



STATEMENT OF INVESTMENT POLICY OBJECTIVES & GUIDELINES

OVERVIEW

This Investment Policy is intended to be a summary of an investment philosophy that provides guidelines for the Trustees of the Moravian Ministries Foundation of America ("MMFA") to effectively supervise, monitor, and evaluate the investments of the Portfolio.

This investment Policy is not intended to be an exclusive or comprehensive guide. This document does not include all rights, duties, and liabilities of the Board of Trustees ("Board"), of the Investment Committee (Committee) and the President/CEO. This policy is intended to specifically define the investment objectives of the Foundation. In carrying out their duties to prudently manage and invest the Funds, the Board, the Committee, and the President/CEO shall abide by the laws defined in Uniform Prudent Investor Act and the Uniform Prudent Management of Institutional Funds Act.

PREAMBLE

The Moravian Ministries Foundation in America (MMFA) (the Foundation) has three primary service areas:

1. Individuals – working with congregants within the Moravian Church to further define and help them achieve their goals and dreams of supporting the Moravian ministries they care about most through outright and planned gifts.
2. Churches and Ministries – working with Moravian congregations, agencies, and organizations to further God's work in and through their ministries by assisting with stewardship and gift planning programs.
3. Administration and Investment Management – this area supports everything we do through our fiduciary responsibility and our Moravian Common Fund investment platform discussed in detail below.
 - This document sets forth the Policies and Standards for the Moravian Common Fund (the Common Fund).

I. GUIDING POLICIES

This Investment Policy Statement (IPS) is established by the Board of the Moravian Ministries Foundation (MMFA) to oversee the investment of MMFA assets. In setting investment policy, MMFA has the following goals:

- to support MMFA's and constituent investors missions;
- to keep financial promises made to MMFA's donors / Investors;
- to invest in a manner that reflects MMFA's values;
- to earn the highest possible rate of return without exposure to undue risk;
- to preserve and protect asset values

A. The Board

The Board of Trustees (the "Board") is the primary decision-making body for the MMFA. Likewise, the MMFA's Governance Policies are the primary documents determining investment goals and structure. This IPS is intended to articulate the means used to carry out the ends established by the Board.

The Board shall exercise an appropriate level of due diligence with respect to all aspects of investments for MMFA: development of the asset allocation structure, selection of external investment managers, and the monitoring of investment performance.

Under MMFA's governance policies, the Board has created a Finance/Investment Committee and delegated responsibilities to

the committee. In addition, the President/CEO has the right to act on behalf of the Board in all investment matters. The Board may enlist the help of MMFA staff and outside professionals including an accounting firm, an investment consultant, a custodial bank, and money managers. The terms of the arrangements with each of these entities must be consistent with MMFA's IPS. Each shall acknowledge they are fiduciaries to MMFA in regard to the services they provide.

These include, but are not limited to:

1. **Investment Management Consultant.** The consultant may assist the Investment Committee in establishing investment policy, objectives, and guidelines; selecting investment management providers; reviewing such investment management providers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate. The consultant will inform the Investment Committee regularly of changes in the capital markets which may impact portfolio construction. In addition, the consultant shall have discretion to rebalance the portfolios within the stated allocation range guidelines. Should an Investment Manager utilized fail to adhere to the guidelines stated below, the Investment Consultant shall communicate such matters to the Investment Committee. Recommendations to replace an Investment Manager require a negative consent from the Investment Committee within a 3-business daytime frame.
2. **Investment Management Provider(s) (Managers).** The investment management provider has discretion to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives. In placing portfolio transaction orders on behalf of the Plan, each manager shall obtain execution of orders through responsible broker/dealers at the most favorable prices and at competitive commission rates, taking into consideration the efficiency of execution of the transaction. Investment managers may not act upon written or oral instructions from any person other than the Board, the President, or a person acting on behalf of the Board or the President.
3. **Custodian.** The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund accounts.
4. The Investment Committee will not reserve any control over investment decisions, with the exception of specific limitations described in these statements. Investment management providers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment management providers, each investment management provider should request modifications that they deem appropriate.

Investment Management Provider (Managers) Criteria

Investment Managers for the MMFA portfolios shall be reviewed by the Investment Consultant and the Investment Committee on the following *qualitative* aspects:

- Adherence to Investment style / strategy
- Consistency of implementation of strategy
- Business evaluation, including assets under management relative to strategy
- Retention of key personnel

Investment Managers for the MMFA portfolios shall be regularly reviewed on the following *quantitative* aspects:

- Investment Performance in excess of the specified relative benchmark over rolling 5-year time frames.
- Volatility levels displayed with consistent with the specified relative benchmark
- Investment Performance ranking in the top half of peer universe benchmarks over an appropriate time period for that managers style (i.e., rolling 5-year time frame).

