

## **Part 2A of Form ADV: *Firm Brochure***

### **Everence Capital Management, Inc.**

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This brochure provides information about the qualifications and business practices of Everence Capital Management, Inc. If you have any questions about the contents of this brochure, please contact Philip R. Zimmerman, Chief Compliance Officer, at (800) 348-7468 or (574) 533-9511. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.

Additional information about Everence Capital Management, Inc. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). You can search this site by a unique identifying number, known as a CRD number. Our firm's CRD number is 105675.

**This Brochure was prepared on March 30, 2012**

## **Item 2      Material Changes**

The following changes were made to the brochure since March 30, 2011:

- In May of 2011, MMA Praxis Mutual Funds changed its name to Praxis Mutual Funds.
- The brochure was reformatted for easier readability.

<b>Item 3</b>	<b>Table of Contents</b>	<b>Page</b>
Item 1	Cover Page.....	1
Item 2	Material Changes .....	2
Item 3	Table of Contents .....	3
Item 4	Advisory Business .....	4
Item 5	Fees and Compensation .....	5
Item 6	Performance-Based Fees and Side-By-Side Management.....	7
Item 7	Types of Clients .....	7
Item 8	Methods of Analysis, Investment Strategies and Risk of Loss .....	7
Item 9	Disciplinary Information .....	9
Item 10	Other Financial Industry Activities and Affiliations.....	9
Item 11	Code of Ethics, Participation or Interest in Client Transactions and Personal Trading .....	11
Item 12	Brokerage Practices .....	14
Item 13	Review of Accounts .....	15
Item 14	Client Referrals and Other Compensation .....	15
Item 15	Custody .....	16
Item 16	Investment Discretion.....	16
Item 17	Voting Client Securities .....	16
Item 18	Financial Information .....	17

## Item 4      **Advisory Business**

Everence Capital Management, Inc. ("Everence", "the firm", "our", or "we") is a SEC-registered investment adviser with its principal place of business located in Goshen, Indiana. Everence Capital Management, Inc. has provided these services since 1990. The firm's sole owner is Everence Holdings, Inc.

Everence Capital Management, Inc. offers the following advisory services to our clients.

### **INVESTMENT SUPERVISORY SERVICES ("ISS")**

#### *Individual Portfolio Management*

Our firm provides continuous and non-continuous advice to a client regarding the investment of client funds based on the individual needs of the client. Through personal discussions in which goals and objectives based on a client's particular circumstances are established, we develop a client's personal investment policy and create and manage a portfolio based on that policy. During our data-gathering process, we determine the client's individual objectives, time horizons, risk tolerance, and liquidity needs. As appropriate, we also review and discuss a client's prior investment history, as well as family composition and background.

We manage these advisory accounts on a discretionary basis. Account supervision is guided by the client's stated objectives (i.e., maximum capital appreciation, growth, income, or growth and income), as well as tax considerations.

Clients may impose reasonable restrictions on investing in certain securities, types of securities, or industry sectors.

Our investment recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company and will generally include advice regarding the following securities:

- Exchange-listed securities
- Securities traded over-the-counter
- Foreign issuers
- Corporate debt securities (other than commercial paper)
- Commercial paper
- Certificates of deposit
- Municipal securities
- Mutual fund shares
- United States governmental securities
- Futures contracts on intangibles
- Investment Advisor for Praxis Mutual Funds

Because some types of investments involve certain additional degrees of risk, they will only be implemented when consistent with the client's stated investment objectives, tolerance for risk, liquidity and suitability.

#### *Mutual Fund Portfolio Management*

Our firm provides discretionary portfolio management services to clients using model asset allocation portfolios. Each model portfolio is designed to meet a particular investment goal. Everence Capital Management, Inc. provides these services to the Praxis Mutual Funds (the "Funds"), mutual funds registered under the Investment Company Act of 1940.

