In the document, the background and purpose of the investment policy is explained. The purpose of this Investment Policy is to provide investment managers with direction from the Associated Students Board of Directors (ASBOD) concerning the investment of the funds of the Associated Students at San Francisco State University (AS). Specifically, this statement is intended to establish a clear understanding between AS and Investment Managers (Manager) as to AS’s investment policies and the objectives of managing these assets. This statement outlines an overall philosophy that is specific enough for the Manager to know what is expected, and sufficiently flexible to allow for changing economic conditions and dynamic securities markets. This statement provides realistic risk policies to guide the Manager toward long-term rate of return objectives, which serve as standards for evaluating investment performance. This statement establishes the investment restrictions placed upon the Manager, and outlines procedures for policy and performance review.

The long-range investment goal for the management of ASI’s investments is to achieve a maximum rate of return on assets consistent with prudent investment principles. This policy, which emphasizes preservation of capital while maximizing return, focuses on enhancing real asset value to maintain purchasing power over time and on providing liquidity sufficient to meet expected, as well as unexpected, cash needs.
POLICY STATEMENT

It is the intent of AS that surplus funds of the AS (the Fund) be invested in accordance with this Investment Policy and in compliance with all applicable State and Federal laws and regulations. The investment program shall secure, with appropriate limitations on the risk of the principal, protection against inflation and shall provide for the growth of long-term asset values and returns. Specifically, the following objectives shall be properly balanced:

1) Income - to produce sufficient current and continuing income from investment returns to support special projects and other ongoing activities.

2) Growth - to provide for growth of the Fund through the ownership of securities that have growth potential.

3) Safety - to place sufficient limitations on risks associated with the implementation of the income and growth objectives and to protect the Fund principal through diversification of assets and the setting of specific quality standards.

The investment performance objective is to obtain a minimum total annual rate of return of 5% plus the rate of inflation. Recognizing the volatility of both the equity and bond markets, 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 minimum three-year average. Furthermore, the 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.

APPLICABILITY TO THE POLICY

This policy applies to all investments made on behalf of AS and all members responsible for the financial ethicacy of the organization should be familiar with this policy. This includes, but is not limited to, budget area administrators, elected/appointed Officers, grant recipients, management personnel, program advisors, area supervisors, volunteers, and AS staff.

DEFINITIONS

<table>
<thead>
<tr>
<th>Terms</th>
<th>Definitions</th>
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<tbody>
<tr>
<td>ADR American Depositary</td>
<td>A negotiable certificate issued by a U.S. bank representing a specific number of shares of a foreign stock traded on a U.S. stock exchange</td>
</tr>
<tr>
<td>Reception</td>
<td></td>
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<tr>
<td>Capitalization</td>
<td>The market price of an entire company, calculated by multiplying the number of shares outstanding by the price per share. Also called market cap or market capitalization.</td>
</tr>
<tr>
<td>Cash Equivalents</td>
<td>Highly liquid, very safe investments which can be easily converted into cash,</td>
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</table>
such as Treasury Bills and money market funds.

| Commodities | Reasonably homogeneous goods or materials, bought and sold freely as an article of commerce. Commodities include agricultural products, fuels, and metals and are traded in bulk on a commodity exchange or spot market. |
| Equities | An instrument that signifies an ownership position, or equity, in a corporation, and represents a claim on its proportionate share in the corporation's assets and profits. Also called equities or equity securities or corporate stock. |
| Derivative Securities | A derivative is a financial security with a value that is reliant upon or derived from an underlying asset or group of assets. The derivative itself is a contract between two or more parties based upon the asset or assets. Its price is determined by fluctuations in the underlying asset. |
| Fossil Fuel Company | Any of the two hundred publicly-traded companies with the largest coal, oil, and gas reserves as measured by the gigatons of carbon dioxide that would be emitted if those reserves were extracted and burned, as listed in the Carbon Tracker Initiative "Unburnable Carbon" report |
| Fixed Income | A security that pays a specific interest rate, such as a bond, money market instrument, or preferred stock. |
| Inflation Rate | The percentage increase in the price of goods and services, usually annually. |
| Preferred Stock | A class of ownership in a corporation that has a higher claim on the assets and earnings than common stock. Preferred stock generally has a dividend that must be paid out before dividends to common stockholders and the shares usually do not have voting rights. |
| Real Estate Investment Trust (REIT) | A security that sells like a stock on the major exchanges and invests in real estate directly, either through properties or mortgages. |

