

INVESTMENT PROTOCOLS of the North Avenue Presbyterian Church Permanent Endowment

Purpose

These Protocols, along with the Endowment Principles, establish the philosophy, guidelines, and investment objectives for managing the investments of the North Avenue Presbyterian Church Permanent Endowment Fund (the Endowment).

Responsibility

The ultimate responsibility for managing the Endowment resides with the Session of North Avenue Presbyterian Church (the Church) which has chosen to delegate portions of its responsibility to the Endowment Team. These Protocols shall be reviewed at least annually by the Endowment Team to determine whether they should be amended or remain unchanged.

Moreover, the Endowment Team will provide regular reporting to the Session concerning the past year's fund performance and an outline of the coming year's strategy, reporting a minimum of two times a year as set out in the Endowment Principles at Section V.B.2. The Endowment Team may choose to employ an outside investment manager pursuant to the Endowment Principles and will seek approval of that investment manager on an annual basis by the Session.

Objectives

The assets of the Endowment are to be prudently invested with the primary objective to provide long-term growth of principal and income without undue exposure to risk.

Management practices of the investments of the Endowment should conform to the principles articulated in the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") which was enacted in the state of Georgia July 1, 2008 (amended 2017). In this regard, the Endowment Team will consider, if relevant, the following factors in managing the Endowment:

- 1) General economic conditions;
- 2) The possible effect of inflation or deflation;
- 3) The expected tax consequences, if any, of investment decisions or strategies (i.e., unrelated business income);
- 4) The role that each investment or course of action plays within the overall investment portfolio of the Endowment;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the Church;
- 7) The needs of the Church and the Endowment to make distributions and preserve capital;
- 8) An asset's special relationship or special value, if any, to the charitable purposes of the Church.

In addition, each person responsible for managing and investing the Endowment shall comply with the duty of loyalty imposed by law and manage and invest the Endowment in good faith and with the care an ordinary prudent person in a like position would exercise under similar circumstances.

Investment Guidelines

A. Time Horizon: The Endowment's investment objectives and strategic asset allocation are based on a long-term time horizon unless otherwise specified by the donor of a specific fund.

B. Risk Tolerance: Because of its long-term time horizon, the Endowment can tolerate some interim fluctuation in market value and rates of return in order to achieve its objectives. High level risk, high volatility, and low-quality rated securities, however, are to be avoided.

C. Prohibited Investments: The Endowment Team (or its investment managers) shall choose investments that are consistent with the values and mission of the Church. The Endowment Team (or its investment managers) shall not invest, however, in private placement, restricted stock or other illiquid issues, commodities' futures, arbitrage and other uncovered options, and shall not engage in short sales, margin transactions, or other similar specialized investment activities. However, the use of funds that use these investment activities in a constructive manner are permitted at the discretion of the professional fund manager(s).

D. Portfolio Diversification: The investment objectives should be achieved through a diversified portfolio, which may include but is not limited to, large-cap, mid-cap, small-cap US equities, international equities (both developed and emerging markets), bonds, and cash. Mutual funds, common trust funds, exchange traded funds, and notes representing any of these asset classes may be used.

E. Investment Discretion: These guidelines are not intended to restrict or impede the efforts of the Endowment Team to attain the Endowment's objectives, nor are they intended to exclude the Endowment Team from taking advantage of appropriate opportunities as they arise. The Endowment Team shall have discretion and flexibility to implement the objectives and policies herein set forth.

F. Asset Allocation: Because securities markets may vary greatly throughout a market cycle, the Endowment Team may change the asset mix of the Endowment within the following ranges as long as that mix meets the overall objectives and is consistent with the policy guidelines herein set forth. The Endowment shall be allocated between equity investments and bonds and/or other fixed income securities and cash.

The strategic target allocation shall be within the following ranges (plus or minus 5%):

Equities: 70%
Fixed Income and Cash: 30%

The target allocation among equity classes shall be determined periodically and rebalanced quarterly by the Endowment Team in consultation with the investment manager(s) to reflect a prudent response to current market conditions.

Investment Goals

While maintaining the asset mix within the above guidelines, the Endowment Team accepts a risk level for the Endowment's overall investment program that is intended to produce a total annual return adequate to cover these components: expenditures from the Endowment (as determined annually by the Endowment Team under the Spending Rule Protocols), inflation, and growth of the Endowment.

Reporting

The Endowment Team shall provide the Session minimally with the reporting outlined in the Endowment Principles, under Section V. B. 2 and Section V. D. 3. This reporting will include the fund value, any changes in the asset allocation strategy, and evaluation of the investment performance. The report shall reflect compliance with the objectives, policies, and guidelines herein set forth and included in the Endowment Principles. At least once annually, after hearing the report from the Endowment Team, the Session will be asked to affirm by vote the investment strategy of the Endowment Team as well as its choice of investment manager.

The Endowment Team will also work in coordination with Church leadership and the Generosity Team to provide an annual, general overview of the performance of the Endowment to the congregation, both for the purposes of transparency and to raise awareness of the Endowment and remind the Church community of opportunities to give to the Endowment.

All reporting to the Session and the Congregation shall be done with a committed effort to comply with and respect requests for confidentiality by donors to the Endowment.

Review

Under these protocols, investment performance and management (especially if outside counsel is retained) should be reported to the full Endowment Team quarterly and in depth once a year by the Endowment Team. If external investment management is retained, a more extensive review of performance, fees, asset allocations, etc., should be completed at least every three years. This more extensive process of review could include offering a Request for Proposals for investment management services.