As the investment manager to the Funds, Everence Capital Management, Inc. is responsible for developing, constructing and monitoring the asset allocation and portfolio management for the Funds. We believe that an investment's reward and risk characteristics can be enhanced by employing multiple sub-advisory firms to manage the assets of the Fund. Through a blending of sub-advisory firms, or managers, with complementary styles and approaches, Everence Capital Management, Inc. manages the Funds in a "manager of managers" approach by selecting and overseeing multiple sub-advisers who manage using a distinct investment style for select segments of the Fund's assets.

The sub-advisers selected by our firm adhere to strict investment disciplines, with the objective of achieving reduced risk through increased diversification, as well as greater consistency of results. Important elements of our oversight include periodic rebalancing employed to ensure an appropriate mix of elements in the Fund, and ongoing evaluation of the sub-advisers to ensure they do not deviate from the Fund's stated investment objective or strategies.

We consider a wide range of factors in evaluating each sub-adviser including, but not limited to, past investment performance during various market conditions, investment strategies and processes used, structures of portfolios and risk management procedures, reputation, experience and training of key personnel, correlation of results with other sub-advisers and assets under management.

Interested investors should refer to the Fund's prospectus and Statement of Additional Information ("SAI") for important information regarding objectives, investments, time-horizon, risks, fees, and additional disclosures. These documents are available on-line at [www.praxismutualfunds.com](http://www.praxismutualfunds.com).

Prior to making any investment in the Funds, investors and prospective investors should carefully review these documents for a comprehensive understanding of the terms and conditions applicable for investment in the Funds.

## **CONSULTING SERVICES**

Clients can also receive investment advice on a more focused basis. This may include advice on only an isolated area(s) of concern such as estate planning, retirement planning, or any other specific topic. We also provide specific consultation and administrative services regarding investment and financial concerns of the client.

Consulting recommendations are not limited to any specific product or service offered by a broker-dealer or insurance company. All recommendations are of a generic nature.

## **AMOUNT OF MANAGED ASSETS**

As of 12/31/2011 we were actively managing \$406,431,848 of clients' assets on a discretionary basis and overseeing \$330,350,625 of clients' assets being managed by third-party sub-advisers.

## **Item 5 Fees and Compensation**

### **INVESTMENT SUPERVISORY SERVICES**

#### Individual Portfolio Management Fees

Our annual fees for Investment Supervisory Services are based upon a percentage of assets under management and generally range from **.055%** to **1.2%**.

Clients are invoiced in arrears monthly based upon the value (market value or fair market value in the absence of market value, plus any credit balance or minus any debit balance), of the client's account at the end of the previous billing period.

A minimum of **\$500,000** of assets under management is required for this service. This account size may be negotiable under certain circumstances. Everence Capital Management, Inc. may group certain related client accounts for the purposes of achieving the minimum account size and determining the annualized fee.

**Limited Negotiability of Advisory Fees:** Although Everence Capital Management, Inc. has established the aforementioned fee schedule(s), we retain the discretion to negotiate alternative fees on a client-by-client basis. Client facts, circumstances and needs will be considered in determining the fee schedule. These include the complexity of the client, assets to be placed under management, anticipated future additional assets; related accounts; portfolio style, account composition, reports, among other factors. The specific annual fee schedule will be identified in the contract between the adviser and each client.

We may group certain related client accounts for the purposes of achieving the minimum account size requirements and determining the annualized fee.

Discounts, not generally available to our advisory clients, may be offered to family members and friends of associated persons of our firm.

#### Mutual Fund Portfolio Management Fees

Everence Capital Management, Inc. charges an asset-based fee for this service. The fee arrangement, termination, and refund policies are described in the Fund's prospectus and Statement of Additional Information.

Portfolio management clients of our firm who also invest in the Praxis Mutual Funds will pay only those fees charged to investors by the Fund, i.e., the value of the client's investment in the Fund is excluded from our quarterly portfolio management fee calculation.

### **CONSULTING SERVICES FEES**

Everence Capital Management, Inc.'s Consulting Services fee will be determined based on the nature of the services being provided and the complexity of each client's circumstances. All fees are agreed upon prior to entering into a contract with any client.

