

The Church Foundation

STATEMENT OF INVESTMENT POLICY, OBJECTIVES & GUIDELINES

GENERAL INVESTMENT POLICY STATEMENT

The Board of Directors of The Church Foundation (the “Directors”, or the “Board”) considers the investment of the Consolidated Fund (the “Fund”) to be its fiduciary responsibility. Accordingly, the purpose of this statement is to clearly communicate the Board’s policies to its investment managers. The Board intends to see that the Fund’s investments held by The Church Foundation either in its own name as Trustee or agent are invested with all the care, skill and diligence that a prudent person acting in his own capacity would employ. Also, The Board wishes to see that the investments are managed in accordance with all the rules, regulations, and laws currently in force governing the investment of such assets.

The purpose of the Fund is to provide for the current and future funding of the participant organizations. Therefore, the primary objective of the investment policy is to maximize long term financial returns consistent with the goal of providing current income and preserving purchasing power over time (as defined under investment goals below). The intent is to achieve this objective while minimizing the amount of risk and not engaging in any investment activities generally considered imprudent. The Church Foundation is a non-profit tax-exempt organization; therefore, the realization of capital gains and losses can be viewed solely in terms of investment merits.

SPENDING POLICY

The Directors have adopted a total return spending rule for the Fund which is to be determined by using a three year moving average of the Fund’s December 31, market value. The goal in establishing the rate is to balance the current income needs of the participants with the long-term goal of preserving the purchasing power of the assets. The Directors shall determine the spending rate at its first meeting of the year so that the withdrawals to the participants can begin by the end of each calendar quarter.

INVESTMENT POLICY GUIDELINES

In executing their fiduciary responsibilities, The Board shall elect certain of its members to comprise the Committee on Investments (the “Committee”) which will be responsible to the Board for supervising all the investments held by The Church Foundation. These responsibilities will include the regular implementation and review of the portfolio guidelines, and the continual monitoring of the investment managers. The Committee will meet at least annually or on a quarterly basis to: monitor the performance of the investments; review and adjust the asset allocation, if necessary; discuss and decide on the termination and addition of managers and/or investments; receive updates from existing investment managers, and to interview prospective managers. The Chair of the Committee or the designee of the Chair will report to the Board at its regularly scheduled meetings on the overall performance of the portfolio.

The Committee may (with the approval of the Board of Directors) employ appropriate outside investment managers including mutual funds to invest the Fund’s assets on a discretionary basis according to the stated objectives and all other policy restraints. Appropriate investment managers shall mean bank trust departments, insurance companies and their subsidiaries, and SEC registered investment advisory firms. It will be expected that all managers employed by the Committee shall implement and follow only those investment practices commonly deemed prudent, including the maintenance of suitable diversification and liquidity. The managers will be advised in writing of The Church Foundation’s policies for socially responsible investing. Additionally, the Committee may (with the approval of the Board of Directors) employ outside investment consultants to assist it with the hiring of new managers and the monitoring of existing managers as it may determine to be in the best interest of The Church Foundation. Direct conflicts of interest and/or the appearance of conflicts of interest between any Board member of The Church Foundation and its investment managers are discouraged. Any relationship with managers resulting in compensation to a Board member is prohibited.

No more than approximately 80% of the market value of the overall portfolio may be exposed to equities at any time. The balance of 20% of the portfolio’s market value will be invested in fixed income securities (which may include cash and money market securities.) The Committee’s approach to asset allocation shall be strategic, and it will not engage actively in short term tactical allocation. To achieve what the Board considers optimal asset allocation, it may hire specialty managers (with the approval of the Board of Directors) whose entire portfolio may be 100% invested in either equities or fixed income. Suitable targets and ranges for the overall asset allocation are outlined below:

	<u>Target</u>	<u>Acceptable Range</u>
Equity	70%	55-75%
Fixed Income (incl.cash)	30%	45-25%

