

THE PRESBYTERY OF LONG ISLAND

INVESTMENT POLICY

PREFACE

The Bylaws of the Presbytery of Long Island of the Presbyterian Church (USA) give the Presbytery Board of Trustees (Trustees) the responsibility for the investment of all funds committed to it by the Presbytery or by various donors. These Bylaws also give to the Trustees the authorization to develop investment policies for adoption by the Presbytery of Long Island.

PRESBYTERY ASSETS

The Presbytery assets included in this policy are depository funds used for managing current receipts and expenditures, and other invested funds held on a long-term basis to carry out the missions of the Presbytery. For purposes of this policy, assets do not include direct loans made to churches and individuals, nor do they include property, furniture and equipment occupied and used as the offices for the Presbytery of Long Island. Furthermore, assets for certain memorial funds invested with the Presbyterian Foundation are not covered by this policy.

DEPOSITORY FUNDS

Depository funds are monies available from ongoing receipts and are used to pay ongoing expenses for operations and missions. These funds will be deposited in banks or other institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation or other similar Federal deposit insurance program. These banks shall have satisfactorily demonstrated banking and lending practices that encourage and foster minority economic development, and may include institutions which are predominately owned by minorities. Such banks and institutions are approved by the Board of Trustees.

A portion of depository funds may be held in money market mutual funds subject to the approval of the Board of Trustees.

INVESTMENT FUNDS

Investment funds are those Presbytery funds that are held for several purposes, which can include such items as support for the current operating budget, development and other project grants which are long term in nature, and to collateralize loans made to churches by other institutions. These funds may be unrestricted, restricted by Presbytery action, or donor restricted.

The Presbytery's investments shall be placed in an Investment Fund(s) and managed by an investment manager(s) in accordance with this policy.

The Investment Funds may be separated in order to carry out the specific uses of the funds as established by donors or by action of the Presbytery of Long Island. However, for purposes of complying with this investment policy, all funds will be considered in the aggregate. The Treasurer, in consultation with the Presbytery Executive and the President of the Board of Trustees, shall be responsible for the maintenance of appropriate accounting procedures that will facilitate the accounting for the several restricted fund accounts.

INVESTMENT MANAGER

One or more investment managers will be selected by the Board of Trustees. A manager shall be subject to review and reappointment by the Trustees at least once every three (3) years. A manager will have full discretionary powers with regard to the selection of investments, but must stay within the guidelines and directives of the Presbytery. The oversight of a manager will be the responsibility of the General Presbyter in consultation with the Investment Review Committee of the Board of Trustees.

INVESTMENT REVIEW COMMITTEE

The Investment Review Committee is a committee of the Board of Trustees. The committee consists of the Presbytery Treasurer, the President of the Board of Trustees, two other Board of Trustees members and a representative of the Budget Committee. The General Presbyter and the Treasurer staff the committee. The committee acts on behalf of the Board of Trustees in reviewing the work of an investment manager, gives guidance to each investment manager, and will recommend changes in this policy to the Board of Trustees.

INVESTMENT OBJECTIVES

The investment goal of the Presbytery of Long Island is to combine effective economic judgment with sound, efficient regard as Christians for social, ethical, and justice concerns as recommended by the Presbytery and the General Assembly of the Presbyterian Church (USA). The goal is to maximize the return on investment by following the guidelines set forth in this policy statement while maintaining a prudent level of investment risk. Our investment objective seeks to preserve the integrity or real value of investment funds as measured in terms of their continuing, contemporary purchasing power.

Ideally, this consideration should not outweigh the social factor criteria, set forth below, in influencing the investment decisions.

Specific objectives are as follows:

- (a) Preserve the principal value of the investment funds;
- (b) Provide a reasonable rate of return without distinction between capital appreciation and current income;
- (c) Utilize an appropriate mix of fixed income and equity investments, in ratios reflecting the general economic outlook and the levels of securities prices; show preference to dividend paying equities, and

- (d) Maintain appropriate diversification among types of investments, industry sectors, international sectors and individual companies;

INVESTMENT GUIDELINES

The assets of the Investment Fund may be invested in common stocks, preferred stocks, debt obligations of corporations, debt instruments of the U.S. government, states and their subdivisions, mutual funds of similar types, or in cash equivalent money market funds. Derivatives, options, commodities and real estate investment are not permitted. Other investment vehicles may be used only upon the approval of the Trustees. Non-interest bearing cash balances are to be kept to a minimum.

