

INVESTOR  
STORIES

## Building a Church's Future



From funding programs to hiring staff, caring for buildings and supporting higher education, church endowments promote and sustain life-changing ministry. Thanks to generous support from members over the years, Claremont United Church of Christ in Claremont, California enjoys an endowment that makes a difference not just in its church family, but in the wider community as well. The church's fund equips future church leaders through seminary scholarships, encourages creativity through a special music and arts program, and enables young people to experience the joy of a week at church camp.

When asked which of the endowment-funded programs represented the church's most exciting ministry, the Rev. Steve Sterner, Claremont UCC's interim pastor, quickly replied, "For the seminary students who get scholarships, that's the most exciting ministry. For the musicians, that's the most exciting. And for the kids who attend camp, that's the most exciting ministry for them."

The programs supported by Claremont UCC build a strong base for the long-term future of the church. Many of the church's newer members cite the quality of music in worship as a leading

reason for joining the congregation. Attending camp is often a catalyst for a young person to consider a vocation in the ministry. And having access to quality higher education is vital for leaders in the wider church.

Thanks to a gift from Claremont's endowment, Jill Snodgrass, a PhD candidate at nearby Claremont Divinity School, can focus on honing her counseling skills at the Clinebell Institute. Snodgrass is incredibly grateful for the opportunity provided by this scholarship.

"It frees me up to give of my time and talents which I wouldn't be able to do if I had to work at Starbucks," she said. "It's a blessing."

A United Church Foundation investor, Claremont UCC chose the Foundation not only because of its commitment to socially responsible investing, but also because of the long-term performance of the Common Investment Funds.

"The Foundation is committed to being user-friendly," the Rev. Sterner notes. "And the staff has worked to build relationships with us that have also been a big plus."

Want to strengthen your church's endowment? Call the United Church Foundation today to discover how we can help you build more money for ministry.



## INVESTMENT MANAGEMENT

# Taking the Long View

The third quarter of 2007 provides a good example of how taking a long-term view may protect investors from being whipsawed by trying to time the market. The S&P 500 closed at an all-time high on July 19 at 1553. Less than a month later, it had fallen to 1407, a drop of more than 9%. However, a little less than six weeks later, the S&P closed the quarter at 1503 and then went on to hit a new high of 1565 on October 9, a gain of 11.2%. An investor would have to be very gifted, or more likely very lucky, to have been successful trading in the tumultuous market we experienced in the third quarter.

On October 19, 2007, the twentieth anniversary of Black Monday was marked. On that day 20 years ago, the S&P 500 fell 23% in a day, making it the single worst day in the history of the American stock market. It is easy to understand how some investors panicked and sold when they were faced with such an

unprecedented fall. However, those investors who took a longer term view of the market and remained invested would have harvested a 2% return in 1987 and a much more handsome return of 16.6% in 1988.

No one can predict with certainty the direction of the market. However, when investors align their asset allocation with their investment time horizon and their risk tolerance, market turbulence is easier to face with the comfort that there is time to recoup unrealized losses. A sufficient amount of cash and short-term securities is important to meet current needs to avoid selling in a difficult market and realizing unwanted losses — and can provide some ammunition to take advantage of cheaper securities as opportunities arise. The danger of too much cash is that many investors continue to hibernate with the bears when they should be running with the bulls.

## EDUCATION

# Living Out God's Generosity



Encouraging people to make substantial gifts to an endowment fund requires persistence, consistency, and most of all, effective communication. Theologically, we encourage people to give not out of duty, but because all of creation belongs to God. Our giving acknowledges that what we have is not our own: that it is a gift, bringing with it a responsibility to use what we have to accomplish God's work in the world.

By establishing a new endowment, or encouraging gifts to

an existing fund, we use our resources to develop and sustain meaningful ministries and share God's blessings with countless others. When you call attention to your church or organization's endowment fund, you are giving members a chance to find profound meaning and purpose in the use of their wealth — an outcome seldom enjoyed with other expenditures.

To encourage giving, communicate consistently. Develop a brochure explaining the purpose of the endowment. Include bulletin reminders asking members to remember the church in their will or estate plan. Use a corner of the church's newsletter to spotlight a ministry supported by the endowment fund, or to feature information about the endowment's earnings or performance. Educate your congregation on the financial benefits of planned giving by offering workshops about wills, estate planning, or the use of charitable gift annuities.

Because giving is a spiritual discipline, preach and teach regularly on the topic. Build a worship service around "faithful stewardship" of God's resources. Include planned giving as a part of an adult education class on spiritual disciplines.

And always remember to thank and honor donors. Keep them, and the rest of the congregation, informed about the management and use of the endowment fund. By carefully stewarding both the church's gifts and its givers, you'll encourage more people to live out God's generosity in every aspect of their lives.

## Olympics' Sponsors Foster Sudan Peace

The United Church Foundation is using its assets to work for positive change in Darfur.

The Sudanese government-sponsored campaign of widespread human rights abuse in the Darfur region has been described as genocide by governments and not-for-profit agencies. The death toll due to violence and disease has been estimated from 200,000 to 400,000 people, with 2.5 million internally displaced persons and 200,000 refugees in Chad. The Sudanese government has used the Janjaweed, a group of Muslim herders, as a militia force to rout out rebel forces.

