



Investment Update for Fall 2017

Recent Investment Performance

The University of Colorado Foundation’s Long Term Investment Pool (LTIP)—which includes endowments the Foundation holds for the benefit of the University of Colorado—had a positive quarter. **For the quarter ending September 30, 2017, the LTIP returned +3.68%, which compares to +4.31% for our policy benchmark.**

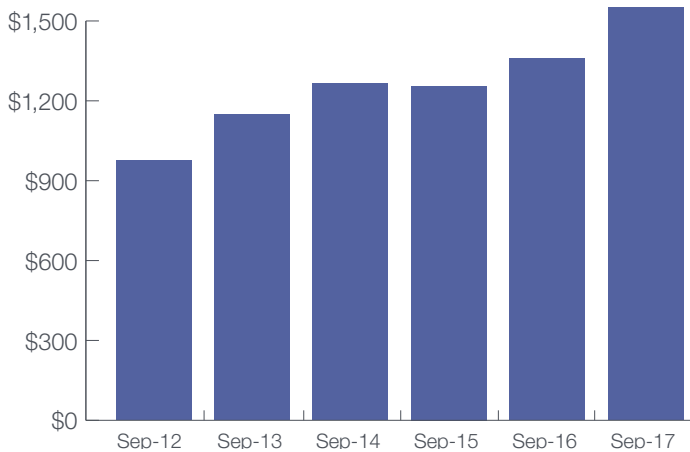
As of September 30, 2017, the LTIP was valued at \$1.563 billion. The value of endowments invested for the benefit of CU is a subset of the LTIP, totaling \$1.23 billion.

The LTIP’s longer-term results show a consistent track record of investment success, in line with the Foundation’s goal of maximizing returns over an extended time period while effectively managing risk. Achieving this objective is critical given CU’s long-term educational mission. Faculty, students and programs on all four university campuses rely on consistent funding streams from the LTIP for years to come. **As of September 30, 2017, the LTIP’s 3-year annualized investment performance was +6.96%, its 5-year performance was +9.13% and its 10-year performance was +5.34%.**

(continued on reverse)

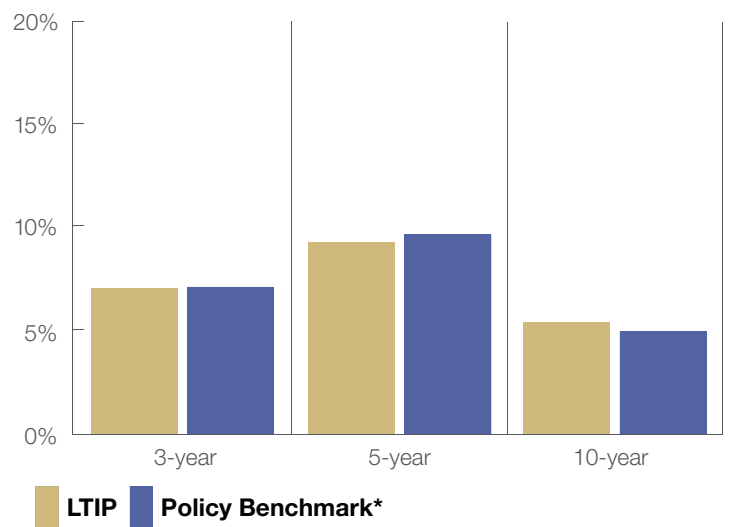
Long Term Investment Pool

Value



Totals expressed in millions, and reflect value as of 9/30 for each year. (Note: Increases/decreases of these funds over time do not precisely mirror investment performance, due to variable fundraising inflows/outflows to university programs.)

Annualized Investment Performance



*The Policy Benchmark, effective FY 2018, is a blend of 80% MSCI ACWI (equities) and 20% Barclays US Aggregate Bond Index (fixed income). Depending on the return period presented, historical benchmarks of 40% Russell 3000, 40% MSCI EAFE and 20% Barclays US Agg (FY 2009 – 2017) and 50% Russell 3000, 30% Barclays US Agg and 20% MSCI EAFE (fund inception – FY 2008) are components of the policy benchmark as applicable.

Investment Portfolio Composition

The LTIP is structured to maintain a level of volatility below that of the domestic and international equity markets in aggregate. Portfolio managers maintain asset allocations within the target ranges established and monitored by the Foundation's Investment Policy Committee, which reports to the Foundation's Board of Directors.

While the LTIP has a material stake in public equity markets, 43% of its holdings are invested in private capital, real assets, and hedge funds—enabling the Foundation's investment manager to assemble a portfolio that is geared to long-term performance. Meanwhile, the LTIP's current 6% weighting in cash and fixed income provides a buffer against volatility and allows timely response to investment opportunities.

Near-Term Investment Outlook

According to Chris Bittman, partner at asset management firm Perella Weinberg Partners (PWP) and investment manager of the LTIP:

“During the quarter ending September 30, 2017, investment markets climbed higher, backed by modest worldwide economic growth, monetary policy that supports growth and solid corporate profits. The U.S. economy and equity markets have been advancing forward for an extended period of time, which has resulted in many equity and credit markets trading at expensive levels.

Despite strong results, U.S. equity markets were outpaced by non-U.S. equities during the past quarter. Much of this difference is attributable to recent weakness of the U.S. dollar relative to foreign currencies.

Global growth and benign U.S. inflation have given the Federal Reserve confidence to continue hiking interest rates. Also, the Federal Reserve's move to reduce the size of its balance sheet could lead to market uncertainty, since we have no experience dealing with such a significant balance sheet contraction. These changes in global monetary policy may boost volatility, emphasizing the importance of asset allocation and portfolio management.

Certainly, there are a number of concerns on the minds of market participants, including expensive valuations, U.S. political and global geopolitical uncertainties, and a shift towards less supportive central banks. While high equity market and credit valuations are a cause for concern, it is prudent to have some enduring exposure to pro-growth or “risk assets.” We will continue to appropriately rebalance and reposition capital toward areas with more reasonable valuations.”

We can answer your questions.

As gifts and distributions from endowments continue to be key long-term funding components for CU, it's crucial that members of the CU family have full confidence in and understanding of our investment activities. We are available to answer your questions, and can make presentations to constituents on our investment model, performance and outlook.

Thank you for continued confidence in our efforts on behalf of the University of Colorado.

Mike Pritchard

Vice President and CFO

CU Foundation

303-813-7905

mike.pritchard@cufund.org

giving.cu.edu/cufoundation



University of Colorado
Foundation