Community of Christ

Office Policy

Statement of Investment Objectives, Policies and Guidelines: Balanced Investment Pool

Reference: Doctrine and Covenants 129:8a-f; 163:4a-c
World Conference Resolutions 1177, 1178, 1264.

Policy Number: 60.ZZ

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<u>Introduction</u>
These investment policies (inclusive of the separate Environmental, Social, and Corporate Governance Investment Policy) are an implementation document for the World Church Financial Policy stated in World Conference Resolution 1264 (Reference ***Appendix A*** of this Policy). All provisions in these investment policies are designed to be consistent with the World Church Financial Policy. The World Church Financial Policy will take precedence over any inconsistent provision that may be identified.

The **Presiding Bishopric**, as Trustees of International Church funds, relies on an **Investment Committee** to offer counsel to the Presiding Bishopric that assists in the decision-making process relative to investment policies and guidelines related to the church’s financial resources. In addition, the Presiding Bishopric has elected to engage the services of professional third-party investment management organizations to provide advisory/administrative (**Consultant**) and discretionary asset management (**Investment Manager**) services. Such services may be provided separately by different organizations or bundled and provided by the same organization. The Investment Manager implements the approved investment strategy by selecting one or more **Asset Class Managers** to manage the Balanced Investment Pool funds.

I. General Investment Policies of the Presiding Bishopric

The primary purpose of many institutional investment policies is monetary in nature. They focus on preserving and increasing the assets of their institutional funds with various levels of emphasis on risk and other factors that could affect their bottom line. The investment policies of the Presiding Bishopric, in its role as Trustee of International Church funds, have been expanded beyond strictly monetary concerns to ensure that our investment practices are consistent with the mission and values of the church.

A. Goals

1. Exercise faithful, prudent, and socially responsible stewardship in the management and use of all funds to support the mission of the church and its impact upon ministry to human need within the context of the message of Jesus Christ.

2. Finance both the church's immediate and long-range program by maintaining the availability and stability of its accumulated economic resources as well as the flow of current income through fiscally sound investment policies that provide reasonable risk and return while upholding the church's values of peace and justice for all people.

3. Preserve the church's principal and generate income.

4. Maintain the integrity of church funds by ensuring that each fund's assets are available for the purpose intended yet are in harmony with the provisions of the policies set forth herein and faithful to the mission of the church.

5. Stay apprised of current and evolving trends and issues related to the growing worldwide focus on environmental and social concerns – known collectively as Environmental, Social, and Corporate Governance (ESG) policies – and how they may influence the church's investment policies.[1]

B. General Policies of the Presiding Bishopric as Trustee

1. The primary function of the Presiding Bishopric is to prudently pursue principal appreciation for invested church funds while guarding against significant principal erosion during declining markets.

2. The Presiding Bishopric pursues a policy of utilizing advice from competent authorities and institutions on economic developments in the world. It makes use of various investment counseling resources, including the Community of Christ Investment Committee (Investment Committee), staff of the International Headquarters, an Investment Consultant and an Investment Manager.

3. The Presiding Bishopric is responsible for taking steps to evaluate companies or other entities in which investments are made to determine whether their activities are compatible with the church's investment policies. This responsibility is primarily upheld through the hiring of an Investment Consultant and Investment Manager.

4. The Presiding Bishopric maintains the integrity of church funds, which are usually earmarked for specific functions or activities, to ensure that each invested

[1] Community of Christ has a separate "Environmental, Social, and Corporate Governance Investment Policy" to guide practices for general investments and those of the church's Defined Benefit Pension Trust. Access the ESG Investment Policy at [enter URL here]

fund's assets are available for the purpose intended. Where it seems advantageous to do so, the Presiding Bishopric may pool the assets of two or more church funds in a single investment vehicle. However, the portion of each church fund involved in a pooled investment is clearly documented so that proceeds from asset sales, dividends or other disbursements are allocated correctly.

5. The First Presidency may request information on investments included in the church's portfolio at any time.

6. In making investment and related decisions, the Presiding Bishopric is guided by the *reasonable and prudent* rule (a recognized principle of law) as it applies to the management of funds. This means that the Presiding Bishopric exercises ordinary business care and prudence in light of circumstances prevailing at the time a decision is made.

7. In all matters relating to the investment of church funds, the Presiding Bishopric complies with civil law at every level, including international, national, state and local.

C. Principles in Decision Making

The Presiding Bishopric incorporates the following into its decision-making process, as appropriate:

1. *Balance.* Utilize a proper mix of decision-making principles, applying those that are most relevant to each situation, to achieve the overall investment objectives of preserving principal and generating income.

2. *Diversification*. A method of spreading and ultimately limiting risk by mixing various investment vehicles and characteristics (e.g., real estate, equities, bonds, differing quality ratings, maturity dates, industries, entities).

