TRINITY HALL
CAMBRIDGE

Investment Policy

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Preface

This investment policy statement documents the investment aims of Trinity Hall ("Trinity Hall" or "the College") and the policies to guide endowment investment decision making following consideration by the Finance Committee (Investments) and the Finance Committee (Property). Material changes will be ratified by Governing Body.

1. Key Objectives

a. Overall objectives.

The endowment's portfolio is managed to maximise long-term total return so that it will at least maintain (and preferably grow) its value in real terms. Spending from the endowment must therefore be limited to amounts considered to represent a sustainable level over the long-term, consistent with an asset allocation that seeks to maximise return within acceptable risk parameters. Management of the portfolio should be carried out with regard to appropriate performance benchmarks in each area.

b. Expendable amounts.

The College employs a Total Return Policy to determine the level of annual drawdown from the endowment necessary to support its operational spending requirements (the Spending Rule). This Spending Rule is calculated using a seven-year rolling average for the value of the College's investments (net of loans) and is set at 3.0% as at 30 June 2020. The College periodically reviews the Spending Rule and may make adjustments according to prevailing interest rate, inflation and return expectations. In setting the Spending Rule the following factors will be taken into account:

- Expected portfolio returns taking account of risk parameters and asset allocation
- The imperative to balance the needs of present and future generations
- The importance of avoiding forced sales of assets into distressed markets

c. Return objective

Trinity Hall's return objective is to preserve and if possible enhance the purchasing power of its endowment assets, net of costs (and approved withdrawals) over the long-term. The time weighted net return on endowment assets should thus equal at least cost inflation (approximately CPI + 1%) plus the 3% Spending Rule. This should be measured over rolling periods of not less than five years. Gifts of capital are used to grow endowment assets where possible. Purchasing power parity is preserved through total investment return (income and capital returns) replacing the effects of Spending Rule drawdown and inflation.

d. Risk parameters

Trinity Hall is prepared to incur investment risks consistent with its pursuit of the return objectives set forth above. Portfolio return variability is managed through diversification by asset class and geography, portfolio construction and periodic rebalancing. The securities investments are divided between a number of managers and between discretionary managed accounts, limited partnerships and pooled investment funds. Agents are retained to manage the investment property portfolio. It is important to note that the pursuit of real returns in excess of 3%pa involves the assumption of levels of investment risk and volatility consistent with a portfolio predominantly invested in equities and private equity (both directly, and through advisers, investment funds and limited partnerships), property (both directly and through advisers, limited partnerships and/or funds) and other asset classes with a long-term return record consistent with the College's objectives. The College is a long-term investor and as such has the ability to hold investments that may be less liquid in order to generate returns higher than those generated for more liquid assets and to hold assets through periods of volatility.

e. Measurement Periods

The adoption of rolling five-year periods for assessment of results arises from the need to balance College return expectations and expenditure with the long-term nature and risk tolerance inherent in the College's investment perspective. Declines that persist for less than five years should not therefore impact the College's investment strategy, unless a peak to trough decline exceeds 25%, whereupon a review would be triggered. The 25% threshold serves as a proxy for the College's tolerance for changes in its financial position that, however transitory when viewed in hindsight, might trigger changes in the scope and character of its expenditure.

2. Strategic asset allocation

a. Purpose

Trinity Hall's strategic asset allocation (SAA) from the endowment should represent an asset mix that is likely to achieve the expected total return target expected within the risk parameters set forth above.

b. Process

The SAA is to be reviewed periodically by the Finance Committee (Investments) and modified as needed in the light of experience and changing circumstances, based on research and discussion between Committee members and external experts. Such discussion will consider *inter alia* asset class behaviour, risk tolerance and liquidity requirements as articulated in the Reserves Policy. The SAA ranges represent guidance. If the ranges are breached the Finance Committee (Investments) or (Property) as appropriate will review the relevant allocations and minute their decision as to amend or retain the relevant investments.

c. Return Expectations

The portfolio returns over one, three and five years should be presented and reviewed at least annually or more frequently should market conditions change significantly.

