Introduction and Purpose of the Endowment
This Investment Policy Statement (“IPS”) applies to the endowment of Dartmouth College (the “College”), referred to throughout this document as the Total Return Pool (“TRP”). The endowment is composed of both restricted funds, for which donors designate a specific purpose for their gifts, and unrestricted funds. The TRP is comprised of the Total Investment Assets (“TIA”) pool and local direct real estate. The purpose of the IPS is to establish guidelines for the investment management and oversight of the TRP.

Dartmouth’s endowment provides financial support for the operations of the College, including Dartmouth Medical School, the Thayer School of Engineering, and the Tuck School of Business. Investment and spending policies are designed to balance the current goals of the College with its future needs, in order to achieve parity in supporting both current and future generations of Dartmouth students. Earning long-term returns that maintain the inflation-adjusted purchasing power of the endowment underpins this objective of intergenerational equity.

Investment Objectives
The investment objective for the management of the TRP is to achieve growth in the value of the assets that is sufficient to preserve the inflation-adjusted purchasing power of the assets over the long term. While the pursuit of this objective requires the assumption of investment risk, the intention is to avoid excessive risk, so that the TRP can provide a reliable and sustainable flow of funds to support the mission of the College.

Spending
Each year, the Board of Trustees approves the endowment distribution rate that establishes the percentage of the value of the endowment that is made available for spending. The Investment Staff provides input to the Board of Trustees’ Finance Committee regarding the long-term expected return of the TRP, a critical variable in the spending policy.

Management and Oversight
At the direction of the Board of Trustees, the Trustees’ Investment Committee has oversight responsibility for the TRP. The Investment Office manages the TRP, and reports to the Board of Trustees’ Investment Committee (the “Committee”). The Committee is composed of Trustees and non-Trustees with significant experience in the investment management industry. The Committee meets quarterly to discuss and review asset allocation policies, investment performance and current strategies proposed by the Investment Office Staff.
Investment Review and Approval Committees

An Investment Approval Committee ("Approval Committee") exists for several areas of the portfolio. Each Approval Committee consists of the Chair of the Investment Committee, the Vice-Chair of the Investment Committee and a Committee member who has expertise in the relevant asset class.

The Approval Committees are responsible for approving new investments with new or existing managers in an amount that does not exceed 3% of the value of the TRP. For investments that exceed 3% of the TRP, full Investment Committee approval must be obtained. The CIO and Chair of the Investment Committee collectively have authority to approve add-on commitments to existing managers in existing funds in an amount up to 35 basis points of the value of the TRP; add-on commitments in excess of 35 basis points of the value of the TRP require the appropriate Approval Committee vote. For investments that constitute a related party transaction, the policies and procedures outlined in the College’s Pecuniary Benefit Transactions and Related Party Investments Policy are followed and full Investment Committee, Audit Committee and Board of Trustee approvals are obtained.

Investment Office

The Chief Investment Officer is responsible for managing the Investment Staff. The Investment Staff have the responsibility to ensure that the assets of the TRP are managed in a manner that is consistent with the policies and objectives set forth in this document and in compliance with all applicable laws.

Consistent with the Policies and Objectives set forth in this document and under the direction of the Investment Committee, Investment Staff will:

- Provide recommendations and implement asset allocation policies approved by the Investment Committee for the TRP;
- Recommend external, third-party investment managers or direct investments in a specific asset or security to the Approval Committees, documented by a thorough due diligence process;
- Review managers’ performance on a regular basis;
- Recommend manager terminations or disposition of a direct investment in a specific asset or security to the Approval Committee, as necessary;
- Direct endowment cash flows in accordance with the rebalancing policy; and
- Report periodically to the Investment Committee on the performance and asset allocation of the TRP.

Recommendations to invest directly in a specific asset or security will be considered under the guidelines outlined in the attached Direct Investment Policy and with the agreement of the appropriate Approval Committee. Use of derivatives that would effectively create
economic leverage on the aggregate TRP is prohibited unless approved by the full Investment Committee.

Other Investment Services
The Investment Staff can employ professional management services in various fields. These include, but are not limited to, investment consultants, custodians, attorneys, auditors, and others that assist with the prudent monitoring and administration of the TRP’s assets.

