



METHODIST FOUNDATION  
OF MISSISSIPPI

P. O. Box 2415  
Ridgeland, MS 39158-2415  
601-948-8845  
[www.methodistfm.org](http://www.methodistfm.org)

## Table of Contents

**5**

Disclosure: Information for  
Participants

**7**

Disclosure: Investment  
Information

**9**

Disclosure: Investment  
Policy & Objectives

**18**

Disclosure: Recommended  
Spending Plan

**20**

Agreement: Investment  
Custodial Agreement

**23**

Application: Short  
Term Fund

**24**

Application: Long  
Term Fund

**25**

Agreement:  
Direct Deposit

**26**

Agreement: One Time  
Electronic Draft





METHODIST FOUNDATION  
OF MISSISSIPPI

**P. O. Box 2415**  
**Ridgeland, MS 39158-2415**  
**601-948-8845**  
**[www.methodistfm.org](http://www.methodistfm.org)**

Local churches, agencies, institutions, and extension ministries of The Mississippi Conference are the focus of the Foundation. Your investment with us is carefully managed by our Investment and Finance Committee guided by our investment advisor. Your financial and stewardship needs are our focus. This package contains information regarding Foundation investment options.

This Investor Information Packet provides detail about the Long and Short Term Funds. The primary differences are risk and accessibility.

The **Short Term Fund** pays a competitive market rate with no fees. The funds may be withdrawn at any time. The current rate for the short term fund is 2% paid semi-annually to account holders.

The **Long Term Fund** is designed for a long term investment horizon, such as permanent endowment funds. The Long Term Fund return is based on the actual market performance of the investments within the Fund and is thus subject to the losses as well as the gains of the market. There is a Long Term Fund administrative fee as follows: 0.5% on balances up to \$100,000; 0.3% on balances of \$100,000.01 to \$1,000,000 and 0.2% on balances of \$1,000,000.01 and above. Earnings can be distributed as often as quarterly, transferred to the Short Term Fund until they are needed, or reinvested. Principal may be withdrawn twice a year at 6/30 and 12/31 with a minimum of 5 days' notice. Checks will be issued within 30-45 days. Funds placed on deposit with The Foundation for investment in the Long Term Fund buy into the Fund at the beginning of each new quarter. Funds for investment in the Long Term Fund are held in the Short Term Fund until the next new quarter. The fund is revalued at the end of each quarter.

Statements are provided to account holders semi-annually or upon request.

**New Accounts** - to open a new account:

- Please review the disclosures included in this new account packet
- Please sign the Investment Custodial Agreement and Direct Deposit Agreement (for ACH withdrawals)
- Please complete the Short Term and/or Long Term Application
- The One Time Electronic Draft Agreement is for us to draft a deposit from your account via ACH. This form is sent to us each time you desire an ACH Deposit from your bank account to the Foundation.

The Foundation will send a copy of the executed Investor Custodial Agreement back to you with a statement of the opening transaction.

You are the focus of all that the Foundation does. Please do not hesitate to contact us with any questions.

**Rev. John Branning**  
*Executive Director*  
[john@methodistfm.org](mailto:john@methodistfm.org)

**Methodist Foundation of Mississippi, Inc.**  
**Information for Participants**  
**Effective: January 1, 2020**

**For Organizations in the State of  
Mississippi:**

The availability of the Investment Funds and portfolios and of investment custodial services by Methodist Foundation of Mississippi, Inc., as described in this *Information for Participants*, is limited to only an organization that is an “Eligible Participant” as defined in this document.

## **Methodist Foundation of Mississippi, Inc.**

### **Information for Participants**

**Effective: January 1, 2020**

This Information for Participants describes the availability of certain Investment Funds and Portfolios, and the terms and conditions under which Methodist Foundation of Mississippi, Inc., offers its investment custodial services to Methodist organizations. This Information for Participants is given in compliance with the Philanthropy Protection Act of 1995, and is addressed only to organizations in the categories described below (*see “Eligible Participants”*). This Information to Participants is not intended to be distributed to any other person or entity, or for any other purpose. *There are certain investment risks associated with participation in the Investment Funds and Portfolios as described in this Information for Participants.*

**THIS INFORMATION STATEMENT HAS NOT BEEN REVIEWED OR APPROVED BY THE SECURITIES EXCHANGE COMMISSION OR ANY OTHER FEDERAL OR STATE REGULATORY AUTHORITY. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.**

**METHODIST FOUNDATION OF MISSISSIPPI, INC., IS NOT REGISTERED AS AN INVESTMENT ADVISOR AND DOES NOT PROVIDE INVESTMENT ADVICE TO PARTICIPANTS OR THE COMMON INVESTMENT FUNDS OR PORTFOLIOS DESCRIBED HEREIN. INVESTMENT ADVICE, IF ANY, TO PARTICIPANTS OR THE COMMON INVESTMENT FUNDS OR PORTFOLIOS IS PROVIDED BY SEPARATELY COMPENSATED THIRD PARTY INVESTMENT ADVISORS WHO ARE REGISTERED UNDER FEDERAL AND/OR STATE LAW OR ARE EXEMPT FROM SUCH REGISTRATION.**

# **Methodist Foundation of Mississippi, Inc.**

## **Investment Information**

### **ABOUT THE FOUNDATION**

Methodist Foundation of Mississippi, Inc. (the "Foundation"), is a Mississippi not-for-profit corporation operated as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986. The Foundation was formed in 1967 from the vision of leaders of the Methodist Church across the State of Mississippi and has served the missional and financial needs of the Methodist Church in Mississippi for over fifty years.

