

SAN FRANCISCO STATE FOUNDATION

DISCUSSION MATERIALS



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1. AGENDA



**SAN FRANCISCO STATE UNIVERSITY FOUNDATION
INVESTMENT COMMITTEE MEETING**

Tuesday, August 13th, 2024

11:00 AM – 1:30 PM PST

Zoom: [Click Here](#)

AGENDA

- | | |
|---|----------------|
| I. Call Meeting to Order (1 min) | Dan Neumann |
| II. Public Comments (15 mins) | D. Neumann |
| III. Approval of Agenda (2 mins) | D. Neumann |
| IV. Approval of Minutes (2 mins) | D. Neumann |
| a. May 14, 2024 Meeting Minutes | |
| V. Recap of Screening Update & IPS Review | Jeff Jackanicz |
| VI. Manager Presentation: Asha Mehta, Founder & CIO of Global Delta Capital | |
| VII. CLOSED SESSION – Investments (Education Code section 89923) | |
| • Vote to Enter a Closed Session | |
| • Open Session to Take Action, if any | |
| VIII. Adjournment | D. Neumann |
-

Future Topics: Digital Asset Classes 101

2. MINUTES



DRAFT
SAN FRANCISCO STATE UNIVERSITY FOUNDATION
INVESTMENT COMMITTEE MEETING MINUTES

Via Zoom

Tuesday, May 14, 2024 at 11:00 AM

I. **Call to Order:** Chair Endo called the meeting of the Investment Committee to order at 11:04 AM.

Committee Members Present

Leona Bridges, Director
Don Endo, Committee Chair
Todd Feldman, Member (non-voting)
Sheldon Gen, Director
Jeff Jackanicz, Foundation President
Dan Neumann, Director

Neda Nobari, Board Chair
Karim Salgado, Director
Jeff Wilson, Director

Committee Members Absent and Excused

Kimberly Brandon, Immediate Past Chair

Others Present

Anjali Billa, Associate Vice President, Development, SF State University
Kent Bravo, Media Relations Specialist, SF State University
Mary Campbell, Executive Assistant to the VP, University Advancement, SF State University
Katherine Fischer, Cambridge Associates
Caroline Johansson, Director of Programs & Technology, SF State Foundation
Vicky Lee, Director of Finance, SF State Foundation
Guisselle Nunez, Associate Vice President, Strategic Marketing & Communications, SF State University
Deron Parcell, Cambridge Associates
Mike Pearce, Cambridge Associates
Tammie Ridgell, Associate Vice President, Auxiliary Business Services, University Corp
Amanda Soto, Cambridge Associates
Venesia Thompson-Ramsay, Secretary & Treasurer, SF State Foundation

II. **Public Comments:** None

III. **Approval of Agenda:** The Committee reviewed the agenda. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the agenda for the May 14, 2024 meeting, as prepared.

Motioned by: Dan Neumann Seconded by: Leona Bridges Motion: Passed

IV. **a. Approval of Meeting Minutes:** The Committee reviewed the minutes from the February 16, 2024 meeting. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the minutes from the February 16, 2024 committee meeting, as prepared.

Motioned by: Jeff Wilson Seconded by: Dan Neumann Motion: Passed

a. FY 2024-2025 Meeting Schedule: Thompson-Ramsay presented the meeting schedule for FY 2024-2025, as required by the Bylaws. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approves the committee meeting schedule for FY 2024-2025, as follows: August 13, 2024; November 4, 2024; February 13, 2025; and May 13, 2025.

Motioned by: Sheldon Gen Seconded by: Karim Salgado Motion: Passed

V. **Closed Session:** The Committee moved into closed session to discuss its investments, per Education Code section 89923. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee enters closed session.

Motioned by: Sheldon Gen Seconded by: Dan Neumann Motion: Passed

The Committee moved to open session to take action on new subscriptions and rebalancing recommendations as discussed in closed session. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee approved the new subscriptions and rebalancing recommendations as discussed in closed session.

Motioned by: Sheldon Gen Seconded by: Karim Salgado Motion: Passed

VI. **Closed Session:** The Committee moved into closed session with North Pier to discuss investment advisor evaluation, per Education Code section 89923. On motion duly made, seconded and unanimously carried, the following Minute Action was taken:

MINUTE ACTION: that the Committee enters closed session.

Motioned by: Sheldon Gen Seconded by: Karim Salgado Motion: Passed

VII. **Adjournment:** With Karim Salgado making the motion and Dan Neumann seconding the motion, the Investment Committee meeting was adjourned at 1:31 pm.

Respectfully submitted,

Don Endo, Chair

Date

3. REVISED IPS DRAFT



SAN FRANCISCO STATE UNIVERSITY FOUNDATION
INVESTMENT POLICY STATEMENT FOR ENDOWED FUNDS

Approved by the Investment Committee, **date**

Ratified by the San Francisco State Foundation Board of Directors, **date**

PREAMBLE

The San Francisco State University Foundation (“Foundation”) exists to support the university’s mission of educating and empowering its students, and doing so in ways that promote social justice and environmental sustainability. And just as the university’s people invest their activities and energy to promote the students’ futures, the Foundation’s endowed and quasi-endowed funds (together, referred to as the “Endowment”) must be invested in ways that reflect this purpose, as a core tenet of our fiduciary responsibility to secure endowment growth.

We value our investments as an extension of the university’s mission, and consider it our fiduciary responsibility to advance social equity and environmental sustainability using capital markets. Environmental, social, and governance (ESG) investing mitigates risk, identifies opportunities, and improves returns. Therefore, the Foundation’s endowed funds shall be invested consistent with the Foundation’s fiduciary duties and in ways that promote these values.

I. ESG INVESTING

The Foundation will pursue environmental, social, and governance investments in a manner that is consistent with the Foundation’s investment objectives (section II), by applying selective portfolio restrictions, and also proactively including investments that align with these principles:

- A. Environmental sustainability and climate action
 - a. SFSU students face the rewards and consequences of our decisions and actions regarding climate change and the anthropogenic causes of it. Our endowment divests from causes of climate change, and invests in solutions to it.
 - i. We expand our divestment from coal and tar sands, to aim for full divestment from fossil-fuel-producing companies by 2025. In the meantime, no more than 5% of the endowment will be invested in fossil fuel companies, and only under active engagement in corporate governance, and significant measurable evolution of those companies away from fossil fuels and toward renewable energy.
 - ii. Our endowment will move toward net-zero carbon emission with all expediency, marked by at least a 50% reduction in net carbon emissions from 2022 levels in 2030, at least a 75% reduction in 2035, and a 100% reduction in 2040. We will track our progress toward these goals using best available processes and technologies.
 - b. Energy efficiency and conservation are the “first fuels,” before energy production. We invest in opportunities where reducing energy use is the goal, both in production and consumption.

- c. Access to affordable energy is not equally or equitably distributed. We invest in opportunities that alleviate energy poverty by developing renewable and efficient sources in underinvested communities, both domestically and abroad.
- d. We value water and recognize the many benefits and risks of water, which include its economic, social, ecological, and security dimensions, as well as diverse cultural and religious meanings.
 - i. We invest in water-related projects that improve climate change adaptation and strengthen climate change mitigation.
 - ii. We invest in opportunities where reducing water use is the goal both in production and consumption.
- e. We value the conservation of natural resources, and their use in sustainable ways that support a healthy environment, biodiversity, ecosystem services, and the needs of current and future generations.
 - i. We invest in opportunities that include an ecological lens in their governance structure.
 - ii. We divest from companies that participate in deforestation and other practices that deplete natural resources.

B. Social and racial justice

- a. We retain a fundamental and strong belief in market-based economics, in part because when managed and regulated effectively, markets offer powerful capabilities to drive truly equitable economic growth and redress inequitable imbalances in wealth and income distribution.
- b. We value greater fairness in wealth and income across racial groups, marked by a narrowing of wealth gaps. We also value greater equity in wealth and opportunities, marked by the inclusion of all racial groups in all parts of the global economy. We will invest in underserved and underinvested communities.
- c. Consistent with the exercise of its fiduciary duties, and to more fully reflect an abiding commitment to its mission and its core values of racial and gender equity, the Foundation seeks to achieve increased diversity within the endowment portfolio. To that end, we invest with a racial equity lens and in funds that are majority owned and/or managed by BIPOC and/or by women.
- d. Within 5 years, and subject to all applicable fiduciary duties to steward and grow the endowment, the Foundation commits to measurable progress in growing the portfolio's diversity of underrepresented funds and fund managers -- i.e., BIPOC and women managers -- as reflected by the quarterly and annual metrics the Foundation will track with its investment advisor. We will measure our progress on a quarterly and annual basis, using the following metrics and definitions of fund and asset manager diversity:
 - i. *Significantly diverse* shall be defined as asset managers with at least 33% ownership by women and/or BIPOC, or firms or strategies with at least 33% leadership by women and/or BIPOC.

- ii. *Majority diverse* shall be defined as asset managers with at least 50% ownership by women and/or BIPOC, or firms or strategies with at least 50% leadership by women and/or BIPOC.
- iii. *Majority people of color* shall be defined as asset managers with at least 50% BIPOC ownership, or firms or strategies with at least 50% BIPOC leadership.

The Foundation’s investment advisor shall report on and make best efforts to improve these key statistics within the endowment portfolio over time by including prospective fund and asset managers who meet the above definitions in all considerations, with final selections being made in accordance with the best interests of and consistent with their fiduciary duties to the Foundation. The Foundation’s investment advisor will consider the approach of all portfolio investment managers – including those who don’t meet the definitions in i – iii above – to diversity in its evaluation criteria and ongoing monitoring, prioritizing partnership with managers that demonstrate a commitment to diversity and inclusion in their culture and/or improving their diversity practices over time.

- e. We value fair labor practices and invest in opportunities that are exemplary in such areas as non-discriminatory hiring and promotion, worker participation and education, and workplace safety.

