

Investment Policy Statement

For

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

Amended and Restated
September 25, 2026

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EXECUTIVE SUMMARY

Type of Plan:	Non-Endowment Fund
Current Assets:	\$16,045,230 As of July 31, 2026
Time Horizon:	Into perpetuity Evaluation – 3 Years
Target Return:	Above 75% Barclays Aggregate Bond Index + 25% 90-Day T-Bills
Risk Tolerance:	Conservative
Asset Allocation:	

	Lower <u>Limit</u>	<u>Preferred Allocation</u>	Upper <u>Limit</u>
Fixed Income	0.0%	75.0%	95%
Cash & Equivalents	5.0%	25.0%	100.0%

Evaluation Benchmark: Total return to meet or exceed the performance of a policy index based upon the strategic asset allocation of the Fund to various broad asset classes. Specifically, the policy index will be a weighted index comprised of:

- 75% Barclays Aggregate Bond Index
- 25% 90-Day T-Bills

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

MISSION OF THE FOUNDATION

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

- Provide short-term support for the mission of Cal State LA.
- Provide an administrative structure for the receipt and distribution of funds for the short-term needs of Cal State LA.
- Provide support to the operating needs set forth by the Cal State LA Foundation (Foundation).

The Cal State LA Foundation (Foundation) is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the California Corporations Code 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 Non-Endowment Fund separate from the Foundation Endowment Fund.

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 (“Investment 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.

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 (Investment Committee)

The Investment and Finance Committee shall be composed of not fewer than three (3) members and shall supervise the investment of the Foundation’s funds in accordance with the Investment Policy Statements adopted by the Foundation Board. The Investment Committee shall also oversee budgets and financial reports. The Investment 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 Investment 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 on the distribution rate.

Responsibilities of the Investment Consultant(s)

The Investment Consultant's role is that of a non-discretionary advisor to the Investment Committee of the Foundation. Investment advice concerning the investment management of Fund assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the Investment Consultant include:

1. Assisting in the periodic review of investment policy, including asset allocation, rebalancing recommendation and benchmark analysis.
2. Conducting investment manager searches when requested by the Investment 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 Committee with the ability to determine the progress toward the investment objectives.
5. Communicating matters of policy, manager research, and manager performance to the Investment Committee.
4. Reviewing Fund investment history, historical capital markets performance and the contents of this investment policy statement to any newly appointed members of the Investment Committee.

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 statement.

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 Committee regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Voting proxies, if requested by the Investment Committee, on behalf of the Fund, and communicating such voting records to the Investment 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, while keeping in line with the overall objective of the Fund.
4. The Investment Committee may employ one or more fixed income 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.
6. The Investment Committee recognizes the Uniform Management of Institutional Funds Act (UMIFA) of 1972 and will adhere to the guidelines of said 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 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. Adherence to Investment Discipline - Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

GOAL OF THE FOUNDATION NON-ENDOWMENT FUND

The Investment Committee feels that grants to be made in the future are as important as grants made today. This is consistent with the philosophy that this Fund is to exist in perpetuity, and therefore, should provide for grant making in perpetuity. The Fund's specific investment objectives will be established later in this document.

CASH FLOW OBJECTIVES

The following guidelines are set forth to facilitate the management of both contributions to and distributions from the Non-Endowment Fund.

CONTRIBUTIONS

Contributions to the Non-Endowment Fund are expected from the following sources:

1. Five percent (5%) of unrestricted or temporarily restricted gifts of more than \$25,000.
2. Five percent (5%) of permanently restricted (endowment) gifts.
3. Up to one and one-half percent (1.5%) of earnings (also known as Administrative Assessment) on the Endowment Fund annually at the discretion of the Investment Committee.
4. Interest and dividends earned on the Non-Endowment Fund at the discretion of the Investment Committee.

DISTRIBUTIONS

Distributions from the Non-Endowment Fund are expected as follows:

1. Scholarship Distributions made year round.
2. Capital Expenditures – special distributions will be made from the Non-Endowment Fund to support specific capital projects as needed.
3. In the event that market losses decrease the market value of the fund below the cost basis, no distribution will be made to the operating budget for that year except at the discretion of the Board.
4. Other distributions as restricted and directed by the donor.

