CAL POLY POMONA FOUNDATION, INC.
CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

INVESTMENT COMMITTEE MEETING

Tuesday, September 26, 2017
9:00 am – 10:00 am
Building #55 – Executive Conference Room

AGENDA

CONSENSUS ACTION ITEMS			**PAGE**

Consensus Action Items: Items in this section are considered to be routine and acted on by the committee in one motion. Each item of the Consent agenda approved by the committee shall be deemed to have been considered in full and adopted as recommended. Any committee member may request that a consent item be removed from the consent agenda to be considered as a separate action item. If no additional information is requested, the approval vote will be taken without discussion.

1.	Minutes of May 10, 2017 meeting ACTION: Approval	Tom Goff	1 - 3
2.	Minutes of June 13, 2017 meeting ACTION: Approval	Tom Goff	4 - 5

ACTION ITEMS

3.	2016-2017 Investment Report-4th Quarter ACTION: Approval	David Prenovost	6 - 63
4.	Endowment Investment Policy 130 Update ACTION: Approval	David Prenovost	64 - 73

DISCUSSION ITEMS

None Presented

INFORMATION ITEMS

The following items provide information and reports by management staff to the committee. Staff and committee may engage in discussion on any item if requested by committee member or staff member.

5.	Overview of Graystone Consulting	David Prenovost	74 - 163

OPEN FORUM

CAL POLY POMONA FOUNDATION, INC.
Investment Committee Meeting Minutes
May 10, 2017

Present: Lea Dopson, U.J. Fan, Danielle Manning, Dan Montplaisir, Rodney Rideau and Kathy Tully

Absent: Tom Goff, Jessica Shahad and Sean Yu

Visitors: Christine He, Anne McLoughlin, Debra Poe, David Prenovost, Andrew Price, Karen Sandoval and Paul Storey

CALL TO ORDER

Danielle Manning called the meeting to order at 2:30 pm on behalf of Tom Goff.

CONSENSUS ACTION ITEMS

1. Minutes – February 14, 2017

   The minutes for February 14, 2017 were approved by consent.

ACTION ITEMS

2. Investment Report 3rd Quarter 2016-17

   David Prenovost presented the General Investment Portfolio report. The Portfolio's current market value is $48.4 million at March 31, 2017 and is over/under weighted by no more than 0.37%.

   Per the Foundation's Policy #133, only the quarterly yield is distributed; for the 1st quarter the yield was 0.57%, or fifty-seven basis points, and the scholarship programs received $21,122 and the Foundation programs received $167,422; for the 2nd quarter the yield was 0.50%, or fifty basis points, and the scholarship programs received $17,409 and the Foundation programs received $143,401; for the 3rd quarter the yield was 0.43%, or forty-three basis points, and the scholarship programs received $16,080 and the Foundation programs received $128,386.

   The Foundation received capital call notices and has contributed $226,875 against its commitment of $250,000 to Capital Partners IV and $672,750 against its commitment of $750,000 to Capital Private Equity Partners VII. The value of the Non-Marketable Investments is $823,991.

   The total Alternative Investment in Innovation Way infrastructure is $1.4 million. Per the terms of the investment agreement, the Foundation charged $26,797 year-to-date for fiscal year 2016-2017. This investment repaid $300,000 in the first quarter of fiscal year 2016-17.

   The Endowment Investment Portfolio has a market value of $94.3 million at March 31, 2017 and is over/under weighted by no more than 0.85%.

   David introduced Investment Advisor Andrew Price of Graystone Consulting/Morgan Stanley. Andrew presented a capital market summary and quarterly performance reports for the general and endowment investment portfolios.

   A motion was made by U.J. Fan to accept the comprehensive quarterly investment performance reports as presented. The committee believes the reports are in compliance with the Foundation's investment policies and recommends that the quarterly investment reports be presented to the Board of Directors. The motion was seconded by Kathy Tully and approved 6-Ayes, 0-Nays and 0-Abstentions.

3. Fiscal Year 2017-2018 Budget and Business Plan – Endowment and General Investment Budget

   A. Request for Approval for the Endowment Investment Budget and Endowment Donation Budget Fiscal Year 2017-18

      David Prenovost presented the Fiscal Year 2017-18 Endowment Investment Budget and Endowment Donation Budget.

      A motion was made by Dan Montplaisir to approve the Endowment Investment Budget and the Endowment Donation Budget for Fiscal Year 2017-18 and forward to the Board of Directors for final approval. The motion was seconded by Kathy Tully and approved 6-Ayes, 0-Nays and 0-Abstentions.

   B. Request for Approval for the General Investment Budget Fiscal Year 2017-18

      David Prenovost presented the General Investment Budget for Fiscal Year 2017-18.

      A motion was made by Dan Montplaisir to approve the General Investment Budget for Fiscal Year 2017-18 and forward to the Board of Directors for final approval. The motion was seconded by Kathy Tully and approved 6-Ayes, 0-Nays and 0-Abstentions.

4. Endowment Spending Policy #133 Update

   David Prenovost reminded the members of the Committee that at the December Board meeting the Investment Committee reported that it was reviewing alternative endowment spending methodologies. After discussions with our Investment Advisor, Andrew Price, of Graystone Consulting, Graystone prepared a Wealth Strategies Analysis that provides a linear, Monte Carlo and historical analysis of various portfolios, cash considerations and range of results. Foundation staff also developed scenarios of moving averages over various periods using different spending/distribution rates for purposes of recommending a new endowment pending/distribution policy to the Board of Directors.

   Accordingly, the Administration of Program, Scholarship and Endowment Funds Policy # 133 would require an amendment for a change to a proposed amount equal to 4% of the endowment average value (unless stated otherwise in the endowment terms and conditions). The endowment average value equals the prior 12 quarterly market values. The effective rate of the amount distributed (effective rate equals amount distributed divided by the market value on December 31st) shall be no less than 3% or no greater than 5%. All endowments with earnings are available for distribution and only earnings are allowed to be distributed, no principal or corpus shall be eligible for distribution unless allowed by the terms and conditions of the endowment. Endowment scholarship funds with little or no earnings would no longer be eligible for an interest free loan up to 5% of the endowment value at June 30th.

   A motion was made by Kathy Tully to accept the changes to the Administration of Foundation Program, Scholarship and Endowment Funds Policy #133 and approves presentation to the Board of Directors. The motion was seconded by Dan Montplaisir and approved 6-Ayes, 0-Nays and 0-Abstentions.

DISCUSSION ITEMS

None

INFORMATION ITEMS

5. Executive Director's Report

   1. The next Board of Directors meeting is May 18, 2017, 2:00pm at Kellogg West.

OPEN FORUM

Meeting was adjourned at 4:20 pm.

Respectfully submitted,

Danielle Manning

Danielle Manning for Tom Goff, Investment Committee, Chair

CAL POLY POMONA FOUNDATION, INC.
Investment Committee Meeting Minutes
June 13, 2017

Present: U.J. Fan, Dan Montplaisir, and Sean Yu

WebEx: Tom Goff, Danielle Manning, Kathy Tully, Andrew Price and Karin Longhurst

Absent: Lea Dopson, Rodney Rideau and Jessica Shahad

Visitors: Dennis Miller, Debra Poe, David Prenovost and Karen Sandoval

CALL TO ORDER

Tom Goff called the meeting to order at 11:00.

CONSENSUS ACTION ITEMS

The minutes for May 10, 2017 have not been signed but were prepared and available at the meeting for questions. Signed minutes will be presented for review at the next Investment Committee meeting.

ACTION ITEMS

1. General Investment Policy 131 Update

David Prenovost explained that at the May Investment Committee meeting, Andrew Price, Institutional Consulting Director with Graystone Consulting, mentioned they would review the asset allocations of the general investment portfolio to increase the yield earned that in turn is allocated to the Foundation and Scholarship Programs and present their recommendations at the next Committee meeting.

Andrew Price presented their recommendations of changes to the asset allocations within the Board approved ranges for the General Investment Policy #131 that would require an amendment to the target asset allocations of the policy.

A motion was made by Dan Montplaisir to accept the resolution to change the target asset allocations of the General Investment Policy #131 while keeping within the Board approved ranges. The motion was seconded by Kathy Tully and approved 6-Ayes, 0-Nays and 0-Abstentions.

2. Endowment Investment Policy 130 Update

David Prenovost explained that at the May Investment Committee meeting, Andrew Price, Institutional Consulting Director with Graystone Consulting, mentioned they would review the asset allocations of the endowment investment portfolio to increase the total return that is allocated to each endowment and present their recommendations at the next Committee meeting.

Andrew Price recommended making changes to the asset allocations within the Board approved ranges for the Endowment Investment Policy #130 that would require an amendment to the target asset allocations of the policy.

A motion was made by Sean Yu to accept the resolution to change the target asset allocation of the Endowment Investment Policy #130 while keeping within the Board arroved ranges. The motion was seconded by Kathy Tully and approved 6-Ayes, 0-Nays and 0-Abstentions.

DISCUSSION ITEMS

None

INFORMATION ITEMS

David Prenovost thanked those who attended the retirement party for Paul last week.

OPEN FORUM

Meeting was adjourned at 11:55am

Respectfully submitted,

Thomas W Goff

Tom Goff
Investment Committee, Chair

Memorandum

Date: August 14, 2017

To: Investment Committee
Cal Poly Pomona Foundation, Inc.

From: David F. Prenovost
Senior Managing Director/CFO

Subject: INVESTMENT HIGHLIGHTS – Fourth Quarter 2016-17

The Foundation's Endowment and General Investment Policies 130 and 131 requires a comprehensive quarterly report of the investment portfolio's performance be provided to the members of the Investment Committee and Board of Directors at each regularly scheduled meeting.

ENDOWMENT INVESTMENT PORTFOLIO
The Endowment Investment Portfolio (Portfolio) has a market value of $96.2 million at June 30, 2017 and is over/under weighted by no more than 0.97% basis points; please see Graystone's reports and capital market overview for further information.

GENERAL INVESTMENT PORTFOLIO

The General Investment Portfolio (Portfolio) has a current market value of $55.3 million at June 30, 2017 and is over/under weighted by no more than 4% and the portion managed by Graystone Consulting has a current market value of $53.2 million at March 31, 2017 and is over/under weighted by no more than 0.75% basis points. Please see Asset Class ranges and policy target vs portfolio allocation as well as Graystone's and the Common Fund's reports for further information.

Per the Foundation's Policy # 133, only the quarterly yield is distributed; for the 1st quarter the yield was 0.57% or fifty-seven basis points and the scholarship programs received $21,122 and the Foundation programs received $167,422; for the 2nd quarter the yield was 0.50% or fifty basis points and the scholarship programs received $17,409 and the Foundation programs received $143,401; for the 3rd quarter the yield was 0.43% or forty three basis points and the scholarship programs received $16,080 and the Foundation programs received $128,386; and for the 4th quarter the yield was 0.44% or forty four basis points and the scholarship programs received $17,570 and the Foundation programs received $131,559 (net of Foundation quarterly fee of 0.125% or twelve and a half basis points).

The Foundation received capital call notices and has contributed $226,875 against its commitment of $250,000 to Capital Partners IV and $672,750 against its commitment of $750,000 to Capital Private Equity Partners VII. The value of the Non-Marketable Investments are $728,941, please see Common Fund Summary Investment and Performance Reports for further details.

The total Alternative Investment in Innovation Way infrastructure is $1.4 million. Per the terms of the investment agreement, the Foundation charged $34,715 year-to-date for fiscal year 2016-17. This investment repaid $300,000 in the first quarter of fiscal year 2017-18.

Recommended Action: The members of the Investment Committee have reviewed the comprehensive quarterly investment reports and believe the reports are in compliance with the investment policies and recommends the quarterly investment reports be presented to the Board of Directors at their next regularly scheduled meeting.

PASSED AND ADOPTED THIS 28th DAY OF SEPTEMBER 2017.

By: ______________________________
Mr. Thomas M. Goff, Chair
Investment Committee

Capital Markets Commentary

GLOBAL INVESTMENT COMMITTEE

Quarterly Review Q2 2017

Living Up to Our High Expectations

As of July 12, 2017

- **In January, our call was for the strongest global equity market since 2013**. Market is annualizing at 25% YTD.
- Led by *international* economies and markets, it appears **we are in the midst of the most synchronous global economic upturn since 2009 with characteristics of self sustainability**.
- The strongest global earnings results and equity market breadth since 2Q 2009 is further evidence of the synchronous nature and settles the debate around hard vs soft economic data, in our view.
- **Our bullish *global* equity outlook assumes earnings estimates continue to move higher** as the global economic recovery persists. It also assumes **valuations can expand further** as market participants become more comfortable with the self sustainability of the recovery, which should allow equity risk premiums to normalize. **Importantly, 10-year Treasury yields are assumed to remain under 3%.**
- Japanese equities have performed very well this year even with a stronger yen. This divergence is unique and it's a new trend. Japan is our favored global equity market for 2017.
- European equities have been outperformers this year despite the elevated political risks thanks to accelerating earnings growth. We think these gains can extend after some near-term consolidation.
- Emerging markets have been the strongest performers year to date as concerns about anti-trade rhetoric have cooled. However, this period of outperformance could be subsiding if the US dollar strengthens.
- **Risks to our near-term optimistic equity view: 1) Fed is further along in its rate cycle than appreciated** and further tightening ends cycle prematurely; **2) Commercial Real Estate and Auto financing markets are showing stress** and serve as canaries in the coal mine for bigger credit problems; **3) Oil prices don't recover;** and **4) European Central Bank decides to taper** Quantitative Easing (QE) program sooner or more aggressively than expected, which leads to global rate shock—Taper Tantrum II.

Source: Morgan Stanley Wealth Management GIC. Equity risk premium is the excess return that an individual stock or the overall stock market provides over a risk-free rate. The risk-free rate represents the interest an investor would expect from an absolutely risk-free investment over a specified period of time.

Capital Markets Overview: 2Q 2017

US Equity Markets

As of 2Q 2017

The Dow Jones Industrial Average increased 4.0% in the first quarter. The NASDAQ Composite Index was up 4.2% for the quarter. The S&P 500 Index increased 3.1% for the quarter.

Nine of the 11 sectors within the S&P 500 generated positive returns in 2Q17. The top-performing sector was Health Care, which was up 7.1%. Industrials and Financials rose 4.7% and 4.3%, respectively, and were also among the top-performing sectors. The biggest laggards were Energy, which decreased 6.4%, and Telecom, which fell 7.0%.

The Russell 1000 Index, a large-cap index, increased 3.1% for the quarter, with large-cap growth (4.7%) outperforming large-cap value (1.3%).

The Russell Midcap Index increased 2.7% for the quarter, with mid-cap growth (4.2%) outperforming mid-cap value (1.4%).

The Russell 2000 Index, a small-cap index, increased 2.5% for the quarter, with small-cap growth (4.4%) outperforming small-cap value (0.7%).

Key US Stock Market Index Returns (%) for the Period Ending 6/30/2017

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized
S&P 500	3.1%	17.9%	14.6%	15.4%
Dow Jones	4.0%	22.1%	13.4%	14.7%
Russell 2000	2.5%	24.6%	13.7%	14.3%
Russell Midcap	2.7%	16.5%	14.7%	15.3%
Russell 1000	3.1%	18.0%	14.7%	15.4%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

Past performance is no guarantee of future results. Estimates of future performance are based on assumptions that may not be realized. This material is not a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Please refer to important information, disclosures and qualifications at the end of this material. This slide sourced from Market Performance section.

Capital Markets Overview: 2Q 2017

Global Equity Markets

As of 2Q 2017

In the second quarter, emerging markets (EM) and international developed regions both delivered positive returns (in USD). The MSCI EAFE Index (a benchmark for international developed markets) increased 6.4% for US-currency investors and increased 2.9% for local-currency investors, as the US dollar significantly depreciated in relation to the currencies of many nations in the index.

For the second quarter, the MSCI Emerging Markets Index increased 6.4% for US-currency investors and 6.7% for local-currency investors. The MSCI Europe Index increased 7.6% for US-currency investors and increased 6.2% for local-currency investors during 2Q17.

The S&P 500 Index increased 3.1% for the quarter.

Emerging economy equity market indices were up in the second quarter. The MSCI BRIC (Brazil, Russia, India and China) Index rose 4.8% for the quarter in US dollar terms and 5.8% in terms of local currencies. For the first quarter, the MSCI EM Asia Index was up 8.7% in US dollar terms and 9.2% in local terms.

Key Global Equity Market Index Returns (%) for the Period Ending 6/30/2017

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
MSCI EAFE	6.4%	20.8%	9.2%	8.4%
MSCI EAFE Growth	7.7%	16.1%	9.6%	9.0%
MSCI EAFE Value	5.1%	25.7%	8.7%	7.7%
MSCI Europe	7.7%	21.8%	9.4%	8.8%
MSCI Japan	5.2%	19.6%	9.8%	7.7%
S&P 500	3.1%	17.9%	14.6%	15.4%
MSCI Emerging Markets	6.4%	24.2%	4.3%	4.2%

Source: FactSet, Bloomberg, Morgan Stanley Wealth Management GIC

Capital Markets Overview: 2Q 2017

The US Bond Market

As of 2Q 2017

The bond market registered positive returns during the second quarter. The Bloomberg Barclays US Aggregate Bond Index, a general measure of the bond market, increased 1.4% for the quarter as the curve continued to flatten.

Interest rates decreased during the second quarter, as the yield on the 10-year US Treasury note declined to a quarter-end 2.30% from 2.38% at the end of 1Q17. This came out to a 3.5% decrease in rates for the quarter.

Riskier parts of the bond market such as US high yield debt also increased in the second quarter. The Bloomberg Barclays Capital High Yield Index, a measure of lower-rated corporate bonds, rose 2.2%.

Mortgage-backed securities posted slightly positive returns during the second quarter. The Bloomberg Barclays Capital Mortgage Backed Index increased 0.9% for the quarter. During the second quarter, the municipal bond market also increased. As a result, the Bloomberg Barclays Capital Muni Index generated a 2.0% return for the quarter.

Key US Bond Market Index Returns (%) for the Period Ending 6/30/2017

INDEX IN USD	Quarter	12 Months	5-Years (Annualized)	7-Years (Annualized)
Bloomberg Barclays Capital US Aggregate	1.4%	-0.3%	2.2%	3.2%
Bloomberg Barclays Capital High Yield	2.2%	12.7%	6.9%	8.1%
Bloomberg Barclays Capital Government/Credit	1.7%	-0.4%	2.3%	3.4%
Bloomberg Barclays Capital Government	1.2%	-2.3%	1.3%	2.5%
Bloomberg Barclays Capital Intermediate Govt/Credit	0.9%	-0.2%	1.8%	2.6%
Bloomberg Barclays Capital Long Govt/Credit	4.4%	-1.1%	4.3%	6.8%
Bloomberg Barclays Capital Mortgage Backed Securities	0.9%	-0.1%	2.0%	2.7%
Bloomberg Barclays Capital Muni	2.0%	-0.5%	3.3%	4.2%

Source: FactSet, Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

Capital Markets Overview: 2Q 2017

Hedge Funds

As of 2Q 2017

HFRX Equity Hedge Index: 2Q = 1.01%

- Equity Hedge managers posted positive returns during the quarter, as equity markets continued to rally from Q1. There was particular strength seen in European and emerging market equities during the quarter. Consistent global economic data coupled with attractive corporate profit growth and healthy global liquidity helped equity markets during the quarter.
- Managers who had been overweight growth sectors benefitted during the quarter as growth stocks outperformed value stocks for the quarter. In addition, managers who had international exposure during the quarter benefitted from the rally in global equities, most notably Europe.

HFRX Event-Driven Index: 2Q = 1.61%

- In general, it was a positive quarter for the various Event Driven strategies in 2Q. Special situation investments benefitted from the strength in global equity markets. Distressed credit strategies were helped as credit spreads continued to grind tighter, while merger arbitrage continued to generate muted but positive performance the quarter.

HFRX Macro/CTA Index: 2Q = 0.01%

- Macro/CTA strategies delivered flat returns in 2Q, driven by mixed performance in systematic trend-following strategies and negative performance for discretionary macro strategies. Discretionary macro strategies generally suffered from the wrong positioning in interest rates and currencies during the quarter.

HFRX Relative Value Arbitrage Index: 2Q = 0.68%

- Relative Value managers were positive in 2Q, led by relative value credit, MBS and convertible arbitrage strategies.

HFRX Global Hedge Fund Index: 2Q = 0.89%

- Global hedge fund performance was positive during the second quarter; with technology equity, international equity and event driven strategies driving performance.

Source: HFRX Hedge Fund Indices; Morgan Stanley Wealth Management GIC

Riskier Assets Have Outperformed Over Last 12 Months

Last 12 Months' Returns for Major Asset Classes

As of July 5, 2017

1-Year Total Return		
Global Equity Indexes	**In USD (%)**	**In Local FX (%)**
MSCI ACWI	20.2	20.8
MSCI Europe	24.1	23.1
MSCI US	19.0	19.0
MSCI Japan	17.0	30.5
MSCI EM	24.5	22.6

1-Year Total Return	
Global Bond Indexes	**In USD (%)**
Bloomberg Barclays Global Agg.	-3.2
Bloomberg Barclays US Agg.	-1.1
US 10-Year Treasury	-6.1
Bloomberg Barclays US Agg. IG	1.1
Bloomberg Barclays US Agg. HY	12.1
Bloomberg Barclays EM	5.2

Source: FactSet, Morgan Stanley & Co. Research. Note: Bond Indexes are Bloomberg Barclays except for 10-Year Treasury.

Despite Claims to the Contrary, Market Breadth Is Very Strong

YTD Total Return for Global Indexes in USD

As of July 5, 2017

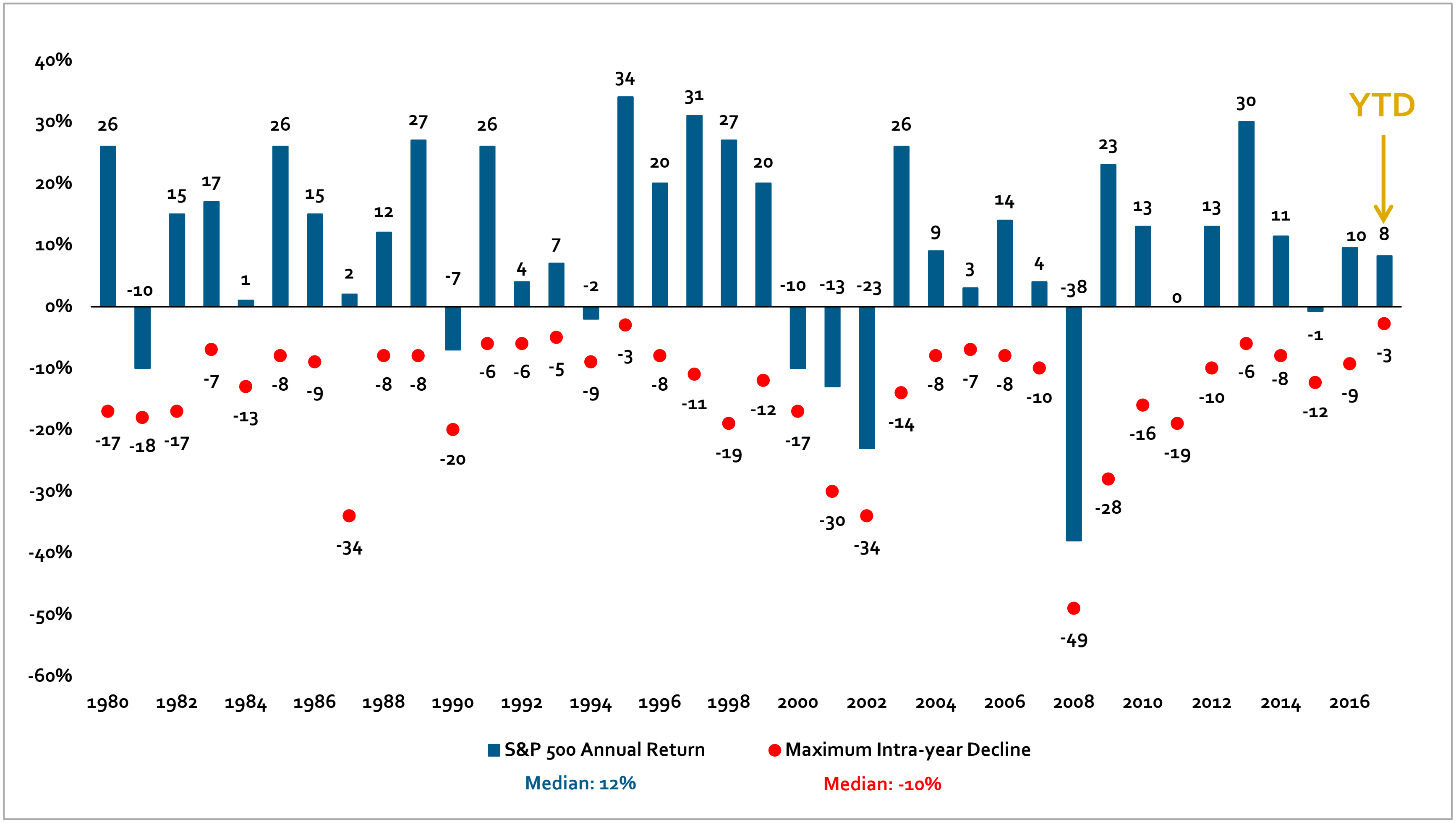
	Total Return YTD				
	S&P 500	MSCI AC World	MSCI EM	MSCI Japan	MSCI Europe
Discretionary	10.5%	12.2%	22.0%	6.0%	14.1%
Staples	7.8%	11.2%	12.4%	12.6%	18.0%
Energy	-12.7%	-8.4%	0.4%	2.3%	-2.8%
Financials	8.6%	12.4%	14.9%	7.6%	20.6%
Health Care	16.9%	16.4%	9.3%	6.3%	17.8%
Industrials	10.5%	14.0%	17.8%	10.6%	21.8%
Tech	17.5%	20.7%	35.0%	20.0%	22.4%
Materials	9.8%	11.4%	13.0%	14.1%	13.8%
Real Estate	6.1%	9.0%	24.5%	1.7%	11.8%
Telecom	-10.3%	1.9%	9.2%	11.8%	9.3%
Utilities	7.8%	10.2%	8.9%	5.9%	16.1%
Total	9.8%	12.0%	18.6%	9.8%	16.3%

Source: FactSet, Morgan Stanley & Co. Research

Corrections Have Been Frequent and Have Presented Opportunities

S&P 500 Annual Returns and Intra-Year Declines

As of June 30, 2017

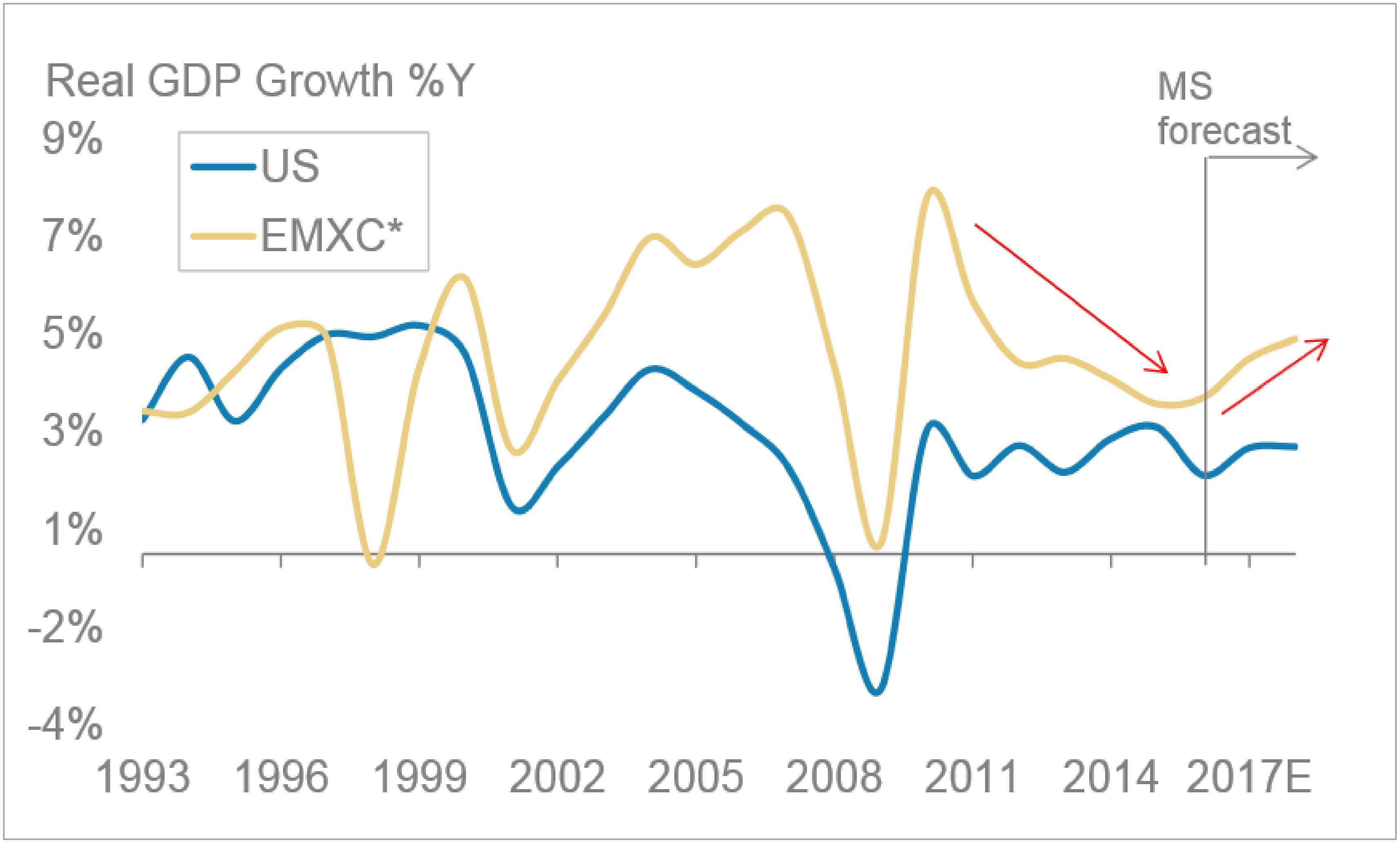


Source: Bloomberg, Morgan Stanley Wealth Management GIC. Intra-year declines are defined as the peak-to-trough decline during the year

First Synchronous Recovery in Both DMs and EMs Since 2009-10

Real GDP Growth for Developed and Emerging Markets

As of June 9, 2017

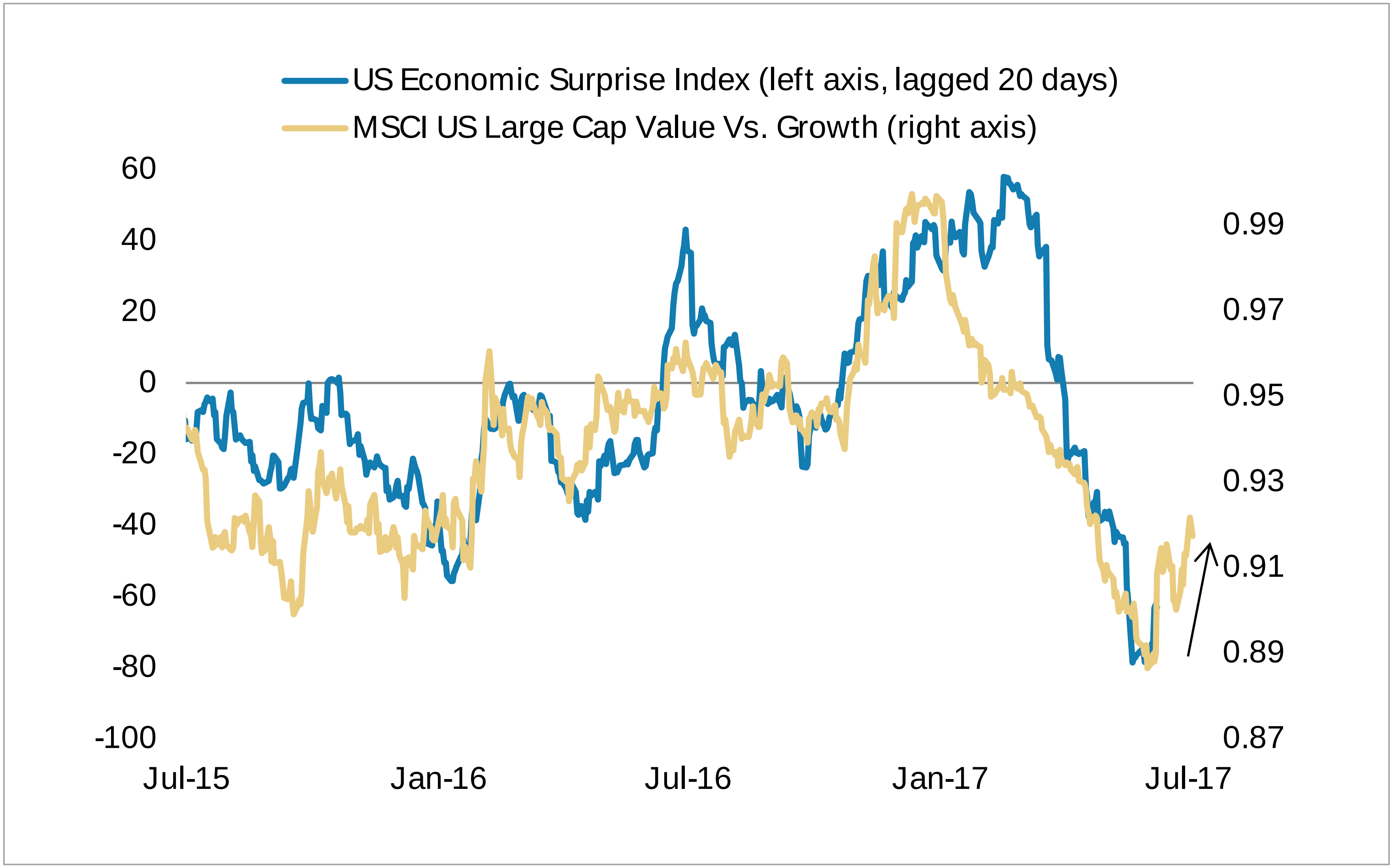


Source: IMF, Morgan Stanley Wealth Management GIC, Morgan Stanley & Co. Research. *Note: EMXC = emerging markets excluding China, Ukraine, Kazakhstan, Venezuela, Nigeria and Saudi Arabia.

