



Annual Investment Report

June 30, 2022

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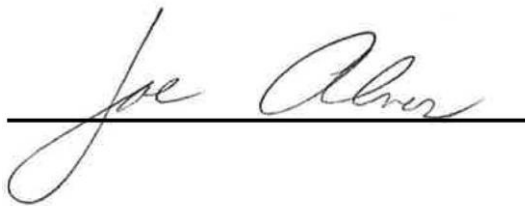
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Annual Investment Report

The Annual Investment Report provides the Cal Poly Corporation (the Corporation) Board of Directors (the Board) and Investment Advisory Committee with information on current investment holdings and year-to-date performance. It includes information on the General Investment Fund, OPEB Investment Pool, VEBA Trust, Endowment Fund and the Grant & Annuity Society.

The schedules present market value information, actual and benchmark rates of return, asset allocation and information on external managers' holdings. Non-performing assets such as operating cash are excluded from this report.

Please feel free to contact me at (805) 756-7352 if you have any questions or wish to discuss Cal Poly Corporation's investment activities.

A handwritten signature in black ink that reads "Joe Alves". The signature is written in a cursive style and is positioned above a solid horizontal line.

Joe Alves
Treasury and Risk Manager

Annual Investment Performance

Asset Values and Average Historical Total Returns as of 6/30/22

| | 1 Year | 3 Years | 5 Years | 10 Years | 15 Years |
|---|---------|---------|---------|----------|----------|
| Corporate Investment Pool | (13.3)% | 4.1% | 5.1% | 6.1% | 4.7% |
| <ul style="list-style-type: none"> • \$49.7 million; Asset Allocation Strategy: 71% equity, 29% fixed income | | | | | |
| OPEB Investment Pool | (12.6)% | 3.4% | 4.5% | 5.2% | 4.0% |
| <ul style="list-style-type: none"> • \$12.6 million; Asset Allocation Strategy: 57% equities, 43% fixed income | | | | | |
| VEBA Trust | (12.4)% | 3.2% | 4.3% | N/A | N/A |
| <ul style="list-style-type: none"> • \$26.0 million; Asset Allocation Strategy: 57% equities, 43% fixed income | | | | | |
| Endowment Fund | (13.2)% | 4.3% | 5.1% | 6.2% | 4.9% |
| <ul style="list-style-type: none"> • \$2.4 million; Asset Allocation Strategy: 71% equities, 29% fixed income | | | | | |
| Grant & Annuity Society | (12.9)% | 4.2% | 4.8% | 6.4% | 4.9% |
| <ul style="list-style-type: none"> • \$2.1 million; customized portfolio in compliance with California Department of Insurance regulations | | | | | |

Market Indices at 6/30/22

| | 1 Year | 3 Years | 5 Years | 10 Years | 15 Years |
|---|---------|---------|---------|----------|----------|
| S&P 500 | (10.6)% | 10.6% | 11.3% | 13.0% | 8.5% |
| Russell 2000 | (25.2)% | 4.2% | 5.2% | 9.4% | 6.3% |
| MSCI EAFE | (17.8)% | 1.1% | 2.2% | 5.4% | 1.4% |
| Barclays Capital Intermediate Government/Credit Bond Index | (7.3)% | (0.2)% | 1.1% | 1.5% | 3.0% |

General Investment Fund

The General Investment Fund consists of three investment sub-funds:

1. **The Internal Fund** holds short to mid-term assets and, on occasion, notes receivable. Internal Fund assets are held in a combination of institutional money market, certificate of deposit (CD) and fixed income mutual fund accounts. Money market funds provide added earnings opportunity and full liquidity as operating cash fluctuates through normal business cycles. CD's are of short to mid-term duration and provide a safe alternative between the fully liquid money market funds and the longer term Corporate Investment Pool portfolio. The Internal Fund also includes low duration and short-term fixed income funds, further diversifying risk.

Notes receivable are categorized in two ways: (1) *Advanced Funds* are provided to university departments for specific projects or programs. Investment performance is secondary to the purpose of project or program support. (2) *Program Investments* benefit university or Cal Poly Corporation programs. They are made with the full expectation that the note will be readily marketable and provide an attractive investment return. Program Investments are generally secured by real property. At June 30, 2022, there is one outstanding note receivable valued at \$3.7 million.

