

Investment Policy Statement

For

California State University, Los Angeles (Cal State LA) Foundation Endowment Fund

Amended and Restated

June 25, 2026

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EXECUTIVE SUMMARY

Type of Plan	Endowment Fund
Current Assets:	\$72,220,547 as of February 28, 2026
Time Horizon:	Into perpetuity Evaluation – 3-5 Years
Target Return:	7.00%
Risk Tolerance:	Moderate
Spending Policy:	4% of Trailing 20 Quarters

Asset Allocation :

	<u>Lower Limit</u>	<u>Preferred Allocation</u>	<u>Upper Limit</u>
Growth/Equity	60%	67%	74%
Domestic Equities	29%	34%	39%
Developed ex-US Equities	13%	16%	19%
Emerging Equities	4%	6%	8%
Private Equity	8%	11%	14%
Credit	4%	6%	8%
High Yield Bonds	0%	2%	4%
Bank Loans	0%	2%	4%
Private Credit	0%	2%	4%
Rate Sensitive	14%	17%	20%
Cash & Short-Term Fixed Income	1%	3%	5%
U.S. Core Fixed Income	6%	8%	10%
Long Term Government Bonds	1%	3%	5%
Treasury Inflation Protected Sec (TIPs)	1%	3%	5%
Real Assets	3%	5%	7%
Private Real Estate	1%	3%	5%
Natural Resources & Infrastructure	0%	2%	4%
Hedge Funds	3%	5%	8%
Risk Mitigating Hedge Funds	3%	5%	8%
Total		100%	

Evaluation Benchmark:

Total return to meet or exceed the performance of a policy index based upon the fully implemented strategic asset allocation of the Fund to various broad asset classes.

Specifically, the policy index will be a weighted index comprised of:

- 34.0% MSCI USA Climate Paris Aligned (Net),
- 16.0% MSCI World ex USA Climate Paris Aligned (Net),
- 6.0% MSCI Emerging Markets Index,
- 11.0% Preqin Private Equity 1Q Lagged,
- 2.0% Blmbg. U.S. Corp: High Yield Index,
- 2.0% Morningstar LSTA Leveraged Loan,
- 2.0% Morningstar LSTA Leveraged Loan +1.5%
- 3.0% ICE BofA 1-3 Year Government/Corporate Index,
- 8.0% Blmbg. U.S. Aggregate Index,
- 3.0% Blmbg. U.S. Government: Long Term Bond Index,
- 3.0% Blmbg. U.S. TIPS Index,
- 3.0% NCREIF Fund Index-ODCE (EW) (Net),
- 2.0% Preqin Infrastructure 1Q Lagged
- 5.0% Risk Mitigating Strategies Policy Benchmark (1/3 First Responders Benchmark, 1/3 Second Responders Benchmark, 1/3 Diversifiers Benchmark)*

*Risk Mitigating Strategies Benchmark to be finalized once the hedge fund redemptions can be fully executed.

Statement of Investment Policy, Objectives, and Guidelines Cal State LA Foundation Endowment Fund

MISSION OF FOUNDATION

The mission of the Cal State LA Foundation Endowment Fund is to:

- Provide a structure for donors to support the future of Cal State LA, and
- Provide long-term support for the mission of Cal State LA.

The Cal State LA Foundation Board (Foundation) is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Nonprofit Public Benefit Corporation Law (NPBC Law) for public and charitable purposes to:

- 1) Foster, encourage and promote the educational and charitable purposes of Cal State LA by constructing, establishing, maintaining, operating, conducting and giving to Cal State LA educational and charitable buildings, equipment and facilities or doing or causing to be done one or more of such things and all other things incidental thereto;
- 2) Align all purposes and fundraising to support the strategic plan and vision of Cal State LA;
- 3) Promote a greater and better understanding in the community of Cal State LA's proper role and its policies and as it relates to its development needs;
- 4) Provide financial assistance by allocations, gifts, loans and other means to Cal State LA, its support groups, undergraduate and graduate students, faculty and staff;
- 5) Do any other act and engage in and carry on any other activity in any manner connected with or incidental to, or calculated to promote, assist aid, or accomplish any of the aforesaid purposes; and,
- 6) Provide management of all investment funds (short and long term).

