

**SHARON PRESBYTERIAN CHURCH
CHARLOTTE, NC**

INVESTMENT POLICY STATEMENT

**Adopted by Sharing Committee
November 2012**

**Adopted by Session
January 6, 2013**

INTRODUCTION

The Sharon Presbyterian Church Reserve Fund (“Fund”) encourages and secures financial support to further the work of church, and is governed by a Session. The Fund’s purpose is to serve as savings for operations and strategic projects of the Church.

PURPOSE OF THE INVESTMENT POLICY STATEMENT

This Investment Policy (“Policy”) is set forth by the Church in order to:

1. Define and assign the responsibilities of all involved parties regarding the management of the assets of the Reserve.
2. Establish a clear understanding of the investment goals and objectives of the assets.
3. Offer guidance and limitations to all Fund assets.
4. Establish a basis for evaluating investment results.
5. Establish the relevant investment horizon for which Fund assets will be managed.

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

DELEGATION OF AUTHORITY

The governing body of the Fund is the Session which is a named fiduciary and has ultimate responsibility for directing and monitoring the investment management of the Reserve assets. As such, the Session is authorized and delegated certain responsibilities to professional experts in various fields. These include, but are not limited to the:

1. Sharing Committee: The Committee has direct management and fiduciary oversight of the investment management of all investment assets to the Sharing Committee (“Committee”).
2. Investment Consultant: The investment consultant (“Consultant”) advises the Session through the Committee in establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers and investment vehicles over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
3. Investment Manager(s): The investment manager(s) (“manager”) have discretion to purchase, sell, or hold the specific securities that will be used to meet the Reserve's investment objectives within the limits of each manager’s specific investment mandate.
4. Custodians: The custodian(s) (“custodian”) will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Reserve, collect dividends 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 Reserve accounts.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of Committee

The Committee is responsible for formulating and recommending investment policy for the Fund. The duties are carried out by the Sharing Committee and include but are not limited to the following:

1. Selection and retention of investment managers as the Policy dictates. From time to time, certain members of the Committee may be required to recuse themselves from such responsibility.
2. Review performance on a quarterly basis of the Fund to stated objectives.

4. Review and monitor performance of investment managers.
5. Monitor the asset allocation of the Fund over time.

Responsibility of the Consultant(s)

The consultant(s) role is that of a non-discretionary advisor to the Committee. The consultant must operate without any conflicts of interest. Investment advice concerning the investment management of Reserve assets will be offered by the consultant(s), and will be consistent with the investment objectives, policies, guidelines and constraints as established in this Policy. Specific responsibilities of the consultant(s) include:

1. Reviewing the financial markets and economic climate in light of the Reserve's investment objectives and investment activity.
2. Assisting in the development and periodic review of this Policy.
3. Conducting investment manager and investment vehicle searches when requested by the Committee and/or initiated by the consultant.
4. Providing "due diligence", or research, on the investment manager(s).
5. Monitoring the performance of the investment manager(s) and to provide the Committee with the ability to determine the progress toward the investment objectives.
6. Communicating matters of policy, manager research, and manager performance to the Committee.
7. Providing review of the Fund investment history, historical capital markets performance and the contents of this Policy to any newly appointed members of the Committee.
8. In the event the consultant is changed a mandatory review of the investment policy statement is required.

Responsibility of the Investment Manager(s)

Manager(s) will have full discretion to make investment decisions for the assets placed under their jurisdiction within the investment methodology and mandate approved by the Committee. Institutional pooled funds selected will be governed by their prospectuses, or disclosure documents as appropriate, as Policy addendums will not be written for pooled funds or for management of index funds.

DIVERSIFICATION AND ASSET ALLOCATION STRATEGY

The overall asset allocation strategy shall be to diversify investments to provide a balance that will enhance the return while managing risk or concentration in any single asset class or investment strategy. The Committee has approved domestic fixed income and cash as the distinct asset classes for inclusion in the portfolio. The aggregate Reserve's Asset Allocation Guidelines (at market value) are illustrated in the table below and will serve as a guideline for management of assets.

Asset Class Guidelines:

Cash & Equivalents	0% -- 100%
Short-Term Domestic Fixed Income (1 to 3 years)	0% -- 50%

SELECTION OF INVESTMENT MANAGERS

Policy on Hiring, Monitoring and Terminating Investment Managers

The following procedures have been adopted by the Committee, with reference to selection and review of investment managers.

