OBERLIN COLLEGE
Board of Trustees

Investment Policy Statement

Adopted: June 2015
# OBERLIN COLLEGE

## Investment Policy Statement

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Oberlin College Investment Policy Statement

1. Purpose
The purpose of the Oberlin College (the “College”) Investment Policy Statement (“IPS” or the “Statement”) is to establish the policies and procedures that shall guide the Board of Trustees of Oberlin College (the “Board” or “Trustees”) in supervising and monitoring the management of the Oberlin College General Investment Pool. (The Oberlin College General Investment Pool shall be referred to as the “Endowment” for the remainder of this document. The Endowment refers to the General Investment Pool for the purpose of this Statement. The Endowment is a pool of assets that, as directed by restrictions of donors (permanent endowment) or decisions of the Board (quasi endowment), is to be held in perpetuity for the benefit of the College’s mission. The Statement is designed to meet the Endowment’s regulatory requirements and to ensure that the Board and other interested parties are fully aware of the Trustees’ fiduciary duty, the return objectives and risk parameters for the Endowment as well as the investment strategies employed, and how these factors relate to the College’s spending policies.

2. General Principles
The Endowment shall be managed in accordance with the high standards of fiduciary duty and in compliance with applicable laws and regulations. The standards for risk, return, asset allocation, diversification and liquidity shall be determined from a strategic perspective and measured over successive, multi-year market cycles.

3. Strategic Goals and Objectives
The Endowment has a long-term investment horizon. The primary investment objectives of the Endowment are to:

- Maintain the purchasing power of the Endowment over the long-term after inflation, costs and spending;
- Maximize the Endowment’s risk-adjusted return;
- Provide a stable source of liquidity and financial support to maintain the mission of the College.

4. Investment Philosophy
While acknowledging the importance of preserving capital, the Board also recognizes the necessity of accepting risk if the Endowment is to meet its long-term investment goals. It is the view of the Board

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1 The Oberlin College Endowment is comprised of pooled and non-pooled endowed funds. The vast majority of the endowed funds (99.9%) are commingled in the General Investment Pool and tracked with unit accounting much like a mutual fund. Non-pooled endowed funds held in the Oberlin College Endowment are segregated based on investment restrictions imposed by the donor or the Oberlin College Board of Trustees.

2 Including but not limited to the Uniform Prudent Investment of Institutional Funds Act (UPMIFA), Ohio Revised Code § 1715.51 et seq., signed into law on June 1, 2009. UPMIFA requires institutions to act in good faith, with the care an ordinarily prudent person in a like position would exercise under similar circumstances, in selecting an external agent to manage and invest institutional funds, establishing the scope and terms of the management and investment delegation, and monitoring the agent’s performance under that delegation; and requires the agent to exercise reasonable care to comply with the scope and terms of the delegation.
that choices made with respect to asset allocation; diversification; and the selection of specific investment managers will be the major determinants of the investment performance of the Endowment. Therefore, the Board shall seek to ensure that the risks taken are appropriate and commensurate with the goals of the Endowment.

In discharging its duties related to meeting the objectives of the Endowment established in the Investment Philosophy, the Board delegates the authority to the Oberlin College Investment Committee (the “Committee”) to make decisions regarding asset allocation subject to the Asset Allocation Policy provided in Appendix I, investment manager selection and the on-going monitoring of the Endowment to the Committee on behalf of the Board.

5. Investment Standards, Policies and Procedures

The Committee shall act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstance in managing and investing the Endowment. The Committee is expected to make management and investment decisions about an individual investment in the context of the Endowment as whole and as a part of the overall investment strategy for the College, including the risk and return parameters set forth in the Statement. The Committee shall consider the following factors, if relevant:

- General economic conditions;
- Possible effect of inflation or deflation;
- Expected tax consequences, if any, of investment decisions or strategies;
- Role that each investment or course of action plays within the overall investment of the Endowment;
- Expected total return from income and the appreciation of investments;
- Other resources of the College;
- An asset’s special relationship or special value, if any, to the College’s charitable purposes; and
- Needs of the College and the Endowment to make distributions and to preserve capital.

