



INFOTOPICS

AN AD HOC COLUMN FROM PHIL@CUC.CA



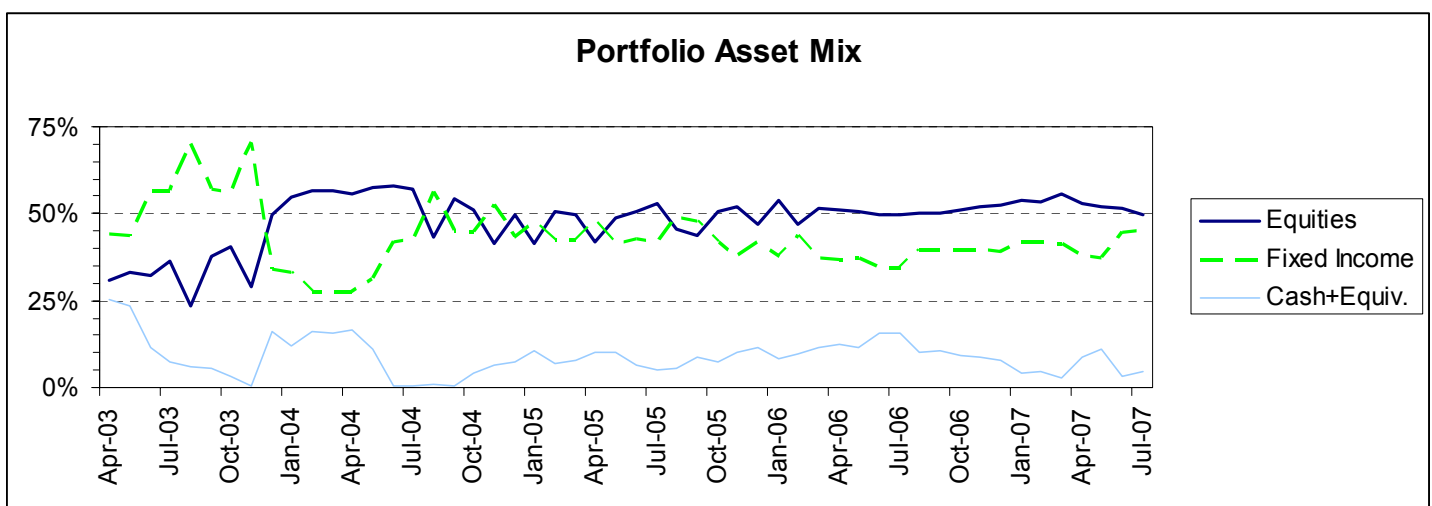
Strength In Numbers

Last September the CUC board approved a policy and process to allow congregations to get the benefits of using our professional investment manager without the high fees normally associated with small portfolios. Our fund manager uses the Jantzi Social Index and other resources to ensure our portfolio is maintained within our general investment policy (see http://www.cuc.ca/business/policies/investment_policy.pdf for specifics).

Essentially, congregations have the option of “piggybacking” on our investments and getting the same rate of return allocated to our other trust funds. By a specific bequest, Avalon Unitarian Fellowship has had this arrangement for a number of years, and now it’s available to all congregations. As of this writing, we have received \$40,000 to be invested under this policy.

Our annual investment fees are approximately 1% of our portfolio’s value, and all returns on CUC investments are calculated as “real returns” which factor in these costs, but there are no administration fees for congregations who wish to invest through this program.

Like any balanced investment portfolio, ours is a mix of equities (stocks and mutual funds), fixed-income (bonds and debentures), and cash or cash equivalents (money market funds and treasury bills). Our fund manager adjusts the proportions in response to economic indicators. Here’s how our portfolio has varied over the past few years:



You’ll note the significant fluctuations from April 2003 to July 2004. These were in response to the aftermath and settling out of the stock market downturn in 2002. Stocks were less than 40% of our portfolio in 2003-04 versus almost 60% a year later when the market stabilized.



Show Me The Money

Over the past four years, our investments have gained 4.1% to 8% per year, and since 2005 our investments have performed similarly to, or better than, the markets. Because our policy permits only *low risk, socially responsible* investments, our portfolio didn't "cash in" on the high TSX return after the major market corrections in 2002, when the risk was still rather high. In the 12 months ending March 2004, the TSX gained 35.4% but the volatility index for that year averaged nearly double the volatility in 2005, when the TSX gained a more modest 5.7%. Also, there are some types of high-profit stocks that we don't allow in our portfolio which are included in the TSX index.

About 10% of our portfolio is in US funds, so currency exchange losses have also impacted our overall returns for the past several years.

(Exchange rates fell from a high of \$1.48 in April 2003 to a low of \$1.10 in June 2006, closing the year at \$1.16.)

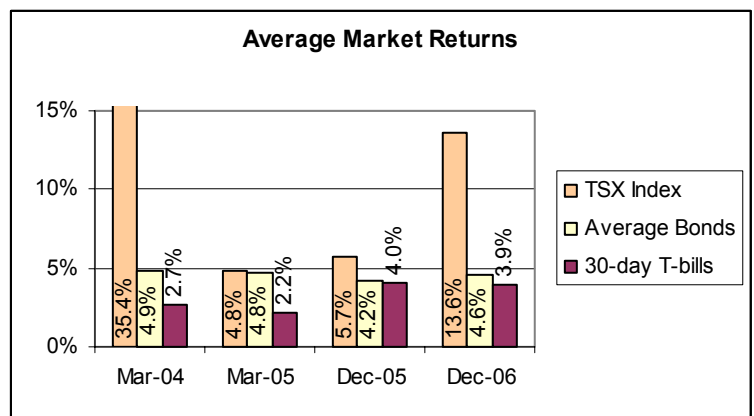
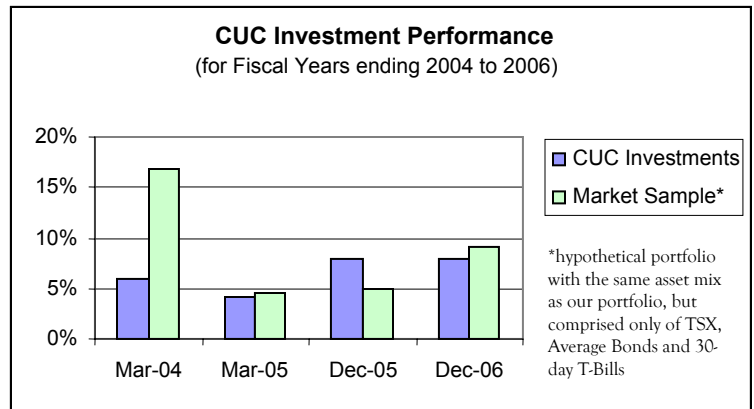
This is no longer an issue as the exchange rate has stopped sliding, and may reverse in the future, increasing our fund's performance slightly.

The details of our Congregational Investment Policy and the related agreement, are on our website at <http://www.cuc.ca/finance/CongregationalInvestmentFund.pdf>. To receive copies of our monthly investment account statements, send an e-mail to cuc-investment-news-subscribe@yahoogroups.com.

Other News...

Back in January 2005, I wrote about a donations tracking and tax receipting program called DONATION. I've recently been contacted by Dan Cooperstock (the author) and he told me of some updates and that it's now a shareware program. DONATION has over 4,000 users in Canada and the U.S.A., including at least a dozen UU churches or fellowships. For more details, see <http://www.software4nonprofits.com/>

Previous issues of **INFOTOPICS** are available on-line at http://www.cuc.ca/whos_who/Admin/phil/



Sources for Financial Data: www.globeinvestor.com www.bankofcanada.ca