

January, 2024

## Individual Donor Endowment Fund Program Packet

The United Methodist Foundation of West Ohio is pleased to assist individual donors (or families) who wish to establish an endowment fund for charitable purposes. This packet of materials is designed to specifically help donors with that process and to meet the necessary disclosure requirements. Please contact us if you have any questions or would like assistance in completing the process.

Contents of this package include:

- Endowment Information Statement
- Blank Endowment Agreement Form for Individual Endowments
- Foundation Investment Policy
- Stock transfer form

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## INFORMATION STATEMENT

January 1, 2021

### ENDOWMENT FUND PROGRAM OF THE UNITED METHODIST FOUNDATION OF WEST OHIO WEST OHIO CONFERENCE OF THE UNITED METHODIST CHURCH

#### Introduction

This Information Statement (this "Statement") provides information concerning the Endowment Program (the "Endowment Program") of the West Ohio Conference of the United Methodist Church (the "Conference"), as operated by the United Methodist Foundation of West Ohio. Please read the following carefully and retain it for your future reference. For more information about the Endowment Program, please contact the Foundation office at the address and telephone number listed on the cover sheet that accompanies this Statement.

#### Background

The Conference is a charitable not-for-profit corporation organized under the laws of Ohio and exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. The Conference was established in 1969 by merger. Since 1978, it has been accepting charitable gifts of various kinds. Its programs include outright gifts, charitable gift annuities, other deferred giving vehicles, and bequests/trust distributions. In 2020, the United Methodist Foundation of West Ohio was established as a separate corporation of which the Conference is sole member, to replace the Council on Development which had fulfilled its initial purposes.

The Conference is governed under the direction of its Board of Trustees, comprised of twelve persons who are elected for staggered four-year terms. The Foundation is governed by a Board of Trustees comprised of 14 persons who are elected for staggered four-year terms. The staff of the Foundation carries out day-to-day management and operational responsibilities for charitable giving programs that primarily benefit the Conference as well as other United Methodist programs, missions, ministries and organizations. The staff of the Foundation operates under the supervision of the Foundation Board. The Bishop of the Conference and the Chief Financial Officer of the Conference serve as ex-officio members of the Foundation Board.



## Endowment Program

The Endowment Program was initiated in 2007 by action of the Council on Development and the Annual Conference. The initial deposit of \$111,000.00 to the Endowment Program came from four individuals and represented gifts made from 1987 to 2004, which are to be held in perpetuity for the benefit of various local churches within the Conference.

Pursuant to the Philanthropy Protection Act of 1995, the Foundation is not required to register under the Investment Company Act of 1940, as amended; and, as a charitable organization that maintains charitable funds, is exempt from registration under Federal and state securities laws. Accordingly, neither the funds nor the interests therein are registered under the Securities Act of 1933, as amended, or any state securities laws, and neither the Securities and Exchange Commission nor any state securities commission has reviewed or approved the funds or interests therein.

## Purpose of the Individual/Family Endowment Program

The purpose of the Individual/Family Endowment Program is to offer donors a vehicle for establishing endowment funds for the support of designated charitable beneficiaries. Donors make an initial contribution toward the endowment and may take up to five years to fully fund the endowment. Individual endowments require specific distribution instructions that align with the Foundation's policies. Individual endowments are intended to meet the philanthropic intent of the donor as documented in the donor agreement. Endowments may not be made to benefit individuals.

The Foundation acts as investment agent and custodian for various funds that have been donated to or accumulated by the Foundation and other Conference organizations, agencies, or churches. The investing organizations or charitable beneficiaries must be charitable not-for-profit organizations exempt from federal income tax under Section 501(c)(3) or other applicable sections of the Internal Revenue Code of 1986, as amended and related to the West Ohio Conference. The Foundation's duties include physical safekeeping, investment, and distribution of the Funds' assets in accordance with the directions of these entities, or in the case of individual endowments, with the donors' original charitable intent.

## Establishing an Individual Endowment Fund

To establish an Individual Endowment Fund with the Foundation, a participating donor ("Donor") must complete and sign an Individual Endowment Investment Management Agreement (the "Endowment Agreement") in the form attached within this packet. Under the terms of the Endowment Agreement, the donor delivers cash or acceptable property to the Foundation to be held in a named fund. The fund is invested and maintained as a sub account fund of the Endowment Program, and the Foundation is authorized to sell, transfer, exchange, invest or reinvest all or any part of the sub account fund pursuant to investment guidelines established by the Foundation's Investment Committee.



## United Methodist Foundation *of West Ohio*

Under the terms of the Endowment Agreement, the endowment will be assessed a percentage (per year) of the fund's net invested market value to cover the Foundation's share of the administrative expenses. For further details on the expenses and fees, refer to the section below entitled "Fees". The Foundation will provide the donor with annual reports showing all activity in the participating donor's account, including contributions, withdrawals, market value, appreciation, and administrative fees. Administrative fee disbursements will be made on a monthly basis or as otherwise communicated.