It is the policy of the Foundation to make a conscious effort to invest in institutions, companies, corporations or funds whose practices are consistent with the goals outlined in the Social Principles of the United Methodist Church.

The business affairs of the Foundation are under the direction of a self-perpetuating Board of Directors which exercises complete control over the program and policies of the Foundation subject to the provisions of prevailing state and federal law governing not-for-profit charitable organizations. The Foundation receives no financial support from conference apportionments. The Foundation has always operated as a separate not-for-profit organization.

It is the purpose of the Methodist Foundation of Mississippi to acquire, hold, and manage investment accounts for the benefit of individual local Methodist churches, Methodist institutions, associated and related organizations of the Wesleyan tradition as well as individual Methodists.

The Foundation offers investment management services through professionally managed investment funds. The Foundation accepts and administers funds for the conferences, local churches and other institutions, agencies and boards of the United Methodist Church, its predecessors, and successors, primarily in the state of Mississippi. The Foundation seeks to serve institutions of the Wesleyan tradition or Methodist heritage. The Foundation also seeks to serve organizations who support Methodists. These are referred to in this document as "Eligible Participants".

The investment choices include a Short Term and a Long Term Fund. The principal purpose of the Short Term Fund is to provide a dependable source of income and liquidity which is consistent with a short term time horizon. The principal purpose of the Long Term Fund is to provide long term growth of capital through an attractive total return generated through a combination capital appreciation and income which is consistent with a long term time horizon. These funds are not insured by the Federal Deposit Insurance Corporation. All funds deposited with the Foundation are kept strictly confidential.

### **GOALS OF INVESTING**

Before considering an investment, one of the first questions to be answered is "What is the purpose of the money you are investing?" The answer to this question will typically provide an understanding of how long the money will be invested and how you intend to use the income.

If the money is to be used for operating expenses, it should be readily available (liquid) and have very little risk. Typically, a savings account or a money market fund would be an appropriate choice.

If the money is to be used as a permanent fund to provide income that is for funding scholarships, repairing buildings, or supporting other ministries, it should be invested in such a manner that the income can keep pace with inflation. If these funds are invested in savings accounts, money-market funds, or certificates of deposit, they may lose their purchasing power over time and would therefore buy fewer goods and services. For this reason, a long term investment vehicle that combines several classes of assets would be an appropriate choice.

# **INVESTMENT OPTIONS FOR ELIGIBLE PARTICIPANTS WITH THE METHODIST FOUNDATION OF MISSISSIPPI, INC.**

## **1. SHORT TERM FUND**

For over fifty years, the Foundation has provided a Short Term Investment Fund for churches and institutions of The Mississippi Conference of the United Methodist Church, Inc. Currently, the Foundation accepts and administers funds for the conferences, local churches and other institutions, agencies and boards of the United Methodist Church, its predecessors, and successors, primarily in the state of Mississippi. The Foundation seeks to serve institutions of the Wesleyan tradition or Methodist heritage. The principal purpose of this Short Term Fund is to provide a vehicle by which these eligible participants can invest money in an investment pool designed to provide a dependable source of income and liquidity that is consistent with a short term time horizon.

The Short Term Fund has historically provided a stable rate of return on investments comparable to short and intermediate term fixed income investments such as bank certificates of deposit and intermediate government bonds.

Operating within the budgets and goals set by the Board of Directors, the Investment Committee meets quarterly to review current financial data. The Investment Committee then sets the rate of return paid to eligible participants in the Short Term Fund. The rate of return paid is based in large part on changes in broader interest rates and changes in the financial markets. Eligible participants will be given a thirty (30) day written notice in advance of any change in the interest rate.

The Short Term Fund operates very much like a simple savings account that pays a competitive market-driven rate of return for each full day the funds are on deposit. There is no required minimum investment and no required minimum retention period. Investors may request a withdrawal at any time with no penalty. Although the Foundation requests a three-day notice of withdrawal, historically the Foundation has processed withdrawals within one business day of receiving a written request. The timing of requests of Two Million Dollars (\$2,000,000) or more shall be negotiated with the Foundation as large redemptions may impact the Funds and Portfolios.

Earnings at the applicable rate of return on investments in the Short Term Fund are compounded semi-annually, on June 30 and December 31. On withdrawals, earnings are prorated for partial periods and computed daily based on the amount invested.

## **2. LONG TERM FUND**

The principal purpose of the Long Term Fund is to provide an investment vehicle designed to achieve long term growth of capital through a combination of capital appreciation and income that is consistent with a long term time horizon. Although the Long Term Fund is designed for growth, there will be a bias towards lower volatility when compared to the overall market. The Long Term Fund pools the Foundation's own funds and money invested by eligible participants. The performance objective of the Long Term Fund is to provide a rate of return over time that will allow for reasonable distributions to meet the goals and objectives of a traditional endowed account (4-5%), and to maintain the purchasing power of the account by keeping up with the rate of inflation (traditionally 2-5%). Unlike the Short Term Fund, the Investment Committee does not set the rate of return on the Long Term Fund. The return is based on the actual performance of the investments within the Long Term Fund.

Earnings on investments are reflected in the Long Term Fund's total valuation. The valuation is established on the last business day of each quarter. The value includes any interest earned, dividends earned, and any realized and unrealized gains or losses as a result of market fluctuations less fees charged to the Long Term Fund. The Foundation charges an annual administration fee based on the market value of the respective assets invested in the Long Term Fund on the following graduated scale (The Foundation reserves the right to increase or decrease the administration fees based on actual experience. Any increase or decrease will be effective only on thirty days' prior written notice to all investors.):

0.5% on balances up to \$100,000  
0.3% on balances of \$100,000.01 to \$1,000,000  
0.2% on balances of \$1,000,000.01 and above

For planning purposes, the time horizon for an investment in the pooled Long Term Fund should be at least five to ten years. The portfolio will fluctuate in value over time and eligible participants should recognize that the possibility of capital loss does exist. However, historical asset class return data suggest that the risk of principal loss over a holding period of ten years or more can be minimized with the broad diversification and long term asset allocation approach reflected in this investment vehicle.