The Committee, with assistance from the consultant, has selected, and will select, appropriate investment managers to manage Fund assets. The following minimum criteria must be met by the investment manager to be considered by the Sharing Committee:

1. Is a bank, insurance company, investment management company, or investment advisor as defined by the Investment Advisors Act of 1940, as amended.
2. Provide detailed information on the history of the firm, assets under management, background of key personnel, clients, fee schedule, ownership structure, client communication and servicing, and support personnel.
3. Provide historical performance data as compared to appropriate benchmarks.
4. Clearly articulate the investment process that will be followed and document that the strategy has been successfully adhered to over time.

Investment Manager Watch List

An investment manager may be placed on a watch list at any time by the Committee. The following list represents reasons why a manager may be placed on a watch list:

- Change in ownership
- Investment style change
- Any breach of fiduciary or ethical duties owed to Client
- Negative performance against assigned benchmarks over 3-5 year periods
- Dramatic change in level of assets managed by the investment firm

Being placed on watch brings a heightened level of due diligence of the Consultant. Actions that may be taken by the Committee or Consultant may include but are not limited to:

- Phone contact
- Written correspondence
- On-site visit
- Other measures deemed appropriate or necessary.

Commingled Funds

The Committee may also invest in commingled investment funds. The Committee recognizes that the investment practices of such funds will be in accordance with the funds' prospectuses and disclosure documents. However, in general, these investment practices must be in concert with the overall guidelines of this Policy. The consultant shall be responsible to monitor the investment practices of such funds and investment vehicles to determine whether or not they are consistent with this Policy.

PERMISSIBLE INVESTMENT INVESTMENT GUIDELINES

Allowable Assets

Cash Equivalents

- Treasury Bills
- Money Market Funds
- Commercial Paper
- Banker's Acceptances
- Repurchase Agreements
- Certificates of Deposit

Institutional Mutual or Pooled Funds

- Mutual Funds invested in securities as allowed in this Policy.
- Exchange Traded Funds

Fixed Income Securities

- U.S. Government and Agency Securities
- Corporate Notes and Bonds
- Treasury Inflation Protected Securities (TIPS)

Prohibited Assets for Investment Managers

Prohibited investments for traditional separate account Manager(s) include the following:

1. Private Placements
2. Limited Partnerships
3. Venture-Capital Investments
4. Direct Real Estate Properties (non-securitized and illiquid)
5. Commodities, Futures and Options
6. Short Selling and Margin Transactions
7. Exchange Traded Notes

INVESTMENT PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the consultant shall be compiled quarterly and communicated to the Committee for review. Performance monitoring will focus on the evaluation of the following:

- Net Absolute returns to Policy Goals
- Relative Returns – time weighted to capital market benchmarks
- Risk-adjusted returns – Returns within acceptable volatility standards.

The investment performance of total portfolios, as well as asset class components, 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 this Policy. The Committee intends to evaluate the portfolio(s) over at least a five-year period, but reserves the right to terminate any Manager(s)/vehicle for any reason including the following:

- Investment performance which is significantly less than anticipated given the discipline employed, the risk parameters established, or unacceptable justification of poor results.

- Significant qualitative changes to the investment management organization such as: change of ownership or investment professionals; investment methodology or investment style changes in the investment management of the Reserves' assets; dramatic change in level of assets managed by the firm; and any breach of fiduciary or ethical duties to the Reserve.

Investment manager(s) and investment vehicles 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. The Committee may execute the termination and employment of Managers and investment vehicles without the approval of the Session, but with subsequent notice to the Session. These changes in investment management must be within the guidelines of the asset allocation outlined in this Policy.

MANAGEMENT COST, FEES AND PROFESSIONAL COMPENSATION

One of the fiduciary responsibilities of Committee is to understand and account for all costs in the management of Reserve assets. Management costs must be reasonable, to the direct benefit of the Reserve and without any conflicts of interest. The consultant will assist the Committee in the determination, understanding, negotiation and accountability of all Reserve investment costs. The following cost of asset management must be evaluative and considered:

- Manager(s) fees for both active and passive management,
- Commingled Pooled Fund's internal expenses,
- Audit, Administrative and Sub-accounting fees,
- Custodial and Consulting fees.

An important fiduciary responsibility is in understanding where the allocation of management costs best affects the ability of the Fund to obtain superior risk adjusted performance and increase the probability of achieving the investment goals and objectives of the Reserve. This should not be considered a cost minimization model, but a prudent allocation of resources to obtain objectives.

INVESTMENT POLICY REVIEW


To assure continued relevance of the guidelines, objectives, financial status and capital market expectations as established in this Investment Policy, the Committee will review the Policy at least annually. Policy amendments must be approved by the Committee and submitted for final approval to the Session.

This Investment Policy is adopted as of January 6, 2013, by the Session of Sharon Presbyterian Church

For and on behalf of the Reserve Fund,



David Stanford, Clerk of Session



John West, Moderator, 2013 Sharing Committee