INVESTMENT OBJECTIVES

In order to meet its needs, the investment strategy of the Foundation Non-Endowment Fund is to emphasize the generation of current investment income; that is, the aggregate return from dividend and interest income only.

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

Preservation of Capital – To minimize the probability of loss of principal over the investment horizon. Emphasis is placed on minimizing return volatility rather than maximizing return.

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

Liquidity – To ensure the ability to meet all expected or unexpected cash flow needs by investing in securities which can be sold readily and efficiently.

SPECIFIC INVESTMENT GOALS

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

**The blended rate of return of 75% Barclays Aggregate Bond Index
plus 25% of the 90-Day T-Bills**

The investment goals above are the objectives of the aggregate Fund, and are not meant to be imposed on each investment.

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 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 Committee realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing the Foundation Non-Endowment Fund assets understand 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 Committee defines risk as (in prioritized order):

- 1) Probability of not meeting the Fund's liabilities or cash flow requirements.
- 2) Probability of losing money over the investment time horizon of three years.

RISK TOLERANCE

The Investment Committee has determined the risk profile of the Non-Endowment Assets to be conservative.

LIQUIDITY

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

To maintain the ability to deal with unplanned cash requirements that might arise, the Investment Committee requires that a minimum of \$400,000 of Fund assets shall be maintained in cash or cash equivalents.

MARKETABILITY OF ASSETS

The Investment Committee requires that all of Fund assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Fund, with minimal impact on market price.

INVESTMENT GUIDELINES

DERIVATIVE INVESTMENTS

Derivative securities are defined as synthetic securities whose price and cash flow characteristics are based on the cash flows and price movements of other underlying securities. Most derivative securities are derived from equity or fixed income securities and are packaged in the form of options, futures, CMOs (PAC bonds, IOs, POs, residual bonds, etc.), and interest rate swaps, among others. The Investment Committee feels that many derivative securities are relatively new and therefore have not been observed over multiple economic cycles. Due to this uncertainty, the Investment Committee will take a conservative posture on derivative securities in order to maintain its risk adverse nature. Since it is anticipated that new derivative products will be created each year, it is not the intention of this document to list specific derivatives that are prohibited from investment, rather it will form a general policy on derivatives. Derivatives can be used for risk management purposes when the Investment Committee has approved a manager who uses them.

PROHIBITED ASSETS AND TRANSACTIONS

Prohibited investments include, but are not limited to the following:

1. Common Stocks
2. American Depositary Receipts (ADRs) of non-US companies
3. Stocks of Non-U.S. companies (Ordinary Shares)
4. Commodities and Futures Contracts
5. Private Placements
6. Options
7. Limited Partnerships
8. Venture-Capital Investments
9. Real Estate Properties
10. Short Selling
11. Margin Transactions
12. Industry or Sector Specific Mutual Funds
13. Hedge Funds
14. Hedge Fund-of-Funds
15. Preferred Stock
16. Convertible Preferred Stock

CONSIDERATIONS IN SUSTAINABLE AND RESPONSIBLE INVESTING

The Investment and Finance Committee may consider investment managers who focus on ESG (Environmental, Social and Corporate Governance) during the investment process.

ASSET ALLOCATION GUIDELINES

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

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

	<u>Lower Limit</u>	<u>Preferred Allocation</u>	<u>Upper Limit</u>
Fixed Income	0.0%	75.0%	95.0%
Cash & Equivalents	5.0%	25.0%	100.0%

Evaluation Benchmark: Total return to meet or exceed the performance of a policy index based upon the strategic asset allocation of the Fund to various broad asset classes. Specifically, the policy index will be a weighted index comprised of:

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2. The Investment 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. A qualifying investment manager must be a 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 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.
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 statement of investment policy is adopted by the Board of the California State University, Los Angeles Foundation on September 25, 2026.

APPENDIX

DEFINITIONS

1. "Fund" shall mean the Foundation Non-Endowment Fund.
2. "Investment and Finance Committee" shall refer to the governing body established by the Cal State LA Foundation Board to administer the Fund as specified by applicable by-laws.
3. "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.
4. "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.
5. "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.
6. "Securities" shall refer to the marketable investment securities, which are defined as acceptable in this statement.
7. "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 three years.
8. "Total Return" shall refer to the aggregate return from capital appreciation and dividend and interest income.