



## INVESTMENT POLICY STATEMENT

### I. OVERVIEW AND PURPOSE

This document, known hereafter as the Investment Policy Statement ("IPS"), is intended to be a summary of the investment philosophy, objectives, and constraints guiding the operation of Legacy Deo's investment portfolio.

The purpose of this IPS is to define the objectives of Legacy Deo's investment portfolio, in order to develop a strategy that supports the achievement of Legacy Deo's investment goals. This IPS also clarifies risk factors in order to establish guidelines consistent with Legacy Deo's investment profile. It presupposes open communication among Legacy Deo's Board of Directors ("the board"), its investment consultant ("consultant", i.e., Graystone Consulting - a business of Morgan Stanley), and the investment providers ("managers") selected by Graystone to achieve direction relative to the agreed-upon strategy.

### II. GUIDING POLICIES

#### A. Investment Program Objectives

The investment program defined in this IPS seeks to:

- State in a written document Legacy Deo's attitudes, expectations, objectives, and guidelines for the investment portfolio and its underlying funds (said funds are defined in Section III. B. of this IPS).
- Construct a process for managing assets available for investment. This process involves identifying appropriate asset classes, manager styles, acceptable allocation ranges, and total investment return over the stated time horizon.
- Create methods to control the level of overall risk assumed so that the underlying funds' assets are managed in accordance with their stated objectives.
- Establish security guidelines for the consultant and managers to follow in making decisions. These guidelines may include restricting particular types of investments that are deemed inconsistent with achieving the underlying funds' or Legacy Deo's overall objectives.
- Generate standards for effectively monitoring, evaluating, and measuring the performance of the investment program on a regular basis.

#### B. Responsibilities of the Board

The Texas Uniform Prudent Management of Institutional Funds Act ("TUPMIFA") charges the board with responsibility for management of Legacy Deo's investment portfolio. The board shall discharge its duties solely in the interest of the portfolio with the care, skill, prudence, and due diligence under the circumstances then prevailing that a prudent man, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character with like aims.

The board may enlist the help of Legacy Deo staff and external professionals including an accounting firm, an investment consultant, investment managers, and a custodial bank. The terms of the arrangements with each of these entities must be consistent with Legacy Deo's IPS. Each shall acknowledge they are fiduciaries to Legacy Deo in regard to the services they provide.

### **C. Delegation of Authority**

The board is a fiduciary and is responsible for directing and monitoring the management of Legacy Deo's investment portfolio. The board is authorized to delegate supervision of the investment program and IPS to its investment committee, as well as certain operational matters to select members of Legacy Deo's staff. Furthermore, the board is authorized to delegate certain responsibilities to external professional experts in various fields. These delegations include but are not limited to:

#### **1. Investment Committee of the Board and Legacy Deo Staff**

Under Legacy Deo's governance policies, the board has created an investment committee and delegated responsibilities to it. The investment committee shall be directly responsible for the oversight and management of the portfolio and for the establishment of investment policies and procedures such as:

- Establishing reasonable and consistent investment objectives, policies, and guidelines that shall direct the investment of the portfolio's assets.
- Prudently and diligently selecting qualified investment professionals to assist the committee and the board in their duties.
- Determining the portfolio's risk tolerance and time horizon, including those of the underlying investment funds, and communicating these to appropriate parties.
- Regularly evaluating the performance of the portfolio and its underlying funds to assure adherence to policy guidelines, monitoring investment objective progress, and accounting for investment costs and expenses.
- Developing and enacting proper control procedures for such reviews.
- Conducting and communicating to the board the results of all investment performance reviews, whether held annually or more frequently.
- Recommending changes and revisions to this IPS document.

In addition, Legacy Deo's chief executive officer, chief financial officer ("CFO"), and controller have the right to act on behalf of the board in investment matters regarding endorsing, signing, transferring, or entering orders for the purchase or sale of securities.

#### **2. Investment Consultant**

The consultant is a discretionary advisor to the investment committee. Advice concerning management of the investment portfolio is offered by the consultant and must be consistent with the investment objectives, policies, guidelines, and constraints as established in this IPS document.

