CHURCHILL COLLEGE

Investment Policy

The College's investment policy is determined by the Governing Body on the advice of its Investment Committee (IC). The College Council is responsible for the implementation of the investment strategy, again on the advice of the IC (Statute XXXII).

Aim

The College aims to manage its endowment fund in order to optimise total return over the long-term, provide for real increases in annual expenditure, and, so far as is consistent with this, to moderate volatility within the portfolio. The ambition is to keep pace with inflation whilst growing the capital base in real terms in order to meet the financial requirements of both the current and future generations.

Types of Investments

The majority of the College's investments form part of the Amalgamated Investment Fund and this is managed on a total return basis. Underlying investments may be in public and private equities, unlisted alternative investments, bonds, property, money market and cash instruments.

The rate of draw down each year is based on long-term portfolio performance and reviewed on a rolling three-year basis. The College will review distributions against long-term returns to ensure that over time the real value of the endowment is not being depleted.

Underlying portfolio investments should be consistent with the College's charitable purposes as a place of education, learning and research.

The College has investments in its wholly-owned subsidiaries – the most significant being the Møller Institute. The return from the subsidiaries does not fall under this policy or the IC.

In addition, the College holds a small number of other investments which do not form part of the Amalgamated Investment Fund. These are primarily gifts of shares in companies that are not publicly listed (or were not listed at the time of the gift). The IC will review these shareholdings periodically and advise with regard to the timing of their disposal or their inclusion in the Amalgamated Investment Fund.

Responsibilities as an Investor

The College has deemed responsibilities, as an investor, for the conduct of the companies in which it invests. However, investments are not made directly but through independent third party investment managers or via index-tracking funds. Accordingly, when considering how best to monitor the actions of the companies in which it invests and how to influence those actions, the IC will look principally at the policies and objectives of its third party investment managers.

To this end, with respect to active portfolio management, it will look to:

(i) invest through investment managers whose aims are consistent with the College's investment objectives;

(ii) seek to engage with investment managers and encourage participation in coalitions with other investors on environmental, social and governance (ESG) issues where this is considered practicable;

(iii) seek to ensure that human dignity, environmental sustainability, energy efficiency and biodiversity are respected and advanced.

It is noted that all such actions must be consistent with our fiduciary duties as trustees intending to maintain and increase the long-term value of the College's endowment.

Overall investment risk is assessed and managed through the IC. Investment risk has two principal components: portfolio diversification; and due diligence with respect to underlying investment managers.

The IC assesses portfolio composition (asset allocation) and diversification at least annually.

The IC carries out due diligence on investment managers in advance of their appointment and thereafter at least once every two/three years with the intention of ensuring that the investment manager's risk control and investment processes are maintained and reasonable.

All investment managers provide the Bursar with monthly performance reports and a summary is circulated to the IC.

Delivery

The College's principal equity investments are held via managed funds and exchange-traded funds managed by independent investment managers. As part of the regular reports from such managers, the IC will seek information about voting practices and how environmental, social and governance issues are addressed with underlying companies. New active investment managers will be assessed, in part, on the basis of their ESG policies.

The College does not tend to invest directly in companies, other than where shares have been gifted to the College. Should it do so, it will where appropriate seek to engage with the management of such companies to encourage actions in the long-term interests of both the company and its investors. In particular, it will consider the company's actions on ESG issues and will vote to encourage responsible behaviour and will look to work with others who share such concerns.

Review

The IC is made up of Fellows of the College, including the Bursar, and external members. From time to time it may also include professional advisors.

The IC meets twice yearly as a minimum but may meet more frequently. At present the IC meets three/four times each year, with additional investment manager due diligence meetings being undertaken by sub-committees of the IC.

The IC advises the College Council and Governing Body on portfolio asset allocation. It considers new investments against the criteria listed above and reviews the investments it holds and its fund managers' practices annually. Such information is included in its reports to the College.

The IC reports annually to the College Council and the Governing Body, unless it wishes to bring before the College Council any proposed changes in investment policy.

This investment policy will be reviewed periodically so as to incorporate new developments and opportunities, and consideration will be given as to how the College's responsibilities as trustees and investors may be improved.

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