United Methodist Foundation of NEW ENGLAND

INVESTMENT STRATEGIES

Discover The Foundation Advantage

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IN THE KNOW….

- **KNOW that you are part of the Methodist connectional system –** Your partnership with the United Methodist Foundation of New England means that we are committed to helping your church grow by offering planned giving services long after your account with us is opened.

- **KNOW where your church's money is going –** Foundation funds are always invested in strict accordance with the *United Methodist Book of Discipline* and the *Social Principles of the United Methodist Church.*

- **KNOW that your investment fees are reinvested in ministry here in New England –** The Foundation does not receive mission share support and is self- sustaining through fee and investment income. 100% of your investment fees are used to offer stewardship services and provide a grant program that is delivered by Foundation staff and volunteer partners.

- **KNOW what you're getting –** The United Methodist Foundation of New England has a proven track record of success based on an investment portfolio that dates back to December 31, 1994! Your funds will be managed as part of a much larger asset pool that totals over $130 million.

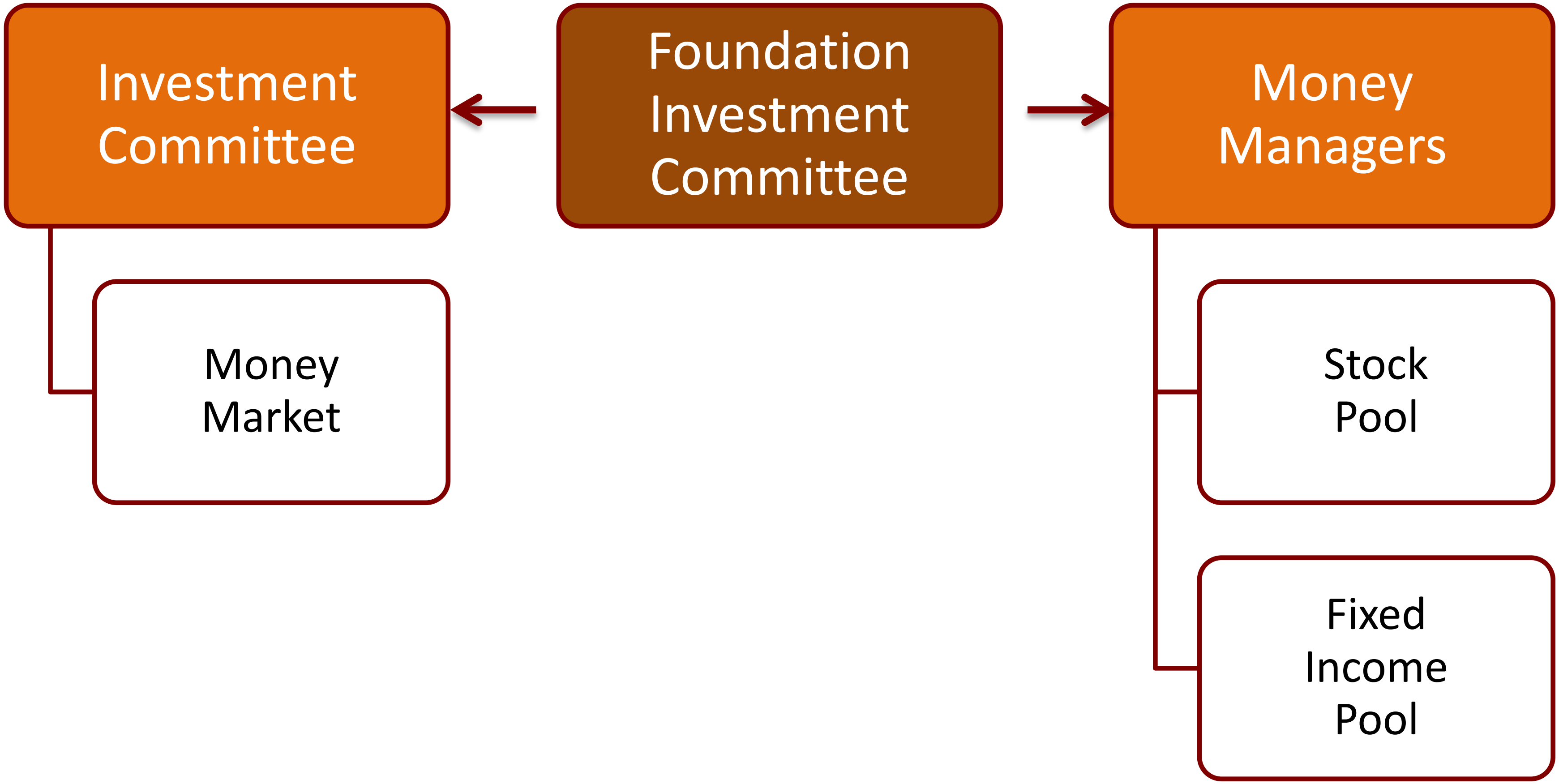
DE-MYSTIFIYING ENDOWMENT LANGUAGE

TRUE ENDOWMENT: Restricted Income Only, Gift by Donor or devise (*Will, Beneficiary, DAF*) May have designated purpose as well