3. *Flexibility*. Adapt to a changing investment climate and the dynamics of the International Church program.

4. *Liquidity*. Ease with which investments may be converted into cash.

5. *Marketability*. The existence of a ready market for the sale of an asset.

6. *Quality*. The rating placed on investment securities by a recognized agency.

7. *Risk.* The degree of uncertainty, the possibility of loss, or volatility in returns.

8. *Environmental, Social, and Corporate Governance (ESG).* A widely accepted term addressing socially responsible investment practices.

9. *Stewardship*. The exercise of financial, ethical, and legal fiduciary responsibility.

10. *Divinity*. Principle that guides all understanding and decisions.

D. Review and Modification of the Investment Policies

1. The Investment Committee reviews the Investment Policies annually and, due to changing circumstances, may make recommendations for changes.

2. Changes to the general policies and guidelines are approved by the First Presidency and Presiding Bishopric.

3. Changes to the addendums containing specific manager guidelines are approved by the Presiding Bishopric.

E. Guidelines for Interpreting Current ESG Investment Policies are found in the separate ESG Investment Policy.

F. Metrics for Monitoring/Reporting on the Implementation of General Investment Policies

1. Investment results being reported on no less than an annual basis, and

2. Continual efforts to improve and enhance reporting as related to investment policies, guidelines, and metrics.

3. The Presiding Bishopric, Investment Committee, staff of the International Headquarters, the Consultant, and Investment Manager participate in overseeing the implementation of General Investment Policies.

II. Guidelines and Procedures for the Investment of World Church Funds

A. Objectives

The investment objectives of the Presiding Bishopric are as follows:

1. Contribute to the current and future operations of the Church through a flow of interest, dividends, and capital gains;

2. Provide for principal appreciation while guarding against significant principal erosion during declining markets.

B. Policies

1. Diversification of assets will ensure that adverse or unexpected results from a security class will not have an excessively detrimental impact on the entire portfolio, including the following types of diversification:

    a. Asset type

b. Performance and risk characteristic
c. Number of investments, and
d. Investment styles of the management organizations (if appropriate).

2. Asset classes and ranges considered appropriate for investment of Church assets are determined by the Presiding Bishopric, taking into consideration the input from the Investment Committee, Consultant, and Investment Manager, as well as the specific attributes of the Asset Class Manager and implementation guidelines detailed herein.

4. Investment management may be delegated to one or more Asset Class Managers. Such manager(s) will operate within a set of guidelines, objectives and constraints which are attached hereto. The Church will follow the policy that, except for established guidelines detailed herein and unusual circumstances, no restrictions will be placed on the selection of individual investments by the Asset Class Managers of International Church funds.

5. The Asset Class Managers are expected to earn the highest possible rate of return consistent with the risk tolerance of the appropriate investment fund.

6. Use of Derivatives

   a. It is the intent of the Presiding Bishopric to allow the use of derivatives for specifically stated purposes.

   b. Prior to their use, the Asset Class Manager will work through the Investment Manager to seek approval of the Presiding Bishopric by presenting the following information:

      i. Identify the purpose for the derivative exposure
      ii. The Asset Class Manager must demonstrate expertise, strategy and internal controls to effectively manage the derivative positions.

   c. Failure to demonstrate the use and purpose of derivatives will preclude their use in the portfolio.

   d. Once a derivative is approved, all derivatives of the same type may be used by the Asset Class Manager until such time as the Presiding Bishopric withdraws its approval.

   e. Consultant or Investment Manager communication requirements to the Presiding Bishopric while using derivatives:

      i. The Asset Class Manager must have a written policy in place regarding the use and purpose of derivatives.

      ii. No less than each quarter, or upon request from the Presiding Bishopric, the Consultant or Investment Manager, using information from the Asset Class Manager, will outline the derivatives currently in use in the portfolio and include an affirmative statement identifying that the manager is in compliance with its stated policy and guidelines.

f. At no time will derivatives be used to speculate with investment funds.

g. At no time will Asset Class Managers introduce leveraged derivatives into the portfolio.

h. No more risk should be assumed when employing derivatives than would otherwise have been experienced by investing in the underlying security.

7. Community of Christ managed real estate investments, separate from any private real estate allocation managed by an outside money manager, may not be held as assets in the Balanced Investment Pool assets.