6. Asset Allocation Policy

The Committee shall develop and recommend an Asset Allocation Policy that reflects the investment objectives stated above. The Asset Allocation Policy is considered a long-term plan and therefore the Committee expects to alter it infrequently. The Committee shall review the Asset Allocation Policy on an annual basis, at a minimum, and make adjustments as necessary. In addition, the Board shall affirm the Asset Allocation Policy on an annual basis based upon the recommendation of the Committee.

Please see Appendix I for the Asset Allocation Policy.

6.1 Tactical Asset Allocation Ranges

The Tactical Asset Allocation Ranges (“Tactical Ranges”) establish the minimum and maximum acceptable exposure for each asset class in the Endowment. The Tactical Ranges provides guidance for the Committee in making asset allocation decisions for the Endowment.

6.2 Strategic Asset Allocation Targets

The Strategic Asset Allocation Targets (“Strategic Targets”) establish long-term target allocations for
each asset class in the Endowment. The Strategic Targets shall be expected to earn a rate of return that is consistent with an acceptable level of risk, considering the following factors:

- The expected return and risk profile of each asset class;
- The appropriate risk levels given the goals of the Endowment and the needs of the College;
- Alternative portfolio combinations;
- The liquidity requirements of the College;
- The Spending Policy established for the College as well as expectations for future inflation.

6.3 Tactical Asset Allocation Targets

The Tactical Asset Allocation Targets (“Tactical Targets”) reflects short-term allocations for each asset class in the Endowment established by the Committee based on prevailing market conditions and investment opportunities.

Decisions made by the Committee regarding the Tactical Targets for each asset class may be driven by a variety of factors including, but not limited to, absolute or relative valuation measures, macroeconomic forecasts, or consideration of potential exogenous events. Deviations from the Strategic Targets shall be deliberate and purposeful and therefore should be measured accordingly. The Committee shall thoroughly discuss and document the expected duration of the Tactical Target, the potential risks associated with the change as well as the conditions under which the Tactical Targets will be abandoned prior to implementation. The Committee shall review the Tactical Targets on a quarterly basis at a minimum.

The Tactical Targets are expected to fall within the Tactical Ranges for each asset class. If the Tactical Targets for an asset class falls outside of the minimum and maximum acceptable exposures established in the Tactical Ranges, the Committee is required to provide written notification of the position to the Board immediately. The report to the Board shall include the rationale for moving outside of the Tactical Ranges, the expected duration for the Tactical Targets and the conditions under which the Committee would modify the Tactical Target. The Committee shall provide quarterly updates to Trustees and notify the Board once the Tactical Targets are back within the Tactical Ranges.

6.4 Policy Portfolio

Collectively, the Tactical Targets for each asset class will serve as a guide for the staff of the Oberlin College Investment Office (“Staff”) as to the intended asset allocation of the Endowment (the “Policy Portfolio”). The Staff shall attempt to maintain the Policy Portfolio for the Endowment outlined by the Committee at all times. However, the Committee recognizes that deviations from the Policy Portfolio may occur periodically due to several factors, including identifying and underwriting individual investment managers, the process of implementation and the relative performance of each asset class.

The Committee will review the Tactical Targets of the Endowment relative to the Policy Portfolio at each quarterly meeting.

6.5 Rebalancing

Staff may be required to rebalance the actual allocations of the Endowment periodically based on the relative performance of the respective asset classes in the Endowment and the prevailing market environment.
Please see Appendix I for additional information regarding the periodic rebalancing of the Endowment.

6.6 Benchmarks

Each asset class within the Endowment will be assigned a benchmark index that reflects the long-term expected return and risk associated with that asset class. The Committee shall review and approve the benchmark indices for each asset class on an annual basis. The weighted-average performance of the benchmark indices based on the Strategic Targets for each asset class will collectively serve as the long-term benchmark for the performance of the Endowment over a full market cycle (generally considered to be three to five years). The weighted-average performance of the benchmark indices based on the Tactical Targets for each asset class established in the Policy Portfolio will serve as the benchmark for Endowment performance over shorter measurement periods.

