



TEXAS DISTRICT CHURCH EXTENSION FUND

2019 OFFERING CIRCULAR ADDENDUM

At the November 2019 Board for Church Extension (BCE) and the November 2019 Texas District Board of Directors (Board of Directors) meeting, a new investment policy for Texas CEF was adopted. This policy changes the investing activities section on page 11 of the current Offering Circular. This addendum replaces the first two paragraphs of that page.

In the normal course of its operations Texas CEF carries liquidity, as required by policy, to meet investor withdrawal requests, fund loan commitments and pay expenses. The investment portfolio is managed by the Executive Director, receiving counsel from the Investment Committee and oversight by the BCE and Board of Directors.

The Investment Committee consists of the Texas CEF Executive Director, Texas CEF Director of Operations, the BCE Chair and BCE Vice Chair (or BCE designee as appointed by the Chair). The District Treasurer may act in an advisory capacity to the Investment Committee. The Investment committee meets at least every other month and assists Texas CEF's management regarding CEF's Investment Policy.

The BCE along with the Texas District Board of Directors approves the investment policy of Texas CEF. This policy allows for a conservative approach for investing. Texas CEF may invest in a combination of fixed income, equity and alternative investments. Some of these investments are selected to offset potential fixed income losses associated with rising interest rates and inflation and to generate a higher total return and yield. Texas CEF may also invest a portion of the funds with the Lutheran Church Extension Fund (LCEF) as outlined in the investment policy.

Texas CEF is not permitted to invest in derivative securities, investments contrary to the beliefs and tenants of our faith or any investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected.

Texas CEF has contracted with Graystone Consulting, a business of Morgan Stanley as an adviser for the portfolio. Graystone Consulting has been given the investment policy and is required to adhere to it. Monthly statements of activity from Graystone are reviewed by Texas CEF Management and periodic reports are reviewed by the Investment Committee, Board for Church Extension and the Texas District Board of Directors.

Texas District Church Extension Fund

Texas District of The Lutheran Church—Missouri Synod

7900 E US 290, Austin, TX 78724 | P: 512.646.1233 | TF: 888.951.1233 | www.TexasCEF.org | Invest@TexasCEF.org