

Standard Summary
Q3 Investment Committee Meeting
November 2018

Attendees:

1. Peter - Managers Fund Committee
2. John - New committee member
3. Michael - Chief Investment Officer
4. Todd - Retired member
5. Dave - Financial consultant
6. Elizabeth - Secretary
7. Nicole - Consultant
8. Francis – Former committee member

Agenda:

- I. Make a decision on whether to redeem manager funds at the end of the year.
- II. Performance Report

Meeting Summary:

- Peter phoned-in for the meeting.
- Liz led the subject of managers fund and gave a quick summary on the subject of the managers fund capital from the last meeting.
 - Committee was offered the opportunity to get out before yearend.
 - Concern of new personnel having a different approach for the business.
- Next meeting will determine whether or not to keep the managers fund.
 - Replace with another capital fund.
 - Replace with fund managers.
 - Committee has one chance every year to redeem funds
- History:
 - 25% fund portfolio = 80% equities, 15% bonds, 5% alternatives.
 - Manager funds were used to substitute the portfolio.
 - Committee members did not pick the manager funds:
 - Manager fund, capital, bonds
 - Decision to fund two direct managers was made.
- Committee adds two manager funds
- There is a risk of changing for other funds
- Committee members resignation

- John states that if they leave the managers fund, they would have to make another decision on where to put the fund.
 - Pros:
 - It takes of all the pressure points.
 - It will be easier to do in stages because of the current profile
 - Cons:
 - A lot of capital will be adding an incremental equity risk to the portfolio
- Why fund-of-funds?
 - Fund still paid off even though it was diversified
- Is it prudent to go away from the fund-of-fund strategy?
 - Yes. They can pick individual managers.
- How much money?
 - Approx. \$100 million
 - Little concern because it's more stable.
- A third alternative is to not buy anything
- Todd doesn't like the idea of making decisions because it would be unpleasant if something unexpected would happen.
- Michael asks when they would have the funds available
- They would have at least two regular meetings until then to figure out what they are going to do with the money.
- Same discussion occurred when they had the old members of the committee.
- Elizabeth asked about the short term funds on rising interest rate environments
 - Will have a price dip that shows a negative but will gain more yield after
 - With a current flat yield curve, yield will roughly be the same as a long term bond
 - Will also be discussed in the next meeting.
- Todd says the portfolio may be better served by the fund-of-funds in an untested environment
- Peter doesn't want to take a vote on something that is not going to pass
- Committee will repeat the motion
- Peter tells that they don't need 5 managers.
- Disadvantage of several managers:
 - 20% allocation will not matter to the portfolio with 5 managers
- Motion: To redeem from managers funds by yearend:
 - Approved: 3
 - Opposed: 2
 - Abstain: 1
- Most of the group agree that it is healthy to have a split decision.
- Performance report - disappointing quarter

- Pretty exceptional outcomes for the longer term periods
- October was a good month.
- Portfolio is now up by a few percent.
- Small cap is an area with a little bit of underperformance.
- Emerging markets has been a drag in terms of absolute returns but has been pretty good relatively speaking.
- Managers fund portfolio is the best performing asset class.

Others:

- Question for next meeting: “Do we sell the current managers fund?”

Next Meeting Date: Not specified