6.7 Liquidity

The Committee and Staff shall maintain adequate liquidity in Endowment to meet the projected cash flow needs (e.g., payout to support operations, extraordinary withdrawals, capital commitments) for the College during the next three fiscal years. The Staff will monitor the liquidity of the Endowment regularly and perform a stress test on a quarterly basis, or more frequently if needed, to project the ability of the Endowment to support the College in meeting its future financial obligations in the event of a market crisis.

6.8 Concentration Limits for Individual Investments

The Committee maintains individual investment concentration limits to mitigate risks arising from inadequate diversification among individual investments:

- A maximum of 7.5% of the Endowment’s market value may be allocated to an individual investment manager engaged in an active strategy using publicly traded securities or their derivatives in a liquid investment vehicle; and
- A maximum of 5.0% of the Endowment’s market value may be allocated to an individual investment manager with limited portfolio transparency, liquidity constraints, or an individual investment manager that employs an investment strategy with higher expected risk (e.g., hedge funds, private equity).

The concentration limits established herein shall not apply to passive investments intended to replicate exposure to designated benchmark indices held within the Endowment.

6.9 Derivatives

The Staff may from time to time, at the direction of the Committee, utilize derivative contracts held directly within the Endowment to replicate the desired exposure to specific financial markets or instruments. The Committee expects the majority of the exposure gained through the use of derivative instruments to be comprised of listed futures contracts. In certain circumstances, these positions may result in leverage within the Endowment.

The Staff will seek to ensure that all positions in futures contracts or similar instruments will be fully collateralized by cash or cash equivalents to the extent practically possible, unless the Committee explicitly authorizes the use of leverage. Neither the Committee nor the Staff is permitted to create any leverage within the Endowment from any other sources, including repo and other forms of borrowing. The use of leverage is expected to be episodic and tactical in nature. The Committee shall thoroughly
evaluate the increase in the risk profile of the Endowment resulting from the introduction of such positions prior to implementation. The required margin amounts will be held in an account at the executing brokerage firm and any difference in notional market exposure and margin deposit will be held in a dedicated account at Oberlin’s custodial bank and invested in a short-term cash vehicle unless otherwise indicated by the Committee.

6.10 Hedges

The Staff, with the prior approval of the Committee, may enter into transactions or positions that are intended to hedge one or more aspects of the exposure of the Endowment. These positions are expected to be episodic and tactical in nature and may be based on a variety of factors, including, but not limited to, macroeconomic conditions, unintended exposures in Endowment or conditions related to specific investment managers or investment strategies. The Staff will utilize a retained service provider to implement any hedge positions that requires the Endowment to hold individual instruments directly. The Staff will work with the service provider to negotiate and implement agreements with counterparties as needed.

6.11 Proxy Voting

The Committee and Staff shall retain the discretion to discharge rights and duties related to individual security proxy solicitations as appropriate.

7. Review Process for Proposed Changes to the Investment Portfolio

7.1 Investment Guidelines

The Staff shall submit a formal recommendation for all proposed changes to the investment portfolio to the Committee for review and approval, including the addition of new investment managers, partial or full redemptions from existing investment managers as well as proposed changes to asset allocation or other tactical changes. All proposed changes must involve an asset class previously approved by the Committee and adhere to the existing asset allocation guidelines.

The Staff shall provide the Committee with sufficient information to allow the Committee to make an informed decision regarding the investment recommendation. For opportunities involving new investment managers, it is expected that the Staff will provide an investment recommendation summarizing the investment opportunity, providing relevant information, including a quantitative analysis of the historical returns of the investment manager and a discussion of how the Endowment is expected to benefit from the proposed investment, as well as a comprehensive due diligence report evaluating the operational infrastructure of the proposed investment manager. A third-party investment consultant may assist the Staff in preparing these materials.

The Staff will distribute the investment recommendation and due diligence report to the Committee for review and consideration. Members of the Committee have five business days to provide feedback or request additional information related to the proposed action. The Staff shall immediately communicate any feedback or questions received to all members of the Committee.