B. Fiduciary Standards

All investments are to be consistent with the standards of maintaining both the reality and the public perception that decisions are made solely to benefit MMFA's participant investors and donors while supporting MMFA's mission. To attain this objective, MMFA shall be managed in a manner consistent with fiduciary standards, namely:

1. All investments shall be made with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in conduct of an enterprise of like character and with the same aims, and.
2. All entities dealing with MMFA's investments are required to disclose conflicts of interest to MMFA in writing as soon as they become apparent. Such disclosure should be communicated to the MMFA's Director of Finance.

Conflict of Interest Policy

MMFA Board and Finance / Investment Committee members are required to disclose any potential conflicts of interest to MMFA's Director of Finance and recuse themselves from any recommendations or dealings with investment managers with which the individual may have external business dealings.

II. INVESTMENT STRUCTURE

MMFA's assets shall be classified into funds based on the source and use of the assets. The funds shall be invested in portfolios. Each portfolio will be dedicated to a broad investment class such as equity or fixed income and will serve as the primary unit of manager performance scrutiny.

The Primary Funds (constructed from the constituent portfolios) are as follows:

- **Income Fund:** High Current Income, Philanthropic time horizon 2-4 years
- **Balanced Fund:** Capital Appreciation, Moderate Income, Philanthropic time horizon 5-7 years
- **Hybrid Fund:** Capital Appreciation, Moderate Income, Philanthropic time horizon 5-7 years
- **Growth Fund:** Capital Appreciation, Philanthropic time horizon 7 years +

This investment policy statement applies only to investments established for MMFA individually. If MMFA chooses to employ commingled investment vehicles, MMFA understands that the investment policies established for those vehicles will supersede this investment policy statement.

III. INVESTMENT CHARACTERISTICS

The Investment Characteristics in this section apply only to the Endowment Funds.

A. Endowment Funds Characteristics

The investment of assets in the Endowment Fund shall be based on appropriate consideration of the following factors.

1. **Liquidity:** MMFA's investments should have sufficient liquidity in aggregate to meet its cash flow needs.
2. **Diversification:** Assets should be diversified among asset categories, sectors, and geographic areas where possible to minimize volatility.
3. **Time Horizon:** The time horizon of each Fund is assumed to be perpetual unless otherwise stated.
4. **Risk Tolerance:** MMFA recognizes that risk is present in all investments. The assumption of risk is needed to achieve satisfactory long-term results. It is the responsibility of MMFA to manage the tradeoff between risk and return, always attempting to minimize risk of the overall portfolio for any given level of return.
5. **Rebalancing:** Once policy targets for asset allocation are set, the Investment Consultant should rebalance in an effort to keep asset allocation as close to the policy target as possible while at the same time minimizing transactions costs. Under extraordinary circumstances MMFA may choose to suspend rebalancing.

B. Endowment Funds Asset Allocation

MMFA shall perform a strategic asset allocation study for the Endowment Fund at least once every three years, or more frequently if circumstances warrant. The asset allocation and the managers currently employed in each of the asset classes with their assigned benchmarks are attached in Addendum I.

IV. MANAGER GUIDELINES – INVESTMENTS

The following guidelines shall be followed by managers in specific ESG pools created by MMFA.

A. Mission-Aligned Investing & Biblically Responsible Investing

Mission Aligned Investing

We believe that all investing creates an impact. Through our investment program we seek out positive impacts based on the mission of the Moravian Foundation. Our mission statement is clear "Guided by our faith and traditions, the MMFA seeks to improve our community and the world by empowering the philanthropic vision and passions of our fund holders and community partners.

- Child Labor & Child Welfare
 - Avoid businesses engaged in harmful practices to children around the world
- Diversity, Equity, and Inclusion
 - Proactively invest in companies that are inclusive in nature across all levels of employees / stakeholders
- Environmental Stewardship
 - Environmental concerns and caring for creation are of utmost importance. The MMFA will avoid investment in the lowest 5% ranked firms in environmental performance metrics and actively engage with companies for positive change
- Gambling
 - The MMFA seeks to avoid addictive behaviors and is encouraged not to realize material gain at the expense of others.
- Pornography
 - The MMFA recognizes the devastating effects of pornography on society and expresses opposition to involvement. The MMFA shall not invest in a company that derives more than 1% of revenue from the production of pornography.
- Substance Abuse
 - The MMFA will not invest in companies that generate more than 5% of their revenue from the production and distribution of harmful and addictive substances.
- World Poverty
 - The MMFA will proactively invest in companies that work to improve living standards across the globe.

