

**SAN FRANCISCO STATE UNIVERSITY FOUNDATION
INVESTMENT COMMITTEE MEETING MINUTES**

Via Zoom

Friday, April 17, 2020 at 2:30 PM

Neda Nobari called the special meeting of the Investment Committee to order at 2:03 PM.

Committee Members Present

Neda Nobari, Committee Chair
Kimberly Brandon, Board Vice Chair
Taylor Safford, Board Chair
Sheldon Gen, Director
Don Endo, Director (via phone)
Herb Myers, Director (via phone)

Absent and Excused

Jason Porth, Foundation President
Jeff Wilson, Director
Leona Bridges, Director

Others Present

Tammie Ridgell, Associate Vice President (AVP), Auxiliary Business Services
Venesia Thompson-Ramsay, Secretary & Treasurer
Vicky Lee, Director of Finance
Ravi Karra, Cambridge Associates
Will Wise, Cambridge Associates
Ryan Coughlin, Cambridge Associates

Neda asked if committee members had any comments in light of the COVID-19 pandemic. There were none. She reminded the Committee that the special meeting was being called to discuss The Children Investment (TCI) Fund.

Karra asked for a few moments to discuss performance through the first quarter. He said that both the Endowment and Green Fund were down sharply for the quarter, although the Green Fund performed better, as has been the case in recent years. Karra said that the relative underperformance of the Endowment portfolio appeared to be partly because of underperformance of value-oriented managers like Harris International. Karra said that the markets had rebounded strongly so far in April and said that while there continued to be significant volatility, estimates of performance through April 15 showed the portfolios up around 5-6%. He said that the markets will react positively once the fear of the coronavirus is reduced and a treatment is available. He indicated that there were reports that GDP could shrink by as much as 30% in March and that we could see continued weakness into the second quarter.

Karra mentioned that it was not uncommon for high-quality managers to open to new investors following major market corrections. Cambridge Associates is in ongoing contact with such managers and is therefore in a position to act to take advantage of opportunities. Karra said TCI Fund was an example of a Global Stock manager that had been closed for years but was now open for subscriptions due to the sharp pull back in the markets. Karra said TCI is run by Chris Hohn who manages a straight-forward concentrated portfolio of global stocks in strong business with structural pricing power that is derived

from owning hard-to-replicate assets. Karra said TCI applied a long-biased investment strategy, aimed to outperform the market over the long term. The concentrated, equity-focused portfolio usually has 15 to 20 holdings, but may also include debt securities on which it can achieve an equity-like return with low risk and physical commodities to preserve or enhance returns. Karra said he was recommending an investment of \$4.5 million in the General Endowment Fund and \$1 million in the Green Fund. He said they were making changes to the target allocations between the common stocks categories to accommodate this new investment but were not changing the overall allocation to common stocks for either fund.

Karra said that TCI had a strong view on the benefits of good governance and reducing the carbon footprint of companies. He said that while TCI had no intention of investing in fossil fuel companies, the fund had no outright prohibition against owning such companies and would not allow investors to redeem earlier than allowed because they were displeased with the investments in the portfolio. As such, Karra said the Foundation needed to be clear on its decision to get into the investment, as TCI would probably not allow us to exit the Fund once we get in (a minimum lock up rate of 2 years). Thompson-Ramsay talked about keeping in line with the Foundation's ESG policy and asked that any vote to subscribe to the Fund included a vote to waive adherence to the ESG policy.

The Committee had a discussion about investment amounts, key man (reliance on one person) and fund performance. Karra noted that in comparison to the broader market, the Fund had performed well enough. The Committee also discussed whether returns were audited and Karra pointed out that US firms were audited by the Securities Exchange Commission (SEC). The Committee asked about areas in the market we could take advantage of. Karra said he will ask the Committee to increase its investments in Accolade. He said he also believed we will see an uptick in shares for technology companies.

The Committee decided to wait until there is more data on TCI Fund's performance. The Committee will further discuss at its May 12th meeting and, if agreed, invest for the June 1st deadline.

Adjournment: There being no further business to discuss, Herb Myers motioned to adjourn the Investment Committee meeting and Don Endo seconded the motion. The meeting was adjourned at 3:28 PM.

Respectfully submitted,

DocuSigned by:

Neda nobari

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Neda Nobari, Chair

Date