



## **Greek Orthodox Metropolis of Chicago Foundation Investment Policy Statement**

### **I. Introduction & Statement of Purpose**

The purpose of this Investment Policy Statement (“IPS”) is to establish an understanding between the Greek Orthodox Metropolis of Chicago Foundation Investment Committee (“Investment Committee”) and the Financial Advisor (“Advisor”) as to the asset allocation that will govern the Foundation’s assets invested in Morgan Stanley accounts and/or the Investment Committee’s assets invested in accounts outside of Morgan Stanley.

This IPS is set forth in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and objectives for the investment of Foundation funds.
3. Provide guidance and limitations to the Advisor and Investment Managers regarding the investment of Foundation funds.
4. Establish a framework for evaluating investment results.

The Greek Orthodox Metropolis of Chicago Foundation (“Foundation”) was established for the sole benefit of the Greek Orthodox Metropolis of Chicago (“Metropolis”), to receive and hold contributions to be used to support selected projects and initiatives of the Metropolis.

The Foundation is a tax-exempt, public charity organized Internal Revenue Code (IRC) Section 501(c)(3) and receives most of its funding through members of the parishes of the Metropolis of Chicago.

The underlying mission of the Foundation is to provide stability and transparency for donors and generate funds that expressly advance the mission and long-term vision of the Metropolis. The Foundation also will exist to provide the necessary resources to sustain and grow Orthodox Christianity for generations to come. Further information about the Metropolis and the Foundation can be found on at <https://chicago.goarch.org> and [www.gomocfoundation.org](http://www.gomocfoundation.org).

This IPS is created specifically by and for the Foundation and should be reviewed periodically by the Investment Committee and approved by the Foundation’s Board of Directors to ensure its goals and objectives have not changed in such fashion as to alter its investment approach.

## **II. Assignment of Responsibilities**

### **Investment Committee**

The Investment Committee has authority over the investments and the Advisor. Additionally, the investment committee is responsible for approving the terms of this IPS, including the proposed asset allocation which appears below, and for confirming that the proposed asset allocation is consistent with the investment goals, risk tolerance, financial situation and needs of the Foundation. Duties include:

- Quarterly review of the Portfolio and Asset Allocation with the Advisor including:
  - Monitor cash flow and liquidity needs of the investments
  - Monitor Investment Manager(s) performance
  - Evaluating rebalancing and/or asset allocation recommendations
  - Evaluating short term tactical portfolio recommendations
- Annual review of investment policy and IPS with the Advisor
- Annual review of Values-based Investment Alignment / Socially Responsible Investment Approach and Implementation with the Advisor

In addition, if the Investment Committee intends for this IPS to apply to a Portfolio that includes assets invested in accounts outside of Morgan Stanley, then the Investment Committee must notify the Advisor and the Investment Committee must cause the Advisor and Morgan Stanley to receive ongoing access to such outside accounts. The investment Committee's failure to provide access to outside accounts shall relieve the Advisor and Morgan Stanley of all obligations in this IPS. Finally, the Investment Committee is responsible for adhering to the income withdrawal requirements specified in the IPS

As of September 1 2023, Investment Committee members are: John Koudounis, Bill Spell, Evonne Sepsis and Metropolitan Nathanael.

### **Board of Directors**

The Foundation is operated by a seven-member Board of Directors that is comprised of two classes: 1) an Independent Class comprised of three directors chosen by an independent selection committee, and 2) a Metropolis Class comprised of three directors appointed by the Metropolitan subject to the advisement of the Metropolitan Council. The roles of responsibilities of the Board of Directors are governed by the Foundation Bylaws.

The Investment Committee reports to the Foundation's Board of Directors and requires approval on the following:

- Appointment of the Investment Committee members
- Changes in investment policy per the IPS and executing investment policy
- Reviewing and updating the IPS
- Changes to relationship with Advisor including hiring and firing the Advisor

As of September 1 2023, the members of the Foundation Board of Directors are: His Eminence Metropolitan Nathanael, Jeanne Jurasek, John Koudounis, Christos Linardakis, Peter Panton, Evonne Sepsis, and Bill Spell.

## **Advisor**

The Advisor is a co-fiduciary responsible for recommending investments consistent with the terms of this IPS. The Advisor's investment advice concerning the Foundation's funds will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the Advisor include:

- Providing quarterly review of the Portfolio and Asset Allocation including:
  - Monitor cash flow and liquidity needs of the investments
  - Monitor Investment Manager(s) performance
  - Evaluating rebalancing and/or asset allocation recommendations
  - Evaluating short term tactical portfolio recommendations
- Assisting the periodic review of investment policy and the IPS
- Maintaining an Asset Allocation Model which reflects the longer-term outlook for current and potential asset class performance and risk in accordance with the IPS
- Recommend allocation ranges and targets for each asset class to establish appropriate risk parameters for the Fund
- Monitoring the performance of the Investment Manager(s) to determine progress toward investment objectives
- Communicating matters of policy, manager research, and manager performance
- Reviewing Fund investment history, historical capital markets performance and the contents of this IPS for any newly appointed members of the Investment Committee or Board of Directors

As of September 1, 2023 the Investment Advisor is The Centre Harbour Group at Morgan Stanley.

