

**INVESTMENT POLICY
STATEMENT**

For

**University of Northern Colorado
Foundation, Inc.**

November 1, 2002
Amended and Revised November 2017

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PURPOSE

The University of Northern Colorado Foundation, Inc. (Foundation) Board of Directors (Board) establishes this Investment Policy Statement (Policy) to provide objectives, guidelines and restrictions for the management of the Foundation's investment portfolio (Investment Portfolio). This governing policy defines how the Investment Portfolio is to be managed by:

- Stating the Board's attitudes, expectations, objectives and guidelines for the Investment Portfolio.
- Setting forth an investment structure for managing the Investment Portfolio. This structure includes the use of various asset classes, investment management styles and asset allocation that are expected to provide prudent diversification and to maximize total investment return within prudent levels of risk over the long-term.
- Providing guidelines for the Investment Portfolio that control the level of overall risk and liquidity in the portfolio, so that all Foundation assets are managed in accordance with stated objectives.
- Encouraging effective communication between the Board, the Investment Committee (Committee), the investment consultant (Consultant) and the money managers.
- Establishing formal criteria to monitor, evaluate and compare the performance results achieved by the money managers on a regular basis.
- Complying with all applicable fiduciary requirements that experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state and federal political entities.

This Policy has been formulated based upon consideration by the Board of the financial implications of a wide range of policies and describes the prudent investment process that the Board deems appropriate.

MISSION

The investment management mission of the Foundation is:

- To support and augment University programs by responsible stewardship of the funds donated to the Foundation, and
- To promote growth of the funds in order to realize the greatest return on Foundation assets by building reserves and attracting new donors as a result of responsible management of the funds.

RESPONSIBILITIES

The Board is a fiduciary, and is responsible for providing the overall investment policy for the Investment Portfolio. The Board provides for the prudent management of the Investment Portfolio through this Policy with the establishment of investment policy objectives and guidelines, guidelines for the prudent selection of investment managers, and procedures for ongoing monitoring and evaluation.

The Board may delegate certain duties as enumerated in this Policy. The Board is, however, responsible for periodic review of this Policy, actions and decisions and continued compliance with this Policy.

STATEMENT OF OBJECTIVES

The objectives have been established in conjunction with a comprehensive review of the current and projected financial requirements. The objectives are:

- To maintain the purchasing power of the Investment Portfolio and all future contributions to it by producing positive real rates of return.
- To maximize return within reasonable and prudent levels of risk.
- To maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy.
- To control costs of managing and administering the Investment Portfolio.

INVESTMENT GUIDELINES

Time Horizon

The investment guidelines are based upon an investment horizon of greater than five years, so that interim fluctuations should be viewed with appropriate perspective. Similarly, the strategic asset allocation for the Investment Portfolio is based on this long-term perspective.

Liquidity

The goal of the endowment and operations spending policy is to provide a reasonable, predictable, stable and sustainable level of distribution that supports current needs and provides for growth in assets and income over time. The spending rate for annual distribution is established by the Foundation's Board of Directors in the Endowment Policy.

It is anticipated that there will be future additions to the Investment Portfolio. The amount and timing of such additions are unknown.

Risk Tolerances

The Board recognizes the difficulty of achieving the investment objectives in light of the uncertainties and complexities of contemporary investment markets. The Board also recognizes that some risk must be assumed to achieve the long-term investment objectives.

In establishing the risk tolerances of the Investment Portfolio the ability to withstand short and intermediate term variability were considered. The Foundation's current financial condition, prospects for the future and several other factors suggest collectively that some interim fluctuations in market value and rates of return can be tolerated in order to achieve long-term objectives.

Through each of the strategic asset allocations, the Board has established a risk tolerance for the Investment Portfolio. Risk tolerance will be reviewed periodically but no less than annually in light of changes in the capital markets.

Performance Expectations

The desired investment objective is a long-term rate of return on the Investment Portfolio that is defined in Exhibits A, B and C. The rate of return has been based upon the assumption that future real returns will approximate the long-term rates of return experienced for each asset class in the Investment Portfolio.

The Board realizes that market performance varies and the defined real rate of return may not be meaningful during some periods. Accordingly, relative performance benchmarks for the managers are set forth in the "Control Procedures" section.

Asset Allocation

The Board believes that risk and liquidity are, in large part, a function of asset class mix. The Board has reviewed the long-term performance characteristics of various asset classes, focusing on balancing risks and returns.

