

APPENDIX 2.14

INVESTMENT POLICY

I. Introduction

This policy will be consistent with the appropriate United Church of Canada documents.

II. Assignment of Responsibilities

At Grace, responsibilities will be a joint effort of the Finance Committee and Trustees. .

III. General Investment Requirements

A. Investments made under this policy must be those adopted by a prudent investor.

B. Investment decisions should also take into account and be made in support of the Congregation's Mission Statement, commitment to social justice and The United Church of Canada policy with respect to corporate social responsibility.

IV. Duties of Trustees, Finance Committee and Treasurer

1. To develop an investment plan approved by Council.
2. To review general economic and investment market conditions with a view to recommending, when appropriate, changes in investment strategy.
3. To recommend an asset 'mix' designed to provide a fair rate of return and avoid undue risk..
4. To present to Council and the Annual General meeting after the close of each calendar year an "Annual Report on Performance" for the current year.

V. Investment Guidelines

A. The Finance Committee shall maintain an investment portfolio that is separate from its operating account. Monies in this investment portfolio may derive from a variety of sources and be amalgamated for investment purposes.

B. Diversification: Diversification will be considered as an important aspect of management of investments.

C. Eligible Investment Classes: The portfolio may be invested in any of the following asset categories, .

1. Equities
2. Fixed Income
3. Cash
4. Mutual Funds or ETFs whose underlying assets are based on any combination of 1, 2, or 3.

D. Asset Class Allocation: The asset class weighting will be targeted to be reasonably within the ranges and restrictions as follows. These allocations will be reviewed at least annually by the Trustees and the Finance Committee.

Equities: 0% to 30%.

- To include common or preferred shares of publicly traded corporations. No more than 20% of the equity portfolio will be invested in any one company.

Fixed Income: 50% to 100%.

- No more than the Canadian Deposit Insurance Corporation (CDIC) coverage limit shall be invested in any one GIC provider. In 2017, for example, this was \$100,000.
- No more than 20% of the bond part of the portfolio at the time of purchase shall be invested in any one company. No bonds will be included in the portfolio with a credit rating by a major Canadian rating agency below BBB at purchase. .

Cash: 0% to 30%.

- All Cash Deposits shall be made in accordance with the Canada Deposit Insurance Corporation (CDIC) coverage limits

E. Policy Review

The investment strategy shall be reviewed at least annually by the Trustees and the Finance Committee .

G. Specific Guidelines for Grace United Church Funds

There are 3 funding categories currently used by Grace

1. Investments at Sarnia Community Foundation (SCF) support specific ministries. Potential payout is increasing to 5% effective in 2023. On an annual basis, SCF will request that Grace indicate if funds need to be withdrawn. If no withdrawals are required, money remains within the fund.
2. Operational funds support both the ongoing costs of the Church (operating budget) as well as Church administered special funds. The assistant treasurer ensures transfers are made between the checking account and the money market fund to generate a modest return on these funds.
3. The Legacy Fund is available to support ongoing Church needs guided by Council priorities. This investment policy will guide how this fund is managed. On an annual basis, typically at budget preparation time, Finance and Trustees will review the performance of the fund and determine options for change (including giving the management of the fund to a third party firm as approved at the June 2022 Council meeting). Also, any specific funding priorities for the future need to be considered. Recommendations will be reviewed at Council and approved at the Annual General Meeting.