

IAC Members Attending			
Jack McGrory	IAC Chair	Irv Rothenberg	Member
Steve Relyea	IAC Vice Chair	David Bach	Member
Robert Eaton	Member	Tim Schaefer	Member
Leona Bridges	Member	Mike Lucki	Member
Staff / Other Attendees			
Ron Flatt	Director – Treasury Operations	Laura Wirick	Meketa – Investment Advisor
Scott August	Chief Investment Manager	Jonas Noack	Meketa – Investment Advisor
Taylor Brown	Senior Treasury Analyst	Sarah Bernstein	Meketa – Investment Advisor
Frank Benham	Meketa – Investment Advisor	Hannah Schriener	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.

The IAC Chair called the meeting to order and established a quorum on April 06, 2022, 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 27, 2022, meeting. Upon a motion duly made and seconded, the minutes were approved as submitted. There was no public comment.

Item II: TRP Quarterly Report – Information Item

Item II was an information item and is presented at each quarterly meeting. Meketa presented an Economic and Market Update as of December 31, 2021, which included updates on global economic information and financial markets. Meketa also presented their Fourth Quarter 2021 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 December 31, 2021. 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, 2021, the TRP market value was \$1.35 billion, an increase of approximately \$2.6 million from the beginning of the quarter. The TRP had net cash outflows of

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 6, 2022.

approximately \$55.6 million for the quarter funding the annual TRP Spending Distribution and investment gains of \$58.3 million for the quarter.

Given that the meeting occurred on April 6th, Chancellor's Staff also provided the IAC with an update on the TRP Market Value and performance as of April 4th.

Key points:

- As December 31, 2021, all TRP asset classes complied with the Policy Ranges outlined in the TRP Investment Policy.
- As of December 31, 2021, the TRP since inception return was +10.72% compared to +9.68% for the TRP Policy Benchmark and +7.34% for the TRP Strategic Benchmark.
- The TRP since inception return as of December 31, 2021, ranks in the 43rd percentile of all Endowments in excess of \$250 million reporting to InvMetrics.²
- The TRP returned +4.48% for the fourth quarter 2021, compared to +4.36% for the TRP Policy Benchmark and +2.55% 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 III: Annual Asset Allocation Update – Information Item

The purpose of Item III was to provide an annual update for the 2022 CSU TRP Asset Allocation Expectations. The item was led by Meketa's Director of Research who oversees Meketa's Annual Asset Study. The 2022 CSU TRP Asset Allocation Expectations are based on Meketa's 2022 Annual Asset Study. Meketa's 2022 Annual Asset Study uses valuations as of December 31, 2021.

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 remained the same relative to the 2021 study at 6.1% based on the 2022 study. The TRP's expected standard deviation decreased YOY from 12.7% based on the 2021 study to 12.5% based on the 2022 study.

Based on the TRP's strong trailing performance and excess return over the TRP Strategic Benchmark as of February 28, 2022, Meketa and Chancellor's Staff did not recommend any changes to the TRP asset allocation model at this time.

Item IV: ESG Annual Review – Information Item

The purpose of Item IV was to provide the ESG annual review. The item was led by the Co-Chair of Meketa's ESG Investing Committee. The presentation discussed ESG factors and considerations, the growing importance of ESG integration in investment strategy/policy, and ESG integration for the TRP. A review of ESG integration by the TRP investment managers was also presented. As part of the IAC's assessment of Climate Transition risks, Meketa also

² There were 66 Endowments in the InvMetrics All Endowment > \$250 million peer universe as of December 31, 2021.

³ The long-term rate of inflation, as represented by U.S. Core CPI, is assumed to be approximately 2.2% per annum.

updated the IAC regarding reductions in CSU investments with fossil fuel exposures. The IAC, Meketa, and Chancellor's Office also engaged in further discussion surrounding ESG issues.

Item V: 2023 IAC Meeting Dates – Information Item

The purpose of Item V was to review and confirm the calendar for the proposed 2023 IAC Meeting dates and locations, as follows:

- January 25, 2023 – Chancellor's Office – Long Beach, CA
- April 5, 2023 – Northern CA – On site at a Campus (Campus TBD)
- August 9, 2023 – Chancellor's Office – Long Beach, CA
- October 5, 2023 – Southern CA – On site at a Campus (Campus TBD)

Item VI: Guest Speaker – Western Asset – CSU Intermediate Duration Portfolio – Information Item

Guest speakers included members of the Western Asset portfolio management team. Western Asset is one of three fixed income managers for the CSU Intermediate Duration Portfolio (IDP). Western Asset provided an overview of the firm along with its investment philosophy and process. The team also discussed economic and market conditions for the global economy and in particular for United States Treasuries, investment grade bonds, and agency mortgage-backed securities. Western Asset also discussed their economic and market outlook, investment performance, risk levels, and portfolio positioning.

The IAC, Meketa, and Chancellor's Office staff engaged in further discussion with Western Asset regarding the CSU Intermediate Duration Portfolio.

The next meeting is scheduled for August 9th, 2022, at 11:00 am at the Office of the Chancellor.

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