In its discretionary capacity, the consultant will: assist the investment committee in establishing investment policy, objectives, and guidelines; select and remove managers; review managers' performance over time; measure and evaluate investment performance relative to benchmarks; and other tasks as deemed appropriate. The consultant will inform the investment committee quarterly of changes in the overall economy and in the capital markets which may impact portfolio construction. In addition, the consultant shall have discretion to rebalance the underlying funds' portfolios within the stated allocation range guidelines (Addendum 1). Should a manager fail to adhere to the guidelines stated below, the consultant has the authority to remove and replace the manager without advance notice; however, the consultant shall communicate such matters to the investment committee at its next scheduled meeting.

The investment consultant represents that with respect to the performance of its duties under this IPS, it is a fiduciary and is registered as an investment advisor under the Federal Investment Advisors Act of 1940 (the "Advisors Act") and will perform the duties set forth hereunder consistently with the fiduciary obligations imposed under the Advisors Act, and regulations promulgated thereunder and any interpretations thereof by the U.S. Securities and Exchange Commission, notwithstanding the potential conflicts of interest described below.

#### **3. Investment Providers ("Managers")**

Managers have discretion to purchase, sell, or hold the specific securities that will be used to meet an underlying fund's investment objectives. In placing portfolio transaction orders on behalf of a fund, a manager shall obtain execution of orders through responsible broker/dealers at the most favorable prices and at competitive commission rates, taking into consideration the efficiency of execution of the transaction. The investment committee will not reserve any control over investment decisions, with the exception of specific limitations described in this IPS. Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that any such limitations would hamper a manager, managers should submit modification requests to the consultant for consideration.

#### 4. **Custodian**

The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by a fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, sold, or moved into, out of, or transferred between fund accounts.

#### **D. Criteria for Selection and Retention of Managers**

Managers for Legacy Deo's underlying funds shall be selected and reviewed quarterly by the consultant on the following *qualitative* aspects:

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

Managers for Legacy Deo's underlying funds shall be reviewed quarterly by the consultant on the following *quantitative* aspects:

- Investment performance in excess of the specified relative benchmark over rolling 5 year time periods
- Volatility levels displayed that are consistent with the specified relative benchmark
- Investment performance ranking in the top half of peers within a particular investment class over an appropriate time period for that manager's style (i.e., rolling 5 years). A report of such ranking will be furnished to the investment committee each quarter.

#### **E. Fiduciary Standards**

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

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

#### **F. Conflict of Interest Policy**

Members of Legacy Deo's board and investment committee are required to disclose any potential conflicts of interest to Legacy Deo's CFO and recuse themselves from any recommendations or dealings with managers with which the individual may have external business dealings. Members holding active securities licenses, investment professional credentials, or otherwise constrained by regulation, should follow all regulatory and employer-required policies when approving this IPS, up to and including abstention.

### **III. INVESTMENT STRUCTURE**

#### **A. Overview**

Legacy Deo's portfolio shall be sub-divided into multiple underlying funds. Each fund will be dedicated to a broad investment class or objective such as equities or bonds, and will serve as the primary unit of manager performance scrutiny. (See Addendum 1.) Allocations to one or more of the underlying funds will then be made on a percentage basis to build a portfolio at the individual accountholder level. These allocations are based on the objectives specific to the account or the donor/acountholder's stated preference. (See Addendum 2.)

## B. Underlying Funds and Allocations

The underlying funds are as follows:

- **Stable Value Fund:** Comprised of cash equivalents and institutional money market funds
- **Bond Fund:** Comprised primarily of investment-grade fixed income securities
- **Equity Growth Fund:** Comprised of domestic and foreign equity securities having greater emphasis on long-term growth opportunities than dividend production
- **Equity Dividend Fund:** Comprised of domestic and foreign equity securities with greater yield and distributable income orientation
- **High Yield Fund:** Comprised of higher-yielding fixed income securities (i.e., below investment grade) and equity securities
- **Liquid Alternatives Fund:** Comprised of marketable alternative strategies within a 30 day liquidity profile
- **Illiquid Alternatives Fund:** A separate fund which may include private equity, private real estate, and other illiquid investments (defined as having greater than 90 days liquidity) in addition to semi-liquid investments (for example 30-90 day liquidity) which may include limited partnership hedge funds.