SCOPE OF THIS INVESTMENT POLICY

This statement of investment policy reflects the investment policy, objectives, and constraints of the Foundation Endowment Fund separate from the non-endowed funds of the Foundation.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

The purpose of this document is to set forth the goals and objectives of the Cal State LA Foundation Board, and to establish guidelines for the implementation of investment strategy.

This statement of investment policy is set forth by the Cal State LA Foundation Board and the Investment and Finance Committee of the Foundation in order to:

- 1) Define and assign the responsibilities of all involved parties;
- 2) Establish a clear understanding for all involved parties of the investment goals, objectives and constraints of Fund assets;
- 3) Offer guidance and limitations to all Investment Managers regarding the investment of Fund assets;
- 4) Establish a basis for evaluating investment results;
- 5) Manage Fund assets according to prudent standards as established in common trust law;
- 6) Establish the relevant investment horizon for which the Fund assets will be managed;
- 7) Establish a long-term target asset allocation with a high likelihood of meeting Cal State LA's objectives given the explicit constraints; and,
- 8) Protect the financial health of the Foundation's endowment through the implementation of this stable long-term investment policy.

In general, the purpose of this statement is to outline a philosophy and attitude, which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

Any revisions to this document may be made only with the approval of the Investment and Finance Committee and the Cal State LA Foundation Board.

ASSIGNMENT OF RESPONSIBILITY

RESPONSIBILITIES OF THE INVESTMENT AND FINANCE COMMITTEE

The Investment and Finance Committee shall be composed of not fewer than three (3) Trustees. The Investment and Finance Committee shall supervise the investment of the Foundation's funds in accordance with Investment Policy Statements adopted by the Investment and Finance Committee and approved by the Board. The Investment and Finance Committee shall also oversee budgets and financial reports. The Investment and Finance Committee's responsibilities include:

- 1) Setting and revising investment policies, with Board approval. Developing investment objectives, asset allocation strategies, risk management strategies, spending policy and performance guidelines.
- 2) Recommending Investment Management Consultants and Advisors.
- 3) Reviewing and evaluating investment results.
- 4) Providing periodic performance reports to the Board prepared by the Investment Management Consultants.
- 5) Oversight of all investment accounts of the Fund. Reviewing recommendations of Investment Management Consultant in relationship to new investment strategies.
- 6) Reviewing the material forwarded by the Investment Management Consultant in the event of a manager downgrade or new recommendation. The committee shall provide authorization to the Investment Management Consultant, in a timely manner, to terminate and replace the manager, if necessary.
- 7) Make recommendations to the Board of Trustees on the distribution rate.

RESPONSIBILITIES OF THE INVESTMENT MANAGEMENT CONSULTANT(S)

The Investment Management Consultant's role is to provide advice concerning the investment management of Fund assets consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the Investment Management Consultant include:

- 1) Assisting in the periodic review of investment policy, including asset allocation, and benchmark analysis.
- 2) Conducting investment manager searches when requested by the Investment and Finance Committee.
- 3) Providing "due diligence", or research, on the Investment Manager(s).
- 4) Monitoring the performance of the Investment Manager(s) to provide the Investment and Finance Committee with the ability to determine the progress towards the investment objectives.

- 5) Communicating matters of policy, manager research, and manager performance to the Investment and Finance Committee.
- 6) Reviewing Fund investment history, historical capital markets performance and the contents of this investment policy statement to any newly appointed members of the Investment and Finance Committee.
- 7) Rebalancing portfolio based on targets and ranges, as investment consultant recommendations get approved by the Investment and Finance Committee or its designated decision maker.
- 8) Providing detailed information to the Committee if an investment manager is downgraded. Potential manager replacements will be reviewed at the next Investment and Finance Committee meeting unless the Investment Management Consultant determines that immediate action is necessary.
- 9) Recommending new managers and/or passive investment strategies.
- 10) Execute and deliver on behalf and in the name of Investment and Finance Committee, any and all agreements, instruments and other documents that Investment Consultant determines are reasonably necessary or appropriate

RESPONSIBILITIES OF THE INVESTMENT MANAGER(S)

Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

- 1) Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this document.
- 2) Reporting, on a timely basis, quarterly investment performance results.
- 3) Communicating any major changes to economic outlook, investment strategy, or any other factors, which affect implementation of investment process, or the investment objective progress of the Fund's investment management.
- 4) Informing the Investment and Finance Committee regarding any qualitative change to investment management organization.
- 5) Voting proxies, if requested by the Investment and Finance Committee, on behalf of the Fund, and communicating such voting records to the Investment and Finance Committee on a timely basis.

GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the interest of the beneficiaries of the Fund.
2. The Fund shall be invested 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 investment of a fund of like character and with like aims.
3. Investment of the Fund shall be so diversified as to minimize the risk of large losses.
4. The Investment and Finance Committee may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
5. Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity, and return.

The Cal State LA Foundation, under the guidance of the Investment and Finance Committee, recognizes the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and will adhere to the guidelines of UMIFA (Uniform Management of Institutional Funds Act).

INVESTMENT MANAGEMENT POLICY

1. Preservation of Capital – Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion – Understanding that risk is present in all types of securities and investment styles, the Investment and Finance Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund's objectives. However, the investment managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. Active and passive investment management styles are permissible for the Fund.
4. Adherence to Investment Discipline – Active and passive investment managers and passive instruments are expected to adhere to the investment management styles for which they were selected. Managers and investment instruments will be evaluated regularly for adherence to investment discipline.

GOAL OF THE FOUNDATION

The Investment and Finance Committee believes that grants to be made in the future are as important as grants made today. This is consistent with the philosophy that this Endowment Fund is to exist in perpetuity, and therefore, should provide for grant making in perpetuity. To attain this goal, the overriding objective of this Foundation is to maintain purchasing power. That is, net of spending, the objective is to grow the aggregate portfolio value at the rate of inflation over the Endowment Fund's investment horizon. The Endowment Fund's specific investment objectives will be established later in this document.

ATTITUDE TOWARD GIFTS

Future giving (contributions) to this Endowment Fund is expected to be inconsistent, and therefore, unpredictable. As a result, the Investment and Finance Committee has set an investment strategy with the objective of maintaining purchasing power of the Endowment Fund assets before consideration of gifts.

SPENDING POLICY

The Investment and Finance Committee will attempt to balance the Cal State LA Foundation Endowment Fund's shorter-term grant making obligations with its goal to provide grants into perpetuity, and therefore design a spending policy, which is slightly flexible.

The Cal State LA Unitized Endowment Pool (UEP) shall be in accordance with the following procedures:

1. Endowment contributions purchase units in the UEP based on the unit market value at the end of the month in which the contribution is received.
2. In January of each year, the average unit market value for the previous 20 (twenty) quarters is calculated and serves as the basis for the spending allocation in the next fiscal year that starts in July, referred to as the Fiscal Year Disbursement Average (FYDA). The number of units held by each Endowment Account is multiplied by the distribution rate approved by Board of Trustees, based on the recommendations of the Investment and Finance Committee to arrive at the annual spending allocation for that year. This amount is distributed to endowment holders on an annual basis. The Investment and Finance Committee has set the distribution rate with a target of 4% of the average unit market value.
3. The Cal State LA Foundation Board of Trustees and the Investment and Finance Committee may consider special distributions in addition to the 4% distribution rate if necessary.
4. In the event that market losses decrease the unit value of an Endowment account below the cost basis, no distribution would be made to that account for that year, unless granted an exception by the Committee or Executive Director.

5. The Fund shall be subject to such Endowment Management Fees as approved by the Cal State LA Foundation Board of Trustees from time to time. This Assessment shall be in addition to program spending and direct cost associated with the Endowment Fund investment program. The target rate is 1%, but may be assessed up to 1.5%.

Therefore, expectations may be expressed by the following equation:

Spending Formula

	Total Return*	7.00%
+	Gifts	1.00%
-	Spending	4.00%
-	Endowment Management Fees	1.00%
-	HEPI	2.50%
=	Real Growth	0.5%

*Total return is net of investment management and advisory fees

LOAN PROVISIONS

Loans will be made available if approved and directed by the Cal State LA Foundation Board of Trustees. Such loans would be documented in writing and expected to be repaid according to the terms set forth by the Board of Trustees.

INVESTMENT OBJECTIVES

In order to meet its needs, the investment strategy of the Cal State LA Foundation Endowment is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management of Fund assets shall be:

- Income & Growth – To achieve a balanced return of income and modest growth of principal.

The secondary objectives in the investment management of Fund assets shall be:

- Preservation of Purchasing Power – To achieve returns that meet or exceed the rate of inflation over the investment horizon (5 years) in order to preserve purchasing power of the fund's assets. Risk control is an important element in the investment of the fund's assets.
- Preservation of Capital – To minimize the probability of loss of principal over the investment horizon (5 years). Emphasis is placed on controlling return volatility rather than maximizing return.

