

MARCH 2024

MARKET MINUTE

An investment report from the Kansas Methodist Foundation

Rate of Return:

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

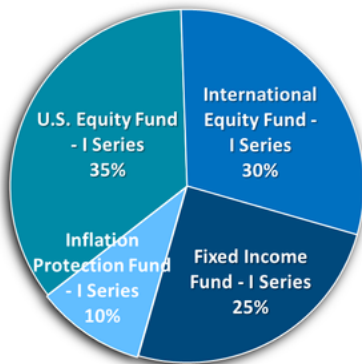
Fund Name	Mar' 24	QTD	Annualized				
			1 Year	2 Years	3 Years	5 Years	10 Years
Balanced Fund	2.39%	4.33%	12.84%	2.75%	1.57%	7.03%	6.37%
Benchmark	2.40%	4.70%	14.66%	3.48%	3.54%	7.44%	6.70%
Equity Fund	3.13%	7.37%	20.26%	4.93%	3.00%	9.74%	8.29%
Benchmark	3.18%	8.01%	23.48%	6.73%	6.45%	10.76%	8.82%
U.S. Equity Index Fund	3.26%	10.19%	29.51%	8.63%	9.73%	14.35%	n/a
Benchmark	3.23%	10.02%	29.29%	8.72%	9.78%	14.34%	
Fixed Income Fund	1.04%	0.03%	4.77%	0.06%	-1.24%	1.39%	2.16%
Benchmark	0.96%	-0.30%	3.05%	-0.82%	-1.90%	1.00%	2.05%
Short Term Income Fund	0.44%	1.06%	4.47%	3.10%	2.51%	2.39%	1.59%

*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:*

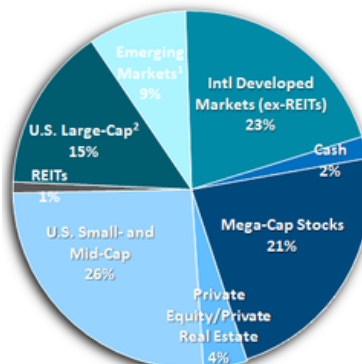
Balanced Fund

65% Equities
35% Fixed Income



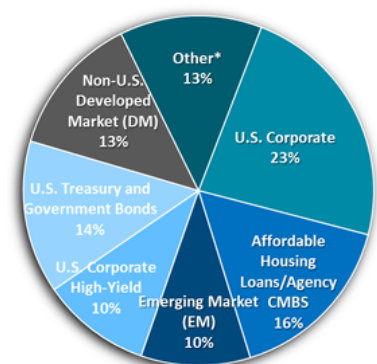
Equity Fund

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



Fixed Income Fund

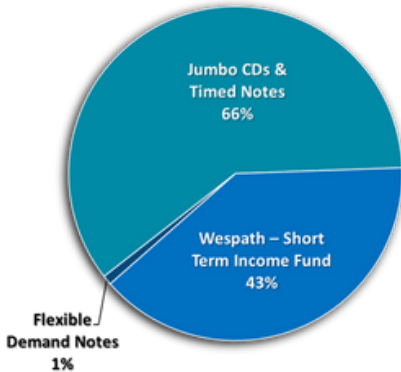
100% Fixed Income



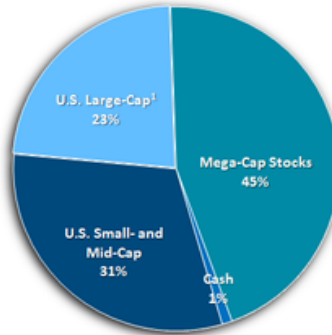
*Fund allocations as of September 30, 2022. Investors can choose a mix of their choice from the funds provided by KMF.

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.

