



INVESTMENT OPPORTUNITY BOOKLET

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Contents

Mission	4
Organization and History	4
Investment Opportunities	4
Investment Policy Statement	5
Investment Objectives	6
Roles and Responsibilities.....	7
Selection of Investments and Managers.....	7
Investment Selection.....	7
Investment Performance Benchmarks.....	7
Investment Monitoring and Reporting.....	8
Manager Termination.....	9
Coordination with the Foundation's Charter.....	9
Management of Funds	10
Fees & Expenses.....	10
Effective Yield and Total Return	11
Spending Policy	11
Other Terms of Investments	12
Investment Fund Opportunities	13
Balanced Fund	13
Fixed Income Fund	13
Equity Growth Fund.....	14
Short Term Cash Fund	14
Summary of Foundation Investments under Management	15
Investments Funds	15
Investments by Organization Category.....	16
How to Open an Account	17
Minimum Deposit and Additional Deposits.....	17
Withdrawals.....	18
Statements.....	18
Board of Directors – Investment Committee	19
Elected Investment Committee.....	19
Fund Managers	21
Wespath Investment Management.....	21
ANB Bank	21
Texas Methodist Foundation	22
Methodists Helping Methodists Fund.....	23
Wespath Investment Fund Descriptions	24
Wespath U.S. Equity Fund	24
Wespath International Equity Fund	25
Wespath Fixed Income Fund.....	26
Wespath Inflation Protection Fund	27
Wespath Multiple Asset Fund	28

Mission

The Mission of the Rocky Mountain United Methodist Foundation, Inc. (the Foundation) is to serve the Christian stewardship goals of churches, institutions, agencies, and individuals of the Rocky Mountain Conference of the United Methodist Church. One of the ways the Foundation fulfills its mission is by offering investment opportunities for churches, agencies, and institutions of the Rocky Mountain Conference.

Organization and History

The Foundation was incorporated in 1987 as a non-profit organization under the laws of the State of Colorado and qualified by the I.R.S. as a 501(c) (3). From our small beginning, the Foundation now manages more than 665 church, agency, and individual accounts totaling over twenty nine million dollars, which includes the funds in this booklet as well as the Methodists Helping Methodists Fund, and its own Endowments and managed gifts.

Investment Opportunities

Foundation Funds seek socially responsible investments to provide growth of capital or current income through investment in companies that make a significant contribution to society through their products and services and the way they do business. Potential investments are first screened for financial soundness and then evaluated according to the Social Principles of the United Methodist Church. The Foundation has four Fund portfolios, each with a different investment objective.

The **Balanced Fund** is invested in the Multiple Asset Fund, a fund of funds, holding a pre-specified allocation of units of domestic and international stocks, bonds, and other diversifying asset classes.

The **Fixed Income Fund** invests in a broad mix of fixed-income securities and inflation-protected securities.

The **Equity Growth Fund** maintains a managed portfolio consisting of US and international stocks, as well as publicly traded real estate investment trusts, private real estate, and private equity.

The **Short Term Cash Fund** invests in a repurchase agreement at American National Bank secured by U.S. Government agencies' paper and in Certificates of Participation with the Texas Methodist Foundation.

Investment Policy Statement

Initially Adopted by the Investment Committee September 2003, Amended June 1, 2014

The Foundation

A Board of Directors governs the United Methodist Foundation for the Rocky Mountain Conference and in accordance with its duties the Board duly appointed an Investment Committee to oversee the investments of the Foundation. The Investment Committee adopts and establishes the following Investment Policy Statement to establish guidelines, allow oversight, and provide investment management review for the investments of the Foundation.

The Foundation has different investment objectives, time horizons, and risk tolerances for different portions of its Funds. To meet different investment needs, the Investment Committee will direct among a range of investment options, varying percentages of the total funds. The goal is to construct diversified portfolios representing specific, broad asset classes that reasonably span the risk/return spectrum and coincide with the projected needs and goals of the Foundation.

The Purpose of the Investment Policy Statement

This investment policy statement is intended to assist the Foundation and the Investment Committee by ensuring that investment-related decisions follow a prudent process. It outlines the underlying philosophies and processes for the selection, monitoring, and evaluation of the investments and investment managers utilized by the Foundation. Specifically, this Investment Policy Statement:

- ◆ Describes the Foundation's approach and overriding philosophy toward investment choices and to investing in general.
- ◆ Defines the Foundation's investment objectives.
- ◆ Defines the roles of those responsible for the Foundation's investments.
- ◆ Describes the criteria and procedures for selecting investments and investment managers.
- ◆ Establishes investment procedures, measurement standards, and monitoring procedures.
- ◆ Describes ways to address investments and investment managers that fail to satisfy established objectives.
- ◆ Provides appropriate diversification within investments and across asset classes.

This Investment Policy Statement will be reviewed at least annually, and if appropriate, be amended to reflect changes in the capital markets, Foundation objectives, or other factors relevant to the Foundation.

Investment Objectives

It is the Foundation's policy to follow the guidelines for socially responsible investing as described in *The Book of Discipline of the United Methodist Church, 2012, paragraph 717:*

“ Foundations shall, in the investment of money, make a conscious effort to invest in institutions, companies, corporations, or funds whose practices are consistent with the goals outlined in the Social Principles; and shall endeavor to avoid investments that appear likely, directly or indirectly, to support racial discrimination, violation of human rights, sweatshop or forced labor, gambling, or the production of nuclear armaments, alcoholic beverages or tobacco, or companies dealing in pornography, and companies that build prisons. The boards and agencies are to give careful consideration to shareholder advocacy, including advocacy of corporate divestment.”

The Foundation acknowledges that many corporations invest in a wide range of enterprises, some portion of which may not be in alignment with the Social Principles. For purposes of this policy, any significant source of revenue for corporations in which the Foundation invests must meet the guidelines for socially responsible investments.

The research and guidance from the General Board of Pensions and Health Benefits of the United Methodist Church and Wesley Investment Management) is used as a reference tool for interpretation of these guidelines.