C. Human Rights

- a. We are working for a more diverse, equitable, and inclusive economy which we believe is essential to the long-term success of our democratic society and economy. We believe that the inherent dignity and the equal and inalienable rights of all members of the human family is the foundation of freedom, justice, and peace in the world.
- b. As enshrined in international law, human rights are what every individual is entitled to in order to live a life of fundamental welfare, dignity, and equality. They include civil and political rights such as the rights to life, freedom from harassment and discrimination, privacy, and freedom of expression; economic, social, and cultural rights such as the rights to work, social security, and education; and labor rights such as the rights to freedom of association, collective bargaining, and freedom from forced labor and child labor.
- c. We evaluate companies on their human and labor rights performance using industry standard objective ratings data and conducting our own research.
- d. We see human rights due diligence as a continuation of established risk management processes that takes the lens of risk to people, recognizing that where there are the most severe (i.e. salient) risks to human rights, there are material risks to business, including reputational harm, financial loss, and legal liabilities.
- e. As institutional investors, we expect our portfolio companies to meaningfully manage their human rights risks and impacts as these risks and impacts have

direct implications for shareholder value and, depending on how they are or are not managed, are a bellwether for a company's long-term viability.

- f. As part of including human rights in its investment policy, the Foundation shall not hold any direct investments in companies that primarily engage in or profit from weapons manufacturing, and will make best efforts to minimize exposure to such holdings in indirect investments. We additionally strive not to invest in companies that consistently, knowingly, and directly facilitate or enable severe violations of international law and human rights. This commitment includes an annual review and ongoing monitoring of holdings.
- g. Consistent with our commitment to best practices in Investment Policy, we will ask the Foundation's investment advisor and the endowment's individual fund managers to review and leverage specific human rights screens as they become available to the investment community for adherence to this priority and ongoing monitoring for our continued improvement. This mirrors the approach in our climate action and social/racial justice priorities.

D. Governance

- a. We value diversity and representation. Our investments can enhance social diversity by promoting businesses of diversely managed and owned assets. Our investments can also enhance biodiversity of living things.
 - i. We invest in racially and socially diverse fund managers.
 - ii. We invest in companies with racially and socially diverse owners.
 - iii. We invest in companies that promote biodiversity and its preservation.
- b. We value democratic and participatory systems of governance. Our investments can enhance and support companies that promote the health of, and operate in, democratic governments.
- c. We value transparency in our investments, and in the systems of governance in which our investments work. We favor funds and assets that more freely share their information to allow us to measure our progress on all these values.
- d. We value partnership with a mission-aligned investment advisor with a long commitment to sustainable investing and diversity, equity, and inclusion (DEI) in their own governance and staffing.
- e. We support fund managers whose investment philosophy and strategy align with ESG investing.

II. FINANCIAL AND INVESTMENT OBJECTIVES

- A. The primary long-term investment objective is to generate a stable and continuously growing income stream to support the charitable, educational, and scientific purposes of the Foundation and the university, while integrating environmental, social, and governance (ESG) factors into our investment process, inclusive of climate-related risks and opportunities. Managed appropriately, ESG integration can contribute to enhanced long-term returns and reduced risks which will allow the Endowment to achieve its goal of an average annual real (i.e., after adjusting for inflation) total return

that is greater than the total spending rate (generally a minimum of 5.25% total return as outlined in section III). Consistent with the overall investment philosophy, the Endowment's ESG approach focuses on fundamental change. The Endowment's focus is not limited to companies that rate highly according to third-party research providers; it also includes companies that are demonstrating a commitment to improvement. The Endowment's focus and commitment can therefore be summarized by encouraging corporations to be leaders on sustainability through better long-term stewardship of human, natural and financial resources.

- B. The long-term ESG objective of the Endowment is to pursue sustainability goals such as net zero carbon emissions which could take decades to actualize. The goal is to achieve the long-term sustainability goals as outlined in section I. Hence, evaluation of progress toward this objective should be made with a long-term perspective. For example, the Endowment emphasizes rolling returns over five-year investment horizons over performance changes on a year to year basis. Minimizing annual volatility is a top priority, however, second to meeting the long-term ESG goals of the Endowment. This objective implies a high average allocation to equity securities and consequent market price volatility.
- C. The Endowment seeks a return on investment consistent with levels of investment risk that are prudent and reasonable given medium- to long-term capital market conditions and the ESG investment objectives of the Endowment. While the Endowment recognizes the importance of the preservation of capital, it also recognizes that to achieve the Endowment's investment objectives requires prudent risk-taking, and that risk is the prerequisite for generating excess investment returns. Therefore, risk cannot be eliminated but should be managed, and that fiduciaries have the obligation to utilize risk efficiently.
- D. The desire to maintain the purchasing power of the Fund's principal and to produce a relatively stable and predictable spending stream involves trade-offs that must be balanced in establishing the investment and spending policies.

III. SPENDING POLICY

- A. The general spending policy is a maximum payout of 4% (net of fees, which are 1.25%), using a 12-quarter moving average (see Endowment Establishment & Administration Policy).

IV. MONITORING

- A. The Foundation requires quarterly reporting on performance metrics by its investment advisors. It also expects regular reporting (e.g., quarterly or annually as appropriate) on

metrics that track the Endowment's abidance with the ESG principles (section I). In general, best current practices should be used to monitor ESG progress. Below are example ESG portfolio metrics that may be used.

1. Racial Equality
2. Gender Equality
3. LGBTQ Inclusion
4. Greenhouse Gas Emissions
5. Sustainable Product Life Cycle
6. Mindful Business Models
7. Clean Air
8. Pure Water
9. Ocean Life
10. Land Health
11. Ethical Leadership
12. Consumer Safety
13. Company Transparency
14. Fair Labor and Thriving Communities
15. Human Rights

V. FUND COMPOSITION AND ASSET ALLOCATION

- A. It is anticipated that the portfolio will be diversified both by asset class (e.g., stocks and bonds) and within asset classes (e.g., within stocks by economic sector, quality, and market capitalization). The purpose of diversification is to enhance prospective returns, lower the volatility of the overall pool of assets, and provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the total portfolio.
- B. In order to achieve the long-term total return objective outlined in section II (a minimum of 5.25%), the portfolio will have significant exposure to equities. The expectation is that this equity exposure will support sustainability and long-term capital appreciation in order to facilitate the real growth of the principal and support a growing spending stream.
- C. The portfolio will be diversified with an allocation to fixed income to provide a hedge against deflation and, secondarily, to provide a source of current income.

VI. AUTHORITY

- A. It is the role of the Board of Directors of the Foundation (Board) to develop investment goals, objectives, and strategies for endowment funds held by the Foundation, in a manner consistent with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and the Nonprofit Corporation Law of California; and to assure grantors, donors and potential donors that their funds will be managed prudently to support the

long-term viability of the Board's programs. The purpose of this statement is to foster a clear understanding of the Foundation's financial and investment objectives and policies among the Board, the Executive Committee, the Investment Committee, the Foundation's staff, the Investment Advisor and the Foundation's investment managers. This investment policy supersedes all previous versions.

- B. Endowment fund assets shall be invested in accordance with this policy and in compliance with State and Federal laws and regulations. This policy statement shall be reviewed periodically, to assess the appropriateness of the asset allocation policy, the investment objectives, the investment policies and guidelines, and the investment restrictions. The Investment Committee is charged with performing this review and shall recommend appropriate changes to the Board for approval at any time.

VII. REBALANCING

- A. Rebalancing is designed to keep the portfolio in line with the policy allocation targets and target ranges established by the Committee. Current policy targets are set forth in **the Appendix**.
- B. Policy targets are established to maintain the long-term strategic asset allocation of the Fund. The rebalancing process results in the movement of assets from recently strong performing asset classes, which may be overvalued, into weaker performing asset classes, which may be undervalued. The need to rebalance could be occasioned by the disproportionate movement of asset prices within a class relative to movement of prices in other classes, significant inflow of new gifts and/or extraordinary funding requirements of participating projects holding quasi-endowments. Over the long-term, this discipline is expected to enhance portfolio returns while reducing risk (volatility) by realizing gains in one asset class and using those funds to make additional purchases in the undervalued asset class.
- C. It should be noted that quasi-endowments are also invested in the Endowment. Unlike true endowments, the quasi-endowments allow for distributions from the fund principal. Recognizing the possibility that the capital distribution from a large quasi-endowment could trigger the need to re-allocate the Endowment assets among investment managers, the Foundation should limit such distributions to once a year.

VIII. GUIDELINES FOR TRANSACTIONS

Except under unusual circumstances, all transactions should be entered into on the basis of best execution, which means best realized net price. Consistent with the above, directed brokerage service arrangements may be put in place for payment of services rendered to the Fund in connection with its management.

APPENDIX

Asset Allocation Targets

The current asset allocation targets are reaffirmed on <insert date>, and are as follows:

Asset Class	Long-Term Targets
<u>EQUITY ALLOCATION</u>	
<u>GROWTH ASSETS:</u>	
Global Stocks	16%
U.S. Stocks	22%
Non-U.S. Stocks	15%
Emerging Markets Stocks	7%
Total Common Stocks	60%
Private Investments	10%
TOTAL GROWTH	70%
DIVERSIFIERS	10%
INFLATION PROTECTION	5%
TOTAL EQUITY ALLOCATION:	85%
Fixed Income	13%
Cash	2%
TOTAL FIXED INCOME ALLOCATION:	15%
TOTAL ASSETS	100%

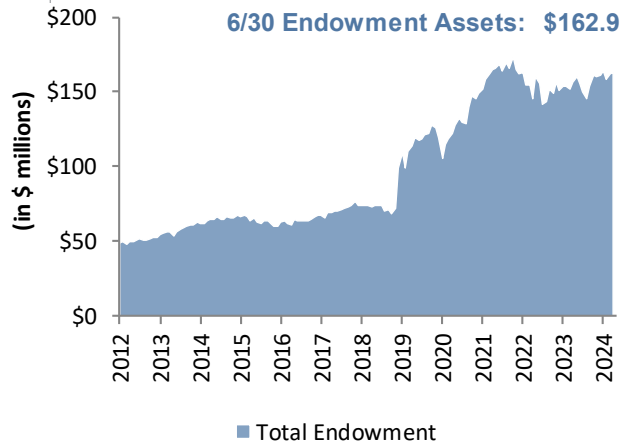
4. EXECUTIVE SUMMARY



SF State Foundation Portfolio Monitor: Returns, Risk, & Exposures

As of June 30, 2024, unless noted otherwise

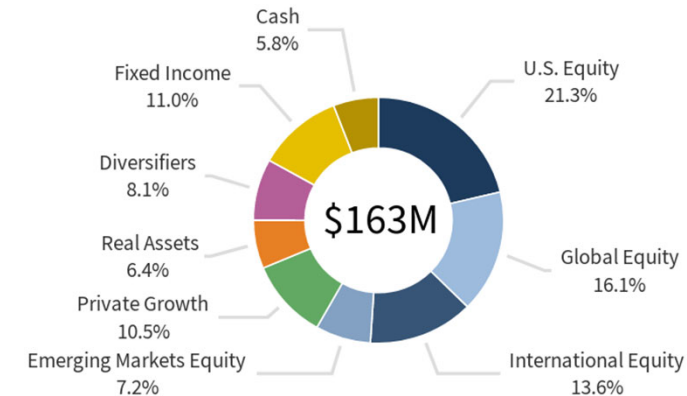
PORTFOLIO MARKET VALUES ^[1]



