

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

Investment Policy Statement

## **Investment Policy Statement**

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## Investment Policy Statement

### Purpose of the Investment Policy Statement

This Investment Policy Statement governs the Cooper Union Investment Portfolio, as defined in Section III(b). Capitalized terms not defined in the body of this Investment Policy Statement are defined in Schedule A.

### Roles and Responsibilities

- a. Role of the Investment Committee. The Board serves as steward of the Cooper Union Investment Portfolio and has delegated all related responsibilities for the Cooper Union Investment Portfolio, including the authority to make investment decisions, to the Investment Committee, except with respect to those responsibilities set forth in Section II(b) and Section V, which the Board has delegated to the Finance and Business Affairs Committee. The Board in its sole discretion may resolve to modify, renew or withdraw such delegations of authority from time to time. The Investment Committee is responsible for the prudent oversight of the Cooper Union Investment Portfolio in order to further the goals and mission of Cooper Union. More specifically, the Investment Committee is responsible for:
  - i. Development of investment policies, objectives, and strategies for the Cooper Union Investment Portfolio that reflect the long-term goals and associated risk profile of the institution;
  - ii. Allocation of assets in implementation of investment policies, objectives, and strategies;
  - iii. Monitoring policy implementation and evaluating investment results and risk factors to identify areas of improvement and/or correction. The purpose of all monitoring and evaluation is to provide investment returns that achieve the goals of the institution while minimizing cost within the Board's approved risk profile;
  - iv. Prompt reporting of investment disclosures as required; and
  - v. Hiring, evaluation, and termination of Investment Managers and Investment Consultants.

In carrying out its responsibilities relating to (iii), (iv) and (v) above, the Investment Committee shall cooperate with the senior officer responsible for finance and administration and the Treasurer of Cooper Union.

- b. Role of the Finance and Business Affairs Committee. The Finance and Business Affairs Committee has those responsibilities set forth in Section V.

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## Investment Policy Statement

The following matrix clarifies the delineation of the different roles and responsibilities of the Investment Committee and the Finance and Business Affairs Committee with respect to the Cooper Union's investments:

Investment Type	Responsibility	Description
Endowment Investment Pool	Investment Committee	Non-real estate portion of the Cooper Union Endowment representing historical value of donated corpus and accumulated earnings on such corpus, not yet appropriated for expenditure functioning as Endowment available for long term investment.
Non-Endowment Investment Pool	Investment Committee	Unrestricted and temporary restricted funds of Cooper Union that are being held to meet expenses within the next few years and/or maintain adequate reserves for the institution.
Chrysler Asset	Finance & Business Affairs Committee	Income producing rental property at 405 Lexington Avenue, known as the Chrysler Building.
Other Real Estate Assets	Finance & Business Affairs Committee	Non-endowment income producing properties owned by Cooper Union.

c. Role of the Finance Staff. The Finance Staff of Cooper Union is responsible for the day-to-day administration of the Cooper Union Investment Portfolio. The Finance Staff works in tandem with the Investment Committee to help the Investment Committee achieve its objectives and fulfill its responsibilities.

d. Role of the Investment Consultant(s). The role of the Investment Consultant(s), if any is engaged, is as set forth in the definition of "Investment Consultant" in Schedule A. All contracts with Investment Consultants must be terminable by Cooper Union upon reasonable notice.

e. Role of the Investment Manager(s). The role of the Investment Manager(s), if any is engaged, is as set forth in the definition of "Investment Manager" in Schedule A. All contracts with Investment Managers must be terminable by Cooper Union at

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## Investment Policy Statement

any time, without penalty. For these purposes, the term “contract” refers to a separate account management agreement and not to any subscription document for a particular investment within the Cooper Union Investment Portfolio.

f. Conflicts of Interest. Members of the Investment Committee, as well as members of the Finance Staff of Cooper Union who are officers or “Covered Persons” of Cooper Union (as defined by the [Conflict of Interest Policy](#)), shall adhere to The Cooper Union for the Advancement of Science and Art Conflict of Interest Policy.