2. **The Corporate Fund** holds long-term investment assets. The Corporate Fund currently consists of one group of investment assets titled the Corporate Investment Pool. This pool is invested with a long term strategy and includes the market-sensitive asset class of equities. Assets are invested in 71% equities and 29% fixed income. The investment pool has a customized benchmark based upon its blended asset allocation.
3. **The Student Investment Management Program** holds long-term investment assets. It is managed by senior project students in the Orfalea College of Business. The Student Investment Management Program was created in 1992 when students were given the opportunity to manage \$200,000 of General Investment Fund assets. The program has been successful over the years both in investment performance and educational advancement. Asset value is capped at \$1,000,000 and reviewed annually in June.

Seventy-five percent of Student Investment Management Program assets are invested in a mix of domestic equity and fixed income. The remaining 25% may be invested in a mix of international equity, emerging market equity and REITs and the students have the option of selling covered calls. The fund's benchmark is the S&P 500.

Investment earnings from the assets described above help to support the Cal Poly Corporation general administration budget, assist with Corporation and university special projects and build Corporation reserves.

General Investment Fund, Continued

Twelve Months Ended June 30, 2022

(in thousands)

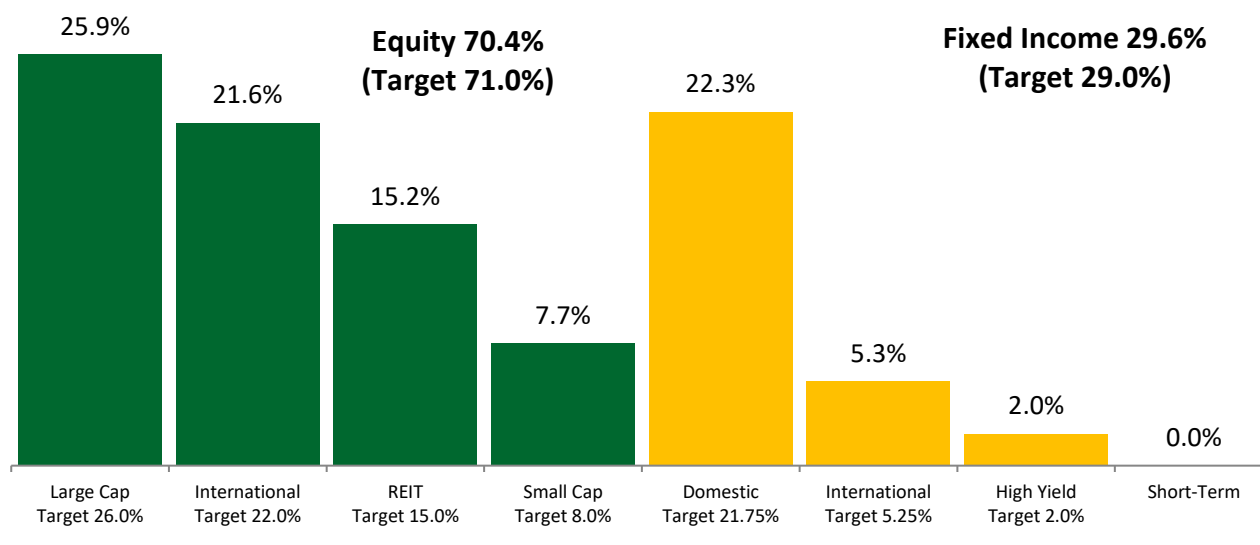
General Investment Fund Roll Forward

The table below presents the change in General Investment Fund assets between June 30, 2021 and June 30, 2022 as well as total year-to-date returns.

| | Internal Fund | | | Student Investment Management Program | Corporate Investment Pool | Total General Investment Fund |
|-------------------------------------|--|-------------------|--------------------|---------------------------------------|---------------------------|-------------------------------|
| | Money Market & Certificates of Deposit | PIMCO Short-Term | PIMCO Low Duration | | | |
| Asset Value at June 30, 2021 | \$14,467.2 | \$12,878.1 | \$8,900.8 | \$795.9 | \$58,813.4 | \$95,855.4 |
| Income | 11.2 | 109.7 | 91.3 | 1.7 | 799.5 | 1,013.4 |
| Market Value Gain/(Loss) | N/A | (354.8) | (532.8) | (105.3) | (8,936.4) | (9,929.3) |
| Internal Fund Transfers | - | 1,000.0 | - | - | (1,000.0) | - |
| Other Income/(Expense) | - | - | - | (1.2) | (15.0) | (16.2) |
| Asset Value at June 30, 2022 | \$14,478.4 | \$13,633.0 | \$8,459.3 | \$691.1 | \$49,661.5 | \$86,923.3 |
| Total Return (Fiscal YTD) | 0.08% | (1.6)% | (4.3)% | (13.2)% | (13.3)% | |
| Benchmark | N/A | 0.2% | 2.8% | (20.0)% | (12.7)% | |

