

UUFCO Endowment Fund

Investment Policy Statement –July 2018

This investment policy outlines a prudent and acceptable investment philosophy and defines the investment management procedures and long-term goals for the Endowment Fund (Fund).

The long-term financial goals for the Fund are preservation and growth of principal to provide an emergency fund and other long term needs for UUFCO. The expectation is that there will be no immediate needs for these funds and that the Fund can be invested for long term growth. Principal value will fluctuate in response to conditions in financial markets, particularly those investments in stock markets. Historically, investments in stock markets have provided long term (ten years plus) growth in excess of inflation.

Income (interest and dividends) from the Fund may be distributed annually to the Board of Trustees, if requested by them, for their use in supporting congregational programs.

The stock component of the endowment investments will follow a passive approach that closely mirrors broad market returns, such as the S&P 500 Index, rather than trying to choose best individual stocks or categories, or trying to time market fluctuations. The goal of a broadly diversified portfolio is to reduce risk, but not necessarily to earn the highest returns. It is understood that there is no guarantee that investment returns will always be positive or that the long term investment goals of the Fund will be achieved.

The portfolio of the Fund investments will target an initial asset allocation of 40% in short term Certificates of Deposit, 35% in US stocks and 25% in foreign stocks. The balance between these major elements will be maintained through periodic rebalancing when individual categories gain or lose more than 20% from their target. Low cost Vanguard index funds will be used in the first year. These investments will be held at TD Ameritrade initially. The authorized users of this account will be the Chair and the Financial Secretary of the Endowment Committee and the UUFCO Treasurer (for deposits and withdrawals only).

Before April 30, 2019, the Endowment Committee will research ESG (Environment, Social and Governance) funds, and if well diversified, competitive, low cost options can be located, some or all of the Fund will be invested in these funds. Other types of fixed income securities can also be considered in the future.

The UUFCO Endowment Committee is responsible for the oversight of the Portfolio, defining investment objectives and policies, and preparing an Annual Report for the congregation. The Committee may seek professional advice from an investment advisor who is a fiduciary when the total value of the Fund exceeds \$1 million.