g. Cooperation of the Investment Committee and the Finance and Business Affairs Committee. In furtherance of their responsibilities delegated by the Board and as set forth in this Investment Policy Statement, the Finance and Business Affairs Committee and the Investment Committee shall communicate information to each other in a timely fashion and as requested or appropriate. In particular, the Finance and Business Affairs Committee shall communicate to the Investment Committee the cash requirements of Cooper Union. The Investment Committee shall communicate to the Finance and Business Affairs Committee relevant information concerning the Cooper Union Investment Portfolio and investments thereunder.

h. Guidelines for Addressing Manager Recommendations from Cooper Union Investment Committee and Board Members. From time to time, Cooper Investment Committee members or other members of the broader Cooper community may share investment strategies or investment managers with the Cooper Investment Committee and/or its Investment Advisor that they think may be of interest for the Cooper portfolio. As a rule, Cooper will not invest in any investment strategy that its Investment Advisor has not approved for investment for its broader client base. In addition, Cooper will seek its Investment Advisor’s opinion regarding the investment strategy’s suitability for inclusion in the Cooper portfolio given Cooper’s investment objectives and policy.

Any deliberations, discussions, and decisions related to such matters must be handled consistently with this Investment Policy Statement and Cooper Union’s Conflict of Interest Policy. To that end, any Investment Committee member with an actual or perceived conflict of interest shall be recused from any decisions, deliberations, recommendations, and votes related to investment strategies or investment managers recommended by Cooper Union Investment Committee members.

## Composition of Cooper Union Investment Portfolio; Financial and Investment Objectives

a. Overall Financial Objective. The overall financial objective for the Cooper Union Investment Portfolio is to meet present and future obligations of Cooper

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## Investment Policy Statement

Union over the long-term. Cooper Union relies on the Cooper Union Investment Portfolio to fund a portion of its expenses. This reliance results in objectives that may differ from those of many otherwise comparable institutions. Protecting capital is more important to Cooper Union than it may be to institutions that are less reliant on their investments to meet expenses.

- b. Composition of the Cooper Union Investment Portfolio. The Cooper Union Investment Portfolio consists of two categories:
  - i. *The Endowment Investment Pool;* and
  - ii. *The Non-Endowment Investment Pool.*
- c. Cooper Union Investment Portfolio (LTIP). The asset allocation of the LTIP should reflect a proper balance of Cooper Union's investment objectives, risk tolerance and need for liquidity. To achieve this balance, the LTIP will conceptually be divided into the following portfolio roles:
  - i. **Growth Assets.** Growth assets are defined as investments with expected returns equal or superior to public equities. Growth assets will generally fall into two categories: public equities and private investments.
  - ii. **Volatility Dampening Assets.** Volatility Dampening assets are intended to mitigate the volatility inherent in Growth asset (and particularly public equity) investments, either because of their lower volatility and/or their relatively low correlations to equities. Volatility Dampening assets will generally fall within the following sub-categories:
    - Diversifier assets are defined as investments such as hedge funds and other strategies that, in aggregate, help mitigate portfolio volatility with the expectation that they will deliver notably strong risk adjusted returns over the long term.
    - Inflation Sensitive assets are defined as investments that are likely to better maintain, or increase, their values relative to stocks and nominal bonds in an environment characterized by severe, unanticipated inflation. These assets will primarily be U.S. Treasury Inflation Protected Securities (TIPS).
    - Deflation Sensitive assets are defined as investments that are likely to better maintain, or increase, their values relative to public equities in an environment characterized by severe economic contraction.These assets will primarily be intermediate and/or long-term U.S. Treasuries.

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## Investment Policy Statement

- Cash will primarily consist of high quality, highly liquid, short-term (i.e., maturities of less than 1 year) debt instruments, such as Treasury Bills.
- d. Board-Approved Statement on Environmental, Social, and Governance (ESG), and Socially Responsible Investments, (SRI) Investment Criteria
  - i. The Investment Committee of The Cooper Union supports investments that encompass Environmental, Social, and Governance (ESG), and Socially Responsible Investments (SRI) investment criteria.
  - ii. The Investment Committee will work with Cambridge Associates to recommend investments that incorporate ESG and SRI criteria in recommendations for active public market managers, hedge funds, and private market investments in venture capital, private equity and private debt. These recommendations must be made within the parameters of the Investment Policy Statement, including asset allocation ranges and target returns and guided by the principles of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and the New York Prudent Management of Institutional Funds Act (NYPMIFA).
  - iii. The Cooper Union will explore membership in organizations that support ESG and SRI investment criteria as well as organizations committed to reducing the impact of climate change on our planet, in line with the global goal of reaching net zero emissions by 2050 or sooner.

