

AUGUST 2023

MARKET MINUTE

An investment report from the Kansas Methodist Foundation

Rate of Return:

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

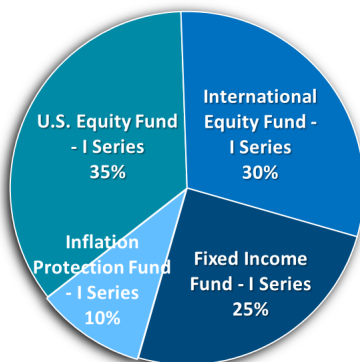
Fund Name	Aug-23	YTD	Annualized				
			1 Year	2 Years	3 Years	5 Years	10 Years
Balanced Fund	-3.02%	9.11%	8.15%	-5.27%	3.00%	5.18%	6.53%
Benchmark	-2.18%	9.50%	8.35%	-3.62%	3.75%	5.33%	6.74%
Equity Fund	-3.70%	13.77%	12.49%	-5.66%	5.52%	6.66%	8.39%
Benchmark	-2.75%	14.75%	13.69%	-2.43%	7.37%	7.19%	8.80%
U.S. Equity Index Fund	-1.94%	18.17%	14.73%	-0.41%	9.72%	n/a	n/a
Benchmark	-1.93%	18.01%	14.76%	-0.24%	9.81%		
Fixed Income Fund	-0.57%	3.21%	1.79%	-5.70%	-3.03%	1.28%	2.17%
Benchmark	-0.54%	2.07%	0.12%	-6.39%	-3.93%	1.03%	1.98%
Short Term Income Fund	0.26%	2.03%	2.52%	1.91%	1.71%	2.11%	1.32%

*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:*

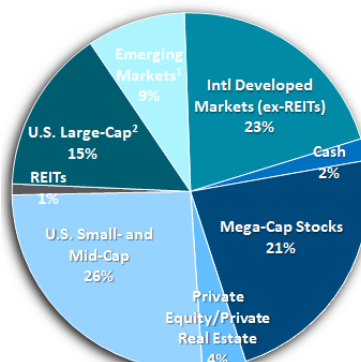
Balanced Fund

65% Equities
35% Fixed Income



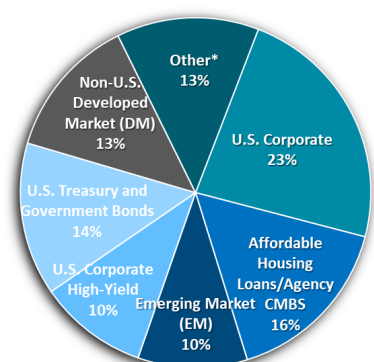
Equity Fund

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



Fixed Income Fund

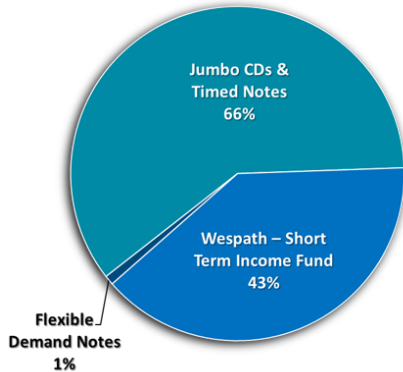
100% Fixed Income



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

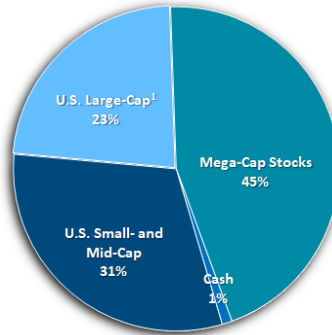
KMF Funds cont'd:*

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.

August 2023 Investment Highlights:

from the Wespath Institutional Investments August 2023 Investment Report

- The S&P 500 Index of U.S. stocks declined 1.59%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI Index, declined 4.28% in August. The Bloomberg U.S. Aggregate Bond Index declined 0.66%.
- The Consumer Price Index (CPI) measure of inflation rose 3.2% over the last 12 months.
- The S&P Global U.S. Composite Purchasing Managers Index (PMI) declined to 50.4 in August, down from 52 in July.
- The U.S. economy added 187,000 jobs, and the unemployment rate rose from 3.5% in July to 3.8% in August.
- U.S. Equity Fund-I Series, International Equity Fund-I Series, Fixed Income Fund-I Series, Inflation Protection Fund-I Series and Multiple Asset Fund-I Series underperformed their respective benchmarks.

