Investment Policy

**Policy/Procedure**

The purpose of this policy is to guide the Dickinson College (the “College”) Committee on Investments and its outsourced Investment Office, Investure, in effectively managing, monitoring, and evaluating Dickinson College’s investment portfolio.

**DIVISION OF RESPONSIBILITIES**

**Board of Trustees**
- The Board of Trustees appoints members of the Committee on Investments and designates the Chairperson. The Chairperson of the Committee on Investments will report periodically to the Board of Trustees on the status of the investments of the College and on the policies and practices of the Committee.

**Committee on Investments**
- The Committee on Investments is responsible and accountable, as delegated by the Board of Trustees, for the prudent management of the endowment’s assets, including 1) developing and maintaining investment policy in light of the College’s strategic plan; 2) setting risk tolerances and controls; 3) allocating assets; 4) appointing and evaluating Investure; and 5) reporting to the Board periodically the results of the investment program. The Committee on Investments may be composed of both Trustee and non-Trustee members. A quorum of the Committee is defined as a majority of members of the Committee on Investments.

**Investment Office**
- The Investment Office is charged with the responsibility for developing, implementing, and administering the Investment Policy. In doing so, it will assist in the attainment of the stated objectives while complying with all Investment Policy guidelines and standards. Investure will serve as the primary contact for all money managers and the custodian.

**RETURN OBJECTIVE**
- The Endowment will be managed to maximize annual returns net of all costs over rolling 10 year periods while adhering to the Endowment’s stated risk parameters.
RISK CONSIDERATIONS

- The Endowment will be deployed in a manner that seeks to avoid 25% or greater peak-to-trough declines in inflation adjusted unit value.
- The Endowment will be structured to avoid annualized shortfalls exceeding 3%, relative to the mean return of endowments with greater than $1 billion in assets reporting to NACUBO, over rolling 10-year periods.

LIQUIDITY

- Under normal circumstances, not more than 70% of the Endowment’s net assets will be held in vehicles utilizing lockups exceeding 12 months. As a general rule, not more than 40% of the Endowment’s net assets will be held in vehicles utilizing lockups exceeding 60 months, recognizing that private partnership cash flows are unpredictable. Lockup is defined as an expected period until all or substantially all of the value from an investment vehicle can be received in cash by the Endowment.
- Under normal circumstances, private partnership NAV plus private partnership unfunded capital commitments will not exceed 65%.

STRATEGIES

- The long-term horizon of the Endowment allows for a large allocation to equity-oriented strategies where the potential for long-term capital appreciation exists. Other assets, including but not limited to hedging, derivative, or diversification strategies, will also be used to reduce risk and overall portfolio volatility.
- The Endowment will be diversified across asset classes and managers.

APPENDIX A – OTHER POLICIES

SPENDING POLICY

The Spending Policy of Dickinson College will be set to provide, as closely as possible, equitable benefit from the Endowment for current and future generations of students. A formal spending policy has been adopted to fairly meet the legal and programmatic requirements of the Endowment. The target, as defined in the Strategic Plan (2006-2010), is a maximum of 5% of the 12-quarter moving average market value of the pooled endowment.

The Spending Policy of the College will be jointly affirmed annually by the Committee on Finance, Budget and Audit and the Committee on Investments. The approved spending rate formula is designed to provide a relatively predictable and growing stream of revenues to the
operating budget. An additional goal of this policy is to minimize the temptation to relieve all budgetary pressures by simply taking additional monies from the Endowment.

USE OF DERIVATIVES

The Investment Committee authorizes the use of any type of derivative instrument, including, without limitation, over-the-counter and exchange-traded derivative instruments that may exist on the date hereof or that may be created in the future. Such instruments may be employed (i) for hedging purposes, (ii) as an alternative to the underlying direct investments where such derivative instruments offer (A) advantages with respect to timing, flexibility, lower execution costs or improved control or (B) other benefits, or (iii) in any other circumstance in which the Investment Committee believes that the use of such instruments is in the best interest of the College. While not inclusive of all possible examples of derivatives (a) fitting the description of (i) above are futures contracts, other synthetic long/short positions and call/put options on equity prices, interest rates, currencies or economic variables like inflation, and (b) fitting the description of (ii) above would include ETFs, total return swaps, futures contracts or other synthetic long positions. All counterparty contracts will require full collateralization with instruments acceptable to Investure.

PROXY VOTING POLICY

Dickinson College is a community of scholars where freedom of expression is at once celebrated and carefully guarded. There may, however, emerge political, cultural or social issues that are so compelling as to lead the College to take a position with regard to investment strategy. In those exceptional cases, the issue must be:

- Presented to the Vice President for Finance who will work with concerned parties to assure that the issue is carefully addressed;
- Considered by the Committee on Investments as to its implications on the portfolio;
- Vice President for Finance will provide the results of the research to the President of the College, Chairperson of the Investment Committee, and to the Chairperson of the Board of Trustees for consideration.

CONFLICT OF INTEREST

From time to time, the Committee on Investments may consider matters in which members of the Committee, or persons affiliated with them, have a direct or indirect financial interest. Full disclosure of any affiliation a Committee on Investment member has – as a client, Board member, employee, or otherwise – with a prospective investment manager, consultant, or other service provider, is mandatory. Such a provider may be excluded from consideration if the relationship is deemed to pose a potential threat to the integrity of the Committee on Investments or the Endowment. Good governance requires that Dickinson College investment transactions be performed at “arm’s length,” ensuring that the College’s best interests are not compromised.
Investure may also have real or perceived conflicts among clients. Investure has established policies relating to allocations of investments. All potential conflicts will be fully disclosed to all parties involved.

**ANNUAL REVIEW**

This investment policy will be reaffirmed or revised on an annual basis by the Committee on Investments of the Board of Trustees of Dickinson College.

**Related Information**

Conflicts of Interest and Outside Employment Policy (HR)  
Unrelated Business Income  
Tax-Exempt Bond Compliance  
Joint Venture Policy

**History/Revision Information**

**Responsible Office/Division:** Financial Operations  
**Effective Date:** December 3, 2002  
**Last Amended Date:** October 3, 2014  
**Next Review Date:** Annual review by the Trustee Committee on Investments  
**Also Found In:** Minutes of the Trustee Committee on Investments