



Investment Committee Report

February 10, 2023

Agenda

- 1) Portfolio Composition and Performance**
- 2) “Global” UWC Endowment Proposal**
- 3) Divestment of Davis NY Venture Fund**
- 4) Quick Recap on**
 - a) ESG Statement Initiative**
 - b) OCIO Evaluation Initiative**

1

Portfolio Composition and Performance

Endowment Portfolio (6/Feb/2023) - \$131,067,388

Description	Symbol / CUSIP	Quantity	Price	Value	Current Yield ⓘ	Unrealized Gain/Loss ⓘ \$ %	Info
> Cash	Total			\$1,186,783.29			

Description	Symbol / CUSIP	Quantity	Price	Change in Price	Value	Change in Value ⓘ	Percent Change	Unrealized Gain/Loss ⓘ \$ %	Percent of Portfolio	Info
▼ Equity	Total				\$102,586,980.90	-\$623,304.56 ▼	-0.60%	-\$7,100,758.91 \$38,972,566.63 IR	78.27%	
▼ Closed End Funds And Exchange Traded Products					\$54,761,424.60	-\$623,304.56 ▼	-1.13%	-\$5,943,124.75 -\$3,656,989.67 IR	41.78%	
> VANGUARD FTSE DEVELOPED MKT ETF	VEA ⓘ	858,603.000	\$45.135 <small>02/06 02:01</small>	-\$0.505 ▼	\$38,753,046.41	-\$433,594.52 ▼	-1.11%	-\$4,767,926.42 -\$2,944,118.10 IR	29.57%	
> VANGUARD FTSE EMERGING...	VWO ⓘ	187,601.000	\$41.240 <small>02/06 02:01</small>	-\$0.450 ▼	\$7,736,665.24	-\$84,420.45 ▼	-1.08%	-\$520,838.15 -\$259,448.35 IR	5.90%	
> VANGUARD SMALL-CAP ETF	VB ⓘ	40,496.000	\$204.260 <small>02/06 02:00</small>	-\$2.600 ▼	\$8,271,712.96	-\$105,289.60 ▼	-1.26%	-\$654,360.17 -\$453,423.22 IR	6.31%	
▼ Open End Mutual Funds					\$47,825,556.29	\$0	<.01%	-\$1,157,634.16 \$42,629,556.29 IR	36.49%	
> DAVIS NEW YORK VENTURE FUND CLASS...	DNVYX ⓘ	1,326,164.2...	\$26.170 <small>02/03</small>	\$0	\$34,705,719.55	\$0	<.01%	N/A	26.48%	...
> DAVIS REAL ESTATE FD CL Y	DREYX ⓘ	301,051.784	\$43.580 <small>02/03</small>	\$0	\$13,119,836.75	\$0	<.01%	-\$1,157,634.16 \$7,923,836.75 IR	10.01%	...

Description	Symbol / CUSIP	Quantity	Price	Change in Price	Value	Change in Value ⓘ	Percent Change	Unrealized Gain/Loss ⓘ \$ %	Percent of Portfolio	Info
▼ Fixed Income	Total				\$27,293,623.52	-\$73,616.12 ▼	-0.27%	-\$1,624,528.75 -\$770,449.56 IR	20.82%	
▼ Closed End Funds And Exchange Traded Products					\$27,293,623.52	-\$73,616.12 ▼	-0.27%	-\$1,624,528.75 -\$770,449.56 IR	20.82%	
> VANGUARD SHORT-TERM CORPORATE...	VCSH ⓘ	359,103.000	\$76.005 <small>02/06 02:01</small>	-\$0.205 ▼	\$27,293,623.52	-\$73,616.12 ▼	-0.27%	-\$1,624,528.75 -\$770,449.56 IR	20.82%	



Asset Allocation (02/Feb/2023)