## **Investment Manager(s)**

For accounts in which the Investment Committee grants the Advisor third party Investment Manager discretionary authority, the Investment Manager has full discretion to make all investment decisions for the assets placed under its jurisdiction. The Advisor will report to the Investment Committee performance evaluation of the Investment Manager(s) as well as annual due diligence reports.

The performance of Investment Manager(s) hired by the Advisor will be judged against a market-based index appropriately selected or tailored to the manager's agree-upon investment objective and the normal characteristics of the manager's fund.

### **III. Investment Management Principles, Philosophy, Objectives and Spending Policy**

#### **Investment Management Principles**

All donations to the Foundation, except those set aside for operating funds, shall be invested.

Investments are made solely in the interest of the Foundation and are to be invested with the care, skill, prudence, and diligence under the circumstances that a prudent person acting in like capacity and familiar with such matters would use in the investment of a Portfolio of like character and with like aims.

Investment management principles include:

- Preservation of Capital – Consistent with their respective investment styles and philosophies, Investment Manager(s) employed by the Advisor should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities and in certain market cycles.
- Risk Aversion – Understanding that risk is present in all types of securities and investment styles, the Investment Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the investment objectives. However, the Advisor and employed Investment Manager(s) are to make reasonable efforts to control risk and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives as well as the overall asset allocation.
- Diversification – The primary method to reduce risk for the Portfolio is diversification through asset allocation. By allocating assets in different asset classes, the portfolios can reduce risk by avoiding concentrations as well as reduce risk through the low correlation between different asset classes.
- Adherence to Investment Discipline – Investment Manager(s) are expected to adhere to the investment management style for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.
- Investment Time Horizon - The Portfolio has an investment time horizon for over 20 years. While the Investment Committee has selected an investment time horizon for the Portfolio, the Investment Committee acknowledges and accepts that certain individual accounts maintained by the Investment Committee may have a stated investment time horizon that is different than the Portfolio's primary investment time horizon.
- Cash and Equivalents – It is generally expected that the Portfolio will remain fully invested in securities; however, it is recognized that cash reserves may be utilized from time to time to provide liquidity or to implement some types of investment strategies.
- Rebalancing – 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 investment in different asset and sub-asset classes. The need for rebalancing will be looked at quarterly and determined if necessary or not.

### **Investment Objectives**

Overall approach for the Portfolio is for Capital Appreciation with Moderate Risk with the following objectives:

- The Portfolio is to be invested with the objective of preserving the long term, real purchasing power of assets after inflation while providing a relatively predictable stream of annual income and distributions.
- For the purposed of making distributions, the Portfolio will use a total-return-based policy spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments.
- Periodic cash flow, either into or out of the Portfolio, will be used to better align the investment portfolio to the target asset allocation outlines in the asset allocation policy below.
- It is recognized that Portfolio Risk is defined as the probability of not meeting the Foundation's current funding obligations and long-term growth of Portfolio assets.

## Investment Philosophy and Vision – Values-based Alignment / Socially Responsible Investing

To the extent that the Investment Management Principles and Investment Objectives outlined above are met, the Portfolio will employ either restrictive screens of selected companies / industries or intentional investment in companies / industries to align with the Greek Orthodox mission and values.

The Investment Policy of the Foundation is guided by our Orthodox Christian faith. In particular, the policy reflects God’s expectation that all endeavors bear fruit and multiply (Genesis 1:28 | Matthew 25:14-30). The desire to increase our return on investment, however, is moderated by St. Paul’s teaching that evil should not be pursued in our effort to bring about good (Romans 3:8). This means that the Foundation intentionally avoids certain sectors in the marketplace that it deems inconsistent with our faith and values.

The Advisor will present education to the Investment Committee for this purpose and annual analysis of how the Portfolio achieves alignment as intended.

### Asset Allocation

The Portfolio’s asset allocation has the flexibility to vary around the long-term Strategic (Target) Asset Allocation within the asset allocation ranges outlined below.