Based on the time horizon, risk tolerances, performance expectations and asset class preferences, an asset allocation will be recommended by the Committee at least annually and approved by the Board of Directors of the Foundation. When approved by the board, the asset allocation will be incorporated into the Policy as an exhibit. The asset allocations for the Pooled Investment Portfolio, SAFF and CIBEF are reflected in Exhibits A, B and C, respectively.

Rebalancing of Strategic Allocation

Cash inflows and outflows will be used to maintain the asset allocation of the Investment Portfolio.

The actual allocation of the Investment Portfolio will be reviewed quarterly and will be discussed by the Committee.

SECURITIES GUIDELINES

The Board is implementing this Policy with separate account money managers and mutual funds (referred to collectively as “Money Managers”). The Money Managers agree to be governed by these Securities Guidelines. Exceptions to these guidelines, if any, are in Exhibit D of this Investment Policy Statement.

TRADITIONAL ASSETS

Money Market Funds

Money market funds may be utilized for short-term and liquidity purposes provided that the money market fund invests in U.S. government securities and other obligations that are issued by the U.S. government, its agencies or instrumentalities. The money market fund may not have a requirement to impose liquidity fees and redemption gates.

Mutual Funds

Each mutual fund is expected to adhere to the terms and conditions set forth in its prospectus.

Domestic Equity Mutual Funds

Large Cap Core Equity: An investment strategy where the portfolio’s characteristics are similar to that of the S&P 500 Index.

Mid Cap Core Equity: An investment strategy where the manager invests mainly in mid-capitalization companies that have both growth and value characteristics.

Small Cap Core Equity: An investment strategy where the manager invests mainly in small capitalization companies that have both growth and value characteristics.

International Equity Mutual Funds

An investment strategy where the manager develops portfolio holdings of mostly mid cap and large cap issues in developed countries with liquid markets, resulting in characteristics similar to that of an index such as the MSCI EAFE Index.

Emerging Markets: An investment strategy where the manager typically invests its assets in securities of companies whose principle business activities are located in emerging market countries.

Fixed Income Mutual Funds

Domestic Fixed Income: A fixed income (bond) strategy that constructs portfolios to approximate the investment results of the Barclays Aggregate Bond Index with a modest amount of variability in duration around the index. The objective is to achieve value added from sector or issue selection.

High Yield: Managers whose investment objective is to obtain high current income by investing primarily in non-investment grade fixed-income securities. Due to the increased level of default risk, security selection focuses on credit-risk analysis.

Floating Rate Corporate Loans: A fixed income investment strategy that invests in floating rate bank loans. The interest rates on these loans are typically reset on a periodic basis to account for changes in the level of interest rates.

Opportunistic Fixed Income: The objective of Opportunistic Fixed Income funds is to provide a diversified approach to traditional fixed income investments. These funds tend not to be benchmark sensitive (to the Barclays Aggregate Bond Index) and can invest in a wide range of debt securities of issuers from the U.S. and other markets, both developed and emerging as well as investment and non-investment grade securities..

Separate Account Money Managers

Every separate account money manager (except alternative investment managers) selected to manage the Investment Portfolio must adhere to the following guidelines. The following securities and transactions are not authorized without prior Board approval:

- Letter stock and other unregistered securities; commodities or other commodity contracts; and short sales or margin transactions.
- Securities lending; pledging or hypothecating securities.
- Investments in the equity securities of any company with a record of less than three years of continuous operation, including the operation of any predecessor.
- Investments for the purpose of exercising control of management.

In addition, separate account money managers must adhere to the following guidelines for the following asset classes.

Domestic Equities

Guidelines:

- Equity holdings in any one company should not exceed 7% at current market value of the equity portfolio. Not more than 15% of the market value of the equity portfolio should be invested in any one industry and not more than 30% in any one sector.
- Equity holdings shall be restricted to readily marketable securities of corporations that are actively traded.
- The manager shall have the discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the manager will be evaluated against their peers on the performance of the total assets under their direct management.
- The manager may not invest more than 10% of the market value of the equity portfolio subject to their discretion in foreign equities.
- If the account's benchmark index has allocations to individual sectors in excess of 30%, the account's exposure to those sectors is capped at 3% above those sectors' respective percentages in the index.

