THE *Episcopal* CHURCH

CONFIDENTIAL PROGRAM PARTICIPANT INFORMATION MEMORANDUM

January 31, 2019

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To:	Current and prospective participants ("**Participants**") in the Program
From:	The Domestic and Foreign Missionary Society of the Protestant Episcopal Church in the United States of America, a New York corporation ("**DFMS**")
Re:	The DFMS Trust Investment Portfolios (the "**Program**")

Introduction: You are receiving this Confidential Program Participant Information Memorandum ("**Memorandum**") because you are a current or prospective participant in the Program, which was organized and is managed by DFMS. This Memorandum provides a general overview of the Program, identifies certain risks associated with participation in the Program and outlines certain requirements and restrictions applicable to current and prospective participants.

Overview of the Program: The Program is intended to provide eligible DFMS congregations and constituents the ability combine their assets with DFMS's investments, and in turn, have those assets managed by third party investments advisers selected by DFMS personnel. This is intended to enable Participants to receive potential benefits of investment advice without having to independently identify, engage and monitor third party independent investment advisers. Importantly, the Program contemplates that Participants invest along-side DFMS, and therefore Participants should understand that in managing the Program's assets, DFMS personnel are primarily seeking to achieve DFMS's stated investment objectives—those objectives may not necessarily be the same as any Participant's objectives or goals, and neither DFMS or the Program attempt to meet any particular Participant's investment objectives.

Participants' interests in the Program are not represented by any certificate, but instead are accounted for internally by DFMS with reference to each Participant's number of units (the "**Units**"). The Units are valued by dividing the total number of Units by the Program's net asset value ("**NAV**") calculated at any particular time. As with any investment, the Units and the Program may lose value.

Eligible Participants; Restrictions: To be eligible to participate in the Program, a Participant must be exempt from taxation under §501(c)(3) of the Internal Revenue Code of 1986, as amended (the "**Code**"). In addition, no part of the Program's net earnings may inure to the benefit of a private shareholder or individual, a Participant may only contribute and invest funds over which the Participant has immediate, unrestricted and exclusive use, and Participants may not invest assets that are attributable to a retirement plan that provides for employee contributions. To participate in the Program, prospective Participants are required to acknowledge and agree to the requirements for participation, along with other restrictions and requirements imposed by law and DFMS.

Key Legal Matters: Neither the Units nor the Program have been registered with the Securities and Exchange Commission ("**SEC**") or any similar state securities authority under the Securities Act of 1933, as amended (the "**1933 Act**") or similar state law, on the grounds (among others) that the Units and the Program are exempt securities under the 1933 Act. Similarly, neither the Units nor the Program are registered under the Investment Company Act of 1940, as amended (the "**1940 Act**"), and therefore Participants will not receive the protections afforded under the 1940 Act. Finally, neither the DFMS nor any of its personnel operating the Program are registered as investment advisers under state law or under the Investment Advisers Act of 1940 as amended (the "**Advisers Act**"), and therefore neither the Units, the Program nor the Participants will be afforded certain protections provided by the Advisers Act.

The aforementioned exemptions under the 1933 Act and the 1940 Act are conditioned upon the Program, DFMS and the Participants continuing to meet certain conditions described below. One of those conditions is that Units may not be transferred or pledged by any Participant. As a consequence of being exempt under the 1933 Act, the Program is not required to provide certain information to prospective Participants under the 1933 Act or state law. Neither the SEC nor any state securities authority has passed upon the adequacy or completeness of this Memorandum, nor of the fairness of the terms of the Units or the fitness of the Program for any Participant.

Investing in the Units involves certain risks—some of which are summarized below under "Risks"—that you should carefully consider.

General Notices: This Memorandum is provided on a confidential basis solely for the information of those persons to whom it is transmitted by DFMS so that they may consider to invest their funds along-side those of DFMS in the Program described herein and is not to be reproduced or used for any other purpose. Prospective Participants are not to construe the contents of this Memorandum as legal advice—each prospective Participant should consult their own advisors concerning legal, tax and related matters concerning an investment in the Program.

In making an investment decision, Participants must rely on their own examination of the Program and the terms of the Units. The Program will continue to conduct its operations so as not to be required to register as an investment company under the 1940 Act, though DFMS cannot provide assurance that it will always maintain an exemption from such requirement.

