POLICY CONCERNING CORPORATE INVESTMENTS

Introduction

This statement is issued by the Associated Students, CSUF, Inc. The purpose of this statement is to foster a clear understanding of the investment objectives, policies and guidelines for investments. It is the intent of this statement to be both sufficiently specific to be meaningful and flexible enough to be practical.

Finance Goals and Investment Objectives

Investment objectives are to effectively diversify, preserve and grow funds consistent with a reasonable level of risk. Investment strategies shall emphasize protecting principal from inflation, interest rate and market risk while maximizing return. The following considerations will apply to the construction and on-going management of funds.

- Financial Goal: Real growth of principal and income
- Risk Tolerance: Moderate
- Time Horizon: Long term to perpetual
- Tax Status: Exempt
- Investment Objective: Growth and Income

Socially Responsible Investing

The Associated Students, CSUF, Inc. is committed to being a responsible investor. The ASI supports the view that responsible management includes consideration of environmental, social, and governance issues and that such management must be practiced by companies in order to be included in the portfolio.

The Finance Committee will have responsibility for determining what constitutes socially responsible investing. Should the Finance Committee determine a company does not qualify for portfolio selection or retention, it shall forward its recommendation to the Board of Directors for consideration. The Executive Director will communicate action taken to the investment manager.

Subject to this restriction, the investment manager will have sole responsibility for selecting portfolio companies in accordance with the investment objectives and guideline herein.
POLICY STATEMENTS

ASI POLICY STATEMENT #218
Page 2 of 4

POLICY CONCERNING CORPORATE INVESTMENTS

Guidelines for Investments

Assets of retirement funds will at all times be managed in compliance with all standards of the Employees Retirement Income Security Act.

Invested funds will be managed on a total rate of return basis. Total rate of return consists of dividends, interest and any net increase/decrease in market value of the securities for the fiscal year.

Distributions may be taken from income, principal or both.

Risk shall be managed on an overall portfolio basis rather than by the security concerns of the individual security.

Funds shall always be managed in such a manner as to protect principal from the impact of short and long-term inflation.

Sufficient liquidity shall be maintained to accommodate necessary distributions.

Diversification

The investment manager will seek to diversity funds across asset classes, market sectors, and individual securities to reduce portfolio risk. The standards of the “Prudent Investor Rule” will apply to the selection of all securities.

Asset Allocation

Guideline asset allocation target and ranges are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Range</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>0 - 30%</td>
<td>5%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>30 - 60%</td>
<td>35%</td>
</tr>
<tr>
<td>Equity</td>
<td>30 - 70%</td>
<td>60%</td>
</tr>
</tbody>
</table>

The actual asset allocation, within ranges set by this policy, will be at the discretion of the investment manager.
ASSOCIATED STUDENTS, CSUF, INC.
POLICY STATEMENTS

ASI POLICY STATEMENT #218
Page 3 of 4

POLICY CONCERNING CORPORATE INVESTMENTS

Allowable Investments

Investment vehicles shall be limited to the following:

- Money market and cash equivalents
- Certificate of deposits
- U.S. Government agency obligations
- U.S. Treasury obligations
- Corporate investment grade bonds (BBB or better, Standard & Poor’s)
- Corporate Commercial paper
- Mutual Funds and Exchange Traded Funds (ETFs)
- American Depository Receipts
- Mortgage backed instruments
- Common stock
- Preferred stock

Direction for Plan Portfolio Securities

Equities

The quality of equity securities may vary dependent on the objective for that security within an overall portfolio. However, at all times, standards of the prudent investor rule will apply when determining the minimum acceptable quality. Mutual funds of ETFs may be used when appropriate for diversification.

No issue shall comprise more than 10% of the equity portion of a portfolio or 5% of the total market value of a portfolio, whichever is larger.

An equity portfolio may be invested in a mix of large, medium, and small capitalization stocks and international securities. International equities shall not comprise more than 25% of an equity portfolio.

Fixed Income Securities

Nothing below investment grade bonds as defined by Moody’s and Standard & Poor’s will be utilized in a portfolio.

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POLICY CONCERNING CORPORATE INVESTMENTS

No issue shall comprise more than 10% of the fixed income portion of a portfolio or 5% of the market value of a total portfolio, whichever is larger except for US Treasury or government agency obligations, which have no concentration restrictions. Mutual funds of ETFs may be used when appropriate for diversification.

Guidelines for Transactions

Except under unusual circumstances, all transactions should be entered into on the basis of best execution, which means best realized net price.

Monitoring of Objectives and Performance

All objectives and policies are in effect until modified by the ASI Trustees who will review them with the investment manager at least annually for continued appropriateness.

If at any time, the investment manager believes that any policy guideline inhibits investment performance, he/she shall communicate this view to the trustees.

The investment manager shall meet with the ASI trustees to communicate investment strategy and market outlook at least annually or more frequently as desired by the Trustees.

The investment objective is to obtain a minimum total annual rate of 5% plus the rate of inflation. Recognizing the volatility of equities and securities, it is understood that this objective may not be met on an annual basis. However, it is expected to be achieved when measured over a longer period of time.

The investment manager is expected to produce a total annual return that exceeds the median of a universe of investments with similar average asset allocation objectives and risk profile. Accordingly, performance will be measured against established benchmarks. For equities this will be the Standard & Poor’s 500 Index. For fixed income securities, the benchmark will be the appropriate Barclays U.S. Government/Credit 1-5 Year Index.

Approved as policy statement on December 5, 2006
Renumbered from #053, November 28, 2006
Renumbered from #219, February 16, 2010
Amended: October 12, 2010
Amended: February 25, 2014