The primary allocations (constructed from the underlying portfolios) are as follows:

- **Conservative Allocation:** High current income; philanthropic time horizon 2-4 years
- **Moderate Allocation:** Capital appreciation, moderate income; philanthropic time horizon 5-7 years
- **Aggressive Allocation:** Capital appreciation; philanthropic time horizon 7 years +
- **Moderate Plus Allocation:** Capital appreciation (through the use of illiquid investment assets); philanthropic time horizon 7 years +

## IV. MATTERS PERTAINING TO ENDOWMENT FUNDS

Legacy Deo is trustee for several separate accounts structured as endowment funds. This section applies only to those endowment fund accounts.

### A. Allocation of Endowment Investments

Per the terms of TUPMIFA, endowment fund investments shall be allocated with appropriate consideration of a number of criteria, which include the following:

1. **Liquidity:** Legacy Deo's investments should have sufficient liquidity in the aggregate to meet the cash flow needs of endowments.
2. **Diversification:** Investments should be diversified among asset categories, sectors, and geographic areas where possible to minimize volatility.
3. **Time Horizon:** Each endowment fund is assumed to be perpetual unless otherwise stated in the underlying endowment agreement.
4. **Risk Tolerance:** Legacy Deo recognizes that risk is present in all investments and that assumption of risk is needed to achieve satisfactory long-term results. It is the responsibility of Legacy Deo to manage the tradeoff between risk and return, always attempting to minimize risk within the endowment fund's account-level portfolio for any given level of return.
5. **Rebalancing:** Once policy targets for asset allocation are set, the consultant should periodically rebalance the primary allocations used by endowment funds in an effort to keep asset allocations as close to the policy target as possible. Transaction costs associated with rebalancing should be minimized whenever possible or practical. Under extraordinary circumstances the consultant may choose to temporarily suspend rebalancing.

## **B. Endowment Asset Allocation**

Legacy Deo personnel shall perform a strategic asset allocation study for each endowment fund at least once every year, and more frequently if circumstances warrant. Primary allocations and the managers currently employed in each underlying fund, with their assigned benchmarks, are found in Addendum 1.

## **C. Distribution Policy**

Unless the endowment agreement or other instrument creating an endowment fund contains donor-imposed restrictions to the contrary, the annual distribution from each endowment fund will be based on a targeted rate of four percent (4%) of a five year rolling average of the endowment fund's market values determined as of the end of each fiscal quarter and ending with the one immediately preceding the distribution date. Legacy Deo's board may, in its absolute discretion and due to unusual or extraordinary circumstances, designate some other rate of distribution provided that it complies with TUPMIFA.

## **V. POLICY AND PERFORMANCE MONITORING**

### **A. Investment Policy Review**

To ensure continued relevance of the previously-established investment philosophy, objectives, and guidelines and with regard to both Legacy Deo's financial status and prevailing conditions in the capital markets, the investment committee and board will review this IPS at least annually.

### **B. Performance Expectations**

For each underlying fund, a primary benchmark will be set for evaluating the relative performance of each assigned manager. Performance of each manager relative to that primary benchmark will be reviewed and evaluated at least annually to determine the feasibility of retaining the manager in pursuit of achieving the fund's stated objectives. For each primary allocation, a goal expressed as percentage plus Consumer Price Index will be set. Goals for the primary allocations are based on the allocation's needs and risk tolerance. Performance expectations for the allocations should be reasonable over the long term, but are not to be used as benchmarks for account-level performance on a year over year basis. See Addendum 1 for specific performance goals of the underlying funds and primary allocations.