The overall stability of the Long Term Fund is dependent on the nature and quality of its assets and changes in the financial markets. The Long Term Fund carries inherent risk associated with investments of this nature, thereby creating potential higher returns due to that risk.

The income (interest, dividends, or other income) and net realized capital gains less fees are eligible for distribution as a dividend from the Long Term Fund to each eligible participant account as of the last business day of each quarter. Net unrealized capital gains are not available for distribution. Each eligible participant account will be revalued at the end of each quarter to reflect these unrealized capital gains or losses.

Distribution of income (as defined above or according to a spending plan) may be made through ACH to the eligible participant checking or savings account, by transfer to a Foundation Short Term Account, or by check. The goal of a spending plan is to strike an appropriate balance between the present and future needs of the participants. A spending plan provides a predictable funding stream for the year while providing for long term fund growth and preservation of the purchasing power of the principal in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The Investment and Finance Committee of the Foundation will review the Foundation suggested spending rate at the close of the third quarter of each year based on current and historical market and economic conditions. The spending rate is applied to the average market value of the account over the previous 12 quarters. Account holders may elect their own spending plan/rate, which may have a direct influence on fund performance over time.

Distributions of income from the eligible participant account can be made quarterly, semi-annually, or annually depending upon the needs of the eligible participant. These distributions will be made as soon as possible after all transactions have been received for the end of the quarter. Income and realized gains can also be added to the principal book value of eligible participant accounts to be invested and reinvested; however, income so invested and reinvested becomes a part of the funds' principal account for the purposes of the Foundation's accounting system. The Foundation encourages eligible participants to consider adoption of the spending plan to provide growth and protection against inflation for funds in this program.

Any withdrawal requests other than regular income distributions by the eligible participants shall be made a minimum of five (5) business days prior to June 30 or December 31. These withdrawals will be distributed to the eligible participant after the revaluations at the end of those quarters. Valuations of some assets may take four to six weeks. The timing of redemptions of Two Million Dollars (\$2,000,000) or more shall be negotiated with the Foundation as large redemptions may impact the Funds and Portfolios.

Any assets received from a participant for investment during a quarter will be held in a short term interest-bearing account until the beginning of a new quarter. Deposits to the Long Term Fund are made at the beginning of each quarter.



# METHODIST FOUNDATION OF MISSISSIPPI

## INVESTMENT POLICY STATEMENT

### **INTRODUCTION**

It is the purpose of the Methodist Foundation of Mississippi to acquire, hold, and manage investment accounts for the benefit of individual local Methodist churches, Methodist institutions, associated and related organizations of the Wesleyan tradition as well as individual Methodists.

The Foundation offers investment management services through professionally managed investment funds. The Foundation accepts and administers funds for the conferences, local churches and other institutions, agencies and boards of the United Methodist Church, its predecessors, and successors, primarily in the state of Mississippi. The Foundation seeks to serve institutions of the Wesleyan tradition or Methodist heritage. The Foundation also seeks to serve organizations who support Methodists.

The investment choices include a Short Term and a Long Term Fund. The principal purpose of the Short Term Fund is to provide a dependable source of income and liquidity which is consistent with a short term time horizon. The principal purpose of the Long Term Fund is to provide long term growth of capital through an attractive total return generated through a combination capital appreciation and income which is consistent with a long term time horizon. Given this mission and the purposes of the Short Term and Long Term Funds (“MFM Funds”), the Investment Committee (“Committee”) has established the following Investment Policy Statement which it deems appropriate.

### **PURPOSE**

The purpose of the Investment Policy Statement (“IPS”) is:

1. Provide written documentation stating the Committee’s attitudes, expectations and objectives for the MFM Funds;
2. Encourage effective communications between the Committee and all parties involved with the investment management decisions;
3. Create guidelines and standards for investment performance and investment manager evaluation;
4. Comply with all applicable fiduciary, prudence and due-diligence requirements experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international entities that may impact the MFM Funds.

## STATEMENT OF OBJECTIVES

The long term objectives for the MFM Funds are:

1. Maintain the purchasing power of the current assets and all future contributions.
2. Maximize return within reasonable and prudent levels of risk.
3. Maintain an appropriate asset allocation based on each MFM Fund's return objectives and liquidity needs while still having the potential to produce positive real returns.
4. Use professional management such as registered investment advisors or other financial professionals to make investment decisions and have them acknowledge their co-fiduciary status (mutual funds, commingled funds and limited partnerships are exempt from this requirement as their prospectus or offering memorandum is deemed to serve as fiduciary acknowledgement).

## RISK TOLERANCES

The Committee recognizes that some risk must be assumed in order to achieve each MFM Fund's investment objectives. In establishing the risk tolerances for each MFM Fund, the ability to withstand short and intermediate term volatility were considered. Each MFM Fund's time horizon, current financial condition and other factors suggest collectively some interim fluctuations in market values and rates of return may be tolerated in order to achieve each Fund's objectives. However, it is expected that each MFM Fund's volatility (as measured by standard deviation) be commensurate to each MFM Fund's composite index as described below.

