CALIFORNIA STATE UNIVERSITY
LONG BEACH
49ER FOUNDATION

Investment Policy Statement and Spending Policy

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Introduction

The CSULB 49er Foundation has established an Investment Policy Statement ("IPS") pursuant to the guidance provided under the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") and appropriate practices for management of trusts as set forth in the Uniform Prudent Investor Act ("UPIA"). The goal of this IPS is to provide a framework for the management and investment of the CSULB 49er Foundation assets ("the Portfolio") to assist the Client in achieving its goal to have sufficient assets to meet spending needs as they become due. This IPS has been formulated, based upon consideration by the Foundation's Investment Committee (the "Committee") of the financial implications of a wide range of policies, and describes the prudent process that the Committee deems appropriate. The Committee has decided to participate in a Custom Investment Outsourcing program ("CIO"), in which the Investment Advisor has dedicated investment professionals to make discretionary investment decisions on behalf of the Client. Additionally, the Investment Managers under the jurisdiction granted by the Investment Advisor have discretion to make all investment decisions for assets placed under its jurisdiction by the Investment Advisor.

Purpose:

This IPS is intended to:

- Establish the Investment Committee's expectations, objectives and guidelines in the investment of the Portfolio's assets.
- Create the framework for a well-diversified asset mix that can be expected to generate acceptable long- term returns at a level of risk suitable to the Investment Committee, including:
    - describing an appropriate risk posture for the investment of the Portfolio;
    - establishing the relevant investment horizon for which the Portfolio will be managed,
    - establishing reasonable expectations, objectives and guidelines in the investment of the assets, defining and assigning the responsibilities of all involved parties;
    - setting forth an investment structure detailing permitted asset classes and expected allocation among asset classes;
    - establishing a basis for evaluating investment results;
    - establishing investment guidelines regarding the selection of investment managers, permissible securities and diversification of assets; and
    - encouraging effective communication between the Investment Advisor, any Investment Managers retained by the Investment Advisor and the Investment Committee (or Trustees);

This IPS is intended to be a summary of an investment philosophy that provides guidance for the Portfolio. The IPS shall serve the Investment Advisor as the principal source for developing an appropriate asset allocation strategy. The IPS is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical. (This policy should reflect the Investment Committee's current status and philosophy regarding the investment of

the Portfolio. This policy will be reviewed at least annually, and revised periodically as needed to ensure it adequately reflects any changes related to the Client's assets and to the Investment Committee's attitude towards risk. Any changes in this IPS will be in writing and will be communicated to the Investment Advisor. It is understood that there can be no guarantee about the attainment of the goals or investment objectives outlined herein.

Executive Summary:

Foundation/Endowment Name: CSULB 49er Foundation

Account Information: Total Market Value as of 01/14/2016: $57,443,259.44

Primary Investment Objective: Primary emphasis on moderate capital growth with some focus on income

Target Rate of Return: Spending Target + 1% + Inflation (4.5% + 1% + CPI)

Time Horizon: More than 10 years

Spending Policy: The distributions to the beneficiaries shall be an amount equal to 4.5% of each endowment funds' corpus based on a 36-month moving average market value, determined as of 12/31 of each year for the following fiscal year's allocation.
No distribution will be made from an individual endowment if its corpus value is equal to or less than 80% of its historical gift value. Partial distributions will be made as long as the distribution shall not cause the historical gift value to drop below 80%.

Asset Allocation:

Broad Asset Class	Min Weight %	Strategic Allocation	Max Weight %
Global Equity	**45%**	**60%**	**75%**
Global Fixed Income	**7%**	**22%**	**37%**
Global Alternatives	**0%**	**15%**	**25%**
Global Cash	**0%**	**3%**	**15%**

Rebalancing Procedures: Portfolio will be monitored on an on-going basis, at least monthly, and will be rebalanced as necessary to ensure that its allocation remains consistent with the Investment Policy Statement's guidelines.

Meeting Frequency: Quarterly, or as requested by the Investment Committee.

