

Cooperative Baptist Fellowship of South Carolina

Statement of Investment Policy, Objectives & Guidelines

November 11, 2021

A. GENERAL INFORMATION

Cooperative Baptist Fellowship of South Carolina (hereafter “CBFSC”), hereby adopts this Statement of Investment Policy.

B. PURPOSE OF THIS POLICY STATEMENT

This statement of investment policy has been adopted by the CBFSC in order to:

- 1) Establish a clear understanding of the mission and goals from investing the assets of CBFSC.
- 2) Assign the delegation of authority over the cash and investments of CBFSC.
- 3) Provide the ranges for investment allocation by asset class.
- 4) Establish reporting oversight of the investment results and
- 5) Establish the frequency for review/update to this Investment Policy.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

C. MISSION AND GOALS OF INVESTING

The Mission from investment is to generate annual earnings that will be used to financially support the projects and mission partners of CBFSC, proposed by committees and approved by the Administrative Council.

CBFSC believes that faithful stewardship of investable assets includes a balance of capital preservation and income generation. The overriding objective is to outpace inflation to maintain the purchasing power of the assets.

D. INVESTMENT MANAGEMENT POLICY

1) Preservation of Capital – Investment funds or managers shall be selected to make reasonable efforts to preserve capital, understanding that losses may occur.

2) Risk Aversion – Understanding that risk is present in all types of securities and investment styles, the Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Finance Committee/CBFSC objectives. However, the investment funds or managers are expected to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

E. DELEGATION OF AUTHORITY

The Finance Committee of CBFSC is responsible for directing and monitoring the investment of assets and is authorized to delegate certain responsibilities to professional experts. These responsibilities include, but are not limited to:

- 1) Investment Fund. The investment fund will be responsible for all management decisions relating to assets placed with the fund for management. The fund may employ professional experts including investment consultants, investment managers and custodians.
- 2) Custodian. The Custodian will physically (or through agreement with a sub-custodian) maintain possession of securities, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales.

F. INVESTMENT ALLOCATION RANGES BY ASSET CLASS

5 - 10% Cash Balances for Normal Operations and Liquidity

An amount equal to approximately \$80-100k, or at least 2 months of budgeted spending shall be maintained in the Operating Checking account to ensure timely support for approved budgeted expenses.

25 - 35% Medium Term Investments

An invested amount between 25-35% should be invested with a medium term (approximate 2-5 year) investment horizon.

55% - 70% Long Term Investments

After consideration of operating liquidity and Medium term Investments, the balances of investable assets are available for Long Term Investment.

G. INVESTMENT GUIDELINES

If Finance Committee assets are invested through funds, funds are to be chosen which, in general, adhere to the guidelines (allowable assets) listed below. If assets are invested directly by the Finance Committee, investments shall adhere to the guidelines listed below:

ALLOWABLE ASSETS

- 1) Cash Equivalents
Treasury bills, money market funds, commercial paper, certificates of deposits.
- 2) Fixed Income Securities
Corporate notes and bonds, Government & Agency securities, preferred stock, mortgage backed bonds
- 3) Equity Securities
Common stocks, convertible notes and bonds, convertible preferred stocks.
- 4) Mutual Funds which invest in securities as allowed in this statement.

Diversification

In order to achieve a prudent level of total portfolio diversification, the securities of any one company, government agency, or industry should not exceed 20% of the total value of the investment portfolio.

H. CONFLICT OF INTEREST

No investment management firm having a financial relationship with an Institution director or officer will be engaged as an investment manager, advisor or consultant in relation to the management of the assets of CBFSC. This applies to any individual or entity that provides investment advisory or consulting services to the Institution and receives compensation for those services. This prohibition does not apply to other relationships that are of an investment nature (i.e. custodian, recordkeeping, software vendors, etc.), provided that such relationships are disclosed in writing to the Board, approved by a majority of the disinterested directors, and entered into by the Institution while maintaining independence and objectivity.

I. INVESTMENT OBJECTIVES

In order to meet its needs, the investment strategy of the Finance Committee is to emphasize total return; that is, the aggregate return from capital appreciation, dividend and interest income. Specifically, the primary objective in investment management shall be:

Preservation of Purchasing Power – To achieve returns in excess of the rate of inflation over the investment horizon in order to preserve purchasing power of the assets. Risk control is an important element in the investment of assets.

The secondary objective in the investment management of assets shall be:

Income and Growth – To achieve a reasonable total return of current income and growth. Returns from “high risk” portfolios are not predictable and will likely be unnecessarily volatile. Alternatively, returns from “very conservative” portfolios will likely result in low earnings and could result in returns less than the inflation rate. Therefore, the Finance Committee shall tend toward a more “moderate” investment strategy balancing the need for income (total return) with the need to preserve principal.

Recognizing that the Finance Committee may manage various accounts which may have different investment needs/objectives, it is anticipated the Finance Committee may utilize different investment funds to achieve the needs/goals/objectives of the various accounts.

J. MARKETABILITY OF ASSETS

All the CBFSC assets are to be invested in liquid securities, defined as securities that can be transacted quickly and efficiently, with minimal impact on market price.

K. INVESTMENT PERFORMANCE REVIEW AND EVALUATION

Performance reports shall be reviewed regularly; the performance will be measured against commonly accepted 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 the statement. The committee intends to evaluate the portfolio(s) over at least a three year period, or longer. The committee reserves the right to evaluate the portfolio(s) over a shorter period of time should it be warranted.

L. INVESTMENT POLICY REVIEW

To assure continued relevance of the policies as established in the STATEMENT OF INVESTMENT POLICY, the Finance Committee plans to review this investment statement at least every five (5) years.

This **STATEMENT OF INVESTMENT POLICY** was adopted and approved on November 11, 2021 by the Finance Committee and Administrative Council of the Cooperative Baptist Fellowship of South Carolina.