REQUEST FOR PROPOSAL

INVESTMENT ADVISORY SERVICES NO: 202405-001 Appendix A

Foundation of CSUMB-Investment Policies

- Endowment Investment Policy
- Endowment Spending Policy
- Socially Responsible Investing Policy

University Corporation at Monterey Bay

- Restricted & Operating Funds Investment Policy
- Endowment Investment Policy
- Endowment Spending Policy
- Socially Responsible Investment Policy

FOUNDATION OF CALIFORNIA STATE UNIVERSITY MONTEREY BAY

FOUNDATION OF CSUMB

BOARD POLICY

Policy 201

Endowment Investment Policy

Section: 200- Financial
Issue Date: 04/21/11
Last Reviewed: 06/09/23
Previous Versions: 12/13/19, 6/13/14, 08/16/11

1) PURPOSE

This Endowment Investment Policy is intended to provide guidelines for the prudent investment of the Endowment Fund of Foundation of California State University, Monterey Bay (the "Foundation") and to outline an overall system of investment policies and practices such that the Foundation's ongoing financial obligations are satisfied. An additional and equally important purpose of this document and other Foundation investment-related policies is to provide donors, prospective donors, and donation recipients with information about investment performance expectations, guidelines for distribution of earnings, and levels of reimbursements of costs to the Foundation.

2) POLICY

a) Investment Objectives

Assets of the Endowment Fund (the "Fund") of the Foundation shall be invested in accordance with this Endowment Investment Policy and in compliance with State and Federal laws and regulations.

The Fund represents the permanent funds of the Foundation, term endowments, and funds functioning like endowments, which have been contributed by various donors to provide revenue that will sponsor and support recognized functions or objectives of the University.

Two significant goals of endowment management are: 1) to preserve the purchasing power of the assets throughout time, and 2) to provide a substantial, stable flow of resources to carry out the purpose of the endowment(s). Preserving the purchasing power of assets allows future generations to benefit from the endowment at the same level as the current generation.

Specifically, recommendations from the Investment Consultant, recommendations from the Investment Committee, and subsequent action by the Foundation Board must properly balance the following overall objectives:

i) *Return* – to produce sufficient current and continuing income from investment returns to support scholarships, special projects, and other ongoing academic activities as were intended by the donors.

ii) *Growth* – to provide for growth of the Fund through investment in assets that have the profitability of appreciating in value.

iii) *Safety* – to place sufficient limitations on risks associated with the implementation of the income and growth objectives and to protect the fund principal through the diversification of assets and the setting of specific quality standards.

The pursuit of the foregoing objectives must be consistent with the Foundation's desire to obtain consistent returns through investments with the acceptance of prudent investment risks and the rejection of those investment activities deemed to be too speculative in nature.

3) INVESTMENT GOALS

Underlying the Fund's investment goals are its needs to maintain the purchasing power of the endowment income and to protect the real value of endowment principal. The investment performance objective is to obtain a minimum total annual rate of return (after investment manager fees) equal to the spending rate outlined in the Endowment Spending Policy, plus the rate of inflation. Recognizing the volatility of both the equity and bond markets, it is understood that this objective may not be met on an annual basis. However, it is expected to be achieved when measured on a three-year rolling average basis with the understanding that purchasing power may not be maintained during low return environments.

4) ASSET MIX POLICY

Investment decisions shall be made within the framework of the goals stated above for optimizing the total rate of return, keeping in mind the desirability of limiting year-to-year risk of income and market fluctuations. These goals require that the total rate of return of the portfolio be optimized rather than maximized. The optimal portfolio allocation is one that carefully equates expected rate of return with expected risk of all investment categories used in the portfolio.

