

Rationale for new investment policy
August 24, 2017

At the end of June, the BGM Finance Committee approved a new investment policy for ABCUSA. 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.

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

Unlike most other investment policies, this recommended 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.

In this recommended policy, the focus is on the performance of investment advisers, while still ensuring that investments are made in a socially-responsible manner. Performance and socially-responsible investing criteria are both reviewed on a regular basis, while taking a long-term approach to investment return.

This policy is presented to the Executive Committee for its review with the hope that the policy can be adopted by the board in November.