

# Presbytery of Newton

## Investment Results and Plans

**Portfolio Mission** – Business Asset, Financial support to Operations

### **7 ½ year results**

- Returns matched expectations
- Operating deficits exceed the plan; net draws @ average \$101,021 -10% vs 4% plan

### **Current**

- 2019 budget draw \$134,272 - 13.5% of assets

# Plans

- **Influenced by uncertainty of planned reorganization of Presbytery, next 3 years estimated**
- **Defensive Tactics**
  - Cash Reserve - Covers 3 years estimated deficits
  - De-risk exposed investment assets
  - Raise equity allocation
    - Chesnutt Fund exempted





# Presbytery of Newton

## 2011 Plan vs. Actual

### % Per Annum

	<u>Plan</u>		<u>Actual</u>		
<b>Portfolio Returns</b>		6.8		7.1	
<b>Operational Draw</b>	-3.8		-10		
<b>NCT Fees</b>	-1.0		-1.1		
<b>Inflation</b>	-2.0		-1.5		
<b>Surplus(Deficit)</b>		0.0		-5.5	*
<b>Change in Purchasing Power</b>		2.0		-5.5	*
<b><i>*Importantly offset by capital additions from church closings</i></b>					

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## New Covenant Trust

Scenarios built on actual, recent financial market performance to test efficiency of establishing cash reserve while also raising risk level from status quo (60%/40%) to 80% Equities and 20% Fixed Income on remaining assets.

Conclusion: "...maintaining a cash reserve...provides some protection during times of sharp downturn ..allowing equity holdings to participate in eventual upturn"

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## New Covenant Trust

**Proof:**

**Starting Balance** \$966,000

Outcomes	No Reserve 60/40	With Reserve 80/20
Balanced (1/02-1/05)	681.8	691.1
Very Negative (4/08-4/11)	627.1	629.6
Very Positive (1/12-1/15)	871.5	938.7

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## 2019 Investment Plan

### % Per Annum

	ROI	Contribution to Portfolio
<b>80% Invested Assets at (80/20)</b>	6.30	5.04
<b>20% Cash Reserve</b>	2.30	0.46
<b>Total Portfolio Return</b>		5.50
<b>Operational Draw</b>	-13.0	
<b>NCT Fees</b>	-1.10	
<b>Inflation</b>	-1.50	
<b>Surplus/deficit</b>		-10.10
<b>Today's cash reserve - covers 2/3 years</b>		20.0
<b>3rd year - add to reserves at 1.5 years</b>		