Tenth Mountain Division Foundation, Inc.

Investment Policy Statement

Final Version

July 10, 2015

Note: This Statement has been prepared as an update and first revision of the Foundation's existing Investment Policy, which was first established in July, 2004. It shall not become effective until approved in final form by the Board of Directors of the Foundation.

Executive Summary

As of: 4/23/14

Type of Organization: Tax-Exempt 501(c)3 Charitable Foundation
Date of Origination: 1958
Tax ID #: 84-0574802
Custodian: Charles Schwab Institutional
Investment Advisor: Cornerstone Capital Advisors, Denver, CO
Current Assets: $2,874,382 (a/o 3/31/14)
Time Horizon: More than 10 Years
Spending Policy: 4% of Portfolio Value a/o start of fiscal year.

Asset Allocation Guidelines

Asset Class	Lower Limit	Target Allocation	Upper Limit
Domestic Large-Cap Equities			
Value	5%	15%	25%
Blend	5	10	25
Growth	5	10	25
Domestic Mid Cap Equity	5	15	20
Domestic Small Cap Equity	5	5	20
International Equities	5	5	20
Long-Term Fixed Income	0	5	10
Intermediate-Term Fixed Income	25	30	50
Liquid Alternative Assets	0	5	20
Money Market/Cash	0	0	30

I. Preamble and History

The Tenth Mountain Division Foundation, Inc. (Foundation or TMDF) was formed in 1958 to place a monument at Tennessee Pass to honor the men of the 10th who were killed in action during World War II. When the funds raised for the monument were more than necessary, the Foundation Board of Directors (Board) decided to use the surplus funds to grant scholarships to children of 10th World War II veterans. These college scholarships were based on lineage and financial need.

In 1987 the National Association of the 10th Mountain Division (National) contracted with the Denver Public Library and the Colorado Historical Society for them together to become the 10th Mountain Division Resource Center (Resource Center). The purpose of this Resource Center was to provide a home for all three-dimensional and archival materials resulting from the existence of the 10th Mountain Division during World War II. In 1991 National and the Foundation agreed that together they would raise $1,050,000 to add to the then $300,000 assets the Foundation held so that the Resource Center could be supported and additional scholarships and other good works could be undertaken. The drive was successfully completed in 1999.

Since 1999, the Foundation has received additional gifts and bequests that have increased its endowment principal. Also, the Foundation has received numerous requests for grant support other than for scholarships and Resource Center support. Such requests have included a variety of efforts that commemorate the WWII 10th Mountain Division and its post-war impact on America’s outdoor and winter recreation industry. In recent years, certain activities related to the modern 10th Mountain Division (LI) have also received Foundation support. The Foundation’s endowment as of March 31, 2014 totaled approximately $2.9 million.

II. Statement of Purpose

The purpose of this Investment Policy Statement (Policy) is to guide the Board, Finance Committee, staff, Investment Advisor (Advisor) and/or any consultants in effectively managing, monitoring and evaluating the investment of the TMDF Investment Portfolio and the distribution of Foundation assets for scholarships and other good works. It is recognized that the Investment Portfolio managed by the Finance Committee and Advisor contains Investment Portfolio (Portfolio) funds, and a small portion of the Foundation’s funds is not included in the Portfolio. This Policy has been created and designed to:

1. Document the Foundation's attitudes, expectations, objectives and guidelines in the management of its assets.
2. Set forth an investment structure for managing the Foundation's assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon.

3. Establish formal criteria to select, monitor, evaluate and compare the performance of investment advisors and money managers on a regular basis.
4. Encourage effective communications between the Foundation, Advisor and other interested parties.
5. Facilitate compliance with all applicable fiduciary, prudent investor and due diligence requirements that experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international political entities that may impact the Foundation's assets.
6. Affirm that all fiduciaries shall discharge their responsibilities under this Policy solely in the interests of the TMDF.
7. Protect the Portfolio from market-driven departures from sound policy.
8. Educate new Directors, staff, and Committee members, as well as consultants and any Advisor, in order to maintain the managerial continuity and consistency necessary to meet investment objectives.

III. Investment Objectives

The investment objectives of the Foundation have been established in conjunction with a comprehensive review of current and projected financial requirements. The objectives are:

1. To maintain the purchasing power of the current assets and all future contributions. The objective is to maintain the level of services and programs in relation to inflation-driven average cost increases. This requires establishing a target spending rate of Portfolio value as of the point in time that a budget is drafted for the next fiscal year. This will typically be at a point approximately nine months prior to the start of the next fiscal year.
2. To maintain a constant funding-support ratio. The desire of the Foundation is to maintain the level of programs and services currently provided, and increase future funding availability through growth of the Portfolio and its associated income streams. This can only be accomplished if sufficient total return is reinvested and new funds added to keep pace with cost increases and program expansions.
3. To apply smoothing rules to mitigate the effects of short-term market volatility on spending. One of the following smoothing rules will be applied:
    a. Moving average. The equilibrium spending rate will be applied to an average of the past three years of the Portfolio's market values.