HISTORICAL PERFORMANCE (%) ^[2]

	CYTD	FY 2024	Trailing 5 YR	Since 12/31/17
TOTAL ENDOWMENT	3.3	8.0	7.2	6.0
Policy Benchmark	7.2	14.5	7.7	6.7
<i>Value-Added</i>	<i>-3.9</i>	<i>-6.5</i>	<i>-0.5</i>	<i>-0.7</i>
CPI-U+5.25%	5.0	8.2	9.4	9.1
Change in Assets (\$mm)	2.2	13.2	48.7	89.1
<i>From performance</i>	<i>5.3</i>	<i>17.9</i>	<i>49.5</i>	<i>52.0</i>
<i>From flows</i>	<i>-3.1</i>	<i>-4.7</i>	<i>-0.8</i>	<i>37.1</i>

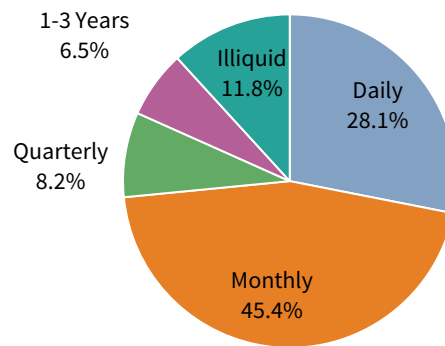
ASSET ALLOCATION (%)



ENDOWMENT MARKET VALUE

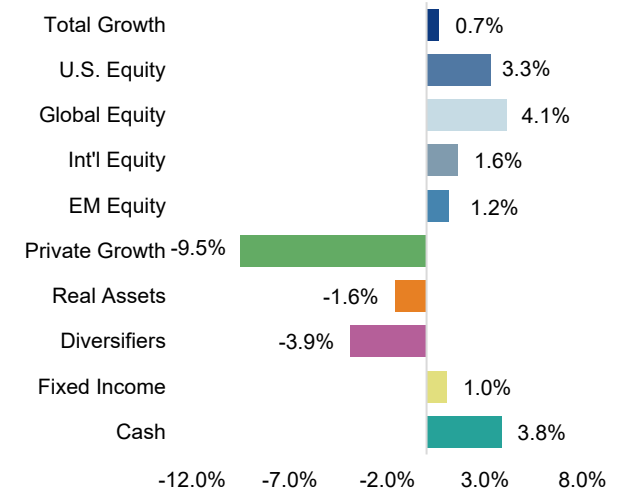
Past 5 Quarters - Market Value	
6/30/2024	\$162.9M
3/31/2024	\$164.1M
12/31/2023	\$161.1M
9/30/2023	\$150.2M
6/30/2023	\$156.7M

PRO FORMA PORTFOLIO LIQUIDITY ^[3]



81.7% Liquid (Quarterly or sooner)

ASSET CLASS ALLOCATION VS. LT TARGETS (%)



C/A

Note(s): All charts refer to Total Endowment assets, unless noted otherwise. Private Investments market values are as of 3/31/24, updated with cash flows through 6/30/24.

[1] Market value includes assets previously categorized as part of Green Fund. Results on this page may reflect updates subsequent to the preliminary data reported on the flash performance report.

[2] Totals may not sum due to rounding. Change in assets from performance and flows are estimates based on quarterly market values and performance.

[3] Portfolio liquidity is pro forma as of 7/29/24 and includes all in-process transactions as well as proposed recommendations not yet approved by the SFSU Foundation IC.

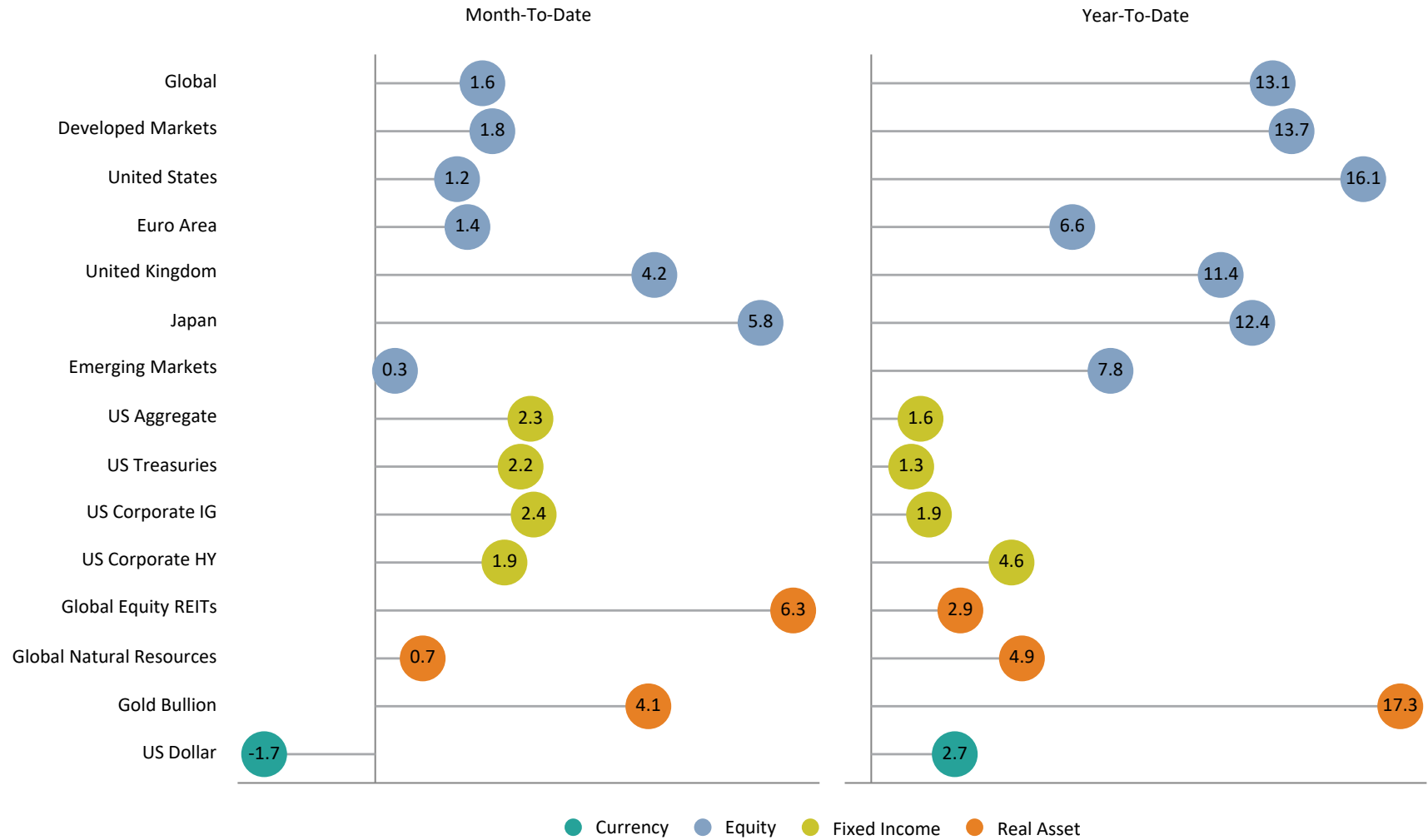
5. MARKET ENVIRONMENT



Equities rose amid volatility in July as Mag 7 earnings, the BOJ, and economic data led instability

GLOBAL ASSET CLASS PERFORMANCE

As of July 31, 2024 • US Dollar • Percent (%)

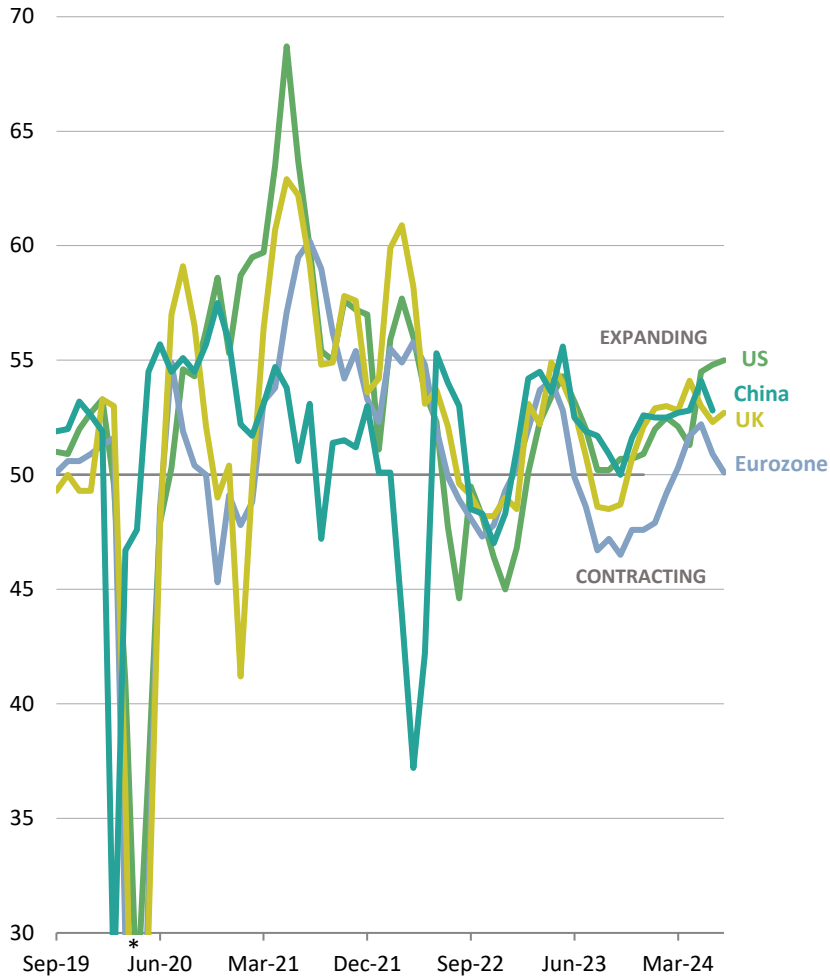


Sources: Bloomberg Index Services Limited., ICE Benchmark Administration Ltd., MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties. Notes: All data are in US dollar terms. The equity data are total returns net of dividend taxes of MSCI indexes. The fixed income data are total returns of Bloomberg indexes. The MSCI Global Equity REIT Index, the MSCI ACWI Commodity Producers Index, and front-month gold contracts as traded on the New York Mercantile Exchange are used to calculate real asset performances. The US Dollar Index (DXY) is used to calculate US Dollar performance. MMHC

