



UNITY PRESBYTERIAN CHURCH

303 Tom Hall Street

PO Box 1267

Fort Mill, SC 29716-1267

INVESTMENT POLICY STATEMENT (IPS)

FOR THE

UNITY PRESBYTERIAN CHURCH ENDOWMENT PROGRAM

AND

PROGRAM LEGACY ACCOUNTS

(Amended and Approved by Session on December 14, 2020)

These Investment Policy Statements (IPS) are required by Article VII of the Policies and Procedures (P&P) document that governs the Unity Presbyterian Church Endowment Program. On August 22, 2016, church Session approved amendments to the original P&P dated 12/1/15 and these statements regarding Endowment Board management of Program and Legacy Account investments.

UNITY ENDOWMENT PROGRAM

Fort Mill, South Carolina

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GOAL OF THE INVESTMENT PROGRAM

The purpose of the Endowment Program is to benefit Unity Presbyterian Church on a long-term basis. It is understood that future giving (contributions) to the Program is expected to be inconsistent, and therefore, unpredictable. Accordingly, the objective and intent of the Investment Program is to maintain the purchasing power of all accounts by growing the aggregate portfolio value by at least the rate of inflation as measured by the Consumer Price Index (CPI).

DISTRIBUTIONS

Upon initial establishment of the Program, the Board set a 3-6% annual spending rate. That rate assumes that over the long term, the Program will average earnings at least 4% over the inflation rate. Beginning in 2017, a review of actual earnings and a study of expected future conditions will be used to determine the spending rate and to authorize distributions for the year.

DEFINITIONS

1. "Program" shall mean the various fund assets of the Unity Endowment Program, Fort Mill, South Carolina (including but not limited to these current Legacy Accounts: Mission/Benevolence, Christian Education Ministry, Music Ministry, Capital/Building and General Endowment).
2. "Board" shall refer to the Board of Unity Endowment Program, Fort Mill, South Carolina established to administer the Program.
3. "Fiduciary" shall mean any individual or group of individuals that exercises discretionary authority or control over fund management or any authority or control over management, disposition or administration of the Program assets.
4. "Investment Manager" shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Program assets.
5. "Investment Management Consultant" shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager selection, and performance monitoring.
6. "Securities" shall refer to the marketable investment securities which are defined as acceptable in this statement.
7. "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for Program assets is generally long-term.

8. "Principal" shall mean assets received by the Program and does not include earnings on funds such as capital gains, dividends, and interest.
9. "Annual Spending Rate" shall mean the percentage applied to the Accounts which, in turn, determines the amount(s) available for distribution. The spending rate for any year shall be determined by the end of the first quarter of such year and shall be based on portfolio results of the prior year and expectations for the future.
10. "Distributions" shall mean amounts approved for Endowment Accounts remitted for defined purposes to Unity Presbyterian Church, its agents or representatives.
11. "Consumer Price Index" (CPI) shall mean the rate of inflation as measured and published by The Federal Reserve Bank or any successor with like authority.

SCOPE OF THIS INVESTMENT POLICY

This statement of investment policy reflects the investment policy, objectives, and constraints of the various Accounts administered by the Unity Endowment Program.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This statement of investment policy is set forth by the Endowment Board ("the Board") of the Unity Endowment Program in order to:

1. Define and assign the responsibilities of involved parties.
2. Establish a clear understanding for the investment goals and objectives of all Program assets.
3. Offer guidance and limitation to Investment Managers regarding types of allowable investments of Program assets.
4. Establish a basis for evaluating investment results.
5. Manage all Program assets according to acceptable standards and prudence under the prevailing circumstances.
6. Establish the relevant investment horizon for which all Program assets will be managed.

DELEGATION OF AUTHORITY

The Board is responsible for directing and monitoring the investment management of all Program and Account assets. The Board is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. *Investment Management Consultant.* A consultant may assist the Board in establishing investment policy, objectives and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
2. *Investment Manager.* An investment manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Program's investment objectives. Managers will be held responsible and accountable to achieve the objectives stated herein. While it is not believed that the limitations will hamper investment managers, each manager should request modifications they deem appropriate.
3. *Custodian.* A custodian will secure and maintain control, by physical possession or otherwise (including agreements with sub-custodians), of securities, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Program.
4. *Additional specialists.* Attorneys, auditors, actuaries, retirement plan consultants, and others may be employed by the Board to assist in meeting its responsibilities and obligations to administer Program assets prudently.

