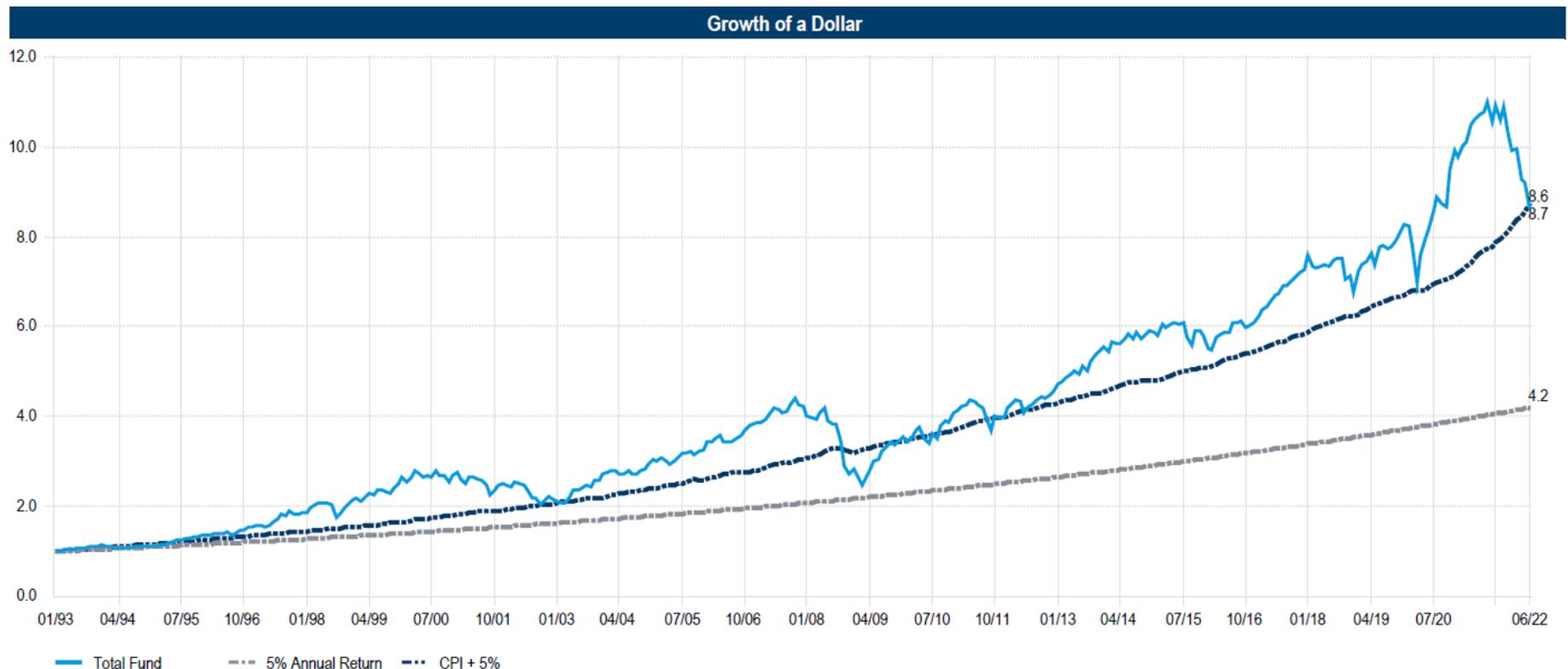


Investing with the DFMS: Update Midyear 2022

September 2022

Investment Strategy has not changed

- Maximize total return with a strong emphasis on **preserving capital** in real terms
- Overall portfolio should generally be less volatile than the market though individual investment managers may show higher levels of volatility
- Goal to **generate an average annual real total return** (after all fees and inflation as measured by the CPI index) in excess of the DFMS current annual spending rate (approx. 5%) over rolling five-year periods



Performance Summary 1H2022

- **Market value \$514.3 million at 06/30/22, a 20.5% decline during 1H2022**
- **The worst first half on record for equities**
- **For the trailing one-year period, the Fund lost 19.4%, underperforming the passive benchmark which lost 14.3%**
- **Longer term, the Fund has performed well both on an absolute and relative basis. For the trailing 10-year period, the Fund gained 7.4%, annualized**
- **All equities managers suffered**
 - **Value equities marginally outperformed growth equities**
 - **Developed international equities slightly outperformed US equities**
 - **Emerging markets marginally outperformed developed markets**
- **Bonds declined in reaction to inflationary pressures but generally outperformed equities**

Underperformance in equities 2021/2022

While performance over longer-term periods remains favorable, the equity portfolio has struggled in the last 12 months due to

1. Unfavorable stock selection, particularly from growth-oriented strategies

- DFMS rebalanced in 1Q2021 by reducing growth equities, but
- Following very strong 2020 performance, growth style mandates struggled as value stocks were in favor across most equity markets in 2021
- Value managers also underperformed, although to a lesser extent, given their defensive positioning and lack of exposure to the energy sector, which has enjoyed double-digit gains

