#### **BOARD OF UNIVERSITY AND SCHOOL LANDS**

Via Microsoft Teams Only

August 26, 2021 at 9:00 AM

Join Microsoft Teams Meeting +1 701-328-0950

Conference ID: 972 174 060#

#### **AGENDA**

#### = Board Action Requested

#### 1. Approval of Meeting Minutes – Jodi Smith

Consideration of Approval of Land Board Meeting Minutes by voice vote.

➤ A. July 29, 2021 – pg. 2

#### 2. Reports – Jodi Smith

- A. July Report of Encumbrances pg. 16
- B. July Oil & Gas Lease Auction Report pg. 19
- C. July Oil & Gas Shut In Report pg. 20
- D. Acreage Adjustment Report pg. 21
- E. July Unclaimed Property Report pg. 23
- F. May Financial Position pg. 24
- G. Investments Update pg. 33

#### 3. Investments – Michael Shackelford

- A. 2<sup>nd</sup> Quarter Investment Update pg. 34
- B. Emerging Markets Equity Allocation pg. 57
- C. International Small Caps Equity Allocation pg. 102

#### 4. Operations – Jodi Smith

- A. Board of University and School Lands Media Relations Policy 2nd Reading pg. 150
- B. Administrative Rules Definitions, Unclaimed Property, Surface Land Management, and Minerals Management - pg. 156
  - C. IT Update pg. 177
- D. Assigned Fund Balance pg. 178

#### 5. Minerals – Jodi Smith

➤ A. Royalty Offers – pg. 181

#### 6. **Litigation – Jodi Smith**

- A. Nelson et al. Civ. No. 27-2021-CV-00285 pg. 182
- ➤ B. Newfield Exploration Company et al Civ. No. 27-2018-CV-00143 pg. 183
- C. MHA Civ. No 1:20-cv-01918-ABJ pg. 185
- Executive session under the authority of NDCC §§ 44-04-19.1 and 44-04-19.2 for attorney consultation with the Board's attorneys. pg. 188

## Minutes of the Meeting of the Board of University and School Lands July 29, 2021

The July 29, 2021 meeting of the Board of University and School Lands was called to order at 9:04 AM in the Governor's Conference of the State Capitol and via Microsoft Teams by Chairman Doug Burgum.

#### **Members Present:**

Doug Burgum Governor

Alvin A. Jaeger Secretary of State Wayne Stenehjem Attorney General

Thomas Beadle State Treasurer (via Teams)

Kirsten Baesler Superintendent of Public Instruction

#### **Department of Trust Lands Personnel present:**

Jodi Smith Commissioner

Emily Bosch Unclaimed Property Claims

Dennis Chua Investment Analyst
Christopher Dingwall Mineral Title Specialist

Robert Dixon ITD

Susan Dollinger Unclaimed Property
Jessica Fretty Unclaimed Property
Michael Humann Surface Division Director

Kristie McCusker Paralegal

Catelin Newell
Administrative Staff Officer
Revenue Compliance Director
Rick Owings
EIIO Grants Administrator
Kate Schirado
Administrative Assistant
Investments Director
David Shipman
Minerals Division Director

Kayla Spangelo Range Soils Management Specialist

Lynn Spencer Mineral Title Specialist

Joseph Stegmiller Range Soils Management Specialist

James Wald Legal Council

#### **Guests in Attendance:**

Dave Garner Office of the Attorney General Jen Verleger Office of the Attorney General

Reice Haase Office of the Governor

Leslie Bakken Oliver Governor's General Counsel

Amy Sisk Bismarck Tribune

Brady Pelton NDPC
Doug Ostrow Blue Owl
Colin Vick Blue Owl

Brian Sullivan GCM Grosvenor
Bernard Yancovich GCM Grosvenor
Erik Hall GCM Grosvenor

#### **Additional Guests in Attendance:**

Andrea Pfennig Tricia Lynn Matt Perdue Austin Head-Jones Josh Kevan Kirby Francis

Jeremy Turley - Fargo Forum

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Shane Goettle Jeff Herman Davin Hunt

#### APPROVAL OF MINUTES

A motion to approve the minutes of the June 24, 2021 regular meeting was made by Attorney General Wayne Stenehjem and seconded by Secretary of State Alvin Jaeger and the motion carried unanimously on a voice vote.

#### REPORTS

#### June 2021 Report of Encumbrances Issued by Land Commissioner

Granted to: TRUE OIL LLC, CASPER-WY

For the Purpose of: On-lease Activity: Well-Vertical Oil Well

Right-of-Way Number: RW0008705

Trust: A - Common Schools
Legal Description: MCK-148-102-36-NE4, SE4

Granted to: DENBURY ONSHORE LLC, PLANO-TX

For the Purpose of: On-lease Activity: Water/CO2 Injection Pipelnes

Right-of-Way Number: RW0008893

Trust: A - Common Schools

Legal Description: BOW-131-106-24-NE4SE4, LOT 2

Granted to: OASIS PETROLEUM NORTH AMERICA LLC, HOUSTON-TX

For the Purpose of: On-lease Activity: Well-Horizontal Oil Well

Right-of-Way Number: RW0008838

Trust: A - Common Schools Legal Description: MCK-151-97-36-SW4

Granted to: PETRO-HUNT LLC, BISMARCK-ND
For the Purpose of: Easement: Well-Subsurface Well Bore

Right-of-Way Number: RW0008819

Trust: A - Common Schools Legal Description: DIV-164-100-36-SW4

Granted to: OASIS PETROLEUM NORTH AMERICA LLC, HOUSTON-TX

For the Purpose of: Permit: Road-Access Road

Right-of-Way Number: RW0008898

Trust: A - Common Schools Legal Description: MCK-151-97-36-SW4

Granted to: OASIS MIDSTREAM SERVICES LLC, HOUSTON-TX

For the Purpose of: Easement: Pipeline-Multiple Pipelines

Right-of-Way Number: RW0008626

Trust: A - Common Schools Legal Description: MCK-151-97-36-SW4

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<sup>\*</sup> agreement contains a recurring payment requirement of \$12,348.80 for well site & road

<sup>\*</sup> agreement contains an annual payment requirement of \$7,376.00 annually for well site & road

<sup>\*</sup> agreement contains an annual payment requirement of \$1,284.00 for the road

Granted to: WBI ENERGY TRANSMISSION INC, GLENDIVE-MT

For the Purpose of: Easement: Pipeline-Gas Transmission Pipeline

Right-of-Way Number: RW0008379

Trust: A - Common Schools

Legal Description: WIL-158-95-36-NE4, SE4, SW4

Granted to: WBI ENERGY TRANSMISSION INC, GLENDIVE-MT

For the Purpose of: Easement: Pipeline-Gas Transmission Pipeline

Right-of-Way Number: RW0008392

Trust: A - Common Schools Legal Description: BRK-159-94-16-NW4

Granted to: ONEOK ROCKIES MIDSTREAM LLC, SIDNEY-MT

For the Purpose of: Easement: Pipeline-Gas Gathering Pipeline

Right-of-Way Number: RW0008387

Trust: A - Common Schools

Legal Description: MCK-149-97-36-NW4, W2SW4, LOTS 4,5,6

Granted to: TESORO HIGH PLAINS PIPELINE COMPANY LLC, SAN ANTONIO-TX

For the Purpose of: Easement: Pipeline-Oil Gathering Pipeline

Right-of-Way Number: RW0008854

Trust: A - Common Schools Legal Description: DUN-146-93-16-NE4

Granted to: WESTERN AREA WATER SUPPLY AUTHORITY, WILLISTON-ND

For the Purpose of: Easement: Pipeline-Potable Water Pipeline

Right-of-Way Number: RW0008717

Trust: A - Common Schools

Legal Description: MOU-155-93-16-NW4, SE4, SW4

Granted to: WESTERN AREA WATER SUPPLY AUTHORITY, WILLISTON-ND

For the Purpose of: Easement: Pipeline-Potable Water Pipeline

Right-of-Way Number: RW0008719

Trust: A - Common Schools Legal Description: WIL-154-95-16-NE4

Granted to: WESTERN AREA WATER SUPPLY AUTHORITY, WILLISTON-ND

For the Purpose of: Easement: Pipeline-Potable Water Pipeline

Right-of-Way Number: RW0008720

Trust: A - Common Schools

Legal Description: WIL-155-96-36-NE4, N2SE4, SW4SE4

Granted to: WESTERN AREA WATER SUPPLY AUTHORITY, WILLISTON-ND

For the Purpose of: Easement: Pipeline-Potable Water Pipeline

Right-of-Way Number: RW0008721

Trust: A - Common Schools Legal Description: MOU-153-92-16-NW4

Granted to: WESTERN AREA WATER SUPPLY AUTHORITY, WILLISTON-ND

For the Purpose of: Easement: Pipeline-Potable Water Pipeline

Right-of-Way Number: RW0008722

Trust: A - Common Schools
Legal Description: MOU-154-93-36-NE4, SE4

Granted to: WESTERN AREA WATER SUPPLY AUTHORITY, WILLISTON-ND

For the Purpose of: Easement: Pipeline-Potable Water Pipeline

Right-of-Way Number: RW0008882

Trust: A - Common Schools (07/29/21)

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Legal Description: WIL-156-102-16-NE4, NW4

Granted to: BASIN ELECTRIC POWER COOP INC, BISMARCK-ND

For the Purpose of: Easement: Electric-Transmission Line

Right-of-Way Number: RW0008614

Trust: A - Common Schools

Legal Description: MOU-155-93-16-SE4, SW4

MOU-155-93-36-NE4, NW4

Granted to: MCKENZIE ELECTRIC COOPERATIVE INC, WATFORD CITY-ND

For the Purpose of: Easement: Electric-Buried Distribution Line

Right-of-Way Number: RW0008848

Trust: A - Common Schools

Legal Description: MCK-146-100-36-SE4, SW4

Granted to: MOUNTRAIL-WILLIAMS ELECTRIC COOPERATIVE, WILLISTON-ND

For the Purpose of: Easement: Drop Line-Buried Electric Distribution Line

Right-of-Way Number: RW0008852

Trust: A - Common Schools
Legal Description: MOU-153-92-16-NW4

Granted to: ELKAN INC, WATFORD CITY-ND

For the Purpose of: Easement-Amend: Pipeline-Raw Water Pipeline

Right-of-Way Number: RW0008845

Trust: A - Common Schools Legal Description: MCK-148-98-16-NE4

Granted to: GRANT COUNTY AUDITOR, CARSON-ND

For the Purpose of: Easement: Release of Easement

Right-of-Way Number: RW0008193

Trust: A - Common Schools
Legal Description: GRA-133-87-36-NE4, SE4

Granted to: CATES EARTH SCIENCE TECHNOLOGIES INC, BISMARCK-ND

For the Purpose of: Permit-Amend: Temporary Layflat Line

Right-of-Way Number: RW0008888

Trust: A - Common Schools

Legal Description: MOU-151-92-36-W2NE4SW4, NW4SW4, S2SW4

Granted to: WEST DAKOTA WATER LLC, WILLISTON-ND

For the Purpose of: Permit: Temporary Water Layflat Line

Right-of-Way Number: RW0008891

Trust: A - Common Schools

Legal Description: WIL-156-97-16-S2SW4 LESS THE N 248 FT

Granted to: NORTHERN PLAINS ENGINEERING LLC, DICKINSON-ND

For the Purpose of: Permit: Planning & Preconstruction Survey

Right-of-Way Number: RW0008837

Trust: A - Common Schools

Legal Description: All Trust Land in North Dakota

Granted to: ACKERMAN ESTVOLD ENGINEERING, MINOT-ND

For the Purpose of: Permit: Planning & Preconstruction Survey

Right-of-Way Number: RW0008879

Trust: A - Common Schools

Legal Description: All Trust Land in North Dakota

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Granted to: BEAVER CREEK ENVIRONMENTAL, BISMARCK-ND

For the Purpose of: Permit: Access to School Land for native pollinator population

studies

Right-of-Way Number: RW0008885

Trust: A - Common Schools, F - Farm Loan Pool, Z Valley City State University & Mayville State University, E - Ellendale, C - Capitol Building, W - North Dakota State

School of Science, N - North Dakota State University

Legal Description: BRK, LOG, MCH, MCI, MCL, MER, MOU, OLI, PIE, ROL, STU,

WIL

Granted to: ND STATE WATER COMMISSION, BISMARCK-ND

For the Purpose of: Permit: Access to School Land to collect water surface elevation

data

Right-of-Way Number: RW0008863

Trust: A - Common Schools Legal Description: EMM-129-75-16-SE4

Granted to: ND GEOLOGICAL SURVEY, BISMARCK-ND

For the Purpose of: Permit: Access to School Land to map geologic features

Right-of-Way Number: RW0008904

Trust: A - Common Schools Legal Description: BRL-138-75-16-NW4

#### **June Unclaimed Property Report**

Unclaimed property is all property held, issued, or owing in the ordinary course of a holder's business that has remained unclaimed by the owner for more than the established time frame for the type of property. It can include checks, unpaid wages, stocks, amounts payable under the terms of insurance policies, contents of safe deposit boxes, etc.

An owner is a person or entity having a legal or equitable interest in property subject to the unclaimed property law. A holder can include a bank, insurance company, hospital, utility company, retailer, local government, etc.

Since 1975, the Unclaimed Property Division (Division) of the Department of Trust Lands (Department) has been responsible for reuniting individuals with property presumed abandoned. The Division acts as custodian of the unclaimed property received from holders. The property is held in trust in perpetuity by the State and funds are deposited in the Common Schools Trust Fund. The 1981 Uniform Unclaimed Property Act created by the national Uniform Law Commission was adopted by the State in 1985.

For the month of June 2021, the Division received 49 holder reports with a property value of \$183,317 and paid 308 claims with a total value of \$403,538.

The Department has engaged Marketing & Advertising Business Unlimited, Inc. (MABU), a full-service management, marketing and multimedia production company, to aid the Department in developing and deploying a strategic communications plan surrounding changes to N.D.C.C. ch. 47-30.1 as a result of the passage of Senate Bill 2048 during the Sixty-seventh Legislative Assembly. The communication plan has been fully executed at this time which included:

- <u>Development and distribution of two issues of an e-newsletter to holders of unclaimed</u> property
- Review of website landing page content with additions, including a link to Senate Bill 2048
- Development of an Unclaimed Property infographic and fact sheet

- Key stakeholder interviews to gauge perceptions
- PowerPoint presentation delivered as a webinar to the League of Cities
- Creation of educational webinar to be posted on website for all holders
- <u>Digital and social media posts and print advertisements targeting key industries and</u> professionals
- News release to media, followed by media interviews, news stories, etc.
- Stakeholder and partner outreach with trade associations
- Updated holders manual

Unclaimed Property Fact Sheet was presented to the Board and is available at the Department upon request.

The Financial Report (Unaudited) for period ending April 30, 2021 was presented to the Board for review and is available at the Department upon request.

#### **Investment Updates**

#### Portfolio Rebalancing Updates

The portfolio was rebalanced in July. The following is a summary:

- \$67M taken out of the Broad US Equity and \$13M from the Broad International Equity
- \$80M total was transferred to Fixed Income with \$40m to each Core Bonds Manager
- To align Real Estate to its target, \$30M was added to the original \$100M commitment to Harrison Street Core Property Fund

A \$13M capital call was made by Apollo Accord Fund. \$3.8M will be called by GCM Private Equity on July 22. Therefore, total unfunded commitments after 7/22 will be at \$658.7M. Broken down as follows:

- 1. JPM Infrastructure Fund, \$130M
- 2. Harrison Street Core Property Fund LP, \$130M
- 3. Apollo Accord Fund, \$81.5M
- 4. Varde Dislocation Fund, \$50M
- 5. GCM Private Equity, \$115.2M
- 6. ARES Pathfinder Fund, \$84.5M
- 7. Angelo Gordon DL IV, \$67.5M.

#### **Asset Allocation**

The table below shows the status of the permanent trusts' asset allocation as of July 20, 2021. The figures provided are unaudited.

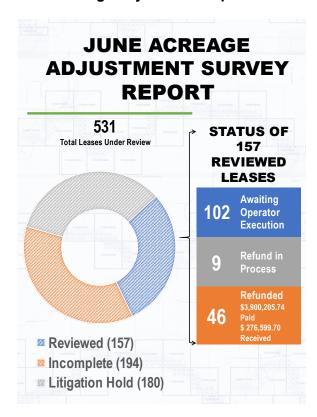
As of <b>July 20, 2021</b>	Market Value \$	Actual	Target	Lower Range	Upper Range	
	Y	0		H	4	
Broad US Equity	1,102,200,165.65	18.9%	19.0%	14.0%	24.0%	<u> </u>
Broad Int'l Equity	1,093,291,045.26	18.7%	19.0%	14.0%	24.0%	<b>⊢</b>
Fixed Income	1,353,171,117.35	23.2%	22.0%	17.0%	27.0%	
Transition Account	586,072,690.81	10.0%	0.0%	-5.0%	5.0%	•
Absolute Return	866,424,225.41	14.8%	15.0%	10.0%	20.0%	
DIS	-	0.0%	0.0%	-5.0%	5.0%	
Real Estate	749,939,532.00	12.8%	15.0%	10.0%	20.0%	
Private Equity (Grosvenor)	10,967,479.00	0.2%	5.0%	0.0%	10.0%	
Private Infrastructure (JPM-Infra)	-	0.0%	5.0%	0.0%	10.0%	
Opportunistic Investments (Varde & Apollo)	75,516,009.00	1.3%	0.0%	-5.0%	5.0%	<del></del>
Portfolio Total	5,837,582,264.48	100.0%				0.0% 5.0% 10.0% 15.0% 20.0% 25.0% 30.0%

#### **Upcoming Investment Manager Meetings**

The following meeting with investment manager were planned to discuss updates on strategy, compliance, and performance. Meetings will be held at the Department of Trust Lands. Please inform the Commissioner ahead of time if you plan to attend, so that we can make sure enough presentation materials are available.

August 11, 2021, 9:00AM JP Morgan Core Bond Fixed Income (\$366M, 6.3% of PTF assets)

#### June Acreage Adjustment Report



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NDDTL River Tracts Refund Status map was also presented to the Board and is available upon request.

#### June 2021 Report of Shut-Ins Approved by Land Commissioner

Granted to: ConocoPhillips

For the Purpose of:

Date Issued:
Operations
06/04/2021
Application Fee:
\$100.00

Trust: A – Common Schools

Lease: OG-04-00196, OG-04-00197, OG-04-00198, OG-04-00199

#### INVESTMENTS

#### Fixed Income - Direct Lending Manager

In accordance with the Investment Policy Statement (IPS) the Department of Trust Lands (Department) staff regularly reviews the Permanent Trust Funds' (PTFs) asset allocations for rebalancing purposes. At the end of the first and second quarters of 2021, the Department determined that the PTFs should be rebalanced out of public equities (both domestic and international) into fixed income and commercial real estate (CRE). The outperformance of domestic and international equities brought each asset class above their target allocations, while fixed income and CRE were below target.

Given that the current low interest rate environment is expected to persist, the Department and RVK believe it is prudent to put the rebalanced dollars into Private Credit. Certain Private Credit strategies, such as direct lending, have an attractive risk/return profile and a low default/loss track record. Private Credit would add higher yield to the PTFs at acceptable risk levels. In addition, when bond yields do rise the floating rate nature of direct lending loans will avoid negative valuation effects.

The Department and RVK began the manager search by compiling a list of top performing Private Credit managers within RVK's database. The Department and RVK reviewed the performance and risk history of each manager, along with fees, asset quality, asset characteristics and investment structures. The Department and RVK interviewed managers to review their investment strategies and investment processes.

After conducting a thorough due diligence of each manager it was determined that the Department and RVK would recommend the Board approve an allocation to Owl Rock Capital (a subsidiary of Blue Owl Capital Inc.) in their Owl Rock Diversified Lending fund. Owl Rock is an investment manager with nearly \$28 Billion in assets under management and around 180 employees (with 66 investment professionals). Owl Rock's team has a strong track record in middle market lending, with a diligent underwriting process and strong portfolio characteristics that Staff and RVK felt would well suit the PTFs.

In addition, the fund is structured as an evergreen fund, which means it will be continuously open to new investment and has a limited withdrawal feature. This will assist the PTFs in maintaining continuous investment in direct lending without having to regularly find new opportunities in the sector, and also allow for limited liquidity, if needed.

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Motion: The Board approve an initial \$100 Million investment with Owl Rock in the Owl Rock Diversified Lending fund, subject to final review and approval of all legal documents by the Office of the Attorney General.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger	X		X		
Superintendent Baesler			Х		
Treasurer Beadle			X		
Attorney General Stenehjem		Х	Х		
Governor Burgum			Х		

RVK Recommendation Memo and Owl Rock Diversified Lending Presentation were presented to the Board and are available at the Department upon request.

#### **Private Equity - Secondaries**

On April 8, 2020, the Board of University and School Lands' (Board) approved an asset allocation to Private Equity (PE) within the broader Strategic Asset Allocation (SAA) for the Permanent Trust Funds (PTFs). On August 27, 2020, the Board approved an investment in PE with GCM Grosvenor (GCM) in a "Fund-of-One" structure.

The PE strategy approved in April 2020 assumed a six to eight year ramp-up to the PTFs full 5% PE allocation within the SAA. The rationale provided to the Board at the time was that a multi-year ramp-up allowed for investment in multiple PE vintage years. There are well established diversification advantages to owning multiple vintage years. Even if we disregarded vintage year diversification, we would still be subject to the notoriously slow pace of capital calls from each PE manager to which we committed capital.

The Staff and RVK have been in discussions to contemplate ways to speed the PTFs investment in PE, while still respecting the diversification virtues of owning multiple vintage years and understanding the slow pace of capital calls. In addition, staff and GCM have also had multiple discussions along the same lines. The joint solution is increased investment in PE secondaries.

PE secondaries are capital investments in PE funds that were invested by third-parties who now wish to sell their interests. Managers like GCM create secondaries funds to invest in the orphaned interests. The advantage to investing in secondaries is the visibility into some or all of the underlying PE portfolio investments. Also advantageous is the ability to avoid some or all of the J-curve, which is the period of negative cashflow versus positive cashflow (or capital calls vs distributions).

Staff and RVK discussed conducting an additional manager search, but decided to stay with our current PE manager GCM. The rationale was three-fold: First, Staff and RVK had only just completed the first PE search a year ago and not much had changed amongst the managers from the previous search. Second, the documentation negotiation process for these can be lengthy and Staff felt speed of execution would be beneficial. Third, GCM is intimately familiar with the PTFs' PE pacing schedule and can attenuate the investments between the Fund-of-One and their Secondaries fund to ensure the PTFs remain on track.

Motion: The Board approve up to a \$150 Million investment in the GCM Grosvenor Secondary Opportunities Fund III, L.P., subject to final review and approval of all legal documents by the Office of the Attorney General.

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Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger			X		
Superintendent Baesler	X		Х		
Treasurer Schmidt			Х		
Attorney General Stenehjem		Х	Х		
Governor Burgum			Х		

RVK Recommendation Memo and GCM Grosvenor Presentation were presented to the Board and are available at the Department upon request.

#### OPERATIONS

#### **Board of University and School Lands Media Relations Policy Manual**

The Board of University and School Lands (Board) currently has a Policy Manual (Board Policy Manual) which includes sections titled Governance, General, Surface Land Management, Investments, and Minerals. The Board requested the Commissioner prepare a Media Relations Policy that seeks to work cooperatively with the media to disseminate information of public interest and concern in an accurate, complete, and timely manner and in harmony with the official position of the Board.

The Department of Trust Lands (Department) has created a draft policy that the Treasurer and Attorney Generals Office has reviewed.

This is the "first reading" of the proposed repeal, with suggestions being taken into consideration and a "second reading" to occur on August 26, 2021.

Board of University and School Lands Media Relations Policy was presented to the Board and is available at the Department upon request.

#### Senate Bill 2282 Language needed here

The 67<sup>th</sup> Legislative Assembly passed Senate Bill 2282 which states:

SECTION 1. LEGISLATIVE MANAGEMENT STUDY - MEMBERSHIPS OF BOARD OF UNIVERSITY AND SCHOOL LANDS AND INDUSTRIAL COMMISSION. During the 2021-22 interim, the legislative management shall study the membership of the board of university and school lands and the membership of the industrial commission. The study must include consideration of potential conflicts of interest relating to the memberships, possible changes to the composition of the memberships of the board of university and school lands and the industrial commission, and possible changes to article IX of the Constitution of North Dakota. The legislative management shall report its findings and recommendations, together with any legislation required to implement the recommendations, to the sixty-eighth legislative assembly.

The Study was assigned to the Judiciary Committee with the initial meeting scheduled for August 11, 2021. The Department has been requested to provide a presentation from the perspective of the Board as it relates to Senate Bill 2282.

Article IX of the North Dakota Constitution has 13 Sections (Attachment 1). The Department of Trust Lands (Department) has reviewed each Section within the Article IX for possible recommendations for revisions.

Motion: The Board instructs the Commissioner to undertake a study on the formula written in Section 2 relative to payouts from the funds to ensure a formula that will maintain the long term financial health of the Trusts.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger	X		X		
Superintendent Baesler			Х		
Treasurer Beadle			X		
Attorney General Stenehjem		Х	X		
Governor Burgum			X		

#### SURFACE

#### **Surface Land Lease Revisions**

As a result of implementing a 100% cost share for the Permanent Improvement – Livestock Water Developments, rent credits and depreciation will be eliminated; thus, paragraphs 5 and 6 of the Surface Land Lease are proposed for revision. Cost share will now be the form of compensation to protect the lessee for their investment in developing a permanent improvement on trust land. The change to cost share will allow rental revenues and improvement expenditures to be accurately reflected in the financials. Additional, other non-material changes were made in various sections for clarification purposes. The red-line version of the Surface Land Lease is attached.

Additionally, as a result of the current drought, the Department of Trust Lands, the Water Commission and the Governor's Office are proposing a solution for permanent water supply on trust lands. The Water Commission will need to authorize the expenditure of \$1M to supplement the Department's current cost share program to ensure the water development is fully reimbursed. The permanent water development improvement will belong to the Board of University and School Lands while the non-improvements which are normally the property of the surface lessee (such as equipment to pump and power a well) will be property of the State of North Dakota. Additionally, the Department of Water Resources may access and use any of the water wells for aquifer observation. Pending approval of the \$1M in funding from the Water Commission Surface, leases will need to be amended with an additional lease provision where the State of North Dakota provides funding for non-permanent improvements to clarify ownership of non-permanent improvements.

Motion: The Commissioner recommends the Board approve the changes to the Surface Land Lease as referenced above and shown in the attached redlined Surface Land Lease. Additionally, the Commissioner recommends the Board approve the use of necessary amendments to the Surface Land Lease upon approval of the permanent water supply funding from the Water Commission.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger	X		X		
Superintendent Baesler			Х		
Treasurer Beadle			X		
Attorney General Stenehjem		Х	Х		
Governor Burgum			Х		

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#### MINERALS

Acreage Adjustment Survey - T153N, R102W Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36

Under North Dakota law, the Board of University and School Lands (Board) is vested with the authority to manage state-owned minerals including the oil, gas, and related hydrocarbons within the beds of the State's navigable waters. On behalf of the State, the Board oversees the Strategic Investment and Improvements Fund (SIIF) which collects the revenues from these sovereign minerals.

#### <u>Timeline of State Activity Related to Sovereign Lands</u>

- The 1977 Legislature defined "sovereign lands" as "those beds, islands, accretions, and relictions lying within the ordinary high watermark of navigable lakes and streams." 1977 N.D. Sess. Laws, ch. 144, § 1, codified as N.D.C.C. § 15-08.2-02 (repealed 1989 N.D. Sess. Laws, ch. 552, § 4).
- From 1977 to 1989, the Board had authority over both the surface and subsurface of sovereign lands, including the power to convey interests.
- In 1989, the Legislature again defined state title as "those beds, islands, accretions, and relictions lying within the ordinary high watermark of navigable lakes and streams." 1989
   N.D. Sess. Laws, ch. 552, § 3, codified as N.D.C.C. § 61-33-01.
- The 1989 Legislature gave the State Engineer's Office authority to manage the surface and the Board authority over the oil, gas, and related hydrocarbons within the subsurface, with each agency having the power to convey interests.
- In 2007, the Office of the State Engineer issued the North Dakota Sovereign Land Management Plan and Ordinary High Water (OHWM) Mark Delineation Guidelines.
- In 2009, the Board and the State Engineer engaged Bartlett & West, a private engineering company, to undertake a comprehensive study of the OHWM along the Yellowstone River and the Missouri River from the Montana border to river mile marker 1549 near Williston (Phase I Delineation).
- In 2010, the Board again contracted with Bartlett & West to approximate the location of the OHWM for the historic Missouri River under Lake Sakakawea from river mile marker 1574 near the Furlong Loop to river mile marker 1482, the border of the Fort Berthold Reservation (Phase II). This study was completed using historical aerial photography, elevation data, and topographic maps.
- In 2010, the Board authorized Phase III to investigate specific and isolated sections of the Missouri and Yellowstone Rivers between Williston to the Montana border that could not be fully completed under Phase I due to location and complexity (this includes the Trenton Lake area.)
- In 2012, the Board initiated the review of the estimated historic OHWM between the Four Bears Bridge and the Garrison Dam (Phase IV) using the same techniques as Phase II.
- In 2013, the North Dakota Supreme Court issued decisions in *Reep v. State* and *Brigham v. State* holding that the State owns the mineral interests up to the ordinary high water mark of navigable rivers and water bodies.
- In 2017, the Sixty-Fifth Legislative Assembly's adoption of Senate Bill 2134 (SB 2134), codified as N.D.C.C. ch. 61-33.1, sought to establish state ownership of minerals below the ordinary high water mark of the historical Missouri riverbed channel (Historical OHWM) inundated by Pick-Sloan Missouri basin project dams.
- In 2019, the Sixty-Sixth Legislative Assembly amended N.D.C.C. ch. 61-33.1 relating to the
  ownership of mineral rights of land subject to inundation by Pick-Sloan Missouri basin
  project dams. Under N.D.C.C. § 61-33.1-03(8), the Board contracted with Kadrmas, Lee &
  Jackson, Inc. (KLJ) "to analyze the final review findings and determine the acreage on a
  quarter-quarter basis or government lot basis above and below the [Historical OHWM] as
  delineated by the final review findings of the industrial commission."

On June 25, 2020, the Board formally requested the North Dakota Industrial Commission complete further review of T153N, R102W Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36. The North Dakota Industrial Commission entered Order No. 31104 providing the Department of Trust Lands (Department) with necessary information to complete the acreage adjustment survey in T153N, R102W Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36.

The Department has consulted with the State Engineer as to the State's sovereign land ownership in Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36 of Township 153 North, Range 102 West, Williams/McKenzie Counties, North Dakota (more commonly referred to as the Trenton Lake area.) On November 24, 2021, the State Engineer presented a technical memorandum to the Board. The Board requested the Department provide the Board with an outline of options for the Board to review.

On January 28, 2021, the Board was presented with options relating to T153N, R102W Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36. The Board requested the Department work with the State Engineer's Office to provide additional insight.

Motion: The Board authorizes the Commissioner to request that KLJ complete the Acreage Adjustment Survey for T153N, R102W Sections 19, 20, 21, 22, 23, 25, 26, 27, 28, 29, 30, 33, 34, and 36; applying the Wenck Line as presented by the Industrial.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger			X		
Superintendent Baesler	X		Х		
Treasurer Beadle			Х		
Attorney General Stenehjem		Х	Х		
Governor Burgum			Х		

#### REVENUE COMPLIANCE

#### **Repayment of Royalties**

The North Dakota Board of University and School Lands (Board) manages land, minerals and proceeds as trustee for the exclusive benefit of constitutionally identified beneficiaries, with much of the income funding North Dakota schools and institutions. The Board also manages oil, gas and other hydrocarbons underlying sovereign lands for the State of North Dakota.

The Board has requested royalty repayment offers from gas payors be discussed during executive session.

#### **EXECUTIVE SESSION**

Under the authority of North Dakota Century Code Sections 44-04-19.1 and 44-04-19.2, the Board close the meeting to the public and go into executive session for purposes of attorney consultation relating to:

- William S. Wilkinson et al. Case No. 53-2012-CV-00038
- Newfield Exploration Company et al Civ. No. 27-2018-CV-00143
- Royalty Repayment Offers

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger		X	X		
Superintendent Baesler			X		
Treasurer Beadle			X		
Attorney General Stenehjem	X		Х		
Governor Burgum			Х		

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#### The Board entered into executive session at 10:55 AM.

#### **EXECUTIVE SESSION**

**Members Present:** 

Doug Burgum Governor

Alvin A. Jaeger Secretary of State Wayne Stenehjem Attorney General

Thomas Beadle State Treasurer (Via Teams)

Kirsten Baesler Superintendent of Public Instruction

#### **Department of Trust Lands Personnel present:**

Jodi Smith Commissioner

Catelin Newell Administrative Staff Officer

Kristie McCusker Paralegal

Kate Schirado Administrative Assistant
Adam Otteson Revenue Compliance Director

#### **Guests in Attendance:**

Dave Garner Office of the Attorney General

Jen Verleger Office of the Attorney General-only present for Wilkinson

Leslie Bakken Oliver General Counsel

Reice Haase Governor's Policy Advisor

John Paczkowski

Aaron Carranza

Office of the State Engineer-only present for Wilkinson
Office of the State Engineer-only present for Wilkinson
Office of the State Engineer-only present for Wilkinson

The executive session adjourned at 12:30 PM and the Board returned to the open session and Teams meeting to rejoin the public. During the executive session meeting, the Board was provided information and no formal action was taken

#### ADJOURN

There being no further business, the meeting was adjourned at 12:30 PM.

Doug Burgum, Chairman Board of University and School Lands

Jodi Smith, Secretary Board of University and School Lands

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#### MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

August 26, 2021

RE: July 2021 Report of Encumbrances Issued by Land Commissioner

(No Action Requested)

Granted to: WESTERN AREA WATER SUPPLY AUTHORITY, WILLISTON-ND

For the Purpose of: Easement: Pipeline-Potable Water Pipeline

Right-of-Way Number: RW0008738

Date Issued: 7/16/2021

Application Fee: \$100.00

Right-of-way Income: \$264.00

Damage Payment to Lessee: N/A

Trust: A - Common Schools

Length (Rods): 79.94 Area (Acres): 1.00

Legal Description: DIV-160-100-28-W2NE4

Granted to: WESTERN AREA WATER SUPPLY AUTHORITY, WILLISTON-ND

For the Purpose of: Easement: Pipeline-Potable Water Pipeline

Right-of-Way Number: RW0008911

Date Issued: 7/16/2021

Application Fee: \$100.00

Right-of-way Income: \$556.00

Damage Payment to Lessee: N/A

Trust: A - Common Schools

Length (Rods): 168.56 Area (Acres): 2.11

Legal Description: WIL-159-102-36-NE4

Granted to: MOUNTRAIL-WILLIAMS ELECTRIC COOPERATIVE, WILLISTON-ND

For the Purpose of: Easement: Electric-Buried Distribution Line

Right-of-Way Number: RW0008835
Date Issued: 7/15/2021
Application Fee: \$250.00
Right-of-way Income: \$1,530.00

Damage Payment to Lessee: N/A

Trust: A - Common Schools

Length (Rods): 244.12 Area (Acres): 2.29

Legal Description: MOU-158-91-16-SE4, SW4

Granted to: OASIS PETROLEUM NORTH AMERICA LLC, HOUSTON-TX

For the Purpose of: Permit: Temporary Water Layflat Line

Right-of-Way Number: RW0008916
Date Issued: 7/12/2021
Application Fee: \$250.00
Right-of-way Income: \$7,723.00

Damage Payment to Lessee: N/A

Trust: A - Common Schools

Length (Rods): 467.99 Area (Acres): 0.00

Legal Description: WIL-153-100-36-NE4, SE4, SW4

Granted to: ND ENERGY SERVICES INC. DICKINSON-ND

For the Purpose of: Permit: Temporary Water Layflat Line

Right-of-Way Number: RW0008923
Date Issued: 7/27/2021
Application Fee: \$250.00
Right-of-way Income: \$5,712.00

11 EM 2A Page 016 Damage Payment to Lessee: N/A

Trust: A - Common Schools

Length (Rods): 346.24 Area (Acres): 0.00

Legal Description: DUN-146-94-16-NE4, NW4

Granted to: AMERICAN COLLOID COMPANY, BELLE FOURCHE-SD

For the Purpose of: Permit: Coal Exploration

Right-of-Way Number: RW0008873

Date Issued: 7/27/2021

Application Fee: \$250.00

Right-of-way Income: \$0.00

Damage Payment to Lessee: N/A

Trust: A - Common Schools

Length (Rods): 0.00 Area (Acres): 0.00

Legal Description: BOW-130-99-1-SW4 & ADA-130-98-8-SW4

BOTH TRACTS HAVE 50% MINERAL OWNERSHIP - NO SURFACE.

Granted to: WILLIAM H SMITH & ASSOCIATES PC, GREEN RIVER-WY

For the Purpose of: Permit: Planning & Preconstruction Survey

Right-of-Way Number: RW0008929
Date Issued: 7/27/2021
Application Fee: \$250.00
Right-of-way Income: \$500.00
Damage Payment to Lessee: N/A

Trust: A - Common Schools

Length (Rods): 0.00 Area (Acres): 0.00

Legal Description: ALL TRUST LAND IN NORTH DAKOTA

Granted to: WOLD ENGINEERING, P.C., MINOT-ND

For the Purpose of: Permit: Planning & Preconstruction Survey Right-of-Way Number: RW0008881

Right-of-Way Number: RW00088

Date Issued: 7/12/2021

Application Fee: \$250.00

Right-of-way Income: \$500.00

Damage Payment to Lessee: N/A

Trust: A - Common Schools

Length (Rods): 0.00 Area (Acres): 0.00

Legal Description: ALL TRUST LAND IN NORTH DAKOTA

Granted to: PETRO-HUNT LLC, BISMARCK-ND

For the Purpose of: Permit: Temporary Construction – Emergency\*

Right-of-Way Number: RW0008936

Date Issued: 7/27/2021

Application Fee: TBD

Right-of-way Income: TBD

Damage Payment to Lessee: TBD

Trust: A - Common Schools

Length (Rods): TBD Area (Acres): TBD

Legal Description: MCK-154-95-36-SE4

\*Holding pond constructed to collect run-off from Petro-Hunt oil well fire on adjacent Forest Service Land.

**Granted to:**DIEDE, COLEHARBOR-ND
For the Purpose of:
Permit: Temporary Construction

Right-of-Way Number: RW0008937
Date Issued: 7/29/2021
Application Fee: \$250.00

Right-of-way Income: \$0.00
Damage Payment to Lessee: N/A
Trust: A
Length (Rods): 0.00
Area (Acres): 0.00

Legal Description: DUN-147-96-36-NW4, S2SW4

Granted to: NORTH DAKOTA STATE UNIVERSITY (DEPT 7650), FARGO-ND

For the Purpose of: Permit: Access to School Land for pollinator and ground arthropod study

Right-of-Way Number: RW0008900
Date Issued: 7/7/2021
Application Fee: \$250.00
Right-of-way Income: \$0.00
Damage Payment to Lessee: N/A

Trust: A - Common Schools

Length (Rods): 0.00 Area (Acres): 0.00

Legal Description: SEVERAL TRACTS IN MCKENZIE & WILLIAMS COUNTIES

Granted to: ND GEOLOGICAL SURVEY, BISMARCK-ND

For the Purpose of: Permit: Access to School Land for critical element sampling

Right-of-Way Number: RW0008912 Date Issued: 7/27/2021

Application Fee: \$0.00 (waiver request granted)

Right-of-way Income: \$0.00 Damage Payment to Lessee: N/A

Trust: A – Common Schools, E – Ellendale, N – North Dakota State University,

U – University of North Dakota, C – Capitol Building, W – North Dakota State School of Science, J – Indian Cultural Education Trust, M – School

of Mines

Length (Rods): 0.00 Area (Acres): 0.00

Legal Description: SEVERAL TRACTS IN BILLINGS, BOWMAN, DUNN, GOLDEN

VALLEY, GRANT, MCKENZIE, MERCER, MORTON, SIOUX, SLOPE,

STARK, WILLIAMS COUNTIES

Granted to: ETHNOSCIENCE INC, BILLINGS-MT

For the Purpose of: Permit: Access to School Land

Right-of-Way Number: RW0008914
Date Issued: 7/20/2021
Application Fee: \$250.00
Right-of-way Income: \$0.00
Damage Payment to Lessee: N/A

Trust: A - Common Schools

Length (Rods): 0.00 Area (Acres): 0.00

Legal Description: MCL-147-82-36-SE4, SW4

#### MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

August 26, 2021

#### **RE: Summary of Oil and Gas Lease Auction**

(No Action Requested)

On behalf of the Board of University and School Lands (Board), the Department of Trust Lands conducted an oil and gas lease auction on www.energynet.com which concluded on August 3, 2021.