Monthly Investment Overview:

from the Wespath Institutional Investments August 2023 Investment Report

Turbulence in Equity and Bond Markets

Equity markets experienced volatility in August due to a combination of global economic factors and geopolitical events. The S&P 500 and Nasdaq 100 both posted monthly declines, their first since February 2023.

Bond yields increased and prices decreased in August as investors evaluated the U.S. Treasury's plans to issue bonds to finance the federal budget deficit. Investors also expressed concerns about inflation, Federal Reserve (Fed) interest rate policy and the unexpected Fitch downgrade of the U.S. long-term credit rating from AAA to AA+. Fitch cited rising debt levels and ongoing deterioration in fiscal governance in its downgrade announcement.

The 30-year Treasury bond yield ended the month at 4.20%, a month-over-month increase of 0.18%, and the yield on the 2-year note ended the month at 4.85%. The Bloomberg U.S. Aggregate Bond Index decreased 0.6%, the Bloomberg U.S. High Yield Index rose 0.3% and the Bloomberg Commodity Index fell 0.8%.

U.S. Economic Expansion Continues

U.S. real GDP, as measured by the second estimate from the Bureau of Economic Analysis, grew at an annual rate of 2.1% in Q2 (below initial projections of 2.4%). Consumer spending increased 0.8% month-over-month in July, up from a revised 0.6% in June, with shoppers spending most on housing, vehicles, recreational goods, dining out and insurance. The CPI increased 3.2% year-over-year in July, exceeding the Fed's 2% inflation target. Core CPI inflation, which excludes food and energy, increased 4.7% over the last 12 months, the lowest level since October 2021.

The U.S. economy added 187,000 non-farm jobs in August, and the unemployment rate increased to 3.8% from 3.5% in July as the labor force participation rate rose by 0.2% to 62.8%.

Fed Remains Cautiously Hawkish on Rates

Central bankers, policymakers and economists gathered at the annual Jackson Hole Economic Symposium to discuss monetary policy. Fed Chair Jerome Powell emphasized that while inflation is down from its peak, the level remains too high and the Fed is prepared to raise interest rates further if appropriate.

Sources: Bureau of Economic Analysis, Wall Street Journal, and FactSet.

Investment Insights Blog

Three Key Factors Affecting Your Non-Profit's Income



By Evan Witowski
Manager, Institutional Relationships

September 11, 2023

Here at Wespath, we partner with many different types of Methodist organizations—from foundations and children's homes to senior living facilities, higher education institutions and more. In addition to sharing our Methodist roots, all these groups have the common connection of being not-for-profit, mission-focused organizations, meaning they all understand the opportunities and challenges facing charitable bodies right now.

Recently, Ken Sloane—director of Stewardship & Generosity at fellow United Methodist agency Discipleship Ministries—wrote an excellent piece about recent trends in the world of charity: [5 Factors That Affected Your Church's Income in 2022](#). Ken's article references data from [GivingUSA](#), which publishes a comprehensive report that summarizes how people in the U.S. gave to charity throughout the year, including what kinds of organizations received funds and how much.

As Ken points out, it's an interesting time for donations to churches, as covered by GivingUSA's "Religion" category. But as I said, Wespath's partners cover a wide swath of the not-for-profit landscape—while we are all faith-based, it's likely that some of our clients experience the trends of other types of organizations covered by this data as well.

With that in mind, let's take a closer look at the GivingUSA data—and other recent trends relevant to not-for-profit organizations—to see what might be impacting giving trends for Wespath's institutional investors.

Factor #1: Americans Gave Less

Ken's article highlights one of the GivingUSA report's key takeaways: total giving was down last year (to the tune of a 10.5% inflation-adjusted decline from 2021). I can't help but think of Morgan Housel's quote, "Planning is important, but the most important part of every plan is planning on your plan not going according to plan." All charitable organizations depend on a stream of giving to empower their mission, and this downward trend makes it increasingly difficult for them to fulfill current needs and plan ahead.

For more information and to access 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.

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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