



BRETHREN IN CHRIST CHURCH

INVESTMENT POLICY

6/19/2012

1. Introduction

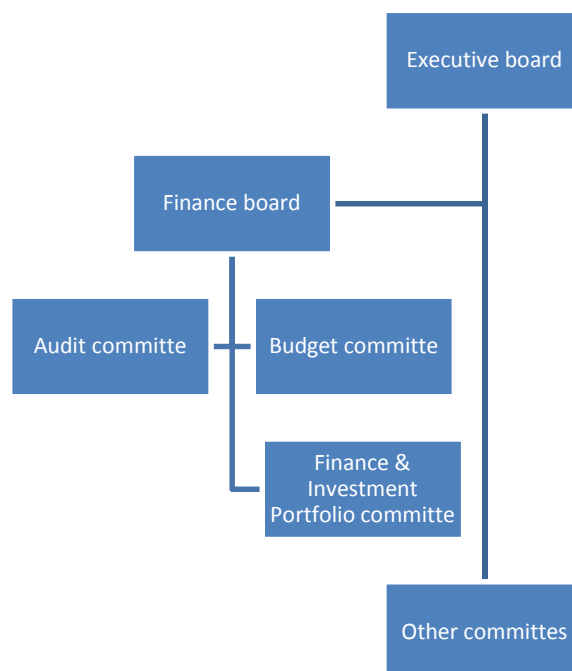
1.1. The Finance Board shall cause the formation of Finance and Investment Portfolio Committee which shall administer this investment policy.

2. The Finance and Investment Portfolio committee shall ensure representation from investing Institutions and incorporate relevant expertise.

3. Duties of the Finance and Investment Portfolio Committee

3.1. The Finance and Investment Portfolio Committee shall be responsible for recommending the guidelines and implementation of the investment policies of the Church. Such recommendations shall be tabled in a well constituted Finance and Investment Portfolio Committee meeting and then to the Finance Board for approval.

3.2. Below is the structure.



3.3. The primary duties of the Finance and Investment Portfolio Committee shall be.

3.3.1. To approve the procedures for management of funds.

3.3.2. To approve the type and number of investment pools to be utilized.

3.3.3. To approve the investment allocation ranges for the various types of investments.

3.3.4. To approve the investment managers utilized.

3.3.5. To meet quarterly with stakeholders to review performance against agreed-upon benchmarks.

3.3.6. To recommend changes in the investment policy

4. Aims and Objectives of this policy.

4.1. The purpose of this policy is to set forth the broad guidelines under which the funds of the Brethren In Christ Church and its related institutions shall be invested.

The investment objectives are:

4.1.1. To preserve the principal value of funds;

4.1.2. To earn a reasonable return;

- 4.1.3. To invest the funds in a manner consistent with the values and ministries of BICC.
- 4.2. The long-term success of investments will be enhanced by the input and monitoring of this activity by the Finance Board; therefore, this, will form a Finance and Investment Portfolio Committee, and will function as described below.
 - 4.2.1. The Finance and Investment Portfolio Committee shall regularly evaluate the investment performance and also be accountable to the Finance Board.
 - 4.2.2. The Finance and Investment Portfolio Committee will also set and review asset-allocation policy. As various funds for investment are gathered and times change, the Finance and Investment Portfolio Committee can adapt the policy to prevailing circumstances.
 - 4.2.3. The Finance and Investment Portfolio Committee will report investment results and allocation of funds at regular intervals to the Finance Board
 - 4.2.4. Once investment guidelines and objectives are set, an in depth consultation can be implemented including the use of outside professional money managers. The selection of managers and specific mutual funds will be the responsibility of the Finance and Investment Portfolio Committee.
 - 4.2.5. This investment policy makes no provision for the placement of organisation funds in private investments. When such investments are donated, it shall be the practice to liquidate such gifts as soon as feasible. The advice of the donor may be sought in determining the appropriate time for such liquidation.

5. Application

- 5.1. This policy shall apply to all the committees and programs that are part of Brethren In Christ Church. Investment Funds include funds or assets not needed for near-term operations, including reserves and endowments.

6. Implementation and maintenance of this policy

- 6.1. The Finance and Investment Portfolio Committee shall be responsible for seeing to it that this policy is implemented and providing the leadership to implement and maintain this policy.
- 6.2. There shall be administration costs levied to investing institutions at 15% upon harvest with the exception of congregations.

