

Presbytery of Scioto Valley
Investment Policy
Approved by Presbytery – February 15, 2022

1. Purpose

The purpose of this Policy is to set forth the principles and guidelines for investing and disbursing the money Presbytery has available for investment. The money included in the Investment Account is invested to achieve the following goals:

- Provide a repository for funds not needed in the short term.
- Enable the maximum level of financial support for Presbytery operations and missional outreach to be maintained over the long term.
- Ensure that Investment Account is managed in a prudent and responsible manner.

2. Definitions

These specific definitions are used for the following terms in this document:

2.1.Fund: Money restricted or designated for a particular purpose.

A restricted fund is to be used for only the purpose specified by the donor. The purpose can only be changed with agreement from the donor.

A designated fund is designated for a particular purpose by Presbytery or a Presbytery commission. That purpose can be changed by Presbytery or that Presbytery commission.

2.2.Asset: Something of value. In addition to physical assets, the PSV checking, savings and investment accounts are assets.

2.3.Account: Account can refer to either an Asset or a Fund

3. Investment Asset Restrictions

3.1.Investment Agents

3.1.1.Investments shall be kept in accounts maintained through licensed and insured brokerage firms, regulated trust companies, or banks authorized and approved by the Investment Committee. An acceptable alternative choice would be investments in funds or accounts maintained by the Presbyterian Foundation of the Presbyterian Church (USA).

3.1.2. The Treasurer shall be the Presbytery’s officer authorized to make investments based on guidelines established by the Investment Advisory Committee of the Commission for Presbytery Operations. In the absence of the Treasurer, any of the remaining Committee members are authorized to execute investments on behalf of the Presbytery. The Treasurer may delegate investment decisions to the brokerage firm where investments are held and oversee their actions.

3.1.3. The Committee may choose particular investments or it may choose types and terms of investments and direct the Treasurer to choose from available options as the market and recommendations of investment advisors indicates.

3.1.4. The Investment Advisory Committee shall follow these guidelines for the allocation of investments:

3.1.4.1. Sufficient money shall be maintained in cash equivalents (such as checking, savings or money market accounts, certificates of deposit, treasury notes or bills, and so forth) to cover at least two months operating expenses, based on the most recent operating budget.

3.1.4.2. Any remaining money available for investments shall be diversified, rather than invested in a single investment vehicle. An investment in a single issuer corporate entity or debt instrument shall be limited to 10% of investable money. The asset allocation strategy for the remaining money shall be as follows:

Class	Target %	Range %
Cash	2%	1-7%
Equity*	60%	53-67%
Fixed Income	38%	31-45%
Other	0%	0%

**Real estate is a sub asset class of equity. Range is 0-10% of equity allocation.*

3.1.5. Investment income shall be allocated to the various general ledger accounting funds as directed by the Fiscal Management Committee of the CPO.

3.1.6. Interest earned on the checking accounts and/or depository accounts shall be credited to the Operating Fund and considered to be a part of the investment income of the budget.

3.1.7. The Investment Advisory Committee shall report to the Commission on Presbytery Operation semi-annually and shall report to the Coordinating Team at least annually.

3.2. Unrestricted Funds

The Investment Account may be used as a repository for Presbytery money held for unrestricted funds. Income generated by this investment is unrestricted and allocated as per section 3.1.5. Principal and

accrued income may be withdrawn from the Investment Account in accordance with the spending objectives specified herein.

3.3. Restricted Funds

Because the Investment Account is not guaranteed to maintain its value, it should not be used for restricted funds.

4. Income Withdrawal Strategy

4.1. Annual Income Withdrawal Percentage

A certain amount of income from the Investment Account can be used to support the mission and operations budgets while preserving the value of the money allocated to various funds. This requires balancing three factors: the Investment Account's investment return, the inflation rate, and the Investment Account's annual withdrawal percentage. The best available indicators of future investment returns and future inflation rates are their historical rates. Presently, analysis of diversified historical portfolios invested 60% in stocks and 40% in bonds, when spent at a 4% to 6% annual rate, reveals that the three factors are optimally balanced, thereby enabling a fund to maintain its most promising purchasing power into the future. The diversification and actual annual withdrawal percentage used should be reviewed and approved annually by Investment Committee to take into account subsequent analyses.

4.2. Calculation of the Base; Smoothing

The amount available to be withdrawn from the investment account for the Presbytery operating and mission budgets for the subsequent calendar year will be 4% of the account's base. Withdrawals beyond 4% may be granted for special projects. The Presbytery while continuing to preserve the health and integrity of the fund may approve the grants through the budget process.

The account's base will be determined by averaging the total account value on the last day of September and the previous 11 calendar quarters. This method of determining the base, which will "smooth" the amount available to be withdrawn, is used because a significant portion of the Fund is invested in stocks, whose values can be volatile in the short run.