There were 23 tracts offered, and all received competitive bids (if the Board does not receive a competitive bid, the lease is awarded to the nominator). The highest bid per acre was \$1,501.00 (\$240,160.00 for 160.00 acres) in McKenzie County. 12 tracts benefit the Common Schools Trust Fund, and 11 tracts benefit the Strategic Investment and Improvements Fund (SIIF).

County	Tracts/County	Net Mineral Acres	Total Bonus	Average Bonus/Acre
Billings	5	719.94	\$76,390.34	\$106.11
Burke	3	128.00	\$9,128.00	\$71.31
Divide	9	1000.13	\$253,440.43	\$253.41
Dunn	2	160.00	\$80,720.00	\$504.50
McKenzie	2	320.00	\$336,480.00	\$1051.50
Williams	2	153.22	\$75,376.10	\$491.95
GRAND TOTAL	23	2481.29	\$ 831,534.87	\$335.12

There was a total of 20 bidders who submitted 383 bids on the 23 tracts. The bidders were from 10 states (AZ, CO, IN, LA, MN, MT, ND, OK, TX, and WY).

A total of \$831,534.87 of bonus was collected from the auction.

#### MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

August 26, 2021

RE: July 2021 Report of Shut-Ins Approved by Land Commissioner

(No Action Requested)

Granted to: Burlington Resources Oil and Gas Company LP

For the Purpose of:

Date Issued:

Application Fee:

Operations
07/29/2021
\$100.00

Trust: SIIF – Strategic Investment and Improvements Fund

Lease: OG-09-01476

Granted to: Marathon Oil Company

For the Purpose of:

Operations

O7/30/2021

Application Fee:

\$100.00

Trust: SIIF – Strategic Investment and Improvements Fund

Lease: OG-05-00901; OG-05-00902; OG-05-00903; OG-05-00904

Granted to: Marathon Oil Company

For the Purpose of:

Date Issued:

Application Fee:

Operations
07/30/2021
\$100.00

Trust: SIIF – Strategic Investment and Improvements Fund

Lease: OG-05-00905; OG-05-00906; OG-05-00949; OG-10-00747

OG-10-00748

# JULY ACREAGE ADJUSTMENT SURVEY REPORT





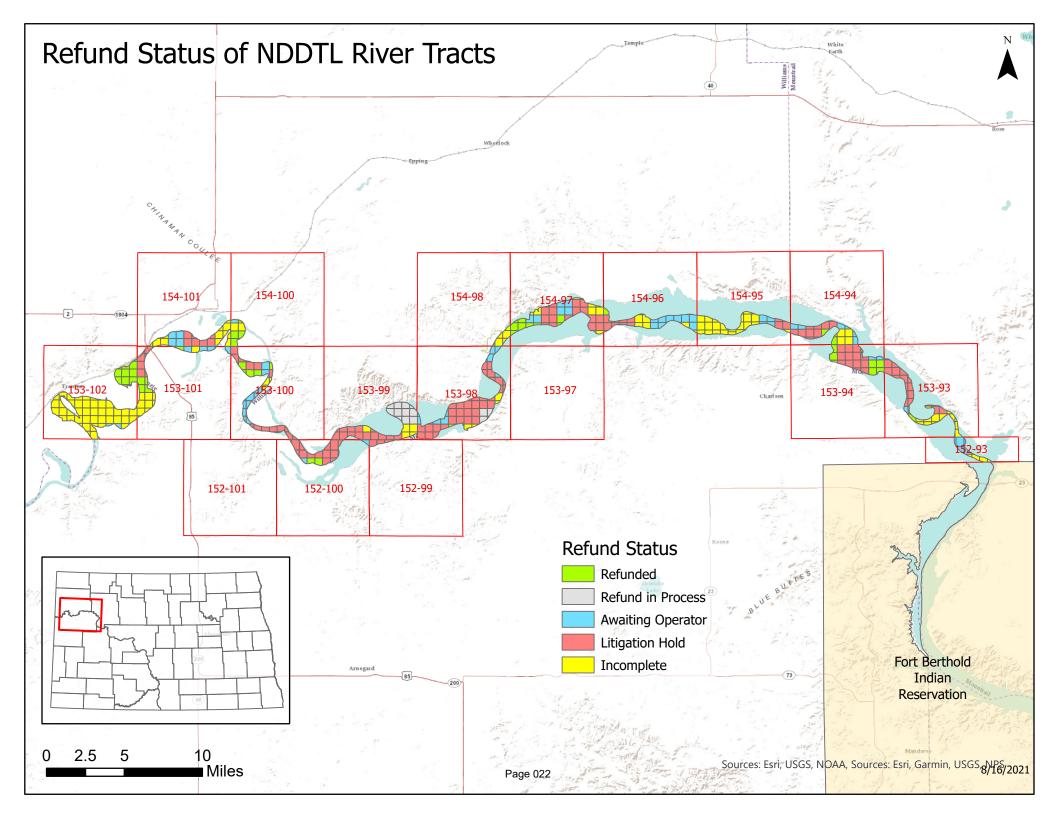
- Reviewed (164)
- Incomplete (183)
- Litigation Hold (184)<sub>21</sub>

### STATUS OF 164 REVIEWED LEASES

Awaiting
Operator
Execution

15 Refund in Process

Refunded \$8,500,920 Paid \$2,858,574 Received



#### MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

August 26, 2021

#### **RE:** June Unclaimed Property Report

(No Action Requested)

Unclaimed property is all property held, issued, or owing in the ordinary course of a holder's business that has remained unclaimed by the owner for more than the established time frame for the type of property. It can include checks, unpaid wages, stocks, amounts payable under the terms of insurance policies, contents of safe deposit boxes, etc.

An owner is a person or entity having a legal or equitable interest in property subject to the unclaimed property law. A holder can include a bank, insurance company, hospital, utility company, retailer, local government, etc.

Since 1975, the Unclaimed Property Division (Division) of the Department of Trust Lands (Department) has been responsible for reuniting individuals with property presumed abandoned. The Division acts as custodian of the unclaimed property received from holders. The property is held in trust in perpetuity by the State and funds are deposited in the Common Schools Trust Fund. The 1981 Uniform Unclaimed Property Act created by the national Uniform Law Commission was adopted by the State in 1985.

For the month of June 2021, the Division received 68 holder reports with a property value of \$107,566 and paid 352 claims with a total value of \$641,090.

## NORTH DAKOTA BOARD OF UNIVERSITY AND SCHOOL LANDS

Financial Position Report (Unaudited)

For period ended May 31, 2021



ITEM 2F

#### **Board of University and School Lands**

#### **Comparative Financial Position (Unaudited)**

#### **Schedule of Net Assets**

Assets by Trust:	May 31, 2021	May 31, 2020
Common Schools	\$5,552,788,822	\$4,545,080,308
North Dakota State University	83,768,792	69,190,543
School for the Blind	15,042,098	12,369,119
School for the Deaf	24,086,738	20,247,467
State Hospital	16,140,053	13,686,261
Ellendale *	27,047,149	22,083,783
Valley City State University	14,768,002	12,342,608
Mayville State University	9,845,250	7,945,296
Youth Correctional Center	29,121,851	23,211,337
State College of Science	21,558,447	17,822,960
School of Mines **	25,948,621	21,229,450
Veterans Home	5,966,387	5,059,470
University of North Dakota	40,400,582	33,511,434
Capitol Building	3,251,293	5,442,600
Strategic Investment and Improvements	822,318,762	766,892,684
Coal Development	71,730,696	71,673,200
Indian Cultural Education Trust	1,425,614	1,203,093
Theodore Roosevelt Presidental Library	55,661,377	14,697,676
Total =	\$6,820,870,534	\$5,663,689,289
Assets by Type:		
Cash	\$413,799,594	\$133,109,338
Receivables	7,319,190	7,473,199
Investments ***	6,217,274,211	5,459,058,249
Office Building (Net of Depreciation)	320,805	386,133
Farm Loans	4,997,990	8,122,377
Energy Construction Loans	-	923,408
Energy Development Impact Loans	9,845,131	10,599,159
School Construction Loans (Coal)	38,908,935	41,391,562
Due to/from Other Trusts and Agencies	128,404,678	2,625,867
Total	\$6,820,870,534	\$5,663,689,289

#### \* Ellendale Trust

The following entities are equal beneficiaries of the Ellendale Trust:

Dickinson State University School for the Blind
Minot State University Veterans Home
Dakota College at Bottineau State Hospital

State College of Science - Wahpeton

#### \*\* School of Mines

Benefits of the original grant to the School of Mines are distributed to the University of North Dakota.

#### \*\*\* Investments

Includes available cash available for loans, investments, abandoned stock and claimant liability.

ITEM 2F

#### **Comparative Financial Position (Unaudited) Combined Permanent Trusts** May 31, 2021 May 31, 2020 **Balance Sheet** Assets: Cash \$70,087,140 \$77,987,596 Interest Receivable 5,833,048 5,389,301 Investments 5,787,195,878 4,724,986,519 Farm Loans 4,997,990 8,122,377 **Energy Construction Loans** 923,408 Due from Other Agencies 14,704,460 2,554,639 Office Building (Net of Depreciation) 320,805 386,133 **Total Assets** \$4,820,349,973 \$5,883,139,321 Liabilities: Unclaimed Property Claimant Liability \$16,645,538 \$16,551,604 Due to Other Trusts Due to Other Funds 10,991 18,334 Accounts Pavable **Total Liabilities** 16,656,529 16,569,938 **Equity: Fund Balance** 4,892,120,248 4,919,177,984 Net Income/(Loss) 974,362,544 (115,397,949)Total Liabilities and Equity \$5,883,139,321 \$4,820,349,973 **Income Statement** Income: Investment Income \$113,617,048 \$98,397,158 Realized Gain/(Loss) 147,732,080 (208,447,398)Unrealized Gain/(Loss) 722,053,695 (43,042,369) 109,182,899 Royalties - Oil and Gas 134,314,791 Royalties - Coal 258,243 450,628 Royalties - Aggregate 603,312 207,163 Bonuses - Oil and Gas 1,156,308 8,408,332 Bonuses - Coal 24,000 Rents - Surface 12,135,503 13,675,480 Rents - Mineral 173,894 158,586 Rents - Coal 26,036 42,668 Rents - Office Building 70,702 72,156 Gain/Loss on Sale of Land - OREO Sale of Capital Asset 82,000 25,000 Oil Extraction Tax Income 61,145,067 76,214,832 Unclaimed Property Income 10,759,219 10,088,940 **Total Income** 1,178,996,006 90,589,967 **Expenses and Transfers:** Investment Expense 7,774,085 6,437,455 In-Lieu and 5% County Payments 262.264 249.019 Administrative Expense 3,554,329 3,358,289 Operating Expense - Building 116,414 343,523 Transfers to Beneficiaries 194,263,000 194,263,000 **Total Expense and Transfers** 204,633,462 205,987,916 Net Income/(Loss) \$974,362,544 (\$115,397,949)

**Board of University and School Lands** 

#### **Board of University and School Lands Comparative Financial Position (Unaudited) Capitol Building Trust** May 31, 2021 May 31, 2020 **Balance Sheet** Assets: Cash \$244,544 \$265,150 Interest Receivable 22,533 24,935 Investments 2,984,216 5,152,515 **Total Assets** \$3,251,293 \$5,442,600 Liabilities: Due to Other Trusts and Agencies \$0 \$0 **Equity: Fund Balance** 5,535,786 6,548,608 Net Income (2,284,493)(1,106,008)Total Liabilities and Equity \$3,251,293 \$5,442,600 Income Statement Income: Investment Income \$61,313 \$130,004 Realized Gain(Loss) 4.890 27,486 Unrealized Gain/(Loss) (31,971)(9,974)Rents - Surface 165,901 159,385 Rents - Mineral 21,770 21,770 Royalties - Oil and Gas 732,399 919,745 Bonuses - Oil and Gas 802 2,160 Bonus - Coal Royalties - Aggregate Total Income 956,462 1,249,218 **Expenses and Transfers:** Investment Expense 2,607 3,585 In-Lieu and 5% County Payments 3,620 3,398 Administrative Expense 28,488 23,883 Transfers to Facility Management 2,200,000 2,270,000 Transfers to Legislative Council 36,240 54,360 Transfer to Supreme Court 970,000 **Total Expense and Transfers** 3,240,955 2,355,226 Net Income/(Loss) (\$2,284,493) (\$1,106,008)

#### **Board of University and School Lands Comparative Financial Position (Unaudited) Coal Development Trust** May 31, 2021 May 31, 2020 **Balance Sheet** Assets: Cash \$508,053 \$423,846 Interest Receivable 474,075 699,592 Investments 21,926,564 18,487,497 9,845,131 Coal Impact Loans 10,599,159 School Construction Loans 38,908,935 41,391,562 Due from other Trusts and Agencies 226,459 238,474 **Total Assets** \$71,889,217 \$71,840,130 Liabilities: Due to Other Trusts and Agencies \$158,521 \$166,932 **Equity: Fund Balance** 70,750,579 70,296,353 Net Income 980,117 1,376,845 Total Liabilities and Equity \$71,889,217 \$71,840,130 Income Statement Income: Investment Income \$316,218 \$365,562 Interest on School Construction Loans 426,090 622,544 Realized Gain/(Loss) 30,400 81,353 Unrealized Gain/(Loss) (182,578)(27,797)Coal Severance Tax Income 408,504 432,297 **Total Income** 998,634 1,473,959 **Expenses and Transfers:** Investment 14,498 11,460 Administrative 4,019 3,176 Transfers to General Fund 82,478 **Total Expense and Transfers** 18,517 97,114

\$980,117

\$1,376,845

Net Income/(Loss)

	y and School Lands	
	al Position (Unaudited)	
Strategic Investment and Improvements Fund	May 21, 2021	May 24, 2020
Balance Sheet	May 31, 2021	May 31, 2020
Assets:		
Cash	\$342,824,826	\$54,295,904
Interest Receivable	1,059,735	1,371,455
Investments	364,801,921	711,225,325
Due from other Trusts or Agencies	113,632,281	-
Total Assets	\$822,318,763	\$766,892,684
1 to b. 1044		
Liabilities: Accounts Payable	\$0	\$0
Equity		
<b>Equity:</b> Fund Balance	767,541,457	1,134,326,018
Net Income	54,777,306	(367,433,334)
Total Liabilities and Equity	\$822,318,763	\$766,892,684
,	. , ,	
Income Statement		
Income:	ΦE 407.000	<b>\$44,000,007</b>
Investment Income	\$5,137,329	\$14,382,227
Realized Gain/(Loss)	472,809	3,061,665
Unrealized Gain/(Loss)	(2,867,144)	(988,608)
Interest on Fuel Prod Facility	19,824	-
Royalties - Oil and Gas	70,721,172	80,636,436
Bonuses - Oil and Gas	(965,108)	1,166,894
Royalties - Coal	114,576	358,002
Rents - Mineral	67,238	55,183
Tax Income - Oil Extraction & Production Distribution  Total Income	372,009,650 444,710,346	98,671,799
Total Income	444,7 10,040	90,071,799
Expenses and Transfers:		
Administrative	1,187,235	1,934,574
Investment Expense	162,863	404,636
Transfers to General Fund	382,200,000	382,200,000
Transfer to Commerce Department		3,000,000
Transfer to Adjutant General		2,502,253
Transfer to Energy Infrastructure& Impact Office		2,000,000
Transfer to Aeronautics Commission		20,000,000
Transfer to ND Parks & Recreation		1,877,500
Transfer to Information Technology Department		25,150,000
Transfer to Industrial Commission		270,000
Transfer to Bank of North Dakota		25,137,707
Transfer to ND Department of Corrections		1,218,000
Transfer to Office of Management & Budget		100,000
Transfer to Agencies with Litigation Pool	1,182,973	563,275
Transfer to State Treasurer		35,000
Transfer to Dept of Human Services	1,296,969	
Transfer to Environmental Quality	1,040,000	
Transfer to Dakota College (Emergency Funding)	2,500,000	
Transfer to Lake Region College (Emergency Funding)	363,000	

Transfer from Public Service Commission		(52,818)
Transfer from Department of Health Department		(67,310)
Transfer from Attorney General Office		(6,387)
Transfer from State Highway Patrol		(49,403)
Transfer from Commerce Department		(111,895)
Total Expense and Transfers	389,933,040	466,105,133
Net Income/(Loss)	\$54,777,306	(\$367,433,334)
(,	¥,,	(+,,,

As of May 31, 2021 the SIIF had a fund balance of \$822,318,763. The fund balance is made up of two parts. The committed fund balance is that portion of the fund that has either been set aside until potential title disputes related to certain riverbed leases have been resolved or appropriated by the legislature. The uncommitted fund balance is the portion of the fund that is unencumbered, and is thus available to be spent or dedicate to other programs as the legislature deems appropriate. The uncommitted fund balance was \$567,375,975 as of May 31, 2021.

ITEM 2F

#### **Board of University and School Lands Comparative Fiduciary Statements (Unaudited)** Indian Cultural Trust May 31, 2021 May 31, 2020 **Fiduciary Net Position** Assets: Cash \$2,102 \$3,333 Interest receivable 738 543 Investments 1,422,774 1,199,217 **Total Assets** 1,425,614 1,203,093 Liabilities: Accounts payable **Total Liabilities Net Position:** Net position restricted 1,425,614 1,203,093 \$1,425,614 \$1,203,093 **Total Net Position Changes in Fiduciary Net Position** Additions: Contributions: **Donations Total Contributions** \$0 \$0 Investment Income: Net change in fair value of investments 218,749 (63,123)28,377 25,060 Interest 2,900 Less investment expense (1,591)Net Investment Income 245,535 (35,163)Miscellaneous Income 2,905 167 **Total Additions** 248,440 (34,996)**Deductions:** Payments in accordance with Trust agreement Administrative expenses 1,031 10 **Total Deductions** 1,031 10 Change in net position held in Trust for: Private-Purpose 247,409 (\$35,006)Total Change in Net Position 247,409 (35,006)Net Position - Beginning FY Balance 1,221,309 1,285,265 Net Position - End of Month \$1,250,259 \$1,468,718

#### **Board of University and School Lands Comparative Fiduciary Statements (Unaudited)** Theodore Roosevelt Presidential Library May 31, 2021 May 31, 2020 **Fiduciary Net Position** Assets: Cash \$132,929 \$133,508 Interest receivable (70,938)(12,628)Investments 55,599,385 14,577,112 14,697,991 **Total Assets** 55,661,377 Liabilities: Accounts payable 315 **Total Liabilities** 315 **Net Position:** Net position restricted 55,661,377 14,697,676 **Total Net Position** \$55,661,377 \$14,697,991 **Changes in Fiduciary Net Position** Additions: Contributions: **Donations** 35,000,000 **Total Contributions** \$35,000,000 \$0 Investment Income: Net change in fair value of investments 5,070,161 (637,004)Interest 716,081 221,724 Less investment expense 43,290 20,358 Net Investment Income 5,742,952 (435,638)Miscellaneous Income 219 82,882 **Total Additions** 35,043,509 103,240 **Deductions:** Payments in accordance with Trust agreement Administrative expenses 500 315 **Total Deductions** 500 315 Change in net position held in Trust for: Private-Purpose 35,044,009 102,925 **Total Change in Net Position** 35,044,009 102,925 Net Position - Beginning FY Balance 15,050,748 14,918,706 Net Position - End of Month \$49,962,715 \$15,153,673

#### MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

August 26, 2021

**RE:** Investment Updates

(No Action Requested)

#### Portfolio Rebalancing Updates

In August, \$100M new cash from the Common Schools Trust was transferred to the portfolio. \$64.37M of the \$100M was from the oil extraction tax back pay as appropriated by the Sixty-sixth Legislative Assembly in Senate Bill 2362.

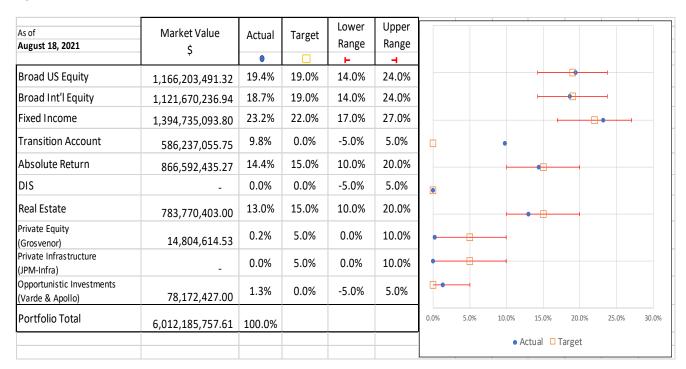
There were no capital calls made since the last Board meeting. Although on a Q2 update call with Ares Pathfinder Fund, it was communicated Ares Pathfinder Fund is expecting to call approximately 10% by mid-September.

Total unfunded commitments as of 8/18 is at \$658.7M. Broken down as follows:

- 1. JPM Infrastructure Fund. \$130M
- 2. Harrison Street Core Property Fund LP, \$130M
- 3. Apollo Accord Fund, \$81.5M
- 4. Varde Dislocation Fund, \$50M
- 5. GCM Private Equity, \$115.2M
- 6. ARES Pathfinder Fund, \$84.5M
- 7. Angelo Gordon DL IV, \$67.5M.

#### **Asset Allocation**

The table below shows the status of the permanent trusts' asset allocation as of August 18, 2021. The figures provided are unaudited.



Please note that Q2 Statements from Angelo Gordon Direct Lending Funds III & IV (under Fixed Income) and GCM Grosvenor Private Equity have not been received yet. Hence values for these Funds were based on their Q1 market values adjusted for any capital calls and/or distributions.

#### MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

August 26, 2021

#### RE: June Investment Reports - 2nd Quarter 2021

(No Action Requested)

Josh Kevan from RVK will review the performance of the Board of University and School Land's (Board) investment program for the period ending June 30, 2021 and discuss current market conditions.

The first report to be reviewed was prepared by RVK to enable the Board to monitor and evaluate the collective performance of the permanent trusts' investments and the performance of individual managers within the program. In order to provide an overview of the program and highlight critical information, an executive summary has been incorporated into the Board report.

The second report shows the performance of the Ultra-Short portfolio in which the Strategic Investment and Improvements Fund, the Coal Development Trust Fund and the Capitol Building Fund are invested.

Attachment 1: RVK Permanent Trust Fund Performance Analysis

Attachment 2: RVK Ultra-short Performance Report



## I. Capital Markets Review



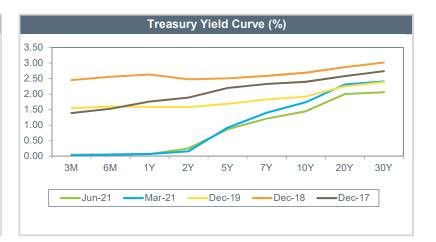
Capital Markets Review As of June 30, 2021

#### **Second Quarter Economic Environment**

#### **Key Economic Indicators**

Optimism stemming from reopening efforts, lifted mask mandates, and a proposed bipartisan infrastructure spending bill in the US was balanced with concerns regarding emerging variants of the coronavirus and increasing inflation. Global equity markets provided strong gains in Q2 led by the US equity market. Joining equity markets in positive territory were commodities and REITs. Aggregate fixed income markets generally trailed, although issues with longer dated maturities or that are inflation-linked fared better. Key inflation indicators experienced significant year-over-year increases in Q2, but many forecasters view these elevated levels as transitory. Currently, Fed officials are projecting two rate increases by the end of 2023 but remain sensitive to repeating the taper tantrum experienced in 2013. Inflation is also rising outside of the US which notably led both the Bank of Canada and Bank of England to announce the tapering of their bond purchasing programs. Progress in the US labor market recovery was mixed in Q2. The jobs reports in April and May failed to meet expectations, but the gains in the June report outpaced most forecasts. The unemployment rate remains above target levels, although the Congressional Budget Office projected that the rate would decline to 3.6% by the end of 2022. Overall, the economic recovery continues to advance, with the International Monetary Fund forecasting global GDP growth of 6.0% and 4.4% in 2021 and 2022, respectively.

Economic Indicators	Jun-21		Mar-21	Dec-19	Dec-17	20 Yr
Federal Funds Rate (%)	0.08	<b>A</b>	0.06	1.55	1.33	1.71
10 Year US Treasury Yield	1.45	•	1.74	1.92	2.40	5.12
30 Year US Treasury Yield	2.06	•	2.41	2.39	2.74	5.46
Consumer Price Index YoY (Headline) (%)	5.4	<b>A</b>	2.6	0.6	2.9	2.2
Unemployment Rate (%)	5.9	•	6.0	11.1	4.0	5.9
Real Gross Domestic Product YoY (%)	12.2	<b>A</b>	0.5	-9.1	3.3	N/A
PMI - Manufacturing	60.6	•	64.7	52.2	59.7	52.5
US Dollar Total Weighted Index	112.85	•	114.13	114.67	110.08	103.03
WTI Crude Oil per Barrel (\$)	73.5	<b>A</b>	59.2	61.1	60.4	62.1



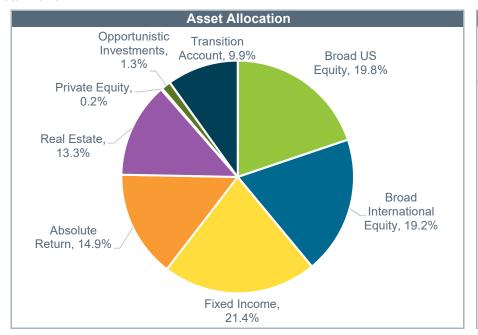
Market Performance (%)	QTD	CYTD	1 Yr	3 Yr	5 Yr	10 Yr	15 Yr	20 Yr
US Large Cap Equity	8.55	15.25	40.79	18.67	17.65	14.84	10.73	8.61
US Small Cap Equity	4.29	17.54	62.03	13.52	16.47	12.34	9.51	9.26
Developed International Equity	5.17	8.83	32.35	8.27	10.28	5.89	4.40	5.78
Developed International Small Cap Equity	4.34	9.04	40.98	8.40	12.03	8.38	6.32	9.26
Emerging Markets Equity	5.05	7.45	40.90	11.27	13.03	4.29	6.61	10.08
US Aggregate Bond	1.83	-1.61	-0.34	5.34	3.03	3.39	4.43	4.56
3 Month US Treasury Bill	0.00	0.02	0.09	1.34	1.17	0.63	1.08	1.37
US Real Estate	3.93	6.12	8.02	5.52	6.57	9.60	6.30	7.60
Real Estate Investment Trusts (REITs)	12.02	21.96	38.02	10.10	6.31	9.41	7.07	10.02
Commodities	13.30	21.15	45.61	3.90	2.40	-4.44	-3.00	0.94

Treasury data courtesy of the US Department of the Treasury. Economic data courtesy of Bloomberg Professional Service. Real Gross Domestic Product YoY (%) is available quarterly. Real estate is reported quarterly; QTD returns are shown as "0.00" on interim-quarter months and until available. Market performance is representative of broad asset class index returns. Please see the addendum for indices used for each asset class.

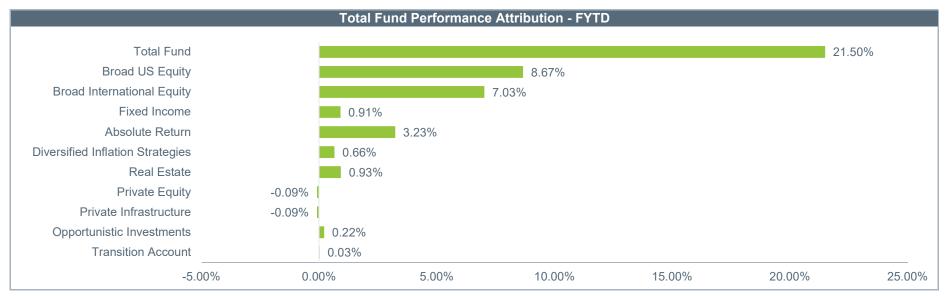


## II. Total Fund





Asset Allocation	vs. Target Allo	cation	
	Asset Allocation (\$000)	Asset Allocation (%)	Target Allocation (%)
Total Fund	5,906,754	100.00	100.00
Broad US Equity	1,170,295	19.81	19.00
Broad International Equity	1,132,419	19.17	19.00
Fixed Income	1,266,168	21.44	22.00
Absolute Return	878,936	14.88	15.00
Real Estate	783,770	13.27	15.00
Private Equity	10,967	0.19	5.00
Private Infrastructure	-	-	5.00
Opportunistic Investments	78,172	1.32	-
Transition Account	586,026	9.92	-



Performance shown is net of fees. RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Allocations shown may not sum up to 100% exactly due to rounding.

## North Dakota Board of University and School Lands Comparative Performance

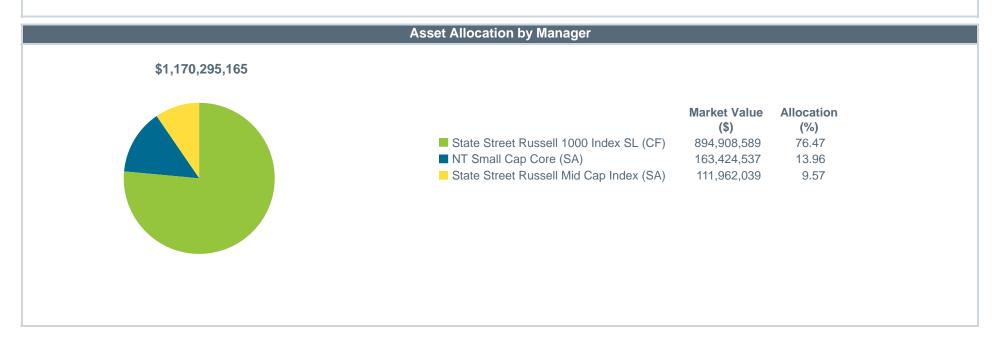
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Total Fund	4.11	7.65	21.50	21.50	7.39	7.63	5.36	6.39	6.80	08/01/1995
Target Allocation Index (Net)	4.40	6.90	21.98	21.98	9.75	9.03	6.77	7.58	N/A	
Difference	-0.29	0.75	-0.48	-0.48	-2.36	-1.40	-1.41	-1.19	N/A	
Broad US Equity	7.70	15.22	45.33	45.33	18.34	17.86	13.74	13.85	15.72	07/01/2009
Russell 3000 Index	8.24	15.11	44.16	44.16	18.73	17.89	13.95	14.70	16.16	
Difference	-0.54	0.11	1.17	1.17	-0.39	-0.03	-0.21	-0.85	-0.44	
Broad International Equity	5.67	10.48	37.38	37.38	8.47	10.20	4.88	5.56	7.40	07/01/2009
MSCI ACW Ex US Index (USD) (Net)	5.48	9.16	35.72	35.72	9.38	11.08	5.33	5.45	7.70	
Difference	0.19	1.32	1.66	1.66	-0.91	-0.88	-0.45	0.11	-0.30	
Fixed Income	1.70	0.31	5.12	5.12	5.39	3.69	3.52	3.80	5.56	08/01/1995
Global Fixed Income Custom Index	1.96	-1.15	1.12	1.12	5.51	3.37	3.23	3.43	N/A	
Difference	-0.26	1.46	4.00	4.00	-0.12	0.32	0.29	0.37	N/A	
Bloomberg US Agg Bond Index	1.83	-1.61	-0.34	-0.34	5.34	3.03	3.28	3.39	5.16	
Difference	-0.13	1.92	5.46	5.46	0.05	0.66	0.24	0.41	0.40	
Absolute Return	3.70	9.43	21.74	21.74	5.90	5.93	3.52	N/A	3.52	07/01/2014
Absolute Return Custom Index	5.02	6.79	23.07	23.07	11.06	10.11	7.36	7.53	7.36	
Difference	-1.32	2.64	-1.33	-1.33	-5.16	-4.18	-3.84	N/A	-3.84	
Real Estate	4.57	6.40	7.73	7.73	4.77	6.58	N/A	N/A	7.25	07/01/2015
NCREIF ODCE Index (AWA) (Net)	3.68	5.64	7.09	7.09	4.60	5.62	7.43	8.60	6.47	
Difference	0.89	0.76	0.64	0.64	0.17	0.96	N/A	N/A	0.78	
Private Equity	-0.56	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-0.56	04/01/2021
Cambridge US Prvt Eq Index	0.00	10.05	35.55	35.55	15.67	16.57	13.48	13.90	0.00	
Difference	-0.56	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-0.56	
Opportunistic Investments	4.19	8.13	43.11	43.11	N/A	N/A	N/A	N/A	43.11	07/01/2020

Real Estate composite and index performance is available on a quarterly basis.



## North Dakota Board of University and School Lands Broad US Equity

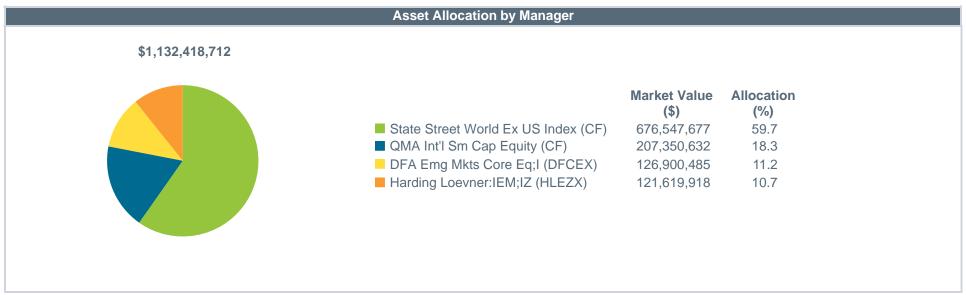
			Comparat	tive Perform	nance					
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
<b>Broad US Equity</b>	7.70	15.22	45.33	45.33	18.34	17.86	13.74	13.85	15.72	07/01/2009
Russell 3000 Index	8.24	15.11	44.16	44.16	18.73	17.89	13.95	14.70	16.16	
Difference	-0.54	0.11	1.17	1.17	-0.39	-0.03	-0.21	-0.85	-0.44	
State Street Russell 1000 Index SL (CF)	8.52	14.94	43.00	43.00	19.13	N/A	N/A	N/A	17.76	06/01/2017
Russell 1000 Index	8.54	14.95	43.07	43.07	19.16	17.99	14.16	14.90	17.79	
Difference	-0.02	-0.01	-0.07	-0.07	-0.03	N/A	N/A	N/A	-0.03	
State Street Russell Mid Cap Index (SA)	7.47	16.23	49.69	49.69	16.42	N/A	N/A	N/A	15.32	06/01/2017
Russell Mid Cap Index	7.50	16.25	49.80	49.80	16.45	15.62	12.03	13.24	15.35	
Difference	-0.03	-0.02	-0.11	-0.11	-0.03	N/A	N/A	N/A	-0.03	
NT Small Cap Core (SA)	3.54	16.93	58.70	58.70	14.72	18.05	11.98	12.60	11.98	07/01/2014
Russell 2000 Index	4.29	17.54	62.03	62.03	13.52	16.47	11.39	12.34	11.39	
Difference	-0.75	-0.61	-3.33	-3.33	1.20	1.58	0.59	0.26	0.59	





#### North Dakota Board of University and School Lands Broad International Equity

	Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date	
Broad International Equity	5.67	10.48	37.38	37.38	8.47	10.20	4.88	5.56	7.40	07/01/2009	
MSCI ACW Ex US Index (USD) (Net)	5.48	9.16	35.72	35.72	9.38	11.08	5.33	5.45	7.70		
Difference	0.19	1.32	1.66	1.66	-0.91	-0.88	-0.45	0.11	-0.30		
State Street World Ex US Index (CF)	5.65	9.93	33.57	33.57	8.50	10.29	4.83	N/A	4.83	07/01/2014	
MSCI Wrld Ex US Index (USD) (Net)	5.65	9.92	33.60	33.60	8.57	10.36	4.90	5.70	4.90		
Difference	0.00	0.01	-0.03	-0.03	-0.07	-0.07	-0.07	N/A	-0.07		
QMA Int'l Sm Cap Equity (CF)	5.68	14.00	41.11	41.11	6.01	N/A	N/A	N/A	1.85	02/01/2018	
MSCI EAFE Sm Cap Index (USD) (Net)	4.34	9.04	40.98	40.98	8.40	12.03	7.75	8.38	5.37		
Difference	1.34	4.96	0.13	0.13	-2.39	N/A	N/A	N/A	-3.52		
DFA Emg Mkts Core Eq;I (DFCEX)	6.29	11.89	47.16	47.16	10.99	11.88	6.06	N/A	6.06	07/01/2014	
MSCI Emg Mkts Index (USD) (Net)	5.05	7.45	40.90	40.90	11.27	13.03	6.35	4.29	6.35		
Difference	1.24	4.44	6.26	6.26	-0.28	-1.15	-0.29	N/A	-0.29		
Harding Loevner:IEM;IZ (HLEZX)	5.10	6.94	43.32	43.32	9.34	11.78	6.27	N/A	6.27	07/01/2014	
MSCI Emg Mkts Index (USD) (Net)	5.05	7.45	40.90	40.90	11.27	13.03	6.35	4.29	6.35		
Difference	0.05	-0.51	2.42	2.42	-1.93	-1.25	-0.08	N/A	-0.08		





## North Dakota Board of University and School Lands Fixed Income

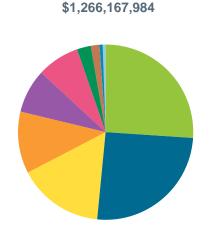
	Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date	
Fixed Income	1.70	0.31	5.12	5.12	5.39	3.69	3.52	3.80	5.56	08/01/1995	
Global Fixed Income Custom Index	1.96	-1.15	1.12	1.12	5.51	3.37	3.23	3.43	N/A		
Difference	-0.26	1.46	4.00	4.00	-0.12	0.32	0.29	0.37	N/A		
Bloomberg US Agg Bond Index	1.83	-1.61	-0.34	-0.34	5.34	3.03	3.28	3.39	5.16		
Difference	-0.13	1.92	5.46	5.46	0.05	0.66	0.24	0.41	0.40		
Payden & Rygel Long Term (SA)	2.28	-0.91	1.80	1.80	5.76	3.92	3.84	4.09	5.78	08/01/1995	
Bloomberg US Agg Bond Index	1.83	-1.61	-0.34	-0.34	5.34	3.03	3.28	3.39	5.16		
Difference	0.45	0.70	2.14	2.14	0.42	0.89	0.56	0.70	0.62		
JP Morgan Core Bond (SA)	1.96	-0.35	1.02	1.02	4.77	2.86	2.94	N/A	2.61	08/01/2012	
JP Morgan FI Custom Index	1.83	-0.54	0.55	0.55	4.82	2.70	2.79	N/A	2.43		
Difference	0.13	0.19	0.47	0.47	-0.05	0.16	0.15	N/A	0.18		
Brandywine Glbl Opp Fixed Income (CF)	2.60	-1.47	12.69	12.69	5.62	4.23	N/A	N/A	3.15	11/01/2014	
FTSE Wrld Gov't Bond Index	0.98	-4.75	0.76	0.76	3.59	1.66	1.36	1.42	2.06		
Difference	1.62	3.28	11.93	11.93	2.03	2.57	N/A	N/A	1.09		
Loomis Sayles Credit Asset (SA)	2.66	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2.66	04/01/2021	
Loomis Sayles CA Custom Index	2.82	1.08	8.31	8.31	6.90	5.60	4.76	5.38	2.82		
Difference	-0.16	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-0.16		
AG Direct Lending III LP	0.00	3.41	10.91	10.91	N/A	N/A	N/A	N/A	8.47	09/01/2018	
CS Lvg'd Loan Index	1.44	3.48	11.67	11.67	4.36	5.04	4.03	4.52	4.17		
Difference	-1.44	-0.07	-0.76	-0.76	N/A	N/A	N/A	N/A	4.30		
AG Direct Lending IV LP	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.00	06/01/2021	
CS Lvg'd Loan Index	1.44	3.48	11.67	11.67	4.36	5.04	4.03	4.52	0.41		
Difference	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-0.41		



