

The College of Wooster

Investment Policy Statement for the Funds Managed by the Jenny Investment Club

1.0 Introduction and History

The College of Wooster Board of Trustees (the “Board”) holds fiduciary responsibility for all financial assets of the College. In accordance with the By-Laws of the Board of Trustees, the Board may delegate authority to its Investment Committee (“IC”) to establish, maintain and monitor an investment process for its endowments and other long-term investible assets. What follows relates specifically to funds originally known as the Wooster Student Aid Fund (WSAF) designated by the College through a mandate from the College’s Board of Trustees to be managed by members of the College community currently known as the Jenny Investment Club (JIC). The current document also applies to additional funds designated by the IC to be managed by the JIC as specified in Section 2.0. This Investment Policy Statement (IPS) is an amplification and clarification of the Investment Policy described in the JIC Constitution (described below).¹ It is the governing document for these funds and has the following purposes:

- Define the funds to be managed, including the unique history and purpose of the WSAF funds and the JIC as its investment manager;
- Describe the educational and investment objectives for the management of the funds managed by the JIC;
- Establish investment policies compatible with fiduciary standards, and necessary for the achievement of the objectives;
- Define the roles and responsibilities of the parties involved;
- Specify the conditions under which this IPS may be modified

Any conflicts between the Investment Policy Statement that governs the Investment of the College’s endowment and this IPS for the funds managed by the JIC will be resolved through consultation between the JIC Advisor and the Chair of the Investment Committee of the Board of Trustees.

Background of the Funds and Investment Objectives:

Since approximately 1955, a portfolio of investments has been managed by students and other members of the College community as a means of learning about investing and in order to generate investment returns to support student scholarships. Prior to 1982, the funds were managed informally by students with the oversight from various members of the Department of Economics, notably Hans Jenny who also served as the College’s Vice President for Finance and business until 1981. At a meeting on June 11, 1982, the process was formalized through an agreement between the College’s Board of Trustees and the students and faculty members

¹ Attached as Appendix A. As of the date of the current document, there have been no amendments to the 1982 “Constitution” beyond the change of the name.

managing the funds at that time.² This agreement was based on a “Constitution” written by the students and the appointment of a faculty Advisor by the President of the College (Appendix A).

2.0 Definition of the Funds Covered by this IPS

The WSAF is a standalone, “non-pooled” portfolio (separate from the College’s Endowment Pool) that maintains its own investment and spending policies as described in this IPS. The funds known as and comprising the WSAF today were accumulated from “Chapel Fines” paid by students during a period of years in which the College mandated regular attendance at campus-wide meetings held in the Chapel and imposed “fines” for nonattendance. Over time, additional funds have been donated to the College with the purpose of augmenting the investment fund. These WSAF funds are also referred to elsewhere in this IPS as the “Main Portfolio”.³

From time to time, the Investment Committee of the Board of Trustees may choose to appoint the JIC as an investment manager for a portion of public equity funds from the College’s Endowment Pool. These funds from the Endowment Pool are also referred to elsewhere in this IPS as the “Board Portfolio”.

It is understood that the Board Portfolio (if any) will generally be invested using the investment process of the Main Portfolio described throughout this IPS. However, the Main and Board Portfolios shall maintain separate brokerage accounts and their transactions shall not be commingled. As part of the Investment Committee’s fiduciary oversight, the Committee may request annually a report and/or presentation from the JIC on the investment process and investment results of the Board Portfolio. The Investment Committee may also require at any time that the JIC modify its investment process, for the Board Portfolio only, in order better to fulfill the needs of the Endowment Pool. The Committee may add to or reduce funds in the Board Portfolio at any time with adequate notice to the JIC through its Advisor.

3.0 Fund Purposes, Objectives and Benchmarks

Consistent with the founding principles of the WSAF, management of the Main Portfolio has an investment objective and an educational purpose. The investment objective is to grow assets sufficiently such that a portion of the growth may be distributed annually out of the Main Portfolio and used for scholarship payments to international students (see Section 7.3 for spending policy). The educational purpose is to provide an opportunity for members of the College community to learn investment management by permitting them to invest a significant portfolio of financial assets.

