

Triskeles Foundation

Asset Management Committee

Monday, July 27, 2015

5:30 pm

Friends Fiduciary

Present: Rich Kent, Clemens Pietzner, David Resnik, Jeff Salvo, Rahul Shah, Mark Watson, Jerry Schwartz (via phone), Gary Shinner (via phone – prospective new AMC member)

Apologies: Susan Tall, Jocelin Reed

Quorum Reached: Yes

I. Introduction/Welcome (Mark – 5:30 pm)

- a. Jeff was introduced and spoke briefly about his background.
- b. Gary was introduced and spoke briefly about his background.

II. Review of the Markets/Triskeles Reports (Jerry)

- a. Jerry noted that the S&P has essentially been at zero for two quarters in a row and that hasn't happened since 1904. His view is that in the short term, traders are not really sure where to go and economic conditions are very muddled. Longer term Jerry likes the outlook and doesn't believe it will be affected by current stagnancy. Jerry believes that rates will go up and should. Jerry stated that generally the economy is in good shape.
- b. Mark asked the question if rates do go up, how would that affect our holdings
 - i. Jerry responded that it would not affect holdings this year as it wouldn't make bonds more attractive.
- c. Jerry commented on China and believes that what they are going through is only a blip on the radar and that people who are making a big deal of the current situation do not fully understand it. Further he stated that China is and will be a very important part of the portfolio throughout its lifetime. A correction may be possible this summer.
- d. Rich asked what benchmark we should be using for DAF's.
 - i. Jerry responded that currently there is not a clear SRI benchmark established and a lot of the available choices are just getting started.
- e. Rahul asked Jerry if he is looking at any new funds.
 - i. Jerry noted TriLinc and expressed the viewpoint that we should only be considering TriLinc for third party funds due to their five year commitment.
- f. Jerry talked through the portfolios
 - i. A discussion around the percentage of funds being held in cash verses equities was held.
 1. Rich expressed the viewpoint that it may be appropriate to carry more cash in a reserve fund.
 - a. Clemens explained how the reserve fund is used and its relationship with the capital campaign.
 - ii. Rich mentioned the possibility of having a general performance tear sheet for marketing purposes, and in connection to this Jerry reminded the committee of SEC rules including limits to what Triskeles can put out as a non-registered investment advisory. Any materials of this type should be referred to an SEC attorney before taking further action.

III. TriLinc (Jerry)

- a. Jerry discussed the TriLinc offering and his viewpoints. They included, an eight percent dividend paid monthly, only suitable for long term investors, fully collateralized loans, a five year duration, direct and measureable social impact, currently in early stage.
- b. Joan Trant (TriLinc) and Michael Giegerich (RCS) joined via conference call.
 - i. They discussed that when looking at potential debt offerings, they take a top down approach from the country to the manager and a bottom up approach from the manager when looking at managers. Countries are vetted on growth potential, stability, and access. Currently they have 6 subadvisors. Joan noted that in an 11 year history (of subadvisors), they've had only a 9 basis point default rate.
 - ii. Joan further stated that although there is a five year commitment ask, there is actually a two year target duration.
 - iii. Joan discussed liquidity options, in her viewpoint the most likely being the fund being purchased by a publicly traded company, but that the fund currently allows five percent liquidated distributions quarterly on a first come first serve basis.
 - iv. A discussion was held regarding fund fees.
 1. Joan stated that the fees included, 2% operating + 1.25% (essentially 12b1 fees) + 20% bonus incentive fee once over a 6% hurdle +1% subadvisor fee (30 basis points going towards 3rd party provider and 70 basis points to the subadvisor) for a total fee of approximately 6%, parts of which are negotiable.
 2. Clemens raised the question of breakdown of current investors.
 - a. Joan responded that currently approximately 2/3 of investors are retail and 1/3 are institutional or high net worth.
 - b. Joan also noted that the average retail investment is approximately \$35,000 and the average institutional/high net worth investment is approximately \$70,000.
 3. The question was raised as to the custodianship options for the fund.
 - a. Jerry responded that it is able to be held at Charles Schwab.
- c. Mark thanked Joan and Michael again for joining the call and for their information and noted that the AMC would review this further for any additional information and contact Trilinc after review for next actions.
- d. Alternative options to the Trilinc fund were noted and have been reviewed including Root Capital, the Philadelphia Reinvestment Fund, and Calvert Notes (approved).
- e. Dave noted that he was recusing himself from discussions involving TriLinc approvals as investment option.
- f. After further discussion the Committee approved TriLinc as an investment option as recommended by Jerry.

IV. New Manager Discussion (Clemens)

- a. Clemens provided an update on Auctus including next actions, an upcoming meeting, and a general viewpoint that the relationship is moving in the right direction. The committee has approved going ahead with Auctus; the Board has been apprised of the decision.
- b. Clemens provided an update on Veris including that we are waiting on a number of model portfolios from them. They are not able to provide sub-accounting services, and they have a non-negotiable fee of 95 basis points.
 - i. Mark commented that he is onboard to support working with Veris, although he is not thrilled with the fee.
- c. Clemens provided a brief update on Connie Jacobs at Morgan Stanley and next actions.
 - i. ACTION ITEM: A subcommittee comprised of Dave Resnik and Rich Kent will work with Clemens and Jeff on developing a relationship with Connie and Morgan Stanley.

V. Update (Clemens)

- a. Clemens provided an update on the Business Plan and the Operating Plan as well as the Foundations' campaign.
- b. Clemens provided an update on prospective new AMC members including recommending to Board for AMC approval of Gary Shinner. Also, Clemens and others are meeting with Jeremy Bach on August 4th. Rich commented that he may not be able to attend the 8/4 meeting.

VI. Next Meetings (Clemens)

- a. Clemens informed the committee that the next meeting will be held on October 27th at Friends Fiduciary at 5:30 pm.

VII. Motion To Adjourn

- a. MOTION: Mark motioned to adjourn the meeting, Dave seconded and the motion was approved.

The Meeting was adjourned at 7:35 pm.

Respectfully submitted,

Jeff Salvo
Vice President of Operations