

Investment Policy for Oakwood United Methodist Church's Endowment and other funds

A. Preamble

We are thankful for the financial gifts God has provided Oakwood United Methodist Church. We pray that we are good caretakers of the gifts; that we manage the gifts wisely; that our investments align with Christian values and principles; that we show gratitude for the gifts; and that we are transparent in how the gifts are invested and used.

B. Statement of purpose

The purpose of the investment policy is to provide governance and oversight to investments of Oakwood United Methodist Church funds, including but not limited to endowments, memorials and operational monies. The intent of this policy is to guide Oakwood UMC in the execution of its duties related to the management of investment portfolios and the use of all funds. Specifically, the purpose of this policy is to:

- Establish the responsibilities of the Finance Committee and Administrative Board for these funds.
- Define investment goals, and other operational guidelines.
- Establish asset allocation parameters, risk tolerance and an investment strategy that is consistent with Oakwood's investment goals and guidelines.
- Establish effective communication procedures between the Finance Committee, Administrative Board and congregation.
- Create a formal process to annually review this Investment Policy Statement.

C. Delineation of responsibilities

The Finance Committee is fiduciarily responsible for Oakwood United Methodist Church's monetary gifts. Committee members must avoid self-dealing and conflicts of interest. Members must recuse themselves from discussing and voting on matters in which they or a family member may benefit. Committee members must seek to make decisions that are in the best long-term interests of Oakwood United Methodist Church.

The committee's specific responsibilities with respect to this investment policy include:

- Approving investment guidelines and reviewing compliance with those guidelines on at least an annual basis.
- Approving asset allocation ranges.

- Assessing and approving investment objectives, rebalancing strategies and performance measurement standards that are consistent with Oakwood’s financial needs.
- Approving establishment of investment accounts with regulated investment firms or groups, including the United Methodist Foundation.
- Reviewing and evaluating investment results in the context of applicable performance standards and implementing corrective action as needed.
- Ensuring that all the church investment activities are in compliance with all applicable laws and regulations.

Oakwood United Methodist Church shall exercise fiduciary standard of care; the standard of care when making decisions is the Prudent Person Standard, defined as:

“The care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.”

D. Investment managers

The Finance Committee shall be represented by two (2) investment managers. The Nomination Committee, when considering possible members for the Finance Committee, should consider some people with a background that includes experience in the management and allocation of capital for the purpose of generating returns. The investment managers will make investment decisions that are consistent with guidelines included in this investment policy.

At least twice a year, the investment managers will provide the Finance Committee with:

- A review of the investment performance measured against respective benchmarks.
- A commentary on investment results in light of the current investment environment and the goals and guidelines.
- Any recommendations as to changes in goals and guidelines in light of material and sustained changes in the capital market; and any significant change in the investment managers’ outlook.

E. Investment guidelines

Throughout His ministry, Jesus prioritized the marginalized, those that society overlooked. “You shall love ... your neighbor as yourself,” Jesus said in Luke 10:27. Those words tell us to make a conscious effort to avoid investing in institutions, companies, funds, organization or activities that are not consistent with Jesus’ teachings.

Some types of investments that should be avoided include those that involve crypto currency or other investments that carry a higher-than-average risk level including, but not limited to, foreign stocks, options, futures, small stocks or high-yield junk bonds.

F. Target asset allocations and rebalancing guidelines

The purpose of allocating among asset classes is to ensure the proper level of diversification and risks for each portfolio. The primary considerations in the asset allocation decision processes include:

- Maintaining inflation-adjusted purchasing power.
- Growing the principal of the funds to meet future obligations.
- Achieving a minimum return in excess of inflation but with minimal annual fluctuations in the principal.
- Maintaining the longevity of the assets and their distributions while taking into consideration that there may be no additional contributions.

G. Asset classes

Equities: The investment managers should maintain the equity portion of the portfolio at a risk level roughly equivalent to that of the equity market as a whole. Equity holdings may be selected from the New York Stock Exchange, NASDAQ or other reputable institutions or firms.

Fixed Income: Investments in fixed income securities will be actively managed to pursue opportunities from a variety of sources. The investment managers may select from appropriate obligations guaranteed by the U.S. Government and its agencies, utility stocks, preferred stocks, municipal obligations, and corporate obligations.

Cash and cash equivalents, including mutual funds or exchange trade funds, commingled funds, and funds in general: When mutual funds or commingled funds are used as an investment vehicle, then it is understood that the Finance Committee has adopted the investment policies of those funds. Investment may include U.S. Government treasury bills. The Investment Manager (s) has identified a capital preservation and short-term liquidity approach.

H. Investment accounts

The following outlines the accounts with target allocation and the minimum and maximum allocation limits of each asset class:

Endowment accounts

<u>Asset Class</u>	<u>Allocation Range</u>		<u>Target Allocation</u>
	<u>Minimum</u>	<u>Maximum</u>	
Equities	55%	70%	65%
Fixed Income Securities	30%	40%	35%
Cash and Cash Equivalents	0%	5%	0%

I. Operating and other co-mingled funds

The Finance Committee will annually review accounts in which Oakwood UMC’s operating funds are deposited. A majority of the funds should be in an interest-bearing account. When appropriate, the committee should consider placing some of the funds in staggering certificates of deposits

J. Amendments and revisions

Amendments or changes to this investment policy shall be made to and approved by the Finance Committee and Administrative Board and incorporated directly into the policy as a revision and restatement or acknowledged and noted in an addendum until such time as the investment policy is revised and restated.

K. Policy adoption

The policy will be adopted after approval of both the Finance Committee and Administrative Board.

The policy will be reviewed annually. Any changes to the policy must be approved by both the Finance Committee and Administrative Board.

This investment policy was approved by Finance Committee on July 15, 20205.

Co-chair, date

Co-chair, date

This investment policy was approved by Administrative Board on Aug. 21, 2025.

Chair, date