## North Dakota Board of University and School Lands Fixed Income

			Comp	arative Perf	ormance					
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Ares Pathfinder Fund LP	3.07	N/A	N/A	N/A	N/A	N/A	N/A	N/A	74.23	03/01/2021
Schroders Securitized Credit (SA)	0.47	1.34	4.27	4.27	N/A	N/A	N/A	N/A	2.30	12/01/2018
3 Month LIBOR Index (USD)+1.75%	0.49	0.98	2.00	2.00	3.43	3.24	2.91	2.66	3.33	
Difference	-0.02	0.36	2.27	2.27	N/A	N/A	N/A	N/A	-1.03	
ND Land - PTF Cash (SA)	0.01	0.01	0.03	0.03	1.30	N/A	N/A	N/A	1.31	07/01/2017
ICE BofAML 3 Mo US T-Bill Index	0.00	0.02	0.09	0.09	1.34	1.17	0.87	0.63	1.35	
Difference	0.01	-0.01	-0.06	-0.06	-0.04	N/A	N/A	N/A	-0.04	
FLP (Loans)	1.13	1.82	4.17	4.17	4.63	5.26	5.48	5.59	6.96	08/01/1995

#### **Asset Allocation by Manager**

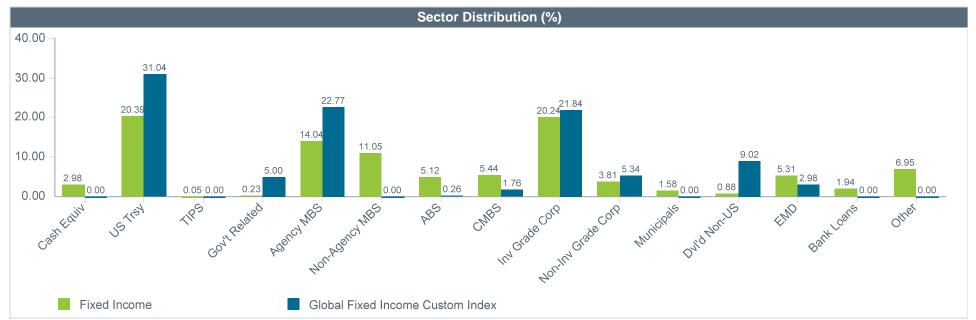


	Market Value (\$)	Allocation (%)
■ Payden & Rygel Long Term (SA)	329,965,381	26.06
■ JP Morgan Core Bond (SA)	322,674,091	25.48
Schroders Securitized Credit (SA)	200,287,362	15.82
AG Direct Lending III LP	144,420,597	11.41
■ Loomis Sayles Credit Asset (SA)	102,405,660	8.09
■ Brandywine Glbl Opp Fixed Income (CF)	99,396,610	7.85
■ AG Direct Lending IV LP	32,500,000	2.57
Ares Pathfinder Fund LP	20,251,140	1.60
■ ND Land - PTF Cash (SA)	7,522,547	0.59
■ FLP (Loans)	6,744,596	0.53



#### North Dakota Board of University and School Lands Fixed Income vs. Global Fixed Income Custom Index Portfolio Characteristics

	Portfolio Characteristics	
	Portfolio	Benchmark
Effective Duration	4.50	6.36
Avg. Maturity	6.94	8.43
Avg. Quality	A2	N/A
Coupon Rate (%)	2.89	2.89
Yield To Worst (%)	2.07	1.80
Current Yield (%)	2.78	N/A

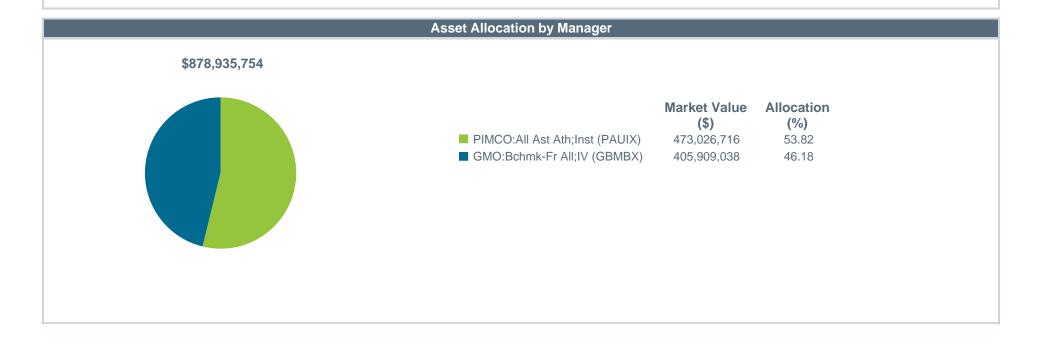






#### North Dakota Board of University and School Lands Absolute Return

Comparative Performance										
QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date	
3.70	9.43	21.74	21.74	5.90	5.93	3.52	N/A	3.52	07/01/2014	
5.02	6.79	23.07	23.07	11.06	10.11	7.36	7.53	7.36		
-1.32	2.64	-1.33	-1.33	-5.16	-4.18	-3.84	N/A	-3.84		
0.56	5.59	13.79	13.79	3.44	4.76	2.41	N/A	2.41	07/01/2014	
4.94	5.89	23.58	23.58	10.70	9.80	6.74	6.92	6.74		
-4.38	-0.30	-9.79	-9.79	-7.26	-5.04	-4.33	N/A	-4.33		
6.55	12.94	29.49	29.49	7.17	6.62	3.04	N/A	3.04	07/01/2014	
3.25	3.72	13.30	13.30	8.11	7.07	5.39	5.65	5.39		
3.30	9.22	16.19	16.19	-0.94	-0.45	-2.35	N/A	-2.35		
	3.70 5.02 -1.32 0.56 4.94 -4.38 6.55 3.25	3.70 9.43 5.02 6.79 -1.32 2.64 0.56 5.59 4.94 5.89 -4.38 -0.30 6.55 12.94 3.25 3.72	QTD         CYTD         FYTD           3.70         9.43         21.74           5.02         6.79         23.07           -1.32         2.64         -1.33           0.56         5.59         13.79           4.94         5.89         23.58           -4.38         -0.30         -9.79           6.55         12.94         29.49           3.25         3.72         13.30	QTD         CYTD         FYTD         1 Year           3.70         9.43         21.74         21.74           5.02         6.79         23.07         23.07           -1.32         2.64         -1.33         -1.33           0.56         5.59         13.79         13.79           4.94         5.89         23.58         23.58           -4.38         -0.30         -9.79         -9.79           6.55         12.94         29.49         29.49           3.25         3.72         13.30         13.30	QTD         CYTD         FYTD         1 Year         3 Years           3.70         9.43         21.74         21.74         5.90           5.02         6.79         23.07         23.07         11.06           -1.32         2.64         -1.33         -1.33         -5.16           0.56         5.59         13.79         13.79         3.44           4.94         5.89         23.58         23.58         10.70           -4.38         -0.30         -9.79         -9.79         -7.26           6.55         12.94         29.49         29.49         7.17           3.25         3.72         13.30         13.30         8.11	QTD         CYTD         FYTD         1 Year         3 Years         5 Years           3.70         9.43         21.74         21.74         5.90         5.93           5.02         6.79         23.07         23.07         11.06         10.11           -1.32         2.64         -1.33         -1.33         -5.16         -4.18           0.56         5.59         13.79         13.79         3.44         4.76           4.94         5.89         23.58         23.58         10.70         9.80           -4.38         -0.30         -9.79         -9.79         -7.26         -5.04           6.55         12.94         29.49         29.49         7.17         6.62           3.25         3.72         13.30         13.30         8.11         7.07	QTD         CYTD         FYTD         1 Year         3 Years         5 Years         7 Years           3.70         9.43         21.74         21.74         5.90         5.93         3.52           5.02         6.79         23.07         23.07         11.06         10.11         7.36           -1.32         2.64         -1.33         -1.33         -5.16         -4.18         -3.84           0.56         5.59         13.79         13.79         3.44         4.76         2.41           4.94         5.89         23.58         23.58         10.70         9.80         6.74           -4.38         -0.30         -9.79         -9.79         -7.26         -5.04         -4.33           6.55         12.94         29.49         29.49         7.17         6.62         3.04           3.25         3.72         13.30         13.30         8.11         7.07         5.39	QTD         CYTD         FYTD         1 Year         3 Years         5 Years         7 Years         10 Years           3.70         9.43         21.74         21.74         5.90         5.93         3.52         N/A           5.02         6.79         23.07         23.07         11.06         10.11         7.36         7.53           -1.32         2.64         -1.33         -1.33         -5.16         -4.18         -3.84         N/A           0.56         5.59         13.79         13.79         3.44         4.76         2.41         N/A           4.94         5.89         23.58         23.58         10.70         9.80         6.74         6.92           -4.38         -0.30         -9.79         -9.79         -7.26         -5.04         -4.33         N/A           6.55         12.94         29.49         29.49         7.17         6.62         3.04         N/A           3.25         3.72         13.30         13.30         8.11         7.07         5.39         5.65	QTD         CYTD         FYTD         1 year         3 years Years         7 years Years Years         10 years Years Years         Since Incep.           3.70         9.43         21.74         21.74         5.90         5.93         3.52         N/A         3.52           5.02         6.79         23.07         23.07         11.06         10.11         7.36         7.53         7.36           -1.32         2.64         -1.33         -1.33         -5.16         -4.18         -3.84         N/A         -3.84           0.56         5.59         13.79         13.79         3.44         4.76         2.41         N/A         2.41           4.94         5.89         23.58         23.58         10.70         9.80         6.74         6.92         6.74           -4.38         -0.30         -9.79         -9.79         -7.26         -5.04         -4.33         N/A         -4.33           6.55         12.94         29.49         29.49         7.17         6.62         3.04         N/A         3.04           3.25         3.72         13.30         13.30         8.11         7.07         5.39         5.65         5.39	





## North Dakota Board of University and School Lands Real Estate

			Compara	tive Perforn	nance					
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Real Estate	4.57	6.40	7.73	7.73	4.77	6.58	N/A	N/A	7.25	07/01/2015
NCREIF ODCE Index (AWA) (Net)	3.68	5.64	7.09	7.09	4.60	5.62	7.43	8.60	6.47	
Difference	0.89	0.76	0.64	0.64	0.17	0.96	N/A	N/A	0.78	
Morgan Stanley Prime Property (CF)	2.78	4.74	7.42	7.42	5.39	6.72	N/A	N/A	7.48	07/01/2015
NCREIF ODCE Index (AWA) (Net)	3.68	5.64	7.09	7.09	4.60	5.62	7.43	8.60	6.47	
Difference	-0.90	-0.90	0.33	0.33	0.79	1.10	N/A	N/A	1.01	
UBS Trumbull Property LP (CF)	2.73	3.89	1.44	1.44	-0.36	2.03	N/A	N/A	3.25	07/01/2015
NCREIF ODCE Index (AWA) (Net)	3.68	5.64	7.09	7.09	4.60	5.62	7.43	8.60	6.47	
Difference	-0.95	-1.75	-5.65	-5.65	-4.96	-3.59	N/A	N/A	-3.22	
Jamestown Premier Property (CF)	-1.59	-4.71	-9.67	-9.67	-3.34	2.12	N/A	N/A	3.35	07/01/2015
NCREIF ODCE Index (AWA) (Net)	3.68	5.64	7.09	7.09	4.60	5.62	7.43	8.60	6.47	
Difference	-5.27	-10.35	-16.76	-16.76	-7.94	-3.50	N/A	N/A	-3.12	
Prologis Targeted US Logistics LP (CF)	11.64	17.59	28.54	28.54	17.27	18.00	N/A	N/A	17.76	04/01/2016
NCREIF ODCE Index (AWA) (Net)	3.68	5.64	7.09	7.09	4.60	5.62	7.43	8.60	5.73	
Difference	7.96	11.95	21.45	21.45	12.67	12.38	N/A	N/A	12.03	
JP Morgan US RE Inc & Grth LP (CF)	4.48	5.13	3.98	3.98	2.58	4.45	N/A	N/A	4.45	07/01/2016
NCREIF ODCE Index (AWA) (Net)	3.68	5.64	7.09	7.09	4.60	5.62	7.43	8.60	5.62	
Difference	0.80	-0.51	-3.11	-3.11	-2.02	-1.17	N/A	N/A	-1.17	





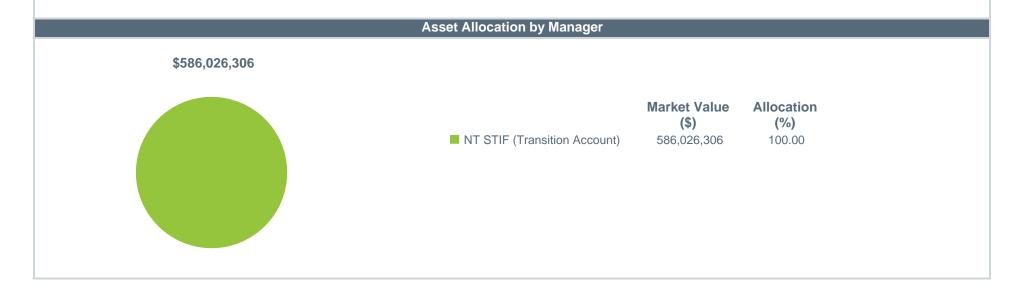
Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Private Equity	-0.56	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-0.56	04/01/2021
Cambridge US Prvt Eq Index	0.00	10.05	35.55	35.55	15.67	16.57	13.48	13.90	0.00	
Difference	-0.56	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-0.56	
GCM Grosvenor BUSL LP	-0.56	N/A	N/A	N/A	N/A	N/A	N/A	N/A	-0.56	04/01/2021





			C	omparative I	Performance					
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
Opportunistic Investments	4.19	8.13	43.11	43.11	N/A	N/A	N/A	N/A	43.11	07/01/20
arde Dislocation Fund LP	3.98	7.70	44.69	44.69	N/A	N/A	N/A	N/A	44.69	07/01/20
Apollo Accord Fund IV LP	5.81	11.24	N/A	N/A	N/A	N/A	N/A	N/A	18.29	10/01/20
			As	set Allocatio	n by Manager					
				■ Varde Dis	location Fund LP	(9	t <b>Value</b> <b>5)</b> 92,746	Allocation (%) 74.44		
				■ Apollo Acc	cord Fund IV LP	19,97	79,681	25.56		

Comparative Performance										
	QTD	CYTD	FYTD	1 Year	3 Years	5 Years	7 Years	10 Years	Since Incep.	Inception Date
NT STIF (Transition Account)	0.05	0.11	0.29	0.29	N/A	N/A	N/A	N/A	0.30	06/01/2020
ICE BofAML 3 Mo US T-Bill Index	0.00	0.02	0.09	0.09	1.34	1.17	0.87	0.63	0.10	
Difference	0.05	0.09	0.20	0.20	N/A	N/A	N/A	N/A	0.20	





# III. Addendum



#### North Dakota Board of University and School Lands Alternative Investment Fund Performance Listing

Fund Name	Vintage	Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Fund IRR (%)	Quartile	Index IRR (%)	Fund Multiple
AG Direct Lending Fund III, LP	2018	Private Credit - Direct Lending	150,000,000	138,000,000	18,916,150	144,420,597 *	8.96	N/A	5.11	1.18
AG Direct Lending Fund IV, LP	2020	Private Credit - Direct Lending	100,000,000	32,500,000	0	32,500,000 *	N/M	N/A	N/M	1.00
Apollo Accord Fund IV, L.P.	2020	Private Credit - Opportunistic Credit	100,000,000	18,500,000	37,460	19,979,681	N/M	N/A	N/M	1.08
Ares Pathfinder Fund, LP	2020	Private Credit - Specialty Finance	100,000,000	15,547,508	103,444	20,251,140	N/M	N/A	N/M	1.31
Varde Dislocation Fund, LP	2020	Private Equity - Distressed	100,000,000	50,000,000	100,849	58,192,746	N/M	N/A	N/M	1.17
Grosvenor - BUSL, LP	2021	Private Equity - Multi- Stage	130,000,000	11,054,803	0	10,967,479 *	N/M	N/A	N/M	0.99
			680,000,000	265,602,310	19,157,903	286,311,642	12.36		4.68	1.15

Certain valuations (marked with a \*\*') are preliminary estimates of valuation as of the date of reporting and reflect the estimated impact of subsequent net cash contributions/distributions. These figures may be used in calculations contained in this report. Index IRR represents the dollar-weighted returns calculated using the Bloomberg US Agg Bond Index assuming an index investment with the same cash flow timing. IRRs are shown only for investments with one year or more of cash flows and for which an accurate IRR could be calculated. Applicable IRRs are marked with 'N/M' for not material. Fund IRR is the annualized since-inception net internal rate for the indicated fund or composite. Fund Multiple is the since inception sum of distributions and valuation divided by paid in capital. Quartile data is based on information provided by Pregin.



## North Dakota Board of University and School Lands Addendum

#### **Performance Related Comments**

- Manager inception dates shown represent the first full month following initial funding.
- RVK began monitoring the assets of North Dakota Board of University and School Lands in Q3 2014. Prior historical data was provided by North Dakota Board of University and School Lands.
- Real Estate composite, manager, and index performance are available on a quarterly basis. Market values are as of the most recent quarter-end and adjusted for subsequent cash flows. Interim period performance assumes a 0.00% return.
- Indices show N/A for since inception returns when the fund contains more history than the corresponding benchmark.
- As of 07/2014, composite and manager performance is provided and calculated by RVK.
- Net performance for FLP bank loans represent Fees Payable.
- Valuation for GCM Grosvenor BUSL LP, and AG Direct Lending Fund III LP, are as of 03/31/2021, adjusted for subsequent cash flows.
- Valuation for AG Direct Lending Fund IV LP is unavailable and the market value represents capital contributions.
- During 03/2021 JPM FI Intermediate Bond transitioned from intermediate duration to full duration core mandate.
- RVK cautions that the interpretation of time-weighted returns on non-marketable investments such as Private Equity, Private Real Estate, and Private Credit is imperfect at best, and can potentially be misleading.

#### **Index Comments**

- The Target Allocation Index (Net) is a static custom index that is calculated monthly and consists of:
  - From 05/2020 through present: 19% Russell 3000 Index, 19% MSCI ACW Ex US Index (USD) (Net), 22% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 15% Absolute Return Index, 5% Cambridge US Private Equity Index, and 5% MSCI World Infrastructure Index.
  - From 07/2019 through 04/2020: 18.5% Russell 3000 Index, 18.5% MSCI ACW Ex US Index (USD) (Net), 23% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 15% Absolute Return Custom Index, and 10% DIS Custom Index.
  - From 02/2018 through 06/2019: 17% Russell 3000 Index, 17% MSCI ACW Ex US Index (USD) (Net), 21% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 20% Absolute Return Custom Index, and 10% DIS Custom Index.
  - From 07/2016 through 01/2018: 17% Russell 3000 Index, 15% MSCI ACW Ex US Index (USD) (Net), 23% Global Fixed Income Custom Index, 15% NCREIF ODCE Index (AWA) (Net), 20% Absolute Return Custom Index, and 10% DIS Custom Index.
  - From 04/2016 through 06/2016: 17.6% Russell 3000 Index, 15.5% MSCI ACW Ex US Index (USD) (Net), 23.8% Global Fixed Income Custom Index, 12% NCREIF ODCE Index (AWA) (Net), 20.7% Absolute Return Custom Index, and 10.4% DIS Custom Index.
  - From 01/2016 through 03/2016: 17.7% Russell 3000 Index, 15.6% MSCI ACW Ex US Index (USD) (Net), 25.3% Global Fixed Income Custom Index, 10% NCREIF ODCE Index (AWA) (Net), 21% Absolute Return Custom Index, and 10.4% DIS Custom Index.
  - From 10/2015 through 12/2015: 17.9% Russell 3000 Index, 15.9% MSCI ACW Ex US Index (USD) (Net), 25.5% Global Fixed Income Custom Index, 9% NCREIF ODCE Index (AWA) (Net), 21.1% Absolute Return Custom Index, and 10.6% DIS Custom Index.
  - From 07/2015 through 09/2015: 19.5% Russell 3000 Index, 17.4% MSCI ACW Ex US Index (USD) (Net), 26.2% Global Fixed Income Custom Index, 4.1% NCREIF ODCE Index (AWA) (Net), 22% Absolute Return Custom Index, and 10.8% DIS Custom Index.
  - From 07/2014 through 06/2015: The index was calculated monthly using beginning of month asset class weights applied to each corresponding primary benchmark return.
  - From 01/2013 through 06/2014: 18.7% Russell 1000 Index, 12.4% Russell 2500 Index, 7.5% FTSE EPRA/NAREIT US Index, 12.4% MSCI EAFE Index (USD) (Net), 33.3% Bloomberg US Agg Bond Index, 0.70% CS Lvg'd Loan Index, 10% Bloomberg US Corp Hi Yld Index, and 5% Bloomberg Gbl Agg Ex USD Index (Hedged).
  - From 07/2009 through 12/2012: 15% Russell 1000 Index, 10% Russell 2500 Index, 6% FTSE EPRA/NAREIT US Index, 10% MSCI EAFE Index (USD) (Net), 32.3% Bloomberg US Agg Bond Index, 1.70% CS Lvg'd Loan Index, 10% Bloomberg US Corp Hi Yld Index, 5% Bloomberg Gbl Agg Ex USD Index (Hedged), and 10% ICE BofAML Cnvrt Bonds Index (All Qual).
- The Global Fixed Income Custom Index consists of the Bloomberg US Unv Bond Index. Prior to 03/2019, the index consisted of 75% Bloomberg US Unv Bond Index and 25% Bloomberg Multiverse Index.
- The Absolute Return Custom Index consists of 60% MSCI ACW IM Index (USD) (Net) and 40% Bloomberg US Agg Bond Index.

## North Dakota Board of University and School Lands Addendum

#### Cont.

The All Asset Custom Index (Eql Wtd) is an equal-weighted hybrid created independently by RVK specifically for PIMCO's All Asset strategies, and it consists of the following benchmarks:

- 1. Short Term Strategies: ICE BofAML 1 Yr T-Bill Index
- 2. US Core and Long Maturity Bond Strategies: Bloomberg US Agg Bond Index
- 3. EM and Gbl Bond Strategies: PIMCO GLADI Index\*
- 4. Crdt Strategies: ICE BofAML US Hi Yld Master II Index
- 5. Inflation Related Strategies: Bloomberg US Trsy US TIPS Index
- 6. US Equity Strategies: Russell 3000 Index
- 7. Global Equity Strategies: MSCI ACW Index (USD) (Net)
- 8. Alternative Strategies: ICE BofAML 3 Mo US T-Bill Index + 3%

The asset class market performance is represented by the respective indices:

- US Large Cap Equity = S&P 500 Index (Cap weighted)
- US Small Cap Equity = Russell 2000 Index
- Developed International Equity = MSCI EAFE Index (USD) (Net)
- Developed International Small Cap Equity = MSCI EAFE Small Cap Index (USD) (Net)
- Emerging Markets Equity = MSCI Emerging Markets Index (USD) (Net)
- US Aggregate Bond = Bloomberg US Aggregate Bond Index
- 3 Month US Treasury Bill = ICE BofAML 3 Month US T-Bill Index
- US Real Estate = NCREIF ODCE Index (AWA) (Gross)
- Real Estate Investment Trust (REITs) = FTSE NAREIT Equity REITs Index (TR)
- Commodities = Bloomberg Commodities Index (TR)

<sup>\*</sup>Performance for the PIMCO GbI Advantage Bond Index (London Close) prior to 01/01/2004 consists of the JPM EMBI GbI Dvf'd Index (TR).

**PORTLAND** BOISE CHICAGO NEW YORK

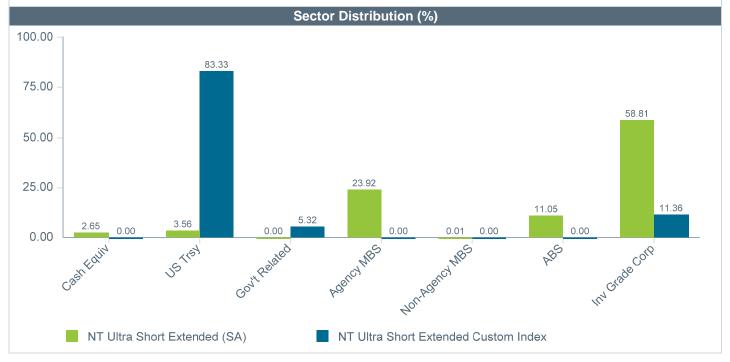
Disclaimer of Warranties and Limitation of Liability - This document was prepared by RVK, Inc. (RVK) and may include information and data from some or all of the following sources: client staff; custodian banks; investment managers; specialty investment consultants; actuaries; plan administrators/record-keepers; index providers; as well as other third-party sources as directed by the client or as we believe necessary or appropriate. RVK has taken reasonable care to ensure the accuracy of the information or data, but makes no warranties and disclaims responsibility for the accuracy or completeness of information or data provided or methodologies employed by any external source. This document is provided for the client's internal use only and does not constitute a recommendation by RVK or an offer of, or a solicitation for, any particular security and it is not intended to convey any guarantees as to the future performance of the investment products, asset classes, or capital markets.

Schedule of Investable Assets							
Periods Ending	Beginning Market Value (\$)	Net Cash Flow (\$)	Gain/Loss (\$)	Ending Market Value (\$)	% Return		
MTD	361,134,519	9,207,469	-169,408	370,172,580	-0.05		

Asset Allocation & Performance								
	Market			P	erformand	e (%)		
	Value (\$)	MTD	QTD	FYTD	CYTD	1 Year	Since Incep.	Inception Date
NT Ultra Short Extended (SA)	370,172,580	-0.05	0.14	0.68	0.17	0.68	1.81	08/01/2015
NT Ultra Short Extended Custom Index		-0.08	0.02	0.27	0.01	0.27	1.43	
Difference		0.03	0.12	0.41	0.16	0.41	0.38	
Fund Objective								

The objective of this fund is to provide capital preservation with returns which exceed that of its custom benchmark, 50% Bloomberg US Gov't Crdt 1-3 Yr Bond Index and 50% ICE BofAML 3 Mo US T-Bill Index.

Portfolio Characteristics					
	Portfolio	Benchmark			
Effective Duration	1.04	1.09			
Modified Duration	1.20	1.05			
Spread Duration	1.35	1.09			
Convexity	-0.03	N/A			
Avg. Maturity	1.07	1.12			
Avg. Quality	Aa1	Aa1			
Yield To Maturity (%)	0.34	0.21			
Coupon Rate (%)	1.25	N/A			
Current Yield (%)	1.24	N/A			
Holdings Count	130	1,633			



Performance shown is net of fees. Net cash flow includes securities lending income and client directed flows. Gain/loss includes dividend and interest income and capital appreciation. Allocations shown may not sum up to 100% exactly due to rounding. The NT Ultra Short Extended Custom Index is calculated monthly and currently consists of 50% Bloomberg US Gov't Crdt 1-3 Yr Bond Index and 50% ICE BofAML 3 Mo US T-Bill Index. Fiscal year end 06/30.

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#### MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

August 26, 2021

#### **RE: Emerging Markets Equity Allocation**

In April 2014, the Board of University and School Lands' (Board) approved investments in two Emerging Markets equity funds equally divided between Dimensional Fund Advisors' (DFA) Emerging Markets Core Equity mutual fund and Harding Loevner's Institutional Emerging Markets mutual fund.

As a result of consistent underperformance, Department Staff and RVK recommended terminating the DFA and Harding mandates (combined \$230+ Million) and replacing those with two new Emerging Markets (EM) equity mandates. The incumbent mandates have underperformed the benchmark (MSCI Emerging Markets Index) net of fees in the 3, 5, and 7-year periods (the entire length of incumbency). RVK's research shows the incumbents have worse Risk/Return performance, Sharpe Ratios, Information Ratios and Upside/Downside Capture Ratios than the proposed replacement.

Staff and RVK recommend moving to a new active manager and an index, which should decrease portfolio risk while increasing returns. Staff and RVK began the manager search by compiling a list of the top performing managers within RVK's database. Staff and RVK reviewed the return performance and risk history of each manager, along with fees, investment staff, operations, and process. Staff and RVK selected and interviewed top managers to review their investment strategies and investment process.

After conducting a thorough due diligence of each manager it was determined that Staff and RVK would recommend the Board approve a mandate with Arrowstreet. Arrowstreet Capital has a strong and transparent investment process and portfolio characteristics that Staff and RVK felt would best suit the PTFs. Arrowstreet is an investment manager founded in 1999 and headquartered in Boston, with offices in the U.S., Europe and Asia. They have over \$152 Billion in assets under management and over 110 investment professionals.

Staff and RVK also recommend an investment with Northern Trust Investments in their Emerging Markets Equity index fund. Arrowstreet closes their fund for extended periods of time; this index fund will give the PTFs a rebalancing tool for when the PTFs are waiting for Arrowstreet to open or when we need to reduce holdings due to faster growth in the asset class versus other assets.

Recommendation: The Board approve terminating investment with DFA and Harding Loevner and using the proceeds (\$230+ Million) to invest with Arrowstreet in an Emerging Markets Equity actively managed mandate, and approve a \$25 Million investment with Northern Trust in an Emerging Markets Equity Index mandate subject to final review and approval of all legal documents by the Office of the Attorney General.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Stenehjem					
Governor Burgum					

Attachment 1: RVK Recommendation Memo

Attachment 2: Arrowstreet Emerging Markets Presentation



#### Memorandum

То	North Dakota Board of University and School Lands
From	RVK, Inc.
Subject	Emerging Markets Equity Search and Recommendation
Date	August 16, 2021

#### Overview

Based on the ongoing review of the structure of each asset category, Staff and RVK initiated a search to evaluate the current emerging markets equity portfolio relative to other opportunities. The current portfolio is managed by Dimensional Fund Advisors ("DFA") and Harding Loevner. Although both incumbent managers have long histories and successful track records, a unique opportunity developed during the evaluation process to invest in a limited capacity strategy that has been closed to new investors for some time.

#### Recommendation

Based on the manager evaluation process and due diligence performed, Staff and RVK recommend the selection of Arrowstreet, specifically utilizing their Emerging Markets Equity strategy, as a replacement for the incumbent managers. Further, we also recommend the addition of a relatively small (~10% of Emerging Markets Equity) passively-managed index fund that will be utilized primarily for rebalancing, liquidity, and fee management purposes. We recommend utilizing Northern Trust for the passive allocation based on a competitive request for quote process. Arrowstreet has a lengthy track record, an attractive risk/return profile, a comprehensive and repeatable investment process, a stable firm and team, and reasonable fees considering historical alpha.

#### **Manager Search Process**

The RVK Investment Manager Research team maintains ongoing research coverage of the spectrum of institutional-quality emerging markets asset managers. Earlier this year Arrowstreet notified RVK that they had limited capacity in their Emerging Markets Equity strategy, which had previously been closed for about a decade. Arrowstreet is conservative with capacity and informed RVK that the strategy would be hard closing again shortly.

RVK and the Land Board's Investment Staff reviewed characteristics of the Arrowstreet Emerging Markets Equity strategy, such as assets under management, performance (risk-adjusted as well as consistency), fees, firm structure, team (e.g. tenure, size, stability) and portfolio characteristics (e.g. market cap and geographic allocations). After the review, RVK and Staff scheduled a meeting with Arrowstreet to conduct additional diligence. Participants from the asset manager's side included Manolis Liodakis, Ph.D., Head of Portfolio Management.



Following the review, additional optimization analysis was conducted to evaluate various combinations of Arrowstreet alongside the incumbent managers. Of all the possible manager combinations examined, it was determined that maximizing exposure to Arrowstreet was the most desirable option. Arrowstreet has added the most alpha over time and done so consistently. Additionally, it was determined that a relatively small allocation to a passive index fund would add flexibility and utility to manage rebalancing and liquidity, particularly given the probability of future hard closes of the Arrowstreet strategy.

#### **Fee Comparison**

The fee proposal from Arrowstreet is shown below as well as the incumbent manager fees.

Managers	Management Fee*
Arrowstreet	0.77%
Harding Loevner (Incumbent)	1.00%
DFA (Incumbent)	0.39%

<sup>\*</sup> Fee calculated based on a \$215 million mandate size

Index fund providers were contacted for a fee proposal on a \$25 million mandate for an MSCI Emerging Markets Index strategy. Northern Trust came in with the lowest fee on a non-lending basis.

Managers	Management Fee*
Northern Trust	0.06%
Manager 2	0.07%
Manager 3	0.16%

<sup>\*</sup> Fee calculated based on a \$25 million mandate size

The median fee for a \$215 million emerging markets equity mandate is approximately 86 basis points. Arrowstreet's fee ranks below median and includes operating expenses. Further, we estimate that a 90/10 split of Arrowstreet / Passive Fund will result in a total fee of approximately 70 bps including fund operating expenses.



#### **Supplemental Information**

Attached are: (1) Search Process Screening Criteria (2) Arrowstreet Emerging Markets Equity Strategy Summary and (3) Comparative Performance Analysis.



#### **Appendix 1: Search Process Screening Criteria**

#### Organization

- Appropriate government registration
- Appropriate succession plans
- Stable ownership structure, employee ownership
- Pending, threatened, or historical legal action against the firm or employees
- Other lines of unaffiliated business
- Adequate compliance procedures and oversight

#### **Professional Staff**

- Size and tenure of the investment team
- Investment team turnover
- Compensation aligned with long-term performance

#### Investment Philosophy/Process

- Reasonable and repeatable investment philosophy given manager description
- Historical attribution matching performance expectations set by the firm
- Evaluation of risk constraints and portfolio guidelines
- Unique features of the investment process
- Changes to the process
- Trading

#### Performance

- Consistency
- Absolute and risk-adjusted
- Full cycle evaluations
- Upside/downside performance

#### Risk Management/Operations

- Dedicated risk oversight
- Adequate systems
- Adequate budget and staff
- Disaster recovery/business continuity

#### Fee<u>s</u>

Relative to other respondents



#### **Appendix 2: Arrowstreet Emerging Markets Equity Strategy Summary**

#### Firm

Arrowstreet was founded in 1999 by Bruce Clarke, Peter Rathjens, and John Campbell. The firm is based in Boston, which is where all the investment professionals reside—other offices are strictly client service oriented. The firm is 100% owned by senior employees and directors at the firm. Arrowstreet uses a quantitative model to implement strategies in global and international equity, and the firm currently manages approximately \$152 billion.

#### **Team**

The firm's investment team consists of nine portfolio managers with an average of 17 years of industry experience as well as 15 analysts with 17 years average industry experience. Key senior members of the portfolio management team are detailed below:

- Peter Rathjens, CIO, Ph.D. in Economics (Princeton, 1990); 40 years of industry experience and 21 years at the firm.
- John Capeci, Portfolio Management, Ph.D. in Economics (Princeton, 1990); 27 years of industry experience and 22 years at the firm.
- Alex Ogan, Portfolio Management, AB in Economics (Harvard, 2005); 16 years of industry and firm experience.
- Manolis Liodakis, Portfolio Management, Ph.D. in Finance (City University, London, 1999); 23 years of industry experience and nine years at the firm.

#### **Investment Process**

The quantitative model attempts to incorporate indirect effects—links between securities including commercial relationships, locality, and historical correlations. In all, there are four components that are included in the overall stock forecast: country, sector, basket, and stock-specific information.

The strategy incorporates value, quality, momentum, and various other factor signals from connected companies to develop forecasts for each security. The intended competitive advantage is a full understanding of and ability to act on the effects of new information on stocks where the connection is not immediately obvious to the rest of the market.

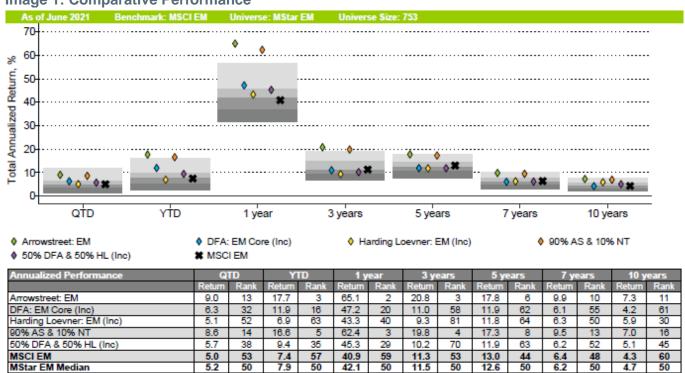
The proprietary risk model has a number of inputs, including estimated beta, country, and sector membership, exposure to forecast model signals, and market capitalization. Portfolio risk levels are dynamically adjusted to reflect the trade-offs of risk and return in the marketplace. The strategy has explicit limits on portfolio weights: stocks +/- 3%, country/sector baskets +/- 5%, countries +/- 10%, and global sectors +/- 15%.



The resulting portfolio consists of 150-375 stocks with an annual turnover of 150-200%. An evaluation of liquidity and transaction costs is an integral part of the process to allow the model to generate alpha efficiently while limiting market impact and trading expenses.

#### **Appendix 3: Comparative Performance Analysis**

**Image 1: Comparative Performance** 



42.1

11.5

12.6

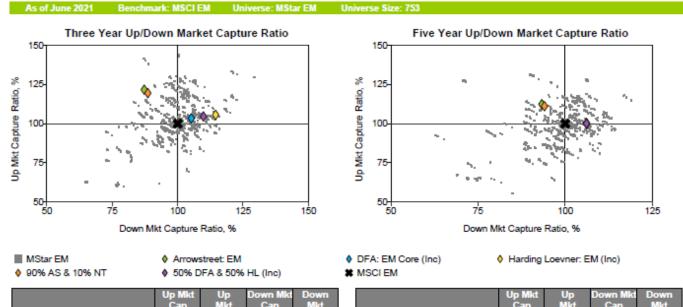
Performance is net of fees.

Manager abbreviations are as follows: Arrowstreet (AS), Harding Loevner (HL) and Northern Trust (NT).