MMFA believes proxy voting and shareholder engagement are important components of its approach to mission-aligned investing.

Investment managers should seek to influence corporate management through the use of shareholder advocacy to improve the economic, social, and environmental position of the company as appropriate.

With consideration of the mission-aligned investing principles outlined above, investment managers are given full discretion to act in accordance with the Investment Policy Statement.

B. Bond Fund: Fixed Income Guidelines

The Bond Fund shall be comprised solely of fixed income securities.

1. **Investment objective:** The primary objective of the portfolio is capital preservation; the secondary objective is return and income generation. Active fixed income managers are expected to beat a benchmark appropriate to their style net of fees, and to perform in the top half of a universe of similar portfolios over a full market cycle. The benchmark used for comparison should be assigned to the manager(s) as part of the selection process.
2. **Ratings methodology:** At the time of purchase, all securities must have a minimum Moody's/S&P credit rating of BBB-/Baa3. Should a securities credit rating fall below investment grade, the portfolio manager will sell the security within 30-days or inform the client why the security should not be sold. A security's credit rating will be governed by the Barclays Capital methodology. In aggregate the fixed income portfolio should remain investment credit quality. The manager will maintain a duration of +/- 50% of the benchmark duration.
3. **Securities:**

Permissible Securities

- U.S. Government and agency bonds
- International Government and agency bonds
- U.S. domestic corporate bonds
- International corporate bonds

Prohibited Securities* (but not limited to)

- Equity securities (except for term trusts)
- Securities rated below B
- Commodities
- Unregistered letter stock

- Convertible bonds
- Municipal bonds
- 144(a) bonds of same quality and registration rights
- Preferred stock
- Fixed Income Mutual Funds

- Non-U.S. Dollar securities
- Warrants
- Loans of portfolio securities
- Venture capital issues
- Private placements
- Securities of a contributing employer
- Currency swaps
- Other specialized investment activities
- Interest-only and principal-only strips other than those derived from Treasuries
- Derivatives (including collateralized mortgage obligations and other sequential pay preferred issues)

*Unless expressly waived

4. **Prohibited transactions:** Fixed income managers are prohibited from purchasing securities on margin or selling short.
5. **Cash balances:** Managers are expected to remain fully invested. However, the decision to maintain cash balances is left to the manager's discretion. Managers should inform the Investment Consultant or Senior Director of Finance within 10 business days if cash balances exceed 10%.
6. **Diversification:** Fixed income obligations of any one issuer, other than securities subject to the guarantee of the United States government or any of its agencies, should represent no more than 5% of the aggregate fair market value of a manager's portfolio.

C. Equity Manager Guidelines: Global Equity Guidelines

1. **Investment Objective:** Active equity managers are expected to outperform a benchmark appropriate to their style (value, core, or growth) and market capitalization (large, mid, and small) net of fees. In addition, active equity managers should be ranked in the upper half of a universe of similar portfolios over a full market cycle. Passive equity managers are expected to closely track their appropriate benchmark gross of fees. **International equity** is designed to add diversification to the Equity Portfolio. This segment of the portfolio will be committed exclusively to foreign securities. There are different risks associated with this segment due to factors such as political and currency risks.

2. Securities:

Permissible Securities	Prohibited Securities* (but not limited to)
<ul style="list-style-type: none"> ▪ Domestic common stock ▪ Convertible securities ▪ Foreign common stocks in ADR form ▪ Listed securities on major domestic exchanges are those traded on the New York Stock Exchange (NYSE), the American Stock Exchange (AMEX) and the National Association of Securities Dealers/NASDAQ exchanges. Any investment in convertible debentures must carry an investment grade rating of A or better. ▪ Non-U.S. common stock traded on any major stock exchange ▪ ADRs traded in the United States ▪ Global Depository Receipts (GDR's) ▪ Preferred stocks traded on any major exchange ▪ Covered Option Positions 	<ul style="list-style-type: none"> ▪ Fixed income securities ▪ Commodities ▪ Unregistered letter stock ▪ Warrants ▪ Uncovered Options, Futures, Forwards, and Swaps ▪ Real or Personal Property ▪ Oil and Gas property ▪ Loans of portfolio securities ▪ Venture capital issues ▪ Private placements ▪ Securities of contributing employer ▪ Real estate mortgages

*Unless expressly waived

3. **Prohibited transactions:** Except with the written consent of the Board, equity managers may not purchase securities on