Composite PMIs are still indicative of expansions even if other measures show slowing

COMPOSITE PMIs

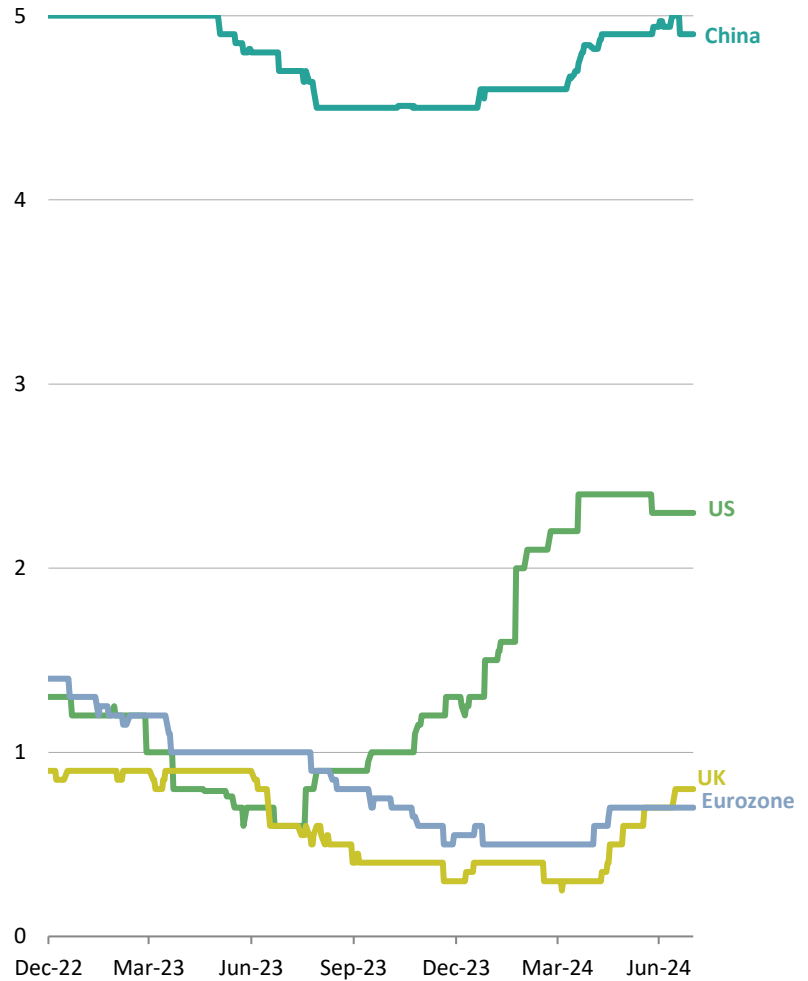
September 30, 2019 – July 31, 2024 • Percent (%)



* Chart is capped for scaling purposes.

2024 GDP GROWTH ESTIMATES BY REGION

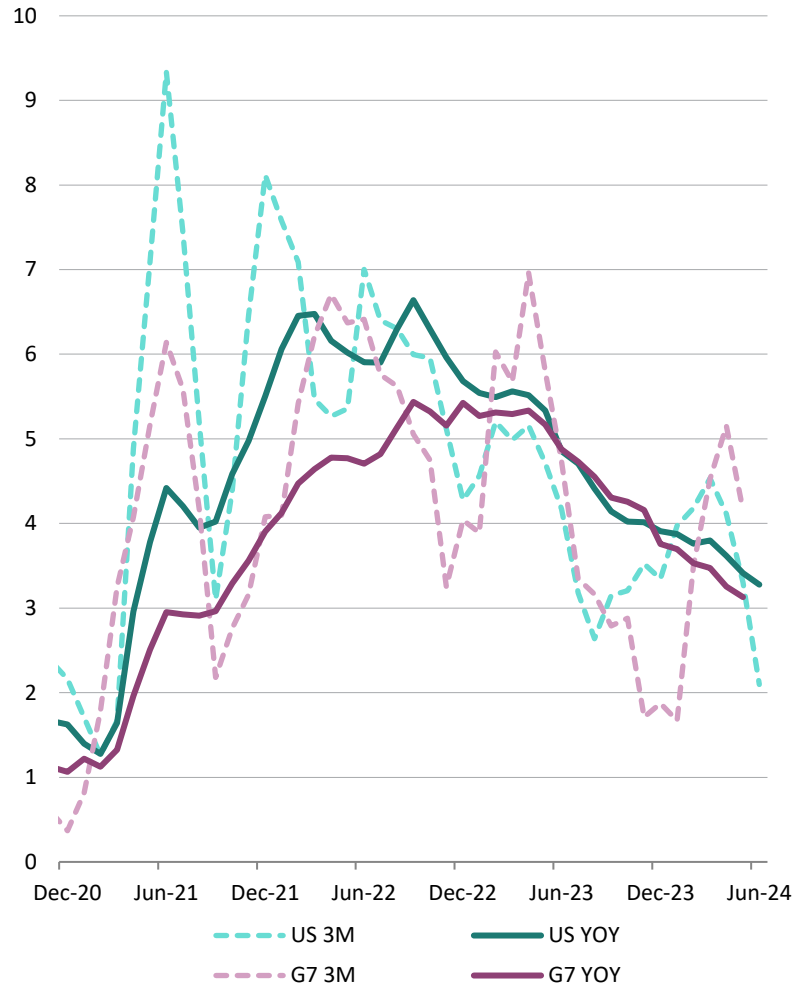
December 31, 2022 – July 31, 2024 • Percent (%)



Sustained disinflation trend continues to validate rate easing expectations

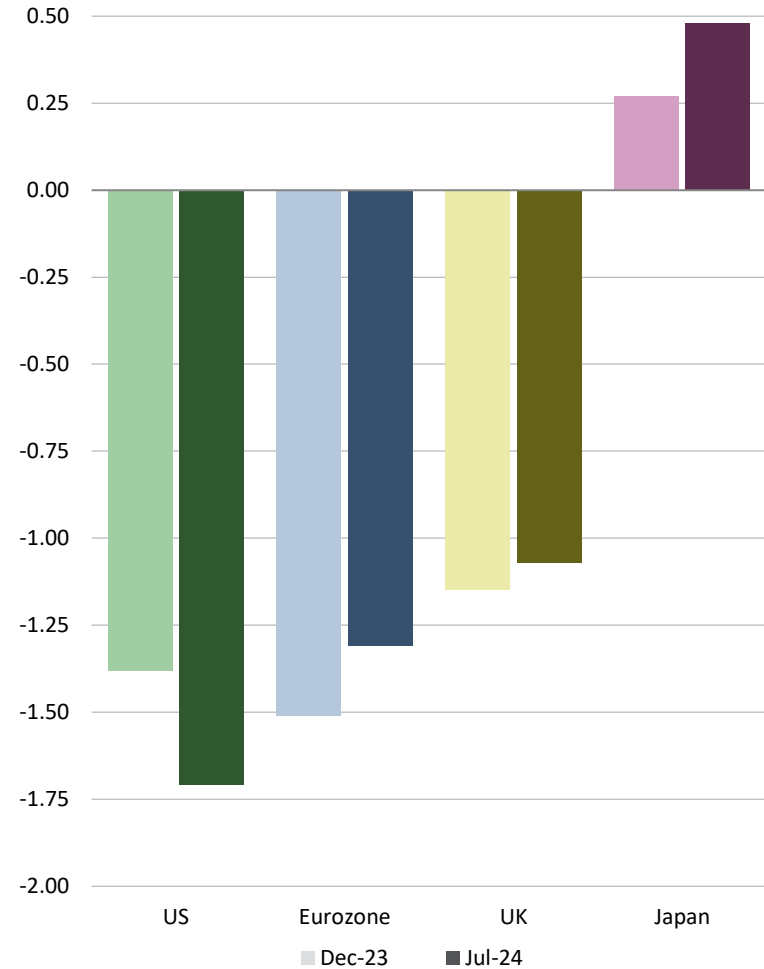
US & G7 CORE CPI

December 31, 2020 – June 30, 2024 • Percent Change (%)



MARKET-IMPLIED CHANGE IN POLICY RATES OVER 1-YR HORIZON

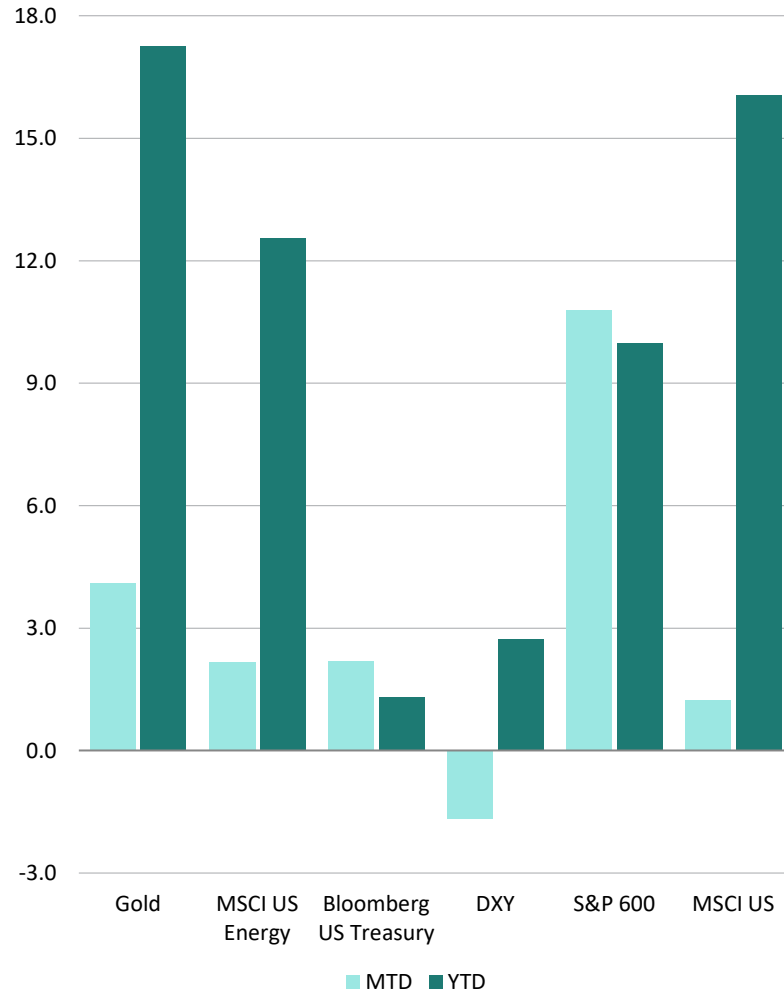
As of July 31, 2024 • Percentage Point Difference (%)



