INVESTMENT POLICY STATEMENT 2018

AJL Charitable Foundation

Preamble

It is the policy of the Board of Directors of the AJL Charitable Foundation that all assets, including funds that are legally unrestricted, be held in a fiduciary capacity for the sake of accomplishing the Foundation's mission and purposes. The following investment objectives, directions and policy statements are to be judged and understood in light of that overall sense of stewardship. The basic investment standards applied shall be those of a prudent investor as articulated under Colorado state laws.

General Information

The AJL Charitable Foundation is a nonprofit grant-making private foundation benefiting non-profit organizations that fall within its mission to provide support for at-risk Colorado youth and families by supporting educational and humanitarian programs that provide the tools to help them succeed in life. The Board of Directors of the Foundation views the assets held by the Foundation as funds intended for long-term philanthropic purposes consistently responsive to the human needs in the served communities.

The purpose of this Investment Policy Statement is to foster a clear understanding of the Foundation's investment objectives, policies and guidelines among all involved parties. The intent herein is to be specific enough to be meaningful, but flexible enough to be practical. The assets covered are the Foundation's financial resources which are invested for long-term total financial return and positive impact and are designated as such.

Objectives

The primary long-term financial objectives are to preserve the real (inflation-adjusted) assets of the Foundation's funds and keep up with the Foundation's spending, recognizing that the Foundation can do the most good by existing into perpetuity, while also maximizing investments for positive impact. We believe there are possibilities to blend both competitive financial returns with positive impact and are equally concerned with both objectives. These objectives should be achieved over rolling five to ten year periods on a total return basis. The Foundation's payout requirement is the minimum amount that private foundations must spend each year for charitable purposes. The amount is paid in the form of qualifying distributions, which include grants and, within certain limits, the administrative cost of making grants. Currently, the foundation must meet or exceed an annual payout requirement of five percent (5%) of the average market value of its net investment assets. Therefore, the primary financial investment objective is for the Foundation's invested assets to earn an average annual real total return, adjusted for inflation, and net of portfolio management expenses, that meets or exceeds the annual spending for the Foundation (estimated at 7% total return) with all parties recognizing that the Foundation can do the most good by existing in perpetuity.

The Directors of the Foundation may choose corporate custodians, trustees and/or investment managers to provide services required to perform the obligations necessary to achieve the stated financial and investment objectives.

The Directors are authorized to oversee the management of the Foundation's real property, if any.

Investment Beliefs and Approach to Portfolio Implementation
These investment beliefs enumerate fundamental investment principles that guide the establishment of policies for the investment and management of investment funds under control of investment advisors and investment managers.

- **Strategic Asset Allocation**
    - Strategic asset allocation is the dominant determinant of return, risk and long term success and therefore should be made judiciously and receive special emphasis and attention. A long-term focus allows investors to best structure portfolios to benefit from a broad set of investment opportunities.
    - Management of the risk of long-run real capital losses is our key consideration rather than shorter-term measures of risk such as performance variability versus a benchmark. This means we are attracted to an approach that minimizes the chances of an adverse total portfolio outcome even though we may run what might appear to be higher risks in some specific asset classes.

- **Dynamic Asset Allocation**
    - While it might be possible to tactically over/under weight asset classes, we do not believe that intentional deviations from our strategic allocation can be employed consistently through time to improve the return of the portfolio. This encourages us to continuously monitor whether the strategic weight to each type of investment in our portfolio is ideal to achieve our desired outcomes.

- **Public Markets**
    - Inefficiencies may exist in certain segments of the public markets. While largely efficient, select segments of the capital markets can sometimes be exploited by skilled active management. However, we believe that consistently identifying those managers in advance is very difficult.
    - The Committee will maintain an appropriate balance between active and passive strategies. In highly efficient asset classes, passive investment management in public markets will outperform the median active manager in public markets over time. Accordingly, active management should be a deliberate choice and applied only to those public investment strategies and managers in which the advisors to the Finance Committee have a high degree of confidence that such managers will generate better risk-adjusted returns over the long-term, net of all fees and related transactions costs. Given that all active managers will experience periods of short-term underperformance, the Committee should be willing to maintain exposure to those managers as long as the Committee and its advisors continue to have long-term confidence in them.
    - Hedge Funds, or liquid absolute return strategies, can be an important portfolio diversifier. Hedge funds can increase portfolio efficiency by gaining exposures to different return drivers that can provide better downside protection than equities while still contributing non-correlated real returns. Dispersion in hedge fund investment returns is wide; accordingly, manager selection is paramount. Given that hedge funds are providing a different set of factor exposures, it is expected that they will periodically experience periods of underperformance relative to

traditional stocks and bonds. As such, performance should be evaluated over a full market cycle.

- **Private Markets**
    - While inefficiencies may exist in private markets that provide skilled fund managers with excess return opportunities relative to public markets, our strategy is to consider investing directly in private companies to pursue positive impact.

- **Costs**
    - All fees, expenses, commissions, and transaction costs should be diligently monitored and managed in order to maximize net investment returns. While all costs should be monitored and controlled, costs should be evaluated relative to both expected and realized returns.

