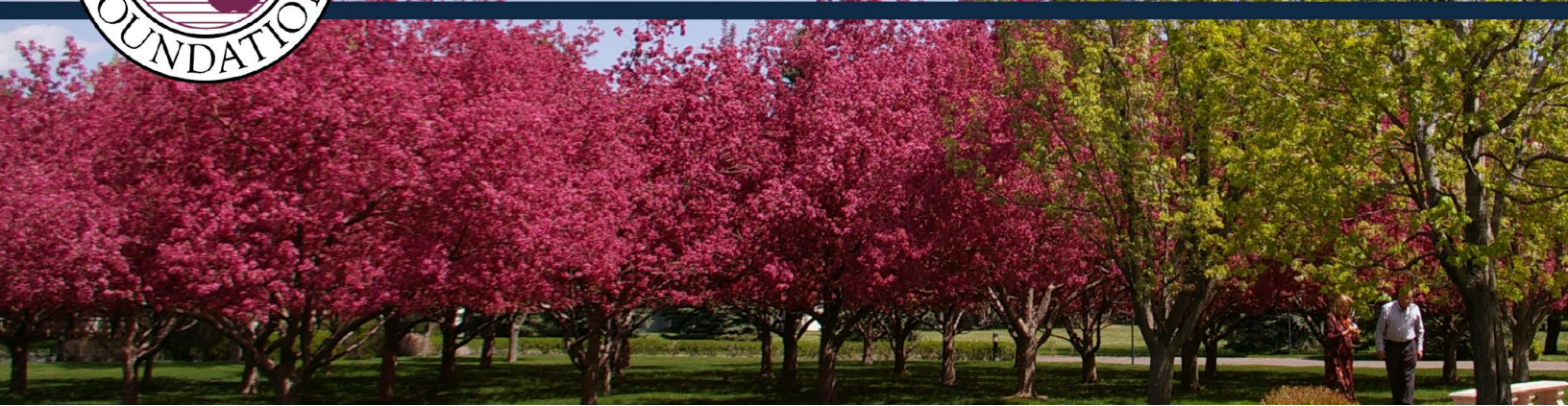


NEWS from the FOUNDATION



Stewarding Promise: Investing in the Future of Colorado By R. Thayer Tutt Jr., Chief Investment Officer and Vice Chairman

As Chief Investment Officer of El Pomar Foundation, my philosophy is simple: to manage Foundation assets for difficult times, even when the times are good. The Investment Office focuses on prudent investment and stewardship of the Penroses' Foundation, which has grown significantly from its original combined endowment of \$21 million in 1937. The office is charged with careful asset management, maintaining portfolio liquidity, and emphasizing low fees so the Foundation can routinely pay out grants.

The Foundation's portfolio is dynamic, which allows us to act strategically and capitalize on long-term opportunities and trends. For example, during the financial crisis of 2008, we invested in private equity secondaries when other endowments were forced to divest of these to meet payout requirements. Long term, we focus on a strategy of buying growth stocks at a reasonable price. When I began my current role as Chief Investment Officer in June of 1983, the asset base was approximately \$111 million, with 90% of assets allocated to U.S. stocks and 10% to short-term bonds. Today that base sits just above \$600 million, and the portfolio is much more diversified—this allows us to capitalize on market upswings while minimizing losses when the market is down.

The 4th quarter of 2018 was a difficult quarter for United States markets. Even so, El Pomar was well-positioned for this market correction and saw only a 9% decline in the value of Foundation assets, compared to a 14% decrease in the value of the S&P 500. By the end of February 2019, Foundation assets had improved 10% from their low point during the correction, and overall growth continues to exceed inflation. Because we had taken a more defensive stance in the past two years, we were able to withstand the 4th quarter with a manageable decline in value.

It has been an honor and privilege to oversee investment assets for more than 35 years. I've worked with a strong collection of talented money managers to ensure that we are both proactive and focused on changing trends. I strive to invest in a way that protects the Penrose legacy, which allows us to continue to make grants and support meaningful programs across Colorado. Also, I feel a personal sense of responsibility to the more than 60 dedicated employees who currently work at the Foundation and its legacy properties.

El Pomar Foundation was the Penroses' gift to the people of Colorado. The passion that drove Spencer Penrose to invest in Colorado continues to drive El Pomar Foundation's investment philosophy. We are charged with protecting the gift and stewarding its growth to ensure the work of El Pomar Foundation continues for generations to come.