Corporate Investment Pool Asset Allocation

At June 30, 2022, Corporate Investment Pool assets are invested in a 71% equity, 29% fixed income allocation as presented below.



All Corporate Investment Pool assets are managed with mutual funds selected by TIAA Kaspick. Asset allocation is within an acceptable allowance from the target as set by Board policy, or in the process of being rebalanced. The total return reported above is net of all manager fees, but excludes the administrative fee paid to Cal Poly Corporation.

Other Post-Employment Benefits (OPEB) Assets

Twelve Months Ended June 30, 2022

(in thousands)

Cal Poly Corporation offers post-employment medical benefits for qualified employees. A description of benefits, eligibility, administration and other aspects of the program are presented in the *Retiree Welfare Benefits Plan* (available upon request).

At a minimum, every two years, on July 1, a professional actuary calculates the liability—or expected future cost—of the post-employment medical benefits commitment. The most recent actuarial report was as of June 30, 2022. Calculations are made for the following three categories of qualified employees:

1. *Non-Vested Active Employees.* Assets to support the liabilities of this group of employees are held in the Corporation's OPEB Investment Pool. These assets are custodied with Charles Schwab and are managed with mutual funds selected by TIAA Kaspick. The spending of these assets for anything other than their intended use is prohibited by Board policy. As of June 30, 2022, the estimated liability associated with this group of employees is 100% funded.
2. *Vested Active Employees.* Assets to support the liabilities of this group of employees are held in the Cal Poly Corporation VEBA Trust. These assets are custodied with and trustee by U.S. Bank Institutional Trust & Custody. Assets are managed with mutual funds selected by TIAA Kaspick. The spending of these assets for anything other than their intended purpose is prohibited by law. As of June 30, 2022, the estimated liability associated with this group of employees is 100% funded.
3. *Retirees.* Assets to support the liabilities of retirees are held in the Cal Poly Corporation VEBA Trust. As of June 30, 2022, the estimated liability associated with retirees is 100% funded.

Current investment return and asset allocation information for the OPEB Investment Pool and the VEBA Trust follow.

OPEB Assets, continued

OPEB Investment Pool

Twelve Months Ended June 30, 2022

(in thousands)

