MAY 2025

# MARKET MINUTE

An investment report from the Kansas Methodist Foundation

## Rate of Return:

As of May 31, 2025, net-of-investment fees

| | | | Annualized | | | | |
|---|---|---|---|---|---|---|---|
| **Fund Name** | **May '25** | **YTD** | **1 Yr** | **2 Yrs** | **3 Yrs** | **5 Yrs** | **10 Yrs** |
| **Balanced Fund** | **3.47%** | **3.12%** | **7.92%** | **10.54%** | **6.67%** | **7.53%** | **6.55%** |
| Benchmark | 3.68% | 3.94% | 10.47% | 12.90% | 8.17% | 8.65% | 6.98% |
| | | | | | | | |
| **Equity Fund** | **5.48%** | **2.90%** | **9.56%** | **14.71%** | **9.43%** | **11.05%** | **8.52%** |
| Benchmark | 5.89% | 4.48% | 13.32% | 18.40% | 11.99% | 13.30% | 9.29% |
| | | | | | | | |
| **U.S. Equity Index Fund** | **6.29%** | **0.48%** | **12.95%** | **20.07%** | **13.65%** | **15.27%** | **--** |
| Benchmark | 6.34% | 0.64% | 13.12% | 20.13% | 13.77% | 15.34% | 12.21% |
| | | | | | | | |
| **Fixed Income Fund** | **-0.22%** | **3.10%** | **6.29%** | **5.50%** | **3.22%** | **0.93%** | **2.47%** |
| Benchmark | -0.40% | 2.52% | 5.82% | 4.37% | 2.33% | -0.09% | 2.08% |
| | | | | | | | |
| **Short Term Income Fund** | **0.27%** | **1.59%** | **4.76%** | **4.63%** | **3.85%** | **2.84%** | **2.07%** |

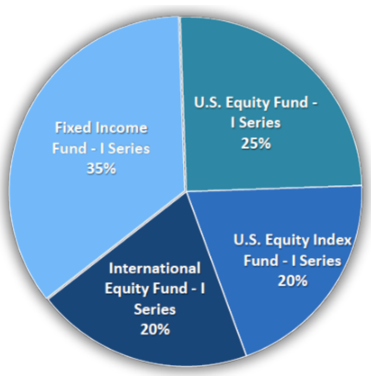
*Historical returns are not indicative of future performance. The Balanced Fund returns represent the historical return for the Wespath Multiple Asset Fund (100%) until October 2024, when the asset allocation changed to Wespath U.S. Equity Fund (25%), Wespath U.S. Equity Index Fund (20%), Wespath International Equity Fund (20%), and Wespath Fixed Income Fund (35%). 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%), and subsequently changed October 2024 to Wespath U.S. Equity Fund (40%), Wespath U.S. Equity Index Fund (30%), and Wespath International Equity Fund (30%). 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**

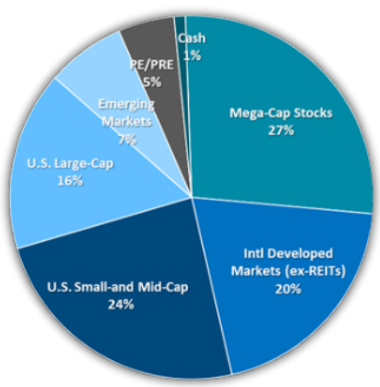



### Equity Fund

**40% US Equities**

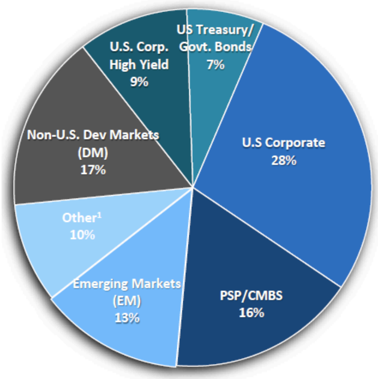
**30% US Equity Index Fund**

**30% International Equities**




### Fixed Income Fund

**100% Fixed Income**



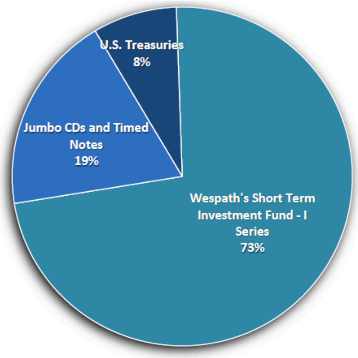

*Fund allocations as of March 31, 2025. Investors can choose a mix of their choice from the funds provided by KMF.


KANSAS METHODIST FOUNDATION

620-664-9623/888-453-8405
info@kansasmethodistfoundation.org
www.kansasmethodistfoundation.org
100 East First Avenue, P.O. Box 605, Hutchinson, KS 67504

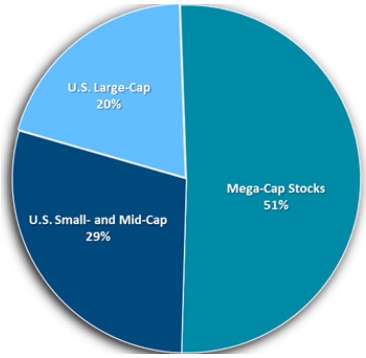
# KMF Funds cont'd:*

## 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.

The current rates KMF is offering for our Certificates of Participation are:

- 2.25% for one year
- 2.00% for two years

*Fund allocations as of March 31, 2025. Investors can chose a mix of their choice from the funds provided by KMF. WII stands for Wespath Institutional Investments.