**REGULATIONS**

**Asset Allocation Provisions**

Asset allocation shall fall within the following guidelines at all times:
<table>
<thead>
<tr>
<th>Asset Type</th>
<th>Minimum %</th>
<th>Target %</th>
<th>Maximum %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash Equivalents</td>
<td>0%</td>
<td>5%</td>
<td>75%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>25%</td>
<td>35%</td>
<td>75%</td>
</tr>
<tr>
<td>Equities</td>
<td>25%</td>
<td>60%</td>
<td>65%</td>
</tr>
</tbody>
</table>

**Permitted Investments**

The following types of investments are authorized under this policy.

**Cash Equivalents**

Cash balances should be held in money market or other suitable cash equivalent instruments.

**Fixed Income**

Approved investments consist of U.S. government notes and bonds; investment grade corporate bonds; mortgage and asset backed securities; municipal bonds; agencies and foreign bonds denominated in U.S. dollars to avoid currency exchange risk. The duration of the bond portfolio should be maintained within a range of +/- 20% of the benchmark. Fixed income securities must be rated at least “A”, with a preference toward better rated issues. There shall be no more than 50% invested in corporate bonds with a maximum maturity no greater than seven years.

**Equities**

Investments in equities shall be limited to preferred stocks and common stocks of corporations domiciled in the United States or Canada and listed on the NYSE, AMEX, or the NASDAQ exchanges or the ADR’s of foreign stocks traded on these exchanges. To enhance diversification, investment in high quality foreign equities, real estate investment trusts (REIT’s) and commodities is also allowed up to 15% of the asset allocation.

**INVESTMENT QUALITY**

Except where noted above, all investments must be of investment grade or equivalent as determined by the appropriate rating agencies, and in the case of equity investments, should have adequate liquidity and a market capitalization of at least $100 million.

**CONCENTRATION OF ASSETS**

To avoid the risk of concentration of assets, individual bond positions other than obligations of the U.S. government should not comprise more than 5% of the total fixed income portion of the portfolio. Individual equities should comprise no more than 5% of the total market value of the stock portfolio. The Fund's investment in any one stock is not to exceed 5% of that corporation's outstanding common stock.

**REBALANCING**

Manager will be responsible for adjusting the portfolio toward the asset allocation specified in this policy at a minimum once per year.
PERFORMANCE BENCHMARKS

The benchmark for large cap common stocks will be the S & P 500 Index. For international stocks, the benchmark will be the MSCI AC World x U.S. Index. For small cap stocks the S & P 600 Index or Russell 2000 Index. Fixed income investments performance (excluding Opportunistic Credit) will be measured relative to the Barclays Capital U.S. 1-5 Year Government/Credit Bond Index.

PROHIBITED TRANSACTIONS

The ASI seeks to limit and control the risks, which jeopardize safety of principal, and to prohibit investments that are not prudent. Unless approved in advance by the ASBOD, the following types or methods of investments are prohibited:

- Trading in securities on margin
- Investing in working interests in oil or gas wells
- Selling Short
- Leveraged buyouts
- Venture capital
- Private placement

Investment in Derivative Securities is prohibited except to the extent it is deemed necessary to hedge risks of securities in the portfolio. Further, Derivatives may never be used to speculate or leverage the portfolio. The portfolio manager using such Derivatives will provide Quarterly reports to the Board specifying types and amount of derivatives used and will certify in writing that such usage is limited to hedging risk.

SOCIAL RESPONSIBILITY

In its efforts to address social responsibility investing issues, AS shall be guided by two basic but interdependent principles:

- AS shall exercise responsible financial stewardship over its financial resources
- AS shall exercise ethical and social stewardship in its investment policy

The AS is sensitive to the issue of social responsibility when making investment decisions. The ASBOD will monitor and take into account a wide variety of information to help it in determining what it considers socially responsible investments. In carrying out its socially responsible investment policy, the ASBOD will give specific instructions to its investment managers about investing or not investing in particular products, companies, and countries. AS therefore requires its investment managers to pay appropriate attention to relevant corporate governance, social, ethical, and environmental considerations in the selection, retention, and placement of all investments. The ASBOD expects this to be done in a manner that is consistent with AS’s investment objectives and legal duties.