### **C. Guidelines for Performance Monitoring**

1. Performance evaluation reports, prepared by the consultant using data available from objective third party sources, should be reviewed quarterly to evaluate and measure progress toward the attainment of long-term goals. During short-term periods in which performance deviates from market indices, greater emphasis shall be placed on peer-performance comparisons with managers employing similar investment styles.
2. At quarterly meetings of the investment committee, the consultant shall be prepared to present and discuss the following:
  - A manager's deviation from stated IPS guidelines
  - Material changes in a manager's corporate investment philosophy and personnel
  - An underlying fund's investment performance results compared to the manager's composite performance figures to determine unaccounted-for dispersion between the manager's reported results and the fund's actual results
  - A manager's performance relative to managers of like investment style or strategy (NOTE: Each manager is expected to perform comparably well with respect to the proper style universe. Managers selected to fulfill the role of each investment style in the underlying funds described in this IPS shall be monitored against data contained in the Informa database, or another having similar functionality, utilized by Morgan Stanley's Global Investment Manager Analysis team.)
3. Ongoing review of all selected managers is required. A thorough analysis of a manager's organization will be conducted whenever the following circumstances happen to occur:
  - Failure to adhere to any aspect of this IPS
  - Consistent underperformance compared to a peer group over an extended period of time
  - Deviation from the investment style or discipline the fund expects to be in place
  - Unsatisfactory communication and service resulting in the fund's needs not being met
  - Changes in the fund's objectives where the manager no longer meets the necessary profile

4. Major changes within the manager's organization also warrant immediate review of the manager, including:
  - Change in senior investment personnel
  - Material changes in investment process, discipline, or style
  - Considerably inconsistent management across the manager's slate of offerings
  - Significant personnel turnover
  - Excessive growth of the firm
  - Substantial account turnover
  - Change in ownership
5. While performance of the fund's investment managers will be monitored on an ongoing basis, the consultant has complete discretion to take corrective action at any time it deems appropriate, up to and including replacement of the manager.

#### **D. Strategic Rebalancing**

Within each underlying fund, the allocation to each sub-asset class may vary from the target asset allocation depending upon market conditions. When necessary and/or available, cash may be deployed in a manner consistent with the strategic asset allocation limits set by this IPS (see Addendum 1) and may require shifting uninvested cash from one manager to another. As a general rule, new cash will be used to rebalance the underlying fund back to its targeted allocation range. If the consultant judges cash flows to be insufficient to bring the strategic allocation within the targeted ranges, it shall decide whether or not to implement measures (i.e., buy/sell decisions) to bring the strategic allocation within the threshold of the ranges.

## **VI. MANAGER GUIDELINES – INVESTMENTS**

The following guidelines shall be followed by all managers assigned to the underlying funds:

### **A. Mission-aligned Investing**

Because of its affiliation with The Lutheran Church—Missouri Synod and the Christian Church at-large, Legacy Deo is concerned about preserving the sanctity of human life. Therefore, it seeks to avoid investment instruments (both debt and equity) of companies that engage in the following:

- Performance of medical procedures involving euthanasia, assisted suicide, and termination of a viable pregnancy (i.e., abortion)
- Performance of research and/or medical procedures involving human embryonic stem cells
- Production of abortifacient drugs (i.e., mifepristone, RU-486, etc.).

With consideration of the mission-aligned investing principles outlined above, managers are given full discretion to act in accordance with this IPS. Therefore, managers should seek to influence corporate management of companies with whom they invest through the use of shareholder advocacy to improve the economic and social position of Legacy Deo as appropriate. Furthermore, Legacy Deo believes that proxy voting and shareholder engagement are important components of its approach to mission-aligned investing and will exercise its voting opportunities in a like manner.

This provision of the IPS applies only to investments established for Legacy Deo individually. If the consultant chooses to employ commingled investment vehicles (e.g., mutual funds, exchange traded funds, etc.), Legacy Deo understands that the investment policies established for those vehicles will fall outside of this IPS.

### **B. Bond Fund: Guidelines for Fixed Income Securities**

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

1. **Investment objective:** The primary objective of the fund is capital preservation; the secondary objective is return and income generation. Active fixed income managers are expected to match or outperform a benchmark appropriate to their style net of fees, and to perform in the top half of a universe of similar portfolios over a full market cycle. The benchmark used for comparison should be assigned to the manager(s) as part of the selection process.

2. **Ratings methodology:** At the time of purchase, all securities must have a minimum Moody's/S&P credit rating of BBB-/Baa3. Should a security's credit rating fall below investment grade, the portfolio manager will sell the security within 30-days or inform the consultant and Legacy Deo's CFO why the security should not be sold. Credit ratings for individual securities will be governed by the Bloomberg Barclays capital methodology. In the aggregate, the Bond Fund portfolio should remain investment-quality credit. The manager will maintain a duration of +/- 50% of the benchmark duration.

