

CSUSB FOUNDATION

Building a Culture of Philanthropy

Investment Committee Meeting

Friday, February 16, 2024

9:00 a.m.

Zoom

MINUTES

Members Present: Gary McBride (Chair), Monica Alejandre, Carson Fajardo, Robert Nava, Thomas Pierce, William Stevenson, Samuel Sudhakar, Edward Teyber, Ellen Weisser

Members Absent:

Guests Present: Maria Badulis, Mike Breller, William Thompson, Estefania Vazquez

Welcome

Investment Committee Chair, Gary McBride, called the meeting to order at 9:05 a.m.

Motion: The minutes for the November 17, 2023, investment meeting was approved as distributed.

Macro and Micro Markets

Mike Breller introduced Director Institutional Consulting at Beacon Pointe, Bill Thompson to the committee. Thompson briefly shared with the committee a bit about his background and experience. He expressed gratitude for his one-year tenure at Beacon Pointe, noting the positive experiences with colleagues and clients.

Thompson presented a comprehensive market overview, highlighting the robust performance of capital markets in 2023. He addressed the challenges faced by regional banks and the Federal Reserve's interventions. Bill underscored the growth of the US GDP and the significant reduction in headline inflation from 9% to around 2%. Thompson further elaborated on the anticipated Federal Reserve rate cuts in 2024, prompted by inflation concerns. He noted a shift in market expectations from six rate cuts to five or four following a strong jobs report. Despite market volatility, Thompson emphasized the importance of adhering to strategic portfolio targets.

The discussion also covered geopolitical risks, consumer challenges, and potential recession indicators. The committee examined the impact of international trends on the US economy, including Japan's recession and the UK's economic struggles. Market sentiment suggests that the Fed may reduce rates in 2024 due to ongoing inflation challenges. Beacon Pointe advised maintaining strategic portfolio targets while being ready to adjust and seize opportunities.

4th Quarter Portfolio Performance and Discussion

Mike Breller presented the 4th quarter portfolio performance. As of December 31, the portfolio's total value was approximately \$55 million, with a return of 8.9% for the fourth quarter and

15.7% for the calendar year 2023. Over the long term, the portfolio achieved annualized returns of 7.5% over five years and 5.2% over ten years. Breller noted that the asset allocation was within the stated Policy Ranges and near Policy Targets, with a slight overweight in US Equities and Alternatives and a modest underweight in International Equities and Fixed Income. He emphasized the importance of global diversification and maintaining a long-term investment perspective.

Beacon Pointe discussed financial repression as a long-term theme, focusing on low interest rates to manage debt. The significance of making informed investment decisions was highlighted, along with the changes implemented in 2019 to improve risk-return outcomes. Specific investment strategies and fund performance were reviewed. Breller mentioned the partial distribution of the fund and its diversified nature, further highlighting the success of Redwood Fund IV and the potential for further allocations. He explained the reinvestment of distributed funds and provided an overview of the funds under oversight, including endowments and Charitable Remainder Trusts (CRTs).

Beacon Pointe expressed gratitude for the committee's involvement and diligence.

Consulting Services Timeline

Monica Alejandre provided an update on the consulting services timeline with North Pier. Currently, they are still analyzing the returns and evaluating the fund managers. Once this analysis is complete, a meeting will be scheduled for North Pier to present their findings to the investment committee.

Open Discussion

During the open discussion, the committee addressed the \$8 million investment in Citizens Business Bank short-term investments and the necessity of developing an exit strategy. They emphasized the importance of evaluating this investment and potentially reallocating the funds back to the Swift portfolio.

The committee also expressed their gratitude to the Committee Chair, McBride, for his valuable contributions.

The meeting adjourned at 10:20 am.

**Approval of Minutes
Investment Committee Meeting
Friday, February 16, 2024
Zoom**

Signature: Monica Alejandre

Date: 5/24/2024

Print Name: Monica Alejandre

Board Position: Secretary