TERM ENDOWMENT: Restricted Income Only, Gift by Donor or devise (*Will, Beneficiary, DAF*) for a period of years, maybe for a designated purpose. At the end of the term, the balance to be spent, or returned to the heirs.

QUASI ENDOWMENT: Donor gives unrestricted gift – Church votes to use income only

INVESTMENT OPERATIONAL STRUCTURE



United Methodist Foundation of NEW ENGLAND

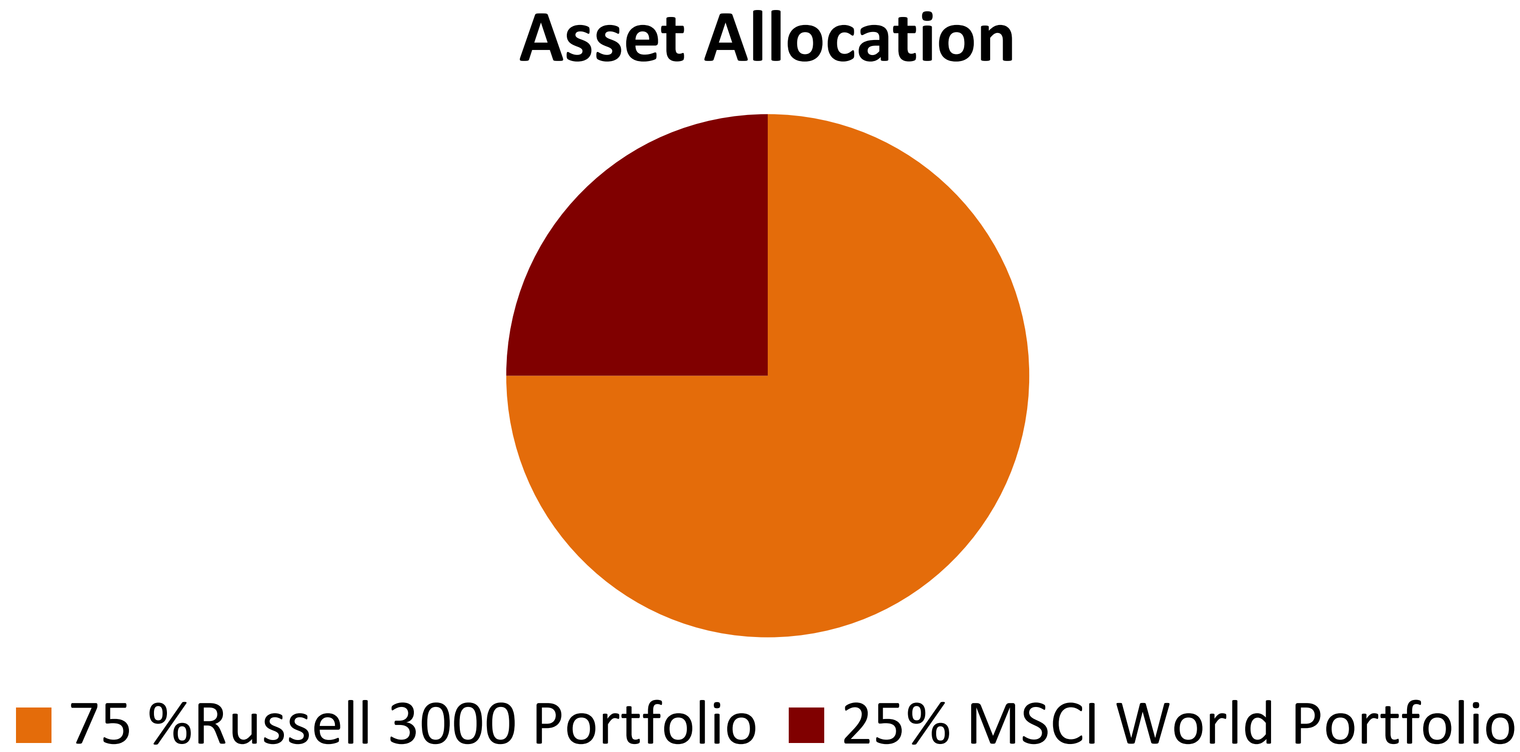
The Callan Periodic Table of Investment Returns