In setting the optimal allocation of assets for the Foundation's endowment fund, the Foundation Board of Directors (the "Board") hereby adopts the following strategic (long-term) asset allocation policy:

Asset Class	Minimum	Strategic Target	Maximum
Domestic Equities	**22%**	**30%**	**40%**
Large Cap US	15%	25%	30%
Small/Mid Cap US	3%	5%	10%
International Equities	**18%**	**25%**	**30%**
International Developed	8%	15%	20%
Emerging Markets	6%	10%	15%
Core Fixed Income	**17%**	**22%**	**37%**
Core US Fixed Income	14%	22%	35%
TIPS	0%	0%	6%
Opportunistic Fixed Income	**0%**	**3%**	**7%**
Emerging Market Debt	0%	3%	7%
High Yield	0%	0%	7%
Real Assets	**5%**	**5%**	**16%**
Real Estate	0%	5%	9%
REITs	0%	0%	8%
Real Assets Blend	0%	0%	7%
Alternatives	**7%**	**15%**	**20%**
Private Credit	7%	15%	20%
Cash	**0%**	**0%**	**3%**
		100%	

The “strategic target” asset mix, which emphasizes diversification in order to lower expected risk and to maximize expected total return to risk, is to be reviewed annually to ensure the established guidelines are still appropriate. When new allocations are being implemented, the portfolio will not be in line with the long-term targets until the new allocations are funded.

The minimum and maximum ranges within each asset class provide for investment flexibility. Any tactical asset allocation changes are to be based on a one-to-two year horizon and should be made in accordance with the established ranges.

The Foundation Board reserves the right to adjust these limits at any time.

5) REBALANCING GUIDELINES

When available, cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation outlined in §IV. On a quarterly basis, the Investment Consultant will review the portfolio for rebalancing to target allocations. The investment consultant will determine the necessity of transactions based upon the criteria outlined above and, if deemed appropriate, will work with the University Corporation Controller to execute the rebalancing and inform the Committee thereafter. In addition, the Investment Committee may rebalance the portfolio back to target allocations at its periodic meetings.

Exception – The Opportunistic Fixed Income asset category will not be rebalanced automatically. It will be rebalanced at the Committee’s direction.

6) INVESTMENT GUIDELINES

a) Overall Guidelines

i) As a general statement, the Foundation wishes its investments to be confined to marketable securities.

ii) The Foundation recognizes the importance of integrating environmental sustainability factors into our investment decision-making process. In addition to complementing our ability to generate superior long-term financial returns, the integration of environmental sustainability factors may also lead to better social and environmental outcomes for The Foundation, our community, and our planet. This is consistent with CSUMB’s current environmental sustainability statement, below:

“CSUMB's broad approach to sustainability recognizes that the decisions we make today impact future generations. Through the lens of justice and equity we work in all areas of operations and teaching to respect, and respond to, the needs of our natural environment.”

In general, The Foundation will seek over time to integrate more investment funds that consider environmental sustainability factors in the sourcing and due diligence process for Foundation investments.

iii) The Corporation prohibits investments that jeopardize the safety of principal concept or non-profit status of the Foundation. The following types or methods of investments are expressly prohibited:
   (1) Trading in securities on margin;
   (2) Investing in working interests in oil or gas wells;
   (3) Derivatives which increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities. In addition, derivatives will not be used to acquire exposure to changes in the value of assets or indexes that by themselves would not be purchased for the portfolio. Derivative usage is strictly limited to mutual funds.
   (4) Purchasing mortgages directly; and
   (5) Unregistered or restricted stock.

iv) The Board of Trustees of the California State University adopted a resolution urging auxiliary boards that make corporate investments to issue statements of social responsibility and to follow those precepts in examining past and considering future investments. The Foundation Board recognizes and accepts its social responsibility with respect to the investment of funds.

v) Unrestricted donations of marketable securities are to be liquidated in an orderly fashion unless they conform to the investment model as determined by the Investment Manager.

vi) Mutual funds are permitted investment vehicles so long as their underlying investments meet the criteria set forth in this policy.

b) Equity Category Guidelines

i) The equity portfolio should be well diversified to avoid undue exposure to any single economic sector, industry group, or individual security.

ii) The holding of one firm’s common stock is not to exceed 5% of that firm’s total common stock outstanding.

