



Investor Update

Foundation Implements New Investment Strategy

At the end of September, the Foundation implemented its new investment strategy of broadly diversifying its stock portfolio by shifting from a primarily large cap core strategy to a multi-asset class portfolio. In addition to large capitalization companies, our new portfolio of over 800+ stocks will now include small and mid cap companies as well as international companies. We are proud to be able to offer an “institutional caliber” product that is both socially responsible and broadly diversified at a low cost.

In response to some questions that have been raised by local church trustees, we have prepared a list of “Q & A” (questions and answers) that we hope will be helpful:

Q. *How will this change affect our funds invested at the Foundation?*

A. The Foundation Funds will not change. For example, the Balanced Growth Fund will still be comprised of 60% Stock/40% Fixed Income. What *will* change is that the stock component of the Fund will now be more broadly diversified over many different asset classes, including domestic and international companies.

Q. *How will diversification help our church investments?*

A. Diversification is primarily a risk management technique, and the cornerstone of Modern Portfolio Theory. Investors whose portfolio includes many assets classes will be more likely to own the asset classes that capture the upside of the market. Owning just one asset class (e.g. Large Company Growth) will likely produce 10-11% over the long-term, but the returns can vary significantly (up or down) from year to year. By holding many assets classes, the investor can lessen the volatility of the portfolio.

Q. *Will our Funds still be Socially Responsible? (SRI)*

A. Yes. One of the Foundation’s core values is its commitment to maintaining the Social Principles outlined in the United Methodist “Book of Discipline” regarding tobacco, alcohol, and gambling, as well as those companies with significant revenues from the production of firearms or military weapons. In addition, the Foundation has hired a firm that will assist us in advocating for social justice, good corporate governance, and for responsible environmental behavior through *active* proxy voting on SRI (socially responsible investing) issues.

Q. *Will this new portfolio cost more?*

A. No. Your fees will remain the same.

Upcoming Events

PLANNING FOR A LIFE-TIME OF MINISTRY

A Clergy Financial Planning Seminar Series

“The Middle Years of Ministry”

(Seminar was titled “Planning for a Life-time of Ministry” in previous years)

Suggested Audience: Persons in Ministry 5+ Years

Tuesday, November 15, 2005

9:00 am - 4:00 pm

ROLLING RIDGE CONFERENCE CENTER

660 Great Pond Road ♦ No. Andover MA

\$10 per person

Topics Include:

- ♦ **“Investing & Financial Planning”** - *Essential Concepts to Build a Secure Future*
- ♦ **Understanding Your Health & Pension Benefits**
- ♦ **“Preparing for Life’s Surprises”** - *Four Legal Documents Everyone Needs*
- ♦ **“A Place to Call Home”** - *Knowing Your Real Estate Options*

GOOD \$ENSE

PERSONAL FINANCIAL MANAGEMENT COURSE

The Good \$ense Ministry Course is not just about managing money, but about helping Christian disciples develop a biblically-based understanding of money and its place in their daily lives; it is “transformational stewardship” as participants develop skills that enable them to control their finances and to honor God with their resources.

Participants get practical help and guidance in becoming:

- ♦ Diligent Earners
- ♦ Generous Givers
- ♦ Wise Savers
- ♦ Cautious Debtors
- ♦ Prudent Consumers

Please visit our web site: www.umfne.org and click on “Events” for information about upcoming Good \$ense events.

To register, or for further information or questions, please call us at 800-595-4347 Ext. 100 or email info@umfne.org.