### Investment Management

The Foundation will provide overall management of the Endowment Program. The Foundation has established an Investment Committee to provide oversight of its endowment investment program. The Investment Committee maintains an Investment Policy Statement (IPS), as from time to time amended, that sets forth the duties of the Investment Committee and other parties. (See Investment Policy in this packet). The Investment Committee reports regularly to the Foundation Board and to the Conference Board of Trustees

The Foundation employs a professional and administrative staff to implement and oversee daily operations. Currently the staff includes an Executive Director, a Donor Relations Manager and an Administrative Coordinator, and utilizes the services of the Conference Chief Financial Officer and Staff Accountant. The staff works closely with the Foundation and the Investment Committee. Please contact the Foundation office for a current listing of the membership of the Foundation Board of Trustees, the Investment Committee and staff.

### Custodian/Investment Manager

The Investment Committee retains and evaluates one or more investment managers, as appropriate, to meet the goals and objectives of the Foundation. The investment agreements between the Foundation and the Investment Managers have the usual and customary termination clauses, and clearly establish what the managers are being retained to deliver and the attendant duties and responsibilities.

Usual and customary services provided by investment managers include investment performance reporting, portfolios risk analysis, investment accounting, custodial services, sub-account administration and reporting, income collection, disbursement administration, proxy voting and any other services set forth in the Foundation's agreement with the investment manager.

Currently the investment managers include Wespeth Institutional Investment, which serves as a custodian of the funds held by the Foundation.

Under the terms of its agreement with the Foundation, WII serves as custodian of the assets of the Funds. The assets are deposited with WII and, in accordance with the instructions of the Committee, the WII acquires and disposes of investments and collects the income therefrom. The agreement may be terminated by either party with thirty days written notice, and the Foundation may appoint a new agent to serve as custodian and investment manager.



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## Investments

Endowment Program assets may be invested in one of three types of funds: The Fixed Income Fund

- The Balanced Fund
- The Balanced
- Growth Fund

Investment objectives and guidelines for each strategy are set forth in the Investment Policy Statement included in this packet.

## **Minimum Transfer to Endowment Program**

The minimum initial gift or transfer to the Endowment Program is ten thousand dollars (\$10,000.00). No commissions will be payable in connection with such transfer and no commission-based payments will be made to any member or employee of the Foundation.

## **Fees**

Fees will be charged according to the then current fee schedule published and maintained by the Foundation. See Exhibit I for current schedule.

## **Risk**

The risk inherent in investing in funds is the risk common to any security: the net asset value of endowments will fluctuate in response to changes in economic conditions, interest rates and the perceptions of the national securities markets of the underlying securities held by the funds. There can be no assurance that the Endowment Program will achieve its investment objectives since there is uncertainty in every investment. The Endowment Program will invest in securities that will increase and decrease in value.

Although the Endowment Program seeks to reduce risk by investing in diversified portfolios of various types of investments, such diversification does not eliminate all risks. There is no assurance that such diversification will reduce the variability of the return or preserve the assets from loss.

THE ENDOWMENT PROGRAM IS NOT GUARANTEED BY THE FOUNDATION, THE CONFERENCE OR ANY ORGANIZATION ASSOCIATED WITH IT, OR BY ANY GOVERNMENTAL AGENCY OR ORGANIZATION.

## **General Disclaimer**

*The information supplied to individuals and organizations by the Foundation is intended for general informational, educational and illustrative purposes only. The Foundation does not provide legal, estate planning, accounting or tax advice. All individuals and organizations should consult with their own appropriate professional advisors regarding relevant legal, estate planning, accounting and tax matters.*

*The information in this Statement is current as of the date shown on page two. The Statement is updated at least annually. The information and policies described herein are subject to change from time to time at the discretion of the Foundation.*



# United Methodist Foundation *of West Ohio*

## EXHIBIT I ANNUAL FEE SCHEDULE UNITED METHODIST FOUNDATION OF WEST OHIO ENDOWMENT PROGRAM

<u>Fund Name</u>	<u>Wespath Advisor Fee</u>	<u>United Methodist Foundation Fee</u>	<u>Total Fees</u>
<u>Fixed Income Fund</u>	<u>51 basis points</u>	<u>30 basis points</u>	<u>81 basis points</u>
<u>Balanced Fund</u>	<u>57 basis points</u>	<u>30 basis points</u>	<u>87 basis points</u>
<u>Growth Fund</u>	<u>58 basis points</u>	<u>30 basis points</u>	<u>88 basis points</u>

Each Fund may also incur additional reasonable and customary expenses payable to the Advisor or other parties, including tax report preparation fees, security transaction costs (transfer fees and broker commissions), and fees paid by mutual funds including, sub-investment advisors in which the Fund is invested. Total cost of investing varies based on the investment mix.

Note 1: One basis point is equal to 1/100<sup>th</sup> of one percent or .01 percent.

Note 2: This fee schedule may be amended from time to time.



