

Episcopal Diocese of Indianapolis
Investment Policy Statement
March 2022

INTRODUCTION AND STATEMENT OF PURPOSE

Introduction

The Episcopal Diocese of Indianapolis (“the Diocese”) endeavors to protect and grow the assets of its Unrestricted Fund and Special Funds in support of its communities, members, churches, and mission:

The Episcopal Diocese of Indianapolis (the “Diocese”) is called by Christ to welcome and witness in central and southern Indiana. Grounded in God’s love in Christ, the Diocese and its people:

- Serve as beacons of Christ in central and southern Indiana and beyond
- Offer a generous invitation and welcome
- Stand with the vulnerable and marginalized to transform systems of injustice
- Connect with other Episcopalians, ecumenical and interfaith partners, and advocacy groups
- Develop clergy and laity to lead the church of today and tomorrow.

Statement of Purpose

This Investment Policy Statement (“IPS”) has been adopted by the Executive Council (“the Council”) of the Diocese in order to provide a framework to be followed by the Investment and Finance Committee (“the Committee”), the investment consultant, the investment managers, and the custodian(s) in the execution of their responsibilities with respect to the investment of the Unrestricted Fund, Growth Special Fund, and Balanced Special Fund (collectively, “the Funds”). The purpose of this document is to:

- Define and assign the responsibilities of all involved parties.
- Foster a clear understanding among all involved parties of the investment goals and objectives of the Diocese.
- Communicate the investment time horizons over which the Funds will be managed.
- Communicate relevant constraints and unique considerations for the investment of the Funds.
- Establish target asset allocations and rebalancing procedures.
- Prescribe a methodology and criteria for hiring and replacing investment managers.
- Specify guidelines for the investment managers regarding the investment of the Funds.
- Establish a basis for evaluating investment results.

In general, this IPS is designed to outline a governance philosophy to facilitate strong investment stewardship of the Funds. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical. This document is intended to serve as a reference tool, an operating code, and a communication link between the Council, Committee, investment consultant, investment managers, and custodian(s).

Diocesan Policy on Principles of Responsible Investing

In alignment with the five pillars of our mission, the Diocese intends to responsibly invest our assets in support of our communities and the ongoing viability of our ministries. The Executive Council believes it is prudent to consider risks and opportunities related to the strength or weakness of environmental, social, and governance practices which may reasonably be expected to favorably impact the financial performance of the Funds over longer investment periods. Therefore, the Council directs the Committee to supplement other financial considerations, such that investment decisions will also be guided by the following general principles:

- Offer a generous invitation and welcome (equity and inclusion)
- Stand with the vulnerable and marginalized (respect for human dignity)
- Transform systems of injustice (social justice)

- Care of creation

The implementation of these principles may utilize a variety of different strategies including but not limited to Avoidance (ex. Negative Screening) and Affirmative Investing (ex. Positive Screening or Impact). To that end, the Committee is directed to take such actions that are necessary to meet the Responsible Investing objectives identified in *Addendum E* of this IPS. The Funds' investment managers are directed to review and adhere to the responsible investing guidelines outlined in *Addendum E*.

DELEGATION OF RESPONSIBILITIES

The Executive Council's Authority and Responsibilities

The Council has ultimate authority over the stewardship of the Diocese's assets, including the preservation and growth of the investments of the Funds while adhering to the five pillars of our mission as stated in the Introduction. The Council will oversee the Committee, to which it has delegated authority to invest the Funds in accord with this IPS. With respect to the Funds, the Council will be responsible for the following:

- Establishing such investment policies it deems necessary to support the growth and preservation of the Funds and the Diocesan principles.
- Providing general guidance to the Committee on the Diocese's priorities for socially responsible investment themes and goals.
- Approving this IPS.
- Formally reviewing, with the guidance of the Committee, no less than every three years, the continued appropriateness of this IPS and adopting any necessary changes. The Council may amend this IPS at any time to ensure it remains supportive of the Diocese's mission. Amendments to this IPS require adoption by the Council with the exception of maintenance of its addendums. Maintaining updated addendums is delegated to the Committee to facilitate timely decision-making. The Council will review such changes to the addendums when reported by the Committee.
- Selecting an investment consultant to assist the Committee in the oversight of the investment program.

