



Encouraging Lifelong Generosity with God's Abundance

2021 in Review

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Dear Friends,

Guiding us to the highest standards of ethical investing is ¶ 717 *Sustainable and Socially Responsible Investments* in the *Discipline*, which states we are to “make a conscious effort to invest... consistent with the goals outlined in the Social Principles.” Our investment process must “make a conscious effort” through rigor and intentionality, wisely summed up by John Wesley’s “Three Simple Rules.”

- First, **“Do No Harm.”** We avoid investing in companies with illicit core business activities, such as manufacturing the weapons of war, which is currently of intense concern.
- Second, **“Do Good.”** We seek to invest in companies that outperform their peers in environmental practices, equitable social policies, and transparent and ethical corporate governance.
- Third, **“Stay in Love with God.”** We trust that by exceeding these high standards we are freed up to fulfill our mission to “make disciples of Jesus Christ for the transformation of the world,” rather than being “tossed to and fro and blown about by every wind” of investment hype and emotional reaction, to borrow words from Ephesians 4:14.

The purpose of this report is to provide transparency for how we invest the assets entrusted to the Foundation to fund and empower our mutual ministries. Our work as your fiduciary is centered around three distinct areas:

FIDUCIARY GOVERNANCE

As stewards, the Board has a stated legal duty to act in your best interests as our constituents. We follow disciplined processes and work with a CEFEX-certified outside consultant to ensure compliance with investment regulations.

MISSION-ALIGNED PORTFOLIOS

We invest in broadly diversified portfolios that seek competitive returns and align with the highest ideals of the Social Principles.

PERFORMANCE AND IMPACT ACCOUNTABILITY

We hold ourselves and our work accountable to you through regular, easy-to-understand performance and impact reporting (including this report).

Representing the Board, I am humbled by your stories of stewardship and generosity. I hope this report communicates the level of care and commitment in managing the assets that cultivate our collective stewardship.

The seeds we plant today will continue to provide abundance for future generations. I hope and pray that you and your families are well.

Sincerely yours,



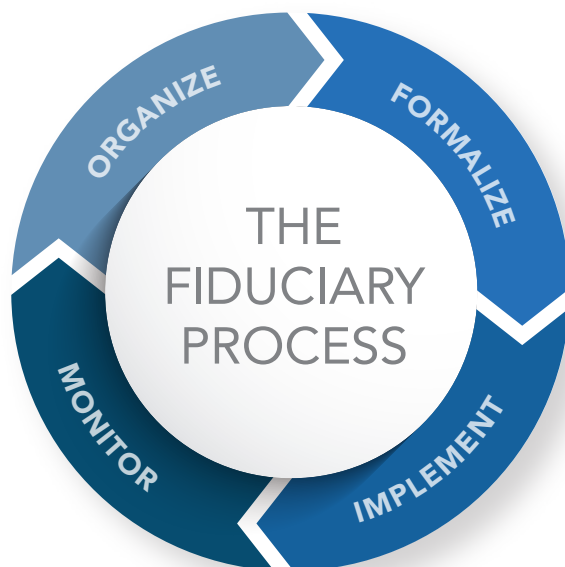
Chris Walters
President & CEO

United Methodist Foundation of the Northern Illinois Conference, Inc.
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Fiduciary Governance

At the United Methodist Foundation, a commitment to fiduciary duty is at the center of our work. As mandated by law, our first priority is to protect the long-term interests of our beneficiaries.

To ensure that we are meeting our fiduciary duty, we work with a CEFEX Certified Investment Advisory firm. The CEFEX certification helps ensure adherence to a global fiduciary standard of excellence based on case law, regulations, and recognized best practices.



ORGANIZE

Governing documents, agreements, and stakeholders' roles and responsibilities are reviewed and clearly defined in writing.

FORMALIZE

Investment objectives, time horizon, risk levels, and return goals are formally established. Asset classes are chosen and the investment policy is updated and reconfirmed.

IMPLEMENT

The investment strategy is implemented. Due diligence is conducted to select investment managers. All investment decisions are documented, reviewed, and retained.

MONITOR

Regular reporting compares investment and impact performance with benchmarks and the investment policy.