OVERALL INVESTMENT GOALS

The Committee understands that during certain periods individual investment managers may not achieve all or any of these objectives; however, the Committee will strive to achieve these objectives over the long term, and may take necessary actions if the objectives are not being met. Also, the Committee will accord considerable weight of judgment to those managers who retain a consistent investment process. The Committee's decisions to terminate managers will be a function of a number of factors including: 1) The original rationale for hiring the manager and its current fit with the Fund's objectives; 2) The performance of the manager in comparison to original expectations; 3) A determination as to whether the manager's performance shortfall is a result of a style and/or philosophy which is out of favor or which has not been executed successfully. In addition to the foregoing factors, the Committee's instincts will also play a role in attempting to assess whether a manager's success or lack thereof, is a result of luck or skill.

The Committee shall review the overall objectives on a periodic basis to determine if, in the best interest of the participants, any modifications or amendments should be made.

ALLOWABLE INVESTMENTS

The Board considers the following classes of securities to be appropriate investment vehicles for the Foundation's funds:

- Common stocks listed on the major U.S. stock exchanges.
- Obligations of the U.S. government or its agencies.
- Bonds issued by U.S. corporations or U.S. subsidiaries of foreign corporations which carry an "investment grade" rating.

- American Depository Receipts (ADRS) and foreign common stocks as listed on the principal exchanges of major countries and foreign government bonds together limited to 10% of the market value of the portfolio.
- Insured CD's issued by banks or savings institution.
- Preferred stocks of listed corporations with an S&P or Moody rating of "investment grade".
- "Private Equity" pools issued through highly regarded sponsors.
- Money market funds and money market instruments of an investment grade commonly held in money market instruments such as repurchase agreements, bankers acceptances, commercial paper, etc.

The Committee is authorized to review and act on individual special situations that may deviate from the definition of "Allowable Investments" (ie., investments in corporate bonds that are below "investment grade", or emerging market debt which may be held as a portion of a fixed income fund). The Committee will be required to notify the Board of such actions at its next meeting.

PROHIBITED INVESTMENTS

The Board considers the following investment practices and classes of securities to be inappropriate for the Fund:

- The purchase of securities on margin.
- "Short selling" of securities.
- The buying and selling of futures contracts in any form unless expressly approved by the Board as a hedge against portfolio loss.
- The buying and selling of put and call options on stocks, bonds, indexes and futures contracts unless expressly approved by the Board as a hedge against portfolio loss, or as a means of generating additional income.
- No individual equity position (at market) may exceed 5% of the overall equity portion of the portfolio to the extent that this factor can be monitored.
- Direct investments in real estate.
- Oil and gas properties and partnerships. Investment grade real estate properties including limited partnerships.

REVIEW AND EVALUATION

In the execution of their fiduciary responsibilities, the Committee shall review, on a timely and regular basis, the various investment managers employed by The Church Foundation to determine if the assets are being properly managed according to the stated objectives and policies set forth. To facilitate this process the Committee shall be responsible for the continual review and interaction with the

investment managers and for the timely reporting to the Board regarding the investment managers' absolute and relative investment performance in accordance with The Church Foundation's bylaws. The Committee intends to view a manager's performance over rolling 3, 5 and 10 year (or since the inception of the relationship) periods as well as consideration for the current market cycle. However, the Committee will pay close attention to shorter time periods. The Committee retains the right to promptly dismiss an investment manager who deviates from the stated objectives and policies. Also, Committee will review any investment manager who deviates or changes its structure, management, or investment style. This Investment Policy Statement shall be reviewed and approved by the Church Foundation Board annually at its May meeting.

Portfolio managers are required to notify the Committee within seven business days, in writing, of any material change in their ownership or structure or of any change in the employment status of key personnel including portfolio managers, strategists, or partners. Portfolio managers are also required to notify the Committee, in writing, within seven business days, of any material litigation involving their firm or principals of their firm.

May 13, 2015