7.9



Image 2: Three and Five-Year Risk/Return

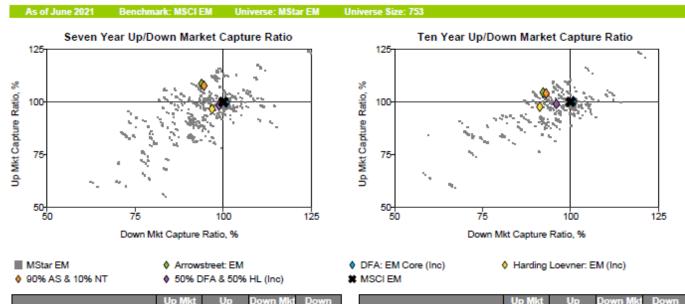


	Up Mkt	Up	Down Mkt	Down
	Сар	Mkt	Сар	Mkt
	Ratio, %	Months	Ratio, %	Months
Arrowstreet: EM	121.57	23	87.22	13
DFA: EM Core (Inc)	103.42	23	105.20	13
Harding Loevner: EM (Inc)	105.59	23	114.53	13
90% AS & 10% NT	119.44	23	88.61	13
50% DFA & 50% HL (Inc)	104.57	23	109.83	13
MSCIEM	100.00	23	100.00	13
MStar EM Median	101.69	23	100.46	13

	Up Mkt	Up	Down Mkt	Down
	Сар	Mkt	Сар	Mkt
	Ratio, %	Months	Ratio, %	Months
Arrowstreet: EM	112.33	40	93.28	20
DFA: EM Core (Inc)	100.21	40	106.16	20
Harding Loevner: EM (Inc)	99.81	40	106.15	20
90% AS & 10% NT	111.13	40	94.05	20
50% DFA & 50% HL (Inc)	100.06	40	106.08	20
MSCIEM	100.00	40	100.00	20
MStar EM Median	98.84	40	99.60	20



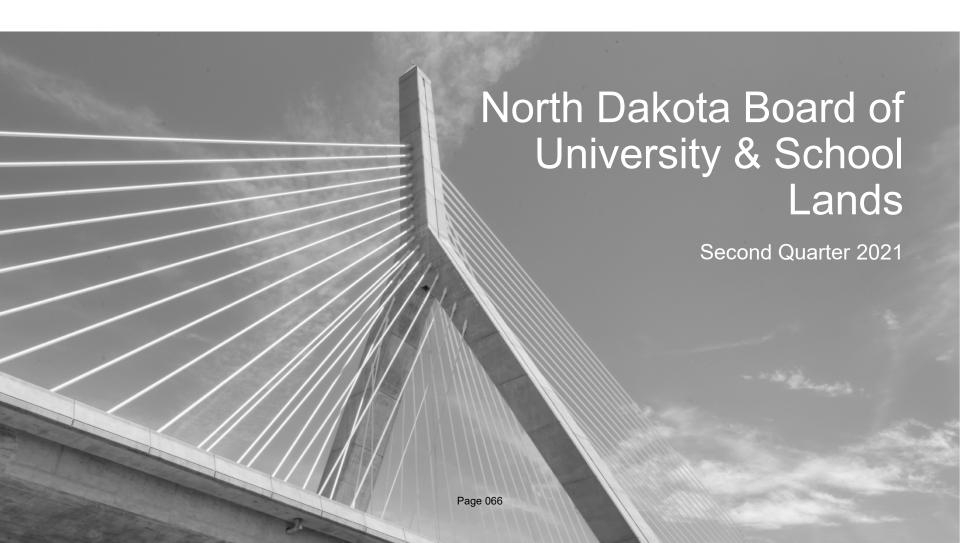
Image 3: Seven and Ten-Year Risk/Return



	Up Mkt Cap Ratio, %	Up Mkt Months	Down Mkt Cap Ratio, %	Mkt
Arrowstreet: EM	108.47	50	93.84	34
DFA: EM Core (Inc)	99.62	50	100.84	34
Harding Loevner: EM (Inc)	96.63	50	96.82	34
90% AS & 10% NT	107.64	50	94.51	34
50% DFA & 50% HL (Inc)	98.18	50	98.78	34
MSCIEM	100.00	50	100.00	34
MStar EM Median	96.61	50	93.96	34

	Up Mkt	Up	Down Mkt	Down
	Сар	Mkt	Сар	Mkt
	Ratio, %	Months	Ratio, %	Months
Arrowstreet: EM	104.46	68	92.22	52
DFA: EM Core (Inc)	100.36	68	100.76	52
Harding Loevner: EM (Inc)	97.66	68	91.25	52
90% AS & 10% NT	104.02	68	93.04	52
50% DFA & 50% HL (Inc)	99.06	68	95.97	52
MSCIEM	100.00	68	100.00	52
MStar EM Median	97.56	68	95.74	52





### Arrowstreet Attendees



Aidan Forde, CFA

Business Development Manager

Aidan is a member of the Business Development team responsible for Arrowstreet's sales, marketing and client service efforts.

Prior to joining Arrowstreet in 2019, Aidan was Director of Institutional Management at Putnam Investments, where he was responsible for business development and relationship management of institutional investors and consultants. Before joining Putnam, Aidan was Vice President at RBC Global Asset Management, driving sales and marketing efforts with prospective investors and clients across the U.S. Earlier in his career he worked at Eaton Vance in a number of roles and began his career at State Street as a Portfolio Administrator.

Aidan graduated from Merrimack College with a BA in Communication Studies and Political Science. He has been a CFA charterholder since 2013 and is a member of the Boston Security Analysts Society.



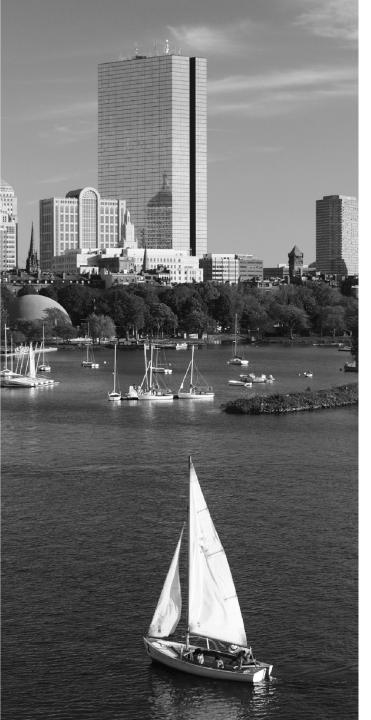
Manolis Liodakis, PhD

Partner, Head of Portfolio Management

Manolis leads the Portfolio Management Group. He is responsible for many of the functions associated with the day to day implementation of the firm's investment strategies. This includes portfolio construction, risk management, cash management and portfolio finance as well as trading. In addition, he is a member of the Investment and Operating committee of the firm and participates in several firm wide initiatives.

Prior to joining Arrowstreet, Manolis worked at Citadel Investment Group in Chicago where he was responsible for running \$2 billion in global market neutral strategies. In addition, he has substantial sell- side research experience. He worked at Citigroup in London for seven years, where he was Head of European Quantitative Equity Research and was recognized as Best Quantitative Analyst by Institutional Investor from 2004 to 2008. He has also worked in quantitative research groups at both Morgan Stanley and Salomon Brothers.

Manolis received a PhD in Finance from City University, London in 1999 and an MBA in Finance from the University of Birmingham in 1996. Manolis graduated from Athens University of Economics & Business in 1994 with a BS in Economics and Business.



## **Table of Contents**

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Section 2
Strategy

 ${\sf Exhibits}$ 

**Supporting Materials** 

The information set forth herein has been prepared by Arrowstreet Capital, Limited Partnership ("we," us," "our," or "Arrowstreet") solely for the benefit of select, qualified institutional investors for educational, informational and discussion purposes only. These materials are being provided on a confidential basis and are not intended for public use or distribution. All information contained herein is proprietary and confidential. Any reproduction or distribution of these materials, in whole or in part, or the disclosure of its contents, without Arrowstreet's prior written consent, is prohibited. Please see Important Information and Legal Disclosures at the end of these materials.



## Firm Overview



## **Specialist Global Equities Manager**



**Commitment to Ongoing Research Program** 





## Senior Investment Team

#### Peter Rathjens, PhD - Partner, CIO Co-Founded ASC: 1999 **Investment Processes** Research **Investment Services Investment Analytics Portfolio Management** John Campbell, PhD Sam Thompson, PhD Mary Rogers, CFA Katie McHardy Manolis Liodakis, PhD Partner, Partner. Partner. Partner. Partner. Co-Head of Research Head of Investment Processes Head of Investment Services Head of Investment Analytics Head of Portfolio Management 1999 2005 2010 2008 2012 Marta Campillo, PhD Derek Vance, CFA Joe Tiano **Brandon Berger** Partner, Co-Head of Research Partner Partner Partner 2008 1999 2014 2013 Hui Wang, PhD Naveen Kartik C. K. John Capeci, PhD Partner Partner Partner 2013 2012 1999 Yosef Klein **Anne Luisi** Partner Manager 2012 2014 Jonathan Kluberg, PhD Partner Alex Ogan 2015 Partner Tom Knox. PhD 2005 Partner George Pararas-Carayannis. 2016 CFA Christopher Malloy, PhD Partner Partner 2002 2019 Alex Rodin, CFA **Average Industry Experience: 17 Years** Alex Merlis, CFA

**Average Tenure with Arrowstreet: 13 Years** 

**Supported by 81 Additional Investment Team Members** 

2012

Julia Yuan, CFA

Tuomo Vuolteenaho, PhD

Yijie Zhang, PhD

Partner 2006

Partner

Partner

Partner

2006

2004

Note: Year denotes when team member started at Arrowstreet. As of June 30, 2021.

5 | PROPRIETARY & CONFIDENTIAL



Manager

Zach Vernon, CFA

Michael Zervas, CFA

ARROWSTREET

CAPITAL

2016

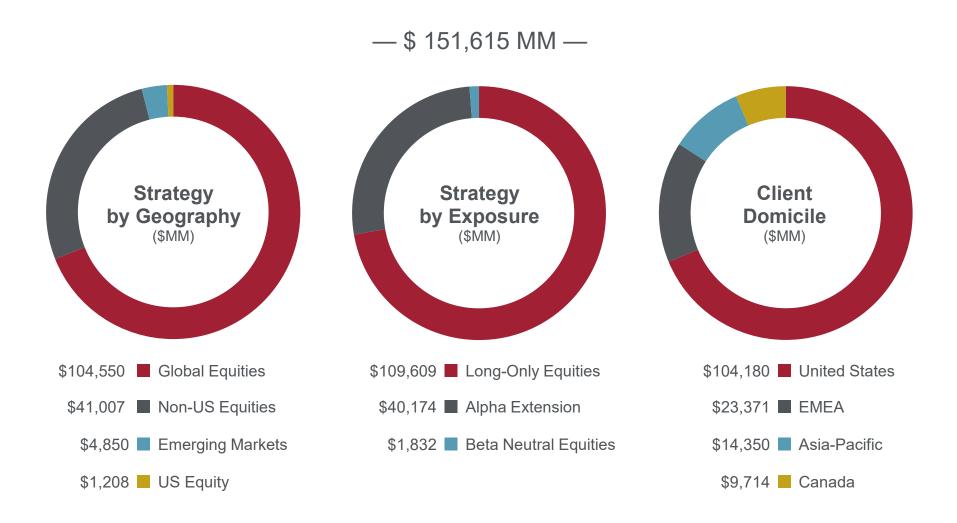
Partner

Partner

2004

2008

## **Assets Under Management**



Data as of June 30, 2021. Figures presented above are in USD. Source: Arrowstreet Internal Databases.



# Emerging Markets Equity

## **Strategy Objectives**



### **Consistently Outperform Broad Global Indices**

Target Outperformance: 4.0% Per Year Over a Full Market Cycle (defined here for this

purpose as 5 to 7 years)

Target Tracking Error: 3% – 9% Per Year



### **Core Investment Style**

Style Neutral Over Long Periods

Risk Controlled

Outperform During a Broad Range of Market Environments



### **Diversification from Other Managers**



### **Emerging Markets Equity Strategy Composite** Performance Since Inception as of June 30, 2021



	QTD	1 Year	3 Year	5 Year	Since Inception (May 1, 2001)
Composite Performance (Gross of Fees)	9.23%	66.44%	21.85%	18.77%	14.43%
Benchmark: MSCI Emerging Markets (Net)	5.05%	40.90%	11.27%	13.03%	9.94%
Value Added (Gross of Fees)	4.19%	25.53%	10.58%	5.74%	4.49%

Rep Account Statistics	Since Inception (November 1, 2004)
Tracking Error*	4.80%
Information Ratio*	0.84

<sup>\*</sup> Based on the representative account in the Emerging Markets Equity Strategy Composite. Tracking Error represents the annualized standard deviation of the difference between the portfolio return and the portfolio's benchmark return. Information Ratio is determined by dividing the portfolio's annualized value added by the portfolio's annualized tracking error.

Source: Arrowstreet Internal Databases. Return periods greater than 1 year are annualized.

This information has been prepared solely for the benefit of select, qualified institutional investors for educational, informational and discussion purposes only and is not intended for mass distribution. See the Emerging Markets Equity Strategy Composite Performance Review Report for important disclosures to be read in conjunction with the performance results presented herein. The return information presented represents past performance and is not a guarantee of future results. All returns are calculated in USD. Value added represents the difference between the composite's total returns and the benchmark. The benchmark name presented reflects the composite's current benchmark. The benchmark may have changed over time and as such all presented benchmark performance figures were calculated with respect to the benchmark applicable at each point in time. Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. This report is not approved, reviewed or produced by MSCI.

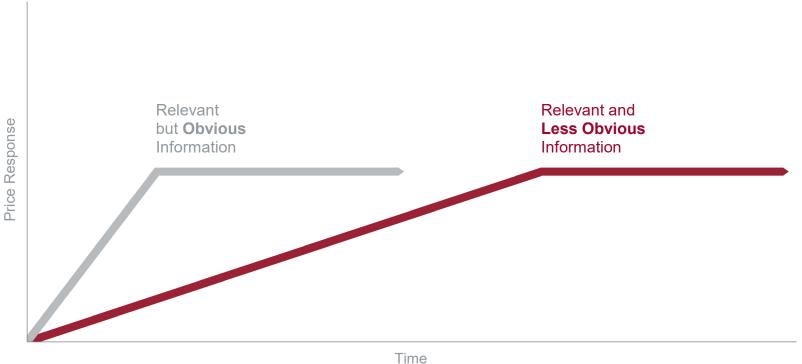


## Investment Philosophy

Adding Value by Identifying Investment Signals that are



# Relevant to Price & Less Obvious to Investors





## **Defining Direct Effects**

#### Influence of Stock Information

### **Signal Groups**

- Catalysts
- **Extreme Sentiment**
- High Frequency
- Momentum
- Quality
- Value





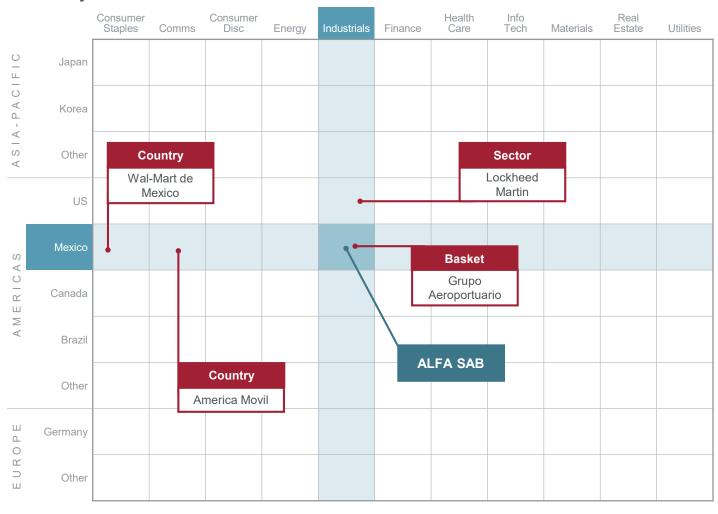


## **Defining Indirect Effects**

### Influence of Sector, Country & Basket Information

### **Signal Groups**

- > Catalysts
- > Extreme Sentiment
- > High Frequency
- > Momentum
- > Quality
- > Value





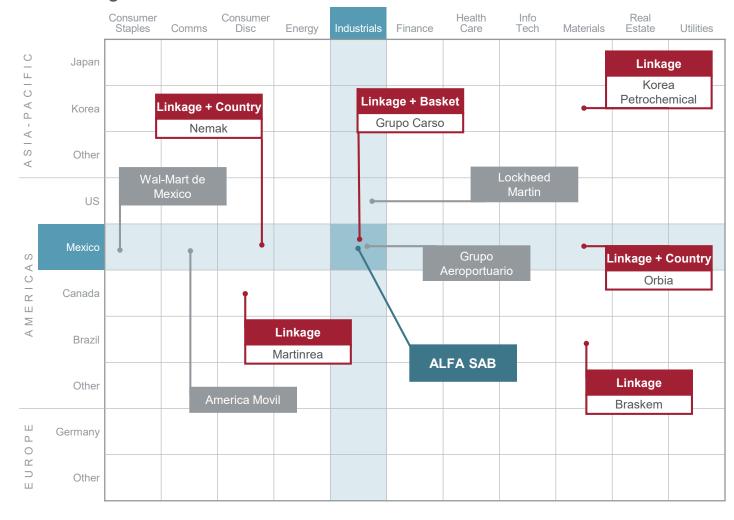


## **Enhancing Indirect Effects**

### Influence of Expanded Linkages

#### **Signal Groups**

- Momentum
- Value





### Portfolio Construction

Client Portfolios Built Considering Forecasts, Transaction Costs, and Risks

Alpha Forecasts for Portfolio Candidates

10.000+ Stocks

### **Transaction Costs**

Reflecting trade size and expected holding period

### Financing Terms

Reflecting stock loan fees and debit/credit rates by prime brokers

### Risk Estimates

Proprietary risk model

### **Target Position Limits**

(Relative to the benchmark)

+/- 10% Country: Sector: +/- 15% +/- 5% Basket: +/- 3% Stock:

### Style Controls

Control portfolio tilts

### Portfolio

Generally 150 - 375 Stocks\*

**Broadly Diversified** 

Style Neutral

Risk Controlled



## Why Arrowstreet Capital?

- Dedicated, experienced investors using quantitative tools to exploit investment insights in global markets
- > Continuous re-investment in research to maintain competitive advantage
- Demonstrated ability to deliver sustainable risk-adjusted alpha across different market environments
- > Alignment of firm and client interests
- Institutional business focus and private ownership reinforce stability and continuity



# Key Terms

Fund Structure	New Hampshire Investment Trust
Benchmark	MSCI Emerging Markets IMI
AUM	Fund AUM: \$150mm Strategy AUM: \$3,680mm
Eligible Investors	Institutional investors, including defined benefit plans, endowments, foundations, and certain taxable institutional investors
Share Classes and Management Fees	Class A (<\$75mm): 85 bps, Class B (\$75mm - \$125mm): 80 bps, Class C (>\$125mm): 75 bps, Class D (Performance Fee Class): Base fee 30 bps, Carry 20%
Minimum Initial Investment	\$10mm
Liquidity/Dealing Days	Twice per month, on the 1st & 15th (or if the New York Stock Exchange is closed, the next Business Day)
Subscription/Redemptions Fees	20 bps applicable only if on a given Dealing Day, the net cash addition or withdrawal is more than 10% of the Net Asset Value of the Fund.



# **Exhibits**

## Performance History – Gross

Geographic					Ti	railing Con	nposite Gr	oss Retur	ns²		Composite
Focus	Exposure	Investment Strateg	<b>3</b> y <sup>1,5</sup>	3 Mos	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Inception Date
		ACWI		6.78%	17.78%	51.89%	19.34%	18.48%	13.73%	10.95%	Apr-06
		MSCI ACWI	Excess Returns:4	-0.61%	5.48%	12.63%	4.78%	3.87%	3.83%	3.53%	Αρι-00
		World		6.61%	16.55%	45.79%	17.48%	17.26%	13.31%	11.16%	Mar-04
		MSCI World	Excess Returns:	-1.13%	3.50%	6.75%	2.49%	2.43%	2.66%	2.87%	
		World Futures Beta Manageme	ent	6.34%	15.76%	43.59%	17.60%	18.71%		15.64%	Apr-14
		MSCI World	Excess Returns:	-1.41%	2.72%	4.54%	2.61%	3.88%		5.12%	Api-1 <del>4</del>
	Long-Only	<b>ACWI Minimum Volatility</b> <sup>6</sup> MSCI ACWI Minimum Volatility	Excess Returns:								Feb-18
		ACWI Small Cap		6.89%	24.06%	71.14%	17.26%	17.81%	13.74%	21.65%	14 00
		MSCI ACWI Small Cap	Excess Returns:	1.21%	8.63%	17.07%	5.06%	3.67%	3.84%	5.82%	Mar-09
		World Small Cap		5.40%	22.66%	66.83%	16.05%	17.26%	14.04%	15.39%	Oct 00
		MSCI World Small Cap	Excess Returns:	0.42%	7.79%	13.95%	3.92%	2.89%	3.50%	3.53%	Oct-09
Global		World Low Active Risk		7.53%	14.86%	42.65%	15.48%	15.96%		15.65%	Jun-16
Equity		MSCI World IMI	Excess Returns:	0.15%	1.59%	2.02%	0.88%	1.19%		1.42%	Juli-10
		ACWI 130/30/20		10.28%	21.80%	53.02%	18.37%	19.46%		18.91%	Aug-12
		MSCI ACWI IMI	Excess Returns:	3.11%	9.12%	12.08%	4.13%	4.91%		7.11%	Aug-12
		World 130/30/20		10.20%	21.40%	47.81%	18.03%	18.98%	16.93%	13.70%	May-08
	Alpha	MSCI World IMI	Excess Returns:	2.82%	8.13%	7.18%	3.43%	4.21%	6.32%	6.19%	May-00
	Extension	World Small Cap 130/30/20		7.49%	25.95%	65.32%	18.17%			18.83%	Apr-17
		MSCI World Small Cap	Excess Returns:	2.51%	11.08%	12.44%	6.04%			5.72%	Αρι-17
		ACWI Minimum Volatility 130/3	30/20	10.19%	18.04%	34.87%				13.78%	Oct-19
		MSCI ACWI Minimum Volatility	Excess Returns:	5.18%	11.35%	15.57%				7.27%	001 10
		Beta Neutral		9.81%	18.05%	16.30%	7.39%	9.77%		10.31%	Jan-14
	Beta	FTSE 3-Month Treasury Bill	Excess Returns:	9.80%	18.02%	16.22%	6.08%	8.63%		9.52%	Vall II
	Neutral	ESG Beta Neutral		11.23%	16.63%	17.07%				5.76%	Jun-19
		FTSE 3-Month Treasury Bill	Excess Returns:	11.23%	16.61%	16.99%				4.88%	0411 10

Data as of June 30, 2021.



## Performance History – Gross

Geographic	_				Т	railing Co	mposite Gr	oss Retur	ns²		Composite	
Focus	Exposure	Investment Strateg	Jy <sup>1,5</sup>	3 Mos	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Inception Date	
		ACWI ex-US		5.96%	14.52%	50.87%	15.50%	15.40%	9.61%	8.54%	Jun-00	
	Long-Only	MSCI ACWI ex-US	Excess Returns:	0.48%	5.36%	15.15%	6.12%	4.32%	4.16%	3.58%	3011-00	
	Long-Only	EAFE		3.92%	11.74%	41.25%	11.54%	12.73%	8.67%	8.08%	Jul-01	
Non-US		MSCI EAFE	Excess Returns:	-1.25%	2.91%	8.90%	3.27%	2.45%	2.78%	2.30%	Jui-0 1	
Equity	ACWI ex-US 130/30/20			8.84%	17.98%	48.00%	13.60%	15.55%		11.19%	Jun-15	
	Alpha	MSCI ACWI ex-US IMI	Excess Returns:	3.25%	8.41%	10.82%	4.18%	4.35%		4.35%	Juli-13	
	Extension	EAFE 130/30/20		7.19%	16.40%	44.01%	11.92%	14.58%	12.15%	11.70%	Sep-08	
	MSCI EAFE IMI		Excess Returns:	2.14%	7.54%	10.44%	3.63%	4.05%	5.99%	6.76%	3ep-06	
	Long-Only	US Equity		9.64%	19.92%	49.62%	19.49%			18.13%	Oct-17	
	Long-Only	Russell 3000	Excess Returns:	1.51%	5.05%	6.08%	1.38%			1.13%	OCI-17	
US Equity		US Equity 130/30/20		12.10%	21.05%	54.02%				13.67%	Con 10	
US Equity	Alpha	Russell 3000	Excess Returns:	3.96%	6.18%	10.47%				-2.86%	Sep-18	
	Extension	US Equity Small Cap 130/30/20	)	10.83%	34.30%	92.44%				16.37%	0 40	
		Russell 2000	Excess Returns:	6.61%	16.92%	30.91%				4.81%	Sep-18	
		<b>Emerging Markets</b>		9.23%	18.15%	66.44%	21.85%	18.77%	8.17%	14.43%	M 04	
Emerging	Long-Only	MSCI Emerging Markets	Excess Returns:	4.19%	10.70%	25.53%	10.58%	5.74%	3.88%	4.49%	May-01	
Markets	Alpha	Emerging Markets 150/50/60		12.99%	31.35%	94.06%				39.59%	F 1 40	
	Extension	MSCI Emerging Markets IMI	Excess Returns:	7.27%	22.60%	50.86%				24.73%	Feb-19	

Data as of June 30, 2021.



## Performance History – Net

Geographic						Trailing Co	mposite N	let Returns	s <sup>3</sup>		Composite
Focus	Exposure	Investment Strateg	JY <sup>1,5</sup>	3 Mos	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Inception Date
		ACWI		6.58%	17.33%	50.72%	18.40%	17.55%	12.90%	10.20%	Apr-06
		MSCI ACWI	Excess Returns:⁴	-0.82%	5.02%	11.46%	3.84%	2.93%	3.00%	2.78%	7101 00
		World		6.55%	16.40%	45.31%	16.96%	16.75%	12.77%	10.59%	Mar-04
		MSCI World	Excess Returns:	-1.20%	3.36%	6.26%	1.97%	1.92%	2.12%	2.31%	mar o r
		World Futures Beta Manageme	ent	6.08%	15.22%	42.23%	16.47%	17.57%		14.52%	Apr-14
		MSCI World	Excess Returns:	-1.66%	2.17%	3.18%	1.48%	2.74%		4.01%	Αρι-14
Long-0	Long-Only	ACWI Minimum Volatility <sup>6</sup> MSCI ACWI Minimum Volatility	Excess Returns:								Feb-18
		ACWI Small Cap		6.02%	22.94%	69.26%	16.47%	17.13%	12.83%	20.54%	Mar-09
		MSCI ACWI Small Cap	Excess Returns:	0.33%	7.50%	15.19%	4.28%	2.99%	2.92%	4.70%	Mar-09
		World Small Cap		5.17%	22.13%	65.39%	15.02%	16.22%	13.08%	14.44%	Oct-09
		MSCI World Small Cap	Excess Returns:	0.19%	7.26%	12.51%	2.88%	1.85%	2.54%	2.58%	OCI-09
Global		World Low Active Risk		7.47%	14.73%	42.31%	15.21%	15.68%		15.38%	Jun-16
Equity		MSCI World IMI	Excess Returns:	0.08%	1.46%	1.68%	0.61%	0.92%		1.15%	Juli-10
		ACWI 130/30/20		10.06%	21.46%	52.20%	17.72%	18.62%		17.89%	Aug-12
		MSCI ACWI IMI	Excess Returns:	2.89%	8.78%	11.26%	3.48%	4.07%		6.09%	Aug-12
		World 130/30/20		10.11%	21.24%	47.41%	17.42%	18.15%	15.87%	12.74%	May-08
	Alpha	MSCI World IMI	Excess Returns:	2.73%	7.97%	6.78%	2.82%	3.39%	5.27%	5.22%	Way-00
	Extension	World Small Cap 130/30/20		7.43%	25.82%	64.72%	17.30%			18.00%	Apr-17
		MSCI World Small Cap	Excess Returns:	2.45%	10.94%	11.84%	5.17%			4.89%	7 ф1-17
		ACWI Minimum Volatility 130/3	30/20	10.06%	17.83%	33.97%				13.23%	Oct-19
		MSCI ACWI Minimum Volatility	Excess Returns:	5.05%	11.14%	14.67%				6.72%	000.10
		Beta Neutral		8.11%	15.55%	13.40%	5.46%	7.54%		7.91%	Jan-14
	Beta	FTSE 3-Month Treasury Bill	Excess Returns:	8.10%	15.52%	13.32%	4.15%	6.40%		7.13%	0411 11
	Neutral	ESG Beta Neutral		9.41%	14.34%	14.40%				4.13%	Jun-19
		FTSE 3-Month Treasury Bill	Excess Returns:	9.40%	14.31%	14.32%				3.25%	0 2

Data as of June 30, 2021.



## Performance History – Net

Geographic	_					Trailing Co	omposite N	Net Return	s³		Composite	
Focus	Exposure	Investment Strateg	Jy <sup>1,5</sup>	3 Mos	YTD	1 Yr	3 Yrs	5 Yrs	10 Yrs	Since Inception	Inception Date	
		ACWI ex-US		5.75%	14.08%	49.70%	14.59%	14.49%	8.81%	7.84%	Jun-00	
	Long-Only	MSCI ACWI ex-US	Excess Returns:	0.28%	4.92%	13.98%	5.21%	3.41%	3.36%	2.88%	Juli-00	
	EAFE			3.73%	11.34%	40.22%	10.71%	11.89%	7.91%	7.38%	Jul-01	
Non-US		MSCI EAFE	Excess Returns:	-1.44%	2.51%	7.87%	2.44%	1.62%	2.02%	1.60%	Jui-0 i	
Equity	ACWI ex-US 130/30/20  Alpha MSCI ACWI ex-US IMI			8.63%	17.64%	47.27%	13.07%	15.00%		10.65%	Jun-15	
			Excess Returns:	3.03%	8.06%	10.09%	3.65%	3.80%		3.81%	Juli-13	
	Extension	EAFE 130/30/20		6.26%	15.28%	42.38%	11.07%	13.63%	11.14%	10.71%	Sep-08	
		MSCI EAFE IMI	Excess Returns:	1.21%	6.41%	8.81%	2.79%	3.10%	4.98%	5.77%	3ep-06	
	Long-Only	US Equity		9.64%	19.75%	49.39%	19.30%			17.92%	Oct-17	
	Long-Only	Russell 3000	Excess Returns:	1.50%	4.87%	5.85%	1.18%			0.93%	OCI-17	
IIC Equity		US Equity 130/30/20		12.07%	20.99%	53.80%				13.42%	Con 10	
US Equity	Alpha	Russell 3000	Excess Returns:	3.94%	6.11%	10.26%				-3.11%	Sep-18	
	Extension	US Equity Small Cap 130/30/20	)	10.79%	34.21%	91.73%				15.99%	0 40	
		Russell 2000	Excess Returns:	6.56%	16.83%	30.21%				4.43%	Sep-18	
		<b>Emerging Markets</b>		9.00%	17.64%	65.00%	20.78%	17.72%	7.28%	13.56%	M 04	
Emerging	Long-Only	MSCI Emerging Markets	Excess Returns:	3.95%	10.19%	24.10%	9.50%	4.69%	2.99%	3.61%	May-01	
Markets	Alpha	Emerging Markets 150/50/60		12.36%	30.51%	89.40%	89.40%			37.59%	F 1 40	
	Extension	MSCI Emerging Markets IMI	Excess Returns:	6.63%	21.76%	46.20%				22.73%	Feb-19	

Data as of June 30, 2021.



# Biographies – Senior Management

N	ame/Title	Responsibilities	Began at Firm	Years of Exp.	Education	Prior Experience
	Peter Rathjens, PhD Partner, Chief Investment Officer	Responsible for investment process; Chairs Investment Committee	1999	40	Princeton University, PhD in Economics: 1990 Oberlin College, BA in Economics and Mathematics: 1981	1998–1999: CIO, PanAgora 1995–1999: Director of Global Investments, PanAgora 1991–1995: Director of Research, PanAgora 1990–1991: Equity Analyst, Colonial Management 1988–1990: Assistant Professor of Economics, Brandeis University 1986–1988: Instructor of Economics, Princeton University 1983–1984: Quantitative Analyst, Lehman Brothers 1981–1983: Analyst, Data Resources
	Anthony Ryan, CFA Partner, Chief Executive Officer	Develops and implements strategic business plan	2011	34	London School of Economics, MS: 1986 University of Rochester, BA: 1985	<ul> <li>2009–2011: Chief Administrative Officer, Fidelity Investments</li> <li>2006–2009: U.S. Treasury Department</li> <li>2000–2006: Partner, Head of Global Business Development &amp; Client Relations, Grantham, Mayo, van Otterloo &amp; Co. LLC</li> <li>1994–2000: State Street Global Advisors, Principal, State Street Corporation</li> <li>1988–1994: Manager, Global Investments, PanAgora</li> <li>1987–1988: Manager, Equity Investments, The Boston Company</li> </ul>



N	ame/Title	Responsibilities	Began at Firm	Years of Exp.	Education	Prior Experience
	John Campbell, PhD Partner, Co-Head of Research	Develops and implements research agenda	1999	29	Yale University, PhD in Economics: 1984 Oxford University, BA in Economics: 1979	1994–Present: Professor of Applied Economics, Harvard University 1998–1999: Director of External Research, PanAgora 1992–1998: Academic Advisory Committee, PanAgora 1984–1994: Professor of Economics, Princeton University
	Derek Vance, CFA Partner, Co-Head of Research	Develops and implements research agenda	2008	14	Harvard College, AB in Economics: 2007	2007–2008: Analyst, Goldman Sachs
	Naveen Kartik C. K., CFA Partner	Develops and enhances forecasting and risk models	2013	8	MIT, SM in Computation for Design and Optimization: 2013 Indian Institute of Technology, Madras BTech in Chemical Engineering: 2011	
	Yosef Klein Partner	Develops and enhances forecasting and risk models	2012	13	University of Chicago, MBA in Analytic Finance, Econometrics, and Statistics: 2008 University of Illinois at Chicago, MS in Mathematics: 2005 University of Chicago, BA in Mathematics: 2000	2008–2012: Quantitative Analyst, Wellington Management 2002–2004: Operations Manager, The Aryeh Goldbloom Team, Financial Planners



N	ame/Title	Responsibilities	Began at Firm	Years of Exp.	Education	Prior Experience
	Jonathan Kluberg, PhD Partner	Develops and enhances forecasting and risk models	2015	10	MIT, PhD in Operations Research: 2011 Ecole Polytechnique, MS and BS in Applied Mathematics and Computer Science: 2006	2011–2015: Investment Analyst, HighVista Strategies
	Tom Knox, PhD Partner	Develops and enhances forecasting and risk models	2016	17	Harvard University, PhD in Business Economics: 2003 SM in Applied Mathematics and AB in Applied Mathematics: 1999	2009–2016: Quantitative Portfolio Manager, Convexity Capital Management 2007–2009: Portfolio Manager, QVT Financial 2004–2007: Bracebridge Capital, Vice President 2003–2004: Assistant Professor of Finance, University of Chicago
	Christopher Malloy, PhD Partner	Develops and enhances forecasting and risk models	2019	18	University of Chicago, PhD and MBA in Finance: 2003 Yale University, BA in Economics: 1996	<ul> <li>2007–2019: Sylvan C. Coleman Chaired Professor of Financial Management, Harvard Business School</li> <li>2003–2007: Assistant Professor of Finance, London Business School</li> <li>1998–2003: Teaching Assistant, University of Chicago</li> <li>1996–1998: Analyst, Federal Reserve Board, Washington, DC</li> </ul>
	Alex Merlis, CFA Partner	Develops and enhances forecasting and risk models	2006	20	Boston University, MA in Mathematical Finance: 2006 Harvard University, AB in Physics and SM in Engineering Sciences: 1996	2003–2005: Quantitative Long/Short Analyst, Citadel Investment Group 2002–2003: Quantitative Analyst, StarMine Corp.



