

SHORT TERM FUND

The Short Term Fund of the Oklahoma United Methodist Foundation invests in U.S. Treasury bills, certificates of deposit, commercial paper, and fully collateralized repurchase agreements. As of December 31, 2008, the yield on this investment fund was 0.75%. The fund is very liquid. Entry and exit to this fund is allowed on a daily basis.

FIXED INCOME FUND

The Fixed Income Fund of the Oklahoma United Methodist Foundation is designed for those who desire a fixed income approach to investing. This fund makes no investment in common stocks. The portfolio invests in intermediate corporate, government, and agency bonds. The portfolio is diversified across U.S. bonds, U.S. inflation protected bonds, and some International bonds.

The Fixed Income Fund functions much like a fixed income mutual fund. Actual dividends and income, net of expenses and fees are paid to shareholders on a monthly basis.

FIXED INCOME FUND TOTAL RETURN HISTORY

Year	Return
2000	10.04%
2001	8.42%
2002	8.33%
2003	4.68%
2004	4.01%
2005	1.49%
2006	3.30%
2007	9.30%
2008	2.00%

SOCIAL PRINCIPLES & PHILOSOPHY

The Foundation is mindful of social issues that are embraced by the United Methodist Church. With that in mind, the Foundation does not allow material direct investments in what are commonly known as “sin stocks” or comparable bonds. The portfolio is diversified across varying classes and sizes, both domestic and international, and are not speculative in nature. Each professional manager employed by the Foundation follows strict disciplines in investing.

INVESTMENT FUNDS

THE OKLAHOMA UNITED METHODIST FOUNDATION



**THE OKLAHOMA UNITED
METHODIST FOUNDATION**
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- Diversified Fund
- Short Term Fund
- Fixed Income Fund

Diversified Fund

The Diversified Fund of the Oklahoma United Methodist Foundation is designed for the long-term investment of endowment and other permanent types of funds. Its investment philosophy reflects a long-term, conservative strategy that provides a steady flow of income and growth.

Since World War II, the average rate of inflation has been approximately 3%. With this reality in mind, it is necessary to design investments to meet two specific needs:

- **Provide current income to fund needed ministry projects.**
- **Provide enough growth so the fund does not lose purchasing power over the years.**

With the above objectives in mind, the Diversified Fund is designed to produce a steady flow of income and approximately 5% to 6% in capital appreciation.

Functionally, the Diversified Fund is similar to a Balanced Mutual Fund. At the end of each calendar month, a net asset value or price per share is determined. In addition, actual dividends and income, less expenses and fees, are paid to each account based on the number of shares owned by the account.

The investments are very well diversified. Sixteen professional managers manage this fund. These managers are monitored very closely by a third party consultant for the Foundation

When a manager becomes a “non-performer” or no longer meets the needs of the Foundation, that manager is released and then replaced after exhaustive and nationwide searches.

Many different styles of management are present at any given time in the Diversified Fund. The fund target asset allocation is approximately 54% equities (stocks), 18% fixed income instruments (U.S. Government Securities, Investment Grade Corporate Bonds, etc.), and 28% alternative investments (hedge funds and real assets including real estate and natural resources).

DIVERSIFIED FUND FEES & EXPENSES

The Foundation (1) shall be reimbursed for expenses incurred in the management of the Fund (currently, approximately 65 basis points annually) and (2) shall receive a reasonable sum for defraying overhead and supervision costs (currently 75 basis points annually) incurred in the administration of invested funds.

DIVERSIFIED FUND TOTAL RETURN HISTORY

Year	Return
1983	12.12%
1984	8.53%
1985	11.62%
1986	12.22%
1987	9.75%
1988	7.51%
1989	10.29%
1990	12.58%
1991	15.04%
1992	7.14%
1993	8.60%
1994	-1.50%
1995	16.62%
1996	12.02%
1997	18.58%
1998	15.27%
1999	7.54%
2000	-2.80%
2001	-10.68%
2002	-9.03%
2003	13.04%
2004	6.87%
2005	5.09%
2006	10.15%
2007	9.35%
2008	-27.60%