### 3. Securities:

#### Permissible Securities

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- U.S. government and agency bonds
- International government and agency bonds
- U.S. domestic corporate bonds
- International corporate bonds
- Convertible bonds
- Municipal bonds
- 144(a) bonds of same quality and registration rights
- Preferred stock
- Fixed income mutual funds
- Fixed income exchange traded funds

#### Prohibited Securities\* (but not limited to)

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- Equity securities (except for term trusts)
- Securities rated below BBB-/Baa3
- Commodities
- Unregistered letter stock
- Non-U.S. Dollar securities
- Warrants
- Loans of portfolio securities
- Venture capital issues
- Private placements
- Securities of a contributing employer
- Currency swaps
- Other specialized investment activities
- Interest-only and principal-only strips other than those derived from Treasuries
- Derivatives (including collateralized mortgage obligations and other sequential pay preferred issues)

\*Unless expressly waived

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

### C. Equity Growth Fund and Equity Dividend Fund: Guidelines for Global Equities

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

## 2. Securities:

### Permissible Securities

- Domestic common stocks
- Domestic exchange traded funds
- Domestic mutual funds
- Convertible securities
- Foreign common stocks in ADR form
- ADRs traded in the United States
- Global Depository Receipts (GDRs)
- Preferred stocks traded on any major exchange
- Covered option positions
- Non-U.S. common stock traded on any major stock exchange

### Prohibited Securities\* (but not limited to)

- Fixed income securities
- Commodities
- Unregistered letter stock
- Warrants
- Uncovered options, futures, forwards, and swaps
- Real or personal property
- Oil and gas property
- Loans of portfolio securities
- Venture capital issues
- Private placements
- Securities of contributing employer
- Real estate mortgages

NOTE: Listed securities on major domestic exchanges are those traded on the New York Stock Exchange (NYSE), the American Stock Exchange (AMEX), and the National Association of Securities Dealers (NASDAQ) exchanges. Any investment in convertible debentures must carry an investment grade rating of A or better.

\*Unless expressly waived

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

### D. Liquid Alternative Fund

1. **Investment Objective:** The board may consider investments in alternative strategies within the context of an overall investment program. The objective of such strategies will be to diversify Legacy Deo's investment portfolio, complementing traditional equity and fixed-income investments and reducing the portfolio's overall volatility. There is no guarantee that this objective will be realized.



## 2. Permissible Securities

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- Common stocks (Both long and short and in mutual fund or limited partnership structure)
- Non-U.S. common stocks traded on any major stock exchange
- Mutual funds (1940 act) structures
- Infrastructure assets (public)
- Master Limited Partnerships (MLPs)
- ADRs traded in the United States
  
- Preferred stocks traded on any major exchange
- Covered option positions or funds that utilize such positions
- Managed futures positions through a mutual fund or limited partnership format (excludes direct futures positions)

## Prohibited Securities

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- LP structure investments with greater than 90-day liquidity
- Private placement investments with greater than 90-day liquidity
- Uncovered option positions
- Direct futures positions
- Items that would generate a K-1 report or expose the fund to unrelated business taxable income (UBTI)

## 3. Absolute Return Strategies

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

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

## E. Illiquid Alternatives Fund

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

## F. High Yield Fund

1. **Investment Objective:** The board may build a program of marketable investments designed to provide constituent investors that require a higher level of current income (yield) from their investments. Income will be considered as dividends, interest, rents and royalties. The portfolio is intended to be globally diversified in nature and may incorporate both debt and equity securities. The fund is intended to be liquid in nature.

## 2. Permissible Securities

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- Common stocks
- Mutual funds (1940 act) structures
- Non-U.S. common stock traded on any major stock exchange
- Corporate credit and below investment-grade securities
- Master Limited Partnerships (MLPs)
- ADRs traded in the United States
  
- Real assets including infrastructure (publicly-traded) and real estate investment trusts (REITs)
- Preferred stocks traded on any major exchange
- Covered option positions or funds utilizing the same

## Prohibited Securities

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- Limited partnership structure investments with greater than 90-day liquidity
- Private placement investments with greater than 90-day liquidity
- Uncovered option positions
- Direct futures positions
- Items that would generate a K-1 report or expose the fund to unrelated business taxable income (UBTI)

## **VII. MANAGER GUIDELINES – COMMUNICATIONS**

### **A. Reporting**

Within 10 days a manager must inform the consultant and Legacy Deo's CFO of changes in organizational structure, ownership, or key personnel. Also, a manager must inform the consultant and Legacy Deo's CFO of material litigation brought by a client or former client relating to investment advisory services or any enforcement proceeding by a regulatory agency that would have a material effect on the manager, within 14 days of the manager's receipt of notification of the litigation or the enforcement proceeding.

