

## FOUNDATION OF THE EPISCOPAL DIOCESE OF EAST CAROLINA

During 2021 the Foundation continued to fulfill its mission of investing and managing funds entrusted to it. We continue to be blessed by the many individuals who have made the decision to include the Diocese in their estate planning over the years. These endowments have continued to grow and are providing an annual source of income to many programs in the Diocese. The Foundation ended 2021 with total assets in its portfolio of \$ 19,334,463.

\$ 10,468,489 of this is held and invested by the Foundation on behalf of the 19 churches, Diocese and Trinity Center who have entrusted the investment of their funds with the Foundation.

\$ 1,335,606 of this is managed by the Foundation to provide an annual source of income to various churches in the Diocese.

\$ 5,725,088 represents Foundation assets that are used to fund a portion of the Diocesan budget each year including Trinity Center.

The remaining \$ 1,805,280 is used to fund grants throughout the Diocese each year based on grant requests submitted.

The Foundation board of directors along with its professional investment manager, Paul Elam of Raymond James, meet quarterly each year to review its portfolio. 2021 was another excellent year for the Foundation's investment portfolio, with a return of +12.96% for the year. In many ways, it was a continuation of the relief rally that began for stocks in early 2020. Going into the year, stocks rallied on optimism of a fully re-opened economy. Unfortunately, the Delta and Omicron COVID variants prevented that from fully happening in 2021. Large cap domestic stocks still performed well, but other equities like small-cap and international stocks lagged. Fixed income investments were negative for the year. As we enter 2022, investors have more to worry about than just COVID. Inflation has turned out not to be "transitory" as many pundits had labeled it, and the Federal Reserve must begin to fight it. That means less stimulus for markets and interest rates look to be moving higher. While this is a headwind for stocks, it doesn't mean they can't continue to do well—especially if the virus abates and the workforce normalizes. We have made adjustments to the portfolio to better reflect expectations of rising rates and potentially slowing returns in the coming months.

The Foundation awarded \$ 64,546 for grants in 2021 to St. James Belhaven, Church of the Servant Wilmington and Trinity Center.

The Foundation awarded \$ 74,193 for grants in in 2022 to Trinity Lumberton, St. Mark's Wilmington, Christ Church Elizabeth City, St. Paul's Wilmington, Church of the Advent Williamston and St. Christopher's Elizabethtown.

The Foundation approved \$ 201,174 from its designated funds to supplement various programs and expenses in the 2021 Diocesan budget. The Foundation has approved \$ 232,609 in support of the 2022 Diocesan budget. These distributions represent a 4.5% and 5.0% distribution respectively calculated on an average of fund balances over a 12-quarter period to smooth the highs and lows of the funds.

As stated previously, we have 19 churches, the Diocese and Trinity Center that have elected to invest their funds with the Foundation taking advantage of the investment expertise and low fee structure we are able to offer through Raymond James. Please contact us if you have any interest in investing your funds with us. The Foundation has a \$50,000 minimum to manage an independent church fund. The Foundation has a link on the Diocesan website where our investment management document is posted that describes this program and includes all the required forms. We have also posted our investment policy statement and quarterly investment reports.

We can continue to grow only through the graciousness of our Diocesan family. We encourage everyone to consider the Foundation in their estate planning to provide a perpetual source of income to the wonderful programs being done in our Diocese throughout eastern North Carolina.

Respectfully submitted by Hodges Hackney, Foundation President