

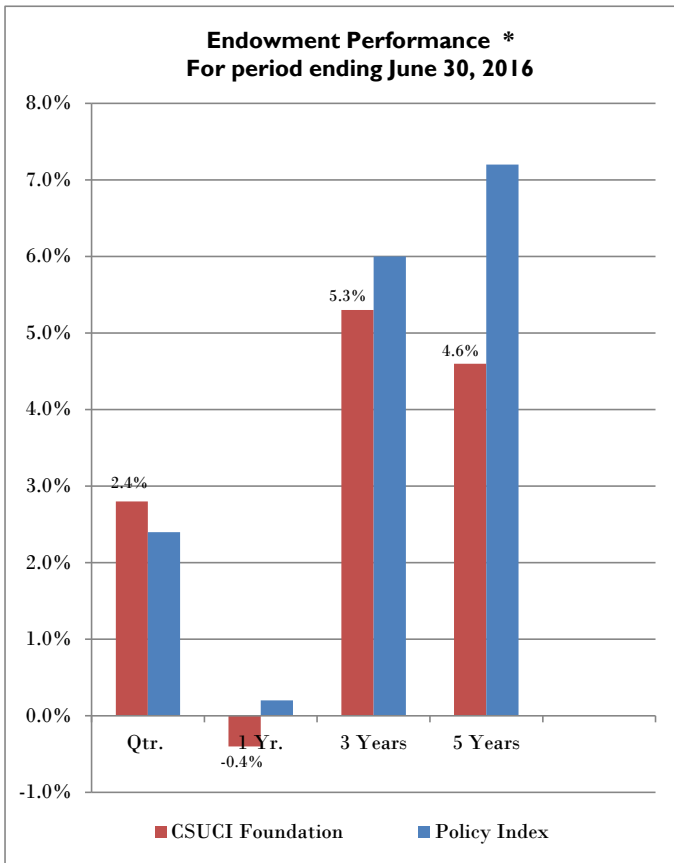
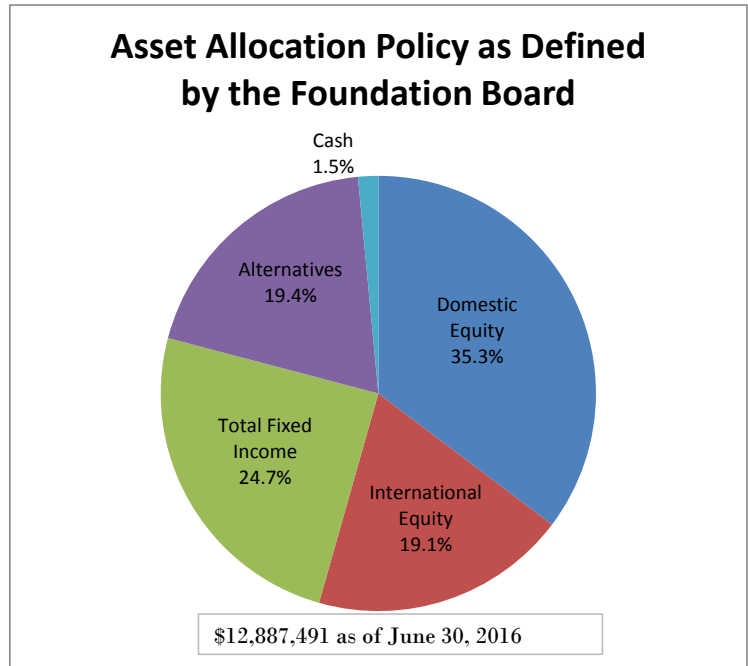


**ENDOWMENT INVESTMENT SUMMARY FOR QUARTER ENDING JUNE 30, 2016**

**INVESTMENT PHILOSOPHY**

The purpose of this statement is to establish clear investment policies and objectives of managing assets that the CSU Channel Islands' Foundation Board of Directors can understand, the Finance and Investment Committee can use as a goal to monitor against, and the Foundation's investment advisors can use for guidance. This statement is flexible to allow for changing economic conditions, for evaluating investment performance, and policy procedures.