## PERFORMANCE GOALS

The performance goals of the Short Term Fund are as follows:

1. Maintain a sufficient and competitive interest rate payout for the Short Term Fund investors;
2. Earn a competitive real rate of return (in excess of inflation);
3. Outperform a composite index comprised of the appropriate market indexes in the same allocations of the Short Term Fund;
4. Outperform the Short Term Total Fund Objective defined as the interest rate paid to Short Term Fund investors plus 1% for Foundation expenses.

The performance goals of the Long Term Fund are as follows:

1. Earn a competitive real rate of return (in excess of inflation);
2. Outperform a composite index comprised of the appropriate market indexes in the same allocations of the Long Term Fund.

The performance of the Short Term Fund will be evaluated over three and five year time periods while the performance of the Long Term Fund will be evaluated over five and ten year time periods.

## **DUTIES AND RESPONSIBILITIES**

### **INVESTMENT COMMITTEE**

As fiduciaries to the Funds, the primary responsibilities of the Committee are:

1. Prepare and maintain the MFM Funds' IPS;
2. Set a strategic asset allocation framework to meet each MFM Fund's investment objectives;
3. Review and evaluate the investment results in the context of each MFM Fund's performance goals;
4. Monitor and review the overall cost of the investment program including the Outsourced Chief Investment Officer ("OCIO") (as described below), investment managers and custodian;
5. Avoid prohibited transactions and conflicts of interest;
6. Take appropriate action if performance goals are not being met or if guidelines are not being followed.

### **STAFF**

The responsibilities of the Staff of the Foundation, represented by the Executive Director, Chief Financial Officer and Treasurer include the following:

1. Maintain the day-to-day relationship management of the investment program service providers and act as a liaison between the Committee and the investment program service providers;
2. Monitor, in coordination with the OCIO, the performance of the MFM Funds
3. Provide reports to internal and external constituencies as required;
4. Develop meeting agendas and collaborate with OCIO as needed;
5. Provide orientation to new Committee members alongside the OCIO;
6. Control and account for all investment, record-keeping and administrative expenses associated with the MFM Funds.

### **CUSTODIAN**

Custodians are responsible for the safekeeping of the MFM Funds' assets. The specific duties and responsibilities of the custodian are:

1. Value the holdings;
2. Collect all income and dividends owed to the MFM Funds;
3. Settle all transactions (buy-sell orders);
4. Provide monthly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall Fund since the previous report.

## OUTSOURCED CHIEF INVESTMENT OFFICER

The Committee has engaged an investment advisory firm to implement its OCIO program. The OCIO program has responsibility for implementing the MFM Funds in accordance with this IPS. Along with the Staff, the Committee oversees the activities of the OCIO program. The responsibilities of the OCIO program are:

1. Recommending to the Committee the investment objectives and asset allocation guidelines to be defined in this IPS;
2. Investing the MFM Fund's assets in compliance with this IPS, including asset allocation and investment strategy, and
  - a. hiring and firing investment managers in its proprietary funds
  - b. recommending non-proprietary investment managers for the Committee's consideration
3. Reporting performance and portfolio activity including changes to the asset allocation and portfolio rebalancing to the Committee;
4. Preparing quarterly performance evaluation reports and attending Committee meetings to review results;
5. Provide research on specific issues and opportunities and assist the Committee with special tasks;
6. Communicating the investment policies to any non-proprietary investment managers;
7. Notify the Staff and Committee regarding any significant changes in personnel or ownership of the OCIO firm.

## **INVESTMENT GUIDELINES**

### ASSET ALLOCATION

The Committee believes investment performance is primarily a function of the asset allocation and that diversification is a way to optimize portfolio returns and diversify investment risk. Therefore, the Committee expects the OCIO to globally diversify the MFM Funds across a variety of traditional (equities, fixed income, cash) and non-traditional (hedged strategies, private equity, real assets) asset classes. Non-traditional asset classes are utilized to broaden the investment opportunities, diversify portfolio risk through their low correlations to traditional equity and fixed income, and improve the risk-adjusted returns of the Funds over the long term. From an investment decision point of view, the year by year volatility may be worth accepting given each Fund's time horizon.

### ASSET CLASSES

Focusing on balancing the risk and return of a variety of asset classes, the following asset classes shall be used to diversify the MFM Funds. These asset classes will also include a variety of different investment styles in order to provide additional diversification for the MFM Funds (i.e.

growth, value, and core equity, small, mid and large capitalization equities, short and intermediate duration fixed income, etc.).

US Equity  
International Equity  
Emerging Market Equity  
Private Equity  
US Fixed Income  
Real Assets  
Hedged Equity  
Multi-Strategy Hedged  
Opportunistic  
Cash

The following assets/strategies shall be prohibited as stand-alone strategies within each MFM Fund:

Covered or Uncovered Call Strategies  
Net Short Selling Strategies  
Commodity Strategies

#### ASSET CLASS RANGES

The OCIO, with Committee Approval, is responsible for allocating the MFM Funds among a diversified mix of assets within the maximum/minimum ranges below:

#### **Short Term Fund:**

<u>Asset</u>	<u>Minimum</u>	<u>Maximum</u>
US Equity	10.0%	60.0%
International Equity	0.0%	20.0%
US Fixed Income	25.0%	90.0%
Real Assets	0.0%	15.0%
Private Equity	0.0%	5.0%
Hedged Strategies	0.0%	30.0%
Opportunistic	0.0%	10.0%
Cash & Equivalents	0.0%	100.0%

**Long Term Fund:**

<u>Asset</u>	<u>Minimum</u>	<u>Maximum</u>
US Equity	15.0%	50.0%
International Equity	5.0%	20.0%
Emerging Markets Equity	0.0%	10.0%
US Fixed Income	10.0%	80.0%
Real Assets	0.0%	15.0%
Private Equity	0.0%	10.0%
Hedged Strategies	0.0%	40.0%
Opportunistic	0.0%	10.0%
Cash & Equivalents	0.0%	10.0%

Working within these ranges, the OCIO, in consultation with the Committee, will determine the allocation it believes is appropriate for each MFM Fund under prevailing market conditions. The allocation of the MFM Funds will be reviewed at least quarterly by the Committee.