### Standards for Managing and Investing the Cooper Union Investment Portfolio Under the New York Prudent Management of Institutional Funds Act

a. Investment Management Factors. Except as otherwise provided in an applicable gift instrument with respect to a particular asset within the Cooper Union Investment Portfolio, the Investment Committee, in managing and investing the Cooper Union Investment Portfolio, shall consider the Investment Management Factors, if relevant. The Investment Committee shall keep a contemporaneous written record describing its consideration of each of the Investment Management Factors, as relevant, which for convenience are reproduced from Schedule A as follows:

- i. general economic conditions;
- ii. the possible effect of inflation or deflation;
- iii. the expected tax consequences, if any, of investment decisions or strategies;
- iv. the role that each investment or course of action plays within the Cooper Union

Investment Portfolio or any component thereof;

- v. the expected total return from the income and appreciation of investments;
- vi. other resources of Cooper Union;
- vii. the needs of Cooper Union and the

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## Investment Policy Statement

ability to make distributions from and to preserve capital of any component of the Cooper Union Investment Portfolio; and

viii. an asset's special relationship or special value, if any, to the charitable purposes of Cooper Union.

Management and investment decisions about an individual asset must not be made in isolation but in the context of the Cooper Union Investment Portfolio or any component thereof, and as part of an overall investment strategy having risk and return objectives reasonably suited to Cooper Union and the Cooper Union Investment Portfolio.

b. Diversification of Investments and Due Diligence. The Investment Committee may invest in any type of asset consistent with this Investment Policy Statement and shall diversify the investments in the Endowment Investment Pool and the Non-Endowment Investment Pool, unless the Investment Committee prudently determines that the purposes of the Endowment Investment Pool and the Non-Endowment Investment Pool are better served without diversification. The Investment Committee shall review a decision not to diversify as frequently as circumstances require, but at least annually. Cooper Union shall incur only those costs that are appropriate and reasonable in relation to the Cooper Union Investment Portfolio, Cooper Union's purposes and the skills available to Cooper Union.

c. Standard of Conduct. Each member of the Investment Committee, each Investment Manager and any other person responsible for managing and investing the Cooper Union Investment Portfolio, or any component thereof, shall manage and invest the Cooper Union Investment Portfolio or such component thereof in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

## Spending

a. Spending Factors. Subject to the intent of a donor expressed in an applicable gift instrument, the Finance and Business Affairs Committee may appropriate for expenditure or accumulate so much of any component of the Cooper Union Investment Portfolio which is part of the Cooper Union Endowment as the Finance and Business Affairs Committee determines is prudent for the uses, benefits, purposes, and duration for which the Cooper Union Endowment is established. When considering expenditure or accumulation with respect to any component of the Cooper Union Investment Portfolio which is part of the Cooper Union Endowment, the Finance and Business Affairs Committee shall consider the Spending Factors, if relevant. The Finance and Business Affairs Committee shall keep a contemporaneous written record describing its consideration of each of the Spending Factors, as relevant, which for convenience are reproduced from Schedule A as follows:

- i. the duration and preservation of the endowed fund;
- ii. the purposes of Cooper Union and the endowed fund;

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## Investment Policy Statement

- iii. general economic conditions; iv. the possible effect of inflation or deflation;
- v. the expected total return including income and appreciation from the endowed fund;
- vi. where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowed fund, giving due consideration to the effect that such alternatives may have on Cooper Union;
- viii. Other resources of Cooper Union

The Finance and Business Affairs Committee may consider the Spending Factors when deciding whether to expend or accumulate Funds Functioning as Endowment.