Neither DFMS nor any other person or entity makes any representation or warranty as to the Program's future profitability or of an investment in the Units. In considering any prior performance information contained herein or in accompanying materials, prospective Participants should bear in mind that past performance is not necessarily indicative of future results, and there can be no assurance that the Program will achieve comparable results.

This Memorandum is confidential and proprietary to DFMS. It is provided to the recipient in confidence with the understanding that the recipient will observe and comply with this paragraph and the paragraphs above. If any of such terms are not acceptable, this Memorandum should be promptly returned to the following, and if a prospective Participant has any questions about this Memorandum, they should contact:

N. Kurt Barnes | Treasurer & Chief Financial Officer
The Episcopal Church
815 Second Avenue | New York, New York 10017
Telephone: 212-922-5296

SUMMARY OF THE PROGRAM

DFMS's Investment Portfolio ....

DFMS's total investment portfolio (the "**Portfolio**") consists of three components: charitable funds, programmatic investments, and endowment funds. The Program is part of DFMS's endowment funds. Accordingly, Program assets are co-mingled with DFMS's other Portfolio assets, even though Participants only have rights to their share of the Program assets represented by their number of Units. *Please see the most recent Trust Funds Report (the "**Report**") attached to this Memorandum as Exhibit A for a more complete description of DFMS's investment portfolio.*

The Program ....

The Program is intended to provide eligible DFMS congregations and constituents to combine their assets with DFMS's investments, and in turn, have those assets managed by third party investments advisers selected by DFMS personnel. This is intended to enable Participants to receive potential benefits of investment advice without having to independently identify, engage and monitor third party independent investment advisers.

Investment Objective & Strategy ....

The Portfolio's investment objective is a long-term rate of return on assets that will generate earnings to provide a sustainable and increasing level of income to support current and future ministries of the Episcopal Church, while preserving the real (inflation-adjusted) purchasing power of DFMS's funds. The majority of the Program's assets are invested in liquid, marketable securities. However, approximately 15% to 20% of the Program is invested in real estate and alternative assets. *See the Statement of Investment Policy & Objectives for The Domestic & Foreign Missionary Society (the "**IPS**") attached to this Memorandum as Exhibit B for a more complete description of the Program's objectives.*

Program Management ....

The overall responsibility for overseeing the Program is vested with DFMS's Executive Council (the "**Executive Council**"). In turn, the Executive Council Investment Committee (the "**Investment Committee**") is charged with the responsibility for overseeing assets of the Program. The Investment Committee is comprised of persons elected by the Executive Council, pursuant to its by-laws, and consists of the Treasurer of the Executive Council plus between six and nine additional members (one of whom shall be a member of the Executive Council's Joint Standing Committee on Finances for Mission) elected by the Executive Council upon the joint nomination of the Chair and Vice-Chair of Executive Council – these persons are divided into three classes nearly equal in number as possible, for each class, with each person serving for a three year period. The Investment Committee has retained an investment consultant to assist the Investment Committee perform its duties.

Among the duties and responsibilities of the Investment Committee are to select, monitor and remove independent third party investment managers ("**Investment Managers**"), custodians and other advisers for Program assets, evaluating the performance of Investment Managers, and determining asset allocation and reallocations for Program assets. Investment Managers are responsible for making all investment decisions for Program assets on a discretionary basis. The obligations of the Investment Managers are provided in written agreements between DFMS and the applicable Investment Manager. Criteria used by the Investment Committee to select Investment Managers is described in the IPS, together with general benchmarks assigned to Investment Managers, general standards for monitoring such Investment Managers by the Investment Committee and specific guidelines related to the Program's portfolio's composition, diversification and concentration, and investment restrictions.

No one associated with DFMS charges the Program or the Participants for administering the Program. *See the Report and the IPS for a more complete description of how the Program and the Portfolio are managed.*

Program Contributions ....

In order to minimize transaction costs, funds are moved into and out of the Program only once each month. New contributions will normally be deposited with Investment Managers within ten business days after the end of each calendar month. Contributions received prior to the end of a month are deposited in the DFMS non-interest-bearing checking account. New Participants must first sign and return the attached Participation Agreement discussed below.

Withdrawals .... Withdrawals are normally processed at the same time as dividend distributions. Participants who need 90% or less of their funds before the end of a quarter will be accommodated as soon as possible. Participants who need more than 90% of their fund balance before the end of a quarter will receive 90% of the estimated market value as soon as practicable; the remaining 10% will be remitted with the regular distribution.