**REBALANCING**

The percentage allocation to each asset class may vary depending upon market conditions. When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with each MFM Fund's strategic allocation. If there are no cash flows or if cash flows are insufficient to bring the MFM Funds within the allocation range, the Staff, in consultation with the OCIO and Committee, shall decide whether to effect transactions to bring the allocation of the MFM Funds within the allowable ranges.

**CASH & CASH EQUIVALENTS**

All cash, wherever and whenever possible, should be invested in interest bearing instruments. These investments should be free from price fluctuations and have instant liquidity.

**OTHER INVESTMENTS**

Assets contributed to the MFM Funds as gifts shall be disposed of as soon as practical with the subsequent proceeds being reinvested in the MFM Fund's asset mix. In the event such assets are not readily convertible to cash for investment purposes or the conditions attendant to the transfer of such assets to the MFM Fund prohibit such conversion, those assets shall be held separately.

## INVESTMENT MANAGERS

Investment managers are deemed to include the proprietary funds of the OCIO and any non-proprietary investment managers recommended by the OCIO. Investment managers retained by the MFM Funds will have discretion for making all investment decisions regarding the assets under their direction. For those investment managers who are retained under a mutual fund, commingled trust or limited partnership, it is expected that the fund will operate under the specific guidelines outlined in its prospectus or offering memorandum.

## INVESTMENT MANAGER EVALUATION

Investment manager evaluation will be the responsibility of the OCIO including recommendations of investment manager retention or termination. The Committee, in consultation with OCIO, will consider the most appropriate investment strategies and investment managers, taking into consideration expected returns, risk and investment needs of the MFM Funds. The Committee expects the OCIO to complete a thorough investment and operational due-diligence review and present the analysis for the Committee's consideration. Although the OCIO will be primarily responsible for manager decisions, the Committee will retain the final authority to make decisions regarding investment manager changes. As a result, the Committee prefers the OCIO to use the following criteria:

1. Investment managers should have at least a three-year track record;
2. Investment managers should preferably have at least \$100 million under management;
3. Investment managers should exhibit stability identified through manager tenure and turnover;
4. Investment manager track records should exhibit attractive risk-adjusted performance versus their benchmarks;
5. Investment manager performance should be evaluated net of fees;
6. Investment manager fees should be competitive with their peer group.

The Committee acknowledges that in certain circumstances some of the investment manager criteria might not be achievable (e.g. new fund launches or private equity funds). In those circumstances, the OCIO should present additional analysis on the investment manager to the Committee before a final decision is made.

The performance of the investment managers will be monitored on an ongoing basis by the OCIO. However, it is the Committee's discretion to take corrective action by replacing an investment manager if they deem it appropriate at any time. Factors that may lead to termination of an investment manager may include but not limited to the following:

1. Material changes to the organization including personnel changes or ownership changes;
2. Material changes to the investment strategy or investment style;
3. Any legal, SEC and/or other regulatory agency proceedings affecting the investment manager's organization;

4. Relative underperformance of the investment manager's portfolio relative to its market benchmark or peer group.

## MONITORING BENCHMARKS

The Committee and OCIO have determined that performance benchmarks be established for each strategy and investment manager employed by the MFM Funds. Investment manager performance will be evaluated in terms of an appropriate market index and the relevant peer group.

### Strategy

US Fixed Income  
US Equity  
International Equity  
Emerging Markets Equity  
Opportunistic  
Private Equity  
Hedged Equities  
Multi-Strategy Hedge  
Real Assets  
Cash

### Benchmark Index

BC Gov/Credit Intermediate Index  
S&P 500 Index, Russell 3000 Index  
MSCI EAFE Index  
MSCI Emerging Markets Index  
MSCI Japan Index  
S&P 500 Index  
HFRI Fund of Funds Strategic Index  
HFRI Fund of Funds Conservative Index  
S&P Real Assets Index  
90-day T-Bills

## MONITORING COST

The Committee will periodically review all costs associated with the management of the Funds including management fees, administrative fees and advisory fees.

## ESG INVESTMENTS

As an affiliate of the United Methodist Church, the Foundation is mindful of the Book of Discipline which encourages United Methodist affiliates to invest in institutions, companies, corporations or funds whose practices are consistent with the goals outlined in the Social Principles of the United Methodist Church. Therefore, the Foundation will endeavor to implement sustainable investments using Environmental, Social and Governance ("ESG") factors. The Foundation and the Committee understand that these principles may not be feasible with some investment managers the OCIO recommends and in certain asset classes such as hedge funds or other private funds.

## PROXY VOTING

The Committee recognizes that proxy voting is a fiduciary responsibility and requires that proxies be voted based on those factors which would both enhance the value of the MFM Funds' investments and protect the ESG factors important to the Foundation. The Committee delegates its authority to vote proxies to the investment managers. If the MFM Funds have not retained



investment managers or have assets not in the control of an investment manager, then the Committee shall vote all proxies.

