

COLORADO STATE UNIVERSITY - PUEBLO FOUNDATION
SECURITIES INVESTMENT STRATEGY GUIDELINES
FINAL – As presented by Investment Committee
to Full Board of Directors for Approval

I. PURPOSE

The purpose of this guideline is to review, on a quarterly basis, the general parameters of the portfolio design as to asset mix, performance and investment style.

This guideline will:

- ◆ establish reasonable expectations and objectives in the investment of the portfolio assets;
- ◆ set forth normal allocations and permissible ranges of exposure for the portfolio;
- ◆ encourage effective communication between the Foundation and Mark Kennedy, the Investment Advisor Representative; and
- ◆ create the framework for an asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Foundation.

This Statement is intended to be a summary of an investment philosophy that provides guidance for the Foundation and Mark Kennedy, the Investment Advisor Representative. Periodically, the review process may require a revision to this Statement to insure that it continues to reflect the Foundation's attitudes, expectations, and objectives. These guidelines should be reviewed annually by the Investment Committee in April.

INVESTMENT OBJECTIVES & GOALS

This Investment Strategy Guideline represents 100 percent of the Foundation's overall securities investment portfolio.

The specific investment objectives of the portfolio shall be to achieve competitive returns with less risk and more consistency. The objective is a balance between long-term growth and stability of capital.

The primary objective of this portfolio is Growth & Income. The Foundation requires more than 5 percent of income from this portfolio immediately. The primary goal for this portfolio is to maximize returns, given that limitation.

These investment goals are expected to be achieved over a time period of 5 to 15 years.

INVESTMENT GUIDELINES

Asset allocation is a method of diversifying investments among the basic asset classes – stocks, bonds, cash and foreign securities. This strategy seeks to moderate fluctuations in portfolio value and help improve returns. It also may lessen the Foundation’s portfolio’s volatility because asset classes rarely move in complete tandem.

The Foundation prefers that the portfolio be invested:

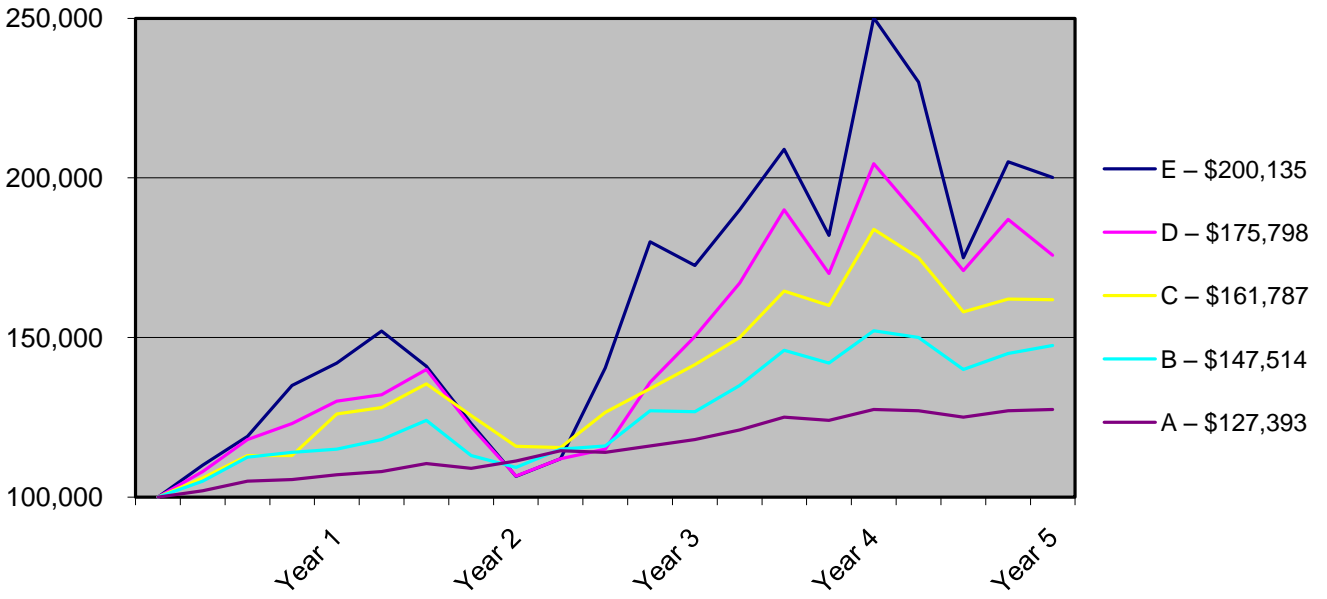
- in cash equivalent assets between 2% and 10%.
- in fixed income securities between 40% and 60%.
- in domestic small- & mid-cap equities between 10% and 35%.
- in domestic large-cap equities between 25% and 45%.
- in international equities between 5% and 25%.

RISK TOLERANCE

The Foundation is more concerned with preserving capital than maximizing capital gains and can tolerate infrequent, moderate, short-term negative returns. The Foundation could endure a 10% to 15% decline in portfolio value over a 12-month period before taking steps to change this investment strategy.

It is understood that the portfolio that best matches the Foundation’s performance expectations and comfort level with volatility is best expressed in the **Portfolio C** example below:

	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>	<i>Average</i>
Portfolio A	+7%	+4%	+6%	+8%	+0%	5%
Portfolio B	+15%	-5%	+16%	+20%	-3%	8%
Portfolio C	+26%	-8%	+22%	+30%	-12%	10%
Portfolio D	+30%	-18%	+41%	+36%	-14%	12%
Portfolio E	+42%	-25%	+62%	+45%	-20%	15%



Adopted this 28TH day of June, 2011.

Foundation Chair – Marvin Stein

Foundation Vice-Chair – Russell DeSalvo

Stifel Nicolaus Senior VP/Investments – Mark Kennedy