Account Information .... When final accounting for each quarter is received, a report is posted on the DFMS Finance Office website http://www.episcopalchurch.org/page/finance-office; and Participants are notified via e-mail that the report is available. The report includes the trust fund and account numbers, the distribution amount, the ending market value, the number of Units, and any transactions during the quarter. Individual participation statements are available upon request for audit purposes only.

Account Instructions .... All elections and changes must be made in writing and received by the Treasurer's Office at least two business days before the end of a month. The most convenient method is by completing the DFMS Trust Fund Account Data Sheet (also available on the Finance Office website).

Unit Value Calculation .... The equation for calculating Unit value on a quarterly basis is based upon the total net market value of the Program, divided by the total number of Units. NAV includes received and accrued income, realized and unrealized gains, receivables (unsettled sales), payables (unsettled purchases) and operating expenses (including Investment Manager's fees). A simple example of a quarter end calculation is:

Market value of investments = $330,227,133.77

Number of Units = 16,300,130.4134787

Unit Value = $20.25917127

Based upon these calculations, at quarter end, if this Participant owned 523,095.123 Units valued at $20.25917127 each, their total NAV would be $10,597,473.68. Fees are charged to Investment Managers' accounts when they are paid and are included in the NAV. No Participant is individually charged for fees. The Unit value calculation includes fees that are paid.

Dividend Distribution Calculation .... Distributions are made from time to time (depending on the performance of Program assets) and are based on the two components of total return – asset yield and appreciation. Dividends are distributed quarterly through wire transfer or check usually by the 10th day after the end of a calendar quarter. Participants may elect to receive dividend distributions quarterly, semi-annually or annually; or may elect to reinvest and add the dividends to principal.

A portion of the total return of Program funds for which DFMS is the beneficiary is distributed for current operating expenses.

The Executive Council establishes an annual payout rate, after considering many factors in accordance with the New York Prudent Management of Institutional Funds Act. The factors include: the perpetual duration of the Program; general economic conditions; the effects of inflation on the purchasing power of the portfolio; the historic long-term performance of the portfolio; and the guidelines established in the Investment Policy Statement. Each quarter, the Program makes a distribution of one-quarter of the annual rate or reinvests if so directed by a Participant.

Leverage .... The Program assets are essentially unleveraged. Without the explicit authorization of the Executive Council Investment Committee, no manager will use derivatives (including, without limitation, swaps, structured notes, and collateralized mortgage derivatives) if their effect is to leverage the Fund's assets, circumvent any investment guidelines, introduce additional risk into the portfolio or put more than the principal amount of the account at risk. *See "●," and "Risks."*

Risks & Key Considerations ....

An investment in the Program is subject to various risks, including general investment risks, the use of certain investment techniques, risks attendant to fixed-income securities (such as interest rate and default risks), hybrid and equity securities risks, portfolio concentration, and the semi-illiquid nature of the Units. *See "Risks."*

In addition to the risks disclosed in this Information Statement, we wanted to highlight a certain terms and practices of the Program:

● *Fees*: Investment Managers charge fees to the Program for the investment services provided to the Program. Such fee rates are charged regardless of the performance of the investments recommended or effected by the Investment Manager, are applied pro rata across Participants in the Program and serve to reduce the capital and performance of the Program.

● *Lack of Control*: As a Participant in the Program, you will have no ability to influence the decisions of the Investment Committee or the Investment Managers, or how your capital is invested. Program Participants do not have voting rights or an ability to participate in any of the management of Program.

● *Co-Mingling of Assets*: Participants' funds in the Program are co-mingled with DFMS's assets and those of other Participants. A separate "account" for each Participant is not established. The Investment Committee separately accounts for each Participant's contributions, however, DFMS itself is not a registered investment adviser, accountant or other financial services professional. This means that any Participant's funds in the Program are subject to the general debts and obligations of DFMS.

● *No Personal Advice*: The investment objectives of the Program are not tailored to any specific Participant or its financial circumstances or objectives. The objectives of the Program are established by the Executive Council and the Investment Committee and implemented through the Investment Managers engaged by DFMS. Participants are not offered individualized investment advice through their participation in the Program.

Transferability ....

Units may not be transferred, and therefore the Units are illiquid.

Operating Expenses ....

The Program incurs routine operating costs involved in its operations, primarily consisting of Investment Manager fees, brokerage commissions and other fees associated with investments, audit expenses, custodial fees, legal fees, and consulting fees from time to time.

Certain Tax Matters ....

