

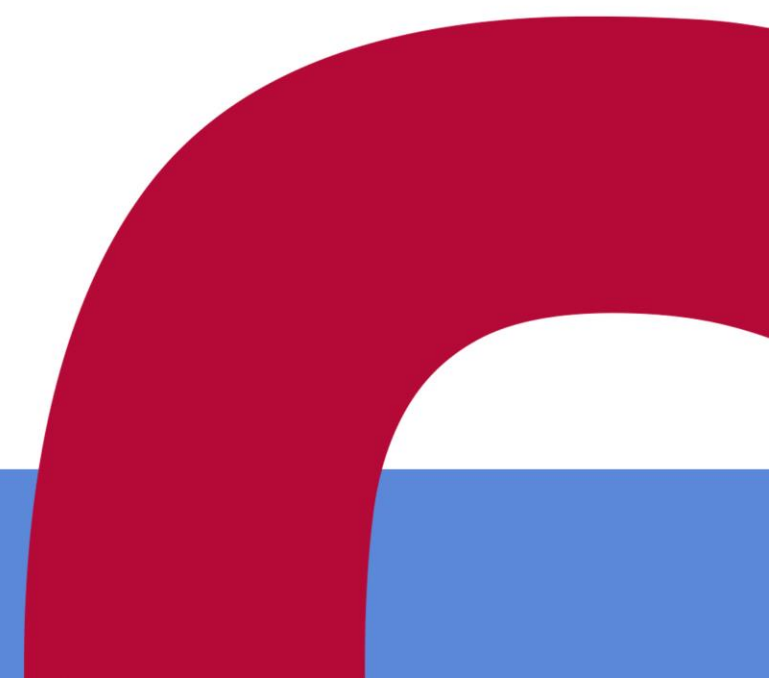
The Episcopal Diocese of Western Michigan Diocesan Investment Fund

Introduction and Overview

December 7, 2022

ecf

EPISCOPAL CHURCH FOUNDATION



DIOCESAN INVESTMENT FUND ("DIF")

- Collective investment program
- Endowment and other long-term assets
- For the Diocese, and for churches and church-related organizations
- Overseen by the Diocesan Investment Committee
- Now invested with the Episcopal Church Foundation / State Street Global Advisors
- Each church participant has own sub-account

EPISCOPAL CHURCH FOUNDATION ("ECF")

- Independent, lay-led nonprofit founded in 1949
- Sole mission is to support Episcopal organizations
- Large endowment management program for 24 years
- Three-parts - ***structure, investment, giving***
- Key facts:
 - \$458 million from 324 clients
 - 15 diocesan clients
 - Investment management/custody through State Street Global Advisors