US Economic Data Is Likely to Start Surprising on Upside

US Economic Surprise vs. MSCI Large Cap Value/Growth Performance

As of July 5, 2017

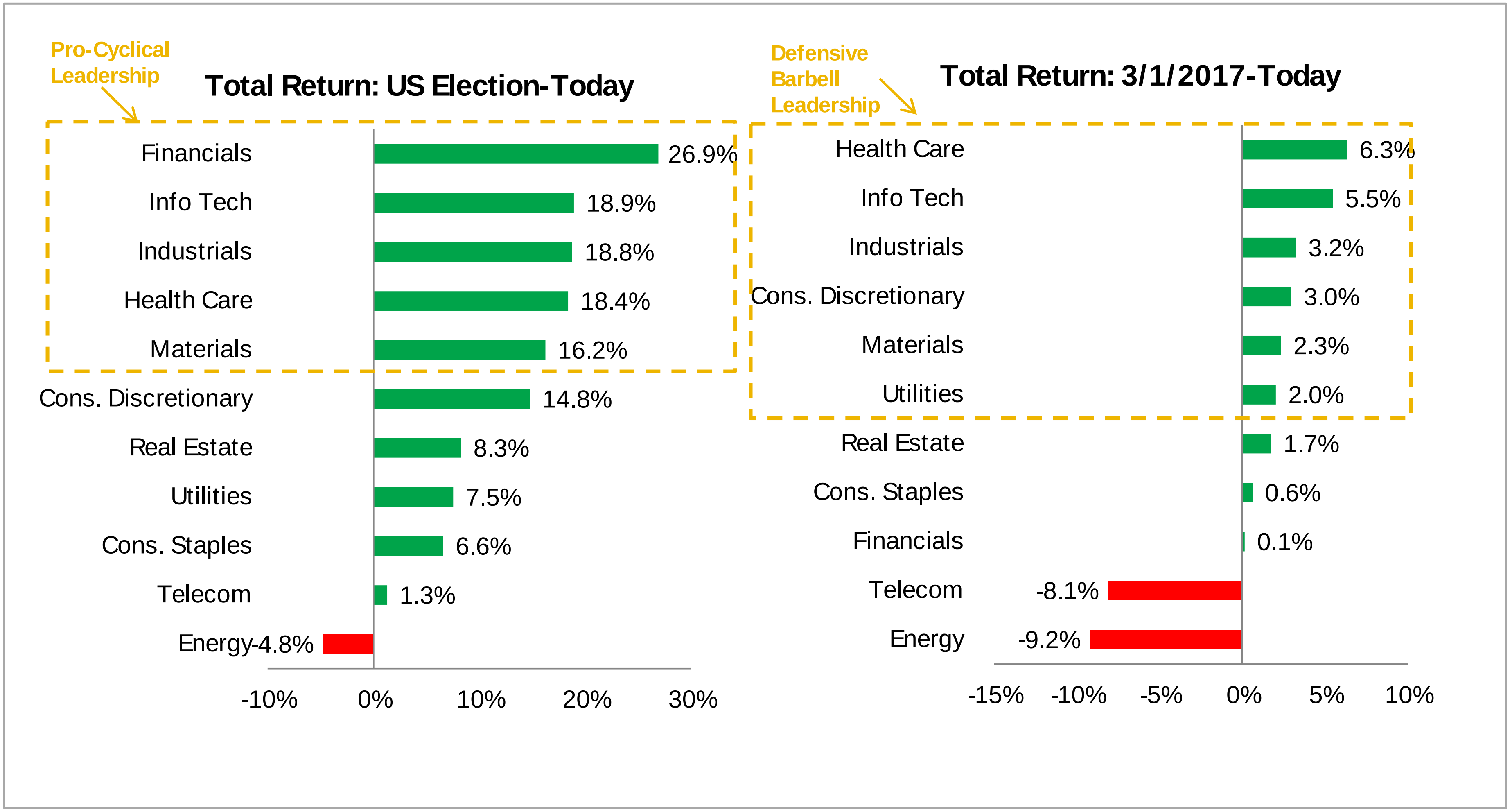


Source: Bloomberg, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

Pro-Cyclical Sectors Still Leading Since Election Even After Recent Underperformance

S&P 500 Sector Total Return

As of July 5, 2017

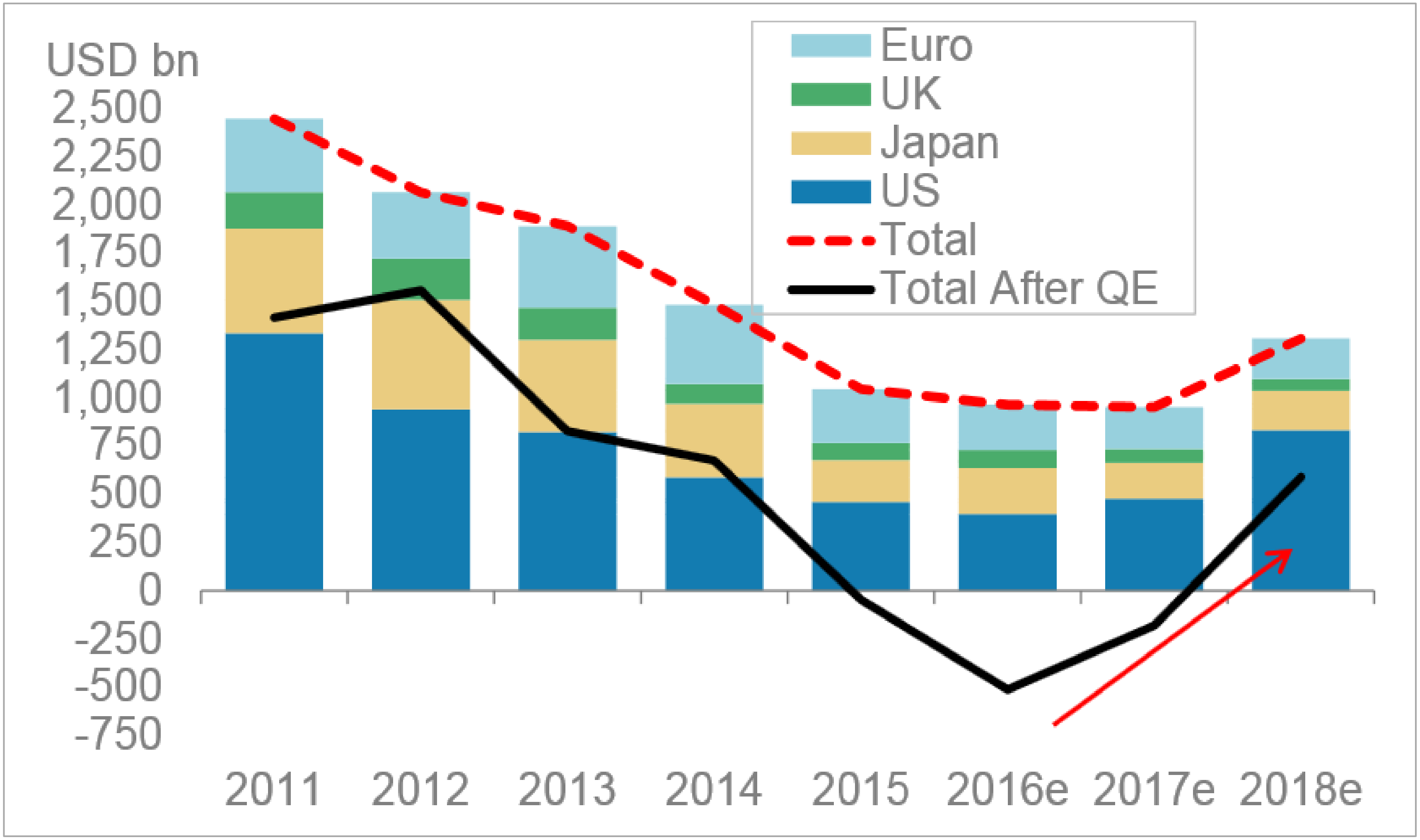


Source: FactSet, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

Shift in Global Bonds Net Issuance

Net Global Bond Issuance after Quantitative Easing (QE)

As of June 30, 2017



Source: Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC. Note: Global bond issuance metrics retrieved from respective Treasury departments of the following countries: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Japan, Netherlands, Portugal, Spain, United States, United Kingdom.

Rates Are Likely Troughing But it Will Take Years to Break Out

US 10-year Treasury Yield 1986-present

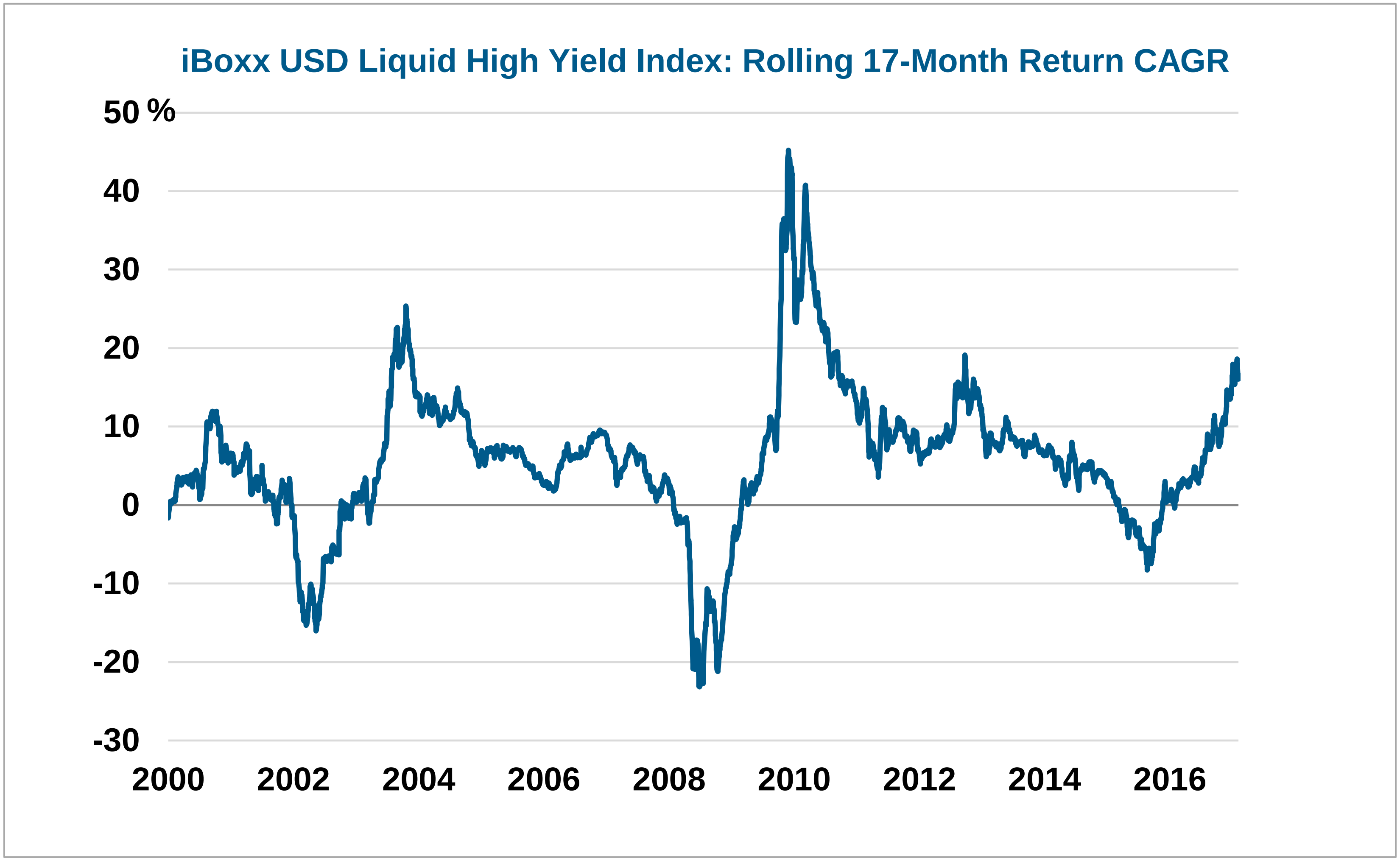
As of July 5, 2017

Source: Bloomberg, Morgan Stanley Wealth Management GIC

High Yield Returns Have Been Significant

US High Yield Rolling 17-Month Returns Annualized

As of July 5, 2017



Source: Bloomberg, Morgan Stanley & Research, Morgan Stanley Wealth Management GIC

Tax Cut Would be Meaningful; Telco and Energy Stick Out

Impact of Corporate Tax Rate Cut to 25% on S&P 500 Earnings

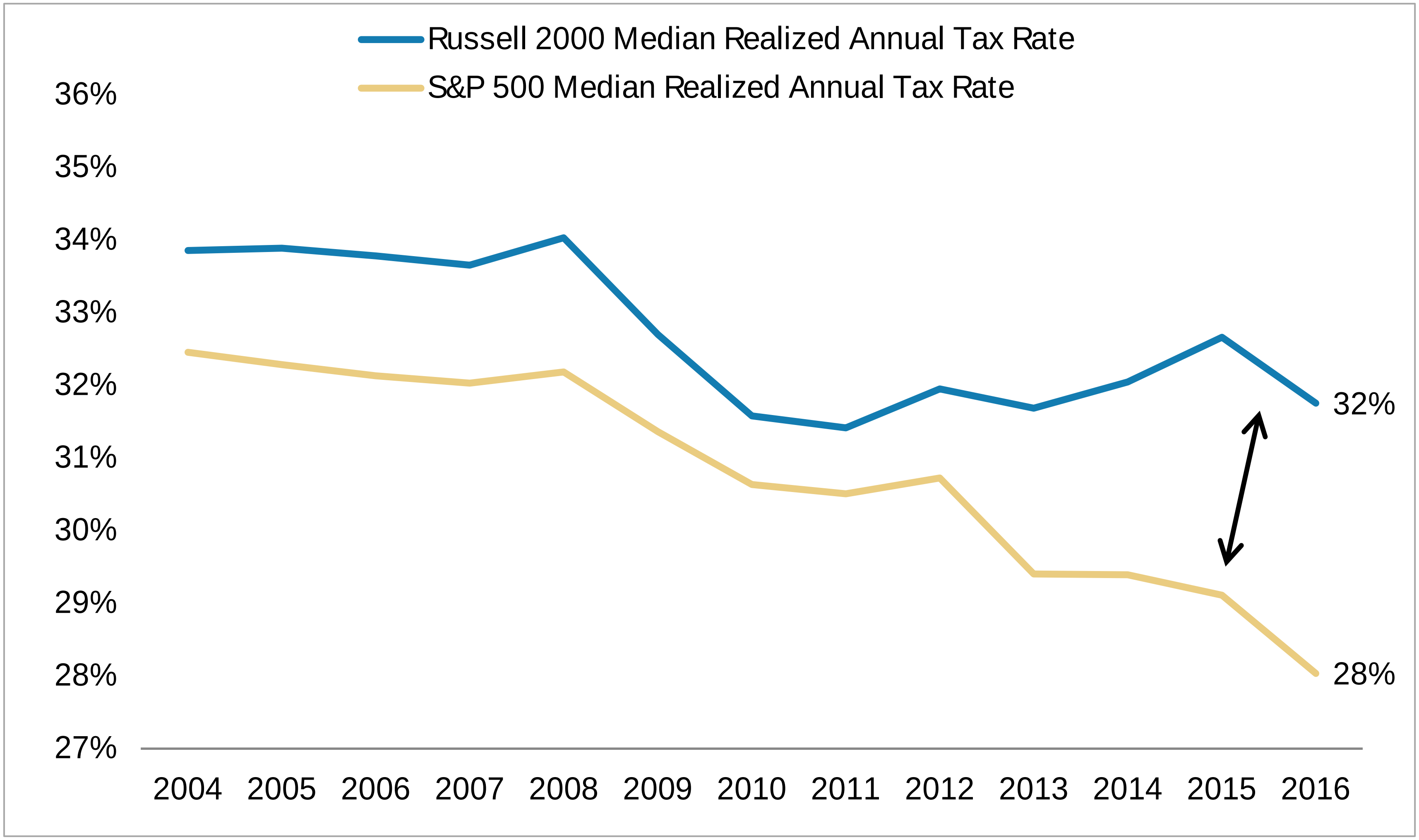
As of June 30, 2017

Sector	Last Fiscal Year Effective Tax Rate	2018 Consensus Tax Rate	Pro Forma Effective Tax Rate	% Diference from Consensus	Implied Change in Net Income
Consumer Discretionary	29%	31%	27%	3%	5%
Consumer Staples	30%	30%	25%	4%	6%
Energy	16%	34%	19%	15%	22%
Financials	28%	29%	28%	1%	1%
Health Care	23%	25%	17%	8%	11%
Industrials	30%	29%	28%	1%	2%
Information Technology	19%	22%	15%	8%	10%
Materials	22%	26%	26%	0%	-1%
Real Estate	4%	6%	3%	3%	3%
Telecom Services	34%	34%	27%	7%	11%
Utilities	28%	32%	27%	5%	7%
S&P 500	**26%**	**27%**	**23%**	**4%**	**6%**

Source: Calcbench, Company Data, FactSet, Compustat, Morgan Stanley Research- Analysis done by Accounting & Tax Policy analyst Todd Castagno. Notes on analysis: Assumes no change in pretax income, domestic or foreign; no adjustments for valuation allowance components within a provision; domestic provision equals domestic income x US rate specified; assumes the provision for state and local taxes is unchanged; assumes all permanent items that impact rate are eliminated (R&D tax credit, muni interest, domestic manufacturing, etc.) No adjustments to REITs.

Tax Cut Would Disproportionately Help Small Caps

As of December 31, 2016



Source: FactSet, Morgan Stanley & Co. Research, Morgan Stanley Wealth Management GIC

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Bottom Line: Our Recommendations

As of July 12, 2017

- The global economic recovery began over a year ago. The rate of change in the recovery became unsustainably high, but the synchronicity of the recovery is the broadest since the initial recovery in 2009 from the Great Recession. We are also witnessing the strongest revenue growth and expansion in incremental margins in 5 years.
- We continue to recommend equities over fixed income given our constructive view on accelerating global economic and earnings growth, supportive financial conditions, the potential for global fiscal stimulus and cheap relative valuations. Throw in the chance for US corporate tax cuts and less regulation and this could be a very favorable cocktail for equities. Finally, the awakening of "animal spirits" could lead to the euphoria stage of this cyclical bull.
- We prefer a barbell of positioning within equity portfolios—consider deep cyclical stocks, Financials and reasonably priced growth stocks. We expect high valuation and ultra-defensive/low-volatility strategies to underperform as global growth and cyclical company earnings surprise to the upside. For income, we favor dividend *growth* over dividend yield.
- We think Japan still offers an attractive opportunity for both stock picking and beta plays levered to global recovery. MS & Co. Japan equity strategist, Jonathan Garner, forecasts 25% earnings growth for Japan in 2017. We expect the yen to weaken and recommend 50% actively managed local funds and 50% currency-hedged ETFs.
- Many of the structural imbalances in EM have improved. Concerns about EM from anti-trade "rhetoric" were buying opportunities. Europe is tied to EM via its exports and banking system and has strong long-term valuation support as fears of political risk and banking crisis peaked with the Italian referendum. Earnings in Europe are outgrowing US companies this year. Banks have performed well globally, which we expect to continue.
- Within fixed income, we recommend US-only positioning with some exposure to high yield and TIPS as inflation expectations should recover further with a weaker dollar, stabilizing oil prices and tighter labor. We remain underweight longer maturities and other interest rate-sensitive assets like REITs where there are also some signs of credit risk.
- Commodity correction is a consolidation of last year's bottom. We maintain exposure via energy stocks and MLPs.
- Risks to our bullish outlook include: 1) The Fed is further along in its rate cycle; 2) Commercial real estate and auto financing problems create larger credit problems; 3) Oil prices roll over again and move toward $40; and 4) ECB decides to taper asset purchases sooner and/or more aggressively than expected causing global interest rate spike—Taper Tantrum II.

Source: Morgan Stanley Wealth Management GIC

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Nontraditional investment options and strategies are often employed by a portfolio manager to further a fund's investment objective and to help offset market risks. However, these features may be complex, making it more difficult to understand the fund's essential characteristics and risks, and how it will perform in different market environments and over various periods of time. They may also expose the fund to increased volatility and unanticipated risks particularly when used in complex combinations and/or accompanied by the use of borrowing or "leverage."

KEY ASSET CLASS CONSIDERATIONS AND OTHER RISKS

Investing in the markets entails the risk of market volatility. The value of all types of investments, including stocks, mutual funds, exchange-traded funds ("ETFs"), closed-end funds, and unit investment trusts, may increase or decrease over varying time periods. To the extent the investments depicted herein represent **international securities**, you should be aware that there may be additional risks associated with international investing, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes, and differences in financial and accounting standards. These risks may be magnified in **emerging markets and frontier markets**. **Small- and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. In addition, the securities of small- and mid-capitalization companies may not trade as readily as, and be subject to higher volatility than, those of larger, more established companies. The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer. **High yield bonds** are subject to additional risks such as increased risk of default and greater volatility because of the lower credit quality of the issues. In the case of **municipal bonds**, income is generally exempt from federal income taxes. Some income may be subject to state and local taxes and to the federal alternative minimum tax. Capital gains, if any, are subject to tax. **Treasury Inflation Protection Securities' (TIPS)** coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S. Treasuries in times of low inflation. There is no guarantee that investors will receive par if TIPS are sold prior to maturity. The returns on a portfolio consisting primarily of **environmental, social, and governance-aware investments ("ESG")** may be lower or higher than a portfolio that is more diversified or where decisions are based solely on investment considerations. Because ESG criteria exclude some investments, investors may not be able to take advantage of the same opportunities or market trends as investors that do not use such criteria. The companies identified and investment examples are for illustrative purposes only and should not be deemed a recommendation to purchase, hold or sell any securities or investment products. They are intended to demonstrate the approaches taken by managers who focus on ESG criteria in their investment strategy. There can be no guarantee that a client's account will be managed as described herein. **Options** and margin trading involve substantial risk and are not suitable for all investors. Besides the general investment risk of holding securities that may decline in value and the possible loss of principal invested, **closed-end funds** may have additional risks related to declining market prices relative to net asset values (NAVs), active manager underperformance and potential leverage. Closed-end funds, unlike open-end funds, are not continuously offered. There is a one-time public offering and once issued, shares of closed-end funds are sold in the open market through a stock exchange. NAV is total assets less total liabilities divided by the number of shares outstanding. At the time an investor purchases shares of a closed-end fund, shares may have a market price that is above or below NAV. Portfolios that invest a large percentage of assets in only one industry **sector** (or in only a few sectors) are more vulnerable to price fluctuation than those that diversify among a broad range of sectors. **Alternative investments** often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are suitable only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing. 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Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley Wealth Management does not provide tax or legal advice.

While the HFRI indices are frequently used, they have limitations (some of which are typical of other widely used indices). These limitations include survivorship bias (the returns of the indices may not be representative of all the hedge funds in the universe because of the tendency of lower performing funds to leave the index); heterogeneity (not all hedge funds are alike or comparable to one another, and the index may not accurately reflect the performance of a described style); and limited data (many hedge funds do not report to indices, and the index may omit funds, the inclusion of which might significantly affect the performance shown. The HFRI indices are based on information self-reported by hedge fund managers that decide on their own, at any time, whether or not they want to provide, or continue to provide, information to HFR Asset Management, L.L.C. Results for funds that go out of business are included in the index until the date that they cease operations. Therefore, these indices may not be complete or accurate representations of the hedge fund universe, and may be biased in several ways.

It should be noted that the majority of hedge fund indexes are comprised of hedge fund manager returns. This is in contrast to traditional indexes, which are comprised of individual securities in the various market segments they represent and offer complete transparency as to membership and construction methodology. As such, some believe that hedge fund index returns have certain biases that are not present in traditional indexes. Some of these biases inflate index performance, while others may skew performance negatively. However, many studies indicate that overall hedge fund index performance has been biased to the upside. Some studies suggest performance has been inflated by up to 260 basis points or more annually depending on the types of biases included and the time period studied. Although there are numerous potential biases that could affect hedge fund returns, we identify some of the more common ones throughout this paper. Self-selection bias results when certain manager returns are not included in the index returns and may result in performance being skewed up or down. Because hedge funds are private placements, hedge fund managers are able to decide which fund returns they want to report and are able to opt out of reporting to the various databases. Certain hedge fund managers may choose only to report returns for funds with strong returns and opt out of reporting returns for weak performers. Other hedge funds that close may decide to stop reporting in order to retain secrecy, which may cause a downward bias in returns. Survivorship bias results when certain constituents are removed from an index. This often results from the closure of funds due to poor performance, "blow ups," or other such events. As such, this bias typically results in performance being skewed higher. As noted, hedge fund index performance biases can result in positive or negative skew. However, it would appear that the skew is more often positive. While it is difficult to quantify the effects precisely, investors should be aware that idiosyncratic factors may be giving hedge fund index returns an artificial "lift" or upwards bias.

Hedge Funds of Funds and many funds of funds are private investment vehicles restricted to certain qualified private and institutional investors. They are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lockups. They involve complex tax structures, tax-inefficient investing and delays in distributing important tax information. Categorically, hedge funds and funds of funds have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors. Funds of funds have an additional layer of fees over and above hedge fund fees that will offset returns. An investment in an **exchange-traded fund** involves risks similar to those of investing in a broadly based portfolio of equity securities traded on an exchange in the relevant securities market, such as market fluctuations caused by such factors as economic and political developments, changes in interest rates and perceived trends in stock and bond prices. An investment in a **target date portfolio** is subject to the risks attendant to the underlying funds in which it invests, in these portfolios the funds are the Consulting Group Capital Market funds. A target date portfolio is geared to investors who will retire and/or require income at an approximate year. The portfolio is managed to meet the investor's goals by the pre-established year or "target date." A target date portfolio will transition its invested assets from a more aggressive portfolio to a more conservative portfolio as the target date draws closer. An investment in the target date portfolio is not guaranteed at any time, including, before or after the target date is reached. **Managed futures** investments are speculative, involve a high degree of risk, use significant leverage, are generally illiquid, have substantial charges, subject investors to conflicts of interest, and are suitable only for the risk capital portion of an investor's portfolio. Managed futures investments do not replace equities or bonds but rather may act as a complement in a well diversified portfolio. Managed Futures are complex and not appropriate for all investors. **Rebalancing** does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. **Asset allocation and diversification** do not assure a profit or protect against loss in declining financial markets. Past performance is no guarantee of future results. Actual results may vary.

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For index, indicator and survey definitions referenced in this report please visit the following: http://www.morganstanleyfa.com/public/projectfiles/id.pdf

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Actual performance results of accounts vary due to, for example, market factors (such as liquidity) and client-specific factors (such as investment vehicle selection, timing of contributions and withdrawals, restrictions and rebalancing schedules). Clients would not necessarily have obtained the performance results shown here if they had invested in accordance with any GIC Asset Allocation Model for the periods indicated. Despite the limitations of hypothetical performance, these hypothetical performance results allow clients and Financial Advisors to obtain a sense of the risk /return trade-off of different asset allocation constructs. The hypothetical performance results in this report are calculated using the returns of benchmark indices for the asset classes, and not the returns of securities, fund or other investment products. Models may contain allocations to Hedge Funds, Private Equity and Private Real Estate. The benchmark indices for these asset classes are not issued on a daily basis. When calculating model performance on a day for which no benchmark index data is issued, we have assumed straight line growth between the index levels issued before and after that date. **FEES REDUCE THE PERFORMANCE OF ACTUAL ACCOUNTS:** None of the fees or other expenses (e.g. commissions, mark-ups, mark-downs, fees) associated with actual trading or accounts are reflected in the GIC Asset Allocation Models. The GIC Asset Allocation Models and any model performance included in this presentation are intended as educational materials. Were a client to use these models in connection with investing, any investment decisions made would be subject to transaction and other costs which, when compounded over a period of years, would decrease returns. Information regarding Morgan Stanley's standard advisory fees is available in the Form ADV Part 2, which is available at www.morganstanley.com/adv. The following hypothetical illustrates the compound effect fees have on investment returns: For example, if a portfolio's annual rate of return is 15% for 5 years and the account pays 50 basis points in fees per annum, the gross cumulative five-year return would be 101.1% and the five-year return net of fees would be 96.8%. Fees and/or expenses would apply to clients who invest in investments in an account based on these asset allocations, and would reduce clients' returns. The impact of fees and/or expenses can be material. **insurance products disclosures: Variable annuities** are long-term investments designed for retirement purposes and may be subject to market fluctuations, investment risk, and possible loss of principal. All guarantees, including optional benefits, are based on the financial strength and claims-paying ability of the issuing insurance company and do not apply to the underlying investment options. Optional riders may not be able to be purchased in combination and are available at an additional cost. Some optional riders must be elected at time of purchase. Optional riders may be subject to specific limitations, restrictions, holding periods, costs, and expenses as specified by the insurance company in the annuity contract. If you are investing in a **variable annuity** through a tax-advantaged retirement plan such as an IRA, you will get no additional tax advantage from the variable annuity. Under these circumstances, you should only consider buying a variable annuity because of its other features, such as lifetime income payments and death benefits protection. Taxable distributions (and certain deemed distributions) are subject to ordinary income tax and, if taken prior to age 59½, may be subject to a 10% federal income tax penalty. Early withdrawals will reduce the death benefit and cash surrender value. **Equity securities** may fluctuate in response to news on companies, industries, market conditions and general economic environment. **Ultrashort-term fixed income** asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk. **Master Limited Partnerships (MLPs): I**ndividual MLPs are publicly traded partnerships that have unique risks related to their structure. These include, but are not limited to, their reliance on the capital markets to fund growth, adverse ruling on the current tax treatment of distributions (typically mostly tax deferred), and commodity volume risk. The potential tax benefits from investing in MLPs depend on their being treated as partnerships for federal income tax purposes and, if the MLP is deemed to be a corporation, then its income would be subject to federal taxation at the entity level, reducing the amount of cash available for distribution to the fund which could result in a reduction of the fund's value. MLPs carry interest rate risk and may underperform in a rising interest rate environment. **Investing in commodities** entails significant risks. Commodity prices may be affected by a variety of factors at any time, including but not limited to, (i) changes in supply and demand relationships, (ii) governmental programs and policies, (iii) national and international political and economic events, war and terrorist events, (iv) changes in interest and exchange rates, (v) trading activities in commodities and related contracts, (vi) pestilence, technological change and weather, and (vii) the price volatility of a commodity. In addition, the commodities markets are subject to temporary distortions or other disruptions due to various factors, including lack of liquidity, participation of speculators and government intervention. **Physical precious metals** are non-regulated products. Precious metals are speculative investments, which may experience short-term and long term price volatility. The value of precious metals investments may fluctuate and may appreciate or decline, depending on market conditions. Unlike bonds and stocks, precious metals do not make interest or dividend payments. Therefore, precious metals may not be suitable for investors who require current income. Precious metals are commodities that should be safely stored, which may impose additional costs on the investor. **REITs** investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions. Risks of **private real estate** include: illiquidity; a long-term investment horizon with a limited or nonexistent secondary market; lack of transparency; volatility (risk of loss); and leverage. Principal is returned on a monthly basis over the life of a **mortgage-backed security.** Principal prepayment can significantly affect the monthly income stream and the maturity of any type of MBS, including standard MBS, CMOs and Lottery Bonds. **Asset-backed securities** generally decrease in value as a result of interest rate increases, but may benefit less than other fixed-income securities from declining interest rates, principally because of prepayments. **Yields** are subject to change with economic conditions. Yield is only one factor that should be considered when making an investment decision. **Credit ratings** are subject to change. The majority of $25 and $1000 par **preferred securities** are "callable" meaning that the issuer may retire the securities at specific prices and dates prior to maturity. Interest/dividend payments on certain preferred issues may be deferred by the issuer for periods of up to 5 to 10 years, depending on the particular issue. The investor would still have income tax liability even though payments would not have been received. Price quoted is per $25 or $1,000 share, unless otherwise specified. Current yield is calculated by multiplying the coupon by par value divided by the market price. The initial interest rate on a **floating-rate security** may be lower than that of a fixed-rate security of the same maturity because investors expect to receive additional income due to future increases in the floating security's underlying reference rate. The reference rate could be an index or an interest rate. However, there can be no assurance that the reference rate will increase. Some floating-rate securities may be subject to call risk. The market value of **convertible bonds** and the underlying common stock(s) will fluctuate and after purchase may be worth more or less than original cost. If sold prior to maturity, investors may receive more or less than their original purchase price or maturity value, depending on market conditions. Callable bonds may be redeemed by the issuer prior to maturity. Additional call features may exist that could affect yield. Some $25 or $1000 **par preferred securities** are QDI (Qualified Dividend Income) eligible. Information on QDI eligibility is obtained from third party sources. The dividend income on QDI eligible preferreds qualifies for a reduced tax rate. Many traditional 'dividend paying' perpetual preferred securities (traditional preferreds with no maturity date) are QDI eligible. In order to qualify for the preferential tax treatment all qualifying preferred securities must be held by investors for a minimum period – 91 days during a 180 day window period, beginning 90 days before the ex-dividend date. Companies paying **dividends** can reduce or cut payouts at any time. **Nondiversification:** For a portfolio that holds a concentrated or limited number of securities, a decline in the value of these investments would cause the portfolio's overall value to decline to a greater degree than a less concentrated portfolio. The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time. Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies. **Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected. Any type of **continuous or periodic investment plan** does not assure a profit and does not protect against loss in declining markets. Since such a plan involves continuous investment in securities regardless of fluctuating price levels of such securities, the investor should consider his financial ability to continue his purchases through periods of low price levels. **Duration,** the most commonly used measure of bond risk, quantifies the effect of changes in interest rates on the price of a bond or bond portfolio. The longer the duration, the more sensitive the bond or portfolio would be to changes in interest rates. This material is disseminated in the United States of America by Morgan Stanley Smith Barney LLC. Morgan Stanley Wealth Management is not acting as a municipal advisor to any municipal entity or obligated person within the meaning of Section 15B of the Securities Exchange Act (the "Municipal Advisor Rule") and the opinions or views contained herein are not intended to be, and do not constitute, advice within the meaning of the Municipal Advisor Rule. This material, or any portion thereof, may not be reprinted, sold or redistributed without the written consent of Morgan Stanley Smith Barney LLC.

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A Business of Morgan Stanley

Cal Poly Pomona Foundation Endowment Portfolio

Portfolio Review
As of June 30, 2017

Graystone Consulting

Andrew Price, CIMA® (310) 788-2043
Managing Director, Wealth Management
Institutional Consulting Director
andrew.price@msgraystone.com

Karin Longhurst, CTFA (310) 788-2156
Senior Institutional Consultant
karin.longhurst@msgraystone.com

Todd Au, CIMA® (707) 571-5704
Senior Investment Management Consultant
todd.au@msgraystone.com

1999 Avenue of the Stars, Suite 2400
Los Angeles, CA 90067

Graystone Consulting[SM]

Cal Poly Pomona Foundation
Executive Summary

Type of Fund	Endowment
Time Horizon	Perpetuity
Investment Horizon	Over 10 Years
Target Return	Greater Los Angeles Area CPI + 5%
Normal Policy Allocation	41.5% Russell 3000 / 26.0% MSCI AC World ex US Net 27.5% Barclays Aggregate / 5.0% HFRI FoF Diversified

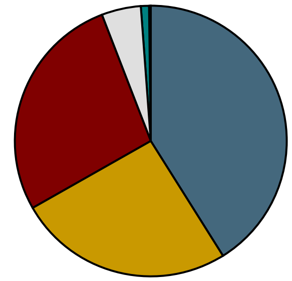
Asset Allocation Guidelines

Asset Class	Target Allocation
Total Equities	**67.5%**
Domestic Equity	41.5%
International Equity	26.0%
Fixed Income includes MBS	**27.5%**
Domestic and International	27.5%
Hedge Funds	**5.0%**
Cash Equivalents	**0.0%**

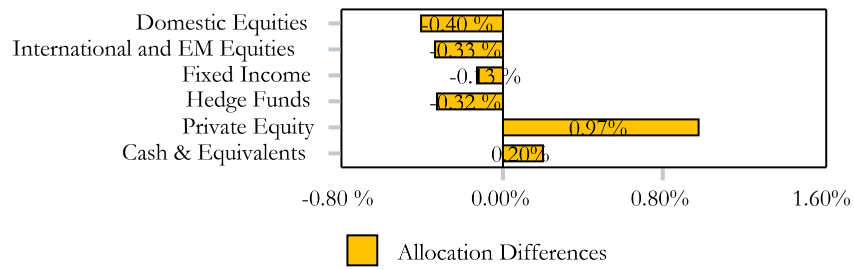
Cal Poly Pomona Foundation
Balances and Asset Allocation
As of June 30. 2017

	Total Fund ($)	Total Fund %
All/Large Cap Equities	**29,946,742**	**31.12**
iShares Russell 1000 Growth ETF	9,956,165	10.35
Aristotle Large Cap Value	10,112,602	10.51
Lazard US Equity Concentrated	9,877,975	10.27
Small/Mid Cap Equities	**9,601,038**	**9.98**
Apex SMID Cap Growth	4,786,200	4.97
Vaughan Nelson SMID Cap Value	4,814,838	5.00
International and EM Equities	**24,700,328**	**25.67**
William Blair International Growth	8,993,926	9.35
Oakmark International Value	9,039,203	9.39
iShares MSCI EM Index	6,667,199	6.93
Total Public Equities	**64,248,108**	**66.77**
Domestic Fixed Income	**21,548,613**	**22.40**
Guggenheim Macro Opportunities	8,598,068	8.94
PIMCO Income	9,600,096	9.98
Eaton Vance Income	3,350,448	3.48
Global Fixed Income	**4,789,877**	**4.98**
Templeton Global Bond	4,789,877	4.98
Total Fixed Income	**26,338,490**	**27.37**
Hedge Funds	**4,501,610**	**4.68**
Blackstone Alt Multi-Strategy	1,156,054	1.20
Ironwood International	1,143,760	1.19
Balyasny Atlas Enhanced	1,108,481	1.15
Graham Absolute Return	1,093,314	1.14
Private Equity - Hamilton Lane	**934,500**	**0.97**
Cash & Equivalents	**196,950**	**0.20**
Cash Holding Account	196,950	0.20
Cal Poly Pomona Foundation Total Fund	**96,219,658**	**100.00**

Total Fund Value: $96,219,658



	Market Value ($)	Allocation (%)
Domestic Equities	39,547,780	41.10
International and EM Equities	24,700,328	25.67
Fixed Income	26,338,490	27.37
Hedge Funds	4,501,610	4.68
Private Equity	934,500	0.97
Cash & Equivalents	196,950	0.20



	Market Value ($)	Allocation (%)	Target (%)
Domestic Equities	39,547,780	41.10	41.50
International and EM Equities	24,700,328	25.67	26.00
Fixed Income	26,338,490	27.37	27.50
Hedge Funds	4,501,610	4.68	5.00
Private Equity	934,500	0.97	0.00
Cash & Equivalents	196,950	0.20	0.00

*Please see important disclosures at the end of the presentation.