    Or -

    b. Percentage of the Portfolio. A set percentage of the Portfolio will be used as a spending guideline.

    Or -

    c. Judging the need for spending. The Foundation will determine the amount to be spent based on the needs of the recipient organizations.

4. To maximize return within reasonable and prudent levels of risk.
5. To maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy, while still having the potential to produce positive real returns.

IV. Roles and Responsibilities

Foundation Board of Directors

In keeping with the Foundation's Articles of Incorporation and Bylaws, the Foundation Officers and Board have authority and fiduciary responsibility for managing the Foundation's assets to serve the purposes for which they were raised.

As a fiduciary, the primary responsibilities of the Foundation are to:

1. Prepare and maintain an Investment Policy Statement.
2. Prudently diversify the Portfolio's assets to meet an agreed upon risk/return profile.
3. Prudently select and monitor investment options.
4. Control and account for all investment, record keeping and administrative expenses associated with the Portfolio.
5. Monitor and supervise all service vendors and investment transactions.
6. Avoid prohibited transactions and conflicts of interest.

Delegation of Authority to Finance Committee

The Board and the Executive Committee hereby delegate to the Finance Committee:

"Full power and authority to make investments of Portfolio funds in the exercise of its best judgment and discretion. This shall include the authority to change, alter, and add investments. Decisions of the Finance Committee and Advisor(s) shall be subject to review by the Executive Committee and/or the Board, either of which may direct the Finance Committee and/or Advisor to alter course."

The Executive Committee of the Board shall review and advise on the work of the Finance Committee not less than once per year. Simple quarterly reports shall be sent to each member of the Executive Committee.

Finance Committee

The Finance Committee may be comprised of both Directors and non-director members, except that the chair shall be a member of the Board. The Board shall elect the members of the Finance Committee and designate the chair, which shall normally be the Foundation Treasurer.

The Finance Committee shall be comprised of at least 3 and not more than 6 members. The President of the Foundation shall be an automatic member of the Finance Committee. The members of this Committee are to serve three-year staggered terms and may be reelected to the Committee. The chair of the Finance Committee shall report at least semi-annually to the Executive Committee of the Board and annually to the Board on the policies and practices of the Finance Committee. The Chair of the Finance Committee shall serve as the primary point of contact between the Board of Directors, the Executive Committee and any professional financial Advisor.

The Finance Committee will regularly review the implementation of this Policy and monitor the attainment of financial and investment objectives. The Finance Committee will recommend revisions to this policy as deemed necessary or appropriate. The Finance Committee shall have authority for any investment decision consistent with this Investment Policy. The Finance Committee will meet at least two times per year. Subcommittees may be created and delegated specific responsibilities from time to time, as the Committee deems necessary. A quorum of the Committee consists of 60% the Committee. Reasonable notice of a Finance Committee meeting will be provided to all members of the Committee.

Investment Advisor

As distinguished from the Foundation, which is responsible for managing the investment process, each investment Advisor is a fiduciary and consultant to the Foundation, responsible for making day-to-day investment decisions (security selection and price decisions) within the guidelines of this Policy. The Foundation may employ one or more investment Advisors as circumstances and the Board's judgment finds necessary. The specific duties and responsibilities of each investment Advisor are:

1. To manage the assets under their supervision in accordance with the Investment Policy Statement or as refined by guidelines and objectives outlined in their engagement letter agreement with the Foundation.
2. To exercise full investment discretion with regard to buying, managing, and selling assets held in the Portfolio.
3. If managing a separate account (as opposed to a mutual fund or a commingled account), to seek approval from the Foundation prior to purchasing and/or implementing the following securities and transactions:
    a. Letter stock and other unregistered securities; commodities or other commodity contracts; and short sales or margin transactions.
    b. Securities lending; pledging or hypothecating securities.
    c. Investments in the equity securities of any company with a record of less than three years' continuous operation, including the operation of any predecessor.
    d. Investments for the purpose of exercising control of management.