The Investment and Finance Committee's Authority and Responsibilities

Responsibility for investment of the Funds is delegated to the Committee. The Committee will conduct its responsibilities with the care, skill, and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose. The Committee may delegate functions that a prudent entity acting in a like capacity and familiar with those matters could properly delegate under the circumstances. The Committee shall discharge its responsibilities with respect to the Funds solely in the interest of the Diocese. The Committee will be responsible for the following:

- Complying with applicable laws, regulations, and rulings.
- Acting in accord with this IPS.
- Selecting and monitoring qualified investment managers.
- Selecting and monitoring qualified custodian(s).
- Assisting the Council in selecting and monitoring the investment consultant.
- Establishing and periodically reviewing the appropriateness of the Funds' target asset allocations.
- Regularly rebalancing the Funds to maintain alignment with the target asset allocations.
- Monitoring and evaluating investment performance and compliance with this IPS.
- Reviewing and monitoring all costs pertaining to investment management.
- Formally reviewing this IPS and recommending any changes to the Council no less than every three years, or more frequently if need dictates. Amendments to the body of the IPS require Board approval.
- Updating the addendums to this IPS to reflect changes in the target asset allocations, responsible investing guidelines, or investment professionals. Updates to the addendums of the IPS do not require

advance Council approval, but timely notification to the Council of such changes is required to preserve transparency.

The Investment Consultant's Authority and Responsibilities

The Council has hired an investment consultant (*see Addendum D*) to assist in its oversight of the Funds. The investment consultant will be responsible for the following:

- Complying with applicable laws, regulations and rulings.
- Assisting the Committee with the selection of investment managers and custodians.
- Notifying the Committee if prospective investments are expected to incur material amount of UBIT.
- Providing independent and unbiased information to the Committee.
- Independently calculating investment performance and reconciling that performance versus that reported by the investment managers.
- Providing timely, written reports to the Committee which summarize the performance and positioning of the Funds' investments, on at least a quarterly basis.
- Monitoring and evaluating investment performance and investment manager compliance with this IPS. This includes meeting with the Committee and conducting ongoing due diligence on investment managers.
- Monitoring and evaluating the performance of the Custodian and its compliance with this IPS and the supporting instructions and agreements.
- Developing capital markets assumptions to assist the Committee in selecting target asset allocations consistent with the return objectives, risk tolerances, time horizons, and constraints of the Funds.
- Reviewing and suggesting changes, as needed, to the Funds' target asset allocations, to the investment managers and strategies, and to this IPS.
- Promptly informing the Committee regarding significant matters pertaining to the investment of the Funds.
- Promptly notifying the Committee of any material changes to the investment consultant's organization or service team.
- Performing any other duties as detailed in the agreement with the Diocese.

The Investment Manager's Authority and Responsibilities

The Committee will select competent, registered professional investment managers (*see Addendum C*) to manage the assets of the Diocese. The investment managers will be responsible for the following:

- Complying with applicable laws, regulations and rulings.
- Reviewing and adhering to the responsible investing guidelines outlined in Addendum E.
- Exercising the proxy voting rights on securities held in its portfolio. All proxies are assets of the Diocese and will be voted exclusively in the best interest of the Diocese. Investment managers will maintain written policies for proxy voting and keep a record of all proxies to which the Diocese is entitled.
- Seeking best pricing and execution in trading securities of the Diocese.
- Providing timely, written reports to the Diocese and its investment consultant, on at least a quarterly basis.
- Promptly informing the Diocese and its investment consultant of any significant changes in the ownership, organizational structure, investment strategy, portfolio design, or configuration of the investment team.
- Investing the Diocese's assets in accordance with the prospectus or relevant offering document. In the case of separately managed investments (i.e., not housed within a mutual fund, commingled fund, or other formalized structure), the investment manager will exercise discretion for selection of the securities which they manage on behalf of the Diocese but within the parameters set forth in this IPS and its addendums.
- Informing the Committee and investment consultant whenever they believe this IPS or the investment manager guidelines should be altered.

- Performing any other duties as detailed in the agreement with the Diocese, the prospectus, and/or other relevant offering documents.

The Custodian's Authority and Responsibilities

The Committee has retained a third-party custodian (see *Addendum D*) for the Funds' investments. The custodian will be responsible for the following:

- Complying with applicable laws, regulations and rulings.
- Holding and safeguarding the Funds' assets.
- Collecting the interest, dividends, distributions, redemptions, or any other amounts due to the Funds.
- Sweeping, on a daily basis, any uninvested cash received for the Funds into a predetermined money market fund or similarly conservative interest-bearing cash equivalent instrument.
- Preparing monthly summaries of transactions, asset values, and other related information as deemed appropriate.
- Processing of the requests for security purchase, sale and disbursement of funds in a timely fashion and in accordance with the requirements stated in the instruction provided by the Diocese.
- Performing any other duties as detailed in the agreement with the Diocese.