- **Values**
    - To the extent possible, investments should reflect our values and the integration of environmental, social, and governance (ESG) factors should contribute to long-term investment success.

Investment Values and Approach to Portfolio Implementation

We will employ responsible investment strategies because we believe that these strategies will help move the markets to respect environmental and social gains. We will seek investments that meet the needs of the present without compromising the ability of future generations to meet their own needs.

- **Financial Return and Positive Impact**
    - We seek investments that offer both positive impact and competitive financial return. We believe there are possibilities to blend these two objectives. We are equally concerned with impact of the investment and financial return. We are comfortable compromising some returns in a portion of our portfolio in exchange for greater impact. We will exercise our Active Ownership by voting our proxies to our defined values.

- **Investment Choices**
    - We are open to investing in innovative solutions with significant positive impact requiring patient capital (capital willing to wait longer before achieving financial returns) but this type of investment is a secondary driver of our strategy.
    - We are specifically interested in investments in companies involved in Pollution Prevention, Climate Change, Environmental Innovation, Environmental Disclosure, Communities, Diversity, Human Rights, Sexual Orientation, and Workforce Treatment of Employees.
    - We believe in avoiding investments in companies involved in Abortion, Adult Entertainment, Alcohol, Animal Testing, Firearms, Gambling, and Tobacco.
    - We are specifically interested in investments in companies with strong Governance and CEO Compensation policies.

- **Values Scoring**
  - We will emphasize investment in companies that score well in the following categories:

Environment	
Pollution	We are very interested in investing in companies that are effectively minimizing their environmental impacts. Their performance on issues like toxic chemicals, fossil fuels, and chemical spills, environmental fines, and energy and waters usage is extremely important.
Environmental Innovation	We are extremely interested in companies that generate revenue from businesses involving alternative energy, clean technology, sustainable water, green building, and pollution prevention.
Climate Change Disclosure	A company's management of their carbon footprint through policies or disclosures is very important.
Environmental Policies and Disclosure	Whether a company is proactive in disclosing environmental information about their operations is very important. We are very interested in whether a company is active in developing environmental policies and management systems.

Social	
Community and Politics	We are very interested in supporting companies that are proactive in their communities. Transparency in political engagement and lobbying efforts is very important.
Diversity	We are very interested in supporting companies that prioritize women and minorities' roles both in the workforce and management.
Human Rights	We are extremely interested in supporting companies that have proactive policies addressing human rights policies on topics such as child labor and sweatshops. It is extremely important to avoid investments in companies that operate in countries where human rights abuses are endemic.
Sexual Orientation	Whether a company treats LGBTQ employees the same as heterosexual employees is very important to our investment decisions.
Workforce	We are very interested in investing in companies who support organized labor. It is very important that companies have a good track record for treatment of their employees and no or few instances of discriminatory activities.

Governance	
Board Oversight and Structure	We are very interested in investing in companies who follow "good governance" practices. The boards' assumption of full responsibility for environmental and social policies is very important.
CEO Compensation	The appropriateness and structure of CEO compensation packages is important to our investment choices.

Portfolio Composition
The portfolio of the Foundation may utilize equity securities (including both domestic and foreign stocks), fixed-income securities and short-term cash investments. The use of high risk alternatives such as hedges and derivatives may be used.

Desired Asset Allocation Summary

	Allocations		
Asset Class	**Target**	**Totals**	**Range**
Fixed Income and Cash			
Cash	5%		
Domestic Fixed Income	20%		
High Yield Debt	3%		
Global Fixed Income	5%		
Subtotal Fixed Income and Cash		**33%**	**20 - 45%**
Equities			
Large Cap Core	20%		
Mid Cap Core	7%		
Small Cap	5%		
International Equity	10%		
Emerging Markets Equity	5%		
Subtotal Equities		**47%**	**40 - 65%**
Opportunistic Investments			
Hedged Equity	5%		
Commodity	4%		
Other Broadly Diversified Alternatives	3%		
Impact Investments (PRIs/MRIs, Direct Investments etc.) *(Target: ~8%)*	8%		
Subtotal Opportunistic Investments		**20%**	**5 - 30%**
Grand Total	**100%**	**100%**	

Performance Benchmarks
Over reasonable measurement periods, each individual portfolio should match or exceed the following comparable market indices, net of fees:

Asset Class Benchmarks	
Fixed Income and Cash	
Cash	3M Treasury Bills
Fixed Income	Bank of America & Merrill Lynch 1-10 Year AAA-A, U.S. Corporate & Government Index
Equities	
Large Cap Core	.S&P 500
Mid Cap Core	Russell Midcap
Small Cap	Russell 2000
International Equity	MSCI ACWI ex-US
Emerging Markets Equity	MSCI Emerging Markets Index
Inflation Assets	
Real Return	Bloomberg Commodity Index
Opportunistic Investments	
Hedged Equity	HFRX Equity Hedge Index
MLP/Infrastructure	Alerian MLP Index
Commodities	Bloomberg Commodity Index

Individual investment managers have the latitude to vary investments within the above ranges. Speculative and venture capital stock investments require advance approval of the Board of Directors.