INVESTMENT PHILOSOPHY

The basic tenets under which this Policy will be managed include the following:

1. Modern Portfolio Theory will be the philosophical foundation for how the portfolio will be structured and how subsequent decisions will be made. The underlying concepts of Modern Portfolio Theory include:
 - Investors are risk averse. The only acceptable risk is that which is adequately compensated by potential portfolio returns;
 - Markets are efficient. It is virtually impossible to anticipate the future direction of the market as a whole or of any individual security;
 - The design of the portfolio as a whole is more important than the selection of any particular security within the portfolio. The appropriate allocation of capital among asset classes (stocks, bonds, cash, etc.) will have far more influence on long-term portfolio results than the selection of individual securities. Investing for the long term (preferably longer than ten years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface;
 - For a given risk level, an optimal combination of asset classes will seek to maximize returns. Diversification helps reduce investment volatility. The proportional mix of asset classes determines the long-term risk and return characteristics of the portfolio as a whole; and,
 - Portfolio risk may be decreased by increasing diversification of the portfolio and by lowering the correlation of market behavior among the asset classes selected (Correlation is the statistical term for the extent to which two asset classes move in tandem or opposition to one another).
2. Investing globally helps to minimize overall portfolio risk due to the imperfect correlation between economies of the world. Investing globally has also been shown historically to enhance portfolio returns, although there is no guarantee that it will do so in the future.
3. Equities have historically offered the potential for higher long-term investment returns than cash or fixed income investments. Equities are also more volatile in their performance. Investors seeking higher rates of return must increase the proportion of equities in their portfolio, while at the same time accepting greater variation of results (including occasional declines in value).
4. Picking individual securities and timing the purchase or sale of investments are highly unlikely to increase long-term investment returns; they also can significantly increase portfolio operating costs. Such practices are, therefore, to be avoided.

Given these tenets, the underlying approach to managing this Policy shall be to optimize the risk-return relationship appropriate to the needs and goals of the California State University Los Angeles Foundation Endowment Fund. The Policy will be diversified globally employing a variety of asset classes. Mutual funds or managed portfolios will be employed to implement the portfolio and the chosen asset classes will be periodically re-balanced to maintain a more consistent risk/reward profile. In managing investment assets, every advisor has a unique style.

SPECIFIC INVESTMENT GOALS

Over the investment horizon established in this statement, it is the goal of the aggregate Fund assets to exceed:

An absolute rate of return of 7.00%.

The investment goals above are the objectives of the aggregate Fund and are not meant to be imposed on each investment account (if more than one account is used).

INVESTMENT MANAGER GOALS

The goal of each investment manager, over the investment horizon, shall be to:

1. Meet or exceed the market index, or blended market index, selected and agreed upon by the Investment and Finance Committee that most closely corresponds to the style of investment management.
2. Display an overall level of risk in the portfolio that is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns.

DEFINITION OF RISK

The Investment and Finance Committee realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing the Cal State LA Foundation Endowment assets understands how it defines risk so that the assets are managed in a manner consistent with the Fund's objectives and investment strategy as designed in this statement of investment policy. The Investment and Finance Committee defines risk as (in prioritized order):

- 1) Probability of not maintaining purchasing power over the investment time horizon.
- 2) Probability of not meeting the Fund's liabilities or cash flow requirements.
- 3) Probability of losing money over the Fund's investment time horizon (5 years).

RISK TOLERANCE

Investment theory and historical capital market return data suggest that, over long periods of time, there is a relationship between the level of investment risk assumed and the level of return that can be expected. In general, in order to attain higher returns one must accept higher risk (e.g. volatility of return).

Given this relationship between risk and return, a fundamental step in determining the investment policy for the Portfolio is the determination of the amount of risk the Board of Trustees and the Investment and Finance Committee can tolerate.

A comfort level with investment risk influences how aggressively or conservatively a portfolio can be invested. Like a scale, risk needs to be balanced with the need for returns to achieve the investment goals. The Investment and Finance Committee desires long-term investment performance sufficient to meet the objectives. The Investment and Finance Committee understands that to achieve such performance the portfolio may experience periods of decline. The Investment and Finance Committee further understand that in a severe market, the potential recovery period could be extensive.

