



February 4, 2016

Dear Investor,

Given the turbulence in our financial markets recently, I want to write to you and reaffirm our commitment to being on top of these developments and to helping you fulfill your investment goals. While we know sudden drops in portfolios can make us anxious, we remain confident in the disciplined, long-term strategy consistently adhered to by Wespath, our investment manager. With approximately \$22 billion in assets under management, Wespath is recognized as the largest faith-based benefit plans administrator and pension fund/investment asset manager in the U.S.

Our investment committee concurs with Wespath's analysis of current conditions, namely:

- Up and down cycles are inevitable in the stock market. Corrections of 10% occur on a periodic basis. See the chart on page 3 that reflects these market changes over the past 35 years.
- The current volatility is likely due to a slowdown in China's economy and a slump in commodities prices, including the price of oil.
- Other factors point to a strong U.S. market that should withstand turmoil abroad – low unemployment, a robust housing market and healthy government and corporate balance sheets.
- Stay the course. We have lived through several downturns – including the 2008 financial crisis – only to see the market nearly triple in value from its lowest point.

Of course, few investments are entirely immune to fluctuations in the economy. For those desiring a fixed rate of return on their investment, we invite you to consider our Methodist Loan Fund. Please call us or visit our website at www.tmf-fdn.org for current rates and more information on that investment option.

At the end of the day, our sense of purpose keeps us focused on the fact that our financial services are helping United Methodist congregations and institutions accomplish God's dreams for this world. For such a cause we are keenly motivated to be excellent stewards of our own resources, as well as those you have entrusted to us.

For TMF,

A handwritten signature in black ink that reads "Tom Locke". The signature is written in a cursive, flowing style.

Tom Locke
President

2015 Capital Market Review—Looking Back

Strengths

- U.S. Large-Cap Stocks—continued demand for high-quality/dividend-producing stocks
- U.S. Treasuries—flight to quality
- Private Equity—increasing venture capital valuations
- U.S. dollar—continued upward pressure amid accommodative central bank policies in many overseas economies experiencing weak growth

Weaknesses

- U.S. high-yield bonds—declines in response to growing fears of defaults in the energy sector
- Non-U.S. stocks and bonds—returns adversely impacted from continued U.S. dollar strength
- Emerging markets stocks—declines due to weakening pace of growth in China, falling commodity prices, and U.S. dollar strength
- Commodities—significant declines across all major segments

Wespath Fund Allocations (as of December 31, 2015)*

U.S. Equity Fund

40.3% Large-Cap Stocks (vs. benchmark of 65.5%)
3.9% Private Equity (vs. benchmark of 0%)

International Equity Fund

14.7% Japan (vs. benchmark of 17.9%)
2.9% Australia (vs. benchmark of 4.9%)
4.2% Germany (vs. benchmark of 6.4%)
5.2% Consumer Staples (vs. benchmark of 10.2%) **

Fixed Income Fund

9.8% U.S. Treasuries (vs. benchmark of 40.1%)
10.6% Non-Dollar Bonds (vs. benchmark of 0%)
13.8% High-Yield (vs. benchmark of 7.6%)

Inflation Protection Fund

7.4% Unhedged Non-Dollar Bonds (vs. benchmark of 0%)
8.3% Commodities (vs. benchmark of 0%)

