Introduction to RVK

RVK Overview

- **Established in 1985**, RVK provides clients with world-class investment advice and is one of the nation’s largest and most trusted institutional investment consulting firms.

- **National firm** with headquarters in Portland and regional offices in New York City and Chicago. RVK serves nearly 200 clients including endowments & foundations, corporations, public retirement systems, Taft-Hartley funds, non-profit organizations, and other institutional pools of capital.

- **RVK’s investment professionals** are highly experienced with substantial industry experience, translating to best-in-class investment advice through our team-centric approach.

- **Since its inception**, RVK has maintained a strict, no-conflict of interest policy, ensuring clients remain the top priority. RVK has no financial relationships with managers, brokers, or investment products.

RVK by the Numbers

- **$700+ billion** – Retainer Assets Under Advisement
- **86** - Investment Professionals
- **62** - Advanced Degrees and Certifications
- **100%** - Revenue Derived from Client Fees
- **100%** - Employee Ownership
- **100%** - Non-Discretionary Investment Consulting

Expertise Serving a Variety of Plan Types

Sample New Mexico Clients

- Archdiocesan Priests Retirement Fund of Santa Fe
- Georgia O'Keefe Museum Endowment
- New Mexico State Investment Council
- Sandia Foundation
- Santa Fe Chamber Music Festival
- Santa Fe Opera

RVK was founded to provide institutional investors with a robust suite of customized investment consulting services.

- 2005 - RVK establishes Chicago office. Becky Gratsinger is named CEO of the firm.
- 2008 - Transitioned ownership from Russ Kuhns, who was retiring, to RVK employees.
- 2010 - RVK expands its Chicago office with the addition of the Chicago General Consulting Team.
- 2012 - RV Kuhns is rebranded as RVK and 7 additional employees are named shareholders of the firm.
- 2014 - 14 additional employees are named shareholders of the firm.
- 2015 - RVK celebrates 30 years of providing investment consulting service to institutional investors.
- 2016 - RVK by the Numbers
Consulting Team Members

**Kyle Plitt, CFA**  
**Consultant, Principal**  
- Joined RVK in 2011 and is based in our Portland Office.  
- 6 years of industry experience—works with many of the firms’ endowment and foundation clients as well as permanent funds and health organizations.  
- CFA Level III candidate.  
- B.B.A. in Finance magna cum laude from the University of Portland.

**Janelle Booth**  
**Associate Consultant**  
- Joined RVK in 2006 and is based in our Portland Office.  
- 11 years of industry experience—advises a number of client relationships including endowments, foundations, pensions, defined contribution plans, and insurance funds. Shareholder of the firm.  
- Chartered Financial Analyst and is a member of the CFA Institute and the CFA Society of Portland.  
- B.S. in Business Administration - Finance from the University of Oregon.

**Marcia Beard**  
**Senior Consultant, Principal**  
- Joined RVK in 1996 and based in our Portland Office.  
- 30+ years of industry experience.  
- Extensive experience serving government entities, corporations, and endowments & foundations. Develops investment policy statements, strategic asset allocation, and asset class manager structure. Shareholder of the firm.  
- B.S. in Agriculture Economics cum laude from the University of Illinois.
Investment Performance Update

Total Fund Performance
As of June 30, 2017

Performance through June 30, 2017 is preliminary and subject to change. Returns are annualized for periods greater than one year.
The Policy Index currently consists of 63% MSCI ACW IMI (Net), 12% Fixed Income Custom Index, 5% Real Asset Custom Index, 10% NCREIF ODCE Index (Net) (AWA), and 10% HFRI FOF: Cnsvt Index. The Fixed Income Custom Index is a blend of 80% B US Agg Bond Index and 20% B US Universal Bond Index. The Real Return Custom Index is an equal-weighted blend of B Cmdty Index, FTSE EPRA/NAREIT Glbl Index, and B US Trsy Infl Notes: 1-10 Yr Index through April 30, 2017; and the Fidelity Strat RR Comp Index thereafter.
Asset Allocation and Growth

Over the past 10 years, the Foundation has grown from $46.6 million to $71.1 million today.

The portfolio is currently in the process of transitioning to the new long-term target asset allocation.

As of June 30, 2017. Performance shown is net of fees.
Key Drivers of 2016 Performance

1. **Exposure to Public Equities**
   - Led by U.S. and emerging market stocks, global equities returned 8.4% and significantly outpaced global fixed income markets, gaining 2.1% in 2016.

2. **Meaningful Exposure to Alternative Investments**
   - Exposure to real assets (e.g. real estate and energy) contributed positively, while Multi-Strategy (hedge fund) allocations detracted from overall returns.