Cal Poly Pomona Foundation
Asset Allocation & Performance
As of June 30, 2017

	Allocation		Performance(%)								
	Market Value ($)	%	QTD	Fiscal YTD	1 Year a/o 06/17	3 Years a/o 06/17	5 Years a/o 06/17	Fiscal Year 2016	Fiscal Year 2015	Since Inception	Inception Date
Cal Poly Pomona Foundation Total Fund	**96,219,658**	**100.00**	**2.99**	**13.64**	**13.64**	**2.02**	**6.41**	**-5.01**	**-1.64**	**6.35**	**10/01/2008**
Cal Poly Pomona Custom Benchmark*			3.16	12.93	12.93	3.54	8.31	-0.61	-1.12	7.16	
Public Equities	**64,248,108**	**66.77**	**3.77**	**17.11**	**17.11**	**3.85**	**9.45**	**-5.24**	**0.93**	**7.54**	**10/01/2008**
MSCI AC World Net			4.27	18.78	18.78	4.82	10.54	-3.73	0.71	7.50	
Domestic Equities	**39,547,780**	**41.10**	**2.81**	**18.31**	**18.31**	**6.80**	**13.54**	**-4.32**	**7.63**	**10.20**	**10/01/2008**
Russell 3000			3.01	18.51	18.51	9.10	14.59	2.14	7.30	11.18	
iShares Russell 1000 Growth ETF	**9,956,165**	**10.35**	**4.54**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**13.85**	**08/02/2016**
Russell 3000 Growth			4.65	N/A	N/A	N/A	N/A	N/A	N/A	14.84	
Aristotle Large Cap Value	**10,112,602**	**10.51**	**3.70**	**22.25**	**22.25**	**10.64**	**N/A**	**3.48**	**7.07**	**13.97**	**06/13/2013**
Russell 1000 Value			1.34	15.53	15.53	7.36	N/A	2.86	4.14	11.14	
Lazard US Equity Concentrated	**9,877,975**	**10.27**	**1.21**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**6.32**	**12/19/2016**
S&P 500 Total Return			3.09	N/A	N/A	N/A	N/A	N/A	N/A	8.49	
Apex SMID Cap Growth	**4,786,200**	**4.97**	**3.71**	**18.67**	**18.67**	**4.36**	**13.20**	**-12.90**	**9.98**	**11.48**	**08/01/2011**
Russell 2500 Growth			4.13	21.44	21.44	7.64	14.33	-7.70	11.28	12.10	
Vaughan Nelson SMID Cap Value	**4,814,838**	**5.00**	**-0.24**	**12.60**	**12.60**	**N/A**	**N/A**	**N/A**	**N/A**	**18.18**	**02/03/2016**
Russell 2500 Value			0.32	18.36	18.36	N/A	N/A	N/A	N/A	26.49	
International and EM Equities	**24,700,328**	**25.67**	**6.04**	**17.74**	**17.74**	**0.06**	**5.54**	**-10.25**	**-5.19**	**4.81**	**10/01/2008**
MSCI AC World xUS Net			5.78	20.45	20.45	0.80	7.22	-10.24	-5.26	5.01	
William Blair International Growth	**8,993,926**	**9.35**	**6.85**	**15.94**	**15.94**	**1.59**	**8.10**	**-9.25**	**-0.34**	**6.51**	**10/01/2008**
MSCI AC World xUS Net			5.78	20.45	20.45	0.80	7.22	-10.24	-5.26	5.01	
Oakmark International Value	**9,039,203**	**9.39**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**2.43**	**05/19/2017**
MSCI AC World xUS Net			N/A	N/A	N/A	N/A	N/A	N/A	N/A	1.69	
iShares MSCI EM Index	**6,667,199**	**6.93**	**5.40**	**22.29**	**22.29**	**N/A**	**N/A**	**-11.00**	**N/A**	**3.71**	**01/01/2015**
MSCI Emerging Markets Net			6.27	23.74	23.74	N/A	N/A	-12.05	N/A	4.65	

*The custom benchmark is an evolving benchmark that is currently comprised of 41.5% Russell 3000, 26.0% MSCI AC World ex US Net, 27.5% Barclays Aggregate, and 5% HFRI FoF Diversified. **The performance Cambridge PE benchmark is lagged by a quarter. Please see important disclosures at the end of the presentation.

Cal Poly Pomona Foundation
Asset Allocation & Performance
As of June 30, 2017

	Allocation		Performance(%)								
	Market Value ($)	%	QTD	Fiscal YTD	1 Year a/o 06/17	3 Years a/o 06/17	5 Years a/o 06/17	Fiscal Year 2016	Fiscal Year 2015	Since Inception	Inception Date
Fixed Income	**26,338,490**	**27.37**	**1.63**	**6.03**	**6.03**	**1.83**	**2.88**	**0.54**	**-0.97**	**5.56**	**10/01/2008**
Barclays Aggregate			1.45	-0.31	-0.31	2.48	2.21	6.00	1.85	4.37	
Citi WGBI Unhedged			2.89	-4.14	-4.14	-1.00	-0.20	11.26	-9.02	2.50	
Guggenheim Macro Opportunities	**8,598,068**	**8.94**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**1.04**	**05/19/2017**
Barclays Aggregate			N/A	N/A	N/A	N/A	N/A	N/A	N/A	0.19	
PIMCO Income	**9,600,096**	**9.98**	**2.21**	**9.61**	**9.61**	**N/A**	**N/A**	**N/A**	**N/A**	**9.77**	**02/03/2016**
Barclays Aggregate			1.45	-0.31	-0.31	N/A	N/A	N/A	N/A	2.36	
Eaton Vance Income	**3,350,448**	**3.48**	**2.25**	**10.49**	**10.49**	**N/A**	**N/A**	**N/A**	**N/A**	**12.95**	**02/03/2016**
BC Corp High Yield			2.17	12.69	12.69	N/A	N/A	N/A	N/A	17.68	
Templeton Global Bond	**4,789,877**	**4.98**	**-1.07**	**10.57**	**10.57**	**1.28**	**3.70**	**-4.40**	**-1.72**	**2.80**	**08/01/2011**
Citi WGBI Unhedged			2.89	-4.14	-4.14	-1.00	-0.20	11.26	-9.02	-0.11	
Hedge Funds	**4,501,610**	**4.68**	**-0.97**	**4.53**	**4.53**	**N/A**	**N/A**	**N/A**	**N/A**	**4.53**	**07/15/2016**
HFRI FOF Diversified			0.29	5.20	5.20	N/A	N/A	N/A	N/A	4.46	
Blackstone Alt Multi-Strategy	**1,156,054**	**1.20**	**1.58**	**7.26**	**7.26**	**N/A**	**N/A**	**N/A**	**N/A**	**7.26**	**07/15/2016**
HFRI FOF Diversified			0.29	5.20	5.20	N/A	N/A	N/A	N/A	4.46	
Ironwood International	**1,143,760**	**1.19**	**0.43**	**6.30**	**6.30**	**N/A**	**N/A**	**N/A**	**N/A**	**6.30**	**07/26/2016**
HFRI FOF Conservative			0.53	5.32	5.32	N/A	N/A	N/A	N/A	4.51	
Balyasny Atlas Enhanced	**1,108,481**	**1.15**	**-1.69**	**3.02**	**3.02**	**N/A**	**N/A**	**N/A**	**N/A**	**3.02**	**07/26/2016**
S&P 500 Total Return			3.09	17.90	17.90	N/A	N/A	N/A	N/A	13.99	
Graham Absolute Return	**1,093,314**	**1.14**	**-4.22**	**1.27**	**1.27**	**N/A**	**N/A**	**N/A**	**N/A**	**1.27**	**07/22/2016**
HFRX Global Hedge Fund			0.88	6.00	6.00	N/A	N/A	N/A	N/A	4.92	
Private Equity - Hamilton Lane	**934,500**	**0.97**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**-0.51**	**06/05/2017**
Cambridge Private Equity**			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

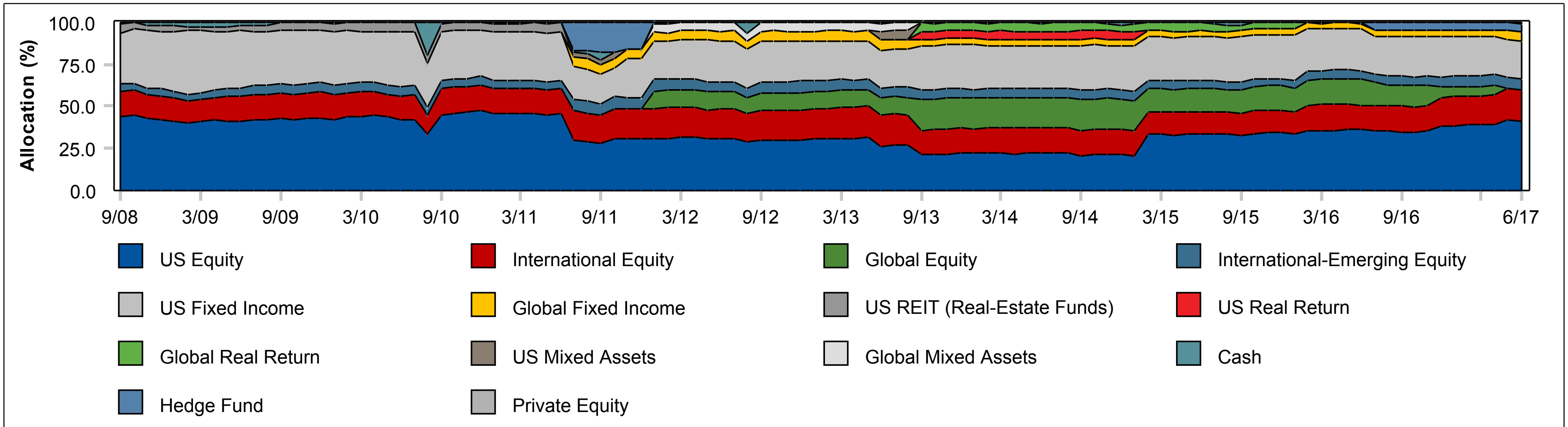
*The custom benchmark is an evolving benchmark that is currently comprised of 41.5% Russell 3000, 26.0% MSCI AC World ex US Net, 27.5% Barclays Aggregate, and 5% HFRI FoF Diversified. **The performance Cambridge PE benchmark is lagged by a quarter. Please see important disclosures at the end of the presentation.

Cal Poly Pomona Foundation
Performance and Asset Allocation History
As of June 30, 2017

	QTD	Fiscal YTD	1 Year a/o 06/17	3 Years a/o 06/17	5 Years a/o 06/17	Since Inception	Inception Date
Cal Poly Pomona Foundation Total Fund							10/01/2008
Beginning Market Value	94,344,241	85,625,356	85,625,356	86,657,511	55,579,506	31,161,294	
Net Contributions	-946,430	-1,092,641	-1,092,641	3,871,868	16,767,752	31,694,880	
Gain/Loss	2,821,847	11,686,943	11,686,943	5,690,280	23,872,400	33,363,484	
Ending Market Value	**96,219,658**	**96,219,658**	**96,219,658**	**96,219,658**	**96,219,658**	**96,219,658**	

	QTD	Fiscal YTD	1 Year a/o 06/17	3 Years a/o 06/17	5 Years a/o 06/17	Since Inception	Inception Date
Cal Poly Pomona Foundation Total Fund	2.99	13.64	13.64	2.02	6.41	6.35	10/01/2008
Cal Poly Pomona Custom Benchmark*	3.16	12.93	12.93	3.54	8.31	7.16	

Asset Allocation Over Time



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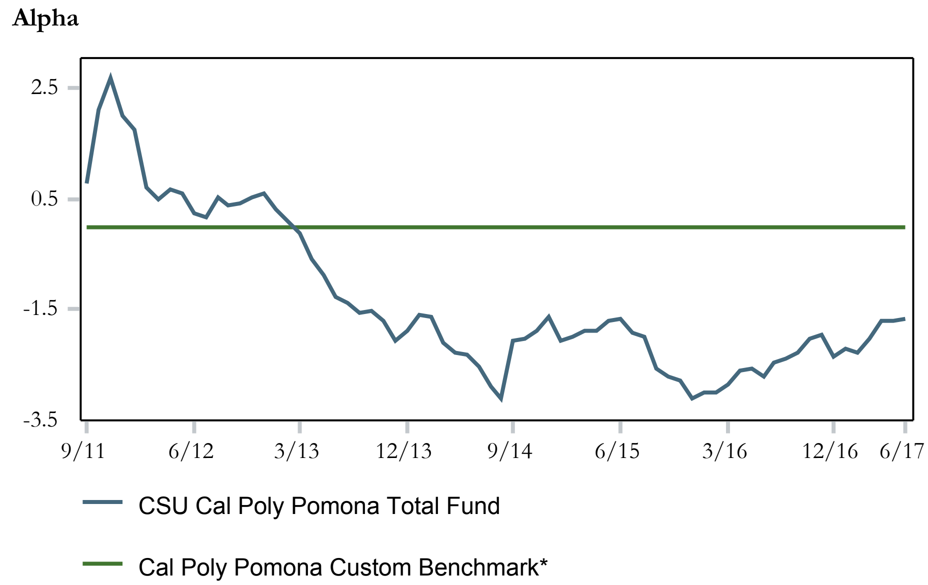
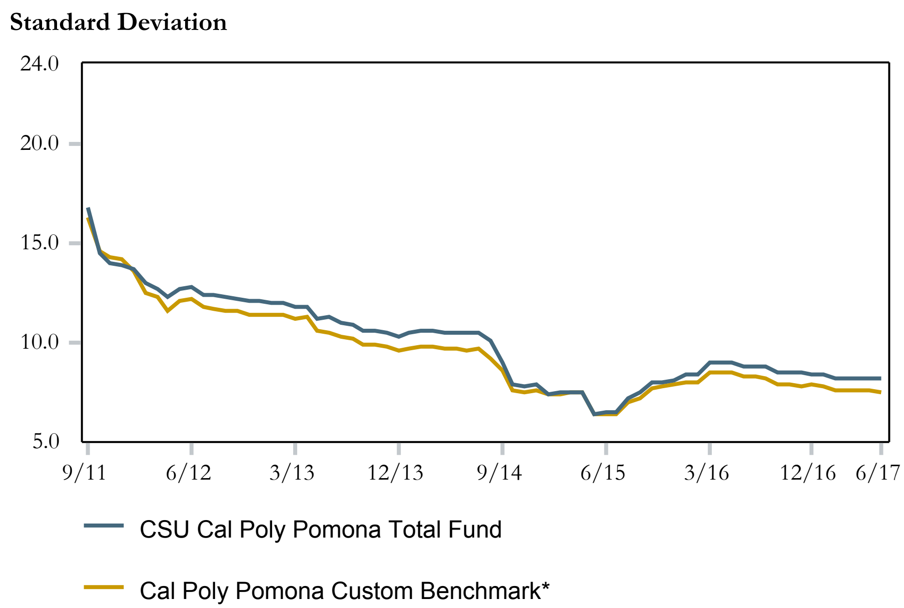
Cal Poly Pomona Foundation
Risk Analytics
As of June 30, 2017

	QTD	Fiscal YTD	Since Inception	Inception Date
Return	2.99	13.64	6.35	10/01/2008
Standard Deviation	0.51	4.22	12.15	
vs. Cal Poly Pomona Custom Benchmark*				
Alpha	-0.11	0.39	-0.92	
Beta	1.06	1.02	1.03	
R-Squared	0.90	0.89	0.97	

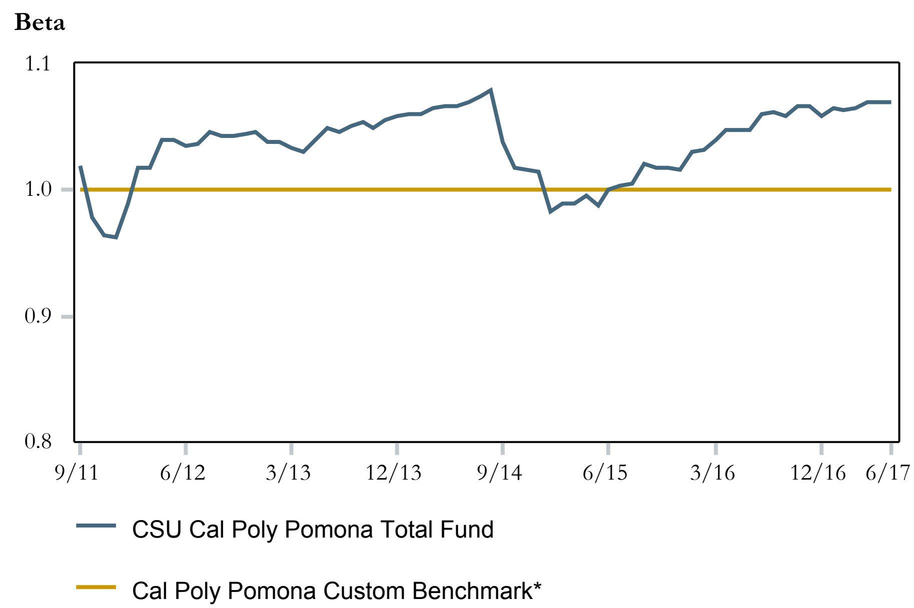
Rolling 36 Month Alpha vs. Risk Benchmark



Rolling 36 Month Standard Deviation



Rolling 36 Month Beta vs. Risk Benchmark



*The custom benchmark is an evolving benchmark that is currently comprised of 41.5% Russell 3000, 26.0% MSCI AC World ex US Net, 27.5% Barclays Aggregate, and 5% HFRI FoF Diversified. Please see important disclosures at the end of the presentation.

PORTFOLIO PERFORMANCE SUMMARY

The Endowment Portfolio gained 2.99% for the quarter, slightly trailing the Custom Benchmark's return of 3.16%. For the fiscal year ended June 30, 2017 the portfolio's return was 13.64% versus the benchmark of 12.93%. The portfolio's four primary investment categories: Domestic Equities, International Equities, Fixed Income and Alternative Investments all performed relatively in line with benchmark indices. The portfolio has a combination of active and passive investment strategies. The active strategies have a history of adding outperformance over the long term, especially during market declines. For example, return for the Barclays Aggregate Fixed Income benchmark was -.31% during fiscal 2017, yet the Endowment's bond portfolio earned +6.03% during the period. Stocks on the other hand have not had a significant correction since the 2007-2008 financial crisis. As that event moves farther behind us, fully-invested passive strategies have tended to outperform active strategies, leading some to question whether active investing is worth the additional cost. Graystone has a positive outlook for global equities over the next year or two, yet as the bull market that began in 2009 matures and the economy approaches another recession, we believe active management will once again demonstrate its value. Meanwhile it is worth a reminder that even an all passive portfolio will underperform the benchmark over time, when expenses such as fees, custody and consulting are factored in.

Glossary of Terms

Active Contribution Return: The gain or loss percentage of an investment relative to the performance of the investment benchmark.

Active Exposure: The percentage difference in weight of the portfolio compared to its policy benchmark.

Active Return: Arithmetic difference between the manager's return and the benchmark's return over a specified time period.

Actual Correlation: A measure of the correlation (linear dependence) between two variables X and Y, with a value between +1 and -1 inclusive. This is also referred to as coefficient of correlation.

Alpha: A measure of a portfolio's time weighted return in excess of the market's return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market.

Best Quarter: The highest quarterly return for a certain time period.

Beta: A measure of the sensitivity of a portfolio's time weighted return (net of fees) against that of the market. A beta greater than 1.00 indicates volatility greater than the market.

Consistency: The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.

Core: Refers to an investment strategy mandate that is blend of growth and value styles without a pronounced tilt toward either style.

Cumulative Selection Return (*Cumulative Return*): Cumulative investment performance over a specified period of time.

Distribution Rate: The most recent distribution paid, annualized, and then divided by the current market price. Distribution rate may consist of investment income, short-term capital gains, long-term capital gains, and/or return of capital.

Down Market Capture: The ratio of average portfolio returns over the benchmark during periods of negative benchmark return. Lower values indicate better product performance.

Downside Risk: A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the value, the more risk the product has.

Downside Semi Deviation: A statistical calculation that measures the volatility of returns below a minimum acceptable return. This return measure isolates the negative portion of volatility: the larger the number, the greater the volatility.

Drawdown: A drawdown is the peak-to-trough decline during a specific period of an investment, fund or commodity.

Excess over Benchmark: The percentage gain or loss of an investment relative to the investment's benchmark.

Excess Return: Arithmetic difference between the manager's return and the risk-free return over a specified time period.

Growth: A diversified investment strategy which includes investment selections that have capital appreciation as the primary goal, with little or no dividend payouts. These strategies can include reinvestment in expansion, acquisitions, and/or research and development opportunities.

Growth of Dollar: The aggregate amount an investment has gained or lost over a certain time period, also referred to as Cumulative Return, stated in terms of the amount to which an initial dollar investment would have grown over the given time period.

Investment Decision Process (IDP): A model for structuring the investment process and implementing the correct attribution methodologies. The IDP includes every decision made concerning the division of the assets under management over the various asset categories. To analyze each decision's contribution to the total return, a modeling approach must measure the marginal value of every individual decision. In this respect, the hierarchy of the decisions becomes very important. We therefore use the IDP model, which serves as a proper foundation for registering the decisions and relating them to each other.

Information Ratio: Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

Jensen's Alpha: The Jensen's alpha measure is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. This metric is also commonly referred to as alpha..

Kurtosis: A statistical measure that is used to describe the distribution, or skewness, of observed data around the mean, sometimes referred to as the volatility of volatility.

Maximum Drawdown: The drawdown is defined as the percent retrenchment from a fund's peak to the fund's trough value. It is in effect from the time the fund's retrenchment begins until a new fund high is reached. The maximum drawdown encompasses both the period from the fund's peak to the fund's valley (length), and the time from the fund's valley to a new fund high (recovery). It measures the largest percentage drawdown that has occurred in any fund's data record.

Modern Portfolio Theory (MPT): An investment analysis theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward.

Mutual Fund (MF): An investment program funded by shareholders that trade in diversified holdings and is professionally managed.

Peer Group: A combination of funds that share the same investment style combined as a group for comparison purposes.

Peer/ Plan Sponsor Universe: A combination of asset pools of total plan investments by specific sponsor and plan types for comparison purposes.

Performance Ineligible Assets: Performance returns are not calculated for certain assets because accurate valuations and transaction data for these assets are not processed or maintained by us. Common examples of these include life insurance, some annuities and some assets held externally.

Performance Statistics: A generic term for various measures of investment performance measurement terms.

Portfolio Characteristics: A generic term for various measures of investment portfolio characteristics.

Preferred Return: A term used in the private equity (PE) world, and also referred to as a "Hurdle Rate." It refers to the threshold return that the limited partners of a private equity fund must receive, prior to the PE firm receiving its carried interest or "carry."

Ratio of Cumulative Wealth: A defined ratio of the Cumulative Return of the portfolio divided by the Cumulative Return of the benchmark for a certain time period.

Regression Based Analysis: A statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables

Residual Correlation: Within returns-based style analysis, residual correlation refers to the portion of a strategy's return pattern that cannot be explained by its correlation to the asset-class benchmarks to which it is being compared.

Return: A rate of investment performance for the specified period.

Rolling Percentile Ranking: A measure of an investment portfolio's ranking versus a peer group for a specific rolling time period (i.e. Last 3 Years, Last 5 years, etc.).

R-Squared: The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Squared means a higher correlation of the portfolio's performance to the appropriate benchmark.

SA/CF (Separate Account/Comingled Fund): Represents an acronym for Separate Account and Commingled Fund investment vehicles.

Sector Benchmark: A market index that serves as a proxy for a sector within an asset class.

Sharpe Ratio: Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance results in.

Standard Deviation: A statistical measure of the range of a portfolio's performance; the variability of a return around its average return over a specified time period.

Total Fund Benchmark: The policy benchmark for a complete asset pool that could consist of multiple investment mandates.

Total Fund Composite: The aggregate of multiple portfolios within an asset pool or household.

Tracking Error: A measure of standard deviation for a portfolio's investment performance, relative to the performance of an appropriate market benchmark.

Treynor Ratio: A ratio that divides the excess return (above the risk free rate) by the portfolio's beta to arrive at a unified measure of risk adjusted return. It is generally used to rank portfolios, funds and benchmarks. A higher ratio is indicative of higher returns per unit of market risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing market risk.

Up Market Capture: The ratio of average portfolio returns over the benchmark during periods of positive benchmark return. Higher values indicate better product performance.

Upside Semi Deviation: A statistical calculation that measures the volatility of returns above an acceptable return. This return measure isolates the positive portion of volatility: the larger the number, the greater the volatility.

Value: A diversified investment strategy that includes investment selections which tend to trade at a lower price relative to its dividends, earnings, and sales. Common attributes are stocks that include high dividend, low price-to-book ratio, and/or low price-to-earnings ratio.

Worst Quarter: The lowest rolling quarterly return for a certain time period.

Information Disclosures

The performance data shown reflects past performance, which does not guarantee future results. Investment return and principal will fluctuate so that an investor's shares when redeemed may be worth more or less than original cost. Please note, current performance may be higher or lower than the performance data shown. For up to date month-end performance information, please contact your Financial Advisor or visit the funds' company website.

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus and, if available the summary prospectus, contains this and other information that should be read carefully before investing. Investors should review the information in the prospectus carefully. To obtain a prospectus, please contact your Financial Advisor or visit the funds' company website.

Past performance is no guarantee of future results.

Investing involves market risk, including possible loss of principal. **Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. **Small and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than those of larger, more established companies. **Bond funds** and bond holdings have the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the funds. The return of principal in bond funds, and in funds with significant bond holdings, is not guaranteed. **International securities'** prices may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in emerging markets. **Alternative investments**, including private equity funds, real estate funds, hedge funds, managed futures funds, and funds of hedge funds, private equity, and managed futures funds, are speculative and entail significant risks that can include losses due to leveraging or\other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds and risks associated with the operations, personnel and processes of the advisor. **Master Limited Partnerships** (MLPs) are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk; and MLP interests in the real estate sector are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. Because of their narrow focus, MLPs maintain exposure to price volatility of commodities and/or underlying assets and tend to be more volatile than investments that diversify across many sectors and companies. MLPs are also subject to additional risks including: investors having limited control and rights to vote on matters affecting the MLP, limited access to capital, cash flow risk, lack of liquidity, dilution risk, conflict of interests, and limited call rights related to acquisitions.

Mortgage backed securities also involve prepayment risk, in that faster or slower prepayments than expected on underlying mortgage loans can dramatically alter the yield-to-maturity of a mortgage-backed security and prepayment risk includes the possibility that a fund may invest the proceeds at generally lower interest rates.

Tax managed funds may not meet their objective of being tax-efficient.

Real estate investments are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. **High yield** fixed income securities, also known as “junk bonds”, are considered speculative, involve greater risk of default and tend to be more volatile than investment grade fixed income securities.

Credit quality is a measure of a bond issuer’s creditworthiness, or ability to repay interest and principal to bondholders in a timely manner. The credit ratings shown are based on security rating as provided by Standard & Poor’s, Moody’s and/or Fitch, as applicable. Credit ratings are issued by the rating agencies for the underlying securities in the fund and not the fund itself, and the credit quality of the securities in the fund does not represent the stability or safety of the fund. Credit ratings shown range from AAA, being the highest, to D, being the lowest based on S&P and Fitch’s classification (the equivalent of Aaa and C, respectively, by Moody(s). Ratings of BBB or higher by S&P and Fitch (Baa or higher by Moody’s) are considered to be investment grade-quality securities. If two or more of the agencies have assigned different ratings to a security, the highest rating is applied. Securities that are not rated by all three agencies are listed as “NR”.

“**Alpha tilt strategies** comprise a core holding of stocks that mimic a benchmark type index such as the S&P 500 to which additional securities are added to help tilt the fund toward potentially outperforming the market in an effort to enhance overall investment returns. Tilt strategies are subject to significant timing risk and could potentially expose investors to extended periods of underperformance.”

Custom Account Index: The Custom Account Index is an investment benchmark based on your historical target allocations and/or manager selection that you may use to evaluate the performance of your account. The Custom Account index does take into consideration certain changes that may have occurred in your portfolio since the inception of your account, i.e., asset class and/or manager changes. However, in some circumstances, it may not be an appropriate benchmark for use with your specific account composition. For detailed report of the historical composition of this blend please contact your Financial Advisor.

Peer Groups

Peer Groups are a collection of similar investment strategies that essentially group investment products that share the same investment approach. Peer Groups are used for comparison purposes to compare and illustrate a clients investment portfolio versus its peer across various quantitative metrics like performance and risk. Peer Group comparison is conceptually another form of benchmark comparison whereby the actual investment can be ranked versus its peer across various quantitative metrics.

All Peer Group data are provided by Investment Metrics, LLC.

The URL below provides all the definitions and methodology about the various Peer Groups

https://www.invmetrics.com/style-peer-groups

Peer Group Ranking Methodology

A percentile rank denotes the value of a product in which a certain percent of observations fall within a peer group. The range of percentile rankings is between 1 and 100, where 1 represents a high statistical value and 100 represents a low statistical value.

The 30th percentile, for example, is the value in which 30% of the highest observations may be found, the 65th percentile is the value in which 65% of the highest observations may be found, and so on.

Percentile rankings are calculated based on a normalized distribution ranging from 1 to 100 for all products in each peer group, where a ranking of 1 denotes a high statistical value and a ranking of 100 denotes a low statistical value. It is important to note that the same ranking methodology applies to all statistics, implying that a ranking of 1 will always mean highest value across all statistics.

For example, consider a risk/return assessment using standard deviation as a measure of risk. A percentile ranking equal to 1 for return denotes highest return, whereas a percentile ranking of 1 for standard deviation denotes highest risk among peers.

In addition, values may be used to demonstrate quartile rankings. For example, the third quartile is also known as the 75th percentile, and the median is the 50th percentile.

Alternatives

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Any performance or related information presented has not been adjusted to reflect the impact of the additional fees paid to a placement agent by an investor (for Morgan Stanley placement clients, a one-time upfront Placement Fee of up to 3%, and for Morgan Stanley investment advisory clients, an annual advisory fee of up to 2.5%), which would result in a substantial reduction in the returns if such fees were incorporated.

For most investment advisory clients, the program account will be charged an asset-based wrap fee every quarter ("the Fee"). In general, the Fee covers investment advisory services and reporting. In addition to the Fee, clients will pay the fees and expenses of any funds in which their account is invested. Fund fees and expenses are charged directly to the pool of assets the fund invests in and impact the valuations. Clients must understand that these fees and expenses are an additional cost and will not be included in the Fee amount in the account statements.

As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, for an account with an initial value of $100,000 and a 2.5% annual fee, if the gross performance is 5% per year over a three year period, the compounding effect of the fees will result in a net annual compound rate of return of approximately 2.40% per year over a three year period, and the total value of the client's portfolio at the end of the three year period would be approximately $115,762.50 without the fees and $107,372.63 with the fees.

Please see the applicable Morgan Stanley Smith Barney LLC Form ADV Part 2A for more information including a description of the fee schedule. It is available at www.morganstanley.com/ADV <http://www.morganstanley.com/ADV> or from your Financial Advisor/Private Wealth Advisor.

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Graystone Consulting[SM]
A Business of Morgan Stanley

Cal Poly Pomona Foundation
General Investment Portfolio

Portfolio Review
As of June 30, 2017

Graystone Consulting

Andrew Price, CIMA® (310) 788-2043
Managing Director, Wealth Management
Institutional Consulting Director
andrew.price@msgraystone.com

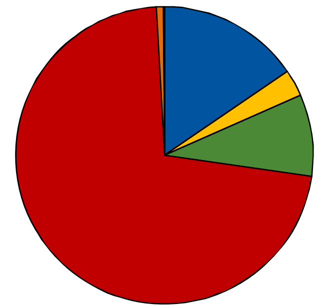
Karin Longhurst, CTFA (310) 788-2156
Senior Institutional Consultant
karin.longhurst@msgraystone.com

Todd Au, CIMA® (707) 571-5704
Senior Investment Management Consultant
todd.au@msgraystone.com

1999 Avenue of the Stars, Suite 2400
Los Angeles, CA 90067

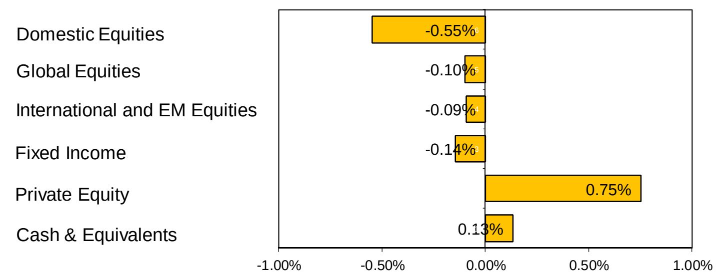
Cal Poly Pomona Foundation - General Investment Portfolio
Balances and Asset Allocation
As of June 30, 2017

	Total Fund ($)	(%)
Domestic Equities	**$8,222,484**	**15.45%**
iShares Russell 1000 Growth ETF	$2,072,855	3.90%
Aristotle Large Cap Value	$2,076,090	3.90%
Lazard US Equity Concentrated	$2,024,072	3.80%
Apex SMID Cap Growth	$1,025,406	1.93%
Vaughan Nelson SMID Cap Value	$1,024,061	1.92%
Global Equities	**$1,543,244**	**2.90%**
First Eagle Global	$1,543,244	2.90%
International and EM Equities	**$4,739,092**	**8.91%**
William Blair International Growth	$1,971,391	3.70%
Oakmark International Value	$1,980,086	3.72%
iShares MSCI EM Index	$787,615	1.48%
Public Equities	**$14,504,819**	**27.26%**
Fixed Income	**$38,235,441**	**71.86%**
Doubleline Total Return	$3,067,522	5.76%
Guggenheim Limited Duration	$10,198,943	19.17%
Eaton Vance Income	$768,679	1.44%
PIMCO Income	$2,576,882	4.84%
PIMCO Low Duration	$10,195,966	19.16%
MetWest Low Duration	$10,171,577	19.12%
Templeton Global Bond	$1,255,872	2.36%
Private Equity - Hamilton Lane	**$400,500**	**0.75%**
Cash and Equivalents	**$70,503**	**0.13%**
Cash and Equivalents	$70,503	0.13%
General Investment Portfolio	**$53,211,264**	**100.00%**



	Market Value ($)	Allocation (%)
Domestic Equities	$8,222,484	15.45%
Global Equities	$1,543,244	2.90%
International and EM Equities	$4,739,092	8.91%
Fixed Income	$38,235,441	71.86%
Private Equity	$400,500	0.75%
Cash & Equivalents	$70,503	0.13%

As of June 30, 2017



	Market Value ($)	Allocation (%)	Target (%)
Domestic Equities	$8,222,484	15.45%	16.00%
Global Equities	$1,543,244	2.90%	3.00%
International and EM Equities	$4,739,092	8.91%	9.00%
Fixed Income	$38,235,441	71.86%	72.00%
Private Equity	$400,500	0.75%	0.00%
Cash & Equivalents	$70,503	0.13%	0.00%

*The Fixed Income composite includes equity accruals. Please see important disclosures at the end of the presentation.