International Equities

Guidelines:

- The portfolio is expected to be diversified across countries, with the majority of assets invested in countries represented in the benchmark of the Morgan Stanley Capital International, Europe, Australia & Far East index (MSCI EAFE). Equity holdings in any one company should not exceed 7% of the market value equity portfolio. The equity portfolio sector weightings should not exceed +/- 10% of the MSCI EAFE Index sector weightings.
- The manager may enter into foreign exchange contracts on currency provided that use of such contracts is limited to hedging currency exposure existing within the manager's portfolio. There shall be no direct foreign currency speculation or any related investment activity.

Investment Grade Fixed Income

Guidelines:

- At least 85% of the fixed-income securities held in the portfolio shall have a Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". U.S. Treasury securities and U.S. government agency securities, which are unrated securities, are qualified for inclusion in the portfolio.
- The exposure of the portfolio to any one issuer, other than securities of the U.S. government or U. S. agencies, shall not exceed 10% of the market value of the separate account's fixed income portfolio.
- The duration of the portfolio should fall within a 25% range around the benchmark index.
- To the extent possible, holdings of individual issues shall be large enough for easy liquidation.
- The manager shall have the discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the manager will be evaluated against their peers on the performance of the total funds under their direct management

ALTERNATIVE ASSETS

Mutual Funds

Commodity Mutual Funds

Investment vehicles that gain exposure to commodity price movements (e.g. changes in the price of oil, corn, gold, etc.) primarily through the use of futures, swaps and other commodity-linked securities.

Master Limited Partnerships (MLP) Mutual Funds

Master Limited Partnerships (MLPs) are primarily engaged in the transportation and storage of natural resources. Midstream MLP operations may be broadly grouped into four categories: pipelines, terminals/storage, marine transportation and midstream services. These categories may be further delineated by product types, including crude oil, heating oil, refined petroleum products, natural gas liquids, propane, ammonia, and coal. Despite their relatively steady cash flows, MLPS have moderate to high volatility as measured by their standard deviation.

Separate Account Money Managers

High Yield

Guidelines:

- The majority of the fixed income securities held in the portfolio shall carry a Standard & Poor's, Moody's, Duff and Phelps' or Fitch credit quality rating below BBB.
- No more than 10% of the market value of the portfolio may be invested in either U.S. Treasury or Government agency securities unless the manager has specific written authorization.
- No more than 10% of the market value of the portfolio may be invested in non-U.S. dollar denominated securities unless the manager has specific written authorization.
- No more than 10% of the market value of the portfolio may be invested in securities in bankruptcy at the time of purchase.
- Exposure to any one issuer, other than to securities of the U.S. Government or its agencies, may not exceed 10% of the market value of the portfolio.
- Allocation to any one economic sector should not be excessive and should be consistent relative to the High Yield market and to managers following similar style disciplines.
- Holdings of individual issues shall be large enough for easy liquidation.

Real Estate

The purpose of investing in direct real estate is to provide both return potential and risk diversification by investing in a less liquid asset class that is not as correlated to the liquid markets. Direct Real Estate is an investment strategy where the manager invests in a well-diversified portfolio of direct real estate, the portfolio should be diversified both by geographic region and property type. Access to Direct Real Estate can be accomplished either through an open ended Real Estate Limited Partnership or in a vehicle that is more similar to a Private Equity Limited Partnership fund with capital calls. If investment is through a structure similar to a Private Equity Limited Partnership fund, a programmatic investing structure may be considered to reduce exposure to a single vintage year. The benchmark is the NCREIF ODCE Index.

Illiquid Credit

The purpose of investing in illiquid credit is to provide both return potential and risk diversification by investing in a less liquid asset class that is not as correlated to the liquid markets. Access to illiquid credit is through a structure similar to a Private Equity Limited Partnership fund that is generally comprised of unrated or below investment grade securities including mezzanine, distressed securities, and other similar strategies.

Mezzanine is a sector that performs well during a contraction in the credit cycle because, as the senior lending and the high yield markets become more risk averse and contract, managers of companies look for other forms of financing that are less dilutive and expensive than pure equity. Within the mezzanine sector, higher yields and

greater upside opportunity can often be found with managers that pursue middle market and lower middle market deals.

Distressed securities funds focus on trading strategies take advantage of dislocations in the debt markets by buying high-quality debt and loans, at significant discounts due to broad market fears or downturns, and then trading out of those positions once the markets have recovered. Illiquid Credit funds are often characterized as higher in the capital structure than traditional private equity holdings. In addition, they typically have a shorter investment period, shorter holding periods and higher rates of current income. . A programmatic investing structure may be considered when investing in this asset class in order to reduce exposure to a single vintage year.