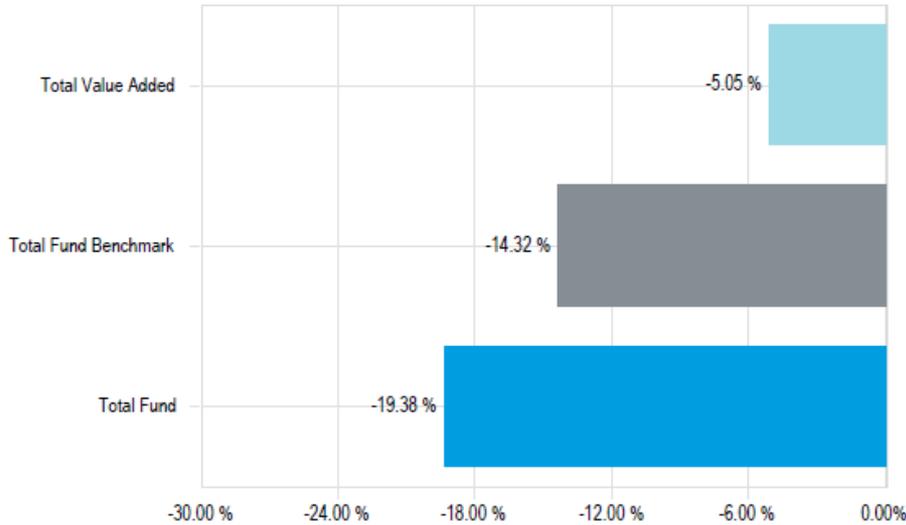
2. Underweight exposure to large-cap within domestic equities

- A lower allocation to U.S. large-cap detracted from results as small-/mid-cap stocks trailed their larger counterparts by over 10% during the past year
- In late 2021, DFMS rebalanced by reducing small-/mid-cap stocks

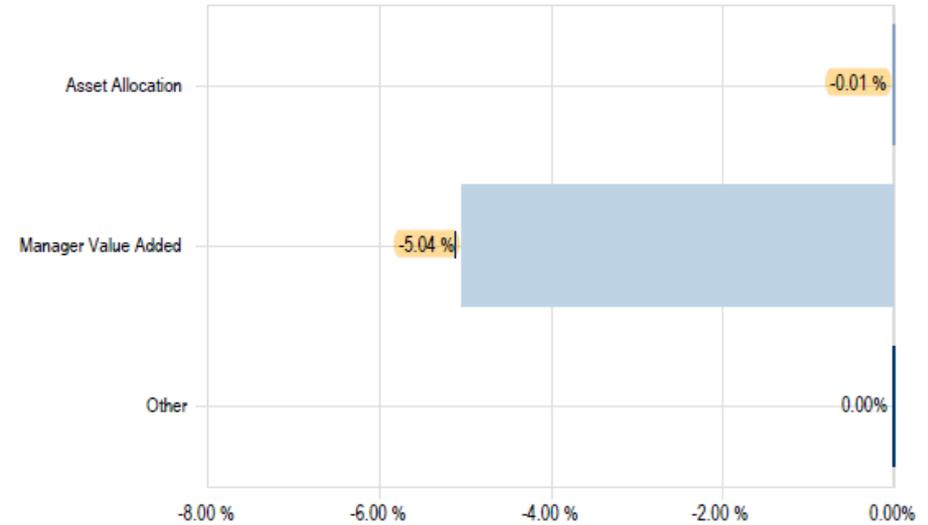
3. Growth bias within international equities has detracted, but will be introducing two value managers before September 30