Our Consulting Services fees are charged as a percentage of assets under advisement by our firm, typically ranging from **.055%** to **1.2%** of assets under review, depending on the nature and complexity of each client's circumstances, and upon mutual agreement with the client. The client will be billed in arrears on a monthly basis as earned.

### **GENERAL INFORMATION**

**Termination of the Advisory Relationship:** A client agreement may be canceled at any time, by either party, for any reason upon receipt of 30 days written notice, or without penalty within five business days of its execution.

**Mutual Fund Fees:** All fees paid to Everence Capital Management, Inc. for investment advisory services are separate and distinct from the fees and expenses charged by mutual funds and/or EFTs to their shareholders. These fees and expenses are described in each fund's prospectus. These fees will generally include a management fee, other fund expenses, and a possible distribution fee. If the fund also imposes sales charges, a client may pay an initial or deferred sales charge. A client could invest in a mutual fund directly, without our services. In that case, the client would not receive the services provided by our

firm which are designed, among other things, to assist the client in determining which mutual fund or funds are most appropriate to each client's financial condition and objectives. Accordingly, the client should review both the fees charged by the funds and our fees to fully understand the total amount of fees to be paid by the client and to thereby evaluate the advisory services being provided.

***Additional Fees and Expenses:*** In addition to our advisory fees, clients are also responsible for the fees and expenses charged by custodians and imposed by broker dealers, including, but not limited to, any transaction charges imposed by a broker dealer with which an independent investment manager effects transactions for the client's account(s). Please refer to the "Brokerage Practices" section (Item 12) of this Form ADV for additional information.

***Grandfathering of Minimum Account Requirements:*** Pre-existing advisory clients are subject to Everence Capital Management, Inc.'s minimum account requirements and advisory fees in effect at the time the client entered into the advisory relationship. Therefore, our firm's minimum account requirements will differ among clients.

***Advisory Fees in General:*** Clients should note that similar advisory services may (or may not) be available from other registered (or unregistered) investment advisers for similar or lower fees.

## **Item 6      Performance-Based Fees and Side-By-Side Management**

Everence Capital Management, Inc. does not charge performance-based fees.

## **Item 7      Types of Clients**

Everence Capital Management, Inc. provides advisory services to the following types of clients:

- Investment companies (including mutual funds)
- Corporations or other businesses not listed above

As previously disclosed in Item 5, our firm has established certain initial minimum account requirements, based on the nature of the service(s) being provided. For a more detailed understanding of those requirements, please review the disclosures provided in each applicable service.

## **Item 8      Methods of Analysis, Investment Strategies and Risk of Loss**

### **METHODS OF ANALYSIS**

We use the following methods of analysis in formulating our investment advice and/or managing client assets.

***Fundamental Analysis.*** We attempt to measure the intrinsic value of a security by looking at economic and financial factors (including the overall economy, industry conditions, and the financial condition and management of the company itself) to determine if the company is underpriced (indicating it may be a good time to buy) or overpriced (indicating it may be time to sell).

Fundamental analysis does not attempt to anticipate market movements. This presents a potential risk, as the price of a security can move up or down along with the overall market regardless of the economic and financial factors considered in evaluating the stock.

**Technical Analysis.** We analyze past market movements and apply that analysis to the present in an attempt to recognize recurring patterns of investor behavior and potentially predict future price movement.

Technical analysis does not consider the underlying financial condition of a company. This presents a risk in that a poorly-managed or financially unsound company may underperform regardless of market movement.

**Quantitative Analysis.** We use mathematical models in an attempt to obtain more accurate measurements of a company's quantifiable data, such as the value of a share price or earnings per share, and predict changes to that data.

A risk in using quantitative analysis is that the models used may be based on assumptions that prove to be incorrect.

**Qualitative Analysis.** We subjectively evaluate non-quantifiable factors such as quality of management, labor relations, and strength of research and development factors not readily subject to measurement, and predict changes to share price based on that data.

A risk in using qualitative analysis is that our subjective judgment may prove incorrect.

