

UNIVERSITY OF COLORADO FOUNDATION
SHORT TERM INVESTMENT POOL (STIP) – ASSET ALLOCATION POLICY

Overview

The Short-Term Investment Pool (the “STIP”) is a separate investment pool. The primary sources of funds for this pool are:

1. Callable funds (cash balances available on capital and current funds, and endowment distribution funds, as well as balances available from board designation of unrestricted net assets).
2. Earnings/losses on callable funds that increase/decrease University of Colorado Foundation (the “Foundation”) unrestricted net assets.
3. Other unrestricted cash such as historical cumulative surpluses/deficits from operations.

Policy Statement

This policy is intended to provide clarity about the Foundation’s STIP investment allocation. The goals of this allocation are to:

1. Ensure adequate cash balances are available for Foundation operations;
2. Adequately reserve for University requests of callable funds;
3. Prudently maximize returns on short term funds;
4. Achieve growth in the cash balance reserves by investing them in asset classes that provide an opportunity for a greater return on investment.

The STIP should be managed in accordance with the principles outlined below:

The rationale for investing a portion of the STIP in the LTIP is to achieve growth in the value of cash balance reserves through a return on investment. To the extent the STIP achieves growth through investment returns, the Foundation will realize unrestricted net assets that the Foundation can deploy to create an operating reserve and, from time to time, designate for university programs and projects.

The target STIP asset allocations shall be:

	Target Allocation	Maximum/Minimum
Long Term Investment Pool	50%	55% / 45%
Fixed Income Investments	40%	45% / 35%
Cash	10%	15% / 5%

Investment Prudence: The decisions of the Board, the Investment Policy Committee, Foundation Staff and any Outsourced Chief Investment Officer (the “OCIO”) or investment consultants hired by the Investment Policy Committee are governed by the Uniform Prudent Management of Institutional Funds Act. The Board and Investment Policy Committee must make decisions in a prudent manner and in the best interests of the STIP. The Board and Investment Policy Committee have the discretion to delegate this responsibility to other parties such as bank custodians, OCIOs, investment consultants and Foundation Staff who work in a fiduciary capacity for the STIP. The standard of conduct applicable to the STIP is one of ordinary business care and prudence under

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the prevailing facts and circumstances, considering long-term and short-term needs, present and anticipated financial requirements, expected total return on current pricing of investments, and general economic conditions.

Diversification: The portion of the STIP that is not invested in the Long Term Investment Pool or cash shall be invested in a diversified manner through investments across fixed income asset classes, recognizing that classes with low correlation to each other may perform differently in different economic or investment environments.

Investment Vehicles: The investment structures to be used in managing the STIP may include, but are not limited to, separate account managers, mutual funds, exchange traded funds and notes, and other pooled investment vehicles.

Guidelines for Fixed Income Managers: The Foundation will seek some portfolio alpha from the fixed income allocation instead of just deflation protection, as might be the case in other portfolios with smaller fixed income allocations. In addition to bonds, the fixed income portfolio may include investments in money market instruments but may not include equities and convertible bonds that are essentially equity securities. Non-dollar-denominated fixed income securities, high-yield securities, mortgage-backed and other securitized instruments are permissible as a part of an opportunistic total return strategy.

Liquidity: There must be sufficient liquidity in the STIP to ensure that the STIP can meet the Foundation's operational needs. Liquidity needs will be evaluated on at least a monthly basis by Foundation Staff. Foundation Staff will promptly notify the OCIO if the liquidity requirements have substantially changed.

Cash: Cash is to be employed productively at all times by investment in cash reserves to provide safety, liquidity, and return as determined by the liquidity needs of the Foundation's operations.

Policy Owner: VP of Finance, CFO
BOD Approval: June 22, 2021
Fin/Ops Committee Review: June 3, 2021