The Foundation's investments will also be selected to:

- ◆ Maximize return within reasonable and prudent levels of risk.
- ◆ Provide returns comparable to returns for similar investment options.
- ◆ Provide exposure to a wide range of investment opportunities in various asset classes.
- ◆ Keep administrative and management costs competitive.
- ◆ Meet the short-term needs and strategic goals of the Foundation.

Roles and Responsibilities

The Investment Committee shall be responsible for the management and administration of the Foundation's investments. The Committee is responsible for selecting the entities for holding and investing Foundation assets in accordance with the terms of this Investment Policy Statement.

The Investment Committee shall:

- ◆ Establish and maintain the Investment Policy Statement.
- ◆ Select investments and/or investment managers.
- ◆ Periodically review the Foundation's investments to ensure they meet the guidelines and standards established by the Investment Policy Statement.
- ◆ Periodically evaluate the Foundation's investment performance and recommend investments and/or investment manager changes.
- ◆ Establish a process and procedure for receiving information relating to shareholder issues and proxy votes.
- ◆ Establish guidelines for the voting of shareholder proxies.
- ◆ Designate committee members to vote shareholder proxies.
- ◆ Establish and maintain such records as are necessary to document the actions of the Committee and make such records available to the Board of Directors.

Selection of Investments and Managers

The selection of investments for the Foundation is among the Investment Committee's most important responsibilities. Set forth are the considerations and guidelines employed in fulfilling this responsibility.

Investment Selection

The Foundation intends to provide an appropriate range of investments that span the risk/return spectrum. Further, the Foundation's investments will allow it to construct portfolios consistent with appropriate circumstances, goals, time horizons, and tolerance for risk. Major asset classes to be offered include cash and cash equivalents, fixed income securities, stocks or other equity-like securities, and alternative investments.

Investment Performance Benchmarks

Each asset class shall be assigned an appropriate benchmark for performance. Comparison of investment performance to that benchmark shall be made on a periodic basis (e. g. semi-annual) and for a specified period of time (e. g. 3, 5, & 10 year periods). Allowance and consideration

for adherence to the Social Principles of the United Methodist Church and guidelines set out in this Investment Policy Statement will be given as much weight as a strict comparison to the benchmarks. While performance is an important consideration, alignment with the Social Principles is also an important consideration and must be balanced with the fiduciary responsibility the Foundation has to its investors

The percentage of Foundation assets directed to each asset class will fluctuate, as needs change. While the percentages may vary, it is the policy of the committee that some assets will be invested in each asset class at all times.

The Investment Committee will evaluate investments and investment managers and may choose other managers for different investment classes. Each investment manager must meet certain criteria:

1. It shall be a bank, insurance company, investment management company, mutual fund, or an investment adviser under the Registered Investment Advisors Act of 1940 or another United Methodist affiliated organization.
2. It shall be operating in good standing with regulators and clients, with no material pending or concluded legal actions.
3. It shall provide detailed additional information on the history of the firm, its investment philosophy and approach, and its principals, investment managers, clients, locations, fee schedules, and other relevant information.
4. It shall agree to follow the Investment Policy Statement concerning Social Principles of the United Methodist Church, and the standards established by the General Board of Pension and Health Benefits of the United Methodist Church.

Assuming the minimum criteria are met, the particular investment manager under consideration should also meet the following standards for selection:

- ◆ Performance should be equal to or greater than the median return for an appropriate, style-specific benchmark and peer group over a specified time period.
 - ◆ Specific risk and risk-adjusted return measures should be established and agreed to by the manager and the Investment Committee and be within a reasonable range relative to an appropriate, style-specific benchmark and peer group.
 - ◆ It should demonstrate adherence to the stated investment objective.
 - ◆ Fees should be competitive with similar investments.
- The investment manager shall be able to provide in a timely fashion, with particular attention to the Social Principles referred to above, performance data, specific holdings, and other relevant information.

Investment Monitoring and Reporting

The on-going monitoring of investments must be a regular and disciplined process. It is the mechanism for revisiting the investment selection process and confirming that the original criteria remain satisfied and the option remains valid under all circumstances. While frequent change is neither expected nor desirable, the process of monitoring investment performance relative to specified guidelines is an on-going process.

Monitoring should occur on a regular basis (e. g. semi-annual) and utilize the same criteria that were the basis for the investment selection decision. It is expected that unusual, notable, or extraordinary events be communicated immediately by the investment manager to the Investment Committee. Examples of such events include portfolio manager or team departure, violation of investment guidelines, material litigation against the firm, or material changes in firm ownership structure, or announcements thereof.

If overall satisfaction with the investments or investment manager is determined, no further action is required. If areas of dissatisfaction exist, the investment manager and the Investment Committee must take steps to remedy the deficiency. If over a reasonable period the manager is unable to resolve the issue, termination may result.

Manager Termination

An investment manager should be terminated when the Investment Committee has lost confidence in the manager's ability to:

- ◆ Achieve performance and risk objectives
- ◆ Comply with investment guidelines
- ◆ Comply with reporting requirements, or
- ◆ Maintain a stable organization and retain key relevant investment professionals.

There are no hard and fast rules for manager termination. However, if the investment manager has consistently failed to adhere to one or more of the above conditions, it is reasonable to presume a lack of adherence going forward. Failure to remedy the circumstances of unsatisfactory performance by the investment manager, within a reasonable time, shall be grounds for termination.

Any recommendation to terminate an investment manager will be treated on an individual basis, and will not be made solely based on quantitative data. In addition to the above, other factors may include professional or client turnover, or material change to investment processes. Considerable judgment must be exercised in the termination process.

A manager to be terminated shall be removed using one of the following approaches:

- ◆ Remove and replace (map assets) with alternative manager.
- ◆ Freeze the assets managed by the terminated manager and direct new assets to a replacement manager.
- ◆ Phase out the manager over a specific time period.
- ◆ Continue the manager, but add a competing manager.
- ◆ Remove the manager and do not provide a replacement manager.

Replacement of a terminated manager would follow the criteria outlined above.

Coordination with the Foundation's Charter

Notwithstanding the foregoing, if any term or condition of this Investment Policy conflicts with any term or condition of the Foundation's Charter, the terms and conditions of the Charter shall control.