Name/Title	Responsibilities	Began at Firm	Years of Exp.	Education	Prior Experience
Tuomo Vuolteenaho, PhD Partner	Develops and enhances forecasting and risk models	2004	18	University of Chicago, PhD in Finance: 2000 Helsinki School of Economics and Business Administration, MS in Economics: 1995	<ul> <li>2004: Consultant, Arrowstreet Capital</li> <li>2000–2004: Assistant Professor of Economics, Harvard University</li> <li>1995–2000: Teaching Assistant, University of Chicago</li> </ul>
Julia Yuan, CFA Partner	Develops and enhances forecasting and risk models	2012	10	Massachusetts Institute of Technology, MS in Finance: 2012 Peking University, BS in Economics: 2011	
Yijie Zhang, PhD Partner	Develops and enhances forecasting and risk models	2006	15	Yale University, PhD in Finance: 2006 Rutgers University, MS in Economics: 2000 Tsignhua (Qinghua) University, BA in Finance: 1997	2003–2006: Teaching Assistant, Yale University
Manolis Liodakis, PhD Partner, Head of Portfolio Management	Implements investment strategies	2012	23	City University, London, PhD in Finance: 1999 University of Birmingham, MBA in Finance: 1996 Athens University of Economics & Business, BS in Economics and Business: 1994	<ul> <li>2008–2011: Managing Director of Global Equities Hybrid Strategies, Citadel Asset Management</li> <li>2001–2008: Managing Director, Head of European Quantitative Equity Research, Citigroup Global Markets</li> <li>2000–2001: Strategist, Morgan Stanley</li> <li>1998–2000: Associate, Salomon Brothers</li> </ul>



N	ame/Title	Responsibilities	Began at Firm	Years of Exp.	Education	Prior Experience
	Brandon Berger Partner	Implements investment strategies	2013	11	Fordham University, MBA in Finance: 2011 Fordham University, BS in Business Administration with concentrations in Finance & International Business: 2010	2011–2013: Derivatives Market Maker, ABR Management LLC 2010–2011: Derivatives Trader, Toro Trading LLC
	John Capeci, PhD Partner	Implements investment strategies	1999	27	Princeton University, PhD in Economics: 1990 Harvard College, AB in Economics: 1984	1998–1999: Director of Research, PanAgora 1994–1998: Senior Investment Manager, PanAgora 1990–1995: Assistant Professor, Brandeis University
	Alex Ogan Partner	Implements investment strategies	2005	16	Harvard College, AB in Economics: 2005	2003–2004: Project Engineer, Aaxis Technologies
	George Pararas- Carayannis, CFA Partner	Implements investment strategies	2002	25	Babson College, MBA: 2011 Georgetown University, BS in Business Administration: 1996	2001–2002: Data Analyst, Putnam Investments 1998–2001: Senior Investment Associate, PanAgora 1997–1998: International Operations Administrator, Evergreen Keystone Funds 1996–1997: Registered Representative, Fidelity Investments



N	ame/Title	Responsibilities	Began at Firm	Years of Exp.	Education	Prior Experience
	Anne Luisi Manager	Implements investment strategies	2014	15	University of Virginia, MBA: 2012 Dartmouth College, BS in Economics: 2002	2011–2014: Associate, Investment Specialist, J.P. Morgan Private Bank 2002–2008: Associate, High Yield Credit Sales, J.P. Morgan Securities
	Alex Rodin, CFA Manager	Implements investment strategies	2016	9	Emory University, BS in Business Administration: 2012	2012–2015: Equity Research Analyst, Spot Trading
	Zach Vernon, CFA Partner	Implements investment strategies	2008	15	Boston College, BS in Finance: 2006	2006–2008: Equity Derivatives Trading Operations Analyst, Blackrock
	Michael Zervas, CFA Partner	Implements investment strategies	2004	20	Stonehill College, BS in Business Administration: 2001	2001–2004: Consultant, FactSet Research Systems

Name/Title	Responsibilities	Began at Firm	Years of Exp.	Education	Prior Experience
Sam Thompson, PhD Partner, Head of Investment Processes	Designs, develops, and maintains the investment systems used to support the management of client portfolios	2005	16	University of California at Berkeley, PhD in Economics and MA in Statistics: 2000 Yale University, BA in Economics: 1995	2005–2006: Consultant, Arrowstreet Capital 2004–2005: Associate Professor of Economics, Harvard University 2000–2004: Assistant Professor of Economics, Harvard University
Marta Campillo, PhD Partner	Designs, develops, and maintains the investment systems used to support the management of client portfolios	1999	25	Boston University, PhD in Economics: 2000 Universidad Complutense, MA: 1992 Institute of Fiscal Studies, MA: 1990 Universidad de Autonoma, BS: 1989	<ul> <li>1997–1999: Teaching Assistant, Dept. of Economics, Boston University</li> <li>1995–1997: Research Assistant, Prof. Jeffrey Miron, Boston University</li> <li>1990–1993: Research Associate, Foundation of Applied Economics Studies, FEDEA</li> </ul>
Hui Wang, PhD Partner	Designs, develops, and maintains the investment systems used to support the management of client portfolios	2012	9	University of Rochester, PhD in Physics: 2012 University of Science and Technology of China, BS in Physics: 2006	2007–2012: Research Assistant, University of Rochester 2006–2007: Teaching Assistant, University of Rochester
Katie McHardy Partner, Head of Investment Services	Oversees pre- and post-trade activities including account, data, and market operations	2010	21	University of Massachusetts, Amherst, BA in Accounting: 2000	2002–2010: Auditor, Financial Services Practice, Deloitte LLP 2000–2002: Auditor, Arthur Andersen LLP



N	ame/Title	Responsibilities	Began at Firm	Years of Exp.	Education	Prior Experience
	Joe Tiano Partner	Oversees post- trade activities including account, data, and market operations	2014	15	Boston University, MS in Computer Information Systems: 2019 Bentley University, BS in Economics-Finance: 2006	2010–2014: Trader, Sanford C. Bernstein HK Ltd. 2008–2010: Associate, Arrowstreet Capital, LP 2007–2008: Consultant, FactSet Research Systems
	Mary Rogers, CFA, CIPM Partner, Head of Investment Analytics	Oversees and produces analytics to support the investment process, including portfolio attribution	2008	14	Bentley University, BS in Finance: 2007	2007–2008: Associate, JPMorgan Chase

# Emerging Markets Equity Composite<sup>1</sup>

	Total Returns		Value Added		Annualized Three-Year Standard Deviation <sup>7</sup>		End of Period Composite	Number of	Composite	Total	
Time Period	Composite Gross-of-Fees <sup>2</sup>	Composite Net-of-Fees <sup>3</sup>	Benchmark <sup>4</sup>	Gross <sup>5</sup>	Net <sup>c</sup>	Composite	Benchmark*	Assets (\$Mil)	Portfolios	Dispersion*	Firm Assets (\$Mil) <sup>3</sup>
05/01/2001 - 12/31/2001	-6.29%	-6.81%	-1.78%	-4.50%	-5.03%		-	\$78	1	-	\$1,657
2002	-1.45%	-2.20%	-6.17%	4.73%	3.98%			\$77	1		\$2,882
2003	68.37%	67.16%	55.82%	12.56%	11.34%	-	-	\$298	4	-	\$4,405
2004	30.34%	29.36%	25.55%	4.78%	3.80%			\$713	5		\$7,437
2005	30.13%	29.25%	34.00%	-3.86%	-4.75%			\$1,415	8		\$11,053
2006	37.25%	36.31%	32.17%	5.08%	4.14%			\$2,133	9	0.40%	\$17,646
2007	56.44%	55.40%	39.38%	17.05%	16.01%			\$3,607	10	1.13%	\$23,524
2008	-48.55%	-48.92%	-53.33%	4.78%	4.41%	-	-	\$2,272	14	0.65%	\$14,549
2009	83.93%	82.76%	78.50%	5.42%	4.26%			\$5,303	19	4.15%	\$23,270
2010	22.11%	21.31%	18.88%	3.23%	2.43%			\$6,911	20	1.33%	\$34,179
2011	-10.69%	-11.30%	-18.42%	7.74%	7.12%	25.55%	25.76%	\$6,607	21	0.98%	\$34,792
2012	22.25%	21.45%	18.23%	4.02%	3.22%	21.32%	21.50%	\$8,674	21	0.80%	\$41,117
2013	-1.76%	-2.46%	-2.60%	0.84%	0.14%	18.32%	19.04%	\$6,710	18	0.75%	\$50,053
2014	0.54%	-0.20%	-2.19%	2.73%	1.98%	14.48%	15.00%	\$5,768	17	1.16%	\$52,206
2015	-14.16%	-14.94%	-14.92%	0.75%	-0.03%	13.78%	14.06%	\$4,618	15	1.33%	\$59,622
2016	13.26%	12.25%	11.19%	2.07%	1.06%	15.20%	16.07%	\$5,161	15	2.29%	\$69,939
2017	33.60%	32.43%	37.28%	-3.68%	-4.85%	14.90%	15.35%	\$6,427	15	2.11%	\$97,465
2018	-16.96%	-17.71%	-14.57%	-2.39%	-3.14%	14.58%	14.60%	\$4,612	15	0.99%	\$89,032
2019	26.39%	25.28%	18.42%	7.97%	6.86%	14.98%	14.17%	\$4,630	14	2.10%	\$106,168
2020	33.34%	32.17%	18.31%	15.03%	13.86%	20.90%	19.60%	\$3,351	11	1.58%	\$133,621
2021 1st Quarter	8.16%	7.93%	2.29%	5.88%	5.64%	20.16%	18.89%	\$3,299	10	-	\$143,436
2021 2nd Quarter	9.23%	9.00%	5.05%	4.19%	3.95%	19.60%	18.52%	\$3,331	9		\$151,615
2021 Year-to-Date	18.15%	17.64%	7.45%	10.70%	10.19%	-		\$3,331	9	-	\$151,615
2021 Trailing 1 Yr	66.44%	65.00%	40.90%	25.53%	24.10%	-	-	\$3,331	9	-	\$151,615

	Ann	Value	Added	Annualized Standard Deviation <sup>7</sup>			
Time Period	Composite Gross-of-Fees <sup>2</sup>	Composite Net-of-Fees <sup>3</sup>	Benchmark <sup>4</sup>	Gross <sup>5</sup>	Net <sup>c</sup>	Composite	Benchmark*
Trailing 3 Year	21.85%	20.78%	11.27%	10.58%	9.50%	19.60%	18.52%
Trailing 5 Year	18.77%	17.72%	13.03%	5.74%	4.69%	17.16%	16.10%
Trailing 7 Year	10.78%	9.80%	6.35%	4.43%	3.44%	17.36%	16.81%
Trailing 10 Year	8.17%	7.28%	4.29%	3.88%	2.99%	17.60%	17.58%
Since Inception	14.43%	13.56%	9.94%	4.49%	3.61%	21.25%	21.04%

Data as of June 30, 2021

See the following footnotes for important disclosures to be read in conjunction with the performance results presented herein



### **Emerging Markets Equity Composite: Disclosures**

#### Past results are not necessarily indicative of future results.

- This information has been prepared for the benefit of select, qualified institutional investors for educational, informational, and discussion purposes only and is not intended for mass distribution.
- Prior to January 1, 2019, gross-of-fees returns for both separately managed accounts and pooled investment funds for which Arrowstreet is the investment adviser and promoter (the Arrowstreet Sponsored Funds) were calculated net of trading expenses, net of operating expenses where such expenses were, at the discretion of the client, paid through the account (and gross of operating expenses otherwise) and gross of management fees (including performance fees, where applicable). Beginning January 1, 2019, gross-of-fees returns for separately managed accounts are calculated net of trading expenses, gross of operating expenses and gross of management fees (including performance fees, where applicable). The gross-of-fees returns for Arrowstreet Sponsored Funds continue to be calculated net of trading expenses, net of operating expenses and gross of management fees (including performance fees, where applicable).
- Net-of-fees returns for both separately managed accounts and Arrowstreet Sponsored Funds are arrived at by deducting management fees from the calculated gross returns.

Since October 1, 2014, composite net-of-fees returns have been calculated by applying the highest fee tier in the Composite fee schedule (0.90%) to the Composite gross-of-fees returns on a monthly basis and assuming only investment management base fees have been charged. Prior to October 1, 2014, composite net-of-fees returns were calculated using the Composite fee schedule in effect at the time and assuming only investment management base fees were charged. From January 1, 2008 through September 30, 2014, fees were computed based on average daily net asset values during the relevant quarter without separate adjustments for contributions or withdrawals, and assumed to be paid on the last day of each quarter. Prior to 2008, fee rates were applied to end of guarter market values, as adjusted for contributions and withdrawals within that guarter, and assumed to be paid on the last day of each guarter. In each case, actual fees charged vary from portfolio to portfolio.

The Firm's standard investment advisory fee schedule applicable to the Composite is 0.90% for the first \$25 million under management. 0.75% for the next \$25 million under management. 0.65% thereafter.

- The Composite was reported against the MSCI Emerging Markets Index, Gross, from May 1, 2001 through March 31, 2011. Starting on April 1, 2011, the benchmark for the Composite was retroactively changed to the MSCI Emerging Markets Index, Net. This retroactive change was made in order to provide a more direct comparison of benchmark returns to composite returns as composite returns are presented net of non-reclaimable withholding taxes. We believe there is no significant difference between the MSCI Emerging Markets Index. Gross, and the MSCI Emerging Markets Index, Net.
  - The MSCI Emerging Markets Index. Net, is a fully invested capitalization weighted index that assumes reinvestment of dividends and is net of withholding taxes retained at the source for entities which do not benefit from a double taxation treaty. The MSCI Emerging Markets Index, Gross, is a fully invested capitalization weighted index that assumes reinvestment of dividends and no withholding taxes. Index returns do not include any transaction costs, management fees or other costs. Benchmark Source: MSCI. MSCI makes no express or implied warranties or representations and shall have no liability whatsoever with respect to any MSCI data contained herein. The MSCI data may not be further redistributed or used as a basis for other indices or any securities or financial products. The report is not approved, reviewed or produced by MSCI.
- Value Added represents the Composite's performance relative to the Benchmark, calculated as the difference between the Composite Gross-of-Fees Returns and Benchmark Returns.
- Value Added represents the Composite's performance relative to the Benchmark, calculated as the difference between the Composite Net-of-Fees Returns and Benchmark Returns.
- Standard deviation is calculated using the gross-of-fees returns. The three-year annualized ex-post standard deviation is not presented for the Composite or its Benchmark where, at the time presented, the Composite incepted less than thirty-six months prior.
- Presented only for years where the Composite included more than five portfolios for the entire calendar year, and a portfolio is only included in this computation to the extent it was included in the Composite for the entire calendar year. Composite dispersion is computed using an asset weighted standard deviation measure based on portfolio gross returns and the assets in a portfolio at the beginning of each year. Several factors, individually or in combination, may lead to dispersion of performance among portfolios within the Composite, including cash flows in and out of a portfolio, differences in the instruments and markets available for investment and other individual portfolio restrictions.
- The 2020 GIPS Standards require disclosure of total firm assets as of each annual period ending on or after December 31, 2020. For reporting periods prior to December 31, 2020, composite assets as a percentage of total firm assets were disclosed as permitted under the GIPS Standards at the time. Total firm assets presented for periods prior to December 31, 2020 were not examined as part of our composite performance examination.



## **Emerging Markets Equity Composite: Disclosures**

#### General Information

The Firm is defined as Arrowstreet Capital, Limited Partnership ("Arrowstreet" or the "Firm"), which includes all assets managed by Arrowstreet. Arrowstreet is a registered investment adviser with the United States Securities and Exchange Commission (SEC) under the U.S. Investment Advisers Act of 1940, as amended.

Arrowstreet claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Arrowstreet has been independently verified for the periods December 1, 1999 through December 31, 2020.

A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. The Emerging Markets Equity Strategy Composite has had a performance examination for the periods May 1, 2001 through December 31, 2020. The verification and performance examination reports are available upon request.

A complete list of composite descriptions is available upon request; the type of portfolios included within each composite are indicated on such list. In addition, Firm policies for valuing portfolios, calculating performance and preparing GIPS Composite Reports are available upon request. Dividend income is recorded on an accrual basis net of non-reclaimable withholding taxes.

The Emerging Markets Equity Strategy Composite (the "Composite"), created on May 1, 2001, consists of each discretionary fee paying portfolio that seeks to outperform its benchmark by investing primarily in long equity securities of issuers within its benchmark; such benchmark includes equity securities of issuers in markets generally considered to be emerging markets.

A portfolio is included in the Composite in the first full month following inception and a terminated portfolio is removed from the Composite following its last full month preceding its termination.

Portfolios in the Composite may utilize exchange-traded futures as part of its investment policy, including to manage a portfolio's exposure to cash. These instruments are often highly volatile, involve certain special risks that are not present in trading equities and may expose portfolios to a higher risk of loss than if only equities were traded. A low initial margin deposit is typically required to establish a futures position, which presents the potential for a high degree of leverage. As a result, a relatively small movement in the price of a futures contract may result in a profit or a loss which is high in proportion to the amount of funds actually placed as initial margin and may result in unquantifiable further losses exceeding any margin deposited. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments or market sectors being hedged.

Portfolios in the Composite may utilize over-the-counter forward foreign exchange contracts as part of their investment policy, including for investment or hedging purposes. These instruments are often highly volatile, involve certain special risks that are not present in trading equities and may expose portfolios to a higher risk of loss than if only equities were traded. Transactions in over-the counter derivatives may involve additional risk as there is no exchange or market on which to close out an open position. It may be impossible to liquidate an existing position, to assess or value a position, or to assess the exposure to risk. The use of such contracts involves counterparty risk, which is the risk that the contracting party will not fulfill its contractual obligation to deliver the currency contracted for at the agreed upon price. Further, when used for hedging purposes there may be an imperfect correlation between these instruments and the investments being hedged.

Portfolios in the Composite invest in non-US equities. Such investments often involve special risks beyond those in US equities, including currency fluctuation, lower liquidity, different accounting methods and economic and political systems, and higher transaction costs.

Results presented above are based on their U.S. Dollar (USD) equivalency. Portfolios included in the Composite may have different base currencies. Currency exchange rate fluctuations will impact performance results.

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## **Emerging Markets Equity Composite: Disclosures**

#### Required Fee and Expense Disclosure for Pooled Funds included within the Composite\* As of June 30, 2021:

Fund Name	Management Fee	Management Fee	Operating	Total Expense Ratio <sup>4</sup>	Total Expense Ratio <sup>s</sup>
	(Base Fees Only)¹	(Base & Performance Fees)²	Expenses <sup>3</sup>	(Base Fees Only)	(Base & Performance Fees)
Arrowstreet Investment Trust - Arrowstreet Emerging Market Trust Fund	0.85%	0.30% and 20%	0.39%	1.24%	0.69%

- 1 Represents the fund's highest management fee schedule (including base fees and not performane fees) as of the above-noted date, expressed on an annualized basis. Actual fees charged may vary significantly between investors.
- 2 Represents the fund's highest management fee schedule (including both base and performance fees) as of the above-noted date, expressed on an annualized basis. Actual fees charged may vary significantly between investors.
- 3 Represents the fund's highest operating expense ratio (excluding transaction costs), as of the above-noted date, expressed on an annualized basis.
- 4 Represents the fund's highest total expense ratio (including base fees and not performance fees; excluding transaction costs), as of the above-noted date, expressed on an annualized basis. Actual fees charged may vary significantly between investors.
- 5 Represents the fund's highest total expense ratio (excluding transaction costs), as of the above-noted date. Operating expenses (excluding transaction costs) and base management fees are expressed on an annualized basis. Performance fees are expressed based on the amount of such fees accrued as of the above-noted date (note that the Composite Net-of-Fees returns presented on page 1 include performance fees once realized).



<sup>\*</sup> Please refer to the applicable fund fact sheet and fund offering documents for additional details on all available share classes, including descriptions of the management fee structures offered.

### Strategy and Performance Endnotes

† Target Value Added" represents our ex-ante objective for outperformance per year relative to the benchmark over a full market cycle (defined here for this purpose as 5 to 7 years) based upon our assessment of the available investment opportunities when the portfolio is managed at the applicable tracking error range. "Tracking Error" represents the typical expected range of annualized standard deviation of the difference between the portfolio return and the portfolio's benchmark return. "Info Ratio" (Information Ratio) is determined by dividing Target Value Added by our internal expectation of full market cycle average tracking error.

1 Please see the applicable Composite Performance Review for each named investment strategy (all of which are available upon request) for important disclosures to be read in conjunction with the performance results presented herein, which also includes applicable benchmark changes over the history of the composite. The return information presented represents past performance and is not a guarantee of future results. Returns for periods over one year are annualized. Results presented above are based on their U.S. dollar (USD) equivalency. Portfolios included in each Composite may have different base currencies. Currency exchange rate fluctuations will impact performance results.

<sup>2</sup> "Trailing Composite Gross Returns" are presented gross of investment management fees (including performance fees, where applicable) and include the reinvestment of income. Prior to January 1, 2019, gross-of-fees returns for both separately managed accounts and pooled investment funds for which Arrowstreet is the investment adviser and promoter (the Arrowstreet Sponsored Funds) were calculated net of trading expenses, net of operating expenses where such expenses were, at the discretion of the client, paid through the account (and gross of operating expenses otherwise) and gross of management fees (including performance fees, where applicable). Beginning January 1, 2019, gross-of-fees returns for separately managed accounts are calculated net of trading expenses, gross of operating expenses and gross of management fees (including performance fees, where applicable). The gross-of fees returns for Arrowstreet Sponsored Funds continue to be calculated net of trading expenses, net of operating expenses and gross of management fees (including performance fees, where applicable).

<sup>3</sup> "Trailing Composite Net Returns" are presented net of investment management fees (including performance fees, where applicable) and include the reinvestment of income. Net-of-fee returns for both separately managed accounts and Arrowstreet Sponsored Funds are arrived at by deducting management fees (including performance fees, where applicable) from the calculated gross returns. Depending on the performance of a given portfolio, there exists the potential that no performance fees will be assessed for the relevant period end. Actual fees charged vary from portfolio to portfolio.

<sup>4</sup> "Excess Returns" represents the difference between the composite total returns and the benchmark returns.

<sup>5</sup> Benchmark Data Sources

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<sup>6</sup> As of February 1<sup>st</sup>, 2021 there are no longer any active constituents in the strategy.



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#### **Arrowstreet Capital, Limited Partnership**

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#### MEMORANDUM TO THE BOARD OF UNIVERSITY AND SCHOOL LANDS

August 26, 2021

#### **RE: International Small Cap Equity Allocation**

In September 2017, the Board of University and School Lands' (Board) approved changes to the Permanent Trust Funds' (PTFs) international equity allocation to include international small cap developed market ex-U.S. equities. In December 2017, the Board approved an investment in QMA's EAFE Small Cap commingled fund (EAFE stands for Europe, Australasia and Far East).

As a result of consistent underperformance, Department Staff and RVK recommend terminating the QMA EAFE Small Cap mandate (\$210+ Million) and replacing it with two new EAFE small cap equity mandates. The QMA mandate has underperformed both its benchmark (MSCI EAFE Small Cap Index) and its peers. RVK's research shows the QMA mandate has a worse risk/return performance than its index and peer group. It also has worse periodic Sharpe Ratios, Information Ratios and Upside/Downside Capture Ratios than its peer group.

Staff and RVK recommend moving to a new active manager and an index, which should decrease portfolio risk while increasing returns. Staff and RVK began the manager search by compiling a list of the top performing managers within RVK's database. Staff and RVK reviewed the return performance and risk history of each manager, along with fees, investment staff, operations, and process. Staff and RVK selected and interviewed top managers to review their investment strategies and investment process.

After conducting a thorough due diligence of each manager it was determined that Staff and RVK would recommend the Board approve a mandate with Acadian. Acadian Asset Management has a strong and transparent investment process and portfolio characteristics that Staff and RVK felt would best suit the PTFs. Acadian is an investment manager founded in 1986 and headquartered in Boston, with offices in the U.S., Europe and Asia. They have over \$117 Billion in assets under management and over 95 investment professionals.

Staff and RVK also recommend an investment with Northern Trust Investments in their EAFE Small Cap Equity index fund. From time-to-time Acadian has waiting lists; this index fund will give the PTFs a rebalancing tool for when the PTFs are waiting in Acadian's investment queue or when we need to reduce holdings due to faster growth in the asset class versus other assets.

Recommendation: The Board approve terminating investment with QMA and using the proceeds (\$210+ Million) to invest with Acadian in an EAFE Small Cap Equity actively managed mandate, and approve a \$25 Million investment with Northern Trust in an EAFE Small Cap Equity Index mandate subject to final review and approval of all legal documents by the Office of the Attorney General.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Stenehjem					
Governor Burgum					

Attachment 1: RVK Recommendation Memo

Attachment 2: Acadian International Small Cap Presentation



#### Memorandum

То	North Dakota Board of University and School Lands
From	RVK, Inc.
Subject	International Small Cap Equity Search and Recommendation
Date	August 16, 2021

#### Overview

Based on the ongoing review of the structure within each asset class portfolio, Staff and RVK initiated a search to evaluate potential alternatives to the current structure, which is 100% managed by QMA. QMA was selected as a core manager in 2018, but has had difficulty traversing recent growth-led markets. Although these trends could change in the future, we have identified a potential opportunity to invest with a manager that has fared better across both growth and value style cycles historically. In the evaluation of investment managers, there was a particular focus on identifying managers that have a lengthy track record of consistently adding alpha in different market conditions.

#### Recommendation

Based on the manager search process and due diligence performed, Staff and RVK recommend the replacement of QMA with Acadian Asset Management, specifically utilizing their Non-US Small Cap Equity strategy. Further, we also recommend the addition of a relatively small (10 – 15% of Non-US Small-Cap Equity) passively managed index fund that will be utilized primarily for rebalancing, liquidity, and fee management purposes. We recommend utilizing Northern Trust for the passive allocation based on a competitive request for quote process. While all candidates evaluated were high quality firms, Acadian exhibited advantages over the other finalists including broad market exposure, a lengthy track record, an attractive risk/return profile, a comprehensive and repeatable investment process, and competitive fees.

#### **Manager Search Process**

The RVK Investment Manager Research team maintains ongoing research coverage across the spectrum of institutional-quality international small cap asset managers. Leveraging this knowledge and experience, the equity research team built an initial list of potential replacement strategies that fit the unique needs of the portfolio and that we also consider best in class from the perspective of experience, scale, and scope to oversee such a mandate. Based on these criteria, the initial list of candidates included five potential international small cap equity managers as well as the incumbent.

RVK and the Land Board's Investment Staff reviewed characteristics of these six strategies, such as assets under management, performance (risk-adjusted as well as consistency), fees, firm structure, team (e.g. tenure, size, stability) and portfolio characteristics (e.g. market cap and



geographic allocations). After the review, RVK and Staff scheduled a meeting with Acadian on July 21, 2021. Participants from the asset manager's side included Harry Gakidis, Ph.D., Lead Portfolio Manager at the firm for their Core strategies.

#### **Fee Comparison**

The fee proposals submitted by the managers are shown below.

Managers	Management Fee*
Acadian	0.68%
Manager 2	0.83%
Manager 3	0.68%
Manager 4	1.04%
Manager 5	0.67%
QMA (Incumbent)	0.68%

<sup>\*</sup> Fee calculated based on a \$200 million mandate size

The median fee for a \$200 million international small cap equity mandate is approximately 84 basis points. Acadian's fee ranks in the 15<sup>th</sup> percentile of the universe and includes operating expenses. For commingled vehicles, a large percentage of managers do not include operating expenses in their posted fee; it is strictly the management fee, making Acadian's proposed fee uniquely attractive.

Three index fund providers were contacted for a fee proposal on a \$25 million mandate for an International Small Cap (MSCI EAFE or World Ex US Small Cap) Index strategy. Northern Trust's fee was in line with another manager at 6 basis points. However, managers fees were contingent upon being selected for both mandates, emerging and international small cap. Therefore, Northern Trust was chosen due to their lower overall fee for both searches.

Managers	Management Fee*
Northern Trust	0.06%
Manager 2	0.06%
Manager 3	0.0965%**

<sup>\*</sup> Fee calculated based on a \$25 million mandate size

<sup>\*\*</sup>This is a lending strategy



### **Supplemental Information**

Attached are: (1) Search Process Screening Criteria (2) Acadian Non-US Small Cap Strategy Summary and (3) Comparative Performance Analysis.



#### **Appendix 1: Search Process Screening Criteria**

#### Organization

- Appropriate government registration
- Appropriate succession plans
- Stable ownership structure, employee ownership
- Pending, threatened, or historical legal action against the firm or employees
- Other lines of unaffiliated business
- Adequate compliance procedures and oversight

#### **Professional Staff**

- Size and tenure of the investment team
- Investment team turnover
- Compensation aligned with long-term performance

#### Investment Philosophy/Process

- Reasonable and repeatable investment philosophy given manager description
- Historical attribution matching performance expectations set by the firm
- Evaluation of risk constraints and portfolio guidelines
- Unique features of the investment process
- Changes to the process
- Trading

#### Performance

- Consistency
- Absolute and risk-adjusted
- Full cycle evaluations
- Upside/downside performance

#### Risk Management/Operations

- Dedicated risk oversight
- Adequate systems
- Adequate budget and staff
- Disaster recovery/business continuity

#### Fee<u>s</u>

Relative to other respondents



#### Appendix 2: Acadian Non-US Small Cap Strategy Summary

#### Firm

Acadian was founded in Boston in 1986. In 1992, Acadian became an affiliate of Boston-based United Asset Management which was acquired in October 2000 by Old Mutual plc, a publicly traded international financial services group, which was later rebranded to Brightsphere. Brightsphere affiliates operate autonomously with the parent firm providing seed capital, legal services, mutual fund support, and distribution capabilities. As of 6/30/2021, Acadian manages approximately \$116.8 billion among four main strategy types: global equity, emerging markets debt, managed volatility, and long/short equity. The firm has employees in Boston (headquarters), London, Singapore, Sydney, and Tokyo. Their client base is primarily institutional.

Issues to consider: The current parent company, Brightsphere, has been divesting from its asset management holdings. Acadian is now their sole holding in the asset management space. This divestment activity will likely impact Acadian in the near-term; however, the management of Acadian is involved in the discussions with the parent firm to find an appropriate long-term partner.

#### **Team**

Due to the retirement of CEO Churchill Franklin, a leadership transition occurred on the investment team in January 2018, in which Ross Dowd (Director of the Global Client Group) and John Chisholm (CIO) became co-CEOs. Brendan Bradley, Acadian's Director of Portfolio Management was appointed co-CIO (with Mr. Chisholm) and fully succeeded Mr. Chisholm as Chief Investment Officer in 2019. Following this successful transition to a new generation of leadership, Mr. Chisholm announced his own retirement, effective June 2022.

Each investment/research team at the firm reports to the CIO. Those teams include:

- Investment Analytics and Data (34)
- Global Equity Research (16)
- Equity Portfolio Management (26)
- Implementation (23)

In aggregate there are over 95 investment professionals on the investment team, 26 of which are Portfolio Managers with an average of 19 years of industry experience. Resources are shared



across all the firm's strategies.

#### **Investment Process**

The team follows a quantitative process that is based on fundamental valuation. They believe market inefficiencies are caused by behavioral anomalies such as investors' overconfidence and pessimism.

The process starts with a broad universe of around 14,000 stocks globally. Those stocks are ranked using both bottom-up (value, growth, quality, technical), peer-relative (momentum, fundamentals) and top-down factors (value, growth, technical, risk, macro). Bottom-up factors, ranked relative to a stock's peer group, include:

- Value: Price to Intrinsic Income Value, Price to Intrinsic Asset Value, Discounted Cash Flow, and Cash Flow Efficiency
- Growth: Media Effect, Earnings Surprise, and Recommendation Change
- Quality: Asset Quality, Cash Flow Quality, and Management Behavior
- Technical: Momentum, Smart Reversal, and Industry Leadership

Top-down factors, peer group forecast relative to world equity, include:

Value: Price to Earnings

Growth: Recommendation Change

Technical: Momentum

Risk: Volatility

Macro: Commodity Impact

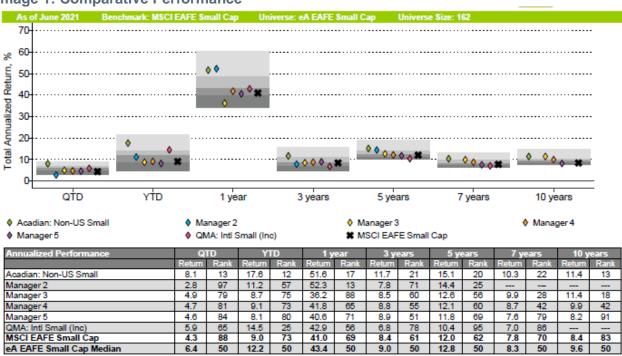
Over 100 quantitative factors are utilized, each receiving a small weight in the model. Bottom-up analysis receives the majority of the weight in the return forecast of each stock.

After the universe is ranked, an optimizer is used to mitigate risk, maximize return, and custom tailor the portfolio to comply with the strategy guidelines. Constraints used in the optimizer include risk target, benchmark weights, estimated transaction costs, client restrictions, and security correlations. After portfolio optimization, trades are implemented on a daily basis. Stocks with fundamental deterioration are removed and replaced. Because portfolios are optimized to maximize idiosyncratic (stock specific) risk, portfolios tend to broadly reflect the benchmark in terms of market cap, industry, and country/region exposures. Country exposure weights are held to +/- 6% relative to the benchmark while sector weights are held to +/- 8%. The Non-US Small Cap Equity strategy is benchmarked to the MSCI EAFE Small Cap Index, which includes strictly small cap developed stocks.



#### **Appendix 3: Comparative Performance Analysis**

**Image 1: Comparative Performance** 



Performance is gross of fees.



Image 2: Three and Five-Year Risk/Return

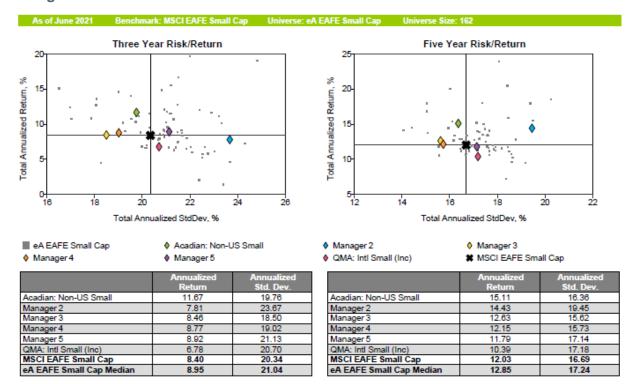
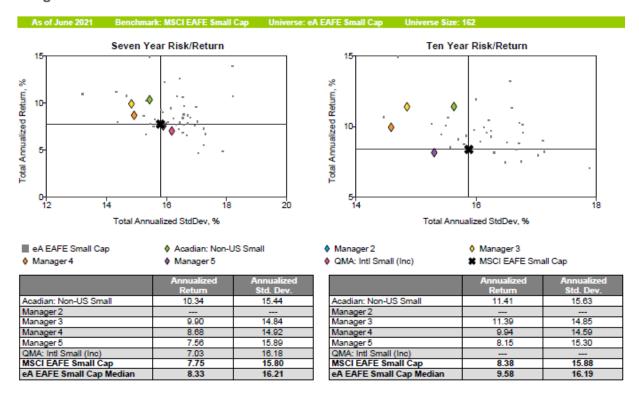




Image 3: Seven and Ten-Year Risk/Return







# North Dakota Board of University and School Lands

NON-U.S. SMALL-CAP EQUITY

AUGUST 26, 2021

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### **ACADIAN PRESENTATION TEAM**



### Harry Gakidis, Ph.D. — Senior Vice President, Lead Portfolio Manager, Core

Harry joined Acadian in 2014 and serves as lead portfolio manager for Core strategies. Prior to joining Acadian, Harry worked as a senior quantitative strategist at Loomis Sayles, where he founded the firm's quantitative Strategy Lab and co-managed a U.S. equity long/short strategy. Prior to his work at Loomis Sayles, he was senior vice president, fixed income quantitative risk and relative value specialist at Putnam Investments. In this role, Harry built and managed a book of systematic alpha strategies in domestic investment-grade and high-yield credit. He earned a Ph.D. in economics from MIT and holds an A.B. in economics from Harvard University.



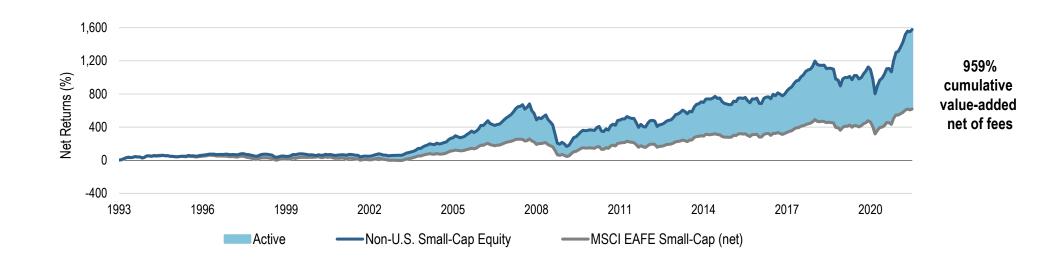
#### Andrew D. Miller — Senior Vice President, Business Development

Andrew joined Acadian in 2004 and is a senior member of Acadian's Global Client Group, focusing on public pension and Taft-Hartley funds, bringing with him his experience from Acadian's client service, business development, and operations functions. Previously, he worked in global custody at State Street Corporation. Andrew is a member of numerous public pension associations including: the National Association of State Retirement Administrators (NASRA), National Council on Teacher Retirement (NCTR), National Conference on Public Employee Retirement Systems (NCPERS), and the State Association of County Retirement Systems (SACRS). He also serves on the Fenway High School (Boston) Investment Committee. Andrew received an M.B.A. from Northeastern University and a B.A. from Wheaton College.

# **OVERVIEW**

### WHY ACADIAN IN NON-U.S. SMALL-CAP EQUITIES?

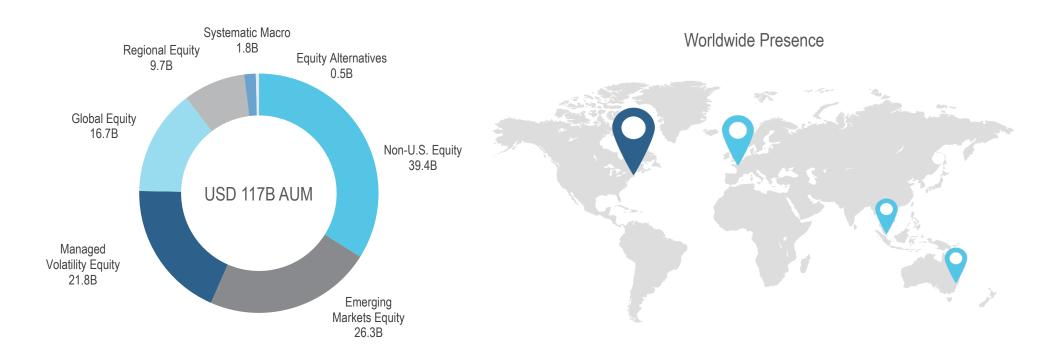
- Founded in 1986 on the principle of investing in Non-U.S. Small-Cap equities
- Broad and mispriced security universe in an inefficient asset class
- Outperformance in 23 out of 28 years, with a since inception annualized return of 11.2% versus 7.1% for the benchmark as of July 31, 2021\*



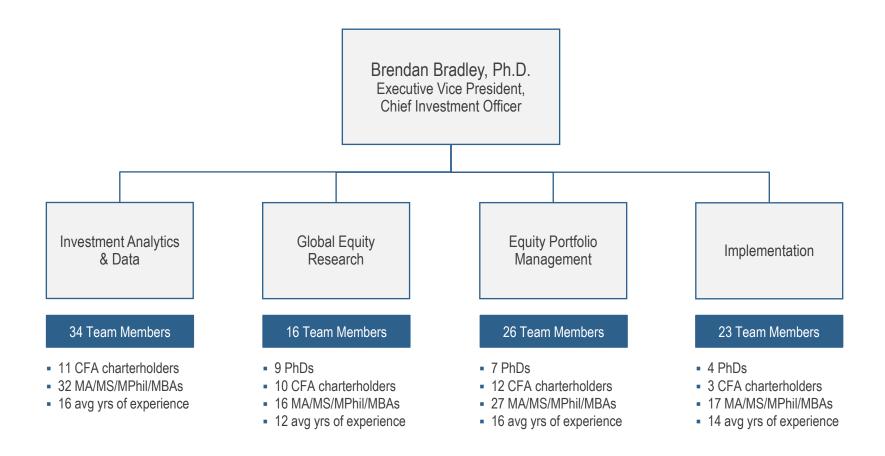
### ACADIAN ORGANIZATIONAL OVERVIEW

July 31, 2021

- Acadian has been a pioneer in systematic investing since our founding in 1986
- We believe that a systematic approach is well suited to delivering consistent risk-adjusted returns
- Our 370-person team is focused on continuous research and innovation



### INVESTMENT TEAM OVERVIEW



Over 95 investment professionals with an average of 15 years experience per team member

### REPRESENTATIVE INVESTOR LIST

### Acadian invests on behalf of some of the world's largest and most sophisticated institutions.

#### **Public**

Employees' Retirement Fund of the City of Dallas

Florida State Board of Administration

Los Angeles County Employees Retirement Association

Massachusetts Pension Reserves Investment Management Board

Municipal Employees' Retirement System of Michigan

New York City Employees Retirement System

Ohio Public Employees Retirement System

Oregon Public Employees

Public School & Education Employee Retirement

Systems of Missouri

Tennessee Consolidated Retirement System

Virginia Retirement System

West Virginia Investment Management Board

#### Corporate

3M Company

Altria Group

Dow Inc.

JM Family Enterprises, Inc.

Pfizer

#### Endowment/Foundation

**American Cancer Society** 

Carnegie Mellon University

Cornell University

Georgia Tech Foundation

W.K. Kellogg Foundation

#### **Sub-Advisory**

Integra Capital Management Corporation

SEI

### Taft-Hartley

North Atlantic States Carpenters Benefit Funds Producer-Writers Guild of America Pension Plan

#### Australia

Equipsuper

Colonial First State Investments Ltd.

Aware Super

#### Canada

Mouvement Desjardins

Ville de Montréal

#### Europe

Fidelity International

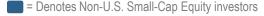
Hampshire County Council

Ireland Strategic Investment Fund

Kempen Capital Management

**LGT Capital Partners** 

PKA A/S



# **PROCESS**

### INVESTMENT PHILOSOPHY

- Market inefficiencies caused by behavioral errors can be exploited
- Fundamental insights about mispricing can be best captured employing quantitative methods
- Investment process must be adaptive to account for changing market dynamics

# INVESTMENT PROCESS

### Acadian's process is systematic, objective and consistent.

<b>INVESTMENT</b>	
UNIVERSE	

#### WORLD EX-U.S. **SMALL-CAP**

17,000 stock Investment universe

ESG Issues Are **Integrated Throughout** 

### STOCK **FORECAST**

#### **OBJECTIVE RETURN FORECAST**

Stock-specific: Selection relative to traditionally defined peers

Peer

Overlooked information from alternative peer groups

Macro:

Top-down group signals (industry and country)

Integrated Factors, Active Research Agenda

### **PORTFOLIO** CONSTRUCTION

#### DISCIPLINED PORTFOLIO CONSTRUCTION

Return forecasts

Risk forecasts

Transaction costs estimates

Liquidity estimates

#### **TRADING**

#### **COST EFFECTIVE TRADING**

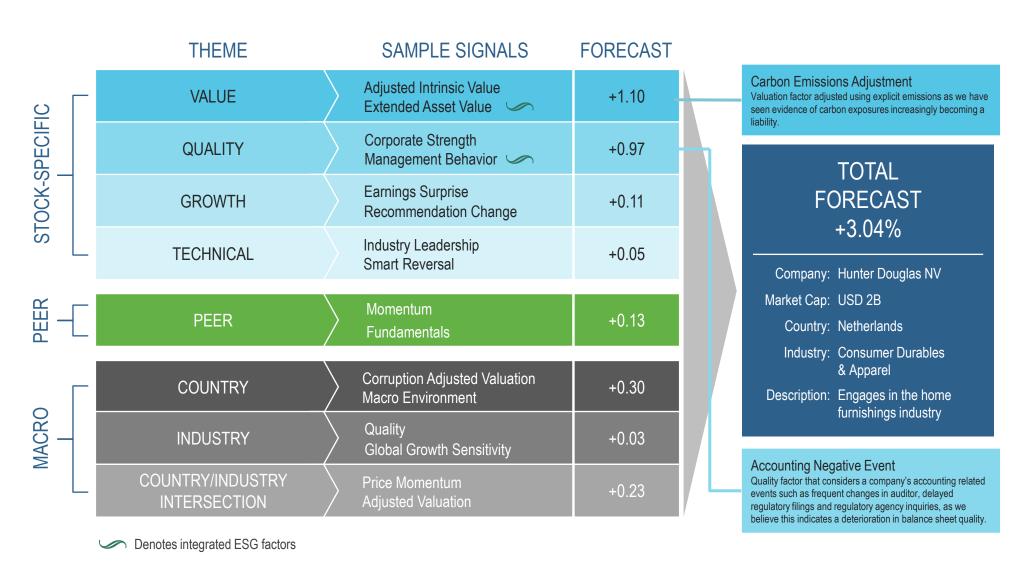
Structured trading process

Application of ESG Screens, Risk Management, Portfolio Tilting\*

Portfolio Characteristics Report, Proxy Voting, Women & Minority Brokerage, **Engagement Reporting** 

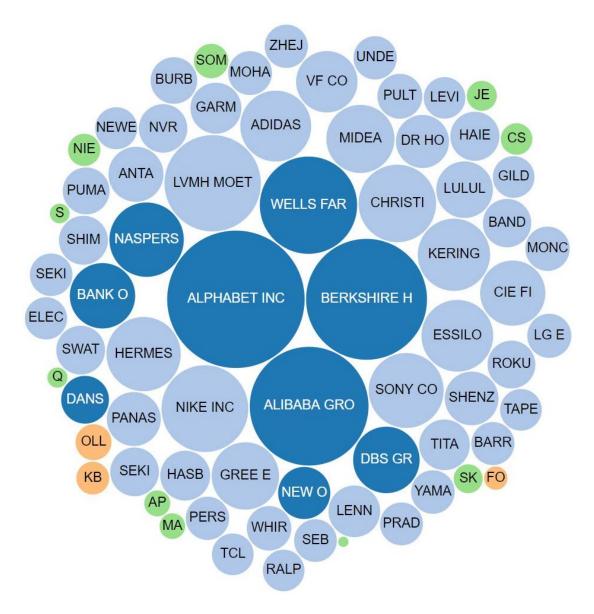
<sup>\*</sup>ESG screens and portfolio tilts are implemented at client direction. The information provided is for illustrative purposes only.