Annual Returns for Key Indices Ranked in Order of Performance (2001–2020)

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
U.S. Fixed Income 8.43%	Glbl ex-U.S. Fixed 22.37%	Emerging Market Equity 55.82%	Real Estate 37.96%	Emerging Market Equity 34.00%	Real Estate 42.12%	Emerging Market Equity 39.38%	U.S. Fixed Income 5.24%	Emerging Market Equity 78.51%	Small Cap Equity 26.85%	U.S. Fixed Income 7.84%	Real Estate 27.73%	Small Cap Equity 38.82%	Real Estate 15.02%	Large Cap Equity 1.38%	Small Cap Equity 21.31%	Emerging Market Equity 37.28%	Cash Equivalent 1.87%	Large Cap Equity 31.49%	Small Cap Equity 19.96%
High Yield 5.28%	U.S. Fixed Income 10.26%	Small Cap Equity 47.25%	Emerging Market Equity 25.55%	Real Estate 15.35%	Emerging Market Equity 32.17%	Dev ex-U.S. Equity 12.44%	Glbl ex-U.S. Fixed 4.39%	High Yield 58.21%	Real Estate 19.63%	High Yield 4.98%	Emerging Market Equity 18.23%	Large Cap Equity 32.39%	Large Cap Equity 13.69%	U.S. Fixed Income 0.55%	High Yield 17.13%	Dev ex-U.S. Equity 24.21%	U.S. Fixed Income 0.01%	Small Cap Equity 25.52%	Large Cap Equity 18.40%
Cash Equivalent 4.42%	Real Estate 2.82%	Real Estate 40.69%	Dev ex-U.S. Equity 20.38%	Dev ex-U.S. Equity 14.47%	Dev ex-U.S. Equity 25.71%	Glbl ex-U.S. Fixed 11.03%	Cash Equivalent 2.06%	Real Estate 37.13%	Emerging Market Equity 18.88%	Glbl ex-U.S. Fixed 4.36%	Dev ex-U.S. Equity 16.41%	Dev ex-U.S. Equity 21.02%	U.S. Fixed Income 5.97%	Cash Equivalent 0.05%	Large Cap Equity 11.96%	Large Cap Equity 21.83%	High Yield -2.08%	Dev ex-U.S. Equity 22.49%	Emerging Market Equity 18.31%
Small Cap Equity 2.49%	Cash Equivalent 1.78%	Dev ex-U.S. Equity 39.42%	Small Cap Equity 18.33%	Large Cap Equity 4.91%	Small Cap Equity 18.37%	U.S. Fixed Income 6.97%	High Yield -26.16%	Dev ex-U.S. Equity 33.67%	High Yield 15.12%	Large Cap Equity 2.11%	Small Cap Equity 16.35%	High Yield 7.44%	Small Cap Equity 4.89%	Real Estate -0.79%	Emerging Market Equity 11.19%	Small Cap Equity 14.65%	Glbl ex-U.S. Fixed -2.15%	Real Estate 21.91%	Glbl ex-U.S. Fixed 10.11%
Emerging Market Equity -2.61%	High Yield -1.37%	High Yield 28.97%	Glbl ex-U.S. Fixed 12.54%	Small Cap Equity 4.55%	Large Cap Equity 15.79%	Large Cap Equity 5.49%	Small Cap Equity -33.79%	Small Cap Equity 27.17%	Large Cap Equity 15.06%	Cash Equivalent 0.10%	Large Cap Equity 16.00%	Real Estate 3.67%	High Yield 2.45%	Dev ex-U.S. Equity -3.04%	Real Estate 4.06%	Glbl ex-U.S. Fixed 10.51%	Large Cap Equity -4.38%	Emerging Market Equity 18.44%	Dev ex-U.S. Equity 7.59%
Glbl ex-U.S. Fixed -3.75%	Emerging Market Equity -6.16%	Large Cap Equity 28.68%	High Yield 11.13%	Cash Equivalent 3.07%	High Yield 11.85%	Cash Equivalent 5.00%	Large Cap Equity -37.00%	Large Cap Equity 26.47%	Dev ex-U.S. Equity 8.95%	Small Cap Equity -4.18%	High Yield 15.81%	Cash Equivalent 0.07%	Cash Equivalent 0.03%	Small Cap Equity -4.41%	Dev ex-U.S. Equity 2.75%	Real Estate 10.36%	Real Estate -5.63%	High Yield 14.32%	U.S. Fixed Income 7.51%
Real Estate -3.81%	Dev ex-U.S. Equity -15.80%	Glbl ex-U.S. Fixed 19.36%	Large Cap Equity 10.88%	High Yield 2.74%	Glbl ex-U.S. Fixed 8.16%	High Yield 1.87%	Dev ex-U.S. Equity -43.56%	Glbl ex-U.S. Fixed 7.53%	U.S. Fixed Income 6.54%	Real Estate -6.46%	U.S. Fixed Income 4.21%	U.S. Fixed Income -2.02%	Emerging Market Equity -2.19%	High Yield -4.47%	U.S. Fixed Income 2.65%	High Yield 7.50%	Small Cap Equity -11.01%	U.S. Fixed Income 8.72%	High Yield 7.11%
Large Cap Equity -11.89%	Small Cap Equity -20.48%	U.S. Fixed Income 4.10%	U.S. Fixed Income 4.34%	U.S. Fixed Income 2.43%	Cash Equivalent 4.85%	Small Cap Equity -1.57%	Real Estate -48.21%	U.S. Fixed Income 5.93%	Glbl ex-U.S. Fixed 4.95%	Dev ex-U.S. Equity -12.21%	Glbl ex-U.S. Fixed 4.09%	Emerging Market Equity -2.60%	Glbl ex-U.S. Fixed -3.09%	Glbl ex-U.S. Fixed -6.02%	Glbl ex-U.S. Fixed 1.49%	U.S. Fixed Income 3.54%	Dev ex-U.S. Equity -14.09%	Glbl ex-U.S. Fixed 5.09%	Cash Equivalent 0.67%
	Large Cap Equity -22.10%	Cash Equivalent 1.15%	Cash Equivalent 1.33%	Glbl ex-U.S. Fixed -8.65%	U.S. Fixed Income 4.33%	Real Estate -7.39%	Emerging Market Equity -53.33%	Cash Equivalent 0.21%	Cash Equivalent 0.13%	Emerging Market Equity -18.42%	Cash Equivalent 0.11%	Glbl ex-U.S. Fixed -3.08%	Dev ex-U.S. Equity -4.32%	Emerging Market Equity -14.92%	Cash Equivalent 0.33%	Cash Equivalent 0.86%	Emerging Market Equity -14.57%	Cash Equivalent 2.28%	Real Estate -9.04%