**Risks for all forms of analysis.** Our securities analysis methods rely on the assumption that the companies whose securities we purchase and sell, the rating agencies that review these securities, and other publicly-available sources of information about these securities, are providing accurate and unbiased data. While we are alert to indications that data may be incorrect, there is always a risk that our analysis may be compromised by inaccurate or misleading information.

## INVESTMENT STRATEGIES

We use the following strategy(ies) in managing client accounts, provided that such strategy(ies) are appropriate to the needs of the client and consistent with the client's investment objectives, risk tolerance, and time horizons, among other considerations.

**Long-term purchases.** We purchase securities with the idea of holding them in the client's account for a year or longer. Typically we employ this strategy when:

- we believe the securities to be currently undervalued, and/or
- we want exposure to a particular asset class over time, regardless of the current projection for this class.

A risk in a long-term purchase strategy is that by holding the security for this length of time, we may not take advantages of short-term gains that could be profitable to a client. Moreover, if our predictions are incorrect, a security may decline sharply in value before we make the decision to sell.

**Short-term purchases.** When utilizing this strategy, we purchase securities with the idea of selling them within a relatively short time (typically a year or less). We do this in an attempt to take advantage of conditions that we believe will soon result in a price swing in the securities we purchase.

## RISK OF LOSS

Securities investments are not guaranteed and you may lose money on your investments. We ask that you work with us to help us understand your tolerance for risk.



## Item 9 Disciplinary Information

We are required to disclose any legal or disciplinary events that are material to a client's or prospective client's evaluation of our advisory business or the integrity of our management.

Our firm and our management personnel have no reportable disciplinary events to disclose.

## Item 10 Other Financial Industry Activities and Affiliations

Certain management personnel of Everence Capital Management, Inc. are separately licensed as registered representatives of ProEquities, Inc., an unaffiliated broker-dealer. These individuals, in their separate capacity, can effect securities transactions for which they may indirectly receive separate, yet customary compensation.

Everence Capital Management, Inc. has arrangements that are material to its advisory business or its clients identified as follows:

1. Everence Capital Management operates under a common enterprise known as *Everence Financial*, which includes a broker-dealer, ***Everence Securities, Inc.***, who conducts business as a constructive receipt broker-dealer. Everence Securities is registered with FINRA, but does not have any registered representatives. Everence Securities' sole function is to receive commission overrides from ProEquities, Inc., a registered broker-dealer, relating to the sale of equities by the Everence distribution system.
2. Everence Capital Management is affiliated with *Everence Association, Inc.* *Everence Association* owns an interest in ***Qtrade, Inc.***, a Canadian company active as an investment advisor to the ***Meritas Mutual Funds***.
3. Everence Capital Management is advisor to ***Praxis Mutual Funds*** and subadvisor to ***ESG Managers Portfolios***, registered investment companies.
4. Everence Capital Management may provide indirect services to institutional clients of ***Everence Trust Company***, an investment adviser and a federally-chartered savings bank.

Everence Trust Company serves as investment adviser for The Mennonite Retirement Trust ("MRT") and has entered into an arrangement with MRT limiting its advisory fees to an agreed upon schedule. In order to assist Everence Trust Company in keeping the overall fees at the agreed upon schedule, Everence Capital Management, as investment adviser to Praxis Mutual Funds, has agreed to reimburse MRT for certain fees charged by Everence Trust Company.

5. Everence Capital Management is an affiliate of ***MMA Distribution, Inc.*** which provides financial planning services through its relationship with ProEquities, Inc.
6. ***Everence Insurance Company*** is an insurance company affiliated with Everence Capital Management.
7. ***Everence Association, Inc., a fraternal benefit society***, is affiliated with Everence Capital Management.
8. The assets of ***The Mennonite Foundation, Inc.***, ***Everence Association, Inc.*** and ***Everence Insurance Company***, are managed by some of the same individuals that provide services and manage assets for Everence Capital Management.

Everence Capital Management, Inc. and these individuals endeavor at all times to put the interest of the clients first as part of our fiduciary duty, clients should be aware that the receipt of additional compensation itself creates a conflict of interest, and may affect the judgment of these individuals when making recommendations.