The program is not intended to operate as a partnership for federal income tax purposes. Because the Program does not intend to use finance leverage, or borrowed funds, in its investment activities, Participants should not be subject to the federal unrelated business income tax as a result of the Program's activities. *See "Tax Considerations – Investment by Tax-Exempt Entities."*

Auditors ....

DFMS has engaged the services of a PCAOB-registered auditor—Grant Thorton. Participants will receive a copy of the Program's annual audit, consisting of a schedule of the Program that is a part of DFMS's audited financial statements. DFMS has the right to change the auditor. A copy of the audit for the Program's last completed fiscal year is attached to this Memorandum as Exhibit C.

Reports ....

The Program is audited annually by independent auditors as part of the audit of the DFMS consolidated financial statements. For audited statements, please visit the DFMS Finance Office website.

Brokers & Custodians ....

The Investment Committee has the discretion to select the Program's brokers, which discretion may be delegated to Investment Managers. The Program's brokers execute and clear listed trades, serve as a counterparty for certain trades in the OTC market and as the Program's agent in others, and perform other administrative services including custodial services, and may hold some of the Program's assets.

Fiscal Year ....

DFMS's fiscal year is the calendar year.

How to Participate ....

To be eligible to participate in the Program, a Participant:

● Must be exempt from taxation under Code §501(c)(3);

● May only contribute and invest funds over which the Participant has immediate, unrestricted and exclusive use;

● May not invest assets in the Program that are attributable to a retirement plan that provides for employee contributions; and

● Must agree not to assign or encumber its interest in the Program.

To participate in the Program, a prospective Participant will be required to acknowledge and agree to the requirements for participation in the Program, along with other restrictions and requirements imposed by law and by DFMS as provided in a Program Participant Agreement substantially in the form attached as Exhibit D (the "**Participation Agreement**").

RISKS

A Participant may experience a significant loss of an investment in the Program, and neither DFMS nor any bank provide any sort of guarantee of the Program's performance. Accordingly, the purchase of Units should only be made by those able to assume such risks and only after consulting with independent, experienced investment and tax advisors. If you would like more information regarding any risk described below, you should contact DFMS's Treasurer directly. Among the major risks that Participants should consider are the following:

Risks Relating to the Investment Committee's Investment Strategies

No assurance of success. The investment strategies utilized by the Investment Committee and the Investment Managers may prove unreliable in achieving a dependable, or target, return on invested capital or meaningful impact. There is no assurance that the Investment Managers will succeed in identifying profitable investment opportunities or in preventing loss.

Concentration risk. Concentration risk arises from exposure to a limited number of assets, industry sectors, markets, and other such exposures. The Program primarily invests in assets that could benefit from upward price movement in the selected asset classes. This investment strategy may at times limit the diversification of the Program's portfolios and be conducive to investment concentration risk.

Assumptions about long-term market direction may prove inaccurate. The Investment Committee and the Investment Managers' strategies are influenced by long-term, macro global interpretations of world events and economic, political and demographic factors. The Investment Managers' interpretations of these factors are used to develop certain assumptions that guide investment choices. Should the Investment Managers' assumptions prove inaccurate, the Program may achieve lower gains or experience loss.

[Use of risk leverage. The Program does not use debt, such as buying stock or bonds on margin, to finance its investments. Without the explicit authorization of the Executive Council Investment Committee, no manager will use derivatives (including, without limitation, swaps, structured notes, and collateralized mortgage derivatives) if their effect is to leverage the Fund's assets. Using risk leverage can increase the potential for losses and can increase the magnitude of rate or price increases. Various forms of risk leverage have been implicated as a leading factor in heavy losses sustained by some investment funds in the past.]

Illiquidity of investments. The Investment Managers may cause the Program to invest in both liquid markets and to a lesser extent in non-liquid, or not as liquid products such as hedge fund of funds. As a result, the Program could be compelled to remain in a position while its profits decline or its losses grow, or it might have to accept a discounted price to liquidate a position in a timely manner.

General economic & market conditions. The success of the Program's activities will be affected by general economic and market conditions, changes in interest rates, availability of credit, inflation, deflation, economic uncertainty, changes in laws, and national and international political circumstances, among others. These factors may affect the level and volatility of prices and liquidity of the Program's investments. Unexpected volatility or liquidity could help or impair the Program's profitability or result in its suffering losses.

