



**BOARD OF GOVERNORS**  
**Investment Committee**

**Minutes of the Public Session of the Meeting of August 13, 2020**  
**11:30 a.m. – 12:25 p.m., Videoconference**

**Members:** Stephanie Chow (Chair), Ferdinand Jones, Thorsten Koseck, Mark Neville, Maria Saros, Steven Murphy

**Regrets:** Doug Allingham

**Staff:** Jamie Bruno, Becky Dinwoodie, Cheryl Foy, Andrew Gallagher

**Guests:** Leila Fiouzi (PH&N), Chelsea Bauer (FA), Jacinta O'Connor (PH&N), Connor Glassco (PH&N), Kamal Smimou

**1. Call to Order**

The Chair called the meeting to order at 11:31 a.m.

**2. Agenda**

*Upon a motion duly made by T. Koseck and seconded by S. Murphy, the Agenda was approved as presented.*

**3. Conflict of Interest Declaration**

There was none.

**4. Minutes of Public Session of Meeting of June 1, 2020**

*Upon a motion duly made by M. Saros and seconded by M. Neville, the Minutes were approved as presented.*

**5. Chair's Remarks**

The Chair thanked everyone for attending the meeting and remarked that she looks forward to the discussion.

**6. President's Remarks**

The President thanked the governors for their commitment to continued governance throughout the summer. Strong governance in difficult times is needed more now than ever. The President referenced a number of articles discussing the decline of the American Empire during COVID-19 and specifically an article in Rolling Stone by a

professor from UBC. Essentially, every empire fades and America's place in the world may be slowly or quickly vanishing given the current events happening in the US. This is relevant as the US plays a large role in equity markets.

The President reported that it has been the busiest summer he can remember at any university at any time. The university is preparing for a whole new normal, which has included discussions with government and public and private sector partners. The Canadian postsecondary sector has been very prudent. He reminded the members that Ontario Tech was one of the first institutions to make the decision to shift online in March and among the first to announce it would be going fully online in the fall. Canadian institutions are taking a very conservative approach, especially compared to the US. This presents an opportunity to attract international students.

The President noted that every sector is looking at changes and adapting to try to come back stronger following the pandemic. He commented that the committee asks good questions and thinks about investments in the context of global events.

## **7. Investment Review**

### **7.1 First Quarter Investment Review**

L. Fiouzi introduced J. O'Connor to the committee. J. O'Connor joined PH&N in July and has been training remotely.

L. Fiouzi noted that it has been a tumultuous 4-5 months and the markets went down at the end of March and rebounded in June. The bounce back was the result of government stimulus. The US increased its balance sheet in response to COVID-19. The magnitude and speed of response was high compared to the financial crisis of 2008.

L. Fiouzi identified the three components to the COVID-19 response:

- monetary stimulus (asset purchases);
- fiscal stimulus; and
- relief package.

It is anticipated that interest rates will not be increased for a long time. Businesses are still shutting down due to COVID-19. Accordingly, it would be difficult for governments to raise interest rates any time soon.

L. Fiouzi reviewed the portfolio's performance. The portfolio had a strong performance this quarter – 9% for 3 months. There was a 20% decline in March and increased by 20% in June. While the portfolio's performance was behind benchmark this quarter, it is not surprising. It is an indication of quality bias and the low volatility strategy. Overall, the absolute performance is strong. L. Fiouzi explained that in an environment where equities are doing very well, low volatility funds do not catch up to the market but they did a good job of preserving capital in March.

L. Fiouzi responded to questions from the committee. She noted that it is ok to be a bit behind the benchmark because if the portfolio is restructured based on market performance, it would introduce an additional element of risk into the portfolio. She advised that institutions generally do not take this approach. When they structure portfolios, they implement strategies that protect the performance on the way up and on the way down. Further, it is difficult to anticipate what the market is going to do. It is expected that the low volatility strategy will not keep up with the benchmark when markets are on fire.

In response to a question about whether the committee should meet more frequently during volatile times, L. Fiouzi responded that institutional funds are managed differently than an individual's portfolio. Institutions are fiduciaries and have the responsibility of making decisions on behalf of the institution and because dividend and interest income are funnelled to the short-term portfolio. Over the long term, studies show that if you do not have to touch money for a long time, it is better to leave it. L. Fiouzi shared her experience of sitting on two institutional investment committees.

## **7.2 Investment Learning: Real Estate Strategy – deferred until non-public session**

### **8. Other Business**

### **9. Adjournment**

*Upon a motion duly made by T. Koseck, the public session adjourned at 12:06 p.m.*

Becky Dinwoodie, Secretary