

General Considerations

The Paulist Center Endowment is an unrestricted endowment whose assets are intended to provide support for the mission of the Paulist Center in perpetuity. The endowment will seek to invest its funds in a socially responsible manner, in companies and other investment possibilities that contribute to the building of a peaceful and just world. See Statement of Principles.

The purpose of this policy statement is to articulate the broad guidelines that will be applied to the long-term management of the endowment.

Objectives

The investment objectives of the endowment funds are:

To provide a revenue stream for current needs; and

To grow the principal for future needs

Spending Policy

It is the policy of the endowment to annually distribute between 3 to 5% of the trailing twelve quarter average market value of the endowment. The annual distribution percentage will be determined following each calendar year for inclusion in the budget process for the following fiscal year.

The Investment Committee will make a recommendation of the percentage distribution for approval by the Pastoral Council within 60 days of the calendar year end.

Those funds will be distributed to the Paulist Center operating account by the start of the following fiscal year.

Any distribution from the endowment over and above the annual spending limit is to be regarded as a source of funds of last resort and can only be considered after attempts to raise funds from the Paulist Center community and all operating reserves have been exhausted.

If a situation should arise that would necessitate the dissolution of the endowment, it must be distributed to a 501(c)3 corporation(s) or other charitable organization whose mission is aligned with that of the Paulist Center as decided by the Pastoral Council.

Asset Allocation

To meet the concurrent goals of income and growth, the funds will be invested in bonds for current income and stocks for growth. To achieve growth over time, it will be necessary to assume a moderate risk to principal.

The portfolio will be allocated within the following guidelines for a balanced portfolio:

Stocks 40-60%

Bonds 30-50%

Cash Equivalents 0-20%

Asset Allocation Guidelines

The portfolio must be invested in readily-marketable securities such as domestic and foreign stocks, domestic and foreign bonds and cash equivalents; with the exception of community based investments.

Assets will be diversified both by asset class and within each asset class by style (growth vs value), capitalization (large, mid and small cap), and by economic sector, industry and quality and to the extent possible using SRI Principles.

The purpose of diversification is to limit the specific risk associated with any

single security or class of securities.

Alternative Investments

Up to 5% of the endowment may be placed in 'community based' or other nontraditional investments which meet the Paulist Center Investment Principles. While these investments may not be guaranteed, nor are they likely to be marketable, and they may pay below market rate, they would make possible lending opportunities consistent with the guidelines to use funds to help others in need and to further the social justice mission of the Paulist Center.

Rebalancing

The portfolio should be rebalanced at least once a year to bring the allocation in line with the guidelines

Restrictions:

No single investment position shall exceed 10% of the market value of the portfolio. NOTE: Except for US Treasury and Agency obligation, the fixed income portion of the portfolio shall not contain more than 10% from any given issuer.

Investment Guidelines

All investments must be consistent with the prudent investor rule.

The following assets and/or transactions are prohibited:

Commodities, lettered stock, private placements and limited partnerships (with the exception of 144A securities)

Selling uncovered calls

Conditional sales contracts, warrants (unless acquired when attached to purchased common stock or bonds), lease-backs, securities of the Investment Manager, its parent or subsidiaries

Unless specifically approved by the Investment Committee, the manager shall not buy securities on margin, engage in the short sale of securities, or maintain a short position, unless at all times when a short position is open, the portfolio either owns an equal amount of such securities or owns securities which are convertible into or exchangeable for securities of the same and equal in amount

Leverage - derivatives shall not be used to magnify the overall portfolio exposure to an asset, asset class, interest rate or any other financial variable beyond that which would be allowed by a portfolio's investment guidelines if derivatives were not used.

Unrelated speculation – Derivatives shall not be used to create exposures to securities, currencies, indices or any other financial variable unless such exposures would be allowed by a portfolio's investment guidelines if created with non-derivative securities.

The manager shall not:

Engage in any transaction where it acts as principal

Deal with the assets of the portfolio in its own interest or for its own account

Act in any capacity in any transaction involving the portfolio on behalf of a party (or represent a party) whose interests are adverse to the interest of the portfolio or the interests of the Investment Committee

Receive any compensation for its own account from any third party dealing with the portfolio in connection with a transaction involving assets of the portfolio

Managers must:

Provide a daily valuation of the portfolio, with the exception of community based investments.

Provide monthly statements

Provide written notification within 10 business days of significant changes in the firm's policies, personnel, management structure or ownership, mutual funds excepted.

Performance/Monitoring

The Investment Committee will monitor the investment performance quarterly as follows:

Evaluate the portfolio's net of fees performance against the appropriate benchmarks

Review compliance of investments with policy asset allocation guidelines.

Review for adherence to SRI principles/screens

Review investment fees and expenses to ensure they are reasonable and competitive.

One member of the Investment Committee will monitor the portfolio monthly and will notify other members of the committee of changes in the overall value of the portfolio, or other significant changes in investments, market or economic outlook, or changes in the investment manager personnel.

Reporting

Semiannually the Investment Committee will submit a report to the Pastoral Council on the performance of the endowment funds as well as provide an overview of the progress/adherence to the Paulist Center Investment Principles. The Investment Committee will report to the community on an annual basis the investment performance and adherence to Paulist Center Investment Principles.

Authority & Responsibility

PASTORAL COUNCIL

The Pastoral Council is ultimately responsible for the management and safekeeping of endowment assets, however, it may delegate to the Investment Committee for oversight and implementation of the investments.

Pastoral Council responsibilities are to:

Adopt and amend the Investment Policy

Review investment performance and compliance with policy guidelines as reported by the Investment Committee

Approve spending recommendations as part of the budget process.

Approve new members of the Investment Committee and ratify membership annually.

INVESTMENT COMMITTEE

The Investment Committee is responsible for ongoing oversight of the investments.

Composition:

The committee is comprised of a minimum of 5 voting members. The director will select a staff member with the appropriate financial and/or social justice expertise to serve as non-voting member and Secretary. The committee will consist of at least one member of the Pastoral Council and at least one member of the Finance Committee, and at least three other community members with

investment or other relevant experience.

Committee members will serve for a minimum commitment of two years.

Conflicts of interest – no member of the investment committee should derive personal financial benefits in any way from making the investments.

Responsibilities of the Investment Committee are to:

Select, retain or terminate qualified investment professionals and service providers.

Recommend amendments to the Investment Policy Statement to the Pastoral Council.

Recommend the annual percentage distribution for the endowment

Oversee proxy voting in line with SRI principles

Choose specific companies to invest in for the purpose of participating in shareholder resolutions.

To the extent possible work with the Pastoral Council, the Social Justice minister, Adult Education Coordinator and others to further the engage the community in the pursuit of shareholder activism and positive social change.

Decisions

Decisions to change Investment Manager require a majority vote of the total membership of the Investment Committee. At least 60% of members must be present to make investment changes, except when involving the execution of previously agreed upon policies for money market and cash equivalent investments.

Two signatures would be required on all documents relating to making new investments.

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