

Investment Policy Statement for Word of Peace Endowment Fund

This statement of investment policy was formally adopted by vote of the former Word of Peace Endowment Committee on June 14, 2010, and is amended on January 27, 2013, and January 19, 2014, to amend the Endowment Committee to the Endowment Fund Team.

Scope of the Investment Policy

This statement of investment policy pertains to excess reserves not required for short-term operating purposes.

Purpose of the Investment Policy

This statement of investment policy is set forth by the Endowment Fund Team of Word of Peace Lutheran Church in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of investment goals and objectives for Word of Peace Endowment Fund
3. Offer guidance and limitations to all Investment Managers regarding the investment of assets.
4. Establish a basis for evaluating investment results.
5. Outline a philosophy and attitude that will guide the investment management of assets toward desired results. In general, this statement is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

Delegation of Authority

The Endowment Fund Team of Word of Peace Lutheran Church is a fiduciary responsible for directing and monitoring the investment management of assets. As such, the Endowment Fund Team is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to, investment management consultants, investment managers, custodians, attorneys, auditors, actuaries, and others deemed appropriate to fulfill the fiduciary responsibility of the Endowment Fund Team hereinafter "Manager".

The Endowment Fund Team will not reserve any control over investment decisions, with the exception of specific limitations described in this statement. Managers will be held responsible and accountable for achieving the objectives stated in this policy. While it is not believed that the limitations will hamper investment managers, each manager should request modifications deemed appropriate.

Responsibilities of the Endowment Fund Team

The Endowment Fund Team is charged with the responsibility of managing the assets of Word of Peace Endowment Fund. The specific responsibilities of the Endowment Fund Team relating to the investment management of assets include:

1. Word of Peace Endowment Fund financial needs shall be communicated to the Investment Managers on a timely basis.
2. Determining Word of Peace Endowment Fund risk tolerance and investment time horizon and communicating these to the appropriate parties.
3. Establishing reasonable and consistent investment objectives, policy guidelines and allocations which will direct the investment of the assets, to be reviewed annually at the July Endowment Team meeting (amended 1/19/14).
4. Prudently and diligently selecting qualified investment professionals, including investment managers(s), investment consultant(s), and custodian(s).
5. Regularly evaluating the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.
6. Developing and enacting proper control procedures; e.g., replacing investment manager(s) due to fundamental change in investment management process, or for failure to comply with established guidelines.

Responsibilities of Investment Managers

Each investment manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company, and must acknowledge in writing acceptance of responsibility as a fiduciary. Each investment manager will have full discretion in making all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of investment manager(s) include:

1. Reporting, on a timely basis, monthly investment performance results.
2. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of the investment process, or the investment objective progress of Word of Peace Endowment Fund investment management.
3. Informing the Endowment Fund Team regarding any qualitative change to investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

4. Voting proxies, if requested by the Endowment Fund Team, on behalf of Word of Peace Endowment Fund.

Responsibilities of the Custodian

The custodian will physically, or through agreement with a sub-custodian, maintain possession of securities owned by Word of Peace Endowment Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may perform regular accounting of all assets owned, purchased, or sold, as well as the movement of assets into and out of accounts.

General Investment Principles

1. Investments shall be made solely in the interest of Word of Peace Endowment Fund.
2. The assets shall be invested with care, skill, prudence, and diligence under the circumstances in the same way a prudent person acting in like capacity and familiar with such matters would act in the investments of a fund of like character and with like aims.
3. Investment of the assets shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. The Endowment Fund Team may employ one or more investment managers of varying styles and philosophies to attain Word of Peace Endowment Fund objectives.
5. Cash is to be employed productively at all times, by investment in short-term cash equivalent to provide safety, liquidity, and return.
6. All purchases of securities will be for cash, and there will be no margin transactions, short selling, or commodity transactions.
7. Investments in limited partnerships and derivatives are prohibited.

Social Responsibility

As a means to meet the needs of Word of Peace Endowment Fund and to benefit society generally, the Endowment Fund Team has placed restrictions on the portfolio. Specifically, investment in companies that manufacture or market alcoholic beverages, tobacco products, gaming products and/or facilities, pornographic, lewd, or obscene materials is prohibited.

Investment Objectives

The investment objective of Word of Peace Endowment Fund emphasizes total return; that is, aggregate return from capital appreciation and interest and dividends. Specifically, the primary objective of management of the total portfolio is the attainment on an average annual minimal return of 5% over every trailing five-year period. Short-term volatility will be tolerated in as much as it is consistent with the volatility of comparable market index.

This investment objective applies to the aggregate assets, and is not meant to be imposed on each investment account (if more than one account is used). A specified goal of each investment manager, over the investment time horizon, shall be to:

1. Meet or exceed the market index, or blended market index, selected and agreed upon by the Endowment Fund Team that most closely corresponds to the style of investment management.
2. Display an overall level of risk in the portfolio that is consistent with the risk associated in the benchmark specified above in No. 1. Risk will be measured by the standard deviation of quarterly returns.

Specific investment goals and constraints for each investment manager, if any, shall be agreed upon by the investment manager and Endowment Fund Team and shall be incorporated as part of this statement of investment policy.