Episcopal Foundation of Dallas

Due Diligence Questionnaire for Potential Investors

Strictly Confidential

May 15, 2019

Financial data as of 3/31/19

Episcopal Foundation of Dallas

10000 N. Central Expwy.
Suite 400
Dallas, Texas 75231

o. 214.366.9996

episcopalfoundationdallas.org

Table of Contents

1. Overview of the Foundation

Mission Statement: The Episcopal Foundation of Dallas exists to strengthen and support faith communities by partnering wise investments with purposeful giving.

Origin and Purpose: The Episcopal Foundation of Dallas was established by the Diocesan Convention of 1950 at the request of Bishop C. Avery Mason to invest and administer the trust funds of the diocese. The Foundation is independent of the Diocese, although the bishop is an ex-officio trustee.

Over time the Foundation has accumulated its own funds and has made its investment services available to other members of the Episcopal community.

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

Board of Trustees: Our board is comprised of lay persons and clergy from a variety of parishes in the Diocese. Each trustee has been active in the life of the church and brings experience and expertise to bear on the Foundation's mission and operations.

Grants Program: The Foundation uses the investment proceeds of its own funds to make grants to entities that are helping to carry out the purposes of the Episcopal Diocese of Dallas. The Foundation has a particular focus on supporting programs that address those members of our community with food and shelter vulnerabilities.

Investments: The Foundation is committed to a disciplined, consistent, and long-term focus for its investments. We invest in broadly diversified global equity and fixed-income holdings and use cost-efficient funds and managers to enhance prospective returns. We use both actively-managed and passively-managed (index) funds in almost equal measure.

The Vanguard Group is our investment consultant and, in an ongoing basis, has been instrumental in helping us determine our asset allocation and fund selection for each asset class. Although all funds are pooled, we have the ability to offer investment partners custom allocations of their choice.

Assets Under Management and Investment Partners: The Foundation currently has approximately $39 million in assets under management in about 40 client accounts. Investment partners include the Episcopal Diocese of Dallas, Episcopal churches and schools in the geographical boundaries of the Diocese, and funds controlled by the Episcopal Foundation of Dallas (EFD), which includes the Episcopal Health Foundation of Dallas (EHFD), formerly known as the Gaston Episcopal Hospital Foundation. By market value, the breakdown is:

Episcopal churches & schools = 40%,
EFD & EHFD = 32%
Diocese = 28%

Fees: As a nonprofit, our annual administrative fee is designed only to defray administrative costs including three part-time staff and an annual audit of the Foundation. The very competitive advisory fee charged by Vanguard is the result of the significant size of invested assets.

Episcopal Foundation Administrative Fee	0.55%
Vanguard Advisory Fee	0.11%
Total Fees	0.66%

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2. Investment Services

The Episcopal Foundation of Dallas offers valuable, cost-effective expertise to allow your organization to focus on its primary mission.

A. Portfolio Management

Our primary investment service is Portfolio Management. Our investment portfolio is currently invested with The Vanguard Group and is equally invested in both actively- and passively-managed holdings.

