

Episcopal  
Foundation  
*of Dallas*

**Saint Michael and All Angels Foundation**

**Request for Proposal Response**

*Strictly Confidential*

Submitted: February 27, 2019

## **I. Introduction**

As part of the fiduciary responsibilities of the Saint Michael and All Angels Foundation (“SMAAF”), we require periodic requests for proposal (“RFP”) from investment managers to ensure that our investment manager(s) are performing in an optimal manner within the guidelines of our Investment Policy Statement (“IPS”). In addition, our foundation is expected to grow based upon potential real estate land lease projects and future capital campaign drives. SMAAF will be seeking to understand what ancillary services are offered by the investment manager.

## **II. RFP Instructions and Process**

### **1. Evaluation Process and Criteria**

- i. Please submit one electronic copy (PDF) sent via email, of your response to this RFP no later than **March 1, 2019**. Email address [ljgalvin2@gmail.com](mailto:ljgalvin2@gmail.com)
- ii. An Investment Committee will review all submitted RFPs. Interviews will be conducted with a short list of finalists. Information and/or factors gathered during interviews, negotiations, and any reference checks, in addition to the evaluation criteria rankings, shall be the sole and exclusive property of SMAAF.

SMAAF reserves the right to contact references of, and in addition to, those furnished by your advisory firm. SMAAF shall not be responsible or liable for the risks, costs, or expenses (to include travel expenses) incurred by any consultant in the preparation of its response to this RFP.

### **iii. Evaluation Criteria:**

- a. Organization and capabilities
- b. Credentials, experience and reputation of the consulting team working with institutional, not-for-profit and faith-based clients
- c. Background and quality of the investment research and methodology
- d. Performance and Risk reporting capabilities
- e. Quality of existing relationships and references
- f. Understanding of SMAAF needs
- g. Ability to communicate effectively in non-technical jargon
- h. Ability to inform and educate, when necessary
- i. Ability to work effectively and efficiently with the Investment Committee in the implementation and monitoring of investment strategies
- j. Fees and compensation

### **iv. Finalist Presentations**

- v. Advisory firms selected as finalists should be prepared to conduct a presentation for the SMAAF Board of Trustees. Finalists should be prepared to answer detailed questions regarding their proposals.

vi. Estimated Timing of RFP Process

a. Initial Response to RFP	30 Days
b. RFP Response Review Period	30 Days
c. Follow Questions to RFP Responses	15 Days
d. Finalist Selection	30 Days
e. Finalist Presentations	15 Days
f. Implementation	End Q2 2019

## 2. Contact Information

- i. At no time should any representative of SMAAF be contacted unless pre-approved by Laurence Galvin. This includes members of the Investment Committee or Board of Trustees. All questions and contact by the advisory firms are to be made only to: Laurence Galvin, Chairman, SMAAF Investment Committee.

## 3. Confidentiality

- i. All information presented in this RFP, including information disclosed by SMAAF during the selection process, is to be considered strictly confidential. Information must not be released to external parties without the express written consent of SMAAF.
- ii. All responses and other materials submitted in response to this RFP will become the property of SMAAF. SMAAF assumes no obligation and shall incur no liability regarding confidentiality of all or any portion of a response or any other material submitted in response to this RFP unless expressly agreed in writing to protect specifically identified information.

### III. Firm Overview

1. Please provide a brief history of your firm, its affiliated entities and outsourced service providers

**For more than seven decades, the Episcopal Foundation of Dallas (EFD) has fulfilled its mission through careful stewardship of the permanent trusts and other long-term investment assets of the parishes, schools, and missions of the Episcopal Diocese of Dallas. Founded in 1950, EFD's services are available to any Episcopal parish, school, or mission located within the geographical boundaries of the Episcopal Diocese of Dallas.**

**Originally part of the Diocese, EFD now operates as an independent, separate, 501(c)3 entity outside the jurisdiction of the Episcopal Diocese of Dallas, The Episcopal Church, and the Diocesan and General Conventions of the Church. Today, trustees are nominated and elected by the current Board of Trustees, and the Bishop is an ex-officio member of the board.**

**EFD's grant program is funded by the Episcopal Fund, an unrestricted endowment for EFD. EFD also manages the Episcopal Health Foundation of Dallas (EHFD) and combined, the two endowments have granted more than \$9 million to diocesan and other charitable organizations throughout the community under the direction of EFD's Grants Committee.**

2. Please describe the ownership structure of your organization giving specific details with regard to any parent(s) or affiliate(s). Include an organization chart diagramming the relationships among the parent/subsidiary, affiliate or joint venture entities. Please describe any significant ownership or management changes in the past 5 years.

**EFD was established as a nonprofit 501(c)3 organization over 65 years ago. Board members are elected for a three-year term and can serve a maximum of nine years. The Board Chair and other officers serve for two years.**

3. Describe your experience with non-profit organizations. How many non-profit clients do you currently manage that are similar to SMAAF in terms of asset size and type? Please provide a representative client list.

**We recognize that nonprofit organizations need an experienced team for support and as a non-profit organization itself, EFD recruits and elects board and staff members who are educated and well-versed in various areas of non-profit organization management. In addition, our investment advisor has an entire team dedicated to non-profit investment management.**

**All of our investment partners are non-profit Episcopal parishes, schools or missions within the operating area of North-Central and East Texas.**

#### 4. Conflicts of Interest

- i. Please indicate how your firm maintains its independence from the investment management community (managers, brokers, custodians, etc.). Are there any circumstances specifically related to your investment activities under which your firm, its officers, or employees receive direct or indirect compensation, or anything of value (placement fees, research, other soft dollars, etc.) from investment managers or other investment service providers? If so, describe in detail.

**The Episcopal Foundation of Dallas (EFD) is neither a broker-dealer nor a registered investment advisor. As a charitable foundation associated with the Episcopal Diocese of Dallas, EFD acts as a fiduciary for the assets it oversees. Any services received from the investment community are paid for outright from the individual managed accounts with no rebates or soft dollars ever received.**

**The officers, employees and board members of EFD receive no hard or soft compensation, rebates or discounts from any investment service vendors with whom EFD does business.**

**Investment services used by EFD are arranged by arms-length negotiation with a view towards the obtaining the highest value at the lowest cost for best investment partner services.**

**The EFD Board has a strict Conflict of Interest policy and requires annual certification by each member. Recusal is, likewise, required of all Board members should any conflict arise.**

- ii. Has your firm or any parent or affiliated firm, if any, derived any direct or indirect revenue from the investment managers included in the firm's investment manager database? Examples include, but are not limited to, money manager or client conferences; soft dollar arrangements; finder's fees; database fees and/or other services provided for fees. If so, please describe in detail. Please disclose any potential conflicts of interest, or appearance of conflict, which may arise if your firm is selected to represent SMAAF investment portfolio.

**EFD does not receive any form of remuneration from its service providers. Rather, we pay a well-negotiated fee for services rendered. Should EFD Board members or staff attend a conference or seminar, related expenses are borne by the individuals and/or EFD.**

**Most individuals associated with EFD are volunteers, acting as fiduciaries with only the best interests of EFD and EFD's investment partners in mind.**

- iii. Does the firm currently, or has the firm previously, have or had professional or personal relations with any member of SMAAF Board of Trustees, or the SMAAF staff, or with a firm owned by or affiliated with such an individual, during the past 5 years? If yes, please describe fully those relationships.

**EFD, and particularly its associated individuals, have wide and deep personal (and sometimes professional) relationships with Saint Michael and All Angels (SMAA) Parish and its related Foundation. A number of EFD-related individuals are SMAA parishioners. Some have served on the SMAA vestry and some have served on the SMAA Foundation board (including Scott Hancock, and Harriet Cousins, a past EFD Board member). Members of the EFD Board, particularly the Bishop of the Episcopal Diocese of Dallas, have and will continue to have close and important personal and professional relationships with SMAA.**

**We think these close personal and professional relationships with SMAA and its Foundation will serve your goals well.**

- iv. Does your firm have written Conflict of Interest and/or Code of Ethics policies? Please provide a copy of all applicable policies.

**Yes. Please see Appendix A.**

- v. Identify all litigation, settlements and investigations initiated or pending against the firm (or its employees) during the past five (5) years by entities such as investment clients, regulatory bodies or professional organizations, and/or any other third parties, that would materially affect or impact your firm's ability to provide investment advisory services to SMAAF.

**Over the last five years EFD has had no pending litigation, settlements or investigations.**

5. Please provide the following information about your firm's managed assets:

Asset Class	Market Value at 12/31/2018	Percent of Total Assets
Domestic Equity	\$14,550,000	42%
International Equity	9,355,000	27%
Fixed Income	8,572,000	25%
Real Estate (REITs)	2,110,000	6%
Total	34,587,000	100%

6. Does your firm have errors and omissions and/or other insurance coverage for the protection of your clients? If so, please describe (including the limitation on liability). Please attach a copy of the certificate of insurance.

**Please see Appendix K.**

**The Episcopal Foundation of Dallas does not carry an errors-and-omissions insurance policy because we do not act as an investment advisor. As a separate 501(c)3 organization, we do carry two Not-For-Profit Policies with ACE Fire Underwriters Insurance Company a Chubb company with an “A++” AM Best rating, as of the policies origination April 2018:**

**Business Owners Policy (essentially general liability)**

**General Aggregate: Limit \$2,000,000**

**Products/Completed Operations Aggregate: Limit \$1,000,000**

**Personal & Advertising Injury: Limit \$1,000,000**

**Each Occurrence: Limit \$1,000,000**

**Damage to Premises Rented to You: Limit \$100,000**

**Medical Expense: Limit \$5,000**

**Organization Management Indemnity Package - employment practices and directors and officers: Limit \$5,000,000**

**Crime Coverage**

**Employee Fidelity Bond: Limit \$1,000,000**

**Funds Transfer Fraud: Limit \$1,000,000**

**Computer Crimes: Limit \$1,000,000**

**EFD does not offer investment advice but allows the churches, schools and missions of the Diocese to receive the leverage of combining with others to obtain reduced investment fees from our advisor and to access funds they may otherwise not find available. Our advisor, Vanguard Investment Advisors, is one of the leading investment firms in the country.**

7. Provide a staff breakdown as of the current date as follows:

**EFD has intentionally chosen to utilize several outside vendors to complement its internal staff in order to meet its objective. To that end, by carefully selecting these third-party subject matter experts, EFD is able to carry far less overhead, provide exponential resources, pass along nominal rates, and provide solid support for investment partners placing their funds with EFD.**

Employees and Vendors	
Investment Professionals	<b>EFD's Investment and Finance Committee is comprised of experienced individuals in this field. Beyond this Committee's oversight and suggestions, Vanguard has become EFD's vendor of choice to place, execute and handle EFD's passive and active investment strategies.</b>



CIO Professionals	<b>Please see “Investment Professionals,” above.</b>
Investment Partner Service and Sales	<p><b>EFD maintains a part-time Executive Director, who is responsible for day-to-day program management and in consultation with the EFD Chair of the Board of Trustees, acts as a liaison to investment partners.</b></p> <p><b>Additionally, the EFD Controller provides regular reports to each investment partner and, together with the Executive Director, interfaces with Vanguard to constantly monitor progress, gains/losses, and execution of the strategies applicable to EFD and its individual investment partners.</b></p> <p><b>Finally, EFD employs internal staff to assist the Grants Committee and EFD Board of Trustees in selecting, approving, and processing grant requests.</b></p>
Marketing	<b>At the Board’s direction, EFD recently underwent a thorough rebranding and marketing review conducted by the Richards Group. This resulted in a comprehensive new approach and plan on marketing efforts. The Executive Director, Board Chair and Development Committee are responsible for execution of these and other marketing efforts.</b>
Legal and Compliance	<b>EFD retains outside counsel on a number of matters. This includes annual audits of internal operations, investment partner accounts, and a review of best practices against EFD internal procedures and controls. Further assistance is provided by outside counsel on tax, compliance and reporting activities associated with both EFD and its investment partners.</b>
Accounting	<b>EFD’s Controller and Executive Director handle the Foundation’s basic accounting needs and consult with outside firms for complex accounting, tax law, and preparation of required governmental filings and reporting.</b>
Information Technology, Operations & Finance	<b>Much like its investment placement, EFD maintains regular assistance and advice from outside vendors on its information technology needs, most especially in protecting the proprietary information of its investment partners. Advice and guidance are also provided on secure exchange of investment partner information, website management, and review of EFD news and information.</b>



Risk Management	<p><b>EFD's Board of Trustees continually evaluates risk in its various forms as a best practice for nonprofit organizations. EFD first adopts policies and procedures to help identify risk and then mitigates potential loss with appropriate types and levels of insurance coverage. Various organizational policies include but are not limited to Conflict of Interest, Whistle Blower, Gift Acceptance, and Document Retention/Destruction. (See Section III question 6 for description of insurance coverage.) EFD staff have a segregation of duties and the Executive Committee of the Board provides additional oversight. EFD also engages an independent audit firm to annually review and report on the organization's internal controls and financial position.</b></p> <p><b>Please "Section V" for management of portfolio risk.</b></p>
Human Resources & Administration	<p><b>The Executive Director in consultation with those Board members who are well-versed in the practice of law are primarily responsible for all human resource matters. The regular administrative tasks of EFD are managed by the Executive Director, the Audit and Administration Committee, the larger Board oversight, and if required, outside vendors.</b></p>
<b>Total:</b>	<p><b>EFD comprises three staff employees, eighteen Board members, and various outside vendors.</b></p>

8. Segment your client base at the firm and outsourced client levels as follows:

Partner Type	Number of Firm Accounts	% of Firm Total
Episcopal Churches and Schools	19	40%
Episcopal Foundation Dallas and Related Orgs	6	32%
Episcopal Diocese of Dallas	16	28%
<b>Total:</b>	<b>40</b>	<b>100%</b>

9. Please describe your sources of revenue. Do you share revenue or receive revenue from any other source other than asset management services? If so, please describe. Do you or your firm have a financial interest in any other entity or affiliate?

**The primary source of revenue for EFD is its investment earnings from EFD's own unrestricted funds. (100% of EFD's investments are included in the pooled**

investment portfolio.) In addition, EFD receives revenue in the form of an administrative fee for the management of the pooled investment portfolio. All funds (including EFD's funds) are assessed the same fee, which is designed to cover the administrative costs of EFD without a profit objective.

EFD also receives a modest amount of contribution revenue and occasional royalties from oil and gas mineral interests. Board members also support the Foundation through a yearly contribution to our Trustees Fund which helps to offset operation expenses if needed. EFD does not have a financial interest in any other entity or affiliate, but shares a common Board of Trustees with the Episcopal Health Foundation of Dallas, a private grant-making foundation.

Category	Revenue (5-year Average)	Revenue %
Investment Gains	\$426,000	63%
Administrative Fees	\$202,000	30%
Contributions	\$30,000	5%
Other	\$13,000	2%
<b>Total Revenue</b>	<b>\$671,000</b>	<b>100%</b>

## **IV. Investment Philosophy and Process**

1. Describe your firm's investment philosophy and process.

**Investing in the stock and bond markets is inherently uncertain. Consequently, we focus on the factors we can control - asset allocation, low costs, and when market volatility demands, appropriate rebalancing among our asset classes.**

**The classic study on the attribution of investment returns, Brinson, Hood & Beebower (*AIMR Financial Analysts Journal*, February 1995), has stood the test of time. Their work affirms that the variability of the return of an investment portfolio is derived from its asset allocation. EFD focuses at the outset on the asset allocation of the portfolio to maximize potential investment return while staying within the desirable risk profile of our investment partners. To us, risk mitigation is not merely withstanding the usual swings in the value of the portfolio but also capturing the maximum tolerable draw-down in a distressed market environment. Our asset allocation is determined by current research and outlook along with conversations with each investment partner.**

**Low-cost investing is a key tenet of our investment philosophy. We know from almost fifteen years of data from the S&P Indices Versus Active Funds (SPIVA) scorecard, passive (indexed) investing has outperformed active managers nearly 90% of the time - even when adjusting for time periods of varying length and different asset classes. The primary driver of this outperformance is the dramatically lower fees to be found in the passive vehicles. Put simply, the huge cost difference between active and passive strategies is a bar too high to clear for the vast majority of active managers.**

**However, our investment consultant, the Vanguard Group, has demonstrated the very competitive performance of some active managers vis-à-vis their benchmarks if two conditions are met. These outperforming managers must also have low costs and they must be significantly invested with their own money alongside their investment partners. Vanguard assists EFD in selecting these outperforming active managers. We rely upon Vanguard to assist in the formulation of our asset allocation policy. While we weigh Vanguard's recommendations seriously, our own seasoned Investment Committee makes the final decisions on the asset mix and the investment vehicles employed – ensuring durable portfolios with competitive returns for our investment partners.**

2. Detail your due diligence and manager search protocols. Describe your ability and experience gaining access to capacity constrained managers and explain your allocation policy.