- margin or sell short.
4. **Cash balances:** Managers are expected to remain fully invested. However, the decision to maintain cash balances is left to the manager's discretion, keeping in mind that the benchmark will be applied to the manager's total portfolio and not just to the non-cash portion. Managers should inform the Investment Consultant or Senior Director of Finance within 10 business days if cash balances exceed 10%.
 5. **Diversification:** Equity investments by a Manager in any single corporation shall be limited to no more than 5% of the Manager's total portfolio based on the fair market value of the portfolio at the time of purchase, and no more than 10% of the Manager's total portfolio at any quarterly valuation. The portfolio should also be appropriately diversified by industry sector. The manager should inform the Investment Consultant or Senior Director of Finance in writing of any violation within 10 business days of its occurrence.
 6. **Income:** There are no minimum yield or dividend requirements.
 7. **Foreign securities notification (Domestic Equity Manager):** If the manager chooses to hold foreign securities, the dollar value of those securities must be reported to the VP of Asset Management within 10 business days following the end of a calendar quarter, unless expressly allowed by the manager agreement.

D. Liquid Alternatives Guidelines

The Board may consider investments in alternative investment strategies within the context of an overall investment plan. The objective of such strategies will be to diversify the portfolio, complementing traditional equity and fixed-income investments and reduce the overall volatility of the Fund. There is no guarantee that this objective will be realized.

Absolute Return Strategies

The purpose of investing in absolute return strategies is to produce a reasonably stable positive return regardless of market direction and, due to their low correlation with returns of conventional marketable securities, to reduce systematic risk in the portfolio. Absolute return strategies include merger arbitrage, restructuring plays, fixed income and convertible arbitrage, distressed securities investing, U.S. and global long/short investing, and other hedged strategies. When stock market conditions are poor, absolute return managers are expected to be better positioned to protect assets and generate positive returns. When market conditions are strong, absolute return managers can be expected to generate reasonable returns, although perhaps below those of traditional marketable securities.

The level of risk, defined as volatility and market correlation, varies significantly among and between absolute return investment programs depending on the investment strategies employed.

E. Illiquid Alternatives Guidelines

The Board may build a program of both marketable and non-marketable alternative investments such as venture capital, leveraged buyouts and other private equity / private market structures. These investments diversify the overall portfolio and offer the potential for high and at times uncorrelated returns compared to marketable equities. Investment opportunities will most often be in the form of limited partnerships lasting ten years or more.

V. MANAGER GUIDELINES – POLICY AND COMMUNICATIONS

A. Reporting

1. Within 10 days a manager must inform the Investment Consultant and the Senior Director of Finance of changes in organizational structure, ownership, or key personnel. Also, a Manager must inform the Investment Consultant and VP of Asset Management of material litigation brought by a client or former client relating to investment advisory services, or any enforcement proceeding by a regulatory agency that would have a material effect on the Manager, within 14 days after the Manager has been notified of the litigation or the enforcement proceeding.
2. On an annual basis each Manager is to submit to the Senior Director of Finance an annual proxy voting report and a copy of Form ADV as filed with the Securities and Exchange Commission. Also on an annual basis, each Manager is expected to meet with MMFA staff or the Board to discuss management of the portfolio. Managers may be asked to meet with the Board or MMFA staff more frequently if special circumstances require it.

B. Proxy Voting

MMFA requires that Investment Managers exercise authority with regard to proxy voting, acting solely in the interest of the MMFA. With regard to corporate governance, proxy votes should be against proposals to limit or eliminate liability for violation of duty of care and to indemnify directors in instances of gross negligence. The annual report on proxy voting covered under

the previous section shall include:

- Summation of all votes cast;
- Affirmation that all stock holdings with votes due were voted;
- Description of proposed changes in proxy voting policies;
- Confirmation that all votes cast were consistent with policy;
- Explanation of any violation of the previous requirements.


Broker Relations - Investment managers are free to execute trades whenever it is in the best interests of MMFA and will have the discretion to execute transactions with brokerage firms of their choosing.

- Commission dollars are a MMFA asset and should not be used for purposes other than those that directly benefit MMFA.

VI. EXECUTION OF INVESTMENT POLICY

IN WITNESS WHEREOF, this document has been approved and executed by the President of the Moravian Ministries Foundation on this:

31^{ST.} Day of JANUARY 2023

By: 
Christopher Spough, President / CEO

Date: 1/31/2023

ADDENDUM 1: FUNDS

Asset Allocation

The purpose of this Addendum is to formally state the strategic asset allocation for each of the funds. The strategic asset allocation is the outcome of a careful weighing of risk, return and liquidity for each of the funds.

