

**INVESTMENT POLICY
STATEMENT**

for the

Southern Virginia Diocesan Foundation

of the

Episcopal Diocese of Southern Virginia

Revised: March 25, 2024

PURPOSE

The purpose of this Investment Policy Statement (“IPS”) is to assist the Southern Virginia Diocesan Foundation (“Foundation”) and the Investment Advisor (“Bank of America, Private Bank”) in effectively supervising, monitoring and evaluating the management of the Foundation's assets known collectively as the Diocesan Composite Fund (“Fund”). The Foundation's investment program is defined in the various sections of the IPS by:

1. Stating in a written document the Foundation's attitudes, expectations, objectives and guidelines for the investment of the Fund.
2. Setting forth an investment structure for managing the Fund. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon.
3. Establishing formal criteria to select, monitor, evaluate and compare the performance results achieved by the Investment Managers on a regular basis.
4. Encouraging effective communications among the Foundation, The Private Bank and Investment Managers.
5. Complying with all applicable fiduciary, prudence and due diligence requirements experienced investment professionals would utilize and with all applicable laws, rules and regulations from various state and federal entities that may impact the Fund.

BACKGROUND

Mission Statement

The purpose of the Foundation is to receive, hold, invest and manage the contributions delivered to the Foundation by the Diocese and any parish, congregation, mission or agency within the Diocese of Southern Virginia that desires investment management assistance, holding the assets in the Fund.

STATEMENT OF OBJECTIVES

The objectives of the Foundation have been established in conjunction with a comprehensive review of current and projected financial requirements. The objectives are:

1. Maintain the purchasing power of the current assets and all future contributions.
2. Maximize return within reasonable and prudent levels of risk.
3. Maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy, while still having the potential to produce positive real returns.

Time Horizon

The Foundation's investment guidelines for the Fund are based upon an investment horizon of greater than ten years. Therefore, interim fluctuations should be viewed with appropriate perspective.

Risk Tolerances

The Foundation recognizes and acknowledges that some risk must be assumed in order to achieve the long-term investment objectives of the Foundation and that there are uncertainties and complexities associated with contemporary investment markets.

In establishing the risk tolerances for this IPS, the Foundation considered its ability to withstand short- and intermediate-term variability. The Foundation's prospects for the future, current financial condition and level of funding in the Fund suggest collectively some interim fluctuations in market value and rates of return may be tolerated with the Fund in order to achieve longer-term objectives.

ASSET ALLOCATION GUIDELINES

The Foundation believes that long-term investment performance, in large part, is primarily a function of asset class mix. The Foundation has reviewed the long-term performance characteristics of the broad asset classes, focusing on balancing the risks and rewards.

History shows that while interest-generating investments, such as bond portfolios, have the advantage of relative stability of principal value, they provide little opportunity for real long-term capital growth due to their susceptibility to inflation. On the other hand, equity investments, such as common stocks, clearly have a significantly higher expected return but have the disadvantage of much greater year-by-year variability of returns. From an investment decision-making point of view, this year-by-year variability may be worth accepting, provided the time horizon for the equity portion of the portfolio is sufficiently long (ten years or greater).

Alternative investments (private equity, buyout, mezzanine debt, real estate, oil and gas, timber, hedge funds and other special situations) are expected to reduce the Foundation's reliance on traditional investment strategies while providing competitive performance. The alternative investments will serve a variety of roles within the overall structure ranging from providing further risk reduction to enhancing returns. In aggregate, alternative investments offer the potential to improve the overall risk return profile of the Fund. Accordingly, the Foundation will generally maintain exposure in the following classes of assets between the ranges shown:

	Lower Limit	Upper Limit	Strategic Target
Equity	35%	75%	60%
<i>Domestic Large-Cap Equity</i>	5%	75%	25%
<i>Mid-Cap Equity</i>	0%	22%	12%
<i>Small-Cap Equity</i>	0%	17%	7%
<i>International Equity</i>	0%	21%	11%
<i>Emerging Markets</i>	0%	15%	5%
Fixed Income	0%	40%	28%
<i>Investment Grade</i>	0%	31%	22%
<i>International Developed Bonds</i>	0%	13%	3%
<i>High Yield</i>	0%	11%	3%
Hedge Funds	0%	10%	0%
Private Equity	0%	10%	7%
Real Estate	0%	8%	0%
Commodities	0%	6%	0%
Cash Equivalent	0%	20%	5%