b. Spending Formula. The Finance and Business Affairs Committee shall:

- i. Consider the budgeted expenses for a given fiscal year, when determined by the Board, for purposes of determining a final spending rate (the “Final Spending Rate”) pursuant to Section V(b)(ii);
- ii. Consider each of the Spending Factors for each endowed fund (and, at the discretion of the Finance and Business Affairs Committee, for Funds Functioning as Endowment) within the Endowment Investment Pool in determining whether the application of a spending rate is appropriate and in setting a Final Spending Rate for each endowed fund (and, if applicable, for Funds Functioning as Endowment) within the Investment Pool to which it will be applied; and,
- iii. Not spend from any endowed fund within the Investment Pool if it would be imprudent to do so, not spend below an endowed fund’s corpus<sup>1</sup>, and, in any event, not adopt a Final Spending Rate which exceeds 5% of the fair market value of each endowed fund within the Investment Pool (with market values being determined at least annually and averaged over a period of not less than five years immediately preceding the fiscal year in which the applicable expenditure is made; or if an endowed fund is less than five years old, then the averaging will be done based on the number of years it has existed) to which it is being applied pursuant to Section V(b)(ii). For example, the fair market value of each fund, for use in determining the Spending Rate for the fiscal year ending June 30, 2026, could be determined based on the five years ending June 30, 2024, March 31, 2024, or December 31, 2024.

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<sup>1</sup> Note that this is no longer required by the New York Prudent Management of Institutional Funds Act, although it could be required by the donor instrument with respect to a particular endowed fund.

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## Investment Policy Statement

- iv. The provisions of this Section V(b) shall apply only to the endowed funds (and, at the discretion of the Finance and Business Affairs Committee, for Funds Functioning as Endowment) within the Endowment Investment Pool and shall not apply to the Non-Endowment Investment Pool.

### Asset Allocation and Portfolio Composition

- a. Cooper Union Investment Portfolio Income and Spending Withdrawals. Other generated operating net surpluses may be placed in the Non-Endowment Investment Pool until expended. In addition, spending withdrawals from endowed funds within the Endowment Investment Pool with the broad purpose of being for the uses, intents, and purposes of Cooper Union and from Funds Functioning as Endowment may be placed in the Non-Endowment Investment Pool until expended. However, spending withdrawals from endowed funds with more restricted purposes must be segregated within the Endowment Investment Pool until expended in accordance with each endowed fund's restricted purpose.
- b. Endowed Funds to be Expended. Once the decision to expend amounts from the endowed funds has been made, amounts to be expended from the endowed funds must be segregated within the Endowment Investment Pool until expended in accordance with the donor's intent as expressed in the applicable gift instrument.
- c. Non-Endowment Investment Pool. The Non-Endowment Investment Pool should be invested in conjunction with the overall asset allocation, taking into account the liquidity needs dictated by its short-term objectives as well as the need to preserve capital to maintain adequate reserves for the institution.
  - i. Endowment Investment Pool. The asset allocation of the Endowment Investment Pool should be invested in conjunction with the overall asset allocation and reflect a proper balance of Cooper Union's investment objectives, risk tolerance and need for liquidity.
- d. Asset Allocation Classes, Targets, and Ranges. The asset allocation classes, targets and ranges of the Endowment Investment Pool and the Non-Investment Pool are set out in Appendix I. The Investment Committee will review asset allocation targets and ranges at least annually and will communicate promptly any changes to the Board. These targets and ranges are guidelines, and there may be circumstances in which the actual allocation deviates from the established ranges for one or more asset classes. If any allocation is outside of its range, the Investment Committee will determine what action, if any, should be taken to re-balance the allocations as described in Section VII.
- e. Diversification, Risk, and Liquidity. The Endowment Investment Pool and Non-Endowment Investment Pool should be diversified both by asset class and within

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## Investment Policy Statement

asset classes, with no more than 10% of the Temporary Capital Portfolio or Investment Pool's assets at the time of investment being invested in any given individual manager product, mutual fund, or exchange traded fund. The purpose of diversification is partly to enable higher returns with lower risk than would otherwise be achievable and partly to ensure that no single security, asset class or specific investment style will have a disproportionate impact on the Endowment Investment Pool and Non-Endowment Investment Pool aggregate performance.

