April 2022

PROTESTANT EPISCOPAL CHURCH OF THE DIOCESE OF DELAWARE
STATEMENT OF INVESTMENT OBJECTIVES, GUIDELINES AND POLICIES

General Provisions

Introduction

This statement of investment objectives and policies governs the investment management of the endowment assets of the Protestant Episcopal Church of the Diocese of Delaware known as Master Fund "A" (the "Fund"). It should be reviewed annually and will be considered effective until modified by the Trustees of the Diocese. The Fund investments are supervised by the Investment Committee.

Investment Objective

The objective of the Investment Committee is to balance the need to preserve Master Fund A's capital in real terms with the desire to maximize total return in support of the ministries. The investment objective of the portfolio is to earn an average annual return of CPI plus 4% through a combination of income and capital appreciation.

Risk Statement

As investment fiduciaries, the Investment Committee takes a multifaceted view of total portfolio risk. Key risks to be monitored and mitigated include the total portfolio falling short of a target return over a full market cycle; excessive fund total variability relative to the total portfolio's relative benchmark over a full market cycle; and the probability of permanent impairment of capital. Risks are evaluated continuously.

ESG Statement

The Investment Committee regularly reviews how the investment managers retained by Master Fund A (MFA) integrate Environmental, Social and Governance (ESG) risks and opportunities into their investment decisions and ownership practices because we believe it to be financially relevant. We use this information to assess and monitor the ESG issues that may have a material impact on MFA investment performance in the near and long term. Individual security selection decisions are delegated to the investment managers as they possess the necessary expertise and information to make decisions that optimize their portion of the MFA portfolio. We also appreciate the potential ability of our managers to positively influence and/or enhance the value of companies, markets and society at large. We recognize pooled investments, such as mutual funds and limited partnerships, are governed by their respective documents, and our ability to direct their investment management actions in any dimension is either narrowly limited or entirely absent.

Investment Management Structure

External investment managers selected by the Investment Committee with the approval of the Trustees manage the assets with complete discretion within the parameters of the investment style for which they were engaged. Managers are evaluated regularly by the Committee.

Portfolio Composition and Asset Allocation

Fund assets should be diversified both by asset class and within each asset class so that no single security or class of securities shall have a disproportionate share of total assets. To achieve its investment objective, the Fund shall be divided into a Fixed Income Portion and an Equity Portion. Overall allocation between these two major asset allocations shall be reviewed regularly by the Investment Committee.

Current target ranges for Asset Allocation are as follows:

Class	Percentage of Assets
Equities	50%-75%
Fixed Income	25%-50%
Cash	0% - 5%

Asset Allocation should be reviewed regularly by the Investment Committee, altered as the Committee feels market forces dictate, and rebalanced whenever an asset class exceeds the range of its percentage of total assets currently in place.

Guidelines for Investment Managers

Managers must remain consistent with the investment style for which they are engaged.

Dollar denominated non-US investments, such as American Depository Receipts (ADR's) and American Depository Shares (ADS's), are allowed in each manager’s portfolio without limitation. The market value of securities transacted on a foreign exchange is limited to 10% of the value of each manager’s portfolio. Likewise, no security of any individual issuer, except the U.S. Government, shall exceed 10% in market value of any manager’s portfolio except on isolated occasions and for a limited period of time.

Investments shall be only in marketable securities; this precludes not only private placements and restricted securities, direct real estate investments, oil and gas investments, venture capital, rights or warrants, physical commodities or physical commodity contracts, but also public issues for which the market is severely restricted. Rule 144A securities are not considered private placements and are eligible for investment. All holdings, with the notable exception of Select Equity Group (SEG), must be sufficiently liquid so as to allow liquidation of the entire portfolio on no more than one month’s notice.

Cash equivalents will be invested in high quality instruments. The ratings of commercial paper purchased individually shall be A-1/P-1 or comparable as measured by a standard rating service.

Transactions should be entered into on the basis of best execution, which is interpreted normally to mean a combination of best-realized price, commission and service.

