

DECEMBER 2023

MARKET MINUTE

An investment report from the Kansas Methodist Foundation

Rate of Return:

As of December 31, 2023 net-of-investment fees

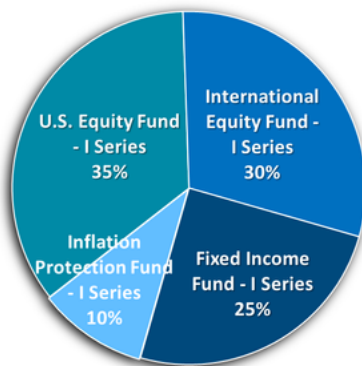
Fund Name	Dec. '23	4th QTR	Annualized				
			1 Year	2 Years	3 Years	5 Years	10 Years
Balanced Fund	4.79%	8.84%	14.32%	-2.64%	0.81%	8.24%	6.11%
Benchmark	4.54%	9.22%	15.59%	-1.46%	2.72%	8.37%	6.40%
Equity Fund	5.65%	10.69%	20.10%	-2.66%	2.04%	11.13%	7.67%
Benchmark	5.27%	11.28%	22.29%	-0.12%	5.51%	11.64%	8.14%
U.S. Equity Index Fund	5.33%	12.01%	26.09%	0.62%	8.42%	n/a	n/a
Benchmark	5.30%	12.07%	25.96%	0.88%	8.54%		
Fixed Income Fund	3.51%	6.92%	7.98%	-2.95%	-2.35%	2.15%	2.40%
Benchmark	3.64%	6.65%	6.51%	-3.93%	-3.00%	1.80%	2.29%
Short Term Income Fund	0.41%	1.21%	4.15%	2.74%	2.25%	2.41%	1.51%

*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 U.S. Equity Index Fund is the Wespath U.S. Equity Index Fund. 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:*

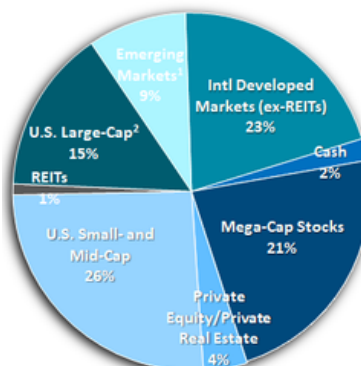
Balanced Fund

65% Equities
35% Fixed Income



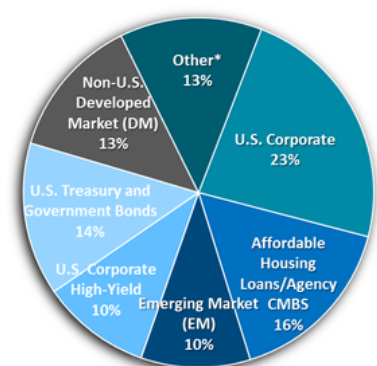
Equity Fund

45% US Equities
20% US Equity Index Fund
35% International Equities



Fixed Income Fund

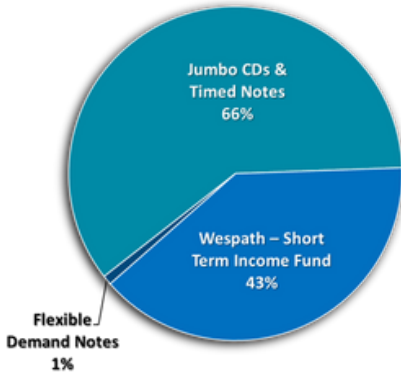
100% Fixed Income



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

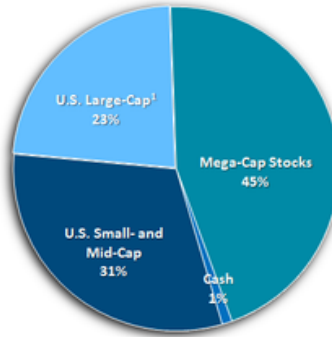
KMF Funds cont'd:*

Short Term Income Fund**



NEW

US Equity Index Fund (Track Russell 3000)