As risk and return are related concepts, the Investment Committee, assisted by an Investment Consultant, if any, shall consider risk along with any evaluation of returns, be it on the Temporary Capital Portfolio or Investment Pool, the asset class or the manager level and ensure that risk, in its various forms, is monitored, evaluated and discussed on a regular basis. Modest leverage is to be allowed by underlying investment managers and derivatives are to be allowed by underlying investment managers for the purposes of hedging and gaining more cost-effective mandated exposures.

Investment in alternative assets will often entail illiquidity. While such investments can be a natural part of a well-diversified portfolio, the Investment Committee shall consider the liquidity needs of Cooper Union and shall keep the illiquid investments at a level where illiquidity does not endanger regular spending, including in situations of negative portfolio returns.

### Rebalancing; Deviations from Investment Policy Statement

The Investment Committee will review at least annually and monitor at least quarterly the asset allocations of the Endowment or Non-Endowment Investment Pools relative to the established asset targets and ranges and will rebalance such asset allocation if it determines that rebalancing is necessary or advisable based on the purposes, terms and distribution requirements of Cooper Union and the requirements of the New York Prudent Management of Institutional Funds Act. The Investment Committee recognizes that adjustments to such asset allocation may be constrained by practical limits with respect to liquidity and transaction costs and may set or maintain the allocation of a particular asset class below or above the established range and may add new asset categories.

If such decisions represent a permanent shift in the Cooper Union Investment Portfolio's long-term objectives, they should eventually be reflected in this Investment Policy Statement.

The Investment Committee must approve all deviations and departures from the risk metrics, limits, portfolio targets, and rebalancing policies set forth in this Investment Policy Statement.

### Investment Managers and Investment Consultants: Hiring, Firing and Monitoring of Performance

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## Investment Policy Statement

- a. Hiring of Investment Managers and Investment Consultants. The Investment Committee may, to the extent it considers prudent, but is not obligated to, hire Investment Manager(s) to manage all or a portion of the Endowment and Non-Endowment Investment Pools. The Investment Committee may, but is not obligated to, hire Investment Consultant(s). If an Investment Manager or an Investment Consultant is hired, this Article VIII shall apply.
- b. Standard of Conduct for Hiring, Monitoring and Firing Investment Managers or Consultants. The Investment Committee shall act in good faith and with the care an ordinarily prudent person in like position would exercise under similar circumstances in:
  - i. Selecting, continuing or terminating an Investment Manager or Consultant;
  - ii. Establishing the scope and terms of the delegation of authority to an Investment Manager to manage all or a portion of the Endowment Investment Pool and/or the Non-Endowment Investment Pool, including compensation to be paid to the Investment Manager or Consultant; and
  - iii. Monitoring the Investment Manager's or Consultant's performance and compliance with the scope and terms of the delegation.
- c. Review Process for Investment Managers and Investment Consultants. To the extent that the Investment Committee has engaged Investment Managers and Investment Consultants, it has a responsibility to review the performance of such Investment Managers and Investment Consultants at regular intervals, at least annually. A review may consist of any or all of the following:
  - i. Interview with the Investment Manager or Investment Consultant;
  - ii. Comparison of performance criteria, including the responsibilities of the Investment Manager or Investment Consultant described in the Investment Manager contract or Investment Consultant contract (if any) with actual results obtained by such Investment Manager or Investment Consultant;
  - iii. Internal survey of Investment Committee members regarding their satisfaction with the Investment Manager relationship or Investment Consultant relationship;
  - iv. Reference calls to confirm the quality of the Investment Manager or Investment Consultant and/or the person(s) serving Cooper Union's investment account; and
  - v. Solicitation of bids from other Investment Managers or Investment Consultants.
- d. Assessment of Investment Managers; Firing of Investment Managers. Though active Investment Managers are hired to outperform their respective benchmarks, it is a commonly accepted fact that even strong Investment Managers may have periods

