UW Health Investment Sub-Committee
August 16, 2022, 4:00 - 5:30 PM

WebEx: https://uwhealth.webex.com/uwhealth/j.php?MTID=m595589dd3083223701213986edf1fb35
Meeting number: 2623 489 7251 // Password: 081622

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<table>
<thead>
<tr>
<th>Time</th>
<th>Session Title</th>
<th>Presenter(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4:00 PM</td>
<td>I. Call to Order</td>
<td>Mr. John Litscher</td>
</tr>
<tr>
<td>4:00 PM</td>
<td>II. Open Session Meeting Minutes</td>
<td>Mr. John Litscher</td>
</tr>
<tr>
<td>4:01 PM</td>
<td>III. Welcome New Member - Mr. Michael Broski</td>
<td>Mr. John Litscher</td>
</tr>
<tr>
<td>4:03 PM</td>
<td>IV. Graystone Consulting Update - Market Commentary</td>
<td>Mr. Tom Parks, Mr. Matt Conway, Ms. Kelli Schrade, Ms. Kristina Van Liew</td>
</tr>
<tr>
<td>4:13 PM</td>
<td>V. Closed Session</td>
<td>Motion to enter into closed session pursuant to Wisconsin Statutes section 19.85(1)(e) for the discussion of the following investment matters which for competitive reasons require a closed session: review and approval of closed session minutes, review of UW Health Capital Markets and Portfolio Review - Second Quarter 2022, discuss manager search for large cap growth and emerging markets, and proposed asset allocation and implementation considerations including proposed UW Health Investment Policy revisions.</td>
</tr>
<tr>
<td>5:25 PM</td>
<td>VI. Return to Open Session</td>
<td>Estimated Time to Return to Open Session</td>
</tr>
<tr>
<td>5:25 PM</td>
<td>VII. ACTION: Approve Manager Changes, as applicable</td>
<td>Mr. John Litscher</td>
</tr>
<tr>
<td></td>
<td>(Motion to approve manager changes for large cap growth and emerging markets as discussed in Closed Session)</td>
<td></td>
</tr>
<tr>
<td>5:25 PM</td>
<td>VIII. ACTION: UWH Investment Policy Statement Revisions</td>
<td>Mr. John Litscher</td>
</tr>
<tr>
<td></td>
<td>(Motion to recommend UW Health Investment Policy Statement revisions to the UWHCA Finance Committee as discussed in Closed Session)</td>
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<tr>
<td>5:30 PM</td>
<td>IX. Adjourn</td>
<td></td>
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</tbody>
</table>
Open Session
Market Commentary

Graystone Consulting | August 16, 2022

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414.226.3157

227 W. Monroe
Suite 3400
Chicago, IL 60606
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Investment Sub-Committee Meeting

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First Half Market Spiral
Market Commentary 2nd Quarter 2022
Second Quarter Rout

US Stocks, Global Equities and Bonds all slide in second quarter, breaking records.

Source: Bloomberg. Data as of June 30, 2022. For index definitions to the indices referenced in this report please visit the following: https://www.morganstanley.com/wealth-investmentsolutions/wmir-definitions

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A Historically Bad First Half

Active management improves, but remains challenged

Global Equity Performance
YTD as of June 30, 2022

-11.3%
MSCI Canada IMI

-8.6%
MSCI UK IMI

-20.0%
S&P 500

-14.9%
MSCI India IMI

-11.2%
MSCI China IMI

-20.0%
MSCI Japan IMI

-20.0%
MSCI Canada IMI

-7.7%
MSCI Mexico IMI

+2.9%
MSCI Brazil IMI

-11.0%
MSCI Australia IMI

US Fixed Income Indices
As of June 30, 2022

EM (Local)  -16.0%
            -9.9%

Global High Yield  -16.9%
                     -11.9%

US High Yield Corp  -14.2%
                      -9.8%

Global Aggregate  -13.9%
                     -8.3%

US Aggregate  -10.3%
                      -4.7%

US Govt/Corporate  -11.1%
                      -5.1%

Active Management Performance Rebounds
After a difficult Q1, there has been a positive shift in active manager performance across a wide swath of asset classes. Table below shows % of active managers outperforming their respective index per quarter.