Management of Funds

The Investment Committee of the Board of Directors of the Foundation utilizes Fund Managers as appropriate to assist in maximizing the investment objectives. The Investment Committee of the Foundation Board meets quarterly to discuss and to review portfolio, performance, and socially responsible criteria. *There is no guarantee that the past performance results of these accounts are a representation of future performance.*

Fees & Expenses

The Foundation is a not-for-profit corporation whose primary goal is to provide financial and educational assistance and support to the United Methodist churches, congregations, and affiliated organizations primarily within the Rocky Mountain Conference of the United Methodist Church. The Foundation achieves this mission, in part, through its own funds, separate endowments, private donations, and expense reimbursements from the programs it administers, including the Investment Portfolios.

Expense reimbursements to the Foundation are intended to cover its direct services and its indirect overhead costs. The Foundation believes that it provides its services at or below the costs for the same or similar services from independent third parties.

Expense	Short Term Cash Fund	Balanced Fund	Equity Growth Fund	Fixed Income Fund
Sales Charge/Loads	None	None	None	None
Withdrawal Fees	None	None	None	None
Foundation Management Fee	.20%	.64%	.80%	.47%
Fund Manager's Fee	None	.62%	.64%	.54%
TOTAL	.20%	1.26%	1.44%	1.01%

- ◆ Customers whose investment accounts are in aggregate of \$1,000,000 (based on the average market value of a calendar year) will receive a 0.10% fee rebate. This rebate will be posted to accounts on February 15th of the next year.
- ◆ All fees are annualized and assessed monthly from the Funds, not individual accounts.
- ◆ The Foundation reserves the right to increase or decrease the administration fees. Any increase or decrease will be effective only on thirty days prior written notice to all participants.

A note about fees and comparisons to other investment managers: It is unconventional to disclose the Foundation's management fees and the fund managers' fees with a sum total as above. However, in the spirit of transparency and full disclosure, the Foundation discloses all fees associated with each

investment opportunity in a manner that is concise and easy to understand. The Foundation emphasizes that there are never transaction fees, sales charges, loads, withdrawal fees, transfer fees or any other kind of fee associated with the administration and management of the accounts. The Investment Committee, appointed by the Board of Directors of the Foundation, is charged with annually reviewing the fee structure and ensuring that the fees are reasonable and competitive when compared to other investment managers.

Effective Yield and Total Return

All portfolios have different types of yield and total return performance. All performance figures are based on historical earnings and are not intended to indicate future performance.

The “**yield**” of the Fund refers to the actual income generated by an investment in the Fund over a particular base period, as stated. If the base period is less than one year, the yield will be “annualized”. That is, the amount of income generated by the investment during the base period is assumed to be generated over a one-year period and is shown as a percentage of the investment. The “effective yield” is calculated like yield, but assumes reinvestment of earned income. The effective yield will be slightly higher than the yield because of the compounding effect of this assumed reinvestment.

Total Return differs from yield in that yield figures measure only the income component of a Portfolio’s investments, while total return includes not only the effect of income and dividends, but also any change in net asset value.

The portfolio’s total return shows its overall change in value, including changes in share price and assuming all of the portfolio’s dividends and capital gains distributions are reinvested.

Spending Policy

- ◆ Earnings on investments are reflected in the Fund portfolio’s total valuation established on the last business day of every month. The value includes interest and dividends earned and any realized and unrealized gains or losses as a result of market fluctuations less fees.
- ◆ Earnings are disbursed to participants based on their written elections.
- ◆ Although each participant will have the choice to receive earnings on a scheduled basis, the Foundation encourages those investing in the Equity Growth Fund to receive earnings as an exception by special request. This allows the investment to grow through the reinvestment of earnings.
- ◆ Many investors will choose to establish a distribution rate set at the Foundation’s recommended, pre-determined rate to provide periodic cash flow, with excess earnings re-invested. This option minimizes the effects of market fluctuations and still provides the long-term growth of the investment within the Equity Portfolio. *However, if actual earnings are less than the selected distribution rate, disbursements at the distribution rate will reduce the principal investment.*

- ◆ The Foundation recommends that the corpus of the investment be invested for at least three years before using the investment for cash flow purposes.

Investors must be aware that any draws on investments could potentially result in principal reduction, especially during periods of market decline.

Other Terms of Investments

Valuation: The market value of the Balanced, Fixed Income and Equity Growth Funds, and each participant's investment, is determined as of the close of the last business day of each month, also known as the valuation date. The market value, determined on the valuation date, is the value used for purposes of additions to and withdrawals from the Funds.

Additions: Additions to the Balanced, Fixed Income and Equity Growth Funds must be received by the Foundation at least three business days prior to the valuation date to invest in the Funds following that month's valuation date. Any additions made within one business day of a valuation date or the following month, prior to that month's valuation date, will be invested in the Short Term Cash Fund until the funds are transferred into the Balanced, Fixed Income and Equity Growth Fund as directed by the investor.

The rate of return on all funds will be entirely dependent on the performance of the investments in such funds; therefore, there is no guaranteed minimum rate of return.

Target Allocation of Fund Asset Classes: The Investment Committee reserves the right to make adjustments in the allocation of broad asset classes in the Balanced, Fixed Income and Equity Growth Funds. The Committee will direct the Executive Director to rebalance the funds as deemed appropriate.

Investment Fund Opportunities

Strategy: The Foundation has selected Wespath as its investment manager. Wespath is a division of the General Board of Pensions and Health Benefits of the United Methodist Church. Through the Foundation's investment in a mix of funds provided by Wespath, investors with the Foundation benefit from the management styles of more than 35 different investment management firms selected by Wespath. Additionally, through the underlying funds, there are positive social purpose, private equity, and private real estate investments.

Balanced Fund

Objective

The Balanced Fund investment objective is to maximize long-term investment returns, including current income and capital appreciation, while reducing short-term risk by investing in a broad mix of investments. The fund is a fund of funds and holds a pre-specified allocation of units of domestic and international stocks, bonds, commodities and cash.