**As noted above in section IV, we use a mix of low-cost passive strategies and a select set of active managers as identified by our investment consultant, Vanguard. Our desired managers have adequate capacity to meet our investment needs. We do not think capacity-constrained managers would, if available, add in any meaningful value to our competitive investment returns.**

3. What level of transparency do you receive from underlying managers (i.e., security level positions, counterparty exposure, etc.) both in traditional and alternative asset classes? How is transparency used to monitor and evaluate managers and strategies?

**Our passive investment vehicles are thoroughly transparent. Their portfolios mirror respective benchmarks that are available daily with quarterly updates on holdings from the index strategy manager.**

**Our active managers report quarterly on their preceding period's holdings. With the exception of some non-U.S. holdings, the underlying stock positions are in widely-held and traded public securities.**

**Our only alternative investment strategy involves real estate – the exposure acquired through publicly traded Real Estate Investment Trusts (REITs). As with the preceding two investment strategies, transparency is not an issue of concern.**

4. Describe in detail the firm's depth and experience in researching, selecting and monitoring managers in alternative asset classes, such as hedge funds, private equity, real estate, distressed debt and commodities.

**With the exception of real estate, which we access through REITs, we have elected not to participate in the asset classes you mention above. With the exception of private equity, those you have mentioned have high fees as well as lackluster performance for well over a decade. While we certainly cannot guarantee there will never be a future resurgence in investment performance, we currently think it is unwise to invest in these asset classes.**

**Private equity (PE) is another matter. There is no question skilled PE managers can add significant value to a portfolio over long time periods. However, the need for vintage-year diversification and manager diversification restricts most individual investment funds from investing. As a result of this and an inability to meet certain legal requirements, neither our current investment partners nor any of our prospective investment partners are large enough to invest in PE. In our opinion, commingled PE funds designed to access the larger-commitment funds for smaller investors are too expensive and do not add enough incremental investment returns to justify the investment's illiquidity.**

5. Are you a co-Fiduciary? Describe your firm's view of the division of roles and responsibilities among the Investment Committee, staff and your firm. How does the Investment Committee operate? Please describe.

**The EFD conducts itself as a fiduciary not only for its own account, but also for those of its investment partners.**

**EFD's Investment and Finance Committee is comprised of eight individuals with extensive financial, investment and banking experience. Their biographies are**

**attached as Appendix B. The Investment and Finance Committee is responsible for supervision of the investment portfolio, subject to the Investment Policy Statement, attached as Appendix C. Additionally, the Committee has retained The Vanguard Group to advise and act as custodian for the portfolio.**

**The Committee will, from time-to-time, adjust the mix of assets in the portfolios to respond to changes in the current or expected market conditions. The Committee meets on a quarterly schedule with ad hoc sessions when required. Members of the Committee meet with our investment partners for their periodic portfolio performance review meetings.**

6. Describe how you will work with our Investment Committee to develop an asset allocation structure.

**As noted earlier, EFD believes the asset allocation decision is the most important in the investment process. When we meet with you for the first time, we begin with a small group of portfolio models and discuss how each is likely to perform against a range of market conditions. Low-volatility portfolios come with a cost; the smoother ride generally means reduced rates of return. On the other hand, in turbulent market conditions portfolios with high equity allocations will see large draw-down. With our experience, we guide your Investment Committee to an appropriate mix of assets to meet your investment goals.**

**In subsequent meetings, we will review the performance of our agreed allocation, and in light of expected market conditions and/or changes in your goals, make adjustments as needed. We do not advocate frequent trading or rebalancing. Rather, we adjust the portfolio mix only after thoughtful consideration or in response to very significant changes in market valuation.**

7. Describe how you design portfolios for clients, including the types of investment vehicles used and whether or not you recommend proprietary products.

**EFD does not create or employ proprietary products. We do recommend Vanguard investment vehicles due to their favorable cost profiles and the strength of the investment teams behind them.**

## **V. Risk Management**

1. Describe your firm's risk management procedures.

**We are a fiduciary that invests with The Vanguard Group – a firm we engaged in 2015 after an extensive search and vetting process. We see risk as a combination of portfolio liquidity and volatility, and we use Vanguard Advisors to help us evaluate those risks.**

**With respect to liquidity, our responses in Section VI will show that our largest portfolio allocations (10% or more) to individual funds are to those that have \$17B-672B in assets, and as of December 31, 2018, the smallest fund in which we have invested any amount has \$9B in assets.**

**From time to time, Vanguard reviews the risk/return profile of our portfolio allocation with the Investment and Finance Committee, which in turn considers the advisability of any changes or adjustments. Actions of the Committee are taken to the full EFD Board for approval.**

2. What risk management systems do you utilize?

**On at least a quarterly basis the Investment and Finance Committee reviews the performance of the portfolio and its components, as well as its continuing adherence to the asset-allocation benchmarks.**

**In addition to the comments in point 1 above, and as noted previously, an independent outside accounting firm provides an annual audit of EFD to assure the Board, our investment partners, and other stakeholders that our funds have been properly accounted for.**

3. How do you measure risk in your client portfolios? Provide examples of client risk reports.

**Utilizing Vanguard's efficient-frontier and risk/return analyses, EFD has selected the portfolio mix which is expected to meet EFD's distribution objectives for our grant program - a mix which is also consistent with our risk tolerance. Appendix D shows the efficient-frontier analysis for our portfolio, updated for data available as of September 30, 2018.**

**Working side-by-side with our investment partners, we use Vanguard's periodic reviews of the risk/return characteristics of our portfolio. These reviews are always available to our investment partners, and on a prospective basis, similar reviews for investment partners with differing portfolios would also be available.**

**At any time, we can ask Vanguard to update the risk/return characteristics of our portfolio. Their analysis as of September 30, 2018 (found in Appendix E & F) shows that our portfolio asset allocation's expected, median, compound annual**

**returns over the next thirty years are approximately 6.7% nominal and 4.7% real, before fees; the median risk (volatility) is 12.2%, and the Sharpe ratio is 0.34. For the next ten years the expected median returns are 5.2% and 3.3%, respectively; the median risk (volatility) is 11.6%, and the Sharpe ratio is 0.23.**

4. Explain your methods of managing and monitoring counterparty risk.

**We rely on Vanguard's supervision of its fund managers and their holdings to manage and monitor counterparty risk.**



## VI. Performance

1. Portfolio Design - Please provide your firm's best advice for constructing a portfolio to meet the objectives of SMAAF as you understand them.

Include strategic asset allocation (by traditional asset class or other segmentation as you choose), types of managers within each segment, and specific examples of managers. Include any portfolio elements you deem useful, including: passive exposures; active long-only strategies; hedge funds; primary and secondary investments of private equity, etc. You may implement the portfolio with 100% proprietarily managed strategies, 100% externally sourced strategies, or any combination of the two. Please explain why you have chosen each element and why you have excluded others.

*We recognize that a thoughtful approach would require discussion around investment objectives, time horizon, risk tolerance, and the other factors that typically inform an initial discussion with the Board. This should not deter you from proposing a specific portfolio as a means to illustrate your capabilities and philosophy.*

**For your permanent funds, we recommend our current portfolio. We and our investment partners presently share in a comingled fund with a common asset allocation. However, EFD has the ability to customize the allocation for any individual partner according to its specific requirements. In working with your Board, we would engage Vanguard to evaluate a range of asset-allocations which might suit your needs and to join us in discussing their analysis in person. This would include efficient-frontier and risk/return analyses for the options.**

**Our asset allocation is 70% equities, 24% fixed income, and 6% REITs. Equities dominate the allocation for their superior long-term returns; fixed-income holdings moderate portfolio volatility; and REITs provide income, additional diversification, and potential inflation protection.**

**The overall active/passive allocation is 47%/53% and is roughly equal in each major asset category, except REITs. We include active managers because as mentioned previously and shown in Appendix G, Vanguard has an unusual, long-term record of outperformance by its actively-managed funds. We use passive funds for their low cost and reliable performance relative to benchmarks.**

**The overall domestic/foreign allocation is approximately 66%/34%.**

**As of January 31, 2019, our portfolio's weighted-average, embedded fund expense is 0.153%.**

**All of our investments are in Vanguard funds, and the specific funds are recommended by Vanguard Advisors. These are our current holdings and their target allocations ("A" designates actively-managed funds, "P" passive; percentage allocation also noted):**

## **Equity – 70%**

### **Domestic Equity – 42%**

**21% (P) Vanguard Total Stock Market Index Fund Institutional Shares (VITSX)**

**10.5% (A) Vanguard Windsor Fund Admiral Shares (VWNEX)**

**10.5% (A) Vanguard PRIMECAP Fund Admiral Shares (VPMAX)**

### **International Equity – 28%**

**14% (P) Vanguard Total International Stock Index Fund Institutional Shares (VTSNX)**

**7% (A) Vanguard International Growth Fund Admiral Shares (VWILX)**

**7% (A) Vanguard International Value Fund Investor Shares (VTRIX)**

## **Fixed Income – 24%**

### **Domestic Fixed Income – 18%**

**6% (P) Vanguard Total Bond Market Index Fund Admiral Shares (VBTLX)**

**6% (A) Vanguard Intermediate-Term Investment-Grade Fund Admiral Shares (VFIDX)**

**6% (A) Vanguard Short-Term Investment-Grade Fund Admiral Shares (VFSUX)**

### **International Fixed Income – 6%**

**6% (P) Vanguard Total International Bond Index Fund Admiral Shares (VTABX)**

## **REITs – 6%**

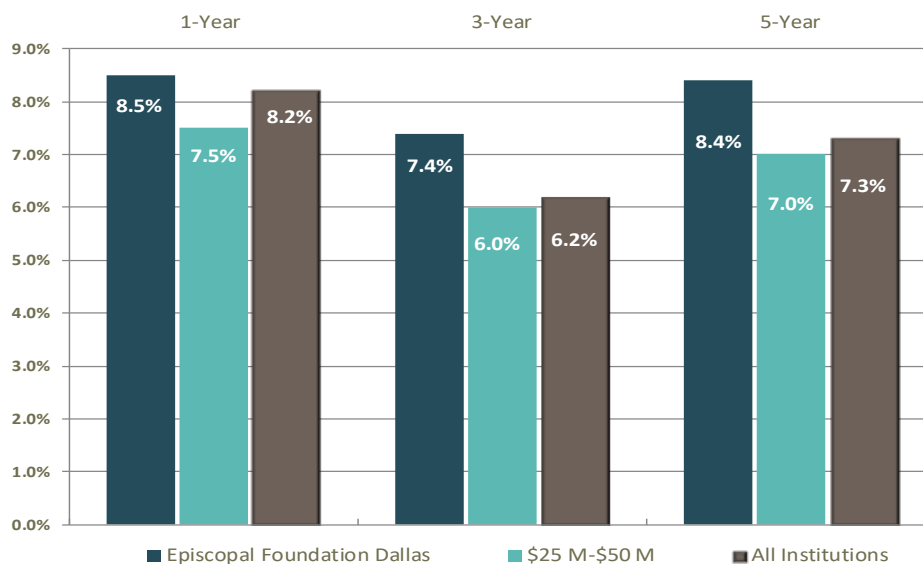
**6% (P) Vanguard Real Estate Index Fund Admiral Shares (VGSLX)**

**Please see Appendix J for Vanguard fund details.**

2. Provide actual client performance for similar institutions. Provide size and type of institution of each client and the benchmarks used.

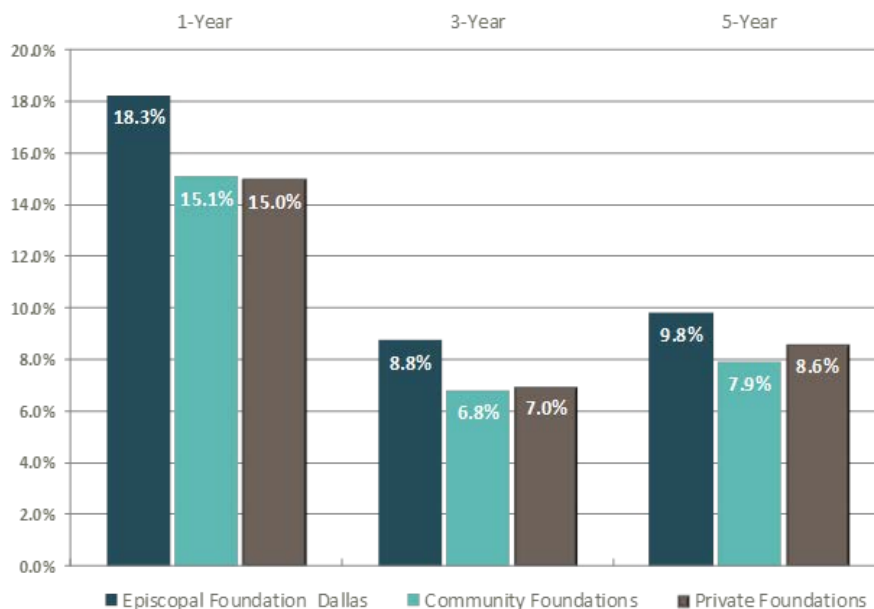
**The Episcopal Foundation of Dallas uses two common benchmarks of peers who also maintain a long-term investment focus – the NACUBO/Common Fund Study and the Council on Foundations/Common Fund Study. Results are shown in the following graphs.**

**2018 NACUBO/Common Fund Study**  
**Net Annualized Returns**  
 (As of 6/30/2018)



**Endowment Portfolio Returns as reported by The National Association of College and University Business Officers (NACUBO) 2018 Study (most current report available) as compared to the Episcopal Foundation of Dallas at 6/30/2018.**

**2017 Council on Foundations/Common Fund Study**  
**Net Annualized Returns**  
 (As of 12/31/2017)



**The Council on Foundations in partnership with Commonfund gathers data on investment performance for both private and community foundations. The Episcopal Foundation of Dallas uses these returns as a benchmark of peers who also maintain a long-term focus of preserving capital with returns sufficient to offset inflation and support payout objectives. The data above are as of 12/31/17, the latest report currently available.**

3. As of December 31, 2018 (or the most current quarterly data), please provide the one, three, five and ten-year annualized returns against appropriate benchmarks for the past 5- and 10-year periods— year all standard deviation and Sharpe ratios for the investment programs(s) above. Present returns net of investment management/advisory fees.

#### EFD Performance

	Gross Return	Net Return	Benchmark	Sharpe Ratio	Standard Deviation
One-Year	-6.76%	-7.27%	-6.31%	-0.83%	10.73%
Three-Year	6.08%	5.56%	6.22%	0.56%	8.31%
Five-Year	4.99%	4.50%	4.92%	-	-
Nine-Year*	7.37%	6.88%	7.85%	-	-

**Source: Vanguard, Morningstar**

**Note: Sharpe ratio listed above represent the median value for 10,000 scenarios. The Sharpe ratio calculates return (or reward) per unit of risk;  $(R_x - r_f) / \sigma(x - r)$ ;  $R_f$  = cash. The risk-free rate is based on VCMM's projections for cash. Standard deviation and Sharpe ratios are not available prior to 2015.**

**\*In 2010 the Foundation outsourced performance reporting to an independent 3rd party and reset the inception date of the portfolio.**

## **VII. Fees and Compensation**

1. What would the total fees be for the portfolio designed above? Provide fee allocation in the table below:

Category	Basis Points
Advisory Fee	11
Administrative Fee	55
<b>Total Fees</b>	<b>66</b>

2. Is an alternate fee structure available – example - base fee plus incentive fee option?

**We offer no other fee structure. Our administrative fee is calculated to cover expense and not create a profit. Accordingly, EFD's fee will decrease as total assets grow, reflecting its ability to spread costs across a larger base of assets.**

3. Please describe how your investment personnel and client service teams are compensated.

**As noted above, the officers, employees and board members of EFD receive no compensation. Investment services used by EFD are arranged by arms-length negotiation with a view towards the lowest cost for the best service.**

4. Please provide a list of any fees not included in the chart shown above. (Example: Custodial Fees, Transaction Costs, Travel, etc.)

