

<b>IAC Members Attending</b>			
Jack McGrory	IAC Chair	Irv Rothenberg / Absent	Member
Steve Relyea	IAC Vice Chair	David Bach	Member
Robert Eaton	Member	Tim Schaefer	Member
Leona Bridges	Member	Mike Lucki	Member
		Matthew Saha	Designee
<b>Staff / Other Attendees</b>			
Ron Flatt	Director – Treasury Operations	Laura Wirick	Meketa – Investment Advisor
Scott August	Chief Investment Manager	Jonas Noack	Meketa – Investment Advisor
Frank Benham	Meketa – Investment Advisor	Sarah Bernstein	Meketa – Investment Advisor

Due to the Governor’s proclamation of a State of Emergency resulting from the threat of COVID-19, and pursuant to the Governor’s Executive Order N-25-20 issued on March 12, 2020, attending members of the IAC participated in this meeting remotely, either by telephonic or video conference means. Out of consideration for the health, safety and well-being of the members of the public and the Chancellor’s Office staff, there was no physical location for the meeting and a physical location was not open to the public during the meeting. No IAC members or staff were present at a physical location. Members of the public were still able to participate via the meeting dial in information noted on the agenda and offer public comment pursuant to appropriate public meeting protocol. Furthermore, due to a systemwide CSU restriction on all nonessential travel until July 1, 2021, all upcoming IAC meetings scheduled until July 1, 2021, will be held via video teleconference only with no physical meeting location.

The IAC Chair called the meeting to order and established a quorum on January 28, 2021 at 11:00 am.<sup>1</sup>

**Item I: Approval of Minutes – Action Item**

The IAC Chair asked if there were any amendments or changes to the minutes from the October 9, 2020 meeting. Upon a motion duly made and seconded, the minutes were approved as submitted.

**Item II: RFP Update Fixed Income Managers and Conflict of Interest Reporting – Information Item**

The purpose of Item II was to provide a brief update to the IAC members on the RFP for Fixed Income Managers for both the Liquidity Portfolio and the Intermediate Duration Portfolios and to notify the members of annual conflict of interest reporting.

Chancellor’s Office staff informed the IAC it completed the semifinalists’ due diligence for the Fixed Income Managers for the RFP and determined the finalists for each portfolio. Finalist interviews were planned for the beginning of February 2021 with some IAC members volunteering to participate on the finalist panel.

Members were notified of Annual Conflict of Interest Reporting via Form 700s to be sent to the members and due around the end of March.

<sup>1</sup> Details on all meeting agenda items are included in the meeting materials as presented at the CSU Investment Advisory Committee (“IAC”) meeting dated January 28, 2021.

### **Item III: TRP Quarterly Report – Information Item**

Item III was an information item and is presented at each quarterly meeting. Meketa presented an Economic and Market Update as of November 30, 2020, which included updates on the Covid-19 pandemic, financial market and economic impacts, an overview of global fiscal and monetary stimulus measures, and recommended guidelines for investors. Meketa also presented their Fourth Quarter 2020 World Markets Review, which included reviews of historical investment returns for various asset classes and sectors, relative valuations, and economic statistics. Finally, Meketa presented the TRP quarterly review and evaluation report as of September 30, 2020. Information in this report included the current TRP asset allocation, an update on TRP funding contributions, overall TRP performance versus its stated benchmarks, and detailed performance and characteristics for the TRP investment managers. Additional investment manager details are provided in the resource center on Diligent each quarter. As of September 30, 2020, the TRP market value was \$1.2 billion, an increase of \$56.7 million from the beginning of the quarter; \$5 million from funding contributions, and \$51.7 million from investment earnings.

Given that the meeting occurred on January 28th, Chancellor's Staff also provided the IAC with an update on TRP Market Value and performance as of January 26<sup>th</sup>.

#### **Key points:**

- As of September 30, 2020, all TRP asset classes complied with the Policy Ranges outlined in the TRP Investment Policy.
- As of September 30, 2020, the TRP since inception return was +6.65% compared to +5.57% for the TRP Policy Benchmark and +6.49% for the TRP Strategic Benchmark.
- The TRP since inception return as of September 30, 2020 ranks in the 22<sup>nd</sup> percentile of all Endowments in excess of \$250 million reporting to InvMetrics.<sup>2</sup>
- The TRP returned +4.65% for the third quarter, compared to +4.64% for the TRP Policy Benchmark and +2.15% for the TRP Strategic Benchmark.

The IAC, Meketa, and Chancellor's Office also engaged in further discussion surrounding the TRP Quarterly Report, economic conditions, and market conditions.

### **Item IV: Investing in a Low Rate Environment – Information Item**

Meketa's presentation on Investing in a Low Rate Environment was led by Meketa's Director of Research. The presentation included various approaches for investing in a low interest rate environment, including potential shifts in asset allocation strategies, as a result of lower expected future returns for many asset classes considering the coronavirus pandemic and other economic events. After a robust discussion, the IAC, Meketa, and Chancellor's Office staff agreed to continue analyzing and evaluating various potential strategies. Discussion on this topic will continue at the next IAC meeting in April during the 2021 Annual Asset Allocation Update.

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<sup>2</sup> There were 57 Endowments in the InvMetrics All Endowment > \$250 million peer universe as of September 30, 2020.

**Item V: ESG Annual Review – Information Item**

The Environmental Social Governance (“ESG”) Annual Review was led by the Co-Chair of Meketa’s ESG Investing Committee. The presentation detailed typical ESG factors and considerations, the growing importance of ESG integration in investment strategy/policy, and ESG integration for the TRP. A detailed overview of ESG integration by the TRP investment managers was also presented. The IAC, Meketa, and Chancellor’s Office also engaged in further discussion surrounding ESG issues.

**Item VI: Guest Speaker – Information Item**

Today’s guest speakers were the Regional Director and Senior Investment Director for Dimensional Fund Advisors LP. (“DFA”). DFA provided an overview of the firm, along with its investment philosophy and process. The team also discussed economic and market conditions for Emerging Markets Equity (particularly Value) and recent investment performance. The team provided insight into the performance of emerging market equity indices and the DFA Emerging Markets Value Equity strategy over recent and historical time periods. DFA discussed the three main factors DFA focuses on being value, size, and profitability.

The IAC, Meketa, and Chancellor’s Office staff engaged in further discussion surrounding DFA and their Emerging Markets Value Equity strategy.

The next meeting, scheduled for April 7, 2021, at 11:00 am, will be video teleconference only with no physical meeting location.

There being no further business before the IAC, the meeting adjourned at 1:30 pm.