



## **Investment Policy Statement**

February 2022

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## INTRODUCTION

The effective management of SDSU Research Foundation (SDSURF) investments is the responsibility of the Board of Directors. In recognition of its responsibility to manage investments prudently, the Board of Directors established a Finance and Investment Committee, of which the Vice President for Business and Financial Affairs of San Diego State University (SDSU) is an ex-officio member.

The Finance and Investment Committee has the responsibility to maintain appropriate investment policies and guidelines and oversee the investment of assets accordingly. This authority includes, if necessary, the selection and evaluation of professional investment managers or organizations. It also includes the periodic monitoring of the investment policy and investment results. Major changes in policy or decisions that may substantially affect investment performance are forwarded to the Board of Directors for action. The CEO and CFO of SDSURF keep the Finance and Investment Committee informed on matters affecting the investment program and assist the Committee in carrying out its responsibilities. The CEO relies on the CFO and others within the Finance & Accounting Department of SDSURF for detailed monitoring, record keeping, and financial reporting. SDSURF's approach to investment management necessitates a continuous, ongoing review of asset allocations and performance results. In carrying out this review, consultants may be retained periodically to provide an independent review of investment policies, strategies and performance.

Due to the size of the investment portfolio, SDSURF retains, directly or indirectly, professional investment managers for investments in mutual funds, equities, bonds, real estate, including Real Estate Investment Trusts (REIT), and cash equivalents. Other cash equivalents and government securities may be directly managed by SDSURF staff.

In January 2000, SDSURF transferred all student aid funds and the majority of existing endowments to The Campanile Foundation (TCF), a new campus auxiliary organization formed to focus on fundraising for SDSU. The Campanile Foundation is the recipient of the majority of new gifts and endowments to SDSU. The only exceptions are gifts and certain endowments that directly support research at SDSU or are owned by certain self-support programs administered by SDSURF, such as KPBS and SDSU Global Campus.

The following parties associated with SDSURF shall discharge their respective responsibilities in accordance with all applicable fiduciary standards as follows: (1) in the sole interest of SDSURF's contributors and beneficiaries; (2) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and of like aims; and (3) by diversifying the investments so as to minimize the risk of large losses:

- A. Board of Directors: The members of the Board of Directors are the fiduciaries of SDSURF and are ultimately responsible for the investments of SDSURF.
- B. Finance and Investment Committee and Staff: The members of the Finance and Investment Committee on the authority assigned by the Board of Directors, have delegated the management of the day-to-day administrative issues associated with SDSU Research Foundation's assets to SDSURF staff. The Finance and Investment Committee has recommendatory authority to the Board of Directors with respect to the implementation of this Investment Policy Statement and shall review and present reports to the Board of Directors regarding the status of SDSURF's investments. The Finance and Investment Committee has authority to hire and fire Investment advisors.

- C. Retiree Medical Voluntary Employee's Beneficiary Association (VEBA) Trust Investment Advisor: The investment advisor is charged with the responsibility of advising the Finance and Investment Committee on investment policy and strategic asset allocation, while having full discretion over the selection of investment managers and tactical asset allocation within the guidelines of this document. The investment advisor is also responsible for providing performance analysis and monitoring services.
- D. Investment Manager(s): The investment manager(s) are delegated the responsibility of investing and managing SDSURF's or VEBA Trust's assets in accordance with this Investment Policy Statement, and all applicable law.

## **INVESTMENT POOLS**

SDSURF uses a pooling concept that consolidates funds with similar investment objectives. Although monies are pooled for investment purposes, separate fund balances are recorded, thus maintaining both specific fund activity (additions and withdrawals) and allocated investment activity (income, realized and unrealized gains and losses). Through this means, investment risk is reduced, and earnings potential is increased. SDSURF encourages the use of these established investment pools in order to enhance the overall management of funds. However, unpooled endowments are also maintained when necessary because of time restrictions, donor restrictions, or the uniqueness of the endowment (i.e. real estate).