iii) No more than 7.5% of the equity category’s portfolio shall be invested in the stock of a single company.

c) Fixed Income Category Guidelines

i) Purchases of fixed income securities will be limited to U.S. Treasury or federal agency obligations, State of California obligations, or those U.S. Corporate bonds with ratings as prescribed in §VI.C.2. below.

ii) Normally, at least 65% of assets invested in corporate bonds must be invested in straight debt corporate bonds (and/or preferred stock and convertible securities) rated a minimum of A3 by Moody's of A- by Standard & Poor's at the time of purchase. With the exception of the high-yield fund, an account or fund is allowed to hold no more than 20% of securities rated lower than Baa3 by Moody's or BBB- by Standard & Poor's.

iii) With regard to concentration by issuer, there are no limitations placed on investment in U.S. government or federal agency guaranteed investments. No more than 25% of the total investments in government fixed income vehicles may be in State of California Bonds. For U.S. corporate bonds, however, investments in any one issuer should:
(1) Not represent any more than 10% of the fixed income category,
(2) Not be more than 5% of that security's total issue, and
(3) The security should be part of an issue worth at least $50 million par value.

d) **Cash Equivalents Category Guidelines** – The following investments are acceptable:
i) Certificates of Deposit (maximum $250,000 per institution) – these investments will be limited to licensed (Federally Chartered) financial institutions;

ii) Commercial Paper – these investments will generally be limited to ratings A-1 (or better) by Standard & Poor's or P-1 (or better) by Moody's;

iii) U.S. Government and California State Government guaranteed securities, as well as U.S. Treasury Bills;

iv) Federal Agencies; and

v) Other money market instruments that meet the test of high quality and liquidity.

e) **Exceptions** – Any exception to the guidelines herein may be granted on an interim basis by mutual agreement of the Chief Executive Officer and the Foundation Board Treasurer (if designated). Such interim exceptions shall be ratified at the next regularly scheduled meeting of the Foundation Board of Directors.

Assets acquired with special restrictions on substitution or sale should be managed in strict accordance with the instruction of the donor.

7) ADMNISTRATIVE REVIEW POLICIES

a) Levels of Responsibility

i) <u>Board of Directors/Investment Committee</u> – The Foundation Board of Directors, on the advice of the Foundation Investment Committee, is responsible for adopting the Endowment Investment Policy, selecting outside investment managers, annually reviewing the performance of outside investment advisors/managers, reviewing and approving amendments to the Endowment Investment Policy, and reviewing investments. The Foundation Investment Committee is responsible for recommending a prudent investment strategy for all funds available for investment, developing guidelines in order to implement those investment policies approved by the Board, and monitoring Auxiliary Accounting's implementation of those policies. At least quarterly, the Investment Committee Chair will report to the Board on Fund investment performance.

ii) Chief Executive Officer ("CEO") – The CEO is responsible for implementing and administering the adopted Endowment Investment Policy, submitting a quarterly statement of the prior quarter's investment activity and performance analysis, and submitting an annual report on the distribution of all earnings.

iii) Investment Consultant – The Investment Consultant is responsible for advising the Committee on investment policy, spending policy, asset allocation, investment manager selection, and providing performance analysis and monitoring services and education. The Investment Consultant shall prepare a monthly summary holdings report and a quarterly performance report on the investment managers and the total assets of the Foundation. The Investment Consultant shall meet with the Committee as requested.

iv) Investment Manager(s) – When appropriate, the Investment Manager(s) is (are) delegated the responsibility of investing and managing the Foundation's endowment assets in accordance with this Investment Policy and all applicable law. Each investment manager must either be (1) registered under the Investment Company Act of 1940, (2) registered under the Investment Advisors Act of 1940, (3) a bank, as defined in that Act, (4) an insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of the Foundation's endowment assets, or (5) such other person or organization authorized by applicable law or regulation to function as an Investment Manager.

b) **Review of Investment Performance** – Evaluation of the Fund's performance will be on a total return basis. These returns will be viewed in the context of the Fund's objectives, relevant market indices, and the performance of comparable college and university funds. The source document for comparison will be the NACUBO annual endowment study or other studies, reports, or indices as determined by the Foundation Board.