Assignment of Responsibility

The roles of the Investment Committee, the Investment Advisor and the Investment Managers, with regard to the Client's assets are delineated as follows:

The Finance and Investment Committee:

The Finance & Investment Committee is responsible for overseeing the management of the Portfolio. The Investment Committee shall have responsibility for the following:

- projecting the Foundation's spending policy, financial needs, and communicating such needs to the Investment Advisor;
- establishing overall financial objectives, risk tolerance, investment time horizon, tax policies and setting investment policies and notifying the Investment Advisor promptly of any changes to this information;
- setting parameters for the Client's asset allocation;
- selecting a qualified Investment Advisor;
- selecting a qualified Custodian;
- establishing a process and criteria for the selection and termination of the Investment Advisor and Custodians;
- monitoring investment results regularly to assure that objectives are being met and the Investment Policy Statement guidelines are being followed;
- communicating on a structured and ongoing basis with those persons responsible for investment results;
- responsible for and empowered to exercise all rights, including proxy-voting rights.

The Investment Advisor:

The Investment Advisor will be a discretionary advisor to the Investment Committee. Investment advice concerning the investment management of the Portfolio will be offered by the Investment Advisor, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this Investment Policy Statement.

The Investment Advisor may assist the Investment Committee in establishing investment policies, objectives and guidelines as is set forth in this Investment Policy Statement and as is amended from time to time. In addition, the Investment Advisor will be responsible to review Investment Managers, measure and evaluate investment performance, and other tasks as deemed appropriate. Ongoing investment decisions will be made on a discretionary basis by the Investment Advisor, within the investment and governance parameters delineated in this Investment Policy Statement.

The Investment Advisor represents that with respect to the performance of its duties under this Investment Policy Statement, it is a "fiduciary" and is registered as an investment advisor under the Federal Investment Advisers Act of 1940 (the "Advisors Act") and will perform the duties set forth hereunder consistently with the fiduciary obligations imposed under the Advisors act, and regulations promulgated thereunder and any interpretations thereof by the U.S. Securities and Exchange Commission, notwithstanding the potential conflicts of interest described below.

Specific responsibilities of the Investment Advisor include, but are not limited to:

- assisting in the development and periodic review of the Investment Policy Statement, including asset allocation guidelines;
- executing investment portfolio management, asset allocation, rebalancing and other day-to-day responsibilities on a discretionary basis within the guidelines of this Investment Policy Statement;
- providing ongoing due diligence required to monitor the individual Investment Managers and to provide a periodic review of Investment Manager's performance

considering among other factors, historical composite investment performance, investment risk, investment process and investment personnel.

The Investment Managers:

The Investment Managers have discretion to make all investment decisions for the assets placed under its jurisdiction by the Investment Advisor. The Investment Committee and the Investment Advisor desire to permit the Investment Managers flexibility to maximize investment opportunities and practice prudent management in order to conserve and protect the assets and to prevent exposure to undue risk. The Investment Committee and Investment Advisor in recognition of the diversification benefits, intend to use mutual funds, exchanged traded funds or commingled vehicles; and as such the Investment Committee and Investment Advisor understand that the guidelines outlined in this Investment Policy Statement will not be directly applied to the management of such commingled vehicles. However, the Investment Advisor will utilize mutual funds, exchange traded funds and other commingled vehicles that generally comply with the investment guidelines stated in this Investment Policy Statement.

It is understood that individual Investment Managers have:

- Discretionary investment management responsibilities, including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
- Responsibility to inform the Investment Advisor regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment policy, etc.
- Voting proxies, if requested by the Finance Committee, on behalf of the CSULB 49er Foundation and communicating such voting records to the Finance Committee on a timely basis.

Investment Philosophy and Risk Tolerance

The Investment Committee believes that the assets should be managed in a manner which reflects the unique purpose for which the Portfolio was established. The Investment Committee understands that in order to achieve its objectives for the Portfolio, the Portfolio will experience volatility of returns and fluctuations of market value. Therefore, the Investment Committee supports an investment strategy to minimize the probability of losses of capital over the long- term. The Investment Committee recognizes that in any economy, over an appreciable time period, uninvested assets will probably be subjected to an inflationary loss of purchasing power.

Although the Investment Committee prefers to limit the Portfolio's volatility, they are comfortable with fluctuations in their asset values and the possibility of large declines in total market value, in order to seek to grow the Portfolio over time.

The Investment Committee recognizes that prudent investing requires taking reasonable risks in order to raise the likelihood of achieving the targeted investment returns. The Client's assets will be structured to maintain prudent levels of diversification. The Investment Advisor is to make reasonable efforts to control risk, and will evaluate regularly to ensure that the risk assumed is commensurate with the given investment style and objectives as stated in this Investment Policy Statement.