### **TCF Endowment Pool**

The central purpose of an endowment is to provide support to programs over an extended period of time or in perpetuity. The level of support should be stable in real dollars, which implies that the endowment principal must grow at a rate at least equal to the rate of inflation. To achieve a reasonable rate of return and adequate growth of principal, a balanced and diversified investment approach is best. Therefore, the investment philosophy and objectives of the TCF Endowment Pool best represent SDSURF's overall endowment investment philosophy. True endowments, by their very nature, should be invested in the TCF Endowment Pool. SDSURF utilizes the TCF Endowment Pool in an effort to provide a combination of optimum investment results and administrative efficiency. The pool is being used as an investment vehicle, and its use does not imply fund balance ownership or a shifting of responsibility, nor does it imply that SDSURF has control over TCF's investment policy or process. However, SDSURF's Finance and Investment Committee shall monitor the performance of the TCF Endowment Pool quarterly and shall be apprised of changes to TCF's Investment Policy. TCF's Investment Policy (see Appendix 1) covers asset allocation, rebalancing, performance, etc. for the pool, and is incorporated by reference into this policy. The target asset allocation for TCF endowment is as follows:

Asset Class	Target Allocation	Minimum	Maximum
<b>Growth Assets</b>			
Global Equity	42%	34%	50%
Private Equity	18%	3%	23%
<b>Credit</b>			
High Yield Bonds	3%	0%	6%
Bank Loans	3%	0%	6%
Emerging Markets Debt	2%	0%	4%
<b>Inflation Hedges</b>			
Natural Resources	3%	0%	6%
Real Estate	4%	0%	8%
TIPS	3%	0%	6%
Gold	3%	0%	6%
<b>Risk Mitigation</b>			
Core Fixed Income	14%	6%	22%
Hedge Funds	5%	0%	10%
Cash	0%	0%	5%

The asset mix policy and acceptable minimum and maximum ranges established by the TCF Finance and Investment Committee represent a long-term view. Rapid and significant market movements or during times when asset allocation changes are being implemented may cause the fund's actual asset mix to temporarily fall outside the policy range. Any such divergence should be of a short-term structure.

The investment objectives for TCF will be for the asset value, exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return gross of fees) in excess of the benchmarks established for the medium term (3-5 years) and long term (5+ years).

The TCF Endowment Pool is divided into participation units with an equal interest. The number of new units assigned upon transfer of assets to a pool is determined by dividing the market value of the assets transferred by the market value of a unit in the pool immediately before such transfer. The value of a unit will change as the value of the pool's assets changes.

The investment pool is operated on a July 1 - June 30 fiscal year basis and the market value of the assets in the pool and of each participating unit is determined on September 30, December 31, March 31, and June 30. Participating units may be added or deducted from the pool at the beginning of each calendar quarter (the first day of July, October, January, and April). Capital gains or losses on the sale of investments are not distributed to the participating funds but become part of the unit value calculation for each quarter.

### **Current Income Pool**

The objective of the Current Income Pool is to maximize income for current use rather than to preserve the purchasing power of future generations. Thus, it is not appropriate for true endowments, and should consist of quasi endowments and board-designated reserves. Income through investment yield should be the primary investment goal, with gains resulting from changes in market values being secondary. Actively managed fixed income funds are used to generate these secondary gains. Stable investments such as bonds, government securities, internal financing backed by real estate, and certificates of deposit are the principal investment vehicles for this pool. Internal financing related to various real estate properties can be an acceptable fixed income investment for the Current Income Pool. Additionally, subject to Board approval, SDSURF may lend funds to an affiliate such as KPBS. Approved asset mixes are as follows:

Investment Category	Range
Stable Investments/External Notes Receivable	0 to 50%
Actively Managed Investments	20 to 100%
Cash and Cash Equivalents	0 to 20%

Income from and fees related to the investments in SDSURF's Current Income Pool are distributed quarterly and allocated to the funds based on the percentage that each fund held as of the previous quarterly valuation. Any additions or withdrawals are considered to be current quarter activity and factor into the percentage for the following quarter.

