



California State
University

FOUNDATION

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I S L A N D S

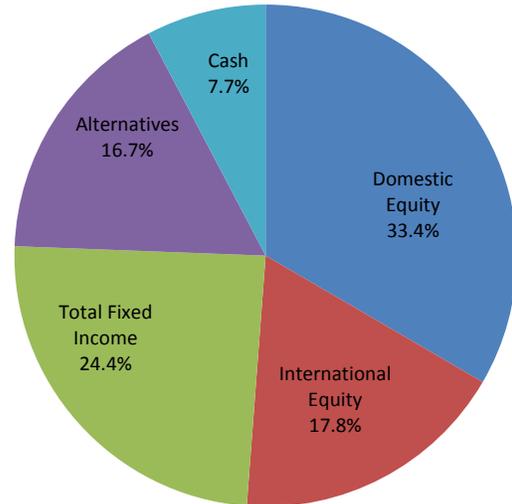
ENDOWMENT INVESTMENT SUMMARY FOR QUARTER ENDING JUNE 30, 2018

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.

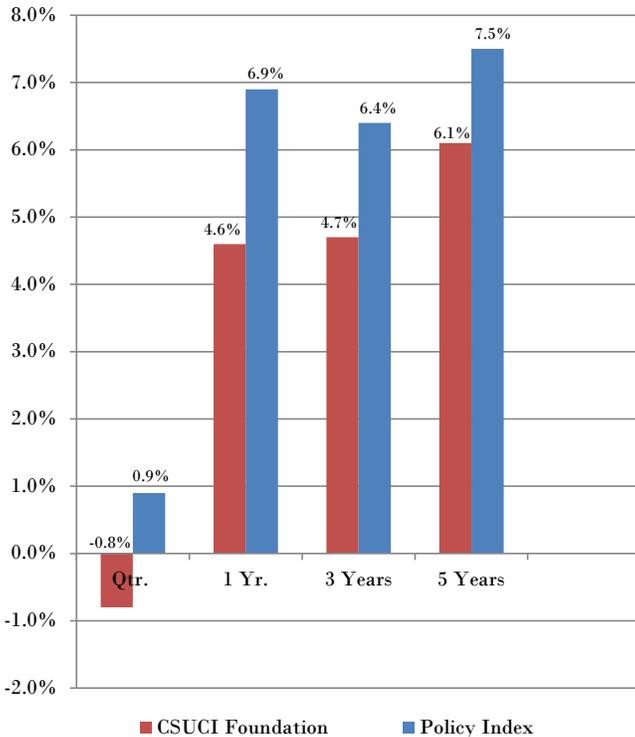
The objective is to promote growth in the investment funds sufficient to offset normal inflation as measured by the Higher Education Price Index (HEPI), plus ensuring reasonable spending, thereby preserving the constant-dollar and principal for future generations, operating cash and reserves, while producing 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**



\$14,633,843 as of June 30, 2018

**Endowment Performance *
For period ending June 30, 2018**



Portfolio Funds

Domestic Equity Composite:

- Diamond Hill Large Cap Y
- Schafer Cullen: Value Equity
- Saratoga RIM: Large Cap Quality
- Vanguard Russell 1000 Growth ETF
- Vaughan Nelson: Small Cap Value

International Equity Composite:

- Amer. Funds EuroPacific Growth Fund F3
- IVA International I
- Lazard Emerging Markets Equity Instl

Fixed Income Composite:

- Western Asset Core Bond I
- BlackRock Strategic Income Opps Instl
- Legg Mason BW Global Opp Bond IS

Alternative Composite:

- AQR Managed Futures Strategy I
- Buchanan Mortgage Holdings, LLC
- Redwood-Kairos Real Estate Value Fund VI, LP
- 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.



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ENDOWMENT INVESTMENT SUMMARY FOR QUARTER ENDING JUNE 30, 2018

FINANCE & INVESTMENT COMMITTEE MEMBERS

Douglas McRae, Finance Committee Chair
Financial Consultant

George Leis, Foundation Board Chair, Ex Officio Member
President, Montecito Bank & Trust

Christine Garvey, Member
Board of Directors, Union Bank

Lynn Pike, Member
Former President of Capital One Bank

Lois Rice, Member
Retired, Bank Executive

Jeffrey Sarti, Member
Morton Capital Management

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

Q2-2018

The Committee is maintaining its current asset allocation as they believe the investments are well positioned in the current market. They remain focused on returns while maintaining principal and continue to assess SRI and ESG investment opportunities.

Q1-2018

The Committee continues to assess the portfolio in relation to the current volatile market conditions. They remain committed to protecting principal by assessing risk.

Q4-2017

The Committee has assessed its current position in cash and made a decision to invest in TIAA-CREF Social Choice Low Carbon Equity Fund. This investment continues the Committee's commitment to investing in funds which have a low carbon footprint. They remain focused on maximizing returns while managing risk.

Q3-2017

The Committee continues to assess the portfolio and is taking actions to maximize returns. They remained focused on ESG and plan to further divest from fossil fuels in the near future; they have also committed to investing additional funds with fund managers who have incorporated ESG principles in their investment process. Emphasis is being placed on reducing the amount of investments currently held in cash to contribute to maximizing returns.