Conflicts of Interest

All parties responsible for the stewardship of the Diocese's assets shall disclose at the beginning of any discussion or consideration of the Council or Committee any relationships, material beneficial ownership, or other material interest(s) which the party has or may reasonably be expected to receive, with respect to any issue under consideration. The Council or Committee may require the party to remove themselves from the decision-making process. The intent of this provision is to prevent actions which are not taken solely in the interest of the Diocese.

INVESTMENT OBJECTIVES AND POLICIES

Principles of Responsible Investing

Investing in a manner that aligns with the diocesan mission (socially responsible investing) is an overarching diocesan objective. Meeting the objectives specified in Addendum E is considered as important as the financial return objectives specified below. Council understands that these objectives may sometimes be in conflict, and that meeting the diocese's social responsibility objectives may in some cases require accepting a concessionary investment return.

Certain investment parameters were considered in determining the Diocese's return objectives and risk tolerances each of its Funds, including:

Investment Parameter	Description
Investment Time Horizon	The Diocese and its Funds are assumed to be of perpetual life with long-term objectives beyond the horizon of any single market investment cycle.
Liquidity Requirements	A portion of the Unrestricted Fund may be allocated to less liquid assets to optimize risk-adjusted returns. However, liquidity sufficient to support the Diocese's spending policy is required. The Balanced and Growth Special Funds will be substantially invested in liquid investment vehicles to ensure flexibility to accommodate the liquidity needs of participants.
Tax Classification	The Diocese is a tax-exempt nonprofit organization covered by the 501(c)(3) status of the Protestant Episcopal Church in the United States of America. Despite this status, it is subject to unrelated business income tax.

Primary Return Objectives

The Diocese will employ a total return approach, seeking to grow assets through both income and capital appreciation for each of the Funds. The Funds will endeavor to meet or exceed, after investment management fees, the following respective long-term, primary return objectives. The objectives should be met over the full market cycle.

Unrestricted Fund

The primary objective of the Unrestricted Fund is a real rate of return of 5.0% (i.e. inflation + 5.0%). Inflation is understood to mean the Diocese's inflation. Though, for the purpose of regular monitoring and reporting, CPI + 5.0% will serve as a more readily calculable proxy.

Growth Special Fund

The primary objective of the Growth Special Fund is a rate of return of 7.0%.

Balanced Special Fund

The primary objective of the Balanced Special Fund is a rate of return of 5.5%.

Secondary Return Objectives

In addition to the primary return objectives noted above, each of the Funds has a secondary objective to meet or exceed its respective Policy Benchmark. The Policy Benchmarks are customized to each Fund⁵

based on a weighted average blend of market indices representative of a passive implementation of each Fund's target asset allocation. This objective should be met over a full market cycle. The current compositions of the Policy Benchmarks are defined in *Addendum B.*

Risk Tolerances

The Diocese's risk tolerance is described below:

- Pursue a diversified target asset allocation to avoid assuming undue, uncompensated risk.
- Accept prudent levels of short- and long-term volatility consistent with near-term liquidity needs and long-term spending objectives of each Funds.
- Tolerate appropriate levels of downside risk relative to the Diocese's return objectives. In doing so, the investment consultant will structure diversified portfolios to mitigate the probability of underperforming the Diocese's target rates of return over the long-term.
- Accept certain variances in the target asset allocations of the Funds relative to the broader financial markets and peer groups.
- Exercise patience and tolerate certain levels of short-term underperformance by the Funds' investment managers while considering the forward-looking outlook.

Target Asset Allocation

Over the long-term, the strategic target asset allocation is expected to be the primary determinant of the Funds' risk levels and return potential. The Funds will be invested across various, less correlated asset classes in order to realize the benefits of diversification, namely the mitigation of risk. To that end, the Committee will evaluate the merits of individual asset classes based upon their expected impact to the risk and return profile of each Fund in its totality. The Committee, with the guidance of the investment consultant, shall adopt and maintain target asset allocations capable of meeting the Diocese's return objectives while taking risk into consideration. The current target asset allocations are found in *Addendum A* to this IPS.

The Committee, with the assistance of the investment consultant, will from time to time reevaluate the Funds' target asset allocations, considering changes as deemed prudent to pursue the return objectives. During this process, the Committee and the investment consultant will take into consideration investment time horizons, liquidity needs, anticipated spending plans, and any additional constraints. The investment consultant will provide relevant capital markets assumptions and seek to optimize the asset allocations.

