to the public at 9:42 a.m.

**Meeting minutes**

Chair Brennan presented the minutes of the December 14, 2022 meeting for approval. A motion was made, seconded and it was voted to approve the minutes as presented.

**Recent market and portfolio performance overview**

Ian MacPherson, of Prime Buchholz, led a discussion surrounding recent market and portfolio performance as of December 31, 2022. He reviewed the summary of returns for the various market sectors and noted that the fourth quarter produced strong results in a significant rebound from the prior three quarters. He reported that the public equities and real assets rallied in the fourth quarter with the S&P returning 7.56% over the quarter. The Chinese equities and Long-Term treasuries continue to struggle amid the slowing growth. The domestic energy sector has

continued to lead with positive returns of 67.7%. The rise in the interest rates by the Federal Reserve has caused the market to slow down, which has impacted the IT and Commercial Services producing negative returns. Commenting further on the market performance, he noted that the real assets participated in the fourth quarter rally which was led by the natural resources' equities with a return of 34.7% year-to-date. He also noted that the hedge funds continued to provide downside protection during this time. In looking ahead to the outlook, Mr. MacPherson noted that the aggressive tightening actions by the Federal Reserve is expected to result in a decline in the inflation over the next 2 years.

Mr. MacPherson reviewed the peer group analysis consisting of endowment & foundation funds with values between \$250 million to \$1 billion. He highlighted the strength of UVM's portfolio returns for the 5–7 year period standing in the top third of the peer group.

Richard Morrison, of Prime Buchholz, reviewed the portfolio performance. Mr. Morrison noted that at year-end, the University's long-term pool returns in the fourth quarter of 2022 were 4.9%, roughly in-line with the Actual and Policy Index return of 5.0% and 4.7%. The portfolio's fiscal year to date return was 1.3%, beating both the Actual and Policy Index at -0.9% and -1.3% respectively. The inception-to-date returns were 7.7% and the preliminary value as of December 31, 2022, was \$721,723,747.

### **Executive session**

At 10:07 a.m., Chair Brennan entertained a motion to enter executive session for the purposes of discussing contracts, premature general public knowledge of which would clearly place the University at a substantial disadvantage, and records exempt from disclosure under provisions of the Public Records Act. He stated that the session would last approximately 1 hour 30 minutes with action anticipated following. The following persons were invited to remain: Advisors Whit Wagner; David Aronoff; Controller Claire Burlingham; and Richard Morrison, Ian MacPherson and Timothy Wong of Prime Buchholz

The meeting was re-opened to the public at 11:58 a.m.

### **Portfolio rebalancing**

Chair Brennan entertained motions to approve the following transactions:

- \$30 million partial redemption of the Vanguard Short-Term Bond Index Fund
- \$30 million initial purchase of the Vanguard Intermediate-Term Treasury Fund
- Full liquidation of the Canyon Balanced Fund (Cayman), Ltd.
- \$7.5 million commitment to TA Associates XV

The motions were made, seconded, and unanimously approved.

### **Resolution to reaffirm the Investment of Endowment Cash Policy**

Chair Brennan present the following resolution for approval:

**Resolution to reaffirm the Investment of Endowment Cash Policy**

WHEREAS, on May 18, 2019, the Board of Trustees adopted the *Investment of Endowment Cash Policy* as follows:

BE IT RESOLVED, that the Vice President for Finance and Treasurer be authorized to invest and withdraw Endowment cash in a money market or a short-term bond fund to maximize investment return and meet Endowment needs.

BE IT RESOLVED, that the Investment Subcommittee hereby recommends the Investment of Endowment Cash Policy to the Budget, Finance & Investment Committee for reaffirmation and referral to the Board of Trustees.

*Adopted by: Board of Trustees – May 18, 2019*  
*Reaffirmed by: Board of Trustees – May 15, 2020*  
*Reaffirmed by: Board of Trustees – June 4, 2021*  
*Reaffirmed by: Board of Trustees – May 21, 2022*  
*Reaffirmed by:*

Chair Brennan entertained a motion to approve the resolution. A motion was made, seconded, and approved unanimously.

**Adjournment**

There being no further business, the meeting adjourned at 12:00 p.m.

Respectfully submitted,

Robert Brennan, Chair