

Santa Rosa Junior College Foundation

Investment Committee Meeting

Date: 5/4/2023

Purpose for Visit/Call: Quarterly IC Meeting, NACUBO Study

Attendees (Graystone): Tony Parmisano and Todd Au

Attendees (Client): DonChigazola, Sue Nelson, Suzy Marzalek, Marion Walker, Kate Jolly, J Mullineaux, Scott Bartley, Matt Huntstock

General Notes:

- Graystone first covered a capital markets overview, highlighting the capital market performance for the quarter, and focusing the majority of the discussion on their capital market assumptions that were recently published for 2023.
 - For the first quarter, Graystone highlighted a reversal of the trends of 2022, with both stock and bond markets rebounding.
 - Within equities, growth stocks drove returns higher while value stocks were relatively flat in comparison.
 - Within bonds, interest rates reversed course and modestly declined during the quarter, leading to positive returns across fixed income markets.
 - Looking forward, they discussed the building block approach to building their capital market assumptions and the ultimate impact on their return forecasts.
 - They talked about the current environment as it relates to the economic cycle and market valuations, and how that affects their assumptions on forward market returns.
 - They provided historical context to suggest how this environment will likely evolve over the remainder of the cycle.
 - Graystone summarized with a view that the next 7 years will be challenging for equity investors as expected returns have come down to the mid single digits – due in part to current valuations and also influenced by where we are in the current cycle.
 - Meanwhile, the expected return for fixed income (public and private) has increased as the starting point for interest rates has moved considerably higher over the last 12 months.
 - Private Credit has emerged as the highest expected returning asset class for the next 7 years, as challenges in the banking sector should result in opportunities for credit funds.
- Next Graystone covered the portfolio review ending December 31, 2022.
 - First Graystone discussed the asset allocation relative to policy targets, and highlighted that the portfolio sits very close to long term strategic targets, and well within the guidelines of the investment policy statement. As such, Graystone is not recommending any change in allocation at this time.
 - The portfolio performed very well during Q1 of 2023, finishing up +5.02%, outperforming the Policy Benchmark which was up 4.3% over the same time period.
 - The key driver of relative and absolute returns was the public equity portfolio, which delivered returns of +9.66% for the quarter, over 2% ahead of the global equity market.
 - Graystone took the committee through individual manager returns, highlighting those that did well and those that struggled for the quarter.

- Graystone also provided a summary of the private equity and real asset programs, highlighting the success of the programs so far, despite being in their infancy.
- Next Graystone presented the Fiscal Year 2022 NACUBO Peer Study
 - Graystone touched on various aspects of the study including peer returns, asset allocation, spending policies, gifting, administrative expenses, socially responsible/ESG investing criteria, and the use of OCIO providers.
- Todd and Tony left the meeting and the Committee had a conversation about the recent survey that was conducted with the group to provide feedback about Graystone's performance. The survey is conducted each year to collect data that will help ensure on-going due diligence by the Committee.
 - The survey sought feedback in the areas of communication, guidance, monitoring and value. The feedback was overwhelming positive, with only one response disagreeing that Graystone has helped SRJC investments perform as good as or better than the agreed-upon benchmarks over time.
 - Don Chigazola, Sue Nelson and J Mullineaux will meet with Tony and Todd and provide direct feedback.

Next Meeting: August 3, 2023 at the SRJC Foundation, 707 Elliott Avenue, 7:30am-9:00am