



**ENDOWMENT INVESTMENT POLICY
FOR
THE DIOCESE OF SOUTHEAST FLORIDA, INC.**

**ARTICLE I
PURPOSE**

Section 1.01 The purpose of this investment policy (the "**Policy**") is to set forth the standards and guidelines for the management and investment of that certain restricted endowment established by the Diocese of Southeast Florida, Inc. (the "**Diocese**"), and operated and maintained as the [name of Endowment] (the "**Endowment**").

**ARTICLE II
INVESTMENT OBJECTIVES**

Section 2.01 The Diocese's duration is perpetual, and therefore the Endowment's duration and purpose is perpetual. Therefore, all investment policies, guidelines, and allocations shall:

- (a) Aim for financial stability;
 - (b) Reflect a balance between the short-term and long-term investments;
- and
- (c) Comply with all federal, state, and local laws governing the Endowment.

Section 2.02 In achieving this balance, the management and investment decisions of the Endowment's financial assets shall consider the following main objectives:

- (a) Preservation of the principal of the Endowment.
- (b) Preservation of the purchasing power of the Endowment's financial assets by exceeding inflation.
- (c) Income generation for short- to medium-term cash flow needs.

(d) Long-term growth of, and optimized return from, the Endowment's financial assets.

(e) Minimizing risk and expenses.

ARTICLE III DELEGATION OF RESPONSIBILITIES

Section 3.01 Responsibilities of the Board. The Board of Trustees for the Endowment (the "**Board**") has the authority and fiduciary responsibility to oversee the investment and management of the Endowment's financial assets. In fulfilling its duties, the Board shall:

(a) Comply with the duty of loyalty as defined by the law of Florida.

(b) Act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances.

(c) Maintain the right to review and revise any decision of the Investment Committee.

(d) Review and monitor at least annually the Investment Committee's compliance with this Policy.

(e) Comply with all federal, state, and local laws and regulations concerning the management of investment assets.

Section 3.02 Responsibilities of the Investment Committee. The Investment Committee has the authority delegated to it by the Board. In fulfilling its duties, the Investment Committee shall:

(a) Develop, implement, and maintain all investment policies, guidelines, and allocations consistent with:

(i) The Endowment's purposes;

(ii) The Endowment's risk tolerance and short-term and long-term financial needs and objectives;

(iii) Federal, state, and local laws and regulations concerning the management of investment assets; and

(iv) The duty of care and the duty of loyalty, as defined under Florida law.

(b) Evaluate such investment policies, guidelines, and allocations and submit any changes for Board review and approval at least annually.

(c) Hire outside experts such as investment consultants or investment managers to manage and invest the Endowment's financial assets, as needed. The Investment Committee shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in:

(i) Retaining (based on appropriate due diligence), maintaining, or dismissing outside experts;

(ii) Establishing the scope and terms of the engagement, consistent with the purposes of the Endowment and its financial assets;

(iii) Periodically reviewing the outside experts' actions to monitor their performance and compliance with the scope and terms of the engagement; and

(iv) Identifying any actual or potential conflicts of interest. Any such conflict must be resolved according to the Endowment's conflict of interest policy.

(d) Timely review any reports and recommendations from any outside experts.

Section 3.03 Responsibilities of Investment Managers. If the Endowment engages an investment manager, such investment manager shall:

(a) Acknowledge in writing that he, she, or it is acting as the Endowment's fiduciary.

(b) Exercise reasonable care, skill, and caution when investing the Endowment's assets under his, her, or its management.

(c) Have broad discretion to make specific investment decisions for the sole benefit of the Endowment and within the limits of this Policy, specific guidelines established by the Board and Investment Committee, and prudence standards governing the management of the financial assets.

(d) Maintain regular communication with the Investment Committee about investment strategy and outlook.

(e) Notify the Investment Committee of any actual or potential conflicts of interest relating to his, her, or its role as the Endowment's investment manager.

(f) Adhere to the terms and conditions of the investment management agreement.

ARTICLE IV INVESTMENT AND MANAGEMENT GUIDELINES

Section 4.01 Investment Considerations. In managing and investing the Endowment's financial assets:

- (a) The following factors, if relevant, must be considered:
 - (i) General economic conditions;
 - (ii) The possible effect of inflation or deflation;
 - (iii) The role that each investment or course of action plays within the Endowment's overall investment portfolio;
 - (iv) The expected tax consequences, if any, of investment decisions or strategies;
 - (v) The expected total return from income and the appreciation of investments;
 - (vi) The resources of the Endowment;
 - (vii) The needs to preserve Endowment principal; and
 - (viii) An asset's special relationship or special value, if any, to the Endowment.
- (b) The Board and Investment Committee:
 - (i) May incur only costs that are appropriate and reasonable in relation to the assets, the Endowment's purposes, and the skills available to the Endowment; and
 - (ii) Shall make a reasonable effort to verify facts relevant to the management and investment of its financial assets.

Section 4.02 Asset Allocation and Rebalancing. Management and investment decisions regarding an individual asset shall be made in the context of the Endowment's financial assets as a whole and as part of an overall investment strategy.

- (a) Allocation of the financial assets shall reflect a balance among the Endowment's investment objectives, risk tolerance, and cash flow needs.
- (b) The Investment Committee shall rebalance the Endowment's financial assets at least semi-annually consistent with the objectives under this Policy.
- (c) Within a reasonable time after receiving a gift of property to the Endowment, the Investment Committee shall determine whether to retain or dispose of the property, or to rebalance the Endowment's financial assets to reflect the gift in compliance with this Policy.

Section 4.03 Diversification. The Endowment's investments should be diversified to limit the risk of loss resulting from the concentration of assets in a specific investment type, issuer, or sector. The Investment Committee:

(a) Shall maintain a reasonable diversification among the Endowment's financial assets between asset classes, investment categories, industries, and sectors;
or

(b) May determine that, because of special circumstances, its portfolio is better served

Section 4.04 Deviations. Any deviations from the allocations and guidelines established by the Board and Investment Committee must be reviewed and approved by the Board at a duly called meeting.