Volatility of capital markets & credit market turmoil. The Program's assets can be adversely affected by market volatility. Volatility can result from fiscal and monetary intervention, rule changes, tightening of credit, surprise news events and other factors. Price volatility may be influenced by such macro factors, and also by more specific factors such as investor sentiment, sudden favor or disfavor of a company or industry, predictions or rumors and heavy trading pressure from particular investors. Such patterns of price movements may result in corresponding volatility in the Program's returns and its NAV. The Program's portfolio positions may undergo significant short-term declines and experience considerable price volatility. An investment in a Program should only be considered by investors prepared to experience possible short-term volatility and fluctuations in value in the interest of seeking long-term capital appreciation.

Correlation risk. Investment Managers may use historical price correlations when selecting investment positions for the Program. There is a risk that price correlations can become different than what was historically assumed. These changes can happen suddenly and remain changed or in a state of fluctuation for an undeterminable length of time.

Risks Related to Instruments in Which The Program May Invest

Below investment-grade (also known as high yield) securities. Investment Managers may cause the Program to invest in high yield securities, which are subject to a high degree of market and credit risk. In addition, the secondary market for these securities may lack liquidity, which in turn may adversely affect the value of these securities and that of the Program.

Equity securities. Investment Managers cause the Program to invest in preferred stock, hybrid securities, exchange-traded funds ("**ETFs**"), mutual and closed-end funds, and other forms of listed and tradable equities. All listed equity investments carry the risk of loss because of conditions particular to the investment or to the sector of which the equity is a part.

A second risk relates to the fact that U.S. exchanges have adopted circuit breakers to halt trading in the overall market if a sharp decrease or increase in price occurs in the Dow Jones Industrial Average or Standard & Poor's 500 Stock Index within a prescribed time period. Depending on the extent of the price movement, the market may reopen for trading after an hour or more or close for the day. Market halts keep investors in positions they might prefer to liquidate, in hopes that the "time out" will curb or stop the rushing prices. Circuit breakers may not successfully curb free-falling prices and in certain circumstances may aggravate the problem.

ETFs. Investment Managers may cause the Program to invest in ETFs. An ETF is an index fund or trust, listed on a stock exchange that can be traded intraday like an individual stock. An ETF carries all the risks of a listed security in addition to those described below. Shares of an ETF will trade at prices other than its NAV. An ETF's NAV is calculated at the end of each business day. During trading hours, the prices of its shares will fluctuate continuously based on market supply and demand for the ETF rather than its NAV and may deviate significantly from NAV during periods of market volatility. If a shareholder (such as the Program) were to purchase an ETF when the market price of the ETF is at a premium to its NAV or sell when the market price is at a discount to the NAV, the shareholder may sustain a loss.

An ETF may not be actively managed and instead invest in the securities included in its underlying index regardless of their investment merit and not attempt to take defensive positions in declining markets. Furthermore, shares of an ETF may trade in the secondary market on days when the ETF does not accept orders to purchase or redeem shares. Purchases or sales in the secondary market may reflect more significant premiums or discounts than might be experienced on days when the ETF accepts purchase and redemption orders. In addition, due to the rounding of prices, changes to the underlying index and regulatory requirements, an ETF's performance may diverge from the performance of its underlying index. This is called "tracking error." Tracking error also may result because the ETF incurs fees and expenses while its underlying index does not.

Closed-end funds. Investments in closed-end investment companies present some of the same risks as investments in equities. Liquidity, volatility and trading halts caused by extreme price movements are all concerns. Also, like any other collective investment vehicle, they impose fees and expenses on their investors, and mutual funds do not always perfectly track their indexes or achieve their objectives. Furthermore, a closed-end fund presents the risk that the fund price may trade at a premium or a discount to its NAV.

Non-U.S. investments. Investment Managers may cause the Program to invest in assets which, based on information available to the applicable Investment Manager at the time of investment, are located and derive a majority of their revenue from countries outside the United States. Non-U.S. securities involve certain risks not typically associated with investing in U.S. securities, including risks relating to (i) currency exchange matters, including costs associated with conversion of investment principal and income from one currency into another; (ii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in, and relative illiquidity of, some non-U.S. securities markets; (iv) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less governmental supervision and regulation in some countries; (v) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation and adverse economic and political development; (vi) the possible imposition of non-U.S. taxes on income and gains recognized with respect to such securities; (vii) differing, and potentially less well-developed or well-tested laws regarding corporate governance, fiduciary duties, the protection of investors and intellectual property rights; (viii) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (ix) political hostility to investments by foreign or private equity investors; and (x) less publicly available information. There can be no assurance that adverse developments with respect to such risks will not adversely affect the Program's assets that are held in certain countries. In addition, certain of the aforementioned risks may be increased with respect to the Program's investments in developing and emerging markets.