Performance Attribution 12 months ending 6/30/2022

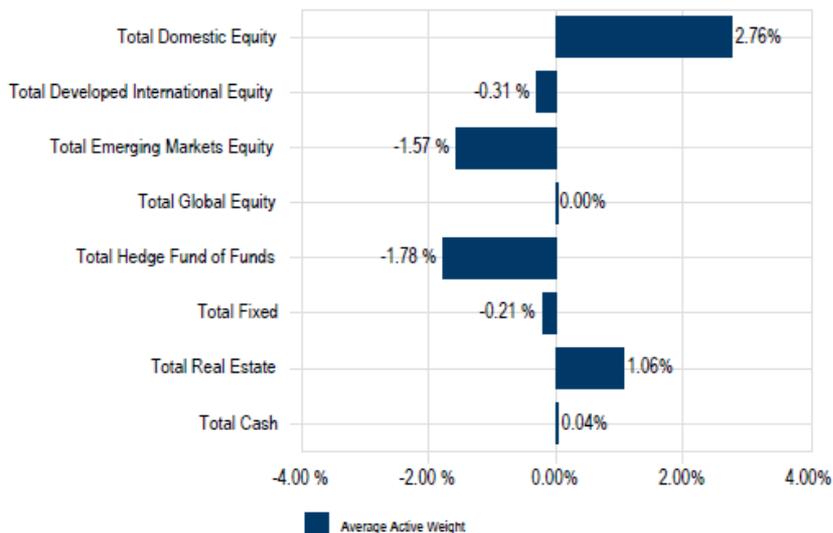
Total Fund Performance



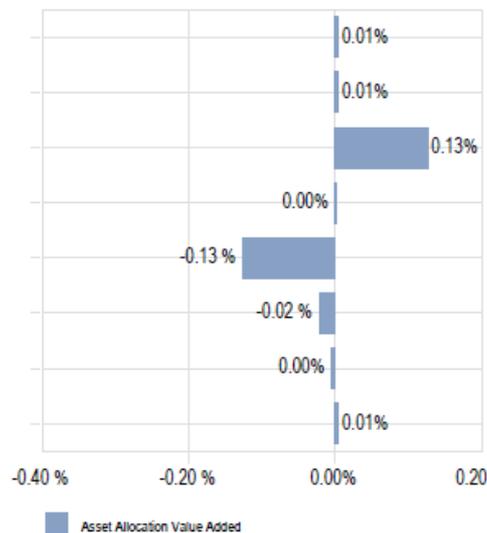
Total Value Added:-5.05 %



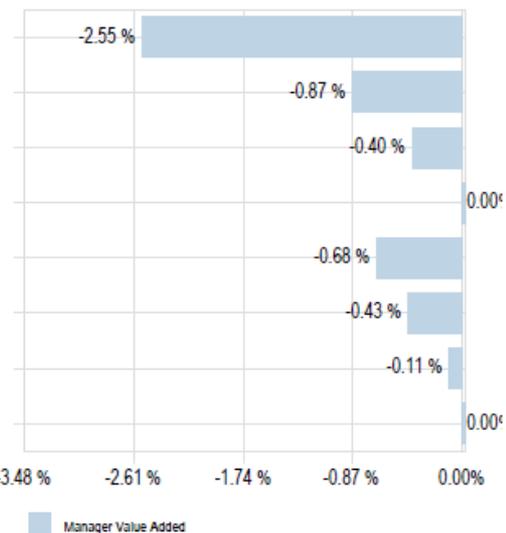
Average Active Weight



Asset Allocation Value Added:-0.01 %



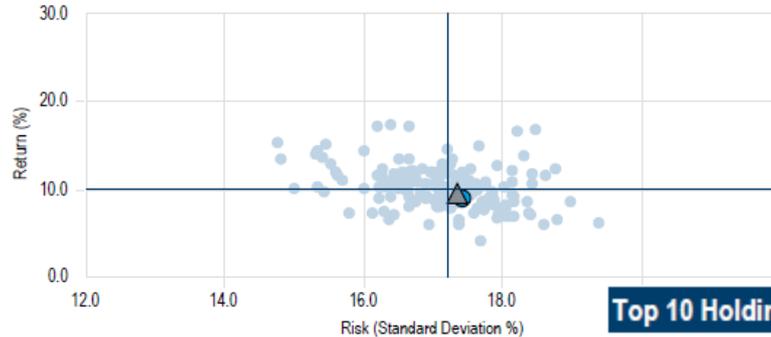
Total Manager Value Added:-5.04 %



Legal & General Investment Management

S&P 500 without prohibited stocks

Peer Group Scattergram: 23 Months



Top 10 Holdings

	Portfolio	Benchmark	Return
Apple Inc	6.71	6.59	-21.59
Microsoft Corp	6.11	6.02	-16.49
Amazon.com Inc	2.90	2.91	-34.84
Alphabet Inc Class A	2.10	2.05	-21.65
Alphabet Inc Class C	1.95	1.89	-21.68
Tesla Inc	1.78	1.77	-37.51
Berkshire Hathaway Inc	1.74	1.55	-22.64
Unitedhealth Group Inc	1.53	1.51	1.08
Johnson & Johnson	1.48	1.46	0.79
NVIDIA Corporation	1.20	1.19	-44.43

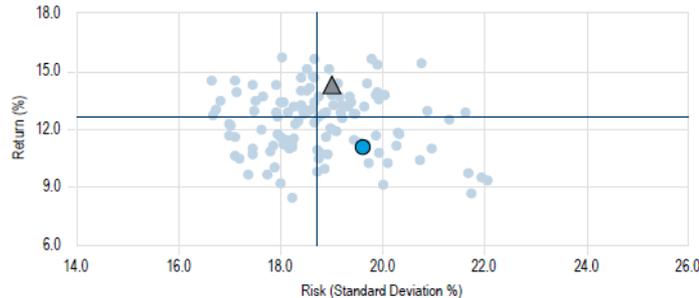
Top Detractors

	Portfolio	Benchmark	Return	Contribution
Alphabet Inc	2.18	2.03	-21.71	-0.01
Alphabet Inc	2.15	2.03	-22.70	-0.01
Berkshire Hathaway Inc	1.78	1.69	-22.64	-0.01
NVIDIA Corporation	1.80	1.78	-44.43	-0.01
Meta Platforms Inc	1.38	1.34	-27.48	0.00

Edgewood

Large Cap Growth: Russell 1000 Growth Index

Peer Group Scattergram: 60 Months



Top 10 Holdings

	Portfolio	Benchmark	Return
Visa Inc	7.59	1.84	-11.05
Microsoft Corp	5.92	10.89	-16.49
ServiceNow Inc	5.89	0.54	-14.61
Estee Lauder Cos Inc (The)	5.84	0.33	-6.26
Danaher Corp	5.75	0.06	-13.49
Adobe Inc	5.46	0.98	-19.66
Intuit Inc.	5.26	0.60	-19.73
S&P Global Inc	5.10	0.00	-17.63
NVIDIA Corporation	5.08	2.07	-44.43
Intuitive Surgical Inc	4.99	0.37	-33.47

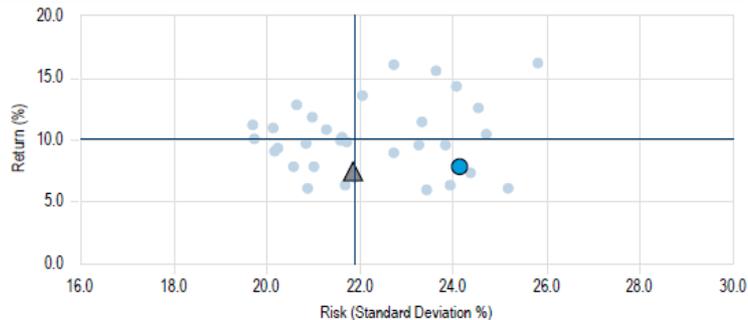
Top Detractors

	Portfolio	Benchmark	Return	Contribution
Snap Inc	5.79	0.00	-63.52	-2.47
Illumina Inc	6.12	0.24	-47.24	-1.55
Netflix Inc	4.12	0.75	-53.32	-1.09
Align Technology Inc	3.88	0.16	-45.72	-0.92
NVIDIA Corporation	6.66	3.04	-44.43	-0.85

