

February 15, 2012

Rev. Harry Nicol, President  
 United Methodist Foundation  
 77 West Washington St., Suite 1820  
 Chicago, IL 60602

Dear Rev. Nicol:

Enclosed please find the United Methodist Foundation of Northern Illinois performance report for the month ending January 31, 2012. Global equity markets posted strong gains in January. Domestically, the S&P 500 rose 4.5% and the Russell 2000 index gained 7.1%. Overseas, the MSCI EAFE index returned 5.3% and emerging markets jumped 11.3%.

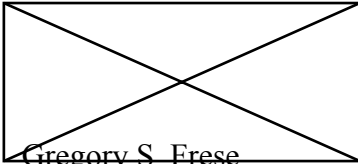
*Portfolio Market Value and Return*

Portfolio	Market Value 01/31/2012	1 Month (%)	QTD (%)	3 Month (%)	1 Yr (%)	3 Yr (%)	Since Inception (%)	Inception Date
UMF of No IL	\$45,386,726	4.2758	4.2758	2.9896	2.9736	14.8673	2.5124	02/08
Conservative	\$12,243,048	3.5032	3.5032	3.0428	5.9185	12.5705	6.0076	06/08
Moderate	\$25,356,260	4.4040	4.4040	3.0016	2.6104	14.6204	3.7232	06/08
Aggressive	\$7,787,419	5.1596	5.1596	3.3278	0.6203	16.7334	0.7886	06/08

Rev. Harry Nicol  
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If an address change is required, please let your consultant know, or you may email the information directly to [SLH-AddressChangesDL@mercerc.com](mailto:SLH-AddressChangesDL@mercerc.com). Please contact Paul Wilkin at 800-733-9802 if you have any questions regarding the enclosed report.

Sincerely,  
MERCER



Gregory S. Frese  
Head of US TPS Operations

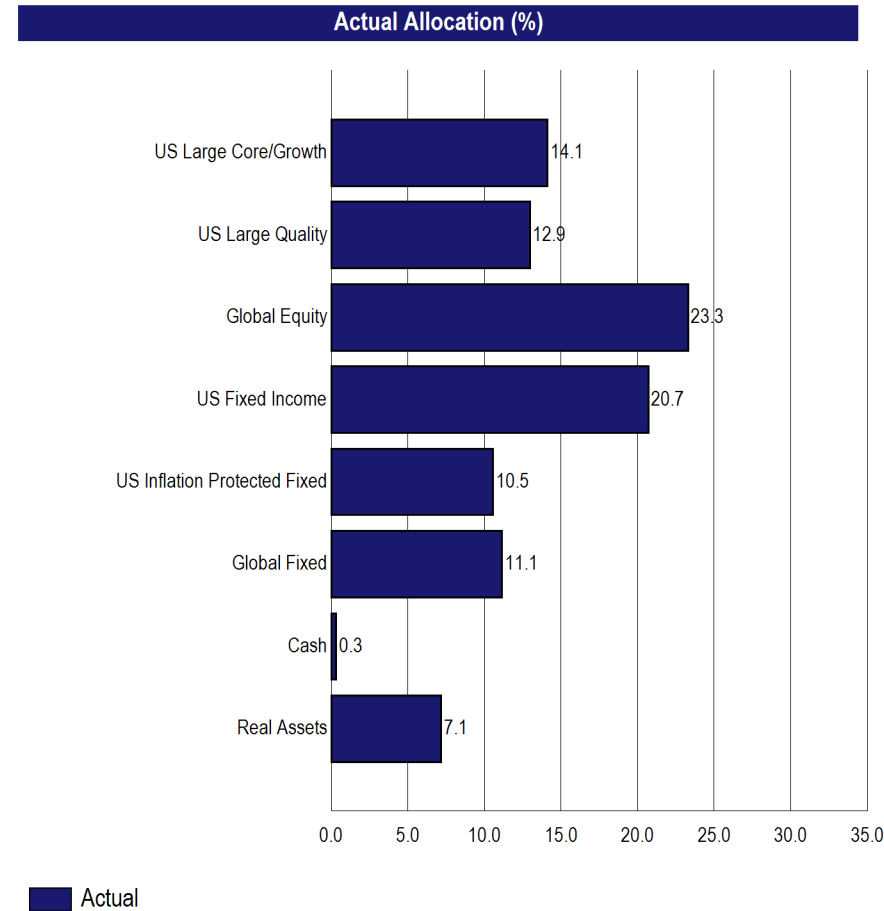
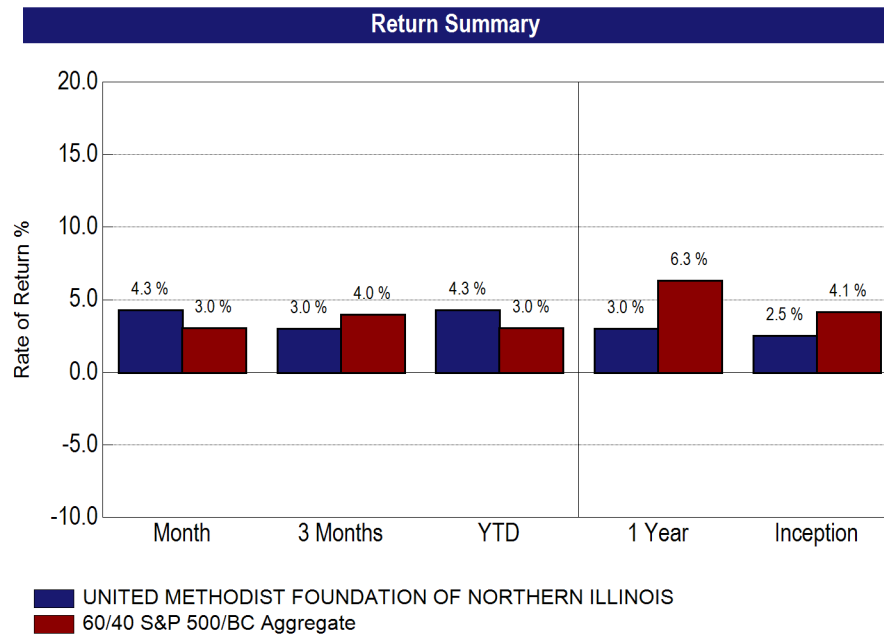
Enclosure: Monthly Performance Report