DIF BENEFITS

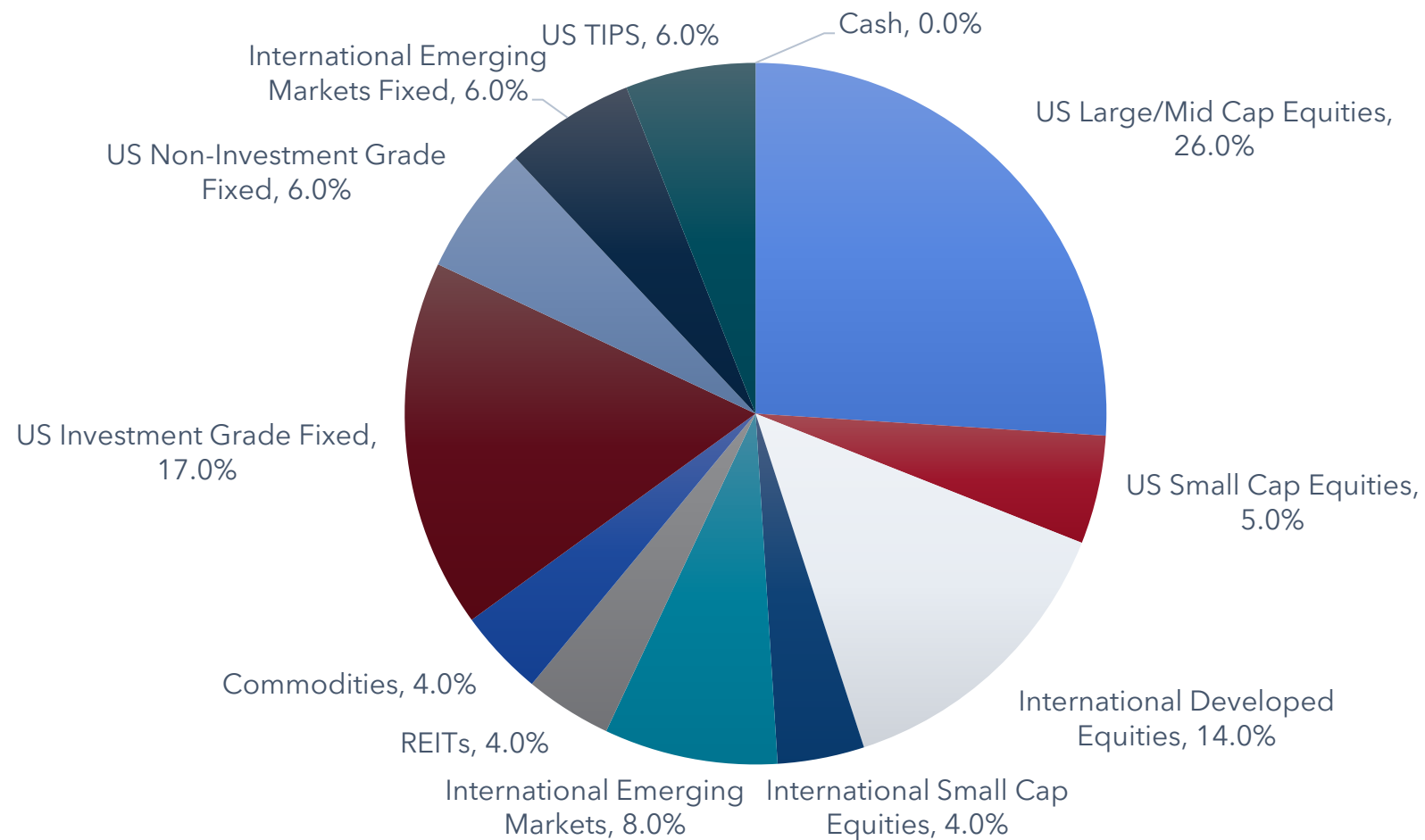
- World class investment management
- Low cost by investing together
- Diocesan Investment Committee oversight
- Reduces operational burden on local church leaders

DIF BENEFITS...continued

- Church freedom to use funds as permitted
- No restrictions on timing or amount of withdrawals
- Regular detailed reporting
- Support to structure and grow funds