# United Methodist Foundation of West Ohio

## United Methodist Foundation of West Ohio

### Individual Endowment Agreement

On this [redacted] day of [redacted], 20[redacted], [redacted] (Donor Name) of [redacted] (city), [redacted] (state) (hereinafter referred to in this agreement as "the Donor"), hereby give, convey, and deliver to the United Methodist Foundation of West Ohio (hereinafter referred to in this agreement as the "Foundation"), the property described on the attached Exhibit I as an irrevocable gift in order to create a permanent endowment with the Foundation to be administered according to the following provisions.

Foundation is an Ohio nonprofit corporation that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and is further classified as a public charity pursuant to Code Sections 509(a)(1) and 170(b)(1)(A)(i) by reason of its status as an integrated auxiliary of The United Methodist Church.

The property described in Exhibit I, which, together with all additions hereafter made less any withdrawals and expenses taken, shall be known as the

[redacted] (the "Fund")

to be invested and maintained as a component fund of the Foundation's Endowment Program. All distributions from this endowment will be used for the following purposes:

[redacted]

#### Terms and Conditions

In consideration of the terms and conditions contained herein and intending to be legally bound, the Parties agree as follows:

#### Responsibilities of the Foundation

Section 1. Foundation's Acceptance. Foundation agrees to accept the property described in Exhibit I, subject to its governing documents, policies, and procedures, and to receive, hold, manage, invest, reinvest, administer, use, and distribute the property in a manner consistent with the terms and conditions of this Agreement, its governing documents and policies and federal, state and local laws.

Section 2. Purpose. The primary purpose of the Fund shall be to provide support as directed by the Board of Directors of Foundation (the "Board") to organizations and/or purposes specified in the preamble of this document as long as all organization/purposes are 1) described in Code Sections 501(c)(3) and 509(a)(1), (2) or (3); and 2) adhere to the investment policies determined by the Investment Committee of The United Methodist Foundation of West Ohio.

Section 3. Distributions. Distributions will be made from the fund using the following formula: lesser of 5% of current market value or 5% of the average of the trailing 12 quarter's market value. The Foundation reserves the right to adjust the distribution at any time to prudently



## United Methodist Foundation *of West Ohio*

manage this account. Such distributions shall in all cases be made in accordance with the Ohio Uniform Prudent Management of Institutional Funds Act (Ohio Revised Code Sections 1715.51 through 1715.59) or corresponding provisions of future laws.

Section 4. Additions to the Fund: Additional contributions may be made to the Fund once it has been created and all such contributions shall be subject to and governed by the provisions of this Agreement. All gifts, bequests or devises contributed to the Fund shall be irrevocable once accepted by Foundation.

Section 5. Appointment of Agents: Custody of the assets in the Fund will be maintained with an institutional custodian selected by the Foundation, which may also serve as the professional investment advisor for the Fund (the Advisor). The Donor authorizes the Foundation to select and monitor the performance of the Advisor, which shall invest the Fund in accordance with the applicable Investment Objectives, Guidelines and Policies. The Foundation shall have no liability with respect to the acts, omissions or conduct of the Advisor.

Section 6. Investment Authority: The Foundation is hereby authorized to invest the Fund in common with all other Funds held by the Foundation in such manner as the Foundation shall deem appropriate. Specifically, the Foundation shall have the power, authority and discretion, within the investment guidelines established by the Foundation's Trustees, its officers and its authorized professional investment advisors, to sell, transfer or exchange, all or any part of the Fund, at such prices and upon such terms and conditions and in such manner as the Foundation shall deem best; to invest and reinvest the account in such stocks, bonds, debentures, mutual funds, fixed income instruments, cash equivalents, or other securities as it may deem proper and suitable, without any liability for depreciation or diminution in value; and to have all incidental authority necessary to accomplish its investment function.

Section 7: Disposition of Income:

Annual distributions from The Fund to meet the purposes of The Fund shall begin [REDACTED].

Section 8. Change of Circumstances: If in the judgment of the Board of Directors of the Foundation, changed circumstances should at some future time render the designated use of the Fund no longer appropriate, then the Foundation shall distribute that portion of the total investment return of the Fund which it determines, in its sole discretion, to be appropriate to benefit objects and purposes of the West Ohio Conference of The United Methodist Church, giving consideration to the special interest and purposes for which the Fund was created.

Section 9: Exculpation and Indemnification: Except for gross negligence or willful misconduct, neither the Foundation nor its members, officers, affiliates, employees, or agents shall be liable hereunder or otherwise for any action performed or omitted to be performed or for any errors of judgment in managing the Fund. Donor shall indemnify Foundation (and its members, officers, affiliates, employees, and agents) against any expense, loss, liability, or damage arising out of any claim asserted, or threatened to be asserted by any third party, including attorney's fees as incurred, with respect to the matters as to which the Foundation is exculpated from liability as set forth.

