

ATLANTA FRIENDS MEETING

Financial Assets and Investment Policy

Purpose

The purpose of this policy is to define how Atlanta Friends Meeting (“AFM”) manages its financial assets. This policy defines the different classes of financial assets AFM holds. It further describes AFM’s guidelines for Socially Responsible investing, general investment practices and endowment practices. Finally, the policy describes the respective roles of AFM staff and the Finance Committee in managing financial assets and the specific role of the Finance Committee regarding investment management.

Classes of Financial Assets

AFM holds three classes of financial assets. These are:

Operating Funds –

Assets used to fund the day-to-day operations of AFM. These funds are held in a checking account at an FDIC insured depository institution. AFM may also maintain a savings account or bank money market account at an FDIC insured depository institution. Bank account balances should be managed so as to keep the balance of all bank accounts at a single banking institution below the \$250,000 FDIC insurance limit.

Additional operating and other short-term funds not held in bank accounts should be held in low-risk, liquid short-term interest-bearing instrument(s). The recommended short-term instrument is a Municipal Bond Money Market Fund as this type of instrument has low risk and limited to no price volatility. Further, a Municipal Money Market fund would **not** conflict with AFM’s Socially Responsible Investing Guidelines, whereas other types of money market accounts, which are likely heavily invested US government notes and Treasury bills, would.

In general, only the amount of funds required to fund AFM’s operations over the coming two to three months should be maintained in the checking account. All other operating funds should be held in the bank savings account or the short-term instrument(s).

The AFM Bookkeeper, with oversight from the AFM Treasurer, shall be responsible for transferring funds between the operating funds accounts. Transfers will be made to maximize the amount of interest earned while not creating an excessive administrative burden and avoiding any bank fees.

Funds from Designated Funds and Restricted Donations –

AFM maintains certain funds that are designated for specific purposes (“Designated Funds”). AFM also receives cash donations that are designated for those approved specific purpose funds. These Designated Funds are usually held for a short to intermediate time frame and, as such, are generally not included in the investment portfolio. Although the amount of the Designated Funds and the use thereof are tracked separately. The balances of the Designated Funds are intermingled with the operating funds.

As of this policy the Designated Funds include:

- Beloved Community Scholarship Fund
- Cabin Fund
- Macon Worship Group Fund
- Members and Attenders Assistance Fund
- Permanent Improvement Fund
- Suchitoto Fund

Endowment and other Invested Funds –

These are all the financial assets, other than the Operating Funds and Designated Funds held by AFM.

The Endowment and other invested funds are to be invested in accordance with AFM’s Socially Responsible Investing Guidelines and General Investment Guidelines described later in this policy.

Socially Responsible Investing Guidelines

AFM favors investments in companies whose business practices are consistent with its Quaker mission and values. Areas of focus may include, but are not limited to, companies providing goods and services which people and peacetime industry need (such as food, medicine, clothing, housing, etc.), companies whose actions seek to preserve the environment and companies with fair and equitable hiring and personnel practices.

- Best efforts will be made to avoid investments in companies offering products or services or conducting business in a manner that is inconsistent with the Quaker mission and values of AFM.
 - AFM will avoid investments in companies engaged in: the manufacture or servicing of weapons or other military requirements; manufacture and distribution of alcoholic beverages and tobacco products; the gambling

industry, and companies that are considered by the Finance Committee to conduct unfair employment practices or unethically harm the environment.

- AFM will not invest in companies wholly dedicated to fossil fuels production and infrastructure. Fossil fuel-oriented companies that may be transitioning to renewable resource production and/or infrastructure must be approved by Finance Committee before investment.
- AFM will not invest in obligations issued or guaranteed by the United States Treasury or foreign government treasuries if the proceeds thereof may be used to manufacture defense or weapons-related products.
- AFM may invest in mutual funds, exchange traded funds (“ETFs”) and other aggregated investment funds. AFM will not invest in mutual funds or ETFs or any other aggregated funds which are likely to include holdings inconsistent with the Quaker mission and values of AFM. An example of an inappropriate fund is a mid-cap fund, which does not qualify holdings regarding social principles. An example of a potentially appropriate fund is a fund aimed at companies in a certain financial sector that is not likely to include holdings inconsistent with the Quaker mission and values of AFM, such as healthcare. Should any aggregated fund be purchased for the AFM investment portfolio, the Finance Committee will review the holdings for such funds on a consistent, periodic basis to assure that the funds are investing according to AFM guidelines.
- AFM recognizes that change is inherent in economic activity and that the character of a company can be greatly modified through merger, take-over or other structural change. Accordingly, AFM will be sensitive to the fact that what has once been an appropriate investment vehicle may at some time cease to be such. Accordingly, AFM or its Investment Advisor closely monitor its investment holdings in this regard. When an investment becomes inappropriate, we may at first endeavor to modify the company’s position through direct communication with management, but failing this, the investment holding will be sold.

AFM believes that fulfilling our Quaker responsibilities is not a barrier to successful investment performance and that the universe of what we recognize as appropriate investment vehicles is broad enough to offer the opportunity for a well-diversified portfolio which will provide ample returns.