cc: Carolyn Cook

# UNITED METHODIST FOUNDATION OF NORTHERN ILLINOIS

Monthly Report for January 31, 2012

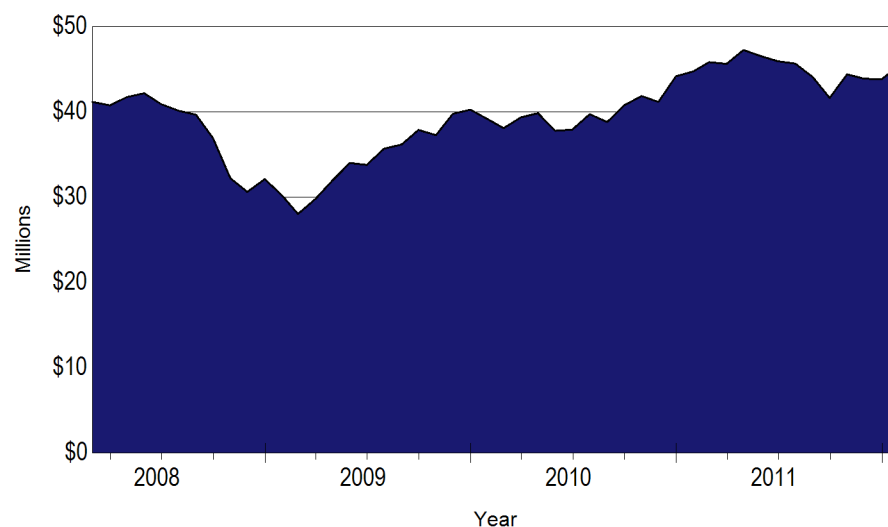
Sources of Portfolio Growth	Last Month
Beginning Market Value	\$43,810,780
Net Additions/Withdrawals	-\$299,814
Investment Earnings	\$1,875,760
Ending Market Value	\$45,386,726



# UNITED METHODIST FOUNDATION OF NORTHERN ILLINOIS

Monthly Report for January 31, 2012

## Market Value History



## RISK RETURN STATISTICS

July 01, 2008 Through January 31, 2012

**UNITED METHODIST  
FOUNDATION OF  
NORTHERN ILLINOIS**      **60% MSCI ACWI/ 40%  
Barclays Cap Agg**

### RETURN SUMMARY STATISTICS

Number of Periods	43	43
Maximum Return	7.69	7.27
Minimum Return	-14.07	-12.83
Annualized Return	3.10	2.79
Total Return	11.55	10.38
Annualized Excess Return Over Risk Free	2.89	2.59
Annualized Excess Return	0.30	0.00

### RISK SUMMARY STATISTICS

Beta	1.05	1.00
Upside Deviation	7.74	7.39

## Summary of Cash Flows

	Last Month	Last Three Months	Inception 2/29/08
Beginning Market Value	\$43,810,780	\$44,394,251	\$0
- Withdrawals	-\$299,814	-\$475,350	-\$9,814,094
+ Contributions	\$0	\$107,591	\$49,984,902
= Net Cash Flow	-\$299,814	-\$367,758	\$40,170,808
+ Net Investment Change	\$1,875,760	\$1,360,234	\$5,215,918
= Ending Market Value	\$45,386,726	\$45,386,726	\$45,386,726

