

Investment Policy Statement

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- 2) Perform capital market assessments including the development of short-term and long-term economic forecasts for domestic and foreign markets.
- 3) Measure,

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SPENDING POLICY

A primary goal for investing the endowment is to maintain intergenerational equity, preserving the long-term purchasing power of the endowment while providing adequate support for the operating budget, balancing the support for current students with its ability to also meet the needs of our future students.

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ENDOWMENT INVESTMENT OBJECTIVES

- 1) Achieve intergenerational equity by attaining a net (after fees/expenses) total return sufficient to preserve its real (inflation adjusted) purchasing power in perpetuity.
- 2) Provide a relatively predictable (and increasing) stream of spendable endowment income as calculated by the - ¢ ¥ >
- 3) Develop a well-diversified (by asset class and manager) long-term investment program ¢ ¢ ¢ - ¢ within the overall risk tolerance of the Trustee Committee on Investments and the College.

The Endowment Investment Objectives will be accomplished by the long-term investment program.

ENDOWMENT INVESTMENT PERFORMANCE GOALS

On an annualized, net-of-fees basis, the return on the total portfolio over the long term will be expected to:

- 1) Equal or exceed the spending rate (payout) plus inflation over a full term of 30 years.
- 2) Equal or exceed the average return of appropriate capital market indices, benchmarks, or market average returns, after fees, for the specific asset categories in which the assets ¢ > ¢ ¢ benchmark, measurement, frequency, and calculation as set forth by the advisor and agreed by the Investment Committee.

Endowment Investment Performance Goals are based upon a long-term investment horizon; therefore, interim fluctuations should be viewed with an appropriate perspective.

OTHER INVESTMENT GUIDELINES

Conflicts of Interest: Committee members are required to disclose any potential conflict of interest in connection with an

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Colorado College Endowment Investment Policy: Appendix A

Investments will be made according to a long-term and indefinite investment horizon in line with the expected perpetual operating life of the institution.

The goal is to equal or exceed the assumed spending rate, which is detailed in § 2.1 above, plus inflation over a full market cycle. Even over a market cycle, there can be no guarantee that this return target will be achieved.

The annual withdrawal/spend is expected to be in line with the Spending Policy as outlined above.

The Committee recognizes and acknowledges that a reasonable level of risk must be assumed to provide an opportunity to achieve the long-term Endowment Investment Objectives. The Committee and its Investment Consultant/Advisor should identify and monitor risks to the portfolio, mitigating those that cause the most concern.

On a long-term perspective, financial resiliency and target returns, the core investment portfolio will be run with a long-term target equity-like risk of 70%. The equity-like risk level of the overall endowment may fluctuate as a result of the addition of quasi-endowment funds.

The 70% equity-like risk, in terms of the policy equivalent equity-like risk (70%, as described in § 2.1 above) that is mutually agreed by the Investment Committee.

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<u>Market (Beta) Exposure</u>	<u>Strategic Allocation Target</u>	<u>Equity-Like Risk Conversion Factor</u>
Developed Markets Equity	56%	1.0
Emerging Markets Equity	7%	1.3
Credit	9%	0.4
Property	8%	0.2
Commodity	-	0.5
Interest Rates	3%	0.0

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Interest Rates	iShares Barclays 7-10 Year Treasury (IEF)
Inflation Linked Bonds	iShares Barclays TIPS Bond Fund
Cash / Non-Directional Assets	Schwab Treasury Obligations Money Market Fund

- 2) Versus a market reference benchmark (70%/30% Global Equities / Fixed Income) over the medium term (rolling 3-5 years).
- 3) Versus a portfolio target return over a market cycle (7-10 years).

There are no current restrictions in terms of the asset classes in which the endowment can invest. The Investment Committee is sophisticated and familiar with the risks associated with private and alternative investments and comfortable with positions in such vehicles alongside traditional, liquid investments. The Endowment will be broadly diversified both by asset class and within each asset class to minimize the possibility that a single security, class of securities or

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Position sizing will be considered within the framework of the overall equity-like risk budget (detailed within § – ç above). Core active manager positions will typically be sized at 3%-5% of the portfolio, whereas more niche, volatile, or concentrated strategies will typically be sized smaller, at 2e3%. Excluding legacy investments preceding the establishment of the Partners Capital mandate, no single actively managed investment fund should generally exceed 10% of the portfolio. The endowment may invest in passive index funds and Partners Capital pooled vehicles. Such positions may be sized larger due to the greater underlying diversification of these funds.

Portfolio rebalancing will be considered by the Investment Advisor/Consultant at least quarterly and more often as required. Rebalancing will be based on broad market price movements in order to maintain an overall equity equivalent risk level of 70% and the

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Colorado College Endowment Investment Policy: Appendix B