

OCTOBER 2022

MARKET MINUTE

An investment report from the Kansas Methodist Foundation

Rate of Return:

As of October 31, 2022 net-of-investment fees

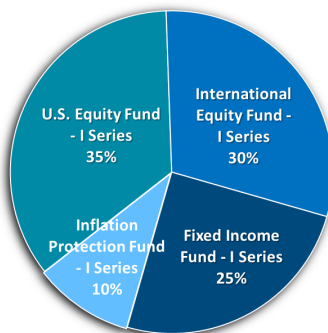
Fund Name	Oct-22	3 Mon.	YTD	Annualized			
				1 Year	3 Years	5 Years	10 Years
Balanced Fund	3.57%	-7.64%	-20.22%	-20.57%	2.55%	3.77%	6.22%
Benchmark	3.58%	-7.65%	-19.05%	-18.43%	2.36%	3.65%	6.26%
Equity Fund	6.24%	-7.98%	-23.61%	-24.18%	4.27%	4.99%	8.19%
Benchmark	6.38%	-7.50%	-21.20%	-20.40%	4.67%	5.13%	8.40%
Fixed Income Fund	-0.55%	-6.45%	-15.47%	-15.42%	-3.16%	-0.12%	1.33%
Benchmark	-1.00%	-7.26%	-16.11%	-16.00%	-3.37%	-0.19%	1.22%
Short Term Fund	0.13%	0.34%	1.09%	1.31%	1.52%	1.75%	1.15%

*Historical returns are not indicative of future performance. The Balanced Fund performance is the Wespath Multiple Asset Strategy performance. The Equity Fund returns represent the historical data for the Wespath U.S. Equity Fund (55%) and the Wespath International Equity Fund (45%) until October 2022, when the asset allocation changed to Wespath U.S. Equity Fund (45%), Wespath U.S. Equity Index Fund (20%), and Wespath International Equity Fund (35%). The Fixed Income Fund performance is the Wespath Fixed Income Fund. More information about the funds and benchmarks can be found at <https://www.wespath.com/funds>. The Short Term Income Fund is a combination of multiple investment instruments of the Foundation. The Foundation hired Wespath Institutional Investments on November 1, 2019. The Administration Fee of the Foundation is not included.

KMF Funds:*

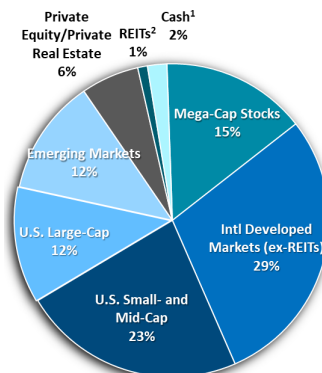
Balanced Fund

65% Equities
35% Fixed Income



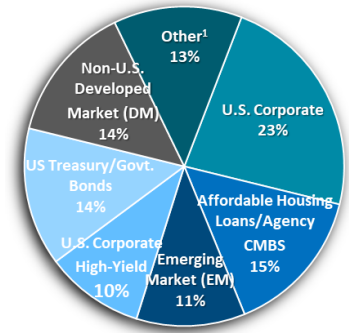
Equity Fund

45% U.S. Equities
20% Equity Index Fund
35% International Equities



Fixed Income Fund

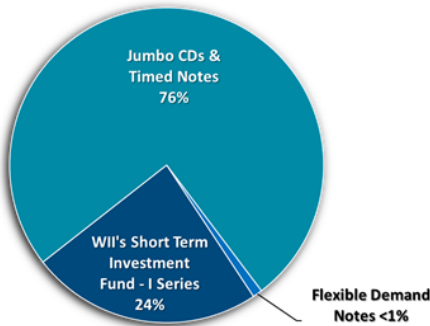
100% Fixed Income



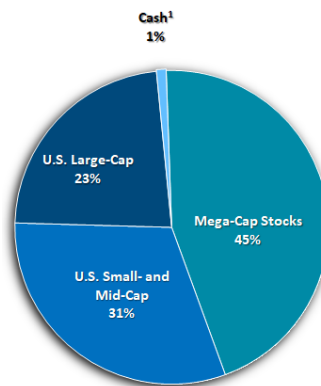
*Fund allocations as of June 30, 2022. Investors can choose a mix of their choice from the funds provided by KMF.

KMF Funds cont'd:*

Short-Term Income Fund



Equity Index Fund



Certificate of Participation

A Certificate of Participation provides the security of a fixed income type vehicle at competitive rates for 1-year and 2-year investments. Certificates of Participation are the funding source of KMF's Church Development Loan Fund, providing loans throughout the Great Plains Conference. Visit kansasmethodistfoundation.org to view current rates.