Fund Holdings

<u>Asset Class</u>	<u>Target Allocation</u>
Multiple Asset Fund (Wespath)	100%

The Fund uses a blended benchmark to measure the success of its performance. The benchmark includes the following:

- 10% Barclays Capital U.S. Government Inflation Linked Bond Index
- 25% Barclays Capital U.S. Universal Index, excluding mortgage-backed securities
- 40% Russell 3000 Index
- 25% Morgan Stanley All Country World Index, excluding USA

Fixed Income Fund

Objective

The Fixed Income Fund investment objective is to invest in a broad mix of investment-grade fixed-income securities, both U.S. and International, as well as some inflation-protected government fixed-income securities. Additionally, the Fund will hold privately placed loans originated by Wespath's Positive Social Purpose Lending Program (e.g., affordable housing and community development loans).

Fund Holdings

<u>Asset Class</u>	<u>Target Allocation</u>
Fixed Income Fund (Wespath)	70%
Inflation Protection Fund (Wespath)	30%

The Fund uses a blended benchmark to measure the success of its performance. The benchmark includes the following:

- 30% Barclays Capital U.S. Government Inflation-Linked Bond Index
- 70% Barclays Capital U.S. Universal Index (excluding mortgage-backed securities).

Equity Growth Fund

Objective

The Equity Growth Fund investment objective is to earn long-term capital appreciation from a broadly diversified portfolio that includes domestic and international stocks. Additionally, the Fund will hold an interest in publicly traded real estate investment trusts, private real estate, and private equity (e.g., buyout funds and venture capital) and other diversifying asset classes.

Fund Holdings

<u>Asset Class</u>	<u>Target Allocation</u>
U.S. Equity Fund (Wespath)	70%
International Equity Fund (Wespath)	30%

Fund Performance Benchmarks

70% Russell 3000[®] Index

30% Morgan Stanley Capital International All Country with World (MSCI ACWI), excluding USA Index

Short Term Cash Fund

Objective

The Short Term Cash Fund investment objective is to provide an investment alternative for cash investment that will compete with Money Market and short term certificates of deposits.

Interest Earnings

The interest earned will vary with the returns of the underlying investments of the Fund. Earnings are posted based on the average daily balance of the account.

Fund Holdings

Asset Class

American National Bank interest bearing demand (checking) accounts.

Texas Methodist Foundation Certificates of Participation and Demand Investments

Methodists Helping Methodists Loan Fund Certificates of Participation

Fund Performance Benchmark

3 month T-Bill

Summary of Foundation Investments under Management
December 31, 2014

Investments Funds

Fund	Manager	Market Value
Balanced Fund	Wespath	\$8,245,719
Fixed Income	Wespath	\$ 6,444,111
Equity Growth	Wespath	\$ 6,522,842
Short Term Cash Fund	American National Bank Texas Methodist Foundation	\$ 6,156,933
Market value of all Funds under management Dec. 31, 2014		\$ 27,369,605

Investments by Organization Category

December 31, 2014

Accounts Held By:	Market Value
Agencies (4)	\$ 650,282
Foundation Gift Annuity Pool	\$ 182,318
Churches (113)	\$ 19,550,075
Rocky Mountain Conference	\$ 4,554,560
Districts (5)	\$ 539,337
Foundation	\$ 1,686,436
Memorial Gifts (9)	\$ 206,597
Total investments under Management Dec 31, 2014	\$27,369,605

How to Open an Account

1) Review and discuss the Foundation's investment policies and procedures with the appropriate church committee members (Trustees, Finance, Endowment and/or other responsible church committee.) Agencies and ministries may include conversations with their board of directors or trustees, as applicable.

2) Provide Foundation with your organization's Endowment Charter, investment policy and/or committee meeting minutes regarding understanding of the Foundation's policies, procedures and/or your committee's decision to invest in the Foundation Funds.

3) Complete all four (4) pages of the "New Investment Account Application, Agreement and Directive" form and include related documents, letters, charters, meeting minutes, etc.

Send to: Rocky Mountain United Methodist Foundation, Inc.
7350 E. Progress Place, Suite 205
Greenwood Village, Colorado 80111

Or email to info@RMUMF.org

Or fax to 303-777-6292

4) Send check to the above address or include the bank routing and account number and provide written instructions with your application to electronically transfer funds.

Forms are available at, www.RMUMF.org or or by contacting the Foundation office at 303-778-6370 or info@RMUMF.org.

Minimum Deposit and Additional Deposits

Churches, agencies or institutions of the Rocky Mountain Conference United Methodist Church can open a Foundation investment account with as little as \$1,000 and can make additional investments at any time in any amount. Purchases into the Balanced, Fixed Income, or Equity Growth Funds are made on the first of the month following the month of receipt. Investments are held in an interest bearing Short Term Cash account until purchases are made into Funds

Withdrawals

Withdrawals from accounts are made by completing the Foundation withdrawal form. All withdrawal forms must be presented to the Foundation office with the correct number of authorized signatures for the account. Forms are available on our web page, www.RMUMF.org.

The withdrawal form must be in the Foundation office three business day prior to the last business day of the month for liquidation from the Fixed Income Fund, Balanced Fund, or the Equity Growth Fund. Redemptions from these Funds are made only once a month after the close of the previous month. Shares from these funds are then sold and checks issued by the 15th of the following month.

Withdrawals from the Short Term Cash Fund can usually be accomplished within 2 business days.

Statements

Month-end statements are available on-line usually by the fifth business day of the next month. Paper statements are mailed quarterly to account holders that do not use the on-line statement system. As paper statements are detrimental to the environment and expensive, the Foundation encourages investment holders to use the online system.

Information regarding the monthly yield and/or total return on the Funds can be acquired by calling the Foundation office or by viewing the Foundation web page, www.RMUMF.org.

Board of Directors – Investment Committee

Elected Investment Committee

Steve Lo Re was a partner in a private real estate investment business in Salt Lake City, UT. He was a financial advisor and Vice President for AXA Advisors, LLC for 6 years with a practice focusing on investments for small businesses and retirees. Prior to this he was Vice President and Principal for 9 years in the Salt Lake City office of Fidelity Investments Institutional Services, specializing in the tax-exempt retirement plans market. He started his financial services career at the firm's Boston office where he worked for 10 years before relocating to Utah. He has a BS in Finance from Northeastern University, Boston. Steve was a member of Park City Community Church for 20 years and now attends First United Methodist Church in Salt Lake City.