## MUTUAL FUND

Everence Capital Management, Inc. previously disclosed in "Advisory Business" (Item 4) and "Fees and Compensation" (Item 5) of this brochure that our firm is the investment adviser to the Praxis Mutual Funds, an investment company registered under the Investment Company Act of 1940. We are related to the Funds through common control. Please refer to these items for a detailed explanation of this relationship and important conflict of interest disclosures.

For additional information, the Fund Prospectus and Statement of Additional Information are available on-line at: [www.praxismutualfinds.com](http://www.praxismutualfinds.com). Prospective investors should review these documents carefully before making any investment in the Fund.

As required, any affiliated investment advisers are specifically disclosed in Section 7.A. on Schedule D of Form ADV, Part 1. (Part 1 of our Form ADV can be accessed by following the directions provided on the Cover Page of this Firm Brochure.)

We are associated with Everence Federal Credit Union, a national credit union chartered under National Credit Union Association (NCUA) that offers a broad spectrum of banking products and financial services to consumers, small businesses and commercial clients.

In addition, the management persons and other employees of Everence Capital Management, Inc. are: (1) management persons and registered representatives of Everence Securities, Inc., a FINRA member broker-dealer; and, (2) management persons and insurance agents of MMA Distribution, Inc. a licensed insurance agency. These individuals may also be insurance agents for one or more insurance companies. In their separate capacities as registered representatives and/or insurance agents, these individuals are able to effect securities transactions and/or purchase insurance and insurance-related investment products for Everence Capital Management, Inc.'s advisory clients, for which these individuals will receive separate and additional compensation. Clients, however, are not under any obligation to engage these individuals when considering the purchase/sale of securities or insurance.

Management personnel of our firm, in their individual capacities, are agents for various insurance companies. As such, these individuals are able to receive separate, yet customary commission compensation resulting from implementing product transactions on behalf of advisory clients. Clients, however, are not under any obligation to engage these individuals when considering implementation of advisory recommendations. The implementation of any or all recommendations is solely at the discretion of the client.

Clients should be aware that the receipt of additional compensation by staff and representatives for Everence Capital Management, Inc. and its management persons or employees creates a conflict of interest that may impair the objectivity of our firm and these individuals when making advisory recommendations. Everence Capital Management, Inc. endeavors at all times to put the interest of its clients first as part of our fiduciary duty as a registered investment adviser; we take the following steps to address this conflict:

- we disclose to clients the existence of all material conflicts of interest, including the potential for our firm and our employees to earn compensation from advisory clients in addition to our firm's advisory fees;
- we disclose to clients that they are not obligated to purchase recommended investment products from our employees or affiliated companies;
- we collect, maintain and document accurate, complete and relevant client background information, including the client's financial goals, objectives and risk tolerance;

- our firm's management conducts regular reviews of each client account to verify that all recommendations made to a client are suitable to the client's needs and circumstances;
- we require that our employees seek prior approval of any outside employment activity so that we may ensure that any conflicts of interests in such activities are properly addressed;
- we periodically monitor these outside employment activities to verify that any conflicts of interest continue to be properly addressed by our firm; and
- we educate our employees regarding the responsibilities of a fiduciary, including the need for having a reasonable and independent basis for the investment advice provided to clients.

## **Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Everence Capital Management, Inc. and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by sending an email to [linda.brock@everence.com](mailto:linda.brock@everence.com) or by calling us at (574) 533-9511.

As previously disclosed in this brochure, Everence Capital Management, Inc. is the investment adviser to a mutual fund. Please refer to "Advisory Business" (Item 4) and "Fees and Compensation" (Item 5) for a detailed explanation of this relationship and important conflict of interest disclosure.

