

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	10.0%
2001	8.4%
2002	8.3%
2003	4.7%
2004	4.0%
2005	1.5%
2006	3.3%
2007	9.3%
2008	2.0%
2009	11.1%
2010	8.2%
2011	7.0%
2012	8.9%
2013	-0.8%

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, 2013, the yield on this investment fund was 0.20%. The fund is very liquid. Entry and exit to this fund is allowed on a daily basis.

Socially Responsible Investing

The Foundation is mindful of social issues that are embraced by the United Methodist Church. All of Wespath's investments are screened according to investment policies in accordance with the Social Principles of the United Methodist Church. These policies exclude investments in companies earning significant revenue from gambling or from the manufacture, sale or distribution of alcoholic beverages, tobacco-related products, pornography, or weapons.



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INVESTMENT FUNDS

*Diversified Fund
Short Term Fund
Fixed Income Fund*



*The Oklahoma United
Methodist Foundation*

The 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 managed by Wespath Investment Management, a division of the General Board of Pension and Health Benefits of the United Methodist Church. The underlying investment funds participate in the management styles of more than 30 different investment

management firms. These managers provide broad diversification of holdings in a variety of U.S. and non-U.S. securities. These include stocks, traditional bonds, inflation-linked bonds, real estate investment trusts, securities, commodities, and interests in private equity and private real estate partnerships. Asset allocations and investment performance are monitored by the Investment Committee of the Foundation.

The fund's target asset allocations are 65% equities (stocks, REITS, and private investments) and 25% fixed income and 10% inflation protection securities (inflation-linked bonds and commodities).

Diversified Fund Expense Ratio

All expenses of the fund are deducted from the fund's net asset value. The expenses include 1) investment management fees charged by the underlying managers (currently, approximately .67% annually) and 2) a Foundation administration fee of .75% annually to defray overhead and supervision costs.

Diversified Fund Total Return History

Year	Return
1983	12.1%
1984	8.5%
1985	11.6%
1986	12.2%
1987	9.8%
1988	7.5%
1989	10.3%
1990	12.6%
1991	15.0%
1992	7.1%
1993	8.6%
1994	-1.5%
1995	16.6%
1996	12.0%
1997	18.6%
1998	15.3%
1999	7.5%
2000	-2.8%
2001	-10.7%
2002	-9.0%
2003	13.0%
2004	6.9%
2005	5.1%
2006	10.2%
2007	9.4%
2008	-27.6%
2009	13.4%
2010	10.6%
2011	-0.8%
2012	12.5%
2013	15.5%