

FIRST UNITARIAN CONGREGATIONAL SOCIETY BROOKLYN

A UNITARIAN UNIVERSALIST CONGREGATION
INVESTMENT POLICY

FOR FIRST UNITARIAN CONGREGATIONAL SOCIETY BROOKLYN

Approved First Unitarian Board of Trustees, March 13, 2012

Introduction

This Policy sets forth the investment guidelines to be followed by Investment Committee (the "Committee") and any investment managers retained by the Committee in administering First Unitarian Congregational Society of Brooklyn's ("UCB") endowment funds and quasi-endowment funds.

Investment Committee Responsibility and Authority

1. Investment responsibility and authority for UCB's endowment funds (the "Fund") has been delegated by Board of Trustees to the Committee, subject to oversight by the Board;
2. The UCB Board believes it can best discharge its responsibilities by:
 - a. Defining investment objectives and goals;
 - b. Hiring competent outside investment management (the "Investment Manager");
 - c. Setting investment guidelines and monitoring the Investment Manager's compliance with them; and
 - d. Periodically reviewing the Investment Manager's performance.
3. The Committee will not make specific investment decisions, as this is the responsibility of the Investment Manager.

Investment Objective

UCB seeks preservation of principal and to provide a dependable and reasonable rate of long term investment return consistent with moderate investment risk. Ambitious goals of profit maximization and market timing through short-term and/or speculative investments

will not be considered. Investment Managers retained by UCB will be given flexibility within the guidelines of the Investment Policy to use their expertise toward the achievement of investment goals.

Investment Goals

UCB's primary goals for the Fund are preservation of principal and to maximize income within a framework of moderate risk assumption and its social screens, as set forth below. The general level of income to be drawn, based on UCB's Prudent Draw Policy UCB's programs will be communicated to the Investment Manager on an annual basis. Secondary goals for the Fund are (1) capital appreciation, and (2) growth of income to maintain purchasing power, over time. Given UCB's tax-exempt status, tax considerations will not play a role in investment decisions.

Asset Allocation Ranges

To attain the stated investment goals, the assets of the Fund will be allocated between investments producing growth and income within the following ranges:

- Domestic Equities 30-75%
- International Equities 0-20%
- Fixed Income 20-50%
- Cash Equivalents 0-10%

The Investment Manager may not deviate from these ranges without the express written prior approval of the Investment Committee. In addition, if in the opinion of the Investment Manager market conditions so require, the Investment Manager may deviate from these ranges for a period of up to thirty days without prior approval by the Investment Committee.

Fixed Income Guidelines

The average dollar weighted average risk rating of UCB's fixed income holdings shall not be less than AA, per Moody's Investor Services. Holdings may include:

- Money Market Funds
- US Treasury Bonds and Bills
- Government Agency Instruments
- Corporate Bonds rated BB or higher

Diversification

Investment in anyone company will not exceed 10% of the total of UCB's total equity or equity-related assets. Investments in individual industries will not exceed 25% of UCB's total equity or equity-related assets.

Other Permitted Investments

The holding of mutual funds or commingled funds is permitted under this policy, especially to provide diversification in such areas as "Small/Mid Cap" or "International" equities. Mutual funds and commingled funds may be comprised of either equity, equity-related, or fixed income investments. Preference will be given to mutual funds with no-load charges or where sales charges are waived by the fund company.

Prohibited Investments

Investments in the following are prohibited, without the prior written approval of the Committee:

- Fixed Income securities that are not denominated in U.S. dollars or Eurodollars;
- Venture Capital Guaranteed Investment Contracts;
- Commodities, Precious Metals or Gems International;
- Equities not traded on domestic exchanges or in over-the-counter markets;
- Limited Partnerships Real Estate (other than through publicly traded REITS, or similar investment entities that satisfy the Equity Guidelines of Article VII above).

Socially Responsible Investing

Modeling the practices of the Unitarian Universalist Association, investments in the following are prohibited:

Companies that derive a preponderance of their revenues from the sale of tobacco, alcohol, firearms, gambling, or armaments.

Performance Management

The Investment Manager will report to the Committee the Fund's performance and asset allocations, on a quarterly basis. Such reports will compare the Fund's performance to the performance of the most appropriate indices on a quarterly, one, three and five-year basis. The Committee will be responsible for the evaluation of the Investment Manager's performance, and, when the Committee deems it appropriate to do so, make recommendations to the Board of Trustees concerning the current Investment Manager's retention. Such evaluations will take into consideration the differences between UCB 's investment objectives and the objectives reflected in the market indices.

Review Process

The Investment Manager will meet with the Committee a minimum of once a year to review investment performance and compliance with the Investment Policy. More frequent meetings may be scheduled at the discretion of either the Committee or the Investment Manager.

Contributions

Contributions to of investment assets (such as equities) shall not be subject to or considered a part of the above investment policies until such time as such investment assets are free of restrictions or other encumbrances restricting the sale or transfer of such investment assets, as for example, restricted stock.