# May Overview

**Domestic Equity** had the strongest performance in May, up 6.3% driven by technology and communications stocks. Additionally, emerging markets returned 4.8% and international equity returned 4.6% for the month.

Notable **domestic** events that occurred during May:

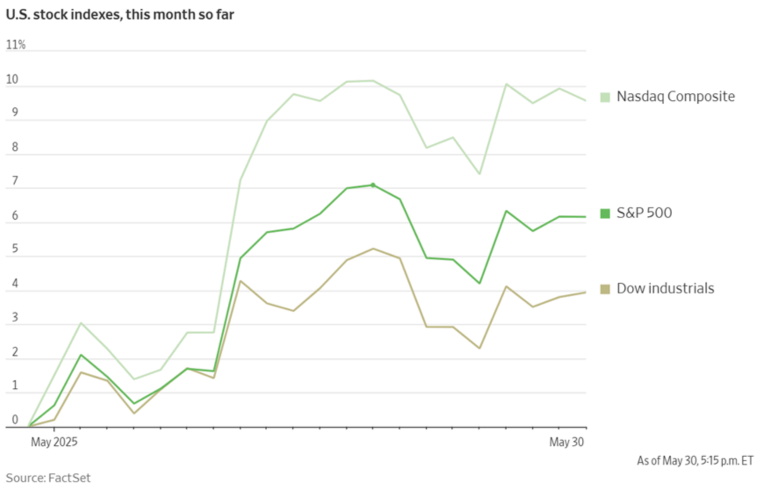
- Despite twists in tariff news and uneven corporate earnings over the course of May, the S&P 500 and Nasdaq Composite posted their strongest monthly returns since November 2023.
- The strong tech sector, encouraging inflation data, and growing consensus that the Trump administration won't pursue its most severe tariff threats all helped stock returns in the month.
- A surprise de-escalation between the U.S. and China earlier in the month put many of the new import duties between the two on pause, improving investor sentiment.

**International Equity** markets ended the month higher with emerging markets outperforming developed international markets.

- In late May, the Trump administration pushed back the deadline for 50% tariffs on European Union products from June to July, easing trade tensions and giving both sides more time to reach an agreement. The EU agreed to fast-track negotiations with U.S. counterparts.
- Chinese stocks rose in the first half of May as trade tensions between the U.S. and China eased, but the market declined over the remainder of the month due to domestic concerns including weakening consumption and a contraction in property investment, highlighting ongoing structural challenges in the Chinese economy.

**MTD** As of 5/31/2025

| | US Market-Cap/Style Returns | | |
|---|---|---|---|
| | *Value* | *Blend* | *Growth* |
| *Large* | 3.51% | 6.38% | 8.85% |
| *Mid* | 4.36% | 5.72% | 9.59% |
| *Small* | 4.20% | 5.34% | 6.42% |




# Performance YTD

- +0.6% US Equities (Russell 3000)
- +16.9% Non-US Developed Equities (MSCI EAFE)
- +8.2% Emerging Market Equities (MSCI EM)
- Large > Small; Value > Growth
- Crude (WTI) -15.2%

5/31/2025

| US Sector Returns - YTD | Absolute | Relative |
|---|---|---|
| Utilities (value) | 9.09% | 8.45% |
| Consumer Staples (value) | 8.18% | 7.55% |
| Industrials (value) | 6.81% | 6.18% |
| Financials (value) | 4.99% | 4.36% |
| Communications (growth/value) | 3.40% | 2.76% |
| Materials (value) | 2.34% | 1.70% |
| Real Estate (value) | 1.78% | 1.15% |
| **Russell 3000** | **0.64%** | **0.00%** |
| Technology (growth) | -1.83% | -2.47% |
| Health Care (growth) | -3.53% | -4.17% |
| Energy (value) | -4.97% | -5.61% |
| Consumer Discretionary (growth) | -6.14% | -6.77% |

**YTD** As of 5/31/2025

| | US Market-Cap/Style Returns | | |
|---|---|---|---|
| | *Value* | *Blend* | *Growth* |
| *Large* | 2.50% | 1.00% | -0.27% |
| *Mid* | -0.37% | 1.06% | 5.20% |
| *Small* | -7.73% | -6.85% | -6.01% |

# Wespath Blog

## Moody's Downgraded the U.S. Credit Rating—Should We Be Worried?

Connie Christian, CFA
Manager, Fixed Income

The U.S. budget deficit took center stage earlier this month when Moody's, one of the "Big Three" credit rating agencies, downgraded the U.S. government's credit rating from the top-tier Aaa to Aa1. Moody's was the last of the three major Nationally Recognized Statistical Rating Organizations (NRSROs)—alongside S&P and Fitch—to make this move.

In the days following the downgrade last week, U.S. Treasury yields spiked, with longer maturities exceeding levels reached during the early-April tariff volatility. This also coincided with federal budget negotiations, underscoring that U.S. government spending is very much in focus for investors right now.

A Little History
Moody's was the first of the Big Three to assign a triple-A rating to the U.S., doing so back in 1918. In 2011, S&P downgraded the U.S. to AA+ for the first time, citing political gridlock and rising debt. Fitch followed in 2023, pointing to repeated debt ceiling fights and a lack of fiscal governance. Now Moody's has followed, and the message is clear: the U.S. has a debt problem, and there is no clear plan to fix it.

Since the S&P downgrade in 2011, federal government debt as a percent of U.S. Gross Domestic Product (GDP) has risen from roughly 95% to more than 120%.

*Read the Rest of the Article Here*

# 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