

**St. James Episcopal Church
Midvale, Utah**

**Endowment Fund
Investment Policy Statement**

December 17, 2024

St. James Episcopal Church has established an Endowment Fund for its long-term endowment and investment assets. The Endowment Committee of St. James (the “Committee”) oversees the Fund and has developed and approved this Investment Policy Statement (“IPS”) for approval by the Vestry of St. James.

The purpose of this IPS is to (a) set out the investment objectives, philosophy, and guidelines for the Fund; (b) assist the Committee with the oversight, monitoring, and evaluation of the Fund; (c) establish a spending policy for the Fund; and (d) define the roles and responsibilities of key parties to the Fund, including the Committee. The Committee shall employ an outside investment manager (“Investment Manager”) to which it will delegate investment management and other duties as appropriate. The Committee shall review this IPS at least annually.

1. Investment Objective

The investment objective of the Fund is to provide long-term growth in the value of the Fund without undue exposure to risk so that the Fund provides a total return over time that allows for both current and future spending in accordance with the spending policy set out below. The assets of the Fund are to be invested with the same care, skill, and diligence that a prudent investor would exercise in investing institutional endowment funds. The Fund is appropriate for long-term endowment and investment funds.

2. Investment Philosophy

The Committee recognizes that the strategic allocation of the Fund across asset classes and sub-asset classes with varying levels of expected risk and return will be the most significant determinant of long-term returns to the Fund. The Committee recognizes that, over the short term, actual returns may vary widely from long-term expectations and that adjustments to the long-term strategic allocation of the Fund should only occur in the event of material changes to the Fund, the asset classes in which it is invested, or assumptions underlying the spending policy of the Fund.

3. Investment Guidelines

Time Horizon. The investment objectives and strategic asset allocation of the Fund are based on a long-term time horizon of ten years or more.

Risk Tolerance. With a long-term time horizon, the Fund can tolerate some interim fluctuation in market value and rates of return in order to achieve the investment objectives. High levels of risk and volatility should be avoided.

Permissible and Prohibited Investments. The Investment Manager shall invest the Fund in mutual funds, exchange traded funds, common trust funds, or other commingled investment vehicles. The Investment Manager may not directly invest in private placements, restricted stock, or other illiquid issues and may not directly engage in short sales, margin transactions, or other similar specialized investment activities. Investment funds that use these activities are permitted.

4. Asset Allocation

Strategic Asset Allocation. The Fund shall be invested in a broadly diversified portfolio that includes equities (diversified across global markets and capitalization size and including exposure to commodity markets) and fixed income securities (which may include cash equivalents) in an asset allocation that is conducive to participation in rising markets while permitting adequate protection in falling markets. The asset allocation must also account for the spending policy of the Fund as set out below. The Endowment Committee shall review the strategic allocation of the Fund at least annually.

The strategic asset allocation and permissible investment ranges of the portfolio shall be:

Asset Class	Low	Target	High
Equities	50%	60%	70%
Fixed Income/Cash	30%	40%	50%

Tactical Asset Allocation and Fund Selection. The Investment Manager has discretion to invest the portfolio in various sub-asset classes and investment funds, and to make tactical asset allocation decisions for each sub-asset class within permissible ranges. The Endowment Committee will review these decisions quarterly based on materials provided by the Investment Manager. The initial sub-asset class strategic allocations and permissible investment ranges are set out in Appendix A.

5. Rebalancing

The Endowment Committee shall ensure that the Investment Manager shall review the asset allocation of the portfolio at least quarterly. The portfolio should be kept within +/-3% of the current tactical position of the portfolio.

6. Responsible Investing

The Endowment Committee acknowledges the importance of faithful and ethically responsible investing. To the extent possible and practicable, at the sole discretion of the Endowment Committee, the Fund shall be invested, with the Investment Manager, in full or in part in a manner that aligns in full or in part with current investment guidelines from the Episcopal Church.

7. Spending Policy

The Fund shall be invested for total return, including both income and appreciation, and the Vestry and the Endowment Committee shall follow a spending policy based on total return to the Fund. Each year, following consultation with the Investment Manager, the Endowment Committee shall recommend to the Vestry for approval a prudent spending rate for the following year. Typically, this will be between 3% and 5% of the value of the Fund, or any sub-fund, averaged over the preceding twelve quarters. The prudent spending rate is intended to preserve the purchasing power of the Fund, or any sub-fund, over time after accounting for inflation and fees. In some cases, a greater amount or additional distributions may be permitted by law and church policy.

In making this recommendation, the Endowment Committee shall act in good faith with the care that an ordinary prudent person in a like position would exercise under similar circumstances and shall consider if relevant the standards set out in the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as adopted in Utah.

At no time shall the Endowment Committee recommend, nor should the Vestry approve, a spending rate that creates a presumption of imprudence under UPMIFA.

The Endowment Committee will periodically review the spending rate with the Investment Manager. The Vestry is responsible for ensuring that any funds distributed from the Fund are spent according to donor restrictions or church policy. Any funds available for distribution but not distributed remain part of the Fund and are subject to the Spending Policy for the Fund in subsequent years.

