

## **Christ the Lord Endowment Fund Investment Policy**

### Purpose

The purpose of this Endowment Fund (Fund) policy is to provide guidance for the investment of the Fund assets. This policy outlines an overall philosophy that is specific enough to guide the parties involved, yet sufficiently flexible to allow for changes in the economy and securities markets. It is intended to be specific enough to clearly state that certain investments are to be avoided, while other opportunities should be pursued if they fall within the investment policy.

### Investment Philosophy

Fluctuating rates of return are characteristic of the securities markets. Therefore, the assets shall be managed to provide maximum returns, while maintaining relative safety of principal.

The following objectives will be considered when making investment decisions:

- Liquidity of investments

- Full investment of assets

- Diversification of risk

- Maintaining a rate of return exceeding the sum of inflation and the distribution percentage over 3 to 5 year time horizons.

- Holding investments that meet or exceed their benchmarks over 3 to 5 year time horizons.

### Responsibilities

The Church Council will approve the Investment Policy.

The Endowment Fund Committee will be responsible for investment decisions based on the guidelines in the Investment Policy. The Committee's actions shall be carried out by the congregation's Treasurer.

### Investment Advisor

If an investment advisor is utilized by the Committee, the advisor will provide custodial services for the investments and monthly reports listing all assets held and their value, as well as a list of transactions for the month.

If no investment advisor is utilized, a brokerage account will be established for the assets of the Fund. The congregation's Treasurer will make account statements available to Committee members on a quarterly basis.

## Investments

### Fixed Income Investments

Money Market Funds

Certificates of Deposit

U.S. Treasury Bills, Bonds and Notes

U.S. Government Agency securities

Commercial Paper and Corporate Bonds (BBB rated or better)

High Yield Bonds, if invested through mutual funds

ETF's

Preferred Stocks

### Equity Investments

Common Stocks traded on NYSE or NASDAQ

ADR Receipts of non-U.S. companies

ETF's

Mutual funds

### Alternative Investments

Fund of funds

Commodity mutual funds

Publicly Traded REITs

## Unacceptable Investments

The following investments are unacceptable, if held as individual securities, but are permissible if held in mutual funds or professionally managed accounts:

Collectibles (silver, gold, artwork, etc.)

Venture Capital

Exploratory Drilling

Commodity Contracts

Limited Partnerships

## Investments Resulting from Gifts in Kind

In general, equity securities gifted to the Fund will immediately be liquidated and invested using the asset allocation and investment vehicles included in this Policy. Fixed income securities can continue to be held if they meet the parameters of the Policy.

## Asset Allocation

Fixed income investment will be diversified by geography and maturity. Equity investments will be diversified by geography, value and growth style and company capitalization.

	<u>Target Allocation</u>	<u>Acceptable Range</u>
Fixed Income	30%	20-40%
Equity	60%	50-70%
Alternative Investments	10%	0-20%

The portfolio asset mix shall be reviewed on an annual basis and rebalanced to the recommended weighting if the actual weighting varies by more than 5% above or below the acceptable range.

#### Performance

Investment performance of each holding will be consistent with the performance of their appropriate index on a 3 and 5 year trailing basis. Should any holding fall below the second quartile compared to its index, the holding will be reviewed for removal from the portfolio.