

# **BLACKHAWK PRESBYTERY**

## **INVESTMENT POLICY AND OBJECTIVE STATEMENT**

July 23, 2024

### **BACKGROUND**

Under the power and authority of The Presbytery of the Blackhawk of the Presbyterian Church (U.S.A) (“Corporation”), the corporate expression of the Presbytery of Blackhawk (“Presbytery”), a number of investment accounts have been established for the purpose of investing monies from Presbytery funds (“Funds”). These Funds are designated for other than short-term purposes by the Trustees (“Trustees”) of the Corporation. Disbursements from the accounts are intended to support the purposes for which the various Funds were established, with the overall purpose of supporting the ministries of the Presbytery. The Trustees may open multiple investment accounts for various purposes or from various sources. The following guidelines apply to all investment accounts.

### **DESIGNATION OF FUNDS**

There are four designations that may be assigned to investment funds.

1. Donor/Permanently Restricted – Presbytery must maintain the original donor principal of the fund.
2. Temporary Restricted Funds – This is income earned on each permanently restricted fund and may be spent in accordance with the stipulations of the donor restrictions.
3. Designated Funds – Presbytery may designate the use of specific funds for specific purposes. This designation may be changed or eliminated by a subsequent action of the Presbytery.
4. Unrestricted Funds – Unrestricted funds may be used for any purpose approved by the appropriate entities of the presbytery.

### **OBJECTIVES OF THE INVESTMENT ACCOUNTS**

The investment goal of the Presbytery Blackhawk 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. The primary objectives of the investment accounts shall be:

1. To preserve the invested capital and maintain a high quality of securities in the account with appropriate diversification.
2. To seek balanced growth in the principal value to fulfill the purposes of the Funds.
3. To generate monies to be disbursed from the investment account to the Funds in accordance with the Total Return Policy of the Presbytery, described below.
4. To adhere to socially responsible investment practices by following the procedures set forth in the "Special Requirements" section of the guidelines below.

### **ASSET ALLOCATION**

The investment accounts shall be managed for a total return on principal, consisting of both income and appreciation as a balanced portfolio. Diversification by set class and holding are required controlling risk. The manager at New Covenant Funds (“Manager”) is given full discretion to diversify Fund assets within the following asset classes and ranges:

<b>Asset Class</b>	<b>Minimum</b>	<b>Preferred Position</b>	<b>Maximum</b>
Equities	40%	55%	70%
Large Cap	30%	40%	50%
Mid Cap	5%	10%	15%
Small Cap	5%	5%	5%
Fixed Income	20%	45%	55%
Short Term Investment	0%	2%	10%

No individual stock shall represent more than 5% of the equity portfolio at time of purchase. No single fixed income issue shall represent more than 10% of the fixed income portfolio at the time of purchase.

**TOTAL RETURN POLICY**

1. The means of determining the investment account distribution policy and formula of the Presbytery will be reviewed and the payout rate set annually prior to preparation of the following year’s budget. The amount to be distributed will be determined by multiplying by 2.0% to 6.0% times rolling average of the market value of the account Presbytery’s unrestricted investment account (Blackhawk Presbytery Foundation account ending in 5539) for the twelve quarters ended June 30 of the year prior to the calendar year during which the distribution will occur. For example, the 2024 fund distribution is based upon the rolling average of the twelve quarters ended September 30, 2020 through June 30, 2023.
2. The percentage and amount distributed shall be reviewed annually by the Property and Finance and Property Committee and recommended during the annual budget process.

**ELIGIBLE INVESTMENTS:**

Eligible domestic equity investments include common stocks, preferred stocks, and convertible securities. Companies issuing the securities shall have a minimum market capitalization of \$100 million at the time of purchase of the security. Eligible domestic equity investments shall also include shares in a domestic equity portfolio of The New Covenant Funds (or any other registered investment company including one for which the Manager or its affiliate acts as investment advisor).

Eligible international equity investments shall include shares in an international equity portfolio of The New Covenant Funds (or any other registered investment company including one for which the Manager or its affiliate acts as investment advisor).

Eligible fixed income securities include any obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities, or corporate securities which at the time of purchase are rated in one of the three highest rating categories by any of the nationally recognized statistical rating organizations followed by the Trust Company’s Credit Committee. International fixed income securities are eligible if the above criteria (as determined by the Manager in its discretion) are met. Eligible fixed income investments shall also include shares in a fixed income portfolio of The New Covenant Fund Institutional Funds (or any other registered investment company including one for which the Manager or its affiliate acts as investment advisor).

**SPECIAL RESTRICTIONS**

The Presbytery may allocate its investment balances between two distinct classes for each named account. The Grantor Trust class invests in a broad sector of domestic equities, international equities,

and bonds. The Investment Management Account (IMA) class invests in socially responsible funds including fossil free funds.

The Presbytery may from time to time furnish the Manager with a written list of securities which it has determined are inconsistent with the guidelines of the Committee on Mission Responsibility Through Investment (MRTI) of the Presbyterian Church (USA). Manager shall refrain from purchasing securities on the list and shall sell as soon as practicable any securities identified on the list. Manager may conclusively rely upon the most recent written list received and shall have no other responsibilities in connection with such MRTI Committee guidelines or any other restrictions identified by Trustees.

### **INVESTMENT AUTHORITY**

The Trustees will engage the services of one or more investment managers who will be granted discretion to manage the account and to invest and reinvest principal and income within the parameters established by this Investment Policy and Objective Statement.

### **OVERSIGHT OF INVESTMENTS BY THE PRESBYTERY**

The Finance and Property Committee of the Presbytery shall meet with the manager(s) at least annually to review the performance of the investment account. Members shall receive and review quarterly reports on the holdings, transactions, and performance of investment accounts. The Finance and Property Committee will provide the investment manager(s) with an estimate of the timing of substantial additions to or withdrawals from the fund. The Finance and Property Committee will report the status of the investment account on a regular basis and at least quarterly to the Trustees.

The Treasurer of the Corporation shall have the authority to vote on the investment account proxies.

### **INVESTMENT POLICY REVIEW PROCESS**

The Finance and Property Committee will review the objective statement annually and will review the performance and status of each asset class and of the account as a whole at least quarterly.

Performance is judged on the basis of total return, consisting of both current income and growth. Performance of each asset class and the account as a whole will be judged on a long-term basis, this being at least a five-year period of time. Comparative figures shall be developed to form the basis for evaluation on one, three-and five-year performance intervals, based on a full calendar year.

The investment Account's performance will be compared to other similarly managed portfolios through use of generally accepted institutional information available to the investment manager and to the committee.

### **OTHER**

The Manager shall provide a quarterly accounting report and shall meet at least annually with the Finance and Property Committee of the Presbytery. The foregoing Investment Objectives and Guidelines Statement shall be in effect until the parties mutually agree in writing to the contrary.

### **ACCEPTED**

Approved by the Trustees of the Corporation.

Date: July 23, 2024