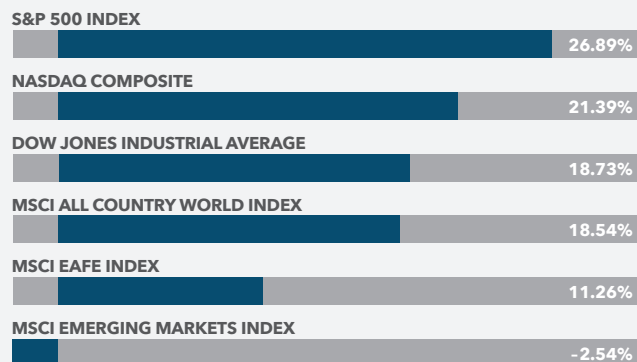
The CEFEX Seal and Mission

The Center for Fiduciary Excellence (CEFEX) is an independent assessment and certification organization with a mission to promote fiduciary best practices in the investment industry. The CEFEX Seal indicates that a firm is certified and can demonstrate adherence to global fiduciary standards and best practices.

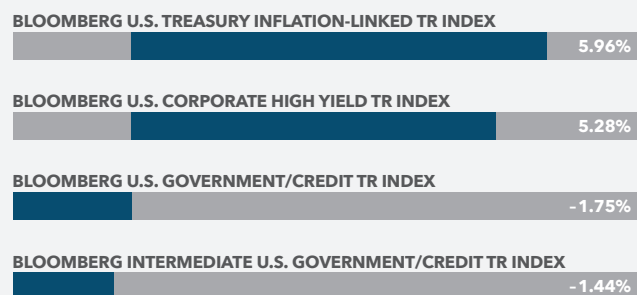
CEFEX certification is earned through a rigorous and thorough annual audit process. Less than one percent of registered investment advisors are currently CEFEX-certified.

2021 Market Overview and Portfolio Strategies

2021 Equity Index Returns



2021 Bond Index Returns



2021 Market Overview

2021 was the best year for economic growth since the mid-1980s and the best for job growth on record.¹ Economic gains were largely driven by access to vaccines, trillions of dollars in federal fiscal stimulus, and growth in corporate earnings. Markets forged ahead despite a contested presidential election, an assault on the Capitol, historically high inflation, and supply chain and labor disruptions. Markets moderated in the last months of the year in anticipation of changes in Fed policy meant to address higher than expected inflation and looming conflict in Ukraine. However, despite the headwinds, the S&P 500 gained 26.9% for the year. The Dow Jones Industrial Average (DJIA) gained 18.7% in 2021, and the Nasdaq Composite gained 21.4%.

Bond markets, by contrast, experienced a rocky 2021 as domestic interest rates increased due primarily to rising inflation and anticipated changes in Fed policy. As a result, the yield on the 10-year treasury bond increased from 0.91% in January to end the year at 1.51%.

2021 Portfolio Strategies

The Investment Committee of the United Methodist Foundation maintained a consistent approach to managing client assets in 2021 as set forth by written investment policies. Based on an understanding that asset allocation is the primary determinant of risk and return, the Foundation managed multiple portfolios with varying degrees of risk and potential return to match diverse client objectives and investment time horizons. Each of the portfolios were constructed to reflect Methodist principles and in adherence with the United Methodist Church *Book of Discipline*. On the following pages we highlight the 2021 portfolio results and provide examples of how the Investment Committee monitored and measured the funds entrusted to our stewardship.

¹ New York Times. "The US Economy is Booming." April 5, 2022
Source for all returns data is Bloomberg.

2021 Mission-Aligned Portfolio Construction

Our goal is to build portfolios that reflect our mission, vision, and values. Portfolios are constructed based on three principles:

Asset Allocation

We focus on asset allocation as the primary determinant for overall investment performance

Diversified Market-based Returns

We seek diversified portfolios that provide market-based returns

Mission Alignment

We seek to invest in companies that reflect our values and empower and amplify our mission

DO NO HARM | VALUES ALIGNMENT

Our portfolios avoided exposure to companies in the following areas.

	 ALCOHOL	 FIREARMS/ MILITARY WEAPONS	 GAMBLING	 NUCLEAR POWER	 TOBACCO	 SEVERE CONTROVERSIES
COMPANIES IN OUR PORTFOLIO	0	0	0	0	0	0
COMPANIES IN BENCHMARK	5	16	5	17	2	21

DO GOOD | ESG (ENVIRONMENTAL, SOCIAL, GOVERNANCE) INTEGRATION

ESG investing considers environmental, social, and governance factors to measure an investment's financial returns and its overall impact. As stewards, we believe that ESG considerations are critical to responsible investment decisions.



ENVIRONMENTAL

How a company affects the planet, including:

- Climate change
- Resource depletion
- Pollution
- Deforestation



SOCIAL

How people are treated inside and outside the company, including:

- Human rights
- Modern slavery
- Child labor
- Working conditions



GOVERNANCE

How a company is run at the leadership level, including:

- Bribery and corruption
- Executive pay
- Board diversity, structure
- Tax strategy



Our portfolios increased exposure to companies/industries promoting environmental, social, and governance characteristics and reduced exposure to companies/industries with poor ESG characteristics.