Section 10: Agreement Subject to Applicable Laws: It is intended that the Fund shall be a component part of the Foundation and not a separate trust, and that nothing in this Agreement shall affect the status of the Foundation as an organization described in section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and as an organization which is not a private foundation within the meaning of Section 509(a) of the Code. This Agreement shall be interpreted in a manner consistent with the foregoing intention and to conform to the requirements of the foregoing provisions of the federal tax laws and any regulations issued pursuant thereto. The Foundation is authorized to amend this Agreement to conform to the provisions of any applicable law or government regulation to carry out the foregoing intention.





## Acknowledgements of the Donor

Section 11. Assumption of Risk: The Donor acknowledges that the investment in the Fund (in any allocation) necessarily involves market and related risks and, that by reason thereof, both the income and the principal value of the fund may fluctuate with changes in market and economic conditions. The Foundation makes no assurance or guaranty that any particular investment result will be achieved. Further, past returns are no guarantee of future results.

Section 12. Assessment of Fees: The Donor understands that fees will be assessed and payable from the Endowment as set forth on the Fee Schedule attached hereto as Exhibit II, and as may be amended from time to time. Fees shall be based on the Fund's net invested market value, shall be calculated, and paid on a calendar quarterly basis (or such other periodic basis as the Foundation shall determine), and shall be deducted from the Fund balance on the last day of the period over which the fee was incurred. Please refer to Exhibit II for the Fee Schedule.

Section 13. Successors and Assigns: The Agreement shall bind the Donor's respective successor and assigns and may be amended in writing only. Donor has listed below, the names, positions, and specimen signatures of all persons authorized to act for Donor. Changes of authorized personnel shall be made in writing to the Foundation and, until otherwise properly notified, the Foundation shall be entitled to act upon the directions of Donor's listed personnel without further inquiry or liability.

       After my/our death, **we grant** the listed successor and assigns the right to amend the distributions subject to UMFOW policies including the purpose or beneficiary of the Fund.

       After my/our death, **we do not grant** the successors and assigns the right to amend the distributions subject to UMFOW policies including the purpose or beneficiary of the Fund.

Section 14. Reporting schedule: The Foundation shall provide the Donor with annual reports showing the fair market value of the Fund together with current information regarding income received and current account transactions while the Donor is living.

Section 15. Miscellaneous. All the terms and conditions of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors, assigns and representatives. This Agreement shall be governed by the laws of the State of Ohio. This Agreement contains the entire understanding of the Parties with respect to the subject matter hereof, and this Agreement supersedes all previous oral or written understandings between the Parties on this subject matter. This Agreement may be modified only by a written document signed by the Parties to this Agreement. Any waiver of any provision of this Agreement shall not be construed to indicate any subsequent waiver of the same term or waiver of any other of its terms. This Agreement may be executed simultaneously in two or more counterparts, including faxes, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Signature page follows.



United Methodist  
Foundation *of West Ohio*

IN WITNESS WHEREOF, the Donor and The United Methodist Foundation of West Ohio have caused this Agreement to be executed as of the day and year first above written.

**PRINTED NAME**

**POSITION**

**SPECIMEN SIGNATURE**

1. \_\_\_\_\_

2. \_\_\_\_\_

3. \_\_\_\_\_

Any two of the above representatives shall be authorized to act for the Donor under this Agreement:  
This Agreement is signed effective on the date heretofore stated and Donor acknowledges receipt of the complete "Endowment Program Packet".

**FOR UNITED METHODIST FOUNDATION OF WEST OHIO**

By: \_\_\_\_\_  
Chief Financial Officer

By: \_\_\_\_\_  
Executive Director



United Methodist  
Foundation *of West Ohio*

**EXHIBIT I  
DESCRIPTION OF PROPERTY**

The Fund initially will be funded with \$\_\_\_\_\_ to be placed in the \_\_\_\_\_ Fund option offered by the Foundation.

**EXHIBIT II  
ANNUAL FEE SCHEDULE  
WEST OHIO CONFERENCE**

**UNITED METHODIST ENDOWMENT PROGRAM**

<u>Fund Name</u>	<u>Wespath Advisor</u>	<u>United Methodist</u>	<u>Total Fees</u>
	<u>Fee</u>	<u>Foundation Fee</u>	
<u>Fixed Income Fund</u>	<u>51 basis points</u>	<u>30 basis points</u>	<u>81 basis points</u>
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Each Fund may also incur additional reasonable and customary expenses payable to the Advisor or other parties, including tax report preparation fees, security transaction costs (transfer fees and broker commissions), and fees paid by mutual funds including, sub-investment advisors in which the Fund is invested. Total cost of investing varies based on the investment mix.

Note: One basis point is equal to 1/100<sup>th</sup> of one percent or .01 percent.

Note: This fee schedule may be amended from time to time.

Note: The Foundation reserves the right to waive fees under certain qualifying conditions.

# United Methodist Foundation of West Ohio Investment Policy Statement

Adopted by the UMFWO Board & Investment Committee April 27, 2021  
As Amended August 1, 2023

## Executive Summary, History and Context

The United Methodist Foundation of West Ohio, Inc. was incorporated in 2020 with the express purpose, among others, of providing investment alternatives to West Ohio Conference boards, agencies, local churches, and individual donors wishing to advance the work of The United Methodist Church in the West Ohio Area. The UMFWO succeeds the Council on Development, which served similar purposes since 1976.