Greek Orthodox Metropolis of Chicago Foundation - Long Term Investment Account				
Asset Class	Min	Target	Max	Benchmark
Cash	0.00%	7.00%	10.00%	90 Day T-Bill
Investment Grade Fixed Income	10.00%	17.00%	50.00%	US Barclays Aggregate Bond Index
Short term Fixed Income	0.00%	6.00%	35.00%	US Barclays 1-5 Year Gov’t/Credit Float Adj Index
High Yield Fixed Income	0.00%	10.00%	10.00%	US Barclays Corporate High Yield Index
US Large Cap Equities	10.00%	30.00%	50.00%	S&P 500 Index
US Mid Cap Equities	5.00%	7.00%	25.00%	Russell Mid Cap Index
US Small Cap Equities	0.00%	3.00%	20.00%	Russell 2000 Index
Developed International Equities	5.00%	10.00%	30.00%	MSCI ACWI Ex-US
Emerging Market Equities	5.00%	10.00%	20.00%	MSCI EM Index
Alternatives	0.00%	0.00%	5.00%	HFRI Equity Hedge Total Return
<b>Total</b>		<b>100.00%</b>		
Cash & Fixed Income		40.00%		US Barclays Aggregate Bond Index
Equities		60.00%		MSCI ACWI Index
Alternatives		0.00%		

The Portfolio will be measured by 2 benchmarks:

- Custom blended benchmark as shown by the target allocation and representative indices above
- 60 / 40 blended benchmark represented by 40% US Barclays Aggregate Bond Index and 60% MSCI ACWI Index also shown above

Prohibited Investments include: initial public offerings, restricted securities, private placements, derivatives, options, futures, and margined transactions. Additional prohibited investments include:

- Purchases of letter stock, private placements, or direct payments
- Private placement convertible issues, also know as "144A" convertible securities
- Commodities transactions unless by managers approved for that strategy
- Purchases of real estate, oil and gas properties, or other natural resources-related properties with exception of Real Estate Investment Trusts or securities of real estate operating companies
- Cryptocurrencies
- Special Purpose Acquisition Corporations ("SPAC"s)
- Any other security transactions not specially authorized in this IPS

### **Spending Policy**

The Foundation approved a Spending Policy on May 20, 2022, the material terms of which are set forth below. The Spending Policy will be reviewed periodically; if a revised version is approved and adopted by the Board of Directors, the IPS Spending Policy will be governed by the most recently approved and adopted version.

#### **I. Board Designated Endowment Funds**

Donations to the Foundation and investment earnings thereon that are not either (1) restricted by the donor to specific uses or (2) made subject by the donor to spending limitations shall be subject to the restrictions set forth in this Section I. Such non-donor restricted funds (collectively, "Board Designated Endowment Funds") shall be segregated on the books and records of the Foundation and invested subject to any applicable investment policies as may established by the Board of Directors of the Foundation.

No distributions of income or principal of Board Designated Endowment Funds shall be made until (a) the Board Designated Endowment Funds reach a cumulative aggregate fair market value of no less than five million dollars (\$5,000,000), or, if earlier, (b) five (5) years from the date the first Board Designated Endowment Funds are received by the Foundation (the first to occur of the foregoing shall be known as the "5&5 Date"). Beginning with the first calendar year after the 5&5 Date and each year thereafter, the Foundation shall distribute to the Metropolis annually no less than twenty-five percent (25%) of the net income of the Foundation earned in the previous calendar year ("Metropolis Distribution"). The annual Metropolis Distribution shall be paid no less frequently than quarterly and shall be paid no later than the fifteenth (15th) day of January, April, July and October, or in more frequent installments if the Metropolis and the Foundation mutually agree. For purposes of this paragraph, "net income" shall mean the money or property derived from the use of the principal less expenses incurred.

#### **II. Donor Restricted Funds**

Donations to the Foundation made subject to a written agreement with the donor ("Donor Agreement") that restricts either the use or spending of the contributed funds and/or the investment earnings thereon (collectively, "Donor Restricted Funds") shall be subject to the restrictions set forth in this Section II. Donor Restricted Funds at all times shall be administered in accordance with ( 1) the applicable Donor Agreement and (2) the Illinois Uniform Prudent Management of Institutional Funds Act.

III. III. Modification

This Spending Policy may be modified by resolution of the Board of the Foundation with the written consent of the Metropolis Council.

IV. Adoption of Investment Policy Statement

The Investment Committee has reviewed, approved and adopted this Investment Policy Statement.

  
\_\_\_\_\_  
John Koudounis  
Investment Committee Member

12/4/2023  
Date

  
\_\_\_\_\_  
Bill Spell  
Investment Committee Member

12/4/2023  
Date

  
\_\_\_\_\_  
Evonne Sepsis  
Investment Committee Member

12/4/2023  
Date

  
\_\_\_\_\_  
Metropolitan Nathanael  
Investment Committee Member

12/4/2023  
Date