

**UNIVERSITY ENTERPRISES, INC.**  
**Investment Committee Meeting Minutes**  
**Tuesday, August 28, 2018**  
**UEI Conference Room**  
**1:00 p.m. – 2:00 p.m.**

**Attendees:** Stacy Hayano, Jim Reinhart, Craig Barth, David Bach, Steve Perez, Angie Laguna

**Members Absent:** Jeffrey Einhorn, Jai Lee

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

Jim Reinhart introduced Stacy Hayano, the interim committee chair, and Steve Perez, a new committee member. Stacy called the meeting to order at 1:01 PM.

Sand Hill Global Advisors provided an update on ongoing partnerships with the University. Sand Hill recently concluded the fifth annual summer internship with a student from Sacramento State's Student Investment Fund. In addition, Sand Hill is honored to support the University's 2019 Green and Gold Gala.

Sand Hill Global Advisors provided a review of the current investment outlook. During the second quarter, economic growth picked up following the more subdued trends that characterized the first quarter. Retail sales growth, employment and inflation all expanded to near-cycle highs and contributed to GDP growing in the 4% range.

Global growth trends continued to track above historical averages and were supported by strong corporate earnings growth as well as accommodative central banks and very little inflation. This environment should support global equity markets while interest rates to continue to rise as the Federal Reserve raises interest rates. The imposition of tariffs could slow this trend but the level and extent of economic stimulus, particularly in the U.S., should serve to offset much of this potential impact.

Domestic equity markets appreciated during the quarter with small cap stocks outperforming their larger cap peers. International equity came under pressure as the U.S. dollar appreciated and concerns over international trade prevailed. Bonds ended the quarter and year-to-date period with a low single digit negative return as interest rates continued to rise. Meanwhile, REITs bounced back following a weak first quarter and commodities rose as oil demand outpaced supply and global consumption trends remained strong.

The Investment Account returned 10.31% over the 1-year period, net of all fees, compared to 9.77% 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, an overweight to energy within commodities was also positive contributors to performance. During the quarter, the Investment Account returned 1.39%, net of all fees, compared to 2.28% for the benchmark. The main detractor from performance during the quarter was a result of the strengthening U.S. dollar which led international equity markets to decline.

The Student Investment Fund (SIF) Account returned 2.72% during the quarter.

Craig Barth provided an update on the VEBA Account.

The meeting adjourned at 1:31 PM.