



**VERMONT
COLLEGE
OF FINE
ARTS**

**Investment Policy
Administrative Policy F1.6
June, 2010**

Introduction

Currently, the College's endowment is invested in a money market account at the College's commercial bank. The corpus of the endowment grows organically through new gifts and the entire balance of interest earned is moved once per year into the College's operations.

When the decision is made to actively manage the College's endowment by the Board of Trustees, the following policy is proposed:

Policy Statement

Recognizing the significance of VCFA's investments in providing a critical margin of financial support for the long term academic program and general operations, the College assigns a high priority to the productive management of investment assets. The investments are to be managed for consistent long term stable growth. It is expected that prudent investment management style will be followed to provide long term investment growth while minimizing declines in asset value. Such a policy will allow for the greatest flexibility and for growth over the long term of the Foundation's investment contribution to the College's programs.

The Finance Committee will manage the Investment Manager selection process.

The Investment Manager will follow guidelines provided by the Finance Committee. The Investment Manager should notify the Chief Financial Officer of major asset shifts (i.e., greater than 10%) on a timely basis.

Common Stock/Mutual Fund Equities Investments

- Assets of the fund may be invested in:
 - Equities, including indices
 - Fixed Income investments
 - Certificates of Deposit
 - Commercial Paper
 - Other Long-Term Debt Securities (including Corporate Debt) and Mutual Bond Funds

The Investment Manager is prohibited from investing in commodities, derivatives, private placements, and directly in real estate, or engaging in short sales, put options or margin transactions. The investment strategy should be appreciation through long-term growth, not short-term market speculation.

Over a typical market cycle of 3 to 5 years, the returns are expected to match or exceed the selected market indices.

Approved by the Board of Trustees, June, 2010