	Actual	Target	Preferred Range			Historical 30/Sep/2022
			Minimum	Maximum	Comment	
1st Axis: Risk Correlation						
Stocks, Stock-like	75%	75%	65%	-	85%	OK
Bonds, Bond-like	24%	20%	15%	-	20%	High
Other / Un-correlated	1%	5%	0%	-	10%	OK
Total	100%	100%				100%
2nd Axis: Geography						
US	55%	60%	50%	-	70%	OK
Non-US Developed	37%	20%	15%	-	25%	High
Other	8%	20%	10%	-	30%	Low
Total	100%	100%				100%
3rd Axis: Capitalization (Equities) and Rating (Fixed Income)						
Big Cap / High Grade	68%	70%	60%	-	80%	OK
Mid/Small Cap/HighYield	32%	30%	20%	-	40%	OK
Total	100%	100%				100%
Targets set in 2021						

Endowment Portfolio Performance (31/Dec/2022)

	Market Value (\$)	% of Portfolio	3 Mos (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Total Fund	120,201,007	100.00	9.58	-15.53	0.61	2.37	5.40	6.14	5.52	Apr-05
UWC Target ¹			7.67	-16.74	1.70	4.07	6.44	7.10	6.16	
Secondary Long-Term Target ²			7.43	-16.87	1.61	3.33	5.86	-	-	
All Endowment \$50M- \$250M Rank			1	77	100	98	86	62	58	
Large Cap Equity	30,528,302	25.40	11.85	-17.16	1.89	3.90	7.61	9.53	-	Apr-05
S&P 500 Index			7.56	-18.11	7.66	9.42	11.48	12.56	9.03	
eV US Large Cap Core Equity Rank			14	57	99	99	95	93	-	
Davis NY Venture Fund	30,528,302	25.40	11.85	-17.23	1.39	3.58	7.36	9.35	6.73	Apr-05
S&P 500 Index			7.56	-18.11	7.66	9.42	11.48	12.56	9.03	
eV US Large Cap Core Equity Rank			14	58	100	99	95	93	98	
Small Cap Equity	7,432,636	6.18	7.98	-17.56	5.26	5.43	8.53	8.80	6.64	Dec-07
Russell 2000 Index			6.23	-20.44	3.10	4.13	7.90	9.01	7.11	
eV US Small Cap Equity Rank			56	54	58	57	62	75	89	
Vanguard Small Cap ETF	7,432,636	6.18	7.98	-17.56	-	-	-	-	-9.55	May-21
Russell 2000 Index			6.23	-20.44	3.10	4.13	7.90	9.01	-12.92	
Small Cap Rank			56	51	-	-	-	-	56	
International Equity	43,348,255	36.06	15.31	-15.98	-0.38	0.78	3.97	-	-	Dec-07
MSCI EAFE (Net)			17.34	-14.45	0.87	1.54	4.53	4.67	1.64	
eV EAFE Core Equity Rank			67	41	71	62	67	-	-	
Vanguard FTSE Developed MKT ETF	36,035,568	29.98	16.78	-15.36	-	-	-	-	-7.51	May-21
MSCI AC World ex USA (Net)			14.28	-16.00	0.07	0.88	4.80	3.80	-9.28	
Foreign Large Blend Rank			50	45	-	-	-	-	38	
Vanguard FTSE Emerging Markets	7,312,687	6.08	8.58	-	-	-	-	-	-12.02	Apr-22
FTSE Emerging Mkts All Cap China A Inclusion Index			8.23	-17.26	-0.83	0.15	5.61	2.43	-7.49	
Diversified Emerging Mkts Rank			72	-	-	-	-	-	29	
Short-Term Bond	27,000,955	22.46	2.06	-5.62	-0.46	1.26	-	-	1.41	Apr-16
Blmbg. U.S. Corporate 1-5 Year Index			1.95	-5.62	-0.33	1.35	1.74	1.70	1.54	
Short-Term Bond Rank			6	67	55	19	-	-	26	
Vanguard Short-Term Corporate Bond ETF	27,000,955	22.46	2.06	-5.62	-0.46	1.26	-	-	1.39	Apr-16
Blmbg. U.S. Corporate 1-5 Year Index			1.95	-5.62	-0.33	1.35	1.74	1.70	1.54	
Short-Term Bond Rank			6	67	55	19	-	-	27	
Alternative Investments	89,630	0.07								
Commonfund Alternative Fund	5,030	0.00								
Commonfund Endowment Fund	84,600	0.07								
Domestic REIT	11,801,230	9.82	3.00	-26.58	-1.07	3.07	4.80	5.95	5.69	Mar-05
FTSE NAREIT All REITs Index			4.51	-25.10	-0.46	3.91	5.41	6.86	6.80	
Real Estate Rank			76	57	71	69	35	62	79	
Davis Real Estate	11,801,230	9.82	3.00	-26.58	-1.06	3.11	4.82	5.98	-	Mar-05
FTSE NAREIT All REITs Index			4.51	-25.10	-0.46	3.91	5.41	6.86	6.80	
Real Estate Rank			76	57	71	68	34	60	-	