**There are no additional fees or costs other than those described in Section VII, subpart 1.**

## VIII. Client Service and Reporting

1. Provide the names and background of the team that would be directly responsible for managing this account.

- **Pam Fellows Jamieson, Executive Director**

Pam has extensive leadership experience in non-profit fundraising, program management and foundation boards. She was most recently employed by Philanthropy Southwest, a membership organization for private and community foundations. She has a B.S from Oregon State University in Marketing and holds an Executive Certificate in Non-profit Board Governance from UT-Dallas, Naveen Jindal School of Management.

- **Kathy McCabe, Controller**

Kathy has 20+ years of experience working and volunteering with nonprofit organizations. She holds a BBA in Accounting from Texas A&M University and is a licensed CPA in the state of Texas. Kathy started her career auditing nonprofit organizations with Deloitte in Houston, eventually taking a position with the American Productivity and Quality Center as the Chief Financial Officer.

- **Vanguard Investment Advisory Services team, including**

1. Senior Investment Consultant
2. Investment Analyst
3. Client Services Analyst

2. Describe the client service roles and responsibilities.

**EFD provides reliable account support services so our investment partners can rely on their missions. Our staff works closely with your accounting personnel to provide reports and documentation to manage your account. We provide the following reports:**

- **Quarterly Investment partner Statement**
- **Quarterly Performance Report**

**Additionally, we provide a timely response to investment partner audit confirmations, and EFD produces a Quarterly Foundation Newsletter.**

3. Describe other services you provide to nonprofit institutions, such as web-based reporting and back office support, etc.

**EFD also provides special reports as needed, including Spending Analysis, Representative Portfolio Report, etc.**

4. Name of preferred custodian of investment assets. Does custodian's data integrate with any commercial software such as QuickBooks, etc.? Please provide a list of all software.

**The Vanguard Group is the custodian for our pooled assets. It is unlikely that**

**EFD reports will integrate directly with commercial accounting software, but we will work with you to understand your accounting needs and a solution may be available.**

5. Provide a sample quarterly report. **Please see Appendix H**

- i. How often does the firm conduct in person meetings with clients? What are the objectives of those meetings and the typical length of the meetings?

**Because we are local, we understand the landscape and challenges of the nonprofit community we serve. EFD conducts in-person meetings with investment partners on a schedule dictated by the governance needs of the partner. In the meeting, which is usually one hour in length, we review the partner account, discuss asset allocation and strategies, and explore the investment partner's goals and objectives.**

**We typically meet annually – either in person or via phone – but are available to speak with our partners as often as desired or necessary.**

- ii. Does the firm provide investment performance reports on a monthly or quarterly basis? Can the report be customized? How timely after a reporting period is a performance report available? Is full cost-basis accounting provided in reports? Does the firm provide consolidated reporting of all investment returns at least quarterly including written commentary as to why goals have or have not been met? Please provide a sample performance report that includes overall portfolio, asset class, and manager performance.

**EFD provides standardized quarterly investment statements and performance reports. Please see Appendix I for a Sample Performance Report. A monthly statement is available by special request.**

**Statements are distributed by email on the 5th business day of the month following the quarter's end. Cost basis reporting is available by special request, and most often provided in conjunction with investment partner year-end audits.**

**Performance reports are distributed approximately 15 business days following the end of the quarter. The Performance report includes net performance for the pooled investment portfolio compared to an aggregated benchmark as well as gross performance by fund compared to a specific benchmark. The report also includes a narrative describing the market and economic activity for the quarter just ended.**



6. Describe the educational materials and programs available to clients.

**EFD is in the process of updating planned giving educational materials to assist churches in starting and managing endowments. We recently re-launched Donor-Advised Funds and can assist donors who wish to establish a fund through EFD.**

7. Describe your firm's pricing and valuation policies and procedures. How do you assist your clients in complying with ASC 820's (formerly FASB 157) requirements?

**Investments are stated at their fair value. Realized and unrealized gains and losses on investments are determined using the average cost method, comparing the cost to the proceeds at the time of disposition.**

**Interest income is recognized on the accrual basis and dividends are recognized on the ex-dividend date.**

**For purposes of GAAP reporting, all investment accounts are considered Level 1 valuations, based on quoted prices in active markets. While the portfolio is a pooled investment, a statement showing a representation of the investment account by individual fund, is available upon request.**

## IX. Other

1. What are your competitive or distinctive advantages?

**Since its inception over 65 years ago, EFD has embraced its mission to provide low-cost, nonprofit investment services whose asset allocation and investment style generates a competitive rate of return for its portfolios and investment partners.**

**The second true distinction and advantage for EFD investment partners is our commitment to fulfilling God's call of service and support. By strategically granting from its own investment fund, EFD has been able to assist organizations within the Diocese – frequently aligning with and supporting the mission and vision of its own investment partners.**

**By placing funds with EFD, an investment partner can feel that it is truly honoring not only disciplined investing, but also a broader grant program that supports many nonprofit organizations in the surrounding community.**

**EFD exists to strengthen and support faith communities through the marriage of wise investments with purposeful giving. Our commission: (1) closely monitors the financial climate to offer efficient and affordable investment vehicles; (2) spends the time necessary to understand a church's long-range goals; and (3) allocates funds to help maximize the impact of a specific ministry. Our ultimate goal is to see local parishes grow and enable them to focus on meeting the needs of their communities.**

2. Does your firm provide value added services for non-profits such as legal, charitable gift annuities, establishing charitable lead trusts, management of non-traditional investments, etc.?

**EFD is firmly committed to assisting and providing its investment partners with a number of value-added services that help them fulfill their own distinct mission and vision.**

**EFD adds value through thoughtfully curated and aggregated information from related professional services (e.g. accounting, law, etc.) that specialize in supporting non-profits. EFD is also intent on serving as a clearing house for its investment partners by assisting in facilitating a relationship between its investment partners on topics that range from operations, governance, planned giving and more.**

**The staff and committees of EFD routinely assist in matching and placement through internal and external grant processes. Most recently, EFD has become involved in reaching and guiding existing and potential investment partners with establishment of endowments, foundations, planned giving, donor-advised funds, and investment fund strategy.**

3. Please provide current ADV documentation.

**EFD is not required to register this documentation with the SEC because EFD is not a registered investment advisor. For information on the blended active and passive investment style, amount of assets under management, and other investment information, please see the information outlined above. EFD's Executive Committee is as follows:**

<b>Eugenia King</b>	<b>Chair, Board of Trustees</b>
<b>Philip de Bruyn</b>	<b>President, Board of Trustees</b>
<b>Christopher S. Ayres</b>	<b>Vice-President and Treasurer; Development Committee Chair</b>
<b>Jed Nau</b>	<b>Secretary; Nominating Committee Chair</b>
<b>Rick Barry</b>	<b>Investment and Finance Committee Chair</b>
<b>Ford Keith</b>	<b>Grants Committee Chair</b>
<b>Pam Fellows Jamieson</b>	<b>Executive Director</b>

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**EFD and its Board wish to thank the Saint Michael and All Angels Foundation for inclusion in its discernment process. We humbly pray for Saint Michael's Foundation, its leadership, and its parish:**

**Almighty God, whose loving hands hath given us all that we possess; Grant us grace that we may honor thee with our substance, and, remembering the account which we may one day give, may we be faithful stewards of thy bounty, through Jesus Christ our Lord. Amen. (BCP, Page 827)**

## Appendices

Appendix A	Conflict of Interest Policy
Appendix B	Investment Committee Biographies
Appendix C	Investment Policy Statement
Appendix D	Efficient Frontier and Statistics
Appendix E	Risk/Return Study: 10-Year Horizon
Appendix F	Risk/Return Study: 30-Year Horizon
Appendix G	Vanguard Active Manager Performance
Appendix H	Sample Quarterly Statement
Appendix I	Sample Performance Report
Appendix J	Vanguard Fund Pages
Appendix K	Certificate of Insurance

**Episcopal Foundation of Dallas  
and  
Episcopal Health Foundation of Dallas**

**Conflict of Interest Policy**

**Purpose**

A charitable organization should adopt and implement policies and procedures to ensure that all conflicts of interest, actual or perceived, within the organization and the board are either avoided or appropriately managed through disclosure, recusal, or other means. A conflict of interest can arise whenever a trustee, committee member, or staff person's duty of loyalty to the charitable organization comes into conflict with a competing financial or personal interest that he or she (or a relative) may have in a proposed transaction.

In some cases, conflict-of-interest transactions violate the law; in other situations, they work to a foundation's advantage. Regardless of intention or result, however, foundations, their boards and their managers must act very carefully when dealing with transactions that are, or may appear to be, inconsistent with a foundation's interest for the following reasons.

First, conflict-of-interest transactions can create substantial legal liability, especially if they violate the self-dealing prohibitions for private foundations under the federal tax laws. In those situations, board members and foundation managers can be personally liable because they engaged in the transaction, approved them, or both.

Second, conflicts of interest carry very real risks of negative public perception. As charitable institutions provided with special tax status, foundations are expected to serve the public trust. When they engage in improper transactions – or those that give the appearance of impropriety – the damage can extend well beyond their good name and reputation.

Lastly, conflicts can compromise the decision-making process, preventing board members and foundation managers from having open and candid discussions and, in some cases, from acting in the best interests of the foundation.

Conflicts of interest should either be avoided or managed in such a way that the foundation and its board and managers are protected from liability or unwelcome publicity. A written conflict of interest policy that is enforced provides safeguards to prevent transactions that may violate the law or a fiduciary's duties of care and loyalty to the organization. A written policy can also help identify transactions that give the appearance of a conflict of interest before they occur. This policy is intended to supplement but not replace any applicable laws governing conflicts of interest applicable to nonprofit and charitable corporations.

**Applicability**

The policy set forth in this statement applies to all trustees, committee members, and employees ("interested persons") of the Episcopal Foundation of Dallas and the Episcopal Health Episcopal Hospital Foundation (the "Foundations") and applies to transactions between the Foundations and any interested person or a family member of the interested person, including spouse, parent, sibling, child, stepchild, grandparent or grandchild. It is difficult to define all potential conflict of interest transactions, but at least the following should be disclosed:

1. If you or any member of your family has an official relationship\* with any bank, vendor, investment manager, broker or other entity with which the Foundation regularly does business.
2. If you or any member of your family has an official relationship\* with any organization that has applied for or received a grant from the Foundation.

3. If you or any member of your family has applied for or received a grant from the Foundation.
4. If you or any member of your family has received, or is entitled to receive, any personal benefits from the Foundation or as result of your relationship with the Foundation (other than compensation directly related to your duties to the Foundation.)
5. If you or any member of your family has accepted a gift or favor from businesses and charities that have dealings with the Foundation.

\*An “official relationship” is defined as an officer, director, employee, partner, proprietor, or owner of 10% or more of the stock.

## **Policies and Procedures**

### **Acceptance of Gifts prohibited**

Trustees, committee members, and employees shall not accept gifts, entertainment, or other favors from businesses or charities that have dealings with the Foundations. This does not include incidental gifts, such as reasonable meals in connection with business meetings or low-cost promotional gifts.

### **Duty to disclose**

Trustees, committee members, and employees of the Foundations shall disclose any transactions or relationships involving a possible conflict of interest in regard to the Foundations.

### **Duty to recuse**

When any matter involving a conflict of interest is under consideration by the Foundations, the interested person should abstain from any preliminary or final involvement with the matter, including initial review and discussion, as well as any vote at the committee or full board level.

### **Records of proceedings**

The minutes of the board and all committees with board-delegated powers shall contain the names of persons who disclosed or otherwise were found to have an actual or possible conflict of interest, the nature of the conflict of interest, and any action taken. Whenever a trustee or committee member abstains from participation in a committee or board vote due to a potential conflict of interest, the abstention should be formally recorded in the meeting minutes.

### **Periodic review**

To ensure that the Foundations operates in a manner consistent with their charitable purposes and that they do not engage in activities that could jeopardize its status as an organization exempt from federal income tax, an annual review for any conflicts of interest shall be conducted by the Executive Director and reported to the Chairman of the Board of Trustees and the Audit Committee.

### **Confidentiality**

All information concerning actual or potential conflicts of interest on the part of the trustees, committee members or officers of the Foundation shall be held in confidence unless the best interests of the Foundations dictate otherwise.

### **Administration of Policy**

The Audit Committee of the Board of Directors shall have responsibility for overseeing the enforcement of this policy and shall report to the Board of Directors.

**Episcopal Foundation of Dallas and Episcopal Health Foundation of Dallas**  
Conflicts of Interest Annual Disclosure Statement

I, the undersigned, being a Trustee, Committee Member or Employee of the Episcopal Foundation of Dallas and/or the Episcopal Health Foundation of Dallas (the "Foundations"), hereby state that:

1. I have read the Conflict of Interest Policy and agree to observe and adhere to the policies and procedures outlined therein.
2. I do not have, nor does any member of my family have an official relationship as defined in the Conflicts of Interest Policy with any **corporation, partnership, association, or organization (including my church) that transacts business with or which has applied for or received a grant from the Foundations, except as noted below.**
3. I, as an individual, have not transacted business with or applied for or received a grant from the Foundations, nor has any member of my family, except as noted below.

**List below any exceptions to the above statements (effective currently or any time during the past calendar year). Please attach additional sheets if needed.**

I agree that if any situations arise, of which I am aware, that in any way contradict the above statement, I will immediately notify a member of the Executive Committee of the Board of Trustees of any conflict, real or potential, and make full disclosure thereof.

\_\_\_\_\_  
Signature/Print Name

\_\_\_\_\_  
Date

**Instructions for Submitting**

**You may submit your completed form at the March board meeting.** Alternatively, you may mail your completed Conflicts of Interest Annual Disclosure Statement to the Foundation office at 10000 N. Central Expressway, Suite 400, Dallas, TX 75231. You may also scan and email to [exec@episcopalfoundationdallas.org](mailto:exec@episcopalfoundationdallas.org).



## Investment Committee Biographies:



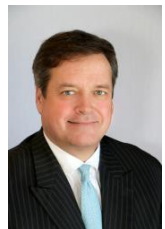
**Richard H. Barry**, Chairman of the Investment & Finance Committee, is a parishioner of Saint Michael and All Angels where he has served on the vestry. From 1985 to 2012 he was General Partner and Manager of Marathon Partners, LP, a Dallas-based long-short hedge fund which he founded. Prior to that, Rick was a Security Analyst and Associate Director of Research for Eppler, Guerin & Turner, Inc., a regional brokerage firm. From 1974 - 2000, he served on the Board of Directors for Lexington Management Group, Inc., a privately-held petroleum and venture capital company. Rick's civic contributions include terms as: Trustee and Chairman, Episcopal School of Dallas (ESD) Permanent Endowment Trust; Board member, ESD Board of Directors; Director, St. Philips School and Community Center Foundation; Trustee and Board President, St. Michael School; Board Member and Vice President, Notre Dame of Dallas Schools; Trustee, Endowment Committee member, and Alumni Council President, Phillips Academy (Andover, MA); Board Member and President, Association for Retarded Citizens of Dallas. Rick is a graduate of Yale University (B.A.) and Stanford University (M.B.A.) and received his CFA charter in 1977.



**William C. Beecherl** is a parishioner at the Church of the Incarnation where he has served on the Vestry and the Foundation Board. He is President of Verdad Oil and Gas Corp and serves as Manager of Double Springs Partnership LP. He serves on the Corporation and the Executive Council of the Episcopal Diocese of Dallas. He also serves as Trustee for the Highland Park Education Foundation. His past positions include Highland Park Town Council Member, Dallas Zoological Society Board member, Park Cities YMCA Board member.



**Patrick Carrigan** is a parishioner at the Church of the Incarnation where he has served as a Foundation Board member and a volunteer with the youth groups. He is currently serving on the Parish Committee on Vocations and the Commission on Ministry. He is a Chartered Financial Analyst (CFA) and is currently Senior Vice President – Wealth Management at UBS where he is responsible for the team's investment strategy, research, portfolio design and implementation. Prior to that he spent 28 years at Smith Barney. Pat serves as Chairman of Crossfire Ministries focusing on mentoring inner city Hispanic boys. He is currently on the Board of Arc of North Texas. He has also served on the Mental Health Board in Dallas.



