

# CSUSB FOUNDATION

*Building a Culture of Philanthropy*

## INVESTMENT MEETING

Thursday, August 19, 2014- 3:00 P.M.  
Administration Conference Room, AD-127

### Minutes

Members Present: Ron Fremont  
Doug Freer  
Thomas Pierce  
William Stevenson  
Ed Teyber  
Ellen Weisser  
Monir Ahmed

Others Present: Beth Brenner  
Lisa Iannolo  
Owen Odigie  
Karen Heifferon  
Evelyn Marquez

Members Absent: Tomas Morales  
Michael Bracken

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Bill Stevenson called the meeting to order at 3:04 p.m.

#### A. Welcome

Bill Stevenson welcomed and thanked everyone for coming to the meeting. Everyone went around and introduced themselves

#### B. Approval of the Minutes

The minutes of the May 22, 2014 meeting were reviewed and approved as written (Weisser/Teyber/Unanimous).

#### C. 2<sup>nd</sup> Quarter Portfolio Performance & Discussion

Karen Heifferon provided a brief market update. At the last meeting we discussed our concerns with PIMCO. The booklet provided gives a snapshot of the markets. Russell 200 has a bit of a pull back, but fairly strong; the international equity is strong. Emerging markets is coming back strong as well. In the booklet there is also an overview of Cal State's composites. Composite represents what portfolio has done to benchmarks. Overall, returns are great, but we need to analyze how return did relevant to risk. Karen

asked the members if they were comfortable with this return on a risk basis. For CRT's, there are currently no concerns and all have different allocations based on need and payout.

In regards to the market value, for fiscal year to date, what brought us down was the domestic equity from St. James. St. James has a role to play based on preservation to capital. The lower the number, the better the manager is doing. Provident and Touchstone are underperforming their benchmark; we have managers who would not care of their benchmark, but care for higher quality. Additionally, dividend yielding is paying better.

As of August 15, 2014, the total market value dropped a bit. Beacon Pointe is not comfortable with senior individuals resigning at Ell, and therefore, would recommend to replace Ell.

Global Real Estate: Beacon Pointe would recommend Voya Real Estate because Beacon Pointe likes the team and feels they can keep up. They are a European and Asian team based in New York. There was turnover and they were on their watch list; our manager's turnover this year was close to 10%. The recommendation is to take money from Ell to Voya.

The members approved to switch to Voya (Teyber/Pierce/Unanimous).

#### **D. PIMCO**

PIMCO is losing assets and is currently on the watch list. We have to analyze how managers do relative to their peers. Beacon Pointe likes Metwest and PIMCO. PIMCO/Blackrock/Goldensax all make decisions at the margin in order to get yield, but are driven by a macro point of view. Blackrock focuses on risk and is conscious of preservation of capital. Goldensax is in final stages of the approval process.

Pierce added that Blackrock is conservative, which fits our profile to try and protect our downside.

Beacon Pointe recommends to replace PIMCO unconstrained to Blackrock. The committee approved. (Weisser/Teyber/Unanimous).

#### **E. Asset Allocation**

In regards to Asset Allocation, CSUSB will try to use conservative risk return, we also must look at other Cal States. Karen mentioned going into U.S. private real estate and if this is something the committee would like to discuss and be comfortable with.

Monir mentioned that it is not as risky as everyone perceives; first a private manager would be presented to the group and second, Beacon Pointe would only suggest a small allocation.

Karen stated that Beacon Pointe would recommend Redwood, and in order to get private real estate we would need to update the investment policy statement in order to allow flexibility and add real estate as an asset class. Karen will have an analysis of Redwood and would present to the committee at the next meeting.

The members preferred a 0-5% allocation to private real estate. The members approved to update the policy statement (Tebyer/Pierce/Unanimouse).

**F. Effective Spending Rate**

Ron stated that President Morales is still looking into the effective spending rate.

The meeting adjourned at 4:55 p.m.

Approved James Ferguson 02/26/15  
James Ferguson, Secretary