### **Performance of Investment Pools**

Measuring the comparative performance of investment pools with similar characteristics, objectives, and risk levels is useful in understanding investment results achieved with respect to desired goals. The performance of the TCF Endowment Pool is compared to other similar investment pools through policy benchmarks and performance metrics such as the Sharpe Ratio, which measures volatility-adjusted performance, that's provided by the professional investment manager and approved by the TCF Finance and Investment Committee. TCF's Finance and Investment Committee also monitors the ongoing performance of its asset managers.

The investment philosophy of the Current Income Pool is one of stability in underlying principal while trying to maximize current yield. Therefore, yield rather than total return is considered to be the appropriate measure of performance. Yield of the pool is compared to the yield of a bond index fund that bears the closest resemblance in asset mix and maturity dates.

## **OTHER INVESTMENT CONSIDERATIONS**

### **Cash Equivalents Pool**

Available cash from all funds controlled by SDSURF are pooled for investment purposes in the Cash Equivalents Pool. Cash balances are combined so that higher rates of return can be earned by the General Fund knowing that all funds will not be needed on a demand basis. Funds in the pool come primarily from:

- General Fund reserves and working capital
- Sponsored research funds paid in advance
- Self-support funds
- TCF operating and gift funds

Monies in this pool may be invested in money market accounts, certificates of deposit (with a bank rating agency rate of at least A-), investment grade commercial paper, short-term government or investment grade corporate debt securities, actively managed fixed income mutual funds, and internal borrowing. Internal borrowing is utilized when real property is acquired and allows the General Fund to finance the purchase with a lower interest rate. Internal borrowing requires Board of Directors approval. Up to 50% of the funds in the Cash Equivalents Pool may be used to acquire real property. A higher percentage is allowed with a standby line of credit in place to cover short-term cash requirements.

Investments are viewed as part of three tiers in recognition of the fact that some funds will virtually always remain on hand (core tier), some will be used within a reasonable length of time (middle tier), and some need to be available on a daily basis (demand tier). The mix of the three tiers is dependent upon the size of

the pool and liquidity needs. Investment considerations are as follows:

- For the core tier, use Board approved long-term internal financing that, if necessary, could be financed by traditional methods to free up cash.
- For the core and middle tiers, minimize loss of principal due to interest rate risk by purchasing fixed income investments with fixed maturity dates that do not extend beyond five years. Fixed income mutual funds with an intermediate maturity range are also acceptable.
- For the demand tier, maintain the estimated amount of cash needed for on-going expenditure purposes.
- A standby line of credit may be utilized to alleviate temporary cash demands. SDSURF currently has a \$15 million line of credit to assist with emergency cash needs.

Tier	Range
Core	up to 50%
Middle	up to 90%
Demand	up to 25%

Given the size of SDSURF's Cash Equivalents Pool, the services of an investment manager and the use of its investment funds can be helpful with the actively managed investments. Not only can an investment manager provide investment and diversification opportunities that would not otherwise be available, it can also provide a level of monitoring of managers and a capacity to adjust that are not feasible or efficient for most individual investments.

### **Unpooled Investments**

Unpooled investments include funds with special restrictions established by donors, which make it inappropriate to pool these funds for investment purposes. The monies are sometimes invested in accordance with conditions established by the donor or fund advisor. Also included are deferred gifts that cannot be pooled with other endowments because of the existence of a current beneficiary and the fiduciary responsibilities of SDSURF.

### **Retiree Medical Voluntary Employees' Beneficiary Association Trust**

SDSURF has established a Voluntary Employees' Beneficiary Association (VEBA) Trust for the cost of providing medical benefits for eligible retired employees and for current employees who will be eligible in the future for similar benefits. The Trust was formed in 1996 as a separate legal entity and was initially funded with the retiree medical reserves that had been contributed by SDSURF and certain self-support programs (primarily KPBS and SDSU Global Campus). The CEO, CFO, and the Chief Human Resources Officer serve as Trustees. The investment performance comparing actual to target allocations is presented to the Finance and Investment Committee quarterly for review.

