

The Regents of the University of California

INVESTMENTS COMMITTEE

July 15, 2025

The Investments Committee met on the above date at the UCLA Luskin Conference Center, Los Angeles campus.

Members present: Regents Anguiano, Komoto, Makarechian, Park, Robinson, and Wang; Advisory member Cheung; Chancellor Muñoz

In attendance: Regents Brooks, Chu, and Hernandez, Regents-designate Melton and Tokita, Faculty Representative Palazoglu, Staff Advisors Frías and Hanson, Secretary and Chief of Staff Lyall, Senior Counsel Adkison, Chief Investment Officer Bachher, Executive Vice President and Chief Financial Officer Brostrom, and Recording Secretary Li

The meeting convened at 12:40 p.m. with Committee Chair Robinson presiding.

1. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion duly made and seconded, the minutes of the meetings of May 13, 2025 were approved, Regents Anguiano, Komoto, Makarechian, Park, Robinson, and Wang voting “aye.”¹

2. PUBLIC COMMENT

Committee Chair Robinson stated that the University of California valued freedom of speech and viewed individual rights to free expression as key to the open discourse that is vital within higher education. UC was challenged to make room for all perspectives by providing the opportunity and space for everyone to share their viewpoints.

Committee Chair Robinson explained that the public comment period permitted members of the public an opportunity to address University-related matters. The following persons addressed the Committee concerning the items noted.

- A. Joshua Brahinsky, UC Santa Cruz lecturer and Vice President for Organizing at University Council-American Federation of Teachers (UC-AFT), stated that 80 UC lecturers were laid off in anticipation of a proposed eight percent budget cut that did not occur. He shared an excerpt of a statement from Maike Ahrends, a lecturer who was laid off in light of the suspension of the German studies major at UCSC. Mr. Brahinsky stated that confused and desperate students were trying to enroll in German courses.

¹ Roll call vote required by the Bagley-Keene Open Meeting Act [Government Code §11123(b)(1)(D)] for all meetings held by teleconference.

- B. Austin Nguy, UC Riverside resident physician and member of the Committee of Interns and Residents (CIR) / Service Employees International Union (SEIU) bargaining team, called for a fair wage now, not later. UCR and UCSF-Fresno residents, who provided critical care in underserved areas, were offered minimum wage with no cost of living increase while some UC executives would soon receive up to 12 percent salary increases. Rent for residents was \$2,200 to \$2,500 per month in the Inland Empire, comparable to costs in Los Angeles and San Francisco.
- C. Victoria Fleming, UC Irvine resident physician and member of the CIR/SEIU bargaining team, demanded a fair wage now. Dr. Fleming stated that hospitals received up to \$170,000 in graduate medical education funding per resident or fellow. She disputed the notion that UC could not afford to pay these physicians a real wage. Residents and fellows helped generate revenue, made diagnoses, and cared for local communities. The average rent where Dr. Fleming was located was over \$3,000 per month, almost half of what residents earn.
- D. Dawn Kalaie, parent of a UCLA graduate, noted the difficulty of being the parent of a UC student since October 7 and asked UC to seriously consider who is being hired as instructors. Ms. Kalaie stated that students have experienced hatred and bias in class at most UC campuses. She called on UC to enforce policies and procedures and to take seriously the complaints of Jewish students who feel as if their professors are biased and wish to drop their classes as a result.
- E. Peter Cibula, UCI Unit 18 lecturer, asked the Regents to protect teaching in the coming year. Mr. Cibula was among eight lecturers who were notified in late June that they would be laid off on September 22 and that they might start to lose benefits in six days, while the benefits office provided conflicting information. These layoffs have since been rescinded, but other colleagues have remained laid off.
- F. Trevor Griffey, UCLA lecturer and Vice President of Legislation for UC-AFT, called on the Regents to create a progressive salary policy. He stated that UC provided non-represented employees with pay increases to keep pace with inflation but State funding to UC did not increase accordingly. In response to ensuing budget shortfalls, campuses laid off lecturers, temporary instructors, librarians, and direct service workers while some 16,000 UC employees who earned more than the Governor received three percent pay increases, costing over \$100 million per year.
- G. Loretta Gaffney, UCLA lecturer and Co-Chair of the UCLA chapter of UC-AFT, called on UC to stop budget cuts and to defend education and fiscal responsibility. Despite the State's decision not to cut UC's 2025–26 budget, which Ms. Gaffney attributed to union advocacy, UC laid off lecturers, cut courses, closed programs, and froze hiring while giving a 3.2 percent increase to non-represented employees, including those who earn more than the Governor. Ms. Gaffney declared that UC does not know value of its teaching faculty and librarians.

- H. Doreen Seidler-Feller, UCLA faculty member and member of the Jewish Faculty Resilience Group (JFrg), thanked President Drake for a recent directive regarding boycotts and divestment. Ms. Seidler-Feller stated that UC rejected JFrg's demands to include the academic reasons for the directive, not only the business reasons. JFrg urged the incoming President and the Regents to articulate these reasons.
- I. Brennan Robins, UC Berkeley graduate student and member of United Auto Workers (UAW), urged the Regents to oppose item A2, *Approval of Delegation of Authority for Limited Professional Degree Supplemental Tuition Multi-Year Plans*. Mr. Robins believed that the proposal would make increases to Professional Degree Supplemental Tuition (PDST) opaque and would not require programs to justify increases. Rather, it would remove a mechanism for students to make sure that an increase was required. He added that PDST was a significant financial burden.
- J. Joey Gerlach, UCLA resident physician and member of the CIR/SEIU bargaining team, demanded a fair wage increase now and not later. Residents were told that they could not receive wage increases because of impending Medicaid cuts, but UC Health would still generate profit from the billable labor of residents who were being paid less than colleagues in clinical disciplines. Residents carried an average of \$250,000 in student loan debt and were not paid enough to build savings. Residents who were parents made less than a living wage.
- K. Diana Dayal, UCLA resident physician and Regional Vice President of CIR/SEIU, stated that the union's contract expired on July 1, but UC refused to pay members a fair cost of living increase. There was a common misconception that residents earn a large amount of money because they are doctors, but a UC resident physician earned a median \$22 per hour working 30-hour shifts and 80 hours per week, with no overtime pay. Dr. Dayal stated that UC was not only financially stable but also profitable, having recently acquired nine hospitals.
- L. Ali Tweini, UCLA staff member and Political Director of Teamsters Local 2010, spoke in opposition to layoffs. Although the union advocated against State budget cuts alongside UC, workers received layoff notices at UC San Diego, UC Berkeley, and UCSF. Union members stated that they ran UC and that all employees were stakeholders. He called on UC to determine solutions other than layoffs because UC had sufficient funds.
- M. Kelly Reynolds, representative of UNITE-LA, stated that student parents need comprehensive support that includes priority registration, sufficient financial aid, cost of attendance adjustment, dependent care allowances, affordable childcare, and affordable housing. Ms. Reynolds thanked UC for choosing to comply with the Greater Accessibility, Information, Notice, and Support (GAINS) Act and urged the Regents to review, approve, and disseminate a cost of attendance policy and student parent identification and data collection guidance to the campuses.

- N. Roxas Haze, disabled UCLA student, spoke in opposition to the ban on non-transparent masks, including high filtration masks, at Regents meetings. Transparent masks provided inadequate protection, and banning high-filtration masks barred disabled people from meaningful participation in public comment, suppressing freedom of speech and violating the Americans with Disabilities Act (ADA). There was an undue burden to prove that one qualified for an exemption, and it was segregation to require disabled students wearing non-transparent masks to speak from an overflow room or over the telephone.
- O. Jennifer Miyaki, disabled UCLA alumna, implored UC to include students with disabilities in its discussions and policies. Since March, Ms. Miyaki and other students have protested the Regents meeting masking policy, which she stated discriminated against students with disabilities. In addition to UCLA being party to litigation in a disability discrimination lawsuit, the Regents' masking ban was yet another example of campus inaccessibility and exclusion. Ms. Miyaki stated that having disabled individuals participate in the public comment period via telephone or placing them in a separate room was discriminatory and violated the ADA.
- P. Leticia Guzman, UC San Diego alumna, called for a Medi-Cal coordinator at UCSD. Ms. Guzman shared her experience as a student parent giving birth at a UCSD hospital and expressed concern that adding a share of cost to coinsurance would make health care at UCSD expensive and inaccessible for student parents.
- Q. Chevelle Sleaford, UCLA staff member and University Professional and Technical Employees (UPTE) member, stated that her department has lost over half of its staff in the past year, compromising data validity, slowing patient care, and affecting remaining workers. The hiring freeze, threat of layoffs, and depressed wages were pushing skilled, experienced professionals out of UC. The cancer patients she served could not wait a long time to be placed in a clinical trial. Ms. Sleaford implored the University to grant UPTE and other workers the contracts they deserve.
- R. Julie Zamarripa, UCLA staff member and member of the UPTE bargaining team, stated that staffing has not kept pace with growing workloads and that quality of patient care has diminished. During the COVID-19 pandemic, unsustainable levels of performance led to more on-site injury and exposure. After the pandemic, workers were expected to do more with even less. Ms. Zamarripa stated that UC sent representatives who could not make decisions during contract negotiations and that UC's public statements did not match what was offered during negotiations. She called on UC Health leadership to intervene and resolve this healthcare crisis.
- S. Max Belasco, UCLA staff member and UPTE member, stated that UC's bad faith bargaining and negotiations have exacerbated the impact of short staffing on health care and research. He stated that UC has disrespected UPTE-represented healthcare and information technology (IT) workers, who were upset and prepared to strike.

UPTE was prepared to engage in some of the longest strikes in UC history, but they will not be necessary if UC bargains in good faith.