Endowment Portfolio Performance (31/Dec/2022)

Growth of a Dollar
Beginning: April 1, 2005

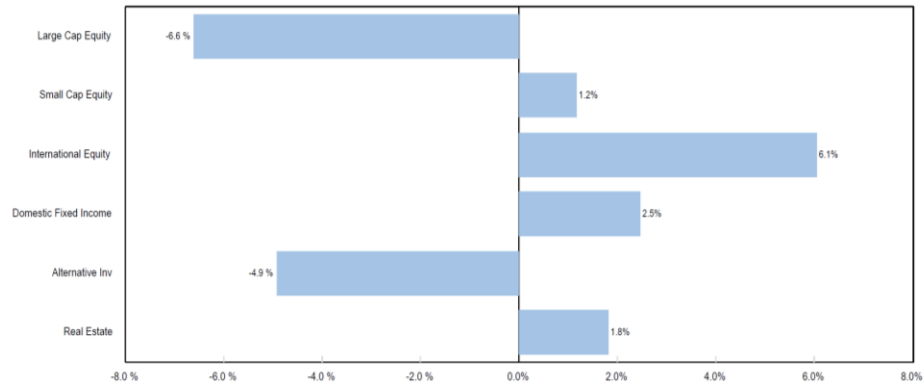


Summary of Cash Flows

	3 Mos	YTD
Beginning Market Value	\$111,653,700	\$147,116,827
Contributions	-	\$13,192,114
Withdrawals	-\$2,000,000	-\$17,202,697
Net Cash Flow	-\$2,000,000	-\$4,010,584
Net Investment Change	\$10,547,307	-\$22,905,236
Ending Market Value	\$120,201,007	\$120,201,007

Asset Allocation Compliance

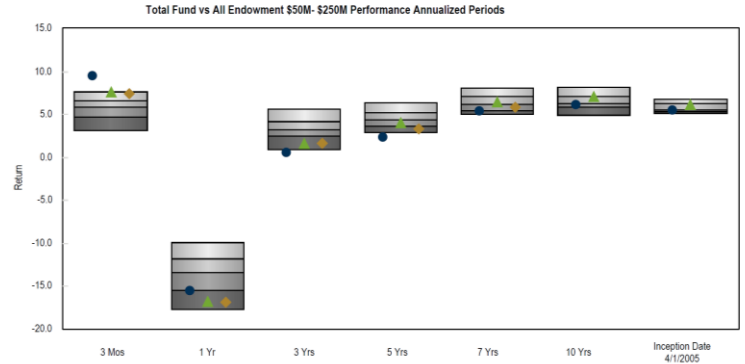
As of December 31, 2022



	Actual (\$)	Actual (%)	Target (%)	Active Weight (%)	Range (%)	Within Range
Large Cap Equity	30,528,302	25.4	32.0	-6.6	27.0 - 37.0	No
Small Cap Equity	7,432,636	6.2	5.0	1.2	0.0 - 10.0	Yes
International Equity	43,348,255	36.1	30.0	6.1	25.0 - 35.0	No
Domestic Fixed Income	27,000,955	22.5	20.0	2.5	15.0 - 25.0	Yes
Alternative Inv	89,630	0.1	5.0	-4.9	0.0 - 10.0	Yes
Real Estate	11,801,230	9.8	8.0	1.8	3.0 - 13.0	Yes
Total	120,201,007	100.0	100.0	0.0		

