

**Minutes of the Meeting
of the Investment Committee of the
F. M. Kirby Foundation, Inc.
August 25, 2017**

A meeting of the Investment Committee of the Board of Directors of the F. M. Kirby Foundation, Inc., was held on August 25, 2017 at 9:00 a.m. at the offices of F.M. Kirby Foundation, Inc., 17 Dehart Street, Morristown, New Jersey. The following Committee members were present:

Jefferson W. Kirby
S. Dillard Kirby
William J. Raver (via telephone)

Mr. Jefferson W. Kirby, Chairman, presided and Mrs. Diana L. Kostas, Acting Secretary/Treasurer, recorded the minutes of the meeting. Mr. Frank N. Barra was also present.

The Committee commenced the meeting with a discussion regarding the Vanguard transition. The current implementation target is December 1 or sooner, and no later than year-end. The possibility of adding a second global tactical asset allocation manager should not act as a delay to the implementation. Mr. Barra pointed out that Lazard, Eaton Vance and Oaktree required a 30-day termination notice.

The Committee then discussed the Walter Scott revised agreement. The new agreement includes a performance-based fee as well as updated Walter Scott policies and amendments. The base fee will be 35 basis points, along with an annual performance fee on excess returns. The performance calculation will be based on a 5-year rolling period. For 2017, it will be calculated on 4.75 prior years of Benchmark Returns and Walter

Scott's performance for Fourth Quarter 2017. The Committee approved the new agreement.

The Committee discussed a revised Investment Policy Statement. The question of how to treat the GSO Capital Solutions investment on the allocation worksheet was revisited and the Committee agreed that GSO was primarily a Fixed Income Vehicle. The Investment Policy Statement was approved and will be presented to the Board of Directors at the September Board meeting.

Mr. Raver reviewed the evolution of GTAA as a product, including a description of manager specific risk. He and Mr. Barra then outlined the process they used to evaluate managers in the GTAA field as the Committee considers supplementing its allocation to JP Morgan. They utilized eVestment to review firms that had AUM of \$1 billion or greater and winnowed down the list by identifying strong performers who were not closely correlated with JP Morgan. An exception to the \$1 billion threshold was made to include Lazard as they came up with the initial proposal to add another GTAA manager.

Mr. Raver pointed out that both AQR and Invesco offered a risk parity product where a risk level was targeted and a portfolio was built to match that risk level. PIMCO All Asset Strategy was more of a return-seeking strategy and utilized Rob Arnott, founder and chairman of Research Affiliates. Rob is a seasoned GTAA professional. According to JP Morgan, PIMCO All Asset Product was their biggest competitor. PIMCO also offered a Global Multi-Asset product, but there has been high personnel turnover and a very short track record of the multi-asset team.

Mr. Jefferson W. Kirby pointed out that the Foundation could afford to be less sensitive to volatility within reason, thus the Risk Parity Product was not as applicable for the Foundation as to those with high fixed costs. The Committee all agreed that they like the GTAA space and are willing to invest more funds in the space (up to 33% of Portfolio). It was determined that the Foundation would review the four presentation books and select one or more GTAA Managers to present at the October 24 Investment Committee meeting.

It was also determined that it was not necessary for Vanguard to attend the October 24th meeting as it would be unlikely that the Foundation would have made the transition by then. However, it was suggested that they at least be invited to attend the GTAA presentations if all parties were amenable. The Committee discussed how to invest the \$35 million to be kept liquid pending allocation to an additional GTAA manager. Options would include Vanguard and bank CDs.

The Committee confirmed a December 1 target date for the Vanguard transition. The July 19, 2017 Investment Committee minutes were approved for distribution to the Board.

The meeting adjourned at 10:00 a.m.