Asset Allocation
Thoughtful asset allocation is a focal point of an effective investment process. In that regard, the Committee and Investment Staff shall employ an appropriate combination of understanding of institutional financial risk tolerance, investment principles, informed market judgment and independent thinking in establishing an asset allocation policy. The asset allocation policy is designed to diversify investments across asset classes to provide a balance that will enhance total return while avoiding undue risk from concentration in any single asset class or investment style.

To ensure broad diversification among the major categories of investments, Dartmouth has adopted the following capital allocation policy ranges for each asset class within the Total Investment Asset (TIA) Pool. This asset allocation framework is reviewed annually by the Investment Committee, but due to the long term nature of the TIA, changes to the framework are expected to be infrequent:

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Capital Allocation Policy Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Global Equity</td>
<td>20-40%</td>
</tr>
<tr>
<td>MALT</td>
<td>20-35%</td>
</tr>
<tr>
<td>PE/VC</td>
<td>15-25%</td>
</tr>
<tr>
<td>Natural Resources</td>
<td>5-15%</td>
</tr>
<tr>
<td>Real Estate</td>
<td>0-10%</td>
</tr>
<tr>
<td>Fixed Income &amp; Cash</td>
<td>3-12.5%</td>
</tr>
</tbody>
</table>
Investment Principles and Asset Class Roles
The following core investment principles provide the foundation for the asset allocation policy:
- *Equity dominance*: equities are expected to be the highest-performing asset class over the long term, and thus will dominate the portfolio;
- *Illiquid assets*: in general, private illiquid investments are expected to outperform more liquid public investments by exploiting market inefficiencies;
- *Global orientation*: the endowment will consider the broadest possible set of investment opportunities in its search for attractive risk/return profiles;
- *Diversification*: thoughtful diversification within and between asset classes by region, sector, and economic source of return can lower volatility and raise compound returns over the long term.

Global Equity
The allocation to Global Equity is expected to provide reliable, transparent exposure to the global equity markets while maintaining a liquidity profile appropriate to provide necessary cash flows from this part of the portfolio. There are no specific targets for domestic, international and emerging markets. This is intended to allow for investment with managers who will seek superior risk-adjusted returns, regardless of their capitalization and/or geographic orientation.

Dartmouth generally seeks global equity managers who are not trying to mimic an index, but rather are attempting to add value by utilizing both their broad industry knowledge and their company-specific knowledge. The Investment Staff favors managers with concentrated portfolios, represented by high conviction positions.

While the managers in this category will typically be assembling long-only equity portfolios, the structure of the investment vehicles through which the endowment accesses these managers could include commingled and highly liquid funds, hedge fund-like structures with illiquidity provisions, or separate accounts.

Marketable Alternatives (MALT)
The allocation to Marketable Alternatives is expected to provide equity-like returns with lower volatility, through investment managers that generally seek to substitute unique sources of return for market exposure. Dartmouth’s marketable alternatives managers fall into two categories: Equity-Oriented Hedge Funds, which may include discrete and blended strategies in long/short equities, various segments of credit and distressed securities, as well as merger and risk arbitrage, and Absolute Return funds, which may include long/short credit, market neutral, tail-risk, global macro, and the lower risk return segment of distressed, merger and risk arbitrage strategies. Managers in the marketable
alternatives program may consider both public and private investments on a global basis, and across the capital structure.

**Private Equity and Venture Capital (PE/VC)**
The allocation to Private Equity and Venture Capital is expected to generate enhanced returns relative to public equities, through managers that can exploit the inefficiencies in the private markets to create value. The College’s investments in private companies have included exposure to businesses at various stages of maturity, on a global basis.

**Private Equity**
Dartmouth’s private equity partnerships generally invest in relatively mature companies. These can be minority ownership “growth equity” investments or control-oriented “buyout” transactions. The transactions can include the acquisition of a division of a large corporation, a private company acquired from founders seeking liquidity, or a publicly-held company that is taken private. The endowment’s private equity program is diversified across several dimensions, including by manager, growth and value investment styles, company size, sector, geography, and time.

**Venture Capital**
Dartmouth’s venture capital partnerships focus on seed, early and expansion-stage investments in high-growth and dynamic sectors including software, consumer internet, enterprise information technology, networking equipment, semiconductor, cleantech and biotechnology.

