Investment Policy of the Board of Trustees of Piedmont College

October 2012

The central theme of this policy is to manage the investment assets of the College to the maximum extent necessary to accomplish the College’s current objectives and those which may hereafter evolve. To insure achievement of this goal, it is the policy of the Board of Trustees that:

I. The Investment Committee of the Board of Trustees shall:

   a. Select and contract with competent, professional investment managers to provide expert management of the College’s funds available for investment;

   b. Provide such managers with realistic payout requirements and investment guidelines setting forth appropriate limitations on amounts to be invested in various types of securities;

   c. Require managers to make timely reports of transactions and other pertinent data;

   d. Monitor and compare performance of managers with respect to such data.

II. The Investment Committee is to report to the Board twice each year on the investment results for all funds, and, in the interim, is to report immediately to the Executive Committee any development which might have a highly significant effect on any of the investment assets.

III. The Investment Committee is to take such steps and precautions as are necessary to avoid actual conflicts of interest or the appearance of any such conflicts of interest in the management of the College’s investments.

IV. Investment Guidelines: Endowment and Trust Funds

   a. Investment Objectives:
      i. To meet the annual spending policy (adjusted for inflation) set by the Trustees
      ii. To achieve reasonable growth in fund asset value over time
      iii. To limit risk by avoiding high-risk investment strategies

   b. Spending Policy:
      i. The payout amount will be calculated using a 5% spending rate applied to the total market value of the funds on a three year moving average at December 31.
      ii. The Investment Committee with the approval of the Board may set a target payout requirement independent of the payout amount calculated above for a given fiscal year, if the Investment Committee determines such a move is in the best interest of the College.

   c. Asset Allocation:
      i. Securities will be selected and reviewed based upon their expected total return and volatility.
      ii. Equity holdings shall be readily marketable securities of corporations that are actively traded on the major U.S. exchanges.
      iii. Not more than 20% of the market value of the portfolio should be invested in any one industry category.
iv. The target allocation is:

1. Equity
   a. **Normal Level** 50%
   b. Lower Range 45%
   c. Upper Range 55%

2. Fixed Income
   a. **Normal Level** 30%
   b. Lower Range 25%
   c. Upper Range 35%

3. Alternative Investments
   a. **Normal Level** 20%
   b. Lower Range 15%
   c. Upper Range 25%

4. Cash & Cash Equivalents
   a. **Normal Level** 0%
   b. Lower Range 0%
   c. Upper Range 10%

V. Investment Guidelines: Gift Annuity Fund

a. Investment Objectives:
   i. Assure payment of annuitant obligations
   ii. Minimize risk to asset value
   iii. Increase yield and asset value if possible

b. Spending Policy:
   i. The fund is to be managed on an income basis. Payouts should be funded from income.
   ii. The payout requirement is dependent upon the annuitant population.
   iii. Should an annuitant die within the fiscal year, the transfer to the Endowment of that annuitant’s remaining value shall be made at the end of the then current fiscal year. Any income earned after the death of the annuitant but before the transfer to the Endowment shall remain in the Annuity Fund to help meet future payout requirements.

c. Asset Allocation:
   i. The fixed income portion of the portfolio should range between 70% and 100% of the total portfolio.
   ii. The cash and cash equivalents portion of the portfolio should not exceed 30% of the total portfolio.