

# MARKET MINUTE

An investment report from the Kansas Methodist Foundation

## Rate of Return:

As of September 30, 2024 net-of-investment fees

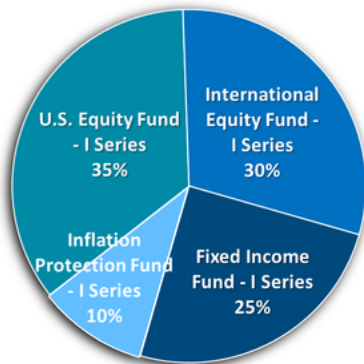
Fund Name	Sept. '24	3rd Qtr	YTD	Annualized				
				1 Year	2 Years	3 Years	5 Years	10 Years
<b>Balanced Fund</b>	<b>2.16%</b>	<b>6.30%</b>	<b>10.64%</b>	<b>20.42%</b>	<b>16.67%</b>	<b>2.41%</b>	<b>7.61%</b>	<b>6.89%</b>
Benchmark	2.08%	6.28%	13.04%	23.46%	18.51%	4.51%	8.17%	7.27%
<b>Equity Fund</b>	<b>2.38%</b>	<b>6.92%</b>	<b>15.08%</b>	<b>27.38%</b>	<b>23.19%</b>	<b>4.12%</b>	<b>10.77%</b>	<b>9.01%</b>
Benchmark	2.30%	6.91%	18.28%	31.62%	25.95%	7.68%	12.05%	9.56%
<b>U.S. Equity Index Fund</b>	<b>2.13%</b>	<b>6.19%</b>	<b>20.60%</b>	<b>35.08%</b>	<b>27.56%</b>	<b>10.17%</b>	<b>15.19%</b>	<b>-</b>
Benchmark	2.07%	6.23%	20.63%	35.19%	27.61%	10.29%	15.26%	12.83%
<b>Fixed Income Fund</b>	<b>1.48%</b>	<b>5.21%</b>	<b>5.51%</b>	<b>12.82%</b>	<b>8.13%</b>	<b>-0.25%</b>	<b>1.43%</b>	<b>2.55%</b>
Benchmark	1.42%	5.11%	5.03%	12.01%	6.96%	-1.01%	0.90%	2.37%
<b>Short Term Income Fund</b>	<b>0.47%</b>	<b>1.30%</b>	<b>3.71%</b>	<b>4.97%</b>	<b>4.12%</b>	<b>3.17%</b>	<b>2.56%</b>	<b>1.84%</b>

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

### KMF Funds:\*

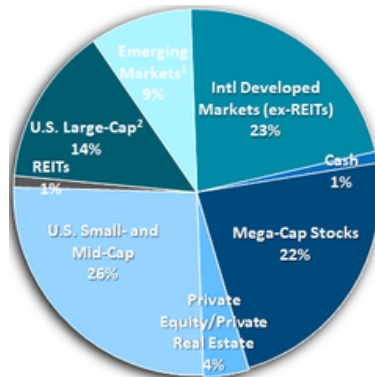
#### Balanced Fund

65% Equities  
35% Fixed Income



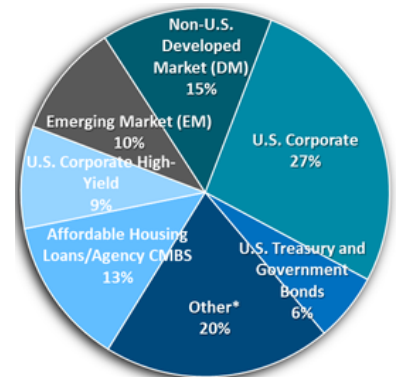
#### Equity Fund

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



#### Fixed Income Fund

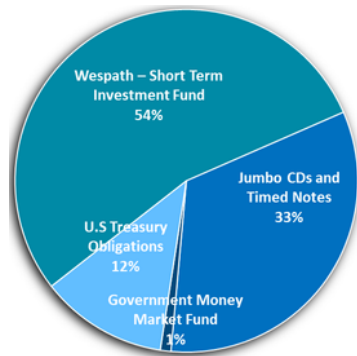
100% Fixed Income



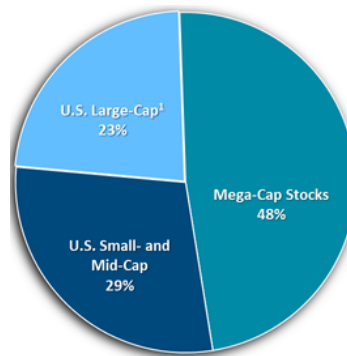
\*Fund allocations as of March 31, 2024. Investors can choose a mix of their choice from the funds provided by KMF.

