

***Forwarding Faith* Endowment Fund of the Virginia Synod of the Evangelical Lutheran Church in America (ELCA)**

Investment Policy Statement

Part I. Virginia Synod of the Evangelical Lutheran Church in America ("ELCA") and the Forwarding Faith Endowment Fund

As children of God and followers of Jesus, each of us is a part of the body of Christ and individually members of it. For the sake of God's mission and ministry, God's people gather together to share their gifts and to work together to share in God's mission to love and bless the world. To strengthen our response to God's love in Virginia, 145 Lutheran congregations of the Evangelical Lutheran Church in America (ELCA) are joined together as the Virginia Synod.

The Forwarding Faith Endowment Fund (the "Endowment Fund" or the "Fund") exists to provide ongoing financial support for the mission of the Synod and the ELCA, including providing annual funding for operations, capital projects, and other strategic initiatives.

Part II. THE PURPOSE OF THE INVESTMENT POLICY STATEMENT

This Investment Policy Statement ("IPS") is established by the Board of Trustees for the Endowment Fund ("Fund Trustees") and is intended to establishing guidelines for making investment-related decisions that are both prudent and consistent with the long-term goals of the Fund. This IPS outlines the underlying philosophies and processes for the management of assets within the Endowment Fund, including the criteria for the selection, monitoring and evaluation of the investment options utilized.

Specifically, this Investment Policy Statement:

- Defines the role of the Fund Trustees.
- Outlines the Fund's investment objectives.
- Specifies the Fund's investment guidelines and asset allocation policy.
- Describes the criteria and procedures for selecting an Investment Adviser.
- Establishes investment procedures, measurement standards and monitoring procedures.

This Investment Policy Statement will be reviewed periodically, and, if appropriate, may be amended to reflect changes in the capital markets, investment objectives, or other factors relevant to the Endowment Fund.

Part III. ROLE OF THE FUND TRUSTEES

The Fund Trustees have four primary roles: i) to establish the Fund's investment objectives, investment guidelines, and asset allocation policy as outlined in the IPS, ii) to determine an appropriate annual spending policy to support the mission of Synod and the ELCA, iii) to select and monitor the Investment Adviser that will design and implement the investment strategy outlined in the IPS, and iv) to report on the Fund's investment performance to the Funds Board of Trustees periodically.

Part IV. INVESTMENT OBJECTIVES

The investment objective of the Endowment Fund is to seek the highest rate of return consistent with its approved asset mix. The Fund's investment objectives include, but are not limited to, the following:

- Maximize investment return within reasonable and prudent levels of risk.
- Maintain and grow the real purchasing power of the Fund's corpus after meeting the Fund's approved annual spending policy outlined below.

- Seek an investment return that compares favorably against appropriate and relevant market benchmarks measured over any 5-7 year time horizon that is typical of a normal market cycle.
- Control administrative and investment management costs.
- Provide appropriate investment diversification across the Fund's investment assets.
- Ensure adherence to stated investment objectives and guidelines by the Investment Adviser.

Part V. INVESTMENT GUIDELINES AND ASSET ALLOCATION POLICY

The Fund Trustees will seek to balance long-term risk and return for the Fund's portfolio by implementing an investment strategy that provides broad, global diversification across asset classes, geographic regions, market capitalizations, and investment styles.

Global Equity Investments

The Fund's equity investments will collectively provide well-diversified exposure to global equity markets, and individual funds or managers may be further specialized by i) market capitalization (small, medium, and large caps), ii) style objective (value, blend, or growth), iii) specific geographic region, or iv) specific industry sector.

Fixed Income Investments

The Fund's fixed-income investments will collectively provide broad exposure to bond markets, and underlying fund holdings will be well-diversified by i) credit quality (low, medium, and high), ii) bond duration (short, intermediate, and long), and iii) market sector (sovereign, corporate, asset backed, preferred stock, etc.).

Money Market and Other Cash Equivalent Investments

The Fund may hold cash and cash-equivalent investments including, but not limited to, money market funds.

Asset Allocation Targets, Policy Ranges, and Asset Class Sub-Benchmarks

The Fund Trustees have established the following asset allocation targets and policy ranges for Fund's investment assets. These targets and ranges exclude any "reserved cash" that has been specifically earmarked to cover anticipated funding needs related to operations or special projects. Such targets and ranges may be adjusted periodically as needed by the Fund Trustees:

<u>Primary Asset Class</u>	<u>Long-Term Target %</u>	<u>Targeted Range</u>		<u>Relevant Sub-Benchmark</u>
		<u>Min</u>	<u>Max</u>	
Global Equity:	70%			
Domestic Equity	50%	30%	70%	Russell 3000
International Equity	20%	10%	40%	MSCI All-Country World (ex. U.S.)
Fixed Income	30%	20%	50%	Barclays U.S. Aggregate Bond
Cash & Equivalents	0%	0%	10%	
Total	100%			

Performance Benchmarks for the Endowment Fund Portfolio

To gauge the Fund's investment performance, the Fund Trustees have established the following performance benchmarks, which have been selected as reasonable proxies for the investment strategy outlined in this Investment Policy Statement. These performance benchmarks are not directly investable and do not reflect the deduction of any investment management fee or transaction costs, but they do reflect the reinvestment of dividends and interest. The benchmarks are assumed to be rebalanced on a monthly basis.

