

**SAN FRANCISCO STATE UNIVERSITY FOUNDATION
INVESTMENT COMMITTEE MEETING MINUTES
Via Zoom
Thursday, February 11, 2021 at 11:00 AM**

Sheldon Gen called the meeting of the Investment Committee to order at 11:03 AM.

Committee Members Present

Kimberly Brandon, Board Chair
Leona Bridges, Director
Don Endo, Director
Todd Feldman, Member
Sheldon Gen, Committee Chair
Jeff Jackanicz, Foundation President
Neda Nobari, Vice Chair
Herb Myers, Director
Jeff Wilson, Director

Committee Members Absent and Excused

David Serrano Sewell, Director
Taylor Safford, Immediate Past Chair

Others Present

Vicky Lee, Director of Finance
Tammie Ridgell, Associate Vice President (AVP), Auxiliary Business Services
Venesia Thompson-Ramsay, Secretary & Treasurer
Wendy Walker, Cambridge Associates
Erin Figel, Cambridge Associates
Madelyn Mathai, Cambridge Associates

I. **Review of Agenda:** The Committee reviewed the agenda. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the agenda.

Motioned by: Don Endo Seconded by: Leona Bridges Motion: Passed

II. **Approval of Meeting Minutes:** The Committee reviewed the minutes from the October 8, 2020 meeting. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the minutes for the October 8, 2020 meetings, as prepared.

Motioned by: Leona Bridges Seconded by: Kimberly Brandon Motion: Passed

III. Discussion Items

- a. Performance Review and Asset Allocation: Figel reported that the endowment returned 14.3%, relative to the Policy Benchmark return of 12.1% for the calendar year 2020. She said the emerging markets stocks was the top performing asset class, returning 28.6%. She said, although still positive, fixed income was the weakest performing asset class, returning 3.8%. The Green Fund, on the other hand, returned 20.7%, outperforming the Policy Benchmark return of 14.2% for the calendar year 2020. Figel said that real assets was the top performing asset class, returning 42.4%, while hedge funds were the weakest performing asset class, returning 5.4%
- b. Marketable Manager Recommendations & Rebalancing: Walker recommended the termination of IVA International Fund valued at ~\$5.3 million. Walker said the strategy lagged its peers in recent value rebound and experienced organizational pressure with one of the lead portfolio managers departing early in 2020. Walker said, in light of the new policy targets approved by the Committee in 2020, she was recommending a number of investments, as follows:
- A new \$5 million investment in Metis US Equity Index strategy, a first-of-its-kind passive commingled fund for non-ERSIA investors from a diverse-owned firm. Walker said SF State would have the option to be publicly recognized by Metis as part of the founding share class for the fund.
 - A new \$3 million investment in Community Investment Management's Enterprise Loan Fund strategy, as part of the diversifier's allocation. Walker said the strategy targeted an 6-8% return, with low correlation to equity markets. She said the strategy specifically targeted under-represented communities to allocate capital and benefit from high quality borrowers that had historically been overlooked and underserved by mainstream lending sources.
 - An additional investment of \$500,000 in GMO Climate Change Fund.
 - An additional investment of \$500,000 in Vanguard REITs.

After much discussion, the Committee decided to postpone a vote of CIM until further review. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the committee approve a new subscription to Metis US Equity Index strategy for \$5 million and additional investments of \$500,000 each in GMO Climate Change Fund and Vanguard REITs.

Motioned By: Don Endo

Seconded By: Herb Myers

Motion: Passed

With regard to the Green Fund, Walker also recommended a rebalance from equity into fixed income to maintain the targeted 70/30 risk profile. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee transfers \$500,000 from stocks to fixed income and cash.

Motioned By: Leona Bridges Seconded By: Herb Myers Motion: Passed

- c. Investment Policy Statement Recommendation: Walker mentioned that they were providing language to formally update and reflect the new long-term policy targets that the Committee had approved at its October 8, 2020 meeting. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the revised Investment Policy Statement.

Motioned By: Jeff Wilson Seconded By: Jeff Jackanicz Motion: Passed

- d. Private Investments Recommendation: Walker reported that the portfolio was developing well, benefitting from strong performance of the few older vintage funds, and with early progress on the new commitments made over the past three years. Walker reminded the Committee that the long-term goal for private investments was 10% of the portfolio and that the asset class currently stood at about 3%. She said there were two fund commitment recommendations, both for managers that were already in the portfolio, but were now raising their latest vintage. The recommendations were, as follows:

- \$2 million commitment to Accolade VIII. The Foundation had committed \$3 million in 2018 to the prior fund, Accolade VII.
- \$1million commitment to Vision Ridge Sustainable Asset Fund (SAF) III. The had Foundation committed \$500,000 in 2018 to the prior fund, SAF II.

On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves \$2 million commitment to Accolade VIII and a \$1 million commitment to Vision Ridge Sustainable Asset Fund III.

Motioned By: Don Endo Seconded By: Herb Myers Motion: Passed

- e. Market Performance: Walker reported that the risk rally continued in the fourth quarter, bolstered by COVID-19 vaccine progress and multiple new stimulus measures. Global equities also excelled and, among regions, emerging markets outperformed developed counterparts, while non-US developed markets outperformed US stocks in major currency terms. Walker further added that other signs of equity performance rotation emerged as value bested growth and small caps topped large caps. Additionally, high-yield bonds outperformed investment-grade corporate and sovereign counterparts, as corporate yields touched all-time lows. Most real assets categories advanced, underpinned by stronger commodity prices, while gold was flat.

Walker also added that global equity markets declined in aggregate in January, but individual markets varied as emerging markets advanced and developed equivalents fell. She shared

that growth stocks held up better than value, while small caps outperformed large caps for the fifth consecutive month. Walker mentioned that sovereign bond prices declined amid rising yields, while high-yield bonds bested investment-grade equivalents. Finally, Walker reported that real assets were mixed – oil prices reached their highest levels since before the COVID-19–related price collapse last year, but gold and REITs declined.

IV. Cryptocurrency Update: Thompson-Ramsay informed the Committee that all the XRP cryptocurrency, donated by alumnus Chris Larsen, had been liquidated. She said that because the market was up, the sale resulted in a \$2.5 million gain. As such the University received a total of \$27.5 million for the original gift valued at \$25 million.

V. Executive Session: The Committee moved into executive session.

VI. Adjournment: There being no further business to discuss, the Investment Committee meeting adjourned at 2:31pm. The motion was made by Don Endo and seconded by Kimberly Brandon. All were in favor.

Respectfully submitted,

DocuSigned by:

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06/24/2021 | 3:25 PM PDT

Sheldon Gen, Chair

Date

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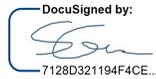
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San Francisco State University
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