

Mid-Kentucky Presbytery Investment Policy

Approved by the Finance Committee August 26, 2025

I. Purpose:

The Finance Committee of Mid Kentucky Presbytery is charged in the presbytery's Manual of Operations and Standing Rules November 3, 2018, in section 7.2.2. a: to coordinate all fiscal matters for the presbytery.

According to the Standing Rules of Mid Kentucky Presbytery, The Coordinating Commission "oversees the work of each programmatic standing committee."

The Finance Committee shall direct the investment of all funds held by the presbytery, having as its objective the safety and productivity of the funds. The Finance Committee shall exercise Christian social responsibility through its investment policy.

II. Definitions:

Growth Investment:

A fund or portfolio that seeks to provide capital appreciation by investing primarily in stocks of companies believed to offer above average growth potential. This fund or portfolio may invest in large, medium or small companies.

Value Investment:

A fund that seeks to enhance the inflation adjusted value of the assets and to provide stable and increasing earnings. This portfolio will typically invest in larger companies that produce increasing dividends.

Fixed Income

A fund that seeks to maximize cash income while preserving the principal. This portfolio will consist of fixed income instruments including but not limited to corporate bonds, US treasury bills, notes, and bonds, real estate investment trusts, foreign government and corporate debt, and preferred stocks.

Socially Responsible Investment

A socially responsible investment is a commitment of financial resources which is made for a purpose other than its monetary return to the investment portfolio of the presbytery.

III. Ethical Guidelines:

The Finance Committee recognizes that the presbytery's primary ministry is to serve Jesus Christ by assisting its member churches and ministers in answering and following God's call through mission, education, congregational development, worship, prayer and stewardship.

In Mid Kentucky Presbytery's Standing Rules Appendix 3, Standards of Ethical Conduct IB, The Presbyterian Context reads "Basic to Reformed and Presbyterian understanding of Christian discipleship is faithfulness to personal and communal ethics, integrity and discipline in life and doctrine. This faithfulness is exercised through the decisions of the councils of the church: Sessions, Presbyteries, Synods and General Assembly. It is shaped by reference to standards set forth in Scripture, the advocacy of the Holy Spirit, the accumulated wisdom of the people of God, a critical examination of societal thought and practice in the light of the Gospel, and an awareness that God alone is Lord of [the] conscience." We agree with Jesus' words "For where your treasure is, your heart will be also." *Matthew 6:21*

The presbytery recognizes its connection with the Presbyterian Church (U.S.A.) and its responsibility to follow General Assembly guidelines and the *Book of Order*. Therefore, the Finance Committee will use its best judgment in assessing how Christian ethical principles might be applied to the presbytery's investments.

In carrying out its responsibility to manage the presbytery's investments, the Finance Committee is guided by a theology of stewardship to use the resources of the presbytery for empowering God's ministry within the geographical bounds of the presbytery and beyond.

The Finance Committee will supplement its own investment guidelines with this additional ethical guideline:

- a) We will follow Mission Responsibility through Investment guidelines and/or recommendations from the office of Faith-based Investing and Corporate Engagement.

IV. Investment Objectives:

The Finance Committee shall manage the investment funds or portfolios, which could include a growth fund or portfolio, a value fund or portfolio, and a fixed income fund or portfolio as described below. The Finance Committee may engage the services of an independent investment advisor or portfolio manager as it deems appropriate, to advise, direct, and prescribe investments for the presbytery's funds. The Finance Committee may give the investment advisors or portfolio managers discretion in the selection of securities within the parameters of this policy.

V. Investments:

Investments may be made by portfolio managers and investment advisors in the following categories: U.S. common stock, American Depository Receipts (ADR's), preferred stock, convertible stock, corporate bonds, debt securities issued or guaranteed by the U.S. government, its agencies, or instrumentalities, asset-backed securities, mortgaged backed securities, certificates of deposit, short term loans to banks, and short-term money market instruments.

Investments may not be made in margin purchases, hedging, short sales, options, commodities, oil, gas or mineral leases, mineral rights royalty, contracts, letter stock purchases, privately placed securities, real estate mortgages, leasebacks, land loans, cryptocurrency or equity real estate.

The Finance Committee may pursue other investments not specifically excluded in this section it considers appropriate for the presbytery's funds. Such investments may take various forms: e.g., equity, loans, fund deposits, loan guarantees, etc.

VI. Diversification:

Investments shall be diversified geographically, across industries, and business sectors. International investments shall be diversified across political regions, with particular attention paid to the political stability of the governing bodies and the region.

VII. Restrictions:

Total investment in any company shall not exceed 10% of the total market value of the presbytery's assets.

No more than 25% of the presbytery's funds may be designated as socially responsible investments.

VIII. Supervision:

- A. The Finance Committee shall have direct responsibility for the oversight and management of all funds, and for the establishment of investment policies and procedures.
- B. The Finance Committee will review the asset allocation of the funds annually and ensure that the investment targets are being met.
- C. The Finance Committee shall have the power to recommend to the Coordinating Commission or presbytery to engage or discharge investment managers, advisors, custodians, or other fiscal agents.

- D. The performance of the investment managers shall be reviewed annually by the Finance Committee or the Management Sub-Committee appointed by the Finance Committee.
- E. The Finance Committee shall solicit proposals from other firms/financial managers as necessary to ensure that the money is being invested in the most prudent and efficient manner.

IX. Amendments:

This policy can be amended or replaced by a majority vote by the Finance Committee approval of Mid Kentucky Presbytery or a committee/commission delegated for that purpose of the presbytery.

The Investment Policy shall be reviewed at least annually by the Finance Committee.