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Wisconsin College Savings Program Board

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College Savings Program Board Investment Advisory Committee Meeting

State of Wisconsin Department of Administration Building
101 E Wilson Street; Madison, Wisconsin

February 24, 2014 -- 10:00 a.m.

Minutes

I. Call to Order and Roll Call at 10:00 a.m. (Ken Johnson, Chair)
Present: Ken Johnson, Bill Oemichen, Rob Kieckhefer, Michael Wolff, Annoesjka West, Kerry Alexander, Pam McNulty, Jim DiUlio, and on the phone Jay Kloepfer, Ed Mihallo, and Glenn Friedman.

II. Agenda Approval and Public Posting Report (Chair, staff) Meeting has been posted properly. Motion by *Oemichen*, second by *Wolff* to approve agenda Agenda approved by voice vote.

III. Approval of Committee Meeting Minutes for December 2, 2012 Draft version of the December 2 minutes were not ready, but will be taken up at the next meeting.

IV. Public Presentations none.

Guest Presentation 'Capital Market Expectations' Jay Kloepfer, EVP Callan Associates

Kloepfer gave a recent historical perspective and how the taper-in phase is being accepted. Some highlights: He said labor force participation is falling, not the intended way to reduce unemployment. The economy strength isn't there. Housing is recovering slowly, but 15.5 million cars were sold last year, a healthy sign. Residential investment has a huge multiplier effect, much depends on the taper activity. Callan's ten year model is estimating 3% for cash, 5% for the ten-year bond. Interest rates will rise/fall sharply, never smoothly. Equity remains reasonably priced. Now is the time for fixed active management to shine, also active equity. The first 10-20% of fixed income in a portfolio is a great buffer against volatility.

V. Old Business

A. **Fourth Quarter 2013 Investment** [Callan Associates] *Annoesjka West* reviewed the year-end's market activity. US domestic equities were up 30% over one year. She then detailed the individual portfolios in each of the plans. The positive markets offset some of the withdrawals taken in the third quarter.

- B. **Watch List, Recommendations** At this time, no investments qualify for watch. However, the committee will discuss PIMCO's status and possible alternatives at the next meeting.
- C. **Investment Policies and Procedures document** – Discussion to be held later

VI. New Business

- A. **Tomorrow's Scholar realignment** The adjustments took place in January and all went smoothly. The Edvest allocation adjustment will take place in March.
- B. **Report from Callan Investment Conference** – *Johnson* and *DiUlio* attended the annual event and said the presentations were insightful.
- C. **Saving for college.com, other evaluators** – early numbers from SFC show our plans are looking competitive with others. 2013 ranking to be released soon.

VII. Discussion Items for Future Committee Meetings –

VIII.

- IX. Announcements** The next meeting will be May 19.

- X. Adjournment** Motion by *Oemichen*, second by *Kieckhefer* to adjourn. Carried. The meeting was adjourned at 11:42 a.m.