



## **INVESTMENT POLICY**

### **Adopted August 7, 2010, Revised March 13, 2022**

#### **1. Responsibility for Management of Funds**

All cash, brokerage and investments of the Center for Courage and Renewal ("CCR") shall be managed by the Executive Director, with oversight from the Finance Committee of the board. At the discretion of the Finance Committee an external agent or agencies may be engaged to provide professional management of funds for CCR, in which case, the external manager(s) shall be responsible directly to the Executive Director.

#### **2. External Management of Funds**

Investment through external programs, facilities and professionals operating in a manner consistent with this policy will constitute compliance.

#### **3. Pooling of Funds**

Except for cash in certain restricted and special funds, CCR will endeavor to prudently consolidate cash balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

#### **I. General Objectives**

The primary objectives, in priority order, of investment activities shall be preservation of purchasing power, minimization of risk and liquidity:

1. **Preservation of Purchasing Power**~to achieve returns in excess of the rate of inflation over the investment horizon in order to preserve purchasing power of CCR's assets.
2. **Minimization of Risk**~ risk control is an important element in the investment of fund assets.
3. **Liquidity**~The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands. Furthermore, since all possible cash demands

cannot be anticipated, the portfolio should consist largely of securities with immediate liquidity access, i.e., funds would be availability usually two days after trade fulfillment.

## **II. Standards of Care**

The interests of CCR shall always supersede the individual interests of board, staff, or investment advisors.

### **1. Prudence**

The standard of care to be used by investment officials shall be the “prudent person” standard\*. This shall be applied in the context of managing an overall portfolio. The Executive Director and the Finance Committee-acting in accordance with written procedures and this investment policy, and, exercising due diligence-shall be relieved of personal liability for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and the liquidity and the sale of securities are carried out in accordance with the terms of this policy.

*\*Prudent Person Rule is a standard that requires that a fiduciary with funds for investment may invest such funds only in securities that any reasonable individual interested in receiving a good return of income while preserving his or her capital would purchase. Historically known as the prudent or reasonable man rule, this standard does not mandate an individual to possess exceptional or uncanny investment skill. It requires only that a fiduciary exercise discretion and average intelligence in making investments that would be generally acceptable as sound. (West's Encyclopedia of American Law. Copyright © 1998 by The Gale Group, Inc. All rights reserved.)*

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

### **2. Ethics and Conflicts of Interest**

Directors and agents involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Directors and agents shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Directors and agents shall refrain from undertaking personal investment transactions with the same individual with which business is conducted on behalf of CCR.

### **3. Delegation of Authority**

All monetary transfers into and out of any CCR investment management program must have the approval of the Finance Committee. Responsibility for the operation of the investment program is hereby delegated to the Executive Director of CCR, under the

oversight of the Finance Committee, which shall act in accordance with the established written procedures and internal controls for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by CCR. CCR shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of staff.

#### **4. Audits**

The books and records of the corporation shall be audited annually by a certified public accountant.

### **III. Investment Guidelines**

#### **Allowable Asset Classes**

1. Cash Equivalents allowed include the following:
  - Treasury Bills
  - Money Market Funds
  - Certificates of Deposit (FDIC Insurance backed)
2. Fixed Income Securities allowed include the following:
  - U.S. Government Bills, Bonds and Agency Securities
3. Equity Securities allowed include the following:
  - Stocks of Non-U.S. Companies (Ordinary Shares)
  - Common Stocks of U.S Companies

#### **Execution Parameters**

Access to and participation in the above asset classes is only allowable within:

- an open-end mutual fund or exchange-traded fund (ETF) conduit
- a passive management platform.
  - Passive management is an investing strategy that tracks a market-weighted index or portfolio. Passive management follows the “efficient-market hypothesis”, and uses index rules that are objective, consistent, and predictable.

CCR may request a socially responsible investing (“SRI”) or environmental, social and governance (“ESG”) filter be applied when purchasing qualified securities.

#### **Prohibited Asset Classes**

Prohibited investments include, but are not limited to the following:

1. Derivative securities
2. Individual Commodities and Futures Contracts
3. Private Placements
4. Options

5. Private, Non-registered Limited Partnerships
6. Venture-Capital Investments
7. Initial Public Offerings
8. Crypto currencies
9. Closed-end funds
10. Hedge Funds

### **Asset Allocation Guidelines**

Investment management of the assets of CCR shall be in accordance with the following asset allocation guidelines:

1. Aggregate Fund Asset Allocation Guidelines (at market value) *growth and income period*:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Equities	0%	60%
Fixed Income/Cash Equivalents	0%	40%

2. CCR may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate assets, such disciplines must fit within the overall asset allocation guidelines established in this statement. Such investment managers will receive written direction from CCR regarding specific objectives and guidelines.
3. In the event that the above aggregate asset allocation guidelines are violated, for reasons including but not limited to market price fluctuations, CCR will instruct the Investment Manager(s) to bring the portfolio(s) into compliance with these guidelines as promptly and prudently as possible. In the event that any individual Investment Manager's portfolio is in violation with its specific guidelines, for reasons including but not limited to market price fluctuations, CCR expects that the Investment Consultant will advise to bring the portfolio into compliance with these guidelines as promptly and prudently as possible.

### **Guidelines for Fixed Income Investments and Cash Equivalents**

1. CCR fixed income assets may be invested only in investment grade bonds rated BBB (or equivalent) or better.
2. Fixed income maturity restrictions are as follows:
  - Maximum maturity for any single security is 30 years.
  - Weighted average portfolio maturity may not exceed 5 years.

3. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's.

## **V. Reporting**

The Finance Committee shall prepare an annual investment report, including a management summary that provides an analysis of the status of the investment portfolio. This management summary will be prepared in a manner that will allow CCR to ascertain whether investment activities during the reporting period have conformed to the investment policy.

On a quarterly basis, the Finance Committee shall present the following to the board:

- Percentage of the total portfolio that each type of investment represents;
- Current market value of investment portfolio;
- Market value deviation from previous reporting period, year-to-date, and since inception; and
- Performance compared to appropriate benchmarks identified by investment managers.

## **VI. Adoption**

This policy shall be adopted by resolution of CCR's board of directors. CCR's Finance Committee shall review the policy annually and recommended changes will be presented to the board of directors for consideration.