Cal Poly Pomona Foundation - General Investment Portfolio
Asset Allocation & Performance
As of June 30, 2017

	Allocation		Performance(%)							
	Market Value ($)	%	QTD	Fiscal YTD	1 Year a/o 06/17	3 Years a/o 06/17	Fiscal Year 2016	Fiscal Year 2015	Since Inception	Inception Date
General Investment Portfolio	**53,211,264**	**100.00**	**1.58**	**6.62**	**6.62**	**1.96**	**-0.81**	**0.22**	**2.05**	**03/01/2013**
Cal Poly Pomona Custom Benchmark*			1.87	4.82	4.82	2.54	1.93	0.90	2.38	
Public Equities	**14,504,819**	**27.26**	**3.94**	**16.81**	**16.81**	**3.47**	**-5.73**	**0.61**	**4.44**	**04/01/2014**
MSCI AC World Net			4.27	18.78	18.78	4.82	-3.73	0.71	5.54	
Domestic Equities	**8,222,484**	**15.45**	**2.80**	**18.50**	**18.50**	**6.37**	**-4.87**	**6.76**	**7.31**	**04/01/2014**
Russell 3000			3.01	18.51	18.51	9.10	2.14	7.30	9.97	
iShares Russell 1000 Growth ETF	**2,072,855**	**3.90**	**4.53**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**14.02**	**08/02/2016**
Russell 3000 Growth			4.65	N/A	N/A	N/A	N/A	N/A	14.84	
Aristotle Large Cap Value	**2,076,090**	**3.90**	**3.51**	**21.96**	**21.96**	**10.28**	**3.36**	**6.40**	**11.07**	**04/01/2014**
Russell 1000 Value			1.34	15.53	15.53	7.36	2.86	4.14	8.42	
Lazard US Equity Concentrated	**2,024,072**	**3.80**	**1.34**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**6.44**	**12/19/2016**
S&P 500 Total Return			3.09	N/A	N/A	N/A	N/A	N/A	8.49	
Apex SMID Cap Growth	**1,025,406**	**1.93**	**3.63**	**18.26**	**18.26**	**3.94**	**-13.31**	**9.53**	**4.90**	**04/01/2014**
Russell 2500 Growth			4.13	21.44	21.44	7.64	-7.70	11.28	7.98	
Vaughan Nelson SMID Cap Value	**1,024,061**	**1.92**	**-0.30**	**13.81**	**13.81**	**N/A**	**N/A**	**N/A**	**15.42**	**02/03/2016**
Russell 2500 Value			0.32	18.36	18.36	N/A	N/A	N/A	26.49	
Global Equities	**1,543,244**	**2.90**	**1.56**	**10.26**	**10.26**	**2.93**	**-1.01**	**-0.09**	**3.88**	**04/01/2014**
MSCI AC World Net			4.27	18.78	18.78	4.82	-3.73	0.71	5.54	
First Eagle Global	**1,543,244**	**2.90**	**1.53**	**10.74**	**10.74**	**4.28**	**4.06**	**-1.61**	**5.01**	**04/01/2014**
MSCI AC World Net			4.27	18.78	18.78	4.82	-3.73	0.71	5.54	

*The custom benchmark is an evolving benchmark that currently consists of 72% Barclays Int. Gov't Credit and 28% MSCI ACWI. **The performance of Cambridge PE benchmark is lagged by a quarter. Please see important disclosures at the end of the presentation.

Cal Poly Pomona Foundation - General Investment Portfolio
Asset Allocation & Performance
As of June 30, 2017

	Allocation		Performance(%)							
	Market Value ($)	%	QTD	Fiscal YTD	1 Year a/o 06/17	3 Years a/o 06/17	Fiscal Year 2016	Fiscal Year 2015	Since Inception	Inception Date
International and EM Equities	**4,739,092**	**8.91**	**6.77**	**17.23**	**17.23**	**-0.17**	**-11.17**	**-4.47**	**0.93**	**04/01/2014**
MSCI AC World xUS Net			5.78	20.45	20.45	0.80	-10.24	-5.26	2.27	
William Blair International Growth	**1,971,391**	**3.70**	**6.86**	**15.22**	**15.22**	**1.22**	**-9.41**	**-0.63**	**2.32**	**04/01/2014**
MSCI AC World xUS Net			5.78	20.45	20.45	0.80	-10.24	-5.26	2.27	
Oakmark International Value	**1,980,086**	**3.72**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**1.19**	**06/01/2017**
MSCI AC World xUS Net			N/A	N/A	N/A	N/A	N/A	N/A	0.31	
iShares MSCI EM Index	**787,615**	**1.48**	**5.38**	**21.14**	**21.14**	**N/A**	**-11.67**	**N/A**	**3.24**	**01/01/2015**
MSCI Emerging Markets Net			6.27	23.74	23.74	N/A	-12.05	N/A	4.65	
Fixed Income	**38,305,944**	**71.99**	**0.75**	**2.93**	**2.93**	**1.45**	**1.25**	**0.20**	**1.50**	**03/01/2013**
BC Gov/Cr Intm			0.94	-0.21	-0.21	1.91	4.33	1.68	1.61	
Short-Term Portfolio Strategy	**38,305,944**	**71.99**	**0.75**	**2.93**	**2.93**	**1.45**	**1.25**	**0.20**	**1.50**	**03/07/2013**
BC Gov/Cr Intm			0.94	-0.21	-0.21	1.91	4.33	1.68	1.64	
Private Equity - Hamilton Lane	**400,500**	**0.75**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**-0.51**	**06/05/2017**
Cambridge Private Equity**			N/A	N/A	N/A	N/A	N/A	N/A	N/A	

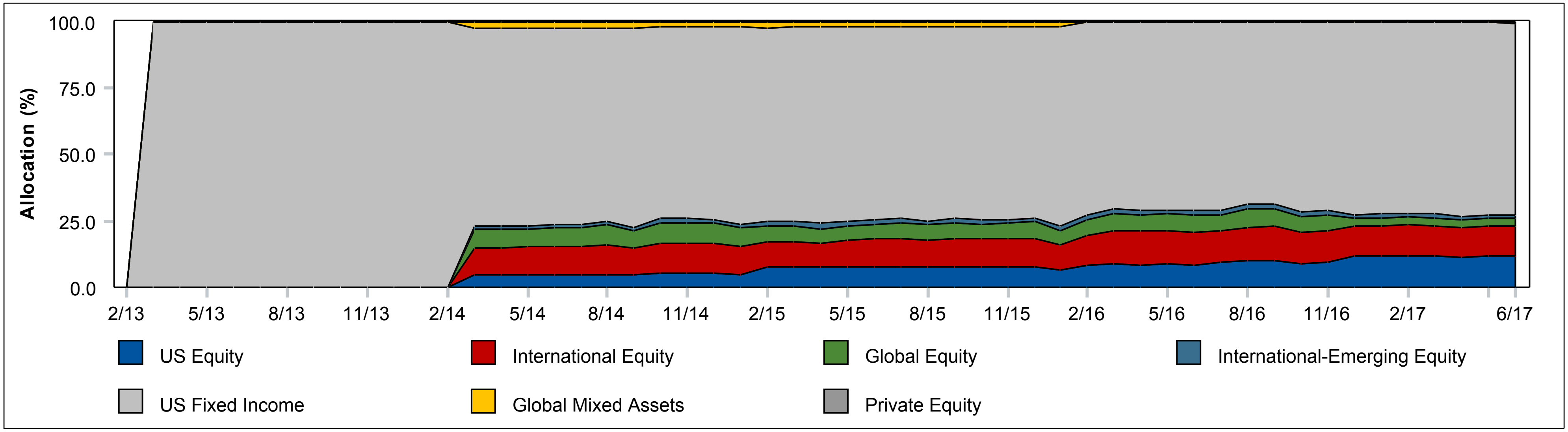
*The custom benchmark is an evolving benchmark that currently consists of 72% Barclays Int. Gov't Credit and 28% MSCI ACWI. **The performance of Cambridge PE benchmark is lagged by a quarter. Please see important disclosures at the end of the presentation.

Cal Poly Pomona Foundation - General Investment Portfolio
Performance and Asset Allocation History
As of June 30, 2017

	QTD	Fiscal YTD	1 Year a/o 06/17	3 Years a/o 06/17	Fiscal Year 2016	Fiscal Year 2015	Since Inception	Inception Date
General Investment Portfolio								**03/01/2013**
Beginning Market Value	48,437,280	43,243,289	43,243,289	39,178,257	45,138,316	39,178,257	24,301,287	
Net Contributions	3,962,851	6,962,990	6,962,990	11,263,376	-1,533,642	5,834,028	25,236,022	
Gain/Loss	811,132	3,004,984	3,004,984	2,769,631	-361,385	126,031	3,673,955	
Ending Market Value	**53,211,264**	**53,211,264**	**53,211,264**	**53,211,264**	**43,243,289**	**45,138,316**	**53,211,264**	

	QTD	Fiscal YTD	1 Year a/o 06/17	3 Years a/o 06/17	Since Inception	Inception Date
General Investment Portfolio	**1.58**	**6.62**	**6.62**	**1.96**	**2.05**	**03/01/2013**
Cal Poly Pomona Custom Benchmark	1.87	4.82	4.82	2.54	2.38	03/01/2013

Asset Allocation Over Time



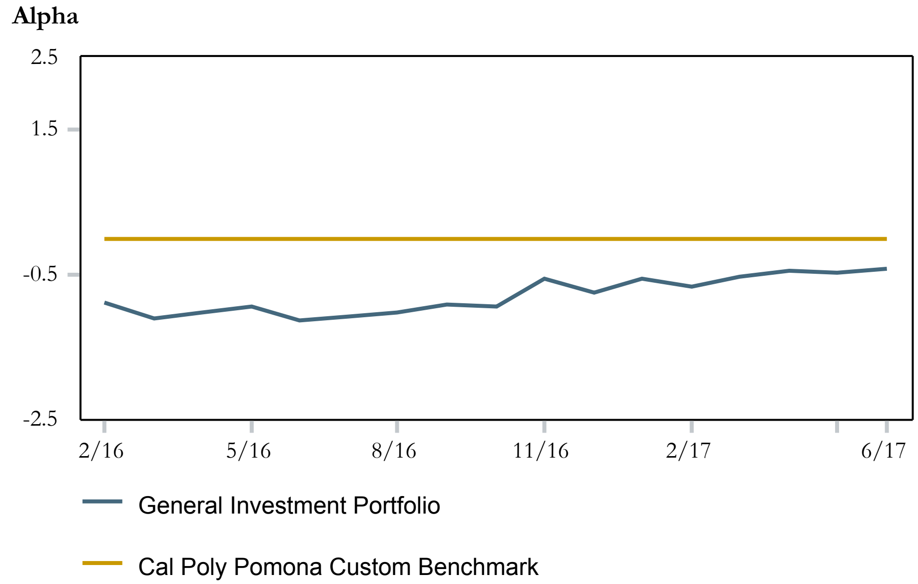
*The custom benchmark is an evolving benchmark that currently consists of 72% Barclays Int. Gov't Credit and 28% MSCI ACWI.

**Please see important disclosures at the end of the presentation.

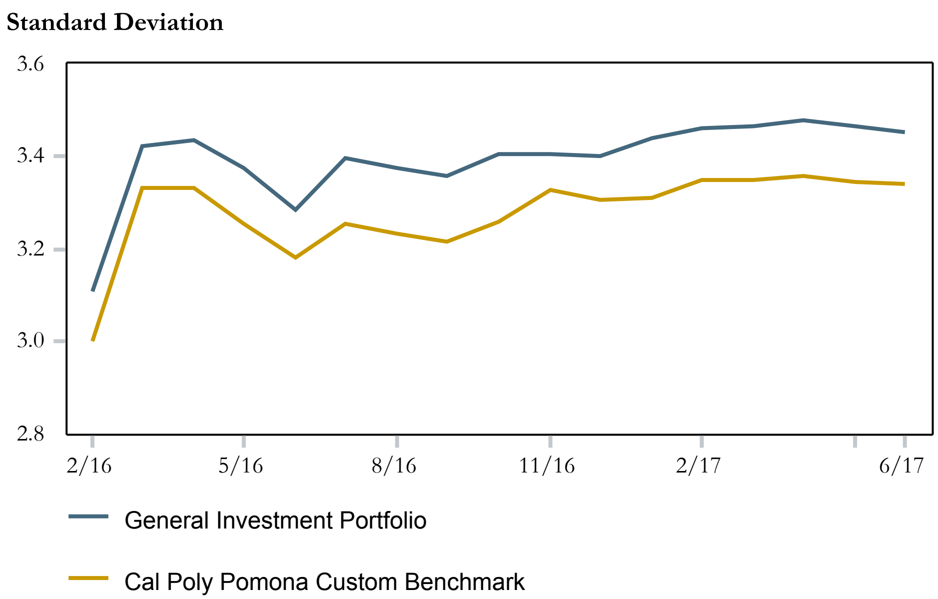
Cal Poly Pomona Foundation - General Investment Portfolio
Risk Analytics
As of June 30, 2017

	QTD	Fiscal YTD	Since Inception	Inception Date
Return	1.58	6.62	2.05	03/01/2013
Standard Deviation	0.19	2.02	3.13	
vs. Cal Poly Pomona Custom Benchmark				
Alpha	0.27	3.38	-0.13	
Beta	0.42	0.65	0.92	
R-Squared	0.98	0.67	0.82	

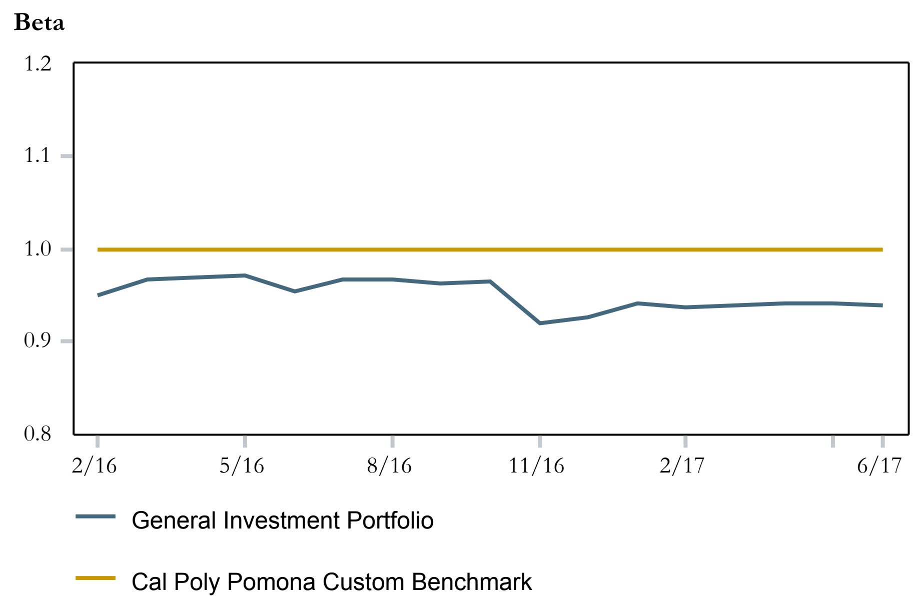
Rolling 36 Month Alpha vs. Risk Benchmark



Rolling 36 Month Standard Deviation



Rolling 36 Month Beta vs. Risk Benchmark



*The custom benchmark is an evolving benchmark that currently consists of 72% Barclays Int. Gov't Credit and 28% MSCI ACWI. **The performance of Cambridge PE benchmark is lagged by a quarter.
Please see important disclosures at the end of the presentation.

PORTFOLIO PERFORMANCE SUMMARY

The General Investment Portfolio gained 1.58% for the quarter, slightly trailing the Custom Benchmark's return of 1.87%. For the fiscal year ended June 20, 2017 the portfolio's return was 6.62% versus the benchmark of 4.82%. Portfolio results are net of all fees and expenses, whereas benchmark returns do not reflect the deduction of any expenses such as fees, custody and consulting. The portfolio was aided by strong performance of its Fixed Income managers relative to the Barclays Intermediate Government/Credit benchmark index. Interest rates are at multi-year lows. If and when rates begin to climb from these low levels, we believe our active managers ability to underweight the most vulnerable parts of the index will continue to add value as they did last year.

Glossary of Terms

Active Contribution Return: The gain or loss percentage of an investment relative to the performance of the investment benchmark.

Active Exposure: The percentage difference in weight of the portfolio compared to its policy benchmark.

Active Return: Arithmetic difference between the manager's return and the benchmark's return over a specified time period.

Actual Correlation: A measure of the correlation (linear dependence) between two variables X and Y, with a value between +1 and -1 inclusive. This is also referred to as coefficient of correlation.

Alpha: A measure of a portfolio's time weighted return in excess of the market's return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market.

Best Quarter: The highest quarterly return for a certain time period.

Beta: A measure of the sensitivity of a portfolio's time weighted return (net of fees) against that of the market. A beta greater than 1.00 indicates volatility greater than the market.

Consistency: The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.

Core: Refers to an investment strategy mandate that is blend of growth and value styles without a pronounced tilt toward either style.

Cumulative Selection Return (*Cumulative Return*): Cumulative investment performance over a specified period of time.

Distribution Rate: The most recent distribution paid, annualized, and then divided by the current market price. Distribution rate may consist of investment income, short-term capital gains, long-term capital gains, and/or return of capital.

Down Market Capture: The ratio of average portfolio returns over the benchmark during periods of negative benchmark return. Lower values indicate better product performance.

Downside Risk: A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the value, the more risk the product has.

Downside Semi Deviation: A statistical calculation that measures the volatility of returns below a minimum acceptable return. This return measure isolates the negative portion of volatility: the larger the number, the greater the volatility.

Drawdown: A drawdown is the peak-to-trough decline during a specific period of an investment, fund or commodity.

Excess over Benchmark: The percentage gain or loss of an investment relative to the investment's benchmark.

Excess Return: Arithmetic difference between the manager's return and the risk-free return over a specified time period.

Growth: A diversified investment strategy which includes investment selections that have capital appreciation as the primary goal, with little or no dividend payouts. These strategies can include reinvestment in expansion, acquisitions, and/or research and development opportunities.

Growth of Dollar: The aggregate amount an investment has gained or lost over a certain time period, also referred to as Cumulative Return, stated in terms of the amount to which an initial dollar investment would have grown over the given time period.

Investment Decision Process (IDP): A model for structuring the investment process and implementing the correct attribution methodologies. The IDP includes every decision made concerning the division of the assets under management over the various asset categories. To analyze each decision's contribution to the total return, a modeling approach must measure the marginal value of every individual decision. In this respect, the hierarchy of the decisions becomes very important. We therefore use the IDP model, which serves as a proper foundation for registering the decisions and relating them to each other.

Information Ratio: Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

Jensen's Alpha: The Jensen's alpha measure is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. This metric is also commonly referred to as alpha..

Kurtosis: A statistical measure that is used to describe the distribution, or skewness, of observed data around the mean, sometimes referred to as the volatility of volatility.

Maximum Drawdown: The drawdown is defined as the percent retrenchment from a fund's peak to the fund's trough value. It is in effect from the time the fund's retrenchment begins until a new fund high is reached. The maximum drawdown encompasses both the period from the fund's peak to the fund's valley (length), and the time from the fund's valley to a new fund high (recovery). It measures the largest percentage drawdown that has occurred in any fund's data record.

Modern Portfolio Theory (MPT): An investment analysis theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward.

Mutual Fund (MF): An investment program funded by shareholders that trade in diversified holdings and is professionally managed.

Peer Group: A combination of funds that share the same investment style combined as a group for comparison purposes.

Peer/ Plan Sponsor Universe: A combination of asset pools of total plan investments by specific sponsor and plan types for comparison purposes.

Performance Ineligible Assets: Performance returns are not calculated for certain assets because accurate valuations and transaction data for these assets are not processed or maintained by us. Common examples of these include life insurance, some annuities and some assets held externally.

Performance Statistics: A generic term for various measures of investment performance measurement terms.

Portfolio Characteristics: A generic term for various measures of investment portfolio characteristics.

Preferred Return: A term used in the private equity (PE) world, and also referred to as a "Hurdle Rate." It refers to the threshold return that the limited partners of a private equity fund must receive, prior to the PE firm receiving its carried interest or "carry."

Ratio of Cumulative Wealth: A defined ratio of the Cumulative Return of the portfolio divided by the Cumulative Return of the benchmark for a certain time period.

Regression Based Analysis: A statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables

Residual Correlation: Within returns-based style analysis, residual correlation refers to the portion of a strategy's return pattern that cannot be explained by its correlation to the asset-class benchmarks to which it is being compared.

Return: A rate of investment performance for the specified period.

Rolling Percentile Ranking: A measure of an investment portfolio's ranking versus a peer group for a specific rolling time period (i.e. Last 3 Years, Last 5 years, etc.).

R-Squared: The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Squared means a higher correlation of the portfolio's performance to the appropriate benchmark.

SA/CF (Separate Account/Comingled Fund): Represents an acronym for Separate Account and Commingled Fund investment vehicles.

Sector Benchmark: A market index that serves as a proxy for a sector within an asset class.

Sharpe Ratio: Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance results in.

Standard Deviation: A statistical measure of the range of a portfolio's performance; the variability of a return around its average return over a specified time period.

Total Fund Benchmark: The policy benchmark for a complete asset pool that could consist of multiple investment mandates.

Total Fund Composite: The aggregate of multiple portfolios within an asset pool or household.

Tracking Error: A measure of standard deviation for a portfolio's investment performance, relative to the performance of an appropriate market benchmark.

Treynor Ratio: A ratio that divides the excess return (above the risk free rate) by the portfolio's beta to arrive at a unified measure of risk adjusted return. It is generally used to rank portfolios, funds and benchmarks. A higher ratio is indicative of higher returns per unit of market risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing market risk.

Up Market Capture: The ratio of average portfolio returns over the benchmark during periods of positive benchmark return. Higher values indicate better product performance.

Upside Semi Deviation: A statistical calculation that measures the volatility of returns above an acceptable return. This return measure isolates the positive portion of volatility: the larger the number, the greater the volatility.

Value: A diversified investment strategy that includes investment selections which tend to trade at a lower price relative to its dividends, earnings, and sales. Common attributes are stocks that include high dividend, low price-to-book ratio, and/or low price-to-earnings ratio.

Worst Quarter: The lowest rolling quarterly return for a certain time period.

Information Disclosures

The performance data shown reflects past performance, which does not guarantee future results. Investment return and principal will fluctuate so that an investor's shares when redeemed may be worth more or less than original cost. Please note, current performance may be higher or lower than the performance data shown. For up to date month-end performance information, please contact your Financial Advisor or visit the funds' company website.

Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus and, if available the summary prospectus, contains this and other information that should be read carefully before investing. Investors should review the information in the prospectus carefully. To obtain a prospectus, please contact your Financial Advisor or visit the funds' company website.

Past performance is no guarantee of future results.

Investing involves market risk, including possible loss of principal. **Growth investing** does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. **Value investing** involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. **Small and mid-capitalization companies** may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than those of larger, more established companies. **Bond funds** and bond holdings have the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the funds. The return of principal in bond funds, and in funds with significant bond holdings, is not guaranteed. **International securities'** prices may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in emerging markets. **Alternative investments**, including private equity funds, real estate funds, hedge funds, managed futures funds, and funds of hedge funds, private equity, and managed futures funds, are speculative and entail significant risks that can include losses due to leveraging or\other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds and risks associated with the operations, personnel and processes of the advisor. **Master Limited Partnerships** (MLPs) are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk; and MLP interests in the real estate sector are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. Because of their narrow focus, MLPs maintain exposure to price volatility of commodities and/or underlying assets and tend to be more volatile than investments that diversify across many sectors and companies. MLPs are also subject to additional risks including: investors having limited control and rights to vote on matters affecting the MLP, limited access to capital, cash flow risk, lack of liquidity, dilution risk, conflict of interests, and limited call rights related to acquisitions.

Mortgage backed securities also involve prepayment risk, in that faster or slower prepayments than expected on underlying mortgage loans can dramatically alter the yield-to-maturity of a mortgage-backed security and prepayment risk includes the possibility that a fund may invest the proceeds at generally lower interest rates.

Tax managed funds may not meet their objective of being tax-efficient.

Real estate investments are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. **High yield** fixed income securities, also known as “junk bonds”, are considered speculative, involve greater risk of default and tend to be more volatile than investment grade fixed income securities.

Credit quality is a measure of a bond issuer’s creditworthiness, or ability to repay interest and principal to bondholders in a timely manner. The credit ratings shown are based on security rating as provided by Standard & Poor’s, Moody’s and/or Fitch, as applicable. Credit ratings are issued by the rating agencies for the underlying securities in the fund and not the fund itself, and the credit quality of the securities in the fund does not represent the stability or safety of the fund. Credit ratings shown range from AAA, being the highest, to D, being the lowest based on S&P and Fitch’s classification (the equivalent of Aaa and C, respectively, by Moody(s). Ratings of BBB or higher by S&P and Fitch (Baa or higher by Moody’s) are considered to be investment grade-quality securities. If two or more of the agencies have assigned different ratings to a security, the highest rating is applied. Securities that are not rated by all three agencies are listed as “NR”.

“**Alpha tilt strategies** comprise a core holding of stocks that mimic a benchmark type index such as the S&P 500 to which additional securities are added to help tilt the fund toward potentially outperforming the market in an effort to enhance overall investment returns. Tilt strategies are subject to significant timing risk and could potentially expose investors to extended periods of underperformance.”

Custom Account Index: The Custom Account Index is an investment benchmark based on your historical target allocations and/or manager selection that you may use to evaluate the performance of your account. The Custom Account index does take into consideration certain changes that may have occurred in your portfolio since the inception of your account, i.e., asset class and/or manager changes. However, in some circumstances, it may not be an appropriate benchmark for use with your specific account composition. For detailed report of the historical composition of this blend please contact your Financial Advisor.

Peer Groups

Peer Groups are a collection of similar investment strategies that essentially group investment products that share the same investment approach. Peer Groups are used for comparison purposes to compare and illustrate a clients investment portfolio versus its peer across various quantitative metrics like performance and risk. Peer Group comparison is conceptually another form of benchmark comparison whereby the actual investment can be ranked versus its peer across various quantitative metrics.

All Peer Group data are provided by Investment Metrics, LLC.

The URL below provides all the definitions and methodology about the various Peer Groups

https://www.invmetrics.com/style-peer-groups

Peer Group Ranking Methodology

A percentile rank denotes the value of a product in which a certain percent of observations fall within a peer group. The range of percentile rankings is between 1 and 100, where 1 represents a high statistical value and 100 represents a low statistical value.

The 30th percentile, for example, is the value in which 30% of the highest observations may be found, the 65th percentile is the value in which 65% of the highest observations may be found, and so on.

Percentile rankings are calculated based on a normalized distribution ranging from 1 to 100 for all products in each peer group, where a ranking of 1 denotes a high statistical value and a ranking of 100 denotes a low statistical value. It is important to note that the same ranking methodology applies to all statistics, implying that a ranking of 1 will always mean highest value across all statistics.

For example, consider a risk/return assessment using standard deviation as a measure of risk. A percentile ranking equal to 1 for return denotes highest return, whereas a percentile ranking of 1 for standard deviation denotes highest risk among peers.

In addition, values may be used to demonstrate quartile rankings. For example, the third quartile is also known as the 75th percentile, and the median is the 50th percentile.

Alternatives

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Alternative investments often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are suitable only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to:• Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices;• Lack of liquidity in that there may be no secondary market for a fund;• Volatility of returns;• Restrictions on transferring interests in a fund;• Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized;• Absence of information regarding valuations and pricing;• Complex tax structures and delays in tax reporting;• Less regulation and higher fees than mutual funds; and• Risks associated with the operations, personnel, and processes of the manager.As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund.

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Any performance or related information presented has not been adjusted to reflect the impact of the additional fees paid to a placement agent by an investor (for Morgan Stanley placement clients, a one-time upfront Placement Fee of up to 3%, and for Morgan Stanley investment advisory clients, an annual advisory fee of up to 2.5%), which would result in a substantial reduction in the returns if such fees were incorporated.

For most investment advisory clients, the program account will be charged an asset-based wrap fee every quarter ("the Fee"). In general, the Fee covers investment advisory services and reporting. In addition to the Fee, clients will pay the fees and expenses of any funds in which their account is invested. Fund fees and expenses are charged directly to the pool of assets the fund invests in and impact the valuations. Clients must understand that these fees and expenses are an additional cost and will not be included in the Fee amount in the account statements.

As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, for an account with an initial value of $100,000 and a 2.5% annual fee, if the gross performance is 5% per year over a three year period, the compounding effect of the fees will result in a net annual compound rate of return of approximately 2.40% per year over a three year period, and the total value of the client's portfolio at the end of the three year period would be approximately $115,762.50 without the fees and $107,372.63 with the fees.

Please see the applicable Morgan Stanley Smith Barney LLC Form ADV Part 2A for more information including a description of the fee schedule. It is available at www.morganstanley.com/ADV <http://www.morganstanley.com/ADV> or from your Financial Advisor/Private Wealth Advisor.

Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley does not provide tax or legal advice. Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Smith Barney LLC and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank.

SIPC insurance does not apply to precious metals, other commodities, or traditional alternative investments.

Summary Investment Report

Cal Poly Pomona Foundation

All Accounts

April 1, 2017 - June 30, 2017

commonfund

All Accounts

TOTAL PORTFOLIO MARKET VALUE AS OF 6/30/2017

Investment Category	Adjusted Market Value	Allocation %
Portfolio Total Core Funds	$728,941.00	100.00%
Portfolio Total	**$728,941.00**	**100.00%**

Fund performance is depicted net of fees. Manager and strategy performance is net of sub-advisor management fees and gross of other Commonfund Fund expenses. Past performance is no assurance of future returns.

All Accounts

NON-MARKETABLE INVESTMENTS SINCE INCEPTION TO VALUE DATE

Non-Marketable Fund	Incep. Date	Commitment	Capital Calls	Distributions	Net Income/ (Loss)	Value Date	Market Value	IRR	Multiple
Private Equity Partners VII	9/30/2007	$750,000.00	$672,750.00	($531,754.00)	$471,646.00	3/31/2017	$612,642.00	12.74%	1.70
Capital Partners IV	9/30/2007	$250,000.00	$226,875.00	($180,557.00)	$134,451.00	3/31/2017	$180,769.00	9.43%	1.59
Total Core Funds		**$1,000,000.00**	**$899,625.00**	**($712,311.00)**	**$606,097.00**		**$793,411.00**	**11.79%**	**1.67**
Non-Marketable Total		**$1,000,000.00**	**$899,625.00**	**($712,311.00)**	**$606,097.00**		**$793,411.00**	**11.79%**	**1.67**

NON-MARKETABLE INVESTMENTS ROLL FORWARD FROM VALUE DATE TO 6/30/2017

Non-Marketable Fund	Incep. Date	Commitment	Valuation Date	Most Recent Valuation	Capital Calls since Valuation Date	Distributions since Valuation Date	Adjusted Market Value
Private Equity Partners VII	9/30/2007	$750,000.00	3/31/2017	$612,642.00	$0.00	($51,556.00)	$561,086.00
Capital Partners IV	9/30/2007	$250,000.00	3/31/2017	$180,769.00	$625.00	($13,539.00)	$167,855.00
Total Core Funds		**$1,000,000.00**		**$793,411.00**	**$625.00**	**($65,095.00)**	**$728,941.00**
Non-Marketable Total		**$1,000,000.00**		**$793,411.00**	**$625.00**	**($65,095.00)**	**$728,941.00**

* Note: Month-end adjusted balances for marketable cash funds reflect the impact of pending cash subscriptions. Adjusted Balances for non-marketable securities reflect the impact of all cash transactions that have posted since the last valuation date.
1. IRR and multiple performance calculations are net of all fees and carried interest
2. IRR, or internal rate of return, represents the annualized implied discount rate calculated from the cash flows to/from the partnerships since inception of the respective partnership through the value date
3. Multiple represents a cash-on-cash return calculated by adding distributions to the ending market value and dividing the total value by capital called – ((Distributions to date + Adjusted ending market value)/$ called to date)

All Accounts

PORTFOLIO PERFORMANCE AS OF 6/30/2017

	ASSETS		INVESTMENT PERFORMANCE								
Investment	**Market Value ($)**	**Average Allocation**	**MTD**	**QTD**	**CYTD**	**FYTD**	**3 Years**	**5 Years**	**10 Years**	**Account Inception**	**Account Inception Date**
Private Equity Partners VII	**561,086**	**77.0%**	**4.57**	**4.57**	**9.13**	**18.01**	**16.21**	**15.46**		**5.43**	**12/31/2007**
US Private Equity	561,086	77.0%	4.57	4.57	9.13	18.01	16.21	15.46		5.43	12/31/2007
Capital Partners IV	**167,855**	**23.0%**	**2.10**	**2.10**	**5.43**	**12.61**	**9.05**	**11.34**		**2.72**	**12/31/2007**
Multi-Asset	167,855	23.0%	2.10	2.10	5.43	12.61	9.05	11.34		2.72	12/31/2007
Total Non-Marketable	**728,941**	**100.0%**	**3.98**	**3.98**	**8.24**	**16.71**	**14.33**	**14.40**	**-4.33**	**-1.94**	**9/30/2005**
Total Portfolio	**728,941**	**100.0%**	**3.98**	**3.98**	**8.24**	**16.71**	**14.33**	**18.52**	**-0.18**	**3.88**	**9/30/2003**

Fund performance is depicted net of fees. Manager and strategy performance is net of sub-advisor management fees and gross of other Commonfund Fund expenses. Past performance is no assurance of future returns.

All Accounts

Important Notes | Marketable Performance

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- Returns include closed account history in group composites, if applicable.
- All investment strategies have the potential for profit or loss. Changes in investment strategies, contributions or withdrawals may materially alter the performance, strategy and results of your portfolio.
- Different types of investments involve varying degrees of risk, and there can be no assurance that any specific investment will either be suitable or profitable for a client’s investment portfolio.
- Unless otherwise indicated, any performance shown is unaudited, net of applicable underlying fund management, performance and other fees, and expenses. Performance shown presumes reinvestment of earnings and excludes investor specific sales and other charges. Fees may be modified or waived for certain investors. Please refer to the specific funds offering documents for more information regarding the fund’s fees, charges and expenses, which will offset its gains. If returns are indicated as gross, such returns do not reflect the deduction of any fees or expenses. Fees and expenses, including management and performance fees, will reduce gross returns. Performance may vary substantially from year to year or even from month to month. An investor’s actual performance and actual fees may differ from the performance information shown due to, among other factors, capital contributions and withdrawals/redemptions, different share classes and eligibility to participate in “new issues.” The value of investments can go down as well as up. Past performance is not indicative of future results.
- Benchmarks, financial indices, and composite indices are shown for illustrative purposes only and are provided for the purpose of making general market data available as a point of reference only. Such benchmarks and financial indices may not be available for direct investment, may be unmanaged, assume reinvestment of income, do not reflect the impact of any trading commissions and costs, management or performance fees, and have limitations when used for comparison or other purposes because they, among other reasons, may have different trading strategy, volatility, credit, or other material characteristics (such as limitations on the number and types of securities or instruments). Commonfund fund’s investment objective is not restricted to the securities and instruments comprising any one index. No representation is made that any benchmark or index is an appropriate measure for comparison. The information is gathered from sources we believe are reliable but we cannot ensure accuracy. Commonfund does not guarantee the accuracy, completeness or timeliness of such information and such information is subject to change, either expressly or impliedly, for any particular purpose.
- Performance is calculated monthly. Therefore, returns for any investments in any fund for less than a full month are not included in these performance figures.

