COLORADO SCHOOL OF MINES FOUNDATION
LONG-TERM INVESTMENT POOL

INVESTMENT POLICY STATEMENT

STATEMENT OF PURPOSE

The purpose of this statement is to establish an understanding regarding the investment philosophy and policy guidelines for managing the Colorado School of Mines Foundation's Long-term Investment Pool (LTIP).

It is intended that these philosophy and policy guidelines provide meaningful guidance in the management of the Foundation's investments but not be overly restrictive given changing economic, business and investment market conditions. It is also intended that these guidelines conform to the standards for managing and investing charitable funds contained in Colorado's Uniform Prudent Management of Institutional Funds Act (UPMIFA).

INVESTMENT PHILOSOPHY

The Foundation's commitments and therefore its assets are long-term in nature. The funds shall be managed in a diversified manner with the goals of providing a steady stream of funding for the Colorado School of Mines and maintaining the real (inflation-adjusted) purchasing power of the investment assets over time.

The funds shall be invested to provide adequate diversification of risk and reasonable opportunity for long-term growth. The Foundation believes it is desirable to allow considerable flexibility in attaining these goals. This philosophy encourages a proper balance between preservation of capital and enhancement of the assets' purchasing power.

The funds shall be professionally managed by established investment managers. The funds shall be supervised by an Investment Committee that shall engage a consultant(s) and investment managers. Engagement or disengagement of the consultant(s) and investment managers shall require the ratification of the Executive Committee of the Board.

INVESTMENT GUIDELINES

Within the scope of the general investment philosophy, a variety of investments can be made provided they are recognized as generally acceptable for long-term endowments. Permissible areas would include: marketable equities (including both domestic and international), fixed income, private equity investments, and alternative investments including hedged funds and absolute return managers. In making decisions, it must be recognized that there is a responsibility to the Foundation to preserve and protect the assets in both absolute and inflation-adjusted terms.

(Adopted by the Executive Committee 4/2/09)
(Revised 12/15/10, 10/5/16, 2/1/17,12/13/18)

Investment Goals and Objectives

The investment goal is to provide a real total return that preserves the purchasing power of the Foundation's assets while generating an income stream to support the Foundation's activities of supporting the Colorado School of Mines. The Foundation's real total return will be sought from an investment strategy that provides an opportunity for superior total returns within prudent levels of risk and volatility.

In pursuit of this investment goal, the LTIP's investment objectives shall be defined as:

- *Absolute:* Measured in real (net of inflation) rate of return terms and shall have the longest time horizon for measurement;

- *Relative:* Measured as time-weighted rates of return versus capital market indices and peers;

The *absolute* objective of the LTIP shall be first to seek an average total annual return equal to the total annual endowment distribution; second to cover inflation; and third to provide additional growth over inflation. This objective shall be measured over an annualized ten-year time period. The intent of this objective is to preserve, over time, the principal value of assets as measured in real, inflation adjusted terms recognizing that annual returns may be well above or below the long-term goal.

The *relative* objective of the LTIP shall be to seek competitive investment performance versus appropriate capital market measures, such as securities indices. This objective is measured primarily by comparing investment results over a moving annualized three-year, five-year and ten-year period to the appropriate indices and peers. Recognizing that the risk-free rate of return is set by the macroeconomic environment, an additional measure shall be to seek a 5% to 6% premium to the risk free rate of return as measured by the 90-day Treasury Bills.

The LTIP annual endowment distribution percentage is established annually by the Executive Committee of the Board. The endowment spending distribution and overall investment policy are reviewed annually based on the long-term investment environment and the funding needs of the Colorado School of Mines.

Risk Tolerance

The LTIP has an unlimited life; therefore, the investment philosophy will have a long-term orientation while having a disciplined approach in reacting to short-term market stress and volatility.

The primary endowment investing goal risks are (1) permanent loss of capital; (2) failure to achieve the investment objective over a full market cycle (7-10 years); and (3) volatility of returns in the short term. The LTIP seeks to attain a risk level as measured by standard deviation over a rolling five-year period at or below the Policy Benchmark (85%/15%). It is recognized that in some periods the risk level will be greater that the Policy Benchmark, and in some periods it will be less.

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The investment philosophy will be biased toward the growth of investment capital while balancing the desire to protect or preserve invested capital. The LTIP shall be invested over a broad investment spectrum in order to create a mix of potential returns that, in the aggregate, will achieve the overall portfolio objectives.

Sufficient liquidity shall be maintained within its investment portfolio to support annual spending budgets. Moderate levels of illiquid assets within the overall portfolio are acceptable in order to enhance the returns necessary to achieve the LTIP's investment goals and objectives.

Investment Constraints

- Time Horizon – Although the LTIP has been established in perpetuity, the Investment Committee has established a 20-year period of time as a frame of reference for long-term strategic investment considerations.