C. Guidelines and Procedures for the Balanced Investment Pool

1. Objectives

These guidelines and procedures are for the use of the Presiding Bishopric in investing the resources designated as the "Balanced Investment Pool." Assets in the Balanced Investment Pool include longer-term investments of the Church and investments of affiliates designated to the Balanced Investment Pool

2. Guidelines

a. The Presiding Bishopric and Investment Committee will conduct an Asset Allocation Study no less than every four years. The Study will review investment concepts, identify appropriate risk tolerances, and determine the appropriate asset classes using both strategic and secular expected returns, standard deviations, and correlations.

b. The results of the Study will be asset class targets and percentage ranges for implementation and performance measurement. Percentage allocations are intended to serve as long-term guidelines; market conditions or an investment transition (asset class or manager) may require an interim investment strategy resulting in a temporary imbalance in asset mix.

c. The current asset allocation guidelines adopted by the Presiding Bishopric and Investment Committee are presented in Appendix B.

d. The posture in respect to risk is to assume a position of lowest risk with maximum total return.

e. Actual and target allocations will be formally reviewed no less than quarterly.

f. In the event that a tactical asset allocation Investment Manager is not used, ideally, actual and target allocations will be reviewed no less than monthly. At a minimum, they will be formally reviewed quarterly, in conjunction with review of first quarter performance. Each review will determine if action needs to be taken to rebalance any asset classes, especially those that are outside the minimums and maximums, back to the target range.

3. Performance

a. The total return of the Balanced Investment Pool will be measured using a three-year annualized return against the following benchmarks:

A. An absolute return objective of 8.0%, compounded annually.
B. An unmanaged market index with a blended average of leading market indices that correspond to the asset allocation model. The indices, with relative weighting, that comprise the unmanaged market index are found in Appendix B.
C. A relative return objective of the top half of Investment Manager's Universe of 50% equity/50% fixed income performance.

4. Implementation

a. The Presiding Bishopric and the Investment Committee use tactical asset allocation in the implementation of the Policy. Tactical asset allocation should help protect the portfolio from significant market shifts and add value to the portfolio. An asset allocation study established a target allocation using various asset classes as shown in Appendix B. Around these targets, ranges have been identified by the Presiding Bishopric and Investment Committee.

b. The Investment Manager has been authorized to manage the portfolio. The Investment Manager is authorized to tactically weight the various asset classes, within their respective ranges, using Investment Manager's expertise in identifying asset classes that may be over or undervalued. Investment Manager is also authorized to replace or add Asset Class Managers as appropriate.

c. Investment Manager's performance will be measured on the factors listed in Appendix B. III., along with various factors measuring:

i. Performance in up and down markets
ii. Performance on a risk-adjusted basis
iii. Performance against a Tactical Asset Allocation peer group

Appendix A

Relevant World Conference Resolutions

The following are World Conference Resolutions that relate to Socially Responsible Investing. (1990 Edition of Rules and Resolutions)

1177: Peace (1982)

"….IV. We, as a church, urge nations toward responsible reduction of the instruments of mass destruction. It is the urgent and sobering obligation of persons of goodwill to influence individuals, organizations, and governments everywhere toward this end…."

1178: Nuclear Arms Reduction (1982)

"…. we, as a church, through appropriate administrative representatives at every jurisdictional level…shall inform the appropriate governmental officials of the need for responsible reduction and eventual elimination of nuclear armament; and be it further
Resolved, that we, as a church, encourage our people to set aside one day per month to pray and fast for peace and disarmament: and be it further…
Resolved, that we, as a church, join with other organizations that are constructively promoting a reduction of instruments of mass destruction."

1264: World Church Financial Policy (2000)

World Church Financial Philosophy

The church, as a prophetic witness, called to be a worldwide church dedicated to the pursuit of peace, reconciliation, and healing of the spirit, will align its financial resources to fulfill its mission to proclaim Jesus Christ and promote communities of joy, hope, love, and peace.

World Church Financial Principles

Implementation of the World Church Financial Policy will

a. **reflect** the basic understanding of the disciple as steward accountable to God in the context of community and creation;
b. **celebrate** all gifts given in response to the ministry of Jesus Christ;
c. **recognize** that disciples' offerings are the foundational source of funding for church mission;
d. **combine** visionary leadership with the participation and common consent of a prophetic people;
e. **respond** to the scriptural witness of God's generosity by utilizing church assets flexibly, efficiently, and in a manner that maximizes impact on mission;
f. **provide** a strong financial foundation on which future generations of the church can build;
g. **operate** in a manner consistent with applicable laws and policies of both church and government; and
h. **require** wisdom, planning, and prudence.

Appendix B

Current Asset Allocation, Unmanaged Market Index Composition and Asset Class Manager Guidelines

I. Current Asset Allocation

No less than every four years, the Presiding Bishopric and Investment Committee conduct an Asset Allocation Study with the Investment Consultant and Investment Manager. The Study reviews investment concepts, identifies appropriate risk tolerances, and determines appropriate asset classes using both strategic and secular expected returns, standard deviations and correlations.