As specified in the JIC Constitution, the Main Portfolio and the Board Portfolio (if any) are considered “growth” portfolios. Accordingly, the primary investment objective is to grow

² Attached as Appendix B. Note that the name of the group of managers has changed over time from, “The Wooster Student Aid Fund” to, “The Jenny Investment Club”.

³ See Appendix C for an article from the *Wooster Voice* describing the funds and the investment process.

assets and the Portfolios' investment results will generally be benchmarked against an index measuring small- and mid-cap equities such as the Russell 2000.

The designated Advisor of the JIC will consider annually whether the investment objective and the educational purpose are being met and will report to the Investment Committee on the achievement of these goals as requested.

4.0 Risk Objectives

As an equity portfolio with growth objectives, there are several investment risks that should be considered. Among these are firm-specific risks, market risks, and risks associated with a lack of diversification due to the growth focus. The risk associated with management by students and faculty who are absent during parts of the year when classes are not in session should also be considered. Notwithstanding these risks, the Main and Board Portfolios are intended to be perpetual assets of the College. Accordingly, the management of the Fund is subject to certain policies and standards, as well as portfolio construction limits, as described in sections 5.0 and 6.0 below

5.0 Investment Policies and Standards

It is expected that the JIC Trustees will manage the portfolio(s) with high standards of fiduciary duty, in compliance with applicable laws and regulations, and will adhere to the processes and procedures specified in the JIC Constitution.

5.1 Asset allocation

See Section 6.1 below.

5.2 Rebalancing

As necessary to maintain compliance with the asset allocation guidelines expressed in Section 6.1 below.

5.3 Benchmarks

The portfolio(s) will be benchmarked against an index measuring small- and mid-cap equities such as the Russell 2000.

5.4 Risk Metrics

Not applicable

6.0 Portfolio Construction Limits

6.1 Portfolio Diversification

The diversification goals of the Portfolio(s) are specified in the WSAF Investment Policy contained in Appendix A. In general, individual holdings are limited to 10% of the portfolio and there are constraints on asset allocation: cash (<40%), bonds (<25%), conservative growth/income equities (<40%), growth equities (<80%), and special situation equities (<10%).

6.2 Permissible Investments and Investment Vehicles

The Portfolio(s) will be invested in equity and debt securities traded on domestic and international public markets. Given the educational goals of the JIC, Portfolio holdings will generally consist of individual securities, but publicly-traded mutual funds, REITS, and Exchange Traded Funds (ETFs) may also be held as a means of augmenting the scope of the investments held or controlling risk.

6.3 Liquidity

Not applicable.

6.4 Leverage

Leverage is not permitted.

6.5 Environmental, Social, and Governance Criteria

The JIC Environmental, Social, and Governance Policy (ESG Policy), if any, shall not conflict with the College's overall policy for endowment assets.

7.0 Other Policies

7.1 Proxy Voting Policy

The JIC will develop and follow a proxy-voting policy consistent with its educational purpose.

7.2 Conflicts of Interest

JIC Trustees will manage Portfolio assets in a manner consistent with their fiduciary responsibilities.

7.3 Spending Policy

According to the JIC Constitution, payouts to the scholarship fund from the Main Portfolio are determined annually by the voting members (“Trustees”) of the Fund, typically in the Spring of each year. The payout amounts will fall between 4% and 7% of the average market value of the investments over the 12 quarters preceding the determination of the payout. The scholarship recipient(s) will be international students determined by the College’s Financial Aid Office. Traditionally, these funds have been awarded as a means of facilitating continued attendance at the College in the face of negative financial constraints imposed by family circumstances beyond the student’s control or adverse economic conditions in the student’s home country

8.0 Roles and Responsibilities

8.1 Jenny Investment Club Advisor

The JIC Advisor, appointed by the President of the College, is the main point of contact between the JIC, the Investment Committee of the Board of Trustees, and the College’s administration. This includes the following activities:

- Execution of the JIC’s financial transactions.
- Ensuring that the processes and procedures specified in the JIC Constitution are being fulfilled.
- Communicating and facilitating the transmission of scholarship funds to the College’s Financial Aid Office as approved by the JIC Trustees.
- Reporting to the Investment Committee of the Board as requested.
- Supporting the reporting of JIC’s activities for audit purposes.
- Bring to the attention of the College’s Administration and/or Investment Committee of the Board of Trustees any issues that might call for a revision of this document.

