



8337 Jefferson Highway
Baton Rouge, LA 70809
(225)346 – 1535

INVESTMENT POLICY

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accounts represent funds which are the property of the depositor institution establishing the account and which may be withdrawn by the institution.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/investments or by calling 225.346.1535 or 225.387.8362.

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 money market rates offered by local banks.

Deposits:

Deposits begin earning interest from the first business day they are deposited 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 signatures, 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 60% of the portfolio in diversified equities with the remainder of the portfolio invested in high quality bonds and risk reduction assets. Multiple outside professionals who follow a variety of management styles reflecting both growth and value manage the equities.

Performance

1. The fund should compare favorably to an index comprised of 60% MSCI AC World and 40% Barclay's Capital Aggregate.
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.

Withdrawals:

The Foundation will disperse funds within 7 days of request, provided written notice is received at least 3 business days prior to the end of the month. The minimum withdrawal should be not less than \$500

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.

Impact Fund

The *Impact Fund* seeks to invest only in the equity of companies that build their business with ESG Investing (Environment, Social and Governance), important societal or environmental benefits that reflect the mission of the church. Research shows that these investments have outperformed other companies using negative screening (avoiding companies engaged in undesirable activities such as alcohol, tobacco or firearms) while creating a positive impact and long term value for churches.

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 Month

Deposits will be credited to this fund on the first day of the month following receipt.

Withdrawals:

The Foundation will disperse funds within 7 days of request, provided written notice is received at least 3 business days prior to the end of the month. The minimum withdrawal should be not less than \$500

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 10% 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.

United Methodist Foundation of Louisiana

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