#### INVESTMENT POLICY REVIEW

The Committee, in consultation with the OCIO, will review this IPS at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently. In particular, short term changes in the financial markets should not require adjustments to the IPS. Any modifications to the IPS shall be in writing, agreed upon by the Committee and signed by an authorized representative.

APPROVED AND ADOPTED:

DATE: August 11, 2022

BY: Methodist Foundation of Mississippi Investment and Finance Committee

**Methodist Foundation of Mississippi, Inc.  
Voluntary Beneficiary Distribution Plan Guideline  
("Spending Plan")**

**A. General Information**

Many of the beneficiaries of the Methodist Foundation of Mississippi, Inc. (The Foundation) rely on routine distributions of income from Foundation accounts and endowments to support their mission.

The Foundation offers the Spending Plan for its permanently restricted endowments. It is available to participants in the Long Term Fund. The participant is advised to utilize whatever distribution plan best meets their financial and long term goals.

**B. Purpose**

The Spending Plan is available for LONG TERM FUND participants. The Guideline gives endowment, investment, and finance committees additional options to manage fund distributions while strengthening the financial base of accounts and endowment funds.

**C. Objectives**

The goal of the Spending Plan is to give investors/donors a tool to strike an appropriate balance between the present and future needs of the participants and beneficiaries with the following objectives:

To provide a predictable and relatively stable stream of revenue.

To protect the real value (i.e. purchasing power) of the revenue stream over the long term.

To protect the real value (i.e. purchasing power) of the assets over the long term.

To reduce the effects of up or down markets on fund distributions.

**Disclaimer: Actual investor results may vary depending upon timing of investments.  
Past performance is not indicative of future results.**

## **D. Specific Guidelines**

### **1. Distribution Rate**

The Foundation's Distribution Rate refers to a suggested percentage of restricted funds set aside for distribution each year. The suggested rate is established by The Foundation Finance and Investment Committee (The Committee) on an annual basis. The suggested rate may increase or decrease. The Committee considers historical as well as estimated future rates of return and inflation rates. Participants may determine that a different rate will better accomplish their goals and objectives.

### **2. Application of Spending Rate**

The Distribution Rate as determined above shall be applied each September 30 to the average account balance at the end of the previous 12 calendar quarters. The resulting amount available for distribution shall be communicated to the participant. The suggested Distribution Rate is based upon a total return approach which allows both income and capital appreciation to be distributed in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

### **3. Limitation on Spending**

The Foundation recommends that a fund not participate until it has been in existence for a minimum of four calendar quarters. This waiting period allows the fund to appreciate and make distributions from the earnings.

The Foundation suggests that if the 12 quarter rolling average market value of an account, on the date for which a distribution is being determined, is less than the fund's Historic Gift Value, the suggested Distribution Rate be reduced or distributions suspended at the discretion of the endowment, investment, or finance committee.

### **4. Unspent Income**

Income available for distributions, as determined under the above policies, definitions and formula, but which is not disbursed for any reason, may be retained in an interest-bearing account and available for disbursement in future years. Endowment Committees of participants may add undistributed income to principal at the discretion of the participant on a case-by-case basis.

This Spending Plan shall be reviewed annually by The Committee. The Committee may adjust the suggested Distribution Rate percentage as it deems appropriate in order to fulfill the purposes described in Investor and Endowment Agreements.

**METHODIST FOUNDATION OF MISSISSIPPI, INC.**  
**INVESTMENT CUSTODIAL AGREEMENT**

This Investment Custodial Agreement (the “Agreement”) is made and entered into, effective as of \_\_\_\_\_, by and between the Methodist Foundation of Mississippi, a Mississippi nonprofit corporation, (hereinafter the “Foundation”), whose mailing address is P.O. Box 2415, Ridgeland, MS 39158-2415, and the \_\_\_\_\_, (hereinafter the “Participant”), whose mailing address is \_\_\_\_\_.

Participant has or will transfer to the Foundation certain assets to be held and invested in accordance with the terms of this Agreement and Participant Application(s). The assets so transferred, together with any additional assets transferred to the Foundation by Participant for management under this Agreement (collectively, the “Asset”), will be held and invested in accordance with the following terms and conditions:

1. The Asset is owned by the Participant and control of the Asset remains with the Participant. The Asset is held by the Foundation in a custodial capacity only for investment purposes and not as a trust.
2. Foundation shall invest and reinvest the Asset in compliance with Participant’s written instructions. The Participant may choose to allocate the Asset among the investment options offered by the Foundation. Until written instructions are received, the Foundation shall invest the portion of the Asset for which instructions have not been received in its Short Term Fund. Foundation may employ consultants and advisors concerning management of the Asset and its common investment funds or investment portfolios. Foundation shall furnish Participant an account statement showing status and earnings of the Asset. Foundation shall pay income, or make distribution, on the Asset in accordance with the written directions of the Participant and the then current policies of the Foundation. Foundation shall at all times hold and administer the Asset in accordance with the terms of Foundation’s applicable Statement of Investment Policy, Objectives, and Guidelines, as the same may be modified by the Foundation from time to time. The Foundation is not registered as an investment advisor and does not provide investment advice to the Participant or the common investment funds or investment portfolios. Investment advice, if any, to the Participant or the common investment funds or investment portfolios is provided only by the separately compensated professional investment managers engaged by the Foundation to manage the common investment funds and investment portfolios, which managers are registered investment advisors under federal and/or state law or are exempt from such registration.
3. Participant in the Long Term Fund acknowledges that the Foundation will receive fees in accordance with the applicable fee schedules contained in the “Investment Information” with applicable supplement(s) attached hereto. The fee is based on the market value of the assets under management on the last day of the previous quarter in the year. The quarterly fee is calculated by applying the annual fee percentage to the total market value of the Asset, multiplied by a fraction, the denominator of which is the number of days in the applicable year and the numerator of which is the number of days during which such assets were invested in the applicable quarter. All fees shall be payable from the assets invested by the Participant with the Foundation.

