

Investment Policy

The Church of the Redeemer

**Approved for use by Vestry
April 24, 2005**

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1.0 Background

The Church of the Redeemer (Church) has a history unique among Anglican parishes in the Diocese of Toronto. We are the first, and so far the only parish to have been completely disestablished and then re-established. Around the time of re-establishment in 1986 the Church received significant amounts of money from the sale of land and air rights, and from a large bequest. This money was invested and generated income for the Church in the 1980s and 1990s. The survival, rebirth and subsequent growth of the Church can be attributed to income from these investments, as well as to the faith and commitment of the women and men who reestablished the Church and welcomed others to share this ministry at Bloor and Avenue Road.

It has been the practice of the Church to preserve the capital within our investment accounts for major projects while using investment income for programmes and other operating needs. During the period 2001 to 2002 a significant amount of money was withdrawn from our investment accounts for the lower-level building project. The reduced amount of money now invested coupled with weak financial market conditions over the last couple of years has led to a significant reduction in the value of our investments. Over the next few years it is expected that market conditions will not improve significantly. Therefore in the future it will be necessary to significantly reduce reliance on our investments as a source of money for Church operations. Otherwise we will risk depleting this important financial reserve and not have money for future improvement projects.

The Church currently has money invested in Sceptre Investment Counsel Limited's Endowment Foundation Trust (EFT) fund. The Church also has money invested in the Diocese of Toronto's Consolidated Trust Fund (DCTF). In the past the Church invested in the Consolidated Investment Fund (DCIF).

The Church has a companion policy regarding undesignated bequests. It may direct the Church to invest a portion of any undesignated bequest in order to rebuild our capital reserve.

2.0 Scope and Purpose of Policy

2.1 This Investment Policy (Policy) applies to the Church's "Fund"; i.e. all Church-controlled investment accounts except DCTF and DCIF (note that the "Fund" can be comprised of multiple funds within an account and multiple investment accounts). The Diocese of Toronto has a separate investment policy for the management of assets in DCTF and DCIF.

2.2 This Policy is to be used by the Board of Management in the management of assets in the Church's Fund. The basic goal underlying the establishment of the Policy is to ensure the assets of the Fund shall be prudently invested in such a way that the assets are preserved for the Church in future, for meeting extraordinary needs or challenges, and that such investment income not designated for re-investment may be used to supplement the annual operating budget of the Church.

- 2.3 The purpose of this Policy is to formulate investment principles and guidelines that are appropriate to the needs and objectives of the Church. The Policy describes the monitoring procedures adopted for the on-going operation of the Fund.
- 2.4 This Policy may be changed or modified at any time by the Board of Management subject to conditions in Section 3 of this Policy.
- 2.5 Any Manager, consultant or other agent or advisor providing services in connection with the investment of the Church's Fund shall accept and adhere to this Policy.

3.0 Roles and Responsibilities

- 3.1 The roles and responsibilities concerning the administration and investment of the Fund are allocated as follows:

Vestry:

- a) approves this policy document,
- b) shall approve significant changes to this Policy before implementation. A significant change is one that would lead to a fundamental change in way the Fund is invested or administered. Vestry shall approve any changes to Section 4 of this Policy.

Board of Management:

- a) develops the Policy for approval by Vestry;
- b) reviews the Policy on a regular basis and makes amendments as necessary;
- c) selects the Manager(s) of the Fund; and
- d) monitors investment results on a regular basis.

Treasurer:

- a) is accountable to Board of Management on all matters related to the Fund;
- b) monitors Fund performance and reports on Fund performance at monthly Board of Management meetings;
- c) prepares an annual report on the Fund and its performance for the annual Vestry report; and
- d) seeks approval from Board of Management to deposit money into and withdraw money from the Fund, and administers all deposits and withdrawals.

Finance Committee:

- a) assists Treasurer with the administration of the Fund, and in the monitoring of and reporting on Fund performance.

Stewardship Committee:

- a) provides input to Finance Committee on matters related to the Fund.

Book-keeper:

- b) assists Treasurer in administration and execution of deposits and withdrawals; and

- c) under direction of Treasurer, prepares various reports on the Fund and its performance.

4.0 Fund Characteristics

- 4.1 *Safety of Capital:* The Fund shall be conservatively invested to protect the capital against undue financial and market risk.
- 4.2 *Adequate Income:* The Fund shall be invested so as to generate adequate income for the operation of the Church.
- 4.3 *Corporate Responsibility:* to the extent that it is practical, the Board of Management shall ensure that the Fund is invested in companies that are socially responsible in the following areas:
 - a) rights and needs of employees;
 - b) economic development of the community;
 - c) social and environmental condition of the community; and
 - d) social value of its product and marketing approach to society.

5.0 Return Expectation and Policy Asset Allocation

- 5.1 The long-term objective for the Fund is to achieve, over moving four-year periods, a total annualized rate of return of 1% (net of all management fees) above the benchmark portfolio. The benchmark portfolio consists of passive investments in various market indices defined in Section 7.3, according to the policy asset allocation established in Section 5.2.
- 5.2 Policy asset allocation: in view of the foregoing considerations and in order to achieve the long-term return objective for the Fund at an acceptable level of volatility of returns, the following asset allocation and respective asset class ranges have been established.

Fund Asset Allocation

Asset Class	Percentage of Fund at Market Value		
	Policy	Minimum	Maximum
Cash & Short-term	5%	0%	20%
Canadian Fixed Income	50%	30%	70%
Canadian Equities	20%	15%	40%
Foreign Equities	25%	15%	40%
Total	100%		

6.0 Administrative Matters

- 6.1 No part of the Fund will be loaned directly to any individual.
- 6.2 Money shall not be borrowed for the purposes of investing in the Fund.
- 6.3 Any person involved the investment or administration of the Fund, including the Manager, may not permit personal interests to conflict with the exercise of duties and powers with respect of the Fund. Such conflicts of interest, actual or perceived, must be disclosed to the Board of Management.
- 6.4 The Church will not engage directly in the investment of the Fund. The Church shall engage a qualified third-party service to invest the Fund on behalf of the Church.

7.0 Monitoring and Policy Review

- 7.1 Board of Management or a committee of the Board shall meet annually with Manager(s) of the Fund to review Fund performance.
- 7.2 The investment return objective of the Manager(s) is defined in Section 5.1.
- 7.3 The following market indices will be used for the evaluation of Fund performance:

Cash and short-term	Scotia Capital Markets 91-day Canadian Treasury Bills Index
Canadian Fixed Income	Scotia Capital Markets Universe Bond Total Return Index
Canadian Equities	TSX SP 300
Foreign Equities	MSCI World ex-CAN

- 7.4 This Policy will be reviewed annually by the Board of Management to determine whether amendments are required.