The following table presents the current asset class targets and ranges for implementation and performance measurement. Percentage allocations are intended to serve as long-term guidelines; market conditions or an investment transition (asset class or manager) may require an interim investment strategy resulting in a temporary imbalance in asset mix.

Asset Class	**Target Allocation (%)**	**Allowable Range (%)**
U.S. Large and Mid-Cap Equity	15.0%	10.0 – 20.0
U.S. Small Cap Equity	10.0	5.0 – 15.0
International Equity (Developed)	10.0	5.0 – 15.0
Emerging Market Equity	16.0	11.0 – 21.0
Short Fixed Income	3.0	0.0 – 6.0
Intermediate Fixed Income	6.0	2.0 – 10.0
High Yield Fixed Income	15.0	10.0 – 20.0
Emerging Market Fixed Income	7.0	2.0 – 12.0
Real Estate	15.0	12.0 – 18.0
Commodities	2.0	0.0 – 4.0
Cash	1.0	0.0 – 10.0

Refer to Section III of this Appendix, *Asset Class Manager Guidelines*, for parameters and limits to the particular asset class, as adopted by the Presiding Bishopric.

II. Unmanaged Market Index Composition

The total return of the Balanced Investment Pool will be measured using a three-year annualized return against three benchmarks, including an unmanaged market index comprised of the following indices:

Market Index	**Percentage (%)**
S&P 500 Index	15%
Russell 2000 Small Cap Index	10
MSCI EAFE Index	10
MSCI Emerging Markets Index	16
Bloomberg Barclays 1-3 Year Government Credit Bond Index	3
Bloomberg Barclays US Aggregate Bond Index	6
BofA Merrill Lynch U.S. High Yield Master II Index	15
NCREIF ODCE Index	15
EMBI Global Diversified Index (Emerging Markets Fixed Income)	7
Dow Jones Commodity Index	2
90-Day Treasury Bills	1
Total Unmanaged Market Index	**100%**

III. Asset Class Manager Guidelines

The Presiding Bishopric has adopted general and specific asset class manager guidelines to be followed, as described below. Asset class-specific guidelines for each manager are provided in III.B – K of this Appendix:

A. General Asset Class Manager Guidelines

The following guidelines apply to all asset class managers, unless otherwise noted.

Investment Philosophy

- The manager is expected to earn the highest possible total rate of return consistent with the risk tolerance of the Church.

- The manager is expected to manage assets in a style similar to that used over the past three years. Any significant deviation from the manager's stated style will require written approval from the Presiding Bishopric.

Portfolio Guidelines

- The manager is subject to the provisions of the Statement of Investment Objectives, policies and Guidelines, specifically those detailed in the current General Investment Policy, as detailed in Section I, and the separate ESG Policy, both of which has been adopted by the Presiding Bishopric.

Performance

- Performance will be reviewed for the preceding three month, year-to-date, one-, three- and five-year periods.

Communications

- Minimum communication guidelines include the following:

    - Quarterly written reports presenting investment results achieved over the prior quarter, year-to-date, one-year, three-year and five-year periods. Action taken in the portfolio, the current outlook for the economy and capital markets over the next six to twelve months and the internal investment strategies that have been adopted in response to those expectations.

    - Regular meetings with the Presiding Bishopric and Investment Committee (or with the Consultant and Investment Manager) at a mutually agreed-to date, time, and location.

    - All pertinent changes within the organizations of the Asset Class Managers should be reported as they occur in writing. Examples of these changes include the following:

        - Change in ownership,
        - Changes in key investment personnel,
        - Changes in areas of responsibility of key personnel,

- Significant changes in assets gained or lost, as well as clients gained or lost,
- Changes in investment philosophy, investment process, or major strategies,
- Changes in a compensation benefit program,
- Introductions of new investment strategies/products or ventures into other businesses.

Guideline Review

- The Presiding Bishopric and Investment Committee will review these guidelines no less than annually.

- Exceptions to these guidelines may be made anytime with the approval of the Presiding Bishopric.

B. U.S. Large and Mid-Cap Equity Manager Guidelines

Investment Philosophy

- The posture in respect to risk for this pool of assets is to assume a position of lowest risk with maximum total return.[2]

Portfolio Guidelines

- Proxies shall be voted by the investment manager, seeking policy clarification from the Presiding Bishopric, as needed.

- Investments may not be made in securities on margin, warrants to purchase stocks, commodities, commodities contracts, real estate, minerals, oils, gas or other mineral exploration or development programs. However, the manager may purchase securities of such companies engaged in any of these activities.

- The original issue size of the securities selected should be such to afford a high degree of marketability.

Equity Guidelines

- Purchase of shares of stocks that result in a ownership interest in a business entity are permitted. Equity securities include common stock, preferred stock, convertible bonds, and convertible stock.

