

Investment Committee: Terms of Reference

The Investment Committee is a committee of the Board of UWC-USA. The overall objective of the Investment Committee is to meet the College's spending needs in a sustainable manner over the long term.

Membership

1. The Investment Committee will be comprised of a minimum of 7 members.
2. The Chair and the members of the Investment Committee will be nominated by the Governance Committee.
3. Members of the Investment Committee may be existing Trustees or new non-Trustees.
4. The tenure of existing Trustee members on the Committee will be determined by the bylaws of UWC-USA.
5. Non-trustee Committee members can remain on the Committee without joining the full board. They can serve for a term of 3 years, and may be reappointed for further terms if approved by the Governance Committee.
6. The Investment Committee should meet at least four times a year, more frequently if conditions warrant.
7. A quorum of 5 members is required at each meeting.
8. The College's CFO, or acting CFO will be a nonvoting member of the IC and will therefore not be counted among the quorum. A member of the IC will record and maintain meeting minutes.
9. Members will be expected to not only have relevant investment experience but also represent diverse viewpoints. Members will be expected to engage in constructive debate and seek to build consensus.

Decision Making

1. The Board of Trustees set the objectives for the endowment: 5% payout while preserving the real value of the endowment.
2. The Investment Committee sets the risk budget and the strategic benchmark to meet the endowment's objective.
3. The Investment Committee can allocate any component of the strategic benchmark to active managers. Decisions to hire/retain/remove managers will be the purview of the Committee.
4. Investment Committee decisions will be made by majority vote at each meeting.
5. The CFO will implement the target asset allocation decisions.
6. The portfolio will be rebalanced back to target asset allocation every year, or upon change of asset allocation or upon significant inflows/outflows.

7. The Investment Committee will review performance on a quarterly basis relative to the strategic benchmark, peers and long-term objectives to gauge success of the overall strategy.
8. The Investment Committee may make a recommendation to the Board to hire/retain/remove a Consultant, but such final decision will be the purview of the Board of Trustees.

Output

1. The Investment Committee will submit all asset allocation decisions and performance reviews to the Board on a quarterly basis.
2. The Investment Committee will provide an “annual report” summarizing investment policy, asset allocation, performance trends and other key issues to the Board of Trustees¹.

Investment Approach

The investment policy will be set with a 10-year horizon. The committee will seek to generate risk premia over cash (beta) across a diverse set of asset classes. Occasionally, risk premia through active management (alpha) will also be sought out. The asset classes under consideration will be:

1. Global Equity (US/Global/Style/Cap)
2. Global Fixed Income (investment grade/high yield)
3. Alternatives (Uncorrelated)

The Investment committee will explicitly consider the following factors when setting allocations:

1. Liquidity
2. Management costs
3. Transparency of investment strategy
4. Ease of accessing investment reports
5. Ethical and reputational risk

¹ The CFO will maintain a reference file of annual performance and fund flows to support “institutional memory.”