- T. Diego Bollo, UCLA student and President of the UCLA Undergraduate Students Association (USAC), expressed concern about the direction UC was taking with regard to diversity, budget cuts, and student support. Tens of thousands of students have benefitted from investments in academic, outreach, and retention programs; basic needs; and diversity initiatives such as cultural centers. Mr. Bollo and other students were deeply disappointed in President Drake's letter to chancellors banning boycotts by student governments. He had learned about the letter from the *Los Angeles Times* and press requests for comment, not the Regents, the Office of the President, or the Chancellor. USAC business practices abided by international human rights guidelines. Instead of limitations on freedom of speech, students needed initiatives that address Islamophobia and antisemitism on campuses.
- U. Christopher Varela, lecturer at UC Irvine, stated that bottom-up budget reductions cut from the foundation of the University. Although State budget cuts to UC were rescinded, individuals remained laid off. He added that, by cutting teaching budgets, UC was cutting the purpose of education and everyone suffered as a result.
- V. Aaron Palmer, UC Santa Cruz alumnus and for adjunct professor at UCLA, called attention to starvation in Gaza and the over 800 Palestinians killed while seeking aid in the last month-and-a-half. Conditions in Gaza, which were deemed an apartheid and a genocide by international representatives, were supported by the United States and U.S. companies in which UC has invested, including Lockheed Martin, Northrop Grumman, Boeing, Palantir, Microsoft, and Google. Mr. Palmer stated that the use of artificial intelligence in the conflict in Gaza has resulted in racial profiling and ethnic cleansing. He stated that, unless the Regents declare this a genocide and divest from it, they were hateful, despicable human beings and cowards who acted in self-interest. He added that the Chief Investment Officer could not rely on the fiduciary interests of the University as a reason for investment when UC financial decisions affect others.
- W. Ginger Fernandez, Cardenas Markets employee in Las Vegas, Nevada, addressed the Board in Spanish. Cardenas Markets was owned by Apollo Global Management, in which UC was invested. In June, air conditioning in the store stopped working and temperatures exceeded 110 degrees. Ms. Fernandez suffered heatstroke, became disoriented, and lost consciousness. When she woke up minutes later, she could not see, experienced a headache, and her nose bled. Her manager did not call an ambulance or send her home but instead asked her to finish her shift. Ms. Fernandez believed that Cardenas workers needed union representation in order to guarantee worker safety, which would benefit investors and customers.
- X. Jose Oliveros, Cardenas employee in San Jacinto, California, addressed the Board in Spanish. He stated that, on May 1, a human resources employee named Carla expressed her wish to have a child with Mr. Oliveros' green eyes. His report of the

incident was ignored, which affected his mental health and his family. Workers complained about the lack of air conditioning in the store, which reached temperatures of about 38 degrees Celsius, but management has not responded. On July 10, Mr. Oliveros was accused of stealing soda, which he regarded as a reprisal for reporting sexual harassment and union organizing. Workers wished to be part of a union that protects jobs and workers for the benefit of investors.

3. **AMENDMENT OF REGENTS POLICIES ON INVESTMENT POLICY STATEMENTS**

The Chief Investment Officer (CIO) recommended that the Regents, effective July 1, 2025:

- A. Amend Regents Policy 6101: UC Retirement Plan Investment Policy Statement, as shown in Attachment 1.
- B. Amend Regents Policy 6102: UC General Endowment Pool Investment Policy Statement, as shown in Attachment 2.
- C. Amend Regents Policy 6108: UC Total Return Investment Pool Investment Policy Statement, as shown in Attachment 3.
- D. Amend Regents Policy 6109: UC Short Term Investment Pool Investment Policy Statement, as shown in Attachment 4.
- E. Amend Regents Policy 6110: UC Blue and Gold Endowment Investment Policy Statement, as shown in Attachment 5.

It was recommended that the Regents confirm, ratify, and approve all actions heretofore taken on or after July 1, 2025 by UC Investments consistent with the investment policies and guidelines included in the foregoing recommendations.

[Background material was provided to Regents in advance of the meeting, and a copy is on file in the Office of the Secretary and Chief of Staff.]

Chief Investment Officer Bachher stated that the proposed action, which would take effect on July 1, would enact changes to the target asset allocation for which the Office of the Chief Investment Officer (UC Investments) has been preparing since 2020. In light of UC's transition away from hedge funds, UC Investments would eliminate absolute return from the General Endowment Pool and move that ten percent from private assets to public equity. The return was expected to increase from 7.4 to 7.7 percent, and risk was expected to increase from 14.1 to 15.3 percent. Mr. Bachher presented a chart indicating the resultant change in the ranges within each asset class. The policy would also be amended to reflect the five percent payout that UC Investments began making about one year ago.

Committee Chair Robinson asked whether the office ever hesitated in its decision to cease investing in hedge funds, noting that some hedge funds have outperformed the University,

and why the office has stayed with that decision. Mr. Bachher replied in the negative, adding that he had more conviction than hesitation. When he joined UC, the Board had asked him about UC's investment in hedge funds, and he replied that he needed time to come to a decision. Mr. Bachher remarked that hedge funds were not a strong suit for UC. When there were market dislocations during the dot-com stock market bubble in 1999–2000, the global financial crisis in 2008–09, and the COVID-19 pandemic in 2020–21, hedge funds exposed UC to risk. Furthermore, UC's portfolio of hedge funds could have been replicated by investing 30 percent in stocks and 70 percent in bonds and could have produced the same returns at the same risk level but without the high fees and illiquidity.

Regent Brooks asked how investment performance fluctuated over the last five years, noting that the Regents were asked to vote on this action but did not have information about the University's investment losses and gains. Mr. Bachher replied that performance data would be presented later in the meeting. Investing in the Standard and Poor's 500 Index (S&P 500) over a ten-year period, as Berkshire Hathaway Chair Warren Buffet had suggested, outperformed hedge funds.

Chancellor Muñoz asked by how much the S&P 500 outperformed hedge funds. Referring to a response generated by ChatGPT, Mr. Bachher responded that the S&P 500 had an average annual return of 7.1 percent during that time period, with a total gain of 125.8 percent, while hedge funds had an annual return of 2.2 percent, with gains ranging from 2.8 to 87.7 percent. While many hedge funds exist, few are successful.

Mr. Bachher described the proposed changes to the Blue and Gold Pool, expanding the ranges in response to drifting in the markets and changing the payout to five percent. In the pension, all 3.5 percent in absolute return and 0.5 percent in private credit would be moved to public equity, and one percent would be moved to cash from real assets. Emerging markets would no longer have a dedicated allocation within fixed income assets, but UC Investments could still invest in emerging markets tactically. These changes were expected to have a marginal impact on return and risk. Ranges would be broadened as well. In working capital, the ranges for each asset class would be broadened in anticipation of future investment opportunities, including up to 40 percent in private assets for the Total Return Investment Pool (TRIP). The proposal also included formalizing the name change from the "Office of the Chief Investment Officer" to "UC Investments."

Regent Makarechian asked who underwrote private credit investments. Mr. Bachher replied that a third-party manager underwrote UC's private credit. UC invested in a private credit fund and paid underwriting fees.

Regent Wang asked how the proposed changes corresponded with the University's investment performance over the past few years. Mr. Bachher responded that when he joined the University about ten years ago, interest rates were zero percent and bonds had zero percent returns. He increased the allocation to stocks, and private assets were needed to earn expected returns for the pension and the endowment. As interest rates rose in 2020, bonds were generating returns and were less risky than private assets. In Mr. Bachher's view, UC could now afford to move away from private assets. Public equity markets have

also demonstrated a solid upward trend. These changes would result in lower fees and less complexity; it would be easier to explain investment performance. In short, he suggested reducing the allocation in private assets from 50 percent to 40 percent in the endowment and 50 percent to 35 percent in the pension in order to take advantage of returns in the public equity markets.

Committee Chair Robinson suggested revisiting this five years from now.

Upon motion duly made and seconded, the Committee approved the Chief Investment Officer's recommendation and voted to present it to the Board, Regents Anguiano, Komoto, Makarechian, Park, Robinson, and Wang voting "aye."

Mr. Bachher presented the University's investment performance figures. As of June 30, UC investment assets totaled \$198 billion, an increase of \$170 billion in the last 30 years. He presented a chart demonstrating asset growth in the last 30 years. It took the University 84 years to reach \$98 billion in 2015 and another ten years to reach \$198 billion, which he attributed to the equity markets and the Regents' approval of changing the asset allocation to add more equity investments. Retirement assets totaled \$154.4 billion, with \$110.5 billion in the pension and \$43.9 billion in the Retirement Savings Program. The endowment totaled \$31 billion, and working capital totaled \$12.5 billion.

Regent Anguiano asked about investment performance in 2020 by asset class. Mr. Bachher replied that UC had about the same in working capital, about \$100 billion in retirement assets, and about \$20 billion in the endowment.

Mr. Bachher presented a graph of UC net returns in 2022–23. That year, UC's endowment outperformed the endowments of Ivy League institutions as well as the top public and private institutions, and UC's pension outperformed other large pension plans. In 2023–24, returns increased, and UC's endowment and pension outperformed those of comparator institutions as well. In 2024–25, endowment and pension performed better than the prior year. With a simple portfolio of stocks and bonds, the Blue and Gold Pool outperformed the General Endowment Pool. Compared with the target return of 6.75 percent for the pension and about eight percent for the endowment, the 30-year return was 8.1 percent for the pension and 8.9 percent for the endowment. Global equity markets rose 16.7 percent in 2024–25, 20 percent in 2023–24, and 17.1 percent in 2022–23.

Senior Managing Director Satish Ananthaswamy stated that tariffs were starting to affect inflation, and that stubborn inflation would make higher interest rates persist. He expressed concern about the almost \$2.5 trillion that was projected to be added to the fiscal deficit, as well as the large volume of bonds that the U.S. Treasury must issue in response. The U.S. government was paying close to \$1 trillion in interest, which might have some impact on the U.S. economy in the next few years. For now, Mr. Ananthaswamy expressed confidence that the U.S. economy was doing well, noting the addition of jobs mainly in the services sector, and would continue to do well for the rest of 2025.

Mr. Bachher shared that he had been worried about the impact that tariffs would have on the economy, earnings, and ultimately the equity markets in the second half of the calendar year, but he has since become more optimistic after exploring the disruptive potential of artificial intelligence (AI), especially in the U.S. Mr. Bachher had also changed his views on investing in China, sharing his belief that China, whose economic growth numbers seemed relatively healthy, would have its own independent and parallel AI universe. He also projected that the U.S. government would stimulate the economy in the second half of the calendar year with tax legislation, the deregulation of industries such as banking and energy, and the cutting of interest rates. Such cuts could stimulate the stock market and improve the real estate market. Other countries sought to stimulate their own economies. For instance, increased defense spending in Europe would add to gross domestic product (GDP). Mr. Bachher opted to stay calm and continue investing in the equity markets. He attributed UC's investment performance to allocating more assets to equities when interest rates went to zero, which added about \$100 billion, as well as transitioning to short duration bonds, which saved \$5 billion.

Regent Hernandez, noting the deficit and interest rates, asked whether the U.S. would experience something akin to the dot-com bubble and a severe market correction in the future. Mr. Ananthaswamy replied in the negative. He did not foresee the economy slowing down and going into a recession just yet. As long as the U.S. economy grows at one to two percent of GDP, the U.S. would be able to make its interest payments. Unlike the dot-com bubble, in which technology companies had billion-dollar valuations and no earnings, AI growth was being powered by the Magnificent Seven technology companies, whose earnings were keeping pace with their investment in this technology. Mr. Bachher estimated that the total market cap of the private valuation of AI companies was \$2 trillion, but he did not know how many of these companies would be in the S&P 500 several years from now. Large companies had billions of dollars in cash flow; the annual recurring revenue of some AI companies was growing rapidly; and Fortune 500 companies wished to become AI-ready. He expected future declines in both private and public companies but suggested staying calm. Dips could present opportunities.