**Natural Resources**
The allocation to commodities and natural resources is expected to generate equity-like returns, with a relatively low correlation with traditional marketable assets. In addition, commodities and natural resources have the potential to provide protection against inflation.

Dartmouth seeks managers that have the potential to reach their targeted rate of return in times of flat commodity pricing by adding value to the underlying assets through their operating activities. When appropriate, Dartmouth is open to managers hedging against changes in commodity prices in order to earn a more stable, predictable level of return.

**Real Estate**
The allocation to Real Estate is expected to generate equity-like returns, with a relatively low correlation with traditional marketable assets.

Dartmouth emphasizes managers that invest in income-producing properties in markets or submarkets with high barriers to entry, using prudent levels of third party leverage.
when it is appropriate. Diversification by property manager, property type, geography, and vintage year are important considerations in portfolio construction.

Dartmouth implements its real estate investing by using qualified third party managers, emphasizing investments in private, commingled funds. Dartmouth will consider investments in managers investing in public real estate securities on an opportunistic basis.

The College also directly owns a number of properties, both residential and commercial, primarily in the Hanover area. These assets are part of the endowment and are managed by Dartmouth's Real Estate Office.

Fixed Income and Cash
The allocation to fixed income and cash is to provide a liquid, reliable and transparent source of capital for cash needs such as capital calls, monthly spending distribution, and re-balancing during times of equity market stress in general and economic contraction in particular. The allocation will primarily include cash and cash equivalents, and high quality fixed income.

Rebalancing Policy
The asset allocation policy reflects the capital allocation policy ranges for the various asset classes approved by the Investment Committee. The role of the capital allocation ranges is to allow for short-term fluctuations due to market volatility or near-term cash flows, to recognize the flexibility required in managing private investments, and to provide limits for tactical investing. The Investment Office will generally employ cash flow rebalancing to regularly manage actual asset class allocations to be within the ranges where possible. In addition, the Investment Committee will review actual asset allocations relative to this asset allocation framework at each quarterly meeting.

Valuations
In accordance with U.S. GAAP, ASC 820 Fair Value Measurements and Disclosures, Dartmouth records its investments on a fair valuation basis. The Investment Committee and the Audit Committee have joint oversight for the Investment Valuation Policy. The Investment Valuation Policy is the governing document for investment valuations and procedures.

The Investment Office staff, in consultation with the Institutional Accounting staff have primary responsibility for the reporting of investments at fair value. The Real Estate Office staff in consult with the Institutional Accounting staff have primary responsibility for the reporting of the direct real estate investment properties at fair value.
Performance Measurement: The performance of the TIA is regularly measured against a variety of benchmarks:

- 5% real return;
- A broad Equity/Fixed Income Benchmark (“Simple”);
- An investable public markets based benchmark (“Market”);
- A mix of traditional and alternative asset class benchmarks representing the available opportunity set at specific weightings within the capital allocation ranges as prescribed by the Investment Committee (“Custom”);
- Peer group universe of similarly-sized funds

Risk Management and Compliance
The risk of not achieving a sufficient long-term investment return to support the College could result from a variety of factors, including: (1) the capital market assumptions (e.g. long-term expected returns, risk and volatility) used in setting asset allocation may not be realized; (2) the asset allocation plan approved by the Investment Committee is not followed prudently; (3) investment managers fail to meet their target performance benchmarks; (4) the investment program expenses are materially higher than expected and erode returns; or (5) the College’s assets are diminished due to operational failures or other losses (e.g. a failure to collect dividends or other payments or assets, or fraud, etc.). Each is addressed below.

1. **Capital Market Assumptions** – the long-term capital market returns of one or more of the asset classes may turn out to be different than expected due to unforeseen market, economic or other factors. With oversight from the Investment Committee, the Investment Staff will manage the risks associated with the capital market assumptions by reviewing the asset allocation and the underlying capital markets assumptions with the Investment Committee on an annual basis. A key part of mitigating this risk is through diversification of the TRP.