March 2024 Investment Highlights:

from the Wespath Institutional Investments March 2024 Investment Report

- The S&P 500 Index of U.S. stocks gained 3.2%, while non-U.S. stocks, represented by the MSCI ACWI ex-U.S. IMI returned +3.1% in March. The Bloomberg U.S. Aggregate Bond Index returned +0.9%.
- In March, U.S. employers added 303,000 non-farm jobs, well above expectations. The unemployment rate decreased to 3.8%.
- The Commerce Department revised Q4 2023 GDP slightly higher to 3.4% from the previous estimate of 3.2%
- The Core Personal Consumption Expenditures (PCE) Price Index, the U.S. Federal Reserve's (Fed) preferred inflation measure, increased 2.8% for the 12 months ended in February, in line with expectations.
- The U.S. Equity Fund – I Series and Fixed Income Fund – I Series outperformed their respective benchmarks for the month, while the International Equity Fund – I Series and Inflation Protection Fund – I Series underperformed their benchmarks. The Multiple Asset Fund – I Series was effectively in line with its benchmark.

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

Monthly Investment Overview:

from the Wespath Institutional Investments March 2024 Investment Report

Fed holds rates steady in March as inflation remains persistent

The Fed held benchmark interest rates stable at 5.25% - 5.5% during its March 20 meeting, waiting for progress toward its 2% inflation target before considering cuts. Markets reacted positively, with the S&P 500, Dow, and NASDAQ hitting record highs, as the Fed maintains its outlook for three interest rate cuts in 2024. The Fed is not alone in assessing monetary policy, and central banks around the world are determining when to initiate interest rate changes. Switzerland became the first major economy to reduce its policy rates by 0.25% to 1.50%, stating that inflation should remain below 2% for the near future. In contrast, the Bank of Japan raised interest rates for the first time in 17 years, ending a negative interest rate policy.

Inflation remains persistent in multiple sectors of the economy as evident in the March Consumer Price Index (CPI), which rose 3.2% over the last 12 months. Sectors such as shelter and gasoline continue to keep inflation running above 3%. Another area of inflation that made headlines in March is the recent spike in cocoa prices. The price of cocoa beans surged more than 120% this year, with cocoa futures trading at more than \$10,000 per metric ton. Price increases are the result of factors such as weather patterns, production cuts, rising freight costs and economic uncertainty in certain West African cocoa producing nations.

U.S. Equity Markets Reach Record Highs During Q1

In March, the S&P 500 experienced its best first quarter performance in five years. Small cap stocks increased 3.6% while large cap stocks increased 3.2%, as represented by the Russell 2000 and Russell 1000, respectively. The market rally broadened beyond just the Magnificent 7 mega-cap technology stocks, with all 11 sectors in the S&P, except for real estate, rising during the month. International equity markets ended the month higher, with Japan's Nikkei index increasing 3% and hitting a new all-time high in March. In fixed income markets, bond yields moved modestly lower. The Bloomberg U.S. Treasury Index gained 0.6% while the Bloomberg Credit Index increased 1.2%.

Investment Insights Blog

Q1 Key Takeaways: The Top Market and Economic Storylines of 2024, So Far



By Joe Halwax, CAIA, CIMA

Managing Director, Institutional Investment Services

April 2, 2024

- U.S. GDP grew at 3.2% in Q4 2023 and 2.5% for 2023, while February's annual inflation reading rose to 3.2%. The Atlanta Fed forecasts Q1 2024 GDP at 2.3%.
- Expectations for Federal Reserve (Fed) rate cuts have steadily declined due to stickier-than-anticipated inflation. Nevertheless, global stock markets were mostly higher in Q1.
- U.S. stocks returned an impressive 10.6%, while U.S. bonds fell by 0.8%. The MSCI ACWI ex-U.S. Index was up 4.3%.
- Major stock market indexes continued to be dominated by a select few mega-cap technology companies.
- Recessions are happening in Japan, the U.K., Finland and Ireland, and negative GDP rates for Q4 2023 were also reported in Germany and Canada.

Fun fact: This quarter marked the 38-year anniversary of Microsoft's initial public offering. The software giant went public on March 13, 1986, at \$21 per share. On a split-adjusted basis, that IPO price was effectively \$0.0729 per share. Microsoft shares closed at \$415.10 on March 13, 2024.

Since the IPO, the average annual return for Microsoft has been 26.2%, which compares to the S&P 500's annualized return of 10.4% during that same time. I know we talk a lot about having a long-term perspective, but these numbers are staggering. I wonder how many investors can say they bought and held Microsoft all these years?

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