

UNIVERSITY ENTERPRISES, INC.
Investment Committee Meeting Minutes
Tuesday, February 19, 2019
UEI Conference Room
11:00 a.m. – 12:00 p.m.

Attendees: David Bach, Craig Barth, Jonathan Bowman, Jeffrey Einhorn, Angie Laguna, Jai Joon Lee, Steve Perez, Jim Reinhart

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

The meeting was called to order at 11:00 AM.

Jim Reinhart introduced Jonathan Bowman as the new committee Chair.

Sand Hill Global Advisors provided a review of the current investment outlook. Financial markets across the board experienced significant volatility during the fourth quarter. Throughout the fourth quarter, the term “recession” was used loosely in the press and this likely contributed to the severity of the correction we experienced. There is an important distinction between a growth slowdown and a recession and data suggests a natural slowdown is occurring. We expect trends to moderate this year and be closer to long term average levels of 2%. Recent financial market expectations have adjusted significantly and now appear to be fully reflecting this change.

During the fourth quarter, domestic equities were down 19% or more from their peak and the full year, 2018, marked the worst annual return since the financial crisis. International equity fared better in the fourth quarter but was still down during the period. Commodities and REITs were also negative. Bond returns were flat while cash, the best performing asset class for the fourth quarter and year, appreciated 2% as a result of four Federal Reserve rate hikes throughout the year.

The Investment Account returned -10.31% during the quarter, net of all fees, compared to -10.52% for the benchmark. The top contributor to performance during the quarter was an overweight to international equity which outperformed U.S. equity during the quarter. The top detractor was an underweight to fixed income during the quarter.

Sand Hill presented key findings from the annual NACUBO study.

The Student Investment Fund (SIF) Account returned -14.31% during the quarter.

Craig Barth provided an update on the VEBA Account.

The meeting adjourned at 12:00 PM.