Regent Makarechian cautioned that the University's retiree benefit liabilities were growing alongside its good performance and growing assets and suggested that a discussion about contributions be agendized. When compared with these liabilities, the market value of UC's assets has not changed much despite exceptional returns. For about ten years now, the employer contribution has hovered around 80 percent, which affects how UC pays its retirees. Mr. Bachher expressed appreciation for Regent Makarechian's persistence and agreed to have a conversation with him about this topic. He explained that the funding ratio, which indicates the health of the pension, is the result of dividing assets by liabilities. In 2008, UC's funding ratio was 103 percent following 20 years of strong markets, growing assets, and a 20-year contribution holiday, and the pension stood at \$42 billion. In 2010, assets went down, the funding ratio dropped to 87 percent, and the pension stood at \$35 billion. In 2025, the funding ratio decreased further to 83 percent despite the best decade of investment performance in 94 years, and the pension ballooned to some \$111 billion. Over the last 15 years, the pension paid out \$55 billion; received \$48 billion in contributions from UC, employees, the State, and the amount borrowed from STIP; and

earned \$83 billion in investment returns. Of the \$48 billion, UC contributed \$27 billion and borrowed \$8 billion, and employees contributed \$13 billion. Mr. Bachher stated that a pension plan relied on investment performance and contributions for its survival. He stated that not only did the employer and the employees have obligations to the pension, but so did the State. Furthermore, growing benefits payments could also be attributed to demographics.

Regent Brooks suggested that UC Investments provide detailed information about investment performance at future meetings so that Regents can identify areas that may be weak or growing and ask questions. Mr. Bachher responded that even a top decile investor experiences poor returns. He presented a chart of net returns from FY 2013–14 to 2024–25, noting the negative returns in 2015–16 and in 2021–22.

Regent Anguiano cautioned against characterizing liabilities as “ballooning,” which could lead to the public’s misunderstanding of the pension. There was a predictable cost associated with UC’s pension benefits, and there was a budgetary issue that one must consider. Mr. Bachher stated that the projected cost of the pension, which he would present at a future meeting, was worse than what really transpired over the last 15 years. He underscored that UC’s liabilities were growing faster than its assets.

Regent Anguiano noted that this could change depending on contributions. Mr. Bachher expressed agreement. Contributions could help address this issue.

The meeting adjourned at 2:20 p.m.

Attest:

Secretary and Chief of Staff

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN

[UCRP]

INVESTMENT POLICY STATEMENT

Effective: July 1, 2025, Amended: July 15, 2025

Replaces the UCRP Investment Policy Statement and UCRP Asset and Risk Allocation Policy
effective July 1, 2020



UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

POLICY SUMMARY/BACKGROUND

The purpose of this Investment Policy Statement (“Policy”) is to define the objectives, policies and guidelines for the management and oversight of the University of California (“UC”) Retirement Plan (“UCRP”). The management of UCRP is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document.

The Policy consists of the following sections:

1. Roles and Responsibilities
2. Objectives
3. Investment Guidelines
4. Strategic Allocation
5. Risk Management
6. Benchmarks
7. Rebalancing
8. Monitoring and Reporting
9. Policy Maintenance
10. No Right of Action
11. Disclosures

1. ROLES AND RESPONSIBILITIES

Board of Regents

The Board defines the goals and objectives of UCRP and is responsible for establishing and approving changes to this Policy. The Board of Regents may delegate the implementation of this policy to committees, the Chief Investment Officer and investment advisors.

Chief Investment Officer

The Chief Investment Officer (~~“Office of the Chief Investment Officer,” “OCIO,”~~ “UC Investments”) is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of UCRP assets.

Investment Managers

~~The OCIO~~ UC Investments may delegate to external Investment Managers responsibility for managing all or a portion of the assets. Any external Investment Managers will assume the roles and responsibilities of “investment manager” under Section 3(38) of ERISA, including but not limited to acknowledging in writing that such Investment Manager is a fiduciary with respect to the assets it manages on behalf of UCRP. The Investment Manager will accept assets and invest in compliance with all relevant laws, the Investment Manager’s individual investment management agreement(s), and as applicable, the stated investment guidelines in this Policy.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

Trustee/Custodian

The role of the Trustee/Custodian is to provide safekeeping, accounting and valuation of Trust assets.

2. OBJECTIVES

Overall Objective

The objective of UCRP is to provide retirement benefits, as described in the Plan document, to its participants and their beneficiaries. The overall investment goal of UCRP is to maximize the probability of satisfying the Plan's liabilities in conjunction with the Regents' funding policy.

Return Objective

UCRP seeks to maximize its return on investment, consistent with levels of investment risk that are prudent and reasonable given long-term capital market expectations and the overall objectives of UCRP. The performance of UCRP will be measured relative to its objectives (e.g. actuarial rate, funded status, inflation) and policy benchmarks found in this Policy.

Accordingly, the investment objectives and strategies emphasize a long-term outlook, and interim performance fluctuations will be viewed with the corresponding perspective. The Board acknowledges that over short time periods (i.e. one quarter, one year, and even three to five year time periods), returns will vary from performance objectives and the investment policy thus serves as a buffer against ill-considered action.

Risk Objective

While the Board recognizes the importance of the preservation of capital, it also recognizes that to achieve UCRP's overall objectives requires prudent risk-taking, and that risk is the prerequisite for generating investment returns. Therefore investment risk cannot be eliminated but should be managed. Risk exposures should be identified, measured, monitored and tied to responsible parties; and risk should be taken consistent with UCRP's objectives and the expectations for return from the risk exposures.

UCRP seeks a level of risk that is prudent and reasonable to maximize the probability of achieving its overall objective consistent with capital market conditions. The expected level of UCRP funded status volatility (i.e. surplus risk, or volatility of the change in UCRP assets relative to the change in UCRP liabilities) should be monitored and the Board seeks to minimize the probability of loss of funded status over a full market cycle.

Sustainability Objective

~~The Office of the Chief Investment Officer ("OCIO")~~ UC Investments shall incorporate environmental sustainability, social responsibility, and governance (ESG) into the investment evaluation process as part of its overall risk assessment in its investments decision making. ESG factors are considered with the same weight as other material risk factors influencing investment decision making.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN

INVESTMENT POLICY STATEMENT

~~The OCIO UC Investments~~ uses a proprietary sustainability framework to provide core universal principles that inform the decisions and assist in the process of investment evaluation. ~~The OCIO UC Investments~~ manages the UCRP consistent with these sustainability principles. The Framework can be found on the ~~OCIO UC Investments~~ website in the sustainability section.

3. INVESTMENT GUIDELINES

Permitted Investments

Below is a list of asset class types in which the UCRP may invest so long as they do not conflict with the constraints and restrictions described elsewhere in this document. The criteria used to determine which asset classes may be included are:

- Positive contribution to the investment objective of UCRP
- Widely recognized and accepted among institutional investors
- Diversification with some or all of the other accepted asset classes

Based on the criteria above, the types of assets for building the portfolio allocation are:

1. Public Equity

Includes publicly traded common and preferred stock of issuers domiciled in US, Non-US, and Emerging (and Frontier) Markets. The objective of the public equity portfolio is to generate investment returns with adequate liquidity through a globally diversified portfolio of common and preferred stocks.

2. Fixed Income

Fixed Income includes a variety of income related asset types. The portfolio will invest in core fixed income instruments, including government and investment grade corporate bonds, inflation linked securities, cash and cash equivalents, as well as higher returning growth fixed income assets including high yield and emerging markets debt. The UCRP can hold a mix of traditional (benchmark relative) strategies and unconstrained (benchmark agnostic) strategies. The objective of the core fixed income assets is to provide diversification relative to other higher risk assets and necessary liquidity for payment obligations and portfolio rebalancing needs. The growth fixed income assets are intended to provide diversification and long term growth by investing in higher yielding and less liquid growth fixed income opportunities.

3. Private Equity

Private equity includes, but is not limited to, venture capital and buyout funds, direct investments, and co-investments in private companies. This includes investments in privately held companies and private investments in public entities which are illiquid. The objective of the portfolio is to earn higher returns than the public equity markets over the long term and take advantage of the illiquidity premium.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

4. Private Credit

Private credit includes debt issued by and loans made to companies through privately negotiated, non-public transactions, other debt backed private structures, such as consumer or asset backed loans. The objective of the portfolio is to earn higher returns than the public debt markets over the long term and take advantage of preferential yields, terms and other characteristics available through private transactions.

5. Real Estate

Real estate includes private investments in real property and related debt investments. The objectives of the real estate portfolio are to contribute to the diversification of the portfolio, generate returns through income and/or capital appreciation, and provide protection against unanticipated inflation.

6. Real Assets

Real assets includes, but is not limited to, natural resources, timberland, energy, royalties, infrastructure, and commodities related equity and debt related investments. The objective of the real assets portfolio is to contribute to the diversification of the portfolio, generate returns through income and/or capital appreciation, and provide protection against unanticipated inflation.

~~7. Absolute Return~~

~~Absolute return investments are expected to generate long term real returns by exploiting market inefficiencies. The portfolio invests in a collection of strategies that includes, but is not limited to, strategy types such as Relative Value and Event Driven strategies. The objective of the portfolio is to provide diversification and generate capital appreciation.~~

7. Derivatives

A derivative is a contract or security whose value is derived from another security or risk factor. There are three fundamental classes of derivatives – futures, options and swaps – each with many variations; in addition, some securities are combinations of derivatives or contain embedded derivatives. Use of derivatives to create economic leverage is prohibited, except for specific strategies only. Permitted applications for derivatives are: efficient substitutes for physical securities, managing risk by hedging existing exposures, to implement arbitrage or other approved active management strategies.

Each asset class is assigned a benchmark that represents the opportunity set and risk and return characteristics associated with the asset class. For some private or more complex asset classes the benchmark serves as a proxy for the expected level and pattern of returns rather than an approximation of the actual investment holdings.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN

INVESTMENT POLICY STATEMENT

Investment Restrictions

The Regents established that the purchase of securities issued by tobacco companies and companies with business operations in Sudan are prohibited in separately managed accounts. ~~The OCIO~~ UC Investments will determine what constitutes a tobacco or Sudan Company based on standard industry classification of the major index providers and must communicate this list to investment managers annually and whenever changes occur.

5. STRATEGIC ALLOCATION

The purpose of the Strategic Asset Allocation (SAA) is to establish a diversified long term portfolio that is best able to achieve UCRP's long-term purpose and objectives. The SAA will reflect investment beliefs and organizational capability of ~~the OCIO~~ UC Investments. The actual portfolio exposures will deviate from the Strategic Asset Allocation as a result of price drifts, opportunity set, and value adding activities of ~~the OCIO~~ UC Investments. This is underpinned by the recognition that investment opportunities come and go, values rise and fall and, that implementation must be dynamic in order to benefit from this fluctuation. This belief is critical to add value to UCRP. We follow a risk allocation process to ensure that the attractiveness of all opportunities is assessed on a consistent basis and that will meet the objectives set.

The investment strategy of UCRP will be based on a financial plan that will consider:

- The financial condition of the Plan, i.e., the relationship between the current and projected assets of the Plan and the projected benefit payments, and the current Funding Policy.
- Future growth of active and retired participants; expected service costs and benefit payments; and inflation and the rate of salary increases. (Together these are the principal factors determining liability growth.)
- The expected long-term capital market outlook, including expected volatility of and correlation among various asset classes.

