

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

A meeting of the Investment Subcommittee (ISC) of the Board of Trustees of the University of Vermont State and Agricultural College was held on Wednesday, June 21, 2023, at 3:00 p.m., in room 351 Waterman Building, via remote conferencing.

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

MEMBERS/ADVISORS ABSENT: Advisors David Aronoff and Steven Grossman

PERSONS ALSO PARTICIPATING: Advisor Whit Wagner; Vice President for Finance and Administration Richard Cate; Controller Claire Burlingham*; Senior Staff Accountant Patty Dubie; Endowment Accountant Marie Tiemann; Vice President for Legal Affairs & General Counsel Trent Klingerman; Trustee Coordinator Corinne Thompson; and Richard Morrison, Ian MacPherson, and Zac Smith of Prime Buchholz (PB)

*Departed the meeting at 4:25 p.m.

Chair Robert Brennan called the meeting to order at 3:04 p.m.

Meeting minutes

Chair Brennan presented the minutes of the May 1, 2023, meeting for approval. A motion was made, seconded and it was voted to approve the minutes as presented.

Recent market and portfolio performance overview

Richard Morrison, of Prime Buchholz, led a discussion surrounding recent market and portfolio performance as of May 31, 2023. He noted that although there is one week remaining until the end of the fiscal year, the long-term pooled portfolio's estimated return for the fiscal year-to-date through June 20th was 8.2%. He reported on the May 31st performance for various markets and noted the strong returns in the equity market. The S&P 500 was up 9.6%, which was attributed to the high performance in the IT, communication services, and consumer discretionary sectors. Flexible Capital & Fixed Income strategies produced positive returns while Real Assets exposures were negative. Mr. Morrison reviewed the U.S. Treasury yields and commented that the near-term yield rose in response to the interest rate increase in May while the intermediate and longer-term yields were relatively unchanged. He also commented that the markets are not expecting the Federal Reserve to reduce interest rates for the remaining of 2023 which will create a pause in the tightening cycle. He reviewed the expectations for near-term inflation and noted the economic slow-down due to the job market.

Executive session

At 3:15 p.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 with no action anticipated following. The following persons were invited to remain: Advisor Whit Wagner; Vice President for Finance and Administration Richard Cate; Controller Claire Burlingham; Senior Staff Accountant Patty Dubie; Endowment Accountant Marie Tiemann; Vice President for Legal Affairs & General Counsel Trent Klingerman; Trustee Coordinator Corinne Thompson; and Richard Morrison, Ian MacPherson, and Zac Smith of Prime Buchholz (PB)

The meeting was re-opened to the public at 3:56 p.m.

Richard Morrison resumed the discussion on the long-term pooled portfolio performance noting a 5.2% return for the calendar year-to-date, and a fiscal year-to-date return of 6.0% as of April 30, 2023. He mentioned that the estimated fiscal year-to-date returns for June ending will be 8.4%. Mr. Morrison reviewed the peer performance analysis with respect to endowment funds in the \$250 million - \$1 billion range. The University's endowment performance ranks in the median quartile for the 1-year and above the median for the 3-year time frame amongst our peers.

Executive session

At 4:02 p.m., Chair Brennan entertained a motion to re-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 40 minutes with action anticipated following. The following persons were invited to remain: Advisor Whit Wagner; Vice President for Finance and Administration Richard Cate; Controller Claire Burlingham; Senior Staff Accountant Patty Dubie; Endowment Accountant Marie Tiemann; Vice President for Legal Affairs & General Counsel Trent Klingerman; Trustee Coordinator Corinne Thompson; and Richard Morrison, Ian MacPherson, and Zac Smith of Prime Buchholz (PB)

The meeting was re-opened to the public at 5:08 p.m.

Portfolio rebalancing

Chair Brennan entertained motions to approve the following transactions:

- \$ 7.5 million commitment to Arlington Capital Partners Fund VI
- \$ 3.75 million commitment to Ecosystem Integrity Fund V
- \$ 3.75 million commitment to Elephant Partners Fund V
- \$ 7.5 million commitment to Bain Capital Real Estate Fund III

The motions were made, seconded, and unanimously approved.

Chair Brennan noted new funds will be arriving at the University which will be added to the long-term endowment funds. He entertained a motion to approve the following transactions to deploy the funds:

- \$ 8.6 million addition to RhumbLine S&P 500 Index
- \$ 2.75 million addition to American EuroPacific Growth F-3 Fund
- \$ 2.75 million addition to SEG Baxter Street
- \$ 1.9 million addition to Polunin EM Developing Countries Fund, LLC
- \$19.7 million in short-term U.S. Government Treasury and Money Market Funds

The motions were made, seconded, and unanimously approved.

Adjournment

There being no further business, the meeting adjourned at 5:13 p.m.

Respectfully submitted,

Robert Brennan, Chair