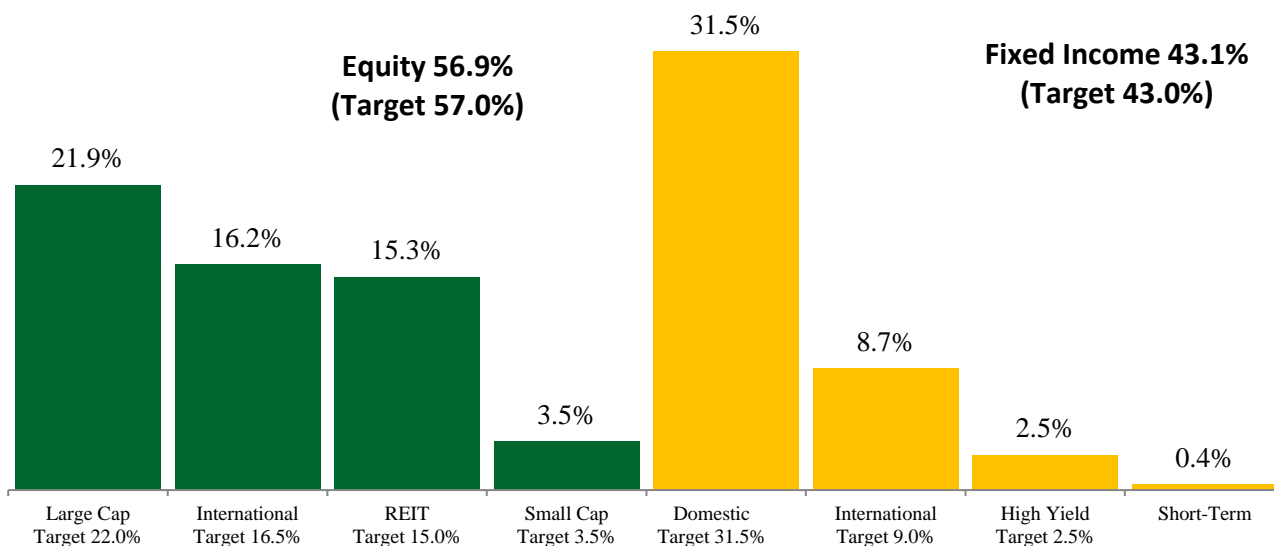
OPEB Investment Pool Roll Forward

The table below presents the change in OPEB Investment Pool assets between June 30, 2021 and June 30, 2022 as well as total year-to-date returns.

| | |
|-------------------------------------|-------------------|
| Asset Value at June 30, 2021 | \$13,547.2 |
| Income | 306.2 |
| Market Value Gain/(Loss) | (2,092.2) |
| Other Income/(Expense) | 827.6 |
| Asset Value at June 30, 2022 | \$12,588.8 |
| Total Return (Fiscal YTD) | (10.4)% |
| Benchmark | (9.9)% |

OPEB Investment Pool Asset Allocation

At June 30, 2022, OPEB Investment Pool assets are invested in a 57% equity, 43% fixed income allocation as presented below.



Assets of the OPEB Investment Pool are managed by mutual funds selected by TIAA Kaspick and all asset allocations are within acceptable allowances from their targets as set by Board policy, or are in the process of being rebalanced. The return reported above is net of all manager fees.

OPEB Assets, continued

VEBA Trust

Twelve Months Ended June 30, 2022

(in thousands)

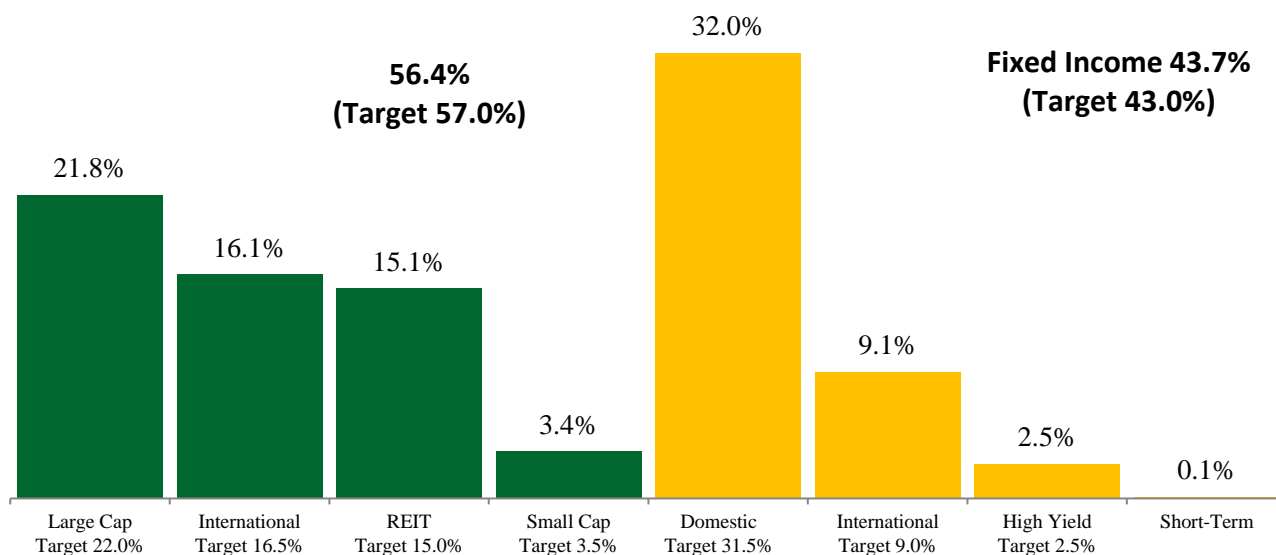
VEBA Trust Roll Forward

The table below presents the change in VEBA Trust assets between June 30, 2021 and June 30, 2022 as well as total year-to-date returns.