Exchange rate risk. Investment Managers may cause the Program to take positions in foreign currencies and in securities denominated in foreign currencies. The value of the Program's non-dollar holdings may fluctuate when these currencies strengthen or weaken against the dollar and these fluctuations may jeopardize profits held in foreign currencies. Currency exchange rates generally are determined by the forces of supply and demand in the foreign exchange markets and the relative merits of investments in different countries as viewed from another country's or an international perspective. In addition to change caused by shifts in underlying fundamentals, currency exchange rates can also be affected by the actions of governments and central banks, and by political developments.

Counterparty risk. Investment Managers may cause the Program to take positions in markets, such as the forex markets, in which performance is the responsibility of the individual counterparty and not of an exchange or clearinghouse. In these cases, the Program's investments will be subject to the risk that the counterparty will be unwilling or unable to perform its obligations. Some counterparties now require the posting of collateral as a protection against counterparty risk but even collateral may be difficult to liquidate in a market crisis.

Counterparty risk can arise when banks and dealers act as principals in markets such as the interbank or forex market. No governmental agency regulates trading in these spot or forward contracts. Consequently, there is no limit on the daily price movements of these contracts. Because these contracts are not traded on an exchange, until recently performance was not guaranteed by a clearinghouse. Certain exchanges have begun to offer clearing services for over-the-counter transactions in particular markets.

Risks Relating to the Program's Risk Management System

Use of hedging. Investment Managers may cause the Program to hedge by taking offsetting long or short positions through short-selling, purchasing options, purchasing ETF products, or other means. While hedging is intended to protect against adverse price movements, it also could have the effect of lowering the trade's profit potential by locking in an exit price. In addition, all hedging involves costs, including the purchase price of the instrument used for the hedge and related transaction expenses. On occasion, these costs may outweigh the benefits to be derived from the hedge.

The greater the similarity between the instrument being hedged and the instrument providing the hedge, the more successful the hedge is likely to be. A number of factors may cause a reduction in or loss of the correlation between a hedging instrument and a portfolio position. Failure of a hedging strategy in a leveraged portfolio may result in the portfolio losing more than its position would have without the hedge. For these reasons, the Investment Managers may choose not to hedge, to hedge only a portion of a position or to implement a hedge only when warranted by specific market indicators. The duration of the hedge is also a matter within the Investment Committee's discretion.

Diversification. Although the Program takes positions in different instruments (for example, different types of fixed income asset classes), each investment is selected because the Investment Manager exercising discretion believes it has the potential to fulfill the overall return and risk objectives, especially when factoring other aspects of the portfolio and how the potential correlation between investments may effect of the portfolio assets overall.

Service providers & control programs. The Program and its service providers may be subject to possible service interruptions that could negatively impact the Program's ability to receive and process investment information, to make and execute investment decisions and record and monitor their transactions and investments in an accurate and timely manner. Service interruptions may result from market-place failures in the various exchanges and electronic trading platforms utilized by the Investment Managers; systems failures with brokers or counterparties; interruptions of telephone and communication systems, including internet, email and instant messaging; computer viruses and software failures; problems with data storage, backup and retrieval systems; failures in trade reporting, confirmation and trade break reporting systems; limitations in the ability to access the office premises and systems; damage from floods, fire, vandalism and terrorism; and any other unforeseeable and unavoidable unusual events.

Risks Relating to the Program's Structure & Operations

No Governing Documents. Unlike corporations or many other forms of investment vehicles, the Program has not adopted a specific "operating agreement", "bylaws" or similar governing document that expressly defines the rights and obligations of Participants. Therefore, Participants are not granted specific rights by contract or otherwise.

Reliance on the Investment Committee & Investment Managers. The Investment Committee has significant discretion to oversee and implement the Program. On behalf of the Investment Committee, Investment Managers make all decisions with respect to securities and assets of the Program under the terms their respective agreements with DFMS. Therefore, Participants have to rely on the expertise and decisions of the Investment Committee and third party Investment Managers to manage Program assets.

Fees & expenses. The Program is subject to a variety of fees and expenses, many of which are payable regardless of whether the Program earns a profit. The Investment Managers receive asset-based management fees and the Program is also responsible for its own routine expenses. These costs are in addition to the transaction charges the Program pays on its trading activities. All direct and indirect fees and expenses must be recouped before Participant's investment can show any profit.