Below are the strategic asset allocation long-term weights and allowable ranges:

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

Table 1

	Target Allocation	Allowable Ranges	
		Minimum	Maximum
Global Public Equity	53.0 <u>57.0</u>	43.0 <u>40.0</u>	63.0 <u>70.0</u>
Core Fixed Income	13.0 <u>14.0</u>	10.0 <u>8.0</u>	16.0 <u>20.0</u>
High Yield Fixed Income	2.5 <u>3.0</u>	0.0	5.0 <u>10.0</u>
Emerging Markets Fixed Income	1.5	0.0	3.0
Private Equity	12.0	7.0 <u>5.0</u>	17.0 <u>20.0</u>
Real Estate	7.0	2.0	12.0 <u>20.0</u>
Real Assets	4.0 <u>3.0</u>	0.0	8.0 <u>10.0</u>
Private Credit	3.5 <u>3.0</u>	0.0	7.0 <u>10.0</u>
Absolute Return	3.5	0.0	5.5
Cash	0.0 <u>1.0</u>	0.0	5.0
TOTAL	100%		
Combined Private Investments⁽¹⁾	30.0 <u>25.0</u>	15.0 <u>7.0</u>	40.0 <u>60.0</u>
Combined Public Fixed Income⁽²⁾	17.0	10.0 <u>8.0</u>	25.0 <u>30.0</u>

1. Private Investments includes Private Equity, Private Credit, Real Estate and Real Assets ~~and Absolute Return.~~
2. Public Fixed Income includes Core and High Yield ~~and Emerging Markets~~ Fixed Income

6. RISK MANAGEMENT

There are three principal factors that affect a pension fund's financial status: 1) contributions, 2) benefit payments, and 3) investment performance. Only the last factor is dependent upon the investment policy and guidelines contained herein. However, the Committee's level of risk tolerance will take all three factors into account. At certain levels of funded status, it could be impossible for the investments to achieve the necessary performance to meet the promised liabilities. The result is that either benefits have to be reduced, contributions increased, or risk tolerance changed.

Funded status risk, or the risk of a significant decline in funded position, is the ultimate aggregate risk for UCRP. Of the three determinants of this aggregate risk (contributions, benefits and investments) investment policy and investment risk are governed by this policy. The primary investment risk for UCRP is that investment returns fall below the assumed rate of return of the UCRP over the medium to long term. The principal risk factors that determine UCRP's investment risk, and the parties responsible for managing them are as follows:

- **Capital market risk** is the risk that the investment return associated with the asset allocation policy is not sufficient to provide the required returns to meet the UCRP's investment objectives. Responsibility for determining the overall level of capital market risk lies with the Board and OCIO UC Investments.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

- **Total active risk** refers to the difference between the return of the UCRP policy benchmark and the actual return and captures the impact of implementation of the SAA policy. It incorporates the aggregate of investment style risk, active management risk, and tactical/strategic risks and is thus the responsibility of ~~the OCIO UC Investments~~.

~~The OCIO UC Investments~~ is responsible for managing both active risk and total risk (the combination of capital market and active risk), and shall implement procedures and safeguards so that the combined risk exposures of all portfolios taken together are kept within risk bands. Further, within limits of prudent diversification and risk budgets, total and active risk exposures are fungible. That is, ~~the OCIO UC Investments~~ may allocate risk exposures within and between asset types in order to optimize return.

Although the management of investment portfolios may be outsourced, investment oversight and risk management are primary fiduciary duties of the Board that are delegated to and performed by ~~the OCIO UC Investments~~.

7. BENCHMARKS

UCRP's performance will be evaluated against appropriate benchmarks including a strategic asset allocation benchmark ("Total UCRP Portfolio Benchmark") and specific benchmarks for each asset class and investment manager. The Total UCRP Portfolio Benchmark is a weighted average consisting of the asset class benchmarks listed below weighted by the SAA target weights. The benchmarks for each asset class are shown in Table 2:

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

Table 2

Asset Class	Benchmark
Global <u>Public</u> Equity	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Fuel Free - Net Dividends
Core Fixed Income	Bloomberg Barclays 1-5 Year US Government/Credit Index
High Yield Fixed Income	Merrill Lynch High Yield Cash Pay Index Fossil Free
Emerging Market Fixed Income	JP Morgan Emerging Markets Bond Index Global Diversified Fossil Free
Private Equity	Russell 3000 + 3*%
Real Estate	NCREIF Fund Index – Open End Diversified Core Equity (ODCE) non lagged
Real Assets	Actual Real Assets Portfolio Return
Private Credit	75% Credit Suisse Leverage Loan Fossil Free Index + 25% Merrill Lynch High Yield BB-B Fossil Free Index +1.5%
Absolute Return	HFRI Fund of Funds Composite
Cash	Bank of America 3-Month US Treasury Bill Index

* The Private Equity benchmark is in transition from Russell 3000 + 2.5% for FY 2021 to Russell 3000 + 3.0% thereafter.

The **Total UCRP Portfolio Benchmark** is a weighted average consisting of each of the monthly returns of the benchmarks noted above weighted by the Policy Allocation percentages. The policy benchmarks may differ from the target allocations in Table 1 until implementation reaches the long- term strategic asset allocation.

8. REBALANCING

There will be periodic deviations in actual asset weights from the strategic target weights. Causes for periodic deviations are market movements, cash flows, tactical tilts, and asset selection. Significant movements from the asset class policy weights will alter the intended expected return and risk of UCRP. Accordingly, UCRP may be rebalanced when necessary to ensure adherence to this Policy.

~~The OCIO~~ UC Investments will monitor the actual asset allocation. The Board directs ~~the OCIO~~ UC Investments to take all actions necessary, within the requirement to act prudently, to manage the asset allocation in a manner that ensures that UCRP achieves its long-term risk and return objectives.

UNIVERSITY OF CALIFORNIA RETIREMENT PLAN INVESTMENT POLICY STATEMENT

~~The OCIO UC Investments~~ shall assess and manage the trade-off between the cost of rebalancing and the active risk associated with the deviation from policy asset weights. ~~The OCIO UC Investments~~ may delay a rebalancing program when the CIO ~~it~~ believes the delay is in the best interest of UCRP.

9. MONITORING AND REPORTING

~~The OCIO UC Investments~~ is responsible for monitoring the portfolio and investment managers on an ongoing basis. ~~The OCIO UC Investments~~ should monitor and report to the Investments Committee and Board of Regents on the following items:

1. Asset and Risk Measures and Exposures
2. Investment Performance and Attribution (against benchmarks identified in this Policy)
3. Material Changes to Organization and Investment Strategy
4. Potential Material Issues and Risks
5. Compliance of UCRP with this Policy

While short-term results will be monitored, it is understood that UCRP's objectives are long-term in nature and progress towards these objectives will be evaluated from a long-term perspective.

On at least an annual basis the CIO will report on the implementation of the UC's Sustainability Framework which will include a discussion on the portfolio's environmental, social, and governance risks considered during the year.

10. POLICY MAINTANENCE

The Policy should be reviewed at least annually and updated as necessary. The Committee on Investments may recommend action which will be placed on the Agenda for approval by the Board.

11. NO RIGHT OF ACTION

This Policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

12. DISCLOSURES

The Chief Investment Officer ("OCIO") provides investment-related information on UCRP to The Regents' Committee on Investments in a manner consistent with the requirements outlined in this policy. Current and historical materials are publicly available on The Regents' website within the section on Meeting Agendas and Schedule. The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the Chief Investment Officer's website. Other disclosures that will be posted on the Chief Investment Officer's website are:

1. A report on private equity internal rates of return is publicly available on the Chief Investment Officer's website on a lagged quarterly basis.

**UNIVERSITY OF CALIFORNIA RETIREMENT PLAN
INVESTMENT POLICY STATEMENT**

2. As soon as practicable after each fiscal year, a complete listing of all assets held by the UCRP at calendar year end will be posted on the Chief Investment Officer's website. Each listing will include the asset's market value at the end of the year. The assets will be grouped in the standard categories used by the custodian bank to group the assets in the asset reports provided to the Chief Investment Officer

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL

[UC ENDOWMENT]

INVESTMENT POLICY STATEMENT

Effective: July 1, 2025, Amended: July 15, 2025

Replaces the GEP Investment Policy Statement and Asset and Risk Allocation Policy effective July 1, 2020



UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL INVESTMENT POLICY STATEMENT

POLICY SUMMARY/BACKGROUND

The purpose of this Investment Policy Statement (“Policy”) is to define the objectives, policies and guidelines for the management and oversight of the University of California (“UC”) General Endowment Pool (“GEP”). The management of GEP is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document.

The Policy consists of the following sections:

1. Roles and Responsibilities
2. Objectives
3. Investment Guidelines
4. Strategic Allocation
5. Risk Management
6. Benchmarks
7. Rebalancing
8. Monitoring and Reporting
9. Total Return Expenditure (Spending) Rate
10. Endowment Administration Cost Recovery
11. Policy Maintenance
12. No Right of Action
13. Disclosures

1. ROLES AND RESPONSIBILITIES

Board of Regents

The Board defines the goals and objectives of GEP and is responsible for establishing and approving changes to this Policy. The Board of Regents may delegate the implementation of this policy to sub-committees, the Chief Investment Officer and investment advisors.

Chief Investment Officer

The Chief Investment Officer (~~“Office of the Chief Investment Officer,” “OCIO”~~ “UC Investments”) is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of the GEP assets.

Investment Managers

~~The OCIO UC Investments~~ may delegate to external Investment Managers responsibility for managing all or a portion of the assets. Any external Investment Managers will assume the roles and responsibilities of “investment manager” under Section 3(38) of ERISA, including but not limited to acknowledging in writing that such Investment Manager is a fiduciary with respect to the assets it manages on behalf of GEP. The Investment Manager will accept assets and invest in compliance with all relevant laws, the Investment Manager’s individual investment management agreement(s), and as applicable, the stated investment guidelines in this Policy.

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL INVESTMENT POLICY STATEMENT

Trustee/Custodian

The role of the Trustee/Custodian is to provide safekeeping, accounting and valuation of Trust assets.

2. OBJECTIVES

Overall Objective

The GEP provides a common investment vehicle, intended to generate a stable and growing income stream, for (most but not all of) the University's endowments and quasi- endowments, for which the University is both trustee and beneficiary.

The overall investment objective of the GEP is to preserve and grow the purchasing power of the future stream of endowment payout for those funds and activities supported by the endowments. GEP also seeks to maintain liquidity needed to support spending in prolonged down market environments without impairing long term growth.

Return Objective

GEP seeks to maximize its return on investment, consistent with levels of investment risk that are prudent and reasonable given long-term capital market expectations and the overall objectives of the GEP. The performance of GEP will be measured relative to its objectives (e.g. spending, inflation growth) and policy benchmarks found in this Policy.

Risk Objective

While the Board recognizes the importance of the preservation of capital, it also recognizes that to achieve the GEP's overall objectives requires prudent risk-taking, and that risk is the prerequisite for generating investment returns. GEP seeks a level of risk that is prudent and reasonable to maximize the probability of achieving its overall objective consistent with capital market conditions. GEP should limit the probability of loss of capital and/or a loss of purchasing power over a full market cycle (typically 4-8 years). Another important risk objective is limiting declines in purchasing power over the spending policy's stated rolling period of 60 months.