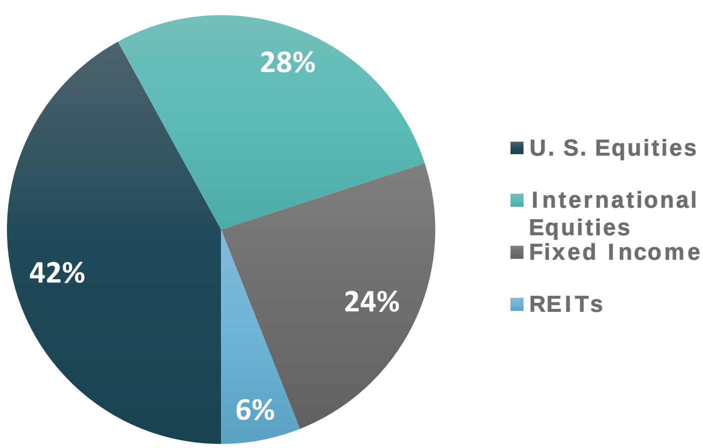
Investment Objectives

- 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

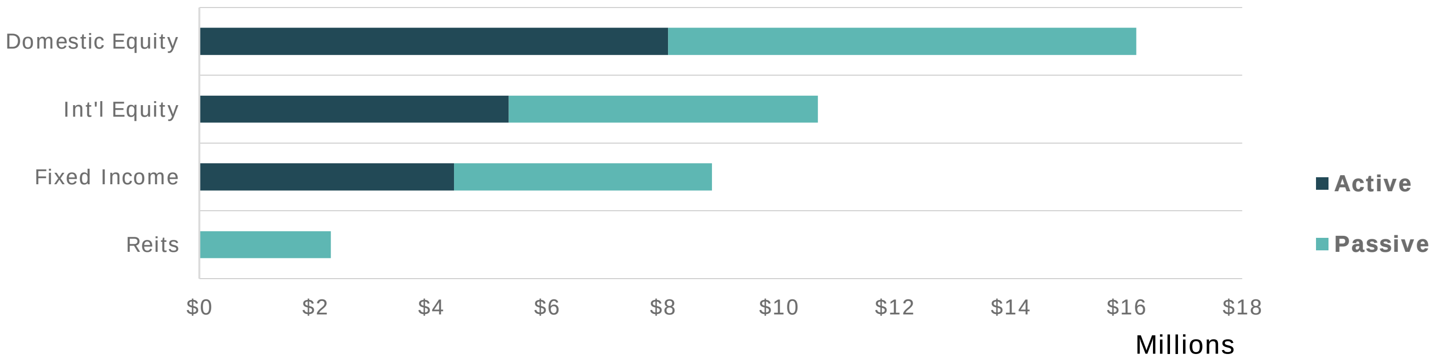
Investment Strategy

- 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 cost-efficient funds and managers to enhance prospective investment returns.

