



LIMITED MATURITY INCOME FUND Statement of Information

INTRODUCTION

The Colorado Episcopal Foundation operates two pooled investment funds that are designed as long-term investment vehicles. They are the Colorado Episcopal Foundation Equity Fund and the Colorado Episcopal Foundation Bond Fund. The Colorado Episcopal Foundation also operates another pooled investment fund that is designed as a lower risk income producing investment vehicle. It is the Colorado Episcopal Foundation **Limited Maturity Income Fund**.

This Statement of Information for the Colorado Episcopal Foundation Limited Maturity Income Fund describes the material terms of the operation of the Fund and should be thoroughly reviewed before an investment is made in the Fund.

Inasmuch as the operation of the Colorado Episcopal Foundation Equity and Bond Funds is substantially different from the operation of the Limited Maturity Income Fund the material terms of their operation are described in a separate document entitled The Colorado Episcopal Foundation Investment Funds Statement of Information dated March 15, 2007.

THE COLORADO EPISCOPAL FOUNDATION

The Colorado Episcopal Foundation is a charitable religious organization. A Board of Trustees that includes, among others, the Bishop of the Episcopal Diocese of Colorado, ultimately oversees its activities. The Foundation's day-to-day activities are managed by its President and executive staff.

It is the mission of the Colorado Episcopal Foundation to leverage the vision and resources of local congregations to build the Church in Colorado, helping men and women to be ever more effective witnesses to Christ in their communities.

The Colorado Episcopal Foundation accomplishes this mission by employing a variety of consulting and financial services. In this way, the Foundation helps to strengthen congregations while bringing financial stability to parishes and missions.

The financial and consulting services offered by the Foundation include planned giving services, various loan and grant programs, and investment

services. The investment services include the operation of the Investment Funds (that is, the Equity Fund and the Bond Fund) and the operation of the Limited Maturity Income Fund described in this Statement of Information.

THE LIMITED MATURITY INCOME FUND

The Colorado Episcopal Foundation operates a pooled investment fund that is designed as a lower risk income producing investment vehicle. It is the Colorado Episcopal Foundation Limited Maturity Income Fund. This Fund is distinctly separate from all other funds operated by the Colorado Episcopal Foundation, and in no way are the assets of the Fund commingled with the assets of any other fund operated by the Colorado Episcopal Foundation.

The Colorado Episcopal Foundation operates the Fund primarily for the benefit of the Episcopal Diocese of Colorado and its parishes and missions. Currently, many parishes and missions participate in the Fund along with the Diocese and the Foundation. Participation in the Fund is accomplished through the ownership of units (shares) in the Fund.

The ultimate responsibility for the operation of the Fund rests with the Foundation's Board of Trustees. The Colorado Episcopal Foundation Investment Committee was established to assist the Foundation's Board of Trustees with overseeing the operation of the Fund. The Committee also assists the Foundation's Board of Trustees with overseeing the operation of the Investment Funds (i.e. the Bond Fund and the Equity Fund).

THE INVESTMENT COMMITTEE

The Colorado Episcopal Foundation Investment Committee is composed of at least five but not more than seven qualified members. One member is appointed by the Bishop, with the remaining members appointed by the Foundation's Board of Trustees. As stated in the Foundation's by-laws, the chair of the committee will also be a member of the Foundation's Board of Trustees. Members of the Committee serve one-year terms and may be reappointed for successive one-year terms, with a maximum limit of six one-year terms. The Foundation's Board of Trustees annually designates a member of the Committee to be the Committee's Chairperson.

The Investment Committee is directly responsible to the Foundation's Board of Trustees. It is responsible for making safekeeping, management, and investment decisions of the Fund. It is also responsible for making recommendations to the Board as to any changes to the Fund's Statement of Investment Policy that it feels are in the best interests of the Fund and its participants.

The day-to-day investment activities of the Colorado Episcopal Foundation Limited Maturity Income Fund are managed by one or more investment advisors and/or managers chosen and retained by the Investment Committee. Such management may be in the form of mutual funds. The Committee acts as the liaison between the Board and any such managers and as such is responsible for the regular monitoring of such managers in relation to the Fund's investment policy and makes regular reports to the Foundation's Board.

INVESTMENT OBJECTIVES

It is recognized that there is always volatility in the investment markets and that investments can decline in value at any time. With this in mind, the preservation of capital and purchasing power is a primary objective of the Fund. Therefore, the Fund's investments will be of such quality and diversification so that over the long-term adverse or negative events from any single investment or group of investments will not materially impair the total capital invested by the Fund.

The Colorado Episcopal Foundation Limited Maturity Income Fund is a pooled investment fund seeking to provide current income and lower risk. Capital appreciation is a secondary consideration. The Limited Maturity Income Fund invests primarily in publicly traded fixed income securities and mutual funds that focus on fixed income investments. It is the goal of the Limited Maturity Income Fund to produce, over the long-term, a total return that equals or exceeds the total return of the Lehman Brothers 1-3 Year Government Bond Index on a risk-adjusted basis and a minimum total return that exceeds the rate of inflation by one percentage point.

