



SRJC Foundation Investment Committee

Adopted Minutes

Thursday, February 1, 2024 / 7:30 am – 9 am

Members: Don Chigazola – Chair; Sue Nelson – Vice Chair, Marion Walker, Noah Jacobsen, Kate Jolley

Staff: J Mullineaux, Katie Greenwald

Consultants: Tony Parmisano, Todd Au

- 1) **Call to Order** – Don Chigazola
 - The meeting was called to order at 7:30 am
- 2) **Public Comment** – Sue Nelson
 - There were no members of the public present and no comments
- 3) **Approval of Minutes** – Sue Nelson
 - Minutes from Investment Committee meeting on 11.2.23 were approved. M/S/P
- 4) **Consultant's Report** – Tony Parmisano
 - Graystone first covered a capital markets overview, highlighting the capital market performance for the fourth quarter and calendar year 2023, and providing a forward outlook for the economy and various capital markets.
 - Graystone highlighted that 2023 was a strong year across almost every asset class, but the biggest gains were concentrated in a handful of mega cap technology names – Google, Facebook, Amazon, NVIDIA, Tesla, Microsoft and Apple – while gains across the rest of the market were much more muted
 - Generalizing, growth outperformed value, Large cap outperformed small cap, and the developed world outperformed the emerging markets.
 - Graystone noted that while earnings growth was essentially 0%, market gains effectively made the market that much more expensive
 - Looking forward, Graystone highlighted that their firm's base case view is for decelerating economic growth although an expectation that we narrowly avoid recession
 - Estimate risk of recession at 30-40% which is elevated relative to history
 - Elevated interest rates and higher prices across the board are likely to weigh on consumers and businesses across the economic landscape
 - Looking at equity markets, Graystone sees this market as currently slightly overvalued, especially given last year's market move in light of flat earnings.
 - Graystone walked through the base, bull and bear case scenarios for 2024 based on estimates for earnings growth and P/E multiples



- Graystone discussed their outlook for fixed income markets for the year ahead, with an expectation that the ten-year treasury finishes the year close to 4%, similar to today's levels.
 - Graystone covered their outlook for the various alternative asset classes that the Foundation participates in.
 - Next Graystone covered the portfolio review ending December 31, 2023.
 - First Graystone discussed the asset allocation relative to policy targets, and highlighted that the portfolio is currently positioned well within the guidelines of policy, and consistent with their broader conservative market views. As such, Graystone is not recommending any change in allocation at this time.
 - Currently very modestly underweight equity and fixed income, and overweight hedge funds and real assets
 - Graystone next discussed the portfolio returns through December 31, 2023, focusing on both the quarter and calendar year time periods.
 - Graystone reported that the portfolio finished the year in strong fashion, outperforming for the 12-month time period relative to the benchmark and displaying strong absolute rates of return up approximately 13.17% over the time period.
 - Graystone took the committee through individual manager returns, highlighting those that did well and those that struggled for the quarter and highlighted that they continue to be happy with the existing construct of the portfolio.
 - Next, Graystone took the committee through an educational presentation focused on the Private Credit asset class.
 - The presentation focused on the definition of private credit, the evolution of the asset class and the spectrum of investment options (and their associated risk and return profiles), and the key reasons for consideration in a portfolio like the SRJC Foundation.
 - Graystone suggested as a next step taking a look at some specific managers for consideration.
- 5) **Other Business**
- 6) **Adjourn**

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