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th></th>
<th>Q1</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large Core</td>
<td>25%</td>
<td>57%</td>
<td>Small Cap Growth</td>
<td>42%</td>
<td>47%</td>
<td>Emerging Mkts Equities</td>
<td>19%</td>
<td>32%</td>
</tr>
<tr>
<td>Large Growth</td>
<td>23%</td>
<td>46%</td>
<td>Small Cap Value</td>
<td>44%</td>
<td>60%</td>
<td>International Equities</td>
<td>14%</td>
<td>63%</td>
</tr>
<tr>
<td>Large Value</td>
<td>61%</td>
<td>69%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Bloomberg, FactSet, Morgan Stanley & Co. Research
Road Ahead: Looming Recession or Stagflation?

Difficult balancing act for the Fed

Can the Fed Pull Off a Soft Landing?
Recent history suggests a soft landing may be difficult.

The Fed’s Watch List
Macro factors influencing the Fed’s Playbook.

<table>
<thead>
<tr>
<th>Data</th>
<th>As of</th>
<th>Y/Y</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unemployment Rate</td>
<td>3.6%</td>
<td>May</td>
</tr>
<tr>
<td>Nonfarm payrolls (Thousands)</td>
<td>390</td>
<td>May</td>
</tr>
<tr>
<td>Labor Force Participation Rate</td>
<td>62.3%</td>
<td>May</td>
</tr>
</tbody>
</table>

ECONOMIC GROWTH
GDP Real Growth Rate
-1.5% Mar -7.9%

HOUSING
Case-Shiller Home Price Index
306 Mar 21.2%

INFLATION
Core PCE Nominal CPI
June 5.9%
9.1%

Effective Federal Funds Rate
NBER Recession Periods
Soft Landing

Source: Bloomberg, Morgan Stanley & Co Research
Inflation Surges to Highest Levels in Decades

The cost of necessities continues to rise dramatically

Headline Less Core CPI at 50-Year High

Goods and Energy Are Up Dramatically in the CPI

Prices at the Pump Peaked in Mid-June

Transportation Is Driving Headline CPI

Source: Bloomberg
Morgan Stanley Forecasts

We are likely nearing the peak of bad news for inflation, Fed policy and earnings guidance, but other risks remain as volatility continues.

### S&P 500 Earnings Estimates

<table>
<thead>
<tr>
<th>Year</th>
<th>Consensus</th>
<th>Morgan Stanley</th>
<th>Consensus</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022E</td>
<td>$228</td>
<td>$225</td>
<td>$251</td>
</tr>
<tr>
<td>2023E</td>
<td></td>
<td>$236</td>
<td></td>
</tr>
</tbody>
</table>

Source: Refinitiv, S&P, MS & Co. Research as July 29, 2022

### MS & Co. S&P 500 Price Target: Mid-Year 2023

<table>
<thead>
<tr>
<th>Landscape</th>
<th>Earnings</th>
<th>Price/Earnings Multiple</th>
<th>Price Target</th>
<th>Upside/Downside</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bull Case</td>
<td>$249</td>
<td>17.9</td>
<td>4,450</td>
<td>12.3%</td>
</tr>
<tr>
<td>Base Case</td>
<td>$236</td>
<td>16.5</td>
<td>3,900</td>
<td>-1.6%</td>
</tr>
<tr>
<td>Bear Case</td>
<td>$212</td>
<td>15.9</td>
<td>3,350</td>
<td>-15.4%</td>
</tr>
<tr>
<td>Current S&amp;P 500 Price</td>
<td></td>
<td></td>
<td>4,130</td>
<td></td>
</tr>
</tbody>
</table>

Note: Price targets are based on estimated 2023 earnings.
Source: MS & Co. Research as of July 29, 2022

### Morgan Stanley & Co. Forecasts (as of July 29, 2022)

<table>
<thead>
<tr>
<th>Region</th>
<th>Real GDP Growth (%)</th>
<th>10-Yr Govt. Bond Yield (%)</th>
<th>Headline Inflation (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2021</td>
<td>2022E</td>
<td>2023E</td>
</tr>
<tr>
<td>Global</td>
<td>6.2</td>
<td>2.4</td>
<td>3.0</td>
</tr>
<tr>
<td>US</td>
<td>5.7</td>
<td>1.8</td>
<td>1.4</td>
</tr>
<tr>
<td>Euro Zone</td>
<td>5.3</td>
<td>3.0</td>
<td>0.3</td>
</tr>
<tr>
<td>UK</td>
<td>7.4</td>
<td>3.4</td>
<td>0.3</td>
</tr>
<tr>
<td>Japan</td>
<td>1.7</td>
<td>1.3</td>
<td>1.2</td>
</tr>
<tr>
<td>Emerging Markets</td>
<td>7.0</td>
<td>2.5</td>
<td>4.5</td>
</tr>
<tr>
<td>China</td>
<td>8.1</td>
<td>3.2</td>
<td>6.2</td>
</tr>
</tbody>
</table>