The UMFWO assumes investment management administration with eligible entities subject to an Endowment Agreement that specifies the investment strategy in which its assets will be invested. Participating entities agree to an investment administration fee expressed as a percent of assets, and which may be changed, waived, or adjusted from time to time.

This Investment Policy Statement (IPS) originated on February 1, 2012, as the Conference Investment Policy Statement. Subject to periodic reviews, it was amended four times prior to it becoming the first IPS for the UMFWO. This history and continuity are important because many endowments have been invested under these guidelines since 2012 and historical performance is, in part, a reflection of the then current IPS. Prior IPS are available for reference purposes upon request.

Members of the Investment Committee shall be nominated and elected by the board of the UMFWO. Investment Committee members need not be UMFWO board members. Care will be taken to ensure representation from boards of participating endowments, investment industry experts and that taken together there is a diversity of experience and perspective.

## Responsibilities of the UMFWO Investment Policy Committee

The Investment Committee (IC) accepts the following specific responsibilities under this Investment Policy Statement:

1. Review and maintain the UMFWO IPS.
2. Meet at least four (4) times annually, in person and with video option.
3. Report not less than annually to the Conference Board of Trustees.
4. Observe and ensure adherence to socially responsible investing consistent with the United Methodist Church as expressed through the Book of Discipline and any restrictions adopted by the Annual Conference.
5. Monitor controls and procedures affecting Conference investments such as capital markets assumptions, strategic asset allocation and portfolio rebalancing.
6. Review and assess investment performance results relative to stated benchmarks and time periods for each investment manager.

Participating endowments retain responsibility for various administrative functions related to investable assets associated with their respective boards or organizations. The functions include,

but are not limited to: setting spending policies, receiving report and investment statements, and sourcing candidates for IC membership as requested. These Boards may establish or utilize existing committees to guide these activities or serve as a committee of the whole.

## **Guidelines for all Conference Investable Assets**

### **Other Parties**

From time to time the Investment Committee may retain outside parties to assist with investing or providing other services for Conference investments, including, but not limited to banks, brokers, investment managers, investment advisors, auditors, actuaries, and attorneys.

### **Responsibilities of Retained Advisors and/or Investment Manager(s)**

Subject to the terms of executed contracts and agreements, Investment Managers/Advisors shall, among other duties:

1. Adhere to the UMFWO Investment Policy Statement.
2. Provide monthly consolidated statements to the Conference Chief Financial Officer (CFO).
3. Provide monthly sub-account reporting, where applicable, to the CFO or his or her designee.
4. Meet quarterly with the Investment Committee to review economic conditions, investment performance, and recommend asset allocation adjustments.
5. Adhere to their defined investment process.
6. Promptly communicate to the West Ohio Conference CFO changes to their investment process or personnel.
7. Provide custodial services.
8. Vote proxies.
9. Provide administration support and reporting that enables the Boards and Councils to fulfill their respective responsibilities.

### **Responsibilities of UMFWO and Conference Staff**

Conference staff, including UMFWO staff, under the primary direction of the CFO fulfills day-to-day management and operational responsibilities for Conference investment programs and are accountable to established Boards and Councils.

### **General Investment Guidelines and Constraints:**

- **Rebalancing:**

The Investment Committee shall review not less than annually asset allocation guidelines for each investment strategy. Investment Manager will review each strategy on a quarterly basis, and each strategy will be rebalanced when an allocation falls 5% or more outside of the target.

- **Diversification:**

A primary method of risk management shall be to ensure each account holds a diverse set of securities, asset classes and sub-asset classes limited by the guidelines of each investment strategy.

The Investment Committee also considers and seeks to effectively manage and control the following forms of risk:

- Asset Protection Risk is the risk of loss due to fraud, embezzlement, or financial system failure, which is mitigated through strong internal controls and the use of licensed trust companies to custody investment assets.
- Purchasing Power Risk is the risk of loss when the rate of return on investments does not keep up with the rate of inflation. For mitigation, the Investment Committee will understand and implement investment strategies that increase the probability of producing positive real rates of return over the accepted time horizon.
- Liquidity Risk is the risk of loss arising from situations that include insufficient cash and/or cash equivalents to meet the needs of the Foundation and its investors and where the sale, if possible, of illiquid assets will yield less than their fair value. To mitigate this risk, the Investment Committee will use proper cash management planning and employ asset allocation strategies constructed with highly liquid capital market securities.

- **Prohibited Investments:**

The Annual Conference may from time-to-time pass recommendations that limit companies that the Conference may invest in. The results of such recommendations shall be incorporated automatically into this IPS in an appendix.

