

Rationale for new investment policy
November 1, 2017

In June 2017, the BGM Finance Committee approved a new investment policy for ABCUSA. The Executive Committee recommends that the policy be adopted by the Board of General Ministries.

This policy is intended to replace the policy adopted almost twenty years earlier. In late 2010, the New York legislature adopted the New York Prudent Management of Institutional Funds Act, or NYPMIFA, New York's version of the Uniform Prudent Management of Institutional Funds Act, model legislation adopted by most other states. (ABCUSA is a New York corporation.)

The new policy reflects changes required by NYPMIFA, while still giving ABCUSA flexibility in using other American Baptist partners as investment advisers.

Unlike many investment policies, this proposed policy does not specify a particular asset allocation method. It also does not require particular social investment criteria. Such specificity could inadvertently cause us to unintentionally eliminate one of our denominational investment partners as a permitted adviser. We could, for example, adopt a particular investment screen that can be met by the American Baptist Foundation only to find out that it contradicts the policies of the American Baptist Home Mission Societies.

Instead, the proposed policy adopts a "manager of managers" approach. Rather than focusing on specific criteria such as asset allocation or social screens, the focus is on the performance of investment advisers, while still ensuring that investments are made in a socially-responsible manner. Long-term investment performance and socially-responsible investing methodology are both reviewed on a regular basis, while also measuring against publicly-available benchmarks.