### STOCK FORECAST EXAMPLE



### STOCK FORECAST EXAMPLE: MAPPING PEER RELATIONSHIPS

Hunter Douglas NV

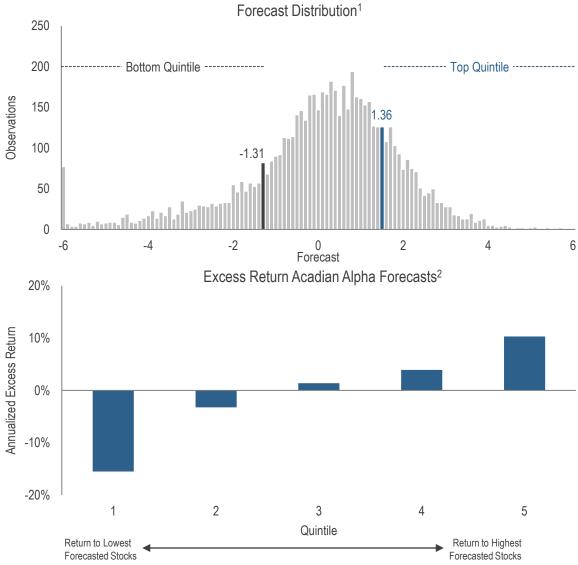


#### **LEGEND**

- Peer Linkage A
- Peer Linkage B
- Peer Linkage C
- Peer Linkage D
- Peer Linkage F

### STOCK FORECAST DISTRIBUTION AND RETURNS

Trailing 10 Years as of June 2021



Source: Acadian Asset Management LLC. For illustrative purposes only

Source: Acadian's EAFE Small-Cap universe with a market cap between \$100M - \$500M. Methodology: Observations represents the number of forecasts. The highlighted values represent the observations in the top and bottom quintiles. The information is not reflective of a particular time period and is provided for illustrative purposes only. The chart depicts our forecast distribution process based on proprietary models. There can be no assurance that the forecasts will be achieved.

<sup>&</sup>lt;sup>2</sup>This is not intended to represent investment returns generated by an actual portfolio. They do not represent actual trading or 21 actual account but were achieved by means of using Acadian's EAFE Small-Cap universe of securities for the period specified above. Results do not reflect transaction costs or other implementation costs. Past performance is no guarantee of future results.

# RISK MANAGEMENT AND PORTFOLIO CONSTRUCTION

Non-U.S. Small Cap Equity

Active risk	4% - 6% tracking error
Market risk	Beta, volatility & size constrained to market
Security risk	2.25% active weight (dynamic)
Sector risk	+/- 8% active weight
Country risk	+/- 6% active weight
Factor crowding	Mitigate factor crowding through Dynamic Factor Weighting
Human oversight	Portfolio review, discretionary risk management

# RESEARCH: REPRESENTATIVE PROJECTS

PROJECT THEMES	INVESTMENT PHILOSOPHY	REPRESENTATIVE PROJECTS
ESG	Investors don't fully appreciate competitive advantages of environmental technology leaders	Environmental Innovation
ALTERNATIVE DATA	Market participants neglect information present in hard-to-acquire leading indicators of firm performance	Mobility
MACHINE LEARNING	Investors underappreciate the complexity of information present in macroeconomic indicators	Macro Regime
MACRO	Investors do not fully understand the impact of macro cycle on industry valuations	Valuation Cyclicality
GROUP DESIGN	Investors fail to identify important but less obvious peer groups for stock comparisons	Proprietary Groupings

# STRATEGY

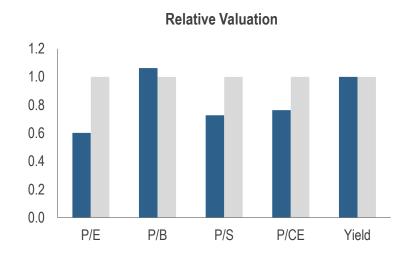
# STRATEGY OVERVIEW

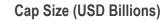
	NON-U.S. SMALL CAP EQUITY
Style	Small-Cap, Core
Process	Quantitative stock selection, 100+ proprietary factors
Universe	14,000 securities
Benchmark	MSCI EAFE Small-Cap
Performance Objective	2% - 3% (net of fees)
Active Risk	4% - 6%
Turnover	40% - 80%

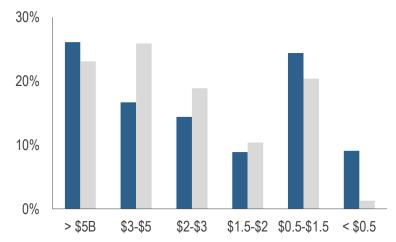
Key Characteristics – July 31, 2021\*

Valuation	Portfolio	Benchmark
Price/Earnings	18.6	30.9
Price/Book	1.7	1.6
Price/Sales	0.8	1.1
Price/Cash Earnings	9.7	12.7
Yield	1.9%	1.9%
Total Securities	1496	2387

Cap Size (USD Billions)	Portfolio	Benchmark
> \$5B	26.1%	23.1%
\$3-\$5	16.7%	25.9%
\$2-\$3	14.4%	18.9%
\$1.5-\$2	8.9%	10.4%
\$0.5-\$1.5	24.4%	20.4%
< \$0.5	9.1%	1.3%
Median	0.6	1.4
Weighted Average	3.7	3.5

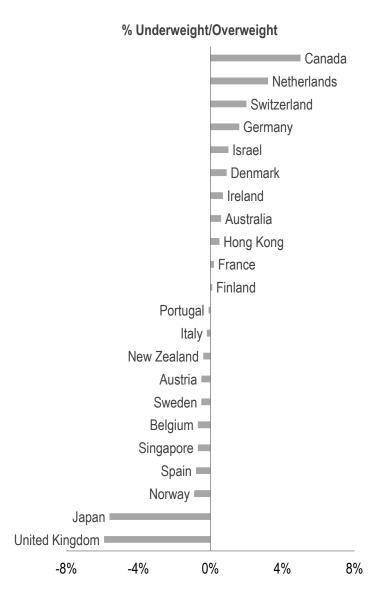






Regional Allocations – July 31, 2021\*

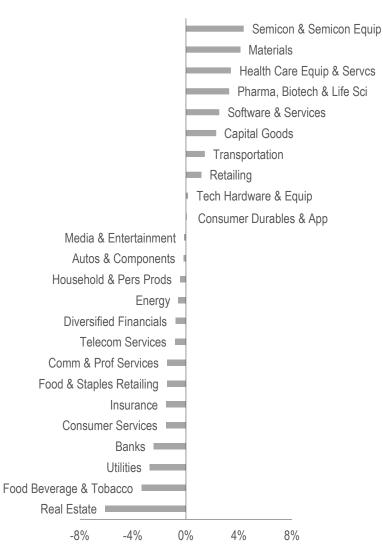
	Portfolio	Benchmark	Difference
Continental Europe	43.5%	38.5%	5.0%
Austria	0.5	0.9	-0.5
Belgium	1.0	1.6	-0.7
Denmark	2.7	1.8	0.9
Finland	1.9	1.9	0.1
France	3.6	3.3	0.2
Germany	6.9	5.3	1.6
Ireland	1.2	0.5	0.7
Italy	2.7	2.9	-0.2
Netherlands	5.6	2.4	3.2
Norway	1.5	2.4	-0.9
Portugal	0.1	0.2	-0.1
Spain	1.1	1.9	-0.8
Sweden	7.4	7.9	-0.5
Switzerland	7.3	5.3	2.0
United Kingdom	11.8%	17.7%	-5.9%
Australia/New Zealand	9.9%	9.7%	0.2%
Australia	9.4	8.8	0.6
New Zealand	0.5	0.9	-0.4
Hong Kong/Singapore	3.7%	3.9%	-0.2%
Hong Kong	2.5	2.0	0.5
Singapore	1.1	1.9	-0.7
Japan	21.9%	27.4%	-5.6%
North America	5.1%	0.0%	5.1%
Canada	5.0	0.0	5.0
Middle East	3.8%	2.8%	1.0%
Israel	3.8	2.8	1.0
<b>Emerging Markets</b>	0.1%	0.0%	0.1%
Cash	0.4		



Industry Allocations – July 31, 2021\*

	Portfolio	Benchmark	Difference
Communication Services	3.5%	4.4%	-0.9%
Media & Entertainment	3.3	3.4	-0.1
Telecommunication Services	0.2	1.0	-0.8
Consumer Discretionary	12.6%	13.0%	-0.4%
Automobiles & Components	1.8	2.0	-0.2
Consumer Durables & Apparel	3.5	3.4	0.1
Consumer Services	1.8	3.3	-1.5
Retailing	5.5	4.4	1.2
Consumer Staples	0.4%	5.5%	-5.2%
Food & Staples Retailing	0.0	1.4	-1.4
Food, Beverage & Tobacco	0.3	3.6	-3.3
Household & Personal Products	0.0	0.5	-0.4
Energy	0.9%	1.5%	-0.6%
Financials	5.8%	10.5%	-4.7%
Banks	1.2	3.6	-2.4
Diversified Financials	4.4	5.1	-0.8
Insurance	0.2	1.7	-1.5
Health Care	14.0%	7.4%	6.7%
Health Care Equipment & Services	7.0	3.6	3.4
Pharmaceuticals, Biotechnology & Life Sciences	7.0	3.7	3.3
Industrials	25.9%	23.6%	2.3%
Capital Goods	18.1	15.8	2.3
Commercial & Professional Services	2.7	4.1	-1.4
Transportation	5.1	3.7	1.4
Information Technology	17.1%	10.0%	7.0%
Semiconductors & Semiconductor Equipment	6.5	2.1	4.4
Software & Services	7.5	5.0	2.5
Technology Hardware & Equipment	3.1	2.9	0.2
Materials	13.4%	9.3%	4.1%
Real Estate	5.9%	12.0%	-6.1%
Utilities	0.1%	2.8%	-2.7%
Cash	0.4		

#### % Underweight/Overweight



Portfolio: Non-U.S. Small-Cap Equity. Benchmark: MSCI EAFE Small-Cap.

Top Ten Portfolio Holdings – July 31, 2021\*

Name	Country	Industry	Portfolio (%)
MINERAL RESOURCES LTD	Australia	Materials	1.7
ASM INTERNATIONAL NV	Netherlands	Semiconductors & Semiconductor Equipment	1.6
OZ MINERALS LTD	Australia	Materials	1.5
GETINGE AB	Sweden	Health Care Equipment & Services	1.3
ICON PLC	Ireland	Pharmaceuticals, Biotechnology & Life Sciences	1.2
ROYAL MAIL PLC	United Kingdom	Transportation	1.2
BE SEMICONDUCTOR INDUSTRIES NV	Netherlands	Semiconductors & Semiconductor Equipment	1.2
TECAN GROUP AG	Switzerland	Pharmaceuticals, Biotechnology & Life Sciences	1.2
SIEGFRIED HOLDING AG	Switzerland	Pharmaceuticals, Biotechnology & Life Sciences	1.1
GN STORE NORD AS	Denmark	Health Care Equipment & Services	1.0

Summary	Portfolio	Benchmark	Active Weight
% of Portfolio for Top 10 Active Weights	13.1	1.4	11.7
% of Portfolio for Top 20 Current Holdings	20.6	2.2	18.4
% of Non-Benchmark Portfolio Holdings	23.4		
Active Share of Portfolio	78.1		

Portfolio: Non-U.S. Small-Cap Equity. Benchmark: MSCI EAFE Small-Cap.

<sup>\*</sup>Preliminary. Portfolio holdings are subject to change and should not be considered a recommendation to buy or sell individual securities. The data presented here is for a representative portfolio and is supplemental to the composite performance disclosure page attached. Reference to the benchmark is for comparative purposes only and is not intended to indicate that the composite will contain the same investments as the benchmark. Investors have the opportunity for losses as well as profits. Index Source: MSCI Copyright MSCI 2021. All Rights Reserved. Unpublished. PROPRIETARY TO MSCI.

# NON-U.S. SMALL-CAP EQUITY COMPOSITE

Performance (Returns in USD – Before Management Fees)

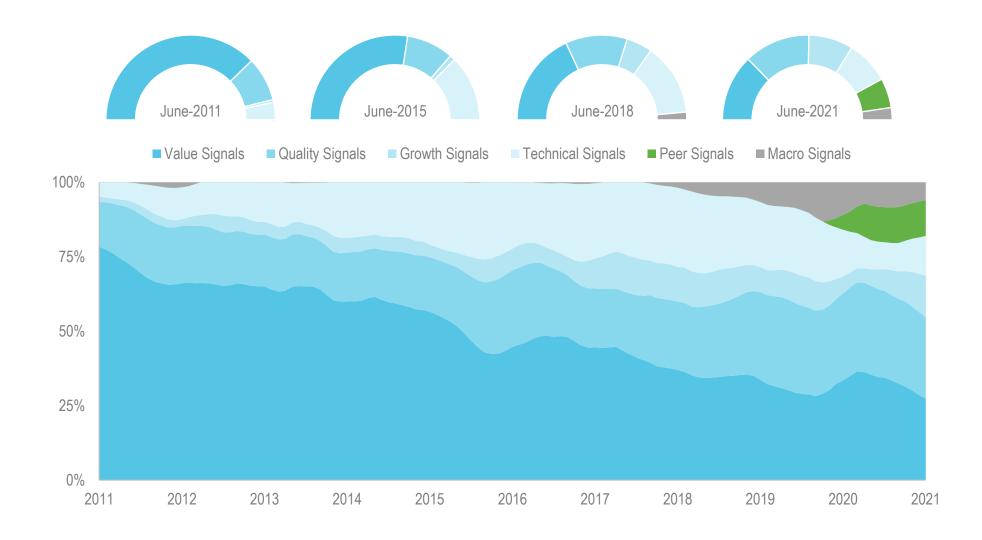
	,		Value-Added vs.
Time Period	Composite*	Benchmark	Benchmark
1993 (Inception: Jan 1, 1993)	37.2%	37.2%	0.0%
1994	8.7	8.3	0.4
1995	8.3	(2.0)	10.3
1996	9.8	(0.1)	9.9
1997	(13.5)	(24.6)	11.1
1998	2.4	5.4	(3.0)
1999	11.3	17.7	(6.4)
2000	(0.6)	(9.2)	8.6
2001	(7.8)	(12.5)	4.7
2002	7.2	(7.8)	15.0
2003	64.8	61.3	3.5
2004	41.2	30.8	10.4
2005	31.6	26.2	5.4
2006	29.0	19.3	9.7
2007	9.5	1.4	8.1
2008	(51.9)	(47.0)	(4.9)
2009	48.1	46.8	1.3
2010	25.2	22.0	3.2
2011	(13.0)	(15.9)	2.9
2012	23.5	20.0	3.5
2013	32.0	29.3	2.7
2014	(3.5)	(4.9)	1.4
2015	11.1	9.6	1.5
2016	6.3	2.2	4.1
2017	37.9	33.0	4.9
2018	(18.3)	(17.9)	(0.4)
2019	23.9	25.0	(1.1)
2020	15.2	12.3	2.9
2021 through July	20.2	10.9	9.3
One Year Annualized Return	48.6	38.7	9.9
Three Year Annualized Return	12.3	8.8	3.5
Five Year Annualized Return	14.2	11.1	3.1
Since-Inception Annualized Return	11.2	7.1	4.1
Since-Inception Annualized Standard Deviation	17.5	17.6	
Since-Inception Active Risk			4.5
Since-Inception Information Ratio			0.9

Composite: Non-U.S. Small-Cap Equity. Benchmark: MSCI EAFE Small-Cap (net) 2001-01-01 To Present, MSCI EAFE Small-Cap (price) 1993-01-01 To 2001-01-01.

<sup>\*</sup>Returns that include the most recent month are preliminary. Acadian Asset Management LLC claims compliance with the Global Investment Performance Standards (GIPS®). GIPS® is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein. Reference to the benchmark is for comparative purposes only and is not intended to indicate that the composite will contain the same investments as the benchmark. Investors have the opportunity for losses as well as profits. Past performance of future returns. Past performance may differ significantly from future performance due to market volatility. The complete performance disclosure can be found in the composite performance disclosure page attached. Index Source: MSCI Copyright MSCI 2021. All Rights Reserved. Unpublished. PROPRIETARY TO MSCI.

## **DIVERSIFIED EXPOSURE**

Non-U.S. Small-Cap Equity



# **SUPPORTING EXHIBITS**

# OUR COMMITMENT TO RESPONSIBLE INVESTING (RI)

- Philosophy: ESG is material and hence fully integrated into our investment process
- Collaboration: Internal RI committee of senior leaders; active in industry-leading working groups
- Commitment: Acadian was the first quantitative manager signatory of the PRI (October 2009)

### 2020 PRI Scores<sup>1</sup>

Strategy and Governance: A+

Incorporation: A+

Active Ownership: A

# WORLD EQUITY VALUATION

July 31, 2021\*

Universe	Index	Price/ Earnings	Price/ Book	Price/ Sales	Price/ Cash	Yield
Emerging Markets	MSCI Emerging Markets	17.2	2.0	1.7	10.9	2.0%
Emerging Markets Small-Cap	MSCI EM Small-Cap	22.5	1.7	1.1	11.5	2.0%
Europe	MSCI Europe	24.1	2.1	1.7	11.5	2.4%
Frontier Markets	MSCI Frontier 15% Country Capped	16.3	2.0	2.5	10.1	3.1%
Japan Large-Cap	TOPIX	20.4	1.3	0.9	9.5	2.1%
Non-U.S. Equity	MSCI EAFE	23.7	1.9	1.6	11.6	2.3%
Non-U.S. Micro-Cap	MSCI World ex-U.S. Micro-Cap	75.8	0.9	0.7	8.0	1.7%
Non-U.S. Small-Cap Equity	MSCI EAFE Small-Cap	30.9	1.6	1.1	12.7	1.9%
U.S. Large-Cap	S&P 500	28.5	4.8	3.3	18.7	1.4%
U.S. Micro-Cap	MSCI U.S. Micro-Cap	-20.9	1.9	1.0	-20.9	0.9%
U.S. Small-Cap	Russell 2000	182.5	2.7	1.7	27.3	1.0%
World	MSCI World	27.0	3.3	2.5	15.9	1.7%

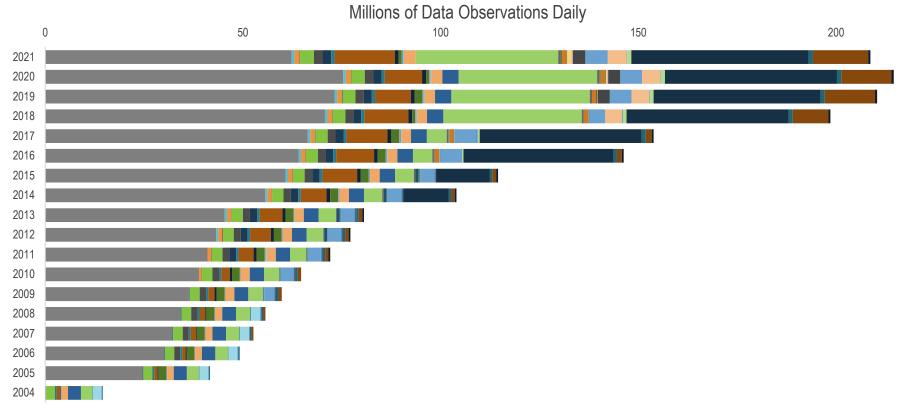
<sup>\*</sup>Preliminary. Data Source: MSCI, TOPIX, Russell, and S&P.

### ACADIAN GLOBAL DATA

43,000 COMPANIES 100 COUNTRIES 209 MILLION DAILY OBSERVATIONS

32 TERABYTE DATABASE

Daily data from over 40 sources including regulatory authorities, company websites, media sources, and industry trade organizations not available in standard vendor offerings:



# **BIOGRAPHIES**

#### Brendan O. Bradley, Ph.D. - Executive Vice President, Chief Investment Officer

- 22 years of investment experience
- Member of the Acadian Executive Committee
- Ph.D. in applied mathematics from Boston University
- B.A. in physics from Boston College

#### Malcolm P. Baker, Ph.D. - Director, Research

- 18 years of investment experience
- Research consultant since 2006
- Robert G. Kirby Professor of Finance, Harvard Business School
- Ph.D. from Harvard University
- M.Phil. From Cambridge University; B.A. from Brown University

#### James Dufort, CFA – Senior Vice President, Director, Investment Analytics & Data

- 17 years of Investment experience
- M.B.A. from Indiana University, Kelley School of Business
- B.S. in electrical engineering from Tufts University
- CFA charterholder

#### Ilya A. Figelman, CFA - Senior Vice President, Director, Multi-Asset Class Strategies

- 20 years of investment experience
- M.S. in mathematics of finance from New York University
- B.S. in systems engineering from Washington University
- CFA charterholder

#### Michael Gleason - Senior Vice President, Director, Equity Alternatives

- 25 years of investment experience
- M.S.F. from Northeastern University
- B.S. in management science from Bridgewater State University

# Andy Moniz Ph.D., CFA – Senior Vice President, Director of Responsible Investing Acadian Asset Management (U.K.) Limited

- 21 years of professional experience
- Ph.D. in natural language processing and information retrieval from Erasmus University
- MSc. in applied statistics from the University of London
- M.A. in economics from Cambridge University
- B.A. in economics from Cambridge University
- CFA charterholder and a member of CFA Society London

#### Ryan D. Taliaferro, Ph.D. - Senior Vice President, Director, Equity Strategies

- 19 years of professional experience
- Member of the Acadian Executive Committee
- Ph.D. in Business Economics (Finance) from Harvard University
- A.M. in economics from Harvard University
- A.M. and A.B. in physics from Harvard University
- M.B.A. in finance and economics from the University of Chicago

#### Alexandre N. Voitenok – Senior Vice President, Director, Implementation

- 20 years of investment experience
- Member of the Acadian Executive Committee
- M.Sc. in software engineering from Minsk Radio Engineering Institute

### Vladimir M. Zdorovtsov, Ph.D. – Senior Vice President, Director, Global Equity Research

- 19 years of investment experience
- Ph.D. in finance from University of South Carolina
- M.B.A. from University of Arkansas
- B.A. in international economics from Sumy University, Ukraine

# Joseph M. Bacchi – Senior Vice President, Head of Trading, Multi Asset Class Strategies

- 25 years of investment experience
- M.B.A. in international/executive management from St. John's University
- B.S. in finance from St. John's University

### Jean Christophe (J.C.) De Beaulieu, CFA – Senior Vice President, Head of Investments, Australia

#### Acadian Asset Management (Australia) Limited

- 23 years of investment experience
- Advanced Master in financial techniques from ESSEC Business School
- D.E.A. in numerical analysis from Pierre and Marie Curie University and Ecole Polytechnique
- M.S. in mathematics from Pierre and Marie Curie University
- CFA Charterholder and member of CFA Society Boston

#### Brian Buzzelli - Senior Vice President, Head of Data Governance

- 29 years of professional experience
- M.B.A. from Katz Graduate School of Business, University of Pittsburgh
- M.S. in management of information systems from Katz Graduate School of Business, University of Pittsburgh
- B.S. in information and decision systems from Carnegie Mellon University

#### Joel Feinberg - Senior Vice President, Head of Trading

- 21 years of investment experience
- MSIM from Boston University
- B.B.A. in finance from the University of Massachusetts

#### Boris I. Kovtunenko, Ph.D. – Senior Vice President, Head of Implementation Research

- 16 years of investment experience
- Ph.D. in economics from Harvard University
- M.A. in economics from New Economics School
- M.S. in physics from Moscow State University

#### Michael D. McCart, CFA - Senior Vice President, Head of Portfolio Analytics

- 23 years of investment experience
- B.S. in engineering and economics, University of Pennsylvania
- CFA charterholder and a member of CFA Society Boston

# Mark J. Birmingham, CFA – Senior Vice President, Lead Portfolio Manager, Managed Volatility

- 26 years of investment experience
- A.B. in computer science from Princeton University
- CFA charterholder and member of CFA Society Boston

#### Harry Gakidis, Ph.D. - Senior Vice President, Lead Portfolio Manager, Core

- 20 years of investment experience
- Ph.D. in economics from MIT
- A.B. in economics from Harvard University

#### Scott J. Brymer, CFA - Senior Vice President, Portfolio Manager

- 23 years of professional experience
- B.B.A. in finance from the University of Massachusetts Amherst
- CFA charterholder and a member of CFA Society Boston

#### Heidi Chen, CFA – Senior Vice President, Portfolio Manager

- S.M. in computational science and engineering from Harvard University
- B.A. with Honors in mathematics from Williams College
- CFA charterholder and member of CFA Society Boston

# Thomas Dobler, Ph.D. – Senior Vice President, Portfolio Manager, Multi-Asset Class Strategies

- 25 years of investment experience
- Ph.D. in mathematics from Columbia University
- M.S. in mathematics from University of Illinois
- B.S. in mathematics from University of Vienna, Austria

#### Denys Glushkov, Ph.D. - Senior Vice President, Portfolio Manager, Research

- 15 years of professional experience
- Ph.D. in finance, University of Texas at Austin
- M.S. in economic Cybernetics, Dnipropetrovsk State University (Ukraine)
- M.A. in economics, Central European University (Hungary)

#### Ron Hirsch - Senior Vice President, Portfolio Manager, Implementation

- 25 of years of professional experience
- Member of Acadian's Portfolio Construction and Trading Team
- Postgraduate diploma in computer science, Tel Aviv University, Israel
- B.Sc. in mechanical engineering, Tel Aviv University, Israel

# Katrina Khoupongsy, CFA – Senior Vice President, Portfolio Management & Research Acadian Asset Management (Australia) Limited

- 23 years of professional experience
- Bachelor in mathematics and finance (Hons) from the University of Technology, Sydney
- Graduate Diploma in applied finance and investments from the Securities Institute of Australia
- CFA charterholder

# James Li, CFA – Senior Vice President, Portfolio Manager, Research – Dynamic Strategies

- 10 years of investment experience
- M.S. in operations research from Columbia University
- B.E. in industrial engineering from Tsinghua University
- CFA charterholder

#### Kurt Livermore, CFA – Senior Vice President, Portfolio Manager

- 24 years of investment experience
- B.S. in business administration from University of Arizona
- CFA charterholder

#### Dmitry S. Olevsky, CFA – Senior Vice President, Portfolio Manager, Research

- 19 years of investment experience
- M.B.A. from Harvard Business School
- B.S. in structural engineering from Michigan Technological University
- FRM designation and CFA charterholder

# Shailesh Parmar – Senior Vice President, Portfolio Manager, Multi Asset Class Strategies

- 15 years of investment experience
- M.B.A. in finance and economics from Columbia Business School
- B.A. in chemistry from Columbia University

# Matthew Picone, CFA – Senior Vice President, Portfolio Manager Acadian Asset Management (Australia) Limited

- 16 years of professional experience
- Bachelor of Commerce in finance and econometrics from the University of Sydney
- CFA charterholder
- Member of the PRI Australian Advisory Committee

#### David E. Purdy - Senior Vice President, Portfolio Manager

- 21 years of professional experience
- M.B.A. with a concentration in investments from Northeastern University
- M.S. in finance from Northeastern University
- B.A. in economics from Wheaton College

#### Mark P. Roemer - Senior Vice President, Portfolio Manager

- 23 years of professional experience
- M.S. in finance from London Business School
- M.S. in engineering from Stanford University
- B.S. in mechanical engineering from Virginia Polytechnic Institute & State University

## Francis Seah, CFA – Senior Vice President, Portfolio Manager Acadian Asset Management (Singapore) Pte Ltd

- 17 years of investment experience
- B.S. and M.S. from Nanyang Technological University
- CPA, Institute of Certified Public Accountants Singapore
- CFA charterholder and a member of CFA Singapore
- Computational Finance Certificate from Carnegie Mellon University

#### Bin Shi, Ph.D., CFA - Senior Vice President, Portfolio Manager, Research

- 15 years of investment experience
- Ph.D. in engineering statistics from Georgia Institute of Technology
- M.S. in operations research from Georgia Institute of Technology
- B.S. in mechanical engineering from Southeast University, China
- CFA charterholder

#### Caroline X. Shi, CFA - Senior Vice President, Portfolio Manager, Research Analyst

- 17 years of investment experience
- M.B.A. and M.S. in finance from Boston College
- B.S. and M.S. in engineering from Donghua University, China
- CFA charterholder and a member of CFA Society Boston

#### Jian Pan, CFA - Senior Vice President, Lead Analyst, Integration

- 27 years of professional experience
- M.S. in computer science from the University of Massachusetts
- B.S. industrial automation control from Nanjing University of Technology, China

#### Rob Ricciarelli, CFA – Senior Vice President, Lead Analyst, IPD

- 25 years of professional experience
- M.B.A from Suffolk University
- B.S. in management and B.A. in psychology from the University of Massachusetts, Boston
- CFA charterholder

#### Xiaoting Zhang, CFA – Senior Vice President, Lead Analyst, Integration

- 11 years of investment experience
- M.B.A. from the University of Chicago
- . M.S. in financial mathematics from the University of Chicago
- M.S. in computer science from Loyola University Chicago
- B.A. in architecture from Tianjin University, China
- Certified FRM and CFA charterholder

#### Deborah B. Waters – Senior Vice President, Senior Trader, Implementation

- 30 of years of professional experience
- Senior member of the Acadian Portfolio Construction Team
- B.S. in finance from Northeastern University

#### Dominique Abdi - Vice President, Portfolio Manager, Multi Asset Class Strategies

- 10 years of investment experience
- M.S. in mathematics from New York University
- B.S. in mathematics with a minor in economics from University of Miami
- B.B.A in finance with a minor in accounting from the University of Miami

#### Daniel P. Adamson - Vice President, Portfolio Manager, Implementation

- 18 years of professional experience
- Member of Acadian's Implementation Team
- M.B.A. from Boston College
- B.A. in accountancy and management information systems from Miami University

#### Giuliano Amantini, Ph.D. - Vice President, Portfolio Manager

- 15 years of professional experience
- Ph.D. in engineering and applied sciences from Yale University
- M.S. in mathematical finance from Bocconi University
- M.S. in mechanical engineering from Yale University
- M.S. in aerospace engineering from La Sapienza University
- B.S. in mechanical engineering from Tor Vergata University

#### Ioannis Baltopoulos - Vice President, Portfolio Manager

- 12 years of professional experience
- M.Sc. in advanced computing from Imperial College London
- B.Sc. in computer science from the University of Kent

#### Pavel Bandarchuk, Ph.D, CFA – Vice President, Portfolio Manager, Research

- 14 years of investment experience
- Ph.D. in international economics and finance from Brandeis University
- M.S. in finance from Brandeis University
- diploma in international economics from Belarusian State University
- Certified FRM and CFA charterholder

#### Zhe Chen, Ph.D. – Vice President, Portfolio Manager, Research

#### Acadian Asset Management (Australia) Limited

- 12 years of professional experience
- Ph.D. in empirical finance from Macquarie University
- Bachelor of Engineering (bioinformatics), First Class Honours and University Medal, from the University of New South Wales
- Bachelor of Commerce (finance) from UNSW

#### Paul Duchnowski, Sc.D. - Vice President, Portfolio Manager

- 14 years of Investment experience
- B.S., M.S., and Sc.D. in electrical engineering from the Massachusetts Institute of Technology

#### Sean Geary, CFA - Vice President, Portfolio Manager

- 13 years of professional experience
- M.B.A. from Boston College
- M.S. in mechanical engineering from Boston University
- B.S. in physics from James Madison University
- CFA charterholder and member of CFA Society Boston

#### Charles V. Johnson - Vice President, Portfolio Manager

- 18 years of professional experience
- M.S. in finance from Northeastern University
- M.B.A. from Northeastern University
- B.S. in finance from the University of Massachusetts at Dartmouth

#### Clifton D. Hill - Vice President, Portfolio Manager, Multi-Asset Class Strategies

- 22 years of investment experience
- B.A. in political science from Brown University

#### Dan M. Le, CFA - Vice President, Portfolio Manager

- 16 years of professional experience
- B.A. in psychology from Brown University
- CFA charterholder and a member of CFA Society Boston

#### Sam Mavandadi, CFA - Vice President, Portfolio Manager, Research

- 7 years of investment experience
- M.B.A. from INSEAD
- Ph.D. in electrical engineering from the University of Toronto
- M.A.Sc. in computer engineering from the University of Toronto
- B.A.Sc. in engineering science from the University of Toronto
- CFA charterholder and member of CFA Society Boston

#### Aditya Panda – Vice President, Portfolio Manager, Multi Asset Class Strategies

- 12 years of investment experience
- Master of financial engineering from UCLA
- Bachelor of engineering from the School of Electrical and Electronic Engineering, Nanyang Technical University, Singapore

#### Michael Ponikiewicz - Vice President, Portfolio Manager, Multi Asset Class Strategies

- 11 years of investment experience
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- M.S. in finance from Boston College
- B.S. in industrial engineering from Pennsylvania State University

#### Wan Hua Tan, CFA - Vice President, Portfolio Manager

- 10 years of investment experience
- M.S.E. in biomedical engineering from John Hopkins University
- B.A.Sc in engineering science from the University of Toronto
- CFA charterholder

#### Olivia Tang, Ph.D., CFA - Vice President, Portfolio Manager, Research

- 10 years of professional experience
- Ph.D. in systems engineering, with a concentration in operations research, from Boston University
- B.S. in mathematics from Peking University (China)
- CFA Charterholder

#### Mengxi Liu – Vice President, Associate Portfolio Manager, Research

- 6 years of professional experience
- Ph.D. in physics from Northeastern University
- B.Sc. in physics and economics from Peking University

#### Kyle McCarthy, CFA – Vice President, Associate Portfolio Manager, Implementation

- 14 years of professional experience
- B.S. in finance from Bentley University
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#### Brendan O'Leary – Vice President, Associate Portfolio Manager, Research

- 8 years of professional experience
- B.S.E. in mechanical & aerospace engineering from Princeton University

#### Alexander Rikun - Vice President, Associate Portfolio Manager

- 10 years of professional experience
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- B.S. in applied mathematics with a minor in economics from Columbia University

# Louis Seng – Vice President, Associate Portfolio Manager, Implementation Acadian Asset Management (Singapore) Pte Ltd

- 12 years of investment experience
- B.B.M in finance from Singapore Management University

#### Jessica Song – Vice President, Associate Portfolio Manager, Research

- 9 years of professional experience
- B.E. in engineering mechanics, Jilin University, Changchun, China
- M.S. in computer science, SUNY Stony Brook
- M.S. in mathematics in finance, Courant Institute of Mathematical Sciences, NYU

#### Linda Wang - Vice President, Associate Portfolio Manager, Research

- 8 years of investment experience
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- B.S. in finance and accounting from Drexel University

# Steven Wong –Vice President, Associate Portfolio Manager, Research Acadian Asset Management (Australia) Limited

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- CFA charterholder

# James Coder, CFA – Vice President, Lead Analyst, Integration, Multi Asset Class Strategies

- 10 years of investment experience
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- CFA charterholder

#### Bhaskar Edara, CFA, FRM – Vice President, Lead Analyst, Integration

- 27 years of professional experience
- M.S. in finance from Boston College
- B.Tech. in mechanical engineering from the National Institute of Technology, India
- Certified FRM and CFA charterholder

#### Anton S. Kapliy, Ph.D., CFA – Vice President, Lead Analyst, Implementation

- Ph.D. in high energy physics from University of Chicago
- B.A. in physics from University of Pennsylvania
- CFA charterholder and a member of CFA Society Boston

#### John King - Vice President, Lead Analyst, Integration

- 21 years of professional experience
- Associate's degree in computer technology from Southern Maine Community College

#### Karthik Kumar - Vice President, Lead Analyst, Integration

- 10 years of Investment experience
- M.S. in quantitative and computational finance from Georgia Institute of Technology
- Bachelor of Technology, major in mechanical engineering from Indian Institute of Technology Roorkee

#### Michael Moy – Vice President, Lead Analyst, Implementation

- 22 of years of professional experience
- Member of Acadian's Portfolio Construction and Trading Team
- B.S. in finance from Suffolk University

#### Bernard Sim - Vice President, Lead Analyst, IPD

### Acadian Asset Management (Singapore) Pte Ltd 18 years of professional experience

Bachelor of Commerce in finance from the Australia National University

#### Christopher Stevens - Vice President, Lead Analyst, Integration

- 12 years of investment experience
- B.A. in computer science from Boston University

#### Jeffrey A. Sutthoff, CFA – Vice President, Lead Analyst, Integration

- 27 years of professional experience
- M.B.A. in finance from Boston College
- B.S. in mathematics from Stetson University

#### Mark D. Weissman - Vice President, Lead Analyst, Research

- 15 years of investment experience
- B.S. and B.A. in engineering and computer science, SUNY at Buffalo

#### Michael Vashevko - Vice President, Lead Analyst, Implementation

- 25 years of professional experience
- Member of Acadian's Portfolio Construction and Trading Team
- M.S. in applied mathematics and computer science from Belarusian State University

#### Ferdous Alam -Vice President, Senior Analyst, IPD

- 16 years of professional experience
- M.A. in economics from Texas Tech University
- B.B.A. in economics from Texas Tech University

#### Gary Artinian - Vice President, Senior Analyst, Integration

- 11 years of investment experience
- M.B.A. with a dual concentration in investment and corporate finance from Duke University
- M.S. in industrial engineering from Rensselaer Polytechnic Institute
- B.S. in electrical and computer engineering (dual degree) from Rensselaer Polytechnic Institute

#### Ajay Kalra- Vice President, Senior Analyst, Implementation

- 22 years of professional experience
- M.S. in Mechanical engineering from the University of Pittsburgh
- B.S. in Mechanical engineering from the Indian Institute of Technology (BHU)
- Certificate in Computational Finance from Oregon Graduate Institute

#### Anna Lang, CFA - Vice President, Senior Analyst, IPD

- 9 years of professional experience
- M.B.A.from Boston University
- B.S. in accounting from the International Slavic University
- CFA charterholder and a member of CFA Society Boston

# Kamlun Shek, Ph.D., CFA – Vice President, Senior Analyst, Integration, Multi-Asset Class Strategies

- 24 years of professional experience
- Ph.D. in mechanical engineering from Rensselaer Polytechnic Institute
- M.S. mechanics from Rensselaer Polytechnic Institute
- M.S. in computer science from Rensselaer Polytechnic Institute
- M.S. and B.S. in civil engineering from National Cheng Kung University, Taiwan
- CFA charterholder