# UNITED METHODIST FOUNDATION OF NORTHERN ILLINOIS

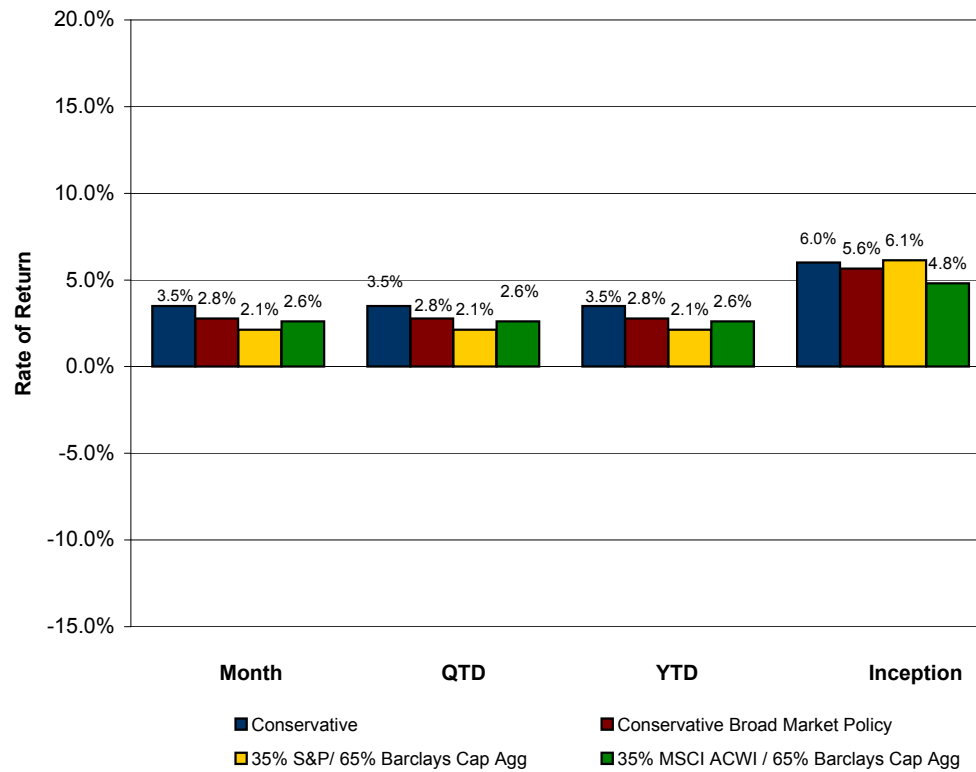
Monthly Report for January 31, 2012

## Composite Performance

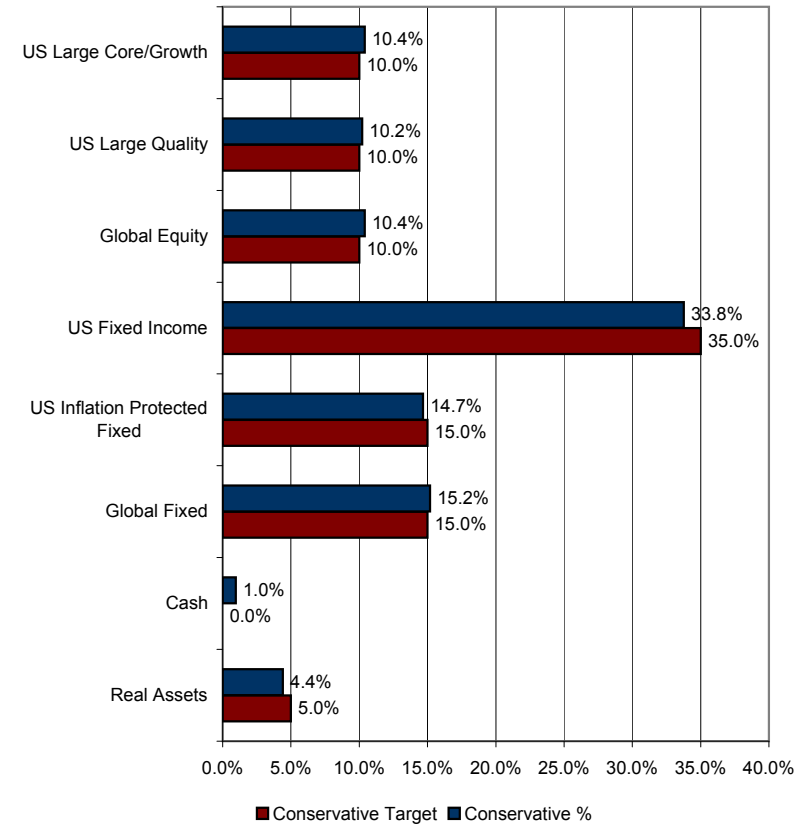
Name	Market Value (\$)	% of Portfolio	Ending January 31, 2012					Inception	
			1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	Return (%)	Since
<b>UNITED METHODIST FOUNDATION OF NORTHERN ILLINOIS</b>	<b>45,386,726</b>	<b>100.0</b>	<b>4.3</b>	<b>3.0</b>	<b>4.3</b>	<b>3.0</b>	<b>14.9</b>	<b>2.5</b>	<b>Feb-08</b>
<i>60/40 S&amp;P 500/BC Aggregate</i>			3.0	4.0	3.0	6.3	14.8	4.1	Feb-08
Capstone Domestic Equity (40% Large Core, 60% Large Growth)	6,390,624	14.1	5.6	5.4	5.6	5.0	20.6	2.7	Feb-08
<i>Russell 1000</i>			4.9	5.5	4.9	3.9	20.0	2.1	Feb-08
<i>Russell 1000 Growth</i>			6.0	5.6	6.0	6.1	22.3	4.5	Feb-08
Jensen Domestic Equity	5,863,437	12.9	4.1	4.9	4.1	3.7	16.0	4.3	Jun-08
<i>Dividend Achievers Select</i>			3.4	6.3	3.4	8.2	17.8	5.7	Jun-08
Capstone International Equity (80% Intl Large Core, 20% Emerging Mkts)	10,555,888	23.3	6.7	1.7	6.7	-7.9	16.4	-4.1	Feb-08