Evolving presidential election odds have also contributed to July's market rotations

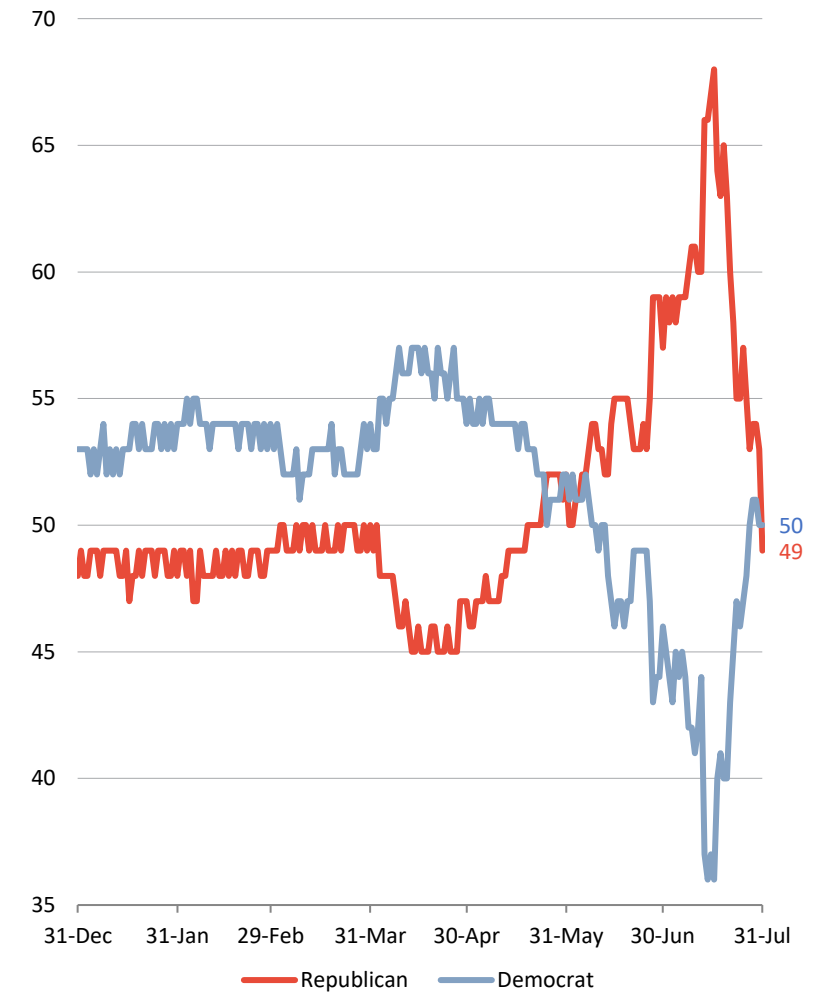
ASSET CLASS PERFORMANCE

As of July 31, 2024 • US Dollar • Percent (%)



US PRESIDENTIAL ELECTION ODDS

December 31, 2023 – July 31, 2024 • Percent (%)

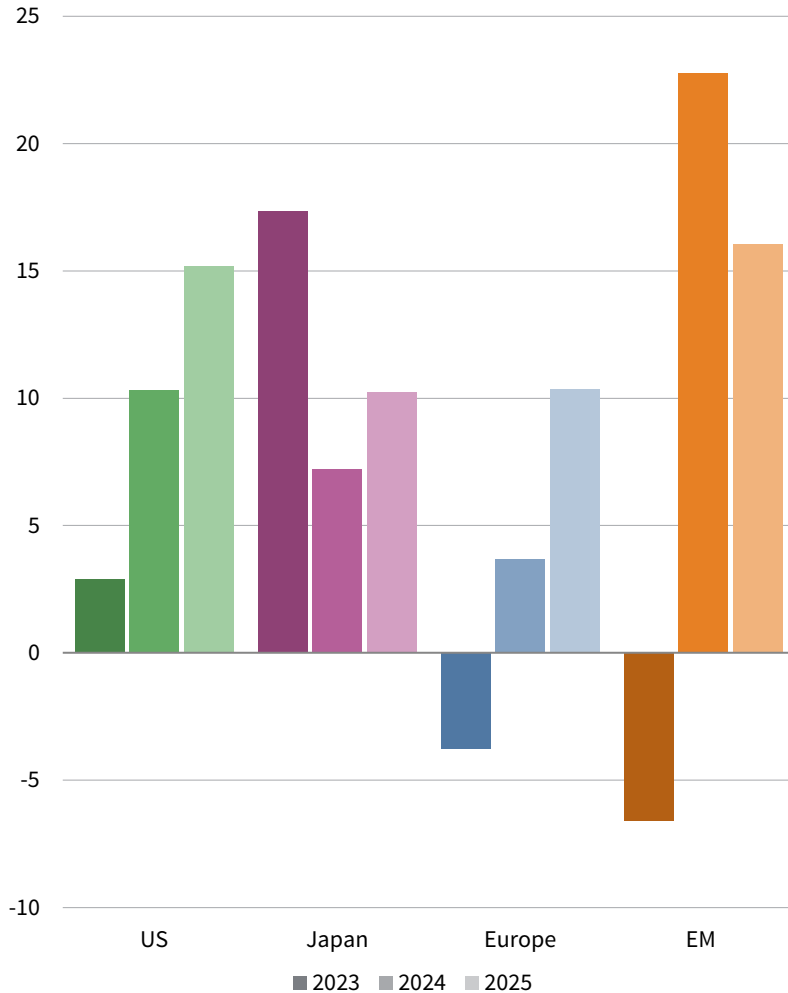


Sources: Bloomberg Index Services Limited, ICE Benchmark Administration Ltd, MSCI Inc., PredictIt, Standard & Poor's, and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.
 Notes: S&P 600 total returns are gross of dividend taxes. MSCI US and MSCI US Energy total returns are net of dividend taxes.
 MMHC

US earnings growth has been solid, but this is reflected in stretched valuations

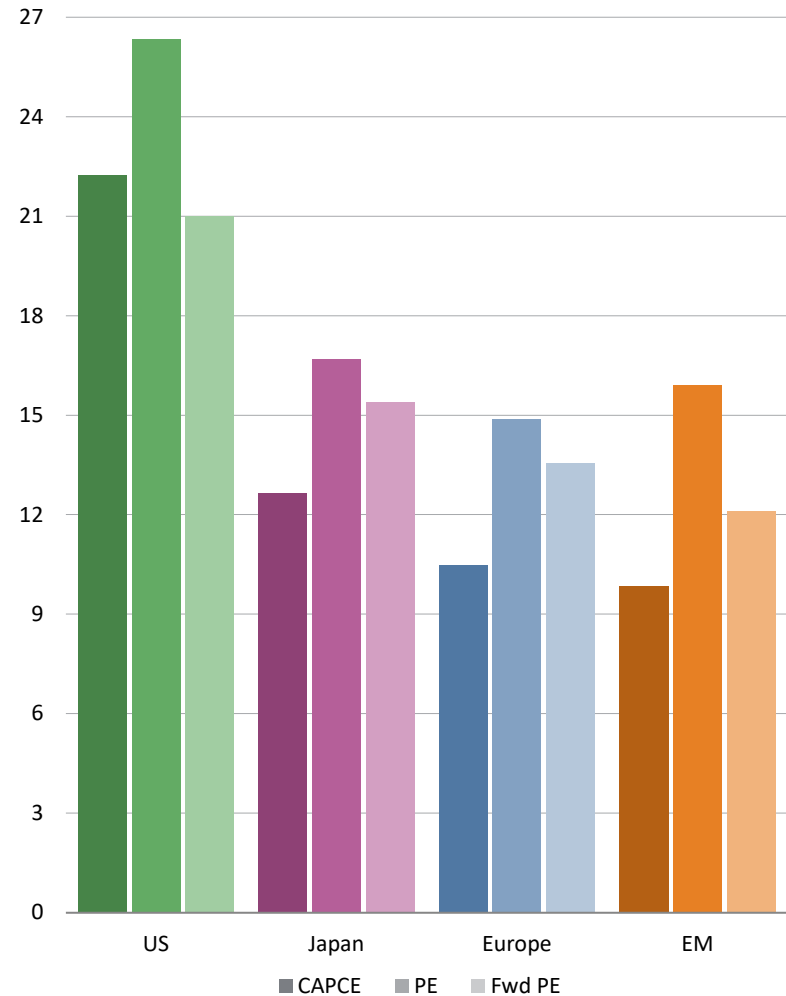
EPS GROWTH ESTIMATES BY REGION

As of July 31, 2024 • Percent (%)



VALUATION METRICS FOR SELECT REGIONS

As of July 31, 2024



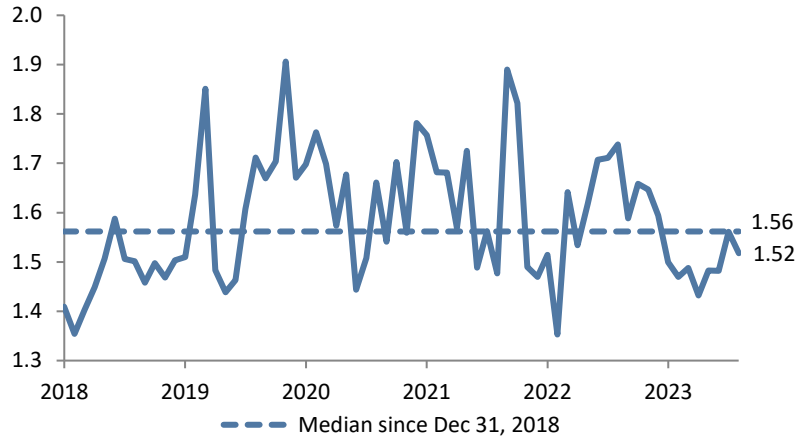
Sources: I/B/E/S, MSCI Inc., and Thomson Reuters Datastream. MSCI data provided "as is" without any express or implied warranties.