    - U. S. Large and Mid-Cap Equity managers should pursue business entities with a market capitalization (share price times outstanding shares) above $5 billion.

- No more than 5% of the voting stock of any one corporation or 7% of the cost value of the portfolio will be invested in any one corporation.

- The portfolio will not consist of more than 20% of its cost value in any one industry (as defined by the S&P 500 Index).

- Investments in American Depository Receipts (ADRs) of common stocks of non-U. S. companies listed on one of the major U.S. security exchanges or traded in the national over-the-counter markets are permitted.

- Transactions involving stock options are permitted as follows:

[2] This asset class category has always included large-cap and mid-cap investments and has been renamed in the August 2020 revision to reflect this reality. Asset managers in this space typically invest in a blend of large- and mid-cap securities, which are typically considered to have market capitalization above $5 B (USD) and is consistent with exposure of the S&P 500 index. Should an asset manager be focused specifically on large- or mid-cap companies (based on market capitalization they target), the performance benchmark for the specific asset manager/fund used will be a large-cap or mid-cap index, further refined by growth or value strategies. The benchmark for the entire asset class category will continue to be the large-cap blend.

    - Sale of calls and puts if properly covered.

    - The purchase of calls or puts.

- Investments in non-dollar denominated securities are not permitted.

- Letter stock, short sales, purchases on margin, and warrants to purchase stock are not permitted.

Performance

- The return of the Large and Mid-Cap managers will be measured, using a three-year moving average, against the following benchmarks:

    - An absolute return objective of the GDP Price Deflator plus 5% compounded annually.

    - Large Cap Blend Managers: The S&P 500 Index and a relative return objective of the top half of the appropriate DeMarche large cap manager universe.

    - Large Cap Value Managers: The Russell 1000 Value Index and a relative return objective of the top half of the appropriate DeMarche large cap value manager universe.

    - Large Cap Growth Managers: The Russell 1000 Growth Index and a relative return objective of the top half of the appropriate DeMarche large cap growth manager universe.

    - Mid Cap Value Managers: The Russell Midcap Value Index and a relative return objective of the top half of the appropriate DeMarche mid cap value manager universe.

    - Mid Cap Growth Managers: The Russell Midcap Growth Index and a relative return objective of the top half of the appropriate DeMarche mid cap growth manager universe.

C. U.S. Small Cap Equity Manager Guidelines

Investment Philosophy

- The posture in respect to risk for this pool of assets is to assume a position of lowest risk with maximum total return.

Portfolio Guidelines

- Proxies shall be voted by the investment manager, seeking policy clarification from the Presiding Bishopric, as needed.

- Investments may not be made in securities on margin, warrants to purchase stocks, commodities, commodities contracts, real estate, minerals, oils, gas or other mineral exploration or development programs. However, the manager may purchase securities of such companies engaged in any of these activities.

- The original issue size of the securities selected should be such to afford a high degree of marketability.

Equity Guidelines

- Purchase of shares of stocks that result in an ownership interest in a business entity are permitted. Equity securities include common stock, preferred stock, convertible bonds, and convertible stock.

    - U. S. Small Cap Equity managers should pursue business entities with a market capitalization (share price times outstanding shares) below $10 billion.[3]

- No more than 5% of the voting stock of any one corporation or 7% of the cost value of the portfolio will be invested in any one corporation.

- The portfolio will not consist of more than 20% of its cost value in any one industry (as defined by Russell 2000 index).

- Investments in American Depository Receipts (ADRs) of common stocks of non-U. S. companies listed on one of the major U.S. security exchanges or traded in the national over-the-counter markets are permitted.

- Transactions involving stock options are permitted as follows:

    - Sale of calls and puts if properly covered.

    - The purchase of calls or puts.

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[3] The large, mid, and small cap categories overlap in market capitalization between $5 and $10 B (USD) in this Investment Policy Statement. This is appropriate given how market capitalization can fluctuate in short-term periods; asset managers/funds will be classified for performance purposes based on their longer-term outlook/focus.

- Investments in non-dollar denominated securities are not permitted.

- Letter stock, short sales, purchases on margin, and warrants to purchase stock are not permitted.

Performance

- The return of the Small Cap managers will be measured, using a three-year moving average, against the following benchmarks:

    - An absolute return objective of the GDP Price Deflator plus 5% compounded annually.

    - Small Cap Value Managers: The Russell 2000 Value Index and a relative return objective of the top half of the appropriate DeMarche small cap value manager universe.

    - Small Cap Growth Managers: The Russell 2000 Growth Index and a relative return objective of the top half of the appropriate DeMarche small cap growth manager universe.

D. International Equity (Developed) Manager Guidelines

Investment Philosophy

- The posture in respect to risk for this pool of assets is to assume a position of lowest risk with maximum total return.