Sustainability Objective

~~The Office of the Chief Investment Officer~~ UC Investments shall incorporate environmental sustainability, social responsibility, and governance (ESG) into the investment evaluation process as part of its overall risk assessment in its investments decision making. ESG factors are considered with the same weight as other material risk factors influencing investment decision making.

~~The Office of the Chief Investment Officer~~ UC Investments uses a proprietary sustainability framework to provide core universal principles that inform the decisions and assist in the process of investment evaluation. ~~The Office of the Chief Investment Officer~~ UC Investments manages the GEP consistent with these sustainability principles. The Framework can be found on the ~~Office of the Chief Investment Officer~~ UC Investments website in the sustainability section.

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL

INVESTMENT POLICY STATEMENT

3. INVESTMENT GUIDELINES

Permitted Investments

Below is a list of asset class types in which the GEP may invest so long as they do not conflict with the constraints and restrictions described elsewhere in this document. The criteria used to determine which asset classes may be included are:

- Positive contribution to the investment objective of GEP
- Widely recognized and accepted among institutional investors
- Diversification with some or all of the other accepted asset classes

Based on the criteria above, the types of assets for building the portfolio allocation are:

1. Public Equity

Includes publicly traded common and preferred stock of issuers domiciled in US, Non- US, and Emerging (and Frontier) Markets. The objective of the public equity portfolio is to generate investment growth with adequate liquidity through a globally diversified portfolio of common and preferred stocks.

2. Fixed Income

Fixed Income includes a variety of income related asset types. The portfolio will invest in interest bearing and income based instruments such as corporate and government bonds, high yield debt, emerging markets debt, inflation linked securities, cash and cash equivalents. The portfolio can hold a mix of traditional (benchmark relative) strategies and unconstrained (benchmark agnostic) strategies. The objectives of the fixed income portfolio are to provide diversification relative to other higher risk assets and necessary liquidity for payment obligations and portfolio rebalancing needs, while investing in higher yielding and less liquid fixed income opportunities when appropriate.

3. Private Equity

Private equity includes, but is not limited to, venture capital and buyout funds, direct investments, special situations and co-investments in private companies. This includes investments in privately held companies and private investments in public entities which are illiquid. The objective of the portfolio is to earn higher returns than the public equity markets over the long term and take advantage of the illiquidity premium.

4. Private Credit

Private credit includes debt issued by and loans made to companies through privately negotiated, non-public transactions, other debt backed private structures, such as consumer or asset backed loans. The objective of the portfolio is to earn higher returns than the public debt markets over the long term and take advantage of preferential yields, terms and other characteristics available through private transactions.

**UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL
INVESTMENT POLICY STATEMENT**

5. Real Estate

Real estate includes private investments in real property and related debt investments. The objectives of the real estate portfolio are to contribute to the diversification of the portfolio, generate returns through income and/or capital appreciation, and provide protection against unanticipated inflation.

6. Real Assets

Real assets includes, but is not limited to, natural resources, timberland royalties, energy, infrastructure, and commodities related equity and related debt investments. The objectives of the real assets portfolio are to contribute to the diversification of the portfolio, generate returns through income and/or capital appreciation, and provide protection against unanticipated inflation.

~~7. Absolute Return~~

~~Absolute return investments are expected to generate long-term real returns by exploiting market inefficiencies. The portfolio may invest in various strategies, including, but not limited to, Relative Value, Macro and Event Driven strategies. The objective of the portfolio is to provide diversification and generate capital appreciation.~~

7. Derivatives

A derivative is a contract or security whose value is derived from another security or risk factor. There are three fundamental classes of derivatives – futures, options and swaps – each with many variations; in addition, some securities are combinations of derivatives or contain embedded derivatives. Use of derivatives to create economic leverage is prohibited. Permitted applications for derivatives are: efficient substitutes for physical securities, managing risk by hedging existing exposures, to implement arbitrage or other approved active management strategies.

Each asset class is assigned a benchmark that represents the opportunity set and risk and return characteristics associated with the asset class. For some private or more complex asset classes the benchmark serves as a proxy for the expected level and pattern of returns rather than an approximation of the actual investment holdings.

Investment Restrictions

The Regents have established that the purchase of securities issued by tobacco and fossil fuel companies and companies with business operations in Sudan are prohibited in separately managed accounts. The Chief Investment Officer will determine what constitutes a tobacco or Sudan company based on standard industry classification of the major index providers and must communicate this list to investment managers annually and whenever changes occur.

4. STRATEGIC ALLOCATION

The Strategic Asset Allocation (SAA) is the primary determinant of the return and risk of the portfolio. The SAA is set by the Board of Regents in consultation with ~~the OCIO~~ UC Investments and reviewed periodically to reflect current program objectives and capital market expectations. The SAA expresses the target allocation and the allowable minimum and maximum allocations for each asset class. The actual portfolio exposures may

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL

INVESTMENT POLICY STATEMENT

deviate from the SAA as a result of price drifts, opportunity set, and value adding activities of the ~~OCIO UC Investments~~, but generally should remain within the allowable ranges Tactical asset allocation shifts within and across asset classes are permitted if those decisions are expected to add value to GEP.

Below are the strategic asset allocation long-term weights and allowable ranges:

Table 1

Strategic Asset Allocation		Allowable Ranges	
		Minimum	Maximum
Public Equity	40.0 <u>50.0</u>	30.0	50.0 <u>65.0</u>
Fixed Income	8.0	<u>3.0</u> 5.0	15.0
Private Equity	24.0	10.0	30.0
Real Estate	8.0	4.0	12.0 <u>20.0</u>
Real Assets	4.0	0.0	8.0
Private Credit	4.0	0.0	6.0 <u>8.0</u>
Absolute Return	10.0	5.0	15.0
Cash	2.0	1.0 <u>0.0</u>	5.0
<u>TOTAL</u>	<u>100</u>		
<u>Combined Private Investments⁽¹⁾</u>	<u>40.0</u>	<u>14.0</u>	<u>64.0</u>

1. Private Investments includes Private Equity, Private Credit, Real Estate and Real Assets.

5. RISK MANAGEMENT

The primary risks to GEP are the inability to meet planned spending and deterioration in long term spending power. Total program volatility will be managed to limit these risks. The principal risk factors that determine GEP's asset volatility, and the parties responsible for managing them are as follows:

- **Capital market risk** is the risk that the investment return associated with the asset allocation policy is not sufficient to provide the required returns to meet the GEP's investment objectives. Responsibility for determining the overall level of capital market risk lies with the Board and ~~OCIO UC Investments~~.
- **Total active risk** refers to the volatility of the difference between the return of the GEP policy benchmark and the actual return. It incorporates the aggregate of investment style risk, active management risk, and tactical/strategic risks and is thus the responsibility of the Chief Investment Officer.

~~The OCIO UC Investments~~ is responsible for managing both active risk and total risk, including both capital market and active risk, and shall implement procedures and safeguards so that the combined risk exposures of all portfolios taken together are kept within risk bands.

Further, within limits of prudent diversification and risk budgets, total and active risk exposures are fungible. That is, ~~the OCIO UC Investments~~ may allocate risk exposures within and between asset types in order to optimize return.

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL

INVESTMENT POLICY STATEMENT

Although the management of investment portfolios may be outsourced, investment oversight and risk management are primary fiduciary duties of the Board that are delegated to and performed by the Chief Investment Officer.

6. BENCHMARKS

GEP's performance will be evaluated against appropriate benchmarks including a strategic asset allocation benchmark ("Total GEP Portfolio Benchmark") and specific benchmarks for each asset class and investment manager. The Total GEP Portfolio Benchmark is a weighted average consisting of the asset class benchmarks listed below weighted by the SAA target weights. The benchmarks for each asset class are shown in **Table 2**:

Table 2

Asset Class	Benchmark
Global <u>Public</u> Equity	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Fuel Free - Net Dividends
Fixed Income	Bloomberg Barclays 1-5 Year US Government/Credit Index
Private Equity	Russell 3000 + 3*%
Real Estate	NCREIF Fund Index – Open End Diversified Core Equity (ODCE)
Real Assets	Actual Real Assets Portfolio Return
Private Credit	75% Credit Suisse Leverage Loan Fossil Free Index + 25% Merrill Lynch High Yield BB-B Fossil Free Index +1.5%
Absolute Return	HFRI Fund of Funds Composite
Cash	Bank of America 3-Month US Treasury Bill Index

~~* The Private Equity benchmark is in transition from Russell 3000 + 2.5% for FY 2021 to Russell 3000 + 3.0% thereafter.~~

The **Total GEP Portfolio Benchmark** is a weighted average consisting of each of the monthly returns of the benchmarks noted above weighted by the Policy Allocation percentages. The policy benchmarks may differ from the target allocations in **Table 1** until implementation reaches the long- term strategic asset allocation.

7. REBALANCING

There will be periodic deviations in actual asset weights from the strategic target weights. Causes for periodic deviations are market movements, cash flows, tactical tilts, and asset selection. Significant movements from the asset class policy weights will alter the intended expected return and risk of the GEP. Accordingly, the GEP may

UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL INVESTMENT POLICY STATEMENT

be rebalanced when target weights are outside of the allowable ranges to ensure adherence to this policy.

~~The OCIO UC Investments~~ will monitor the actual asset allocation. The Board directs ~~the OCIO UC Investments~~ to take all actions necessary, within the requirement to act prudently, to manage the asset allocation in a manner that ensures that the GEP achieves its long-term risk and return objectives.

~~The OCIO UC Investments~~ shall assess and manage the trade-off between the cost of rebalancing and the active risk associated with the deviation from policy asset weights. The Chief Investment Officer may delay a rebalancing program when the Chief Investment Officer believes the delay is in the best interest of the GEP.

8. MONITORING AND REPORTING

~~The OCIO UC Investments~~ is responsible for monitoring the portfolio and investment managers on an ongoing basis. ~~The OCIO UC Investments~~ should monitor and report to the Investments Committee and Board of Regents on the following items:

1. Asset and Risk Measures and Exposures
2. Investment Performance and Attribution (against benchmarks identified in this Policy)
3. Material Changes to Organization and Investment Strategy
4. Potential Material Issues and Risks
5. Compliance of GEP with this Policy

While short-term results will be monitored, it is understood that GEP's objectives are long-term in nature and progress towards these objectives will be evaluated from a long-term perspective.

On at least an annual basis the CIO will report on the implementation of the UC's Sustainability Framework which will include a discussion on the portfolio's environmental, social, and governance risks considered during the year.

9. TOTAL RETURN EXPENDITURE (SPENDING) RATE

The endowment spending rate provides University programs with a source of income that is perpetual, growing (at least as fast as inflation) and predictable. The spending rate should balance the needs of current and future generations (equalize real value of per unit distributions over time), and preserve the purchasing power (real value) of the endowment, net of annual spending distributions.