<i>S&amp;P ADR Index</i>			5.9	1.8	5.9	-7.6	16.1	-3.7	Feb-08
<i>MSCI Emerging Markets</i>			11.3	2.7	11.3	-6.6	27.2	-1.1	Feb-08
PIMCO Total Return III	9,383,378	20.7	2.4	3.1	2.4	5.4	10.0	8.8	Jun-08
<i>Barclays Capital Aggregate</i>			0.9	1.9	0.9	8.7	7.4	7.1	Jun-08
Vanguard Inflat Protected-Is	4,779,221	10.5	2.2	2.9	2.2	15.9	10.6	6.8	Jun-08
<i>Barclays Capital US TIPS</i>			2.3	3.1	2.3	15.9	10.6	7.2	Jun-08
Colchester Global Bond CTF	5,045,239	11.1	3.1	1.8	3.1	10.2	9.1	9.0	Jun-08
<i>Citigroup WGBI</i>			1.5	0.8	1.5	7.9	6.8	5.9	Jun-08
Money Market	125,608	0.3	0.0	0.0	0.0	0.0	0.0	0.3	Jun-08
<i>91 Day T-Bills</i>			0.0	0.0	0.0	0.0	0.1	0.2	Jun-08
Vanguard REIT ETF	349,531	0.8	6.4	7.3	6.4	11.9	32.8	6.5	Jun-08
<i>Dow Jones U.S. Select REIT Index</i>			6.4	7.1	6.4	12.4	32.7	5.3	Jun-08
iShares S&P North Amer Natural Resources	2,893,801	6.4	5.1	1.6	5.1	-6.7	19.0	-5.4	Jun-08
<i>S&amp;P North American Natural Resources Sector Index</i>			5.2	1.8	5.2	-6.1	19.7	-5.0	Jun-08

Conservative Composite

Return Summary



Actual vs Target Allocation (%)