Plan Sponsor Peer Group Analysis

As of December 31, 2022

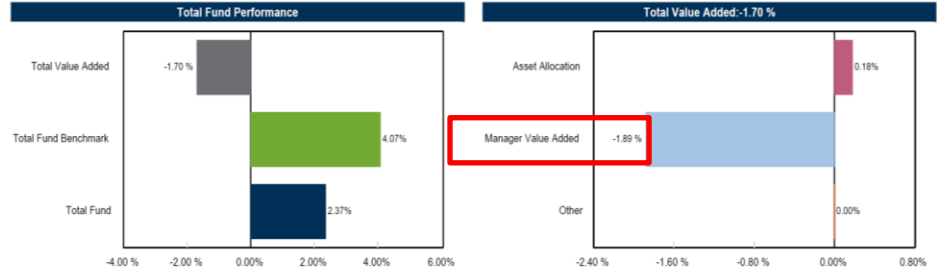


	3 Mos	1 Yr	3 Yrs	5 Yrs	7 Yrs	10 Yrs	Inception Date 4/1/2005
Total Fund	9.58 (1)	-15.53 (77)	0.61 (100)	2.37 (98)	5.40 (86)	6.14 (62)	5.52 (58)
UWC Target*	7.67 (4)	-16.74 (90)	1.70 (92)	4.07 (56)	6.44 (39)	7.10 (26)	6.16 (27)
Secondary Long-Term Target†	7.43 (10)	-16.87 (91)	1.61 (93)	3.33 (83)	5.86 (63)	-	-
5th Percentile	7.60	-9.93	5.63	6.39	8.09	8.18	6.79
1st Quartile	6.59	-11.82	4.18	5.26	7.10	7.11	6.22
Median	5.82	-13.37	3.25	4.40	6.12	6.25	5.57
3rd Quartile	4.66	-15.46	2.53	3.61	5.47	5.86	5.36
95th Percentile	3.11	-17.64	0.93	2.95	5.00	4.92	5.09
Population	46	44	42	39	36	32	22

Parentheses contain percentile rankings.
 *S&P 500 Index: 32.00%, Russell 2000 Index: 5.00%, MSCI EAFE (Net): 15.00%, MSCI Emerging Markets (Net): 15.00%, BlmBng. U.S. Corporate 1-5 Year Index: 20.00%, Alternative Investments: 5.00%, FTSE NAREIT All REITs Index: 8.00%, 90 Day U.S. Treasury Bill: 0.00%.
 †S&P 500 Index: 25.00%, Russell 2000 Index: 7.00%, MSCI EAFE (Net): 15.00%, MSCI Emerging Markets (Net): 15.00%, BlmBng. 1-5 Year Gov/Credit: 20.00%, Alternative Investments: 5.00%, FTSE NAREIT All REITs Index: 10.00%.

Total Fund Attribution

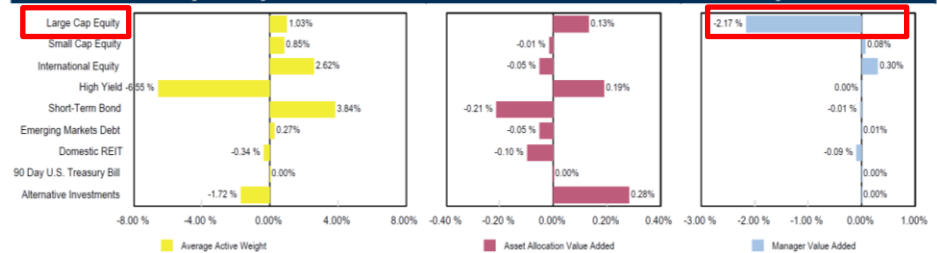
5 Years Ending December 31, 2022



Average Active Weight

Total Asset Allocation: 0.18%

Total Manager Value Added: -1.89%



2

**“Global” UWC Endowment
Assessment**

Global UWC Endowment (GUWCE)

- The IC has discussed the merits of the GUWCE, undertaken some due diligence on the proposed management platform and portfolio manager, and whether the UWC-USA should support/invest in it.
- 2 reasons to consider investing in the GUWCE:
 - A. Investment performance and professionalization of endowment management
 - B. “Strategic”, i.e., it will support the Global Movement and grow the Global Endowment (for the benefit of the movement as well as UWC-USA).
- The IC has strictly focused on criteria A and the BoT needs to evaluate whether criteria B outweighs the reservations that the IC has concluded on for criteria A.