Annual contributions to the VEBA Trust are based upon actuarial calculations of the Other Post Employment Benefit (OPEB) liability. The VEBA Trust's investments are included in the financial statements of SDSU Foundation Health VEBA Plan for Post Retirement Health Care Benefits and fiduciary financial statements of San Diego State University Research Foundation, which are audited annually by certified public accounting firms.

Because this future obligation is long-term, a significant equity exposure is considered necessary for investment purposes. The asset mix is similar to that used for permanently restricted endowment funds, and the funds are invested separately based upon the guidance of an Outsourced Chief Investment Officer (OCIO) as follows:

Asset Class	Target Allocation	Minimum	Maximum
<b>Growth Assets</b>			
Global Equity	60%	52%	68%
<b>Credit</b>			
High Yield Bonds	3%	0%	6%
Bank Loans	3%	0%	6%
Emerging Markets Debt	2%	0%	4%
<b>Inflation Hedges</b>			
Natural Resources	3%	0%	6%
Real Estate	4%	0%	8%
TIPS	3%	0%	6%
Gold	3%	0%	6%
<b>Risk Mitigation</b>			
Core Fixed Income	14%	6%	22%
Hedge Funds	5%	0%	10%
Cash	0%	0%	5%





# **INVESTMENT POLICY STATEMENT**

**Revised December 2021**

## 1. Statement of Purpose

The Board of Directors of the Campanile Foundation has adopted this Investment Policy Statement in recognition of its responsibility to supervise the investment of The Campanile Foundation (hereafter referred to as the Foundation) assets. The purpose of this Policy Statement is to set forth in writing: (1) an appropriate set of objectives and goals to be attained through the investment of the Foundation's assets; (2) the position of the Board of Directors with respect to the Foundation's risk/return posture, including allocation of assets and establishment of investment guidelines; and (3) an overall system of investment policies and practices whereby the continuing financial obligation of the Foundation will be satisfied.

## 2. Statement of Responsibilities

The following parties associated with the Foundation shall discharge their respective responsibilities in accordance with the Uniform Prudent Management of Institutional Funds Act and with all applicable fiduciary standards as follows: (1) in the sole interest of the Foundation's contributors and beneficiaries; (2) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and of like aims; and (3) by diversifying the investments so as to minimize the risk of large losses.

- A. Board of Directors: The members of the Board of Directors are the fiduciaries of the Foundation and are ultimately responsible for the investments of the Foundation. The Board of Directors reserves the right to amend the Investment Policy Statement at any time they deem such amendment to be necessary, or to comply with changes in state and federal laws as these changes affect the investment of the Foundation's assets.
- B. Finance and Investment Committee: The role and authority of the Finance and Investment Committee is defined in the committee charter and approved by the Board of Directors. The charter is listed in Appendix XX. The Committee shall review the Policy and the Charter annually to ensure compliance and relevance to the current law, financial and economic trends and to meet cash flow requirements of the Foundation.
- C. Chief Financial Officer: The Chief Financial Officer (CFO) is appointed and powers prescribed through an annual resolution by the Board of Directors. The CFO shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transactions of the Foundation.
- D. Investment Advisor: The investment advisor is charged with the responsibility of advising the Finance and Investment Committee on investment policy and strategic asset allocation, while having full discretion over the selection of investment managers and tactical asset allocation within the guidelines of this document. The investment advisor is also responsible for providing performance analysis and monitoring services.
- E. Investment Manager(s): The investment manager(s) are delegated the responsibility of

investing and managing the Foundation's assets in accordance with this Investment Policy Statement, and all applicable law. Each investment manager must either be (1) registered under the Investment Company Act of 1940, (2) registered under the Investment Advisor Act of 1940, (3) a bank, as defined in the Investment Advisor Act of 1940, (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 assets, or, (5) such other person or organization authorized by applicable law or regulation to function as an investment manager.

