

UNIVERSITY ENTERPRISES, INC.
Investment Committee Meeting Minutes
Wednesday, February 7, 2018
UEI Conference Room
11:00 a.m. – 12:00 p.m.

Attendees: Mike Lee, Jim Reinhart, Craig Barth, David Bach, Jay Lee, Angie Laguna

Members Absent: Jeffrey Einhorn

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

Mike Lee called the meeting to order at 11:05 AM.

UEI's VEBA Trust balance as of January 31, 2018 was \$4,290,000. The portfolio is allocated as follows: Domestic Equity – 44.4%, International Equity – 11.6%, Real Estate – 5.4%, Fixed Income – 38.6%. The combined investment market value for all 23 participating auxiliaries is slightly over \$61 million, according to the most recent report.

Jim Reinhart thanked Sand Hill for being a Silver Sponsor at the CSU AOA Conference.

Sand Hill Global Advisors (SHGA) provided a review of the current investment outlook. The fourth quarter rounded out a strong year as global growth expanded in a synchronized way for the first time since 2010. Financial markets reacted positively, even in the face of significant political and geopolitical tensions, as double digit corporate earnings growth supported strong returns in the equity market and yield curve flattening led to positive returns in fixed income. Commodity prices also began to rise as oil supply and demand became more balanced and demand for commodities grew. Our outlook remains favorable this year and is supported by strong domestic fundamentals, an improved global backdrop and a modest lift coming from recent tax policy changes.

Domestic and international equity market returns were robust during the quarter and were driven by stronger than expected corporate earnings and a newly signed U.S. tax bill. Fixed income returns were more muted as the market anticipated the December Federal Reserve rate hike. Commodity prices continued to recover as demand increased and supply and demand for oil became more balanced.

The Investment Account returned 4.91% during the quarter, net of all fees, compared to 4.35% 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, active managers within international equity and commodities were also positive contributors to performance.

The Student Investment Fund (SIF) Account returned 7.36% during the quarter. Jay Lee is going to look into the possibility of allowing the SIF to purchase capital preservation type assets in the account.

The meeting adjourned at 11:45 AM.