UNITED METHODIST FOUNDATION OF NORTHERN ILLINOIS

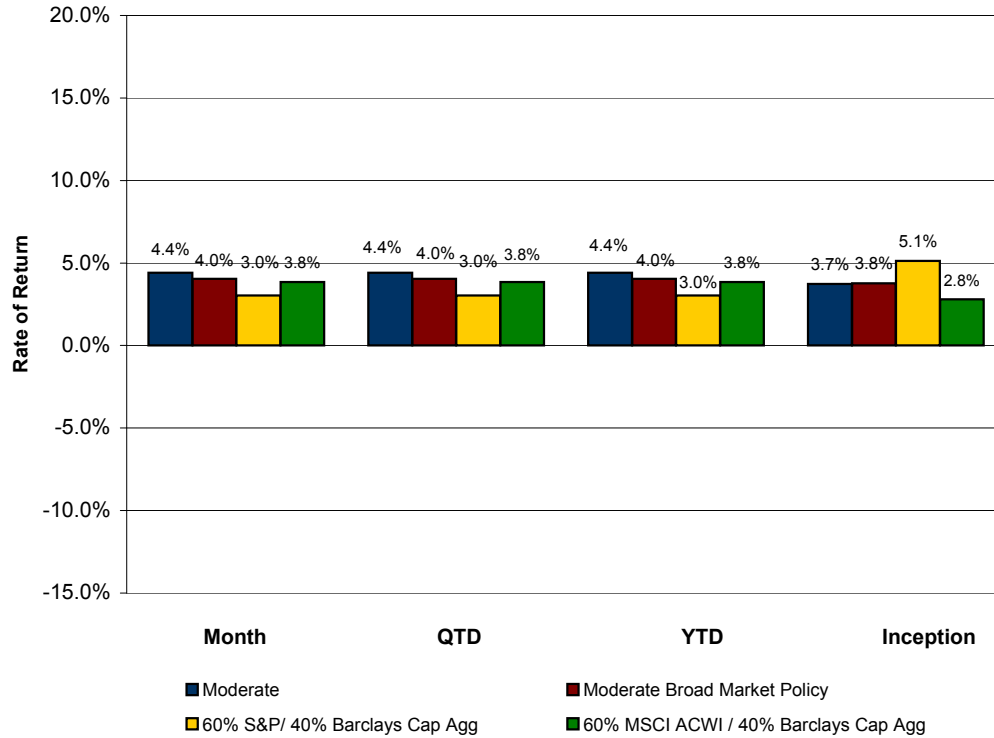
Monthly Report for January 31, 2012

Conservative Composite

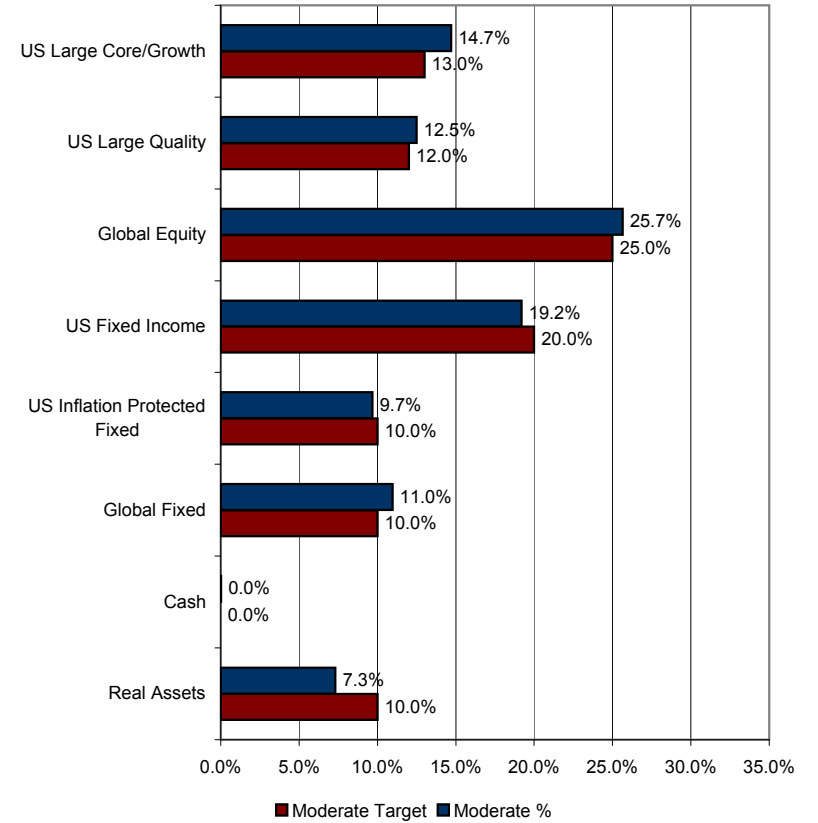
Name	Market Value(\$)	% of Portfolio	Period Ended January 31, 2012					Inception	
			1 Mo(%)	3 Mo(%)	YTD(%)	1 Yr(%)	3 Yrs(%)	Return(%)	Since
<b>UNITED METHODIST FOUNDATION OF NORTHERN ILLINOIS</b>	<b>12,243,048</b>	<b>100.0</b>	<b>3.5</b>	<b>3.0</b>	<b>3.5</b>	<b>5.9</b>	<b>12.6</b>	<b>6.0</b>	<b>Jun-08</b>
<i>Conservative Broad Market Policy</i>			2.8	2.8	2.8	7.5	13.1	5.6	Jun-08
<i>35% S&amp;P/ 65% Barclays Cap Agg</i>			2.1	3.1	2.1	7.4	11.8	6.1	Jun-08
<i>35% MSCI ACWI / 65% Barclays Cap Agg</i>			2.6	2.1	2.6	4.7	11.4	4.8	Jun-08
Capstone Domestic Equity (40% Large Core, 60% Large Growth)	1,272,618	10.4	5.6	5.4	5.6	5.0	20.6	2.7	Feb-08
<i>Russell 1000</i>			4.9	5.5	4.9	3.9	20.0	2.1	Feb-08
<i>Russell 1000 Growth</i>			6.0	5.6	6.0	6.1	22.3	4.5	Feb-08
Jensen Domestic Equity	1,251,010	10.2	4.1	4.9	4.1	3.7	16.0	4.3	Jun-08