Investment Program Evaluation

The Diocese's investment program will be evaluated by the investment consultant on approximately a quarterly basis. The investment consultant will meet with the Committee regularly to review any necessary changes and to report on the investment performance and structure of the Funds.

The investment consultant will promptly review any sizeable shortfall relative to the objectives outlined in this IPS. Moreover, the investment consultant will inform the Committee of any compelling reason to change any portion of this IPS or the target asset allocations due to investment market outlook or changes to the Diocese's investment program or structure.

Portfolio Rebalancing

The Committee, with the assistance of the investment consultant, will regularly monitor the Funds' positioning versus the target asset allocations. To maintain consistency with the target asset allocations, which are designed to achieve the long-term objectives of the Diocese, the Committee will rebalance the Portfolio as often as deemed prudent to realign the assets within the defined target asset allocation ranges (see *Addendum A*).

Maintenance of IPS Addendums

The addendums to the IPS specifically identify the current target asset allocations, policy benchmarks, investment managers and benchmarks, other relevant service providers, and responsible investing guidelines. Modifications of the addendums to the IPS do not require the IPS to be reapproved by the Council. Rather, the Committee is responsible for maintenance of the addendums and is delegated authority to approve of any

necessary changes, with the assistance of the investment consultant. Following updates, the Committee will inform the Council of such modifications on a timely basis.

Summary of Spending Policy

The assets of the Unrestricted Fund will support the operations of the Diocese as follows. A summary of the Diocese's spending policy is described as follows:

5.0% of the total market value of endowment assets. For smoothing purposes, the methodology for calculating spending amount will utilize the average end-of-period market value over twelve consecutive, trailing calendar quarters.

INVESTMENT PROCESS AND MANAGER EVALUATION

Investment Manager Selection Criteria

The Funds will be invested primarily through mutual funds, exchange-traded funds, separately-managed accounts, and/or commingled funds, which may include but are not limited to limited partnerships.

If the Committee determines, with the assistance of the investment consultant, that an investment manager or fund should be added or replaced, the Committee will evaluate potential alternatives utilizing, at a minimum, the below criteria:

- Overall organizational strength and investment professional tenure
- Well-articulated and consistent application of investment philosophy and process
- Portfolio characteristics and sector weightings relative to style benchmark
- Consistent performance history relative to style benchmark and industry style universe
- Strategy's long-term risk/reward profile compared to style benchmark and industry style universe
- Investment management fee competitiveness versus industry peers
- Capacity to invest in-line with socially responsible investing principles

Investment Manager Performance Monitoring

The Committee, with the assistance of the investment consultant, will evaluate the performance of investment managers on a regular, ongoing basis. Investment returns will be measured net of investment management fees. At a minimum, the following quantitative measures will be used as criteria for evaluating investment manager performance:

- For actively-managed portfolios, the investment manager is expected to meet or exceed performance of the assigned benchmark over a full market cycle. For passively-managed (or indexed) portfolios, the investment manager is expected to minimize tracking error against the assigned benchmark over a full market cycle.
- The total return of the investment manager's portfolio is expected to rank at the median or above in the comparative peer universe over a full market cycle.
- The investment manager's portfolio's volatility, as measured by standard deviation over a full market cycle, is expected to be no greater than 120% of the assigned benchmark.

The investment managers and their respective assigned benchmarks are detailed in *Addendum C*.

To supplement these quantitative measures, the Committee may also consider qualitative factors in developing forward-looking views on investment managers. Notwithstanding these criteria, if prudent, the Committee may terminate or replace any investment manager at any time for any sound reason in service of the Diocese's investment objectives.

Investment Manager Evaluation Terminology

The following terminology has been developed by the investment consultant to facilitate communication among the investment manager(s), investment consultant and the Committee. Each term signifies a status with the investment program and any conditions that may require improvement.

“In-Compliance” – The investment manager is acting in accordance with the IPS.

“Alert” – The investment manager has experienced a deficiency in performance (usually related to a benchmark or volatility measure), a change in investment characteristics, an alteration in management style or key investment professionals, and/or any other irregularities.

“On Notice” – The investment manager has been notified of continued concern with one or more “Alert” issues. Failure to improve upon stated issues within a specific time frame justifies termination.

“Termination” – The Committee has decided to terminate the investment manager. The investment manager has been notified and transition plans are in place.