Wells Capital

SMID Cap Growth: Russell 2500 Growth Index

Peer Group Scattergram: 60 Months



■ Benchmark

Top 10 Holdings

	Portfolio	Benchmark	Return
Teledyne Technologies Inc.	3.30	0.00	-20.63
Casella Waste Systems Inc	2.87	0.18	-17.08
WNS (Holdings) Ltd	2.66	0.00	-12.69
ShockWave Medical Inc	2.45	0.34	-7.81
Bio-Techne Corp	2.42	0.67	-19.88
Five9 Inc	2.34	0.31	-17.45
Globant SA	2.30	0.35	-33.61
Rexford Industrial Realty Inc	2.24	0.00	-22.37
Novanta Inc	2.22	0.21	-14.77
Chipotle Mexican Grill Inc	2.19	0.00	-17.37

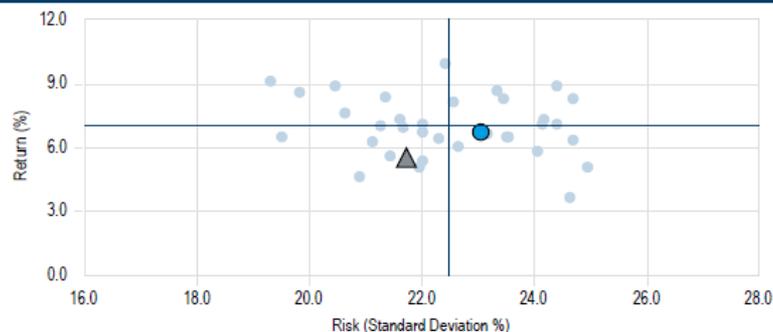
Top Detractors

	Portfolio	Benchmark	Return	Contribution
Bill.com Holdings Inc	3.33	0.89	-51.52	-0.78
MongoDB Inc	3.97	1.19	-41.50	-0.61
MercadoLibre Inc	2.16	0.00	-46.46	-0.58
ZoomInfo Technologies Inc	2.16	0.00	-44.36	-0.54
Silvergate Capital Corporation	1.26	0.18	-64.45	-0.48

Boston Partners

SMID Cap Value: Russell 2500 Value Index

Peer Group Scattergram: 60 Months



Top 10 Holdings

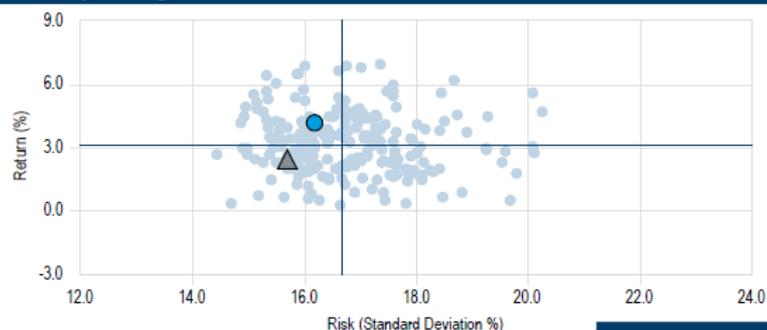
	Portfolio	Benchmark	Return
SLM Corp	2.23	0.14	-12.69
WESCO International Inc	2.15	0.07	-17.70
Graphic Packaging Holding Co	2.11	0.05	2.67
Stride Inc	1.89	0.00	12.28
Callaway Golf Co	1.70	0.09	-12.89
Change Healthcare inc	1.64	0.17	5.78
Science Applications International Corp	1.54	0.16	1.43
Nexstar Media Group Inc.	1.50	0.18	-13.12
Syneos Health Inc	1.42	0.19	-11.45
Envista Holdings Corp	1.39	0.20	-20.88

Top Detractors

	Portfolio	Benchmark	Return	Contribution
Victorias Secret and Co	0.56	0.00	-45.54	-0.17
Travel Plus Leisure Co	0.78	0.04	-32.38	-0.13
PacWest Bancorp	0.67	0.13	-37.68	-0.12
ASGN Inc	1.35	0.02	-22.67	-0.10
Walker & Dunlop Inc	1.03	0.09	-25.13	-0.09

International Strategic Equity: MSCI AC World ex USA Index (net)

Peer Group Scattergram: 60 Months



Top 10 Holdings

	Portfolio	Benchmark	Return
Aon plc	3.41	0.00	-17.04
Taiwan Semiconductor Mfg	3.19	1.80	-22.77
Accenture PLC	2.68	0.00	-17.42
AIA Group Ltd	2.66	0.60	4.40
Universal Music Group N V	2.61	0.07	-24.84
Tencent Holdings LTD	2.49	1.29	-5.04
Coca-Cola Europacific Partners PLC	2.44	0.05	4.58
MERCK Kommanditgesellschaft auf Aktien	2.39	0.10	-19.33
Sanofi	2.36	0.52	1.92
EDP-Energias de Portugal SA	2.21	0.06	-2.16