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

**Fund allocations as of March 31, 2023.

December 2023 Investment Highlights:

from the Wespath Institutional Investments December 2023 Investment Report

- Fixed income and equity markets ended the month higher after the Federal Reserve signaled a change toward monetary easing.
- The S&P 500 Index of U.S. stocks increased 4.5%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI Index, jumped 5.2%. The Bloomberg U.S. Aggregate Bond Index increased 3.8%.
- In December, U.S. employers added 216,000 non-farm jobs with the unemployment rate remaining the same at 3.7%.
- The International Equity Fund – I Series, Inflation Protection Fund – I Series and Fixed Income Fund – I Series underperformed their respective benchmarks, while the U.S. Equity Fund – I Series and Multiple Asset Fund – I Series outperformed their respective benchmarks.

The full Monthly Investment Report can be found at wespath.org.

Monthly Investment Overview:

from the Wespath Institutional Investments December 2023 Investment Report

Markets Finish the Year Strong

Decelerating inflation and a potential shift in monetary policy from the Federal Reserve (“Fed”) resulted in a rise in both equity and fixed income markets. Core Personal Consumption Expenditures, the Fed’s favorite inflation gauge came in at 3.2% year over year. Below the consensus estimate of 3.4%.

The S&P ended the month up 4.5% and finished the year up 26.3%. International markets also finished strong with the ACWI ex USA IMI up 5.2% for the month of December and ended the year up 15.6%. Fixed income markets also closed higher with the Bloomberg U.S. Aggregate ending the year up 5.5%. Commodities declined for a second consecutive month with the Bloomberg Commodity Index down 2.7%. The University of Michigan Survey of Consumers recorded a 13.7% increase in consumer optimism for the month and 16.6% for the year. The survey’s measure of consumers’ year-ahead inflation expectations decreased to 3.1% this month from 4.5% last month, the lowest reading since March 2021.

A Dovish Fed

Federal Reserve Chair Jerome Powell signaled the beginning of a pivot toward monetary easing following the Fed’s meeting in December. He indicated the central bank was now focused on rate cuts because inflation has declined much faster than expected. The Fed projected the Core Personal Consumption Expenditures (PCE) price index to rise 3.2% this quarter, down from their previous projection of 3.7%. Core PCE, the Fed’s preferred measure of inflation, excludes the more volatile food and energy components. For 2024, the central bank currently projects three rate cuts according to their median rate estimate.

Energy Prices Decline

Energy prices continued to decline, with West Texas Intermediate crude oil (WTI) down 5.7% for the month and down 10.7% for the year. U.S. oil output reached record levels, surpassing Saudi Arabia and Russia as OPEC+ continued to slash production. At the same time, mild winter weather has caused the price of natural gas to fall 17% for the month, bringing its decline to 43.3% for the year.

Investment Insights Blog

Market Takeaways from Q4, Wespath's 2023 Year-in-Review, and Top Themes for 2024



By Joe Halwax, CAIA, CIMA
Managing Director, Institutional Investment Services



By Rashed Khan
Director, Portfolio Risk and Analytics

January 2, 2024

- Interest rates and central bank expectations continued to influence markets throughout 2023
- U.S. stocks returned an impressive 26.3%, while U.S. bonds gained 5.5%, beating Wall Street expectations
- Major stock market indexes were dominated by a select few mega-cap tech companies
- We've not yet seen a recession, but global growth and inflation are cooling, with lower yields expected in 2024

Did you know that America's—and now many NFL football fans'—darling Taylor Swift sings over 44 songs at her concerts, with shows lasting for nearly four hours? That's a lot of Taylor. And while she is said to be an amazing artist, there must be some parents or significant others in the audience looking at their watches and wondering, "When does this end?"

Many market pundits and economists have been asking the same question about the U.S. economic expansion for two years now. Yet the economy keeps defying expectations. With the latest GDP data showing a growth rate of 4.9% in the third quarter, it's starting to feel like the continued calls for a recession are a Taylor show during the third encore.

For more information and to read the full blog, visit wespath.org.

Let's Connect

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

Email: dustin@kansasmethodistfoundation.org
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