Evaluation of the performance of asset groups, if applicable, will be based on the following indices:

Asset Class	Benchmark
Equities	
Large Cap US	S&P 500
Small/Mid Cap US	Russell 2500
International Developed	MSCI EAFE or MSCI ACWI ex U.S.
Emerging Markets	MSCI Emerging
Core Fixed Income	
Core US	Barclays Capital Aggregate
TIPS	Barclays US TIPS Index
Opportunistic Fixed Income	
Emerging Market Debt	JPM EMBIG
High Yield	Barclays Capital High Yield
Real Assets	
Real Estate	NCREIF ODCE
REITs	FTSE NAREIT
Real Assets Blend	CPI+
Alternatives	
Private Credit	Barclays Capital High Yield CPI+5%
Cash	90 Day Treasury Bill

Subsets of equities and fixed income investments will be measured against appropriate benchmarks.

c) **Foundation Administrative Costs** – Endowment accounts are not currently subject to an administrative fee to reimburse the Foundation for costs associated with administering the endowment account.

d) **Transfer of Funds to Endowment Fund** – Funds may be admitted to the Fund at any time consistent with the Foundation's fiscal policies and procedures in connection with acceptance and administration of gifts. Typically new money will be invested in the cash equivalent category until such time as the Investment Manager(s) can prudently invest those funds in the equity and fixed income components.

8) RELATED DOCUMENTS

a) California State University Board of Trustees Resolution RFIN 7-78-6
b) Foundation's Socially Responsible Investing Policy
c) Foundation's Endowment Spending Policy

FOUNDATION
OF CALIFORNIA STATE UNIVERSITY
MONTEREY BAY

100 Campus Center ~~~ Seaside, CA ~~~ 93955-8001

ENDOWMENT SPENDING POLICY

I. Introduction

The spending policy determines how much of the total return (income and appreciation) will be distributed to support programs and how much will be reinvested in the endowment fund. The purpose of a spending policy is to reduce the volatility of distributions that might be produced by the up and down financial markets.

II. Policy

A. *Spending Policy* – The spending rate policy for the Endowment Fund will be a hybrid policy based 70% on inflation-adjusted prior year's spending and 30% on a long-term spending rate of 4.5 percent of average twelve quarter average market value. It will be calculated as follows:
   1. 70% of the spending rate determined by last year's spending adjusted for inflation as calculated by CPI (Consumer Price Index) as of December.
   2. 30% of the spending rate determined by 4.5% of the average of the Endowment Fund's market value for the last twelve quarters.

B. *Spending Reserve* – A spending reserve will be established for each endowment. Spending reserves will consist of the endowment's dividends, interest, capital appreciation and depreciation and, if applicable, transfers in of funds already held by the University. Distributions will be netted against the spending reserve.

C. In the event that the current year's total return is not sufficient to meet the announced distribution, spending beyond the reserve is permissible in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by California in 2009.

D. Endowments must be invested in the Fund for a full calendar year prior to any distributions.

III. Adoption and Review

A. The Foundation Board of Directors has adopted this Endowment Investment Policy, dated 13 June 2014.

B. The Investment Committee of the Foundation Board of Directors will review this policy five years from its adoption date to determine its effectiveness and appropriateness. The policy may be evaluated before that time as necessary to reflect substantial organizational, financial, or physical change(s) at the Foundation or any change required by law or by other governing policy.

C. Any proposed amendments or variations of this policy would require a majority approval by the Foundation Board of Directors.

IV. Related Documents

A. California State University Board of Trustees Resolution RFIN 7-78-6
B. Foundation's Endowment Investment Policy

100 Campus Center ~~~ Seaside, CA ~~~ 93955-8001

SOCIALLY RESPONSIBLE INVESTING POLICY

I. Introduction

The Board of Trustees of the California State University adopted resolution RFIN 7-78-6 regarding Social Responsibility and Investments. This resolution urges auxiliary boards that make corporate investments to issue statements of social responsibility and to follow those precepts in examining past and considering future investment policies.