- **Socially Responsible Investment Restrictions**

*¶717 of the 2016 Book of Discipline reads:*

*Sustainable and Socially Responsible Investments—In the investment of money, it shall be the policy of The United Methodist Church that all general boards and agencies, including the General Board of Pension and Health Benefits, and all administrative agencies and institutions, including hospitals, homes, educational institutions, annual conferences, foundations, and local churches, make a conscious effort to invest in institutions, companies, corporations, or funds with policies and practices that are socially responsible, consistent with the goals outlined in the Social Principles. All United Methodist institutions shall endeavor to seek investments in institutions, companies, corporations, or funds that promote racial and gender justice, protect human rights, prevent the use of sweatshop or forced labor, avoid human suffering, and preserve the natural world, including mitigating the effects of climate change. In addition, United Methodist institutions shall endeavor to*

*avoid investments in companies engaged in core business activities that are not aligned with the Social Principles through their direct or indirect involvement with the production of anti-personnel weapons and armaments (both nuclear and conventional weapons), alcoholic beverages or tobacco; or that are involved in privately operated correctional facilities, gambling, pornography or other forms of exploitative adult entertainment. The boards and agencies are to give careful consideration to environmental, social, and governance factors when making investment decisions and actively exercise their responsibility as owners of the companies in which they invest. This includes engaging with companies to create positive change and hold them accountable for their actions, while also considering exclusion if companies fail to act responsibly.*

In addition to limits set in the Book of Discipline, the UMFWO will make every effort to avoid investments in corporate entities that generate more than 10% of their gross revenues from alcohol, tobacco, gambling, pornography, the production and distribution of military armaments or privately-operated correctional facilities. An exception to the 10% threshold will apply to restaurants and other food retailers that sell or serve alcoholic beverages. For such businesses, a 25% revenue threshold will apply. Further, mutual funds that list as a top ten holding any firm that meets the above criteria are also prohibited. To the extent that investments that were once eligible become ineligible, every effort shall be made to divest of them in a prudent manner. Investment managers shall review not less than semi-annually the equity investments held by mutual funds and make changes as appropriate. Emerging markets commingled equity pools are exempt from the above restrictions if specifically authorized and the aggregate exposure of companies otherwise prohibited does not exceed 10% of the value of the fund.

UMFWO and the entities to which it delegates investment authority shall strive to adhere to the Wespeth Benefits and Investments (WBI) Sustainable Investment Strategies guidelines that are published in WBI's Statement of Administrative Investment Policy under "Ethical Exclusions" which can be found here [https://www.wespeth.org/assets/1/7/investment\\_policy.pdf](https://www.wespeth.org/assets/1/7/investment_policy.pdf) when carrying out responsibilities under this policy.

When mutual funds, commingled funds, and exchange traded funds in general are used as an investment vehicle, then it is understood the IC has adopted the investment policies of those funds.

Adopted:

  
United Methodist Foundation of West Ohio Chair

8/2/2023  
Date

  
UMFWO Investment Committee Chair

8/1/2023  
Date

## EXHIBIT A

### FIXED INCOME STRATEGY *Investment Objectives, Guidelines and Policies*

#### 1. Investment Objective

The overall investment objective is the prudent management of funds in such a way that will provide for preservation of capital and purchasing power of the assets with an emphasis on providing income with some degree of interest rate risk.

#### 2. Investment Approval Policy

Investment responsibility is specifically assigned to the Investment Manager subject to the broad investment policies as outlined in the rest of this document and the standards of fiduciary prudence. This responsibility includes but is not limited to investment strategy with regard to asset mix, diversification, market volatility, and management style. In addition, the Investment Manager shall have full investment discretion with regard to market timing and security selection.

#### 3. Asset Allocation Range

The Investment Manager will use the following as guidelines:

<u>Asset Class:</u>	<u>Target</u>	<u>Target Allocation Range</u>
Total Fixed Income (Bonds):	100%	90%-100%
Fixed Income	80%	85%-75%
Inflation Protection	20%	15%-25%
Money Market (Cash):	0%	0%-10%

#### 4. Fixed Income Guidelines

##### Objective

Achieve returns which meet or exceed those of the U.S. Universal ex MBS Bond Index for fixed income and Bloomberg U.S. Treasury Inflation-Linked Bond and Bloomberg Commodities index for inflation protection.

##### Portfolio Application

The average maturity of the bond portfolio (using average life for mortgage-backed securities) should be no longer than ten (10) years.

#### 5. Liquidity Guidelines

##### Objective

- A. Cash equivalents should be actively managed but with due regard for prudence.
- B. The following are permissible cash equivalent investments:
  - i. U.S. Treasury Issues
  - ii. Negotiable Certificates of Deposit at commercial banks rated A-1 by Standard & Poor's
  - iii. Jumbo Certificates of Deposit to the extent they are fully FDIC insured.
  - iv. Repurchase agreements collateralized by U.S. Treasury and Agency securities
  - v. Eurodollar time deposits of banks rated at least "A" or better, held in an inter-bank fund located within the territorial U.S.
  - vi. Federal agency issues
  - vii. Bank-managed short-term money market funds.
  - viii. Floating rate bank securities.