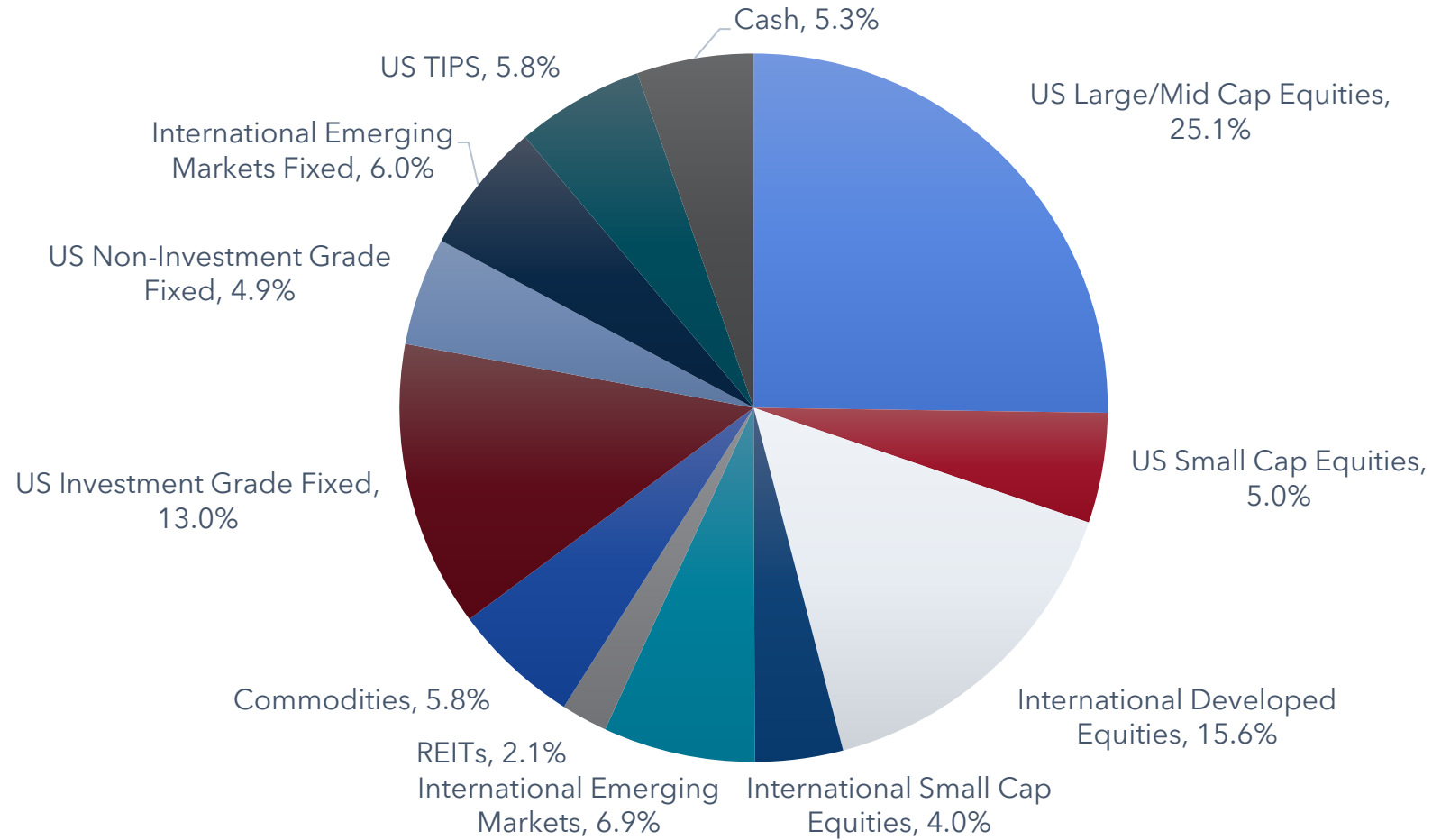
DIF PORTFOLIO

Strategic Asset Allocation



DIF PORTFOLIO

Current Asset Allocation



DIF PORTFOLIO

Asset Class	Strategic Allocation			Fund
	Low	65/35	High	
Equities				
US Large/Mid Cap	10%	26.00%	50%	iShares ESG Aware MSCI USA ETF (ESGU)
US Small Cap	0%	5.00%	15%	State Street Institutional Small Cap Fund (SIVIX)
International Developed Total	4%	14.00%	45%	
International Developed	0%	5.00%	15%	iShares ESG Aware MSCI EAFE ETF (ESGD)
International Developed	0%	4.50%	15%	SSGA International Alpha Select CTF
International Developed	0%	4.50%	15%	Harbor Diversified International All Cap Fund (HNIDX)
International Developed Small Cap	0%	4.00%	14%	SSGA Active International Small Cap CTF
International Emerging Markets Total	0%	8.00%	18%	
International Emerging Markets	0%	4.00%	14%	SSGA Active Emerging Markets CTF
International Emerging Markets	0%	4.00%	14%	Averdeen Emerging Markets Instl (ABEMX)
Global REITs	0%	4.00%	14%	SSGA Global Real Estate Index CTF
Commodities	0%	4.00%	14%	SSGA Bloomberg Roll Select Commodity Index CTF
Total Equities and Commodities	55%	65.00%	75%	
Fixed Income				
US Investment Grade	7%	17.00%	27%	iShares ESG Aware US Aggregate Bond ETF (EAGG)
US Intermediate Credit	0%	0.00%	10%	SSGA Intermediate US Credit Index CTF
US Non-Investment Grade	0%	6.00%	15%	SSGA US High Yield Custom BB/B ex 144A CTF
International Emerging Markets Fixed	0%	6.00%	15%	TCW Emerging Markets Income Fund (TGEIX)
US TIPS	0%	6.00%	15%	SSGA US TIPS Index CTF
Cash	0%	0.00%	10%	State Street Instit'l US Gov't Money Market Fund
Total Fixed Income and Cash	25%	35.00%	45%	

DIF INFORMATION

- Participant Guide
- Investment Policy Statement
- Quarterly Statement
- Quarterly Performance Report

From ECF:

Sample endowment policies
Endowment giving materials

QUARTERLY STATEMENT - SAMPLE

Treasurer
St. Peter's Episcopal Church

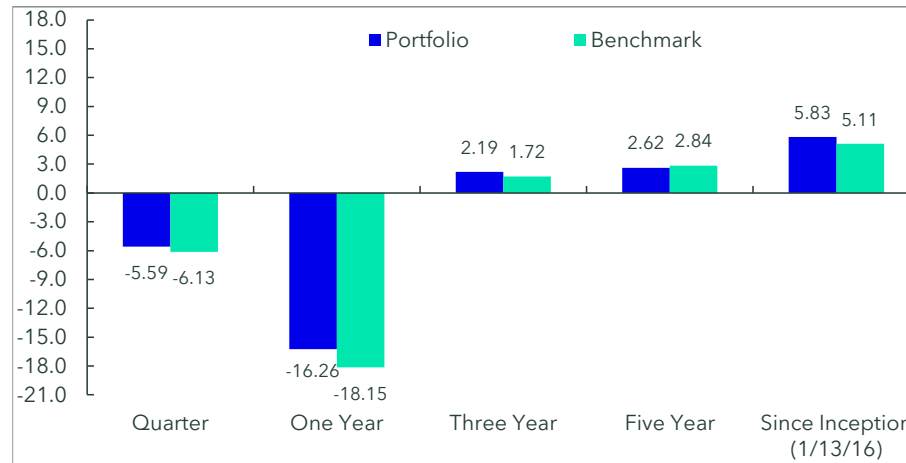
<u>Account Summary</u>	<u>Scholarship Fund</u>	
	<u>Quarter Ended</u> <u>June 30, 2021</u>	<u>Year-to-Date</u> <u>through</u> <u>June 30, 2021</u>
Beginning Market Value	\$ 32,661.41	\$ 31,271.86
Contributions	-	-
Withdrawals	-	-
Income:		
Dividends	20.33	33.68
Interest	0.40	0.59
Realized Gains (Losses)	1,307.50	1,749.09
Unrealized Gains (Losses)	660.91	1,692.70
Expenses:		
Fees	(27.78)	(125.15)
Ending Market Value	<u>\$ 34,622.77</u>	<u>\$ 34,622.77</u>

QUARTERLY PERFORMANCE REPORT - SAMPLE

DIOCESAN INVESTMENT FUND

- The Diocesan Investment Fund (DIF) is a collective investment program for the long-term endowment and investment assets of the Diocese of XXXX and its churches and other organizations.
- The DIF has been invested with the Episcopal Church Foundation and its investment manager, State Street Global Advisors (SSGA), since x/xx/16.
- The DIF is broadly diversified portfolio with a long-term strategic asset allocation of 70% equities and 30% fixed income.
- Over the long term, SSGA aims to outperform the portfolio's benchmark in two ways: tactically positioning the portfolio by over- or underweighting various asset classes within permissible ranges and including several actively managed funds in the portfolio.

FUND PERFORMANCE



SSGA ANALYSIS OF 3Q22

Economic Review

- After a strong start to the quarter, both equity and bond markets declined from August into September as central banks continued to fight inflation through interest rate hikes.
- The global economy faced challenges with persistent inflation, accelerated rate hikes, and ongoing supply shocks in addition to lingering energy problems.
- Global monetary tightening remained aggressive in September. 60 countries raised rates, the highest on record.
- Although gas prices eased, prices for shelter, food, medical, and electricity moved higher.
- Healthy consumers, strong corporate balance sheets combined with robust employment continue to provide support.

NEXT STEPS

- Review your investments
- Consider strategic questions -
investment goals / time horizon / risk tolerance / spending needs
- Is the DIF right for your church?
review IPS / Participant Guide
- Open a new account and transfer funds
ECF can help
- Update church policies as necessary

CONTACT INFORMATION

Diocese

George Morriss

Investment Committee Chair
morriss.george@gmail.com

ECF

Carsten Sierck

Director of Endowment Management
csierck@ecf.org

Brad Roberts

Associate Program Director
broberts@ecf.org

APPENDIX

EFFECTIVE COMMITTEES

Strategic	Delegate	Review	Report	Turnover
<ul style="list-style-type: none">• Focus on strategic issues• Investment strategy and asset allocation	<ul style="list-style-type: none">• Delegate portfolio management• Delegate tactical details	<ul style="list-style-type: none">• Ensure regular reports and meetings• Account statements• Performance reports with benchmarked returns over various time periods• Ask questions	<ul style="list-style-type: none">• Report regularly to vestry and congregation• Stay up to date on organizational budget and vision• Ensure plan for new endowment gifts	<ul style="list-style-type: none">• Set term limits• Ensure new members for leadership opportunities, renewed vigor, inclusion