### **B. Proxy Voting**

Legacy Deo shall maintain authority with regard to proxy voting, so that Legacy Deo may act solely in its own best interests in the context of this IPS. Through its relationship with external providers of such services, Legacy Deo will receive electronic notification of proxy voting opportunities and execute its votes. With regard to corporate governance, Legacy Deo will vote against proposals to limit or eliminate liability for violation of duty of care and to indemnify directors in instances of gross negligence. All other matters, including the election of directors, will generally follow Legacy Deo's own operating policies and constraints found in this IPS.

### **C. Broker Relations**

Managers are free to execute trades whenever it is in the best interests of Legacy Deo, and will have the discretion to execute transactions with brokerage firms of their choosing.

**VIII. EXECUTION OF INVESTMENT POLICY**

IN WITNESS WHEREOF, this document has been approved and executed by Legacy Deo on this 30<sup>th</sup> day of April, 2021.

Name	Title
By: <u>s/ Gerald B. Kieschnick</u>	Chief Executive Officer
<u>s/ Brian D. Hamilton</u>	Chief Financial Officer
<u>s/ Gretchen Kroesch</u>	Controller

And by Legacy Deo's Board of Directors:

<u>s/ L. Scott Biar</u>	<u>a/ Melissa Knippa</u>
<u>s/ Duane Dube</u>	<u>s/ Jerry M. Kolander</u>
<u>s/ Gregory L. Gunn</u>	<u>s/ Pixie Linebrink</u>
<u>s/ David Jung</u>	<u>s/ Dwight M. Munk</u>
<u>s/ Fred G. Karle</u>	

s/ = signed  
a/ = abstained

## ADDENDUM 1: Underlying Funds - Asset Allocation

### Purpose

The purpose of this Addendum is to formally state the strategic asset allocation for each of the underlying funds. The strategic asset allocation is the outcome of a careful weighing of risk, return, and liquidity for each of the funds. This Addendum also identifies the funds' primary and subsidiary benchmarks. To ensure that the underlying funds maintain their distinct objectives, a correlation matrix report will be furnished to the investment committee each quarter for purposes of evaluating fund vs. fund correlation over full market cycles (i.e., 5 to 7 year time horizon).

### A. Stable Value Fund

*Primary Benchmark: 90-day Treasury bills*

This fund is invested cash, institutional money market, and ultrashort duration fixed income (less than 270-day maturity).

### B. Bond Fund

*Primary Benchmark: Barclays Aggregate Bond Index*

<u>Sub-Asset Class</u>	<u>Benchmark</u>	<u>Allocation Range</u>
Global Core Fixed Income	Barclays Aggregate Index	50% - 100%
Opportunistic Fixed Income	Barclays Universal	0% - 40%
Cash / Short Duration Fixed Income	90-day Treasury bills	0% - 20%

### C. Equity Growth Fund

*Primary Benchmark: MSCI ACWI*

<u>Sub-Asset Class</u>	<u>Benchmark</u>	<u>Allocation Range</u>
Domestic Equities	S&P 500	40% - 80%
International Equities	MSCI ACWI x USA	20% - 60%

### D. Equity Dividend Fund

*Primary Benchmark: MSCI ACWI High Dividend Index*

<u>Sub-Asset Class</u>	<u>Benchmark</u>	<u>Allocation Range</u>
Domestic Equities	S&P 500	40% - 80%
International Equities	MSCI ACWI x USA	20% - 60%

### E. Liquid Alternatives Fund

*Primary Benchmark: 90 Day T-bills + 3%*

<u>Sub-Asset Class</u>	<u>Benchmark</u>	<u>Allocation Range</u>
Equity Market Hedge	HFRX Equity Hedge	30% - 60%
Cash Flow Generative	Alerian / S&P Global Inf / S&P Gbl Real Estate	30% - 60%
Global Macro	Barclays BTOP50	0% - 40%