INVESTMENT MANAGER GUIDELINES

Mutual, Exchange-Traded, Commingled, or Pooled Funds and Limited Partnerships

Mutual, exchange-traded, commingled, or pooled funds, and limited partnerships may be used by the Funds. Investment managers of such investment vehicles must adhere to the written objectives and guidelines as established in the agreement, prospectus, or other governing offering documents. It is understood that the underlying holdings of these vehicles fall beyond the ability of the Committee to directly control.

U.S. Equity, Non-U.S. Equity, and Fixed Income General Guidelines (Separately Managed Accounts)

1. The investments shall be managed solely in the interest of the Diocese.
2. No use of private placements, venture capital, margin, leverage, securities not publicly traded, options, commodities, short sales, interest only, principal only, stripped mortgage-backed securities, forward contracts, futures contracts, swaps, and any other high risk/leveraged derivative investments unless written permission is expressly granted by the Committee or unless otherwise noted elsewhere in these guidelines.
3. Security purchases and sales must be executed on a best efforts basis with brokers or dealers selected by the investment manager. The investment manager's selection of a broker or dealer shall take into account such relevant factors as: (a) price and commission or bid/ask spread; (b) the broker's facilities, reliability, and financial responsibility; and (c) the ability of the broker to effect securities transactions, particularly with regard to such aspects thereof as timing, order size, and execution of orders. The manager shall make all reasonable efforts to obtain the most competitive rate.
4. The investment manager shall review and adhere to the Diocese's responsible investing guidelines (*see Addendum E*).

U.S. Investment-Grade Fixed Income Manager (Separately Managed Accounts)

1. The purchase of common stock, exchange-traded funds, or mutual funds is prohibited.
2. The average duration of the portfolio is not to vary more than +/-20% of the duration of the assigned benchmark (assigned benchmark denoted in *Addendum C*).
3. No single security, excluding U.S. Government and U.S. Agency securities, may comprise more than 3% of the portfolio's overall allocation after accounting for price appreciation.
4. No single U.S. Government or U.S. Agency security may comprise more than 10% of the portfolio's overall allocation after accounting for price appreciation.
5. No single issuer, excluding U.S. Government and U.S. Agency securities, may comprise more than 5% of the portfolio's overall allocation after accounting for price appreciation.
6. The weighted average credit quality of the overall portfolio may not be less than A rated. The investment manager will use the following methodology to determine security quality for the purpose of compliance:
 - If rated by Moody's, Standard & Poor's, Fitch, use middle ratings.

- If only rated by two of the aforementioned agencies, use lower rating.
 - If only rated by one of the aforementioned agencies, use that rating.
7. The purchase of below investment grade bonds (BB+ or below) is prohibited.
 8. If a security is downgraded to below investment grade by any of the rating agencies, the investment manager must notify the investment consultant and the Committee promptly (within 30 days) as to the security's information and the investment manager's recommended course of action in regard to the security.
 9. Investments in Rule 144a securities are permitted if i) the securities have registration rights requiring the issuer to swap the securities for fully registered publicly traded bonds, or ii) absent registration rights, a) the manager believes the securities to be as liquid as comparable publicly registered bonds, and b) the issuer or the issuer's parent has publicly traded equity, or if the issuer or the issuer's parent does not have publicly traded equity they are required by prospectus to make quarterly and annual financial statements available to bondholders that are substantially similar to the reporting requirements of a public company. Rule 144a securities may not make up more than 20% of the portfolio's overall allocations after accounting for price appreciation.
 10. Foreign securities are not permitted in the portfolio without prior written approval. However, the investment manager may hold up to 10% of its portfolio in U.S. dollar-denominated Yankee bonds of non-U.S. issuers.
 11. In aggregate, convertible bonds and preferred securities may not exceed 10% of the portfolio's overall allocation after accounting for price appreciation.
 12. In aggregate, money market funds, cash, or cash equivalents may not exceed 10% of the portfolio's overall allocation except for very short periods of time during trading activity.