The objective of the spending rate is to allow the principal or core assets to grow on a total

return basis (total return = change in market value + income generated from the securities held) while "smoothing" the payout from the endowment assets in order to mitigate disruptions to the budgets of the endowed activities throughout economic and market cycles. Total return expenditure rates permit the spending of realized portfolio gains. The Spending Rate is a percent of unit value (or average unit value) distributed to programs each year and uses a smoothing formula that mediates between volatile market returns and program needs for predictable income.

The total return expenditure (spending) policy for eligible assets in the General Endowment Pool is 5 ~~4.75~~ percent of a 60-month moving average of the market value of a unit invested in the GEP.

**UNIVERSITY OF CALIFORNIA GENERAL ENDOWMENT POOL
INVESTMENT POLICY STATEMENT**

10. ENDOWMENT ADMINISTRATION COST RECOVERY

Endowment cost recovery is taken from the endowment payout each year and is used to defray, in part, the cost of the campuses and at the system-wide offices of administering and carrying out the terms of the Regents' endowments. The funds released by this mechanism are used by the campuses and the Office of the President as support for incremental fundraising activities. The endowment administration cost recovery rate of 55 basis points (0.55 percent) is to recover reasonable and actual costs related to the administration of gift assets invested in the General Endowment Pool.

11. POLICY MAINTENANCE

The Policy should be reviewed at least annually and updated as necessary. Revisions may be recommended by ~~the OCIO~~ UC Investments, Investments Committee and approved by the Board of Regents.

12. NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

13. DISCLOSURES

The Chief Investment Officer provides investment-related information on the GEP to The Regents' Investments Subcommittee in a manner consistent with the requirements outlined in this policy. Current and historical materials are publicly available on The Regents' website within the section on Meeting Agendas and Schedule. The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the Chief Investment Officer's website. Other disclosures that will be posted on the Chief Investment Officer's website are:

1. A report on private equity internal rates of return is publicly available on the Chief Investment Officer's website on a lagged quarterly basis.
2. As soon as practicable after each fiscal year, a complete listing of all assets held by the GEP at calendar year end will be posted on the Chief Investment Officer's website. Each listing will include the asset's market value at the end of the year. The assets will be grouped in the standard categories used by the custodian bank to group the assets in the asset reports provided to the Chief Investment Officer

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

**Technical Amendments made by the Secretary and Chief of Staff to the Regents per Policy 1000*

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL [UC WORKING CAPITAL]

INVESTMENT POLICY STATEMENT

Effective: July 1, 2025, Amended: July 15, 2025

Replaces the TRIP Investment Policy Statement and ~~TRIP Asset and Risk Allocation Policy~~ effective July 1, 2020



UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL INVESTMENT POLICY STATEMENT

PURPOSE

The purpose of this Investment Policy Statement (“Policy” or “IPS”) is to define the objectives, policies and guidelines for the management and oversight of the University of California (“UC”) Total Return Investment Pool (“TRIP”). The management of TRIP is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document.

The Policy consists of the following sections:

1. Roles and Responsibilities
2. Objectives
3. Investment Guidelines
4. Strategic Allocation
5. Risk Management
6. Benchmarks
7. Rebalancing
8. Monitoring and Reporting
9. Policy Maintenance
10. No Right of Action
11. Disclosures
12. Other Policies

1. ROLES AND RESPONSIBILITIES

Board of Regents

The Board defines the goals and objectives of TRIP and is responsible for establishing and approving changes to this Policy.

The Board of Regents may delegate the implementation of this policy to the Chief Investment Officer and investment advisors.

Chief Investment Officer

The Chief Investment Officer (“CIO”, “OCIO”, ~~“Office of the Chief Investment Officer”~~ or “UC Investments”) is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of TRIP assets.

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL INVESTMENT POLICY STATEMENT

Investment Managers

~~The OCIO UC Investments~~ may delegate to external Investment Managers responsibility for managing all or a portion of the assets. Any external Investment Managers will assume the roles and responsibilities of “investment manager” under Section 3(38) of ERISA, including but not limited to acknowledging in writing that such

Investment Manager is a fiduciary with respect to the assets it manages on behalf of TRIP. The Investment Manager will accept assets and invest in compliance with all relevant regulations and laws, the Investment Manager’s individual investment management agreement(s), and as applicable, the stated investment guidelines in this Policy.

Trustee/Custodian

The role of the Trustee/Custodian is to provide safekeeping, accounting and valuation of Trust assets.

2. OBJECTIVES

Overall Objective

TRIP is an investment pool established by the Board of Regents with the objective to provide a high-quality liquid investment vehicle for intermediate-term needs. The primary investment objective is to earn an overall rate of return consistent with the expected intermediate-term spending of TRIP. The investment objective shall be subject to risk tolerance and liquidity management practices established with the Office of the President and Campuses. TRIP is available to all University groups and affiliates.

Return Objective

TRIP seeks to generate a rate of return, after all costs and fees, consistent with TRIP’s Overall Objectives, including spending objectives and time horizon. Subject to the risk objective below, TRIP’s return objective is to earn a return consistent with or greater than a portfolio equally allocated between public equities and high-quality bonds.

Risk Objective

TRIP will seek to 1) have a low probability of a negative return over a three to five year time horizon and 2) limit the portfolio’s expected volatility and maximum drawdown to the level of a portfolio equally allocated between public equities and high-quality bonds and consistent with TRIP’s objectives and payout expectations.

Sustainability Objectives

TRIP will be managed in a manner that balances meeting the needs of current investors without compromising the needs of future investors. TRIP will consider sustainability in both risk assessment and investment due diligence.

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL

INVESTMENT POLICY STATEMENT

3. INVESTMENT GUIDELINES

Permitted Investments

TRIP will primarily investment in public equity and intermediate fixed income. The following is a list of the asset classes allowed in TRIP:

1. Public Equity

Includes publicly traded common and preferred stock of issuers domiciled in US, Non-US, and Emerging (and Frontier) Markets. The objective of this segment of the portfolio is to generate investment returns with adequate liquidity through a globally diversified portfolio of common and preferred stocks.

2. Fixed Income

Fixed income includes a variety of income related asset types. The portfolio may invest in interest bearing and income-based instruments such as corporate and government bonds, high yield debt, emerging markets debt, inflation linked securities, cash and cash equivalents. Both traditional (benchmark relative) strategies and unconstrained (benchmark agnostic) strategies. The objective of the income portfolio is to provide stability and necessary liquidity for payment obligations, while investing in higher yielding and less liquid income opportunities with attractive return potential.

3. Private Assets

Private asset (equity, debt or other non-publicly traded investments) investments are expected to generate higher long-term real returns versus a portfolio equally allocated between public equities and high-quality bonds by exploiting market inefficiencies, informational advantages and time horizon opportunities. TRIP may invest up to ~~40%~~ 40% in private assets opportunistically at the discretion of the CIO when the expected return and risk are deemed favorable to TRIP's public market assets. All private asset investments must be approved by the CIO.

4. Derivatives

A derivative is a contract or security whose value is derived from another security or risk factor. There are three fundamental classes of derivatives – futures, options and swaps – each with many variations; in addition, some securities are combinations of derivatives or contain embedded derivatives. Use of derivatives to create economic leverage is prohibited. Permitted applications for derivatives are efficient substitutes for physical securities, managing risk by hedging existing exposures, or other approved active management strategies.

Each asset class is assigned a benchmark that represents the opportunity set and risk and return characteristics associated with the asset class. For some private or more complex asset classes the benchmark serves as a proxy for the expected level and pattern of returns rather than an approximation of the actual investment holdings.

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL INVESTMENT POLICY STATEMENT

Investment Restrictions

The Regents have established that the purchase of securities issued by tobacco companies and companies with business operations in Sudan are prohibited in separately managed accounts. The Chief Investment Officer will determine what constitutes a tobacco or Sudan company based on standard industry classification of the major index providers and must communicate this list to investment managers annually and whenever changes occur.

4. STRATEGIC ALLOCATION

The Strategic Asset Allocation (SAA) is the primary determinant of the return and risk of the portfolio. The SAA is set by the Board of Regents in consultation with ~~the OCIO~~ UC Investments and reviewed periodically to reflect current program objectives and capital market expectations. The SAA expresses the target allocation and the allowable minimum and maximum allocations for each asset class. The actual portfolio exposures may deviate from the SAA as a result of price drifts, opportunity set, and value adding activities of ~~the OCIO~~ UC Investments, but generally should remain within the allowable ranges. Tactical asset allocation shifts within and across asset classes are permitted if those decisions are expected to add value to TRIP.

Below are the strategic asset allocation long-term weights and allowable ranges:

Table 1

	Strategic Asset Allocation	Allowable Ranges	
		Minimum	Maximum
Public Equity	50.0	35.0 <u>30.0</u>	55.0 <u>70.0</u>
Fixed Income	50.0	35.0 <u>30.0</u>	55.0 <u>70.0</u>
Private Assets	0.0	0.0	10.0 <u>40.0</u>
TOTAL	100.0%		

~~*TRIP has the flexibility to invest up to ten percent of the portfolio in private investments.~~

5. RISK MANAGEMENT

The primary risks to TRIP are the inability to meet planned spending and/or the inability to return capital to the owners of TRIP assets. Total program volatility will be managed to limit these risks. The principal factors that determine TRIP's asset volatility, and the parties responsible for managing them, are as follows:

- Capital market risk is the risk that the investment return associated with the asset allocation policy is not sufficient to provide the required returns to meet the TRIP's investment objectives. Responsibility for determining the overall level of capital market risk lies with the Board and OCIO UC Investments.

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL

INVESTMENT POLICY STATEMENT

- Total active risk refers to the volatility of the difference between the return of the TRIP policy benchmark and the actual return. It incorporates the aggregate of investment style risk, active management risk, and tactical/strategic risks and is thus the responsibility of the Chief Investment Officer.

Although the management of investment portfolios may be outsourced, investment oversight and risk management are primary fiduciary duties of the Board that are delegated to and performed by the Chief Investment Officer.

Active Risk: Each Manager or asset class segment will have a unique active risk budget, relative to its asset class benchmark, which is appropriate to its individual strategy, and specified in its guidelines.

~~The OCIO~~ UC Investments is responsible for managing both total and active risk, as well as other portfolio risks including foreign exchange risk, credit risk, and liquidity risk. ~~The OCIO~~ UC Investments shall implement procedures and safeguards so that the combined risk exposures of all portfolios taken together are kept within limits appropriate to the TRIP's risk tolerance.

6. BENCHMARKS

TRIP's performance will be evaluated against appropriate benchmarks including a strategic asset allocation benchmark ("Total TRIP Portfolio Benchmark") and specific benchmarks for each asset class and investment manager. The Total TRIP Portfolio Benchmark is a weighted average consisting of the asset class benchmarks listed below weighted by the SAA target weights. The benchmarks for each asset class are shown in **Table 2**:

Table 2

Asset Class	Benchmark
Public Equity	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Fuel Free - Net Dividends
Fixed Income	Bloomberg Barclays US 1-5 Year Government / Credit Index
Private Assets	Total TRIP Portfolio Benchmark

7. REBALANCING

There will be periodic deviations in actual asset weights from the strategic target weights. Causes for periodic deviations are market movements, cash flows, tactical tilts, and asset selection. Significant movements from the asset class policy weights will alter the intended expected return and risk of TRIP. Accordingly, TRIP may be rebalanced when necessary to ensure adherence to this policy and the Investment Policy.