<i>Dividend Achievers Select</i>			3.4	6.3	3.4	8.2	17.8	5.7	Jun-08
Capstone International Equity (80% Intl Large Core, 20% Emerging Mkts)	1,274,065	10.4	6.7	1.7	6.7	-7.9	16.4	-4.1	Feb-08
<i>S&amp;P ADR Index</i>			5.9	1.8	5.9	-7.6	16.1	-3.7	Feb-08
<i>MSCI Emerging Markets</i>			11.3	2.7	11.3	-6.6	27.2	-1.1	Feb-08
PIMCO Total Return III	4,135,011	33.8	2.4	3.1	2.4	5.4	10.0	8.8	Jun-08
<i>Barclays Capital Aggregate</i>			0.9	1.9	0.9	8.7	7.4	7.1	Jun-08
Vanguard Inflat Protected-Is	1,795,067	14.7	2.2	2.9	2.2	15.9	10.6	6.8	Jun-08
<i>Barclays Capital US TIPS</i>			2.3	3.1	2.3	15.9	10.6	7.2	Jun-08
Colchester Global Bond CTF	1,858,230	15.2	3.1	1.8	3.1	10.2	9.1	9.0	Jun-08
<i>Citigroup WGBI</i>			1.5	0.8	1.5	7.9	6.8	5.9	Jun-08
Money Market	117,220	1.0	0.0	0.0	0.0	0.0	0.0	0.3	Jun-08
<i>91 Day T-Bills</i>			0.0	0.0	0.0	0.0	0.1	0.2	Jun-08
iShares S&P North Amer Natural Resources	539,828	4.4	5.1	1.6	5.1	-6.7	19.0	-5.4	Jun-08
<i>S&amp;P North American Natural Resources Sector Index</i>			5.2	1.8	5.2	-6.1	19.7	-5.0	Jun-08