Global UWC Endowment (GUWCE) – Criteria A

- The GUWCE investment platform is new, has an unproven track record, lacks scale and it would be hard to justify allocating any of our capital to it (based on criteria A)) given the uncertain path to success of the GUWCE.
- The IC has some reservations as to the GUWCE team’s expertise and skills in selecting managers/investments and managing a Fund-of-Funds across the asset spectrum they propose, given the team’s experience and positive track record in public value investment.
- In addition, even an “in principle” agreement to allocate any capital to it would be subject to further review and ODD of service providers, regulatory approvals, domiciliation, tax status (and impact to the UWC-USA endowment), legal documentation, reporting transparency, annual draw rate, lock-up periods/liquidity as well as liquidation (if unsuccessful).
- It is unclear what value or services the GUWCE would offer that are not readily available from established OCIO platforms.
- If we were to allocate some capital to the GUWCE, it should be (at least initially) limited to a small portion of the UWC-USA’s portfolio (i.e., this would not be a complete hand-over of our endowment management).

Global UWC Endowment (GUWCE) – Criteria B

- The GUWCE investment platform's goals are worthy and could be helpful to the UWC movement.
- The BoT needs to consider whether:
 1. The GUWCE proposition will lead to more donations/increased financial stability for the global movement as well as to the UWC-USA.
 2. Are any conflicts of interest or competition in capital raising and how donations to the movement are allocated to individual schools.
 3. THE UWC-USA has any wider movement “obligation” to support the GUWCE.
 4. The strategic benefits outweigh the reservations/concerns raised by the IC.
 5. An “in principle” support is warranted, subject to conditions (for example, satisfactorily completing ODD, having initial commitments of not less than \$100m from other schools or raised capital for the first close, UWC-USA participation limited to 5% of its endowment, etc).

Global UWC Endowment (GUWCE) - Vote

- Based on criteria A the IC at this stage does not recommend
 - Allocating capital to the GUWCE.
 - Delegating the management of the UWC-USA Endowment to the GUWCE management team.
- Would the BoT support the “in principle” participation of the UWC-USA in the GUWCE?
 - If so, with what conditions and to what extent? Do the limitations suggested in the previous slide suffice?
- Would the BoT support the full participation of the UWC-USA in the GUWCE?
 - If so, with what conditions and over what period of time?

3

Davis Funds Divestment

Davis Funds Divestment

- Historically, the Davis NY Venture Fund (DNYVF) has underperformed and represents a large portion of the UWC-USA Endowment (26% and Davis RE 10%).
- In an effort to reduce the exposure and performance drag of the DNYVF implemented a partial divestment plan:
 - From October 2021 to December 2021 sold \$1.5m/month of DNYVF.
 - From January 2022 to November 2022 sold \$1.0m/month of DNYVF.
 - In January 2022 bought \$5.2m of Davis Real Estate Fund.
- Net we sold \$16.5m of DNYVF and bought \$5.2m Davis RE Fund.

- Proposal is to continue the DNYVF divestment plan at a moderate pace of \$1.0m to \$2.0/month for a 12 month period (to be potentially extended in time).
- Given the sensitivity and importance of the relationship with the Davis Family, the proposal is being discussed by Victoria directly with Chris Davis.