The prospect of credit risk or risk of permanent loss shall be avoided through diversification with respect to economic sector, financial sector and issuer to minimize risk exposure.

No Portfolio Advisor may make direct investments in real estate or permit the lending, mortgage, pledge or hypothecation of any of the Foundation's assets except at specific direction of the Board of Directors.

Portfolio investments with longer than a 15-day redemption clause shall not be made in the public markets without prior approval of the Board of Directors.

Investment Guidelines
The following guidelines apply to specific fund categories:

Cash/Cash Equivalents:
Cash/Cash equivalents can appropriately include overnight custodial cash funds, money market mutual funds, and/or individual money market instruments.

Fixed Income:
All directly-held bonds will be investment grade or better (BBB/Baa) at the time of purchase and have a final average maturity of less than twelve years. International fixed income investments may be owned in mutual fund or ETF formats.

Domestic Equities:
Equity Investments will focus on high quality large and mid-capitalization growth and value stocks. However, small-capitalization stocks may be utilized. The Fund may hold high quality and marketable equity securities, and equity oriented mutual funds or ETF's.

International Equities:
Within the International Equity portion, there will typically be further diversification among managers, countries, and investment style. Most often, both emerging market and developed market options will be considered.

Opportunistic Investments - Alternatives & Commodities:
The Fund may hold alternative investments (commodities, real estate, hedge funds, private equity, etc.) up to a maximum allocation of 30%. Alternatives managers will employ various strategies.

Transaction Requirements
All transactions will be for cash and should be entered into on the basis of best execution which means best realized net price.

Reporting Requirements
The investment managers will provide monthly written reports containing all pertinent· transaction details to the Foundation and its specified agents on a timely basis. These reports will include but not be limited to: total return (time-weighted basis) for both the total account and for equity and fixed-income portions net of commissions and fees, purchases, sales, yields, income and information regarding ESG (Environmental, Social and Governance) reviews and rankings for relevant individual holdings. In addition, the investment managers will meet with the Board of Directors, as requested, to review economic outlooks, investment strategies, investment performance and other matters of interest to the Foundation.

The investment managers will provide a written report on a quarterly basis that contains the following information:

- Portfolio overview
- Investment performance compared to the corresponding benchmarks

- Investment strategy being used stated in a brief and understandable format (includes Decision-based Attribution Evaluation)
- View of the markets and economy as it relates to their investment decisions
- Investment recommendations that require Foundation approval
- Disclosure of portfolio account-level management fees on each asset class held in the portfolio; external manager fees on equity, fixed income, alternative or hedge funds held in the portfolio
- Other information relevant to the Foundation's interests
- Information regarding relevant ESG ratings and rankings
- Identify any known investment strategies that conflict with the Foundation’s social and environmental beliefs

Investment managers are also required to communicate to the Foundation as soon as possible any changes in firm ownership, significant changes in organizational structure or professional personnel or any changes in fundamental investment philosophy.

Foundation Obligations
The Foundation will advise specific investment managers of its cash withdrawal requirements from that manager's portfolio as soon as they are known in a manner that is timely for responsible account management. The Foundation's Board of Directors will maintain a six-month forward outlook on cash requirements, updated monthly, and will make this available to the investment managers as requested.

The Foundation's Directors will inform any specific investment manager of any concerns, questions or issues with regard to performance or standards immediately when such concerns, questions or issues are identified. A meeting or other appropriate action will be initiated to resolve these issues as quickly as mutually feasible.

Authority to Transact Business
The Foundation has, by resolution of its Board of Directors, delegated to the Foundation’s Board of Directors and staff the authority to direct investment managers. In addition, it has delegated to the Foundation's Executive Director, the Chair of the Directors and other Foundation Officers the primary authority for the implementation of and compliance with this policy on behalf of the Foundation.

Investment managers hired by the Foundation are authorized to independently select and trade investment securities and rebalance their portfolios within the constraints of this policy as stated above.

Voting on the proxies, co-filing, and filing shareholder resolutions are all part of this effort. Proxies shall be voted in accord with the concerns stated in the policy guidelines.

If possible, the Board of Directors directs Investment Managers to vote proxies under the most current ISS SRI U.S. Proxy Voting Guidelines. If this is not possible for select equities, the Manager will forward the Proxy to the Executive Director for voting.

Proxies voted, after careful consideration of the facts, shall be voted responsibly, and shall attempt to negatively view the following corporate board characteristics and actions:

- incentive payments unrelated to financial performance
- increasing salaries and options for executives that far exceed salary increases for average company employees
- boards composed mostly of “inside directors”
- nominating and compensation committees that are not composed exclusively of independent directors
- board nominees who serve on multiple (more than 3) boards, when the boards have many of the same people
- lack of diversity by gender, race and age
- golden parachutes for executives
- pension plans for non-employee directors