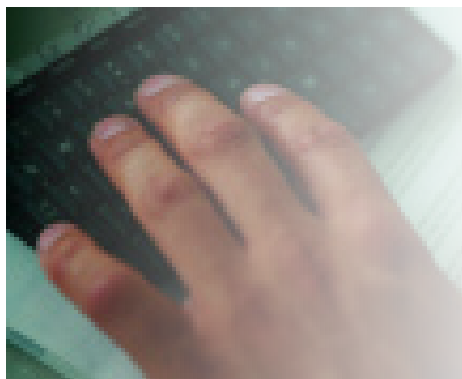




INVESTOR UPDATE

Celebrating 20 Years



Managing Risk Through Diversification

On May 23, 2011, the UMFNE Board of Directors voted unanimously to amend the Investment Policy to establish an Alternative Investment Pool. Our target asset allocation for the Alternative Investments is 5% of total aggregate assets of the Foundation with a maximum of 15%.

Alternative Investments are those investments that cannot be classified as equities, or fixed income instruments such as bonds. Typically, this asset class is comprised of: REITs (Real Estate Investment Trusts), MLPs (Master Limited Partnerships), commodities, sovereign country debt, and private capital. Because of the Foundation's need for liquidity in our investments, we would not hold private equity capital. Master Limited Partnerships are typically natural gas pipeline companies that earn fees on the transmission of the natural gas through their pipeline infrastructure.

The benefits of holding **Alternative Investments** include:

- They are not highly correlated with stocks or bonds. This means that adding Alternative Investments may lower the volatility (or variability) of the overall investment portfolio.
- All other things being equal, most investors prefer lower volatility of portfolios.
- Some alternative investments (such as REITs and MLPs) offer a fairly high level of current income.
- To the extent the REITs can raise rents, MLPs can expand their network of pipelines or increase transmission throughput or rates, and commodities represent the value of raw materials, Alternative Investments can offer some inflation protection.

Alternative Investments are not new to the investing world; in fact many of our sister United Methodist Foundations include Alternative Investments in their portfolios. The Investment Committee of the United Methodist Foundation of New England believes that adding this asset class will result in the enhancement of long-term returns while lowering the overall risk of the portfolio.

If you have any questions and/or would like a visit from the Foundation to review your investments with the Foundation staff, please call Gary Melville or Jim Mentzer at 800-595-4347.

“Capital Campaign for Smaller Churches”

Capital campaign option for smaller churches with professional consultant support and thematic materials



- affordable capital campaign model for small churches (less than 100 members and annual budgets under \$100,000)
- comprehensive campaign manual detailing everything you need to run a successful campaign
- thematic materials for your campaign such as letterhead, bulletin inserts, leaflets, postcards, prayer cards and logo buttons

Plus...

- on-site orientation for your campaign leadership team by UMFNE’s Capital Campaign Consultant, Rev. Dr. Bradley Call
- unlimited off-site consultation with campaign consultant via phone or e-mail throughout your campaign!

Contact Gary Melville at UMFNE today!
800-595-4347 X103 or gary@umfne.org