



Episcopal
Foundation
of Dallas



Parish Episcopal School

April 21, 2023

- Who We Are
- What We Offer
- Investment Management
- We're Invested in You
- Contact Information
- Appendix



Summary

The Episcopal Foundation of Dallas (EFD) is a separate Texas not-for-profit corporation established to invest and administer the trust funds of the Episcopal Diocese of Dallas and its parishes, schools, and missions.

Mission Statement

EFD exists to strengthen and support faith communities by partnering wise investments with purposeful giving.

Founding

1950

Assets Under Management

Approximately \$45 million

Investing Organizations

45 investment partner accounts

Staff

2 part-time professional staff supported by 17 active board members



Investment Services

- Investment Management
- Planned Giving Resources
- Donor-advised Funds

Annual Grant Programs

- EFD has provided more than \$11 million in support to the local community over the past 30 years.
- The current EFD funding priorities are ministries, and organizations addressing poverty, specifically in the areas of homelessness, food insecurity and health insecurity.



Grants to Parish Episcopal School

Episcopal Foundation of Dallas

April 21, 2023

5

| YEAR | GRANT | AMOUNT |
|-------|--|-----------|
| 2002 | Hymnals | \$10,300 |
| 2005 | Chapel Supplies | 4,800 |
| 2008 | Learning Support Program Facility | 10,000 |
| 2009 | Parish Child Development Center | 10,000 |
| 2010 | Audio-visual Equipment for Chapel | 8,000 |
| 2011 | Hillcrest Campus Renovations | 10,000 |
| 2012 | Scholarship Student Support | 8,000 |
| 2013 | Godwin Chapel Sound System | 9,800 |
| 2013 | CPR Faculty Training* | 4,000 |
| 2014 | Choir Microphones & Student Support Fund | 10,000 |
| 2015 | ParishSTEM Design Cart* | 10,000 |
| 2016 | MAKERplay* | 7,000 |
| 2017 | Student Academic Coaches | 10,000 |
| 2017 | Health Service Upgrades* | 5,500 |
| 2018 | Health Clinic Advancements* | 3,000 |
| 2019 | Heart Rate Monitors* | 5,180 |
| 2020 | Isolation Centers* | 7,000 |
| Total | | \$132,580 |

* Grant from the Episcopal Health Foundation of Dallas (formerly Gaston Episcopal Hospital Foundation).



| Investment Partner Type | Number of Firm Accounts | % of Firm Total Assets |
|--|-------------------------|------------------------|
| Episcopal Churches, Schools & Missions | 25 | 54% |
| Episcopal Foundation Dallas & Related Orgs | 5 | 13% |
| Episcopal Diocese of Dallas | 15 | 33% |
| Total: | 45 | 100% |

| Investment Partner AUM | Number of Firm Accounts | % of Firm Total Accounts |
|--------------------------|-------------------------|--------------------------|
| Greater than \$1,000,000 | 12 | 28% |
| Greater than \$500,000 | 6 | 13% |
| Less than \$500,000 | 27 | 59% |
| Total: | 45 | 100% |

Investment Partner AUM ranges from \$16,000 to more than \$5,000,000+



Committee members average 35 years of investment and business experience

- **Scott Hancock:** Owner, Oak Capital Advisors
- **Pat Carrigan:** Senior Vice President and Wealth Manager – UBS Financial
- **Alan Dunlop:** Retired attorney, energy sector
- **Sue Gray:** Executive Director, Family Office, TVP Investments
- **Ken Hanks:** Board Member NexBank Capital and former CFO at SWS, Inc. (NYSE)
- **John Stetter:** Principal, Concorde Investment Management
- **Andy Welch:** Principal at EMA Lodging Group and former CFO at two publicly traded REITs



Investment Objectives

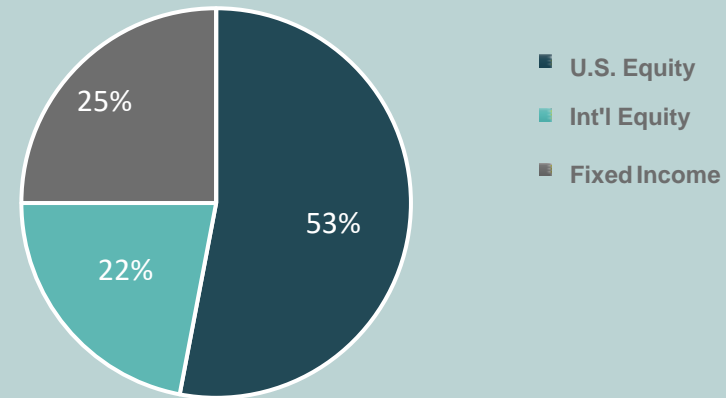
- **Preservation** of assets through an investment return sufficient to offset inflation.
- **Enhancement**, where possible, of the assets through an investment return sufficient to achieve payout objectives and to preserve the real value of the corpus.