- F. Custodian: The custodian has been retained by the Investment Committee and is charged with the responsibility for safekeeping securities, collections and disbursement, and periodic accounting statements.

### 3. Statement of Spending Policy

The Foundation manages permanently restricted assets which are received with a donor-imposed restriction that states that the donation must be maintained in perpetuity, but the Foundation is to spend according to this policy the income and the gains derived from the asset. In the event that the Fair Market Value of an individual endowment fund falls below the permanently restricted amount of the endowment, the spending rate will not exceed the amount of dividends and interest earned by the endowment.

The Foundation also manages fund without donor restrictions and donor restrictions on a unrestricted and other non-permanently restricted assets.

The Foundation has established an annual spending rate of 4.0% of endowment market value applied to the rolling 3-year average market value. The Finance & Investment Committee will review the spending rate annually. In the event the Committee recommends a change to the spending rate, the proposed change and rationale will be reviewed and presented for approval by the Board of Directors.

In accordance with this disbursement policy, the Finance and Investment Committee is committed to:

- protecting the corpus of the Foundation;
- preserving the real spending power of the assets;
- maintaining a diversified portfolio of assets while obtaining maximum possible investment return commensurate with reasonable risk and operational considerations; and
- complying with applicable law.

### 4. Investment Performance Objectives

The Investment Performance Objectives for the Foundation will be for the asset value, exclusive of

contributions or withdrawals, to grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return gross of fees) in excess of the benchmarks established for the medium term (3-5 years) and long term (5+ years).

#### Long Term Performance Objectives

- A. The objective of the total fund is to earn a real return of 4.0% after expenses.
- B. The objective of the total fund is to earn a minimum return that exceeds the rate of return of the indexes weighted in accordance with the target asset allocation.

#### 5. Target Asset Allocation

The Asset Allocation of the Foundation shall be reviewed at least quarterly to ensure that the portfolio is in compliance with the following guidelines.

Asset Class	Target Allocation	Minimum	Maximum
<b>Growth Assets</b>			
Global Equity	42%	40%	72%
Private Equity	18%	5%	23%
Venture Capital	x	x	x
<b>Credit</b>			
High Yield Bonds	3%	0%	6%
Bank Loans	3%	0%	6%
Emerging Markets Debt	2%	0%	4%
<b>Inflation Hedges</b>			
Natural Resources (Public)	0%	0%	6%
Natural Resources (Private)	3%	0%	6%
Private Real Estate	4%	0%	8%
TIPS	3%	0%	6%
Precious Metals	3%	0%	6%
<b>Risk Mitigation</b>			
Core Fixed Income	14%	6%	22%
Hedge Funds	5%	0%	10%
Cash	0%	0%	10%

The asset target allocation and acceptable minimum and maximum ranges established by the Finance and Investment Committee represent a long-term view. Rapid and significant market movements or during times when asset allocation changes are being implemented may cause the fund's actual asset mix to fall outside the policy range. Any such divergence should be of a short-term structure.

The Investment Advisor has established a process to review and rebalance the asset mix periodically. If any allocations exceed the minimum or maximum ranges, the Investment Advisor will have 45 days to rebalance assets to within the acceptable ranges. The Investment Advisor will consider transaction costs and the illiquidity of the asset classes when making rebalancing decisions.

#### 6. Tactical Asset Allocation

The Investment Advisor will have full discretion to tactically deviate from the Foundation's long-term Target Allocation within the defined asset class ranges.

#### 7. Investment Guidelines

The Finance and Investment Committee grants to each Investment Manager the full investment discretion within the scope of the Investment Policy Statement, the applicable Investment Manager Agreement, and any laws that supersede either of these documents. Each manager must adhere to the following investment guidelines as well as their specified guidelines in the Appendix A. To the extent that the Foundation invests in mutual funds and/or commingled vehicles, the governing guidelines shall be those contained in the offering documents, since, in these cases, the Foundation cannot impose its own guidelines.