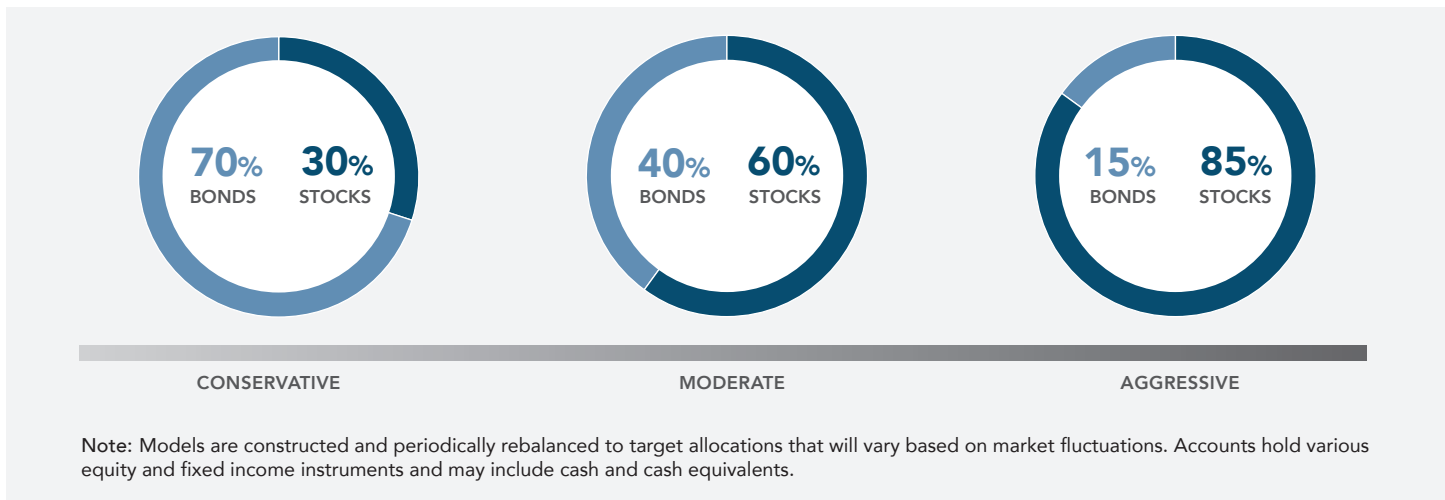
ESG data provided by Envestnet and Sustainalytics, a third party firm that provides ESG research, ratings, and analytics. All data as of 12/31/2021.

The impact portfolio statistics are based on the \$58,126,916 of assets in the equity portion of the UMFNIC portfolios as of 12/31/2021.

The benchmark referenced here is the blended equity benchmark and is composed of 64% CRSP U.S. Large Cap Index, 6% CRSP U.S. Small Cap Index, 25% S&P/BNY Mellon ADR Index, and 5% S&P/BNY Mellon Emerging ADR Index. All data as of 12/31/2021.

2021 Model Portfolios and Performance

Model Portfolios



Annualized Performance as of December 31, 2021¹

	TRAILING 1 YR	TRAILING 3 YRS	TRAILING 5 YRS
Aggressive Model			
UMF — Aggressive Model	17.47 %	20.00 %	14.05 %
Benchmark: UMF Aggressive Blended Benchmark ²	16.82	19.18	13.82
Moderate Model			
UMF — Moderate Model	11.48	14.91	10.66
Benchmark: UMF Moderate Blended Benchmark ³	11.29	14.58	10.77
Conservative Model			
UMF — Conservative Model	5.24	9.25	6.91
Benchmark: UMF Conservative Blended Benchmark ⁴	5.41	9.52	7.37

¹ Time Weighted Rates of Return are calculated net of all fees.

² UMF Aggressive Blended Benchmark: The Benchmark is composed of 85% MSCI All Country World Index World(USD)(TRN), 15% Bloomberg U.S. Aggregate Bond TR (1/1/2016–1/1/2018), 54% Russell 1000 TR, 21% BNYM Dev Mkt Classic ADR Ind, 9% Bloomberg Intermediate U.S. Government/Credit TR, 6% BNYM Emg Mkt Classic ADR Ind, 5% S&P Small Cap 600 TR, 3% Bloomberg Gbl Agg Ex USD TR Hdg USD, 2% BOFAML 3-Month U.S. T-Bill TR (1/2/2018 to date).

