

Investment Policy & Procedures Sackville United Church

1. Purpose

To establish policy and procedures for the management and administration of special gifts, bequests and the investment funds of Sackville United Church.

2. Definitions

Bequest - any amount received through a will or estate; a bequest may or may not be designated for a specific purpose.

Special gift - any one-time donation received of \$5,000 or more a special gift may or may not be designated for a specific purpose.

3. Governance

Board of Trustees

The Board of Trustees is responsible for receiving and acknowledging all special gifts and bequests and for overseeing the management and administration of all investment funds of Sackville United Church.

In performing these responsibilities, the Trustees shall:

- a) develop and maintain investment guidelines and measurable performance objectives and submit these to the Executive for approval;
- b) receive, administer, invest and re-invest all funds in accordance with the approved investment guidelines;
- c) evaluate at least annually the performance of investments by comparison to the identified performance objectives and benchmarks;
- d) review and report at least annually to the Executive and the congregation of all activity relating to invested funds, including asset allocation, book values, market values and returns;
- e) meet at least annually with the investment broker to review the performance of the investment broker, including the cost of those services; and
- f) endeavour to follow United Church policy on socially responsible investing.

The Chair of the Trustees shall distribute the investment manager's statement of account monthly to the members of the Trustees and to the Office Administrator.

Office Administrator

The Office Administrator shall:

- a) maintain records of all investments, receipts and disbursements and other transactions relating to invested funds;
- b) produce a monthly detailed report of the investment portfolio by original donation (name, original amount, fund type start value, cash flow and month-end value) that shall be distributed to the Chair of the Trustees and the Treasurer; and
- c) inform the Trustees upon the receipt of any bequest or special gift including any conditions attached to the bequest or special gift.

4. Investment Funds

The investment funds of Sackville United Church will be managed by a professional investment management company. The funds will be consolidated into one investment portfolio and will be administered by the investment manager in accordance with the terms of this policy and the direction of the responsible bodies of Sackville United Church.

Investment funds within the overall portfolio will be designated as either restricted or unrestricted.

Restricted funds are those funds that have been donated to Sackville United Church with the condition that the capital is to be maintained and any interest or investment return be used for a specific purpose.

Unrestricted funds are those funds that have been donated to Sackville United Church for the mission and ministry of the Church without specific direction or restriction. Sackville United Church may choose to designate some or all of these funds for specific ministry purposes. With the approval of the congregation, all or a portion of the investment may be cashed out for a specific purpose.

5. Signing Authority

Signing authority for all investment activity relating to investment funds shall reside with any two of the Chair of the Trustees, the Church Treasurer and the Secretary of the Board of Trustees.

The Chair of the Trustees and the Treasurer shall be authorized to have access to the on-line investment account maintained by the investment management company. This shall be read-only access.

6. Prudent Investor Approach

In managing the investment funds, the prudent investor approach will be followed. Individuals with investment responsibilities under this policy must exercise the care, diligence, and judgment that a prudent investor would exercise in making investment decisions.

7. Conflict of Interest

No individual with responsibilities under this policy may exercise her/his powers in her/his own interest or in the interest of a third person, nor may she/he place herself/himself in a situation of conflict or potential conflict between his personal interest and his duties with regard to the management of the investment funds. An individual shall disclose in writing, or orally if the knowledge of the duty to disclose arises in the course of discussion at a meeting, immediately upon first becoming aware of the association, interest or involvement, the nature and extent of any direct or indirect association or material interest or involvement that would result in any actual, potential or perceived conflict of interest with regard to investments.

8. Performance Objectives

Investment funds will be managed to maximize the rate of return on invested funds based on prudent judgment while recognizing the need for a degree of liquidity and appreciation of capital to ensure availability of investment income to satisfy both short and long-term needs.

The benchmark for those funds within the portfolio managed by the investment manager shall be as follows:

40% of the Short-Mid Canada Bond Index / 30% S&P TSX Comp / 24% S&P 500 / 6% EAFE (Europe, Asia and Far East)

The performance objective for those funds within the portfolio managed by the investment manager shall be an annual rate of return that exceeds the benchmark return by .60%.

9. Investment Guidelines and Administration

Investments will be managed to achieve the objectives set out in section 8. In selecting, retaining and disposing of investments, the Trustees shall consider diversification, asset allocation and cost of administration.

Asset Allocation and Diversification

The goal for asset allocation in a normal investment environment will be about a 30/70 ratio of fixed income to equity, subject to the following ranges;

Asset Class	Low	Normal	High
Equities	50%	50%-60%	70%
Fixed Income	30%	30%-40%	50%

Funds will be diversified both by asset class (equities and fixed income)) and within asset classes to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the total funds.

Cost of Administration

When making an investment decision, due consideration shall be given to the competitiveness of administration costs, including investment management fees trading fees (if applicable) and the operating expenses of the underlying fund.

10. Withdrawals from Investment Funds

Any withdrawal from the investment portfolio managed by the investment company shall only be made after review and recommendation of the Trustees and approval by the Executive in accordance with the following conditions.

It is recognized that capital gains can be an important component of the annual operating budget of Sackville United Church. Each December, in advance of the preparation of the following year's draft operating budget, the Trustees shall review the annual performance of the overall investment portfolio and based on the following conditions, make a recommendation to the Treasurer as to the amount of funds that may be available for use by the operating budget.

The Trustees shall first review the amount of capital gains for the period January to November of that calendar year. If a capital gain exists, up to 85% of that capital gain may be authorized for withdrawal subject to the condition that the withdrawal does not result in the market value of the fund being less than 110% of the fund's original donated value. The remaining portion of the capital gain shall be transferred to a separate fund so designated by the Trustees.

In extraordinary circumstances, a decision may be made to take 100% of the annual capital gain and/or past accumulated capital gains subject to the second paragraph of this section. Such a decision will require the approval of both the Trustees and the Executive.

It is realized that changes can take place in the investment portfolio between the date in December when the amount of available funds are identified and the date in the next fiscal year when those funds are to be transferred. The Treasurer will consult with the Trustees each year before any withdrawal is acted upon to confirm that no subsequent

events have occurred that would affect the amount of the withdrawal originally identified.

11. Procedures – Bequests and Special Funds

The Office Administrator upon receipt of a bequest or special gift shall notify the Chair of the Trustees.

The Chair of the Trustees will notify the Board of Trustees and acknowledge receipt of the bequest or special gift. Such acknowledgment will be copied to the Chair of the Executive and the Treasurer and shall include acknowledgement of any special terms or restrictions of the special gift or bequest as received. Clarification on any special terms or restrictions shall be clarified in advance as necessary.

The Chair of the Trustees will call a meeting of the Trustees for the purpose of preparing to add the newly received special gift or bequest to the appropriate Investment Fund. At such time the current asset allocation and diversion of the portfolio shall be taken into consideration and funds shall be allocated as necessary.