4. Participant or Foundation may cancel this Agreement at any time by a 30 day advance written notice. Long Term Funds will be held by the Foundation until either December 31 or June 30 in accordance with the “Investment Information”.
5. The Agreement shall be governed by and interpreted in accordance with laws of the State of Mississippi.
6. Participant represents that it is recognized as exempt from federal income tax under §501(c)(3) of the Internal Revenue Code of 1986, as amended, and is one, or more, of the following: (i) a general agency of The United Methodist Church; or (ii) an official United Methodist organization affiliated with The Mississippi Conference of the United Methodist Church, Inc.; or  
(iii) an official United Methodist organization that is or could be included within the United Methodist Church’s group exemption ruling issued by the Internal Revenue Service; or  
(iv) an entity outside of The United Methodist Church, which is described in §501(c)(3) or  
(v) 509(a)(1 or 2) of the Code and has a financial or structural relationship to The United Methodist Church as defined in its then-current Book of Discipline.
7. Participant acknowledges that the entirety of the Asset consists only of one or more of the following: (1) assets of the general endowment fund or other funds of one or more charitable organizations; (2) assets of a pooled income fund; (3) assets of a charitable remainder trust or of any other trust in which the remainder interests are irrevocably dedicated to any charitable organization; or (4) assets of a charitable lead trust. The Participant warrants that none of the assets transferred by the Participant to the Foundation are held for retirement plans.
8. Participant acknowledges that it has received and reviewed the applicable Statement(s) of Investment Policy, Objectives, and Guidelines of Foundation and that it, or its representatives, possesses such knowledge and experience in investments of this type to evaluate the risks and merits of the investment options made available by the Foundation. The Participant also acknowledges that it has received and read the Foundation’s “Investment Information” with applicable supplement(s) listed below as attachments hereto, that describe the material terms of operation of the investment portfolios and common investment funds offered by the Foundation. The Foundation will update or supplement the information contained in such documents as necessary. The Participant acknowledges that the Foundation does not guarantee the results of its investment strategies. Past investment performance history of the investment portfolios, common investment funds or other investment options, is neither an indicator nor a guarantee of future performance.
9. All notices and requests after the date of this Agreement shall be deemed to have been duly given if in writing and delivered or sent by certified or registered mail, return receipt requested, to the respective addresses set forth at the beginning of this Agreement.
10. The Participant is prohibited from assigning, encumbering or otherwise transferring its interests in the investment portfolios, common investment funds or any other investment option made available by the Foundation under the terms of this Agreement. This paragraph shall not affect the Participant’s right to distributions as provided elsewhere in this Agreement.

11. In consideration of the services provided in this Agreement, Participant agrees to release and hold harmless Foundation, its officers, directors and employees for any errors or omissions that may occur in relation to Foundation's good faith performance of its duties. In particular and without limitation, Participant acknowledges that it understands that the Asset is subject to gains or losses due to market conditions, the economy and the performance of particular investments, and agrees to, and hereby does, release and hold the Foundation harmless from any claims that Participant might have in the future arising out of such errors or omissions.

IN WITNESS WHEREOF, this Investment Custodial Agreement has been executed by Foundation and Participant effective as of the date first written above.

**PARTICIPANT:**

Name of Participant: \_\_\_\_\_

(set forth at the beginning of this Agreement )

Mailing Address:

\_\_\_\_\_  
\_\_\_\_\_

I, the undersigned, am duly authorized to execute this application on behalf of Participant referenced above. I certify that Participant has read, understood and agreed to all statements in the accompanying documents of the Methodist Foundation of Mississippi, Inc.:

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name and Position

\_\_\_\_\_  
Date

**FOUNDATION:**

Methodist Foundation of Mississippi, Inc. By: \_\_\_\_\_

Title: \_\_\_\_\_

# Short Term Fund Participant Application

(Please complete separate applications for each new account)



**Return the following forms for each account:**

- ☐ Custodial Agreement (pg. 17)  
☐ Participant Application (pg. 20)  
☐ Direct Deposit Authorization (*optional*) (pg. 22)

**Name of Investor/Investing Organization:** \_\_\_\_\_ (“Participant”)

**Mailing Address:** \_\_\_\_\_

**Phone:** \_\_\_\_\_ **Fax:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Primary Contact Person:** \_\_\_\_\_ **Phone:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Secondary Contact Person:** \_\_\_\_\_ **Phone:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Total Amount of Investment:** \$ \_\_\_\_\_ **Preferred Account Title:** \_\_\_\_\_

**NOTES:** \_\_\_\_\_

☐ Reinvest *or* ☐ Distribute Interest earned

**If Distributing interest choose one:** ☐ Direct Deposit (include completed Direct Deposit Authorization form)

☐ Check

☐ Transfer to Foundation account #: \_\_\_\_\_

**Email statements to:** \_\_\_\_\_

*If not applicable, statements will be mailed to address above*

**1. The number of signature(s) required to withdraw funds from the account named above:**

☐ One ☐ Two ☐ Three ☐ Other: \_\_\_\_\_

**2. Certification: (The certifier signing below cannot be an authorized signer)**

*I hereby certify that the person or persons listed below are authorized by the Administrative Council/Board, Trustees or Board of Directors to withdraw funds from the account named above.*

Signature	Type or Print Name	Type or Print Position
-----------	--------------------	------------------------