RISK FACTORS

There are risks in all investments. The value of an investment may fluctuate and at times the current value of an investment may be less than the amount of the original investment. The principal risk factor associated with an investment in the Colorado Episcopal Limited Maturity Income Fund is that the market value of the Fund's underlying investment holdings may decrease, resulting in a decrease in the value of the participant's investment.

The Colorado Episcopal Foundation can provide no guarantee that the Limited Maturity Income Fund will meet its investment objectives or that the value of an investment in the Fund will not decline.

There are risks in all investments including fixed income investments (bonds) like those in which the Fund invests. The risks of fixed income investments include interest rate risk, the risk of default (credit risk), liquidity risk, and prepayment risk. As a lower risk income producing investment, the Limited

Maturity Income Fund attempts to control these risks in a variety of ways. The two primary risk reduction methods that the Fund employs are to limit the average maturity of the bonds in which it invests and to maintain a higher average quality rating of the bonds in which it invests. These methods will likely result in the Limited Maturity Income Fund having a lower risk than the Colorado Episcopal Foundation Equity or Bond Funds; however, they will not eliminate all risk.

WHO SHOULD INVEST IN THE FUND

An investment in the Colorado Episcopal Foundation Limited Maturity Fund can be made by any qualified charitable organization, at the discretion of the Foundation's Board of Trustees. **Individuals cannot invest in the Funds.** Generally, any parish, mission or other Diocesan institution within the Episcopal Diocese of Colorado may invest the assets of their general endowment or other funds in the Colorado Episcopal Foundation Limited Maturity Income Fund. This is not to say that an investment in the Colorado Episcopal Foundation Limited Maturity Income Fund is necessarily an appropriate investment for all parishes and missions within the Episcopal Diocese of Colorado.

Before investing in the Colorado Episcopal Foundation Limited Maturity Income Fund an investor should thoroughly review this Statement of Information and carefully consider not only the specific and unique nature of the funds to be invested but also the risks associated with an investment in the Fund.

The Colorado Episcopal Foundation Limited Maturity Income Fund is intended to be used by investors seeking current income. The long-term growth of capital generated by the Limited Maturity Income Fund, if any, will be minimal. The Limited Maturity Income Fund invests primarily in publicly traded fixed income securities (bonds) and mutual funds that focus on fixed income investments. As discussed above, even though the Fund is likely a lower risk investment alternative than the Colorado Episcopal Foundation Equity or Bond Funds, it does have a meaningful level of risk. Therefore, **investors in the Limited Maturity Income Fund must be prepared to accept the level of risk generally attributed to shorter term fixed income investments.**

HOW AN INVESTMENT IN THE FUND CAN BE MADE

An investment in the Colorado Episcopal Foundation Investment Limited Maturity Income Fund can be requested at any time by forwarding a written request to the Foundation accompanied by the funds to be invested. A request to purchase units must be fully funded and received by the

Foundation before 12:00 Noon in order to begin earning income the next business day.

Requests to purchase units must be made in writing and must clearly indicate the exact amount to be invested. To avoid confusion it is required that the request be made on a Buy or Sell Form provided by the Foundation. A properly executed Account Resolution Form must also accompany an initial purchase. **Any initial purchase must be no less than \$1,000.**

HOW AN INVESTMENT IN THE FUND CAN BE SOLD

An investment in the Colorado Episcopal Foundation Investment Limited Maturity Income Fund can be fully or partially sold at any time by forwarding a written request to the Foundation. A request to sell units must be received by the Foundation before 12:00 Noon in order to be processed that day. Otherwise it will be processed at the close of the next business day. The proceeds from a sale of units will generally be made available to the selling participant within three business days after processing. It is important to note that any participant account that is fully liquidated prior to the last business day of the month will not receive any income for that month.

Requests to sell units must be made in writing and must clearly indicate the exact number of units/dollar amount to be sold. To avoid confusion it is required that the request be made on a Buy or Sell Form provided by the Foundation. It is generally required that account balances be at least \$500.

HOW THE FUND'S UNIT PRICE IS DETERMINED

The Colorado Episcopal Foundation Limited Maturity Income Fund has a constant unit price of one dollar. Changes in the market value of the Fund's underlying investments are reflected at the end of each calendar month in the form of a principal value adjustment. More specifically, at each calendar month end any capital gains or losses realized, together with any change in the total unrealized gains or losses are apportioned to each participant's account based on each participant's average daily unit balance for the month. This principal value adjustment is shown on each participant's month end statement as an increase or decrease to each participant's unit holdings. It should be noted that in calculating the principal value adjustment the Colorado Episcopal Foundation relies on market values and other information provided by the Fund's custodian.