³ UMF Moderate Blended Benchmark: The Benchmark is composed of 60% MSCI All Country World Index World(USD)(TRN), 40% Bloomberg U.S. Aggregate Bond TR (1/1/2016–1/1/2018), 38% Russell 1000 TR, 26% Bloomberg Intermediate U.S. Government/Credit TR, 14% BNYM Dev Mkt Classic ADR Ind, 8% Bloomberg Gbl Agg Ex USD TR Hdg USD, 4% BNYM Emg Mkt Classic ADR Ind, 4% S&P Small Cap 600 TR, 4% Bloomberg 1-3 Govt/Credit Bond TR, 2% BOFAML 3-Month U.S. T-Bill TR (1/2/2018 to date).

⁴ UMF Conservative Blended Benchmark: The Benchmark is composed of 65% Bloomberg U.S. Aggregate Bond TR, 35% MSCI All Country World Index World(USD)(TRN) (1/1/2016–1/1/2018), 44% Bloomberg Intermediate U.S. Government/Credit TR, 20% Russell 1000 TR, 14% Bloomberg Gbl Agg Ex USD TR Hdg USD, 9% BNYM Dev Mkt Classic ADR Ind, 7% Bloomberg 1-3 Govt/Credit Bond TR, 2% BOFAML 3-Month U.S. T-Bill TR, 2% BNYM Emg Mkt Classic ADR Ind, 2% S&P Small Cap 600 TR (1/2/2018 to date).

Effective June 12, 2020, UMFNIC accounts are managed by SouthCol Advisors, LLC. subject to a discretionary investment advisory agreement. Previously, accounts were managed by Envestnet Asset Management, Inc. James Lumberg served as the investment advisory representative to UMFNIC at Envestnet and continues at SouthCol Advisors, LLC.

Source: Envestnet, Inc.

2021 Mission Alignment and Impact Report

As stewards, our goal is to build portfolios that empower and amplify our mission. ESG considerations play a critical role in the overall impact of our portfolios. Beyond financial performance, our portfolios have the potential to make a real difference in the world.



ENVIRONMENTAL IMPACT

Versus the benchmark, the companies in the portfolios:

Produced enough **renewable energy** to power more than **17,214 homes** per day



Resulted in **59% lower carbon emissions**, equivalent to:

311,843 gallons of gas



511,454 daily average commutes



3,066,245 pounds of coal



Achieved **lower water usage**, equivalent to **581 million** water bottles



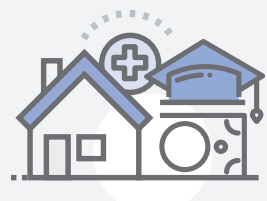
SOCIAL IMPACT

Versus the benchmark, the companies in the portfolios:

Have an **8%** higher instance of a **strong anti-discrimination** policy



Have **103%** more exposure to **education development, affordable housing, financial inclusion, and health innovation**



GOVERNANCE IMPACT

Versus the benchmark, the companies in the portfolios:



Have a **50%** higher instance of **equal pay strategy**



Are committed to a **strong diversity program** – at **58%** versus **48%**

ESG data provided by Envestnet and Sustainalytics, a third party firm that provides ESG research, ratings, and analytics. All data as of 12/31/2021.

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The benchmark referenced here is the blended equity benchmark and is composed of 64% CRSP U.S. Large Cap Index, 6% CRSP U.S. Small Cap Index, 25% S&P/BNY Mellon ADR Index, and 5% S&P/BNY Mellon Emerging ADR Index. All data as of 12/31/2021.

INDEX DEFINITIONS

Bloomberg 1-3 year Government/Credit Bond TR Index is a total return index that incorporates bonds in both the Treasury Bond and the Agency Bond Index, as well as U.S. corporate and some foreign debentures and secured notes, with maturities of one to three years.

Bloomberg Global Agg Ex USD TR Hdg Index tracks investment grade government, corporate, agency, and mortgage-related bonds in markets outside the U.S.

Bloomberg Intermediate U.S. Government/Credit TR Index is a broad-based flagship benchmark that measures the non-securitized component of the U.S. Aggregate Index with less than 10 years to maturity. The index includes investment grade, U.S. dollar-denominated, fixed-rate treasuries, government-related and corporate securities.

Bloomberg U.S. Aggregate Bond TR is an index of U.S. dollar-denominated investment-grade U.S. corporate, government, and mortgage-backed securities.