The Staff will have up to five business days to prepare a written response to any questions asked by members of the Committee and/or to gather additional information as requested.
Members of the Committee will have an additional five business days to review the new information provided by the Staff and make a decision.

Exceptions to the amount and type of materials provided to the Committee as well as changes to schedule for voting may occur to accommodate members of the Committee or due to the expected timing of the proposed action.

7.2 Voting Guidelines

To **approve** the investment recommendation, the Member may respond affirmatively. In addition, lack of response from the Member will be assumed as an approval of the proposed action.

To **reject** the proposed investment a Member should respond by indicating as such.

Should two or more Members have significant concern about the investment recommendation, the Staff, in consultation with Chair, shall arrange a conference call with members to discuss the investment. Staff will call for a final decision following the conference call.

8. Other Investment Related Policies

8.1 Policy for Short-Term Borrowing from the Endowment

The Staff shall have the discretion, subject to approval by the Vice President for Finance and Administration, to utilize a combination of existing credit facilities and cash held as collateral for futures contracts to meet operational and capital project funding requirements of the College. The Endowment may advance up to 3% of its current market value to address the short-term cash flow needs of the institution. An additional funding proposal shall be submitted to the Committee and Board for actions that fall outside the criteria described above or if the funding requirement exceeds 90 days in duration. The Staff shall raise the cash required to meet extraordinary funding needs through the pro rata liquidation of investments held in the Traditional Asset Class Portfolio within the Endowment. The Staff will provide written notification to the Committee of any extraordinary cash funding needs that exceed 3% of the market value of the Endowment or exceed 90 days in duration. The Staff and the Vice President for Finance and Administration shall review the projected ongoing funding needs of the College on a regular basis and discuss any extraordinary funding requirements as they arise.

8.2 Oberlin College Impact Policy Statement

The Oberlin College Impact Investment Platform (the “IIP”) shall involve a collaborative and inclusive process, engaging various constituencies from the entire Oberlin College community. The investments related to the IIP are expected to have a measurable positive effect on targeted social and/or environmental issues, while earning a competitive rate of return relative to assets held in the Endowment. Please refer to the Oberlin College Impact Policy Statement for additional information.

8.3 Divestment Policy

The Board shall consider proposals for divesting the Endowment of an investment if certain conditions are met. A decision to divest is a decision made exclusively by the Trustees of the College. In making such a determination, the Board shall consider its full range of moral, legal, and fiduciary responsibilities to the College and to current and future generations of students. Please refer to the Oberlin College
8.4 Conflict of Interest Policy

The Conflict of Interest Policy is to identify and manage actual, apparent, or potential conflicts of interest through transparent and appropriate disclosure and approval procedures; to protect the College’s financial integrity; and to ensure that the College’s assets are used in a manner consistent with its tax-exempt status. This policy defines broad categories of situations to be disclosed by Community Members so that actual conflicts can be identified and addressed on a case-by-case basis. Community Members refer to all members of the Oberlin College Board of Trustees; senior staff members of the College; all staff members of the College’s Investment Office; the Vice President for Finance and Administration; the Controller; and any other College employees or other individuals whom the Board may designate from time to time as Community Members.

8.5 Spending Policy and Extraordinary Withdrawals

The Board shall act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in developing the broad objectives and specific spending methodology, giving consideration to a number of factors, where relevant, including: the duration and preservation of the College’s Endowment in perpetuity, the purposes of the College and the Endowment, general economic conditions, the possible effect of inflation or deflation, the College’s historical total return on Endowment, the expected total returns and the related investment policies and target allocations to achieve the expected returns, and other resources of the College. The broad objectives of the Spending Policy are to increase the real value of the Endowment, to provide a dependable stream of current earnings distribution from the Endowment pool to the College, to release earnings at a rate sustainable over the long term, and to seek to provide predictability and stability of Endowment spending essential for long range planning. The Spending Policy is set and reviewed by the Audit Committee and Budget and Finance Committee and approved by the Board.

The Board may authorize additional spending from the Endowment ("Extraordinary Withdrawals") on occasion. A request for an Extraordinary Withdrawal requires a formal recommendation including a risk analysis. The Board requires two-thirds approval by the Members, given the importance of the decision to authorize additional spending from the Endowment.