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## Investment Policy Statement

of relative underperformance. Firing an Investment Manager due to short-term performance issues will often have a negative impact on a portfolio since Investment Manager performance tends to be cyclical, so that Investment Managers who underperform in one cycle often will outperform in the next and vice versa. The Investment Committee plans to evaluate Investment Manager returns over three- to five- year periods and aims to have stable, long-term Investment Manager relationships. When hiring or firing an Investment Manager, the Investment Committee shall make quantitative and qualitative assessments of how the Investment Manager does, or does not, fit into the existing investment manager roster in a particular asset class or sub-asset class. This assessment is based on many factors, including, but not limited to, the following:

- i. Demonstrated ability of the Investment Manager to meet Cooper Union's objectives;
- ii. Sufficient organizational depth and continuity of investment professionals;
- iii. Existence of a clear and effective decision-making system;
- iv. Historical growth of, and future plans for, assets under management;
- v. Consistency of investment strategy and risk-adjusted results;
- vi. Confidence that past track record can be repeated in the future; and
- vii. Adequate reporting, administration and back-office support.

e. Monitoring of Investment Managers' Philosophy and Process. The Finance Staff shall and Investment Consultants may be engaged to monitor individual Investment Manager accounts for consistency of each Investment Manager's investment philosophy and process, returns relative to performance objectives, and investment risk as measured by asset concentrations, exposure to extreme economic conditions, and Investment Manager volatility. The Investment Committee should be regularly updated on any significant changes in an Investment Manager's organization, process or philosophy.

### Monitoring of Performance of Endowment and Non-Endowment Investment Pools

- a. Benchmarks. The total portfolio benchmarks for Cooper Union's Endowment and Non-Endowment Pools are described in Appendix I. Additionally, each Investment Manager will be evaluated relative to a passive benchmark appropriate for the respective asset class.
- b. Time Frame of Investment Performance Measurement. While investment performance is measured over both short and long-term periods, the focus and emphasis of investment performance evaluation is on longer time periods, which are

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## Investment Policy Statement

generally three- to five-year periods (once programs are fully developed) or a market cycle, whichever is greater.

### Monitoring of Investment-Related Fees

At least annually, or as requested by the Board, the Investment Committee, aided by an Investment Consultant, if any, will review and evaluate the following investment-related fees in accordance with the standard of conduct set forth above in Section VIII(b):

1. Investment Manager fees and expenses;
2. Trading costs, brokerage, commissions and execution costs to the extent they are separate from the expenses mentioned above;
3. Custodial charges, transaction and cash management fees; and 4. Consulting costs and expenses of any Investment Consultant.

### Confidentiality

Members of the Investment Committee, as well as the Finance Staff of Cooper Union, involved with investments are expected to maintain the confidentiality of information obtained by virtue of their positions.

### Changes to this Investment Policy Statement

All policies, guidelines, goals and objectives shall be in force until modified in writing by the Investment Committee. The Investment Committee will review this Investment Policy Statement at least annually to ensure continued appropriateness but may propose revisions to this Investment Policy Statement at any time it deems appropriate. The Investment Committee will promptly communicate to the Board all changes to this Investment Policy Statement.

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART  
Investment Policy Statement

**Schedule A**  
to  
**The Cooper Union for the Advancement of Science and Art**  
**1. Investment Policy Statement**

**Definitions**

**“Board”** means the Board of Trustees of Cooper Union.

**“Chrysler Asset”** means that income producing rental property in the Cooper Union Investment Portfolio consisting of the land underlying the Chrysler Building, 405 Lexington Avenue, New York, New York and ownership rights to the Chrysler Building itself. (Note: Section 13.2 of the Chrysler Original Land Lease provides that upon termination of the Chrysler Land Lease, the Chrysler Tenant will surrender the Premises (i.e., the subject land and all structures and improvements thereon) to Cooper Union.)