| | VEBA Checking Account | VEBA Investment Pool | Total VEBA Trust |
|-------------------------------------|--------------------------|----------------------|-------------------|
| Asset Value at June 30, 2021 | \$185.7 | \$30,432.2 | \$30,617.9 |
| Income | - | 591.8 | 591.8 |
| Market Value Gain/(Loss) | N/A | (4,267.5) | (4,267.5) |
| Benefits Paid | (1,149.6) | - | (1,149.6) |
| Employer Contributions | 133.3 | - | 133.3 |
| Other Income/(Expense) | 862.8 | (799.8) | 63.0 |
| Asset Value at June 30, 2022 | \$32.2 | \$25,956.7 | \$25,988.9 |
| Total Return (Fiscal YTD) | N/A | (10.5)% | |
| Benchmark | N/A | (9.9)% | |

VEBA Investment Pool Asset Allocation

At June 30, 2022, VEBA Investment Pool assets are invested in a 57% equity, 43% fixed income allocation as presented below.



Assets in the VEBA Trust checking account are used for retiree medical premium payments. As the balance in this account is spent, assets from the VEBA Investment Pool will be sold and transferred.

Assets of the VEBA Trust are managed by mutual funds selected by TIAA Kaspick and all asset allocations are within acceptable allowances from their targets as set by Board policy, or are in the process of being rebalanced. The return reported above is net of all manager fees.

Endowment Fund

Twelve Months Ended June 30, 2022

(in thousands)

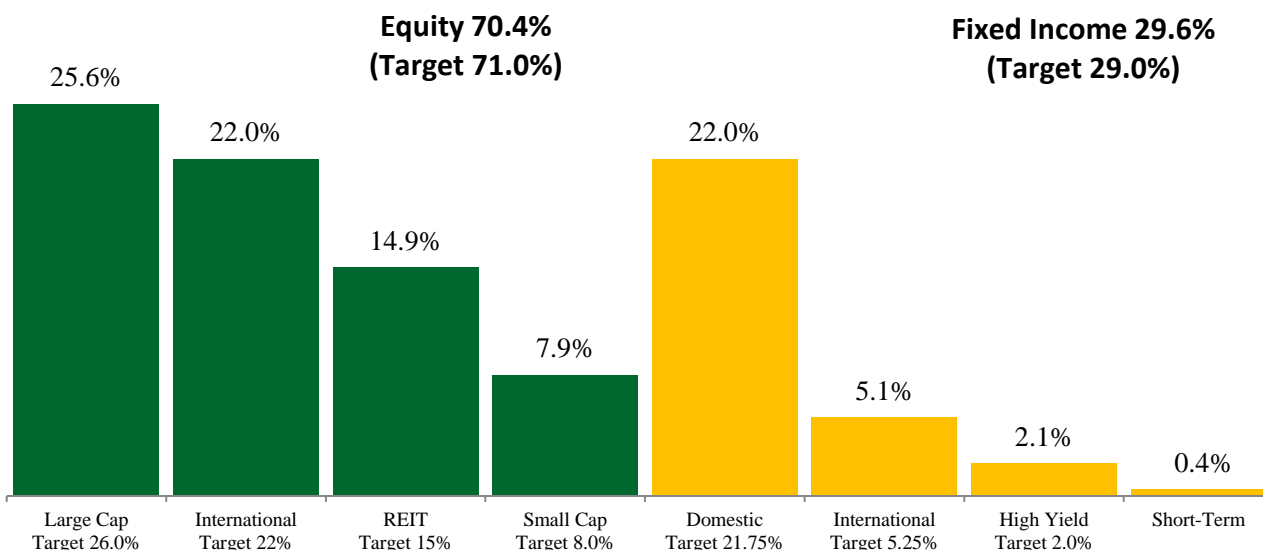
Endowment Fund Roll Forward

The table below presents the change in Endowment Fund assets between June 30, 2021 and June 30, 2022 as well as total year-to-date returns.

| | |
|-------------------------------------|------------------|
| Asset Value at June 30, 2021 | \$3,020.0 |
| Income | 36.8 |
| Market Value Gain/(Loss) | (444.0) |
| Gifts | 0.1 |
| Withdrawals | (133.1) |
| Other Income/(Expense) | (106.6) |
| Asset Value at June 30, 2022 | \$2,373.2 |
| Total Return (Fiscal YTD) | (11.7)% |
| Benchmark | (11.8)% |

Endowment Fund Asset Allocation

At June 30, 2022, Endowment Fund assets are invested in a 71% equity, 29% fixed income allocation as presented below.