Moderate Composite

Return Summary



Actual vs Target Allocation (%)



UNITED METHODIST FOUNDATION OF NORTHERN ILLINOIS

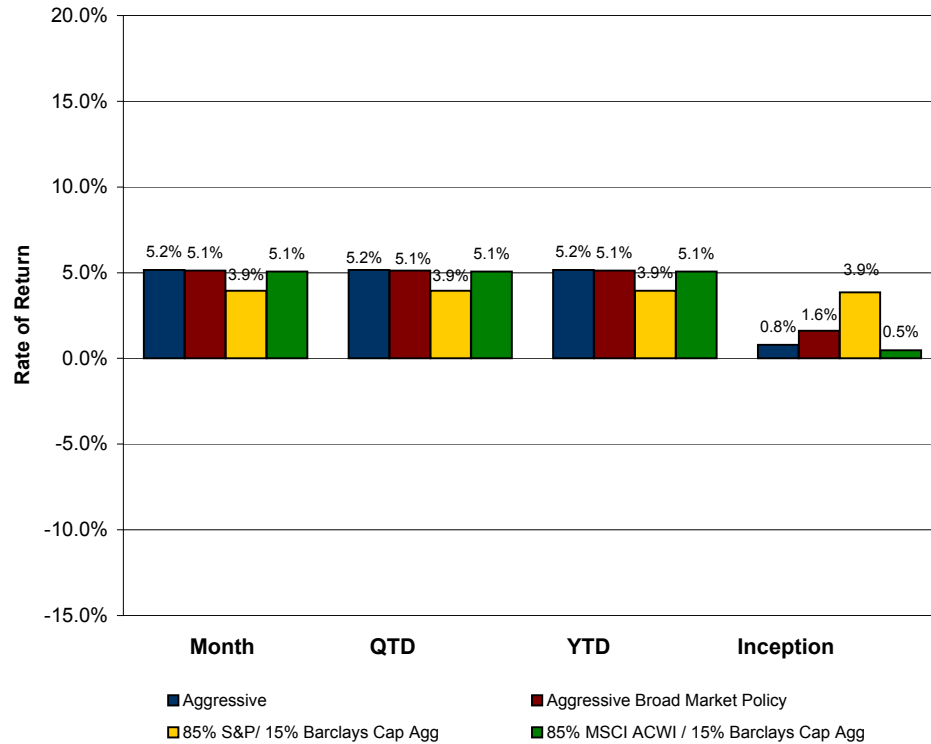
Monthly Report for January 31, 2012

Moderate Composite

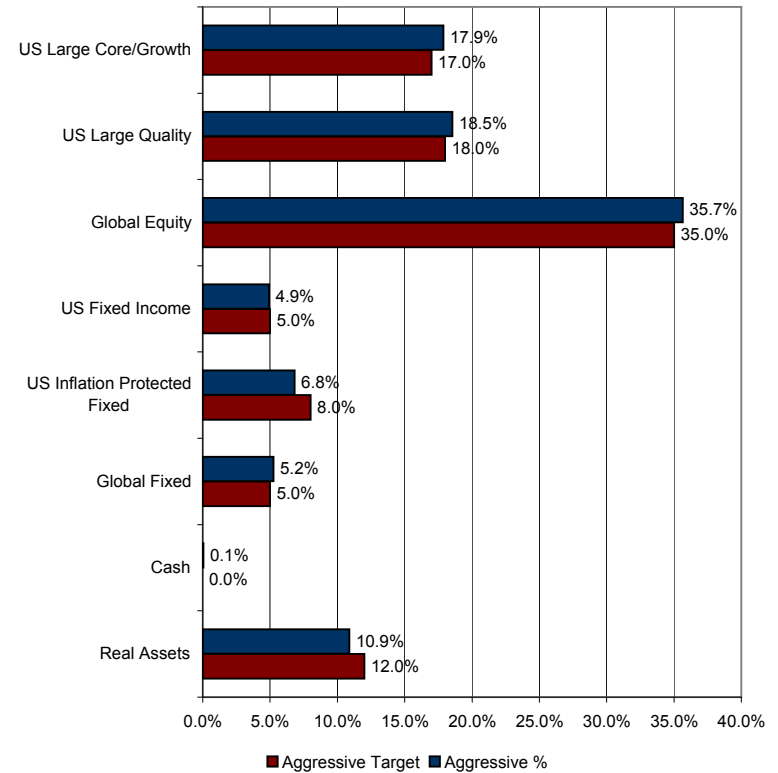
Name	Market Value(\$)	% of Portfolio	Period Ended January 31, 2012					Inception	
			1 Mo(%)	3 Mo(%)	YTD(%)	1 Yr(%)	3 Yrs(%)	Return(%)	Since
<b>UNITED METHODIST FOUNDATION OF NORTHERN ILLINOIS</b>	<b>25,356,260</b>	<b>100.0</b>	<b>4.4</b>	<b>3.0</b>	<b>4.4</b>	<b>2.6</b>	<b>14.6</b>	<b>3.7</b>	<b>Jun-08</b>
<i>Moderate Broad Market Policy</i>			4.0	2.9	4.0	3.9	16.0	3.8	Jun-08
<i>60% S&amp;P/ 40% Barclays Cap Agg</i>			3.0	4.0	3.0	6.3	14.8	5.1	Jun-08
<i>60% MSCI ACWI / 40% Barclays Cap Agg</i>			3.8	2.3	3.8	1.7	14.0	2.8	Jun-08
Capstone Domestic Equity (40% Large Core, 60% Large Growth)	3,725,905	14.7	5.6	5.4	5.6	5.0	20.6	2.7	Feb-08
<i>Russell 1000</i>			4.9	5.5	4.9	3.9	20.0	2.1	Feb-08
<i>Russell 1000 Growth</i>			6.0	5.6	6.0	6.1	22.3	4.5	Feb-08
Jensen Domestic Equity	3,169,017	12.5	4.1	4.9	4.1	3.7	16.0	4.3	Jun-08
<i>Dividend Achievers Select</i>			3.4	6.3	3.4	8.2	17.8	5.7	Jun-08
Capstone International Equity (80% Intl Large Core, 20% Emerging Mkts)	6,504,685	25.7	6.7	1.7	6.7	-7.9	16.4	-4.1	Feb-08
<i>S&amp;P ADR Index</i>			5.9	1.8	5.9	-7.6	16.1	-3.7	Feb-08
<i>MSCI Emerging Markets</i>			11.3	2.7	11.3	-6.6	27.2	-1.1	Feb-08
PIMCO Total Return III	4,865,375	19.2	2.4	3.1	2.4	5.4	10.0	8.8	Jun-08
<i>Barclays Capital Aggregate</i>			0.9	1.9	0.9	8.7	7.4	7.1	Jun-08
Vanguard Inflat Protected-Is	2,452,670	9.7	2.2	2.9	2.2	15.9	10.6	6.8	Jun-08
<i>Barclays Capital US TIPS</i>			2.3	3.1	2.3	15.9	10.6	7.2	Jun-08
Colchester Global Bond CTF	2,778,841	11.0	3.1	1.8	3.1	10.2	9.1	9.0	Jun-08
<i>Citigroup WGBI</i>			1.5	0.8	1.5	7.9	6.8	5.9	Jun-08
Money Market	4,354	0.0	0.0	0.0	0.0	0.0	0.0	0.3	Jun-08
<i>91 Day T-Bills</i>			0.0	0.0	0.0	0.0	0.1	0.2	Jun-08
iShares S&P North Amer Natural Resources	1,855,413	7.3	5.1	1.6	5.1	-6.7	19.0	-5.4	Jun-08
<i>S&amp;P North American Natural Resources Sector Index</i>			5.2	1.8	5.2	-6.1	19.7	-5.0	Jun-08

Aggressive Composite

Return Summary



Actual vs Target Allocation (%)



