

Investment Policy - Statement

Proper documentation of the parish's investment policy is critical to the management of the parish's assets.

This statement of investment policy was adopted by the Finance Council of "Parish / School Name" on "Date", to provide for the creation of, and guidelines for the management of, various pools of monies held by the organization. These policies supersede any and all prior actions regarding investment policies. The following will assist in understanding the terminology and processes related to a sound investment Policy Statement (IPS).

See IP - Investment Portfolio Definitions for specific investment pool recommendations based on use of funds being invested.

Delegation of Authority

The Finance Council is a fiduciary and is responsible for directing and monitoring the investment management of the various fund assets on behalf of "Parish / School Name". As such, the Finance Council is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to Investment Management Consultant, Investment Manager, Custodian, and additional specialists.

Conflict of Interest

In order to maintain a completely impartial execution of the investment guidelines, the Investment Manager will not be a member of the "Parish / School" or a member of the Investment Committee and Finance Council. Individual members of the Finance Council shall avoid and be required to disclose any conflicts of interest (both an appearance of conflict and actual conflict) and exercise all due caution to ensure that there is no personal gain for the member or family members in any way. A conflict is deemed to exist if an individual is a member, employee, or legal representative, or has a material financial interest in an organization with which the Parish / School may enter into a contract or transaction. Please see Conflict of Interest policy in the Parish and School Resources Manual.

Responsibilities of the FINANCE COUNCIL

1. Establishing the guidelines and implementation of the investment policies of "Parish / School Name."
2. Approving and documenting the procedures for management of funds, including fund restrictions whether donor restricted or otherwise. Please refer to the Diocese [Parish and School Resource Manual Section 201.5 Restricted Donations](#)
3. Approving the type and number of investment portfolios to be utilized.
4. Approving the investment allocation ranges for the various types of investments portfolios.
5. Selecting and evaluating the performance of a qualified Trustee/Custodian, Investment Manager(s), and Investment Consultant, if applicable.
6. Taking appropriate action if objectives are not being met or if standards are not being followed.
7. Meeting periodically (at least annually) with the Investment Managers to review performance against agreed upon benchmarks and that standards are being followed.
8. Annually reviewing, approving and implementing changes in the investment policy as needed.

9. The Parish Pastor has the authority to name a delegate to be in charge of the day-to-day management of the Operating Fund Portfolio. The Pastor or his delegate may withdrawal or add funds to portfolio to cover day to day operating needs of the organization.
10. Distribution requests or investment change for the Short Term Investment Portfolio, Long Term Investment Portfolio and Endowment Investment Portfolio must be approved by the Financial Council with the delegation of the execution of these actions to the Pastor and at least one Finance Council member or Trustee.

If it is anticipated that the services of a registered Investment Manager may be sought to manage portions of the Long-term Investment Portfolio and/or Endowment Investment Portfolio, the following procedure shall be followed to engage a new or replace a current Investment Manager:

1. The Finance Council will nominate prospective candidates and send a Request for Proposal (RFP) to each candidate.
2. The Finance Council will review proposals and interview candidates to determine appropriate Investment Manager(s).
3. The Finance Council will approve the hiring or replacing of an Investment Manager.

Responsibilities of the CUSTODIAN

The Custodian is responsible for:

1. Fulfilling all the regular fiduciary duties required of a Custodian/Trustee by pertinent state and federal laws and regulations.
2. Safekeeping the assets of the Parish. Securities must be held by a Custodian/Trustee that is a reputable, well-established financial institution.
3. Supplying timely reports of transactions and valuations of the assets.

Responsibilities of the INVESTMENT MANAGER(S)

1. Designing an investment strategy within policies established by the Finance Council.
2. Implementing security selection and timing within policy guideline limitations.
3. Supplying timely written quarterly reports of investment performance results to the Finance Council.
4. Meeting and/or communicating in writing with the Finance Council at least semiannually to review the performance and discuss current strategy.
5. Monitoring Asset Allocation and Rebalancing
6. Reviewing the asset allocation of the investment portfolio(s) at least quarterly. Reviewing asset allocation of the portfolio at least quarterly to ensure compliance with investment guidelines

Assets are to be managed in conformity with the stated investment guidelines. The Investment Manager(s) shall notify the Finance Council *in writing immediately* of any material deviations from the investment standards.

Prohibited Assets & Transactions for all Pools

Prohibited investments include, but are not limited to the following:

1. Commodities and Future Contracts
2. Private Placements
3. Options
4. Limited Partnerships
5. Venture-Capital Investments
6. Individual Real Estate Properties

7. Interest-Only (IO) and Principal-Only (PO) Tranches of Collateral Mortgage Obligations (CMO)
8. Currencies – Crypto and Non US

Prohibited transactions include, but are not limited to the following:

1. Short Selling
2. Margin Transactions for the purposes of speculative securities purchases

Catholic Values Investing

The Finance Council directs Investment Managers and Consultants to follow the Socially Responsible Investment Guidelines and Policies of the United States Conference of Catholic Bishops. These investment policies cover the following areas: protecting human life, promoting human dignity, reducing arms production, pursuing economic justice, protecting the environment, and encouraging corporate responsibility. A copy of the policies and guidelines, dated November 2021, is posted at [USCCB Guidelines for Socially Responsible Investing: Catholic Investment Strategies](#).

Tax Exemption

The Portfolios are for a tax-exempt organization that is qualified under Section 501(c)(3) of the Internal Revenue Code of 1986 (the “Code”). As such, those responsible for the Fund are required to adhere to the requirements of the Code, as amended from time to time to maintain such tax exempt qualification.

Performance Measurement Guidelines

The primary measurement of performance will be benchmark-relative returns. However, providing protection against inflation is an additional goal when possible. The following are the benchmarks that might be used for performance measurement:

Asset Class	Benchmarks
<ul style="list-style-type: none"> • US Large Cap Equity • US Mid Cap Equity • US Small Cap Equity • International Developed Large Cap Equity • International Developed Small Cap Equity • International Emerging Markets Equity • US REITS • International REITS • US Fixed Income— Investment Grade • TIPS 	<ul style="list-style-type: none"> • S&P 500 Index • S&P Mid Cap 400 Index • Russell 2000 Index • MSCI EAFE Index • S&P EPAC Small Cap Index • MSCI Emerging Markets Index • DJ US Select REIT Index • DJ Global ex-US Select RE Securities Index • BCAP US Aggregate Bond Index • BCAP US TIPS Index JPM EMBI Global Diversified Index

- International Fixed Income



- Investment Grade Intermediate Term

- BCAP US Intermediate Credit Bond Index

Each investment strategy should be measured against the benchmark, and each fund should be measured against a blended benchmark, weighted based on the target asset allocation of each portfolio.