

**Investment Policy  
Winnebago Presbytery  
November 16, 2013**

**Statement of Purpose**

The purpose of this statement is to establish a clear understanding between The Winnebago Presbytery Finance Commission ("Client") and its Asset Management Firms ("Manager") as to the investment objectives, goals and guidelines for the various endowment funds ("Fund") of the Client. It is intended to provide meaningful guidance in the management of the Fund assets regardless of changing economic, business, and investment market conditions. The determination of investment goals and objectives is the responsibility of the Presbytery of Winnebago based on the recommendations of the Finance Committee.

**Investment Objectives**

The Fund is comprised of two portfolios – an equity portfolio and a fixed income portfolio.

- The investment objectives for the equity portfolio are to primarily provide long-term capital appreciation and secondarily to provide a growing stream of dividend income.
- The investment objective for the fixed income portfolio is to provide performance of a market-weighted bond index with an intermediate-term dollar weighted average maturity.

**Investment Management**

The Client has a periodic need for investment income. Dividends, interest, and income from both portfolios shall be swept into a money market/cash reserve fund. On at least an annual basis, the Client will inform the Manager how much money to retain in the money market/cash reserves and how much shall be invested in the equity and/or fixed income portfolio.

Realized capital gains shall be reinvested.

Subject to the limitations stated herein, the Manager is given full investment discretion consistent with the investment objectives and management guidelines as stated above. The Manager shall have full discretion regarding the purchase and sale of individual securities and the selection between equity securities and cash equivalents in order to assure full flexibility in the management of the Funds.

**Acceptable Investments**

**Equity Portfolio**

The Equity Portfolio may contain common stocks, preferred stocks, convertible securities, ADR's (receipts typically issued by an American bank or trust company that evidences ownership of underlying securities issued by a foreign entity), exchange traded funds (ETF's), and shares of open-end investment companies (mutual funds) which meet these guidelines.

Stocks should be of good quality and listed on either the New York Stock Exchange or American Stock Exchange or traded in the Over-the-Counter market with the requirement that such securities have adequate market liquidity relative to the size of the investment. MRTI recommendations will be a factor considered in the process of selecting investments.

**Fixed Income Portfolio**

The Fixed Income Portfolio may contain securities of the U.S. Government or agencies thereof, corporate bonds, which are limited to publicly issued items rated Baa/BBB (investment grade) or better by Moody's or Standard & Poor's, FDIC insured certificates of deposit (CD's), and shares of open-end investment companies (mutual funds) that meet these guidelines.

## **Money Market/Cash Reserves**

The Fund may contain individual fixed income securities such as Certificates of Deposit of domestic banks and U.S. branches of major foreign banks (so long as the deposits are fully insured by the FDIC), U.S. Treasury Bills, Commercial Paper and variable rate demand notes of domestic corporations rate A-1 or P-2 at the time of purchase or, if non-rated, restricted to those issuers whose long term debt is rated A or better by one of the major rating agencies, shares of open ended investment companies (mutual funds) that meet these guidelines and other similar instruments with less than one year to maturity and/or money market funds.

## **Diversification of the Equity and Fixed Income Portfolios**

- No investment sector shall constitute more than 25% of the Portfolio (respective asset class such as equities).
- Individual equity or fixed income investments (as applicable) may not exceed 5% of the market value of their respective portfolio at the time of purchase and is not to exceed 10% of the total fund for two consecutive quarters except in the cases of an open-end investment company (mutual fund) or ETF's.

## **Investment Benchmarks**

For both Portfolios, the total investment management fees, expenses, and commissions shall be fully disclosed at least annually to the Client.

The equity portfolio shall be invested for the long term (i.e. more than 10 years). The equity portfolio shall be diversified. The equity portfolio's total return shall be compared to the total return of the Standard & Poor's 500 Index over 3, 5, and 10 year periods. The equity portfolio's dividend yield shall be compared to the Standard & Poor's 500 dividend yield.

The fixed income portfolio shall be invested in investment grade, intermediate term fixed income securities, or similar intermediate term bond mutual fund shares. The fixed income portfolio shall be diversified and its portfolio turnover shall be less than 30% annually. The fixed income portfolio's total return shall be compared to an appropriate intermediate term bond index.

## **Communications**

- The Manager will provide quarterly statements summarizing the valuation of the Fund and detailing transactions.
- The Manager shall provide an annual general economic/market overview that will serve as a review of the previous twelve months and an outlook toward the upcoming twelve months.
- The Client will on a timely basis notify the manager of any change in circumstances that might affect the investment of assets.

## **Summary**

- All Fund investments shall be made according to the prudent investor standards.
- This investment policy statement is intended to be a guideline rather than a rigid statement of policy from which there can be no deviation.
- This investment policy statement can and may be changed at any time with the mutual agreement of the concerned parties.

### Approval and Acceptance

This investment policy statement has been approved and adopted by The Winnebago Presbytery at its regular called meeting on 16<sup>th</sup> day of November 2013.

By: Finance Commission Chair Person: \_\_\_\_\_

Date: \_\_\_\_\_

By: Stated Clerk: \_\_\_\_\_

Date: \_\_\_\_\_

#### Investment Management Firm

By: \_\_\_\_\_

Title: Vice President \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: Senior Vice President \_\_\_\_\_

Date: \_\_\_\_\_