Illiquidity of Units. Units cannot be assigned, transferred or otherwise encumbered. There is and will be no public market for Units. However, once proper notice has been given, a Participant may request to redeem all or a part of its portion of its capital. Certain limitations apply. Payment may be delayed for several reasons and the opportunity to redeem may be suspended in unusual circumstances.

Financial institution failure. Balances held at financial institutions such as banks are currently insured by the Federal Deposit Insurance Corporation for up to $250,000 per account. Securities brokerage accounts are insured against fraud, among other things, by the Securities Investor Protection Corporation for up to $500,000 per customer of which no more than $100,000 will be paid for assets held in cash. Most large brokerage firms have obtained additional insurance written by private insurance companies. Information about the Program's current brokers' private insurance coverage is available from DFMS.

Cyber security breaches & identity theft. DFMS's, the Investment Managers', the Program and its service providers' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although DFMS, the Investment Managers may have implemented, and service providers may implement, various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, those parties may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in those parties' operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Investment Managers' reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

UBIT. Although not currently the intent of the Program, if the Program were to use leverage or borrowed funds in its investment activities, Participants that are tax-exempt may be subject to "unrelated business income tax" (or "**UBIT**") from their share of Program gains and income.

Limited Regulatory Protection

No 1940 Act Protections. The Program seeks to maintain its structure so as to not be required to register as an investment company under the 1940 Act and, therefore, the Participants will not have the benefit of various protections afforded by the 1940 Act. Because the Program will not be registered as an investment company, it is not required to limit itself to any particular asset allocation or diversify its exposure to a type of security or sector. As a result, the Program's assets may be subject to greater risk and volatility than if its assets were invested in the securities of a broad range of issuers.

Advisers Act. While the Investment Managers are registered as investment advisers under the Advisers Act, no person associated with DFMS is so registered. Accordingly, Participants will not be afforded some protections provided under the Advisers Act.

THE FOREGOING LIST OF RISK FACTORS AND OTHER CONSIDERATIONS DOES NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS AND OTHER FACTORS INVOLVED IN THE PROGRAM. PROSPECTIVE PARTICIPANTS SHOULD READ THE ENTIRE MEMORANDUM BEFORE DECIDING TO PARTICIPATE IN THE PROGRAM.

U.S. TAXATION OF TAX-EXEMPT INVESTORS

[Income recognized by tax-exempt entities is generally exempt from U.S. federal income tax. Code §511, however, imposes a tax on such an entity's UBIT to the extent that UBIT exceeds $1,000 for any taxable year. UBIT is income from an unrelated trade or business regularly carried on. Excluded from this characterization, among other items, are dividends, interest, royalties and gains from the sale of property that is neither inventory nor held primarily for sale to customers in the ordinary course of business. Income from an unrelated trade or business may be further adjusted by certain deductions for expenses attributable to the unrelated trade or business. While the Program does not presently intend to hold investments that generate UBIT, it is possible the Program may make such investments in the future.

Additionally, a tax-exempt entity is deemed to be engaged in an unrelated trade or business to the extent of its "unrelated debt financed income." Unrelated debt financed income is income derived from property with respect to which there is outstanding acquisition indebtedness and the use of such property is unrelated to its exempt purpose. Dividends, interest, annuities, royalties and other receipts otherwise excluded in computing UBIT are nevertheless included to the extent property generating those receipts is debt financed. UBIT can also result from a tax-exempt Participant incurring acquisition indebtedness in connection with its investment in the Program.

In addition, certain tax-exempt investors may be subject to an excise tax if the Program engages in a "prohibited tax shelter transaction" or a "subsequently listed transaction" within the meaning of Code §4965. Furthermore, if the Program engages in a "prohibited tax shelter transaction," tax-exempt investors may be subject to substantial penalties if they fail to comply with special disclosure requirements and managers of such tax-exempt investors may also be subject to substantial penalties. Although the Program does not expect to engage in any such transaction, the rules are subject to interpretation, and therefore, there can be no assurance that the rules of Code §4965 will not apply to a U.S. tax-exempt Participant. Prospective Participants should consult their own tax advisors regarding the legislation and all aspects of UBIT.]