General Investment Guidelines

The following sections describe AFM’s guidelines for its management of its investment portfolio.

Asset Allocation

- Investment funds are to be diversified to include Equities, Fixed Income, and, as necessary or advisable, cash or cash equivalents.
- In keeping with industry practice, for the purposes of asset allocation, Fixed Income is defined to include bonds, preferred stocks and also to include cash and cash equivalents. Equity is defined to include common stocks, stock mutual funds, stock EFTs, real estate investment trusts, convertible preferred stocks and convertible bonds.
- The Equity allocation of the investment portfolio shall be between 60%-80% of the market value of the portfolio, and the fixed income shall be between 20%-40% of the market value of the portfolio. The exact target will vary depending upon economic and market conditions. The targeted allocation will be approved, at least annually, by the Finance Committee in consultation with the Investment Advisor(s). The primary purpose of the stock allocation is to produce a level of capital appreciation and dividend income that exceeds the sum of the expected endowment spending, the rate of inflation and investment expenses over the long term. The primary purpose of the fixed income allocation is twofold: to ensure that a significant part of the portfolio produces current income and to control the risk of the portfolio.
- The Investment Advisor(s) is responsible for monitoring the asset allocation and the production of income in the portfolio, for recommending adjustments to the asset allocation if necessary, and for recommending securities and or funds to purchase or sell. All Investment Advisor actions are to be in strict compliance with the Social Responsibility Guidelines described above.

Characteristics of the Equity Portfolio

- The Equity portfolio will consist primarily of common stocks but may include other equity type investments such as convertible preferred stocks, convertible bonds and real estate investment trusts, stock mutual funds and stock ETFs.
- At the time of purchase, no single stock holding shall exceed 5% of the market value of the Equity portfolio, except that convertible preferred stocks and real estate investment trusts may comprise up to 10% of the market value of the equity portfolio at time of purchase.
- The Equity portfolio shall be diversified across industry and economic sectors. No single stock holding should exceed 10% of the total market value of the portfolio.
- The Equity portfolio may include non-US equities to provide diversification of the portfolio.

Characteristics of the Fixed Income Portfolio

- Fixed Income will consist primarily of bonds but may include preferred stocks and bond mutual funds and ETFs.
- At the time of purchase, no single bond holding, except those issued by federal agencies (including mortgage-backed securities) shall exceed 10% of the Fixed income portfolio.
- No single issuer, except federal agencies, shall account for greater than 10% of the Fixed income portfolio.
- The minimum rating for an individual bond to be acceptable to be held in the portfolio is Baa3 or BBB-. No more than 30% of the bond portfolio may be invested in bonds rated lower than A3 or A-.
- The Fixed income portfolio shall be diversified across industry and sectors to the greatest degree feasible.
- The Fixed income portfolio may include non-US fixed income securities to provide diversification of the portfolio.

Benchmark Comparisons

The following benchmark comparisons by asset class will be used to measure portfolio performance:

- Equities: S&P 1500 or S&P 500.
- Fixed Income: Barclays Capital U.S. Intermediate Government/Credit Bond Index.
- Cash and Cash Equivalents: Citigroup 6-month U.S. Treasury Bill Index.

Responsibilities of the Finance Committee Concerning Investment Management

The responsibilities of the Finance Committee include:

- Review investment objectives and policies appropriate to AFM Quaker mission and values, financial goals and objectives. Make recommendations for changes to the above to the Meeting for Worship with attention to Business (“Meeting for Business”).
- Recommend the appointment, and if necessary, replacement of Investment Advisor(s), custodians and consultants subject to approval by Meeting for Business.

- Determining the structure and number of investment managers involved with AFM investments will be at the discretion of the Finance Committee with the following caveats:
 - Investments in a commingled vehicle shall necessarily be governed by the guidelines set forth in the vehicle’s prospectus. As a result, any commingled vehicle invested in by AFM must be guided by a Social Responsibility Investment Guideline in conformity with the AFM Quaker mission and values as described in this document.
 - Investments in separately managed accounts shall be governed by the AFM guidelines described in this document.
- Providing Investment Advisor(s) with guidelines on the AFM Social Responsibility Statement and monitor their compliance with the guidelines.
- Assuring that Investment Advisor(s) make best efforts to review and vote proxies in a manner consistent with the Quaker mission and values of AFM.
- Monitoring the performance of AFM Investment Advisor(s) and Investment vehicles.
- Reporting on these matters to the Business Meeting.
- The Clerk of the Finance Committee and/or the AFM Treasurer are the Finance Committee liaisons to communicate with the Investment Advisor(s) in between Finance Committee meetings.

Responsibilities Concerning Financial Asset Management

- The AFM Treasurer and the Clerk of Finance Committee are responsible for the day-to-day management of relationships with Investment Advisors, custodians, banks and other financial institutions.

The AFM Bookkeeper, with oversight by the Treasurer, will be responsible for managing the dollar amount of the Operating Funds at an appropriate level.

- If the Treasurer determines that there is an excess of funds in the combined operating fund accounts, they shall consult with the Finance Committee to approve a transfer of funds to the investment portfolio.