New Hampshire Conference, United Church of Christ
Investment Policy
Adopted by the Conference Council

1. Description

The Consolidated Investment Fund (CIF) is a financial ministry of the New Hampshire Conference of the United Church of Christ (NHCUCC). This Investment Policy provides guidance and direction for the oversight and management of CIF by the Investment Committee.

The overall financial goal of CIF is to maintain the inflation-adjusted market value of invested assets while providing the Conference and participating churches with a relatively predictable, growing stream of annual revenue targeted at approximately 5% of assets. The financial goal, therefore, is to earn a total return (net of all fees and expenses) equal to or exceeding the spending rate plus the inflation rate – as measured by the Consumer Price Index. This is a long-term goal and will be assessed over rolling ten-year intervals.

As a financial ministry, CIF has non-financial goals as well, including:

- To respect UCC polity by maintaining covenantal relationships with all participants;
- To promote justice by adhering to Socially Responsible Investment (SRI) guidelines for securities selection and proxy voting; and
- To make choices that reflect the mission and values of the NHCUCC, specifically to not compromise the mission and values in return for potential financial gains.

In order to meet the financial goal, the CIF portfolio will be biased towards equities and other asset classes providing equity-like returns due to their higher long-term return expectations. Other asset classes will be included in the portfolio in order to hedge risks, including the volatility risk inherent in investing in equities and other higher return asset classes, and the risk of inflation or deflation. Volatility matters because maintaining stable revenue helps participants and stable returns will result in more revenue for participants over the long-term.

The CIF portfolio will be managed on a total return basis, consistent with the applicable standards set forth in the Uniform Prudent Management of Institutional Funds Act (UPMIFA.)

2. Overview

In light of the specialized expertise and constant attention required for prudent investment management, limitations on volunteer time, and the necessity of keeping investment management expenses reasonable, management of CIF will be outsourced to a Partner Organization that will allocate assets among asset classes and sub-classes and select

managers for each asset class or sub-class in a manner that reasonable assures that the CIF investment objective will be met over the long-term. This will include periodic rebalancing as necessary to implement a sustained strategy and ongoing evaluation and, if necessary, replacement of managers. Active managers are expected to generate superior, relative risk-adjusted performance, net of all expenses. Passive approaches are expected to generate the same results as the mandate benchmark, at low expense. Derivatives, options, and leveraged strategies may be used with the approval of the NHCUCC Investment Committee, but only for the purpose of hedging risks and reducing volatility, and not for speculative purposes or primarily to enhance returns.
The NHCUCC Investment Committee is responsible for the selection and monitoring of the Partner Organization.

3. Duties of Partner Organization

The Partner Organization retained by NHCUCC is expected to comply with the following list of duties and responsibilities. These duties will be agreed to in writing by any Partner Organization, along with any specific guidelines or constraints to the investment mandate.

- Provide a detailed set of guidelines, as would typically be included in an investment policy, describing how the Partner Organization will invest assets. Any changes in the guidelines will be immediately communicated, in writing.

- Adhere to the provided guidelines at all times.

- Provide routine periodic reports. Reports will include:
  - Overall performance for most recent quarter, 12-month, 36-month, 60-month and 120-month periods, with comparisons to appropriate benchmarks;
  - Individual manager performance for the same time periods, with comparisons to custom benchmarks and ICC Universe peer groups;
  - Changes in asset allocation for the most recent quarter, including a summary of any tactical changes (intentional rebalancing in response to market conditions, including rationale for changes);
  - Rationale for any deviation from asset allocation targets, that is overweight or underweight positions in asset or subasset classes;
  - Explanation of key factors driving any significant variances between benchmarks and actual performance;
  - Any material concerns about managers and portfolio structure; In absence of concerns each report will include a statement that there are no material concerns with existing managers and that the current portfolio structure reflects an appropriate combination of managers that should help mitigate risk and dampen volatility while pursuing the financial goal;
  - Risk analytics for portfolio, alpha, beta, standard deviation, etc.

- Immediately inform the Committee in writing regarding all significant and/or material matters and changes pertaining to the investment of assets, including, but not limited to:
  - Asset allocation strategy
  - Manager selection and retention
  - Tactical approaches
  - Ownership/organizational structure
  - Financial condition
  - Professional staff
  - Guideline changes
  - All SEC and other regulatory agency proceedings affecting the firm

- Vote all proxies and related actions in advance of cutoff dates according to the guidelines provided above.

- Utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like endowment funds with like aims in accordance and compliance with applicable local, state, and federal laws, rules and regulations, including but not limited to those pertaining to fiduciary duties and responsibilities.

4. Partner Organization Selection and Monitoring

The Committee will interview, select, and monitor partner organizations to invest the assets of CIF. The Committee may delegate certain selection and monitoring functions to staff or consultants.

NHCUCC will seek Partner Organizations who demonstrate effective strategies, sustainable advantages, and high-quality organizational structures.

Attractive Partner Organization characteristics include:
- Strong reputation in the marketplace and a meaningful, high-quality, institutional client base;
- Aligned interests (e.g. significant amount of assets invested according to the same guidelines);
- Stable and experienced professional team;
- Controlled growth and a manageable level of assets under management; and
- Long-term performance should be competitive among peers.

Partner Organizations should have the resources to conduct extensive due diligence prior to selecting external asset and sub-asset class managers and to continue to monitor selected managers according to the same due diligence criteria. Evaluations should include meetings with key personnel and typically include at least one on-site visit to the principal office. Research should also include reviews of audited financial statements, reference checks with other clients and business associates, and comparison to competitors.

When deemed appropriate, background checks will be conducted. Partner Organization staff and their consultant, if any, will use their respective networks of contacts to gain further confirmation of a manager's abilities and business practices. New firms have additional business risk and are subject to a more rigorous level of due diligence and more stringent ongoing monitoring. Selection of investment managers is not geographically restricted.

The ongoing review and analysis, both quantitative and qualitative, of existing investment managers is just as important as the due diligence implemented during the manager selection process. In addition to performance measurement noted below, Partner Organization staff and/or the investment consultant, if any, will monitor for consistent implementation of investment strategy and philosophy, appropriate risk controls, adherence to any stated guidelines, and any material changes in the manager's organization and/or personnel.

The performance of investment managers will be actively monitored by Partner Organization staff and their consultant, if any, who will report any meaningful observations and performance deviations to the Committee in a timely manner. Quarterly performance will be evaluated versus appropriate benchmarks and peer universes, but emphasis will be placed on relative performance over longer investment periods.

The Committee has the discretion to take corrective action by replacing the Partner Organization if the Committee deems it appropriate at any time. Corrective action typically occurs as a result of meaningful organizational or process-related change, and, in some cases, sustained relative underperformance. Significant short-term underperformance will also trigger a review.

Addendum

CTUCCCTUCCOn July 1, 2016 selected the Connecticut Conference, United Church of Christ (CTUCC) as the Partner Organization. Within theCTUCC structure, the CTUCC Investment Committee has a crucial role. In choosing CTUCC as the Partner Organization, the NHCUCC has delegated many traditional investment committee responsibilities to the CTUCC Investment Committee. The NHCUCC Investment Management Group remains responsible for ongoing due diligence to assure CIF participants that the CTUCC Investment Committee is functioning effectively. The primary way that this responsibility will be fulfilled is by the appointment of a NHCUCC representative to the CTUCC Investment Committee, who shall report back to the NHCUCC Investment Management Group. In addition, the NHCUCC Investment Management Group shall monitor the following items.

Due diligence checklist:

1. The CTUCC Investment Committee should include a number of people that understand investment options and strategies, in particular, people that understand investment risks. CTUCC will provide brief biographies of the members of the Investment Committee, including relevant education, professional designations, and professional experience. Biographies will be updated with each new class of

committee members.

2. The CTUCC Investment Committee should meet regularly. CTUCC will provide a meeting schedule and promptly notify the NHCUCC Investment Committee of schedule changes.

3. The CTUCC Investment Committee should report on meetings. Options for reporting to the NHCUCC Investment Committee include sharing minutes of meetings, sharing summaries of meetings such as might be prepared for the governing bodies of the CTUCC, or an annual report. Summaries/reports should include meeting attendance, agendas, and any actions taken.

4. The CTUCC Investment Committee should be free of conflicts of interest. CTUCC will provide their conflict of interest policy and will immediately report if there are any exceptions made. CTUCC will periodically certify that the CTUCC Investment Committee is in compliance with the conflict of interest policy.

5. The CTUCC Investment Committee should review its Statement of Investment Policy on a regular basis CTUCC will provide a timetable for reviews and notify the NHCUCC Investment Committee if this timetable is not followed.