The mix of assets in the Investment Fund is provided in Appendix A. Ranges are provided by broad investment type (equity, fixed income and money market) and within each category (small cap, large cap, international, government, corporate debt) and concentration (sector, industry, and issuer).

In the event that a portion of the Investment Fund falls outside a particular guideline, the investment manager will inform the Investment Review Committee at their next meeting and will provide a plan to address the situation.

SOCIALLY RESPONSIBLE INVESTMENT GUIDELINES

The Presbytery's investment program will be guided by the General Assembly's Mission Responsibility Through Investment Committee (MRTI) guidelines with regard to the inclusion of investments. In addition, the Presbytery, in consultation with appropriate Presbytery groups related to peace & social justice issues, may also establish additional investment guidelines from time to time. The Presbytery Executive is responsible for advising each investment manager of the current guidelines.

Through our investment program we seek to give effect to the commitment of the Presbyterian Church (USA) to social concerns in the world. Specific considerations may gradually shift from time to time at the discretion of the Trustees, but include such considerations as the following:

- (a) Recognition of human worth and dignity in employment policies and practices;
- (b) Implementation of non-discriminatory employment and purchasing practices;
- (c) Honest and fair practices in the production and marketing of goods and services;
- (d) Stewardship of natural resources and the environment;
- (e) Contributions toward peace and humanitarian concerns rather than excessive reliance on military solutions to human, social or economic problems at home and abroad;
- (f) Contributions toward resolution of the problems of world hunger, and furthering the cause of international justice and development.

The Presbytery's policy is to vote share holder resolutions consistent with the recommendations of the General Assembly Mission Responsibility Through Investments (MRTI) Committee. When a shareholder resolution is presented that carries no MRTI or Presbytery recommendations, the General Presbyter will confer with the President of the Board of Trustees and one member of the Investment Committee of the Board of Trustees to decide on how the resolution should be voted.

USE OF INVESTMENT FUNDS

It will be the responsibility of the Trustees to responsibly maintain the Investment Funds in accordance with the directives of the Presbytery. This includes the protection of the principal of the investments while investing to expect reasonable growth over time. The Invested Funds are subject to investment risk, and principal may decrease under adverse market conditions. The funds are to be used to support the mission of the Presbytery, and it is likely that principal will be used in adverse circumstances as well as by specific programs authorized by the Presbytery.

Donor Restricted Funds:

Income earned by donor restricted funds will be used in accordance with the directives of the donor. Principal may be used in accordance with donor directives.

Presbytery Restricted Funds:

Income earned by Presbytery restricted funds will be used in accordance with the directives of the Presbytery.

Unrestricted Funds:

Income earned by the unrestricted funds may be used to support the Presbytery's operating budget as recommended by the Presbytery Budget Committee and the Board of Trustees. The actual financial result for a year may be different from the budget, resulting in a use of invested funds that is different from expected.

Appreciation should be retained in the fund whenever possible in order to allow the principal to grow at a rate equal to a rolling average of the most current three (3) years inflation rate as determined by the Federal Government (Consumer Price Index). However, investment results will fluctuate from year to year, and it may be difficult to attain this goal for all periods.

When income and appreciation are insufficient to provide the necessary budget support, the Board of Trustees may recommend and the Presbytery may approve budget support in excess of income and appreciation.

Unrestricted principal may be used for a specific purpose by action of the Presbytery. This will typically occur where a specific program is adopted that is funded outside the budget.

Approved by Presbytery April 5, 2011

APPENDIX A
PRESBYTERY OF LONG ISLAND
INVESTMENT GUIDELINES

PORTFOLIO GUIDELINES	GUIDELINE	MINIMUM	MAXIMUM
Equities	55%	40%	70%
Fixed Income	40%	20%	65%
Money Market	5%	2%	10%
Concentration: Sector Industry maximum Issuer maximum (<i>excludes US Government</i>)			25% 20% 5%
SEGMENT GUIDELINES			
Equity Breakdown: (<i>dividend paying but not limited to</i>) (% of equity total) Large cap Small/mid cap International Total	70% 20% <u>10%</u> 100%	60% 0 0	100% 25% 15%
Fixed Income Breakdown: (% of fixed income total) Corporate bonds/preferred stocks US Governments Total	25% <u>75%</u> 100%	10% 10%	90% 90%
Concentration: (% of equity & fixed income) Sector Industry maximum Issuer maximum (<i>excludes US Government</i>)			25% 20% 5%