Certain foreign taxes. The Program may invest from time to time in debt and equity securities and related instruments of foreign companies, provided they are traded in U.S. markets. Interest or dividends that may be received by the Program from sources within foreign countries may be subject to foreign taxes withheld at the source. The United States has entered into tax treaties with many foreign countries that may entitle the Program to a reduced rate of, or exemption from, taxes on such income. It is impossible to determine the effective rate of foreign tax in advance because the amount of the Program's assets to be invested in various countries is not known.

Summary. The foregoing statements are not intended as a substitute for careful tax planning, particularly since the income tax consequences of an investment in the Units may not be the same for all taxpayers. In addition, the foregoing does not purport to address all tax aspects of the investment, some of which may be material. There can be no assurance that a Participant's tax returns will not be audited by the IRS, or that no adjustments to the returns will be made as result of such an audit. Accordingly, prospective Participants are urged to consult their tax advisors with specific reference to their own tax situations under federal law and the provisions of other applicable laws before investing in the Program.

REGULATORY CONSIDERATIONS

1933 Act

The Units are "exempt securities," as defined in the 1933 Act, so long as DFMS, the Program and the Participants adhere to the following conditions. The 1933 Act provides, among other things, that no sale of any securities (other than exempt securities) may be made except under a registration statement that has been filed with the SEC, and has become effective, unless such sale (or the security sold) is specifically exempted from registration. State securities laws have analogous provisions. To qualify as an exempt security, and therefore not need to register the offer and sale of the Units, DFMS, the Program and the Participants must meet the following conditions:

- the Program does not have its own separate legal existence apart from DFMS;
- DFMS and all Participants must be exempt under Code §501(c)(3);
- each Participant may only invest funds over which it has immediate, unrestricted and exclusive use;
- Participants may not invest assets that are attributable to a retirement plan providing for employee contributions or variable benefits;
- all profits and income generated from the Program may only inure to the benefit of DFMS / Participants and may only be distributed to such parties, to be used solely for such parties' respective charitable purposes;
- certified public accountants must annually prepare a written report on the Program, and send the report to all Participants; and
- Participants may not assign or encumber their Units.

Accordingly, Participants must execute the Participation Agreement appended to this Memorandum as Exhibit C to ensure that the Units are exempt securities under the 1933 Act.

The Units have not been registered under the 1933 Act. This Memorandum has not been reviewed by the SEC, nor has the SEC or any state securities commission or regulatory authority approved, passed upon or endorsed the merits of this offering.

The Investment Company Act of 1940

The Program is not registered under the 1940 Act on the grounds it meets the conditions imposed by the 1940 Act and various no-action letters issued by the staff of the SEC interpreting such exemption. Those conditions are that:

- the Program prohibits assignment of or pledges of Units;
- the Program was organized and is operated at all times exclusively for religious and other charitable purposes;
- no part of the Program's net earnings may inure to the benefit of a private shareholder or individual;
- each Participant must be exempt from taxation under Code §501(c)(3);
- each Participant may only invest funds over which it has immediate, unrestricted and exclusive use;
- Participants may not invest assets that are attributable to a retirement plan providing for employee contributions or variable benefits;
- certified public accountants must annually prepare a written report on the Program, and send the report to all Participants; and
- each Participant must be informed that the Program is not registered under the 1940 Act.

Accordingly, Participants must execute the Participation Agreement appended to this Memorandum as Exhibit C to ensure that the Program is exempt under the 1940 Act.

Because the Program is not registered under the 1940 Act, the Participants will not be afforded the numerous protections under the 1940 Act, such as limits on affiliated transactions, securities issuances, conflicts of interest, and investment diversification. If the Program were required to register under the 1940 Act, it would impose a material limitation on the manner in which the Program is operated.

ADDITIONAL INFORMATION

DFMS will furnish to any potential Program Participant to whom a copy of this Memorandum has been furnished any additional information the potential Participant requests which it believes is necessary to evaluate the merits and risks of the participation in the Program which DFMS possesses or can acquire without unreasonable effort and expense.

This Memorandum contains summaries of documents that will govern participation in the Program and its administration. However, these summaries do not purport to be complete. The exhibits attached to this Memorandum contain copies of full documents that are integral to an investment in the Units and potential Program Participants should carefully study and fully understand each of those exhibits.

<u>Exhibit A</u>

Trust Funds Report

<u>Exhibit B</u>

Statement of Investment Policy & Objectives for The Domestic & Foreign Missionary Society

<u>Exhibit C</u>

Audited Financial Statements

<u>Exhibit D</u>

Participation Agreement