8.2 Investment Committee of the Board of Trustees

The Investment Committee of the Board of Trustees shall oversee the investment practices of the JIC. For the Main Portfolio, this means working with the JIC Advisor to make sure that the requirements of the JIC Constitution are being followed. For the Board Portfolio (if any), the fiduciary standards of the Endowment’s IPS apply. For both Portfolios, the Committee will evaluate investment results and procedures periodically to evaluate whether the requirements of this IPS are being met.

8.3 Jenny Investment Club Trustees

The voting members (Trustees) of the JIC have certain responsibilities as specified in the JIC Constitution. Among these are following the processes and procedures specified in the JIC Bylaws and investment management consistent with the WSAF Investment Policy Statement contained in the JIC Constitution.

8.4 The President of the College

Consistent with the JIC Constitution, the President shall designate a member of the College Community to serve as Advisor to the JIC and shall delegate sufficient authority to the Advisor for the purpose of carrying out the functions specified in Section 8.1.

9.0 Frequency of Review of this IPS

This IPS shall be reviewed as necessary, but not less than once every three years, by the Investment Committee and may be revised when needed by the Investment Committee in consultation with the JIC Advisor.

Material presented in this IPS shall be considered as part of the Investment Committee's delegated authority to revise or update without the need for further or final approval by the Board of Trustees.

APPENDIX A

The Constitution of the Hans H. Jenny Investment Club

Article I: Name and Purpose

This organization shall be known as the Hans H. Jenny Investment Club (herein referred to as "JIC").

The purposes of this organization shall be:

- to manage the assets of the Wooster Student Aid Fund, Inc., formerly an Ohio not-for-profit corporation;
- to receive and manage additional funds from benefactors of the College of Wooster (herein referred to as the "College");
- to offer annually educational scholarships for foreign students of the College. The proceeds of which will come from capital gains and security income, as specified in the JIC Bylaws; and
- to provide its Trustees with an educational opportunity of learning about the financial markets.

Article II: Membership

Any member of the College community is eligible to be a Trustee of JIC. After attending three (3) consecutive meetings of the JIC and presenting a research report to the group, an eligible applicant will become a Trustee of the JIC, and as a Trustee, may vote on any and all JIC business.

To remain a Trustee, one shall be present for at least fifty per cent (50%) of the votes which occur during one's tenure and provide at least one research report per semester.

Article III: Officers & Elections

JIC shall have four officers (a President, Executive Vice President, Secretary, and Comptroller) elected from and by the Trustees of JIC and one adviser appointed by the President of the College with the advice and consent of the Trustees of the JIC.

Section 1: Elected Officers

The President shall be responsible for the overall operation of JIC, and shall preside over all meetings of its Trustees.

The Executive Vice President shall supervise the routine function of JIC, the Vice President shall take charge of weekly reports on the portfolio, coordinate the research done by the Trustees, and execute all orders of the Trustees in managing the portfolio. Should the office of President be temporarily or permanently vacant, the Executive Vice President shall assume, for whatever time necessary, the office of President.

The Secretary shall maintain the permanent records of the JIC, including the minutes of its meetings and attendance of its Trustees and shall be responsible for all JIC communications, including the sending of weekly meeting notices and providing any necessary correspondence.

The Comptroller shall maintain the financial records of JIC, i.e. its Journals and Ledger, and prepare them for periodical audits.

The election of the aforementioned officers shall be held during the second week of April. A majority of those trustees present, voting in secret ballot, shall be necessary to elect each officer for a term beginning the day of the election and ending at an election to be held in the next year.

Should any elected office, except the office of President, become vacant, a special election to fill such office shall be held within three (3) weeks of the vacancy.