Performance Benchmarks and Measurement:

The portfolio will be monitored in comparison to the blended benchmark made up of:

70%	MSCI ACWI
25%	Barclays Intermediate A+ Gov/Credit
5%	ICE BofAML 0-3 Month T-Bills

Rebalancing Strategy:

The actual investments may at times fall outside of these ranges for a variety of reasons. In determining whether to rebalance, we assess the current situation and take appropriate actions consistent with the investment authority of the account. Rebalancing timing and magnitude will reflect considerations that may include (1) tactical targets that may be tilted toward the upper or lower end of the stated range (2) the expected risk and return of the portfolio (3) liquidity terms of subject investments (4) tax considerations (5) distribution needs in the portfolio and (6) other appropriate factors.

Investment Advisor

The Foundation shall retain an investment advisory firm (Bank of America, Private Bank) to proactively assist the Foundation in its activities. The Private Bank is expected to be proactive in recommending changes in investment strategy and asset allocation if the situation warrants change.

The responsibilities for Bank of America, Private Bank are as follows:

1. Assist in the development of investment policies, objectives, and guidelines;
2. Prepare asset allocation analyses as necessary and recommend asset allocation strategies with respect to the Foundation's objectives;
3. Select new and additional Investment Managers (including search and selection);
4. Prepare and present performance evaluation reports, including appropriate benchmark and peer comparisons;
5. Attend Foundation meetings to present evaluation reports no less than semi-annually and at other meetings as requested;
6. Provide research on specific issues and opportunities and assist the Foundation in special tasks;
7. Assist in portfolio rebalancing;
8. Notify the Foundation of any significant changes in personnel, ownership or management style or significant events occurring with respect to any Investment Management hired by the Foundation;
9. Notify the Foundation immediately of any litigation or violation of securities regulations in which any Investment Manager is involved; and
10. Overall, be proactive with the Administration of the Foundation and the Foundation in the management of the Foundation.
11. When selecting potential Investment Managers, the Private Bank will compile:
 - a. Historical quarterly performance calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style, and reported net and gross of fees. AIMR compliant performance is preferred.
 - b. Performance evaluation reports that illustrate the risk/return profile of the Investment Manager relative to other Investment Managers of like investment style.
 - c. Information on the history of the firm, key personnel, key clients, fee schedule and support personnel.
 - d. The investment strategy that will be followed and documentation that the strategy has been adhered to over time.

Investment Managers

The specific duties and responsibilities of each Investment Manager are to:

1. Manage the assets under its supervision in accordance with the guidelines and objectives outlined in their respective service agreements or prospectuses.
2. Exercise full investment discretion with regards to buying, managing and selling assets held by them.
3. Vote promptly all proxies and related actions in a manner consistent with the long-term interest and objectives of the Fund as described in this IPS. Each Investment Manager shall keep detailed records of the voting of proxies and related actions and will comply with all applicable regulatory obligations.
4. Communicate to the Private Bank all significant changes pertaining to the fund it manages or the firm itself. Changes in ownership, organizational structure, financial condition and professional staff are examples of changes to the firm in Maintain separate accounts by legal registration.
5. Effect all transactions for the Fund subject "to best price and execution."

Custodian

The Custodian is responsible for the safekeeping of the Foundation's assets. The specific duties and responsibilities of the Custodian are to:

1. Maintain separate accounts by legal registration.
2. Value the holdings.
3. Collect all income and dividends owed to the Fund.
4. Settle all transactions (buy-sell orders) initiated by the Investment Managers.
5. Provide monthly reports that detail transactions, cash flows, securities held and their current value and change in value of each security and the overall Fund since the previous report.

CONTROL PROCEDURES

The Foundation acknowledges fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Recognizing that short-term fluctuations may cause variations in performance, the Foundation intends to evaluate manager performance from a long-term perspective.

The performance of the Investment Managers will be monitored on an ongoing basis, and the Foundation may, in its discretion, replace a manager at any time.

INVESTMENT POLICY REVIEW

The Foundation will review this IPS periodically to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

Sean Neary, Portfolio Manager

Date

Samuel J. Webster

Date

Hugh L. Patterson

Date

John A. Fogarty

Date

Judy Dobson

Date