4. To vote promptly all proxies and related actions in a manner consistent with the long-term interest and objectives of the Foundation as described in this Policy. Each investment Advisor shall keep detailed records of the voting of proxies and related actions and will comply with all applicable regulatory obligations.
5. To communicate with the Foundation all significant changes pertaining to the funds it manages or the firm itself. Changes in firm ownership, organizational structure, financial condition, and professional staff are examples of changes to the firm in which the Foundation is interested.
6. To effect all transactions for the Portfolio subject "to best price and execution." If an investment Advisor utilizes brokerage from the Portfolio assets to effect "soft dollar" transactions, detailed records will be kept and communicated to the Foundation.
7. To use the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like Portfolios with like aims in accordance and compliance with Uniform Prudent Investment Act, Uniform Prudent Management of Institutional Funds Act, and all other applicable laws, rules and regulations.
8. Advise the Finance Committee, chair of the Finance Committee, Board and others as authorized by the Board on investment policy, asset allocation, manager selection, investment advice, performance review and other investment matters. In this capacity the Advisor is expected to function as a knowledgeable, unbiased, independent voice. The Advisor must not hesitate to vigorously advocate his or her views, even when Committee or other members disagree. Ultimate responsibility and authority for any investment rests with the Finance Committee.

Advisors engaged by the Foundation shall, absent special circumstances, be reviewed annually as to their performance and responsiveness to the Foundation's needs and requests. The Foundation shall request proposals from qualified firms to serve as investment Advisors every five years. Incumbent advisors shall, absent special circumstances, be included among the firms asked to propose services. The Foundation may request proposals at a lesser interval when necessary to replace an Advisor, or if it believes such action necessary and appropriate to the circumstances.

Custodian

Custodians are responsible for the safekeeping of the Portfolio's assets. The specific duties and responsibilities of the custodian are:

1. To maintain separate accounts by legal registration.
2. To value the holdings.
3. To collect all income and dividends owed to the Portfolio.
4. To settle all transactions (buy-sell orders) initiated by the Advisor.

5. To provide monthly reports that detail transactions, cash flows, securities held and their month-end value, and change in value of the overall Portfolio since the previous report.

The Custodian of the Portfolio will selected by the Finance Committee after consultation with the Advisor(s).

V. Investment Guidelines

Time Horizon

The investment guidelines are based upon an investment horizon of ten years or more. Therefore, interim fluctuations should be viewed with appropriate perspective.

Risk Tolerances

The Foundation recognizes and acknowledges that a moderate level of risk must be assumed in order to achieve its long-term investment objectives, and that there are uncertainties and complexities associated with contemporary investment markets.

In establishing the risk tolerances for this Policy, the Foundation's ability to withstand short- and intermediate-term variability was considered. The Foundation's prospects for the future, current financial condition and level of funding suggest, collectively, that some interim fluctuations in market value and rates of return may be tolerated in order to achieve longer-term objectives.

Return Goals

In general, the Foundation expects the Portfolio to earn a total long-term return which is better than the collective weighted average of its sector benchmark returns over rolling 3 and 5-year time horizons. It is understood that an average long-term return which exceeds market benchmarks will require superior manager performance and historical asset class returns to retain (I) principal value and (2) purchasing power. Furthermore, a secondary objective is to earn a long-term rate of return that is at least 3.0% greater than the rate of inflation, as measured by the Consumer Price Index (CPI). This secondary objective should be considered a guideline only.

Portfolio performance comparisons to suitable benchmarks will be made over various time periods, but particular attention will be focused on rolling five-year periods. Consistent with the investment objectives, each asset class should, as a goal, exhibit better performance than the respective benchmark over the intermediate period.

The Finance Committee may also monitor performance compared to relevant universe medians (e.g. endowments of similar size and/or those of TMDF's peer group exhibiting similar risk preferences and policies).

Asset Allocation

The Foundation believes that long-term investment performance in large part is a function of asset class mix. The Foundation has reviewed the long-term performance characteristics of the broad asset classes, focusing on balancing risks and rewards.

History shows that while interest-generating investments, such as bond portfolios, have the advantage of relative stability of principal value, they provide little opportunity for real long-term capital growth, due to their susceptibility to inflation. On the other hand, equity investments, such as common stocks, have a significantly higher expected return, but have the disadvantage of much greater year-by-year variability of return. From an investment decision- making point of view, this year-by-year variability may be worth accepting, provided that the time horizon for the equity portion of the Portfolio is sufficiently long (five years or greater).
Ten asset classes have been selected and the target asset allocation is outlined below.