The Investment and Finance Committee has agreed that they could not tolerate any loss over the investment time horizon of five (5) years. Should the average rate of return of the Endowment Fund be worse than 0% over a (5) five-year period, the Investment and Finance Committee will conduct a thorough review of the entire investment portfolio, the investment manager(s) and the investment policy statement and make recommended changes, if any.

LIQUIDITY

To minimize the possibility of a loss occasioned by the sale of a security investment forced by the need to meet a required payment, the Investment and Finance Committee will periodically provide investment management consultants with an estimate of expected net cash flow.

The Investment and Finance Committee will monitor the Endowment Fund's liquidity on an ongoing basis to manage any unplanned cash requirements that might arise, but will not be required to maintain a minimum liquidity level.

MARKETABILITY OF ASSETS

The Investment and Finance Committee does not require all Fund assets to be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Fund, with minimal impact on market price. Exceptions will be made for alternative investment allocations as defined in the "Guidelines for Non-Traditional/Alternative Investment" section. Exceptions will also be made (e.g. real estate) if illiquid assets are received and accepted or obtained by the Foundation, which are restricted for cause.

SUSTAINABLE AND RESPONSIBLE INVESTING

The Investment and Finance Committee has a primary fiduciary responsibility to maximize investment return, while taking into consideration appropriate risk, to further its educational purposes. The Investment and Finance Committee will continue to consider environmental, social and governance practices (ESG) during the investment process.

ASSET ALLOCATION GUIDELINES

Investment management of the assets of the Cal State LA Foundation Endowment Fund shall be in accordance with the following asset allocation guidelines:

1. Aggregate Fund Asset Allocation Guidelines (at market value):

Asset Allocation :

	<u>Lower Limit</u>	<u>Preferred Allocation</u>	<u>Upper Limit</u>
Growth/Equity	60%	67%	74%
Domestic Equities	29%	34%	39%
Developed ex-US Equities	13%	16%	19%
Emerging Equities	4%	6%	8%
Private Equity	8%	11%	14%
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Total		100%	

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- 16.0% MSCI World ex USA Climate Paris Aligned (Net),
- 6.0% MSCI Emerging Markets Index,
- 11.0% Preqin Private Equity 1Q Lagged,
- 2.0% Morningstar LSTA Leveraged Loan,
- 2.0% Morningstar LSTA Leveraged Loan +1.5%,
- 2.0% Preqin Private Debt 1Q Lagged,
- 3.0% ICE BofA 1-3 Year Government/Corporate Index,
- 8.0% Blmbg. U.S. Aggregate Index,
- 3.0% Blmbg. U.S. Government: Long Term Bond Index,
- 3.0% Blmbg. U.S. TIPS Index,
- 3.0% NCREIF Fund Index-ODCE (EW) (Net),
- 2.0% Preqin Infrastructure 1Q Lagged,
- 5.0% Risk Mitigating Strategies Policy Benchmark (1/3 First Responders Benchmark, 1/3 Second Responders Benchmark, 1/3 Diversifiers Benchmark)*

*Risk Mitigating Strategies Benchmark to be finalized once the hedge fund redemptions can be fully executed.

2. The Investment and Finance Committee may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate Fund, such disciplines must fit within the overall asset allocation guidelines established in this statement.
3. Rebalancing Policy –The Investment and Finance Committee and the Investment Management Consultant will employ the “Calendar Based Rebalancing Policy”. The Investment and Finance Committee will review the asset allocation on a quarterly basis. Investment Consultant is authorized to execute and deliver on behalf and in the name of the Investment and Finance Committee, any and all agreements, instruments and other documents that the Committee determines are reasonably necessary or appropriate to effectuate the rebalancing of the portfolio based on targets and ranges, as the Investment Consultant recommendations get approved by the Committee or another designated decision maker.

SELECTION OF INVESTMENT MANAGERS

The Investment and Finance Committee's selection of Investment Manager(s) must be based on prudent due diligence procedures. Committee will continue to consider small emerging managers that align with Cal State LA's mission and values. A qualifying investment manager must be registered with appropriate authorities.

PERFORMANCE REVIEW AND EVALUATION

Performance reports shall be compiled at least quarterly and communicated to the Investment and Finance Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Investment and Finance Committee intends to evaluate the portfolio(s) over a three- to-five year period, but reserves the right to terminate an investment manager for any reason including the following:

1. Investment performance, which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements and adherence to strategy/manager guidelines.
3. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objective, financial status and capital markets expectations as established in this statement of investment policy, the Investment and Finance Committee plans to review investment policy at least annually.

