

# MARKET MINUTE

An investment report from the Kansas Methodist Foundation

## Rate of Return:

As of January 31, 2024 net-of-investment fees

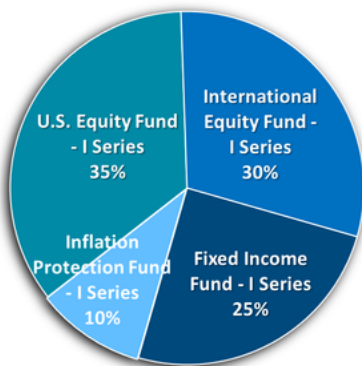
Fund Name	Jan. '24	YTD	Annualized				
			1 Year	2 Years	3 Years	5 Years	10 Years
<b>Balanced Fund</b>	<b>-0.57%</b>	<b>-0.57%</b>	<b>6.59%</b>	<b>-0.79%</b>	<b>0.55%</b>	<b>6.75%</b>	<b>6.24%</b>
Benchmark	0.02%	0.02%	9.30%	0.55%	2.84%	7.14%	6.60%
<b>Equity Fund</b>	<b>-0.38%</b>	<b>-0.38%</b>	<b>10.44%</b>	<b>0.09%</b>	<b>1.75%</b>	<b>9.09%</b>	<b>8.00%</b>
Benchmark	0.34%	0.34%	14.38%	2.68%	5.69%	9.98%	8.58%
<b>U.S. Equity Index Fund</b>	<b>1.17%</b>	<b>1.17%</b>	<b>19.20%</b>	<b>4.36%</b>	<b>9.01%</b>	<b>13.47%</b>	<b>n/a</b>
Benchmark	1.11%	1.11%	19.15%	4.56%	9.10%	13.53%	
<b>Fixed Income Fund</b>	<b>-0.07%</b>	<b>-0.07%</b>	<b>4.33%</b>	<b>-2.04%</b>	<b>-2.13%</b>	<b>1.74%</b>	<b>2.32%</b>
Benchmark	-0.17%	-0.17%	3.19%	-2.83%	-2.78%	1.45%	2.14%
<b>Short Term Income Fund</b>	<b>0.36%</b>	<b>0.36%</b>	<b>4.30%</b>	<b>2.87%</b>	<b>2.33%</b>	<b>2.38%</b>	<b>1.53%</b>

\*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:\*

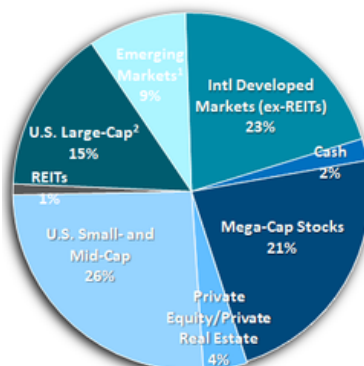
#### Balanced Fund

65% Equities  
35% Fixed Income



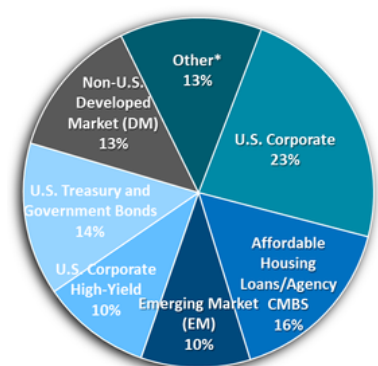
#### Equity Fund

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



#### Fixed Income Fund

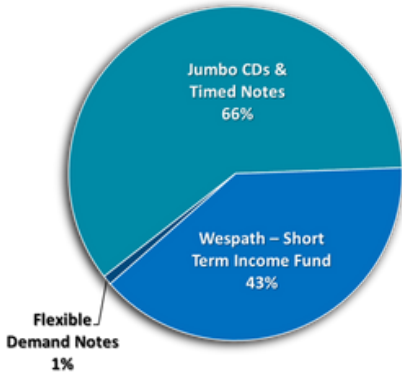
100% Fixed Income



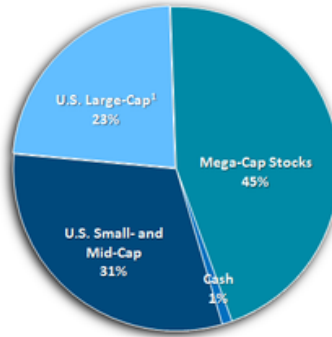
\*Fund allocations as of September 30, 2022. Investors can choose a mix of their choice from the funds provided by KMF.

## 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](http://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.

## January 2024 Investment Highlights:

from the Wespath Institutional Investments January 2024 Investment Report

- For the broad markets, stocks were mixed in January while fixed income markets were lower.
- The S&P 500 Index of U.S. stocks gained 1.7%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI returned -1.1% this month. The Bloomberg U.S. Aggregate Bond Index was down 0.3%.
- U.S. Real Gross Domestic Product (GDP) grew 3.3% annualized during the fourth quarter, higher than expected.
- In January, U.S. employers added 353,000 non-farm jobs. The unemployment rate remained at 3.7%.
- Consumer spending was up 0.7% in December, higher than estimates, and the Personal Savings rate fell to 3.7%, the lowest level in a year.
- The Fixed Income Fund – I Series outperformed its benchmark, while the U.S. Equity Fund – I Series, International Equity Fund – I Series, Inflation Protection Fund – I Series, and Multiple Asset Fund – I Series underperformed their respective benchmarks.

The full Monthly Investment Report can be found at [wespath.org](http://wespath.org).

## Monthly Investment Overview:

*from the Wespath Institutional Investments January 2024 Investment Report*

### U.S. Stocks Extend Rally as Probability of a “Soft Landing” Increases

Market participants have increasingly embraced the idea that the U.S. Federal Reserve (Fed) increased interest rates enough to slow economic growth with the intent to lower inflation, but not enough to cause a recession. In other words, the Fed may accomplish a “soft landing” for the economy.

Positive market narratives include a resilient consumer, strong jobs market, stronger than expected economic growth and expectations for the Fed to lower interest rate in 2024. In response, U.S. equities extended the end-of-year rally. Fixed income markets decreased modestly as valuations adjusted to shifting expectations around the timing and level of rate cuts in 2024. Positive economic data points to positive growth, and a strong economy can lead to higher prices if demand for goods and services outpaces supply. Due to this, the Fed is holding off on reducing rates as they remain diligent in their mission to reduce inflation to a 2% target. U.S. growth stocks, measured by the Russell 3000 Growth Index, increased 2.2%, while value stocks, measured by the Russell 3000 Value Index, decreased 0.2%. In fixed income, the Bloomberg Universal ex-MBS bond index returned -0.2%, while high yield corporate bonds were roughly flat. Commodities increased a modest 0.4%. Energy increased 2.8% in January, while metals decreased.

### Economic Update

U.S. Real GDP grew at an annual rate of 3.3% in the fourth quarter, according to the advance estimate from the Bureau of Economic Analysis, beating economists’ predictions. The U.S. labor market continued to exhibit strength, adding 353,000 non-farm jobs in January, while employment estimates for November and December were revised higher by a combined 126,000 jobs. The core Consumer Price Index (CPI) had a 12-month increase of 3.9% as of December. The core Personal Consumption Expenditures (PCE) Price Index, the Fed’s preferred measure of inflation, increased 2.9% from the same month one year ago. CPI has a higher shelter weighting than the PCE index, contributing to the difference. Core indexes don’t measure food and energy, which tend to be more volatile, making it easier to see underlying inflation trends.

## 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](https://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](mailto: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