Investment Strategy

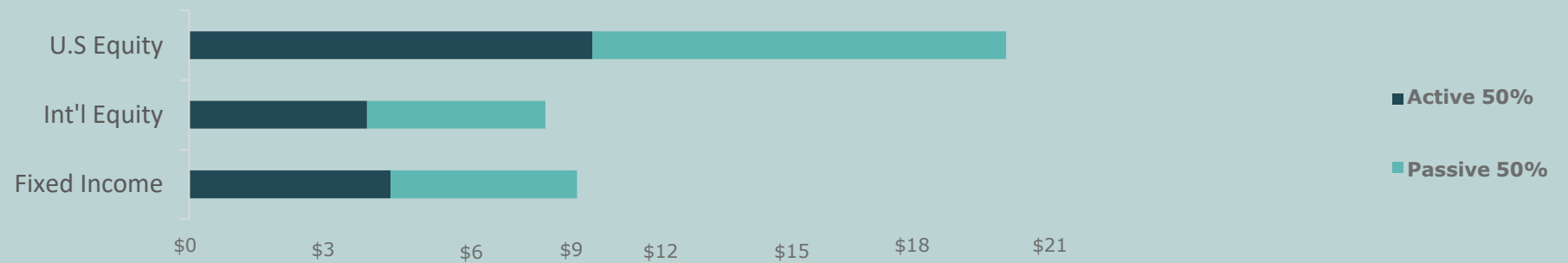
- We are committed to a **disciplined, consistent** and **long-term** focus.
- We invest the assets in **broadly diversified global equity** and **fixed income holdings**.
- We utilize the most **cost-efficient funds** and **managers** to enhance investment returns.



Asset Allocation



Management Style (in \$ millions)



The Episcopal Foundation of Dallas utilizes **efficient frontier analysis** in selecting and monitoring the asset allocation.



Performance Analysis of Vanguard Active Managers

Percentage of actively managed funds underperforming their style benchmarks*

Ten-year: December 31, 2022

| | Value | Blend | Growth |
|-------|-------|-------|--------|
| Large | 97% | 93% | 89% |
| Mid | 96% | 95% | 76% |
| Small | 92% | 89% | 63% |

International

| | Emerging | Developed | Global |
|--|----------|-----------|--------|
| | 76% | 86% | 65% |

Vanguard active equity funds versus their primary and peer group benchmarks**

Ten-year: December 31, 2022

| | Below benchmark | Above benchmark |
|--------------------------|-----------------|-----------------|
| Above peer group average | 11% | 76% |
| Below peer group average | 8% | 5% |

Key

| | | | | |
|-------|-------|-------|-------|-------|
| ≥ 75% | ≥ 50% | < 50% | ≥ 25% | < 25% |
|-------|-------|-------|-------|-------|

*In the study, 63% - 97% of actively managed equity funds underperformed their benchmarks for the trailing ten-year period.
**Conversely, 76% of Vanguard's actively managed equity funds outperformed their peer group average and 87% outperformed their benchmark over the same timeframe.



Vanguard active funds are Barron's top long-term performers

Barron's Best Fund Family Rankings — 10 Year Returns

#1 for 10-year returns in four of the last five years¹

This award reflects our commitment to outstanding active offerings and long-term investment performance:

- 95% of our active funds outperformed their peer-group average over ten years².
- We've been offering active funds since our start, and they now represent more than \$1.7 trillion in assets under management³.
- We have top portfolio manager talent, both internal and external, plus an oversight committee that meets with about 200 asset managers annually to identify new portfolio managers.

¹"Barron's Best Fund Families" published February 18, 2022, based on data through 2021. Returns were calculated before any 12b-1 fees, fund loads, or sales charges were deducted. Index funds were excluded. Results were asset-weighted and ranked against actively managed peers in the relevant Lipper category. For more information, please see the Important Information section or visit www.barron's.com. For the 10-year period, Vanguard ranked #1 in 2021, 2020, 2019, and 2017, and ranked #3 in 2018. For 2021, Vanguard is ranked #43 for 1-year performance and #5 for 5-year performance.