Section 2: Advisor

The Advisor shall represent the College officially at all JIC meetings and shall offer to either the President and/or the JIC advice on issues of controversy or importance. The adviser shall be an ex officio member of the JIC and shall have the right to vote.

Section 3: Treasurer

The Treasurer of the College, by nature of office, shall be the custodian of the JIC's funds.

Article IV: Meetings

The JIC shall meet weekly during the academic year on the campus of the College. The President, however, may call special meetings when urgent business is pending.

Article V: Amendments

This Constitution may be amended by a three-fourths (3/4) majority of all Trustees listed in the recording Secretary's records. Previous notice of fourteen (14) days shall be required before an amendment may be adopted, and all amendments shall be subject to the veto of the President of the College.

**The Bylaws
of the
Hans H. Jenny Investment Club**

Bylaw #1: Investment Guidelines

The investment decisions of the JIC shall be concurrent with the WSAF Investment Policy adopted by the WSAF Trustees on May 7, 1980.

Bylaw #2: Investment Votes

All investment decisions, i.e., the trading of securities, must be approved by a two-thirds (2/3) majority of those Trustees present at any meeting.

Bylaw #3: Quorum

A quorum shall consist of a majority of Trustees listed active by the Recording Secretary.

Bylaw #4: Parliamentary Authority

The Parliamentary Authority of JIC shall be Roberts Rules of Order, newly revised.

Bylaw #5: Amendment

These Bylaws may be amended by a two-thirds (2/3) majority of Trustees present at any meeting.

WSAF Investment Policy

1. To concentrate our common stock investments in companies which, in our opinion, will outperform the market in the period for which the stock was bought, will have relatively high rates of growth, and will have earnings growth above the rate of inflation;
2. To invest in financially sound companies which generate most of their total cash requirements internally and earn an adequate return on investment within their industry;
3. To emphasize investment in those companies which benefit from proprietary ability or ownership of valuable natural resources;
4. To seek established smaller companies with exceptional potential, relating to the amount of our investment to the appraised risk, but avoiding restricted securities;
5. To weigh carefully the extra risk associated with companies which are heavily dependent on government funding, and generally to avoid companies whose operations and profits are normally subject to intensive government regulation;
6. To consider securities of companies in whose management we have confidence;
7. To avoid situations where potential conflicts of interest might interfere with our investment decisions;
8. To buy securities in amounts that do not exceed 10% of the market value of the total portfolio at the time(s) of purchase.
9. To create a portfolio where cash should not exceed 40%; bonds, 25%; conservative growth stocks or income stocks, 40%; growth stocks, 80%; and special situations, 10%.
10. To investigate companies thoroughly enough so that the Trustees have three or more different sources (both factual and opinion oriented) on which to judge a company;
11. To invest in bonds that have a potential for an annualized total return greater than the rate of inflation.

*Adopted by vote of the
Trustees of the Fund May 7, 1980*

PASS

RESOLUTION REGARDING WOOSTER STUDENT AID FUND

A. The management of the Student Aid Fund which originally derived from chapel fines has in the past been in the hands of interested students acting under the guidance of a faculty consultant.

B. Students have submitted to the President for his approval a proposed constitution of their organization which includes among other things a change of name of the fund from Wooster Student Aid Fund to Hans H. Jenny Student Aid Fund.

C. The students have demonstrated an ability to manage the fund and they derive benefit from the opportunities which this provides to them to gain practical experience and knowledge in managing investments.

NOW, THEREFORE, BE IT RESOLVED, at such time as the President has approved the constitution of the Hans H. Jenny Student Aid Fund and designated a member of the faculty or staff to serve as consultant thereof, the Hans H. Jenny Student Aid Fund is appointed investment manager of the funds formerly held in the Wooster Student Aid Fund in the approximate amount of \$75,000, for purposes of providing funding for student aid awards to foreign students.

AND BE IT FURTHER RESOLVED, that the Hans H. Jenny Student Aid Fund shall provide reports of investment activity and financial results periodically as the Committee on Finance or the President may request.

