

CSUSB FOUNDATION

Building a Culture of Philanthropy

Investment Committee Meeting

Friday, November 8, 2024

9:00am

Zoom

MINUTES

Members Present: Gary McBride (Chair), Monica Alejandre, Kevin Morningstar, Thomas Pierce, Robert Nava, William Stevenson, Edward Teyber, Ellen Weisser

Absent: Carson Fajardo, Sam Sudhakar

Guests Present: Mike Breller (Beacon Pointe), Antonio Guijarro (CSUSB), Maria Badulis

1. Welcome

Meeting called to order by Gary McBride, Chair.

2. Approval of September 14, 2023, Minutes

Motion: The minutes for the September 13, 2023 investment meeting was approved as distributed. (Robert/Ellen/Unanimous)

3. 3rd Quarter Portfolio Performance and Discussion – Mike Breller, Beacon Pointe

Economic Backdrop and Market Expectations

Breller discussed the economic backdrop leading up to the quarter, noting a picture of resilience in the economy and tame inflation. He mentioned the Fed's steep measures and the expectation that inflation was moving towards the target range. Breller briefly discussed the impact of the election on the market, noting a quick rally in small-cap stocks and a drop in bonds. He suggested that the market expects a slower pace of pivot or even a halt in the Fed's actions. The conversation ended with Breller suggesting that another rate cut might be less likely and could be more like a quarter rather than a 50 basis point cut.

Quarterly Investment Performance and Allocation

Breller presented on the positive returns in the quarter across various investments, including emerging markets and growth stocks. He noted that bonds also returned 12%, and equities returned 30%. Breller also highlighted that the portfolio's equity managers outperformed the market, with the Magnificent 7 leading for the first time in the quarter. He mentioned that the portfolio's small cap allocation contributed to some underperformance, but overall, the portfolio's performance was successful. Breller also discussed the performance of individual managers and funds, including the addition of Artisan and Euro Pacific in the international space, and the slight

increase in allocation to Dodge and Cox. He concluded by mentioning the performance of the JP Morgan hedged equity and the traded real estate.

Fund Performance and Asset Allocation

Breller discussed the performance of various funds, highlighting that the Redwood Kairos Fund has a total value of 1 million, representing an increase of the initial investment. Breller also noted the importance of considering the internal rate of return (Irr) and total value versus investment amount (Tvpi) when assessing fund performance. Breller also noted that the portfolio's return is expected to improve, potentially reaching 7.5 to 8% due to better bond yields and increased allocation to private alternatives. He suggested that the next discussion should focus on asset allocation and financial modeling for the next ten years to determine if the portfolio has too much fixed income or if more private alternatives, such as private equity, should be considered.

4. Short-Term Investments – Monica Alejandre, AVP Advancement Operations, Board Secretary

McBride would like to revisit Citizens Business Bank's proposal regarding bond term extensions but was hesitant to lock in rates at this time. He also noted that the Foundation could consider switching back to Swift or Vanguard funds. Alejandre pointed out that managing multiple short-term funds added complexity from a bookkeeping perspective and suggested consolidating into a single fund to simplify cash flow management as well as investment management.

5. Foundation Financial Statements – Maria Badulis, University Controller

Badulis presented financial reports for the quarters ending June 30, 2024, and September 30, 2024. The committee reviewed them and had no concerns. Alejandre clarified that pledges would naturally fluctuate as they are paid, and new commitments are made. Additionally, she confirmed that revocable planned giving pledges are not reflected in financial statements.

6. RFP Discussion – All

After thorough discussion regarding the RFP process, the committee agreed to move forward with four firms. Alejandre will reach out to schedule the RFP dates. In addition, the committee will send questions they would like the vendors to address.

7. Open Discussion – All

Alejandre reported on a recent CSU Investment Committee Chairs meeting, where the Chancellor's Office (CO) inquired about ways they can provide support to Foundation investment committees. Both Alejandre and McBride requested the CO to provide more detailed investment data, including firm tenure and performance history and shared with the campuses. Alejandre also noted that due to the committee's delegated authority from the board, its meetings

should be conducted as open meetings. She will continue to look into the open meeting process and inform the investment committee of next steps. Lastly, Robert encouraged committee members to submit questions they would like the RFP candidates to address.

8. Adjournment

Meeting adjourned at 10:40am.

Approval of Minutes Investment Committee Meeting
Friday, November 8, 2024
Zoom

Signature: Monica Alejandre

Date: 2/7/2025

Print Name: Monica Alejandre

Board Position: Secretary