With the exception of money market funds, the Investment Committee is to be notified before any assets are invested in pooled funds, and the fees shall be adjusted so there is no double charge.

With the exception of SEG, a long short hedge fund, the investment managers shall not purchase securities on margin, sell short, lend securities, trade in options or futures, or leverage the portfolio.

An equity investment manager is expected to maintain a diversified portfolio at all times. The portfolio is not considered diversified if it contains a large proportion of interest sensitive stocks (such as utility, bank, finance, insurance, construction or companies with unsound debt structures), or other groups subject to a single significant economic, social or political event, as, for example, a cut in defense spending.

No initial purchase of an equity security of any one company should exceed 5% of the equity portion of an investment manager's assets.

Fixed Income Portions

The purpose of the Fixed Income Portion (bonds, income-oriented investments, and cash equivalents) is to achieve the highest total return consistent with the guidelines given herein and the relevant indices determined by the Investment Committee, while protecting principal and minimizing market risk and volatility. Eighty five percent of fixed income securities must be of class "BBB/Baa" or better as rated by a standard service (for example Moody's, Fitch and/or Standard & Poor's) at the time of purchase. The remaining 15% may be invested in bonds rated below investment grade. Overall, the portfolio should generally be of class "A" or better.

The average duration of the portfolio will be at the discretion of the investment manager.

Equity Portions

The purpose of the Equity Portion (stocks, equity-oriented investments, and cash equivalents) held by equity managers is to provide a total return from a combination of growth in principal and current income to prudently increase the value of the Fund's assets over time. The Equity Portion may be invested in all classes of securities as conditions dictate and will be managed with a primary objective of achieving a rate of return sufficiently above the inflation rate to preserve the value of the assets in real terms. The expectation is that most of the Equity Portion will be invested in equities most of the time.

The absolute investment objective is to earn at least a 5% cumulative annual real return, after adjustment by the Consumer Price Index (CPI), over rolling five (5) year periods.

In addition, although much depends on market conditions, the investment manager is to try to avoid a portfolio composition, which might lead to a negative five percent (-5%) total rate of return in any fiscal year.

Relative performance should be better than the median performance in stocks when judged against a suitable index of other equity portfolios over rolling (3) year periods.

Monitoring of Objectives and Results

Individual managers shall report the results of their portfolios each calendar quarter, and their performance will be measured against the market indices chosen by the Committee. During each meeting the investment manager's investments will be compared with this document to ensure compliance with the objectives and guidelines. It is understood that manager performance is generally measured more effectively over longer periods of time. However, managers may be hired, terminated, or the amount invested with them reduced upon the proper notice. If a manager believes that any policy guideline inhibits performance, it is that manager's responsibility to communicate this view to the Investment Committee.

All material to be covered during each meeting should be mailed to each Investment Committee member for distribution prior to the meeting. A written quarterly review is required which should include the following information:

- Investment environment and strategy employed for the most recent past period and departures from the prior outlook.

- A look forward at the economic and market situation and the portfolio's posture given the probable outlook, together with the results likely in the event that the future does not accord with the assumptions.

- Statement of assets in the investment manager's current format.

- In the case of an equity manager, a listing of the ten largest equity securities holdings showing market value and percent of total market value for each and for all ten.

- Statement of transactions in the investment manager's current format including a separate listing of new securities acquired and those disposed of during the period including the cost basis and market value for each.

- Annually, a listing of commissions generated and brokers used.

- Other items of importance which may occur, such as changes in the working relationship necessary to comply with pertinent legislation; material changes in the investment manager's organization, including client service representatives or portfolio managers working directly with the account, investment philosophy or outlook; recommendations concerning any change in policy which the investment manager believes should be considered.

- A report on any regulatory actions, or pending actions or investigations instituted against an investment manager.

This statement is not immutable, but changes or exceptions to it are to be in writing and delivered to the investment manager.

As approved by the Investment Committee of the Diocese of Delaware.