8.6 Gifts and Transfers Policy

As a general policy, the College shall liquidate all gifts or transfers to the Endowment as soon as they come into its possession.

9. Roles and Responsibilities

9.1 Board of Trustees

Consistent with the Bylaws of the College, the Board exercises ultimate fiduciary responsibility for the Endowment and other investable assets of Oberlin College. The Board delegates the authority to the Committee for managing and monitoring the investment process in the best interest of the College over the long-term. The Board, assisted by the Nominating Committee appoints the Chairperson of the Committee (the “Chairperson”). The Chairperson is responsible for recommending members of the Committee to the Nominations Committee. The Board must ratify the Investment Policy Statement.
and other related investment policies, any changes in or temporary departures from those policies, and any investments outside of the Policy Portfolio. The Board shall also ratify any service providers recommended for hire by the Committee.

9.2 Investment Committee

The Committee has the fiduciary responsibility to ensure that appropriate policies governing the management of the investment process are in place and that these policies are being implemented effectively. The Committee shall adhere to the approved Statement as well as other policies approved by the Board.

In delegating management and/or investment duties to any external agent, the Committee shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in selecting consultants; establishing the scope and terms of any delegation of management and investment, consistent with the purposes of the College and the Endowment; and periodically reviewing the agents’ actions to monitor their performance and compliance with the scope and terms of the delegation. In addition, the Committee shall:

- Review and recommend modifications to the IPS, if needed, for further approval of the Board;
- Develop, monitor and recommend modifications for further approval of the Board, if needed, to the long-term asset allocations, benchmarks and ranges through establishment of the Strategic Target;
- Establish and monitor short-term asset allocation targets through the establishment of the Tactical Target;
- Establish the appropriate risk profile for the Endowment and ensure that the exposures of the investment portfolio remain within the desired tolerances;
- Review investment performance of the Endowment as compared to the Strategic Targets and the Policy Portfolio on a quarterly basis;
- Review and approve formal recommendations regarding changes to the investment portfolio, including, but not limited to, hiring new investment managers, terminating existing investment managers, and revisions for specific asset class allocations;
- Encourage the continuous review of new asset classes, investment strategies and investment managers on behalf of the Staff;
- Ensure the provision of sufficient resources, external and internal, to support the investment process;
- Ensure adequate documentation of Committee oversight;
- Monitor issues not directly related to investing that could impact the Endowment, such as changing reporting requirements;
- Provide the Board with adequate, timely, and accurate information on the management of the investment process, Endowment performance and other investment related activity.

Please see Appendix II or refer to the Oberlin College Investment Committee Charter for additional information regarding the membership of the Committee.

9.3 Vice President for Finance and Administration

The Vice President for Finance and Administration shall have administrative oversight the Investment Office including the Chief Investment Officer (the “CIO”). The Vice President for Finance and
Administration is also an ex-officio member of the Committee and shall be kept informed in a timely manner of the activities and actions of the Committee.

9.4 Staff of the Oberlin College Investment Office

The Staff is employed by Oberlin College for the purpose of executing investment strategy for the Endowment and other investable assets as established by the Committee and in accordance with bylaws and policies of the College. The CIO shall be responsible for the leadership and oversight of the Staff and external service providers. The CIO will also serve as the administrative liaison for the Committee. The CIO shall retain and hire appropriate Staff to accomplish objectives, provide Staff with feedback and professional growth opportunities and perform annual performance reviews. All changes to external service providers, additions of new service providers or vendors, or other operational recommendations from the CIO that result in any material change in the operating budget will be subject to the prior approval of the Committee.

