

Rocky Hill Congregational Church
Board of Trustees - Investment Policy
*(amended 2012 to adjust asset allocation parameters and
include specific recognition of global diversification)*

Objectives

The investment objectives for the various funds of the Rocky Hill Congregational Church (RHCC) are intended to promote the long term financial viability and vitality of the church through:

1. achievement of reasonable long term growth in both the income and the market value of the assets, consistent with risks not greater than those associated with the broad financial markets, and supportive of the principles of socially responsible investing,
2. provision of ample liquidity to meet anticipated funding needs as well as a reserve for unanticipated contingencies,
3. maintenance of appropriate diversification.

Scope

This Investment Policy applies to the investment of all funds held in the name of RHCC *excluding* certain constitutionally exempted funds:

1. Benevolence funds that are overseen, managed, and disbursed by the Board for Mission are not covered by this policy.
2. Diaconate funds that are overseen, managed, and disbursed by the Diaconate are not covered by this policy.
3. Amounts retained by the Fair Committee as working capital are not covered by this policy.
4. Any other incidental balances that may be retained in separate accounts by RHCC sponsored groups are not covered by this policy.

Responsibility and Authority

The Board of Trustees has the constitutional responsibility to establish investment policy and to oversee the proper execution of that policy.

The Treasurer has responsibility to implement the investment policy on a daily basis, including investment and reinvestment of funds, maintenance of timely and proper records, and regular reporting to the Investment Committee (as hereinafter defined).

The Trustees shall annually appoint an Investment Committee to review the investments and investment activities of the Treasurer, to receive regular reports from the Treasurer, to advise the Treasurer on any and all matters pertaining to investments, to assure compliance with this policy, and to consider and recommend (to the Board of Trustees)

proposed changes in investment policy or material changes in investment strategy. The Investment Committee shall consist of at least three members in addition to the Treasurer *ex officio*. At least one member of the Investment Committee shall concurrently serve as an active member of the Board of Trustees. Other members may also be active Trustees, although non-Trustees may also be appointed to the Investment Committee.

The Board of Trustees may hire one or more outside managers to execute the investment policy for all or any portion of the invested assets. The retention of any such outside managers does not relieve the Board of its duty to exercise due diligence in ensuring that such funds are properly managed in accordance with this policy.

Asset Allocation

Investments shall be allocated to broad asset classes within the following percentage ranges:

<u>Asset Class</u>	<u>Low</u>	<u>Normal</u>	<u>High</u>
Equities	35%	55-65%	70%
Fixed Income	15%	30-40%	40%
Checking, Savings & Money Market	0%	5-10%	25%

The following criteria will be considered when establishing periodic asset allocation targets within the above ranges:

1. Anticipated needs for liquidity over the next several years
2. Existing asset allocation
3. Current and projected market risks and returns

Asset classes not falling within any of the named categories will be considered only upon the specific recommendation of the Investment Committee and the approval of the Board of Trustees.

Diversification

Within each asset class, diversification may be achieved in several ways:

1. Assets may be invested in diversified funds or in single securities with risks and returns that reflect an underlying diversified portfolio of securities or equity interests.
2. Assets may be invested in a variety of individual securities or certificates, each reflecting an interest in a distinct company or venture.
3. Global diversification is expected. Assets may be invested in domestic or foreign securities, and may be denominated in U.S dollars or in foreign currencies.

Investments whose returns are substantially guaranteed by the United States government or any of its agencies (including FDIC) are not subject to diversification limitations (although they are still subject to asset class limitations).

No other asset or fund shall be held in an amount such that any company or security-specific risk would exceed 10% of total investments. For purposes of this limitation, mutual funds (or securities representing an interest in an underlying diversified portfolio of securities) shall be evaluated on a “look-through” basis to the extent that the underlying securities can be approximately determined. For example, ownership in a fund comprised of the 30 Dow Jones stocks would be treated as separate investments in each of the 30 stocks for diversification testing.

Liquidity

For purposes of this policy, liquidity refers to the timely and efficient ability to convert an asset into cash. In general, publicly traded securities, mutual funds, and savings deposits enjoy superior liquidity. Illiquid assets include (but are not limited to) real estate, direct loans, and partnerships.

Assets with limited liquidity shall only be held to the extent that their forced liquidation is highly unlikely, even in the event of an unexpected but plausible financial need. Notwithstanding this limitation, any and all investments which cannot be reasonably and efficiently liquidated with less than one year’s notice shall be limited in aggregate to no more than 10% of total invested assets.

Reporting

For the purposes of reporting and evaluation of policy compliance, all assets shall be measured and valued at current fair market value.

The Investment Committee shall receive quarterly reports from the Treasurer concerning investment performance, policy compliance, asset allocation, and transactions. Upon the receipt and review of such reports, the Investment Committee shall attest to the Board of Trustees that such reports have been received and reviewed, shall provide a written summary of key investment data (including current asset allocation and returns), and shall call the Board’s attention to any irregularities or policy exceptions.

The Auditing Committee also has independent constitutional authority and responsibility to review the records and reports of all investment activities, and to report any irregularities to the Council.