## F. Illiquid Alternatives Fund

Primary Benchmark: *Russell 3000 + 3%*

<u>Asset Class</u>	<u>Benchmark</u>	<u>Allocation Range</u>
Private Equity	<i>Russell 3000 + 3% / Cambridge PE</i>	25% – 65 %
Private Credit	<i>90-Day T-Bills + 4%</i>	0% - 15%
Private Real Estate	<i>S&amp;P Global Property</i>	0% - 15%
Absolute Return	<i>HFRX Absolute Return</i>	0% - 25%
Equity Hedge	<i>HFRX Equity Hedge</i>	0% - 25%

## G. High Yield Fund

Primary Benchmark: *ML HY Index*

<u>Asset Class</u>	<u>Benchmark</u>	<u>Allocation Range</u>
Opportunistic Credit	<i>BC Aggregate</i>	0% – 40 %
Global Asset Income	<i>90-Day T-Bills + 3%</i>	0% - 30%
High Yield Fixed Income	<i>ML HY Index</i>	30% - 70%
Real Assets	<i>S&amp;P Global Property</i>	10% - 30%
Global Corporate Fixed	<i>BBC IG Corp</i>	0% - 40%

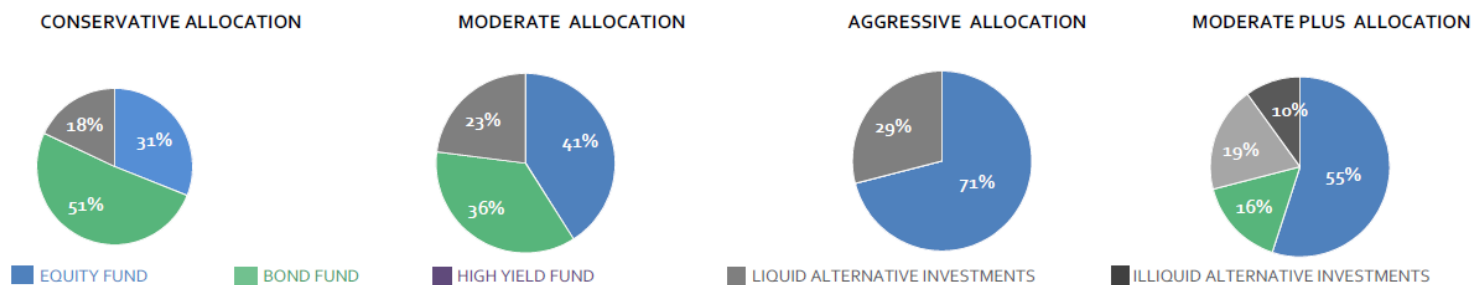
NOTE: With the exception of the Stable Value Fund, all underlying funds may include an allocation of up to 5% in cash and cash equivalents

## ADDENDUM 2: Primary Allocations - Allocation of Underlying Funds

### Purpose

The purpose of this Addendum is to formally state the mix of underlying funds to achieve each of the primary allocations. The primary allocations are designed to meet the needs of individual accountholders and the objectives of their accounts by classification (i.e., ministry endowment, scholarship endowment, trust, custodial account, etc.) and the time horizon and risk profile appropriate to meet the account's objectives. This Addendum also identifies the allocations' primary and market risk benchmarks.

### Primary Allocations



	Primary Goal / Benchmark	Market Risk Benchmark
Conservative Allocation	CPI + 2 %	30% MSCI ACWI / 20% HFRI FoF / 50% BC Agg
Moderate Allocation	CPI + 3.5%	40% MSCI ACWI / 20% HFRI FoF / 40% BC Agg
Aggressive Allocation	CPI + 5%	70% MSCI ACWI / 30% HFRI FoF
Moderate Plus Allocation	CPI + 5%	50% MSCI ACWI / 20% HFRI FoF / 10% Cambridge PE / 20% BC Agg

It is the intent of the allocations to achieve their respective primary goal over a full market cycle (5 to 7 year time horizon). The allocations are expected to exhibit volatility (standard deviation) consistent with the market risk benchmark.