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL INVESTMENT POLICY STATEMENT

~~The OCIO UC Investments~~ will monitor the actual asset allocation. The Board directs ~~the OCIO UC Investments~~ to take all actions necessary, within the requirement to act prudently, to manage the asset allocation in a manner that ensures that TRIP achieves its risk and return objectives.

~~The OCIO UC Investments~~ shall assess and manage the trade-off between the cost of rebalancing and the active risk associated with the deviation from policy asset weights. The Chief Investment Officer may delay a rebalancing program when the Chief Investment Officer believes the delay is in the best interest of TRIP.

8. MONITORING AND REPORTING

~~The OCIO UC Investments~~ is responsible for monitoring the portfolio and investment managers on an ongoing basis. ~~The OCIO UC Investments~~ should monitor and report to the Investments Committee, Finance and Capital Strategies Committee and Board of Regents on the following items.

1. Asset Allocation and Risk Measures and Exposures
2. Investment Performance and Attribution (against benchmarks identified in this Policy)
3. Material Changes to Organization and Investment Strategy
4. Potential Material Issues and Risks
5. Compliance of TRIP with this Policy

While short-term results will be monitored, it is understood that TRIP's objectives are long-term in nature and progress towards these objectives will be evaluated from a long-term perspective.

On at least an annual basis the CIO will report on the implementation of the UC's Sustainability Framework which will include a discussion on the portfolio's environmental, social, and governance risks considered during the year.

9. POLICY MAINTAINANCE

The Policy should be reviewed at least annually and updated as necessary. Revisions may be recommended by ~~the OCIO UC Investments~~, Investments Committee, Finance and Capital Strategies Committee, and approved by the Board of Regents.

10. NO RIGHT OF ACTION

This Policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

UNIVERSITY OF CALIFORNIA TOTAL RETURN INVESTMENT POOL INVESTMENT POLICY STATEMENT

11. DISCLOSURES

The Chief Investment Officer provides investment-related information on TRIP to the Regents' Investments Committee in a manner consistent with the requirements outlined in this policy. Current and historical materials are publicly available on The Regents' website within the section on Meeting Agendas and Schedule. The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the Chief Investment Officer's website.

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.

12. OTHER POLICIES

TRIP will follow the proxy voting and investment valuation policies developed and approved by the Office of the Chief Investment Officer.

**UNIVERSITY OF CALIFORNIA
SHORT TERM INVESTMENT POOL
[UC LIQUIDITY]**

**INVESTMENT POLICY
STATEMENT**



Effective: ~~June 30, 2022~~ July 1, 2025, Amended July 15, 2025

Replaces the STIP Investment Policy Statement and STIP Asset and Risk Allocation Policy effective ~~July 1, 2020~~ June 30, 2022

UNIVERSITY OF CALIFORNIA SHORT TERM INVESTMENT POOL INVESTMENT POLICY STATEMENT

PURPOSE

The purpose of this Investment Policy Statement (“Policy” or “IPS”) is to define the objectives, policies and guidelines for management and oversight of the University of California (“UC”) Short Term Investment Pool (“STIP”). The management of STIP is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document.

The Policy consists of the following sections:

1. Roles and Responsibilities
2. Objectives
3. Investment Guidelines
4. Strategic Allocation
5. Risk Management
6. Benchmarks
7. Monitoring and Reporting
8. Policy Maintenance
9. No Right of Action
10. Disclosures
11. Other Policies

1. ROLES AND RESPONSIBILITIES

Board of Regents

The Board defines the goals and objectives of STIP and is responsible for establishing and approving changes to this Policy. The Board of Regents may delegate the implementation of this policy to sub-committees, the Chief Investment Officer and investment advisors.

Chief Investment Officer

The Chief Investment Officer (~~“CIO”, “Office of the Chief Investment Officer”, “OCIO” or “UC Investments”~~) is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of STIP assets.

Investment Managers

~~The OCIO~~ UC Investments may delegate to external Investment Managers responsibility for managing all or a portion of the assets. Any external Investment Managers will assume the roles and responsibilities of “investment manager” under Section 3(38) of ERISA, including but not limited to acknowledging in writing that such Investment Manager is a fiduciary with respect to the assets it manages on behalf of STIP. The Investment Manager will accept assets and comply with all relevant laws, the Investment Manager’s individual investment management agreement(s), and as applicable, the stated investment guidelines in this Policy.

Trustee/Custodian

The role of the Trustee/Custodian is to provide safekeeping, accounting and valuation of Trust assets.

UNIVERSITY OF CALIFORNIA SHORT TERM INVESTMENT POOL INVESTMENT POLICY STATEMENT

2. OBJECTIVES

Overall Objective

STIP is a cash investment pool established by the Board of Regents with the objective of providing a high quality liquid investment vehicle for short-term liquidity needs. STIP's primary objective is to preserve capital and to earn investment income consistent with interest available on low-risk investments. The STIP is available to all University groups and affiliates.

Return Objective

STIP seeks to maximize returns consistent with its primary objective of safety of principal and liquidity, and cash flow requirements.

Risk Objective

STIP seeks to preserve capital and avoid negative returns over any one-year time horizon.

Sustainability Objective

STIP will be managed in a manner that balances meeting the needs of current investors without compromising the needs of future investors. STIP will consider sustainability in both risk assessment and investment due diligence.

3. INVESTMENT GUIDELINES

Permitted Investments

STIP will primarily invest in high quality, liquid, short duration US dollar-denominated bills, notes and cash equivalents. The following is a list of the investment classes allowed in STIP:

1. Short term fixed income instruments (having remaining maturity of less than or equal to three years)
 - a. Obligations issued or guaranteed by the U.S. Federal Government, U.S. Federal Agencies or U.S. government-sponsored corporations and agencies such as US Treasury and Agency bills and notes.
 - b. Certificates of deposit (CD)
 - c. Time deposit (TD)
 - d. Bankers acceptances
 - e. Commercial paper
 - f. Obligations issued or guaranteed by U.S. local, city and State governments and agencies which are pre-funded by US Treasury Securities in escrow.
 - g. Money market funds managed by the custodian

Investment Restrictions

The Regents have established that the purchase of securities issued by tobacco companies and companies with business operations in Sudan are prohibited in separately managed accounts. The Chief Investment Officer will determine what constitutes a tobacco or Sudan company based on standard industry classification of the major index providers and must communicate this list to

UNIVERSITY OF CALIFORNIA SHORT TERM INVESTMENT POOL

INVESTMENT POLICY STATEMENT

investment managers annually and whenever changes occur.

Employing economic leverage in the portfolio through borrowing, derivatives, or forward-settled transactions (beyond regular settlement) is prohibited.

4. STRATEGIC ALLOCATION

The portfolio will be invested in marketable, publicly traded, high quality short term fixed income instruments, notes and debentures denominated in U.S. dollars and cash (or cash equivalent) instruments.

5. RISK MANAGEMENT

The following limitations will apply in order to maintain investment and liquidity risk within acceptable ranges:

1. Credit risk

- a) No more than 80% of the portfolio's investments should be invested in securities other than U.S. Treasury and Agency bills and notes, and U.S. Government money market funds managed by the custodian.
- b) No more than 20% of the portfolio's investments should be invested in US Government money market funds managed by the custodian. Money market funds should have a rating of AAAm/AAAmf or equivalent by the NRSO's.
- c) Commercial Paper must have a rating of at least A-1, P-1, or F-1
- d) Investments should exhibit a credit quality of A (or equivalent) or better, as determined by one of the NRSRO's. Split-rated credits are considered to have the lower credit rating. US Treasury and Agency bills and notes are exempt from this requirement.
- e) No more than 5% of the portfolio's allocation to commercial paper may be invested in any single issuer. This guideline may be exceeded on a temporary basis due to unusual cash flows, up to a limit of 10%, for a period not to exceed 30 days.
- f) Except for securities issued by the US Treasury or Agencies of the US Government, no more than 3% of the portfolio's market value may be invested in any single issuer.

2. Liquidity risk

- a) The portfolio's investments in aggregate of any security may not exceed 20% of that security's outstanding par value at time of purchase, without a written exception approved by the Chief Investment Officer.
- b) This paragraph is subject to all of the provision in paragraph (5)(1) Credit Risk, above.

6. BENCHMARK

The STIP Benchmark will be a 50/50 weighted average of the yield on a constant maturity One Year US Treasury Note and US 30 day Treasury Bills.

UNIVERSITY OF CALIFORNIA SHORT TERM INVESTMENT POOL

INVESTMENT POLICY STATEMENT

7. MONITORING AND REPORTING

~~The OCIO~~ UC Investments is responsible for monitoring the portfolio and investment managers on an ongoing basis. ~~The OCIO~~ UC Investments should monitor and report to the Board of Regents and designated sub-committees on the following items.

1. Asset Allocation and Risk Measures and Exposures
2. Investment Performance and Attribution (against the STIP Benchmark)
3. Material Changes to Investment Strategy
4. Potential Material Issues and Risks
5. Compliance of STIP with this Policy

On at least an annual basis the CIO will report on the implementation of the UC's Sustainability Framework which will include a discussion on the portfolio's environmental, social, and governance risks considered during the year.

8. POLICY MAINTENANCE

The Policy should be reviewed at least annually and updated as necessary. Revisions may be recommended by ~~the OCIO~~ UC Investments, Investments Subcommittee, Finance and Capital Strategies Committee, and approved by the Board of Regents.

9. NO RIGHT OF ACTION

This policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

10. DISCLOSURES

The Chief Investment Officer provides investment-related information on STIP to the Regents' Investments Subcommittee in a manner consistent with the requirements outlined in this policy. Current and historical materials are publicly available on the Regents' website within the section on Meeting Agendas and Schedule. The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the Chief Investment Officer's website.

11. OTHER POLICIES

STIP will follow the proxy voting and investment valuation policies developed and approved by ~~the Office of the Chief Investment Officer~~ UC Investments.

**UNIVERSITY OF CALIFORNIA
BLUE AND GOLD ENDOWMENT
[BGE]**

**INVESTMENT POLICY
STATEMENT**



Regents Policy 6110: University of California Blue and Gold Endowment Investment Policy Statement

Adopted November 15, 2018

Effective: July 1, 2025, Amended: July 15, 2025

Replaces the Blue and Gold Endowment Investment Policy Statement effective July 1, 2020

POLICY SUMMARY/BACKGROUND

The purpose of this Investment Policy Statement (“Policy” or “IPS”) is to define the objectives and policies established for the management of the investments of the University of California (“UC”) BLUE AND GOLD ENDOWMENT (BGE). The management of BGE is subject to state and federal regulations and laws, and all other University investment policies, which may not be listed in this document.