OPTIMIZED STOCK PORTFOLIO

A Managed Index Approach



DOMESTIC RUSSELL 3000 PORTFOLIO

Socially Screened Portfolio

- Portfolio holds 972 names
- 85 % Large Cap Stocks ($10 Billion or more)
- 9% Mid Cap Stocks (Between $2 an $10 Billion)
- 6% Small Cap Stocks (Below $2 Billion)
- Portfolio has a 0.55% "tracking error" with the benchmark
- This is an "Socially Screened" index" type of strategy

International MSCI ACWI ex-US Portfolio

Socially Screened Portfolio

- Portfolio Holds 435 names
- Invests through American Deposit Receipts (ADR's)
- The Portfolio is invested in Non-US Developed Countries as well as Emerging Markets
- Portfolio has a 1.61% "tracking error" with the benchmark

FIXED INCOME

Socially Screened Portfolio

- Invests in Debt instruments of the United States Government
- Invests in quality US Corporations
- Up to 30% of the Fixed income portfolio may be invested the Foundation's Church Loan Program.
- Benchmark: Barclays Capital US Intermediate Gov./Corp Index

INVESTMENT OPTIONS

Foundation Model Portfolios

- In addition to the Stock and, Fixed Income, the Foundation has created 7 blended Model portfolios so that trustees may align assets and liabilities.
- The Foundation offers a Money Market option for those churches who need a vehicle for short-term investment objectives.