*Fund allocations as of June 30, 2022. Investors can choose a mix of their choice from the funds provided by KMF. WII stands for Wespath Institutional Investments.

October 2022 Highlights:

from the Wespath Institutional Investments October 2022 Investment Report

- U.S. Real GDP rose at an annual rate of 2.6% in the third quarter, up from -0.6% in the second quarter.
- The S&P 500 Index of U.S. stocks increased 8.1%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI, increased 3.0% in October. The Bloomberg U.S. Aggregate Bond Index (Bloomberg U.S. Aggregate) declined 1.3%.
- Inflation was 8.2% in September, as measured by the year-over-year change in the Consumer Price Index (CPI). Core Personal Consumption Expenditures (PCE) inflation, which excludes food and energy (the U.S. Federal Reserve's preferred gauge of inflation), accelerated from 4.9% in August to 5.1% in September.
- The U.S. economy added 261,000 jobs in October, and the unemployment rate increased from 3.5% to 3.7%.
- The Fixed Income Fund – I Series and Inflation Protection Fund – I Series outperformed their respective benchmarks in October, while the U.S. Equity Fund – I Series, International Equity Fund – I Series, and Multiple Asset Fund – I Series underperformed their respective benchmarks.

Monthly Overview:

from the Wespath Institutional Investments October 2022 Investment Report

U.S equity markets rebound, but fixed income markets decline

U.S. equity prices rose in October, despite poor earnings reports from large tech companies like Meta and Amazon. The Dow Jones Industrial Average posted its strongest monthly performance since 1976, rising 14.1%. The S&P 500 rose 8.1%, with ten out of eleven sectors positive. The MSCI ACWI ex-U.S. IMI Index, which represents non-U.S. stocks, increased 3.0%. However, emerging markets, represented by the MSCI Emerging Markets IMI Index, decreased 2.7% for the month, putting the index at nearly -29% year to date.

In fixed income markets, the Bloomberg U.S. Aggregate fell 1.3% as yields rose. The two- and 10-year U.S. Treasury note yields rose to 4.5% and 4.1%, respectively. The Bloomberg U.S. High Yield Index increased 2.6

Economic data mixed

U.S. Real GDP increased an annualized 2.6% the third quarter, following two straight quarters of negative growth. The Bureau of Economic Analysis attributed the increase to a rise in exports and consumer spending. CPI rose 8.2% year over year, while Core PCE, which excludes food and energy, increased 5.1%. Employers in the U.S. added 261,000 jobs in October, a decline from September's revised increase of 315,000, but higher than consensus forecasts. The unemployment rate rose to 3.7% for the month, but average hourly earnings rose 0.4% in October and 4.7% year over year. Home prices fell for the fourth straight month, and the U.S. Dollar Index decreased slightly from a 20-year high in September.

Xi Jinping secures a third term

Xi Jinping broke precedent and secured a third term as President of the People's Republic of China. The MSCI China Index decreased 16.8% in October and 42.8% year to date, partially due to a decline in the Chinese yuan. The yuan decreased 2.8% versus the U.S. dollar for the month and 12.7% year to date.

After delaying an economic data release for a week, China reported its economy grew 3.9% in the third quarter compared to the same period a year ago, exceeding forecasts, but falling short of the official 5.5% target. Rising COVID infections and strict lockdowns in compliance with China's zero-COVID policy hampered consumer spending during the quarter.

Investment Insights Blog

Key Takeaways from Third Quarter's Markets



By Evan Witkowski
Manager of Institutional Relationships
Wespath Institutional Investment Services

I recently came across an article in The Intelligent Investor titled “Three Ways You Can Cash In on Cash.” The article explains why the current market environment gives investors added reason to hold cash equivalents in their portfolios. When I use the term “cash equivalents”, I am referring to short-term fixed-income instruments characterized by low-risk and high-liquidity, meaning that one can readily redeem their securities for actual cash.

So why is now a good time for investors to hold cash equivalents? Today, we see soaring interest rates in response to persistently high inflation. In a recent blog, I explain that as of late September, the Fed Funds overnight bank lending rate target range is 3.00%–3.25%, with more anticipated rate increases to come. This sets the scene for rate increases across the board.

Continue reading at wespath.com.

Let's Connect

If you have questions about your account or fund performance, contact Dustin Petz, President and CEO of the Kansas Methodist Foundation.

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Phone: 620-664-9623



“You will be enriched in every way so that you can be generous on every occasion, and through us your generosity will result in thanksgiving to God.”

- 2 Corinthians 9:11