	Benchmark Component Weighting
	ESG Balanced
ESG Balanced Benchmark	
Russell 3000	50%
MSCI All Country World (xU.S.)	20%
Barcap U.S. Aggregate Bond	30%
	100%

Criteria for selecting and evaluating the performance of underlying investment funds or managers

All investment funds and separate account managers utilized by the Endowment Fund or its Investment Adviser should meet the following standards for selection:

- Investment performance that is competitive with both an appropriate style-specific benchmark and the median return for an appropriate, style-specific peer group;
- Adherence to the stated investment objective, without excess style drift over trailing performance periods;
- Individual investment funds or managers may pursue either actively-managed or passive/indexed strategies with a focus on Environmental Social Governance (ESG) criteria;
- Fees and fee structures that are competitive compared with similar investments reasonably available to the Fund;
- Attractive qualitative characteristics, including, but not limited to, acceptable manager tenure; and
- Ability to provide performance, holdings, and other relevant information in a timely fashion with specified frequency.

Additional Investment Parameters

In selecting funds or managers and implementing the asset allocation outlined herein, the Fund Trustees or its Investment Adviser shall operate within the following restrictions:

- Not more than 50% of the Fund's total assets may be invested in a single investment fund.
- At least 80% of total Fund assets must be in liquid (0-30 days) or semi-liquid (monthly or quarterly) vehicles, defined as able to be converted to cash and disbursed to the Fund within the time periods listed.
- With the exception of U.S. Government/Agency securities or cash equivalents, not more than 10% of any manager of fund's portfolio, at market value, may be invested in the securities of one issuer.
- The fixed income portfolio should maintain, in aggregate, an investment grade credit rating. Investments in fixed income and domestic high yield securities are permitted so long as they do not exceed 25% of the fixed income portfolio.
- The Fund is prohibited from investing in funds that are either illiquid or which utilize leverage to enhance investment returns.

Part VI. ENDOWMENT FUND SPENDING POLICY

The annual spending by the Endowment Fund in support of its mission shall not exceed [5%] of the average year-end Fund balance for the preceding three fiscal years.

Part VII. ENGAGEMENT OF INVESTMENT ADVISER

The Fund Trustees may retain the services of an Investment Adviser to assist in the management of Fund assets in accordance with the Investment Guidelines and Asset Allocation Policies outlined in this Investment Policy Statement. Based on the preference of the Fund Trustees, the Investment Adviser may serve either as a consultant (non-discretionary) or as an outsourced chief investment officer (full investment discretion).

Part VIII. MONITORING OF INVESTMENT ADVISER RESPONSIBILITIES

The Fund Trustees shall require the Investment Adviser to:

- Invest the assets of the Fund with the care, skill, prudence and diligence that a professional investment manager familiar with such matters and acting in like capacity, would use in the investment of such assets;
- Adhere to the Statement of Investment Policy;
- Inform the Fund Trustees of all significant matters and activities pertaining to the investment of Fund assets, including substantive changes in Investment Adviser's investment strategy or portfolio structure and significant changes in the ownership, affiliations, organizational structure, financial condition, and investment professional staffing of the Investment Adviser;
- Allow regular access to Fund's investment information, including investment holdings, investment transactions, and investment performance. Detailed investment performance reports and market outlook will be provided at least quarterly.

Part IX. REVIEW PROCEDURES

On a periodic basis, but not less than annually, the Fund Trustees will review the overall investment performance of the Fund, including the performance of each underlying investment fund or manager used by the Investment Adviser to invest Fund assets.

This Investment Policy Statement shall be reviewed periodically and may be amended at any time. The Fund Trustees must recommend and approve any proposed changes in the form of a written amendment of this Investment Policy Statement

It is not, however, contemplated that this Investment Policy Statement will change frequently. In particular, short-term changes in the financial markets should not require amendments to this Investment Policy Statement.

Adopted this 23rd day of September 2024.

Sept. 23, 2024
(Date)

Phyllis M. Patton
(Signature)

9/23/2024
(Date)

D. K.
(Signature)

(Date)

(Signature)