

UNIVERSITY ENTERPRISES, INC.
Investment Committee Meeting Minutes
Wednesday, November 14, 2018
Via Conference Call
11:00 a.m. – 12:00 p.m.

Attendees: David Bach, Craig Barth, Stacy Hayano, Angie Laguna, Jai Joon Lee, Steve Perez, Jim Reinhart

Members Absent: Jeffrey Einhorn

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

The third quarter 2018 UEI Investment Committee meeting was conducted via conference call due to campus closure and poor air quality in the region from the Camp Fire.

Stacy Hayano called the meeting to order at 11:03 AM.

Sand Hill Global Advisors provided a review of the current investment outlook. Beginning in early October, financial market volatility picked up meaningfully. Sand Hill Global Advisors viewed the correction as a good buying opportunity and added exposure to U.S. large cap stocks as well as a new position in an emerging market government bond fund.

The fundamental backdrop is still positive as GDP grew 3.5% during the third quarter and the job market remains very healthy. Corporate earnings growth is on track to grow over 20%. Looking to 2019, growth is expected to moderate to more normalized levels as interest rates rise, labor costs expand, and the outcome of trade talks potentially results in a more inflationary environment. Some of this impact could be offset by the continued positive impact from fiscal stimulus.

Domestic equity markets appreciated during the quarter with large cap stocks outperforming small cap stocks. International stocks declined as currency volatility increased and trade tensions persisted. Bond returns were flat. Commodities became increasingly volatile, with growing demand for oil outpacing supply, while metals and agriculture remained vulnerable to tariffs. REITs also remained volatile against a backdrop of increased consumer demand and rising rates.

The Investment Account returned 2.71% during the quarter, net of all fees, compared to 3.53% 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 fixed income were also positive contributors to performance. An overweight to international equity detracted from performance.

The Student Investment Fund (SIF) Account returned 6.29% during the quarter.

Craig Barth provided an update on the VEBA Account.

The meeting adjourned at 11:25 AM.