II. Policy

The Foundation Board of Directors recognizes and accepts its social responsibility with respect to the investment of funds. However, recognizing the increasingly complex nature of the contemporary economic world and the trade-offs that need to be made given the Foundation's current asset size, the Foundation will be guided by the following practical considerations about investment decisions:

1. The primary fiduciary responsibility in investing and managing the Foundation's economic assets is to maximize the financial return on those resources, taking into account the amount of risk appropriate for the assets.

2. The Foundation shall not attempt to achieve absolute "purity" in its investment portfolio nor spend scarce resources searching for problems in the investment portfolio. However, those examples brought the Foundation's attention will be analyzed as carefully and objectively as possible.

3. It is recognized that investments in pooled funds, which the Foundation may select for diversification or cost management purposes, cannot be controlled or modified. The Foundation shall carefully consider possible social concerns pertaining to investments within pooled funds; however, the Foundation must balance the cost associated with correcting ethical concerns relative to its overall financial objectives.

III. Adoption and Review

A. The Foundation Board of Directors has adopted this Socially Responsible Investing Policy, dated April 2011.

B. The Investment Committee of the Foundation Board of Directors will review this policy five years from its adoption date to determine its effectiveness and appropriateness. The policy may be evaluated before that time as necessary to reflect substantial organizational, financial, or physical change(s) at the Foundation or any change required by law or by other governing policy.

C. Any proposed amendments or variations of this policy would require a majority approval by the Foundation Board of Directors.

IV. Related Documents

California State University Board of Trustees Resolution RFIN 7-78-6

UNIVERSITY CORPORATION AT MONTEREY BAY

BOARD POLICY

<u>Policy 209</u>

Restricted & Operating Funds Investment Policy

<u>Section</u>: 200- Investment
<u>Issue Date</u>: 05/21/2020
<u>Last Reviewed</u>: 05/21/20
<u>Previous Versions</u>: 06/24/10; 11/18/04; 11/17/05; 06/15/06, 11/21/02
<u>Previous #</u>: 241-001-E

1) PURPOSE

The effective management of University Corporation at Monterey Bay ("Corporation") investments is the responsibility of the Board of Directors ("Board"). The investment management responsibilities of the Board differ from those of the management of commercial organizations. The Corporation shares many of the characteristics of a college or university in that it is exempt from income and capital gains taxation, has fiduciary responsibility for a significant amount of perpetual funds, and needs both current income and indefinite future protection of the purchasing power of these perpetual funds.

Additionally, the administrative responsibility for restricted funds received to provide current assistance to the university's instructional programs carries with it the need to invest these funds to provide funding for the cost of Corporation operations.

The investment of proprietary funds generated by commercial activities is almost totally within the control of the Board. This policy does not include the operating cash funds. Few investment constraints exist except in the area of real estate and non-related business activities. Care must be exercised to avoid any unwise investment that could bring discredit to the Corporation or endanger its financial viability, but the Board has relative freedom in investing proprietary funds.

2) POLICY

The Corporation will comply with the California State University ("CSU") Investment Policy. The Corporation would like to obtain the best possible return commensurate with the degree of risk that the Corporation is willing to assume in obtaining such return. The primary objective of the Corporation is to safeguard the principal. The secondary objective is to meet the liquidity needs of the Corporation. The tertiary objective is to return an acceptable yield.

The Corporation will invest the available funds of the Corporation in the most appropriate asset allocation, taking into consideration the following factors.

1. The length of time the funds will be available to invest; and
2. The projected risk and return of appropriate asset classes as determined by the investment consultant and committee.

a) ASSET MIX

Investment decisions shall be made within the framework of the goals stated above for optimizing the total rate of return, keeping in mind the desirability of limiting year-to-year risk of income and market fluctuations. These goals require that the total rate of return of the portfolio be optimized rather than maximized. The optimal portfolio allocation is one that carefully equates expected rate of return with expected risk of all investment categories used in the portfolio.