See reverse also

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Trustees Increase Tuition. Liberalize Loans

Program Broadens Base For Financial Assistance

A liberalized loan program and a new provision affecting some recipients of college and student aid effective with the Senior class of September 1960 has been announced by the Board of Trustees.

The object of the first part of the Board's action is to offer greater opportunities for the use of loan funds. The action concerning Senior scholarships (effective one year from next September) is to broaden the educational impact of the loan funds of the College, especially for underclassmen.

Loans shall be available immediately to students of all classes and may be of varying amounts, but the total amount outstanding to an individual at the time of his graduation may not exceed an amount equal to twice the full tuition charge. Loans shall be interest free during attendance at the College, and for one year thereafter, with simple interest at the rate of three percent per annum beginning one year from date of graduation or withdrawal from college.

Repayment Plan Outlined
Repayment shall be made in installments of not less than one-tenth of the principal amount each year, beginning one year from date of graduation or withdrawal from college.

Upon application by the borrower, the beginning of repayment of principal may be deferred for a maximum of four years of graduate study, but interest will be accrued during this period.

Students To Tackle Oral Competence Exam

Students may register in the speech office on Thursday, Feb. 26, for the Speech Competence Exam to be given Feb. 26.

any event, repayment must be completed within 11 years of the date of graduation from college. The beginning of interest charges may be extended for graduate and professional students at the discretion of the Committee on Scholarships and Student Aid.

Prerequisite tests shall be signed by the borrowing student and a parent, except in such cases where for good cause shown, the parent's signature may be waived by the Committee on Scholarships and Student Aid.

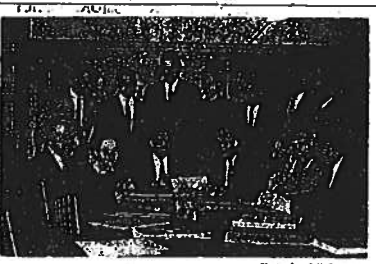
Plan Begins 1960
Beginning with the Senior class entering in 1960, all students (Continued on Page 24)

Choir Travels To Chicago Suburbs

At the beginning of spring vacation, members of the Concert Choir will pack up their voices and move westward where they will sing in two Chicago suburbs on March 22. "This tour marks the longest trip the choir has taken since I have been in Wooster," says director Dr. Gore.

Leaving Wooster on March 21, the choir will first stop at La Grange, Illinois for two services on Palm Sunday, March 22, and then move on to Oak Park where Brahms' Requiem will be sung at an evening service.

Soloists Perform
Soloists of this performance will be Joan Dunham, soprano, and K. Charles Graves, baritone. Members of the choir will be



—Photo by Bill Simpson
Wooster "Wall Street"—Wooster Student Aid Fund, Inc., looks over the latest columns from the stock market. Standing, left to right: Bruce Wanner, Bill Harrington, Ted Christian, Pat Wright, Ron Rolley, Kent Weeks, Tom Clarke; seated, Professor Alvin Tostlebe, Gail McDonald, Dick Meyer, Professor Eberhart, Professor Hutton, Stew Erholm, Jack Bushman. (See Portfolio, page two).

Student Aid Fund Invests Chapel Fines; Purchases Stocks To Assist Aid Grants

Wooster Student Aid Fund, Inc., is Wooster's Wall Street. Using chapel fine money and private donations, WSAF gives its members a chance to learn investment principles and portfolio management by doing the real thing: investing in stocks and bonds.

Wooster students pay about \$1000 a year to the administration for chapel attendance fines incurred during the school term. In the future the income from these invested funds will be used to aid worthy and needy students to come to Wooster—probably from abroad.

WSAF also sponsors a series of lectures each fall on "The Principles of Investment." These lectures are in conjunction with the Fund's own teaching students the principles of investment are open to the public. Following the lecture series, WSAF starts its bi-monthly meetings which run through May. These public meetings are held at 4 p.m. in Kouts on alternate Wednesdays. Stock reports prepared from the Fund's current library of business services, as well as other investment matters, are discussed.

Sources of Income
The WSAF receives funds for investment from two sources: private donations and grants approved by the Student Faculty Relations Committee as mentioned previously. Several individuals interested in the WSAF have made private contributions to the Fund. Such donations are tax deductible for the donor since the WSAF is a non-profit company.

