



**ENDOWMENT INVESTMENT SUMMARY**

September 30, 2013

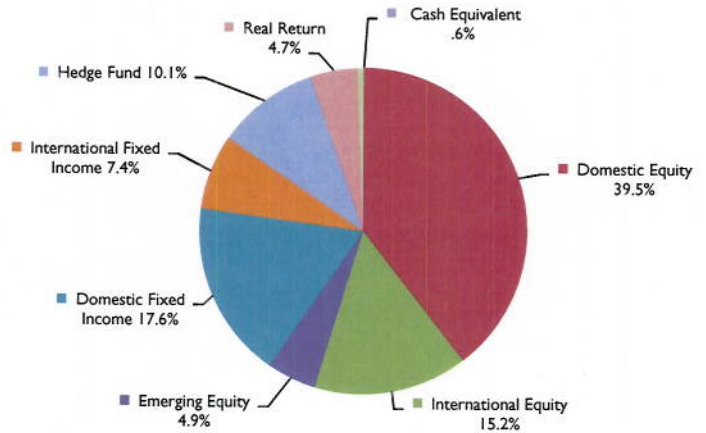
**INVESTMENT PHILOSOPHY**

The purpose of this statement is to establish clear investment policies and objectives of managing assets that the Board of Directors can understand, the Finance Committee can use as a goal to monitor against, and the California State University Channel Islands Foundation's (CSUCIF) investment manager(s) can use for guidance. This statement is flexible to allow for changing economic conditions and dynamic securities markets, 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 reasonable spending, thereby preserving the constant-dollar for future generations, and principal of 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%. This investment policy will be submitted to the Foundation's Board of Directors periodically for review and recommended changes. Review times will be determined and at a minimum shall be once every three (3) years.

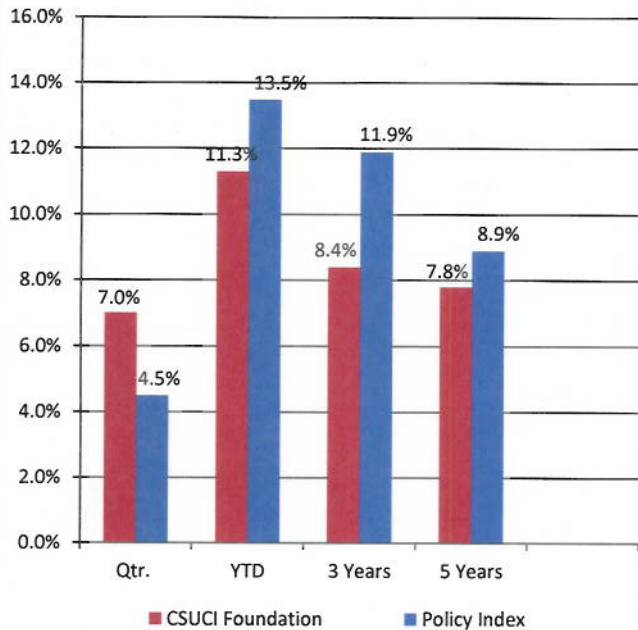
Declines in market could result in some funds being limited to income received, which is approximately 2% of the endowment principal.

**Asset Allocation Policy as defined by the CI Finance Committee**



\$10,831,353 as of Sept. 30, 2013

**Endowment Performance \*  
For period ending Sept. 30, 2013**



**INVESTMENT MANAGERS**

Domestic Equity Composite:

- Diamond Hill Large Cap
- Mainstay ICAP LV Sel Eq Fd
- Columbia Select Large Cap
- Pinnacle SMID Cap Gr

International Equity Composite:

- EuroPacific Growth Fund
- Thornburg Int'l
- Lazard Emerging Markets Equity

Fixed Income Composite:

- WAMCO Core Fd
- PIMCO Total Return Fd
- Brandywine Global

Hedge Fund Composite:

- ABS Alpha Ltd

Real Assets:

- RS Global Natural Resources

\*Investment performance of individual funds may vary from the total pool return due to the timing of contributions.



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

## ENDOWMENT INVESTMENT SUMMARY

September 30, 2013

### FINANCE COMMITTEE MEMBERS

**Douglas McRae, Finance Committee Chair**  
*Financial Consultant*

**George Leis, Foundation Board Chair, Ex Officio Member**  
*Regional President, Central Coast Division, Union Bank*

**Blaise Simqu, Member**  
*President & CEO, Sage Publications, Inc.*

**Peter Wollons, Member**  
*President & CEO, Airborne Technologies, Inc.*

**Ysabel Trinidad, Committee Officer**  
*Vice President for Business & Financial Affairs, CSU Channel Islands*

**Therese Eyermann, Committee Officer**  
*Chief of Staff to the President, 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 COMMITTEE ACTIONS

#### Q3-2013

The Committee agreed to issue a request for proposal (RFP) for a management consultant service for the investment portfolio, with the intent to make a recommendation to the Foundation Executive Committee prior to year's end. The final version of the revised Investment Policy statement was approved, and provided to the Executive Committee. Future Finance Committee meetings will be held quarterly, just prior to the Foundation Board meeting.

#### Q2-2013

During the second quarter, the Finance Committee recommended 4% endowment spending rate, a conservative figure based on market conditions. Through June 30, 2013, the portfolio reflected a YTD return of 4.4%. The Investment Policy Statement was revised and approved, and can be found at: <http://www.csuci.edu/impact/ci-foundation/>

#### Q1-2013

Overall, there have been strong market returns for the 1st quarter of the calendar year, with domestic and international equities doing well. The Committee continues its work to revise the Investment Policy Statement, and, after conducting research about endowment spending, the Committee has agreed to recommend a 4% spending rate to the Foundation Board.

#### Q4-2012

In the 4th quarter, the portfolio was rebalanced to reflect less volatility, with the purchase of fixed income funds and real assets. The investment returns across the board were generally positive in 2012. Fourth quarter earnings were \$112,210; for the year, earnings totaled \$972,726.