#### 6. Prohibited Investments

The Investment Manager is prohibited from investments in the following without the prior approval of the Conference Investment Policy Committee:

- A. Single issue fixed Income securities not denominated in U.S. Dollars or Eurodollars; such instruments are permitted in fund structures
- B. Venture Capital
- C. Guaranteed Insurance Contracts
- D. Commodities
- E. Precious Metals or Gems
- F. Real Estate



Commingled investment pools are exempt from the above restrictions. Investments in commingled funds necessarily adopt the policies of that investment pool.

**7. Performance Benchmark**

Performance relative to the 80% Bloomberg U.S. Universal ex MBS Bond Index for fixed income and 20% Bloomberg U.S. Treasury Inflation-Linked Bond and Bloomberg Commodities index for inflation protection.

## EXHIBIT B

### **BALANCED STRATEGY Investment Objectives, Guidelines and Policies**

#### **1. Investment Objective**

The overall investment objective is the prudent management of funds in such a way that will provide for preservation of capital and purchasing power of the assets with an emphasis on providing a balance between long-term growth and current income without undue exposure to risk.

#### **2. Investment Approval Policy**

Investment responsibility is specifically assigned to the Investment Manager subject to the broad investment policies as outlined in the rest of this document and the standards of fiduciary prudence. This responsibility includes but is not limited to investment strategy with regard to asset mix, diversification, market volatility, and management style. In addition, the Investment Manager shall have full investment discretion with regard to market timing and security selection.

All investments shall be made keeping in mind the Social Principles of the United Methodist Church (Book of Discipline) and the general guidelines and principles established by the General Council on Finance and Administration. No investments shall be made in securities in which a corporate entity has significant interest in alcoholic beverages, tobacco, gambling, pornography, and the manufacture of weapons.

#### **3. Asset Allocation Range**

The Investment Manager will use the following as guidelines:

<u>Asset Class:</u>	<u>Target</u>	<u>Target Allocation Range</u>
Total Equities (Stocks):	55%	50%-60%
U.S. Equities	40%	35%-45%
International (Stocks)	15%	10%-20%
Total Fixed Income (Bonds):	45%	40%-50%
Fixed Income	39%	34%-44%
Inflation Protection	6%	0%-10%
Money Market (Cash):	0%	0%-10%

#### **4. Equity Guidelines**

##### Objective

Achieve returns that meet or exceed those of the overall market as measured by the Russell 3000 Index for U.S. equities and MSCI ACWI ex U.S. IMI Index for international equities.

##### Portfolio Application

Any one equity holding will not exceed 5% (five percent) of the total portfolio. To the extent that the market value of existing holdings in companies or industries exceeds the above guidelines, the Investment Manager will review the appropriateness of reductions with the Conference Investment Policy Committee.

#### **5. Fixed Income Guidelines**

##### Objective

Achieve returns, which meet or exceed those of the Barclay's U.S. Universal ex MBS Bond Index for fixed income and Bloomberg U.S. Treasury Inflation-Linked Bond and Bloomberg Commodities index for inflation protection.

##### Portfolio Application:

- The market value of the aggregate holdings of an individual corporate debtor should not exceed 10% of all debt related assets.
- The average maturity of the bond portfolio (use average life for mortgage-backed securities) should be no longer than 10 years.
- Corporate bonds should be rated investment grade or better by Standard & Poor's or Moody's

- D. Bond investments permit daily valued, diversified mutual funds where the investment universe includes below investment grade bonds, including but not limited to floating rate bank loans and high yield bond funds. The non-investment grade exposure must not exceed 10 percent of the portfolio, with the overall credit quality of the fund remaining investment grade. Individually held corporate bonds must be investment grade.
- E. Floating rate bank securities

## 6. Liquidity Guidelines

### Objective:

- A. Cash equivalents should be actively managed but with due regard for prudence.
- B. The following are permissible cash equivalent investments:
  - i. U.S. Treasury Issues
  - ii. Negotiable Certificates of Deposit at commercial banks rated A-1 by Standard & Poor's
  - iii. Jumbo Certificates of Deposit to the extent they are fully FDIC insured.
  - iv. Repurchase agreements collateralized by U.S. Treasury and Agency securities
  - v. Eurodollar time deposits of banks rated at least "A" or better held in an inter-bank fund located within the territorial U.S.
  - vi. Federal agency issues
  - vii. Bank managed short-term money market funds
  - viii. Floating rate bank securities

## 7. Prohibited Investments

The Investment Manager is prohibited from investments in the following without the prior approval of the Conference Investment Policy Committee:

- A. Single issue fixed Income securities not denominated in U.S. Dollars or Eurodollars; such instruments are permitted in fund structures
- B. Venture Capital
- C. Guaranteed Insurance Contracts
- D. Commodities not held in a fund structure
- E. Precious Metals or Gems

Commingled investment pools are exempt from the above restrictions. Investments in commingled funds necessarily adopt the policies of that investment pool.

