

Key Reasons to Invest with the Foundation

The Foundation's investment program exceeds \$40,000,000. By pooling your funds with others, you gain:

1. Access to professional investment advice with regard to asset allocation and manager selection.
2. Reasonable fees, especially with regard to certain asset classes and socially responsible investing.
3. Access to managers and asset classes sometimes unavailable due to required minimums.
4. Support for planned giving and stewardship services provided to the Northern Illinois Conference on an ongoing basis.

The Foundation is a separate corporation from the Northern Illinois Annual Conference and receives no financial support from it.

The Foundation is supported by individual contributions, earned income and management fees charged on investment accounts.

Since 1949 the Foundation has assisted local churches and agencies in the Northern Illinois Conference multiply resources for ministry within their communities and beyond.

To Learn More...

For further information or to schedule a presentation, call the Foundation office at 312-346-9766x104, visit our web site at www.nicumf.org or send a query to info@nicumf.org



Ideas from your
United Methodist Foundation
to help you
multiply resources
for ministry.



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FUNDAMENTALS OF GIVING

Investment Opportunities

for
*Local Church
Funds*



**United Methodist Foundation
of Northern Illinois Conference, Inc.**

At some point almost every church has funds to invest. For instance...

- During a capital campaign.
- A member has left a gift to endow a scholarship fund.
- The church has sold a parsonage to fund a housing allowance for the pastor.
- A friend of the church has left a bequest to provide ongoing funds for building maintenance.

“Funds to invest” is money not needed immediately that earns income and grows in value. In short, for a period of time, you need this money to work for you!

There is much to consider as you explore investment options.

- Is this a long-term or a short-term investment?
- What is short-term? What is long-term?
- Do you need income from this investment on a regular basis?
- How can you be good stewards with the church's assets?

These are not easy decisions.

The factors to be considered are complex. The experience, expertise and reputation of the United Methodist Foundation can be valuable as you make investment decisions on behalf of your local church or agency.

By allowing the Foundation to assist, you free up the time of your pastor and laity to be engaged in ministry- including cultivating and securing additional gifts to enhance the mission of the church. In many cases, it is also helpful that the Foundation is at “arm's length” from the local church and its community. The Foundation's investment program provides continuity and avoids any concerns regarding conflict of interest.

Factors to consider when investing

What's New?

In order to decrease volatility, lower costs and increase returns over time, the Foundation has added these "Key Features" to its Investment Program

Index Funds in Efficient Asset Classes

In efficient asset classes, where it is very difficult for active managers to consistently exceed the appropriate benchmark, the Foundation is using index funds, customized in order to comply with socially responsible investment requirements. This will lower fees and increase returns, over time.

Additional Asset Classes

In order to add diversification the Foundation is adding several asset classes not used previously: international emerging markets, global bonds, TIPS (Treasury-Inflation Protected Securities), and real assets (real estate, oil, natural gas, and timber).

Three Well Diversified Election Options

Because of the high correlation between asset allocation and investment return, working with Hammond Associates, the Foundation has established a Conservative Fund, a Moderate Fund and an Aggressive Fund to meet various investment objectives.

Professionally Managed Accounts

Your local church or agency can benefit from a carefully developed, supervised and managed investment program. The Board of Directors of the Foundation employs a professional investment consultant, Hammond Associates Institutional Fund Consultants, Inc. of St. Louis, Missouri, which consults to more than \$50 billion of assets. Hammond Associates advises the Foundation as it develops an investment program offering competitive returns while adhering to the socially responsible investing guidelines of The United Methodist Book of Discipline.

Socially Responsible Investing

The United Methodist Foundation takes its directions from The United Methodist Book of Discipline which states that United Methodist related agencies (including foundations) make a conscious effort to invest in entities "consistent with the goals outlined in the Social Principles; and shall endeavor to avoid investments that appear likely, directly or indirectly, to support racial discrimination, violation of human rights, sweatshop or forced labor, gambling, or the production of nuclear armaments, alcoholic beverages or tobacco, or companies dealing in pornography." In its screening the Foundation uses the list of companies to hold and to avoid as prepared by the General Board of Pensions and Health Benefits.

Historical Returns

The Foundation selected Hammond Associates, in part because of its excellent record of returns with other clients including several other United Methodist foundations, colleges, universities and boards.

Hammond's excellent past performance as an investment consultant is demonstrated by the chart below:

Hammond Associates' Client Returns (Annualized) – All Institutional Portfolios¹

As of 12/31/2009	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Median	18.4	-0.6	4.1	5.2
Low	12.8	-2.0	3.5	4.7
High	22.7	0.3	4.7	5.7
Benchmark²	20.4	-1.9	2.0	1.5

¹ Past performance is no guarantee of future results.

² 70% S&P 500/30% Barclays Agg

Investment options through the United Methodist Foundation

The Foundation offers three long-term investment options to investors. All portfolios are well diversified among 10 asset classes- but in different proportions to reflect the fund objectives. These funds are most appropriate for groups investing for at least 3 years.

Conservative Fund

This fund is about two-thirds bonds and one-third stocks and real assets. The Conservative Fund provides the lowest volatility and highest expected income among the three funds. It also provides the lowest expected total return.

Moderate Fund

This fund maintains a traditional asset allocation, with 60% stocks and real assets and 40% bonds. This fund offers a moderate expected return and volatility. This is the Foundation's most commonly used investment option.

Aggressive Fund

This fund is about 85% stocks and real assets and 15% bonds. The Aggressive Fund offers the highest expected return but also the highest volatility. Its interest and dividend yield is relatively low.

Short-term Investment Option

For groups with funds to invest for less than 3 years, the Foundation offers a PIMCO Short Term Bond Fund (PTSHX) and a Money Market Fund through Charles Schwab. These accounts have low risk and are intended to be used for short-term funds which will be used within one to three years.

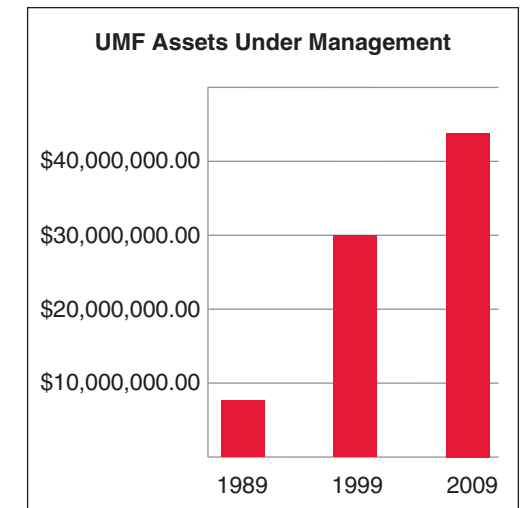
Fees on Investment Accounts

The chart below provides a breakdown of annual fees for each fund. Fees are charged quarterly.

	Conservative Fund	Moderate Fund	Aggressive Fund
Investment Consulting Fee	0.20%	0.20%	0.20%
Investment Manager Fees	0.36%	0.34%	0.32%
UMF Administrative Fee	0.50%	0.50%	0.50%
Annual Fee Totals	1.06%	1.04%	1.02%

The total annual fee for the PIMCO Short Term Fund is .69% and for the Money Market Fund .16%

Scope of the Investment Program of the United Methodist Foundation



United Methodist Foundation of Northern Illinois Conference, Inc.