U.S. Equity Manager – (Separately-Managed Accounts)

1. The portfolio should be invested in marketable equity securities only.
2. The portfolio must seek to be fully invested at all times with a 10% maximum allowable cash exposure at any one point in time.
3. Exchange-traded funds are permissible investments but shall be limited in aggregate to a maximum of 5% of the market value of the portfolio.
4. For a single investment manager portfolio, U.S. equity investments are limited, in any one company, to a maximum of the greater of 8% or the assigned benchmark's weighting at time of purchase of the market value of the portfolio (assigned benchmark denoted in *Addendum C*). If a security exceeds this limit due to instance of relative price depreciation in the rest of the portfolio, the security does not have to be sold immediately. However, the investment manager must promptly inform the Committee and investment consultant of its plan of action in relation to the security.
5. No foreign security will be allowed in the portfolio unless available in American Depository Receipts (ADRs) on a U.S. exchange, is primarily or exclusively traded on a U.S. exchange, or is included in the assigned benchmark. ADRs are limited to no more than 10% of an individual investment manager's portfolio on a market value basis.

6. No holding by an individual investment manager may represent more than 5% of the outstanding stock of the issuing company, and no purchase should be made with the intent of controlling management.

Non-U.S. Equity Manager – (Separately-Managed Accounts)

1. The portfolio should be invested in marketable common stock of non-U.S. corporations registered in countries represented in the assigned benchmark (assigned benchmark denoted in *Addendum C*).
2. The combined holdings of preferred stock and convertible bonds shall not exceed 10% of the market value of the portfolio.
3. Exchange-traded funds are permissible investments but shall be limited in aggregate to a maximum of 10% of the market value of the portfolio.
4. The use of a margin account at the custodian for positions in currency forwards and/or swaps is allowed for defensive currency risk management purposes only. Currency speculation is not permitted for other purposes.
5. The portfolio must seek to be fully invested at all times with a 10% maximum allowable cash exposure at any one point in time.
6. For a single investment manager portfolio, non-U.S. equity investments are limited, in any one company, to a maximum of the greater of 8% or the assigned benchmark's weighting at time of purchase of the market value of the portfolio. If a security exceeds this limit due to instance of relative price depreciation in the rest of the portfolio, the security does not have to be sold immediately. However, the investment manager must promptly inform the Committee and investment consultant of its plan of action in relation to the security.
7. Adequate country and currency diversification is required.
8. Exposure to emerging markets domiciled securities shall be limited to a maximum of 25% of the market value of the portfolio.
9. No holding within the individual investment manager's portfolio may represent more than 5% of the outstanding stock of the issuing company, and no purchase should be made with the intent of controlling management.

ADOPTION OF IPS

This IPS was adopted by the Executive Council on ____, 2022:

Episcopal Diocese of Indianapolis

By:
President - Executive Council

Date

By:
Treasurer - Executive Council

Date

ADDENDUM A – TARGET ASSET ALLOCATIONS

The Committee, with assistance from the investment consultant, has adopted target asset allocations consistent with the risk and return objectives of the Funds. The Committee will seek to maintain alignment of the Funds' assets with the respective target weightings, within the permissible ranges detailed as follows:

Unrestricted Fund:

Asset Class	Min	Target	Max
Total Cash and Equivalents	0.0%	0.0%	10.0%
Total Fixed Income	12.0%	22.0%	32.0%
US Investment-Grade Fixed Income	10.0%	15.0%	20.0%
Bank Loans	0.0%	3.5%	7.0%
High Yield	0.0%	3.5%	7.0%
Total U.S. Equities	30.0%	40.0%	50.0%
All Cap Equities	30.0%	35.0%	40.0%
Small Cap Equities	0.0%	5.0%	10.0%
Total Non-U.S. Equities	9.0%	19.0%	29.0%
Large Cap Equities	5.0%	10.0%	20.0%
Small Cap Equities	0.0%	4.5%	8.0%
Emerging Markets Equities	0.0%	4.5%	8.0%
Total Alternatives	0.0%	3.0%	8.0%
Volatility Risk Premium Defensive Equity	0.0%	3.0%	8.0%
Total Real Assets	5.0%	10.0%	15.0%
Public REIT's	0.0%	0.0%	5.0%
Private Real Estate	0.0%	5.0%	10.0%
Infrastructure	0.0%	5.0%	10.0%
Total Private Equity	0.0%	6.0%	11.0%
Private Equity Fund-of-Funds	0.0%	6.0%	11.0%

Growth Special Fund:

Asset Class	Min	Target	Max
Total Cash and Equivalents	0.0%	0.0%	10.0%
Total Fixed Income	10.0%	20.0%	30.0%
US Investment-Grade Fixed Income	5.0%	10.0%	15.0%
Bank Loans	0.0%	3.5%	7.0%
High Yield	0.0%	3.5%	7.0%
Emerging Markets Debt	0.0%	3.0%	5.0%
Total U.S. Equities	34.0%	44.0%	54.0%
All Cap Equities	34.0%	39.0%	44.0%
Small Cap Equities	0.0%	5.0%	10.0%
Total Non-U.S. Equities	11.0%	21.0%	31.0%
Large Cap Equities	6.0%	11.0%	21.0%
Small Cap Equities	0.0%	5.0%	8.0%
Emerging Markets Equities	0.0%	5.0%	8.0%
Total Alternatives	0.0%	5.0%	10.0%
Volatility Risk Premium Defensive Equity	0.0%	5.0%	10.0%
Total Real Assets	5.0%	10.0%	15.0%
Public REIT's	0.0%	5.0%	10.0%
Infrastructure	0.0%	5.0%	10.0%

Balanced Special Fund:

Asset Class	Min	Target	Max
Total Cash and Equivalents	0.0%	0.0%	10.0%
Total Fixed Income	35.0%	45.0%	55.0%
US Investment-Grade Fixed Income	30.0%	35.0%	40.0%
Bank Loans	0.0%	5.0%	10.0%
High Yield	0.0%	5.0%	10.0%
Total U.S. Equities	13.0%	23.0%	33.0%
All Cap Equities	13.0%	23.0%	33.0%
Total Non-U.S. Equities	7.0%	17.0%	27.0%
Large Cap Equities	7.0%	17.0%	27.0%
Total Alternatives	0.0%	5.0%	10.0%
Volatility Risk Premium Defensive Equity	0.0%	5.0%	10.0%
Total Real Assets	5.0%	10.0%	15.0%
Public REIT's	0.0%	5.0%	10.0%
Infrastructure	0.0%	5.0%	10.0%

ADDENDUM B – POLICY BENCHMARKS

The Policy Benchmarks for the Funds will be calculated based on the following weightings which are representative of each Fund’s respective target asset allocation:

Unrestricted Fund:

Weightings ¹	Component Benchmark
15.0%	Bloomberg US Aggregate
3.5%	Bloomberg High Yield
3.5%	Credit Suisse Leveraged Loans
35.0%	Russell 3000
5.0%	Russell 2000
10.0%	MSCI EAFE
4.5%	MSCI EAFE Small Cap
4.5%	MSCI EM
3.0%	CBOE Put Write
5.0%	NFI ODCE
5.0%	Bloomberg Global Aggregate
6.0%	Burgiss All Private Equity

Growth Special Fund:

Weightings ¹	Component Benchmark
10.0%	Bloomberg US Aggregate
3.5%	Bloomberg High Yield
3.5%	Credit Suisse Leveraged Loans
3.0%	JP Morgan EMBI Global
39.0%	Russell 3000
5.0%	Russell 2000
11.0%	MSCI EAFE
5.0%	MSCI EAFE Small Cap
5.0%	MSCI EM
5.0%	CBOE Put Write
5.0%	MSCI US REIT
5.0%	Bloomberg Global Aggregate

¹Temporary deviations from these weightings may be appropriate during periods of investment transition in order to reflect practical constraints on timing of implementation of the target asset allocation.

Balanced Special Fund:

Weightings¹	Component Benchmark
35.0%	Bloomberg US Aggregate
5.0%	Bloomberg High Yield
5.0%	Credit Suisse Leveraged Loans
23.0%	Russell 3000
17.0%	MSCI ACWI ex US
5.0%	CBOE Put Write
5.0%	MSCI US REIT
5.0%	Bloomberg Global Aggregate

¹Temporary deviations from these weightings may be appropriate during periods of investment transition in order to reflect practical constraints on timing of implementation of the target asset allocation.

ADDENDUM C – INVESTMENT MANAGERS

The Committee has selected the following investment managers to implement the target asset

allocations: **Unrestricted Fund:**

Asset Class	Investment Manager	Assigned Benchmark
Money Market Fund	First American Gov't. Obligations	91 Day US T-Bills
US Investment-Grade	JPMorgan Core Bond	Bloomberg US Aggregate
US Investment-Grade	Vanguard Interm-Term Bond Index	Bloomberg US Int Govt/Credit
High Yield Bonds	Vanguard High Yield Corporate Bond	Bloomberg High Yield
Bank Loans	Credit Suisse Floating Rate	Credit Suisse Leveraged Loans
US Equities	RhumbLine Advisers	Russell 3000
US Equities	Fidelity 500 Index	S&P 500
US Equities	Fidelity Mid Cap Index	Russell Midcap
US Equities	Fidelity Small Cap Index	Russell 2000
Non-US Equities	Fidelity Global ex US Index	MSCI ACWI ex USA
Non-US Equities	iShares MSCI EAFE Small Cap	MSCI EAFE Small Cap
VRP Defensive Equity	Parametric	CBOE Put Write
Public REIT's	Fidelity Real Estate Index	MSCI US REIT
Private Real Estate	Principal Enhanced Property	NFI-ODCE
Infrastructure	Cohen & Steers Global Infrastructure	Bloomberg Global Aggregate
Infrastructure	JPMorgan Infrastructure Investment	Bloomberg Global Aggregate
Private Equity FoF	Partners Group Evergreen II	Burgiss All Private Equity