**Philip M. de Bruyn**, President of the Board of Trustees, is a parishioner at the Episcopal Church of the Transfiguration. He is Partner in Southern Wealth Management, LLP. He was President and C.E.O. of Capital Plan prior to joining Southern Wealth in 2018. He has been active in the insurance and business industry for over 20 years. Prior to joining Capital Plan in 1992, he was Assistant Vice President of Hawthorne Associates, a Boston-based Registered Investment Advisor. Philip received a Bachelor's degree in Finance from the University of Oklahoma and an Executive MBA from Southern Methodist University. He is a member of the Association for Advanced Life Underwriting ("AALU"), The Life Underwriter Training Council, Dallas Estate Planning Council, National Association of Insurance & Financial Advisors, and is a Registered Representative of M Holdings Securities, Inc., a Registered Broker/Dealer, Member FINRA/SIPC. He has served as Chairman of the Board of Trustees of The Parish Episcopal School. He has also served the school as a member of the Parish Episcopal Foundation, Inc. Board and as a member of the search committee that secured the current Head of School. Philip is married to Crista and has two children.



**Scott W. Hancock**, (*Slated*) is a parishioner of Saint Michael and All Angels where he has been a member of the vestry. He is Owner of Oak Capital Advisors, an independent advisory firm established in 2012. He has over 35 years of experience in investing in both private and public markets with various firms including Managing Director at Bessemer Trust Company, Executive Director at UBS Timber Investors, and Vice President of Goldman, Sachs & Co. He earned a BA and MBA from the University of Texas at Austin. He is the immediate past President of the Dallas Symphony Orchestra Foundation and he has served as President, Vice President and Treasurer of St. Philips School and Community Center Foundation. He has also served on the Board of St. Michael Episcopal School and was a previous Board Member of the Episcopal Foundation of Dallas.



**Kenneth R. Hanks**, is a parishioner of Church of the Incarnation where he has served on the vestry and as treasurer to the vestry. He is currently a director of NexBank Capital Inc. a private bank holding company and served from 2006 to 2015 on the board of PMFG, Inc. a NASDAQ public company where he served as audit chair. He spent most of his career in the securities business as a chief financial officer for Dallas based firms SWS, Inc. (NYSE) and Rauscher Pierce Refsnes, Inc. He is a Texas CPA, a member of the National Association of Corporate Directors, a member of the Institute for Excellence in Corporate Governance at UT-Dallas, and earned both a BBA and MBA from the University of Texas at Austin.



**Andrew J. Welch** is a parishioner of the Church of Incarnation and a Founder and Principal of EMA Lodging Group and Merion Advisors. EMA is an investor in hospitality real estate and Merion is an investor and advisor to the hospitality and technology industries. Prior to founding EMA and Merion, Mr. Welch was Chief Financial Officer and Treasurer of Xenia Hotels and Resorts from 2014-2016, where he was instrumental with the public listing of Xenia on the New York Stock Exchange. Prior experience includes Chief Financial Officer of FelCor Lodging Trust and investment banking positions with Bank of America, N.A. and Citibank, N.A. Mr. Welch has served or is currently serving as a director of various philanthropic organizations including The American Heart Association (Dallas Division), The American Ireland Fund (Texas Region) and Our Friends Place. He previously served on the Advisory Board of the School of Business at the University of Kansas. Mr. Welch has been actively involved with Church of the Incarnation since 1985 and has served on its Vestry and Foundation. He has served as Senior Warden (twice), Junior Warden and Treasurer (twice). Mr. Welch is a graduate of the University of Kansas and holds a Masters of Business Administration from the Cox School of Business at Southern Methodist University.



**Dan E. Wilson**, Past-Chairman of the Board of Trustees, is a parishioner at St. Andrew's Episcopal Church and former Managing Director of UBS Financial Services' Municipal Securities Group. Following his 29-year career as an investment banking professional, Dan founded Wisdom Leadership, a business and executive coaching practice. Dan has been a member of the Foundation's Board since 2000 and is an Emeritus member.

## **EPISCOPAL FOUNDATION OF DALLAS**

### **Investment Policy Statement**

#### **Organizational Summary**

The Episcopal Foundation of Dallas is organized as a Texas non-profit corporation and is qualified as a Section 501(c)(3) exempt organization.

The Foundation is a separate, independent entity, organized and operating outside of the jurisdiction of the Episcopal Diocese of Dallas, The Episcopal Church and the Diocesan and General Conventions of the Church with its own independent Board of Trustees

#### **Investment Objectives**

The Board of Trustees of the Foundation is responsible for implementing the following investment objectives:

- A. Preservation of the assets through an investment return sufficient to offset inflation.
- B. Enhancement, where possible, of the assets through an investment return sufficient to achieve payout objectives and to preserve the real value of the corpus.

#### **Definition of Responsibilities**

The Board of Trustees has the final authority with respect to the invested assets of the Foundation and for the Investment Policy Guidelines adopted for the supervision of such assets.

The Board of Trustees shall appoint an Investment and Finance Committee (“Committee”) of 10 members or less who will be responsible for the supervision of the investment portfolio of the Foundation, subject to the Investment Policy.

The Committee assists the Board of Trustees in carrying out its duties as follows:

- Develops and reviews the Foundation’s investment policies.
- Ensures that the investment policies are disciplined and consistent.
- Allocates assets among investment managers and investment styles, including selection of acceptable asset classes, allowable ranges of holdings by asset class and individual investment managers as a percent of assets, the definition of acceptable securities within each asset class, and investment performance expectations.
- Communicates investment policies to the investment managers. The Committee will review investment performance at least quarterly to assure the policy is being followed and progress is being made toward achieving the objectives.
- Evaluates managers and total fund performance at least annually.
- Evaluates custodians, investment managers and consultants.
- Reports to the Board of Trustees quarterly.

## **Investment Policy Guidelines**

The following guidelines have been established for investments. The standards and ratios are based upon current circumstances and may be revised by the Committee at any time.

**ASSET ALLOCATION AND POLICY:** Assets shall be invested 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 investing the assets of like character and kind.

Assets shall be structured to meet the liquidity requirements of the Foundation.

Outlined below are the long-term strategic asset allocation guidelines, determined by the Committee to be the most appropriate, given the Fund's long-term objectives and short-term constraints. Portfolio assets ("Portfolio") will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines:

<b>Asset Class</b>	<b>Sub-Asset Class</b>	<b>Target Allocation</b>
<b>Equity</b>		<b>70%</b>
	Domestic (U.S.)	42%
	International (Non-U.S.)	28%
<b>Fixed Income</b>		<b>24%</b>
	Investment Grade Domestic	18%
	Investment Grade Int'l	6%
<b>Alternatives</b>		<b>6%</b>
<b>Cash</b>		<b>0%</b>

**REBALANCING POLICIES:** It is expected that the Portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes. The Portfolio will be re-balanced to its target normal asset allocation under the following circumstances:

- A. Utilize incoming cash flow (contributions) or outgoing money movements (disbursements) of the portfolio to realign the current weightings closer to the target weightings for the portfolio.
- B. The portfolio will be reviewed quarterly to determine the deviation from target weightings. During each quarterly review, if any Asset Class (defined as Equity, Fixed Income, Alternatives, or Cash) within the portfolio is +/-5 percentage points from its target weighting, the portfolio will be rebalanced.

- C. The investment manager may provide a rebalancing recommendation at any time.
- D. The investment manager shall act within a reasonable period of time to evaluate deviation from these ranges and promptly notify the Committee.

### **Prohibited Investments and Practices**

Unless expressly authorized by the Committee, the Portfolio and its investment managers are prohibited from:

- A. Purchasing securities on margin or executing short sales.
- B. Pledging or hypothecating securities, except for loans of securities that are fully collateralized.
- C. Purchasing or selling derivative securities for speculation or leverage.
- D. Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected given the objectives of their portfolios.

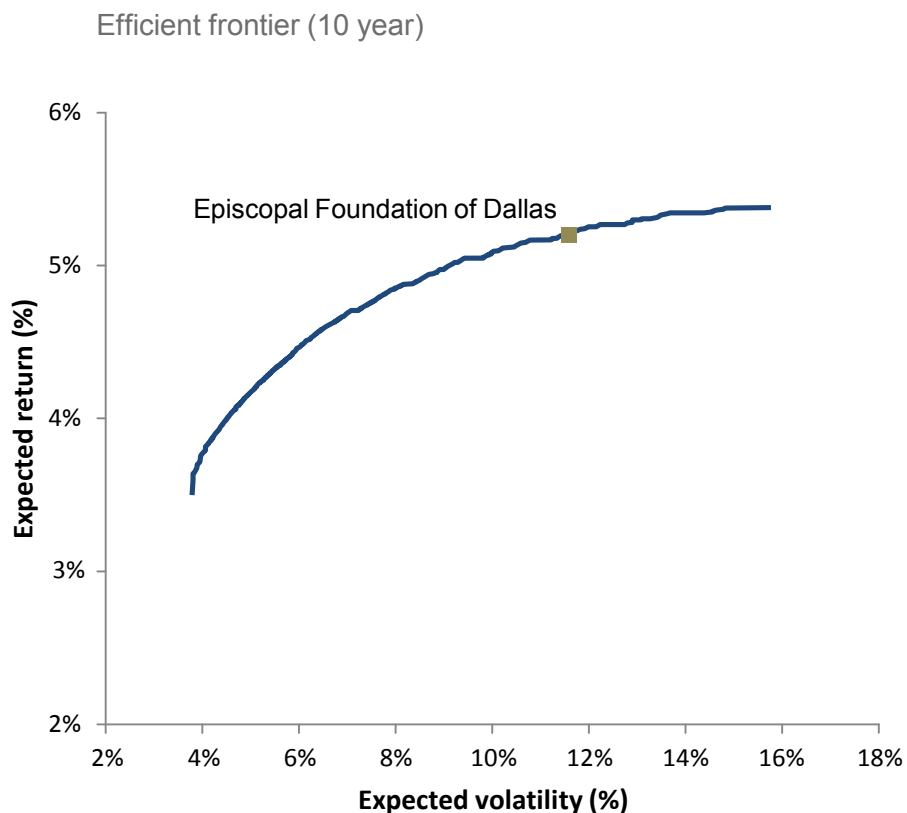
### **Portfolio Monitoring and Performance Expectations**

The Committee will monitor the Portfolio's investment performance against the Portfolio's stated investment objectives. At a frequency to be decided by the Committee, it will formally assess the Portfolio and the performance of its underlying investments as follows:

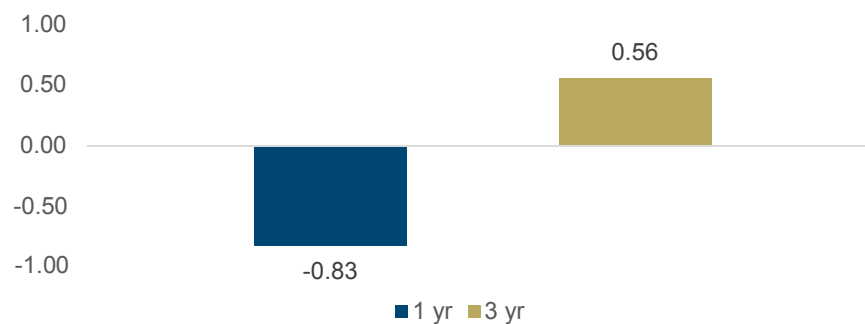
- A. The Portfolio's composite investment performance (net of fees) will be judged against the following standards:
  - 1. The Portfolio's absolute long-term real return objective.
  - 2. A composite benchmark consisting of the following unmanaged market indices weighted according to the expected target asset allocations stipulated by the Portfolio's investment guidelines.
    - a) U.S. Equity: CRSP US Total Market Index or a similar broad domestic equity index
    - b) Non-U.S. Equity: FTSE Global All Cap ex US Index or a similar broad international equity index
    - c) Investment Grade Fixed Income: Barclays Capital US Aggregate Float Adjusted Index and/or Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD hedged)
    - d) Alternatives - TBD
    - e) Cash: Citigroup 3-Month T-Bill Index
- B. The performance of investment managers hired on behalf of the Portfolio will be judged against the following standards:
  - 1. A market-based index appropriately selected or tailored to the investment managers agreed-upon investment objective and the normal investment characteristics of the investment manager's portfolio.

2. The performance of other investment managers having similar investment objectives.
- C. In keeping with the Portfolio's overall long-term financial objective, the Committee will evaluate Portfolio and investment manager performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling five-year basis.
- D. Investment reports shall be provided by the investment manager(s) on a (calendar) quarterly basis or as more frequently requested by the Committee. Each investment manager is expected to be available to meet with the Committee once per year to review portfolio structure, strategy, and investment performance.
- E. The Board of Trustees will review the Foundation's investment policy annually.

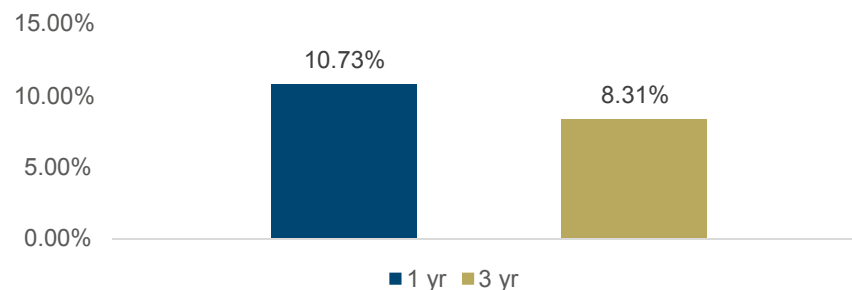
## Efficient Frontier and Statistics



### Sharpe Ratio



### Standard Deviation



Source: Vanguard, Morningstar

Note: Returns, real returns, and Sharpe ratio listed above represent the median value for 10,000 scenarios. The Sharpe ratio calculates return (or reward) per unit of risk;  $(R_x - R_f) / \sigma_{(x-r)}$ ;  $R_f$  = cash. The risk-free rate is based on VCMM's projections for cash.

Source: Vanguard, Investment Strategy Group.

**IMPORTANT:** The projections or other information generated by the Vanguard Capital Markets Model®(VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM derived from 10,000 simulations for U.S. equity returns and fixed income returns. Simulations as of September 30, 2018. Results from the model may vary with each use and over time. For more information on VCMM, see the Important Information slide.



## Episcopal Foundation of Dallas

### Total return framework, risk/return study: 10-year time horizon

Forecast: September 30, 2018

Asset classes	Episcopal Foundation of Dallas	5	25	50	75	95	Volatility
U.S. equities	42.0%	(2.4%)	1.3%	3.8%	6.4%	10.3%	16.3%
Non-U.S. equities (unhedged)	28.0%	0.8%	4.4%	7.1%	9.8%	13.8%	18.2%
U.S. Bonds	6.0%	2.0%	2.9%	3.5%	4.2%	5.3%	5.3%
Non-U.S. bonds (hedged)	6.0%	1.0%	2.1%	2.9%	3.9%	5.3%	3.7%
Intermediate-term Credit Bonds	6.0%	2.3%	3.2%	3.9%	4.6%	5.7%	5.2%
Short-term Credit Bonds	6.0%	2.1%	3.0%	3.7%	4.5%	5.7%	2.8%
REITs	6.0%	(3.5%)	1.1%	4.5%	7.7%	12.6%	18.4%
Median return (geometric)	5.2%						
Median inflation-adjusted return	3.3%						
Median risk (volatility)	11.6%						
Sharpe ratio	0.23						

Episcopal Foundation of Dallas	5	10	20	30	40	50	60	70	80	90	95
Portfolio return distribution	1.2%	2.0%	3.1%	3.9%	4.6%	5.2%	5.8%	6.5%	7.3%	8.5%	9.4%
Inflation-adjusted portfolio return distribution	-0.7%	0.1%	1.2%	2.0%	2.7%	3.3%	4.0%	4.6%	5.4%	6.6%	7.5%

	1	2	3	4	5	6	7
U.S. Equities (1)	1.00						
Non-U.S. Equities (unhedged) (2)	0.72	1.00					
U.S. Bonds (3)	(0.10)	(0.15)	1.00				
Non-U.S. Bonds (hedged) (4)	(0.09)	(0.21)	0.65	1.00			
Intermediate-Term Credit Bonds (5)	0.14	0.05	0.90	0.54	1.00		
Short-Term Credit Bonds (6)	0.07	(0.04)	0.75	0.55	0.87	1.00	
REITs (7)	0.56	0.43	(0.04)	(0.01)	0.11	0.06	1.00

Source: Vanguard, Investment Strategy Group.