Long-Term Outlook and Beliefs—Looking Forward

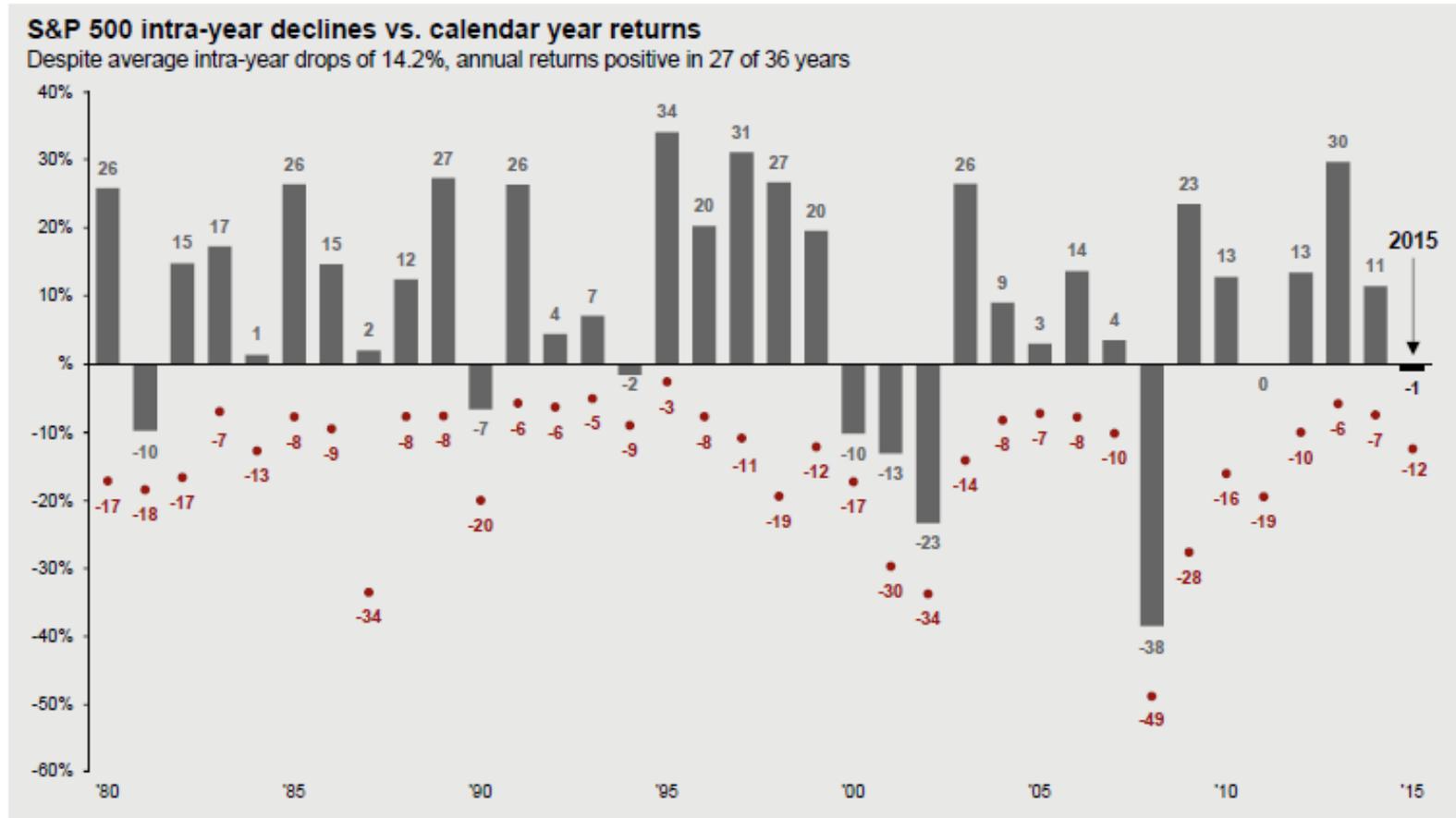
- Expectations for positive, though modest, U.S. and global growth
- Emerging economies will continue to be significant drivers of global growth
- Long-term global demand for commodities will remain steady; current pricing levels are very attractive
- Lower oil and gasoline prices will have a net positive impact on the U.S. economy
- Emerging market stocks and bonds are attractively priced
- U.S. high-yield sector has become attractively priced
- Federal Reserve will not raise short-term interest rates faster than the U.S. economy can withstand
- Recent pace of U.S. dollar strengthening is not sustainable

* Wespath fund allocation data is preliminary. Please visit Wespath.com for additional information.

**The consumer staples sector includes the securities of alcohol and tobacco companies. Wespath excludes investments in companies earning significant revenues from the sale or distribution of alcoholic beverages and tobacco-related products. Please visit Wespath.com for additional information regarding Wespath's ethical exclusions.

This document was created for informational purposes only and may be subject to changes and corrections. The outlooks and beliefs contained herein do not constitute investment recommendations and are not a promise of future performance. The relevant time periods for the stated long-term outlook and beliefs may vary. Actual performance and market events may vary significantly from the above statements.

Annual Returns and Intra-year Declines



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Returns are based on price index only and do not include dividends. Intra-year drops refers to the largest market drops from a peak to a trough during the year. For illustrative purposes only. Returns shown are calendar year returns from 1980 to 2015.

Guide to the Markets – U.S. Data are as of December 31, 2015.