

**STATEMENT OF INVESTMENT
POLICIES AND OBJECTIVES OF
UNITARIAN CHURCH OF THE NORTH HILLS**

Adopted: May 9, 2011

**STATEMENT OF INVESTMENT POLICY AND OBJECTIVES
OF
UNITARIAN CHURCH OF THE NORTH HILLS (UUCNH)**

I. Management, Responsibility, and Decision-Making

In keeping with the by-laws of UUCNH, the fiduciary responsibility for the investments of the Church resides with the Board of Trustees. The Board grants management authority to the Finance Committee. The Finance Committee is charged with engaging Investment Advisor(s) to recommend, oversee and monitor the investments held in the Investment Fund.

In recognition of its fiduciary responsibilities, the Board, upon recommendation of the Finance Committee, has adopted the following Statement of Investment Policy and objectives concerning the investment practices of the Investment Fund.

II. STATEMENT OF PURPOSE

The purpose of this Statement is to establish a written policy for the investment of the Investment Fund's assets, and to ensure the future income and growth of the assets. It is intended to be an embodiment of UUCNH's investment philosophy that provides guidance to the Board, the Finance Committee and the Investment Advisor(s).

Additionally, this Statement will establish appropriate risk and return objectives in light of the Investment Fund's risk tolerance and long-term investment horizon. These objectives, the asset allocation guidelines, establishment of suitable investments, and the responsibilities and reporting requirements of the Investment Advisor(s) and the Finance Committee are outlined herein.

III. INVESTMENT OBJECTIVES

The objectives of the management of the fund investments are to achieve a total return, consisting of both capital appreciation and income, which

- Preserve the capital and avoid any permanent impairment of capital
- Result in the generation of income
- Foster the growth of capital over time

UUCNH may be dependent on the assets to assist in funding its operating costs. The finance committee may at its discretion withdraw an amount equal to the dividend and

interest earnings of the fund on an annual basis. The earnings will remain in the fund if not needed for church operations.

IV. RISK TOLERANCE

The risk tolerance of the Investment Fund is that of a “moderate” investor. The term “moderate” investor as used herein shall mean an investor who tolerates some fluctuations in the market but desires less risk than the overall market.

V. ASSET ALLOCATION

To achieve its investment objectives, the Investment Fund shall be allocated among a number of asset classes of registered investment companies, including mutual funds and exchange traded funds. The purpose of allocating among asset classes is to ensure diversification within the Investment Fund.

The following table defines the Investment Fund’s target asset allocation, and the minimum and maximum allocation limits of each asset class:

Target Asset Allocation Table

<u>Investment</u>	<u>Target</u>	<u>Acceptable Range</u>
<u>Equity Funds, including Large-Company, Mid-Company, Small-Company and International</u>	60%	50%-70%
<u>Fixed Income Funds and Cash</u>	40%	30%-50%

VI. INVESTMENT GUIDELINES

The investment policies, guidelines and restrictions presented in this Statement serve as a framework to help the Investment Fund and its Investment Advisor(s) achieve the investment objectives at an acceptable level of risk. The investments shall be in registered investment companies, including mutual funds and exchange traded funds that invest in the following permissible investments.

Asset Quality- Permissible Investments

1. *Common Stocks* in any unrestricted, publicly traded common stock that is listed on a major exchange or a national over-the-counter market that is appropriate for the Investment Fund.

2. *Convertible Preferred Stock and Convertible Bonds*- Convertible stock and bonds must have a BBB rating or better by S&P or BAA or better rating by Moody's. If converted, these securities must satisfy the above standards for common stocks.
3. *Fixed Income Securities*- Bonds and notes must be A rated or better by Moody's or BBB or better by S&P. Only traditional principal and interest obligations (no derivatives) are eligible.
4. *Cash Equivalents*-Commercial paper must be rated A-1 by S&P and/or P-1 by Moody's. Banker's Acceptances and Repurchase Agreements must be issued by banks that are rated BAA by Moody's or rated BBB by S&P. U.S. Government Treasury Bills and Agency Discount Notes are also acceptable. Money Market Fund holdings must comply with the provisions. Cash Equivalents are defined as investments with maturities of 90 days or less.

Asset Quality- Prohibited Transactions

1. Commodities
2. Uncovered Short Positions
3. Derivatives

Diversification

Diversification is to be achieved by allocating assets among the assets classes as provided herein. As a general rule, the Investment Advisor(s) shall maintain reasonable diversification at all times.

Rebalancing Procedures

From time to time, market conditions may cause the Investment Fund's investment in various asset classes to vary from the approved allocation. To remain consistent with the asset allocation guidelines established by this Statement, the Investment Advisor(s) shall review each asset class in which the Investment Fund is invested at least semi-annually. The Investment Advisor(s) findings shall be communicated to the Finance Committee. The Finance Committee and the Investment Advisor(s) shall have a discussion semi-annually to determine if the assets exceed the minimum or maximum constraints as set forth herein, and therefore, should be rebalanced.

VIII. COMMUNICATIONS

It is the desire of the Board and the Finance Committee to ensure the Investment Fund is monitored consistently in order to evaluate whether the asset allocation ranges are met and the assets are otherwise invested in accordance with this Statement.

Investment Advisor Reports

Semi-Annual Basis

The Investment Advisor(s) shall, at least semi-annually, provide the Finance Committee with information which includes:

1. Investment Fund performance results;
2. Performance results of comparative benchmarks;
3. Review of current asset allocation versus Statement guidelines;
4. Future investment strategies.

Annual Basis

The Investment Advisor(s) shall, at least annually, provide the Finance Committee with a report of the Investment Fund's investment performance for each year of his or her management tenure.

Investment Advisor Duties and Responsibilities

The Investment Advisor(s) shall be responsible for the following duties and responsibilities:

1. Assisting the Treasurer and Finance Committee Chair with access to account information;
2. Assisting in the development and periodic review of the Statement;
3. Advising the Finance Committee concerning the selection and suitability of the investments and allocation of assets;
4. Monitoring the performance of the Investment Fund;

Finance Committee Duties and Responsibilities

The Finance Committee shall be responsible for the following duties and responsibilities:

1. Conduct annual review of the substantive terms and conditions of this Statement;
2. Hire, retain or dismiss Investment Advisor(s);

3. Review investment information submitted by the Investment Advisor(s).

XI. DONATED SECURITIES

It is the policy of UUCNH to sell all marketable securities received as donations to UUCNH as soon as practical.

X. CONFLICTS OF INTEREST

The Board and the Finance Committee shall not invest Investment Funds with any firm or in any vehicle that may, as a result of the transaction, monetarily benefit a member of the Board or the UUCNH staff.

XI. POLICY DISTRIBUTION

This Statement, upon every revision hereof, shall be distributed by the Chair of the Finance Committee to each of the following:

- Finance Committee Members
- Board of Trustees
- Treasurer

This policy was approved by the UUCNH Board of Trustees on May 9, 2011.

 8-17-11
Matt Ferry
President, UUCNH Board of Trustees