STATEMENT OF ENDOWMENT
INVESTMENT OBJECTIVES AND POLICIES

APPROVED BY THE BOARD OF TRUSTEES November 5, 2012

I. INVESTMENT OBJECTIVES

The objective of the Endowment Fund is to preserve the real (inflation adjusted) purchasing power of assets and to provide relatively predictable and constant (in real terms) income for current use, in accordance with the investment policies set forth herein and the Uniform Prudent Management of Institutional Funds Act.

II. GENERAL INVESTMENT POLICIES

1. The total Endowment shall be diversified both by asset class (e.g. equities, bonds, and cash equivalents) and within asset classes (e.g. within equities by economic sectors, industry and size). The purpose of diversification is to provide reasonable assurance that no single security or class of securities has a disproportionate impact on the total Endowment. The allocation of assets between fixed income and equity securities shall be determined by majority vote of the Investment Committee and reviewed at least semi-annually.

2. Fixed income investment is intended to provide a source of current income and to reduce the variability of the total market value of the Endowment.

3. Equity investment is intended to provide current income and appreciation of principal, which may entail greater market variability and risk.

4. Cash equivalents (treasury bills, certificates of deposit, commercial paper, cash management funds, etc.) may be used to provide liquidity and income.

5. No investments shall be made for the purpose of speculation, such as anticipating an increase of capital through the use of options, limited partnerships or future contracts. Covered call writing and LEAPs (Long-Term Equity Anticipation Securities) may be used but may not exceed, in total, 2% of the equity portfolio.

III. SPECIFIC GUIDELINES

A. Endowment Fund Limits [see Page 3 for Allocation Guideline Summary]

1. Equity investment (Exchange Traded Funds [ETFs], Mutual Funds, Common Stocks, Convertible Securities) shall not be more than 75% nor less than 50% of the Endowment. To encourage prudent asset diversification, no single stock or convertible, at original cost, shall exceed 5% of the total Endowment’s value. (This limit does not apply for ETFs and Mutual Funds.)

2. Fixed Income investments (bonds, mortgages, high yield and International) shall not be less than 20% nor greater than 40% of the Endowment. Except for government obligations guaranteed or backed by the U.S. government, no single debt issuer shall exceed 5% of the total Endowment’s value.

3. Developed and Emerging International Equity mutual funds and ETF’s shall not exceed 30% of the portfolio. Foreign stock ADRs of large foreign domiciled companies, which are international in scope and traded on recognized U.S. stock exchanges, are permitted and are not included in the 30% restriction.
4. **Alternative Investments** shall not exceed 15% of the endowment portfolio. Currently approved alternatives include REITs, Commodities, Hedge Funds and Private Equity. None of these approved categories can exceed 5% of the portfolio value. These asset classes can be accessed through ETFs, Mutual Funds and other ‘Fund of Fund’ products.

5. **Cash** shall not exceed 6% of the endowment portfolio.

6. **Spending Policy** – the orientation of the Endowment Fund is long-term in nature. The intention of this spending policy is to maintain and grow the real value of the portfolio while funding any identified needs the Board of Directors may specify. Accordingly, spending from the Endowment will be conducted with respect to a total return formula: capital appreciation plus income. Absent extraordinary circumstances, annual spending from the Endowment asset base will be limited to 5% of the rolling three-year quarterly average of the Endowment’s market value. Management and other applicable expenses shall not be included with the spending allocation. Effective July 1, 2013, the “5%” will be changed to “4%”.

**B. Endowment Fund Investment Manager**

The role of the Board of Trustees as delegated to the Investment Committee should be to appoint an Investment Manager(s) for the Endowment Fund. The selection of an Investment Manager is an integral part of the Investment Committee’s responsibility. Because the cash balance of the Endowment Fund is small, it is recommended that these funds be managed by one central Investment Manager.

This manager would be required to demonstrate an ability to handle a diversity of “fund” investments and document historic performance with regard to both growth and income. The Investment Manager will have investment discretion with the expectation that funds will be invested with care, skill, prudence and diligence.

**C. Investment Manager Performance and Reporting**

The Investment Manager’s overall performance shall be measured by absolute return objectives and against comparative measures (e.g. Fixed Income against the Lehman Intermediate Government/Corporate Index and Equities against the S&P 500 Index).

Quarterly Reports to the Investment Committee should include:

- An overview of current economic trends and market conditions
- A commentary on the effects that these trends had on the performance of the fixed income and equity portions of the portfolio
- Shifts in investment strategy
- Trading activity
- Report through data or charts showing conformity to guidelines (e.g. exposure limits and diversification)
- Performance for the current period and year-to-date, as well as historical data
- Performance of the Endowment Fund vs. its benchmarks
- A notation that the performance for the Fund is before or after advisory fees

The Investment Committee will meet at least semi-annually with the Investment Manager to review performance of the Investment funds. The reports should be distributed prior to the meetings so the members have sufficient time to review them.

**D. Fossil Fuel Holdings**

In keeping with the College’s commitment to environmental sustainability, fossil fuel producers shall constitute <1% of the endowment portfolio. Such policy will take effect before 2018.
IV. REVIEW OF INVESTMENT OBJECTIVES AND POLICIES
Once a year, the Investment Committee should review investment objectives and policies. Recommendations from its review should be reported as specified in Section VI.

V. INVESTMENT COMMITTEE
The Investment Committee shall be composed of at least three members of the Board of Trustees. It shall establish investment policies for the college, monitor the progress of college investments, and report annually to the Board on the state of the college investments. Some members of the committee with the exception of the Chair may be selected for their expertise, from outside the membership of the Board.

VI. REPORT TO TRUSTEES
The Investment Committee shall issue an annual investment report to the Board of Trustees due no later than 90 days after the end of the fiscal year. The report shall include an evaluation of the investment program for the previous year and present an investment plan for the ensuing year.

VII. CODE OF ETHICS
All personnel involved in the investment program shall prevent any real or perceived violation of the fiduciary responsibilities. Such responsibility carries with it the duty to ensure that all investments are placed without any improper influence or personal gain or the appearance of such impropriety.

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<thead>
<tr>
<th>Asset Class</th>
<th>Min</th>
<th>Max</th>
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<tbody>
<tr>
<td>EQUITIES</td>
<td>50%</td>
<td>75%</td>
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<tr>
<td>US Large Cap</td>
<td>20%</td>
<td>35%</td>
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<tr>
<td>US Mid Cap</td>
<td>5%</td>
<td>15%</td>
</tr>
<tr>
<td>Us Small Cap</td>
<td>5%</td>
<td>15%</td>
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| Developed International     | 10% | 15% |
| Emerging International      | 5%  | 15% |

| FIXED INCOME                | 20% | 40% |
| Investment Grade            | 20% | 40% |
| High Yield                  | 0%  | 5%  |
| International               | 0%  | 5%  |

| ALTERNATIVES                | 0%  | 15% |
| REITs                       | 0%  | 5%  |
| Commodities                 | 0%  | 5%  |
| Hedge Funds                 | 0%  | 5%  |
| Private Equity              | 0%  | 5%  |

No one category should make up more than half of the Alternatives allocation

| CASH                        | 3%  | 6%  |