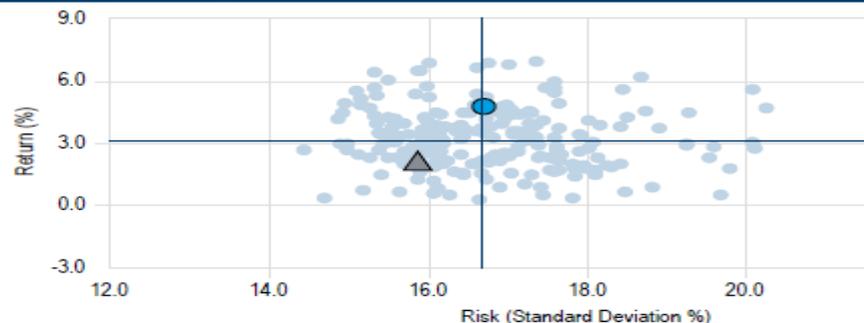
Top Detractors

	Portfolio	Benchmark	Return	Contribution
Tokyo Electron Ltd	2.83	0.30	-37.39	-0.60
Anglo American PLC	2.41	0.26	-31.69	-0.39
Osstem Implant Co Ltd	1.86	0.00	-34.24	-0.38
Universal Music Group N V	2.92	0.08	-24.84	-0.32
Infineon Technologies AG	1.81	0.18	-29.87	-0.26

American Century

Non-US Growth: MSCI EAFE Index (net)

Peer Group Scattergram: 60 Months



Top 10 Holdings

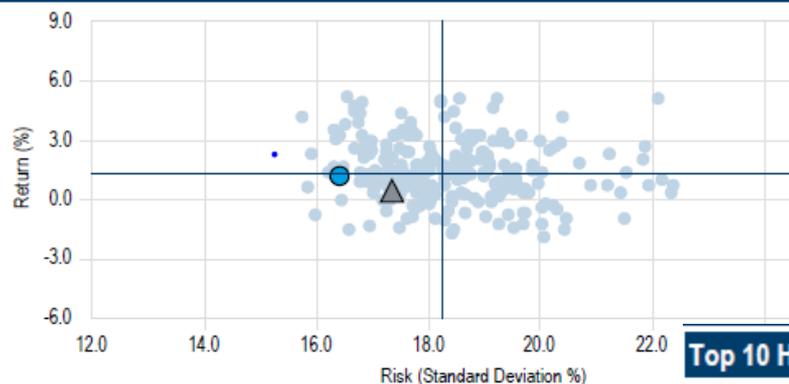
	Portfolio	Benchmark	Return
Astrazeneca PLC	3.74	1.49	-1.52
Novo Nordisk A/S	3.30	1.37	-0.98
LVMH Moet Hennessy LV	2.93	1.24	-14.73
CSL Ltd	2.63	0.65	-8.03
ASML Holding NV	2.20	1.42	-29.19
AIA Group Ltd	2.18	0.96	4.40
HSBC Holdings PLC	2.16	0.97	-4.89
Iberdrola SA, Bilbao	2.06	0.44	-6.07
Reckitt Benckiser Group PLC	2.06	0.39	-0.66
LONZA GROUP AG	1.94	0.29	-26.74

Top Detractors

	Portfolio	Benchmark	Return	Contribution
Kornit Digital Ltd	0.82	0.02	-61.66	-0.38
Shopify Inc	0.79	0.00	-53.96	-0.31
Atlassian Corp Plc	1.42	0.00	-36.22	-0.31
Monotaro Co Ltd	1.67	0.03	-31.36	-0.28
Schneider Electric SA	2.17	0.57	-28.60	-0.23

International Equity: MSCI EAFE Index (net)

Peer Group Scattergram: 47 Months



Top 10 Holdings

	Portfolio	Benchmark	Return
Chubb Ltd	3.34	0.00	-7.69
Zurich Insurance Group AG	3.29	0.48	-8.23
Heineken NV	3.24	0.17	-4.47
Willis Towers Watson plc	3.14	0.00	-16.10
GSK plc	3.06	0.80	-0.17
Everest Re Group Ltd	3.02	0.00	-6.44
Sanofi	2.98	0.84	1.92
Medtronic PLC	2.92	0.00	-18.49
Astellas Pharma Inc	2.75	0.21	-1.07
Euronext NV	2.70	0.05	-9.09

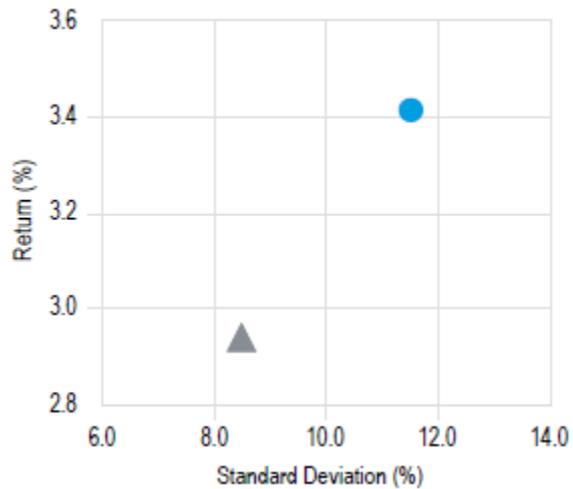
Top Detractors

	Portfolio	Benchmark	Return	Contribution
KB Financial Group Inc	2.45	0.00	-26.51	-0.29
Kinross Gold Corp	1.02	0.00	-39.20	-0.25
Aena SME S A	1.80	0.08	-24.46	-0.17
Siemens AG	1.94	0.66	-27.29	-0.16
Akzo Nobel NV	1.67	0.10	-23.21	-0.14

