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Effective January 1, 2012

Centre for Christian Studies
Investment Policy for Capital Funds

A: General Terms

Purpose:
The purpose of this policy is to establish a general philosophy for the investment of the capital funds of Centre for Christian Studies, namely, the Endowment Fund and the Bursary Fund. In the fall of 2011, these funds amounted to approximately $2,750,000. This policy seeks to establish investment guidelines and performance criteria, and to outline mechanisms for periodic reviews of the philosophy, objectives, strategies, and performance results of these funds. Separate sections of this policy will be set forth for each of these two funds, which are to be administered separately and not co-mingled. There is also provision for an emergency fund of a fixed percentage of the total Endowment Fund.

Theological Stance:
At the Centre for Christian Studies we believe that how we use our financial resources should be reflective of our faith stance. This requires an enhanced sense of social responsibility and an awareness of the impact or effect of our investment decisions. We will seek to be fully aware of the ethical investment opportunities in our investment activities, including alternative investment vehicles such the Jubilee Fund, and may consider ways in which we may, alone or with others seek a higher level of ethical behavior on the part of companies in which we invest.

Policy Scope:
The Centre for Christian Studies serves a long-term need of the Anglican and United Churches for the education and support of those who seek to serve these churches in diaconal ministry. Because of the long-term nature of this ministry, it is appropriate to treat both of these funds as "in perpetuity" funds, and to develop and maintain investment policies appropriate to such perpetual funds. In general then, CCS has a 10 year view for our investment planning horizon.

In 2011, the Finance Committee developed a long term financial model using the same assumptions as are used for a perpetual investment intended to yield 5% of the initial capital value of the funds, plus inflation of 3% per year. For example, if CCS drew $100,000 from the Endowment Fund in year one, it would expect to draw $100,000 +3%, or $103,000 in year two and $106,090 in year three and so forth. The model was back-tested for the decade from 2000 to 2010, which contained some very bad and some relatively good years. We also asked for advice concerning this approach from our portfolio managers, who agreed that this was a modest and realistic expectation. Therefore the Finance Committee believes that this approach is sustainable over the long term and recommends this policy to the Council.

Delegation of Authority:
1. This policy is declared by the Central Council of the Centre for Christian Studies, and empowers the Finance Committee to act within its limitations. The Finance Committee shall report regularly to the Central Council.

2. The Finance Committee may review submissions from investment advisors and choose and engage appropriate advisors.

3. Investment decisions may be made by the Finance Committee, or by investment advisors, who shall make investments they believe are consistent with the Centre's ethical investment guidelines.

4. The Finance Committee shall meet with the investment advisor(s) at least twice yearly, and shall receive monthly reports from them. The investment advisors are expected to initiate contact with the Finance Committee to convey any information which might cause the Finance Committee to readjust this policy.

5. Every three years, beginning in 2015, the Finance Committee shall review the assumptions upon which these policies are based and shall report the results of their review in writing with recommendations to the Central Council prior to the annual meeting of CCS.

Ethical Guidelines for Investment:
To live out our faith stance in our investment decision making, we need to be selective in determining in which companies we will invest. We need to be able to discern if their goals, objectives, and actions fit with our understanding of how companies are to act in the world.

1. The Investment Advisors will be requested to submit proposals for ethical investment using screening criteria that reflect, insofar as possible, the following policies:

   a) Sound policy on human rights, including gender justice;
   b) Just employment practices;
   d) Sound environmental policy and record;
   d) No direct military production,
   e) No tobacco production
   f) An ethical record of international investments

2. We recognize that the network of investments and finances is a complex one. This means that discerning the social responsibility of a company is not an easy task and may not always be done with complete accuracy. However, we must still attempt to exercise due diligence in making informed and moral investment decisions.

3. If it comes to our attention that a company's practices no longer fit our criteria, following discussion with our investment advisors, divestment will be considered by the Finance Committee.

4. Investments will be made in companies or governments who fit our criteria and who offer a reasonable return on investment for the Centre.