Asset Class	**Lower Limit**	**Target Allocation**	**Upper Limit**
Domestic Large-Cap Equities			
Value	5%	15%	25%
Blend	5	10	25
Growth	5	10	25
Domestic Mid Cap Equity	5	15	20
Domestic Small Cap Equity	5	5	20
International Equities	5	5	20
Long-Term Fixed Income	0	5	10
Intermediate-Term Fixed Income	25	30	50
Liquid Alternative Assets	0	5	20
Money Market/Cash Equivalents	0	0	30

Rebalancing of Strategic Allocation

The percentage allocation to each asset class may vary by 10% or more of the Portfolio, depending upon market conditions. Cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation of the Portfolio. The Portfolio allocation will be reviewed quarterly.

If Portfolio cash flows are not sufficient to meet Foundation requirements, the Advisor will effect transactions that alter the Portfolio allocation to provide the required funding.

Permitted Securities

To implement the recommended asset allocation, the Portfolio will be invested in types of securities that focus on specific segments of each asset class. Permitted security types include:

1. Individual stocks
2. Mutual funds of stocks, bonds and/or money market instruments
3. Separately managed accounts of stocks or bonds
4. Individual bonds, provided they are rated Baa or better by at least one recognized rating agency when purchased and traded on a US Exchange or over-the-counter (OTC)
5. Closed-end funds
6. Unit investment trusts, provided they are registered and liquid
7. Exchange-traded funds
8. Venture capital, subject to the advice and consent of the Executive Committee
9. Covered-call options
10. Commodities (involving resource-based listed companies or ETFs, but not futures accounts)
11. Liquid alternative assets

Prohibited Securities and Prohibited Transactions

Following are securities and transactions that are prohibited from the Portfolio:

1. Purchases of letter stock, private placements, or direct payments, except as set forth above in Permitted Securities 8.
2. Puts, calls, straddles, or other option strategies used for speculative purposes
3. Speculative investments focused on short-term gains
4. Investments in non-publicly-registered hedge funds
5. Naked short sales
6. Margin trades, except as may be required for covered call options
7. Purchases of derivative securities (not including covered-call options or derivatives contained within mutual funds or ETFs)

Liquid Alternative Assets

Alternative Investments involve investing in non-traditional asset classes and in traditional asset classes structured in non-traditional manners. These investments are intended to provide enhanced returns and dampened volatility to the overall Portfolio. A portion of the Portfolio may be allocated to readily marketable alternative investment strategies that include:

1. Long/short equity

2. Relative value (i.e. equity market neutral, fixed income and convertible bond arbitrage)
3. Directional (i.e. global allocation and global macro)
4. Commodities (i.e. managed futures, ETF/ETN)
5. Real estate (limited to liquid, publicly-traded REIT investment funds)

Assets invested within alternative investment strategies shall be limited to the following parameters.

- Single strategy, multi-strategy and fund-of-funds investments are permitted.
- Investment in any single manager/investment will be limited to 40% of the total permitted Liquid Alternative Investments Portfolio target allocation at purchase {i.e. 2% of Portfolio assets}.

No investment within a single security, fixed-income instrument, or fund may exceed 5% of the Portfolio’s total assets.

Non-marketable or limited liquidity investments are not permitted.

VI. Investment Manager Selection

The Foundation will apply the following due diligence criteria in selecting its financial money managers (the word ‘product’ is used interchangeably with ‘mutual fund’):

I. Regulatory oversight: Each investment manager should be a regulated bank, an insurance company, a mutual fund organization, or a registered investment advisor.

2. Correlation to style or peer group: The style consistency of the product should be highly correlated to the target asset class. This is one of the most critical parts of the analysis since most of the remaining due diligence involves comparisons of the manager to the appropriate peer group.

3. Performance relative to a peer group: The product's performance should be evaluated (ranked) against the peer group's manager return, for 1, 3, 5 and ten years.

4. Performance relative to assumed risk: The product's risk-adjusted performance (Alpha and/or Sharpe Ratio) should be evaluated against the peer group's risk-adjusted performance.

5. Minimum track record: The product's inception date should be greater than three years prior to product purchase.

6. Assets under management: The product should have at least $75 million under management.

7. Holdings consistent with style: The screened product should have no more than 20% of the Portfolio invested in "unrelated" asset class securities. For example, a Large Cap Growth product should not hold more than 20% in cash, fixed income and/or international securities.

8. Expense ratios/fees: The product's fees should not be in the bottom quartile (most expensive) of their peer group.

9. Stability of the organization: There should be no perceived organizational problems — the same Portfolio management team should be in place for at least two years.

VII Investment Manager Watch List

A manager may be placed on a watch list and a thorough review and analysis of the manager‘s performance may be conducted, when:

1. A manager performs below midpoint rank for their peer group over a 1, 3 and/or 5-year cumulative period over three successive quarters

2. A manager's measures of 3-year risk adjusted return rank (Alpha, Information Ratio and/or Sharpe Ratio) falls below that of the peer group's midpoint over three successive quarters.