Private Equity

The purpose of investing in Private Equity is to provide both return potential and risk diversification by investing in a less liquid asset class that is not as correlated to the liquid markets. Private Equity investments include direct, secondary, primary and listed private market investments, buyout, venture capital, mezzanine, distressed investments and other special situations. It can include investments focused in North America, Europe, Asia and or emerging markets. Investments will be sought which provide premiums over public market returns sufficient to compensate for the risk and illiquidity of private equity investments. Return expectations may vary greatly depending on the investment strategy.

Investments in private equity will include direct and fund of fund vehicles. The vehicles will be either limited liability partnerships, limited liability corporations or group trusts. The vehicle's manager will have discretion with respect to management of the investment program, operating within the parameters delineated in the fund's legal documentation. A programmatic investing structure may be considered when investing in this asset class in order to reduce exposure to a single vintage year.

Guidelines:

- The securities guidelines for fund-of-fund vehicles will be determined by the fund-of-fund's legal documentation.
- Investment in the fund-of-funds vehicle should not represent more than 20% of the total market value of the fund-of-funds.
- The manager of the fund-of-funds vehicle shall be a Bank, or a registered advisor under the Investment Advisors Act of 1940.

Master Limited Partnerships (MLPs):

MLPs are described above in this policy.

Guidelines:

- Generally, at least 70% of the portfolio invested in MLPs will be invested in MLPs that are considered mid-stream.

- No more than 10% of the market value of the separate account portfolio at the time of the investment purchase will be invested in any one issuer.
- The portfolio is expected to remain fully invested with maximum cash of 5%.
- The use of leverage by the MLP is permitted, however, the use of leverage and short selling by the money manager is prohibited.

Low Correlated Hedge Fund Products

The purpose of investing in Low Correlated Hedge Fund Products is to provide both return potential and risk diversification by investing in a less liquid asset class that is not as correlated to the liquid markets. The amount to invest in hedge fund products may be increased in times of low interest rates. The Investment Portfolio may include absolute return strategy products. The overall risk profile expected from absolute return strategies shall be maintained at a lower level than that of direct equity portfolios although individual absolute return vehicles may entail greater risk.

In such investments, leverage will be carefully monitored with the expectation to minimize the risks of leverage.

Investments in absolute return products will be through direct or fund-of-fund vehicles. They will be either limited liability partnerships, limited liability corporations or group trusts. The vehicle's manager will have discretion with respect to management of the investment program, operating within the parameters delineated in the fund's legal documentation.

Guidelines:

- The securities guidelines for hedge fund vehicles will be determined by the fund's legal documentation.
- Investment in the hedge fund vehicle should not represent more than 20% of the total market value of the hedge fund.
- The manager of the hedge fund vehicle shall be a Bank, or a registered advisor under the Investment Advisors Act of 1940.

Cash/Cash Equivalents

Cash equivalent reserves shall consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposit, time deposits, repurchase agreements are also acceptable investment vehicles.

Any idle cash not invested by the investment managers shall be invested daily through an automatic sweep managed by the custodian.

SELECTION OF MONEY MANAGERS

The Committee, with the assistance of the Consultant, will select appropriate Money Managers to manage certain asset classes of the Investment Portfolio. The Money Managers will be selected with adherence to the applicable asset allocation in the exhibits to the Policy. The minimum criteria for Money Managers other than student fund managers are as follows:

1. The fund options will be managed by a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940.
2. Historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style will be utilized for performance screening.
3. Performance evaluation reports that illustrate the risk/return profile of the manager relative to other managers of like investment style will be utilized.
4. Detailed information on the history of the firm, key personnel, and costs, will be analyzed.
5. The investment strategy that will be followed must be described and it must be documented that the strategy has been successfully adhered to over time.
6. Money Managers must compare favorably against a comparable peer group for selection.
7. Each money manager will acknowledge, through the fund prospectus or other operating guideline, the following duties and responsibilities:
 - a. Exercise investment discretion, including holding cash equivalents as an alternative, within stated investment constraints, objectives and guidelines.
 - b. Promptly inform, by prospectus or direct communication, all significant and/or material matters and changes pertaining to the investment of investment portfolio assets, especially as they relate to their stated investment philosophy and investment management decision process. These factors include, but are not limited to:
 1. Investment strategy
 2. Portfolio structure
 3. Tactical approaches
 4. Ownership
 5. Organizational structure
 6. Financial condition
 7. Professional staff
 8. Recommendations for guideline changes
 9. Internal expenses and management costs

-and-

All legal material, SEC and other regulatory agency proceedings affecting the firm.