Joe Mossa started his 25-year career as a financial advisor with Prudential Securities where he was Senior Vice President of Investments. Joe joined Piper Jaffray (now UBS Financial) in 2001 as Senior Vice President of Investments. Joe has a degree in Economics. He and his family are members at Columbine United Church.

Darl Hobson served as the first President of the Rocky Mountain United Methodist Foundation in 1988. After stepping down as President, he continued to serve on the Investment and Methodists Helping Methodists Fund Committees. Darl retired from the Board in 1999, but currently serves the Foundation as an advisor to the Investment Committee. Darl has 55 years of experience in banking, real estate, and investment banking. He attends Phillips United Methodist Church.

Rev. Jim Harris is a lifelong United Methodist and has been a United Methodist Pastor for the past 35 years. Jim retired in July 2012 and focuses his time on projects that he feels called to serve. He was Chair of the Conference Board of Pensions and Health Benefits, and served on the Conference Communications Committee, and the Board of Ordained Ministry. Currently he serves on the Conference Archives and History Committee. Jim is looking forward to serving the Foundation on the Investment Committee. He is married with two grown sons and enjoys gardening and hiking.

Michael "Mick" Kingston is Executive Vice President and Chief Investment Officer of Investors Trust Company, a Colorado-based fiduciary and wealth management firm. Mick is a member of St. Andrew United Methodist Church where he has been Chair of Legacy Ministry and leader of Disciple Bible Study while participating in other ministries. Mick is the current Chair of the Board for The Second Chance Center, Inc., a Colorado-based organization with a mission to assist formerly incarcerated men and women transition to lives of success and fulfillment. In his current professional capacity, Mick is accountable for the investment policy and compliance of the firm, and investment strategies including asset allocation and security selection. Mick has 39 years of investment management experience serving families, endowments and foundations, and retirement plans. A native of Nebraska, Mick is the grateful father of two amazing young adults, Michael and Lauren.

Elaine Johnsen has worked in governmental finance for the past 27 years and in private business finance for 6 years prior. Her roles have spanned from Finance Director/Treasurer for Monte Vista, CO, to Budget and Finance Manager for the El Paso County Department of Human Services, and further to

Funding Optimization Manager for El Paso County. She has managed budgets from \$1.5M to \$500M, the latter including Federal and State Block Grant funds disseminated through the Department of Human Services. Elaine is a lifelong United Methodist and serves Good Shepherd United Methodist Church as Chair of the Staff-Parish Relations Committee which also places her in service to the Finance Committee and Church Council. Additionally, she serves the Rocky Mountain Conference Board of Pension and Health Benefits. She is committed to capturing the mission of the Foundation and joining the voices of other Board members in promoting the good work of ministry through investment.

Kristi Kinnison, Executive Director of the Foundation, is an ex-officio member of the Investment Committee. Ms. Kinnison oversees the administration of all trust accounting for church and agency accounts held under management by the Foundation. Also, she manages customer service requests and issues, and reports to committee and auditors. She holds a BS in Mathematics from Mesa State College in Grand Junction, Colorado and an MBA from the University of Colorado in Denver. Kinnison is a lifelong United Methodist and is a member of Trinity United Methodist Church in Denver, Colorado.

Martha Friedrich serves the Investment Committee as an ex-officio member without vote. . She is the account Manager of the Foundation and she handles the daily processing and account reconciliation for all investment accounts. Prior to working for the Foundation, Martha worked in the employee benefits industry, servicing 401(k) plans for Fortune 500 companies. She holds a BBA in Accounting from Saint Mary's College in South Bend, Indiana and an MBA from the University of Michigan. Martha is a member of St. Andrew United Methodist Church.

Fund Managers

The Investment Committee of the Foundation relies on the professional judgment of its investment managers to seek investments in attractively valued companies that, in their opinion, represent good investment opportunities that are aligned with the SOCIAL PRINCIPLES and SOCIAL RESOLUTIONS of the United Methodist Church. The fund primarily employs investment managers that seek this objective through fundamental analysis, social screening, and corporate advocacy.

Wespath Investment Management

A division of the General Board of Pension and Health Benefits of the United Methodist Church (Wespath) *Glenview, Illinois*

The primary role of Wespath is to assist the Investment committee by providing investment management and custody services. More specifically, Wespath will:

- ◆ Educate the Investment Committee in order that it make informed decisions regarding the specific allocation of the investment assets;
- ◆ Provide timely analysis and performance reporting;
- ◆ Invest the assets, with the approval of the Investment Committee, and following the policy guidelines, in the following funds:
 - A. U.S. Equity Fund (Exhibit A)
 - B. International Equity Fund (Exhibit B)
 - C. Fixed Income Fund (Exhibit C)
 - D. Inflation Protection Fund (Exhibit D)
 - E. Multiple Asset Fund (Exhibit E)
- ◆ The investments within the funds shall be invested in accordance with the *Investment Strategy Statement of Wespath*. This document is considered an addendum to this policy. It may be modified at any time by Wespath without specific consent of the Investment committee. Material modifications shall be made known to the Investment Committee as soon as practical after adoption.

ANB Bank

Sturm Financial Group *Denver, Colorado*

The Sturm Financial Group consists of community banks located in Wyoming, Colorado, Kansas, and Missouri.

The Sturm Financial Group maintains financial strength embodied in approximately \$2.5 Billion in assets. Cutting-edge technological products such as *BankAtEase* Internet Banking for individuals and businesses further enhance clients' banking experience.

In 2004 the Sturm Financial Group, Inc. consolidated their banks in Colorado and Wyoming - Mesa National Bank (Western Colorado), The Bank of Cherry Creek (Denver), American National Bank (Wyoming) and Western National Bank (Colorado Springs). The unification improves operational efficiencies and response times, gives the Bank customers multiple locations to choose from, provides an expanded asset base for large loan requests, and enhances the product and service offerings, while maintaining a high level of personal service to their customers. The remaining bank, Premier Bank in Kansas and Missouri, will continue under its current name.

With friendly, talented staff empowered to serve customers at each of their banking locations, and membership in the most predominant local and national ATM networks, business and personal banking has never been as pleasant or convenient as it is today, at the Sturm Financial Group of community banks.