Bloomberg U.S. Corporate High Yield TR Index measures the USD-denominated, high yield, fixed-rate corporate bond market.

Bloomberg U.S. Government/Credit TR Index is a broad-based flagship benchmark that measures the non-securitized component of the U.S. Aggregate Index. The index includes investment grade, U.S. dollar-denominated, fixed-rate treasuries, government-related and corporate securities.

Bloomberg U.S. Treasury Inflation-Linked TR Index measures the performance of the U.S. Treasury Inflation Protected Securities (TIPS) market.

BNYM Dev Market Classic ADR Index seeks to track developed market-based American depository receipts (ADRs) trading on U.S. stock exchanges, subject to size and liquidity requirements.

BNYM Emg Mkt Classic ADR Index is capitalization-weighted and designed to track emerging market-based American depository receipts (ADRs) trading on U.S. stock exchanges. The index is rebalanced and reconstituted quarterly.

BOFAML 3-MONTH U.S. T-BILL TR Index is an index of short-term U.S. Government securities with a remaining term to final maturity of less than three months.

CRSP U.S. Large Cap Index includes U.S. companies that comprise the top 85% of investable market capitalization.

CRSP U.S. Small Cap Index includes U.S. companies that fall between the bottom 2%–15% of the investable market capitalization.

Dow Jones Industrial Average is an unmanaged index of 30 common stocks comprising 30 actively traded blue chip stocks, primarily industrials, and assumes reinvestment of dividends.

MSCI All Country World Index is a free float-adjusted market capitalization weighted index designed to measure the equity market performance of developed and emerging markets. It captures large and midcap representation across 23 developed markets and 27 emerging markets countries.

MSCI EAFE Index is designed to represent the performance of large- and mid-cap securities across 21 developed markets in Europe, Australasia and the Far East, excluding the U.S. and Canada.

MSCI Emerging Markets Index is a free float-adjusted market-capitalization index that is designed to measure equity market performance in the global emerging markets.

NASDAQ Composite is a stock market index of the common stocks and similar securities listed on the NASDAQ stock market.

Russell 1000® TR is an index that measures the performance of the large-cap segment of the U.S. equity universe. It includes approximately 1000 or the largest companies in the Russell 3000® Index based upon a combination of their market cap and current index membership.

S&P 500 Index is an unmanaged index comprising 500 widely held U.S. securities considered to be representative of the stock market in general.

S&P SMALL CAP 600® TR is a float-adjusted market capitalization weighted index that is designed to measure the performance of 600 small-sized companies in the U.S.

IMPORTANT DISCLOSURES

The information, analysis, and opinions contained in this report are for general and educational purposes only. The views expressed are as of the date hereof and may change at any time without notice. SouthCol assumes no obligation to update or otherwise revise our opinions or this report.

Nothing contained in this report is intended to constitute legal, tax, accounting, securities, or investment advice, nor an opinion regarding the appropriateness of any investment, nor a solicitation of any type. Portfolio and Performance data (on page 5) and Alignment and Impact statistics (on pages 4, 6) are provided by Envestnet, Inc. Performance data is unaudited. All ESG data including impact scores are believed to be from reliable sources; however, we make no representation as to accuracy or completeness.

References to indices, benchmarks or other measures of relative market performance over a specified period of time are provided for information only and do not imply that an account will achieve similar results. The index composition may not reflect the manner in which a portfolio is constructed; unlike these indices and benchmarks, a portfolio may contain types of securities that are different than those reflected in these indices and benchmarks and will not be as diversified as these indices and benchmarks. Indices are unmanaged and investors cannot invest directly in indices. The figures for the index reflect the reinvestment of dividends but do not reflect the deduction of any fees or expenses which would reduce returns.

This material is not meant as a recommendation or endorsement of any security or strategy, nor is this intended to be a client-specific suitability analysis or recommendation, an offer to participate in any investment, or a recommendation to buy, hold or sell securities. Do not use this report as the sole basis for investment decisions. No assurance can be given that the investment objective of an account will be achieved.

Do not select an asset class or investment product based on performance alone. Consider all relevant information, including your existing portfolio, investment objectives, risk tolerance, liquidity needs and investment time horizon. This report is for general informational purposes only and is not intended to predict or guarantee the future performance of any individual security, market sector or the markets generally.

Investment losses, including a loss of principal, may occur from time to time. Nothing herein is intended to imply that an account's investment methodology may be considered "safe," "risk free" or "risk averse." **For a complete description of risks, as well as fees, costs and expenses, please refer to the SouthCol Advisors, LLC. Form ADV Part 2A.**

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