**“Cooper Union”** means The Cooper Union for the Advancement of Science and Art.

**“Cooper Union Charter”** means the charter of Cooper Union created by an act of the New York State legislature on April 13, 1859 (amending an act passed February 17, 1857 entitled “An act to enable Peter Cooper to found a Scientific Institution in the City of New York” and the act passed March 21, 1857 entitled “An act to amend the act entitled ‘An act to enable Peter Cooper to found a Scientific Institution in the City of New York’”), as amended on April 25, 1969, January 26, 1972, August 24, 1987, and June 24, 2008.

**“Cooper Union Endowment”** means, collectively, the institutional funds of Cooper Union that are, under the terms of an applicable gift instrument, not wholly expendable by Cooper Union on a current basis. The Cooper Union Endowment currently consists of the Chrysler Asset and the restricted endowed funds in the Endowment Investment Pool. This term does not include Funds Functioning as Endowment.

**“Cooper Union Investment Portfolio”** means the investment portfolio consisting of the Endowment Investment Pool and the Non-Endowment Investment Pool (LTIP)

**“Final Spending Rate”** means the final spending rate established by the Finance and Business Affairs Committee to be applied to endowed funds (and, at the discretion of the Finance and Business Affairs Committee, Funds Functioning as Endowment) within the Endowment Investment Pool pursuant to Section V(b) of the “Investment Policy Statement.”

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## Investment Policy Statement

**“Finance and Business Affairs Committee”** means the Finance and Business Affairs Committee of Cooper Union.

**“Funds Functioning as Endowment”** refers to gifts to Cooper Union that Cooper Union, rather than the donors, have determined to be invested and expended in the same manner as endowed funds. Since these funds are internally restricted rather than donor-restricted, the Board has the right at any time to expend all or a portion of the income or principal of such funds. Funds Functioning as Endowment are part of the Endowment Investment Pool. Income from Funds Functioning as Endowment may be placed in the Non-Endowment Investment Pool until expended.

**“Investment Committee”** means the Investment Committee of Cooper Union.

**“Investment Consultant”** means an investment professional engaged by the Investment Committee whose duties may include providing (i) assistance to the Investment Committee and Finance Staff, as requested and as contracted, on the development, implementation, and ongoing practice of investment guidelines and practices consistent with the Investment Committee’s mandate to provide prudent oversight of the Endowment and Non-Endowment Investment Pools ; (ii) periodic investment ideas tailored to Cooper Union’s specific needs and investment performance measurement; and (iii) advice concerning risk management strategies, primarily through asset allocation studies and diversification strategies. An Investment Consultant may make investment recommendations to the Investment Committee but cannot make investment decisions.

**“Investment Management Factors”** means all of the following factors:

- i. general economic conditions;
- ii. the possible effect of inflation or deflation;
- iii. the expected tax consequences, if any, of investment decisions or strategies;
- iv. the role that each investment or course of action plays within the Cooper Union Investment Portfolio or any component thereof;
- v. the expected total return from the income and appreciation of investments; vi. other resources of Cooper Union; vii. the needs of Cooper Union and the ability to make distributions from and to preserve capital of any component of the Cooper Union Investment Portfolio; and
- viii. an asset’s special relationship or special value, if any, to the charitable purposes of Cooper Union.

**“Investment Manager”** means an investment professional engaged by the Investment Committee who invests the Endowment and Non-Endowment Investment Pools in accordance with the general and specific guidelines set by the Investment Committee and as set forth in the “Investment Policy Statement” and its appendices.

# THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART

## Investment Policy Statement

**“Endowment Investment Pool”** means the non-real estate portion of the Cooper Union Endowment and Funds Functioning as Endowment available for long-term investment. Income from endowed funds within the Endowment Investment Pool with the broad purpose of being for the uses, intents, and purposes of Cooper Union and income from Funds Functioning as Endowment may be placed in the Non-Endowment Investment Pool until expended. However, income from endowed funds with more restricted purposes must be segregated within the Endowment Investment Pool until expended in accordance with each endowed fund’s restricted purpose.

**“Other Real Estate Assets”** means all non-endowment income-producing properties that Cooper Union owns and which are part of the Cooper Union Investment Portfolio.

