



United Methodist Foundation of Louisiana

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225.346.1535 or 800.256.9317
www.umf.org

General Investment Objectives

The United Methodist Foundation of Louisiana serves as a fund manager for local churches and Methodist-related organizations throughout Louisiana. The Foundation also maintains gift accounts established by individual donors. Our overall investment objective is to provide the ministries and donors we serve with protection of principle through proper asset allocation, long-term growth through proper management, and minimization of costs by working together to achieve greater economies of scale.

Account Types

Accounts managed by the Foundation are classified as either *Custodial Accounts* (accounts managed for local churches or institutions) or *Gift Accounts* (permanent accounts established by individuals or institutions.)

Custodial Accounts

Funds belonging to a church or church-related organization (depositor institution) may be placed in a Custodial Account with the Foundation. Such accounts represent funds which are the property of the depositor institution establishing the account and which may be withdrawn by the institution. The responsibility of the Foundation is to manage those accounts on behalf of the depositor institutions in accordance with the Investment Management Agreements entered into by the parties and in keeping with this policy statement.

Custodial Accounts are established upon the Foundation's receipt of an Account Information Sheet together, with a check for the initial amount deposited and an Investment Management Agreement.

Gift Accounts

Gifts Accounts are established by donors who wish to establish an endowment style gift to provide income to their favorite United Methodist ministry. Donors may designate more than one ministry as a beneficiary. While such funds legally become the property of the Foundation, the income they generate will go to the ministry of the donor's choice.

Some accounts may be funded by a donor with instructions to begin distributing income immediately. Life Income gifts, such as a Charitable Gift Annuity or a Charitable Remainder Trust, are examples of deferred gifts. They provide income to the donor during their lifetime and then establish an endowment to provide income to the ministry of their choice in perpetuity.



Custodial Account Investment Options

Income Fund

The *Income Fund* operates like a simple savings account or a money market fund. Principal is guaranteed by the Foundation and a set rate of return is paid for each full day the funds are on deposit. Deposits and withdrawals may be made anytime without penalty. Rate of return is subject to change. The current rate can be found on the Foundation's website: www.umf.org or by calling 225.346.1535 or 800.256.9317.

The *Income Fund* invests in loans to United Methodist churches of the Louisiana Annual Conference, United States Government Obligations, Federal Agency Securities, and Corporate Bonds with an "A" rating or better.

Performance

Rate should compare favorably with 12-month CD rates, and/or money market rates.

Deposits:

Deposits begin earning interest from the first business day they are received by the Foundation. Interest is credited to your account on the last day of the quarter.

Withdrawals:

The Foundation will disperse funds from the Income Fund at any time provided written notice, with proper signature(s), is received by mail or fax at least 3 days prior to disbursement. Interest is paid for each full day the funds have been on deposit. Withdrawals of \$100,000.00 or more require a 5-day written notice.

Reporting/Fees

1. Statements will be mailed within 15 days of each quarter end.
2. Fees: None.

Balanced Fund

The *Balanced Fund* provides an opportunity to invest in a pooled fund designed to produce both growth and income. This objective is sought by investing 70% of the portfolio in diversified equities with the remainder of the portfolio invested in high quality short to intermediate-term bonds. Multiple outside professionals who follow a variety of management styles reflecting both growth and value manage the equities. The volatility of this portfolio is expected to be greater than an all bond portfolio, with the offsetting benefit of providing a real return in excess of the long-term inflation rate.

Performance

1. The fund should compare favorably to an index comprised of 70% Russell 3000 or Wilshire 5000 and 30% Lehman Government/Corporate Bond Index on a trailing three year basis.
2. The total return to the fund should exceed inflation as measured by the CPI by three to five percent as measured over a three to five year market period.



Deposits: First Day of Each Month

Deposits will be credited to this fund on the first day of the month following receipt. Checks should be mailed to the Foundation office several days prior to the end of the month or delivered on or before the last working day of any month. Deposits received at other times will be held in an interest bearing cash account until the 1st day of the next month.

Withdrawals: Last Day of Each Month

The Foundation will disperse funds at the end of each month, provided written notice is received at least 3 working days prior to the end of the month. This is the only time withdrawals may be made from this fund. To allow for an optimum return, we encourage depositors to wait until year-end to make withdrawals of income.

Reporting/Fees

1. Statements will be mailed within 15 days of each quarter end.
2. The Foundation shall be reimbursed for expenses incurred in the management of the Fund and shall receive a reasonable sum for defraying overhead and supervision costs incurred in the administration of invested funds.

Equity Fund

The *Equity Fund* provides an opportunity to seek maximum growth by investing in a diversified portfolio of equities. The target allocation of the fund is 95% to 99% equities with a maximum cash position of 5%. While this asset allocation increases the potential for high return over longer periods, it also increases the potential for increased volatility and significant loss of market value. Most churches and institutions should consider this fund for only a portion of their permanent endowment funds. Deposits may be made on a quarterly basis and withdrawals may be made on a semi-annual basis.

Performance

1. The fund should compare favorably to the Russell 3000 or Wilshire 5000 on a trailing three-year basis.
2. The total return to the fund should exceed inflation as measured by the CPI by five to eight percent as measured over a three to five year market period.

Deposits: First Day of Each Quarter

Deposits will be credited to this fund on the first day of the quarter following receipt. Checks should be mailed to the Foundation office several days prior to the end of the quarter or delivered on or before the last working day of any quarter. Otherwise, deposits will be held in an interest bearing cash account until the 1st day of the next quarter.



Withdrawals: Semi-Annually

The Foundation will disperse funds on June 30 and December 31 of each year, provided written notice is received at least 5 working days prior to the end of the year. This is the only time withdrawals may be made from this fund.

Reporting/Fees

1. Statements will be mailed within 15 days of each quarter end.
2. The Foundation shall be reimbursed for expenses incurred in the management of the Fund and shall receive a reasonable sum for defraying overhead and supervision costs incurred in the administration of invested funds.

Investment Restrictions

Socially Responsible Investments

The United Methodist Foundation of Louisiana makes a conscious effort to invest in institutions, companies, corporations, or funds whose practices are consistent with the goals outlined in the Social Principles of the United Methodist Church. Accordingly, the Foundation requires all investment managers to adhere to a policy of not purchasing bonds or equities of companies deriving more than 5% of their gross revenues from sales and/or manufacture of alcohol, tobacco, or munitions and other military related products. In addition, any company that derives its primary source of revenue from pornography, gambling or gaming profits, or predatory lending is prohibited.

The investment portfolio is broadly diversified across asset classes both domestic and international. Each professional manager employed by the Foundation follows strict disciplines in investing. Their adherence to investment guidelines is regularly reviewed by an independent investment consultant.