As of June 30, 2022, Cal Poly Corporation managed nine endowments with direct or indirect benefit to the university and its auxiliaries and affiliated organizations.

All assets are managed by mutual funds selected by TIAA Kaspick and all asset classes are within acceptable allowance from target, as set by Board policy or in the process of being rebalanced. The return reported above is net of all manager fees but excludes the administrative fee paid to Cal Poly Corporation.

Grant & Annuity Society
Twelve Months Ended June 30, 2022
(in thousands)

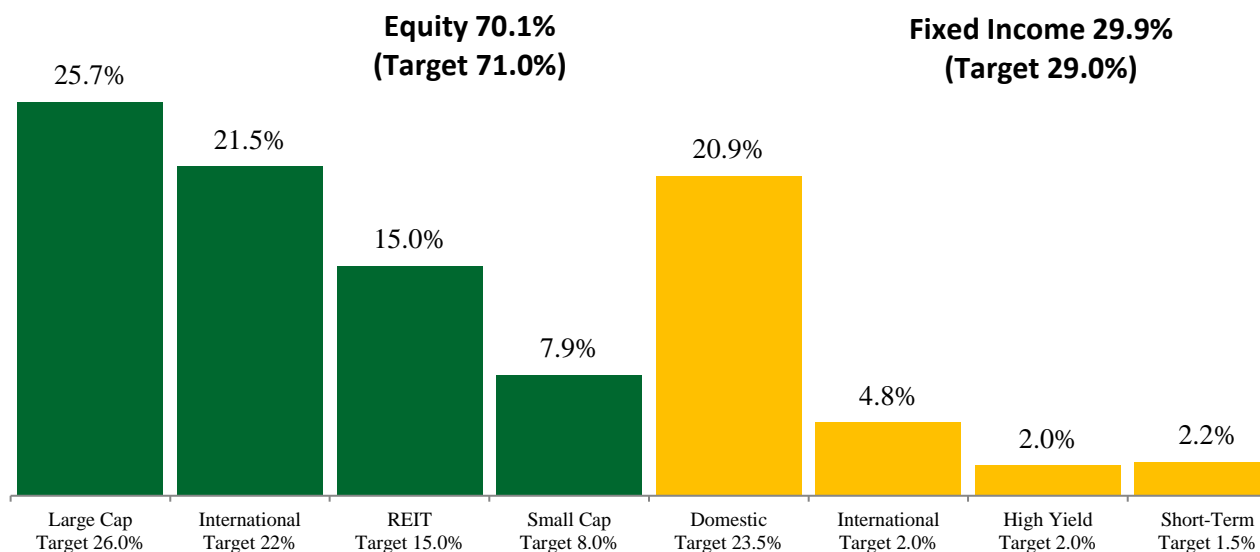
Grant & Annuity Society Roll Forward

The table below presents the change in Grant & Annuity Society assets between June 30, 2021 and June 30, 2022 as well as total year-to-date returns.

| | |
|-------------------------------------|------------------|
| Asset Value at June 30, 2021 | \$2,493.4 |
| Income | 36.1 |
| Market Value Gain/(Loss) | (364.0) |
| New Contracts | 150.0 |
| Distributions and Transfers Out | (189.7) |
| Other Income/(Expense) | 1.9 |
| Asset Value at June 30, 2022 | \$2,127.7 |
| Total Return (Fiscal YTD) | (11.1)% |
| Benchmark | (11.8)% |

Grant & Annuity Society Asset Allocation

The target asset allocation and benchmark for the Grant and Annuity Society—reserves and surplus combined—is 71% equity and 29% fixed income. While that is the ideal, reaching that allocation is dependent upon the mix of annuitants, the required reserve set by the California Department of Insurance and total assets of the pool.



All assets are managed with mutual funds selected by TIAA Kaspick. The return reported above is net of all manager fees, but excludes the trustee fee paid to Cal Poly Corporation.

During the past twelve months, the Grant & Annuity Society received one new contract valued at \$150,000 and had seven contracts mature valued at \$92,658. These funds were transferred to the Cal Poly Foundation in accordance with the donor’s wishes to support the University’s various colleges. This reduces the total number of active contracts as of June 30, 2022 to 44.