Management and staff of Everence Capital Management provide investment and/or professional services to the following affiliated/associated companies:

- Everence Insurance Company
- The Mennonite Foundation, Inc.
- Everence Association, Inc.
- Everence Trust Company
- Everence Federal Credit Union

### ***Prohibited Conduct***

1. All persons affiliated with the Company are prohibited from engaging in, or recommending, any securities transaction which places their own interests above that of any Fund. Similarly, all affiliated persons<sup>1</sup> are prohibited from recommending any securities transaction, with certain exceptions, by any Fund without disclosing his or her interest, if any, in such security or its issuer, including without limitation:
  - a. any direct or indirect beneficial ownership of any securities or such issuer;

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<sup>1</sup> Affiliated persons are all directors, officers, and employees of Everence Capital Management, Inc. (and of affiliated companies) who in connection with his or her regular functions or duties, makes, participates in or obtains information regarding the purchase or sale of any security by a Fund or whose functions relate to the making of recommendations with respect to such purchases or sales.

- b. any contemplated transaction by such person in such securities;
  - c. any position with such issuer or its affiliates; and
  - d. any present or proposed business relationship between such issuer or its affiliates and such person or any party in which such person has a significant interest.
- 2. All affiliated persons are prohibited from divulging information about the Funds and about the Company that is confidential, unless it is properly within his or her duties to do so.
- 3. All affiliated persons are prohibited from engaging in any securities transaction, for their own benefit or the benefit of others, including the Funds, while in possession of material, non-public information concerning such securities.
- 4. All affiliated persons are prohibited from communicating material, non-public information concerning any security to others unless it is properly within his or her duties to do so.
- 5. All affiliated persons are prohibited from engaging in securities transactions that are not in compliance with applicable federal securities laws.

### ***Code of Ethics***

It shall be unlawful for any affiliated person of an investment adviser of a registered investment company in connection with the purchase or sale, directly or indirectly, by such person of a security held or to be acquired by such registered investment company:

- 1. To employ any device, scheme or artifice to defraud such registered investment company;
- 2. To make to such registered investment company any untrue statement of a material fact or omit to state to such registered investment company a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading;
- 3. To engage in any act, practice, or course of business which operates or would operate as a fraud or deceit upon any such registered investment company; or
- 4. To engage in any manipulative practice with respect to any such registered investment company.

### ***Prohibited Purchases and Sales***

- 1. No access person shall purchase or sell, directly or indirectly, any security which to her or his actual knowledge at the time of such purchase or sale:
  - a. is being considered for purchase or sale by a Fund; or
  - b. is being purchased or sold by a Fund.
- 2. No access person shall reveal to any other person (except in the normal course of his or her duties on behalf of a Fund) any information regarding securities transactions by the Fund or securities being considered for purchase or sale by a Fund.
- 3. No access person shall recommend any securities transaction by a Fund without having disclosed to the Chief Compliance Officer his or her interest, if any, in such securities or the issuer thereof, including without limitation (a) his or her direct or indirect beneficial ownership of any securities of such issuer, (b) any contemplated transaction by such person in such securities, (c) any position with such issuer or its affiliates, and (d) any present or proposed business relationship between such issuer or its affiliates,

on the one hand, and such person or any party in which such person has a significant interest, on the other; provided, however, that in the event the interest of such access person in such securities or issuer is not material to his or her personal net worth and any contemplated transaction by such person in such securities cannot reasonably be expected to have a material adverse effect on any such transaction by the Fund or on the market for the securities generally, such access person shall not be required to disclose his or her interest in the securities or issuer thereof in connection with any such recommendation.

4. No advisory person shall purchase any security, other than a municipal security, in an initial public offering.
5. No advisory person shall purchase any privately placed security without the prior approval of the Chief Compliance Officer or compliance designee.
6. No advisory person shall purchase or sell a security within a time period of five business days prior to or after the date on which a Fund purchases or sells that same security.
7. All access persons shall obtain the approval of the Chief Compliance Officer or compliance designee prior to purchasing or selling a security.
8. The "blackout" restrictions provided in this Code of Ethics shall not apply to the purchase and/or sale of securities by an advisory person that would otherwise violate the "blackout" restrictions solely because the transaction(s) coincided with trades by any Praxis index fund(s). However, the "blackout" restrictions shall continue to apply to all reconstitution periods applicable to any Praxis indexed fund(s).