AVERAGE ANNUAL TOTAL RETURNS FOR MODEL PORTFOLIOS

(Calculated using actual United Methodist Foundation Investment Pool Performance as of 12/31/2020)

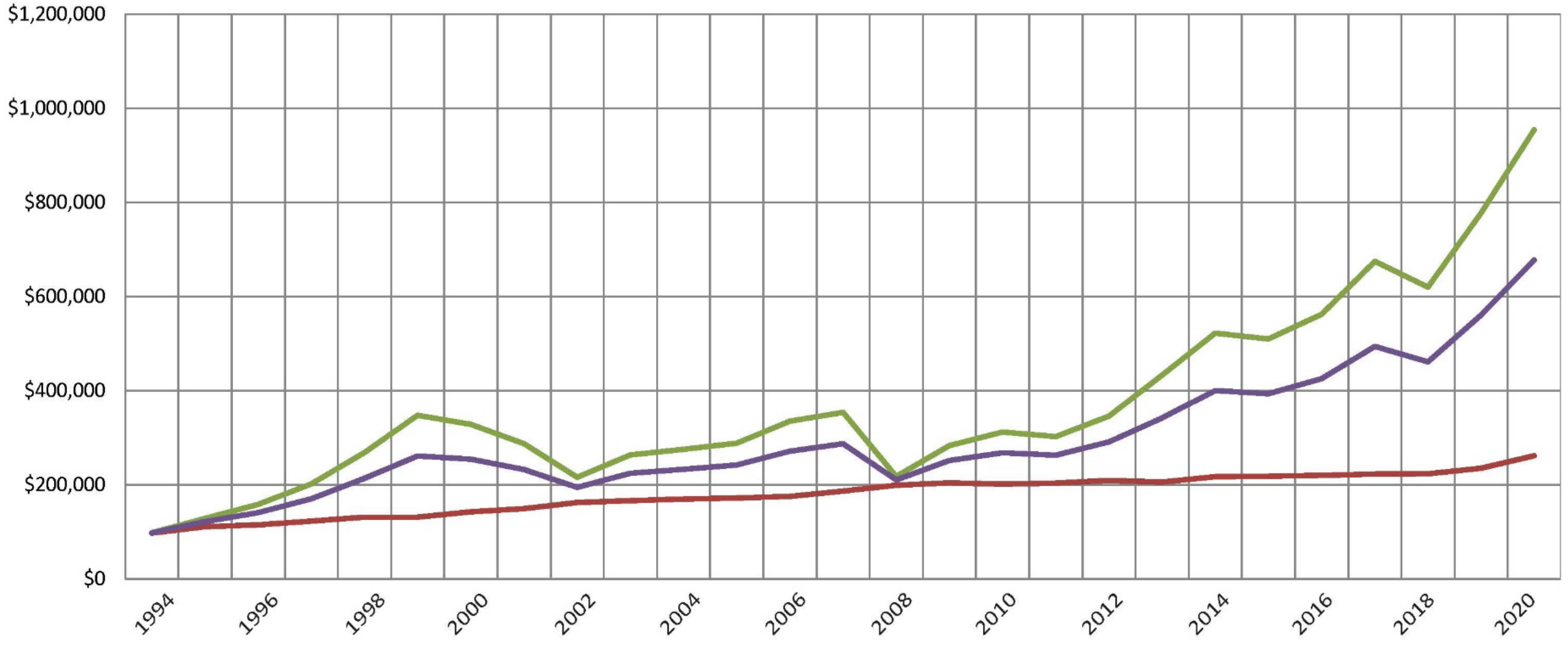
Model Name/Asset Allocation		4th Quarter	Year-to-Date	1 Year	3 Year	5 Year	10 Year
Stock	**Total Return**	14.69%	16.69%	16.69%	10.43%	12.31%	9.85%
100%	**Custom Index	15.38%	17.79%	17.79%	11.59%	13.52%	11.15%
Capital Appreciation	**Total Return**	11.82%	14.49%	14.49%	9.10%	10.38%	8.31%
80%/20%	Blended Index	12.40%	15.52%	15.52%	10.21%	11.54%	9.54%
Weighted Growth & Income	**Total Return**	10.38%	13.40%	13.40%	8.43%	9.42%	7.54%
70%/30%	Blended Index	10.91%	14.39%	14.39%	9.52%	10.55%	8.74%
Balanced Growth	**Total Return**	8.94%	12.30%	12.30%	7.77%	8.45%	6.77%
60%/40%	Blended Index	9.42%	13.25%	13.25%	8.83%	9.56%	7.93%
Moderate Growth & Income	**Total Return**	7.50%	11.20%	11.20%	7.10%	7.49%	6.00%
50%/50%	Blended Index	7.94%	12.12%	12.12%	8.14%	8.58%	7.13%
Balanced Income	**Total Return**	6.06%	10.10%	10.10%	6.43%	6.53%	5.23%
40%/60%	Blended Index	6.45%	10.99%	10.99%	7.44%	7.59%	6.32%
Weighted Income & Growth	**Total Return**	4.62%	9.00%	9.00%	5.77%	5.56%	4.46%
30%/70%	Blended Index	4.96%	9.85%	9.85%	6.75%	6.60%	5.52%
Income & Capital Preservation	**Total Return**	3.19%	7.91%	7.91%	5.10%	4.60%	3.69%
20%/80%	Blended Index	3.47%	8.72%	8.72%	6.06%	5.61%	4.71%
Fixed Income	*****Total Return**	0.31%	5.71%	5.71%	3.77%	2.67%	2.15%
100%	Barclays Int.Gov/Credit Index	0.49%	6.45%	6.45%	4.68%	3.63%	3.10%

