



**FOUNDATION**  
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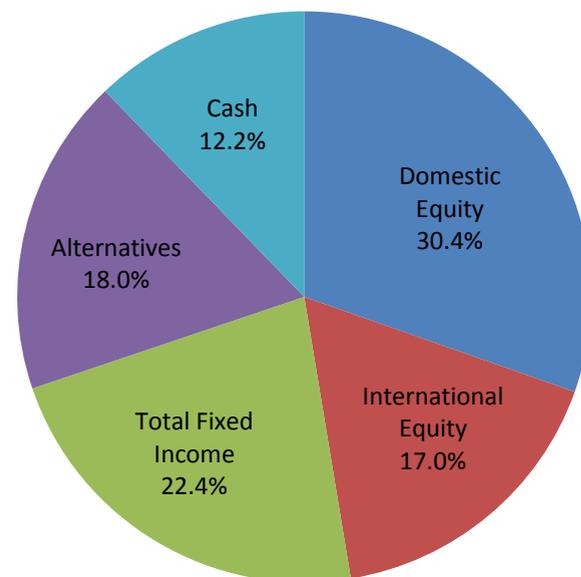
## ENDOWMENT INVESTMENT SUMMARY FOR QUARTER ENDING JUNE 30, 2017

### 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.

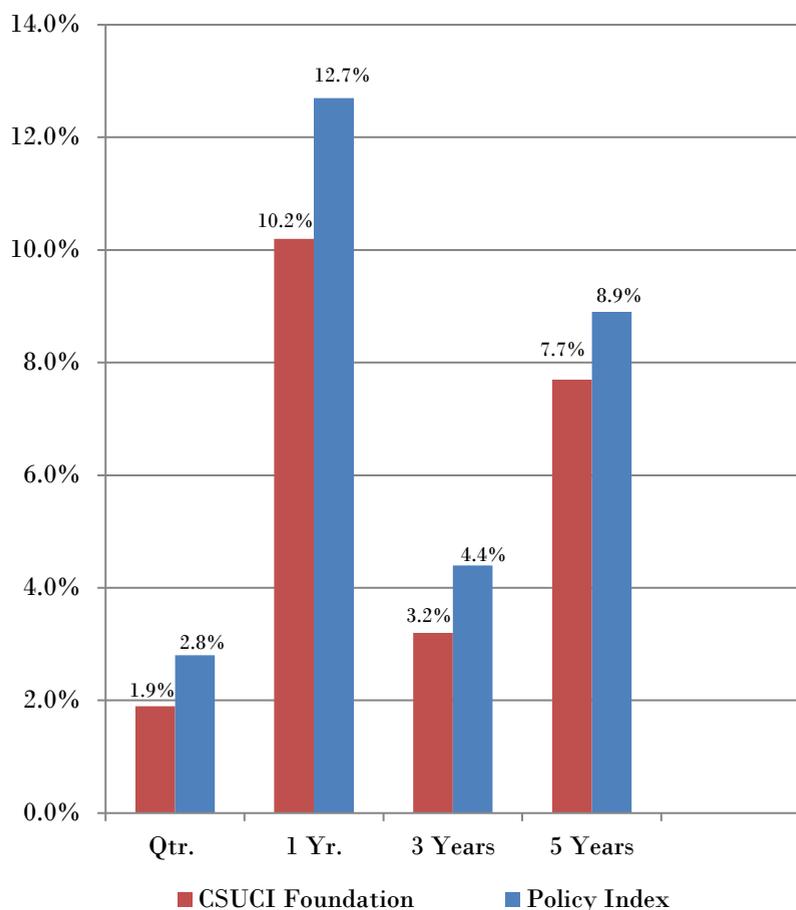
The objective is to promote growth in the investment funds sufficient to offset normal inflation as measured by the Higher Education Price Index (HEPI), plus ensuring reasonable spending, thereby preserving the constant-dollar and principal for future generations, operating cash and reserves, while producing market-level income. The Foundation seeks to invest with fund managers who have incorporated ESG (Environmental, Social and Governance) and SRI (Socially Responsible Investing) principles in their investment process. 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. \*\*\*

### Asset Allocation Policy as Defined by the Foundation Board



\$14,700,845 as of June 30, 2017

### Endowment Performance \* For period ending June 30, 2017



### 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 I
- BlackRock Strategic Income Opps Instl
- Legg Mason B W Global

#### Alternative Composite:

- AQR Managed Futures Strategy I
- Buchanan Mortgage Holdings, LLC
- Voya Global Real Estate I
- 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.



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## ENDOWMENT INVESTMENT SUMMARY FOR QUARTER ENDING JUNE 30, 2017

### 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*

**Jeffrey Sarti, Member**  
*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

#### Q2-2017

The Committee is reviewing the current asset allocation. There was discussion related to certain fund managers, their performance and possibly moving to other fund managers. Further, the Committee is continuing to address rebalancing the portfolio to maximize returns to provide additional resources to the University and accommodate contingencies.

#### Q1-2017

Mr. Flint of Beacon Pointe Advisors reviewed "Can Your Portfolio Survive Market Volatility?" He said January 2017 represented the lowest monthly volatility since 1983, and that the volatility for the quarter was second lowest on record, but cautioned it may not last. The committee will continue to brainstorm strategies to generate income to provide additional resources to the University, keeping in mind the committee's fiduciary duty of preservation of capital. Both the FY 2017/18 Foundation Budget and the revised Investment Policy were ratified and forwarded to the Foundation Board for approval.

#### Q4-2016

At the January meeting, Ms. Rice underscored the importance of social responsibility being a part of all investment conversations on behalf of the Foundation Board. The Committee unanimously agreed. The amount of 5% was approved by the Committee. Beacon Pointe was asked for a recommendation to transition from the equity investments into cash.

#### Q3-2016

The Committee is recommending a separate Environment/Social/Governance portfolio for the Board's approval. Further recommendations to the Board will be to approve the continuation of the 3% spend rate and to move forward with revisions to the Investment Policy Statement. These revisions include the replacement of REITS, natural resources and hedgefund verbiage with "Alternatives" to enable investment flexibility.