- A. Types of Securities: The Growth Assets securities shall be domestic or foreign common stocks, American Depositary Receipts (ADR's), preferred stocks and convertible preferred stocks and bonds, depending on the manager's assignment. Also included in Growth Assets shall be private equity and venture capital which will include investments consistent with best industry practices.

The Credit securities shall be comprised of U.S. Treasuries or foreign sovereign bonds, agencies of the United States Government, domestic or foreign corporations, domestic or foreign banks, mortgage securities, and other global financial institutions. In general, the SDSU loans will be secured by multiple pledges.

Inflation Hedges and Risk Mitigation shall consist of various hedging and arbitrage strategies. Real estate shall consist of equity participation via commingled real estate funds.

- B. Diversification: Growth Assets, Credit, Inflation Hedges, and Risk Mitigation should be well-diversified to avoid undue exposure to any single economic sector, industry, or individual security. For non-concentrated managers, no more than 10% of the Global Equity or Core Fixed Income sub-asset classes, based on market value, shall be invested in the securities of any one issuer other than fixed income pools of U.S. Governments or U.S. Government Agencies, such as Fannie Mae and Freddie Mac. Except Treasuries, no more than 10% of the Core Fixed Income portfolio based on market value shall be invested in securities of anyone issuing corporation at the time of purchase. The real estate portfolio shall be reasonably diversified among geographic regions and property types.

- C. Prohibited Investments: Categories of investments that are not eligible for investment in the Core Fixed income and Global Equity sub-asset allocations without prior approval of the Finance and Investment Committee include:

- a. Short sales
- b. Margin purchase or other use of lending or borrowing
- c. Security loans
- d. Leveraged derivatives
- e. Private placements
- f. Warrants

The Investment Managers may utilize the above categories so long as such investments are consistent with the guidelines governing each investment vehicle. The real estate Investment Managers may use leverage with respect to real estate ownership.

- D. Liquidity: The Finance and Investment Committee will monitor the Foundation's cash flow on a regular basis, and sufficient liquidity shall be maintained to fulfill the spending objectives and operational costs of the Foundation. When withdrawals become necessary, the Finance and Investment Committee will notify the Investment Advisor as far in advance as possible to allow them sufficient time to acquire the necessary liquid reserves.
  - E. Proxy Voting: The investment manager(s) shall have the sole and exclusive right to vote any and all proxies solicited in connection with the securities held by the Foundation. The investment manager(s) shall furnish the Finance and Investment Committee with a written proxy voting policy statement, and shall keep records with respect to its voting decisions and submit a report annually to the Finance and Investment Committee summarizing votes cast.
  - F. Trading and Execution: The investment manager(s) shall use their best efforts to obtain execution of orders through responsible brokerage firms at the most favorable prices and competitive commission rates.
  - G. University Advances: The Foundation may extend to SDSU loans to provide liquidity needed for capital projects that will be funded through pledges not yet realized. The funds will be provided through the Core Fixed Income sub-asset class with the maximum amount of outstanding loans not exceeding 5% of the Foundation's pooled endowment assets at the time loans are established. The floating interest rate charged will be US Prime Rate plus 100 bps with a maximum repayment term of 5 years.
  - H. Private Company Investments: The Foundation may directly invest in privately held companies. Investments will be approved by the Committee and will be provided through the Private Equity allocation with the maximum of all direct investments not exceeding 2% of Foundation's pooled endowment at the lower of cost or market. Privately held companies will have a clear connection to the University, such as student or Alumni founded companies.
8. Investment Performance Review and Evaluation
- A. The Finance and Investment Committee will review the investment results of the investment manager(s) at least quarterly. Performance comparisons will be made against a representative performance universe and the performance objectives set forth in this policy statement. A comprehensive annual report from the Finance and Investment Committee will be presented to the full Board of Directors.
  - B. The Finance and Investment Committee, with the assistance of the Investment Advisor, shall periodically review the qualitative developments of each investment manager. This

evaluation should include: changes in ownership, personnel turnover, adherence to investment style and philosophy, and any other qualities that the Finance and Investment Committee deems appropriate. This review should also include an assessment as to whether each investment manager has operated within the scope of this Investment Policy Statement.