3. **Lower Exposure to Fixed Income Relative to Peers**
   - A lower strategic fixed income allocation (13.8% vs. 22.9% for the median peer) contributed to ACF’s 2016 performance ranking in the top third within the all endowments & foundations universe.

4. **Strong Active Manager Performance**
   - All primary asset classes exceeded their respective benchmark returns, driven by strong active manager outperformance.

Allocations and returns are as of December 31, 2016. Asset class returns reflect broad market indices.
RVK and the Investment Committee have evaluated opportunities to increase the likelihood of meeting the Foundations’ long-term return objectives.

Prior Target Portfolio

- Public Equity: 45%
- Private Equity: 10%
- Fixed Income: 15%
- Real Return: 5%
- Real Estate: 5%
- Multi-Strategy: 20%

New Target Portfolio

- Public Equity: 50%
- Real Estate: 10%
- Real Return: 10%
- Fixed Income: 12%
- Private Equity: 13%
- Multi-Strategy: 10%

2016-2017 Completed Initiatives:

- Asset Allocation Changes
- Overall Portfolio Simplification
  - Reduction in the number of investment managers from 19 to 15
- Investment Policy & Benchmark Review

- Asset Class Structure Review and Modifications
  - Public Equity, Fixed Income, Real Return, Real Estate, Multi-Strategy
- Review of Private Equity Commitment Schedule

Number of investment managers excludes multi-strategy investments in the process of returning capital to all investors, private equity commitments and cash.
Upcoming Initiatives

• Spending Policy Analysis
  – Review of spending policy rate and long-term sustainability, alternative spending models, etc.

• Private Equity
  – 2017 Private Equity Commitments
  – Ongoing Monitoring of Allocation Pacing

• Ongoing Review & Benchmarking of Investment Managers

• Ongoing Review of Investment Policy & Asset Allocation
Global risk assets continue with strong performance in 2016 and CYTD 2017

International equity markets have outperformed US stocks, a trend reversal from post-2008 market returns

US bond market returns have been modest as US interest rates have remained relatively flat

### Capital Markets & Economic Update

**Market Performance (%)**

<table>
<thead>
<tr>
<th>Market Performance (%)</th>
<th>Asset Class</th>
<th>2016</th>
<th>CYTD</th>
<th>1 Year</th>
<th>3 Years</th>
<th>5 Years</th>
<th>10 Years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russell 3000</td>
<td>US Stocks</td>
<td>12.7</td>
<td>10.6</td>
<td>16.3</td>
<td>9.5</td>
<td>14.7</td>
<td>7.3</td>
</tr>
<tr>
<td>MSCI EAFE (Net)</td>
<td>Non-US Developed Stocks</td>
<td>1.0</td>
<td>16.1</td>
<td>19.4</td>
<td>2.2</td>
<td>9.2</td>
<td>1.0</td>
</tr>
<tr>
<td>MSCI EM (Net)</td>
<td>Emerging Market Stocks</td>
<td>11.2</td>
<td>23.9</td>
<td>23.8</td>
<td>2.0</td>
<td>5.0</td>
<td>1.9</td>
</tr>
<tr>
<td>Bloomberg US Agg Bond</td>
<td>US Bonds</td>
<td>2.7</td>
<td>2.7</td>
<td>0.0</td>
<td>2.6</td>
<td>2.1</td>
<td>4.5</td>
</tr>
<tr>
<td>NCREIF ODCE (Gross)*</td>
<td>Private Real Estate</td>
<td>8.8</td>
<td>1.8*</td>
<td>6.1*</td>
<td>10.7*</td>
<td>11.4*</td>
<td>5.1*</td>
</tr>
</tbody>
</table>

As of July 18, 2017 unless noted otherwise. Performance for NCREIF ODCE (Gross) is as of 3/31/2017 and is available quarterly.
Forward-Looking Themes

• **Lower Long-Term Return Expectations**
  – Long-term returns for diversified portfolios will likely be lower than experienced in recent history as prices for risk assets remain relatively high and bond yields are near historic lows.

• **Tightening Monetary Policy**
  – The Federal Reserve has begun tightening monetary policy in the U.S. by increasing the Fed Funds rate and indicating it would begin unwinding its $4.5 trillion balance sheet of agency bonds.
  – Monetary policy in Europe could potentially follow suit in the near future as economic conditions continue to improve in the UK and EU.

• **Relatively Expensive U.S. Stock Market**
  – Prices for U.S. stocks remain well above their historical averages. Stock prices elsewhere are closer to historical averages.

• **Sustained, Lower Commodity Prices**
  – Continued oil production in the U.S. and elsewhere could diminish the effectiveness of OPEC’s production cut agreement.
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