



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 The Common Fund Short Term 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 is intended to be an integral part of the Foundation's investment policy and philosophy. The Foundation intendeds on using STIP, as managed by the Treasurer of the Regents, as the long-term base investment component for its current funds investment portfolio.

PAYOUT POLICY

Investment earnings on current funds will be paid out to fund holders and the campus in accordance with UCSD Policy and Procedure #410-10 (or as renumbered and revised in the future).