This amended and restated statement of investment policy is adopted by the Board of Trustees of the California State University, Los Angeles (Cal State LA) Foundation Board on **June 25, 2026**.

APPENDIX

DEFINITIONS

1. “Fund” shall mean the Cal State LA Foundation Endowment Fund.
2. “Endowment Account” shall mean the individual permanently restricted account with the Cal State LA Foundation Endowment Fund.
3. “Investment and Finance Committee” shall refer to the governing body established by the Board of Trustees to administer the Fund as specified by applicable by-laws.
4. “Fiduciary” shall mean any individual or group of individuals that exercise discretionary authority or control over fund management or any authority or control over management, disposition or administration of the Fund assets.
5. “Investment Manager” shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Fund assets. This may include a manager of a mutual fund or of a separate account.
6. “Investment Management Consultant” shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring.
7. “Securities” shall refer to the marketable investment securities, which are defined as acceptable in this statement.
8. “Investment Horizon” shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for this Fund is five years.
9. “Total Return” shall refer to the aggregate return from capital appreciation and dividend and interest income.
10. “Active vs. Passive Investing” – Active investment management is overseen by investment professionals striving to outperform specific benchmarks. Passive investment management (i.e. index ETFs, index funds) attempts to replicate the return pattern of a specific benchmark. With active management, investment managers are hired based on the perceived value they can add above and beyond the benchmark. Passive management often stresses low costs, tax efficiency and the concept of market efficiency.

INVESTMENT GUIDELINES

ALLOWABLE ASSETS

1. Cash Equivalents
 - Treasury Bills
 - Money Market Funds
 - STIF Funds
 - Commercial Paper
 - Bankers' Acceptances
 - Repurchase Agreements
 - Certificates of Deposit
2. Fixed Income Securities
 - U.S. Government and Agency Securities
 - Corporate Notes and Bonds
 - Mortgage Backed Bonds
 - Interest-Only (IO), Principal-Only (PO), and Residual Tranche CMOs
 - Planned Amortization Class Collateralized Mortgage Obligations (PAC CMOs) or other "early tranche" CMOs
 - Preferred Stock
 - Fixed Income Securities of Foreign Governments and Corporations
 - Fixed Income Securities used for hedging strategies
3. Equity Securities
 - Common Stocks
 - Convertible Notes and Bonds
 - Convertible Preferred Stocks
 - American Depositary Receipts (ADRs) of Non-U.S. Companies
 - Stocks of non-U.S. companies (Ordinary Shares)
 - Publicly Traded Real Estate Investment Trusts (REITs)
4. Mutual Funds and ETFs
 - Mutual Funds and ETFs that invest in securities as allowed in this statement.
 - Industry, Sub-Style or Sector Specific Mutual Funds and/or ETFs
 - Active or passively managed
5. Alternatives
 - Private Market Investments
 - Hedge Fund Vehicles

UPMIFA (Uniform Prudent Management of Institutional Funds Act)

At its annual meeting in July 2006, the National Conference of Commissioners on Uniform State Laws (NCCUSL) approved the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and recommended it for enactment by the legislatures of the various states. California enacted the law effectively January 1, 2009.

UPMIFA is designed to replace the existing Uniform Management of Institutional Funds Act (UMIFA), which was approved by NCCUSL in 1972 and has since been enacted in 47 states. UMIFA was a pioneering statute, providing uniform and fundamental rules for the investment of funds held by charitable institutions and the expenditure of funds donated as “endowments” to those institutions. Those rules supported two general principles: 1) that assets would be invested prudently in diversified investments that sought growth as well as income, and 2) that appreciation of assets could prudently be spent for the purposes of any endowment fund held by a charitable institution. These two principles have been the twin lodestars of asset management for endowments since UMIFA became the law of the land in nearly all U.S. jurisdictions.

UPMIFA continues these fundamental principles as a needed upgrade of UMIFA. Both investment in assets and expenditure for charitable purposes have grown exponentially in the 35 years since UMIFA was drafted; asset management theory and practice have also advanced. UPMIFA, as an update and successor to UMIFA, establishes an even sounder and more unified basis for charitable fund management than UMIFA has done.