Matthew Baldner ó Regional President, 24 years in banking

Jennifer Taylor ó SVP, 21 years in banking

Amy Urlacher ó VP of Cash Management with AAP designation, 15+ years in banking/cash management

Texas Methodist Foundation

Austin, Texas

The story of the Texas Methodist Foundation began in 1938 during the height of the Great Depression as a group of forward-thinking United Methodist clergy and laity gathered together to discuss their vision for supporting the ministry of their Church.

After a long period of dormancy, many starts and stops, and at least one real threat of demise, the Foundation holds \$510 million in assets under management, including a \$332 million loan portfolio.

Those are the facts, with numbers that signal another year of financial strength, but not the story. The true significance of these numbers is that they represent resources for serving God: children nurtured, strengthened, even saved; communities and families made whole.

Tom Locke, President

David McCaskill, Senior Vice President

Methodists Helping Methodists Fund

Rocky Mountain United Methodist Foundation, Inc.

Established in 1961, the New Church Development Fund of the Rocky Mountain Conference of the United Methodist church was transferred to the Foundation for management in 1996 which renamed the fund as the Methodists Helping Methodists Fund (MHM). The Foundation has since grown the MHM Fund to \$5.7 Million dollars as of the end of 2014.

This Fund is managed by a committee of the Board of Directors that is completely separate from the Foundation's Investment Committee. The MHM Committee is comprised of bankers, attorneys, real estate professionals, and clergy.

Investments are made in the MHM Fund's timed Certificates of Participation from individual United Methodists, Churches, Agencies, and Ministries of the Rocky Mountain and Yellowstone Conferences. To pay interest to the investors, the MHM Committee makes loans for capital purposes to Churches, Agencies, and Ministries in the Rocky Mountain and Yellowstone Conferences. These loans are secured by real property and must meet strict underwriting guidelines. Furthermore, standards for observed and net interest margins are continuously monitored and maintained.

In February, 2014, the Board of Directors of the Foundation voted to allow the Investment Committee to direct excess cash of the Short Term Fund to Certificates of Participation in the MHM Fund to help diversify the Short Term Cash Fund holdings and to ensure maximum returns for investors. These investments are positioned as a minor component of the Short Term Fund.

Wespath Investment Fund Descriptions

Wespath U.S. Equity Fund

The strategy below is subject to review by the designated board committee no less than annually.

I. Fund Objective:

To attain long-term capital appreciation available from a broadly diversified portfolio of primarily U.S. domiciled publicly owned companies.

II. Fund Performance Benchmark:

Russell 3000¹ Index

III. Performance Objective:

To produce a return that exceeds that of the performance benchmarks by 75 basis points on average per year over a market cycle (three to five years and net of management and fund administration expenses).

IV. Investment Strategy:

The Fund employs a blended use of passive and active investment management. For passive management, the Fund includes investments that are designed to closely match the performance of various indices representing different market segments. Index funds are permitted to hold all, or a representative sample, of the securities that comprise the target market index. For active management, the Fund employs different investment management firms to make decisions about the Fund's portfolio investments. The Fund relies on the professional judgment of its investment managers to seek investments in attractively valued companies that, in their opinion, represent good long-term investment opportunities. The Fund primarily employs investment managers who will accomplish this objective through fundamental analysis, including meeting with company executives and employees, suppliers, customers and competitors. Securities may be sold when the adviser no longer believes that they represent attractive investment opportunities.

V. Eligible Investments and Limits:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
U.S. Equity Securities	85%	90%	100%
Cash Equivalents	0%	0%	5%
Alternatives Investments ¹	0%	10%	12%

¹ Permitted Alternative investments include private real estate, timber and energy (real assets), private equity, and hedge funds.

VI. Active Risk Target:

36-month trailing standard deviation of benchmark relative excess return equal to 2%.
Permitted active risk range: between 1% and 3%.

VII. Eligible Investors:

There is no limitation on investors or plans.

Wespath International Equity Fund

The strategy below is subject to review by the designated board committee no less than annually.

I. Fund Objective:

To attain long-term capital appreciation from a diversified portfolio of non-U.S. domiciled publicly owned companies.

II. Fund Performance Benchmark:

Morgan Stanley Capital International All Country World (MSCI ACWI), excluding USA Index

III. Performance Objective:

To produce a return that exceeds that of the performance benchmark by 200 basis points on average per year over a market cycle (three to five years and net of management and fund administration expenses).

IV. Investment Strategy:

The Fund seeks a favorable long-term rate of return from a broadly diversified portfolio of foreign stock domiciled in developed and emerging market countries. The Fund relies on the professional judgment of its investment managers to decide how to allocate fund assets among different countries and/or regions of the world and in which stocks the Fund should invest. The investment managers seek to invest in attractively valued companies that represent above-average long-term investment opportunities. The investment managers accomplish this objective primarily through fundamental analysis, which may include meeting with a company's management, competitors, suppliers, and customers in order to evaluate a company's future prospects.

V. Eligible Investments and Limits:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
International Developed Market Equities	60%	82%	100%
International Emerging Market Equities	16%	18%	20%
Cash Equivalents	0%	0%	5%
Alternatives Investments ¹	0%	10%	12%
Active Currency ²	0%	0%	10%

¹ Permitted alternative investments include private real estate, timber and energy (real assets), private equity and hedge funds.

² Active currency management is limited to no more than 15% of the notional value of the Fund.

VI. Active Risk Target:

36-month standard deviation similar to benchmark.

Permitted active risk range: between 2% and 4%.

VII. Eligible Investors:

There is no limitation on investors or plans.

Wespath Fixed Income Fund

The strategy below is subject to review by the designated board committee no less than annually.

I. Fund Objective:

To earn current income while preserving capital by investing in a diversified mix of fixed-income securities.

II. Fund Performance Benchmark:

Barclays Capital U.S. Universal Index (excluding mortgage-backed securities).

III. Performance Objective:

To produce a return that exceeds that of the performance benchmarks by 50 basis points on average per year over a market cycle (three to five years and net of management and fund administration expenses).

