

University Enterprises, Inc.
Investment Committee Meeting Minutes
Tuesday, November 14th, 2017
UEI Conference Room
11:00 a.m. – 12:00 p.m.

Members Present: David Bach, Jay Lee

Members Absent: Mike Lee, Jeffrey Einhorn

Staff Present: Craig Barth, Jim Reinhart

Presenting: Sand Hill Global Advisors – Brian Dombkowski, Sara Craven, Meghan DeGroot

David Bach called the meeting to order at 11:00 AM.

Sand Hill Global Advisors (SHGA) began the meeting with a review of the current investment outlook. During the third quarter, global economic growth continued to strengthen and has now been firming for four quarters in a row. The outlook for corporate earnings growth is better than it has been in quite some time. First and second quarter earnings were better than projected, growing 14% and 10% respectively year over year. Global demand for oil picked up during the summer months, while supply declined. This contributed to a rise in oil prices during the quarter. Interest rates could experience more pressure as the Federal Reserve moves to raise short term interest rates and shrink its balance sheet. However, this will likely be tempered by the global interest rate environment as well as relatively low inflation. While the valuation of the equity market has expanded recently, the global economic and corporate earnings growth environment should be supportive of financial markets.

Both domestic and international equity markets, as well as commodities and REITS, appreciated during the quarter as global economic and corporate earnings growth continued to strengthen. Fixed income yields declined early in the quarter then rose as markets turned their attention to the upcoming Federal Reserve balance sheet reduction. The end result was a quarter where equities led the way, but all asset classes generated a positive return.

The Investment Account returned 4.23% during the quarter, net of all fees, compared to 3.95% for the benchmark. From an asset allocation standpoint, the overweight to equity and underweight to fixed income was a positive contributor to performance. From a selection standpoint, the active manager within commodities was also a positive contributor to performance.

The Student Investment Fund (SIF) account returned 4.00% during the quarter.

Craig provided an update on the VEBA Account.

Brian Dombkowski introduced a new fee schedule. Given the growth of the University's assets with Sand Hill, the University is eligible for a reduced fee schedule that will reduce annual expenses by 15%.

The meeting adjourned at 12:00 PM.