The Policy consists of the following sections:

1. Roles and Responsibilities
2. Objectives
3. Investment Guidelines
4. Strategic Allocation
5. Risk Management
6. Benchmarks
7. Rebalancing
8. Monitoring and Reporting
9. Policy Maintenance
10. No Right of Action
11. Disclosures

1. ROLES AND RESPONSIBILITIES

Board of Regents

The Board defines the goals and objectives of BGE and is responsible for establishing and approving changes to this Policy.

The Board of Regents may delegate the implementation of this policy to the Chief Investment Officer and investment advisors.

Chief Investment Officer

The Chief Investment Officer (~~“CIO”, “OCIO”, “Office of the Chief Investment Officer”~~ or “UC Investments”) is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of BGE assets.

Investment Managers

UC Investments may delegate to external Investment Managers responsibility for managing all or a portion of the assets. Any external Investment Managers will assume the roles and responsibilities of “investment manager” under Section 3(38) of ERISA, including but not limited to acknowledging in writing that such Investment Manager is a fiduciary with respect to

the assets it manages on behalf of BGE. The Investment Manager will accept assets and invest in compliance with all relevant regulations and laws, the Investment Manager's individual investment management agreement(s), and as applicable, the stated investment guidelines in this Policy.

Trustee/Custodian

The role of the Trustee/Custodian is to provide safekeeping, accounting and valuation of Trust assets.

2. OBJECTIVES

Overall Objective

BGE is an investment pool established by the Regents with the objective to provide a low cost, liquid, diversified investment vehicle in which the various UC organizations can invest their long-term excess capital reserves to earn a higher return than would otherwise be expected from short-term cash management vehicles (such as TRIP and STIP). This objective is subject to risk and liquidity tolerances established with the Office of the President, Chief Financial Officer, and campuses. The pool intends to invest in the most liquid and transparent investments available that provide appropriate market exposure, at the lowest possible expense, in order to provide the opportunity for immediate withdrawal of funds by an investor with minimum impact on other investors in the pool.

BGE is available to all University groups and affiliates.

Return Objective

BGE seeks to maximize its return on investment, consistent with BGE's overall objectives that are prudent and reasonable given long-term capital market expectations, including liquidity maximization and expense minimization. Subject to the risk objective below, BGE's return objective is to earn a return consistent with a portfolio allocated between public equities and high-quality bonds.

Risk Objective

While the Board recognizes the importance of the preservation of capital, it also recognizes that to achieve BGE's overall objectives requires prudent risk-taking, and that risk is the prerequisite for generating investment returns. Therefore, investment risk cannot be eliminated but should be managed. Risk exposures should be identified, measured, monitored, and tied to responsible parties, and risk should be taken consistent with the BGE's objectives and the expectations for return from the risk exposures. The BGE should have a low probability of loss of capital and/or a loss of purchasing power over a full market cycle (typically four to eight years).

Payout Policy

BGE will have an annual payout rate that provides investors with a source of income that is perpetual, growing, and predictable.

The objective of the payout rate is to allow BGE to grow on a total return basis while “smoothing” the payout to mitigate disruptions in the budgets of end-investors throughout economic and market cycles.

The payout rate for eligible assets in BGE is ~~3.75~~ 5%.

Sustainability Objective

UC Investments shall incorporate environmental sustainability, social responsibility, and governance (ESG) into the investment evaluation process as part of its overall risk assessment in its investments decision-making. ESG factors are considered with the same weight as other material risk factors influencing investment decision-making.

UC Investments uses a proprietary sustainability framework to provide core universal principles that inform the decisions and assist in the process of investment evaluation. UC Investments manages BGE consistent with these sustainability principles. The Framework can be found on the UC Investments website in the sustainability section.

3. INVESTMENT GUIDELINES

Permitted Investments

Below is a list of asset class types in which the BGE may invest so long as they do not conflict with the constraints and restrictions described elsewhere in this document. The criteria used to determine which asset classes may be included are:

- Positive contribution to the investment objective of BGE
- Widely recognized and accepted among institutional investors
- Diversification with some or all of the other accepted asset classes

Public Equity

Includes publicly traded common stock of issuers domiciled in U.S., Non-U.S., and Emerging Markets. The objective of the growth portfolio is to generate investment returns while maintaining high levels of liquidity and transparency through a diversified portfolio of common stocks.

Fixed Income

Income includes a variety of income related asset types. The portfolio will invest in interest-bearing and income-based instruments such as corporate and government bonds, inflation-linked

securities, cash, and cash equivalents. The objective of the income portfolio is to provide interest income and necessary liquidity for cash flows and portfolio rebalancing needs and to diversify the risks present in the growth portfolio.

Derivatives

A derivative is a contract or security whose value is derived from another security or risk factor. There are three fundamental classes of derivatives – futures, options, and swaps – each with many variations. In addition, some securities are combinations of derivatives or contain embedded derivatives. Use of derivatives to create economic leverage is prohibited, except for specific strategies only. Permitted applications for derivatives are: efficient substitutes for physical securities, managing risk by hedging existing exposures, to implement arbitrage or other approved active management strategies.

Given the mandate for liquidity, transparency and minimal expense, a passive implementation of all assets is expected. Derivatives are expected to be used to improve liquidity and minimize tracking error to passive indices.

Each asset class is assigned a benchmark that represents the opportunity set and risk and return characteristics associated with the asset class.

Investment Restrictions

The Regents have established that the purchase of securities issued by tobacco companies and companies with business operations in Sudan are prohibited in separately managed accounts. The Chief Investment Officer will determine what constitutes a tobacco or Sudan company based on standard industry classification of the major index providers and must communicate this list to investment managers annually and whenever changes occur.

4. STRATEGIC ALLOCATION

The purpose of the Strategic Asset Allocation (“SAA”) is to reflect BGE’s purpose and objectives, as well as the investment beliefs and organizational capability of UC Investments. The actual portfolio exposures will deviate from the Strategic Asset Allocation as a result of price drifts, opportunity set, and value-adding activities of UC Investments.

The investment strategy of BGE will incorporate the risk tolerance of the Board of Regents and the Investments Committee, the relationship between current and projected assets, evolution of the University’s financial needs, namely BGE payout, budget, contributions, and growth expectations.

Below are the strategic asset allocation long-term weights and allowable ranges:

Table 1

	Strategic Asset	Allowable Ranges	
	Allocation	Minimum	Maximum
Global Public Equity	80.0	60% <u>50%</u>	90% <u>100%</u>
Fixed Income	20.0	40% <u>0%</u>	40% <u>50%</u>
TOTAL	100.0%		

5. RISK MANAGEMENT

The primary risks to BGE are the inability to meet planned spending and/or the inability to return capital to the owners of BGE assets. The principal factors that determine BGE's asset volatility and the parties responsible for managing them are as follows:

Capital market risk is the risk that the investments decline in value or do not create a positive real rate of return over a full market cycle. Responsibility for determining the overall level of capital market risk lies with the Board at the recommendation of the Investments Committee. The implementation of this risk is the responsibility of the Chief Investment Officer, who will employ a passive investment program.

Liquidity risk is the risk that investments cannot be liquidated in time to meet requested redemption requests.

Although the management of investment portfolios may be outsourced, investment oversight and risk management are primary fiduciary duties of the Board of Regents that are delegated to and performed by the Chief Investment Officer.

Tracking Error: BGE shall be managed so that its annualized tracking error budget shall not exceed 100 basis points. This budget is consistent with the ranges around the combined asset classes and incorporates asset/sector allocation and security selection differences from the aggregate benchmark.

Liquidity Risk: BGE shall be managed so that at least 20% of its total assets can be liquidated within three business days.

UC Investments is responsible for managing both total risk and liquidity risk as well as other portfolio risk including foreign exchange risk and credit risk. UC Investments shall implement procedures and safeguards so that the combined risk exposures of all portfolios taken together are kept within limits appropriate to the BGE's risk tolerance.

6. BENCHMARKS

BGE's performance will be evaluated against appropriate benchmarks including a strategic asset allocation benchmark ("Total BGE Portfolio Benchmark") and specific benchmarks for each asset class and investment manager. The Total BGE Portfolio Benchmark is a weighted average consisting of the asset class benchmarks listed below weighted by the SAA target weights. The benchmarks for each asset class are shown in Table 2:

Table 2

<u>Asset</u>	<u>Benchmark</u>
Public Equity	MSCI All Country World Index (ACWI) Investable Market Index (IMI) Tobacco and Fossil Free - Net Dividends
Fixed Income	Bloomberg Barclays 1-5 Year US Government/Credit Index

The Total Portfolio Benchmark is a weighted average consisting of each of the monthly returns of the benchmarks noted above weighted by the Strategic Asset Allocation percentages.

7. REBALANCING

There will be periodic deviations in actual asset weights from the strategic target weights. Causes for periodic deviations are market movements, cash flows, tactical tilts, and asset selection. Significant movements from the asset class policy weights will alter the intended expected return and risk of BGE. Accordingly, BGE may be rebalanced when necessary to ensure adherence to this policy and the Investment Policy.

UC Investments will monitor the actual asset allocation. The Board directs UC Investments to take all actions necessary, within the requirement to act prudently, to implement the asset allocation in a manner that ensures that BGE achieves its risk and return objectives.

UC Investments shall assess and manage the trade-off between the cost of rebalancing and the active risk associated with the deviation from Strategic Asset Allocation weights. The Chief Investment Officer may delay a rebalancing program when the Chief Investment Officer believes the delay is in the best interest of BGE.

8. MONITORING AND REPORTING

UC Investments is responsible for monitoring the portfolio and investment managers on an ongoing basis. ~~The OCIO~~ UC Investments should monitor and report to the Investments Subcommittee, Finance and Capital Strategies Committee, and Board of Regents on the following items.

1. Asset Allocation and Risk Measures and Exposures
2. Investment Performance and Attribution (against benchmarks identified in this Policy)

3. Material Changes to Organization and Investment Strategy
4. Potential Material Issues and Risks

While short-term results will be monitored, it is understood that BGE's objectives are long-term in nature and progress toward these objectives will be evaluated from a long-term perspective.

On at least an annual basis the CIO will report on the implementation of the UC's Sustainability Framework, which will include a discussion on the portfolio's environmental, social, and governance risks considered during the year.

9. POLICY MAINTENANCE

The Policy should be reviewed at least annually and updated as necessary. Revisions may be recommended by UC Investments or the Investments Committee and approved by the Board of Regents.

10. NO RIGHT OF ACTION

This Policy is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the University of California or its Board of Regents, individual Regents, officers, employees, or agents.

DISCLOSURES

The Chief Investment Officer provides investment-related information on BGE to the Regents' Investments Committee in a manner consistent with the requirements outlined in this policy. Current and historical materials are publicly available on the Regents' website. The Chief Investment Officer's Annual Report for the most recent fiscal year is also available on the UC Investments website.

Changes to procedures and related documents do not require Regents approval, and inclusion or amendment of references to these documents can be implemented administratively by the Office of the Secretary and Chief of Staff upon request by the unit responsible for the linked documents.