² Source: Lipper, a Thomson Reuters Company. For the ten-year period, 88 of 93 Vanguard actively managed funds outperformed their peer-group averages. All data as of June 30, 2022. Results will vary for other time periods. Only funds with a minimum of ten-year history were included in the comparison. *Note that the competitive performance data shown represent past performance, which is not a guarantee of future results, and that all investments are subject to risks. For the most recent performance, visit our website at www.vanguard.com/performance.*

³ Source: Vanguard, as of December 31, 2021.



Expense Analysis as of December 31, 2022

| Asset Class/Fund | Expense Ratio |
|--|---------------|
| U.S. Equity | |
| Vanguard Total Stock Market Index Fund Institutional Shares | 0.030% |
| Vanguard Windsor Fund Admiral Shares | 0.200% |
| Vanguard Primecap Fund Admiral Shares | 0.310% |
| International Equity | |
| Vanguard International Value Fund | 0.360% |
| Vanguard International Growth Fund Admiral Shares | 0.340% |
| Vanguard Total International Stock Index Fund Institutional Shares | 0.080% |
| U.S. Fixed Income | |
| Vanguard Short-Term Investment-Grade Fund Admiral Shares | 0.100% |
| Vanguard Intermediate-Term Investment-Grade Fund Admiral Shares | 0.100% |
| Vanguard Total Bond Market Index Fund Admiral Shares | 0.350% |
| Total | 0.141% |



Performance Summary (Gross of Advisory Fees) ending March 31, 2023

| | Market Value (\$) | % of Portfolio | 2023 Q1 (%) | 1 Yr (%) | 3 Yrs (%) | 5 Yrs (%) | 10 Yrs (%) | Inception (%) | Inception Date |
|--|----------------------|-------------------|-------------------|--------------|--------------|--------------|---------------|------------------|-------------------|
| EPISCOPAL FOUNDATION OF DALLAS CONSOLIDATED | 41,608,706 | 100.00 | 5.92 | -5.17 | 12.32 | 6.12 | 7.42 | 7.66 | Dec-09 |
| EPISCOPAL FOUNDATION OF DALLAS CONSOLIDATED (Net) | | | 5.77 | -5.82 | 11.58 | 5.45 | 6.90 | 7.26 | |
| Composite Benchmark | | | 5.96 | -7.06 | 11.05 | 5.85 | 7.12 | 7.89 | Dec-09 |
| Total Equity | 31,282,109 | 75.18 | 6.83 | -5.83 | 17.24 | 7.56 | -- | 8.57 | Jul-15 |
| Equity Domestic | 22,118,136 | 53.16 | 6.05 | -6.25 | 19.62 | 10.09 | -- | 10.58 | Jul-15 |
| Spliced Total Stock Market Index | | | 7.15 | -8.77 | 18.37 | 10.37 | 11.69 | 10.54 | Jul-15 |
| Equity International | 9,163,973 | 22.02 | 8.62 | -3.58 | 13.81 | 3.85 | -- | 5.58 | Jul-15 |
| Spliced Total International Stock Index | | | 6.42 | -5.71 | 12.47 | 2.61 | 4.48 | 4.26 | Jul-15 |
| Total Fixed Income | 10,326,596 | 24.82 | 3.17 | -3.47 | -1.59 | 1.17 | -- | 1.55 | Jul-15 |
| Fixed Income Domestic | 10,326,596 | 24.82 | 3.17 | -3.72 | -1.48 | 1.30 | -- | 1.52 | Jul-15 |
| Spliced Bloomberg Barclays US Aggregate Float Adjusted Index | | | 3.01 | -4.72 | -2.73 | 0.95 | 1.39 | 1.24 | Jul-15 |



Gross of Advisory Fees returns reflect the deduction of fund expenses and any other security-level expenses.

