

University Presbyterian Church Investment Policy

Investment Goal – It is the goal of the Session of University Presbyterian Church to invest the Church’s funds in a manner that will maximize income while maintaining a high level of safety of principal and meeting liquidity requirements.

Policy Scope – This policy outlines the requirements for only the Church’s funds held at a brokerage house. It does not reflect policy for working capital held in a bank account. Nor does it reflect the policy for the Endowment Fund.

Short-term and Mid-term Asset Allocation - The Session of the Church has set a goal that 85%, with a minimum of 80%, of the Church’s invested funds should be considered short and mid-term funds. Liquid funds for these purposes are defined as cash, and/or readily marketable obligations with a maturity of five years or less. The Church is adverse to the loss of principal on these funds. Therefore, these funds will generally be invested in the following types of investments:

- Money Market funds
- U.S. Treasuries
- Agencies of the U.S. Government
- Corporate bonds or commercial paper rated AA or AAA by Moody’s and/or Standard & Poor’s
- Certificates of Deposit issued by financial institutions insured by federal government agencies which are not presently in conservatorship or receivership or in imminent risk of such action if such risk can be ascertained.

Income will reflect the prevailing returns of high quality investments at the time of purchase. It is understood that a secondary market for CDs cannot be assured, although there usually is one. It is further understood that CDs sold before maturity may incur a principal gain or loss similar to the sale of a bond prior to maturity. However it is the intent of the Session of the Church to hold these obligations until the stated maturity date.

It is further desired that these obligations will be structured in a “step ladder” approach to maturities. The portfolio will consist of issues maturing in a regular, cyclical pattern in accordance with the Church’s predicted liquidity requirements. The goal of this is threefold:

- There will always be an issue close to par should funds be needed between scheduled maturities.
- The portfolio’s yield will reflect a rolling average of short to intermediate returns.
- The risk of interest rate forecasting is diminished.

Long-term Asset Allocation - The remaining funds, with a goal of 15% and a maximum 20% of the total funds, will be invested to maximize return on investment, with a high degree of consideration for safety of principal. The funds should be invested to minimize the likelihood of low or negative total returns. Long term funds may be invested as follows:

- Domestic equity mutual funds that invest in publicly traded common stocks that are listed on the New York, American and regional exchanges, or the NASDAQ market that are appropriate for the portfolio objective
- International mutual funds that invest in strong, growing companies based chiefly in Europe and Asia. These funds may include common and preferred stocks, American Depository Receipts, European Depository Receipts, bonds and cash.
- Market Index Investments

Donated Securities – Securities received for the Church’s account from third parties are to be sold upon receipt. The Treasurer of the Church will be advised of the name of the stock, the number of shares, and the high and low of the trading prices on the date the stock was received. Securities received by the Church from third parties will be promptly forwarded to the brokerage house to be sold in the same manner.

Monitoring – The results of the Church’s investments will be monitored as follows:

- The Treasurer will be the primary contact with the brokerage house Investment Advisor. The Treasurer will advise the Administration Committee of the results of the investments at least quarterly.
- The Investment Advisor will be asked to present the results of the portfolio to the Administration Committee at least annually.
- The Investment Advisor will also make recommendations to the Administration Committee of any major investment changes.
- The Treasurer will meet with the Administration Committee at least annually to recommend to the Committee the brokerage house and investment advisor best suited for working with the Church.
- It is the responsibility of the Session and the Administration Committee to review the policy and make adjustments as necessary.

Adopted by the Session

_____ June 2010 _____