

IAC Members Attending			
Jack McGrory	IAC Chair	Irv Rothenberg	Member
Steve Relyea	IAC Vice Chair	David Bach	Member
Robert Eaton	Member	Patrick Henning (<i>Absent</i>)	Member
Leona Bridges	Member	Mike Lucki (<i>Absent</i>)	Member
Staff / Other Attendees			
Ron Flatt	Director – Treasury Operations	Laura Wirick	Meketa – Investment Advisor
Scott August	Chief Investment Manager	George Adutwum	Meketa – Investment Advisor
Taylor Brown	Senior Treasury Analyst	Ryan Lobdell	Meketa – Investment Advisor
Jonathan Bowman	CSU, Sacramento – VP/CFO		

The IAC Chair called the meeting to order and established a quorum on April 05, 2023, at 11:00 am.¹

Item I: Welcome, Public Comment, Housekeeping & Approval of Minutes – Action Item

The IAC Chair asked if there were any amendments or changes to the minutes from the January 20, 2023, meeting. Upon a motion duly made and seconded, the minutes were approved as submitted. There was no public comment.

Item II: California State University, Sacramento – Greeting from CFO and Vice President of Administration and Business Affairs – Information Item

Item II was an information item featuring CSU Sacramento’s CFO & Vice President of Administration and Business Affairs. The presentation included details regarding the use of TRP Spending Distributions to date at CSU Sacramento. TRP Spending Distributions were used to fund deferred maintenance, including various safety updates to buildings and enhancements to classrooms.

Item III: Guest Speaker – Payden & Rygel – Emerging Markets Debt – Information Item

Guest speakers included a Senior Vice President/Emerging Market Strategist as well as the head of Payden & Rygel’s Emerging Markets Debt team. Payden & Rygel manages half of the TRP’s 3% target allocation to Emerging Markets Debt. Payden & Rygel provided an overview of the firm along with its investment philosophy and process. The firm spoke to the role and investment attributes of Emerging Markets Debt within a broadly diversified investment portfolio.

¹ Details on all meeting agenda items are included in the meeting materials as presented at the CSU Investment Advisory Committee (“IAC”) meeting dated April 5, 2023.

The team discussed economic and market conditions for the global economy and in particular for Emerging Markets Debt. The team also discussed investment performance, risk levels, and portfolio positioning. Finally, the team provided detailed examples of their framework for sovereign country and debt analysis.

The IAC, Meketa, and Chancellor's Office staff engaged in further discussion with Payden & Rygel regarding Emerging Markets Debt and its role in the TRP.

Item IV: TRP Quarterly Report as of December 31, 2022 – Information Item

Item IV was an information item and is presented at each quarterly meeting. Meketa presented an Economic and Market Update as of February 28, 2023, which included updates on global economic information and financial markets, reviews of historical investment returns for various asset classes and sectors, relative valuations, and economic statistics. Meketa then presented the TRP quarterly review and evaluation report as of December 31, 2022. 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 December 31, 2022, the TRP market value was \$1.63 billion, an increase of approximately \$195.8 million from the beginning of the quarter. The TRP had net cash inflows of approximately \$101.2 million for the quarter and investment gains of \$94.6 million for the quarter.

Given that the meeting occurred on April 5th, Chancellor's Staff also provided the IAC with an update on the TRP Market Value and performance as of March 31st.

Key points:

- As December 31, 2022, all TRP asset classes complied with the Policy Ranges outlined in the TRP Investment Policy.
- As of December 31, 2022, the TRP since inception return was +4.59% compared to +3.89% for the TRP Policy Benchmark and +7.99% for the TRP Strategic Benchmark.
- The TRP since inception return as of December 31, 2022, ranks in the 66th percentile of all Endowments in excess of \$250 million reporting to InvMetrics.²
- The TRP returned +6.62% for the fourth quarter 2022, compared to +7.18% for the TRP Policy Benchmark and +1.67% for the TRP Strategic Benchmark.

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

Item V: Annual Asset Allocation Update – Action Item

The purpose of Item V was to provide an annual update for the 2023 CSU TRP Asset Allocation Expectations. The 2023 CSU TRP Asset Allocation Expectations are based on Meketa's 2023 Annual Asset Study. Meketa's 2023 Annual Asset Study uses valuations as of December 31, 2022.

² There were 33 Endowments in the InvMetrics All Endowment > \$250 million peer universe as of December 31, 2022.

³ The long-term rate of inflation, as represented by U.S. Core CPI, is assumed to be approximately 2.6% per annum.

Meketa provided an overview of the updated asset allocation review and risk analysis, given the TRP's Expected Average Annualized Return of Inflation + 4.5%.³

The long-term (20-year) annualized expected return for the TRP increased to 8.1% relative to the 2022 study expected return of 6.1%. The TRP's expected standard deviation decreased YOY from 12.5% based on the 2022 study to 12.4% based on the 2023 study.

Meketa also presented an introduction and overview for a potential new asset class – Risk Mitigating Strategies, or RMS.

Meketa, Chancellor's Staff, and the IAC engaged in robust discussion regarding the presentation and analysis which included three potential asset allocation models for the TRP. One of the asset allocation models was substantially similar to the TRP's current asset allocation model, however the other two asset allocation models increased the potential risk/return profile for the TRP. At the conclusion of the item a motion was made, seconded, and approved to not make any changes to the TRP asset allocation model at this time and to continue the discussion regarding the TRP's asset allocation at the next IAC meeting.

Item VI: Annual Fiduciary Training – Information Item

The purpose of Item VI was to provide annual fiduciary training to the IAC members. Meketa introduced the item by defining a fiduciary as someone having legal authority for managing another person's or organization's money. The primary duty of the fiduciary is to manage a prudent investment process without which the components of an investment plan cannot be defined, implemented, or evaluated. Certain standards of conduct in fulfilling their responsibilities as IAC members should be met; duty of care, duty of loyalty, and duty of obedience. Meketa also covered other key aspects including Fund Governance, Asset Allocation Policy, and Operational Needs.

Item VII: 2024 IAC Meeting Dates – Information Item

The purpose of Item VII was to review and confirm the calendar for the proposed 2024 IAC Meeting dates and locations, as follows:

- January 24, 2024 – Chancellor's Office – Long Beach, CA
- April 3, 2024 – Northern CA – On site at a Campus (Campus TBD)
- August 7, 2024 – Chancellor's Office – Long Beach, CA
- October 16, 2024 – Southern CA – On site at a Campus (Campus TBD)

One IAC member noted a conflict with the proposed April 3, 2024, meeting date. Therefore, Chancellor's Staff will poll the IAC members to reschedule the April 3, 2024, proposed meeting date. The other three meeting dates shown above will be scheduled as proposed.

The next meeting is scheduled for August 9th, 2023, at 11:00 am at the Office of the Chancellor.

There being no further business before the IAC, the meeting adjourned at 2:30 pm.