

WISCONSIN UNITED METHODIST FOUNDATION, INC.

Statement of Investment Policy Objectives and Guidelines

GENERAL INFORMATION

The Wisconsin United Methodist Foundation, Inc. (the Foundation) is organized and shall be operated exclusively for religious, charitable, and educational purposes, and its assets and income shall be used and applied solely for such purposes, as described in Section 501(c) of the Internal Revenue Code of 1954 as currently in effect and as such section or any successor thereto may hereafter be amended or enacted and in effect from time to time (collectively referred to as "Section 501(c)").

The Foundation makes no actual investment decisions, but rather provides a means by which United Methodist Churches ("Churches"), individuals wishing to make gifts or bequests to such Churches, and/or other groups or entities making gifts or bequests for purposes consistent with Section 501(c) and otherwise acceptable to the Foundation (all collectively referred to as "Investors"), are able to access the investment capabilities of a registered investment advisor (the "Selected Advisor") chosen by the Foundation. The Foundation currently utilizes Robert W. Baird as its Selected Advisor, reviewing and evaluating performance and fees on a regular basis and seeking comparative data from, and submitting requests for proposal to, other providers every three (3) to five (5) years (or more frequently as appropriate to respond to the Selected Advisor's performance and market conditions).

The Foundation will also assist Investors seeking such advice in structuring methods for the disbursement of investments. Disbursements may be made in various forms, including income only distributions, charitable gift annuities, or other forms appropriate to the Investor's goals.

SCOPE OF THIS INVESTMENT POLICY

This statement of investment policy reflects the investment policy, objectives, and constraints of the Foundation.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

The purpose of this statement is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical and to allow Investors to choose investment options reflective of their respective risk tolerances.

INVESTMENT OBJECTIVES & PHILOSOPHY

The investment objectives of the Foundation are the same as those stated in the “Statement of Guidelines” adopted by the General Council of Finance and Administration of the United Methodist Church. They are as follows:

The investment objective is to preserve the integrity or real value of the Funds as measured in terms of their continuing, contemporary purchasing power. It is hoped that a prudent and careful investment policy will protect the beneficiaries against periods of inflation as well as recession. Specific objectives include:

- Preserving the principal value of the invested funds;
- Providing a reasonable rate of return;
- Seeking long-term appreciation on a prudent investment basis;
- Providing a socially beneficial effect consistent with the nature and mission of the Church.

The general investment philosophy is to make available to the Investors a range of equity-type and fixed income-type investments, allowing Investors to match the investment approach to their goals, risk parameters and performance expectations.

RISK TOLERANCE

Achieving the Portfolio investment objectives will require some exposure to risk. There is not an investment that is risk free. There are numerous sources of risk and they include; individual investment risk (price, yield, credit and default risk), market risk, liquidity risk, and inflation risk. Asset diversification spreads the Portfolio’s investment among different securities to reduce individual investment risk. Asset allocation spreads investment spreads investments among different classes of assets to reduce market risk. Risk is measured by standard deviation, a commonly used risk statistic derived from Modern Portfolio Theory.

INVESTMENT OFFERINGS

Equity

The Equity policy seeks to emphasize total returns through dividend income and the selection of issues of good quality companies. Equity-type issues may include not only common stocks, but also convertible bonds, preferred and convertible preferred stocks, warrants to purchase common stock, and similar forms of investments.

Fixed Income

The Fixed Income policy emphasizes the selection of investment grade issues which fluctuate little in value except in response to changes in interest rates. The Fixed Income section of the portfolio shall include, at all times, highly marketable investments selected to provide and allow for necessary liquidity. The Portfolio may consist of, but is not limited to, U.S. Treasury, Government/agency, corporate, mortgage backed and /or asset-backed securities

Church Loan Pool

The Church Loan Pool provides a vehicle through which Investors may participate in mortgage loans to qualified Wisconsin United Methodist Churches that meet our mortgage loan underwriting criteria. The loans are approved by the Foundation's Loan Committee with the requirement that Churches receiving Foundation loans must have (i) first met the Annual Conference requirements for funding a building program, and (ii) have paid their apportionments in full for at least the last three years. The mortgage loans are written on terms reflective of current market rates and terms for comparable loans and must be secured by a first lien mortgage on the property involved, a pledge of assets invested with the Foundation, or some combination thereof. Investments in the Church Loan Pool receive a pro-rata share in earnings experienced by the entire pool. When the total available Loan Pool Funds exceeds the amount needed to fund first mortgages, the excess will be invested in the Fixed Income section of the portfolio.

INVESTMENT FUND MIX

At present, it is the recommendation of the Finance and Investment Committee that the diversified portfolio for the Foundation, identified as the **Common Fund**, offer to each participant Investor the option to choose one of the following asset allocation models:

75% Equity / 25% Fixed Income	30% Equity / 70% Fixed Income
60% Equity / 40% Fixed Income	20% Equity / 80% Fixed Income
50% Equity / 50% Fixed Income*	10% Equity / 90% Fixed Income
40% Equity / 60% Fixed Income	0% Equity /100% Fixed Income

*Default investment option

Investors may opt to participate in the Church Loan Pool in part or full as an alternative to the Fixed Income option in any of the allocation models.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Board of Directors of WISCONSIN UNITED METHODIST FOUNDATION

The Board shall, at its annual meeting, elect from among its members a Finance and Investment Committee. This Committee shall be composed of at least seven (7) members, composed of a designated chairperson, plus, at least three board members and three ex-officio members (i.e., Chairperson of the Board, President, and Treasurer).