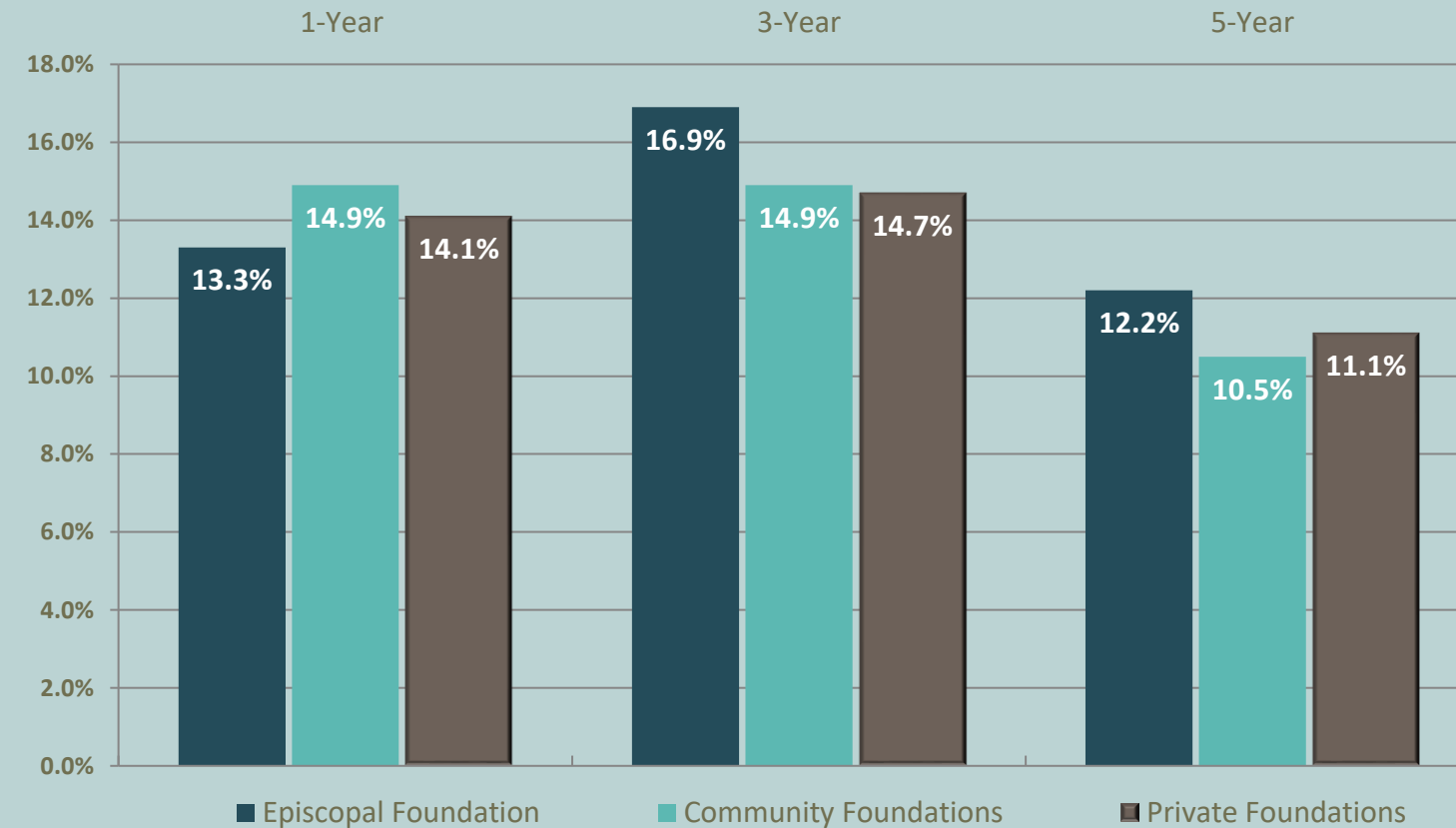
Net of Fee returns reflect the deduction of fund expense ratios, EFD management fees, and VIAS advisory fee applied to the client portfolio.

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

2021 Council on Foundations/Commonfund Study

Foundation Asset Size under \$100M

Net Annualized Returns (as of 12/31/21)



*Endowment Portfolio Returns as reported by Commonfund/Council on Foundations. 2021 Study (*most current report available*) as compared to the Episcopal Foundation of Dallas at 12/31/2021.



EFD Fee Structure

| | |
|---|--------------|
| Episcopal Foundation Administrative Fee | 0.55% |
| Vanguard Advisory Fee | <u>0.19%</u> |
| Total Fees* | 0.74% |

**As a nonprofit, our fees only cover our costs. The more we grow, the lower we can reduce fees.*

What we offer...