In setting the optimal allocation of assets for the Corporation's Operating Funds, the Board hereby adopts the following strategic (long-term) asset allocation policy:

Asset Class	Strategic Target	Minimum	Maximum
Domestic Equities	**30%**	**20%**	**40%**
Large Cap US	30%	20%	40%
International Equities	**20%**	**15%**	**25%**
International Developed	20%	15%	25%
Core Fixed Income	**50%**	**40%**	**60%**
Core US Fixed Income	25%	20%	40%
TIPS Short Term Credit	15% 10%	10% 5%	25% 20%
Cash	**0%**	**0%**	**3%**
	100%		

The "strategic target" asset mix, which emphasizes diversification in order to lower expected risk and to maximize expected total return to risk, is to be reviewed annually to ensure the established guidelines are still appropriate. When new allocations are being implemented, the portfolio will not be in line with the long-term targets until the new allocations are funded.

The minimum and maximum ranges within each asset class provide for investment flexibility. Any tactical asset allocation changes are to be based on a one-to-two-year horizon and should be made in accordance with the established ranges.

The Board reserves the right to adjust these limits at any time.

INVESTMENT GUIDELINES

Overall Guidelines

(1) As a general statement, the Corporation wishes its investments to be confined to marketable securities.

(2) The Corporation prohibits investments that jeopardize the safety of principal concept or non-profit status of the Corporation. The following types or methods of investments are expressly prohibited:

- **(a)** Trading in securities on margin;
- **(b)** Investing in working interests in oil or gas wells;
- **(c)** Derivatives which increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities. In addition, derivatives will not be used to acquire exposure to changes in the value of assets or indexes that by themselves would not be purchased for the portfolio. Derivative usage is strictly limited to mutual funds.
- **(d)** Purchasing mortgages directly; and
- **(e)** Unregistered or restricted stock.

(3) The Board of Trustees of the CSU adopted a resolution urging auxiliary boards that make corporate investments to issue statements of social responsibility and to follow those precepts in examining past and considering future investments. The Corporation Board recognizes and accepts its social responsibility with respect to the investment of funds.

(4) Unrestricted donations of marketable securities are to be liquidated in an orderly fashion unless they conform to the investment model as determined by the Corporation's Investment Manager(s).

(5) Mutual funds are permitted investment vehicles so long as their underlying investments meet the criteria set forth in this policy.

ii) Equity Category Guidelines

(1) The equity portfolio should be well diversified to avoid undue exposure to any single economic sector, industry group, or individual security.

(2) The holding of one firm's common stock is not to exceed 5% of that firm's total common stock outstanding.

(3) No more than 7.5% of the equity category's portfolio shall be invested in the stock of a single company.

iii) Fixed Income Category Guidelines

(1) Purchases of fixed income securities will be limited to U.S. Treasury or federal agency obligations, State of California obligations, or those U.S. Corporate bonds with ratings **as prescribed in §VI.C.2. below**

iv) Normally, at least 65% of assets invested in corporate bonds must be invested in straight debt corporate bonds (and/or preferred stock and convertible securities) rated a minimum of A3 by Moody's or A- by Standard & Poor's at the time of purchase. With the exception of the high-yield fund, an account or fund is allowed to hold no more than 20% of securities rated lower than Baa3 by Moody's or BBB- by Standard & Poor's.