The College accepts that the return expectations of 3% real return might not be met in any given 12 month period, but should be an annualised long-term objective.

d. Sub segment benchmarks

Benchmarks for relevant sub-segments of the portfolio shall be reviewed. For equity holdings these shall generally be the most relevant regional or global indices on a total return basis. For other asset classes the Committee may include benchmarks where relevant.

e. Illiquid assets

Trinity Hall may invest in illiquid financial assets, defined for these purposes as assets that cannot be liquidated for cash within 52 weeks, and excluding directly held property. However it is expected that the proportion of such assets within the securities investment portfolio will not exceed 40%. The liquidity of the College's financial asset portfolio should be such as to ensure that cash can be withdrawn from the endowment to cover the expendable amount without triggering the sale of holdings at depressed prices and without leaving the portfolio overly imbalanced. Sufficient liquidity should be available to support the College's short-medium term capital requirements, either for the purpose of strategic investments (eg in property) or for the College's capital programme. The College's Reserves Policy requires that one year's expenditure could be raised in fourteen days and three years' expenditure in three months.

f. Leverage

The portfolio can be geared up by 35% which can be utilised to increase returns. The use of debt for financial investments requires the express approval of the Finance Committee and Governing Body. The Finance Committee will actively review debt levels if they exceed 33% and if market declines bring gearing to over 40% the committee will actively review measures to reduce the College's overall level of gearing.

g. Currency Management

The College recognises and expects that not all investments will be UK or GBP based and that this provides a level of diversification and potential returns to the portfolio over time. The College prefers not to have large currency positions separate to investments in underlying assets for hedging purposes.

h. Trust and corporate assets

All financial assets (excluding property) will be co-mingled and invested in the same overall allocation. Records will be maintained so as to verify the relative shares of the Trust and Corporate assets, as adjusted for their respective contributions to and withdrawals from the portfolio.

i. Socially responsible investment (“SRI”) /Environmental, Social and Governance (“ESG”) policies

The College wishes its investment practice to reflect its values and reputation as a charitable educational establishment of long standing. These values require that all fund managers behave with complete integrity, are fully compliant with all regulatory requirements and meet relevant codes of practice. The College seeks to ensure that investments are not made in companies whose practices are in conflict with the charitable purposes of the College or are likely to alienate a large proportion of the members or benefactors of the College.
In addition the College may from time to time require the College’s advisers who make direct investments for the College not to make such investments in specific companies which are dependent on profits from certain sectors of activity. Such companies shall include tobacco companies, arms companies involved in the development, production, maintenance or sale of white phosphorous weapons or companies trading with terrorists or with countries with whom the UK government does not permit them to trade, companies whose primary activity is in fossil fuel exploration or extraction and companies whose primary activity derives its revenues from pornography or gambling. The College also monitors and engages with investment managers on their ESG policies and practices and expects managers to screen in order to avoid investing in companies which violate the United Nations Global Compact (“UNGC”).

j. Donations

From time to time the College may come into possession of investments that do not meet its normal criteria through donations to the College. Whilst best endeavours will be made to meet the donor’s wishes, such donations will only be accepted on the basis that the College has the absolute right to dispose of an asset at a time and in a manner of its choosing, and reinvest the proceeds in its endowment in accordance with this Policy as updated and amended.

3. Governance and Implementation

a. Governance

The Committees’ investment work is governed by Statutes 14.3-14.5, the key elements of which are:

- The power to acquire, manage, invest, charge, dispose of or otherwise deal with any “Property” (“property” being widely defined to include any type of financial asset, land or buildings).
- To manage and invest some or all of the Property as an amalgamated fund or as amalgamated funds.

The role of the Bursar in implementing investment decisions is set out in Ordinances 14.2 and 14.3, the key elements of which are the authority to carry out the

Committee's decisions and to execute any documents necessary to do so.

The College is a registered Charity, subject to regulation by the Charity Commission for England and Wales, under relevant UK legislation. The Charity Trustees of the College are the members of Governing Body. Charity law and Charity Commission guidance places the Trustees under an obligation to:

- Establish a clearly recorded and regularly reviewed investment policy
- Consider whether to delegate the management of the charity's investments to a specialist/s
- Ensure that the investments are undertaken in a manner which provides the best financial return, within a level of risk considered acceptable, in support of the charity's objectives, recognising that exclusions might be placed on investments that conflict with the aims of a charity or might risk the loss of supporters or beneficiaries as long as there is no significant financial detriment from such exclusions.

The Governing Body delegates authority to the Finance Committee (Investments) and the Finance Committee (Property).

b. The Roles of the Finance Committee (Investments) and the Finance Committee (Property)

The Finance Committee (Investments) appoints managers under its delegated authority for the financial investments on a discretionary basis, using both managed accounts and pooled funds, according to the strategy, allocation and tactical approach adopted to fulfil the primary objective of maximising long-term total return within accepted risk parameters. The Committee also performs the following tasks to assist in the achievement of its primary objective:

- Reviewing overall asset allocation, geographical, counterparty and currency exposures.
- Reviewing, selecting and deselecting investment managers on the basis of performance reviews and the periodic need to reorient allocation or rebalance the portfolio.
- Scrutinise manager performance to highlight matters requiring further explanation

The Finance Committee (Property) appoints managers for the stewardship, rent collection, maintenance and strategic advice on development, acquisition or sale of the College's portfolio of real estate.