The Staff will be expected to:

- Recommend long-term asset allocation targets, benchmarks and allowable ranges for the Strategic Targets to the Committee;
- Recommend and monitor the short-term asset allocation targets for the Policy Portfolio to the Committee for approval;
- Monitor and report, on a monthly basis, the investment performance of the Endowment and the Policy Portfolio as well as other investment activity to the Committee, the Vice President for Finance and Administration, the President of the College, and the Chairman of the Board;
- Actively monitor, manage and assess the performance and risk of individual investments in the Endowment and the portfolio as a whole;
- Explore new asset classes and recommend strategies for those that are potentially attractive additions to the portfolio;
- Provide formal recommendations regarding changes to the investment portfolio to the Committee for consideration;
- Monitor and report all hedging activity and other use of derivative instruments, primarily exchange-traded futures contracts, approved by the Committee and implemented by the Staff;
- Monitor actual asset allocation and rebalance exposures of the investment portfolio as needed, within allowable ranges;
- Work with the Committee to identify suitable opportunities for the IIP, monitor existing investments and recommend any changes to existing positions when appropriate;
- Develop an annual budget for the Oberlin College Investment Office, in collaboration with the Vice President for Finance and Administration, for review and approval by the Committee;
- Maximize the cost efficiency of managing the Endowment through the negotiation of contracts with third-party service providers and investment managers as well as other operational improvements;
- Minimize the operational risk to Oberlin’s assets by maintaining detailed files related to all subscriptions with existing investment managers, contracts with external service providers, as well as all other files and records related to accounts maintained on behalf of the Endowment;
- Prepare materials for and coordinate scheduling of Committee meetings;
- Work with other College departments on topics related to the Endowment and financial health of Oberlin College (e.g., debt policy, cash management, spending);
• Work with the Finance Division and external audit firm to maintain the proper level of controls regarding the operation and safekeeping of the College’s financial resources, including records of cash movements in and out of the Endowment, the calculations of investment performance and Endowment account values and files on external investment managers employed. The College’s audit firm is expected to review the controls and procedures at least annually;
• Record, circulate, and permanently retain the minutes of Committee meetings. A copy of the minutes will be submitted to each of the following: the Committee, the Chairperson of the Board of Trustees, the Chairperson of the Budget and Finance Committee, the President, the Vice President for Finance and Administration, and the Vice President, General Counsel and Secretary within six weeks following a Committee meeting. Meeting minutes will be presented for Committee approval at the next regularly scheduled meeting;
• Provide information and report on the Endowment and investment related activity to the Board, the Committee, Oberlin College administration and other interested parties as appropriate.

9.5 Investment Consultants
The Committee may utilize the services of an investment consultant to assist the Committee and Staff in the execution of assigned duties and responsibilities, including, but not limited to, formulating asset allocation strategies, identifying new investment opportunities and the on-going monitoring of existing investment managers currently held in the Endowment.

The Staff shall provide the Committee with a report evaluating the performance of any investment consultants annually. The Committee shall review these reports and may institute changes based on the feedback from the Staff and/or the changing needs of the College.

The consultants shall comply with the standards set forth in the Investment Policy Statement, as applicable.

10. Investment Policy Statement Review
The Board shall review and affirm the Investment Policy Statement as recommended and endorsed by the Committee annually.

The Oberlin College Board of Trustees adopted this Investment Policy Statement on June 5, 2015.
11. Appendix I – Asset Allocation Policy

Strategic Asset Allocation Targets, Tactical Asset Allocation Ranges and Benchmark Indices

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<td>15.0%</td>
</tr>
<tr>
<td>Hedge Funds</td>
<td>39.0%</td>
<td>20.0%</td>
<td>45.0%</td>
</tr>
<tr>
<td>Private Equity</td>
<td>16.0%</td>
<td>10.0%</td>
<td>25.0%</td>
</tr>
<tr>
<td>Real Assets</td>
<td>10.0%</td>
<td>5.0%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Master Limited Partnerships</td>
<td>2.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural Resource Equities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TIPS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Energy</td>
<td>5.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Private Real Estate</td>
<td>3.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Real Estate (REITs)</td>
<td>2.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>100.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>

*Venture Economics Global All Private Equity Index through 12/31/13 and Cambridge Associates US Private Equity Index thereafter.