Primary Funds

Growth Fund

<u>Sub-Asset Class</u>	<u>Benchmark</u>	<u>Allocation Range</u>	<u>Strategic Target</u>
Equity	MSCI ACWI	20% - 70%	35%
Fixed Income	Barclays Aggregate Index	5% - 40%	23%
Real Assets	Custom Blend	5% - 30%	10%
Alternatives	HFRX Equity Hedge	10% - 20%	10%
Private Markets	Custom Blend		15%
Cash	90-Day T-Bill	0% - 15%	2%

Hybrid Fund

<u>Sub-Asset Class</u>	<u>Benchmark</u>	<u>Allocation Range</u>	<u>Strategic Target</u>
Equity	MSCI ACWI	30% - 75%	33%
Fixed Income	Barclays Aggregate Index	15% - 55%	30%
Real Assets	Custom Blend	0% - 20%	10%
Alternatives	HFRX Equity Hedge	0% - 20%	15%
Private Markets	Custom Blend		10%
Cash	90-Day T-Bill	0% - 15%	2%

Balanced Fund

<u>Sub-Asset Class</u>	<u>Benchmark</u>	<u>Allocation Range</u>	<u>Strategic Target</u>
Equity	MSCI ACWI	30% - 60%	35%
Fixed Income	Barclays Aggregate Index	15% - 70%	33%
Real Assets	Custom Blend	0% - 20%	10%
Alternatives	HFRX Equity Hedge	0% - 20%	10%
Private Markets	Custom Blend		10%
Cash	90-Day T-Bill	0% - 15%	2%

Income Fund

<u>Sub-Asset Class</u>	<u>Benchmark</u>	<u>Allocation Range</u>	<u>Strategic Target</u>
Equity	MSCI ACWI	10% - 40%	20%
Fixed Income	Barclays Aggregate Index	45% - 85%	50%
Real Assets	Custom Blend	0% - 20%	8%
Alternatives	HFRX Equity Hedge	0% - 20%	20%
Private Markets	Custom Blend		0%
Cash	90-Day T-Bill	0% - 15%	2%

ESG Growth Fund

<u>Sub-Asset Class</u>	<u>Benchmark</u>	<u>Allocation Range</u>	<u>Strategic Target</u>
Equity	MSCI ACWI	30% - 70%	45%
Fixed Income	Barclays Aggregate Index	15% - 70%	28%
Real Assets	Custom Blend	0% - 20%	5%
Alternatives	HFRX Equity Hedge	0% - 20%	10%
Private Markets	Custom Blend		10%
Cash	90-Day T-Bill	0% - 15%	2%

ESG Core Fund

<u>Sub-Asset Class</u>	<u>Benchmark</u>	<u>Allocation Range</u>	<u>Strategic Target</u>
Equity	MSCI ACWI	30% - 60%	35%
Fixed Income	Barclays Aggregate Index	15% - 70%	33%
Real Assets	Custom Blend	0% - 20%	10%
Alternatives	HFRX Equity Hedge	0% - 20%	10%
Private Markets	Custom Blend		10%
Cash	90-Day T-Bill	0% - 15%	2%

Constituent Funds

A. Stable Fund

The stable fund is invested cash, institutional money market and ultrashort duration fixed income (under 270-day maturity), CD's or other demand note instruments.

ADDENDUM 2: PORTFOLIOS

Managers, Performance Standards and Rebalancing Policy

The primary unit of scrutiny for asset allocation will be the Funds. Each Fund has a separate asset allocation intended to balance the risk/return tradeoff unique to that fund.

This addendum has two purposes:

- to summarize performance standards relative to the managers;
- to formally state a rebalancing policy that will be used to maintain the selected allocation.

Asset allocation within each portfolio's classification is as follows:

A. Performance Measurement

Managers chosen to invest money on behalf of MMFA are expected to:

1. Adhere to this investment policy statement;
2. Surpass a benchmark return net of fees; and
3. Perform in the upper half of a peer universe.

These goals shall be attained over a market cycle assumed to be five years. Managers may be considered for dismissal in less than five years should MMFA judge that attainment of the goals is unlikely before the end of the five-year period.

B. Rebalancing

The Investment Consultant shall handle cash flows to maintain the target allocations listed above and may initiate rebalancing at any time but should inform MMFA of that decision at the next regularly scheduled meeting. Rebalancing becomes mandatory if an allocation violates the target ranges outlined above.

Mandatory rebalancing should be completed within one quarter of the time that the full Board is informed of the violation. The Investment Consultant is given discretion as to where, within the range, to target any rebalancing. Under extraordinary circumstances MMFA may choose to suspend rebalancing.