- C. The investment manager(s) must disclose all major changes in organization or investment philosophy to the Finance and Investment Committee members within 30 days. Further, all registered investment advisors must present updated ADV-2 forms on an annual basis to the CFO.

#### 9. Environment, Social and Governance Investing

It is a core value of the Foundation to invest the Foundation's assets in a socially responsible way. As such, the Board of Directors will continually strive to strike an appropriate balance between its social responsibility and its fiduciary duty to create financial returns that will help fund the University. The Board of Directors also recognizes that, in many cases, their ability to directly enforce customized investment guidelines may be limited. The Foundation invests mainly in commingled vehicles such as mutual funds, which limit the ability of any individual investor to enforce customized investment parameters. The Foundation will direct its Investment Advisor and investment managers to invest in businesses that are as consistent as possible with its social values, while balancing the financial return to the Foundation, advancing its long-term interests and supporting the University's mission.

The Foundation expects the market to mature and for investment opportunities to generate specific quantifiable ESG impacts, such as energy transition, resiliency from physical climate risk, and divestment from investments in the Carbon Underground 200. The Committee will monitor the progress of the market.

#### 10. Policy Changes

The Investment Advisor shall advise the Finance and Investment Committee of any restrictions within this Investment Policy Statement that may prevent the investment manager(s) from obtaining the objectives and goals set forth herein. Any violation of the investment guidelines or other sections of this Investment Policy Statement discovered by the Investment Advisor in the preparation of its regular performance review shall be reported immediately to the CFO and discussed at their next regularly scheduled Finance and Investment Committee meeting.



IN WITNESS HEREOF, the Board of Directors has approved the revised Investment Policy Statement by resolution adopted on the 9th day of December 2021.

Anita Nottingham  
Anita Nottingham (Dec 14, 2021 09:04 PST)

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Anita Nottingham, Secretary

## Appendix A

### POLICY BENCHMARK

Functional Category	Weight (%)	Composition
Growth	60	<ul style="list-style-type: none"><li>• 94.0% MSCI ACWI IMI Net USD (56.4%)</li><li>• 6% Cambridge Associates PE Index 1-Quarter Lag (3.6%)</li></ul>
Credit	8	<ul style="list-style-type: none"><li>• 37.5% Credit Suisse Leveraged Loans (3%)</li><li>• 37.5% BBgBarc US High Yield TR (3%)</li><li>• 12.5% JP Morgan EMBI Global Diversified (1%)</li><li>• 12.5% JP Morgan GBI EM Global Diversified TR USD (1%)</li></ul>
Inflation Hedges/Real Assets	13	<ul style="list-style-type: none"><li>• 23.1% S&amp;P Global LargeMidCap Commodity and Resources NR USD (3%)</li><li>• 30.8% NCREIF ODCE Equal Weighted (Net) (4%)</li><li>• 23.1% BBgBarc US TIPS TR (3%)</li><li>• 13.9% Gold Spot (1.8%)</li><li>• 9.2% FTSE Gold Mines (1.2%)</li></ul>
Risk Mitigation	19	<ul style="list-style-type: none"><li>• 73.7% BBgBarc US Aggregate TR (14%)</li><li>• 26.3% HFRI Macro (Total) Index (5%)</li></ul>

The Policy Benchmark is designed to measure the performance of the Investment Advisor in regards to both tactical asset allocation decisions and manager selection.

The Policy Benchmark is calculated using the target weights of each Functional Category. At the start of each fiscal year end (July 1st), the Growth Assets portion of the policy benchmark will be reweighted to match the existing private equity investment levels until it nears the 18% policy target.