3. There is a change in the professionals managing the Portfolio.

4. There is a significant decrease in the product's assets.

5. There is an indication that the manager is deviating from his/her stated style and/or strategy.

6. There is a material increase in the product's fees and expenses.

7. Any extraordinary event occurs that may interfere with the manager's ability to fulfill their role in the future.

A manager evaluation may include the following steps:

1. A letter to the manager asking for an analysis of their underperformance.

2. An analysis of recent transactions, holdings and Portfolio characteristics to determine the cause for underperformance or to check for a change in style.

3. A meeting with the manager, which may be conducted on-site, to gain insight into organizational changes and any changes in strategy or discipline.

4. The Advisor may change ownership of mutual fund holdings based upon its review of various metrics of fund performance without, necessarily, effecting any of the three aforementioned remedies.

VIII. Investment Advisor Selection

The Foundation shall request proposals from qualified firms to serve as its professional Investment Advisor not less frequently than every five years. The Foundation will apply the following due diligence criteria in selecting its Investment Advisor:

1. Credentials: The Advisor candidate must be a Registered Investment Advisor under the Registered Investment Advisor Act of 1940, or registered under any other applicable federal securities act.
2. Experience: The Advisor candidate must have been engaged in the business of providing investment advice for compensation for a period of not less than 5 years prior to submitting a proposal. This experience period may be fulfilled by individuals within a firm, or by the firm itself.
3. Performance: The Advisor candidate should be prepared to show performance over the most recent 3 and 5-year periods that meets or exceeds the weighted average performance of benchmarks selected for comparison in the Foundation's Portfolio sectors.

IX. Investment Advisor Evaluation

On an annual basis, the Foundation shall review the Advisor's investment management performance for the prior 1, 3 and 5 year periods. The principal measures of performance shall be:

1. The Advisor's ability to produce a risk-adjusted total Portfolio return that exceeds the risk-adjusted weighted average return of the benchmark indices selected for each Portfolio sector.
2. The Advisor's responsiveness to inquiries from the Foundation Board, and its Finance and Executive Committees.
3. The timeliness of communication to the Foundation from the Advisor regarding interim performance reports and requests for information to be used for future budgeting and planning purposes.

The decision to retain or terminate a manager cannot be made by a formula. It is the Foundation's confidence in the manager's ability to perform in the future that ultimately determines the retention of a manager.

The Foundation will review this Policy at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the Policy will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the Policy.

X. Spending Policy

Responsibility for a spending policy resides with the Board. A formal spending policy has been adopted to consider investment income for current and future good works. The spending policy takes the form of the Foundation’s annual operating budget. An additional goal of this Policy is to minimize the temptation to relieve budgetary pressures by taking monies from the Portfolio other than to the percentages and amounts allocated in the spending policy. The approved spending rate formula is designed to provide a relatively predictable and growing stream of revenues to the operating budget.

XI. Foundation Officer Portfolio Access and Action Authority

Foundation officers who are authorized to view the Portfolio through online means are also, by the terms of our Custodian agreement, authorized by the Custodian to effect any allowable transactions, including the transfer of money as well as purchases and sales of securities. This authority is hereby limited by this Policy to the viewing of portfolio balances, positions, and the analysis of Portfolio performance using tools provided by the Custodian for this purpose. No Foundation officer may take any other action in the normal course of business.

The purchase and sale of Portfolio securities, and the transfer of money from Portfolio cash balances to any other bank account by any Foundation officer who is otherwise authorized to access the Portfolio, is prohibited. The Investment Advisor will maintain a daily monitor of Portfolio activity and immediately report any such transactions and/or transfers to the Foundation President, Treasurer and the Administrative Director. To the extent possible, the Advisor will also attempt to cancel or reverse such transactions and/or transfers prior to settlement.

Exceptions to this provision of this Policy statement must be approved by the Finance Committee and the Executive Committee of the Foundation prior to any action.

XII. Exceptions

All exceptions to this Policy statement must be approved in advance by a majority of the voting members of the Finance Committee. Such exceptions shall be documented in the minutes of the Committee and shall be brought to the attention of the full Executive Committee and full Board at the next meeting of each for ratification.

XIII. Adoption of Investment Policy Statement

The TMDF Board of Directors have reviewed, approved, and adopted this Investment Policy Statement prepared with the assistance of Cornerstone Capital Advisors, Inc. (Advisor).

Approved: ____________________	Approved: _______________________
Advisor	Foundation
July 27, 2015	July 27, 2015