## 2. Performance Benchmark

Performance relative to a 40%/15%/39%/6% blend of the Russell 3000 I, MSCI ACWI ex U.S. IMI, Bloomberg U.S. Universal ex MBS Bond and Bloomberg U.S. Treasury Inflation-Linked Bond and Bloomberg Commodities Index, respectively, shall be used to evaluate investment manager performance.

## EXHIBIT C

### **BALANCED GROWTH STRATEGY** *Investment Objectives, Guidelines and Policies*

#### **1. Investment Objective**

The overall investment objective is to provide long-term growth with income and without undue exposure to risk.

#### **2. Investment Approval Policy**

Investment responsibility is specifically assigned to the Investment Manager subject to the broad investment policies as outlined in the rest of this document and the standards of fiduciary prudence. This responsibility includes but is not limited to investment strategy with regard to asset mix, diversification, market volatility, and management style. In addition, the Investment Manager shall have full investment discretion with regard to market timing and security selection.

All investments shall be made keeping in mind the Social Principles of The United Methodist Church (Book of Discipline) and the general guidelines and principles established by the General Council on Finance and Administration. No investments shall be made in securities in which a corporate entity has significant interest in alcoholic beverages, tobacco, gambling, pornography, and the manufacture of weapons.

#### **3. Asset Allocation Range**

The Investment Manager will use the following as guidelines:

<u>Asset Class:</u>	<u>Target</u>	<u>Target Allocation Range</u>
Total Equities (Stocks):	75%	60%-75%
U.S. Equities	55%	50%-60%
International (Stocks)	20%	15%-25%
Total Fixed Income (Bonds):	25%	20%-30%
Fixed Income	15%	15%-20%
Inflation Protection	10%	5%-15%
Money Market (Cash):	0%	0%-10%

#### **4. Equity Guidelines**

##### Objective

Achieve returns that meet or exceed those of the overall market as measured by the Russell 3000 Index for U.S. equities and MSCI ACWI ex U.S. IMI Index for international equities.

##### Portfolio Application

Any one equity holding will not exceed 5% (five percent) of the total portfolio. To the extent that the market value of existing holdings in companies or industries exceeds the above guidelines, the Investment Manager will review the appropriateness of reductions with the Conference Investment Policy Committee.

#### **5. Fixed Income Guidelines**

##### Objective

Achieve returns, which meet or exceed those of the U.S. Universal ex MBS Bond Index for fixed income and Bloomberg U.S. Treasury Inflation-Linked Bond and Bloomberg Commodities index for inflation protection.

##### Portfolio Application:

- A. The market value of the aggregate holdings of an individual corporate debtor should not exceed 10% of all debt related assets.
- B. The average maturity of the bond portfolio (use average life for mortgage-backed securities) should be no longer than 10 years.
- C. Corporate bonds should be rated investment grade or better by Standard & Poor's or Moody's

#### **6. Liquidity Guidelines**

##### Objective:

- A. Cash equivalents should be actively managed but with due regard for prudence

- B. The following are permissible cash equivalent investments:
- i. U.S. Treasury Issues
  - ii. Negotiable Certificates of Deposit at commercial banks rated A-1 by Standard & Poor's
  - iii. Jumbo Certificates of Deposit to the extent they are fully FDIC insured
  - iv. Repurchase agreements collateralized by U.S. Treasury and Agency securities
  - v. Eurodollar time deposits of banks rated at least "A" or better held in an inter-bank fund located within the territorial U.S.
  - vi. Federal agency issues
  - vii. Bank-managed short-term money market funds.
  - viii. Floating rate bank securities

**7. Prohibited Investments**

The Investment Manager is prohibited from investments in the following without the prior approval of the Conference Investment Policy Committee:

- A. Single issue fixed Income securities not denominated in U.S. Dollars or Eurodollars; such instruments are permitted in fund structures
- B. Venture Capital
- C. Guaranteed Insurance Contracts
- D. Commodities not held in a fund structure
- E. Precious Metals or Gems

Commingled investment pools are exempt from the above restrictions. Investments in commingled funds necessarily adopt the policies of that investment pool.

**8. Performance Benchmark**

Performance relative to a 55%/20%/15%/10% blend of the Russell 3000, MSCI ACWI ex U.S. IMI, Bloomberg U.S. Universal ex MBS Bond and Bloomberg U.S. Treasury Inflation-Linked Bond and Bloomberg Commodities Index, respectively, shall be used to evaluate investment manager performance.



United Methodist  
Foundation *of West Ohio*

STOCK GIFTS

**Morgan Stanley**

Donor Name: \_\_\_\_\_

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Gift Securities and Share Amount: \_\_\_\_\_

Name of the Fund to receive the transfer: \_\_\_\_\_

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Account Name: West Ohio Conference Number: 285-042092-286

DTC Number: 0015

**Morgan Stanley**

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or for additional information: 380-223-9339 or email: [mdewitt@wocumc.org](mailto:mdewitt@wocumc.org)