I. **Committee Charge**

The UC San Diego Student Foundation (UCSDSF) Investment Committee shall consist of two Vice Presidents and at least one Student Trustee of the Student Foundation as well as open members from the UC San Diego student community. The Committee will meet at least once per month and as often as necessary to discuss the financial holdings and asset mix of the UCSDSF. Overall the Committee shall endeavor to grow the value of the endowment.

II. **General Investment Philosophy**

All investment decisions made by the UCSDSF Investment Committee must meet the standards of the Uniform Prudent Management of Institutional Funds Act. Additionally, these decisions must be in keeping with a long-term strategy, as endowment funds are held in perpetuity. The Endowment will be invested to maximize long-term total return under the parameters described below. A spending rate will be determined annually. The Endowment investment policy shall serve to diversify investments and provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

III. **General Investment Objectives**

The primary objective of the UCSDSF Investment Committee is to preserve the real value of the endowment, while providing a reliable but conservative level of endowment spending.

**Return:** The target benchmark for return is to be equal to or greater than

- S&P 500 index return times 45%, plus
- MSCI EAFE Index return times 12%, plus
- MSCI Emerging Market Index times 3%, plus
- STIP return times 35%, plus
- S&P GSCI Commodity-Index times 5%

**Risk:** The endowment portfolio should experience a level of risk similar to a calculated target index composed of

- S&P 500 index return times 45%, plus
- MSCI EAFE Index return times 12%, plus
- MSCI Emerging Market Index times 3%, plus
- STIP return times 35%, plus
- S&P GSCI Commodity-Index times 5%

(“S&P” is Standard and Poor’s, “EAFE” is Europe, Australia and Far East, “GSCI” is Goldman Sachs Commodity Index, “STIP” is the UC Regents Short Term Investment Pool.)
IV. **Asset Allocation**

The UCSDSF Investment Committee shall seek to maximize the endowment portfolio’s long-term total return while remaining within the risk tolerance established above. This balance between risk and return is to be achieved through the adjustment of the following asset allocations:

<table>
<thead>
<tr>
<th></th>
<th>Maximum</th>
<th>Minimum</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>US Equities</td>
<td>55%</td>
<td>35%</td>
<td>45%</td>
</tr>
<tr>
<td>Non-US Equities (Developed)</td>
<td>20%</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td>Non-US Equities (Emerging)</td>
<td>5%</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>40%</td>
<td>25%</td>
<td>35%</td>
</tr>
<tr>
<td>Commodities</td>
<td>10%</td>
<td>0%</td>
<td>5%</td>
</tr>
<tr>
<td>Cash Equivalents</td>
<td>10%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Alternative Investments</td>
<td>5%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

The Committee shall rebalance the portfolio quarterly if the market value in any one area has changed the actual portfolio allocations outside the asset allocation ranges given above.

V. **Equities**

The equity portfolio is to be invested primarily in companies with market capitalization greater than $750 million. However, up to 10 percent of the market value of the portfolio may be invested in companies with lower capitalization. Additionally, all equities must be listed on the principal US Exchanges or traded in over-the-counter markets.

VI. **Fixed Income**

Fixed Income investments shall be made in any of the following: UC Treasurer’s STIP Pooled Fund, Government Fixed Income Index Funds, or Fixed Income Exchange Traded Funds.

VII. **Cash Equivalents**

Cash equivalents may be held in the brokerage trading account only at amounts to accommodate necessary pending trades.
VIII. **Diversification**

Except as noted below, at no point shall any single holding represent more than 5% of the portfolio at cost or 10% at market value. This diversification reduces the impact of the performance of any single investment on the overall portfolio performance.

S&P 500 indexed funds, Russell 3000 indexed funds, or investments in The Regents’ Unitized Pools may be used within the parameters of Section IV (Asset Allocation) without limitation. Up to 25% of the market value of the portfolio may be held in any other single publicly traded index fund within the parameters of Section IV.

The Committee shall rebalance the portfolio quarterly if the market value in any one area has changed the actual portfolio allocations outside the diversification ranges given above.

VIII. **Buy/Sell Procedures**

All investment decisions must be approved through the following procedure:

1. Any member of the UCSDSF Board may make a presentation to the UCSDSF Investment Committee.
2. The UCSDSF Investment Committee must approve the recommendation by a 2/3 vote.
3. Investment decisions will be approved by at least one of several UC San Diego Foundation Investment Committee Trustees, as designated from time to time by its Investment Committee chair.
4. Upon receipt of this final approval, the UC San Diego Foundation staff will carry out the transaction.

IX. **Spending Policy**

Refer to spending policy at Appendix A.

X. **Performance Evaluation**

The UCSDSF Investment Committee will provide a written report quarterly to the UC San Diego Foundation Investment Committee concerning the endowment portfolio’s performance and comparison to benchmarks over the most recent quarter and the last 1, 3, and 5 year periods. An accompanying oral presentation will be made at all UC San Diego Foundation Investment Committee Meetings.

The UCSDSF Investment Committee shall also provide to the UC San Diego Foundation Investment Committee a complete list of all current holdings as well as all transactions completed in the most recent quarter.

The SF Investment Committee, through the SF President, will also report investment results in writing and orally to the full UC San Diego Foundation Board of Trustees quarterly.