ASSIGNMENT OF RESPONSIBILITY

Each Investment Manager must acknowledge in writing its acceptance of responsibility as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within the policies, guidelines, constraints, and philosophies outlined in this statement. Specific responsibilities of the Investment Managers include:

1. Making decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
2. Reporting investment performance results on timely basis as required by the Board.

3. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of the investment process.
4. Informing the Board regarding any qualitative change in the Investment Manager's organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Voting proxies, on behalf of the Program, unless otherwise requested by the Board.
6. Delegating any duties to one or more agents after providing notice in advance to the Board.

FIDUCIARY INVESTMENT PRINCIPLES

1. Investments shall be made in the best interest of the Account beneficiaries.
2. Investments of the Program shall be diversified so as to minimize the risk of loss.
3. The Board may employ one or more investment managers of varying styles and philosophies to attain the Program's objectives.
4. Cash is to be employed productively, by investment in short term cash equivalents to provide safety, liquidity, and return.

INVESTMENT OBJECTIVES

In order to meet its needs, the investment strategy of the Program is to emphasize a total return concept; that is, the aggregate return from capital appreciation or depreciation and dividend and interest income. **A primary investment management objective** shall be to achieve returns in excess of the rate of inflation in order to preserve purchasing power of Program assets. Risk control is an important element in the investment of Program assets.

A secondary investment management objective shall be to maintain sufficient liquidity to ensure the ability to meet all expected or unexpected cash flow needs by investing in securities which can be sold readily and efficiently.

DEFINITION OF RISK

The Board realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing the Program assets understands how it defines risk so that the assets are managed in a manner consistent with Program objectives and

investment strategy as designed in this statement of investment policy.

The Board defines risk as:

- The probability of losing money over any time period.
- The probability of losing money over the Program's investment time horizon.
- The probability of not maintaining purchasing power over the Program's investment time horizon.
- The probability of not meeting the Program's objectives.

LIQUIDITY

To minimize the possibility of a loss occasioned by the sale of a security needed to meet a payment, the Board will periodically provide Investment Managers with an estimate of expected net cash flow. The Board requires that a minimum of 5% of Program assets shall be maintained in cash or cash equivalents, including money market funds or short-term U.S. Treasury bills.

MARKETABILITY OF ASSETS

The Board prefers that all Program assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Program, with minimal impact on market price.

INVESTMENT GUIDELINES

A. Allowable Asset Classes

1. Cash Equivalents: Treasury Bills, Money Market Funds, Commercial Paper, Banker's Acceptances, Repurchase Agreements and Certificates of Deposit.
2. Fixed Income Securities: U.S. Government and Agency Securities, Corporate Notes and Bonds, Mortgage Backed Bonds, Preferred Stock, Fixed Income Securities of Foreign Governments and Corporations, Planned Amortization Class Collateralized Mortgage Obligations (PAC CMOs) or other "early tranche" CMOs.
3. Equity Securities: Common Stocks, Convertible Notes and Bonds, Convertible Preferred Stocks, American Depository Receipts (ADRs) of Non-U.S. Companies, Stocks of Non-U.S. Companies (Ordinary Shares)
4. Real Estate: REITs
5. Commodities:

6. Alternative investments: hedge funds, venture capital investments, limited partnerships
7. Other Asset Classes approved by the Board.

B. Prohibited Transactions

The Endowment will not use any form of leverage, including the use of derivatives contracts to replicate leveraged positions. Leverage is defined as a level of basis in excess of capital invested in that asset or exposure to any asset in excess of the market value appreciation of the asset.

Investments in foreign securities shall be limited to securities of issuers that the Investment Committee deems to have investment merit and that are issued in countries with sufficient legal protections of shareowner interests as determined by the Board. Investments in foreign real property by the Endowment are not permissible.

C. Asset Allocation Guidelines

Asset Allocation Strategy: Under normal circumstances, long term investment management of the Program will be in accordance with these asset Target and Range guidelines:

Class	Target %	Range %	Benchmark
Cash	5%	5-10%	Consumer Price Index
Equities	40%	25-55%	Dow Jones US Stock Market Barclay's Float Adjusted Index
Fixed Income	55%	40-70%	Bloomberg Barclays U.S. Aggregate Bond Index
Real Estate	0%	0-10%	Dow Jones U.S. Select Real Estate Investment Trust (REIT) Index
Commodities	0%	0-5%	Bloomberg Commodity Index
Alternative Investments	0%	0-5%	Morningstar Diversified Alternatives Index
Other	0%	0-5%	

D. Investment Management Guidelines

1. Until such time as the board can employ professional management, other than cash, the investments shall be limited to publicly-traded mutual funds and exchange traded funds.