Asset Allocation

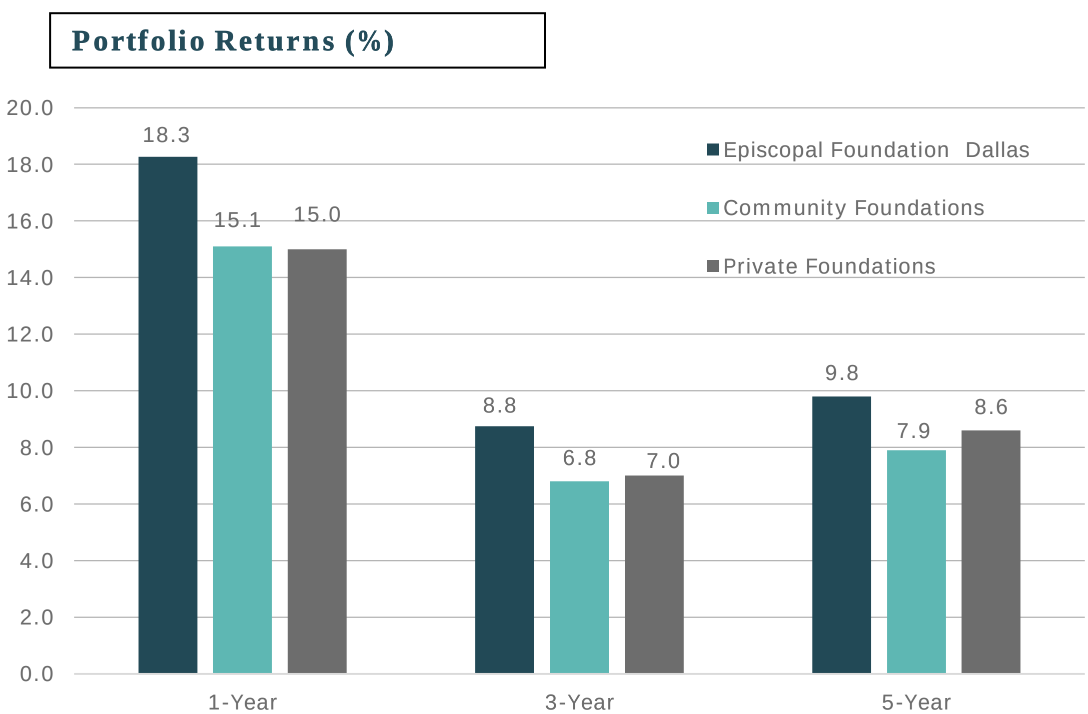


Management Style



Foundation Performance

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 results for periods ended December 31, 2017 show the Episcopal Foundation of Dallas has outperformed survey participants for all periods included.



Other Investment Services:

B. Planned Giving

Planned giving ensures the health of future ministries and offers your donors opportunities to make their gifts in the time frame that works best for them. The Episcopal Foundation of Dallas offers educational and marketing resources to create and manage endowments.

C. Donor-Advised Funds

Donor-Advised Funds provide a way for individuals to direct and manage their charitable giving. The Foundation is able to manage the necessary paperwork and grant research and administration.

3. The Team

The Foundation is managed by an 18-member board of trustees recruited and elected by the board. The organizational structure includes the following committees: Executive Committee, Audit and Administration Committee, Development and Marketing Committee, Grant Committee, Investment and Finance Committee, and Governance and Nominating Committee.

The Investment and Finance Committee is responsible for supervision of the investment portfolio of the Foundation, subject to the stated Investment Policy Statement and is comprised of members who average 33+ years of investment and business experience:

- **Rick Barry**: Chair of Investment and Finance Committee;
  Former General Partner and Manager of Marathon Partners, L.P.
- **Will Beecherl**: President of Verdad Oil and Gas Corp
- **Pat Carrigan**: Senior Vice President and Wealth Manager, UBS Financial
- **Philip de Bruyn**: Partner at Southern Wealth Management, LLP
- **Scott Hancock** (*Slated*): Owner, Oak Capital Advisors
- **Ken Hanks**: Board Member, NexBank Capital; and former CFO, SWS, Inc. (NYSE)
- **Andy Welch**: Principal of EMA Lodging; former CFO Xenia Hotels
- **Dan Wilson**: Former Managing Director, UBS Securities

Please see appendix for additional information on the Investment Committee

The Foundation is staffed with three experienced part-time employees:

- Pam Fellows Jamieson, Executive Director
- Kathy McCabe, Controller
- Polly Bireley, Grant Administrator

4. Frequently Asked Questions

1. Why should we invest with the Episcopal Foundation of Dallas?

    - We are a nonprofit and have our own funds invested alongside yours.
    - We offer an extremely competitive investment management fee (via The Vanguard Group) as a result of the size of our invested assets.
    - We offer low administrative fees designed only to cover our operating costs and not produce any net profits to the Foundation.
    - We provide an annual audit of the Foundation.
    - We are based in Dallas and understand the needs and challenges of the Episcopal faith community.

2. What is your philosophy on dealing with the volatile market?

    - We invest with a nearly-infinite time horizon, as is appropriate for most foundation and permanent endowment funds. We do not attempt to time the market and rely on a broadly diversified asset allocation to manage risk.

3. What makes the Episcopal Foundation of Dallas different from the competition?

    - Your Episcopalian neighbors are committed to the Foundation and dedicated to the growth and success of the parishes, schools, and missions of the Episcopal Diocese of Dallas – and have been for over half a century.
    - Part of our mission is to give back to the Episcopal community – including its parishes, schools, and missions – through our grant program.

