

UNIVERSITY OF COLORADO HEALTH AND WELFARE TRUST INVESTMENT POLICY

Under this policy, the Trust Committee of this Trust authorizes the Treasurer of the University to manage and invest the financial assets within the described limits.

The purpose of this investment policy is to provide direction for:

- Effectively investing the assets of the Trust;
- Monitoring and reporting investment results;
- Communicating the investment objectives of the Trust;
- Documenting liquidity needs and risk tolerance; and
- Establishing criteria to monitor, evaluate, and compare the performance results.

Policy:

The Treasurer of the University shall invest the Trust's financial assets primarily in cash equivalents and fixed-income securities using internal resources as well as external managers and commingled and mutual funds, where appropriate. The Treasurer of the University shall regularly consult with and gain consensus from Plan Administration prior to investment changes and report to the Trust Committee on the investment objectives, status, and performance.

Guidance will be provided by the following:

- The Prudent Investor Rule within the Colorado Uniform Prudent Investor Act;
- The Uniform Prudent Management of Institutional Funds Act;
- Applicable Federal and State law and regulations; and
- The Trust Committee

Acting as a fiduciary, the Treasurer of the University of Colorado shall:

- Establish accounts in the Trust's name to hold, track and report on investments;
- Coordinate issues relating to cash flow with plan administrators;
- Supervise and direct the investment and reinvestment of assets;
- Select individual investment securities, investment managers, and funds;
- Consider the taxable nature of the Trust when:
 - Buying, selling, converting, and executing trades for securities;
 - Reinvesting earnings; and
 - Voting proxies.

Permitted Investment Characteristics:

Diversification – exposure of the portfolio to any one issuer, other than securities of the U.S. government or agencies, or government-sponsored corporations, shall not exceed 10 percent of the market value of the portfolio

Quality – the portfolio will be a high quality portfolio. At the time of purchase, all fixed income securities shall have had a Moody's rating of Aa3 or higher, or a Standard & Poor's rating of AA- or higher,

Maturity – securities in the portfolio shall have effective maturities of less than 10 years

The following guidelines may be used to establish effective maturity:

The reset date for floating rate instruments will be used in place of the final maturity date;

For securities with a put date, the put date may be used as the proxy for final maturity; and

Asset-Backed and Mortgage-Backed Securities will use average life in place of final maturity.

Liquidity – appropriate liquidity

Prohibited direct investments and activities:

- Letter stock and other unregistered securities;
- Commodities or commodity contracts;
- Options and futures;
- Short sales or margin transactions;
- Rule 144A securities if more than 10% of the value of any single portfolio;
- Securities lending, pledging and hypothecating securities;
- Derivatives;
- Inverse floaters;
- Interest only securities;
- Cryptocurrencies;
- Reverse repurchase agreements; and
- Other securities that could impart leverage to the portfolio or have highly unpredictable cash flows

Review of Investment Objectives:

The investment program will be reviewed at least annually with the Trust Committee and administrators to determine the continued feasibility of achieving the investment objectives and the appropriateness of this Investment Policy. It is not expected that this Investment Policy will change frequently. In particular, short-term changes in the financial markets should not require adjustments. Changes in the financial condition of the Trust may require changes in the Investment Policy. To that end, an analysis of the time horizon and liquidity needs of the Trust is required each year before reviewing or modifying the Investment Policy.