ABOUT INCOME

As previously mentioned the Colorado Episcopal Foundation Limited Maturity Income Fund seeks to provide its participants with current income. At the end of each calendar month the Fund's total investment income is determined by

totaling all dividend and interest payments received by the Fund during the month, any change in the Fund's accrued interest for the month, and the month's amortization of any premiums and/or accretion of any discounts. This total investment income is then reduced by the total of all expenses paid by the Fund during the month, resulting in the Fund's net investment income for the month. This net investment income is then apportioned to each participant's account based on each participant's average daily unit balance for the month. It is shown on each participant's month end statement as an increase or decrease to each participant's unit holdings. It should be noted that in calculating the net investment income the Colorado Episcopal Foundation relies on a variety of information provided by the Fund's custodian. **Any participant account that is fully liquidated prior to the last business day of the month will not receive any income for the month.**

ABOUT EXPENSES

No costs are incurred by participants in purchasing or selling units of the Colorado Episcopal Foundation Limited Maturity Income Fund or in maintaining a holding in the Fund. The Fund does, however, incur various expenses in the normal course of business. These expenses fall into two general categories, namely, transaction fees and operating expenses.

The transaction fees incurred by the Fund consist of the brokerage commissions, if any, that are paid to the firms that execute the actual purchase and sale transactions of the Fund's underlying investments. Transaction fees for purchases are added to the cost of the investment. Transaction fees for sales are deducted from the proceeds of the sale.

There are three primary types of operating expenses that may be incurred by the Fund and they are as follows:

Advisory Fees – These are the fees paid to the investment advisors and/or managers retained by the Fund to handle the day-to-day management of the Fund's investments and other matters. As mentioned in the income section, these fees are deducted from the investment income which is allocated to participants.

Administrative Fees – These are the fees paid to any providers of administrative services to the Fund. These services consist mainly of the ongoing recordkeeping associated with monthly pricing and participant accounting. **Currently the Fund pays no administrative fees; they are absorbed by the Foundation.**

Custodial Fees – These are the fees, if any, that are paid to the firms that provide the Fund with custodial and/or safekeeping services.

The Colorado Episcopal Foundation receives no payment of any kind for any services that it might provide to or on behalf of the Fund.

THE FUND'S INVESTMENT MANAGERS

The Foundation's Board of Trustees, on the recommendation of the Investment Committee, has chosen to invest the assets of the Colorado Episcopal Foundation Limited Maturity Income Fund in two professionally managed no-load mutual funds and a short-term US treasury money market account. Roughly 80 percent of the assets of the Fund are invested in the two mutual funds and the remaining 20 percent invested in a short-term US treasury money market account. Both mutual funds invest in a diversified portfolio of short- and intermediate-term, investment-grade debt securities.

THE FUND'S ADMINISTRATIVE SERVICES PROVIDERS

As the operator of the Fund, the Foundation provides the Fund with a variety of administrative services. These services include all recordkeeping associated with monthly pricing and participant accounting, as well as all "Participant Services," meaning that the Foundation is the only point of contact between the Fund and the participants. It should be noted, however, that the **Colorado Episcopal Foundation receives no payment of any kind for any services that it might provide to or on behalf of the Fund.**

THE FUND'S CUSTODIAN

The assets of the Colorado Episcopal Foundation Limited Maturity Income Fund are custodied with Colorado State Bank and Trust. The Fund pays a nominal fee to Colorado State Bank and Trust for the custody services that it provides.

The Fund's custodian has been recommended by the Investment Committee and approved by the Board of Trustees and has been deemed to provide superior service and adequate protection and safekeeping of the Fund's assets.

PARTICIPANT REPORTING

Participants in the Colorado Episcopal Foundation Limited Maturity Income Fund receive a monthly statement showing their investment in each Fund. The statements include any deposits or withdrawals made during the month, income earned during the month, the month's principal value adjustment, and the value of the participant's investment in the Fund at both the beginning and end of the month.

Additionally, each participant receives a quarterly Investment Summary Sheet for the Fund that provides a snapshot of the Fund's investment holdings, investment performance, and other information.

HOW CAN THE FUND BE CONTACTED

The Colorado Episcopal Foundation Investment Funds can only be contacted through the offices of the Colorado Episcopal Foundation, which are as follows:

The Colorado Episcopal Foundation
1300 Washington Street
Denver, Colorado 80203
(303) 534-6778
Attn: Scott Asper, Finance Director

ADDITIONAL INFORMATION

A variety of additional information regarding the Colorado Episcopal Foundation Limited Maturity Income Fund is available and should be considered an integral part of this Statement of Information. Such additional information can be requested from the Foundation at no cost and includes the following:

Quarterly Investment Summary Sheet for the Fund
The Limited Maturity Income Fund's Statement of Investment Policy
Biographical information on the Foundation's Trustees
Biographical information on the Investment Committee

Amended: **March 15, 2007**