UNITED METHODIST FOUNDATION OF NORTHERN ILLINOIS

Monthly Report for January 31, 2012

Aggressive Composite

Name	Market Value(\$)	% of Portfolio	Period Ended January 31, 2012					Inception	
			1 Mo(%)	3 Mo(%)	YTD(%)	1 Yr(%)	3 Yrs(%)	Return(%)	Since
<b>UNITED METHODIST FOUNDATION OF NORTHERN ILLINOIS</b>	<b>7,787,419</b>	<b>100.0</b>	<b>5.2</b>	<b>3.3</b>	<b>5.2</b>	<b>0.6</b>	<b>16.7</b>	<b>0.8</b>	<b>Jun-08</b>
<i>Aggressive Broad Market Policy</i>			5.1	3.1	5.1	1.1	18.8	1.6	Jun-08
<i>85% S&amp;P/ 15% Barclays Cap Agg</i>			3.9	4.8	3.9	5.0	17.6	3.9	Jun-08
<i>85% MSCI ACWI / 15% Barclays Cap Agg</i>			5.1	2.4	5.1	-1.5	16.3	0.5	Jun-08
Capstone Domestic Equity (40% Large Core, 60% Large Growth)	1,392,101	17.9	5.6	5.4	5.6	5.0	20.6	2.7	Feb-08
<i>Russell 1000</i>			4.9	5.5	4.9	3.9	20.0	2.1	Feb-08
<i>Russell 1000 Growth</i>			6.0	5.6	6.0	6.1	22.3	4.5	Feb-08
Jensen Domestic Equity	1,443,410	18.5	4.1	4.9	4.1	3.7	16.0	4.3	Jun-08
<i>Dividend Achievers Select</i>			3.4	6.3	3.4	8.2	17.8	5.7	Jun-08
Capstone International Equity (80% Intl Large Core, 20% Emerging Mkts)	2,777,139	35.7	6.7	1.7	6.7	-7.9	16.4	-4.1	Feb-08
<i>S&amp;P ADR Index</i>			5.9	1.8	5.9	-7.6	16.1	-3.7	Feb-08
<i>MSCI Emerging Markets</i>			11.3	2.7	11.3	-6.6	27.2	-1.1	Feb-08
PIMCO Total Return III	382,993	4.9	2.4	3.1	2.4	5.4	10.0	8.8	Jun-08
<i>Barclays Capital Aggregate</i>			0.9	1.9	0.9	8.7	7.4	7.1	Jun-08
Vanguard Inflat Protected-Is	531,484	6.8	2.2	2.9	2.2	15.9	10.6	6.8	Jun-08
<i>Barclays Capital US TIPS</i>			2.3	3.1	2.3	15.9	10.6	7.2	Jun-08
Colchester Global Bond CTF	408,168	5.2	3.1	1.8	3.1	10.2	9.1	9.0	Jun-08
<i>Citigroup WGBI</i>			1.5	0.8	1.5	7.9	6.8	5.9	Jun-08
Money Market	4,034	0.1	0.0	0.0	0.0	0.0	0.0	0.3	Jun-08
<i>91 Day T-Bills</i>			0.0	0.0	0.0	0.0	0.1	0.2	Jun-08
Vanguard REIT ETF	349,531	4.5	6.4	7.3	6.4	11.9	32.8	6.5	Jun-08
<i>Dow Jones U.S. Select REIT Index</i>			6.4	7.1	6.4	12.4	32.7	5.3	Jun-08
iShares S&P North Amer Natural Resources	498,560	6.4	5.1	1.6	5.1	-6.7	19.0	-5.4	Jun-08
<i>S&amp;P North American Natural Resources Sector Index</i>			5.2	1.8	5.2	-6.1	19.7	-5.0	Jun-08

# Important Notices

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## 1. Current Policy Allocation

### Conservative:

Broad Market Index	Weight
Dow Jones Total Stock Market Index	20%
MSCI ACWI ex US Index	10%
Barclays Capital Aggregate	50%
Barclays Capital US Tips	15%
S&P North American Natural Resources Sector Index	2%
Dow Jones U.S. Select REIT Index	3%

### Aggressive:

Broad Market Index	Weight
Dow Jones Total Stock Market Index	35%
MSCI ACWI ex US Index	35%
Barclays Capital Aggregate	10%
Barclays Capital US Tips	8%
S&P North American Natural Resources Sector Index	5%
Dow Jones U.S. Select REIT Index	7%

### Moderate:

Broad Market Index	Weight
Dow Jones Total Stock Market Index	25%
MSCI ACWI ex US Index	25%
Barclays Capital Aggregate	30%
Barclays Capital US Tips	10%
S&P North American Natural Resources Sector Index	4%
Dow Jones U.S. Select REIT Index	6%

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•Market Value and Performance for the Conservative, Moderate, and Aggressive Composites are calculated using the weights of each portfolio, which are determined at the beginning of each month.

•Unless otherwise noted, the portfolio values presented in this report include any interest accrued as of the last trading date of the month reported herein.

## Important Notices (continued)

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Returns for periods greater than one year are annualized. Returns are calculated gross of investment management fees, unless noted as net of fees.

Style analysis graph time periods may differ reflecting the length of performance history available.

## Important Notices (continued)

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