**IMPORTANT:** The projections or other information generated by the Vanguard Capital Markets Model® (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM derived from 10,000 simulations for U.S. equity returns and fixed income returns. Simulations as of September 30, 2018. Results from the model may vary with each use and over time. For more information on VCMM, see the Important Information slide.

## Episcopal Foundation of Dallas

### Total return framework, risk/return study: 30-year time horizon

Forecast: September 30, 2018

Asset classes	Episcopal Foundation of Dallas	5	25	50	75	95	Volatility
U.S. equities	42.0%	3.4%	5.0%	6.0%	7.0%	8.6%	17.3%
Non-U.S. equities (unhedged)	28.0%	4.9%	6.9%	8.4%	9.8%	11.9%	18.9%
U.S. Bonds	6.0%	2.7%	3.4%	4.0%	4.5%	5.4%	5.6%
Non-U.S. bonds (hedged)	6.0%	1.9%	2.7%	3.3%	3.9%	4.9%	4.3%
Intermediate-term Credit Bonds	6.0%	3.2%	3.9%	4.5%	5.0%	5.9%	5.5%
Short-term Credit Bonds	6.0%	2.9%	3.6%	4.2%	4.7%	5.6%	3.2%
REITs	6.0%	1.5%	4.2%	6.0%	7.8%	10.6%	19.5%
Median return (geometric)	6.7%						
Median inflation-adjusted return	4.7%						
Median risk (volatility)	12.2%						
Sharpe ratio	0.34						

Episcopal Foundation of Dallas	5	10	20	30	40	50	60	70	80	90	95
Portfolio return distribution	4.8%	5.2%	5.7%	6.1%	6.4%	6.7%	7.0%	7.3%	7.7%	8.2%	8.6%
Inflation-adjusted portfolio return distribution	2.6%	3.0%	3.6%	4.0%	4.3%	4.7%	5.0%	5.3%	5.7%	6.4%	6.9%

	1	2	3	4	5	6	7
U.S. Equities (1)	1.00						
Non-U.S. Equities (unhedged) (2)	0.72	1.00					
U.S. Bonds (3)	(0.10)	(0.15)	1.00				
Non-U.S. Bonds (hedged) (4)	(0.09)	(0.21)	0.65	1.00			
Intermediate-Term Credit Bonds (5)	0.14	0.05	0.90	0.54	1.00		
Short-Term Credit Bonds (6)	0.08	(0.02)	0.73	0.55	0.85	1.00	
REITs (7)	0.55	0.41	(0.02)	0.01	0.12	0.07	1.00

Source: Vanguard, Investment Strategy Group.

**IMPORTANT:** The projections or other information generated by the Vanguard Capital Markets Model® (VCMM) regarding the likelihood of various investment outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. Distribution of return outcomes from VCMM derived from 10,000 simulations for U.S. equity returns and fixed income returns. Simulations as of September 30, 2018. Results from the model may vary with each use and over time. For more information on VCMM, see the Important Information slide.

# Headwinds for active equity mutual fund managers

## Percentage of actively managed funds underperforming their style benchmarks

Ten-year: December 31, 2017

	Value	Blend	Growth
Large	89%	95%	93%
Mid	96%	92%	82%
Small	93%	92%	88%

## International

78%	76%	70%
Developed	Emerging markets	Global

## Key

≥ 75%	≥ 50%	≥25%	< 25%
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## Vanguard active equity funds

Ten-year: December 31, 2017

	Below benchmark	Above benchmark
Above peer group average	33%	59%
Below peer group average	8%	0%

## Appendix H



### Quarterly Statement Sample Client 1025

Consolidated Portfolio Activity	Quarter Ended 12/31/2018	Year to Date 12/31/2018
Beginning Value	\$ -	\$ -
Deposits	\$ -	\$ -
Withdrawals	\$ -	\$ -
Interest & Dividend Income	\$ -	\$ -
Realized Gains (Losses)	\$ -	\$ -
Unrealized Gains (Losses)	\$ -	\$ -
Management Fees	\$ -	\$ -
Ending Value	\$ -	\$ -
Net Investment Gain (Loss)	\$ -	\$ -

The information herein has been obtained from sources we believe to be reliable, but we do not offer any guarantees as to its accuracy or completeness. Past performance is no guarantee of future results. All information is subject to change without notice.



## QUARTERLY PERFORMANCE REPORT Period Ending December 31, 2018

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- 1 Aggregated Performance Summary
- 2 Market & Economic Overview
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Episcopal Foundation of Dallas - Aggregated Performance Summary								
as-of December 31, 2018								
	Market Value*	Portfolio Allocation	Three-Month	Year-to-Date	One-Year	Three-Year	Five-Year	Since Inception
Vanguard	\$38,995,584	100.00%	-9.89%	-6.76%	-6.76%	6.08%	-	4.41%
<b>Vanguard Composite Benchmark</b>			-9.35%	-6.31%	-6.31%	5.93%	-	4.38%
<b>Aggregate Portfolio (net of EFD fee)*</b>	<b>\$38,995,584</b>	<b>100.00%</b>	<b>-10.01%</b>	<b>-7.27%</b>	<b>-7.27%</b>	<b>5.56%</b>	<b>4.50%</b>	<b>6.88%</b>
<b>Aggregate Composite Benchmark*</b>			-9.35%	-6.31%	-6.31%	6.22%	4.92%	7.85%
<p>Notes: All historical return data provided by client. All returns are net of fund-level fees and the Vanguard advisory fee. Aggregate portfolio returns are net of the EFD administrative fee. Vanguard Composite provides a comparison for Vanguard portfolio return and constitutes 42% Spliced Total Stock Market Index/28% Spliced Total International Stock Index/18% Spliced Barclays U.S. Agg Flt-Adj. Index/6% Barclays GA ex-USD Flt-Adj. RIC Capped Index Hedged/6% REIT Spliced Index and has been calculated as-of December 31, 2018. Performance effective date for Vanguard Composite as-of September 30, 2015. Aggregate Composite provides a comparison for Episcopal Foundation of Dallas portfolio and constitutes a weighted average of the Vanguard Composite and HFRI Fund of Funds Composite. Since inception date is January 1, 2010.</p> <p><b>*Aggregate portfolio performance and Aggregate composite performance include hedge fund and HFRI performance, respectively, through February 29, 2016 for the Three-, Five-Year and Since Inception time periods.</b></p>								

## Vanguard Market & Economic Overview

### Heightened volatility led to losses across the global equity markets

Driven by steep losses in the fourth quarter of -14.3%, the U.S. equity market<sup>1</sup> ended the year with a return of -5.2%. The uncertainty created by continuing trade disputes, concerns over the velocity of the Federal Reserve's interest rate hikes, and the partial government shutdown, all contributed to volatility and market declines. As of year-end, large cap stocks<sup>2</sup> had turned in the best performance, despite losing -4.4%, including a -13.5% loss for the quarter, due to better relative results from the Information Technology and Healthcare sectors. Meanwhile, mid-cap<sup>3</sup> and small-cap<sup>4</sup> equity segments also fell sharply, returning -9.2% and -9.3% in 2018, respectively; they posted -15.5% and -18.3% returns during the fourth quarter. Although growth stocks<sup>5</sup> (-16.3%) trailed relative to value stocks<sup>6</sup> (-12.2%) for the quarter, they outpaced their value counterparts for the year, returning -2.1% versus -8.6%. Facing concerns over muted growth expectations, international equities<sup>7</sup> also suffered losses during the quarter, falling -11.8% during the period, and -14.6% for the prior twelve months. Higher Treasury yields and the strong U.S. dollar continued to negatively impact emerging markets<sup>8</sup>, which were down -6.1% for the fourth quarter and -13.3% for the year. Similarly, the developed markets index<sup>9</sup> fell -13.2% for the quarter, as Brexit fears, the Italian budget crisis and riots in France contributed to volatility. Even the German economy saw its first contraction since early 2015, partially due to very low demand in the auto industry.

### Fixed income asset classes posted mixed results, with the broad U.S. market mainly flat for 2018

The broad U.S. fixed income market<sup>10</sup>, although up 1.6% during the fourth quarter, remained relatively flat for the year with a return of -0.1%. The Federal Reserve raised short-term rates by 25 basis points in December, marking the fourth time in twelve months, to a target range of 2.25% to 2.50%. The yield curve continued to flatten, and the spread between 2-year and 10 year Treasury securities finished 2018 at 0.21%, down from 0.51% at the end of 2017. Market participants closely watch the relationship between short-term and long-term yields as an inverted yield curve is widely considered an indicator of a possible recession. The ten-year Treasury note fell from 3.09% to 2.69% in the fourth quarter as these securities rallied, with investors moving toward their relative safety in light of continued equity market volatility and geopolitical uncertainty. Widening credit spreads served as a headwind to corporate bond returns, as concerns of slowing global growth, the impact of rising interest rates on corporate profits in the form of higher borrowing costs, as well as the general risk-off sentiment led investors to demand higher yield for more risk. Overall, higher quality bonds held up better than high-yield bonds for the quarter, given investors' preference for safety during recent months. Investment-grade corporate bonds<sup>11</sup> finished flat for the quarter (0.01%) but down -2.1% for the year; high-yield bonds<sup>12</sup> posted a loss of -4.5% for the quarter and matched the -2.1% performance of the higher quality corporate segment for the year. International bonds fared positively in the fourth quarter, with the currency-hedged index performing better than the unhedged version, as the U.S. dollar appreciated relative to other major currencies. The hedged index<sup>13</sup> returned 1.9% for the quarter and 3.2% for the year, while unhedged international bonds<sup>14</sup>, which are subject to currency fluctuations, returned 0.9% for the quarter and fell -2.1% for the year.

### Global economies deal with an expected slowdown in growth

Despite concerns of a potential slowdown and heightened market volatility, U.S. economic conditions remained relatively strong through the third quarter, as real GDP (Gross Domestic Product) increased at an annualized rate of 3.4%. The headline unemployment rate remained low and ended the quarter at 3.9% even as new entrants entered the labor force and pushed up participation levels.

## Vanguard Market & Economic Overview

Nonfarm payrolls added a better-than-expected 312,000 jobs in December, an increase over the 176,000 in November and beating estimates of 177,000. Average hourly earnings rose 3.2% over the past year while annualized inflation landed at 2.2% in December, down from 2.5% during the previous month. The Federal Reserve continues to anticipate core inflation levels in the 2% range over the longer term. Vanguard does not see a material risk of a sharp uptick in core inflation despite lower unemployment rates and higher wages. Vanguard continues to believe the secular forces of globalization and ever more powerful technologies will make it difficult to achieve sustained 2% inflation in the U.S.

In the Eurozone, while Vanguard believes the risk of a break-up to be relatively low, elevated political risks and global deceleration remain concerning, despite some positive economic drivers such as labor market data and monetary policy. Economic growth slowed further to a 1.6% annual rate in the third quarter, down from 2.1% during the second quarter of the year. Consistent with the last few months, the unemployment rate has held steady at the 8.1% level as of October. This represents the lowest jobless rate since November of 2008. As a diverse economy, jobless rates vary widely across those nations utilizing the common currency. Germany is on the lower end with a rate of 3.3% while Greece recently reported 18.9% for August and Spain's jobless level was 14.8% at the end of September.

China's GDP grew at a 6.5% annual rate for the third quarter, measured on a year-over-year basis. This is the lowest level since the first quarter of 2009, during the global financial crisis, and displays how tariffs and trade disputes may be starting to impact growth. Chinese President Xi Jinping met with U.S. President Trump in early December, where the two declared a 90 day truce in the trade war. While a disruption in trade is expected to impact growth on both sides, the uncertainty has unsettled financial markets as well. By the end of the year, the Shanghai composite was down over 20%, while retail sales and real estate were slowing. Consumer price inflation in China was 2.2% in November, as the annual rate slowed to a four-month low. This measure has averaged 5.2% from 1986 through 2018. The unemployment rate remained steady at 3.8% as of the end of the third quarter, despite concerns over financial instability and rising external and domestic challenges.

The United Kingdom experienced a 4.1% unemployment rate, close to the lowest levels experienced during the 1970s, while continuing to face uncertainty over the ongoing Brexit negotiations. The United Kingdom is expected to exit the European Union on March 29<sup>th</sup>, and the type of deal that will be struck, if any, continues to be uncertain. Vanguard believes the Bank of England is likely to remain on hold until there is further clarity around Brexit. GDP grew 0.6% for the third quarter and 1.5% year-over-year (the highest of 2018), driven primarily by household consumption while capital expenditures and net trade were detractors. Annual inflation came in at 2.3% at the end of November, slightly lower than earlier 2018 readings, due to the slowdown in the costs of transport, food and recreation. Although lower, this inflation reading remains similar to the 30-year average of 2.58%.

Although Japan was able to weather a difficult environment, including natural disasters and weak external demand in 2018, it still experienced a sharp contraction in third quarter GDP (-0.6%). This reading was down from the positive result of 0.7% during the second quarter. Personal consumption and capital expenditures came under pressure during the year while domestic demand helped to support the economy. Japan's inflation was marked at 0.8% year over year in November, due to downward pressure from falling housing costs. The Bank of Japan is not expected to increase rates in 2019 and its forward guidance will likely emphasize the persistence of low rates. Unemployment remained at low levels, coming in at 2.5% as of November.



## Vanguard Market & Economic Overview

### Central banks reduce accommodative policies

The Federal Reserve continued to reduce its accommodative stance, based on the aforementioned increase in the Fed Funds rate as well as the continued reduction in the size of their balance sheet. Confidence in the labor market, stable consumer prices and the expansionary effects of the Tax Cuts and Jobs Act have continued to support the outlook on the economy despite turbulent markets. The tax cuts in particular have helped to accelerate consumer spending, the largest segment of the U.S. economy. While some investors are apprehensive as to the pace of the Fed's tightening, Fed Chairman Jerome Powell recently remarked "with the muted inflation readings that we've seen coming in, we will be patient as we watch to see how the economy evolves" and "We will be prepared to adjust policy quickly and flexibly and use all of our tools to support the economy should that be appropriate". The markets continue to price in a higher Fed Funds rate in 2019. Vanguard shares this sentiment and also expects the Fed to increase rates in the coming year before halting further increases in the face of nonaccelerating inflation and decelerating top line growth.

European Central Bank (ECB) President Mario Draghi stressed concerns of "the threat of protectionism, vulnerabilities in emerging markets and financial market volatility." However, the ECB has reiterated that December marks the end of its quantitative easing program, which began in 2015 to reduce the risk of deflation. As of last quarter, Draghi signaled a tightening of the European Central Bank's deposit rate would begin after summer of 2019, but the consensus among economists is that it will take a bit longer to start that process. The deterioration in economic momentum in Europe's economy was driven by a slowdown in global trade, including weak demand for European exports, and industrial cycle. A key factor was the slow adjustment made by German auto makers to adapt to new European Union emissions standards.