Important Notes | Non-Marketable Performance

- Investments in Programs for Commonfund Capital and Commonfund Realty are carried as of the most recent valuation date, which may not correspond to the marketable securities valuation dates.
- All performance data set forth herein is net of all fees and carried interest. Internal Rates of Return (IRR) should be evaluated in light of information on the investment program of the partnership, the risks associated therewith, and performance of the partnership as disclosed in the Offering Memorandum for the partnership, the Audited Annual Reports of the partnership and the Quarterly Reports of the partnership. Return information is presented for these partnerships on a dollar-weighted (e.g. internal rate of return) basis, which is standard for the private capital industry, rather than the time-weighted (i.e., annual or other period rate of return) basis, which is used principally to report performance of publicly-traded securities. The IRR since inception is the most commonly used calculation methodology for presentation of performance in the private capital business. Comparison of returns calculated on an IRR basis with returns on a time-weighted basis is not appropriate. For a description of the two return calculation methods, see Measuring Investment returns, Time vs. Dollar-Weighted – What’s the Difference? A copy is available from Commonfund.
- Distressed Debt programs are reported with a one quarter lag. For example, if the report 'As of' date is 9/30/YY then Distressed Debt programs are represented using 6/30/YY, or previous quarter values.
- Private Capital and Real Estate programs are reported with a one quarter lag. For example, if the report 'As of' date is 9/30/YY then Private Capital and Real Estate programs are represented using 6/30/YY, or previous quarter values.

Fund performance is depicted net of fees. Manager and strategy performance is net of sub-advisor management fees and gross of other Commonfund Fund expenses. Past performance is no assurance of future returns.

All Accounts

- Private Capital and Commonfund Realty Partners I, L.P. returns are normally reported as an Internal Rate of Return (IRR). All other Commonfund investment returns are reported as Time Weighted Rates of Return (TWR). For Consolidated Performance reporting purposes, TWRs are used for all individual and composite returns.

Fund performance is depicted net of fees. Manager and strategy performance is net of sub-advisor management fees and gross of other Commonfund Fund expenses. Past performance is no assurance of future returns.

All Accounts

Important Notes | Description of Indices

The **HFRI Monthly Indices (HFRI)** are equally weighted performance indexes, utilized by numerous hedge fund managers as a benchmark for their own hedge funds. The HFRI are broken down into 4 main strategies, each with multiple sub-strategies. All single-manager HFRI Index constituents are included in the HFRI Fund Weighted Composite, which accounts for over 2000 funds listed on the internal HFR Database. Due to mutual agreements with the hedge fund managers listed in the HFR Database, we are not at liberty to disclose the particular funds behind any index to non-database subscribers. Funds included in the HFRI Monthly Indices must: Report monthly returns, Report Net of All Fees Returns, Report assets in USD, Have at least $50 Million under management or have been actively trading for at least twelve (12) months. Funds are eligible for inclusion in the HFRI the month after their addition to HFR Database. For instance, a fund that is added to HFR Database in June is eligible for inclusion in the indices upon reporting their July performance. The HFRI are updated three times a month: Flash Update (5th business day of the month), Mid Update (15th of the month), and End Update (1st business day of following month). The current month and the prior three months are left as estimates and are subject to change. All performance prior to that is locked and is no longer subject to change. If a fund liquidates/closes, that fund's performance will be included in the HFRI as of that fund's last reported performance update. The HFRI Fund of Funds Index is not included in the HFRI Fund Weighted Composite Index. Both domestic and offshore funds are included in the HFRI. In cases where a manager lists mirrored-performance funds, only the fund with the larger asset size is included in the HFRI.
See https://www.hedgefundresearch.com/index.php?fuse=indices-faq&1319810221

The **MSCI EAFE Index (**Europe, Australasia, Far East**)** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of developed markets, excluding the US & Canada. The MSCI EAFE Index consists of the following 21 developed market country indexes: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom (List as of June 2014).

The **MSCI US REIT Index** is a free float adjusted market capitalization weighted index that is comprised of Equity REIT securities. The MSCI US REIT Index includes securities with exposure to core real estate (e.g. residential and retail properties) as well as securities with exposure to other types of real estate (e.g. casinos, theaters).

The **MSCI ACWI Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The **MSCI ACWI** consists of 46 country indexes comprising 23 developed and 23 emerging market country indexes. The developed market country indexes included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey, and United Arab Emirates. (List as of June 2014).

The **CSFB Leveraged Loan Index** is an index designed to mirror the investable universe of the $US-denominated leveraged loan market. The index inception is January 1992. The index frequency is monthly. New loans are added to the index on their effective date if they qualify according to the following criteria: Loans must be rated “5B” or lower; only fully- funded term loans are included; the tenor must be at least one year; and the Issuers must be domiciled in developed countries (Issuers from developing countries are excluded). Fallen angels are added to the index subject to the new loan criteria. Loans are removed from the index when they are upgraded to investment grade, or when they exit the market (for example, at maturity, refinancing or bankruptcy workout). Note that issuers remain in the index following default. Total return of the index is the sum of three components: principal, interest, and reinvestment return. The cumulative return assumes that coupon payments are reinvested into the index at the beginning of each period.

The **MSCI ACWI ex USA Index** captures large and mid-cap representation across 22 of 23 Developed Markets (DM) countries*--excluding the United States. With 1,003 constituents, the index covers approximately 85% of the free float-adjusted market capitalization in each country.

The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance of emerging markets. The **MSCI Emerging Markets Index** consists of the following 23 emerging market country indexes: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates (List as of June 2014).

The **Dow Jones U.S. Select Real Estate Securities Index (RESI)** represents equity real estate investment trusts (REITs) and real estate operating companies (REOCs) traded in the U.S. The Dow Jones U.S. Select REIT Index is a subset of the Dow Jones Americas Select RESISM and includes only REITs and REIT-like securities.

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All Accounts

The **S&PGlobal Natural Resources Index** includes 90 of the largest publicly-traded companies in natural resources and commodities businesses that meet specific investability requirements, offering investors diversified and investable equity exposure across 3 primary commodity-related sectors: agribusiness, energy, and metals & mining.

The **Bloomberg Commodity Index (BCOM)** is calculated on an excess return basis and reflects commodity futures price movements. The index rebalances annually weighted 2/3 by trading volume and 1/3 by world production and weight-caps are applied at the commodity, sector and group level for diversification. Roll period typically occurs from 6th-10th business day based on the roll schedule.

The **Barclays Capital U.S. Aggregate Bond Index** measures the performance of the U.S. investment grade bond market. The index invests in a wide spectrum of public, investment-grade, taxable, fixed income securities in the United States - including government, corporate, and international dollar-denominated bonds, as well as mortgage-backed and asset-backed securities, all with maturities of more than 1 year.

The **Barclays Capital U.S. Treasury Inflation Protected Securities (TIPS)** Index includes all publicly issued, U.S. Treasury inflation-protected securities that have at least one year remaining to maturity, are rated investment grade, and have $250 million or more of outstanding face value.

The **Citigroup World Government Bond Index (WGBI)** measures the performance of fixed-rate, local currency, investment grade sovereign bonds. The WGBI is a widely used benchmark that currently comprises sovereign debt from over 20 countries, denominated in a variety of currencies, and has more than 25 years of history available. The WGBI provides a broad benchmark for the global sovereign fixed income market. Sub-indices are available in any combination of currency, maturity, or rating.

The **BofA Merrill Lynch 1-3 US Year Treasury Index** is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years. It is not possible to invest directly in an unmanaged index.

The **S&P500 Index** is a widely recognized gauge of the U.S. equities market. This index is an unmanaged capitalization-weighted index consisting of 500 of the largest capitalization U.S. common stocks. The returns of the S&P500 include the reinvestment of dividends.

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe. The Russell 2000 Index is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership. The Russell 2000 is constructed to provide a comprehensive and unbiased small-cap barometer and is completely reconstituted annually to ensure larger stocks do not distort the performance and characteristics of the true small-cap opportunity set.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market. The Russell 3000 Index is constructed to provide a comprehensive, unbiased and stable barometer of the broad market and is completely reconstituted annually to ensure new and growing equities are reflected.

Fund performance is depicted net of fees. Manager and strategy performance is net of sub-advisor management fees and gross of other Commonfund Fund expenses. Past performance is no assurance of future returns.

Wilton, Connecticut
Tel 203 563 5000

San Francisco, California
Tel 415 433 8800

London, United Kingdom
Tel +44 20 7887 1540

Beijing, China
Tel +86 10 5968 0198
www.commonfund.org

commonfund

CAL POLY POMONA FOUNDATION, INC.
INVESTMENT SUMMARY AS OF JUNE 30, 2017

Asset Class	Policy Range Minimum	Policy Range Maximum	Policy Target	Portfolio Allocation	Total Portfolio Amount	Graystone Target Portfolio Allocation	Graystone Portfolio Amount	Common Fund Portfolio Amount	Foundation Portfolio Amount
Equities									
Domestic & Int'l (Dev & Emerging)	10%	65%	27%	26%	14,504,819	28.00%	14,504,819		
Fixed Income	40%	85%	65%	69%	38,235,441	72.00%	38,235,441		
Cash Equivalents	0%	20%	0%	0%	70,503		70,503		
Real Assets	0%	10%	0%	0%	-		-		
Real Estate	0%	10%	0%	0%	-				
Alternative Investments	0%	25%	8%	5%					
C/F Private Equity & Capital Partners					728,941			728,941	
Innovation Way Infrastructure					1,389,088				1,389,088
Hamilton Lane-Private Equity					400,500	0%	400,500		-
			100%	100%	55,329,292	100%	53,211,263	728,941	1,389,088

CAL POLY POMONA FOUNDATION, INC.

Memorandum

Cal Poly Pomona Foundation

Date: August 14, 2017

To: Investment Committee
Cal Poly Pomona Foundation, Inc.

From: David F. Prenovost
Chief Financial Officer

Subject: **Endowment Investment Policy # 130**

As you may recall, at the June Investment Committee meeting, we discussed with the members of this Committee and Andrew Price, Institutional Consulting Director, with Graystone Consulting, the idea of lowering the total annual rate of return objective from 5% to 4% plus the percentage change in the greater Los Angeles area consumer price index to provide for a more realistic Absolute Objective. In addition, Foundation Management is recommending changes to clarify the Relative Objective goal to meet or exceed the benchmarks or indices net of investment fees at an overall level of risk in the portfolio.

These suggested changes would require an amendment to the policy:

Policy # 130 – Endowment Investment Policy

Recommended Action: It is recommended that the Investment Committee forward the following resolution to the Board of Directors at their next regularly scheduled meeting for their review and consideration of the tracked suggested changes to this policy.

Now Therefore Be It RESOLVED that the Investment Committee of the Cal Poly Pomona Foundation, Inc. approves the tracked suggested changes, specifically the Absolute Objective and Relative Objective of the Endowment Investment Policy # 130 be presented to the Board of Directors for their review and consideration at their next regularly scheduled meeting.

PASSED AND ADOPTED THIS 26th DAY OF SEPTEMBER 2017.

By: ______________________________
Mr. Thomas M. Goff, Chair
Investment Committee

CAL POLY POMONA FOUNDATION, INC.

POLICIES AND PROCEDURES

Subject:	**Endowment Investment Policy**	**Policy No.**	**130**
		Old No.:	**1991-1**
		Date:	**04/25/91**
Reference:	**229-III-A; 230-II-C; 275-II-D 277-IV-C; 300-II-D; 348-III-E; 350-III-B; 357-III-D; 362-II-C; 364-IV-D 367-IVB; 370-IVD**	**Revision:**	**05/29/96; 09/04/96; 12/19/00, 09/27/11 02/13/12, 11/13/13, 2/19/15, 10/1/15 05/19/16, 2/23/17 06/13/17; 9/??/17**

I. PURPOSE AND INTENTION

The purpose of this statement is to establish a clear understanding between the Cal Poly Pomona Foundation (Foundation) and their Investment Managers regarding investment objectives and policy guidelines. The Foundation's Endowment Investment Policy is to be governed by Sections 5210 and 5231 of the California Corporations Code, and California Probate Code Section 18500 *et seq. (Uniform Prudent Management of Institutional Funds Act)*.

II. OBJECTIVE

The Foundation monitors and forecasts expenditures and revenues, thus enabling the Foundation to invest funds to the fullest extent possible. The Foundation attempts to obtain the highest return available, while investments meet the criteria established for safety (preservation of capital), return and liquidity.

A. SAFETY

Safety of principal within the context of positioning the portfolio to have a reasonable probability of achieving the targeted returns noted in this policy is the foremost objective of the Foundation. Management of the portfolio shall be undertaken with the objective of minimizing the opportunity for loss of capital with the understanding that a degree of risk must be accepted for the portfolio to achieve the return objectives in both absolute and relative terms. The achievement of a positive risk-adjusted return is dependent upon proper design and execution of the investment strategy. In managing the portfolio, the Foundation shall be cognizant of two types of risk: credit risk and market risk.

1. Credit Risk or the risk of loss due to failure of the issuer, is managed by proper due diligence prior to investing and on an ongoing basis, and diversifying the investment portfolio so the failure of any one issuer would not materially affect the performance of the portfolio.

2. Market Risk is the risk of investment value fluctuation due to changes in the general level of interest rates or the issuer's individual or industry sector performance. This risk shall be managed by limiting the average duration of the fixed income portion of the Foundation's investment portfolio to five years and the maximum duration of any one security to ten years, with the exception of Mortgage-Backed Securities (MBS), the maximum maturity of which shall be limited to 30 years. Market risk shall also be mitigated by structuring the portfolio so fixed income securities maturing match cash outflows, eliminating the need to sell securities prior to their maturity. With respect to the equity portion of the portfolio, market risk is managed by due diligence in selecting and monitoring investees as well as diversification by company and by industry sector. It is recognized that within a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of the overall return on the investment.

B. RETURN ON INVESTMENT

The Foundation's endowment investment portfolio shall be designed to attain or exceed a target rate of return throughout economic cycles consistent with risk limitations and prudent investment principles. The target rate of return shall be measured in "absolute", "relative" and "comparative" terms as determined from time-to-time, by the Investment Committee. See Return Objective Section IX of this Endowment Investment Policy for further details.

C. LIQUIDITY

The Foundation's endowment investment portfolio will remain satisfactorily liquid to enable the Foundation to meet anticipated operating and cash flow requirements. Historical and cash flow needs are to be analyzed continuously.

III. SCOPE

The funds identified in this section and entrusted to the Foundation will be pooled in an actively managed portfolio. The Foundation shall oversee management of the portfolio within the content of the "Uniform Prudent Management Investment Funds Act of 2008" section 18503 (b) which states:

". . .each person responsible for managing and investing an institutional fund shall manage and invest the fund in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances. "

This policy is applicable, but not limited to permanent endowment funds.

IV. DELEGATION & GRANTS OF AUTHORITY

Responsibility for the investment program has been delegated by the Foundation Board of Directors to the Investment Committee. It is the responsibility of the Investment Committee, in concert with the authorized investment manager and/or advisor, to monitor and adjust from time to time, the target weighting within the asset allocation ranges allowed per the Target Asset Mix Table, (see section X – Target Asset Allocation). Any changes to the target weighting within the asset allocation ranges will be reported to the full Foundation Board at its next regularly scheduled meeting. A report on portfolio performance will be provided to the full Foundation Board at each regularly scheduled Board meeting.

The authority to execute investment transactions affecting the Foundation's portfolio shall be under the general direction of the Executive Director and the CFO.

V. ETHICS AND CONFLICT OF INTEREST

All Foundation Board members and investment personnel including family members shall refrain from personal business activity which could create a conflict in fact or in appearance with proper execution of the investment program, or which could impair their ability to execute impartial investment decisions. All such personnel shall disclose to the Executive Director any material financial interests in financial institutions which conduct business within the jurisdiction and shall disclose any material financial investment positions which could be related in a conflicting manner to the performance of the Foundation's endowment investment portfolio. The Executive Director shall report in writing to the full Board at least annually all issues, which could influence the performance of the Foundation's endowment investments.

VI. CRITERIA FOR SELECTION OF INVESTMENT MANAGERS

In order to retain investment management organizations that have demonstrated competence in executing one or more investment strategies consistent with the established policy, the following criteria will be applied in retaining existing firms and selecting new investment managers:

A. Demonstrated performance in one or more of the asset categories defined in section X.

B. A sound research program;

C. A disciplined, consistent and measurable approach to the construction and monitoring of portfolios;

D. Established investment control procedures with operating management information to assure regular review of the portfolio manager's decisions;

E. Ability to trade at the competitive rates and consistently secure best price execution;

F. Primary business purpose will be investment management and will have sufficient experience with educational investment assets;

G. Demonstrated ability to manage its affairs in a businesslike manner and with a high degree of financial stability;

H. An experienced, highly competent professional staff, recognized as such within the industry. Continuity of such personnel will be considered;

I. No conflict of interest with the policy, objectives, or organization of the investment portfolio, nor any conflict which would interfere with prudent management of the portfolio's assets;

J. Capability to report accounting and performance data in a timely manner;

K. Competitive fee structure.

VII. AUTHORIZED INVESTMENT ADVISORS

All custodians, investment advisors and brokers who perform investment transactions for the Foundation must supply the Executive Director with the following:

A. Audited financial statements*

B. Proof of National Association of Security Dealers certification**

C. Proof of registration with the SEC and a copy of their ADVII***

D. Proof of state registration

E. Completed broker/dealer questionnaires

F. Certificate of reviewing and understanding the Foundation's Endowment Investment Policy

G. Certificate of understanding the delivery versus payment instructions for custody

H. Conflict of interest certification statement

* Custodians and brokers only
** Brokers only
*** Investment advisors only

A review of the financial condition and registration of the qualified broker/dealers and other bidders will be conducted by the Chief Financial Officer (CFO) at least every three (3) years. This review shall be reported to the Investment Committee as an "information item only."

VIII. PERFORMANCE EVALUATION

Performance will be reviewed for purposes of determining adherence to appropriate risk levels, and for comparison of returns to the established objectives and specific goals.

It is recognized that investment results can fluctuate through market cycles. Achievement of total rate of return within the risk levels identified will be the primary basis upon which to evaluate manager performance. Each manager's portfolio will be monitored and reported quarterly to the Investment Committee. A comprehensive quarterly report accepted by the Committee will be presented to the full Board of Directors.

IX. RETURN OBJECTIVE

The purpose of the Endowment Fund is to support the University and its mission over the long term. Accordingly, the purpose of this statement is to establish a written procedure for the investment of the Endowment's assets, and to ensure that the future growth of the Endowment is sufficient to offset normal inflation plus reasonable spending, thereby preserving the constant dollar value and purchasing power of the Endowment. This statement will establish appropriate risk and return objectives in light of the fund's risk tolerance and investment time horizon. These objectives, as well as asset allocation guidelines and suitable investments are outlined below.

The return objectives of the Endowment Fund shall be viewed from three perspectives as follows: **Absolute** - Real (i.e., net of inflation) rate-of-return **Relative** - Time-weighted rates of return versus capital market indices; and **Comparative** - Performance of the Investment Manager(s) as compared to a universe of similar investment funds.

1. The **Absolute Objective** of the Endowment Fund is to seek an average total annual return of ~~5~~4.0% plus the percentage change in the greater Los Angeles area CPI. This objective shall be measured over rolling one, three, five and ten year time periods; The intent of this objective is to measure, over time, the return on the portfolio as measured in, inflation adjusted terms.

2. The **Relative Objective** of the Endowment Fund is to seek competitive investment performance versus appropriate capital market benchmarks or indices. The goal shall be to meet or exceed the benchmarks or indices net of investment fees at an overall level of risk in the portfolio, which is consistent with the risk associated with the benchmarks or indices. This objective shall be measured primarily by comparing investment results over an annualized year-to-date, one, three, five and ten year time periods, to:

a) The Russell 3000 Index as a benchmark for the Domestic Equity component;
b) The MSCI All Capitalization World excluding US Index (in US dollars) for the Foreign Equity

component;

c) The Barclays Aggregate Bond Index as a benchmark for the Fixed Income component;
d) The 90-Day Treasury Bill Index as the benchmark for the Cash and Equivalent component.
e) A comparable Index for the Real Assets component.
f) A comparable REIT Index for Real Estate component.
g) A comparable Index for the Hedge Funds component.
h) A comparable Index for the Private Equity component.

3. The **Comparative** performance objective of the Endowment Fund is to achieve a total rate of return that is above the median performance of universe of similar portfolios.

The endowment assets have a long-term, indefinite time horizon that runs concurrent with the endurance of the institution, in perpetuity. As such, these funds can assume a time horizon that extends well beyond a normal market cycle, and can assume an above-average level of return volatility (as measured by the standard deviation of annual returns) in exchange for an expected higher level of returns over the longer time horizon. It is expected, however, that both professional management and sufficient portfolio diversification will smooth volatility and help to assure a reasonable consistency of return.

X. TARGET ASSET ALLOCATION

To achieve its return objectives, the Endowment Fund shall be allocated among a number of asset classes. These asset classes may include: domestic equity, domestic fixed income, foreign (developed and emerging) equity, international fixed income, real estate, real assets, hedge funds and cash. These asset classes may also include global funds where the manager is allowed to choose the weighting between domestic and international securities. The purpose of allocating among asset classes is to ensure the proper level of diversification within the Endowment Fund. It is understood that endowments may temporarily be placed in a cash equivalent account prior to investing in longer term instruments.

The following Target Asset Mix Table defines the Endowment Fund's target asset allocation.

Target Asset Mix Table

Asset Class	Range	Target Wt.	Representative Index
Equities			
Domestic	20 - 50%	33.4%	Russell 3000
Foreign	15 - 35%	29.1%	All Cal World X US
Developed			MSCI EAFE
Emerging			MSCI Emerging
Fixed Income incl. MBS (Domestic and International)	20 - 50%	27.5%	Barclay Aggregate
Cash Equivalents	0 - 20%	0%	90 Day Treasury Rate
Real Estate	0 - 10%	0%	Comparable Index
Real Assets	0 - 10%	0%	Comparable Index
Hedge Funds	0 - 20%	5.0%	Comparable Index
Private Equity	0 - 20%	5.0%	Comparable Index

No more than 5 percent of the asset class may be invested in any single equity or fixed income issuer, with the exception of U.S. Treasury, Agency and Mortgage Back securities, at the time of purchase.

Exposure to any industry sector shall generally be limited to 20 percent of the asset class, excluding

U.S. Treasury Securities, U.S. Government Agency Securities and Mortgage Back Securities, at time of purchase. This sector limitation is applicable to both debt and equity.

* All limitations expressed on a market value basis.
The Endowment Investment Policy shall be to diversify investments among asset classes so as to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment category.

Investments in international issues shall be U.S. dollar denominated or appropriately hedged so as to eliminate fluctuations in value attributable to changes in currency exchange rates.

ACCEPTABLE INSTRUMENTS

1. Money Market Funds
2. Certificates of Deposit
3. Common and Preferred Stocks
4. U.S. Government or Government Agency Obligations,
5. Mortgage Backed Securities
6. Corporate Debt
7. Repurchase Agreements
8. Mutual Funds (Debt or Equity)
9. Real Estate Investment Trusts
10. Real Assets
11. Hedge Funds
12. Private Equity

With respect to the above listed investments, the following limitations will apply:

- Money Market Funds including the Local Agency Investment Fund (LAIF). No more than 5% of the market value of the total portfolio may be invested in any fund. All funds utilized must be pre-approved by the Investment Committee.

- Certificates of Deposit. Investments in certificates of deposit in any insured bank or savings institution shall be limited to the FDIC insurance maximum.

- Common and Preferred Stocks. No more than 5% of the total market value of the asset class may be invested in any single stock.

- U.S. Government or U.S. Government Agency Obligations. There is no limitation within the asset class as to the percentage of the portfolio, which can be invested in U.S. Government obligations.

- Mortgage Backed Securities. All investments in MBS shall be U.S. Agency guaranteed (e.g. GNMA, FNMA, FHLMC). No more than 5% of the total market value of the asset class may be invested in any single security and no more than 20% of the total market value of the asset class may be invested in MBS issued by any U.S. Agency.

- Corporate Debt, including Commercial Paper. No more than 5% of the market value of the asset class may be invested in debt issued by any domestic or international corporation. Corporate debt must carry an investment grade rating by at least two of three rating agencies (i.e. Moody, S&P and Fitch) at time of purchase. In the case of securities where the rating is split between investment grade and non-investment grade, the higher rating shall define the quality of the security. Rating downgrades subsequent to purchase shall be managed on a case-by-case basis. This policy authorizes investment of up to 10% of the market value of the asset class in non- investment grade debt provided that all such investments shall be made through mutual funds so as to diversify risk.

- Repurchase Agreements. The Foundation may invest in repurchase agreements with banks and Primary Dealers in U.S. Government Securities with which the Foundation has entered into a Public Securities Association (PSA) repurchase contract, which specifies terms and conditions of repurchase agreements. The maturity of repurchase agreements shall not exceed 30 days. The market value of securities used as collateral for repurchase agreements shall be monitored daily by the Foundation's staff and will not be allowed to fall below 102% of the value of the repurchase agreement. Repurchase agreements cannot exceed 20 percent of the total market value of the asset class.

- Mutual Funds. For purposes of this Policy, mutual funds shall be considered and treated as investments in common and preferred stocks and bonds and therefore subject to the same limitations.

- Real Estate. Investments in real estate shall be limited to securities (e.g. REITs) for which there is a ready and active market.

- Real Assets. Investments in public/private real estate, natural resources, commodities, infrastructure, timber and inflation linked securities (TIPS).

- Hedge Funds. Investments in hedge funds shall be limited to funds approved by the investment advisor.

- Private Equity. Investments in private equity shall be limited to funds approved by the investment advisor.

- The Foundation will not directly invest in stocks of the top 200 fossil fuel companies, by carbon in proven oil, gas and coal reserves. Although it may hold some fossil fuel stocks in commingled funds or mutual funds.

XI. REBALANCING

The Investment Committee, and its investment advisors, on an ongoing basis and in accordance with market fluctuations, shall rebalance the investment portfolio so it remains within 5 percentage points of the ranges of targeted asset allocations, and the planned distribution among investment managers.

Formal asset allocation studies will be conducted at least every two years, with evaluations of the validity of the adopted asset allocation.

XII. SAFEKEEPING AND CUSTODY AGREEMENT

To protect against potential losses caused by collapse of individual securities dealers, all securities owned by the Foundation shall be kept in safekeeping by a third party brokerage firm or bank custodial department, acting as agent for the Foundation under the terms of a custody agreement.

XIII. INTERNAL CONTROLS

The CFO has developed a system of internal investment and accounting controls while establishing a segregation of responsibilities of investment functions to ensure an adequate system of internal controls over the investment function.

XIV. ENDOWMENT INVESTMENT POLICY REVIEW

This Statement of Endowment Investment Policy shall be reviewed by the Investment Committee at least annually to ensure consistency with the overall objectives of the portfolio. The Endowment Investment Policy shall also be reviewed annually to ensure its compliance and relevance to the current law, financial and economic trends, and to meet the cash flow requirements of the Foundation. Investments are reviewed monthly by the Foundation staff during the reconciliation process of investment transactions to the third party statements and the proof of cash process. The investment portfolio is audited annually by the Foundation's independent accountants for internal controls and balances.

CAL POLY POMONA FOUNDATION, INC.

Memorandum

Date: September 19, 2017

To: Investment Committee
Cal Poly Pomona Foundation, Inc.

From: David F. Prenovost
Chief Financial Officer

Subject: **Overview of Graystone Consulting**

As members of this Committee, Foundation management and Graystone Consulting believe from time to time, we should provide some background and overview of Graystone Consulting. As you may know, Graystone Consulting was awarded a contract by the California State University System in 2008 and the University Educational Trust (an auxiliary of Cal Poly Pomona, since dissolved in February 2012) retained Graystone Consulting in October 2008.

As a result of the dissolution of the University Educational Trust, the assets (endowments) were transferred to the Cal Poly Pomona Foundation and the Foundation entered into a contract to retain the services of Graystone Consulting. Graystone Consulting is currently the investment advisor for 8 auxiliaries of the Cal State University and offers the following two investment platforms; CSU Fiduciary Asset Management and CSU Comprehensive Institutional Consulting platforms. The University Educational Trust and Cal Poly Pomona Foundation retained Graystone Consulting under the CSU Fiduciary Asset Management platform.

Following is an introduction to Graystone Consulting and Presentation of Institutional Consulting Services for Cal Poly Pomona on April 14,2008 for your reference.

Graystone Consulting[SM]

A business of Morgan Stanley

Introduction to Graystone Consulting

Andrew B. Price, CIMA® (310) 788-2043
Institutional Consulting Director
Managing Director, Wealth Management
andrew.price@msgraystone.com

Karin Longhurst, CTFA (310) 788-2156
Institutional Consultant
karin.longhurst@msgraystone.com

Graystone Overview

Benefits of Working with Graystone Consulting

Our services combine the scope, scale and oversight of a **global** financial services firm with the independence, objectivity and service capabilities of a **boutique** consulting group.

CLIENT FOCUS

- **Proactive approach to guiding timely investment decisions, driven by our clients' unique needs**
- Client-specific, customized investment solutions and innovative approaches to suit clients' needs
- Partner in virtually all aspects of clients' board presentations and partner with clients' other professional service providers

LOCAL PRESENCE TO SERVE CLIENTS

- **Local expertise and experience supported by a seasoned investment consulting industry leader**
- Over 50 experienced teams focused on clients' unique objectives around the country, close to our clients

INVESTMENT EXPERIENCE

- **Graystone has more than 40 years of experience advising institutional clients as a fiduciary on all aspects of investment consulting**
- Team leaders average over 20 years of industry experience
- Access to 45+ analysts dedicated to manager analysis
- Over 1,300 Investment strategies analyzed by Morgan Stanley's Global Investment Manager Analysis team
- Morgan Stanley's experience in traditional, alternatives, capital markets and macro economic analysis

DEPTH OF RESOURCES

- **Access to the vast resources of Morgan Stanley including research, capital markets insights, macro economics, and thought leadership**
- Our scale gives us broad access and favorable asset manager pricing
- Process-driven services include plan review, asset allocation, manager selection, custody, operations, and reporting
- A deep and experienced team of Legal, Compliance and Risk professionals who support regulatory obligations and supervisory oversight of the Firm's Institutional Consulting business

INDEPENDENCE AND OBJECTIVITY

- **Open architecture platform with independent and non-proprietary investments**
- Unbiased external manager analysis, including a rigorous investment committee process to determine appropriate investment managers and other investments for our clients
- Full disclosure and transparency of pricing

Graystone Consulting Distinction

Graystone Consulting offers the unique combination of an investment consulting boutique with the resources and capital markets expertise of one of the world's preeminent investment organizations.

Graystone Consulting

- Large firm resources, small firm culture
- Global footprint with local service delivery
- Resources of extensive manager analysis team and Morgan Stanley & Co LLC research organization
- Strong capital markets expertise
- Collaborative consulting model
- Integration of investments, operations, and back-office support
- Negotiated investment manager fees
- Objective, independent advice

Boutique Firms Areas of Potential Concern

- May have costlier implementation
- Research may be outsourced
- Capital markets expertise may be less extensive
- Service model may be relationship manager driven
- Back office support not typically integrated
- Client focus may be on legacy clients

Larger Consultant Areas of Potential Concern

- Mid market client may be getting the 'second team'
- Professional staff turnover may be high
- Service model may be numbers or project driven
- Manager selection may have larger manager and 'style-box' bias
- Portfolio responsibility may be displaced to committee
- Back office support may not be integrated

Graystone Guiding Principles

1. We are passionate about providing objective, unbiased investment advice and a range of sophisticated services to our institutional clients.
   - Our disciplined consulting process is designed to meet the high standards required to make prudent fiduciary decisions.
   - This investment process has been used with institutional investors for over 40 years to help them demonstrate and manage their fiduciary responsibilities.

2. Portfolios are customized based on client objectives and constraints vs. a "one size fits all" methodology
   - Portfolio allocation is driven by a customized assessment of a client's unique, and often multifaceted, investment needs including: Spending Objective, Time Horizon, Liquidity Needs, Debt Covenants, etc.
   - We strive to create a strategic capital allocation structure designed to manage risk by:
     - Reviewing client risk budget and liquidity profile
     - Performing stress tests to see how portfolio would react in crisis periods
     - Allocating capital within the client's carefully crafted investment policy guidelines

Graystone Guiding Principles

3. We apply an Open Architecture approach to both investment selection and capital markets thinking
   - We will not recommend proprietary investment solutions without your consent
   - Our capital markets strategy is informed by multiple inputs from dozens of global investment and research firms
   - We place paramount importance on the delivery of unbiased investment manager/solution recommendations
   - Graystone Consulting's objective, open architecture approach, allows our consultants to build a robust manager program via open access to the entire investment universe
   - Our business orientation leads us to managers not bound by the capacity constraints that plague mega-institutions
4. Accountability, Transparency and Conflict Free
   - Full Transparency of Process, Research, Pricing and Sources of Compensation - ensuring Objectivity and Alignment of Interests
5. We are honored to serve our valued clients and seek to make them "Raving Fans"
   - Highest quality service model delivered by experienced industry specialists with decades of direct experience and proven success in working with institutional investors

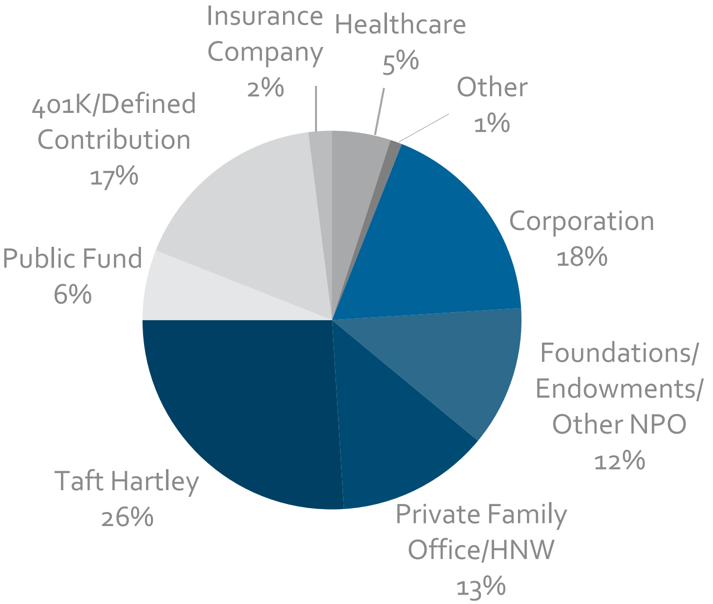
Graystone Consulting
A business of Morgan Stanley

Extensive Client Experience

Graystone Consulting is one of the industry's premier institutional investment consulting businesses providing advisory and discretionary investment services with a history of client loyalty and growth.

$244BN[1] IN CLIENT ASSETS ACROSS THE FOLLOWING SEGMENTS:

- Taft-Hartley
- Public Pension Plans
- Corporate Pension Plans
- Endowment / Foundations
- Health Care Plans
- Family Offices
- 401k Plans



1. As of December 31, 2014

Graystone Consulting[SM]
A business of Morgan Stanley

Our Approach: A Full Spectrum of Services

We serve as fiduciaries offering a complete range of investment consulting services tailored to address each client's needs.