8. Performance Measurement Guidelines

The primary measure of the investment performance of the Fund will be comparison to a benchmark weighted based on the strategic sub-asset class allocations of the Fund and using relevant indexes for each investment fund included in the portfolio. An additional goal is providing protection against inflation over the long term. The initial benchmark for the Fund is set out in Appendix A. The Investment Manager will notify the Endowment Committee of any change in the benchmark.

9. Responsibilities

Endowment Committee. The Endowment Committee oversees the Fund in accordance with this IPS. It is responsible for:

- Establishing investment objectives and guidelines for the Fund and preparing and approving an Investment Policy Statement, including a Spending Policy, for Vestry approval. The objectives and guidelines will reflect a prudent investment standard.

- Selecting a qualified Investment Manager for the Fund using prudent due diligence procedures and overseeing the ongoing performance of that Investment Manager.
- Setting the strategic asset allocation of the Fund in accordance with the investment objectives and guidelines set out in the IPS and in consultation with the Investment Manager.
- Monitoring the Fund on a regular basis to ensure compliance with the investment objectives and guidelines of the IPS.
- Reviewing the performance of the Fund at least quarterly.
- Evaluating the performance of the Investment Manager at least annually.
- Taking appropriate action if the Investment Manager does not meet the investment objectives or follow the investment guidelines.
- Communicating with the Investment Manager in a structured, ongoing manner.
- Reporting periodically to the Vestry.
- Meeting periodically to carry out its responsibilities.

Additionally, the Endowment Committee is responsible for recommending to the Vestry a prudent spending rate for the Fund and calculating the recommended amount available for distribution. The Endowment Committee is also responsible for arranging the communications with the Investment Manager about any distributions. The Vestry is responsible for ensuring that distributions from the Fund are used in accordance with the purposes of the Fund and any applicable sub-fund.

Investment Manager. The Investment Manager shall invest and manage the assets of the Fund in conformity with this IPS unless in the Investment Manager's opinion to do so would be clearly imprudent. The Investment Manager is responsible for:

- Designing an investment strategy that complies with this IPS and any related policies in consultation with the Endowment Committee.
- Implementing the investment strategy, including fund selection and tactical asset allocation, within the guidelines of this IPS and any related policies.
- Providing timely written quarterly performance reports to the Endowment Committee.
- Meeting as needed with the Endowment Committee to review investment objectives, strategy, and performance.
- Notifying the Endowment Committee in writing of any material deviation from this IPS.

Custodian. The assets of the Fund shall be held by a custodian that is a reputable, well-established financial institution. The custodian is responsible for:

- Safekeeping the assets of the Fund.
- Providing timely written monthly statements of balances and transactions to the Endowment Committee.
- Fulfilling all regular fiduciary duties required of a custodian by pertinent state and federal laws and regulations.

Appendix A

This information is for the Endowment Fund of St. James Episcopal Church as of the date of this IPS. It may be updated or amended over time.

ECF Pooled Funds
ECF Balanced Fund
Portfolio Composition
January 2023

ECF BALANCED FUND			Strategic Allocation		
Asset Class	Fund	Symbol	Low	(+/-10%)	High
EQUITIES					
US Large Cap	State Street Equity 500 Index Fund	SSSYX	6.00%	21.00%	36.00%
US Mid Cap	iShares Core S&P Mid Cap ETF	IJH	0.00%	4.00%	14.00%
US Small Cap	State Street Instl Sm Cap Fund	SIVIX	0.00%	4.00%	14.00%
International Developed Large	Vanguard FTSE Developed Markets ETF	VEA	3.00%	13.00%	28.00%
International Developed Small	Vanguard FTSE All-World ex-US Small-Cap ETF	VSS	0.00%	3.00%	13.00%
International Emerging Markets	Vanguard FTSE Emerging Markets Index ETF	VWO	0.00%	7.00%	17.00%
REITs	iShares Global REIT ETF	REET	0.00%	4.00%	14.00%
Commodities	iShares Bloomberg Roll Select Com. Strategy ETF	CMDY	0.00%	4.00%	14.00%
				60.00%	
FIXED INCOME					
US Investment Grade			4.00%	19.00%	34.00%
	Vanguard Total Bond Market ETF	BND	9.00%	19.00%	29.00%
	Vanguard Short Term Bond ETF	BSV	0.00%	0.00%	10.00%
	SPDR Intermediate Corporate Bond ETF	SPIB	0.00%	0.00%	10.00%
	Vanguard Long Term Corporate Bond ETF	VCLT	0.00%	0.00%	10.00%
	Vanguard Long Term Bond ETF	BLV	0.00%	0.00%	10.00%
US Non-Investment Grade	BlackRock High Yield Bond Fund	BRHYX	0.00%	7.00%	17.00%
US TIPS	Schwab US TIPS ETF	SCHP	0.00%	7.00%	17.00%
International Emerging Markets	TCW Emerging Markets Income Fund	TGEIX	0.00%	7.00%	17.00%
Cash	State Street Inst'l US Gov't Money Market	SSOXX	0.00%	0.00%	10.00%
				40.00%	

Notes:

Actively managed funds in blue.