2. The Board may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate fund, such disciplines must fit the overall asset allocation guidelines established in this statement.
3. In the event that the above aggregate asset allocation guidelines are violated, for reasons including but not limited to market price fluctuations, Investment Manager(s) must 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 violates its specific guidelines, for reasons including but not limited to market price fluctuations, the Board expects that Investment Manager to bring the portfolio into compliance with these guidelines as promptly and prudently as possible without instruction from the Board.

E. Diversification for Investment Managers

The Board does not believe it is necessary or desirable that securities held in the Program represent a cross section of the economy. However, in order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency should not exceed 5% of the total portfolio, and no more than 20% of the total fund should be invested in any one industry. U.S. Treasury securities may represent 10% of the total portfolio, while the total allocation to treasury bonds and notes may represent up to 100% of the Program's aggregate bond holdings.

F. Guidelines for Fixed Income Investments and Cash Equivalents

1. At least 90% of bond fund assets must be invested in investment grade bonds rated BBB (or equivalent) or better.
2. Program assets may be invested only in commercial paper rated A1 (or equivalent) or better.
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.

G. Commingling of Funds

The Board may, but need not, provide for the commingling of the Funds of the Program.

H. Voting of Proxies

The Board Chair is charged with the responsibility of monitoring and voting proxies in a way that is consistent with the beliefs of the church. The Chair may engage the services of

consultants, the custodian bank, and/or proxy advisory services in the course of fulfilling his or her responsibilities in this regard, but such consultative services shall be advisory only, and proxy authority shall not be delegated beyond the Chair.

SELECTION OF INVESTMENT MANAGERS

The Board's selection of Investment Manager (s) must be based on prudent due diligence procedures. Any manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company. The Board requires that each investment manager provide, in writing, acknowledgment of fiduciary responsibility to the Program.

INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Manager shall be compiled at least quarterly and communicated to the Board for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted and agreed upon performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Board reserves the right to terminate a manager for any reason including, but not limited to, the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameter established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.
4. Significant regulatory concerns related to the investment management organization and/or personnel.

Investment Managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

LEGACY ACCOUNT INVESTMENT POLICY STATEMENT (IPS)

Program and Account Investment Policy: Article VII of the P&P specifies Board responsibilities for Endowment Program Investments. This Article includes the establishment of

long-term objectives and accountability for each Program Account. Account objectives must be consistent with the original purpose of the Account, the practical use of proceeds in near- and long-term horizons, and assets that are balanced for appropriate Account goals.

Through Session approval, the Board is authorized to make normal Program Investment decisions including the use of professional advisors in Account management. The P&P and IPS also identify assets and allocation guidelines that are approved to meet specified Legacy Account goals. The current Program Accounts are:

Missions/Benevolences: The principal of this Account will be invested in perpetuity. Distributions from the Account are restricted to gifts for outreach purposes other than recurring or budgeted contributions to Unity Presbyterian Church, the General Assembly, Synod or Presbytery.

Christian Education Ministry: The principal of this Account will be invested for perpetuity. Distributions from the Account will be used to supplement funding special projects and missions connected to the children, youth and adults of Unity Presbyterian Church.

Music Ministry: The principal of this Account will be invested for perpetuity. Distributions from this Account may assist non-budgeted programs, projects and missions of Unity Presbyterian Church music ministry.

Capital/Building: The principal of this Account will be invested for perpetuity. Distributions are restricted to the following:

1. Non-routine maintenance to existing property or equipment
2. Renovations or improvements to Unity land, buildings or equipment that are normally treated as capital expenditures.

General Endowment: The principal of this Account will be invested for perpetuity. Distributions from this Account are unrestricted and may be used for needs beyond the general operations of Unity Presbyterian that are approved by Board and/or Session.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of Investment Policy, the Board plans to review investment policy as needed. Amendments to the Programs and Investment Policies must be authorized by the Board and Session.

This Investment Policy Statements was approved by Session, Unity Presbyterian Church, Fort Mill, South Carolina, on:

Date

Church Finance Officer

Date

Moderator of Session

Date

Clerk of Session