11.1 Rebalancing

The Policy Portfolio reflects the targets for the various asset classes approved by the Committee. At any point in time, the actual asset mix may diverge from the prescribed target allocations as a result of either external factors (i.e., the relative performance of individual asset classes or specific investment strategies) or due to internal factors (i.e., cash flows to or from the Endowment). The goal of rebalancing is to minimize tracking error between the performance of the Endowment and that of the Policy Portfolio, and mitigate concentration risk within individual investment managers while minimizing transaction costs. Therefore, the Staff may rebalance when the actual allocation to any asset class deviates from the prescribed allocation of that asset class in the Policy Portfolio by +/- 10% of the Tactical Target Targets without the prior approval of the Committee. The Staff will attempt to utilize cash flows to and from the Endowment to accomplish rebalancing whenever possible. Further, the Staff may be required to rebalance individual investments based on the guidelines described in the Concentration Limits for Individual Investments section of the Statement.

11.1 Investment Committee Affirmation

On February 26, 2015 the Investment Committee approved the Strategic Asset Allocation Targets and Tactical Asset Allocation Ranges described above are based on the recommendation of Cliffwater LLC ("Cliffwater"), the third party investment consultant used by Oberlin College currently. The Tactical Asset Allocation Ranges were incorporated to allow the Committee to provide guidelines for the Committee in making opportunistic asset allocation decisions based on short-term conditions in the global financial markets.

Cliffwater estimates that the Strategic Asset Allocation Targets will generate an annual return of 7.55% with an annual standard deviation of returns of 9.87% over a multi-year holding period. The expected return of the Strategic Asset Allocation Targets are in-line with the expected annual return of 7.60% and
expected annual standard deviation of returns of 12.01% for the average midsize college/university endowment in the U.S (based on average allocations from 2014 NACUBO-Commonfund Study of Endowments).³

³ NACUBO is the National Association of College and University Business Officers.
12. Appendix II – Investment Committee Membership

12.1 Composition of the Investment Committee

The Committee shall consist of not fewer than four and not more than nine members, as determined by the Board. A majority of the voting members of the Committee shall be Trustees. If an appointed member is not available or does not respond to the call for a meeting, or if the number of members available for a meeting consists of an equal number of Trustees and non-Trustees, the Chair or Vice Chair of the Committee may request any available Trustee to act temporarily as a substitute member of the Committee, and such substitute shall, for the period appointed, have the status of a regular member of the Committee to compose a quorum and to act on all matters before the Committee. The Chair shall report all such appointments for substitute service as a matter of record.

12.2 Appointments

The Chair of the Committee is appointed in accordance with policies described in the Bylaws governing the Oberlin College Board of Trustees. The Chair is responsible for recommending members of the Committee to the Nominations Committee of the Board. Two Faculty members may be selected and shall participate as non-voting members in all activities of the Committee. The General Faculty shall decide how faculty membership on the Committee shall be determined and the procedures by which such faculty members shall be selected.

The Committee shall also have the discretion to form and disband sub-committees to focus on specific topics or subject areas as required. The Committee shall appoint all members of such sub-committees. In addition, any such sub-committee shall report to the Committee, which will retain final decision-making authority for any actions originating or recommended by the sub-committee.

12.3 Term Limits

Term limits are based upon a fiscal year. The term of service of the Chair of the Committee will be three (3) years, with an allowance for one additional three-year term, for a maximum of six (6) sequential years. Members of the Committee who are Trustees are appointed for a service term of three (3) years, with an allowance for two (2) additional three-year terms, for a maximum of nine (9) sequential years of service. Members of the Committee who are Non-Trustees are appointed for two (2) year terms and may be re-appointed each year thereafter, up to a maximum of nine (9) sequential years. Every member of the Committee must allow one (1) year to elapse from the last day of service before they may be reappointed to the Committee. In extraordinary circumstances, the Chair of the Committee shall have the discretion to request an exception to the term limit provision for Non-Trustee members of the Committee to serve an additional term or terms. Any such exception shall be subject to the review and approval of the Board.

12.4 Meetings

The Committee shall meet at least quarterly, or more frequently, at the discretion of the Chair.

12.5 Quorum

A number equal to half or more of the total voting membership of the Committee shall constitute a quorum.

Please refer to the Oberlin College Investment Committee Charter for additional information.