Portfolio Guidelines

- Since assets are invested in a commingled fund, the Presiding Bishopric expects the manager to adhere to the stated guidelines for the fund. Any deviations from the current investment guidelines should be communicated to the Presiding Bishopric in writing with reasons for the deviation prior to said change.

- Large cap managers will broadly diversify across country markets generally using medium to large capitalization companies.

- Managers that focus on small capitalization companies may also be used but should not be more than 5% of the portfolio. The manager should use prudence and reasonable judgment regarding country weightings. No more than 20% should be allocated to investments in emerging markets.

Performance

- The return of the International Equity (Developed) Managers will be measured using a three-year moving average, against the following benchmarks:

    - An absolute return objective of the GDP Price Deflator plus 5% compounded annually.

    - An unmanaged market index

        - MSCI All Country World ex U.S. Index or MSCI EAFE index, whichever is applicable to the manager.

        - For any dedicated small cap allocation, the MSCI EAFE Small Cap index.

    - A relative return objective of the top half of the appropriate DeMarche international equity manager universe.

E. Emerging Market Equity Manager Guidelines

Investment Philosophy

- The posture in respect to risk for this pool of assets is to assume a position of lowest risk with maximum total return.

Portfolio Guidelines

- Since assets are invested in a commingled fund, the Presiding Bishopric expects the manager to adhere to the stated guidelines for the fund. Any deviations from the current investment guidelines should be communicated to the Presiding Bishopric in writing with reasons for the deviation prior to said change.

- Emerging market equity managers will broadly diversify across emerging country markets. The manager should use prudence and reasonable judgment regarding country weightings. No more than 10% should be allocated to investments in frontier markets.

Performance

- The return of the Emerging Market Equity managers will be measured, using a three-year moving average, against the following benchmarks:

    - An absolute return objective of the GDP Price Deflator plus 5% compounded annually.

    - An unmanaged market index of the MSCI Emerging Markets Index.

    - A relative return objective of the top half of the appropriate DeMarche emerging markets equity manager universe.

F. Short and Intermediate Fixed Income Manager Guidelines

Investment Philosophy

- The posture in respect to risk for this pool of assets is to assume a position of lowest risk with maximum total return.

Portfolio Guidelines

- It is expected that cash and cash equivalents will be used for the primary purpose of providing liquidity. Under most circumstances, cash and cash equivalents should represent less than 10% of the portfolio.

- Investments may not be made in securities on margin, warrants to purchase stocks, commodities, commodities contracts, real estate, minerals, oils, gas or other mineral exploration or development programs. However, the manager may purchase securities of such companies engaged in any of these activities.

- The original issue size of the securities selected should be such to afford a high degree of marketability.

Fixed Income Guidelines

- Investment categories that are eligible for purchase:

    - Direct obligations of the United States Treasury including bills, notes, bonds, and other securities that carry the full faith and credit of the United States Government.

    - Direct obligations issued by entities that are recognized as agencies of the United States Government.

    - Corporate bonds that are obligations of U.S. corporations; as well as debt issued by foreign corporations and governments that has been registered and marketed under the laws and regulations of the U.S. financial markets.

    - Structured notes (with fixed income characteristics).

    - Mortgage backed securities, including but not limited to collateralized mortgage obligations (that are issued by an agency of the U.S. government or whose underlying assets have been issued by a Federal housing agency), pass through securities and non-agency mortgage backed securities such as but not limited to residential and commercial mortgage backed securities.

    - Asset backed securities that are rated at least AA by Moody's, Fitch or Standard & Poor's. *(see additional information below)*

    - Private placements include (but are not limited to) securities issued under Rule 144A, 4(2) and 3(C)7 commercial paper.

    - Bank loans.

    - Foreign bond issues denominated in the U.S. dollar.

    - Certain derivative instruments including (but are not limited to) such items as Credit Default Swaps, interest rate swaps, total return swaps, treasury futures and option contracts, and mortgage or asset-backed securities such as interest only, principal only and inverse floaters. Premiums on such derivative instruments are limited to no more than 5% of the portfolio. Derivative instruments shall not be used to lever the portfolio but will be used to manage the duration of the portfolio.

    - Municipal bonds.

    - Trust Preferred Securities and Preferred stock (adjustable rate and convertibles) not to exceed 10% of the fixed income portfolio.

    - Guaranteed investment contracts not to exceed 10% of the fixed income portfolio.*

    - Money market funds.*

  ***** Only those possessing prior approval by the Presiding Bishopric.

  Investments in this list, other than the Asset-backed securities item noted above, shall be governed by the credit rating limitations specified below.