5. Investments may be made in alternative investment vehicles that in the Centre's view, serve a purpose consistent with the Centre's faith stance.

General Investment Policy:
Investments shall be made with judgment and care, considering the probable safety of the capital as well as the probable income to be derived. The investment return target is an average annual real rate of return of 5%, including capital growth and investment income, net of investment advisory fees.

Authorized investments:
The Funds may hold:

a) Guaranteed Investment Certificates, and high interest savings accounts from banks and other issuers from within Canada which may not exceed the Canada Deposit Insurance Corporation Limits at any one institution.

b) Guaranteed Investment Certificates from Credit Unions.

c) Debentures, bonds and fixed income securities that are rated A or better by DBRS or equivalent ratings of other rating agencies.

d) Equity investments in preferred and common shares of Canadian and foreign companies and mutual funds that meet the criteria for listing on major stock exchanges.

e) An Equity investment in any one company shall not exceed 5% of the total investment funds of the Centre.

B: The Endowment Fund

The Fund shall be established at $1,975,000. This the average value of the fund for the first ten months of 2011. CCS may then draw up to 5% of this amount annually for its operational needs, plus an inflation allowance of 3% per year. If the annual Fund performance after fees exceeds 5%, the additional amount above 5% shall be added to the capital of the Fund. In years in which the return does not reach 5%, capital may be withdrawn up to the then indicated annual amount for that year.

Ordinary donations to the Endowment Fund will normally increase the original capital value of the fund, and will generate new income for CCS's annual needs at the rate of 5% per year of the additional new capital.

Emergency Fund:
The Endowment Fund shall contain an Emergency Fund of 5% of the total Fund, which shall be held in reasonably liquid investments to provide for any unforeseen cash flow needs of CCS.

The Emergency Fund may also be drawn upon for funding an unforeseen deficit of CCS. The Emergency Fund shall then be replenished as soon as is possible from regular or special Endowment Fund donations. Replenishing the Emergency Fund to the level of 5% of the Endowment Fund shall be the first call on any Endowment Fund donations.
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C: The Bursary Fund

Regular Bursaries:

There are several types of bursary and scholarship funds currently held in the Bursary Fund.

- General funds amounting to approximately $350,000
- Specific named bursaries of approximately $120,000
- Scholarships amounting to approximately $62,000
- Discretionary funds of approximately $91,000
- Funds which decline in capital value of approximately $11,000

This policy applies to the first four categories only. Because the declining funds will disappear in time, they must be accounted for separately.

The General Bursary Fund shall be used primarily to provide financial support for the needs of students of the Centre, as recommended by the Bursary Sub-committee of the Finance Committee. The Fund shall be comprised of all bursary and scholarship funds whose purposes are to provide *in perpetuity* bursary or scholarship support to students of CCS. Where provided for in the terms of specific bursary funds, the Fund may also be used to support staff development activities or special projects of the Centre, as approved by the Central Council.

The General Bursary Fund shall be established at $635,000, which was the average value of the fund for the first ten months of 2011. CCS may draw upon the Fund at a rate of 5% of this initial capital value plus an inflation allowance of 3% per year. Each bursary fund will be accorded a pro-rata value in the general fund for accounting purposes, so that in a year that a given bursary is either partially awarded, or is not awarded at all, its capital value will increase by its excess earnings in that year.

Should the Fund's performance exceed the target income of 5% and/or the need for bursaries is less than 5% of the then current value of the Fund, the excess funds shall be added to the General Bursary Fund.

Special Bursary Funds:

There are a small number of bursary funds in which the donor specified use of the capital of the fund in addition to income from the fund. In these cases, the funds will ultimately be completely spent, and cease to exist. While these funds will be held in the general bursary fund, they will be accounted for separately, and will not be part of the base value of the general fund.

New Bursary and Scholarship Funds:

New donations to the General Fund will normally increase the capital value of the General Fund, and will generate new income for bursary needs.

CCS will suggest to new donors that they consider perpetual bursary donations either to a new named fund or to the General Bursary Fund, rather than bursaries based upon decreasing capital balances.