Source: Morgan Stanley & Co. Research
Important Disclosures
Please let us know if you would like a copy of any of the referenced Morgan Stanley reports.

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Glossary of Terms

**Active Contribution Return:** The gain or loss percentage of an investment relative to the performance of the investment benchmark.

**Active Exposure:** The percentage difference in weight of the portfolio compared to its policy benchmark.

**Active Return:** Arithmetic difference between the manager’s return and the benchmark’s return over a specified time period.

**Actual Correlation:** A measure of the correlation (linear dependence) between two variables X and Y, with a value between +1 and -1 inclusive. This is also referred to as coefficient of correlation.

**Alpha:** A measure of a portfolio’s time weighted return in excess of the market’s return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market.

**Best Quarter:** The highest quarterly return for a certain time period.

**Beta:** A measure of the sensitivity of a portfolio’s time weighted return (net of fees) against that of the market. A beta greater than 1.00 indicates volatility greater than the market.

**Consistency:** The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product’s performance.

**Core:** Refers to an investment strategy mandate that is blend of growth and value styles without a pronounced tilt toward either style.

**Cumulative Selection Return (Cumulative Return):** Cumulative investment performance over a specified period of time.

**Distribution Rate:** The most recent distribution paid, annualized, and then divided by the current market price. Distribution rate may consist of investment income, short-term capital gains, long-term capital gains, and/or return of capital.

**Down Market Capture:** The ratio of average portfolio returns over the benchmark during periods of negative benchmark return. Lower values indicate better product performance.

**Downside Risk:** A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the value, the more risk the product has.

**Downside Semi Deviation:** A statistical calculation that measures the volatility of returns below a minimum acceptable return. This return measure isolates the negative portion of volatility: the larger the number, the greater the volatility.

**Drawdown:** A drawdown is the peak-to-trough decline during a specific period of an investment, fund or commodity.

**Excess over Benchmark:** The percentage gain or loss of an investment relative to the investment's benchmark.

**Excess Return:** Arithmetic difference between the manager’s return and the risk-free return over a specified time period.

**Growth:** A diversified investment strategy which includes investment selections that have capital appreciation as the primary goal, with little or no dividend payouts. These strategies can include reinvestment in expansion, acquisitions, and/or research and development opportunities.

**Growth of Dollar:** The aggregate amount an investment has gained or lost over a certain time period, also referred to as Cumulative Return, stated in terms of the amount to which an initial dollar investment would have grown over the given time period.

**Investment Decision Process (IDP):** A model for structuring the investment process and implementing the correct attribution methodologies. The IDP includes every decision made concerning the division of the assets under management over the various asset categories. To analyze each decision’s contribution to the total return, a modeling approach must measure the marginal value of every individual decision. In this respect, the hierarchy of the decisions becomes very important. We therefore use the IDP model, which serves as a proper foundation for registering the decisions and relating them to each other.

**Information Ratio:** Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

**Jensen’s Alpha:** The Jensen's alpha measure is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. This metric is also commonly referred to as alpha..

**Kurtosis:** A statistical measure that is used to describe the distribution, or skewness, of observed data around the mean, sometimes referred to as the volatility of volatility.

**Maximum Drawdown:** The drawdown is defined as the percent retrenchment from a fund's peak to the fund's trough value. It is in effect from the time the fund's retrenchment begins until a new fund high is reached. The maximum drawdown encompasses both the period from the fund's peak to the fund's valley (length), and the time from the fund's valley to a new fund high (recovery). It measures the largest percentage drawdown that has occurred in any fund's data record.

**Modern Portfolio Theory (MPT):** An investment analysis theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward.

**Mutual Fund (MF):** An investment program funded by shareholders that trade in diversified holdings and is professionally managed.