Responsibility of the Finance and Investment Committee

The Finance and Investment Committee has the responsibility and duty of securing all gifts, bequests, endowments, etc., made to the Foundation, and of retaining a qualified Selected Advisor who shall be charged with the responsibility of maintaining the Foundation's funds in appropriate investments so as to secure a prudent level of risk and return.

- The Finance and Investment Committee shall meet regularly to review the investment portfolio, to receive and act upon recommendations of the Selected Advisor (and on those of any other investment consultants it may elect to retain), and to transact any and all business properly before the Committee.
- The Finance and Investment Committee may choose to convey discretionary authority in part, or in full, under general or specific sets of guidelines and investment goals, to the Selected Advisor and or to any other selected investment consultant(s). When such discretion has been conveyed, the recipient shall be required to make prompt and regular reports of its actions and results to the Finance and Investment Committee of the Foundation.
- The Finance and Investment Committee will receive recommendations from and consult with the Selected Advisor and will, as appropriate from time to time, review the procedures for allocating funds among the fund managers of the Common Fund and for maintaining balance within the Common Fund.
- The Finance and Investment Committee may appoint a special taskforce (which may, at its discretion, elect to retain additional investment consultant(s)) to make an annual review of the Foundation's investments in light of the investment policy statement for investment guidelines adopted by the General Council on Finance and Administration of the United Methodist Church.
- The Finance and Investment Committee shall appoint a special taskforce (which may, at its discretion, elect to retain other investment consultant(s)) to conduct a comprehensive review of the Selected Advisor and investment strategies and, if appropriate, of other investment consultants and fund managers. A final report and recommendations will be presented to the Committee. This type of review may be conducted at any time in response to market conditions or performance results, but shall in any event take place at a minimum of every three (3) to five (5) years.

- The Finance and Investment Committee shall engage an independent audit firm to conduct an annual audit of the Foundation's transactions and holdings and the results of that audit shall be available to all participants with funds invested, board members and other interested persons.

Responsibility of the Investment Consultant(s)

The Selected Advisor, as well as any other investment consultant's retained by the Finance and Investment Committee, shall serve as non-discretionary advisors to the Board of Directors and the Finance and Investment Committee:

- Assisting in the development and periodic review of investment policy.
- Conducting investment manager searches when requested by the Finance and Investment Committee.
- Providing proactive monitoring and research of investment managers on an on-going basis.
- Monitoring the performance of the fund manager(s) to provide the Finance and Investment Committee with the ability to determine the progress toward the investment objectives.
- Communicating matters of policy, manager research, and manager performance to the Finance and Investment Committee.
- Providing ongoing analysis of the global capital markets and advice on overall portfolio structure, to include a geographic sector and holding concentration.

Responsibility of the Fund Manager(s)

The Finance & Investment Committee will, in consultation with our Selected Advisor, structure the portfolio and select Fund Managers. Fund Managers will be selected to invest in their specialty areas, consistent with the amounts allocated to them by the Finance & Investment Committee (in consultation with the Selected Advisor and any other retained investment consultants) pursuant to the portfolio structure investment mix.

The fund managers will be selected in a manner intended to create and manage portfolios structured to ensure:

- Social Responsibility - All funds administered shall be consistent with the social and ethical principles of the United Methodist Church as contained in the Social Creed and other officially adopted statements.
 - Investments shall not knowingly be made in securities in which the corporate entity has a significant interest in distilled spirits, wine, or other fermented juices, tobacco, gambling or pornography.
 - Investments shall not knowingly be made in corporations likely to support racial discrimination, violation of human rights, sweatshops or forced labor.

- Industry sector diversification - While no limits are established for any one industry, the portfolios will be structured in a manner intended to create diversity across industry sectors. Such diversification is designed not only to reduce the risk of a single industry investment, but to take advantage of those changes of a socio-economic, technological, demographic or other nature which are difficult to forecast accurately but which provide the environment for better-than-average industry and company growth.
- Issue diversification - The equity section of the portfolio will seek to have investments in a manageable number of issues, insofar as is feasible and adequate to provide appropriate diversification.
- Issue selection - The primary consideration in the selection of equity-type issues is a measurement of anticipated long-term total return weighed against an estimate of the risk assumed. Selection emphasizes quality of management, financial soundness, industry environment and the company's position within the industry.

GENERAL INVESTMENT PRINCIPLES

- All assets and holdings shall be registered in the name of the Wisconsin United Methodist Foundation, Inc., or held in street name by the brokerage firm with whom the Foundation is currently doing business. The Finance and Investment Committee, in its discretion, may select a brokerage firm, trust department of a bank or trust company as custodians of any or all assets that are deposited with the Foundation.
- All funds held in trust by the Foundation, for any purpose, will be administered to the best of the Foundation's ability in accordance with the terms of the bequest, grant, agreement or other source from which said funds have come to the Foundation.

DISCLAIMER

This "Statement of Investment Policy Objectives and Guidelines" is intended to summarize the Foundation's investment approach and philosophy. The information contained herein does not suggest or imply and should not be construed, in any manner, as investment advice or as a representation or guarantee of future performance. Past performance does not guarantee future results. Therefore, no current or prospective Investor should assume that the future performance of any specific investment, investment strategy (including the investments and/or investment strategies adopted by the Finance and Investment Committee in consultation with its Selected Advisor), will be profitable or equal to indicated or anticipated performance levels.