The basic tenets under which the Portfolio will be managed include the following:

- Investing for the long term (preferably longer than ten years) becomes critical to investment success because it allows the long-term characteristics of the asset classes to surface.
- Diversification helps reduce investment volatility. The proportional mix of asset classes determines the long-term risk and return characteristics of the portfolio as a whole.
- Portfolio risk may be decreased by increasing diversification of the portfolio and by lowering the correlation of market behavior among the asset classes selected. (Correlation is the statistical term for the extent to which two asset classes move in tandem or opposition to one another.)
- Investing globally helps to minimize overall portfolio risk due to the imperfect correlation between economies of the world. Investing globally has also been shown historically to enhance portfolio returns, although there is no guarantee that it will do so in the future.
- Equities have historically offered the potential for higher long-term investment returns than cash or fixed income investments. Equities are also more volatile in their performance. Investors seeking higher rates of return must increase the proportion of equities in their portfolio, while at the same time accepting greater variation of results, including occasional declines in value.
- Over the long term, the risk of owning equities has been, and should continue to be, rewarded with a somewhat greater return than that available from fixed income investments.
- The role of fixed income investments is to reduce the volatility of the overall portfolio with the potential of providing a predictable stream of income.

Given these tenets, the underlying approach to managing the Portfolio shall be to optimize the risk-return relationship appropriate to the Client's needs and goals. The Portfolio will be diversified globally employing a variety of asset classes. The assumption of normal risk associated with well-analyzed investments is warranted in order to achieve results consistent with the needs of the Client. However, high risk investments are to be avoided and shall be so diversified as to minimize the risk of large losses.

Investment Objective

The long-term investment objective of the Portfolio is to seek a total return equal to or greater than the Portfolio's Policy Index benchmark over a rolling 3 to 5 year period.

The overall permissible ranges for eligible asset classes are detailed in the Summary of Asset Allocation Guidelines established (and modified from time-to-time) by the Investment Committee. The Investment Committee acknowledge that in order to achieve long-term growth of the Client's assets, there may be periods of economic uncertainty or dislocation during which the performance may lag the benchmark or its objectives.

After reviewing current and expected financial requirements, the Investment Committee has established the following objectives:

The Investment Committee's objective for this Portfolio is a primary emphasis on moderate capital growth with some focus on income.

Time Horizon

The time horizon for the Client's assets is long-term and is currently anticipated to continue without significant modification. For strategic planning purposes, a minimum of 7 to 10 years will be considered for decision-making purposes. Capital values do fluctuate over shorter periods and the Investment Committee recognizes that the possibility of capital loss does exist.

Spending Policy

The CSULB 49er Foundation may distribute an amount up to 4.5% of each endowment fund's corpus based on a 36-month moving average market value. The valuation date shall be December 31 for the following fiscal year's allocation. Once the annual spending allocation is calculated, the Foundation shall transfer these funds into a safe, liquid investment until the distribution is made to the respective beneficiary.

At the time of valuation, no distribution will be made from an individual endowment if its corpus value is equal to or less than 80% of its historical gift value. Partial distributions will be made as long as a distribution shall not cause the historical gift value to drop below 80% (e.g., if an endowment's corpus is 82% of its historical gift value, a partial distribution of only 2% will be made.)

Asset Allocation & Style Diversification

The Investment Committee recognizes the strategic importance of asset allocation and style diversification in the investment performance of the Portfolio over long periods of time. The Investment Advisor will determine how the Client's assets are allocated on a discretionary basis according to the stated objectives as outlined in this Investment Policy Statement.

Summary of Asset Allocation Guidelines:

After reviewing the long-term performance and risk characteristics of various asset classes and balancing the risks and rewards of market behavior, the following asset allocation strategy is incorporated to achieve the objectives of the Portfolio:

Table 1.0 Asset Allocation Ranges

Broad Asset Class	Min Weight %	Strategic Allocation	Max Weight %
Global Equity	**45%**	**60%**	**75%**
Global Fixed Income	**7%**	**22%**	**37%**
Global Alternatives	**0%**	**15%**	**25%**
Global Cash	**0%**	**3%**	**15%**

Over time, it may be desirable to amend the long term strategic asset allocation. When such changes are made, updates will be made to this Investment Policy Statement.

Rebalancing Procedures:

From time to time, market conditions may cause the investment in various asset classes to vary from the established asset allocation to remain consistent with the asset allocation guidelines established by this Investment Policy Statement, the Investment Advisor shall periodically review the Portfolio and each asset class in which the Client's assets are invested.

