

**SAN FRANCISCO STATE UNIVERSITY FOUNDATION
INVESTMENT COMMITTEE MEETING MINUTES
San Francisco State University
Thursday, November 29, 2017 at 11:30 AM**

Robert Nava called the meeting of the Investment Committee to order at 11:40 AM.

Committee Members Present

Herb Myers, Director (via phone)
Robert J. Nava, President
Neda Nobari, Director
Leona Bridges, Director
Phil King, Director (via phone)

Absent and Excused

Kimberly Brandon, Committee Chair
Ann Sherman, Director
Taylor Safford, Vice Chair
Brent Stranathan, Director

Others Present

Venesia Thompson-Ramsay, Secretary and Treasurer
Ravi Karra, Cambridge Associates
Jessica Mathews, Cambridge Associates (via phone)
Morgan Thompson, Cambridge Associates
Ashley Cohen, Cambridge Associates

- I. **Review of Agenda:** The Committee reviewed the agenda.
- II. **Approval of Meeting Minutes:** The Committee reviewed the minutes from the September 7, 2017 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 September 7, 2017 meeting, as prepared.

Motion by: Leona Bridges Seconded by: Herb Myers Motion: Passed

- III. **Investment Recommendations Update:** Karra provided the Committee with an update on the onboarding process with Cambridge Associates (CA) to date. He mentioned that the 15 investment recommendations approved at the September 7th committee meeting were in the process of being fully implemented.

IV. **Investment Recommendations:** Karra mentioned that the goal of the meeting was to discuss implementation of investment recommendations for the following asset classes: US Common Stocks, Hedge Funds, Real Assets and Private Investments. He also mentioned that he would be recommending an asset allocation for the Green Fund that was similar to the main fund.

US Equity

Before presenting the US Equity investment recommendations, Karra discussed three current investments in that class that he and his team were recommending we liquidate. He provided some background information on developments within the firms. With regards to one firm, in particular, he was concerned about its viability, decreased staffing, low profit and the fact that SF State Foundation had become the largest investor. He recommended that the Committee terminate its investments in Profit Large Cap Growth, Parametric Wisdom Tree High Dividend Index and Federated Strategic Value. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee terminates the Foundation's investments in Profit Large Cap Growth, Parametric Wisdom Tree High Dividend Index and Federated Strategic Value, as recommended.

Motion by: Leona Bridges Seconded by: Herb Myers Motion: Passed

Karra then walked committee members through the manager research and analysis for the US Equity investment recommendations. The following investments, including investment amounts, were reviewed and approved by the Investment Committee for addition to the SF State Foundation portfolio:

- DE Shaw Broad Market Core Alpha Ext - \$6 million (MM) – high probability of beating benchmark; diversified portfolio of US Stocks.
- Brown Advisory Large Cap Sustainable Growth - \$2MM – concentrated portfolio with growth tilt.
- Eagle Equity Strategy - \$2MM – focuses on undervalued quality growth companies with solid balance sheets.
- Snyder Small Cap Value - \$2MM – looks for businesses with strong market positions and long product cycles.

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

MINUTE ACTION: that the Committee approves the recommended investments in DE Shaw Broad Market Core Alpha Ext, Brown Advisory Large Cap Sustainable Growth, Eagle Equity Strategy and Snyder Small Cap Value.

Motion by: Leona Bridges Seconded by: Herb Myers Motion: Passed

Hedge Funds

Karra then discussed five (5) existing hedge fund investments that he was recommending that the Foundation terminate. He mentioned that the termination would be gradual as some investments may have lock up periods. The investments to be terminated were STS Partners Fund, Headlands Strategic Opportunities Fund, Harvest Agriculture Select LP, Redmile Capital Offshore Fund and VWP Select Strategies. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee terminates the Foundation's investments in STS Partners Fund, Headlands Strategic Opportunities Fund, Harvest Agriculture Select LP, Redmile Capital Offshore Fund and VWP Select Strategies, as recommended.

Motion by: Herb Myers Seconded by: Neda Nobari Motion: Passed

Karra discussed the two hedge fund recommendations to replace the five funds terminated by the Committee. He reviewed the manager research, analysis and investment amounts with the Committee, as follows:

- Adamas Partners - \$3MM – provides a balance between long/short equity and event driven strategies.
- Farallon Fossil Fuel Filter Funds - \$4MM – highly-diversified strategy designed to get assets into the portfolio that is not tied to the market.

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

MINUTE ACTION: that the Committee approves the recommended investments in Adamas Partners and Farallon Fossil Fuel Filter Funds.

Motion by: Neda Nobari Seconded by: Leona Bridges Motion: Passed

Real Assets

Karra discussed two real assets investments for addition to the SF State Foundation's portfolio. Both had no fossil fuel exposure:

- GMO Climate Change - \$1.5MM – builds portfolio using a mixture of value-focused quantitative models and deep fundamental analysis.
- Van Eck Gold - \$1MM – invests in gold-mining equities and does well in inflationary and deflationary times.

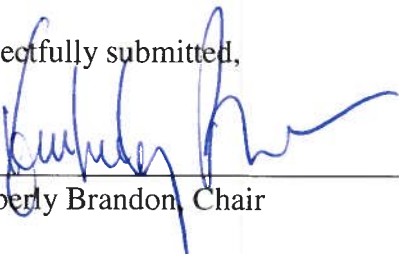
On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the recommended investments in GMO Climate Change and Van Eck Gold.

Motion by: Phil King Seconded by: Leona Bridges Motion: Passed

- V. **Performance Report:** Morgan Thompson reviewed the September 30, 2017 investment performance reports. Thompson mentioned that the one-year cumulative trailing return on the main/traditional portfolio was 10.3% and 14.56% on our Green Fund. She said the Foundation investments (main and Green Fund) outperformed their benchmarks with a 1.7% and 4.1% difference, respectively. As of September 30, 2017, the Foundation's main portfolio included 12.4% Global Equity, 18.8% US Equity, 11.5% International Equity, 9.9% Emerging Markets, 1.7% Private Equity, 11% Alternative Investments and 34.6% Fixed Income & cash. For the same period, the Green Fund included 31.3% US Equity, 32.7% International Equity, 25.8% Fixed Income and 10.2% Alternative Investments.
- VI. **Other Business:** Nava mentioned that UBS had a new team assigned to the Foundation custody accounts with the departure of Brian Sharpes and his team. He mentioned the new team's request to attend the next meeting to meet the Committee. The Committee agreed.
- VII. **Adjournment:** There being no further business to discuss, and with Myers making the motion and Nava seconding the motion, the Investment Committee meeting was adjourned at 1:47 pm.

Respectfully submitted,



Kimberly Brandon, Chair



Date