TRADITIONAL CONSULTING

Project-oriented approach driven by client's investment committee needs

- Consultant provides information on specific subjects to help committee make informed decisions:
  - Manager search
  - Special studies
- Committee retains responsibility for portfolio construction and implementation
- Consultant provides portfolio monitoring and performance reporting

NON-DISCRETIONARY

Collaborative approach between client's investment committee and consultant

- Assists with investment objectives and guidelines
- Tailored portfolio construction advice
- Collaborative portfolio management
- Client determines which investment decisions require approval
- Provides portfolio monitoring and performance reporting
- Either Graystone Consulting or client responsible for portfolio construction and implementation

DISCRETIONARY

Outsourced CIO approach overseen by client's investment committee

- Assists with investment objectives and guidelines
- Tailored portfolio construction advice
- Full discretionary portfolio management
- Full responsibility for:
  - Asset allocation
  - Manager due diligence, selection, replacement
  - Rebalancing
  - Portfolio construction and implementation
  - Risk management
  - Portfolio monitoring and performance reporting

Fiduciary Responsibility

Our Approach: Guided by Our Mutual Fiduciary Obligations

Graystone Consulting partners with their clients **with undivided loyalty and utmost good faith**.

- Trustees must discharge their duties solely in the interest of participants and beneficiaries, for the exclusive purpose of protecting plan assets and defraying the associated expenses.

- Investment consultants have a fundamental obligation to act in the best interests of their advisory clients and to provide investment advice in those clients' best interests.

Graystone Consulting[SM]
A business of Morgan Stanley

Choosing a Fiduciary Partner Wisely

Internal Oversight

COMPLIANCE	LEGAL	RISK
250 professionals	70+ legal professionals (40+ attorneys)	470 professionals

FOCUSED ON:

- Inspections
- Surveillance and Technology Initiatives
- Regulatory Obligations
- Field and Home Office Compliance and Risk
- Operations, Technology and Data

Regulatory Oversight

- Financial Industry Regulatory Authority (FINRA)
- Securities Exchange Commission (SEC)
- State Regulators
- U.S. Commodity Futures Trading Commission (CFTC)
- Chicago Mercantile Exchange (CME)
- Depository Trust & Clearing Corporation (DTCC)
- Options Clearing Corporation (OCC)

FOCUSED ON:

- Firm Examinations
- Rule Enforcement
- Investor Protection
- Advisor Registration and Licensing
- Maintaining Efficient Markets

A deep and experienced team of Legal, Compliance and Risk professionals who support regulatory obligations and supervisory oversight of the Firm's Institutional Consulting business.

Choosing a Fiduciary Partner Wisely

If an institution's named fiduciary does not have the requisite expertise to carry out certain required functions (such as investment of the plan's assets), a fiduciary has a duty to act prudently and hire a service provider with that professional knowledge.

The Strength of Morgan Stanley

- $35.2 billion in Net Revenues for 2015 [1]
- $2.0 trillion in Morgan Stanley Wealth Management client assets[1]
- $244 billion in Institutional Advisory client assets[2]
- Insurance Protection[3]
  - Fidelity/Fiduciary bond with coverage of $200 million (with $20 million deductible)
  - Advisors Errors and Omissions Policy with coverage of $15 million (with $100,000 deductible)

Financial information for Morgan Stanley as of June 30, 2015, unless otherwise noted
[1] As of January 19, 2016 from Morgan Stanley Fourth Quarter and Full Year 2015 Earnings Report
[2] As of December 31, 2014
[3] Investment products are not FDIC insured, not bank guaranteed and may lose value.

Depth of Resources

Graystone Consulting[SM]
A business of Morgan Stanley

Investment Expertise: Robust Intellectual Capital

A deep and experienced team of more than 100 investment professionals providing market insights, analysis and manager intelligence.

GLOBAL INVESTMENT COMMITTEE

- Asset allocation insights
- Publishes a broad range of content
- Reviews market outlooks and provides asset allocation views
- Monitors economic and market conditions
- Incorporates capital markets intelligence
- Headed by 7 leading thinkers

GLOBAL INVESTMENT MANAGER ANALYSIS

- Thorough analysis on ~1,300 mutual funds, SMAs , ETFs & Liquid Alternatives across 70+ investment styles
- Qualitative, opinion-based methodology that ranks managers by level of conviction in the strategy
- Full suite of manager analysis reports and topical white papers
- 45+ analysts dedicated to manager analysis

ALTERNATIVE INVESTMENTS GROUP*

- Comprehensive qualitative and operational due diligence on proprietary and third party managers
- Single-manager hedge funds
- Funds of hedge funds
- Managed futures funds
- Private equity funds
- Real estate funds
- Over 150 alternative investment dedicated professionals
- ~150 alternative funds available

CUSTOM INVESTMENT OUTSOURCING STRATEGY COMMITTEE

- Asset allocation and investment guidance focused on clients with $10 million or more to invest
- Covers a range of traditional and alternative asset classes
- Topical online reports
- 12 investment/ strategy professionals

* Please see Important Disclaimers page for important information about the risks of investing in alternative investments.

Graystone Consulting℠
A business of Morgan Stanley

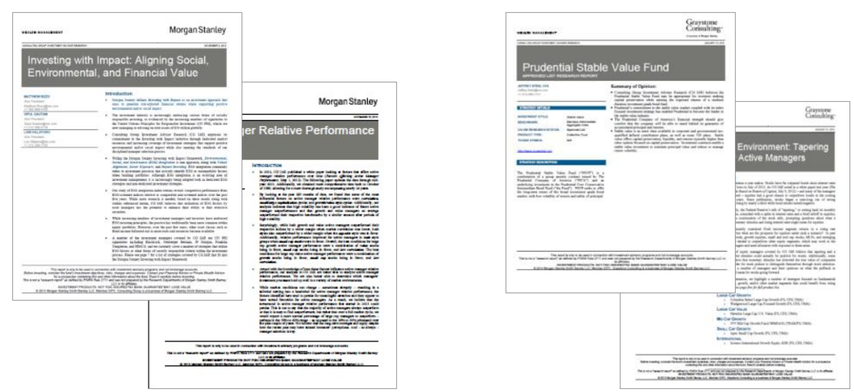
Expansive Thought Leadership

GLOBAL INVESTMENT COMMITTEE INSIGHTS

- Positioning Articles / Whitepapers
- Fixed Income and Equity Market Analysis
- Portfolio Allocations
- Industry Trends
- Asset Class Insights
- Technical Analysis

ACCESS TO THE FIRM'S THOUGHT LEADERSHIP

- Investing with Impact
- Capital Markets Outlook
- Custom Investment Outsourcing Strategy Committee
- Philanthropy
- Alternative Investments Group



Source: Morgan Stanley Wealth Management

Representative Client List

Representative Client List

Colleges, Universities, and Other Educational Institutions

Alamo Community College

Asbury University

Ashland University

California State University, Bakersfield

California State University, Dominguez Hills

California State University Foundation

California State University, Long Beach

California State University, Stanislaus

Cal Poly Pomona Foundation

Champlain College

Chinese University of Hong Kong

College of Micronesia Endowment Fund

College of St. Scholastica

Council of Independent Colleges

Fay School Inc.

Forty Niner Shops, Inc.

Franciscan University of Steubenville

Friends University

George Mason University Foundation

Hanna Boys Center

Hastings College Foundation

Hillsdale College

Indiana Wesleyan University

Kent School

Marietta College

Mercy College

Miami University Foundation & Endowment

Northern Marianas College Endowment Fund

Northwood University

Palau Community College Endowment Fund

Rosemont College of Holy Child Jesus

School of American Research

Seven Hills School

Siena Heights University

Sonoma State University

St. John's School

St. Norbert College

University Glen Corporation

University of the Cumberlands

University of Dayton

University of Findlay

University of Guam

University of Northern Iowa Foundation

University of Wisconsin - Oshkosh Foundation

University of Wisconsin - Superior Foundation, Inc.

Wilmington College Endowment Fund

Representative Client List

Foundations and Endowments

Allied Services Foundation

AMVETS Department of California Service Foundation

Capital Federation Foundation

Chrysalis Foundation

Consumer Health Foundation, Inc.

Cornerstone Foundation of Northeastern Wisconsin, Inc.

Communication Foundation Cupertino

Decker Foundation

Dorothy D. & Joseph A. Moller Foundation

Dover Foundation, Inc.

Edward W. Hazen Foundation

Educational Endowment Foundation

Etscheit Foundation Five Bridges Foundation

Fullerton Foundation

Genesis Healthcare Systems Foundation

The Heritage Foundation

Hilda E. Bretzlaff Foundation

Joseph Drown Foundation

The Karl Kirchgessner Foundation

Leever Foundation

Lithuanian Foundation, Inc.

Lee Hysan Foundation

Lumina Foundation Education

Marianas Public Land Trust

Mercy Foundation of Des Moines

Missouri Baptist Foundation

National Housing Endowment

Northeast Health Designated Fund

Ohio Masonic Home Benevolent Endowment Foundation

Orchard Foundation

Otterbein Homes Capital Reserve

Otterbein Homes Endowment

Painted Turtle Foundation

Pan American Health & Education Foundation

Pharmacy Network Foundation

Princess Grace Foundation-USA

R.J. McElroy Trust

Ruth & Lovett Peters Foundation

Southern Minnesota Initiative Foundation

St. John's Community Service Foundation

Sunflower Foundation

Wallace Research Foundation

Walt and Lilly Disney Foundation

Wyandotte Health Foundation

Representative Client List

Health Care

Agnesian Health Care

Avedis Foundation

Bellin Hospital

Benedictine Health System

Central DuPage Health

Clark's Mr. Prescription

Consumer Health Foundation

Fairfield Medical Center

General Surgical

Genesis Healthcare System

Health Partners of Philadelphia

Health Trust

Huber Heights Medical

The Los Angeles Free Clinic

Maryland Heart

Metrocrest Hospital Authority

MetroHealth Hospital Systems

Metropolitan Gastroenterology Group

Ministry Health Care

Neurology Center

North Carolina Baptist Hospital

Northeast Health Pension

The Ohio Masonic Home Board

Oral & Maxillofacial Surgery Foundation

Pallottine Health Services, Inc.

Pinnacle Anesthesia

Prairie Lakes Healthcare System

Princeton Community Hospital Association, Inc.

ProHealth Care, Inc.

Samaritan Hospital Foundation

Sarah Bush Lincoln Health Center

Shell Point Village

South County Hospital Healthcare System Endowment

St. Joseph's Hospital Plan & Trust

St. Mary's Medical Center

Stormont-Vail Health Care

Torrance Memorial Med. Center Foundation

Underwood Memorial Hospital

United Hospital System, Inc.

United Medical Center – West

University Health Alliance

Valley Presbyterian Hospital

Visiting Nurse Regional Health Care System

Waukesha Memorial Hospital Foundation

Representative Client List

Non-Profit Organizations

Alliance Community for Retirement Living, Inc.
Alliance Development Fund, Inc.
Global Health Council
Mid-Iowa Council Boy Scouts of America
Ronald McDonald House Charities of S. California
Torrance Memorial Medical Center
United Cerebral Palsy, Inc.
Young Audiences

Associations

Academy of Management, Inc.
American College of Clinical Pharmacy
American Diabetes Association
American Podiatric Medical Association
College of American Pathologists
Colorado State Bank Trustees
Entertainment Software Association
ICANN
International Franchise Association
Mortgage Bankers Association
National Association of Home Builders
National Association of Realtors
National Board of Boiler and Pressure Vessel Inspectors
National Court Reporters Association
North Carolina School Boards Association
Paralyzed Veterans of America
Travel Industry Association
United States Pharmacopeial Convention
US-Ireland Alliance
Virginia Association of Counties Group Self Insurance Association
West Virginia Association of Counties Group Self Insurance Risk Pool, Inc.

Team Biographies

Our Team

ANDREW PRICE, CIMA®
Managing Director, Wealth Management
Institutional Consulting Director

Andrew is the head of the Graystone Consulting – Los Angeles Team, one of 50 Graystone Consulting teams nationwide, with expertise in advising institutional pools of capital. His team works with numerous foundations and endowments, advising their investment committees with regard to fiduciary best practices, investment policy, asset allocation, alternative investments, and investment manager selection. He is also a Managing Director within Morgan Stanley's Private Wealth Management department that serves ultra high-net-worth clients. Andrew began his career with Paine Webber in 1983 as an account executive. He held a similar position with Bear Stearns beginning in 1986, before joining Oppenheimer and Company in 1990. He was made a partner of Oppenheimer in 1994 and was a member of the Chairman's Council, recognizing the top 25 financial advisors in the firm. Andrew remained with the firm until April 2003 when he joined Smith Barney. He has been a perennial member of Smith Barney's Director's Council comprising the top 2% of the firm's financial advisors. Smith Barney was acquired by Morgan Stanley in June 2009.

Andrew has a B.S. in Finance from the University of Maine. In addition, he has earned the designation of Certified Investment Management Analyst (CIMA) following coursework and an examination at The Wharton School, University of Pennsylvania. Andrew is a member of the Investment Management Consultants Association and the Association of Professional Investment Consultants. He serves on the Annual-Giving Committee at Harvard-Westlake School and has held recent board positions with the Bel Air Bay Club and the Paralysis Project of America. Andrew and his wife, Helene, have three children. They reside in Brentwood, a community in Los Angeles, California. His spare-time interests include tennis, skiing, reading, and travel.

KARIN LONGHURST, CTFA
Institutional Consultant
Private Wealth Advisor

Karin Longhurst is an Institutional Consultant of the Los Angeles Graystone Consulting team and Private Wealth Advisor with Morgan Stanley's Private Wealth Management Group. She joined Morgan Stanley in 2013. Her team provides institutional investment consulting to family offices, public charitable institutions, such as large hospitals, educational endowments, family foundations and government entities as well as estate, philanthropic and investment planning for high net worth individuals and families. Previously, Karin worked for 16 years as the First Vice President of Merrill Lynch Private Banking and Investment Group where she focused exclusively on the fiduciary, trust and investment management needs of ultra-affluent entrepreneurs, executives, and family offices, including several members of the Forbes 400 . She also specialized in servicing charitable organizations in the planned giving and wealth management area.

Karin is a graduate of University of California, Los Angeles with a B.A. in International Relations and she participated in a honors program at Cambridge University and London School of Economics. She currently serves as a member of the American Bankers Association, The Beverly Hills and Los Angeles Estate Planning Councils, and Partnership for Philanthropic Planning of Greater Los Angeles and she serves on the Annual Giving Committee at The Chadwick School. Karin and her husband, Scott, have two children, and they reside in Manhattan Beach, California. Her spare-time interests include scuba diving, water skiing, tennis and photography.

Our Team

DAVID WEINBERG
Institutional Consulting Analyst

David joined Morgan Stanley Private Wealth Management in 2014 and has over 8 years of experience working with ultra high-net-worth clients. Prior to joining Morgan Stanley, he worked for Bessemer Trust and Merrill Lynch Private Banking and Investment Group. He helped numerous charitable organizations and several Forbes 400 clients with estate and philanthropic planning.

David graduated Summa Cum Laude/Phi Beta Kappa with a B.A. in International Relations from Boston University, and he received his JD from Pepperdine University School of Law. He is a member of the California Bar and a graduate of Cannon Trust School I and II. David holds series 7 and 66 licenses. He also holds a 4^{th} degree black belt and is an accomplished pianist. He lives in Mar Vista, California and enjoys salsa dancing and spending time with his niece and nephew.

JAE LEE
Registered Associate

Jae joined Morgan Stanley Graystone Consulting's Los Angeles team in the summer of 2015. He mixes his financial and technological knowledge to create complex financial plans and sophisticated investment research reports. Jae compiles investment manager evaluations to help develop portfolios that are aligned with clients' objectives and risk tolerance. He also produces performance, monitoring, and evaluation reports along with client presentation booklets.

Jae holds a B.A. in Business Economics from University of California, Los Angeles with a minor in Cognitive Science. He also holds Series 7 and 66 licenses. Jae lives in Westwood and spends his free time lifting weights and keeping up with the tech industry's newest trends and gadgets.

Our Team

APRIL JOHNSON
Senior Registered Associate

April Johnson is a Senior Registered Associate, who joined the Price team in 2016. She has been in the financial industry for eighteen years working on ultra high net worth teams within Merrill Lynch and Wells Fargo Advisors. She assists the team with administrative matters along with operational, compliance, and servicing needs.

April holds a B.A. in English from the University of California, Los Angeles and a Masters of Public Policy from Pepperdine. She also holds Series 7 and 66 licenses. April lives in Brentwood and enjoys socializing with friends and traveling to Sacramento to visit her family.

Relationship Colleague

PAUL N. STAM
Executive Director

Paul Stam is an Executive Director and Trusts and Estates Strategist in Morgan Stanley's Private Wealth Management department, providing customized planning strategies to high net worth individuals and families. Paul's services feature advanced estate planning techniques, cash flow analysis, executive compensation planning, risk management analysis, and retirement, business succession, charitable and income tax planning.

Prior to joining Morgan Stanley in 2005, Paul was a senior vice president at The Private Bank at Bank of America for over five years. Prior to Bank of America, Mr. Stam practiced law for over a decade and was a partner in the regional law firm of Kring & Brown, LLP. Mr. Stam chaired the firm's tax and estate planning department.

Paul received his undergraduate degree in English from the University of California, Irvine; his Juris Doctor *cum laude* from Western State University College of Law, where he was executive editor of Western State's Law Review; his Master of Laws in taxation with honors from Golden Gate University; and his Master of Science in financial planning from the College of Financial Planning.

A frequent public speaker on estate and financial planning techniques, Paul has been featured on numerous occasions on San Diego television news station KUSI Channel 9. He has spoken before the Orange County, Marin County and California State Bar Associations, the California Community Foundation, the Seattle Estate Planning Council, the San Diego Chamber of Commerce, the Financial Strategies for Women Conference, the National Business Institute and the Jewish Funders Network International Conference.

Paul is a member of the California Bar Association, and sits on the board of its Estate Planning Section. He was previously a member of the California State Bar Trusts and Estates Section's Education Committee. He is a past Trustee of South Coast Repertory and Orange County's oldest theater production company, and chaired the Planned Giving Committee for that organization. He is also a past member of Orangewood Children's Foundation's Planned Giving Committee.

Paul is an adjunct professor of multinational estate planning at Golden Gate University College of Law in San Francisco, Calif. He is the author of a novel, "The Trust Company," published in April 2012 by Langford Press. His second novel, "The Long Squeeze," was published in the summer of 2015.

Relationship Colleague

ANNA SHTEIN

Senior Private Banker

Anna Shtein is a Senior Private Banker serving Morgan Stanley Private Wealth Management offices in California and Texas.

Anna began her career in financial services in 2001, and joined Morgan Stanley in 2010, where she was promoted to her current role in 2014. Prior to joining the firm, Anna was a High Net Worth Lending Specialist for Merrill Lynch.

Anna received her Bachelor of Business Administration degree in Economics from the University of California, Los Angeles. She also has a Masters in Business Administration from the University of Southern California's Marshall School of Business. Anna and her family live in Los Angeles. Outside the office, she enjoys travel, exercise, soccer and rooting for the Detroit Red Wings.

Disclosures

Important Disclosures

Global Investment Manager Analysis (GIMA) defines Adverse Active Alpha (AAA) as follows:

Adverse refers to the demonstrated ability to outperform in a variety of market environments and when conditions were difficult for active manager relative performance. "Difficult" periods were times when active management did not perform well relative to the index, as opposed to down market periods. At various times, active management has experienced difficult relative performance periods in up, down, and flat markets. We developed a set of factors to help discern which periods were more difficult for active managers that we utilize to identify managers that were able to overcome these headwinds and outperformed in the face of adversity.

Active refers to managers with high active share – i.e., managers whose portfolios looked different from the index – and had moderate to low tracking error. In this way, the ranking seeks to find managers that were active, but not taking outsized factor bets, such as large sector or industry bets and that had some degree of style consistency. The combination of high active share and low tracking error is fairly uncommon among active managers, but we believe these traits may point toward managers with strong stock picking skills.

Alpha refers to the demonstrated ability to add value relative to an index and/or peers. Back tests indicate that highly ranked managers as a group outperformed the index and style peer group over subsequent periods and relative to active share alone. By combining the "adverse" component with the "active" component, we believe we increase the odds of finding some of the most proficient stock pickers.

Important Considerations Regarding the Adverse Active Alpha Ranking Process:

Global Investment Manager Analysis, formerly Consulting Group Investment Advisor Research (CG IAR), provides comprehensive manager analysis for Morgan Stanley's investment advisory platforms on a wide range of investment products, including separately managed accounts, mutual funds and exchange-traded funds in the equity, fixed income and alternative investment categories In our view, the Adverse Active Alpha manager ranking model is an . important part of evaluating managers for consideration. However, we do recognize that AAA cannot, in and of itself, tell us which managers' strategies to invest in or when to buy or sell the strategies. While highly ranked managers historically performed well as a group in our analysis, past performance is not a guarantee of future results for any manager or strategy. Index returns assume reinvestment of dividends and, unlike fund or strategy returns, do not reflect any fees or expenses. Indices are unmanaged and not available for direct investment.

It is also important to keep in mind that just because a manager has high active share, a portfolio that looks different than the index (benchmark) doesn't necessarily mean the portfolio had or will have better performance than the index. Being different than the index does not consider factors such as: the timeliness of data provided by the manager, the appropriateness of the benchmark used for comparison to the portfolio, the relevancy of the period(s) being analyzed between the portfolio and the benchmark, knowing the difference between the securities and their concentration in a manager's portfolio vs. the benchmark and the potential that the data provided by the manager looked significantly different in periods before and after the performance snapshot(s) used for analysis. While the preceding considerations are not part of the AAA ranking model, GIMA's strives to evaluate other material and forward looking factors as part of the overall manager evaluation process. Factors such as but not limited to manager turnover and changes to investment process can partially or fully negate a positive Adverse Active Alpha ranking. Additionally, highly ranked managers can have differing risk profiles that might not be suitable for all investors. For more information on AAA, please see the Adverse Active Alpha Ranking Model and Selecting Managers with Adverse Active Alpha whitepapers. The whitepaper are available from your Financial Advisor or Private Wealth Advisor.

Important Disclosures (cont'd)

The Global Investment Manager Analysis (GIMA) Services Only Apply to Certain Investment Advisory Programs

GIMA evaluates certain investment products for the purposes of some – but not all – of Morgan Stanley Smith Barney LLC's investment advisory programs (as escribed in more detail in the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management). If you do not invest through one of these investment advisory programs, Morgan Stanley Wealth Management is not obligated to provide you notice of any GIMA status changes even though it may give notice to clients in other programs.

Focus List, Approved List and Tactical Opportunities List; Watch Policy

GIMA uses two methods to evaluate investment products in applicable advisory programs: Focus (and investment products meeting this standard are described as being on the Focus List) and Approved (and investment products meeting this standard are described as being on the Approved List). In general, Focus entails a more thorough evaluation of an investment product than Approved. Sometimes an investment product may be evaluated using the Focus List process but then placed on the Approved List instead of the Focus List.

Investment products may move from the Focus List to the Approved List, or vice versa. GIMA may also determine that an investment product no longer meets the criteria under either process and will no longer be recommended in investment advisory programs (in which case the investment product is given a "Not Approved" status).

GIMA has a "Watch" policy and may describe a Focus List or Approved List investment product as being on "Watch" if GIMA identifies specific areas that (a) merit further evaluation by GIMA and (b) may, but are not certain to, result in the investment product becoming "Not Approved." The Watch period depends on the length of time needed for GIMA to conduct its evaluation and for the investment manager or fund to address any concerns. GIMA may, but is not obligated to, note the Watch status in this report with a "W" or "Watch" next to the "Status" on the cover page.

Certain investment products on either the Focus List or Approved List may also be recommended for the Tactical Opportunities List based in part on tactical opportunities existing at a given time. The investment products on the Tactical Opportunities List change over time.

For more information on the Focus List, Approved List, Tactical Opportunities List and Watch processes, please see the applicable Form ADV Disclosure Document for Morgan Stanley Wealth Management. Your Financial Advisor or Private Wealth Advisor can also provide upon request a copy of a publication entitled "Manager Selection Process."

Strategy May Be Available as a Separately Managed Account or Mutual Fund Strategies are sometimes available in Morgan Stanley Wealth Management investment advisory programs both in the form of a separately managed account ("SMA") and a mutual fund. These may have different expenses and investment minimums. Your Financial Advisor or Private Wealth Advisor can provide more information on whether any particular strategy is available in more than one form in a particular investment advisory program.

For mutual funds, the investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. ***Investors should carefully consider the investment objectives and risks as well as charges and expenses of a mutual fund before investing. The prospectus contains this and other important information about the mutual fund. To obtain a prospectus, contact your Financial Advisor or visit the mutual fund company's website. Please read the prospectus carefully before investing.***

Asset Class Risk Considerations

For index definitions to the indices referenced in this report please visit the following: http://www.morganstanleyfa.com/public/projectfiles/id.pdf

Equity securities may fluctuate in response to news on companies, industries, market conditions and general economic environment.

Investing in foreign markets entails risks not typically associated with domestic markets, such as currency fluctuations and controls, restrictions on foreign investments, less governmental supervision and regulation, and the potential for political instability. These risks may be magnified in countries with **emerging markets and frontier markets**, since these countries may have relatively unstable governments and less established markets and economies.

Investing in small- to medium-sized companies entails special risks, such as limited product lines, markets and financial resources, and greater volatility than securities of larger, more established companies.

The value of **fixed income securities** will fluctuate and, upon a sale, may be worth more or less than their original cost or maturity value. Bonds are subject to interest rate risk, call risk, reinvestment risk, liquidity risk, and credit risk of the issuer.

High yield bonds (bonds rated below investment grade) may have speculative characteristics and present significant risks beyond those of other securities, including greater credit risk, price volatility, and limited liquidity in the secondary market. High yield bonds should comprise only a limited portion of a balanced portfolio.

Interest on **municipal bonds** is generally exempt from federal income tax; however, some bonds may be subject to the alternative minimum tax (AMT). Typically, state tax-exemption applies if securities are issued within one's state of residence and, if applicable, local tax-exemption applies if securities are issued within one's city of residence.

Treasury Inflation Protection Securities' (TIPS) coupon payments and underlying principal are automatically increased to compensate for inflation by tracking the consumer price index (CPI). While the real rate of return is guaranteed, TIPS tend to offer a low return. Because the return of TIPS is linked to inflation, TIPS may significantly underperform versus conventional U.S. Treasuries in times of low inflation.

Ultrashort-term fixed income asset class is comprised of fixed income securities with high quality, very short maturities. They are therefore subject to the risks associated with debt securities such as credit and interest rate risk.

Alternative Investments Risks

Alternative investments, including hedge funds, private equity funds and managed futures, can be highly illiquid, are speculative and not suitable for all investors. Investing in alternative investments is only intended for experienced and sophisticated investors who are willing to bear the high economic risks associated with such an investment. Investors should carefully review and consider potential risks before investing. Certain of these risks may include:

- loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices;
- lack of liquidity in that there may be no secondary market for the fund and none is expected to develop;
- volatility of returns;
- restrictions on transferring interests in a fund;
- potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized;
- absence of information regarding valuations and pricing;
- complex tax structures and delays in tax reporting;
- less regulation and higher fees than mutual funds;
- fund of funds often have a higher fee structure than single manager funds as a result of an additional layer of fees; and risks associated with the operations, personnel and processes of the manager.

Asset Class Risk Considerations (cont'd)

Asset allocation and diversification do not assure a profit or protect against loss in declining financial markets.

The **indices** are unmanaged. An investor cannot invest directly in an index. They are shown for illustrative purposes only and do not represent the performance of any specific investment.

The **indices selected by Morgan Stanley Wealth Management** to measure performance are representative of broad asset classes. Morgan Stanley Wealth Management retains the right to change representative indices at any time.

Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

Rebalancing does not protect against a loss in declining financial markets. There may be a potential tax implication with a rebalancing strategy. Investors should consult with their tax advisor before implementing such a strategy.

Important Disclaimers

Morgan Stanley Wealth Management is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States. This material has been prepared for informational purposes only and is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Past performance is not necessarily a guide to future performance.

The securities/instruments discussed in this material may not be suitable for all investors. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Morgan Stanley Wealth Management recommends that investors independently evaluate specific investments and strategies, and encourages investors to seek the advice of a financial advisor.

This material is based on public information as of the specified date, and may be stale thereafter. We have no obligation to tell you when information herein may change. We and our third-party data providers make no representation or warranty with respect to the accuracy or completeness of this material. Past performance is no guarantee of future results.

This material should not be viewed as advice or recommendations with respect to asset allocation or any particular investment. This information is not intended to, and should not, form a primary basis for any investment decisions that you may make. Morgan Stanley Wealth Management is not acting as a fiduciary under either the Employee Retirement Income Security Act of 1974, as amended or under section 4975 of the Internal Revenue Code of 1986 as amended in providing this material.

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Morgan Stanley Smith Barney LLC, its affiliates, and its employees are not in the business of providing tax or legal advice. Individuals should seek advice based on their particular circumstances from independent tax and legal advisors Morgan Stanley offers investment program services through a variety of investment programs, which are opened pursuant to written client agreements. Each program offers investment managers, funds and features that are not available in other programs; conversely, some investment managers, funds or investment strategies may be available in more than one program.

Morgan Stanley's investment advisory programs may require a minimum asset level and, depending on your specific investment objectives and financial position, may not be suitable for you.

CRC 1427472 (03/16)

CAL POLY POMONA

Presentation of Institutional Consulting Services

for

California State Polytechnic University, Pomona

April 14^{th}, 2008

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Consulting Group

CSU The California State University
WORKING FOR CALIFORNIA

CAL POLY POMONA

Contact Information

Andrew B. Price, CIMA
Senior Institutional Consultant
Consulting Group
310-443-0530
andrew.b.price@smithbarney.com

Ty Fiduccia
Financial Advisor
Consulting Group
310-443-0520
tyrell.fiduccia@smithbarney.com

J.P. Szabo
CG Analyst
Consulting Group
310-443-0502
john.paul.szabo@smithbarney.com

Scott Thayer, CIMA
Institutional Consulting Director
Citi Institutional Consulting
707-571-5709
scott.thayer@citi.com

Timothy J. Skelly, CIMA
Institutional Consulting Director
Citi Institutional Consulting
707-571-5739
tim.skelly@citi.com

Todd O. Au
Second Vice President
Citi Institutional Consulting
707-571-5704
todd.au@citi.com

citi smith barney
Consulting Group

Table of Contents

Presentation of Institutional Consulting Services and CSU Endowment Initiative

Overview of Consulting Group

- Firm Background
- Structure
- Core Values
- Key Investment Professionals
- Clients

An Industry Leader in Our Core Businesses

citi

Global Consumer Group

Located in more than 100 countries, Citibank delivers a wide array of banking, lending, and investment services to individual consumers and small-to-medium sized businesses.

Mexico's largest commercial bank in terms of equity and earnings with an extensive distribution network of more than 1,500 branches.

Corporate and Investment Banking

Combines world-class investment and commercial banking services that meet the unique and varied needs of over 2,500 clients in over 100 countries. Our unmatched level of products and services and geographic presence have made us one of the premier financial organizations for corporations, governments and institutions.

Citi Alternative Investments

Manages approximately $60 billion* in hedge fund, private equity, and real estate assets for private and institutional clients.

Global Wealth Management

The global private wealth management and equity research unit of Citigroup. It is a leading provider of comprehensive financial planning, advisory and brokerage services to investors.

Provides institutional asset management and consulting services to fiduciaries of Pension Funds, Foundations and Endowments.

Citi Private Bank

Provider of personalized wealth management solutions for affluent clients including many of the world's most influential entrepreneurs, families and corporate executives.

**Source: Citigroup as of 12/20/04 in USD*

Resources That Support Our Capabilities

Consulting Group

- $313 Billion in Assets Under Advisement
- 50 Research Analysts Worldwide
- Capital Markets Research
- Asset Allocation Including Alternative Strategies
- Research/Databases - Traditional & Alternative Mgrs
- Due Diligence Research for 1,600 Managers
- Effron's Plan Sponsor Network
- Altvest, HFR, PerTrac

Citigroup Alternative Investments

- $80 Billion in Assets Under Management
- Team of 300 Investment Professionals
- Alternative Investment Research
- Asset Allocation/Risk Modeling
- Hedge Fund Portfolio Management
- Private Equity FOF & Co-Investment
- Managed Futures/CTAs
- Structured Products

Hedge Fund Industry Contacts

- Fund-of-Fund Managers
- Hedge Fund Research Organizations
- Single Fund Portfolio Managers

Traditional Manager Contacts

- Equity & Fixed-Income Managers
- CEOs, CIOs & Senior PMs
- Directors of Research & Senior Analysts

Sophisticated Client Base

- Institutional Board & Committee Members
- Family Offices
- Entrepreneurs, CEOs & Industry Professionals

Our network includes resources within Citigroup and throughout the investments industry. It gives us a broad view of the capital markets. It provides insight and a source of ideas for both traditional & alternative investments, helping us to spot trends & opportunities and identify risks. Combined with our experience and common-sense approach, our resources help to support sound decision-making.

Consulting Group – Core Values

We are relentless in our pursuit of performance and steadfast to the highest standards of ethical professional behavior.

- **Client Centric:** clients solutions based upon objective, leading-edge, professional advice.
- **Integrity:** we commit to the highest standards of ethical behavior. We seek to avoid conflicts of interests. We do not sell investment research, nor do we charge investment managers for inclusion in any database.
- **Collaboration:** we strive to be academically inquisitive thinkers and share our intellectual capital with our colleagues and our clients.
- **Innovation:** our goal is to provide state-of-the-art solutions and consulting practices by maintaining individual competence through training and education and by leveraging the resources of Citigroup.
- **Open Architecture:** we focus on "best of breed" asset management firms when determining the appropriate portfolio construction solution for our clients.
- **Transparency:** we strive for transparency with clients and colleagues. We use all-inclusive asset-based fees that cover all our consulting services. We do not accept soft dollars or directed brokerage on consulting arrangements.
- **Education:** We pride our advisor services on education to our clients.

Consulting Group at a Glance

- Select group of highly qualified, experienced institutional consulting teams located across North America
- Led by Senior Institutional Consultants who possess an average of more than 20 years of investment experience (as of February 2007)
- Current stewards of more than $72 billion in institutional consulting assets (as of December 2007)
- Home to one of the nation's largest staff of research analysts, presently nearly 90, who review and evaluate nearly 800 traditional and mutual fund products each quarter (as of September 2006)
- Ability to leverage the vast capabilities and strength of Citigroup, one the the world's largest financial firms, with more than 200 MM client accounts in over 100 countries
- Proven experience with a diverse range of sophisticated institutional clients
- Empowered to make customized investment and research recommendations

Consulting Group - Distinguishing Features

- Experienced and Highly Service Oriented Consulting Team
  - Andrew Price – 24 years – Recipient of the Certified Investment Management Analyst (CIMA) designation. Manages large institutional and private client practice in Los Angeles.
  - Scott Thayer - 25 years – Teaches Executive Education courses on Investment Policy at the Wharton School of Business and Berkeley Hass School of Business.
  - Tim Skelly – 21 years – Teaches Executive Education courses on Manager Search & Selection and Alternative Investment Strategy at Wharton School of Business & Haas School of Business.
  - Todd Au – 8 years – Recipient of Chartered Retirement Planning Counselor from the College of Financial Planning. Manages both Private Client and Institutional relationships for the CIC team in Santa Rosa, CA
- Industry's Most Extensive Investment Manager Research
  - Original and proprietary research
  - National Network of Institutional Consultants that share manager experiences
- Registered Investment Advisor
  - We are held to the highest standards of conduct –NASD, SEC, and NYSE - highly regulated public company, audited regularly
- Concise Performance Analysis and reporting
  - Proprietary and flexible reporting systems
  - Timely Reporting

CSU Endowment Initiative Advisory Team

Andrew B. Price, CIMA
Senior Institutional Consultant
BS University of Maine
Investment Experience: 24 Years

Timothy J. Skelly, CIMA
Institutional Consulting Director
BS University of California Los Angeles
Investment Experience: 21 Years

Lee Pease, CFA*
Senior Vice President
Director – Portfolio Advisory Services
MBA Drexel University
Investment Experience: 17 Years

Policy Development

Asset Allocation

Sub- Advisor Evaluation

Portfolio Management

Scott Thayer, CIMA
Institutional Consulting Director
MBA California State University, Chico
Investment Experience: 24 Years

Mark C. Kennard, CFA*
First Vice President
Institutional Strategist
MBA Widener University
Investment Experience: 18 Years

Todd O. Au
Second Vice President
BA University of California Santa Barbara
Investment Experience: 7 Years

*** Voting Members of Investment Committee**

Consulting Group – Higher Education Clients

The Archie Tonge Educational Foundation
Alamo Community College
Antioch University
Ashland University
Brite Divinity College
Brooklyn Law School
California State University System
- **CSU Foundation**
- **CSU Risk Management Authority**

Champlain College
The Chinese University of Hong Kong
College of St. Scholastica
CRMC Foundation
Franciscan University of Steubenville
Friends University
George Mason University Foundation
Hastings College Foundation
Hillsdale College
Linsly School
Marietta College
Mercy College
Miami University Foundation
Pacific Union College
Santa Rosa Junior College Foundation
St. Norbert College
School of America Research
Siena Heights University
University of Findlay
University of Northern Iowa Foundation
University of Wisconsin – Oshkosh Foundation
University of Wisconsin – Superior Foundation
Wilmington College
Wilmington College Endowment Fund

The clients listed above are under the direct management of the Citigroup Institutional Consulting.