**“Spending Factors”** means all of the following factors:

- i. the duration and preservation of the endowed fund;
- ii. the purposes of Cooper Union and the endowed fund;
- iii. general economic conditions;
- iv. the possible effect of inflation or deflation;
- v. the expected total return including income and appreciation from the endowed fund;
- vi. other resources of Cooper Union;
- vii. where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowed fund, giving due consideration to the effect that such alternatives may have on Cooper Union; and
- viii. the “Investment Policy Statement,” “Investment Policy – Chrysler Asset,” and “Investment Policy – Other Real Estate Assets (Non-Endowment),” and other relevant investment policies, if any, of Cooper Union.
- ix. The College’s Plan to return to a full-tuition undergraduate scholarship model.

**“Non-Endowment Investment Pool”** means unrestricted funds and temporary restricted funds of Cooper Union that are being held to meet expenses of Cooper Union within the next few years and or maintain adequate reserves for the institution. In addition, income from endowed funds within the Endowment Investment Pool with the broad purpose of being for the uses, intents, and purposes of Cooper Union and from Funds Functioning as Endowment may be placed in the Non-Endowment Investment Pool until expended. However, income from endowed funds with more restricted purposes must be segregated within the Endowment Investment Pool until expended in accordance with each endowed fund’s restricted purpose.

THE COOPER UNION FOR THE ADVANCEMENT OF SCIENCE AND ART  
 Investment Policy Statement

**APPENDIX I**

Portfolio Role Allocations: Endowment and Non-Endowment Pools

Portfolio Roles	Long Term Target Allocation	Range
<b>Growth</b>	<b>70%</b>	<b>60%-80%</b>
Public Equity	45% <sup>1</sup>	30%--60%
Private Investments	25% <sup>1</sup>	10% - 35%
<b>Volatility Dampeners</b>	<b>30%</b>	<b>20%-40%</b>
Diversifiers	20%	10% -- 30%
Other Volatility Dampeners	10%	5% -- 25%
<i>Deflation Sensitive Assets</i>	4.75%	0%-15%
<i>Inflation Sensitive Assets</i>	4.75%	0%-15%
<i>Cash</i>	0.50%	0%-15%

Total LTIP Portfolio Benchmarking

**Policy Benchmark:** This benchmark represents a passive investment in the Long-Term Target Allocation defined in the table above. The table below defines the indices that comprise this benchmark, which are weighted at the Long-Term Target Allocation weights above at the beginning of each month, consistent with the direction in the footnotes below.

**Undiversified Benchmark:** Structured as 70% MSCI ACWI<sup>3</sup> (Net) + 30% Bloomberg Barclays Aggregate Bond Index, this simple blend of global stocks and U.S. bonds approximately reflects the volatility profile of the Policy Benchmark.

Asset Class Benchmarks

Asset Class	Benchmark
Public Equities <sup>1</sup>	MSCI ACWI <sup>3</sup> (Net)
Private Investments <sup>1</sup>	MSCI ACWI <sup>3</sup> (Net) <sup>4</sup>
Diversifiers	0.3 x MSCI ACWI (N) + 0.7 x BofA ML 91-Day T-Bill Index <sup>5</sup>
Deflation Sensitive Assets	Bloomberg Barclays 3-10 Year Treasury Bond Index
Inflation Sensitive Assets	Bloomberg Barclays U.S. TIPS <sup>2</sup> Index
Cash	BofA ML 91-Day T-Bill Index <sup>5</sup>

<sup>1</sup>The Policy Benchmark's weight to Global Public Equities and Private Investments (PI) will be dynamically adjusted such that the PI allocation's weight in the benchmark would be adjusted to equal the PI allocation's weight in the LTIP, while the Global Public Equity allocation's weight would be adjusted to offset the LTIP's over/underweight to Private Investments.

<sup>2</sup>"TIPS" stands for Treasury Inflation Protected Securities

<sup>3</sup>"ACWI" stands for All Country World Index

<sup>4</sup>The Policy Benchmark assumes a 0% return on the portion of itself that corresponds to the private investment (PI) allocation for the period following the PI allocation's last available performance marks.

<sup>5</sup>"BofA ML" stands for Bank of America Merrill Lynch.

***Approved by the Board of Trustees - September 25, 2025***