GROWTH COMPARISON

1/1/1994 to 12/31/2020

Initial Investment $100,000

Income Reinvested



FOUNDATION INVESTMENT MODELS:

Stock Model Balanced Growth Model Fixed Income Model

Past performance is no guarantee of future results. The Foundation's models are not insured and are subject to market risks. The actual performance of individual customer accounts will be impacted by deposits, withdrawals and timing of investments, and may not reflect the performance outlined above.

FIXED PERCENTAGE PAYOUT OPTION

(Balanced Growth Model Only)

- Based on ***Uniform Prudent Management of Institutional Funds Act***
- Incorporates the Total Return Approach

  Dividends + Interest + Capital Appreciation
- A Percentage of the Market Value *(averaged over a rolling 12 quarter period)*
- Current Payout Rate 3.50%

ORDINARY INCOME vs FIXED PERCENTAGE PAYOUT

EXAMPLE A: *Current Year Balanced Growth Model Performance 10.10%*

OPTION 1 – *Ordinary Income*

- 12/31/2020 Market Value: $677,425
- Income from Dividends (Stocks) + Interest (Bonds) = 2.5% Yield:
  Total Annual Income $16,793

OPTION 2 – *Fixed Percentage Payout*

- 3 year – 12 quarter Market Value Average: $526,376
- Average Market Value x 3.5% Payout Rate – ***Annual Income $18,423***
  $1,488 more Income for Ministry
- 3.5% Current Market Value: $677,425 = $23,360

ORDINARY INCOME vs FIXED PERCENTAGE PAYOUT

EXAMPLE B: *Current Year Balanced Growth Model Performance -10.10%*

OPTION 1 – *Ordinary Income*

- 12/31/2020 Market Value: $483,701
- Income from Dividends (Stocks) + Interest (Bonds) = 2.5% Yield:
  Total Annual Income $12,092

OPTION 2 – *Fixed Percentage Payout*

- 3 year – 12 quarter Market Value Average: $510,232
- Average Market Value x 3.5% Payout Rate – ***Annual Income $17,858***
  $5,766 more Income for Ministry

United Methodist Foundation of NEW ENGLAND

FOUNDATION MODEL PORTFOLIOS

Asset Allocation

Model Name	Stock %	Fixed Income %	Annual Fee
Stock	100%		1.35%
Fixed Income		100%	1.00%
Model Portfolios			
Capital Appreciation	80%	20%	1.28%
Weighted Growth & Income	70%	30%	1.24%
Balanced Growth	60%	40%	1.21%
Moderate Growth & Income	50%	50%	1.18%
Balanced Income	40%	60%	1.14%
Weighted Income & Growth	30	70%	1.11%
Income & Capital Preservation	20	80%	1.08%

Purpose Driven Investing

- As an independent 501c3 organization, 100% of the Foundation's fees are used to further our mission to serve and support the churches and agencies in New England. Any surplus income is targeted for the Foundation's Grant Ministry and other ministries of the Foundation.

- The Foundation's Investment Committee has worked diligently to create investment portfolios that reflect the values stated in the *United Methodist Book of Discipline* and the *Social Principles of the United Methodist Church.* As an independent organization the Foundation proactively divested from fossil fuel companies.

Purpose Driven Investing

- The Foundation is well positioned to offer unique programs and services for churches, clergy and donors in New England:
  - "Innovate, Integrate, Elevate" is a Foundation pastoral leadership program made possible from a $900,000 Lilly Grant.
  - The new "Justice in Our Time Fund" is an anti-racism initiative created by the Foundation's Board of Directors. The income from $900,000 of Foundation Endowed Funds provided the seed money for this important work.
  - Donor Centric Philanthropy services assist individuals and families explore interests and develop gift plans to maximize impact.