### ***Exempted Transactions***

The prohibitions, the disclosure requirements and the approval requirements in the immediately preceding Section of this Code shall not apply to:

1. Purchases or sales affected in any account over which the access person or advisory person has no direct or indirect influence or control.
2. Purchases or sales with respect to transactions effected pursuant to an automatic investment plan. "Automatic Investment Plan" is defined as a program in which regular periodic purchases (or withdrawals) are made automatically in (or from) investment accounts in accordance with a predetermined schedule and allocation. An automatic investment plan includes a dividend reinvestment plan.

### ***Reporting***

1. We have established procedures for the maintenance of all required books and records.
2. We maintain a list of all reportable securities holdings for our firm and anyone associated with this advisory practice that has access to advisory recommendations ("access person"). These holdings are reviewed on a regular basis by our firm's Chief Compliance Officer or his/her designee.

### ***Sanctions***

Upon discovering a violation of this Code, the Company, or the Board of Trustees of the Fund, may impose such sanctions, as it deems appropriate, including, censure or suspension or termination of the violator's relationship with the Fund or with the Company.

As disclosed in the preceding section of this Brochure (Item 10), related persons of our firm are separately registered as securities representatives of a broker-dealer, investment adviser representatives of another registered investment adviser, and/or licensed as an insurance agent/broker of various insurance companies. Please refer to Item 10 for a detailed explanation of these relationships and important conflict of interest disclosures.

## **Item 12 Brokerage Practices**

Everence Capital Management has the authority to determine, without obtaining specific client consent, the securities, and the amounts of securities, to be bought and sold within an account, the broker or dealer to be used, and the commission rates to be paid. In selecting brokers, it retains the right to impose its ethical investment guidelines, which clients receive. The primary criteria for selecting brokers are the products, research and services the adviser receives. Broker's fees are comparable to other regional institutions. Everence Capital Management does not engage in any soft dollar arrangements.

We may aggregate our affiliate's trades with client transactions where possible and when compliant with our duty to seek best execution for our clients. In these instances, participating clients will receive an average share price and transaction costs will be shared equally and on a pro-rata basis. In the instances where there is a partial fill of a particular batched order, we will allocate all purchases pro-rata, with each account paying the average price. Our affiliates' accounts may be included in the pro-rata allocation.

Everence Capital Management's investment managers aggregate client orders for reasons including:

- when investment managers deem a particular security is appropriate for multiple clients;
- in order to obtain best execution for its clients, so long as doing so is consistent with the terms of Everence Capital Management's advisory agreement with each client for which trades are being aggregated.

Typically, Everence Capital Management is able to obtain lower commission rates on large share count trades versus small share count trades. When aggregating client orders, no advisory clients will be favored over any other client. For example, all clients will receive the average share price of all of Everence Capital Management's transactions of that security on that business day and will share transaction costs (e.g. commissions, SEC fees) pro rata based on each client's participation in the bunched transaction.

If the order is completely filled, shares will be allocated in accordance with the previously prepared Portfolio Adjustment spreadsheet. Participating client accounts will receive the average share price of all of Everence Capital Management's transactions of that security on that business day and will share transaction costs (e.g. commissions, SEC fees) pro rata based on each client's participation in the aggregated transaction.

If the order is only partially filled, shares will be allocated on a pro rata based on the Portfolio Adjustment spreadsheet, unless the pro rata amount allocated to an individual account is considered an uneconomic lot size, which we define as fewer than 25 shares. In such cases, these accounts may not participate in that day's allocation or may be completely filled before larger accounts are given their pro rata amount.

Funds and securities of clients whose orders are aggregated will be deposited with one or more banks or broker-dealers, and neither the clients' cash nor their securities will be held collectively any longer than is necessary to settle the purchase or sale in question on a

delivery versus payment basis; cash or securities held collectively for clients will be delivered out of the custodian bank or broker-dealer as soon as practicable following the settlement of the aggregated trade.