## KMF Funds cont'd:\*

### Short Term Income Fund\*\*



### 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](https://kansasmethodistfoundation.org) to view current rates.

\*Fund allocations as of March 31, 2024. Investors can choose a mix of their choice from the funds provided by KMF. WII stands for Wespath Institutional Investments.

## Key Takeaways from Q3:

from the Wespath Institutional Investments Quarterly Investor Letter Q3 2024

- **GDP-U.S.** GDP growth for the third quarter is estimated at 2.5%, per the Atlanta Fed's GDPNow forecast. U.S. GDP grew at 3.0% in Q2, slightly stronger than the 2.5% growth seen in 2023.
- **Inflation-U.S.** inflation continues to cool, with the Consumer Price Index (CPI) rising 2.5% year over year in August. This is down from 2.9% in July and represents the lowest CPI reading since February 2021.
- **Jobs**-The unemployment rate in the U.S. dropped to 4.2% in August from 4.3% in July. However, this rate is higher than the 50-year low of 3.4% witnessed in 2023, and there have been some downward revisions to 2024 data so far this year.
- **The Fed**-On September 18, the Federal Reserve (Fed) cut its benchmark rate by 50 basis points. The Fed's post-meeting statement indicated this move was motivated by softer inflation and economic growth expectations.
- **Stocks**-The S&P 500 gained 5.9% for the quarter and is now up 22.1% year to date. In international stock markets, both the MSCI ACWI ex-U.S. IMI and MSCI Emerging Markets IMI indexes rallied 8.2% in Q3.

The full Quarterly Investor Letter can be found at [wespath.org](https://wespath.org).

---

## Asset Allocation Changes

The Board of Trustees of the Kansas Methodist Foundation, after an extensive review through the last six months, voted to adjust the asset allocation for both the Balanced Fund and Equity Fund, effective October 1, 2024. The allocation adjustments will reduce the investments in international equities in both funds, and will integrate more use of an index fund for the U.S. equity portion. The Board believes that these modifications will help KMF better meet the needs of the churches and agencies in Kansas, as well as slightly reduce the risk of the two funds.

The new asset allocation for the Balanced Fund offered through KMF is as follows:

25% US Equity Fund,  
20% US Equity Index Fund,  
20% International Equity, and  
35% Fixed Income Fund.

The new asset allocation for the Equity Fund offered through KMF is as follows:

40% US Equity Fund,  
30% US Equity Index Fund, and  
30% International Equity.

If you have questions about this change or would like to visit about modifying your asset allocation, please contact us. We seek to continue to offer strong investment options that serve your ministry well. We also welcome your feedback for how we can continue to improve. You can contact Gloria ([gloria@kansasmethodistfoundation.org](mailto:gloria@kansasmethodistfoundation.org)) or Dustin ([dustin@kansasmethodistfoundation.org](mailto:dustin@kansasmethodistfoundation.org)).

## Fund Portal Access

Throughout the past year KMF has moved our sub accounting system to a new platform. This upgrade allows our donors and partners to see their funds via an online fund portal. To access this portal, you can go to our website, [www.kansasmethodistfoundation.org](http://www.kansasmethodistfoundation.org), and click on a button called Access My Fund at the top right of our homepage. You can also use this link: <https://kmf.fcsuite.com/erp/portal>.

You will need to establish a username and password, most likely the username is the email address that the fund statement was emailed to you at. If you click on "Forgot Password", you will receive a link via email to create your password. If this process does not work, please contact the Foundation to manually set up your username.

This portal will allow you to see the current fund(s) we have in our system connected to you, asset allocations, documents related to each fund, and recent activity. Additionally, you can review past activity and see previous statements. Another benefit provided in this new upgrade, is that fund advisors can initiate distributions or withdrawals from the online access.