### Final thoughts

*Vanguard's current outlook reflects lower return expectations across equities and fixed income relative to history while continuing to stress the importance of a long-term perspective. With increased volatility and lower returns on the horizon, Vanguard believes it's important to maintain perspective as a low-cost diversified portfolio along with periodic rebalancing, greatly increases the chances for investment success. Vanguard Chief Investment Officer, Greg Davis, reminds us in his recent blog, "What all investors should keep in mind is the risk of timing an investment decision poorly is generally higher than the risk of changing nothing at all in your portfolio. Remember, it's also a decision to do nothing."*

### Index Returns

1) CRSP US Total Market Index, 2) CRSP US Large-Cap Index, 3) CRSP US Mid-Cap Index, 4) CRSP US Small-Cap Index, 5) Russell 3000 Growth Index, 6) Russell 3000 Value, 7) FTSE Global All-Cap Ex-US Index, 8) FTSE Emerging Market Index, 9) FTSE Developed All Cap ex US Index, 10) BloombergBarclays US Aggregate Float Adjusted Index, 11) BloombergBarclays US Credit Index, 12) BloombergBarclays US Corporate High Yield Index, 13) BloombergBarclays Global Aggregate ex-USD Float Adjusted RIC Cap Index Hedged, 14) BloombergBarclays Global Aggregate ex-USD Index

### Sources:

Vanguard, U.S. Treasury, U.S. Federal Reserve, Bureau of Labor Statistics, Bureau of Economic Analysis, Conference Board, Institute for Supply Management, Bank of England, Financial Times, Eurostat, Wall Street Journal, IHS Markit, Reuters, Bank of Japan, Bloomberg, European Central Bank, and International Monetary Fund

## Performance Summary (Gross of Advisory Fees) ending December 31, 2018

	Market Value (\$)	% of Portfolio	2018 Q4 (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>EPISCOPAL FOUNDATION OF DALLAS</b>	<b>34,586,939</b>	<b>100.00</b>	<b>-9.86</b>	<b>-6.66</b>	<b>6.20</b>	--	--	<b>4.52</b>	<b>Jun-15</b>
<b>EPISCOPAL FOUNDATION OF DALLAS (Net)</b>			<b>-9.89</b>	<b>-6.76</b>	<b>6.08</b>	--	--	<b>4.41</b>	
Composite Benchmark			-9.35	-6.31	5.93	--	--	4.38	Jun-15
<b>Total Equity</b>	<b>23,904,971</b>	<b>69.12</b>	<b>-13.73</b>	<b>-9.32</b>	<b>7.60</b>	--	--	<b>5.02</b>	<b>Jun-15</b>
<b>Equity Domestic</b>	<b>14,550,417</b>	<b>42.07</b>	<b>-14.49</b>	<b>-6.20</b>	<b>8.92</b>	--	--	<b>7.07</b>	<b>Jun-15</b>
Spliced Total Stock Market Index			-14.26	-5.17	9.00	7.92	13.26	7.21	Jun-15
<b>Equity International</b>	<b>9,354,554</b>	<b>27.05</b>	<b>-12.51</b>	<b>-13.93</b>	<b>5.54</b>	--	--	<b>1.91</b>	<b>Jun-15</b>
Spliced Total International Stock Index			-11.79	-14.61	4.44	1.05	6.64	1.13	Jun-15
<b>Total Fixed Income</b>	<b>8,571,907</b>	<b>24.78</b>	<b>1.31</b>	<b>0.84</b>	<b>2.46</b>	--	--	<b>2.37</b>	<b>Jun-15</b>
<b>Fixed Income Domestic</b>	<b>6,365,655</b>	<b>18.40</b>	<b>1.13</b>	<b>0.15</b>	<b>2.18</b>	--	--	<b>2.03</b>	<b>Jun-15</b>
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			1.58	-0.08	2.09	2.50	3.49	1.95	Jun-15
<b>Fixed Income International</b>	<b>2,206,252</b>	<b>6.38</b>	<b>1.83</b>	<b>2.88</b>	<b>3.30</b>	--	--	<b>3.38</b>	<b>Jun-15</b>
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			1.87	3.16	3.54	4.19	--	3.64	Jun-15
<b>Total Real Estate</b>	<b>2,110,060</b>	<b>6.10</b>	<b>-6.44</b>	<b>-5.95</b>	<b>2.31</b>	--	--	<b>4.57</b>	<b>Jun-15</b>
<b>Real Estate Domestic</b>	<b>2,110,060</b>	<b>6.10</b>	<b>-6.44</b>	<b>-5.95</b>	<b>2.31</b>	--	--	<b>4.57</b>	<b>Jun-15</b>
Real Estate Spliced Index			-6.44	-5.88	2.41	7.50	12.07	4.68	Jun-15

Gross of Advisory Fee returns reflect the deduction of fund expense ratios and any purchase or redemption fees.

Net of Fee returns reflect the deduction of fund expense ratios, any purchase or redemption fees, and VIAS advisory fee applied to the client portfolio.

Returns greater than one year represent annualized returns. Returns less than one year represent cumulative returns.

## Performance Summary (Gross of Advisory Fees) ending December 31, 2018

	Market Value (\$)	% of Portfolio	2018 Q4 (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>EPISCOPAL FOUNDATION OF DALLAS</b>	<b>34,586,939</b>	<b>100.00</b>	<b>-9.86</b>	<b>-6.66</b>	<b>6.20</b>	<b>--</b>	<b>--</b>	<b>4.52</b>	<b>Jun-15</b>
Composite Benchmark			-9.35	-6.31	5.93	--	--	4.38	Jun-15
<b>Total Equity</b>	<b>23,904,971</b>	<b>69.12</b>	<b>-13.73</b>	<b>-9.32</b>	<b>7.60</b>	<b>--</b>	<b>--</b>	<b>5.02</b>	<b>Jun-15</b>
<b>Equity Domestic</b>	<b>14,550,417</b>	<b>42.07</b>	<b>-14.49</b>	<b>-6.20</b>	<b>8.92</b>	<b>--</b>	<b>--</b>	<b>7.07</b>	<b>Jun-15</b>
Spliced Total Stock Market Index			-14.26	-5.17	9.00	7.92	13.26	7.21	Jun-15
	7,345,381	21.24	-14.26	-5.16	8.99	7.91	13.26	7.21	Jun-15
Spliced Total Stock Market Index			-14.26	-5.17	9.00	7.92	13.26	7.21	Jun-15
Multi-Cap Core Funds Average			-14.42	-7.96	6.51	5.29	11.20	4.34	Jun-15
	3,665,062	10.60	-14.42	-1.94	12.06	11.41	15.26	10.84	Jun-15
Russell 1000 Growth			-15.89	-1.51	11.15	10.40	15.29	9.99	Jun-15
Multi-Cap Growth Funds Average			-16.19	-2.85	8.21	7.28	12.95	6.37	Jun-15
	3,539,973	10.23	-15.03	-12.37	5.56	4.96	12.07	2.98	Jun-15
Russell 1000 Value			-11.72	-8.27	6.95	5.95	11.18	4.94	Jun-15
Multi-Cap Value Funds Average			-14.40	-11.29	5.89	4.29	10.60	3.35	Jun-15
<b>Equity International</b>	<b>9,354,554</b>	<b>27.05</b>	<b>-12.51</b>	<b>-13.93</b>	<b>5.54</b>	<b>--</b>	<b>--</b>	<b>1.91</b>	<b>Jun-15</b>
Spliced Total International Stock Index			-11.79	-14.61	4.44	1.05	6.64	1.13	Jun-15
	4,741,570	13.71	-11.66	-14.39	4.56	0.97	6.38	1.08	Jun-15
Spliced Total International Stock Index			-11.79	-14.61	4.44	1.05	6.64	1.13	Jun-15
International Funds Average			-13.47	-15.58	2.46	0.15	6.08	0.06	Jun-15
	2,369,918	6.85	-12.01	-14.52	4.54	-0.05	6.03	0.39	Jun-15
Spliced International Index			-11.46	-14.20	4.48	0.68	5.53	0.96	Jun-15
International Funds Average			-13.47	-15.58	2.46	0.15	6.08	0.06	Jun-15
	2,243,066	6.49	-14.76	-12.58	8.42	3.68	9.67	5.04	Jun-15
Spliced International Index			-11.46	-14.20	4.48	0.68	5.53	0.96	Jun-15
International Funds Average			-13.47	-15.58	2.46	0.15	6.08	0.06	Jun-15
<b>Total Fixed Income</b>	<b>8,571,907</b>	<b>24.78</b>	<b>1.31</b>	<b>0.84</b>	<b>2.46</b>	<b>--</b>	<b>--</b>	<b>2.37</b>	<b>Jun-15</b>
<b>Fixed Income Domestic</b>	<b>6,365,655</b>	<b>18.40</b>	<b>1.13</b>	<b>0.15</b>	<b>2.18</b>	<b>--</b>	<b>--</b>	<b>2.03</b>	<b>Jun-15</b>
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			1.58	-0.08	2.09	2.50	3.49	1.95	Jun-15

## Performance Summary (Gross of Advisory Fees) ending December 31, 2018

	Market Value (\$)	% of Portfolio	2018 Q4 (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
	2,125,514	6.15	1.12	-0.47	2.55	3.03	5.79	2.45	Jun-15
BBgBarc US Credit 5-10 Yr TR			0.49	-1.55	3.03	3.41	6.25	2.64	Jun-15
Spliced Core Bond Funds Average			0.90	-0.69	1.95	2.19	4.16	1.65	Jun-15
	2,123,101	6.14	1.61	-0.03	2.03	2.46	3.42	1.90	Jun-15
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			1.58	-0.08	2.09	2.50	3.49	1.95	Jun-15
Spliced Intermediate-Term Investment-Grade Debt Funds Average			0.90	-0.69	1.95	2.19	4.16	1.65	Jun-15
	2,117,040	6.12	0.67	0.96	1.97	1.78	3.55	1.73	Jun-15
BBgBarc US Credit 1-5 Yr TR			0.93	1.11	2.00	1.80	3.72	1.72	Jun-15
1-5 Year Investment-Grade Debt Funds Average			0.49	0.86	1.59	1.20	2.64	1.23	Jun-15
<b>Fixed Income International</b>	<b>2,206,252</b>	<b>6.38</b>	<b>1.83</b>	<b>2.88</b>	<b>3.30</b>	<b>--</b>	<b>--</b>	<b>3.38</b>	<b>Jun-15</b>
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			1.87	3.16	3.54	4.19	--	3.64	Jun-15
	2,206,252	6.38	1.83	2.88	3.30	3.93	--	3.38	Jun-15
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			1.87	3.16	3.54	4.19	--	3.64	Jun-15
International Income Funds Average			0.54	-1.79	3.08	0.92	2.79	2.00	Jun-15
<b>Total Real Estate</b>	<b>2,110,060</b>	<b>6.10</b>	<b>-6.44</b>	<b>-5.95</b>	<b>2.31</b>	<b>--</b>	<b>--</b>	<b>4.57</b>	<b>Jun-15</b>
<b>Real Estate Domestic</b>	<b>2,110,060</b>	<b>6.10</b>	<b>-6.44</b>	<b>-5.95</b>	<b>2.31</b>	<b>--</b>	<b>--</b>	<b>4.57</b>	<b>Jun-15</b>
Real Estate Spliced Index			-6.44	-5.88	2.41	7.50	12.07	4.68	Jun-15
	2,110,060	6.10	-6.44	-5.95	2.31	7.40	12.05	4.57	Jun-15
Real Estate Spliced Index			-6.44	-5.88	2.41	7.50	12.07	4.68	Jun-15
Real Estate Funds Average			-7.07	-6.32	1.97	6.70	11.49	3.86	Jun-15

## Performance Summary (Gross of Advisory Fees) ending December 31, 2018

	Market Value (\$)	% of Portfolio	2018 Q4 (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
<b>EPISCOPAL FOUNDATION OF DALLAS</b>	<b>34,586,939</b>	<b>100.00</b>	<b>-9.86</b>	<b>-6.66</b>	<b>6.20</b>	--	--	<b>4.52</b>	<b>Jun-15</b>
Composite Benchmark			-9.35	-6.31	5.93	--	--	4.38	Jun-15
<b>Total Equity</b>	<b>23,904,971</b>	<b>69.12</b>	<b>-13.73</b>	<b>-9.32</b>	<b>7.60</b>	--	--	<b>5.02</b>	<b>Jun-15</b>
<b>Equity Domestic</b>	<b>14,550,417</b>	<b>42.07</b>	<b>-14.49</b>	<b>-6.20</b>	<b>8.92</b>	--	--	<b>7.07</b>	<b>Jun-15</b>
Spliced Total Stock Market Index			-14.26	-5.17	9.00	7.92	13.26	7.21	Jun-15
Vanguard® Total Stock Market Index Fund Institutional Shares	7,345,381	21.24	-14.26	-5.16	8.99	7.91	13.26	7.21	Jun-15
Spliced Total Stock Market Index			-14.26	-5.17	9.00	7.92	13.26	7.21	Jun-15
Multi-Cap Core Funds Average			-14.42	-7.96	6.51	5.29	11.20	4.34	Jun-15
Vanguard® PRIMECAP Fund Admiral™ Shares	3,665,062	10.60	-14.42	-1.94	12.06	11.41	15.26	10.84	Jun-15
Russell 1000 Growth			-15.89	-1.51	11.15	10.40	15.29	9.99	Jun-15
Multi-Cap Growth Funds Average			-16.19	-2.85	8.21	7.28	12.95	6.37	Jun-15
Vanguard® Windsor™ Fund Admiral™ Shares	3,539,973	10.23	-15.03	-12.37	5.56	4.96	12.07	2.98	Jun-15
Russell 1000 Value			-11.72	-8.27	6.95	5.95	11.18	4.94	Jun-15
Multi-Cap Value Funds Average			-14.40	-11.29	5.89	4.29	10.60	3.35	Jun-15
<b>Equity International</b>	<b>9,354,554</b>	<b>27.05</b>	<b>-12.51</b>	<b>-13.93</b>	<b>5.54</b>	--	--	<b>1.91</b>	<b>Jun-15</b>
Spliced Total International Stock Index			-11.79	-14.61	4.44	1.05	6.64	1.13	Jun-15
Vanguard® Total International Stock Index Fund Inst Shares	4,741,570	13.71	-11.66	-14.39	4.56	0.97	6.38	1.08	Jun-15
Spliced Total International Stock Index			-11.79	-14.61	4.44	1.05	6.64	1.13	Jun-15
International Funds Average			-13.47	-15.58	2.46	0.15	6.08	0.06	Jun-15
Vanguard® International Value Fund	2,369,918	6.85	-12.01	-14.52	4.54	-0.05	6.03	0.39	Jun-15
Spliced International Index			-11.46	-14.20	4.48	0.68	5.53	0.96	Jun-15
International Funds Average			-13.47	-15.58	2.46	0.15	6.08	0.06	Jun-15
Vanguard® International Growth Fund Admiral™ Shares	2,243,066	6.49	-14.76	-12.58	8.42	3.68	9.67	5.04	Jun-15
Spliced International Index			-11.46	-14.20	4.48	0.68	5.53	0.96	Jun-15
International Funds Average			-13.47	-15.58	2.46	0.15	6.08	0.06	Jun-15
<b>Total Fixed Income</b>	<b>8,571,907</b>	<b>24.78</b>	<b>1.31</b>	<b>0.84</b>	<b>2.46</b>	--	--	<b>2.37</b>	<b>Jun-15</b>
<b>Fixed Income Domestic</b>	<b>6,365,655</b>	<b>18.40</b>	<b>1.13</b>	<b>0.15</b>	<b>2.18</b>	--	--	<b>2.03</b>	<b>Jun-15</b>
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			1.58	-0.08	2.09	2.50	3.49	1.95	Jun-15

## Performance Summary (Gross of Advisory Fees) ending December 31, 2018

	Market Value (\$)	% of Portfolio	2018 Q4 (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Inception (%)	Inception Date
Vanguard® Inter-Term Investment-Grade Fund Adm™ Shares	2,125,514	6.15	1.12	-0.47	2.55	3.03	5.79	2.45	Jun-15
BBgBarc US Credit 5-10 Yr TR			0.49	-1.55	3.03	3.41	6.25	2.64	Jun-15
Spliced Core Bond Funds Average			0.90	-0.69	1.95	2.19	4.16	1.65	Jun-15
Vanguard® Total Bond Market Index Fund Admiral™ Shares	2,123,101	6.14	1.61	-0.03	2.03	2.46	3.42	1.90	Jun-15
Spliced Bloomberg Barclays US Aggregate Float Adjusted Index			1.58	-0.08	2.09	2.50	3.49	1.95	Jun-15
Spliced Intermediate-Term Investment-Grade Debt Funds Average			0.90	-0.69	1.95	2.19	4.16	1.65	Jun-15
Vanguard® Short-Term Investment-Grade Fund Adm™ Shares	2,117,040	6.12	0.67	0.96	1.97	1.78	3.55	1.73	Jun-15
BBgBarc US Credit 1-5 Yr TR			0.93	1.11	2.00	1.80	3.72	1.72	Jun-15
1-5 Year Investment-Grade Debt Funds Average			0.49	0.86	1.59	1.20	2.64	1.23	Jun-15
<b>Fixed Income International</b>	<b>2,206,252</b>	<b>6.38</b>	<b>1.83</b>	<b>2.88</b>	<b>3.30</b>	<b>--</b>	<b>--</b>	<b>3.38</b>	<b>Jun-15</b>
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			1.87	3.16	3.54	4.19	--	3.64	Jun-15
Vanguard® Total International Bond Index Fund Adm™ Shares	2,206,252	6.38	1.83	2.88	3.30	3.93	--	3.38	Jun-15
Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Hedged			1.87	3.16	3.54	4.19	--	3.64	Jun-15
International Income Funds Average			0.54	-1.79	3.08	0.92	2.79	2.00	Jun-15
<b>Total Real Estate</b>	<b>2,110,060</b>	<b>6.10</b>	<b>-6.44</b>	<b>-5.95</b>	<b>2.31</b>	<b>--</b>	<b>--</b>	<b>4.57</b>	<b>Jun-15</b>
<b>Real Estate Domestic</b>	<b>2,110,060</b>	<b>6.10</b>	<b>-6.44</b>	<b>-5.95</b>	<b>2.31</b>	<b>--</b>	<b>--</b>	<b>4.57</b>	<b>Jun-15</b>
Real Estate Spliced Index			-6.44	-5.88	2.41	7.50	12.07	4.68	Jun-15
Vanguard® Real Estate Index Fund Admiral™ Shares	2,110,060	6.10	-6.44	-5.95	2.31	7.40	12.05	4.57	Jun-15
Real Estate Spliced Index			-6.44	-5.88	2.41	7.50	12.07	4.68	Jun-15
Real Estate Funds Average			-7.07	-6.32	1.97	6.70	11.49	3.86	Jun-15

**For more information about Vanguard funds or non-Vanguard funds offered through Vanguard Brokerage Services, visit [vanguard.com](http://vanguard.com) or call your Investment Consultant or Relationship Manager to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.** Total Portfolio Net of Fees returns reflect the deduction of fund expense ratios, purchase or redemption fees, and any advisory service fee applied to the client portfolio.

