



## **UC SAN DIEGO FOUNDATION CURRENT FUNDS INVESTMENT AND PAYOUT POLICY**

### **CURRENT FUNDS**

Current funds in the UC San Diego Foundation are created by donations or by earnings on investments. Unlike the principal of endowed funds, current funds are completely expendable at the discretion of the fund administrator.

### **GENERAL STRATEGY AND OBJECTIVE**

In investing its current funds, the overall strategy of the UC San Diego Foundation is to emphasize safety of principal, while ensuring quality of holdings, liquidity, and meeting cash flow requirements of current fund holders and Foundation operating expenses. The objective of the Foundation's current fund investment portfolio is to maximize available yield, while assuming an appropriate level of risk to ensure the safety of the principal.

### **INVESTMENT COMPONENTS**

Current funds are to be divided into two components:

#### **1. Short-Term Component**

The short-term component of the current fund portfolio should be maintained at an amount sufficient to meet the anticipated cash flow needs of the fund holders and the Foundation operating expenses. This amount is to be determined by Foundation staff, and may be either a percentage of the total fund, or an amount determined by knowledge of cash flow cycles, major ongoing projects, or other information. The short-term component will generally be maintained or replenished by incoming cash receipts.

The short-term component is to be invested in money market equivalents, with a target duration no greater than 6 months. The short-term component shall be managed to achieve a target return, net of investment manager fees, which exceeds the return on 3-month U. S. Treasury Bills.

Investment Management: The short-term component is to be invested with the campus agency/STIP fund to meet on-going departmental operating needs. A secondary short-term checking account is maintained with Bank of America to meet the Foundation's operating needs.

#### **2. Base Component**



The base component constitutes the balance of the current fund not anticipated to be expended in the short term.

**Investment Management:** The Foundation generally subscribes to the investment policy and philosophy of the Short Term Investment Pool (STIP) as managed by the Treasurer of The Regents of the University of California. The STIP investment policy in effect from time-to-time is incorporated herein by reference as an integral part of the Foundation's investment policy and philosophy. The Foundation uses STIP, as managed by the Treasurer of the Regents, as the long-term base investment component for approximately 75% of its current funds investment portfolio.

The remaining 25% of the current funds investment portfolio will be invested in the Total Return Investment Pool (TRIP) as managed by the Treasurer's Office of the UC Regents, and the TRIP Investment Policy and Guidelines in effect from time-to-time are incorporated herein by reference.

## **PAYOUT POLICY**

Investment earnings on current funds are provided to the campus as discretionary support to the Chancellor. In return, sufficient funds from that source are to be provided to the Vice Chancellor of Advancement to cover the UC San Diego Foundation's annual operating budget entirely, as stated in UCSD Policy and Procedure Manual (PPM) #410-10 (or as renumbered and revised in the future). The remaining funds from this source will be used as operational support to the Vice Chancellor of Advancement as agreed to annually by the Chancellor and the campus budget office per PPM 410-10