

GC 2020 Legislation—Investment Management Services

Proposed new paragraph ¶1718 to *Book of Discipline* (Investment Management Services) [Petition 20647 on page 657 of the [Advanced Daily Christian Advocate \(ADCA\)](#)—Volume 2, Section 2]:

- [Petition](#)
- [Rationale](#)

Q1: Why does the petition require an annual disclosure document about funds made available to United Methodist entities or United Methodist related entities (“Church investors”)?

A1: Church investors have particular missional purposes for their money, and have important investment decisions to make regarding their investable funds. To help assure they are able to meet these objectives, Church investors (like all prudent fiduciaries) need access to material information about funds in which they invest.

In order to enable Church investors to carry out their fiduciary obligations, Wespath’s petition requires an annual disclosure of material investment fund information by general agencies that offer investment services. This information includes, but is not limited to: fund objectives, benchmarks, risks, management, purchase and redemption rights, fees and performance. Church investors can use this information to make informed investment decisions so their investments meet their objectives. Any entity that offers or manages investment funds has fiduciary duties including being transparent and informing investors of material information to help investors make better investment decisions.

Q2: Why does the petition call for investor access to quarterly, monthly and on-demand fund performance information?

A2: This performance information will provide investors with a basis for comparing their investments to other investment opportunities, and to assess whether they might need to change their asset allocation. Providing periodic and on-demand performance information allows investors to monitor their investments and assess their expectations and needs.

Q3: Why does the petition seek publication of an annual independent auditor’s report of a financial audit?

A3: Any fiduciary that manages investment funds of others should be committed to transparency and accountability. A prudent fiduciary will operate in accordance with clear financial policies, procedures and controls. An external audit provides an objective and independent confirmation that the historical financial information of the fiduciary and the funds it manages are accurate and fair. The external audit also provides greater protection for investors that the fiduciary managing their investment funds is operating in accordance with generally accepted accounting principles (GAAP), appropriate financial standards, controls and oversight.

Q4: If approved by GC 2020, when would this change take effect?

A4: Like most legislation, if the General Conference approves this petition, it would take effect **January 1, 2021.**

Wespath's General Conference webpage: www.wespath.org/gc2020

- Links to most of our petitions and rationales
- Links to support materials