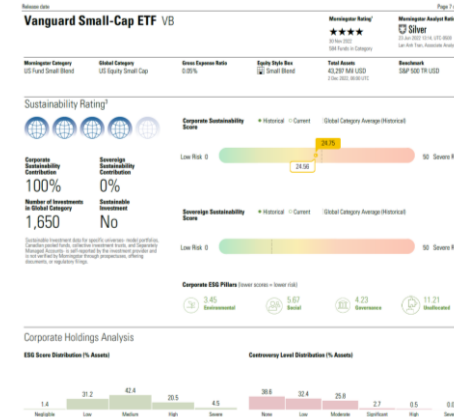
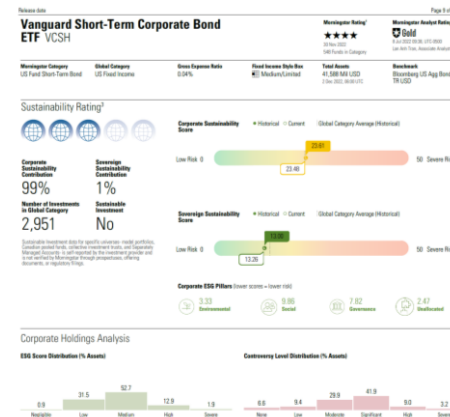
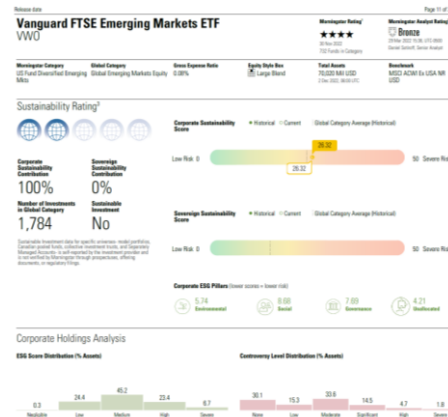
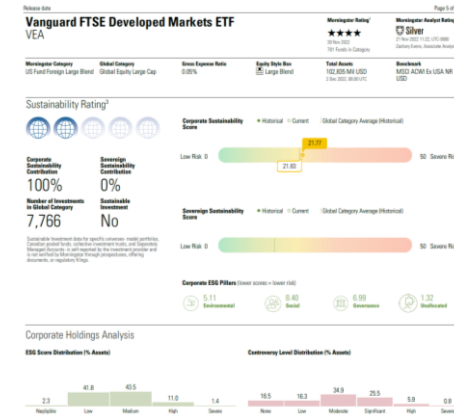
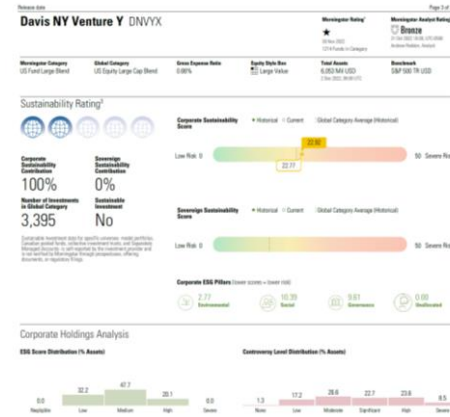
- Once agreed/acknowledged, the IC will vote on and implement it.

4

Quick Recap on ESG and OCIO

ESG

- ESG investment implementation paper has not been drafted yet.
- Market definitions and standards are still evolving. “Greenwashing” is a concern.
- Unclear how or whether an ESG “compliant” portfolio will/can be constructed within the investment parameters/strategy we have.
- Regulation is being implemented.
- Corporates are focused and acting on ESG.
- We have started measuring our portfolio.
- Proposal is to have a statement that acknowledges our ESG concerns, but it does not prescribe (yet) how our investment policy implements this.



OCIO

- The IC will more actively consider and deliberate the engagement of an OCIO to manage the UWC-USA Endowment.
 - The aim will be to more rigorously analyse the portfolio and determine whether the asset allocation and management of the UWC-USA Endowment can be improved.
 - The peer group analysis shows that our endowment has consistently and meaningfully underperformed over the long-run against our peer group (mainly due to the DNYVF).
 - Such an underperformance has real costs to the school and can adversely impact donor decisions.
 - However, even with a significant DNYVF allocation it is likely possible to improve the asset allocation and risk-adjusted returns of the endowment and therefore exploring whether an OCIO can more effectively help with this effort should be explored.
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- We requested and have received a proposal from Vanguard.
 - ASC will submit a detailed / concrete asset allocation proposal more in line with our peer groups before the next IC meeting.
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- Once our preliminary analysis is completed, it could be followed up with a Request for Proposal from a limited number of candidates ending in a potential selection and appointment of an OCIO.



Thank You