

## *Second Unitarian Church of Omaha*

### *Investment Philosophy of the Endowment Committee*

Date of Policy Approval: July 2016

Policy Owner: Endowment Committee

#### **Key Considerations**

- **Appreciation (fund growth):** Achieved primarily by focusing on investments in the equity markets. What, if any, portion of the fund will be invested in non-equity markets is an open point.
- **Diversification:** Achieved through the selection of mutual funds that index a broad sector of the market. The number of funds is an open point.
- **Rebalancing:** Balance investments to preserve principal and mitigate risk. Continue with Vanguard mutual fund or some other index fund.
- **Loss of Principal:** Some “on paper” loss of principal will be tolerated in the initial years of the fund.
- **Expenses:** Strong direction to keep these to a minimum. Most desirable would be funds that had expense ratios at or under one-half of one percent.
- **Social Responsibility:** Will give priority for new investments to socially responsible funds; may not necessarily sell current holdings to achieve all socially responsible investments.
- **“Non-cash Gifts”:** Recommend that all stock would be sold upon receipt. Use the policies and procedures in place in the Finance Committee for sales.
- **Advisors:** Keeping in line with our expense philosophy and UUA guidelines, no professional advisor will be sought at this time. This can be revisited when the fund reaches \$300,000 and/or every three years.
- **Financial Institution Selection:** Research moved the committee to choose Vanguard. Another option is the UUA Common Endowment Fund.
- **Fund Selection:** Performance will be monitored and funds changed as warranted.

#### **Processes**

- Decisions will be made according to the Investment Policy
- The Endowment Committee will designate one member to execute transactions for the committee.
- The Endowment Committee will designate one member to have access to the online investment accounts and this person will complete monthly investment reports on the first business day of the next month.
- The Endowment Committee will establish a plan for raising funds and/or enlisting additional donors to become Full Circle members by including Second Unitarian in their estate planning.
- Review investment philosophy annually.