Total Portfolio returns represent client-specific time-weighted returns (TWR) are presented gross of any applicable service fees with the exception of mutual fund expense ratios and other security-level expenses.

Client performance inception date is generally the first month-end after initial funding. Mutual funds and all investments are subject to risk, including the possible loss of the money you invest. Diversification does not ensure a profit or protect against a loss.

Performance figures assume the reinvestment of dividends and capital gains distributions. The fund performance percentages are based on fund total return data, adjusted for expenses, obtained from Lipper, a Thomson Reuters Company. The total return data was not adjusted for fees and loads.

Benchmark comparative indexes represent unmanaged or average returns on various financial assets, which can be compared with funds' total returns for the purpose of measuring relative performance.

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# Fund pages



# Vanguard Total Stock Market Index Fund (VTSAX)

## Investment approach

- Seeks to track the performance of the CRSP US Total Market Index.
- Large, mid-, and small-cap equity diversified across growth and value styles.
- Passively managed, using index sampling.
- Fund remains fully invested.
- Low expenses minimize net tracking error.

## Share of U.S. stock market (%)



● 100% CRSP US Total Market Index

As measured by the MSCI US Broad Market Index.

## Key facts

Expense ratio as of 04/25/2018	4 bps
As reported in the most recent prospectus.	
Designation	Domestic large-cap blend
Fund inception date	04/27/1992
Admiral Shares™ inception date	11/13/2000
Total net assets as of 12/31/2018 (\$M)	\$672,196
Net fund assets for VTSAX as of 12/31/2018 (\$M)	\$185,102
Holdings	3,508
Indexed to	CRSP US Total Market Index (CRSPTMT)
Turnover rate (fiscal year-end 12/31/2018)	3.4%
CUSIP	922908728
Investment manager	Vanguard Equity Index Group

## Risk and volatility

	R <sup>2</sup>	Beta
Primary benchmark	1.00	1.00
Broad-based benchmark	1.00	1.00

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark. Broad-based benchmark: Dow Jones U.S. Total Stock Market Float Adjusted Index.

## Performance



	Quarter-end	Year-to-date	Annualized			
			1-year	3-year	5-year	10-year
■ Fund	-14.26%	-5.17%	-5.17%	8.99%	7.90%	13.25%
■ Benchmark	-14.26%	-5.17%	-5.17%	9.00%	7.92%	13.26%
+/- Benchmark	0.00%	0.00%	0.00%	-0.01%	-0.02%	-0.01%

Spliced Total Stock Market Index: Dow Jones U.S. Total Stock Market Index (formerly known as the Dow Jones Wilshire 5000 Index) through April 22, 2005; MSCI US Broad Market Index through June 2, 2013; and CRSP US Total Market Index thereafter.

## Performance versus competitors

Percentage of Multi-Cap Core Funds outperformed by VTSAX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of December 31, 2018. Number of funds in category: 1-year, 697; 3-year, 614; 5-year, 536; 10-year, 376. Results will vary for other time periods.

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Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.

The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

# Vanguard PRIMECAP Fund (VPMAX)

## Investment approach

- Multi-cap growth equity, emphasizing large- and mid-cap issues.
- Seeks long-term capital appreciation.
- Invests in out-of-favor growth companies at attractive valuations.
- Fundamental stock selection process.
- The managers develop separate subportfolios.
- Portfolio may be concentrated by sector and holdings.

## Fund advisors



- 100% PRIMECAP Management Company

## Key facts

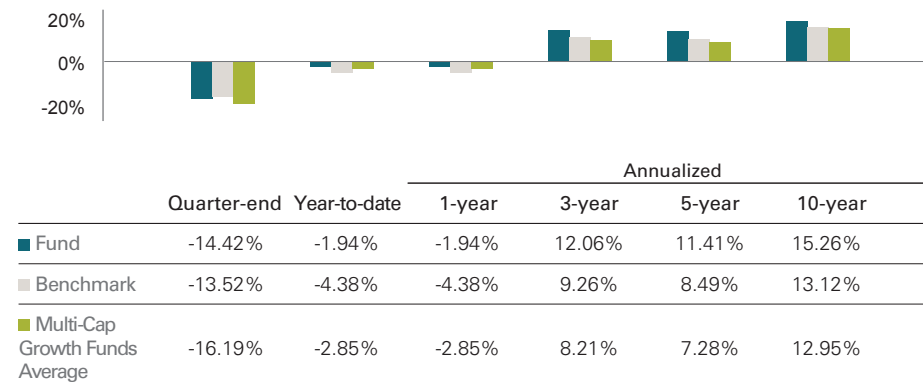
Expense ratio as of 01/25/2018	32 bps
As reported in the most recent prospectus.	
Designation	Domestic large-cap growth
Fund inception date	11/01/1984
Admiral Shares™ inception date	11/12/2001
Total net assets as of 12/31/2018 (\$M)	\$58,586
Net fund assets for VPMAX as of 12/31/2018 (\$M)	\$52,842
Holdings	139
Benchmarked to	S&P 500 Index (SPTR)
Turnover rate (fiscal year-end 09/30/2018)	8.3%
CUSIP	921936209

## Risk and volatility

	R <sup>2</sup>	Beta
Primary benchmark	0.91	1.15
Broad-based benchmark	0.91	1.11

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.  
Broad-based benchmark: Dow Jones U.S. Total Stock Market Float Adjusted Index.

## Performance



## Performance versus competitors

Percentage of Multi-Cap Growth Funds outperformed by VPMAX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of December 31, 2018. Number of funds in category: 1-year, 524; 3-year, 476; 5-year, 412; 10-year, 305. Results will vary for other time periods.

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# Vanguard Windsor™ Fund (VWNEX)

## Investment approach

- Large- and mid-cap value equity.
- Seeks long-term capital appreciation and growth of income.
- Diversified, multimanager structure.
- Fundamental research approach.
- Opportunistic, contrarian stock selection style.

## Fund advisors



69%	Wellington Management Company LLP
29%	Pzena Investment Management, LLC
1%	Cash investments

## Key facts

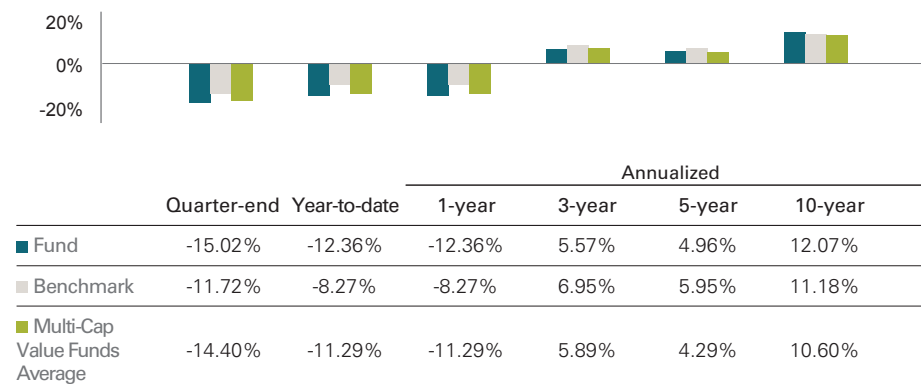
Expense ratio as of 02/26/2018	21 bps
As reported in the most recent prospectus.	
Designation	Domestic large-cap value
Fund inception date	10/23/1958
Admiral Shares™ inception date	11/12/2001
Total net assets as of 12/31/2018 (\$M)	\$16,816
Net fund assets for VWNEX as of 12/31/2018 (\$M)	\$12,716
Holdings	135
Benchmarked to	Russell 1000 Value Index (RU10VATR)
Turnover rate (fiscal year-end 10/31/2018)	33.1%
CUSIP	922018403

## Risk and volatility

	R <sup>2</sup>	Beta
Primary benchmark	0.92	1.11
Broad-based benchmark	0.90	1.07

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.  
Broad-based benchmark: Dow Jones U.S. Total Stock Market Float Adjusted Index.

## Performance



## Performance versus competitors

Percentage of Multi-Cap Value Funds outperformed by VWNEX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of December 31, 2018. Number of funds in category: 1-year, 382; 3-year, 328; 5-year, 279; 10-year, 219. Results will vary for other time periods.

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# Vanguard Total International Stock Index Fund (VTSNX)

## Investment approach

- Seeks to track the performance of the FTSE Global All Cap ex US Index.
- Broad exposure across developed and emerging non-U.S. equity markets.
- Passively managed.
- Fund remains fully invested.
- Low expenses minimize net tracking error.

## Regional diversification



●	41.4%	Europe
●	29.6%	Pacific
●	21.8%	Emerging Markets
●	6.3%	North America
●	0.5%	Other
●	0.4%	Middle East

## Key facts

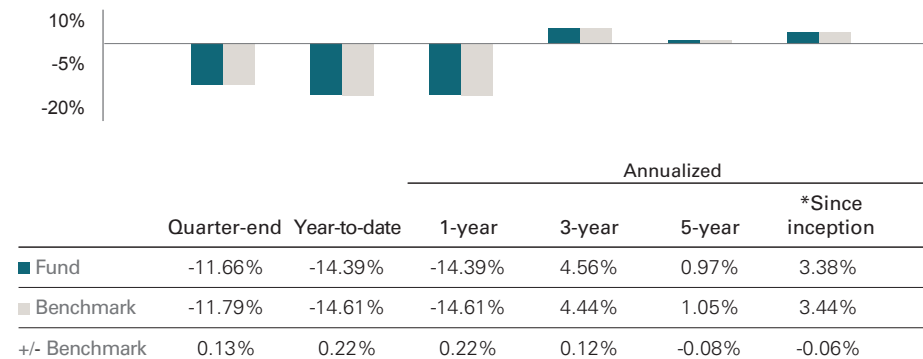
Expense ratio as of 02/22/2018	9 bps
As reported in the most recent prospectus.	
Designation	International/global blend
Fund inception date	04/29/1996
Institutional Shares inception date	11/29/2010
Total net assets as of 12/31/2018 (\$M)	\$327,066
Net fund assets for VTSNX as of 12/31/2018 (\$M)	\$27,996
Holdings	6,374
Indexed to	FTSE Global All Cap ex US Index (TGPVAN17)
Turnover rate (fiscal year-end 10/31/2018)	3.4%
CUSIP	921909784
Investment manager	Vanguard Equity Index Group

## Risk and volatility

	R <sup>2</sup>	Beta
Primary benchmark	0.98	0.97
Broad-based benchmark	0.98	0.97

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.  
Broad-based benchmark: FTSE Global All Cap ex US Index.

## Performance

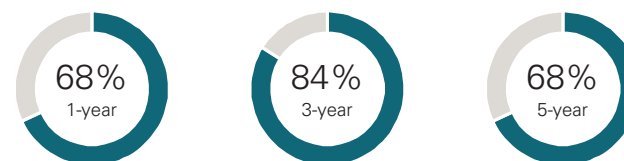


Spliced Total International Stock Index: Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex USA IMI Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter. Benchmark returns are adjusted for withholding taxes.

\* Since fund's inception, November 29, 2010.

## Performance versus competitors

Percentage of International Funds outperformed by VTSNX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of December 31, 2018. Number of funds in category: 1-year, 1459; 3-year, 1233; 5-year, 1029. Results will vary for other time periods.

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The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

# Vanguard International Growth Fund (VWILX)

## Investment approach

- Large-, mid-, and small-cap international equity.
- Seeks long-term capital appreciation.
- Broadly diversified in international developed and emerging markets.
- Fundamental, growth-oriented investment process.
- Diversified, multi-manager structure.

## Regional diversification



●	45.5%	Europe
●	23.2	Emerging Markets
●	18.5	Pacific
●	11.7	North America
●	0.8	Other
●	0.3	Middle East

## Fund advisors



●	58%	Baillie Gifford Overseas Ltd.
●	40	Schroder Investment Management North America Inc.
●	1	Cash investments

## Key facts

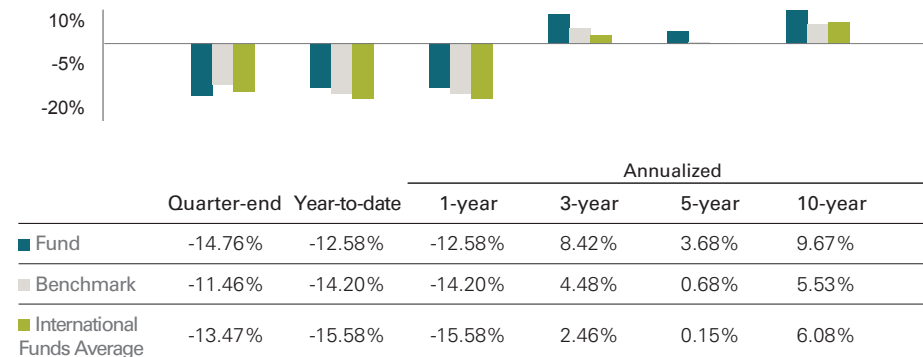
Expense ratio as of 12/03/2018	32 bps
As reported in the most recent prospectus.	
Designation	International/global growth
Fund inception date	09/30/1981
Admiral Shares™ inception date	08/13/2001
Total net assets as of 12/31/2018 (\$M)	\$31,039
Net fund assets for VWILX as of 12/31/2018 (\$M)	\$24,574
Holdings	125
Benchmarked to	MSCI All Country World Index ex USA (NDUEACWZ)
Turnover rate (fiscal year-end 08/31/2018)	15.7%
CUSIP	921910501

## Risk and volatility

	R <sup>2</sup>	Beta
Primary benchmark	0.86	1.17
Broad-based benchmark	0.86	1.17

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark. Broad-based benchmark: MSCI All Country World Index ex USA.

## Performance



Spliced International Index: MSCI EAFE Index through May 31, 2010; MSCI All Country World Index ex USA thereafter.

## Performance versus competitors

Percentage of International Funds outperformed by VWILX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of December 31, 2018. Number of funds in category: 1-year, 1459; 3-year, 1233; 5-year, 1029; 10-year, 757. Results will vary for other time periods.

*The performance data shown represent past performance, which is not a guarantee of future results. Investment returns and principal value will fluctuate, so investors' shares, when sold, may be worth more or less than their original cost. Current performance may be lower or higher than the performance data cited. For performance data current to the most recent month-end, visit our website at [vanguard.com/performance](http://vanguard.com/performance). Figures for periods of less than one year are cumulative returns. All other figures represent average annual returns. Performance figures include the reinvestment of all dividends and any capital gains distributions. All returns are net of expenses.*

The performance of an index is not an exact representation of any particular investment, as you cannot invest directly in an index.