IV. Investment Strategy:

The Fund employs a blended approach of enhanced passive and active investment management. For the enhanced passive management component, the Fund's manager attempts to slightly exceed the return of the performance of the benchmark (10 basis points). For active management, the Fund relies on investment management firms to exercise professional judgment in seeking investments in attractively valued securities that, in their opinion, represent good long-term investment opportunities. The Fund is intended to complement the Inflation Protection Fund in terms of credit exposure. Accordingly, the Fund will tend to have a lower allocation to U.S. Government debt than what is typical for a diversified bond fund.

V. Eligible Investments and Limits:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Fixed Income Securities	60%	70%	80%
Positive Social Purpose Investments	20%	30%	40%
Alternatives Investments ¹	0%	0%	4%

¹ Permitted Alternative investments include hedge funds.

VI. Active Risk Target:

36-month standard deviation similar to benchmark.

Permitted active risk range: between 1% and 3%.

VII. Eligible Investors: There is no limitation on investors or plans.

Wespath Inflation Protection Fund

The strategy below is subject to review by the designated board committee no less than annually.

I. Fund Objective:

To provide investors with current income and to protect principal from long-term loss of purchasing power due to inflation.

II. Fund Performance Benchmark:

Barclays Capital U.S. Government Inflation-Linked Bond Index.

III. Performance Objective: To produce a return that exceeds that of the performance benchmark by 25 basis points on average per year over a market cycle (three to five years and net of management and fund administration expenses).

IV. Investment Strategy:

The Fund employs a blended approach of passive and active investment management. For the passively managed component, the Fund's manager(s) attempt(s) to match the return of the performance benchmark. For the active management component, the Fund's manager(s) exercise(s) professional judgment to seek attractively valued investments that, in their opinion, represent good long-term investment opportunities. The Fund is intended to complement the Domestic Bond Fund in terms of credit exposure as the Fund is comprised primarily of U.S. Government and foreign government debt. The Fund also attempts to modestly improve investment returns by investing up to 10% of its assets in commodities.

V. Eligible Investments and Limits:

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
U.S. Treasury Inflation Protected Securities	0%	90%	100%
International Bonds ¹	0%	0%	20%
Cash Equivalents	0%	0%	30%
Commodities	9%	10%	11%

¹ International bonds are limited to inflation-linked securities.

VI. Active Risk Target:

36-month standard deviation similar to benchmark.
Permitted active risk range: between 2% and 4%.

VII. Eligible Investors:

There is no limitation on investors or plans.

Wespath Multiple Asset Fund

The strategy below is subject to review by the designated board committee no less than annually.

I. Fund Objective:

To attain current income and capital appreciation by investing in a broad mix of different types of investments.

II. Fund Performance Benchmark:

The Fund uses a blended benchmark to measure the success of its performance. The benchmark includes the following:

- 10% Barclays Capital U.S. Government Inflation Linked Bond Index
- 25% Barclays Capital U.S. Universal Index, excluding mortgage-backed securities
- 40% Russell 3000 Index
- 25% Morgan Stanley All Country World Index, excluding USA

III. Performance Objective:

To produce a return that exceeds that of the performance benchmark by 80 basis points on average per year over a market cycle (three to five years and net of management and fund administration expenses).

IV. Investment Strategy:

The Fund is intended to provide investors with exposure to a broadly diversified universe of asset classes. The Fund will very closely adhere to a pre-specified allocation comprised of four funds offered by the board. The board will rebalance the Multiple Asset Fund to the pre-specified mix when the actual holdings fall outside of the pre-specified range.

V. Eligible Investments and Limits:

<u>Investment Funds</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
U.S. Equity Fund	37%	40%	43%
International Equity Fund	23%	25%	27%
Fixed Asset Fund	23%	25%	27%
Inflation Protection Fund	8%	10%	12%

VI. Risk Target:

36-month standard deviation similar to benchmark.
Permitted active risk range: between 2% and 4%.

VII. Eligible Investors:

There is no limitation on investors or plans



New Investment Account
Application, Agreement and Directive



Fill in ALL blanks or write "N/A" if not applicable.

Name of Account: _____

Date: _____

Church/Agency: _____

Mailing Address: _____

Phone: _____

Primary email of Church/Agency: _____

Established Date and Amount:

The enclosed check # _____ payable to **Rocky Mountain United Methodist Foundation, Inc.** (Foundation) in the amount of \$ _____ and dated _____, 20__ represents funds to be invested in this account.

Account in Memory or in Honor of: *If applicable* _____

Who is the assigned authority for this account?

i.e., Church Endowment Committee, Trustees, Finance, or Other, or the church may request the Rocky Mountain United Methodist Foundation ensures the deposits are conserved, invested and distributed in accordance with the church's or organization's charter or rules.

Purpose of Fund and restrictions: _____ **Endowment or Legacy Fund;** _____ **Building Fund;** _____ **Reserve;**
_____ **Scholarship Fund;** _____ **Other (describe)** _____

Please provide as much detail as possible. If you need more room, attach a separate page. Include Endowment Charter Documents, Trust, Donor Letters, Bequest Language, meeting minutes, or any other supporting documents.

Spending Policy: Choose one

- _____ Principal Preservation:
 - _____ Interest/Dividends only
 - _____ Percentage of fund _____%
 - _____ Based on a 3-year average market value as determined on _____ (dd/mm)
 - _____ If total return is less than specified percent, use the lesser (*provision for down market*).
 - _____ Specific dollar amount that may vary
 - Determined by _____ (committee name and/or job title)

New Investment Account

Application, Agreement and Directive (continued)

Page 2 of 3

Investment Strategy *Stocks, Bonds, Cash, Balanced Approach*

NOTE: All Foundation investments are in alignment with the Social Principles of the United Methodist Church.

_____ % **Short Term Cash Fund**

If Short Term Fund, we anticipate withdrawing funds on _____(date) or _____(number of years)

_____ % **Balanced Fund** (65% equities and 35% fixed-income securities) We understand that this is a long-term (3-5 years) investment and it is not our intent to withdraw funds on a short-term basis.