If you have questions or problems, please connect with us as we continue to improve this new technology. The best methods to contact our team are [gloria@kansasmethodistfoundation.org](mailto:gloria@kansasmethodistfoundation.org) or 620-664-9623. Thank you for our relationship and your generosity.

## Beyond the Headlines

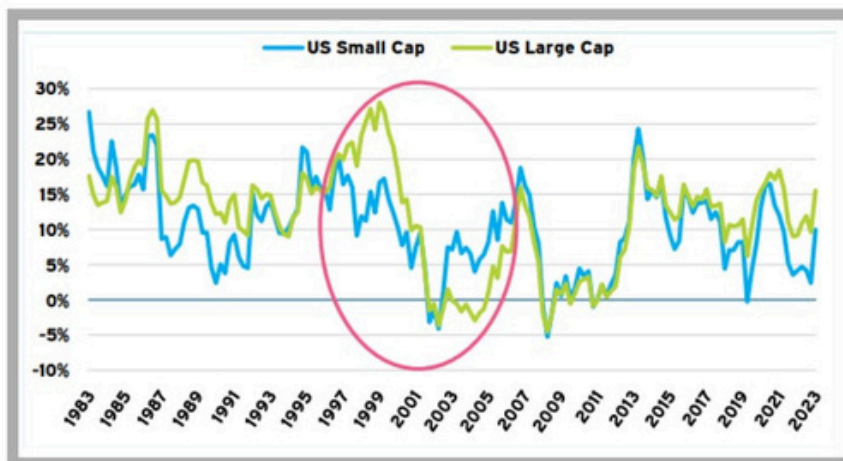
from the Wespath Institutional Investments Quarterly Investor Letter Q3 2024

### Rotation Into Small Caps

While stocks were largely up in Q3, it wasn't a completely uneventful quarter for equity markets. An unwinding of the "Japanese yen carry trade" caused some volatility in early August. We explained its impact in a recent blog. The ripple effects into U.S. stocks ended up being minor, but it was a good reminder on the interconnectedness of certain markets.

In other news, U.S. stock markets witnessed some apparent renewed interest in smaller companies. Indeed, the Russell 2000 Index of small-cap stocks gained 9.2%, outpacing the S&P 500. Small-cap companies often have more debt and can benefit from lower borrowing costs, so with the Fed starting to cut rates, these stocks have started to see some impact. We've talked a lot about the longstanding dominance of the "Magnificent 7" and other mega-cap names, so this potentially emerging trend will be crucial to watch going forward.

**Rolling Five-Year Annualized Returns**



(Source: [Meketa Investment Group](#), Benchmarks used: Russell 1000 for U.S. Large Cap & Russell 2000 for U.S. Small)

As the chart illustrates, the last big reversal in large-cap leadership happened after the dot-com bubble burst in the early 2000s. We can't predict whether small caps' outperformance is the beginning of another such reversal. But, as CIO Johara Farhadieh likes to remind us, we can emphasize the importance of patience. Markets move in cycles. Underperforming asset classes tend to rebound. Trends tend to reverse, and as we noted earlier, forecasting exactly when they will reverse is very difficult. That's why sometimes the best move is no move at all.

## Wespath Announcement

### How Will the Election Impact My Investments?



**Karen Manczko**  
Director, Institutional Relationships

At Wespath, one of the most frequent questions we've been hearing lately is: "How will the upcoming presidential election impact my investments, and should I make any changes?" It's natural for investors to feel uncertain as major events like elections approach, especially when we're facing a pivotal election year with huge stakes. As the election draws closer, it's important to understand how such events can influence the markets and what, if any, adjustments should be considered for your investment strategy.

We often emphasize that markets thrive on certainty. When uncertainty arises—such as during an election cycle—it's expected that the markets will react accordingly. This response is a natural reflection of the market's sensitivity to unknowns, as investors seek stability and predictability. At the moment, several key issues currently being discussed by the candidates are causing some investors, both institutional and individual, to feel particularly anxious.

Since we don't have a crystal ball to predict market movements, we can look to historical patterns to gain insight into what might be on the horizon. However, as we always say, historical returns are not indicative of future performance.

For more information and to read the full blog, visit [wespath.org](http://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