THE CHURCH OF THE GOOD SHEPHERD
INVESTMENT POLICY

INTRODUCTION
This statement of investment policy is intended to publish the overall investment objectives of the Church of the Good Shepherd, Rocky Mount, North Carolina, ("Church") and the investment assets controlled by the Church, and to outline the criteria for the implementation of these objectives. This statement was reviewed by the Vestry of the Church and approved on November 11, 1997, and has further been reviewed and approved by the Finance Committee of the Diocese of North Carolina.

INVESTMENT AUTHORITY
The investment objectives and policies adopted herein will be implemented by the Investment Committee of the Church, subject to the authority vested in the Investment Committee by the Vestry of the Church. Under circumstances when investment decisions need to be made between meetings of the Investment Committee and/or the Vestry, the Rector or Interim Rector of the Church, the Treasurer of the Church, the Senior Warden of the Vestry, the Junior Warden of the Vestry, the Convener of the Stewardship Trust, and the Chairman of the Investment Committee shall constitute the Executive Committee of the Investment Committee ("Executive Committee") appointed hereunder. Action may be taken within the guidelines of the investment objectives and goals outlined herein with the approval of a majority of no less than three (3) of the available members of the Executive Committee, provided reasonable efforts have been made to contact and seek input and approval from all members of the Executive Committee.

STATEMENT OF INVESTMENT GOAL
The Church has three main objectives for its investment portfolio:

A) Protection of Principal
The primary objective of the Church investment policy is to protect the corpus of the Church endowment funds, long term investment assets, and short term seasonal accumulations of cash, while earning an acceptable risk adjusted return.

B) Liquidity
The liquidity needs of the Church, including cash demands for planned capital expenditures, should be projected forward for rolling periods of not less than five (5) years. Cash projections should be made as close to the actual date such cash will be required/available, using quarterly or monthly segmentation.

The investment allocation among investments should then be established such that the cash demand requirements are met with reasonable certainty, including small considerations for margin of error. These cash demands can be planned through anticipated maturities of fixed income securities and allocation of portions of the overall pool towards more conservative, less volatile investment instruments approximately equal to the anticipated cash demands.

The excess over these anticipated cash outflows (which should include anticipated excess cash inflows, if any and if known) should be allocated by utilizing a longer term investment strategy, as discussed below under "Total Return."

C) Total Return

After taking into account anticipated cash outflow needs, the long term investment objectives of the Church should be taken into account through an investment portfolio approach for long term total return. The investment approach and asset allocation should be set such that the Church portfolio will achieve a total return of not less than five percent (5%) annual total return in excess of the inflation rate as measured by CPI.

This objective should be approached through diversification not only among types of securities, but also through diversification among investment styles. An attempt should be made to identify investment philosophies which, over time, have proven to be counter cyclical.

The investment objective should place a high premium not only on preservation of capital through minimization of risk, but also through preservation of real buying power of principal, through growth in excess of the underlying inflation rate in the economy.