### ACADIAN INVESTMENT TEAM

### Alagappan Solaiappan - Vice President, Senior Analyst, Data Engineering

- 22 years of professional experience
- M.E. in engineering from Anna University
- B.E. in engineering from Madurai Kamaraj University
- Sun Certified Enterprise Architect (SCEA)

### Vadim Storozhuk – Vice President, Senior Analyst, Implementation

- 25 years of professional experience
- M.S. in physics from Ohio State University
- B.S. in physics from Moscow Institute of Physics and Technology

#### Jason J. Withrow – Vice President, Senior Analyst, Integration

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#### Ted Zhang, CFA - Vice President, Senior Analyst, IPD

- 15 years of professional experience
- M.S. in finance from Bentley University
- B.S. accounting from Bentley University
- CFA charterholder and a member of CFA Society Boston

#### Benjamin R. Hutchens – Vice President, Trader, Implementation

- 14 years of professional experience
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- B.A. in international affairs and political science from Northeastern University

#### Jason D. Littlefield – Vice President, Trader, Implementation

- 17 years of professional experience
- M.S. in finance from Northeastern University
- B.S. in business administration, with a dual concentration in accounting and marketing, from Northeastern University

### Leon Lu – Vice President, Trader, Implementation

### Acadian Asset Management (Australia) Limited

- 10 years of professional experience
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- Bachelor of Actuarial Studies and Finance from Australian National University
- Bachelor of Finance from Australian National University
- Actuary of the Institute of Actuaries of Australia

#### Sean Paylor – Vice President, Trader, Implementation

- 15 years of professional experience
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- B.S.E. in mechanical engineering from the University of Michigan

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- CFA charterholder

### Leonid Kritz – Assistant Vice President, Associate Portfolio Manager, Multi-Asset Class Strategies

- 6 years of investment experience
- M.S. in finance from the University of Texas—Dallas
- B.S. in mathematics and financial economics from the University of Maryland—Baltimore County
- Certified FRM

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- 7 years of professional experience
- Ph.D. in operations research from Massachusetts Institute of Technology
- B.A. in mathematics from Cornell University

#### Shivani Patnaik – Assistant Vice President, Associate Portfolio Manager

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- B.S. in chemical engineering from University of Maryland

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- 17 years of professional experience
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- Graduate Diploma in Financial Management from the Singapore Institute of Management
- Bachelor of Electrical Engineering from the National University of Singapore

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- B.E. in computer engineering from University of Pune, India

#### Shi He – Assistant Vice President, Senior Analyst, Integration

- M.S. in data science from Worcester Polytechnic Institute
- B.S. in computer science from Hubei University of Police, China

#### Michael Kelsey – Assistant Vice President, Senior Analyst, Implementation

- 19 years of professional experience
- 10 years of compliance experience
- M.B.A. from Northeastern University
- B.S. from Babson College

### **ACADIAN INVESTMENT TEAM**

### Yevgen Revtsov, CFA - Assistant Vice President, Senior Analyst, Integration

- 8 years of professional experience
- B.S. in computer systems engineering from Boston University
- CFA charterholder

### Michael Szrom – Assistant Vice President, Senior Analyst, Implementation

- 4 years of professional experience
- B.S. in computer science and computer engineering from Northeastern University

### Diego Torres Patino, Ph.D. – Assistant Vice President, Senior Analyst, Implementation

- 6 years of investment experience
- B.S. degrees in industrial engineering and in economics from Instituto Tecnologico Autonomo de Mexico
- Ph.D. in economics from Stanford University

### Chong Chen – Assistant Vice President, Analyst, Integration

- 6 years of professional experience
- M.A. in mathematics of finance from Columbia University
- M.S. in economics from Shanghai Jiao Tong University
- B.S. in finance and mathematics from Wuhan University

### Matthew D. Gunn, Assistant Vice President, Analyst, Global Equity Research

- 2 years of professional experience
- Ph.D. in finance from the University of Chicago
- M.B.A. with a dual concentration in economics and analytical finance from the University of Chicago
- B.A.S. in economics and symbolic systems with a concentration in artificial intelligence from Stanford University

### Anh Huynh - Assistant Vice President, Analyst, Integration

- 7 years of professional experience
- M.Sc. in mathematics from the University of Washington
- B.Sc. in mathematics from MIT

### Zhenan Li, CFA - Assistant Vice President, Analyst, IPD

- 17 years of investment experience
- M.S. in economics from Boston University
- B.S. in international business and trade from ShanDong University of Science & Technology
- B.S. in business management and administration from Cambridge College
- CFA charterholder

### Chang Liu – Assistant Vice President, Analyst, Research

- 3 years of professional experience
- S.M. in computational science and engineering from Harvard University
- M.S. in finance from Massachusetts Institute of Technology
- B.A. in philosophy, history of mathematics and science from St. John's College

#### Jeffrey S. Lobdell – Assistant Vice President, Analyst, Implementation

- 13 years of professional experience
- M.B.A.in finance from the University of Massachusetts
- B.A. in communications from the University of Massachusetts
- CMT Charterholder

### Aashir Nagyi - Assistant Vice President, Analyst, Implementation

B.S. in industrial engineering from Northeastern University

### James L. Toppa, CAIA – Assistant Vice President, Analyst, Implementation

- 13 years of professional experience
- B.S. in business administration from Bryant University
- CAIA charterholder

#### George Wei – Assistant Vice President, Analyst, IPD

- 4 years of professional experience
- M.S. in business analytics from the College of William and Mary
- B.S. in public finance from Central University of Finance and Economics, Beijing, China

### Patrick Burek – Assistant Vice President, Trader, Multi-Asset Class Strategies

- 19 years of professional experience
- B.A. in government from Cornell University

# **APPENDIX**

### ANNUAL PERFORMANCE DISCLOSURE

Non-U.S. Small-Cap Equity Composite

	Composite	Composite		Secondary	Dispersion of		ee-Year ex-Post Stan on of Absolute Gross		Number of	Assets In	Total Firm Assets Under
	Return (%) Gross-of-Fees	Return (%) Net-of-Fees	Benchmark Return (%)	Benchmark Return (%)	Returns Within Composite (%)	Composite	Benchmark	Secondary Benchmark	Portfolios in Composite	Composite (\$MMs)	Management (\$MMs)
2011	-13.0	-13.6	-15.9	-18.5	1.5	22.8	23.0	23.9	18	2,426	42,200
2012	23.5	22.6	20.0	18.5	2.0	19.4	19.8	20.0	19	2,673	51,903
2013	32.0	31.1	29.3	19.7	3.7	16.2	16.1	16.7	21	3,396	65,153
2014	-3.5	-4.2	-4.9	-4.0	1.8	13.6	13.3	13.1	29	4,202	70,339
2015	11.1	10.3	9.6	2.6	4.3	11.3	11.3	11.3	29	4,391	66,834
2016	6.3	5.6	2.2	3.9	1.9	11.7	12.1	12.1	30	4,738	74,174
2017	37.9	36.9	33.0	31.6	2.2	11.1	11.6	11.5	27	6,418	96,765
2018	-18.3	-19.0	-17.9	-18.2	1.1	12.9	12.9	12.3	27	5,889	85,338
2019	23.9	23.0	25.0	22.4	1.6	12.1	11.9	11.6	29	8,332	101,232
2020	15.2	14.4	12.3	14.2	2.1	19.5	20.3	21.0	28	9,319	107,229

Performance Inception: January 1, 1993. This composite was created on: February 1, 1993. All figures stated in USD.

Acadian Asset Management claims compliance with the Global Investment Performance Standards (GIPS®) and has prepared and presented this report in compliance with the GIPS standards. Acadian Asset Management has been independently verified for the periods January 1, 1994 through December 31, 2020¹. A copy of the verification report is available upon request. A firm that claims compliance with the GIPS standards must establish policies and procedures for complying with all the applicable requirements of the GIPS standards. Verification provides assurance on whether the firm's policies and procedures related to composite and pooled fund maintenance, as well as the calculation, presentation, and distribution of performance, have been designed in compliance with the GIPS standards and have been implemented on a firm-wide basis. Verification does not provide assurance on the accuracy of any specific performance report. Reference to the benchmark is for comparative purposes only and is not intended to indicate that the composite will contain the same investments as the benchmark. Investors have the opportunity for losses as well as profits. Past performance is no guarantee of future returns. Past performance may differ significantly from future performance due to market volatility. Acadian Asset Management is an investment adviser specializing in global equity management. Acadian Asset Management (by Acadian Asset Management (asset Management (by Acadian Asset Management (asset Management

Methodology: Returns are net of foreign withholding taxes on dividends, interest, and capital gains. Since January 1, 2010 Acadian's methodology was augmented to produce a more accurate gross return figure by eliminating modest cash flows such as securities lending income and custodial fees which are regarded as independent of the investment management process; the reinvestment of all income and trading expenses continue to be included. Monthly composite results are asset-weighted by beginning-of-month asset values of member portfolios which are geometrically linked to arrive at the annual composite return. Net-of-fee performance is calculated on a monthly basis by deducting a model management fee equal to 1/12 of the highest annual management fee schedule for accounts shown below. The standard fee schedule for accounts managed with this product is 0.75% on the first \$50 million, 0.65% on the next \$50 million, and 0.5% thereafter. Prior to October 1, 2012 the standard fee schedule was 0.75% on all assets managed. The combined, all-in maximum fee that includes management and operating expenses for the Acadian International Small-Cap Equity CIT Fund, which is included in the composite, is 0.85% on all assets. The standard management fee schedule and total expense ratio for the Acadian ACWI ex-US Small-Cap Fund, which is included in the composite, are 0.85% on all assets and 0.84%, respectively. The standard management fee schedule and total expense ratio for the Acadian ACWI ex-US Small-Cap Fund, which is included in the composite, are 0.85% on all assets and 1.05%, respectively. Management fees may vary according to the range of services provided, investment performance, and the amount of assets under management. Constituent portfolios are included from the first full month after inception to the present or the last full month prior to cessation of the client relationship with the firm. For example, an account that terminated February 12, 2019 will be included through January 31, 2019. Policies for valuing inves

Composite Description: This composite invests in developed and emerging small-cap, non-U.S. equities. As of April 1, 2006, member portfolios benchmarked to S&P Small cap indices, which allow for more mid-cap exposure, were transferred to the Non-U.S. Smid-Cap Composite. Complete lists of the firm's composite descriptions, limited distribution pooled fund descriptions, and broad distribution funds are available upon request.

Benchmark Description: The primary benchmark for the composite is MSCI EAFE Small-Cap (gross of dividend withholding taxes) from Jan 1, 2001 to present. From inception to Dec 31, 2000 the benchmark is MSCI EAFE Small-Cap (gross of dividend withholding taxes). In August 2005 this change was made retroactively back to Jan 1, 2001 in order to contrast the composite versus a benchmark with similar reinvestment income. The secondary benchmark for the composite is MSCI All-Country World ex-U.S. Small-Cap (net of dividend withholding taxes) from Jul 1, 1994 to present. From inception to Jun 30, 1994, the benchmark is S&P Global x U.S. Small-Cap (total), the benchmark is for purposes of additional comparison. The MSCI EAFE Index is a free float-adjusted market capitalization index that measures the equity performance of developed markets, excluding the US & Canada. The S&P Global x US Small-Cap Index is comprised of small cap developed and emerging market stocks from the Broad Market Index (BMI). The BMI indices use a float adjusted market cap-weighted methodology to track returns. The MSCI All-Country World ex-US Index is a free float-adjusted market cap-weighted index that is designed to measure the performance of developed and emerging markets excluding the US. The MSCI Small-Cap Indices cover all investable small cap securities with a market cap below that of the companies in the MSCI Standard Indices.

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¹Ashland Partners verified Acadian's GIPS Compliance claim through March 31, 2017. ACA Compliance Group acquired Ashland states of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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August 26, 2021

### RE: Board of University and School Lands Media Relations Policy Manual

The Board of University and School Lands (Board) currently has a Policy Manual (Board Policy Manual) which includes sections titled Governance, General, Surface Land Management, Investments, and Minerals. The Board requested the Commissioner prepare a Media Relations Policy that seeks to work cooperatively with the media to disseminate information of public interest and concern in an accurate, complete, and timely manner and in harmony with the official position of the Board.

The first reading of the policy was held at the July 29, 2021 meeting. The Commissioner requested the Board provide input on the proposed policy. Additionally, an open comment period was held and two comments were received (Attachment 2).

# Recommendation: The Board adopt the proposed North Dakota Board of University and School Lands Media Policy.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Stenehjem					
Governor Burgum					

Attachment 1: Board of University and School Lands Media Relations Policy

Attachment 2: Comments Received

### North Dakota Board of University and School Lands: General

### MEDIA RELATIONS POLICY

The Board of University and School Lands (Board) seeks to work cooperatively with the media to disseminate information of public interest and concern in an accurate, complete, and timely manner consistent with the official position of the Board. The Commissioner will receive directive from the Board.

Board.

Board.

- 1. To achieve the Board's goal, the Commissioner and Secretary of the Board is designated as the Board's Public Information Officer (PIO) and is responsible for implementing this policy. When the Commissioner is unavailable, the Commissioner may designate a Department of Trust Lands (Department) spokesperson as the Acting Board PIO.
- 2. The Commissioner should engage with the media in a courteous, polite, and professional manner. Any media inquiries received by Department staff should be referred immediately to the Commissioner for response.
- 3. Inquiries from the news-media have a high priority and the Department should respond as quickly and accurately as possible. Every effort should be made to meet media deadlines and to ensure that all information released is accurate and complete.
- 4. When contacted by the Commissioner for information needed to respond to a media inquiry, all Department Division Directors shall immediately provide the Commissioner the most accurate and complete information available for the response.
- 5. If the Commissioner determines that a response to the media can best be achieved by having someone with more background or expertise speak for the Board on a particular topic, the Commissioner may designate one of the authorized spokespersons to assist with or give the Board's response.
- 6. To assure that the members of the Board have accurate, complete, and timely information to fulfill their responsibilities, Board members shall be informed by email of the substance of significant media inquiries and of the Commissioner's official response. They shall be notified of all official Board press releases.
- 7. The Commissioner may not make policy statements to the media on behalf of the <u>bB</u>oard about any issue before the <u>bB</u>oard <u>unless or</u> until the <u>bB</u>oard has taken an official position on the <u>issue.</u> issue.

### **Authorized Board Spokespersons**:

1. Department <u>Division</u> Directors;

- 2. Department Public Relations Specialist; and
- 3. Board Members.

### **Records Requests**:

- 1. Media requests for records will be handled in accordance with this policy, and consistent with the North Dakota Open Records law, N.D.C.C.\_ch. 44-04.
- 2. The Commissioner must be notified of all media records requests.
- 3. The Commissioner shall forward the request to the person responsible for responding to open records requests.
- 4. The Commissioner is responsible for assuring that all records requests are handled in an accurate, complete, and timely manner.

### Privileged Aand Private Information:

- 1. Most of the records and <u>affairs matters</u> of the Board and Department are public information which citizens, including the media, have the right to access.
- 2. If a media request for an interview or for records appears to involve a subject matter that may be privileged or confidential, the Commissioner should shall consult with the Attorney General's Office for review.

### **Personal Points Oof View:**

Board members answering media inquiries regarding Board issues should state that their views may not necessarily represent the views of the Board.

### **Board And Department-Initiated Information:**

- 1. Media contact, including news releases, media advisories, and personal contacts with reporters and editors, on behalf of the entire Board should must be processed through the Commissioner.
- 2. Employees seeking to publicize Department events or activities or needing to collaborate with the media regarding important information important to the public, shall coordinate with the Commissioner, and Board members should consider doing so as well.

General Authority:	
Effective Date:	
Revised:	

From: Amy Dalrymple Molter

To: -Info-DTL General Inquiries

Cc: Smith, Jodi

**Subject:** Comments on media policy

 Date:
 Tuesday, August 24, 2021 4:20:11 PM

 Attachments:
 ND Newspaper Association comments.docx

\*\*\*\*\* CAUTION: This email originated from an outside source. Do not click links or open

attachments unless you know they are safe. \*\*\*\*\*

Hi,

Please find below comments on the media relations policy. I've also attached them. Thank you.

Board members and Commissioner Smith,

Thank you for the opportunity to provide comment on the Board of University and School Lands media relations policy. It has been my experience that the Department of Trust Lands seeks to be transparent and responsive to media inquiries.

As you know, many of the issues the Board handles are complex. It has been helpful for the media to work with the Commissioner to better understand matters such as oil and gas royalty deductions so we can accurately report the information to readers. It is my hope that the requirements in this policy do not slow the communication with the media or reduce the level of transparency. I am concerned that the discussion of this media policy could create a chilling effect for the Commissioner.

The Commissioner often is put in a difficult position when asked questions that might be more appropriately directed to Board members. One suggestion for the Board is to follow the example of how the North Dakota Public Service Commission handles media inquiries. The three commissioners take questions from the press after each meeting is adjourned. This practice ensures that policy questions are answered by elected officials, not staff.

In addition, I would like to take this opportunity to raise that I and others have concerns about the frequency of closed-door executive sessions held by the Board of University of School Lands. This is likely to continue due to the amount of litigation the Board is involved with. I would urge the Board to only enter executive sessions when discussing legal strategy and allow court case updates to be discussed in an open meeting. It is also my hope that this policy does not increase the frequency of executive sessions.

The Board does important work on behalf of the citizens of North Dakota. It's equally important that the media have the opportunity to report on the Board's actions.

Thank you.

Amy Dalrymple President, North Dakota Newspaper Association Board of Directors Board members and Commissioner Smith.

Thank you for the opportunity to provide comment on the Board of University and School Lands media relations policy. It has been my experience that the Department of Trust Lands seeks to be transparent and responsive to media inquiries.

As you know, many of the issues the Board handles are complex. It has been helpful for the media to work with the Commissioner to better understand matters such as oil and gas royalty deductions so we can accurately report the information to readers. It is my hope that the requirements in this policy do not slow the communication with the media or reduce the level of transparency. I am concerned that the discussion of this media policy could create a chilling effect for the Commissioner.

The Commissioner often is put in a difficult position when asked questions that might be more appropriately directed to Board members. One suggestion for the Board is to follow the example of how the North Dakota Public Service Commission handles media inquiries. The three commissioners take questions from the press after each meeting is adjourned. This practice ensures that policy questions are answered by elected officials, not staff.

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The Board does important work on behalf of the citizens of North Dakota. It's equally important that the media have the opportunity to report on the Board's actions.

Thank you.

Amy Dalrymple President, North Dakota Newspaper Association Board of Directors From: <u>Jack McDonald</u>

To: -Info-DTL General Inquiries
Cc: McDonald, Jack; Dalrymple, Amy

Subject: Media Policy

**Date:** Tuesday, August 24, 2021 4:57:34 PM

\*\*\*\*\* **CAUTION:** This email originated from an outside source. Do not click links or open

attachments unless you know they are safe. \*\*\*\*\*

On behalf of North Dakota Newspapers and Broadcasters I express their concerns that the rigid structures set up in paragraphs 4, 5 and 6 about notifying various individuals of media requests could, at times, take several days and slow responses to the media at times when they are often operating on tight deadlines. The media is likewise concerned that the requirement all media contacts involving the Board must be funneled through the Commissioner will slows the process.

Jack McDonald

WHEELER WOLF LAW FIRM Box 1776

Bismarck, ND 58502-1776

Ph: 701-751-1776; Fx: 701-751-1777 jackmcdonald@wheelerwolf.com

August 26, 2021

### RE: Definitions, Unclaimed Property, Surface Land Management, and Minerals Management Administrative Rules

Due to statutory changes made during the Sixty-seventh Legislative Assembly, the Department of Trust Lands (Department) proposes changes to Title 85, Board of University and School Lands, of the North Dakota Administrative Code as follows:

### North Dakota Administrative Code § 85-01-01-01:

Repeal of N.D.A.C. ch. 85-06-01, Administrative Rules relating to public access, necessitated revisions to the N.D.A.C. § 85-01-01-01, including removal of the definition of the word vehicle, which resulted in renumbering the remaining definitions. The definition of encumbrance was revised to be more encompassing of all types of encumbrances. Due to the repeal and reenactment of the Unclaimed Property Act it was necessary to make a clerical correction as to the chapter number. All revisions are spelled out in the attached proposed rules.

### North Dakota Administrative Code ch. 85-03:

Due to the repeal of the Unclaimed Property Act (N.D.C.C. ch. 47-30.1), and the reenactment of the Revised Uniform Unclaimed Property Act (N.D.C.C. ch. 47-30.2) under Senate Bill 2048, the Department proposes revisions to Article 85-03, Unclaimed Property, of the North Dakota Administrative Code. Many of the revisions relate to clerical corrections regarding the North Dakota Century Code chapter, general authority, and law implemented. Further, certain administrative rules were repealed to reflect information that is now part of N.D.C.C. ch. 47-30.2, while others were added based on new requirements under the law. The most significant change relates to the addition of a chapter regarding Examinations. All revisions are spelled out in the attached proposed rules.

### North Dakota Administrative Code ch. 85-04-05:

House Bill 1081 was brought to address enforcement mechanism concerns for N.D.A.C. ch. 85-04-05, Public Access and Use. With the passage of HB 1081, all of N.D.A.C. ch. 85-04-05 was incorporated into N.D.C.C. ch. 15-08. Therefore, the Department requests repeal of this chapter. All revisions are spelled out in the attached proposed rules.

### North Dakota Administrative Code § 85-06-01-12:

Due to changes in N.D.C.C. §§ 15-05-10 and 47-16-39.1, as provided in House Bill 1080, the Department proposes revising N.D.A.C. § 85-06-01-12 as it relates to penalty and interest calculations. Waiver was also removed from this section of the administrative code based on the revised language in N.D.C.C. § 15-05-10. All revisions are spelled out in the attached proposed rules.

Recommendation: The Board authorizes the Commissioner to proceed with review of the proposed Administrative Rules, including formal review by the Office of Attorney General, preparation for public hearings and collection of comments, and submittal to Legislative Council.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Stenehjem					
Governor Burgum					

Attachment 1 – Administrative Rules General Administration, Unclaimed Property, Surface Land Management, and Minerals Management.

## ARTICLE 85-01 GENERAL ADMINISTRATION

Chapter

85-01-01 Definitions and General Provisions

# CHAPTER 85-01-01 DEFINITIONS AND GENERAL PROVISIONS

Section

85-01-01-01 Definitions 85-01-01-02 Exception

### 85-01-01-01. Definitions.

The following definitions, in addition to the definitions in North Dakota Century Code chapters 15-05, 15-06, 15-07, 15-08, 15-08.1, 38-09, 47-06, 47-30.147-30.2, and 57-62, apply to this title:

- 1. "Acquired lands" includes all property defined as "nongrant" and "other than original grant lands" in North Dakota Century Code section 15-07-01.
- 2. "Arm's length transaction" means a transaction between parties with adverse economic interests in which each party to the transaction is in a position to distinguish its economic interest from that of the other party and does not mean a transaction made by a corporation or other entity with itself, or a parent, subsidiary, or interrelated corporation or entity, or between partners or co-joint venturers, or between corporations or other entities having interlocking directorships or close business relationships that may compromise their individual interests.
- 3. "Agricultural use" includes the use of trust lands for the purpose of grazing, cropping, haying, and honey bee pasture or meadow.
- 4. "Board" means the board of university and school lands.
- 5. "Bonus" means the monetary consideration paid by a lessee for the execution of a lease by the board.
- "Certified appraiser" means a certified general appraiser or a certified residential appraiser who holds a valid permit issued by the North Dakota real estate appraiser qualifications and ethics board.
- 7. "Coal" means a dark-colored compact and earthy organic rock with less than forty percent inorganic components, based on dry material, formed by the accumulation and decomposition of plant material. The term includes consolidated lignitic coal, in both oxidized and nonoxidized forms, and leonardite, having less than eight thousand three hundred British thermal units per pound [453.59 grams], moist and mineral matter free, whether or not the material is enriched in radioactive materials.
- 8. "Coal lease" means a contract entered between the board and a third party for a coal mining operation on trust lands.
- 9. "Coal leased premises" means the land subject to a given coal lease.
- 10. "Coal mining operation" means any type of activity conducted to discover, or prospect for, the presence of coal, or to remove the coal so discovered from its original position on or in the land by any means whatsoever.
- 11. "Commercial quantities" means whether:

- a. The well yields a profit exceeding operating costs over a reasonable period of time; and
- b. A reasonably prudent operator would continue operating a well in the manner being operated under the facts and circumstances.
- 12. "Commissioner" means the commissioner of university and school lands.
- 13. "Construction aggregate" means gravel, sand, scoria, road material, building stone, colloidal or other clays, and cement materials.
- 14. "Construction aggregate lease" means a contract entered between the board and a third party for mining of construction aggregate on trust lands.
- 15. "Construction aggregate leased premises" means the land area subject to a given construction aggregate lease.
- 16. "Construction aggregate mining operation" means any type of activity conducted to discover, or prospect for, the presence of construction aggregate, or to remove the construction aggregate so discovered from its original position on or in the land by any means whatsoever.
- 17. "Custodial agreement" means an agreement between the lessee and a third party in which the lessee agrees to take custody of livestock not owned by the lessee for a specified period of time and to provide day-to-day care for the livestock.
- 18. "Delay rental" means the annual minimum payment given to maintain a lease in the absence of production in commercial quantities during the primary term.
- 19. "Department" means the office of the commissioner and the department of trust lands.
- 20. "Disturbed" means any alteration of the surface or subsurface of any lands subject to a lease or encumbrance with the board.
- 21. "Encumbrance" means a right other than an ownership interest in real property. The term includes easements, permits, surface damage agreements and any other restrictions, encroachments, licenses, mortgages, and liens that relate to trust lands, and specifically excludes leases for agricultural use, construction aggregate, sodium sulfate, chemical substances, metallic ores, uranium ores, and oil, gas, and coal which are administered separately.
- 22. "Fair market value" means the price set by the commissioner after an analysis of prices paid for similar products or services in the local area under article 85-04.
- 23. "F.O.B." means free on board.
- 24. "Gas" means all natural gas and all other gaseous or fluid hydrocarbons not defined as oil, but does not include coal, lignite, oil shale, or similar hydrocarbons.
- 25. "Gas well" means a well producing gas or natural gas from a common source of gas supply as determined by the North Dakota industrial commission, other than from coalbed methane.
- 26. "Gross proceeds" means the sum of all consideration in whatever form or forms, paid for the gas attributable to the lease.
- 27. "Invasive species" means a species that is nonnative to the ecosystem under consideration and whose introduction causes or is likely to cause economic or environmental harm or harm to human health.

- 28. "Market value" means the price a willing buyer would pay a willing seller in an arm's length transaction in which the buyer is not compelled to buy or the seller is not compelled to sell.
- 29. "Net construction aggregate interest" means the undivided portions of the total construction aggregate estate on a given tract of land.
- 30. "Offset drainage" means the drainage of oil or gas to an adjoining tract of land on which a well is being drilled or is already in production.
- 31. "Offset well" means any well drilled opposite another well on adjoining property with the specific purpose of preventing drainage to the adjoining property.
- 32. "Oil" means crude petroleum oil and other hydrocarbons regardless of gravity produced in liquid form and the liquid hydrocarbons known as distillate or condensate recovered or extracted from gas, other than gas produced in association with oil and commonly known as casinghead gas.
- 33. "Oil and gas lease" means a contract entered between the board and a third party for oil and gas production.
- 34. "Oil and gas leased premises" means the land subject to a given oil and gas lease.
- 35. "Oil well" means a well capable of producing oil and which is not a gas well as defined herein.
- 36. "Original grant lands" means all those lands granted to the state of North Dakota by virtue of the Enabling Act of 1889, as further defined in North Dakota Century Code section 15-06-01.
- 37. "Payor" means either the lessee or an entity other than the lessee who assumes, or agrees to perform, any of the lessee's rights and responsibilities under a lease.
- 38. "Pest" means any insect, rodent, nematode, fungus, weed, any form of terrestrial or aquatic plant or animal life, viruses, bacteria, or other micro-organisms, except viruses, bacteria, or other micro-organisms, whose presence causes or is likely to cause economic or environmental harm or harm to human health.
- 39. "Surface land lease" means a contract entered between the board and a third party for agricultural use on trust lands.
- 40. "Surface land leased premises" means the land area subject to a given surface land lease.
- 41. "Terminate," unless otherwise provided, has the same meaning as the word "cancel."
- 42. "Trust lands" means any property owned by the state of North Dakota and managed by the board.
- 43. "Trusts" means permanent trusts and other funds managed or controlled by the board.
- 44. "Vehicle" means every device in, upon, or by which any person or property may be transported or drawn upon a public highway or trail, except devices moved by human power.
- 4544. "Vertical oil and gas well" means a well, the wellbore of which is drilled on a vertical or directional plane into a non-shale formation and is not turned or curved horizontally to allow the wellbore additional access to the oil and gas reserves in the formation.
- 4645. "When run" means that point in the time when the production from a well is removed or sold from the leased premises and delivered to the purchaser or user of such production; for purposes of computing royalties, that point in time must be considered to be 7:00 a.m., on the day the production is delivered, using central standard time, to the purchaser or user regardless of the actual time delivered.

**History:** Effective January 1, 2019; amended effective January 1, 2020; January 1, 2021; \_\_\_\_\_. **General Authority:** NDCC 15-05-05, 15-07-20, 15-08.1-06, 28-32, 61-33-06 **Law Implemented:** NDCC 4.1-47-04, 15-01, 15-04, 15-05, 15-07, 15-08, 15-08.1

## ARTICLE 85-03 UNCLAIMED PROPERTY

Chapter	
85-03-01	Definitions
85-03-02	Reporting Abandoned Property
85-03-03	Claiming Property
<u>85-03-04</u>	<u>Examinations</u>

### CHAPTER 85-03-01 DEFINITIONS

Section

85-03-01-01 Definitions

### 85-03-01-01. Definitions.

The following definitions, in addition to the definitions in North Dakota Century Code chapter 47–30.147-30.2, apply to this article:

- 1. "Claim" means the formal filing that initiates the process of returning unclaimed property to the rightful owner.
- 2. "Claimant" means the individual submitting the claim form for unclaimed property.
- 3. "Claim form" means the form prescribed by the administrator by which a claim can be initiated.
- 4. "Due diligence" means the holder's efforts to contact the owner prior to remitting property to the administrator, as required under North Dakota Century Code section 47-30.1-17 sections 47-30.2-26 and 47-30.2-27.
- 5. "Heir finder" means an individual or business that assists owners in locating unclaimed property for a fee.

**History:** Effective January 1, 2019, amended effective

General Authority: NDCC 47-30.1-3847-30.2-03

Law Implemented: NDCC 47-30.147-30.2

### **CHAPTER 85-03-02 REPORTING ABANDONED PROPERTY**

Section 85-03-02-01 85-03-02-02 85-03-02-04 85-03-02-05 85-03-02-06	Electronic Reporting of Abandoned Property Information Contained in Reports  Due DiligenceRepealed Mineral Proceeds  Early ReportingRepealed Holder Notice to Apparent Owner
85-03-02-0	01. Electronic reporting Reporting of abandoned property.
	hall report abandoned property electronically to the administrator in the standard national unclaimed property administrators' format.
General Auth	tive January 1, 2019, <u>amended effective</u> .  ority: NDCC 47-30.1-3847-30.2-03  nted: NDCC 47-30.1-17, 47-30.1-2747-30.2-21, 47-30.2-22, 47-30.2-23, 47-30.2-32, 47-
85-03-02-0	02. Information contained in reports.
	to the requirements in North Dakota Century Code section 47-30.1-1747-30.2-22, a holder e following information in the report, if available:
1. Owne	er social security number;
— 2. Ident	ifying <u>check, account,</u> or policy number;
3.2. Owne	er date of birth <u>; and</u>
— 4. Paye and	e and remitter information for all cashier's checks, money orders, and traveler's checks;
	nineral proceeds, a legal land description, well number, recording information, and any information to adequately describe the lease.
General Auth	tive January 1, 2019 <u>, amended effective</u> ority: NDCC 4 <del>7-30.1-38<u>4</u>7-30.2-03</del> nted: NDCC 4 <del>7-30.1-17, 47-30.1-27</del> 47-30.2-21, 47-30.2-22, 47-30.2-23
85-03-02-0	03. Due diligence <u>Repealed</u>
Holder due	e diligence, including written or electronic communication, must include:
— 1. A dea	adline for owner response to holder;
— 2. Prope	erty type;
- 3. Prop	erty value; and
4. Uncla	simed property division contact information.
General Auth	tive January 1, 2019. ority: NDCC 47-30.1-38 nted: NDCC 47-30.1-17

### 85-03-02-04. Mineral proceeds.

A holder shall accumulate mineral proceeds and submit an annual lump sum report to the administrator bybefore November first for the amount due through June thirtieth.

**History:** Effective January 1, 2019, amended effective

General Authority: NDCC 47-30.1-3847-30.2-03

Law Implemented: NDCC 47-30.1-16.1, 47-30.1-17, 47-30.1-47-30.2-04, 47-30.2-21, 47-30.2-22, 47-

30.2-23, 47-30.2-32

### 85-03-02-05. Early reporting---Repealed

A holder may report property before it is deemed abandoned if the holder:

1. Has been granted prior written approval by the administrator; and

2. Demonstrates to the satisfaction of the administrator that due diligence has been performed.

History: Effective January 1, 2019. General Authority: NDCC 47-30.1-38

Law Implemented: NDCC 47-30.1-17, 47-30.1-27

### 85-03-02-06. Holder notice to apparent owner.

For instances of automatic re-reinvestment of dividends and interest accounts and accounts with automatic withdrawals or deposits, holders shall provide notice via certified mail to the apparent owner at a minimum of once every three years in a format substantially similar to that required in North Dakota Century Code section 47-30.2-27. A return of a certified mail return receipt signed by the apparent owner shall constitute evidence of indication of apparent owner interest in the subject property as required by North Dakota Century Code section 47-30.2-12. The holder shall retain all valid return receipts as records of indication of apparent owner interest. A return to sender as undeliverable or not signed by the apparent owner shall cause the property to be subject to due diligence procedures pursuant to North Dakota Century Code sections 47-30.2-26 and 47-30.2-27. A deceased individual cannot demonstrate an ownership interest in property.

**History:** Effective

General Authority: NDCC 47-30.2-03

Law Implemented: NDCC 47-30.2-12, 47-30.2-26, 47-30.2-27

## CHAPTER 85-03-03 CLAIMING PROPERTY

Section	
85-03-03-01	ClaimsRepealed
85-03-03-02	Required Documentation
85-03-03-03	Payment of Claim
85-03-03-04	Heir Finder Requests
85-03-03-05	Claims Submitted by Heir Finder

### 85-03-03-01. Claims --- Repealed

— A claim must be submitted on a claim form and signed under penalty of perjury.

History: Effective January 1, 2019. General Authority: NDCC 47-30.1-38

Law Implemented: NDCC 47-30.1-24, 47-30.1-24.1, 47-30.1-25

### 85-03-03-02. Required documentation.

A claimant shall provide adequate documentation to establish ownership of the abandoned property, including photo identification and documentation of social security number.

- 1. The following additional documentation is required when a claim is submitted on behalf of:
  - a. Deceased individuals: Copy of death certificate and documentation providing legal claim authority.
  - b. Business claims: Federal employer identification number and documentation providing legal claim authority.
  - c. Incapacitated individuals: Copy of documentation providing legal claim authority.
- 2. If there are multiple owners, all reported owners or the legal representative shall submit a claim form.
- 3. The administrator may request additional documentation necessary to support a claim.
- 4. If a claimant chooses to donate the property to the common schools trust fund, required documentation remains the same.

**History:** Effective January 1, 2019, amended effective

**General Authority:** NDCC 47-30.1-3847-30.2-03

Law Implemented: NDCC 47-30.1-24, 47-30.1-24.1, 47-30.1-25 47-30.2-50, 47-30.2-51, 47-30.2-52

### 85-03-03. Payment of claim.

Upon approval of a claim, payment must be issued:

- 1. In the name of the reported owner;
- 2. In accordance with a court order; or
- 3. In the name of the rightful owner, as determined by the administrator, based on the records of the holder and other information available to the administrator.

History: Effective January 1, 2019, amended effective

**General Authority:** NDCC 47-30.1-3847-30.2-03

Law Implemented: NDCC 47-30.1-24, 47-30.1-2547-30.2-50, 47-30.2-51, 47-30.2-52

### 85-03-03-04. Heir finder requests.

- 1. An electronic list of owners must be provided upon request. The list includes:
  - a. Property held by the unclaimed property division as of the date of the request;
  - b. Owner's name;
  - c. Owner's last known address;
  - d. Holder information;
  - e. Date of last activity; and
  - f. Type of property.
- 2. A paper copy of the list must be provided upon request for a fee to be set by the administrator.

**History:** Effective January 1, 2019, amended effective

General Authority: NDCC 47-30.1-3847-30.2-03

Law Implemented: NDCC 47-30.1-19.144-04, 47-30.2-03

### 85-03-05. Claims submitted by heir finder.

An approved claim submitted by an heir finder must be paid in the name of the original owner.

**History:** Effective January 1, 2019, amended effective

General Authority: NDCC 47-30.1-3847-30.2-03

Law Implemented: NDCC 47-30.1-24, 47-30.1-3547-30.2-50, 47-30.2-51, 47-30.2-52, 47-30.2-68, 47-

30.2-69, 47-30.2-70

### CHAPTER 85-03-04 EXAMINATIONS

<u>Section</u>	
<u>85-03-04-01</u>	Contract Auditors
85-03-04-02	Notice of Examination
<u>85-03-04-03</u>	Entrance Conference
<u>85-03-04-04</u>	Examination Refusal
<u>85-03-04-05</u>	Examination Guidelines
85-03-04-06	<u>Estimation</u>
85-03-04-07	Multistate Examinations
85-03-04-08	Bankruptcy
85-03-04-09	Audit Resolution Agreements
85-03-04-10	Voluntary Disclosure Agreement Program

### 85-03-04-01. Contract auditors.

- 1. The administrator may contract with a person to conduct unclaimed property examinations to determine compliance with the North Dakota Century Code chapter 47-30.2.
- 2. <u>A contract to conduct an examination may provide for compensation of the person based on a fixed fee, hourly fee, or contingent fee.</u>
- 3. An auditor shall not engage in any unclaimed property examination to determine compliance with North Dakota Century Code chapter 47-30.2 without written authorization from the administrator.
- 4. An auditor shall report in writing to the administrator at least monthly on the status of all unclaimed property examinations the auditor has been authorized to perform by the administrator.

**History:** Effective

General Authority: NDCC 47-30.2-03, 47-30.2-56

Law Implemented: NDCC 47-30.2-55

### 85-03-04-02. Notice of examination.

- 1. All unclaimed property examinations begin with an official notice of examination.
- 2. A notice of examination shall notify the person subject to examination that:
  - a. <u>Its books and records, including those belonging to subsidiary and related entities or maintained by a third party that has contracted with the person, are subject to examination;</u>
  - b. Identify the assigned auditor; and
  - c. Include auditor contact information.
- 3. A notice of examination may either be sent directly to the person subject to examination

by the administrator or to the auditor assigned to the examination for delivery to the person subject to examination.

History: Effective

General Authority: NDCC 47-30.2-03, 47-30.2-56

Law Implemented: NDCC 47-30.2-55

### 85-03-04-03. Entrance conference.

- 1. Once an examination is assigned and written notice of examination is provided to the person subject to examination, an entrance conference will be scheduled with the auditor and representatives of the person subject to examination. A representative of the administrator may participate in an entrance conference.
- 2. <u>During the entrance conference, the auditor shall, to the extent practicable:</u>
  - a. <u>Identify the types of property that will be subject to the examination and the time period covered by the examination;</u>
  - b. Discuss an examination work plan, a tentative schedule, and the scope of work;
  - c. Provide contact information for both the auditor and the administrator;
  - d. Notify the person subject to examination of his or her ability to request an informal conference with the administrator pursuant to North Dakota Century Code section 47-30.2-61;
  - e. Advise the person subject to examination that the administrator and not the auditor makes determinations concerning that person's liability under North Dakota Century Code chapter 47-30.2 and that interpretations of that chapter are made by the administrator;
  - f. Request records and materials necessary to proceed with the next steps of the examination;
  - g. Explain the requirement to provide a due diligence notice to the apparent owner of property presumed abandoned; and
  - h. Explain that, unless otherwise agreed to in writing by the administrator, the person subject to examination shall remit to the auditor any unclaimed property identified during the examination that is owed to the State of North Dakota.