Growth Special Fund:

Asset Class	Investment Manager	Assigned Benchmark
Money Market Fund	First American Gov't. Obligations	91 Day US T-Bills
US Investment-Grade	Vanguard Interm-Term Bond Index	Bloomberg US Int Govt/Credit
High Yield Bonds	Vanguard High Yield Corporate Bond	Bloomberg High Yield
Bank Loans	Credit Suisse Floating Rate	Credit Suisse Leveraged Loans
EM Debt	Payden & Rygel	JP Morgan EMBI Global
US Equities	RhumbLine Advisers	Russell 3000
US Equities	Fidelity 500 Index	S&P 500
US Equities	Fidelity Mid Cap Index	Russell Midcap
US Equities	Fidelity Small Cap Index	Russell 2000
Non-US Equities	Fidelity Global ex US Index	MSCI ACWI ex USA
Non-US Equities	iShares MSCI EAFE Small Cap	MSCI EAFE Small Cap
VRP Defensive Equity	Parametric	CBOE Put Write
Public REIT's	Fidelity Real Estate Index	MSCI US REIT
Infrastructure	Cohen & Steers Global Infrastructure	Bloomberg Global Aggregate

Balanced Special Fund:

Asset Class	Investment Manager	Assigned Benchmark
Money Market Fund	First American Gov't. Obligations	91 Day US T-Bills
US Investment-Grade	Vanguard Interm-Term Bond Index	Bloomberg US Int Govt/Credit
High Yield Bonds	Vanguard High Yield Corporate Bond	Bloomberg High Yield
Bank Loans	Credit Suisse Floating Rate	Credit Suisse Leveraged Loans
US Equities	RhumbLine Advisers	Russell 3000
US Equities	Fidelity 500 Index	S&P 500
US Equities	Fidelity Mid Cap Index	Russell Midcap
US Equities	Fidelity Small Cap Index	Russell 2000
Non-US Equities	Fidelity Global ex US Index	MSCI ACWI ex USA
Non-US Equities	iShares MSCI EAFE Small Cap	MSCI EAFE Small Cap
VRP Defensive Equity	Parametric	CBOE Put Write
Public REIT's	Fidelity Real Estate Index	MSCI US REIT
Infrastructure	Cohen & Steers Global Infrastructure	Bloomberg Global Aggregate

ADDENDUM D – OTHER SERVICE PROVIDERS AND INFORMATION

Service Role	Service Provider
Custodian	US Bank, N.A.
Investment Consultant	Marquette Associates, Inc.
Auditor	KSM
Legal Counsel	Plews, Shadley, Racher & Braun

Organization Name: Episcopal Diocese of Indianapolis

Organization Type: Tax Exempt Organization as described in IRC Section 501(c)(3) covered by the status of the Protestant Episcopal Church in the United States of America (Federal Tax ID 31 -1629166 and Group Exemption Number 3741)

Location: Indianapolis, IN

Federal Tax ID: 35-0915468

Fiscal Year End: December 31

ADDENDUM E – RESPONSIBLE INVESTING GUIDELINES

In concert with the Responsible Investing Principles and guidance from the Executive Council, the Committee has identified specific categories of securities for Avoidance (i.e. negative screen) or Affirmative Investing (i.e. positive screen and impact). Investment managers are expected to adhere to these guidelines for all securities held in the Diocese’s name. Additional categories may be added in the future.

Avoidance Guidelines

Investment managers shall avoid investment in the following categories of securities:

Avoidance Category	Corresponding Principle
For-profit prison operators	Stand with the vulnerable and marginalized; Transform systems of injustice.
Tobacco & E-Cigarettes (>10% of Revenue)	Stand with the vulnerable and marginalized.
Gambling (>10% of Revenue)	Stand with the vulnerable and marginalized.
Pornography	Stand with the vulnerable and marginalized.