

UNIVERSITY OF KENTUCKY
INVESTMENT COMMITTEE MEETING SUMMARY

- The Investment Committee met Monday, December 12 to review performance results and conduct other business. The Endowment pool had a market value of \$1.25 billion as of October 31, 2016. For the four month period ending October 31, the Endowment pool generated an estimated return of 2.0%, compared to a return of 1.6% for the market-based policy benchmark. Several asset classes contributed to Endowment pool performance during the period, with Non-U.S. Equity and Hedged Equity exposure serving as primary return drivers.

- The Investment Committee approved a revised Endowment Investment Policy. Key updates include revised asset allocation targets and an alternative search process for selecting investment managers in the Endowment portfolio. The asset allocation changes are being made to improve the risk/return profile of the portfolio and to seek strategies with higher return prospects, including private equity, credit and real asset strategies. The new search process authorizes investment staff to select investment managers through an alternative due diligence process, in collaboration with the endowment investment consultant, developed to increase efficiency and return potential.

- The Committee heard reports on the following:
 - Ms. Susan Krauss, Treasurer, introduced Mr. Quint Tatro, Adjunct Professor of Finance, and a student from the undergraduate class that oversees one of the Student Managed Investment Funds. The student provided a presentation on a stock recently added to the portfolios.
 - Ms. Krauss presented IC 1, the Revised Endowment Investment Policy, for Investment Committee approval.
 - Mr. Todd Shupp, CIO, presented the endowment asset allocation and rebalancing/transition activity as of October 31, 2016 and provided a report on manager appointments, terminations and due diligence since the last meeting.
 - Mr. Nolan Bean, investment consultant from FEG, presented an update on endowment performance results for periods ending September 30, 2016 and October 31, 2016.
 - Ms. Krauss reviewed the schedule of 2017 Investment Committee meetings and tentative agenda items, supplemental endowment reports for June 30, 2016 and September 30, 2016 and the operating cash and investments as of October 31, 2016.