- The portfolio shall be prudently diversified by sector and issuer type. No more than five percent of the fixed income portfolio shall be invested in the obligations of any one issuer, except the U.S. government or its agencies.

- The weighted average option-adjusted duration of the fixed income portfolio shall be limited to a maximum of 8 years. Any single issue is limited to a maximum duration of 15 years.

- Portfolio ratings

    - The weighted average portfolio quality must be rated at least A or better by Moody's, Fitch or Standard & Poor's.

    - No more than 20% of the portfolio can be invested in individual securities rated below Baa/BBB by Moody's, Fitch or Standard & Poor's.

- No individual security may be purchased with a rating below B.

- Equivalent credit ratings may be assigned to unrated securities by the Asset Class Manager based on its own credit analysis, as disclosed and described in its Form ADV. When a security receives different ratings from each of the ratings agencies, the Asset Class Manager may use the highest rating received.

Performance

- The return of the Fixed Income managers will be measured, using a three-year moving average, against the following benchmarks:

    - Short-term Fixed Income

        - An absolute return objective of the GDP Price Deflator compounded annually.

        - An unmanaged market index of the Bloomberg Barclays U.S. 1-3 Year Government Credit Bond Index.

        - A relative return objective of the top half of the appropriate DeMarche short fixed income manager universe.

    - Intermediate Fixed Income

        - An absolute return objective of the GDP Price Deflator plus 3% compounded annually.

        - An unmanaged market index of the Bloomberg Barclays U.S. Aggregate Bond Index.

        - A relative return objective of the top half of the appropriate DeMarche intermediate fixed income manager universe.

G. High Yield Fixed Income Manager Guidelines

Investment Philosophy

- The posture in respect to risk for this pool of assets is to assume a position of lowest risk with maximum total return.

Portfolio Guidelines

- It is expected that cash and cash equivalents will be used for the primary purpose of providing liquidity. Under most circumstances, cash and cash equivalents should represent less than 10% of the portfolio.

- Investments may not be made in securities on margin, warrants to purchase stocks, commodities, commodities contracts, real estate, minerals, oils, gas or other mineral exploration or development programs. However, the manager may purchase securities of such companies engaged in any of these activities.

- The original issue size of the securities selected should be such to afford a high degree of marketability.

Fixed Income Guidelines

- Investment categories that are eligible for purchase:

    - Direct obligations of the United States Treasury including bills, notes, bonds and other securities that carry the full faith and credit of the United States Government.

    - Direct obligations issued by entities that are recognized as agencies of the United States Government.

    - Corporate bonds that are obligations of U.S. corporations; as well as debt issued by foreign corporations and governments that has been registered and marketed under the laws and regulations of the U.S. financial markets.

    - Structured notes (with fixed income characteristics).

    - Mortgage backed securities, including but not limited to collateralized mortgage obligations (that are issued by an agency of the U.S. government or whose underlying assets have been issued by a Federal housing agency), pass through securities and non-agency mortgage backed securities such as but not limited to residential and commercial mortgage backed securities.

    - Asset backed securities.

    - Private placements include (but are not limited to) securities issued under Rule 144A, 4(2) and 3(C)7 commercial paper.

- Bank loans.

- Foreign bond issues denominated in the U.S. dollar.

- Certain derivative instruments including (but are not limited to) such items as Credit Default Swaps, interest rate swaps, total return swaps, treasury futures and option contracts, and mortgage or asset-backed securities such as interest only, principal only and inverse floaters. Premiums on such derivative instruments are limited to no more than 5% of the portfolio. Derivative instruments shall not be used to lever the portfolio but will be used to manage the duration of the portfolio.

- Municipal bonds.

- Trust Preferred Securities and Preferred stock (adjustable rate and convertibles) not to exceed 10% of the fixed income portfolio.

- Guaranteed investment contracts not to exceed 10% of the fixed income portfolio.*

- Money market funds.*

***** Only those possessing prior approval by the Presiding Bishopric.

- The portfolio shall be prudently diversified by sector and issuer type. No more than five percent of the fixed income portfolio shall be invested in the obligations of any one issuer, except the U.S. government or its agencies.

- The weighted average option-adjusted duration of the fixed income portfolio shall be limited to a maximum of 8 years. Any single issue is limited to a maximum duration of 15 years.

Performance

- The return of the High Yield Fixed Income managers will be measured, using a three-year moving average, against the following benchmarks:

    - An absolute return objective of the GDP Price Deflator plus 4% compounded annually.

    - An unmanaged market index of the BofA Merrill Lynch U.S. High Yield Master II Index.

    - A relative return objective of the top half of the appropriate DeMarche high yield manager universe.

- For dedicated bank loan managers, the following index and relative return objective will apply:

    - Performance will be measured against the CSFB Leveraged Loan Index.