The objective is to promote growth in the investment funds sufficient to offset normal inflation as measured by the Higher Education Price Index (HEPI), plus ensuring reasonable spending, thereby preserving the constant-dollar and principal for future generations, operating cash and reserves, while producing market-level income. The minimum total-return objective for the Permanently Restricted Endowment Net asset class shall be HEPI plus 5%. The Investment Policy will be submitted to the Foundation's Board of Directors periodically for review and recommended changes. Review will occur at a minimum of once every three (3) years. \*\*\*



- Portfolio Funds**
- Domestic Equity Composite:
    - Diamond Hill Large Cap
    - Schafer Cullen: High Dividend Value Equity
    - Saratoga RIM: Large Cap Quality
    - Wedgewood Partners: Large Cap Focused Growth
    - Vaughan Nelson: Small Cap Value
  - International Equity Composite:
    - Amer. Funds EuroPacific Growth Fund
    - IVA International I
    - Lazard Emerging Markets Equity
  - Fixed Income Composite:
    - Western Asset Core Bond 1
    - BlackRock Strategic Income Opps Instl
    - Legg Mason B W Global
  - Alternative Composite:
    - RS Global Natural Resources
    - Voya Global Real Estate I
    - ABS Alpha Ltd
    - Wells Fargo Advantage Absolute Ret Instl

\*Endowment performance of individual funds may vary from the total pool return due to the timing of contributions. CI performance is net of funds.

\*\*Declines in market could result in reduction of the spending or distribution rate.



**FOUNDATION**  
C H A N N E L  
I S L A N D S

## ENDOWMENT INVESTMENT SUMMARY FOR QUARTER ENDING JUNE 30, 2016

### FINANCE & INVESTMENT COMMITTEE MEMBERS

**Douglas McRae, Finance Committee Chair**

*Financial Consultant*

**George Leis, Foundation Board Chair, Ex Officio Member**

*Regional President, Central Coast Division, Union Bank*

**Christine Garvey, Member**

*Board of Directors, Union Bank*

**Lon Morton, Member**

*President/CEO, Morton Capital Management*

**Lois Rice, Member**

*Retired, Bank Executive*

**Peter Wollons, Member**

*President & CEO, Airborne Technologies, Inc.*

**Ysabel Trinidad, Chief Financial Officer**

*Vice President for Business & Financial Affairs, CSU Channel Islands*

**Nichole Ipach, Committee Officer**

*Vice President for University Advancement, CSU Channel Islands*

To ensure impartiality, it is the policy of the CI Foundation that no member of the Finance and Investment Committee manage any part of the asset allocation or receive any compensation for advice.

### RECENT FINANCE & INVESTMENT COMMITTEE ACTIONS

#### Q2-2016

In April, in order to reflect the Committee's activities, the Committee name changed to the Finance & Investment Committee. A 3% spend rate was factored into the Foundation's proposed 2016-17 fiscal year budget. The Committee is researching the creation of a Socially Responsible Investment fund; this will be discussed during the August 9, 2016 Committee meeting.

#### Q1-2016

During the Committee's February meeting, the Committee discussed the portfolio's energy exposure; overall the exposure is moderate. Rabobank, which has fiduciary responsibility for the Lagomarsino CRAT, sent their representative, who provided investment updates.

Overall, endowment returns are in line with other universities, down by 2.3%, which aligns with the CSU average.

#### Q4-2015

The spending rate trend is decreasing nationally, although schools with endowments of less than \$25 million have increased their spending rate, while CI's current rate is at 4%. Discussion continued about the CSU system-wide historical returns. CI returns are average as they relate to the system.

#### Q3-2015

It was noted that the current allocation of funds continues to fall within policy range guidelines, however it was suggested that there could be some rebalancing to allocation targets outlined in the Investment Policy. It was recommended that more detail about the University's position on socially responsible investing to be added to this document.