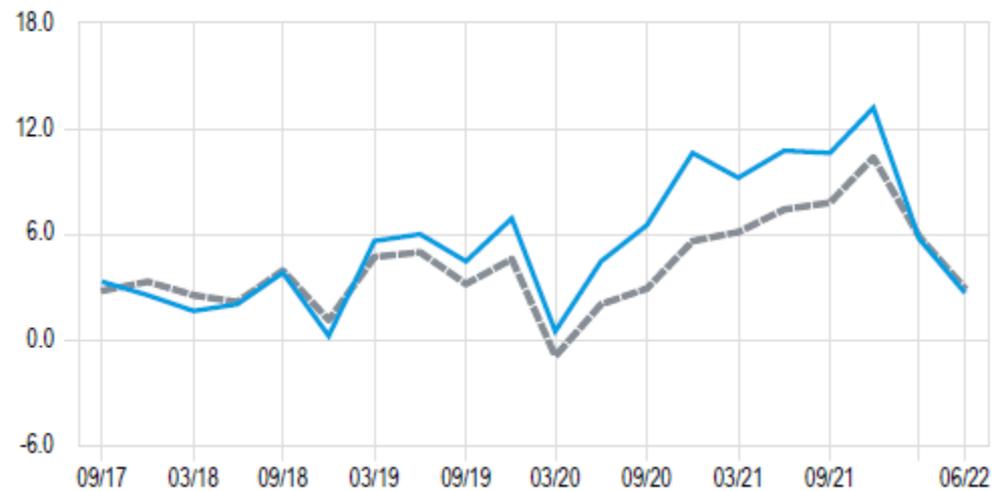
Blackstone Park Avenue Fund

Park Avenue Fund: HFRI FOF Strategic Index

Risk vs. Return: 60 Months



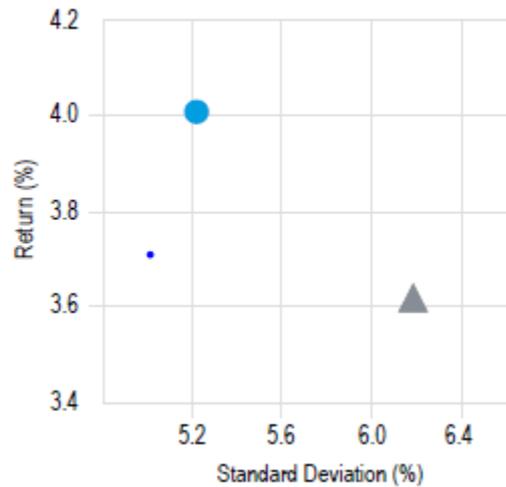
Rolling Return: 3 Years



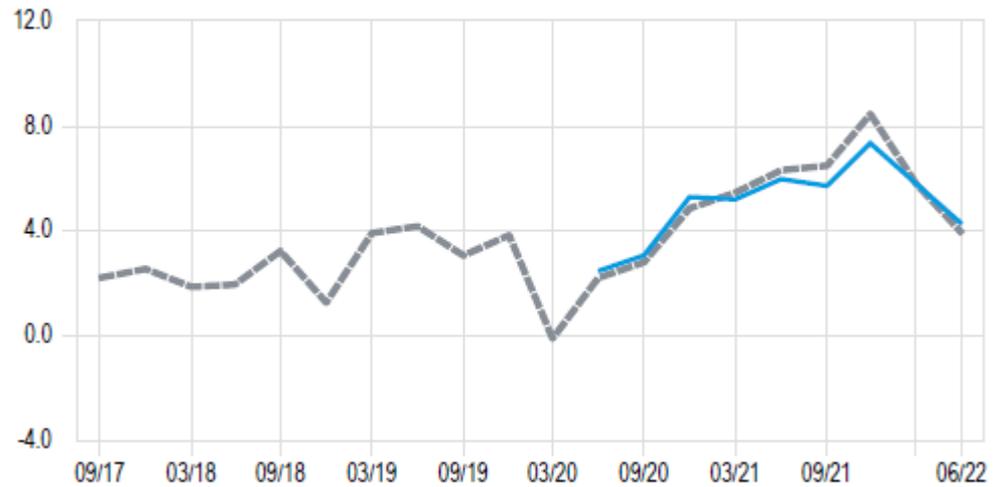
Blackstone Park Avenue Fund

Mercer Hedge Fund Investors SP-I: HFRI FOF Composite Index

Risk vs. Return: 60 Months

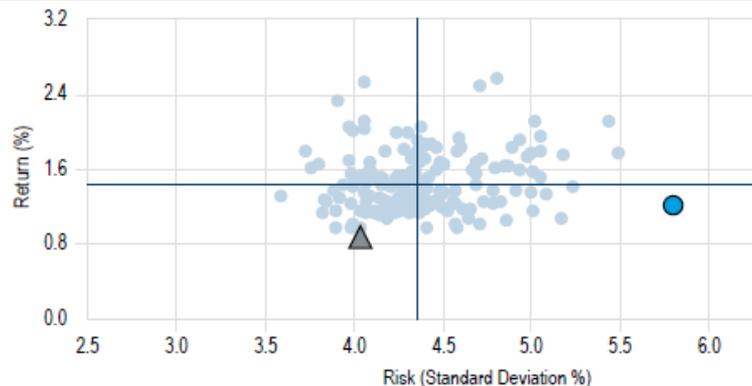


Rolling Return: 3 Years



Fixed Income: Bloomberg U.S. Aggregate Index

Peer Group Scattergram: 60 Months



Portfolio

Benchmark

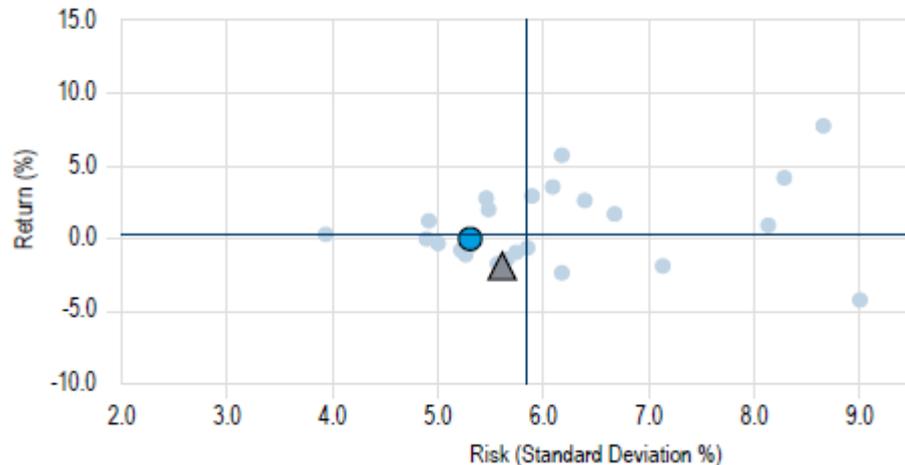
Portfolio Characteristics

Effective Duration	7.60	6.44
Avg. Maturity	14.91	8.63
Avg. Quality	A	AA1/AA2
Avg. Coupon	3.49	2.49
Current Yield	3.55	2.69
Yield To Maturity (%)	5.28	3.72
Number of Issues	2,752	12,563

Loomis Sayles

Multi-Credit

Peer Group Scattergram: 24 Months



Portfolio

Benchmark

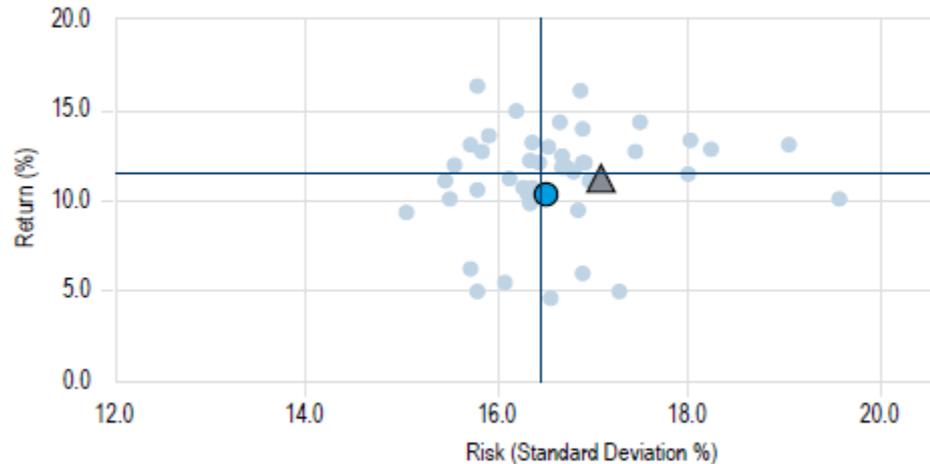
Portfolio Characteristics

Effective Duration	4.54	4.88
Avg. Maturity	6.46	8.94
Avg. Quality	BA1	BA1
Avg. Coupon	4.76	3.23
Current Yield	4.85	4.82
Yield To Maturity (%)	6.06	5.40
Number of Issues	338	10,792

Principal

Global REIT (PGRSX): FTSE EPRA/NAREIT Developed Index (net)

Peer Group Scattergram: 27 Months



- Office & industrial; residential; diversified; healthcare
- 60% US

	Portfolio	Index
Dividend Yield Weighted Median	3.37	4
Free float market cap	\$19.1B	\$19.0B
Leverage (net debt & preferred/total cap)	29.6%	31.0%
Price/net asset value	80.5%	81.0%
Price/funds from operations (FY1)	19.6x	18.0x
Price/earnings per share (FY1)	28.9x	29.0x
Dividend growth (FY1)	21.4%	17.0%
Earnings growth (FY1)	9.9%	9.0%
Active share	58.0%	—
Number of holdings	85	379

Underperformance in equities 2021/2022

- **Fear and uncertainty about inflation, rising interest rates, geopolitical tensions and ongoing effects of the global pandemic  overall greater market volatility and a continued sell-off in equities**
- **Driven by non-fundamental factors**
- **Fundamentals across portfolio holdings have largely remained healthy and in line with manager expectations**
- **Portfolios contain many high-quality companies with attractive potential due to strong balance sheets and competitive advantages**

- **Despite poor recent results, the equity portfolio has returned 9.2% annually over 10 years, outpacing their global benchmark by nearly 40 bps**

- **We remain confident in active management, and**
- **We remain confident of our managers**

