

Investment Policy Statement for Trinity Endowment Fund

1. Introduction

- 1.1 The Trinity Endowment Fund ('the Fund') comprises over 420 individual endowments, each of which represents a benefaction to the University. In general, they are permanent funds that provide financial support to specific University activities in perpetuity. Many have their own stipulations, as specified by the donor, about how and for what purpose they may be used.
- 1.2 Responsibility for decision-making on investment matters has been delegated by the Board to the University's Investment Committee, which is a sub-committee of the Finance Committee. The Investment Committee ('the Committee') establishes and implements investment policy, appoints investment managers for the Fund's assets and monitors investment performance against agreed benchmarks, making portfolio adjustments where necessary.

2. Investment Objectives

- 2.1 The primary objectives are to generate a sustainable level of income and preserve the purchasing power of the assets held in the Fund after inflation, expenses and withdrawals.
- 2.2 The key drivers of the investment philosophy are:
 - Generation of absolute real returns
 - Investing for the long term
 - Diversification
 - Adherence to broad Environmental Social and Corporate Governance ('ESG') principles
 - An asset's special relationship or value to the University (any such investments would be evaluated against other market alternatives)
 - Ongoing management and review of asset allocation
- 2.3 The current income target is driven by the investment philosophy and changes to the income target should be informed by market benchmarks. The income target shall be reviewed and agreed annually by the Investment Committee.

The long-term nature of the Fund provides the capability to withstand higher levels of volatility of the capital value of its investments, as long as current expenditure can be met from investment income and occasional drawdowns from the Reserve Fund to smooth income flows if required.

3. Risk

- 3.1 The key risk is that the Fund will not generate sufficient income in any given year. Therefore, typical risk metrics of a portfolio (eg. Sharpe ratio) are less relevant for the Fund. In the current low interest rate environment, liquidity risk (difficult to measure) is where the focus lies. Given its long-term investment horizon the Fund can tolerate capital market volatility.
- 3.2 An appropriate mix of liquid and illiquid assets as determined by the Investment Committee shall be held.

3.3 A risk review of the portfolio should be carried out on an annual basis.

4. Assets

4.1 The Endowment Fund can be invested widely and should be diversified by asset class and security. Asset classes may include cash, equities, bonds, property, infrastructure assets, commodities and any other asset deemed to be suitable by the Committee. The Committee may agree to invest in individual or fund-based equity and fixed interest holdings and other funds to achieve the overall long-term Fund objectives.

4.2 The Committee may use more than one investment manager; in which case a decision process must be put in place to deal with the addition of new investments.

4.3 The University's expenditure and the base currency of the investment portfolio is Euro. Investment within the portfolio may be made in non-Euro assets. Currency hedging is permitted in order to reduce the portfolio's exposure to negative currency fluctuations against the Euro.

4.4 Within the agreed asset allocation there may be temporary variations, due to market movements.

4.5 The Committee shall keep the Fund asset allocation under review and will seek external professional advice where necessary. Annually the Committee will review the current asset allocation and agree any changes required.

Approved Asset Allocation

The table below summarises the current target asset allocation approved by the Committee in September 2017, amended in September 2018 and further amended in December 2020.

Asset Class	Target allocation
Equities	65.0%
Property	18.2%
Infrastructure Assets	10.8%
Private Credit - Corporate Direct Lending	4.6%
University Bridge Fund	1.0%
Cash	0.4%
Total Portfolio	100.0%

5. Liquidity requirements

5.1 The Fund aims to balance the needs of both current and future beneficiaries and as such aims to set a sustainable income target, whilst ensuring that capital is expected to grow in line with inflation over the long-term.

6. Time horizon

- 6.1 The Fund can adopt a long-term time horizon as it is expected to exist in perpetuity.

7. Ethical investment policy

- 7.1 The Fund is committed to investing on a responsible and sustainable basis to ensure the resilience of the portfolio in light of threats to sustainability. The Fund adheres to broad Environmental Social and Corporate Governance ('ESG') principles and aims to work with asset managers who comply with the United Nations Principles of Responsible Investing requirements.
- 7.2 The Investment Committee expects its Investment Managers to ensure that all underlying active managers integrate the consideration of ESG-related risks into their investment process and to regularly challenge underlying managers to evidence their approach.
- 7.3 Managers are expected to improve their sustainability credentials and investment performance reporting should include ESG integration metrics.
- 7.4 The Fund will have regard to the University's Sustainability Policy, noting that Sustainability is a key pillar of the University's Strategic Plan 'Community and Connection 2020 – 2025' and that the Fund's disbursements support a wide range of activities across the University.

8. Management, reporting, monitoring

- 8.1 The Committee is responsible for the selection of investment managers and assets/vehicles to implement the agreed asset allocation strategy.
- 8.2 The Committee meets on a quarterly basis, and if required, a more regular Investment Committee Sub-Group meeting may be convened to deal with any specific issues arising.
- 8.3 The Chair of the Investment Committee will present an Annual Report to the Investment Committee and Finance Committee detailing the key areas of work, including annual review of asset allocation, undertaken by the Investment Committee in the relevant year.
- 8.4 In line with the Committee's Terms of Reference, an annual self-evaluation process will be completed and the results presented to a meeting of the Committee.
- 8.5 Every 3 years, the Committee should undertake a full review of the Endowment Fund's investments including:
- Analysis of return, risk and asset allocation
 - Monitoring of performance against agreed market indices and the University's overall investment objectives of income generation and capital preservation
 - A review on investment manager charges incurred and level of service provided to ensure value for money, compared to agreed rates

8.6 Minutes of all Committee meetings will be circulated to Finance Committee for noting along with a summary of the Fund's quarterly performance.

9. Approval and review

9.1 This Policy was approved by the University's Finance Committee on 4 February 2021.

9.2 It will be reviewed on a regular basis, every 3 years, to ensure that it continues to be appropriate for the management of the University's Endowment Fund.