**Peer Group:** A combination of funds that share the same investment style combined as a group for comparison purposes.

**Peer/ Plan Sponsor Universe:** A combination of asset pools of total plan investments by specific sponsor and plan types for comparison purposes.

**Performance Ineligible Assets:** Performance returns are not calculated for certain assets because accurate valuations and transaction data for these assets are not processed or maintained by us. Common examples of
these include life insurance, some annuities and some assets held externally.

**Performance Statistics:** A generic term for various measures of investment performance measurement terms.

**Portfolio Characteristics:** A generic term for various measures of investment portfolio characteristics.

**Preferred Return:** A term used in the private equity (PE) world, and also referred to as a “Hurdle Rate.” It refers to the threshold return that the limited partners of a private equity fund must receive, prior to the PE firm receiving its carried interest or “carry.”

**Ratio of Cumulative Wealth:** A defined ratio of the Cumulative Return of the portfolio divided by the Cumulative Return of the benchmark for a certain time period.

**Regression Based Analysis:** A statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables

**Residual Correlation:** Within returns-based style analysis, residual correlation refers to the portion of a strategy’s return pattern that cannot be explained by its correlation to the asset-class benchmarks to which it is being compared.

**Return:** A rate of investment performance for the specified period.

**Rolling Percentile Ranking:** A measure of an investment portfolio’s ranking versus a peer group for a specific rolling time period (i.e. Last 3 Years, Last 5 years, etc.).

**R-Squared:** The percentage of a portfolio’s performance explained by the behavior of the appropriate benchmark. High R-Squared means a higher correlation of the portfolio’s performance to the appropriate benchmark.

**SA/CF (Separate Account/Commingled Fund):** Represents an acronym for Separate Account and Commingled Fund investment vehicles.

**Sector Benchmark:** A market index that serves as a proxy for a sector within an asset class.

**Sharpe Ratio:** Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance results in.

**Standard Deviation:** A statistical measure of the range of a portfolio's performance; the variability of a return around its average return over a specified time period.

**Total Fund Benchmark:** The policy benchmark for a complete asset pool that could consist of multiple investment mandates.

**Total Fund Composite:** The aggregate of multiple portfolios within an asset pool or household.

**Tracking Error:** A measure of standard deviation for a portfolio's investment performance, relative to the performance of an appropriate market benchmark.

**Treynor Ratio:** A ratio that divides the excess return (above the risk free rate) by the portfolio’s beta to arrive at a unified measure of risk adjusted return. It is generally used to rank portfolios, funds and benchmarks. A higher ratio is indicative of higher returns per unit of market risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing market risk.

**Up Market Capture:** The ratio of average portfolio returns over the benchmark during periods of positive benchmark return. Higher values indicate better product performance.

**Upside Semi Deviation:** A statistical calculation that measures the volatility of returns above an acceptable return. This return measure isolates the positive portion of volatility: the larger the number, the greater the volatility.

**Value:** A diversified investment strategy that includes investment selections which tend to trade at a lower price relative to its dividends, earnings, and sales. Common attributes are stocks that include high dividend, low price-to-book ratio, and/or low price-to-earnings ratio.

**Worst Quarter:** The lowest rolling quarterly return for a certain time period.

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_The performance data shown reflects past performance, which does not guarantee future results._

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Past performance is no guarantee of future results.

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Mortgage backed securities also involve prepayment risk, in that faster or slower prepayments than expected on underlying mortgage loans can dramatically alter the yield-to-maturity of a mortgage-backed security and prepayment risk includes the possibility that a fund may invest the proceeds at generally lower interest rates.

Tax managed funds may not meet their objective of being tax-efficient.

Real estate investments are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. High yield fixed income securities, also known as “junk bonds”, are considered speculative, involve greater risk of default and tend to be more volatile than investment grade fixed income securities.

Credit quality is a measure of a bond issuer’s creditworthiness, or ability to repay interest and principal to bondholders in a timely manner. The credit ratings shown are based on security rating as provided by Standard & Poor’s, Moody’s and/or Fitch, as applicable. Credit ratings are issued by the rating agencies for the underlying securities in the fund and not the fund itself, and the credit quality of the securities in the fund does not represent the stability or safety of the fund. Credit ratings shown range from AAA, being the highest, to D, being the lowest based on S&P and Fitch’s classification (the equivalent of Aaa and C, respectively, by Moody(s)). Ratings of BBB or higher by S&P and Fitch (Baa or higher by Moody’s) are considered to be investment grade-quality securities. If two or more of the agencies have assigned different ratings to a security, the highest rating is applied. Securities that are not rated by all three agencies are listed as “NR”.