- Liquidity – Liquidity must be sufficient to meet spending levels and advancement fees charged.

- Long-Term Illiquid Investments - are defined as long-term illiquid investments usually with an investment period of three years or longer, such as private credit, private equity or venture capital funds. Hedged funds with extended lock-up periods are not considered long-term illiquid investments.

  Up to 35% of the total LTIP value may be invested in long-term illiquid investments and may increase to a maximum of 45%. The Investment Committee will review the portfolio illiquid holdings quarterly and report to the Executive Committee at least every two years.

- Diversification - The LTIP should be properly diversified to ensure that adverse or unexpected developments arising in one security or asset class will not have significant detrimental impact on the entire portfolio. Assets will be diversified by asset class, geography, security characteristics, etc.

- Concentrated Positions: At each meeting, the Investment Committee will review any investment manager holdings whose allocation exceeds 5% of the total portfolio.

Investment Strategies

Various asset classes have different return and risk characteristics; therefore, making asset allocation decisions a primary consideration in formulating an investment strategy. The requirement to fund a mandated level of annual spending as well as preserving the purchasing power of the investment assets dictates an overall bias toward equity investments because of their inherent growth opportunities.

A diversified portfolio will be developed using different asset classes in an attempt to generate equity-like returns for the overall portfolio. The Investment Committee will identify and allocate a portion of investment capital to assets that may not be fairly valued or entire asset classes that display atypical or uncorrelated relationships to other asset classes. The goal of the LTIP's diversified portfolio will be to create opportunities for enhanced returns over the long-term within the identified asset classes while decreasing the potential volatility and risk for the overall portfolio.

While certain potentially high return asset investments may pose substantial individual risk, these assets still may be prudently held because of their ability to enhance returns for the overall portfolio, while maintaining a reasonable and acceptable overall portfolio risk profile.

Asset Allocation

The Executive Committee of the Board desires an asset allocation that is appropriately suited for both the prevailing market conditions and long-term outlook. Asset Allocation, as recommended by the Investment Committee, is approved annually by the Executive Committee of the Board of Governors.

A broad range of asset classes will be utilized in order to provide flexibility in pursuing the long-term investment goals. The asset allocation is defined in more detail as part of a comprehensive effort to fully evaluate the diversification and risk characteristics of the investment portfolio.

The Foundation will reference the LTIP portfolio return to two benchmarks. The benchmarks are not to be used as a return objective:

(1) A policy benchmark for the total investment portfolio return will be an index mix of MSCI AWCI 85% and 15% Barclays Aggregate Bond Index.
(2) A asset categories benchmark specific to the primary asset class categories of the portfolio. The asset categories and related benchmarks are provided below:

Asset Category	Benchmark
Global Equities Related	MSCI ACWI
Real Assets	50% Bloomberg Commodity Index/ 50% NCREIF Property Index
Private Equity/Opportunistic	Prequin Private Capital Index
Fixed Income and Cash	BBgBarc US Aggregate TR

The asset allocation target ranges shall be:

	Minimum	Maximum
Global Equity(includes hedged equities)	30%	75%
Real Assets	0%	20%
Private Equity/Opportunistic(includes private credit)*	0%	20%
Fixed Income and Cash	10%	30%

*the timing of expected distributions shall be considered in maintaining the allocation range

Rebalancing

Rebalancing ensures that actual asset allocations remain within predetermined strategic asset allocations. Changes to asset allocation targets are typically motivated by a collective analysis of market movements, contributions of new assets or cash withdrawals, new risk/return estimates, redeployment of investments to new managers, changing organizational preferences such as spending levels or overall risk tolerance, and consideration of new asset classes.

The LTIP's targeted strategic allocation mix is formally reviewed at least every year, or as changing circumstances dictate, to determine whether modifications are necessary. Actual asset allocations relative to targeted allocations are also monitored on a quarterly basis in connection with required meetings of the Committee. Formal asset allocation reviews are required and performed by the Committee if actual allocations fall outside the range limitations. Rebalancing may occur within the policy ranges and, to the extent possible, may be accomplished with liquidity and cash flow management into and out of the investment portfolio.

Laws and Regulations

The LTIP will be managed in a way that is sensitive to spending policies determined by the Executive Committee of the Board.. The Foundation will comply with applicable federal and state laws including UPMIFA.

In accordance to UPMIFA, except as otherwise provided in a gift instrument, in managing and investing the Foundation's funds, the following factors, if relevant, will be considered:

- General economic conditions.
- The possible effect of inflation or deflation.
- The expected tax consequences, if any, of investment decisions or strategies.
- The role that each investment or course of action plays within the overall investment portfolio of the Foundation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Foundation.
- The needs of the Foundation and the fund to make distributions and to preserve capital.
- An asset's special relationship or special value, if any, to the charitable purposes of the Foundation.