Notes: Japan FY EPS data represents earnings growth from March through the next 12-month period. LHS chart EPS data reflect 12-month forward estimates. The cyclically adjusted price-to-cash earnings (CAPCE) ratio is calculated by dividing the inflation-adjusted index price by trailing ten-year average inflation-adjusted cash earnings. Cash earnings are defined as net income from continuing operations plus depreciation and amortization expense. MSCI does not publish cash earnings for banks and insurance companies and therefore excludes these two industry groups from index-level cash earnings. EM is cyclically adjusted by trailing five-year data.

Sentiment starts to cool around Mag 7 and AI-related spending more broadly

RELATIVE FORWARD P/E RATIO: MAGNIFICENT SEVEN VS S&P 500

December 31, 2018 – July 31, 2024



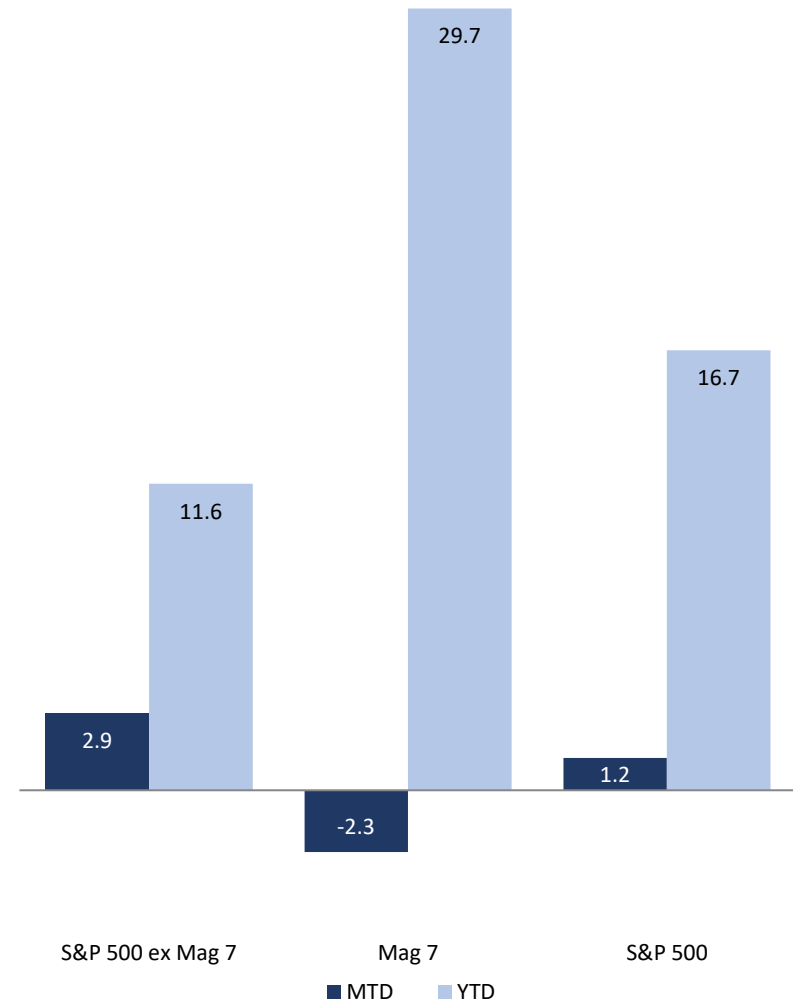
WEIGHTS OF 7 LARGEST S&P 500 STOCKS OVER TIME

January 31, 1990 – July 31, 2024 • Percent (%)



S&P 500 EX MAG 7, MAG 7, AND S&P 500 PERFORMANCE

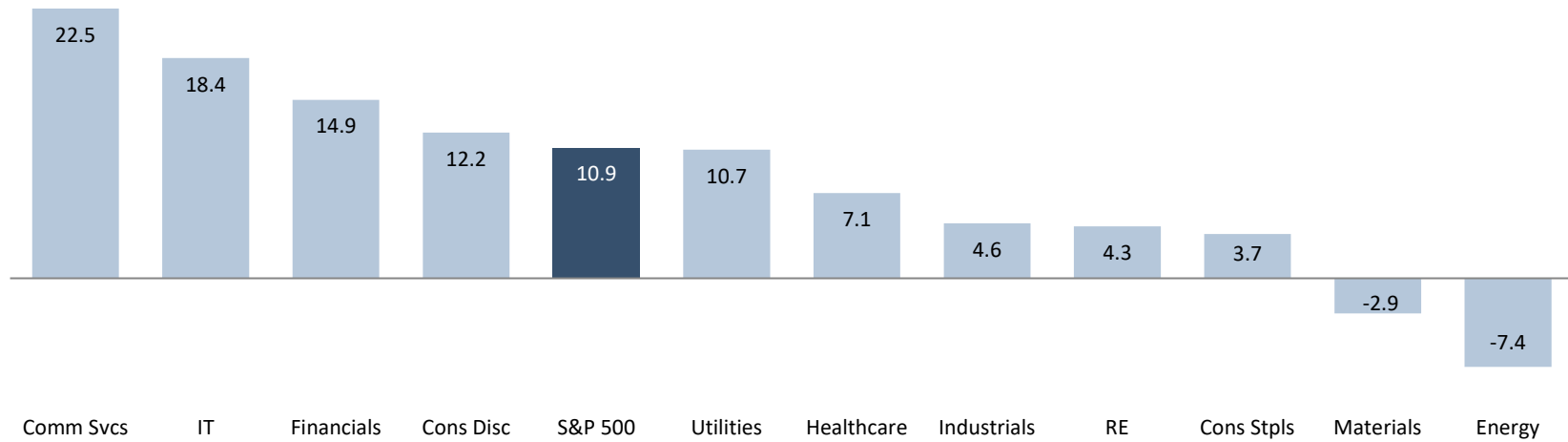
As of July 31, 2024 • US Dollar • Percent (%)



Despite the noise, earnings forecasts for 2024 have moved little over the past 12 months

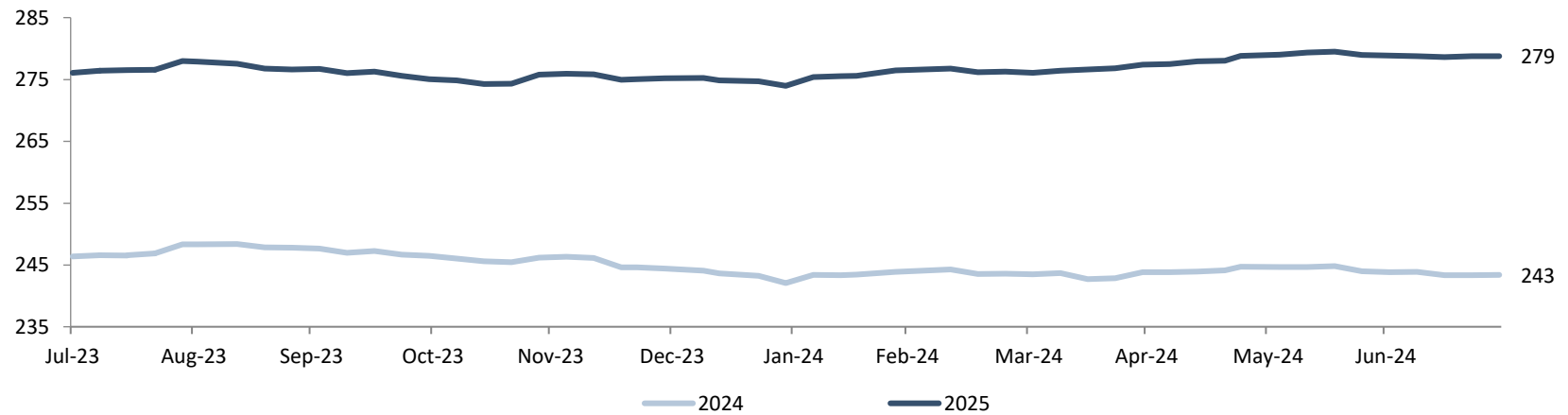
S&P 500 2024 EPS GROWTH ESTIMATES BY SECTOR

As of July 31, 2024 • Percent (%)



S&P 500 CALENDAR YEAR BOTTOM-UP EPS ESTIMATES

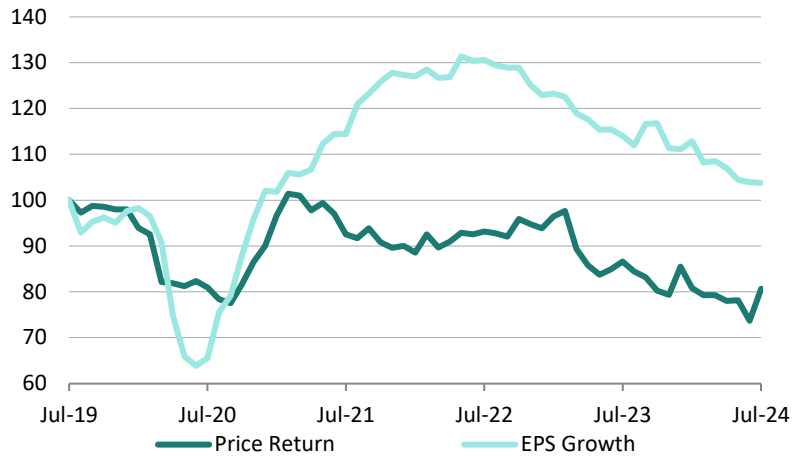
July 31, 2023 – July 31, 2024 • US Dollar



Small caps recouped some of their long-running underperformance in July; relative valuations and earnings growth looks supportive