## Authorized Signatures:

Signature	Type or Print Name	Type or Print Position
-----------	--------------------	------------------------

Signature	Type or Print Name	Type or Print Position
-----------	--------------------	------------------------

Signature	Type or Print Name	Type or Print Position
-----------	--------------------	------------------------

**This application is subject to specified written notification requirement and conditions as set forth in Investment Custodial Agreement.**



# Long Term Fund Participant Application

(Please complete separate applications for each new account)

**Return the following forms for each account:**

- ☐ Custodial Agreement (pg. 17)  
☐ Participant Application (pg. 21)  
☐ Direct Deposit Authorization (*optional*) (pg. 22)

**Name of Investor/Investing Organization:** \_\_\_\_\_ (“Participant”)

**Mailing Address:** \_\_\_\_\_

**Phone:** \_\_\_\_\_ **Fax:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Primary Contact Person:** \_\_\_\_\_ **Phone:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Secondary Contact Person:** \_\_\_\_\_ **Phone:** \_\_\_\_\_ **Email:** \_\_\_\_\_

**Total Amount of Investment:** \$ \_\_\_\_\_ **Preferred Account Title:** \_\_\_\_\_

**NOTES:** \_\_\_\_\_

**Choose one:** ☐ Reinvest Earnings ☐ Recurring Annual Distribution (based on Spending Plan)

**Indicate Spending Plan rate to use:** ☐ Foundation ☐ other rate (enter rate) \_\_\_\_\_ % other plan: \_\_\_\_\_

**Distribute annually:** ☐ January ☐ April ☐ July ☐ October

**If choosing a distribution method:**

- ☐ Direct Deposit (complete Direct Deposit authorization)  
☐ Check  
☐ Transfer to Foundation Account # \_\_\_\_\_

**Email statements to:** \_\_\_\_\_

*If not applicable, statements will be mailed to address above*

**1. The number of signature(s) required to withdraw funds from the account named above:**

☐ One ☐ Two ☐ Three ☐ Other: \_\_\_\_\_

**2. Certification: (The certifier signing below cannot be an authorized signer)**

*I hereby certify that the person or persons listed below are authorized by the Administrative Council/Board, Trustees or Board of Directors to withdraw funds from the account named above.*

Signature	Type or Print Name	Type or Print Position
-----------	--------------------	------------------------

## Authorized Signatures:

Signature	Type or Print Name	Type or Print Position
-----------	--------------------	------------------------

Signature	Type or Print Name	Type or Print Position
-----------	--------------------	------------------------

Signature	Type or Print Name	Type or Print Position
-----------	--------------------	------------------------





METHODIST FOUNDATION  
OF MISSISSIPPI

## Direct Deposit Authorization Agreement

Please attach to this form a voided check for a Checking Account or a deposit slip for a Savings Account to verify bank account information.

By signing this form, you give us permission to transfer future withdrawals and distributions directly into your checking or savings account.

Choose one: ☐ Checking ☐ Savings      Choose one: ☐ Personal ☐ Business

Name of Investor/Investing Organization: \_\_\_\_\_ (“Participant”)

Bank Name: \_\_\_\_\_

Bank Account Number: \_\_\_\_\_

Bank Routing # \_\_\_\_\_

Bank City/State \_\_\_\_\_



**By signing below, I authorize the Methodist Foundation of Mississippi, Inc. and the financial institution listed above to electronically deposit funds to the account indicated:**

**If monies to which I am not entitled are deposited to my account, I authorize the Methodist Foundation of Mississippi, Inc. to direct the financial institution to return said funds. This authority will remain in effect until I have filed a new authorization, or until revoked by me in writing.**

\_\_\_\_\_  
(Please Print) Name

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

You may request a secure a link by emailing [accounting@methodistfm.org](mailto:accounting@methodistfm.org).



METHODIST FOUNDATION  
OF MISSISSIPPI

# One Time Electronic Draft Authorization Form

Please attach to this form a voided check for a Checking Account or a deposit slip for a Savings Account to verify bank account information.

Sign and complete this form to authorize the Methodist Foundation of Mississippi, Inc. to make a one-time transfer from your bank checking or savings account to your Foundation account.

By signing this form, you give us permission to transfer the amount specified below on or after the indicated date. This permission is for a single transaction only, and does not provide authorization for any additional unrelated transfers to or from your bank account.

Name of Investor/Investing Organization: \_\_\_\_\_ (“Participant”)

Amount of Investment: \$ \_\_\_\_\_ on or after date: \_\_\_\_\_

Choose one: ☐ Checking ☐ Savings Choose one: ☐ Personal ☐ Business

Bank Name: \_\_\_\_\_

Bank Account Number: \_\_\_\_\_

Bank Routing # \_\_\_\_\_

Bank City/State \_\_\_\_\_



I understand that because this is an electronic transaction, these funds may be withdrawn from my account as soon as the above noted transaction date. In the case of the payment being rejected for Non-Sufficient Funds (NSF) I understand that the Methodist Foundation of Mississippi, Inc. may at its discretion attempt to process the charge again within 30 days, I acknowledge that the origination of ACH transactions to my account must comply with the provisions of U.S. law. I will not dispute the Methodist Foundation of Mississippi, Inc.’s billing with my bank so long as the transaction corresponds to the terms indicated in this agreement.

By signing below, I authorize the Methodist Foundation of Mississippi, Inc. and the financial institution listed above to electronically transfer the amount above to the Foundation account indicated:

(Please Print) Name \_\_\_\_\_

Signature \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

You may request a secure email link by emailing [accounting@methodistfm.org](mailto:accounting@methodistfm.org).