

**Grinnell College Investment Policy**  
**(Last Approved February 8, 2008)**  
**Approved May 3, 2013**

**Introduction**

This Investment Policy documents fiduciary oversight and establishes objectives and procedures for investment of the College's financial assets.

**Governance**

Consistent with its fiduciary duties, the Grinnell College Board of Trustees has delegated investment responsibility to the Investment Committee via Article VI(7) of the By-Laws as follows:

The Investment Committee shall be responsible for maintaining a policy of prudent investment in stocks, bonds, real assets, non-marketable securities such as private placements and limited partnerships, and other similar financial instruments, interests and/or securities, subject to the approval of the Board of Trustees. The Investment Committee shall approve sub-policies under the investment policy and review and approve investment transactions pursuant to the approved investment policy and sub-policies. The Investment Committee shall have the authority to delegate investment decisions to the Chief Investment Officer and/or independent investment managers pursuant to the approved investment policy and sub-policies. The Chief Investment Officer shall have the authority to, in turn, delegate investment decisions to other officers and employees of the College pursuant to the approved investment policy and investment sub-policies. The Investment Committee shall report to the Board of Trustees on the performance and asset allocation of the College's investment portfolio as requested by the Chair of the Board, provided that such investment report shall be given at least once each fiscal year. The Investment Committee and Budget Committee shall jointly, in consultation with the President, make recommendations to the Board of Trustees regarding an appropriate policy for spending from the endowment in support of the College.

Article IV(5)(E) articulates the responsibilities of the Chief Investment Officer as follows:

The Chief Investment Officer shall be responsible for the safekeeping of the securities of the Corporation and shall keep them in such place or places as may be designated by the Board of Trustees. Subject to the control of the Board (through the Investment Committee) and under the supervision of the President of the College and such other restrictions as these By-Laws may impose, the Chief Investment Officer shall implement the investment policy and sub-policies of the Corporation and administer charitable trusts and similar agreements under which the corporation is a beneficiary. The Chief Investment Officer shall have the authority to execute and deliver all documents and instruments necessary to effectuate these activities. The Chief Investment Officer shall also render

investment reports at such times as the President of the College, the Board or the Investment Committee may direct. The Chief Investment Officer also shall be responsible for executing investment and regulatory filings (including, without limitation, tax filings).

Article XII(2)(B) sets forth the signature authority of the Chief Investment Officer as follows:

All documents and instruments necessary to effectuate transactions approved pursuant to the College's investment policies and investment sub-policies shall be executed and delivered by the Chief Investment Officer or such other officer, officers, employee or employees of the Corporation as the Board of Trustees from time to time may determine.

## **Investment Pools and Objectives**

Investments can be broadly classified into three pools—endowment funds, operating and reserve funds, and annuity funds—based upon their unique attributes and objectives. The College's broad investment objectives, by investment pool, are as follows:

### **Endowment Funds**

The College intends that its endowment shall be invested to ensure the long-term growth of its capital rather than to maximize annual income or short-term returns, recognizing the impact of volatility and liquidity on its responsibility to provide predictable and stable financial support for the College's mission as a fine liberal arts college. Total return is expected to meet or exceed endowment spending plus inflation, thereby preserving or enhancing the real purchasing power of the endowment into perpetuity. Total return is also expected to outperform a blended benchmark (consistent with the asset allocation) over long-term, rolling periods of time. In investing the endowment, the perpetual nature of these endowment funds and the significant degree to which the College depends upon endowment distributions shall be taken into account. This Investment Policy also recognizes the necessity of endowment gift flow to sustain these funds on a real basis.

### **Operating and Reserve Funds**

Operating and reserve funds consist of the financial resources available to satisfy the College's cash requirements (including, but not limited to, funds available for the periodic reinvestment in capital and other strategic needs) and may also include the proceeds of tax-exempt bond issuances. These funds shall be invested to provide safety of principal, maintain liquidity to match expected liabilities, and generate a reasonable return.

### **Annuity Funds**

Annuity funds represent assets transferred to the College subject to life income interests and for which the College serves as trustee. Annuity funds shall be invested to preserve and protect these assets by earning a total return appropriate to each trust or vehicle's time horizon, distribution requirements, and risk tolerance.

The Investment Committee recognizes the importance of socially-responsible decisions to the long-term financial performance of business enterprises, and it selects investments and investment managers whose conduct is consistent with the core values of the College.

In addition, the College may from time-to-time make modest investments in real estate or other vehicles located in Grinnell, Iowa, in furtherance of the College's goal of improving the quality of life for its faculty, staff, and students.

### **Endowment Asset Allocation**

An asset allocation for the endowment, as well as certain liquidity and concentration metrics, each set forth in a sub-policy to this Investment Policy, will be approved by the Investment Committee from time to time, taking into account the recommendations of the investment staff. The primary objective of the asset allocation process is to identify a strategic mix of asset classes which produces the highest expected investment return within a prudent risk framework. This asset allocation is meant to provide guidelines for the investment staff to rebalance and make similar decisions on a tactical and/or opportunistic basis. In approving the asset allocation, the Investment Committee shall consider the perpetual nature of these endowment funds and the significant degree to which the College relies on endowment distributions to support the operations of the College. More specifically, the asset allocation should take into account the following factors:

- General economic conditions
- Long-term risks, returns and expected correlations of individual asset classes
- Required return and risk tolerance
  - Endowment spending policy and endowment gift expectations
  - Liquidity needs
  - Characteristics of liabilities
  - Inflation expectations

### **Responsibilities**

In addition to the general responsibilities set forth in the College's By-laws, the Investment Committee and investment staff shall be responsible for the following:

- The Investment Committee shall meet, usually telephonically, regularly between full Board meetings. The Chief Investment Officer shall organize these meetings and set the agenda in conjunction with the Chair or any Vice-Chair. A majority of the members of the Committee or four members of the Committee, one of whom is the Chair or a Vice-Chair of the Committee, whichever is less, shall constitute a quorum. The Investment Committee shall hold in-person off-site meetings as warranted by the circumstances.
- The Investment Committee shall establish, as deemed necessary, sub-policies and procedures for the College's investment assets. With such policies, or even in the absence of any such policies, the Committee shall act in every case in its best

judgment after appropriate review and consideration to secure the objective set out in the By-Laws.

- On an annual basis, the Chief Investment Officer shall present an investment office operating budget for approval by the Investment Committee. This operating budget shall be presented on the same schedule as the College's operating budget. Internal expenses, including, but not limited to, compensation and travel, shall be administered subject to College policies and processed pursuant to the same controls.
- The process for investment decisions and the role of the investment staff in implementing the same shall be set forth in a sub-policy to this Investment Policy, as approved by the Investment Committee.