Market Outlook

- **Inflationary pressures that began bubbling during the COVID-19 crisis have come to a head, and central banks are fighting it by engineering an economic slowdown**
- **Risks remain high. The global economy is facing significant cyclical pressures.**
- **After a slowdown driven by the COVID-19 crisis, economies recovered aggressively in 2021**
- **But that recovery outpaced capacity and, combined with supply chain disruptions, high commodity prices and tight labor markets, has ignited inflation across both developed and emerging markets**
- **The Federal Reserve (Fed) and other central banks have tightened monetary policies to curb the inflationary pressures and to ensure that inflation – especially wage inflation – do not become entrenched**

Market Outlook

- **Inflation can likely be tamed and brought back towards the 2% target without going through a period of deep recession**
- **The global economy is fundamentally resilient. Excess savings were accumulated during the COVID crisis**
- **Healthy corporate balance sheets are likely to provide a cushion in a period of tightening financial conditions and economic slowdown**
- **The UK and the US are in similar positions. The Eurozone and the rest of continental Europe face a more difficult balancing act because they are more exposed to energy price shocks due to their reliance on Russian energy sources**
- **The decline in equities so far this year has largely been driven by rising bond yields rather than any significant deterioration in equity fundamentals. The decline has made equity valuations everywhere look more attractive**

Market Outlook

- Investors have begun to feel comfortable that central banks will be able to control inflation without creating deep recessions. That comfort has been demonstrated in positive market returns over the past month.
- In summary, DFMS trusts have suffered in line with investment markets across the world. It has happened before; and recoveries thereafter were often just as dramatic.

Endowment Performance

Total Return %

<u>Year</u>	<u>Gross</u>
2006	17.5%
2007	11.2%
2008	-32.6%
2009	26.1%
2010	15.5%
2011	-2.0%
2012	15.3%
2013	22.6%
2014	6.1%
2015	-0.3%

Investment Policy: Asset Mix

- Maintained upon review in February 2022
- Best mix to achieve our long-term return goals

Asset Class as a Percent of Total Assets				
Diversification and Asset Mix				
Asset Class	Minimum	Target	Maximum	Representative Index
Domestic Equities	30%	37%	44%	Russell 3000
International Equities	18%	22%	26%	MSCI All Country World ex US
Emerging Markets Equities	6%	9%	12%	MSCI Emerging Markets
Hedge Fund of Funds	12%	15%	18%	HFRI Fund of Funds Composite
Real Estate	2%	3.5%	5%	FTSE EPRA/NAREIT Developed
Fixed Income	11%	13.5%	16%	Bloomberg Barclays US Aggregate

Performance results from all asset classes; the passive benchmark is a combination of all the asset classes

See our Investment Policy Statement at <https://www.episcopalchurch.org/wp-content/uploads/sites/2/2021/01/Investment-Policy-Approved-June-2020.pdf>

Responsible Investing

- **How well managers integrate environmental, sustainability and governance (ESG) factors into the investment process**

Manager	ESG Rating
Legal & General	1
Artisan Sustainable Emerging	1
Lazard International	2
American Century Non-US Growth	2
Principal Global REITS	2
Edgewood LC growth	3
Wells Capital SMID Growth	3
Boston Partners SMID Value	3
Altrinsic International	3
GW&K Emerging	3
Blackstone Park Avenue HF	3
WAMCO	3
Loomis Sayles Multi-credit	3
Westwood LC Value	N

	Mercer Managers
1 Embedded in investment philosophy; strong on stewardship	9%
2 Consistent and repeatable focus on risk management	13%
3 Well-developed G; less consistency in E&S	38%
4 Little or no integration of ESG factors	36%

Responsible Investing: Shareholder Advocacy

- All work is based on policies and resolutions adopted by the General Convention. Resolutions apply broadly to TEC's mission and guide our work in socially and environmentally responsible investing.
- Engagement for 2022 includes a range of issues in four broad categories.

Categories	Issues
Human Rights	<ul style="list-style-type: none">• Human Trafficking (both Sex Trafficking and Labor Trafficking)• Labor Trafficking in Workplace & Supply Chain• Israel/Palestine• Immigration/Refugees/Migration• Rights of Indigenous Cultures and Communities
Health and Health Care	<ul style="list-style-type: none">• Opioid Epidemic• Gun Safety
Care of Creation	<ul style="list-style-type: none">• Healthy Communities• Healthy Environment
Corporate Governance and Accountability	<ul style="list-style-type: none">• Diversity on Corporate Boards of Directors

Faithful Investing: Shareholder Advocacy

Shareholder resolutions will be filed with

Kraft Heinz -- Human Rights Assessment related to labor trafficking

Western Digital -- operational and human rights risks associated with business activities in conflict-affected and high-risk areas

Abb Vie (Pharma) and **Johnson & Johnson** -- marketing and promotion of opioid drugs that can lead to addiction

Chewy -- environmental justice of their plant operations

Anthem – board diversity

United Parcel Service – climate related lobbying practices

Why Invest with the DFMS

- **Consistent performance that has ranked in the top quarter of all large endowment funds**
- **Average returns to investors after all fees and expenses of nearly 8% since 1992**
- **A broadly diversified portfolio of actively-managed assets even for the smallest investor**
- **Ability to add to or remove assets at any time without charge plus either reinvestment or quarterly dividend payouts**
- **Oversight by Episcopalians with extensive backgrounds in investments**
- **Participation in a fund that seeks to make a difference by investing in socially responsible ways adopted by the Church**
- **No added fees (unlike virtually all other managers). You receive the full return that the DFMS receives**
- **Our sole purpose is to further the mission of The Episcopal Church by maximizing funds available for ministry. Your mission is our mission.**

Investing with the DFMS: Update Midyear 2022

September 2022