- Partnership with experienced Episcopalian investment professionals.
- Trusted stewardship and continuity of investment oversight.
- Highest level of service from staff, officers and trustees.
- Access to cost efficient funds, leading managers and institutional consultants.
- Security of professional, bonded staff.
- Annual independent audit and publicly available Form 990.

...supporting your fiduciary responsibilities



Investment Management

Episcopal Foundation of Dallas

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

Forecast: September 2022

Time horizon: 10 years

| Asset classes | Current | Portfolio A | Portfolio B | Portfolio C | Portfolio D | Distribution of annualized returns | | | | | Volatility |
|----------------------------------|---------|-------------|-------------|-------------|-------------|------------------------------------|-------|-------|--------|--------|------------|
| | | | | | | 5% | 25% | 50% | 75% | 95% | |
| U.S. Equity | 47.00% | 42.00% | 39.00% | 36.00% | 33.00% | -1.30% | 2.76% | 5.69% | 8.61% | 12.94% | 17.43% |
| Non-U.S. Equity | 28.00% | 28.00% | 26.00% | 24.00% | 22.00% | 2.17% | 5.80% | 8.40% | 11.03% | 14.85% | 18.76% |
| U.S. Aggregate Bonds | 10.00% | 12.50% | 15.00% | 17.50% | 20.00% | 2.92% | 3.92% | 4.64% | 5.35% | 6.50% | 5.56% |
| Non-U.S. Aggregate Bonds | 6.00% | 7.00% | 8.00% | 9.00% | 10.00% | 2.40% | 3.56% | 4.47% | 5.42% | 6.88% | 4.36% |
| U.S. Short-Term Credit | 3.00% | 3.50% | 4.00% | 4.50% | 5.00% | 2.87% | 3.99% | 4.81% | 5.70% | 6.98% | 2.99% |
| U.S. Intermediate-Term Credit | 6.00% | 7.00% | 8.00% | 9.00% | 10.00% | 3.43% | 4.48% | 5.20% | 5.97% | 7.12% | 5.29% |
| Portfolio analytics | | | | | | | | | | | |
| Median return (geometric) | 6.32% | 6.29% | 6.20% | 6.10% | 6.00% | | | | | | |
| Median inflation-adjusted return | 3.70% | 3.69% | 3.61% | 3.53% | 3.43% | | | | | | |
| Median risk (volatility) | 12.56% | 11.72% | 10.88% | 10.06% | 9.26% | | | | | | |
| Max drawdown (5th percentile) | -30.60% | -27.84% | -25.21% | -22.77% | -20.47% | | | | | | |
| Sharpe ratio | 0.24 | 0.25 | 0.25 | 0.26 | 0.26 | | | | | | |

Source: Vanguard, Investment Strategy Group.

The Consumer Price Index for All Urban Consumers (CPI-U) is used to adjust nominal returns into real returns.

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 each modeled asset class. Simulations as of September 30, 2022. Results from the model may vary with each use and over time.

For more information with respect to VCMM and returns, please read the Important Information slide.



Episcopal Foundation of Dallas

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

Forecast: September 2022

Time horizon: 30 years

| Asset classes | Current | Portfolio A | Portfolio B | Portfolio C | Portfolio D | Distribution of annualized returns | | | | | Volatility |
|----------------------------------|---------|-------------|-------------|-------------|-------------|------------------------------------|-------|-------|--------|--------|------------|
| | | | | | | 5% | 25% | 50% | 75% | 95% | |
| U.S. Equity | 47.00% | 42.00% | 39.00% | 36.00% | 33.00% | 3.80% | 5.53% | 6.69% | 7.85% | 9.57% | 18.21% |
| Non-U.S. Equity | 28.00% | 28.00% | 26.00% | 24.00% | 22.00% | 5.44% | 7.33% | 8.65% | 10.06% | 12.14% | 19.26% |
| U.S. Aggregate Bonds | 10.00% | 12.50% | 15.00% | 17.50% | 20.00% | 3.12% | 3.94% | 4.54% | 5.17% | 6.14% | 5.89% |
| Non-U.S. Aggregate Bonds | 6.00% | 7.00% | 8.00% | 9.00% | 10.00% | 2.60% | 3.47% | 4.12% | 4.81% | 5.86% | 4.67% |
| U.S. Short-Term Credit | 3.00% | 3.50% | 4.00% | 4.50% | 5.00% | 3.15% | 3.97% | 4.61% | 5.26% | 6.23% | 3.30% |
| U.S. Intermediate-Term Credit | 6.00% | 7.00% | 8.00% | 9.00% | 10.00% | 3.58% | 4.42% | 5.04% | 5.67% | 6.62% | 5.58% |
| Portfolio analytics | | | | | | | | | | | |
| Median return (geometric) | 6.84% | 6.77% | 6.66% | 6.52% | 6.38% | | | | | | |
| Median inflation-adjusted return | 4.58% | 4.51% | 4.40% | 4.27% | 4.12% | | | | | | |
| Median risk (volatility) | 12.98% | 12.11% | 11.25% | 10.41% | 9.58% | | | | | | |
| Max drawdown (5th percentile) | -37.57% | -34.35% | -31.37% | -28.56% | -25.73% | | | | | | |
| Sharpe ratio | 0.31 | 0.32 | 0.33 | 0.33 | 0.34 | | | | | | |