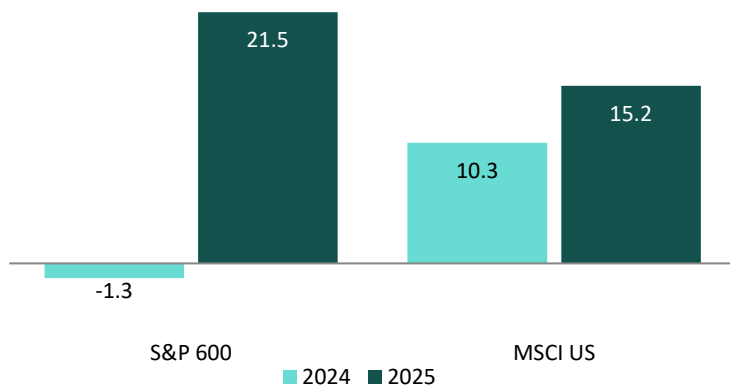
S&P 600 VS MSCI US RELATIVE METRICS

July 31, 2019 – July 31, 2024 • US Dollar • July 31, 2019 = 100



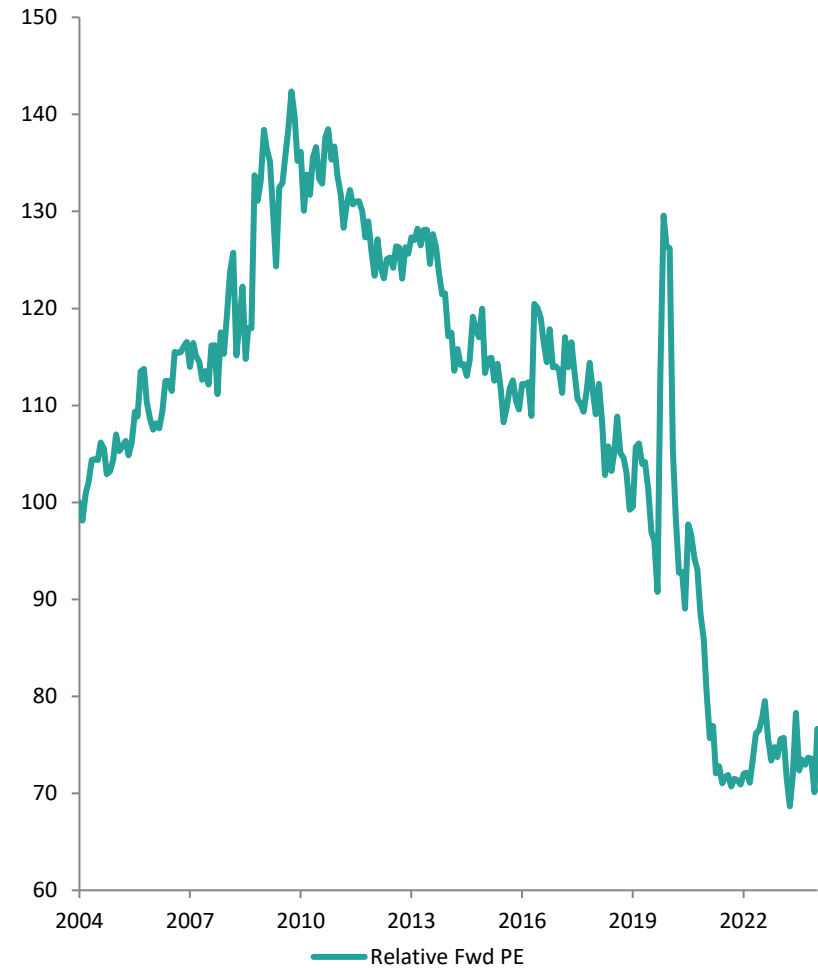
S&P 600 AND MSCI US EPS ESTIMATES

July 31, 2024 • Percent (%)



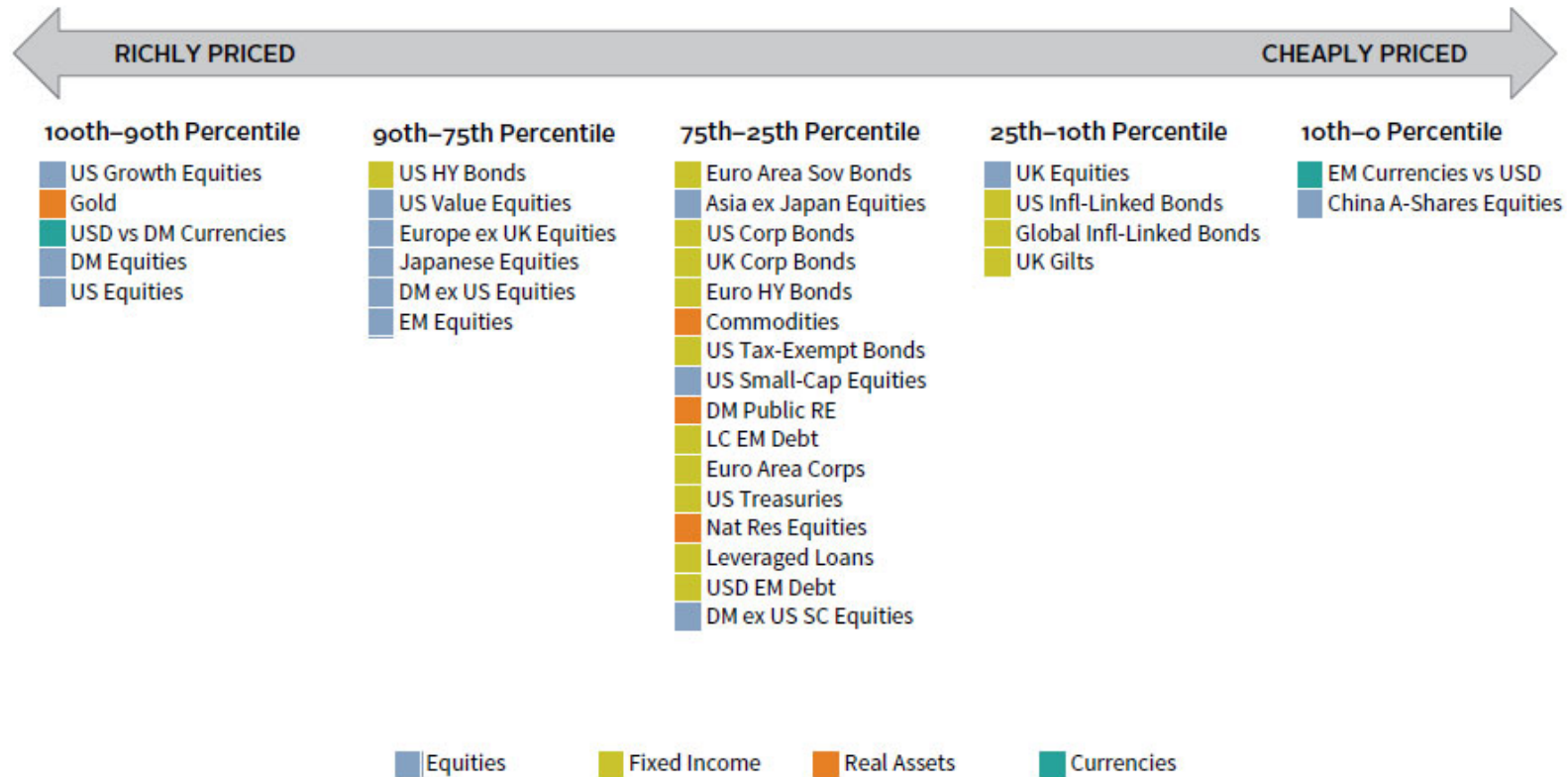
S&P 600 VS MSCI US RELATIVE FORWARD PE

July 31, 2004 – July 31, 2024 • US Dollar • July 31, 2004 = 100



Current Valuation Levels by Asset Class

As of June 30, 2024



6. PERFORMANCE UPDATE

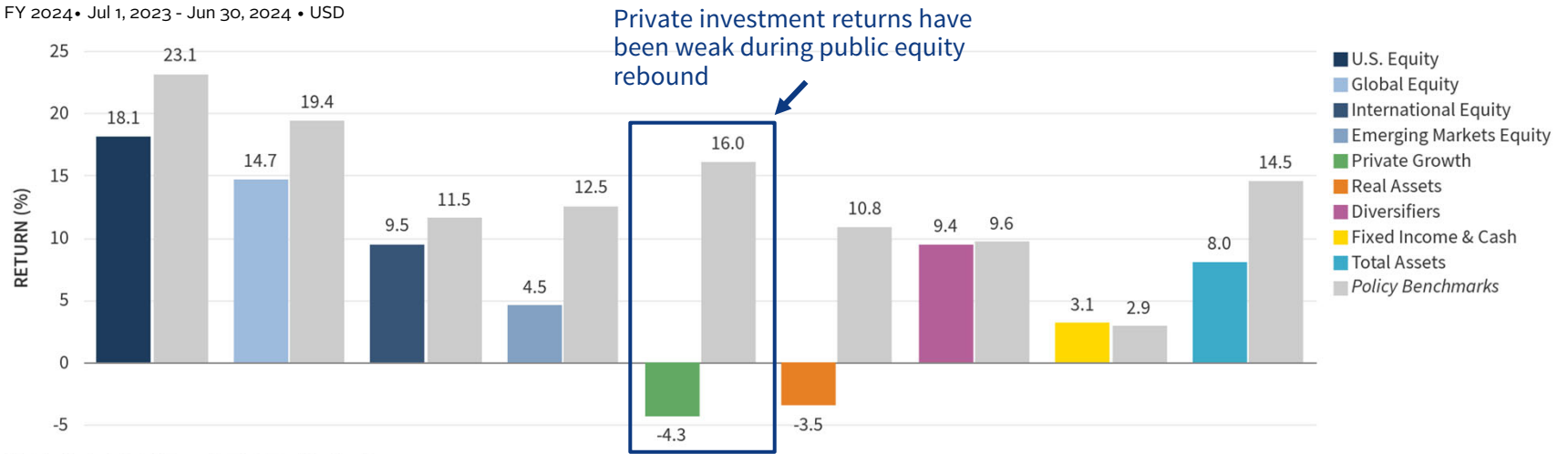


SF State asset class performance

As of June 30, 2024
(Preliminary - Private Investments results still as of 3/31/24)

