University of Colorado

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ADVANCEMENT | CU FOUNDATION

Investment Update for Winter 2018

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 December 31, 2017, the LTIP returned +4.15%, which compares to +4.65% for our policy benchmark. **From the start of fiscal year 2018 (July 1, 2017) through December 31, 2017, the LTIP returned +7.99% compared to +9.16% for the policy benchmark.**

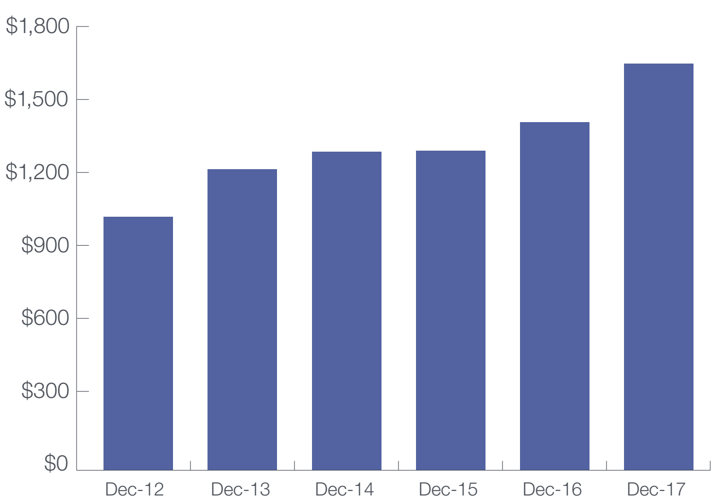
As of December 31, 2017, the LTIP was valued at $1.63 billion. The value of endowments invested for the benefit of CU is a subset of the LTIP, totaling $1.3 billion.

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 December 31, 2017, the LTIP's 3-year annualized investment performance was +8.01%, its 5-year performance was +9.45% and its 10-year performance was +5.76%.**

(continued on reverse)

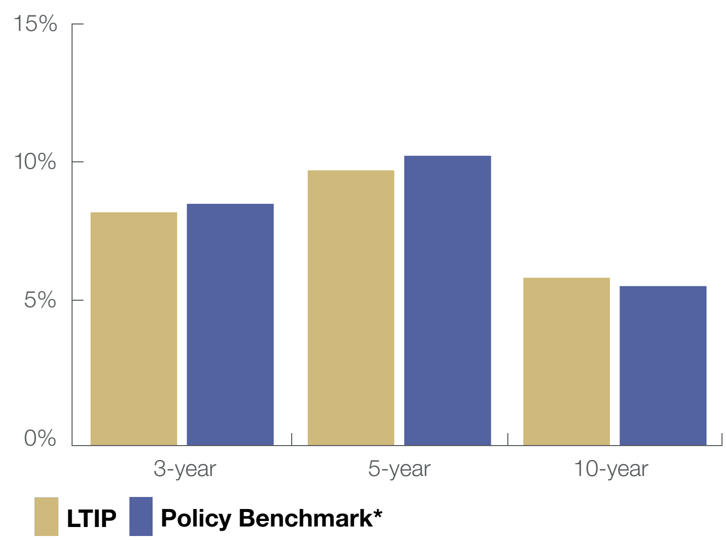
Long Term Investment Pool

Value



Totals expressed in millions, and reflect value as of 12/31 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, 44% 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 5% 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:

"Most investment markets continued their recent run of strength this quarter amid a favorable macroeconomic backdrop. Investors have been focused on positives, such as synchronized global growth in which virtually every major economy is experiencing expansion, inflationary pressures that are under control and low market volatility.

Looking forward, the global economy appears set to expand in 2018 with most regions contributing. However, the current backdrop for the capital markets is more challenging given expensive valuations in both equities and fixed income. It seems possible that the performance of global economies may be set to diverge from that of the capital markets.

The combination of improving GDP growth, robust corporate profits and a Federal Reserve that has been slow to reduce supportive measures could continue to drive risk assets higher. However, given that U.S. equities are trading at elevated valuations relative to their history, interest rates seem to have bottomed, and Federal Reserve policy could become more of a headwind, markets may struggle to produce the same level of returns in the coming year. With these potential challenges in mind, we expect much greater volatility in 2018, and now is an appropriate time to stay focused on protecting capital and remaining nimble."

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.

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