Money received by the WSAF is apportioned to different areas of an investment plan which was designed four years ago by the Board of Trustees of the Fund. The WSAF Plan calls for four categories of investment: growth, stability and income, liberal income, and research. Definite proportions are set for the amount of funds to be placed in each category. The WSAF trustees point out that common stocks, the Fund's main form of investment, may actually fall in more than one of these categories.

Diversified Stocks
The WSAF also adheres to other rules in its investments. It is necessary for the Fund to purchase stocks which represent a diversification of industries and geographical locations. With limited exceptions, only those stocks listed on a major security exchange may be purchased (American Stock Exchange and

Lowry Explains Reason For \$100 Jump In Tuition

The Board of Trustees has voted to fix tuition and fees for the academic year 1959-1960 at a total of \$900.00 for the year. The new rate thus represents an increase of \$100.00 over the present rate.

No increases are scheduled in the rates for room and board. Apropos of the Board's action, President Lowry has made the following statement:

"I try to announce board actions, such as this, in Chapel. But I do not speak again until early March, and, naturally, do not wish to intrude on the time of some other speaker. Therefore I appreciate the privilege of making a statement through the columns of the VOICE.

You have read in the newspaper and elsewhere of the rising rates of tuition in colleges and universities. You will therefore know that Wooster's new rate is still considerably lower than that of many of the colleges with which we are associated.

Rising costs at Wooster are being met, as we have pointed out before, not merely by an increase in tuition. The College is trying to do its part. Gifts for current operation and for investment are providing a share of increased help. For example, we are scheduled \$461,500.00 in gifts for operation over and above income from endowment. Ten years ago it was only \$72,500.00, showing gifts of more than six times what they were

point some people think it be set, in the light of get elsewhere.

"Under our new rate will be bearing on' nately 55% of the their education. Th be asked to bear proportion of an ass of rising c the College w keep by seekr from donors post.

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MORE ON WSAF

(Continued from Page One)
of the whole portfolio remained respectively above its purchase price.

The Fund filed its Articles of Incorporation and received its charter as a corporation "not for profit" under the General Corporation Act of Ohio in February 1955. WSAF is organized in two bodies: the Board of Trustees and the Advisory Board. Voting rights are granted only to the trustees.

The Board of Trustees has 13 members. The Staff of the Department of Economics make up the permanent nucleus. The officers of THE Corporation are elected members. THE Corporation officers meet with the Economics Staff each year to elect an additional number of trustees to bring the Board to its required strength. The following people are currently serving on the Board of Trustees: Jack Bushman, Ted Christian, Tom Clarke, E. Kingman Eberhart, vice-chairman and treasurer; Stu Erholm; Bill Harrington, librarian; F. Winfield Hutton; Gail MacDonald, secretary; Dick Meyer, chairman; Ron Rolley, Alvin S. Tostlebe, Kent Weeks, Bruce Wanner.

Name of the Stock	Shares Owned	Date Purch'd	Net Purchase Value	Value Current
American Cyanamid Co.	12	11-3-55	\$ 203.75	\$ 592.50
Acme Mfg. Co.	20	2-25-55	137.50	240.00
Bank-of-the-South Club, Inc.	20	5-7-58	245.00	245.00
Family Finance Corp.	10	5-18-57	240.00	325.00
General Products Co.	8	5-1-58	248.00	498.75
Hindley Chemical Corp.	7	4-17-58	400.75	405.00
Higdon Johnson Power Co.	10	3-17-55	325.00	280.87
Ohio Oil Co.	7	5-14-57	285.50	291.00
Chiles Filter Co.	7	5-14-57	285.50	291.00
Philadelphia National Bank	15	4-23-54	412.50	445.00
Sperry Rand Corp.	10	5-1-58	177.50	242.75
Texas Gulf Sulphur Corp.	5	4-30-58	182.50	111.87
Cash on hand				500.00
Dividends				144.24
TOTAL VALUES			\$3,619.00	\$5,594.23

*Indicates stock dividend