**History:** Effective

**General Authority:** NDCC 47-30.2-03, 47-30.2-56

Law Implemented: NDCC 47-30.2-55, 47-30.2-57, 47-30.2-58, 47-30.2-61, 47-30.2-62

### 85-03-04-04. Examination refusal.

If the person subject to examination refuses to adhere to the rules and laws, the auditor shall inform the administrator of the refusal and the commissioner may bring action to enforce the rules and laws as outlined in North Dakota Century Code chapter 47-30.2, including issuing an administrative subpoena.

History: Effective

General Authority: NDCC 47-30.2-03, 47-30.2-56

Law Implemented: NDCC 47-30.2

### 85-03-04-05. Examination guidelines.

- 1. The auditor and the person subject to examination shall act in good faith to conduct the examination under the terms and within the time frame established in the entrance conference.
- 2. <u>During the examination, the auditor may make subsequent requests, to the person subject to examination, for additional books and records required to complete the examination.</u>
  - a. The auditor shall submit record requests to the person subject to examination in writing or, if the request is made verbally, shall follow up with written documentation of the request.
  - b. Record requests must have reasonable deadlines in order to move the examination forward and avoid unnecessary delays.
  - c. The auditor shall provide a reasonable timeframe for the person subject to examination to respond to the request based on the type and extent of the information requested and other relevant facts and circumstances.
  - d. The auditor shall provide confirmation of receipt with reasonable projected response times to submissions received from the person subject to examination.
- 3. The examination must include access to the original books, records, and other supporting documentation deemed by the administrator to be necessary to ascertain compliance with North Dakota Century Code chapter 47-30.2.
- 4. The auditor shall properly document the examination and make the working papers gathered during the unclaimed property examination available for review by the administrator. The working papers must include planning information and all related calculations, statistical analyses, and summarizations.

History: Effective

General Authority: NDCC 47-30.2-03, 47-30.2-56

Law Implemented: NDCC 47-30.2-55, 47-30.2-57, 47-30.2-58

### 85-03-04-06. Estimation.

Concerning estimation under North Dakota Century Code section 47-30.2-59:

- Unless agreed to by a person subject to examination, estimation should be used only
  when there has been a violation of North Dakota Century Code section 47-30.2-24. The
  ability of the administrator to use estimation is intended as a deterrent to the intentional
  or negligent destruction of records that would be used in an unclaimed property
  examination to identify unclaimed property.
- 2. A payment made based on estimation under this section does not relieve a person from an obligation to report and deliver property to a state in which the holder is domiciled.
- 3. An auditor may use estimation in an examination if:
  - a. The person subject to examination agrees in writing to the use of estimation as part of an examination resolution agreement; or
  - b. The administrator approves in writing the use of estimation in the examination.
- 4. Estimation by the administrator should reasonably approximate the amount of unclaimed property that should have been reported to North Dakota if all reports had been filed and records had been maintained as required by North Dakota Century Code chapter 47-30.2.
- 5. Prior to the use of estimation in an examination, the administrator shall:
  - a. Notify the person subject to examination, in writing, that estimation is being considered because of a failure to maintain the records required by North Dakota Century Code section 47-30.2-24;
  - b. After considering any evidence submitted by the auditor and the person subject to examination, make a written determination that the person subject to examination has failed to maintain the records required by North Dakota Century Code section 47-30.2-24;
  - c. <u>Provide an opportunity for the person subject to examination to submit written objections, including, but not limited to:</u>
    - (1) Submitting evidence that the person subject to examination has maintained sufficient records to perform the examination for some or all of the years during the time period covered by the examination; or
    - (2) Proposing an estimation methodology;
  - d. Notify in writing the person subject to examination of:
    - (1) The estimation methodology to be used; and
    - (2) <u>For which years during the time period covered by the examination estimation will be used.</u>

**History:** Effective

General Authority: NDCC 47-30.2-03, 47-30.2-56

### 85-03-04-07. Multistate Examinations.

- 1. The administrator may agree to participate in an examination of a person for compliance with unclaimed property laws of multiple states, including North Dakota Century Code chapter 47-30.2, when auditors perform examinations for more than one state.
- 2. As different states participating in a multistate examination will have different rules for examinations, there may be conflicts between the statutory or regulatory requirements for how the auditor should conduct the examination. When practicable, the auditor should comply with the requirements of this section when conducting a multistate examination. However, if there is a conflict between the requirements of this section and the requirements of one or more other states, the auditor may vary from the requirements of this section so long as the auditor:
  - a. <u>Follows any requirements imposed by North Dakota Century Code chapters</u> 44-04 and 47-30.2, including confidentiality requirements; and
  - b. <u>Uses North Dakota Century Code chapter 47-30.2 with regards to any property for which the State of North Dakota has the superior claim.</u>

History: Effective

General Authority: NDCC 47-30.2-03, 47-30.2-56

Law Implemented: NDCC 47-30.2-55, 47-30.2-57, 47-30.2-63, 47-30.2-64

### 85-03-04-08. Bankruptcy.

If, at any time before or during an examination, the person subject to examination files for bankruptcy, that person shall give notice of the filing to the auditor. The auditor shall, within seven calendar days after receiving notice or the discovery of the event, notify the administrator of the bankruptcy filing. If the administrator so elects, the auditor shall assist the administrator to ensure that a proper proof of claim is timely filed in the bankruptcy action.

**History:** Effective

General Authority: NDCC 47-30.2-03, 47-30.2-56

Law Implemented: NDCC 47-30.2-55, 47-30.2-58, 47-30.2-62

### 85-03-04-09. Examination resolution agreements.

- 1. <u>The commissioner may resolve an examination via negotiation and settlement with the person subject to examination.</u>
- 2. The commissioner shall not agree in a settlement to provide indemnification beyond that provided in North Dakota Century Code chapter 47-30.2.
- 3. A mutually-agreed upon settlement resolves a specific examination and does not create

### any precedent on specific legal issues.

History: Effective

**General Authority: NDCC 47-30.2-03, 47-30.2-56** 

Law Implemented: NDCC 47-30.2-55, 47-30.2-58, 47-30.2-62

### 85-03-04-10. Voluntary disclosure agreement program.

- 1. The administrator may establish a voluntary disclosure agreement program for persons who are not in compliance with North Dakota Century Code chapter 47-30.2.
- 2. Under a voluntary disclosure agreement program, the commissioner may agree to waive, in whole or in part, interest and penalties for a person who voluntarily reports and remits to the administrator property that should have been previously reported, paid or delivered to the administrator pursuant to North Dakota Century Code chapter 47-30.2. The voluntary disclosure agreement program includes property that is reportable pursuant to the transition provisions of North Dakota Century Code section 47-30.2-74. Property reportable under North Dakota Century Code chapter 47-30.2 or the previous Uniform Unclaimed Property Act may be eligible to be voluntarily reported and remitted under the voluntary disclosure agreement program.
- 3. A person who has been sent an official notice of examination may not participate in the voluntary disclosure agreement program.
- 4. Participation in the administrator's voluntary disclosure agreement program does not waive or otherwise limit the administrator's authority to order and conduct an unclaimed property examination pursuant to North Dakota Century Code section 47-30.2-55.

History: Effective

**General Authority:** NDCC 47-30.2-21, 47-30.2-56

Law Implemented: NDCC 47-30.2-22, 47-30.2-55, 47-30.2-58, 47-30.2-59, 47-30.2-62, 47-

30.2-65. 47-30.2-66. 47-30.2-67. 47-30.2-74

### **CHAPTER 85-04-05 PUBLIC ACCESS AND USE**

Section
85-04-05-01 Vehicular Access
85-04-05-02 Public Access
85-04-05-03 Prohibited Activities
85-04-05-04 Organized Event
85-04-05-01. Vehicular access.
The use of vehicles on trust lands is prohibited, except:
1. Within thirty-three feet [10.06 meters] of section lines;
2. As allowed by the terms of a lease, permit, or easement issued by the board;
3. When used for travel on a public road easement issued by the board;
4. When used by government personnel in the performance of official duties; or
5. When hunting under a special permit issued by the director of the North Dakota game and fish department to shoot from a stationary vehicle and with written permission from the lessee and commissioner.
History: Effective January 1, 2020.  General Authority: NDCC 28-32-02  Law Implemented: NDCC 15-01-02, 20.1-02-05(10)
85-04-05-02. Public access.
1. Nonvehicular public access to leased and unleased trust lands is allowed, if in the best interests of the trusts, unless:
a. Specifically prohibited by the commissioner; or
b. The lessee posts the land with signage issued by the department, which:
(1) Requires notification to the lessee before entry by the public; or
(2) Closes the trust lands to all public access.
2. Lessee may not lease, sell, or otherwise be compensated for access to, on, across, or over leased trust lands.
History: Effective January 1, 2020. General Authority: NDCC 28-32-02 Law Implemented: NDCC 15-01-02, 15-02-05
85-04-05-03. Prohibited activities.
The following activities and items are prohibited on trust lands:
1. Target shooting, explosives, and exploding targets;
— 2. Camping, picnicking, or campfires;
3. Unattended hunting blinds, tree stands, and screw in steps;

<del>4.</del>	Baiting to attract, lure, feed, or habituate wildlife for any purpose. Bait includes grains, screenings, minerals, salt, fruits, vegetables, hay, or any other natural or manufactured feeds. Bait does not include the use of lures, scents, or liquid attractants for hunting;
<del>5</del>	Disturbing or removing artifacts or any cultural, historical, archeological, or paleontological resources found on trust lands without written permission from the board;
<del>6.</del>	Disposing of refuse, including garbage, bottles, cans, trees, branches, or other waste materials;
<del>7</del>	Dog training;
<del>8.</del>	Metal detecting;
<del>9.</del>	Guiding and outfitting;
<del>10.</del>	Collecting plant parts for sale or other commercial purposes;
<del>11.</del>	Trapping, unless authorized in writing by the commissioner;
<del>- 12.</del>	Tree cutting and firewood gathering, unless authorized in writing by the commissioner; and
<del>13.</del>	Beehives, unless specifically authorized in a surface land lease.
Genera	: Effective January 1, 2020. I Authority: NDCC 28-32-02 plemented: NDCC 15-01-02, 15-02-05, 15-04-18, 15-04-20, 20.1-03-42, 55-02-07, 55-10-09
<del>85</del> -(	94-95-94. Organized event.
	on written request, the commissioner may allow by written agreement or permit, an organized volving public access or activity on trust lands if the event:
<del>1.</del>	Is an appropriate use of trust lands;
2.	Does not damage trust lands;
3.	Does not negatively impact the value or financial return of the trust lands in violation of the board's fiduciary duty to the applicable trusts as determined by the commissioner;
<del>4.</del>	Protects the state of North Dakota from liability and other claims for damage; and
<del>5.</del>	Has been approved by the current surface land lessee, if leased.
History	: Effective January 1, 2020.

General Authority: NDCC 28-32-02 Law Implemented: NDCC 15-01-02

## ARTICLE 85-06 MINERALS MANAGEMENT

Chapter	
85-06-01	Oil and Gas
85-06-02	Coal

### CHAPTER 85-06-01 OIL AND GAS

Section	
85-06-01-01	Oil and Gas Lease Nomination
85-06-01-02	Advertisement for Public Auction
85-06-01-03	Public Auction
85-06-01-04	Rejection of Nomination and Bids
85-06-01-05	Form and Term of Oil and Gas Lease
85-06-01-06	Assignment, Amendment, or Extension
85-06-01-07	Voluntary Release
85-06-01-08	Royalties
85-06-01-09	Disputed Title Royalty Escrow Account
85-06-01-10	Breach of Oil and Gas Lease
85-06-01-11	Board Review
85-06-01-12	Reports of Lessee - Delinquency Penalty
85-06-01-13	Audit and Examination
85-06-01-14	Request for Shut-In Status for Oil
85-06-01-15	Offset Obligations for Vertical Oil and Gas Wells

### 85-06-01-12. Reports of lessee - Delinquency penalty.

Royalty payment and reporting are due on forms prescribed by the department as follows:

### 1. For gas:

- a. Within one hundred twenty-three days of the last day of the month in which initial production occurs, royalty payment and reporting are due for the first, second, and third months of production.
- b. Successive royalty payments and reporting are due within sixty-one days of the last day of the month in which production occurs.

### 2. For oil:

- a. Within ninety-two days of the last day of the month in which initial production occurs, royalty payment and reporting are due for the first, second, and third months of production.
- b. Successive royalty payments and reporting are due within thirty days of the last day of the month in which production occurs.
- 3. The royalty payment and reporting deadline may be extended by the commissioner upon written request. An extension, if granted, only applies to future royalty payments and reporting.
- 4. Any sum, other than delay rentals, not paid when due is delinquent and is subject to a delinquency penalty of one percent of the sum for each thirty day period of delinquency or fraction of delinquency period, unless a waiver or board review is requested under subsection 6. For leases issued after July 31, 2021, any penalty must be calculated pursuant to North Dakota Century Code section 15-05-10(3).

- 5. Unpaid royalties bear interest under North Dakota Century Code section 47-16-39.115-05-10(2).
- 6. A lessee has thirty days from the date of the receipt of a notice of a penalty and interest assessment to pay the penalty and interest, request a waiver or reduction, or to request board review.
  - a. A request for a waiver or reduction of the penalty or interest or a request for board review must be in writing and provide the grounds for the request.
  - b. The following factors may be considered when deciding to waive or reduce the penalty or interest: the reason for the late payment; the degree of control the payor had over the late payment; any unusual or mitigating circumstances involved; the loss of interest earnings to the trust involved; and any other relevant factors.
  - c. The commissioner, for good cause, may waive up to twenty-five thousand dollars of the penalty or reduce interest initially sought. A request for a waiver or reduction of penalty in excess of twenty-five thousand dollars must be presented to the board, with the commissioner's recommendation, for review and decision.
  - d. A waiver or reduction of penalty and interest does not constitute a waiver of the right to seek the full amount of both penalty and interest if the initial claim for royalty payment is not paid. If a claim for unpaid royalties, penalties, and interest is settled and payment received, the amount of penalties and interest not collected is deemed waived.

History: Effective January 1, 2020, amended effective

General Authority: NDCC 15-05-09, 15-05-10, 15-07-20, 15-08.1-06, 61-33-06

Law Implemented: NDCC 15-05-09, 15-05-10, 47-16-39.1, 47-16-39.2

August 26, 2021

### **RE: Information Technology Project Status Update**

(No Action Requested)

The Department of Trust Land's (Department) 2017-2019 biennial budget appropriation includes \$3.6 million to replace legacy information technology (IT) systems as authorized by Senate Bill 2013 of the Sixty-fifth Legislative Assembly.

Severe limitations in the current IT system, including redundant manual processes, have hampered efficiencies. Many of the Department's core data management systems were developed in the 1980s and 1990s, using designs and tools no longer supported by vendors. Some supplemental system improvements and purchases have been implemented; however, the outdated database structure restricts many potential improvements.

On April 29, 2019, the new system for Unclaimed Property was successfully launched.

On July 1, 2020, the new Financial Management and Accounting system was successfully launched.

On September 14, 2020, the Revenue Compliance Division successfully launched the migrated and updated software system.

The Surface Land Management System is tentatively scheduled to go-live on September 25, 2021. MABU, a full service marketing and communications company, has been hired to aid the Department in communication efforts to constituents who will be impacted by the implementation of the new system.

Additional capital funding was approved through Senate Bill 2013 to support the implementation of software for the Minerals Division. A kick-off for the implementation of the new software is scheduled for September 27, 2021.

August 26, 2021

### RE: Strategic Investment and Improvements Fund - Assigned Fund Balance

Mineral revenues from sovereign lands are deposited into the Strategic Investment and Improvements Fund (SIIF). In July, 2016 the Board of University and School Lands (Board) classified \$142,325,049 of this fund as an "Assigned Fund Balance," a potential liability that should not be transferred out of the fund until title claims to riverbed leases are resolved. The amount was derived from the amount of bonus and royalties collected from the leasing and production of sovereign lands' oil and gas interests and in consideration of associated litigation in these areas.

The adoption of Senate Bill 2134 (SB 2134) in 2017 by the Sixty-fifth Legislative Assembly, codified as N.D.C.C. ch. 61-33.1, provided for a determination of the Ordinary High Water Mark (OHWM) for certain stretches of the Missouri River. The bill directed the North Dakota Industrial Commission (NDIC) to review a stretch of river to determine the location of the OHWM pursuant to specific criteria established by the Legislature.

On August 30, 2018 the Board affirmed the existing Assigned Fund Balance of \$229,325,049. It was anticipated that after the NDIC adopted the final review findings, the Department of Trust Lands (Department) would be able to calculate with more certainty the amounts necessary for mineral title disputes.

The survey NDIC was directed to conduct under SB 2134, and completed by Wenck Associates, Inc., did not provide the level of detail needed by the Department or oil and gas operators to make the necessary adjustments required to refund royalties and lease bonuses. In recognition of this, the Sixty-sixth Legislative Assembly amended N.D.C.C. ch. 61-33.1 by adopting Senate Bill 2211 (SB 2211). SB 2211 authorized the Board to "contract with a qualified engineering and surveying firm to analyze the final review findings and determine the acreage on a quarter-quarter basis or government lot basis above and below the [OHWM] as delineated by the final review findings of the [NDIC]."

The SB 2134 further directed the adjustment of State leased mineral interests and authorized refunds of mineral proceeds accordingly. SB 2134, Section 3, states:

- 1. There is appropriated out of any moneys held in reserve in the [SIIF] for mineral title disputes, not otherwise appropriated, the sum of \$100,000,000, or so much of the sum as may be necessary, to the commissioner of university and school lands for the purpose of mineral revenue repayments, for the biennium beginning July 1, 2017, and ending June 30, 2019. The funding provided in this section is considered a one-time funding item.
- 2. The funding provided in this section is available for the following:
  - a. Repayment of any lease, bonus, rents, and royalty collections attributable to oil and gas mineral tracts lying entirely above the ordinary high water mark of the historical Missouri riverbed channel on both the corps survey and the state phase two survey, as required in subsection 1 of section 61-33.1-04.
  - b. Repayment of any lease, bonus, rents, and royalty collections attributable to the remaining oil and gas mineral tracts, as required in subsection 2 of section 61-33.1-04.

- c. Other mineral revenue repayments or other reimbursements that are attributable to oil and gas mineral tracts requiring repayments under this Act.
- Upon adoption of the final review findings by the industrial commission, the commissioner of university and school lands shall calculate the amount necessary for mineral revenue repayments based on the final review findings.
- 4. As soon as a repayment amount for a known recipient is calculated but after the expenditure of the \$100,000,000 in subsection 1:
  - a. The commissioner of university and school lands shall request from the sixty-sixth legislative assembly additional funding sufficient for any remaining mineral revenue or other repayments.
  - b. If the \$100,000,000 is expended before the repayment of all amounts calculated for known recipients and before additional funds are made available by the sixty-sixth legislative assembly, the Bank of North Dakota shall extend a line of credit, not to exceed \$87,000,000, to the commissioner of university and school lands. The commissioner of university and school lands shall access the line of credit, to the extent necessary, the sum of which is appropriated, for the purpose of mineral revenue and other repayments under this Act for the biennium beginning July 1, 2017, and ending June 30, 2019. The commissioner of university and school lands shall repay the line of credit from funds available in the strategic investment and improvements fund as appropriated by the legislative assembly.

Mineral revenues from sovereign lands are deposited into the SIIF. Current revenue projections indicate there will be sufficient funds within the SIIF to meet obligations and transfers implemented by the 2017 Legislative Assembly, including the total amount estimated for refunds under SB 2134.

On July 17, 2019 the Board approved the existing Assigned Fund Balance of \$229,325,049. The amount was based upon the bonus and royalties anticipated to be collected through the end of Fiscal Year 2019.

On June 25, 2020 the results of the acreage adjustment survey as prepared by Kadrmas, Lee & Jackson, Inc. (KLJ) were presented and approved by the Board, with the exception of certain sections and lots that required further review. The Department has started the process of updating records to satisfy the Board's duty under N.D.C.C. § 61-33.1-04(2)(a). This process is extensive and requires a review of each parcel within each spacing unit located within the Project Area. Each parcel will be reviewed for changes to the database, Correction of Oil and Gas Leases will be prepared for execution, requests for refunds of bonus and royalties will be prepared, each well will need a new royalty management unit to ensure future royalties will be allocated to the correct trust, the Department's shapefiles will be updated, and the Department will need to track the documentation for each lease correction. Within the 83 miles reviewed by Wenck Associates, Inc., the Department has over 500 active leases covering 44,700 acres.

On July 29, 2020, the Board approved the existing Assigned Fund Balance of \$229,325,049.

Since June 25, 2020, the Department has been completing the necessary acreage adjustments within the Project Area. Based upon the review of the current adjustments, the Department has

determined the Board can reduce the amount preserved in the Assigned Fund Balance by \$10,544,933. The recommended reduction is based upon the Assigned Fund Balance related to the lease corrections that have been executed.

Recommendation: For purposes of its financial reporting, the Board affirms the "Assigned Fund Balance" of the Strategic Investment and Improvements Fund and recommend it set at \$218,780,117. These funds are reserved to make adjustments related sovereign lands mineral ownership.

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Stenehjem					
Governor Burgum					

August 26, 2021

### **RE: Repayment of Unpaid Gas Royalties Update**

The Board of University and School Lands (Board) manages land, minerals, and proceeds as trustee for the exclusive benefit of constitutionally identified beneficiaries, with much of the income going towards funding North Dakota schools and institutions. The Board also manages oil, gas and other hydrocarbons underlying sovereign lands for the State of North Dakota.

The Department of Trust Lands (Department) has persistently worked with operators to collect payment or establish escrow accounts for royalties from the production of minerals, in accordance with the Board's lease, rules, and policies. Royalty audits began in the late 1980's and a Revenue Compliance Division was created in 2011 to ensure that royalty and other collections made on behalf of the trusts and other funds are complete and accurate.

A letter regarding Formal Notification of Gas Royalty Repayment Obligations dated February 11, 2020 (February 2020 Letter), was sent to all entities required to pay royalties to the Board pursuant to the Board's lease. The February 2020 Letter advised all entities who have been deducting post production costs from royalty payments made to the Department that they have been underpaying royalties, contrary to the terms of the Board's lease. Entities were advised that penalties and interest continue to accrue on any unpaid amounts in accordance with the February 2020 Letter until payment is received. On April 8, 2020, the Board extended the date to come into compliance with gas royalty payments, as outlined in the February 2020 Letter, to September 30, 2020. At the August 27, 2020, Board meeting, the Board extended the date to come into compliance with gas royalty payments, as outlined in the February 2020 Letter, to April 30, 2020.

Since the issuance of the February 2020 Letter, the Department has been working with payors who have been deducting post production costs from royalty payments made to the Department to ensure that they are in compliance with the terms of the Board's lease.

On July 29, 2021, the Board provided the Department with guidance as it relates to royalty repayment offers. Since August 1, 2021, the Department approved receipt of payment for:

- BTA Oil Producers, LLC
- Liberty Resources Management Co., LLC
- Lime Rock Resources
- Luff Exploration Company

The Department has several royalty repayment offers prepared to present to the Board in executive session pursuant to N.D.C.C. §§ 44-04-19.1 and 44-04-19.2.

August 26, 2021

**RE:** Nelson Litigation

(No Action Requested)

Case: Marvin Nelson, Michael Coachman & Paul Sorum v. The Board of University

and School Lands of the State of North Dakota and the State of North Dakota

- Civ. No. 27-2021-CV-00285

Tribunal: McLean County District Court

Judge: Daniel El-Dweek Attorney: David Garner

**Opposing** 

Counsel: Plaintiffs Appearing Pro Se

**Issues:** The Board was named as a defendant in the above reference case which was

served on July 26, 2021. Plaintiffs have filed a Summons for Petition or Quiet Title, Petition for Quiet Title, and a Memorandum in Support of Petition for Quiet Title.

Plaintiffs are seeking to quiet title to the property described as:

That area of the bed of Lake Sakakawea known as Lake Jesse (Jesse Lake) delineated by the US Army Corps of Engineers Shoreline Survey used in acquiring land for the creation of Lake Sakakawea in Section 30 of Township 153 North Range 98 West and in Sections 23,24,25,26 in Township 153 North Range 99 West

(approximately 488.68 acres).

**History:** 

Current Status:

- On August 5, 2021, Paul Sorum emailed a Request for Setting for Petition for Quiet Title and Memorandum in Support of Quiet Title requesting the Court schedule a one-hour hearing on Petitioners' Petition for Quiet Title and Petitioners' Memorandum in Support of Petition for Quiet Title.
- On August 16, 2021, Defendants filed a Motion to Dismiss.

August 26, 2021

**RE:** Newfield Litigation

(No Action Requested)

Case: Newfield Exploration Company, Newfield Production Company, and

Newfield RMI LLC v. State of North Dakota, ex rel. the North Dakota Board of University and School Lands and the Office of the Commissioner of University and School Lands, a/k/a the North Dakota Department of Trust

Lands, Civ. No. 27-2018-CV-00143

Date Filed: March 7, 2018

Court: District Court/McKenzie County

Attorneys: David Garner

Opposing

Counsel: Lawrence Bender - Fredrikson & Byron, P.A. and Michelle P. Scheffler -

Haynes and Boone, LLP

Judge: Robin Schmidt

**Issues:** Plaintiff is seeking a Declaratory Judgment that it is currently paying gas royalties

properly under the Board's lease. Specifically, Plaintiff is asking the Court to order that gas royalty payments made by the Plaintiff be based on the gross amount received by the Plaintiff from an unaffiliated third-party purchaser, not upon the gross amount paid to a third party by a downstream purchaser, and that Plaintiff does not owe the Defendants any additional gas royalty payments based on

previous payments.

History: A Complaint and Answer with Counterclaims have been filed. Newfield filed an Answer to Counterclaims. A Scheduling conference was held July 27, 2018. Plaintiffs' filed a Motion for Summary Judgment on August 13, 2018 and Defendants filed a Cross-Motion for Summary Judgment. Plaintiffs' Response was filed October 19, 2018 and Defendants' Reply was filed November 9, 2018. A hearing on the Motions for Summary Judgment was held on January 4, 2019 at 1:30 p.m., McKenzie County. An Order on Cross Motions for Summary Judgment was issued on February 14, 2019, granting Plaintiff's motion for summary judgment and denying Defendants' motion for summary judgment. The Judgment was entered March 1, 2019, and the Notice of Entry of Judgment was filed March 4, 2019. Defendants have filed a Notice of Appeal to the North Dakota Supreme Court (Supreme Court). The trial scheduled in McKenzie County District Court for September 10 and 11, 2019 has been cancelled. Defendants/Appellants' Brief to the Supreme Court was filed April 29, 2019. Plaintiffs/Appellees filed their Brief of Appellees and Appendix of Appellees on June 7, 2019. Defendants/Appellants filed a reply brief on June 18, 2019. Oral Argument before the Supreme Court was held on June 20, 2019. On July 11, 2019, the Supreme Court entered its Judgment reversing the Judgment of the McKenzie County District Court. On July 25, 2019 Newfield filed Appellee's Petition for Rehearing. Also on July 25, 2019, a Motion for Leave to File Amicus Curiae Brief by Western Energy Alliance in Support of Newfield was filed with the Supreme Court. On July 26, 2019, a Motion for Leave to File Amicus Curiae Brief by North Dakota Petroleum Council in Support of Newfield was filed with the Supreme Court. On August 20, 2019, the North Dakota Supreme Court requested Defendants file a Response to the Petition for Rehearing and the two Amicus Curiae Briefs no later than September 4. 2019. Defendants/Appellants filed their Response to Petition for Rehearing on September 4, 2019. A Corrected Opinion was filed by the North Dakota Supreme Court on September 9, 2019, changing the page number of a citation. On September 12, 2019, the North Dakota Supreme Court entered an order denying Newfield's Petition for Rehearing. On September 20, 2019, the opinion and mandate of the Supreme Court was filed with McKenzie County District Court. A Telephonic Status Conference was held October 8, 2019. On October 9, 2019, the District Court issued an Order Setting Briefing Schedule which ordered "the parties to file a brief regarding how they suggest the case proceed after the Supreme Court's decision." The parties filed briefs with the District Court on November 6, 2019. Notice of Appearance for Michelle P. Scheffler of Hayes and Boone, LLP on behalf of Plaintiffs was filed November 7, 2019. Telephonic Status Conference scheduled for March 17, 2020 before the District Court. On May 14, 2020, the Court scheduled a five-day Court Trial to start on October 4, 2021, McKenzie County Courthouse. On July 28, 2020, a Stipulated Scheduling Order was entered, setting dates for various deadlines. On April 1, 2021, the State served Defendants State of North Dakota, ex re. the North Dakota Board of University and School Lands, and the Office of the Commissioner of University and School Lands, a/k/a the North Dakota Department of Trust Lands' Interrogatories, Requests for Production of Documents, and Requests for Admissions to Plaintiff. On April 1, 2021, the Plaintiffs served the following on the State: Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of a Representative of the North Dakota Department of Trust Lands; Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Lance Gaebe: Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Taylor K. Lee; Plaintiffs' Notice of Intention to Take Oral and Videotaped Deposition of Jodi Smith; and Plaintiffs' First Set of Interrogatories, Requests for Production, and Requests for Admission to all Defendants. On July 1, 2021, Defendants filed their Motion for Summary Judgment and Plaintiffs filed their Motion for Partial Summary Judgment.

### Current Status:

- On August 2, 2021, Plaintiffs filed a Motion to Admit Garrett S. Martin Pro Hac Vice and their Response Brief in Opposition to Motion for Summary Judgment. Also on August 2, 2021, Defendants filed their Brief in Response to Plaintiffs' Motion for Partial Summary Judgment.
- On August 4, 2021, the parties filed an Expedited Joint Motion for Extension of Time to Reply to Briefs in Opposition/Response to Motions for Summary Judgment and the Joint Motion to Exceed Volume Limitations.
- On August 5, 2021, the Court issued its Order Granting Expedited Joint Motion for Extension of Time to Reply to Briefs in Opposition/Response to motions for Summary Judgment and the Order Granting Joint Motion to Exceed Volume Limitations. The parties now have until August 30, 2021 to file their opposition/response briefs and the page limit was extended from 12 pages to 30 pages for both parties.
- On August 9, 2021, Plaintiffs requested a hearing on Plaintiff's Motion for Partial Summary Judgment and Defendants Motion for Summary Judgment and scheduled that hearing for September 16, 2021, at 10 a.m. Also on August 9, 2021, a Pretrial Conference was scheduled for 10 a.m. on October 1, 2021.

August 26, 2021

RE: MHA Litigation

(No Action Requested)

Mandan, Hidatsa, and Arikara Nation v. United States Department of the Case:

Interior; David L. Bernhardt, in his official capacity as Secretary of the United States Department of Interior; and Daniel H. Jorjani, in his official capacity as Solicitor of the United States Department of the Interior; Case No. 20-1918

(ABJ)

Date Filed: July 16, 2020

**United States District Court for the District of Columbia** Court:

Judge: **Honorable Amy Berman Jackson** 

Attorney: Matthew Sagsveen, Beveridge & Diamond

Opposing

Counsel: Steven D. Gordon, Philip Merle Baker-Shenk, Timothy Purdon, and Timothy

Billion for Plaintiffs; Reuben S. Schifman for United States Department of

Interior

Issues:

In July, 2020, the Mandan, Hidatsa, and Arikara Nation (Tribe) filed a Complaint against the United States Department of the Interior (DOI); David Bernhardt, Secretary of DOI; and Daniel Jorjani, DOI Solicitor. The Complaint asserts four causes of action. Count One asserts that Solicitor Opinion M-37056 issued May 26, 2020, by Jorjani is flawed because it is inconsistent with past DOI opinions and decisions and contrary to the historical record. Count Two asserts the Opinion is flawed because it is the result of improper political influence. Counts Three and Four seek, essentially, an accounting and seem premised on the success of either Count

One or Count Two.

In the Complaint's Prayer for Relief, the Tribe requests: (a) that the Jorjani Opinion, which concluded North Dakota owns the lands beneath the Missouri Riverbed within the Fort Berthold Reservation, be set aside; (b) that the Court grant injunctive relief preventing Defendants from taking any steps to implement the Opinion; (c) that the Court compel DOI to account to the Tribe regarding the Missouri Riverbed and underlying minerals, including the production of minerals and the value of royalties owed thereon; (d) the Court declare the 1979 IBLA Impel Energy decision (finding the state does not own the riverbed) is res judicata and binding on the DOI; (e) the Court compel DOI to take the requisite administrative steps to document that the Missouri Riverbed and underlying minerals are held in trust by the United States for the benefit of the Tribe; (f) the Court compel DOI to take requisite steps to administer and account for the Tribe's mineral rights in lands underlying the Missouri Riverbed; (g) the Court compel DOI to collect, deposit and invest or pay funds owing to the Tribe for the extraction of minerals from the lands underlying the Missouri Riverbed; (h) that the Tribe be awarded reasonable fees, costs, and expenses, including attorney's fees; and (i) that the Court grant such further relief as the Court deems just and equitable.

Along with its Complaint, the Tribe filed a motion for preliminary injunction asking that the Court to immediately order DOI to refrain from doing anything to implement the Jorjani Opinion until the Court has decided the merits of the Tribe's claims regarding that Opinion.

### History:

Summons and Complaint filed July 16, 2020. A scheduling conference was held by telephone on July 23, 2020, with a follow up on July 29. The parties agreed the pending motion for preliminary injunction can be considered to be Plaintiff's motion for partial summary judgment on court one and resolved with defendant's cross motion for partial summary judgment as to that count. The merits of count one will be consolidated with any hearing on the motion for preliminary injunction. An Order issued by the Court on July 31, 2020 provides:

- o Administrative record due August 26, 2020;
- Defendant's consolidated opposition to motion for preliminary injunction and cross-motion for partial summary judgment - due September 1, 2020.
- Plaintiff's consolidated reply and cross-opposition to Defendant's motion - due October 1, 2020.
- Defendant's cross-reply to opposition due October 15, 2020.
- No lease or other official record affecting ownership of the Missouri Riverbed mineral estate within the Reservation may be modified or changed before 200 days from the date of this order – February 16, 2021, unless Defendant seeks the court's permission and amendment of the order, the Plaintiff has an opportunity to be heard, and the motion is granted.

That any revenues generated from riverbed mineral development under control of DOI not be disbursed until after the Court's resolution of the cross-motions for partial summary judgment on count one.

The State of North Dakota filed an Expedited Motion to Intervene on August 10, 2020. The Court issued an Order on August 11, 2020, allowing Plaintiff to respond to the State's Motion by August 17, 2020, and the State to file a reply by August 21, 2020. The Tribe filed its Opposition to the State Motion to Intervene on August 17, 2020. On August 21, 2020, the State filed its reply to the Tribe's opposition to the motion to intervene. The Notice of Lodging of Administrative Record was filed on August 26, 2020. The Court entered its Opinion and Order granting North Dakota's Motion to Intervene and setting forth requirements for filings. On September 1, 2020, the United States filed the United States Department of Interior's Opposition to Plaintiff's Motion for Preliminary Injunction and Cross-Motion for Partial Summary Judgment. On September 8, 2020, Plaintiff filed a Motion to Complete Administrative Record and a proposed Order. Also on September 8, 2020, the State filed the Intervenor-Defendant State of North Dakota's Cross-Motion for Partial Summary Judgment and Opposition to Plaintiff's Motion for Preliminary Injunction. On April 2, 2021, Plaintiff's Supplemental Submission Regarding Mootness by Mandan, Hidatsa, and Arikara Nation, State of North Dakota's Response to Mootness, and U.S. Department of Interior's Response to Order of the Court were filed.

### Current Status:

- By letter dated April 1, 2021, Associate Solicitor Eric Shepard invited the State of North Dakota to submit materials relevant to the review of M-37056 issued by former Solicitor Daniel Jorjani.
- On April 12 & 27, Attorney General Stenehjem requested more time to participate due to the inability to access records to complete research.
- On May 7, 2021, Attorney General Stenehjem advised that we were unable to provide the requested information during the time allotted but are providing a report by Stevens Historical Research Associates that has been prepared to date and reiterated request for more time.
- On July 30, 2021, the parties filed the Joint Status Report.

 An Order was filed by the Court on August 2, 2021 dismissing Court I and II of the Complaint, the preliminary injunction motion was denied as moot, and Counts III and IV remain justiciable. The parties are ordered to meet and confer and submit a joint status report by August 13, 2021 that sets forth the parties' views on whether Counts III and IV should continue to be stayed pending issuance of a new M-Opinion and if not, proposing a scheduling for resolving those claims.

# Procedures for Executive Session regarding Attorney Consultation and Consideration of Closed Records

### Overview

- 1) The governing body must first meet in open session.
- 2) During the meeting's open session the governing body must announce the topics to be discussed in executive session and the legal authority to hold it.
- 3) If the executive session's purpose is attorney consultation, the governing body must pass a motion to hold an executive session. If executive session's purpose is to review confidential records a motion is not needed, though one could be entertained and acted on. The difference is that attorney consultation is not necessarily confidential but rather has "exempt" status, giving the governing body the option to consult with its attorney either in open session or in executive session. Confidential records, on the other hand, cannot be opened to the public and so the governing body is obligated to review them in executive session.
- 4) The executive session must be recorded (electronically, audio, or video) and the recording maintained for 6 months.
- 5) Only topics announced in open session may be discussed in executive session.
- 6) When the governing body returns to open session, it is not obligated to discuss or even summarize what occurred in executive session. But if "final action" is to be taken, the motion on the decision must be made and voted on in open session. If, however, the motion would reveal "too much," then the motion can be abbreviated. A motion can be made and voted on in executive session so long as it is repeated and voted on in open session. "Final actions" DO NOT include guidance given by the governing body to its attorney or other negotiator regarding strategy, litigation, negotiation, etc. (See NDCC §44-04-19.2(2)(e) for further details.)

Recommended Motion to be made in open session:

Under the authority of North Dakota Century Code Sections 44-04-19.1 and 44-04-19.2, the Board close the meeting to the public and go into executive session for purposes of attorney consultation relating to:

- Royalty Offers
- Nelson et al. Civ. No. 27-2021-CV-00285
- Newfield Exploration Company et al Civ. No. 27-2018-CV-00143
- MHA Civ. No 1:20-cv-01918-ABJ

Action Record	Motion	Second	Aye	Nay	Absent
Secretary Jaeger					
Superintendent Baesler					
Treasurer Beadle					
Attorney General Stenehjem					
Governor Burgum					

### Statement:

"This executive session will be recorded and all Board members are reminded that the discussion during executive session must be limited to the announced purpose for entering into executive session, which is anticipated to last approximately one hour.

The Board is meeting in executive session to provide guidance or instructions to its attorneys regarding the identified litigation. Any formal action by the Board will occur after it reconvenes in open session.

Board members, their staff, employees of the Department of Trust Lands and counsel with the Attorney General staff will remain, but the public is asked to leave the room.

The executive session will begin at: \_\_\_\_\_AM, and will commence with a new audio recording device. When the executive session ends the Board will reconvene in open session."

### Statements upon return to open session:

State the time at which the executive session adjourned and that the public has been invited to return to the meeting room.

State that the Board is back in open session.

State that during its executive session, the Board provided its attorney with guidance regarding litigation relating to the sovereign lands' minerals claims.

[The guidance or instructions to attorney does not have to be announced or voted upon.]

State that no final action will be taken at this time as a result of the executive session discussion

-or- .

Ask for a formal motion and a vote on it.

Move to the next agenda item.