2. **Implementing the Policy Portfolio** – even if the long-term asset class return assumptions are met (or exceeded), the investment program may fail to meet its investment objective if the asset allocation plan is not followed. The Investment Committee has charged the Investment Staff with implementing the Policy Portfolio by recommending and actively monitoring third-party managers that it believes can achieve the targeted return expectations. Diversification, both among asset classes and among managers within asset classes, serves to dampen return volatility while enhancing overall portfolio return.
In addition to investment risks, the Investment Staff will carefully monitor operational risks related to liquidity; transparency; the percent of a manager’s assets accounted for by Dartmouth’s assets; the percent the manager accounts for within the TRP; and the leverage being employed by third-party managers. The Investment Staff will report at a minimum annually to the Investment Committee on these metrics.

3. **Investment Manager Performance** – By hiring outside managers, the Investment Staff takes on procurement risks, including the risk that certain managers may not achieve their performance objectives.

In order to address this risk, the Investment Staff has formalized its manager search and selection process. This process culminates in written investment recommendations that include documentation of such things as people, process, philosophy, performance and fees.

The Investment Staff shall be responsible for the ongoing monitoring of the performance of the investment managers including personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

**Investment Program and associated Institutional Administrative Expenses** – Expenses erode investment performance. The Investment Staff has taken steps to control investment office expenses including ensuring value for fees from vendors as well as establishing a process for ongoing monitoring and reporting. All expenses charged to the endowment, including investment office expenses, are reviewed and approved by the President.

4. **Operational Failures and other Potential Losses**

   **Custody of Assets**
   Dartmouth College uses the custodian bank, BNY Mellon, to ensure that the separately-managed assets and cash of the College are maintained safely and securely and that holdings, pricing and transaction information is reported promptly and accurately. The Investment Staff monitors BNY Mellon using periodic reviews, SAS70 reviews, and an annual audit.

   **Investment Managers**
   For separately managed portfolios, BNY Mellon, and not the investment managers, maintains custody and safekeeping of Dartmouth’s investments. For all investments, including those in commingled funds, the Investment
Staff’s ongoing due diligence regime (described above) will include reviews of potential operational risks.

**Investment Policy Review**
To assure continued relevance and reasonableness of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Investment Staff reviews the investment policy annually with the Investment Committee.

**Securities Lending**
Beginning in 2009, the College initiated a withdrawal from its participation in all securities lending programs. At this time, the College may not lend its publicly traded securities through an agent to other market participants, or to another principal, in return for compensation. Any new securities lending relationships and/or agreements must be approved by the Investment Committee.

**Conflict of Interests**
The Dartmouth College Conflict of Interest Policy is the governing policy which applies to all Trustees and employees of the College, including Investment Office employees. In addition, the Dartmouth College Conflict of Interest Policy-Investment Office Addendum outlines policies specific to Investment Office employees.

All members of the Investment Staff are required to discharge his/her duties solely in the interest of the College and for the exclusive purpose of meeting the financial needs of the College. In addition, annual disclosures are required of all Trustees, non-Trustee Investment Committee members and senior Investment Office staff and are administered and reviewed by the Office of the General Counsel.

**Related Party Investment**
A ‘related party’ is defined by the Board of Trustee’s Policy on Pecuniary Benefit Transactions and Related Party Investments to mean “a) a Trustee, a non-Trustee Investment Committee member, or b) an immediate family member of any of the above.” A ‘related party investment’ is defined as an “investment in a Fund for which a Related Party or his or her Firm is the manager or general partner.”

The Policy on Pecuniary Benefit Transactions and Related Party Investments is the governing document for related party transactions for the College. As such, the Investment Office Staff is responsible for adhering to this Policy and specific actions to be taken with regard to related party investments. The Policy includes ensuring that the terms and conditions of the transaction are no less favorable than market terms and conditions as well as obtaining Audit Committee and Board of Trustee approval.
Voting of Proxies
The Advisory Committee on Investor Responsibility will direct the Investment Office Staff as to the vote to be cast on behalf of the College for all social investing matters for securities held by the College.

For proxies that do not relate to social responsibility matters, the Investment Office will collaborate with the relevant investment managers to promote shareholder value and to protect against behaviors that are inconsistent with the guiding principles of Dartmouth College.

Amendment
The Investment Committee reserves the right to amend this Investment Policy Statement at any time.