“Alpha tilt strategies comprise a core holding of stocks that mimic a benchmark type index such as the S&P 500 to which additional securities are added to help tilt the fund toward potentially outperforming the market in an effort to enhance overall investment returns. “Tilt strategies are subject to significant timing risk and could potentially expose investors to extended periods of underperformance.”

Custom Account Index: The Custom Account Index is an investment benchmark based on your historical target allocations and/or manager selection that you may use to evaluate the performance of your account. The Custom Account Index does take into consideration certain changes that may have occurred in your portfolio since the inception of your account, i.e., asset class and/or manager changes. However, in some circumstances, it may not be an appropriate benchmark for use with your specific account composition. For detailed report of the historical composition of this blend please contact your Financial Advisor.

Peer Groups

Peer Groups are a collection of similar investment strategies that essentially group investment products that share the same investment approach. Peer Groups are used for comparison purposes to compare and illustrate a client’s investment portfolio versus its peer across various quantitative metrics like performance and risk. Peer Group comparison is conceptually another form of benchmark comparison whereby the actual investment can be ranked versus its peer across various quantitative metrics.

All Peer Group data are provided by Investment Metrics, LLC.

The URL below provides all the definitions and methodology about the various Peer Groups:
https://www.invmetrics.com/style-peer-groups

Peer Group Ranking Methodology

A percentile rank denotes the value of a product in which a certain percent of observations fall within a peer group. The range of percentile rankings is between 1 and 100, where 1 represents a high statistical value and 100 represents a low statistical value.

The 30th percentile, for example, is the value in which 30% of the highest observations may be found, the 65th percentile is the value in which 65% of the highest observations may be found, and so on.

Percentile rankings are calculated based on a normalized distribution ranging from 1 to 100 for all products in each peer group, where a ranking of 1 denotes a high statistical value and a ranking of 100 denotes a low statistical value. It is important to note that the same ranking methodology applies to all statistics, implying that a ranking of 1 will always mean highest value across all statistics.

For example, consider a risk/return assessment using standard deviation as a measure of risk. A percentile ranking equal to 1 for return denotes highest return, whereas a percentile ranking of 1 for standard deviation denotes highest risk among peers.

In addition, values may be used to demonstrate quartile rankings. For example, the third quartile is also known as the 75th percentile, and the median is the 50th percentile.

Alternatives

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Please see the applicable Morgan Stanley Smith Barney LLC Form ADV Part 2A for more information including a description of the fee schedule. It is available at www.morganstanley.com/ADV <http://www.morganstanley.com/ADV> or from your Financial Advisor/Private Wealth Advisor.

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2022 Capital Market Assumptions

We represented ultrashort fixed income represented by 90-day T-bills, fixed income & preferreds by Bloomberg Barclays US Aggregate Index, short-term fixed income by Bloomberg Barclays Aggregate 1-3 Year Index, US taxable fixed income by Bloomberg Barclays US Aggregate Index, international fixed income by Barclays Global Aggregate Non-USD (Hedged) Index, inflation-linked securities by Bloomberg Barclays Global Inflation-Linked Index, high yield fixed income by Barclays Global High Yield Corporate Index and emerging market fixed income by JP Morgan EMBI Global Index. All other are based on proprietary models. Strategic annualized return and volatility estimates are based on a seven-year time horizon. Secular annualized return and volatility estimates are based on a 20-year time horizon. Annualized volatility estimates are based on data with longest available history through Feb. 26, 2021. Estimates are for illustrative purposes only, are based on proprietary models and are not indicative of the future performance of any specific investment, index or asset class. Actual performance may be more or less than the estimates shown in this table. Estimates of future performance are based on assumptions that may not be realized. Investor appropriateness: Morgan Stanley Wealth Management recommends that investors independently evaluate each asset class, investment style, issuer, security, instrument or strategy discussed. Legal, accounting and tax restrictions, transaction costs and changes to any assumptions may significantly affect the economics and results of any investment. Investors should consult their own tax, legal or other advisors to determine appropriateness for their specific circumstances. Investments in private funds (including hedge funds, managed futures funds and private equity funds) are speculative and include a high degree of risk.