

DO YOU HAVE AN EFFECTIVE INVESTMENT COMMITTEE? *See the handout.*

Yes? Great! You have the whole universe of investment options to consider and your investment committee can compare the Consolidated Investment Fund to other options and then decide.

No? Answer these questions to determine if the Consolidated Investment Fund is right for you.

WHAT IS YOUR TIME HORIZON?

If you are investing for the long-term, particularly if you are investing endowment funds, the Consolidated Investment Fund may be right for you. Long-term investing offers the opportunity for your assets to grow, and grow faster than inflation, but the trade-off is exposure to potential losses in the short-term.

If you anticipate spending most of the money in the short-term, you will want to invest in something that does not put principal at risk. Look at The Cornerstone Fund of the United Church of Christ along with Certificates of Deposit, money market accounts and other options. Your principal will not appreciate, but with inflation low you are not going to lose much purchasing power.

WHAT IS YOUR INVESTMENT OBJECTIVE?

The overall financial goal of the Consolidated Investment Fund is to maintain the inflation-adjusted market value of invested assets while providing participating churches with a relatively predictable, growing stream of annual revenue targeted at approximately 5% of assets. The financial goal, therefore, is to earn a total return (net of all fees and expenses) equal to or exceeding the spending rate plus the inflation rate – as measured by the Consumer Price Index. This is a long-term goal and will be assessed over rolling ten-year intervals. This can also be

stated less precisely: The objective is to generate enough growth and income to allow moderate spending while keeping assets growing enough to keep up with inflation. There is no guarantee that the objective will be met.

If this is a good match with your own investment objective, then the Consolidated Investment Fund may be right for you.

WHAT IS YOUR RISK TOLERANCE?

How much risk are you willing to take, knowing that greater risk can lead to greater returns in the long-term but also greater losses in the short-term? The Consolidated Investment Fund is a moderate risk investment option. It relies on a balanced approach that diversifies investments across equities (mostly common stocks), fixed income securities (mostly bonds), and real assets (mostly real estate and commodities). Diversification helps with returns and reduces volatility – the risk of short-term losses.

There are no risk free investment options. The risk with “safe” investments that protect against loss of principal is that you will lose purchasing power over time. Even at historically modest rates of inflation, purchasing power can be cut in half over 25 or 30 years.

If you think moderate risk is “just right,” neither too conservative or too risky, then the Consolidated Investment Fund may be right for you.

If you have answered these questions and the Consolidated Investment Fund may be right for you, you still may want to do some “comparison shopping.”

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COMPARISON SHOPPING

*There are many investment options with similar time horizons, objectives, and risk tolerance, so you will want to make some comparisons before choosing the Consolidated Investment Fund. Two things you will want to look at are **fees** and **past performance**. There are a few things to keep in mind while you do this.*

- The Consolidated Investment Fund adheres to Socially Responsible Investment guidelines. If this is important to you, you should only consider other options following similar guidelines.
- The Consolidated Investment Fund's partner organization offers personal attention to your accounts and can assist you with many aspects of endowment management.
- Accountability. It is perfectly okay, legally, morally, ethically, to delegate investment management. However, you cannot abdicate your oversight responsibility. How will you exercise this responsibility? The Consolidated Investment Fund will issue every participant a comprehensive annual report that enables churches to remain responsible. Reading and understanding this report and asking any questions you have will fulfill requirements for fiduciary responsibility.

ARE THERE CIRCUMSTANCES WHERE THE CONSOLIDATED INVESTMENT FUND IS NOT RIGHT FOR CONGREGATIONS?

It is impossible to be all things to all people! Here are a few reasons why the Consolidated Investment Fund may not be right for you.

- The advantage of delegating asset allocation is that you can rely on someone else for this crucial function. The disadvantage is that you don't have any say in asset allocation. If you are a more conservative or aggressive investor, or you just want to exercise more control, then the Consolidated Investment Fund is not the best fit. United Church Funds (UCF) offers multiple balanced funds with different risk tolerances that will take care of asset allocation for you. If you want more control, UCF offers a menu of funds that will allow you to do your own asset allocation. You need to have an effective investment committee to oversee this.
- If you want to "max out" on socially responsible investing, UCF goes beyond the exclusion strategies and proxy voting policies followed by the Consolidated Investment Fund to engage in shareholder activism and other Socially Responsible Investing Initiatives. UCF has a full-time Director of Social Responsibility, Ms. Kathryn McCloskey.
- If liquidity concerns are paramount, the Consolidated Investment Fund does not offer daily liquidity. Additions and withdrawals are made on a monthly basis. Long-term investors generally do not need daily liquidity to meet their objectives. Remember, funds that are needed in the short-term should be invested differently!