It is the responsibility of the Investment Advisor to monitor the Client's asset allocation on an on-going basis and to rebalance the Portfolio as necessary to ensure the asset allocation remains consistent with the Investment Policy Statement's guidelines.

Adjustment in the Strategic Allocation:

The approved asset allocation displayed previously indicates both an initial target allocation and a range for each investment category. From time to time, based on changing economic circumstances and the various relative investment opportunities as perceived by the Investment Advisor, the Investment Advisor has discretion to make changes to the strategic allocation. The Investment Advisor may determine and execute such changes as would be within the stated guidelines of this Investment Policy Statement and will notify the Investment Committee promptly when changes are implemented. If necessary, the Investment Advisor will communicate to the Investment Committee the need to modify the Investment Policy Statement guidelines accordingly.

Selection & Retention Criterion for Investments

The Investment Advisor will select Investment Managers according to the following criteria, including but not limited to:

- the investment style and discipline of the proposed Investment Manager;
- how well each proposed investment complements other assets in the Portfolio;
- the size of the organization as measured by the amount of assets under management with respect to the investment style under consideration;
- experience of the organization as measured by the tenure of the professionals with respect to the investment style under consideration;
- past performance, considered relative to other investments having the same investment objective. Consideration shall be given to both performance rankings over various time frames and the magnitude and consistency of value-added performance, the amount of risk in relation to an appropriate benchmark and performance in adverse market conditions;
- evaluation of each Investment Manager's likelihood of significantly underperforming a given market index.

Investment Guidelines

The Investment Advisor may populate any of the asset classes described below with mutual funds, exchange traded funds or collective trust funds (collectively "Funds"). The Investment Committee understands and acknowledges that the Investment Advisor has no control over the management or portfolio composition of any Fund. While the Investment Advisor will use its best efforts to utilize funds with investment objectives and policies that are generally consistent with the IPS guidelines, the Investment Committee

understands that individual fund's portfolio holdings may not at all times be consistent with the IPS guidelines.

Equity Holdings:
Security Types: Equity securities shall consist of, but are not limited to, common stocks and equivalents (issues convertible into common stock, etc.), ADRs and equity securities of non-U.S. companies (Ordinary Shares).

Fixed Income Holdings:
Security Types: Fixed Income securities shall consist of, but are not limited to U.S. Government Treasury and Federal Agency Obligations, Mortgage-backed securities of U.S. Government, Money market funds, Short-Term Investment Fund accounts, Certificates of Deposit, Bankers Acceptances, Commercial Paper, Repurchase Agreements, Asset-Backed Securities/Collateralized Bond Obligations, Investment-Grade Bonds, Collateralized Mortgage Obligations, International Bonds, High-Yield Bonds, Exchange Traded Funds, European Depository Receipts (EDRs) Global

- Maturity: The maturity schedule shall be set by the Investment Managers.
- Restrictions: Written permission is required before the following transactions may take place:
    1. Investment in municipal or other tax exempt securities (taxable municipals are permitted)
    2. Investment in an illiquid security.

Cash Equivalents:
Security Types: Cash and cash equivalent reserves should consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposit, time deposits, repurchase agreements are also acceptable investment vehicles. Any idle cash shall be invested in an interest-bearing vehicle, such as a money market instrument, in a timely manner.

Alternative Investments:
Alternative Investments are a broadly defined asset category with the objective of augmenting the overall risk/return characteristics of the portfolio through further diversification. Investments in alternatives may be considered by this organization within the context of an overall investment objective. The objective of such investments will be to seek to diversify the Portfolio, complementing traditional equity and fixed-income investments and improving the overall performance consistency of the Portfolio. It is acknowledged that there is no guarantee that this objective will be realized.

Strategies utilized may include, but are not limited to: long/short equity, equity market neutral, merger arbitrage, convertible arbitrage, credit opportunities, commodities, currencies, volatility, absolute return oriented, tactical asset allocation, alternative beta, and managed futures. Diversified Fund of Funds Hedge Funds will be held in the forms of professionally managed pooled limited partnership investments offered by professional investment managers. Alternatives exposure may also be gained via investments in daily liquid mutual funds, ETFs, or money managers.

Tactical/Opportunistic Investments:
Tactical/Opportunistic Investments are defined as investment strategies that have the flexibility to allocate assets to a variety of asset classes through the use of traditional equities/fixed Income securities, derivatives, or through the purchase of underlying mutual funds/exchange traded funds. The allocation to these Tactical/ Opportunistic strategies will be considered within the Portfolio allocation guidelines as outlined in this Investment Policy Statement and shall be so diversified as to reduce the risk of large losses.