_____ % **Equity Growth Fund** (70% US Equity and 30% International Equity securities) We understand that this is a long-term (3-5 years) investment and it is not our intent to withdraw funds on a short-term basis

_____ % **Fixed Income Fund** (70% Fixed Income and 30% Inflation Protection securities) We understand that this is a long-term (2-4 years) investment and it is not our intent to withdraw funds on a short-term basis

Portfolio Model? Yes / No (circle one): Maintain the ratios by rebalancing on a monthly basis. (You may change the investment strategy OR rebalance on a different schedule OR manually by written request to the Foundation.

Earned Income (Yield as defined in the Investment Opportunity Booklet): We direct that until further notice earned income be distributed as follows:

_____ Reinvest the Earnings

_____ Pay earnings

_____ Annually

_____ Quarterly

_____ Monthly

_____ Hold earnings in cash until instructed to withdraw or transfer

We, the undersigned, understand that the earnings checks are mailed to investors as soon as possible following the close of the designated period. We further understand that earnings not reinvested will be pooled in the Short Term Cash component of our account.

We further understand that we can make additional investments to this account at any time. Deposits and transfer requests received by noon on the last business day of the month will be invested in the Short Term Fund and then converted to the Balanced Fund, Fixed Income Fund, or Equity Growth Fund on the first day of the following month according to the investment strategy on record for this account. Withdrawals can be made from the Balanced Fund, Fixed Income Fund, or Equity Growth Fund when we submit the form to the Foundation three business days prior to the end of the month for payment by the 15th of the following month. Withdrawal requests from our Short Term Cash Fund are usually issued within two business days after withdrawal request is received by the Foundation.

We further understand that account statements will be online on a monthly basis and paper statements are available quarterly.

New Investment Account

Application, Agreement and Directive (continued)

_____ We have provided the Foundation with a copy of our committee minutes regarding our decisions for this investment.

_____ We have included a copy of our Endowment Charter Document, controlling documents or donor letters, trusts or bequest language with this document. (If non-existent, please write N/A)

_____ We understand that this investment will purchase a specified number of units in the Foundation Master Trust of the specified Fund.

_____ We understand that we will participate on a pro rata basis in earned income and capital appreciation/depreciation with all others.

_____ We understand that investing in securities carries an inherent risk and that past performance of investments is not a guarantee of future performance.

_____ We have read and understand the Foundation’s Investment Opportunity Booklet dated July 1, 2015.

_____ We have provided a cancelled check and authorize the Foundation to disburse withdrawals electronically. We understand that we can update this information if it changes.

We will notify the Foundation in writing of any changes we desire to make in our stated plan for receiving or investing earnings, investment fund options, and changes in authorized signatures.

Number of signatures to authorize withdrawals and transfers (minimum of 2) _____

Printed Name _____ Position _____

Signature _____ Phone/Email _____

Printed Name _____ Position _____

Signature _____ Phone/Email _____

Printed Name _____ Position _____

Signature _____ Phone/Email _____

Printed Name _____ Position _____

Signature _____ Phone/Email _____

For Internal Use Only			
Sig ____	FW ____	Log ____	DDI ____
Ack ____	QB ____	Cash Sheet ____	Scan ____
Check #	Check Date		

Authorized Signature and Online Access Card

This card replaces all previous Authorized Signature Cards. If Authorized Signers want to have online access, please include the Signer's birthdate where indicated. Spaces are also provided for those who are not Authorized Signers but who request online access *only*.



_____ Effective Date _____
 _____ Church/Organization Name & City _____
 _____ Account Number(s) _____

Please complete one form per account if Authorized Signers differ.

Primary contact name _____ Phone _____ Email _____
(Requested for confirmation and correspondence)

Number of signatures required for withdrawals & transfers: _____
(At least two required)

Printed name _____

Signature _____

Position _____

Phone/email _____

Authorized Signer Online Access and Electronic Statements

For Online Access and E-Statements, provide Birthdate and Social Security #

DOB _____ SS # _____

Printed name _____

Signature _____

Position _____

Phone/email _____

Authorized Signer Online Access and Electronic Statements

For Online Access and E-Statements, provide Birthdate and Social Security #

DOB _____ SS # _____

Printed name _____

Signature _____

Position _____

Phone/email _____

Authorized Signer Online Access and Electronic Statements

For Online Access and E-Statements, provide Birthdate and Social Security #

DOB _____ SS # _____

Printed name _____

Signature _____

Position _____

Phone/email _____

Authorized Signer Online Access and Electronic Statements

For Online Access and E-Statements, provide Birthdate and Social Security #

DOB _____ SS # _____

Printed name _____

Signature _____

Position _____

Phone/email _____

Authorized Signer Online Access and Electronic Statements

For Online Access and E-Statements, provide Birthdate and Social Security #

DOB _____ SS # _____

Printed name _____

Signature _____

Position _____

Phone/email _____

Authorized Signer Online Access and Electronic Statements

For Online Access and E-Statements, provide Birthdate and Social Security #

DOB _____ SS # _____

Authorized Signers, Online Access, and Electronic Statement Recipients authorized by:

Printed name _____

Position _____

Signature _____

Email _____

**All fields must be completed or the form may be returned to the church.
 Questions may be directed to the Foundation at info@RMUMF.org or 303.778.6370**

For Internal Use Only
Sig ____ FW ____ Ack ____ DDI ____ Scan ____

Authorized Signature Card Policy

Purpose: The Foundation will maintain security and streamline authorized signer confirmation of all church investment accounts by requiring the church to update the Authorized Signature Card (ASC) when any change is made to current ASCs in each church's portfolio.

Common changes include:

1. Removal of a Signer (due to death, departure from the church, completion of the Signer's term, etc.)
2. Addition of a Signer
3. Addition of an account

A church may have multiple ASCs if there are different Authorized Signers on different accounts.

The Foundation will not accept an "addendum" ASC to attach to a current ASC. When Signers are added or removed, or an account is added or closed, a new ASC must be submitted.

The Foundation will only honor a transfer or withdrawal request with signatures that match a current ASC.

Authorized Signature Cards are available for downloading and printing from the Foundation's website, www.RMUMF.org/Forms. Click on the Authorized Signature Card link under "Forms for Churches."

Authorized Signature Cards may also be requested from the Foundation office by calling, 303.778.6370, or emailing, info@RMUMF.org