

The Board of the Endowment Fund of St. John the Baptist Episcopal Church

Document C

Investment Policy

The Endowment Board will administer the portfolio of the Endowment Fund of St. John the Baptist Episcopal Church in accordance with these guidelines, as adopted and amended from time to time. These guidelines shall be reviewed at least annually by the Board to determine whether they shall be amended or remain unchanged.

1. Objectives

The assets of the Endowment Fund are to be invested with the same care, skill and diligence that a prudent person would exercise in investing institutional endowment funds. The primary objective will be to achieve a reasonable total return on the assets, while limiting the risk exposure to ensure the preservation of capital.

2. Policies

The Board will make investment decisions in accordance with the Objectives stated above. The "prudent person rule" shall be the governing policy in making investments. These guidelines are not intended to restrict or impede the efforts of The Board to attain the Endowment Fund objectives nor is it intended to exclude The Board from taking advantage of appropriate opportunities as they arise. The Board shall have discretion and flexibility to implement the objectives and policies herein set forth.

3. Investments and Allocations

The Board of the Endowment Fund will invest all assets of the Endowment Fund with the Episcopal Church Foundation in one or more of their three socially screened funds managed by State Street Corporation:

1. ECF Growth Fund
2. ECF Balanced Fund
3. ECF Income Fund

Because the securities markets may fluctuate greatly throughout a market cycle, the Endowment Board may change the asset mix of the Endowment Fund among available ECF funds as long as the resulting mix meets the overall objectives and is consistent with the policy guidelines herein set forth. The Endowment Fund shall be allocated between (i) equity investments and (ii) bonds and/or other fixed income securities. The initial allocation shall be:

| <u>Fund</u> | <u>Approximate proportion</u> |
|-------------------|-------------------------------|
| EFC Growth Fund | 60% |
| EFC Balanced Fund | 20% |
| EFC Income Fund | 20 % |

The allocation shall be reviewed periodically (at least annually) to reflect a prudent response to current conditions.

4. Investment Goals

While maintaining the asset mix within the above guidelines, the Board accepts a risk level for the Fund's overall investment program that is intended to produce a total annual return adequate to cover these components:

- (i) expenditures from the Endowment Fund,
- (ii) inflation, and
- (iii) growth of the Endowment Fund.

5. Reporting

Included in the semi-annual report provided by the Endowment Board to the Vestry will be a status report with the fund value, any change in the asset allocation strategy, and the investment performance. The report shall reflect compliance with the objectives, policies and guidelines set forth herein.

Adopted by action of the Board of the Endowment Fund of St. John the Baptist Episcopal Church, this _____ day of _____, 2004

Chairperson

Secretary