

# **Riverside United Church Investment Policy Statement**

The purpose of the Investment Policy Statement (IPS) is to ensure the prudent investment and administration of the Riverside United Church investment funds (hereafter “the Fund”)

The investment objective for the Fund is to maximize return on investment, generating sufficient investment income and capital gains to augment congregational giving, given the constraints and asset mix (risk profile) below, consistent with prudent and professional portfolio management.

## **The investment objective will be further constrained by the following criteria:**

1. **Capital preservation** of the real (inflation-adjusted) value of the Fund’s assets: Earnings/income in excess of that required for capital preservation will be available for the operations of RUC unless the Council authorizes their full or partial reinvestment to increase the real value of the Fund.
2. **Liquidity** will be preserved within a portion of the Fund to meet the needs for unexpected cash outflows or expenditures (10 per cent of value of the Fund to be accessible within 6 months).
3. **Socially responsible investment criteria** will be followed, as defined in Appendix A.

To ensure these objectives and goals are satisfied within Riverside’s stated ministries, the Investment Management Committee (IMC) will report at least annually to Council and the Congregation at the Annual Congregational Meeting (ACM) with regards to:

- (i) reviewing and evaluating investment objectives and guidelines as needed;
- (ii) monitoring the performance of the Fund and administrative costs incurred; and
- (iii) making recommendations for changes, as necessary.

Funds are to be invested in accordance with this Policy, unless otherwise bound by contract or by donor specification. Any investment must also meet all legal requirements.

## **Specific Guidelines**

### **High Quality Equities:**

Investments shall be restricted primarily to Canadian dividend-paying companies that display some growth prospects as well. The dividend yield of the equity portfolio should be the same or exceed that of the S&P/TSX60. No more than 10% of the market value of the equity portfolio shall be invested in any one holding. Equity instruments representing individual corporations or equity-related indices must be listed on the New York, NASDAQ or Toronto stock exchanges. Derivative equity holdings (options contracts) may NOT be purchased under any circumstances.

**Fixed Income:**

Investments are restricted to bonds, debentures or other debt instruments issued by the Canadian government, its provinces as well as corporations with a minimum credit rating of A- or A (low) as rated by the Canadian Bond Rating Service (CBRS) and the Dominion Bond Rating Service (DBRS), respectively. No more than 5% of the market value of the fixed income portfolio shall be invested in any one non-government entity.

**Cash:**

Investments shall be restricted to demand deposits, treasury bills, short-term notes and bankers' acceptances, term deposits and guaranteed investment certificates having a term to maturity of less than or equal to one year. All cash investments shall have a minimum rating of R1 by the DBRS or equivalent.

Nothing in the Criteria or the Specific Guidelines shall preclude the investment of the whole or part of the Fund in tandem with the United Church of Canada Foundation.

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**Responsibilities**

Council is responsible for the management of the affairs of the congregation. Subject to existing policies or direction from a general meeting of the Congregation, Council will determine from time to time those assets that will be assigned to the Fund.

The Board of Trustees exists to oversee the care and management of the church property and physical assets, in trust, as directed by Council in accordance with the wishes of the congregation.

The IMC is responsible for the prudent investment of the Fund in accordance with this policy statement.

**Protection from Liability**

The Congregation of Riverside United Church shall indemnify and save harmless the members of the IMC against and from any and all losses, liability, claims and demands by reason of their acting hereunder, and for all reasonable legal expenses, except in respect of liability, claims and demands arising out of their own willful misconduct or gross negligence. In the event of any claim or demand (the officers) the Chair of the IMC shall notify all other members of the IMC, the Board of Trustees, and Council. The members of the IMC shall provide any necessary assistance, information and cooperation to an investigation, response to or defense of any claim or action. No member of the IMC shall make any public statement, provide information to a claimant, or settle any claim or action without prior notice to Council, the Board of Trustees and all other Members of the IMC.

## Appendix A

### **Social and Environmental Screening Criteria**

#### **Introduction:**

This document presents a set of screening criteria to be applied to Investments in the Fund. The criteria are designed to be practical enough to provide clear guidance to the IMC. The criteria are intended to honour the Church's desire to invest its funds in a manner consistent with its values and mission, as well as the fiduciary responsibilities of the members of IMC.

Riverside United Church (RUC) instructs the IMC to decline investment opportunities in the following product/service categories at a minimum:

1. Tobacco
2. Alcohol
3. Weapons
4. Pornography
5. Gaming/Gambling

Council and the Congregation of RUC, through its planning process, may choose to allocate funds for investment purposes in support of the Congregation's Mission Statement commitment to social justice and The United Church of Canada policy with respect to corporate social responsibility, whereby funds may be directed to categories of investment considered to be more socially desirable than financially attractive. These decisions would be discussed with the IMC to determine their impact on the overall portfolio.