FYTD ASSET CLASS PERFORMANCE

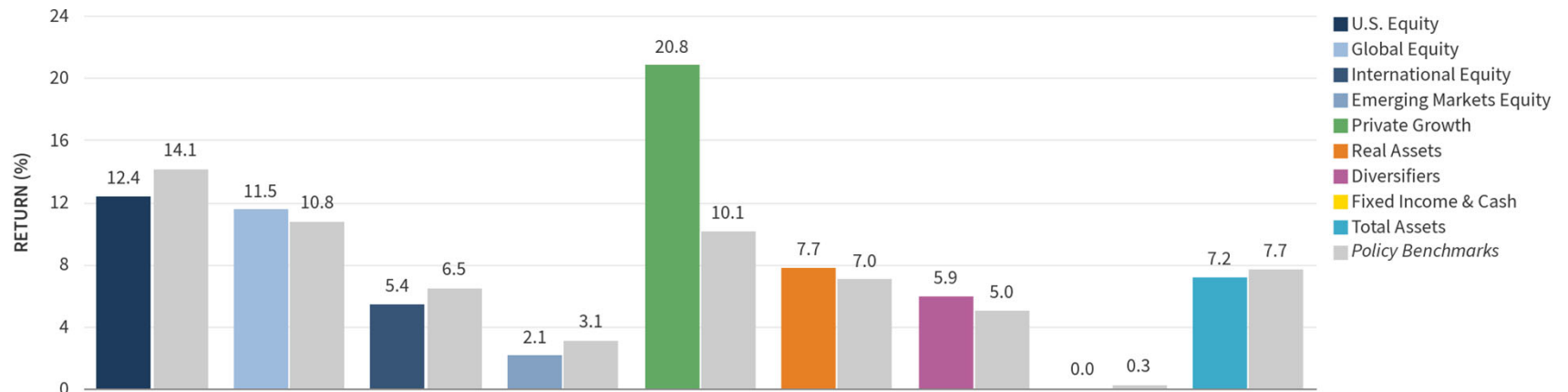
FY 2024 • Jul 1, 2023 - Jun 30, 2024 • USD



Not included: Total Growth, Total Public Equity.

TRAILING 5-YEAR ASSET CLASS PERFORMANCE

Trailing 5 Years • Jul 1, 2019 - Jun 30, 2024 • USD

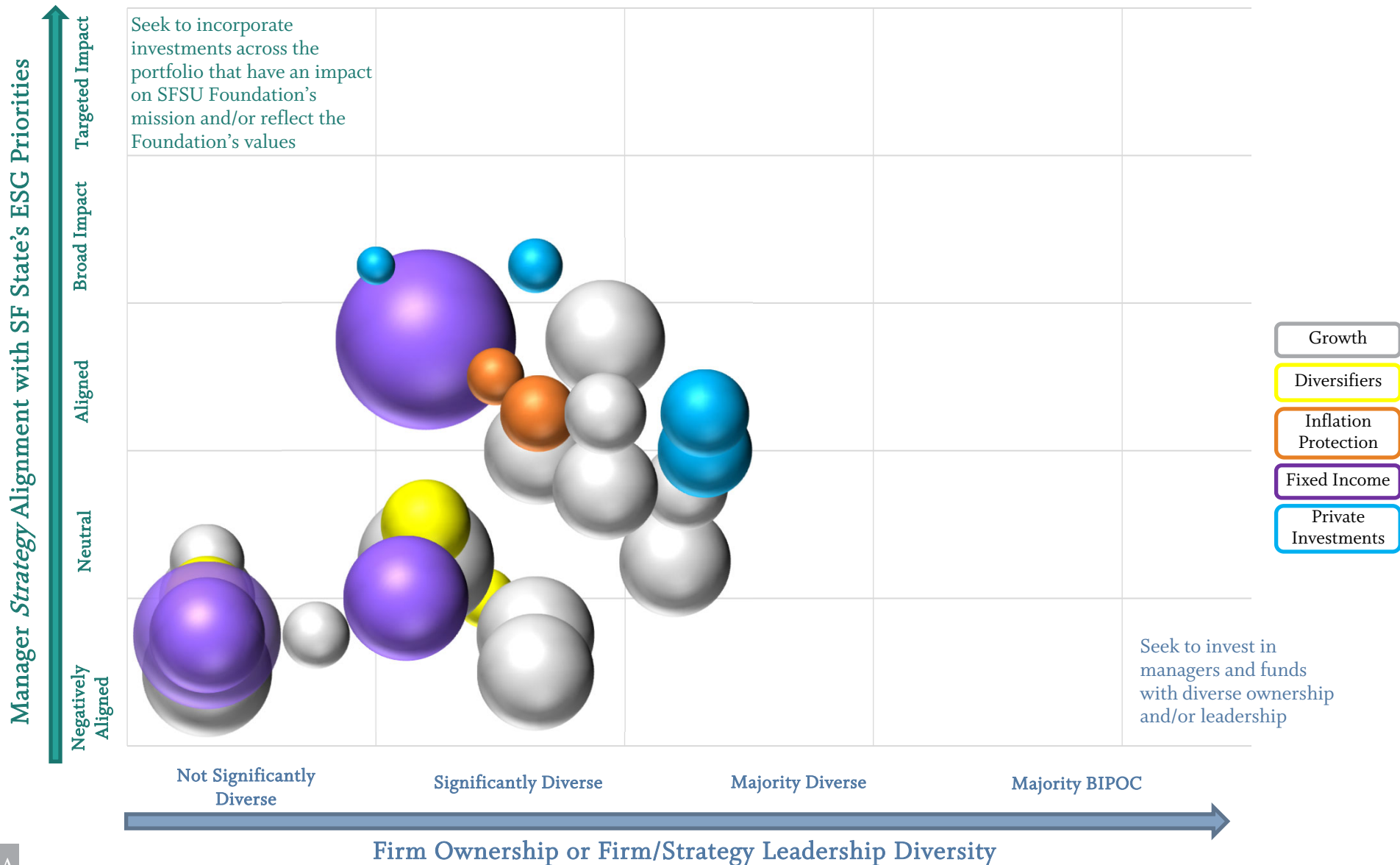


Not included: Total Growth, Total Public Equity.

7. ESG/DEI UPDATE

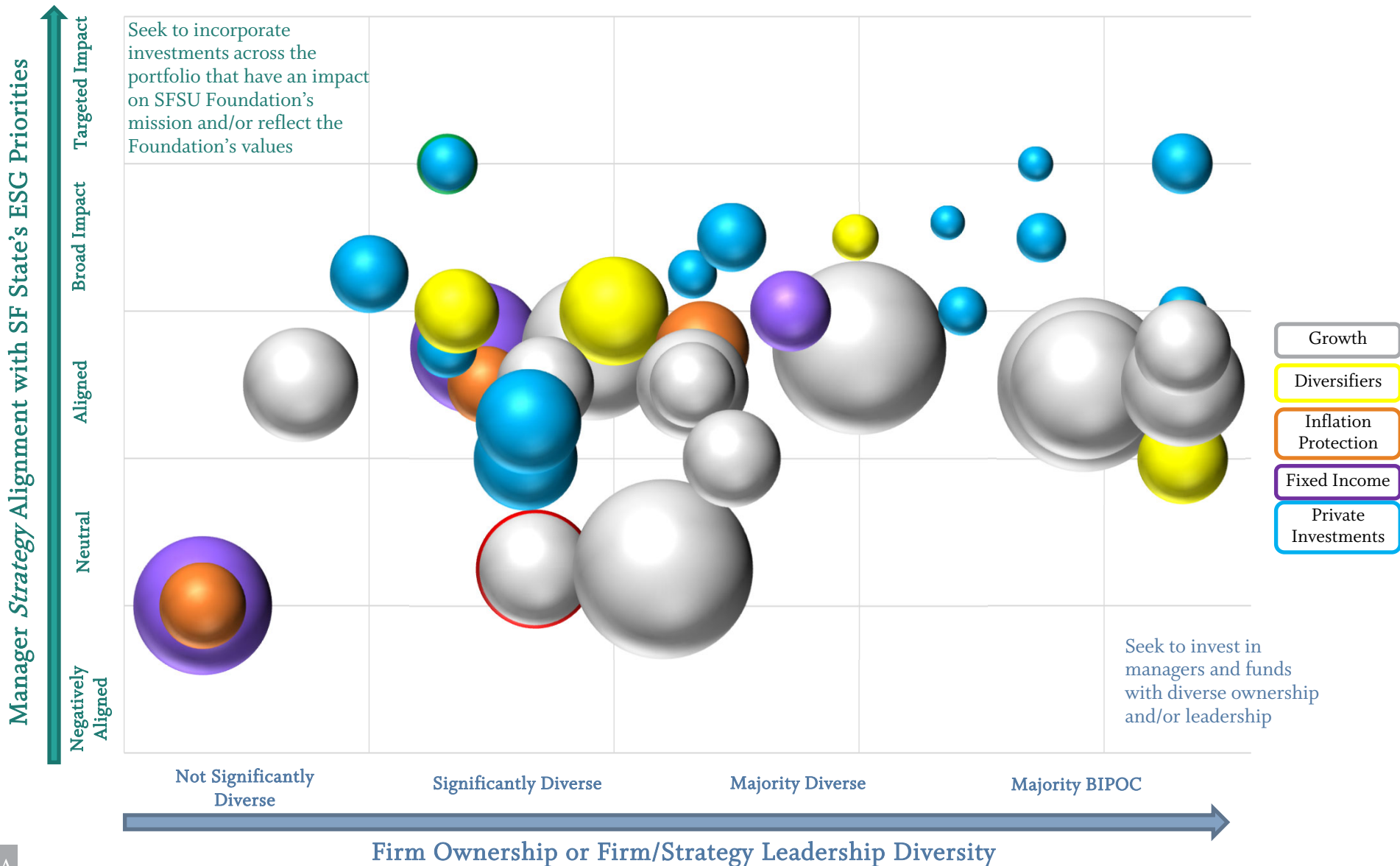


SFSU Foundation March 2020 mission alignment



Note(s): Size of the bubble represents the current market value (for public investments) or the commitment amount (for private investments).

SFSU Foundation June 2024 mission alignment



Note(s): Size of the bubble represents the current market value (for public investments) or the commitment amount (for private investments). Manager bubbles outlined in green represent recommended new inceptions, while those outlined in red represent recommended exits, all subject to SF State IC approval.