
Iowa United Methodist Foundation

Investment Options



Pooled Investments

Philosophy

The Foundation's investment philosophy reflects four fiscal objectives:

- Preserve capital
- Earn competitive total returns within risk tolerances established by the Foundation
- Preserve purchasing power by striving for long-term returns which either match or exceed recommended annual distribution requirements and inflation
- Invest in accordance with the Social Principles of the United Methodist Church



Advantages

- All investments are made in accordance with the Social Principles of the United Methodist Church
- Competitive historical performance record
- Consistent accounting of invested funds, with office staff available to help new church or organization officers understand the investment and the accounting
- Low cost for complete services Governed by Iowa United Methodists
- Choice of timing for interest payments and no penalties for timely withdrawals
- No brokerage costs for depositing stocks or gifts of stocks
- Support of the Iowa United Methodist Foundation's work with churches and affiliated organizations in long-term stewardship.

Bond Fund

Objective

This fund's primary investment objective is to maximize present income. The fund's holdings will consist primarily of fixed income securities. Rounding out the portfolio is a small allocation to cash and cash-equivalents.

Investment Allocation

Up to 100% Fixed Income: U.S. Government: Notes & Bonds, Mortgage & Asset Backed Securities, CD's, Corporate Bonds, and Municipal Bonds, Mutual Funds, with up to 15% of fixed income investments in Preferred Stock, Securities Convertible to Common Stock, Real Estate and other hybrid issues as approved by the Investment Committee.

Up to 10% Cash: money market funds, treasury bills, and money market equivalents



Balanced Fund

Objective

This fund seeks to balance the objectives of both long-term capital appreciation and present income.



This Fund is invested in a diversified portfolio of fixed income securities, equity securities, cash and cash-equivalents, and other alternative investments. The Product Mix and Diversification shall strive for a 60/40 balance between equity and fixed income investments.

*The funds will allow a variance of +/- 10 % from the stated Strategic" allocation.

Investment Allocation

- 30% to 50% Fixed Income: U.S. Government: Notes & Bonds, Mortgage & Asset Backed Securities, CD's, Corporate Bonds, and Municipal Bonds, with up to 15% of fixed income investments in Preferred Stock, Securities Convertible to Common Stock, Real Estate and other hybrid issues as approved by the Investment Committee.
- 50% to 70% Equity: 40% Large cap domestic stocks, 20% small cap domestic stocks, 40% international stocks.
- Up to 10% Cash: money market funds, treasury bills, and money market equivalents.

Equity Fund

Objective

This fund's investment objective is to seek long-term capital appreciation. Current income is a secondary objective. The fund pursues its objectives by investing primarily in common stocks and securities convertible or exchangeable into common stocks, including warrants and rights.

Investment Allocation

Up to 100% Equity: 40% Large cap domestic stocks, 20% small cap domestic stocks, 40% international stocks.

Up to 10% Cash: money market funds, treasury bills, and money market equivalents



For More Information

Applications, disclosure information, and details on investing and withdrawing can be found on our website www.iumpf.org or by contacting the Foundation office at 515-974-8927 to discuss the funds or to schedule an on-site visit.

Investing

Investment Allocations

Long term investments may be deposited 100% in individual funds (Bond, Balanced & Equity) or in a “Mixed Fund Account” with allocations among the fund options designated by the investor.



Investment Practices

Active managers are employed to invest the fixed income portion of the pooled funds. Historically, this provides the best return by meeting or outperforming market benchmarks.

An index manager is employed for investing in equities. The size of the pooled funds make it possible to create our own index of companies in compliance with the Social Principals, while providing more consistent results than are available through active managers picking individual stocks.

Risk

The risk inherent in investing in the Pooled Funds is the risk common to any security: the net asset value of the Funds 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 a Fund will achieve its investment objective since there is uncertainty in every investment. The Funds will invest in securities that will increase and decrease in value. Only Participants able to tolerate short-term, possibly substantial fluctuations in the value of their investment brought about by declining stock or bond prices should contemplate investment in the pooled Funds.

Building Fund Trust

Objective

The Trust issues one year Certificates of Participation with a minimum investment of \$1,000 that earn investors a fixed rate of interest. The current rate is declared every Monday.

Investment Allocation

Loans to UM Churches or affiliated entities. (Goal: 85%)

Unissued Loan Funds and Reserve Funds:

33% preferred securities

50% Investment Grade Bonds

17% Non-Investment Grade Bonds

Investment grade of BBB or better

*A +/- 10% variance to this Strategic Investment mix is acceptable

Short Term Income Fund

Objective

This fund's primary objective is to provide an investment vehicle for shorter term funds seeking to earn a better rate than traditional savings accounts or money market funds.

Investment Allocation



Up to 100% Fixed Income: US government backed bonds, corporate bonds, treasury bills, CD's, mutual funds and cash equivalents. All instrument maturities shall be of 3 years or less.

Up to 10 % Cash



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