## **Item 13    Review of Accounts**

### **INVESTMENT SUPERVISORY SERVICES**

#### *Individual Portfolio Management*

Reviews: While the underlying securities within Individual Portfolio Management Services accounts are continually monitored, these accounts are reviewed periodically. Accounts are reviewed in the context of each client's stated investment objectives and guidelines. More frequent reviews may be triggered by material changes in variables such as the client's individual circumstances, or the market, political or economic environment.

These accounts are reviewed by portfolio managers.

Reports: In addition to the monthly statements and confirmations of transactions that clients receive from their broker-dealer, we provide periodic written reports summarizing account performance, balances and holdings.

#### *Mutual Fund Portfolio Management*

Reviews: Everence Capital Management, Inc. continually reviews and monitors the Fund's holdings in accordance with the investment objectives as detailed in the Funds' Prospectus.

Reports: Clients should refer to the Funds' Prospectus for information regarding regular reports to the Fund by Everence Capital Management, Inc.

### **CONSULTING SERVICES**

Reviews: While reviews may occur at different stages depending on the nature and terms of the specific engagement, typically no formal reviews will be conducted for Consulting Services clients unless otherwise contracted for. Such reviews will be conducted by the client's account representative.

Reports: Consulting Services clients will not typically receive reports due to the nature of the service.

## **Item 14    Client Referrals and Other Compensation**

It is Everence Capital Management, Inc.'s policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is Everence Capital Management, Inc.'s policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Everence Capital Management may directly compensate an Everence representative for a client referral. In any such case, Rule 206(4)-3 is strictly observed.

## **Item 15 Custody**

Our firm does not have actual or constructive custody of client accounts.

## **Item 16 Investment Discretion**

Clients may hire us to provide discretionary asset management services, in which case we place trades in a client's account without contacting the client prior to each trade to obtain the client's permission.

Our discretionary authority includes the ability to do the following without contacting the client:

- Determine the security to buy or sell; and/or
- Determine the amount of the security to buy or sell

Clients give us discretionary authority when they sign a discretionary agreement with our firm, and may limit this authority by giving us written instructions. Clients may also change/amend such limitations by once again providing us with written instructions.

## **Item 17 Voting Client Securities**

Everence Capital Management recognizes its legal and fiduciary responsibilities to vote proxies on behalf of clients and customers in a manner that is reasonably believed to be consistent with the client expectations and as set forth in established Stewardship Investing Core Values.

We vote proxies for all client accounts; however, clients always have the right to vote their own proxies. Clients can exercise this right by instructing us in writing to redirect proxies to the client or a designated proxy voting agent.

The Company has contracted with a third party proxy service as its research and proxy-voting agent for all proxies. In addition, the Company has established proxy voting guidelines consistent with established Stewardship Investing Core Values with which the service is required to comply in performing its proxy voting duties on behalf of the Company. The Company's proxy voting guidelines are available for inspection upon request or can be accessed at [www.everence.com](http://www.everence.com).

Clients may obtain a copy of our complete proxy voting policies and procedures by contacting Mark Regier by telephone (574-533-9511), e-mail ([mark.regier@everence.com](mailto:mark.regier@everence.com)), or by writing him at the address located on the front of this brochure.

Clients may request, in writing, information on how proxies for his/her shares were voted. We will promptly provide requested information to the client.

We will act on behalf of the client in legal proceedings involving companies, whose securities are held in the client's account(s), including, but not limited to, the filing of "Proofs of Claim" in class action settlements. If desired, clients may direct us to transmit copies of class action notices to the client or a third party. Upon such direction, we will make commercially reasonable efforts to forward such notices in a timely manner. In such event, the client will be solely responsible for processing such claims.



## **Item 18    Financial Information**

Everence Capital Management, Inc. has no additional financial circumstances to report.

Under no circumstances do we require or solicit payment of fees in excess of \$1,200 per client more than six months in advance of services rendered. Therefore, we are not required to include a financial statement.

Everence Capital Management, Inc. has not been the subject of a bankruptcy petition at any time during the past ten years.