INTRODUCTION

The University of Denver established the following investment policy for the Consolidated Endowment Fund to carry out the overall goals of the Board of Trustees. The policy may be changed from time-to-time and should be reviewed by the Investment Committee at least annually.

Investment Goal - The basic goal used to determine the appropriate investment policy is to achieve an investment return which will support the University's Consolidated Endowment Fund Management and Distribution Policy (i.e., "Spending Policy"). Thus, the minimum benchmark which will be used to measure the University investment strategy will be performance which satisfies the Spending Policy plus the annualized rate of increase in the Consumer Price Index.

Recognizing there will be volatility in the returns achieved through investments of the types necessary to attain the goal, the time horizon for measuring the goal will be a three-year period.

POLICY

A. Risk Containment - The investment policy shall employ several techniques to control and minimize the level of risk incurred. The portfolio will be invested across multiple asset classes to provide diversification. The assets will be invested by multiple investment managers appointed by the University Investment Committee.

B. Asset Mix - Based upon a study of various investment alternatives and their historical and potential risk and return characteristics, the Investment Committee has determined that the following asset mix should satisfy the goals and risk parameters set forth above:

As approved by the Board of Trustees on October 25, 2003.
<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Target % of Total</th>
<th>Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity-like Investments</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traditional</td>
<td>40.0%</td>
<td>30-70%</td>
</tr>
<tr>
<td>Domestic Large Cap</td>
<td>15%</td>
<td>5-25%</td>
</tr>
<tr>
<td>Domestic Small/Mid Cap</td>
<td>12.5%</td>
<td>5-25%</td>
</tr>
<tr>
<td>International Equities</td>
<td>12.5%</td>
<td>5-25%</td>
</tr>
<tr>
<td>Alternative</td>
<td>20%</td>
<td>0-40%</td>
</tr>
<tr>
<td>Hedged Equity</td>
<td>15%</td>
<td>0-20%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>2.5%</td>
<td>0-10%</td>
</tr>
<tr>
<td>Venture Capital</td>
<td>2.5%</td>
<td>0-10%</td>
</tr>
<tr>
<td>Fixed Income-like Inv.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Traditional</td>
<td>15%</td>
<td>10-30%</td>
</tr>
<tr>
<td>Bonds</td>
<td>15%</td>
<td>10-30%</td>
</tr>
<tr>
<td>Alternative</td>
<td>25.0%</td>
<td>5-25%</td>
</tr>
<tr>
<td>Absolute Return</td>
<td>12.5%</td>
<td>0-20%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>12.5%</td>
<td>5-15%</td>
</tr>
</tbody>
</table>

In categorizing among asset classes, the Investment Committee recognizes that judgment will be necessary to determine whether an asset nominally within one category should nevertheless be placed in a different category because of the investment characteristics of that asset, its function in the overall portfolio mix, and any other relevant factors. For example, high yield bonds may, for portfolio diversification purposes more closely resemble stocks than more conventional fixed income investments. Similarly, judgment may be necessary in categorizing an asset which in legal form would be categorized as an alternative investment but which nevertheless invests in a particular spectrum of the equity universe and is considered the best investment opportunity within that spectrum.

The University Treasurer’s office, working with the Committee’s retained investment consultant, shall monitor the mix of the investment portfolio and shall advise the Committee periodically of the proportions of the portfolio falling within the various asset classes, how the asset classes were categorized for this purpose, and how the proportions so calculated compare with the target percentages and ranges.
specified above. If such proportions vary substantially from either the target or range percentages, the Committee shall, as promptly as possible in the circumstances, consider the matter and either direct such changes as it deems advisable or refer the matter to the Executive Committee of the Board of Trustees or to the Board of Trustees itself.

C. Manager Selection - The Investment Committee will select managers to execute the investment policy in accordance with the above asset mix based on the recommendations of the consultant.

Due diligence and scrutiny will be emphasized by the investment consultant and the University for the managers selected for alternative investments. Particular emphasis will be placed on the experience and skill of the manager, the soundness of the strategies and the quality of risk monitoring and risk control.

III. ASSET CLASS GOALS AND POLICIES

The following performance goals for the managers of each asset class shall be reviewed on an annual basis:

A. Domestic Equities

1. The large-capitalization manager(s) will be expected to:
   a. Meet or exceed the total return of the S&P 500 Index (net of fees over a market cycle); or
   b. meet or exceed the total return of an appropriate style benchmark index consisting of stocks which conforms generally to the manager’s style and stock selection emphasis. (e.g. Russell 1000 Growth)
   c. Rank in the top third of a universe of large capitalization managers of their style.

2. The small/mid capitalization manager(s) will be expected to:
   a. Meet or exceed the total return of the Russell 2000 Index (net of fees over a market cycle); or
b. meet or exceed the total return of an appropriate style index consisting of stocks which conforms generally to the manager's style and stock selection emphasis. (e.g. Russell 2000 Value)

c. Rank in the top 40% of an appropriate universe of small/mid capitalization managers.

3. Policies - To accomplish this performance, a manager:
   a. May raise cash when the manager feels it is appropriate; however, cash holdings should not interfere with the achievement of the benchmarks established above.
   b. Should maintain an adequately diversified portfolio
   c. May not make any investment in commodities or acquire any investment which would cause the manager’s portfolio to be leveraged.

B. International Equities

1. Provide total performance (net of fees) which meets or exceeds the EAFE Index over a market cycle.
2. Be in the top half of an international equity manager universe.
3. Policies – To accomplish this performance, a manager:
   a. May raise cash when the manager feels it is appropriate; however, cash holdings should not interfere with the achievement of the benchmarks established above.
   b. Should maintain an adequately diversified portfolio.
   c. May not make any investment in commodities or acquire any investment which would cause the manager’s portfolio to be leveraged.

C. Fixed Income

1. Provide total performance (net of fees) which meets or exceeds the Lehman Brothers Aggregate Bond Index over a market cycle.
2. Be in the top half of fixed income manager universe.
3. To accomplish this performance goal, the manager:
   a. Should hold an adequately diversified portfolio of fixed-income securities.
b. Should maintain general maturity and duration characteristics in the portfolio similar to those of the Lehman Brothers Aggregate Bond Index.

D. Absolute Return

1. Provide equity like returns (10-12% annually) with bond-like volatility (<10% standard deviation).
2. Should preserve capital in down markets.
3. Should provide consistent monthly returns.

E. Hedged Equity

1. Provide similar returns to long-only equity managers over a market cycle.
2. Have lower volatility than long-only equity managers over a market cycle.