Conflicts of interest are declared at every meeting. No member who has expressed a conflict of interest may vote on a matter relating to that conflict. The Chair may, on a discretionary basis, permit the member to make brief introductory comments prior to departing before the material investment discussion amongst unconflicted members.

The Committee may refer an investment decision to Governing Body for approval if it considers that wider reputational issues might be engaged, such as making a direct investment in an entity from whom a Fellow (or a recently departed Fellow) is receiving compensation.

The Committees retain certain external members. These members, selected for their specific investment expertise, are expected to advise on asset allocation and fund and manager selection and portfolio management (Investments) and acquisition, development and disposal opportunities (Property). External members are non-voting. Investment managers and property advisers may also be invited to attend meetings.

Tim Harvey-Samuel, February 2022

Appendices:
Terms of reference for Finance Committee (Investments) and Finance Committee (Property).

c. Terms of Reference

TRINITY HALL
FINANCE COMMITTEE (INVESTMENTS)

TERMS OF REFERENCE

1. To determine policies and to take actions to arrange for the management of the College's funds invested in listed and unlisted securities and partnership interests, other than those invested in real estate, under delegated authority from the Governing Body via the Finance Committee in accordance with Statutes 14.3-14.5.

2. To review performance, portfolio asset allocation and the selection and deselection of managers with the aim of maximising the long-term total return to the College within acceptable risk parameters. This shall include the scrutiny of individual performance to identify matters which may require further explanation from any investment manager.

3. To develop and forward to Finance Committee and thence to Governing Body an Investment policy and recommendation for a Spending Rule to be reviewed no less frequently than at five yearly intervals.

4. To instruct the Bursar to make changes in the composition of the College's holdings and investment managers as envisaged under Ordinances 14.2 and 14.3.

5. To have the power to co-opt Fellows with relevant Finance Committee/Investment experience as required to ensure continuity of knowledge of College investments (see Constitution below).

6. Members to constitute the membership of the Finance Committee.

7. The Committee shall meet at least termly but can be convened to assess and advise the Bursar to make portfolio changes as deemed necessary in the light of events and developments in investment markets. Business may be concluded by circulation.

CONSTITUTION

Ex officio: A member of the Finance Committee who is usually not a College Officer (Chair), the Master, the Bursar and Steward (Secretary), the Senior Tutor, the Vice-Master and the Development Director (in attendance). Six to eight other Fellows, the normal term being four years (of which no more than half can be co-opted for multiple terms). External members may be co-opted for their expertise in areas of investment. These members will be non-voting and may be renewed for multiple terms.

TRINITY HALL
FINANCE COMMITTEE (PROPERTY)

TERMS OF REFERENCE

1. To determine policies, asset allocation (in conjunction with the Finance Committee (Investments)), the selection and deselection of advisers and to take actions to arrange for the management of the College's funds invested in directly held real estate and partnership interests relating to real estate under delegated authority from the Governing Body via the Finance Committee in accordance with Statutes 14.3-14.5.

2. To review performance, rental strategy and collection, stewardship, development and acquisition and disposal opportunities with the aim of maximising the long-term total return to the College from its real estate assets within acceptable risk parameters.

3. To develop and forward to Finance Committee and thence to Governing Body an Investment policy to be reviewed no less frequently than at five yearly intervals.

4. To instruct the Bursar to make changes in the composition of the College's holdings and managing agents as envisaged under Ordinances 14.2 and 14.3.

5. To have the power to co-opt Fellows with relevant Finance Committee/property experience as required to ensure continuity of knowledge of College investments (see Constitution below).

6. Members to constitute the membership of the Finance Committee.

7. The Committee shall meet at least termly but can be convened to assess and advise the Bursar to make changes as deemed necessary in the light of events and developments in property markets. Business may be concluded by circulation.

CONSTITUTION

Ex officio: A member of the Finance Committee who is usually not a College Officer (Chair), the Master, the Bursar and Steward (Secretary), the Senior Tutor, the Vice-Master and the Development Director (in attendance). Six to eight other Fellows, the normal term being four years (of which no more than half can be co-opted for multiple terms). External members may be co-opted for their expertise in relevant areas of property. These members will be non-voting and may be renewed for multiple terms.

Version Control Table

Version	Date	Major Change	Approved	Owner
1	October 2020	Documentation of investment aims and policies to guide investment decision making process	GB 3.11.2020	Bursar
2	February 2022	Update on conflicts of interest re companies being considered for direct investments	GB 15.2.2022	Bursar