Performance Objectives

The Investment Committee's willingness to accept risk and their expectation for investment growth have a direct bearing on the rate of return objective for the Client's assets. The overall Portfolio's performance will be reviewed with long term emphasis placed on results achieved over a 3 to 5 year period. Performance objectives will be reviewed and adjusted, if necessary, after consultation with the Investment Advisor and any changes will be reflected in writing in a revision of this policy). The investment performance of the Portfolio, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which investment results are consistent with the investment objectives, goals and guidelines as set forth in this Investment Policy Statement.

The Investment Advisor has the discretionary authority to employ and or terminate Investment Managers for the Client's assets for any reason including the following:

- investment performance, which is significantly less than anticipated given the discipline employed, and the risk parameters established, or unacceptable justification of poor results;
- failure to adhere to their stated investment objectives and investment style, including communication and reporting requirements;
- significant qualitative changes to the Investment Manager's organization.

Investment Managers shall be reviewed regularly, at least quarterly, regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

Total Fund:
The performance of the Portfolio will be compared to the performance of a similarly structured balanced index in line with the target allocation in each strategy.

Based on the asset allocation ranges outlined in Section IX, the Investment Policy Index that should be used in evaluating the performance of the Client's assets is:

Table 2.0 Policy Index

Broad Asset Class	Index	Target Weight %
Global Equities	MSCI All Country World (Net)	60%
US Fixed Income	Barclays Cap Aggregate Bond Idx TR	25%
Global Alternatives	HFRX Global Hedge (USD)	15%

Control Procedures

Review and Evaluation of Investment Objectives:

The achievement of investment objectives will be reviewed over varying periods of time, but not to exceed annually, by the Investment Committee. This review will focus on the continued feasibility of achieving the objectives and the continued appropriateness of this Investment Policy Statement. It is not expected that the investment policies or guidelines will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in this Investment Policy Statement.

Start-Up and Transition Periods:

The Investment Committee understands and acknowledges that it may not be prudent for the Investment Advisor to fully populate the Client's account with securities that are consistent with this IPS immediately upon the opening of the account (the "Start-up period") or immediately following a material change to the IPS (the "transition period"). During a start-up or transition period, the Client's account may not fully reflect the IPS requirements. It is expected that under normal circumstances start-up and transition periods will be no more than 3 months.

Communications

The Investment Advisor shall provide the Investment Committee with the following management reports on a quarterly basis:

- Portfolio performance results over varying time periods
- Performance results of comparative benchmarks over varying time periods

As a matter of course, the Investment Advisor shall keep the Investment Committee apprised of any material changes in the Investment Advisor's outlook, recommended investment policy, and tactics.

In addition, the Investment Advisor shall meet with Investment Committee either in person or via phone on a quarterly basis to review and explain the Portfolio's investment results and any related issues. The Investment Advisor shall also be available on a reasonable basis for telephone and email communication as needed.

Conflict of Interest

CSULB 49er Foundation board members, officers, and staff have a clear obligation to conduct the affairs of the Foundation in a manner consistent with its purposes and to make all decisions solely on the basis of a desire to promote the best interest of the Foundation. To avoid any possibility of conflict of interest, Foundation officers and staff, Committee members, Investment Consultant(s), and Investment Manager(s) shall immediately disclose to the Chair of the Committee, at the time of its discussion of policy or of matters related to the investment of Foundation funds, any actual or perceived conflict of interest that could be reasonably expected to impair his/her ability to render unbiased and objective advice to fulfill his/her fiduciary responsibilities. The Foundation's Conflict of Interest policy defines when an affected person is considered to have or may be perceived to have a conflict of interest. No person who has or is required to make a disclosure as contemplated in this policy shall participate in any discussion, decision or vote relating to any proposed investment or transaction in respect of which he/she has made is required to make disclosure, unless otherwise determined permissible by the Chair of the Finance and Investment Committee.

Socially Responsible Investing

The CSULB 49er Foundation recognizes the need to invest funds in a socially responsible manner. Subsequent discussions of the board and the Investment Committee will develop specific screens on investments over time to maintain alignment between investments and university values. The CSULB 49er Foundation will notify the Investment Advisor in writing of any new restrictions and recognizes that the Investment Advisor will use best efforts to accommodate this request.

Adoption

This Investment Policy Statement is adopted on February 18, 2016 by the Investment Committee and the Board of Directors.