7. Designation of investment pools

- 7.1. Because the funds to be invested have many different characteristics, there are likely to be a number of investment pools. These investment pools will likely be accounted for and managed differently. The initial pools shall be:
 - 7.1.1. Short-term cash utilized to operate the organisation.
 - 7.1.2. Excess seasonal funds, which are expected to be required by ministries within one year.
 - 7.1.3. Intermediate-term funds which may be held for ministry needs within the next few years.
 - 7.1.4. Long-term funds which may be invested over longer periods of time (e.g., an endowment).
 - 7.1.5. Funds held for specific organisation programs.
- 7.2. The Finance and Investment Portfolio Committee shall approve guidelines which list the appropriate investment vehicles for each of these pools. Since the Church has given and entrusted these funds for kingdom work, safety of principal shall be given great consideration, especially in the shorter-term investments.

7.3. It is possible that different pools will have similar investment objectives for portions of their portfolio, such as ownership of fixed income securities of intermediate duration. If so, it may be desirable to place such funds from more than one pool with the same investment manager for efficiency and ease of management.

8. Asset allocation

8.1. The funds invested shall employ a balanced and diversified investment approach. The asset pools are expected to utilize differing investments and allocations. The Finance and Investment Portfolio Committee shall adopt a range of allocation for each asset pool. Funds for various needs and projects should have an asset allocation that is in keeping with the time frame the funds are to be invested. In all cases the investment allocation should take into account that these are church-related funds. The allocation of funds shall be reported to the stakeholders annually at the end of the fiscal year.

9. Investment advisers and performance measurement

9.1. Since the investment of funds is a specialized field, it is expected that investment advisers and/or funds will be utilized to implement this policy, especially for the larger amounts and intermediate- or longer-term funds.

9.2. The Finance and Investment Portfolio Committee may select advisers to manage funds assigned to them. Such funds will be managed by them on a fully discretionary basis within the overall parameters of fiduciary responsibility and the policies set forth in this investment policy.

9.3. The investment results shall be compared at regular intervals with appropriate benchmarks for each type investments. The benchmarks shall be agreed upon between the Finance and Investment Portfolio Committee and each adviser. Performance should be measured over a period of time, but any adviser with continual below benchmark performance should be replaced.

10. Approved Investments

10.1. The major portion of the overall portfolio shall be readily marketable and traded on major exchanges. The investments shall consider liquidity and not be speculative. As appropriate, funds may be invested in the following financial assets:

10.1.1. *Short-term investments*

- a. Treasury bills.
- b. Bank call or savings-and-loan deposits, provided they are insured institutions.
- c. Other approved short-term investments of high quality and marketability.

10.1.2. Publicly traded common stocks, preferred stocks and convertible securities of companies which have capable and ethical management and are not subject to undue risk.

11. Gifts received directly from donors

11.1. At times gifts of assets other than cash will be received directly from donors. No gifts of real or tangible personal property, or non-publicly traded stocks, bonds or notes may be accepted until approved. In the case of such donations, the following guidelines shall govern:

11.1.1. In the case of publicly traded stocks or other securities, they should generally be transferred to the appropriate investment pool for retention or sale as the pool deems appropriate.

- 11.1.2. In the case of non-publicly traded securities, the advice of the donor should be requested. This advice should include what the donor's preferences are and how and when the securities can be converted to usable funds.
- 11.1.3. In the case of a proposed donation of property or physical assets, it shall not be accepted until reviewed by the Finance board, with legal counsel, if necessary. The Finance board shall request, in writing, opinion as to liens, litigation, and BICC policy issues before deciding whether to accept the proposed donation.

12. Restrictions on investments

- 12.1. Because the funds are held in trust until utilized for ministry, investments shall not be made in companies or institutions which are not compatible with the values or mission of Brethren In Christ church. Examples of inappropriate investments would be institutions engaged in or promoting gambling, tobacco or alcohol
- 12.2. Not more than 5 percent of any investment pool may be invested in a single company or investment, except under the following circumstances:
 - 12.2.1. No limits shall be placed on investments backed by the insurance with clear terms of cover.
 - 12.2.2. Investments in mutual funds or similar approved pools of assets shall not be considered to be in violation of this standard if said mutual funds or similar approved pools include a broad base of assets in the funds.
 - 12.2.3. Investments will not be made in warrants, options, or commodity futures. In addition, purchases will not be made on margin, and securities will not be sold short.
 - 12.2.4. No investments shall be made which could place in jeopardy the tax-exempt status of Brethren in Christ Church.
 - 12.2.5. The automatic sale of a security whose quality or rating falls below the BICC policy standards shall not be required, but the investment shall be expected to re-evaluate retention of the security on a regular basis.
13. All exceptions in interpretation, application or otherwise of this policy rest with the Finance Board.