Representative Client List—Consulting Group Institutions directly manage by our Institutional Team

The Archie Tonge Educational Foundation

The Asia Foundation

California State University System

- CSU Endowment Fund
- CSU Risk Management Authority

The Chinese University of Hong Kong

The Conservation Land Trust Foundation

CRMC Foundation

Five Bridges Foundation, San Francisco

The Foursquare Foundation

The Foursquare Church

The Foundation for Deep Ecology

The Health Trust of Santa Clara Valley

The Immaculate Heart Community

The Lee Hysan Foundation – Hong Kong

The LA Junior Chamber of Commerce

Los Angles Ronald McDonald House

Pacific Union College, Angwin

Conservacion Patagonica, Argentina & Chile

Providence St. Vincent Medical Center

Pyles Boys Camp Endowment Fund

S.H. Cowell Foundation, San Francisco

Santa Rosa Junior College Foundation

Stewardship Holdings Limited

Torrance Memorial Hospital

Torrance Memorial Medical Center Foundation

Silver Oak Cellars Retirement Plan

Chateau Montelena Winery

Consulting Group Investment Process

- Investment Policy
- Asset Allocation
- Manager Research & Selection
- Ongoing Evaluation & Monitoring

Traditional Bank / Money Manager Relationship

Client

- **Investment Policy & Guidelines**

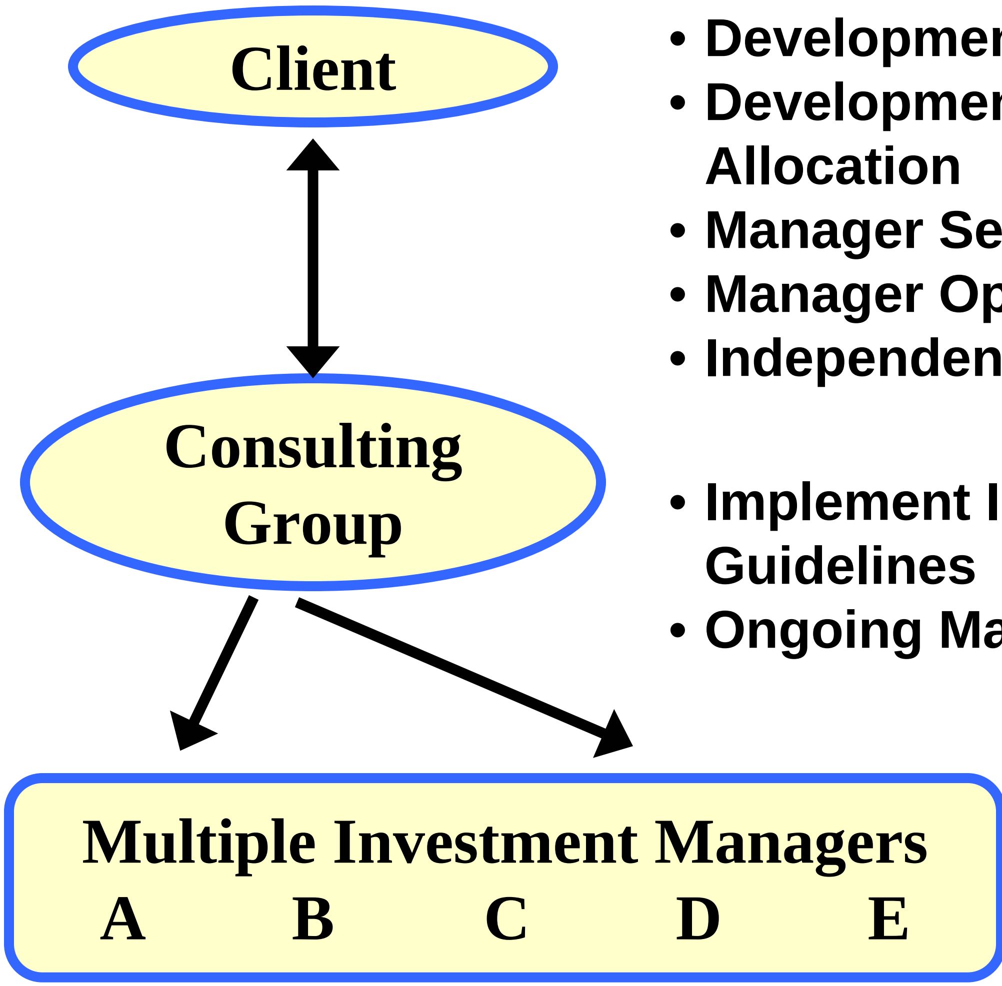
- **Asset Mix (60/40)**
- **Investment Management**
- **Performance Results**

Bank or Money Manager

Limitations of this Business Model

- **How Do You Select From the 24,000 Available?**
- **Closed Architecture**
- **Potentially Biased Asset Allocation Advice**
- **No Independent Oversight of Manager**
- **No Independent Performance Measurement**
- **Often Pooled Investment Vehicles**

Consulting Group Consulting Relationship



- Development of Investment Policy
- Development of Appropriate Asset Allocation
- Manager Search
- Manager Opinion Ratings
- Independent Performance Measurement

- Implement Investment Policy & Guidelines
- Ongoing Manager Evaluation

- Managers are Employed Solely for Their Specialty: Investment Management

A Proven Institutional Investment Process

Fiduciary Investment Process

Organizational Assessment
- Mission & objectives
- Asset/ liability structure, cash flow analysis

Investment Policy Statement
- Asset / Liability Analysis
- Manager guidelines & monitoring

Asset Allocation Study
- Portfolio construction & probability analysis
- Risk and Return Analysis to Objectives

Investment Manager Evaluation
- Applied Research and due-diligence
- Trading & execution evaluation / conflict of interest analysis

Reporting & Communications
- Custody services
- Performance measurement & monitoring
- Ongoing trustee education

Ongoing Review and Monitoring
- Portfolio rebalancing
- Investment Policy Compliance
- Support w/ third party services

Investment Policy – Key to Fiduciary Process

Policy Statement Development

- Three Steps:
  - 1. Assessment/Questionnaire
  - 2. Draft & Review
  - 3. Final/Approval

Critical Elements of a Prudently Written Policy Statement

- Policy Documents:

  Mission, Roles & Responsibilities, Return Objectives, Diversification, Risk Parameters, Spending Policy, Constraints & Restrictions, Investment Due-diligence Process, Reporting Requirements, Communication.

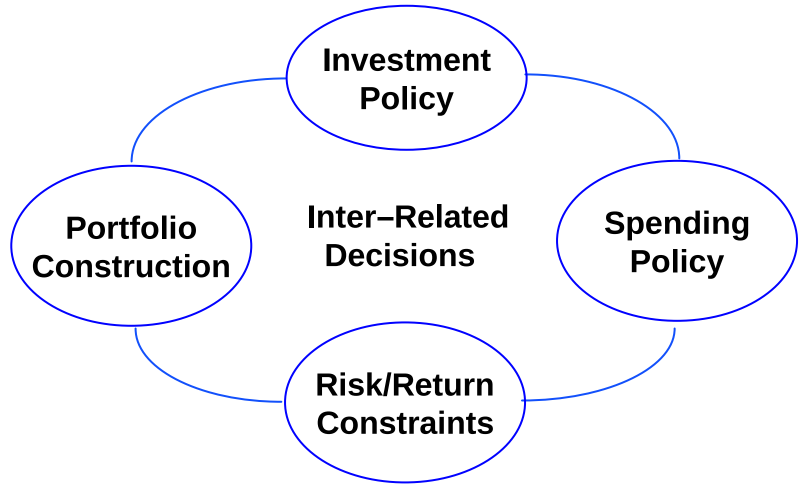
Investment Policy Structure

- Policy Statement – Main Body, Trustee Approved
- Asset Allocation Analysis – Investment Committee Addendum
- Investment Manager Addendums – Consultant Managed

Investment Policy - Framework for Investment Decisions

Investment Structure and Interrelated Decisions:

- The spending policy and cash flow requirements.
- The Investment Guidelines and Return Expectations.
- Balance between Risk and Return.
- Asset Allocation and Efficient Portfolio diversification.



Sample Spending Policy Formula

Spending Rate	4.0%
Inflation	2.5%
Administrative Costs	0.5%
Real Growth	1.0%
Minimum Acceptable Return (MAR)	**8.0%**

Real Growth = (Total Return) – (Spending + Inflation)

In Summary:

- Well–defined Investment Policy leads to greater control and improved long–term investment results.
- Spending Policy must consider "Real Return" after Inflation.
- Spending Policy determines how much needs to be spent currently versus how much will be invested to provide Future Spending.

How We Think of an Investment Solution

The combination of three factors:

Current Market Conditions → **What is observable / available in the markets at the current time:**

- Levels of interest rates and cost of finance
- Equity valuations and earnings prospects
- Behaviour of inflation
- Levels of volatility
- Position in the cycle

View on Markets going Forward → **How we see the markets going forward both in the short and long run:**

- Strategic Asset Allocation
- Tactical Asset Allocation
- Active Risk: Alpha vs. Beta

Client Precise Situation → **The best and most accurate understanding we can get of the client situation:**

- Time horizon and risk profiling
- Both sides of balance sheet
- Income needs & Liquidity tolerance
- Level of involvement required
- Contingent liabilities

CSU – Investment Policy Considerations

Asset Allocation Inputs

- Hypothetical Spending Rate: 4% of past 60 month market values.
- Two asset allocations modeled
  - Traditional
  - Traditional with Alternatives
- Minimal Acceptable Return: CPI + 5%
- Downside Risk (95% Confidence Level) -10%

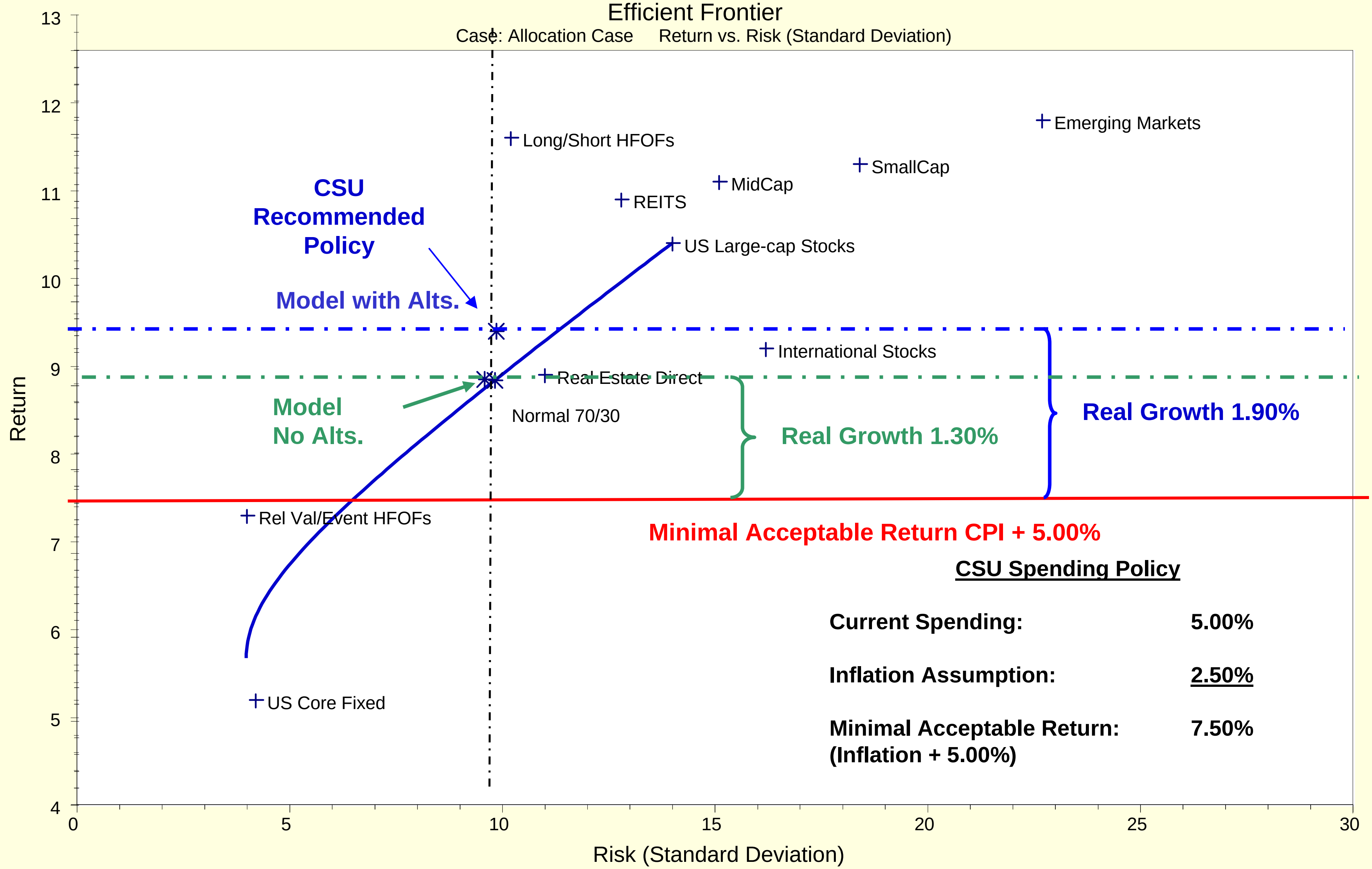
- The CSU hypothetical Traditional with Alternatives allocation is similar to the average of funds between the $100 to $500 million pools.

Asset Allocation Analysis

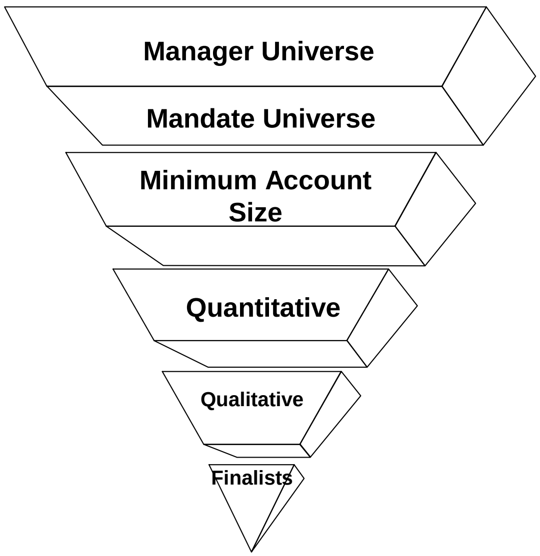
Zephyr AllocationADVISOR: Citigroup Institutional Consulting

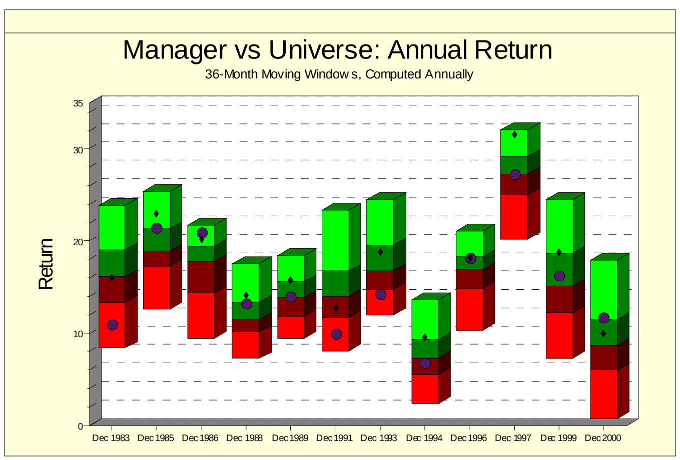
Efficient Frontier

Case: Allocation Case Return vs. Risk (Standard Deviation)



Investment Manager Evaluation & Selection-Quantitative Screening





Quantitative Measures

σ Standard Deviation *(Total Risk)*

β Beta *(Relative Risk)*

α Alpha *(Excess Risk Adjusted Return)*

ρ Correlation

Sharpe Ratio, Treynor Ratio,

Tracking Error, Batting Average, Capture Ratio, Information Ratio, Style Drift, Consistency of Returns, Consistency of Risk Adjusted Returns,

Short Term Bias, Peer Group Ranking.

- ***Rolling Periods vs. Point in Time***

Research Process – Manager Selection "Open Architecture"

Consistent Performance

- ✓ Above-average returns relative to style, risk levels, market indices, and other managers.
- ✓ Returns measured over various time horizons- quarterly, 1, 3, 5, 10 - year periods.
- ✓ Consistency of performance among clients.

Due Diligence Filter

Creditable Organization

- ✓ Strong reputation in the financial industry.
- ✓ A proven track record.
- ✓ At least $100 million in assets under management. This reflects the firm's financial stability.
- ✓ A reasonable number of accounts managed.
- ✓ Proven administrative capabilities. Trading, client communication, and reporting.
- ✓ SEC and State registration compliance.

Coherent Investment Process

- ✓ Definable investment philosophy.
- ✓ Effective investment process.
- ✓ Consistent investment strategy relative to manager's stated investment style and performance.

Continuity in Management Staff

- ✓ A highly-qualified management team. Sufficient experience and time with the firm.
- ✓ Present employment of those involved in creating the firm's track record.
- ✓ Low turnover rate among the management team.

The Objective of Fund Manager Research is to Distinguish Between "Luck" and "Skill".

Ongoing Evaluation & Performance Monitoring

Absolute Performance Measurement (IRR Dollar Weighted)

- Investment Policy Monitor (IRR-Dollar Weighted)
- Performance to Stated Investment Objectives
- “Real” Rates of Return

Relative Performance Measurement (Time Weighted)

- Performance to Market and Style Benchmark
- Manager Universe Comparison

Risk Adjusted Performance Measurement

- Volatility Analysis, Down Side Risk, Sharp Ratio, etc.

Detailed Investment Manager Evaluation

- Style Reliability Analysis
- Performance Attribution Analysis

Peer Universe Evaluations

- Managers compared to others of similar style

CSU Endowment Initiative

CSU Endowment Initiative

- **Program Background & Objectives**

CAL POLY POMONA

The California State University
WORKING FOR CALIFORNIA

Objectives of the CSU Endowment Initiative

- ***Provide Greater Asset Diversification***
- ***Gain Access to Best-in-Class Investment Managers***
- ***Substantially Reduced Fees and Expenses***

  – **Enhance Diversification**

  Align portfolio allocation across campuses in order to achieve returns more consistent with the returns reported in the NACUBO study.

  – **Fiduciary Best Practices**

  Provide a suite of institutional best practices to ensure compliance with fiduciary duties.

> *Our foundation receives many gifts because our investment returns are on average above the returns generated by our donors' personal portfolios.*
>
> **-Amos Orcutt, President, The University of Maine Foundation**

> *Entrepreneurial-minded philanthropists…want to have a hand in ensuring a sound return on their charitable investment.*
>
> **- Paul G. Schervish, Director, Center on Wealth and Philanthropy, Boston College**

Fiduciary Best Practices Objective

- *Provided by one of the nation's leading consulting firms to the educational endowment community*
- *Provide an array of trustee services that enhance and ensure compliance with fiduciary standards, including the following:*
  - *Sound Investment Policy*
  - *Optimal Asset Allocation*
  - *Unbiased Manager Research and Due Diligence*
  - *Independent Portfolio Monitoring*
  - *Trustee Education*

Fiduciary liability is not determined by investment performance, but rather…by whether prudent investment practices were followed.

- *Prudent investment Practices, A Handbook for Investment Fiduciaries* by the Foundation of Fiduciary Studies www.fi360.com

Issue—Smaller Endowments Typically Have Lower Returns

How can the CSU Auxiliaries earn returns closer to those of the largest university endowments?

Average Investment Pool Compounded Nominal Rates of Return for Fiscal Years Ending June 30, 2006, and Selected Three, Five, and Ten-Year Periods

Investment Pool Assets	1-year N=700	3-year N=656	5-year N=589	10-year N=477
Greater Than $1 Billion	15.2%	15.3%	8.8%	11.4%
> $500 Million to $1 Billion	12.8%	13.8%	7.4%	9.8%
> $100 Million to $500 Million	11.9%	12.5%	6.5%	8.8%
> $50 Million to $100 Million	10.0%	11.5%	6.1%	8.1%
> $25 Million to $50 Million	9.3%	10.8%	5.3%	7.7%
Less Than or Equal to $25 Million	7.8%	9.0%	4.5%	7.4%
Equal-weighted Average	10.7%	11.9%	6.3%	8.8%
Dollar-weighted Average	15.3%	15.6%	9.2%	11.7%
Median	10.8%	12.0%	6.2%	8.7%
Comparative Indices				
Russell 3000	9.6%	12.6%	3.5%	8.5%
S&P 500	8.6%	11.2%	2.5%	8.3%
LB Aggregate	-0.8%	2.1%	5.0%	6.2%
CPI-U	4.3%	3.3%	2.6%	2.6%

Performance Differential

2006 NACUBO Study—Table data are equal-weighted unless otherwise noted Comparative indices return information assumes a year end date of June 30 CPI-U data are seasonally adjusted Rates of return are reported net of management fees and expenses.

Issue—Smaller Endowments Tend To Be Less Diversified

- **Larger investment pools tend to have lower allocations to fixed income.**
- **Larger investment pools tend to have greater allocations to alternative assets.**
- **Hedge funds continue to comprise the majority of alternative assets held for institutions of all types.**

Average Asset Class Allocation of Total Assets

Investment Pool Assets	Equity	Fixed Income	Real Estate	Cash	Hedge Funds	Private Equity	Venture Capital	Natural Resources	Other
Greater Than $1 Billion	44.9%	12.5%	4.4%	1.7%	22.4%	5.9%	3.5%	4.2%	0.5%
> $500 Million to $1 Billion	52.9%	13.6%	3.9%	1.9%	17.4%	5.1%	2.2%	2.5%	0.4%
> $100 Million to $500 Million	56.8%	16.9%	4.0%	2.7%	12.3%	2.6%	1.0%	2.0%	1.8%
> $50 Million to $100 Million	59.8%	20.7%	3.4%	3.6%	7.8%	0.9%	0.5%	1.2%	2.1%
> $25 Million to $50 Million	62.3%	22.1%	3.4%	3.5%	6.0%	0.5%	0.1%	0.8%	1.4%
Less Than or Equal to $25 Million	58.9%	29.0%	2.3%	5.3%	2.6%	0.5%	0.2%	0.3%	0.9%
Equal-weighted Average	57.7%	20.2%	3.5%	3.4%	9.6%	1.9%	0.9%	1.5%	1.4%
Dollar-weighted Average	47.6%	15.0%	5.3%	1.3%	18.0%	4.3%	3.5%	4.1%	1.0%

2006 NACUBO Study—755 institutions provided investment pool asset class data in 2006 Table data are equal-weighted unless otherwise noted Natural resources include: Timber + Oil and Gas Partnerships + Commodities

CSU Investment Management Solutions

- Increasing Endowment Risk Adjusted Returns
- Investment Manager Access

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Increasing Endowment Risk Adjusted Returns

Through a combination of:

- **Institutional Asset Allocation**
  - Professionally designed Model Portfolios that optimize return per unit of risk.
  - An evolution of best practices to enhance the diversification of portfolios across all CSU Endowment portfolios.

- **Best-In-Class Asset Managers**
  - The ability to invest with leading asset managers at negotiated account minimums and fees.
  - Reduced minimum account size requirements on hundreds of separate account products, enabling broader diversification and risk reduction.
  - Independent ongoing rigorous due-diligence process and evaluation.

- **Access to Alternative Investments Strategies**
  - Accessibility to asset classes previously available to only the largest endowments, *e.g. Hedge Funds and Private Real Estate.*
  - Negotiated minimums and reduced fees.

Increasing Endowment Risk Adjusted Returns

Through a combination of:

- **Lower Fees and Expenses**
  - Harness the collective size and bargaining power of the CSU auxiliaries to obtain significantly reduced investment manager fees and expenses.

- **Approved Institutional Consultants**
  - Pre-screened and selected based upon extensive experience with educational endowments and foundations.
  - Over $313 billion in consulting assets under advisement
  - 50 Research Analysts worldwide
  - Robust analytical capabilities
  - Due-diligence research for extensive universe of traditional and alternative investment managers
  - Full consulting services available upon request

CSU Investment Management Solution

Build Your Own Portfolio

- Use the investment policy template as a guide.
- Utilize your own asset allocation model.
- Pick and choose pre-screened managers to fill mandates in your allocation.
- Includes ongoing manager evaluation, selection, due-diligence, and replacement recommendations.

OR

Adopt a Model Portfolio

- Choose from two professionally managed institutional portfolios specifically designed to support a 4% spending policy and to provide long term growth of capital.
- Complete with investment policy statement, ongoing manager evaluation, selection, due-diligence, replacement, quarterly monitoring, etc.

CSU Investment Management Solution

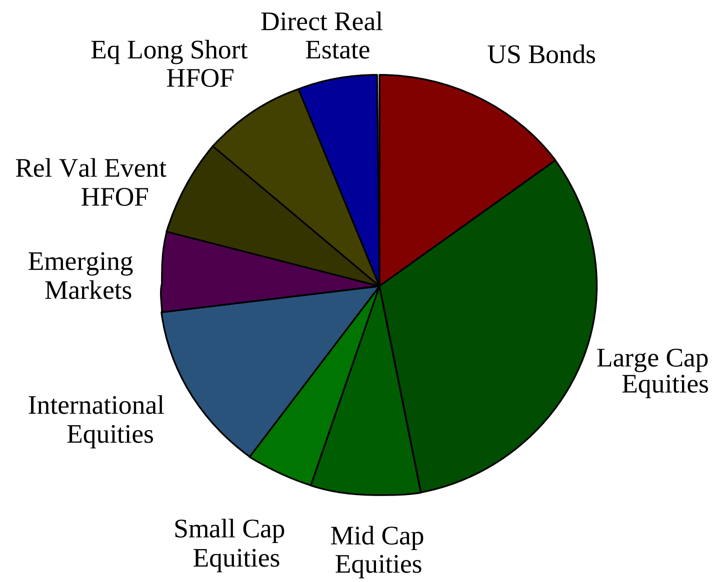
- **Pick and Choose Managers to Fill Mandates in Your Auxiliary's own Allocation at a Lower Fee.**

<u>Renaissance – Large Cap Growth</u>

Direct to Manager:	*0.75%*
Through CSU FAM:	*0.36%*
Savings:	***<u>0.39%</u>***

OR

- **Adopt A Model Portfolio**



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CSU Investment Management Solution
Access To Best-in-Class Investment Managers (as of 6/30/07)

Investment Vehicle	CG Research Style	Type of Vehicle	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Estimated Vehicle Fee
Core Fixed Income								
Pacific Income Advisers - Limited Duration	Int. Core Fixed Income	SA	1.23%	5.25%	3.02%	3.55%	5.33%	0.23
Sage Advisory Services - Intermediate	IntCore Fixed Income	SA	1.29%	5.22%	3.43%	3.89%	5.62%	0.23
PIMCO	Core Fixed Income	SA	0.74%	5.36%	3.88%	4.43%	N/A	0.35
Western Asset Core Plus	Core Fixed Income	CF	0.25%	7.06%	5.22%	6.42%	N/A	0.41
Lehman Brothers Aggregate Bond Index			0.97%	6.11%	3.98%	4.48%	6.02%	
Large Cap Growth Equity								
Goldman Sachs Asset Management	Large Cap Growth	SA	8.74%	20.37%	8.54%	8.04%	6.55%	0.36
Renaissance Investment Management	All Cap Growth	SA	8.02%	14.58%	11.26%	14.49%	8.85%	0.36
Jennison Associates	Large Cap Growth	SA	4.68%	14.39%	9.27%	8.62%	6.41%	0.36
Wells Capital	Large Cap Growth	SA	7.80%	14.44%	10.50%	13.72%	N/A	0.36
Transamerica Concentrated Growth	Large Cap Growth	SA	7.04%	13.43%	11.90%	10.97%	N/A	0.75
Westfield Large Cap Growth	Large Cap Growth	SA	12.55%	23.25%	15.02%	13.13%	9.10%	0.35
Russell 1000 Growth Index			8.13%	19.04%	8.70%	9.28%	4.39%	
Large Cap Value Equity								
HGK Asset Management	Large Cap Value	SA	9.62%	24.39%	16.88%	14.09%	10.19%	0.36
Northern Trust	Large Cap Value	SA	7.80%	21.80%	13.39%	12.30%	8.80%	0.36
Evergreen Intrinsic Value	Large Cap Value	SA	8.16%	18.51%	25.28%	13.66%	13.81%	0.36
TCW Investment Management	Large Cap Value	SA	8.18%	22.41%	15.90%	15.49%	14.40%	0.36
Russell 1000 Value Index			6.23%	21.87%	15.93%	13.31%	9.87%	
Mid Cap Core Equity								
Penn Capital Management	Mid Cap Core	SA	12.28%	19.13%	23.11%	N/A	N/A	0.45
Russell Mid Cap Index			9.90%	20.83%	17.16%	16.39%	11.86%	
Mid Cap Value								
Moody Aldrich	Mid Cap Value	SA	11.65%	21.16%	20.47%	16.65%	10.67%	0.45
Cramer Rosenthal	Mid Cap Value	SA	12.94%	25.59%	17.53%	17.08%	N/A	0.75
Russell Mid Cap Value Index			8.69%	22.09%	19.32%	17.17%	13.06%	
Mid Cap Growth								
MDT	Mid Cap Growth	SA	15.96%	22.65%	17.51%	16.47%	N/A	0.45
Wells	Mid Cap Growth	SA	14.05%	20.63%	15.85%	14.73%	N/A	0.45
Russell Mid Cap Growth Index			10.97%	19.73%	14.48%	15.45%	8.66%	

All performance is shown net of investment manager fees.

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CSU Investment Management Solution
Access To Best-in-Class Investment Managers (as of 6/30/07)

Investment Vehicle	CG Research Style	Type of Vehicle	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Estimated Vehicle Fee
Small Core Equity								
Golden Capital Management	Small Cap Core	SA	15.13%	19.21%	17.65%	18.27%	N/A	0.45
MDT Advisers	Small Cap Core	SA	15.64%	22.49%	21.76%	N/A	N/A	0.45
Toqueville	Small Cap Core	SA	9.20%	26.59%	18.27%	16.12%	N/A	0.45
Russell 2000 Index			6.45%	16.43%	13.45%	13.88%	9.06%	
Small Growth Equity								
Wells Capital	Small/Mid Growth	SA	16.44%	24.73%	16.27%	15.58%	N/A	0.45
Voyager		SA	9.09%	11.44%	10.50%	12.77%	11.34%	0.45
Turner		SA	6.75%	9.59%	11.08%	14.43%	13.09%	0.45
Russell 2500 Growth Index			11.30%	19.03%	13.60%	14.71%	7.54%	
Russell 2000 Growth Index			9.33%	16.83%	11.76%	13.08%	5.28%	
Small Value Equity								
GW Capital	Small/Mid Value	SA	12.82%	32.61%	27.09%	26.38%	14.81%	0.45
Boston Partners	Small/Mid Value	SA	8.98%	21.77%	16.97%	17.58%	N/A	0.45
Russell 2500 Value Index			6.09%	18.41%	16.10%	15.81%	12.78%	
International Equity								
AllianceBernstein	International Equity	SA	11.54%	28.51%	25.89%	N/A	N/A	0.41
Harding Loevner Management	International Equity	SA	8.60%	25.03%	22.79%	15.57%	8.13%	0.41
Philadelphia International Advisors	International Equity	SA	9.91%	25.79%	22.91%	17.16%	9.78%	0.40
Van Kampen	International Equity	SA	9.57%	30.05%	26.13%	18.11%	N/A	0.41
Harbor International	International Equity	CF	13.51%	34.04%	27.07%	21.27%	11.75%	0.84
William Blair International	International Equity	CF	11.66%	29.70%	24.37%	18.80%	14.55%	1.42
MSCI EAFE Index			11.09%	27.53%	22.75%	18.21%	8.04%	
MSCI AC World xUS			12.58%	30.15%	25.03%	19.93%	8.58%	
Emerging Markets Equity								
Hansberger		SA	13.98%	40.36%	N/A	N/A	N/A	0.45
Lazard Emerging Markets		CF	17.48%	46.76%	42.00%	32.61%	9.98%	1.20
MSCI Emerging Markets Index			17.75%	45.45%	38.67%	30.66%	9.40%	

All performance is shown net of investment manager fees.

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CSU Investment Management Solution
Access To Best-in-Class Investment Managers (as of 6/30/07)

Investment Vehicle	CG Research Style	Type of Vehicle	YTD	1 Yr	3 Yr	5 Yr	10 Yr	Estimated Vehicle Fee
REIT								
AEW	Equity REITs	SA	-7.09%	10.68%	22.18%	19.56%	15.06%	0.41
LaSalle Investment Management	Equity REITs	SA	-5.06%	11.99%	23.01%	19.74%	13.67%	0.41
NAREIT			-6.96%	10.89%	18.83%	17.58%	12.28%	
Fund of Hedge Funds(3)								
Ivy Clarus	Multistrategy	FOHF	8.01%	13.80%	10.30%	9.15%	N/A	0.72
Mesirow Institutional Multi-Strategy Fund	Multistrategy	FOHF	7.73%	14.25%	8.65%	7.57%	7.17%	0.60 + Incentive[1]
Pointer Offshore, LTD.	Equity Long / Short	FOHF	10.51%	20.14%	11.92%	9.22%	12.05%	1.00 + Incentive[2]
Ironwood International C&D	Rel Val / Event HFOF	FOHF	7.89%	11.55%	8.63%	8.78%	11.27%	1.20
Fortress Partners Fund	Core Alternatives	FOF	8.48%	21.28%	N/A	N/A	N/A	1.25

[1]Mesirow's Incentive fee is 7% of annual return subject to high water mark
[2]Pointer's Incentive fee is 1% of net assets and 2% of net profits based on a 10% annual hurdle.

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All performance is shown net of investment manager fees.