(1) With regard to concentration by issuer, there are no limitations placed on investment in U.S. government or federal agency guaranteed investments. No more than 25% of the total investments in government fixed income vehicles may be in State of California Bonds. For U.S. corporate bonds, however, investments in any one issuer should:

(a) Not represent any more than 10% of the fixed income category,
(b) Not be more than 5% of that security's total issue, and
(c) The security should be part of an issue worth at least $50 million par value.

v) Cash Equivalents Category Guidelines

(1) The following investments are acceptable:

(a) Certificates of Deposit (maximum $250,000 per institution) – these investments will be limited to licensed (Federally Chartered) financial institutions;
(b) Commercial Paper – these investments will generally be limited to ratings A-1 (or better) by Standard & Poor's or P-1 (or better) by Moody's;
(c) U.S. Government and California State Government guaranteed securities, as well as U.S. Treasury Bills;
(d) Federal Agencies; and
(e) Other money market instruments that meet the test of high quality and liquidity.

vi) Exceptions

(1) Any exception to the guidelines in §2(b) may be granted on an interim basis by mutual agreement of the Executive Director and the Board President. Such interim exceptions shall be ratified at the next regularly scheduled meeting of the Board.

Assets acquired with special restrictions on substitution or sale should be managed in strict accordance with the instruction of the donor.

3) ADMINISTRATIVE REVIEW

i. Levels of Responsibility

(1) <u>Board of Directors and the Investment Committee</u>. The Board, on the advice and recommendations of the Investment Committee, is responsible for adopting the Investment Policy, selecting outside investment managers, annually reviewing the performance of outside investment advisors/managers, reviewing and approving amendments to the Operating Fund Investment Policy, and reviewing investments. The Investment Committee is responsible for recommending a prudent investment strategy for all funds available for investment, developing guidelines in order to implement those investment policies approved by the Board, and monitoring Corporation's implementation of those policies.

(2) <u>Corporation management.</u> The Executive Director is responsible for Corporation management staff implementing and administering the adopted Operating Funds Investment Policy.

(3) Investment Consultant. The Investment Consultant is responsible for advising the Investment Committee on investment policy, spending policy, asset allocation, investment manager selection, and providing performance analysis and monitoring services and education. The Investment Consultant shall prepare a quarterly performance report on the investment managers and the total assets of the portfolio. The Investment Consultant shall meet with the Investment Committee as requested.

(4) Investment Manager(s). When appropriate, the Investment Manager(s) is (are) delegated the responsibility of investing and managing the Corporation's operating assets in accordance with this Investment Policy and all applicable law. Each Investment Manager must either be (1) registered under the Investment Company Act of 1940, (2) registered under the Investment Advisors Act of 1940, (3) a bank, as defined in that Act, (4) an insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of the University's Operating assets, or (5) such other person or organization authorized by applicable law or regulation to function as an Investment Manager.

ii. Review of Investment Performance

Evaluation of the Corporation's Operating fund's performance will be on a total return basis. These returns will be viewed in the context of the Fund's objectives and relevant market indices.

(1) Evaluation of the performance of asset groups, if applicable, will be based on the following indices:

Asset Class	Benchmark
Equities	
Large Cap US	S&P 500
International Developed	MSCI EAFE or MSCI ACWI ex U.S.
Core Fixed Income	
Core US	Bloomberg Barclays Aggregate Index
TIPS Short Term Credit	Bloomberg Barclays US TIPS Index ICE Bank of America 1-3 Year Treasury Index or Bloomberg Barclays US 1-5 year Credit Index
Cash	91 Day Treasury Bills

Subsets of equities and fixed income investments will be measured against appropriate benchmarks.

(2) An annual investment report will be presented to the Investment Committee. Upon review and approval by the Investment Committee, the annual investment report will be presented to the Board. If there is sufficient significant investment activity and should the Investment Committee deem it appropriate, quarterly investment reports may be presented to the Investment Committee for review and approval prior to presentation to the Board.

(3) This Investment Policy will be reviewed at least annually to ensure its consistency with the Corporation's liquidity needs, investment objectives and expectations, and risk tolerance. The Investment Policy will also be reviewed to ensure its compliance and relevance to the current law, financial and economic trends, and to meet the cash flow requirements of the Corporation.

