

University of Colorado Foundation
Life Income Arrangements Investment Guidelines

Approved: May 3, 2007

Summary:

The University of Colorado Foundation (“Foundation”) offers Life Income Arrangements in order to accommodate donors who would like an income stream during their lifetime, but intend for a significant remainder balance to be left to the Foundation for the benefit of the University of Colorado.

Life Income Arrangements are funds administered by the University of Colorado Foundation under written trust agreements.

The Foundation maintains three categories of Life Income Arrangements:

- Charitable Remainder Trusts
- Charitable Gift Annuities
- Pooled Income Funds.

These guidelines are intended to provide a general framework for the exercise of investment powers in accordance with the terms of various trust funds. Exceptions to this policy may be approved by the Foundation’s Investment Policy Committee.

The investment objectives of individual trust funds can and do differ. Therefore, no inference of imprudence should arise if actions taken at one time in one or more funds are not also taken at the same time in another fund or funds.

Objectives:

The Foundation shall exercise its investment powers as trustee for the exclusive benefit of each individual trust fund in accordance with the express terms and limitations of each trust agreement.

Trust funds will ordinarily be invested in a diversified portfolio of marketable stocks and bonds via a combination of open-ended mutual funds or Exchange Traded Funds (ETF’s).

The Foundation uses model portfolios with multiple mutual funds in each model. Mutual funds or ETF’s may be passive (index funds) or actively managed funds.

The trust type and payout rate along with the ages of the beneficiary determine which investment model is used for each trust. Asset allocation among the models is intended

to be flexible and should not be construed as “fixed”.

Model portfolios will typically have an allocation to domestic and international equities and bonds and will be reasonably diversified as well as having sufficient liquidity to meet payout requirements. Withdrawals for liquidity needs may come from principal.

Life Income Arrangements will be managed with the following objectives:

- Support the percentage payout for each trust from any combination of income, capital gains or trust principal.
- Preserve a significant remainder value for the beneficiary.

Since the obligation on certain Life Income Arrangements is a general obligation of the Foundation and not of the invested funds themselves, the investment objective is one of total return.

Funds and fund models are evaluated for risk and return over rolling 5-year time periods.

There can be no guarantee that the investment objectives set forth in these guidelines can always be achieved. In years where trust investment performance (net of fees and expenses) is lower than the percentage payout, the trust’s principal value will decline.

Fees:

Funds for the models will be selected with sensitivity to cost and expected turnover.

Underlying investment management fees of the mutual funds are deducted directly from the fund’s net asset value as is typically the case with open-ended mutual funds.

Trustee fees are also deducted from the trusts.