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CSU Investment Management Solution
Negotiated Account Minimum and Fee Examples

- Renaissance Investment Management
  - Minimum account size reduced from $5 Million to $100,000
  - Fee reduced from .75% to .36%

	Direct to Manager	**Citi Smith Barney**
Minimum Account Size:	$5 Million	$100,000
Fee:	.75%	.36%

CSU Investment Management Solution
Negotiated Account Minimum and Fee Examples

Account Minimum

Manager	Direct-To-Manager	CSU FAM Platform
Large Cap - Renaissance	$5,000,000	$100,000
Small Cap - Golden	$5,000,000	$100,000
Fixed Income - Sage	$3,000,000	$250,000
Fund of Hedge Fund - Ironwood	$5,000,000	$1,000,000

Manager Fee

Manager	Direct-To-Manager	CSU FAM Platform
Large Cap - Renaissance	0.75%	0.36%
Small Cap - Golden	0.80%	0.45%
Fixed Income - Sage	0.35%	0.23%
Fund of Hedge Fund - Ironwood	1.45%	1.20%

CSU Investment Management Services

- Model Portfolio
- Customized Strategies

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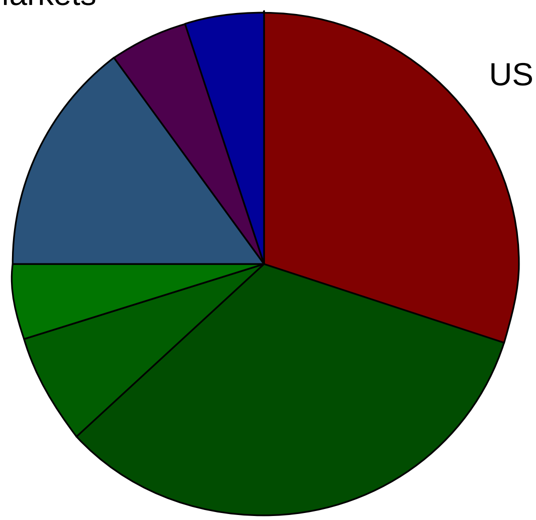
Comprehensive Endowment Models
CSU Multi-Asset Balanced Strategy



US Bonds	30%
Large Cap Equities	33%
Mid Cap Equities	7%
Small Cap Equities	5%
International Equities	15%
Emerging Markets	5%
REITS	5%

- **Objective**

  To offer an investment strategy that will enable the CSU Auxiliaries to invest in a portfolio that exemplifies a traditional diversified endowment. This portfolio will be utilized by the auxiliaries who need an allocation to liquid investments only. The portfolio has been designed to offer risk adjusted returns over a long time period that in excess of a normal policy benchmark of 70% S&P 500 & 30% Lehman Aggregate Bond Index.

- **Investment Strategy**

  The portfolio will be invested in an allocation that has been optimized to create favorable risk and return characteristics consistent with a long term endowment with a 4% spending policy. The strategy will be invested broadly across all major liquid asset classes. Equity investments include large, mid and small capitalization mandates diversified across growth, core and value styles as well as an allocation to international equities and REITs. Fixed income is diversified in a core plus mandate. Each of the individual investment managers generally are in the top quartile with negotiated minimums and fees.

Long Term Min. Objective **CPI + 5%**

Normal Policy Benchmark: **70% S&P 500 / 30% LB Agg**

See Tab 4 , CSU Portfolio Construction Process for detailed information.

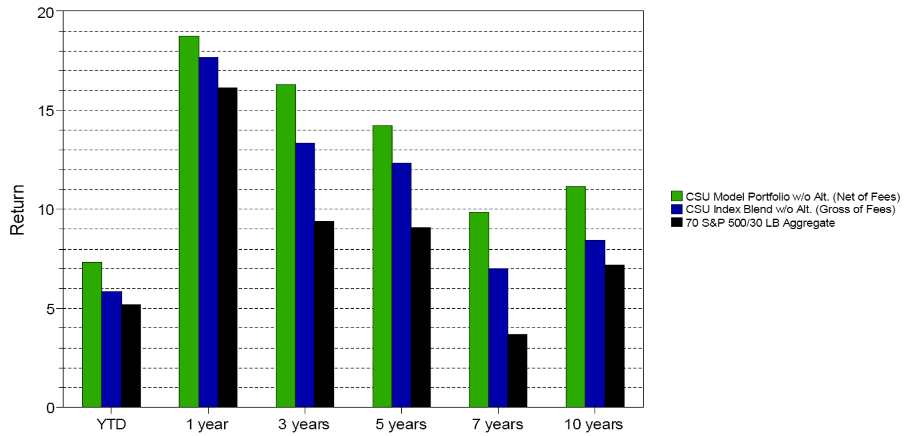
CSU Multi Asset Balanced Strategy – Manager Allocation

Manager	Benchmark	Portfolio Weight
Western Asset Core Plus	LB Aggregate	30.00%
Transamerica Con. Gr.	Russell 1000 Growth	8.25%
Westfield LG	Russell 1000 Growth	8.25%
HGK LV	Russell 1000 Value	8.25%
Evergreen LC Intrinsic Val	Russell 1000 Value	8.25%
Cramer Rosenthal MV	Russell Midcap Value	3.5%
Wells Mid Cap Growth	Russell Midcap Growth	3.5%
Golden Small Core	Russell 2000	5.0%
Harbor International	MSCI EAFE	7.5%
William Blair International	MSCI EAFE	7.5%
Lazard Emerging Markets	MSCI EM	5.0%
Lasalle REITs	NAREIT All Reits	5.0%

CSU Multi-Asset Balanced Strategy Without Alternatives

Manager vs Benchmark: Return through June 2007

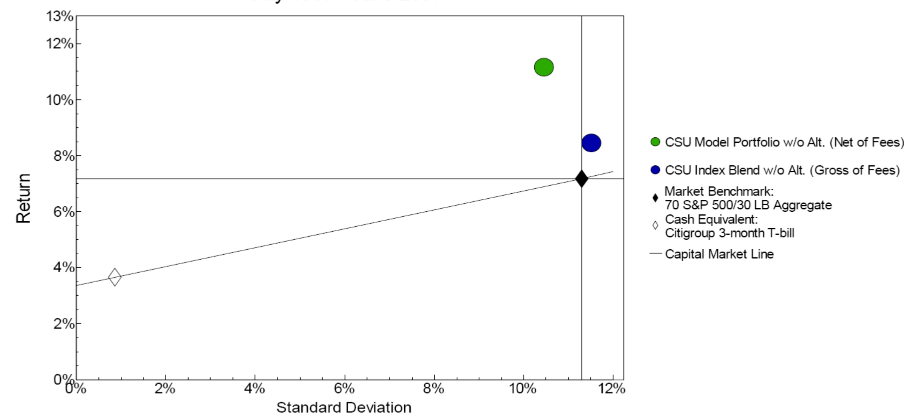
(not annualized if less than 1 year)



Manager Risk/Return Trailing 10 Years

Single Computation

July 1997 - June 2007



July 1997 - June 2007: Annualized Summary Statistics

	Return	Excess Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	Maximum Drawdown	Up Capture	Down Capture
CSU Model Portfolio w/o Alt. (Net of Fees)	11.16%	3.98%	10.45%	0.72	4.82%	0.86	-13.28%	114.47%	67.72%
CSU Index Blend w/o Alt. (Gross of Fees)	8.45%	1.26%	11.51%	0.42	1.36%	0.98	-21.30%	107.25%	94.72%
70 S&P 500/30 LB Aggregate	7.18%	0.00%	11.30%	0.31	0.00%	1.00	-26.48%	100.00%	100.00%

Fiscal Year Returns

	Jun 2007	Jun 2006	Jun 2005	Jun 2004	Jun 2003	Jun 2002	Jun 2001	Jun 2000	Jun 1999	Jun 1998	Jun 1997
CSU Model Portfolio w/o Alt. (Net of Fees)	18.74%	15.02%	15.23%	20.89%	2.21%	-1.83%	1.16%	16.53%	10.13%	16.25%	20.22%
CSU Index Blend w/o Alt. (Gross of Fees)	17.65%	10.88%	11.63%	17.86%	4.16%	-4.68%	-5.87%	9.48%	12.01%	14.39%	19.68%
70% S&P 500/30% LB Aggregate	16.14%	5.76%	6.57%	13.31%	4.03%	-9.96%	-7.30%	6.73%	17.31%	24.13%	26.37%

Manager vs Benchmark: Return through June 2007

(not annualized if less than 1 year)

	YTD	1 year	3 years	5 years	7 years	10 years
CSU Model Portfolio w/o Alt. (Net of Fees)	7.32%	18.74%	16.32%	14.23%	9.86%	11.16%
CSU Index Blend w/o Alt. (Gross of Fees)	5.86%	17.65%	13.35%	12.32%	6.98%	8.45%
70% S&P 500/30% LB Aggregate	5.17%	16.14%	9.39%	9.06%	3.68%	7.18%

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Shown for illustrative purposes only. Past performance is no guarantee of future results. See Disclosures section for model portfolio return series descriptions.

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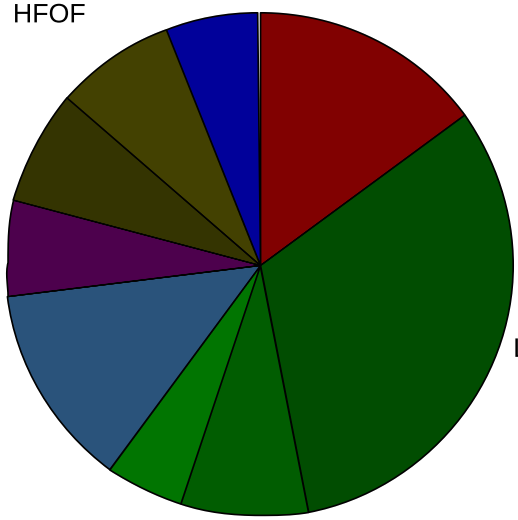
Comprehensive Endowment Models
CSU Multi-Asset Balanced Strategy with Alt. Investments



US Bonds	15.0%
Large Cap Equities	31.0%
Mid Cap Equities	6.0%
Small Cap Equities	4.0%
International Equities	15.0%
Emerging Markets	4.0%
Rel Val Event HFOF	8.0%
Eq Long Short HFOF	12.0%
Direct Real Estate	5.0%

Objective

To offer an investment strategy that will enable the CSU Auxiliaries to invest in a fully diversified portfolio that is consistent with that of large university endowments as reported in the NACUBO Study. This portfolio will be utilized by the auxiliaries who would like an allocation to illiquid alternative investments. The portfolio has been designed to offer risk adjusted returns over a long time period that is in excess of a normal policy benchmark of 70% S&P 500 & 30% Lehman Aggregate Bond Index.

Investment Strategy

The portfolio will be invested in an allocation that has been optimized to create favorable risk and return characteristics consistent with a long term endowment with a 4% spending policy. The investments will include: equities, hedge funds, real estate, and fixed income. Liquid equity investments include large, mid and small capitalization mandates diversified across growth, core and value styles as well as an allocation to international equities. Fixed income is diversified in a core plus mandate. Each of the individual investment managers generally are in the top quartile with negotiated minimums and fees.

Long Term Min. Objective **CPI + 5%**

Normal Policy Benchmark: **70% S&P 500 / 30% LB Agg**

See Tab 4 , CSU Portfolio Construction Process for detailed information.

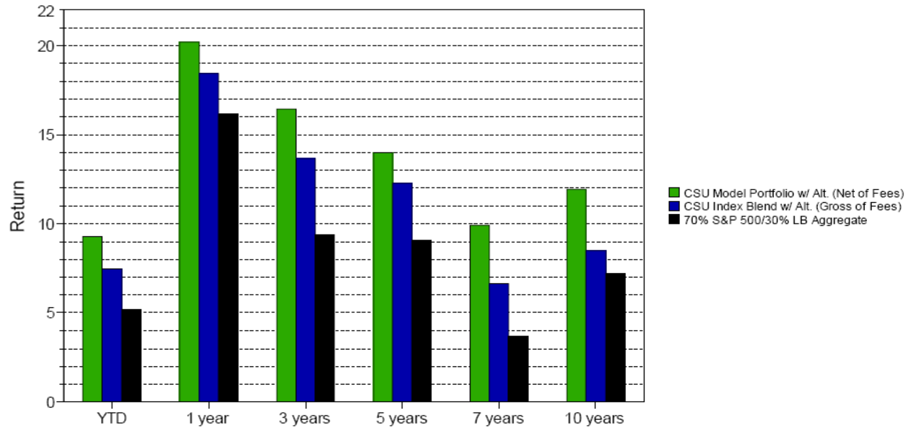
CSU Multi Asset Balanced Strategy With Alternatives Manager Allocation

Fund Name	Benchmark	Portfolio Weight
Western Asset Core Plus	LB Aggregate	15.0%
Transamerica Con. Gr.	Russell 1000 Growth	7.75%
Westfield LG	Russell 1000 Growth	7.75%
HGK LV	Russell 1000 Value	7.75%
Evergreen LC Int. Val	Russell 1000 Value	7.75%
Cramer Rosenthal MV	Russell Midcap Value	3.0%
Wells Mid Cap Growth	Russell Midcap Growth	3.0%
Golden Small Core	Russell 2000	4.0%
Harbor International	MSCI EAFE	7.5%
William Blair International	MSCI EAFE	7.5%
Lazard Emerging Markets	MSCI EM	4.0%
Ironwood International Ltd.	HFRI Conservative	8.0%
Pointer Offshore, Ltd.	HFRI Diversified	12.0%
NCREIF NPI Index	NCREIF NPI	5.0%

CSU Multi-Asset Balanced Strategy With Alternatives

Manager vs Benchmark: Return through June 2007

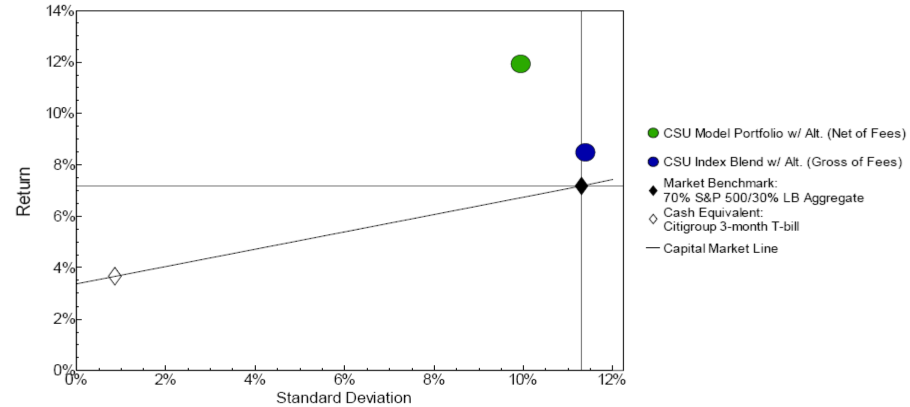
(not annualized if less than 1 year)



Manager Risk/Return Trailing 10 Years

Single Computation

July 1997 - June 2007



July 1997 - June 2007: Annualized Summary Statistics

	Return	Excess Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	Maximum Drawdown	Up Capture	Down Capture
CSU Model Portfolio w/ Alt. (Net of Fees)	11.93%	4.75%	9.93%	0.83	5.87%	0.81	-12.14%	115.89%	58.70%
CSU Index Blend w/ Alt. (Gross of Fees)	8.48%	1.29%	11.38%	0.42	1.49%	0.97	-23.16%	106.72%	93.26%
70% S&P 500/30% LB Aggregate	7.18%	0.00%	11.30%	0.31	0.00%	1.00	-26.48%	100.00%	100.00%

Fiscal Year Returns

	Jun 2007	Jun 2006	Jun 2005	Jun 2004	Jun 2003	Jun 2002	Jun 2001	Jun 2000	Jun 1999	Jun 1998	Jun 1997
CSU Model Portfolio w/ Alt. (Net of Fees)	20.18%	15.74%	13.52%	19.73%	1.80%	-1.90%	2.72%	18.45%	11.96%	20.04%	19.65%
CSU Index Blend w/ Alt. (Gross of Fees)	18.45%	12.38%	10.35%	17.12%	3.69%	-5.57%	-6.99%	12.15%	12.00%	14.68%	19.01%
70% S&P 500/30% LB Aggregate	16.14%	5.76%	6.57%	13.31%	4.03%	-9.96%	-7.30%	6.73%	17.31%	24.13%	26.37%

Manager vs Benchmark: Return through June 2007

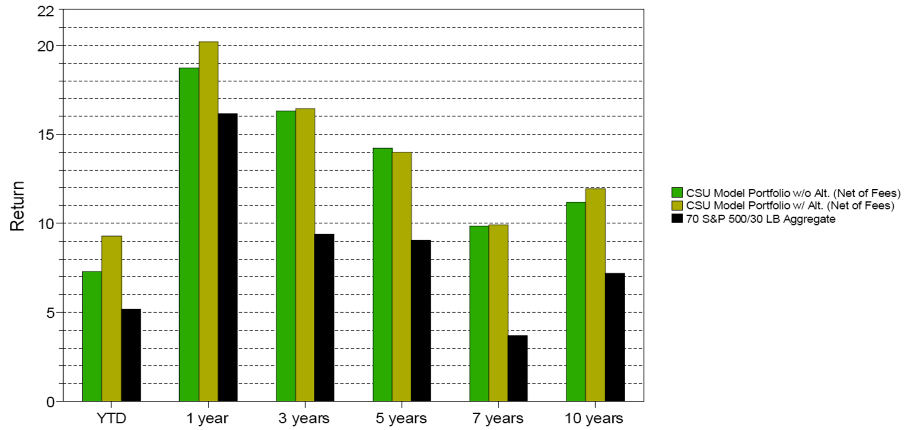
(not annualized if less than 1 year)

	YTD	1 year	3 years	5 years	7 years	10 years
CSU Model Portfolio w/ Alt. (Net of Fees)	9.30%	20.18%	16.45%	13.99%	9.92%	11.93%
CSU Index Blend w/ Alt. (Gross of Fees)	7.47%	18.45%	13.67%	12.27%	6.62%	8.48%
70% S&P 500/30% LB Aggregate	5.17%	16.14%	9.39%	9.06%	3.68%	7.18%

Shown for illustrative purposes only. Past performance is no guarantee of future results. See Disclosures section for model portfolio return series descriptions.

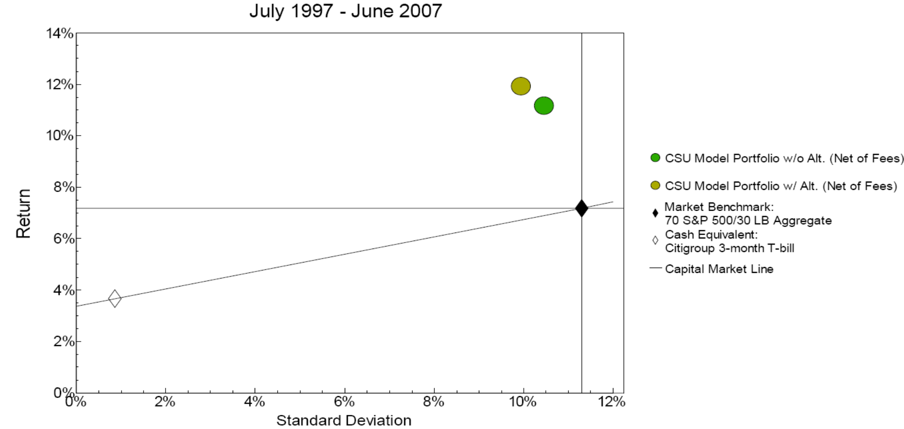
CSU Multi-Asset Balanced Strategy Without & With Alternatives

Manager vs Benchmark: Return through June 2007
(not annualized if less than 1 year)



Manager Risk/Return Trailing 10 Years
Single Computation

July 1997 - June 2007



July 1997 - June 2007: Annualized Summary Statistics

	Return	Excess Return	Standard Deviation	Sharpe Ratio	Alpha	Beta	Maximum Drawdown	Up Capture	Down Capture
CSU Model Portfolio w/o Alt. (Net of Fees)	11.16%	3.98%	10.45%	0.72	4.82%	0.86	-13.28%	114.47%	67.72%
CSU Model Portfolio w/ Alt. (Net of Fees)	11.93%	4.75%	9.93%	0.83	5.87%	0.81	-12.14%	115.89%	58.70%
70 S&P 500/30 LB Aggregate	7.18%	0.00%	11.30%	0.31	0.00%	1.00	-26.48%	100.00%	100.00%

Fiscal Year Returns

	Jun 2007	Jun 2006	Jun 2005	Jun 2004	Jun 2003	Jun 2002	Jun 2001	Jun 2000	Jun 1999	Jun 1998	Jun 1997
CSU Model Portfolio w/o Alt. (Net of Fees)	18.74%	15.02%	15.23%	20.89%	2.21%	-1.83%	1.16%	16.53%	10.13%	16.25%	20.22%
CSU Model Portfolio w/ Alt. (Net of Fees)	20.18%	15.74%	13.52%	19.73%	1.80%	-1.90%	2.72%	18.45%	11.96%	20.04%	19.65%
70% S&P 500/30% LB Aggregate	16.14%	5.76%	6.57%	13.31%	4.03%	-9.96%	-7.30%	6.73%	17.31%	24.13%	26.37%

Manager vs Benchmark: Return through June 2007
(not annualized if less than 1 year)

	YTD	1 year	3 years	5 years	7 years	10 years
CSU Model Portfolio w/o Alt. (Net of Fees)	7.32%	18.74%	16.32%	14.23%	9.86%	11.16%
CSU Model Portfolio w/ Alt. (Net of Fees)	9.30%	20.18%	16.45%	13.99%	9.92%	11.93%
70% S&P 500/30% LB Aggregate	5.17%	16.14%	9.39%	9.06%	3.68%	7.18%

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Cal Poly Pomona

CSU The California State University
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Solution - CSU Model Endowment Portfolios

Average Investment Pool Compounded Nominal Rates of Return for Fiscal Years Ending June 30, 2007, and Selected Three, Five, and Ten-Year Periods

Investment Pool Assets	1-year N=726	3-year N=683	5-year N=636	10-year N=499
Greater Than $1 Billion	**21.3%**	**16.4%**	**13.9%**	**11.1%**
> $500 Million to $1 Billion	19.3%	14.2%	12.3%	9.5%
> $100 Million to $500 Million	18.0%	13.1%	11.5%	8.5%
> $50 Million to $100 Million	16.7%	11.9%	10.8%	7.9%
> $25 Million to $50 Million	15.9%	10.7%	9.8%	7.3%
Less Than or Equal to $25 Million	14.1%	9.7%	8.8%	6.7%
CSU Model With Alternatives	**20.2%**	**16.5%**	**14.0%**	**11.9%**
CSU Model Without Alternatives	**18.7%**	**16.3%**	**14.2%**	**11.2%**
Equal-weighted Average	17.2%	12.4%	11.1%	8.6%
Dollar-weighted Average	21.5%	16.8%	14.4%	11.7%
Median	17.5%	12.3%	11.3%	8.4%
Comparative Indices				
Russell 3000	20.1%	12.4%	11.5%	7.6%
S&P 500	20.6%	11.7%	10.7%	7.1%
LB Aggregate	6.1%	4.0%	4.5%	6.0%
CPI-U	2.7%	3.2%	3.0%	2.8%

2007 NACUBO Study—Table data are equal-weighted unless otherwise noted Comparative indices return information assumes a year end date of June 30 CPI-U data are seasonally adjusted Rates of return are reported net of management fees and expenses

Shown for illustrative purposes only. Past performance is no guarantee of future results. See Disclosures section for model portfolio return series descriptions.

Comparative Portfolio Performance

	Fiscal Year Returns as of June 30			
	2007	2006	2005	3-yr. Average
California State Polytechnic University, Pomona	15.55%	6.49%	3.50%	8.51%
CSU Model Portfolio w/ Alts.	20.18%	15.74%	13.52%	16.48%

Shown for illustrative purposes only. Past performance is no guarantee of future results. See Disclosures section for model portfolio return series descriptions.

CSU Investment Management Services

- **Fee Schedule**

CSU Fiduciary Asset Management - Fee Schedule

Asset Based Retainer	FAM Platform Fee
First $100 MM	.15%
$100 MM to $200 MM	.10%
Over $200 MM	.05%

Services Included

- Manager search & due diligence in order to create a list of approved investment managers included on FAM platform.
- Model Portfolio(s)
- Investment Policy Statement Template to support model portfolios.
- Negotiated investment manager fees for investment managers included on FAM Platform.
- Custody at Smith Barney
- No commission expense on trading executed through Smith Barney.
- Quarterly performance monitors
- CABO investment committee meeting attendance when requested.

***Assets are commingled across all CSU accounts for fee breakpoints.**

CSU Comprehensive Institutional Consulting – Fee Schedule

Asset Based Retainer	Comprehensive Fee
First $25 MM	.20%
$25 MM to $50 MM	.15%
$50 MM to $100 MM	.10%
Over $100 MM	.05%

Services Included

- Full Consulting
- Investment Policy Statement(s)
- Asset allocation assessment and recommendations
- Investment manager searches for special searches not included on FAM platform.
- Rebalancing, Directing of new deposits, etc.
- Regular attendance at investment committee/board meetings
- Trustee education

***These are customized additional services at an additional fee to the FAM platform fee.**

CSU Foundation – Fee Schedule Comparison

Model Portfolio & ***<u>FAM Fee Schedule</u>***	***<u>Fee</u>***
CSU Model Portfolio w/o Alternatives	*59 bps*
	+
FAM Platform Fee	*10 bps***
Total	***69 bps***

Model Portfolio & ***<u>FAM Fee Schedule</u>***	***<u>Fee</u>***
CSU Model Portfolio w/ Alternatives	*73 bps**
	+
FAM Platform Fee	*10 bps***
Total	***83 bps***

Model Portfolio Without Alternatives

	Fee	Weight	Weighted Avg.
Western	0.41%	30.00%	0.12%
Transamerica	0.75%	8.25%	0.06%
Westfield	0.35%	8.25%	0.03%
HGK	0.36%	8.25%	0.03%
Evergreen	0.36%	8.25%	0.03%
Cramer	0.75%	3.50%	0.03%
Wells	0.45%	3.50%	0.02%
Golden	0.45%	5.00%	0.02%
Harbor	0.84%	7.50%	0.06%
William Blair	1.42%	7.50%	0.11%
Lazard	1.20%	5.00%	0.06%
LaSalle	0.41%	5.00%	0.02%
Total		100.00%	**0.59%**

Model Portfolio With Alternatives

	Fee	Weight	Weighted Avg.
Western	0.41%	15.00%	0.06%
Transamerica	0.75%	7.75%	0.06%
Westfield	0.35%	7.75%	0.03%
HGK	0.36%	7.75%	0.03%
Evergreen	0.36%	7.75%	0.03%
Cramer	0.75%	3.00%	0.02%
Wells	0.45%	3.00%	0.01%
Golden	0.45%	4.00%	0.02%
Harbor	0.84%	7.50%	0.06%
William Blair	1.42%	7.50%	0.11%
Lazard	1.20%	4.00%	0.05%
Ironwood	1.20%	8.00%	0.10%
Pointer^	1.00%	12.00%	0.12%
NCREIF^^	0.75%	5.00%	0.04%
Total		100.00%	**0.73%**

* Does not include FOHF Incentive fees(^) & assumes base real estate manager fee(^^).
** Assuming $300 million in program assets.

Shown for illustrative purposes only. Past performance is no guarantee of future results. See Disclosures section for model portfolio return series descriptions.

Model Portfolio Descriptions

- **Multi Strategy Balanced Fund - With Alternatives**
  - For the period beginning 1/1/1996 we used 8.25%Westfield Large Cap Growth, 7.75%Evergreen Intrinsic Value, 7.75% HGK Large Cap Value, 12% Pointer Offshore Ltd., Ironwood International Ltd., 7.5% William Blair International Growth, 7.5% Harbor International Inv, 4% Lazard Emerging Markets Instl, 5% NCREIF NPI Index, 7.75% 7.75% Russell 1000 Growth, 3% Russell Midcap Growth, 3% Russell Midcap Value 4% Russell 2000, 15% Lehman US Aggregate Bond Index.
  - For the period beginning 4/1/1998 we used 8.25%Westfield Large Cap Growth, 7.75%Evergreen Intrinsic Value, 7.75% HGK Large Cap Value, 3% Cramer Rosenthal Mid Cap value, 12% Pointer Offshore Ltd., Ironwood International Ltd., 7.5% William Blair International Growth, 7.5% Harbor International Inv, 4% Lazard Emerging Markets Instl, 5% NCREIF NPI Index, 7.75% 7.75% Russell 1000 Growth, 3% Russell Midcap Growth, 4% Russell 2000, 15% Lehman US Aggregate Bond Index.
  - For the period beginning 7/1/1998 we used 7.75% Transamerica Concentrated Growth, 8.25%Westfield Large Cap Growth, 7.75%Evergreen Intrinsic Value, 7.75% HGK Large Cap Value, 3% Cramer Rosenthal Mid Cap value, 12% Pointer Offshore Ltd., Ironwood International Ltd., 7.5% William Blair International Growth, 7.5% Harbor International Inv, 4% Lazard Emerging Markets Instl, 5% NCREIF NPI Index, 3% Russell Midcap Growth, 4% Russell 2000, 15% Lehman US Aggregate Bond Index.
  - For the period beginning 1/1/1996 we used 7.75% Transamerica Concentrated Growth, 8.25%Westfield Large Cap Growth, 7.75%Evergreen Intrinsic Value, 7.75% HGK Large Cap Value, 3% Cramer Rosenthal Mid Cap value, 12% Pointer Offshore Ltd., Ironwood International Ltd., 15% Western Asset Core Plus Bond, 7.5% William Blair International Growth, 7.5% Harbor International Inv, 4% Lazard Emerging Markets Instl, 5% NCREIF NPI Index, 3% Russell Midcap Growth, 4% Russell 2000.
  - For the period beginning 1/1/2001 we used 7.75% Transamerica Concentrated Growth, 8.25%Westfield Large Cap Growth, 7.75%Evergreen Intrinsic Value, 7.75% HGK Large Cap Value, 3% Cramer Rosenthal Mid Cap value, 3% Wells Mid Cap Growth, 4% Golden Small Cap Core, Lasalle REIT, 12% Pointer Offshore Ltd., Ironwood International Ltd., 15% Western Asset Core Plus Bond, 7.5% William Blair International Growth, 7.5% Harbor International Inv, 4% Lazard Emerging Markets Instl, 5% NCREIF NPI Index, 7.75% 7.75% Russell 1000 Growth, 3% Russell 1000 Value, 3% Russell Midcap Growth, 3% Russell Midcap Value, 4% Russell 2000, MSCI EAFE Index, MSCI EM, 15% Lehman US Aggregate Bond Index.
  - For the period beginning 7/1/2002 we used 7.75% Transamerica Concentrated Growth, 8.25%Westfield Large Cap Growth, 7.75%Evergreen Intrinsic Value, 7.75% HGK Large Cap Value, 3% Cramer Rosenthal Mid Cap value, 3% Wells Mid Cap Growth, 4% Golden Small Cap Core, 12% Pointer Offshore Ltd., Ironwood International Ltd., 15% Western Asset Core Plus Bond, 7.5% William Blair International Growth, 7.5% Harbor International Inv, 4% Lazard Emerging Markets Instl, 5% NCREIF NPI Index.
- **Multi Strategy Balanced Fund - Without Alternatives**
  - For the period beginning 1/1/1996 we used, 8.25%Westfield Large Cap Growth, 8.25% Evergreen Intrinsic Value, 8.25% HGK Large Cap Value, 5% Lasalle REIT, 30% Western Asset Core Plus Bond, 7.5% William Blair International Growth, 7.5% Harbor International Inv, 5% Lazard Emerging Markets Instl,, 8.5% Russell 1000 Growth, 3.% Russell Midcap Growth, 3.% Russell Midcap Value, 5% Russell 2000, 30% Lehman US Aggregate Bond Index.
  - For the period beginning 4/1/1998 we used 8.25%Westfield Large Cap Growth, 8.25% Evergreen Intrinsic Value, 8.25% HGK Large Cap Value, 3.5% Cramer Rosenthal Mid Cap value, 5% Lasalle REIT, 30% Western Asset Core Plus Bond, 7.5% William Blair International Growth, 7.5% Harbor International Inv, 5% Lazard Emerging Markets Instl, 8.5% Russell 1000 Growth, 3.% Russell Midcap Growth,, 5% Russell 2000, 30% Lehman US Aggregate Bond Index.
  - For the period beginning 7/1/1998 we used 8.25% Transamerica Concentrated Growth, 8.25%Westfield Large Cap Growth, 8.25% Evergreen Intrinsic Value, 8.25% HGK Large Cap Value, 3.5% Cramer Rosenthal Mid Cap value, 5% Lasalle REIT, 7.5% William Blair International Growth, 7.5% Harbor International Inv, 5% Lazard Emerging Markets Instl, 3.% Russell Midcap Growth, 5% Russell 2000, 30% Lehman US Aggregate Bond Index.
  - For the period beginning 10/1/1998 we used 8.25% Transamerica Concentrated Growth, 8.25%Westfield Large Cap Growth, 8.25% Evergreen Intrinsic Value, 8.25% HGK Large Cap Value, 3.5% Cramer Rosenthal Mid Cap value, 5% Lasalle REIT, 30% Western Asset Core Plus Bond, 7.5% William Blair International Growth, 7.5% Harbor International Inv, 5% Lazard Emerging Markets Instl, 3.% Russell Midcap Growth, 5% Russell 2000.
  - For the period beginning 1/1/2001 we used 8.25% Transamerica Concentrated Growth, 8.25%Westfield Large Cap Growth, 8.25% Evergreen Intrinsic Value, 3.5% Wells Mid Cap Growth 8.25% HGK Large Cap Value, 3.5% Cramer Rosenthal Mid Cap value, 5% Lasalle REIT, 30% Western Asset Core Plus Bond, 7.5% William Blair International Growth, 7.5% Harbor International Inv, 5% Lazard Emerging Markets Instl, 5% Russell 2000.
  - For the period beginning 7/1/2002 we used 8.25% Transamerica Concentrated Growth, 8.25%Westfield Large Cap Growth, 5% Golden Small Cap Core, 8.25% Evergreen Intrinsic Value, 8.25% HGK Large Cap Value, 3.5% Cramer Rosenthal Mid Cap value, 5% Lasalle REIT, 30% Western Asset Core Plus Bond, 7.5% William Blair International Growth, 7.5% Harbor International Inv, 5% Lazard Emerging Markets Instl, 3.% Russell Midcap Growth.

Market Index Definitions

- **Market Index Definitions:**
- **Lehman Aggregate Bond** Index is an index comprised of approximately 6,000 publicly traded bonds including U.S. Government, mortgage-backed, corporate, and Yankee bonds with an approximate average maturity of 10 years. An investment cannot be made directly in a market index.
- **Russell 2000® Index** measures the performance of the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 11% of the total market capitalization of the Russell 3000 Index. An investment cannot be made directly in a market index.
- **Russell 1000® Growth Index** measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values. An investment cannot be made directly in a market index.
- **Russell 1000® Value Index** measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values. An investment cannot be made directly in a market index.
- **Russell Midcap® Growth Index** measures the performance of those Russell Midcap companies with higher price-to-book ratios and higher forecasted growth values. The stocks are also members of the Russell 1000 Growth index. An investment cannot be made directly in a market index.
- **Russell Midcap® Value** Index measures the performance of those Russell Midcap companies with lower price-to-book ratios and lower forecasted growth values. The stocks are also members of the Russell 1000 Value index. An investment cannot be made directly in a market index.
- The **MSCI EAFE® Index** (Europe, Australasia, Far East) is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada. As of May 2005 the MSCI EAFE Index consisted of the following 21 developed market country indices: Australia, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland and the United Kingdom. An investment cannot be made directly in a market index
- The **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.
- An investment cannot be made directly in a market index.
- **NAREIT EQUITY REIT**: Data is based upon last closing price of month for all tax-qualified equity REITS. The index is market weighted. Only those REITS listed for the entire period are used in the total return calculation. Dividends are included in the month based upon their payment date. An investment cannot be made directly in a market index.

Important Information

Citigroup Disclaimer Page

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(Revised October 2007)