5. Cover Sheet

Organization	Episcopal Foundation of Dallas
Address:	10000 N. Central Expressway, Suite 400 Dallas, TX 75231
Phone:	214 366-9996
EIN:	75-6038522
Accountant/Auditor	BKD, LLP
Financial Information	Located on our website at www.episcopalfoundationdallas.org
Organization Contact:	Pam Fellows Jamieson Executive Director 214 366-9996 or 214 695-5230 exec@episcopalfoundationdallas.org

6. Appendices

Appendix A. History of the Foundation

The Episcopal Foundation of Dallas was established by the Diocesan Convention of 1950 at the request of Bishop C. Avery Mason. Before its creation, all valuables bequeathed to the church were managed by the bishops in succession: Bishops Garrett, Moore, and Mason. As the funds grew in value and numbers, the responsibility became too great for one person. At that time, Bishop Mason asked for a Foundation to be established to invest and administer the trust funds of the diocese.

The Foundation's trustees were originally nominated by the Bishop and elected for a three-year term by the Diocesan Convention. Board members have included well-known civic leaders such as Leo Corrigan, Jr., W.W. Lynch, Rodney Hargrave, Charles Aberg, Jr., John Stemmons, Cecil Green, J. Irion Worsham, W.R. Newsom, Jr., Henry Beck, Jr., John G. Penson, John Rauscher, Robert B. Payne, Jon L. Mosle, Jr., Don M. Houseman, John R. Taylor, Jr., F.B. Goldman, Riter C. Hulsey, Louis Beecherl, Jr., W. Plack Carr, Jr. and William B. Madden.

Today, trustees are nominated and elected by the current Board of Trustees, the Bishop is an ex- officio member of that board, and the Foundation operates as a separate, independent entity, outside the jurisdiction of the Episcopal Diocese of Dallas, The Episcopal Church, and the Diocesan and General Conventions of the Church.

For over seven decades, the Foundation has fulfilled its mission through careful stewardship of the permanent trusts and other long-term investment assets entrusted to it. The Foundation currently manages approximately $39 million in investments in over 40 client accounts. Our services are available to any Episcopal parish, school, or mission located within the Episcopal Diocese of Dallas.

In 1964, the Foundation's services broadened to include an annual grant program. The grant program expanded considerably in 1988 with the establishment of the Episcopal Fund, an unrestricted endowment for the Foundation. Since that time, the Episcopal Fund has grown from $1.5 to over $4 million, and has awarded over $3.0 million in grants to diocesan and other charitable organizations throughout the community under the direction of the Foundation's Grants Committee.

Appendix B. The Episcopal Foundation Board of Trustees

Eugenia King, Chair	Saint Michael and All Angels/ESD
Philip de Bruyn, President	Church of the Transfiguration/PES
Chris Ayres, Vice-President/Treasurer	Church of the Transfiguration/ESD
Jed Nau, Secretary	Church of the Incarnation
Rick Barry, Investment and Finance Chair	Saint Michael and All Angels
Ford Keith, Grant Chair	Saint Matthews Cathedral
Bishop George Sumner, Ex Officio	Diocese of Dallas
Will Beecherl	Church of the Incarnation
Pat Carrigan	Church of the Incarnation
Robbi Rice Dietrich	Church of the Transfiguration
Elizabeth "Jiggs" Foster	Saint Michael and All Angels
Scott Hancock (*Slated*)	Saint Michael and All Angels
Ken Hanks	Church of the Incarnation
Barbara McColm (*Slated*)	Church of the Transfiguration
TJ McCoy	St. Philips Episcopal Church
Elizabeth Trupiano (*Slated*)	St. John's Episcopal Church/St. John's
Rev. Fabian Villalobos	Christ Episcopal Church
Andy Welch	Church of the Incarnation
Plack Carr, Emeritus	Saint Michael and All Angels
Bill Madden, Emeritus	Saint Michael and All Angels
Dan Wilson, Emeritus	St. Andrew's McKinney

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Appendix C. 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, 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.

Scott W. Hancock, 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.

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