China's heavy investment in Sudanese oil has drawn the criticism of the global human rights community, with speculation that the proceeds of the Sudanese oil industry are utilized by the government to support the Janjaweed with weapons and technology. As a result, China's state-run oil company's subsidiary, PetroChina, has become a prime target of investor engagement.

The Foundation does not own shares of PetroChina or any other of the "highest offender" companies operating in Sudan. Nevertheless, the Foundation has joined several research organizations and other socially responsible investors to encourage other corporations to mitigate the negative impact China is having on the conflict in Sudan.

The corporate sponsors of the 2008 Beijing Olympic games are in the unique position of being able to leverage their sponsorship to consult with the Chinese government. The not-for-profit Dream for Darfur has organized investors to use their shareholder position to encourage corporate sponsors to advocate for change. The Foundation has sent letters to several



Olympic sponsors in whose stock the UCF funds are invested, asking them to urge Beijing to use every tool at its disposal to convince the government of Sudan to allow a robust civilian protection force to move into Darfur before the Games begin.

Some sponsor corporations have responded to activist organizations by saying that the Beijing Olympics are not the correct forum to discuss Sudan. Dream for Darfur and other organizations hope that investors will be able to strengthen the call for action. The Foundation will continue to do its part to end the conflict, working on behalf of justice for the people of Darfur.

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## Welcome, Amy Johnson!

A rural Pennsylvanian has taken the plunge — moving to New York City (via Cleveland) to join the staff of the United Church Foundation.

Meet Amy Johnson, a polylingual (Dutch and German) manager who has taken on the responsibility of the Foundation's day-to-day administration, with a particular focus on client administration systems. A graduate of Grove City College (PA) with an MBA from Penn State, Amy spent ten years with Cleveland's National City Bank before being recruited as Foundation President Don Hart's Executive Associate. A lover of travel, reading, music and the arts, Amy looks forward to strengthening the Foundation's operations.

"I'm delighted to be able to use my business skills in a not-for-profit setting," she says. "I look forward to helping UCC churches across the country."



AVERAGE TOTAL RATES OF RETURNS		ANNUALIZED								
Returns on UCF funds are presented net of fees		Quarter	Year to Date	One Year	Three Years	Five Years	Ten Years	Current Yield	Unit Value	Market Value
MANAGED FUNDS	<b>UCF Fixed-Income Fund</b>	3.1%	4.1%	5.0%	3.7%	3.7%	5.6%	5.3%	\$ 4.3375	\$255.2M
	Lehman Brothers Government/ Credit Bond Index (LBGC)	3.0%	4.0%	5.1%	3.7%	4.2%	6.0%			
	<b>UCF Domestic Core Equity Fund</b>	1.4%	8.8%	16.4%	N/A	N/A	N/A	1.9%	\$12.4078	\$265.5M
	S&P 500 Index	2.0%	9.1%	16.4%	N/A	N/A	N/A			
	<b>UCF Small Cap Equity Fund</b>	-2.8%	5.3%	14.5%	N/A	N/A	N/A	1.0%	\$11.9866	\$80.9M
	Russell 2000 Index	-3.1%	3.2%	12.4%	N/A	N/A	N/A			
	<b>UCF International Equity Fund</b>	2.1%	10.5%	20.8%	N/A	N/A	N/A	2.5%	\$13.7591	\$121.4M
	EAFE Index	2.2%	13.2%	24.9%	N/A	N/A	N/A			
	<b>UCF Cash &amp; Equivalent Fund (annualized)</b>	4.7%	5.0%	5.0%	4.0%	N/A	N/A	4.2%	\$1.0000	\$7.9M
	Lipper Money Market Funds Index (annualized)	5.3%	5.3%	5.3%	4.2%	N/A	N/A			
FUNDS OF FUNDS	<b>UCF Total Equity Fund (56.9% Domestic Core Equity, 17.3% Small Cap Equity and 25.8% International Equity)</b>	0.7%	9.1%	17.5%	13.6%	15.8%	6.9%	1.9%	\$12.8004	\$466.8M
	S&P 500 Index	2.0%	9.1%	16.4%	13.2%	15.5%	6.6%			
	<b>UCF Conservative Balanced Fund (39.3% Equity, 60.7% Fixed-Income)</b>	2.2%	6.2%	9.7%	N/A	N/A	N/A	4.0%	\$10.7754	\$744K
	Policy Index (35% S&P 500, 65% LBGC )	2.7%	5.9%	9.0%	N/A	N/A	N/A			
	<b>UCF Moderate Balanced Fund (64.3% Equity, 35.7% Fixed-Income)</b>	1.5%	7.3%	12.7%	9.7%	11.0%	6.3%	3.2%	\$8.6306	\$415.8M
	Policy Index (60% S&P 500, 40% LBGC )	2.5%	7.2%	11.9%	9.4%	11.0%	6.7%			
	<b>UCF Aggressive Balanced Fund (79.0% Equity, 21.0% Fixed-Income)</b>	1.2%	8.1%	14.7%	N/A	N/A	N/A	2.6%	\$11.7470	\$9.6M
	Policy Index (75% S&P 500, 25% LBGC )	2.3%	7.9%	13.6%	N/A	N/A	N/A			



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