    - A relative return objective of the top half of the appropriate DeMarche bank loan manager universe.

H. Emerging Market Fixed Income Manager Guidelines

Investment Philosophy

- The posture in respect to risk for this pool of assets is to assume a position of lowest risk with maximum total return.

Portfolio Guidelines

- Since assets are invested in a commingled fund, the Presiding Bishopric expects the manager to adhere to the stated guidelines for the fund. Any deviations from the current investment guidelines should be communicated to the Presiding Bishopric in writing with reasons for the deviation prior to said change.

- Emerging market fixed income managers will broadly diversify across emerging country markets. The manager should use prudence and reasonable judgment regarding country weightings. No more than 10% should be allocated to investments in frontier markets.

- The manager, at its discretion, can invest in Emerging Market Sovereign or Corporate Debt using U.S. dollar or local currency.

Performance

- The return of the Emerging Market Fixed Income managers will be measured, using a three-year moving average, against the following benchmarks:

    - An absolute return objective of the GDP Price Deflator plus 3% compounded annually.

    - An unmanaged market index of the EMBI Global Diversified Index.

    - A relative return objective of the top half of the appropriate DeMarche emerging markets fixed income manager universe.

I. Real Estate Manager Guidelines

Investment Philosophy

- The posture in respect to risk for this pool of assets is to assume a position of lowest risk with maximum total return.

Portfolio Guidelines

- Since assets are invested in a commingled fund, the Presiding Bishopric expects the manager to adhere to the stated guidelines for the fund. Any deviations from the current investment guidelines should be communicated to the Presiding Bishopric in writing with reasons for the deviation prior to said change.

- The manager will broadly diversify across geographic and property type sectors.

- Maximum leverage used in the portfolio will be consistent with the upper limit established by NCREIF for inclusion in the NCREIF Fund Index-ODCE benchmark fund index, unless previously approved by the Presiding Bishopric to exceed this level.

Performance

- The return of the Real Estate managers will be measured, using a three-year moving average, against the following benchmarks:

    - An absolute return objective of 10% compounded annually.

    - An unmanaged market index of the NCREIF Fund Index-ODCE

    - A relative return objective of the top half of the appropriate DeMarche real estate manager universe.

J. Commodities Manager Guidelines

Investment Philosophy

- The posture in respect to risk for this pool of assets is to assume a position of lowest risk with maximum total return.

Portfolio Guidelines

- Since assets are invested in a commingled fund, the Presiding Bishopric and Investment Committee expect the manager to adhere to the stated guidelines for the fund. Any deviations from the current investment guidelines should be communicated to the Presiding Bishopric in writing with reasons for the deviation prior to said change.

- Commodities such as metals, oil and gas, agriculture and livestock represent the world's raw materials that are the building blocks for all consumed and manufactured goods. As real assets, commodities diversify a portfolio away from primary holdings in stocks and bonds. Commodities investments are to be managed in accordance with the terms of the fund in which clients' monies are invested, or Private Placement Memorandum that states the fund's investment program, regardless of investment vehicle structure (i.e. Limited Partnership, Comingled Fund, Luxembourg Mutual Investment Fund, Investment Company Act of 1940 Mutual Fund, etc.).

- The manager is expected to be fully invested; however, the manager has discretion to use cash within the fund to maximize total return. If the manager intends to hold a significant amount of cash for an extended time, the manager must submit a formal written request explaining the rationale to the Presiding Bishopric.

Performance

- The return of the Commodity managers will be measured, using a three-year moving average, against the following benchmarks:

    - An absolute return objective of the GDP Price Deflator plus 3% compounded annually.

    - An unmanaged market index of the Dow Jones UBS Commodities Index.

    - A relative return objective of the top half of the appropriate DeMarche commodity manager universe.

K. Cash Manager Guidelines

Investment Philosophy

- The posture in respect to risk for this pool of assets is to assume a position of "very low risk".

Portfolio Guidelines

- Cash investments must be rated or have equivalent quality characteristics to those rated at lease A-2 and P-2 or BBB.

- Cash investments must be U.S. dollar denominated unless specific authority to the contrary is given.

- Cash investments may include money market funds and floating-rate or ultra-short mutual funds, which may fluctuate in price per unit. These funds will be permitted to invest in non-investment grade securities and other security types not previously listed, provided the fund averages a quality rating of A- or better. These funds may invest in maturities exceeding one-year, provided the weighted average fund duration is less than 0.75 years.

- No more than 5% of the portfolio shall be invested in the obligations or any one issuer except the United States government.

Performance

- The return of this fund will be measured, using a three-year moving average, against the following benchmarks:

    - An absolute return objective of the GDP Price Deflator compounded annually.

    - An unmanaged market index of the 90-Day Treasury Bills