# Vanguard International Value Fund (VTRIX)

## Investment approach

- Large-, mid-, and small-cap international equity.
- Seeks long-term capital appreciation.
- Broadly diversified in international developed and emerging markets.
- Fundamental, value-oriented investment process.
- Diversified, multi-manager structure.

## Regional diversification



51.1%	Europe
27.0	Pacific
15.3	Emerging Markets
6.6	North America

## Fund advisors



40%	Lazard Asset Management LLC
35	Edinburgh Partners Limited
24	ARGA Investment Management, LP
2	Cash investments

## Key facts

Expense ratio as of 02/22/2018	40 bps
As reported in the most recent prospectus.	
Designation	International/global value
Fund inception date	05/16/1983
Investor Shares inception date	05/16/1983
Total net assets as of 12/31/2018 (\$M)	\$8,930
Net fund assets for VTRIX as of 12/31/2018 (\$M)	\$8,930
Holdings	149
Benchmarked to	MSCI All Country World Index ex USA (NDUEACWZ)
Turnover rate (fiscal year-end 10/31/2018)	27.8%
CUSIP	921939203

## Risk and volatility

	R <sup>2</sup>	Beta
Primary benchmark	0.96	0.93
Broad-based benchmark	0.96	0.93

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark. Broad-based benchmark: MSCI All Country World Index ex USA.

## Performance



	Quarter-end	Year-to-date	Annualized			
			1-year	3-year	5-year	10-year
Fund	-12.01%	-14.52%	-14.52%	4.54%	-0.05%	6.03%
Benchmark	-11.46%	-14.20%	-14.20%	4.48%	0.68%	5.53%
International Funds Average	-13.47%	-15.58%	-15.58%	2.46%	0.15%	6.08%

Spliced International Index: MSCI EAFE Index through May 31, 2010; MSCI All Country World Index ex USA thereafter.

## Performance versus competitors

Percentage of International Funds outperformed by VTRIX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of December 31, 2018. Number of funds in category: 1-year, 1459; 3-year, 1233; 5-year, 1029; 10-year, 757. Results will vary for other time periods.

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# Vanguard Total Bond Market Index Fund (VBTLX)

## Investment approach

- Seeks to track the performance of the Bloomberg Barclays U.S. Aggregate Float Adjusted Index.
- Broadly diversified exposure to investment-grade U.S. bond market.
- Passively managed using index sampling.
- Intermediate-duration portfolio.
- Provides moderate current income with high credit quality.

## Share of U.S. bond market (%)



- 100% Bloomberg Barclays U.S. Aggregate Float Adjusted Index

As measured by the Bloomberg Barclays U.S. Aggregate Bond Index.

## Key facts

<b>Expense ratio as of 04/26/2018</b>	5 bps
As reported in the most recent prospectus.	
<b>Designation</b>	Treasury/agency/blend intermediate-term
<b>Fund inception date</b>	12/11/1986
<b>Admiral Shares™ inception date</b>	11/12/2001
<b>Total net assets as of 12/31/2018 (\$M)</b>	\$204,007
<b>Net fund assets for VBTLX as of 12/31/2018 (\$M)</b>	\$88,281
<b>Holdings</b>	8,582
<b>Indexed to</b>	Bloomberg Barclays U.S. Aggregate Float Adjusted Index (LBUFRUU)
<b>Turnover rate (fiscal year-end 12/31/2018)</b>	60.0%
<b>CUSIP</b>	921937603
<b>Investment manager</b>	Vanguard Fixed Income Group

## Risk and volatility

	R <sup>2</sup>	Beta
<b>Primary benchmark</b>	0.99	1.01
<b>Broad-based benchmark</b>	0.99	1.01

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.  
Broad-based benchmark: Spliced Bloomberg Barclays U.S. Aggregate Float Adjusted Index.

## Performance



	Quarter-end	Year-to-date	Annualized			
			1-year	3-year	5-year	10-year
<b>Fund</b>	1.61%	-0.03%	-0.03%	2.03%	2.46%	3.42%
<b>Benchmark</b>	1.58%	-0.08%	-0.08%	2.09%	2.50%	3.49%
<b>+/- Benchmark</b>	0.03%	0.05%	0.05%	-0.06%	-0.04%	-0.07%

Spliced Bloomberg Barclays U.S. Aggregate Float Adjusted Index: Bloomberg Barclays U.S. Aggregate Bond Index through December 31, 2009; Bloomberg Barclays U.S. Aggregate Float Adjusted Index thereafter.

## Performance versus competitors

Percentage of Core Bond Funds outperformed by VBTLX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of December 31, 2018. Number of funds in category: 1-year, 488; 3-year, 434; 5-year, 372; 10-year, 285. Results will vary for other time periods.

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# Vanguard Intermediate-Term Investment-Grade Fund (VFIDX)

## Investment approach

- Intermediate-term, investment-grade fixed income securities.
- Seeks moderate and sustainable current income.
- Invests primarily in high-quality (investment-grade) corporate bonds.
- Approach focused on intensive credit analysis and risk control.

## Fund advisors



100% Vanguard Fixed Income Group

## Key facts

Expense ratio as of 05/24/2018 10 bps  
As reported in the most recent prospectus.

Designation Investment-grade corporate intermediate-term

Fund inception date 11/01/1993

Admiral Shares™ inception date 02/12/2001

Total net assets as of 12/31/2018 (\$M) \$29,057

Net fund assets for VFIDX as of 12/31/2018 (\$M) \$26,968

Holdings 1,861

Benchmarked to Bloomberg Barclays U.S. 5–10 Year Credit Bond Index (LD26TRUU)

Turnover rate (fiscal year-end 01/31/2018) 63.0%

CUSIP 922031810

## Risk and volatility

	R <sup>2</sup>	Beta
Primary benchmark	0.97	0.84
Broad-based benchmark	0.91	0.99

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark. Broad-based benchmark: Bloomberg Barclays U.S. Aggregate Bond Index.

## Performance



	Quarter-end	Year-to-date	Annualized			
			1-year	3-year	5-year	10-year
Fund	1.12%	-0.47%	-0.47%	2.55%	3.03%	5.80%
Benchmark	0.49%	-1.55%	-1.55%	3.03%	3.41%	6.25%
Spliced Core Bond Funds Average	0.90%	-0.69%	-0.69%	1.95%	2.19%	4.16%

## Performance versus competitors

Percentage of Core Bond Funds outperformed by VFIDX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of December 31, 2018. Number of funds in category: 1-year, 488; 3-year, 434; 5-year, 372; 10-year, 285. Results will vary for other time periods.

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# Vanguard Short-Term Investment-Grade Fund (VFSUX)

## Investment approach

- Short-term, investment-grade fixed income securities.
- Seeks current income with limited price volatility.
- At least 80% invested in short-term and intermediate-term investment-grade fixed income securities, primarily corporate bonds; invests primarily in high-quality (investment-grade) corporate bonds.
- Approach focused on intensive credit analysis and risk control.
- Lower interest rate volatility than the broad U.S. fixed income market.

## Fund advisors



- 100% Vanguard Fixed Income Group

## Key facts

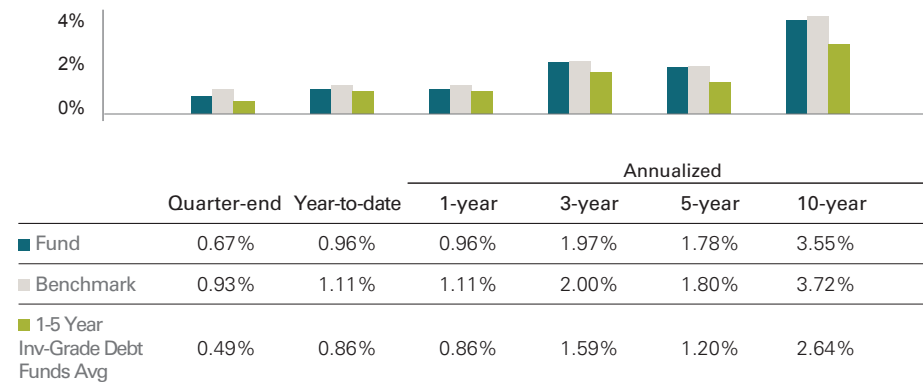
Expense ratio as of 05/24/2018 10 bps As reported in the most recent prospectus.	
Designation	Investment-grade corporate short-term
Fund inception date	10/29/1982
Admiral Shares™ inception date	02/12/2001
Total net assets as of 12/31/2018 (\$M)	\$57,794
Net fund assets for VFSUX as of 12/31/2018 (\$M)	\$40,027
Holdings	1,829
Benchmarked to	Bloomberg Barclays U.S. 1–5 Year Credit Bond Index (LD18TRUU)
Turnover rate (fiscal year-end 01/31/2018)	86.3%
CUSIP	922031836

## Risk and volatility

	R <sup>2</sup>	Beta
Primary benchmark	0.96	0.89
Broad-based benchmark	0.81	0.39

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.  
Broad-based benchmark: Bloomberg Barclays U.S. Aggregate Bond Index.

## Performance



## Performance versus competitors

Percentage of 1-5 Year Inv-Grade Debt Funds outperformed by VFSUX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of December 31, 2018. Number of funds in category: 1-year, 494; 3-year, 447; 5-year, 379; 10-year, 248. Results will vary for other time periods.

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# Vanguard Total International Bond Index Fund (VTABX)

## Investment approach

- Seeks to track the performance of the Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged).
- Seeks to fully hedge currency risk against the US Dollar.
- Passively managed, using index sampling.
- Fund remains fully invested.
- Broad exposure across major bond markets outside of the United States.
- Low expenses minimize net tracking error.

## Key facts

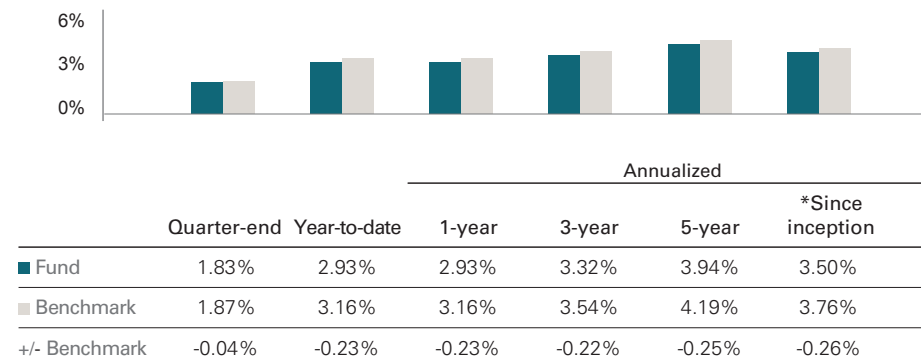
Expense ratio as of 02/23/2018 11 bps As reported in the most recent prospectus.	
Designation	International/global intermediate-term
Fund inception date	05/31/2013
Admiral Shares™ inception date	05/31/2013
Total net assets as of 12/31/2018 (\$M)	\$110,806
Net fund assets for VTABX as of 12/31/2018 (\$M)	\$43,971
Holdings	5,434
Indexed to	Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index (USD Hedged) (BGRCTRUH)
Turnover rate (fiscal year-end 10/31/2018)	21.7%
CUSIP	92203J308
Investment manager	Vanguard Fixed Income Group

## Risk and volatility

	R <sup>2</sup>	Beta
Primary benchmark	0.99	0.99
Broad-based benchmark	0.28	0.18

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.  
Broad-based benchmark: Bloomberg Barclays Global Aggregate Bond Index ex USD.

## Performance



\* Since fund's inception, May 31, 2013.

## Performance versus competitors

Percentage of International Income Funds outperformed by VTABX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of December 31, 2018. Number of funds in category: 1-year, 102; 3-year, 83; 5-year, 80. Results will vary for other time periods.

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All data as of December 31, 2018, unless otherwise noted.

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# Vanguard Real Estate Index Fund (VGSLX)

## Investment approach

- Seeks to track the performance of the MSCI US Investable Market Real Estate 25/50 Index.
- Equity real estate investment trusts.
- Passively managed, full-replication approach.
- Low expenses minimize net tracking error.

## Key facts

Expense ratio as of 05/25/2018	12 bps
As reported in the most recent prospectus.	
Designation	Sector/specialized
Fund inception date	05/13/1996
Admiral Shares™ inception date	11/12/2001
Total net assets as of 12/31/2018 (\$M)	\$53,026
Net fund assets for VGSLX as of 12/31/2018 (\$M)	\$16,344
Holdings	189
Indexed to	MSCI US IM Real Estate 25/50 Index (M2CXVGD)
Turnover rate (fiscal year-end 01/31/2018)	6.1%
CUSIP	921908877
Investment manager	Vanguard Equity Index Group

## Risk and volatility

	R <sup>2</sup>	Beta
Primary benchmark	1.00	1.00
Broad-based benchmark	0.36	0.71

R-squared and beta are calculated from trailing 36-month fund returns relative to the associated benchmark.  
 Broad-based benchmark: Dow Jones U.S. Total Stock Market Float Adjusted Index.

## Performance



	Annualized					
	Quarter-end	Year-to-date	1-year	3-year	5-year	10-year
■ Fund	-6.44%	-5.95%	-5.95%	2.31%	7.40%	12.05%
■ Benchmark	-6.44%	-5.88%	-5.88%	2.41%	7.50%	12.07%
+/- Benchmark	0.00%	-0.07%	-0.07%	-0.10%	-0.10%	-0.02%

Real Estate Spliced Index: MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; MSCI US REIT Index through January 31, 2018; MSCI US Investable Market Real Estate 25/50 Transition Index through July 24, 2018; MSCI US Investable Market Real Estate 25/50 Index thereafter.

## Performance versus competitors

Percentage of Real Estate Funds outperformed by VGSLX



Source: Lipper, a Thomson Reuters Company. Based on total returns as of December 31, 2018. Number of funds in category: 1-year, 227; 3-year, 202; 5-year, 180; 10-year, 127. Results will vary for other time periods.

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# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)

2/18/2019

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

<b>PRODUCER</b> Independent Insurance Group 3030 LBJ Freeway Ste. 1300 Dallas TX 75234-7004	<b>CONTACT</b> NAME: Cathilina Sutton PHONE (A/C. No. Ext): 972-231-8277 E-MAIL ADDRESS: certs@indinsgrp.com FAX (A/C. No): 972-231-8291
INSURER(S) AFFORDING COVERAGE	
INSURER A: Westchester Surplus Lines Ins.	
NAIC # 10172	
<b>INSURED</b> Episcopal Foundation of Dallas 10000 N Central Expressway Suite 400 Dallas TX 75231	INSURER B: INSURER C: INSURER D: INSURER E: INSURER F:

**COVERAGES****CERTIFICATE NUMBER:** 370292502**REVISION NUMBER:**

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSD	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> <b>COMMERCIAL GENERAL LIABILITY</b> <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input checked="" type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:			NFPTXF111466972	4/1/2018	4/1/2019	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 100,000 MED EXP (Any one person) \$ 5,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 1,000,000 \$
	<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> NON-OWNED AUTOS ONLY						COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
	<b>UMBRELLA LIAB</b> <input type="checkbox"/> OCCUR <b>EXCESS LIAB</b> <input type="checkbox"/> CLAIMS-MADE DED <input type="checkbox"/> RETENTION \$						EACH OCCURRENCE \$ AGGREGATE \$ \$
	<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? <input type="checkbox"/> Y / N (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below						PER STATUTE <input type="checkbox"/> OTH-ER <input type="checkbox"/> E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	Indemnity - Directors & Officers Employment Practices Liability			NFPTXF111466972	4/1/2018	4/1/2019	Aggregate Limit \$5,000,000 Maximum Aggregate Retention \$0

**DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES** (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

Directors & Officers Continuity Date: 04/01/2016  
 Employment Practices Liability Continuity Date: 02/04/2016

**CERTIFICATE HOLDER****CANCELLATION**

Episcopal Foundation of Dallas 10000 N Central Expressway Suite 400 Dallas TX 75231	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  AUTHORIZED REPRESENTATIVE 
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