In general, AS seeks to restrict its investments to those companies and institutions that:

1) Express support for universal human rights and, particularly, those of their employees, the communities within which they operate, and parties with whom they do business

2) Promote equal opportunity for employees at all levels of the company with respect to issues such as race, gender, age, ethnicity, sexual orientation, or religious beliefs, and practices
3) Operate without unacceptable worker treatment such as the exploitation of children, physical punishment, and abuse of people, involuntary servitude, or other forms of abuse.

4) Respect employees' voluntary freedom of association

5) Compensate employees sufficient enough to enable them to meet at least their basic needs

6) Provide a safe and healthy workplace; protect human health and the environment; and promote sustainable development

7) Promote fair competition including respect for intellectual and other property rights, and not offer, pay or accept bribes

8) In line with its desire to invest in companies and institutions that “protect human health and the environment and promote sustainable development,” the ASBOD wishes not to divest from fossil fuel.

9) In keeping with the principles outlined, AS shall use reasonable efforts to avoid investments in companies and institutions that are substantially involved in the prison industrial complex.

INVESTMENT DISCRETION

AS shall give the Investment Manager full discretion in all investment decisions subject to the restrictions stated above. The AS expects the assets to be invested with care, skill, prudence, and diligence under the circumstances prevailing from time to time that a prudent expert acting in a like capacity and familiar with such matters would use in the investment of funds of like character with similar aims.

The Investment Manager is given authority to direct the purchase, sale, exchange, or conversion of any and all qualifying stocks and fixed income securities not prohibited in this statement.

INVESTMENT MANAGER/ AS COMMUNICATION

All investment managers will acknowledge, in writing, the receipt of this statement and the acceptance of its terms. If any investment manager or monitor believes at any time that changes to this statement, or the fund's asset allocation mix, are advisable, it will be the manager's or consultant's responsibility to recommend such changes in writing and in a timely manner for consideration by the ASBOD.

Each investment manager is expected to promptly advise the AS in writing of any material change in its investment philosophy, decision making structure and procedures, or investment personnel with primary responsibility for the ASI's portfolio.

CUSTODIAL ARRANGEMENTS

All securities shall be held by a custodian approved by the ASBOD. Such a custodian must be registered and licensed by appropriate bodies, e.g. Securities and Exchange Commission, Federal Reserve Board. The terms and conditions of this custodial relationship shall be detailed in a written agreement with the custodian.
INVESTMENT REPORTING

Investment managers shall report their performance in writing, preferably monthly, or at least every calendar quarter. The Investment Manager must submit to the AS a monthly report, detailing the current portfolio holdings, market value, annualized yield, monthly realized gain, and income from all invested assets, common benchmark performance data, and other information that is customary on the Investment Manager's reporting system.

The Investment Manager must meet with the ASBOD at least quarterly to present the above detailed information at a regularly scheduled board meeting and to review the investment policy and performance.

EVALUATING MANAGER PERFORMANCE

The AS may select at least one Investment Broker/Monitor to transact securities trading, to be the custodian responsible for investment instruments, and to provide assistance in evaluating the performance of the Investment Manager. The Investment Broker/Monitor shall be evaluated at least annually by AS staff in accordance with the objectives and assignments set forth in this policy. From time to time, on an as-needed basis, the AS may solicit Investment Broker/Monitors via a Request for Proposal process. AS staff, with the advice and assistance of an Investment Broker/Monitor, will review an Investment Manager's activity and performance. While Investment Managers are given full and complete discretion and responsibility for making investment decisions, their performance will be evaluated in accordance with the objectives as stated in this Policy. Investment Managers are expected to supply the AS annually with the Securities and Exchange Commission (SEC) form ADV Part II, the form used by investment advisors to register with the SEC. Investment Managers agree to comply with SEC regulations including an obligation to disclose material financial and disciplinary information to clients. Part II of the form gives information about the investment advisor and its business for the use of clients. If the Manager is a bank or trust company (institutions that do not file ADVs), an appropriate financial statement must be sent annually to ASI.

FORMS

No Forms.

INVESTMENT POLICY APPROVAL AND REVISION HISTORY

Investment Policy was Reviewed and Approved by the BOD on 03/18/2015
Investment Policy was Reviewed and Approved by the BOD on 02/06/2019