4) RELATED DOCUMENTS

i. 241-002-A: Socially Responsible Investing Policy

ii. RFIN 01-97-03: The California State University Investment Policy

UNIVERSITY CORPORATION AT MONTEREY BAY

BOARD POLICY

Policy 207

Endowment Investment Policy

Section: 200- Financial
Issue Date: 11/20/19
Last Reviewed: 11/20/19
Previous Versions: 1/13
Previous #: 321-002

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1) PURPOSE

The Corporation currently has no endowments and does not anticipate receiving any in the near future. However, it is prudent to have a policy in place should the need arise.

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2) POLICY

The Foundation of California State University, Monterey Bay ("Foundation") has developed a policy that provides guidelines for the prudent investment of the Endowment Fund of the Foundation and outlines an overall system of investment policies and practices such that the Foundation's ongoing financial obligations are satisfied. An additional and equally important purpose of this document and other Foundation investment-related policies is to provide donors, prospective donors, and donation recipients with information about investment performance expectations, guidelines for distribution of earnings, and levels of reimbursements of costs to the Foundation.

The Corporation hereby adopts, in its entirety, the Foundation's Endowment Investment Policy.

3) RELATED DOCUMENTS

a) California State University Board of Trustees Resolution RFIN 7-78-6
b) Foundation Endowment Spending Policy

UNIVERSITY CORPORATION AT MONTEREY BAY
BOARD POLICY

<u>Policy 208</u>

Endowment Spending Policy

<u>Section</u>: 200- Financial
<u>Issue Date</u>: 11/20/19
<u>Last Reviewed</u>: 11/20/19
<u>Previous Versions</u>: 5/14
<u>Previous #</u>: 241-006

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1) PURPOSE

The spending policy determines how much of the total return (income and appreciation) will be distributed to support programs and how much will be reinvested in the endowment fund. The purpose of the spending policy is to establish spending guidelines that will meet cash flow requirements from the endowment. The Foundation of the California State University, Monterey Bay ("Foundation") is the primary holder of endowments on behalf of California State University, Monterey Bay.

2) POLICY

The Foundation Board has approved an Endowment Spending Policy. The Corporation hereby adopts, in its entirety, the Foundation's Endowment Spending Policy.

3) RELATED DOCUMENTS

a) California State University Board of Trustees Resolution RFIN 7-78-6
b) Foundation's Endowment Investment Policy

UNIVERSITY CORPORATION AT MONTEREY BAY
BOARD POLICY

Policy 206

Socially Responsible Investing Policy

Section: 200- Financial
Issue Date: 6/28/07
Last Reviewed: 11/20/19
Previous Versions: 11/21/02
Previous #: 241-002

1) PURPOSE

The Board of Trustees of the California State University adopted resolution RFIN 7-78-6 regarding Social Responsibility and Investments. This resolution urges auxiliary boards that make corporate investments to issue statements of social responsibility and to follow those precepts in examining past and considering future investment policies. The Corporation recognizes that from time to time it may make investments in corporations that do business abroad and that the policies of such corporations may have significant impact on the societies of the countries in which they do business.

2) POLICY

The Corporation recognizes and accepts its social responsibility with respect to the investment of funds. However, recognizing the increasingly complex nature of the contemporary economic world and the trade-offs that need to be made given the University Corporation's current asset size, the Corporation will be guided by the following practical considerations about investment decisions:

a) The primary fiduciary responsibility in investing and managing the Corporation's economic assets is to maximize the financial return on those resources, taking into account the amount of risk appropriate for the assets.
b) The Corporation shall not attempt to achieve absolute "purity" in its investment portfolio nor spend scarce resources searching for problems in the investment portfolio. However, those examples brought to the Corporation's attention will be analyzed as carefully and objectively as possible.
c) It is recognized that investments in pooled funds, which the Corporation may select for diversification or cost-management purposes, cannot be controlled or modified. The Corporation shall carefully consider any possible social concerns pertaining to investments within pooled funds; however, the Corporation must balance the cost associated with correcting ethical concerns relative to its overall financial objectives.

3) RELATED DOCUMENTS

a) None