- c. Utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such

matters would use in like activities for like retirement plans with like aims in accordance and compliance with IRS regulations and all applicable laws, rules and regulations from local, state, federal and international political entities as it pertains to fiduciary duties and responsibilities.

The Committee and its consultant will determine the appropriateness of each Money Manager based on the criteria, objectives and guidelines stated in the Policy.

The Committee with the approval of the Foundation Board, may select University of Northern Colorado students as Money Managers if they are enrolled in the appropriate class at the Monfort College of Business. The student managers will be subject to this Policy and specifically subject to the asset allocation and monitoring criteria defined in applicable exhibits to this Policy.

CONTROL PROCEDURES

Performance Objectives

Investment performance will be reviewed at least annually by the Board to determine the continued feasibility of achieving the investment objectives and the appropriateness of the Policy for achieving those objectives.

It is not expected that the Policy will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the Policy. The asset allocations outlined in the exhibits to the Policy are evaluated periodically and may change accordingly. With recommendation of the Committee and approval by the Board, the exhibits to this Policy may be amended to reflect such changes. The amended exhibits are in effect with approval by the Board. Amendment of an individual exhibit does not require acceptance by all parties that have signed acceptance of the Policy overall

Duties and Responsibilities of the Money Managers

Each Money Manager, other than student managers, is expected to adhere to the terms and conditions set forth in its prospectus and/or other operating guidelines of the fund. Student managers are expected to adhere to the operating guidelines in the applicable exhibit to this Policy.

The duties and responsibilities of each Money Manager selected by the Foundation include the following:

- (1) Managing the Foundation assets under its care, custody and/or control in accordance with the Policy objectives and guidelines set forth herein, and also expressed in separate written agreements when deviation is deemed prudent and desirable by the Board.
- (2) Exercising investment discretion within the Policy objectives and guidelines set forth herein.
- (3) Promptly informing the Committee and Consultant in writing regarding all significant and/or material matters and changes pertaining to the investment of Foundation assets, including, but not limited to:
 - a. Investment strategy

- b. Portfolio structure
 - c. Tactical approaches
 - d. Ownership
 - e. Organizational structure
 - f. Financial condition
 - g. Professional staff
 - h. Recommendations for guideline changes
 - i. All legal material, SEC and other regulatory agency proceedings affecting the firm.
- (4) Promptly voting all proxies and related actions in a manner consistent with the long-term interests and objectives of the Foundation set forth herein. Each manager shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto
- (5) Utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like Funds with like aims in accordance and compliance with applicable laws, rules and regulations from local, state, and federal entities as pertains to fiduciary duties and responsibilities.

Fund-of-funds reporting requirements will be governed by the fund's legal documentation, which at a minimum will provide for quarterly unaudited financial statements and other relevant investment holdings exhibits, and annual audited financial statements and relevant investment holding exhibits.

Monitoring of Money Managers

Performance will be evaluated and reported quarterly to test progress toward the attainment of longer-term targets. It is understood that there are likely to be short-term periods during which performance deviates from market indices. During such times, greater emphasis shall be placed on *peer*-performance comparisons with money managers employing similar styles.

On a timely basis, but not less than four times a year, the Committee will meet to evaluate Money Managers according to the following categories:

- Money Manager's adherence to the guidelines, duties and responsibilities stated in this Policy;
- Material changes in the Money Manager's organization, people, philosophy & process, style consistency, asset base, performance and expenses; and,
- Comparisons of the Money Manager's results to appropriate indices and peer groups

The Board and the Committee is aware that the ongoing review and analysis of Money Managers is just as important as the due diligence implemented during the Money Manager selection process. Further review and analysis will be undertaken by the Committee and Consultant if material deviations are noted during the monitoring of Money Managers.

Review and replacement guidelines for alternative investment managers may be established, in addition to or in place of the above criteria, reflecting their specific investment strategy.

The performance of the money managers will be monitored on an ongoing basis by the Committee and Consultant and it is at the Committee's discretion to take corrective action by replacing a money manager if they deem it appropriate at any time.

Undersigned has read, understands and acknowledges its responsibilities, including its fiduciary status, as contained in this Investment Policy.