Source: Vanguard, Investment Strategy Group.

The Consumer Price Index for All Urban Consumers (CPI-U) is used to adjust nominal returns into real returns.

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 each modeled asset class. Simulations as of September 30, 2022. Results from the model may vary with each use and over time.

For more information with respect to VCMM and returns, please read the Important Information slide.



Let the Episcopal Foundation of Dallas help you grow

- Leverage our scale, investment expertise and trusted stewardship to grow your Church and Foundation assets in an efficient and affordable manner.
- We are committed to long-term, disciplined investing.
- We simplify your investment process and minimize your internal resources.
- We provide professional management and an institutional approach.
- We support the Christian mission and ministry of the churches and schools of the Episcopal Diocese of Dallas.
- Local, Episcopalian since 1950.



Thank You.



Contact Information

Episcopal Foundation of Dallas

April 21, 2023

20



Pam Fellows Jamieson
Executive Director

exec@episcopalfoundationdallas.org

214-366-9996



Andy Welch
Board Chair

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214-850-4325



Scott Hancock
Investment Committee Chair

shancock@oakcap.net

214-952-0898



Investment Committee



Scott W. Hancock, is the Investment Committee Chair and 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.



Pat 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.



Alan Dunlop is a parishioner of the Church of the Transfiguration where he is currently Chair of the Board of Trustees of the Endowment Fund and President of the Episcopal Men's Fellowship. Born in Scotland, Alan got to Texas almost as soon as he could, and is a lawyer by profession admitted in Scotland, England and Wales, and New York. A former divisional general counsel of Hess Corporation, Alan's last job before retirement was as Director of the Institute for Energy Law at the Center for American and International Law in Plano. At Transfiguration, Alan has served on the Budget, Finance and Administration Committee, the Vestry Nominating Committee and as Executive Director of Transfigured Nights, Transfiguration's sacred and secular musical outreach program. In the Diocese of Dallas, he is a member of the Finance Committee, and a Transfiguration delegate to the annual convention. Alan is a graduate of the University of Edinburgh and a former President of the Edinburgh University Union.



Sue Gray and her husband are parishioners at St. Michael and All Angels. Prior to joining Saint Michael, she served in a variety of positions at the Church of the Transfiguration, including Chair of the Endowment Fund, Vestry Member, Rector Search Committee member and Sunday School teacher. She is currently Executive Director of the Family Office of TVP Investments. Before joining TVP, she spent 10 years as a Relationship Manager with Wells Fargo Private Bank where she led teams providing financial services to high-net-worth families and individuals. Sue has almost 30 years of experience in Wealth Management working with 2 other financial firms prior to Wells Fargo. She has done a variety of non-profit work in the Dallas area since moving here from St. Louis in 1992.



Investment Committee



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 SYS, 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.



John A. Stetter is a parishioner at The Episcopal Church of the Good Shepherd where among other activities has served multiple terms as a Trustee of the Reverend Richard R. Cook Endowment Fund and as a member of a Rector Search Committee. He also served as a Trustee at the Good Shepherd Episcopal School and was instrumental in early development of the school Endowment. He has over 40 years investment experience in public and private markets and has been a Principal at Concorde Investment Management since 1994. John earned a BBA and MBA from the University of Texas at Austin.



Andrew J. Welch is the EFD Board Chair and a parishioner of the Church of Incarnation where he has served on the Vestry (twice as Senior Warden) and the Foundation Board. He is 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 of Xenia Hotels and Resorts where he was instrumental with its public listing 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 is a graduate of the University of Kansas (BBA) and Southern Methodist University (MBA).

